

Analyst and Investor Briefing on Second Quarter of FY2023.3

(Fiscal year ending March 31, 2023)



November 4, 2022

Yamaha Corporation

FY2023.3 1H Highlights

Overview

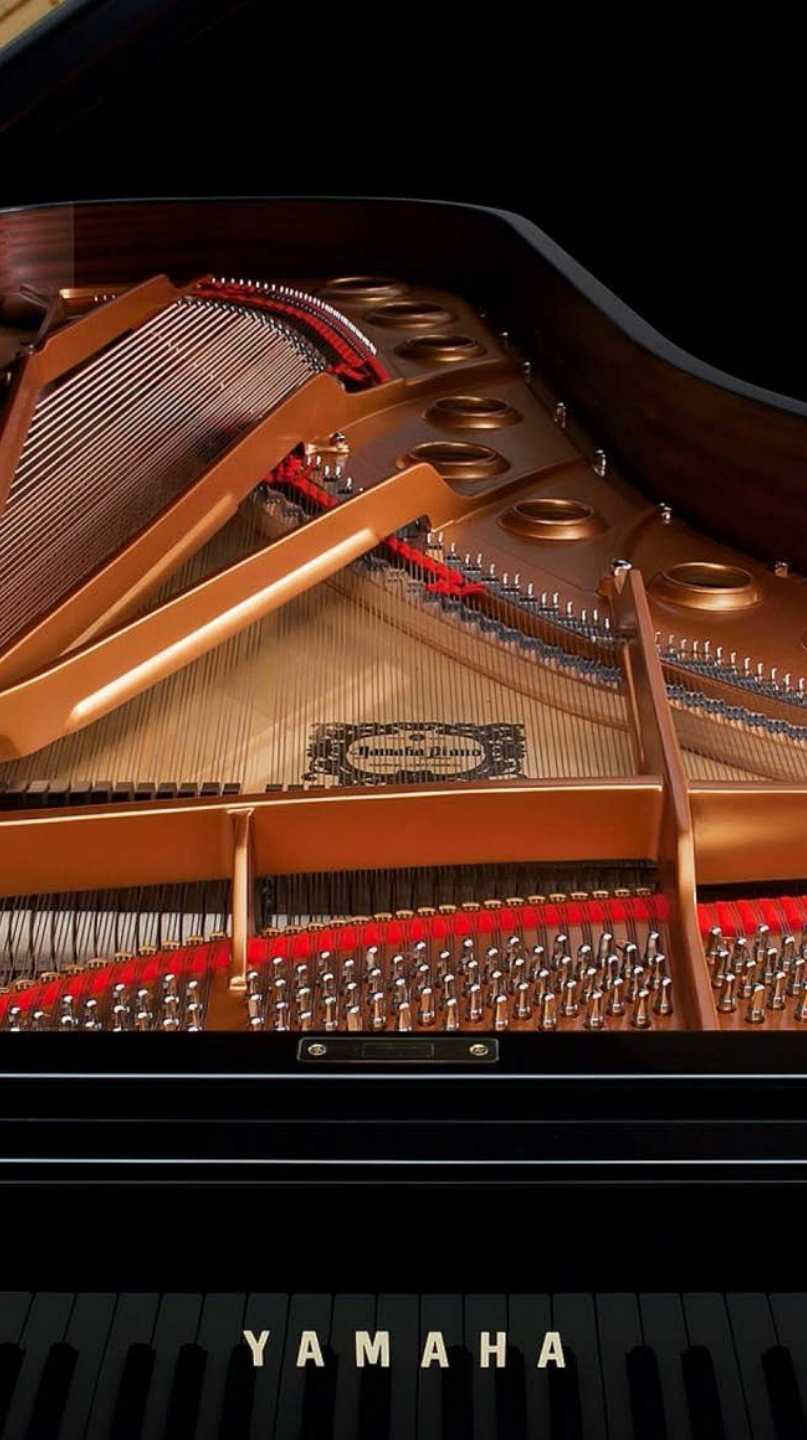
FY2023.3 1H Achievements

- Although the effects of lockdowns in China were prolonged and semiconductor procurement difficulties continued, revenue increased year-on-year due to the impact of exchange rates.
- Amid a decline in actual sales, core operating profit increased due to price optimization to offset cost increases in addition to exchange rate impact.
- Actual revenue and profit increased for the three months period of 2Q

Outlook

Full Year Forecasts for FY2023.3

- Taking account of the impact of exchange rates, forecasts for revenue, core operating profit, and net profit have all been revised upward.
- Although the impact of lockdowns in China was prolonged and regions impacted by weak demand for entry-level models expanded, demand for mid-range and high-end musical instruments is strong.



1. Performance Summary

FY2023.3 1H (Six Months) Summary

(billions of yen)

	FY2022.3 1H	FY2023.3 1H	Change (YoY)	
Revenue	198.5	218.0	+19.5	+9.8% ^{*2}
Core Operating Profit (Core Operating Profit Ratio)	23.5 (11.8%)	24.4 (11.2%)	+0.9	+3.9%
Net Profit ^{*1}	21.4	20.8	-0.6	-2.9%

Exchange Rate (yen)			
Revenue (Average rate during the period)	US\$	110	134
	EUR	131	139
Profit (Settlement rate)	US\$	110	132
	EUR	129	134

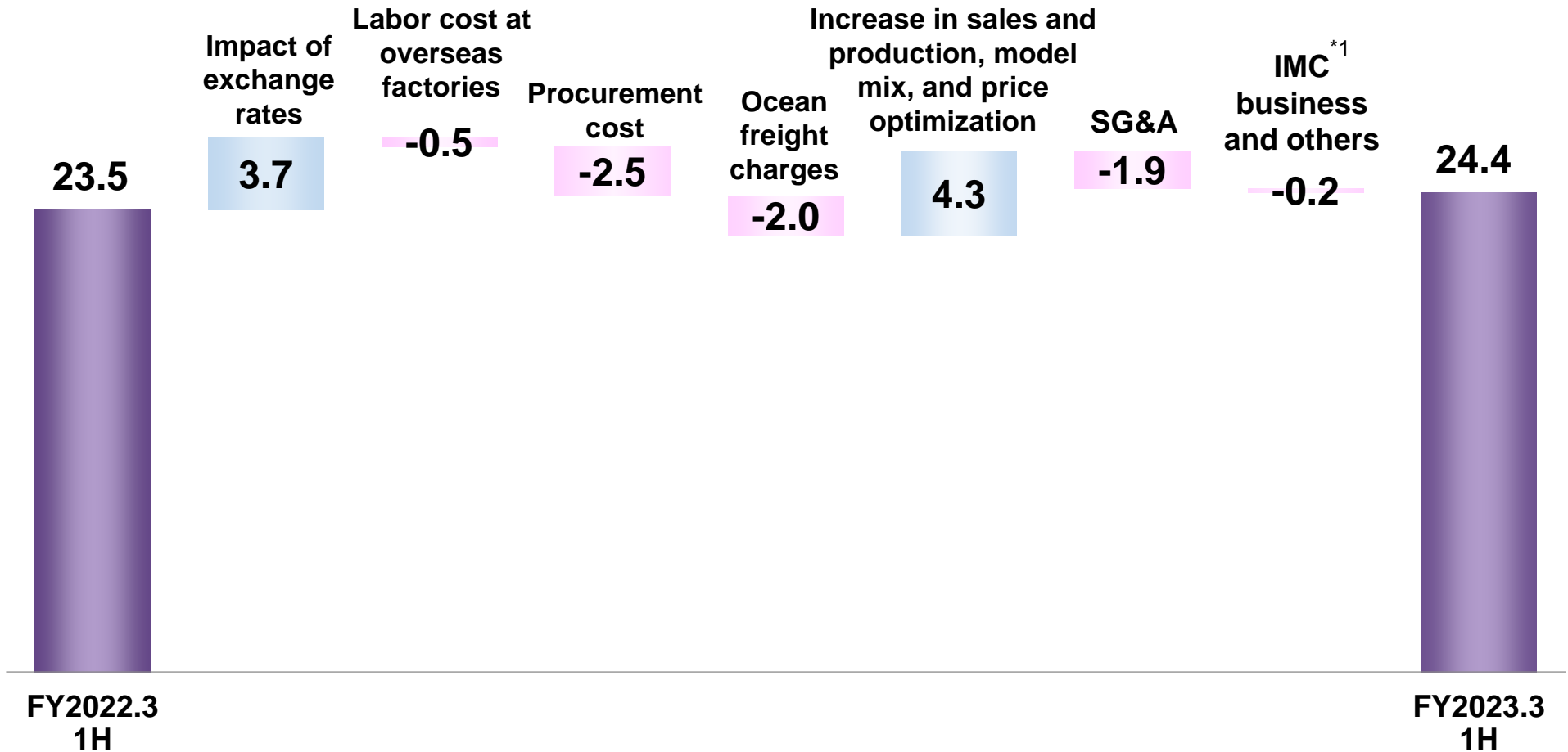
^{*2} -1.7%
(Excluding the impact of exchange rate)

*1 Net profit is presented as net profit attributable to owners of parent on the consolidated financial statements.

Core Operating Profit Analysis

Versus previous year

(billions of yen)



*1 Industrial Machinery and Components

Performance by Business Segment

(billions of yen)

		FY2022.3 1H	FY2023.3 1H	Change	Exchange rate impact
Musical Instruments	Revenue	133.8	150.1	16.3	16.6
	Core Operating Profit	19.3	20.6	1.3	3.7
	Core Operating Profit Ratio	14.4%	13.7%	-0.7P	
Audio Equipment	Revenue	47.4	47.4	0	4.3
	Core Operating Profit	1.6	0.5	-1.2	-1.0
	Core Operating Profit Ratio	3.4%	1.0%	-2.4P	
IMC^{*1} Business and Others	Revenue	17.2	20.5	3.2	2.0
	Core Operating Profit	2.6	3.4	0.8	1.0
	Core Operating Profit Ratio	15.2%	16.7%	+1.5P	

*1 Industrial Machinery and Components

FY2023.3 Outlook

(billions of yen)

	FY2022.3 Full year	FY2023.3 Full year (previous projections)	FY2023.3 Full year (projections)	Change	Change from the previous projections
Revenue	408.2	460.0	470.0	+61.8	+10.0
Core Operating Profit (Core Operating Profit Ratio)	43.0 (10.5%)	50.0 (10.9%)	52.0 (11.1%)	+9.0	+2.0
Net Profit ^{*1}	37.3	37.5	41.0	+3.7	+3.5

Exchange Rate (yen)					Currency sensitivity per JPY1
Revenue (Average rate during the period)	US\$	112	126	137	JPY 1,050 million
	EUR	131	136	139	JPY 630 million
Profit (Settlement rate)	US\$	112	125	136	JPY 110 million
	EUR	131	134	137	JPY 390 million

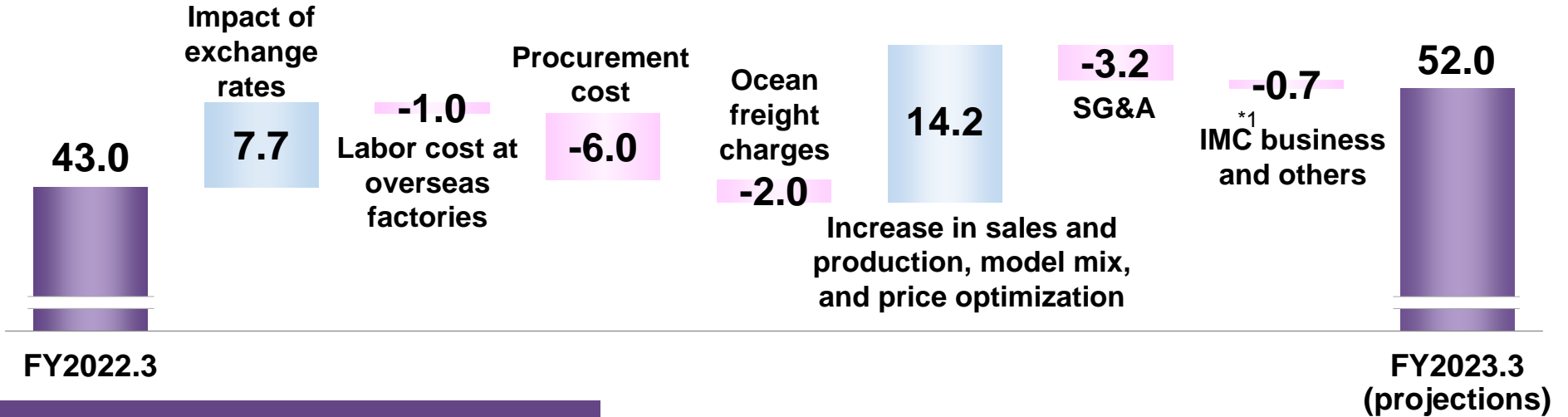
*1 Net profit is presented as net profit attributable to owners of parent on the consolidated financial statements.

* 2H currency exchange rates
US\$=140JPY, EUR=140JPY

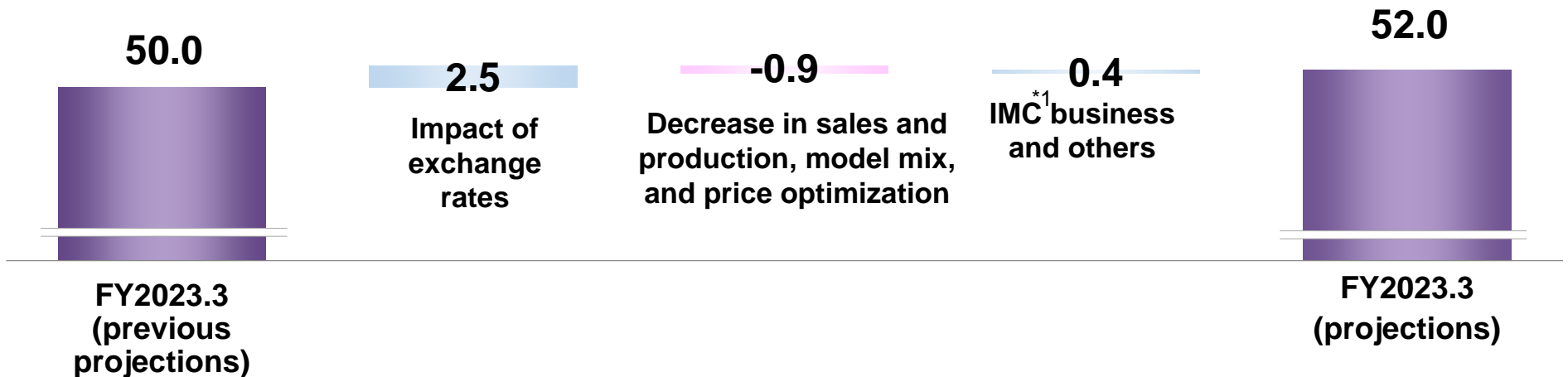
Core Operating Profit Analysis

(billions of yen)

Versus previous year



Versus previous projections



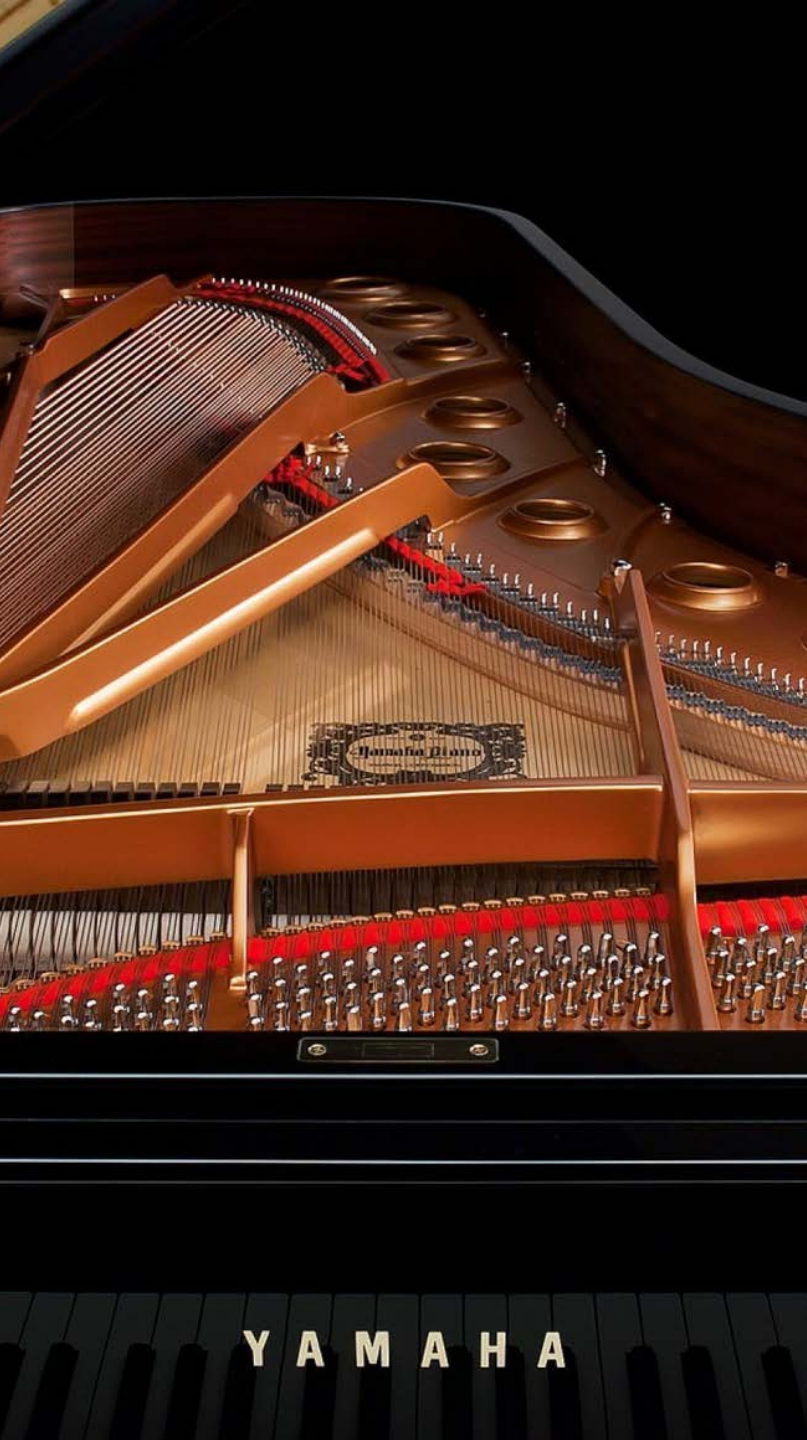
*1 Industrial Machinery and Components

Outlook by Business Segment

(billions of yen)

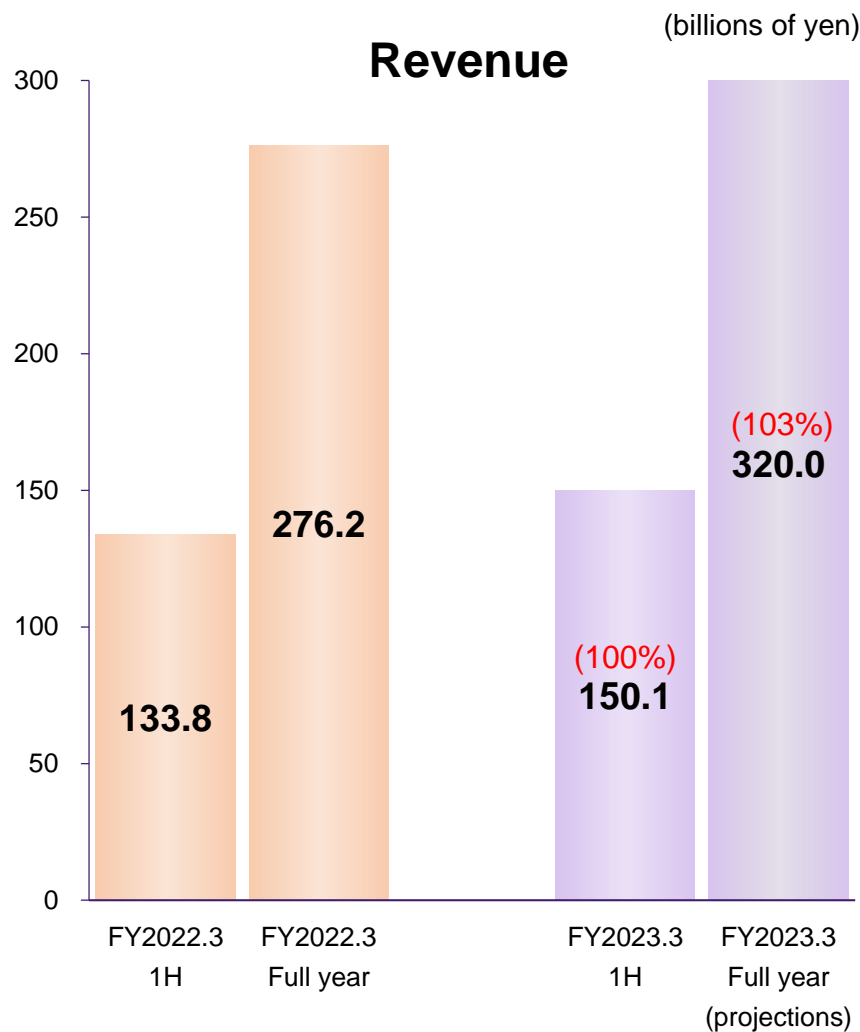
		FY2022.3 Full year	FY2023.3 Full year (projections)	Change	Exchange rate impact
Musical Instruments	Revenue	276.2	320.0	43.8	34.7
	Core Operating Profit	37.3	44.0	6.7	7.8
	Core Operating Profit Ratio	13.5%	13.8%	+0.3P	
Audio Equipment	Revenue	96.9	108.0	11.1	9.9
	Core Operating Profit	1.5	3.0	1.5	-1.6
	Core Operating Profit Ratio	1.6%	2.8%	+ 1.2P	
IMC^{*1} Business and Others	Revenue	35.1	42.0	6.9	4.2
	Core Operating Profit	4.2	5.0	0.8	1.6
	Core Operating Profit Ratio	11.8%	11.9%	+0.1P	

*1 Industrial Machinery and Components



2. Segment Overview & Updates

Segment Revenue and Core Operating Profit



1H overview: Sales made up for 1Q declines to reach similar levels to previous year

- Sales of pianos decreased due to the impact of lockdowns in China, while digital musical instrument sales were on par with the same period of the previous year due to weak demand for entry model products. Strong demand in North America drove double digit growth for wind, strings and percussion instruments. Sales of guitars rose due to the strong Chinese market.

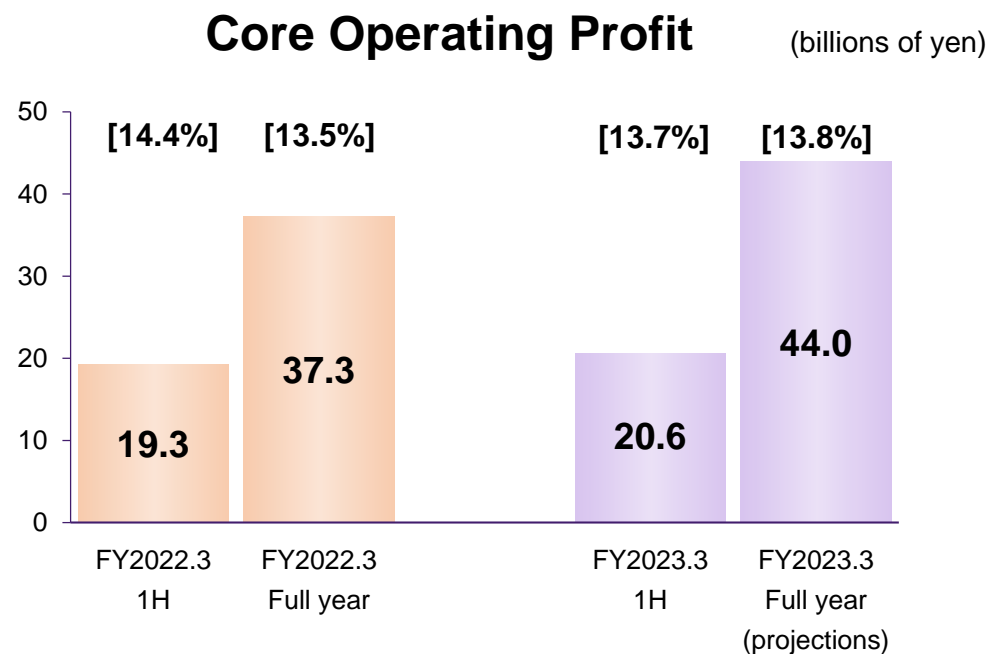
- Demand for mid-range and high-end models remained strong in all regions.

FY2023.3 Projections: Revenue is expected to rise due to recovery of supply

- Piano sales are projected to decline due to prolonged impact of lockdowns in China, but sales are expected to rise in all other categories.

- Supply shortages will improve, and mid-range and high-end products will compensate for slowdown in entry-level models.

(Comments are on local currency basis)



Revenue by Major Product Category

(billions of yen)

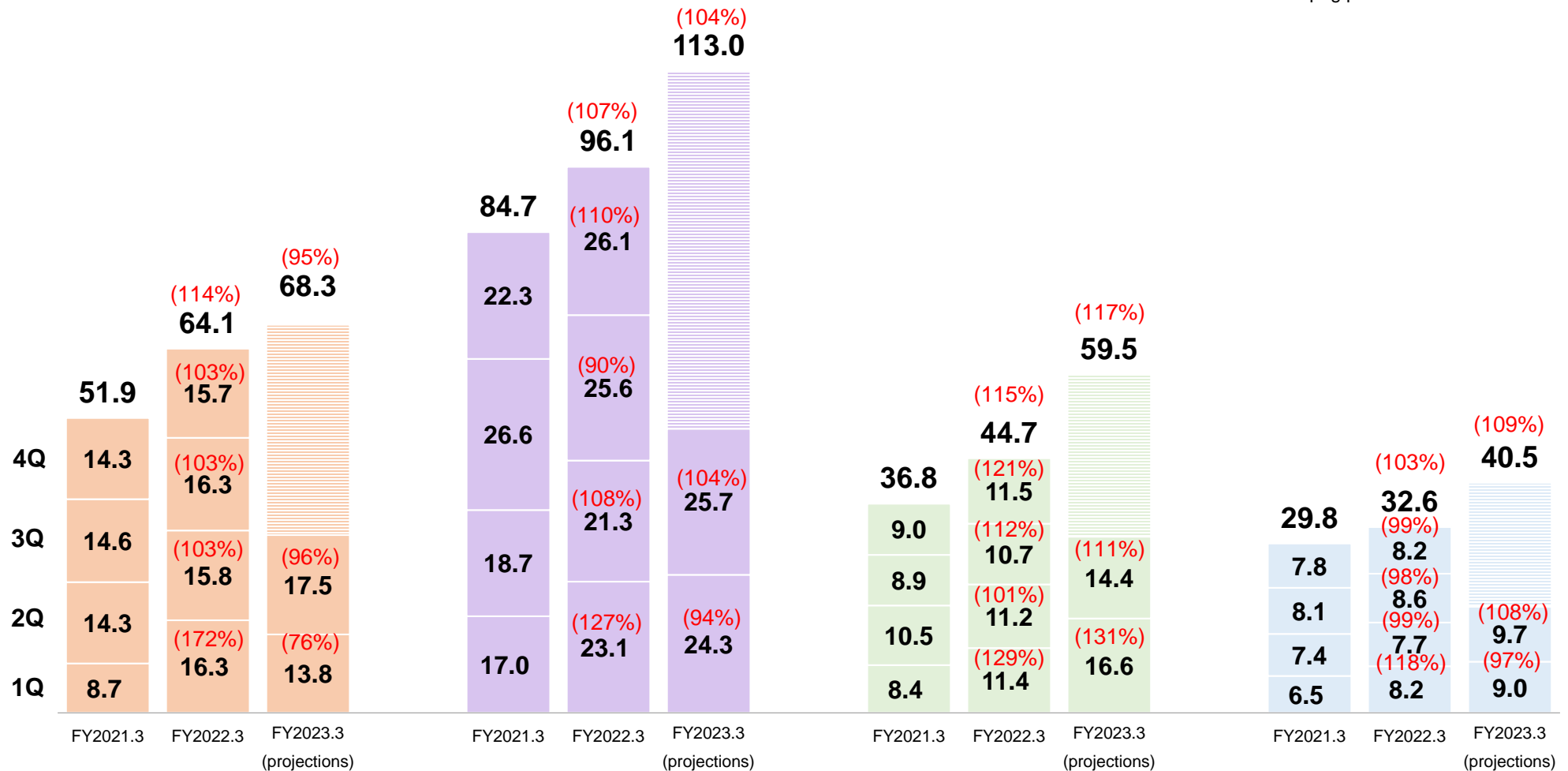
Pianos

Digital Musical Instruments

Winds, Strings /Percussion

Guitars

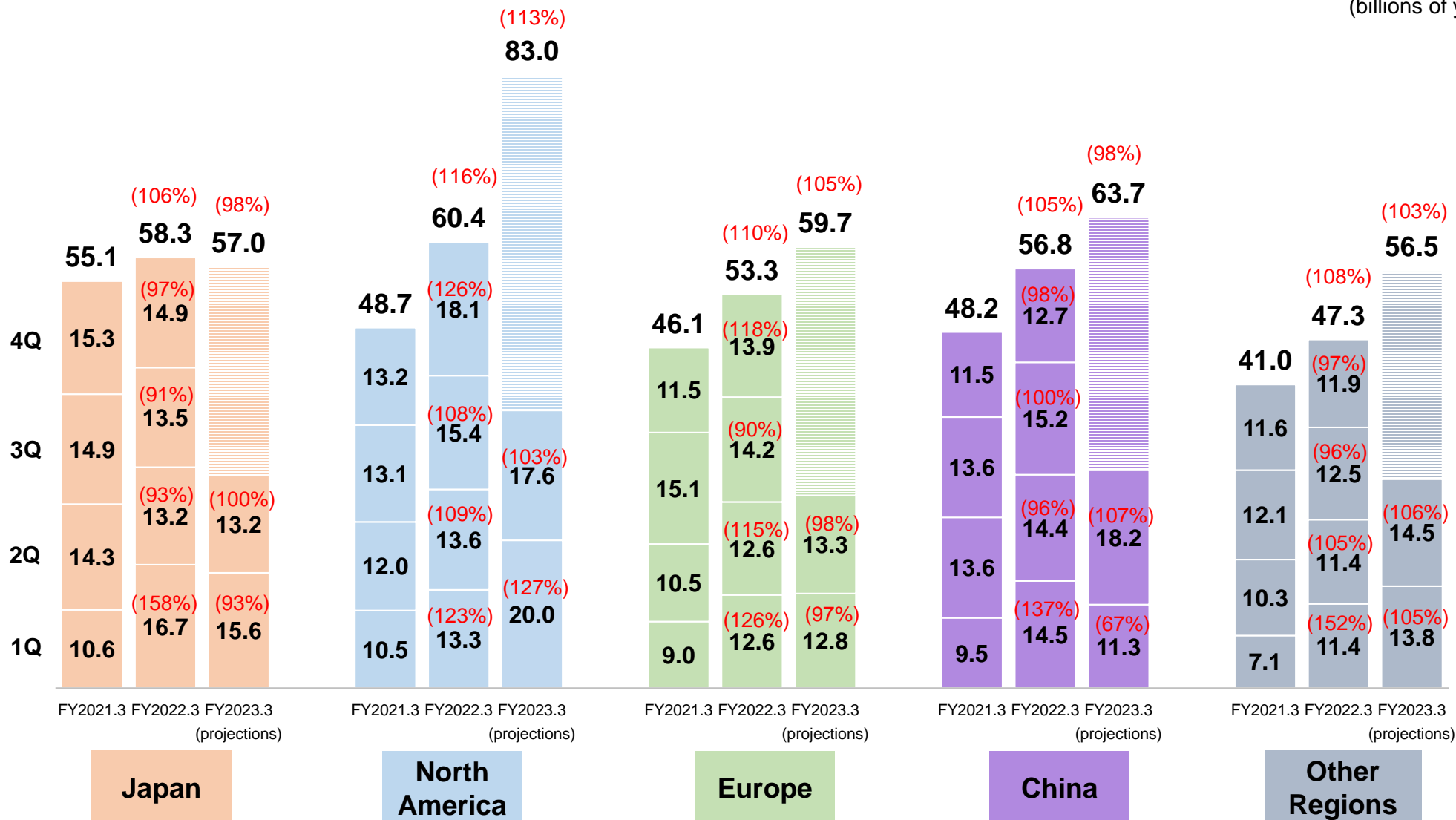
* Guitars include Line 6 and Ampeg products



Red figures show actual YoY changes discounting impact of exchange rates

Revenue by Region

(billions of yen)



* Software products and music schools included
 Red figures show actual YoY changes discounting impact of exchange rates

Develop Products with Distinctive Individuality

Distinctive product line-up fusing a wide range of technologies

Bösendorfer Camellia Grand Piano



A new collector's item from Bösendorfer's Marquetry Series of classical elegance with timeless symbolism

New lineups of TransAcoustic™ pianos and SILENT Piano™ series



Newly developed sensors deliver rich comfortable playing experience of genuine acoustic piano

Synthesizers MODX6+, MODX7+, and MODX8+



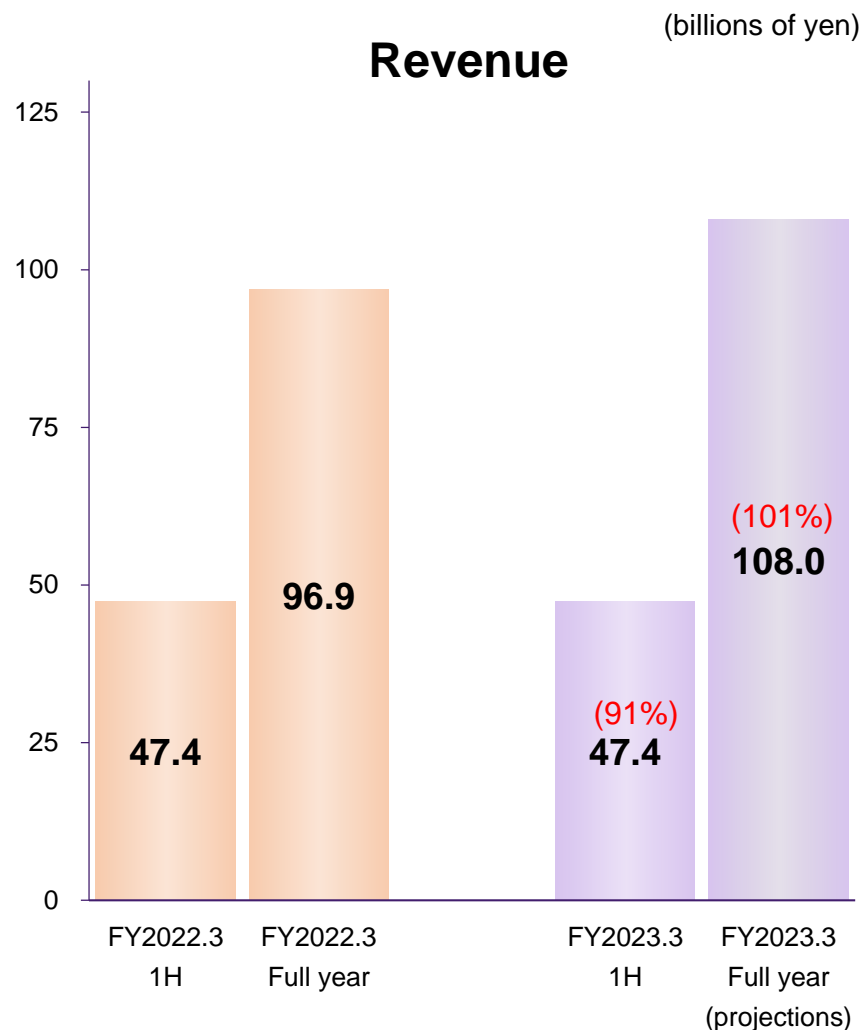
The synthesizers designed for keyboardists to create deep sounds that stand out on every stage, studio and stream.

Wireless Desktop Guitar Amplifiers THR30II Wireless Black/White



THR30II Wireless is now available in black and white versions in addition to the original cream

Segment Revenue and Core Operating Profit



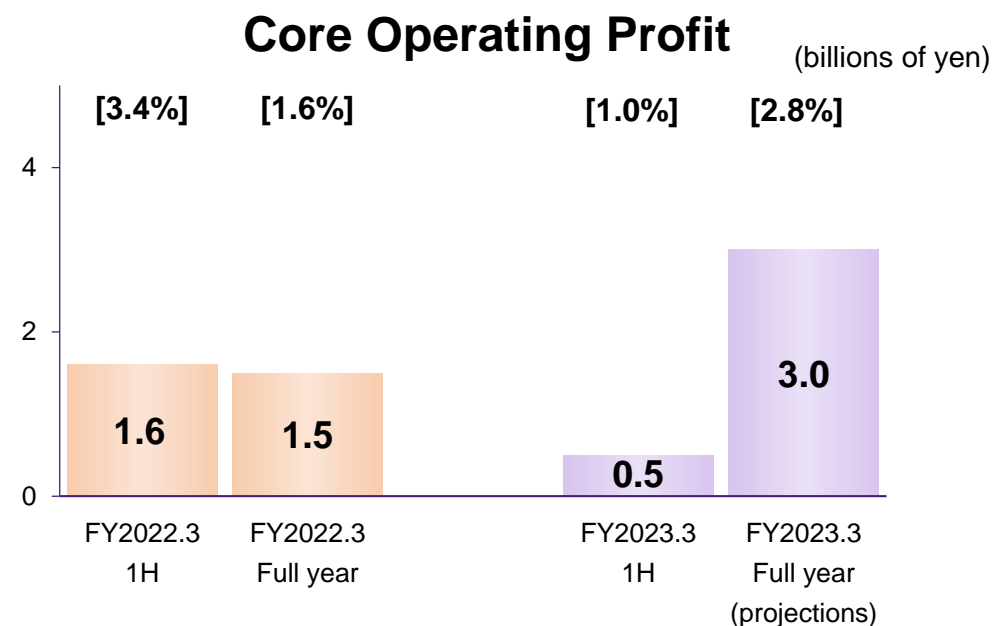
1H overview: Sales declined as impact of semiconductor procurement difficulties continued

- AV and PA: Sales decreased as supply shortages continued due to semiconductor procurement difficulties.
- ICT: Sales remained flat year on year as a result of strong demand for network devices covering a reactionary decline from last year's surge in demand for conference systems.

FY2023.3 Projections: Although semiconductor procurement difficulties will continue, sales are projected to rise

- AV: Sales are expected to decline due to continuing impact of semiconductor procurement difficulties.
- PA: Although semiconductor procurement difficulties will have an impact, sales are expected to rise as a result of partial improvement in procurement.
- ICT: A rise in sales is expected due to increased corporate demand for conference systems in addition to strong demand for network devices.

(Comments are on local currency basis)



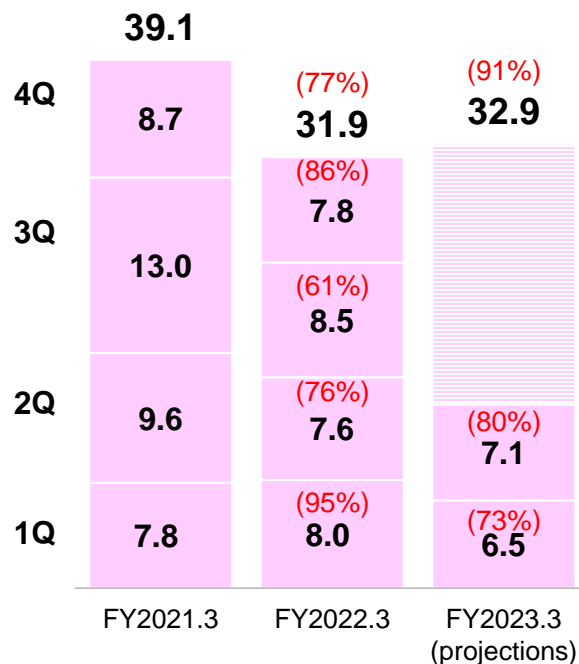
Red figures show actual YoY changes discounting impact of exchange rates

Figures in [] indicate core operating profit ratio

Revenue by Major Product Category

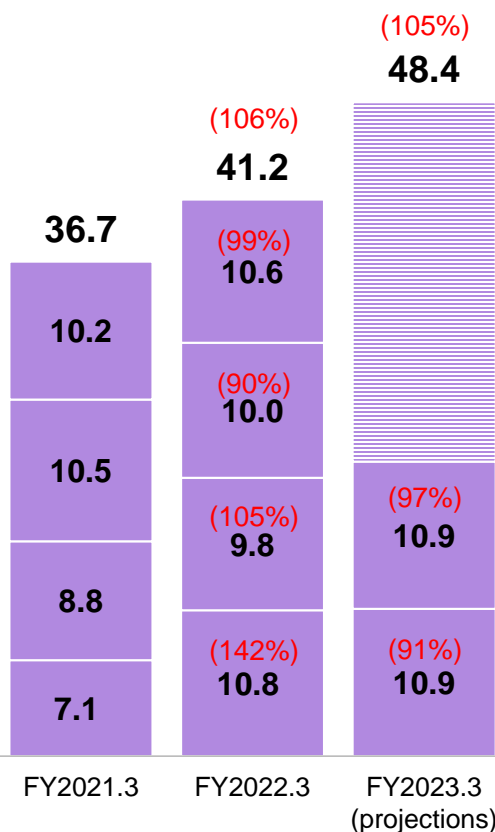
(billions of yen)

AV Products

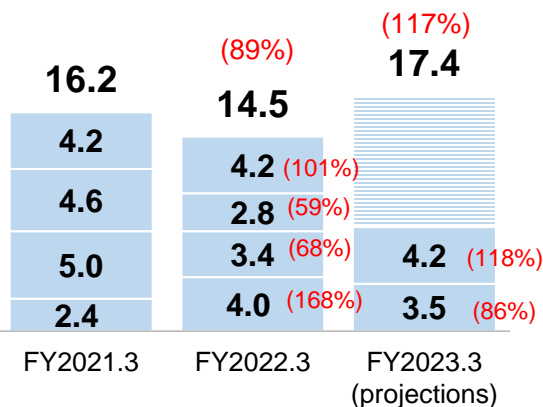


PA Equipment

PA Equipment includes only sales of products for PA Equipment (excluding engineering and installation services)

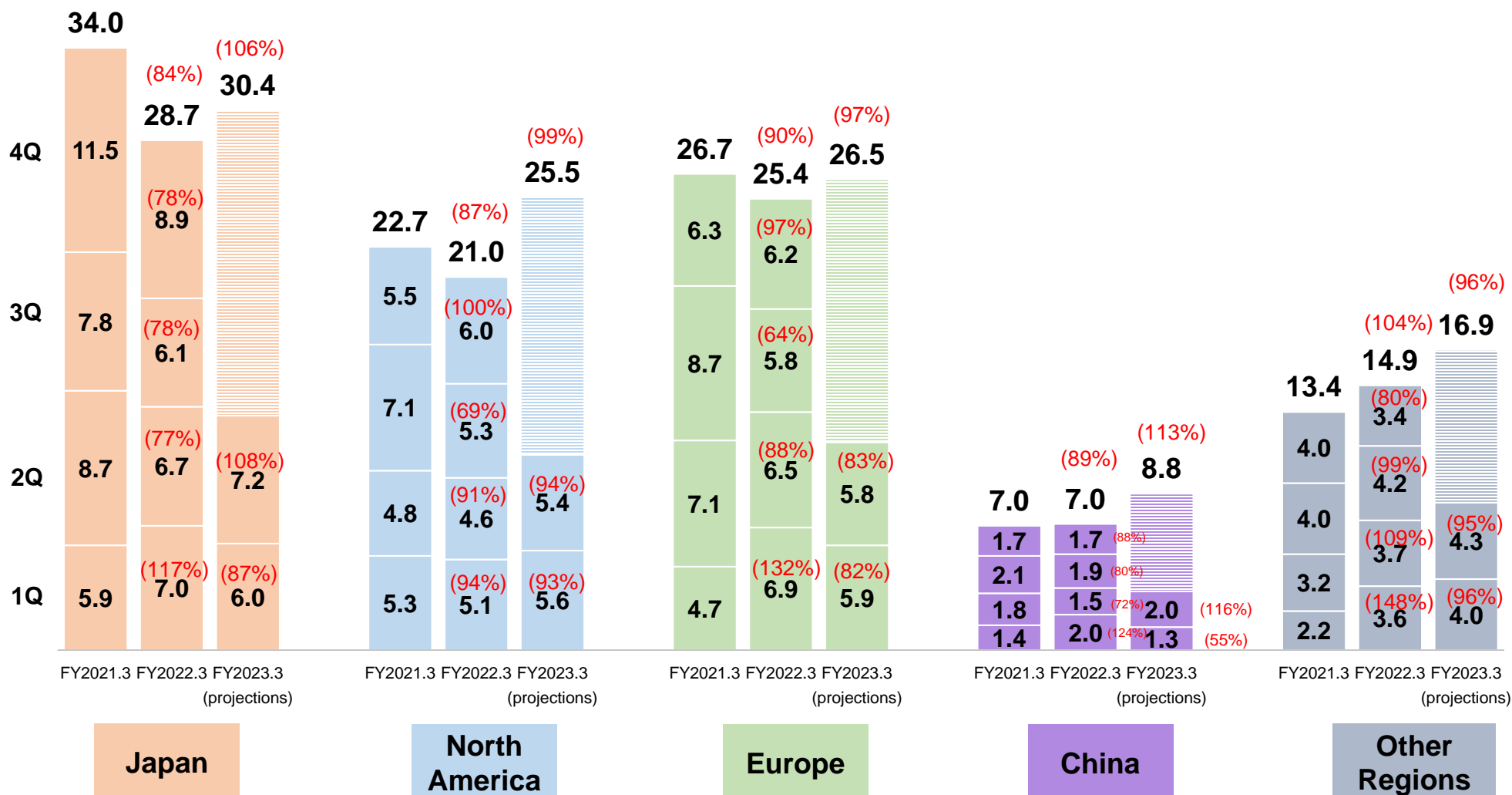


ICT Equipment



Revenue by Region

(billions of yen)



Red figures show actual YoY changes discounting impact of exchange rates

Develop Products with Distinctive Individuality

Strong product lineups to meet diverse needs in the audio equipment field

Gaming Mixer **ZG01**
and Headset **YH-G01**



This innovative audio mixer with USB interface and headset provide ideal immersive gaming experience with intuitive operation and advanced sound processing

True Wireless Bluetooth® Earbuds
TW-E7B



Our flagship wireless earbuds deliver unrivalled listening experience with balancing Listening Care functionality and stunningly rich authentic sound

Portable PA System
STAGEPAS 1K mkII and
Powered Loudspeaker **DXL1K**



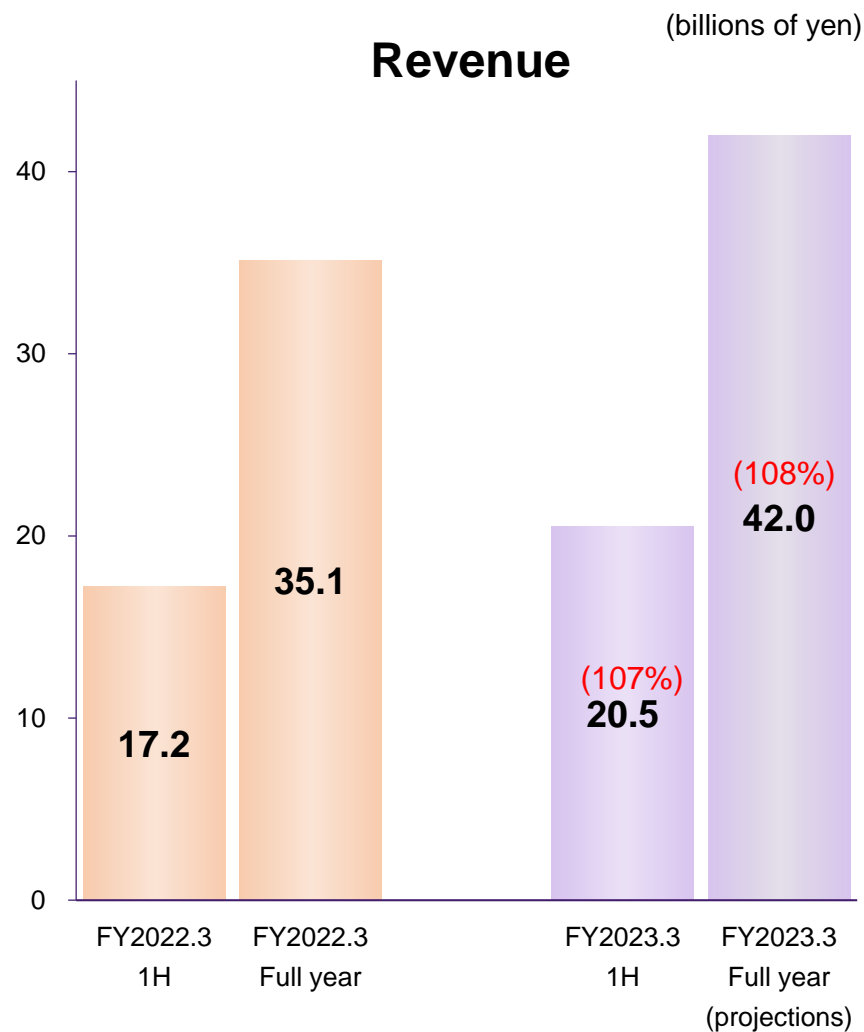
A new model of all-in-one PA system and a simple mixer ideal for transportation, expansion or combination

10 Gigabit Access VPN Router
RTX1300



VPN router for medium-sized offices for the era of 10 gigabit networks

Segment Revenue and Core Operating Profit



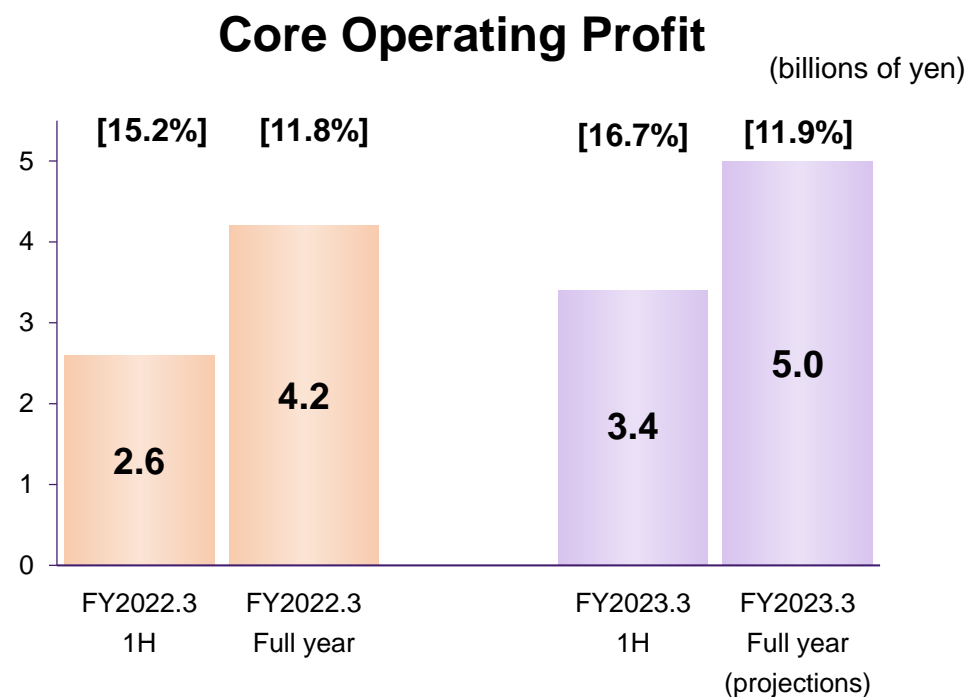
1H Overview

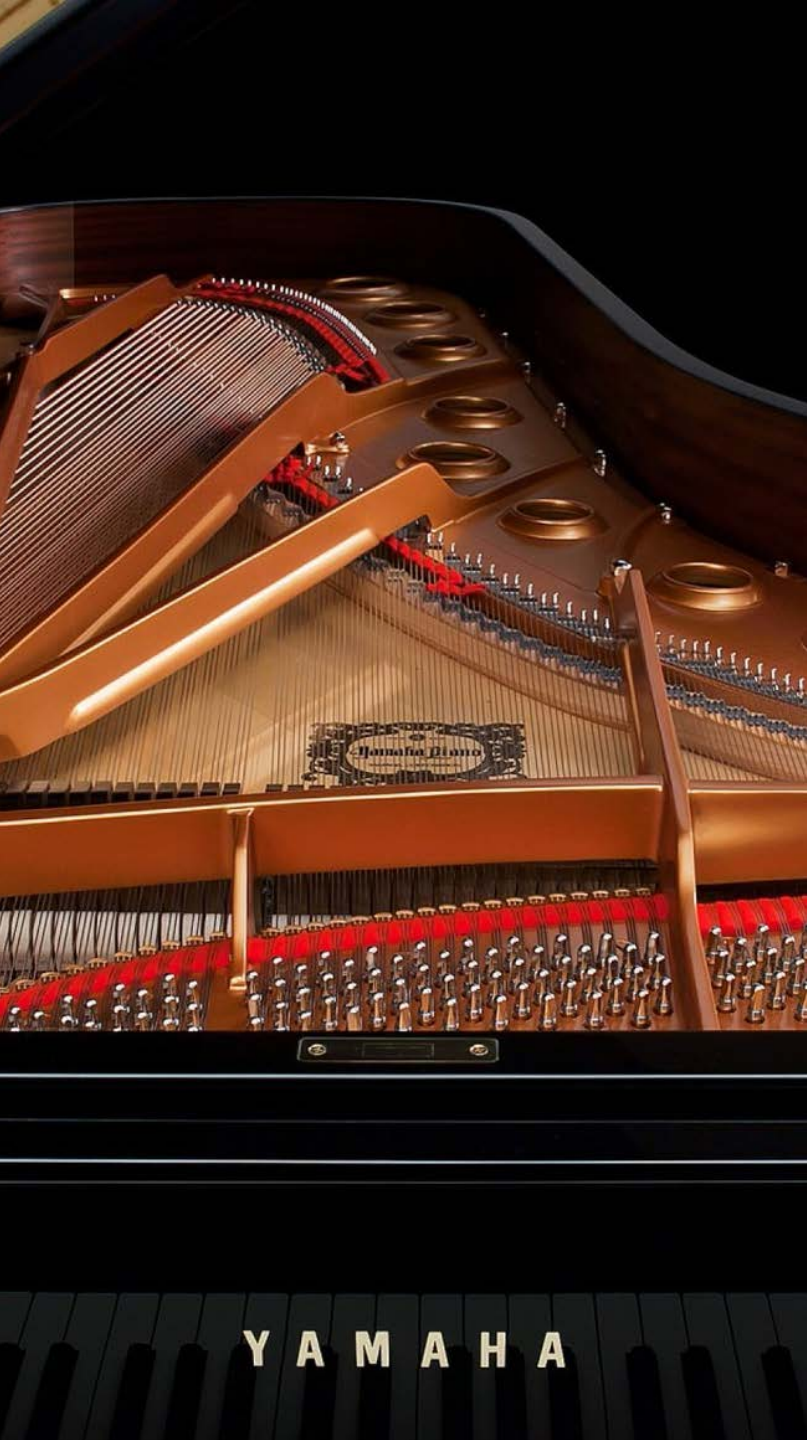
- Electronic devices sales declined due to semiconductor procurement difficulties.
- Although demand for factory automation equipment was weak, sales of automobile interior wood components recovered.

FY2023.3 Projections

- Sales are projected to increase due to expansion of automotive-related business.

(Comments are on local currency basis)





3. Other Financial Figures

Balance Sheet Summary

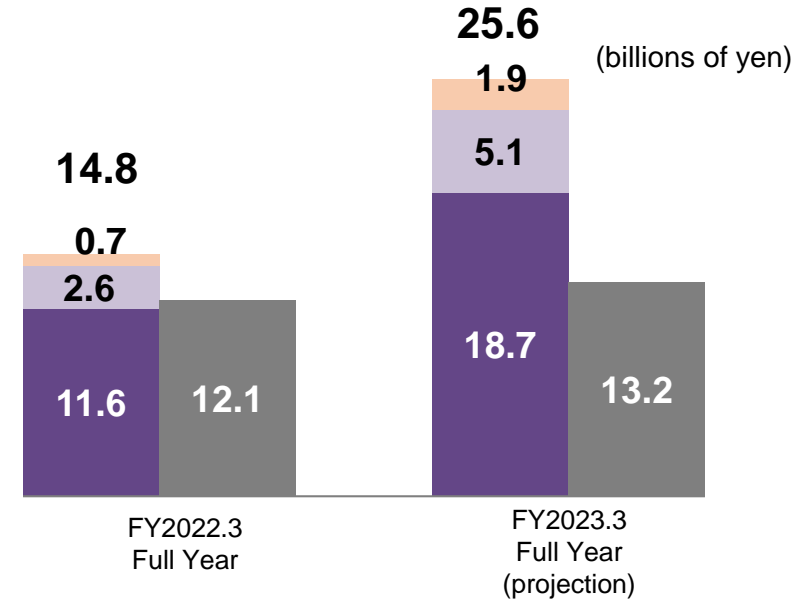
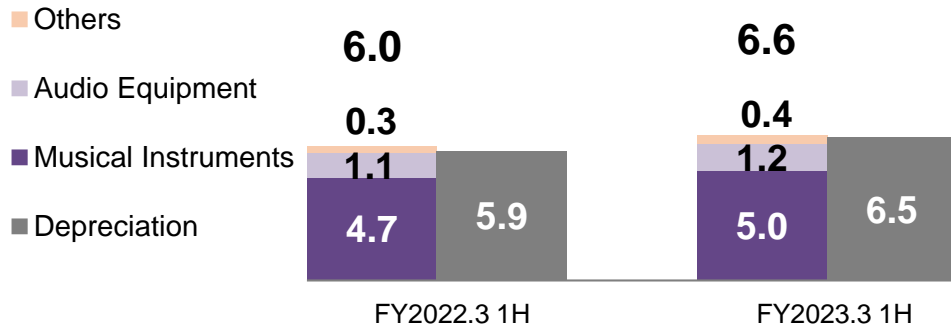
(billions of yen)

	As of March 31, 2022	As of Sept. 30, 2022	Change	As of March 31, 2023 (projections)
Cash and cash equivalents	172.5	139.8	-32.7	159.0
Trade and other receivables	60.0	64.4	4.4	69.0
Other financial assets	4.4	2.6	-1.7	2.5
Inventories	118.6	156.5	37.9	143.0
Other current assets	7.2	8.6	1.5	10.0
Non-current assets	218.3	221.9	3.6	229.5
Total Assets	580.9	594.0	13.0	613.0
Current liabilities	126.1	105.5	-20.6	115.0
Non-current liabilities	38.9	39.7	0.8	39.0
Total equity	415.9	448.8	32.9	459.0
Total liabilities and equity	580.9	594.0	13.0	613.0

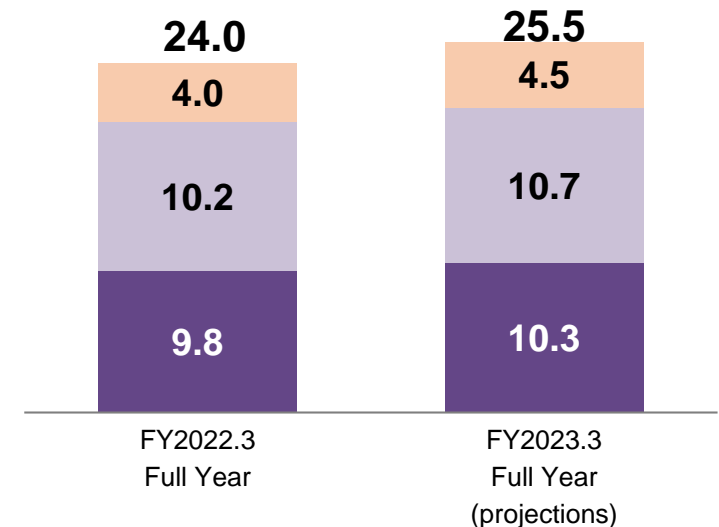
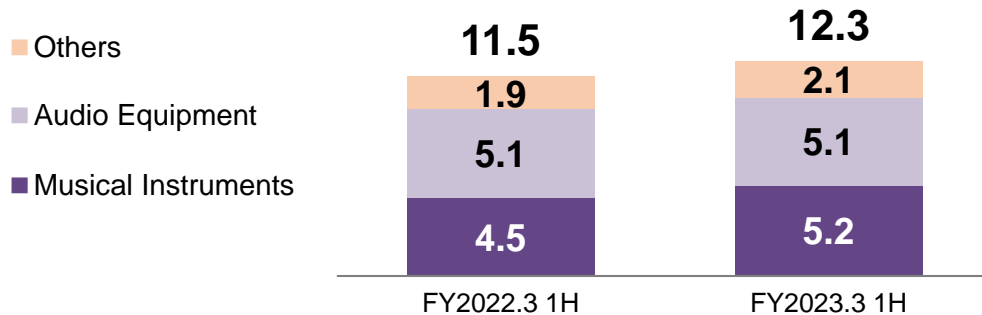
Capital Expenditure/Depreciation, R&D Expense

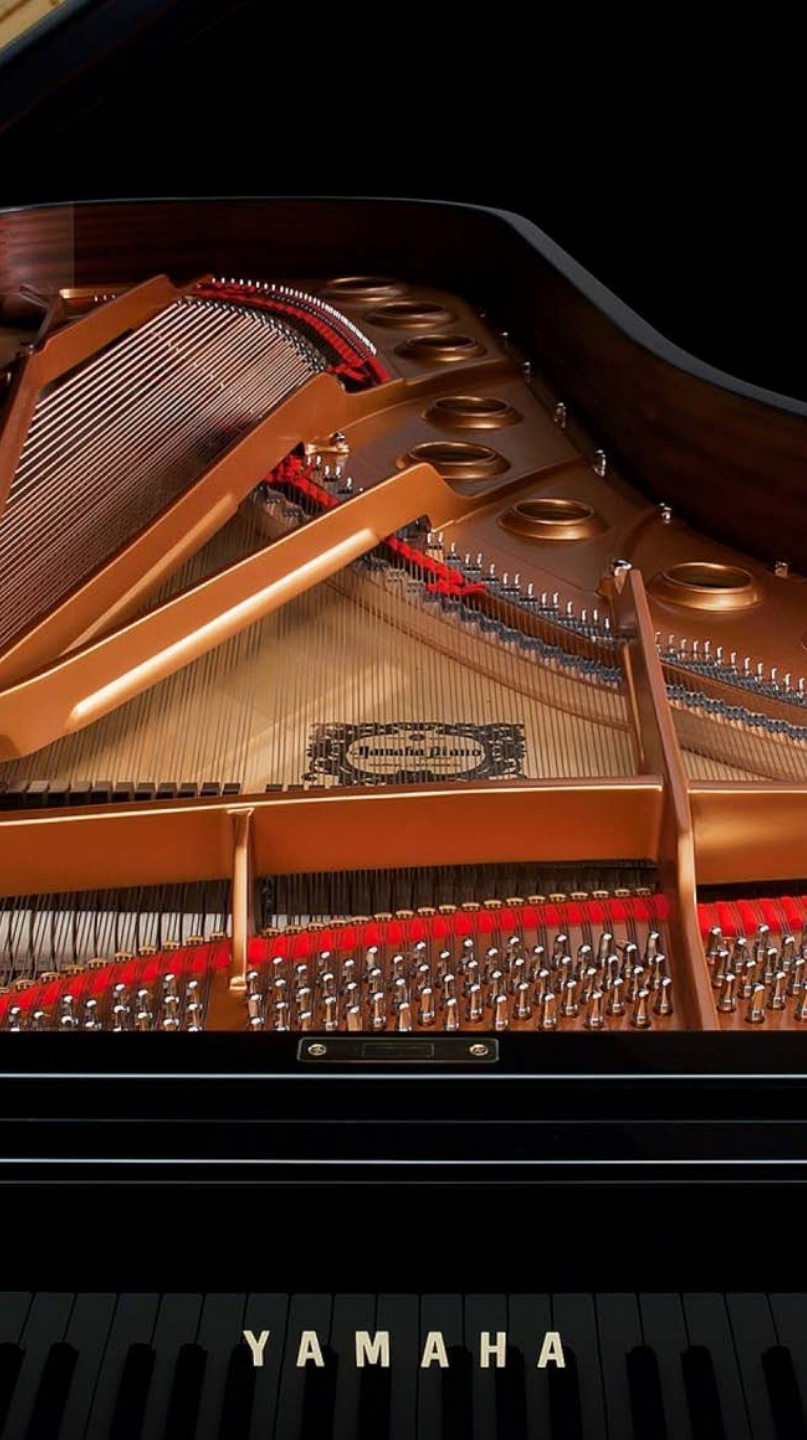
Capital Expenditure/Depreciation

*Full year projections remain unchanged from the previous announcement on August 3, 2022.



R&D Expenses





4. Topics

Priority Themes of Make Waves 2.0 (1)

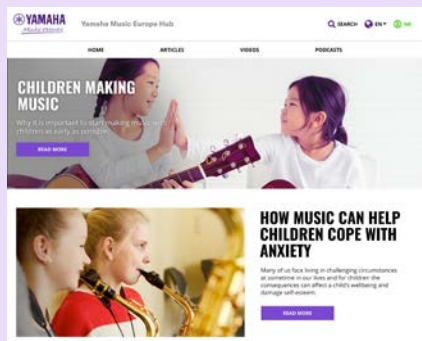
Further strengthen the business foundation

Develop closer ties with customers

Yamaha Music ID launched in Japan and Europe



<https://music-id.jp.yamaha.com/> (in Japanese only)



<https://hub.europe.yamaha.com/index/home>

Create new value

Developed AI technology that can become another person's singing voice in real time



A microphones equipped with TransVox™, Yamaha's AI technology that converts instantly a person's singing voice into another person's singing voice.

https://www.yamaha.com/ja/news_release/2022/22082401/ (in Japanese only)

Yamaha Designs Selected in the Good Design Awards

Good Design Best 100



Public Announcement System

https://www.yamaha.com/en/news_release/2022/22100701/



Yamaha Designs Selected in the DFA Design for Asia Awards 2022



Grand Award

Venova Casual Wind Instrument



https://www.yamaha.com/en/news_release/2022/22102601/

Yamaha awarded 1st place in the network device category of the Customer Satisfaction Survey 2022-2023 of Nikkei Computer Magazine for the seven consecutive year

Eight time awarded 1st place in total: 2007, 2016-2022



https://www.yamaha.com/ja/news_release/2022/22082201/ (in Japanese only)

Priority Themes of Make Waves 2.0 (2)

Set sustainability as a source of value

Expand market through the promotion and development of music culture

Instrumental music education in emerging countries



Began keyboard program in India



Teachers' training for music classes in Egypt

Enable Yamaha colleagues to be more valued, more engaged, and more committed

Promote respect for human rights and DE&I

Yamaha has been ranked in the top 10 in Japan for Gender Equality by Equileap



https://www.linkedin.com/posts/yamaha-corporation_shared-photo-activity-6958708009057325056-vdW3/?trk=public_profile_like_view

<https://equileap.com/equileap-reports/>

Published Engagement Tools

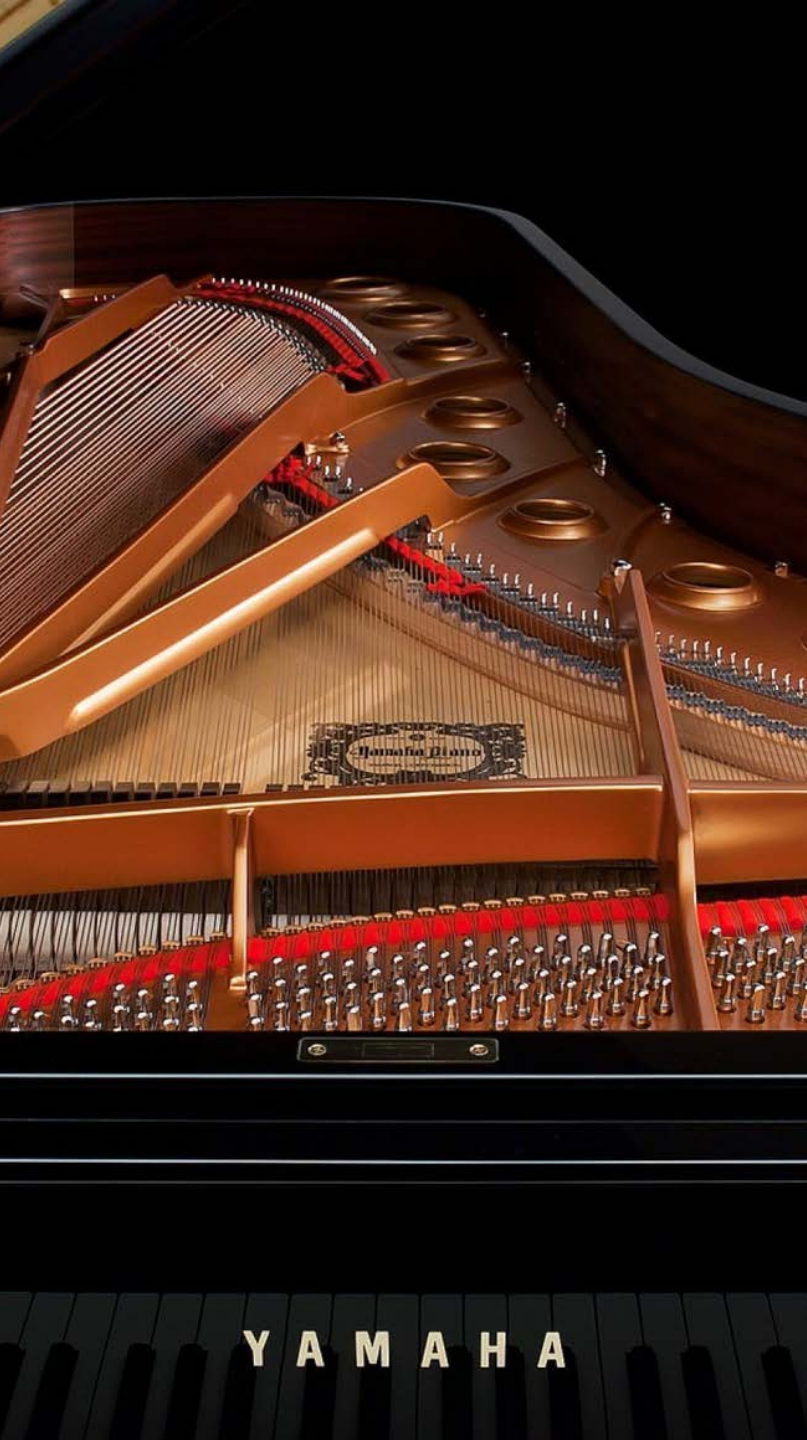
Yamaha Group Annual Report 2022 and Sustainability Report 2022



<https://www.yamaha.com/en/ir/publications/>
English report is scheduled for publication at the end of November



<https://www.yamaha.com/en/csr/download/>



Appendix

Performance in 2Q FY2023.3 (Three Months)

(billions of yen)

	FY2022.3 2Q	FY2023.3 2Q	Change	
Revenue	96.0	112.1	+16.1	+16.8% ^{*2}
Core Operating Profit (Core Operating Profit Ratio)	10.1 (10.5%)	13.4 (12.0%)	+3.3	+32.8%
Net Profit ^{*1}	8.0	12.2	+4.2	+52.3%

Exchange Rate (yen)

Revenue (Average rate during the period)	US\$	110	138
	EUR	130	139
Profit (Settlement rate)	US\$	110	137
	EUR	131	137

^{*2}
+2.7 %
(Excluding the impact of exchange rate)

*1 Net profit is presented as net profit attributable to owners of parent on the consolidated financial statements.

Performance by Business Segment in 2Q FY2023.3 (Three Months)

(billions of yen)

		FY2022.3 2Q	FY2023.3 2Q	Change	Exchange rate impact
Musical Instruments	Revenue	65.3	76.7	11.5	9.7
	Core Operating Profit	8.9	11.0	2.1	2.3
	Core Operating Profit Ratio	13.6%	14.3%	+0.7P	
Audio Equipment	Revenue	22.9	24.7	1.8	2.5
	Core Operating Profit	0.3	0.8	0.6	-0.6
	Core Operating Profit Ratio	1.2%	3.4%	+2.2P	
IMC^{*1} Business and Others	Revenue	7.8	10.7	2.9	1.3
	Core Operating Profit	1.0	1.6	0.7	0.9
	Core Operating Profit Ratio	12.3%	15.1%	+2.8P	

1H Other Income and Expenses (Six Months)

(billions of yen)

		FY2022.3 1H	FY2023.3 1H
Core Operating Profit		23.5	24.4
Other Income and Expenses	Profit from (loss on) disposal of fixed assets	4.7	-0
	Others	0.6	0.3
	Total	5.3	0.3
Operating Profit		28.8	24.7
Financial Income and Expenses	Dividends income	2.2	1.3
	Others	-1.5	4.1
	Total	0.7	5.4
Profit before Income Taxes		29.5	30.1
Income taxes		8.1	9.3
Net profit attributable to non-controlling interests		-0	0
Net Profit ^{*1}		21.4	20.8

*1 Net profit is presented as profit attributable to owners of the parent on the consolidated financial statements.

Full Year Other Income and Expenses

(billions of yen)

		FY2022.3 Full year	FY2023.3 Full year (projections)
Core Operating Profit		43.0	52.0
Other Income and Expenses	Profit from (loss on) disposal of fixed assets	4.6	-0
	Others	1.7	0.5
	Total	6.3	0.5
Operating Profit		49.3	52.5
Financial Income and Expenses	Dividends income	3.4	2.4
	Others	0.3	2.6
	Total	3.7	5.0
Profit before Income Taxes		53.0	57.5
Income taxes		15.7	16.4
Net profit attributable to non-controlling interests		0.1	0.1
Net Profit^{*1}		37.3	41.0

*1 Net profit is presented as profit attributable to owners of the parent on the consolidated financial statements.

In this report, the figures forecast for the Company's future performance have been calculated on the basis of information currently available to Yamaha and the Yamaha Group. Forecasts are, therefore, subject to risks and uncertainties.

Accordingly, actual performance may differ greatly from our projections depending on changes in the economic conditions surrounding our business, demand trends, and the value of key currencies, such as the U.S. dollar and the euro.