

A woman with long brown hair, wearing a white short-sleeved top and light-colored pants, is shown in profile, playing a black Kawai upright piano. The scene is set in a bright room with sunlight streaming in from a window on the right, creating a warm, golden glow. A green plant is visible in the background. The piano has the 'KAWAI' logo on the fallboard.

KAWAI

FY2026.3(99th Term)

Financial Results Briefing Material

May 15, 2026

Kawai Musical Instruments Manufacturing Co., Ltd.

■ Consolidated performance for the previous FY2026.3

- ✓ Operating profit fell short of the forecast due to lower musical instrument sales and other factors.
- ✓ Sales of both acoustic pianos and digital pianos declined.
- ✓ Profit attributable to owners of parent increased due to factors such as foreign exchange effects and gains on redemption of investment securities.

■ Outlook for consolidated performance for the current FY2027.3

- ✓ We expect both musical instrument production and sales to recover, leading to higher revenue and profit.
- ✓ We project sales growth for keyboard musical instruments across all regions.

■ Shareholder return

- ✓ Dividends for FY2026.3 maintained 95 yen per share, with the same level planned for FY2027.3.
- ✓ We will maintain progressive dividends and a total payout ratio of 50% or more.

FY2026.3:
Consolidated Performance

FY2026.3: Consolidated Performance - Summary

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Although the Material Processing Business recorded higher revenue driven by an increase in orders, overall net sales declined reflecting lower musical instrument sales and other factors. Operating profit decreased, while profit attributable to owners of parent increased due to foreign exchange effects and gains on redemption of investment securities.

[Millions of yen]

	FY2025.3 Results	FY2026.3		Diff. from prior period	vs. prior period (%)	Diff. from plan	vs. plan
		Plan	Results				
Net sales	72,918	73,000	72,049	-868	-1.2%	-951	-1.3%
Operating profit (Operating profit margin)	316 (0.4%)	500 (0.7%)	113 (0.2%)	-202	-64.2%	-387	-77.4%
Ordinary profit (Ordinary profit margin)	474 (0.7%)	1,200 (1.6%)	952 (1.3%)	+477	+100.6%	-248	-20.7%
Profit (Profit margin)	405 (0.6%)	820 (1.1%)	1,141 (1.6%)	+736	+181.7%	+321	+39.1%
R O E	0.9%	1.8%	2.5%	—	—	—	—
Exchange rate							
US\$	151.6 yen	149.7 yen	149.7 yen	-1.9 yen	-1.2%	±0.0 yen	—
Euro	164.0 yen	169.0 yen	169.0 yen	+5.1 yen	+3.0%	±0.0 yen	—

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

FY2026.3: Performance by Segment

The Musical Instrument Education Business recorded a larger operating loss reflecting lower sales and a decline in the number of students.

The Material Processing Business posted higher revenue driven by increased orders from the semiconductor sector, while profit declined due to higher costs and other factors.

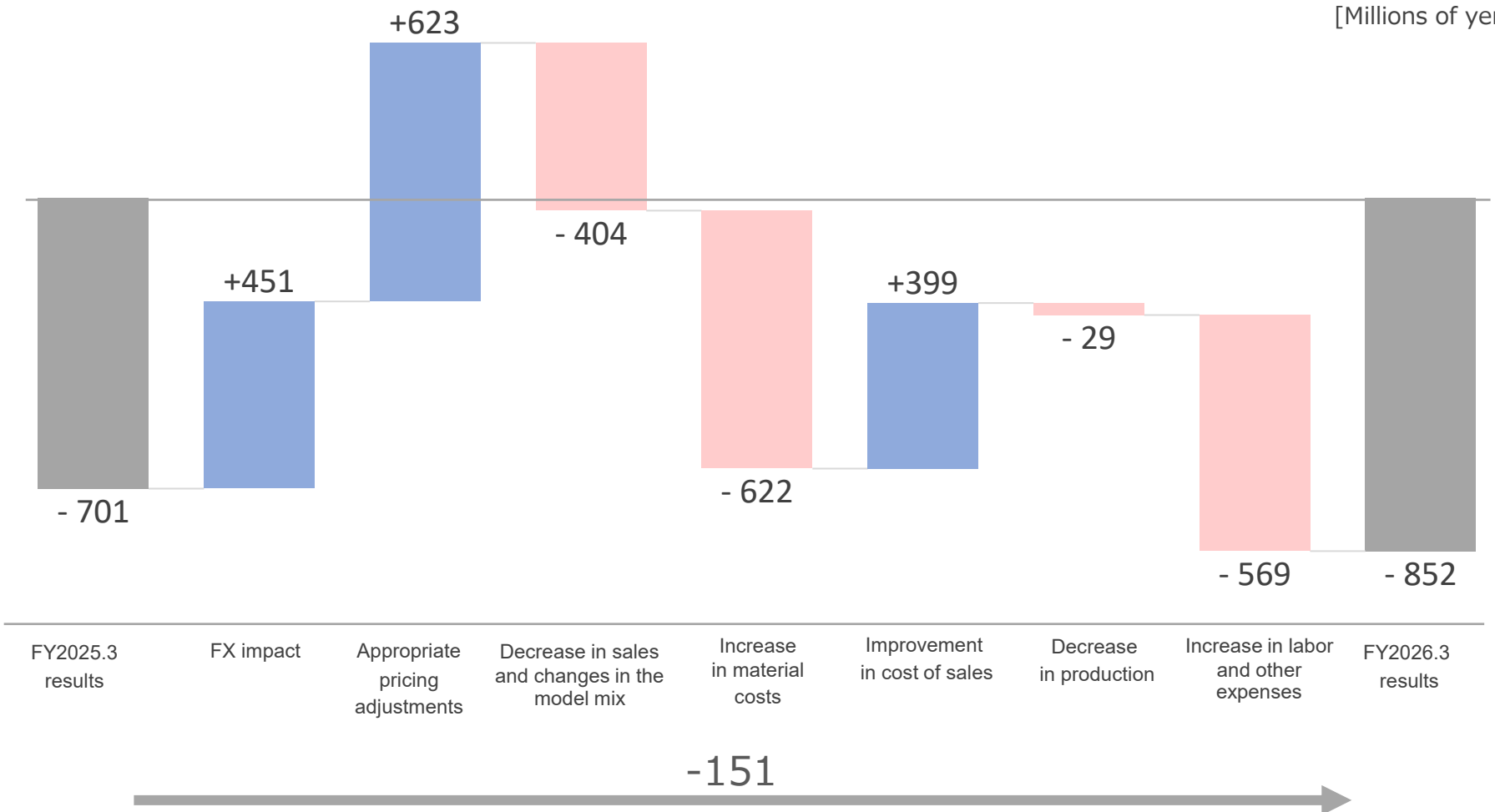
[Millions of yen]

		FY2025.3 Results	FY2026.3		Diff. from prior period	vs. prior period (%)	Diff. from plan	vs. plan
			Plan	Results				
Musical instrument education	Net sales	58,379	58,000	56,492	-1,886	-3.2%	-1,508	-2.6%
	Operating profit	-701	-430	-852	-150	-	-422	-
	(Operating profit margin)	(-1.2%)	(-0.7%)	(-1.5%)				
Material processing	Net sales	9,729	10,000	10,343	+613	+6.3%	+343	-3.4%
	Operating profit	859	800	756	-102	-12.0%	-44	-6.3%
	(Operating profit margin)	(8.8%)	(8.0%)	(7.3%)				
Other	Net sales	4,809	5,000	5,213	+403	+8.4%	+213	+4.2%
	Operating profit	236	200	271	+34	+14.7%	+71	+35.0%
	(Operating profit margin)	(4.9%)	(4.0%)	(4.0%)				

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

Although pricing adjustments and cost improvements were implemented, operating loss widened due to rising material and labor costs.

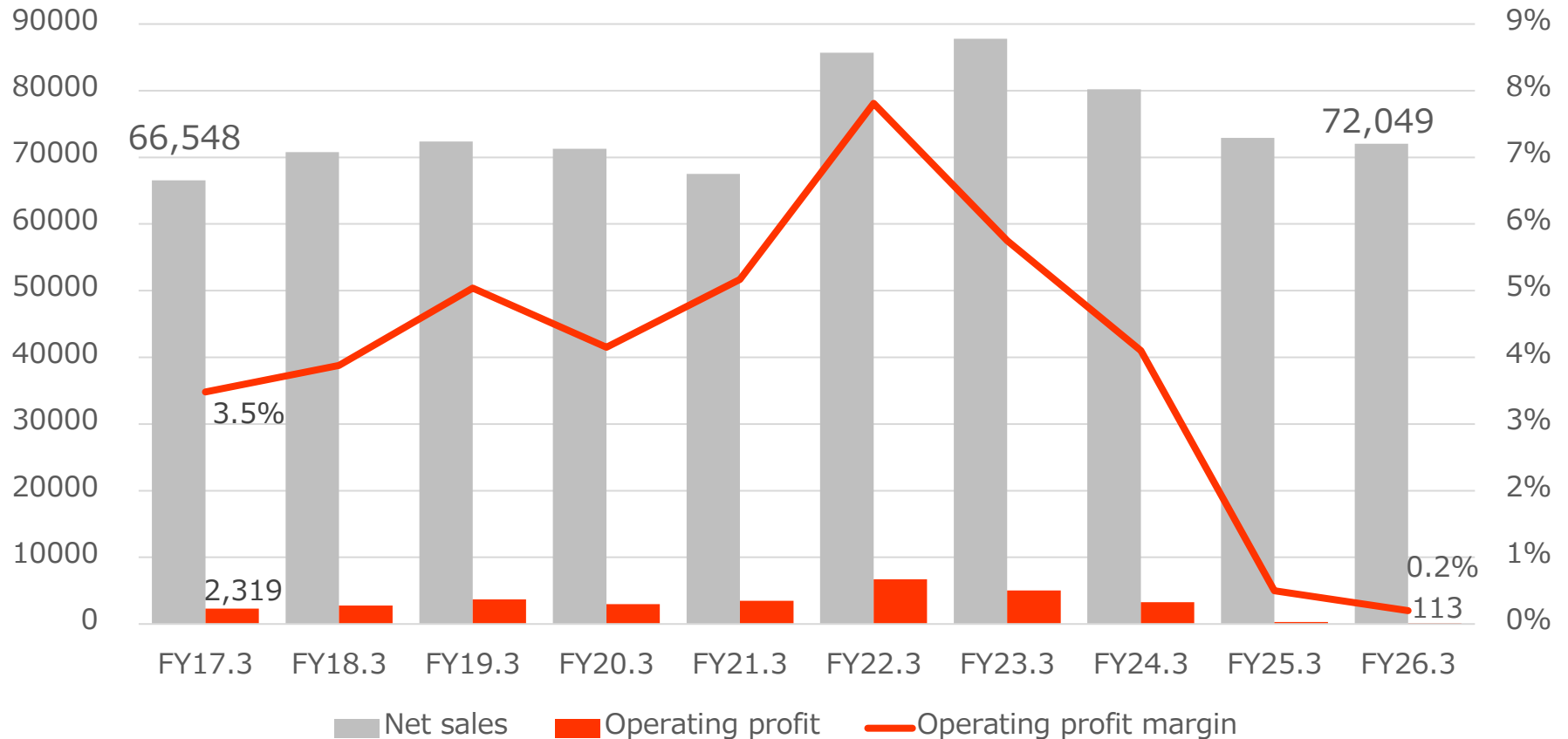
[Millions of yen]



Trend in Consolidated Performance (Past 10 Years)

Due in part to special factors such as stay-at-home demand during the COVID-19 pandemic and the subsequent normalization of demand, revenue declined for the third consecutive fiscal year and profit declined for the fourth consecutive fiscal year.

[Millions of yen]



FY2026.3: Consolidated Financial Position

Total assets increased mainly due to an increase in investment securities, while total liabilities increased mainly due to higher borrowings.

Net assets also increased mainly due to valuation differences on investment securities.

[Millions of yen]

	FY 2025.3 results	FY 2026.3 results	Diff. from the end of FY2025.3
Assets	73,991	78,879	+4,888
Liabilities	29,449	32,134	+2,685
Net assets	44,541	46,745	+2,204
Shareholder's equity ratio	60.2%	59.3%	-0.9

FY2026.3: Status of Inventories

Inventory units of acoustic pianos decreased, while inventory units of digital pianos increased, partly due to advance production at the current factory in connection with the establishment of the new factory in Indonesia.

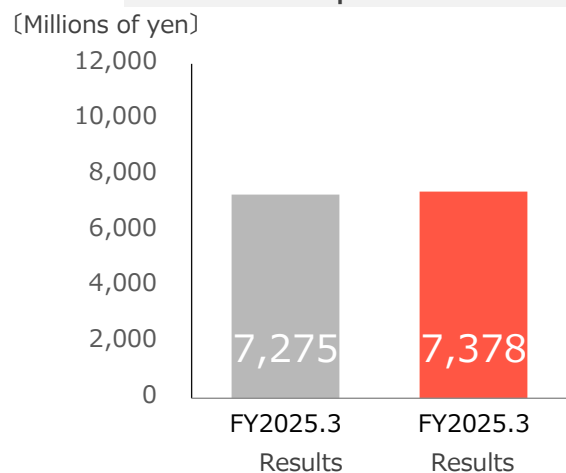
[Millions of yen]

	FY 2025.3 results	FY 2026.3 results	Diff. from the end of FY2025.3
Total inventories	19,253	20,543	+1,290
Merchandise and finished goods	11,324	125.2	+1,201
Work in progress	2,318	23.7	+54
Raw materials and supplies	5,609	56.4	+34
		FX impact	+368
		Effective increase/decrease	+922

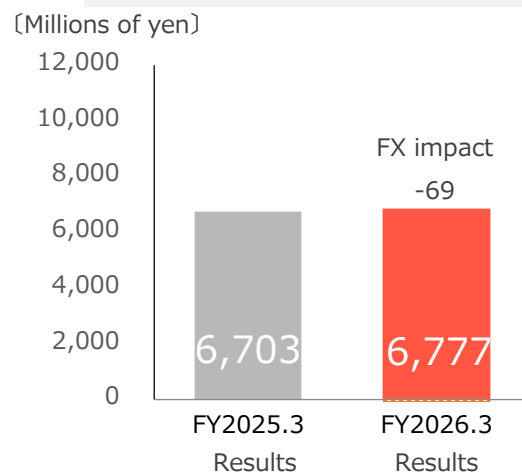
FY2026.3:
**Keyboard Musical
Instruments Performance**

FY2026.3: Keyboard Musical Instruments Sales Record by Region

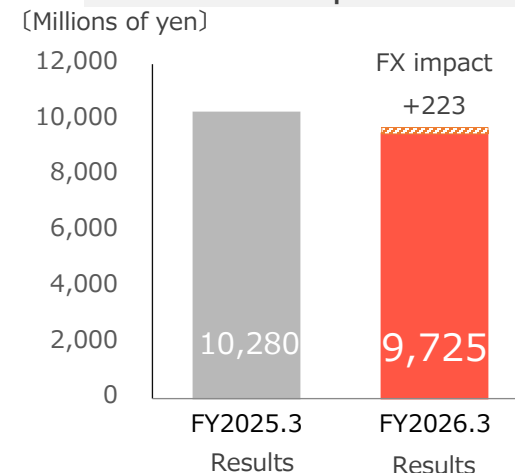
Japan



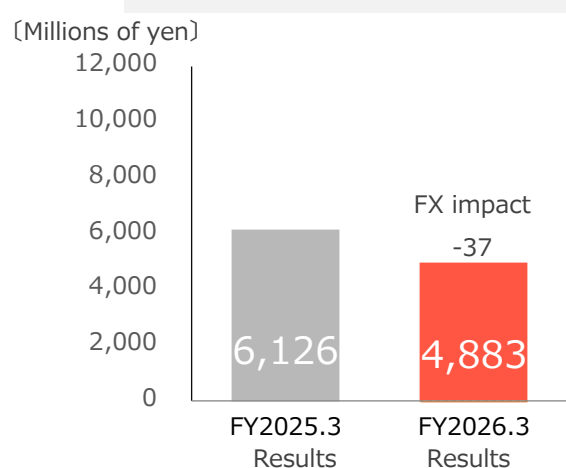
North America



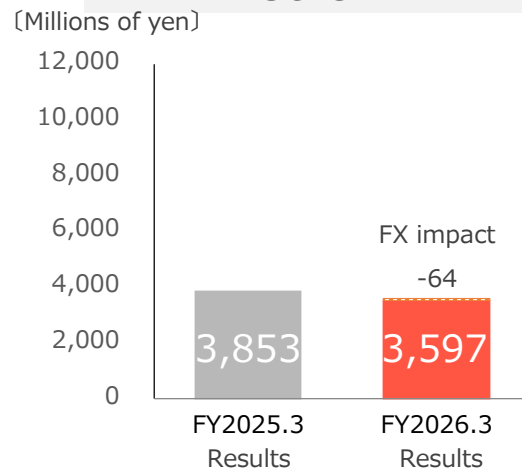
Europe



China



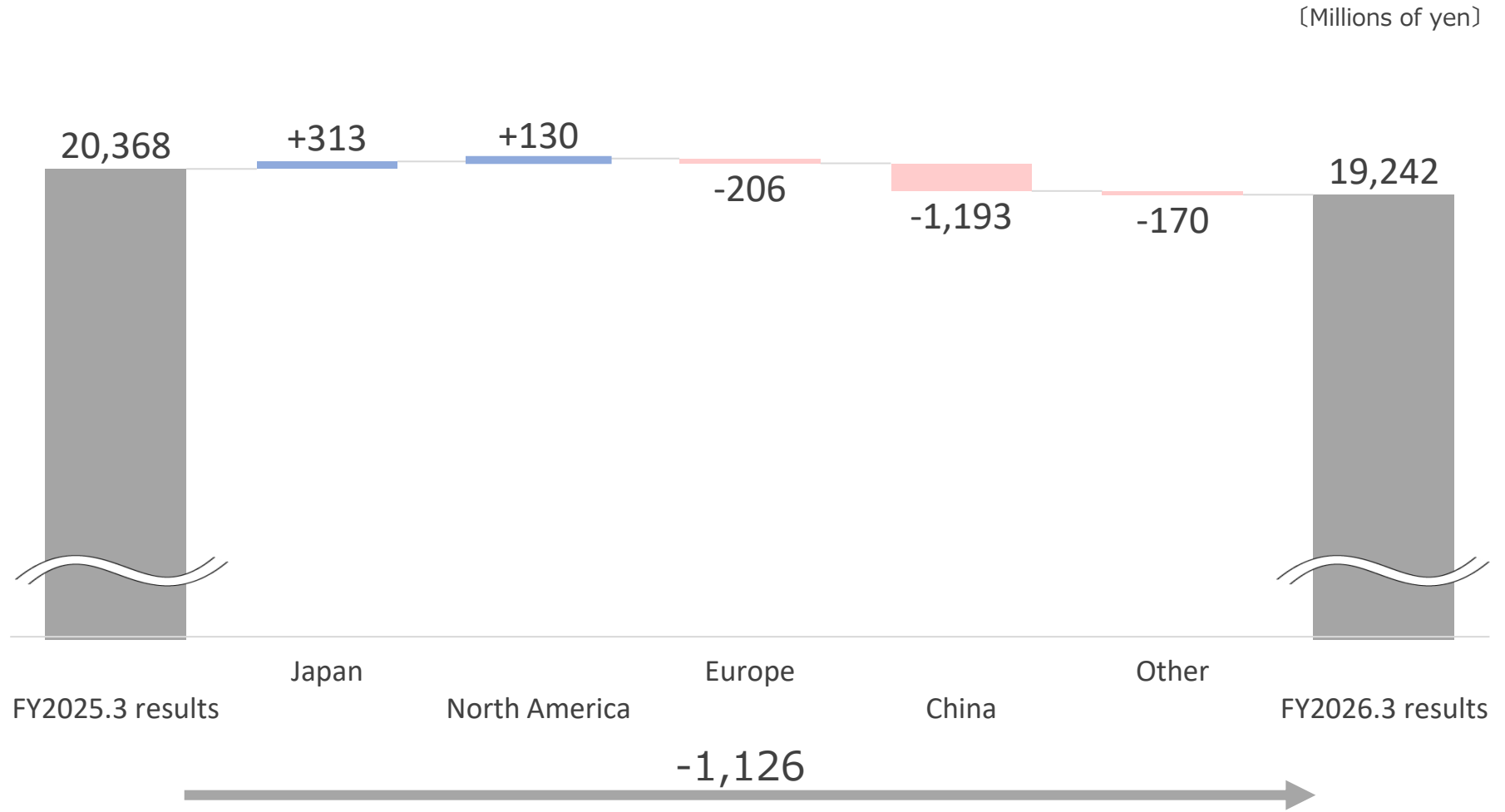
Other



Exchange rate	FY2025.3 results	FY2026.3 results
\$	151.6	149.7
€	164.0	169.0
Impact of 1 yen Depreciation [operation profit]		
\$	-43 million yen for full year	
€	+39 million yen for full year	

FY2026.3: Trend in Piano Sales by Region

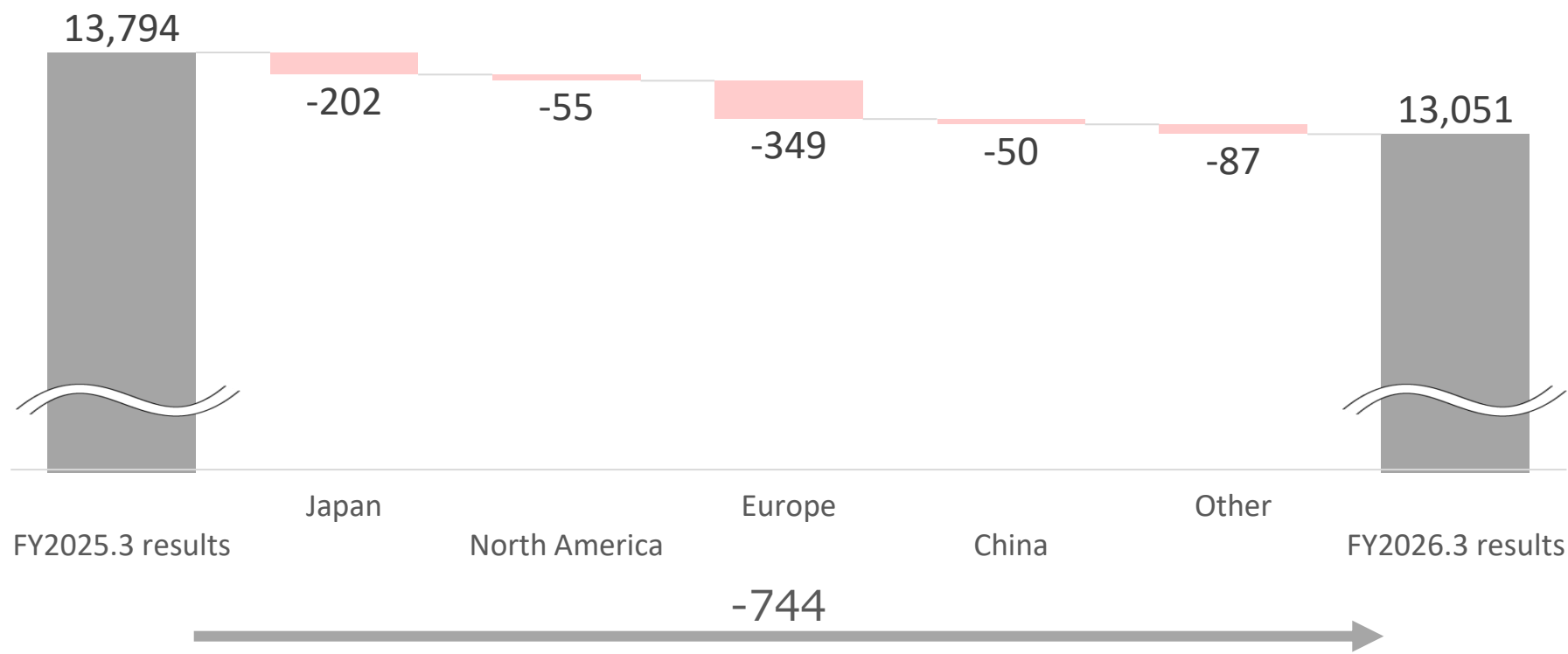
Although piano sales increased in Japan and North America, they declined significantly in China.



FY2026.3: Trend in Digital Piano Sales by Region

Digital piano sales declined across all regions, particularly in Europe and Japan.

[Millions of yen]



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

KAWAI

Japan +1.4% YOY	<ul style="list-style-type: none">Acoustic piano sales increased mainly due to strong sales of GX series grand pianos, supported by the successful rebranding, as well as higher sales of Shigeru Kawai pianos driven by increased use at major piano competitions. As a result, our domestic acoustic piano market share exceeded 50% for the first time (Based on our research).Digital piano sales declined despite the launch of new products, reflecting intensified price competition.
North America +1.1% YOY	<ul style="list-style-type: none">Supported by enhanced promotional efforts, unit sales increased for both acoustic and digital pianos.Store operations were strengthened through initiatives including the assignment of Japanese expatriates to directly managed stores and enhanced training for local sales personnel.
Europe -5.4% YOY	<ul style="list-style-type: none">Consumer sentiment has weakened due to prolonged inflationary trends, resulting in lower sales of both acoustic and digital pianos.Profitability improved through pricing optimization enabled by the consolidation of distribution channels.In Poland, where the Chopin International Piano Competition was held last year, sales increased partly due to contribution from the showroom opened in Warsaw.
China -20.3% YOY	<ul style="list-style-type: none">Amid continued economic stagnation, market-wide keyboard musical instrument inventories remained excessive, and intensified price competition led to lower sales.Although market recovery has been slower than expected, both acoustic and digital pianos are performing above the previous year's level in the second half.
Other -6.7% YOY	<ul style="list-style-type: none">In Australia, the impact of the new directly managed store helped limit the decline in sales, while market recovery has been delayed.Although sales increased in Indonesia and Central and South America, sales declined in Taiwan, South Korea, and the Middle East.

FY2027.3:
**Consolidated Performance
Plan**

FY2027.3: Consolidated Performance Plan - Summary

We expect increased revenue and profit driven by a recovery in sales in our key markets.

[Millions of yen]

	FY2026.3 results	FY2027.3 plan	Diff. from prior period	vs. prior period (%)
Net sales	72,049	80,000	+7,951	+11.0%
Operating profit (Operating profit margin)	113 (0.2%)	1,800 (2.3%)	+1,687	—
Ordinary profit (Ordinary profit margin)	952 (1.3%)	1,900 (2.4%)	+948	+99.5%
Profit (Profit margin)	1,141 (1.6%)	1,600 (2.0%)	+459	+40.2%
ROE	2.5%	3.4%	—	—
Exchange rate				
US\$	149.7 yen	155.0 yen	+5.3 yen	+3.5%
Euro	169.0 yen	185.0 yen	+16.0 yen	+9.5%

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

Financial Results Briefing for FY2026.3

FY2027.3: Performance Plan by Segment

The Musical Instrument Education Business is expected to post higher revenue and profit as production and sales recover, while the Material Processing Business is projected to record lower revenue and profit due to a decline in automotive-related orders.

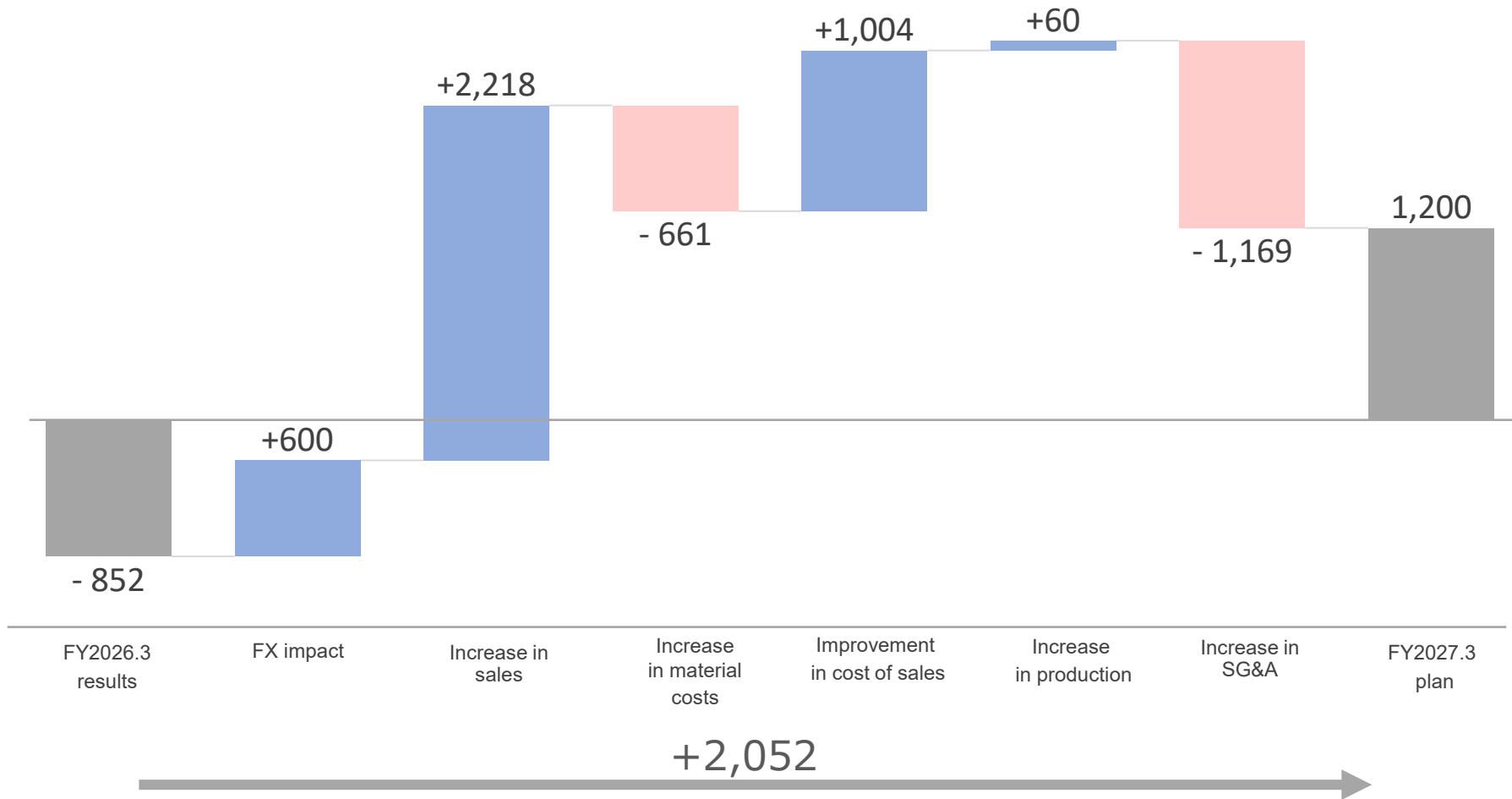
(Millions of yen)

		FY2026.3 results	FY2027.3 plan	Diff. from prior period	vs. prior period (%)
Musical instrument education	Net sales	56,492	65,800	+9,308	+16.5%
	Operating profit	-852	1,200	+2,052	-
	(Operating profit margin)	(-1.5%)	(1.8%)	-	-
Material processing	Net sales	10,343	8,900	-1,443	-13.9%
	Operating profit	756	400	-356	-47.1%
	(Operating profit margin)	(7.3%)	(4.5%)		
Other	Net sales	5,213	5,300	+87	+1.7%
	Operating profit	271	250	-21	-7.7%
	(Operating profit margin)	(5.2%)	(4.7%)		

FY2027.3: Musical Instrument Education Business – Factors for Changes in Operating Profit

Despite the impact of rising costs, profit is expected to increase due to higher sales and cost improvements.

(Millions of yen)



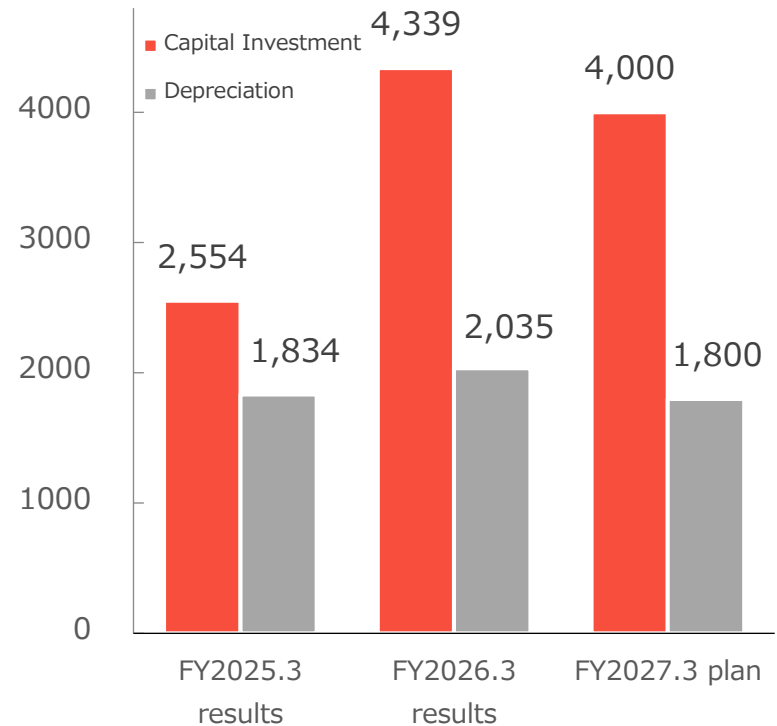
FY2026.3: Capital Investment Plan

We plan to invest 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 July 2026.

(Millions of yen)

	FY2025.3 full-year results	FY2026.3 full-year results	FY2027.3 full-year plan
Musical instrument education Refurbishment of production equipment and stores, etc.	2,337	4,081	3,800
Material Processing Production equipment for the metal business, etc.	164	170	100
Other Investment in information infrastructure, etc.	53	88	100
Total	2,554	4,339	4,000

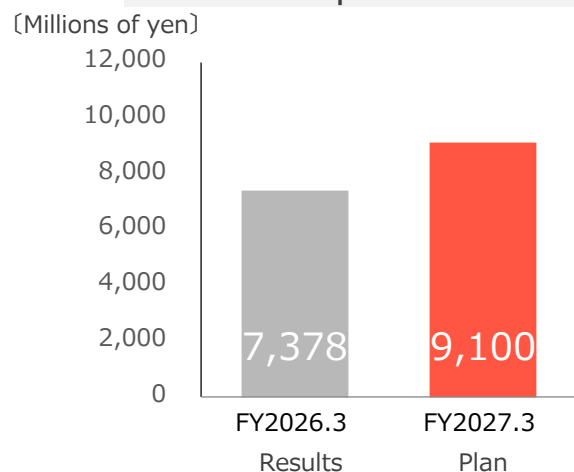
(Millions of yen)



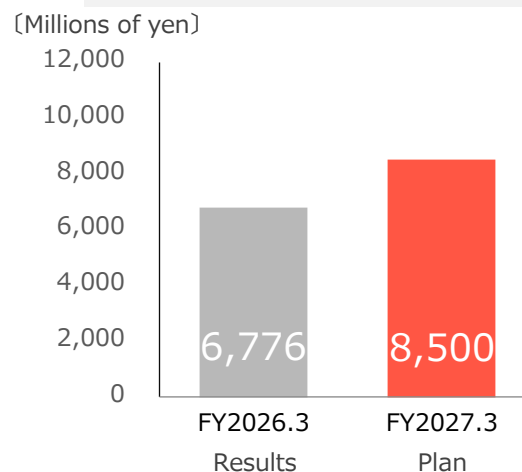
FY2027.3:
**Keyboard Musical
Instruments Sales Plan**

FY2027.3: Regional Sales Plan for Keyboard Musical Instruments

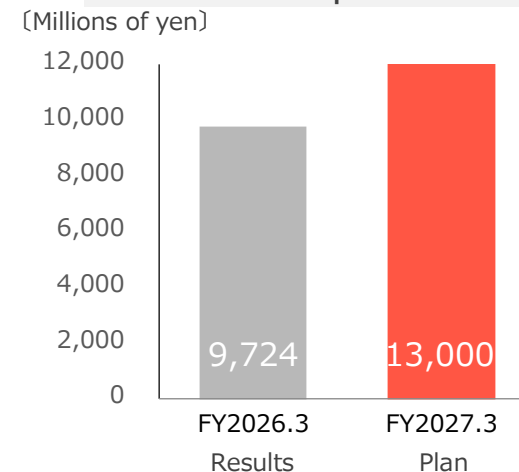
Japan



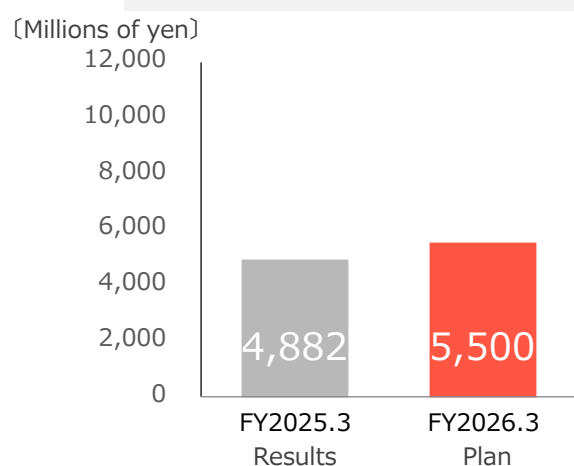
North America



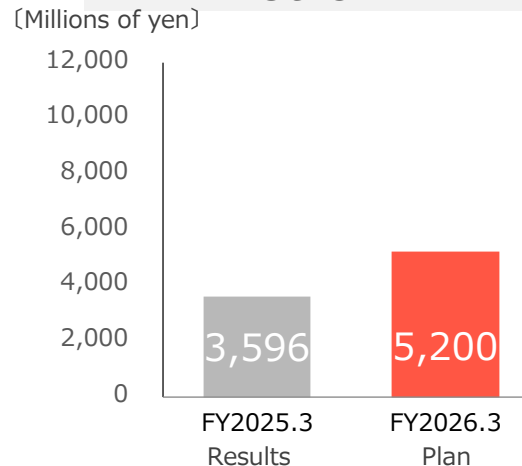
Europe



China



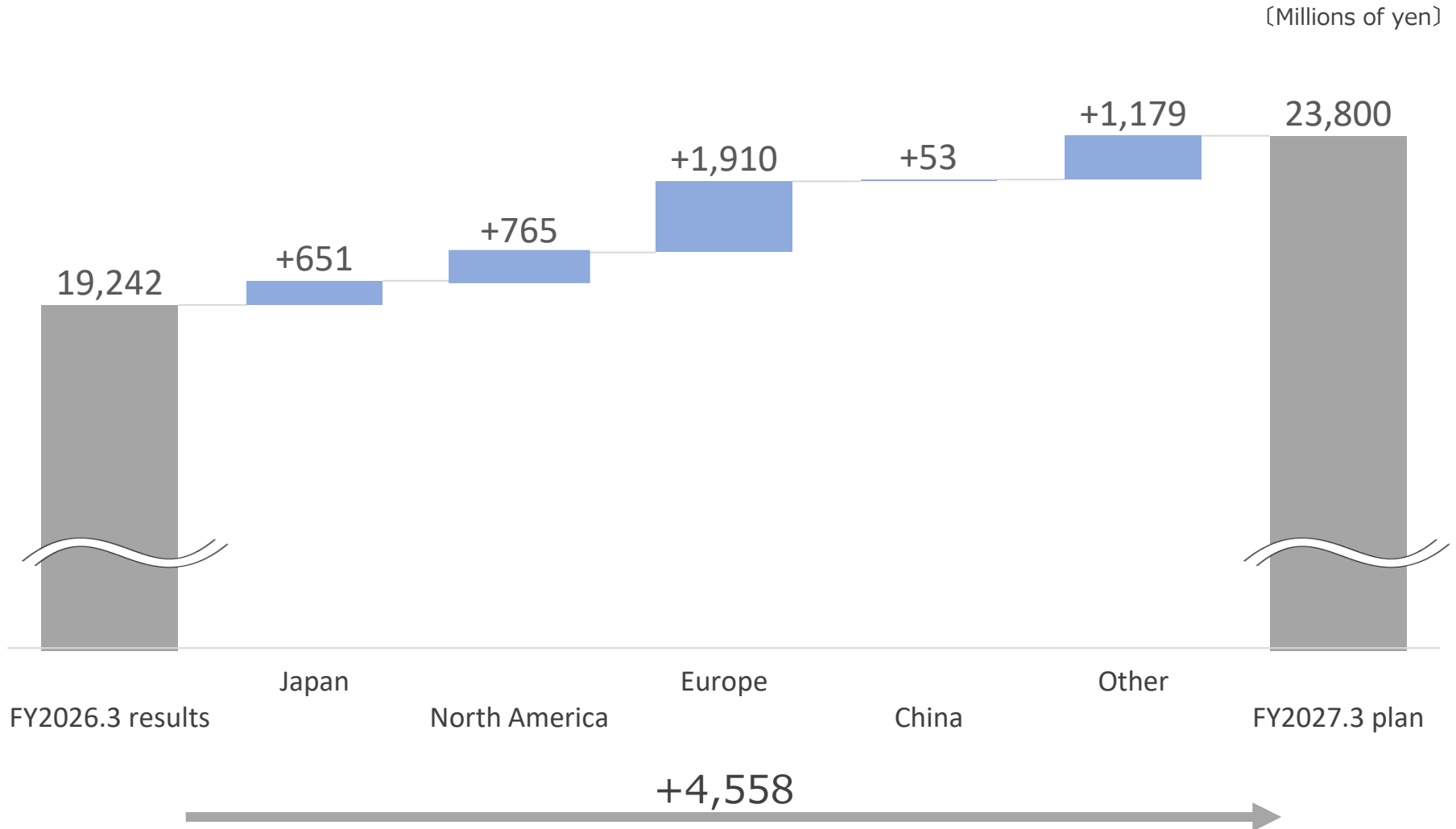
Other



Exchange rate	FY2026.3 results	FY2027.3 plan
\$	149.7	155.0
€	169.0	185.0
Impact of 1 yen Depreciation [operation profit]		
\$	-32 million yen for full year	
€	+47 million yen for full year	

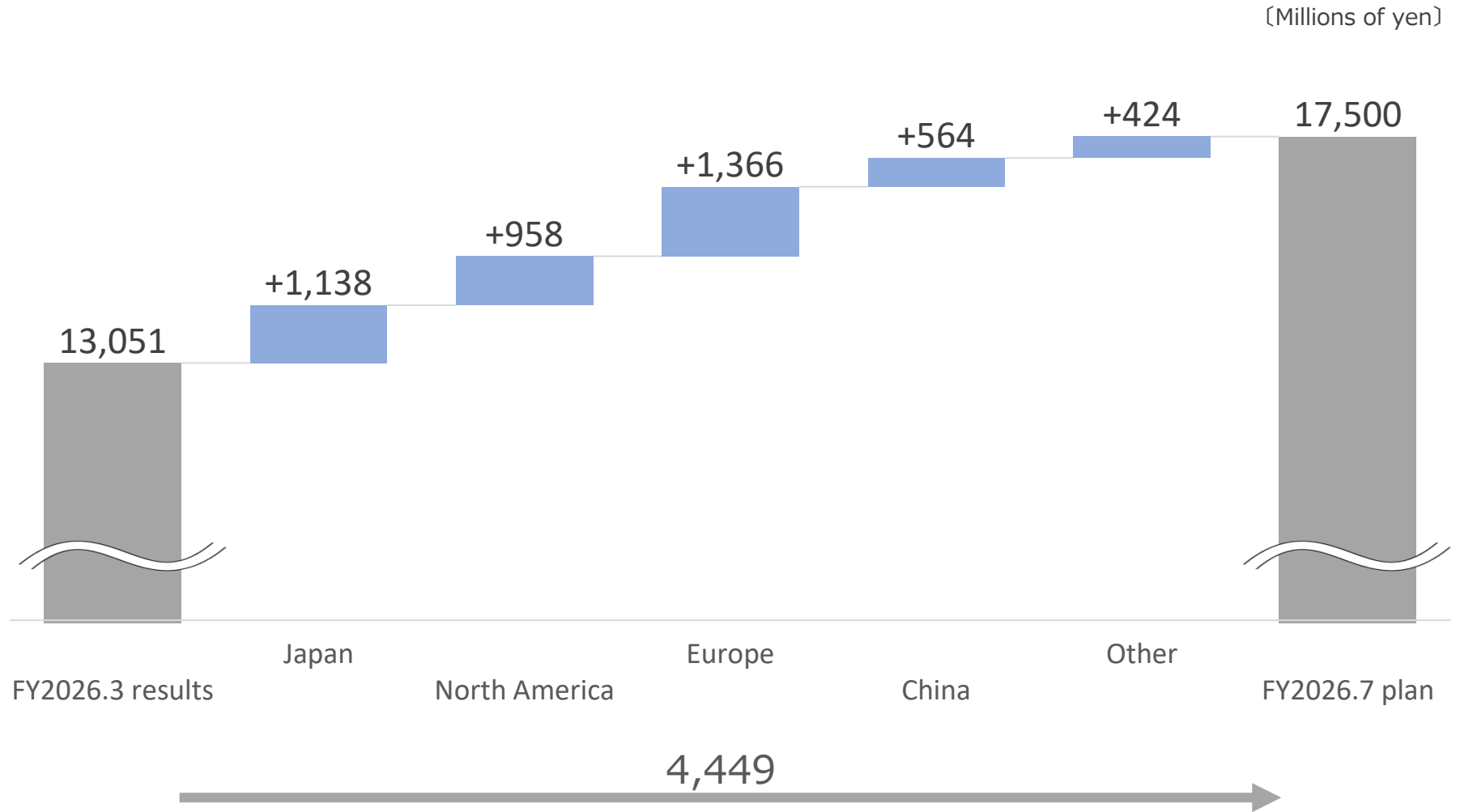
FY2027.3: Regional Sales Plan for Pianos

Piano sales in China are expected to increase slightly, while sales are projected to recover in Japan, North America, Europe, and other regions.



FY2027.3: Regional Sales Plan for Digital Pianos

Digital piano sales are expected to grow across all regions.



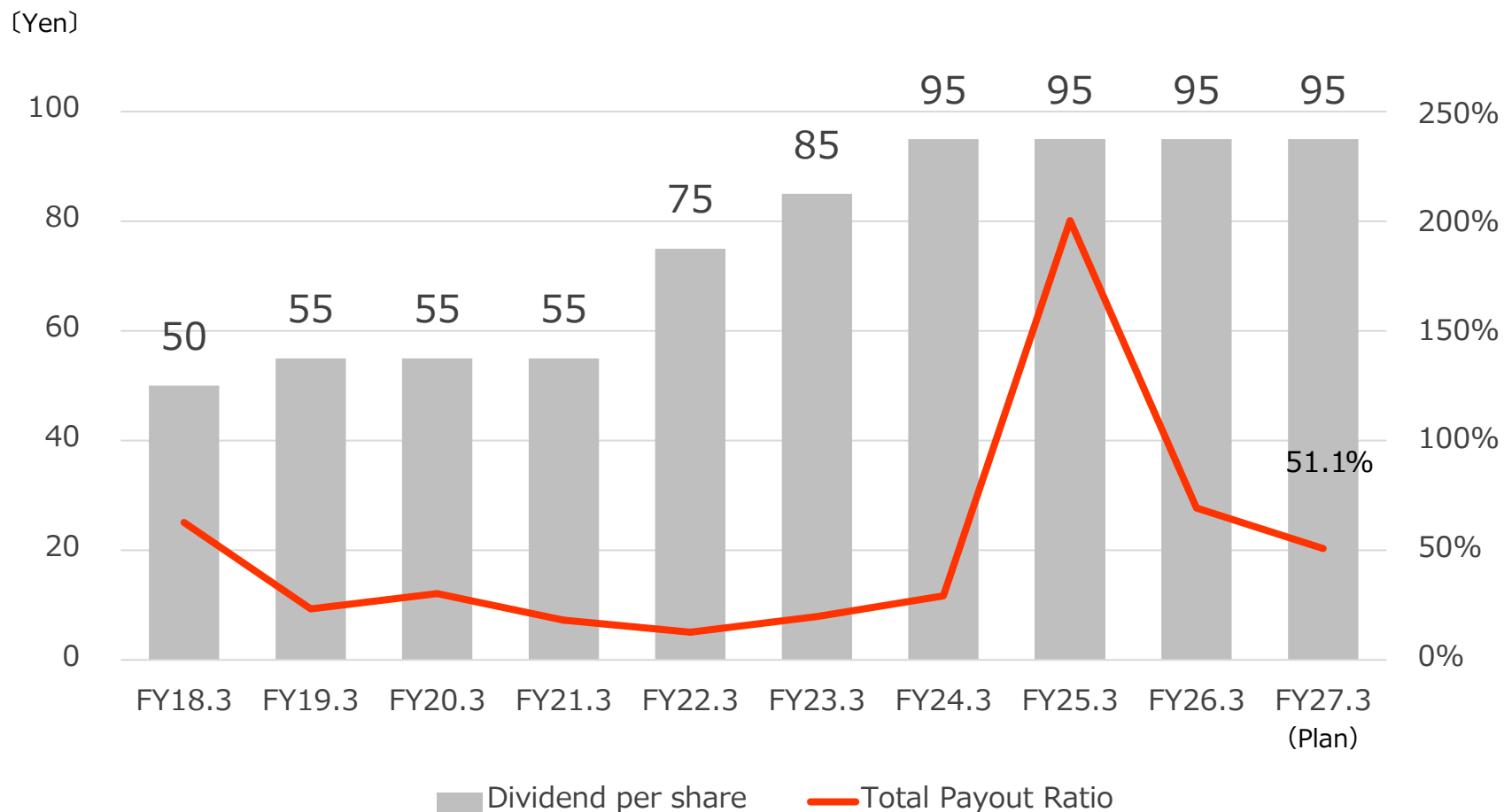
FY2027.3: Keyboard Musical Instrument Sales – Regional Strategy

<p>Common</p>	<ul style="list-style-type: none"> • Accelerating the shift toward higher value-added products and rebranding through the launch of upgraded grand piano models. • Launching the flagship Master Series upright pianos overseas. • Rebranding the CX line of digital pianos.
<p>Japan +23.3% YOY</p>	<ul style="list-style-type: none"> • Promoting the rebranding of the Shigeru Kawai series to expand sales, building on the brand’s presence at international piano competitions. • Reorganizing our domestic sales structure for the first time in 10 years to establish a locally tailored sales system. • Renewing directly managed semi-flagship to strengthen customer touchpoints (Kawaguchi, Gunma, and Kanazawa).
<p>North America +25.4% YOY</p>	<ul style="list-style-type: none"> • Strengthening sales capabilities through the opening of new directly managed stores (Denver and St. Louis). • Developing new dealers. • Strengthening e-commerce dealers and developing sales channels through mass retailers and other routes to expand digital piano sales. • Strengthening digital marketing to enhance brand and product recognition.
<p>Europe +33.7% YOY</p>	<ul style="list-style-type: none"> • Improving profitability through pricing optimization. • Developing new distribution networks in Northern, Central and Eastern Europe. • Strengthening sales support for existing dealers, including tuning and maintenance of floor models. • Promoting piano trial programs for music schools and rental sales programs. • Strengthening digital marketing to enhance brand and product recognition.
<p>China +12.6% YOY</p>	<ul style="list-style-type: none"> • Strengthening grand piano sales through relationship building with music universities. • Expanding brand recognition through master classes for pianists and piano instructors. • Ensuring stable supply to the growing digital piano market.
<p>Other +44.7% YOY</p>	<ul style="list-style-type: none"> • Enhancing brand recognition and expanding sales through relationship building with piano instructors at directly managed stores in Australia. • Expanding sales in Central and South America, including Mexico, Brazil, and Argentina. • Increasing brand recognition at music universities in East Asia (South Korea and Taiwan) through active participation in regional competitions. • Expanding sales channels in Southeast Asia by utilizing music schools.

Shareholder returns

The dividend per share for the fiscal year ended March 2026 is 95 yen, and the same amount is planned for the fiscal year ending March 2027.

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



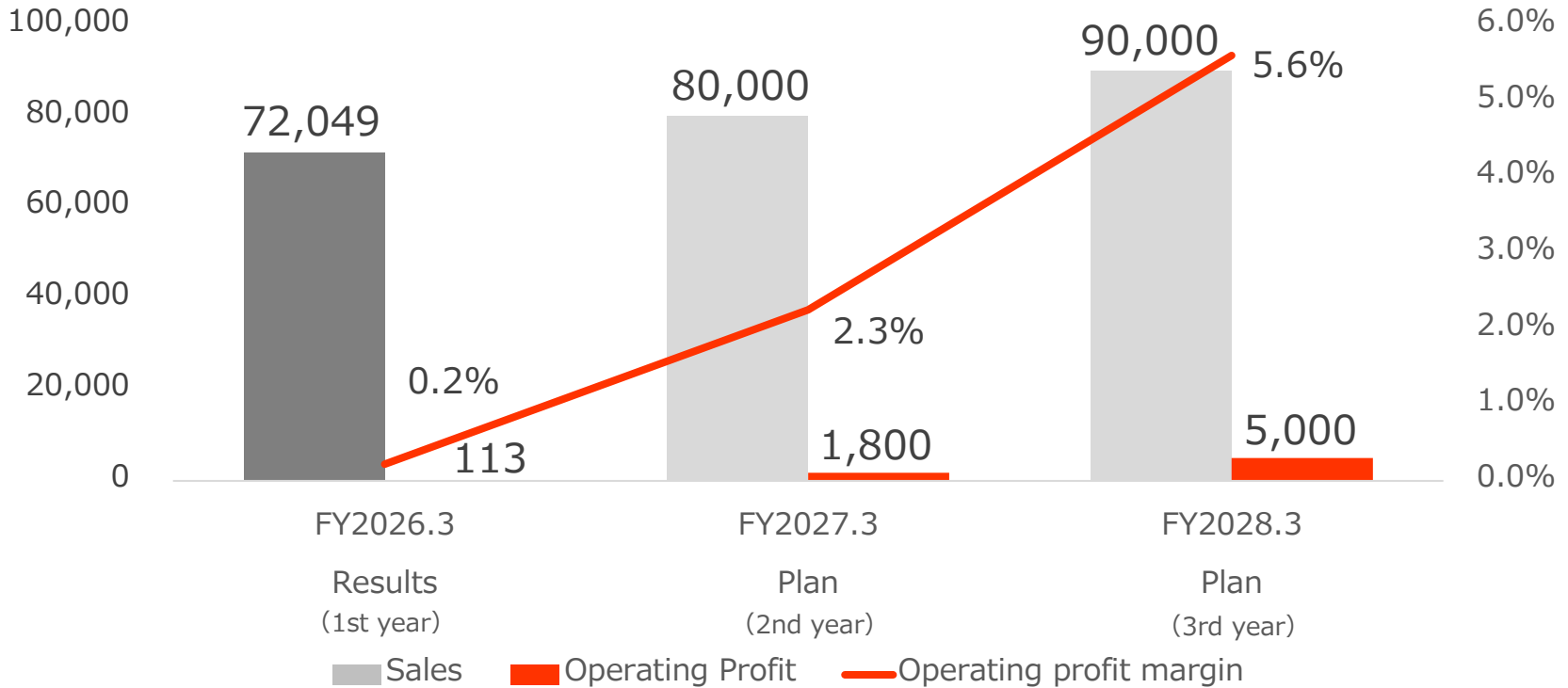
Progress of the 8th Medium-Term Management Plan “KAWAI Ten-Year Plan”

Please refer to our website for details of the plan.
https://www2.kawai.co.jp/ir/setsumeipdf/2025/20250319_2025chukei_e.pdf

KAWAI Ten-Year Plan Progress – Financial Targets

We target ROE of 5.5%, net sales of 90 billion yen, and operating profit of 5 billion yen for FY2028.3.

(Millions of yen)



ROE	2.5%	3.4%	5.5%
Total Payout Ratio	71.6%	51.1%	50% or more

■ Keyboard Instrument Growth Strategy

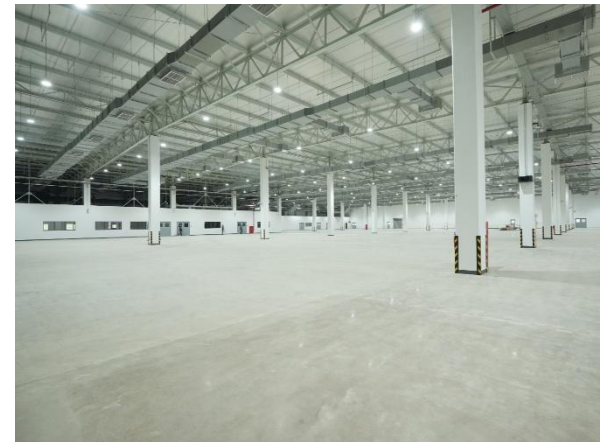
- ✓ As a result of our continued efforts to enhance brand presence at international piano competitions, our pianos have become increasingly chosen by contestants, and our domestic acoustic piano market share exceeded 50% (Based on our research).
- ✓ We launched the higher value-added “Master Series” upright pianos to further enhance brand value.
- ✓ We are developing next-generation piano action models, one of KAWAI’s core strengths, to further enhance quality and product value.
- ✓ We will enhance digital piano development capabilities and improve profitability through our U.S. development base and the new factory in Indonesia scheduled to begin operations in July 2026.



Digital Piano CX302



New digital piano factory currently under construction in Indonesia



■ Strengthening the Business Foundation

- ✓ We are strengthening our human capital through proactive mid-career hiring and other initiatives.
- ✓ We are promoting company-wide efficiency through technology-enabled operational efficiency training programs.

■ Further Advancement Strategy

- ✓ Preparations are underway for the overseas expansion of our gymnastics school business, with plans to open a school in Indonesia in FY2028.3.
- ✓ We plan to conduct test sales of toy pianos in summer 2026 as part of our overseas expansion initiatives.

■ Financial Strategy

- ✓ We will continue proactive growth investments and shareholder returns, while maintaining progressive dividends and a total payout ratio of 50% or more, with the aim of achieving sustainable improvement in ROE.



Demonstration gymnastics lesson in Indonesia

Notice Concerning Action to Implement Management that is Conscious of Cost of Capital and Stock Price

(Excerpt)

Please refer to our website for details
https://www2.kawai.co.jp/ir/pdf/2026/disco_20260514e-2.pdf

<Analysis of Current Status >

- ✓ Over the past 10 fiscal years, we have generally generated returns on capital above our cost of equity. However, due in part to a significant decline in returns on capital over the past two fiscal years, the market's assessment of our profitability and growth potential remains low.
- ✓ Improving profitability and enhancing market valuation are urgent management priorities.

<Issues, and Countermeasures>

Issues	Countermeasures
Urgent need to improve profitability and enhance market valuation	We aim to enhance our PBR (market valuation) through increasing operating profit, strengthening IR activities, and clarifying a promising mid-to-long-term growth plan and achieving key milestones.

Our policy is to ensure that our growth potential is appropriately evaluated by shareholders and investors and to achieve a PBR of 1.0 or more at an early stage.

Dialogue with Shareholders and Other Stakeholders

Status of Dialogue with Shareholders (April 2025 – March 2026)

- ✓ 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 various channels, including the General Meeting of Shareholders, financial results briefings, and individual IR meetings.
- ✓ Beginning this fiscal year, we launched company information sessions for individual investors and resumed factory tours for institutional investors.
- ✓ Dialogue with shareholders and investors is regularly reported and shared with the Board of Directors.

Theme	Action Implemented
IR Activities	<ul style="list-style-type: none"> ✓ Addition of specific measures to achieve targets in financial results presentation materials. ✓ Launch of sponsored research (IR materials) disclosure beginning in December 2025, with quarterly updates in Japanese and English ✓ Disclosure of our human capital strategy in the “Human Capital” section of the annual securities report scheduled for release in June 2026. ✓ Launch of information sessions for individual investors in February 2026, with plans to continue such sessions going forward.
Shareholder benefits	<ul style="list-style-type: none"> ✓ Disclosure of enhancement of the shareholder benefit program in February 2026
Factory tours for institutional investors	<ul style="list-style-type: none"> ✓ Two factory tours in FY2026.3 for the first time in six fiscal years
Board of Directors operations	<ul style="list-style-type: none"> ✓ Review of the frequency of Board of Directors meetings for FY2027.3 ✓ Planning of market visits by Board members

Highlights

Launch of the “Master Series” upright pianos for overseas markets

KAWAI



We launched the flagship “Master Series” upright pianos for overseas markets, mainly in Europe, North America, and Australia.

Demand for higher-quality and higher-performance upright pianos is expanding in overseas markets, and through this product launch, we aim to further enhance brand value and accelerate overseas business growth.



To commemorate our 100th anniversary in 2027, we are carrying out the “Piano Seeds 100” project, through which 100 pianos are being donated.

Through this initiative, we hope that children who will shape the future will enjoy music and contribute to the development and spread of musical culture.

Applications for donations were widely invited from kindergartens, nursery schools, and certified childcare centers throughout Japan, and piano deliveries are being carried out sequentially.

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 introduce the following benefits:

- 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 applicants receive benefits.

Please refer to our shareholder benefit program website for further details.
<https://www.kawai.co.jp/ir/yutai/> (Japanese only)



The Piano Chosen at the Chopin Competition – Shigeru Kawai

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.

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.