

Third Quarter of
FY2026.3 (99th Term)

Financial Results



2026 NAMM Show



February 12, 2026

Kawai Musical Instruments Manufacturing Co., Ltd.

Key Points of Financial Results Announcement

■ Consolidated performance for the Third Quarter of FY2026.3

- ✓ While the Musical Instrument Education Business recorded lower revenue due to a decline in sales in China, both the Material Processing Business and the Other Business posted higher revenue; as a result, overall consolidated revenue declined.
- ✓ On the profit front, the Musical Instrument Education Business recorded an operating loss, but improved year on year, while consolidated profit increased overall.

■ Outlook for consolidated performance for the current FY2026.3

- ✓ Reflecting lower musical instrument sales and a decrease in orders in the Material Processing Business, we have revised downward our full-year forecast for net sales, operating profit, and ordinary profit.
- ✓ Profit attributable to owners of parent, however, has been maintained at the previous forecast level.

■ Shareholder return

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

Third Quarter of FY2026.3:
Consolidated Performance

Third Quarter of FY2026.3: Consolidated Performance

- Summary

Although the Material Processing Business and the Other Business posted higher revenue, net sales declined as a result of lower revenue in the Musical Instrument Education Business. In terms of profits, operating profit, ordinary profit, and profit attributable to owners of parent all increased.

[Millions of yen]

	FY2025.3 Third quarter results	FY2026.3 Third quarter results	Diff. from prior period	vs. prior period (%)
Net sales	54,455	53,310	-1,145	-2.1%
Operating profit (Operating profit margin)	-159 (-0.3%)	2 (0.0%)	+161	—
Ordinary profit (Ordinary profit margin)	106 (0.2%)	802 (1.5%)	+696	+656.1%
Profit (Profit margin)	-169 (-0.3%)	457 (0.9%)	+626	—
Exchange rate				
US\$	151.3 yen	148.2 yen	-3.1 yen	-2.0%
Euro	164.4 yen	165.5 yen	+1.1 yen	+0.6%

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

Third Quarter of FY2026.3: Performance by Segment

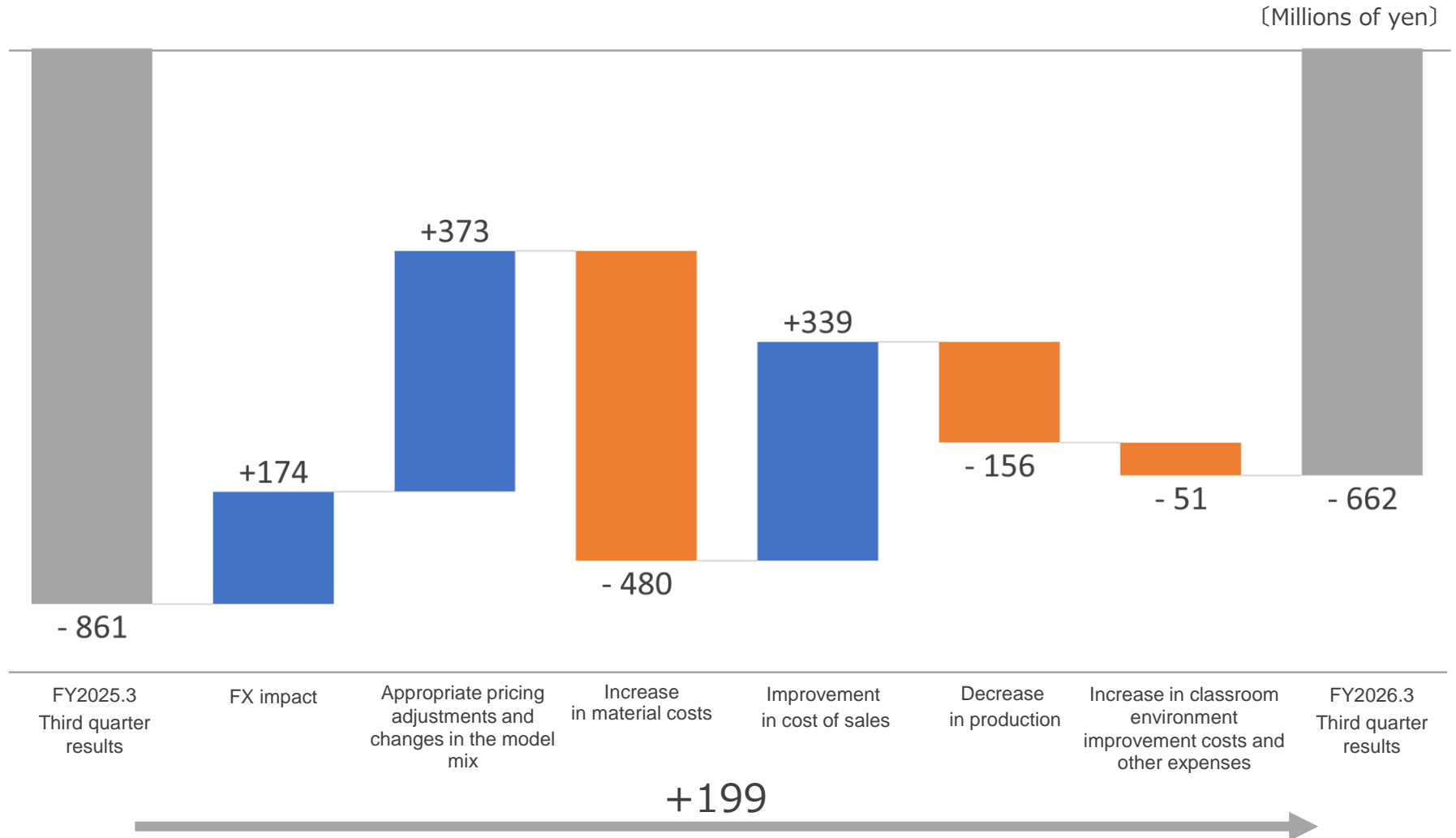
In the Musical Instrument Education Business, revenue decreased due to lower sales, while profitability improved. The Material Processing Business recorded higher revenue but lower profit, and the Other Business posted increases in both revenue and profit.

[Millions of yen]

		FY2025.3 Third quarter results	FY2026.3 Third quarter results	Diff. from prior period	vs. prior period (%)
Musical instrument education	Net sales	43,653	41,766	-1,887	-4.3%
	Operating profit	-861	-662	+198	—
	(Operating profit margin)	(-2.0%)	(-1.6%)		
Material processing	Net sales	7,504	8,100	+596	+7.9%
	Operating profit	677	609	-68	-10.1%
	(Operating profit margin)	(9.0%)	(7.5%)		
Other	Net sales	3,298	3,443	+145	+4.4%
	Operating profit	78	102	+24	+31.5%
	(Operating profit margin)	(2.4%)	(3.0%)		

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

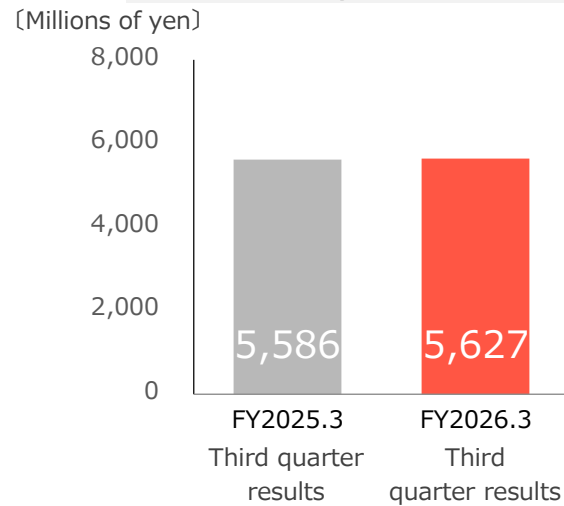
Despite the impact of higher material costs and reduced production, the operating loss improved, supported by appropriate pricing adjustments and cost improvement measures.



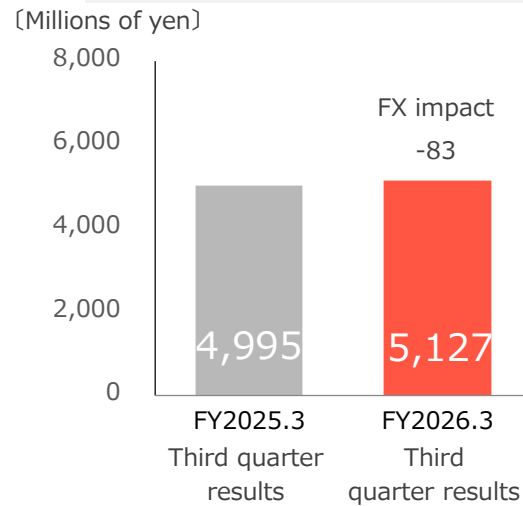
Third Quarter of FY2026.3:
**Keyboard Musical
Instruments Performance**

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

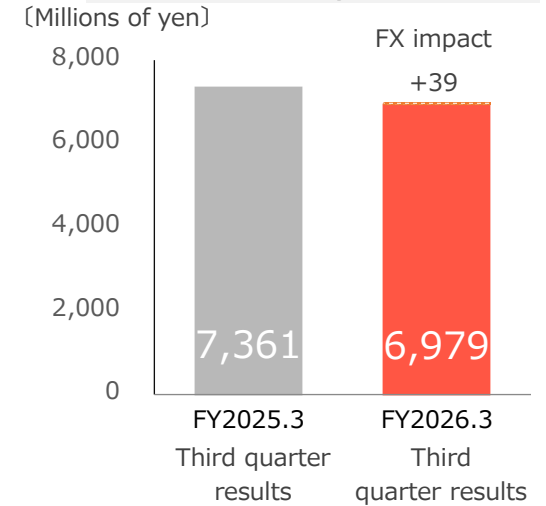
Japan



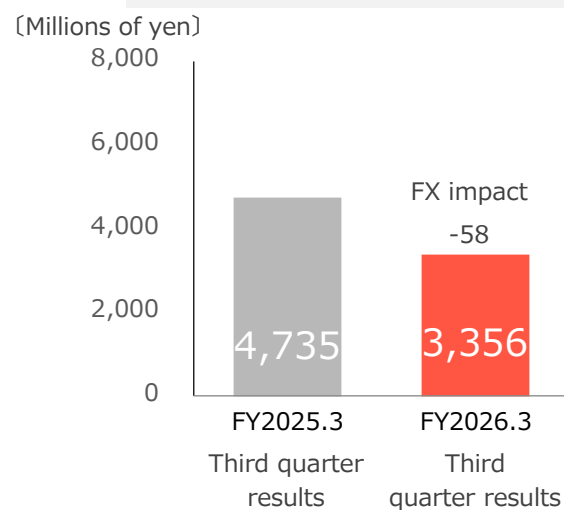
North America



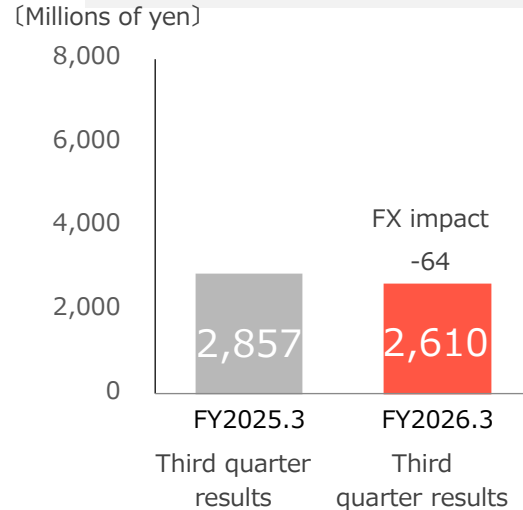
Europe



China



Other



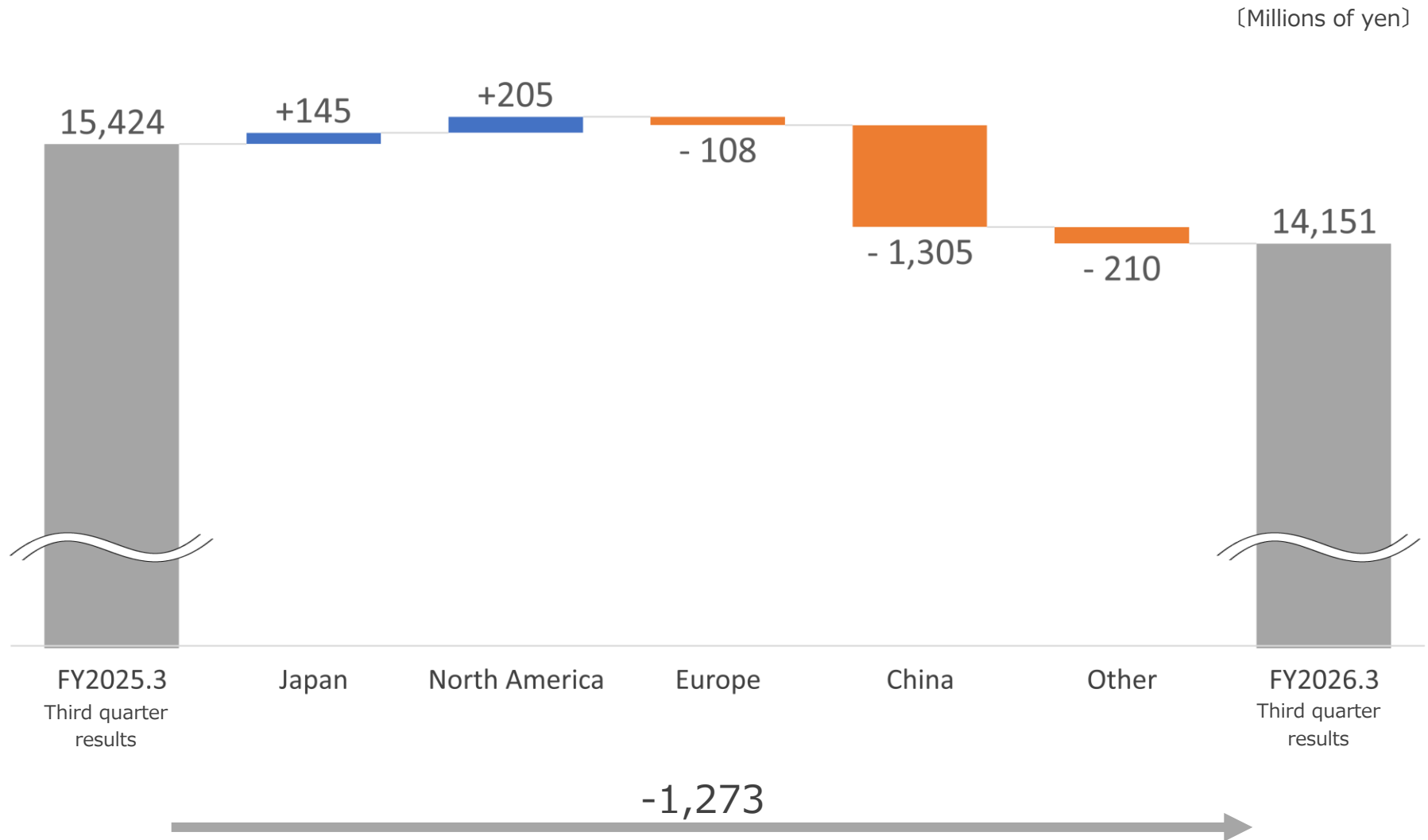
Exchange rate	FY2025.3 3 rd quarter results	FY2026.3 3 rd quarter Results
\$	151.3	148.2
€	164.4	165.5

Impact of 1 yen Depreciation [operation profit]

\$	-44 million yen for full year
€	+38 million yen for full year

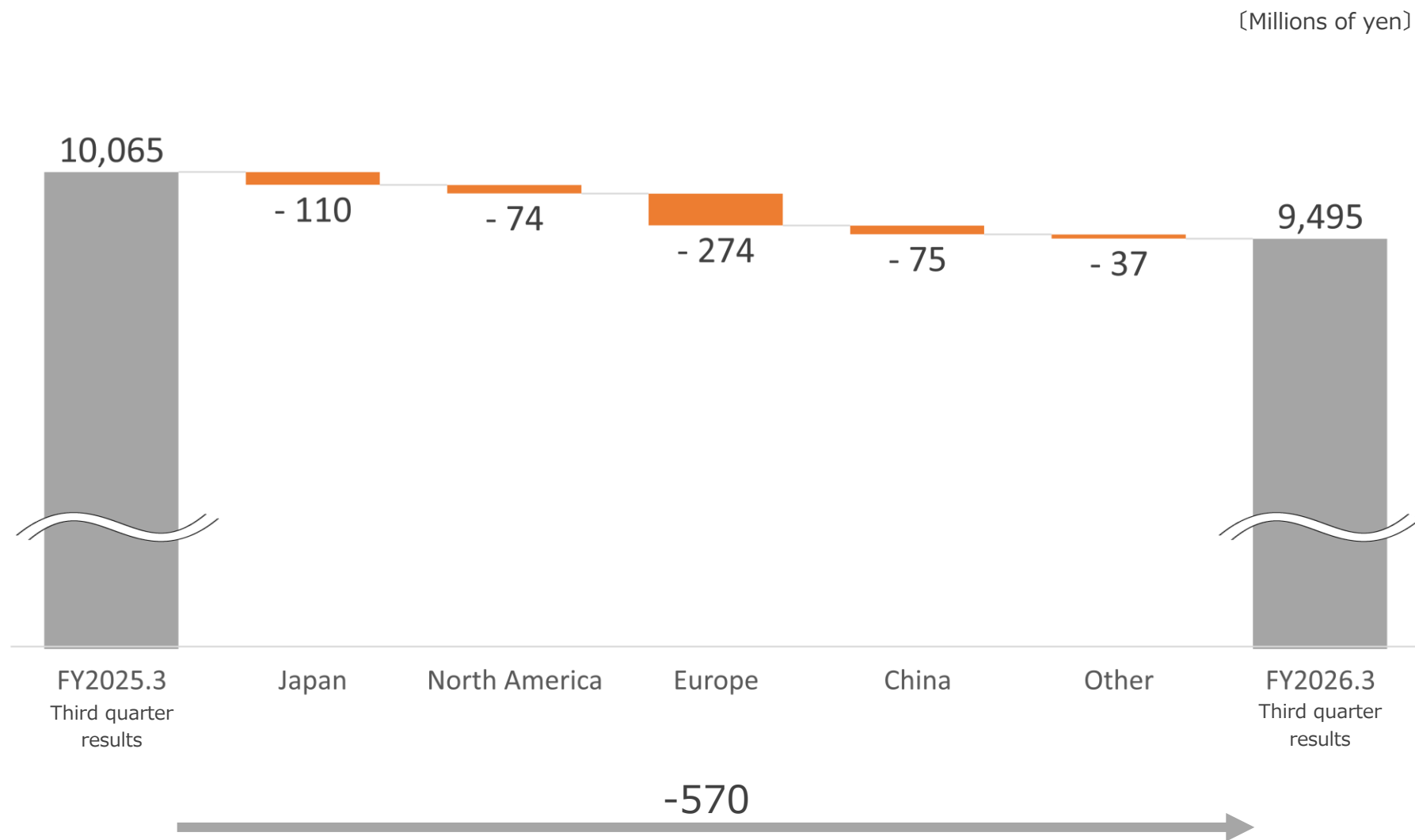
Third Quarter of FY2026.3: Trend in Piano Sales by Region

Although piano sales increased in Japan and North America, overall piano sales declined due to a significant decrease in China.



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

Sales of digital pianos decreased across all regions.



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

Japan +0.7% YOY	<ul style="list-style-type: none">Acoustic piano sales increased, supported by the rebranding of the GX Series grand pianos.Meanwhile, digital piano sales, which had exceeded the previous year's level through the second quarter, declined.
North America +2.6% YOY	<ul style="list-style-type: none">Supported by enhanced promotional efforts, unit sales increased for both acoustic and digital pianos.
Europe -5.2% YOY	<ul style="list-style-type: none">Consumer sentiment has weakened due to prolonged inflationary trends.As a result, sales of both acoustic and digital pianos declined.
China -29.1% YOY	<ul style="list-style-type: none">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 -8.6% YOY	<ul style="list-style-type: none">In Australia, market conditions have not recovered, leading to lower sales.Although sales increased in Indonesia and Central and South America, sales declined in Taiwan, South Korea, and the Middle East.

FY2026.3:

Consolidated Performance Plan

FY2026.3: Consolidated Performance Plan - Summary

With regard to the full-year earnings forecast, net sales, operating profit, and ordinary profit have been revised downward, while profit attributable to owners of parent remains unchanged from the previous forecast, partly due to the impact of foreign exchange.

(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				
Net sales	72,918	76,000	73,000	+82	+0.1%	-3,000	-3.9%
Operating profit (Operating profit margin)	316 (0.4%)	1,500 (2.0%)	500 (0.7%)	+184	+58.2%	-1,000	-66.7%
Ordinary profit (Ordinary profit margin)	474 (0.7%)	1,500 (2.0%)	1,200 (1.6%)	+726	+152.7%	-300	-20.0%
Profit (Profit margin)	405 (0.6%)	820 (1.1%)	820 (1.1%)	+415	+102.5%	±0	±0.0%
ROE	0.9%	1.8%	1.8%	—	—	—	—
Exchange rate							
US\$	151.6 yen	143.0 yen	149.7 yen	-1.9 yen	-1.3%	+6.7 yen	+4.7%
Euro	164.0 yen	161.0 yen	169.0 yen	+5.0 yen	+3.0%	+8.0 yen	+5.0%

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

Financial Results for the Third Quarter of FY2026.3

FY2026.3: Consolidated Performance Plan - Summary

Compared with the prior forecast, we have revised downward net sales and operating profit for all segments, reflecting lower musical instrument sales and a decrease in orders in the Material Processing Business.

(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	59,000	58,000	-379	-0.6%	-1,000	-1.7%
	Operating profit	-701	220	-430	+271	-	-650	-
	(Operating profit margin)	(-1.2%)	(0.4%)	(-0.7%)				
Material processing	Net sales	9,729	11,800	10,000	+271	+2.8%	-1,800	-15.3%
	Operating profit	859	1,000	800	-59	-6.9%	-200	-20.0%
	(Operating profit margin)	(8.8%)	(8.5%)	(8.0%)				
Other	Net sales	4,809	5,200	5,000	+191	+4.0%	-200	-3.8%
	Operating profit	236	350	200	-36	-15.4%	-150	-42.9%
	(Operating profit margin)	(4.9%)	(6.7%)	(4.0%)				

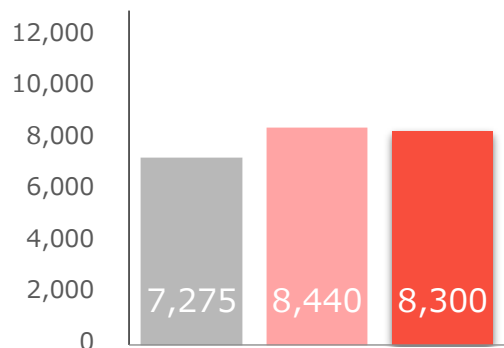
FY2026.3:

Keyboard Musical Instruments Sales Plan

FY2026.3: Regional Sales Plan for Keyboard Musical Instruments

Japan

(Millions of yen)

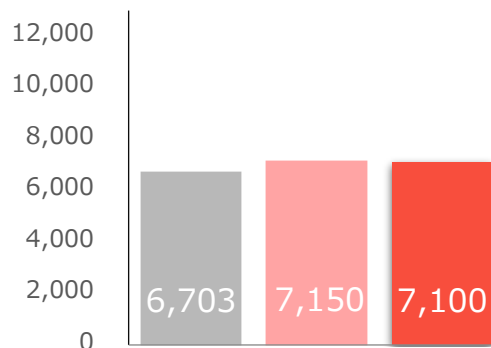


FY2025.3 FY2026.3 FY2026.3

Results Prior Plan Revised Plan

North America

(Millions of yen)

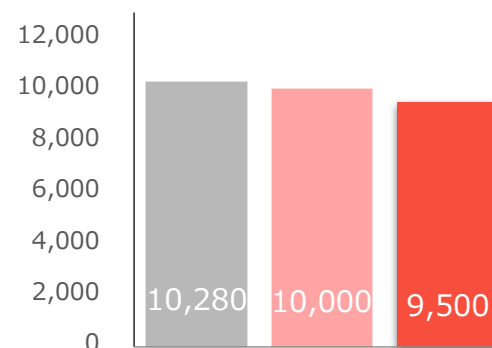


FY2025.3 FY2026.3 FY2026.3

Results Prior Plan Revised Plan

Europe

(Millions of yen)

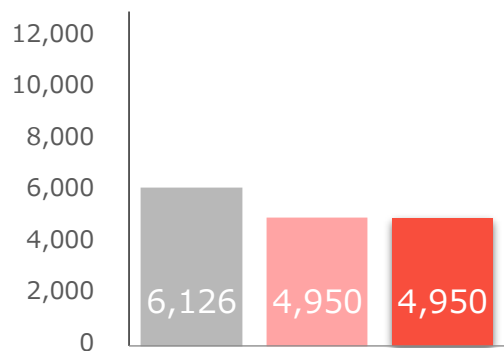


FY2025.3 FY2026.3 FY2026.3

Results Prior Plan Revised Plan

China

(Millions of yen)

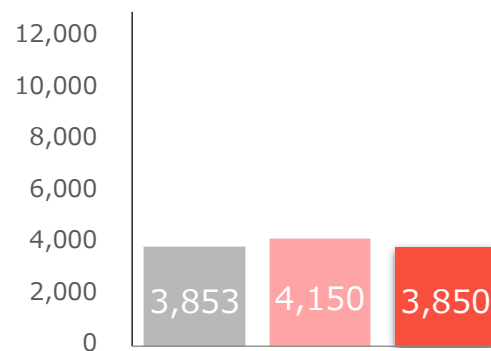


FY2025.3 FY2026.3 FY2026.3

Results Prior Plan Revised Plan

Other

(Millions of yen)



FY2025.3 FY2026.3 FY2026.3

Results Prior Plan Revised Plan

Exchange rate	FY2025.3 results	FY2026.3 outlook
\$	151.6	149.7
€	164.0	169.0

Impact of 1 yen Depreciation
[operation profit]

\$	-44 million yen for full year
€	+38 million yen for full year

Note: The "prior plan" refers to the plan announced on November 13, 2025.
Financial Results for the Third Quarter of FY2026.3

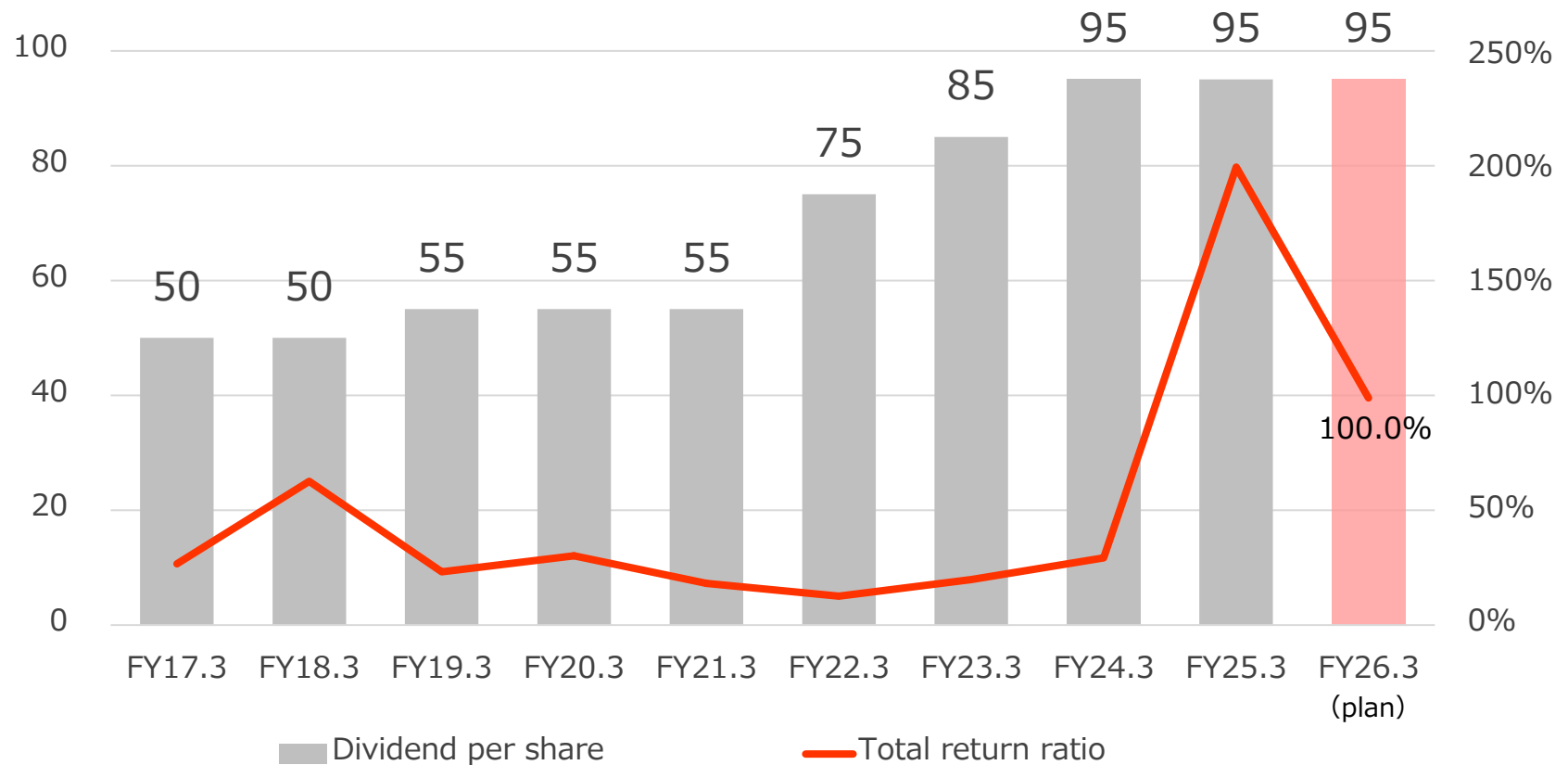
FY2026.3: Keyboard Musical Instrument Sales – Regional Strategy and Progress

Common	<ul style="list-style-type: none"> New models of acoustic pianos, hybrid pianos, and digital pianos are released.
Japan +14.1% YOY	<ul style="list-style-type: none"> 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 proven effective, resulting in a steady increase in market share. In addition, the launch of the CX digital pianos are expected to further support market share expansion.
North America +5.9% YOY	<ul style="list-style-type: none"> Despite a delay from the initial plan, we opened a new directly operated store in Denver (December 2025) and another in St. Louis (January 2026), while continuing to expand our dealer network to strengthen sales capabilities.
Europe -7.6% YOY	<ul style="list-style-type: none"> We are strengthening branding and digital marketing to enhance brand recognition, increasing our presence at internationally influential piano competitions, and reinforcing artist relations on a global basis. Profit margins have improved as a result of a review of sales channels.
China -19.2% YOY	<ul style="list-style-type: none"> 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 -0.1% YOY	<ul style="list-style-type: none"> We are working to enhance brand recognition through strengthened branding and digital marketing. In Australia, we opened directly operated stores in Brisbane (July 2025) and Adelaide (December 2025) and are expanding our sales network.

Shareholder Returns

The dividend per share for FY2026.3 is planned to be 95 yen.

We will continue to uphold a progressive dividend policy and maintain a total return ratio of 50% or more.



Notice Regarding the Expansion of Shareholder Benefits

For shareholders as of March 31, 2026, we will enhance our shareholder benefit program.

In addition to invitations to Company-hosted events (Ryuyo factory tours and concerts), we will newly add:

- Piano tuning discount vouchers
- Trial lesson vouchers for Kawai Music School
- QUO cards

Under the lottery-based benefit scheme, shareholders who are not selected will also receive QUO cards, thereby expanding the program to ensure that all shareholders who apply receive benefits.

Please refer to our shareholder benefit website for further information.(Details will be provided once finalized.)

<https://www.kawai.co.jp/ir/yutai/> (Japanese only)



KAWAI

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.