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Second Quarter of FY2026.3 (99th Term)

Financial Results Briefing Material

KAWAI

November 13, 2025

Kawai Musical Instruments Manufacturing Co., Ltd.

Consolidated performance for the Second Quarter of FY2026.3

- ✓ Revenue in the Musical Instrument Education Business decreased due to lower sales in China, while both the Material Processing Business and Other Business recorded higher revenue. As a result, overall consolidated revenue declined.
- ✓ On the profit front, the loss in the Musical Instrument Education Business worsened, resulting in a net loss for the first half. Nevertheless, due to the recording of foreign exchange gains and other factors, the net loss improved compared to the same period of the previous year.

Outlook for consolidated performance for the current FY2026.3

- ✓ There is no change to the full-year consolidated earnings forecast, although segment-level forecasts have been revised.

Shareholder returns

- ✓ Dividends for FY2026.3 maintained 95 yen per share.
- ✓ Continue progressive dividends and maintain a total return ration of 50% or more.

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Second Quarter of FY2026.3:

Consolidated Performance

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Second Quarter of FY2026.3: Consolidated Performance - Summary

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While both the Material Processing Business and Other Business recorded higher revenue, overall consolidated revenue decreased due to lower sales of musical instruments.
On the profit front, a net loss was recorded for the first half, but the result represents an improvement from the same period of the previous year.

〔Millions of yen〕

	FY2025.3 Second quarter results	FY2026.3 Second quarter results	Diff. from prior period	vs. prior period (%)
Net sales	36,156	35,192	-964	-2.7%
Operating profit (Operating profit margin)	-222 (-0.6%)	-415 (-1.2%)	-193	—
Ordinary profit (Ordinary profit margin)	-226 (-0.6%)	7 (0.0%)	+234	—
Profit (Profit margin)	-406 (-1.1%)	-13 (-0.0%)	+392	—
Exchange rate				
US$	152.3 yen	148.6 yen	-3.7 yen	-2.4%
Euro	164.6 yen	162.2 yen	-2.4 yen	-1.4%

*Profit for the period refers to profit attributable to owners of parent.

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Second Quarter of FY2026.3: Performance by Segment

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The Musical Instrument Education Business recorded lower revenue due to a decline in sales, and the operating loss worsened as a result of reduced production of acoustic pianos.
Meanwhile, both the Material Processing Business and Other Business posted higher revenue, driven by an increase in orders.

〔Millions of yen〕

		FY2025.3 Second quarter results	FY2026.3 Second quarter results	Diff. from prior period	vs. prior period (%)
Musical instrument education	Net sales	29,382	27,362	-2,020	-6.9%
	Operating profit	-647	-853	-206	—
	(Operating profit margin)	(-2.2%)	(-3.1%)		
Material processing	Net sales	4,963	5,278	+315	+6.4%
	Operating profit	441	403	-37	-8.5%
	(Operating profit margin)	(8.9%)	(7.6%)		
Other	Net sales	1,810	2,550	+740	+40.9%
	Operating profit	19	64	+45	+236.9%
	(Operating profit margin)	(1.1%)	(2.5%)		

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Second Quarter of FY2026.3: Musical Instrument Education Business – Factors for Changes in Operating Profit

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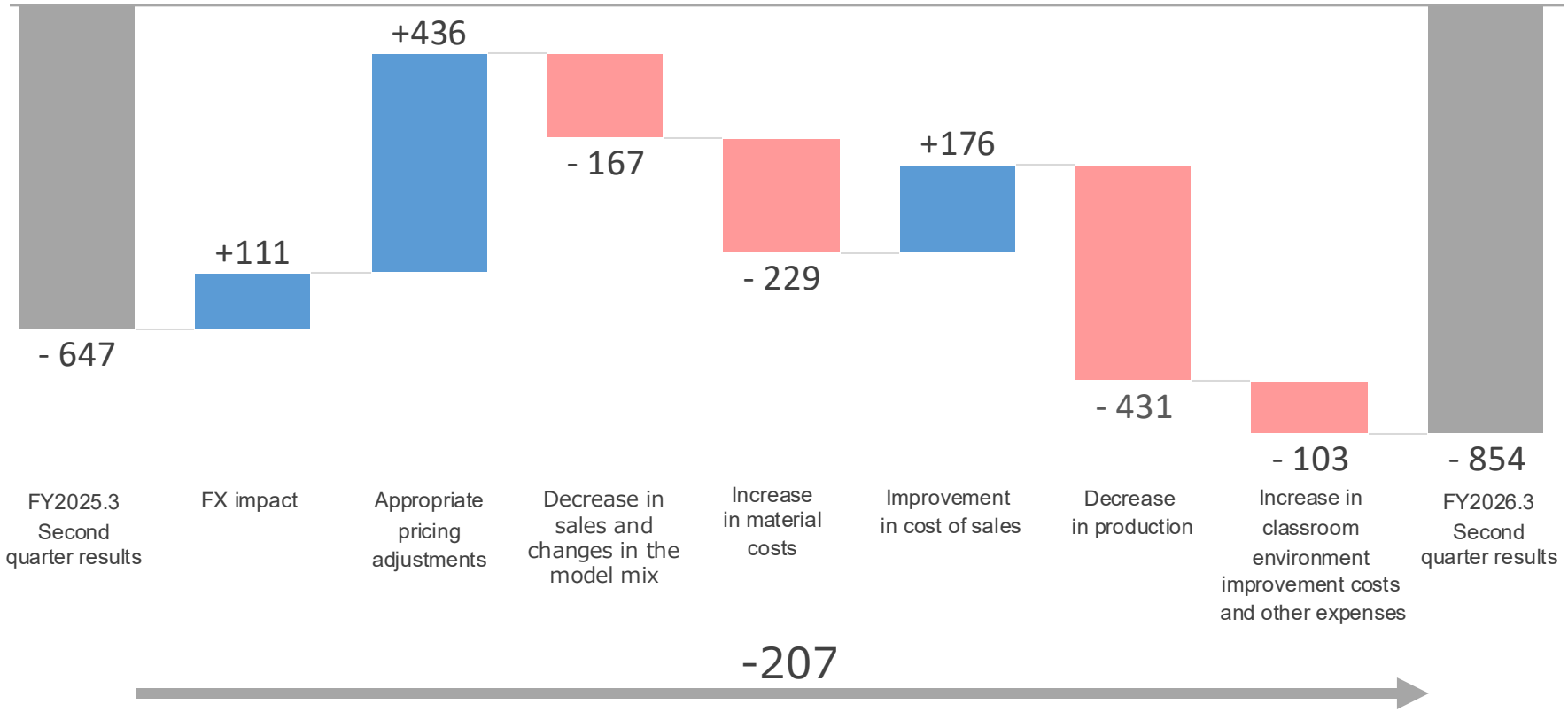
While the rise in material costs was offset by appropriate pricing adjustments, operating loss increased due to the impact of reduced production and higher costs, including classroom environment improvements for music schools.

〔Millions of yen〕



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Second Quarter of FY2025.3: Consolidated Financial Position

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Total assets decreased due to a decline in cash and deposits, while total liabilities increased mainly as a result of higher long-term borrowings.
Net assets decreased due to factors such as foreign exchange effects, dividend payments, and the recording of a net loss for the first half.

〔Millions of yen〕

	FY 2025.3 results	FY 2026.3 Second quarter results	Diff. from the end of FY2025.3
Assets	73,991	73,223	-768
Liabilities	29,449	30,295	+846
Net assets	44,541	42,928	-1,613
Shareholder's equity ratio	60.2%	58.6%	-1.6%

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Second Quarter of FY2025.3: Status of Inventories

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Total inventories increased mainly due to higher inventories of acoustic pianos and a rise in manufacturing costs.

〔Millions of yen〕

	FY 2025.3 results	FY 2026.3 Second quarter results	Diff. from the end of FY2025.3
Total inventories	19,253	19,715	+462
Merchandise and finished goods	11,324	12,027	+702
Work in progress	2,318	2,114	-203
Raw materials and supplies	5,609	5,573	-35
FX impact			-562
Effective increase/decrease			+1,024

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Second Quarter of FY2026.3:

Keyboard Musical Instruments Performance

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Second Quarter of FY2026.3: Keyboard Musical Instruments Sales Record by Region

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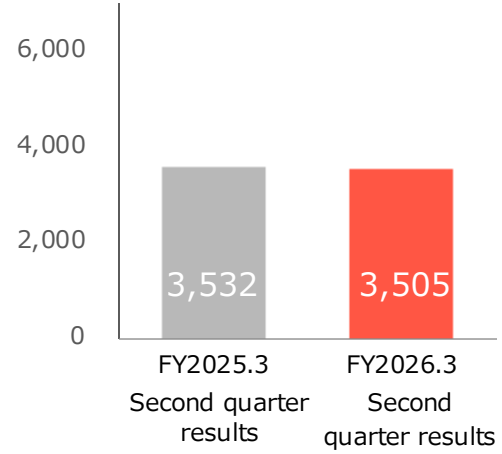
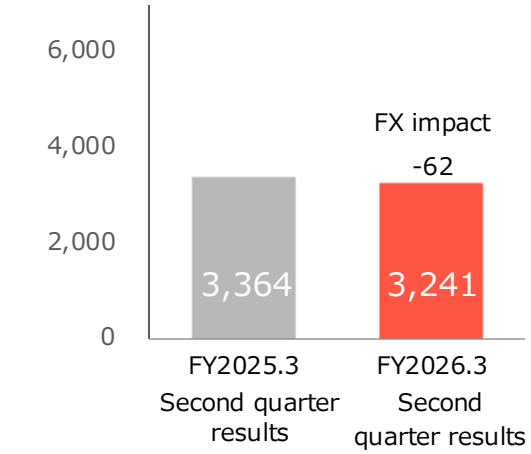
Japan

〔Millions of yen〕



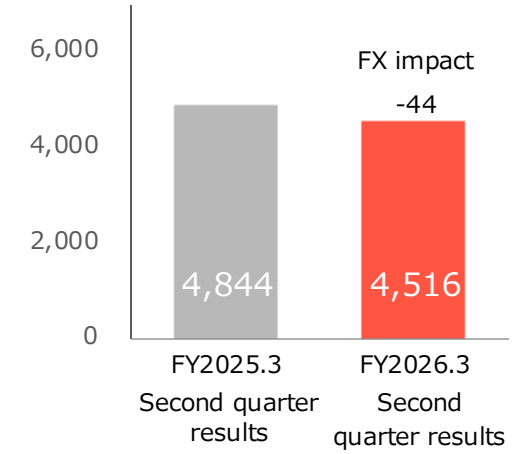
North America

〔Millions of yen〕



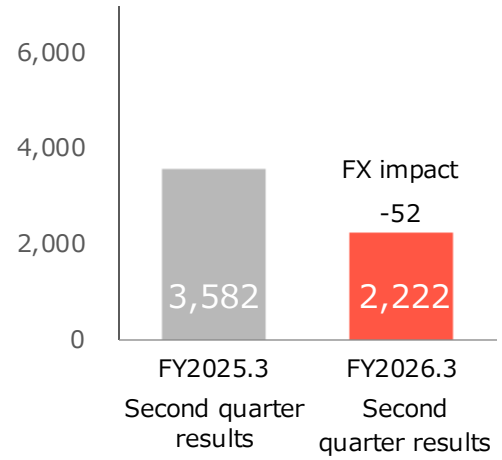
Europe

〔Millions of yen〕



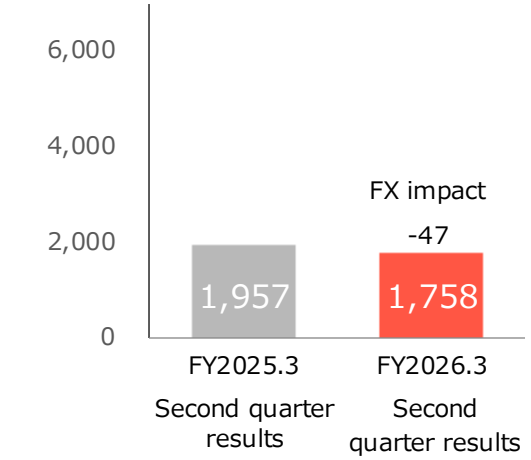
China

〔Millions of yen〕



Other

〔Millions of yen〕



Exchange rate	FY2025.3 2nd quarter results	FY2026.3 2nd quarter results
$	152.3	148.6
€	164.6	162.2

Impact of 1 yen Depreciation [operation profit]

$	-51 million yen for full year
€	+41 million yen for full year

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Second Quarter of FY2026.3: Trend in Piano Sales by Region

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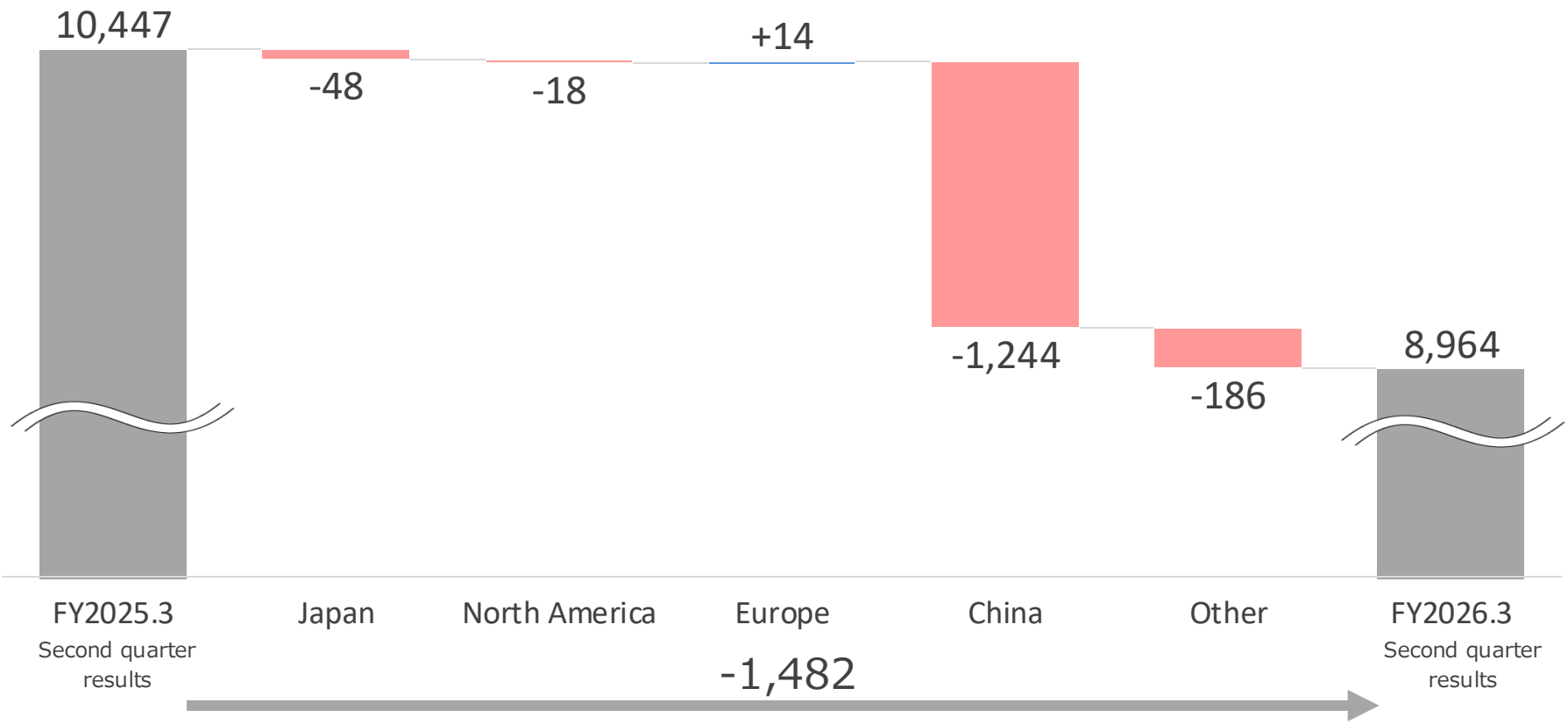
Although sales increased in Europe, total piano sales declined due to a significant decrease in China.

〔Millions of yen〕



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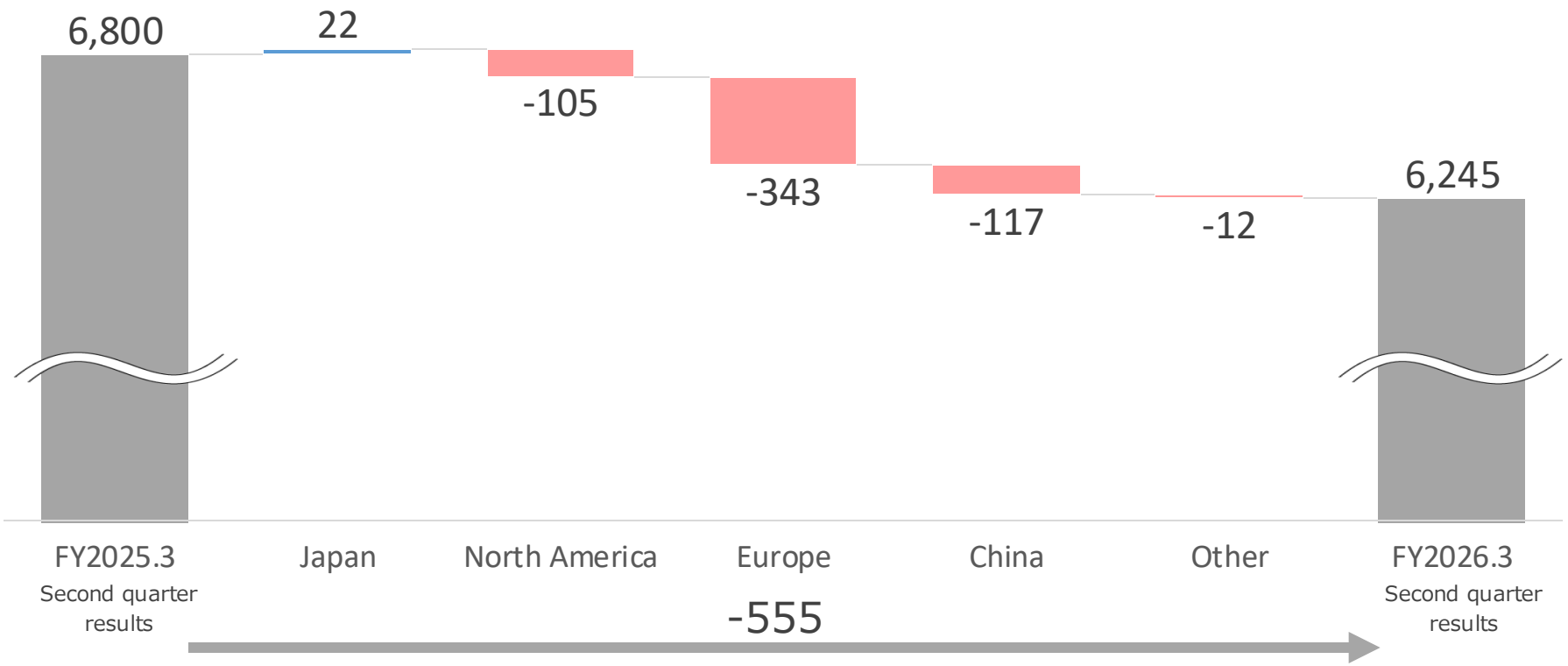
Second Quarter of FY2026.3: Trend in Digital Piano Sales by Region

KAWAI

Sales increased in Japan, but decreased in other regions, resulting in an overall decline in digital piano sales.

〔Millions of yen〕



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First Quarter of FY2026.3: Keyboard Musical Instruments Sales by Region - Overview

KAWAI

Japan -0.8% YOY	• Acoustic piano sales declined due to factors such as rising prices. • Digital piano sales increased, partly driven by the effects of rebranding.
North America -3.6% YOY	• Supported by enhanced promotional efforts, unit sales increased for both acoustic and digital pianos.
Europe -6.8% YOY	• Consumer sentiment has weakened due to prolonged inflationary trends. • Acoustic piano sales exceeded the level of the previous year, while digital piano sales declined, particularly for lower-priced models, due to price revisions.
China -38.0% YOY	• Market-wide inventory levels for keyboard musical instruments remain excessive, and intensified price competition has led to a decline in sales. • The market recovery has been slower than we expected.
Other -10.2% YOY	• In Australia, market conditions have not recovered, resulting in a decline in sales. • In emerging markets, sales increased in Indonesia but declined in India. • In Taiwan and South Korea, digital piano sales were strong.

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FY2026.3:

Consolidated Performance Plan

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FY2026.3: Consolidated Performance Plan - Summary

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The Musical Instrument Education Business is projected to increase revenue in Japan and North America. The Material Processing Business and Other Business are also expected to post higher revenues, with consolidated net sales and profit both forecasted to increase.

〔Millions of yen〕

	FY2025.3 full-year results	FY2026.3 full-year plan	Diff. from prior period	vs. prior period (%)
Net sales	72,918	76,000	+3,082	+4.2%
Operating profit (Operating profit margin)	316 (0.4%)	1,500 (2.0%)	+1,184	+389.3%
Ordinary profit (Ordinary profit margin)	474 (0.6%)	1,500 (2.0%)	+1,026	+219.1%
Profit (Profit margin)	405 (0.5%)	820 (1.1%)	+415	+105.0%
ROE	0.9%	1.8%		
Exchange rate				
US$	151.6 yen	143.0 yen	-8.6 yen	-5.6%
Euro	164.0 yen	161.0 yen	-3.0 yen	-1.8%

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

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FY2026.3: Performance Plan by Segment

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The forecast for the Musical Instrument Education Business was revised downward from the previous projection, while the forecasts for the Material Processing Business and Other Business were revised upward.

〔Millions of yen〕

		FY2025.3 full-year results	FY2026.3 full-year plan		Diff. from prior period	vs. prior period (%)	Diff. from prior forecast	vs. prior forecast (%)
			Prior forecast	Current forecast				
Musical Instrument education	Net sales	58,379	62,000	59,000	+621	+1.1%	-3,000	-4.8%
	Operating profit	-701	570	220	+920	–	-350	-61.4%
	(Operating profit margin)	(-1.2%)	(1.0%)	(0.4%)				
Material processing	Net sales	9,729	9,100	11,800	+2,071	+21.3%	+2,700	+29.7%
	Operating profit	859	750	1,000	+141	+16.4%	+250	+33.3%
	(Operating profit margin)	(8.7%)	(8.2%)	(8.5%)				
Other	Net sales	4,809	4,900	5,200	+391	+8.1%	+300	+6.1%
	Operating profit	236	250	350	+114	+48.3%	+100	+40.0%
	(Operating profit margin)	(4.8%)	(5.1%)	(6.7%)				

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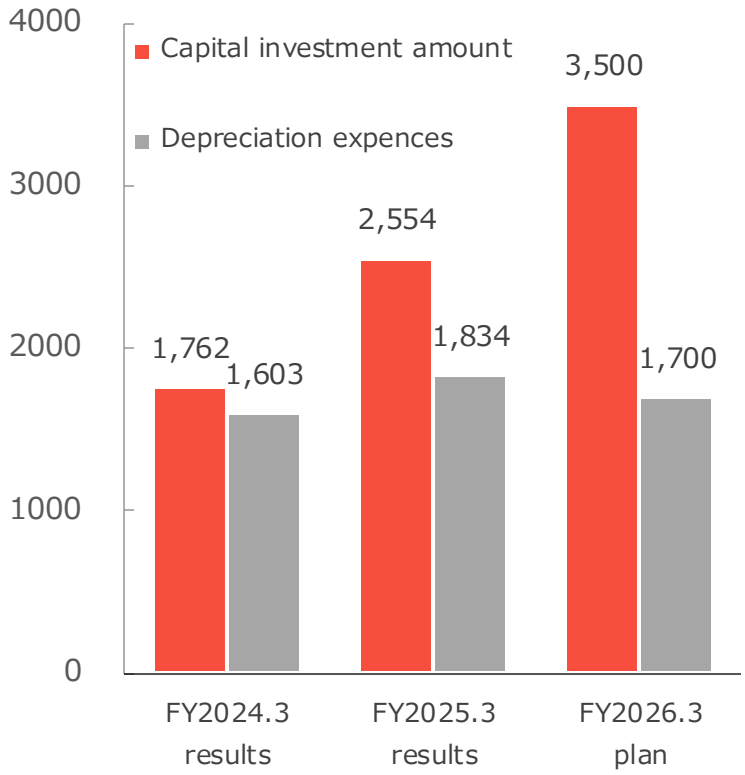
FY2026.3: Capital Investment Plan

We plan to invest in the establishment of new directly managed stores overseas, as well as in improving production efficiency and product quality in our musical instrument and material processing operations.
The digital piano factory currently under construction in Indonesia is scheduled to begin operations in the summer of 2026.

〔Millions of yen〕

	FY2024.3 full-year results	FY2025.3 full-year results	FY2026.3 full-year plan
Musical instrument education Refurbishment of production equipment and stores, etc.	1,326	2,337	2,905
Material Processing Production equipment for the metal business, etc.	362	164	450
Other Investment in information infrastructure, etc.	74	53	145
Total	1,762	2,554	3,500

〔Millions of yen〕



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FY2026.3:

Keyboard Musical Instruments Sales Plan

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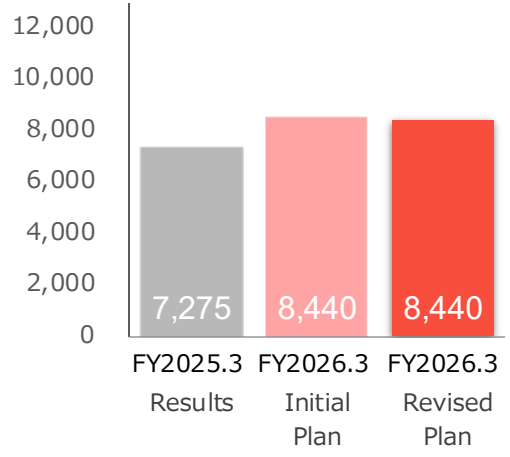
FY2026.3: Regional Sales Plan for Keyboard Musical Instruments

KAWAI

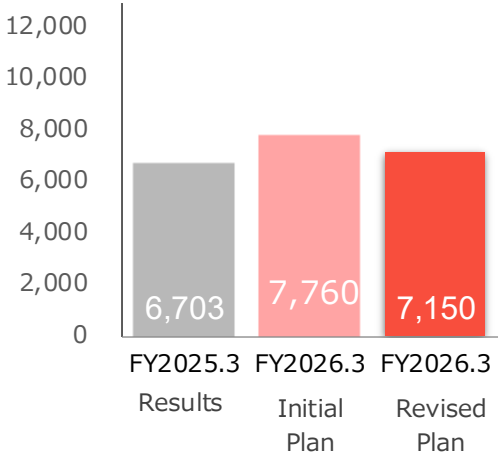
Japan

〔Millions of yen〕



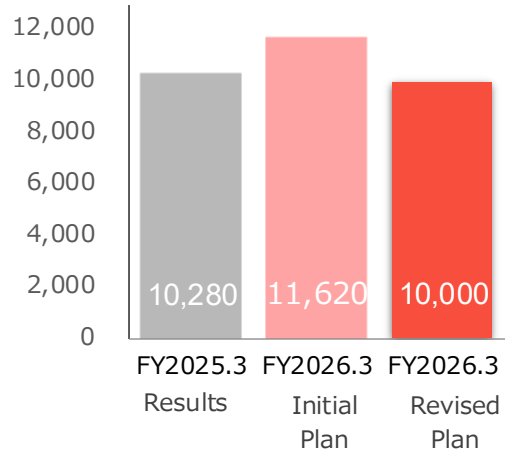
North America

〔Millions of yen〕



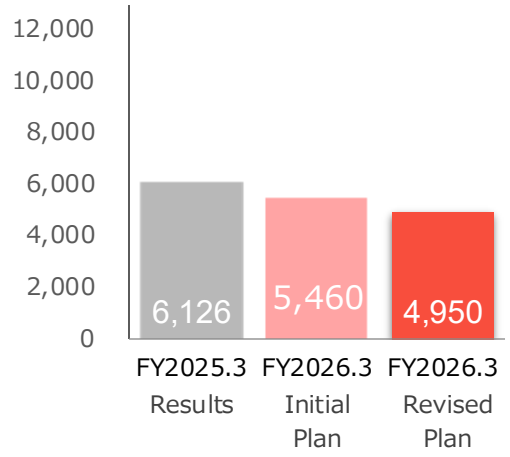
Europe

〔Millions of yen〕



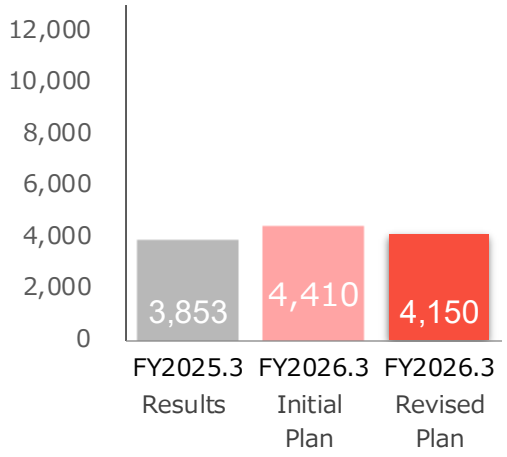
China

〔Millions of yen〕



Other

〔Millions of yen〕



Exchange rate	FY2025.3 results	FY2026.3 plan
$	151.6	143.0
€	164.0	161.0

Impact of 1 yen Depreciation [operation profit]

$	-54 million yen for full year
€	+41 million yen for full year

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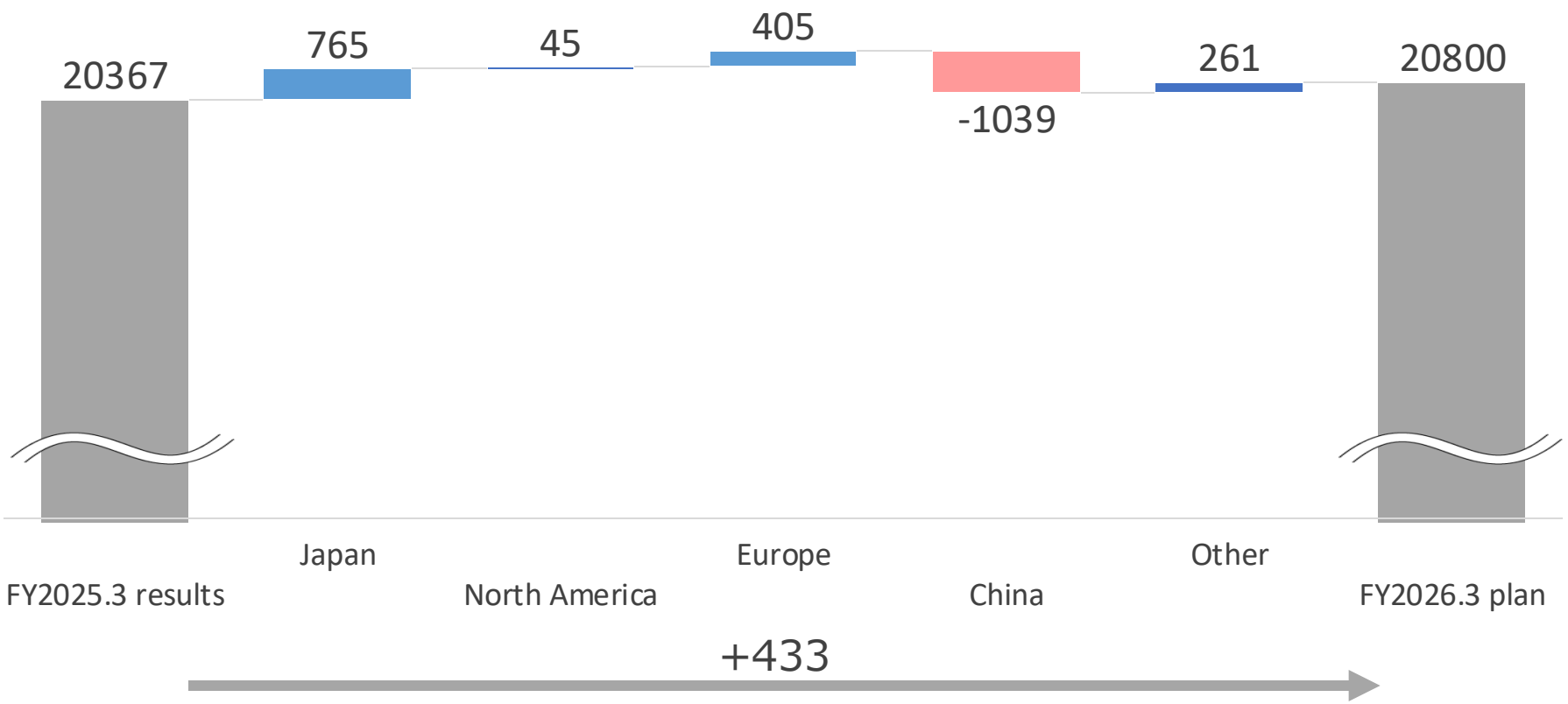
FY2026.3: Regional Sales Plan for Pianos

While sales are expected to decline in China, recovery is planned in Japan, North America, and Europe.
Each region outside Japan has been revised downward from the initial forecast.

〔Millions of yen〕



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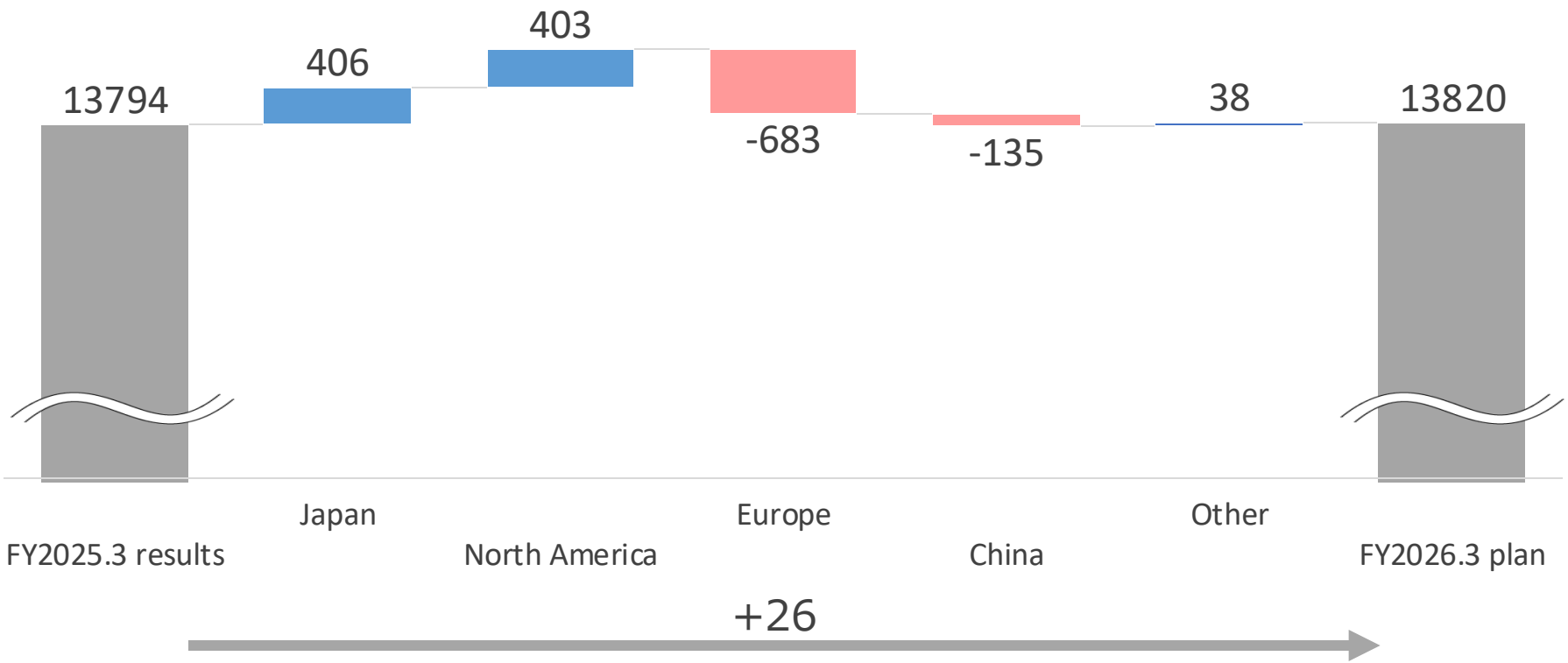
FY2026.3: Regional Sales Plan for Digital Pianos

While the initial plan projected increases across all regions, the forecasts for Europe and China have been revised downward.
In total, however, overall sales are still expected to increase.

〔Millions of yen〕



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FY2026.3: Keyboard Musical Instrument Sales – Regional Strategy

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Common	• New models of acoustic pianos, hybrid pianos, and digital pianos are released.
Japan +15.1% YOY	• We continue to strengthen digital marketing, enhance our presence at international competitions, and reinforce our artist relations. • The rebranding of the GX grand pianos and CN digital pianos has been successful, leading to a steady increase in market share. In September, we launched the CX digital piano to further expand our market share.
North America +6.7% YOY	• Starting with the launch of our brand message “Instrumental to Life” at the NAMM Show in January, we have been advancing initiatives to strengthen branding and enhance brand recognition. • We plan to open two new directly managed stores in dealer-void areas during the current fiscal year, while also expanding our dealer network to further strengthen sales capabilities.
Europe -2.7% YOY	• As a result of our continued efforts to enhance our presence at international competitions and strengthen artist relations, the number of contestants who chose Shigeru Kawai in the 19th International Chopin Piano Competition increased significantly compared with the previous competition. • We have improved our profit margin through a review of our sales channels.
China -19.1% YOY	• We are working to strengthen sales to music universities and to expand digital piano sales among hobby users through enhanced digital marketing. • We are also building stronger relationships with pianists through initiatives such as hosting master classes.
Other +7.8% YOY	• We are working to enhance brand recognition through strengthened branding and digital marketing. • In Australia, we opened a new directly managed store in Brisbane in July, and are preparing to open another store within the year.

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Product Strategy (New Products) for Medium-Term-Growth

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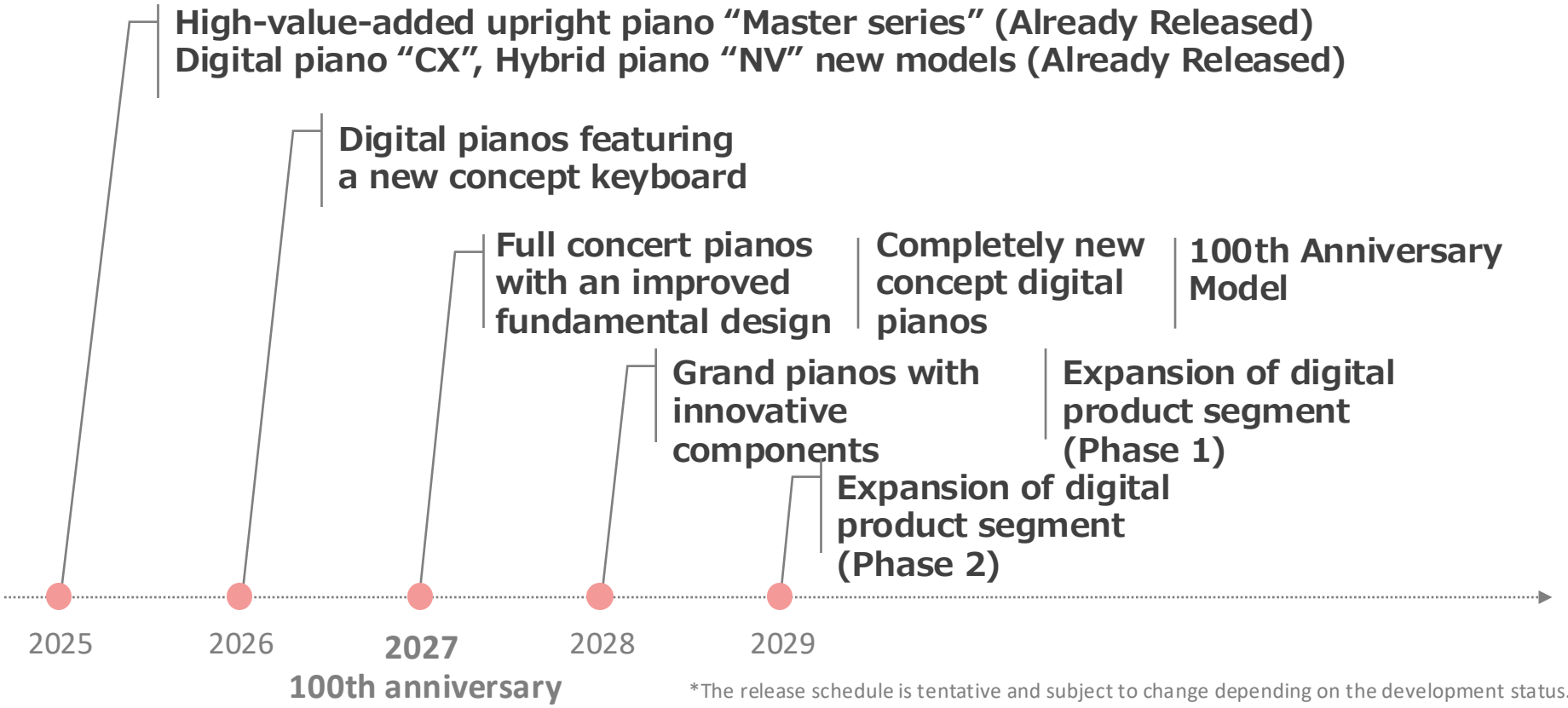
- ✓ We will continuously introduce competitive new products that leverage our strengths.
- ✓ In October 2025, we established a new development base for digital piano in the United States to accelerate the launch of high value-added products in mature markets and to strengthen the business foundation for sustainable growth of the keyboard instruments.
- ✓ We are developing a 100th Anniversary Model for 2027.

New Product Release Plan (Excerpted and partially updated from "KAWAI Ten-Year Plan")



*The release schedule is tentative and subject to change depending on the development status.

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Shareholder Returns

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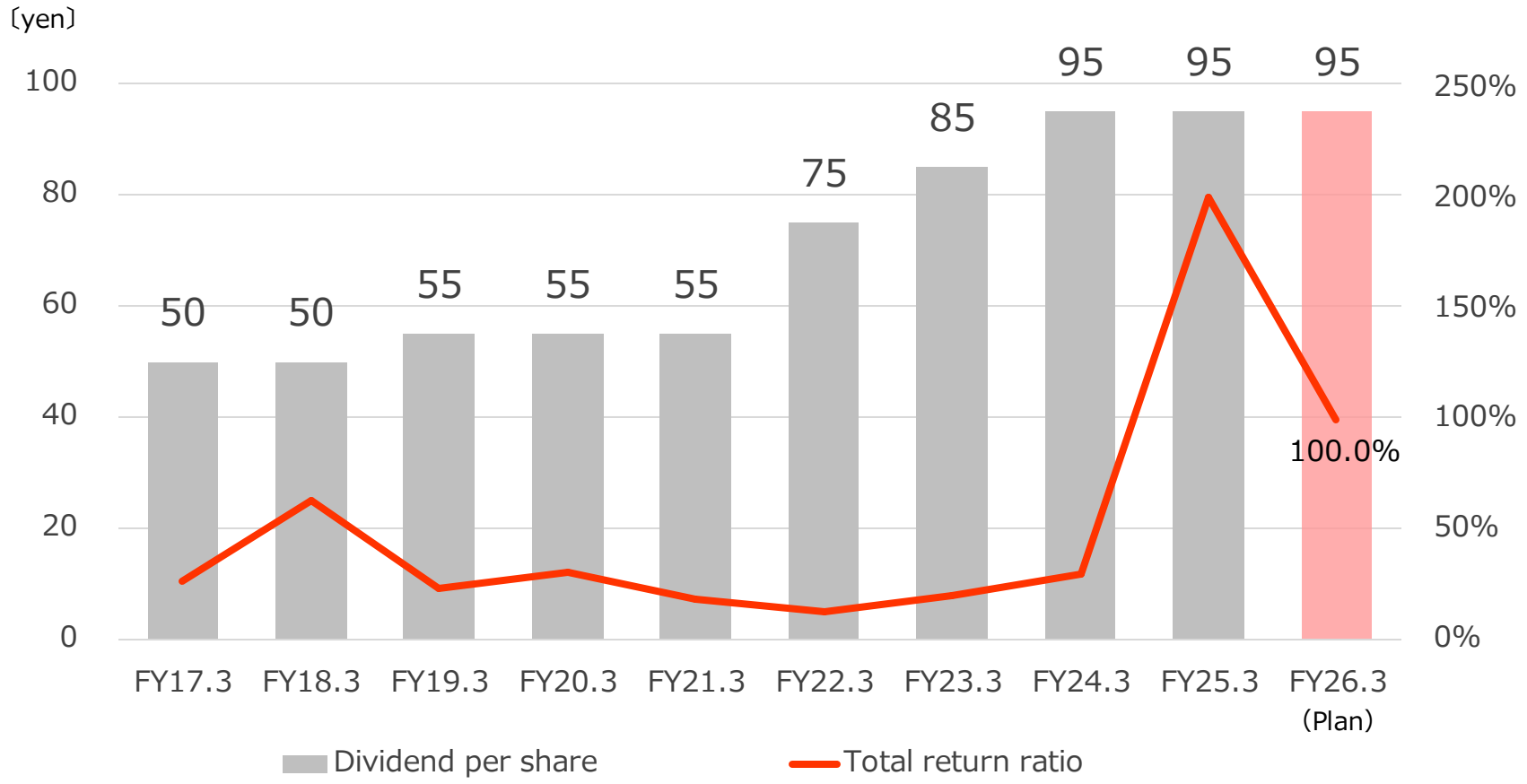
Shareholder Returns

The dividend per share for the fiscal year ended March 2025 is 95 yen, and the same amount is planned for the fiscal year ending March 2026.
We will continue to uphold a progressive dividend policy and maintain a total return ratio of 50% or more.



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Dialogue with Shareholders and Other Stakeholders

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Status of Dialogue with Shareholders (April 2025 – September 2025)

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- ✓ Under our Basic Policy on Corporate Governance, we have established a policy for constructive dialogue with shareholders, and we actively engage in such dialogue through venues including the General Meeting of Shareholders, financial results briefings, and individual IR meetings.
- ✓ During the first half of the fiscal year, we held one financial results briefing and conducted a total of 22 individual IR meetings.
- ✓ The content of these discussions is regularly reported to the Board of Directors and shared internally.

Theme	Feedback
IR Activities	• Investors would like to see a more concrete roadmap for business performance recovery. • Even after reviewing the presentation materials and the medium-term management plan, they feel that our strong commitment to further enhancing corporate value is not sufficiently conveyed.
General Meeting of Shareholder	• Holding only seven meetings per year is considered too few, and given the current weak business performance, there is a perception that the management team lacks a sufficient sense of urgency.
Dialogue with Shareholders	• Based on the disclosure regarding “Dialogue with Shareholders,” we appear to be moving in a positive direction.
Shareholder Returns	• It is appreciated that we plan to maintain a total shareholder return ratio of 100% for FY2026.3. • Continuing to strengthen dividends will help stabilize the shareholder base.
Reflecting Brand Value in Business Performance	• As the brand value of Shigeru Kawai has been improving, we are expected to focus more on enhancing our profit margin.
Takeover Defense Measures	• The abolition of the takeover defense measures is viewed as a shareholder-friendly move.

We will continue to engage in constructive dialogue with shareholders and investors, respond appropriately to the opinions and feedback received, and strive to enhance our corporate value.

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Highlights

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Establishment of a New Overseas Directly Operated Store

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❶Kawai UK
❷Kawai Europa
❸Kawai France
❹Kawai im Pianohaus Huster (Hamburg)
❺Kawai Europa Poland Branch
❻Kawai Piano Russia

❼Kawai Musical Instruments (China)

Headquarter

❽Kawai Music Indonesia
Kawai Music school Indonesia

❾ Kawai Australia
❿ Kawai Brisbane (Open in July 2025)
● In preparation (one new store)

⓫ Kawai America
Kawai Canada
⓬ Kawai Piano Gallery Houston
⓭ Kawai Piano Gallery Dallas
● In preparation (two new stores)

As part of our sales channel strategy, we are expanding the establishment of directly operated stores overseas.
This July, we opened our first directly operated store in Australia, and we are preparing to open additional stores in North America and Australia within this fiscal year.

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The 5th Shigeru Kawai International Piano Competition Held

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On August 2, the 5th Shigeru Kawai International Piano Competition was held at Sakura Hall, Shibuya Cultural Center Owada in Tokyo.
The First Prize was awarded to Mr. Guillermo Hernández Barrocal from Spain.
This competition received 324 entries from 22 countries and regions around the world.
Kawai will continue to discover and nurture the next generation of talented pianists worldwide, while also promoting international exchange and contributing to the global development of musical culture.

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Digital Piano “CX302” Wins the Musical Instrument Store’s Grand Prize 2025

楽器店大賞2025
Musical Instrument Stores' Grand Prize 2025

Digital Piano ”CX302” (Lomiy)

(Left) Mr. Takuya Nakata, President, Japan Musical Instruments Association
(Right) Mr. Katsuhiko Torii, General Manager, Electronic Musical Instruments Business Division, Kawai Musical Instruments Mfg. Co., Ltd.

The digital piano CX302 received the top prize in the Keyboard Instrument Category at the Musical Instrument Store’s Grand Prize 2025, organized by the Japan Musical Instruments Association. This category recognizes “This Year’s Most Recommended Instruments by Music Store Staff Nationwide.”
A member of the “Lomiy” lineup, the CX302—described as “the piano that inspires your first love of music”—was highly praised as “the perfect first piano to own.”

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Launch of the New Hybrid Piano “NOVUS”

Hybrid Piano “NOVUS” Series
(Left) 『NV12』 (Right) 『NV6』
To be released on September 18

The NOVUS series combines Kawai’s expertise in piano craftsmanship with advanced digital technologies to deliver an authentic acoustic piano experience.
The NV12 removes conventional speaker units and uses a specially developed soundboard speaker system, producing a tone, touch, and resonance that closely approximates a grand piano.
The NV6 also features a soundboard speaker system, creating a rich, three-dimensional sound field as if the entire piano were resonating.

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The Piano Chosen at the Chopin Competition – Shigeru Kawai

3rd Place: Zitong Wang (China)

5th Place: Vincent Ong (Malaysia)

5th Place: Piotr Alexewicz (Poland)

SHIGERU KAWAI

At the 19th International Fryderyk Chopin Piano Competition, 21 out of 84 contestants in the preliminary round selected the Shigeru Kawai, marking a significant increase from the previous competition.
In addition, three of the eight prize winners chose Shigeru Kawai.

We will continue to enhance our corporate value together with our brand value.

Note: "Prize winners" refers to those who placed 1st–6th. Two contestants tied for 4th place and two for 5th, making a total of eight prize winners.

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Our earnings forecasts and future predictions described in this document are based on information available 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.

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