

PURPOSE

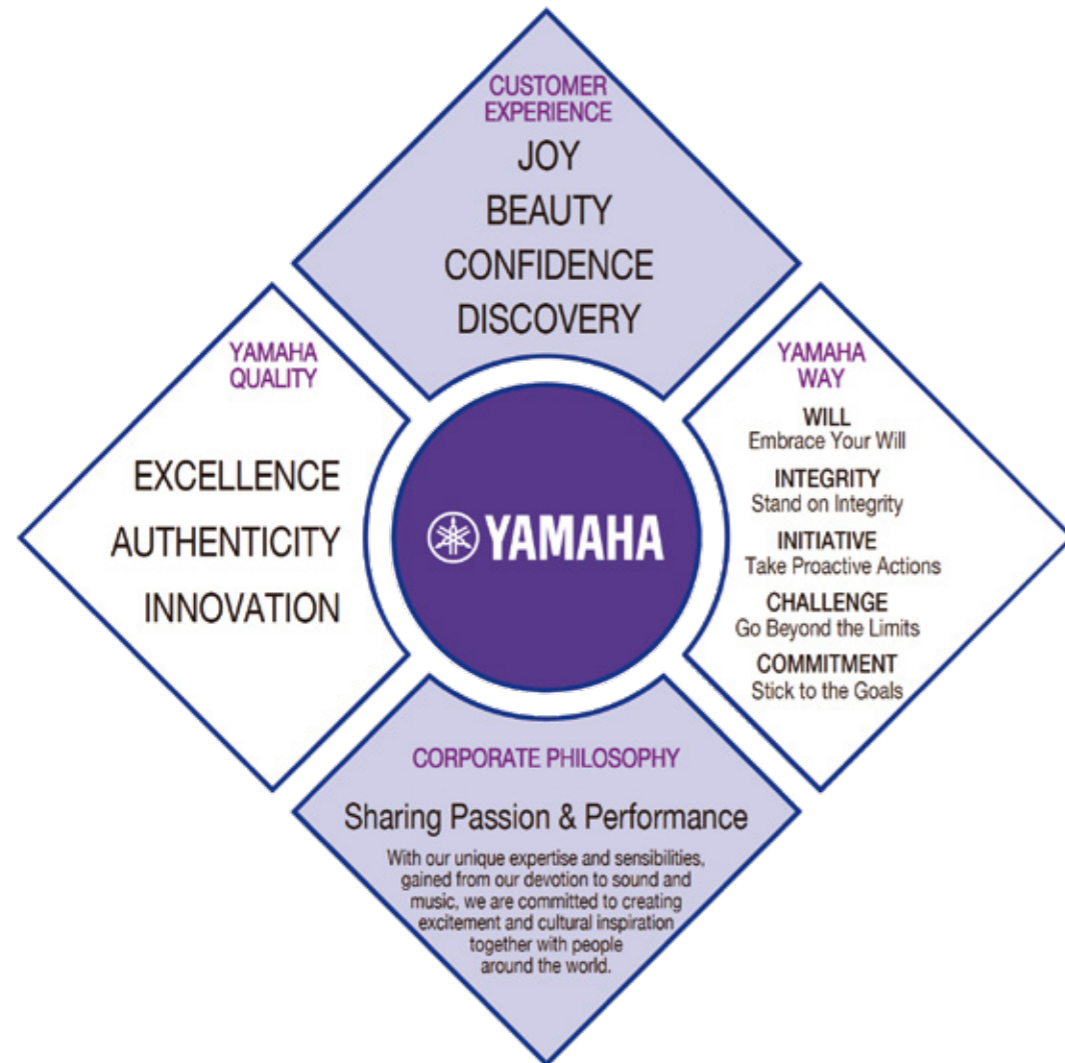
Well-Being of People around the World



YAMAHA PHILOSOPHY

The Yamaha Philosophy expresses the core framework of the Yamaha Group's management and consists of four elements: the Corporate Philosophy, Customer Experience, Yamaha Quality (criteria for quality), and Yamaha Way (mindset and manners).

We utilize the Yamaha Philosophy as a foundation to draw from, try to think from the customer's viewpoint, and consistently provide high-quality products and services that exceed the expectations of our customers, and to create excitement and cultural inspiration together with people around the world.





PROMISES TO STAKEHOLDERS

The entire Yamaha Group shares promises to our stakeholders—customers, the people who work with Yamaha, business partners, regional communities and society, our planet earth, and shareholders—working to improve the satisfaction of each stakeholder and making effective use of our management resources to achieve sustainable growth in order to maximize its corporate value.

Customer-Oriented and Quality-Conscious Management (For Customers)

For the well-being of its customers, Yamaha offers quality and valuable products and services that incorporate innovative and traditional technologies as well as sensibilities and refined creativity.

Management that Values People (For People Who Work with Yamaha)

Yamaha places the highest priority on the health and safety of all people who work with Yamaha and aims to create a corporate culture where each person's individuality and creativity are respected, and that encourages everyone to take on challenges to achieve self-fulfillment through their work.

Management Based on Mutual Understanding and Trust (For Business Partners)

Yamaha values mutual understanding and trust and builds sound business relationships with all of our business partners, including distributors and suppliers.

Management that Contributes to Social and Cultural Development (For the Regional Communities and Society)

Yamaha complies with the laws with the highest ethical standards, and as a good corporate citizen, contributes to the development of society and culture through its accumulated technologies and expertise to address various social issues as well as efforts that only Yamaha could do.

Management that Considers the Global Environment (For Earth)

Yamaha actively works to reduce CO₂ emissions and conserve and make effective use of resources such as timber, and takes a role as a company to hand down the precious global environment to the future.

Transparent and Sound Management (For Shareholders)

Yamaha ensures sound business performance, continues to deliver proper returns to shareholders, and pursues sustainable development through transparent and high-quality management.

BRAND PROMISE

A feeling of enthusiastic excitement lives in sound and music, through playing or simply listening. We at Yamaha want to inspire peoples' passion and help them make a step forward to express their individuality, emotion and creativity.



Make Waves

Just a few notes or a simple melody can send out ripples that trigger an emotional bond with another person.

Sound and music have a transformational impact on individuals and the world around us. The "Make Waves" concept focuses on our passions and what matters most to people, namely, expressing themselves and making an impact, to progress personally as a listener and player, and to come together with others.

Yamaha is committed to empowering people to "Make Waves" with their sound and music.

VALUE CREATION STORY

Mission

Purpose

Well-Being of People
around the World

Corporate Philosophy

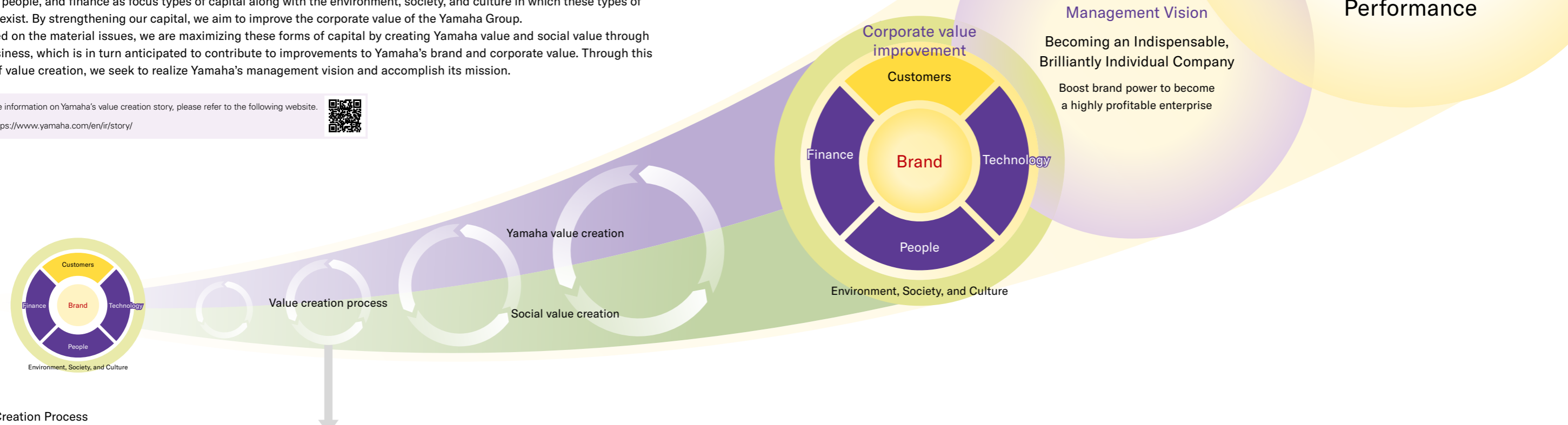
Sharing Passion &
Performance

Yamaha enhances corporate value and fulfills its mission by creating social value.

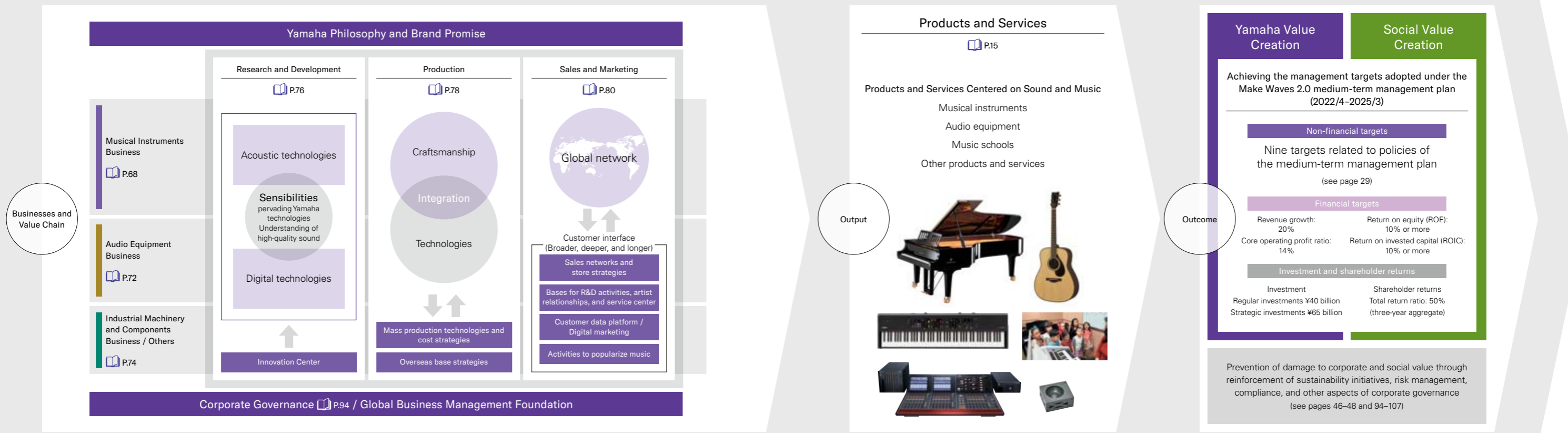
The Yamaha Group focuses on six types of capital. A central form of capital is our brand, and we also defined customers, technology, people, and finance as focus types of capital along with the environment, society, and culture in which these types of capital exist. By strengthening our capital, we aim to improve the corporate value of the Yamaha Group.

Based on the material issues, we are maximizing these forms of capital by creating Yamaha value and social value through our business, which is in turn anticipated to contribute to improvements to Yamaha's brand and corporate value. Through this cycle of value creation, we seek to realize Yamaha's management vision and accomplish its mission.

For more information on Yamaha's value creation story, please refer to the following website.
<https://www.yamaha.com/en/ir/story/>



Value Creation Process






Growth in the New Society Emerging amid Changing Operating Environment

The COVID-19 pandemic triggered the acceleration of various changes in the operating environment, including digitalization, increased emphasis on diversity, and growing awareness of sustainability. The pandemic also placed restrictions on the movement of people and on face-to-face interactions. This trend spurred an increase in exchanges of goods and information via the internet, giving rise to products and services that accommodate this new lifestyle.

Meanwhile, the growing awareness of sustainability was indicative of a shift in people's focus from economic prosperity to a more fundamental feeling of emotional enrichment. With a view to the new society emerging amid these changes, the Yamaha Group sees an increasingly wide range of opportunities to seize, as part of its quest to create excitement and cultural inspiration with the combination of its technologies and sensibilities founded on sound and music. At the same time, we recognize that this environment also presents geopolitical risks as well as risks of economic stagnation and unforeseen supply chain disruptions.

A New Society Brought about by Business Environment Changes

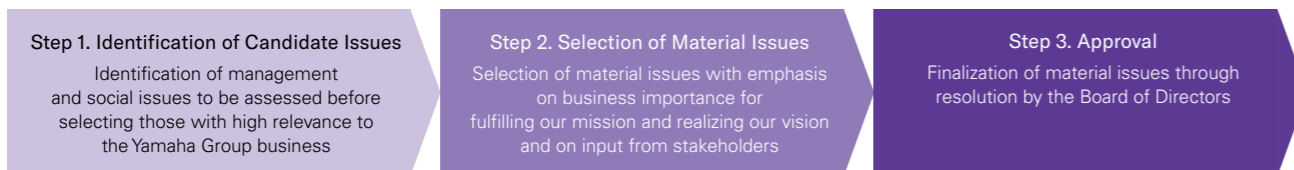
<p>Business environment forecast</p> <p><u>Profound transformation brought about by accelerated digitalization</u></p> <p>The industrial structure and the world are changing drastically while relationships with customers are becoming more direct and closer.</p> 	<p>Business environment forecast</p> <p><u>Greater diversity in lifestyles and people's values</u></p> <p>Beyond desiring greater functionality and convenience, people are also seeking greater emotional satisfaction and authenticity.</p> 	<p>Business environment forecast</p> <p><u>Growing awareness of sustainability</u></p> <p>Greater social demand for corporate social responsibility Broader awareness that the making of social contributions leads to corporate value creation over the medium to long term.</p> 
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The COVID-19 pandemic has rapidly changed people's awareness and the environment, as part of the transition to the new post-COVID-19 society.

- In an era in which people seek more fundamental forms of fulfillment, sound and music are becoming much more essential to people.
- People's purchasing behavior is shifting to digital and online, thus increasing the number of e-commerce users.
- Changes are underway regarding the way people enjoy sound and music and communicate, such as remote ensembles, online conferences, etc.

The new society offers Yamaha more opportunities to seize through the combination of its technologies and sensibilities.

Material Issue Identification Process



For more information on material sustainability issues, please refer to the following website.

<https://www.yamaha.com/en/csr/sustainability/materiality/>



Material Issues

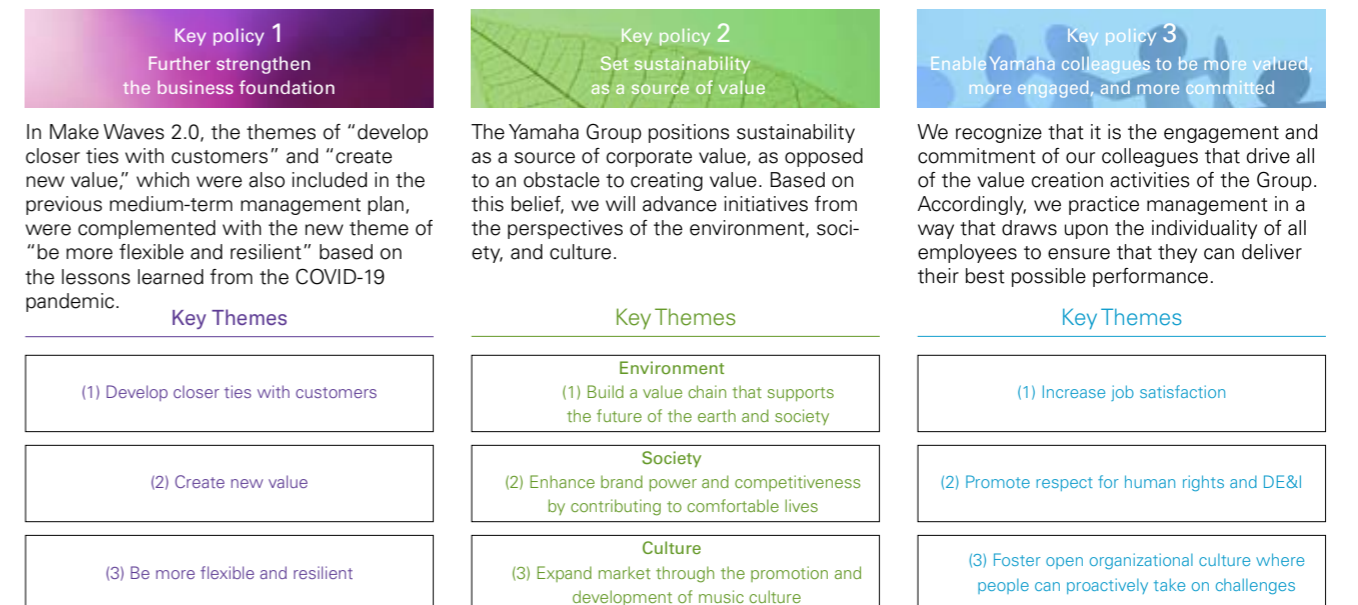
Information on initiatives based on the defined material issues can be found on pages 28–35 as well as on the pages indicated below.



Incorporation into the medium-term management plan

Basic policy of the medium-term management plan: Enhance capacity for sustainable growth in the new society

Policies and Key Themes

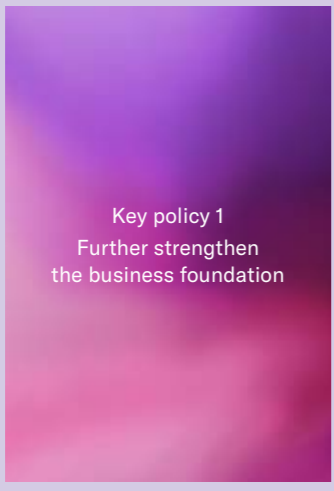

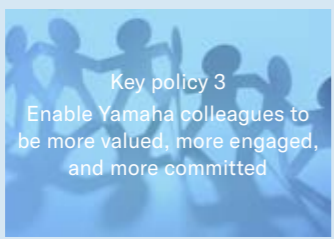


Based on its medium- to long-term operating environment outlook, the Yamaha Group has defined 10 material issues in the three areas of business foundation, environment and society, and human resources. These issues represent important management priorities. For the area of business foundation, we focused on identifying material issues with an emphasis on their impact on business activities in order to select the issues that would be important to fulfilling our mission and realizing our vision given our operating environment. Meanwhile, the areas of environment and society and human resources have been designated as areas for material sustainability issues. The policies of further strengthen the business foundation; set sustainability as a source of value; and enable Yamaha colleagues to be more valued, more engaged, and more committed have been defined in the medium-term management plan based on these material issues. These policies are meant to guide efforts to strategically address the risks and opportunities that were identified as part of this process. These policies will be enacted as part of our quest to achieve ongoing growth in the new society that is emerging.

MECHANISM FOR CREATING VALUE

Yamaha is strengthening its six types of capital (brand, customers, technology, people, finance, and the environment, society, and culture) by creating Yamaha value and social value through its business activities based on its material issues. In this way, Yamaha aims to realize its management vision and fulfill its mission as it improves corporate value.

The following table illustrates the mechanism through which the creation of value strengthens specific types of capital and thereby contributes to value creation.

Material Issues	Medium-Term Management Plan (2022/4-2025/3)		Strategies and Corporate Governance	Strengths Driving Strategies	Type of Capital Strengthened through Strategies						Financial Benefits of Capital Strengthened through Strategies			
	Policies	Key Themes			Brand	Customers	Technology	People	Finance	Environment, Society, and Culture				
Business Foundation	Customers	 <p>Key policy 1 Further strengthen the business foundation</p>	Develop closer ties with customers Create new value Be more flexible and resilient	Corporate Strategies × Strategies by Business × Strategies by Function × Corporate Governance	- No. 1* share in the global musical instrument market - Superior acoustic and digital technological capabilities - Manufacturing systems merging craftsmanship and technologies - Global network centered on directly operated sales subsidiaries		×						Increased customer support → Contributions to revenue	
	Technology						×	×				×	Creation of new value → Contributions to revenue	
	Manufacturing							×						Enhanced resilience → Contributions to revenue, prevention of losses of sales opportunities
	Quality						×	×						Greater customer trust earned through supply of high-quality products and services → Contributions to revenue, reduction in quality issues
	Digital transformation						×	×						Reforms to processes → Reductions in costs Creation of new value → Contributions to revenue
	Governance													Improvement of management quality → Ongoing growth driven by business expansion and risk management
Environment and Society	Environment	 <p>Key policy 2 Set sustainability as a source of value</p>	Build a value chain that supports the future of the earth and society Enhance brand power and competitiveness by contributing to comfortable lives Expand market through the promotion and development of music culture	Corporate Governance	- Manufacturing systems merging craftsmanship and technologies - Global network centered on directly operated sales subsidiaries							×	Conservation of resources → Reductions in costs Cultivation and preservation of scarce timber resources → Reliable procurement of raw materials	
	Society						×						×	Supply of products that contribute to more comfortable lifestyles → Contributions to revenue
	Culture						×						×	Fostering of future customers → Contributions to revenue
Human Resources		 <p>Key policy 3 Enable Yamaha colleagues to be more valued, more engaged, and more committed</p>	Increase job satisfaction Promote respect for human rights and DE&I Foster open organizational culture where people can proactively take on challenges										×	Improvement of employee satisfaction, motivation, and skills → Reductions in employee turnover and improvements in labor productivity
													×	Utilization of diverse talent and innovation through diversity → Contributions to revenue and improvements in labor productivity
													×	Improvement of psychological safety, reduction in accidents and quality issues → Improvements in labor productivity
P.28-39			P.40-107		P.6-7, 16-17									

Yamaha's 10 material issues in the three areas of business foundation, environment and society, and human resources have been incorporated into the Make Waves 2.0 medium-term management plan. In addition, we have defined corporate strategies, strategies by business, and strategies by function for exercising the three key policies of the medium-term management plan and giving form to initiatives based on the plan's key themes. These strategies are driven by the strengths Yamaha has fostered through its efforts thus far. We are also pursuing ongoing improvements to corporate governance based on the recognition that strong governance is imperative to improving the quality of overall management. Through these strategies, we aim to strengthen the six types of capital defined by Yamaha so that the strengthened capital can be reinvested to support and accelerate the creation of Yamaha value and social value.

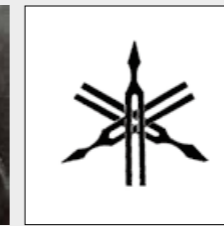
Based on the key theme of develop closer ties with customers, for example, we are deploying sales and brand strategies targeting improvements to lifetime value. The advancement of these strategies is fueled by Yamaha's position as the holders of the No. 1 share in the global market for musical instruments as well as by the Company's global network. Our sales and brand strategies based on this theme contribute to the strengthening of the management capital that is our brand and customers, and this strengthened capital helps grow revenue. This ongoing process is anticipated to enable the Company to maintain its competitive edge on into the future while driving the creation of Yamaha value and social value.

* Figures represent estimates by Yamaha Corporation.

The history of the Yamaha Group dates back to its founding in 1887. Since then, we have continued with our aim of creating excitement and cultural inspiration together with people around the world while centering our business on sound and music to support the “Well-Being of People around the World.” The principles and policies that have guided us on our journey have been codified into the Yamaha Philosophy and have been a treasured part of our corporate culture throughout our history spanning more than 135 years.



Founder Torakusu Yamaha



The three tuning forks of the Yamaha brand logo represent the cooperative relationship that links the three pillars of our business—technology, production, and sales. They also evoke the robust vitality that has forged our reputation for sound and music the world over, a territory signified by the enclosing circle. In addition, the mark symbolizes the union of three essential musical elements: melody, harmony, and rhythm. The spirit of our founder expressed in this logo lives on today, spurring us forward to continue enhancing the Yamaha brand.

Value Creation by Yamaha

Birth of the Yamaha Brand



1897 Establishment of Nippon Gakki Co., Ltd.

The birth of the Yamaha Group can be traced to the repair of a single broken organ by founder Torakusu Yamaha in 1887. This experience led Yamaha to success in creating domestically produced organs in Japan, and this success would in turn prompt him to establish Nippon Gakki Co., Ltd. (currently Yamaha Corporation), in 1897 and commence the domestic manufacture of pianos. Yamaha would then go on to build the foundations for the Company's core musical instruments business of today and to create excitement and cultural inspiration together with people around the world. Our founder is the namesake for the Yamaha brand.



Creation of New Value by Merging Acoustics and Digital Technologies

The acoustic technologies we have fostered since our founding have been merged with digital technologies to create a number of innovative products. Made possible by the proprietary large-scale integration chips created through in-house production of semiconductors, these products include our DX7 digital synthesizer, Clavinova digital pianos, and SILENT Pianos. Meanwhile, our musical instrument production technologies were applied to commercialize factory automation (FA) equipment and automobile interior wood components, greatly expanding the business and regional scope of our operations. The Company adopted its current name of Yamaha Corporation in conjunction with its centennial anniversary in 1987.

Quest to Support the “Well-Being of People around the World”

Yamaha is supplying new solutions that respond to recent changes in the social climate through sound and music. Examples of these solutions include the SYNCROOM online remote ensemble performance service and the Remote Cheerer powered by SoundUD remote cheering system. We are also advancing the School Project, which is aimed at supporting the introduction of instrumental music education in public education, while expanding the range of vehicles that use our automotive sound systems. By delivering these solutions, we aim to contribute to the resolution of social issues and improve corporate value.

Under Make Waves 2.0, the current medium-term management plan, the Yamaha Group is advancing measures to develop closer ties with customers and create new value. Such measures include proposing new value using AI technologies, the acquisition of U.S. guitar manufacturer Cordoba Music Group, LLC, and the establishment of a sales subsidiary in the Philippines.



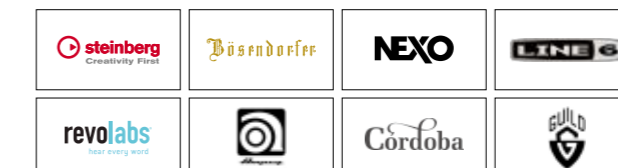
Advancement onto the Global Stage as a Comprehensive Musical Instruments Manufacturer Combining Technologies and Sensibilities



Yamaha began offering organ classes (predecessor of the Yamaha Music School) in 1954. Meanwhile, the technology and sensibilities cultivated through the manufacture of musical instruments were adapted to diversify our business through involvement in audio products, sports equipment, lifestyle items, and other areas. These strengths also shaped our efforts to promote the spread of music. In 1958, Yamaha established its first overseas subsidiary in Mexico, after which the Company proceeded to expand its sales and production networks across the globe to grow as a comprehensive musical instruments manufacturer.

Positioning of Sound and Music as Core Business through Selection and Concentration

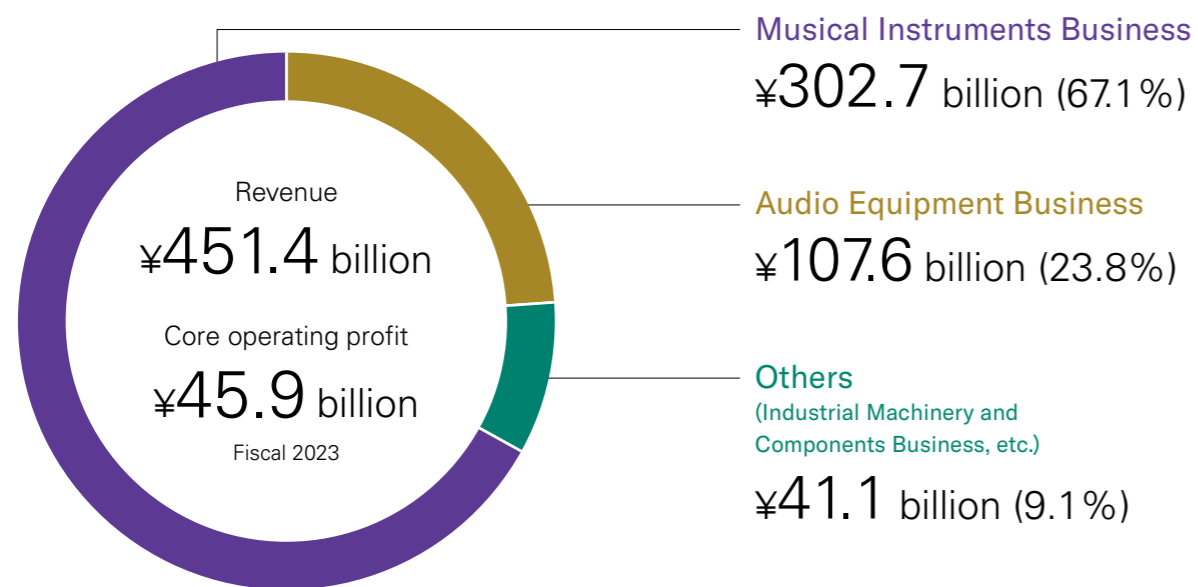
Yamaha undertook selection and concentration of its previously diversified businesses to focus more on its core business centered on sound and music. This move saw us reorganizing and consolidating domestic and overseas production and sales bases and acquiring overseas companies to restructure our core business and strengthen our growth foundations. This was the start of business reorganizations aimed at taking our business to the next growth stage.



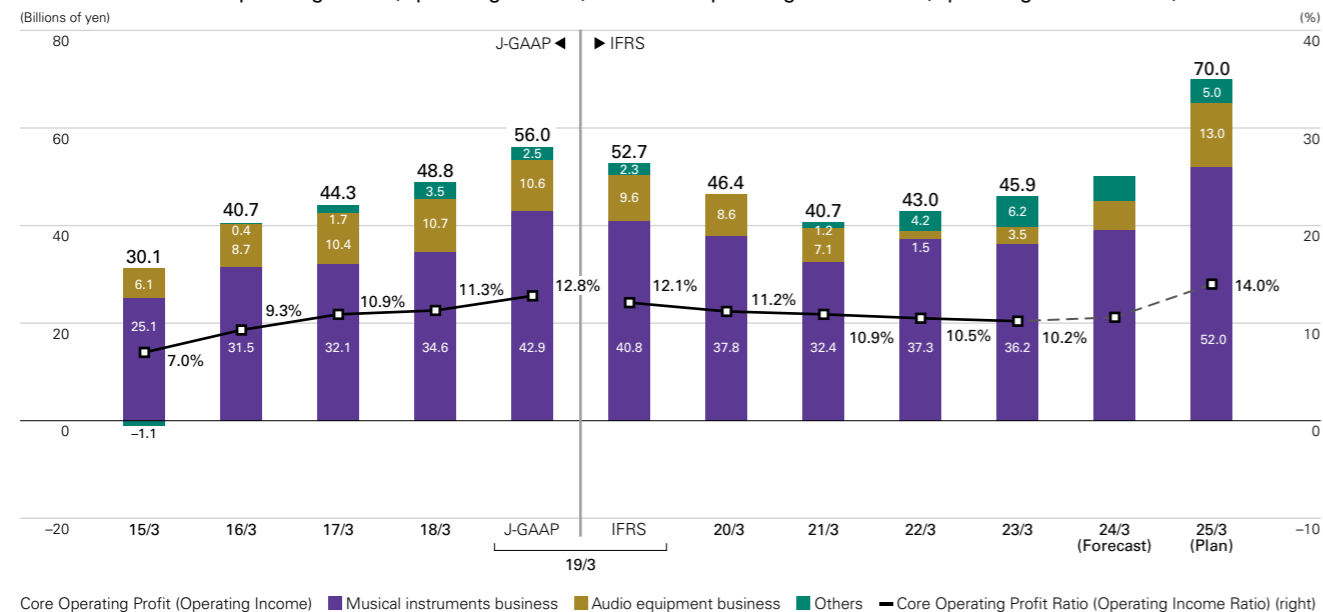
Yamaha will support the “Well-Being of People around the World” through its business centered on sound and music.

Yamaha is the world's largest comprehensive musical instruments manufacturer, producing and selling a complete lineup of products ranging from acoustic to digital musical instruments. We are developing wide-ranging, global operations spanning from businesses related to sound and music, encompassing musical instruments, professional audio equipment, and home audio products and network equipment, to the industrial machinery and components business focused on semiconductors.

Groupwise Consolidated Revenue and Core Operating Profit



Breakdown of Core Operating Profit (Operating Income) and Core Operating Profit Ratio (Operating Income Ratio)



Yamaha's Three Core Businesses and Their Major Products

Musical Instruments Business

The musical instruments business includes a diverse spectrum of operations ranging from the manufacture and sale of mainstay musical instruments to the operation of music schools and the production and distribution of music and video content.

For more information on the strategies of the musical instruments business, please refer to pages 68-71.



Audio Equipment Business

In the audio equipment business, we sell an extensive lineup of products, including both consumer and commercial equipment.

For more information on the strategies of the audio equipment business, please refer to pages 72-73.



Others (Industrial Machinery and Components Business, etc.)

Other businesses include the provision of products and services such as semiconductors and other electronic components, FA equipment, and automobile interior wood components.

For more information on the strategies of the industrial machinery and components business, please refer to pages 74-75.



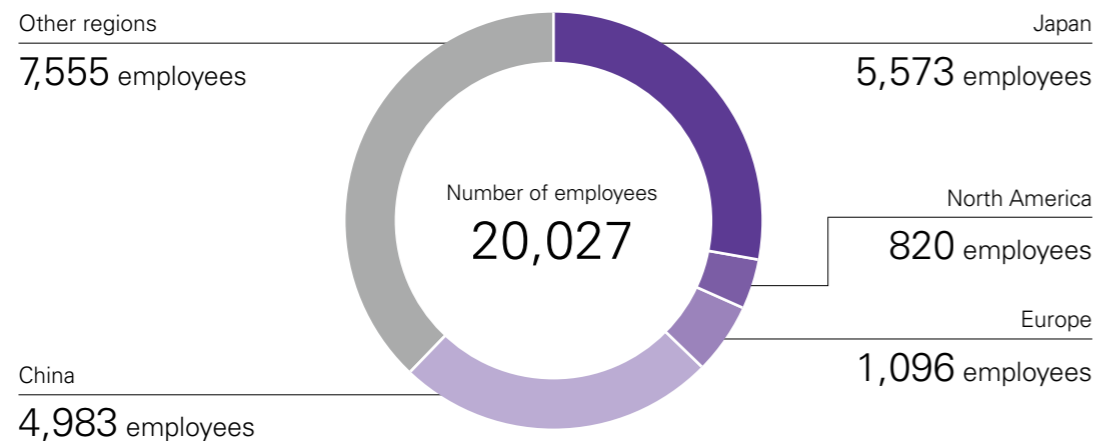
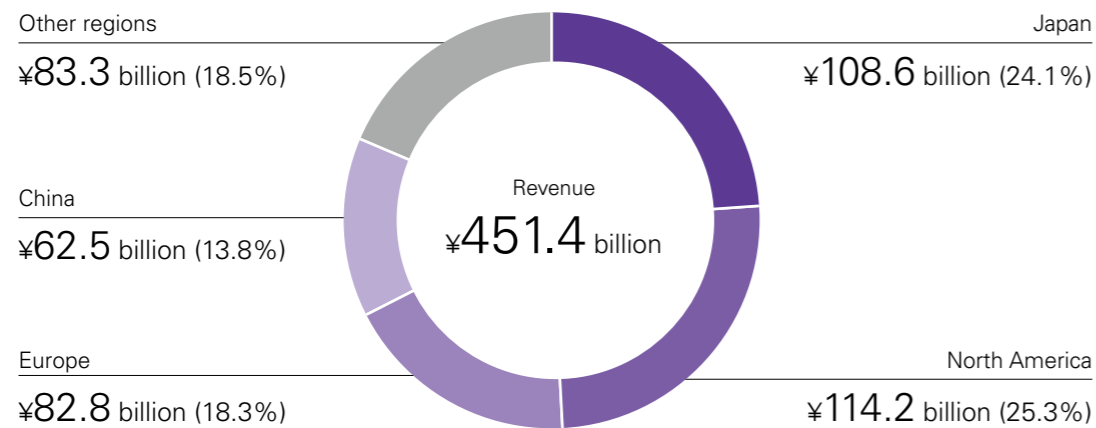


YAMAHA'S NETWORK IS EXPANDING ACROSS THE GLOBE.

Yamaha has been aggressively expanding its global operations for more than 60 years, and Yamaha products and services are now the choice of customers around the world.

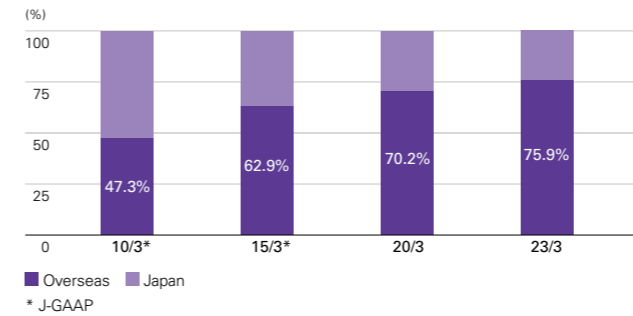
Today, our network encompasses more than 30 countries and regions, allowing us to grow by selling products and promoting music based on the needs of customers all over the globe. We have also set up production bases in growth markets, such as India and Indonesia, as part of our proactive exploration of new markets.

Revenue Composition and Number of Employees by Region

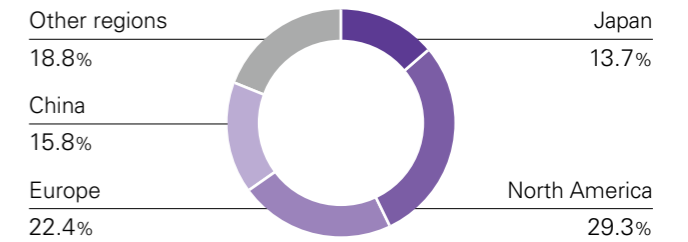


Overseas Revenue Driving Growth

Ratio of Overseas Revenue (%)

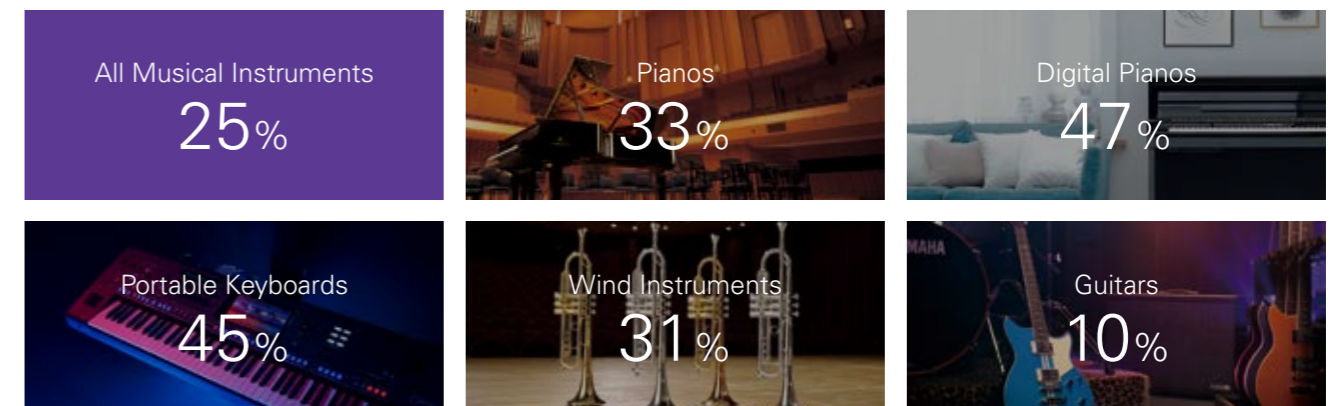


Distribution of Musical Instruments and Audio Equipment Hardware Product Sales by Region



Note: Excludes revenue from music schools and other services

Global Market Shares of Major Products (Fiscal 2023, monetary value basis, based on surveys by Yamaha)



Location of Yamaha Production Bases and Major Products Manufactured

