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May 15, 2025

Consolidated Financial Results for the Fiscal Year Ended March 31, 2025 (Under Japanese GAAP)

Company name: Kawai Musical Instruments Manufacturing Co., Ltd.
Listing: Tokyo Stock Exchange
Securities code: 7952
URL: https://www.kawai.co.jp/
Representative: Kentaro Kawai, President & CEO, Executive Officer
Inquiries: Norikazu Takada, Corporate Strategy Dept., General Manager
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Scheduled date of annual general meeting of shareholders: June 25, 2025
Scheduled date to commence dividend payments: June 26, 2025
Scheduled date to file annual securities report: June 26, 2025
Preparation of supplementary material on financial results: Yes
Holding of financial results briefing: Yes (for institutional investors and analysts)

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2025	72,918	(9.1)	316	(90.3)	474	(88.7)	405	(85.4)
March 31, 2024	80,192	(8.6)	3,255	(35.5)	4,201	(25.5)	2,782	(24.2)

Note: Comprehensive income For the fiscal year ended March 31, 2025: ¥2,435 million [(55.0)%]
For the fiscal year ended March 31, 2024: ¥5,410 million [(2.5)%]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2025	47.13	-	0.9	0.6	0.4
March 31, 2024	323.72	-	6.9	5.8	4.1

Reference: Share of profit (loss) of entities accounted for using equity method
For the fiscal year ended March 31, 2025: ¥- million
For the fiscal year ended March 31, 2024: ¥14 million

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2025	73,991	44,541	60.2	5,179.62
March 31, 2024	73,538	43,141	58.4	4,993.71

Reference: Equity
As of March 31, 2025: ¥44,541 million
As of March 31, 2024: ¥42,926 million

(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
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2025	(1,698)	(2,366)	(957)	12,466
March 31, 2024	1,442	(943)	(1,844)	17,064

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2024	-	0.00	-	95.00	95.00	820	29.5	2.0
Fiscal year ended March 31, 2025	-	0.00	-	95.00	95.00	820	202.5	1.9
Fiscal year ending March 31, 2026 (Forecast)		0.00		95.00	95.00		100.0	

Note: Revision from the most recently published dividend forecast: None

3. Forecast of consolidated financial results for the fiscal year ending March 31, 2026 (from April 1, 2025 to March 31, 2026)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending March 31, 2026	76,000	4.2	1,500	374.6	1,500	215.8	820	102.3	95.35

*** Notes**

(1) Significant changes in the scope of consolidation during the period: None

(2) Changes in accounting policies, changes in accounting estimates, and restatement

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(3) Number of issued shares (common shares)

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

As of March 31, 2025	9,011,560 shares
As of March 31, 2024	9,011,560 shares

(ii) Number of treasury shares at the end of the period

As of March 31, 2025	412,141 shares
As of March 31, 2024	415,390 shares

(iii) Average number of shares outstanding during the period

Fiscal year ended March 31, 2025	8,599,493 shares
Fiscal year ended March 31, 2024	8,595,732 shares

[Reference] Overview of non-consolidated financial results

1. Non-consolidated financial results for the fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2025	51,579	(10.1)	(1,823)	-	(1,418)	-	(540)	-
March 31, 2024	57,377	(8.0)	1,681	10.3	3,306	2.0	2,615	9.0

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
March 31, 2025	(62.85)	-
March 31, 2024	304.22	-

(2) Non-consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2025	47,594	19,941	41.9	2,318.88
March 31, 2024	48,236	21,241	44.0	2,471.06

Reference: Equity

As of March 31, 2025: ¥19,941 million

As of March 31, 2024: ¥21,241 million

* Financial results reports are exempt from audit conducted by certified public accountants or an audit firm.

* Proper use of earnings forecasts, and other special matters

The forward-looking statements, including forecasts of financial results, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. However, the Company makes no guarantee that these forecasts will be achieved. Actual financial results, etc. may differ substantially due to various factors.

Consolidated balance sheet

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Assets		
Current assets		
Cash and deposits	18,231	13,300
Notes receivable - trade	527	338
Accounts receivable - trade	8,779	10,267
Merchandise and finished goods	11,157	11,324
Work in process	1,673	2,318
Raw materials and supplies	6,232	5,609
Other	3,298	5,550
Allowance for doubtful accounts	(184)	(191)
Total current assets	49,715	48,518
Non-current assets		
Property, plant and equipment		
Buildings and structures	18,815	19,519
Accumulated depreciation	(14,791)	(15,440)
Buildings and structures, net	4,024	4,079
Machinery, equipment and vehicles	14,615	15,101
Accumulated depreciation	(12,801)	(13,291)
Machinery, equipment and vehicles, net	1,814	1,810
Land	6,398	6,426
Construction in progress	283	537
Other	8,140	9,282
Accumulated depreciation	(6,803)	(7,127)
Other, net	1,337	2,154
Total property, plant and equipment	13,857	15,008
Intangible assets	596	492
Investments and other assets		
Investment securities	7,175	7,232
Deferred tax assets	666	1,180
Other	1,705	1,748
Allowance for doubtful accounts	(179)	(189)
Total investments and other assets	9,368	9,972
Total non-current assets	23,822	25,472
Total assets	73,538	73,991

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Liabilities		
Current liabilities		
Notes and accounts payable - trade	5,607	4,876
Short-term borrowings	5,197	5,562
Accounts payable - other	2,271	2,166
Income taxes payable	702	135
Provision for bonuses	903	858
Provision for product warranties	207	175
Other	3,415	3,700
Total current liabilities	18,303	17,475
Non-current liabilities		
Long-term borrowings	2,921	2,884
Deferred tax liabilities	1	1
Provision for environmental measures	3	5
Provision for share-based payments	29	34
Retirement benefit liability	7,852	7,457
Asset retirement obligations	586	580
Other	697	1,009
Total non-current liabilities	12,093	11,973
Total liabilities	30,396	29,449
Net assets		
Shareholders' equity		
Share capital	7,122	7,122
Capital surplus	1,282	1,294
Retained earnings	29,971	29,556
Treasury shares	(985)	(976)
Total shareholders' equity	37,392	36,997
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,687	1,733
Foreign currency translation adjustment	3,906	5,759
Remeasurements of defined benefit plans	(59)	51
Total accumulated other comprehensive income	5,534	7,544
Non-controlling interests	214	-
Total net assets	43,141	44,541
Total liabilities and net assets	73,538	73,991

Consolidated statement of income

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Net sales	80,192	72,918
Cost of sales	59,481	54,621
Gross profit	20,711	18,296
Selling, general and administrative expenses		
Transportation and storage costs	2,934	2,995
Provision of allowance for doubtful accounts	(1)	(11)
Salaries, allowances and bonuses	5,896	6,035
Provision for bonuses	447	427
Retirement benefit expenses	366	366
Other	7,813	8,167
Total selling, general and administrative expenses	17,456	17,980
Operating profit	3,255	316
Non-operating income		
Interest income	107	126
Dividend income	86	97
Rental income from non-current assets	57	86
Share of profit of entities accounted for using equity method	14	-
Foreign exchange gains	755	140
Other	106	102
Total non-operating income	1,128	553
Non-operating expenses		
Interest expenses	71	83
Loss on sale of notes receivable - trade	17	14
Compensation expenses	1	79
Donations	42	46
Rental expenses on non-current assets	3	75
Other	45	95
Total non-operating expenses	181	394
Ordinary profit	4,201	474
Extraordinary income		
Gain on sale of non-current assets	5	6
Compensation income	44	2
Total extraordinary income	49	8
Extraordinary losses		
Impairment losses	0	-
Loss on sale of non-current assets	0	1
Loss on retirement of non-current assets	28	33
Copyright usage settlement fee	-	99
Total extraordinary losses	29	134
Profit before income taxes	4,221	349
Income taxes - current	1,497	501
Income taxes - deferred	(63)	(560)
Total income taxes	1,434	(59)
Profit	2,787	408
Profit attributable to non-controlling interests	4	3
Profit attributable to owners of parent	2,782	405

Consolidated statement of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Profit	2,787	408
Other comprehensive income		
Valuation difference on available-for-sale securities	1,277	45
Foreign currency translation adjustment	1,350	1,866
Remeasurements of defined benefit plans, net of tax	2	110
Share of other comprehensive income of entities accounted for using equity method	(8)	3
Total other comprehensive income	2,622	2,026
Comprehensive income	5,410	2,435
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,395	2,408
Comprehensive income attributable to non-controlling interests	14	26

Consolidated statement of changes in equity

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
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
Purchase of shares of consolidated subsidiaries					-
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
Dividends of surplus						(734)
Profit attributable to owners of parent						2,782
Purchase of treasury shares						(0)
Disposal of treasury shares						4
Purchase of shares of consolidated subsidiaries						-
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 statement of changes in equity

Fiscal year ended March 31, 2025

(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	29,971	(985)	37,392
Dividends of surplus			(820)		(820)
Profit attributable to owners of parent			405		405
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares				9	9
Purchase of shares of consolidated subsidiaries		11			11
Net changes in items other than shareholders' equity					
Total changes during period	-	11	(415)	9	(394)
Balance at end of period	7,122	1,294	29,556	(976)	36,997

	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	1,687	3,906	(59)	5,534	214	43,141
Dividends of surplus						(820)
Profit attributable to owners of parent						405
Purchase of treasury shares						(0)
Disposal of treasury shares						9
Purchase of shares of consolidated subsidiaries						11
Net changes in items other than shareholders' equity	45	1,852	111	2,009	(214)	1,795
Total changes during period	45	1,852	111	2,009	(214)	1,400
Balance at end of period	1,733	5,759	51	7,544	-	44,541

Consolidated statement of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Cash flows from operating activities		
Profit before income taxes	4,221	349
Depreciation	1,602	1,833
Amortization of long-term prepaid expenses	16	15
Increase (decrease) in allowance for doubtful accounts	(3)	(14)
Increase (decrease) in retirement benefit liability	(282)	(327)
Interest and dividend income	(194)	(223)
Interest expenses	71	83
Share of loss (profit) of entities accounted for using equity method	(14)	-
Loss (gain) on sale of property, plant and equipment	(4)	(4)
Loss on retirement of non-current assets	28	33
Decrease (increase) in trade receivables	691	(870)
Decrease (increase) in inventories	(768)	757
Increase (decrease) in trade payables	(1,504)	(1,125)
Increase (decrease) in accounts unpaid retirement allowance	(71)	(120)
Decrease (increase) in accounts receivable - other	(581)	(442)
Other, net	279	(423)
Subtotal	3,485	(479)
Income taxes paid	(2,042)	(1,219)
Net cash provided by (used in) operating activities	1,442	(1,698)
Cash flows from investing activities		
Decrease (increase) in time deposits	236	422
Purchase of property, plant and equipment	(1,144)	(1,529)
Proceeds from sale of property, plant and equipment	15	6
Purchase of intangible assets	(184)	(43)
Payments for retirement of property, plant and equipment	(12)	(31)
Purchase of investment securities	-	(75)
Proceeds from sale and redemption of investment securities	-	40
Interest and dividends received	188	169
Purchase of long-term prepaid expenses	(12)	(47)
Other, net	(29)	(1,277)
Net cash provided by (used in) investing activities	(943)	(2,366)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(119)	465
Repayments of long-term borrowings	(687)	(787)
Dividends paid	(731)	(962)
Repayments of lease liabilities	(223)	(227)
Proceeds from long-term borrowings	-	650
Purchase of treasury shares	(0)	(0)
Interest paid	(69)	(82)
Other, net	(12)	(12)
Net cash provided by (used in) financing activities	(1,844)	(957)
Effect of exchange rate change on cash and cash equivalents	433	396
Net increase (decrease) in cash and cash equivalents	(911)	(4,626)
Cash and cash equivalents at beginning of period	17,975	17,064
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	-	29
Cash and cash equivalents at end of period	17,064	12,466