

Annual Report 2022

YAMAHA GROUP ANNUAL REPORT 2022





The Yamaha Group publishes integrated reports to communicate its road map for medium- to long-term value creation to its shareholders, investors, and other stakeholders.

The COVID-19 pandemic fundamentally changed the environment in which we live, including the social and economic frameworks, while also transforming how people think along with their values and lifestyles. The Yamaha Group views such changes as prime opportunities for creating new value. Based on this outlook, Make Waves 2.0, the new medium-term management plan launched in April 2022, has the central theme of enhancing our capacity for sustainable growth in the new society that will emerge after the pandemic. As we move forward with this plan, we will also seek to achieve our management vision of "Becoming an Indispensable, Brilliantly Individual Company." This objective will guide our daily business activities as we work to support the "Well-Being of People around the World."

In *Annual Report 2022*, we sought to communicate the approach we will take toward fulfilling our social responsibility and creating value through our business activities based on our medium- to long-term vision. This report was prepared while referencing the Integrated Reporting Framework of the IFRS Foundation and the Guidance for Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation: ESG Integration, Non-Financial Information Disclosure, and Intangible Assets into Investment released by the Ministry of Economy, Trade and Industry. Summarizing the policies we adopt on a Groupwide basis, this report was created thanks to the cooperation of each division of the Company. As such, I believe the creation process and the content of this report to be appropriate.

Going forward, we will utilize our integrated reports as engagement tools as we pursue constructive dialogue with shareholders, investors, and other stakeholders. It is our hope that these reports help our stakeholders feel confident about our efforts to realize a sustainable society and elicit their understanding of our long-term corporate value creation.

September 2022

Takuya Nakata
Director, President and Representative Executive Officer

Disclosure Structure

Website	Objective				
Overall Corporate Activities Corporate Website: https://www.yamaha.com/en/ 	Viewing financial and non-financial data	Learning about Yamaha's ESG initiatives	Developing an understanding of Yamaha's management, business, and function strategies	Learning about Yamaha's value creation activities	Gaining information on Yamaha and its product and services
About Us https://www.yamaha.com/en/about/ • Corporate Profile • Product Information • Business Activities • Research and Development 					
Information for Investors https://www.yamaha.com/en/ir/ • Securities Reports • Corporate Governance Reports 					
Sustainability Information https://www.yamaha.com/en/csr/ • Sustainability Reports • Environmental and Social Data 					

Integration of Financial and Non-Financial Information

Annual Report 2022

- I. Value Creation by Yamaha
- II. Management Strategy
- III. Strategies by Business and Function
- IV. Corporate Governance
- V. Financial and Corporate Information



In this integrated report, we have prioritized the inclusion of important information, particularly that pertaining to the Yamaha Group's ongoing value creation. For a wider and more comprehensive range of information on subjects such as environmental, social, and governance (ESG) topics, please refer to our corporate website.

Key Points of Annual Report 2022

Annual Report 2022 provides an overview of Make Waves 2.0, the new medium-term management plan launched in April 2022. It also offers information on concrete initiatives for creating social value while leveraging the accumulated strengths and technologies of the Yamaha Group in order to support the "Well-Being of People around the World." We encourage readers to focus on the following key points to help deepen their understanding of the content of this report.

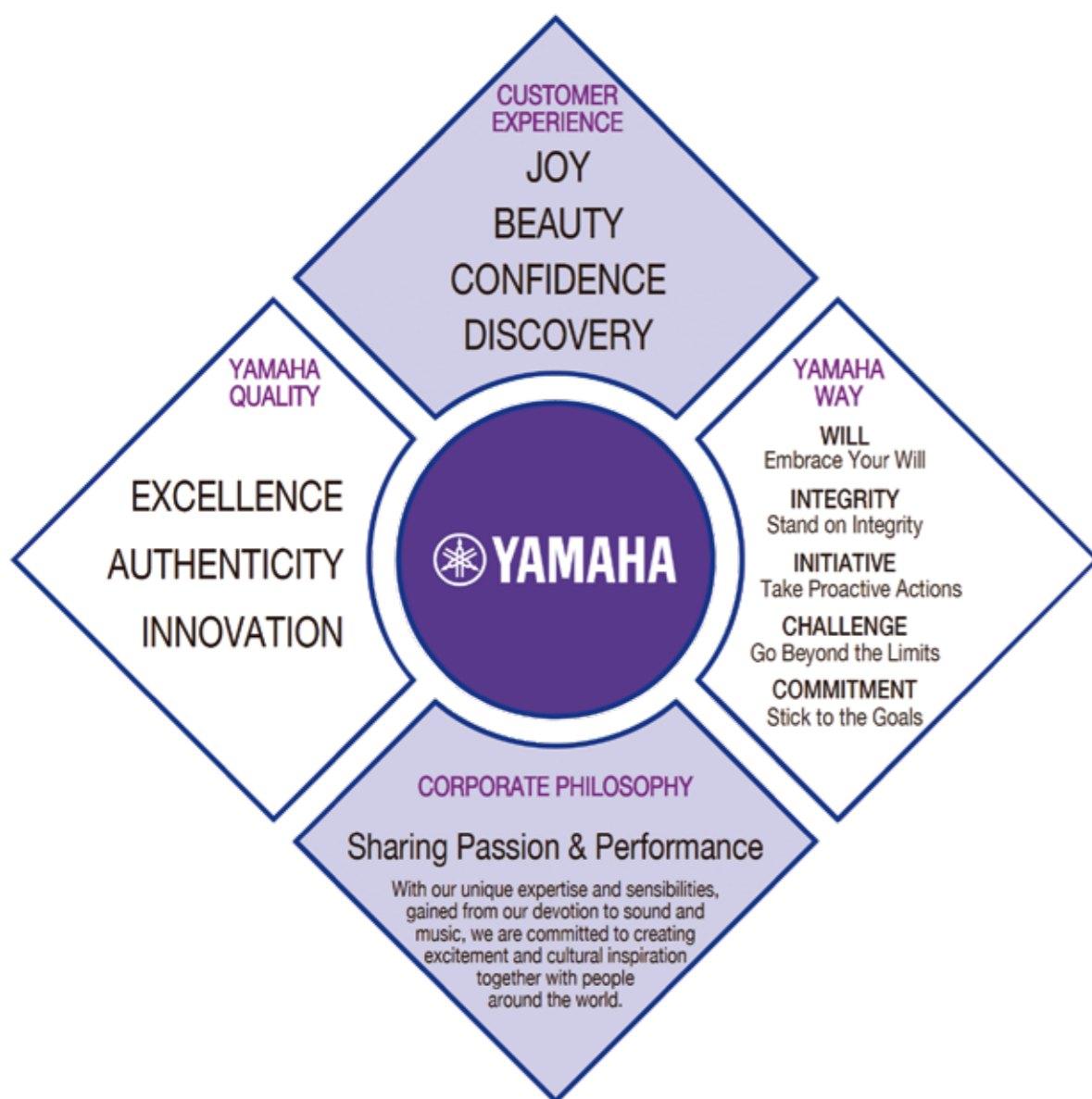
Point 1 Creation of New Value through Sound and Music	Point 2 Overview of the New Make Waves 2.0 Medium-Term Management Plan and Initiatives Targeting New Post-COVID-19 Society	Point 3 Enhancement of Sustainability Management
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POINT 3 Sustainability Management	42	Information in this report covers 64 companies (as of March 31, 2022): Yamaha Corporation, its 59 consolidated subsidiaries, and its 4 affiliates. In cases where it is necessary to specify the scope of reporting, this report lists the applicable institution individually.	
Environment	45	Reporting Period	
Human Rights	50	This report primarily covers fiscal 2022 (April 1, 2021 to March 31, 2022). However, certain sections of this report include information from April 1, 2022, and onward.	
Human Resources	52	Disclaimer on Forward-Looking Statements	
Digital Transformation	54	The forward-looking statements such as data and forecasts included in this report are based on assumptions and information available at the time of publication and are subject to change due to various factors. These statements are not guarantees that Yamaha will achieve its targets and forecasts or realize its anticipated future business results. In addition, the content of this report may be changed without prior notice. Accordingly, Yamaha cautions readers not to place undue reliance on these forward- looking statements, which are valid only as of the date thereof, and undertakes no obligation for any negative impact caused by the use of this report.	
Branding	56	Names, including those of products and services, used in this report are trademarks or registered trademarks of Yamaha Corporation or of the respective rights holders.	
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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.

Value Creation by Yamaha

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

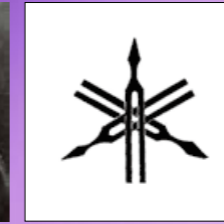
Just a few notes or a simple melody can send out ripples that trigger an emotional bond with another person. Sound and music have a transformational impact on individuals and the world around us. The "Make Waves" concept focuses on our passions and what matters most to people, namely, expressing themselves 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.

Yamaha has forged a position as a corporate group that continuously uses technologies and sensibilities based on sound and music to create excitement and cultural inspiration.

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. The principles and policies that have guided us on our journey have been codified into the Yamaha Philosophy, which has been a treasured part of our corporate culture throughout our 135-year history.



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.

Birth of the Yamaha Brand



The birth of the Yamaha Group can be traced to the repair of a single broken organ by founder Torakusu Yamaha. 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.



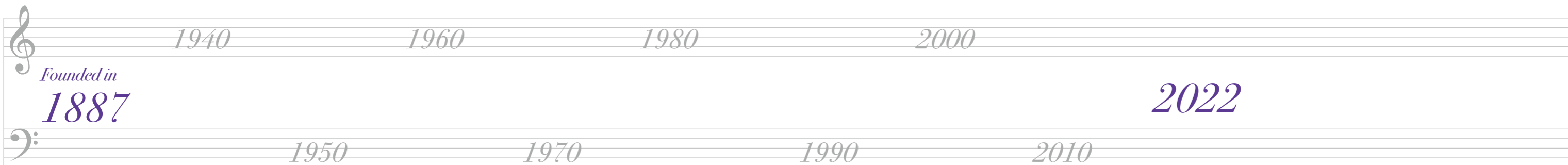
Creation of New Value by Merging Acoustics and Digital Technologies

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 the SILENT™ Series. 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, the Remote Cheerer powered by SoundUD remote cheering system, and the Distance Viewing next-generation live viewing service. By delivering these solutions, we aim to contribute to the resolution of social issues and improve corporate value.

Guided by Make Waves 2.0, its new medium-term management plan launched in April 2022, Yamaha has embarked on a quest to support the “Well-Being of People around the World.” In this quest, we aim to enhance corporate value by creating social value and thereby achieve our management vision of “Becoming an Indispensable, Brilliantly Individual Company.”



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 was 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.



VALUE CREATION STORY

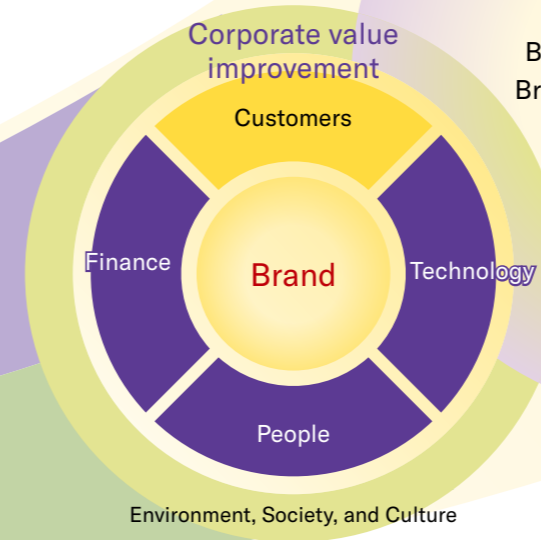
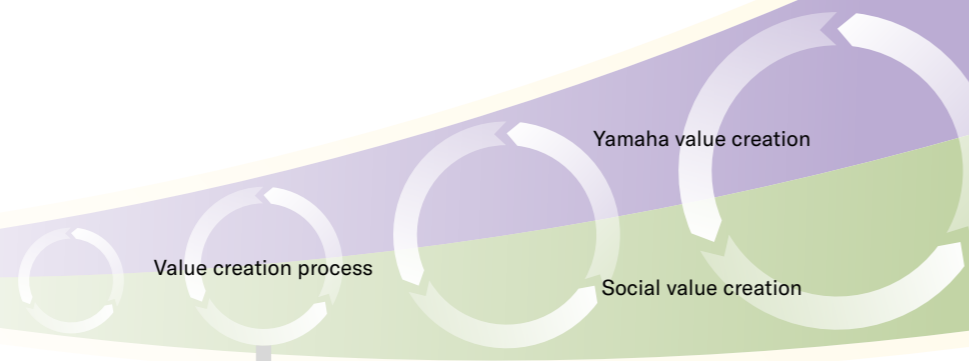
Yamaha enhances corporate value and fulfills its mission by creating social value.

Yamaha is strengthening all of its capitals by creating Yamaha value and social value through its business activities. In this way, Yamaha aims to realize its management vision and fulfill its mission by pursuing a cycle that improves both brand and corporate value. Yamaha's current value creation process is as described in the table below.

The global COVID-19 pandemic is having a massive impact on our lives and on the global economy. Yamaha, however, sees this adversity as an opportunity to further its evolution. Accordingly, we are endeavoring to respond to the constantly changing social needs and issues with the aim of continuing to help resolve social issues through our businesses, and thereby improving corporate value.

Please refer to the following website for more information on Yamaha's value creation story.

<https://www.yamaha.com/en/ir/story/>



Management Vision
Becoming an Indispensable, Brilliantly Individual Company
Boost brand power to become a highly profitable enterprise

Mission
Purpose
Well-Being of People around the World
Corporate Philosophy
Sharing Passion & Performance

Value Creation Process

Yamaha Philosophy and Brand Promise

Musical Instruments Business P.62 Audio Equipment Business P.66 Industrial Machinery and Components Business / Others P.68	Research and Development P.70 Acoustic technologies Sensibilities pervading Yamaha technologies Understanding of high-quality sound Digital technologies Innovation Center	Production P.74 Craftsmanship Integration Technologies Mass production technologies and cost strategies Overseas base strategies	Sales and Marketing P.76 Global network Customer interface (Broader, deeper, and longer) Sales networks and store strategies Bases for R&D activities, artist relationships, and service center Customer data platform / Digital marketing Activities to popularize music
	Corporate Governance P.88 / Global Business Management Foundation		

Products and Services

P.10

Products and Services Centered on Sound and Music

- Musical instruments
- Audio equipment
- Music schools
- Other products and services

Output

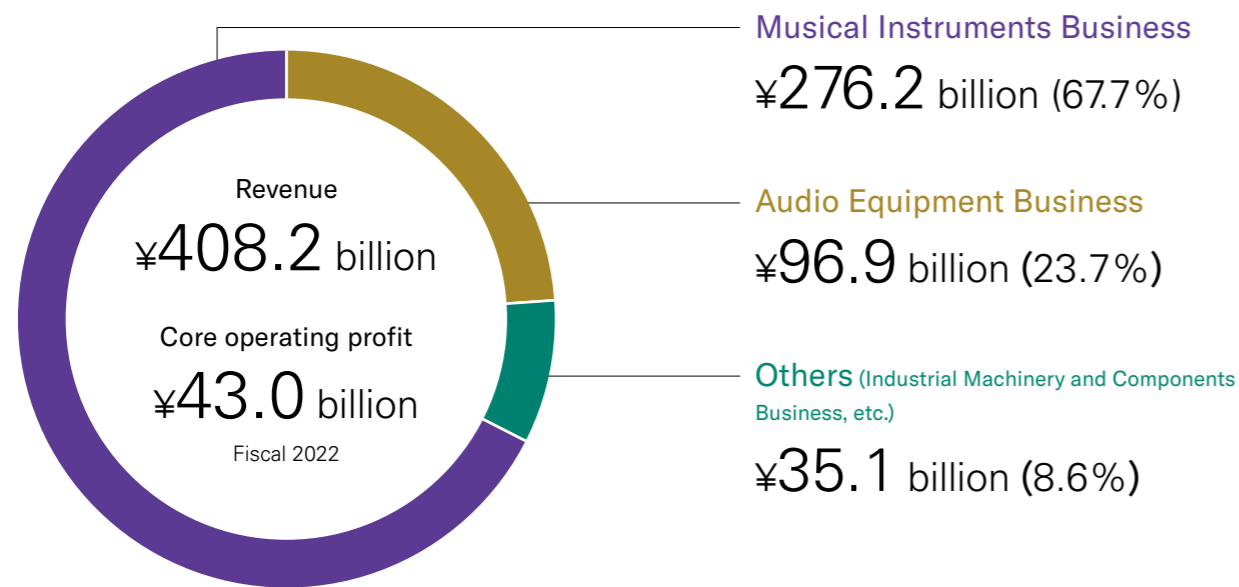
Yamaha Value Creation	Social Value Creation
Achieving the management targets adopted under the Make Waves 2.0 medium-term management plan (2022-2025)	
Non-financial targets Nine targets related to policies of the medium-term management plan (see page 36)	
Financial targets	
Revenue growth: 20% Core operating profit ratio: 14%	Return on equity (ROE): 10% or more Return on invested capital (ROIC): 10% or more
Investment and shareholder returns	
Investment Regular investments ¥40 billion Strategic investments ¥65 billion	Shareholder returns Total return ratio: 50% (three-year aggregate)
Prevention of damage to corporate and social value through reinforcement of sustainability initiatives, risk management, compliance, and other aspects of corporate governance (see pages 42-44 and 88-101)	

Outcome

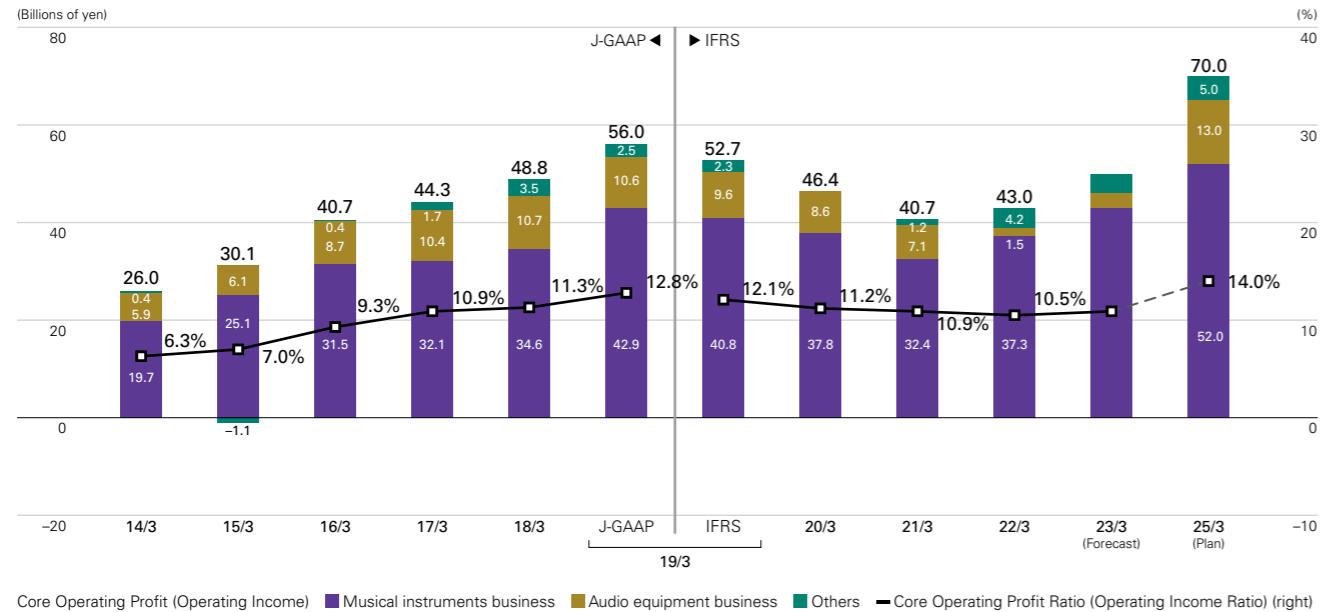
Yamaha will support the “Well-Being of People around the World” through its business centered on sound and music.

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 (PA) equipment, audio equipment, and network equipment, and beside industrial machinery and components businesses focused on semiconductors.

Groupwide Consolidated Revenue and Core Operating Profit



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

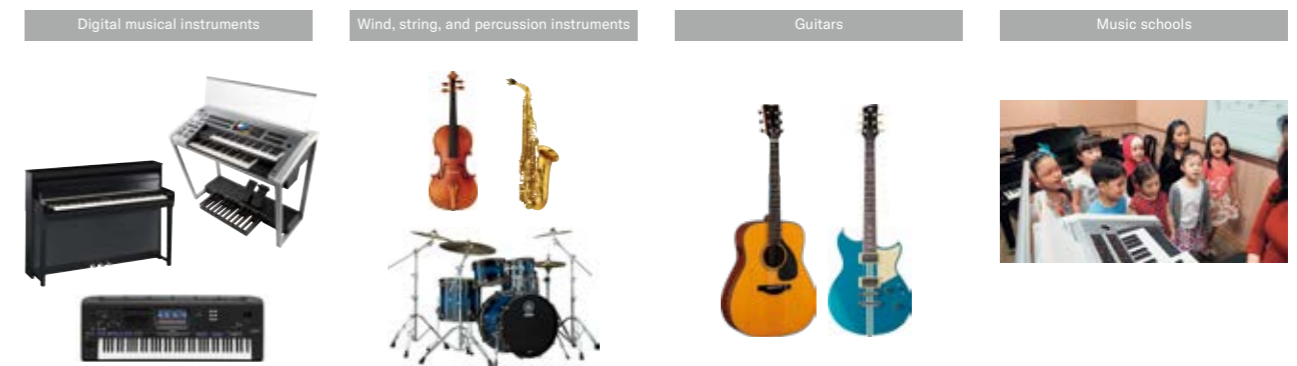


Yamaha's Three Core Businesses and Their Major Products

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 information on the strategies of the musical instruments business, please refer to page 62.



Audio Equipment Business

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

For information on the strategies of the audio equipment business, please refer to page 66.



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 information on the strategies of the industrial machinery and components business, please refer to page 68.

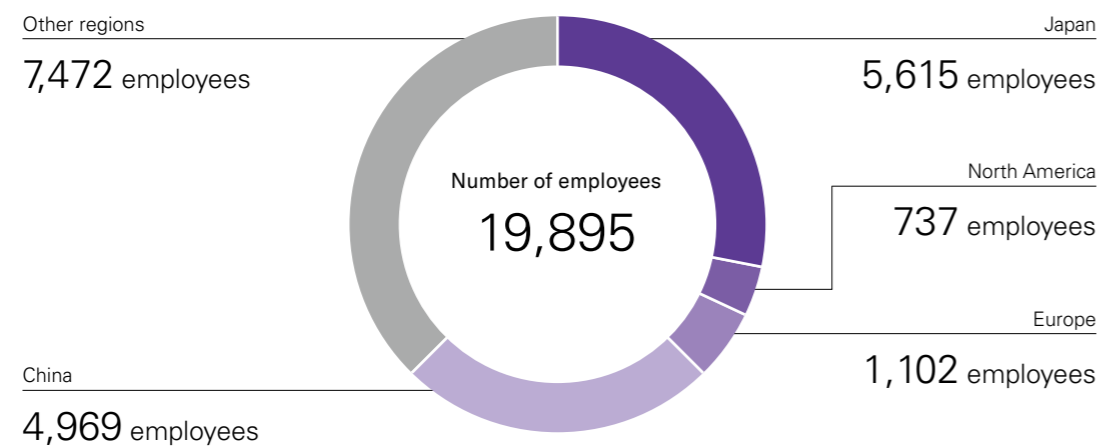
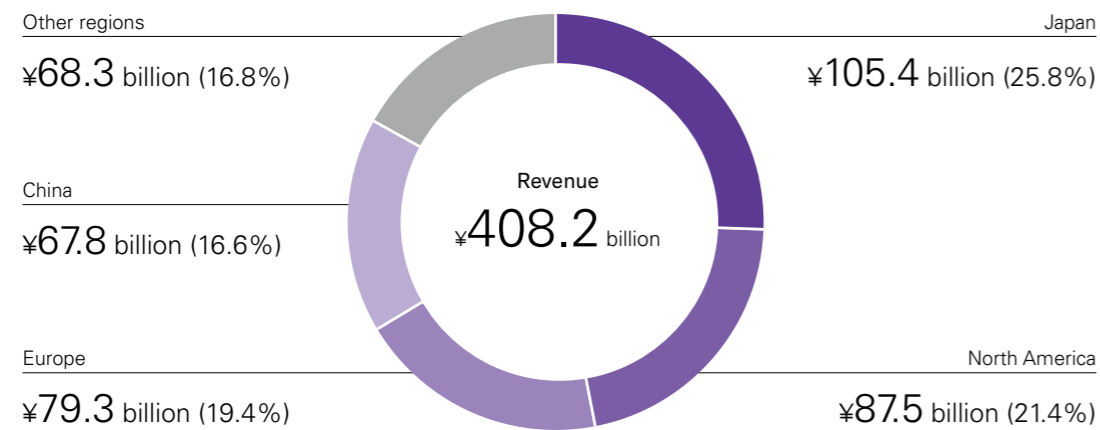


Yamaha's network is expanding across the globe.

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

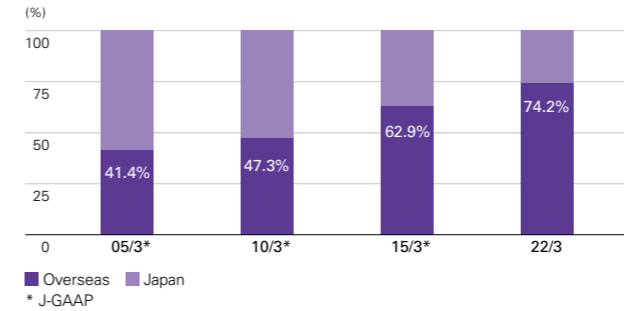
Today, our network encompasses more than 30 countries and regions, allowing us to grow by selling products and promoting music based on the needs of customers all over the globe. We have also set up production bases in growth markets, such as India and Indonesia, as part of our proactive exploration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

Revenue Composition and Number of Employees by Region

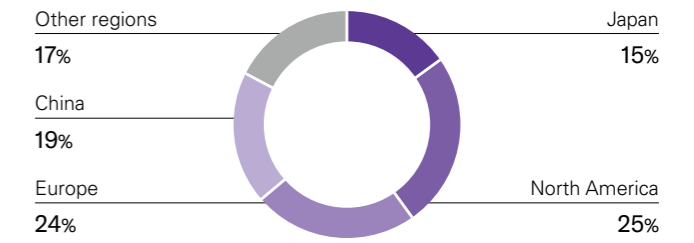


Overseas Revenue Driving Growth

Ratio of Overseas Revenue (%)

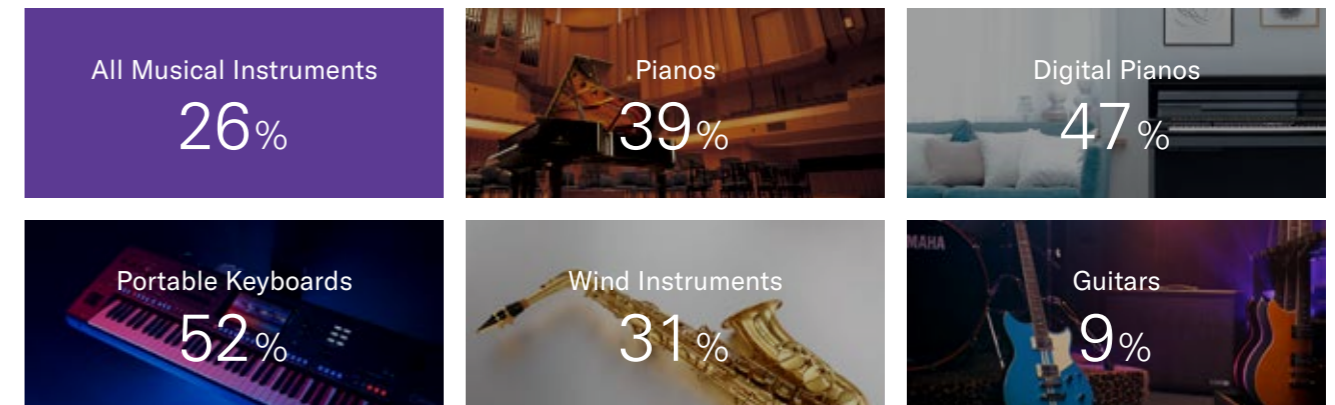


Distribution of Musical Instruments and Audio Equipment Sales by Region



Note: Excludes revenue from music schools and other services

Global Market Shares of Major Products (Fiscal 2021, monetary value basis, based on surveys by Yamaha)

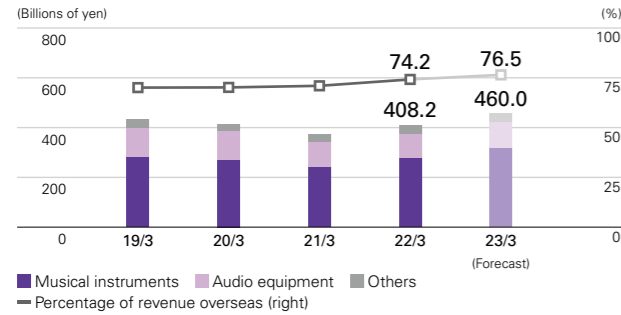


Location of Yamaha Production Bases and Major Products Manufactured



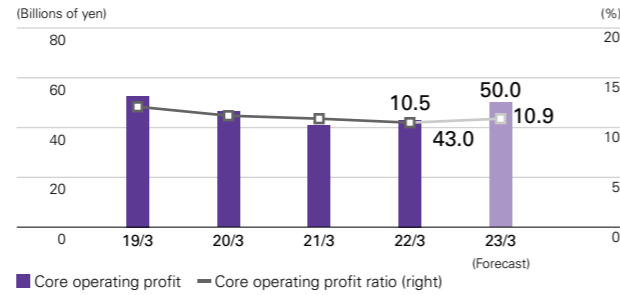
Financial Highlights (Fiscal 2022)

Revenue / Percentage of Revenue Overseas



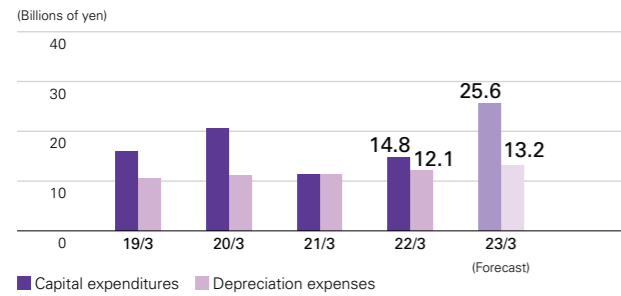
Revenue increased ¥35.6 billion year on year, to ¥408.2 billion, as recovery was seen from the impacts of the COVID-19 pandemic, despite the lingering shortages of product supplies stemming from difficulties procuring semiconductors and logistics disruptions.

Core Operating Profit / Core Operating Profit Ratio



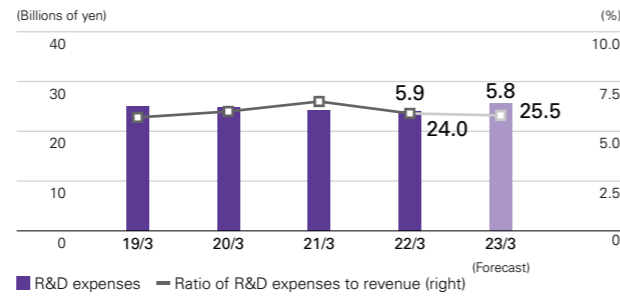
Core operating profit increased ¥2.3 billion, to ¥43.0 billion, as the benefits of increased sales and production and more favorable foreign exchange influences outweighed the impacts of detractors including higher selling, general and administrative expenses and rises in ocean freight charges.

Capital Expenditures / Depreciation Expenses



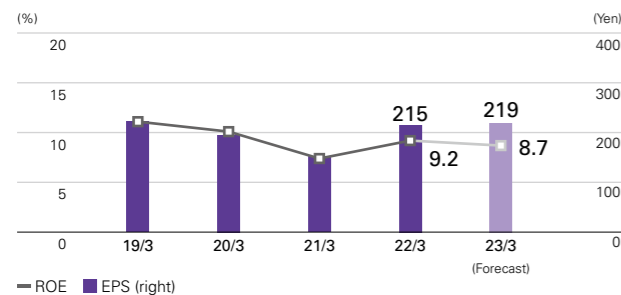
Capital expenditures totaled ¥14.8 billion, up ¥3.6 billion, and surpassed depreciation expenses, which amounted to ¥12.1 billion, primarily as a result of equipment upgrades and renovations.

R&D Expenses / Ratio of R&D Expenses to Revenue



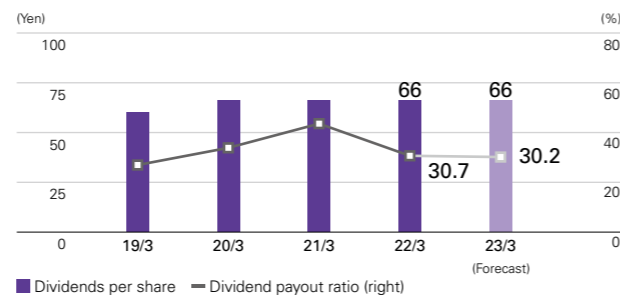
R&D expenses were down ¥0.2 billion, to ¥24.0 billion. Specific targets of development included the new CFX flagship full-concert grand piano and Charlie™, the world's first communication robot that communicates melodically. In addition, we bolstered our portfolio of technologies pertaining to a wide range of areas, including guitars and speakers.

ROE / EPS



Return on equity (ROE) was up 1.8 percentage points, to 9.2%, and earnings per share (EPS) increased ¥63, to ¥215.

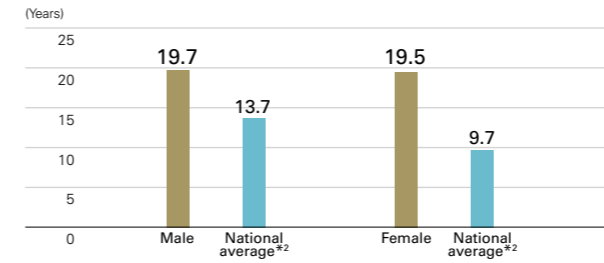
Dividends per Share / Dividend Payout Ratio



The annual dividend was ¥66 per share, the same as in the previous fiscal year. The dividend payout ratio decreased 12.9 percentage points, to 30.7%.

Non-Financial Highlights (Fiscal 2022)

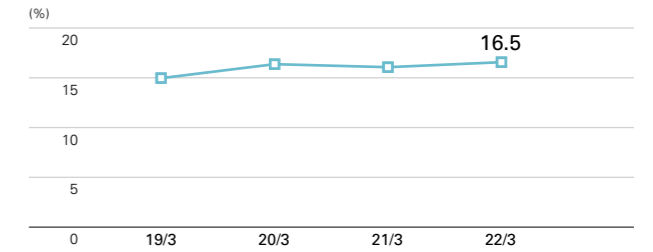
Average Term of Service*



As part of our efforts to promote diversity management, we are working to establish a workplace environment where employees can realize a work-life balance and where female employees can play a more active role. Not only is there no discrepancy between the average term of service of our male and female employees at Yamaha Corporation, but our average term of service has exceeded the national average for around a decade.

*1 Figures are for Yamaha Corporation on a non-consolidated basis.
*2 According to the results of the Basic Survey on Wage Structure published by the Ministry of Health, Labour and Welfare of Japan.

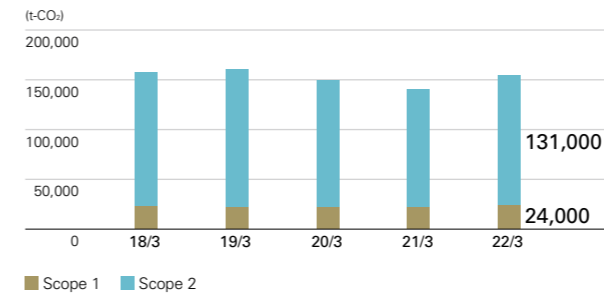
Ratio of Female Managers*



Yamaha has set a target for the ratio of female managers. Efforts to accomplish this target include proactive recruitment and promotion of female employees, the provision of opportunities for female employees to develop their skills, the cultivation of a comfortable workplace, and training and other awareness-raising activities.

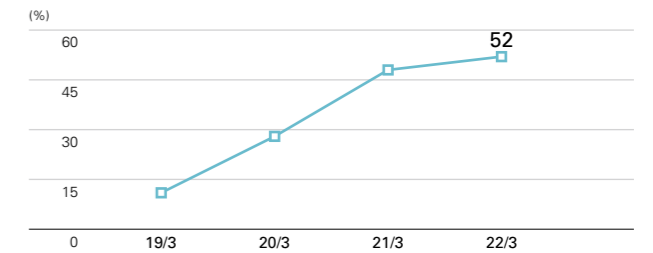
* Group companies (Worldwide total)

Greenhouse Gas Emissions (Scope 1 + Scope 2)



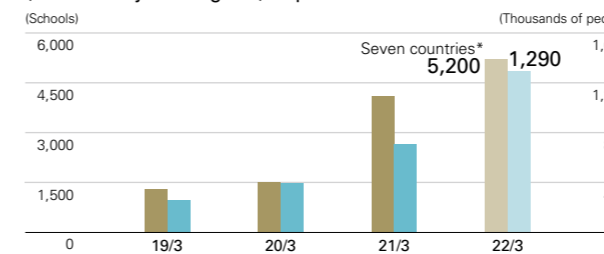
Yamaha is targeting a reduction of 55% in Scope 1 and Scope 2 emissions of greenhouse gases from fiscal 2018 to be achieved by fiscal 2031 and aims to achieve effective carbon neutrality by fiscal 2051. As one facet of our efforts to accomplish these goals, we transitioned to renewable energy for 100% of the electricity purchased at our Company headquarters in April 2021.

Certified Timber Use



Yamaha is developing due diligence frameworks for use in verifying the legality of tree harvesting methods to ensure that it does not purchase illegally harvested timber. At the same time, the Company is promoting increased use of certified timber produced in forests that are sustainable from both social and economic standpoints and that have benefits including contributions to local community development. We successfully accomplished the target of 50% for the rate of certified timber use put forth by Make Waves 1.0, the previous medium-term management plan.

Number of Music Education Initiatives (School Project Program) Implemented Overseas



Since 2015, we have been advancing the School Project to promote the incorporation of instrumental music performance into public school curricula through coordination with local government agencies and education institutions in emerging and other countries. The target of offering such instrumental music education opportunities to one million children through this project defined in Make Waves 1.0 was met.

Brand Ranking

Interbrand's Best Japan Brands 2022*



Our brand ranking in Japan, which was determined using the combined brand value of Yamaha Corporation and Yamaha Motor Co., Ltd., was 28th in 2022 (compared with 30th in 2021), remaining in the top 100 for the eighth consecutive year and representing a 22% year-on-year increase in brand value. Make Waves 1.0 set the target of a 30% increase in brand value, which we were able to achieve with a 50% increase in brand value over the plan's period.

* A brand ranking system by Interbrand Japan, Inc. that evaluates Japanese brands

MANAGEMENT SECTION

II. Management Strategy

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MESSAGE FROM THE PRESIDENT

Yamaha will create new value by heightening its ability to achieve sustainable growth amid the new society through support for the “Well-Being of People around the World.”

Strength of Yamaha Fostered amid Adversity and Newly Emerging Issues

Looking back at the past two years, I cannot help but recognize just how much stronger Yamaha has become today.

The COVID-19 pandemic temporarily forced us into a position that was tantamount to closing our doors. Even if we wanted to make products, we couldn't. Even if we wanted to hold music classes, we couldn't. This situation resulted in us recording a loss for the three-month period ended June 30, 2020. Nevertheless, Yamaha was once again posting profit in the six-month period ended September 30, 2020, and our earnings have continued to grow since. The Yamaha of the past might have recorded a loss or fallen into a period of stagnancy as a result of such extreme circumstances. The Yamaha of today, however, is able to bounce back to overcome a loss in a single quarter. This is an undeniable testament to how far we have come.

Nothing was more impressive than the way we were able to band together in the face of a crisis. If we could not get the components we needed, we were quick to adjust product designs. If we could not make a given product, we worked to find ways to sell other products. The united and proactive efforts of employees throughout all processes, including development, procurement, production, and sales, are evidence of our evolution. I too could not help but be moved by this strong progress. I regret the fact that we were unable to accomplish the financial targets put forth in our medium-term management plan. However, I am confident that we have come out of this experience with a stronger capacity to generate earnings and to respond to crises.

There is no denying, though, that the operating environment is changing at a speed and to a degree that has not

been seen previously. This reality points to a clear need to heighten our risk management capabilities. We have always been focused on predicting and responding to the impacts of potential operating environment changes on our businesses. However, the current operating environment is one in which unpredictable change is the norm. As such, we are pressed to revise our prior risk management systems in line with this operating environment.

We also need to reassess the resilience of our supply chain. Previous resilience measures have included globalizing our supply chain based on natural disasters that had occurred in the past and minimizing inventories to increase the efficiency of our production activities. Regardless of these efforts, the supply chain we built proved to lack the necessary resilience in the face of the COVID-19 pandemic, which brought activities around the world to a screeching halt.

There is also a need to reform our procurement practices. We had previously sought to procure only the necessary components in a timely manner as required for production. However, this approach resulted in a complete stop to our ability to manufacture products due to the global semiconductor shortage, casting light on our vulnerability to such supply and demand imbalances. Accordingly, I see a need for a more finely tuned approach toward procurement. For example, if there is no substitute for a given item, it might be prudent for us to secure a year's worth of supply in advance, as opposed to only a week's worth. This crisis has made it clear that stocks previously viewed as excessive should be reframed as a necessary amount of leeway in management decisions.



Takuya Nakata
Director, President and
Representative Executive
Officer

Review of the Make Waves 1.0 Medium-Term Management Plan— Progress in Key Strategies and Accomplishment of Non-Financial Targets

Yamaha unveiled its new medium-term management plan—Make Waves 2.0—in May 2022. Before I talk about this plan, I would like to take a look back at Make Waves 1.0, our previous plan.

This plan covered the three-year period from April 2019 to March 2022, which ended up overlapping with the period during which the impacts of the COVID-19 pandemic were the most pronounced. As a result, we were unable to achieve our financial targets. Despite these impacts, though, we were able to make steady progress in our key strategies and to achieve all of the plan’s non-financial targets. I therefore am confident in saying that the foundations supporting our growth are now stronger than they have ever been.

One way in which our foundations have been made stronger is through the establishment of the Innovation Center, an R&D center completed in 2018. Consolidating our engineers in a single location has led to the launch of a number of unique products that merge technologies ranging from acoustic and digital technologies to network technologies. Examples of these products include the SYNCROOM online remote ensemble performance service, which allows performers separated physically to take part in real-time ensemble performances via the internet, and the Remote Cheerer powered by SoundUD remote cheering system that makes it possible for sports fans to cheer on their favorite events and interact with their colleagues remotely. Both of these offerings garnered a great deal of positive attention, though they have not yet begun making clear contributions to earnings. The benefits of the consolidation of engineers have also appeared in the speed at which we develop and launch products and services. In the past, we have sought to refine our products to the highest possible level before launching them. However, this approach is no longer sufficient for accommodating the pace of change in customer needs and lifestyles. Accordingly, we have recently been accelerating development and marketing through an agile development approach that entails launching products in a slightly less complete state, and then quickly raising their quality to the necessary level. The passion of our employees to promote the appeal of music and the importance of communication, which is all the greater given the restrictions on interacting with people face to face amid the pandemic, fueled this speed.

Through this new R&D approach, we have unlocked new possibilities for developing products and services.

As far as our quantitative results, we achieved double-digit growth for mainstay offerings in the musical instruments business like pianos as well as wind, string, and percussion instruments. We also saw growth for guitars as well as for digital musical instruments, which were the subject of struggling production and supply due to semiconductor shortages and logistics disruptions. This growth was achieved on the back of strong demand. In addition, the number of students offered instrumental music performance experiences through the School Project, which we are developing centered on emerging countries, soared past our target of 1.0 million to 1.3 million. These successes reaffirmed the strong latent demand for instruments and music. This also made me aware of the potential to further broaden the scope of our business by winning greater levels of customer trust through proactive effort.

The pandemic transformed how people think and live along with their values. These changes present substantial opportunities for Yamaha, a company committed to technologies, sensibility, and the value born out of these. Under the new medium-term management plan, we are committed to achieving ongoing growth by tackling the management challenges I spoke of while building upon the operating foundations created under the previous plan to capture the wide range of business opportunities that are emerging.



Class held through the School Project in Egypt (photograph provided by Egyptian Japanese School)

New Make Waves 2.0 Medium-Term Management Plan for a Stronger Yamaha

Make Waves 2.0, the new medium-term management plan, puts forth a mission that combines Yamaha’s enduring corporate philosophy of “Sharing Passion & Performance” with our purpose of “Well-Being of People around the World.” This decision was made in response to the voices of employees asking for our precious philosophy to have a clear position within the medium-term management plan that guides our growth. Another goal behind the definition of this mission was to share our aspirations with internal and external stakeholders.

In formulating the new medium-term management plan, we took a backcasting approach starting from our mission and management vision to determine how we needed to change over the next three years in order to accomplish these goals. As part of this process, we defined material issues that represent the priority management issues to be addressed in order to fulfill our mission and realize our vision. This entailed reframing the material issues that had previously been established from the perspectives of sustainability and ESG issues as material issues for management that can be incorporated into all of our business activities.

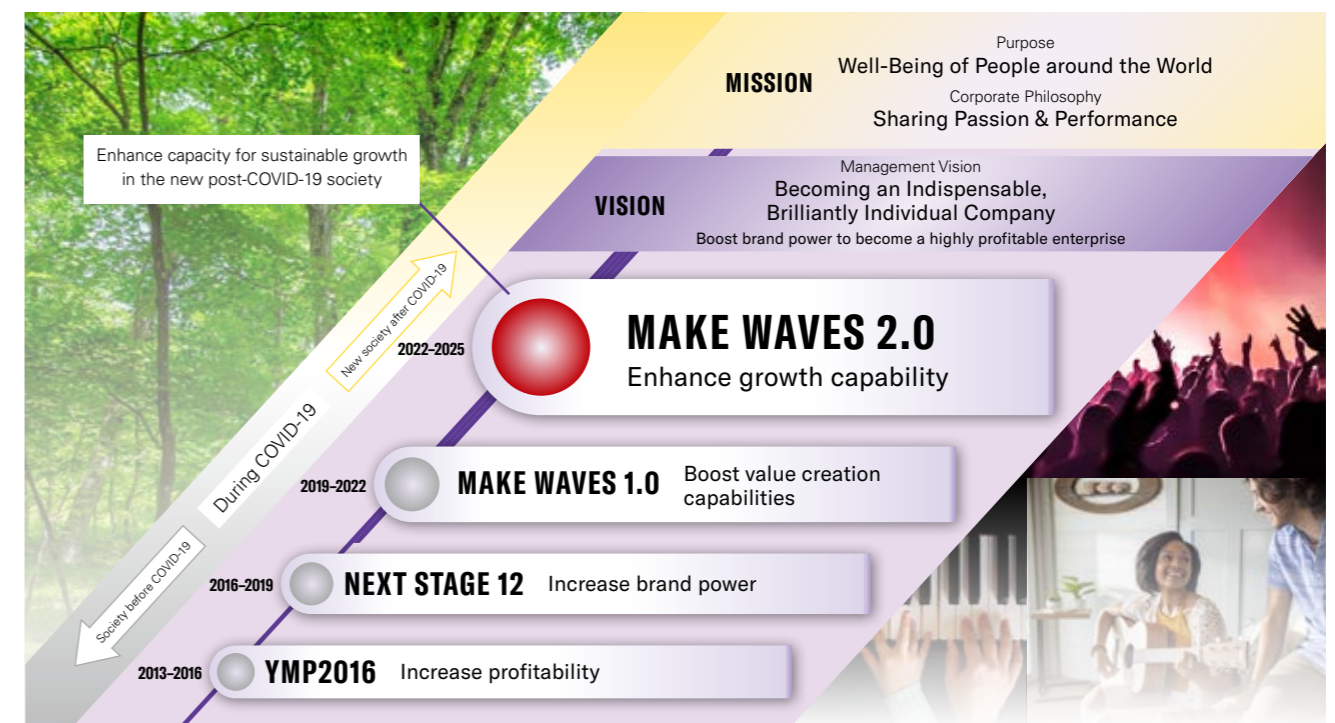
Moreover, the new medium-term management plan describes how we will further build upon the successes of the previous plans, which have been centered around increasingly large themes, starting with profitability and escalating to brand power and then value creation. This is how we have proceeded to heighten corporate value. In the next stage represented by the new medium-term

management plan, we will seek to enhance our capability for sustainable growth.

Some might wonder why we chose to emphasize growth capability at this time. Basically, I believe that most pressing among the numerous management challenges we face at this point in time is the drop in revenue as a result of the COVID-19 pandemic. A glance back at the past 15 years will reveal that our revenue had continued to decline after peaking in fiscal 2007, with a net sales figure of ¥550.0 billion based on the J-GAAP accounting standards used at the time. In the years that followed, we undertook selection and concentration measures, including the transference of our metal product, resort facilities, and lifestyle-related products businesses. The resulting downturn in sales was exacerbated by the 2008 global financial crisis, and these factors eventually led net sales to fall to ¥350.0 billion in fiscal 2012. We were able to recover net sales to around ¥400.0 billion, but the pandemic later sent figures plummeting to the ¥300.0 billion level. It was in fiscal 2022 when we were finally able to get revenue back above ¥400.0 billion.

Even if revenue growth is flat, it is still possible to increase profit to a certain degree by improving profit margins. Yamaha, however, will take a different path. We are committed to proving that our confidence in the latent potential of music and instruments was not unfounded in order to contribute to the “Well-Being of People around the World.” For this reason as well, it is important for us to paint a vision

Medium-Term Management Plan Basic Policy



of the future and to resume our pursuit of growth to accomplish this vision.

When we speak of our intent to enhance our growth capability, we are talking about our dedication to bolstering our potential for sustainable growth, which includes our resilience toward change. Accordingly, the new medium-term

management plan is not a plan for merely growing top-line revenue through measures such as M&A activities for expanding our scale. We therefore hope you will look forward to seeing how much Yamaha can enhance its capabilities for sustainable growth over the period of the new plan.

Enhancement of Growth Capability

The new medium-term management plan delineates three key policies for enhancing our sustainable growth capability.

Key Policy 1: Further strengthen the business foundation

The themes under the policy of further strengthen the business foundations are (1) Develop closer ties with customers, (2) Create new value, and (3) Be more flexible and resilient. Themes (1) and (2) were also areas of focus for the previous medium-term management plan. The number of Yamaha Music ID registrants has been defined as a non-financial indicator for gauging the progress of initiatives based on theme (1), and we have set a target of five million registrants. We are in the process of transitioning to the new frameworks for integrating our roughly four million current holders of Yamaha service IDs, which means that we can accomplish this target by acquiring another million users.

For theme (2), we will continue the initiatives of the previous medium-term management plan to expand our lineup of products that capitalize on Yamaha's strengths in acoustic and digital technologies. For this theme, the plan puts forth the indicator of the number of new concept products introduced. I have high expectations with this regard as we are already seeing a variety of new ideas for such products. We also intend to use a platform tentatively named Yamaha Music Connect to provide new ways of enjoying sound and music by supplying customers with services personalized to their needs based on the information we have collected.

Theme (3) relates to the pressing issue of raising our resilience.

We have earmarked ¥35.0 billion for investment in this area to be used to expedite the development of frameworks for flexible supply of products to the market, even in an opaque operating environment. These investments will be directed toward revising production systems, improving the capabilities of existing factories, and utilizing the Internet of Things (IoT) and other digital technologies. We have also examined our prior production process policy of positioning processing and assembly functions at separate factories from the perspective of production efficiency. Based on our new policy, we have been reorganizing our production system to manufacture the same models at multiple factories and to develop lines in which all steps from processing to assembly are performed at the same location in certain regions. Yamaha will also be bolstering its R&D foundations and promoting digital transformation to create new value and reform processes.

Key Policy 2: Set sustainability as a source of value

For the key policy of set sustainability as a source of value, we have defined key themes from the perspectives of the environment, society, and culture. From the perspective of the environment, we seek to build a value chain that supports the future of the earth and society. Efforts to this end will include reducing CO₂ emissions in response to climate change, practicing sustainable use of timber for use in musical instruments, and pursuing resource savings and reduction in waste and hazardous substances. For example, in the past we have applied several coatings of black paint to pianos, and then grinded down this paint during the polishing process.



Production base (India)



Tone Forest



However, this approach led to an amount of paint becoming wasted through the polishing process that surpassed the amount that remained as coating on the piano. This approach is important for producing a deep and elegant color, but we cannot deny the large impact this process has on the environment. Conversely, if we were to share such environmental impacts as part of product information, customers may come to assign higher evaluations to pianos that take advantage of the aesthetic of the natural wood. In this manner, I believe ideas that defy conventions and communication with customers will be more important than ever in responding to consumer values in a receptive manner going forward.

In terms of society, we look to enhance our brand power and competitiveness by contributing to comfortable lives. One area we are focusing on in this quest is remote performances and communication. We are also accelerating our efforts for ensuring respect for human rights across the supply chain, and we have set a target of introducing on-site supplier audits at 60 companies. Furthermore, Yamaha is seeking to propose new health and safety value that calls upon its expertise as a company involved in sound. This value will be provided through products that reduce the burden placed on users' ears, technologies for facilitating traffic safety via voice guidance, and contributions to quality of life with music.

As for culture, Yamaha looks to expand the musical-instrument-playing population. Targets for accomplishing this goal include the number of individuals aided through instrumental music education promotion and support activities and the number of students of overseas music schools. To work toward these targets, we are accelerating the cultivation of the instructors and technicians that are indispensable to the development of musical culture along with activities for supporting musicians and researchers.

Key Policy 3: Enable Yamaha colleagues to be more valued, more engaged, and more committed

The themes for the key policy of enable Yamaha colleagues to be more valued, more engaged, and more committed are as follows: (1) Increase job satisfaction, (2) Promote respect for human rights and diversity, equity, and inclusion (DE&I), and (3) Foster open organizational culture where people can proactively take on challenges.

Yamaha is in the business of sound and music, which is directly tied to people's sensitivities. As such, our greatest management resources are our creativity and the people who supply this creativity. I am always thinking about what we need to do to ensure that employees enjoy their work and are able to take on new challenges. This is because, based on my own experience, I believe that employees produce the best output when they find their job fun and engaging.

Yamaha has been developing a global business since the 1950s, meaning that we have talented people across the globe. Energizing this diverse staff of talented individuals and tying this energy to the growth of the Company is imperative to the ongoing creation of corporate value. This is the reason that making our colleagues more valued, more engaged, and more committed has been positioned as a key policy, as opposed to a measure, under the new medium-term management plan.

Teleworking has become commonplace over the past two years, increasing the degree of freedom employees have in the way they work. Employees are thus able to choose the ideal workstyle option based on their own duties and the stage of whatever they are doing. Depending on the job at hand, they may choose to work alone at home, or to go into the office to talk to their colleagues face to face. However, it is important to ensure that the pursuit of short-term efficiency does not lead

to workstyles that impede the medium- to long-term growth of the organization or of individuals, perhaps by causing a loss of creativity or of trust-based relationships with colleagues. As such, I believe that management has an important duty to

build frameworks and foster a corporate culture that allows us to exercise creativity at both the individuals and the organizational level.

Road to Accomplishment of the Targets of the New Medium-Term Management Plan

Under the new medium-term management plan, we will advance initiatives based on the themes defined for the three key policies while also working toward the accomplishment of the three non-financial targets set for each of these policies. Together with these non-financial targets, we will pursue the financial targets of a revenue growth rate of 20%, a core operating profit ratio of 14%, and ROE and return on invested capital (ROIC) of 10% or more. At the moment, raw material prices are soaring against a backdrop of rising crude oil prices and difficulties procuring semiconductors as a result of geopolitical risks. The higher material prices have prompted the industry to adopt a policy of transferring these costs to the buyer. Yamaha has not escaped the impacts of this trend, as we saw costs grow by approximately ¥12.0 billion in fiscal 2022, roughly 50% of which we transferred to the prices of our products. We also expect an increase in costs of between ¥5.0 billion and ¥6.0 billion during fiscal 2023, the first year of the new medium-term management plan. However, we anticipate that we will be able to offset all of this increase, including that outstanding from fiscal 2022, by raising selling prices.

The new medium-term management plan also sets the course for the business portfolio we will target in the future. Specifically, we will seek to strengthen our earning power centered on the piano and wind, string, and percussion instruments businesses while also growing our digital musical instruments business. At the same time, we will cultivate our guitar, industrial machinery and components, and new service businesses into future growth pillars. Our guitar business has suffered from a relatively low share to date, but this business has continued to grow nonetheless, and I believe

that the possibility of getting this business on the growth track is within reach. The audio equipment business, meanwhile, struggled for a bit during the COVID-19 pandemic. However, this does not change the fact that its market has significant growth potential. Several initiatives in this business are already beginning to produce results, and I therefore expect that we can get this business on the growth track by combining these initiatives to generate synergies.

When formulating the new plan, we were meticulous not only in crafting the plan itself but also in deciding the approach we would use to explain the plan. For previous plans, we began by putting forth our financial targets and explaining how we will accomplish them. For the new plan, we are taking the opposite approach; first describing our overarching vision and management policies and then looking at the challenges needing to be overcome in order for Yamaha to grow. This framing is then used to explain the specific measures we will be implementing as well as our non-financial targets. We end with the financial targets that will be accomplished as a result of the measures we have explained up to this point. You may have noticed that this is exactly the approach I took in explaining the plan to you just now. Through this approach, we sought to avoid becoming preoccupied with numbers and to facilitate employee understanding and action. In other words, we wanted to explain the plan in a manner that gave people a genuine, intuitive understanding. This same approach is also used in explaining the plan to shareholders and investors in order to ensure uniformity in the messages we communicate both inside and outside of the organization.

Intangible Assets as a Growth Driver

Among its various types of intangible assets, Yamaha places particular emphasis on its technological capabilities. With this regard, it is not enough to merely develop cutting-edge technologies; we also need technologies for quantifying the sensibilities regarding listening and for utilizing such quantified data in products. This is an area where I believe that Yamaha is without peer. The evolution of such distinctly Yamaha technologies will be an important growth driver under the new medium-term management plan.

I suspect that intangible assets, such as the technological capabilities and brand power we have continued to hone, will become increasingly important when it comes to evolving

our business model in response to changes in society and in the market. Another important intangible asset will be our customer data platform, the database in which we store Yamaha Music ID information. I mentioned that we do not plan to take part in M&A activities for the sole purpose of growing in scale. However, we will actively examine the possibility of M&A activities for bolstering our portfolio of technologies, intellectual properties, consumer data, and other intangible properties to enhance our growth capability.



Governance for Supporting Transformation

I would now like to talk a little about corporate governance at Yamaha. I feel that we have been seeing qualitative improvements to discussions at meetings of the Board of Directors as of late. Mr. Hiromichi Shinohara and Ms. Naoko Yoshizawa, the new outside directors who joined us in June 2021, boast experience in managing major companies in businesses that use digital technologies. Accordingly, they are extremely insightful when it comes to managing from the perspective of technologies. Moreover, the ability to gain input and advice from outside directors with varied backgrounds and insight has also helped me make new discoveries. Discussion on the type of evolution Yamaha will need to undergo in the future

with these members has made it clear that one of the functions of governance is supporting transformation in pursuit of the medium- to long-term creation of value.

As well, the position of audit officer, established in 2020, is contributing to improvements to our auditing and information collection functions, which were previously areas of concern. Audit officers have also proven to be reliable allies to the members of the Audit Committee. Furthermore, their efforts have been providing a positive type of pressure to the executive team, and I expect that the audit officers will help drive ongoing qualitative improvements to governance and internal control systems.

True Value of Yamaha Seen in Diligence

For Yamaha, there is a positively correlated relationship between sustainability and earnings growth. When awareness for sustainability began rising across society, Yamaha was quick to take a diligent stance toward promoting sustainability. This diligence has contributed to our brand image and is one of the reasons that Yamaha's products and services have been able to win the support of customers. This means that the level of diligence we exercise in pursuing the non-financial targets of the new medium-term management plan will translate directly to the enhancement of our growth capability. Accordingly, I want fiscal 2023, the first year of the new plan, to be a year in which we demonstrate the true value of Yamaha by taking a diligent stance in all of our endeavors. Through such diligence, we should work to prove our growth capability to stakeholders.

I look forward to ongoing engagement with shareholders, investors, and other stakeholders through online and other venues. I would also like to ask our stakeholders for their continued support going forward.

September 2022

Takuya Nakata
Director, President and Representative Executive Officer

Review of the Previous Medium-Term Management Plan (Make Waves 1.0)

Make Waves 1.0, the previous medium-term management plan, which covered the period from April 1, 2019 to March 31, 2022, defined our management vision (medium- to long-term vision) as “Becoming an Indispensable, Brilliantly Individual Company, boost brand power to become a highly profitable enterprise.” In pursuit of this vision, we advanced four key strategies—develop closer ties with customers, create new value, enhance productivity, and contribute to society through our businesses—in accordance with the basic strategy of “develop closer ties with customers and society, and boost value creation capabilities.”

We failed to accomplish the financial targets of the previous medium-term management plan due to the significant impacts on business activities from supply chain disruptions and restrictions on social activities resulting from the COVID-19 pandemic. Regardless of these challenges, steady progress was made in the four key strategies. We were therefore able to achieve the non-financial targets defined in Make Waves 1.0 for corporate brand value, music popularization for learning musical instruments in emerging markets, and certified timber use. This accomplishment is especially noteworthy given that this was the first time such non-financial targets were set in a medium-term management plan of the Company.

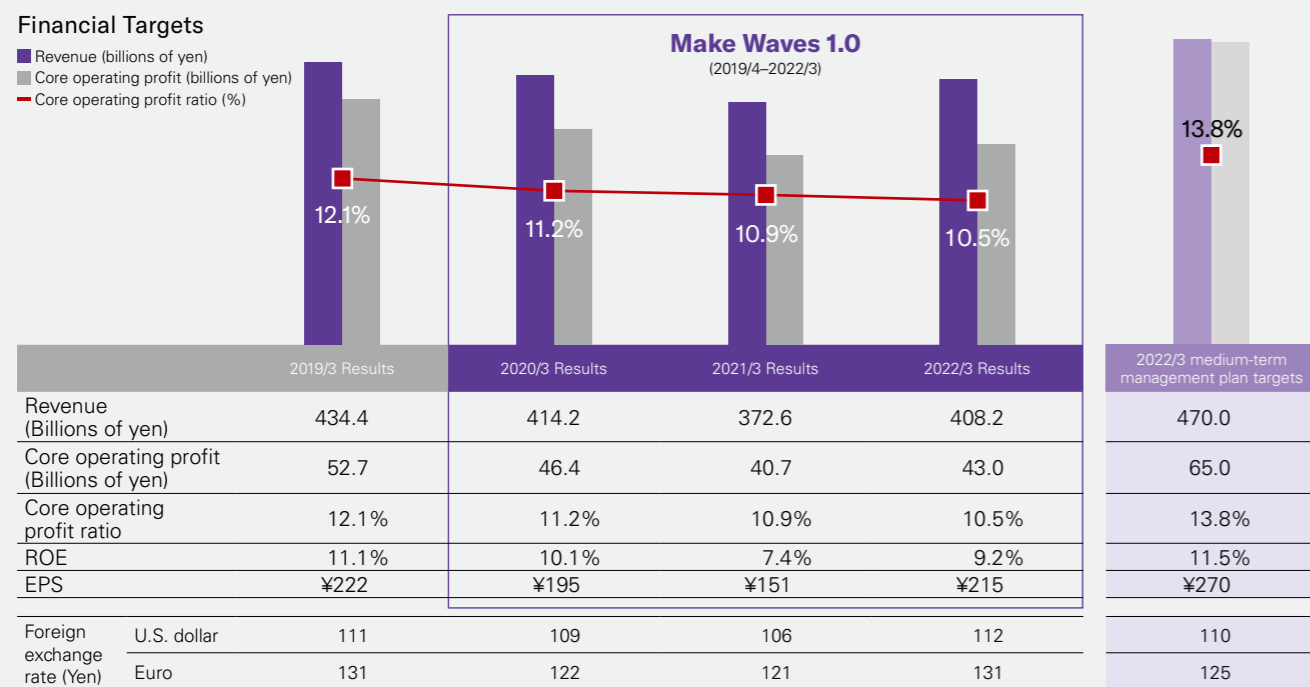
Progress of Key Strategies

✓ Accomplished sufficiently during period of Make Waves 1.0 × Ongoing focus under Make Waves 2.0

Develop Closer Ties with Customers	Integration of customer data platform progressed, thereby accelerating digital marketing	✓
	Yamaha in-vehicle sound system domain expanded through adoption of Yamaha products for automobiles of five companies	✓
	Sales opportunities lost due to supply shortages caused by semiconductor procurement and logistics difficulties	×
Create New Value	Launched distinctive products fusing a wide range of technologies	✓
	Provided products and services that meet new demand related to remote and other solutions	✓
	Promoted development of various business platforms and began shift to utilization of platforms under the new medium-term management plan	×
Enhance Productivity	Accelerated workstyle reform promotion and business transformation triggered by the COVID-19 pandemic	✓
	Launched factory in India, expanded production capacity and number of models manufactured	✓
	Cost increase outweighed cost reduction efforts amid the COVID-19 pandemic	×
Contribute to Society through Our Businesses	Yamaha Music School opened in a new market (first authorized facility in Saudi Arabia)	✓
	The Yamaha Group recognized with an "A" rating for climate change by the CDP	✓
	Selected as a Health & Productivity Stock Selection Brand for 2022	✓

Financial Targets

■ Revenue (billions of yen)
■ Core operating profit (billions of yen)
■ Core operating profit ratio (%)



Non-Financial Targets

Increased corporate brand value by 1.5 times, surpassing the target of 1.3 times	Number of students offered instrumental music performance experiences through School Project reached 1.3 million, exceeding the target of 1 million students	Achieved use rate target of 50% for certified timber
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Outlook for the Yamaha Group's Operating Environment

The changes projected under the previous medium-term management plan, including digitalization, increased emphasis on diversity, and growing awareness of sustainability, were accelerated by the COVID-19 pandemic. The pandemic 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 the business environment also presents risks of economic stagnation and unpredicted supply chain disruptions due to the COVID-19 pandemic. Such changes to the business environment were considered when defining material issues.

A New Society Brought about by Business Environment Changes

Business environment forecast
Profound transformation brought about by accelerated digitalization

The industrial structure and the world are changing drastically while relationships with customers are becoming more direct and closer.

Business environment forecast
Greater diversity in lifestyles and people's values

Beyond desiring greater functionality and convenience, people are also seeking greater emotional satisfaction and authenticity.

Business environment forecast
Growing awareness of sustainability

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.

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 Issues for the Yamaha Group

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.

In the new medium-term management plan, these material issues have been used to shape the three key 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,” and three key themes for activities have been defined based on these policies.

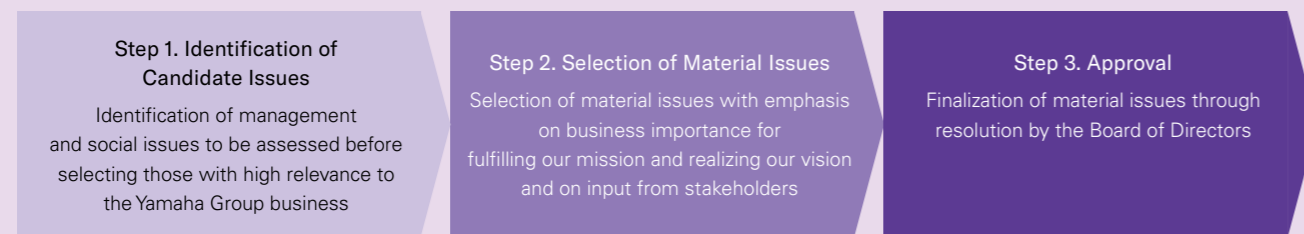
Material Issue Identification Process

In identifying material issues, we defined management issues and social issues and then assessed these issues based on their

importance to fulfilling our mission (purpose and corporate philosophy) and realizing our management vision and based on input from customers, shareholders, investors, employees, communities, and other stakeholders. The material issues were finalized via resolution of the Board of Directors after discussions by the Managing Council and the Board of Directors.

For the area of business foundation, we focused on identifying materials 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. For more information, please refer to the following diagrams and to page 44.

Material Issue Identification Process



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

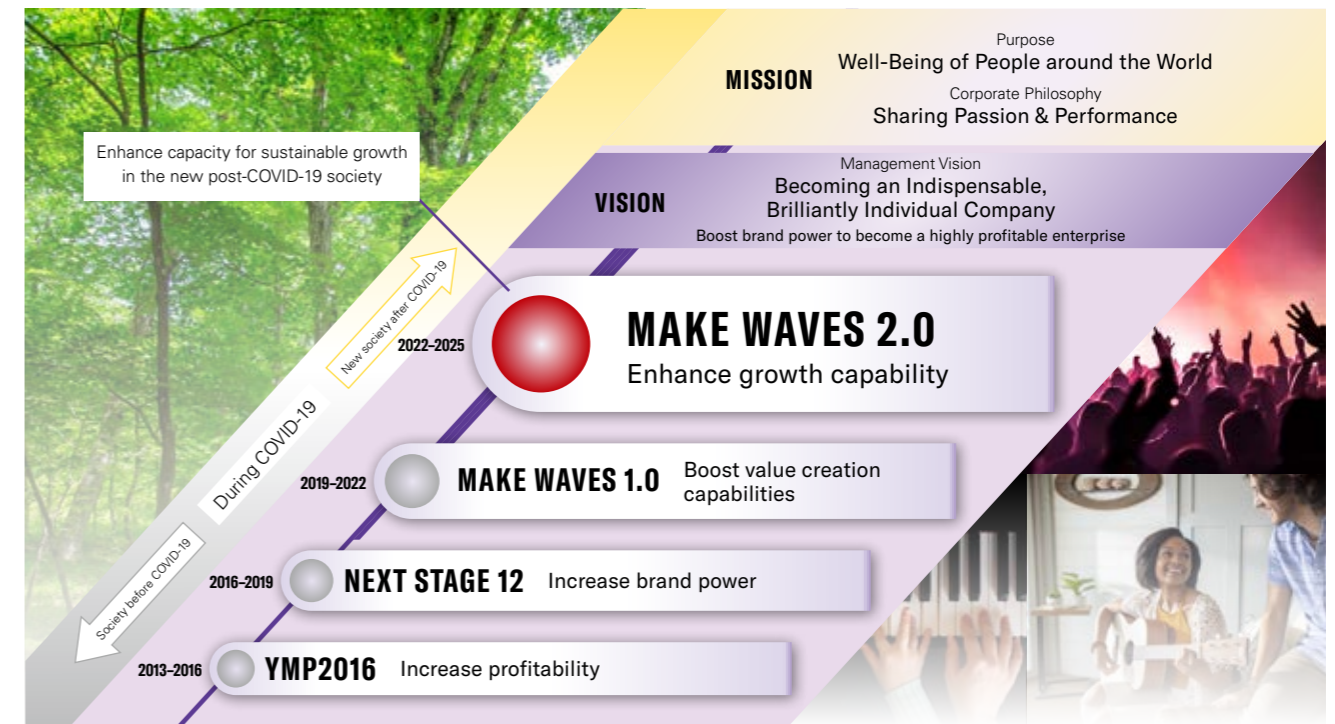
<https://www.yamaha.com/en/csr/materiality/>



Material Issues



Medium-Term Management Plan Basic Policy



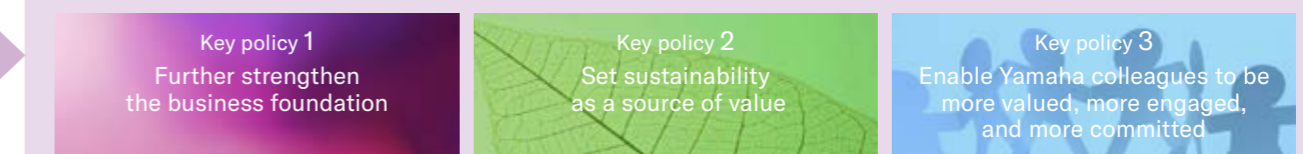
Support for the “Well-Being of People around the World”

The Yamaha Group aims to support the “Well-Being of People around the World” through its business activities. Our corporate philosophy is “Sharing Passion & Performance: With our unique expertise and sensibilities, gained from our devotion to sound and music, we are committed to creating excitement and cultural inspiration together with people around the world.” This philosophy serves as the starting point for our actions.

We have been enhancing our corporate value, comprised of our profitability, brand value, and value propositions, at each stage of the medium-term management plan based on our medium- to long-term management vision of “Becoming an Indispensable, Brilliantly Individual Company.”

In the new stage of “Make Waves 2.0,” we will further increase our corporate value based on our basic policy of enhancing our sustainable growth capability in the new post-COVID-19 society, which has undergone significant changes.

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



Information on initiatives based on the defined material issues can be found on pages 30 to 37 as well as on the pages indicated below.

Customers	P62-69, P76-77	Environment	P45-49, P74-75	Human resources	P50-53
Technology	P62-75	Society	P50-51, P62-69		
Manufacturing	P62-75	Culture	P62-69, P76-77		
Quality	P62-75				
Digital transformation	P54-55				
Governance	P78-101				

Policies and Key Themes

Key policy 1
Further strengthen the business foundation

In Make Waves 2.0, the themes of “develop closer ties with customers” and “create new value,” which were also included in the previous medium-term management plan, were complemented with the new theme of “be more flexible and resilient” based on the lessons learned from the COVID-19 pandemic.

Key Themes

(1) Develop closer ties with customers

(2) Create new value

(3) Be more flexible and resilient

Key policy 2
Set sustainability as a source of value

The Yamaha Group positions sustainability as a source of corporate value, as opposed to an obstacle to creating value. Based on this belief, we will advance initiatives from the perspectives of the environment, society, and culture.

Key Themes

Environment
(1) Build a value chain that supports the future of the earth and society

Society
(2) Enhance brand power and competitiveness by contributing to comfortable lives

Culture
(3) Expand market through the promotion and development of music culture

Key policy 3
Enable Yamaha colleagues to be more valued, more engaged, and more committed

We recognize that it is the engagement and commitment of our colleagues that drive all of the value creation activities of the Group. Accordingly, we practice management in a way that draws upon the individuality of all employees to ensure that they can deliver their best possible performance.

Key Themes

(1) Increase job satisfaction

(2) Promote respect for human rights and DE&I

(3) Foster open organizational culture where people can proactively take on challenges

1. Further strengthen the business foundation

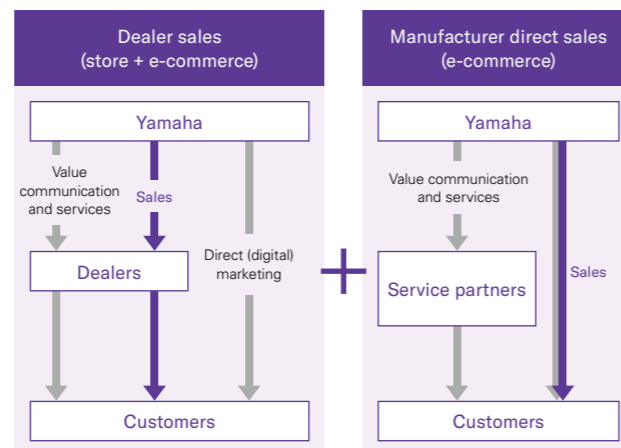
Develop Closer Ties with Customers

The Yamaha Group will adopt a hybrid approach toward soliciting its value that combines digital marketing with physical bases. At the same time, we are ramping up direct sales as a manufacturer in order to forge stronger ties with customers. We will also augment and utilize our customer data platform so that we can better advertise our value and expand our lineup of services that support customers in living lives involving music.

Sales Channels

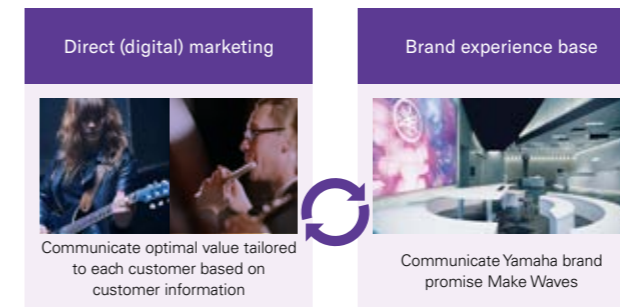
Sales Evolution for Direct Ties with Customers

Under the previous medium-term management plan, we devoted efforts to direct marketing so as to cultivate successful examples of customers being directed toward stores based on direct communications by Yamaha of the value it offers as a manufacturer. The new medium-term management plan aims to further increase our value communication capabilities by enhancing our frameworks for performing direct sales to customers. We thereby look to evolve our frameworks to build strong direct ties with customers by communicating our value directly to customers in order to generate benefits for both customers and the market.



Value Communication
Hybrid Value Appeal Integrating Digital Marketing and Physical Stores

The Yamaha Group aspires to issue communications in a manner that integrates digital marketing and physical stores to expand and improve communications showcasing its product and brand value. In addition, we are integrating customer information into our new digital marketing approach in order to realize a more effective communication approach. We are also expanding our network of brand shops overseas.



Customer Data Platform
Improvement of Customer Data Platform (Yamaha Music ID) to Develop Closer Ties with Users over Their Lifetime

Capitalizing on the Yamaha Music ID registration systems and customer data platforms built under the previous medium-term management plan, the new medium-term management plan will target the reinforcement of ties with customers in order to create services that contribute to each individual customer.



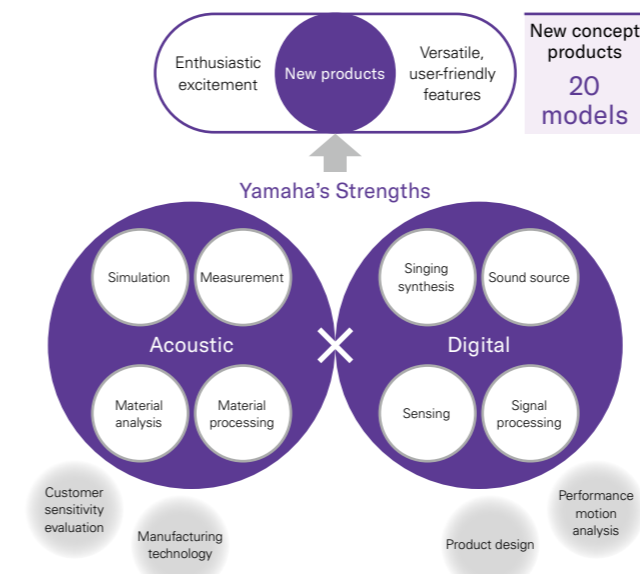
Create New Value

Yamaha is developing new products that combine its strengths in digital and acoustic technologies while building upon the fundamental advantages of its products. We also look to build a business model that forges longer, wider, and deeper ties with customers.

Products

Creation of New Products Unique to Yamaha through the Fusion of Acoustic and Digital Technologies

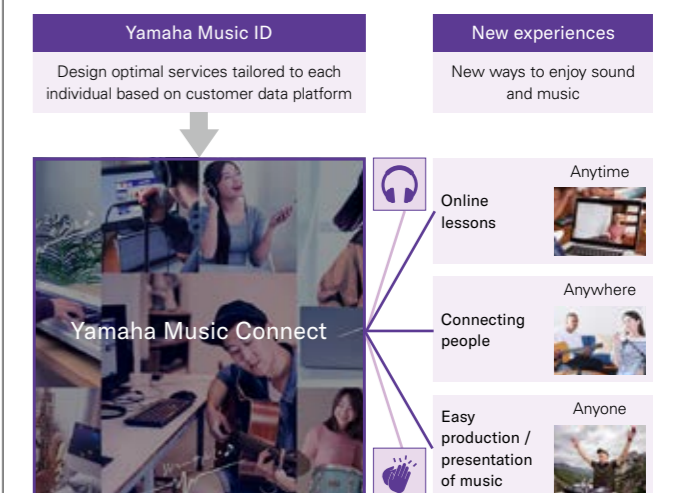
Yamaha creates unique products and services that other companies cannot mimic through the fusion of the various technologies that underpin its competitive edge. A particular area of focus will be launching products based on this and other new concepts. By releasing products that allow anyone to enjoy sound and music anytime, anywhere, we will seek to generate new value.



Services

Acceleration of Lifetime Value Strategy and Develop Services to Make Life with Music More Enjoyable through External Collaboration and User-Generated Content

Yamaha aims to improve lifetime value by forging longer, wider, and deeper ties with customers through the provision of services matched to individual needs based on the understanding gained through its customer data platform. We are currently in the process of integrating Yamaha’s applications and content into a platform tentatively named Yamaha Music Connect to supply services that make life with music more enjoyable and to offer new experiences.

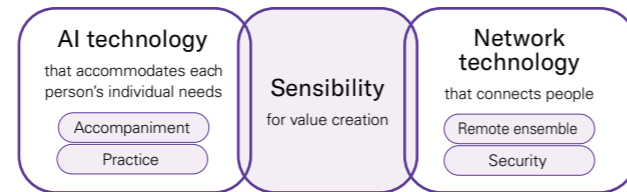


Sensitivities and AI and Network Technologies — Creation of New Emotional Experiences with Advanced Technology and Rich Sensibilities

Yamaha's competitiveness is supported by the understanding and insight it has fostered in relation to sensibilities during the course of the Company's long history, which began with musical instrument production. Our core competencies related to sensibility value will form the basis of our efforts for creating new value through products and services. With this as our foundation, we will seek to create new experience value through the provision of unique products and services that the competition cannot mimic. These offerings will be developed by combining acoustic and

digital technologies, data analysis and cloud technologies, and artificial intelligence (AI) and network technologies that connect people and accommodate their individual preferences.

For more information on Yamaha's R&D activities, please refer to page 70.



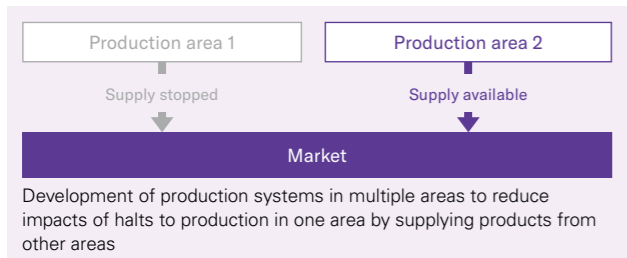
Be More Flexible and Resilient

To become an entity more resilient to operating environment changes, Yamaha is bolstering its procurement and production systems and enhancing the production capabilities of existing factories. We have therefore earmarked ¥35.0 billion for investment in production infrastructure over the period of the new medium-term management plan. In addition, investments will be conducted to reinforce our development platform by constructing a new R&D base in the Tokyo metropolitan area and ramping up our use of external resources and alliances. In addition, digital transformation will be used as a tool for reforming processes and creating new value.

Manufacturing and Technology Development — Strengthening of Supply Capacity to Respond to Demand and Environmental Changes

Because the Company suffered serious impacts from the COVID-19 pandemic, Yamaha is working to strengthen the resilience of its procurement and production systems. As one facet of these efforts, we are strategically limiting numbers of suppliers and components and increasing our emphasis on risks in managing these processes. In the past, specific items were produced only at a single factory. However, we have recently been revising our global production system to optimally produce items in multiple areas. We thereby look to achieve ongoing improvements in quality, cost, delivery, safety, and environment (QCDSE) factors, regardless of country risks or other operating environment changes. In addition, efforts are being pursued to improve the capabilities of existing factories. Specifically, we are actively developing smart factories that employ AI, IoT, and sensor technologies. Meanwhile, the production capacities of factories in Indonesia and India are being augmented to accommodate growing demand.

Investment in production infrastructure
¥35 billion



Enhancement of Development Platform to Generate Innovation

The Innovation Center, a new R&D base established in 2018, consolidates our engineers in order to facilitate the creation of unique products and innovations by merging wide-ranging technologies. We are also moving forward with the construction of a new base scheduled for completion in the Tokyo metropolitan area in 2024. This base will function as a hub for brand

communication and sales activities while also introducing new research and development in this area. Moreover, the new base is expected to enable us to better capitalize on various open resources and insight available in the Tokyo metropolitan area and to promote open innovation. For example, we anticipate increased use of external resources as well as a rise in alliances as a result of this base.



Yokohama Minato Mirai 21

Digital Transformation — New Value Creation and Process Transformation through Digital Transformation

Make Waves 2.0 prescribes the utilization of data for new value creation and process transformation.

To create new value, we will make use of customer data to provide everyone with the ideal services. At the same time, we will develop systems for applying our accumulated sound and music performance and sensibility data to new technologies while coordinating these systems with various internal and external frameworks in order to propose new experiences. Process transformation, meanwhile, will be promoted through the assignment and development of employees who are proficient in data use to ensure that the decisions and actions of employees are grounded on data. We will also build platforms for easy tracking and visualization of conditions through data. Furthermore, Yamaha is planning the full-fledged implementation of a new supply chain management system that connects all stages of the supply chain, spanning from production to use by customers, in order to coordinate information from various regions and optimize decision-making processes. Standardizing and streamlining sales processes and production management will be another area of focus. Currently, systems and operating processes sometimes differ between bases. To rectify this issue, we will pursue standardization by introducing a shared enterprise resource planning (ERP) system and consolidating information through this system to achieve highly accurate operations.

2. Set Sustainability as a Source of Value

Environment: Build a Value Chain That Supports the Future of the Earth and Society

The Yamaha Group is cutting CO₂ emissions from its business activities with the goal of achieving carbon neutrality by 2050. At the same time, we are promoting the use of sustainable timber through the preservation of scarce timber resources and research on alternative timber sources. Other initiatives include reducing waste, curtailing use of hazardous substances, extending product life spans, and otherwise working to preserve the global environment.

Furnish Responses to Climate Change

In pursuit of its goal of achieving carbon neutrality by 2050, Yamaha is seeking to lower CO₂ emissions from office energy use by conserving energy and shifting toward renewable energy. We thereby aim to reduce CO₂ emissions by 5% through energy conservation (CO₂ emissions ÷ Production volume) in comparison to fiscal 2018.

Another focus is reducing the energy consumption of products. Meanwhile, reductions to CO₂ emissions from procurement and logistics are being pursued through coordination with suppliers and measures for increasing logistics loading efficiency.

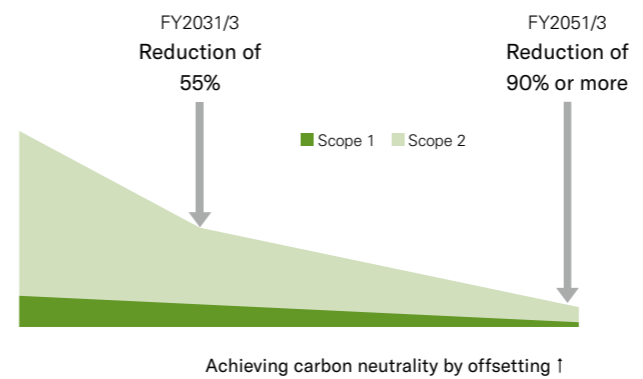
Sustainably Use Timber

Yamaha is teaming up with government agencies and academic organizations to advance Tone Forest activities for promoting sustainable forestry together with communities around the world. We thereby aim to ensure that we can continue to procure high-quality timber suited to the production of musical instruments into the future. In addition, we emphasize sustainability in timber use and are advancing research on alternative timber resources with acoustic performance surpassing existing resources.



Planting of African blackwood (Tanzania)

Path to Achieving Carbon Neutrality (Scope 1 and Scope 2)



5% reduction of CO₂ emissions by conserving energy
Note: CO₂ emissions ÷ Production volume; compared with fiscal 2018

Maintain "A" rating awarded by the CDP for climate change
CDP A LIST 2021 CLIMATE

5% improvement in logistics loading efficiency

Realize Resource Savings and Reduce Waste and Hazardous Substances

We seek to reduce new use of finite resources and curb waste through use of recycled and renewable materials and reductions to plastic use. Yamaha is also enhancing its maintenance and repair technologies and service systems and bolstering product renovation and upgrade offerings to extend product life spans. In addition, we are accelerating efforts to cut down on the use of volatile organic compounds and other hazardous substances in coatings and adhesives.

Elimination of plastic packaging materials
New compact products

□ Society: Enhance Brand Power and Competitiveness by Contributing to Comfortable Lives

By supplying products and services that benefit people in relation to remote and non-face-to-face interactions, Yamaha aspires to respond to the needs of the new society. We are also promoting respect for human rights across the value chain in order to contribute to the realization of an equal society. As a distinctively Yamaha initiative, we are dedicated to the protection of health and safety as it pertains to sound by installing the Listening Care function in audio products and by taking other measures.

Creation of Remote Environments for the New Society

Yamaha possesses unique technologies and know-how pertaining to the creation of enjoyable and immersive remote performances and lessons and the facilitation of high-quality, natural, and remote communication. By utilizing these technologies and know-how, we will support comfortable lifestyles in order to create secure and satisfying spaces for the new society.



Remote lessons connecting instructors and students



Issue-free teleconferencing with sound and video technology

Respect for Human Rights in the Value Chain

Yamaha is promoting sustainability across the value chain. Supply contracts clearly state that suppliers are expected to comply with

the Yamaha Supplier CSR Code of Conduct, and we request that suppliers conduct regular self-assessments with this regard.

During the period of the new medium-term management plan, we will target higher levels of human rights due diligence by conducting on-site audits of 60 suppliers.

On-site audits of
60 suppliers

Contribution to Sound-Related Health and Safety

Yamaha proposes a variety of solutions built on its sound technologies. These solutions include earphones equipped with its proprietary Listening Care technology for reducing the burden placed on user ears as well as in-vehicle communication modules for emergency reporting systems.

Using sound technologies to contribute to the resolution of social issues and protect the health and safety of people will continue to be a focus under the new medium-term management plan.

□ Culture: Expand Market through the Promotion and Development of Music Culture

Contributing to the promotion and development of music culture is a uniquely Yamaha undertaking. Under the previous medium-term management plan, initiatives in this area included the School Project. With a continued focus on this project, we will seek to introduce the project to new countries and to otherwise expand its scope. We will also keep moving forward with initiatives including the development of digital musical instruments that incorporate local musical traditions, the cultivation of the instructors and technicians who are vital to the development of music culture, and support for aspiring musicians and music researchers.

Expansion of the Instrumental-Music-Playing Population

Unbound by prior conventions, Yamaha is working to realize the ideal form of music schools for the new society. We also hope to provide opportunities for first-time musicians as well as musicians returning to the craft to take up an instrument through the supply of performance support functions, applications, and services. These are just some of the ways in which we aim to expand the musical-instrument-playing population.

Our target for the School Project, our ever-expanding program for promoting the introduction of instrumental music education in the school education curricula of emerging countries, is for it to offer instrumental music performance experiences to an aggregate total of 2.3 million students in 10 countries.



School Project activities in various countries



Applications that support various music performances and help manage practice



We support the Sustainable Development Goals

Overseas music schools
+100,000 students

Promote instrumental music education to the curricula of schools in emerging countries
10 countries
Aggregate total of 2.3 million students

Contribution to Local Music Cultures

Yamaha is developing products that incorporate local musical traditions and expanding its local software content offerings in order to help preserve and develop local music cultures. Other efforts to contribute to the promotion and development of music culture include the cultivation of instructors and technicians along with activities for supporting aspiring musicians and music researchers. In addition, we are broadening the scope of our LovePiano* activities with the goal of making people feel more familiar with the piano.

* Pianos installed at train stations, airports, commercial facilities, etc., that the public can freely play



Digital musical instruments reproducing the tones of regional and ethnic instruments



LovePiano

3. Enable Yamaha Colleagues to Be More Valued, More Engaged, and More Committed

□ Increase Job Satisfaction

Seeking to ensure that Yamaha is deemed to be a desirable company to work for, we strive to achieve continuous improvements to workplace engagement by utilizing the results of the newly introduced global employee surveys to shape concrete measures.

Yamaha is committed to cultivating leaders who can guide business from a global perspective and to achieving the ideal allocation of human resources. As we enhance autonomous career development support to this end, we will also target higher levels of job satisfaction by supporting diverse and flexible workstyles.



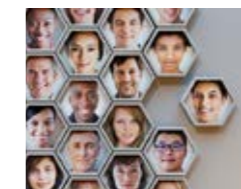
Employee engagement survey
Positive response rate for job satisfaction
Continuous improvements

Amount of human resource investment
Doubled

□ Promote Respect for Human Rights and DE&I

Yamaha is dedicated to human rights education and due diligence activities. In addition, we are empowering female employees and taking other steps to develop a diverse staff. With the foundations built through these efforts, we will practice management that capitalizes on the individuality of diverse human resources.

As we promote human rights education and due diligence activities, Yamaha will develop a diverse staff by empowering female employees and practicing global human resource management. By capitalizing on the individuality of diverse human resources, we look to maximize human resources, develop our business, and achieve continuous improvements in corporate value.



Percentage of female managers
Global average 19%

Cross-regional placements
30 people

□ Foster Open Organizational Culture Where People Can Proactively Take On Challenges

We are committed to building a comfortable workplace environment that promises psychological safety while fostering an organizational culture founded on mutual respect in which ambitious undertakings and co-creation are born of the knowledge and ideas of diverse individuals.

Diverse opportunities for discussion are arranged to invigorate communication. We are also moving ahead with reforms to cultivate an organizational culture that encourages employees to tackle new challenges without fear of failure in order to ensure that our culture offers a comfortable workplace founded on mutual respect.



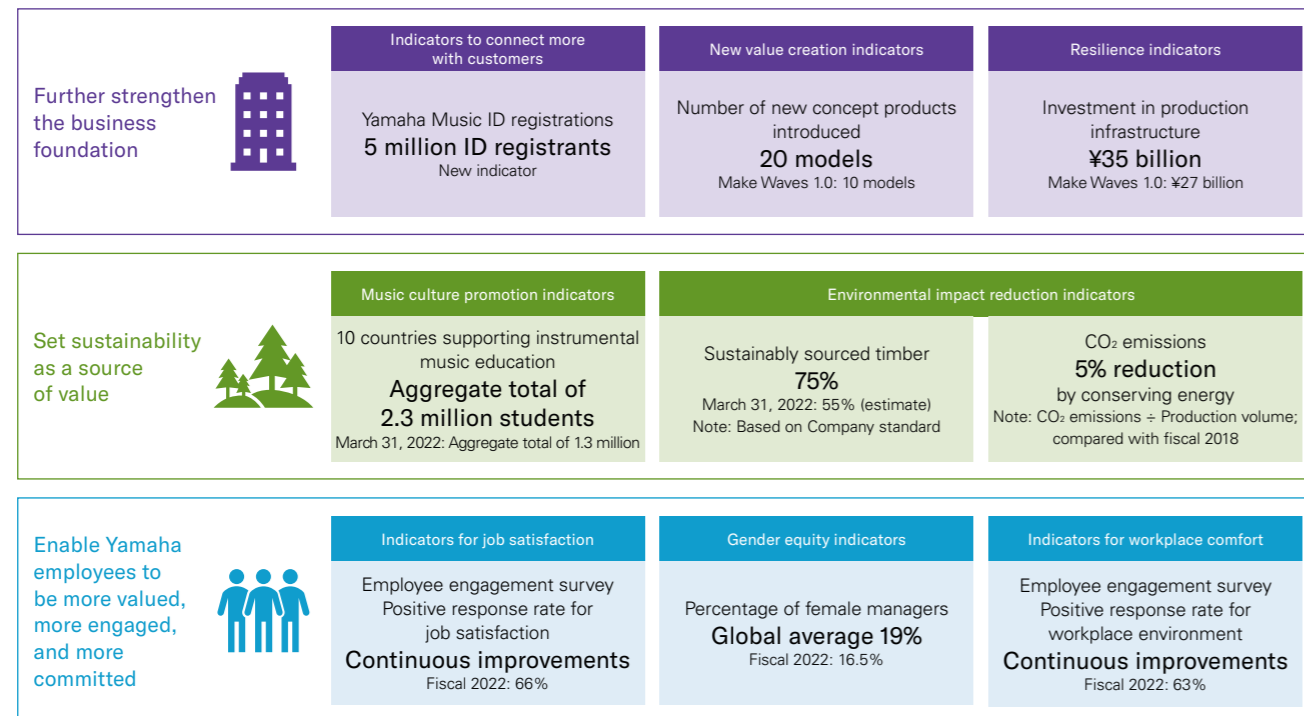
Employee engagement survey
Positive response rate for workplace environment
Continuous improvements

Management Targets (Non-Financial and Financial Targets)

Non-financial targets have been set for each of the three key policies of Make Waves 2.0. The advancement of initiatives for achieving said targets is expected to lead the Company to the accomplishment of the plan's financial targets.

The accomplishment of our financial targets is expected to be a result of our efforts to support the "Well-Being of People around the World."

Non-Financial Targets

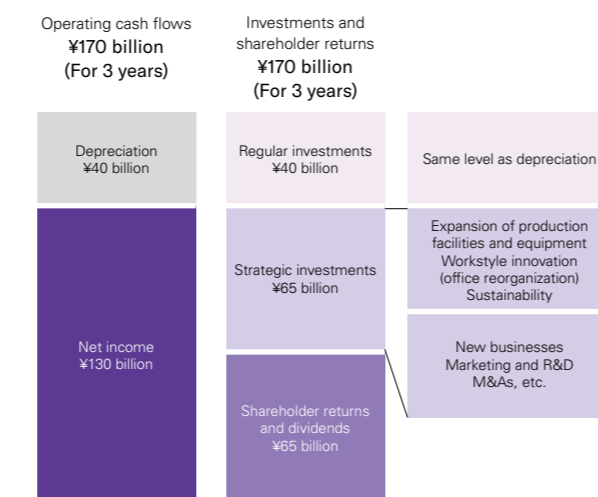


To further strengthen our business foundation, we will make greater use of digital marketing and our customer data platform to forge stronger connections with customers. At the same time, we will conduct investments surpassing those performed under the previous medium-term management plan in order to propose new value and bolster resilience. Setting sustainability as a source of value, our first priority will be to expand the School Project to other countries as part of our efforts to promote music culture.

The Company will also look to reduce its environmental impact by increasing its use of sustainable timber, cutting CO₂ emissions through energy-saving activities, and helping conserve resources. Our efforts to enable Yamaha employees to be more valued, more engaged, and more committed, meanwhile, will include increasing the ratio of female managers and striving to make the Company a more comfortable and motivating place at which to work.

Financial Indicators

Financial Indicators Achieving both growth and profitability	Revenue growth:	20%
	Core operating profit ratio:	14%
	ROE:	10% or more (Cost of shareholders' equity*: 7.8%)
Investment and shareholder returns Well-balanced allocation of investments in growth and returns to shareholders	ROIC**:	10% or more (WACC*: 7.6%)
	Total return ratio:	50% over three years

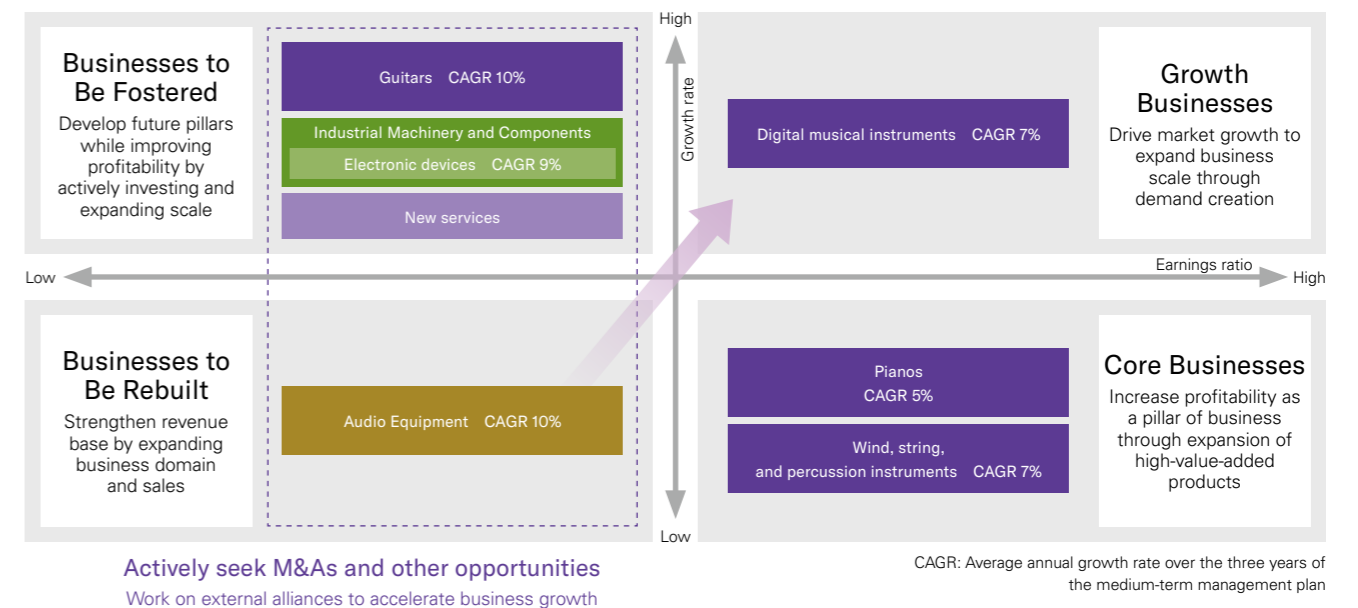


*1 As of March 31, 2022
*2 ROIC = Core operating profit after income taxes / (Equity attributable to owners of parent + Interest-bearing debt)

Make Waves 2.0 puts forth four financial targets aimed at achieving both growth and profitability. The main financial targets are those set for the core operating profit ratio and for ROE, both indicators for which targets were set under the previous medium-term management plan. These ongoing targets are complemented by new targets for revenue growth, an indicator for gauging growth, and ROIC. ROIC is an indicator of profitability in comparison with the amount of capital invested. This indicator differs from ROE in that it includes interest-bearing debt in the denominator, thereby painting a broader picture of the capital used in the Company's management, and in that the numerator uses core operating profit after income taxes to better illustrate the earnings from Yamaha's core business.

A target of 20% has been set for revenue growth while we will target a core operating profit ratio of 14% and a figure of 10% or more for both ROE and ROIC. The core operating profit ratio target of 14% represents our intent to once again work toward the level targeted under the previous medium-term management plan. All of these targets are to be accomplished through measures based on our strategies, and capital generated through the accomplishment of these targets will be directed toward business investments and shareholder returns.

Business Portfolio and Direction



In conjunction with the launch of the new medium-term management plan, Yamaha recategorized its principal businesses from the perspective of its portfolio. Categorizing businesses based on whether they are to be fostered, grown, or rebuilt or if they are to be positioned as core businesses, we will practice portfolio management that allocates management resources in accordance with the new categories in order to achieve improvements to corporate value over the medium to long term.

Growth Businesses	The digital musical instruments business, which boasts higher growth rates and profit margins, will be positioned as a growth business. We will seek to expand the scale of this business by creating new demand to drive the growth of the market.
Core Businesses	Core businesses include our piano and wind, string, and percussion instruments businesses, in which we prioritize profit margins over growth rates. In these businesses, we will pursue higher earnings capacity by increasing sales of high-value-added products.
Businesses to Be Fostered	We look to foster our guitar and electronic devices businesses, which still have room to improve profitability, as future pillars anticipated to display high growth rates. These businesses will be the target of an expanded scale through proactive investments while also advancing efforts to boost profitability. We will also focus on fostering new services in promising growth fields during the period of the new medium-term management plan.
Businesses to Be Rebuilt	There is a need to rebuild the audio equipment business, which suffered to a particularly large degree amid the COVID-19 pandemic, given the current changing operating environment and supply difficulties. We expect to grow sales by expanding our business domain to include new markets, which will make it possible to strengthen our earnings foundations in this business. The audio equipment business is anticipated to become a growth business in the future.

FINANCIAL STRATEGIES AND ENHANCEMENT OF MANAGEMENT FOUNDATIONS

Satoshi Yamahata

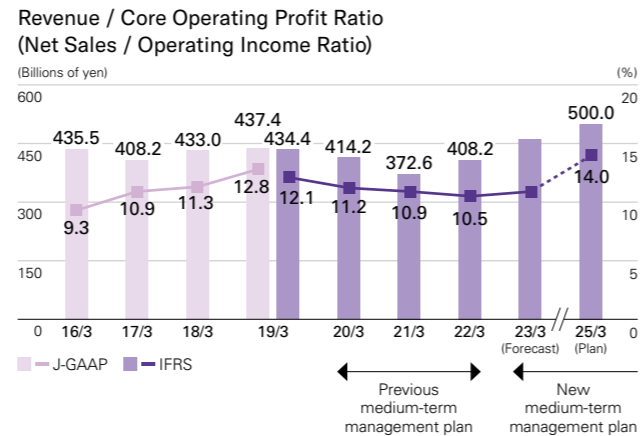
Director and Managing Executive Officer
Executive General Manager of Corporate Management Unit
Executive General Manager of Human Resources and General Administration Unit



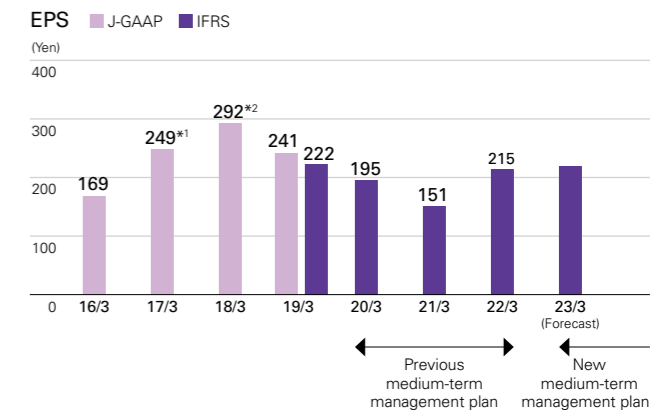
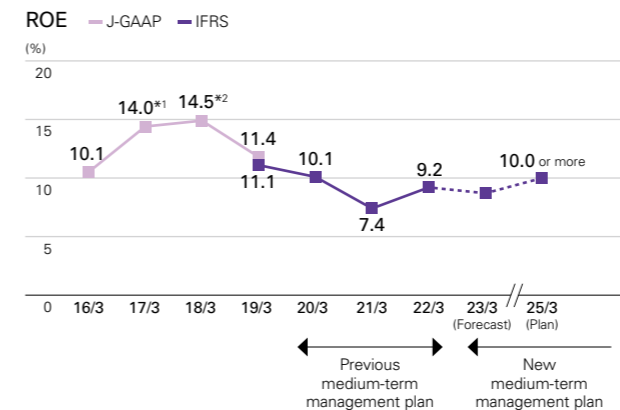
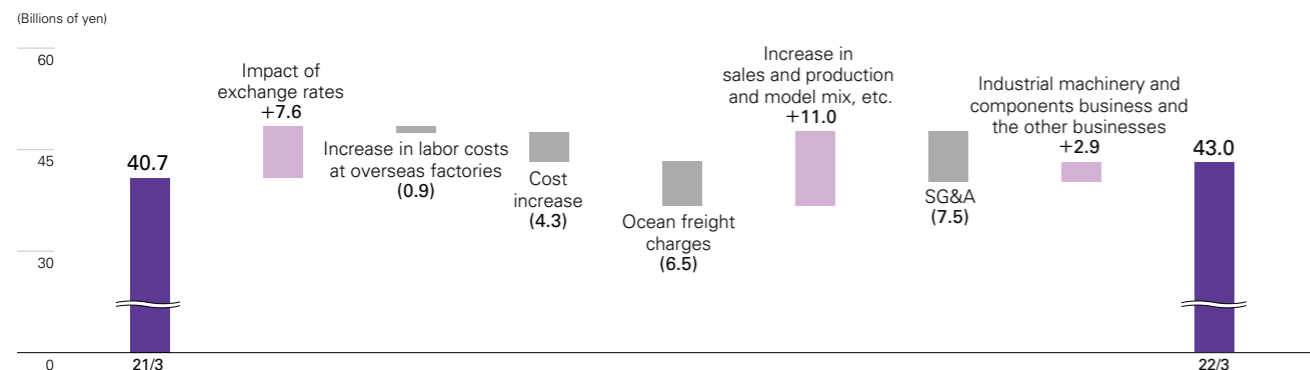
We will pursue higher levels of corporate value by advancing strategies based on the three key policies of the new medium-term management plan to accomplish our non-financial and financial targets.

Review of Fiscal 2022

In fiscal 2022, the final year of Make Waves 1.0, our previous medium-term management plan, we were unfortunately unable to meet any of the financial targets set out by the plan. This failure was largely a result of the substantial restrictions placed on Yamaha's production and sales activities due to the impacts of the global COVID-19 pandemic and worldwide semiconductor and maritime transportation container shortages. Although performance fell short of our targets, we saw growth nonetheless, with revenue of ¥408.2 billion, up ¥35.6 billion year on year; core operating profit of ¥43.0 billion, an increase of ¥2.3 billion; and profit attributable to owners of parent of ¥37.3 billion, a rise of ¥10.6 billion. These figures led to a core operating profit ratio of 10.5%, ROE of 9.2%, and EPS of ¥215.



Core Operating Profit Analysis Versus Previous Fiscal Year



*1 Including the recording of deferred tax assets
*2 Including gain on sales of a portion of shares in Yamaha Motor Co., Ltd.

I would now like to discuss the reasons behind the increase in core operating profit in comparison with the previous fiscal year. Higher costs were seen in the form of increases of ¥4.3 billion in procurement costs and ¥6.5 billion in ocean freight charges as well as in a rise in selling, general and administrative (SG&A) expenses. Nevertheless, a year-on-year increase in core operating profit was achieved thanks to higher sales of and production levels for major products as well as strong performance in the industrial machinery and components business and the others business.

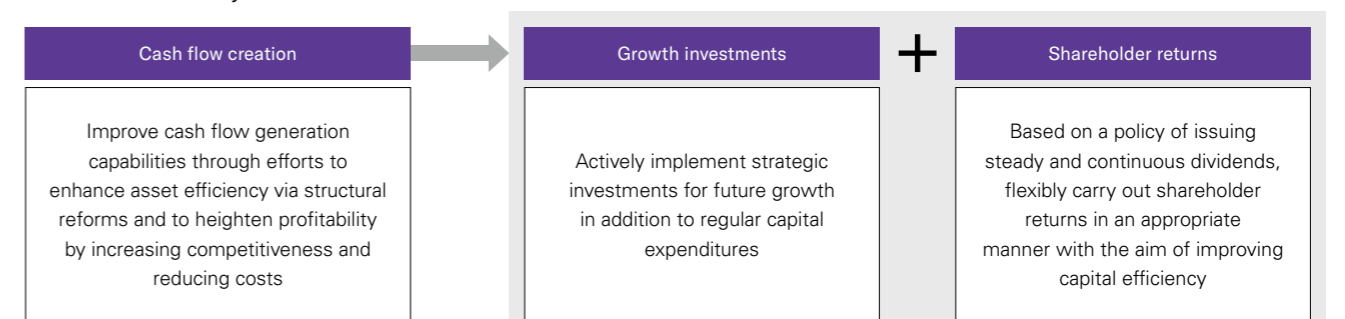
These upturns were supported by solid demand. It is our policy to reflect cost increases in product selling prices, but we were unable to fully do so in fiscal 2022. The portion of cost increases unable to be reflected will thus be an issue to be addressed in fiscal 2023, which we will go about doing while also reflecting any further hikes to costs that might occur. We also see a need to bolster the resilience of our supply chains given the potential for us to become unable to conduct production in the event of disruptions in the supply of semiconductors and other materials.

Growth under the New Medium-Term Management Plan

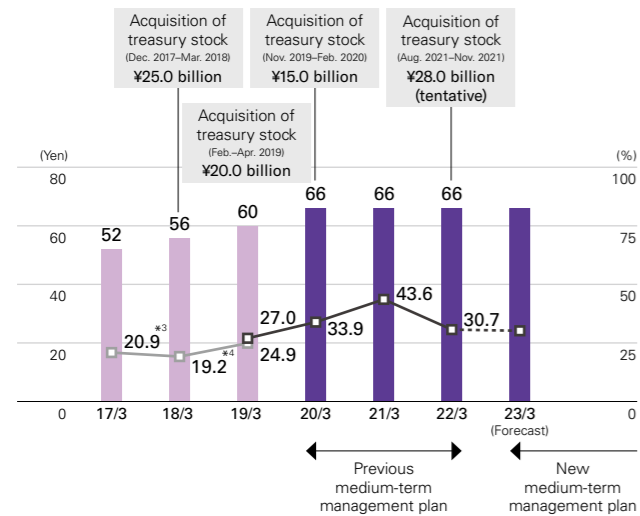
Make Waves 2.0, the new medium-term management plan launched in April 2022, targets revenue growth of 20%, a core operating profit ratio of 14%, and ROE and ROIC of 10% or more. For revenue, we look to achieve a figure of ¥500.0 billion in fiscal 2025, which will be reached in part by growing our musical instruments, industrial machinery and components, and others businesses. In addition, we will work to reinvigorate the growth of the audio equipment business, which has been struggling due to sluggish demand amid the COVID-19 pandemic and the supply shortfalls resulting from the difficulties in procuring semiconductors. Our regional approach will entail incorporating the growth of China and other emerging markets while expanding operations in the

large market of North America and other mature markets. If we are to improve the core operating profit ratio, it will be important to grow revenue in order to take advantage of the high marginal profit ratio of existing businesses that represents a strength of Yamaha. In addition, we will seek to heighten our earnings capacity through an approach combining revenue growth with selling price increases, cost reductions, and new value creation. Moreover, we recognize that there is a need to bolster efforts across the supply chain if we are to accomplish our target of 14% for the core operating profit ratio amid the rising costs of procurement, production, and transportation.

Cash Allocation Policy



Shareholder Returns



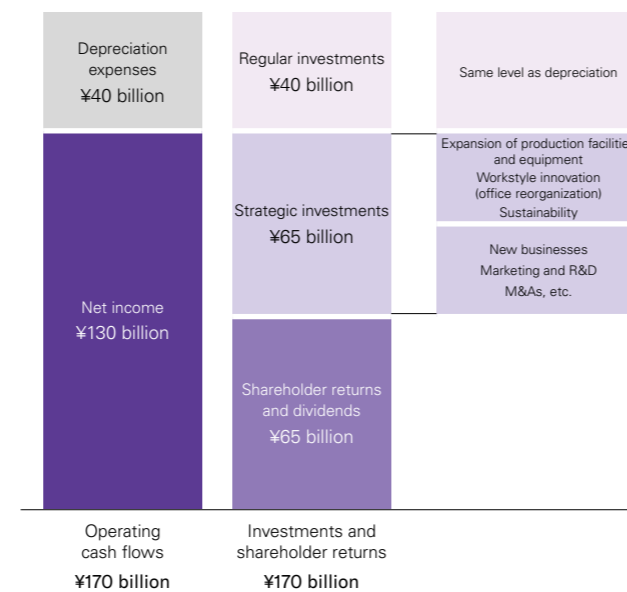
■ Annual per-share dividend — Dividend payout ratio (right)

*3 Including the recording of deferred tax assets

*4 Including gain on sales of a portion of shares in Yamaha Motor Co., Ltd.

Yamaha has almost no interest-bearing debt, and we do not plan to adopt a management approach of exerting leverage in the future. Accordingly, we will be pursuing our targets for ROE and ROIC by maintaining our current management approach of improving profit margins and achieving high capital efficiency. ROIC is an indicator for which targets were

Three-Year Plans for Cash Flows in the Make Waves 2.0 Medium-Term Management Plan



not set under the previous medium-term management plan. We chose to employ this indicator for the new plan, however, as it is easy to understand for business divisions and therefore effective for unifying frontline business efforts and Groupwide management strategies.

Cash Generation Capabilities and Financial Strategies

Over the three-year period of the previous medium-term management plan, operating cash flows generated ¥151.4 billion while ¥16.8 billion was produced through investing activities, making for free cash flow of ¥168.2 billion. Net cash provided by investing activities was posted as a result of measures emphasizing financial stability, including our limiting the scope of investment amid rising uncertainty caused by the COVID-19 pandemic and our selling of a portion of cross-shareholdings. With this disciplined stance toward investment, we carefully selected investment projects that will contribute to future growth. Within the scope of ¥50.0 billion for strategic investments and ¥40.0 billion for standard investments prescribed for the period of the previous plan, we conducted investments centered on bolstering production capacity, including for the construction of new factories in India and Indonesia.

Under the new medium-term management plan, we project three-year aggregate operating cash flows of ¥170.0 billion. This cash will be allocated to investments and

shareholder returns in a balanced manner. Specifically, we intend to use ¥65.0 billion for strategic investments, ¥40.0 billion for standard investments, and ¥65.0 billion for shareholder returns. Targets of strategic investments will include the continuation of the production facility augmentations carried out under the previous medium-term management plan as well as office reorganizations, research and development, new business creation, and M&A activities. As for shareholder returns, we targeted a total return ratio of 50% during the period of the previous plan and proceeded to issue annual dividend payments of ¥66 per share for three consecutive years, despite the opaque operating environment. Meanwhile, the funds obtained from sales of cross-shareholdings were used to acquire treasury stock. We were thereby able to deliver an incredibly high three-year total return ratio of 78.8%. Under the new medium-term management plan, we will continue to target a total return ratio of 50% as we issue shareholder returns while striking a balance with growth investments.

Focuses of the New Medium-Term Management Plan

Make Waves 2.0 is a plan that is not preoccupied with addressing the management issues we face in the short term. Rather, it was formulated to use a backcasting approach from our medium- to long-term vision to determine our directives so that we can focus on how to bridge the gap between our current position and our vision. To paint a clearer picture of this gap in the new medium-term management plan, we have defined material issues that will be addressed on a priority basis by management and positioned the plan as a collection of measures and initiatives for tackling these issues.

This plan was created over a period of around 18 months. Before we got into the essentials of the plan, we used the first six months to engage in in-depth discussions regarding sustainability as part of formulating the overall directives and policies for the plan. Then, over the remaining 12 months, we narrowed down the measures and targets to be pursued under the plan. Through this process, we sought to align employees and management toward a common goal and to lay the groundwork for a constructive dialogue. Dialogue was also a focus at meetings of the Board of Directors as we actively allocated time for discussions and thereby gathered a variety of options and advice from outside directors. One area regarding which advice was received was digital transformation. The executive team is prone to looking primarily at the process reform side of digital transformation, but outside directors reminded us that the fundamental purpose of digital transformation is to create value. This realization provided a new launchpad for discussions on our digital transformation measures.

It was two medium-term management plans ago when Yamaha first put forth contributing to the realization of a sustainable society as a priority theme, and we have continued to evolve our initiatives with this regard ever since. Yamaha does not view sustainability as being separate from its business. Rather, sustainability is positioned as the foundation for our management and business activities. The position of sustainability within Yamaha's management is apparent in not

only how we explain the non-financial targets of the new plan before talking about the financial targets but also in the scope and level of detail of said non-financial targets.

One particularly noteworthy element of Make Waves 2.0 is the inclusion of the policy of "enable Yamaha colleagues to be more valued, more engaged, and more committed." The decision to include this policy was made based on internal discussions on the importance of gaining the understanding of employees and empowering them in their efforts.

One of our measures for empowering employees in this manner is global human resource management. We recently set up a dedicated global human resource organization within our personnel department and appointed a non-Japanese individual to head this organization. We anticipate that this organization will drive initiatives for tying diversity to growth based on ideas and perspectives not found among our Japanese staff. We have also begun building frameworks for spurring autonomous action by employees, which is an important element of human resource management. In particular, we are installing these frameworks at domestic Group companies. At the same time, discussions are moving ahead centered on the personnel department about how best to encourage employees to take a serious look at their careers and to support them in career advancement.

Furthermore, we have been issuing employee engagement surveys to gauge how our efforts are contributing to employee empowerment. Previously limited to Japan, the scope of these surveys has been expanded to include all 14,000 Yamaha Group employees working across the globe. Using survey questions developed by an external specialist firm, as opposed to creating our own survey questions, has allowed us to measure changes over time while also comparing our scores with those of other global organizations. We expect that this approach will make it possible to highlight the unique characteristics of Yamaha while also identifying its issues through comparison with other companies. These surveys will be issued on an annual basis to analyze the results of our efforts and to guide future initiatives.

In Closing

It is currently very difficult to accurately assess the operating environment or the level of risks. Given this uncertainty, we are faced with the pressing task of strengthening the resilience of our supply chains to build a robust corporate constitution that drives growth with change. Our new medium-term management plan has received a lot of praise

from investors. By moving ahead with the measures prescribed in this plan, we aim to demonstrate the full capacity of the Yamaha Group.

I hope that our shareholders, investors, and other stakeholders will continue to provide their frank opinions and advice and to offer Yamaha their ongoing support and understanding.



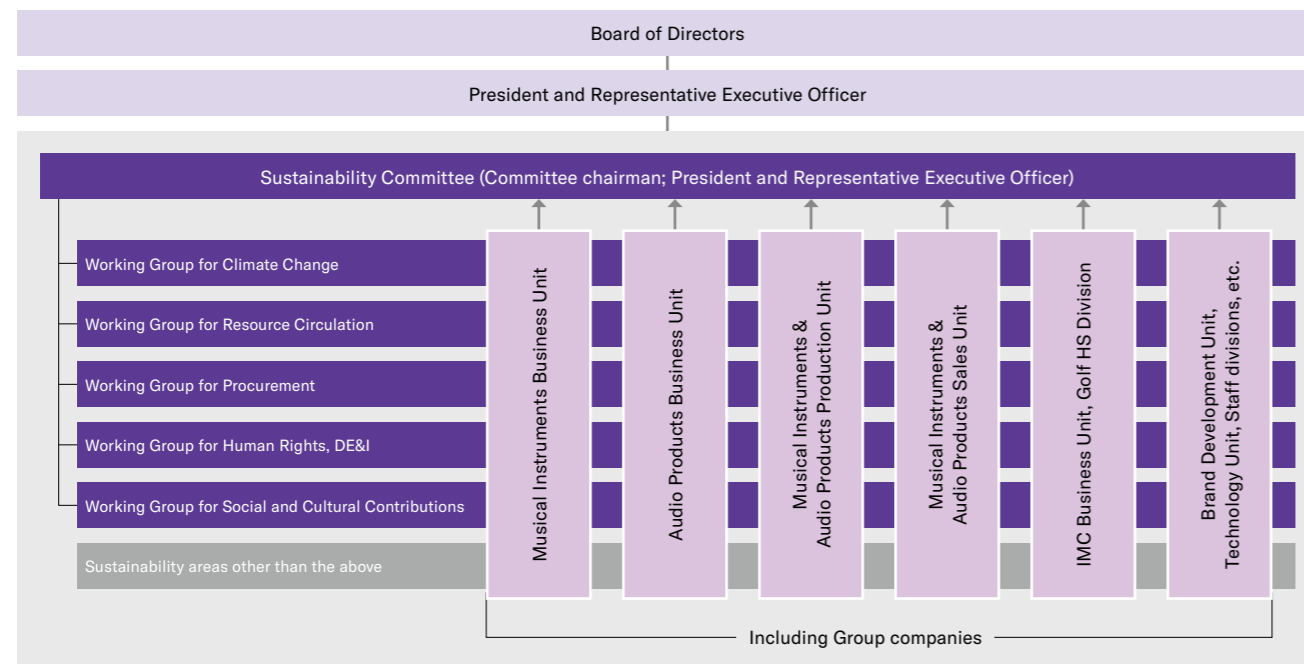
SUSTAINABILITY MANAGEMENT

Today, numerous environmental and social risks are materializing on a global scale, placing humanity at a crossroad starting down two paths: one to a sustainable society and one to an unsustainable society. As a responsible organization, the Yamaha Group places sustainability at the heart of its management and business activities. We also engage with stakeholders based on an understanding of the environmental and social impacts of our business activities and in accordance with the Yamaha Group Sustainability Policy. We are thus accelerating various initiatives to help shape a sustainable society.

Sustainability Promotion System

Under the guidance of the Board of Directors, Yamaha Corporation has established the Sustainability Committee as an advisory body to the president. This committee is tasked with discussing directives for Groupwide sustainability initiatives, monitoring initiatives for each division, and reporting to the president on these matters. The Board of Directors receives reports on the deliberations and findings of the committee with regard to matters such as revisions to material issues and sustainability policies, and provides approval as appropriate after

discussing these matters. Five working groups—the Working Group for Climate Change, Working Group for Resource Circulation, Working Group for Procurement, Working Group for Human Rights, DE&I, and Working Group for Social and Cultural Contributions—have been formed under the Sustainability Committee to formulate activity policies for important Groupwide themes and monitor trends in their respective areas. The working groups act on a cross-business basis by coordinating with the relevant divisions to advance activities based on the theme of their assigned area.



Fiscal 2022 Sustainability Committee Meetings

Meetings	Major Agenda Items
10 times	<ul style="list-style-type: none"> Revision of material issues and sustainability policies Medium- to long-term targets and measures related to carbon neutrality, resource conservation, waste reduction, sustainable timber procurement, human rights, and diversity Priority areas for contributing to social issue resolution and social and cultural outreach through products and services

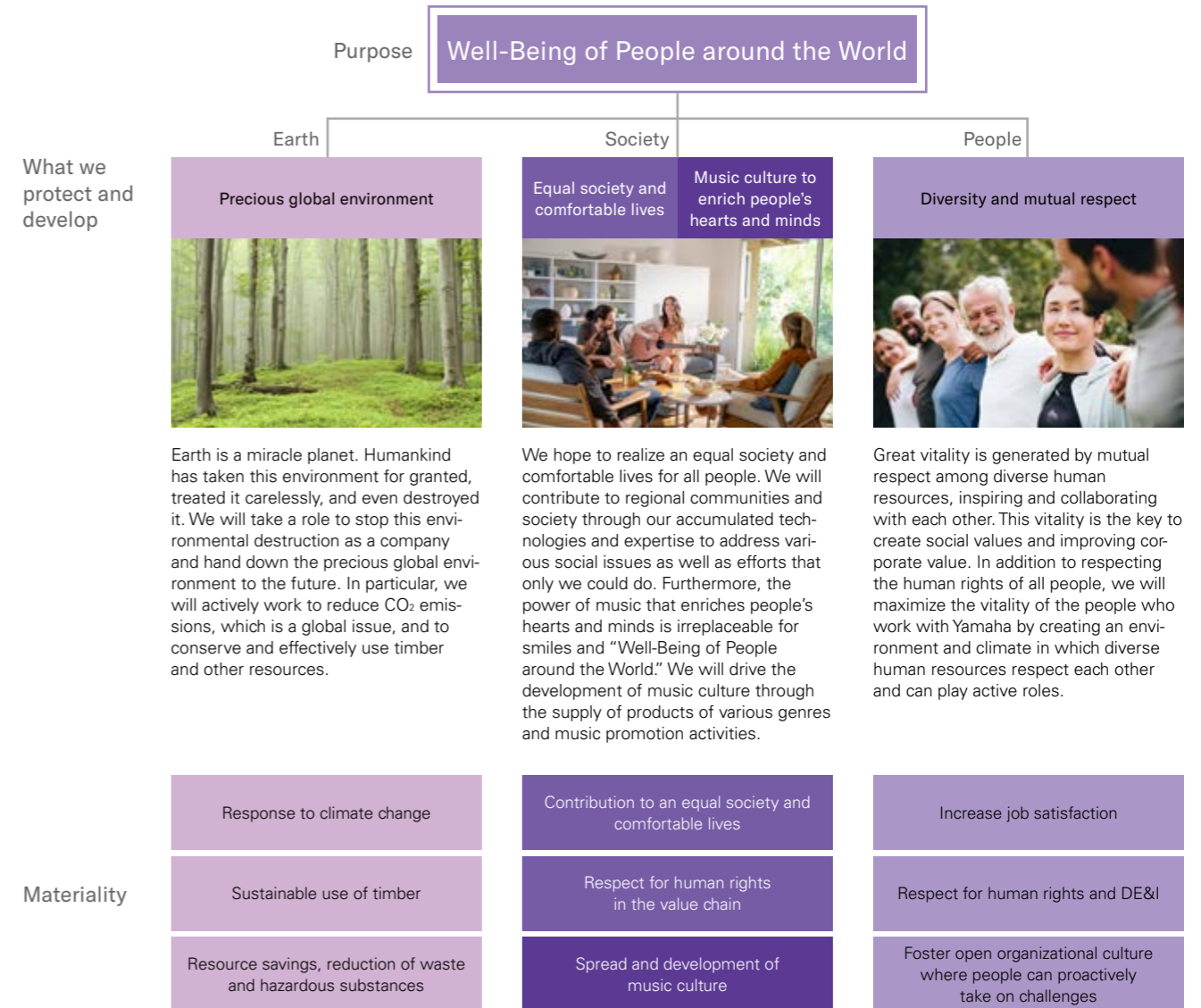
Yamaha Group Sustainability Policy

Throughout its long history, the Yamaha Group has made various efforts to promote people's "well-being," while remaining conscious of its connection with nature, society and culture. Our products, made of timber and other natural materials and carefully finished by skilled craftspeople, have been handed down from generation to generation and, with some products being given new life through renewal, loved by many people. In addition to simply selling products, we have also contributed to promoting the spread and development of music culture in various countries and regions around the world as our own business. These activities range from the spread of instrumental music education for children and the development of music schools to the support of top artists. These ideas and initiatives are in line with social sustainability and have been passed down through the Company's more than 130-year history, shaping the "distinctive brand identity of Yamaha."

Yamaha Group Sustainability Policy

The Yamaha Group aims to create a society that realizes the well-being of all people around the world. To achieve this goal, we will work to protect our one precious earth and contribute to the development of an equal society, comfortable lives, and a music culture that enriches people's hearts and minds, with our corporate philosophy of "Yamaha Philosophy" as the foundation to draw from. At the same time, we will not only respect for human rights but also create an environment in which diverse human resources can respect each other and actively play a role. Through these initiatives, we will continue to create excitement and cultural inspiration together with people around the world.

Based on this concept, we have identified materiality and will actively promote sustainability activities to enhance our medium-to-long-term corporate value through the creation of social value by working toward the realization of a sustainable society.



Material Sustainability Issues

The Yamaha Group has defined material sustainability issues for contributing to sustainable social development and medium- to long-term improvements in corporate value based on the impact of its business activities on the environment and society as well as on stakeholder expectations and social demands. Initiatives for addressing these issues are currently underway.

Material Issue Identification Process

Sustainability issues pertaining to the Yamaha Group's value chain have been identified with reference to the United Nations (UN) Sustainable Development Goals (SDGs) and others. The level of priority of these issues was then assessed based on input from customers, employees, and community members; ESG evaluation criteria; opinions and requests from NGOs; advice from external experts; our

corporate philosophy and management vision; and medium- to long-term management policies. In fiscal 2022, we revised our material sustainability issues to integrate these into the material issues used for overall corporate management.

In addition, we have formulated basic policies, priority themes, key performance indicators (KPIs), and targets based on these material issues under the new medium-term management plan (please see pages 28 and 36).

Furthermore, KPIs for gauging the progress of measures related to the identified material sustainability issues by the Sustainability Committee working groups and relative divisions was established along with related targets and action plans. The Sustainability Committee is responsible for monitoring the progress of initiatives pertaining to material issues.

Major Sustainability KPIs and Targets of Make Waves 2.0

Category	Material Items	KPIs and Targets for Fiscal 2025 (Make Waves 2.0 Medium-Term Management Plan)	
Environment	Response to climate change	Reduce CO ₂ emissions by 5% through energy conservation (CO ₂ emissions /production volume) Management target	
		Maintain inclusion on CDP Climate Change A List	
		Improve logistics packing efficiency by 5%	
Environment	Sustainable use of timber	Increase rate of sustainable timber use to 75% Management target	
		Cultivate and preserve three scarce tree species necessary for musical instrument production (Tone Forest activities)	
Society	Resource savings, reduction of waste and hazardous substances	Eliminate plastic packaging used for newly launching small products	
		Contribution to an equal society and comfortable lives	Install Listening Care function for reducing burden on ears by delivering high quality sound at low volumes into all new headphones and earphones
			Realize high-quality, natural remote communication (companies, schools, etc.)
Society	Respect for human rights in the value chain	Develop Daredemo Pianos (Auto-Accompanied Pianos) that can be enjoyed by anyone, including senior citizens and people with disabilities	
		Conduct on-site audits of suppliers (60 companies)	
Culture	Spread and development of music culture	Increase number of students enrolled at overseas music school by 100,000 Management target	
		Promote instrumental music education at schools in emerging countries (School Project); provide instrumental music education opportunities to aggregate total of 2.3 million children in 10 countries	
Human resources	Increase job satisfaction	Continue improving ratio of employees offering positive responses regarding motivation on employee engagement surveys Management target	
		Double human resources investment	
	Respect for human rights and DE&I	Achieve global ratio of female managers of 19% Management target	
		Conduct cross-border positioning of 30 individuals	
Human resources	Foster open organizational culture where people can proactively take on challenges	Continue improving ratio of employees offering positive responses regarding workplace comfort on employee engagement surveys Management target	

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

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



Participation in Initiatives and Activities Related to the SDGs

With a commitment to cooperating and forming ties with global society as we work toward building a sustainable society, Yamaha signed the UN Global Compact in June 2011 and is participating in various other initiatives. The Group is also actively contributing to the accomplishment of the SDGs, which are a set of shared targets embraced by global society, through its business activities. Yamaha emphasizes the goals and targets of the SDGs in the development of products and services and in efforts to improve business processes. Specific examples of these efforts include advancing music promotion activities to contribute to Goal 4 "Quality education" and practicing sustainable

timber procurement to help achieve Goal 12 "Responsible consumption and production" and Goal 15 "Life on land."



ENVIRONMENT

Recognizing the extreme importance of environmental issues, the Yamaha Group is committed to continuing its earnest contribution to the realization of a better global environment based on the Yamaha Group Environmental Policy. Yamaha is engaged in initiatives through its business activities, products, and services to respond to shared global issues, such as climate change, biodiversity, and the promotion of a circular society. At the same time, the Company is involved in environmental preservation activities, such as appropriate use of timber, forest preservation, and other activities that contribute to preserving the environment.



Environmental Management Systems

The Yamaha Group has created a system for promoting global environmental preservation activities that is overseen by the managing executive officer responsible for environmental issues of the Yamaha Group. In addition, the Climate Change Working Group, the Resource Circulation Working Group, and the Procurement Working Group have been positioned under the Sustainability Committee, which is chaired by the president, to engage in discussions regarding important sustainability issues, such as addressing climate change and procuring timber in a sustainable manner. Based on Groupwide environmental rules and regulations, we have established an integrated environmental management system for all domestic business sites while overseas sites develop their own environmental management systems based on the regulatory frameworks of their respective country or region.

Major Initiatives and Results under Make Waves 1.0 Furnish Responses to Climate Change

At the Yamaha Group, the Working Group for Climate Change seeks to contribute to the global movement to reduce greenhouse gas emissions. At the same time, we are preparing for the potential impact of climate change by identifying risks, formulating mitigation measures, and incorporating these into business strategies.



Endorsing the goals of Science Based Targets, an international initiative encouraging companies to formulate greenhouse gas emissions reduction targets in accordance with scenarios based on scientific evidence, the Yamaha Group has received certification from this initiative for reduction targets. Originally, the Group had targeted a 32% reduction in Scope 1 and Scope 2 emissions, but we later raised this target to 55% in light of the global community's push for carbon neutrality. This ambitious target has been certified by Science Based Targets as a target of helping limit the average rise in global temperatures to 1.5°C above pre-industrial levels. In addition, the Group declared its endorsement of the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and commenced initiatives for analyzing the impact of climate change on its finances and disclosing related information.

The Yamaha Group fully introduced an internal carbon pricing system in April 2022. This system motivates the Company to invest in renewable energy and in facilities with higher levels of energy efficiency and is expected to drive investment in solar power and other renewable energy generation equipment.

Furthermore, we have been introducing renewable energy at our business sites, and we were thereby able to transition to renewable

energy for 100% of the power purchased by the Company headquarters in April 2021. We then later switched to Shizuoka Green Electricity, a service that supplies electricity produced through hydro-electric power generation in Shizuoka Prefecture offered by Chubu Electric Power Miraiz Co., Inc., in September 2021. At overseas production sites, quantitative CO₂ emissions reduction targets are set on an individual-site basis, and proactive initiatives are being implemented toward the accomplishment of these targets.

Sustainably Use Timber

The Yamaha Group has established a due diligence system to prevent the procurement of timber from illegal sources, and promotes a strict confirmation process for the legality of timber harvesting through site visits and surveys of documents for procurement sources.

The Group conducts surveys targeting all business partners from which timber was purchased to assess the place of origin, the legality of harvesting, and the sustainability of relevant resources. Based on the results, we perform stricter verification of legality for timber deemed to represent a high risk by undertaking further investigations including local site visits and assessments by a committee comprised of members of the timber procurement division and the sustainability division. We confirmed that 99.4% (volume ratio) of procured timber was low risk in fiscal 2022. The Group conducts such surveys each year with the cooperation of suppliers and is aiming to achieve a 100% rate of low-risk timber procurement. Additionally, we are actively adopting certified timber. Certified timber constituted 52% of timber purchase in fiscal 2022 (volume ratio). The Group was thereby able to realize the goal of achieving a 50% ratio of certified timber use over the three years leading up to fiscal 2022 set in the medium-term management plan announced in April 2019.

Realize Resource Savings and Reduce Waste and Hazardous Substances

The Yamaha Group strives to use less resources in its products from a variety of standpoints, such as lowering product size and weight, integrating several products into one, reducing sizes, and cutting down on product packaging and cushioning. Furthermore, the Group is also engaged in efforts that will ultimately lead to less use of resources, such as extending the lifespans of its products and developing its piano renewal business.

In addition, the Yamaha Group is developing alternative materials that can be substituted for scarce timber and adopting sustainable materials, such as biomass-derived resins, as well as recycled plastics for use in its products.

For more information on environmental initiatives, please refer to the following website.

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



Endorsement of the TCFD Recommendations

Rapid climate change poses a major threat to humanity and to all life-forms on earth. We recognize that helping combat this threat and contributing to the decarbonization of society are corporate responsibilities and important management issues.

In fiscal 2019, the Yamaha Group declared its endorsement of the recommendations of the TCFD and commenced initiatives for analyzing the risks and opportunities for its business created by climate change. This information is reflected in management strategies, and information on the financial impacts of these risks and opportunities is disclosed.



Yamaha's Initiatives

Governance

Climate change and other important sustainability issues are discussed at meetings of the Sustainability Committee, which is an advisory body to, and chaired by, the president that was established in January 2021, after which these matters are discussed and examined under the Sustainability Committee, and the results of these discussions are reported to the Sustainability Committee. The Sustainability Committee met 10 times in fiscal 2022.

Measures for responding to climate change-related risks and opportunities are discussed by the Working Group for Climate Change, a working group chaired by a managing executive officer positioned under the Sustainability Committee, and the results of these discussions are reported to the Sustainability Committee.

In fiscal 2022, Yamaha revised its sustainability priorities (materiality), the management issues with the potential to impact corporate value over the medium to long term, to include climate change among these issues. The new medium-term management plan "Make Waves 2.0" launched in April 2022 defines "set sustainability as a source of value" as one of its key policies, thereby positioning response to climate change as a central theme of the plan.

Strategy

Scenario analyses have been performed to confirm the potential impacts of climate change on the Yamaha Group. The specific scenarios utilized were the Sustainable Development Scenario (global warming of less than 2°C above pre-industrial levels) and the NZE Scenario (net zero emissions by 2050 and global warming of 1.5°C above pre-industrial levels) based on the 2021 World Energy Outlook of the International Energy Agency (IEA) for transition risks and the Representative Concentration Pathway (RCP) 8.5 (global warming of 4°C above pre-industrial levels) scenario from the Fifth Assessment Report of the Intergovernmental Panel on Climate Change for physical risks. Applied to all businesses, these assessments were used to identify short-term, medium-term, and long-term risks and opportunities.*

* Risks and opportunities are classified as "short-term" if their impacts will be most strongly felt over the next several years, "medium-term" if their impacts will be felt leading up to 2030, and "long-term" if the impacts will appear in 2050.

Major Climate Change-Related Risks and Opportunities

Transition Risks

□ Major Short-Term Risks

Major short-term risks include the risks of companies withdrawing from the timber business due to decarbonization trends, resulting in difficulties procuring timber.

The Yamaha Group has proceeded to raise the rate at which it uses certified timber, which can be procured reliably, from the perspective of the sustainability of forest resources, and our ratio of certified timber use was 52% on March 31, 2022. In addition, with our dedicated timber-related technology and procurement divisions, we have accumulated the expertise necessary to quickly switch to an alternative source should it become difficult to procure timber from a specific location.

□ Major Medium-Term Risks

Major medium-term risks include the potential for the institution of various measures aimed at the realization of a decarbonized society to lead to higher energy prices and additional costs resulting from carbon pricing systems.

To combat these risks, we altered our prior greenhouse gas emissions reduction target, which had been certified by Science Based Targets as a target for limiting global warming to 2°C above pre-industrial levels, and received certification for the new target in September 2021, indicating it as being viable for limiting global warming to 1.5°C above pre-industrial levels. Initiatives in pursuit of this target include advancing Companywide energy conservation activities, utilizing renewable energy, developing energy-efficient products, streamlining logistics processes, and bolstering engagement with suppliers. In addition, we have fully introduced an internal carbon pricing scheme for the purpose of facilitating investment in low-emissions equipment and installed emissions-reducing provisions into new Company buildings. By accelerating initiatives to achieve this more ambitious target, we aim to mitigate various transition risks.

Physical Risks

□ Major Long-Term Risks

Global warming threatens to change the environments in which the timber we procure is produced, which in turn would impede our ability to produce certain musical instruments. The Yamaha Group undertook an investigation that looked at scarce and difficult-to-substitute tree species from which it procures timber and was based on an academic thesis. This investigation indicated a possibility that the environments in which several of these tree species are cultivated might shrink as a result of global warming. Should it become difficult to procure timber from these tree species, resulting in increases in raw material prices, it would constitute a business risk. For this reason, we will carefully monitor circumstances related to the production of these tree species in the future and make preparations so that, should it be deemed that our operations might be impacted by these circumstances, we will be able to quickly shift to alternative tree species.

Furthermore, the Group exercises due diligence in verifying the legality of tree harvesting methods to ensure that it does not purchase illegally harvested timber and thereby safeguard its ability to continue procuring timber in a sustainable manner. We are also pursuing ongoing improvements to our business resilience through multi-faceted initiatives. One such initiative is the Tone Forest activities we engaged in with timber-producing communities to foster high-quality resources used for manufacturing musical instruments with regard to scarce timber that may become more difficult to secure due to climate change.

With regard to floods and other risks, we completed establishment of business continuity plans (BCPs) for all Yamaha business sites around the world. We have also taken precautionary measures such as installing drainage equipment to safeguard against damages from typhoons, floods, and other natural disasters projected on an individual business site basis. In addition, we have implemented measures such as revising the locations and structure of Company business sites and even external warehouses.

Furthermore, based on scenarios assuming global warming of 4°C above pre-industrial levels and once-in-a-century flooding in 2050, flooding risks and the effectiveness of flooding countermeasures were assessed for Yamaha Group bases, major distribution bases, and suppliers located in river-adjacent and coastal areas susceptible to floods around the world. These assessments found that no sites were at particularly high risk of flooding.

Opportunities

□ Major Medium-Term Opportunities

Major medium-term opportunities for Yamaha include the potential for increased demand for its products as people limit movement to help combat climate change. Specifically, it is possible that demand will grow for communication equipment. In addition, the trend toward decarbonization could drive the popularization of EVs, creating the potential for the Yamaha Group to engage in new businesses through which it produces comprehensive sound atmospheres within vehicles as well as the opportunity to win additional support for customers for its audio technologies, which deliver high sound quality from lightweight equipment.

□ Major Long-Term Opportunities

Major long-term opportunities include the possibility that demand for our products will increase as factors like global warming place limitations on outdoor activities. These factors are anticipated to drive growth in demand for a variety of musical instruments as well as for communication equipment. Moreover, by developing alternative materials with characteristics that are even more beneficial than those of the materials currently used, we aim to prepare for the potential depletion of the habits in which the timber suited to musical instrument production is grown. These provisions will allow us to provide value and take advantage of an even wider range of business opportunities.

Risk Management

The Risk Management Committee has been established as an advisory body to the president. This committee meets to discuss risk management-related themes from a Companywide perspective, and the findings of these discussions are reported to the president.

The committee also assesses and categorizes a variety of climate change and other risks based on the potential damages and frequency. In addition, risk control levels are evaluated to identify serious risks requiring priority attention, to designate the divisions responsible for managing these risks, and to thereby improve the overall level of risk management.

In addition, the Working Group for BCP and Disaster Prevention Management has been set up under the Risk Management Committee to establish BCPs and implement other business continuity management initiatives to address the physical risks associated with natural disasters.

Relevant executive officers report on these activities to the Board of Directors, which carries out confirmation and oversight of the effectiveness and progress of risk management frameworks.

For more information on risk management, please refer to page 98.

Metrics and Targets

Reductions to CO₂ emissions are managed in a comprehensive manner encompassing the entire Yamaha Group and its supply chains. To facilitate these efforts, the Greenhouse Gas Protocol is used as the standard for calculating total greenhouse gas emissions (Scope 1, Scope 2, and Scope 3 emissions), and third-party verification is received for these calculations.

Yamaha has set the medium-term targets of reducing total Scope 1 and Scope 2 greenhouse gas emissions by 55% (a target certified by Science Based Targets as sufficient for helping limit average global warming to below 1.5°C) and total Scope 3 greenhouse gas emissions by 30% from fiscal 2018 levels by fiscal 2031. In addition, we have set a long-term target for Scope 1 and Scope 2 emissions of achieving carbon neutrality by fiscal 2051.

Scope 1, Scope 2, and Scope 3 emissions

https://www.yamaha.com/en/csr/environment/global_warming/#02



In addition, we have set the goal of achieving a ratio of certified timber use of 50% by fiscal 2022 in order to help preserve forest resources and protect biodiversity. This goal was successfully accomplished in fiscal 2022 with a ratio of 52%. Going forward, we plan to establish internal standards to guide wider-ranging management of timber sustainability. At the moment, we are targeting a ratio of sustainable timber use, as defined based on our internal standards, of 75% by fiscal 2025. Ongoing initiatives will be advanced toward this goal.

Results of Scenario Analyses

Category	Impact Level	Risks and Opportunities	Reason, Impact, and Response	Impact on Business (Potential)
Transition risks (Global warming of 1.5°C)	Procurement	Short-term risks Risk of difficulties in procuring timber because of companies withdrawing from the timber business due to decarbonization trends	<ul style="list-style-type: none"> The number of companies targeting net zero emissions is increasing, a trend that is expected to stimulate a rise in demand for forest-associated carbon credits, which is in turn prompting forest owners to withdraw from timber businesses. The impacts of such withdrawals have been felt in certain timber-producing regions, but we are taking steps to mitigate the associated risks by utilizing alternative timber produced in different regions. Should a supplier of timber to Yamaha withdraw from the timber business, there is a risk that the Company may face difficulty securing the timber it needs to manufacture its products. However, with our dedicated timber-related technology and procurement divisions, we are able to quickly switch to an alternative source or develop alternative materials. The Company is progressively transitioning to certified timber from forests managed in a sustainable manner in its procurement of timber resources. 	- -
	Direct operations	Medium-term risks Risk of additional costs due to institution or increase of carbon prices	<ul style="list-style-type: none"> The IEAs NZE Scenario (net zero emissions by 2050) projects carbon prices of U.S.\$130 per t-CO₂ (approx. ¥15,000 per t-CO₂) in Japan, U.S.\$90 per t-CO₂ (approx. ¥10,000 per t-CO₂) in China, and U.S.\$15 per t-CO₂ (approx. ¥1,700 per t-CO₂) in Indonesia. These carbon prices will result in a rise in costs of approximately ¥1.6 billion in 2030. However, by accomplishing the greenhouse gas emissions reduction targets Yamaha put forth based on scenarios projecting global warming of 1.5°C, it should be possible to limit this rise in costs to ¥0.6 billion (yen amounts translated at a rate of ¥115 to U.S.\$1). An internal carbon price of ¥14,000 per t-CO₂ has been set for the purpose of accomplishing this target, which is being pursued by promoting investment in low-emissions equipment, increasing the energy efficiency of production divisions, and utilizing renewable energy. 	- -
		Medium-term risks Risk of additional costs due to increased procurement of renewable energy	<ul style="list-style-type: none"> The procurement of renewable energy is imperative to achieving significant reductions in emissions. A large portion of Yamaha's Scope 1 and Scope 2 emissions are associated with electricity, meaning that increased use of renewable energy will be crucial to reducing emissions (electricity purchased in fiscal 2022 amounted to approximately ¥3.0 billion). Reductions to CO₂ emissions will be pursued by conserving energy, generating renewable energy in-house, and purchasing renewable energy. 	-
	Product demand	Medium-term opportunities Opportunities created by increased product demand as people limit movement to combat climate change	<ul style="list-style-type: none"> There has been a trend toward people limiting their movement (via airplanes, etc.) to combat climate change, and it is possible that this trend may continue or expand going forward. This transition from outdoor to indoor activity may create opportunities by increasing demand for Yamaha's communication equipment (speakerphones, routers, etc.). The trend toward decarbonization is expected to drive the popularization of electrified vehicles. The IEAs NZE Scenario (net zero emissions by 2050) projects that sales of EVs will represent 64% of total automobile sales in 2030 and 100% in 2050. This accelerated spread of EVs has the potential to help win stronger customer support for Yamaha and its technologies for creating lightweight equipment that produces high-quality audio. We also see potential for engaging in new businesses through which we branch out from audio equipment to produce comprehensive sound atmospheres within vehicles. Reductions to waste and more effective use of resources is being promoted as a means of combating climate change. Against this backdrop, Yamaha has the potential to become a brand that guides the direction of the entire industry. Efforts to secure this position should include the development technologies and business model reforms for providing products as services aimed at reducing raw material use, utilizing recycled and renewable materials, encouraging customers to use products for longer by upgrading or purchasing more durable items, and eliminating the use of plastics in packaging. 	+ +

Category	Impact Level	Risks and Opportunities	Reason, Impact, and Response	Impact on Business (Potential)
Physical risks (Global warming of 4°C)	Procurement	Long-term risks Risk of difficulties in procuring timber due to changes in production region environments	<ul style="list-style-type: none"> Global warming may change the environments in the regions from which Yamaha procures timber. The Company undertook an investigation that looked at scarce and difficult-to-substitute tree species from which it procures timber and was based on an academic thesis. This investigation indicated a possibility that the environments in which several of these tree species are cultivated might shrink. It has therefore been determined that we face the risk of it becoming difficult to procure timber from these tree species, resulting in increases in raw material prices. Through the advancement of Tone Forest for developing forests capable of sustainably producing timber suited to musical instrument production together with the community, we aim to secure stable supplies of high-quality timber over the long term. 	- -
	Direct operations	Long-term risks Risk of halts to operations and lost profits due to heavy rains, floods, or other natural disasters impacting operating bases (factories)	<ul style="list-style-type: none"> Global warming is projected to cause increases in the damages from heavy rains, floods, and other natural disasters. It is therefore possible that profits may be lost should operations be halted at an operating base (factory) as a result of flooding. However, even when using analyses based on a scenario projecting global warming of 4°C above pre-industrial levels in 2050, the Company's investigations have found no risks flooding of more than one meter above floor level at the approximately 100 major Yamaha Group bases, distribution bases, and suppliers investigated. 	-
	Product demand	Long-term opportunities Opportunities created by increased product demand as people refrain from leaving homes during summer as a result of rising temperatures	<ul style="list-style-type: none"> There has been a trend toward people refraining from leaving their homes during the summer as a result of rising temperatures (risks of heatstroke, etc.), and it is possible that this trend may continue or expand going forward. This transition from outdoor to indoor activity may create opportunities in the form of increased demand for Yamaha's communication equipment (revenue of ¥14.5 billion from ICT equipment in fiscal 2022) and for guitars and other types of musical instruments (revenue of ¥276.2 billion from musical instruments in fiscal 2022). To prepare for the potential depletion of the habitats in which timber suited for musical instrument production is grown, we are developing alternative materials with characteristics that are even more beneficial than those of the materials currently used. We thereby aim to contribute to the development of music culture and to capitalize on a wider range of business activities. 	+ +

Note: Certain risks and opportunities have been omitted in reflection of their likelihood of occurrence or potential impact on business.

Potential Changes in Timber Procurement Region Environments from Base Year

Legend: ■ None (100% or more) ■ Minor (95-100%) ■ Moderate (80-95%) ■ Large (80% or less)

Tree Species	Region	Rise in Average Global Temperature from Pre-Industrial Levels (°C) and Potential Change in Procurement Region Environments (%)									
		0.6°C*	1.0°C	1.5°C	2.0°C	2.5°C	3.0°C	3.5°C	4.0°C	4.5°C or more	
Conifer species A	North America A	100	100	99	98	96	94	92	90	Less than 90	
Conifer species B	Europe A	100	101	84	74	62	47	31	11	Less than 11	
Broadleaf tree species A	Asia A	100	101	105	107	109	111	113	115	More than 115	
Broadleaf tree species B	Asia B	100	101	103	104	104	104	103	101	Less than 101	
Broadleaf tree species C	Europe B	100	102	96	86	72	55	37	14	Less than 14	
	Europe C	100	100	100	99	98	96	94	92	Less than 92	
		2°C scenario					4°C scenario				
RCP 8.5 (4°C scenario)		Today*		2040s		2060s		2080s		2090s	
RCP 2.6 (2°C scenario)		Today*		2040-2090s							

* "Today" represents the average between 1986 and 2005.
Source: Yamaha Corporation

HUMAN RIGHTS

To help realize a society in which everyone's human rights are respected, the Yamaha Group remains keenly aware of its responsibility with this regard and promotes respect for the human rights of all stakeholders touched by its business activities and value chain.



Basic Policy

Based on the UN Guiding Principles on Business and Human Rights, the Yamaha Group has established the Yamaha Group Human Rights Policy. This policy guides the Group as it strives to comply with international norms pertaining to human rights, including those described in the International Bill of Human Rights (Universal Declaration of Human Rights and International Covenants on Human Rights), the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work, and the UN Global Compact.

In addition, the Working Group for Human Rights, DE&I has been established as part of the Sustainability Committee, which is chaired by the president. This working group is responsible for monitoring human rights due diligence, education, and awareness-raising activities. The Board of Directors, meanwhile, oversees Groupwide human rights due diligence activities based on reports from executive officers.

For more information on the Yamaha Group Human Rights Policy, please refer to the following website.

https://www.yamaha.com/en/csr/human_rights_policy/



Promotion of Human Rights Due Diligence

The Yamaha Group is committed to responsibly addressing the potential impacts of its business activities on human rights. To this end, we assess our activities based on international norms on human rights and on the self-assessment items of the UN Global Compact and actively engage in dialogue with stakeholders and experts. Through this process, we identify and specify the human rights risks apparent in our business. The Group works to identify the material human rights issues faced in different industries through participation in the Stakeholder Engagement Program of Caux Round Table Japan. Also, we began in 2022 to identify human rights issues based on advice received from experts and to revise our frameworks for assessing related risks in order to promote more sophisticated and comprehensive due diligence activities. Moreover, human rights principles are being incorporated into the internal regulations of the Company and Group companies. The status of the protection of employee human rights is monitored based on these regulations with regard to areas such as work conditions and labor-management dialogue, and improvements are pursued as necessary. For production companies in Japan, China, Indonesia, Malaysia, and India, dedicated Company staff members provide support for developing and advice for improving occupational health and safety and health management frameworks. We are thereby working to address human rights risks pertaining to employee health and safety and community members.

Suppliers, meanwhile, are asked to sign agreements stipulating compliance with the Yamaha Supplier CSR Code of Conduct, which contains provisions related to worker human rights, occupational health and safety, environment preservation, and ethics. Adherence with these agreements is regularly confirmed via paper audits. We intend to conduct on-site inspections of suppliers and to ramp up assessments going forward.

Yamaha Supplier CSR Code of Conduct

(Preamble)
All Yamaha Group Suppliers are expected to comply, in all business activities, with each of the following statements, in addition to national and municipal laws, rules, and regulations, while also respecting international norms of behavior. Furthermore, Suppliers shall also encourage their employees to comply with the Code of Conduct and shall obtain information from these suppliers necessary to ensure compliance with the Code. In cases where these standards do not conform to national or local laws, etc., endeavors shall be made to find a way to respect the standards.

A. Labor and Human Rights

- 1. Fair Wages**
The free will of all workers shall be respected and forced labor shall not be used. Conditions of employment shall be provided in accordance with the local laws and regulations. Suppliers shall not be required to hand over their passports, official identity documents, or work permits.
- 2. No Child Labor**
Children under the minimum employment age are not to be employed. Employing with businesses that jeopardize the health and safety of workers under the age of 18 shall not be allowed.
- 3. Reasonable Working Hours**
Weekly working hours as defined by local regulations shall not be exceeded. Workers shall be allowed at least one day off per week.
- 4. No Forced or Involuntary Labor**
Pay shall meet or exceed the minimum wage as defined by local regulations. Payment shall be accompanied by a pay statement and shall be made directly to the worker without delay. There shall be no color wage reductions.
- 5. No Harassment or Abuse**
The human rights of workers shall be respected and there shall be no harassment or abuse. Measures shall be implemented to prevent and manage harassment.
- 6. No Discrimination**
There shall be no discrimination in hiring or employment practices based on race, skin color, ethnicity, age, gender and sexual orientation, gender identity, ethnicity, disability, pregnancy, religion, political opinion, labor union membership, marital status, or any other factor relevant to business.
- 7. Safeguarding Whistleblowers**
Suppliers shall respect the rights of workers to associate freely, join or refrain from joining labor unions, bargain collectively, engage in peaceful assembly, and other such actions in accordance with local laws and regulations. Efforts shall be made to ensure that workers can communicate openly with management without fear of discrimination, reprisal, intimidation or harassment. Employees shall not be unlawfully terminated.

Occupational Safety
Safe and Sound Working Conditions
Suppliers shall understand the work environment and operations, and implement appropriate technical, administrative, and preventive measures to address potential hazards and risks in order to ensure the safety of workers. Workers shall be provided with safety and health information and training, and any necessary protective equipment. Suppliers shall take appropriate measures and proper consideration shall be given to reduce health and safety risks for pregnant and nursing mothers.

Accident Prevention and Emergency Preparedness
Suppliers shall prepare countermeasures to evaluating risks associated with potential disasters, accidents, etc., and any necessary training or drills shall be performed. Suppliers shall conduct facility safety inspections, secure evaluation routes, and install and maintain disaster prevention equipment.

Prevention of Occupational Injury and Illness
Suppliers shall understand the state of occupational injury and illness and implement preventive measures. Workers shall be provided with medical examinations in accordance with local regulations.

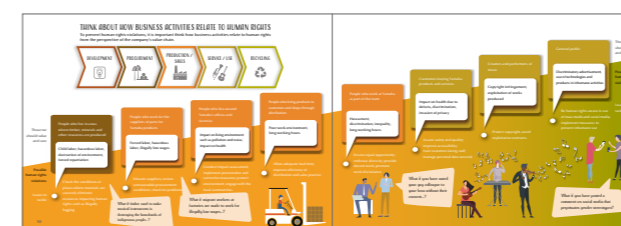
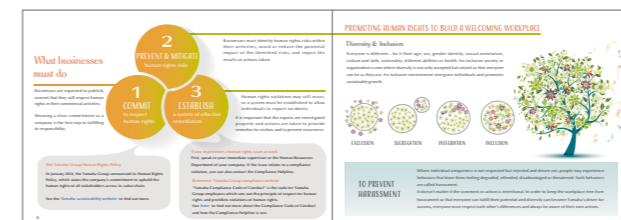
Management of Physical Demands
Suppliers shall identify and manage physically demanding work that may pose a hazard to either physical or mental health, so as not to cause occupational injury or illness.

Machinery and Equipment Safety
Suppliers shall implement safety evaluations of machinery and equipment, so as not to cause occupational injury or illness.

Healthy and Safe Working Environment
Workers shall be provided with a healthy and safe working environment (e.g. housing facilities, cafeterias, etc.).

Human Rights Education and Awareness-Raising Activities

The Yamaha Group encourages all employees to view human rights as an issue that directly relates to them, and human rights education programs are implemented to help us exercise our corporate responsibility to respect human rights. Specific training activities include e-learning programs and workplace discussions of the Yamaha Human Rights Guidebook, which compiles easy-to-understand information on the UN Guiding Principles on Business and Human Rights and possible human rights violations that may occur during the course of corporate activities. In addition, we hold internal seminars, training sessions, and workshops. These programs are designed to improve employees' awareness regarding human rights. We have also recently begun holding unconscious bias training as part of our efforts to promote diversity, equity, and inclusion (DE&I). Yamaha's personnel department monitors the implementation status of human rights education programs at Group companies and supports these companies in advancing self-propelled education programs.



Yamaha Human Rights Guidebook

Prevention of Harassment

The Yamaha Group advances comprehensive initiatives for preventing all forms of workplace harassment. The Compliance Code of Conduct strictly prohibits harassment, and we have established consultation and whistleblowing systems and otherwise developed the frameworks and processes necessary for furnishing a swift and vigilant response to harassment. We also hold manager training programs for preventing abuses of power and are stepping up internal awareness-raising measures to bolster workplace communication with the goal of fostering a workplace environment free of harassment.

Human Rights-Related Consultation and Whistleblowing Systems

The Yamaha Group has set up human rights-related consultation and whistleblowing systems to allow for the quick detection and response to human rights violations. In Japan, the Company has implemented internal and external compliance-related consultation and whistleblowing systems for use by employees (including contract employees, part-time employees, dispatch employees, and subcontractors). Overseas, we have developed multilingual email forms to ensure that the systems can accommodate reports from various countries

and regions. We are advancing activities to ensure awareness regarding the respective contact venues and how they are used. At the same time, internal regulations on how to handle reports are being developed, starting in Japan, with stipulations for protecting the confidentiality of reports and ensuring that individuals do not suffer disadvantageous treatment as a result of reporting. Yamaha's Legal Division monitors the status of whistleblower system implementation and operation at Group companies worldwide, and assistance for improvements is provided as necessary.

For more information about compliance initiatives, please refer to page 100.

Product and Service Accommodation

The Yamaha Group seeks to improve the safety and accessibility of its products and services to ensure that they do not cause or exacerbate physical or mental health conditions and to allow them to be enjoyed by a wide range of people, regardless of disability or other restrictions. Examples of the innovations we have used to this end include the installation of the Listening Care function into our earphones and headphones, the provision of voice guidance functions for digital musical instruments, the development of recorders that can be played with one hand, and the deployment of the SoundUD universal design support system for sound.

Furthermore, we prepared a diversity, equity, and inclusion communication handbook for employees in April 2022 to facilitate inclusive communication that does not discriminate against or exclude others through product and service marketing activities and advertisements or through social media. Yamaha is also a member of the Unstereotype Alliance, a movement spearheaded by UN Women that aims to eliminate harmful stereotypes in media and advertisements.



Diversity, equity, and inclusion communication handbook



Banner for Unstereotype Alliance

HUMAN RESOURCES

Recognizing that human resources are the source of corporate value creation, Yamaha respects the diverse individuality and autonomy of its employees and provides them with equal access to opportunities for skill development and career advancement. Furthermore, we are developing workplace environments that enable all employees to fully demonstrate their sensibilities and creativity while achieving self-actualization and growing as professionals. By promoting human resources management on a global scale, we aim to fully utilize our human resources, further develop our business, and achieve ongoing improvements in corporate value.



Basic Policy

Yamaha seeks to ensure that all of its colleagues are able to fully exercise their talents. To this end, we strive to foster a workplace environment in which the individuality of all employees is respected, regardless of their gender, nationality, or race, and in which everyone is able to succeed. These efforts are backed by workstyle reforms, health and productivity management, and the cultivation of human resources that can excel on the global stage, among other measures.

Review of Make Waves 1.0 Respect for Diversity

The Yamaha Group Diversity & Inclusion Policy states that the diversity of people is the source of corporate and social value. In accordance with this belief, Yamaha is developing frameworks and cultures that provide everyone with equal opportunities to succeed. The Working Group for Human Rights, D&I (later renamed the Working Group for Human Rights, DE&I) was established under the Sustainability Committee, an advisory body to the president, in fiscal 2021. This working group uses communication with and surveys of Group companies worldwide as a venue for identifying the diversity and inclusion issues we need to tackle. These efforts have revealed that gender equality and the cultivation of female leaders are areas requiring our attention. Based on this recognition, Yamaha is ramping up efforts to communicate to society its support for people in minority groups. For example, the Company is a member of the UN Unstereotype Alliance. We also implement initiatives commemorating International Women's Day and LGBT Pride Month.

In Japan, these efforts have earned recognition including Yamaha Corporation being awarded the highest rating of gold in the PRIDE INDEX 2021, an index designed to recognize the inclusion initiatives of companies and other organizations for supporting sexual minorities, for three consecutive years.

Support for Women's Careers

As one facet of its diversity management efforts, the Yamaha Group strives to develop a workplace environment that is conducive to the contributions of women and conducts unconscious bias training and other awareness-raising activities. We are moving ahead with measures for supporting the careers of female employees based on an action plan targeting a global average of 19% for the ratio of female employees in management positions to be accomplished by 2025 while monitoring progress with this regard. The Working Group for Gender Equality, which is positioned under the Human Resources Development Committee, an advisory body to the president, is tasked with offering advice regarding various initiatives for diversifying management through the ongoing cultivation of female leaders and with guiding the implementation of these initiatives.

Furthermore, Yamaha is a member of the 30% Club Japan, an international campaign aimed at promoting healthy gender balances in corporate decision-making bodies. We have also announced our endorsement of the goals of the Women's Empowerment Principles.

Such commitments by senior management shape our efforts to develop workplace environments that allow all employees to realize their full potential.

Work-Life Balance Support Systems and Workstyle Reforms

The Yamaha Group hopes to allow our employees to exercise their skills while maintaining good physical and mental health and living enriching work and personal lives. We therefore aim to develop flexible systems and workplace environments that are accommodating of the circumstances of individual employees.

We offer employees access to teleworking systems as well as to systems that support employees in balancing their work with medical treatment. Furthermore, a system was introduced in fiscal 2022 that allows employees to work in remote locations to accommodate individuals who would normally be forced to live away from their family for work purposes. We also expanded the range of areas from which individuals can commute should they need to provide nursing care to family members. We therefore hope to allow such individuals to continue exercising their skills.

Human Resources Development

The Yamaha Group has established guidelines for Groupwide education and training programs. Based on these guidelines, we seek to create an education and training system that is equally focused on skill improvement and career development as the basis for the development of globally successful human resources. At the same time, training programs are tailored to specific objectives and groups of employees.

In fiscal 2022, we continued to conduct highly effective education and training programs, even amid the restrictions imposed in response to the COVID-19 pandemic, through the use of e-learning programs utilizing videos as well as discussion-centered programs that take advantage of the characteristics of online meeting tools. We also began arranging liaison meetings for individuals responsible for specialized function training in their respective organizations in order to share best practices in relation to training programs.

Furthermore, the Company launched new hierarchical level-based training in the form of training for the heads of core and other divisions in order to bolster its training programs for individuals who are central to management. Overseas, we conduct global selective training for selected employees, including local personnel hired overseas, to systematically develop employees who can take charge of management on a global basis.

Occupational Health and Safety and Health and Productivity Management

The Yamaha Group has defined the basic occupational health and safety policy of prioritizing health and safety over everything, based on which we are advancing initiatives for protecting the safety of everyone involved in our business activities and promoting the health of employees and their families.

Human Resources Strategies of the New Make Waves 2.0 Medium-Term Management Plan

Implement measures in pursuit of the following targets based on the key policy of enabling Yamaha colleagues to be more valued, more engaged, and more committed

Priority Themes of Make Waves 2.0

Priority Themes	Targets	Measures
Increase job satisfaction	<ul style="list-style-type: none"> Continue improving ratio of employees offering positive responses regarding job satisfaction on employee engagement surveys Double human resources investment 	<ul style="list-style-type: none"> Inspire a feeling of value with regard to working at Yamaha <ul style="list-style-type: none"> Cultivate leaders for guiding businesses from a global perspective and place the best personnel in the most appropriate position Enhance support for autonomous career development Support diverse and flexible workstyles
Promote respect for human rights and DE&I	<ul style="list-style-type: none"> Achieve global ratio of female managers of 19% Conduct cross-border positioning of 30 individuals 	<ul style="list-style-type: none"> Utilize individuality of diverse employees <ul style="list-style-type: none"> Conduct human rights education and due diligence Empower female employees and assemble a diverse team
Foster open organizational culture where people can proactively take on challenges	<ul style="list-style-type: none"> Continue improving ratio of employees offering positive responses regarding workplace environment on employee engagement surveys 	<ul style="list-style-type: none"> Build comfortable organizational culture founded on mutual respect <ul style="list-style-type: none"> Create diverse opportunities for engagement Reform organizational culture to allow employees to take on challenges without fear of failure

In fiscal 2022, Yamaha Corporation and Japanese Group companies had a 100% health examination completion ratio, while an industrial physician made work category decisions* for 100% of cases for both Yamaha Corporation and domestic Group companies. In addition, our mental health care initiatives have enabled us to maintain rates of more than 80% for employees returning to work after receiving leave for a mental health issue for the first time.

Furthermore, we have continued to help employees quit smoking through advice offered during health checkups as well as individualized support for employees desiring such aid. Moreover, smoking has been completely prohibited on the premises of all domestic Group companies since April 2022. As a result of such efforts, the percentage of smokers among all employees declined to 11.1% in fiscal 2022.

Based on the external recognition for these initiatives, Yamaha Corporation was included, for the first time, in the Health & Productivity Stock Selection in March 2022. This program is designed to recognize companies among those listed on the Tokyo Stock Exchange that exhibit excellence in practicing health and productivity management. In addition, Yamaha Corporation and its subsidiary Yamaha Corporate Services Corporation were certified as White 500 enterprises in the 2022 Certified Health & Productivity Management

Organization's Recognition Program organized by the Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi.

Going forward, the Group will pursue higher levels of quality in its health and productivity management efforts. To this end, we will seek to support a healthy work-life balance through measures for combating excessive workhours targeting management and other employees. At the same time, efforts will be made to help employees and their families achieve "Sound Living," living in good physical and mental health and in accordance with one's own desires, as described in the Yamaha Group Health Declaration.

* Work category decisions by industrial physicians are based on Article 66.4, 5 of the Industrial Safety and Health Act. In these decisions, the Company determines the work category for health checkups for eligible employees based on an industrial physician's opinion.



DIGITAL TRANSFORMATION

Yamaha is promoting digital transformation to maximize customer value and reform its processes with digital technologies in areas such as customer data platforms for connecting with customers, new supply chain management (SCM) systems, and enterprise resource planning (ERP) frameworks. By furnishing business platforms and promoting data utilization through this approach, we will transform business processes and thereby improve productivity and corporate value.

Taro Tokuhira
Operating Officer
Executive General Manager of Operations Unit



Basic Policy

In response to the rapid operating environment changes driven by the recent acceleration in the digitization trend, Yamaha is building business foundations for improving profitability, as represented by the combination of customer value and productivity, through customer-oriented reforms to businesses and business processes. To guide these efforts, the Digital Transformation Strategy Committee was established in April 2019 as a corporate committee that serves as an advisory body to the president. This committee is tasked with discussing Companywide digital transformation policies and IT strategies. In addition, technologies and resources for promoting digital transformation have been consolidated within the Information Systems Division, which is responsible for overseeing digital transformation activities. These provisions make for a framework for advancing digital transformation strategies on a Companywide basis.

The goal of Yamaha's digital transformation strategies is to transform businesses and processes to adopt a customer-oriented perspective with digital technologies. The Digital Transformation Strategy Committee has categorized the Company's business processes into five process areas (customer contact points; planning, research, and development; production; supply; and accounting, human resources, and other administrative operations), which have been further subdivided based on three perspectives (data, systems, and business processes). Policies and rules have been decided based on these divisions to facilitate the transformation of processes on a Groupwide scale. Through digital transformation, the Company will create systems for collecting and managing viable data, even in a highly unclear business environment, as we invest in the recruitment and education

of human resources capable of utilizing data and in the development of the associated organizations. We thereby aim to transform into an organization that makes decisions and takes action based on data.

Review of Make Waves 1.0

Under Make Waves 1.0, the previous medium-term management plan, we promoted digital transformation in five process areas based on the policies and rules formulated in relation with to system environment establishment, development, and implementation. Progress was made in furnishing business platforms through these efforts.

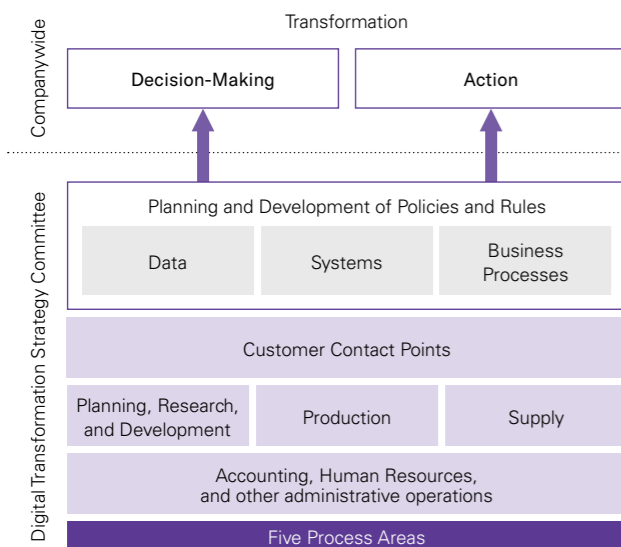
In the area of customer contact points, to facilitate the formation of ongoing connections with customers around the world, we installed customer data platforms at overseas sales companies, thereby developing the frameworks for consolidating customer information. As for planning, research, and development, we are expanding customer contact points and creating new value through offerings such as the SYNCROOM online remote ensemble performance service, the Remote Cheerer powered by SoundUD remote cheering system, and the Charlie™ communication robot. Initiatives in the areas of production and supply included the completion of a core system centered on

Goals of Digital Transformation (Customer Data Platforms, New SCM, and Process Reforms)



Acquisition of Digital Transformation Certification

In April 2021, Yamaha became recognized as a digital transformation-certified business operator under the Digital Transformation Certification system advocated by the Ministry of Economy, Trade and Industry. This system is used to certify business operators that are prepared to promote digital transformation. Yamaha received this certification in recognition of its highly regarded security measures and customer data platforms.



Digital Transformation Strategies of the New Make Waves 2.0 Medium-Term Management Plan

Create new value and transform processes through digital transformation
Advance data strategies for guiding decision-making and actions

Priority Themes of Make Waves 2.0

Priority Themes	Measures
Create new value	<ul style="list-style-type: none"> Provide services optimized for each customer by utilizing customer data Accumulate sound and music performance and sensitivity data and apply to new technologies
Transform business processes	<ul style="list-style-type: none"> Advance data strategies for guiding decision-making and actions (build data management platforms, cultivate digital transformation human resources) Accelerate and improve efficiency of SCM (launch full-scale operation of new SCM system that connects processes spanning from production to customers) Standardize and improve efficiency of sales activities and production management through introduction of manufacturing digital twin methodologies and ERP systems

our new SCM systems for connecting factories and customers. This core system was created while standardizing and optimizing processes and systems through the introduction of enterprise resource management systems at factories around the world. Lastly, in the area of accounting, human resources, and other administrative operations we promoted use of paperless accounting ventures as well as digital means of processing internal and external contracts, thereby contributing to increased operational efficiency.

Overview of Priority Themes of Make Waves 2.0

Create New Value

Yamaha aspires to provide new sound and music experiences that allow anyone to connect anywhere and at anytime by integrating customer data platforms. Our goal in these efforts is to design and develop services optimized for each individual customer. We are also developing and implementing systems for collecting and utilizing new types of information, including sensibility and performance data. These systems will be linked with various internal and external frameworks in order to create new value.

Transform Business Processes

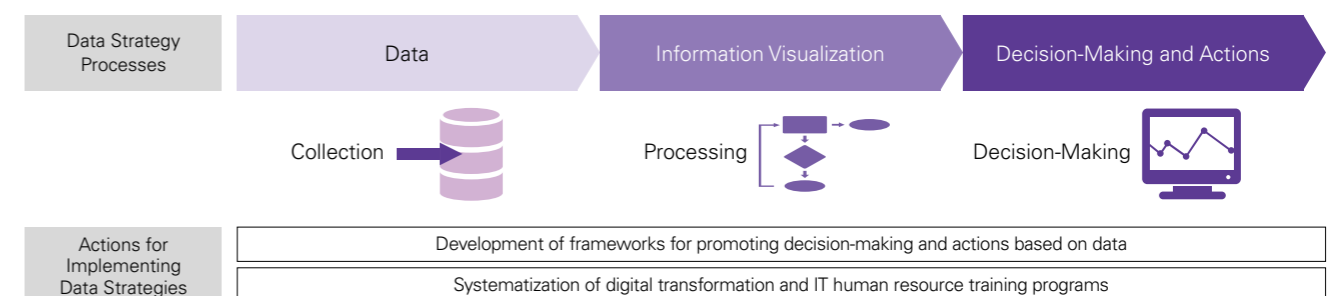
Yamaha looks to move beyond the phase of developing systems, which primarily involved installing infrastructure through means such as redeveloping and integrating prior business systems. The next

phase will entail utilizing information by employing the data produced and collected by the developed systems in decision-making processes. By accelerating initiatives in this phase, we will seek to create new value and transform business processes.

In accomplishing these goals, we will start by structuring the data collected in all business areas through our systems in order to use this data to visualize internal conditions and share this information throughout the Company. Data will be engineered in a manner that allows for data from any business area to be managed in the same format and with the same quality. Meanwhile, digital transformation human resources capable of analyzing and utilizing data will be cultivated to facilitate the use of data for guiding decision-making and actions in all business areas. At the same time, IT training programs will be systematized based on necessary skills, and these programs will be implemented on an ongoing basis.

The Company is also developing new SCM systems that allow for the real-time tracking of data from stages ranging from production to the delivery of services to customers. These systems are being rolled out across the globe, allowing us to link production to customer behavior and thereby optimize overall decision-making. In addition, improvement will be pursued with regard to quality, cost, and delivery factors by standardizing sales and production management processes and utilizing digital twin methodologies in factories to increase efficiency in production management.

Data Strategies for Guiding Decision-Making and Actions



BRANDING

Yamaha positions its brand as a core component of its management and is advancing branding activities on a global scale to ensure that it can fulfill its brand promise. Such activities for increasing our brand value include fostering internal brand awareness and providing consistent messages about our brand to external stakeholders.

Hiroko Ohmura
 Operating Officer
 Executive General Manager of Brand Development Unit and Senior General Manager of Marketing Division

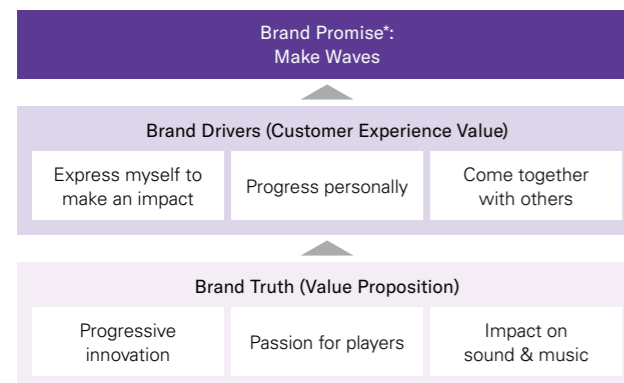


Basic Policy

Over the more than 130 years since its founding, Yamaha has continued to develop a multifaceted business centered around musical instruments and audio equipment. As part of this process, we have continued to broadcast the Yamaha brand on a global basis in order to raise our brand recognition among as many people as possible. However, we recognize that there is a need to further strengthen our points of contact with customers in order to form wide-reaching, more substantive, and longer-lasting relationships with a greater variety of customers.

Yamaha unveiled its brand promise in January 2019. This promise expresses that “we at Yamaha want to inspire peoples’ passion and help them take a step forward to express their individuality, emotion and creativity.” Moreover, we promise to “Become an Indispensable, Brilliantly Individual Company” that moves customers to their core. In our quest to fulfill these promises, we will create distinctive new value and practice consistent communication in order to inspire customers to feel passionate about owning Yamaha products or to hold a feeling of admiration toward Yamaha brand. At the same time, we will work to form strong connections with the customers who we have inspired in this way.

In addition, we have established the Brand Strategy Committee, which is chaired by the president and comprised of unit heads and other members. This committee is a forum for regular discussion among management with regard to the current state of the Yamaha brand and the branding strategies needing to be implemented. These discussions shape the course of our branding activities. The Company also arranges joint brand committee meetings with Yamaha Motor Co., Ltd., with which we share the Yamaha brand, so that we can discuss and deploy joint initiatives for heightening the overall value of the Yamaha brand.



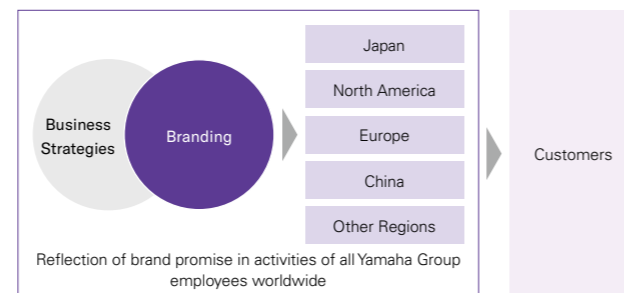
* Yamaha’s brand promise defines the value Yamaha provides to customers (brand truth), the experiences that can be delivered with this value (brand drivers), and how individuals can express themselves through this value and these experiences.

Review of Make Waves 1.0

During the period of Make Waves 1.0, the previous medium-term management plan, Yamaha devoted focused effort to the entrenchment and implementation of consistent branding strategies based on its brand promise, and we were thereby able to achieve a 50% increase in corporate value over the plan period, surpassing the plan’s non-financial target of a 30% increase. Moreover, we renovated the Yamaha Ginza Building and the Nagoya store and reopened these venues as brand shops in 2021. These shops do more than just sell musical instruments; they function as bases for broadcasting the Yamaha brand at which visitors can engage with our brand. These bases have thus significantly enhanced our ability to broadcast our brand value. Meanwhile, to “Make Waves” with our customers, we deployed advertisements and content based on our brand promise on a global scale. To supplement such communications based on a uniform message, we also prepared a diversity, equity, and inclusion communication handbook to ensure that we can carry out communication in a manner that is mindful of such subjects. This handbook was used to foster understanding within the Company.

Furthermore, we moved forward with the introduction of customer data platforms and digital marketing platforms as part of our efforts to develop frameworks for forging deeper and longer relationships with customers. Methods of building these relationships will include stepping up communication and service provision to customers. In addition, the month of October, which contains the anniversary of Yamaha’s founding on October 12, has been defined as a special brand month during which a variety of events are held to provide all employees with opportunities to think more deeply about the Yamaha brand and to thereby raise awareness regarding our brand among all employees. These events are carried out in a voluntary manner all around the world.

Framework for Fostering Consistent Brand Awareness among Employees and Delivering Value Defined in Brand Promise



A brand is an important driver shaping performance, corporate cultures, and employee action toward the implementation of business strategies. Brands also have a role in supporting consistent growth and operations and in enhancing corporate value.

Branding Strategies of the New Make Waves 2.0 Medium-Term Management Plan

- Improve brand value by building upon and proactively broadcasting brand experiences
- Create brand experiences that move customers based on brand promise
- Heighten customer engagement by creating new value through connections with customers
- Foster trust and understanding with stakeholders through proactive communication of brand narrative

Priority Themes of Make Waves 2.0

Priority Themes	Measures
Advance branding strategies that enhance emotional bonds	<ul style="list-style-type: none"> ■ Codify and communicate corporate brand information matched to the times and emphasizing purpose ■ Establish brand broadcasting bases that provide the opportunity to engage with the Yamaha brand
Develop digital platforms	<ul style="list-style-type: none"> ■ Enhance websites with an emphasis on communication with customers ■ Complete global installation of customer data platforms
Utilize integrated customer data and provide services for improving lifetime value	<ul style="list-style-type: none"> ■ Globally integrate customer IDs (Yamaha Music ID) ■ Improve understanding of customers through use of customer data ■ Plan and develop comprehensive applications (services) for improving lifetime value for customers
Build and standardize frameworks for improving customer experience	<ul style="list-style-type: none"> ■ Improve customer experience through customer support points ■ Develop frameworks for global measurement of customer satisfaction to track this metric
Earn trust and understanding from society by exercising corporate accountability in information disclosure and communicating fact-based brand narrative	<ul style="list-style-type: none"> ■ Exercise corporate accountability in information disclosure to earn trust from society ■ Proactively communicate brand narrative related to business and sustainability ■ Practice timely disclosure of corporate information in areas of rising interest and relevance to external assessments ■ Enhance ability to accommodate increasingly complex and sophisticated needs pertaining to crisis management communications

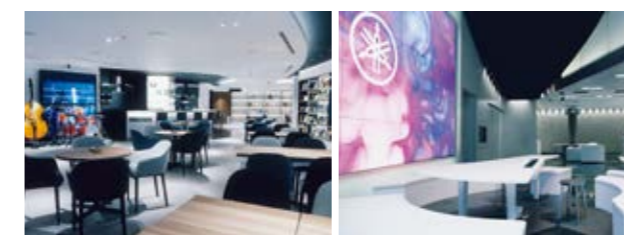
Initiatives under the New Medium-Term Management Plan

Advance Branding Strategies that Enhance Emotional Bonds

The Company is developing frameworks for comprehensively communicating the value of the Yamaha brand to as many stakeholders as possible.

Our corporate website is gaining importance as a venue for announcements regarding our philosophy and policies and for enacting our brand promise of “Make Waves.” In reflection of this rising importance, we are enhancing our website based on contemporary changes in stakeholder awareness and on the latest technology and design trends. We are also ramping up distribution of corporate and product advertisements in pursuit of quantitative and qualitative increases in customer contact points.

Physical venues for brand communications include our prior brand shops and Yamaha Hall. Our network of such venues is being expanded through new additions like the Yokohama Minato Mirai 21 brand broadcasting base scheduled for completion by March 31, 2024. By allowing customers to engage with the Yamaha brand



Artist renditions of Yamaha brand broadcasting bases

through such venues, we hope to deliver brand experiences that inspire customers to “Make Waves.”

Utilize Integrated Customer Data and Provide Services for Improving Lifetime Value

Yamaha aims to utilize the data gained from its connections with customers to deepen its understanding of customers and thereby create new value and heighten customer engagement. By completing the installation of the customer data platforms that was advanced under the previous medium-term management plan, we look to facilitate the acquisition, integration, visualization, and analysis of data to accommodate a shift toward data-driven marketing. At the same time, we will promote global membership systems for providing services that deliver greater customer experiences. For example, we are accelerating the planning and development of applications that contribute to higher lifetime value. Also, the customer data acquired from Yamaha Music ID will be integrated and used to supply personalized customer experiences and thereby forge ongoing connections through after-sales services. Yamaha will target increased customer engagement through such initiatives.



Yamaha Music ID

DESIGN

The design of products is a crucial component of the Yamaha brand. In recent years, the scope of fields requiring design considerations has been growing broader. Accordingly, we will use design as a tool for expressing the Yamaha Philosophy in a wider range of customer contact points with the aim of enhancing our brand value.

Manabu Kawada
General Manager of Design Laboratory
Brand Development Unit



History and Mission of Yamaha's Design

Yamaha's design department was established in 1963. At the time, it was rare for a Japanese company to have dedicated design functions. Yamaha, however, was quick to realize the importance of design, prompting it to set up a dedicated organization for establishing a unique flair for the Company. Since then, this organization continued to support the Yamaha brand with a small team of diverse professionals of various nationalities. The mission of the Design Laboratory, the latest incarnation of our design department, is to propose and manage designs and methodologies for expressing the Yamaha Philosophy and to thereby contribute to the creation of products and services that surpass customer expectations. The Design Laboratory also strives to broadcast Yamaha's aspirations on a global scale to contribute to the development of a distinctly Yamaha culture. Embracing the five elements of our design principle laid out at the centennial anniversary of Yamaha's founding, this organization will continue to act as a proponent for the Group's product design activities.

The Five Elements of Our Design Principle (Formulated in 1987)

Integrity	Design that respects the essence of the object
Innovative	Creative design
Aesthetic	Beautiful design
Unobtrusive	Restrained design
Social Responsibility	Design that meets the needs of today's society

Key Themes for the Design Laboratory Based on Key Strategies of the New Make Waves 2.0 Medium-Term Management Plan

- Create expression templates that remain consistent no matter how times or values may change by refining and developing new Yamaha design principles and educating employees on these principles
- Continue thought experiments for exploring Yamaha's essence and values to find hints for future advancements
- Heighten issue identification capabilities by demonstrating our stance toward addressing social issues to the world and posing questions from a unique perspective
- Foster creative culture and organizations to maximize creativity of corporate design divisions

Collaboration with Academia Department of Design of Chiba University / Lausanne University of Art and Design

In the past, the Design Laboratory has engaged in collaborative projects with numerous global education institutions, including the United Kingdom's Royal College of Art and Italy's Polytechnic University of Milan. Currently, this organization is in the process of advancing joint research together with organizations such as the Research Center for Advanced Science and Technology and the California Institute of Technology.

One recent project was conducted together with the Department of Design of Chiba University. In 2022, we partnered with this institution in a thought experiment. Based on theme of "Sumida Toy pianos," we imagined a world where Yamaha and pianos existed during Japan's Edo period, thinking about how pianos would have followed a unique path of evolution given the lifestyles at the time. Three prototypes of the imaginary "Sumida Toy piano" were created based on this experiment and displayed at the Chiba University Graduation Research and Production Exhibition over the period from March 18 to 20, 2022.



We also took part in a collaborative project with renowned Swiss learning institution Lausanne University of Art and Design as part of Milan Design Week 2022, the world's largest annual design gathering, which was held from June 7 to 12, 2022. Through this project, we exhibited six Yamaha Sound Machines product prototypes that aim to reimagine the music player for the new society.



In addition to contributing to product development as a corporate design division, sharing questions with younger generations to demonstrate our aspirations to enjoy design in a completely serious manner is another important duty of the Design Laboratory.

For more information regarding Yamaha's design activities, please refer to the following website.

<https://www.yamaha.com/en/about/design/>



YAMAHA'S DESIGN

Creation of new value through innovative designs that respect fundamental qualities



Make and Play! Instrument Creation Initiative

The Make and Play! instrument creation initiative was launched amid the COVID-19 pandemic with the aim of providing an activity that children could take part in with their parents as restrictions on leaving home led to an increased amount of time spent indoors. Specifically, we sought to enrich time at home through the experience of making and playing instruments. This arts and crafts activity was packed with the fun of musical instruments as the authentic sound produced despite the simple structure of the instruments crafted meant that kids could enjoy both making and playing instruments.

For free materials related to the Make and Play! instrument creation initiative, please refer to the following website.

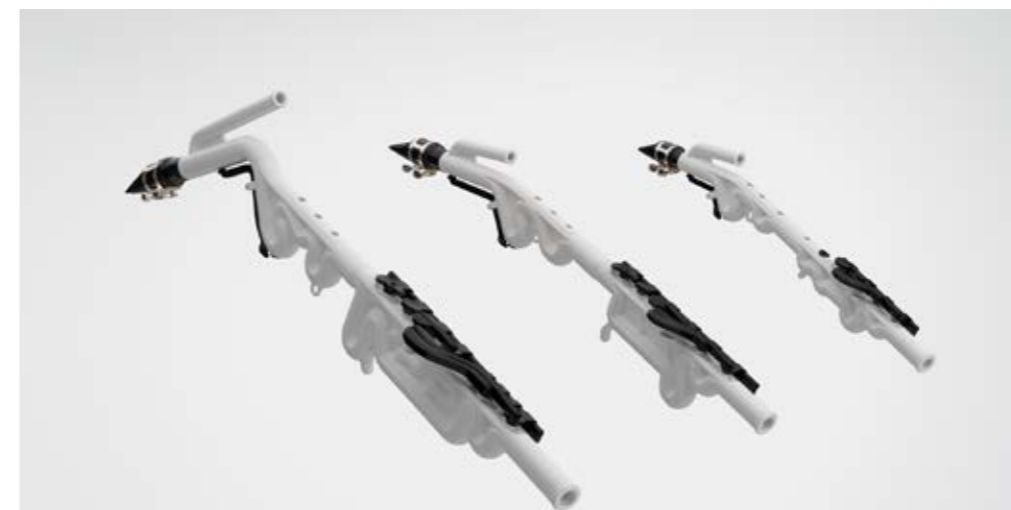
<https://www.yamaha.com/en/information/2020/20070801/paperinstruments/>

Special Chief Judge's Award in 15th Kids Design Award Program

Distance Viewing Next-Generation Live Viewing System

Distance Viewing is a next-generation live viewing service that records the full impact of live performances by artists and faithfully reproduces these performances in a virtual environment. This system does so by combining faithful live performance audio with life-sized visuals displayed on large screens and lighting effects that mimic the actual performance.

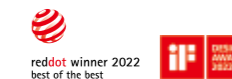
GOOD DESIGN AWARD 2021



YH-L700A Wireless Headphones

The YH-L700A is a flagship model for our line of wireless headphones. Built for both ease of use and comfort, these headphones feature a simple yet distinctive rectangular silhouette. Moreover, fabric and leather materials were used throughout to create an impression of gently enveloping the user in the manner of a sofa or an item of clothing.

Best of the Best, Red Dot Award: Product Design 2022
Product category design award, 2022 iF Product Design Award



YVS-120 and YVS-140 Venova™ Causal Wind Instruments

Venova™ creates a new genre of casual wind instruments, and is available in both alto and tenor variants. After careful consideration, we were able to increase the size of the instrument without compromising playability or appearance, giving it the feel of a conveniently sized wind instrument and striking a balance between the traits characteristic of the Venova™ line and the qualities expected of a wind instrument.

Best of the Best, Red Dot Award: Product Design 2022
Product category design award, 2022 iF Product Design Award

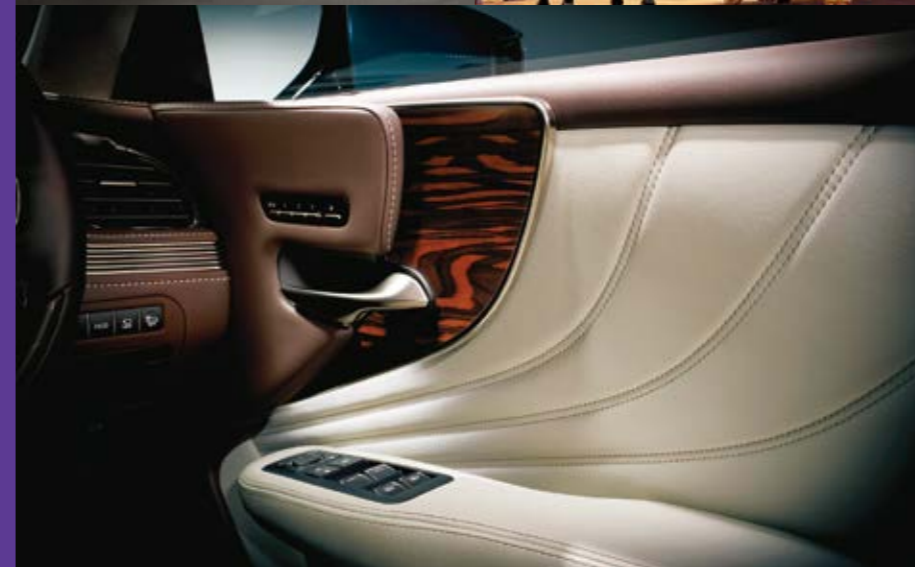


(From left) YVS-140 (Tenor Venova), YVS-120 (Alto Venova), YVS-100 (soprano range model)

STRATEGY SECTION

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Strategies by Business and Function



MUSICAL INSTRUMENTS BUSINESS

With development capabilities pertaining to both the tangible and intangible elements of products backed by extensive expertise, Yamaha is working to build lifelong relationships with customers and earn their highest evaluations. At the same time, we are strengthening our brand power to develop a sustainable, highly profitable business structure.

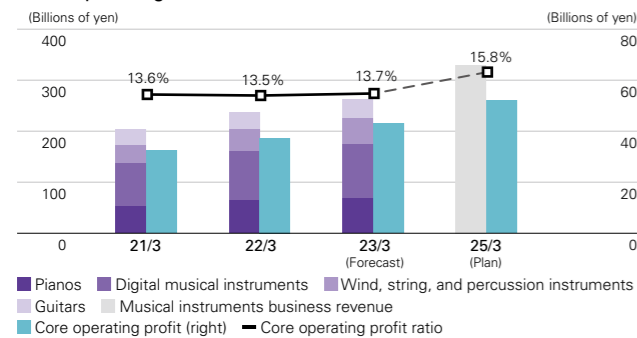
Atsushi Yamaura
Executive Officer
Executive General Manager of Musical Instruments Business Unit and Senior General Manager of Digital Musical Instruments Division



Business Overview

In the musical instruments business, which represents our core business, we possess numerous core technologies related to sound and music that have been cultivated over our long history. In addition to developing acoustic instruments such as pianos, wind, string, and percussion instruments, and digital musical instruments that leverage electronic technologies, we are rolling out other products such as hybrid instruments that meld both acoustic and digital technologies. In recent years, we have been utilizing AI, *kansei* (sensibility) engineering, and simulation technologies to take on challenges in the digital network environment and other new domains. Through our diverse product lineups and global sales and service structures, which also include the music school and software content businesses, we have secured a position as the world's leading comprehensive musical instruments manufacturer.

Revenue by Major Project / Core Operating Profit / Core Operating Profit Ratio



Review of Make Waves 1.0

In fiscal 2022, the final year of Make Waves 1.0, Yamaha's previous medium-term management plan, the musical instruments business achieved increases in sales and profit as the benefits of market recovery counteracted the impacts of ongoing shortages in product supplies, which resulted from logistics disruptions and difficulties procuring sound-generating, large-scale integration chips (LSIs) and other semiconductors. Looking back over the period of the previous medium-term management plan, progress went according to plan until early 2020. Thereafter, however, performance continued to be impacted by procurement difficulties and logistic disruptions after the start of the COVID-19 pandemic. Despite working to mitigate the impacts through measures including altering product designs, we were unable to accomplish the targets of the plan. In advancing the key strategy of "develop global connections and ties with customers," great progress was made in efforts to cultivate both digital and physical customer contact points focused on brand communication and digital marketing. We were thereby able to bolster our sales networks and e-commerce venues around the world. Meanwhile, the key strategy of "realize high levels of profit by expanding our business portfolio" was enacted by augmenting our portfolio through various new product launches. New products included portable keyboards that incorporate the musical traditions of the growing market of India as well as the STORIA series of guitars targeting a wider range of customers. As for the key strategy of "create value through the combination of essential value enhancement and elemental technologies," we moved ahead with the release of the YDS-150 digital saxophone that couples the expressiveness of a standard saxophone with volume control features. In addition, we introduced Charlie™, the world's first communication robot to communicate via singing.

Business Strategies of the New Make Waves 2.0 Medium-Term Management Plan

Business Vision

Receive the highest possible evaluation from an even greater number of customers while enhancing our brand power to achieve a sustainable, highly profitable business structure

Targets for Fiscal 2025

Revenue: ¥330.0 billion (increase of 19.5% from fiscal 2022)

Core operating profit: ¥52.0 billion (increase of 39.4% from fiscal 2022)

Opportunities and Risks

Opportunities	Risks
<ul style="list-style-type: none"> Improvement in the promotion of value that fits the life stage of each customer through digital marketing Enhancement of product development capabilities for pursuing the essence of musical instruments due to the progression of digital technologies and AI Incorporation of demand from the middle classes in emerging markets through the expansion of sales networks and e-commerce venues; capturing of demand through the development of product models that cater to local music cultures; and incorporation of demand from new growth in the musical-instrument-playing population through music popularization activities Rise in new ways of enjoying musical instruments online that incorporate remote technologies 	<ul style="list-style-type: none"> Inconsistent supply of electronic components and timber Economic downturn due to accelerated inflation Changes in flows of people and commodities in response to the COVID-19 pandemic Entrance of manufacturers from IT and other industries; potential for saturation of e-commerce brands utilizing OEMs Potential for the trend of growth in the sharing economy and secondhand market to accelerate Economic slowdown due to spread of wartime damages from Russia's invasion of Ukraine

Key Strategies

1. Build upon the fundamental qualities of musical instruments	<ul style="list-style-type: none"> Adopt scientific approach by utilizing advanced technologies and pursuing technological innovation Foster understanding of and evolve skills and craftsmanship
2. Explore new growth fields	<ul style="list-style-type: none"> Expand sales channels and bolster efforts to communicate with customers Propose new ways of enjoying existing musical instruments Introduce products based on new concepts to approach new customers
3. Supply services for forging longer, stronger ties with customers	<ul style="list-style-type: none"> Support performances and provide conducive environments through applications and services Provide services that allow customers to continue to play their instruments in the best possible condition

Overview of Markets by Mainstay Products and Yamaha's Operations / Yamaha's Strengths / Main Competitors

Mainstay Products	Overview of Markets and Yamaha's Operations	Yamaha's Strengths	Main Competitors
Pianos	<ul style="list-style-type: none"> Consistent, moderate growth in China, the world's largest piano market Rising trend toward emphasizing more fundamental value of pianos in mature markets 	<ul style="list-style-type: none"> Robust lineup that can accommodate customers of all skill levels developed through a dedication to the fundamental essence of acoustic pianos Wide-ranging proposals for enjoying pianos that apply technologies pertaining to Disklavier™, TransAcoustic™, and other products 	<ul style="list-style-type: none"> Steinway & Sons (Germany and United States) Guangzhou Pearl River Piano Group Co., Ltd. (China) Kawai Musical Instruments Manufacturing Co., Ltd. (Japan)
Digital musical instruments	<ul style="list-style-type: none"> Firm demand for digital musical instruments, despite shortages in product supplies resulting from global difficulties in procuring electronic components Continued strong sales for digital pianos amid rising demand as people increasingly stay home in response to the COVID-19 pandemic Growth in portable keyboard sales due to market exploration with mini keyboards and to launch of models designed specifically for Middle Eastern markets 	<ul style="list-style-type: none"> Strong brand image and high market share backed by quality Extensive product lineup matched to diverse user needs Development capabilities, production bases, and wide-ranging sales channels allowing for supply of models with functions and content tailored to the local music traditions of Western markets as well as emerging markets 	<ul style="list-style-type: none"> Casio Computer Co., Ltd. (Japan) Roland Corporation (Japan) Kawai Musical Instruments Manufacturing (Japan) KORG Inc. (Japan)
Wind, string, and percussion instruments	<ul style="list-style-type: none"> Lower, but gradually recovering, global demand as school and community brass band activities were restricted as a result of the COVID-19 pandemic Growth in demand for digital drums, digital wind instruments, and digital violins, which can be played easily at home Recovery in demand projected as restrictions on concerts are lifted around the world 	<ul style="list-style-type: none"> Production and sale of almost all instruments used in brass bands and orchestras Broad lineup of products for customers ranging from beginners to professional performers Product development capabilities capitalizing on digital instrument and other expertise as a comprehensive musical instruments manufacturer Expertise in stimulating demand for wind instruments through coordination with professional performers and music instructors 	<ul style="list-style-type: none"> Conn-Selmer, Inc. (United States) Buffet Crampon SAS (France) Jupiter (KHS Musical Instruments Co., Ltd.) (Taiwan)
Guitars	<ul style="list-style-type: none"> Growth surpassing previous fiscal year as live event demand recovers from the impacts of the COVID-19 pandemic and demand associated with people increasingly staying home continues Advancement in new concept guitars, diversification in ways people enjoy playing Numerous competitors centered on U.S. brands 	<ul style="list-style-type: none"> Global leader in number of acoustic guitars sold* Comprehensive solutions encompassing peripheral equipment offered through Yamaha Guitar Group, Inc. (Line 6, Ampeg) TransAcoustic™, wireless, and other new technologies a step ahead of competitors 	<ul style="list-style-type: none"> Fender Musical Instruments Corporation (United States) Gibson Brands, Inc. (United States) Taylor Guitars (United States) C.F. Martin & Co. (United States)

* Yamaha estimation, as of March 31, 2021

Business Policies of the New Medium-Term Management Plan

In the musical instruments business, we are promoting sales of high-value-added products by bolstering sales and marketing activities that are matched to the new society. Efforts in our core piano and wind, string, and percussion instruments businesses will include building a reputation as a premium brand to bolster profitability. As for the digital musical instruments business, which we have positioned as a growth business, we aim to stimulate new demand in order to expand our operations. The guitar business, meanwhile, has been positioned as a business to be fostered. We are pursuing the expansion of both profitability and scale in this business through measures for improving brand value centered on mid-range to high-end offerings.

Major Initiatives Pertaining to Key Strategies

For the first key strategy, build upon fundamental qualities of musical instruments, we aim to create new and inspiring experiences founded on advanced technologies and exquisite sensibilities. These experiences will be realized by utilizing analytical and simulation technologies to refine musical instruments. We will also foster understanding of and evolve our skills and craftsmanship to enhance our product creation functions.

For the second key strategy, explore new growth fields, we look to develop a growth product line that can stand alongside pianos in

order to heighten our share in the constantly growing Chinese market. Meanwhile, we will work toward greater growth in emerging countries by expanding sales in India through the nationwide deployment of e-commerce venues. Another effort for growing in emerging countries will be to expand our sales network in the ASEAN region to target middle-income customer demographics while positioning the Philippines as a priority growth market. Product initiatives will include developing creative products that propose new ways of enjoying music by transcending preconceptions about musical instruments. In this manner, we aim to provide musical instruments that are more approachable, while still offering genuine experiences, so as to lower the barrier to begin performing and thereby allow sound and music to be enjoyed by anyone, anywhere, and at any time.

For the third key strategy, supply services for forging longer, stronger ties with customers, Yamaha will support performances and provide conducive environments through its Yamaha Music Connect (tentative name) platform. This platform will provide services that offer new ways to enjoy musical instruments through features such as automatic accompaniment and support for independent learning. We will also bolster our after-sales services and provide additional functions based on the life stages of customers to ensure that they can continue to play their instruments in the best possible condition. By supplying such services matched to customers' music lifestyles, we will target higher levels of lifetime value from customers.

PIANO BUSINESS



Global market share for Yamaha's products **Pianos: 39%***
Revenue (Fiscal 2022): **¥64.1 billion**

Business Overview

The piano business is one we have cultivated for over a century and can be considered a core part of the Yamaha Group's operations. The fundamental value of Yamaha's pianos is their ability to help performers produce the types of performances that they envision. We are committed to creating Yamaha pianos that accommodate the performance ambitions of musicians of all skill levels with acoustic and digital technologies.

Goal for Fiscal 2025

Evolution into a company that can continue to provide exquisite piano experiences matched to the lives of individuals

Key Strategies and Measures of Make Waves 2.0	
Establish position as a provider of pianos that serve as the standard for leading artists	<ul style="list-style-type: none"> Ramp up activities with leading pianists and influencers and accelerate artist relations activities targeting aspiring pianists Continue to refine flagship CFX full-concert grand pianos
Expand customer base and raise value	<ul style="list-style-type: none"> Expand sales channels in China and enhance ability to communicate value to specific customer groups Shift focus of product portfolio to more value-oriented business and orient customers toward these businesses Increase recognition of hybrid pianos
Transition toward a sustainable business model that is always accommodating toward the environment and people	<ul style="list-style-type: none"> Shift toward products and product creation activities that have lower environmental impacts Maximize customer lifetime value by encouraging customers to use their instruments longer Develop cyclical business frameworks

Major Focuses for Achieving Goals

Under the previous medium-term management plan, Yamaha achieved growth in piano sales in all regions. This growth was accomplished by introducing hybrid pianos and other high-value-added products and expanding sales channels in China amid strong demand that surpassed our supply capabilities.

The focus for the piano business under the new medium-term management plan will be to evolve into a company that can continue to provide exquisite piano experiences matched to the lives of individuals. To accomplish this goal, we will develop products, increase quality, and communicate our value in a way that draws out the fundamental value of pianos in order to solidify our brand position in our various segments. One new offering born of this approach is our CFX series of full-concert grand pianos. We will also seek to establish a sustainable cycle for the piano business by examining the feasibility of transitioning to materials with lower procurement risks and creating frameworks for refurbishing and recycling products.

DIGITAL MUSICAL INSTRUMENTS BUSINESS



Global market share for Yamaha's products **Digital pianos: 47%***
Portable keyboards: 52%*
Revenue (Fiscal 2022): **¥96.1 billion**

Business Overview

In the digital musical instruments business, our diverse product and service lineup spans from digital pianos and portable keyboards, for which we boast a world-leading market share, to synthesizers and Electone™ electronic organs. These products are built on our excellence in digital technologies. With these offerings, we seek to approach growing markets in emerging countries, accommodate the needs of various age groups, and respond to the trend toward sustainability and other social changes in order to continue providing customers with new experiences and inspiration.

Goal for Fiscal 2025

Respond to diverse music needs of all regions and age groups by building solid operating foundations and enhancing existing core competencies

Key Strategies and Measures of Make Waves 2.0	
Advance strategies tailored to specific product lines	<ul style="list-style-type: none"> Expand mid-range and high-end digital piano operations and provide performance support solutions for digital pianos Achieve growth in emerging markets by accommodating local music traditions for portable keyboards Approach new customer demographics with products based on new concepts
Implement strategies for improving lifetime value	<ul style="list-style-type: none"> Revise user registration processes to increase registration rates and thereby forge connections with customers Maintain ongoing relations by supplying applications and other services to increase active users who continue to enjoy their musical instruments
Build operating foundations and create new value	<ul style="list-style-type: none"> Develop frameworks for continuing consistent growth without halting business activities Create new value through process integration of elemental technology collaboration and use of AI

Major Focuses for Achieving Goals

During the period of the previous medium-term management plan, we were unable to furnish a supply of products that matched the rising demand from people increasingly staying at home amid the COVID-19 pandemic. This situation was a result of reduced operations at factories and difficulties in procuring electronic components. Conversely, we succeeded in recovering revenue to the level seen before the pandemic by broadening our customer base through the expansion of our e-commerce venues around the world.

Focuses of the new medium-term management plan will include recovering our shares in various product lines while employing a unique approach made possible by digital musical instruments in order to respond to the diverse music needs seen among various regions and age groups. We thereby aim to build new business frameworks that will support Yamaha after the next decade and to develop core technologies for realizing superior sound and keyboard quality as well as core technologies that build thereon. Yamaha will also construct systems for ongoing development and operations of software and services in pursuit of higher lifetime value.

WIND, STRING, AND PERCUSSION INSTRUMENTS BUSINESS (EXCLUDING GUITARS)



Global market share for Yamaha's products **Wind instruments: 31%***
Drums: 11%*
Revenue (Fiscal 2022): **¥44.7 billion**

Business Overview

The wind, string, and percussion instruments business spans a wide range of products, including more than 15 varieties of wind instruments, such as trumpets and saxophones; string instruments like violins; and percussion instruments, such as acoustic and digital drums and timpani. With this wide range of products, the Yamaha brand is able to compete for the leading position in various musical genres. We are also involved in the creation of custom models that meet the needs of major artists as well as models that are played in educational settings around the world.

Goal for Fiscal 2025

Heighten brand value in individual product lines to receive highest possible evaluations from all customer groups and become a comprehensive provider of wind, string, and percussion instruments that is unparalleled in the world

Key Strategies and Measures of Make Waves 2.0	
Improve brand power of high-end products	<ul style="list-style-type: none"> Develop high-end products and ramp up efforts to solicit their value Accelerate artist relations activities and create new artist service frameworks
Grow sales and shares in principal markets around the world and reinvigorate Japanese market for wind instruments for use in educational settings	<ul style="list-style-type: none"> Deploy sales activities and enhance value communication activities based on market trends including prevalence of school bands in North America and community bands in Europe Inspire moves to resume brass band activities
Propose sustainability-minded value	<ul style="list-style-type: none"> Propose new ways of enjoying instrumental music performances and support performances and practice sessions to strengthen ties with customers Create value by utilizing sustainably-sourced timber and wood unsuitable for products

Major Focuses for Achieving Goals

The wind, string, and percussion instruments business struggled amid a shrinking market during the previous medium-term management plan as a result of the restrictions on wind and marching band activities as well as other group performance activities seen around the world amid the COVID-19 pandemic. Regardless, we moved forward with the launch of digital saxophones and other products that deliver new value.

The new medium-term management plan calls for the wind, string, and percussion instruments business to expand its market shares by improving the brand power of high-end products, to reinvigorate the faltering Japanese market, and to develop products matched to customer preferences and market trends. We will also conduct sales and value-solicitation activities matched to market characteristics and strengthen our percussion and string instruments operations so that Yamaha can continue to be a comprehensive provider of wind, string, and percussion instruments. In addition, the Company will seek to lead the industry by proposing new value and reducing the environmental impacts of its products.

GUITAR BUSINESS



Global market share for Yamaha's products **Guitars: 9%***
Revenue (Fiscal 2022): **¥32.6 billion**

Business Overview

Since we commenced the manufacture and sale of domestic guitars in 1966, our guitars have been recognized for their craftsmanship and genuine quality, which has helped us expand global sales of our robust product lineup, including acoustic guitars, electric guitars and basses, amps, and other peripherals. In recent years, we have been developing attractive new products such as the TransAcoustic™ Guitar, which is equipped with unique Yamaha technologies. We have also been promoting R&D and marketing activities that leverage our relationships with major music artists.

Goal for Fiscal 2025

Achieve business growth accompanied by quality through increases to sales volumes and higher ratios of sales of high-ticket products

Key Strategies and Measures of Make Waves 2.0	
Gain the understanding of customers with regard to the depth of guitars by building upon their fundamental value	<ul style="list-style-type: none"> Develop uncompromising high-end models and improve the quality of entry-level models Promote sustainability initiatives as one facet of initiatives for building upon fundamental value of guitars
Achieve strong differentiation through amazing new value propositions supported by comprehensive capabilities	<ul style="list-style-type: none"> Propose unique ways of enjoying guitars based on new concepts that take advantage of Yamaha's strength in digital technologies
Encourage customers to continue playing the guitar with solutions that incorporate service elements	<ul style="list-style-type: none"> Provide comprehensive solutions including Line 6 and Ampeg Expand lineup of solutions encompassing software and services
Conduct branding activities aimed at earning customer trust	<ul style="list-style-type: none"> Strengthen brand marketing and transition from phase of increasing recognition to phase of earning trust Enhance brand experience through customized shops

Major Focuses for Achieving Goals

Smooth annual revenue growth was achieved under the previous medium-term management plan, due in part to demand associated with people staying at home. In terms of products, we bolstered our lineup of peripherals, including THR-II and Catalyst guitar amps. We also practiced selection and concentration with regard to our product strategies while reinforcing our operating foundation through the launch of the STORIA acoustic guitar, which enabled us to approach new customer groups, and the F400 acoustic guitar for the Indonesian market, a product linked to our regional strategies.

The three-year period of the new medium-term management plan will be used as a time for completing preparations to become the world's No. 1 guitar company. Accordingly, the plan puts forth the new goal of achieving business growth accompanied by quality. By building upon the fundamental value of guitars, we will seek to gain the understanding of customers regarding the depth of guitars and to achieve strong differentiation through amazing new value propositions supported by the comprehensive capabilities that set Yamaha apart from dedicated guitar manufacturers.

* Fiscal 2021, monetary value basis, based on surveys by Yamaha

AUDIO EQUIPMENT BUSINESS

As we rebuild the audio equipment business in response to market changes, we will broaden the domain of this business to include new growth markets. I am committed to growing the audio equipment business by supplying a wide range of customers, spanning from consumers to businesses, with products built on our masterful technologies pertaining to sound and music.

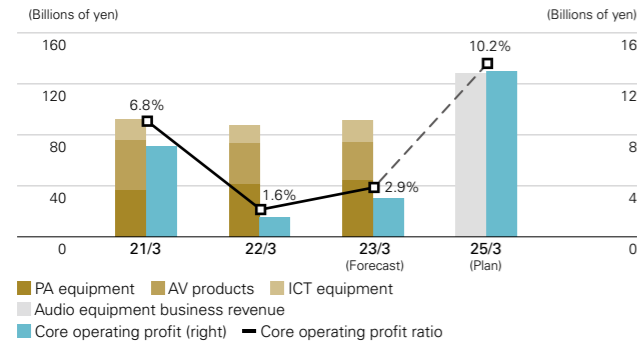
Shinichi Takenaga
 Operating Officer
 Executive General Manager of Audio Products Business Unit and
 Senior General Manager of Professional Audio Division



Business Overview

The audio equipment business is one of the business pillars of Yamaha, a company centered on sound and music. In this business, we offer PA equipment for commercial and facility use and AV products for consumers. In addition, we provide ICT equipment, such as network devices and voice communication equipment, and cloud services. Yamaha is exploring new markets while providing distinctive products and services that combine its digital signal processing technologies, acoustics control technologies, and network technologies.

Revenue by Major Project / Core Operating Profit / Core Operating Profit Ratio



Review of Make Waves 1.0

In fiscal 2022, the final year of Make Waves 1.0, the previous medium-term management plan, higher revenue was posted for PA equipment as a result of a recovery in demand. Conversely, we experienced a decline in revenue for AV products and ICT equipment due to the heavy impacts of difficulties in procuring semiconductors. Overall, the audio equipment business failed to accomplish the targets of the previous medium-term management plan due to activity and production restrictions and procurement difficulties seen amid the COVID-19 pandemic. PA equipment struggled due to that sluggish concert and entertainment market and installation delays that stemmed from the COVID-19 pandemic. Nevertheless, sales of music production, streaming, and other equipment to consumers showed significant growth thanks to demand associated with people staying at home. Production of AV products was down due to difficulties in procuring components, placing downward pressure on performance. Meanwhile, we were successful in advertising our value to millennials and a wide range of other customers. We were thus able to win high market appraisals for our Listening Care function, a proprietary technology installed in Yamaha earphones and headphones that reduces the burden placed on users' ears. ICT equipment benefited from large increases in demand from businesses and consumers following growth in demand associated with teleworking amid the COVID-19 pandemic. This trend contributed to firm sales of speakerphones. At the same time, we bolstered our product portfolio, which includes such offerings as ADECIA, a comprehensive remote conferencing solution for everything from voice input to output that can be used in meeting rooms and classrooms of all sizes.

Overview of Markets and Yamaha's Operations / Yamaha's Strengths / Main Competitors

	Overview of Markets and Yamaha's Operations	Yamaha's Strengths	Main Competitors
Business	<ul style="list-style-type: none"> Return of employees to offices and growing demand for hybrid meetings combining on-site and remote participation Need for increased efficiency in equipment investment Progress in integrated management and automation for reducing labor requirements Installation of higher-speed network connections in conjunction with digital transformation 	<ul style="list-style-type: none"> Merging of audio and network technologies Vast lineup capability of accommodating projects with various scales and budgets Broad lineup of products comprehensively encompassing everything from voice input to output Proposal of solutions that include both equipment and services 	<ul style="list-style-type: none"> Harman International Industries (United States) Poly Inc. (United States) Shure Incorporated (United States) Sennheiser electronic GmbH & Co. KG (Germany) Logitech International S.A. (Switzerland) Cisco Systems, Inc. (United States)
Consumer	<ul style="list-style-type: none"> Ongoing rapid growth in markets for headphones, earphones, and soundbars Popularization of online voice chat through video games and other media Normalization of distribution of individually produced content via social media 	<ul style="list-style-type: none"> Technology for communicating the true intent of creators Stable, reliable, and high-quality signal processing technologies offering professional quality developed for commercial applications Merging of audio and network technologies 	<ul style="list-style-type: none"> Sonos (United States) Bose Corporation (United States) Sony Corporation (Japan) Logitech International S.A. (Switzerland)

Business Strategies of the New Make Waves 2.0 Medium-Term Management Plan

Business Vision

Restructure business in conjunction with market changes and broaden domain to include new growth markets

Targets for Fiscal 2025

Revenue: ¥128.0 billion (increase of 32.1% from fiscal 2022)

Core operating profit: ¥13.0 billion (increase of 767.0% from fiscal 2022)

Opportunities and Risks

Opportunities	Risks
<ul style="list-style-type: none"> Rising understanding regarding the importance of sound quality in communication due to remote interactions experienced during COVID-19 pandemic Demand for new audio equipment amid changes in interactions with sound and music stemming from popularization of social media and streaming 	<ul style="list-style-type: none"> Potential for the adverse impact of unstable international conditions and economic recession to effect corporate investment Ongoing difficulties in procuring semiconductors and other components

Key Strategies

<p>1. Rebuild business in conjunction with market changes and broaden domain to include new growth markets</p>	<ul style="list-style-type: none"> Expand base of business customers comprising companies, schools, and other entities by providing simple solutions for utilizing live entertainment technologies and expertise Provide high-fidelity and PA equipment technologies to consumer market for applications such as voice communication in video games, audio production, and streaming
<p>2. Pursue higher development efficiency by creating sound, cloud, and network technology development platforms that facilitate the creation of new value</p>	<ul style="list-style-type: none"> Create development platforms that flexibly combine Yamaha's technological assets to efficiently launch new products for various markets Develop unique products and services by combining digital technologies, acoustic technologies, and network technologies
<p>3. Accelerate branding for TRUE SOUND to improve recognition of Yamaha's overall audio product lineup</p>	<ul style="list-style-type: none"> Deliver ideal sound quality for various applications by utilizing and enhancing sound-related technologies Foster brand recognition through expansion of direct-to-consumer contact points and spread recognition through consumer-to-consumer promotions

Business Policies of the New Medium-Term Management Plan

The new medium-term management plan will see the audio equipment business, which was greatly changed by the COVID-19 pandemic, rebuilding and expanding its business domain to include new markets. In business products, we will provide companies, public facilities, schools, and other institutions with audio systems that allow anyone to create a comfortable sound environment, even with no specialized knowledge. Meanwhile, consumer product efforts will include supplying solutions that realize high sound quality with easy configuration for use for voice chat for online video games and for social media and various other audio production, streaming, and transmission applications. Demand in these areas will be accommodated through the creation of development platforms and frameworks that allow for the flexible combination of Yamaha's diverse technological assets and resources to efficiently supply the ideal products and solutions for respective markets.

Major Initiatives Pertaining to Key Strategies

In regard to the first key strategy for the audio equipment business, rebuild business in conjunction with market changes and broaden domain to include new growth markets, we will endeavor to restructure and optimize our lineups of business and consumer PA equipment, AV products, and ICT equipment in response to the changes in the market and demand brought about by the COVID-19 pandemic. For business products, we will cater to rising demand for hybrid meetings that combine on-site and remote participation. Yamaha plans to launch products equipped with functions for realizing events that bring together live

sound and real-time streaming for the live entertainment market. We will also supply solutions for automatic configuration of sound environments for companies and schools as part of our efforts to explore new sales channels. Meanwhile, the Company will seek to accommodate the rise in demand from consumers committed to high sound quality. Yamaha has differentiated its headphones and earphones with its Listening Care function, which delivers superior sound quality while protecting users' ears. Our AV products, meanwhile, propose accessible ways of enjoying authentic, high-quality, 3D surround sound via wireless devices. We aim to grow sales of products in both of these areas. We are also targeting the video game market with products that offer immersive sound and smooth voice communication while supplying the audio production and streaming market with solutions for easy production and streaming of professional-quality content.

For the second key strategy, pursue higher development efficiency by creating sound, cloud, and network technology development platforms that facilitate the creation of new value, we will utilize technologies that transcend product categories in order to heighten efficiency. For this purpose, we will develop shared platforms and streamline model development investment in order to better allocate resources to creating value and implementing appealing functions.

As for the third key strategy, accelerate branding for TRUE SOUND to improve recognition of Yamaha's overall audio product lineup, Yamaha will provide opportunities to experience the emotionally moving qualities of music with the goal of heightening awareness regarding TRUE SOUND. Further improvements to recognition will be pursued along with the enhancement of customer contact points by advertising our value directly to customers through Company-operated e-commerce channels.

INDUSTRIAL MACHINERY AND COMPONENTS BUSINESS

Through comprehensive solutions centered on sound, we will promote a shift in the domains of our business portfolio and expand our customer base.

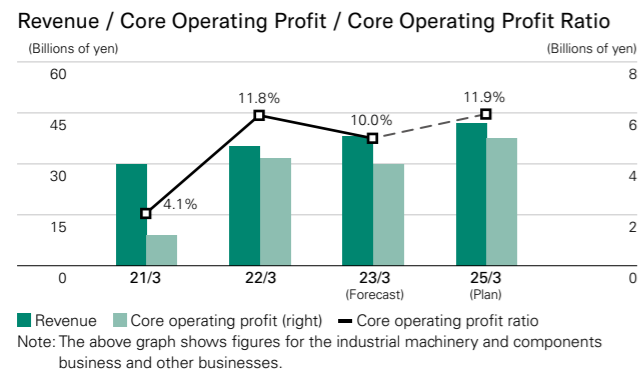
Shigeki Fujii
Executive Officer
Executive General Manager of IMC Business Unit and Technology Unit



Business Overview

The industrial machinery and components business covers a broad range of fields, such as electronic devices, which started with the development of LSIs for digital musical instruments, and automobile interior wood components for luxury automobiles, which began with the integration of our lumber processing and coating technologies. In addition, we are engaged in industrial machinery business areas like FA equipment, which we develop by applying the production technologies created for musical instrument production.

For electronic devices, we are combining Yamaha's strengths in its core sound-related technologies and sound production expertise to shift our focus toward comprehensive solutions that expand beyond semiconductor supply. Furthermore, there has been an increase in the number of automobile manufacturers around the world employing our in-vehicle communication module products (modules for in-vehicle hands-free telephone calls geared toward emergency alert systems) and in-vehicle audio systems. In the future, we aim to expand the scale of the industrial machinery and components business as our third business pillar, alongside the musical instruments and audio equipment businesses.



Review of Make Waves 1.0

Revenue was up for electronic components and automobile interior wood components in the components business following market recovery and growth in automotive product sales in fiscal 2022, the final year of Make Wave 1.0, the previous medium-term management plan. The industrial machinery business, meanwhile, saw reduced revenue due to a slowdown in demand for flexible printed circuit board testing machines for smartphone applications. The plan started amid a challenging operating environment in fiscal 2020, its first year, as a result of the trade friction between the United States and China and a downturn in capital expenditure demand. Nevertheless, the industrial machinery and components business was able to achieve revenue of ¥35.1 billion, core operating profit of ¥4.2 billion, and a core operating profit ratio of 11.8% in the plan's final year, due to our progress in expanding our customer base and shift to high-value-added products.

For in-vehicle audio systems, Yamaha products had been adopted by five companies as of April 1, 2022, and vehicles using our products are being sold in the Chinese market. We also saw increases in the sales of our in-vehicle communication module products, despite the impacts of customers entering production adjustment phases. Automobile interior wood components experienced increased sales to customers in North America, and we also deployed new production methods that achieved lower environmental impacts through measures such as reducing the use of solvents during coating processes. For FA equipment, we maintained our high shares for flexible printed circuit board testing machines while growing sales of lithium-ion battery testing equipment and other products that cater to new types of inspection demand emerging in response to safety and reliability needs. We also made headway in the development of high-frequency testing equipment for 5G base stations, ultrasound inspection equipment, and other new products.

Major Products / Overview of Markets / Yamaha's Strengths

Major Products	Overview of Markets	Yamaha's Strengths
Electronic devices In-vehicle audio systems, in-vehicle communication modules, in-vehicle image and digital sound field processor semiconductors, graphics LSIs and sound generators for amusement equipment, thermoelectric devices, etc.	<ul style="list-style-type: none"> Rising attention directed toward sound design as in-vehicle comfort is reexamined as a potential new source of vehicle value Progress in standardization as installation of emergency alert systems becomes mandatory in the European Union and more demanding expectations require high-quality communication quality 	<ul style="list-style-type: none"> Product proposals amalgamating core sound-related technologies and sound production expertise
Automobile interior wood components Decorative interior panels for luxury vehicles using figured and other genuine wood	<ul style="list-style-type: none"> Strong demand and only slight decline in production of products for luxury vehicles despite economic slowdown resulting from COVID-19 pandemic Trend toward larger interior panels amid increased emphasis on design properties of vehicle interiors and accelerated initiatives to promote effective use of interior spaces Rising attention for environment friendliness of materials and manufacturing processes 	<ul style="list-style-type: none"> Timber processing, coating, and decorating technologies and superior design proposal capabilities fostered through musical instrument production
Factory automation (FA) equipment Precision machines for flexible printed circuit board testing machines, leak detectors, finishing robots (sanding and polishing systems), ultrasound inspection equipment, etc.	<ul style="list-style-type: none"> Increased requirements for precision and functionality in inspections due to evolution of circuit boards in preparation for 5G and wearable devices Rising demand for lithium-ion battery inspection equipment following rapid popularization of EVs Increased demand for safety and sanitation of packaging for food and medical products 	<ul style="list-style-type: none"> Superior levels of quality and reliability and cutting-edge technologies that realize high-speed, high-precision FA equipment

Business Strategies of the New Make Waves 2.0 Medium-Term Management Plan

Business Vision

Shift focus toward providing comprehensive in-vehicle solutions
Expand product and support foundation with sound at its core to accelerate growth toward becoming third business pillar

Targets for Fiscal 2025

Revenue: ¥42.0 billion (increase of 19.6% from fiscal 2022)
Core operating profit: ¥5.0 billion (increase of 19.0% from fiscal 2022)

Opportunities and Risks

Opportunities	Risks
<ul style="list-style-type: none"> Growth in in-vehicle audio market by leveraging Yamaha's core technologies Expansion of new testing equipment demand stimulated by popularization of EVs and rising safety and reliability needs 	<ul style="list-style-type: none"> Prolonged supply chain disruptions resulting from COVID-19 pandemic Changes to customer plans and production adjustments on Yamaha lines due to global semiconductor and component shortages Rising procurement costs as a result of higher component prices and foreign exchange rate fluctuations

Key Strategies

1. Electronic devices (in-vehicle audio) Accelerate growth by providing comprehensive solutions for in-vehicle audio	<ul style="list-style-type: none"> Increase numbers of automobile manufacturers and car models using Yamaha's in-vehicle audio products and reinforce customer support and promotion base functions Utilize voice processing technologies that realize safety and comfort to increase numbers of automobile manufacturers and car models using Yamaha's in-vehicle communication solutions
2. Automobile interior wood components Establish a sustainable earnings structure for in-vehicle space production in the CASE era	<ul style="list-style-type: none"> Create larger decorative interior panels and produce high-grade designs Commence use of new production methods that achieve higher productivity while lowering environmental impacts through means such as reducing solvent during processes Expand customer portfolio in North America and China
3. FA equipment Expand business by contributing to the realization of a safe and secure society through ultrasound and sensing technologies	<ul style="list-style-type: none"> Improve functionality of lithium-ion battery leak testing equipment and deploy on a global scale to grow sales Explore new markets for ultrasound inspection equipment in food and medical product packaging fields Supply greater levels of value by introducing remote maintenance and service functions into equipment

Business Policies of the New Medium-Term Management Plan

The electronic devices business, which we have been developing since the period of the previous medium-term management plan, has been positioned as a business to be fostered under the new medium-term management plan. Centered on this business's in-vehicle audio products, we will take steps to grow this business into a new pillar by providing comprehensive in-vehicle solutions for the era of CASE (connected, autonomous, shared & service, and electric) technologies. Meanwhile, we will explore new markets in the FA equipment business with ultrasound inspection equipment, EV battery leak testing equipment, and other inspection equipment that employs ultrasound and sensing technologies.

Major Initiatives Pertaining to Key Strategies

In the electronic devices business, we accelerate the provision of comprehensive solutions for in-vehicle audio that utilize Yamaha's core sound technologies. Our goal for in-vehicle audio products will be to deliver 3D surround sound inside of vehicles through a strong commitment to the unique acoustic environment found within vehicles. Meanwhile, we will target increased adoption of our products in automobiles along with higher brand recognition in the Chinese market by augmenting our sales, technology, and quality assurance functions. We are also working to have our in-vehicle communications modules adopted for a wider range of vehicles by supplying solutions for safe and comfortable communication in vehicles with our proprietary voice processing technologies. This approach is being taken amid the development of next-generation in-vehicle communications technologies.

In addition, Yamaha is accelerating its proposal of luxury vehicle interiors using its automobile interior wood components. In this area, we have been witnessing a trend toward emphasizing the comfortability of in-vehicle environments, which has been creating a need for larger interior panels. As we accommodate this trend, we are also striving to deliver higher-grade decorative designs for vehicles. Meanwhile, new manufacturing processes are being adopted with regard to these components in order to reduce our environmental impact. Such new processes involve reassessing the amounts of solvents and the types of resins used in processes to lower the impact on the environment while heightening productivity. Eliminating petroleum use and CO₂ emissions is another priority for these processes. Streamlining and rationalization is also being promoted in production processes. As we enhance our processes, we will simultaneously strengthen customer support functions with the goal of gaining new customers in North America and China.

In regard to FA equipment, Yamaha aims to maintain its strong share for flexible printed circuit board testing machines. We will also seek to grow this business by strengthening our ultrasound and sensing technologies, expanding our customer base, and exploring new markets. In addition, Yamaha is promoting sales of higher-functionality lithium-ion battery testing equipment, for which demand is rising with relation to safety and reliability amid the rapid shift toward EVs. Furthermore, our unique signal processing technology is being utilized to evolve our high-share printed circuit board testing machines in terms of performance and functionality. At the same time, Yamaha will broaden the scope of its business by developing and selling ultrasound inspection equipment for ensuring peace of mind in the new fields of food and medical product packaging.



RESEARCH AND DEVELOPMENT

By further refining and enhancing the combination of technologies and sensibilities, which represents our long-cultivated core competence, we will provide products and services that are overwhelmingly competitive and responsive to the changing times and thereby support the “Well-Being of People around the World.”

Shigeki Fujii
Executive Officer
Executive General Manager of IMC Business Unit and Technology Unit

Strategies of the New Make Waves 2.0 Medium-Term Management Plan

Combine technologies and sensibilities to help people Make Waves—understand products and people and practice co-creation

- Employ scientific design methodologies to pursue never-ending improvements to performance based on an understanding of products gained from advanced simulation and measurement technologies
- Visualize customer value to propose products that inspire diverse customers based on an understanding of people's sensibilities with regard to sound and music
- Utilize AI technologies that accommodate people's needs in order to innovate the user experience for products and services by reinventing the relationship between people and products through AI that play musical accompaniments
- Enhance material technologies to take advantage of the value of sustainable materials in order to improve business resilience and create new value

The Strengths of Yamaha's Research and Development

We have inherited the craftsmanship capabilities and sensibilities toward sound creation that Yamaha has cultivated over its long history, which spans generations. With these capabilities and sensibilities as our foundation, we possess a deep understanding of and vast insight related to sensibilities for determining a good sound and a good sound environment. These serve as our unique strengths and enable us to differentiate ourselves from our competitors. We have established sensibility evaluation technologies as a means to effectively utilize our insight and understanding. Leveraging these technologies, we are striving to meld our various other technologies, such as our acoustic, digital, and electronic technologies, which in turn will enable us to offer unique products and services that cannot be imitated by competitors. Our foundation of organizational insight and understanding regarding sound, which has been cultivated over our long history, and sensibility evaluation technologies serve as a major source of our competitiveness in the global market.

Review of Make Waves 1.0

We moved forward with R&D projects based on the core themes of Make Waves 1.0, the previous medium-term management plan, with the goals of creating new value through the combination of technologies and sensibilities and enhancing value through the pursuit of authenticity and innovation. Based on these goals, we accumulated insight and understanding regarding sensibilities in a wide range of fields, including guitars and other musical instruments as well as audio products like speakers. In addition, we launched our new CFX flagship full-concert grand piano as the culmination of a research project spanning decades. Meanwhile, efforts to create innovation led to the launch of multiple new products. These products included the YDS-150 digital saxophone, which is a marriage of our acoustic and digital technologies; Charlie™, the world's first communication robot that communicates melodically; and ADECIA, a comprehensive remote conferencing solution for arranging ideal remote meetings. Meanwhile, Yamaha won praise for its advancements in AI technology. Most notably, the Dear Glenn Project, which seeks to explore the potential for co-creation between people and AI, was awarded a Silver Lion in the Entertainment Lions for Music category at the Cannes Lions International Festival of Creativity 2021, the largest gathering of the advertising and creative communications industry worldwide.

Initiatives under Make Waves 2.0

Creation of Innovation Value through Initiatives for Accomplishing Our Mission

To combine technologies and sensibilities to help people “Make Waves,” Yamaha will build upon its industry-leading technologies to deliver innovative new value through the provision of solutions from the customer's perspective.

Yamaha's products create value by engaging with the sensibilities of people. By enhancing our scientific design methodologies and visualizing customer value, we will work to heighten the value of our products and services. At the same time, we will take advantage of AI and other technologies that accommodate the needs of people in order to deliver new and innovative experience value related to sound and music. These goals will be reached by adopting equipment for analyzing and measuring sound and installing infrastructure for analyzing performance and sensibility data. We also look to recruit and develop human resources capable of using these systems.

Research of Physical Properties of Wind Instruments

As a world-leading manufacturer of musical instruments, Yamaha is utilizing cutting-edge technologies to pursue never-ending improvements to the performance experiences it delivers. The internal structure of wind instruments can affect how the performer's breath flows through the instrument as well as how it resonates. The Company seeks to ensure that its wind instruments deliver the desired feeling when played along with a rich tone. To this end, we use high-speed cameras to visualize the distribution of flow velocity within instruments and employ large-scale fluid simulations to conduct detailed analysis of the fluid behavior of sound waves and other physical phenomena during playing.



Apparatus for visualizing fluid behavior within a recorder

Research on Spatial Audio Technologies

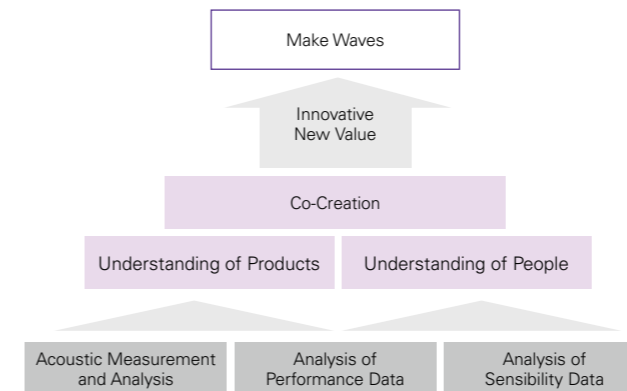
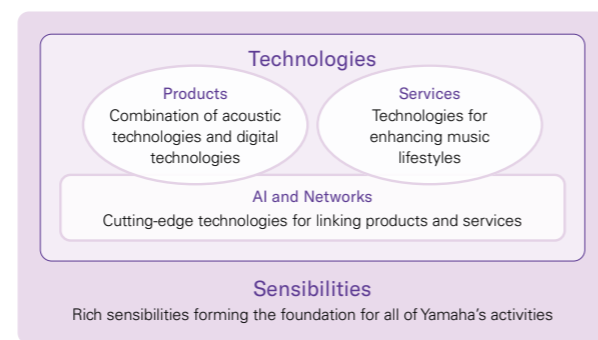
Yamaha is advancing research and development on ViReal™ spatial audio technology in response to rising demand for highly immersive sound for metaverse, 3D audio, and other applications. We are researching a myriad of technologies to create music experiences with unparalleled levels of reality. These include technologies for accurately recording the sense of presence of the sound source and the ambience of the sound field, head-related transfer function technologies for faithfully reproducing sound fields through headphones, and sound field reproduction technologies that utilize multiple speakers to create the desired sound field.



ViReal™ for Speakers
Spatial audio processing technology utilizing multichannel loudspeakers

What Does the Combination of Technologies and Sensibilities Entail?

Determining what a good sound or a good sound environment is cannot be achieved by quantitative data analysis alone. The source of our competitiveness lies in our deep insight and understanding regarding sensibilities that we have cultivated through our long history, which started with the creation of musical instruments. Leveraging our core competence pertaining to sensibilities as our foundation, we are able to combine a wide variety of technologies, including acoustic technologies, digital technologies, data analysis technologies, cloud technologies, AI technologies, and network technologies. This in turn enables us to provide unique products and services that cannot be imitated by competitors while also creating new experience value.



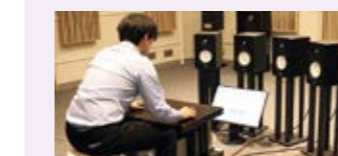
AI Initiatives

Yamaha is engaged in various research projects with the goal of developing AI that can function as a new partner for expanding the possibilities for people's music creation activities. Specific examples of our AI initiatives include joint performances between people and AI reproducing the performances of 20th-century genius pianist Sviatoslav Richter, the Duet with YOO project for interactive

performances by people and AI, and the Dear Glenn Project for exploring the potential for co-creation between people and AI. These initiatives allow us to propose new forms of music expression.

For more information regarding Yamaha's AI initiatives, please refer to the following website.

<https://www.yamaha.com/en/about/ai/>



Sensibility measurement experiment

Sensibility-Related Initiatives

Yamaha's product creation activities are founded on the knowledge related to sensibilities it has fostered with a focus on sound and music. We aspire to further increase our sensibility-related knowledge while also adopting scientific approaches to track, share, and consolidate this knowledge. We thereby aim to draw out the maximum potential of this knowledge to create new value.



CFX full-concert grand piano

INTELLECTUAL PROPERTY MANAGEMENT

Intellectual properties are an important part of our management asset portfolio. Accordingly, we seek to protect and utilize our intellectual properties and to strengthen the associated governance functions on a global scale. Intellectual properties are also used to promote the creation and co-creation of new value in order to improve corporate value and address social issues.



Intellectual Property Management Practices for Improving Corporate Value and Addressing Social Issues

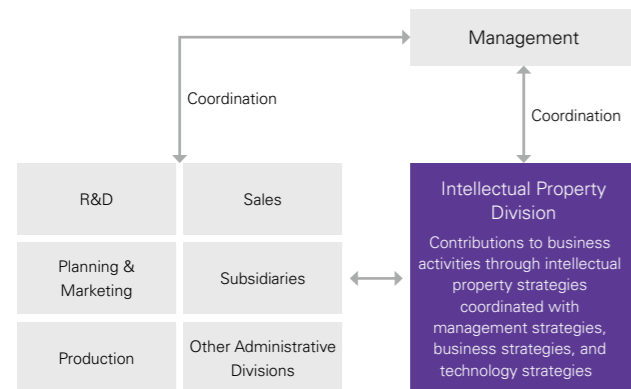
Steps are taken to acquire and utilize intellectual property rights pertaining to the new inventions, ideas, designs, and trademarks created over the course of our business. In addition, multifaceted analyses of intellectual properties are performed to formulate new value proposals. We thereby seek to support the accomplishment of Yamaha's management vision and improve corporate value.

Furthermore, rigorous intellectual property governance functions have been installed to acquire music copyrights and other global licenses and combat imitations of Yamaha trademarks through swift action. By ensuring the appropriate protection and use of the intellectual property of the Company and of others, we look to contribute to the development of a fair society that encourages technological innovation and artistic creation.

Intellectual Property Management System

Yamaha's Intellectual Property Division coordinates with Group divisions pertaining to research and development, planning, marketing, and other relevant functions to exercise management, perform oversight, and provide instruction regarding the use of the intellectual property of the Company and of others in business activities. Membered by intellectual property specialists with diverse backgrounds, the Intellectual Property Division guides Groupwide, global intellectual property strategies.

In addition, a dedicated organization has been established to perform analyses of intellectual property. Through these analyses, this organization endeavors to predict changes in market and technology trends, based on which it provides management with advice regarding strategic technology development and other tasks for improving corporate value.



The Company has also installed frameworks for supporting intellectual property activities through means such as screening and managing contracts to create new value. These frameworks are used to maintain strong relationships with partners and otherwise contribute to the improvement of Yamaha's competitiveness and to the growth of earnings.

Intellectual Property Protection Initiatives Protection of Technologies and Sensibilities

Yamaha is diligent in protecting its intellectual property in order to safeguard the value it creates with its advanced technologies and rich sensibilities. AI, network, and other critical technologies are protected through patents, while the high-level insight and understanding regarding sensibilities that shapes our craftsmanship and sound creation activities is secured through confidentiality. This strategic yet conservative approach forms a bulwark defending the sources of our distinctive strength.

Intellectual Property Portfolio Generating Substantial Investment Benefits

More than 70% of Yamaha's revenue is generated overseas. Accordingly, the Company is working to develop an intellectual property portfolio that generates substantial investment benefits by evolving its Japan-centric portfolio to create a high-quality, global portfolio. These efforts have earned recognition, leading to Yamaha's being named a Top 100 Global Innovator for 2022 by U.K.-based Clarivate Analytics. This selection is compiled based on analyses of intellectual property trends indicated by patent data to identify global innovators.



Protection of Designs

Yamaha's designs are a major source of the value of its products and have been highly evaluated as a cornerstone of the Yamaha brand. However, the rise in the value of our designs has recently led to an increase in products imitating the designs of Yamaha products. To combat such imitations, we are ramping up design rights activities centered on China and aggressively exercising our rights to fight the producers of such imitations in order to protect our business, products, and brand value.

Safeguarding of Trademarks

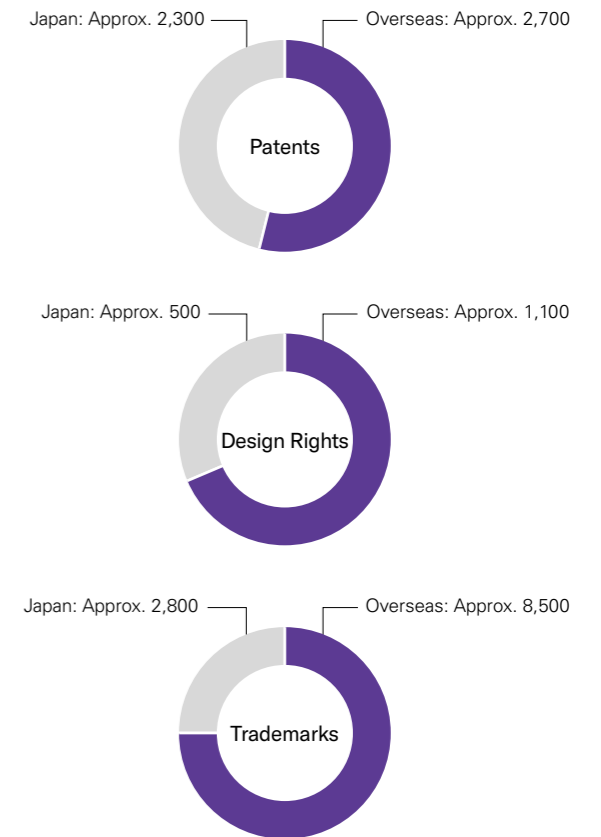
Trademark rights have been acquired in all regions of the world with regard to the symbols that are the core element of the Yamaha brand (YAMAHA and the tuning fork brand logo) as part of our efforts to protect and improve brand value. These trademark rights have been jointly acquired with Yamaha Motor Co., Ltd., in reflection of our joint use of the Yamaha brand. The rise of the internet has led to increased cases of misuse of such brand symbols through e-commerce and other venues. We diligently monitor for such misuse and issue cease-and-desist requests should misuse be detected. This diligence helps protect customers, mitigate risks to brand value, and contribute to the realization of a fair and impartial society. For this reason, we actively promote such activities through a concerted Group effort and through coordination with sales companies and dealers across the globe.

Points of Emphasis for Intellectual Property Management Supporting the New Medium-Term Management Plan Reinforcement of Intellectual Property Landscaping Functions

Intellectual property landscaping involves analyzing intellectual property information as a facet of management and business information to stay abreast of a company's technology portfolio along with the status of competitors and future trends. This information is then used to shape future business strategies. By reinforcing its intellectual property landscaping functions, The Intellectual Property Division seeks to ramp up its support for the creation of new value in areas including management and business strategy drafting, decision-making, and the implementation of open and close strategies such as M&A activities and alliances.

Numbers of Patents, Design Rights, and Trademarks Held by the Yamaha Group

(As of March 31, 2022)
(Numbers)



Case Study Strategic Utilization of Intellectual Property

Remote Cheerer Powered by SoundUD Remote Cheering System

The Remote Cheerer powered by SoundUD remote cheering system helps people enjoy viewing sports in an interactive manner from their homes or other remote locations. This system features functions that allow applause to be transmitted to stadium speakers as well as chat-room functions through which fans can enjoy text or voice chat while watching events together with other fans separated by physical distance.

The Intellectual Property Division coordinated with other relevant divisions to swiftly acquire intellectual property rights with regard to this system by submitting multiple patent applications. These efforts erected a high barrier to entry for other rivals and contributed to the quick launch of the associated business.

By supporting our efforts to find co-creation partners in relation to soccer, baseball, basketball, and other sports from the perspective of intellectual property, Yamaha strives to encourage brisk communication among people in the new society that will emerge after the COVID-19 pandemic.





PRODUCTION

While pursuing our strengths of craftsmanship and advanced technologies, we will establish optimal foundations for global production. By doing so, we will further enhance our production operations in terms of quality, cost, delivery, safety, and environment (QCDSE) and achieve industry-leading levels of production capacity and resilience, no matter the operating environment.

Shinobu Kawase
 Managing Executive Officer
 Executive General Manager of Musical Instruments & Audio Products Production Unit

The Strengths of Yamaha's Production Craftsmanship and Technologies

Amid our long history of being involved in the production of musical instruments, we have refined the craftsmanship capabilities that have helped us put the finishing touches on even better musical instruments. Craftsmanship involves creating products through the vision and handiwork of people, and our craftsmanship is a significant element in differentiating ourselves from other companies. Linking our craftsmanship capabilities with our proprietary technology for the scientific evaluation of assessing human sensibilities is another important factor in realizing further differentiation.

Meanwhile, through scientific research of each production process and the utilization of cutting-edge techniques, we have accumulated a foundation of industry-leading manufacturing technologies. The fact that we are able to maintain and integrate our refined craftsmanship capabilities and advanced technologies at a high level is what sets our production processes apart from other companies. It also serves as a source of our competitiveness.

Global Production Structure

Yamaha installed production functions overseas early in its history, establishing its first overseas production base in Taiwan in 1969. Today, we have three production bases in Japan as well as bases in China, Indonesia, Malaysia, and India. Resilience strengthening and other extensive risk management measures are being implemented at various bases as we develop frameworks through which products of a given category can be produced at multiple bases and through which related risks can be mitigated. The establishment of a global production structure optimized to each of our business domains is another factor that contributes to our overwhelmingly high level of competitiveness.

Yamaha Technical Skills Training Program

Putting the finishing touches on a musical instrument is a kind of craftsmanship that represents both an art and a technique. By working to visualize and transform tacit knowledge of craftsmanship into explicit knowledge, we established the Yamaha Technical Skills Training program, thereby enabling this know-how and craftsmanship to be instilled in and shared across the Company. In this way, we have made it easier for our new technicians to inherit the exceptional skills of their predecessors and pass those skills down to future generations of employees. Recently, we have been making use of IT and IoT technologies within this training.

In our efforts to establish a global production structure, the Yamaha Technical Skills Training program has been playing a key role in cultivating personnel responsible for production at each production base.

Review of Make Waves 1.0

In the first year of Make Waves 1.0, the previous medium-term management plan, we commenced full-fledged operations at our factory in India while also starting up production of piano frames at the Suzhou Factory in China. In addition, progress was made in globally centralized purchasing. In this manner, measures for reducing various costs at our factories proceeded in accordance with plans. However, the COVID-19 pandemic struck in the second year of the plan, halting and disrupting operations at factories. We were forced to address these issues through remote support, which led to delays in the plan's execution and ultimately failure in achieving our targets for the priority theme of achieving ongoing cost reductions. Nevertheless, we continued to pursue improvements to production systems and to effectively supply products. We also sought to put in place an area oversight system at manufacturing sites; standardize production control; create smart factories, as seen in the use of IoT technology at our factory in Indonesia; and up the production capacity of and number of models manufactured at our factory in India. Success was seen in all of these measures.

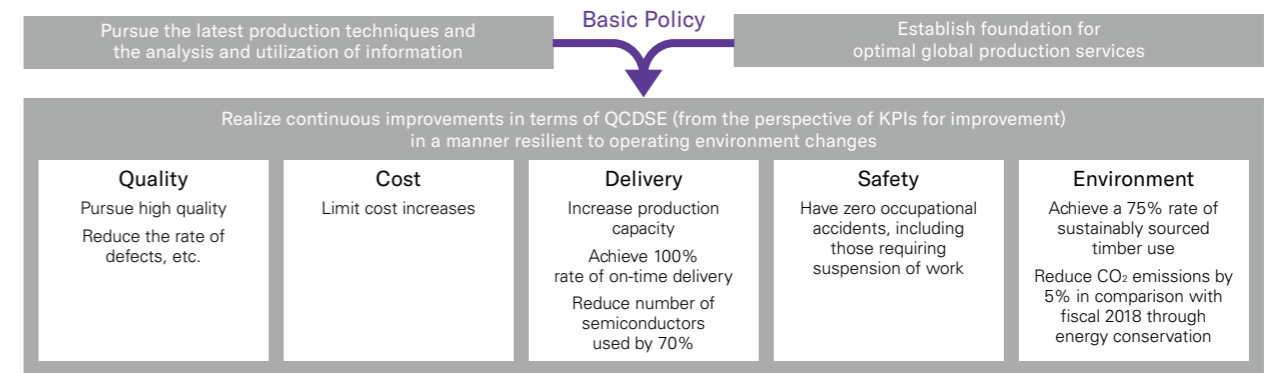
Policies of Make Waves 2.0 Medium-Term Management Plan Policies

The new medium-term management plan continues the three key themes of the previous plan, namely, production engineering, production information management, and global production services (see following page). Through a combination of our efforts based on these strategies, we target ongoing improvements to QCDSE and resilience, regardless of the operating environment, through masterful fusion of our technologies and craftsmanship.

Sustainability of Forest Resources (Timber Procurement)

Taking into account that we use a diverse range of timber in our business activities, we are actively promoting efforts to maintain valuable timber resources and utilize these resources sustainably with a focus on 50 to 100 years in the future. Through these efforts, Yamaha will work to achieve a 75% rate of sustainably sourced timber use while advancing Tone Forest activities to cultivate and preserve scarce tree species that are used as materials for musical instruments. Furthermore, we aspire to build an economically sustainable supply chain and contribute to the development of local communities through the creation of employment opportunities and the installation of infrastructure.

Strategies of the New Make Waves 2.0 Medium-Term Management Plan



Priority Themes of Make Waves 2.0

Priority Themes	Measures
Production engineering (Production hardware) Develop technologies to innovate production processes Establish competitive production processes	<ul style="list-style-type: none"> Expansion of production capacity and improvement of resilience to operating environment changes Improvement of production technologies and quality and development of factories that are empowering workplaces Development of frameworks for higher production capacity, production of same products at multiple locations, augmentation of existing factories, examination of feasibility of new factory construction, etc. Improvement of productivity and safety through automation, development of material technologies, enhancement of material utilization capabilities, etc.
Production information management (Production software) Realize digital transformation within our production management	<ul style="list-style-type: none"> Reduction of costs and improvement of quality through digital transformation of production management Deployment of manufacturing information platform to all bases, improvement of quality through use of digital twin technologies in production, enhancement of efficiency and reformation of workstyles through digital transformation, etc.
Global production services (Production infrastructure) Strengthen production structure (organization and personnel) Stabilize procurement and reduce costs by establishing a procurement structure	<ul style="list-style-type: none"> Reinforcement of procurement resilience and promotion of sustainability Integration of regional production management and empowerment of human resources Reinforcement of procurement resilience, realization of sustainable procurement, etc. Enhancement of area oversight organizations in China and Indonesia, codification and sharing of tacit specialized technologies and techniques using IT, promotion of diversity, etc.

Production Capacity Allocation Policies in Musical Instruments and Audio Equipment Businesses

Yamaha is reorganizing its production system in a cross-organizational manner in order to boost the production capacity of individual factories in preparation for future increases to production. At the same time, improved production quality is being pursued through equipment automation and the codification of tacit technical skills. Another part of this reorganization is risk mitigation. For example, the same products are being manufactured at multiple locations from the perspective of business continuity amid the recently volatile operating environment. By doing so, we ensure that, should production be halted in one area, we are equipped to minimize the impact on the market by supplying products manufactured in other areas. Overseas, steps are being taken to reduce the need for inter-country supply of components between production bases by developing integrated production systems for performing all steps, beginning with components and ending with finished products.

Integrated Regional Production Management in China and Indonesia

In China and Indonesia, Yamaha has multiple factories that function as independent companies. We are adopting a regional production management approach in these countries. Through this approach, we will improve productivity by standardizing human resource, accounting, and other operating processes and IT platforms among factories

within the respective regions. In addition, regional internal auditing functions will be installed to enhance regional risk management. Meanwhile, a regional optimization perspective will be exercised with regard to human resources to utilize and retain talented employees.

By promoting coordination among factories and sharing best practices, we aim to bolster region-wide quality and heighten safety levels.

Strategic Significance of Factory in India

Yamaha's factory in India was constructed to respond to the projected increase in demand for musical instruments and audio equipment in the country. This factory serves as a base for producing and supplying entry-level portable keyboards, acoustic guitars, and PA equipment and is an important base for exports to the Middle East and Europe. India is a growth market that ranks right after China in terms of growth potential. By optimizing planning, procurement, production, and distribution functions for this market, this factory integrates manufacturing, sales, and technical services to deliver products with superior levels of cost competitiveness. Furthermore, we utilize the sales warehouse built into the factory to grow sales in the Indian market. As we further expand local production and consumption in China, we are examining the possibility of using our India factory as an alternative location for manufacturing products for the U.S. and other markets.

For information on the location of Yamaha production bases and the major products manufactured, please refer to page 13.



SALES

In our business domains centered on sound and music, we will expand and optimize our contact points with customers and strive to gain an accurate understanding of market trends and customer needs. At the same time, we will promote the value that our products and services offer to the greatest extent possible. In these ways, we aim to expand sales.

Seiichi Yamaguchi
Executive Officer
Executive General Manager of Musical Instruments & Audio Products Sales Unit

The Strengths of Yamaha's Sales Activities Global Sales Activities That Are Deeply Rooted in Local Communities

We have established sales offices in over 30 countries and regions around the world, thereby rolling out our business on a global scale. In key markets, we have established direct sales networks through our subsidiaries. In emerging markets, we approach customers through our authorized distributors. Our sales networks cater to local characteristics and span a wide range of outlets, including specialty stores, chain stores, mass retailers, and directly operated stores. The ability to ascertain local music cultures and customer needs through these sales networks and promote sales strategies in accordance with local characteristics represents one of our major strengths.

Added Value Promotion and Price Optimization

We give ample consideration to such factors as the market environment, competitive relationships, and product features in order to promote efforts to optimize our prices so that they appropriately reflect the value a product offers. In addition to revising the selling price of existing products, we work to enhance value when introducing new products by adding new services to existing products, and attach prices that appropriately reflect this added value.

Artist Relations and Service Locations

To develop even more attractive products and services, we are expanding and enhancing our locations for maintaining relations with artists around the world. Our extensive network with the world's top artists and music educational institutions is another one of our major strengths.

Review of Make Waves 1.0

Yamaha was unable to achieve the sales targets of Make Waves 1.0 due to the impacts of the activity restrictions and semiconductor shortages resulting from the COVID-19 pandemic. Nevertheless, we made steady progress and began seeing the benefits of the plan's strategies of encouraging customers to seek out the Yamaha brand by

promoting customer value and advancing new sales frameworks on a global basis.

During the period of the previous medium-term management plan, we moved ahead with the strengthening of customer contact points and the creation of frameworks for promoting our product and brand value amid the massive changes seen in the purchasing activities of customers. These measures were advanced in both offline and online venues. Offline measures included the development of experience-oriented brand shops designed to provide customers with an opportunity to engage with the Yamaha brand. Online, meanwhile, we ramped up digital marketing activities around the world as we conducted advertisements and measures in line with our brand promise. These efforts were aimed at communicating the value of Yamaha directly to customers to encourage them to visit stores and thereby grow sales.

Worldwide sales were heavily impacted by the COVID-19 pandemic, but we have since seen a recovery trend in overall sales that may return sales to the level seen before the pandemic. At the same time, efforts to popularize playing music and stimulate demand included the School Project, which has offered instrumental music performance experiences to an aggregate total of 1.3 million students to date, surpassing the target of 1 million.

Status of Music Popularization Activities (As of March 2022)

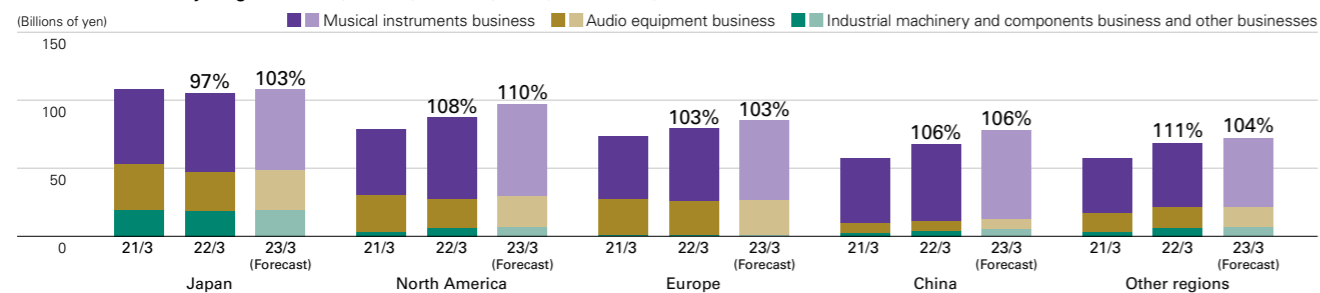
Music Schools	Number of Venues (Schools)	Number of Students*1
Japan (total for children and adults)	2,400	332,000
Overseas (total from over 40 countries and regions)	1,300	144,000

*1 Number of students who were able to receive lessons in fiscal 2022

Countries Offering the School Project*2	Aggregate Total of Students	March 31, 2022 Target
7 countries	1,290,000 people	1,000,000 people (7 countries)

*2 Project that provides opportunities for children to play musical instruments in schools with the aim of spreading instrumental music education and increasing the musical-instrument-playing population

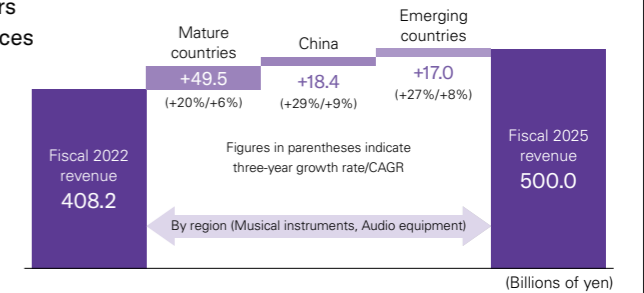
Revenue Growth by Region (Year-on-year change excluding the impact of exchange rates)



Strategies of the New Make Waves 2.0 Medium-Term Management Plan

Develop broader, deeper, and longer direct ties with customers to grow revenue through higher sales volumes and selling prices

Targets for Fiscal 2025
Revenue: ¥500.0 billion
Revenue growth: 20% (three-year average)



Priority Themes of Make Waves 2.0

Priority Themes	Measures
Expansion of customer base	<ul style="list-style-type: none"> Optimization of sales networks Enhancement of proposal capabilities and sales methods Stimulation of demand through music popularization activities
Improvement of ability to communicate brand and product value	<ul style="list-style-type: none"> Strengthening of digital marketing Enhancement of brand advertisements through provision of experiences
Acceleration of initiatives targeting higher lifetime value	<ul style="list-style-type: none"> Enhancement of member services based on regional characteristics
Innovation of operating foundations and processes	<ul style="list-style-type: none"> Improvement of efficiency through global standardization and automation of processes of sales company

Initiatives under Make Waves 2.0

Expansion of Customer Base

The new medium-term management plan calls on us to expand customer contact points, as was also done under the previous medium-term management plan, and to accelerate initiatives emphasizing the customers who actually use our products and services. Efforts to optimize our sales networks will include developing the ideal networks for effective promotional activities and sales in the mature markets of Japan, the United States, and Europe. We will also aggressively bolster our sales networks in the growing markets of China, India, and the ASEAN region. Meanwhile, the enhancement of proposal capabilities and sales methods will be pursued by utilizing new advertisement methods suited to the market environment created by the rapid trend toward online activities. For example, we will seek to cater to customers online through means such as live commerce, which proved to be an effective approach under the previous medium-term management plan. Remote lessons and other services will also be enhanced in an approach toward enhancing our proposal capabilities that encompasses both products and services. Furthermore, Yamaha's directly operated e-commerce venues will be enhanced in Europe, North America, and India, where we began such efforts ahead of doing so in other markets, while also being extended to other markets with the goal of forming connections with new customers. Our efforts to stimulate demand through music popularization activities will be advanced, in part, through the School Project. By expanding the number of countries and students targeted by this program, we aim to have offered instrumental music performance

experiences to an aggregate total of 2.3 million students in 10 countries by March 31, 2025.

Improvement of Ability to Communicate Brand and Product Value

Yamaha will endeavor to strengthen its digital marketing activities by producing powerful promotional materials at sales companies around the world and by sharing these materials on a global basis to heighten Groupwide value communication capabilities. At the same time, we look to enhance our brand advertisements through the provision of experiences. This undertaking will entail bolstering our network of showrooms and brand shops that allow customers to experience the Yamaha brand and the quality of its products. We will also arrange events and take part in exhibitions in various markets. Yamaha thereby aims to communicate the value of its products and brand.

Acceleration of Initiatives Targeting Higher Lifetime Value

By utilizing the customer data platform furnished through Yamaha Music IDs, Yamaha will supply services that have been tailored to each individual customer. We will also enhance the services we provide to members through sales companies in a manner matched to the characteristics of the respective regions in order to forge stronger ties with customers. Our efforts do not stop with the initial satisfaction we provide customers through the use of our products and services. Rather, we target higher lifetime value by providing after-sales services that accommodate customer needs and proposing services and events that contribute to more enjoyable music lifestyles.

Customer Relations Initiatives in Sales Activities

Under the previous medium-term management plan, we promoted direct marketing and redoubled our initiatives for communicating the value of our products and brand directly to customers to encourage them to visit stores and seek out the Yamaha brand. The new medium-term management plan will see the continuation of conventional business activities through sales agents. At the same time, we will actively utilize directly operated e-commerce venues to target emerging countries and other markets where we lack coverage and to supply products that are not currently offered through sales agents.

GOVERNANCE SECTION

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(From left) Satoshi Yamahata, Mikio Fujitsuka, Paul Candland, Naoko Yoshizawa, Yoshihiro Hidaka, Takuya Nakata, Taku Fukui, Hiromichi Shinohara

Takuya Nakata

Director, President and Representative Executive Officer
Number of shares owned: 75,500

- 1981 Joined the Company
- 2005 General Manager of Pro Audio & Digital Musical Instruments Division
- 2006 Executive Officer
- 2009 Director and Executive Officer
- 2010 President and Director of Yamaha Corporation of America
Senior Executive Officer of the Company
- 2013 President and Representative Director
- 2014 Director of Yamaha Motor Co., Ltd. (Outside Director) (to the present)
- 2015 President of Yamaha Music Foundation (to the present)
- 2017 Director, President and Representative Executive Officer (to the present)

Mikio Fujitsuka

Independent Outside Director
Number of shares owned: 0

- 1977 Joined Komatsu Ltd.
- 2001 General Manager, Corporate Controlling Department, Komatsu Ltd.
- 2005 Executive Officer
- 2008 President of Global Retail Finance Business Division
- 2009 General Manager, Corporate Planning Division and President of Global Retail Finance Business Division
- 2010 Senior Executive Officer
- 2011 CFO, Director and Senior Executive Officer
- 2013 Director and Senior Executive Officer
- 2016 Executive Vice President and Representative Director
- 2019 Outside Director of Yamaha Corporation (to the present)
Outside Corporate Auditor of Mitsui Chemicals, Inc. (to the present)

Satoshi Yamahata

Director and Managing Executive Officer
Number of shares owned: 28,400

- 1988 Joined the Company
- 2009 General Manager of Accounting and Finance Division
- 2013 Executive Officer and General Manager of Corporate Planning Division
- 2015 Executive General Manager of Operations Unit
Director and Senior Executive Officer
- 2016 Executive General Manager of Corporate Management Unit (to the present)
- 2017 Director and Managing Executive Officer (to the present)
- 2020 Executive General Manager of Human Resources and General Administration Unit (to the present)

Paul Candland

Independent Outside Director
Number of shares owned: 500

- 1985 Joined Owens Corning
- 1987 Joined PepsiCo, Inc.
- 1994 President of Okinawa Pepsi-Cola, Inc.
- 1998 Representative of Japan Branch, PepsiCo International Ltd.
Representative Director and General Manager of The Disney Store Japan, Inc.
- 2002 Managing Director, Walt Disney Television International Japan of The Walt Disney Company (Japan) Ltd.
- 2007 Representative Director and President, The Walt Disney Company (Japan) Ltd.
- 2014 President of The Walt Disney Company, Asia
- 2018 Managing Director of PMC Partners Co., Ltd. (to the present)
- 2019 Outside Director of Yamaha Corporation (to the present)
CEO of Age of Learning, Inc.
- 2022 Outside Director of Dentsu Group Inc. (to the present)

Taku Fukui

Independent Outside Director
Number of shares owned: 0

- 1987 Registered as an attorney
Joined Kashiwagi Sogo Law Offices
- 2004 Professor of Keio University Law School (to the present)
- 2005 Outside Audit & Supervisory Board Member of Shin-Etsu Chemical Co., Ltd.
- 2009 Managing Partner of Kashiwagi Sogo Law Offices (to the present)
- 2017 Outside Director of Yamaha Corporation (to the present)
- 2021 Outside Audit & Supervisory Board Member of METAWATER Co., Ltd. (to the present)

Hiromichi Shinohara

Independent Outside Director
Number of shares owned: 100

- 1978 Entered Nippon Telegraph and Telephone Public Corporation
- 2003 Head of Access Service System Laboratory of NIPPON TELEGRAPH AND TELEPHONE CORPORATION (NTT)
- 2007 Head of the Information Sharing Laboratory Group of NTT
- 2009 Senior Vice President, Head of Research and Development Planning, Member of the Board of NTT
- 2012 Executive Vice President, Head of Research and Development Planning, Member of the Board of NTT
- 2014 Senior Executive Vice President, Head of Research and Development Planning, Member of the Board of NTT
- 2018 Chairman of the Board of NTT (to the present)
- 2021 Outside Director of Yamaha Corporation (to the present)

Yoshihiro Hidaka

Independent Outside Director
Number of shares owned: 4,100

- 1987 Joined Yamaha Motor Co., Ltd.
- 2010 Vice President of Yamaha Motor Corporation, U.S.A.
- 2013 Executive General Manager of 3rd Business Unit, MC Business Operations of Yamaha Motor Co., Ltd.
- 2014 Executive Officer of Yamaha Motor Co., Ltd.
- 2015 Executive General Manager of 2nd Business Unit, MC Business Operations of Yamaha Motor Co., Ltd.
- 2016 Executive General Manager of 1st Business Unit, MC Business Operations, and General Manager of ASEAN Sales Division, 1st Business Unit, MC Business Operations of Yamaha Motor Co., Ltd.
- 2017 Executive General Manager of Corporate Planning & Finance Center of Yamaha Motor Co., Ltd.
- Senior Executive Officer and Director of Yamaha Motor Co., Ltd.
- 2018 President, Chief Executive Officer, and Representative Director of Yamaha Motor Co., Ltd. (to the present)
Outside Director of Yamaha Corporation (to the present)

Naoko Yoshizawa

Independent Outside Director
Number of shares owned: 0

- 1988 Entered Fujitsu Limited
- 2009 Vice President of Mobile Phones Unit of Fujitsu Limited
- 2011 Head of Global Research & Development Center of Fujitsu Laboratories of America, Inc.
- 2016 Deputy Head of Advanced System Research & Development Unit and Head of AI Promotion Office of Fujitsu Limited
- 2017 Corporate Executive Officer and Head of AI Platform Business Unit of Fujitsu Limited
- 2018 Corporate Executive Officer, EVP and Vice Head of Digital Services Business of Fujitsu Limited
Corporate Executive Officer, EVP of Fujitsu Limited,
CEO of FUJITSU Intelligence Technology Ltd.
- 2019 Corporate Executive Officer, EVP and Evangelist of Digital Software & Solutions Business Group of Fujitsu Limited
- 2020 Director of knowledge piece Inc. (to the present)
- 2021 Outside Director of Nitori Holdings Co., Ltd. (to the present)
Outside Director of Yamaha Corporation (to the present)

Name	Reasons for Appointment, Expected Role, and Independence of Outside Directors
Takuya Nakata Director, President and Representative Executive Officer	Having served in positions such as General Manager of our Pro Audio & Digital Musical Instruments Division, President and Director of Yamaha Corporation of America, Mr. Takuya Nakata has a wealth of experience and achievements alongside broad insight in business. He has led the Group as President and Representative Director since June 2013, and as Director, President and Representative Executive Officer since June 2017 after our transition to a Company with Three Committees (Nominating, Audit, and Compensation). Additionally, he has been a leader in corporate governance reform via initiatives such as the transition to a Company with Three Committees (Nominating, Audit, and Compensation), and has worked to strengthen the oversight function of the Board of Directors. He has been appointed as a director on expectations that he will help further strengthen the oversight function of the Board of Directors through these achievements and insights, etc.
Satoshi Yamahata Director and Managing Executive Officer	In addition to work experience at an overseas subsidiary, Mr. Satoshi Yamahata has served as General Manager of the Accounting and Finance Division, General Manager of the Corporate Planning Division, Executive General Manager of the Operations Unit, Executive General Manager of the Corporate Management Unit, and Executive General Manager of the Human Resources and General Administration Unit, and has a wealth of experience and achievements alongside broad insight. He has promoted corporate governance reform as Director and Senior Executive Manager since June 2015 and as Director and Managing Executive Officer since June 2017, and has worked to strengthen the oversight function of the Board of Directors. He has been appointed as a director on expectations that he will help further strengthen the oversight function of the Board of Directors through these achievements and insights, etc.
Taku Fukui Independent Outside Director	With a mastery of corporate law and corporate governance in Japan and overseas as an attorney, Mr. Taku Fukui has a high degree of expertise, wealth of experience, and achievements alongside broad insight. Since assuming the position of Outside Director of the Company in June 2017, he has provided highly effective supervision while supporting the determination of major corporate actions and quick and decisive execution on decision-making, based on his high degree of expertise, wealth of achievements and insights, etc. He has been appointed as a director on expectations that he will help further strengthen the oversight function of the Board of Directors through these achievements and insights, etc. There are no transaction relationships between the Company and Kashiwagi Sogo Law Offices, where Mr. Taku Fukui serves as Managing Partner.
Yoshihiro Hidaka Independent Outside Director	Having been involved in management at one of the largest global transportation equipment manufacturers in Japan, Mr. Yoshihiro Hidaka has a wealth of experience and achievements alongside broad insight as a corporate officer. Additionally, as President and Representative Director of Yamaha Motor Co., Ltd., a company that shares a common brand with the Company, he is a person with one of the deepest understandings of the Yamaha brand. Since assuming the position of Outside Director of the Company in June 2018, he has provided highly effective supervision while supporting the determination of major corporate actions and quick and decisive execution on decision-making, based on his wealth of achievements and insights, etc., as a corporate officer. He has been appointed as a director on expectations that he will help further strengthen the oversight function of the Board of Directors through these achievements and insights, etc., and improve the Yamaha brand value. As the Company and Yamaha Motor Co., Ltd., where Mr. Yoshihiro Hidaka serves as President and Representative Director, share the Yamaha brand, the two companies are in a relationship such that enhancements to the brand value via the Company's sustainable growth also provides a positive effect on said company's corporate value, while damage to the brand due to violations of laws and regulations or deficient governance, etc., by the Company will have a negative effect on said company's corporate value. Mr. Yoshihiro Hidaka is a person with one of the deepest understandings of the Yamaha brand, which is the source of the Company's brand value, and he shares an interest with ordinary shareholders regarding improvement of the Company's brand value. Furthermore, not only there are no significant transaction relationships* between the Company and Yamaha Motor Co., Ltd., but as the Company is no longer a major shareholder of said company since 2017, there are no concerns that Mr. Yoshihiro Hidaka will have conflicts of interest with ordinary shareholders, and the Company believes that he can fulfill his duty for supervision, etc., of management from an independent standpoint in order to maximize profits for shareholders of the Company. * The amount of transactions between the Company and Yamaha Motor Co., Ltd. is less than 0.3% of consolidated net sales of both companies.
Mikio Fujitsuka Independent Outside Director	Having been involved in management as CFO at one of the largest global construction machinery manufacturers in Japan, Mr. Mikio Fujitsuka has a wealth of experience and achievements alongside broad insight as a corporate officer, as well as adequate knowledge of finance and accounting. Since assuming the position of Outside Director of the Company in June 2019, he has provided highly effective supervision while supporting the determination of major corporate actions and quick and decisive execution on decision-making, based on his wealth of achievements and insights, etc., as a corporate officer. He has been appointed as a director on expectations that he will help further strengthen the oversight function of the Board of Directors through these achievements and insights, etc.
Paul Candland Independent Outside Director	Having been involved in management as the person responsible for the Asian region and the Japanese firms of a global entertainment company, Mr. Paul Candland has a wealth of experience and achievements alongside broad insight as a corporate officer as well as broad knowledge of brand and marketing. Since assuming the position of Outside Director of the Company in June 2019, he has provided highly effective supervision while supporting the determination of major corporate actions and quick and decisive execution on decision-making, based on his wealth of achievements and insights, etc., as a corporate officer. He has been appointed as a director on expectations that he will help further strengthen the oversight function of the Board of Directors through these achievements and insights, etc. There are no transaction relationships between the Company and PMC Partners Co., Ltd., where Mr. Paul Candland serves as representative, and neither party is classified as a major shareholder of the other.
Hiroimichi Shinohara Independent Outside Director	Having been involved in management as a Representative Director of one of the largest communications and ICT companies in Japan, Mr. Hiroimichi Shinohara has a wealth of experience and achievements alongside broad insight as a corporate officer. He also has wide-ranging and in-depth knowledge of communications systems and electronics. He has been appointed as a director on expectations that he will help strengthen the oversight function of the Board of Directors through these achievements and insights, etc. There are no significant transaction relationships* between the Company and NIPPON TELEGRAPH AND TELEPHONE CORPORATION (NTT), where Mr. Hiroimichi Shinohara serves as a director, and neither party is classified as a major shareholder of the other. * The amount of transactions between the Company and NTT is less than 0.3% of consolidated net sales of either of the two companies.
Naoko Yoshizawa Independent Outside Director	Having been involved in management as an executive officer of one of the largest electronics and ICT companies in Japan and as the CEO of its overseas group company, Ms. Naoko Yoshizawa has a wealth of experience and achievements alongside broad insight as a corporate officer. She also has a high degree of expertise in digital and AI technologies. She has been appointed as a director on expectations that she will help strengthen the oversight function of the Board of Directors through these achievements and insights, etc. There are no transaction relationships* between the Company and knowledge piece Inc., where Ms. Naoko Yoshizawa serves as a director, and neither party is classified as a major shareholder of the other. * The amount of transactions between the Company and Fujitsu is less than 0.1% of consolidated net sales of either of the two companies.

Note: The Company has submitted notification to the Tokyo Stock Exchange to designate Taku Fukui, Yoshihiro Hidaka, Mikio Fujitsuka, Paul Candland, Hiroimichi Shinohara, and Naoko Yoshizawa as Independent Directors as described in the provisions set forth by the Tokyo Stock Exchange.

Expertise of Directors

Name	Expertise of directors						
	Corporate management	Legal affairs and risk management	Finance and accounting	IT and digital technologies	Manufacturing, technology, and R&D	Sales and marketing	Global operations
Takuya Nakata	●			●	●	●	●
Satoshi Yamahata		●	●				●
Taku Fukui		●					●
Yoshihiro Hidaka	●		●				●
Mikio Fujitsuka	●	●	●				●
Paul Candland	●					●	●
Hiroimichi Shinohara	●			●	●		●
Naoko Yoshizawa	●			●	●		●

Composition of the Nominating, Compensation, and Audit Committees in Fiscal 2022
Attendance at Meetings of the Board of Directors and Committees in Fiscal 2022

Name	Composition			Attendance at Meetings of the Board of Directors and Committees in Fiscal 2022	
	Nominating Committee	Compensation Committee	Audit Committee		
Takuya Nakata	● Chairperson	● Chairperson		Board of Directors: Nominating Committee: Compensation Committee:	14/14 (100%) 4/4 (100%) 4/4 (100%)
Satoshi Yamahata				Board of Directors:	14/14 (100%)
Taku Fukui			● Chairperson	Board of Directors: Audit Committee:	14/14 (100%) 16/16 (100%)
Yoshihiro Hidaka	●	●		Board of Directors: Nominating Committee: Compensation Committee:	14/14 (100%) 4/4 (100%) 4/4 (100%)
Mikio Fujitsuka			●	Board of Directors: Audit Committee:	14/14 (100%) 16/16 (100%)
Paul Candland	●	●		Board of Directors: Nominating Committee: Compensation Committee:	14/14 (100%) 4/4 (100%) 4/4 (100%)
Hiroimichi Shinohara	●	●		Board of Directors: Nominating Committee: Compensation Committee:	11/12 (91.7%) 4/4 (100%) 3/3 (100%)
Naoko Yoshizawa			●	Board of Directors: Audit Committee:	12/12 (100%) 13/13 (100%)

EXECUTIVE OFFICERS, OPERATING OFFICERS, AND AUDIT OFFICERS

As of June 23, 2022

President and Representative Executive Officer



Takuya Nakata

Please refer to page 81 for career summary.

Managing Executive Officers



Shinobu Kawase

Executive General Manager of Musical Instruments & Audio Products Production Unit

1983 Joined the Company
 2004 President of Yamaha Fine Technologies Co., Ltd.
 2011 General Manager of Wind, String & Percussion Instruments Division
 2013 General Manager of Acoustic Musical Instruments Production Division, Musical Instruments & Audio Products Production Unit
 2014 Executive Officer
 2015 Senior Executive Officer
 Executive General Manager of Musical Instruments & Audio Products Production Unit (to the present)
 2016 Managing Executive Officer
 2017 Managing Executive Officer (to the present)
 2020 Executive General Manager of Musical Instruments & Audio Products Production Unit



Satoshi Yamahata

Executive General Manager of Corporate Management Unit and Human Resources and General Administration Unit

Please refer to page 81 for career summary.

Executive Officers



Shigeki Fujii

Executive General Manager of IMC Business Unit and Technology Unit

1983 Joined the Company
 2005 General Manager of Advanced System Division Center
 2009 General Manager of Semiconductor Division
 2013 Executive Officer
 Executive General Manager of IMC Business Unit (to the present)
 2015 Senior Executive Officer
 2017 Executive Officer (to the present)
 2018 Executive General Manager of Technology Unit (to the present)



Seiichi Yamaguchi

Executive General Manager of Musical Instruments & Audio Products Sales Unit

1985 Joined the Company
 2006 Director and President of Yamaha Scandinavia AB
 2010 Chairman and President of Yamaha Music & Electronics (China) Co., Ltd.
 2013 Executive Officer
 2014 General Manager of Business Planning Division, Musical Instruments & Audio Products Sales & Marketing Unit
 2015 Executive General Manager of Service Business Unit
 2016 Senior Executive Officer
 2017 Executive General Manager of Musical Instruments & Audio Products Sales Unit (to the present) Executive Officer (to the present)



Atsushi Yamaura

Executive General Manager of Musical Instruments Business Unit and Senior General Manager of Digital Musical Instruments Division

1992 Joined the Company
 2015 Senior General Manager of Audio Technology Development Department, Audio Products Development Division
 2016 Senior General Manager of Electronic Musical Instruments Development Department, Musical Instruments Development Division
 2019 Senior General Manager of Digital Musical Instruments Division, Musical Instruments Business Unit (to the present)
 2021 Operating Officer
 2022 Executive Officer (to the present)
 Executive General Manager of Musical Instruments Business Unit (to the present)

Operating Officers



Shinichi Takenaga

Executive General Manager of Audio Products Business Unit and Senior General Manager of Professional Audio Division



Naoya Tetsumura

Deputy Executive General Manager of Musical Instruments & Audio Products Production Unit and Senior General Manager of Manufacturing Process Division



Yutaka Matsuki

Senior General Manager of Piano Division, Musical Instruments Business Unit



Toshiaki Goto

Senior General Manager of Production Planning Division, Musical Instruments & Audio Products Production Unit

Audit Officers



Hirofumi Mukaino

Senior General Manager of Internal Auditing Division



Yasushi Nishiyama

Senior General Manager of Audit Committee's Office



Masato Oshiki

President of Yamaha Music Japan Co., Ltd.



Taro Tokuhira

Executive General Manager of Operations Unit



Hirofumi Yamashita

Senior General Manager of Corporate Planning Division of Corporate Management Unit



Thomas Sumner

President of Yamaha Corporation of America



Hiroko Ohmura

Executive General Manager of Brand Development Unit and Senior General Manager of Marketing Division



Nobukazu Toba

Senior General Manager of Electronic Devices Division, IMC Business Unit

DISCUSSION BETWEEN INDEPENDENT OUTSIDE DIRECTORS



Hiromichi Shinohara
Outside Director

Naoko Yoshizawa
Outside Director

Ongoing Creation of Value through True Digital Transformation Shaped by Discussion

The following is a discussion between Hiromichi Shinohara and Naoko Yoshizawa, new independent outside directors appointed at the General Shareholders' Meeting held in June 2021, in which they assess the current state of corporate governance at Yamaha and their expectations for the future of the Company.

This discussion took place in June 2022, one year after their appointment.

— How has your view of Yamaha changed since you were appointed as an independent outside director and what new discoveries have you made about the Company?

Yoshizawa: My time at Yamaha has deepened my respect for the Company's dedication to pursuing the utmost limits of sound and the technological might that underpins these efforts. I have had the opportunity to tour piano and wind instrument factories, and these tours have allowed me to see, first hand, the commitment to sound and the technological excellence of the employees who stand on the production floor. I even saw an employee play an instrument that they had made, and was struck by the beauty of the tones it produced.

Shinohara: I think that Yamaha is a very diligent company that exhibits a sense of integrity in its approach toward product creation. Before taking up my position as director, I had figured that discussions at Board meetings might be a bit artistic or involve sudden bouts of inspiration. Perhaps this is because Yamaha is a company that deals in artistic products that based on aesthetic tastes. However, the truth was just the opposite: Yamaha takes an extremely logical approach toward its business.

There are some striking differences between Yamaha's business and the telecommunications field, where I have worked for years.

For example, in the telecommunications field, we provide value to customers in the form of efficiency and convenience. The value Yamaha supplies, meanwhile, comes in forms like joy, fun, and inspiration. As such, the approach toward setting targets and defining indicators is completely different.

Yoshizawa: I think it is wonderful that Yamaha has a clear vision of the value it provides to customers through its technologies: fun. I built my career at a technology company, where research and development was our business. For this reason, I admire how Yamaha has a well-defined purpose in mind for the technologies it develops.

— Given what you have seen over the past year, how would you assess the current oversight functions of the Board of Directors and its effectiveness?

Yoshizawa: Yamaha has installed the frameworks it needs for corporate governance by means of the establishment of Companywide committees for discussing specific themes such as risk management and sustainability. More impressive still is the strong sense of commitment that management exhibits toward making Yamaha a better company through effective corporate governance. This commitment was apparent in the

discussion process for formulating the new medium-term management plan. We spent a lot of time talking about activity policies and themes. When it came time to identify material issues and decide how to express these issues, Board meetings saw a flurry of opinions on how to communicate the Company's priorities and the underlying thinking of management to external stakeholders.

Shinohara: The breadth of opinions that come up at Board meetings is a reflection of the diverse backgrounds of directors and how these diverse directors are utilizing their respective expertise and experience in oversight. If I were to point out an area with room for improvement, I would have to cite the need for an increased number of women on the Board. In addition, I think it might be necessary to reconsider the skill set that will be required on the Board to facilitate the pursuit of ongoing growth. Today, it is common for companies to disclose a "map" that highlights their directors' skills. However, the majority of these skill maps are populated by somewhat "standard" skills, such as legal, financial, and R&D insight. It seems like the skill sets required by companies should change based on their growth stage or their industry.

Yoshizawa: I feel there is a need for Yamaha to discuss exactly what type of diversity it requires most. At the moment, Yamaha's Board of Directors is only comprised of individuals from private-sector companies. I therefore think that it might be possible for the Company to gain a completely new perspective if it were to invite someone with experience in government agencies to join the Board.

Shinohara: Another possible improvement that I would like to mention in terms of improving effectiveness by facilitating deeper discussion would be to clearly identify those agenda items needing thorough discussion and those for which it is enough for a consensus to be reached and approval to be issued. In fact, there may even be those items for which a single formal Board meeting will not suffice. In these cases, there might be a need to take a flexible approach, like agreeing to continue discussions at the next Board meeting or arranging another forum for discussion.

Yoshizawa: At the moment, the Board is responsible for comprehensive examination and monitoring activities of all business divisions and committees. However, given that time is finite, an overly comprehensive range of responsibilities can cause a failure to get to the heart of issues that require substantial discussion.

Shinohara: I also want to make a request with regard to the briefing materials that are distributed in advance of Board meetings. We independent outside directors look over the items contained in these documents and prepare to the greatest of our ability before meetings. However, as our understanding of Yamaha is not as robust as that of internal directors, there are some things that we cannot fully comprehend from the briefing materials alone. With some more careful planning, I think these materials could be made into even more effective tools for facilitating understanding, and thus contribute to more meaningful discussion.

Yoshizawa: It is not enough to simply explain the details of the item at hand; we need to know the steps that led up to the current situation, the decisions examined during this process, and what type of objections or alternatives were raised. An understanding of the background and process of these matters can lead independent outside directors to adopt new approaches.



I feel confident that Yamaha is a company with the power to deliver the value sought in the current era, which is exemplified by concepts like well-being.

Hironichi Shinohara

— What are your thoughts regarding the Nominating Committee, the Compensation Committee, and the Audit Committee?

Shinohara: Only a year has passed since I became a member of the Nominating Committee and the Compensation Committee. Over this year, discussions at meetings of the Nominating Committee have centered on succession planning while we primarily talked about how best to link compensation to performance at meetings of the Compensation Committee. An important part of succession planning is the establishment of nomination processes. However, it can take time for people to develop. There is thus a need for discussions and preparations from the perspective of cultivating future leaders.

Yoshizawa: Yamaha has adopted a management approach of creating value through sustainability. To effectively implement this approach, the Company will need to foster people who can promote growth by transforming sustainability into value.

Shinohara: Discussions on compensation were not just about how to evaluate to degree of progress toward financial targets; we also talked about how to reflect Yamaha's management approach of positioning sustainability as a wellspring of value in compensation. These discussions eventually culminated in the decision to include the degree of progress toward non-financial targets, specifically those pertaining to the Company's material issues and the related progress, into the evaluation criteria for performance-linked compensation. These new non-financial targets were implemented in conjunction with the launch of the new medium-term management plan.

Yoshizawa: The Audit Committee is tasked with overseeing the Group as a whole. As a member of this committee, I try to provide advice for creating more effective and efficient management frameworks. For example, I might propose that we take the best

I think it is wonderful that Yamaha has a clear vision of the value it provides to customers through its technologies: fun.

Naoko Yoshizawa

practices that have been implemented in the efforts of subsidiaries to strengthen their specific governance systems and apply these on a Groupwide basis. Oversight for the purpose of ensuring appropriate operations includes turning the spotlight to the root of issues troubling management and frontline operations in order to help find resolutions to these issues. Information is imperative to this type of oversight. Luckily, I am able to obtain a great deal of information from audit officers, the Audit Committee's Office, and the Internal Auditing Division. I also have opportunities to observe frontline operations, which further arms me for effective discussion of such issues. My interactions with audit officers are particularly beneficial as the close communication lets me get answers to any questions I might have on matters that are unclear from briefing materials.

— What are your opinions of Yamaha at the moment based on your backgrounds in digital technologies and digital transformation?

Yoshizawa: Yamaha already has a strong technological foundation for promoting digital transformation, particularly when it comes to AI technologies. However, this strength presents the risks of the Company becoming overly preoccupied with technologies and thus forgetting the transformation part. To prevent this from happening, we probably need to engage in more discussion on exactly how Yamaha will seek to create value going forward. Yamaha aspires to deliver music and musical instruments to people around the world and to enrich people's lives through this process. As it already has a clear goal in mind, all that is left is think about how to use technologies to accomplish this goal.

Shinohara: I fully agree. Yamaha has already installed the necessary data linkage functions, such as customer information management systems and supply chain management systems.

It is thus now at a stage in which it needs to look at how it will utilize the data gained through these systems. However, what the Company needs to be careful about is avoiding putting the cart before the horse by focusing too much on what can be accomplished through data usage. The proper course is to set a goal, determine what data is needed to accomplish that goal, and then think about with whom coordination should be pursued to collect said data.

Yoshizawa: A good example of Yamaha's goals could be seen in the music schools the Company is currently developing in more than 40 countries and regions around the world. I understand that Yamaha started building music schools some 70 years ago. The original goal of these activities was to make the joy of instrumental music performance, previously a thing only available to the wealthy, something that can be enjoyed by everyone. This in itself was a form of transformation and is connected to the corporate value of Yamaha today. With this history of transformation, I am sure that Yamaha is equipped to succeed in digital transformation.

— What topics do you feel need to be addressed at Board of Directors' meetings with regard to the new medium-term management plan?

Shinohara: It is crucial to pursue new heights of competitiveness in existing product lines, no matter how the operating environment might change. Based on this preface, I want to discuss more about how Yamaha can adopt an approach that is different from the values it has embraced thus far, an agile development approach, for example.

Yoshizawa: In terms of product creation, I think that the reinforcement of business foundations, including supply chain resilience, is an area requiring attention. Earlier, we talked about the new type of value that constitute the essence of digital transformation. I hope to be able to drill down on this subject with other Board members in order to chart a course to business success for Yamaha in the field of digital technologies.

Shinohara: I feel confident that Yamaha is a company with the power to deliver the value sought in the current era, which is exemplified by concepts like well-being. I therefore believe that we should be talking more about how to provide new forms of lifetime value. Lifetime value involves going beyond simply selling products to provide and sell experiences and thereby develop a business that involves forging ongoing relationships with customers. We must also examine the type of technology portfolio that is needed to capitalize on Yamaha's capabilities to create new value.

Yoshizawa: Providing experiences as services requires people and capabilities that were not necessary under the prior product-centered approach. How best to acquire and cultivate such human resources will need to be an ongoing topic of discussion going forward.

Basic Policies for Corporate Governance

Committed to supporting the “Well-Being of People around the World,” the Yamaha Group has adopted the Yamaha Philosophy and the Promises to Stakeholders, which apply to shareholders and all other related parties. We are working to secure a high level of profitability based on global competitiveness and increased management efficiency, and we are also striving to fulfill our social responsibilities in such areas as compliance, the environment, safety, and social contributions. In these ways, we are working to realize sustainable growth and to improve corporate value over the medium to long term. To that end, in accordance with our Basic Policies for Corporate Governance, we have established institutional designs for management—in addition to an organizational structure and systems—and we are implementing a range of initiatives and appropriate disclosure of information. In these ways, we are working to realize transparent, high-quality business management.

Basic Policies for Corporate Governance

- From a shareholder’s perspective, ensure the rights and equal treatment of shareholders
- Taking into consideration our relationships with all stakeholders, proactively fulfill the Company’s social responsibilities
- Ensure that information is disclosed appropriately and that management is transparent
- By separating the oversight and executive functions and strengthening the oversight function, ensure that the Board of Directors is highly effective while at the same time executing decisions appropriately and with a sense of urgency
- Proactively engage in dialogue with shareholders

For more information on the Yamaha Philosophy, please refer to page 2.
 For more information on the Promises to Stakeholders (revised on April 1, 2022), please refer to page 5.

For more information on the Basic Policies for Corporate Governance, please refer to Corporate Governance Policies (revised on June 22, 2022).
https://www.yamaha.com/en/ir/governance/pdf/governance_policies.pdf



Reinforcement of Oversight Functions

In a bid to strengthen oversight and accelerate management, the Company has separated functions for business oversight and execution. Yamaha has reinforced oversight functions by increasing the ratio of independent outside directors. As of June 23, 2022, independent outside directors comprised three-fourth of the members on the Board of Directors (please see Ratio of Outside Directors to the right).

Changes in Corporate Governance

Yamaha views corporate governance as fundamental for improving the quality of overall management, and as an essential aspect of sustainable development for a corporation. Furthermore, the Company is aware of the need to constantly reform and improve corporate governance systems once they have been put into place.

Yamaha has consistently taken steps to strengthen corporate governance, such as introducing an operating officer system in 2001; appointing an outside director and establishing the nominating and compensation committees on a voluntary basis in 2003; reducing the number of inside directors and appointing multiple outside directors in 2010; and formulating the Corporate Governance Policies in 2015. In addition, in June 2017 the Company transitioned to a Company with Three Committees (Nominating, Audit, and Compensation) structure and appointed its first female independent outside director; in June 2019 the Company appointed its first foreign national as an independent outside director; and in April 2020 the Company established the new position of audit officer.

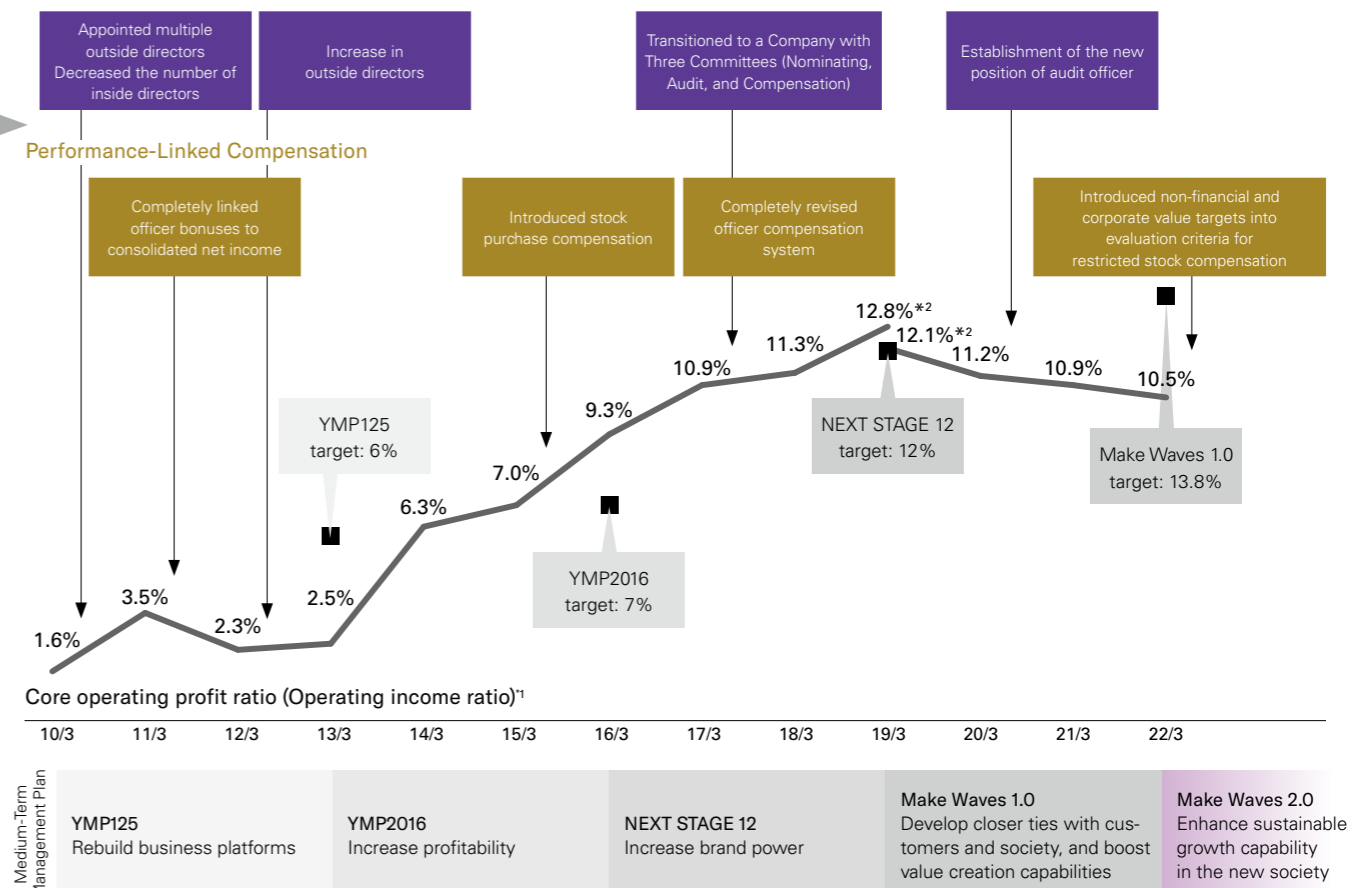
Initiatives for Separating the Oversight and Executive Functions

The Board of Directors determines important matters—such as basic management policies—required by laws and ordinances, the articles of incorporation, and the rules of the Board of Directors. Authority for important decisions pertaining to business execution is delegated to executive officers from the Board of Directors, and matters related to these decisions that must be reported to the Board of Directors are defined by the rules of the Board of Directors. By adhering to these rules and requiring related procedures and approvals to be conducted in a rational manner, the Board of Directors exercises its oversight function. Executive officers regularly report on the status of business execution to the Board of Directors, and the Board of Directors oversees business execution by executive officers. The Audit Committee audits the execution of duties by directors and executive officers based on audit standards and audit plans. To ensure that executive officers, operating officers, and audit officers are able to perform their duties efficiently, the Company has established rules for these officers and provisions for this purpose are included in the rules for the Managing Council.

Performance-Linked Compensation

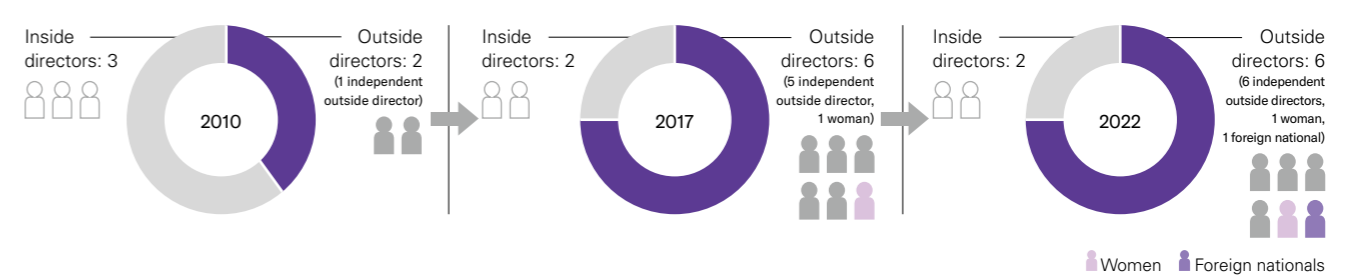
In 2017, Yamaha increased the ratio of performance-linked compensation for directors responsible for business execution and executive officers after completely revising the officer compensation system with the objective of aligning the values of management with shareholders and providing sound incentives that link the compensation system to enhancements in corporate value over the medium and long term while sustaining growth (please see Example of Compensation for an Officer to the right).

Reinforcement of Oversight Functions

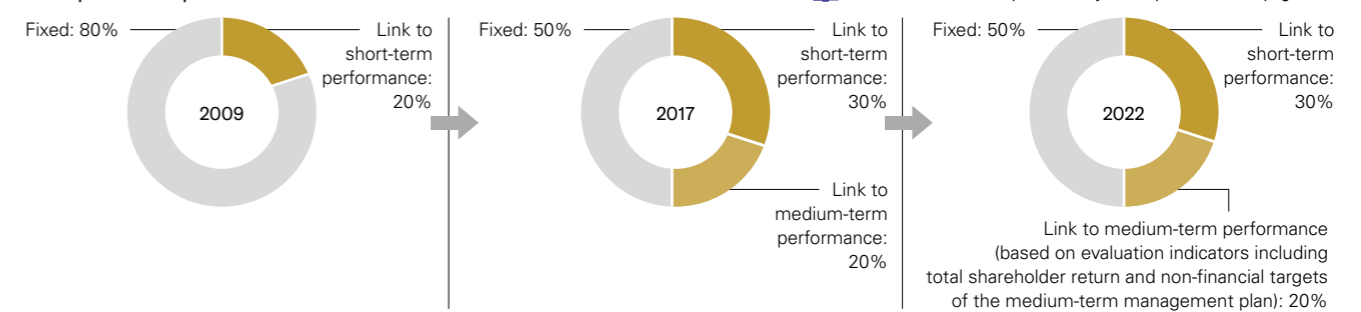


¹ Calculated based on J-GAAP standards up until fiscal 2019; calculated based on IFRS from fiscal 2020 forward
² 12.8% under J-GAAP and 12.1% under IFRS in fiscal 2019

Ratio of Outside Directors

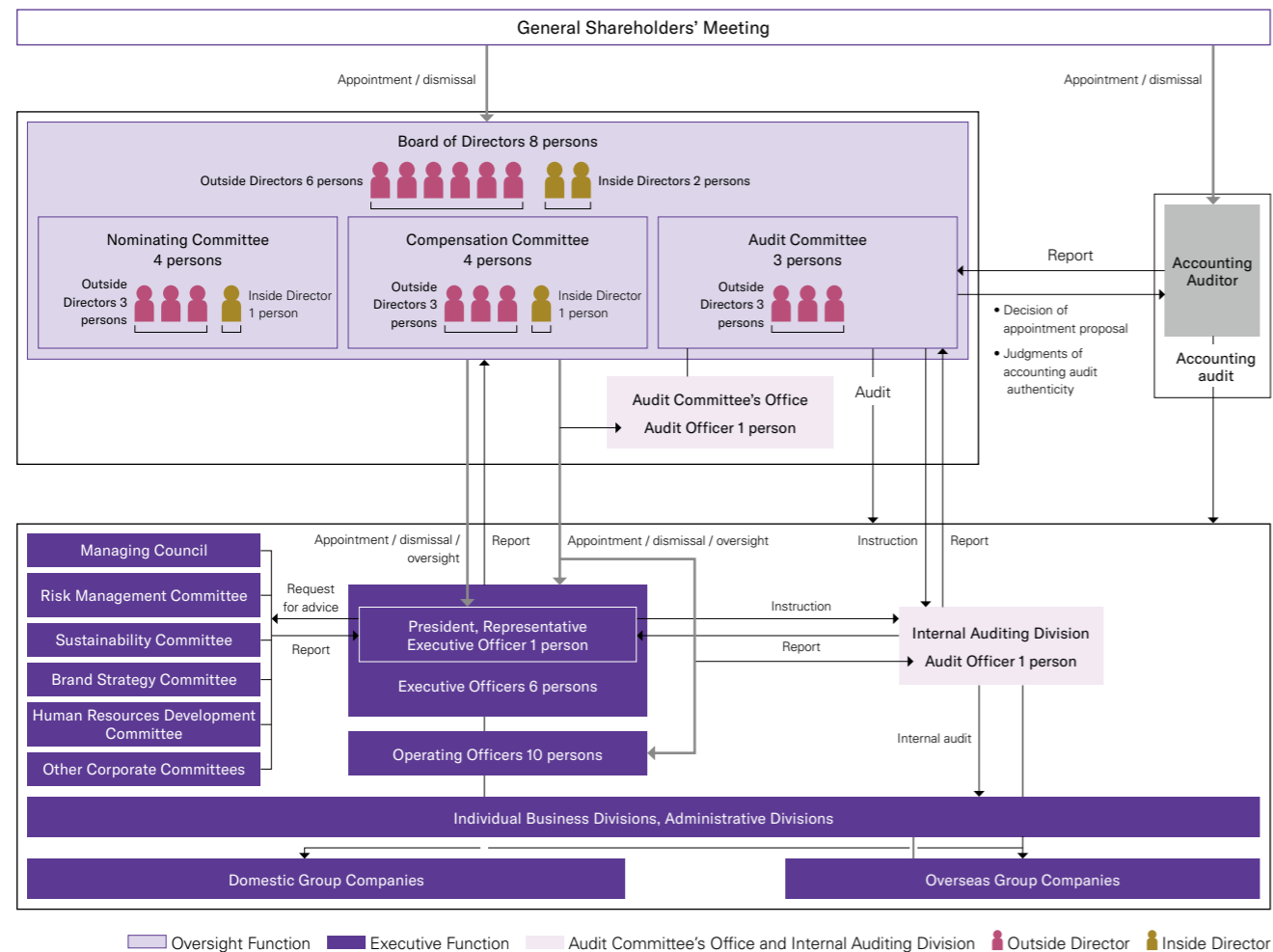


Example of Compensation for an Officer



Note: The Company includes claw-back clauses in agreements that require the return of all or a portion of restricted shares transferred to officers on an accumulated basis without compensation in the event of serious cases of accounting fraud or major losses, depending on the responsibility of the officers in charge.

Corporate Governance Structure (As of June 23, 2022)



Oversight Function

Directors and Board of Directors

Meetings of the Board of Directors are held monthly (in principle). In keeping with its fiduciary duty, the Board of Directors pursues sustainable growth and improvements to corporate value over the medium to long term. The Board of Directors also oversees the execution of duties by executive officers and the directors and makes decisions on basic management policies and other important matters that are specified in laws and regulations, the articles of incorporation, and the rules of the Board of Directors. In addition, the Board of Directors supervises overall management of the Company by overseeing the succession plan for the representative executive officer and other officers; selecting the members and the chairpersons of the Nominating Committee, Audit Committee, and Compensation Committee; appointing executive officers, operating officers, and audit officers; approving transactions with related parties; and supervising the development and operation of the internal control systems.

Based on their fiduciary duties, the directors act to ensure the Company's sustainable growth and enhance its corporate value over the medium to long term, taking into consideration the relationships with all stakeholders. Directors are also expected to understand relevant laws and regulations and the Company's articles of incorporation and to gather information

in a manner that is sufficient to proactively offer opinions and engage in constructive discussions at meetings of the Board of Directors and other opportunities.

Independent outside directors advocate for the perspective of stakeholders in meetings of the Board of Directors by fulfilling the functions of overseeing management, offering advice, and monitoring against conflicts of interest from an independent standpoint.

Nominating Committee

The Nominating Committee decides on the content of proposals regarding the appointment and dismissal of directors, which are submitted at the General Shareholders' Meeting. The committee also determines the content of proposals for the appointment and dismissal of executive officers, operating officers, and audit officers, which are submitted to the Board of Directors. The Nominating Committee also implements succession plans for the representative executive officer and other officers through the development of human resources to serve as directors, executive officers, operating officers, and audit officers.

Compensation Committee

The Compensation Committee has formulated the policy for determining director, executive officer, operating officer, and

audit officer compensation and decides on individual compensation amounts based on this policy.

Audit Committee

The Audit Committee, either working in collaboration with the Internal Auditing Division or directly on its own, audits the structure and operation of the internal control systems of the Company and other Group companies. Based on the results of these audits, the Audit Committee conducts audits to determine the legality and appropriateness of the conduct of duties by the executive officers and directors.

When deemed necessary, members of the Audit Committee report or express their opinions to the Board of Directors, or may issue cease and desist orders to executive officers and/or directors. In addition, the Audit Committee may decide on proposals to be considered in the General Shareholders' Meeting, including the selection / dismissal of the accounting auditor.

Securing the Effectiveness of the Audit Committee

To assist the committee with its work, the Audit Committee's Office has been established as a full-time organization under the direct jurisdiction of the Audit Committee. The Audit Committee instructs the head of the Audit Committee's Office to attend important meetings to voice opinions, in addition to gathering and assessing information within the Company. To ensure the independence of the Audit Committee's Office from the executive officers and other people responsible for business execution, the approval of the Audit Committee is required for personnel evaluations, personnel reassignments, and disciplinary actions for the personnel of Audit Committee's Office.

When it deems necessary, the Audit Committee enlists the help of external experts to perform audits.

The president and representative executive officer promotes continuous improvements in the maintenance and operation of internal control systems while periodically exchanging opinions with the Audit Committee.

Collaboration between the Accounting Auditor and the Internal Auditing Division

In regard to items necessary in auditing the conduct of duties by the executive officers and directors, the Audit Committee has secured a system that facilitates the implementation of sufficient and appropriate audits, including collaboration and sharing information with the accounting auditor and the Internal Auditing Division. The Audit Committee works to improve audit quality and to realize efficient audits. The Audit Committee is allowed to provide instructions regarding audits of the Internal Auditing Division when necessary. In the event that instructions provided to the Internal Auditing Division by the Audit Committee conflict with instructions provided by the president and representative executive officer, the instructions of the Audit Committee will take precedence. In regard to the general manager reassignment of the Internal Auditing Division, the opinions of the Audit Committee will be heard in advance.

The Internal Auditing Division must report to the Audit Committee when asked, in addition to submitting periodic and timely reports on the outcomes of their audits to the Audit Committee.

Audit Officers

Audit officers are responsible for audits of Yamaha Group companies as members of the management team of positions equivalent to operating officers.

Executive Function

Representative Executive Officer

The representative executive officer represents the Company as the chief executive for Company matters and is in overall charge of business under the basic policies set by the Board of Directors.

Executive Officers

The executive officers are responsible for the execution of business. With a Companywide perspective, they make important decisions on matters related to the execution of business matters that have been delegated to them by the Board of Directors, and they implement business execution, subject to the oversight of the Board of Directors.

To develop frameworks for ensuring the efficient execution of business by executive officers, the Company establishes regulations on organizations, divisions of authority, and other business execution-related matters and clarifies the authority and responsibilities of executive officers, the appropriate delegation of authority, the missions of Company divisions and subsidiaries, and chains of command. These provisions are meant to expedite business execution and improve managerial efficiency. In addition, the Company has established the Managing Council as an advisory body to the president and representative executive officer. Reports on discussions at council meetings pertaining to matters such as important business execution decisions are submitted to the president and representative executive officer. Furthermore, Groupwide targets are set, performance is evaluated, and an administrative management system has been implemented to facilitate swift management decisions and risk management.

Managing Council

Yamaha has established the Managing Council, which is composed of executive officers, as an advisory body to the president and representative executive officer. In principle, the Managing Council holds meetings twice a month to engage in debate on important management issues.

Corporate Committees

Corporate committees act as advisory bodies to the president and representative executive officer. These committees discuss policies regarding pertinent themes requiring ongoing action and examination from a Companywide and management-level perspective and report to the president on these matters. The following are some of the Company's major committees.

Risk Management Committee

The Risk Management Committee is an advisory body to the president and representative executive officer. The committee discusses risk management-related matters from a Companywide perspective and reports its findings to the president.

Sustainability Committee

The Sustainability Committee is an advisory body to the president and representative executive officer. The committee discusses sustainability promotion-related matters from a Companywide perspective and reports its findings to the president.

Brand Strategy Committee

The Brand Strategy Committee is an advisory body to the president and representative executive officer. The committee discusses strategic brand value improvement-related matters from a Companywide perspective and reports its findings to the president.

Human Resources Development Committee

The Human Resources Development Committee is an advisory body to the president and representative executive officer. The committee discusses development of managerial talent-related matters from a Companywide perspective and reports its findings to the president.

For more information on corporate committees, please refer to the Company's corporate governance report.
https://www.yamaha.com/en/ir/governance/pdf/governance_report.pdf



Operating Officers

With a Companywide perspective, the operating officers conduct the work they are responsible for under the supervision of the executive officers and in accordance with important decisions regarding business execution made by the Board of Directors and the executive officers.

Internal Control System, Internal Audits, and Accounting Audits

Internal Control System

In order to ensure appropriate business operations, the Company has established an internal control system, as detailed below, pursuant to Japan's Companies Act and the Enforcement Regulations of the Companies Act. This system aims to improve the efficiency of the Company's business activities, ensure reporting reliability and thorough compliance with laws and regulations, preserve the value of Company assets, and strengthen risk management.

For further information about the internal control system, please refer to the Company's corporate governance report.
https://www.yamaha.com/en/ir/governance/pdf/governance_report.pdf



Internal Audits

Yamaha established the Internal Auditing Division (staffed by 19 people as of June 23, 2022) under the direct control of the president and representative executive officer. The

division's role is to closely examine and evaluate management and operations systems, as well as operational execution, for all management activities undertaken by the Company and Group companies, from the standpoint of legality, effectiveness, and efficiency. Based on the results of these examinations and evaluations, the division provides information and offers advice and proposals for improvement. The Company appoints audit officers to oversee internal audits with the objective of improving internal auditing functions. In addition, based on policies aimed at assuring the effectiveness of the audits of the Audit Committee, which are decided on by vote of the Board of Directors, the Internal Auditing Division has in place a structure for close collaboration with the Audit Committee. At the same time, the division keeps in close contact and conducts precise adjustments with the accounting auditor. In these ways, the Company works to increase audit efficiency.

Accounting Auditor

Yamaha has appointed Ernst & Young ShinNihon LLC as its accounting auditor, and certified public accountants Ryogo Ichikawa, Toshikatsu Sekiguchi, and Shuji Okamoto from Ernst & Young ShinNihon conduct the accounting audits of the Company. Ernst & Young ShinNihon has voluntarily adopted a rotating system for its managing partners in order to ensure that the number of continuous years of auditing service does not exceed a fixed period of time. A total of 11 certified public accountants and 39 other staff assist with the audit work.

Policy and Reasoning Behind Selection of Accounting Auditor

The Company's Audit Committee has appointed Ernst & Young ShinNihon as its accounting auditor, in continuation from fiscal 2021, as a result of its examination based on the following policy for deciding whether to dismiss or not reappoint the accounting auditor.

Policy for Deciding Whether to Dismiss or Not Reappoint Accounting Auditor

The Company's Audit Committee will dismiss the accounting auditor by mutual consent of all members of the committee in the event that one of the items in Article 340 (1) of the Companies Act applies to the accounting auditor. The Audit Committee determines the content of proposals regarding the dismissal or non-reappointment of the accounting auditor submitted to the General Shareholders' Meeting in the event that it is deemed necessary to change the accounting auditor, for reasons such as the accounting auditor being impeded in performing its duties based on a comprehensive analysis of the accounting auditor's qualifications, specializations, independence from the Company, and other evaluation criteria.

Evaluation of Accounting Auditor by the Audit Committee

The Company's Audit Committee assesses the accounting auditor.

The Audit Committee deliberates and conducts a comprehensive evaluation based on committee members' assessments of the accounting auditor's qualifications,

specializations, independence from the Company, and other evaluation criteria, with due consideration paid to the state of direct communications between the Audit Committee and the accounting auditor, and reports by audited divisions about the audits conducted by the accounting auditor.

Process and Standards for Selecting Officers, etc.

Regarding the selection of candidates for director positions, the Nominating Committee screens candidates for director positions based on the basic qualifications desirable for the roles, in addition to personnel requirements, taking into account their competencies, experiences, and achievements. Another factor taken into account in the selection of candidates is the Company's skill matrix, which indicates the areas of specialty required to advance management strategies. The Nominating Committee also composes the nomination proposals submitted to the General Shareholders' Meeting.

Regarding the selection of members and heads of the Nominating, Audit, and Compensation committees, the Nominating Committee screens candidates based on personnel requirements defined by the role of the committee, and decides the content of nomination proposals submitted to the Board of Directors. The Nominating Committee elicits the opinions of the Audit Committee before selecting candidates for members and the head of the Audit Committee.

The Nominating Committee screens candidates for executive officer positions based on the basic qualifications desirable for the role, in addition to personnel requirements, taking into account their competencies, experiences, and achievements. The Nominating Committee also composes the nomination proposals submitted to the Board of Directors.

The Nominating Committee screens candidates for operating officer and audit officer positions based on personnel requirements defined by the role they are expected to perform. The Nominating Committee also composes the nomination proposals submitted to the Board of Directors. Input is solicited from the Audit Committee prior to nominating audit officers.

Succession Plans for Representative Executive Officer and Other Officers

After defining systems and personnel requirements, the Nominating Committee follows a personnel selection, evaluation, and development process for determining successor candidates.

From an early stage, Yamaha ensures there is adequate time and opportunities to carry out succession plans, by

having the Nominating Committee advise on the screening of successor candidates and conduct interviews for the appointment of executive officers and candidates for executive officer positions. Meanwhile, at a preliminary stage, the Human Resources Development Committee maintains career development programs for core personnel and sets up venues for candidates to present their ideas to the Board of Directors and other entities.

Compensation System

The compensation of directors, excluding outside directors, and compensation of executive officers consists of (1) fixed compensation, (2) performance-linked bonuses, and (3) restricted stock compensation. The approximate breakdown of total compensation of (1), (2), and (3) is 5:3:2.

(1) Fixed compensation is monetary compensation according to job titles and is paid monthly.

(2) Performance-linked bonuses are monetary compensation paid according to job titles that is linked with consolidated profit for the period and ROE for the given fiscal year and will be calculated, reflecting the individual's record of performance, in order to motivate individuals to contribute to enhancement of the Company's performance. These bonuses are paid after the completion of the applicable fiscal year. The individual's performance will be evaluated based on indicators of performance set by business and function in each area the individual is responsible for.

(3) Restricted stock compensation is share-based compensation according to job titles and is provided at the launch of each medium-term management plan with the intent of motivating directors and executive officers to enhance corporate value sustainably and having them share a common interest with shareholders. In order to motivate directors and executive officers to achieve the Company's medium-term performance targets, one-third of restricted stock compensation is paid under the condition that an individual remains in the service of the Company for a certain period and two-thirds of restricted stock compensation is linked to the Company's performance. Performance criteria gives equal weight to the core operating profit ratio, ROE, and EPS, which are contained in the medium-term management plan. For the purpose of aligning the interests of the corporate officers with those of the shareholders over a long period after the end of the medium-term management plan, restrictions on the transfer of stock cannot be lifted until the corporate officer retires or for 30 years from the receipt of restricted stock

Breakdown of Compensation (Fiscal 2022)

Classification	Total Compensation (Millions of yen)	Compensation by Type (Millions of yen)			Number of People
		Fixed compensation	Performance-linked bonuses	Compensation in the form of restricted stock	
Directors	78	78	—	—	7
(Including outside directors)	78	78	—	—	7
Executive Officers	347	197	119	31	5

Notes:

- The above numbers include a director who retired at the conclusion of the 197th Ordinary General Shareholders' Meeting held on June 24, 2021.
- The total amount of compensation, etc., paid to the executive officers concurrently serving as directors is described in the section for executive officers.
- All shares to be allocated as restricted stock compensation were issued in fiscal 2020, the first year of the previous medium-term management plan, and no shares were issued in fiscal 2022. Above compensation amounts have been reduced to reflect reversals of previously recorded costs based on the degree of accomplishment of performance targets from expenses recorded in relation to restricted stock compensation for fiscal 2022.

compensation. Furthermore, in the event of serious cases of accounting fraud or major losses during this period, depending on the responsibility of the officers in charge, a claw-back clause is included that will require the return of all or a portion of restricted shares transferred to officers on an accumulated basis to date.

(4) Outside directors only receive fixed compensation.

Performance-Linked Bonuses

Consolidated profit for the period and ROE for the current fiscal year, which are indicators used for performance-linked bonuses, were ¥37.2 billion and 9.2%, respectively.

Restricted Stock Compensation

The financial targets of the Make Waves 1.0 medium-term management plan—core operating profit ratio of 13.8%, ROE of 11.5%, and EPS of ¥270 in fiscal 2022—are used as indicators for determining performance-linked compensation. In fiscal 2022, core operating profit ratio was 10.5%, ROE was 9.2%, and EPS was ¥214.79.

In conjunction with the launch of the new Make Waves 2.0 medium-term management plan in April 2022, the evaluation indicators and targets for restricted stock compensation were revised. Specifically, sustainability and other non-financial targets as well as corporate value targets were introduced to complement the prior financial targets. The non-financial targets are meant to heighten motivation for achieving ongoing improvements in social value whereas the corporate value targets were introduced for the purpose of encouraging officers to better share the perspective of shareholders.

Financial and non-financial targets have been set for the indicators put forth by the medium-term management plan while a corporate value target has been established for total shareholder return.

The ratio of influence of financial targets, non-financial targets, and corporate value targets on stock compensation is 5:3:2.

Major Initiatives in Fiscal 2022

Major Topics of Discussion by the Board of Directors

- Directives for material issues and basic policies of the Make Waves 2.0 medium-term management plan
- Core themes of the medium-term management plan
- Financial and non-financial targets
- Revision of the Yamaha Group Sustainability Policy, etc.

Major Activities of the Nominating Committee

- Implementation of succession plans for the representative executive officer and other officers
- Decision on executive team for given fiscal year, etc.
- Revision of officer personnel requirements, etc.

Major Activities of the Compensation Committee

- Decision of individual compensation amounts, etc.
- Revision of evaluation indicators and targets for restricted stock compensation, etc.

Major Activities of the Audit Committee

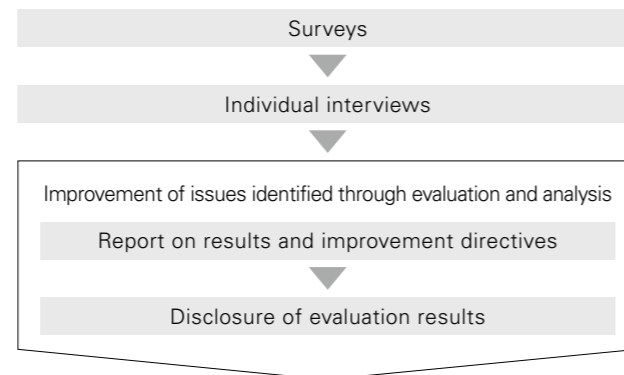
- Interviews of and exchanges of opinions with the representative executive officer
- Interviews of executive officers and operating officers
- Receipt of reports from the Internal Auditing Division and the Audit Committee's Office
- Audit planning and review report meetings with accounting auditor, etc.

For more information on the activities of the Board of Directors, the Nominating Committee, the Compensation Committee, and the Audit Committee, please refer to the discussion between independent outside directors on pages 85-87.

Analyzing and Evaluating the Effectiveness of the Board of Directors

The Company seeks to improve the functionality of the Board of Directors by analyzing and evaluating its effectiveness and receiving assessments from external experts with regard to efforts to improve the issues identified through this process.

Evaluation Process



Summary of the Evaluation

- Highly robust governance systems have been put in place as a Company with Three Committees (Nominating, Audit, and Compensation) through consistent yearly improvements.
- The Board of Directors features a membership of directors with diverse viewpoints and experience, and the scale of membership and the number of outside directors is appropriate.
- Sincere and constructive discussions are being held with regard to major management issues.
- For further improvement, management issues were raised regarding discussions on long-term growth strategies, the effectiveness of helplines at overseas Group companies, and the clarity of briefing materials.

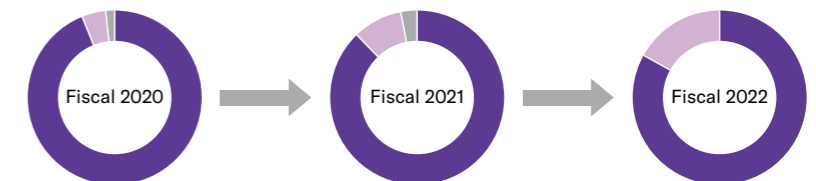
Basic Cross-Holdings Policy

It is Yamaha's basic policy to have cross-holdings only to the extent that this is reasonable because it contributes to the Company's sustainable growth and the enhancement of corporate value over the medium to long term. Reasonableness, from the standpoint of contributing to the Company's sustainable growth and long-term improvements in corporate value, is defined as cross-holdings that help maintain relationships with important partner companies, suppliers, and financial

Issues Identified in Evaluation of Effectiveness and Improvement Initiatives

Area	Fiscal 2022		Fiscal 2023	
	Issue	Response	Issue	Direction for Future Initiatives
Discussions	<ul style="list-style-type: none"> • Discussions regarding long-term management strategies (ongoing) • Discussions regarding ESG initiatives and related communication 	<ul style="list-style-type: none"> • Discussions regarding items requiring examination by the Board of Directors and provision of opportunities for intensive discussion (director retreats, etc.) • Reports to the Sustainability Committee 	<ul style="list-style-type: none"> • Discussions regarding long-term management strategies (ongoing) • Discussions regarding investments in intangible assets and measures to strengthen portfolio 	<ul style="list-style-type: none"> • Arrangement of opportunities for discussion from a medium- to long-term perspective at Board of Directors' meetings with focuses including the business areas that will be central to future growth • Provision of opportunities to discuss investments in intangible assets through reports on human resources, R&D, and intellectual property strategies
Succession	<ul style="list-style-type: none"> • Oversight of succession plans for representative executive officer and other officers by the Board of Directors (ongoing) • Discussions regarding succession plans for outside directors • Exchanges between internal officer candidates 	<ul style="list-style-type: none"> • Ongoing discussions regarding succession plans by the Nominating Committee • Reports from the Nominating Committee to and related discussions by the Board of Directors • Arrangement of opportunities for exchanges between outside directors and junior employees, future leaders, and executive officers 	<ul style="list-style-type: none"> • Oversight of succession plans for representative executive officer and other officers by the Board of Directors (ongoing) • Sharing of information on discussion processes of the Nominating Committee with non-member outside directors • Exchanges between internal officer candidates (ongoing) 	<ul style="list-style-type: none"> • Expansion of reporting from the Nominating Committee to the Board of Directors • Ongoing dialogue with future management candidates and promising new employees • Identification and systematic cultivation of promising human resources through the Human Resources Development Committee • Arrangement of opportunities for exchanges between outside directors and junior employees, future leaders, and executive officers and for exchanges with staff outside of Japan
Proceedings	<ul style="list-style-type: none"> • Stimulation of brisk discussions among directors (ongoing) 	<ul style="list-style-type: none"> • Agenda management emphasizing brisk discussion and improvement of awareness among meeting attendees 	<ul style="list-style-type: none"> • Stimulation of brisk discussions among directors (ongoing) • Clarification of issues and key points in briefing materials 	<ul style="list-style-type: none"> • Clear indication and clarification of key points in briefing materials • Elimination of unnecessary use of internal terminology and contractions • Arrangement of Board of Directors' meetings at production bases and other operating sites
Structure	<ul style="list-style-type: none"> • Separation of roles of the chairman of the Board of Directors and the president (ongoing) • Member numbers and compositions of the Board of Directors and committees 	<ul style="list-style-type: none"> • Examination of possible improvement measures in conjunction with progress of succession plans for representative executive officer and other officers • Increase in number of outside directors by one and elimination of directors holding concurrent positions on the Audit Committee and other committees under new structure (implemented on June 24, 2021) 	<ul style="list-style-type: none"> • Separation of roles of the chairman of the Board of Directors and the president (ongoing) 	<ul style="list-style-type: none"> • Examination of possible improvement measures in conjunction with progress of succession plans for representative executive officer and other officers
Structure	<ul style="list-style-type: none"> • Improvement of awareness regarding compliance helplines and proactive communication of negative news (ongoing) • Enhancement of internal audits at overseas subsidiaries (ongoing) 	<ul style="list-style-type: none"> • Swift resolution of issues reported through helplines and other improvements to helpline implementation • Improvement of awareness regarding internal audits • Ongoing communication using Companywide meetings and other venues • Development of open organizational culture (communication activities, etc.) • Enhancement of internal audit systems of Group companies 	<ul style="list-style-type: none"> • Improvement of awareness regarding compliance helplines and proactive communication of negative news (ongoing) • Reinforcement of second line of defense for risk management • Management of quality at manufacturing subsidiaries 	<ul style="list-style-type: none"> • Enhancement of functions for responding to reports received through helplines • Spreading of awareness in relation to the Whistleblower Protection Act • Sharing of negative news in reports on operational execution • Encouragement of communication within and between organizations • Utilization of overseas assignments as a vessel for global human resources development • Effective management of quality control documents and implementation of process audits at all bases • Implementation of practical quality management and awareness improvement programs

Results of Evaluation of Effectiveness of the Board of Directors (Surveys)



	Fiscal 2020	Fiscal 2021	Fiscal 2022
■ Items receiving positive evaluation in more than 75% of responses	62	58	83
■ Items receiving positive evaluation in between 51% and 74% of responses	3	6	16
■ Items receiving positive evaluation in less than 50% of responses	1	2	0

institutions, as well as those that enhance the Company's brand value, support sustainable growth, and reinforce its financial foundation.

With regard to the reasonableness of individual crossholdings, the Board of Directors regularly and continuously verifies whether the purposes for such holdings are appropriate, whether the benefits accruing from these holdings and the risks associated with them cover the cost of capital, etc., and based on the results of those verifications the Board works to reduce cross-holdings.

In exercising the voting rights associated with cross-holdings, the decision of how to vote is made comprehensively from the standpoint of whether the resolution enhances the corporate value of the company in question over the medium to long term, whether it is in accordance with our basic policy

concerning cross-holdings, and whether it leads to the enhancement of our corporate value over the medium to long term.

Status of Shareholdings

For specified equity securities, all shareholdings as of March 31, 2022, are presented on page 96. On August 24, 2021, the Company sold 19,000,000 shares of stock (representing 5.43% of the total number of shares issued) in Yamaha Motor Co., Ltd., reducing its total holding in this company to 15,642,790 shares (representing 4.47% of the total number of shares issued). The funds gained from the sale of these shares were used to acquire treasury stock after paying taxes. Yamaha does not have any deemed shareholdings or investments in equity securities for pure investment purposes.

Book Value of Shareholdings and Percentage of Total Assets



■ Book Value of Shareholdings — Percentage of Total Assets
* In fiscal 2022, the Company sold 19,000,000 shares of stock in Yamaha Motor Co., Ltd.

Initiatives to Engage in Dialogue with Shareholders and Investors

In order to have constructive dialogue with shareholders and investors, the Board of Directors appoints a director in charge of these initiatives. If necessary, due to a request for dialogue from a shareholder or investor, the director in charge, other

internal and outside directors, executive officers, or operating officers will appear in person to explain matters such as the capital policy, the medium-term management plan, and related progress to shareholders or investors in a clear and easy-to-understand manner.

The Legal Division, IR Department, and Corporate Finance Division cooperate and assist the director in charge to ensure that dialogue with shareholders and investors is conducted in a reasonable and orderly manner.

In addition to the respective dialogue with shareholders and investors, the Company gives presentations on its medium-term management plan and quarterly earnings, as well as business briefings, facilities tours, and presentations for private investors. Presentation materials for business plans, results briefings, and others are always available on our corporate website. The results of dialogues with shareholders and investors are reported to the Board of Directors by the director in charge, executive officers, or operating officers on a timely basis, and they are appropriately reflected in the management of the Company, leading to the Group's

sustainable growth and enhancing corporate value over the medium to long term. Additionally, the voting is analyzed for each resolution at the Ordinary General Shareholders' Meeting, and this is reported to the Board of Directors.

Regarding measures to control insider information, pursuant to the Company's Disclosure Policy, due consideration is given to controlling insider information, and we endeavor to disclose information in a fair, prompt, and timely manner. When meeting with shareholders and investors, information is provided after verifying that the information provided does not constitute insider information. The time between the day after the end of each quarter and the date of the earnings release is a quiet period during which we refrain from discussing earnings information.

Major IR Activities

Major IR activities in fiscal 2022 were as follows.

General Shareholders' Meetings

Yamaha endeavors to establish an environment that ensures that there is adequate time for shareholders to exercise their voting rights at a General Shareholders' Meeting, so that they can properly exercise their voting rights. In addition to sending the notice for the Ordinary General Shareholders' Meetings at least three weeks in advance of the meeting date, we create an environment in which every shareholder can properly exercise their voting rights by disclosing the content of the notice on our corporate website in both Japanese and English as soon as possible, holding the Ordinary General Shareholders' Meeting on a date that avoids the concentration of shareholders' meetings, and ensuring that it is convenient to exercise voting rights by using an electronic proxy voting platform.

Items Voted On at the Ordinary General Shareholders' Meeting

The following items were voted on at the 198th Ordinary General Shareholders' Meeting held on June 22, 2022.

Number of Shares Held in Each Company for Specified Equity Securities and Amounts Shown on Balance Sheet (Listed Companies)

Security Name	No. of Shares as of March 31, 2021 Amount on Balance Sheet (Millions of yen)	No. of Shares as of March 31, 2022 Amount on Balance Sheet (Millions of yen)	Yamaha Ownership of Shares
Yamaha Motor Co., Ltd.*1	34,642,790	15,642,790	Yes
	93,916	43,111	
TOYOTA MOTOR CORPORATION*2*3	501,300	2,506,500	No
	4,319	5,570	
Audinate Group Limited*2	6,289,308	6,289,308	No
	3,729	3,847	
MS&AD Insurance Group Holdings, Inc.*4	1,048,423	963,323	Yes
	3,406	3,832	
The Shizuoka Bank, Ltd.*4	2,686,064	2,563,564	Yes
	2,336	2,212	
Sumitomo Mitsui Financial Group, Inc.*4	311,802	267,302	Yes
	1,249	1,044	
Mizuho Financial Group, Inc.*4	470,775	351,875	Yes
	752	551	
Mitsubishi UFJ Financial Group, Inc.*4	226,480	226,480	Yes
	134	172	
Chugai Pharmaceutical Co., Ltd.*5	—	100	No
	—	0	
Renesas Electronics Corporation*5	—	100	No
	—	0	
Lion Corporation*5	—	100	No
	—	0	
DAIICHIKOSHO CO., LTD.	50,000	—	No
	214	—	
FUJI SOFT INCORPORATED	100	—	No
	0	—	
YASKAWA Electric Corporation	100	—	No
	0	—	
Cybozu, Inc.	100	—	No
	0	—	

Notes: "—" means no shares in the company are held.

*1 Yamaha Motor Co., Ltd. uses the same Yamaha brand as the Company. Yamaha Motor Co., Ltd. and the Company have established the Joint Brand Committee, Yamaha Brand Charter, and Joint Brand Regulations. Along with carrying out various initiatives together, initiatives in furtherance of each other's sustainable growth are monitored appropriately through shareholdings and the assignment of directors. By building this kind of relationship of monitoring and cooperation, the Company aims to maintain and enhance the value of the Yamaha brand, thereby contributing to the enhancement of the Company's corporate value over the medium to long term.

*2 The Company holds the shares for the purpose of maintaining and continuing a smooth transaction relationship.

*3 Effective October 1, 2021, TOYOTA MOTOR CORPORATION conducted a five-for-one stock split of shares of common stock.

*4 The Company holds the shares for the purpose of maintaining and continuing a smooth relationship with trading financial institutions.

*5 The Company holds the shares for the purpose of gathering information about information provision methods, etc., for shareholders.

Major IR Activities (Fiscal 2022)

Target	Activity	Frequency	Content
For shareholders, analysts, and institutional investors	Financial results briefings	4 times	Quarterly briefings by the president and relevant officers
	Small meetings	1 time	Meetings with the president and relevant officers
	Management meetings	23 times	Individual meetings with the president and relevant officers
	One-on-one interviews	250 times	IR interviews with the IR team
For private investors	Company briefings for private investors	2 times	Online company briefings
Other IR activities	Promotional activities targeting investors	Monthly	Website information updates, content enhancement, and registration campaigns

Note: Visits to investors by the president and relevant officers (in Japan, North America, Europe, and Asia) were halted in fiscal 2022 due to the COVID-19 pandemic.

Resolutions Made at the 198th Ordinary General Shareholders' Meeting (held on June 22, 2022)

Proposal 1. Appropriation of Surplus

Proposal 2. Partial Amendments to the Articles of Incorporation

Proposal 3. Appointment of Eight Directors

Proposal	Number of Votes For	Number of Votes Against	Number of Abstained Votes	Approval Percentage	Results
Proposal 1. Appropriation of surplus	1,540,514	4,383	0	99.7	Approved
Proposal 2. Partial amendments to the articles of incorporation	1,544,200	701	0	99.9	Approved
Proposal 3. Appointment of eight directors					
Takuya Nakata	1,437,764	107,122	0	93.0	Approved
Satoshi Yamahata	1,536,911	7,989	0	99.4	Approved
Taku Fukui	1,537,272	7,629	0	99.4	Approved
Yoshihiro Hidaka	1,366,356	171,885	6,649	88.4	Approved
Mikio Fujitsuka	1,537,168	7,733	0	99.4	Approved
Paul Candland	1,529,348	15,549	0	98.9	Approved
Hiromichi Shinohara	1,528,736	16,161	0	98.9	Approved
Naoko Yoshizawa	1,541,804	3,097	0	99.7	Approved

Note: Necessary conditions for the approval of each proposal were as follows:

- Proposal 1: Approval by a majority vote of the shareholders in attendance
- Proposal 2: Attendance of shareholders holding one-third or more of the voting rights of the shareholders who can exercise their voting rights, and vote of approval by two-thirds or more of the shareholders in attendance
- Proposal 3: Attendance of shareholders holding one-third or more of the voting rights of the shareholders who can exercise their voting rights, and approval by a majority vote of the shareholders in attendance

Reason for not including some of the number of voting rights of the shareholders in attendance in the number of voting rights: By calculating the total of the number of voting rights exercised by the date immediately before the date of the meeting and the number of voting rights of some of the shareholders in attendance, whose intentions regarding approval or disapproval of each proposal were confirmed, the necessary conditions for the approval of each proposal were satisfied and the resolutions were legally passed pursuant to the Companies Act. Therefore, among those shareholders in attendance on the day of the meeting, the calculation did not include the number of voting rights for which intentions regarding approval, disapproval, or abstention were not confirmed.

Risk Management

The Yamaha Group is working to establish and enhance risk management promotion systems and frameworks to improve its capability to respond to risk and to implement sound, highly transparent management.

Basic Policies

The Yamaha Group practices risk management in accordance with the following basic policies.

1. We shall establish organizations and frameworks for risk management and work to enhance responsiveness to risk in order to maximize corporate value.
2. In risk management activities under normal circumstances, we shall identify, evaluate, and mitigate risks and conduct awareness-raising activities such as education and training to instill a greater awareness of and foster a greater sensitivity toward risks.
3. We shall prioritize people's safety when risks manifest themselves as crises and coordinate with local communities to ensure sincere, appropriate, and speedy responses to minimize adverse impacts. In addition, we shall strive to ensure the stable supply of products and services, continue business to the greatest extent possible, and contribute to the sustainable development of society.
4. After addressing risks, we shall analyze the reasons they occurred and how they were addressed in order to ensure they do not occur again.

Promotion System

Under the supervision of the Board of Directors, Yamaha Corporation has established the Risk Management Committee as

an advisory body to the president. The committee discusses risk management-related matters from a Companywide perspective and reports the results of these discussions to the president. In addition, the Working Group for BCP and Disaster Prevention Management, Working Group for Financial Management, Working Group for Compliance, Working Group for Export Control, and Working Group for Information Security have been established under the Risk Management Committee. These working groups set activity policies and monitor activities related to important Companywide themes. The Board of Directors confirms and monitors the effectiveness and status of risk management frameworks via reports from executive officers.

Please visit our corporate website for more information on risk management systems and the Risk Management Committee.
https://www.yamaha.com/en/csr/governance/risk_management/

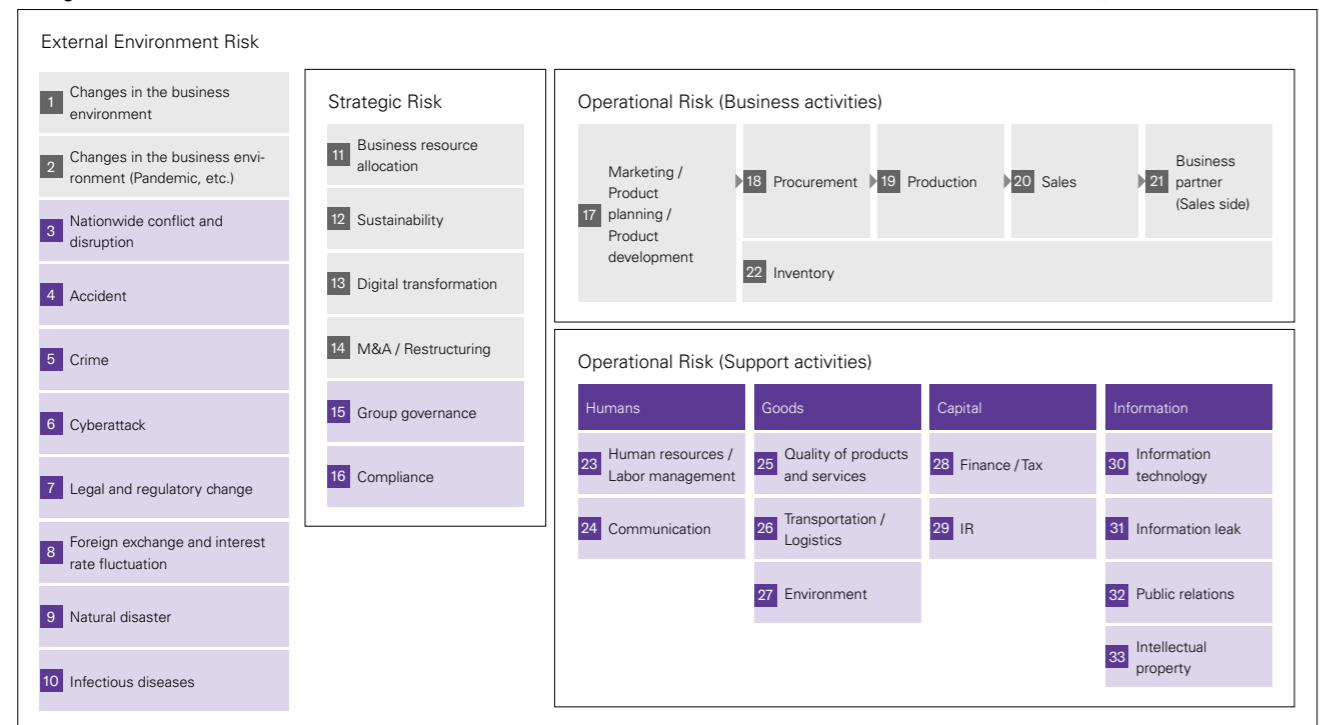


Changes to Business Risks

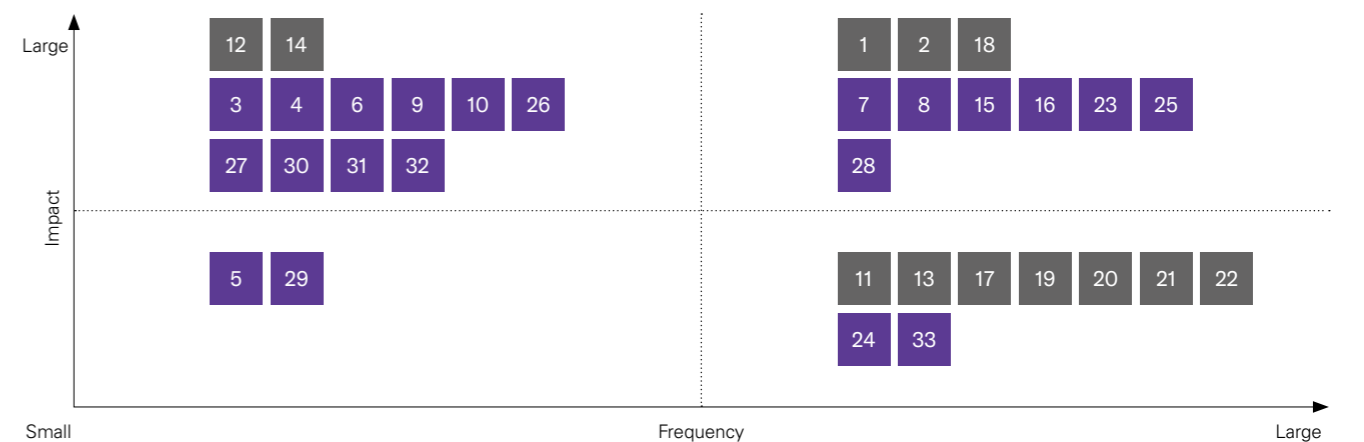
Identification of Digital Transformation as an Independent Risk Category

Yamaha Corporation is moving ahead with reforms to its business processes through digital transformation. However, there is a risk that the Company may be unable to improve its performance due to delays in, or inability to effectively advance, digital

Categorization of Business Risks



Risk Map



transformation. Recognizing that digital transformation is an important focus for management strategies, Yamaha is developing organizational frameworks and methodologies for identifying investment opportunities related to digital transformation.

Revision of Risk Level of Procurement

Global semiconductor shortages are increasing the risk of rises in the prices of procured components and materials, delays to supply, and inability to secure the necessary items. We therefore recognize that procurement risks will need to be positioned as a higher priority going forward. Accordingly, the risk level of "procurement" has been raised to the highest level, and countermeasures are being implemented based on this new designation.

Revision of Risk Level of Transportation / Logistics

The global shortage of maritime transportation containers is causing delays in transportation and extraordinary increases in logistics costs. The risk level of "transportation / logistics" has been increased to reflect the rise in logistics costs, and we are advancing countermeasures accordingly.

Risk Management Initiatives

The Risk Management Committee categorizes the various risks identified in relation to the Yamaha Group's business into four categories: external environment risk, strategic risk, operational risk (business activities), and operational risk (support activities). The materiality of risks is assessed based on the projected scale of damages and frequency of materialization. In addition, the level of control is evaluated for each risk category, material risks requiring priority response are identified, and the divisions responsible for managing these risks are designated in order to promote risk mitigation activities and thereby improve overall risk control levels.

Responses to Infectious Diseases

In fiscal 2022, the Yamaha Group continued to promote teleworking and basic precautions for preventing the spread of COVID-19 in response to the ongoing global pandemic. In addition, we encouraged early vaccination, and approximately 3,500 Yamaha Group employees have elected to receive COVID-19 vaccinations at the clinic in our headquarters since July 2021. Employees were

provided access to COVID-19 booster shots at workplaces in May 2022.

Elsewhere, we worked together with the government of Indonesia, where we have production and sales bases, to provide vaccinations for employees as well as for members of their families and subcontractors working at Group business sites.



Employees undergoing vaccinations at a production site in Indonesia

Preventing the spread of infectious diseases that can have a significant social and economic impact, such as HIV and AIDS, tuberculosis, and malaria, is a global issue. Recognizing the importance of this issue, Yamaha Group production sites in Southeast Asia implemented exhaustive infection prevention measures into their workplace environments. In addition, notification of the infectious disease risks of the relevant areas is provided to employees going on overseas business trips as well as to employees stationed overseas and their families, and immunizations for hepatitis A, hepatitis B, tetanus, rabies, and measles and other prevention measures are recommended prior to departure from Japan.

Information Security

The Yamaha Group perceives information security as a critical aspect of risk management. The Working Group for Information Security, an organization chaired by an operating officer that is positioned under the Risk Management Committee, which is an advisory body to the president, has put together a policy on information management and is working to enhance the quality of this management by monitoring the current management system while identifying vulnerabilities and guiding efforts to address them. The Yamaha Group conducts training based on the Group IT Policies & Rules, which define basic IT management policies, and the Group Personal Information Protection Policies & Rules, which contain provisions related to the protection of personal information, to ensure employees understand the importance of preventing inadvertent data leaks while taking precautions to protect against hacking by third parties.

Compliance

As a global organization, the Yamaha Group recognizes that compliance is among the most important management themes and a prerequisite for corporate activities.

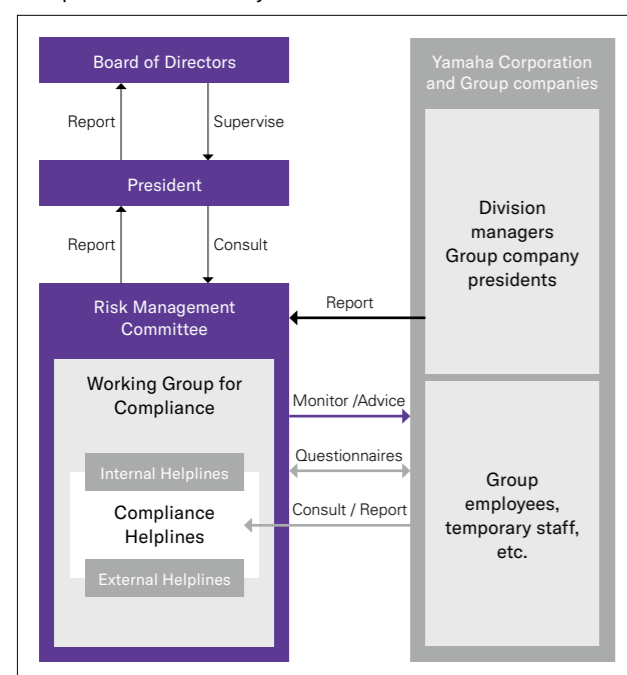
Compliance Promotion System and Compliance Code of Conduct

The Yamaha Group has positioned compliance among its most important management themes for fulfilling its responsibility to stakeholders and society and for achieving sustainable growth. We practice compliance management with a focus on ensuring strong legal compliance, adherence to social norms, and a high level of corporate ethics. The Compliance Code of Conduct puts forth a code for guiding the actions of all members of the Yamaha Group as the foundation for compliance management. Since the establishment of the code in 2003, ongoing revisions have been implemented in reflection of changes in environmental and social conditions, and the code has been translated into multiple languages.

Compliance Management Frameworks and Promotion System

The Working Group for Compliance, an organization positioned under the Risk Management Committee, which is an advisory body to the president that is chaired by a managing executive officer, is a central organization in the promotion of compliance. This working group discusses and decides on Groupwide compliance-related policies and measures. In addition, the working group is responsible for monitoring the activities of divisions and Group companies to ensure legal compliance and ethicality. Other measures for ensuring sound business activities include internal education and training programs, employee

Compliance Promotion System



questionnaires, and the development of compliance helplines for use by both Company employees and temporary staff.

Global Conformity in Compliance Initiatives

The Yamaha Group signed the UN Global Compact in 2011. As a member of Global Compact Network Japan, we are working to adhere to the Ten Principles in the four areas of human rights, labour, environment, and anti-corruption in our business activities.

Meanwhile, our basic policy for legal compliance is to focus on the reinforcement of global legal violation prevention measures. Accordingly, we use legal databases in order to manage legal information in an integrated, Groupwide manner. In addition, we develop and implement rules, on a Groupwide basis, in accordance with the Compliance Code of Conduct while advancing measures and education and awareness-raising activities for purposes such as preventing corruption and ensuring fair trade. The Legal Division monitors the status of these initiatives within the Group.

To strengthen global compliance frameworks, we position compliance representatives in all overseas subsidiaries who play a role in advancing measures in their respective regions, conducting education and awareness-raising activities, and sharing information with the rest of the Group.

Monitoring

The Working Group for Compliance conducts regular monitoring of the status of compliance systems and compliance promotion at Company divisions and Group companies to ensure that the business activities of the Yamaha Group are ethical and legally compliant. Support for corrective actions is provided as necessary.

In 2021, compliance questionnaires were administered to domestic Group employees. These questionnaires are conducted once every three years. The results of questionnaires are used to analyze the awareness of domestic Group employees from the perspectives of compliance, risks, and corporate culture. Moreover, organization-level analyses are performed. The results of these analyses are reflected in measures to address issues and reform our corporate culture.

Education and Awareness-Raising Activities

Proactive education and awareness-raising activities are imperative to enhancing compliance.

Education and training content for domestic employees is provided via the intranet, and compliance seminars are held regularly along with other initiatives to raise awareness.

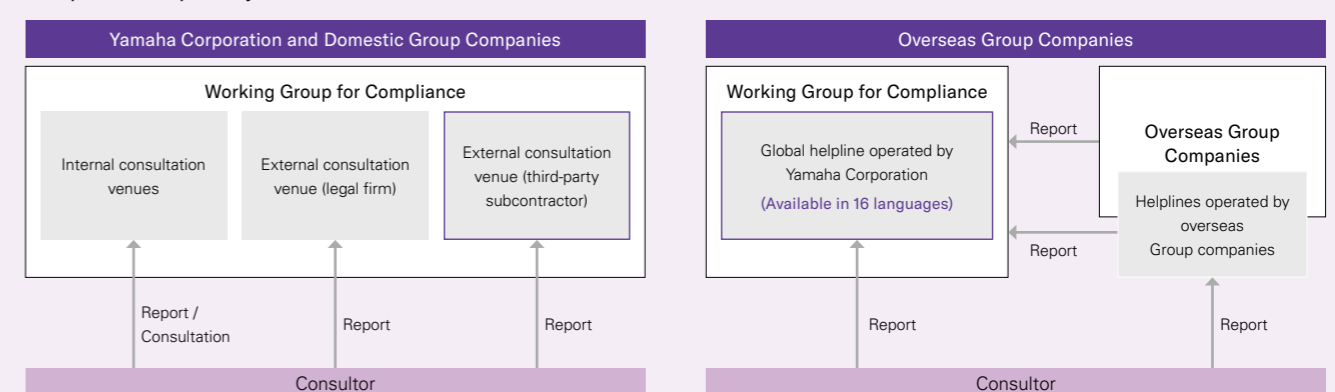
Compliance Helplines

The Yamaha Group has established compliance helplines for addressing compliance-related consultations and reports. These helplines can be used to receive support via the internet, telephone, fax, email, or standard mail. Objective investigations are conducted to confirm the validity of any reports or consultations indicating potential compliance violations, and response and disciplinary measures are decided based on the findings of these investigations.

In Japan, three helplines are available: the Yamaha Compliance Hotline, an external consultation venue for domestic Group companies operated by a subcontractor; an internal consultation venue; and a venue for consultation with an external legal firm. In addition, cards detailing the contact information for these helplines are distributed to employees. We also promote awareness and use of these venues through tools such as posters and booklets as well as during training sessions. Internal rules pertaining to the operation of compliance helplines include provisions to protect whistleblowers by stating that those reporting in earnest are not to suffer reprisal as a result of reports. These helplines are available to full-time employees, dispatch employees, and contracted staff. They may also be used by the staff of subcontractors, sales agents, and other business partners as well as by others involved in the business activities of the Yamaha Group.

Overseas, helplines have been set up at 34 overseas Group companies, and Yamaha Corporation also provides a shared Group helpline offering support via the internet that is available in 16 languages.

Compliance Helpline System



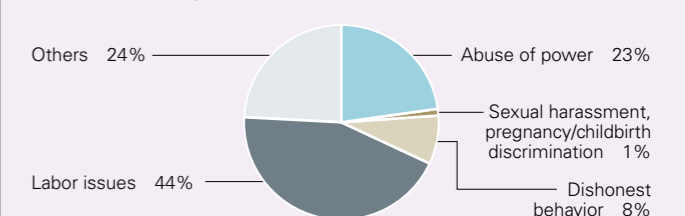
The curriculum for compliance education includes rank-based human resources training arranged in accordance with the career levels of participants, and compliance training has been positioned as an important theme.

Numbers of Reports Received through Compliance Helplines

	Name Provided	Anonymous	Total*
Fiscal 2018	34	13	47
Fiscal 2019	25	9	34
Fiscal 2020	54	12	66
Fiscal 2021	50	33	83
Fiscal 2022	44	43	87

* Figures represent the total numbers of reports received through domestic and global compliance helplines.

Breakdown of Reports Received in Fiscal 2022



DATA SECTION

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Yamaha Corporation and its consolidated subsidiaries As of and for the years ended March 31	J-GAAP					IFRS					Millions of yen	Millions of U.S. dollars*1	
	2012/3	2013/3	2014/3	2015/3	2016/3	2017/3	2018/3	2019/3	2019/3	2020/3	2021/3	2022/3	2022/3
For the year:													
Revenue (Net sales)	¥356,616	¥366,941	¥410,304	¥432,177	¥435,477	¥408,248	¥432,967	¥437,416	¥434,373	¥414,227	¥372,630	¥408,197	\$3,335.22
Cost of sales	231,659	238,261	262,310	270,357	262,406	242,451	258,465	255,291	255,367	245,967	229,720	253,476	2,071.05
Gross profit	124,957	128,680	147,994	161,820	173,070	165,796	174,501	182,124	179,005	168,259	142,909	154,720	1,264.16
Selling, general and administrative expenses	116,846	119,465	121,999	131,684	132,407	121,493	125,668	126,094	126,259	121,907	102,198	111,708	912.72
Core operating profit (Operating income)	8,110	9,215	25,994	30,135	40,663	44,302	48,833	56,030	52,745	46,352	40,711	43,012	351.43
Profit before income taxes (Income before income taxes and minority interests)	6,971	7,795	25,818	28,526	41,578	42,898	74,471	60,485	56,471	47,225	37,102	53,010	433.12
Profit for the period (Net income (loss))*2	(29,381)	4,122	22,898	24,929	32,633	46,719	54,378	43,753	40,337	34,621	26,615	37,255	304.40
Capital expenditures	11,337	13,844	10,799	13,846	11,220	17,542	24,600	15,956	15,956	20,545	11,260	14,835	121.21
Depreciation expenses	11,973	11,613	12,759	12,597	12,681	11,145	10,777	10,835	10,614	11,156	11,387	12,123	99.05
R&D expenses	22,819	22,149	22,561	25,439	24,793	24,415	24,797	24,926	24,926	24,814	24,189	24,032	196.36
Cash flows from operating activities	10,880	7,755	33,213	31,729	42,399	39,142	47,498	30,234	35,520	57,162	58,225	36,016	294.27
Cash flows from investing activities	(9,004)	(12,617)	(22,950)	(11,700)	591	(9,663)	4,766	(23,092)	(23,101)	(21,067)	(5,785)	43,707	357.11
Free cash flow	1,875	(4,862)	10,263	20,029	42,991	29,478	52,264	7,142	12,419	36,095	52,440	79,723	651.38
Cash flows from financing activities	(3,247)	(5,536)	(4,745)	(5,909)	(30,349)	(12,588)	(35,584)	(28,479)	(33,993)	(36,422)	(20,602)	(44,426)	(362.99)
At year-end:													
Total assets	¥366,610	¥390,610	¥438,932	¥530,034	¥469,745	¥522,362	¥552,309	¥514,762	¥515,924	¥474,034	¥557,616	¥580,927	\$4,746.52
Total current assets	188,952	197,902	214,487	247,632	255,135	272,720	289,493	281,608	282,819	270,189	301,103	362,676	2,963.28
Total current liabilities	72,829	71,550	73,145	80,976	75,459	82,565	101,919	80,495	100,443	99,149	100,852	126,114	1,030.43
Interest-bearing debt	11,295	10,013	8,755	11,868	8,510	11,241	11,173	8,936	8,936	10,830	7,980	10,523	85.98
Total equity (Net assets)	206,832	229,636	274,843	348,752	303,889	367,437	388,345	382,771	359,007	326,450	396,949	415,927	3,398.37
Per share:													
Profit for the period (Net income (loss))	¥ (151.73)	¥ 21.29	¥ 118.26	¥ 128.75	¥ 168.90	¥ 249.17	¥ 291.81	¥ 240.94	¥ 222.12	¥ 194.71	¥ 151.39	¥ 214.79	\$ 1.75
Equity attributable to owners of the parent (Net assets)	1,052.01	1,171.67	1,403.12	1,787.42	1,601.55	1,948.01	2,125.51	2,124.83	1,992.57	1,850.81	2,252.34	2,417.89	19.76
Dividends	10.00	10.00	27.00	36.00	44.00	52.00	56.00	60.00	60.00	66.00	66.00	66.00	0.54
Key indicators:													
Core operating profit ratio (Operating income ratio)	2.3%	2.5%	6.3%	7.0%	9.3%	10.9%	11.3%	12.8%	12.1%	11.2%	10.9%	10.5%	
Return on equity (ROE)	(13.2)	1.9	9.2	8.1	10.1	14.0	14.5	11.4	11.1	10.1	7.4	9.2	
Return on assets (ROA)	(7.8)	1.1	5.5	5.1	6.5	9.4	10.2	8.2	7.5	7.0	5.2	6.5	
Equity ratio attributable to owners of the parent	55.6	58.1	61.9	65.3	64.2	69.9	70.0	74.1	69.4	68.6	71.0	71.4	
Debt to equity ratio (Times)	0.05	0.04	0.03	0.03	0.03	0.03	0.03	0.02	0.02	0.03	0.02	0.03	
Interest coverage (Times)	31.84	40.64	130.19	130.51	129.41	165.40	149.08	138.90	67.20	69.15	85.16	122.37	
Current ratio	259.4	276.6	293.2	305.8	338.1	330.3	284.0	349.8	281.6	272.5	298.6	287.6	
Dividend payout ratio	—	47.0	22.8	28.0	26.1	20.9	19.2	24.9	27.0	33.9	43.6	30.7	

Note: Figures prior to fiscal 2019 are based on J-GAAP standards. From fiscal 2019, the presentation method has been changed as a result of the adoption of partial revisions to accounting standards for tax benefit accounting. Accordingly, figures for fiscal 2018 have been retroactively changed to conform with this presentation method.

*1 U.S. dollar amounts are translated from yen at the rate of ¥122.39 = U.S.\$1, the approximate rate prevailing on March 31, 2022.

*2 Net income (loss) has been presented as net income attributable to owners of parent on the consolidated financial statements since fiscal 2016. Under IFRS, net income is displayed as profit for the period attributable to owners of parent.

Fiscal 2022 Performance (IFRS)

Analysis of Overall Performance in Fiscal 2022

The business environment in fiscal 2022 was characterized by the recovery trend after the sharp slowdown in the global economy in 2020 caused by the COVID-19 pandemic, due to progress with vaccination programs and the benefits of support from fiscal and monetary policies in various countries. At the same time, the outlook for business conditions remains uncertain as economic growth has been hampered by the shortage of semiconductors, disrupted supply chains, and soaring natural resource prices. Another factor contributing to this uncertain outlook was Russia's invasion of Ukraine, which occurred around the end of the fiscal year. The business outlook is similar for the Japanese economy as it is facing the resurgence of infections of the COVID-19 Omicron variant that make it still difficult to forecast when the pandemic will come to an end. To support the continuation of corporate activities under various restrictions, the major issue was to balance efforts to control the spread of infection with socioeconomic activities.

Amid these economic conditions, the Yamaha Group has been pursuing the four key strategies of its Make Waves 1.0 medium-term management plan under the basic policy of "develop closer ties with customers and society, and boost value creation capabilities." Financial targets were not met due to the restrictions on social activities imposed by the COVID-19 pandemic and the extensive impact on business activities caused by supply chain disruptions. Despite these setbacks, we have made steady progress in the key strategies of develop closer ties with customers, create new value, enhance productivity, and contribute to society through our businesses. Consequently, we achieved all of the non-financial targets that were first set in the aforementioned medium-term management plan pertaining to corporate brand value, the promotion of instrumental music education in emerging countries, and certified timber use.

Regarding our efforts to develop closer ties with customers, while consumer purchasing behavior has been changing substantially, we reinforced customer contact points and strengthened the framework for communicating our product and brand value as a strategy to enhance lifetime value. One of our key points for contact with customers is customer experience sites. In fiscal 2022, we renovated the Yamaha Ginza Building and the Nagoya store to make them into experience-oriented brand shops through which we provide opportunities for customers to directly engage with our products and to sense the quality. We also responded to the increasing use of e-commerce and social media through a two-pronged approach involving both physical stores and online initiatives, thereby accelerating the communication of our value directly to customers. In addition, we broadened our business domains by securing agreements for our in-vehicle audio systems to be used by Chinese automobile manufacturers.

In the key strategy of create new value, the designs of the YDS-150 digital saxophone and THR301IA Wireless amplifier

for guitars were highly acclaimed and both received honors at DFA Design for Asia Awards 2021. We also offered various products and services designed to provide solutions to social challenges, including the YVC Series of speakerphones that enable quality remote communication for business and education settings; the Remote Cheerer powered by SoundUD system that allows fans to cheer for concerts, sports, and other various live events remotely; and the Distance Viewing next-generation live viewing service that enables concerts to be held in a safe and secure manner.

For the key strategy of enhance productivity, while there were delays in the measures of the medium-term management plan due to operation suspensions and other disruptions caused by the pandemic conditions and the need for providing some support services remotely, we made progress in various measures, such as standardizing production control and shifting to smart factories. In India, we set up a new factory and expanded production capacity while also increasing the number of models produced in this country. In addition, the COVID-19 pandemic provided an opportunity for us to accelerate the promotion of new workstyles and the digitization of various procedures to improve work efficiency.

For our key strategy of contribute to society through our businesses, the aggregate total of students offered instrumental music education experience in emerging countries reached 1.3 million, surpassing the target of one million students. As a result of our efforts to promote the spread of music, we were able to open the Yamaha Music School Riyadh in November 2021 as the first authorized music education facility operated by a private company in Saudi Arabia. We also exceeded the target of 50% for the certified timber use rate with a rate of 52%

Revenue, Core Operating Profit, and Profit for the Period Attributable to Owners of Parent

Revenue increased 9.5% year on year, to ¥408.2 billion. Despite continued shortages in the product supply caused by difficulties in procuring semiconductors and disruptions in logistics, this increase was achieved due to the recovery from the impact of the COVID-19 pandemic (GRAPH 1).

By region, revenue was up in all regions, with the exception of Japan, where delays in recovery in demand led to decreased revenue (GRAPH 2).

Core operating profit was up 5.7% year on year, to ¥43.0 billion, as the higher profit from the musical instruments and others segments offset the decline in profit from the audio equipment segment (GRAPH 3). Factors behind the overall increase included higher sales and production and beneficial foreign exchange influences, which outweighed detractors such as higher selling, general and administrative (SG&A) expenses and increased ocean freight charges (GRAPH 4).

Profit for the period attributable to owners of parent increased 40.0% year on year, to ¥37.3 billion.

GRAPH 1

	(Billions of yen)	
	2021/3	2022/3
Revenue	372.6	408.2
Musical Instruments	239.0	276.2
Audio Equipment	103.8	96.9
Others	29.8	35.1

GRAPH 2

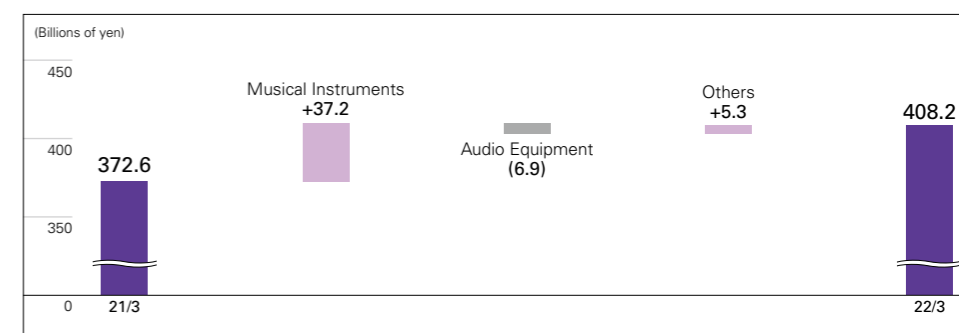
	(Billions of yen)	
	2021/3	2022/3
Revenue	372.6	408.2
Japan	108.2	105.4
North America	76.0	87.5
Europe	73.2	79.3
China	57.7	67.8
Other areas	57.5	68.3

GRAPH 3

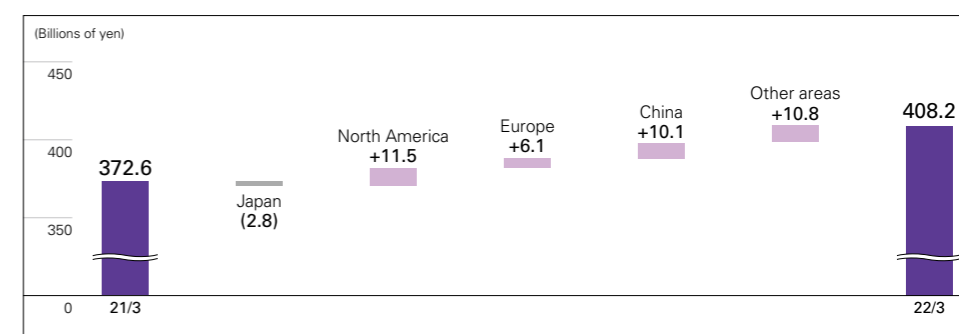
	(Billions of yen)	
	2021/3	2022/3
Core operating profit	40.7	43.0
Musical Instruments	32.4	37.3
Audio Equipment	7.1	1.5
Others	1.2	4.2

GRAPH 4

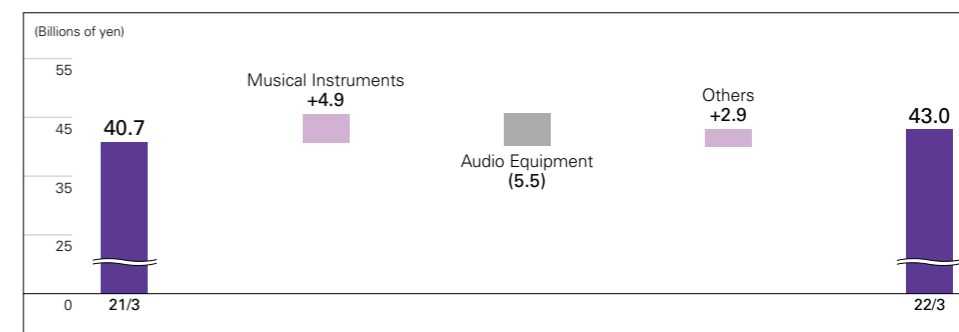
Revenue (Change by Business Segment)



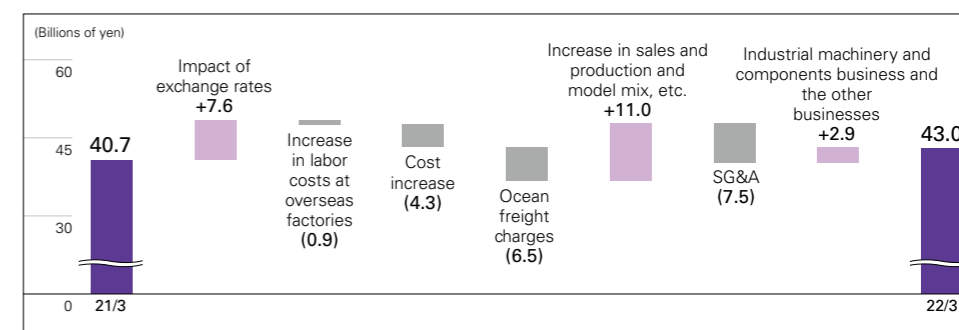
Revenue (Change by Region)



Core Operating Profit (Change by Business Segment)



Core Operating Profit (Change by Factor)



Results by Segment

Musical Instruments

Revenue in the musical instruments segment rose 15.6% year on year, to ¥276.2 billion, and core operating profit increased 15.1%, to ¥37.3 billion.

By product, sales of pianos increased, despite the impacts of the resumed rise in COVID-19 infections, due to recovered market conditions and supply capabilities. Sales of digital musical instruments rose because robust demand continued as music events once again started to be held following the alleviation of activity restrictions. The benefits of these trends outweighed the impacts of supply shortfalls due to difficulties in procuring semiconductors. Sales increased for wind instruments as a result of the resumption of band activities around the world. Sales of guitars rose, regardless of the signs of reductions in demand associated with people staying at home, thanks to generally firm market conditions.

By region, sales in Japan were up. Sales were down for wind instruments, as a result of the slow recovery of demand stemming from restrictions on school band activities, and guitars, which were impacted by the tapering of demand associated with people staying at home. However, the growth of sales for pianos due to recovered supply capabilities and digital musical instruments on the back of continuing robust demand drove up overall sales. Sales were also up in North America and Europe. All product categories saw higher sales in these regions as markets recovered amid the dissipating impacts of the pandemic. In China, overall sales were up, despite the supply shortfalls and consequently reduced sales for digital musical instruments that stemmed from difficulties in procuring semiconductors, as this country was quick to return to a growth track when compared to other countries.

In other regions, sales increased, regardless of the resumed uptick in COVID-19 infections, due to ongoing market recovery.

Audio Equipment

Revenue in the audio equipment segment decreased 6.6% year on year, to ¥96.9 billion, and core operating profit declined 78.3%, to ¥1.5 billion.

By product, overall sales of AV products were down as the impacts that product supply shortages caused as a result of difficulties in procuring semiconductors counteracted the benefits of continued strong demand. PA equipment sales, meanwhile, were up following recovery in the live performance and commercial audio equipment markets. Sales of ICT equipment, conversely, fell as the difficulties in procuring semiconductors caused supply shortages and the robust growth of meeting systems began to slow.

Others (Industrial Machinery and Components Business, etc.)

Revenue in the others segment increased 17.7% year, to ¥35.1 billion, and core operating profit rose ¥2.9 billion, from ¥1.2 billion in the previous fiscal year to ¥4.2 billion.

In the industrial machinery and components business, sales of electronic devices rose following smooth growth in sales of Yamaha brand in-vehicle audio systems for Chinese automobile manufacturers and other in-vehicle products. Sales of automobile interior wood components were up due to firm demand. Meanwhile, FA equipment sales decreased due to postponements and reductions in investment projects as a result of difficulties in procuring semiconductors.

Analysis of Financial Position

Total assets on March 31, 2022, amounted to ¥580.9 billion, an increase of ¥23.3 billion, or 4.2%, from ¥557.6 billion a year earlier. Factors behind this outcome included an increase in cash and cash equivalents as well as higher stock of raw materials due to production delays resulted from semiconductor shortages and foreign exchange influences (GRAPH 5).

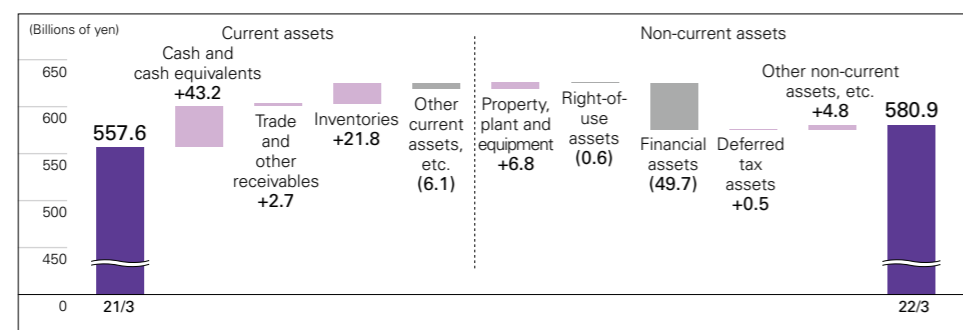
Total liabilities on March 31, 2022, were ¥165.0 billion, an increase of ¥4.3 billion, or 2.7%, from ¥160.7 billion at the end of the previous fiscal year as a result of an increase in

income taxes payables that was due to sales of investment securities, which offset a decrease in deferred tax liabilities.

Total equity on March 31, 2022, amounted to ¥415.9 billion, an increase of ¥19.0 billion, or 4.8%, from ¥396.9 billion on March 31, 2021. Despite the impacts of purchase of treasury shares and cash dividends paid, equity rose as retained earnings was up due to the recording of profit for the period and other components of equity increased owing to the impact of exchange rate fluctuations (GRAPH 6).

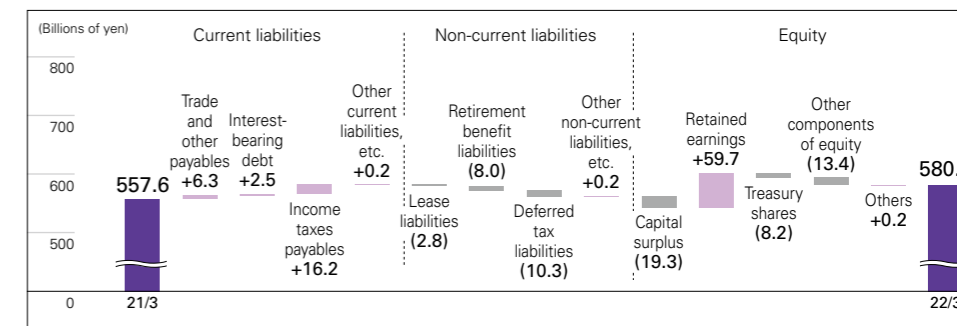
GRAPH 5

Total Assets



GRAPH 6

Total Liabilities and Equity



Analysis of Cash Flows

Cash and cash equivalents (hereinafter, cash) at the end of the fiscal year increased ¥43.2 billion, compared to an increase of ¥36.7 billion in the previous fiscal year, and stood at ¥172.5 billion.

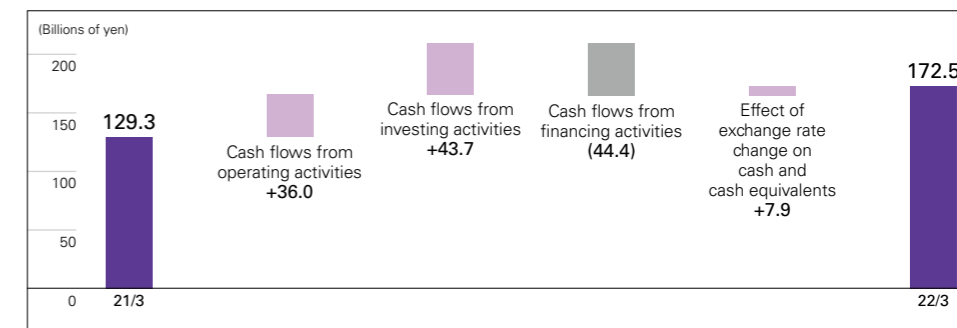
Net cash provided by operating activities in fiscal 2022 amounted to ¥36.0 billion, compared with ¥58.2 billion in the previous fiscal year, due mainly to the contribution of profit before income taxes.

Net cash provided by investing activities in fiscal 2022 amounted to ¥43.7 billion, compared to net cash used in investing activities of ¥5.8 billion in the previous fiscal year, primarily due to proceeds from sales and redemption of investment securities.

Net cash used in financing activities was ¥44.4 billion, compared with ¥20.6 billion in the previous fiscal year, as a result of purchase of treasury shares and cash dividends paid (GRAPH 7).

GRAPH 7

Cash Flows

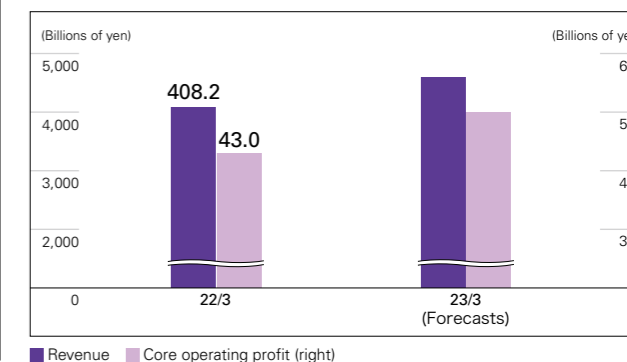


Forecasts for Fiscal 2023

In fiscal 2023, performance will continue to be impacted by supply shortages stemming from difficulties in procuring semiconductors. Nevertheless, we forecast improvements in revenue and profit due to the projected improvements in musical instrument and other markets, the recovery of our product supply capabilities, and beneficial foreign exchange influences.

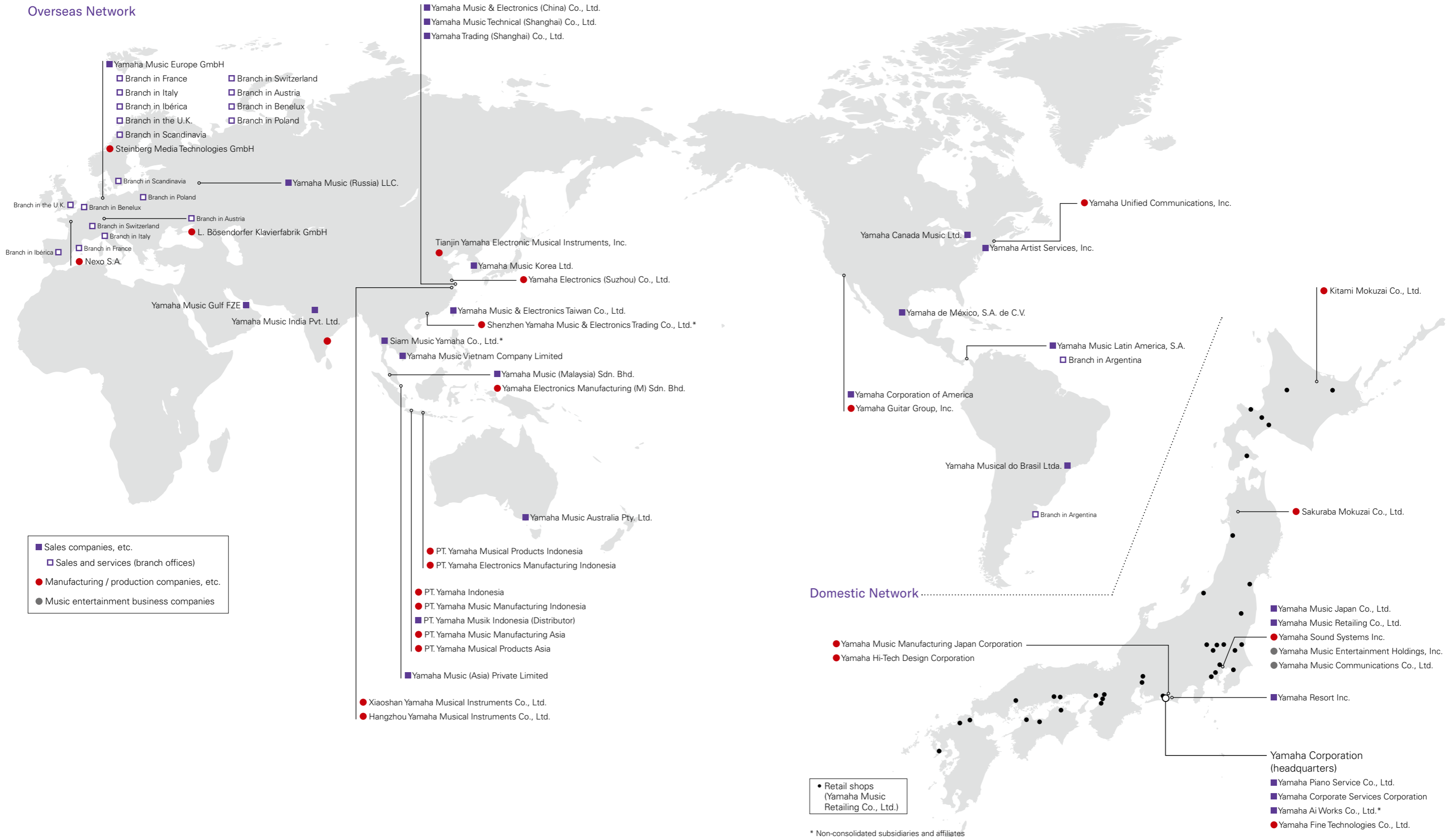
GRAPH 8

Fiscal 2023 Revenue and Core Operating Profit Forecasts (Announced August 3, 2022)



The Yamaha Group is currently expanding its business on a global basis, with locations in over 30 countries and regions across the world.

Overseas Network



- Sales companies, etc.
- Sales and services (branch offices)
- Manufacturing / production companies, etc.
- Music entertainment business companies

STOCK INFORMATION

As of March 31, 2022

Dividends	Year-end: To the shareholders of record on March 31 Interim: To the shareholders of record on September 30
Number of Shares of Common Stock	Issued: 187,300,000 (includes treasury stock of 15,756,795)
Stock Exchange Listing	Tokyo Prime Market, Code No. 7951
Administrator of Shareholders' Registry	The Sumitomo Mitsui Trust Bank, Limited Stock Transfer Agency Department 3-15-33, Sakae, Naka-ku, Nagoya, Aichi 460-8685, Japan
Public Notices	Shall be issued electronically at the following URL, except when an accident or other unavoidable occurrence prevents this, in which case they shall be released in the <i>Nihon Keizai Shimbun</i> business daily in Tokyo. https://www.yamaha.com/ja/about/public_notices/ (only in Japanese)
Ordinary General Shareholders' Meeting	June
Number of Shareholders	18,604

Shareholder Composition

	Number of Shareholders	Ratio of Number of Shares to Total
Individuals	17,589	15.0%
Financial institutions	50	52.1%
Japanese corporations	193	5.1%
Foreign investors	725	26.2%
Securities companies	47	1.6%
Total	18,604	100%

Note: The figure for individuals includes treasury stock.

Major Shareholders

	Number of Shareholders	Shareholding Ratio
The Master Trust Bank of Japan, Ltd. (Trust account)		23.7%
Custody Bank of Japan, Ltd. (Trust account)		7.2%
Yamaha Motor Co., Ltd.		4.7%
The Shizuoka Bank, Ltd.		4.4%
Sumitomo Life Insurance Company		4.3%
Mitsui Sumitomo Insurance Co., Ltd.		3.5%
Nippon Life Insurance Company		2.9%
State Street Bank and Trust Company 505223		1.7%
Mizuho Bank, Ltd.		1.7%
State Street Bank and Trust Company 505001		1.7%

Note: Yamaha Corporation holds 15,756,795 shares of treasury stocks which have been excluded from the above Major Shareholders. The shareholding ratio is calculated by excluding treasury stock from total outstanding shares.

Common Stock Price Range and Trading Volume



Fiscal year ended	J-GAAP		IFRS			
	2018/3	2019/3	2019/3	2020/3	2021/3	2022/3
Share price at the end of fiscal year (Yen)	4,675	5,530	5,530	4,215	6,010	5,350
Share price—high (Yen)	4,960	6,080	6,080	6,270	6,560	7,490
Share price—low (Yen)	2,955	4,355	4,355	3,520	3,835	4,840
Trading volume (Million shares)	255	209	209	182	173	153

Fiscal year ended	2018/3	2019/3	2019/3	2020/3	2021/3	2021/3
Dividend yield (%)	1.20	1.08	1.08	1.57	1.10	1.23
Price to earnings ratio (Times)	16.0	23.0	24.9	21.6	39.7	24.9
Price to book value ratio (Times)	2.20	2.60	2.78	2.28	2.67	2.21
Number of shares issued (Thousand shares)	197,255	191,555	191,555	191,555	191,555	187,300
Market capitalization at the end of fiscal year (Millions of yen)	922,167	1,059,299	1,059,299	807,404	1,151,246	1,002,055
Percentage of shares owned by foreign investors (%)	24.3	22.8	22.8	25.6	26.0	26.2

COMPANY INFORMATION

As of March 31, 2022

Corporate Profile

Company Name	Yamaha Corporation	Number of Employees (Consolidated)	19,895 (Excluding average number of temporary employees: 8,863)
Headquarters	10-1, Nakazawa-cho, Naka-ku, Hamamatsu, Shizuoka 430-8650, Japan	Number of Subsidiaries	59 (of which, 55 are consolidated subsidiaries)
Phone	+81 53 (460) 1111 (Receptionist)	Account Settlement Date	March 31
Year of Foundation	1887	Accounting Auditor	Ernst & Young ShinNihon LLC
Date of Incorporation	October 12, 1897		
Paid-in Capital	¥28,534 million		

Major External Evaluations and Incorporation in Indices

Yamaha Corporation is included in ESG indexes and socially responsible investment (SRI) funds, which give consideration to environmental and social factors, both in Japan and overseas.

- Nikkei Stock Average (Nikkei 225)
- JPX-Nikkei Index 400
- TOPIX Mid 400 / TOPIX 500 / TOPIX 1000
- MSCI ESG rating
- MSCI ESG Leaders Indexes*1
- MSCI Japan ESG Select Leaders Index*1
- MSCI Japan Empowering Women Index (WIN)*1
- FTSE4Good Global Index*2
- FTSE Blossom Japan Index*3
- FTSE Blossom Japan Sector Relative Index*4
- S&P / JPX Carbon Efficient Index
- S&P Japan 500 ESG
- ECPI Global Developed ESG Best-in-Class Equity Index
- ECPI World ESG Best Equity Index
- 2021 "A-" Score for CDP Climate Change Report
- 2021 CDP Supplier Engagement Leader

- 2021 Internet IR Commendation Award (Daiwa Investor Relations Co. Ltd.)
- 2021 Internet IR Commendation Award in the Sustainability Category (Daiwa Investor Relations Co. Ltd.)



- Gomez IR Site Ranking 2021 Silver Award
- Gomez ESG Web Awards 2021



In addition, as an indicator of long-term financial soundness, Yamaha asks credit rating agencies to provide a long-term debt rating every year and has received the following evaluations.

Credit Ratings	
Rating and Investment Information, Inc.	(R&I) A+
Japan Credit Rating Agency, Ltd.	(JCR) AA-

*1 The inclusion of Yamaha Corporation in any MSCI index, and the use of MSCI logos, trademarks, service marks or index names herein, do not constitute a sponsorship, endorsement or promotion of Yamaha Corporation by MSCI or any of its affiliates. The MSCI indexes are the exclusive property of MSCI. MSCI and the MSCI index names and logos are trademarks or service marks of MSCI or its affiliates.
*2 FTSE Russell (the trading name of FTSE International Limited and Frank Russell Company) confirms that Yamaha Corporation has been independently assessed according to the FTSE4Good criteria, and has satisfied the requirements to become a constituent of the FTSE4Good Index Series. Created by the global index provider FTSE Russell, the FTSE4Good Index Series is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices. The FTSE4Good indices are used by a wide variety of market participants to create and assess responsible investment funds and other products.
*3 FTSE Russell (the trading name of FTSE International Limited and Frank Russell Company) confirms that Yamaha Corporation has been independently assessed according to the FTSE Blossom Japan Index criteria, and has satisfied the requirements to become a constituent of the FTSE Blossom Japan Index. Created by the global index provider FTSE Russell, the FTSE Blossom Japan Index is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices. The FTSE Blossom Japan Index is used by a wide variety of market participants to create and assess responsible investment funds and other products.
*4 FTSE Russell (the trading name of International Limited and Frank Russell Company) confirms that Yamaha Corporation has been independently assessed according to the FTSE Blossom Japan Sector Relative Index criteria, and has satisfied the requirements to become a constituent of the FTSE Blossom Japan Sector Relative Index. Created by the global index provider FTSE Russell, the FTSE Blossom Japan Sector Relative Index is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices. The FTSE Blossom Japan Sector Relative Index is used by a wide variety of market participants to create and assess responsible investment funds and other products.

Participation in Initiatives

With a commitment to cooperating and forming ties with global society as we work toward realizing a sustainable society, Yamaha signed the UN Global Compact in June 2011 and is working to adhere to the Ten Principles in the four areas of human rights, labour, environment, and anti-corruption. As a member of Global Compact Network Japan, we also actively participate in subcommittees.

