

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2024 (Based on Japanese GAAP)

May 15, 2024

Company name: Kawai Musical Instruments Manufacturing Co., Ltd.
 Stock exchange listing: Tokyo
 Stock code: 7952 URL <https://www.kawai.co.jp/>
 Representative: President Kentaro Kawai
 General Manager
 Inquiries: Norikazu Takada TEL 053-457-1226
 Corporate Strategy Dept.
 Scheduled date of ordinary general meeting of shareholders: June 27, 2024
 Scheduled date to file Securities Report: June 28, 2024
 Scheduled date to commence dividend payments: June 28, 2024
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(1) Consolidated operating results

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2024	80,192	(8.6)	3,255	(35.5)	4,201	(25.5)	2,782	(24.2)
Year ended March 31, 2023	87,771	2.4	5,045	(24.6)	5,639	(22.8)	3,672	(27.2)

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2024	323.72	–	6.9	5.8	4.1
Year ended March 31, 2023	427.33	–	10.3	8.1	5.7

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2024	73,538	43,141	58.4	4,993.71
As of March 31, 2023	70,818	38,461	54.0	4,451.73

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2024	1,442	(943)	(1,844)	17,064
Year ended March 31, 2023	(613)	(1,364)	(2,267)	17,975

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2023	–	0.00	–	85.00	85.00	734	20.0	2.1
Year ended March 31, 2024	–	0.00	–	95.00	95.00	820	29.5	2.0
Year ending March 31, 2025 (Forecast)	–	–	–	–	–	–	–	–

3. Forecast of consolidated financial results for the year ending March 31, 2025 (from April 1, 2024 to March 31, 2025)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	77,500	(3.4)	1,000	(69.3)	1,000	(76.2)	400	(85.6)	46.53

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2024

(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations: No

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: No

Restatement of prior period financial statements: No

(3) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2024	9,011,560 shares	As of March 31, 2023	9,011,560 shares
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Number of treasury shares at the end of the period

As of March 31, 2024	415,390 shares	As of March 31, 2023	416,813 shares
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Average number of shares during the period

Year ended March 31, 2024	8,595,732 shares	Year ended March 31, 2023	8,594,782 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	19,315	18,231
Notes receivable - trade	569	527
Accounts receivable - trade	9,087	8,779
Merchandise and finished goods	9,617	11,157
Work in process	1,781	1,673
Raw materials and supplies	6,068	6,232
Other	2,424	3,298
Allowance for doubtful accounts	(177)	(184)
Total current assets	48,687	49,715
Non-current assets		
Property, plant and equipment		
Buildings and structures	18,320	18,815
Accumulated depreciation	(14,214)	(14,791)
Buildings and structures, net	4,106	4,024
Machinery, equipment and vehicles	14,137	14,615
Accumulated depreciation	(12,384)	(12,801)
Machinery, equipment and vehicles, net	1,752	1,814
Land	6,388	6,398
Construction in progress	175	283
Other	7,672	8,140
Accumulated depreciation	(6,560)	(6,803)
Other, net	1,112	1,337
Total property, plant and equipment	13,535	13,857
Intangible assets	610	596
Investments and other assets		
Investment securities	5,339	7,175
Deferred tax assets	1,142	666
Other	1,671	1,705
Allowance for doubtful accounts	(168)	(179)
Total investments and other assets	7,984	9,368
Total non-current assets	22,130	23,822
Total assets	70,818	73,538

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	6,655	5,607
Short-term borrowings	5,217	5,197
Accounts payable - other	2,320	2,271
Income taxes payable	904	702
Provision for bonuses	942	903
Provision for product warranties	215	207
Other	3,101	3,415
Total current liabilities	19,357	18,303
Non-current liabilities		
Long-term borrowings	3,709	2,921
Deferred tax liabilities	1	1
Provision for environmental measures	4	3
Provision for share-based payments	15	29
Retirement benefit liability	8,117	7,852
Asset retirement obligations	592	586
Other	559	697
Total non-current liabilities	12,999	12,093
Total liabilities	32,357	30,396
Net assets		
Shareholders' equity		
Share capital	7,122	7,122
Capital surplus	1,282	1,282
Retained earnings	27,923	29,971
Treasury shares	(989)	(985)
Total shareholders' equity	35,339	37,392
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	410	1,687
Foreign currency translation adjustment	2,573	3,906
Remeasurements of defined benefit plans	(62)	(59)
Total accumulated other comprehensive income	2,921	5,534
Non-controlling interests	199	214
Total net assets	38,461	43,141
Total liabilities and net assets	70,818	73,538

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Net sales	87,771	80,192
Cost of sales	64,956	59,481
Gross profit	22,815	20,711
Selling, general and administrative expenses		
Transportation and storage costs	3,639	2,934
Provision of allowance for doubtful accounts	42	(1)
Salaries, allowances and bonuses	5,760	5,896
Provision for bonuses	458	447
Retirement benefit expenses	399	366
Other	7,470	7,813
Total selling, general and administrative expenses	17,769	17,456
Operating profit	5,045	3,255
Non-operating income		
Interest income	83	107
Dividend income	79	86
Rental income from non-current assets	51	57
Share of profit of entities accounted for using equity method	15	14
Foreign exchange gains	461	755
Other	127	106
Total non-operating income	818	1,128
Non-operating expenses		
Interest expenses	85	71
Loss on sale of notes receivable - trade	21	17
Donations	32	42
Other	85	50
Total non-operating expenses	225	181
Ordinary profit	5,639	4,201
Extraordinary income		
Gain on sale of non-current assets	0	5
Compensation income	—	44
Total extraordinary income	0	49
Extraordinary losses		
Impairment losses	—	0
Loss on sale of non-current assets	—	0
Loss on retirement of non-current assets	27	28
Total extraordinary losses	27	29
Profit before income taxes	5,612	4,221
Income taxes - current	1,841	1,497
Income taxes - deferred	81	(63)
Total income taxes	1,923	1,434
Profit	3,688	2,787
Profit attributable to non-controlling interests	16	4
Profit attributable to owners of parent	3,672	2,782

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Profit	3,688	2,787
Other comprehensive income		
Valuation difference on available-for-sale securities	48	1,277
Foreign currency translation adjustment	1,711	1,350
Remeasurements of defined benefit plans, net of tax	103	2
Share of other comprehensive income of entities accounted for using equity method	(5)	(8)
Total other comprehensive income	1,857	2,622
Comprehensive income	5,546	5,410
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,521	5,395
Comprehensive income attributable to non-controlling interests	25	14

Consolidated statements of changes in equity

Fiscal year ended March 31, 2023

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	7,122	1,257	24,895	(964)	32,311
Changes during period					
Dividends of surplus			(644)		(644)
Profit attributable to owners of parent			3,672		3,672
Purchase of treasury shares				(129)	(129)
Disposal of treasury shares		25		104	129
Net changes in items other than shareholders' equity					
Total changes during period	–	25	3,028	(25)	3,027
Balance at end of period	7,122	1,282	27,923	(989)	35,339

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	361	876	(165)	1,072	174	33,559
Changes during period						
Dividends of surplus						(644)
Profit attributable to owners of parent						3,672
Purchase of treasury shares						(129)
Disposal of treasury shares						129
Net changes in items other than shareholders' equity	48	1,696	103	1,848	25	1,874
Total changes during period	48	1,696	103	1,848	25	4,901
Balance at end of period	410	2,573	(62)	2,921	199	38,461

Fiscal year ended March 31, 2024

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	7,122	1,282	27,923	(989)	35,339
Changes during period					
Dividends of surplus			(734)		(734)
Profit attributable to owners of parent			2,782		2,782
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares				4	4
Net changes in items other than shareholders' equity					
Total changes during period	–	–	2,048	4	2,052
Balance at end of period	7,122	1,282	29,971	(985)	37,392

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	410	2,573	(62)	2,921	199	38,461
Changes during period						
Dividends of surplus						(734)
Profit attributable to owners of parent						2,782
Purchase of treasury shares						(0)
Disposal of treasury shares						4
Net changes in items other than shareholders' equity	1,277	1,332	2	2,613	14	2,627
Total changes during period	1,277	1,332	2	2,613	14	4,680
Balance at end of period	1,687	3,906	(59)	5,534	214	43,141

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Cash flows from operating activities		
Profit before income taxes	5,612	4,221
Depreciation	1,650	1,602
Amortization of long-term prepaid expenses	15	16
Increase (decrease) in allowance for doubtful accounts	8	(3)
Increase (decrease) in retirement benefit liability	(672)	(282)
Interest and dividend income	(163)	(194)
Interest expenses	85	71
Share of loss (profit) of entities accounted for using equity method	(15)	(14)
Loss (gain) on sale of property, plant and equipment	(0)	(4)
Loss on retirement of non-current assets	27	28
Decrease (increase) in trade receivables	273	691
Decrease (increase) in inventories	(4,211)	(768)
Increase (decrease) in trade payables	376	(1,504)
Increase (decrease) in accounts unpaid retirement allowance	6	(71)
Other, net	(795)	(302)
Subtotal	2,198	3,485
Income taxes paid	(2,811)	(2,042)
Net cash provided by (used in) operating activities	(613)	1,442
Cash flows from investing activities		
Decrease (increase) in time deposits	(106)	236
Purchase of property, plant and equipment	(1,221)	(1,144)
Proceeds from sale of property, plant and equipment	15	15
Purchase of intangible assets	(184)	(184)
Payments for retirement of property, plant and equipment	(47)	(12)
Proceeds from sale and redemption of investment securities	42	-
Interest and dividends received	165	188
Purchase of long-term prepaid expenses	(20)	(12)
Other, net	(6)	(29)
Net cash provided by (used in) investing activities	(1,364)	(943)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(377)	(119)
Repayments of long-term borrowings	(987)	(687)
Dividends paid	(642)	(731)
Repayments of lease liabilities	(165)	(223)
Proceeds from sale of treasury shares	129	-
Purchase of treasury shares	(129)	(0)
Interest paid	(82)	(69)
Other, net	(12)	(12)
Net cash provided by (used in) financing activities	(2,267)	(1,844)
Effect of exchange rate change on cash and cash equivalents	731	433
Net increase (decrease) in cash and cash equivalents	(3,514)	(911)
Cash and cash equivalents at beginning of period	21,489	17,975
Cash and cash equivalents at end of period	17,975	17,064