KAWAI

FY2024.3 (97th Term)

Financial Results Briefing Material

May 23, 2024

Kawai Musical Instruments Manufacturing Co., Ltd.

Today's Message

KAWAI

Consolidated performance for the previous FY2024.3

- ✓ Both revenue and profit declined due to lower sales of musical instruments as a result of stay-at-home demand's calming down and changes in the economic environment, as well as production cuts aimed at reducing inventories

Outlook for consolidated performance for the current FY2025.3

- ✓ Operating profit decreased significantly due to the impact of production cuts aimed at bringing inventories to an appropriate level before the end of the current fiscal year (operating profit in the next period and onward is expected to recover significantly due to the elimination of the impact of production cuts for bringing inventories to an appropriate level)
- ✓ Accelerate investment for significant growth toward the next medium-term management plan

Policy of the next Medium-Term Management Plan "KAWAI 10-Year Vision"

- ✓ To achieve "net sales of 110,000 millions of yen, operating profit of 10,000 millions of yen, and ROE of 12%" by FY2035.3

Shareholder return

- ✓ Dividends for FY2024.3 increased to 95 yen per share, with dividend payout ratio of 29.5%
- ✓ Dividends for FY2025.3 are to be determined. To be disclosed after assessing performance trend
- ✓ To achieve total return ratio of 50% in FY2028.3

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FY2024.3:

Consolidated Performance

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FY2024.3: Consolidated Performance - Summary

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Both revenue and profit declined due to a decrease in sales of musical instruments and orders received for the precision metal business

[Millions of yen]

	FY2023.3 full-year results	FY2024.3		Diff. from prior period	vs. prior period (%)	Diff. from plan	vs. plan
		Plan	Results				
Net sales	87,771	82,700	80,192	-7,578	-8.6%	-2,508	-3.0%
Operating profit	5,045	4,500	3,255	-1,790	-35.5%	-1,245	-27.8%
(Operating profit margin)	(5.7%)	(5.4%)	(4.1%)				
Ordinary profit	5,639	5,000	4,201	-1,437	-25.5%	-799	-16.0%
(Ordinary profit margin)	(6.4%)	(6.0%)	(5.2%)				
Profit	3,672	3,200	2,782	-890	-24.2%	-418	-13.1%
(Profit margin)	(4.2%)	(3.9%)	(3.5%)				
Exchange rate							
US$	131.4 yen	140.6 yen	140.6 yen	+9.1 yen	–	±0.0 yen	–
Euro	138.0 yen	152.0 yen	152.0 yen	+14.0 yen	–	±0.0 yen	–

*Profit for the fiscal year under review is profit attributable to owners of parent.

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FY2024.3: Performance by Segment

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In the musical instrument education business, both revenue and profit declined due to a decrease in sales and an increase in production costs despite sales of grand pianos remaining firm. The precision metal business saw both sales and profit decline due to a decrease in orders received owing to inventory adjustments by customers and other factors

[Millions of yen]

		FY2023.3 full-year results	FY2024.3		Diff. from prior period	vs. prior period (%)	Diff. from plan	vs. plan
			Plan	Results				
Musical instrument education	Net sales	72,927	69,000	65,668	-7,258	-10.0%	-3,332	-4.8%
	Operating profit	3,857	3,600	2,353	-1,503	-39.0%	-1,247	-34.7%
	(Operating profit margin)	(5.3%)	(5.2%)	(3.6%)				
Precision metal	Net sales	10,450	9,320	9,540	-910	-8.7%	+220	+2.4%
	Operating profit	1,166	790	753	-412	-35.4%	-37	-5.1%
	(Operating profit margin)	(11.2%)	(8.5%)	(7.9%)				
Other	Net sales	4,394	4,380	4,984	+590	+13.4%	+604	+13.7%
	Operating profit	143	190	246	+103	+72.1%	+56	+26.3%
	(Operating profit margin)	(3.3%)	(4.3%)	(4.9%)				

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FY2024.3: Musical Instrument Education Business – Factors for Changes in Operating Profit

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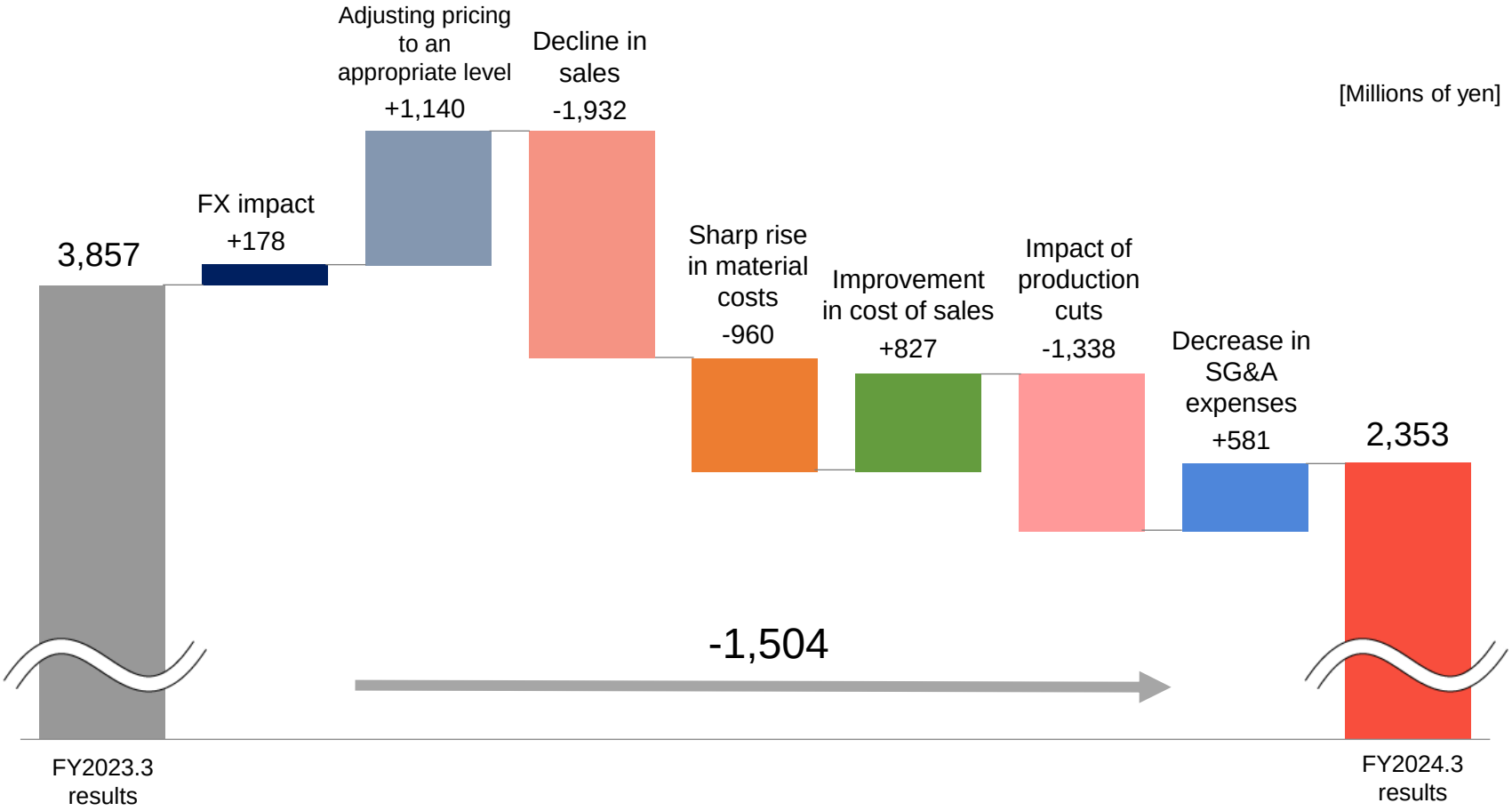
Adjusting pricing to an appropriate level allowed us to cover soaring material and other costs; however, profit declined due in part to production cuts



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Trend in Consolidated Performance (Past 10 Years)

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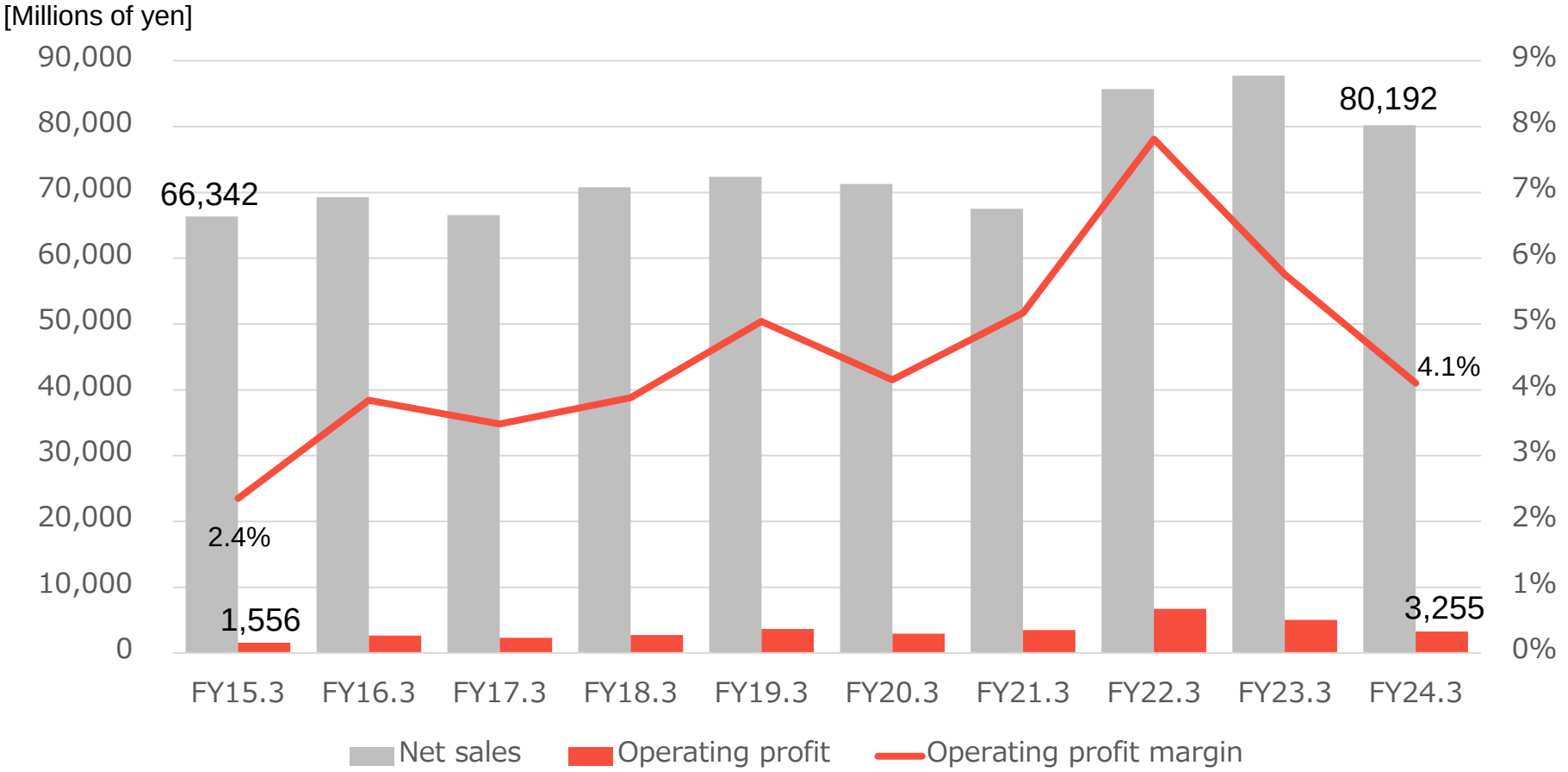
Net sales and operating profit had been growing steadily; however, due in part to special factors (stay-at-home demand due to the COVID-19 pandemic and a decline on its rebound), profit declined for two consecutive periods



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FY2024.3: Consolidated Financial Position

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Assets grew due to an increase in inventories and other factors, and liabilities decreased due to factors such as repayment of loans
Net assets increased due to the impact of exchange rates, profit and other factors

[Millions of yen]

	FY2023.3 results	FY2024.3 results	Year-on-year
Assets	70,818	73,538	+2,720
Liabilities	32,357	30,396	-1,961
Net assets	38,461	43,141	+4,680
Shareholders' equity ratio	54.0%	58.4%	+4.4

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FY2024.3:

Keyboard Musical Instruments Performance

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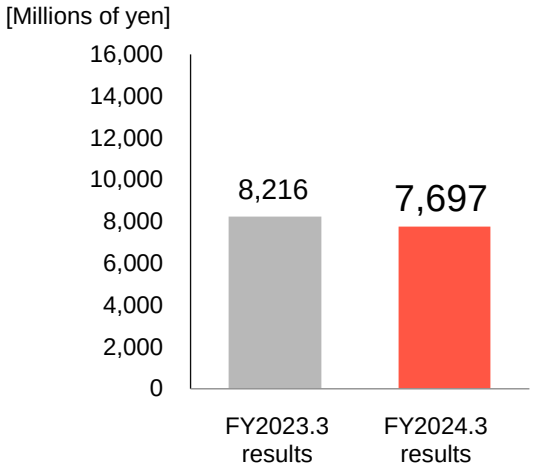
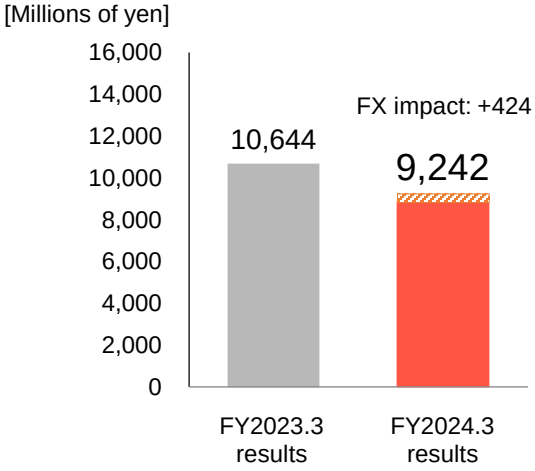
FY2024.3: Keyboard Musical Instruments Sales Record by Region

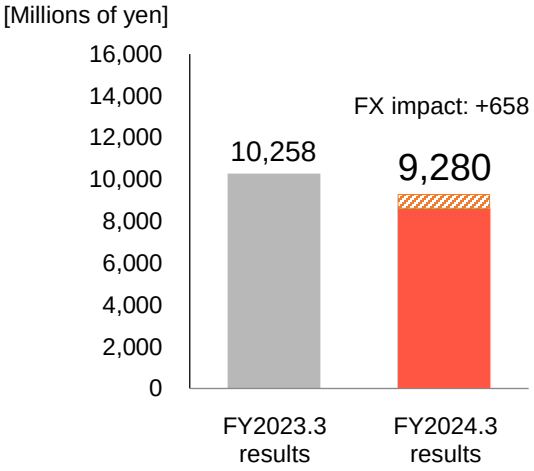
Japan



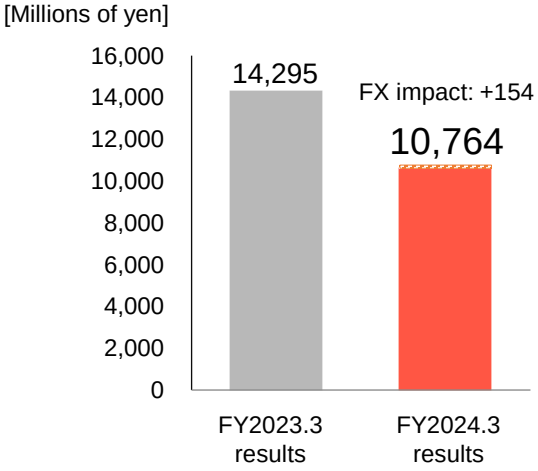
North America



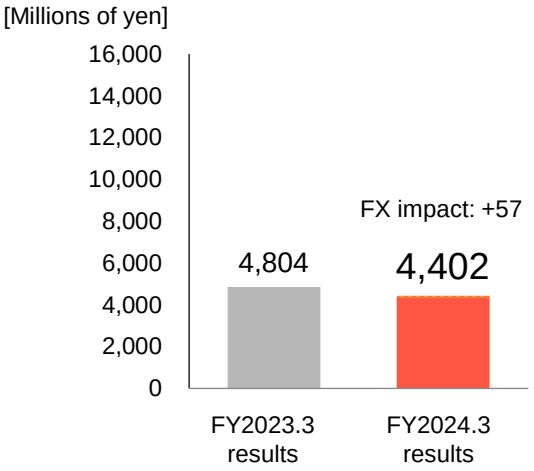
Europe



China



Other



Exchange rate	FY2023.3 results	FY2024.3 results
$	131.4	140.6
€	138.0	152.0

Impact of 1-yen depreciation against the dollar [operating profit]

$	-48 million yen for full year
€	+27 million yen for full year

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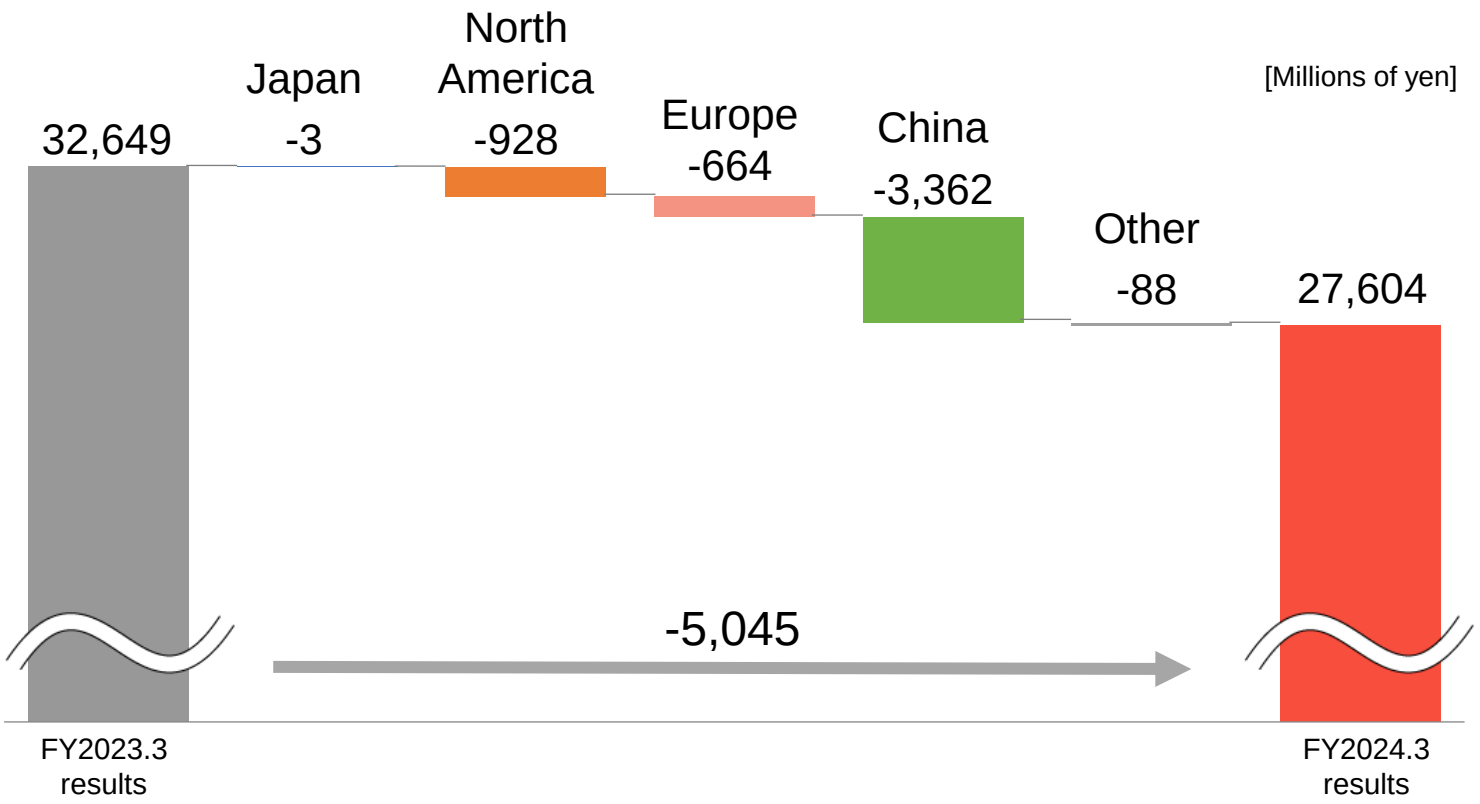
FY2024.3: Trend in Piano Sales by Region

While sales of grand pianos remained firm, those of upright pianos, especially in China, have declined significantly



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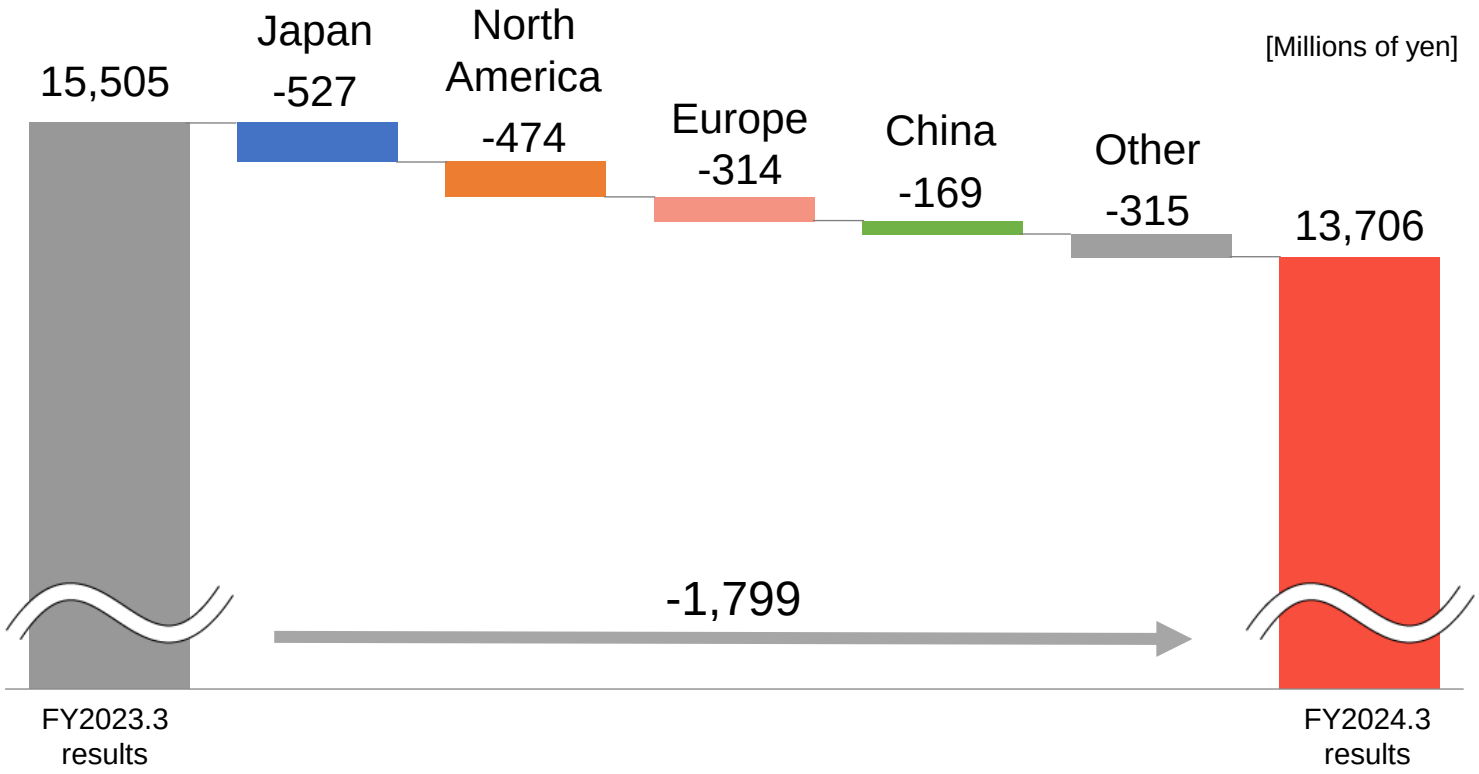
FY2024.3: Trend in Digital Piano Sales by Region

Sales decreased in all regions due to a deterioration in market conditions, intensifying price competition, and other factors



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FY2024.3: Keyboard Musical Instruments Sales by Region - Overview

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Japan -6.4% year-on-year	• Sales of upright pianos declined as stay-at-home demand due to the COVID-19 pandemic subsided • Sales of digital pianos also declined mainly in the affordable price range • Sales of grand pianos such as “Shigeru Kawai” have been strong on the back of growing reputation at the competitions
North America -13.2% year-on-year	• There was an increase in sales due to those recognized at the beginning of the previous period which were supposed to be recognized during the period preceding the previous period owing to disruptions in maritime transportation, which is a negative factor for the current period when compared with the prior period • While consumer spending has been expanding with services such as dining and lodging performing well, spending on hobbies, sports equipment and musical instruments is experiencing negative growth
Europe -9.5% year-on-year	• Since the Ukraine crisis, consumer sentiment has been increasingly cooling due to soaring prices • Grand pianos perform firmly, and digital pianos are on a recovery trend
China -24.7% year-on-year	• Deterioration in the economic situation and the Double Reduction Policy resulted in lower sales in upright pianos in the affordable price range, in particular • Grand and digital pianos saw relatively small declines
Other -8.4% year-on-year	• In Australia, Taiwan and South Korea the performance of upright pianos and digital pianos in the affordable price range was weak • Record net sales in India and Brazil

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FY2025.3:

Consolidated Performance Plan

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FY2025.3: Consolidated Performance Plan - Summary

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Both sales revenue and profit declined due to deteriorating market conditions in major markets and production cuts aimed at reducing inventories
Accelerated investment for significant growth during the period of the next medium-term management plan

[Millions of yen]

	FY2024.3 full-year results	FY2025.3 full-year outlook	Diff. from prior period	vs. prior period (%)
Net sales	80,192	77,500	-2,692	-3.4%
Operating profit	3,255	1,000	-2,255	-69.2%
(Operating profit margin)	(4.1%)	(1.3%)		
Ordinary profit	4,201	1,000	-3,201	-76.2%
(Ordinary profit margin)	(5.2%)	(1.3%)		
Profit	2,782	400	-2,382	-85.6%
(Profit margin)	(3.5%)	(0.5%)		
Exchange rate				
US$	140.6 yen	153.0 yen	+12.4 yen	
Euro	152.0 yen	164.0 yen	+12.0 yen	

*Profit for the fiscal year under review is profit attributable to owners of parent.

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FY2025.3: Performance Plan by Segment

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In the musical instrument education business, both revenue and profit decreased due to lower sales and production cuts aimed at reducing inventories. The precision metal business saw both revenue and profit decline as a result of customers' making adjustments to their inventory level; however, a recovery in the second half is planned

[Millions of yen]

		FY2024.3 full-year results	FY2025.3 full-year outlook	Diff. from prior period	vs. prior period (%)
Musical instrument education	Net sales	65,668	64,300	-1,368	-2.1%
	Operating profit	2,353	300	-2,053	-87.2%
	(Operating profit margin)	(3.6%)	(0.5%)		
Precision metal	Net sales	9,540	8,600	-940	-9.9%
	Operating profit	753	550	-203	-26.7%
	(Operating profit margin)	(7.9%)	(6.4%)		
Other	Net sales	4,984	4,600	-384	-7.6%
	Operating profit	246	190	-56	-20.8%
	(Operating profit margin)	(4.9%)	(4.1%)		

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FY2025.3: Musical Instrument Education Business – Factors for Changes in Operating Profit

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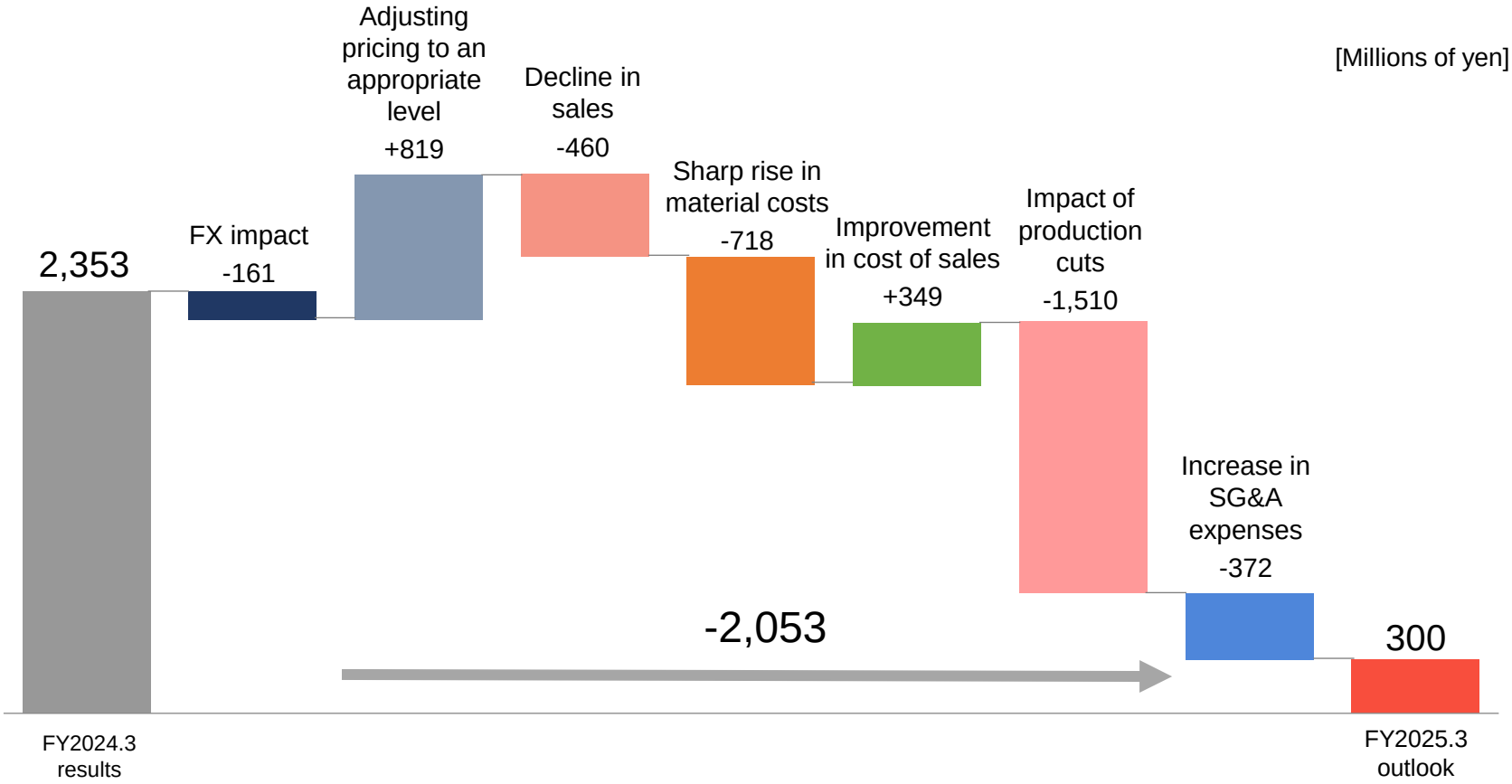
Operating profit is expected to decrease mainly due to the impact of production cuts
Operating profit is expected to recover significantly in the next period and onward, once production cuts result in inventories being at an appropriate level
To reduce SG&A expenses to allocate actively to advertising and human resources investment to raise brand recognition



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FY2025.3: Capital Investment Plan

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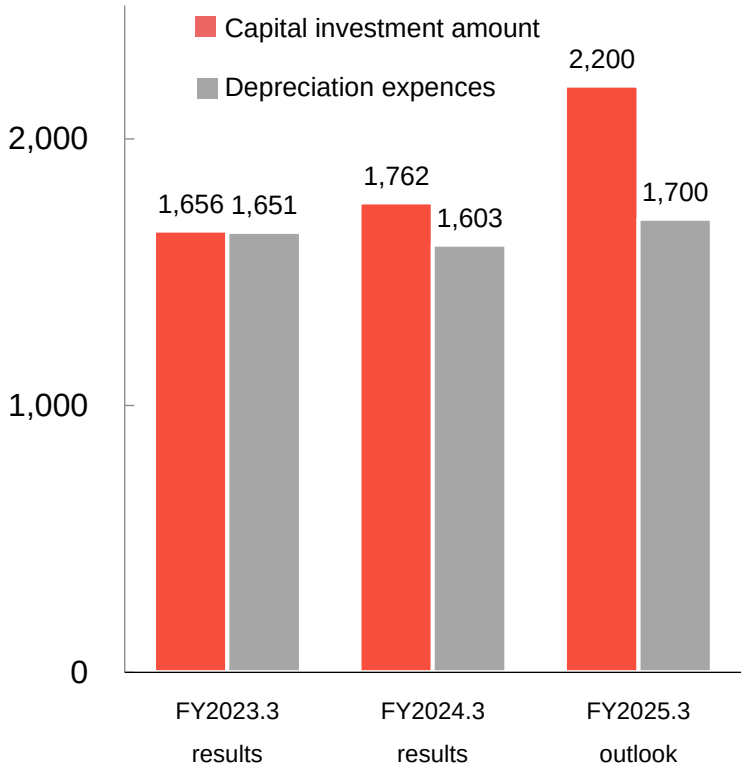
Plan to invest in improving the production efficiency and quality of musical instruments and precision metal

[Millions of yen]

	FY2023.3 full-year results	FY2024.3 full-year results	FY2025.3 full-year outlook
Musical instrument education Refurbishment of production equipment and stores, etc.	1,331	1,326	1,700
Precision metal Production equipment for the metal business, etc.	208	362	360
Other Investment in information infrastructure, etc.	117	74	140
Total	1,656	1,762	2,200

[Millions of yen]



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FY2025.3:

Keyboard Musical Instruments Sales Plan

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FY2025.3: Keyboard Musical Instruments Sales Plan by Region

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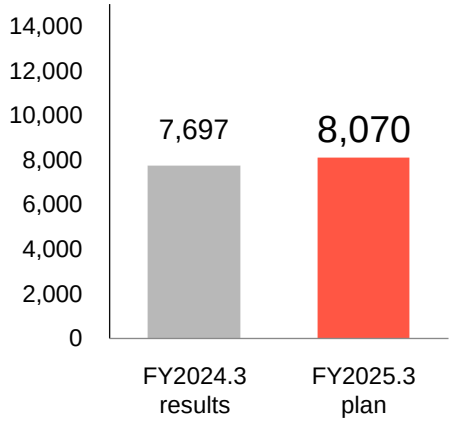
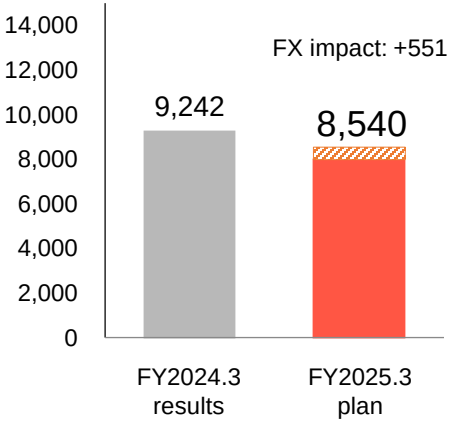
Japan

[Millions of yen]



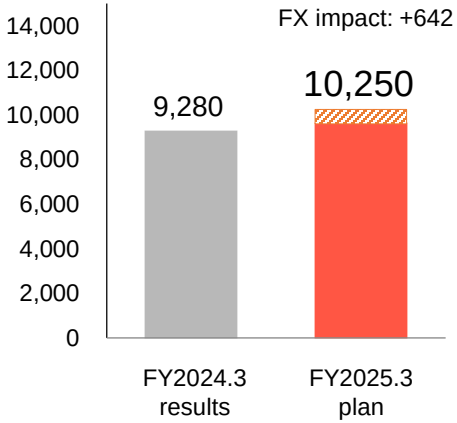
North America

[Millions of yen]



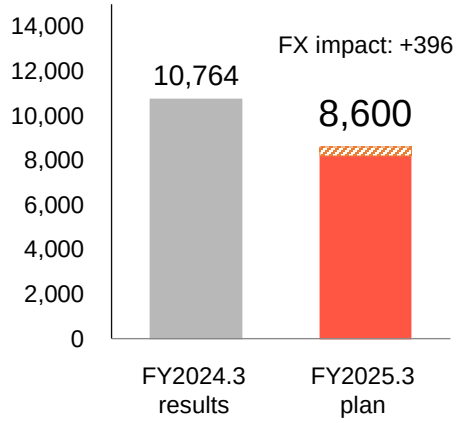
Europe

[Millions of yen]



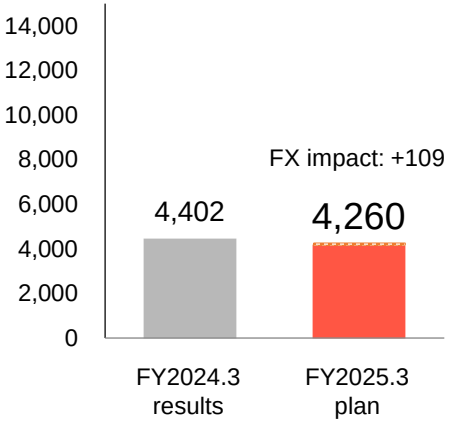
China

[Millions of yen]



Other

[Millions of yen]



Exchange rate	FY2024.3 results	FY2025.3 outlook
$	140.6	153.0
€	152.0	164.0

Impact of 1-yen depreciation against the dollar [operating profit]

$	-44 million yen for full year
€	+28 million yen for full year

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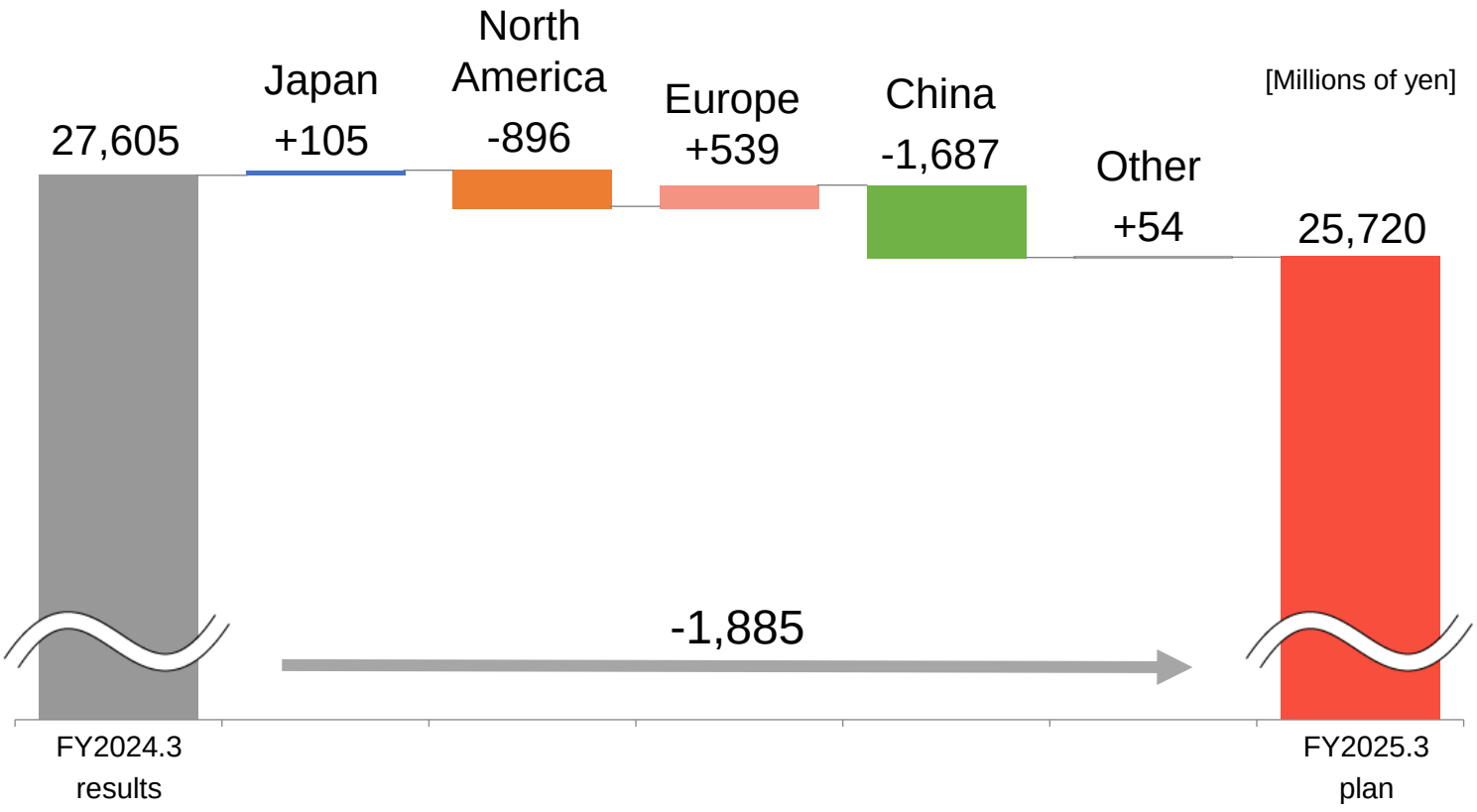
FY2025.3: Piano Sales Plan by Region

China is expected to see a large decline in upright pianos, with North America likely to decline as well
Japan and Europe are set to expand



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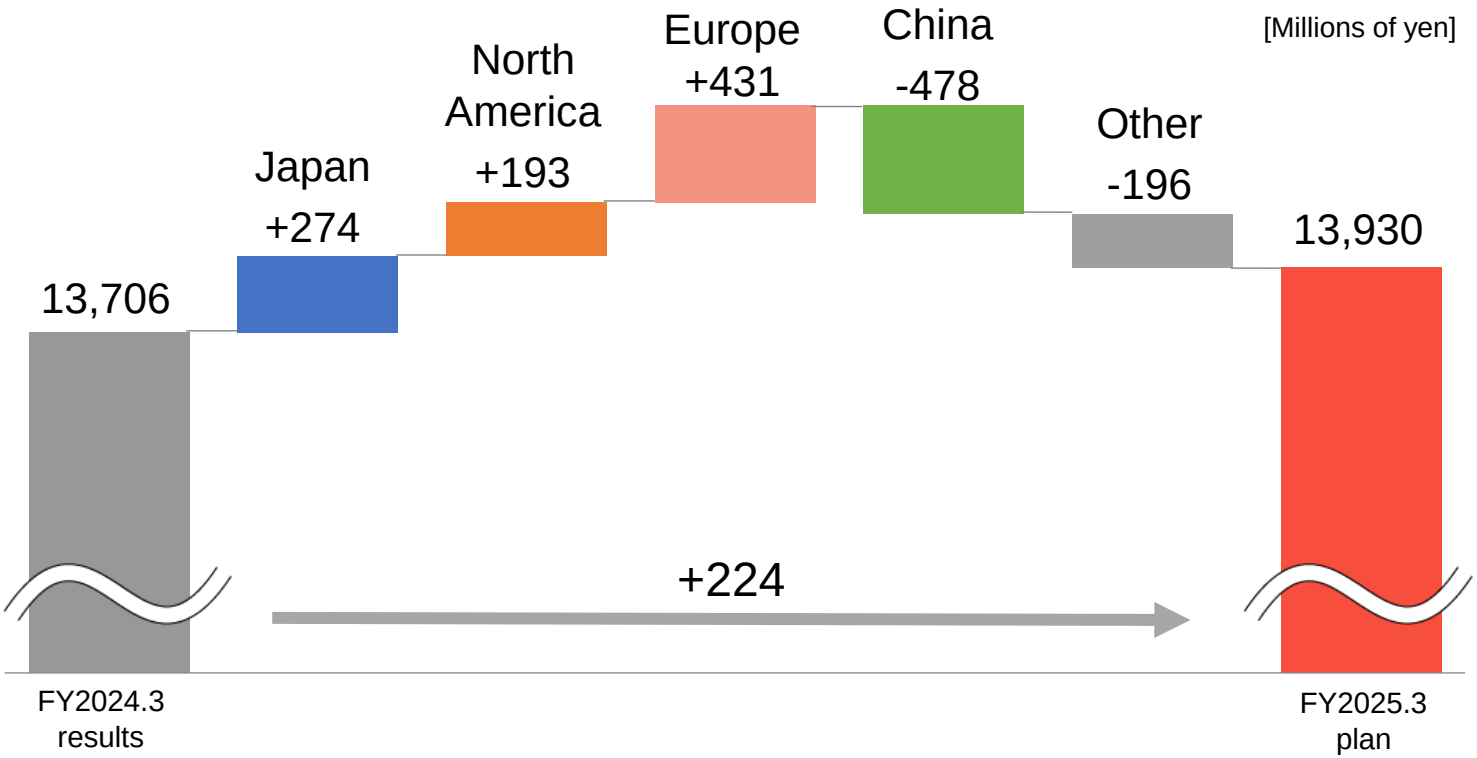
FY2025.3: Digital Piano Sales Plan by Region

Plan to see a recovery in sales in Japan, North America and Europe, despite a large decline in China



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Progress in the 7th Medium-Term Management Plan Resonate 2024

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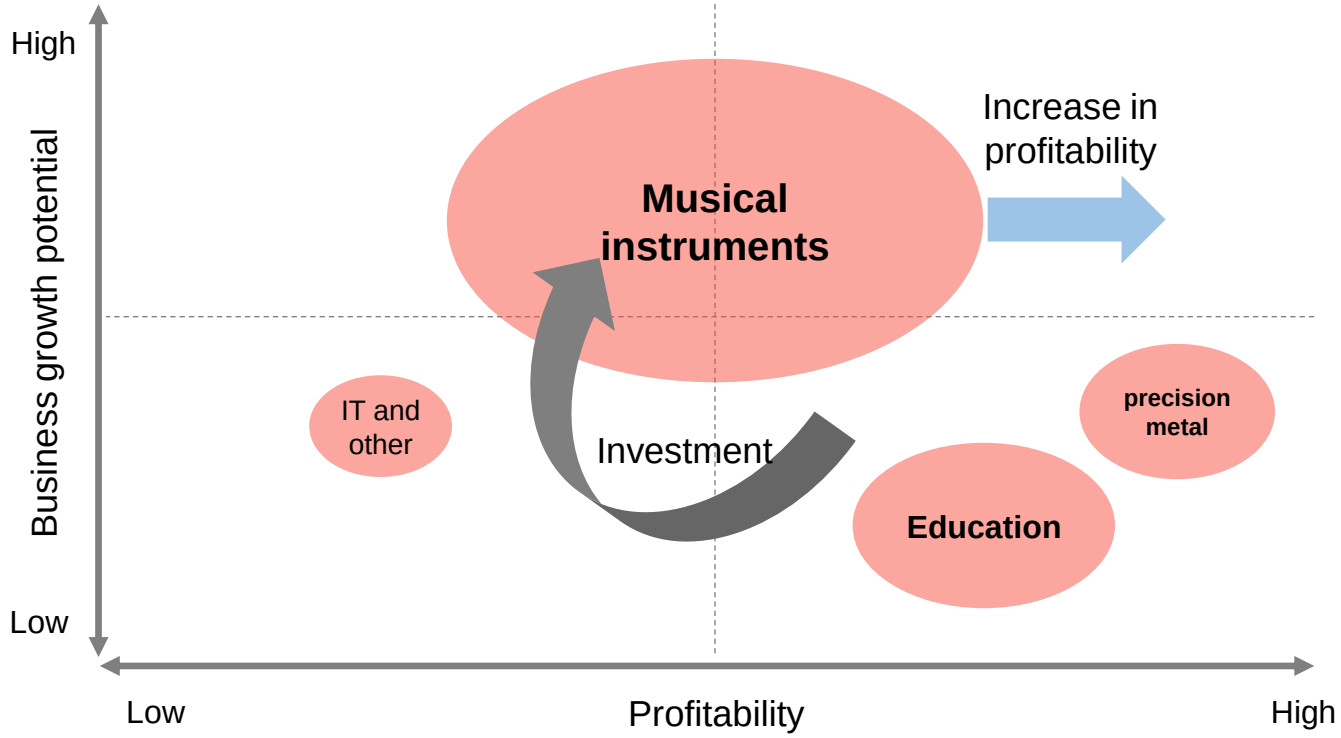
Path to Corporate Value Growth

With large room for profit improvement in the keyboard musical instruments market, to invest in the musical instrument business on a priority basis to increase corporate value



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Key Strategies

In order to grow steadily in a new business environment that has changed significantly due to the COVID-19 pandemic, we will focus on the following:

Evolving customer touch points

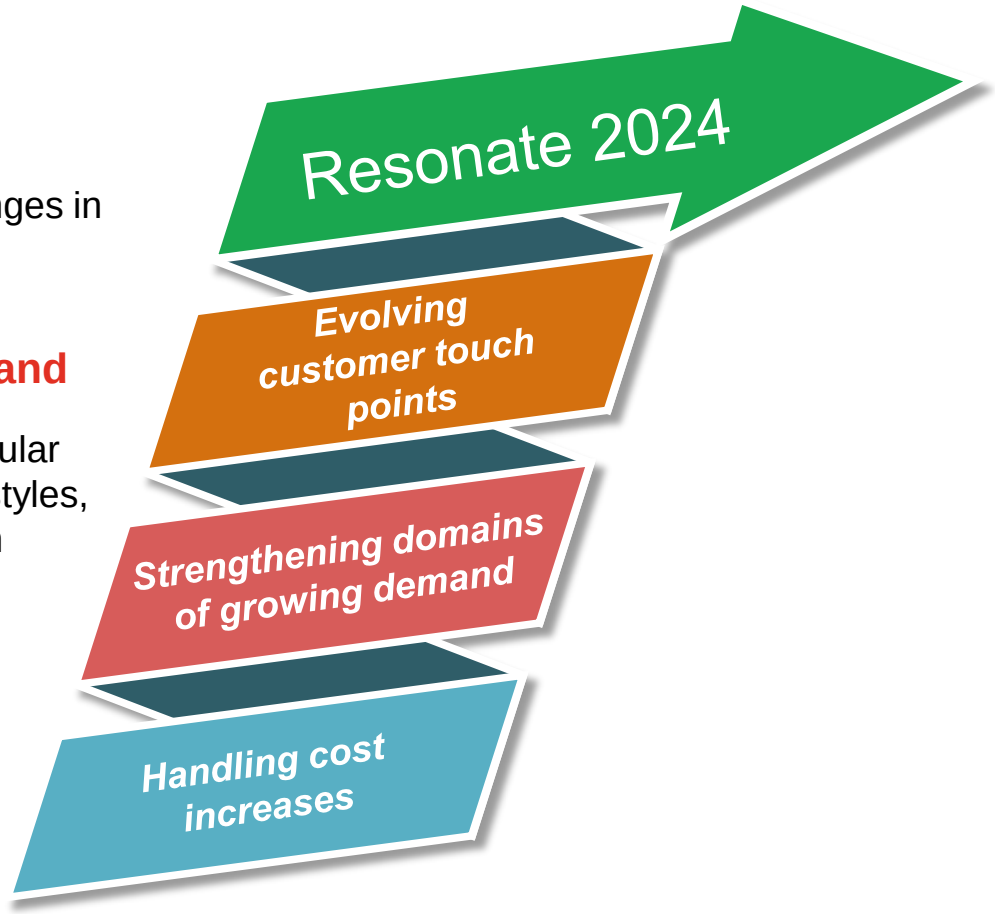
Implement promotional measures tailored to changes in customer purchasing behavior

Strengthening domains of growing demand

Broaden the lineup of product categories in particular whose demand has grown due to changes in lifestyles, and expand and reinforce their production system

Handling cost increases

Improve productivity and set appropriate prices in order to address soaring costs, resulting from surges in the cost of materials, such as semiconductors, and overseas transportation fees



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Evolving Customer Touch Points

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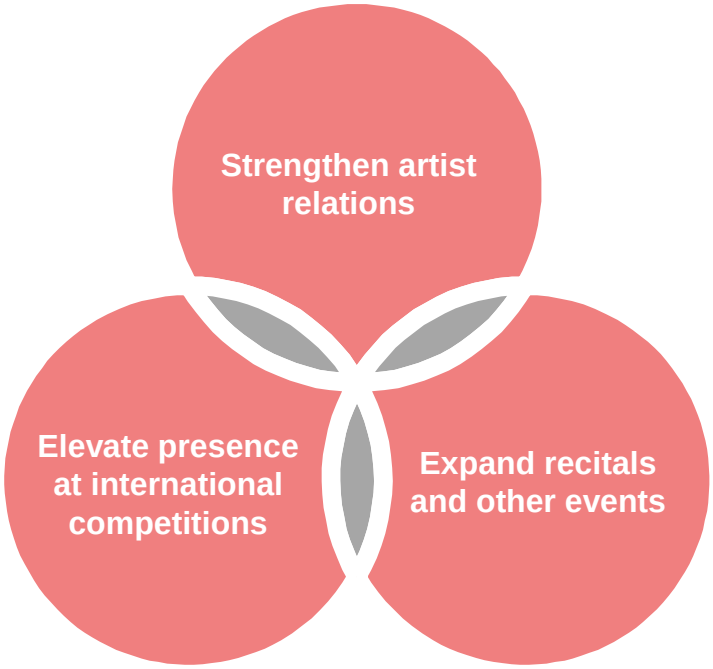
Accelerate the improvement of brand recognition by fusing “real” and “digital” measures

Raise recognition in physical space



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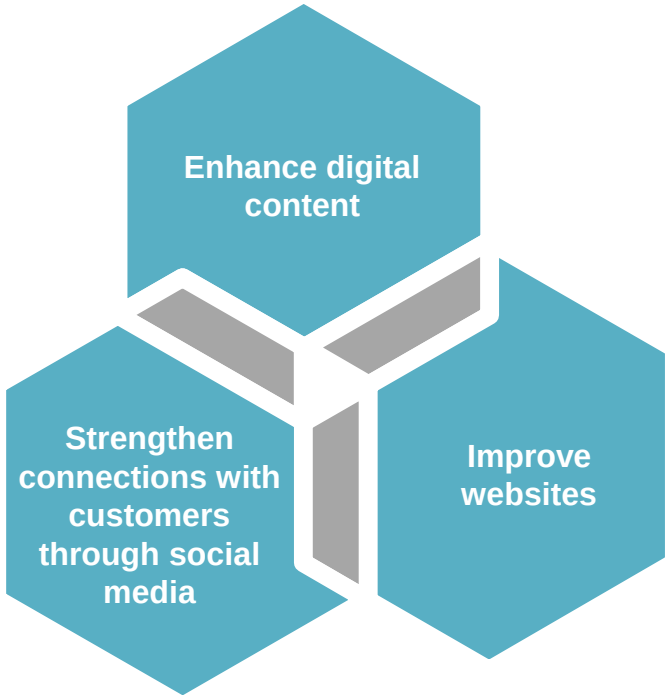
Raise recognition in digital space



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Evolving Customer Touch Points

“SK-EX” was chosen as the official piano for the Gurwitz 2024 International Piano Competition

Ms. Yungyung Guo (China), Gold Prize winner

The Gurwitz 2024 International Piano Competition was held in the United States from January 26 to February 4, and the Shigeru Kawai “SK-EX” full concert piano was chosen as the only official piano for the competition

Special program featuring Shigeru Kawai was broadcast on TV Asahi’s “Untitled Concert”

In November 2023, “A holiday to visit the factory for the world’s finest piano ‘Shigeru Kawai’ chosen by the finalists” featuring Shigeru Kawai was broadcast on TV Asahi’s program “Untitled Concert”

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Evolving Customer Touch Points

Launched “Global Branding PJ” with Ogilvy, a globally renowned branding company

Launched a global branding project in 2024 in collaboration with Ogilvy, one of the world’s leading branding companies with 132 offices in 83 countries, with the aim of increasing brand recognition globally

Opened a store at AEON MALL Deltamas, one of the largest shopping malls in Indonesia

Opened a musical instrument store and a music school at one of the largest shopping malls in Indonesia, in the city of Deltamas, a rapidly developing area that combines industrial complexes, residential districts, commercial districts, and administrative, educational, and medical institutions

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Evolving Customer Touch Points

Collaboration with Tsuchiya Kaban, “KAWAI meets grirose”

KAWAI mini pianos produced in collaboration with Tsuchiya Kaban which develops leather products such as school bags and other bags, “KAWAI meets grirose,” were displayed at our directly managed stores from January to February 2024

Model change of the crystal grand piano to launch “CR-45”

Since its launch in 1971, crystal grand pianos, which had been attracting many people with their crystal brilliance and transparent appearance, were redesigned to further enhance the beauty of the crystal piano, with the length of keys extended, improving playability

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Strengthening Domains of Growing Demand

Build a system to expand production lines in response to increasing demand for “Shigeru Kawai”

“Shigeru Kawai” grand piano SK-2

Ryuyo Plant (Iwata City, Shizuoka Prefecture)

Launch increasingly popular limited-edition models of mini grand pianos

Grand piano GX-1 LE

[Limited production of 50 units: Kawai’s directly managed stores only]

Equipped with a soundboard made of premium wood from the Fiemme valley in Italy which was used in world’s famous Stradivarius violins
Featuring an ornate and stretching tone

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Strengthening Domains of Growing Demand

Expand the lineup and color variations through the launch of new digital piano products

“CA901”
Premium Satin White Finish
*Launched in October 2023

“CA701”
Natural Walnut Finish
*Launched in March 2024

“CA401”
Premium Rosewood Finish
*Launched in March 2024

Equipped with wooden keyboard
CA Series

“CA901”

“CA701”

“CA501”
*Launched in June 2023

“CA401”
*Launched in June 2023

Entry model
CN Series

“CN301”

“CN201”

Portable model
ES Series

“ES120”

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Handling Cost Increases

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Adjust pricing as needed to maintain appropriate pricing in light of the impact of various cost increases and local market conditions

■ In Japan

FY2024.3	For orders received in April 2023 and later	Grand pianos Upright pianos	14 models 26 models	Price increase by approx. 7 to 17% Price increase by approx. 8 to 14%
	For orders received in November 2023 and later	“Shigeru Kawai” grand pianos	5 models	Price increase by approx. 8 to 10%

■ Overseas

FY2024.3	From shipment in April 2023 and later	Price increase by 3 to 10% depending on regions/items
FY2025.3	From shipment in April 2024 and later	Price increase by 2 to 10% depending on regions/items

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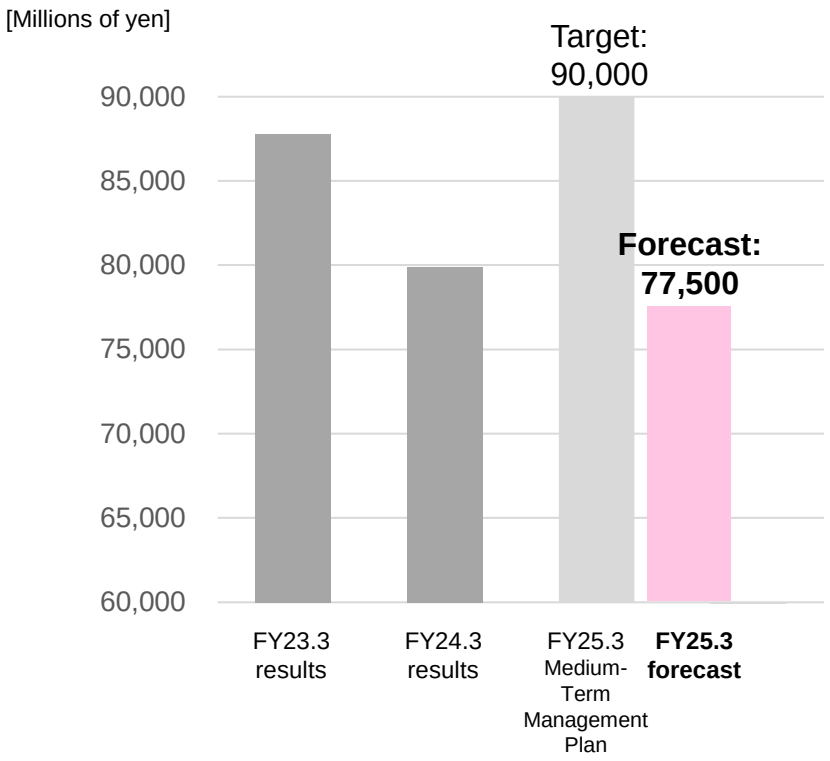
Progress of the 7th Medium-Term Management Plan Resonate 2024

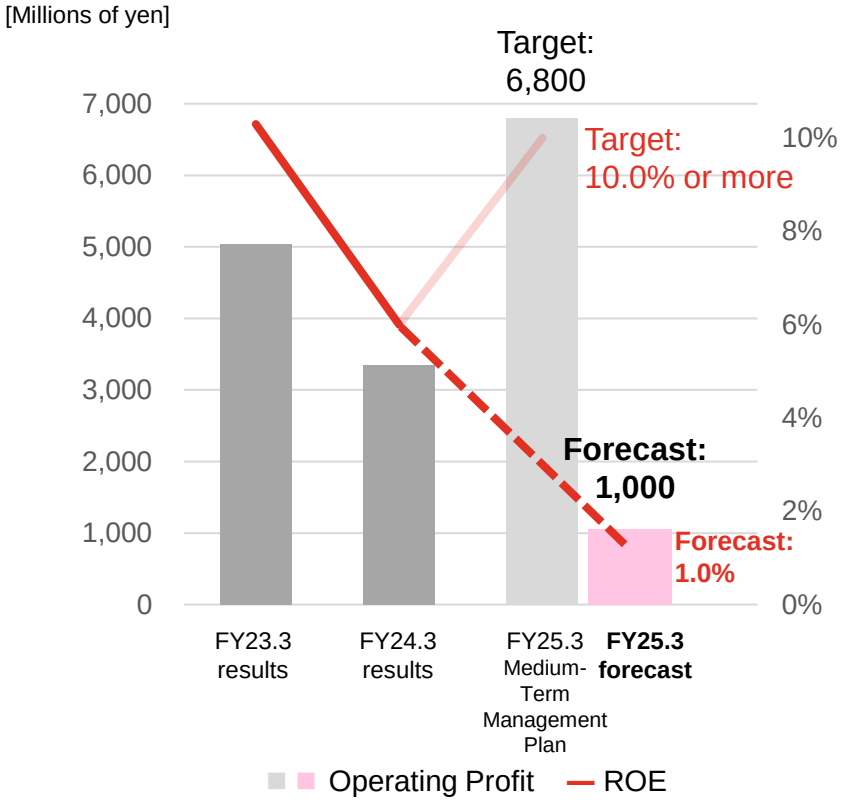
KAWAI

Net sales and operating profit as well as ROE are expected to fall short of the medium-term management plan targets due to lower sales as a result of the normalization of instrument inventories and growth investment for the period of the next medium-term management plan

Trend in net sales



Trends in operating profit and ROE



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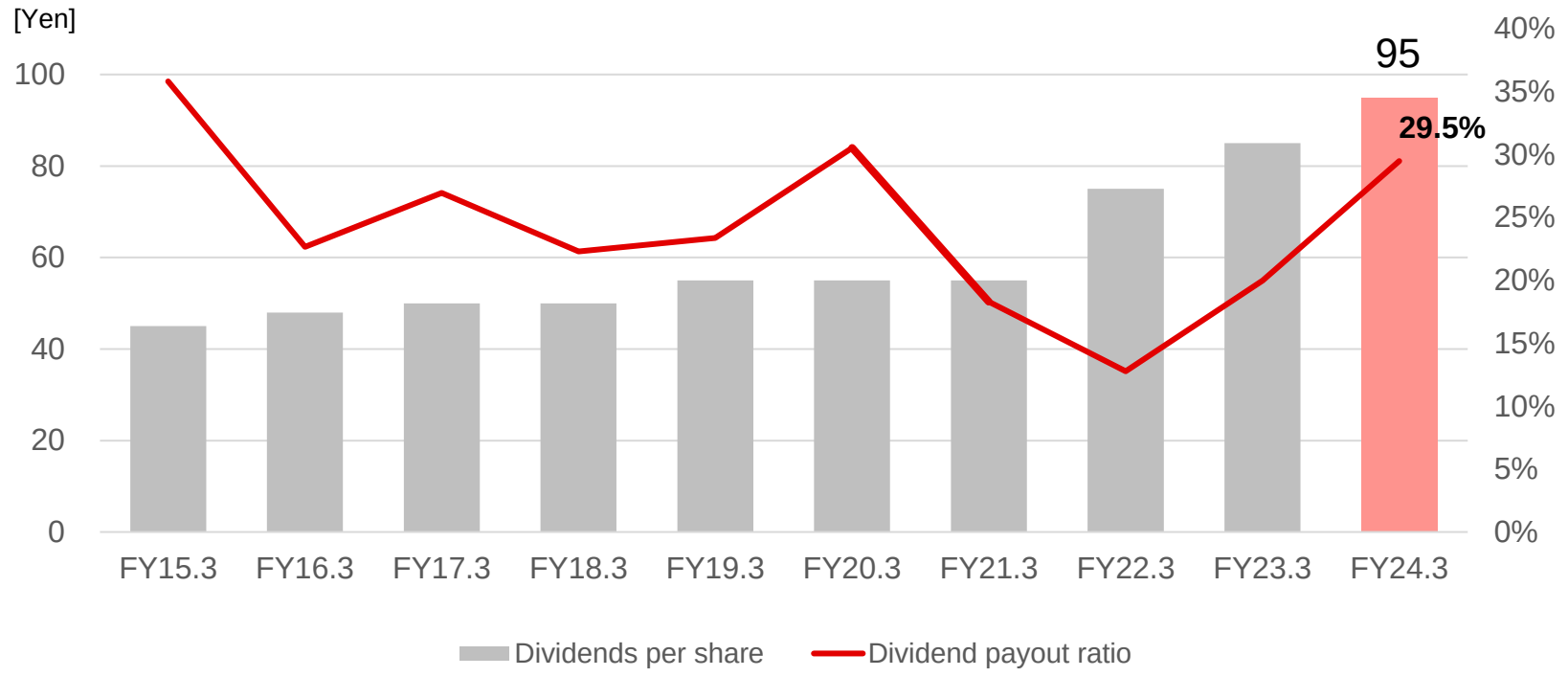
Shareholder Return

Dividend per share at the end of FY2024.3 is 95 yen, an increase of 10 yen
Dividend at the end of FY2025.3 will be disclosed after assessing the performance trend due to a number of uncertainties in market conditions

<Basic Policy>
Taking into account the business environment going forward and business development as well as business performance of each fiscal year, the Company's basic policy is set as providing shareholder returns aimed at delivering stable dividends to shareholders in accordance with its consolidated business performance while securing internal reserves to stabilize the management base.



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ESG and Sustainability Initiatives

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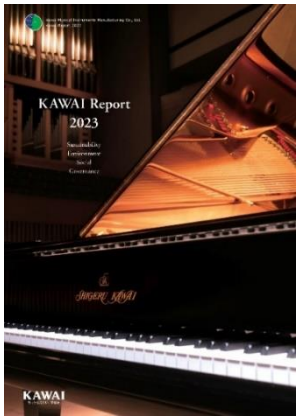
Environmental and Social Initiatives

Environment

- **Environmental management**
  Developed environmental conservation activities based on the Global Environment Charter
- **Reduction of environmental load**
  Initiatives to prevent global warming, etc.
- **Climate change**
  Disclosed information based on TCFD recommendations
- **Resource recycling and afforestation activities**
  “Kawai-no-mori” afforestation activities

Society

- **Human resource development and diversity**
  Initiatives to empower diverse employees to leverage their individuality and demonstrate their abilities
- **Work-life balance**
  Creating an environment where employees can work comfortably
- **Social and cultural contribution activities**
  Hosted more than 2,000 sessions of “Kawai Concert”
  Has been hosting the “Shigeru Kawai International Piano Competition” since 2017 to nurture the next generation of pianists



For information on environmental and social initiatives, please refer to “KAWAI Report 2023”▶
https://www.kawai.co.jp/csr/report/

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Measures to Realize Management Conscious of Capital Costs and Share Prices

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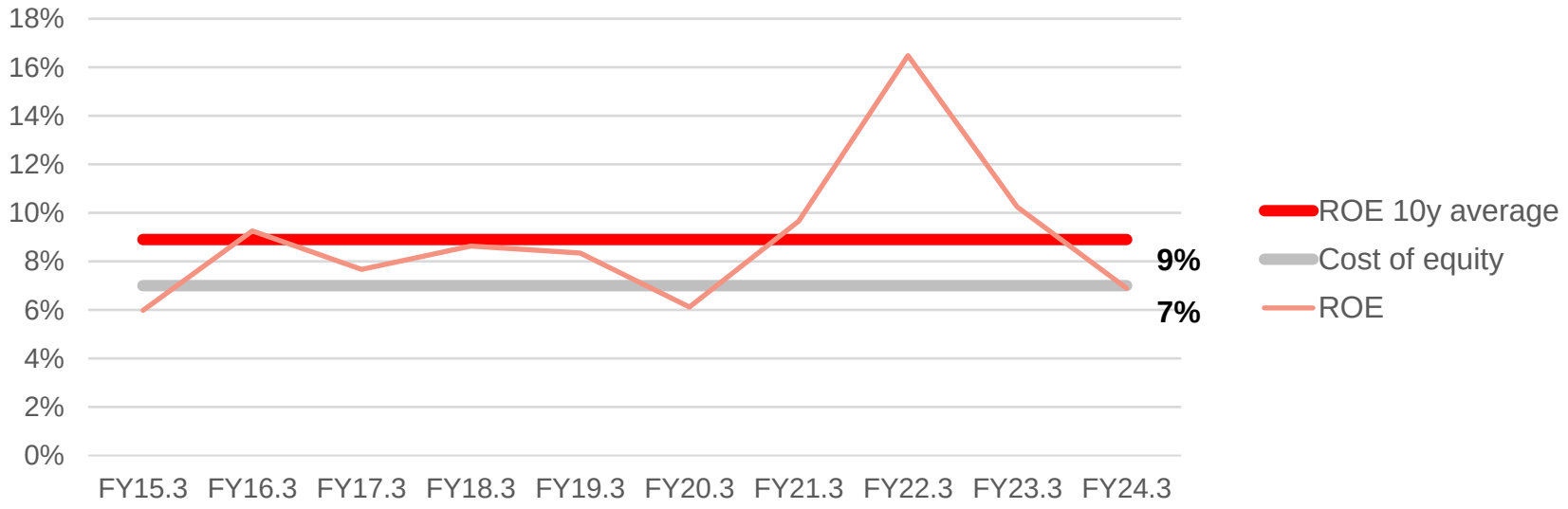
Analysis of Current Status (Trends in Capital Profitability, Cost of Equity and PBR)

KAWAI

- ✓ Return on equity (ROE) has not been able to sufficiently exceed the cost of equity (estimated at approx. 7%), except during periods of stay-at-home demand
- ✓ Meanwhile, the price-to-book ratio (PBR) of the Company has been below 1× for 7 of the past 10 periods

ROE, average ROE and cost of equity



PBR (times)	1.07	0.85	0.94	1.30	0.99	0.81	1.08	0.84	0.69	0.72

Cost of equity of the Company (estimated) = risk-free rate + beta × market risk premium = approx. 7%

(CAPM) 0.9 to 1.0% 0.9 to 1.0 6.0 to 6.5%

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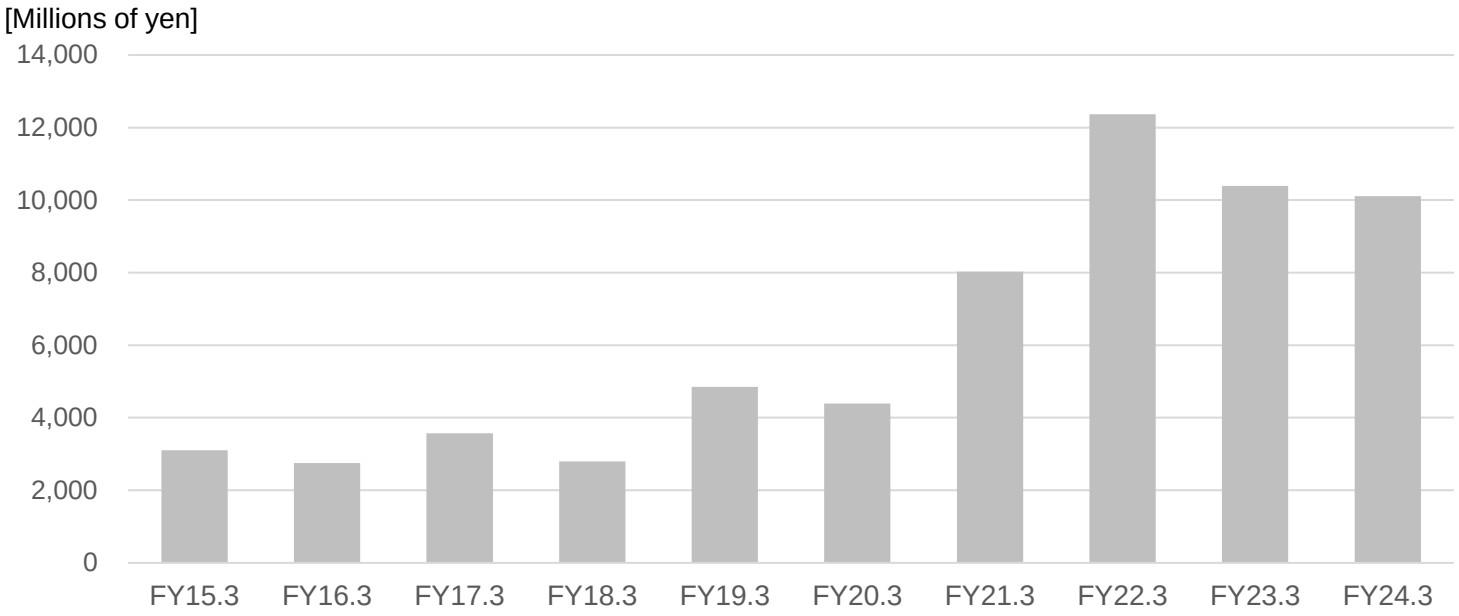
Analysis of Current Status (Balance Sheet and Net Cash Trends)

- ✓ Net cash balance had been on an increasing trend, but decreased in the most recent two periods. Net cash balance is not at a sufficient level in light of major risks
- ✓ There are neither material idle fixed assets nor unnecessary assets held

Net cash trend



*Net cash = Cash and deposits − Interest-bearing debt

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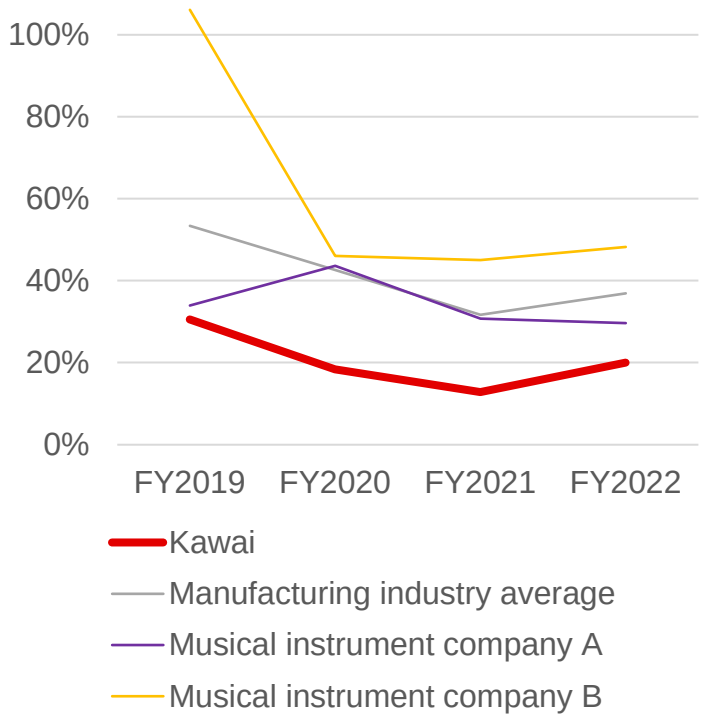
Analysis of Current Status (Level of Shareholder Return and Disclosure of IR Information)

KAWAI

- ✓ As for shareholder return, our dividend payout ratio is below the average of other companies in the same industry and that of companies in the manufacturing industry listed on TSE Prime
- ✓ Disclosure of IR information is not sufficient

Trend in dividend payout ratio



* Manufacturing industry average = Average of manufacturing companies listed on TSE Prime

Status of IR activities

Item	Assessment	Remarks
Website	△ (slightly inadequate)	Insufficient content and almost no information in English
Financial results briefings	△ (slightly inadequate)	Physical meetings only
Individual interviews	○ (good)	All requests are accepted, with officers also attending upon requests
IR events for individual investors	△ (slightly inadequate)	Insufficient number of events
Plant tours for institutional investors	×	Not implemented, to be planned in the future

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Results of Analysis of Current Status, Issues and Countermeasures

KAWAI

<Results of analysis of current status>

- ✓ ROE over the past 10 years has been approx. 9%, exceeding the cost of equity (estimated at approx. 7%)
- ✓ Meanwhile, PBR of the Company has been below 1× for 7 of the past 10 periods
- ✓ Net cash balance had been on an increasing trend, but decreased in the most recent two periods. Net cash balance is not at a sufficient level in light of major risks
- ✓ With no material idle fixed assets, there are no unnecessary assets held
- ✓ As for shareholder return, our dividend payout ratio is below the average of other companies in the same industry and that of companies in the manufacturing industry listed on TSE Prime
- ✓ Disclosure of IR information is not sufficient

Issues	Countermeasures
1. Need to improve ROE to a level expected by the market	Present a growth strategy that shareholders will find attractive in the next 8th Medium-Term Management Plan (including a capital allocation policy)
2. Insufficient shareholder return	Aim for dividend payout ratio of 30% in FY2025.3 Aim for total return ratio of 50% in FY2028.3
3. Insufficient disclosure of IR information	Expand the types of IR information to be disclosed (including information in English) and the means for disclosing IR information (such as participation in IR fairs for individual investors and plant tours for institutional investors)

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Initiatives Implemented and Future Plans (as of May 2024)

KAWAI

1. Formulation of a capital allocation policy

- ✓ Determined the required level of cash after taking into account major risks and formulated a capital allocation policy under the current 7th Medium-Term Management Plan, which was disclosed in November 2023

2. Improvement in the level of shareholder return

- ✓ Disclosed our target of achieving a dividend payout ratio of 30% in FY2025.3, the final year of the current Medium-Term Management Plan, and improved the dividend payout ratio to 29.5% in FY2024.3 through a dividend increase from 20% in the prior period
- ✓ Aim for total return ratio of 50% in FY2028.3

3. Strengthening of IR activities (reducing information asymmetry)

- ✓ Participated in an event for individual investors for the first time in FY2024.3, and actively responded to meetings with institutional investors (+14 events, 24% increase from the prior period)
- ✓ Hosted the financial results briefing for FY2024.3 online as well, our first such attempt
- ✓ Enhanced disclosure in English by improving the IR website and providing a summary of consolidated financial results for FY2024.3 in English
- ✓ We will continue to take measures to reduce information asymmetry through effective disclosure of information and to improve the level of confidence of shareholders and investors in the Company's growth potential (see the next slide for the status of dialogue with shareholders, etc.)

Our basic policy is to obtain appropriate evaluation of the Company's growth potential from shareholders and investors through these initiatives, and we will strive to achieve a PBR of at least 1× early.

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Dialogue with Shareholders

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Status of Dialogue with Shareholders, Etc. (April 2023 to March 2024)

KAWAI

- ✓ Set out the “Policy on Constructive Dialogue with Shareholders” in the Corporate Governance Basic Policy, and implemented constructive dialogue through shareholder meetings, financial results briefings, and individual IR meetings
- ✓ Hosted two financial results briefings, held 73 individual IR meetings in total, and participated in an online event for individual investors for the first time
- ✓ Reported regularly the content of dialogue with shareholders and investors to the Board of Directors to share information

<Main themes of dialogue, opinions from shareholders and investors>

Themes	Opinions
Strengthening of IR activities	Request the Company to explain its growth strategy in an easy-to-understand manner from an investor’s perspective, thereby improving its share price, without leaving its shares priced at a discount. In addition, disclosure in light of TSE request (management conscious of capital costs and share prices) should be made as soon as possible.
Dividend payout ratio	The Company targets a dividend payout ratio of 30% in the final year of the current Medium-Term Management Plan, but that is not enough as a target. Please aim for 30%, starting from the current fiscal year.
Financial results briefings	Please make use of the Internet to help people from abroad participate.
Anti-takeover measures	Should be abolished because they have a negative impact on share prices.

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Key Achievements of the Dialogue

KAWAI

Themes	Details of measures implemented
Strengthening of IR activities	• Disclosed the “Measures to Realize Management Conscious of Capital Costs and Share Prices” in response to the TSE request (November 2023 and May 2024) • Launched an IR website for individual investors (January 2024) • Participated in an IR fair for individual investors (online event) for the first time (January 2024) • Expanded the scope of financial results materials published on IR website (May 2024) • Launched a corporate website in English and disclosed the summary of consolidated financial results in English for the first time (May 2024) • Disclosed dialogue with shareholders (May 2024)
Dividend payout ratio	• Dividends for FY2024.3 increased 10 yen to 95 yen per share from 85 yen, improving dividend payout ratio to 29.5% from 20% in the prior period • Aim for total return ratio of 50% in FY2028.3
Financial results briefings	• Hosted financial results briefing sessions for the 97th Term physically as well as online for the first time (May 2024)

We will continue to engage in constructive dialogue with shareholders, investors, and others to gain an understanding of specific management strategies and plans, take appropriate measures to respond to opinions received, and work to enhance corporate value

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Policy of the Next Medium-Term Management Plan

<Note>
The next medium-term management plan will be officially announced in March 2025, and only an overview is provided today

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Policy of the next Medium-Term Management Plan "KAWAI 10-Year Vision"

KAWAI

Reason for making the next medium-term management plan a 10-year plan

- ✓ Although there is considerable room for earnings growth in the musical instrument education business, which is our main business, it is not realistic to achieve significant growth over the period of three years, as in the previous medium-term management plans, because it takes time to expand market share in mature markets and develop emerging markets
- ✓ Therefore, by steadily and continuously implementing the growth strategy presented on the next slide, we will realize significant growth over the next 10 years from the next fiscal year (and accelerate growth investment starting from this fiscal year)

Target for the first year (FY2026.3)

- ✓ ROE 5% or more (to get ROE back to 5% or more as early as possible)

10-year targets (up to FY2035.3)

* The target values for FY2035.3 are subject to change at the time of the announcement of the next medium-term management plan

(Millions of yen)	FY2024.3 (actual)	FY2025.3 (forecast)	FY2035.3* (targets)
Net sales	80,192	77,500	110,000
Operating profit	3,255	1,000	10,000
ROE	6.9%	1.0%	12%
Dividend payout ratio	29.5%	TBD	50% (Total return ratio)

To achieve 50% by FY2028.3

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Growth Strategy of “KAWAI 10-Year Vision”

KAWAI

Key strategies

Strategy aimed at achieving the “10-year targets”
Strengthening investment in the musical instrument education business will make it possible to achieve the 10-year targets

Strengthen investment in the musical instrument education business: Growth by “producing the world’s finest pianos”

- ✓ Increase value added and expand market share by “improving quality,” “raising brand recognition,” and “expanding sales channels” for keyboard musical instruments (**strengthening investment in overseas markets, in particular**)

Improving quality	“World’s finest pianos,” “digital pianos that are closest to grand pianos,” and increasing the number of tuners sent overseas
Raising brand recognition	Use of branding companies, strengthening relationships with artists, and strengthening ties with individual piano instructors
Expanding sales channels	Expand a network of dealers and strengthen sales staff education

- ✓ Expand the product lineup of keyboard musical instruments
- ✓ Cultivate/expand overseas emerging markets
- ✓ Optimize organization/staffing and strengthen human capital investment to enable the above

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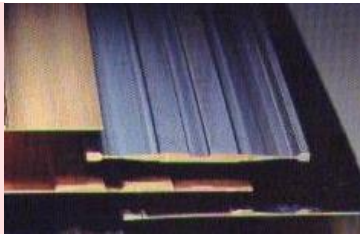
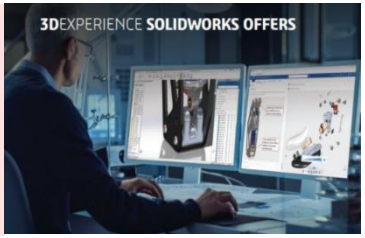
Growth Strategy of “KAWAI 10-Year Vision”

KAWAI

Strategies to go even further

Strategies aimed at growth exceeding even the “10-year targets”
Serve as a backup plan for key strategies as well

Strengthen investment in other than the musical instrument education business

Precision metal	Increase in new projects by strengthening sales capabilities	
Educational toys	Strengthen product branding, develop new products, and expand overseas	
IT services	Increase orders received for system construction projects for medical institutions and develop new software packages, by expanding and reinforcing human capital	

Strengthen the development of new services

M&A and business alliances to accelerate and strengthen the implementation of various strategies

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KAWAI

The Company’s earnings forecasts and future predictions described in this document are based on information available to the Company at the time of preparation. Actual results and achievements may differ materially from these forecasts due to changes in various external and internal factors, such as economic conditions, the intensification of selling competition and risks associated with intellectual property rights.