

LINE ARRAY SPEAKER
VXL SERIES
WEATHER-RESISTANT MODELS



Analyst and Investor Briefing on Third Quarter of FY2024.3

(Fiscal year ending March 31, 2024)



February 7, 2024

Yamaha Corporation

FY2024.3 3Q Highlights

Overview

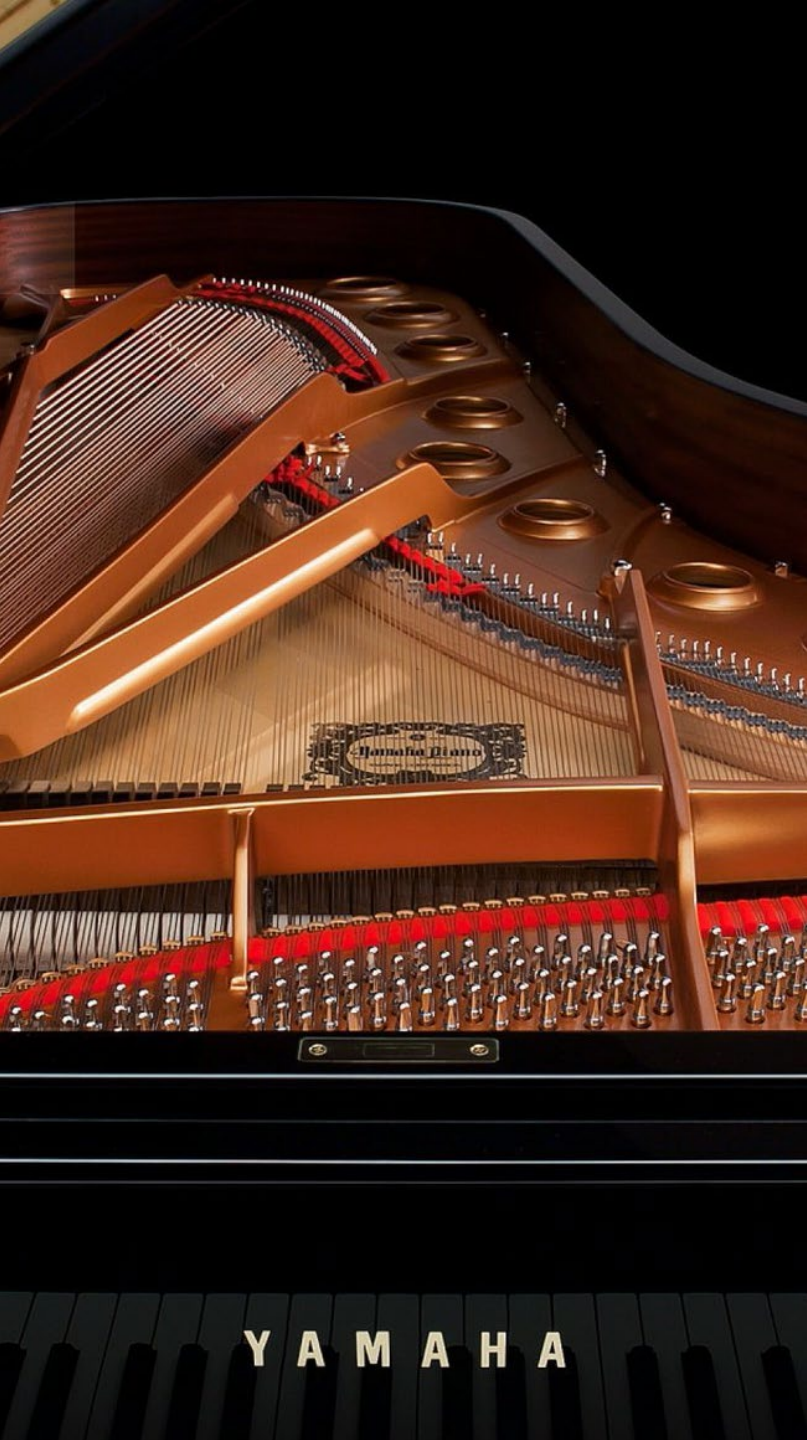
Performance in the first three quarters of FY2024.3 (nine months)

- Revenue increased due to the impact of exchange rates and brisk sales of B2B audio equipment, despite the decline in revenue from musical instruments as a result of slower than expected recovery of digital pianos in the North America and European market and the continued sluggishness of the Chinese market.
- Profits declined due to a decline in revenue from musical instruments and production adjustments to reduce inventory.
- Posted impairment loss of ¥2.1 billion due to consolidation of piano frame manufacturing processes in China to Japan

Outlook

FY2024.3 full year outlook

- Revenue and core operating profit were revised downward, taking into account the delay in recovery of digital piano demand in the North America and Europe, decline in sales due to the continued sluggishness of the Chinese market, one-time expenses, etc.
- Annual dividends per share remain unchanged at 74 yen.



1. Performance Summary

Y A M A H A

FY2024.3 3Q (Nine Months) Summary

(billions of yen)

	FY2023.3 1-3Q	FY2024.3 1-3Q	Change (YoY)	
Revenue	338.2	341.8	+3.6	+1.1% ^{*2}
Core Operating Profit (Core Operating Profit Ratio)	38.7 (11.5%)	27.8 (8.1%)	-10.9	-28.2%
Net Profit ^{*1}	30.0	20.7	-9.3	-30.9%

Exchange Rate (yen)			
Revenue (Average rate during the period)	US\$	136	143
	EUR	141	155
Profit (Settlement rate)	US\$	136	143
	EUR	135	144

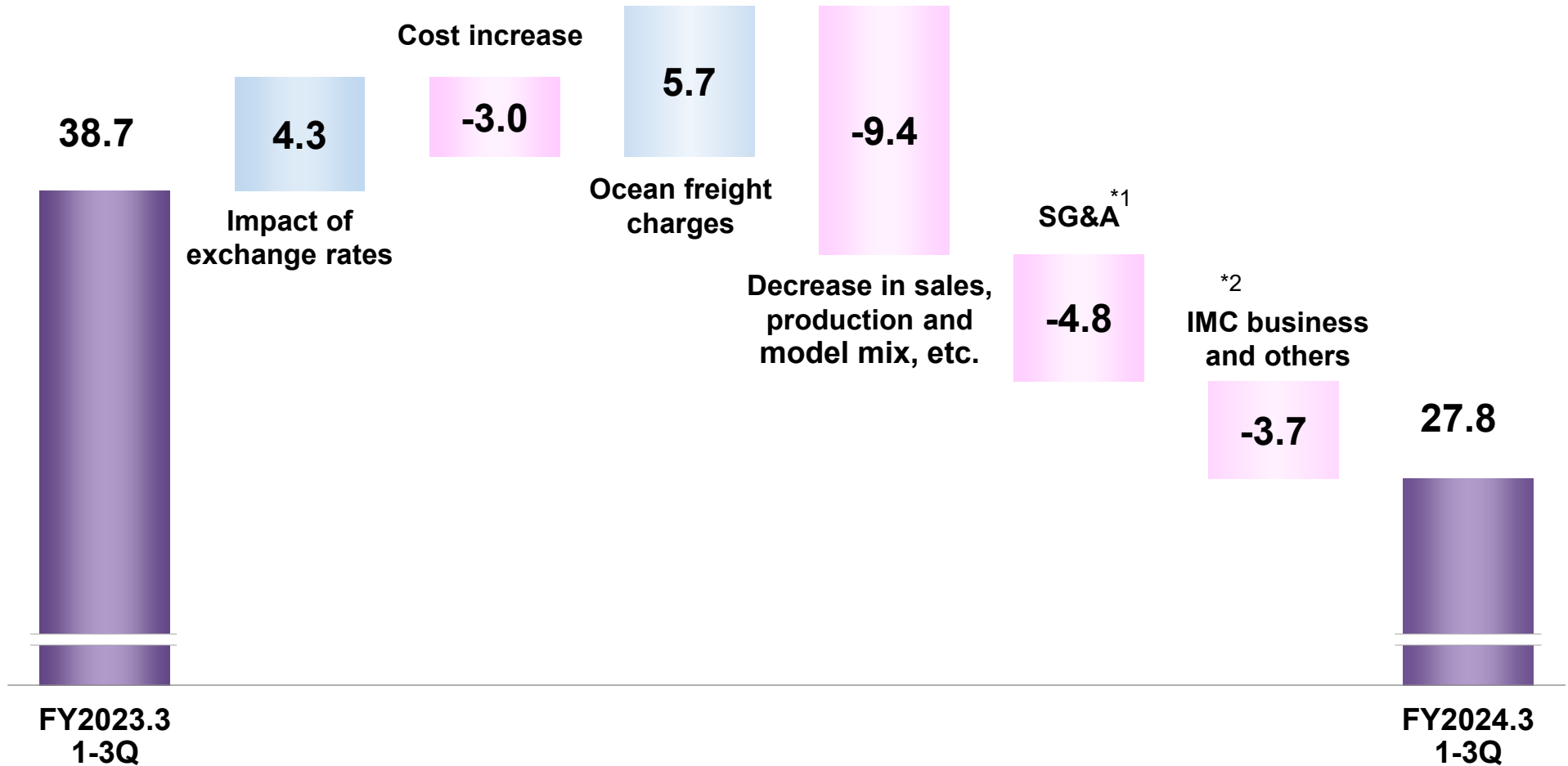
^{*2} -3.2%
(Excluding the impact of exchange rate)

*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 Excludes the impact of new consolidation

*2 Industrial Machinery and Components

Performance by Business Segment

(billions of yen)

		FY2023.3 1-3Q	FY2024.3 1-3Q	Change	Exchange rate impact
Musical Instruments	Revenue	230.4	228.1	-2.4	9.4
	Core Operating Profit	31.4	21.4	-10.0	3.1
	Core Operating Profit Ratio	13.6%	9.4%	-4.3P	
Audio Equipment	Revenue	76.1	86.2	10.1	4.2
	Core Operating Profit	1.7	4.1	2.4	0.8
	Core Operating Profit Ratio	2.2%	4.7%	2.5P	
IMC^{*1} Business and Others	Revenue	31.6	27.5	-4.2	0.8
	Core Operating Profit	5.6	2.4	-3.3	0.5
	Core Operating Profit Ratio	17.8%	8.6%	-9.3P	

*1 Industrial Machinery and Components

FY2024.3 Outlook

(billions of yen)

	FY2023.3 Full year	FY2024.3 Full year (previous projections)	FY2024.3 Full year (projections)	Change	Change from the previous projections
Revenue	451.4	465.0	460.0	+8.6 ^{*2}	-5.0
Core Operating Profit (Core Operating Profit Ratio)	45.9 (10.2%)	42.0 (9.0%)	34.0 (7.4%)	-11.9	-8.0
Net Profit ^{*1}	38.2	34.5	29.0	-9.2	-5.5

^{*2} -2.9%
(Excluding the impact of exchange rate)

Exchange Rate (yen)					Currency sensitivity per JPY1
Revenue (Average rate during the period)	US\$	135	141	144	JPY 1,020 million
	EUR	141	152	155	JPY 620 million
Profit (Settlement rate)	US\$	136	140	143	JPY 110 million
	EUR	136	146	146	JPY 410 million

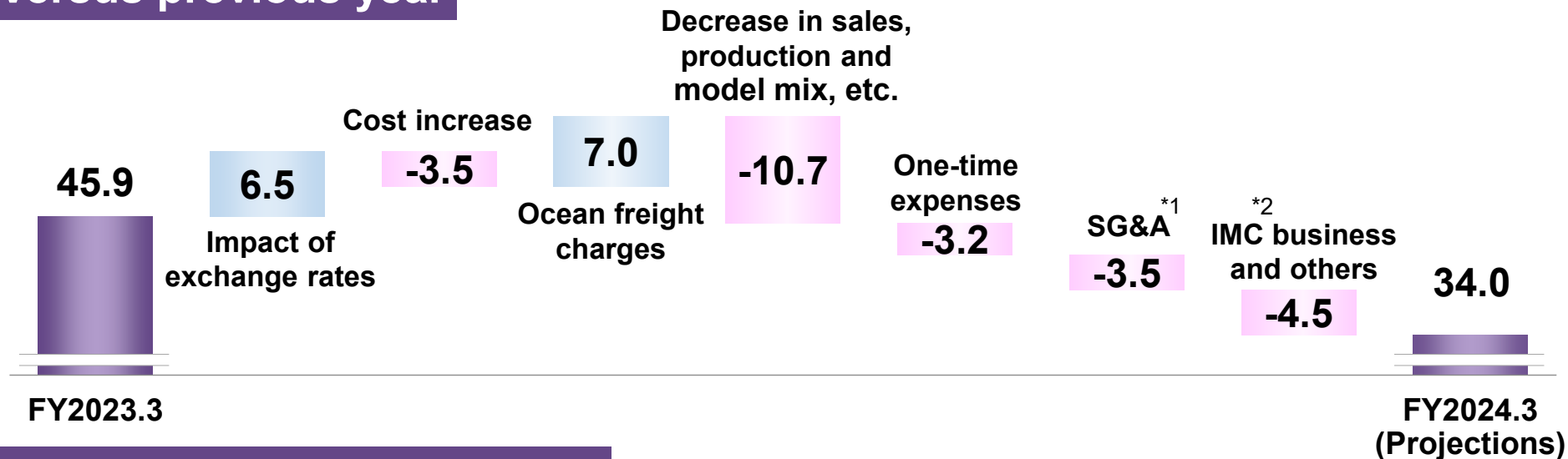
* 4Q currency exchange rates
US\$=145JPY, EUR=155JPY

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

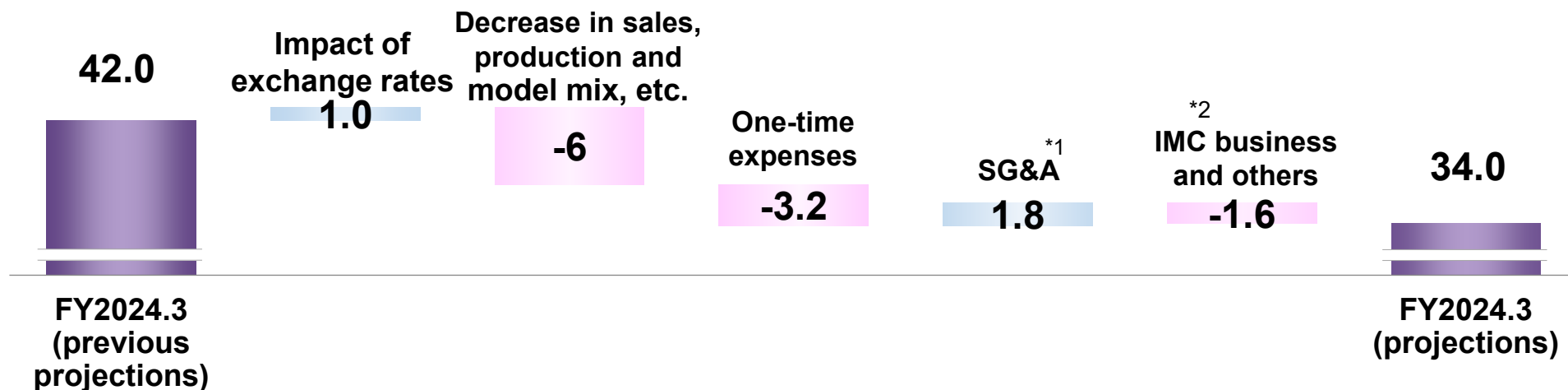
Core Operating Profit Analysis

Versus previous year

(billions of yen)



Versus previous projections



*1 Excludes the impact of new consolidation *2 Industrial Machinery and Components

Outlook by Business Segment

(billions of yen)

		FY2023.3 Full year	FY2024.3 Full year (projections)	Change	Exchange rate impact
Musical Instruments	Revenue	302.7	305.0	2.3	14.4
	Core Operating Profit	36.2	26.5	-9.7	4.5
	Core Operating Profit Ratio	12.0%	8.7%	-3.3P	
Audio Equipment	Revenue	107.6	118.0	10.4	6.1
	Core Operating Profit	3.5	5.0	1.5	1.2
	Core Operating Profit Ratio	3.2%	4.2%	+1.0P	
IMC^{*1} Business and Others	Revenue	41.1	37.0	-4.1	1.1
	Core Operating Profit	6.2	2.5	-3.7	0.8
	Core Operating Profit Ratio	15.1%	6.8%	-8.3P	

*1 Industrial Machinery and Components

Manufacturing Strategy Revision and Fixed Cost Reduction

Revised manufacturing strategies and conducted a major personnel reductions at overseas manufacturing sites

Environmental changes and challenges

- Promptly respond procurement and production to market changes
- A decline in the benefits of overseas production
 - Rising overseas labor costs, depreciation of the yen, geopolitical risks, changes in the Chinese market, etc.
- Disperse technologies and skills to address the risk of being unable to pass them on



Enhance procurement resilience

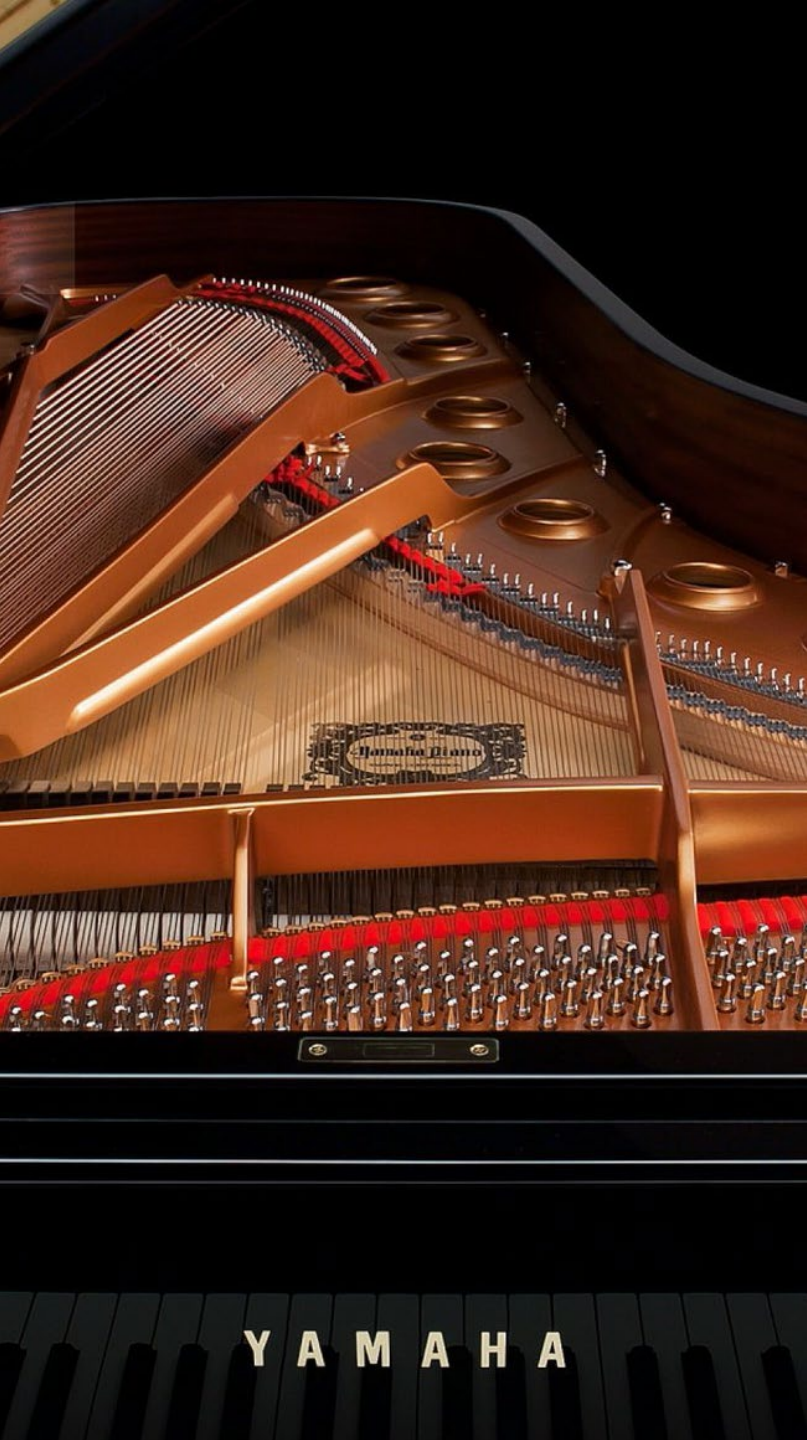
- Establish a semiconductor procurement company in Malaysia
 - Consolidate parts and narrow down manufacturers
 - Conduct direct transactions with manufacturers

Reinforce production “mother” functions in Japan

- Merge domestic manufacturing subsidiary into Yamaha Corporation
 - Integrate the technologies and skills of development and production
 - Transfer skills under the leadership of the head office
 - Drive the global production system
- Consolidation of piano frame manufacturing processes to Japan

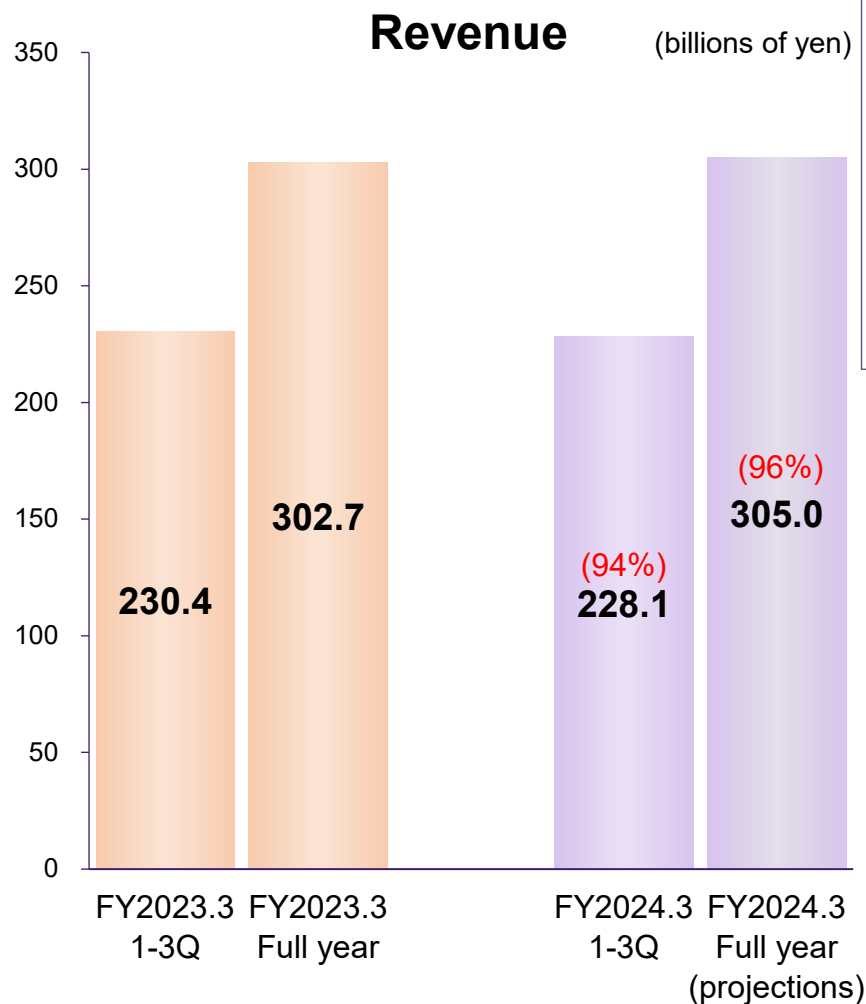
**Impairment loss of Chinese manufacturing facilities, etc. : ¥2.4 billion
 ¥2.1 billion (3Q) and ¥0.3 billion (4Q projections)**

Reduction in this fiscal year at overseas manufacturing bases of approx. 2,000 personnel (10%) to respond to the current production cutback



2. Segment Overview & Updates

Segment Revenue and Core Operating Profit



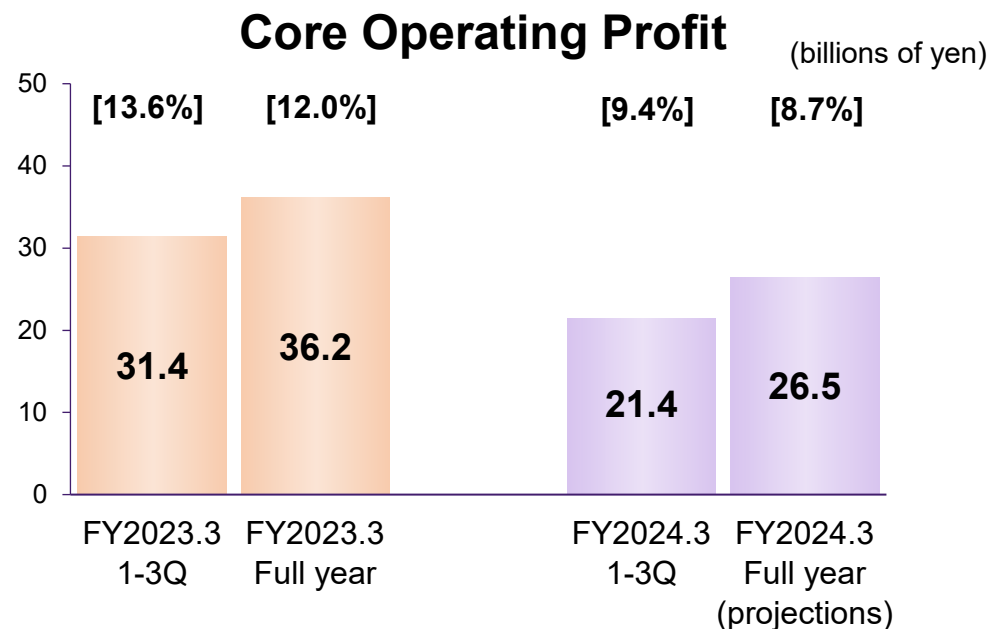
Nine Months: Revenue declined as piano and digital piano (DP) sales decreased

- Sales of digital musical instruments declined as digital piano entry model demand was slow to recovery in the North America and Europe. Wind, string, and percussion instrument sales increased due to recovery of demand in Japan and Europe. Despite severe acoustic guitar market conditions, guitar sales increased with the addition of Cordoba.

Full Year Projections: Sales are expected to decline due to severe conditions in China and the DP market

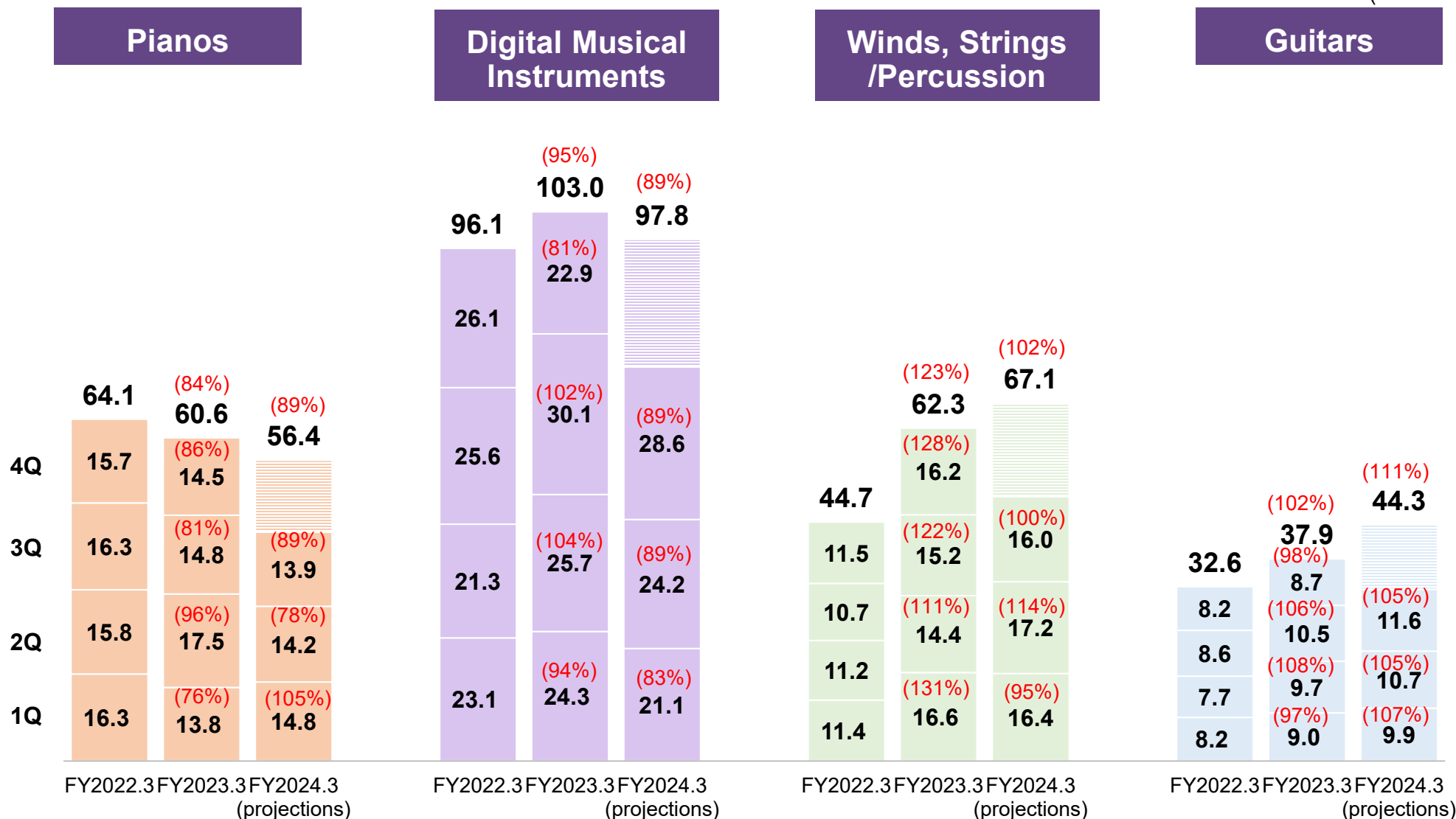
- Piano sales are expected to decline due to the continued sluggishness of the Chinese market. Digital musical instrument sales are projected to decline as a result of a slower-than-expected return of DP demand which had been showing signs of recovery, mainly in the North America and Europe. Wind, string, and percussion instrument sales are expected to increase due to robust demand. Guitar sales are expected to increase with the addition of Cordoba.

(Comments are on local currency basis)



Revenue by Major Product Category

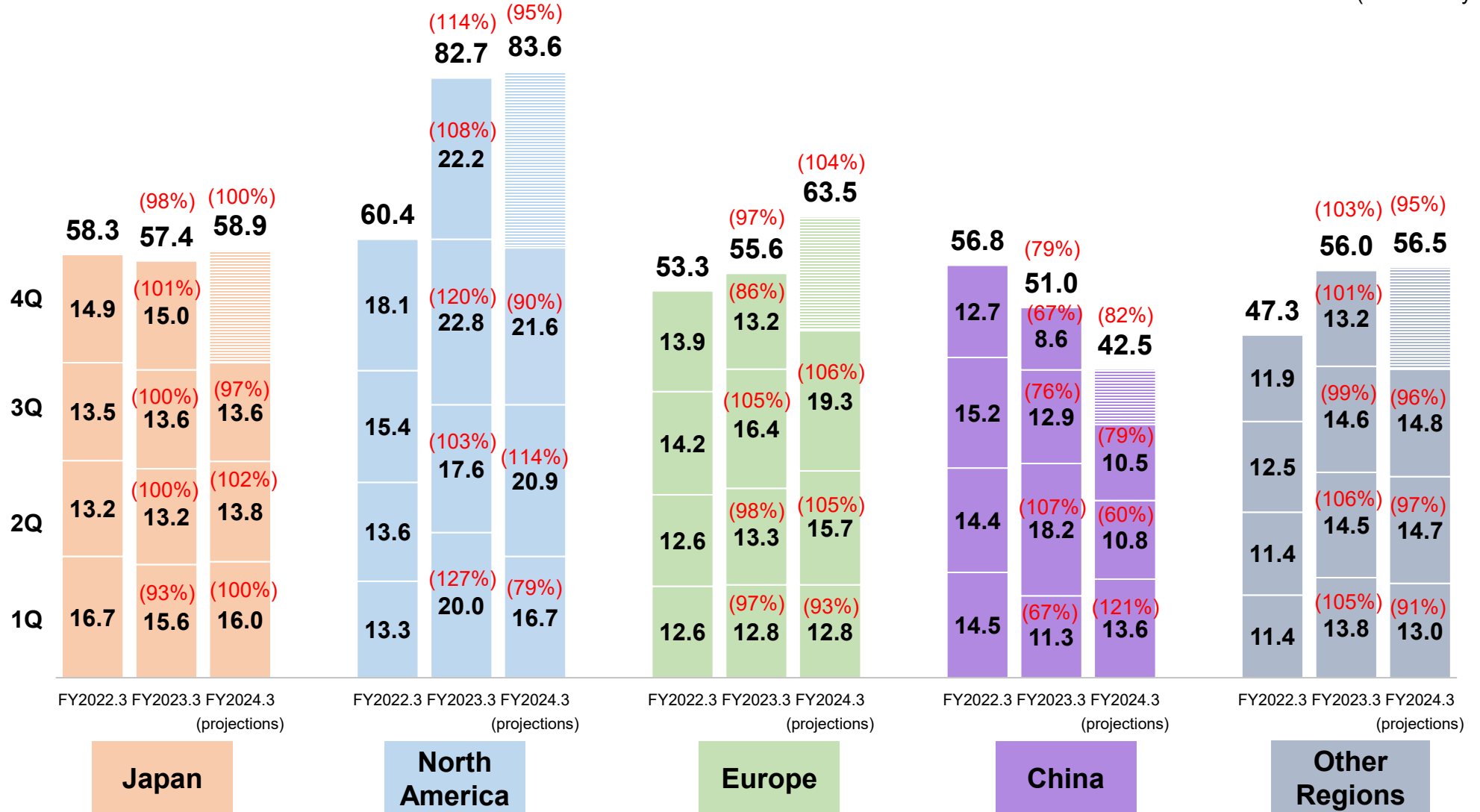
(billions of yen)



Red figures show actual YoY changes discounting impact of exchange rates

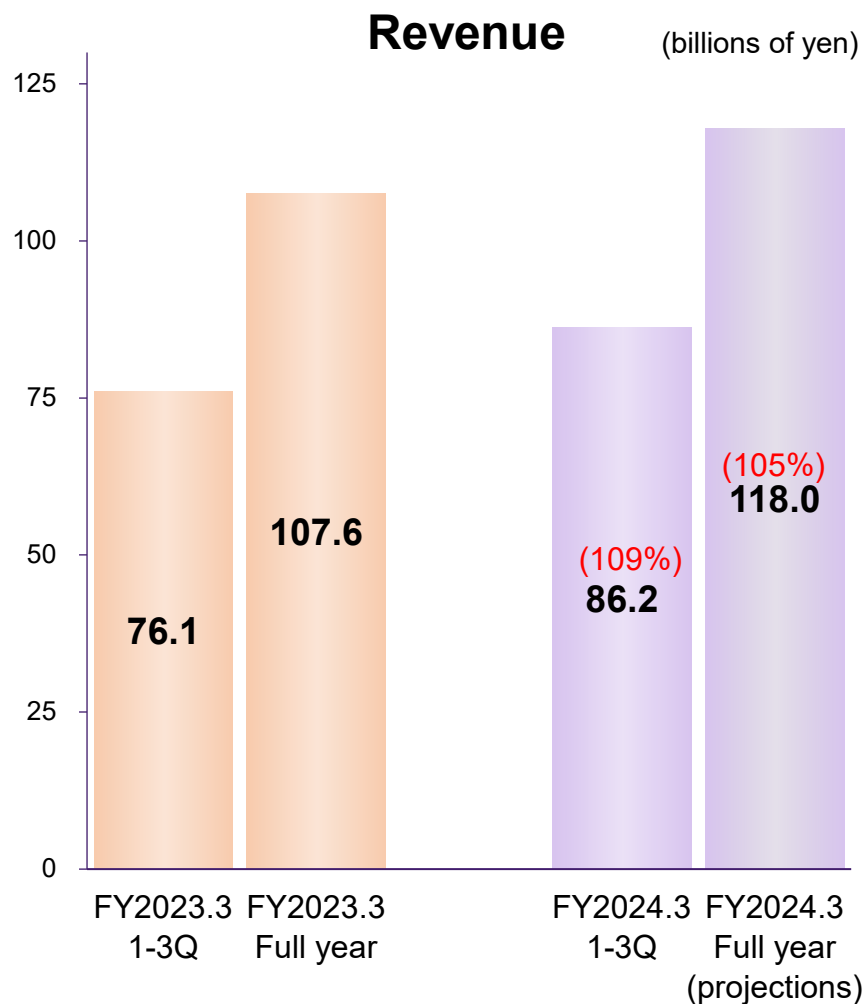
Revenue by Region

(billions of yen)



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

Segment Revenue and Core Operating Profit

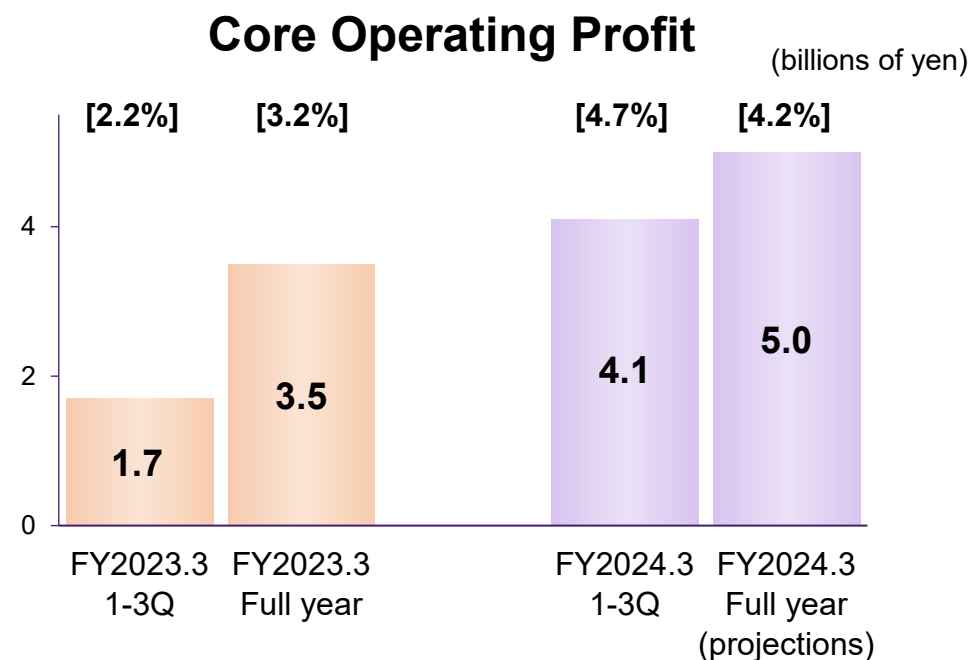


Nine months: Revenue increased due to continued robust sales of B2B products

- Sales declined due to continued sluggishness in the consumer product market.
- B2B sales increased significantly due to continued firm demand and the effects of new products.

Full Year Projections: Overall revenue is expected to rise driven by firm B2B sales

- Sales of consumer products are expected to decline due to continued decrease in demand.
- B2B sales are expected to rise due to continued briskness in the live entertainment market.
- The segment operating profit will increase yoy due to B2B sales growth.
(Comments are on local currency basis)

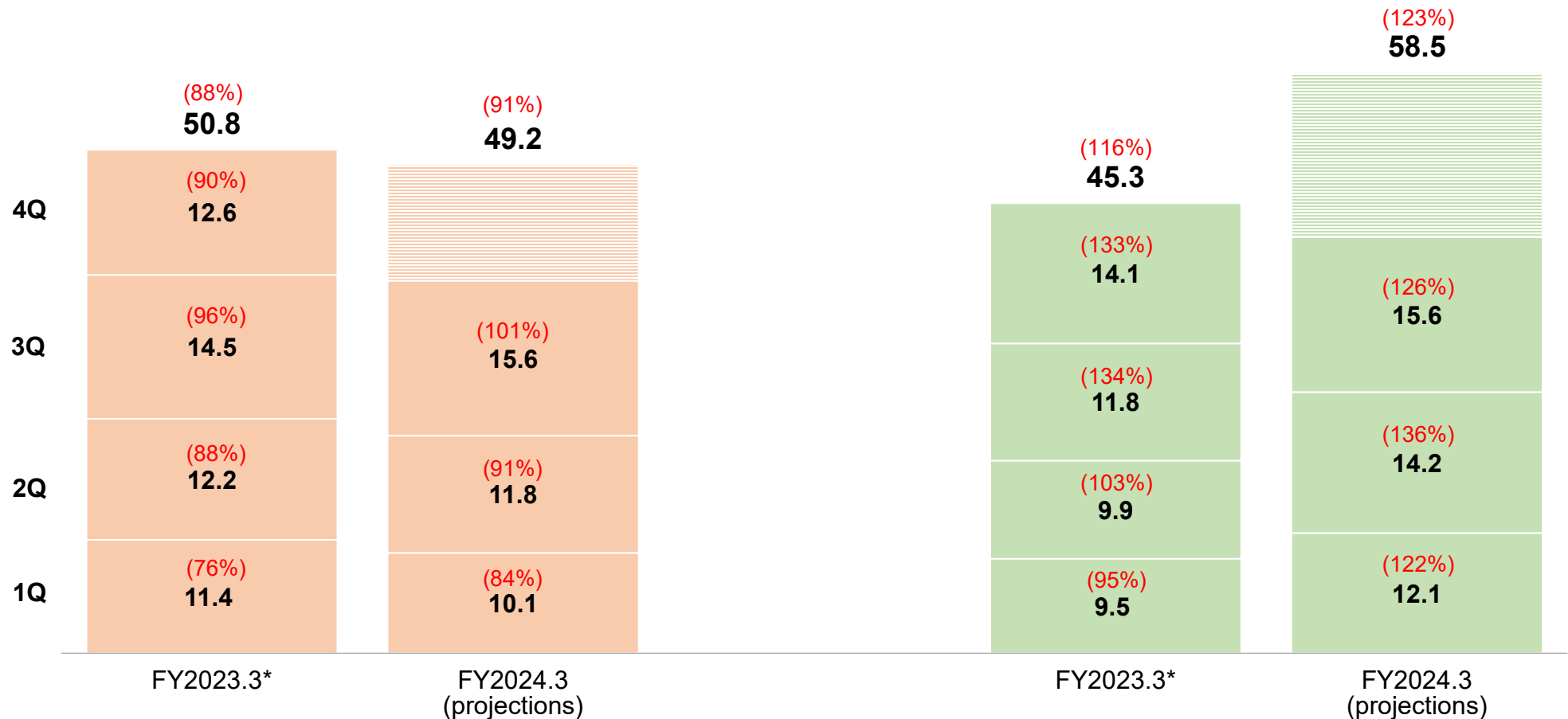


Revenue by Major Product Category

(billions of yen)

Consumer Products

B2B Products

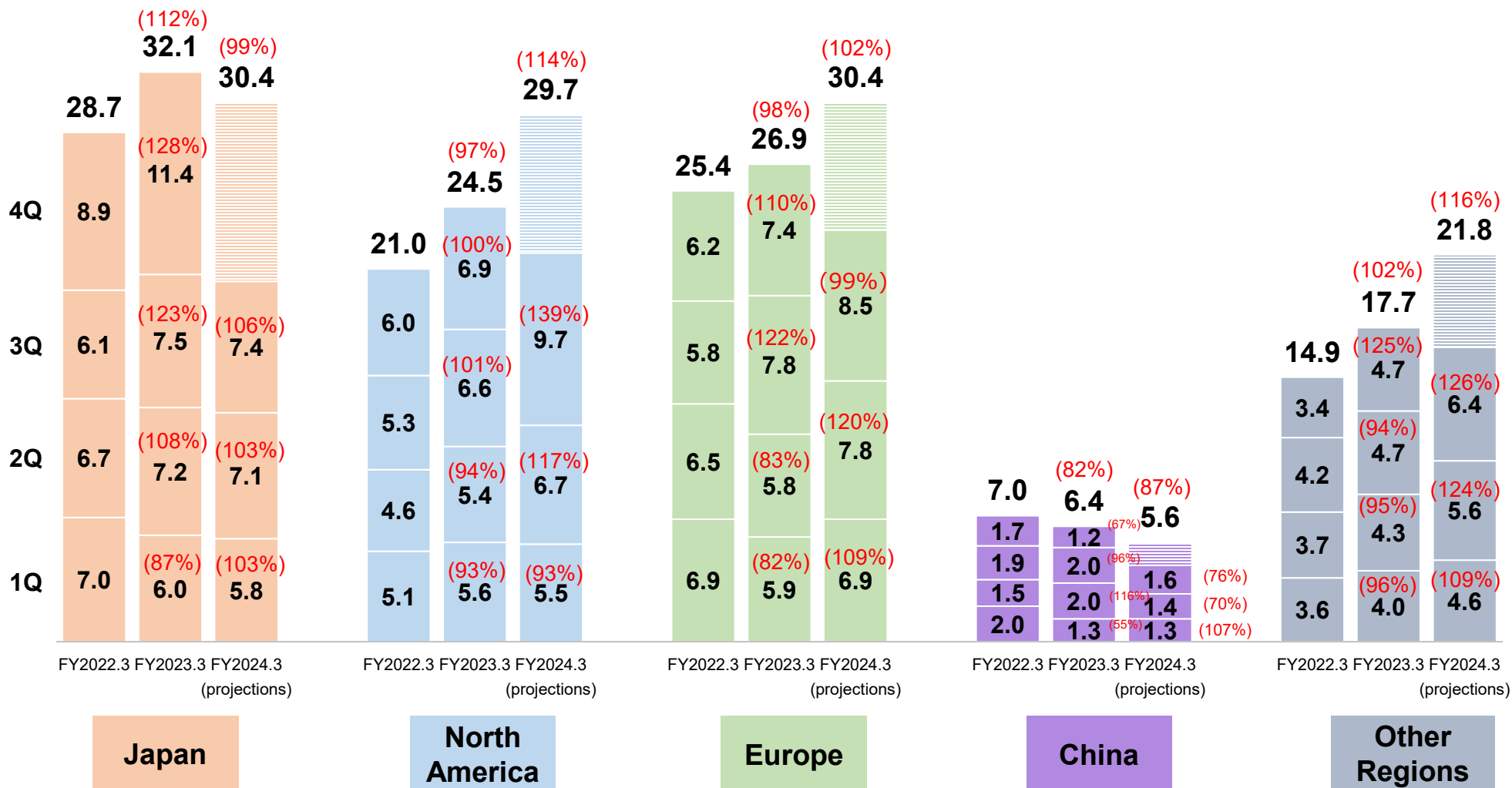


*FY2023.3 figures have been adjusted to reflect the segment change from FY2024.3

Red figures show actual YoY changes discounting impact of exchange rates

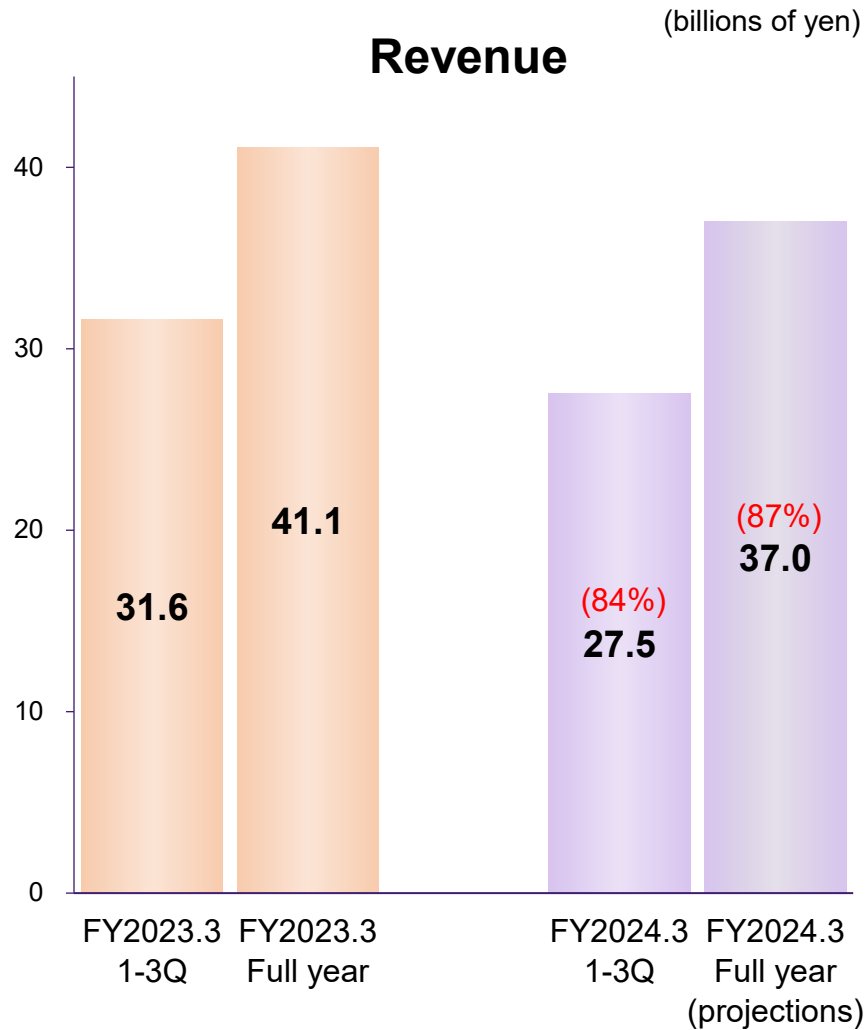
Revenue by Region

(billions of yen)



Red figures show actual YoY changes discounting impact of exchange rates

Segment Revenue and Core Operating Profit



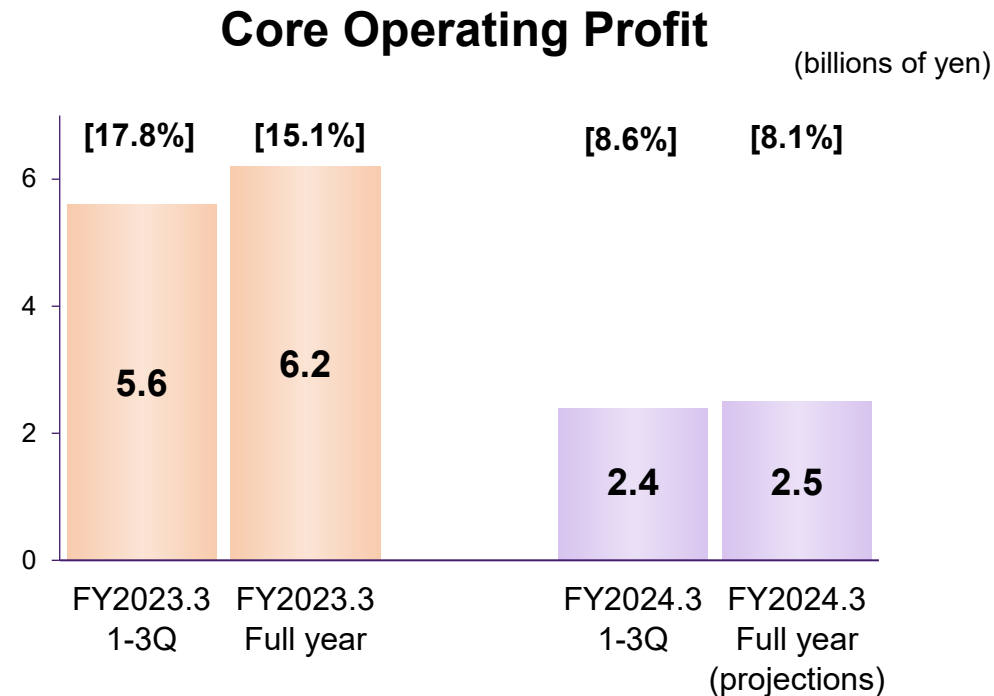
Nine Months:

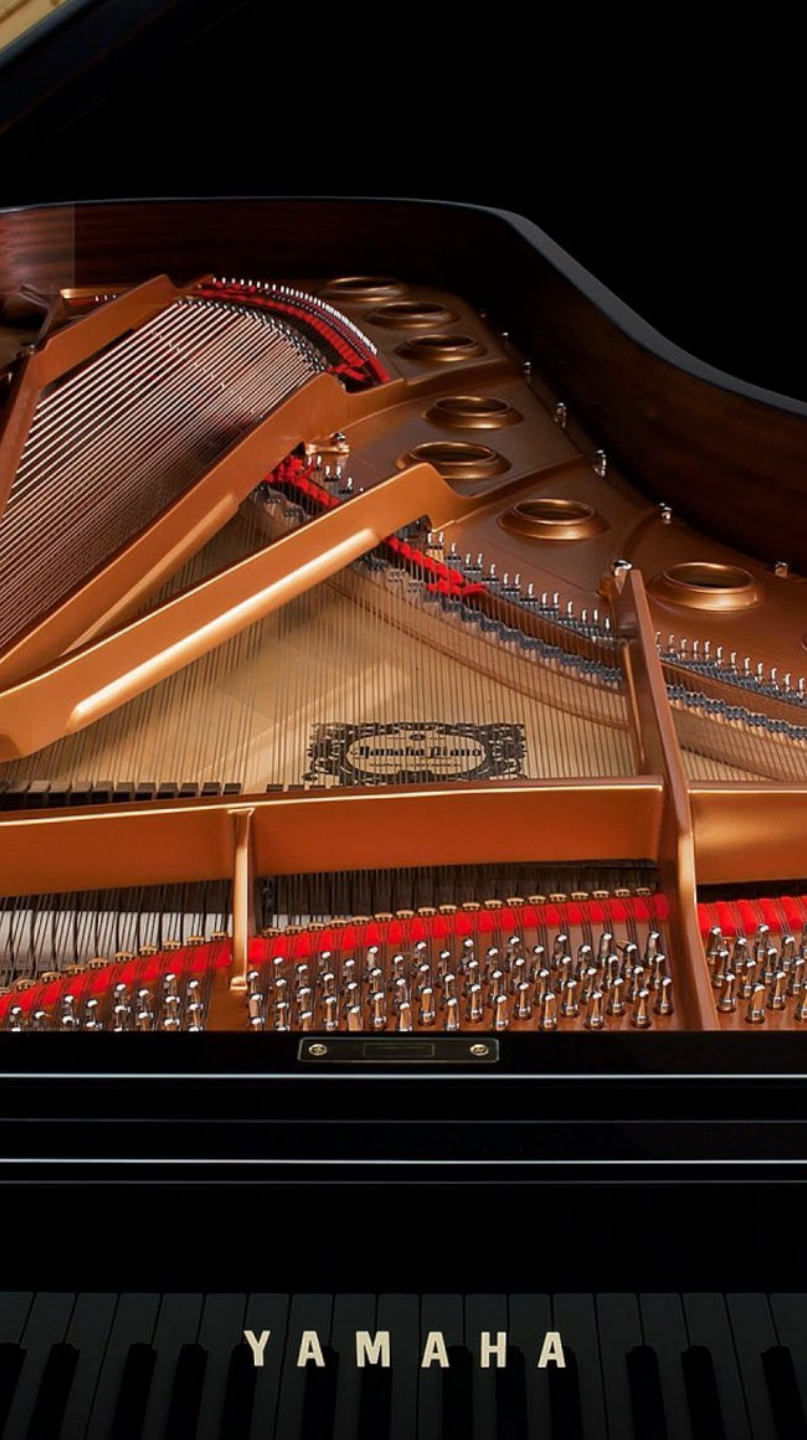
- IMC sales rose due to briskness in automotive sound systems and automobile interior wood components.

Full Year Projections:

- IMC sales are expected to increase due to the sales growth of automotive sound systems.
- Golf product sales are expected to decline against special demand in the previous year.

(Comments are on local currency basis)





3. Other Financial Figures

Balance Sheet Summary

	As of March 31, 2023	As of Dec. 31, 2023	Change	As of March 31, 2024 (projections)	(billions of yen)
Cash and cash equivalents	103.9	90.0	-13.9	108.0	
Trade and other receivables	75.4	79.9	4.5	75.0	
Other financial assets	1.1	4.5	3.4	1.5	
Inventories	153.7	170.7	17.0	157.0	
Other current assets	12.6	8.5	-4.2	9.0	
Non-current assets	247.5	273.7	26.1	285.4	
Total Assets	594.2	627.2	33.0	636.0	
Current liabilities	95.1	97.3	2.2	98.5	
Non-current liabilities	41.2	47.0	5.9	45.5	
Total equity	457.9	482.9	24.9	492.0	
Total liabilities and equity	594.2	627.2	33.0	636.0	

Figures for the fiscal year ended March 31, 2023 have been retroactively adjusted to reflect the finalization of the provisional accounting treatment for the acquisition of Cordoba Music Group, LLC

The Company made a decision related to the acquisition of treasury shares at the meeting of the Board of Directors held on February 6, 2024.

The effect of this decision on acquisition of treasury shares has not been taken into the projections for FY2024.3.

Acquisition of Treasury Shares

Date of Resolution February 6, 2024

Reasons for the acquisition To enhance shareholder returns and capital efficiency

Acquisition period February 7, 2024 to July 31, 2024

Number of shares to be acquired 7 million shares (maximum) representing 4.1% of outstanding shares, excluding treasury shares

Amount of acquisition ¥15 billion (maximum)

Acquisition method Purchase on the Tokyo Stock Exchange market

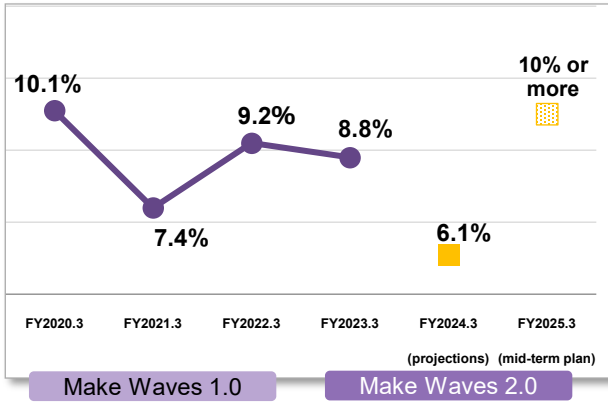
* Total number of outstanding shares (excluding treasury shares) as of December 31, 2023: 168,788,217 shares

ROE, ROIC and Shareholder Returns

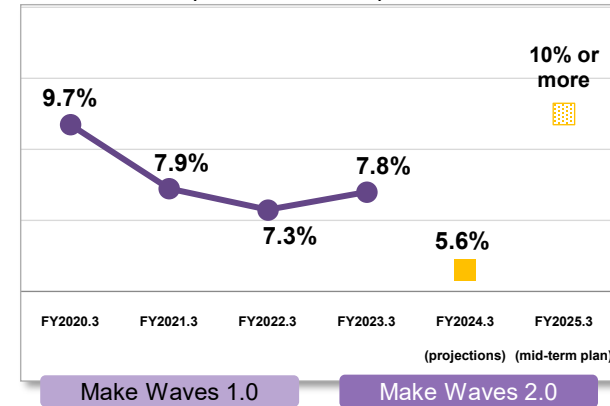
The cost of shareholders' equity is calculated with CAPM (Capital Asset Pricing Model).

ROIC = Core operating profit after income taxes / (Equity attributable to owners of parent + Interest-bearing debt)

ROE FY2024.3 projections 6.1%
(Cost of shareholders' equity 8.4%)



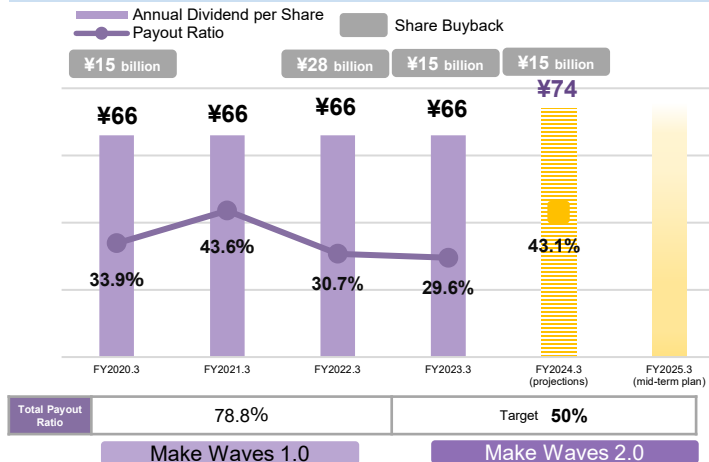
ROIC FY2024.3 projections 5.6%
(WACC 8.1%)



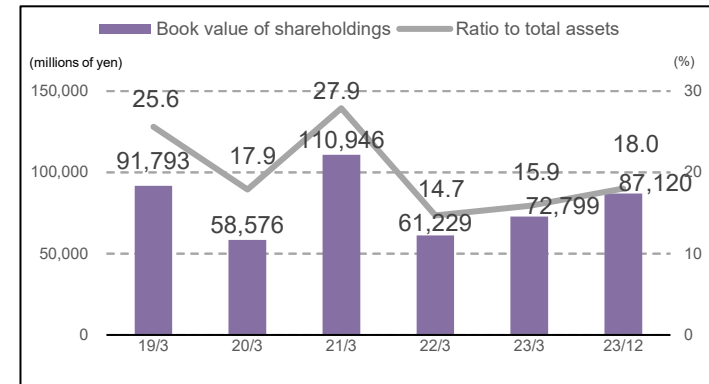
<Evaluation of the current situations and policies for improvement>

Due to worsening revenue and profit, the ROE for this fiscal year is expected to be 6.1%, lower than the cost of shareholders' equity. We aim to achieve a ROE that exceeds the cost of shareholders' equity at the earliest possible time by improving revenue and profit and steadily working to provide shareholders with a total return ratio of 50% during the mid-term plan.

Shareholder returns



Cross-holdings

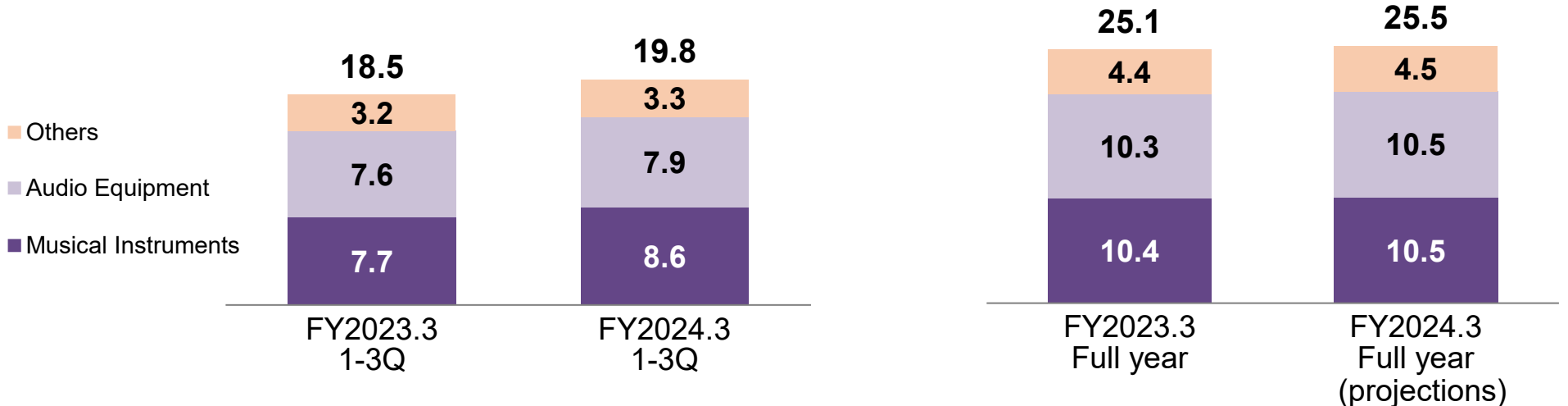


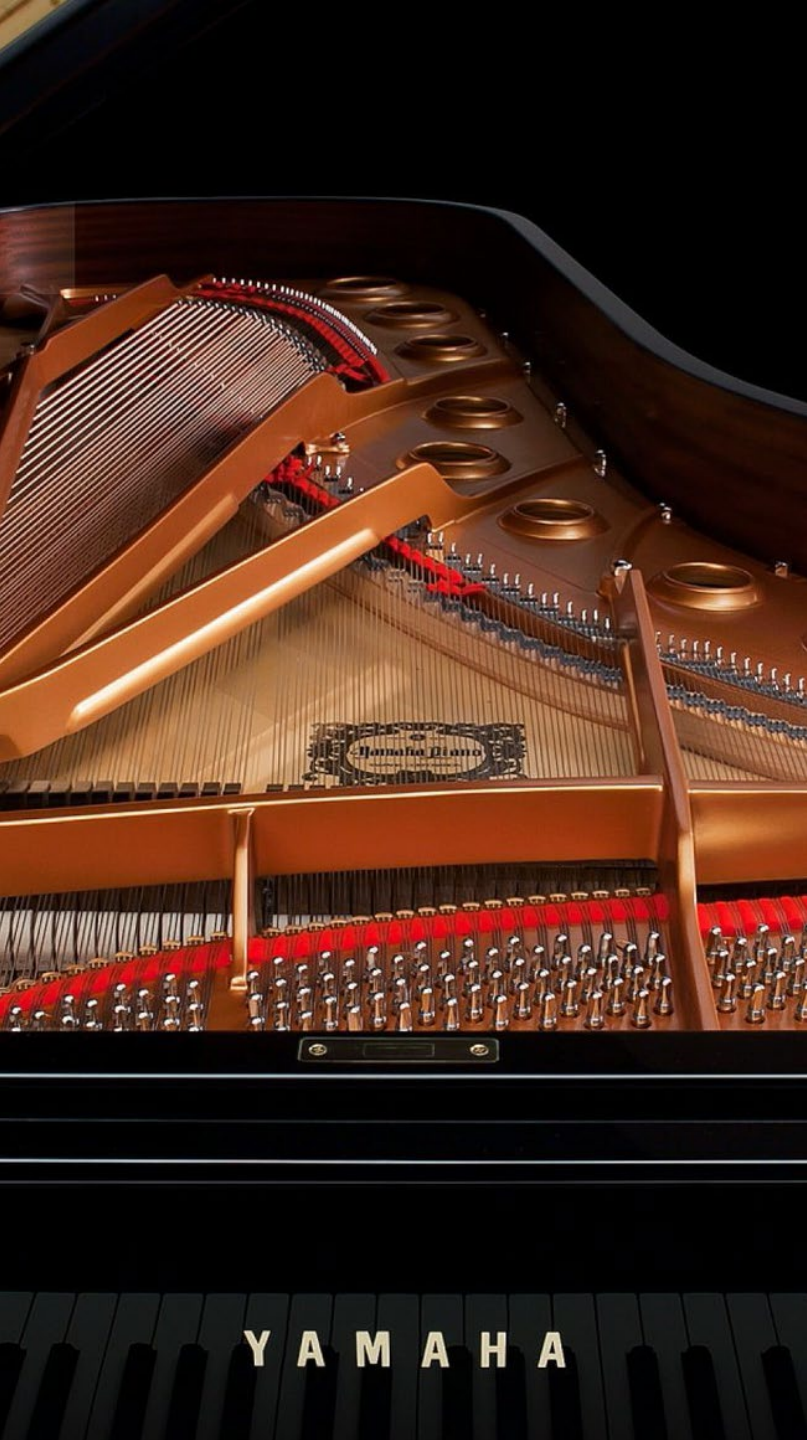
Capital Expenditure/Depreciation, R&D Expense

Capital Expenditure/Depreciation



R&D Expenses





4. Topics

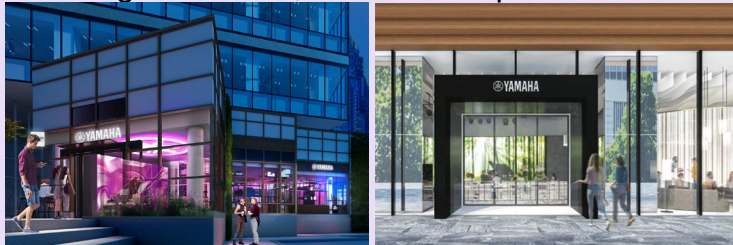
Priority Themes of Make Waves 2.0 (1)

Further strengthen the business foundation

(1) Develop closer ties with customers

Establish bases for branding and R&D in Tokyo metropolitan area (Shibuya and Yokohama)

Creating new music, culture and open innovation



Shibuya Sakura Stage (plan to open in summer 2024) (left)
Yokohama Symphostage brand store (June 2024) (right)

https://www.yamaha.com/ja/news_release/2023/23122201/

(in Japanese only)

Full-scale operation of Yamaha Music Philippines (Manila)



Yamaha exclusive store renewed (October 2023)

(2) Create new value

Develop Products with Distinctive Individuality

SEQTRAK, mobile music production studio



https://www.yamaha.com/en/news_release/2024/24011601/

Multilingual services for facilities and vehicles with no need for dedicated apps

Enhance your public transportation experience with a smart phone



Announcement in your language Intercom via your smartphone

https://www.yamaha.com/ja/news_release/2023/23122001/

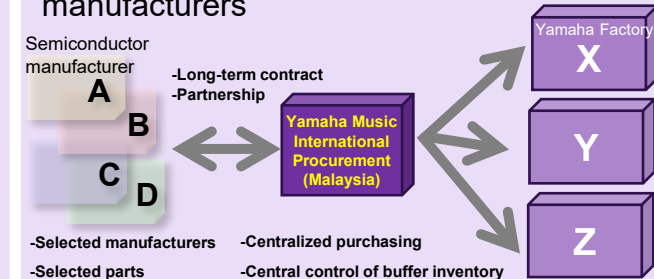
https://www.yamaha.com/ja/news_release/2023/23080801/

(in Japanese only)

(3) Be more flexible and resilient

Establish a procurement subsidiary in Malaysia

Ensure stable procurement of semiconductors through narrowing down the number of components and the manufacturers



- Selected manufacturers
- Selected parts
- Centralized purchasing
- Central control of buffer inventory

https://www.yamaha.com/en/news_release/2023/23122202/

Fortifying our intellectual property infrastructure to generate innovation

Successful civil lawsuit ruling against a manufacturer and distributor of counterfeit Yamaha PA analog mixers in China

https://www.yamaha.com/en/news_release/2024/24012901/

Priority Themes of Make Waves 2.0 (2)

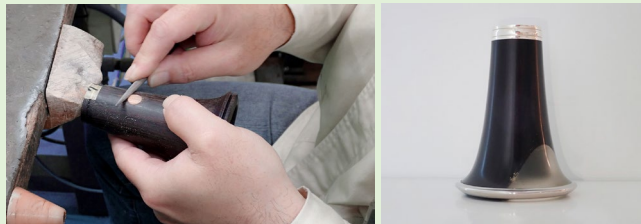
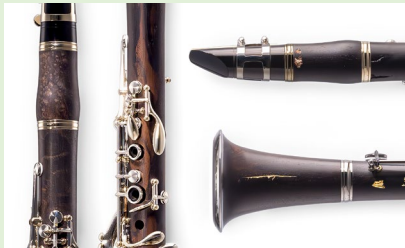
Set sustainability as a source of value

[Environment]

Build a value chain that supports the future of the earth and society

Diversity Clarinet

Aiming to create sustainable musical instruments through the effective use of resources by making the best use of the characteristics of each natural material and partially supplementing defective wood.

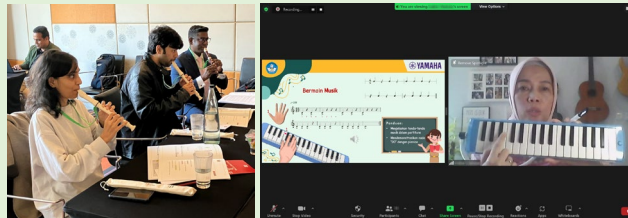


Chipped clarinet parts are supplemented with buried wood and resin
https://www.yamaha.com/ja/news_release/2023/23120601/
 (in Japanese only)

[Culture]

Expand market through the promotion and development of music culture

Expand instrumental music education initiatives in emerging countries



Recorder and Pianica instructor training in India and Indonesia

Bring the joy of performance to all



With real-time AI analysis technology, the "Dare Demo Piano," a piano with an automatic accompaniment tracking function that can be played with a single finger, will make everyone's concert possible.

<https://www.yamaha.com/ja/about/initiatives/the-9th/>
<https://youtu.be/dNHu97SsVw4>

(in Japanese only)

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

Promote respect for human rights and DE&I

Awards for DE&I initiatives

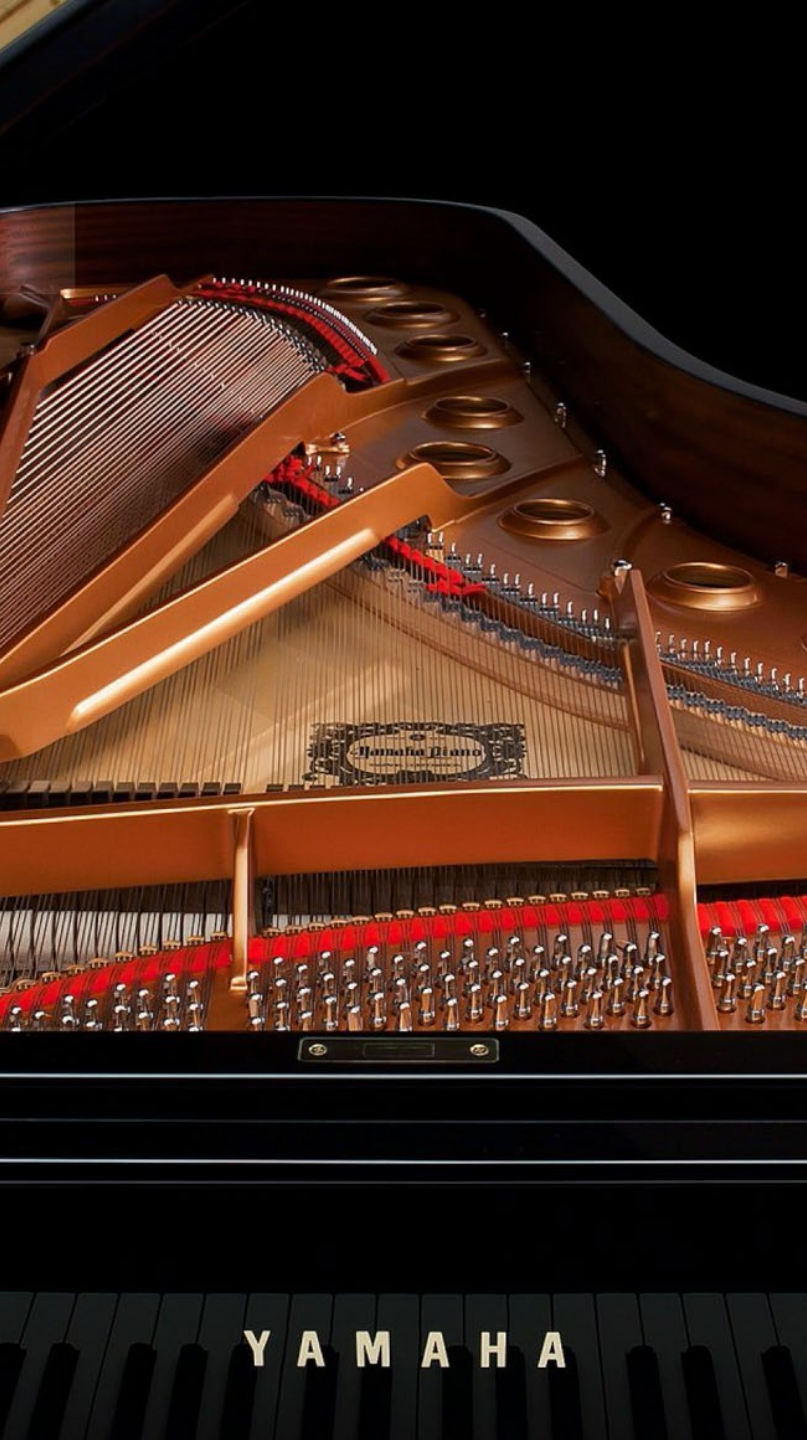


https://www.yamaha.com/en/news_release/2023/23110801/
https://www.yamaha.com/en/csr/activity_report/social/diversity/

Provide opportunities for employees to directly interact with society and express their individual talents



Employee social contribution program



Appendix

Performance in 3Q FY2024.3 (Three Months)

(billions of yen)

	FY2023.3 3Q	FY2024.3 3Q	Change	
Revenue	120.2	122.2	+1.9	+1.6% ^{*2}
Core Operating Profit (Core Operating Profit Ratio)	14.3 (11.9%)	12.5 (10.2%)	-1.8	-12.9%
Net Profit ^{*1}	9.2	5.8	-3.4	-37.2%

Exchange Rate (yen)			
Revenue (Average rate during the period)	US\$	141	148
	EUR	144	159
Profit (Settlement rate)	US\$	144	149
	EUR	137	146

^{*2}
-3.1%
(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 3Q FY2024.3 (Three Months)

(billions of yen)

		FY2023.3 3Q	FY2024.3 3Q	Change	Exchange rate impact
Musical Instruments	Revenue	80.3	79.8	-0.5	3.8
	Core Operating Profit	10.8	8.4	-2.5	1.2
	Core Operating Profit Ratio	13.5%	10.5%	-3.0P	
Audio Equipment	Revenue	28.7	33.6	4.9	1.7
	Core Operating Profit	1.3	3.4	2.2	0.4
	Core Operating Profit Ratio	4.4%	10.2%	5.9P	
IMC^{*1} Business and Others	Revenue	11.2	8.8	-2.4	0.1
	Core Operating Profit	2.2	0.7	-1.5	0.1
	Core Operating Profit Ratio	19.9%	7.8%	-12.1P	

*1 Industrial Machinery and Components

3Q Other Income and Expenses (Nine Months)

(billions of yen)

		FY2023.3 1-3Q	FY2024.3 1-3Q
Core Operating Profit		38.7	27.8
Other Income and Expenses	Profit from (loss on) disposal of fixed assets	0	0
	Others	0.4	-2.2
	Total	0.4	-2.2
Operating Profit		39.2	25.6
Financial Income and Expenses	Dividends income	1.5	1.8
	Others	1.2	2.0
	Total	2.7	3.8
Profit before Income Taxes		41.8	29.5
Income taxes		11.8	8.7
Net profit attributable to non-controlling interests		0	0
Net Profit^{*1}		30.0	20.7

*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)

		FY2023.3 Full year	FY2024.3 Full year (projections)
Core Operating Profit		45.9	34.0
Other Income and Expenses	Profit from (loss on) disposal of fixed assets	-0	0
	Others	0.6	-2.5
	Total	0.6	-2.5
Operating Profit		46.5	31.5
Financial Income and Expenses	Dividends income	2.6	3.0
	Others	1.5	2.5
	Total	4.1	5.5
Profit before Income Taxes		50.6	37.0
Income taxes		-12.4	-7.9
Net profit attributable to non-controlling interests		-0	-0.1
Net Profit^{*1}		38.2	29.0

*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.