

# Annual Report 2023

YAMAHA GROUP ANNUAL REPORT 2023





## PURPOSE

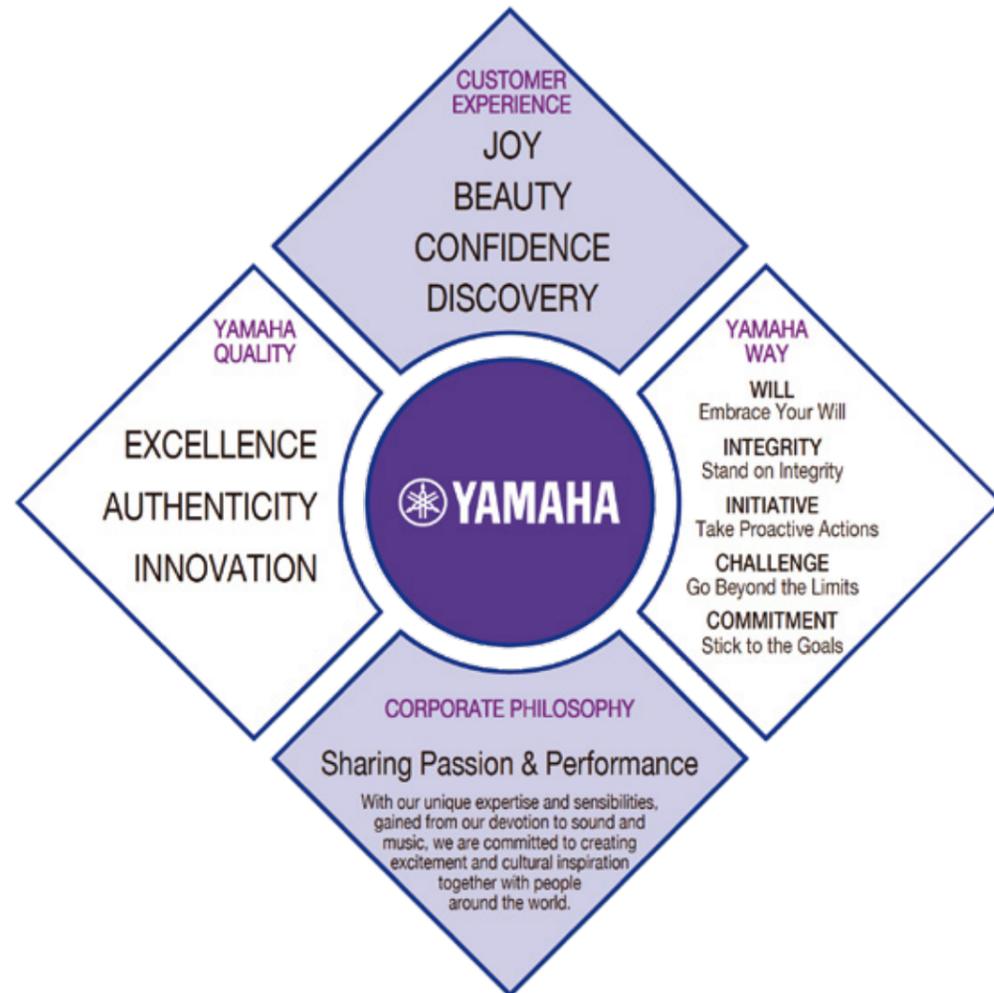
Well-Being of People around the World



## YAMAHA PHILOSOPHY

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

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





## PROMISES TO STAKEHOLDERS

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

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

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

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

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

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

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

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

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

### Management that Considers the Global Environment (For Earth)

Yamaha actively works to reduce CO<sub>2</sub> emissions and conserve and make effective use of resources such as timber, and takes a role as a company to hand down the precious global environment to the future.

### Transparent and Sound Management (For Shareholders)

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

## BRAND PROMISE

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



### Make Waves

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

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

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

# VALUE CREATION STORY

Mission

Purpose

Well-Being of People  
around the World

Corporate Philosophy

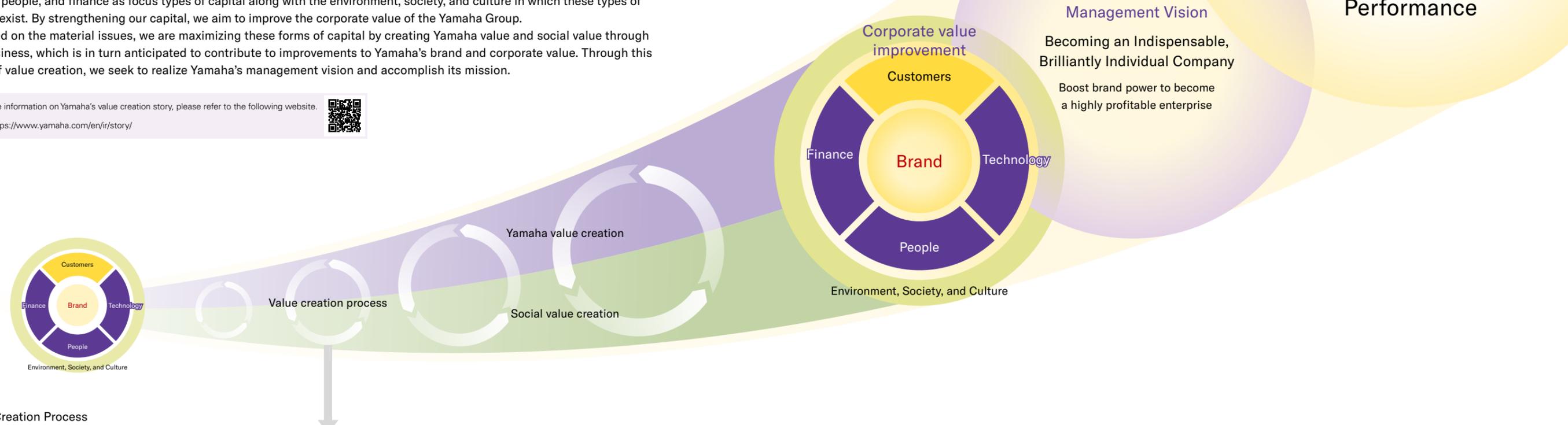
Sharing Passion &  
Performance

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

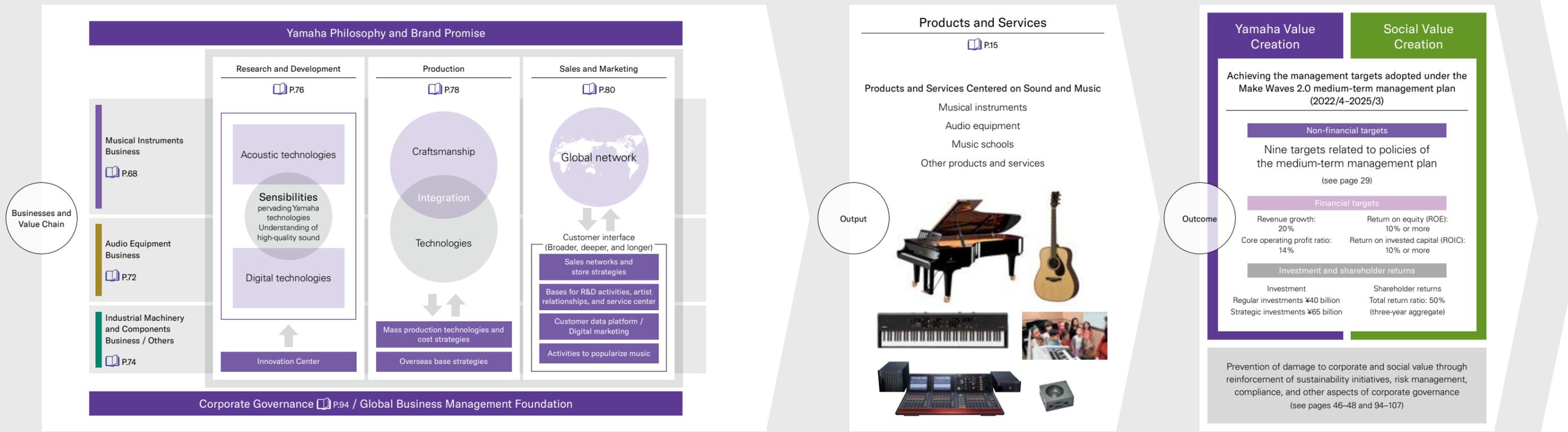
The Yamaha Group focuses on six types of capital. A central form of capital is our brand, and we also defined customers, technology, people, and finance as focus types of capital along with the environment, society, and culture in which these types of capital exist. By strengthening our capital, we aim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

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

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



Value Creation Process



## Growth in the New Society Emerging amid Changing Operating Environment

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

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

## A New Society Brought about by Business Environment Changes

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

The COVID-19 pandemic has rapidly changed people's awareness and the environment, as part of the transition to the new post-COVID-19 society.

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

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

### Material Issue Identification Process



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

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



## Material Issues

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

|  |  |   |
|--|--|---|
| <p>Customers</p> <ul style="list-style-type: none"> <li>• Connect with customers</li> <li>• Provide new value by incorporating products and services</li> </ul> <p>P.68-75, P.80-83</p>                      |  | <p>Human resources</p> <ul style="list-style-type: none"> <li>• Increase job satisfaction</li> <li>• Promote respect for human rights and DE&amp;I*</li> <li>• Foster open organizational culture where people can proactively take on challenges</li> </ul> <p>P.54-57</p> |
| <p>Technology</p> <ul style="list-style-type: none"> <li>• Create new value through the fusion of cutting-edge technologies and sensibilities</li> <li>• Encourage open innovation</li> </ul> <p>P.68-79</p> |  | <p>Environment</p> <ul style="list-style-type: none"> <li>• Furnish responses to climate change</li> <li>• Sustainably use timber</li> <li>• Realize resource savings and reduce waste and hazardous substances</li> </ul> <p>P.49-53, P.78-79</p>                          |
| <p>Manufacturing</p> <ul style="list-style-type: none"> <li>• Refine skills and heighten technological proficiency</li> <li>• Strengthen resilience</li> </ul> <p>P.68-79</p>                                |  | <p>Society</p> <ul style="list-style-type: none"> <li>• Contribute to an equal society and facilitate comfortable lives</li> <li>• Promote respect for human rights in the value chain</li> </ul> <p>P.54-55, P.68-75</p>   |
| <p>Quality</p> <ul style="list-style-type: none"> <li>• Realize high quality that leads to absolute customer trust</li> </ul> <p>P.68-79</p>   |  | <p>Culture</p> <ul style="list-style-type: none"> <li>• Spread and develop music culture</li> </ul> <p>P.68-75, P.80-83</p>   |
| <p>Digital transformation</p> <ul style="list-style-type: none"> <li>• Create new value and transform business processes in various fields</li> </ul> <p>P.58-59</p>   |  |   |
| <p>Governance</p> <ul style="list-style-type: none"> <li>• Strengthen Group governance</li> </ul> <p>P.84-107</p>  |  |   |

Incorporation into the medium-term management plan

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

## Policies and Key Themes

|  |   |   |
|--|---|---|
| <p><b>Key policy 1</b><br/>Further strengthen the business foundation</p>  | <p><b>Key policy 2</b><br/>Set sustainability as a source of value</p>  | <p><b>Key policy 3</b><br/>Enable Yamaha colleagues to be more valued, more engaged, and more committed</p>   |
| <p>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.</p> | <p>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.</p> | <p>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.</p> |
| <p><b>Key Themes</b></p>   | <p><b>Key Themes</b></p>  | <p><b>Key Themes</b></p>  |
| <p>(1) Develop closer ties with customers</p>  | <p><b>Environment</b><br/>(1) Build a value chain that supports the future of the earth and society</p>   | <p>(1) Increase job satisfaction</p>  |
| <p>(2) Create new value</p>  | <p><b>Society</b><br/>(2) Enhance brand power and competitiveness by contributing to comfortable lives</p>  | <p>(2) Promote respect for human rights and DE&amp;I</p>  |
| <p>(3) Be more flexible and resilient</p>  | <p><b>Culture</b><br/>(3) Expand market through the promotion and development of music culture</p>  | <p>(3) Foster open organizational culture where people can proactively take on challenges</p>   |

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

# MECHANISM FOR CREATING VALUE

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

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

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

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

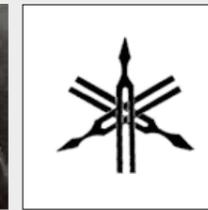
Based on the key theme of develop closer ties with customers, for example, we are deploying sales and brand strategies targeting improvements to lifetime value. The advancement of these strategies is fueled by Yamaha's position as the holders of the No. 1 share in the global market for musical instruments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

\* Figures represent estimates by Yamaha Corporation.

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



Founder Torakusu Yamaha



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

Value Creation by Yamaha

## Birth of the Yamaha Brand



### 1897 Establishment of Nippon Gakki Co., Ltd.

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



## Creation of New Value by Merging Acoustics and Digital Technologies

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

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

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

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



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



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

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

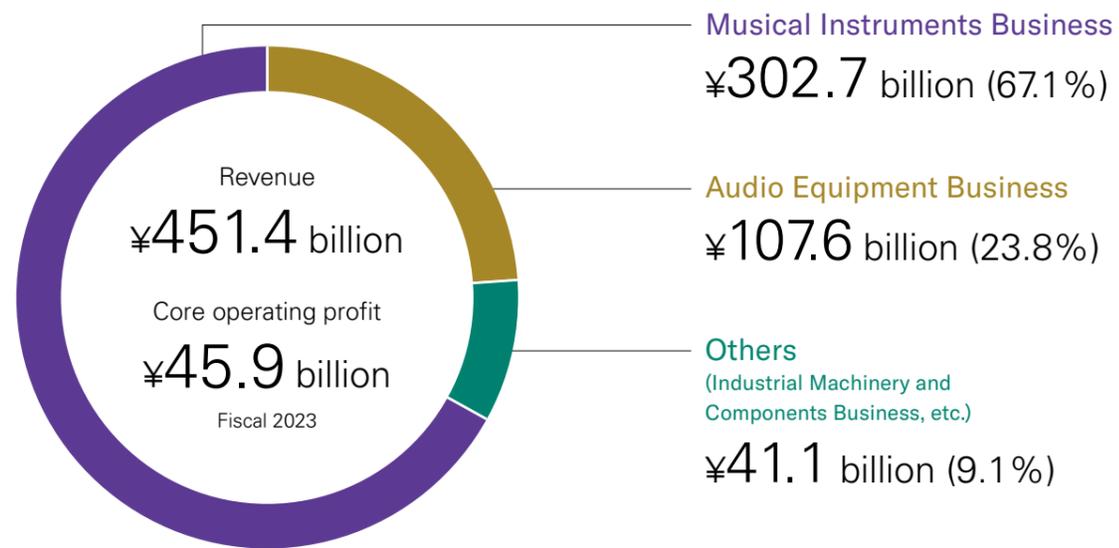
Yamaha undertook selection and concentration of its previously diversified businesses to focus more on its core business centered on sound and music. This move saw us reorganizing and consolidating domestic and overseas production and sales bases and acquiring overseas companies to restructure our core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



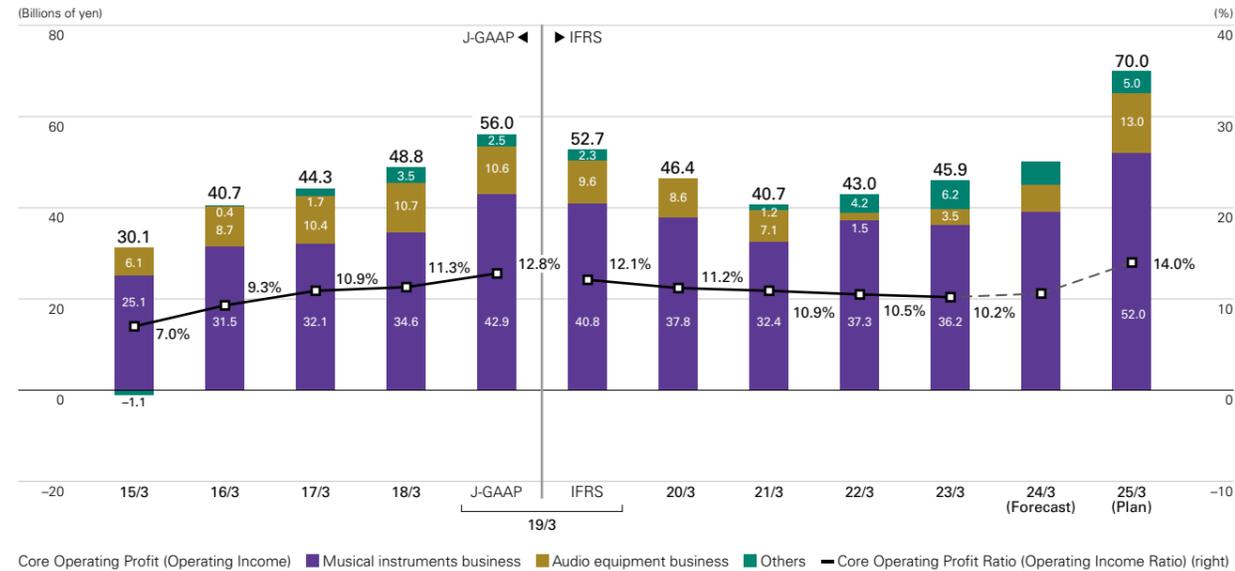
## Yamaha will support the “Well-Being of People around the World” through its business centered on sound and music.

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

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



### Audio Equipment Business

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

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



### Others (Industrial Machinery and Components Business, etc.)

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

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



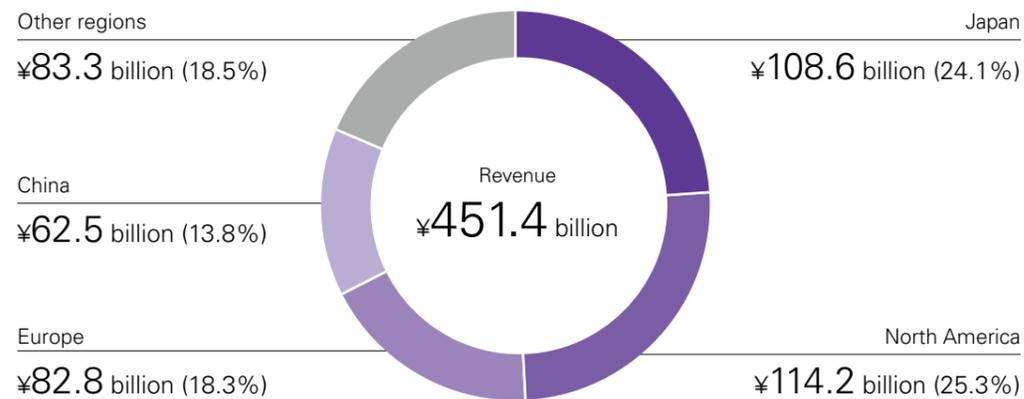


## YAMAHA'S NETWORK IS EXPANDING ACROSS THE GLOBE.

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

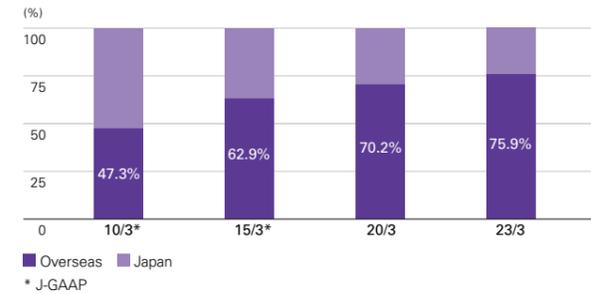
Today, our network encompasses more than 30 countries and regions, allowing us to grow by selling products and promoting music based on the needs of customers all over the globe. We have also set up production bases in growth markets, such as India and Indonesia, as part of our proactive exploration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

## Revenue Composition and Number of Employees by Region

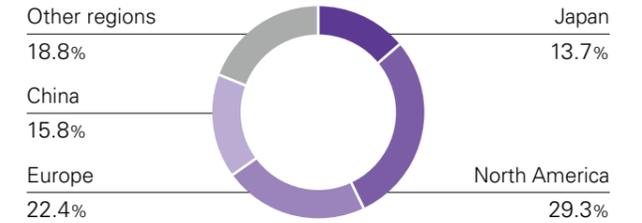


## Overseas Revenue Driving Growth

Ratio of Overseas Revenue (%)

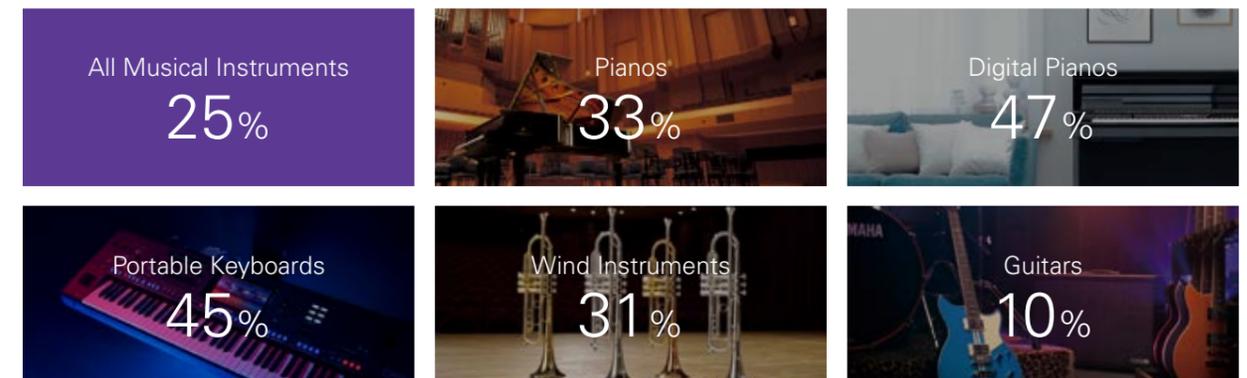


Distribution of Musical Instruments and Audio Equipment Hardware Product Sales by Region

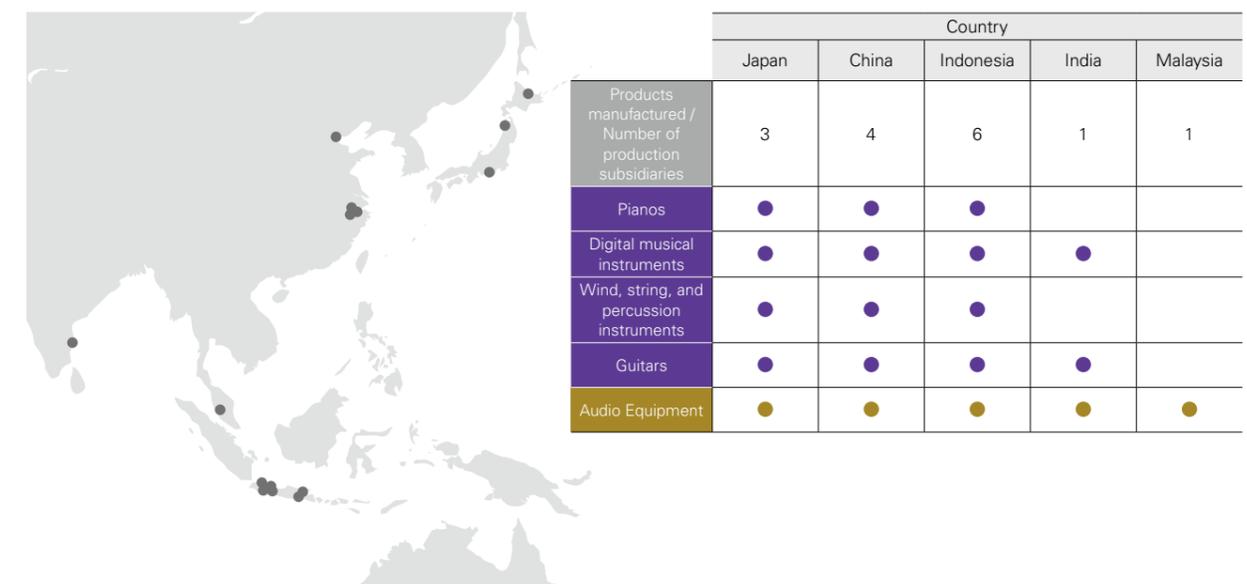


Note: Excludes revenue from music schools and other services

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



## Location of Yamaha Production Bases and Major Products Manufactured





# MANAGEMENT SECTION

## II. Management Strategy

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# MESSAGE FROM THE PRESIDENT

Getting back to the basics, namely, the pursuit of top-line revenue growth, we seek to grow while boldly creating new value that preemptively responds to major social and economic changes.



**Takuya Nakata**  
Director, President and  
Representative Executive Officer

## Earning Power Forged by Overcoming Operating Environment Changes

Fiscal 2023, the first year of the Make Waves 2.0 medium-term management plan, presented an operating environment that was more difficult to navigate than any we have faced previously. Yet even under these challenging conditions, Yamaha was able to display its earning power. This fact gives me confidence in our future growth.

Looking back at the operating environment over the previous fiscal year, we see society attempting to return to the lifestyles that were viewed as normal prior to the COVID-19 pandemic, though there were some regional disparities in this regard. At the same time, however, the environment was plagued with adversity, including Russia's military invasion of Ukraine, supply chain disruptions that stemmed from difficulties in procuring semiconductors, and global rises in commodity prices. In addition, the market in China, which was expected to relax pandemic-related activity restrictions around the same time as other countries and regions, was heavily impacted by the prolongation of its zero-COVID policy.

As a result, sales to the Chinese market in both the musical instruments business and the audio equipment business were down by about 20% in comparison to fiscal 2022.

We had braced ourselves for less-than-favorable figures in terms of revenue and profit as a result of such changes in the Chinese market, which should have been a strong driver behind the growth of our mainstay musical instruments business, and of rising material and other costs. Regardless, though, revenue was up 10.6% year on year, to ¥451.4 billion, and core operating profit rose 6.6%, to ¥45.9 billion. This impressive outcome can be attributed to success in raising product selling prices and strong sales in North America as well as in emerging markets other than China. Another factor was record-breaking performance in the industrial machinery and components business and the others business, which helped compensate for the decline in earnings in the musical instruments business.

## Value Creation Fueled by Passion, Will, and Drive to Overcome Challenges

Before we look at the progress of the medium-term management plan, I would like to take this opportunity to talk about how Yamaha creates value.

Yamaha's value creation activities cannot be separated from our quest to create social value. This is something that has not changed since the Company was founded in 1887. Our roots can be traced back to founder Torakusu Yamaha and his repairing a single broken organ. This is the start that would lead him to attempt and succeed in producing organs in Japan. At the time, Japan was in the process of installing the infrastructure required for it to become a modern nation, and part of these efforts was introducing music education into elementary schools. The government had planned to import organs to be used in schools for this purpose. Yamaha saw the business opportunity this presented. Producing organs in Japan that could be supplied at lower prices than imported organs, we achieved growth by placing organs in elementary schools across Japan. Today, instrumental music

education is commonplace at Japanese elementary schools. The role Yamaha played in cultivating this enriched music culture was in no means small. At the same time, we are keenly aware of how the passion, will, and drive to overcome challenges of our forebears, in their quest to provide children with musical instruments and spread the culture of enjoying music, drove the creation of value by Yamaha.

The passion, will, and drive to overcome challenges of our forebears has been passed down and consolidated in the form of Yamaha's enduring corporate philosophy of "Sharing Passion & Performance," which is shaped by our purpose of "Well-Being of People around the World." A core characteristic of Yamaha can be seen in how we practice management emphasizing our brand in accordance with our management vision of "Becoming an Indispensable, Brilliantly Individual Company: Boost brand power to become a highly profitable enterprise." To guide us in fulfilling this purpose and accomplishing this vision, we have defined material issues in the

three areas of business foundation, environment and society, and human resources. These issues are being incorporated into our business activities based on concrete key performance indicators (KPIs) to ensure that we can succeed in creating Yamaha value and social value from a medium- to long-term perspective.

A number of members from the younger generations that will shape the future were involved in the formulation of our material issues as we engaged in a process of ongoing discussion to chart a road map for creating value over the

medium to long term. The defined material issues provide a clear standard to be used by employees in making value judgments in their daily business activities. I also feel that these issues served to make employees more aware of the role they play personally in, for example, combating climate change and promoting respect for human rights. Furthermore, the definition of these priority issues has had a significant meaning in making it easier to explain our values to business partners and other external stakeholders to gain their understanding and practice co-creation.

### Stronger Operating Foundations and Greater Growth Potential

The medium-term management plan was formulated using a backcasting approach starting from our mission and management vision. Based on the main theme of enhance growth capability, the plan puts forth 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,” along with key themes based on these policies. I would now like to discuss the plan’s progress in fiscal 2023, its first year.

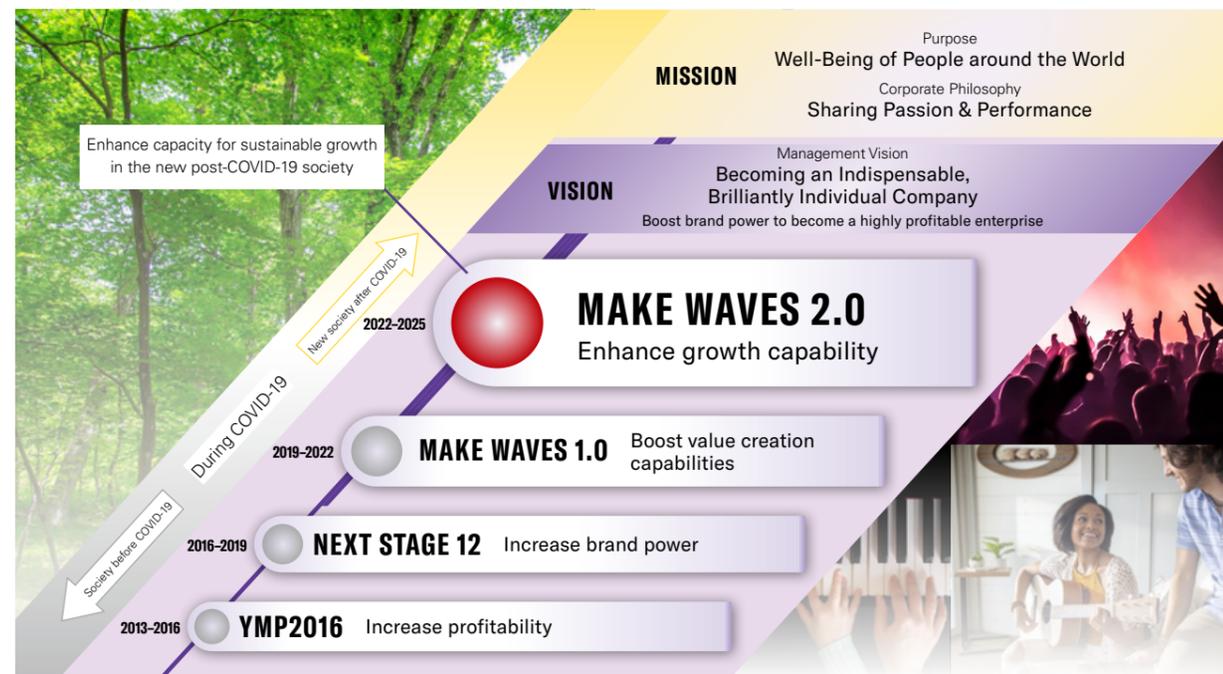
#### Key Policy 1: Further strengthen the business foundation

The themes under the policy of further strengthen the business foundation are (1) Develop closer ties with customers, (2) Create new value, and (3) Be more flexible and resilient.

The February 2023 acquisition of U.S. guitar manufacturer Cordoba Music Group, LLC, is an example of our initiatives based on theme (1). The guitar business has been positioned as a business to be fostered, which means we will be aggressively investing in this business to grow its scale and improve its profitability. Moreover, the addition of Cordoba Music Group to the Yamaha Group has bolstered our product lineup while also allowing us to strengthen our operating foundation by utilizing this company’s strengths in planning, product development, and brand communication.

This acquisition was conducted through Yamaha Guitar Group, Inc., a U.S subsidiary that is well-versed on the local market and is located in close physical proximity to Cordoba Music Group. Yamaha Guitar Group also spearheaded the post-merger integration process based on its past experience

### Medium-Term Management Plan Basic Policy



### 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 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 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) Develop closer ties with customers
- (2) Create new value
- (3) Be more flexible and resilient

**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 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

in this area. Specifically, Yamaha Guitar Group has the experience of leading the smooth completion of the post-merger integration process with regard to the 2018 acquisition of the globally recognized Ampeg brand for bass amps, and this experience has helped keep the process for Cordoba Music Group advancing on schedule.

In managing overseas Group companies, we plan to continue positioning individuals who are highly knowledgeable about the respective markets in management positions and empowering them to exercise autonomy whenever possible. Given this approach, I think that corporate governance should function as a catalyst for generating synergies behind the unifying role of the Japanese headquarters and the autonomous drive for expansion of the management of subsidiaries. Specifically, we should take appropriate steps to verify whether Group governance is functioning as intended and whether the internal regulations necessary for this functionality are being effectively implemented, and frameworks should be flexibly revised as needed to accomplish these objectives.

We are also expanding our business domain as part of our efforts under theme (1). For example, we are accelerating the growth of the automotive sound system operations developed as part of the industrial machinery and components business. These operations entail the supply of surround sound systems and speakers for use in vehicles. The atmosphere within vehicles is not ideal from the perspective of acoustics. Yamaha, however, possesses insight into signal processing technologies and acoustics control that can be

used to overcome challenges faced in regard to in-vehicle environments. In-vehicle products developed utilizing Yamaha’s distinctive strengths have earned high praise, and six Chinese and other automobile manufacturers had adopted these products for use in their vehicles as of fiscal 2023. In these operations, we seek to go beyond simply producing and supplying components to create high-quality audio systems that match the vehicle concept shaped by the manufacturer’s values. Through this approach, we aspire to earn a position as a partner working together with automobile manufacturers.

As for theme (2), we are enhancing Yamaha Music Connect, a service that truly exemplifies this theme. Based on our Yamaha Music ID customer data platform, Yamaha Music Connect is a service that supplies individual users with the apps and content that best match them. There is a lot of competition in the field of online music services as a diverse range of offerings are already available from a variety of providers. However, there still has yet to emerge a service that can be a clear market leader. Yamaha is bolstering the range of functions offered through its service with the goal of supplying functions that can be enjoyed with ease by users ranging from beginners to experienced musicians. This will include accommodating a wide range of needs, including those of individuals wanting to play with their colleagues in remote environments, people wanting to receive online lessons without having to worry about time, and musicians looking for a simple way to share their performances.

The development of this service is being led by the Music Connect Department, a new organization placed under my direct jurisdiction, to guide the formulation of unprecedented new business schemes, including those for collaboration with start-ups, and to thereby create new value through open innovation.

For Yamaha Music ID, our service platform for forging broader, deeper, and longer ties with customers, we have set the target of issuing five million IDs by fiscal 2025. In fiscal 2023, we reached nearly half of this amount with 2.4 million registered IDs, a number indicating the high interest in this service among customers.

Theme (3) relates to raising the resilience of our supply chains, and will thus be an ongoing focus in the future. Our previous approach toward supply chains entailed placing efficiency as our top priority. This led us to emphasize minimizing inventories of components and works in progress. However, the supply chain disruptions seen over the past two years have made it clear that a supply chain focused purely on efficiency will require a substantial amount of time to recover when disrupted by extreme circumstances. It is for this reason that it is so important for us to reassess our supply chain based on the assumption that unpredictability will be a constant in the operating environment. With this perspective, we must examine what exactly constitutes the ideal supply chains for Yamaha and how supply chains should be matched to the coming times. We must not be hasty in this process. Rather, we must take the time to carefully discuss these matters and build the best possible supply chains.

**Key Policy 2: Set sustainability as a source of value**

For the policy of set sustainability as a source of value, we have defined the themes of (1) Build a value chain that supports the future of the earth and society, (2) Enhance brand

power and competitiveness by contributing to comfortable lives, and (3) Expand market through the promotion and development of music culture. These three themes relate to the environment, society, and culture, respectively.

Theme (3), in particular, is a uniquely Yamaha initiative. Based on this theme, the medium-term management plan sets the non-financial target of offering instrumental music performance experiences to an aggregate total of 2.3 million students in 10 countries through the School Project, our program for supporting the introduction of instrumental music education in public schools centered on emerging countries. The demand for the project in emerging countries has proven to be even greater than we had anticipated, and in fiscal 2023, the first year of the plan, the School Project had already offered instrumental music performance experiences to an aggregate total of 2.0 million students in seven countries. This success is even more satisfying given our aspiration to spread the efforts of forebears at our founding to popularize music in Japan to the rest of the world and to help children experience the joy of music and instrumental music performance.

Meanwhile, we are working to reduce our environmental impact in accordance with theme (1). Two non-financial targets have been set with this regard, one for increasing the rate of sustainably sourced timber use and the other reducing CO<sub>2</sub> emissions by conserving energy. In regard to sustainably sourced timber, the reductions in demand for certain products seen amid the pandemic lowered the amount of timber used from certified sources on a volume basis. Nonetheless, we continue to make steady progress in efforts to increase our use of timber from sources newly certified under Yamaha's standards. Similarly, progress was slower than anticipated with regard to efforts to reduce CO<sub>2</sub> emissions by conserving energy. This outcome was a result of lower electricity efficiency following massive changes in the utilization rates of factories. At the same time, we are introducing electricity monitoring systems and moving forward with other new energy conservation measures. Accordingly, we anticipate that reductions in emissions, and consequently progress toward our target, will be seen going forward as our supply chains return to normal. Other initiatives based on theme (2) include human rights due diligence activities across our supply chains as well as the development of the Daredemo Piano (Auto-Accompanied Piano) employing universal design principles to make instrumental music performance something that is accessible to everyone.

The policy of set sustainability as a source of value was formulated to send a clear message, both inside and outside of the Company, about how we are continuing to exercise the aforementioned passion, will, and drive to overcome challenges of our forebears toward creating value for society and how we are placing sustainability at the heart of our management. This key policy also embodies my desire to, and the need to, change how we work by encouraging shifts in thinking. If we only attempt to address the risk of our difficulties procuring the timber we normally use when these risks arise, we will always be playing catch-up to the issues. It is therefore important for us to get ahead of major changes to social



and economic frameworks, such as the move toward carbon neutrality, and to position sustainability as a core aspect of our products and services. I am confident that this will allow us to create unprecedented new value and thereby secure an even more significant competitive edge. In this manner, the reasoning behind including the policy of set sustainability as a source of value in the medium-term management plan is that we want employees to become aware of this potential of sustainability now so that they can boldly transform how they work accordingly.

Looking ahead, we recognize that it will be more important than ever for Yamaha to communicate to customers the social value of our sustainability-oriented products and production processes as well as of initiatives such as the School Project. Of course, we have long viewed sustainability and quality

assurance as priorities. However, the meaningfulness of our initiatives in relation to these priorities and their results had not been effectively communicated to customers and society. When we do tell external stakeholders about our initiatives, they often ask why we are not more active in broadcasting this information. I believe that this increase in opportunities for us to be reminded of the importance of changing how we communicate, to earn a better appraisal from customers of the value of the contributions to sustainability made by our products and services, is indicative of a shift in the expectations of stakeholders.

**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, which pertains to human capital management, 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.

Themes (1) and (3) are shaping initiatives for supporting autonomous career development and improving our workplace environment. Human resource development and corporate culture reforms are not areas where significant progress can be made on a single-year basis. Nevertheless, we will remain dedicated in our efforts to energize our organization while verifying the feedback received through employee engagement surveys.

For theme (2), one area of our efforts is the empowerment of female employees. An indicator for these efforts is the percentage of female managers, for which we target a global ratio of 19% during the period of the medium-term management plan. In fiscal 2023, we witnessed an increase of 0.8 percentage point year on year, to 17.3%. This noteworthy improvement demonstrates the results of our steady initiatives on this front.



SYNCROOM online remote ensemble performance service



Distance Viewing next-generation live viewing service



School supported by School Project in India



Timber procurement initiatives in Tanzania

Yamaha may have its headquarters in Japan, but less than 30% of our consolidated employee base is comprised of Japanese nationals. In this manner, the Yamaha Group's employee base incorporates a multitude of nationalities. It goes without saying that, if we are to draw out the true meaning of diversity, it will require us to promote inclusion to ensure that our differing values are respected and

incorporated into decisions at various levels. To this end, we are periodically revising our frameworks for positioning and evaluating employees for career development and other purposes, delegating authority, and making decisions to guarantee that we can better capitalize on the collective capabilities of employees around the world.

### Challenges in the Second Year of Make Waves 2.0

To be frank, we may have achieved increases in revenue and profit in fiscal 2023, the first year of the medium-term management plan, but these results were still not satisfactory. In fiscal 2024, the plan's second year, we will need to get back to the basics, namely, pursuing top-line revenue growth. Through this pursuit, we will seek to return to a growth track by increasing our customer numbers by means of the manufacture and sale of products that match market needs. The outlook for the market remains opaque. Nevertheless, we project recovery in markets such as China and Europe, which struggled in fiscal 2023, beginning in the second half of fiscal 2024, which should result in year-on-year increases in revenue and profit.

At the moment, inventories for certain products are rising, but there are other products for which the tight supply and demand balance has created a situation in which we are unable to deliver products to customers, and backlogs are growing. Accordingly, we seek to increase the resilience and flexibility of our supply chains while alleviating such inventory unbalances to ensure robust growth. Fortunately, I think that we have plenty of potential to take advantage of the high marginal profit ratio of existing businesses that represents a strength of Yamaha in order to grow core operating profit.

Looking at our business portfolio, the audio equipment business has been positioned as an area needing to be rebuilt given its low growth and low earnings. We are devoting our full effort to reinforcing the earnings foundations of this business. Specifically, the structure of this business was revised in April 2023 based on a market-oriented perspective to target consumer and business customers. Under the new structure in this business, a major focus for fiscal 2024 will be our ability to create products that win the favor of both consumer and business customers in order to take advantage of opportunities to expand our business domain. Through this process, we need to work to transform the audio equipment business into an area that produces high growth and high earnings in the future.

As for our regional approach, we will continue to target double-digit growth in emerging countries, particularly India and those in Southeast Asia. India, specifically, is a growth market that ranks right after China in terms of growth potential. In this country, we set up a new factory in 2019, and smooth increases are being seen in production levels at this factory. Elsewhere, we established a sales subsidiary in the Philippines in April 2023. This subsidiary will act as the main proponent for our business in the Philippines, which is expected to accelerate the speed of revenue growth in this country.



### Governance and Corporate Committees for Improving Brand Value

Yamaha is constantly strengthening its corporate governance systems. As a recent change to our governance system, we appointed Naho Ebata to fill the position made vacant by the resignation of Taku Fukui, who has served as an outside director at Yamaha since 2017. I would like to thank Mr. Fukui on behalf of the entire Board of Directors for the contributions he has made over the years. I also want to welcome Ms. Ebata, who is a lawyer with specialized expertise pertaining to intellectual property management. Together with Ms. Ebata, I hope to further build upon discussions at meetings of the Board of Directors. The addition of Ms. Ebata brings the number of women among our eight directors to two, making for an even more diverse Board membership. We also made progress in improving the effectiveness of our corporate governance systems by appointing outside directors to chair the Nominating Committee and the Compensation Committee in fiscal 2024.

In terms of the executive team, the more the scale of our business grows, the more cases there will be in which it is not rational for me, as president, to remain fully up-to-date on everything as I make decisions. This means that we will need frameworks in which I can gain advice based on the

ideas and opinions of others. This is why we have established the Managing Council and a number of committees related to specific themes requiring ongoing, Companywide discussion as advisory bodies to myself. The Risk Management Committee, the Sustainability Committee, the Brand Strategy Committee, the Human Resources Development Committee, and other committees discuss policies and measures related to their respective themes and report to me on these matters while also monitoring the progress of Companywide measures in their specific areas.

Our brand strategy is one area overseen by these committees, and this is an area where you can really see the unique characteristics of Yamaha's management. Brand value is not merely the result of end products and logo marks, it is something that we need to build through a perspective that looks at all steps of the value chain, spanning from development to sales. Based on this recognition, we do not limit ourselves to discussions by the Brand Strategy Committee; the Company also arranges joint brand committee meetings with Yamaha Motor Co., Ltd., with which we share the Yamaha brand, so that we can coordinate and pursue synergies for creating new value for the Yamaha brand.

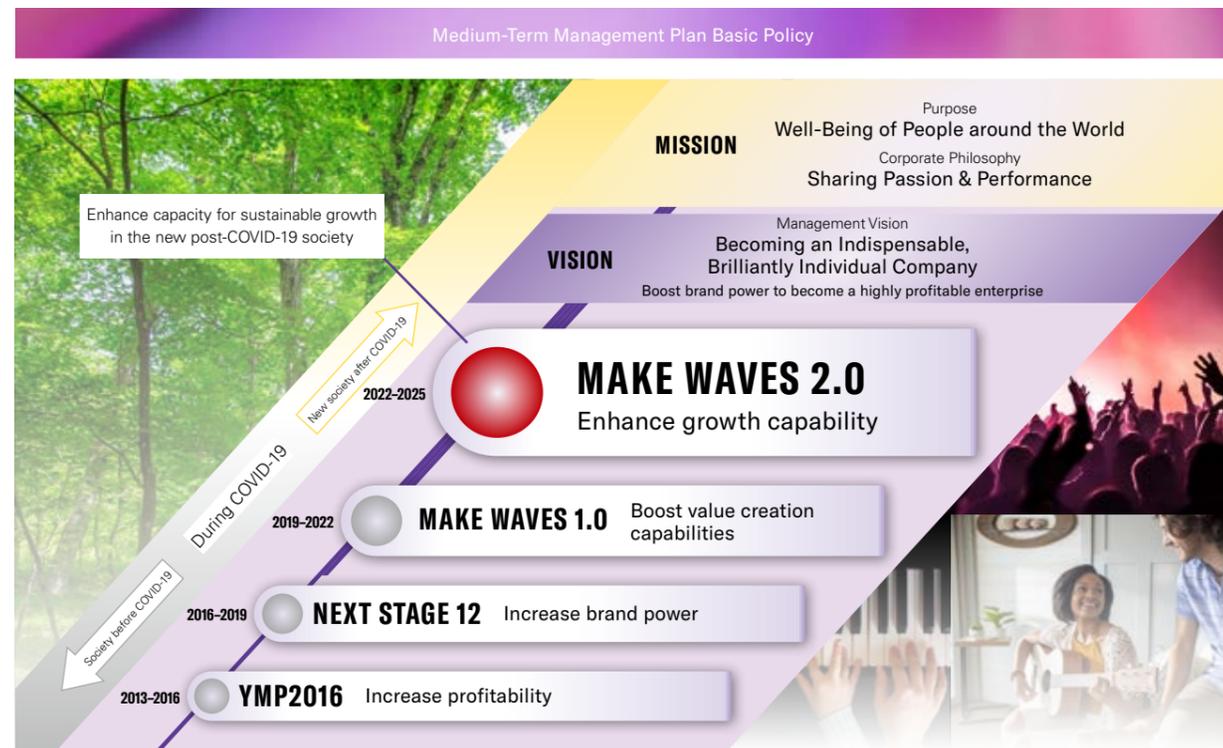
### Bold Risk Taking for Improving Corporate Value

Yamaha has no peers anywhere in the world that share its scale and business model as a comprehensive musical instruments manufacturer. As such, there are no external standards that we can benchmark against, which means the only way to verify the appropriateness of targets and strategies is through ongoing introspection. In this process, I think it is important that we avoid becoming overly conservative, rather being bold in taking risks while accelerating the speed of execution and decision-making. Based on this belief, we will continue to hone our risk management capabilities while identifying the risks to be taken. In this manner, Yamaha is committed to growing and constantly improving its corporate value through preemptive response to major social and economic changes.

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

September 2023

Takuya Nakata  
Director, President and Representative Executive Officer



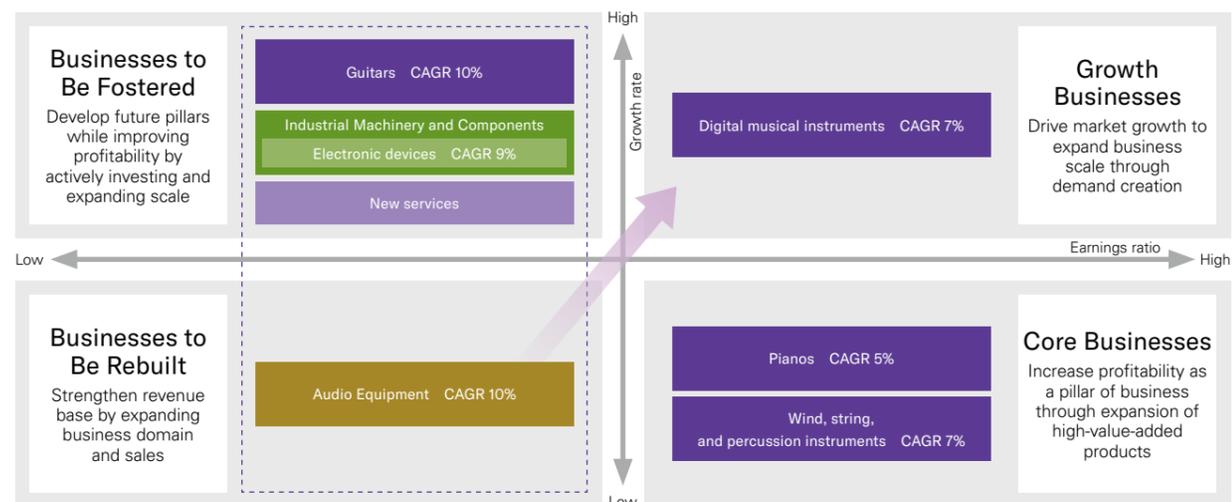
The Make Waves 2.0 medium-term management plan covers a three-year period during which we will be pressed to enhance our sustainable growth capability in the new post-COVID-19 society, which has undergone significant change, by advancing various measures for the improvement of corporate value.

This plan defines a number of priority themes for enacting the three key policies formulated based on the material issues defined as core management issues for the Yamaha Group.

For more details, please refer to pages 8-9.

**Business Portfolio and Direction**

Under the 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.



Actively seek M&As and other opportunities  
 Work on external alliances to accelerate business growth

CAGR: Average annual growth rate over the three years of the medium-term management plan

**Management Targets (Non-Financial and Financial Targets) and Results in the First Year of the Medium-Term Management Plan (Fiscal 2023)**

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 financial targets are meant to guide initiatives for accomplishing Yamaha's goal of supporting the "Well-Being of People around the World." For this purpose, Make Waves 2.0 puts forth four financial targets aimed at enhancing both growth potential and profitability.

**Non-Financial Targets**

|   |  |  |   |
|---|--|--|---|
| Further strengthen the business foundation                                  | Indicators to connect more with customers  | New value creation indicators  | Resilience indicators   |
|   | Yamaha Music ID registrations<br>First-year result: 2.4 million<br>Target: 5.0 million   | Number of new concept products introduced<br>First-year result: 2<br>Target: 20  | Investment in production infrastructure<br>First-year result: ¥5.4 billion<br>Target: ¥35 billion   |
| Set sustainability as a source of value                                     | Music culture promotion indicators   | Environmental impact reduction indicators  |   |
|   | Support for instrumental music education<br>First-year result: Aggregate total of 2.0 million students in seven countries<br>Target: Aggregate total of 2.3 million students in 10 countries | Sustainably sourced timber<br>Target: 75%<br>Decrease in volume of previously used certified timber, but increase in use of new certified timber | CO <sub>2</sub> emissions (CO <sub>2</sub> emissions / production volume) Target: 5%<br>Decrease in electricity efficiency amid the COVID-19 pandemic, but introduction of electricity monitoring systems and other energy conservation measures underway |
| Enable Yamaha employees to be more valued, more engaged, and more committed | Indicators for job satisfaction  | Gender equity indicators   | Indicators for workplace comfort  |
|   | Employee engagement survey<br>Positive response rate for job satisfaction<br>Continuous improvements<br>Progress in developing frameworks and systems  | Percentage of female managers<br>First-year result: 17.3% (global)<br>Target: 19% (global)   | Employee engagement survey<br>Positive response rate for workplace environment<br>Continuous improvements<br>Inclusion in the Health & Productivity Stock Selection for two consecutive years, workplace environment reform measures underway             |
|   |  |  |   |

**Financial Targets**

|  |   |  |  |   |  |
|--|---|--|--|---|--|
| Financial Indicators Achieving both growth and profitability | Revenue growth:   | 20%  | Operating cash flows<br>¥170 billion (For 3 years) | Investments and shareholder returns<br>¥170 billion (For 3 years) |  |
|  | Core operating profit ratio:  | 14%  |  |   |  |
|  | ROE:  | 10% or more<br>(Cost of shareholders' equity*: 7.8%) |  |   |  |
|  | ROIC*2:   | 10% or more<br>(WACC*: 7.6%)                         |  |   |  |
| Investment and shareholder returns                           | Well-balanced allocation of investments in growth and returns to shareholders | Total return ratio:                                  | 50% over three years                               | Net income<br>¥130 billion  |  |
|  |   |  | Depreciation<br>¥40 billion                        | Regular investments<br>¥40 billion                                | Same level as depreciation   |
|  |   |  |  | Strategic investments<br>¥65 billion                              | Expansion of production facilities and equipment<br>Workstyle innovation (office reorganization)<br>Sustainability |
|  |   |  |  | Shareholder returns and dividends<br>¥65 billion                  | New businesses<br>Marketing and R&D M&As, etc.   |

\*1 As of March 31, 2022

\*2 ROIC = Core operating profit after income taxes / (Equity attributable to owners of parent + Interest-bearing debt)

|                     | Revenue growth | Core operating profit ratio | ROE         | ROIC        |
|---------------------|----------------|-----------------------------|-------------|-------------|
| Fiscal 2023 results | 10.6%          | 10.2%                       | 8.8%        | 7.8%        |
| Fiscal 2025 targets | 20%            | 14%                         | 10% or more | 10% or more |

Progress in the First Year of Make Waves 2.0 (Fiscal 2023)

In fiscal 2023, progress toward the non-financial targets of the medium-term management plan surpassed expectations. The number of Yamaha Music ID registrations showed a sharp increase, reaching 2.4 million, nearly half the plan's target. In addition, we were able to offer instrumental music performance experiences to an aggregate total of 2.0 million students in seven countries through the instrumental music support activities Yamaha is advancing centered on emerging countries. Meanwhile, steady improvements were seen in the ratio of female managers as a result of measures to facilitate the development of female leaders. As for financial targets, we failed to reach our full-year targets. This outcome was largely due to lower demand for entry-level models and the disruptions caused by China's zero-COVID policy.

Nonetheless, we did succeed in achieving year-on-year increases in revenue and profit as the benefits of favorable foreign exchange rates and increases to product selling prices helped offset the higher costs associated with materials and other factors. In the musical instruments business, sales of pianos struggled in China, but strong performance continued in other emerging countries. Supply levels are returning to normal in the audio equipment business as the difficulties in securing semiconductors have been alleviated. The industrial machinery and components business experienced growth as a result of Yamaha's automotive sound systems being adopted for use in additional automobile models.

Key Policy 1 Further Strengthen the Business Foundation

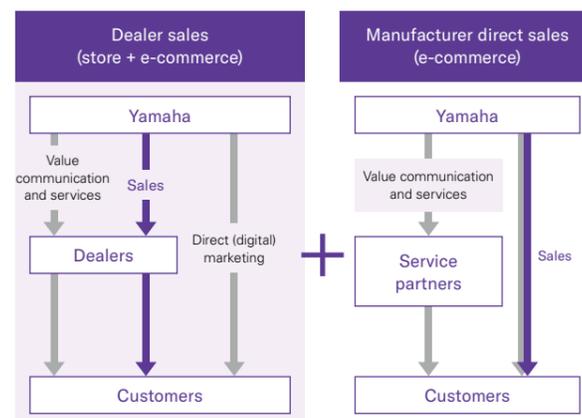
Develop Closer Ties with Customers

The Yamaha Group will adopt a hybrid approach toward soliciting its value that combines digital marketing with physical stores. 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

Yamaha aims to further increase its value communication capabilities by enhancing its 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. In fiscal 2023, direct marketing was used to solicit our value directly to customers while direct sales were promoted using e-commerce.



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.

For more information on initiatives in fiscal 2023, please refer to "Branding" on page 60.



Customer Data Platform

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

We aim to forge stronger ties with customers in order to create services that contribute to each individual customer.

For more information on initiatives in fiscal 2023, please refer to "Branding" on page 60.



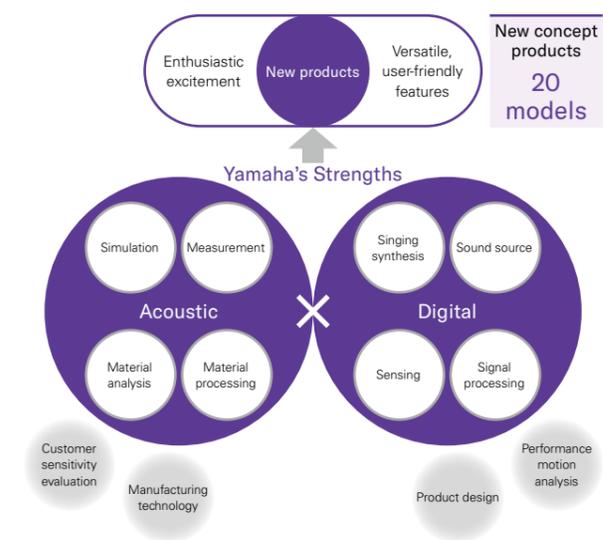
Create New Value

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 broader, deeper, and longer ties with customers.

Products

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

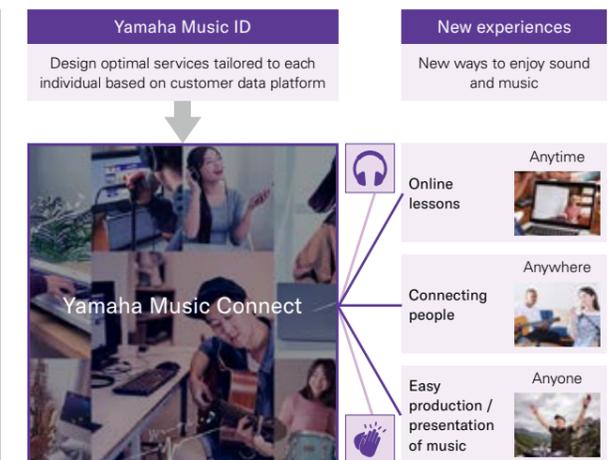
Yamaha creates unique products and services that other companies cannot mimic through the fusion of the various technologies that underpin its competitive edge. A particular area of focus will be launching products based on this and other new concepts. By releasing various new concept products, including products that allow anyone to enjoy sound and music anytime, anywhere, we will seek to generate new value. In fiscal 2023, we launched new concept products, such as ZG series gaming mixers that are ideal for gamers who use voice chat and for game streamers.



Services

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

Yamaha aims to improve lifetime value by forging broader, deeper, and longer 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 its Yamaha Music Connect platform to supply services that make life with music more enjoyable and to offer new experiences. In fiscal 2023, a dedicated internal organization was established with the purpose of formulating new service concepts and business models for enriching customers' music lifestyles.

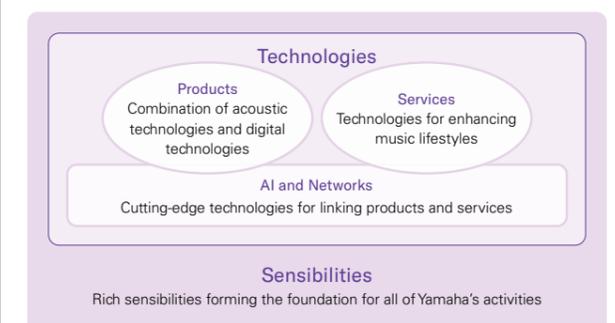


AI and Network Technologies Linking Products and Services

Creation of New Emotional Experiences with Advanced Technology Backed by 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. We seek to create new value through the development of both products and services backed by our core competencies related to sensibility value. At the same time, Yamaha is adopting a distinctive approach toward utilizing AI and network technologies based on sensibility value to link products and services and thereby create new experience value.

For more information on initiatives in fiscal 2023, please refer to "Research and Development" on page 76.



### □ 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 billion for investment in production infrastructure over the period of the 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.

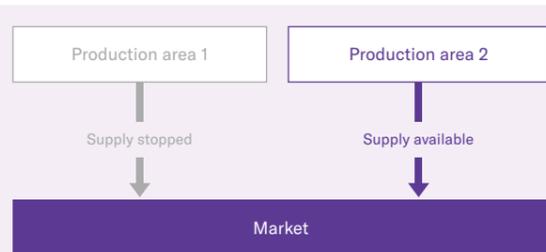
#### Manufacturing and Technology Development

##### 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 (QCDSSE) 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, Internet of Things (IoT), and sensor technologies. Meanwhile, the production capacities of factories in Indonesia and India are being augmented to accommodate growing demand. In fiscal 2023, there were slight delays in production infrastructure investment in part as a result of disruptions caused by China's zero-COVID policy.

For more information on initiatives in fiscal 2023, please refer to "Production" on page 78.

Investment in production infrastructure  
¥35 billion



Development of production systems in multiple areas to reduce impacts of halts to production in one area by supplying products from other areas

#### 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. Named YOKOHAMA SYMPHOSTAGE™, 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.



Rendering of YOKOHAMA SYMPHOSTAGE™

For more information on initiatives in fiscal 2023, please refer to "Branding" on page 60.

#### 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.

For more information on initiatives in fiscal 2023, please refer to "Digital Transformation" on page 58.

#### Key Policy 2

#### Set Sustainability as a Source of Value

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

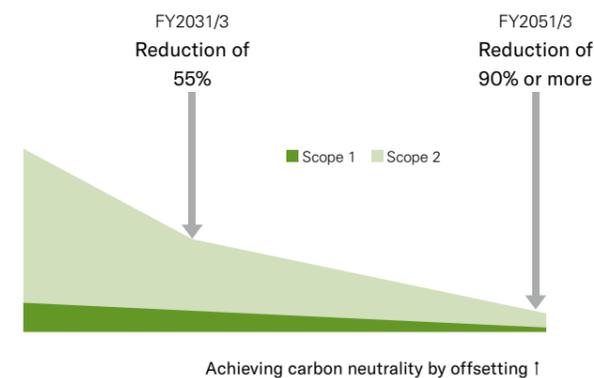
The Yamaha Group is cutting CO<sub>2</sub> emissions from its business activities with the goal of achieving carbon neutrality by 2050. At the same time, we are promoting the sustainable use of timber through the preservation of scarce timber resources and research on alternative timber sources. Other 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 CO<sub>2</sub> emissions from office energy use by conserving energy and shifting toward renewable energy. We thereby aim to reduce CO<sub>2</sub> emissions by 5% through energy conservation (CO<sub>2</sub> emissions ÷ Production volume) in comparison to fiscal 2018. Another focus is reducing the energy consumption of products. Meanwhile, reductions to CO<sub>2</sub> emissions from procurement and logistics are being pursued through coordination with suppliers and measures for increasing logistics loading efficiency.

For more information on initiatives in fiscal 2023, please refer to pages 48–49.

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



- 5% reduction of CO<sub>2</sub> emissions by conserving energy  
Note: CO<sub>2</sub> emissions ÷ Production volume; compared with fiscal 2018
- Maintain inclusion on CDP Climate Change A List
- 5% improvement in logistics loading efficiency

#### Sustainably Use Timber

Yamaha is teaming up with government agencies and academic organizations to advance Tone Forest activities for promoting sustainable use of forest resources 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)

For more information on initiatives in fiscal 2023, please refer to pages 48–49.

Sustainable timber use

**Sustainably sourced timber 75%**

Note: Based on Company standard

Cultivation and conservation of three tree species\*

\* African blackwood, Sakhalin spruce, and Indian rosewood

#### 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.

For more information on initiatives in fiscal 2023, please refer to pages 48–49.

New compact products

**Elimination of plastic packaging materials**

**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. In fiscal 2023, Yamaha provided support for remote lessons between music universities and aspiring pianists while also growing sales for ceiling-mounted conferencing systems.



Remote lessons connecting instructors and students



Issue-free teleconferencing with sound and video technology

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

For more information on initiatives in fiscal 2023, please refer to "Human Rights" on page 54.

**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 medium-term management plan. In fiscal 2023, orders were received for a total of six new projects involving Yamaha's e-Call emergency reporting system.

For more information on initiatives in fiscal 2023, please refer to "Industrial Machinery and Components Business" on page 74.

**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 Musical-Instrument-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. Progress surpassed expectations in fiscal 2023, as we were able to offer

instrumental music performance experiences to an aggregate total of 2.0 million students in seven countries.

For more information on initiatives in fiscal 2023, please refer to "Sales" on page 80.



School Project activities in various countries



Applications that support various music performances and help manage practice



We support the Sustainable Development Goals

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

**Overseas music schools  
100,000+ 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. In fiscal 2023, efforts were devoted to fostering content creators with the goal of providing digital musical instruments and content that will allow for the performance of traditional music from local cultures.

\* 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™

**Key Policy 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 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.

For more information on initiatives in fiscal 2023, please refer to "Human Resources" on page 56.



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 resources 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. The ratio of female managers was 17.3% on a global basis in fiscal 2023, representing steady progress toward our target.

For more information on initiatives in fiscal 2023, please refer to "Human Resources" on page 56.



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.

For more information on initiatives in fiscal 2023, please refer to "Human Resources" on page 56.



Employee engagement survey  
Positive response rate for workplace environment  
**Continuous improvements**

SPECIAL FEATURE:  
INITIATIVES UNDER THE MAKE WAVES 2.0 MEDIUM-TERM MANAGEMENT PLAN

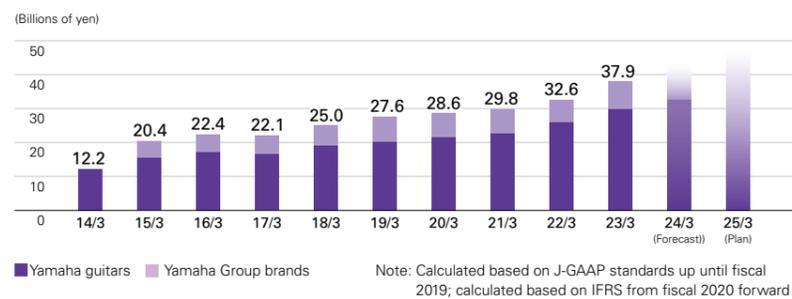
## The Next Stage for Yamaha's Guitar Business

The basic policy of the Make Waves 2.0 medium-term management plan is to enhance growth capability, and Yamaha's guitar business is a major driver behind such enhancements. In the business portfolio described by the plan, the guitar business has been positioned as a business to be fostered. Accordingly, we are directing aggressive investments toward this business with the goal of achieving a compound annual growth rate of 10% over the three-year period of the plan.

The guitar market is among the largest of the markets served by Yamaha's musical instrument business and is expected to continue to display annual growth rates of between 2% and 3% going forward. Mirroring this strong market growth, Yamaha's guitar business has seen overall revenue triple over the decade leading up to fiscal 2023. Over the same period, revenue from the guitar business in North America has grown fourfold. In China, guitar revenue has increased by eightfold thanks to the trust for the Yamaha brand we have built through the sale of pianos in this country. Meanwhile, the factory constructed in India in 2019 has allowed for the advancement of a local production and consumption strategy integrating sales and production that fits this country and is expected to contribute to a massive increase in revenue in fiscal 2024.

The future growth of our guitar business will hinge on our ability to bolster our product lineup and grow sales of mid-range and high-end products, which account for more than 50% of the market on a value basis. In this feature, we will report on the business division initiatives driving growth strategies based on the priority themes of the medium-term management plan; our exploits in the United States, the world's largest guitar market; and our efforts to procure the timber that is imperative to making these instruments.

### Revenue from the Guitar Business



### Key Strategies

- 1 Gain understanding of and inspire customers who are passionate about guitars by building upon the fundamental value of guitars
- 2 Achieve strong differentiation through amazing new value propositions supported by comprehensive capabilities not possessed by dedicated guitar manufacturers
- 3 Support customer success with solutions that incorporate service elements
- 4 Conduct branding activities aimed at earning customer trust to become the brand of choice for customers

### Fostering of Reputation as a Trusted Brand for Mid-Range and High-End Guitars

In April 2023, Yamaha unveiled the FG9, a new addition to its guitar lineup that has been a long time coming, at the NAMM Show, a world-leading musical instrument trade show held at the Anaheim Convention Center in the United States. This high-end acoustic guitar features a price tag of around U.S.\$4,000. The aim of the FG9 is to further increase the reputation for Yamaha products in the market and make Yamaha the brand of choice for mid-range and high-end models. Encapsulating this desire, the FG9 made waves among visitors. This strong reception has served to heighten the confidence of Seiji Abe, senior general manager of the Guitar Division, who had led the FG9 development project, with regard to the success of our growth strategies.

The Guitar Division seeks to create products that capture the hearts of users of mid-range and high-end models, who are keenly attuned to the fundamental qualities of musical instruments. Mr. Abe explains, "With entry-level models, consumers care most about basic performance, you know, how durable an instrument is or how consistent its sound is. When it comes to mid-range and high-end models, however, users come with an expectation of the type of sound they want to produce and thus pay the most attention to the 'voice' of the instrument. It is not uncommon for users in this segment to own multiple instruments. That is why, if we can deliver the type of voice they want, we can no doubt grow our

share while standing shoulder-to-shoulder with the U.S. brands that currently have an unrivaled position in the market for mid-range and high-end guitars."

The development project for the FG9 adopted an approach based on the user's perspective. Meetings were held with the target audience to pinpoint the type of sound they desired, based on which we employed scientific development methodologies, an area of strength for Yamaha, to design the ideal structure. The resulting prototypes were then tested by users to gain input to be reflected in subsequent prototypes. Mr. Abe recounts this cycle, "The voice of a guitar can be improved by trying different qualities of the wood, structures, and coatings. An earnest dedication to every step of the process is essential to winning the trust of users."

### Communication of Our Value to Users

When competing with rivals primarily active in the U.S. market, Yamaha's global sales network is an incredibly valuable tool.



FG9 on display at the NAMM Show in April 2023

We look to grow our market share by building upon the fundamental value of guitars to gain the trust of users of mid-range and high-end models.

### Seiji Abe

Senior General Manager of Guitar Division  
Musical Instruments Business Unit





Employees at U.S. factory of newly acquired Cordoba Music Group

### Synergies Generated by Combining Multiple Brands

Yamaha is currently pressed to strengthen its operations in the electric guitar market, which is essentially the same size as the acoustic guitar market. In addition to pursuing growth in sales volumes by expanding our lineup of mainstay Revstar and Pacifica series electric guitars, we will seek to encourage users to upgrade to mid-range and high-end models in a similar fashion as we are doing with acoustic guitars. To this end, we are differentiating ourselves from the competition with distinctively Yamaha sound and structure design.

Both electric guitars and basses require peripheral equipment to be performed. Yamaha Guitar Group, Inc., boasts a leading share in the market for peripheral equipment, which stands alongside acoustic guitars and electric guitars by accounting for roughly one-third of the sales in the overall guitar market. For example, its Line 6 brand has the No. 1 share of the market for U.S.\$500 and above multi-effectors while the Ampeg brand of bass amps holds the No. 2 share.

Highlighting the strength granted by inter-Group synergies, a member of Yamaha Guitar Group's product planning and development staff commented, "We are always looking at how we can take advantage of the strengths of other Yamaha brands, right from the planning phase. Discussions that go beyond the scope of a single brand often lead to global-scale joint development projects." A major driver behind growth in Yamaha's guitar business is joint strategizing and development collaboration between Group constituents in different countries and regions.

### Efforts to Strengthen Our Portfolio

Yamaha acquired Cordoba Music Group, LLC, in February 2023. This new addition to the Group is expected to be a powerful asset for complementing and strengthening Yamaha's product portfolio, particularly

with regard to classic guitars, an area where Yamaha has continued to struggle. Cordoba Music Group develops four brands, and the Cordoba brand, which shares its name with this company, boasts the No. 1 share in the U.S. market for classic guitars as well as a solid position in the ukulele market. Meanwhile, its long-standing Guild guitar brand shaped an era of guitars, and has strong support for users involved in the country music genre in the United States, a market that has been hard for foreign brands like Yamaha to penetrate. Incorporating these brands into Yamaha's lineup is anticipated to enable us to cater to the needs of a wider range of guitar players.

Moreover, the acquisition of Cordoba Music Group bolsters the portfolio of intangible assets that will be imperative to the ongoing growth of our guitar business by allowing us to obtain this company's development expertise and human capital. As Yamaha seeks to build upon the fundamental value of guitars, these intangible assets are expected to make substantial contributions to the improvement of the overall quality of our guitars and to the ongoing growth of our market presence.

In this manner, Yamaha succeeded in securing a highly promising production base in the United States through its acquisition of Cordoba Music Group. Mr. Abe explains the prospects for this company, "The 'made in the USA' label will certainly contribute to the improvement of

our brand image. In the future, we hope to use Cordoba Music Group as a production base to grow our guitar business while also examining the possibility of expanding our scale of production in the U.S. market."

### Reliable Procurement Vital to Stable Business Activities

"Sustainable timber procurement is vital to Yamaha from the perspective of long-term production," states Andi Lugito, leader of Yamaha's Procurement & Engineering Division. Timber is an essential part of musical instrument production at Yamaha and plays a critical role in shaping the "voice" of an instrument. This is even more true when it comes to guitars. Under Mr. Lugito's leadership, the procurement division is promoting the sustainable use of timber through the preservation of forest ecosystems as well as initiatives such as Tone Forest activities, which are meant to ensure we can maintain a reliable supply of timber suited to musical instrument production into the future.

Through Tone Forest activities, Yamaha seeks to establish a forest resource cycle of planting, cultivating, preserving, and utilizing the scarce timber resources that are used in musical instruments. The ultimate goal of these activities is to ensure that these resources can continue to be procured in a sustainable manner. It can take decades for a tree to grow to maturity. Accordingly, these activities cannot produce returns in the short term. Despite this long time frame, Yamaha remains motivated by its sense of commitment to its mission. Tone Forest leader Kazushi Nakai elaborates, "The timetables we deal with when it comes to ensuring the sustainable procurement of timber are extremely long and involve a large number of stakeholders. Sustainable procurement is not something Yamaha can achieve by itself. This is why we aim to play a



"We aim to play a leadership role in expanding our forest resource sustainability initiatives across society."

(From left) Jun Ushiyachi, Tateshi Kikuchi, Kazushi Nakai, Motoki Takata, and Andi Lugito

leadership role in expanding our forest resource sustainability initiatives across society." These activities have already resulted in Yamaha forming new relationships through joint research with NGOs, municipalities, and universities. These relationships expose us to new perspectives and approaches that would not have been found in conventional business activities, which have granted insights that can be used in future new value creation activities. For example, our efforts to preserve African blackwood (*Dalbergia melanoxylon*) in Tanzania led to new discoveries that prompted the development of techniques for effective use of cuts of scarce timber that would not have previously been used in musical instruments.

### Groupwide Efforts for Accomplishing Milestones of the Medium-Term Management Plan

Today, we face concern for the degradation of forests and ecosystems, which are indispensable to our society. Timber is a crucial part of Yamaha's business, and we therefore have an obligation to work toward the sustainable procurement of timber. In the past, Yamaha has sought to increase the rate of timber it uses that has

been certified as sustainable by third-party organizations in its efforts to utilize forest resources sustainably and to secure a reliable supply of timber. However, the volume of certified timber in distribution is incredibly low for certain species, and there have been issues with the inability to assess the sustainability of non-certified timber.

To address these issues, Yamaha teamed up with international environmental organization Preferred by Nature in May 2023 to formulate its own internal standards for assessing the sustainability of timber. We are thus now capable of determining, based on objective standards, whether the timber we procure is sustainable with consideration for both the environment and society, even when sourcing species for which distribution volumes of certified timber are low. Motoki Takata, who was involved in the process of formulating the standards, cites species for which there is no certified timber, despite these species being irreplaceable in musical instrument production, as one example of when these standards are used. Meanwhile, Tateshi Kikuchi, who is responsible for procuring timber for use in guitars, mentions human-grown timber produced in Southeast Asia, where half of our suppliers are located, and particularly in Indonesia, as another example of when

these standards are applicable. The ability to rigorously assess the sustainability of such timber is a major benefit of the new standards. These standards will be used to facilitate efforts toward accomplishing the medium-term management plan's non-financial target of a 75% rate of sustainably sourced timber use.

Yamaha's ability to properly assess the sustainability of timber in line with these new standards will depend on improving the skills of survey staff and securing the resources necessary to conduct surveys. These are areas that will require attention going forward. Procurement division member Jun Ushiyachi describes his commitment, "Our efforts will not only contribute to the preservation of forests and ecosystems but also to the improvement of corporate value. I want to make the meaningfulness of our efforts known, both inside and outside of Yamaha, so that we can have greater support as we work toward our goals."

### Ever-Shortening Road toward Becoming the World's No. 1 Guitar Brand

As we have illustrated, Yamaha is making bold steps on its ever-shortening road toward raising its brand value to become the world's No. 1 guitar brand. We are bolstering our lineup through product development focused on building upon the fundamental value of guitars and through the acquisition of new brands and insight. At the same time, we are securing supplies of high-quality timber that are both reliable and sustainable. Through these efforts, we aim to accommodate customer needs and deliver levels of value that exceed customer expectations and thereby achieve sustainable growth while accomplishing the targets of the medium-term management plan.



Forest survey in Tanzania



# CORPORATE STRATEGIES

## III. Corporate Strategies

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CORPORATE STRATEGIES

FINANCIAL STRATEGIES AND ENHANCEMENT OF MANAGEMENT FOUNDATIONS

**Satoshi Yamahata**  
 Director and Managing Executive Officer  
 Executive General Manager of Corporate Administration Unit  
 and General Manager of Corporate Planning Division

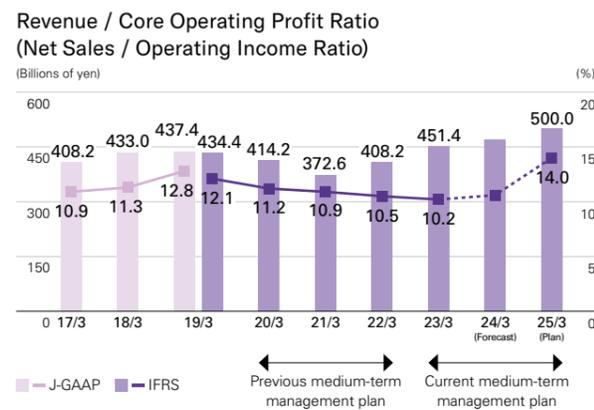


We are dedicated to ensuring a strong recovery in revenue in pursuit of our financial targets while also advancing sustainability initiatives and seeking to utilize intangible assets.

Review of Fiscal 2023

In fiscal 2023, the first year of our Make Waves 2.0 medium-term management plan, Yamaha faced a rapidly changing operating environment. Examples of this included the longer-than-anticipated implementation of China's zero-COVID policy as well as the spike in COVID-19 infections following the sudden discontinuation of this policy, difficulties procuring semiconductors stemming from supply chain disruptions, and the rapid global inflation trend that arose as a result of Russia's ongoing military invasion of Ukraine. These changes led to increases in various costs, including ocean freight charges and energy and procurement costs. Another outcome of this environment was more rapid declines in demand for entry-level digital piano and guitar models in the North American and European markets.

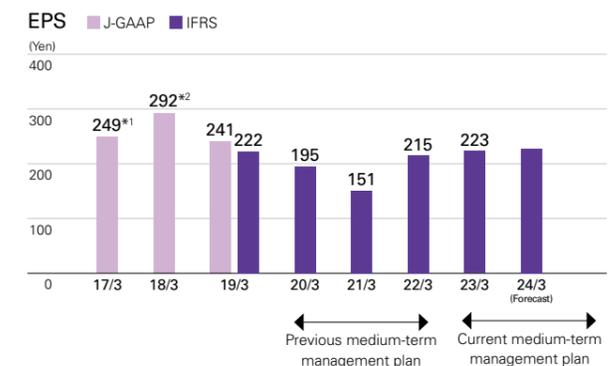
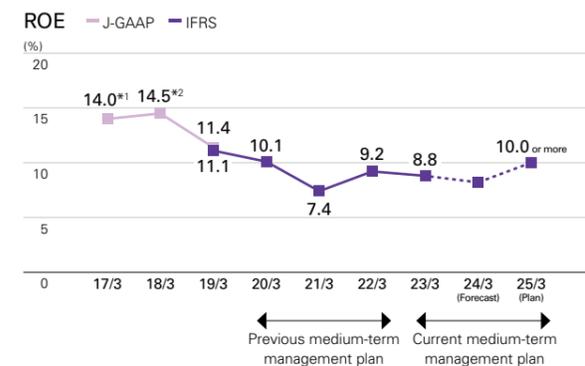
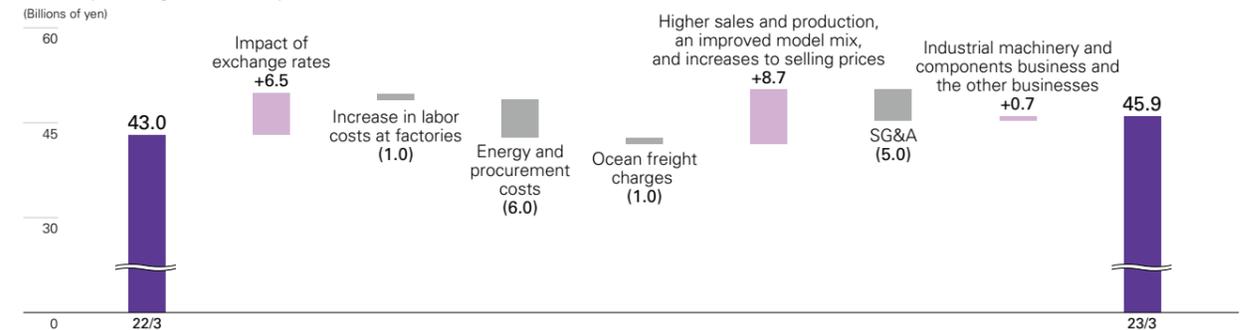
Seeking to overcome these challenges as well as demand volatility, we took steps to increase selling prices and improve model mixes. The benefits of these efforts, combined with the favorable foreign exchange rates brought about by yen depreciation, resulted in revenue in fiscal 2023 rising ¥43.2 billion year on year, to ¥451.4 billion, while core operating profit increased ¥2.8 billion, to ¥45.9 billion, and profit for the period attributable to owners of parent edged up ¥0.9 billion, to ¥38.2 billion. These figures led to a core operating profit ratio of 10.2%, return on equity (ROE) of 8.8%, and earnings per share (EPS) of ¥223. In this manner, I think we can pride



ourselves on the results we were able to achieve in such a challenging operating environment.

I would now like to discuss the reasons behind the increase in core operating profit in comparison with the previous fiscal year. There was a combined increase of ¥6.0 billion in energy and procurement costs while ocean freight charges and selling, general and administrative (SG&A) expenses rose by ¥1.0 billion and ¥5.0 billion, respectively. Meanwhile, the favorable foreign exchange rates created by yen depreciation buoyed core operating profit by ¥6.5 billion and the benefits of higher sales and production levels and increases to product selling prices pushed up profit by ¥8.7 billion, leading to the overall year-on-year increase in core operating profit.

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.

These outcomes highlight our success in addressing the need to increase selling prices that was left over from the previous fiscal year. This included increases in response to newly emerging cost increases.

Conversely, we are faced with a need to deplete the inventories that have built up as a result of sluggish conditions in the Chinese market as well as slumping demand for entry-level models. This is a particularly important task, especially from the perspective of healthy operating cash flows. Generally, inventories stand at roughly ¥100.0 billion. On March 31, 2023, however, the level of inventories surpassed ¥150.0 billion, a high figure even when considering the rise attributable to foreign exchange rates. The levels of inventories at dealers also rose over the previous fiscal year. We are working to deplete the excessive inventories by focusing our attention on sales and lowering production levels at factories with the aim of getting inventories back to appropriate levels as soon as is possible.

Management Targets and Progress

The medium-term management plan targets revenue growth of 20%, a core operating profit ratio of 14%, and ROE and

return on invested capital (ROIC) of 10% or more. In fiscal 2023, the first year of the plan, we sought to respond to a plethora of changes in the operating environment, including the sluggish conditions in the Chinese market and the slumping demand for entry-level models. As a result, the core operating profit ratio was 10.2% while ROE was 8.8%, as mentioned previously.

If we look at revenue in fiscal 2023 by region, we will see struggling performance in China, strong results in the mainstay musical instrument business in North America, and double-digit growth in emerging markets, when excluding Russia. Such disparity in performance by market is expected to continue going forward. Regardless, we anticipate recovery in all markets in fiscal 2024 as China seems to be coming out of the worst.

As for efforts to improve the core operating profit ratio, it will be important to grow revenue by taking advantage of the high marginal profit ratio of existing businesses that represents a strength of Yamaha. In addition, we will continue to pursue improvements through an approach combining selling price increases, cost reductions, and new value creation.

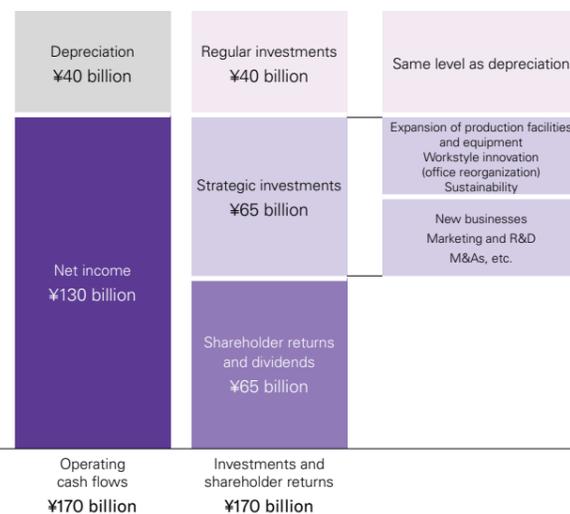
Meanwhile, improvements to ROE will be targeted by heightening profit margins and increasing capital efficiency through means such as shareholder returns.

### Strategic Investments and Shareholder Returns

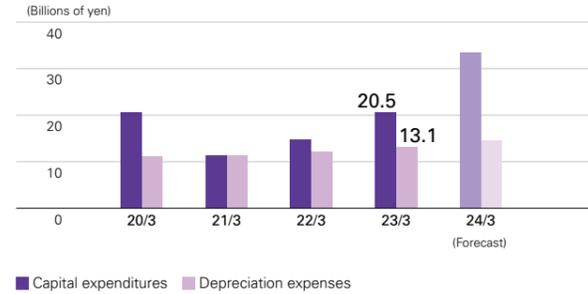
Of the aggregate total of ¥170.0 billion in operating cash flows projected to be generated over the three-year period of the medium-term management plan, Yamaha intends to allocate ¥40.0 billion to standard investments, ¥65.0 billion to strategic investments, and ¥65.0 billion to shareholder returns. Targets of strategic investments will include production facility augmentations, office reorganizations, research and development, new business creation, and M&A activities. One example of these strategic investments would be Cordoba Music Group, LLC, a U.S. guitar manufacturer acquired in February 2023. At the same time, we are moving forward with construction of a new office building in the Minatomirai area of Yokohama that will be used to house our sales, branding, and R&D functions in the Tokyo metropolitan area. Scheduled for completion in 2024, this building will contribute to the steady enhancement of operating and management foundations.

As for shareholder returns, our basic policy remains to issue steady and continuous dividends and flexibly carry out shareholder returns in an appropriate manner with the aim of improving capital efficiency, while also considering the need for balance with maintaining appropriate internal revenues for conducting future growth investments. Based on this policy, we will target a total return ratio of 50% for the three-year period of the medium-term management plan. Even during the challenging time created by the pandemic, we maintained our emphasis on steady and continuous dividends by refraining from lowering dividends, keeping the level of payments at ¥66 per share throughout the period spanning from fiscal 2020 to fiscal 2023. More than that, we look to raise dividend payments by ¥8, to ¥74 per share, in fiscal 2024. The Company also announced the acquisition of ¥15.0 billion worth of treasury stock in February 2023, and then carried out these acquisitions as one facet of its flexible approach toward shareholder returns.

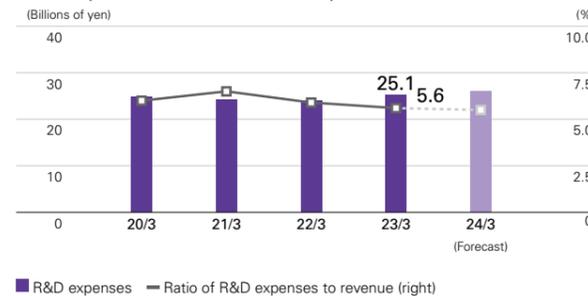
#### Three-Year Plan for Operating Cash Flows in the Make Waves 2.0 Medium-Term Management Plan



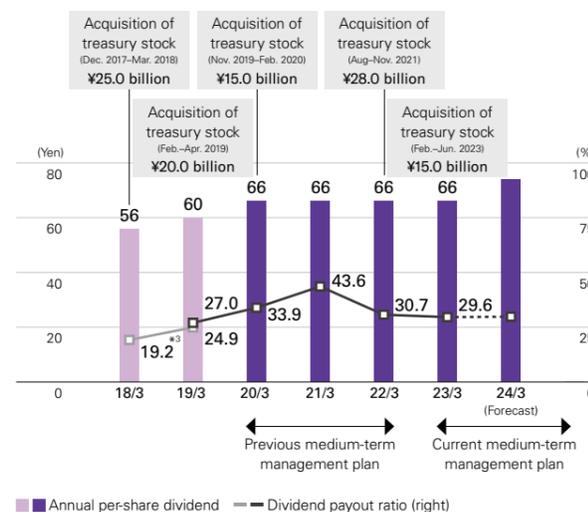
#### Capital Expenditures / Depreciation Expenses



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



#### Shareholder Returns



\*3 Including gain on sales of a portion of shares in Yamaha Motor Co., Ltd.

### Sustainability and Human Capital Management

The medium-term management plan defines three key policies for heightening Yamaha's capacity for ongoing growth—"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." Concrete targets have been set based on these policies, and these targets are being incorporated into business activities. Although prior plans have focused on business strategies, you will notice that Make Waves 2.0 devotes two of its three key policies to sustainability and human capital, which is indicative of the extent to which Yamaha is emphasizing sustainability and human capital management.

In regard to key policy of "set sustainability as a source of value," we have a number of working groups under the Sustainability Committee, specifically the Working Group for Climate Change, the Working Group for Resource Circulation, the Working Group for Procurement, the Working Group for Human Rights, DE&I, and the Working Group for Social and Cultural Contributions. These working groups are responsible for formulating plans for specific measures, encouraging business divisions to conduct their activities with emphasis on these measures, and monitoring the results of such efforts. This framework is beginning to function as hoped. In fact, social and cultural contribution activities progressed faster than initially expected in the first year of the medium-term management plan. One of the most noteworthy examples of these activities is our efforts to promote instrumental music education in emerging countries. Steady progress is being made in these and other activities, as can be verified by looking at indicators such as newly adopted sources of certified timber and the rising ratio of female managers. Progress faltered in regard to certain indicators, and negative progress was seen in relation to others, in fiscal 2023 as a result of the reduction to production efficiency that stemmed from market changes. Nonetheless, I am confident in our ability to make steady progress in our initiatives once the operating environment returns to normal.

In regard to the key policy of "enable Yamaha colleagues to be more valued, more engaged, and more committed," we once again conducted employee engagement surveys on a global basis. The results of our initiatives over the previous fiscal year are being verified as divisions and Group companies take various steps and implement a variety of initiatives in pursuit of improvements. Measures are also being advanced on a Companywide basis. For example, we are offering employees support for autonomous career development while expanding our range of systems and frameworks for facilitating diverse and flexible workstyles. Specific measures have included laying out clear standards permitting side jobs and launching an internal open application system to increase the fluidity of our human resource base.

Meanwhile, Yamaha is ramping up support for cultivating female leaders and has established rules for cross-border personnel assignments, thereby furnishing the foundations for mobilizing diverse human resources. Furthermore, strides have

been made in protecting the physical and mental health of our employees, the importance of which to management cannot be understated. We have maintained a regular health checkup rate of 100% for five consecutive years while the ratio of employees who smoke has dropped below 10%. These efforts have earned recognition, leading Yamaha to be included in the Health & Productivity Stock Selection for two consecutive years. In light of the anticipated rise in the fluidity of the workforce across society, we intend to continue striving to develop a workplace environment that will allow us to recruit, retain, and draw out the full potential of diverse human resources.

### Reinforcement of Management Foundations Supporting Ongoing Growth

Intangible assets are imperative to value creation at Yamaha. From the perspective of managing these assets, the aforementioned sustainability and human capital initiatives are incredibly important, as are intellectual properties. The Intellectual Property Division was recently transferred from our Technology Unit to our Corporate Administration Unit. This move will allow us to complement our traditional approach toward intellectual property, which emphasizes the practical aspects of managing patents, trademarks, and other rights, by adopting a more strategic approach toward intellectual properties that entails using these assets on a Companywide level as drivers of ongoing growth and innovation.

Risk management is also crucial to the foundations that support our ongoing growth. Yamaha has proceeded to enhance its risk management systems while incorporating the various business challenges we have faced over the past several years. At the moment, we are employing a framework for objectively assessing the Company's risk controls based on 32 risk categories, 119 subcategories, and 163 scenarios. Sometimes we may need to enact strategic investments that entail bold risk taking, and this will require us to be mindful of our ability to respond to risks that we may not have encountered before. This is something that will be considered as we continue to enhance the effectiveness of our risk management.

### In Closing

In the regular meetings I have with investors, I have noticed a substantial increase in questions about sustainability from a medium- to long-term perspective. This has made me cognizant of how the types of perspectives required of management are changing together with society. As we address the tasks placed immediately before us in order to accomplish the financial targets of the medium-term management plan, it will also be important for us to take a long-term perspective toward sustainability initiatives and the utilization of intangible assets in order to heighten Yamaha's capacity to continue growing.

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

To support the “Well-Being of People around the World,” the Yamaha Group is advancing initiatives for contributing to the realization of a sustainable society based on the Yamaha Group Sustainability Policy. The Group places sustainability at the heart of its management and business activities. We are therefore advancing initiatives based on material issues defined to guide efforts to contribute to social sustainability and medium- to long-term improvements to corporate value. These issues were shaped by the relationship between our business activities and the environment and society as well as by stakeholder expectations and social demands.

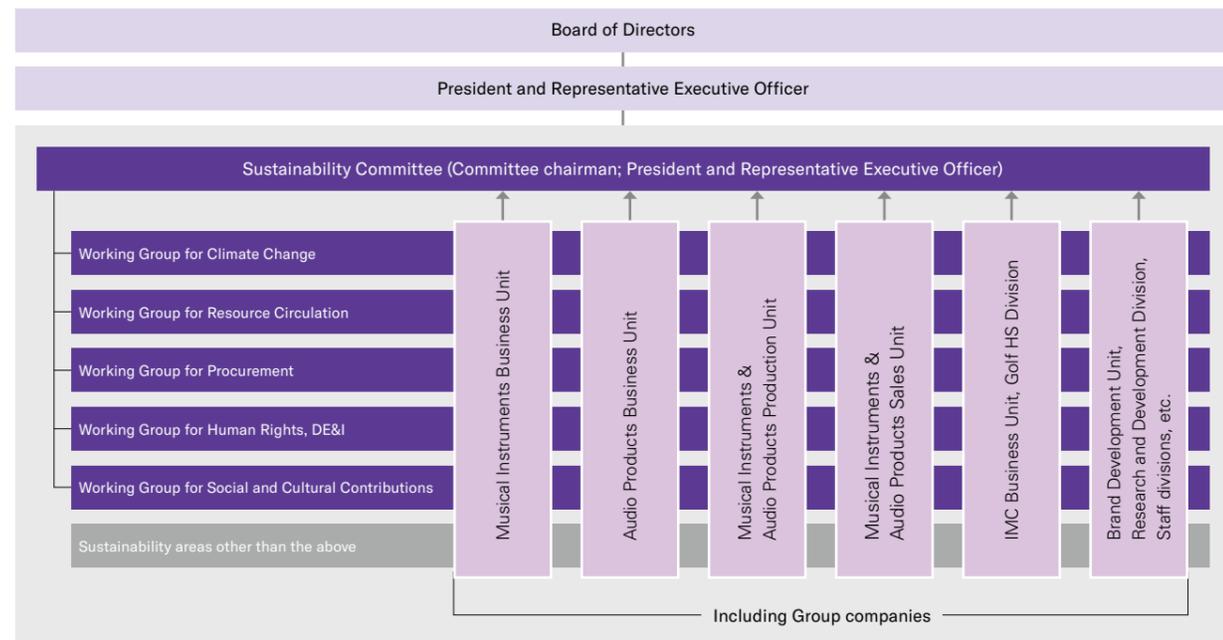
### Sustainability Promotion System

Under the supervision of the Board of Directors, Yamaha 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, and reporting to the president on 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. The working groups act on a cross-business basis by coordinating with the relevant divisions to advance activities based on the important Groupwide theme of their assigned area.

### Important Themes Assigned to Each Working Group

|   |  |
|---|--|
| Working Group for Climate Change                    | Decarbonization, disclosure based on Task Force on Climate-related Financial Disclosures (TCFD) recommendations, water risk response measures, etc.        |
| Working Group for Resource Circulation              | Circular value chains, eco-friendly product designs and packaging, etc.  |
| Working Group for Procurement                       | Timber due diligence, sustainable timber procurement, Tone Forest activities, supply chain human rights due diligence, response to conflict minerals, etc. |
| Working Group for Human Rights, DE&I                | Human rights due diligence; promotion of diversity, equity, and inclusion; etc.  |
| Working Group for Social and Cultural Contributions | Popularization of music, community outreach, etc.  |



### Fiscal 2023 Sustainability Committee Meetings

| Meetings | Major Agenda Items  |
|----------|---|
| 6 times  | <ul style="list-style-type: none"> <li>Review of sustainability initiatives under the previous medium-term management plan</li> <li>Progress and challenges of sustainability initiatives under the current medium-term management plan</li> <li>Disclosure based on TCFD recommendations</li> <li>Discussion session with an external expert (lecture, Q&amp;A session, and exchange of opinions regarding the challenges faced in Yamaha's sustainability initiatives)</li> </ul> |

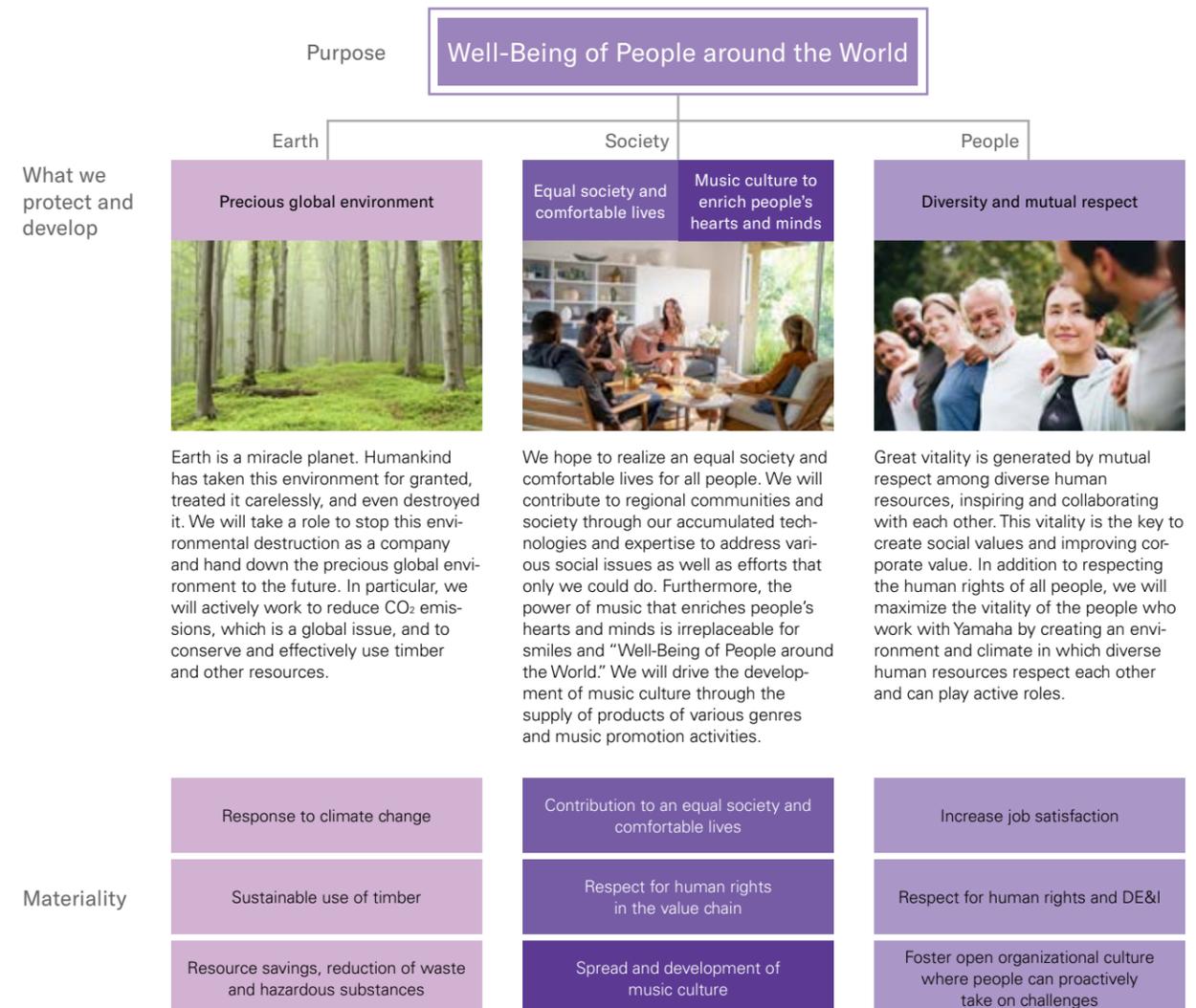
## Yamaha Group Sustainability Policy

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 reflects priority sustainability initiatives for contributing to social sustainability and medium- to long-term improvements to corporate value into its sustainability policies, and advances and manages activities on these policies. In fiscal 2022, we reassessed

our prior sustainability material issues to identify issues pertaining to the environment, society, and human resources and to align the sustainability material issues with the material issues used in overall management. Initiatives are currently underway based on the redefined issues.

**Material Issues**



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

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



**Major KPIs and Targets of Make Waves 2.0 (April 2022 to March 2025) and Progress in Fiscal 2023**

| Category   | Sustainability Issues   | KPIs and Targets for Fiscal 2025 (Make Waves 2.0 Medium-Term Management Plan)  | Progress in Fiscal 2023   | Evaluation  |
|--|---|--|---|---|
| Environment  | Response to climate change  | Reduce CO <sub>2</sub> emissions by 5% through energy conservation (CO <sub>2</sub> emissions/production volume, compared with fiscal 2018) <b>Management target</b>   | Promoted energy conservation measures including installation of electricity monitoring systems, regardless of reduction in electricity efficiency amid the COVID-19 pandemic                        | Fair  |
|  |   | Maintain inclusion on CDP Climate Change A List  | Received A- climate change rank from CDP  | Fair  |
|  |   | Improve logistics packing efficiency by 5%   | Established collective packing standards that included provisions concerning container packing rates  | Good  |
| Environment  | Sustainable use of timber   | Increase rate of sustainable timber use to 75% <b>Management target</b>  | Expanded certified timber use and examined potential in-house standards for sustainable timber  | Fair  |
|  |   | Cultivate and preserve three scarce tree species necessary for musical instrument production (Tone Forest activities)  | Planted 15,000 African blackwood in Tanzania and conducted Indian rosewood field survey in India  | Good  |
|  |   | Resource savings, reduction of waste and hazardous substances  | Developed systems for collecting information and determining specifications and eliminated plastic packaging from certain products  | Fair  |
| Society  | 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*   | Installed Listening Care function into all new wireless headphones and earphones  | Good  |
|  |   | Promote respect for human rights in the value chain  | Conduct on-site audits of suppliers (60 companies)  | Selected auditing institution to conduct on-site audits |
| Culture  | Spread and develop music culture  | 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 <b>Management target</b> | Provided instrumental music education opportunities to aggregate total of 2,025,000 children in seven countries through the School Project  | Excellent   |
|  |   | Increase number of students enrolled at overseas music school by 100,000   | Increased number of students enrolled at overseas music schools by 17,000, despite challenges in recruiting students and expanding locations due to impacts of the COVID-19 pandemic in China, etc. | Fair  |
| Human resources  | Increase job satisfaction   | Continue improving ratio of employees offering positive responses regarding motivation on employee engagement surveys <b>Management target</b>   | Moved forward with development of systems and frameworks  | Fair  |
|  |   | Double human resources investment  | Prepared for the introduction of a talent management system and formulated new education and learning systems   | Fair  |
|  | Promote respect for human rights and DE&I   | Achieve global ratio of female managers of 19% <b>Management target</b>  | Raised global ratio of female managers to 17.3% and administered unconscious bias training to 6,100 individuals   | Good  |
|  |   | Conduct cross-border positioning of 30 individuals   | Conducted cross-border positioning of two individuals and established Group International Mobility Specialized Rules  | Fair  |
| 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 <b>Management target</b> | Achieved inclusion in the Health & Productivity Stock Selection for second consecutive year and made progress in improving workplace environment   | Fair  |   |

Excellent: Exceeded plan Good: Proceeded as planned Fair: Measures progressed, but lagged behind plan

\* Excluding certain special models

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

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



**ENVIRONMENT**

The Yamaha Group recognizes the extreme importance of environmental issues. Accordingly, we have established the Yamaha Group Environmental Policy, which defines the environmental issues that the Group should prioritize and describes the approach to be taken in addressing these issues. Initiatives based on this policy are incorporated into our medium-term management plan and into the action plans of individual divisions to guide earnest and ongoing contributions to the realization of a better global environment.

**Environmental Management Systems**

The Yamaha Group has created a system for promoting global environmental preservation activities that is overseen by the officer responsible for environmental issues of the Yamaha Group. In addition, the Working Group for Climate Change, Working Group for Resource Circulation, and Working Group for Procurement 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, and to promote Groupwide action.

**Major Initiatives and Results under Make Waves 2.0  
Furnish Responses to Climate Change**

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 from fiscal 2018's level to be achieved by fiscal 2031, 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 for 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) in 2019 and commenced initiatives for analyzing the impact of climate change on its finances and disclosing related information. Going forward, the Yamaha Group will continue to seek to achieve net zero emissions in its operations and across its value chains. At the same time, we will strive to create products, services, and business models that help mitigate climate change and promote the decarbonization of society through energy-efficient products and other means.



Furthermore, an internal carbon pricing system was implemented in fiscal 2023 to facilitate investment in high-efficiency and renewable energy equipment. In addition, quantitative reduction targets are set on an individual-site basis, and electricity monitoring systems are being installed along with other measures for conserving electricity. We are also introducing additional solar power generation systems as we seek to expand usage of renewable energy. These efforts resulted in Yamaha achieving a 10% rate of renewable energy use in fiscal 2023.

**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 99.6% (volume ratio) of procured timber was low risk in fiscal 2023. 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 53.2% of timber purchased in fiscal 2023 (by volume, 5.6% of which was from newly adopted sources). We have formulated internal standards to evaluate the sustainability of non-certified timber. Going forward, the Group intends to expand usage of timber that complies with its internal standards to work toward its target of achieving a ratio of sustainably sourced timber of 75% by fiscal 2025.

**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, and reducing the amount of and, when possible, completely eliminating, product packaging and cushioning. Moreover, we are working to reduce resource use by extending product lifespans, developing instrument maintenance and repair service systems, and collecting and refurbishing products through services such as those offered in our piano renewal business. Other measures for making the best use of finite resources and reduce waste include reassessing our use of plastic, which contributes to global warming and pollution; switching to paper and other renewable materials; and lowering waste emissions and recycling in manufacturing processes.

In our efforts to reduce plastic packaging, we are researching new technologies and revising product specifications, and we plan to stop using plastic packaging for newly launching small products in fiscal 2025.

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

[https://www.yamaha.com/en/csr/activity\\_report/environment/](https://www.yamaha.com/en/csr/activity_report/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 2020, the Yamaha Group declared its endorsement of the recommendations of the Task Force on Climate-related Financial Disclosures (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. Matters discussed by this committee are regularly raised to the Board of Directors, which confirms the progress of and oversees measures. The Sustainability Committee met six times in fiscal 2023.

In November 2022, a discussion forum was arranged with sustainability experts as part of our efforts to heighten awareness regarding climate change and other social issues.

The Working Group for Climate Change, an organization positioned under the Sustainability Committee, leads discussions on measures for responding to climate change-related risks and opportunities, and relevant topics are also examined by the Working Group for Resource Circulation and the Working Group for Procurement. The results of these discussions are reported to the Sustainability Committee.

In fiscal 2022, Yamaha revised its sustainability priorities (material issues), the management issues with the potential to impact corporate value over the medium to long term, to include climate change among these issues. The Make Waves 2.0 medium-term management plan 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. Moreover, the Company has introduced frameworks for reflecting the degree of

accomplishment of targets for CO<sub>2</sub> emissions reductions and other non-financial indicators into officer compensation.

#### Strategy

Scenario analyses have been performed to confirm the potential impacts of climate change on the Yamaha Group. A number of scenarios were used including those projecting global warming of between 1.5°C and 2°C above pre-industrial levels, which involve significant transition risks, and scenarios assuming global warming of 4°C above pre-industrial levels, which forecast substantial physical risks, as well as various other scenarios.\*<sup>1</sup> Applied to all businesses, these assessments were used to identify short-term, medium-term, and long-term risks and opportunities.\*<sup>2</sup> Given the potentially large impact on business activities, strategies, and financial performance from climate change, the related risks and opportunities are regularly reviewed, and strategies are revised as necessary (see table below).

\*<sup>1</sup> NZE Scenario (net zero emissions by 2050 and global warming of 1.5°C above pre-industrial levels, 2022 World Energy Outlook, International Energy Agency (IEA)); Sustainable Development Scenario (global warming of less than 2°C above pre-industrial levels, 2022 World Energy Outlook, IEA); Representative Concentration Pathway (RCP) 2.6 (global warming of less than 2°C above pre-industrial levels); RCP 8.5 (global warming of 4°C above pre-industrial levels); Announced Pledges Scenario; Stated Policies Scenario (Business as Usual); etc.

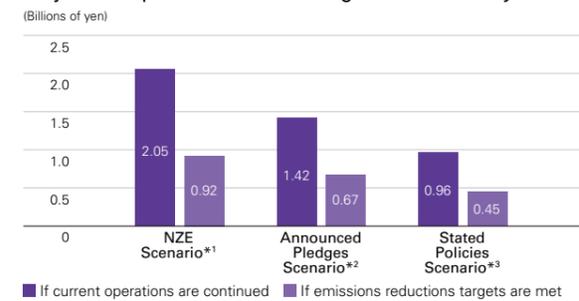
\*<sup>2</sup> Risks and opportunities are classified as "short-term" if their impacts will be most strongly felt over the next several years, "medium-term" if their impacts will be felt leading up to 2030, and "long-term" if the impacts will appear in 2050.

### High-Materiality Risks and Opportunities and Response Strategies

| Category         | Risks and Opportunities                        | Yamaha's Response Strategies  | Scenario Analyses   |  |   |
|------------------|--|---|---|--|---|
|                  |  |   | Scenarios Projecting Global Warming of 1.5-2°C  | Scenarios Projecting Global Warming of 4°C |   |
| Transition risks | Institution or increase of carbon prices       | <ul style="list-style-type: none"> <li>Increases to production or procurement costs due to introduction of carbon taxes</li> <li>Potential for ¥1.0-2.0 billion increase in Group energy costs by fiscal 2031 (see graph to right)</li> </ul> | <ul style="list-style-type: none"> <li>Exhaustive energy conservation and advancement of conventional energy use reduction plan focused on utilization of renewable energy (rise in energy costs to be limited to ¥0.4-0.9 billion by achieving energy conservation targets)</li> <li>Promotion of investment in low-emissions equipment through introduction of internal carbon pricing system (¥14,000 per t-CO<sub>2</sub>)</li> <li>Promotion of emissions reduction together with suppliers</li> </ul> | Increased impact                           | Continuation of current level of impact |
|                  | Withdrawal of suppliers from timber businesses | <ul style="list-style-type: none"> <li>Increase in withdrawals from timber businesses due to popularization of forest-associated carbon credits</li> </ul>  | <ul style="list-style-type: none"> <li>Increasing of rate of sustainable timber use</li> <li>Advancement of Tone Forest activities to achieve sustainable procurement of timber suited to musical instrument production</li> </ul>  | Increased impact                           | Increased impact                        |

|                |   |  |  |   |                  |
|----------------|---|--|--|---|------------------|
| Physical risks | Increasing frequency and severity of natural disasters  | <ul style="list-style-type: none"> <li>Halts to production due to damages to production bases or disruptions to supply chains resulted from natural disasters</li> </ul>   | <ul style="list-style-type: none"> <li>Reevaluation of flooding risks and potential damages to Yamaha Group bases (manufacturing, sales, and logistics) to enact preemptive measures in preparation for natural disasters</li> </ul>   | Continuation of current level of impact | Increased impact |
|                | Changes to the environments of regions from which Yamaha procures timber  | <ul style="list-style-type: none"> <li>Difficulty procuring timber as a result of changes to the environments of regions from which procured timber is produced stemming from climate change (see table below)</li> </ul>  | <ul style="list-style-type: none"> <li>Increasing of rate of sustainable timber use</li> <li>Development of new materials and timber processing technologies to provide substitutes for scarce timber used currently (retention and enhancement of timber-related technologies and procurement expertise)</li> </ul> | Increased impact                        | Increased impact |
| Opportunities  | Development of substitutes for timber and establishment of new quality standards                                      | <ul style="list-style-type: none"> <li>Improvement of competitiveness and reputation among customers and investors by utilizing eco-friendly alternative materials in products</li> </ul>  |  | Increased impact                        | Increased impact |
|                | Growth demand for products and services associated with increase in time spent indoors spurred by rising temperatures | <ul style="list-style-type: none"> <li>Higher demand for telecommunications equipment in conjunction with increases in teleworking and online events and gaming</li> <li>Growing demand for audio equipment in conjunction with rise in video distribution and emergence of hybrid live streaming events as de facto standard</li> </ul> | <ul style="list-style-type: none"> <li>Supply of solutions for remote and online events that combine acoustics, signal processing, and telecommunications technologies</li> <li>Creation of new customer experiences through remote concerts, lessons, and ensemble performances</li> </ul>                          | Increased impact                        | Increased impact |

### Projected Impact of Carbon Pricing in Fiscal 2031 by Scenario



\*<sup>1</sup> Scenario targeting effectively net zero emissions by 2050  
\*<sup>2</sup> Scenario assuming the implementation of adaptive climate change response measures based on current government policies and regulations and technological progress  
\*<sup>3</sup> Scenario assuming that countries will enact their stated climate change response policies and accomplish their announced targets

### Potential Changes in Timber Procurement Region Environments from Base Year

| 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

**Risk Management**

**Process of Identifying and Assessing Climate Change-Related Risks and Opportunities**

Having established the Risk Management Committee, Yamaha has implemented Companywide frameworks for assessing all of the climate change and other risks faced in its corporate activities. These frameworks are utilized to identify and assess climate change-related risks.

Risks are assessed and categorized from the perspectives of potential damages and frequency. This approach is utilized to determine the effective financial and strategic impact of said risks on the Yamaha Group's business, and this information is used as the basis for the formulation of risk countermeasures.

Based on the results of scenario analysis, the Working Group for Climate Change, an organization positioned under the Sustainability Committee, determines and assesses the potential damages and frequency of the risks identified through scenario analyses. The working group then compiles lists of risks based on the risk categories put forth by the TCFD. The potential damages of the risks contained on these lists are assigned one of three ranks based on the portion of revenue represented by said damages, and the potential frequency is given one of four ranks. This approach is used to identify material risks. A similar approach is employed in specifying material opportunities.

**Climate Change-Related Risk and Opportunity Management Process**

The Working Group for Climate Change meets four times a year, and these meetings are attended by officers and division management responsible for organizations pertaining to such functions as

production, procurement, logistics, the environment, finances, and corporate planning. Meetings of this working group are used to monitor and revise measures for responding to the identified material risks and opportunities.

In addition, measures are discussed as necessary by other working groups, such as the Working Group for Procurement and the Working Group for Resource Circulation, which provide advice pertaining to the identification of themes for countermeasures as well as the allocation of resources and decide upon indicators for monitoring progress.

Material risks and opportunities warranting measures that exceed the scope of responsibilities of the working groups are reported to the Board of Directors, which will then examine the potential response measures.

**Relationship between Management of Climate Change-Related Risks and Comprehensive Risk Management**

The Risk Management Committee is tasked with identifying material risk scenarios pertaining to all of the risks faced in the Company's corporate activities, formulating measures to mitigate the potential impacts of risks, and managing the progress of said measures.

Based on instructions from the Risk Management Committee, the Working Group for Climate Change identifies and assesses risks and coordinates and supports the related response measures.

The Sustainability Committee, of which the Working Group for Climate Change is a part, and the Risk Management Committee are both chaired by the president of the Company to allow for organic coordination between the activities of these committees.

**Identified Climate Change-Related Risks and Opportunities and Potential Impacts**

| Category         | Impact Level          | Potential Impacts   |
|------------------|-----------------------|---|
| Transition risks | Government regulation | <ul style="list-style-type: none"> <li>Large impacts on R&amp;D, production, and sales plans stemming from restrictions on greenhouse gas emissions seen around the world and other current regulations</li> <li>Widespread impacts on R&amp;D, product, and production plans from future regulations</li> </ul>  |
|                  | Technologies          | <ul style="list-style-type: none"> <li>Need to address important management tasks of reducing costs and developing low-carbon technologies</li> </ul>   |
|                  | Markets               | <ul style="list-style-type: none"> <li>Concern for impacts on material procurement and costs associated with efforts to reduce greenhouse gas emissions</li> </ul>  |
|                  | Reputation            | <ul style="list-style-type: none"> <li>Impacts on revenue and stock price from changes in social reputation</li> </ul>  |
| Physical risks   | Direct operations     | <ul style="list-style-type: none"> <li>Concern for potential impacts on important factories from storms or floods resulted from climate change</li> </ul>   |
|                  | Procurement           | <ul style="list-style-type: none"> <li>Concern for impacts on ability to procure materials due to changes to the environments of regions from which Yamaha procures timber stemming from climate change</li> <li>Concern for impacts on production plans and water costs at certain factories due to widespread droughts as a result of climate change</li> </ul> |
| Opportunities    | Market                | <ul style="list-style-type: none"> <li>Potential growth in demand for products and services due to changes in lifestyles arising amid climate change</li> </ul>   |
|                  | Products and services | <ul style="list-style-type: none"> <li>Possible rises in demand for products and services that do not entail greenhouse gas emissions</li> </ul>  |

**Metrics and Targets**

Reductions to CO<sub>2</sub> 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.

Targeting effective zero emissions of greenhouse gases across its value chain, Yamaha announced its commitment to achieving net zero emissions, as defined by Science Based Targets, in June 2023 (see diagram on next page).

As short-term milestones on our path toward this larger target, we aim to achieve a 5% improvement in energy efficiency during production and a 10% rate of renewable energy use by fiscal 2025.

Yamaha aspires to protect forest resources and biodiversity as it responds to the risks associated with suppliers withdrawing from timber businesses and changes to the environments of regions from which it procures timbers. To guide these efforts, we have set the target of achieving a 75% rate of sustainable timber use by fiscal 2025.

For more information on Scope 1, Scope 2, and Scope 3 emissions, please refer to the following website.

[https://www.yamaha.com/en/csr/related\\_information/esg\\_data/](https://www.yamaha.com/en/csr/related_information/esg_data/)

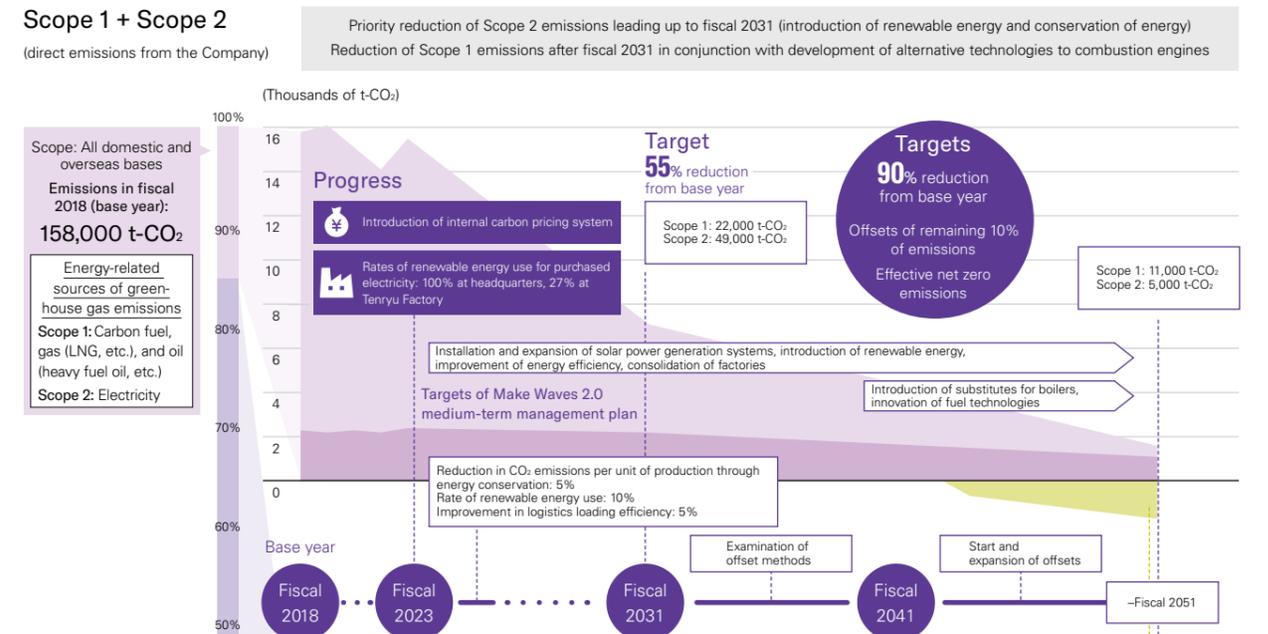


**Decarbonization Plan**

Reductions to CO<sub>2</sub> emissions are managed in a comprehensive manner encompassing the entire Yamaha Group and its supply chains. By pursuing steady reductions in greenhouse gas emissions (Scope 1, Scope 2, and Scope 3), Yamaha seeks to combat rapid climate change, which is a threat to human society as well as to all living organisms on the planet, and to contribute to the realization of a decarbonized society.

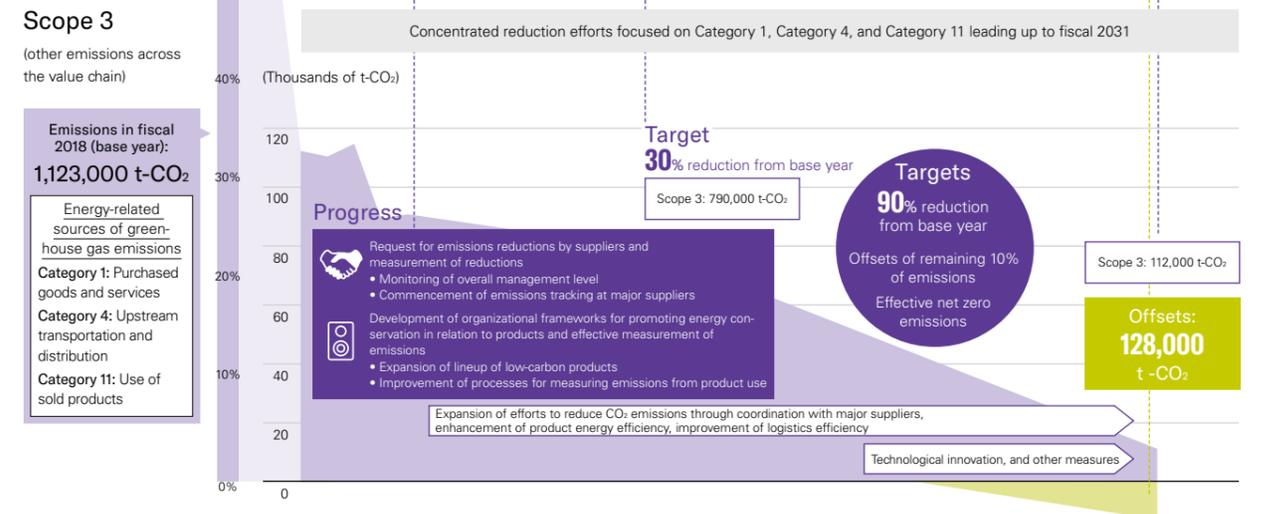
**Scope 1 + Scope 2**

(direct emissions from the Company)



**Scope 3**

(other emissions across the value chain)



## 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 Policies and Systems Regarding Respect for Human Rights

The Yamaha Group expects all Group companies to conduct their business activities with integrity and founded on respect for human rights, and has established the Yamaha Group Human Rights Policy and the Yamaha Compliance Code of Conduct to describe its basic policies and action guidelines regarding human rights. In addition, suppliers are expected to adhere to the Yamaha Supplier CSR Code of Conduct, which stipulates requirements for respect for human rights and appropriate labor practices.

Furthermore, Yamaha has established the Working Group for Human Rights, DE&I under the Sustainability Committee to facilitate responsible action for addressing the potential impacts of its business activities on human rights. This working group is tasked with formulating our visions and directives for promoting respect for human rights across the Group and with monitoring progress with this regard.

### Promotion of Human Rights Due Diligence

We assess our activities across the value chain based on international norms on human rights and on the self-assessment items of the United Nations (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. In fiscal 2023, we began working with external experts to improve the Yamaha Group's human rights due diligence processes. The first step of these improvements entailed the identification of 17 material human rights issues based on factors such as the characteristics of our business and the risks associated with the countries and regions in which we operate (see table to the right). With regard to these material issues, surveys are administered to domestic and overseas Group companies to determine the potential for human rights violations, the possible severity of such violations, and any vulnerabilities in management systems and prevention measures. From among these issues, consistent procurement practices (supplier management), harassment and abuse, and occupational health and safety have been identified as human rights issues requiring priority attention.

### The Yamaha Group's 17 Material Human Rights Issues

| Issues  | Stakeholders |           |                   |                         |
|---|--------------|-----------|-------------------|-------------------------|
|   | Customers    | Employees | Business Partners | Communities and Society |
| 1 Legal equality and prohibition of discrimination                | ●            | ●         | ●                 |                         |
| 2 Legal access to remedies  | ●            | ●         | ●                 | ●                       |
| 3 Consistent procurement practices (supplier management)          |              |           | ●                 | ●                       |
| 4 Harassment and abuse  |              | ●         | ●                 |                         |
| 5 Women's rights  |              | ●         | ●                 |                         |
| 6 Child labor (respect for right to education)                    |              |           | ●                 |                         |
| 7 Forced labor  |              |           | ●                 |                         |
| 8 Occupational health and safety                                  |              | ●         | ●                 |                         |
| 9 Working hours (right to breaks and days off)                    |              | ●         | ●                 |                         |
| 10 Safe work environment (including access to water)              |              | ●         | ●                 |                         |
| 11 Wages (right to a living wage)                                 |              | ●         | ●                 |                         |
| 12 Freedom of association and right to collective bargaining      |              | ●         | ●                 |                         |
| 13 Equal access to training and education                         |              | ●         | ●                 |                         |
| 14 Intellectual property rights                                   | ●            | ●         | ●                 |                         |
| 15 Rights of indigenous people and local communities              |              |           |                   | ●                       |
| 16 Consumer interests (right to safety and access to information) | ●            |           |                   |                         |
| 17 Management of personal information of consumers                | ●            |           |                   |                         |

### Consistent Procurement Practices (Supplier Management)

Yamaha products are primarily produced by Group companies with bases around the world. Procurement at the Yamaha Group is conducted based on defined policies. When procuring raw materials and parts, these Group companies select suppliers in accordance with the standards set in the Yamaha Group Purchasing Philosophy. Moreover, suppliers are asked to adhere to the Yamaha Supplier CSR Code of Conduct, which contains items pertaining to labor, human rights, the environment, and other sustainability considerations. In this manner, we seek to ensure consistent procurement practices in order to prevent adverse impacts to human rights across our supply chain. Inspections based on the Yamaha Supplier CSR Code of Conduct are conducted when transactions are commenced with new suppliers and on a regular basis thereafter. Corrective measures are implemented and transactions are reconsidered as necessary.

### Harassment and Abuse

The Yamaha Group has defined in its Compliance Code of Conduct its strict prohibition of harassment, an act that undermines people's human rights. Also, Yamaha Corporation and domestic Group companies make it clear that harassment is a form of misconduct warranting discipline and disclosure, taking a stern stance toward all violations of human rights.

Training sessions, seminars, and other education programs are instituted with the goal of fostering a workplace environment free of harassment. In order to prevent abuses of power and other forms of harassment, manager training programs are implemented with a focus on acquiring harassment-related knowledge, developing skills for instructing subordinates, and improving communication between supervisors and subordinates. We are also bolstering the range of educational content we provide employees with regard to the prevention of harassment.

Furthermore, in fiscal 2023 compliance questionnaires were administered to overseas Group employees in addition to the domestic employees that we have been regularly surveying for some time now. The results of these questionnaires were used to analyze harassment risks on an organizational level, and the findings were reflected in efforts to address identified issues and improve our corporate culture.

### Occupational Health and Safety

The Yamaha Group believes that one of its most important management issues is ensuring the health and safety of its employees. The Group promotes health and safety activities in accordance with its basic policy of prioritizing health and safety over everything, and we aim to continually enhance the level of our health and safety.

Steps are taken to prevent adverse impacts on employees from occupational accidents by implementing Group standard safety rules, conducting risk assessments, and performing audits of the safety of equipment and machinery to improve workplace safety. In fiscal 2023, we launched rank-based occupational safety and health training programs for core health and safety staff members at production bases in China, Indonesia, and Malaysia. For other employees, we arranged danger experience workshops at Safety Dojos, which are our educational facilities designed to help heighten sensitivity toward danger. Through these efforts, we are developing workplaces where everyone can feel safe and secure with no fear of occupational accidents.

### 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. At domestic Group companies, the Yamaha Human Rights Guidebook is used to provide opportunities for



all employees to think and learn about potential human rights violations that may occur during their daily business activities and the steps to be taken to prevent said violations. Shared e-learning programs are held based on the content of this guidebook. At overseas Group companies, unique education programs related to human rights are carried out using this guidebook as well as the Yamaha Compliance Code of Conduct. Furthermore, the Group Labor and Human Rights Specialized Rules specify the content required for human rights education programs. Domestic and overseas Group companies are encouraged to spearhead their own human rights education programs, and the progress of these programs is monitored.

### Human Rights-Related Consultation and Whistleblowing Systems

The Yamaha Group has set up compliance-related consultation and whistleblowing systems for use by employees (including contract employees, part-time employees, and dispatch employees) inside and outside of the organization. Employees are able to receive consultation or make reports regarding harassment and other human rights issues through these systems. In addition, we have developed multi-language inquiry forms, and a dedicated consultation system for sexual minorities at domestic Group companies has been established within the Human Resources Division of Yamaha Corporation. Information on the respective helplines or these systems is provided on an ongoing basis through internal publications, notifications, and the Company intranet in order to entrench awareness of these reporting options.

Non-employee stakeholders are able to submit opinions and reports through the inquiry forms available on Company websites. In addition, Yamaha joined the Japan Center for Engagement and Remedy on Business and Human Rights (JaCER) in October 2022 and has begun accepting claims filed through its Engagement and Remedy Platform. This platform is compliant with the stipulations of the UN Guiding Principles on Business and Human Rights and will be used to address the wide range of human rights issues found across various value chains.

For more information about compliance initiatives, please refer to page 106.

### Product and Service Accommodation

The Yamaha Group seeks to improve the safety and accessibility of its products and services to allow them to be enjoyed by a wide range of people, regardless of disability or other restrictions and to ensure that they do not cause or exacerbate physical or mental health conditions. 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 use of advertisements or through social media as part of product and service marketing activities. 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.

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

[https://www.yamaha.com/en/csr/activity\\_report/social/human\\_rights/](https://www.yamaha.com/en/csr/activity_report/social/human_rights/)



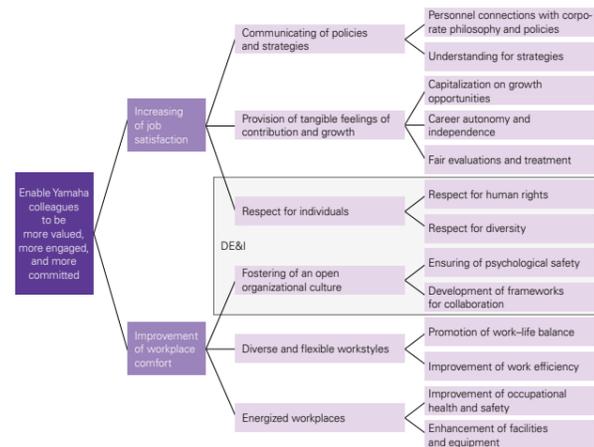
# HUMAN RESOURCES

Recognizing that human resources drive the creation of social and corporate value, 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

The medium-term management plan's key policy of "enable Yamaha colleagues to be more valued, more engaged, and more committed" can be broken down into the elements of increasing job satisfaction and improving workplace comfort. Having clearly identified the relationship between its measures and these elements, the Yamaha Group practices human resources management with the aim of fully drawing out the individuality, talents, and diversity of all of its employees. In addition, we are promoting diversity, equity, and inclusion (DE&I). For this purpose, the Working Group for Human Rights, DE&I was established under the Sustainability Committee, an advisory body to the president. This working group is engaged in discussions aimed at formulating a Groupwide DE&I vision, medium- to long-term targets, and measures.



## Initiatives under the Make Waves 2.0 Medium-Term Management Plan

### Increase Job Satisfaction

The Yamaha Group inspires employees to feel value in their work by helping them to fully exercise their skills while achieving self-actualization and growing as professionals.

The Yamaha Group has established guidelines for Groupwide education and training programs, carries out systematic education and training programs, and pursues ongoing improvements to its education and training systems. At Yamaha Corporation, function-specific training programs are implemented by the Human Resources Division. In addition, information on best practices is shared between the relevant parties and structures for coordination are formulated to drive improvements in our education and training programs.

At the same time, support for autonomous career development by employees is being ramped up centered on Yamaha Corporation. In fiscal 2023, we began providing autonomous career development

workshops and career development supporter training to make the previous career meetings between employees and their supervisors more meaningful. We are also preparing a new talent management system, which will form the basis for an upcoming career self-reporting framework. The goal of the new system will be to allocate human resources more appropriately based on the skills and career aspirations of individual employees. In addition, an open application system for career opportunities was introduced in May 2023 that allows employees to actively steer their own careers. These measures will continue to be introduced at Group companies in a phased manner going forward.

### Promote Respect for Human Rights and DE&I

Respect for human rights is a fundamental concern that underpins responsible corporate activities. Based on this recognition, we honor diversity in our hiring and human resources utilization practices and seek to foster a workplace environment that is inclusive toward diverse individuals.

In regard to our human resources development activities, the Working Group for Gender Equality holds regular meetings with management and leads various measures for diversifying management through the ongoing cultivation of female leaders. As a result of these efforts, the global ratio of female employees in management positions was 17.3% in fiscal 2023, an improvement compared to the level of 16.5% in fiscal 2022.

The Yamaha Group is also committed to utilizing human resources in a manner that is blind to nationality as expected of a global business. To this end, we have instituted a selective training program for which employees at all Yamaha Group bases are able to participate. In addition, rules for international relocations were established in fiscal 2023, furnishing the foundations for cross-border personnel assignments. Looking ahead, we are committed to systematically cultivating and positioning management personnel on a global scale in order to accelerate improvements to the diversity of our organization. The Group is also actively voicing its support for minority groups through initiatives such as its celebration of International Women's Day and LGBTQ+ Pride Month. Furthermore, we declared our support for the Business for Marriage Equality campaign, which promotes marriage equality for same-sex couples via legal recognition, in fiscal 2023. In recognition of these initiatives, Yamaha Corporation has been awarded with the highest rating of gold in the PRIDE INDEX, an index compiled by work with Pride to recognize the initiatives of companies and other organizations for supporting sexual minorities such as members of the LGBTQ+ community, for four consecutive years, and the Company was ranked eighth in Japan for gender equality by Equileap in 2022.



## Human Resources Priority Themes and Measures of the Make Waves 2.0 Medium-Term Management Plan

Under the Make Waves 2.0 medium-term management plan, Yamaha will 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"> <li>Continue improving ratio of employees offering positive responses regarding job satisfaction on employee engagement surveys</li> <li>Double human resources investment</li> </ul> | <ul style="list-style-type: none"> <li>Inspire a feeling of value with regard to working at Yamaha                             <ul style="list-style-type: none"> <li>Cultivate leaders for guiding businesses from a global perspective and place the best personnel in the most appropriate position</li> <li>Enhance support for autonomous career development</li> </ul> </li> </ul>                 |
| Promote respect for human rights and DE&I  | <ul style="list-style-type: none"> <li>Achieve global ratio of female managers of 19%</li> <li>Conduct cross-border positioning of 30 individuals</li> </ul>   | <ul style="list-style-type: none"> <li>Utilize individuality of diverse employees                             <ul style="list-style-type: none"> <li>Conduct human rights education and due diligence</li> <li>Empower female employees and assemble a diverse team</li> </ul> </li> </ul>   |
| Foster open organizational culture where people can proactively take on challenges | <ul style="list-style-type: none"> <li>Continue improving ratio of employees offering positive responses regarding workplace environment on employee engagement surveys</li> </ul>                                       | <ul style="list-style-type: none"> <li>Build comfortable organizational culture founded on mutual respect                             <ul style="list-style-type: none"> <li>Create diverse opportunities for engagement</li> <li>Reform organizational culture to allow employees to take on challenges without fear of failure</li> <li>Support diverse and flexible workstyles</li> </ul> </li> </ul> |

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

The Yamaha Group hopes to allow its employees to fully exercise their skills while maintaining good physical and mental health and living enriching work and personal lives. In order to become such an organization, we are reforming our corporate culture, enhancing systems, and developing our desired workplace environment.

Employee engagement surveys have been conducted each year since fiscal 2021. The fiscal 2023 survey was administered to 9,494 employees at 47 domestic and overseas Group companies. Based on the belief that active communication is the basis for the energization of employees and organizations, the results of these surveys are being analyzed to expand the range of opportunities available for communication between individuals in all organizations and across all ranks of the Group. Companywide initiatives include visits to frontline worksites by the president and attentive listening training arranged by the Human Resources Division. In addition, individual workplaces are advancing their own unique initiatives including one-on-one meetings, workshops, and bottom-up activities led by employees. The organic interaction between these initiatives is anticipated to help foster an open organizational culture where people can proactively take on challenges without fear of failure.

Initiatives are also being advanced in terms of systems and workplace environment to build frameworks that allow everyone to live more enriching work and personal lives while fully exercising their skills. Teleworking systems and other frameworks facilitating flexible workstyles have been an entrenched part of our corporate culture. In addition, guidelines for working side jobs were established in April 2023 to expand the range of options available for employees to work and seek self-actualization as they choose. Meanwhile, steps are taken to prevent overwork by monitoring the workhours of management and all other employees and providing early notice when an individual is at risk of surpassing the predefined standard levels.



The Yamaha Group has defined the basic policy of prioritizing health and safety over everything, based on which we are advancing initiatives for promoting the physical and mental health of employees. In fiscal 2023, Yamaha Corporation and domestic 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. An active stance is also being taken toward encouraging employees to quit smoking. In fiscal 2023, smoking became prohibited on the premises of all domestic Group companies, and we have begun efforts to curb smoking throughout our global organization. Based on the external recognition for these initiatives, Yamaha Corporation was included, for the second consecutive year, in the Health & Productivity Stock Selection compiled by Japan's Ministry of Economy, Trade and Industry (METI) and the Tokyo Stock Exchange (TSE). 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 has been certified six times as a White 500 enterprise in the Certified Health & Productivity Management Organization's Recognition Program organized by the METI and Nippon Kenko Kaigi.

\* 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.

For more information on Yamaha's human resources initiatives, please refer to the following website.  
[https://www.yamaha.com/en/csr/activity\\_report/social/](https://www.yamaha.com/en/csr/activity_report/social/)





## 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 Tokuhiro**

Operating Officer  
Deputy Executive General Manager of Corporate Administration Unit (Human Resources and Information Systems)

### 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 Fiscal 2023

In fiscal 2023, progress was made in introducing ERP systems, and these systems have been fully implemented at approximately half of our factories. In addition, sales subsidiaries in Australia have begun utilizing ERP systems. Meanwhile, a verification test of a digital twin system was completed at a Japanese factory. As for SCM systems, we have completed development of a new core system that connects data from factories to data from customers and other sources to expedite processes. Pilot introduction of this system has been commenced. We have also begun managing customer data through the Yamaha Music ID for Business program for corporate customers as an initiative to create new value, while after-sales service businesses targeting customers who have purchased professional audio equipment have been launched.

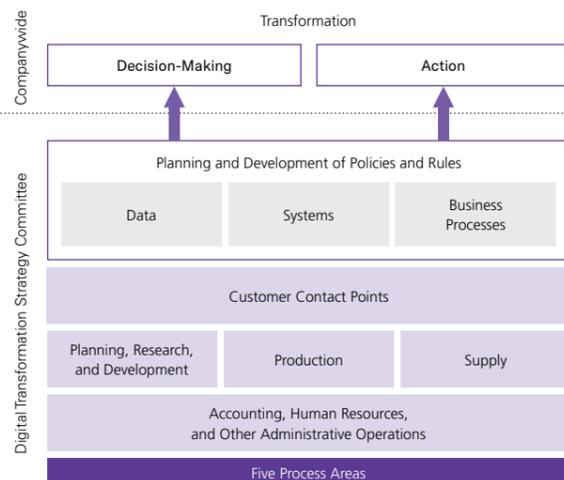
### Acquisition of Digital Transformation Certification

In April 2023, Yamaha renewed its certification as a digital transformation-certified business operator under the Digital Transformation Certification system advocated by the Ministry of Economy, Trade and Industry of Japan. This system is used to certify business operators that are prepared to promote digital transformation. Yamaha initially received this certification in April 2021 in recognition of its highly regarded security measures and customer data platforms.



### Policies for Fiscal 2024

Yamaha has proceeded to promote digital transformation by developing internal systems and accumulating data. In fiscal 2024, the Company will start the process of compiling, analyzing, and utilizing the data that has been amassed thus far in order to transform its business processes. We will continue introducing ERP systems into our production and sales operations around the world while encouraging more dealers to place their orders online. Meanwhile, pilot introduction of the new SCM system developed in fiscal 2023 will be commenced at operating divisions and sales subsidiaries in fiscal 2024. Through these initiatives, Yamaha will seek to standardize and improve the efficiency of sales and production management processes on a global scale. The Company will also adopt a master data management approach (MDM), which entails globally standard management of data, to allow for the utilization of customer and other data in order to help create ideal value for each customer.



## Digital Transformation Strategies of the 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

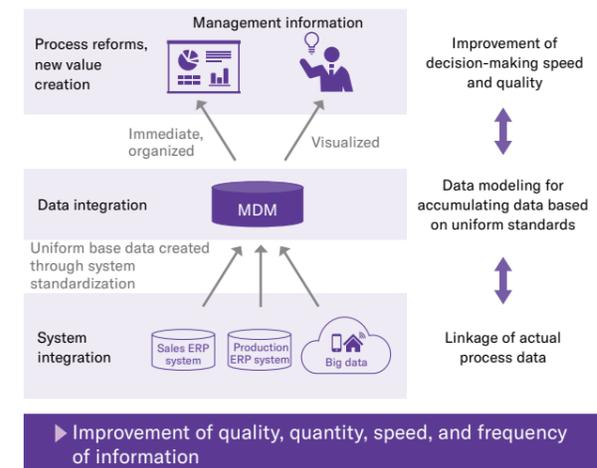
### Priority Themes of Make Waves 2.0

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

### System and Data Integration

Yamaha is redeveloping the production and sales ERP systems it had previously implemented on a region-specific basis to introduce uniform systems throughout its operations. This move is anticipated to help standardize and streamline business system processes.

At the same time, we are adopting an MDM approach to standardize data management on a Companywide basis. We thereby aim to coordinate data between systems by structuring and integrating data based on customers, products, accounting, business partners, and other specific areas. The goal of this approach is to standardize base data across systems to allow for data to be utilized on a Companywide basis and to thereby increase speed and quality in decision-making and businesses processes from a medium- to long-term perspective. By linking data in a customer-oriented manner, we aim to provide information in real time in order to contribute to the creation of new customer experience value.



### New Value Creation Initiatives

Yamaha has launched its new ProVisionaire Cloud online license management service for professional audio equipment. This service allows for the usage status of licenses to be confirmed while also being compatible with function augmentation. The service is accessed through customers' Yamaha Music ID for Business accounts, which facilitates the effective management of customer data. We plan to deploy services that take advantage of the benefits of online infrastructure through this platform going forward.

### Cultivation and Recruitment of Digital Transformation

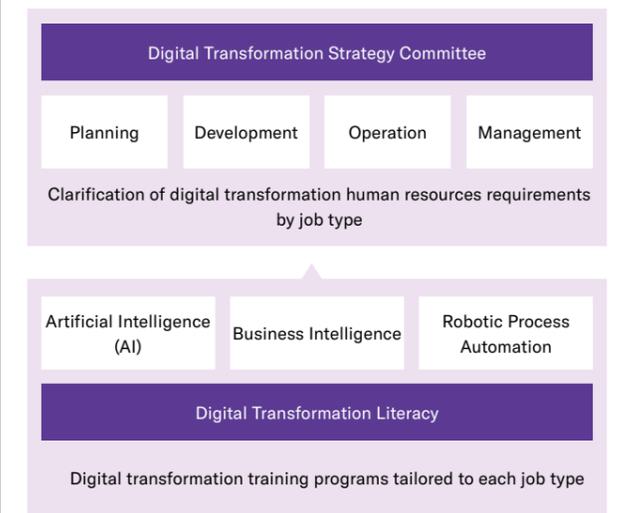
#### Human Resources

Yamaha is advancing a number of measures with the goal of cultivating and recruiting digital transformation human resources.

For example, we have codified our digital transformation training programs based on the insight gained through our promotion of digital transformation thus far. A bottom-up approach toward training is taken through these programs, which saw participation by some 900 employees in fiscal 2023. The next step in these activities will be to transition from programs aimed at gaining knowledge toward programs focused on practical application in order to increase the size and skill level of our digital transformation staff. Also in fiscal 2023, the specific roles of digital transformation human resources were defined, and the skills required for each role were clarified. Meanwhile, we are examining the possibility of making our data analysis course mandatory for all employees.

In addition to cultivating digital transformation human resources in-house, we are also recruiting such individuals from outside of the Company with a focus on acquiring professionals with the skills required for our business.

#### Yamaha's Digital Transformation Human Resources and Training Programs





## BRANDING

Yamaha is practicing co-creative brand communications to generate new value together with its various stakeholders in order to support the “Well-Being of People around the World.”

**Hiroko Ohmura**

Operating Officer  
Executive General Manager of Brand Development Unit

### Basic Policy

Over the 136 years since its founding, Yamaha has continued to support the “Well-Being of People around the World” by creating various new products and services built on the technologies and sensitivities it has fostered based on the areas of sound and music over its long history. Our corporate philosophy of “Sharing Passion & Performance” has been at the center of these efforts. The brand promise of “Make Waves” unveiled in 2019 was shaped based on the belief that communicating this enduring philosophy in expressions matched to the times was important to our branding strategies. As stated in Make Waves, Yamaha promises to inspire peoples’ passion and help them make a step forward to express their individuality, emotion, and creativity.

Since introducing the world to our brand promise, we have continued to engage in globally consistent communication activities based on this promise with the goal of inspiring our various stakeholders to form an attachment to the Yamaha brand.

### Review of Fiscal 2023

Under the medium-term management plan, Yamaha is emphasizing communication strategies for earning trust and understanding from society while also continuing prior efforts for strengthening relationships with customers through more enriching brand experiences and digital technologies. Sustainability information, in particular, has been positioned as central to management. To accelerate the disclosure of sustainability information, we upload features in which employees share their stories about Yamaha on our corporate website. We also actively take part in initiatives such as celebration of International Women’s Day and LGBTQ+ Pride Month in order to convey our belief that diversity is a driver of value creation to a wider audience.

Meanwhile, internal branding activities are undertaken to inspire employees based on our conviction that it is the people who work at the Yamaha Group who shape our brand. October 12, the anniversary of the founding of the Company, has been dubbed Yamaha Day. This day continues to be devoted to initiatives for fostering bonds among Yamaha employees around the world. A number of other initiatives are conducted to energize our colleagues, including the after-work concerts organized by employee volunteers and the online forums for discussions between employees and the president.

Our efforts are constantly being refined by quantifiably measuring the response to such initiatives from internal and external

stakeholders to help Yamaha move closer to becoming the Yamaha society expects. In 2022, the scope of surveys conducted to measure our Net Promoter Score (NPS®), which is an indicator of customer loyalty, was expanded to encompass our global operations. These surveys have revealed that customers overall feel a strong connection toward the Yamaha brand while also illuminating the type of customer experiences that should be enhanced as key elements of Yamaha’s strengths. In addition, we were able to identify the specific business and customer experience areas where we should prioritize improvements on a regional basis through these surveys, and we intend to use this information to draft measures for maximizing lifetime value from customers.



The Key section of Yamaha’s corporate website containing stories by employees  
<https://www.yamaha.com/en/about/stories/>



Women Who Make Waves campaign conducted in conjunction with International Women’s Day  
[https://www.yamaha.com/en/csr/diversity\\_equity\\_inclusion/stories/brand\\_iwd2023/](https://www.yamaha.com/en/csr/diversity_equity_inclusion/stories/brand_iwd2023/)

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

- 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"> <li>■ Codify and communicate corporate brand information matched to times that emphasize purpose</li> <li>■ Establish brand communication bases that provide the opportunity to engage with the Yamaha brand</li> </ul>  |
| Develop digital platforms   | <ul style="list-style-type: none"> <li>■ Enhance websites with an emphasis on communication with customers</li> <li>■ Advance global installation of customer data platforms and promote digital marketing</li> </ul>   |
| Utilize integrated customer data and provide services for improving lifetime value  | <ul style="list-style-type: none"> <li>■ Introduce Yamaha Music ID on a global basis and integrate customer data</li> <li>■ Develop apps and services for improving customer lifetime value using Yamaha Music IDs</li> <li>■ Improve understanding of customers through use of customer data and practice one-to-one marketing</li> </ul>  |
| Build and standardize frameworks for improving customer experience  | <ul style="list-style-type: none"> <li>■ Improve customer experience at customer support points</li> <li>■ Conduct periodic global NPS® surveys and entrench PDCA cycle for improving score</li> </ul>  |
| 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"> <li>■ Exercise corporate accountability in information disclosure to earn trust from society</li> <li>■ Proactively communicate brand narrative related to business and sustainability via our corporate website</li> <li>■ Practice timely disclosure of corporate information in areas of rising interest and relevance to external assessments</li> <li>■ Enhance ability to accommodate increasingly complex and sophisticated needs pertaining to crisis management communications</li> </ul> |

### Initiatives under the Make Waves 2.0 Medium-Term Management Plan

#### Enhancement of Customer Experiences through Introduction of Yamaha Music ID

The Yamaha Music ID globally integrated ID registration system has been launched in Japan and Canada as well as in Europe and the Asia-Pacific region, and 2.4 million IDs had been issued as of March 31, 2023. Yamaha Music ID integrates the separate ID program that previously existed for different regions and services to allow customers in the applicable regions to access the various services provided by the Yamaha Group through a single ID. We intend to introduce the Yamaha Music ID system in the United States and China during the period of Make Waves 2.0 while developing apps and services for improving customer lifetime value and linking these to Yamaha Music IDs in order to deliver more personalized customer experiences. In this manner, the entire Yamaha Group is tailoring initiatives to each individual customer with the aim of deepening its understanding of customers and thereby generating a cycle of co-creating value with customers.



Yamaha Music ID

#### Advancement of Branding Strategies that Enhance Emotional Bonds

We are currently in an era in which people place emphasis on a company’s purpose. In this era, forming emotional bonds with our various stakeholders will require us to communicate Yamaha’s message through a multitude of channels. To this end, we are undertaking a revision to our corporate website designed to help it describe Yamaha’s corporate philosophy and the surrounding principles in an easier-to-understand manner and better foster understanding with regard the Yamaha brand. Our measures are also targeting physical spaces. For example, at YOKOHAMA SYMPHOSTAGE™, which is being built in the Minatomirai area of Yokohama, we will set up a space where people can try out musical instruments as well as a café and music school. This facility is designed to give people who do not play musical instruments the opportunity to experience the joy of sound and music. In addition, Yamaha is setting up studios and event stages meant to help support the activities of musicians and creators at Shibuya Sakura Stage, which is located in the Sakuragaoka area of Tokyo’s Shibuya district. Both of these facilities are scheduled to open in 2024 and are expected to provide new and unique experiences that help customers “Make Waves.”



Artist rendition of brand communication bases scheduled for construction at Shibuya Sakura Stage



## 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**  
Senior 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 in 1987, this organization will continue to act as a proponent for the Group's product design activities.

### The Five Elements of Our Design Principle

|                              |  |
|------------------------------|--|
| <b>Integrity</b>             | Design that respects the essence of the object |
| <b>Innovative</b>            | Creative design                                |
| <b>Aesthetic</b>             | Beautiful design                               |
| <b>Unobtrusive</b>           | Restrained design                              |
| <b>Social Responsibility</b> | Design that meets the needs of today's society |

### Key Themes for the Design Laboratory Based on Key Strategies of the 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

### Milan Design Week 2023

The Design Laboratory participated in Milan Design Week 2023, the world's largest annual design gathering, which was held in Milan from April 18 to 23, 2023.

The Design Laboratory has displayed exhibits at this event five times in the past, in 2005, 2006, 2007, 2008, and 2019. Milan Design Week draws attention from across the design community, and we have been using this prominent event as an opportunity to show the world works that exude Yamaha's unique sensibilities.

As the world slowly moves out of the COVID-19 pandemic, we decided to hold our first standalone exhibit in four years. With the title "You Are Here," which is meant to evoke the value of having something precious nearby, this exhibit was a collection of 11 new pieces of furniture designed to make life with musical instruments fun, and was displayed in an art gallery in Milan.



Milan Design Week is an incredibly unique opportunity for in-house corporate designers to visit Milan, explain inspirations for their works to visitors, and experience their reactions in person. More importantly though, this event serves as an invaluable opportunity for creators around the world, living in the same era, to meet, present their thoughts, and reaffirm their position within the design community. This introspection allows us to reconfirm what design can accomplish as well as what Yamaha can do with design. We therefore believe that participation in Milan Design Week is an incredibly effective way of reinforcing our identity.

Together with everyday product development activities, such ongoing artist creation activities have formed the foundations for the creation of countless unique Yamaha designs that "Make Waves."

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**



### YVS-100, YVS-120, and YVS-140 Venova™ Casual Wind Instruments

Venova is a new type of acoustic wind instrument developed to make it easier to enjoy the genuine sensations of performing and the rich expressiveness of saxophones in an accessible manner. This series includes three models: the YVS-100 (Soprano Venova), the YVS-120 (Alto Venova), and the YVS-140 (Tenor Venova). These three models feature designs that are innovation yet still capture the essence of wind instruments with a slick cylindrical form that blends straight and zigzagging lines. Since its launch, the Venova series has continued to draw attention from across the world, receiving numerous design awards.

- Japan Patent Office Director's Award, 2023 National Invention Awards (YVS-100)
- Silver Award, International Design Excellence Awards 2023 (YVS-140)
- Grand Award, DFA Design for Asia Awards 2022 (YVS-140)
- Grand Award with Special Mention, DFA Design for Asia Awards 2018 (YVS-100)
- Best of the Best, Red Dot Award: Product Design 2022 (YVS-120 and YVS-140)
- Product category design award, 2022 iF Product Design Award (YVS-120 and YVS-140)
- Good Design Grand Award, Good Design Awards 2017 (Prime Minister's Award) (YVS-100)



### AG01 Live Streaming USB Microphone

The AG01 is an all-in-one USB microphone for live streaming that combines the microphone, audio interface, and sound mixing functions most users need for live streaming into an elegantly minimalist microphone unit with a dedicated stand. Volume and DSP effects can be adjusted using knobs on the front of the microphone, offering an exquisite balance of intuitive controls, ease of use, and pleasing aesthetics.

Good Design Award, Good Design Awards 2022



### TW-E7B True Wireless Bluetooth® Earbuds

These flagship wireless earbuds combine Yamaha acoustic and electronic technologies to achieve an unparalleled level of sound and comfort. The distinctive design features two perfect circles for the speaker and microphone that are not only visually iconic, but functional as well. The smaller circle serves as a tactile indicator that helps the user position the earbud inside the ear without needing to see it, using only the fingertips to easily adjust the angle for a perfect fit, making for a simple design that is as classic as it is unlikely.

Red Dot Award: Product Design 2023  
Product category design award,  
2023 iF Product Design Award



### Stepping Out of the Slate Concept Models

Stepping Out of the Slate is a collection of four concept models with designs inspired by attempts to imagine new music devices that work in symbiosis with smartphone apps. While music experiences and music accessories have increasingly come to be offered in the form of smartphone apps in recent years, these prototypes were intentionally designed to preserve an element of tactile interaction when using the associated apps. The designs explore the feasibility of a new functional beauty that offers experiential value in the form of physical interaction combined with the convenience of information technology.

Professional Concept category design award,  
2023 iF Product Design Award



## INTELLECTUAL PROPERTY

Intellectual properties are an important part of our management asset portfolio. Yamaha practices global intellectual property management while applying for intellectual property rights and taking steps to protect its brand value. At the same time, intellectual properties are used to help resolve social issues through the creation and co-creation of new value in order to improve corporate value.

**Chihiro Osuga**

Operating Officer  
Deputy Executive General Manager of Corporate Administration Unit (Legal Affairs and Intellectual Property)  
and Senior General Manager of Legal Division

### Basic Policy

Steps are taken to appropriately acquire and utilize intellectual property rights pertaining to the new inventions, ideas, designs, and trademarks created over the course of our business. In addition, reports on intellectual property analyses looking at technology and market trends are submitted to management and to the relevant divisions in order to drive the creation of new value and subsequently the improvement of corporate value.

Furthermore, intellectual properties are managed through the acquisition of music copyrights and other global licenses and swift response to imitations of Yamaha intellectual properties. By ensuring the appropriate protection and use of the intellectual properties of the Company and respect for the rights of others, we look to contribute to the development of a fair society that encourages technological innovation and cultural and artistic creation.

### Intellectual Property Management Priorities Supporting the Make Waves 2.0 Medium-Term Management Plan

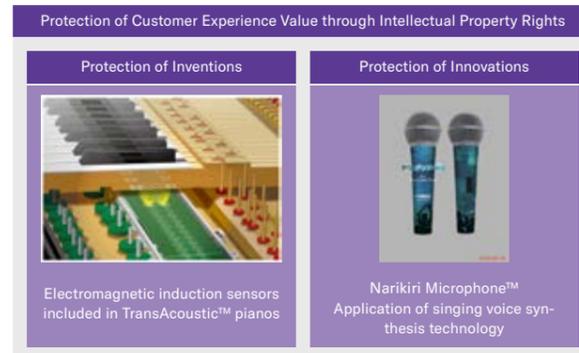
#### 1. Support for Creation and Protection of New Value

Yamaha is advancing intellectual property strategies that are aimed at acquiring intellectual property rights as appropriate to protect the new inventions it creates by combining its advanced technologies and rich sensibilities. In addition, these strategies are designed to support the creation of new value from a cross-business perspective. Specifically, we adopt an intellectual property landscaping approach in which the results of comprehensive analyses of intellectual property and market information are used to make proposals to management and guide the formulation of strategies. Through this approach, we seek to develop the intellectual property portfolio that will be required for the future by visually tracking Yamaha's technology portfolio, the portfolios of competitors, and future trends.

As we optimize our intellectual property portfolio by shifting toward priority fields with high investment benefits, we will also organically merge the customer experience value created by inventions and innovations to generate synergies and produce value that could not be achieved simply by continuing existing businesses.

AI, network, and other critical technologies that are used for various products are protected through patents. Meanwhile, the high-level insight and understanding regarding sensibilities that shapes our craftsmanship and sound creation activities is secured through confidentiality to safeguard these sources of competitiveness.

These efforts have been recognized, and Yamaha has been named a Top 100 Global Innovator for 2023 by U.K.-based Clarivate Analytics,



a global information services company. This is the sixth time and second consecutive year Yamaha has been included in this ranking, which is compiled by analyzing intellectual property trends based on the patent data held by Clarivate to select the 100 most innovative companies and research institutions in the world. To be chosen as a Top 100 Global Innovator, a company must exhibit excellence with regard to indicators looking at their influence, success, globalization, and uniqueness. Yamaha's intellectual property activities were judged to be of a high level with regard to all metrics, indicating that the Company is at the global forefront when it comes to the diversity and progressiveness of its technologies.



#### 2. Reinforcement of Intellectual Property Foundation

Membered by intellectual property specialists with diverse backgrounds, the Intellectual Property Division guides coordination between R&D, planning, marketing, and other Group divisions as a corporate administrative division with the aim of building a robust intellectual property foundation.

Intellectual property is not merely a source of value; it is also an important asset for building strong relationships with partners, via means such as collaboration with other companies, and for otherwise improving competitiveness and earnings. To strategically protect and utilize such precious intellectual properties, the Intellectual Property Division is bolstering the skills of its staff and standardizing its processes to reinforce the resilience of its intellectual property activities.

### 3. Global Management of Intellectual Properties

Yamaha is vigilant in its efforts to combat intellectual property risks given the rising importance of action for mitigating risks.

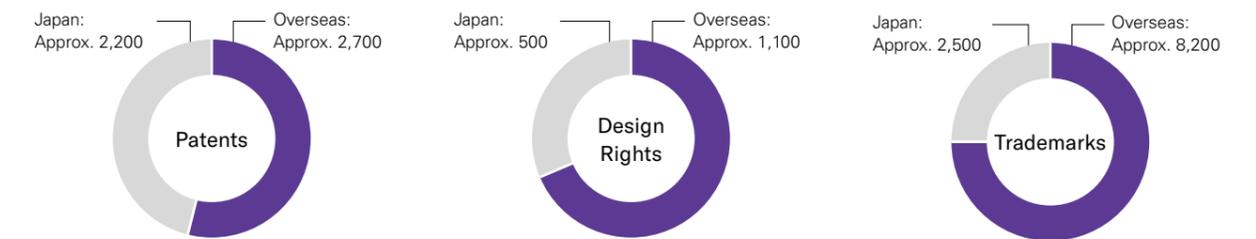
For example, monitoring activities are being ramped up to detect unauthorized use of Yamaha's trademarks or imitations of its designs, cases of which are common on e-commerce sites and in the Chinese market.

By exposing illegitimate use of its intellectual property rights and taking proactive measures to combat such use through government and legal channels, the Company endeavors to safeguard its business and improve the trustworthiness of the Yamaha brand in the eyes of stakeholders.

In addition to take action as appropriate to protect its own intellectual property rights, Yamaha also respects the rights of others. We are strengthening our global music copyright acquisition system on a global and Groupwide basis to ensure that we can accomplish both of these objectives.

Furthermore, educational content pertaining to intellectual property rights is provided and seminars on copyrights are arranged with the goal of increasing intellectual property literacy across the Group.

Number of Patents, Design Rights, and Trademarks Held by the Yamaha Group (As of March 31, 2023)



## Case Study Strategic Utilization of Intellectual Property

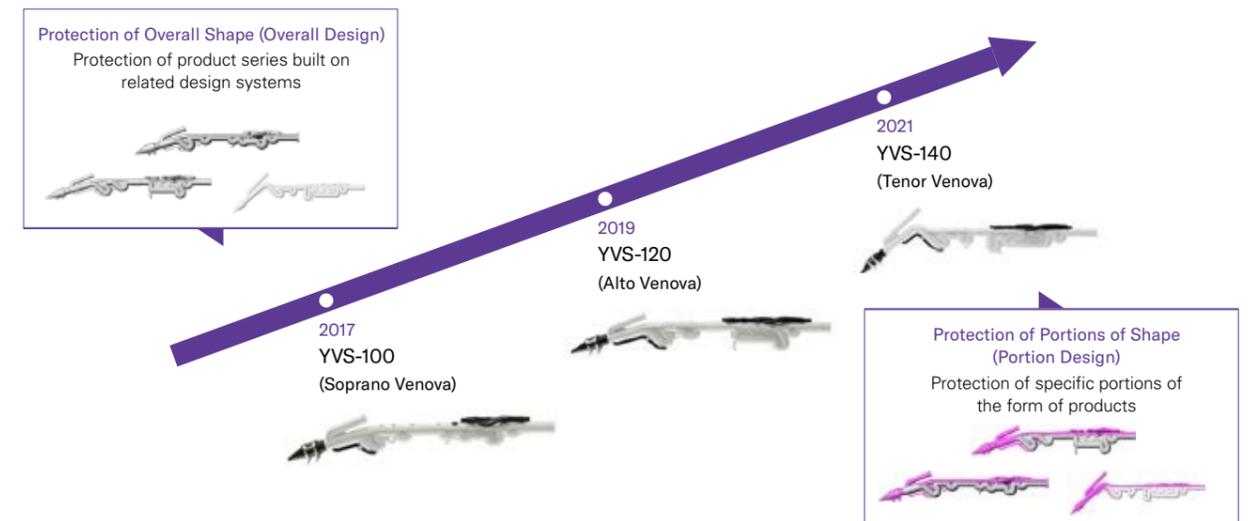
### Venova™ Casual Wind Instruments

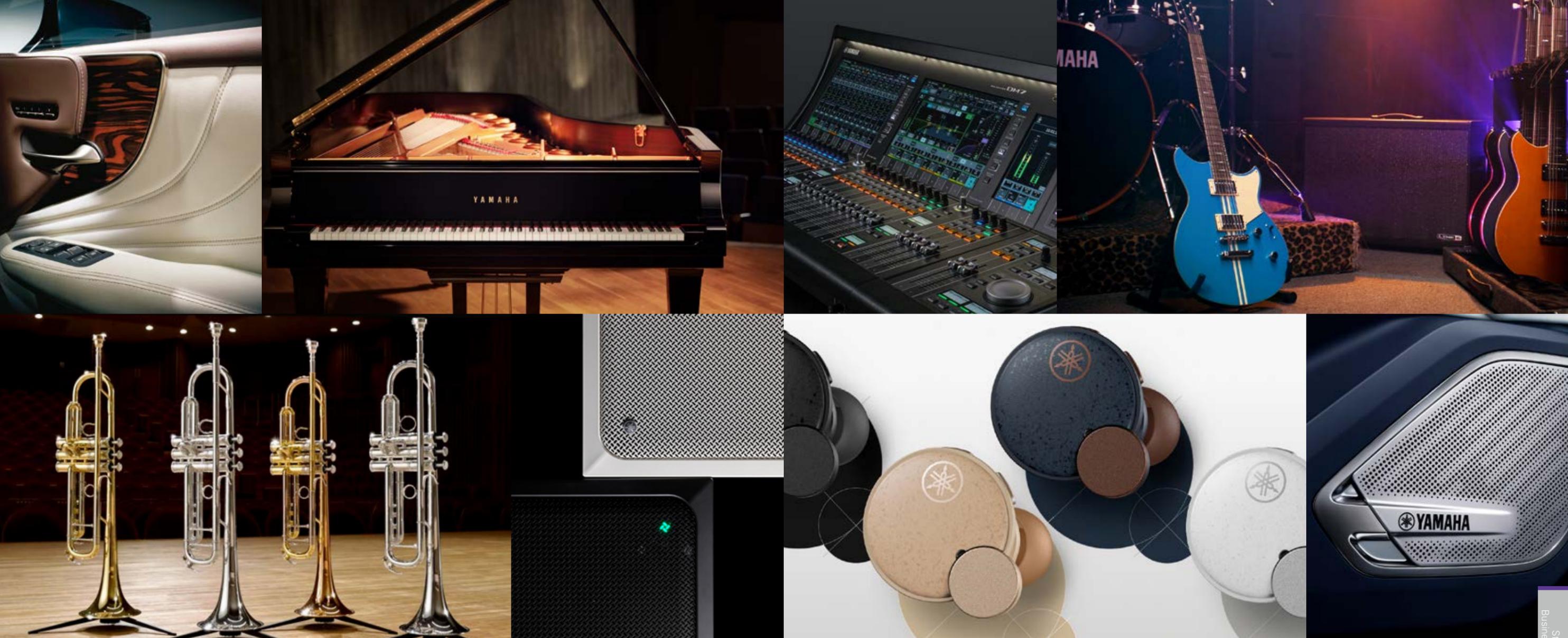
Venova is a new type of casual wind instrument that is easy to pick up, even for first-time players, while still offering authentically tactile sensations and expressive power like the saxophone.

The Venova series received the special Japan Patent Office Director's Award in the first awards section of the 2023 National Invention Awards, which is arranged by the Japan Institute of Invention and Innovation, for its new design as a musical instrument that blends branching pipes with zigzagging lines. An Invention

Achievement Award was also received for implementing this invention.

As part of its efforts to effectively safeguard Yamaha products and services, the Intellectual Property Division has submitted applications for design rights to protect the overall physical designs of the Venova series as well as portions of these designs and even related designs in order to more widely secure the brand design for use in future additions.





# STRATEGY SECTION

## IV. Strategies by Business and Function

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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 achieve sustainable, highly profitable growth.

Seiichi Yamaguchi

Managing 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* (sensitivity) engineering, and simulation technologies to take on challenges in the digital network environment and other new domains. Through our diverse product lineups, global sales and service structures, and music promotion activities, we have secured a position as the world's leading comprehensive musical instruments manufacturer.

Key Strategies under Make Waves 2.0

For the key strategy of build upon fundamental qualities of musical instruments, we aim to create new and inspiring experiences founded on advanced technologies and exquisite sensibilities. We will also foster understanding of and evolve our skills and craftsmanship to enhance our product creation functions. Our approach toward the key strategy of explore new growth fields will entail bolstering our share in China while pursuing growth in India and Southeast Asia. At the same time, we will introduce products based on new concepts to approach new customers. Under the key strategy of supply services for forging longer, stronger ties with customers, we are supplying applications and services that support and provide frameworks for performances as part of our efforts to deliver services matched to customers' music lifestyles.

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"> <li>Recovery from the disruptions caused by the COVID-19 pandemic in China, the world's largest piano market</li> <li>Rising trend toward emphasizing greater expressiveness and functions better matched to music lifestyles in mature markets</li> </ul>  | <ul style="list-style-type: none"> <li>Robust lineup that can accommodate customers of all skill levels developed through a dedication to the fundamental essence of acoustic pianos</li> <li>Wide-ranging proposals for enjoying pianos that apply technologies pertaining to Disklavier, TransAcoustic, and other products</li> </ul>   | Steinway & Sons (Germany and United States)<br>Guangzhou Pearl River Piano Group Co., Ltd. (China)<br>Kawai Musical Instruments Manufacturing Co., Ltd. (Japan)      |
| Digital musical instruments              | <ul style="list-style-type: none"> <li>Weak demand for entry-level models due to global inflation trend, but strong demand for mid-range and high-end digital musical instrument models</li> <li>Dissipation of demand for digital pianos associated with people increasingly staying at home in response to the COVID-19 pandemic, but continuation of strong sales for high-end models</li> <li>Slowdown in portable keyboard demand for entry-level models and recovery in portable keyboard demand for live performances in emerging markets, although demand did not reach levels seen prior to the pandemic</li> </ul> | <ul style="list-style-type: none"> <li>Strong brand image and high market share backed by quality</li> <li>Extensive product lineup matched to diverse user needs</li> <li>Development capabilities, production bases, and 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</li> </ul>   | Casio Computer Co., Ltd. (Japan)<br>Roland Corporation (Japan)<br>Kawai Musical Instruments Manufacturing Co., Ltd. (Japan)<br>KORG Inc. (Japan)                     |
| Wind, string, and percussion instruments | <ul style="list-style-type: none"> <li>Recovery of global demand following resumption of school and community brass band activities as the impacts of the COVID-19 pandemic dissipate</li> <li>Brisk conditions in the North American market due in part to government support for education in the United States</li> <li>Growth in demand for electronic drums, digital wind instruments, and electric violins, which can be played easily at home</li> </ul>  | <ul style="list-style-type: none"> <li>Production and sale of almost all instruments used in brass bands and orchestras</li> <li>Broad lineup of products for customers ranging from beginners to professional performers</li> <li>Product development capabilities capitalizing on digital instrument and other expertise as a comprehensive musical instruments manufacturer</li> <li>Expertise in stimulating demand for wind instruments through coordination with professional performers and music instructors</li> </ul> | Conn-Selmer, Inc. (United States)<br>Buffet Crampon S.A.S. (France)<br>Jupiter (KHS Musical Instruments Co., Ltd.) (Taiwan)  |
| Guitars                                  | <ul style="list-style-type: none"> <li>Temporary stagnancy in market growth as a result of the rebound from the strong growth seen as people stayed at home in response to the COVID-19 pandemic</li> <li>Expansion of lineup through acquisition of Cordoba Music Group, LLC, of the United States, allowing for accommodation of the various needs of guitarists</li> </ul>  | <ul style="list-style-type: none"> <li>Global leader in number of acoustic guitars sold*</li> <li>Comprehensive solution lineup including peripherals offered through multi-brand approach</li> <li>Development of TransAcoustic Guitar and other products using new technologies that are a step ahead of competitors</li> </ul>   | Fender Musical Instruments Corporation (United States)<br>Gibson Brands, Inc. (United States)<br>Taylor Guitars (United States)<br>C.F. Martin & Co. (United States) |

\* Yamaha estimation, as of March 31, 2023

Business Strategies of the 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"> <li>Improvement in the promotion of value that fits the life stage of each individual customer through evolved digital marketing</li> <li>Enhancement of product development capabilities for pursuing the essence of musical instruments due to the progression of digital technologies and AI</li> <li>Expansion of musical-instrument-playing population through bolstering of sales networks and e-commerce in emerging countries and promotion of instrumental music education</li> <li>Provision of a wider range of options for enjoying musical instruments through the advancement of remote and online technologies</li> </ul> | <ul style="list-style-type: none"> <li>Increased costs and economic downturn due to accelerated inflation</li> <li>Economic downturn due to emergence of geopolitical risks in Eastern Europe</li> <li>Inconsistent supply of electronic components and timber</li> <li>Entrance of manufacturers from other industries; potential for saturation of e-commerce brands utilizing OEMs</li> </ul> |

Key Strategies

- Build upon the fundamental qualities of musical instruments
- Explore new growth fields
- Supply services for forging longer, stronger ties with customers

Review of Fiscal 2023

- Revenue from pianos was down due to the disruptions seen in China as a result of the COVID-19 pandemic. Nevertheless, Yamaha ramped up its artist relations activities and made progress in increasing the value of its product offerings through the promotion of SILENT Piano models and TransAcoustic pianos with wider ranges of functions.
- Digital musical instruments were affected by demand slowdown centered on entry-level models, but sales of mid-range to high-end models remained firm. We also launched a new series of stage keyboards designed for live performances.
- Revenue of wind, string, and percussion instruments was up following rapid growth in North America. In this area, we released new products designed under the guidance of leading artists and also rolled out campaigns that used social media to energize brass band activities in Japan.
- Guitars enjoyed higher revenue due to the expanded player base and strong performance of electric guitars stimulated by collaboration projects with a popular anime series. In addition, shipments were commenced for the FG9 high-end acoustic guitar.

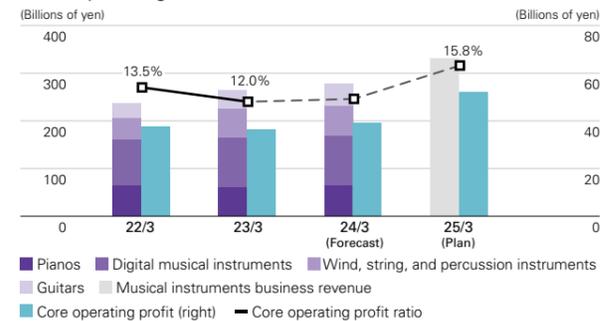
Policies for Fiscal 2024

As the market changes while recovering from the disruptions caused by the COVID-19 pandemic, the musical instruments business will pursue increases in revenue and profit through renewed growth.

To stimulate demand for entry-level models, which was sluggish in fiscal 2023, value promotion activities will be ramped up via e-commerce and social media and products tailored to local markets will be launched to accommodate market and customer needs. To heighten our capacity to sell high-value-added mid-range and high-end models, we are enhancing our capacity to communicate the fundamental value of musical instruments while building relations with prominent artists to achieve further improvements to brand value. Market recovery is expected in China, and we will seek to ensure that sales recover as well through increased information provision, accelerated sales promotion measures, and new product launches. As for the guitar business, which has been positioned as business to be fostered, we are coordinating with Cordoba Music Group, which was acquired in the guitar business in fiscal 2023, to bolster our development capabilities in order to boost our respective brand value. Furthermore, products based on new concepts will be launched to approach members of the younger generations who may become Yamaha customers in the future.

Sustainability initiatives will include promoting a shift toward products and manufacturing approaches with a lower impact on the environment through the utilization of sustainably sourced timber and the transition to more eco-friendly materials. In addition, the value proposition offered by these activities will be leveraged in approaching new customer groups. We will also seek to supply services for forging longer, stronger ties with customers by enhancing our musical instrument maintenance services and accelerating our development of tools for supporting performances.

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



PIANO BUSINESS



Global market share for Yamaha's products **Pianos: 33%\***  
 Revenue (Fiscal 2023): **¥60.6 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"> <li>Ramp up activities with leading pianists and influencers and accelerate artist relations activities targeting aspiring pianists</li> <li>Continue to refine flagship CFX full-concert grand pianos</li> </ul>   |
| Expand customer base and raise value  | <ul style="list-style-type: none"> <li>Expand sales channels and stimulate demand for higher levels of value in China</li> <li>Shift focus of product portfolio to more value-oriented business and orient customers toward these businesses</li> <li>Focus efforts on and increase recognition of Yamaha's hybrid pianos</li> </ul> |
| Transition toward a sustainable business model that is always accommodating toward the environment and people | <ul style="list-style-type: none"> <li>Shift toward products and product creation activities that have lower environmental impacts</li> <li>Maximize customer lifetime value by encouraging customers to use their instruments longer</li> <li>Develop cyclical business frameworks</li> </ul>                                       |

Major Focuses for Achieving Goals

In fiscal 2023, the first year of the medium-term management plan, sales of pianos struggled due to the market stagnation seen in China as a result of the COVID-19 pandemic. Conversely, a number of experts tried out the CFX full-concert grand pianos we launched in March 2022, and these experts evaluated the pianos very highly. We also moved forward with artist relations activities through which we sought to create opportunities for aspiring and other pianists to learn through comfortable and immersive remote lessons. Meanwhile, the transition to a sustainable business model was promoted by launching silent function upgrade services in certain regions.

Focuses in fiscal 2024, the second year of the plan, will include steadily growing sales volumes in the Chinese market, which is expected to see recovery, as well as providing opportunities to enjoy performances without concern for time by launching new SILENT Piano series and TransAcoustic piano products in all markets. As smooth progress was made in the efforts to build relationships with experts commenced in fiscal 2023, we will continue to strengthen these relationships in fiscal 2024 as we seek to build further trust for the Yamaha brand and accelerate sales of the CFX piano.

DIGITAL MUSICAL INSTRUMENTS BUSINESS



Global market share for Yamaha's products **Digital pianos: 47%\***  
**Portable keyboards: 45%\***  
 Revenue (Fiscal 2023): **¥103.0 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"> <li>Develop further effort to mid-range and high-end digital piano operations and provide performance support solutions for digital pianos</li> <li>Achieve growth in emerging markets by developing portable keyboards rooted in local culture and expanding local content</li> <li>Approach new customer demographics with products based on new concepts</li> </ul> |
| Implement strategies for improving lifetime value     | <ul style="list-style-type: none"> <li>Revise user registration processes to increase registration rates and thereby forge connections with customers</li> <li>Maintain ongoing relations by supplying applications and other services to increase the number of customers who continue to enjoy their musical instruments</li> </ul>   |
| Build operating foundations and create new value      | <ul style="list-style-type: none"> <li>Develop frameworks for continuing consistent growth without halting business activities</li> <li>Create new value through process integration of elemental technology collaboration and use of AI</li> </ul>   |

Major Focuses for Achieving Goals

The digital musical instruments business was impacted by the sluggish demand seen in the U.S. and European markets as a result of the economic downturn as well as by the impacts of the COVID-19 pandemic on the Chinese market during fiscal 2023, the first year of the medium-term management plan. Nevertheless, growth in sales of mid-range to high-end products was achieved. In emerging markets, demand for products designed for live performances recovered gradually, and strong sales were posted for new synthesizer products.

Efforts to promote the value of our various products through the ideal sales channels will be accelerated in fiscal 2024, the second year of the plan, by utilizing e-commerce for entry-level products and improving the customer experience offered by stores for high-end products. We will also enhance the performance support services and content we provide to forge ongoing relationships with the customers who purchase our products. Going forward, Yamaha will continue to develop key and sound source technologies in order to create new customer experience value that competitors cannot mimic.

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



Global market share for Yamaha's products **Wind instruments: 31%\***  
**Drums: 11%\***  
 Revenue (Fiscal 2023): **¥62.3 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 electronic drums and timpani. With this wide range of products, the Yamaha brand is able to compete for the leading position in regard to various types of musical instruments. 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   | <ul style="list-style-type: none"> <li>Develop high-end products and ramp up efforts to solicit their value</li> <li>Accelerate artist relations activities and create new artist service frameworks</li> </ul>   |
| 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"> <li>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</li> <li>Inspire moves to energize brass band activities</li> </ul>  |
| Propose sustainability-minded value   | <ul style="list-style-type: none"> <li>Propose new ways of enjoying instrumental music performances and support performances and practice sessions to strengthen ties with customers</li> <li>Help preserve the environment by utilizing sustainably sourced timber, unused timber types, and biomass-derived resins</li> </ul> |

Major Focuses for Achieving Goals

Sales were strong in the North American market during fiscal 2023, the first year of the medium-term management plan, as the market was invigorated by national and state government support for education and a rapid recovery from the impacts of the COVID-19 pandemic. Also in this fiscal year, we strengthened our brand power as it relates to high-end products through the promotion of products designed under the guidance of leading artists. In addition, we sought to energize band activities in Japan through information provision campaigns advanced via social media with the assistance of influencers.

In fiscal 2024, the second year of the plan, Yamaha will continue to build on its relationships with artists. At the same time, Yamaha will bolster its ability to communicate the value of its products by extending the network of dedicated wind instrument retailers being developed in the United States to other parts of the globe. Other efforts will include ramping up the supply of information through the Yamaha Symphonic Band in order to broadcast the appeal of brass bands and thereby invigorate the industry. We will also continue to promote the value we provide in terms of the environment and other aspects of sustainability.

GUITAR BUSINESS



Global market share for Yamaha's products **Guitars: 10%\***  
 Revenue (Fiscal 2023): **¥37.9 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"> <li>Develop uncompromising high-end models and improve the quality of entry-level models</li> <li>Promote sustainability initiatives as one facet of initiatives for building upon fundamental value of guitars</li> </ul> |
| Achieve strong differentiation through amazing new value propositions supported by comprehensive capabilities    | <ul style="list-style-type: none"> <li>Propose unique ways of enjoying guitars based on new concepts that take advantage of Yamaha's strength in digital technologies</li> </ul>  |
| Encourage customers to continue playing the guitar with solutions that incorporate service elements              | <ul style="list-style-type: none"> <li>Provide comprehensive solutions including Line 6 and Ampeg</li> <li>Expand lineup of solutions encompassing software and services</li> </ul>   |
| Conduct branding activities aimed at earning customer trust  | <ul style="list-style-type: none"> <li>Strengthen brand marketing and transition from phase of increasing recognition to phase of earning trust</li> <li>Enhance brand experience through customized shops</li> </ul>   |

Major Focuses for Achieving Goals

Market inventory levels were high in fiscal 2023, the first year of the medium-term management plan, as a result of the rebound from the special demand trend that was the result of people staying at home in response to the COVID-19 pandemic. This situation caused sales of entry-level acoustic guitars to struggle. Regardless, the guitar business was able to achieve year-on-year growth thanks to the strong performance of electric guitars. During the fiscal year, we sought to craft narratives for communicating the value of our products. For example, we actively arranged offline events and online content in conjunction with new product launches in which developers talked about their products.

In fiscal 2024, the second year of the plan, we look to increase product selling prices in conjunction with the launch of a high-end acoustic guitar that was designed to exemplify the fundamental value of guitars. At the same time, growth strategies will be formulated to take advantage of the expanded product portfolio granted by the acquisition of Cordoba Music Group. Increased attention will also be devoted to branding activities, through which we will seek to form emotional bonds with customers in order to encourage them to continue choosing Yamaha.

\* Fiscal 2023, 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 Solutions Division

### Business Overview

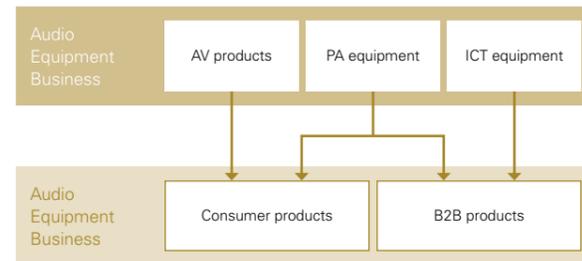
The audio equipment business is one of the business pillars of Yamaha, a company centered on sound and music. Consumer products include conventional personal audio products as well equipment for production, streaming, and gaming. As for business-to-business (B2B) products, we provide professional entertainment-use PA equipment, conferencing systems and other business solutions, and devices. Yamaha is also expanding its business domain to include new growth markets while providing distinctive products and services that combine its digital signal processing technologies, spatial acoustics control technologies, and network technologies.

### Key Strategies under Make Waves 2.0

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 PA equipment, AV products, and ICT equipment based on whether they are consumer or B2B products in response to the changes in the market and demand brought about by the COVID-19 pandemic. Our efforts will specifically be targeted toward addressing the rising demand from consumers committed to high sound quality as well as the growing demand from businesses for hybrid meetings that combine on-site and remote participation. 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 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 seek to heighten awareness regarding TRUE SOUND products that faithfully communicate the intended intent of artists. 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.

### Reorganization of Segment Operations in Fiscal 2024



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

| Overview of Markets and Yamaha's Operations  | Yamaha's Strengths  | Main Competitors  |
|--|---|---|
| <p><b>Consumer products</b></p> <ul style="list-style-type: none"> <li>Global slowdown in the consumer audio product market due to changes in consumer behavior and dissipation of special demand associated with people staying at home in response to the COVID-19 pandemic</li> <li>Deceleration of growth as demand levels return to normal and emergence of oligopoly among major brands in headphone and earphone market</li> <li>Increase in distribution inventories due to rebound from special demand associated with people staying at home in response to the COVID-19 pandemic as well as intensification of competition due to product launches by competitors in the AV receiver market</li> <li>Brisk conditions in the soundbar market due to popularization of smart televisions characterized by particularly strong demand for mid-range and high-end models</li> <li>Rapid introduction of new products for creators from various companies in light of ongoing rise of economies driven by creators</li> </ul> | <ul style="list-style-type: none"> <li>Technology for communicating the true intent of creators</li> <li>Stable, reliable, and high-quality signal processing technologies offering professional quality developed for commercial applications</li> <li>Merging of audio and network technologies</li> </ul>  | <p>Sonos, Inc. (United States)<br/>Bose Corporation (United States)<br/>Sony Corporation (Japan)<br/>Logitech International S.A. (Switzerland)<br/>Samsung (South Korea)<br/>Focusrite plc. (United Kingdom)<br/>PreSonus Audio Electronics, Inc. (United States)</p>   |
| <p><b>B2B products</b></p> <ul style="list-style-type: none"> <li>Recovery in the live performance and entertainment markets in numerous regions following dissipation of the impacts of the COVID-19 pandemic</li> <li>Growth in the conferencing equipment market due to people returning to offices as economic activities return to normal</li> <li>Consistent demand for network devices amid growing IT investment for the purposes of promoting corporate digital transformation and operational efficiency</li> <li>Introduction of video over IP telecommunications technologies (technologies for transmitting audio and video over IP networks) at companies, concert halls, broadcasting networks, and retailers</li> </ul>  | <ul style="list-style-type: none"> <li>Broad lineup of products capable of accommodating live performance and entertainment events of various scales and budgets</li> <li>Conference-use microphone and speaker system solutions that comprehensively accommodate everything from voice input to output</li> <li>Network device solutions proposals centered on integrated equipment management functions</li> <li>Products that leverage audio equipment and network product technologies</li> </ul> | <p>Harman International Industries (United States)<br/>Poly Inc. (United States)<br/>Shure Incorporated (United States)<br/>Sennheiser electronic GmbH &amp; Co. KG (Germany)<br/>Logitech International S.A. (Switzerland)<br/>Cisco Systems, Inc. (United States)</p> |

### Business Strategies of the 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"> <li>Rising understanding regarding the importance of sound quality in communication due to remote interactions experienced during the COVID-19 pandemic</li> <li>Demand for new audio equipment stimulated by transition to higher sound qualities and surround sound for sound, video, and video game content</li> </ul> | <ul style="list-style-type: none"> <li>Potential for the adverse impact of unstable international conditions and economic recession to effect corporate investment</li> <li>Ongoing difficulties in procuring semiconductors and other components</li> <li>Possible prolongation of poor consumer confidence due to changing social trends</li> </ul> |

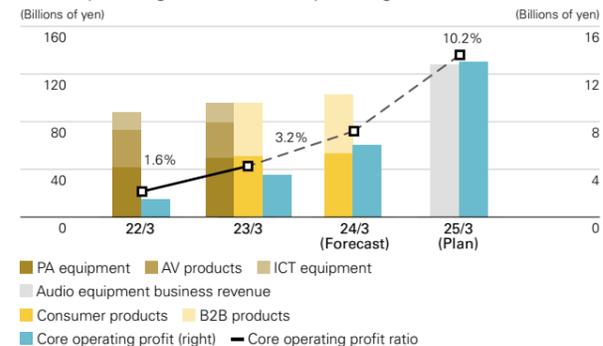
#### Key Strategies

- 1 Rebuild business in conjunction with market changes and broaden domain to include new growth markets
- 2 Pursue higher development efficiency by creating sound, cloud, and network technology development platforms that facilitate the creation of new value
- 3 Accelerate branding for TRUE SOUND to improve recognition of Yamaha's overall audio equipment lineup

### Review of Fiscal 2023

- Sales of home audio products struggled due to lower sales of entry-level models as well as shortages in product supplies that stemmed from difficulties in procuring components.
- A new flagship headphone model was introduced that featured exceptional levels of sound quality and distinctive new value, and this model was highly rated around the world.
- A number of new products oriented toward creators were introduced.
- Improvements were seen with regard to supply issues pertaining to products for businesses as the difficulties in procuring semiconductors were partially alleviated.
- Sale of PA mixers and speakers were strong as a result of recovery in demand in the entertainment market.
- Overseas sales of remote conferencing systems grew due to the beneficial environment produced by people returning to work as the impacts of the COVID-19 pandemic dissipate.
- Sales of new router products and other network device products were favorable.

### Revenue by Major Products and Subsegments / Core Operating Profit / Core Operating Profit Ratio



### Policies for Fiscal 2024

The audio equipment business will target increases in revenue and profit as it rebuilds its operating foundations and accelerates the shift toward growth fields in which it can exercise its strengths. To rebuild business in conjunction with market changes and broaden domains to include new growth markets, we are advancing initiatives through the new organizational structure created via the reorganization undertaken in response to market changes. For consumers, we are accelerating the development of products related to the growing content distribution field. For example, we are proposing new value that actively incorporates the commercial audio mixer and other expertise we have fostered over the years. For the corporate and education markets, our efforts to develop sales channels related to remote conferencing equipment are being accelerated. At the same time, we are strengthening our ties with sales partners (engineers and sales staff members) through community activities and certification tests in order to expand the scope of people able to propose Yamaha products. As we pursue higher development efficiency by creating sound, cloud, and network technology development platforms that facilitate the creation of new value, the shared platform under development will be gradually applied to new products in order to heighten the fluidity of technology assets and reduce the steps in the development process. Efforts to accelerate branding for TRUE SOUND to improve recognition of Yamaha's overall audio equipment lineup will include increasing opportunities to connect with individual customers through the directly operated e-commerce website being developed by means of collaboration between Yamaha Corporation and sales subsidiaries to foster recognition of the Yamaha brand.

## INDUSTRIAL MACHINERY AND COMPONENTS BUSINESS



Through comprehensive solutions centered on sound, we will grow our customer base in the transforming automotive and industrial machinery markets.

### Nobukazu Toba

Operating Officer  
Executive General Manager of IMC Business Unit  
and Senior General Manager of Electronic Devices Division

### Business Overview

In the electronic devices business, which started with the development of LSIs for digital musical instruments, we are developing semiconductor products as well as comprehensive in-vehicle sound solutions that incorporate amp modules and speakers. As automobiles increasingly incorporate electronics, there is a rising need to make vehicles ever more comfortable spaces. Yamaha helps automobile manufacturers create the ideal acoustic environment for their vehicles by combining 3D surround sound functions that offer unparalleled levels of immersion with safety and security functions that support drivers through sound.

In our business of supplying automobile interior wood components for luxury cars, which began with the integration of our lumber processing and coating technologies, we develop products with superior design elements built on eco-friendly materials to deliver solutions that satisfy the design concept requirements of customers.

In the FA equipment business, we are deploying equipment developed by applying the production technologies we created for musical instrument production to industrial machinery to respond to inspection needs for printed circuit boards and various other products. With these three businesses, the industrial machinery and components business is being cultivated into a third business pillar that can stand alongside the musical instruments and audio equipment businesses.

### Key Strategies under Make Waves 2.0

Our goal in the electronic devices business is to expand the number of vehicles that use our automotive sound systems and high-quality in-vehicle communication modules, which employ Yamaha's acoustics and voice technologies. In regard to automotive sound systems, we are developing new types of customer value while also accelerating sales promotions by soliciting our track record and functions in conjunction with the increased exposure of the Yamaha brand in the Chinese and Japanese markets. As for high-quality in-vehicle communication modules, we are improving the performance of our systems and streamlining development processes to raise production efficiency in preparation for China's introduction of legislation requiring vehicles to be equipped with high-quality emergency alert systems.

In automobile interior wood components, diverse design proposals are being accelerated by reinforcing our material procurement systems as we also develop new production methods that are friendlier toward the environment.

In regard to FA equipment, Yamaha aims to maintain its strong share for printed circuit board testing machines by accommodating more sophisticated testing needs. We will also seek to grow this business by strengthening our ultrasound and other sensing technologies, expanding our customer base, and exploring new markets.

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

| Mainstay Products   | Overview of Markets and Yamaha's Operations   | Yamaha's Strengths   |
|---|---|--|
| <b>Electronic devices</b><br>Automotive sound systems, high-quality in-vehicle communication modules, in-vehicle image and digital sound field processor semiconductors, graphics LSIs and sound generators for amusement equipment, etc. | <ul style="list-style-type: none"> <li>Rising attention directed toward sound design as in-vehicle comfort is emphasized as a new source of vehicle value</li> <li>Progress in standardization as installation of emergency alert systems becomes mandatory in China and more demanding expectations require high-quality communication quality</li> </ul>  | <ul style="list-style-type: none"> <li>Product proposals amalgamating core sound-related technologies and sound production expertise</li> </ul>  |
| <b>Automobile interior wood components</b><br>Decorative interior panels for luxury vehicles using figured and other genuine wood   | <ul style="list-style-type: none"> <li>Increased interest in eco-friendly, sustainable materials and production methods</li> <li>Diversification of vehicle interior designs amid increased emphasis on design properties of vehicle interiors and changes in display and control methods associated with the incorporation of electronics</li> </ul>   | <ul style="list-style-type: none"> <li>Timber processing, coating, and decorating technologies and superior design proposal capabilities fostered through musical instrument production</li> </ul> |
| <b>Factory automation (FA) equipment</b><br>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"> <li>Need for increased precision and functionality in printed circuit board testing machines due to the trend toward faster communications and thinner, lighter, and more intricate circuits</li> <li>Rising demand for lithium-ion battery inspection equipment following rapid popularization of EVs</li> <li>Increased expectations for packaging quality and safety in conjunction with automation of food and medical product production lines</li> </ul> | <ul style="list-style-type: none"> <li>Superior levels of quality and reliability and cutting-edge technologies that realize high-speed, high-precision FA equipment</li> </ul>                    |

### Business Strategies of the 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"> <li>Accelerated incorporation of electronics into automobiles</li> <li>Increased needs for greater comfort in vehicles</li> <li>Growth in demand for new testing machines due to rising safety and security needs</li> </ul> | <ul style="list-style-type: none"> <li>Intense competition in the Chinese market amid growing needs for brand-name automotive sound systems</li> <li>Regulations instituted in conjunction with international political trends</li> </ul> |

#### Key Strategies

- Electronic devices (in-vehicle audio)**  
Accelerate growth by providing comprehensive solutions for in-vehicle audio
- Automobile interior wood components**  
Establish a sustainable earnings structure for in-vehicle space production in the CASE era
- FA equipment**  
Expand business by contributing to the realization of a safe and secure society through ultrasound and sensing technologies

### Review of Fiscal 2023

#### Electronic Devices

- Progress was made approaching customers in China with our automotive sound systems, and these systems were also newly adopted by Japanese automobile manufacturers.
- High-quality in-vehicle communication modules were newly adopted for use in vehicles in Japan and China.

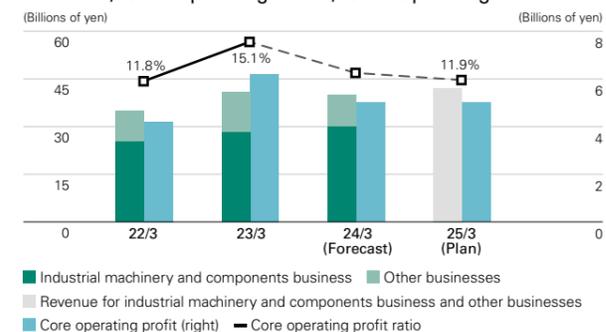
#### Automobile Interior Wood Components

- Verification moved forward for new production methods and approaches with lower environmental impacts.
- Sustainable design proposals using natural materials were commenced.

#### FA Equipment

- Progress was made in developing new ultrasound inspection equipment products for the food packaging field.
- Sales of lithium-ion battery inspection equipment grew.

### Revenue / Core Operating Profit / Core Operating Profit Ratio



### Policies for Fiscal 2024

In electronic devices, we are advertising our technologies and utilizing our partners to increase the number of vehicles using our automotive sound systems and high-quality in-vehicle communications modules. The value of automotive sound systems is being increased through the proposal of speaker units that employ proprietary structures to accentuate the bass elements of sound and of AI algorithms that deliver sound ideally tailored to characteristics of a given song or the tastes of a specific user. Meanwhile, we are encouraging Chinese manufacturers to adopt our high-quality in-vehicle communications modules in conjunction with China's institution of regulations mandating such modules. To support these efforts, our local engineering team is being expanded so we can offer more robust sound engineering proposals and support and better accommodate quality-related needs.

In regard to automobile interior wood components, we aim to expand our customer base through the creation of sustainable designs and products as we develop new production methods and prepare for mass production. We also seek to lower the environmental impact of our factories while pursuing smarter operations to reduce lead times and further stabilize the quality of our manufacturing activities.

As for FA equipment, we are promoting sales of flexible printed circuit board testing machines and battery leak detectors through the provision of stronger customer support service and additional functions. At the same time, we will focus on the development of next-generation products using our signal processing and sensing technologies. We also intend to launch new ultrasound inspection equipment products for the food packaging field and to seek out customers for these products.



## RESEARCH AND DEVELOPMENT

By further refining and enhancing the combination of technologies and sensibilities that represents our long-cultivated core competence, we will develop products and services that deliver unique and diverse experience value and thereby support the “Well-Being of People around the World.”

### The Strengths of Yamaha’s Research and Development

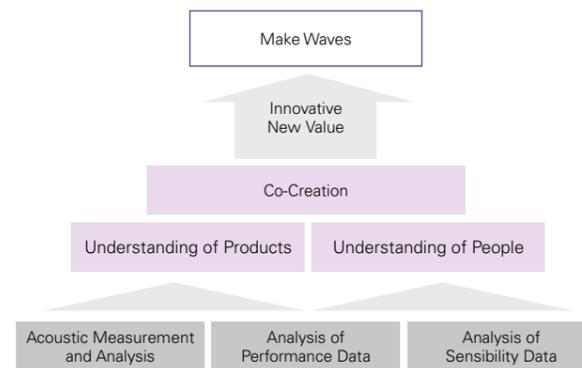
We have inherited the craftsmanship capabilities and sensibilities toward sound creation that Yamaha has cultivated over its long history, which spans generations. With these capabilities and sensibilities as our foundation, we possess a deep understanding of and vast insight related to sensibilities for determining a good sound and a good sound environment. These serve as our unique strengths and enable us to differentiate our products and services from our competitors. We are evolving our 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.

### Initiatives under the Make Waves 2.0 Medium-Term Management Plan

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.

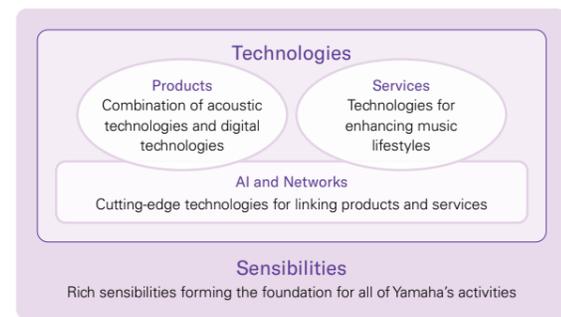


### Review of Fiscal 2023

In fiscal 2023, steady progress was made with regard to the priority themes defined by the medium-term management plan with the goal of combining technologies and sensibilities to help people “Make Waves.” We continued to evolve our simulation and measurement technologies while utilizing these technologies in the designs of musical instruments and audio equipment. Advancements in AI and signal processing technologies included the introduction of Yamaha’s latest sound source isolation technology into the Rec’n’Share™ app, a move that contributed to improvements to user experience value. In addition, the Upcycling Guitar was displayed at the “Musical Instrument Wood” Exhibition held in the Yamaha Ginza Shop, and this display was used as an opportunity to verify the new value of this instrument designed to inspire customers.

### 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.



### R&D Strategies of the Make Waves 2.0 Medium-Term Management Plan

Combine technologies and sensibilities to help people “Make Waves”—  
Create a world where anyone can enjoy sound and music anytime, anywhere

- Employ scientific design methodologies to pursue never-ending improvements to performance based on an understanding of products gained from advanced simulation, measurement, and signal processing technologies
- Visualize customer value to propose experiences that accommodate diverse values 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 customer experience provided by products and services with technologies for AI that produce and perform music together with users
- Enhance material technologies to take advantage of the value of sustainable materials in order to improve business resilience and create new value

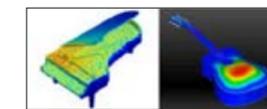
### Policies for Fiscal 2024

Yamaha will move forward with development in the four areas prescribed for strategic initiatives in the current medium-term management plan.

- Initiatives related to scientific design methodologies will include the development of technologies for analyzing the movements of people during musical performances as well as simulation and measurement technologies for use in analyzing objects.
- Efforts to visualize customer value will be centered around building a deeper understanding of diverse music cultures in order to better track customer value.
- AI technologies that accommodate people’s needs will be utilized in musical instruments as well as audio equipment and other non-musical instrument fields.
- In regard to the value of sustainable materials, we will seek to expand the scope of value we supply by quantitatively measuring the relationship between the physical properties of materials and sound characteristics.

### R&D Theme Establishment and Innovation of Design and Development Methodologies

Yamaha is taking a scientific approach toward design and codifying its methodologies in order to promote more sophisticated and efficient R&D activities. Through a logical, Companywide approach toward codifying and standardizing measurement, analysis, simulation, sensitivity evaluation, and other technology elements, we aim to



Acoustics analysis system

establish and innovate design and development methodologies. In addition, AI-powered analysis and simulation technologies will be employed in pursuit of massive improvements in development speed.

### R&D Theme Speaker-Related Elemental Technologies

Yamaha possesses a wide range of elemental technologies related to the design and production of speaker materials, speaker units, and speaker systems, and these technologies are driving the differentiation of our products. Examples of these technologies can be found in the new NS-2000A floor-standing speaker that employs our newly developed HARMONIOUS DIAPHRAGM™ and in our new magnetic circuits designed to suppress distortion. These and other elemental technologies are used in high-fidelity audio products, our latest automotive sound systems, and a wide variety of other products to deliver sound that is faithful to the vision of artists.



### R&D Theme Signal and Information Processing and Sound Source Isolation Technologies

Yamaha has a long history in the development of signal and information processing technologies. One innovation produced through these efforts is our sound source isolation technology, which has been incorporated into Yamaha’s Rec’n’Share™ app. Built on a cutting-edge architecture, this technology was developed by inputting various commercially available and other sound sources into a deep learning system in order to create a technology that can isolate specific musical instrument sound sources.

### 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.

#### 1. Daredemo Piano™ (Auto-Accompanied Piano)

The Daredemo Piano (Auto-Accompanied Piano) was developed by combining a technology for automatically producing accompaniment based on real-time AI-powered analysis of a person’s performance with Yamaha’s Disklavier performance reproducing pianos. If a person plays the Daredemo Piano, even with a single finger, an AI will analyze their performance to produce automatic accompaniment for the remaining parts of the piece to allow the person to deliver an elegant performance not unlike an accomplished pianist. Yamaha intends to continue verification tests and research and development to evolve the Daredemo Piano to be an even more effective tool for supporting an inclusive society in which anyone is able to feel the joy of playing the piano.



#### 2. Narikiri Microphone™ using TransVox™

Narikiri Microphone is a product that employ’s Yamaha’s TransVox technology, which can transform one person’s singing voice into that of another in real time. Utilizing the latest singing voice analysis and synthesis and AI technologies, TransVox was created by teaching an AI people’s singing patterns, including the characteristics of their voice and changes in tone and other qualities, to allow anyone to sing with the voice of a specific person, regardless of their age or gender. With this technology, Yamaha hopes that Narikiri Microphone will provide opportunities to take an interest in and experience the joy of music even to those people who have not had the chance to engage with music or who even feel adverse toward music.





## 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.

### Toshiaki Goto

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

### 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-related bases in Japan as well as bases in China, Indonesia, Malaysia, and India. By optimizing planning, procurement, production, and distribution functions for this market, our factory in India, which is a growth market that ranks right after China in terms of growth potential, integrates manufacturing and sales to deliver products with superior levels of cost competitiveness. Furthermore, we utilize the sales warehouse built into the factory to cater to the growing Indian market. Resilience strengthening for mitigating natural disaster risks and other extensive risk management measures are being implemented at various bases as we work to bolster the overall resilience of our production systems. For example, we are producing the same products at multiple bases and steps are being taken to reduce the supply of components between bases to make for integrated systems in which products can be manufactured entirely at a single location.

### Transmission of Yamaha's Techniques

Throughout our long history of producing musical instruments, we have refined the techniques for crafting even higher quality musical instruments. These techniques are imperative to product creation at Yamaha, and we are therefore committed to ensuring that these techniques are fully transmitted to selected Yamaha technicians.

The finishing touches on products are made using the eyes, ears, and hands of actual people to deliver a beauty and richness that cannot be produced by a mere machine. This is why we are so dedicated to protecting our craftsmanship and ensuring that these precious techniques are passed on to future Yamaha technicians.



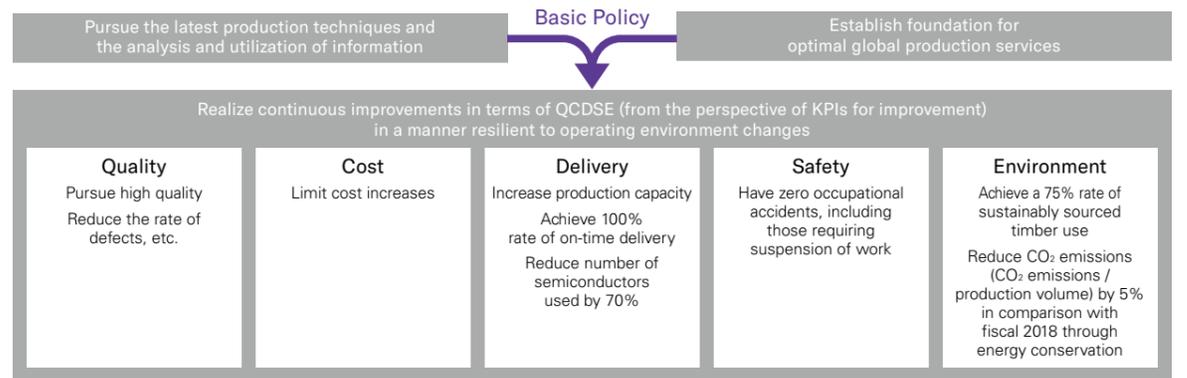
### Review of Fiscal 2023

In fiscal 2023, production levels were down as a result of sluggish market conditions as well as difficulties in procuring semiconductors and other components. Nevertheless, steady progress was made in relation to the priority themes defined by the medium-term management plan. For example, a manufacturing information platform was developed with the aim of introducing digital twin systems into our production management processes, and we have since begun installing this platform at production bases. In addition, certain piano component processing and other processes were automated to improve productivity. Meanwhile, numerous production bases are installing solar power generation systems in order to help combat climate change by utilizing renewable energy.

### Policies for Fiscal 2024

In fiscal 2024, the second year of the medium-term management plan, we will work to strengthen our management of semiconductor procurement organizations and supplier relationships based on the lessons learned from difficulties in procuring components. At the same time, domestic production bases will be enhanced as we seek to develop the frameworks for ensuring reliable production of high-value-added products and the transmission of our craftsmanship techniques. Production digital transformation initiatives will include the introduction of a manufacturing information platform at domestic and overseas production bases so that IoT and digital twin technologies can be utilized to achieve greater levels of excellence in terms of QCDSE.

## Production Strategies of the Make Waves 2.0 Medium-Term Management Plan



### Priority Themes of Make Waves 2.0

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

### 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 contribute to the development of local communities through the creation of employment opportunities and the installation of infrastructure in order to build an economically sustainable supply chain.

### TOPIC New Semiconductor Procurement Initiatives

Based on its experience during the pandemic and the subsequent issues with procuring semiconductors, Yamaha is setting up dedicated overseas organizations related to semiconductor procurement for the purpose of increasing the resilience of its procurement frameworks. Ensuring that we can always secure the necessary supplies of components in a constantly changing operating environment will require that we flexibly adapt our procurement processes and organizations in response to the current conditions. By establishing a dedicated semiconductor procurement organization and strengthening supply relationship management, we aim to build long-term relationships with semiconductor suppliers.



## 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.

### Masato Oshiki

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 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.

#### Value Promotion and Selling Price Increases

Sales subsidiaries around the world produce highly effective advertisements, and these advertisements are being shared on a global basis to heighten the Yamaha Group's overall ability to solicit its value proposition. Employees are thus able to promote Yamaha's value in the ideal manner through both online and offline channels. In addition, we give ample consideration to such factors as the market environment, competitive relationships, and product features in order to promote efforts to increase selling 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 providing services and 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.

### Global Music Popularization Activities

Yamaha is advancing activities to popularize music around the world. Since Yamaha began offering organ classes in 1954, we have gone on to extend the availability of Yamaha Music School, the successor to those organ classes, to include more than 40 countries and regions around the world. In addition, the School Project was launched in 2015 with the goal of promoting instrumental music education and increasing the musical-instrument-playing population centered on emerging countries. This project is currently being advanced in seven countries, where it is helping stimulate medium- to long-term demand.

### Status of Music Popularization Activities (As of March 2023)

| Music Schools                                       | Number of Venues (Schools) | Number of Students <sup>*1</sup> |
|---|----------------------------|----------------------------------|
| Japan (total for children and adults)               | 2,300                      | 320,000                          |
| Overseas (total from over 40 countries and regions) | 1,250                      | 161,000                          |

\*1 Number of students who were able to receive lessons in fiscal 2023

| Countries Offering the School Project <sup>*2</sup> | Aggregate Total of Students | March 31, 2025 Target |
|---|-----------------------------|-----------------------|
| 7 countries   | 2,025,000 people            | 2,300,000 people      |

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

### Review of Fiscal 2023

Yamaha was unable to meet its sales targets in fiscal 2023 due in part to changes in demand and consumer purchasing behavior as a result of global increases to commodity prices. Another factor was struggling performance in the Chinese market, in which the impacts of the COVID-19 pandemic were particularly pronounced. Regardless, initiatives based on the priority themes of the medium-term management plan moved forward and generated results.

Initiatives aimed at the expansion of our customer base included bolstering our sales network and directly operated e-commerce venues in India, increasing the range of music schools in the ASEAN region, and otherwise ramping up our approach toward middle-income demographics. In pursuit of improvements to our ability to communicate our brand and product value, we expanded the number of experience-oriented stores to provide customers with purchasing experiences that involve seeing, feeling, and testing the physical qualities of products. We also augmented our network of bases for communicating the high-quality value offered by Yamaha. As for the acceleration of initiatives targeting higher lifetime value, the customer data platform being furnished on a global basis through the introduction of Yamaha Music ID is being used to supply each individual customer with the ideal products and services and to roll out members' services based on the applicable service designs and regional characteristics. Meanwhile, in the innovation of operating foundations and processes, the introduction of new ERP systems at sales subsidiaries is moving ahead as planned and thereby contributing to increased efficiency in sales processes.

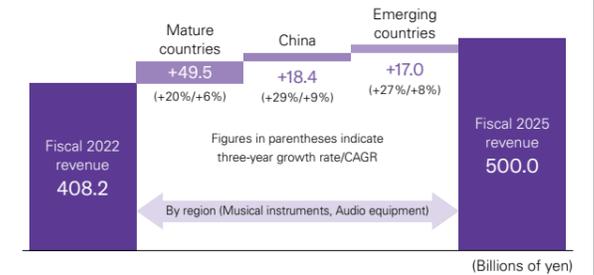
### Sales Strategies of the Make Waves 2.0 Medium-Term Management Plan

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

### Policies for Fiscal 2024

In fiscal 2024, we will continue to implement the same basic policies as were enacted in fiscal 2023, the first year of the medium-term management plan, by moving ahead initiatives based on the priority themes while also expanding sales channels and redoubling our value solicitation efforts. We will thereby aim to grow earnings by developing broader, deeper, and longer direct ties with customers. Moreover, the Chinese and European markets, which struggled in fiscal 2023, are expected to recover in fiscal 2024, and we therefore anticipate sales growth in all regions.

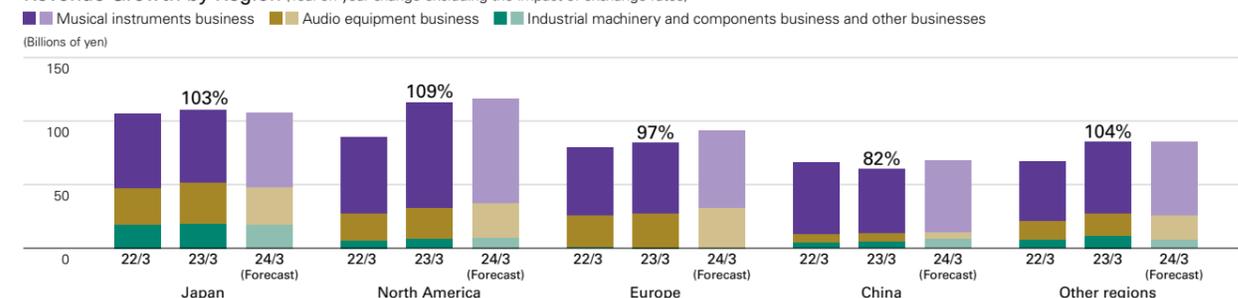
In April 2023, the Direct Marketing Department was set up within the Musical Instruments & Audio Products Sales Unit to facilitate the expansion of sales channels and the enhancement of value solicitation efforts. By reinforcing the direct marketing systems used to create offline and online customer contact points, we look to enable the Company to drive earnings growth in the countries in which we operate. Specific measures will include drafting product- and market-specific sales strategies, supporting the expansion of direct sales frameworks, approaching new customers and soliciting value through digital marketing, and strengthening communication with existing customers based on customer data.

### TOPIC Establishment of Local Sales Subsidiary in the Philippines

Yamaha established a local sales subsidiary in the Philippines in 2023. This decision was made based on the judgment that the Philippines features a substantial market for musical instruments and audio equipment with significant growth potential in light of the country's high economic growth rate, its relatively young population, large middle class, and culture of enjoying music. This is the first time Yamaha has created an overseas subsidiary since it set up a local sales subsidiary in Vietnam a decade ago in 2013.

In the past, sales in the Philippines have been entrusted to local import and sales agents. Going forward, however, our sales activities will be spearheaded by the new sales subsidiary in order to accelerate sales growth. In addition to utilizing our existing sales network in the Philippines, we will also be going further to develop a network that is superior in terms of both quantitative and qualitative aspects in order to strengthen our marketing and branding activities in this market. Efforts to promote acoustic and digital pianos and other high-value-added products will include experience-oriented exhibitions at dealers centered on urban locations and augmentations to our product explanation capabilities. For entry-level portable keyboards and guitars, we plan to grow sales by expanding our network of e-commerce and other sales channels across the country.

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



SALES

CHINA

The Yamaha Group does not view China only as a site for production; we also recognize that it is an important consumer market. This is why we set up a sales network in this country a step ahead of the competition and have thus succeeded in achieving ongoing growth in this market. The Chinese market is still being impacted by the COVID-19 pandemic, but this does not change our intent to continue growing in this market through a strategy integrating products, sales, branding, and demand creation activities.

Atsushi Yamaura

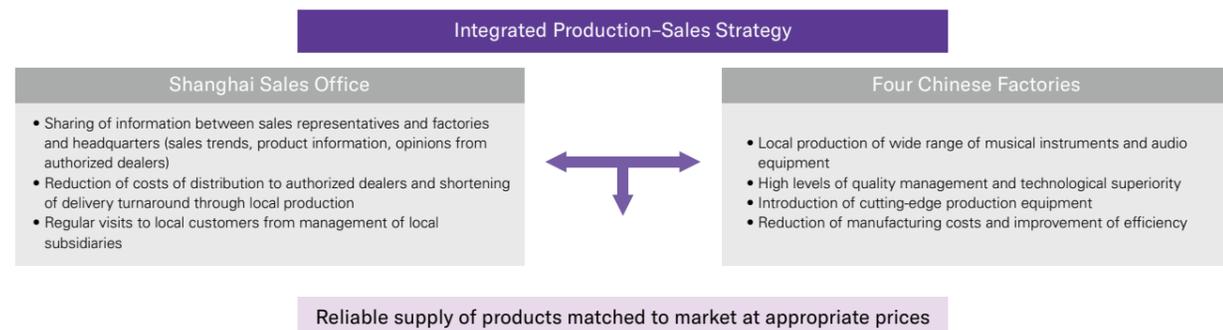
Executive Officer  
Deputy Executive General Manager of Musical Instruments & Audio Products Sales Unit  
President of Yamaha Music & Electronics (China) Co., Ltd.



Yamaha's Competitive Advantage in China  
—Integrated Production–Sales Strategy without Peer

Yamaha has the unique strength of possessing both production and sales bases in the Chinese market. It is therefore easier for us to share information on product sales, feedback related to products, requests from dealers and customers, and other information between sales representatives and factories and headquarters. This in turn allows us to incorporate input from frontline operations into our product development and production activities. Moreover, as products are manufactured locally within this market, the cost of distributing products to dealers is lower and delivery turnaround times are shorter.

Yamaha has a total of four factories in China at which it manufactures a wide range of musical instruments and audio equipment. Cutting-edge production technologies are being introduced into these factories in order to lower manufacturing costs and improve efficiency while maintaining the high level of quality customers expect. We are therefore able to reliably supply products matched to the market at appropriate prices. Going forward, Yamaha will continue to promote coordination with local production bases in its efforts to develop and launch products that accommodate the unique needs seen in the Chinese market.



Expansion of Customer Base

Yamaha's operations foundations in the Chinese market will be reorganized in fiscal 2024 in response to the market changes seen post-pandemic. During the period of the pandemic, sales of products such as digital musical instruments and guitars grew through online venues. In addition, traction was gained with a new customer contact method known as live commerce, which entails engaging with customers through live broadcasts via social media, helping us evolve the purchasing experiences we provide online. Going forward, Yamaha will redouble its online sales efforts in China based on the recognition that the internet will be an increasing important channel for sales in this country. Meanwhile, the customer attraction capabilities of online platforms will be used to direct customers toward offline stores. At the same time, we are enhancing the value solicitation capabilities of offline sales venues with the aim of boosting sales of high-value-added models. In these ways, Yamaha is utilizing online and offline venues in order to expand its customer base in the Chinese market.

China accounts for roughly half of total global sales of pianos, and the Chinese market for pianos has grown in conjunction with education-related demand. Yamaha looks to develop sales channels in inland cities by increasing our exposure among customers outside of urban centers.

Although pianos are primarily sold in physical stores, Yamaha opened a flagship online store in China during fiscal 2023. Accessible through Tmall, China's largest e-commerce platform, this store is another means by which Yamaha is working to strengthen customer contact points. Going forward, we will continue to pursue growth in sales of pianos through coordination with dealers across China.

As for digital musical instruments, online sales channels are being used to promote sales of entry-level and casual-use model products, whereas physical stores are utilized to solicit the value of mid-range and high-end products. Our ongoing efforts to expand customer contact points in relation to digital musical instruments include community initiatives; performance events, sometimes involving singing, for casual adult musicians; and programs targeting piano instructors. In addition, we are renovating dedicated digital musical instrument sale areas to better communicate the value of the Yamaha brand.

The market for guitars in China is growing together with the population of younger performers. Nevertheless, the focus of sales is being shifted from entry-level models to mid-range and high-end models as Yamaha works to develop new sales channels and raise its brand recognition to achieve further growth. We also intend to foster electric guitars into a second pillar of sales growth that can stand

Overview of Chinese Subsidiaries

**Sales and Marketing Bases**

- **Yamaha Music & Electronics (China) Co., Ltd. (Shanghai)**  
Sales of musical instruments, audio equipment, and golf products in mainland China
- **Yamaha Music Technical (Shanghai) Co., Ltd. (Shanghai)**  
Management of music schools in mainland China
- **Yamaha Trading (Shanghai) Co., Ltd. (Shanghai)**  
Trading of musical instruments and audio equipment for Hong Kong
- **Shenzhen Yamaha Music & Electronics Trading Co., Ltd. (Shenzhen)**  
Component procurement and purchasing

**Production Bases**

- **Hangzhou Yamaha Musical Instruments Co., Ltd. (Hangzhou)**  
Manufacturing of pianos and guitars
- **Xiaoshan Yamaha Musical Instruments Co., Ltd. (Xiaoshan)**  
Manufacturing of wind, string, and percussion instruments
- **Tianjin Yamaha Electronic Musical Instruments, Inc. (Tianjin)**  
Manufacturing of digital musical instruments
- **Yamaha Electronics (Suzhou) Co., Ltd. (Suzhou)**  
Manufacturing of audio equipment and digital musical instruments

Yamaha's History in China

|      |   |
|------|---|
| 1985 | Establishment of representative office in Beijing   |
| 1989 | Establishment of Tianjin Yamaha Electronic Musical Instruments, Inc.  |
| 1995 | Establishment of Guangzhou Yamaha-Pearl River Piano Inc. (joint venture piano factory, divested in 2007)  |
| 1997 | Establishment of Xiaoshan Yamaha Musical Instruments Co., Ltd. (100% investment by Yamaha Corporation)  |
| 2002 | Establishment of Yamaha Music & Electronics (China) Co., Ltd.   |
| 2003 | Establishment of Yamaha Electronics (Suzhou) Co., Ltd., and Hangzhou Yamaha Musical Instruments Co., Ltd. (100% investment by Yamaha Corporation) |
| 2005 | Start of operation of Yamaha Music Schools  |

alongside the prior central pillar of acoustic guitars. As part of this undertaking, we introduced the Yamaha Group's Line 6 and Ampeg brands into the Chinese market in 2023.

Improvement of Ability to Communicate Brand and Product Value

Through musical instrument sales and music popularization activities, Yamaha has proceeded to provide customers in China with access to the joy of music, thereby soliciting the value of the Yamaha brand. Going forward, we will endeavor to raise the recognition of the Yamaha brand among the younger generation with the aim of improving our brand image in the musical instruments and audio equipment businesses.

We continue to invite artists and instructors to hold experience-based events that give customers the opportunity to experience the joy of our musical instruments and music proposals in physical stores. Yamaha is also distributing information via social media, enhancing the content it offers through these venues to broaden its contact points with customers. For example, an official Yamaha account was set up on Xiaohongshu\* in 2022. This social media platform is frequently used for doing research when considering buying a particular product due to the large number of reviews users post. To take advantage of the characteristics of this venue, we are communicating how music can enrich one's life through Yamaha accounts and through influencers with a focus on younger generations and particularly on people who do not yet have experience with music. We thereby hope to reach new potential customers.

For audio equipment, in-person exhibitions and events for trying out products are being arranged along with dealer trainings, live commerce events, and short videos designed to enhance our ability to communicate our value. The goal of these ongoing efforts is to foster an image of Yamaha as a specialized sound brand.

\* Social media service considered to be the Chinese equivalent of Instagram

Acceleration of Initiatives Targeting Higher Lifetime Value

Yamaha is soliciting the value of its products based on the theme of creating a moment of satisfaction for customers. Cultivating store staff is critical to this approach toward advertising. For this reason, we began providing Clavinova digital piano advisor certification tests in 2018, which have contributed to a gradual rise in the level of knowledge of our products among store staff. As a new initiative, we launched Yamaha Cloud University, a dedicated online platform for helping keyboard and digital piano sales staff gain more knowledge about Yamaha products. With more than 40 courses containing compartmentalized content, this platform helps users learn in accordance with their specific levels of knowledge. Receiving praise from dealerships for how it makes it possible to confirm the training status of employees, Yamaha Cloud University was used by more than 1,900 individuals in fiscal 2023. Looking ahead, Yamaha will continue to support dealers through the provision of sophisticated and practical training tools. At the same time, we will expand such efforts to other product categories in order to effectively raise the skills of the staff at dealers handling Yamaha products.

In China, senior citizens are extremely active in taking part in learning, a trend that has prompted Yamaha to approach senior education facilities. Partnering with such education facilities, we are arranging group lessons and recitals for portable keyboards as well as a number of events related to digital saxophones, which are being conducted in light of the growing popularity of wind instruments among casual musicians. Moreover, events featuring celebrity guests and other initiatives will be used to further energize the musical-instrument-playing community as Yamaha seeks to propose lifestyles that involve music and forge long-lasting relations with customers.



TOPIC Promotion of the Yamaha Brand through Events

Yamaha participated in the 2022 China International Import Expo, which was held in Shanghai in November 2022. Our booth drew a wide range of visitors, including government officials, school representatives, and general users, and these visitors were treated to an opportunity to experience the value of Yamaha as a sound and music brand through hands-on interactions with products and performances by employees. We have also used product exhibitions, live event broadcasts, and other collaborative activities with Yamaha Motor Co., Ltd., to communicate the appeal of the Yamaha brand. Going forward, Yamaha will continue to take part in such events to help as many customers as possible experience the joy of sound and music while spreading understanding of the appeal of the Yamaha brand.



Yamaha booth at the 2022 China International Import Expo

# GOVERNANCE SECTION

## V. Governance

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

**Takuya Nakata**

Director, President and Representative Executive Officer  
Number of shares owned: 98,900

- 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)

**Satoshi Yamahata**

Director and Managing Executive Officer  
Number of shares owned: 37,800

- 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
- 2017 Director and Managing Executive Officer (to the present)
- 2020 Executive General Manager of Corporate Management Unit and  
Human Resources and General Administration Unit
- 2023 Executive General Manager of Corporate Administration Unit  
(to the present)

**Yoshihiro Hidaka**

Independent Outside Director  
Number of shares owned: 5,700

- 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)

**Mikio Fujitsuka**

Independent Outside Director  
Number of shares owned: 0

- 1977 Joined Komatsu Ltd.
- 2001 General Manager of Corporate Controlling Department of Komatsu Ltd.
- 2005 Executive Officer of Komatsu Ltd.
- 2008 President of Global Retail Finance Business Division of Komatsu Ltd.
- 2009 General Manager of Corporate Planning Division and President of  
Global Retail Finance Business Division of Komatsu Ltd.
- 2010 Senior Executive Officer of Komatsu Ltd.
- 2011 CFO, Director and Senior Executive Officer of Komatsu Ltd.
- 2013 Director and Senior Executive Officer of Komatsu Ltd.
- 2016 Executive Vice President and Representative Director of Komatsu Ltd.
- 2019 Outside Director of Yamaha Corporation (to the present)  
Outside Corporate Auditor of Mitsui Chemicals, Inc.
- 2023 Outside Director of NSK Ltd. (to the present)

**Paul Candland**

Independent Outside Director  
Number of shares owned: 700

- 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 of Walt Disney Television International Japan of  
The Walt Disney Company (Japan) Ltd.
- 2007 Representative Director and President of 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)

**Hiromichi Shinohara**

Independent Outside Director  
Number of shares owned: 400

- 1978 Joined 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
- 2021 Outside Director of Yamaha Corporation (to the present)
- 2023 Outside Director of Mizuho Financial Group, Inc. (to the present)

**Naoko Yoshizawa**

Independent Outside Director  
Number of shares owned: 0

- 1988 Joined 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)

**Naho Ebata**

Independent Outside Director  
Number of shares owned: 0

- 2000 Registered as an attorney  
Joined Abe, Ikubo & Katayama Law Firm
- 2004 Specialist of Legislative Affairs Office, General Coordination Division,  
Policy Planning and Coordination Department, Japan Patent Office
- 2008 Partner of Abe, Ikubo & Katayama Law Firm (to the present)
- 2020 Outside Director (Audit and Supervisory Committee Member) of ABIST Co., Ltd.  
(to the present)
- 2022 Provisional Corporate Auditor (a person who is meant to temporarily perform  
the duties of a Company Auditor) of 3-D Matrix, Ltd.  
Outside Corporate Auditor of Brave group Inc. (to the present)
- 2023 Outside Director of Yamaha Corporation (to the present)

| Name   | Reasons for Appointment, Expected Role, and Independence of Outside Directors   |
|--|---|
| <b>Takuya Nakata</b><br>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.   |
| <b>Satoshi Yamahata</b><br>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 Officer 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.   |
| <b>Yoshihiro Hidaka</b><br>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.<br><br>* The amount of transactions between the Company and Yamaha Motor Co., Ltd. is less than 0.3% of consolidated net sales of both companies. |
| <b>Mikio Fujitsuka</b><br>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.   |
| <b>Paul Candland</b><br>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.<br><br>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.   |
| <b>Hirromichi Shinohara</b><br>Independent Outside Director                      | Having been involved in management as a Representative Director of one of the largest telecommunications and ICT companies in Japan, Mr. Hirromichi Shinohara has a wealth of experience and a robust track record of achievements alongside broad insight as a corporate officer. He also has wide-ranging and in-depth knowledge of telecommunications systems and electronics. Since assuming the position of Outside Director of the Company in June 2021, 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 breadth of insight and robust track record of achievements as a corporate officer. 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.<br><br>There are no significant transaction relationships* between the Company and NTT, where Mr. Hirromichi Shinohara served as a director until June 2022, and neither party is classified as a major shareholder of the other.<br><br>* The amount of transactions between the Company and NTT is less than 0.2% of consolidated net sales of either of the two companies.  |
| <b>Naoko Yoshizawa</b><br>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. Since assuming the position of Outside Director of the Company in June 2021, she has provided highly effective supervision while supporting the determination of major corporate actions and quick and decisive execution on decision-making, based on her breadth of insight and robust track record of achievements as a corporate officer. 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.<br><br>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.<br><br>Note: The amount of transactions between the Company and Fujitsu Limited is less than 0.1% of consolidated net sales of either of the two companies.  |
| <b>Naho Ebata</b><br>Independent Outside Director                                | With a mastery of domestic and overseas corporate law, corporate governance, and intellectual properties gained as an attorney, Ms. Naho Ebata has a high degree of expertise, wealth of experience, and strong track record alongside broad insight. She has been appointed as a director based on the expectation that she will help further strengthen the oversight function of the Board of Directors through the use of her track record, insight, and other capabilities.<br><br>There are no transaction relationships between the Company and Abe, Ikubo & Katayama Law Firm, where Ms. Naho Ebata serves as a partner.  |

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

The Company has identified the skills necessary for the Board of Directors to hold discussions and make decisions based on a variety of perspectives and to provide a highly objective oversight function. A skill matrix was then formulated to indicate which directors possess the respective skills. Specifically, seven areas of expertise have been defined that were deemed to be of particular importance to growth strategies formulated in accordance with our business characteristics and management stability based on Yamaha's management vision, mission, medium- to long-term management directives, and business strategies. By choosing diverse individuals with expertise and experience in these areas to member the Board of Directors, the Company seeks to assemble a team that will help it respond effectively to changes in the operating environment.

Based on consideration for its medium- to long-term business strategies and management issues, the Company has appointed directors with an effective balance of expertise in the areas of corporate management, legal affairs and risk management, finance and accounting, and global operations. A number of individuals have also been appointed who have insight and experience pertaining to the areas of IT and digital technologies; manufacturing, technology, and R&D; and sales and marketing, as these areas of expertise are crucial to the advancement of the Company's growth strategies.

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     |                        | ●                                 | ●                      |                             |                                    |                     | ●                 |
| Yoshihiro Hidaka     | ●                      |                                   | ●                      |                             |                                    |                     | ●                 |
| Mikio Fujitsuka      | ●                      | ●                                 | ●                      |                             |                                    |                     | ●                 |
| Paul Candland        | ●                      |                                   |                        |                             |                                    | ●                   | ●                 |
| Hirromichi Shinohara | ●                      |                                   |                        | ●                           | ●                                  |                     | ●                 |
| Naoko Yoshizawa      | ●                      |                                   |                        | ●                           | ●                                  |                     | ●                 |
| Naho Ebata           |                        | ●                                 |                        |                             |                                    |                     | ●                 |

Composition of the Nominating, Compensation, and Audit Committees in Fiscal 2023  
Attendance at Meetings of the Board of Directors and Committees in Fiscal 2023

| Name                        | Composition          |                        |                 | Attendance at Meetings of the Board of Directors and Committees in Fiscal 2023 |  |
|-----------------------------|----------------------|------------------------|-----------------|--|--|
|                             | Nominating Committee | Compensation Committee | Audit Committee |  |  |
| <b>Takuya Nakata</b>        | ●<br>Chairperson     | ●<br>Chairperson       |                 | Board of Directors:<br>Nominating Committee:<br>Compensation Committee:        | 13/13 (100%)<br>4/4 (100%)<br>3/3 (100%) |
| <b>Satoshi Yamahata</b>     |                      |                        |                 | Board of Directors:  | 13/13 (100%)                             |
| <b>Yoshihiro Hidaka</b>     | ●                    | ●                      |                 | Board of Directors:<br>Nominating Committee:<br>Compensation Committee:        | 13/13 (100%)<br>3/4 ( 75%)<br>3/3 (100%) |
| <b>Mikio Fujitsuka</b>      |                      |                        | ●               | Board of Directors:<br>Audit Committee:  | 13/13 (100%)<br>20/20 (100%)             |
| <b>Paul Candland</b>        | ●                    | ●                      |                 | Board of Directors:<br>Nominating Committee:<br>Compensation Committee:        | 13/13 (100%)<br>4/4 (100%)<br>3/3 (100%) |
| <b>Hirromichi Shinohara</b> | ●                    | ●                      |                 | Board of Directors:<br>Nominating Committee:<br>Compensation Committee:        | 13/13 (100%)<br>4/4 (100%)<br>3/3 (100%) |
| <b>Naoko Yoshizawa</b>      |                      |                        | ●               | Board of Directors:<br>Audit Committee:  | 13/13 (100%)<br>20/20 (100%)             |
| <b>Naho Ebata</b>           |                      |                        | —               | Board of Directors:<br>Audit Committee:  | —<br>—                                   |

Note: Changes were made to the chairpersons of committees following the 199th Ordinary General Shareholders' Meeting held on June 23, 2023. For more information, please refer to "Messages from Outside Directors" on pages 91-93.

## EXECUTIVE OFFICERS, OPERATING OFFICERS, AND AUDIT OFFICERS

As of June 23, 2023

### President and Representative Executive Officer



**Takuya Nakata**

Please refer to page 87 for career summary.

### Managing Executive Officers



**Satoshi Yamahata**

Executive General Manager of Corporate Administration Unit and General Manager of Corporate Planning Division

Please refer to page 87 for career summary.



**Seiichi Yamaguchi**

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

- 1985 Joined the Company
- 2006 Director and President of Yamaha Scandinavia AB
- 2010 Chairman and President of Yamaha Music & Electronics (China) Co., Ltd.
- 2013 Operating 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 Executive Officer
- 2023 Executive General Manager of Musical Instruments Business Unit (to the present)  
Managing Executive Officer (to the present)

### Executive Officers



**Atsushi Yamaura**

Deputy Executive General Manager of Musical Instruments & Audio Products Sales Unit and President of Yamaha Music & Electronics (China) Co., Ltd.

- 1992 Joined the Company
- 2015 Senior General Manager of Audio Technology Development Department, Audio Products Development Division
- 2016 Senior General Manager of Digital Musical Instruments Development Department, Musical Instruments Development Division
- 2019 Senior General Manager of Digital Musical Instruments Division, Musical Instruments Business Unit
- 2021 Operating Officer
- 2022 Executive Officer (to the present)  
Executive General Manager of Musical Instruments Business Unit
- 2023 Deputy Executive General Manager of Musical Instruments & Audio Products Sales Unit and President of Yamaha Music & Electronics (China) Co., Ltd. (to the present)



**Masato Oshiki**

Executive General Manager of Musical Instruments & Audio Products Sales Unit

- 1988 Joined the Company
- 2001 Director and President of Yamaha Musica Italia s.p.a.
- 2005 General Manager of EKB Marketing Division, Pro Audio & Digital Musical Instruments Division
- 2009 General Manager of Keyboard Planning Division, Domestic Sales & Marketing Division
- 2013 General Manager of Musical Instrument Sales Division, Yamaha Music Japan Co., Ltd.
- 2015 Operating Officer  
General Manager of Musical Instrument Sales & Marketing Division, Musical Instruments & Audio Products Sales & Marketing Group
- 2018 Director and President of Yamaha Music Japan Co., Ltd.
- 2023 Executive Officer (to the present)  
Executive General Manager of Musical Instruments & Audio Products Sales Unit (to the present)

### Operating Officers



**Shinichi Takenaga**

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



**Hiroko Ohmura**

Executive General Manager of Brand Development Unit



**Nobukazu Toba**

Executive General Manager of IMC Business Unit and Senior General Manager of Electronic Devices Division



**Jun Nishimura**

President of Yamaha Music Japan Co., Ltd.

### Audit Officers



**Hirofumi Mukaino**

Senior General Manager of Internal Auditing Division



**Yasushi Nishiyama**

Senior General Manager of Audit Committee's Office



**Thomas Sumner**

President of Yamaha Corporation of America



**Yutaka Matsuki**

Senior General Manager of Piano Division, Musical Instruments Business Unit



**Toshiaki Goto**

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



**Taro Tokuhira**

Deputy Executive General Manager of Corporate Administration Unit (Human Resources and Information Systems)



**Hirofumi Yamashita**

Deputy Executive General Manager of Corporate Administration Unit (General Administration, Logistics, and YCS)



**Chihiro Osuga**

Deputy Executive General Manager of Corporate Administration Unit (Legal Affairs and Intellectual Property) and Senior General Manager of Legal Division

## MESSAGES FROM OUTSIDE DIRECTORS

### Hikomichi Shinohara

Independent Outside Director

#### Career Summary

Mr. Hiromichi Shinohara has served as head of Research and Development Planning and executive vice president at major Japanese telecommunications and ICT company NIPPON TELEGRAPH AND TELEPHONE CORPORATION (NTT), before being appointed Chairman of the Board. He assumed his current position as Outside Director of Yamaha Corporation in June 2021.

#### Major Concurrent Position

- Outside Director of Mizuho Financial Group, Inc.



### Message from the Chairperson of the Nominating Committee

I emphasize leadership for the purpose of building upon the strengths Yamaha has fostered thus far while also propelling it to create new value outside of the domain of its existing businesses.

#### Nomination of Director Candidates with Specialized Expertise

The Nominating Committee is responsible for formulating the proposals for appointment and dismissal of directors submitted for approval at the General Shareholders' Meeting as well as the proposals for managerial assignments presented to the Board of Directors. The committee is comprised of three directors as well as President Takuya Nakata. I assumed the position of chairperson of this committee in June 2023.

Also in June 2023, we welcomed Naho Ebata, a new outside director who was appointed following approval at the General Shareholders' Meeting to fill the spot of Taku Fukui, who resigned from his position as outside director after holding it for six years. Just like Mr. Fukui, Ms. Ebata is a legal expert. She was appointed based on her specialized expertise pertaining to intellectual property management, which will be vital to Yamaha's growth strategies going forward. Although the decision to appoint Ms. Ebata was purely based on her expertise, it is worth mentioning that the addition of a second female director is also beneficial in terms of improving the gender balance of the Board of Directors.

#### Focus as Chairperson on Sharing of Opinions among Members

In the Nominating Committee, our duties include evaluating managerial candidates and overseeing plans for cultivating candidates and their implementation. It is important that we don't just perform these duties by ourselves on an individual basis, but rather that we go about our duties while sharing opinions with other committee members, as this can help us notice things that we may not have otherwise realized. This is why I, in my capacity as chairperson, focus on stimulating brisk discussion among members.

We have judged that the Company's systems for appointing and dismissing directors and other members of management, as well as how these systems are actually implemented, to be

appropriate at this point in time. Nevertheless, the requirements of managers need to change with the times, the operating environment, and a company's growth stage. For this reason, I aim to lead the committee in examining candidate screening criteria and other aspects of the appointment and dismissal process from a variety of perspectives.

#### Expectations for a Leader to Draw Out Team Strength and Inspire Autonomy

To give us a better idea of the type of people that managerial candidates are, Yamaha has the Nominating Committee interview candidates when it is time to decide on promotions for important management positions, which take place once a year. We also have regular lunches with members of the Board of Directors to build upon our relationship.

When it comes to determining the candidates who should fill management posts in the future, such as president, we place emphasis on whether the candidates have the skills and experience necessary to lead in the future, when Yamaha will be pressed to create a completely different type of value, in addition to the skills needed to manage existing businesses. It is also important to recognize that, no matter how skilled a leader is, there is a limit to what they can accomplish alone. The Analects of Confucius profess that "When you know a thing, to hold that you know it; and when you do not know a thing, to allow that you do not know it; —this is knowledge." Taking this verse to heart, I expect a leader to understand their own inadequacies and to be able to compensate for these by drawing out the strength of their team. I also hope to identify candidates for important management positions who are capable of inspiring the autonomy of their colleagues and subordinates.

Message from the Chairperson of the Audit Committee

I aspire to contribute to the ongoing improvement of Yamaha's corporate value by focusing on the decisions made by management and the value judgment process that leads to those decisions.

Focus on Priorities in Value Judgments

I believe that the ultimate role of the Audit Committee is to confirm whether directors, executive officers, and other members of management are making the necessary decisions and whether they are fulfilling their responsibilities in executing these decisions. It is also important for us to look at the standards used in those decisions and the accuracy of the priorities for value judgments that lead to those decisions.

Management is a constant string of decisions, and that means that there is a lot to the role of the Audit Committee. A large number of the things we audit are reoccurring matters that need to be checked every year, such as financial disclosures. In addition to such standard audit items, we assess what priority audit items should be added each year based on management conditions, and these items are incorporated into annual audit plans.

Trust Indispensable to Effective Group Governance

The Audit Committee is currently comprised of myself and two other outside directors. I feel that we make for a balanced membership in terms of having diverse perspectives based on our differing backgrounds and expertise.

I also have praise for the reinforcements that have been implemented to Yamaha's internal auditing team. The auditing staff of the Internal Auditing Division has been enhanced in terms of both total members and the skills of these members, which were improved through acquisition of necessary auditing qualifications and other means. Yamaha has thereby assembled an auditing team that is capable of accommodating a wider range of auditing tasks. Moreover, audit officers, a position established in April 2020,

have been working closely with the Audit Committee. The audit officers participate in meetings of the Managing Council and other important internal meetings, where they question management to get to the bottom of issues that we would have likely brought up if we had been there. Reports on the response from management are then submitted to the Audit Committee.

Yamaha is also strengthening Group governance. The Company has 58 consolidated subsidiaries, 44 of which are located outside of Japan. It is, of course, important to entrench Companywide policies as recognized rules. At the same time, ensuring effective corporate governance requires trust between the corporate administration, sales, and production departments of the Company headquarters and the subsidiaries they engage with. If rules are to be enforced, the headquarters in Japan cannot simply point out issues in a one-sided manner; subsidiaries also need to be encouraged to actively report any issues that may arise.

Swift Decision-Making Required to Seize Growth Opportunities

In fiscal 2024, I want to pay extra attention to the speed at which decisions are made and executed. Yamaha generates more than 70% of its revenue in overseas markets. Seizing growth opportunities in such overseas markets will require that management be swift in decision-making. I will therefore be looking for elements of internal rules that might delay decision-making as I go about my auditing duties. I also intend to work with the Internal Auditing Division to develop procedures for appropriate auditing of progress toward non-financial targets, which need to be gauged on a timetable that is different from that used for financial targets.

Mikio Fujitsuka

Independent Outside Director

Career Summary

Mr. Mikio Fujitsuka has held positions as General Manager of the Corporate Planning Division and CFO at Komatsu Ltd., a major Japanese global construction equipment manufacturer, and also took part in management as an Executive Vice President and Representative Director. He has been serving as an Outside Director of the Company since June 2019.

Major Concurrent Position

- Outside Director of NSK Ltd.



Paul Candland

Independent Outside Director

Career Summary

Prior to assuming his current position in June 2019, Mr. Paul Candland was involved in management at the global entertainment conglomerate led by The Walt Disney Company as representative director and president of The Walt Disney Company (Japan) Ltd. and later president of The Walt Disney Company, Asia.

Major Concurrent Positions

- Managing Director of PMC Partners Co., Ltd.
- Outside Director of Dentsu Group Inc.

Message from the Chairperson of the Compensation Committee

We are always examining Yamaha's compensation systems and comparing them against global best practices in search of systems that will support ongoing growth that lives up to shareholder expectations.

Phased Process of Ongoing Governance Reinforcement

Since its establishment in 2017, the Compensation Committee has been chaired by an internal director. That is, until I was appointed to this position in June 2023. This decision seems like the natural next step for the Yamaha Group's phased process of ongoing governance reinforcement, especially considering that having outside directors chair such committees is viewed as a global best practice.

As one facet of our efforts to further reinforce governance, we revised the compensation systems for internal directors, executive officers, and operating officers in fiscal 2023. The compensation systems for these individuals are comprised of fixed compensation, performance-linked bonuses, and restricted stock compensation. The revision entailed the introduction of non-financial targets and corporate value targets alongside the prior financial targets used to evaluate performance in relation to the restricted stock compensation system. The goal of non-financial targets is to communicate, both inside and outside of the organization, that Yamaha is pursuing improvements in true corporate value, and to ensure that the new compensation systems line up with Yamaha's strategies, given that the medium-term management plan sets non-financial targets. Meanwhile, the corporate value targets are meant to provide officers with greater motivation to align their motives with the interests of shareholders.

However, I also recognize that we cannot properly assess performance by looking only at a single year's figures for non-financial targets, such as those pertaining to sustainability or human capital management. The same could be said with regard

to new businesses for creating future value. This is why we chose to adopt a restricted stock compensation system, as opposed to short-term incentives. This type of system is suited to evaluating performance from a long-term perspective.

Compensation Systems Encouraging Appropriate Risk Taking

There are two tasks that I think the Compensation Committee will need to prioritize in fiscal 2024. The first will be to determine whether the aforementioned new compensation systems are functioning as intended and whether they are congruent with Yamaha's directives and business strategies. We will take a flexible approach toward revising systems if we find that they do not properly coincide with the Company's goals and strategies.

The second task will be to examine the compensation systems of other global companies exhibiting excellence in management and assess whether aspects of these systems should be adopted by Yamaha. The compensation systems generally viewed as best practices for global companies include frameworks for encouraging appropriate risk taking. This is accomplished through means such as incorporating restricted stock compensation or stock option systems. As the chairperson of the Compensation Committee, it is my goal to raise the level of Yamaha's compensation systems and their implementation to those of global best practices. I specifically aim to create the ideal compensation systems for Yamaha that will allow the Company to take appropriate risks in today's volatile competitive landscape and thereby achieve ongoing growth that lives up to shareholder expectations.

**Basic Policies for Corporate Governance**

The Yamaha Group aims to create a society that supports the "Well-Being of People around the World." To achieve this goal, we have set forth the Yamaha Philosophy as our corporate philosophy and our Promises to Stakeholders, which apply to all related parties, and will work to ensure sustainable growth and to enhance corporate value over the medium to long term. At the same time, based on the Basic Policies for Corporate Governance presented below and the policies stated in Chapter I and thereafter in these policies, we will put in place organizational design, operating framework, and mechanisms, implement various measures to manage the Company, and carry out quality business management in a transparent manner through the appropriate disclosure of information.

**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, please refer to page 5.

For more information on the Basic Policies for Corporate Governance, please refer to Corporate Governance Policies.

[https://www.yamaha.com/en/ir/governance/pdf/governance\\_policies.pdf](https://www.yamaha.com/en/ir/governance/pdf/governance_policies.pdf)



**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.

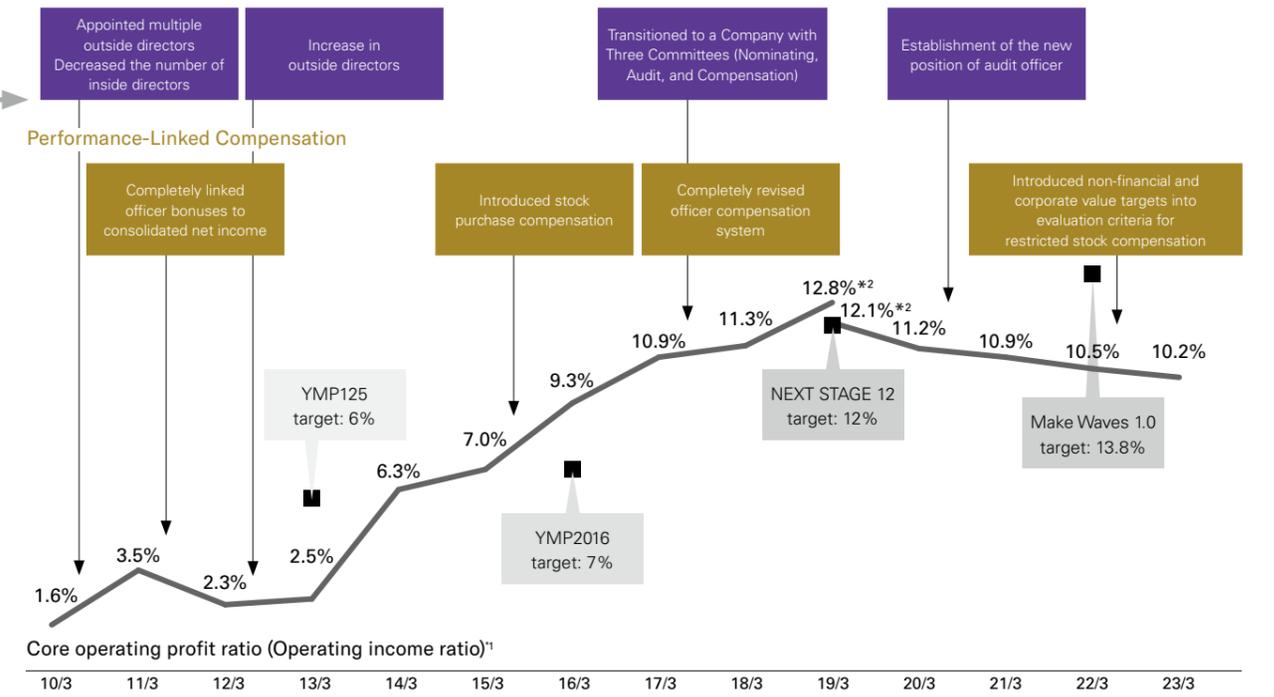
**Reinforcement of Oversight Functions**

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, 2023, independent outside directors comprised three-fourth of the members on the Board of Directors (please see Ratio of Outside Directors to the right).

**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).

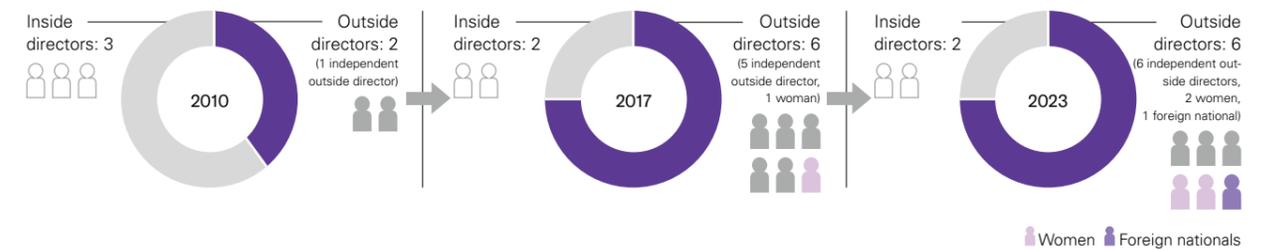
**Reinforcement of Oversight Functions**



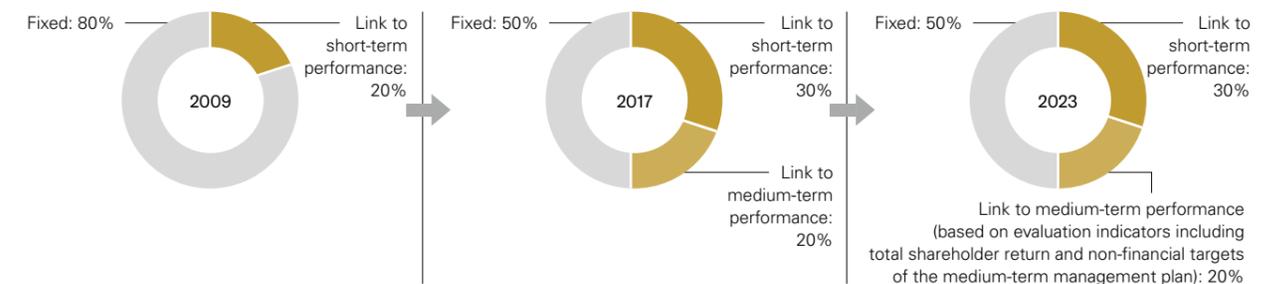
| Medium-Term Management Plan | YMP125                     | YMP2016                | NEXT STAGE 12        | Make Waves 1.0  | Make Waves 2.0   |
|-----------------------------|----------------------------|------------------------|----------------------|---|--|
|                             | Rebuild business platforms | Increase profitability | Increase brand power | Develop closer ties with customers and society, and boost value creation capabilities | Enhance sustainable growth capability in the new society |

\*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**

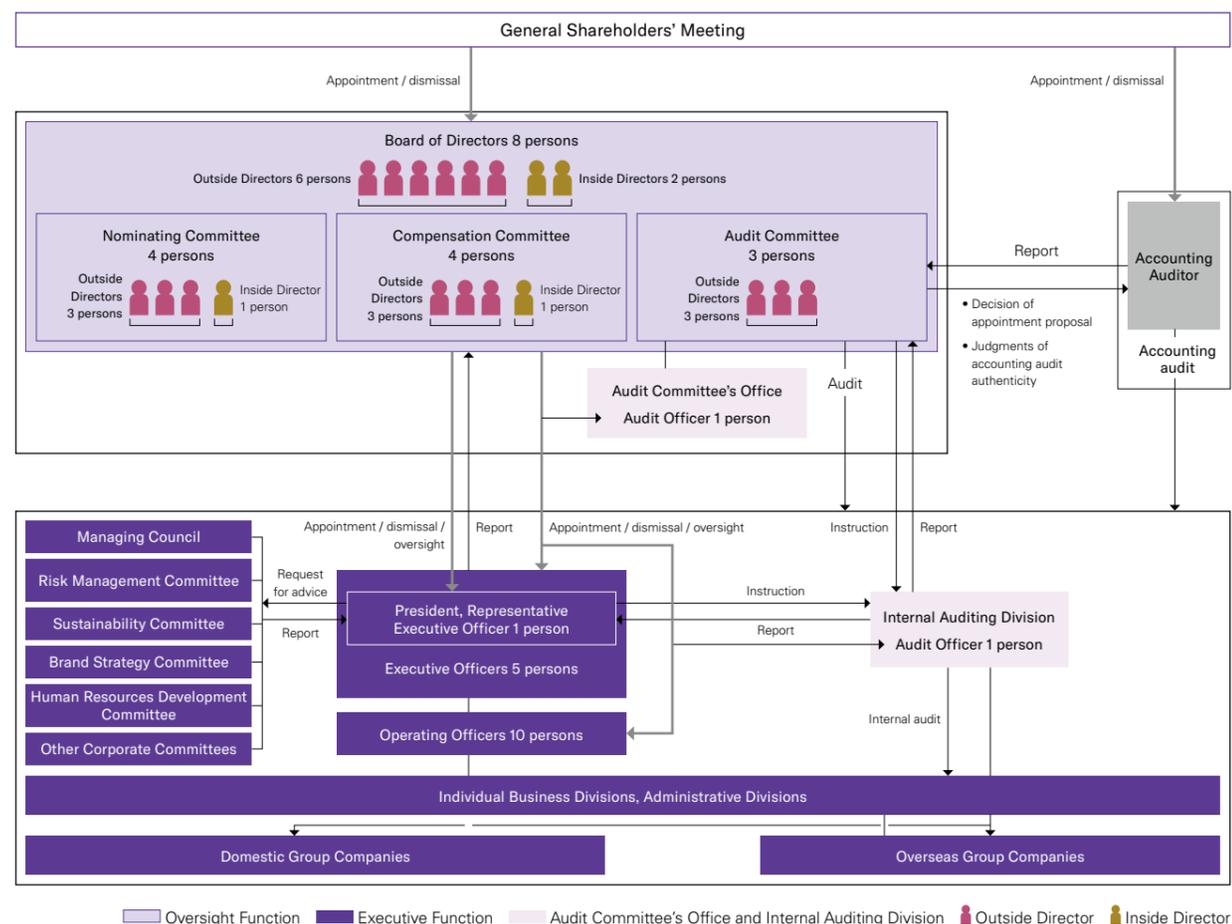


**Example of Compensation for an Officer**



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, 2023)



**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 personnel of the 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 Company's principal committees are the Risk Management Committee, the Sustainability Committee, the Brand Strategy Committee, and the Human Resources Development Committee.

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](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 more 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](https://www.yamaha.com/en/ir/governance/pdf/governance_report.pdf)



**Internal Audits**

Yamaha established the Internal Auditing Division (staffed by 22 people as of June 26, 2023) 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.

Separate from the reports it submits to the Audit Committee, the Internal Auditing Division also submits reports on progress in relation to priority themes directly to the Board of Directors twice a year. All internal audit reports are made available for viewing by directors via an online database.

**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 7 certified public accountants and 38 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, 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.

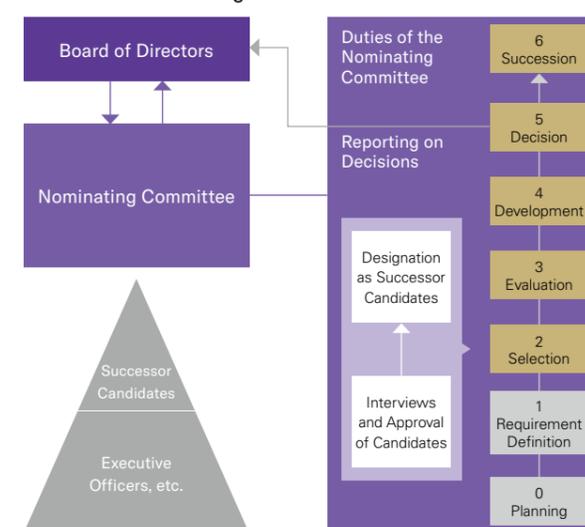
The Nominating Committee screens candidates for operating officer and audit officer positions based on personnel requirements defined by the role they are expected to perform. The Nominating Committee also composes the nomination proposals submitted to the Board of Directors. Input is solicited from 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. The implementation of the succession plans for the president and other members of management is overseen by the Board of Directors.

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 candidates. 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.

**Role of the Nominating Committee**



**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 provided with the intent of motivating directors and executive officers to enhance corporate value sustainably, having them share a common interest with shareholders, and encouraging them to work toward the accomplishment of medium-term performance targets. In fiscal 2023, the first year of the Make Waves 2.0 medium-term management, three years' worth of restricted stock compensation was allocated in a single lump-sum amount. 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. Evaluation indicators for restricted stock compensation include the financial and non-financial targets defined by the medium-term management plan as well as a corporate value target established for total shareholder return, and the actual number of shares to be awarded shall be determined based on the degree of accomplishment of these targets. After the number of shares to be awarded has been decided, the lump-sum amount allocated in fiscal 2023 will be adjusted accordingly. The ratio of influence of financial targets, non-financial targets, and corporate value targets on stock compensation is 5:3:2. 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 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.

**Breakdown of Compensation (Fiscal 2023)**

| 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                     | 88                                   | 88                                     | —                          | —  | 6                |
| (Including outside directors) | 88                                   | 88                                     | —                          | —  | 6                |
| Executive officers            | 536                                  | 224                                    | 157                        | 155  | 6                |

Notes: 1. The total amount of compensation, etc., paid to the executive officers concurrently serving as directors is described in the section for executive officers.  
 2. In fiscal 2023, the first year of the Make Waves 2.0 medium-term management, three years' worth of restricted stock compensation was allocated in a single lump-sum amount calculated on a pro rata basis over the three-year period of the medium-term management plan. The final amount of compensation paid will be adjusted based on the degree of accomplishment of targets for evaluation indicators (see page 100) in fiscal 2025.

Results in Relation to Evaluation Indicators

| Compensation/Target Category  |                 | Indicators/Targets  | Fiscal 2023 Results  |
|-------------------------------|-----------------|---|--|
| Performance-linked bonuses    |                 | Targets for indicators listed below set for the given fiscal year<br><ul style="list-style-type: none"> <li>Consolidated profit for the period</li> <li>ROE</li> </ul>  | <ul style="list-style-type: none"> <li>Consolidated profit for the period: ¥38,183 million</li> <li>ROE: 8.8%</li> </ul>                                   |
| Restricted stock compensation | Financial       | Fiscal 2025 targets of the Make Waves 2.0 medium-term management plan<br><ul style="list-style-type: none"> <li>Revenue growth: 20%</li> <li>Core operating profit ratio: 14%</li> <li>ROE: 10% or more</li> <li>ROIC: 10% or more</li> </ul> | <ul style="list-style-type: none"> <li>Revenue growth: 10.6%</li> <li>Core operating profit ratio: 10.2%</li> <li>ROE: 8.8%</li> <li>ROIC: 7.8%</li> </ul> |
|                               | Non-financial   | For more details, please refer to page 29.  |  |
|                               | Corporate value | Total shareholder return*<br>* Growth rate of TOPIX (including dividends) used as benchmark   | Yamaha's total shareholder return ÷ Growth rate of TOPIX (including dividends) = 0.91  |

Performance-Linked Bonuses

Consolidated profit for the period and ROE for the current fiscal year, which are indicators used for performance-linked bonuses, were ¥38.2 billion and 8.8%, respectively.

Restricted Stock Compensation

The period for restricted stock compensation has defined as the three-year period from fiscal 2023 to fiscal 2025, the same period as the Make Waves 2.0 medium-term management plan, and targets have been set for this period. The number of shares for which transfer restrictions are to be lifted will be decided in fiscal 2025 based on the degree of accomplishment of the respective targets, and the lump-sum amount of three years' worth of restricted stock compensation allocated in fiscal 2023 will be adjusted accordingly.

Evaluation indicators include financial, sustainability and other non-financial indicators, and corporate value indicators, and targets have been set for these indicators. 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 2023

Major Topics of Discussion by the Board of Directors

- Growth strategies for new and existing business areas
- Key strategies of the medium-term management plan
- Strategies for investing in and utilizing intangible assets
- Sustainability initiatives, 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 certain operating officers
- Receipt of reports from the Audit Committee's Office, the Internal Auditing Division, accounting departments, etc.
- Receipt of reports from and sharing of opinions with the accounting auditor
- Assessment and evaluation of appropriateness of reappointment of the accounting auditor

For more information on the activities of the Board of Directors, the Nominating Committee, the Compensation Committee, and the Audit Committee, please refer to "Messages from Outside Directors" on pages 91-93.

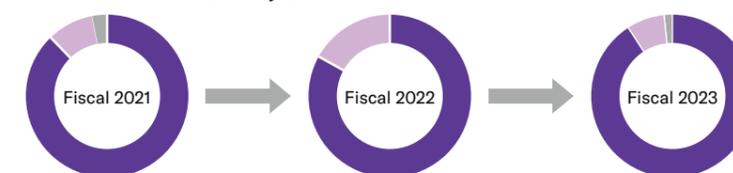
Analyzing and Evaluating the Effectiveness of the Board of Directors

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.

Issues Identified in Evaluation of Effectiveness and Improvement Initiatives

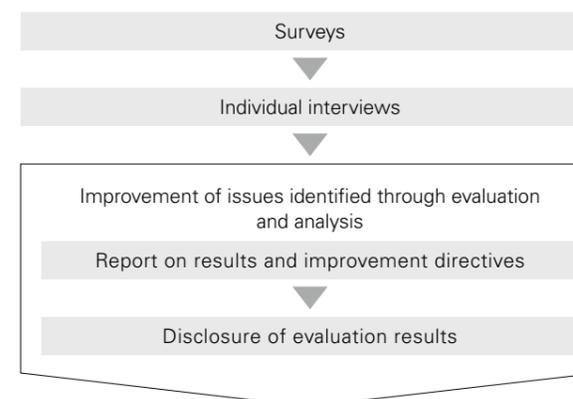
| Area            | Fiscal 2023  |  | Fiscal 2024  |  |
|-----------------|--|--|--|--|
|                 | Issue  | Response   | Issue  | Direction for Future Initiatives   |
| Discussions     | <ul style="list-style-type: none"> <li>Discussions regarding long-term management strategies (ongoing)</li> <li>Discussions regarding investments in intangible assets and measures to strengthen portfolio</li> </ul>   | <ul style="list-style-type: none"> <li>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</li> <li>Provision of opportunities to discuss investments in intangible assets through reports on human resources, R&amp;D, and intellectual property strategies</li> </ul>  | <ul style="list-style-type: none"> <li>More substantive and frequent discussions on growth strategies</li> <li>Acceleration of strategies and measures</li> </ul>  | <ul style="list-style-type: none"> <li>Organization of several meetings to enhance opportunities for discussion on new businesses and focus on growth in discussions of existing businesses</li> <li>Prioritization of agenda items and examination of appropriateness and need for revision of delegations of authorities</li> </ul>              |
| Succession      | <ul style="list-style-type: none"> <li>Oversight of succession plans for representative executive officer and other officers by the Board of Directors (ongoing)</li> <li>Sharing of information on discussion processes of the Nominating Committee with non-member outside directors</li> <li>Exchanges between internal officer candidates (ongoing)</li> </ul> | <ul style="list-style-type: none"> <li>Expansion of reporting from the Nominating Committee to the Board of Directors</li> <li>Ongoing dialogue with future management candidates and promising new employees</li> <li>Identification and systematic cultivation of promising human resources through the Human Resources Development Committee</li> <li>Arrangement of opportunities for exchanges between outside directors and junior employees, future leaders, and executive officers and for exchanges with staff outside of Japan</li> </ul>  | <ul style="list-style-type: none"> <li>Oversight of succession plans for representative executive officer and other officers by the Board of Directors (ongoing)</li> <li>Sharing of information on discussion processes of the Nominating Committee with non-member outside directors (ongoing)</li> <li>Exchanges between internal officer candidates (ongoing)</li> </ul> | <ul style="list-style-type: none"> <li>Continuation of reporting from the Nominating Committee to the Board of Directors</li> <li>Ongoing arrangement of discussions between outside directors and executive officers, next-generation managers, junior employees, and staff outside of Japan</li> </ul>   |
| Proceedings     | <ul style="list-style-type: none"> <li>Stimulation of brisk discussions among directors (ongoing)</li> <li>Clarification of issues and key points in briefing materials</li> </ul>   | <ul style="list-style-type: none"> <li>Clear indication and clarification of key points in briefing materials</li> <li>Elimination of unnecessary use of internal terminology and contractions</li> <li>Arrangement of Board of Directors' meetings at production bases and other operating sites</li> </ul>   | <ul style="list-style-type: none"> <li>Stimulation of brisk discussions among directors (ongoing)</li> <li>Clarification of issues and key points in briefing materials (ongoing)</li> <li>Enhancement of information provided on market and demand trends and market share</li> </ul>   | <ul style="list-style-type: none"> <li>Invigoration of two-way communication</li> <li>Securing of sufficient time for discussion</li> <li>Clarification of issues and focuses to be discussed</li> <li>Formatting of information to facilitate understanding of market conditions, competition, and other aspects of market positioning</li> </ul> |
| Structure       | <ul style="list-style-type: none"> <li>Separation of roles of the chairman of the Board of Directors and the president (ongoing)</li> </ul>  | <ul style="list-style-type: none"> <li>Discussion by the Nominating Committee on separation of roles in relation to succession plans for representative executive officer and other officers</li> </ul>  | <ul style="list-style-type: none"> <li>Separation of roles of the chairman of the Board of Directors and the president (ongoing)</li> </ul>  | <ul style="list-style-type: none"> <li>Discussion by the Nominating Committee on separation of roles in relation to succession plans for representative executive officer and other officers</li> </ul>  |
| Risk Management | <ul style="list-style-type: none"> <li>Improvement of awareness regarding compliance helplines and proactive communication of negative news (ongoing)</li> <li>Reinforcement of second line of defense for risk management</li> <li>Management of quality at manufacturing subsidiaries</li> </ul>   | <ul style="list-style-type: none"> <li>Enhancement of functions for responding to reports received through helplines</li> <li>Spreading of awareness in relation to the Whistleblower Protection Act</li> <li>Sharing of negative news in reports on operational execution</li> <li>Encouragement of communication within and between organizations</li> <li>Utilization of overseas assignments as a vessel for global human resources development</li> <li>Effective management of quality control documents and implementation of process audits at all bases</li> <li>Implementation of practical quality management and awareness improvement programs</li> </ul> | <ul style="list-style-type: none"> <li>Strengthening of responsiveness to materialization of risks</li> </ul>  | <ul style="list-style-type: none"> <li>Prioritization and formulation of measures and reinforcement of frameworks for supply chain management, information security, geopolitical, and other risks areas</li> </ul>  |

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



|   | Fiscal 2021 | Fiscal 2022 | Fiscal 2023 |
|---|-------------|-------------|-------------|
| Items receiving positive evaluation in more than 75% of responses       | 58          | 54          | 60          |
| Items receiving positive evaluation in between 51% and 74% of responses | 6           | 11          | 5           |
| Items receiving positive evaluation in less than 50% of responses       | 2           | 0           | 1           |

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, responsiveness in the event of the materialization of risks, the speed of operational execution, 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 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 cross-holdings, 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

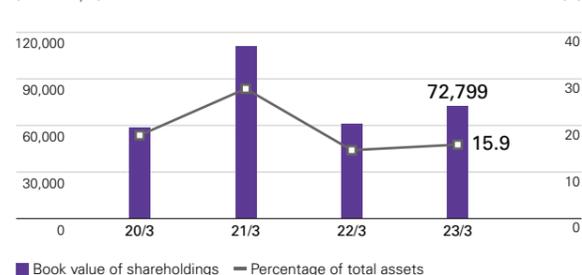
value of the company in question over the medium to long term, whether it is in accordance with our basic policy concerning cross-holdings, and whether it leads to the enhancement of our corporate value over the medium to long term.

### Status of Shareholdings

For specified equity securities, all shareholdings as of March 31, 2023, are presented in the table below.

### Book Value of Shareholdings and Percentage of Total Assets

(Millions of yen) (%)



### 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, 2022<br>Amount on Balance Sheet<br>(Millions of yen) | No. of Shares as of March 31, 2023<br>Amount on Balance Sheet<br>(Millions of yen) | Ownership of Shares<br>by Yamaha |
|---|--|--|----------------------------------|
| Yamaha Motor Co., Ltd.*1                | 15,642,790   | 15,642,790   | Yes                              |
|   | 43,111   | 54,124   |                                  |
| Audinate Group Limited*2                | 6,289,308  | 6,289,308  | No                               |
|   | 3,847  | 4,879  |                                  |
| TOYOTA MOTOR CORPORATION*2              | 2,506,500  | 2,506,500  | No                               |
|   | 5,570  | 4,712  |                                  |
| MS&AD Insurance Group Holdings, Inc.*4  | 963,323  | 963,323  | Yes                              |
|   | 3,832  | 3,955  |                                  |
| Shizuoka Financial Group, Inc.*3,4      | 2,563,564  | 2,441,064  | Yes                              |
|   | 2,212  | 2,321  |                                  |
| Sumitomo Mitsui Financial Group, Inc.*4 | 267,302  | 222,802  | Yes                              |
|   | 1,044  | 1,180  |                                  |
| Mizuho Financial Group, Inc.*4          | 351,875  | 291,275  | Yes                              |
|   | 551  | 547  |                                  |
| Mitsubishi UFJ Financial Group, Inc.*4  | 226,480  | 226,480  | Yes                              |
|   | 172  | 192  |                                  |
| Shiseido Co., Ltd.*5                    | —  | 100  | No                               |
|   | —  | 0  |                                  |
| Asahi Group Holdings, Ltd.*5            | —  | 100  | No                               |
|   | —  | 0  |                                  |
| Chugai Pharmaceutical Co., Ltd.         | 100  | —  | No                               |
|   | 0  | —  |                                  |
| Renesas Electronics Corporation         | 100  | —  | No                               |
|   | 0  | —  |                                  |
| Lion Corporation                        | 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 3, 2022, holding company Shizuoka Financial Group, Inc., was established by The Shizuoka Bank, Ltd., through a transference of shares. Through this transference, one share of common stock of Shizuoka Financial Group, Inc., was allocated for every one share of The Shizuoka Bank, Ltd.

\*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.

### 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

For more information on major IR activities in fiscal 2023, please refer to the following website.

[https://www.yamaha.com/en/csr/activity\\_report/governance/dialogue/](https://www.yamaha.com/en/csr/activity_report/governance/dialogue/)



### 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 199th Ordinary General Shareholders' Meeting held on June 23, 2023.

### Resolutions Made at the 199th Ordinary General Shareholders' Meeting (held on June 23, 2023)

#### Proposal 1. Appropriation of Surplus

#### Proposal 2. 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       | 1,505,383           | 8,665                   | 0                         | 99.3                | Approved |
| Proposal 2. Appointment of eight directors |                     |                         |                           |                     |          |
| Takuya Nakata                              | 1,329,569           | 184,835                 | 0                         | 87.7                | Approved |
| Satoshi Yamahata                           | 1,508,612           | 5,804                   | 0                         | 99.5                | Approved |
| Yoshihiro Hidaka                           | 1,349,378           | 165,022                 | 0                         | 89.0                | Approved |
| Mikio Fujitsuka                            | 1,508,625           | 5,791                   | 0                         | 99.5                | Approved |
| Paul Candland                              | 1,505,945           | 8,470                   | 0                         | 99.4                | Approved |
| Hiromichi Shinohara                        | 1,499,040           | 15,374                  | 0                         | 98.9                | Approved |
| Naoko Yoshizawa                            | 1,508,909           | 5,507                   | 0                         | 99.6                | Approved |
| Naho Ebata                                 | 1,512,867           | 1,550                   | 0                         | 99.8                | 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 majority 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 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

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.

In the case of the materialization of a serious risk with the potential to have a Companywide impact during the course of business activities, a risk response headquarters led by the president will be set up to address the risk.

For more information on risk management systems and the Risk Management Committee, please refer to the following website.

[https://www.yamaha.com/en/csr/activity\\_report/governance/risk\\_management/](https://www.yamaha.com/en/csr/activity_report/governance/risk_management/)

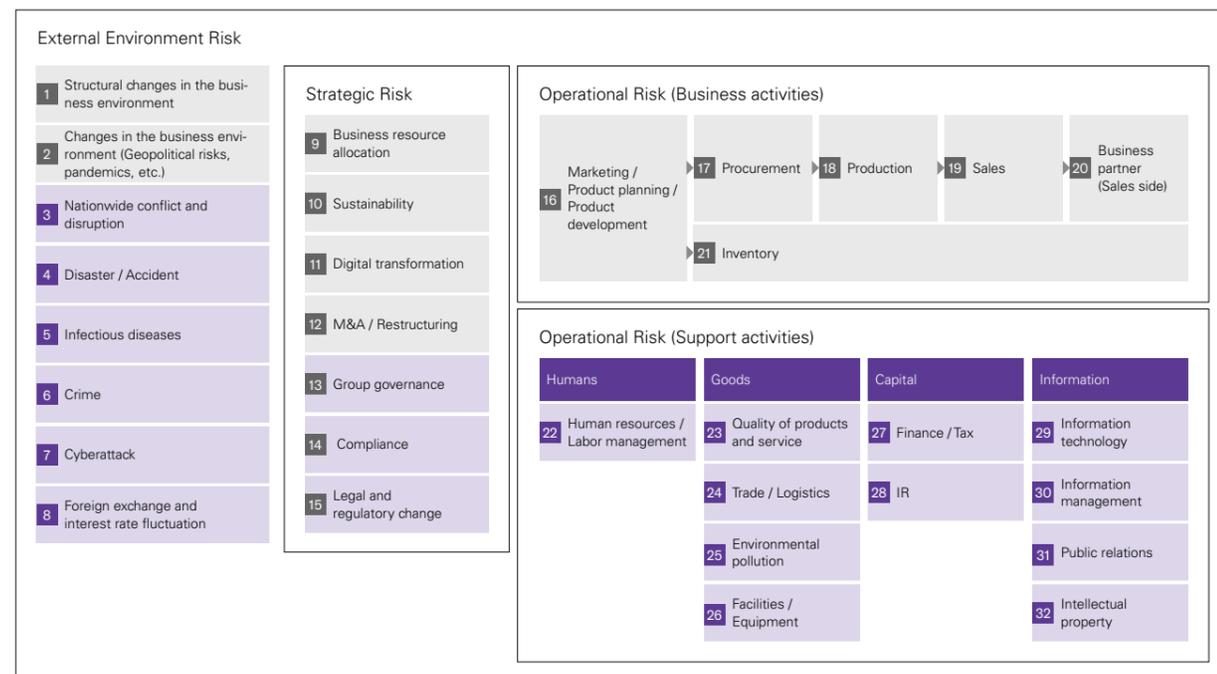


### Risk Management Initiatives

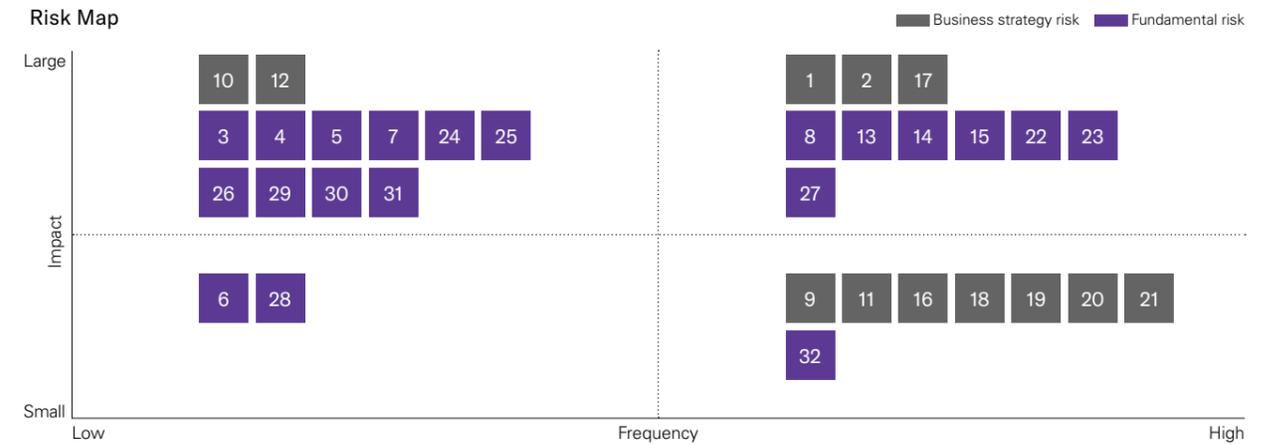
The Risk Management Committee categorizes the various risks identified in relation to the Yamaha Group's business into four categories: external environment risk, strategic risk, operational risk (business activities), and operational risk (support activities). The materiality of risks is assessed based on the projected scale of

## Categorization of Business Risks

■ Business strategy risk ■ Fundamental risk



## Risk Map



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.

Material risks with the potential to have a serious impact on the Group's performance or other factors are detailed in the diagrams above and to the left. These risks are reviewed on an annual basis.

For more information on risks, please refer to Japanese-language versions of the Company's securities reports.

[https://www.yamaha.com/ja/ir/flash\\_report/](https://www.yamaha.com/ja/ir/flash_report/)



### Information Security and Personal Information Protection Initiatives

The Yamaha Group perceives information security and personal information protection as a critical aspect of risk management and is committed to appropriately managing and protecting all of the information assets in its possession or with which it is entrusted.

To this end, strict compliance is practiced with regard to relevant information security and personal information-related regulations; the Group IT Policies & Rules, which delineate basic policies and rules pertaining to IT management at the Yamaha Group; the Privacy Policy; and the Group Personal Information Protection Policies & Rules. The advancement of ICT is increasing the risk of information leakage and damage. Nevertheless, the Group is committed to combating potential risks and ensuring the utmost levels of information security and personal information protection.

In fiscal 2023, a response drill simulating an attack via targeted emails\* was held for approximately 8,000 officers and employees at domestic Yamaha Group companies. In the drill, simulated targeted emails were sent to employees without prior warning. Afterward, the opportunity was used to reflect on how each individual responded and to learn about the proper methods for responding to suspicious emails or emails from unknown senders. In addition, follow-up e-learning programs on the protection of personal information were arranged for individuals involved in the handling of such information in order to entrench

management and usage practices that are compliant with the revision to the Act on the Protection of Personal Information instituted in April 2022.

\* A form of cyberattack in which a specific organization is targeted with emails designed to extract confidential information, intellectual properties, or account or other information

### Responses to Infectious Diseases

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 are practicing effective hygiene management in workplaces, cafeterias, and break spaces; regularly sterilizing company premises; and cleaning waterways while also taking environment-related steps to prevent the emergence of mosquitoes and other disease-carrying pests.

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.

In fiscal 2023, the Yamaha Group continued to promote teleworking and basic precautions for preventing the spread of COVID-19 in response to the ongoing global pandemic. We also provided COVID-19 vaccinations to approximately 2,000 employees who elected to receive their third vaccinations at the clinic in the Yamaha Corporation headquarters in April 2022. Elsewhere, we worked together with

local government agencies in Indonesia to provide vaccinations to roughly 5,000 individuals including employees as well as for members of their families and subcontractors (factory workers, janitors, cafeteria workers, drivers, etc.) at Group business sites.



Regular sterilization of outside material storage dock (Indonesia)

## 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

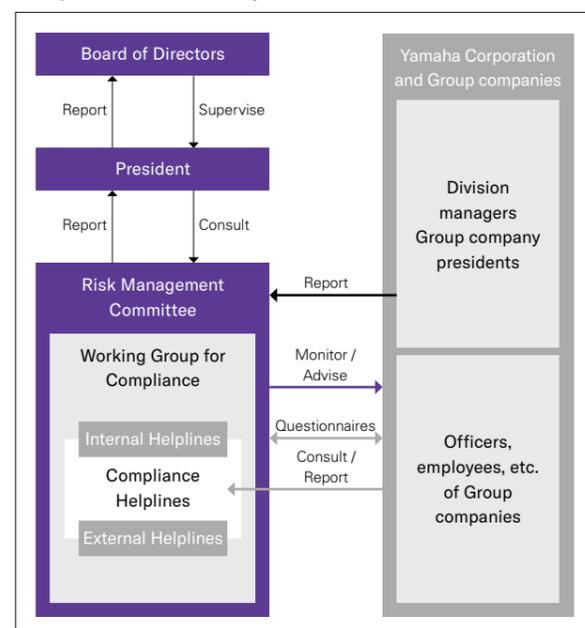
The Yamaha Group has positioned compliance among its most important management themes. We practice compliance management with a focus on ensuring strong legal compliance, adherence to social norms, and a high level of corporate ethics. The Compliance Code of Conduct puts forth a code for guiding the 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, is a central organization in the promotion of compliance. Chaired by an operating officer, 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.

Our basic policy for legal compliance is to focus on the reinforcement of global preventive legal affairs measures.

### Compliance Promotion System



Accordingly, we use legal databases in order to manage legal information in an integrated, Groupwide manner. In addition, 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.

### Fiscal 2023 Working Group for Compliance Meetings

Number of meetings: 4

Major Agenda Items

- Confirmation of Groupwide compliance promotion status
- Response to revision of Whistleblower Protection Act and formulation of Group Whistleblowing Specialized Rules
- Training on prevention of harassment provided to Group managers
- Enhancement and improvement of effectiveness of compliance helplines

### 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 fiscal 2023, the frequency of overseas monitoring activities, previously conducted once a year, has been raised to allow for timely tracking of the status of compliance through monitoring conducted once every three months. In addition, compliance questionnaires are administered to employees once every three years. In Japan, we measure 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. Furthermore, compliance helplines have been set up at all overseas Group companies, and steps are taken to maintain a comprehensive understanding of the level of awareness regarding the Compliance Code of Conduct and these helplines.

### Education and Awareness-Raising Activities

Proactive employee 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.

One important compliance concern is preventing harassment. Focused on this subject, an online seminar on preventing abuses of power was arranged for all managers of domestic Group

companies in fiscal 2023. In addition, a training session for employees involved in investigating reports received through compliance helplines was arranged based on the revision to the Whistleblower Protection Act instituted in June 2022.

### Compliance Helplines

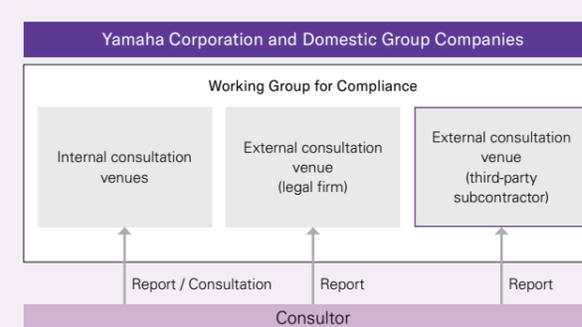
The Yamaha Group has established compliance helplines for addressing compliance-related consultations and reports. These helplines can be used to receive support via the internet, telephone, email, or standard mail. Objective investigations are conducted to confirm the validity of any reports or consultations 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 helpline for domestic Group companies operated by a subcontractor; an internal helpline; 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 helplines during training sessions. These helplines are available to officers, full-time employees, dispatch employees, and part-time staff. The provisions contained in internal rules for protecting earnest individuals submitting reports through helplines from disadvantageous treatment have been strengthened in response to the revision to the Whistleblower Protection Act in June 2022. In addition, training sessions have been held for employees involved in investigating reports to ensure their compliance with the relevant laws and regulations.

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. In 2022, external helplines were established at almost all overseas Group companies and steps were taken to expand the range of options available for reporting to accommodate the

### Compliance Helpline System



The curriculum for compliance education also 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.

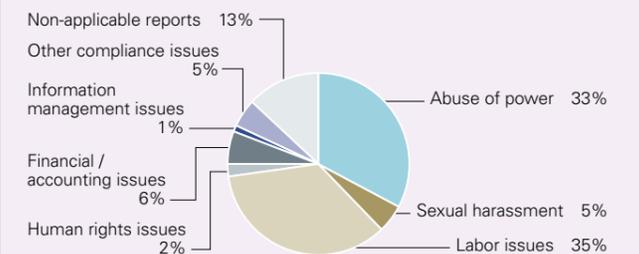
needs of individuals submitting a report. Moreover, the Group Whistleblowing Specialized Rules were formulated while manuals were prepared and briefings were held for compliance representatives at Group companies to promote helpline usage and expedite responses to reports.

### Number of Reports Received through Compliance Helplines

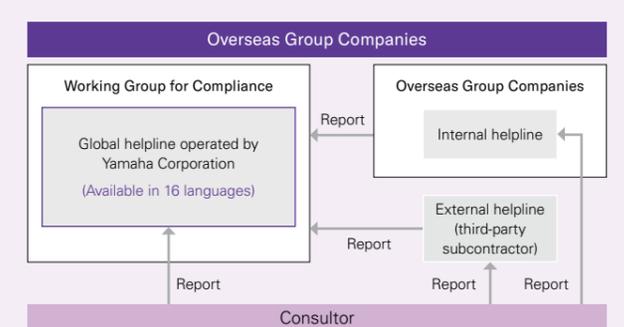
|             | Japan*1 | Overseas*2 | Total |
|-------------|---------|------------|-------|
| Fiscal 2019 | 34      | –          | 34    |
| Fiscal 2020 | 66      | –          | 66    |
| Fiscal 2021 | 83      | 8          | 91    |
| Fiscal 2022 | 87      | 32         | 119   |
| Fiscal 2023 | 114     | 49         | 163   |

### Breakdown of Reports Received in Fiscal 2023\*1

Number of reports: 114



\*1 Figures represent the total number of reports received through the domestic and global compliance helplines established by Yamaha Corporation.  
\*2 Figures represent the total number of reports received through the internal and external compliance helplines established by overseas Group companies.





# DATA SECTION

## VI. Financial and Corporate Information

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| Yamaha Corporation and its consolidated subsidiaries<br>As of and for the years ended March 31 | J-GAAP   |          |          |          |          | IFRS     |          |          |          |          |            |          |            |
|--|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|------------|----------|------------|
|  | 2013/3   | 2014/3   | 2015/3   | 2016/3   | 2017/3   | 2018/3   | 2019/3   | 2019/3   | 2020/3   | 2021/3   | 2022/3     | 2023/3   | 2023/3     |
| Millions of yen      Millions of U.S. dollars*1  |          |          |          |          |          |          |          |          |          |          |            |          |            |
| <b>For the year:</b>   |          |          |          |          |          |          |          |          |          |          |            |          |            |
| Revenue (Net sales)  | ¥366,941 | ¥410,304 | ¥432,177 | ¥435,477 | ¥408,248 | ¥432,967 | ¥437,416 | ¥434,373 | ¥414,227 | ¥372,630 | ¥408,197   | ¥451,410 | \$3,380.59 |
| Cost of sales  | 238,261  | 262,310  | 270,357  | 262,406  | 242,451  | 258,465  | 255,291  | 255,367  | 245,967  | 229,720  | 253,460*3  | 280,270  | 2,098.93   |
| Gross profit   | 128,680  | 147,994  | 161,820  | 173,070  | 165,796  | 174,501  | 182,124  | 179,005  | 168,259  | 142,909  | 154,736*3  | 171,139  | 1,281.65   |
| Selling, general and administrative expenses   | 119,465  | 121,999  | 131,684  | 132,407  | 121,493  | 125,668  | 126,094  | 126,259  | 121,907  | 102,198  | 111,706*3  | 125,272  | 938.16     |
| Core operating profit (Operating income)   | 9,215    | 25,994   | 30,135   | 40,663   | 44,302   | 48,833   | 56,030   | 52,745   | 46,352   | 40,711   | 43,029*3   | 45,867   | 343.50     |
| Profit before income taxes (Income before income taxes and minority interests)                 | 7,795    | 25,818   | 28,526   | 41,578   | 42,898   | 74,471   | 60,485   | 56,471   | 47,225   | 37,102   | 53,028*3   | 50,552   | 378.58     |
| Profit for the period (Net income)*2   | 4,122    | 22,898   | 24,929   | 32,633   | 46,719   | 54,378   | 43,753   | 40,337   | 34,621   | 26,615   | 37,268*3   | 38,183   | 285.95     |
| Capital expenditures   | 13,844   | 10,799   | 13,846   | 11,220   | 17,542   | 24,600   | 15,956   | 15,956   | 20,545   | 11,260   | 14,835     | 20,541   | 153.83     |
| Depreciation expenses  | 11,613   | 12,759   | 12,597   | 12,681   | 11,145   | 10,777   | 10,835   | 10,614   | 11,156   | 11,387   | 12,123     | 13,094   | 98.06      |
| R&D expenses   | 22,149   | 22,561   | 25,439   | 24,793   | 24,415   | 24,797   | 24,926   | 24,926   | 24,814   | 24,189   | 24,032     | 25,057   | 187.65     |
| Cash flows from operating activities   | 7,755    | 33,213   | 31,729   | 42,399   | 39,142   | 47,498   | 30,234   | 35,520   | 57,162   | 58,225   | 36,016     | (14,841) | (111.14)   |
| Cash flows from investing activities   | (12,617) | (22,950) | (11,700) | 591      | (9,663)  | 4,766    | (23,092) | (23,101) | (21,067) | (5,785)  | 43,707     | (21,563) | (161.48)   |
| Free cash flow   | (4,862)  | 10,263   | 20,029   | 42,991   | 29,478   | 52,264   | 7,142    | 12,419   | 36,095   | 52,440   | 79,723     | (36,404) | (272.63)   |
| Cash flows from financing activities   | (5,536)  | (4,745)  | (5,909)  | (30,349) | (12,588) | (35,584) | (28,479) | (33,993) | (36,422) | (20,602) | (44,426)   | (35,287) | (264.26)   |
| <b>At year-end:</b>  |          |          |          |          |          |          |          |          |          |          |            |          |            |
| Total assets   | ¥390,610 | ¥438,932 | ¥530,034 | ¥469,745 | ¥522,362 | ¥552,309 | ¥514,762 | ¥515,924 | ¥474,034 | ¥557,616 | ¥580,662*3 | ¥594,246 | \$4,450.28 |
| Total current assets   | 197,902  | 214,487  | 247,632  | 255,135  | 272,720  | 289,493  | 281,608  | 282,819  | 270,189  | 301,103  | 362,676    | 346,545  | 2,595.26   |
| Total current liabilities  | 71,550   | 73,145   | 80,976   | 75,459   | 82,565   | 101,919  | 80,495   | 100,443  | 99,149   | 100,852  | 126,114    | 95,140   | 712.50     |
| Interest-bearing debt  | 10,013   | 8,755    | 11,868   | 8,510    | 11,241   | 11,173   | 8,936    | 8,936    | 10,830   | 8,367    | 10,523     | 1,495    | 11.20      |
| Total equity (Net assets)  | 229,636  | 274,843  | 348,752  | 303,889  | 367,437  | 388,345  | 382,771  | 359,007  | 326,450  | 396,949  | 416,867*3  | 457,944  | 3,429.52   |
| Yen      U.S. dollars*1  |          |          |          |          |          |          |          |          |          |          |            |          |            |
| <b>Per share:</b>  |          |          |          |          |          |          |          |          |          |          |            |          |            |
| Profit for the period (Net income)   | ¥ 21.29  | ¥ 118.26 | ¥ 128.75 | ¥ 168.90 | ¥ 249.17 | ¥ 291.81 | ¥ 240.94 | ¥ 222.12 | ¥ 194.71 | ¥ 151.39 | ¥ 214.87*3 | ¥ 222.64 | \$ 1.67    |
| Equity attributable to owners of the parent (Net assets)                                       | 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 | 2,423.37*3 | 2,680.32 | 20.07      |
| Dividends  | 10.00    | 27.00    | 36.00    | 44.00    | 52.00    | 56.00    | 60.00    | 60.00    | 66.00    | 66.00    | 66.00      | 66.00    | 0.49       |
| %  |          |          |          |          |          |          |          |          |          |          |            |          |            |
| <b>Key indicators:</b>   |          |          |          |          |          |          |          |          |          |          |            |          |            |
| Core operating profit ratio (Operating income ratio)   | 2.5%     | 6.3%     | 7.0%     | 9.3%     | 10.9%    | 11.3%    | 12.8%    | 12.1%    | 11.2%    | 10.9%    | 10.5%      | 10.2%    |            |
| Return on invested capital (ROIC)  | —        | —        | —        | —        | —        | —        | —        | —        | —        | —        | 7.3        | 7.8      |            |
| Return on equity (ROE)   | 1.9      | 9.2      | 8.1      | 10.1     | 14.0     | 14.5     | 11.4     | 11.1     | 10.1     | 7.4      | 9.2        | 8.8      |            |
| Return on assets (ROA)   | 1.1      | 5.5      | 5.1      | 6.5      | 9.4      | 10.2     | 8.2      | 7.5      | 7.0      | 5.2      | 6.5        | 6.5      |            |
| Equity ratio attributable to owners of the parent  | 58.1     | 61.9     | 65.3     | 64.2     | 69.9     | 70.0     | 74.1     | 69.4     | 68.6     | 71.0     | 71.6*3     | 76.9     |            |
| Debt to equity ratio (Times)   | 0.04     | 0.03     | 0.03     | 0.03     | 0.03     | 0.03     | 0.02     | 0.02     | 0.03     | 0.02     | 0.03       | 0.00     |            |
| Interest coverage (Times)  | 40.64    | 130.19   | 130.51   | 129.41   | 165.40   | 149.08   | 138.90   | 67.20    | 69.15    | 85.16    | 122.37     | 112.15   |            |
| Current ratio  | 276.6    | 293.2    | 305.8    | 338.1    | 330.3    | 284.0    | 349.8    | 281.6    | 272.5    | 298.6    | 287.6      | 364.2    |            |
| 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       | 29.6     |            |

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 ¥133.53 = U.S.\$1, the approximate rate prevailing on March 31, 2023.

\*2 Net income 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.

\*3 Effective April 1, 2022, the Company changed its accounting policies in accordance with the Agenda Decisions by the IFRS Interpretations Committee issued in May 2021, Attributing Benefit to Periods of Service (IAS 19 Employee Benefits). Figures for major management indicators from fiscal 2022 have been restated to reflect this change. Cumulative impact prior to March 31, 2021, have been accounted for by adjusting equity on April 1, 2022.

Fiscal 2023 Performance (IFRS)

Analysis of Overall Performance in Fiscal 2023

Looking at the business environment in fiscal 2023, the global economy has been gradually recovering as social activities have resumed, following the lifting of restrictions on activities implemented in response to the COVID-19 pandemic. However, the outlook remains uncertain due to such factors as the global trend of rising commodity prices caused by soaring energy and raw material prices along with the downward pressure on the economy from the monetary tightening measures implemented in various countries to curb the trend.

Under these conditions, the Yamaha Group has positioned the three-year period of its Make Waves 2.0 medium-term management plan as an opportunity to enhance its capacity for sustainable growth in the new society set to emerge post-pandemic. We thereby aim to support the “Well-Being of People around the World.” To this end, the Group has been implementing various measures under three policies—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.

Further Strengthen the Business Foundation

In regard to the key theme of develop closer ties with customers, Yamaha has expanded its network of direct contact points with customers through the introduction of Yamaha Music ID, which allows customers to use various Yamaha online and software services with a single login ID, and through the augmentation of showroom functions at brand shops. Yamaha has also deployed various approaches to encourage new customers to start playing musical instruments, such as collaboration projects with a popular anime series. In relation to the key theme of create new value, Yamaha sought to offer many new experiences to its customers through its rich sensibilities and advanced technologies, such as an AI piano ensemble technology that allows users to play with their favorite pianist and an AI singing voice transformation technology that enables users to sing with the voice of a famous singer in real time. In addition, the Group is promoting Yamaha Music Connect, a service business concept for making users’ lives more enjoyable and creative with music. We are assembling the Group’s various technologies, content, and applications and incorporating external resources and services to create an ecosystem for this purpose. As for the key theme of be more flexible and resilient, the Group is improving flexibility and risk responsiveness in procurement and production by establishing a regional management system for manufacturing bases, strategically reviewing suppliers and parts types, and producing the same product lines at multiple locations.

Set Sustainability as a Source of Value

In accordance with the key theme of build a value chain that supports the future of the earth and society, the Yamaha Group is making steady progress toward achieving carbon neutrality by 2050. In this context, the Group is working toward addressing climate change by promoting energy-saving activities at bases, increasing the number of solar power generation panels, and switching to renewable energy resources. To promote sustainably sourced timber use, the Group continues expand its use certified timber while advancing Tone Forest activities in Hokkaido, Tanzania, and India to promote the cultivation and preservation of rare tree species used to make musical instruments. In regard to the key theme of enhance brand power and competitiveness by contributing to comfortable lives, the Group is actively advancing universal design initiatives for a variety of products, such as the research and development of the Daredemo Piano (Auto-Accompanied Piano), to ensure inclusivity and accessibility when it comes to sound. For the key theme of expand market through the promotion and development of music culture, Yamaha is contributing to the spread of instrumental music education. A project for introducing Japanese

instrumental music education into elementary education curricula in India, which is part of the Company’s efforts on this front, was selected as one of the 2022 projects to receive support from EDU-Port Japan by the Ministry of Education, Culture, Sports, Science and Technology.

Enable Yamaha Colleagues to be More Valued, More Engaged, and More Committed

In terms of the key theme of increase job satisfaction, the Yamaha Group has enhanced support for helping employees autonomously plan their careers as well as its various systems and mechanisms to realize flexible workstyles, which include the ability to take part in side jobs. To enact the key theme of promote respect for human rights and DE&I, the Group is enhancing human rights due diligence and human rights education and working to empower global human resources and women to create an environment in which diverse human resources can play a more active role. As for the key theme of foster open organizational culture where people can proactively take on challenges, divisions are offering an increasingly large range of opportunities for engaging dialogue in order to enhance psychological safety. In addition, the Company is developing two bases, construction of which is to be completed in spring 2024, to provide an environment where everyone can feel empowered in their work. The first base is the new headquarters building we are constructing. Sales and corporate divisions will be consolidated within the new building to facilitate personnel exchanges with the functions housed in the existing three adjacent buildings. The second base is YOKOHAMA SYMPHOSTAGE™ which will be a new base for promoting open innovation that possesses brand communication and R&D functions while also integrating sales and marketing offices in the Tokyo metropolitan area. The Group will continue its efforts to create a workplace where each and every one of its diverse employees can work comfortably and feel job satisfaction.

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

Revenue increased ¥43,212 million, or 10.6%, year on year, to ¥451,410 million. This increase was mainly due to the benefits of the significant depreciation of the Japanese yen against the U.S. dollar, which outweighed the impacts of semiconductor procurement difficulties, lower demand for entry-level models, and disruptions caused by the COVID-19 pandemic in China (GRAPH 1).

By region, revenue was up in all regions except China, where revenue declined due to disruptions caused by the COVID-19 pandemic (GRAPH 2).

Core operating profit was up ¥2,837 million, or 6.6%, year on year, to ¥45,867 million. By segment, core operating profit in the musical instruments segment was down ¥1,131 million, or 3.0%, to ¥36,200 million, despite an increase of ¥7,000 million attributable to favorable foreign exchange influences. In the audio equipment segment, core operating profit increased ¥1,927 million, or 125.3%, to ¥3,466 million, even after being reduced ¥1,900 million as a result of foreign exchange influences. As for the others segment, the increase of ¥1,300 million associated with foreign exchange influences contributed to a rise of ¥2,041 million, or 49.1%, in core operating profit, to ¥6,200 million (GRAPH 3). Factors behind the overall increase included higher sales and production, an improved model mix, increases to selling prices, and beneficial foreign exchange influences, which outweighed detractors such as higher selling, general and administrative (SG&A) expenses and rising energy and procurement costs (GRAPH 4).

Profit for the period attributable to owners of parent increased ¥915 million, or 2.5%, year on year, to ¥38,183 million.

GRAPH 1

|                     | (Billions of yen) |        |
|---------------------|-------------------|--------|
|                     | 2022/3            | 2023/3 |
| Revenue             | 408.2             | 451.4  |
| Musical Instruments | 276.2             | 302.7  |
| Audio Equipment     | 96.9              | 107.6  |
| Others              | 35.1              | 41.1   |

GRAPH 2

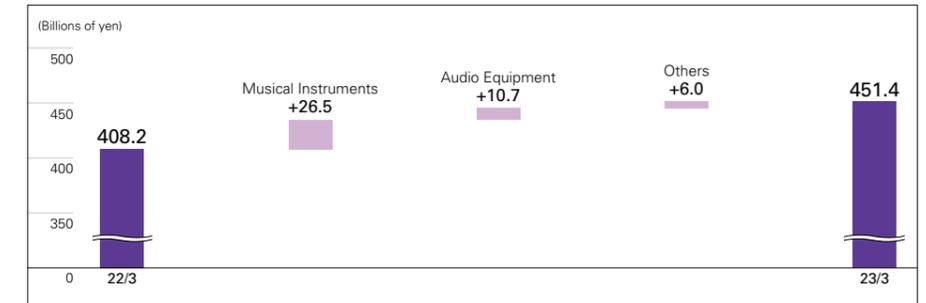
|               | (Billions of yen) |        |
|---------------|-------------------|--------|
|               | 2022/3            | 2023/3 |
| Revenue       | 408.2             | 451.4  |
| Japan         | 105.4             | 108.6  |
| North America | 87.5              | 114.2  |
| Europe        | 79.3              | 82.8   |
| China         | 67.8              | 62.5   |
| Other areas   | 68.3              | 83.3   |

GRAPH 3

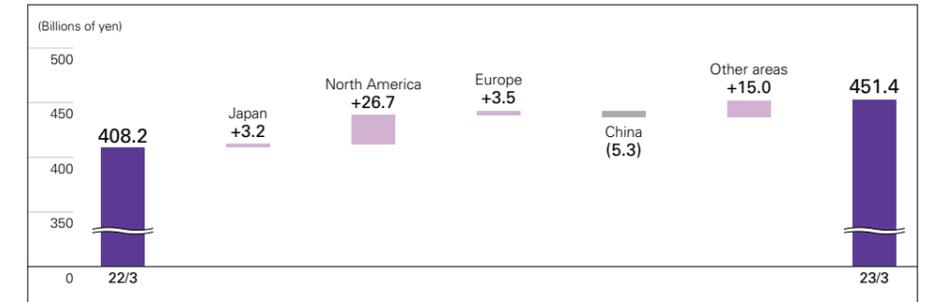
|                       | (Billions of yen) |        |
|-----------------------|-------------------|--------|
|                       | 2022/3            | 2023/3 |
| Core operating profit | 43.0              | 45.9   |
| Musical Instruments   | 37.3              | 36.2   |
| Audio Equipment       | 1.5               | 3.5    |
| Others                | 4.2               | 6.2    |

GRAPH 4

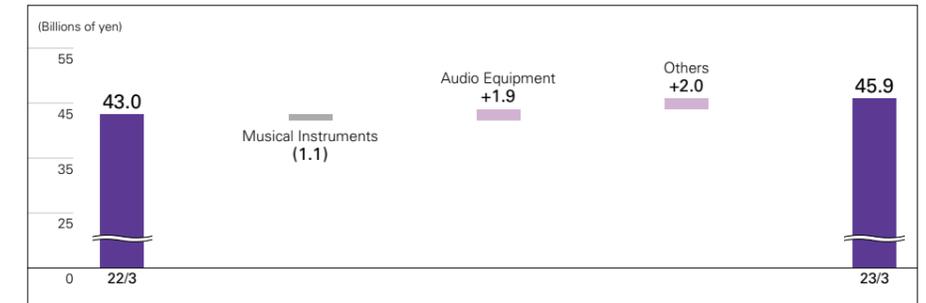
Revenue (Change by Business Segment)



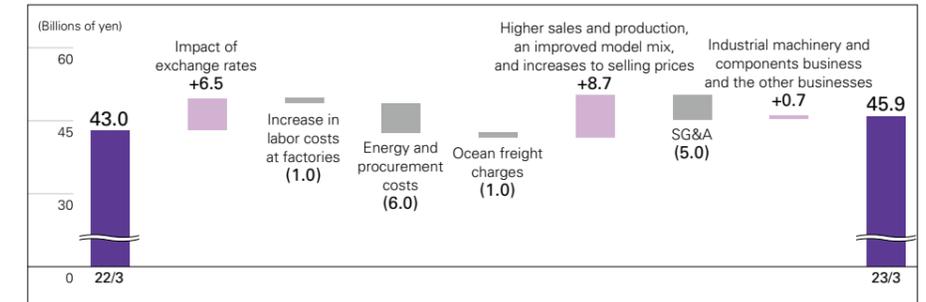
Revenue (Change by Region)



Core Operating Profit (Change by Business Segment)



Core Operating Profit (Change by Factor)



Results by Segment

Musical Instruments

Revenue in the musical instruments segment increased ¥26,499 million, or 9.6%, year on year, to ¥302,653 million, as the benefits of favorable foreign exchange influences outweighed the impacts of ongoing declines in demand for entry-level models and disruptions caused by the COVID-19 pandemic in China.

By product, sales of pianos were down due to the impacts of the pandemic on the mainstay market of China. Sales of digital musical instruments decreased, despite the strong demand for mid-range and high-end models seen as circumstances surrounding instrumental musical performances returned to normal, as a result of lower demand for entry-level models. A massive increase was seen in sales of wind instruments as school band activities resumed around the world and government financial support was provided to elementary and junior high schools in the United States that was used in part to fund such activities. Despite struggling sales of acoustic guitars following declines in demand for entry-level models, sales of guitars rose as a result of the strong performance of electric guitars and guitar amps.

By region, sales were down in Japan. There was growth in sales of wind, string, and percussion instruments following recovery in demand in conjunction with the resumption of school band activities, and sales of guitars rose as a result of demand stimulated by a popular anime series. However, overall sales in this country decreased because of a low appetite for purchases of pianos and digital musical instruments amid high commodity prices. Sales were up in North America and Europe. Performance in these regions was impacted by sluggish demand for entry-level models, the result of a conservative stance toward purchases seen among consumers as inflation caused costs of living to balloon. However, overall sales were buoyed by firm demand for mid-range to high-end offerings and favorable foreign exchange influences. In China, sales were down as a result of the

disruptions caused by the COVID-19 pandemic. In other regions, sales increased overall as the impacts of the pandemic dissipated and economic activities returned to normal.

Audio Equipment

Revenue in the audio equipment segment rose ¥10,717 million, or 11.1%, year on year, to ¥107,641 million, as the partial alleviation of the difficulties in procuring semiconductors compensated for the lower sales of entry-level models.

By product, overall sales of AV products were down as a result of difficulties in procuring semiconductors and poor sales of low-price soundbars. PA equipment sales, meanwhile, were up following strong conditions in the live performance and commercial audio equipment markets as well as alleviations in difficulties in procuring semiconductors seen in the second half of the fiscal year. Sales of ICT equipment, conversely, rose due to growth in network investments stimulated by corporate digital transformation initiatives and the reinforcement of cybersecurity measures.

Others

(Industrial Machinery and Components Business, etc.)

Revenue in the others segment increased ¥5,996 million, or 17.1%, year on year, to ¥41,115 million.

In the industrial machinery and components business, sales of electronic devices rose following growth in sales of Yamaha brand automotive sound systems for Chinese automobile manufacturers. Sales of automobile interior wood components and FA equipment were down due to reduced production by customers as a result of difficulties in procuring semiconductors and postponements and reductions in investment projects. Sales in the golf business rose because of a substantial increase in sales in South Korea.

Analysis of Financial Position

Total assets on March 31, 2023, amounted to ¥594,246 million, an increase of ¥13,584 million, or 2.3%, from ¥580,662 million a year earlier (GRAPH 5). In regard to current assets, inventories increased due to the impacts of foreign exchange influences, production delays in some products caused by semiconductor procurement difficulties, a decline in demand for entry-level models, and disruptions caused by the pandemic in China. As for non-current assets, financial assets increased due to a rise in market value of securities held and property, plant and equipment grew due to capital investment. In addition, goodwill increased due to the acquisition of the equity interest in Cordoba Music Group, LLC.

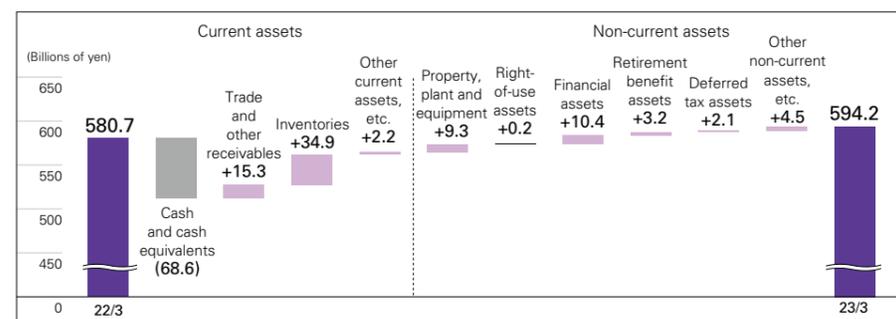
Total liabilities on March 31, 2023, were ¥136,302 million, a decrease of ¥27,491 million, or 16.8%, from ¥163,794 million at the end of the previous fiscal year. In current liabilities, interest-bearing

debt decreased due to the repayment of short-term borrowings associated with the expansion of intragroup financing, and income taxes payables decreased due to payment of income taxes on the sale of investment securities in the previous fiscal year.

Total equity on March 31, 2023, was ¥457,944 million, an increase of ¥41,076 million, or 9.9%, from ¥416,867 million on March 31, 2022 (GRAPH 6). The overall increase was due to a rise in retained earnings resulting from the recording of profit for the period attributable to owners of parent along with an increase in other components of equity stemming from the impact of foreign exchange fluctuations and a net increase in the market value of securities held. These factors offset the impacts of shareholder returns through the purchase of treasury shares and dividend payments.

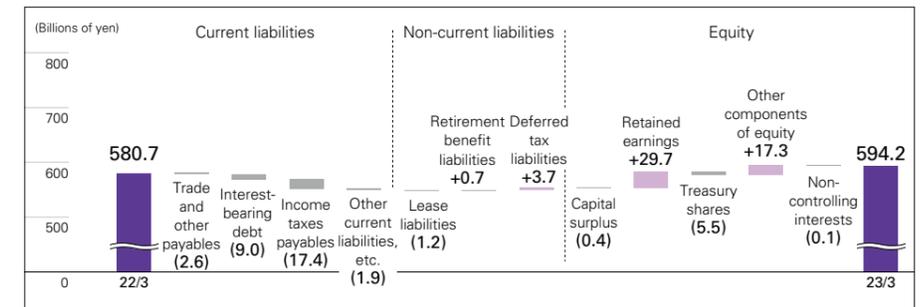
GRAPH 5

Total Assets



GRAPH 6

Total Liabilities and Equity



Analysis of Cash Flows

Cash and cash equivalents at the end of the fiscal year decreased ¥68,608 million, compared to an increase of ¥43,150 million in the previous fiscal year, and stood at ¥103,886 million (GRAPH 7).

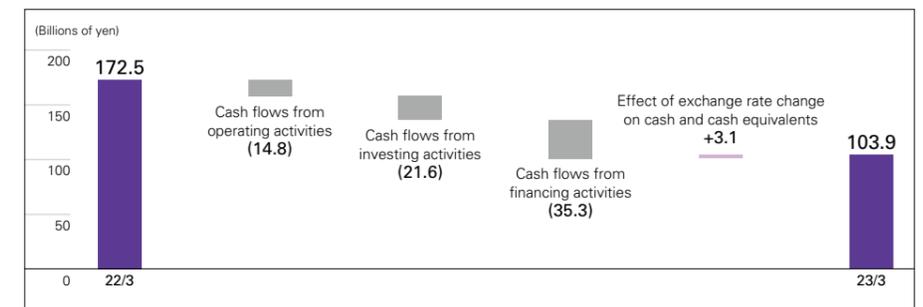
Net cash used in operating activities amounted to ¥14,841 million, compared with net cash provided by operating activities of ¥36,016 million in the previous fiscal year. This outcome was the result of profit before income taxes being surpassed by an increase in inventories, which was affected by production delays in some products caused by semiconductor procurement difficulties, a decline in demand for entry-level models, and disruptions caused by the COVID-19 pandemic in China, combined with the payment of income taxes on the sale of investment securities conducted in the previous fiscal year.

Net cash used in investing activities was ¥21,563 million, compared with net cash provided by investing activities of ¥43,707 million in the previous fiscal year, which was largely a product of the proceeds from the sale of investment securities. This outcome was primarily due to the purchase of property, plant and equipment and acquisition of equity interests in Cordoba Music Group.

Net cash used in financing activities totaled ¥35,287 million, compared with ¥44,426 million in the previous fiscal year, which was primarily due to the purchase of treasury shares. This outcome was mainly attributable to the repayment of short-term borrowings associated with the expansion of intragroup financing, payment of cash dividends, and the purchase of its treasury shares.

GRAPH 7

Cash Flows

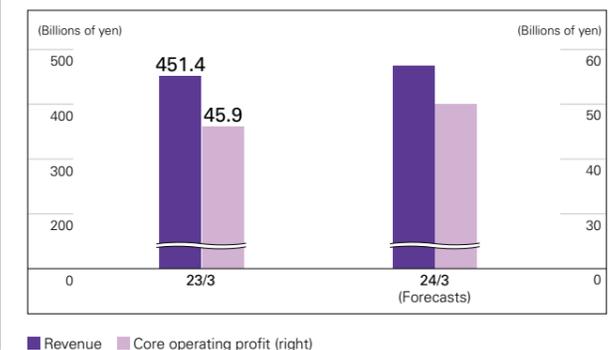


Forecasts for Fiscal 2024

Although the outlook for the global economy remains uncertain, we forecast improvements in revenue and profit in fiscal 2024 based on consideration for projected recovery in markets such as China and Europe and reductions in the product supply shortages stemming from semiconductor procurement difficulties and other factors (GRAPH 8).

GRAPH 8

Fiscal 2024 Revenue and Core Operating Profit Forecasts (Announced August 2, 2023)



| Yamaha Group Environmental Data   |   |                             |         |         |         |         |         |
|---|---|-----------------------------|---------|---------|---------|---------|---------|
| Indicator   | Breakdown   | Units                       | 2019/3  | 2020/3  | 2021/3  | 2022/3  | 2023/3  |
| Scope 1 greenhouse gas emissions  |   | 10,000 tons-CO <sub>2</sub> | 2.2     | 2.3     | 2.2     | 2.4     | 2.2     |
| Scope 2 greenhouse gas emissions (market-based standard)  |   | 10,000 tons-CO <sub>2</sub> | 13.9    | 12.8    | 11.9    | 13.1    | 12.8    |
| Scope 1 + Scope 2 greenhouse gas emissions  | Total   | 10,000 tons-CO <sub>2</sub> | 16.1    | 15.1    | 14.1    | 15.5    | 15.1    |
|   | Percentage of reduction compared to the base year*1 | %                           | -1.9    | 4.4     | 10.8    | 1.9     | 4.4     |
| Greenhouse gas emissions intensity (total Scope 1 and Scope 2 emissions per ¥10 billion of revenue) |   | 10,000 tons-CO <sub>2</sub> | 0.37    | 0.36    | 0.38    | 0.38    | 0.33    |
| Scope 3 greenhouse gas emissions  | Total   | 10,000 tons-CO <sub>2</sub> | 110.4   | 114.6   | 89.6    | 91.2    | 103.1   |
|   | Percentage of reduction compared to the base year*2 | %                           | 1.7     | -2.1    | 20.2    | 18.8    | 8.2     |
| Logistics-related CO <sub>2</sub> emissions volume*3  |   | tons-CO <sub>2</sub>        | 120,920 | 119,108 | 107,852 | 117,630 | 100,138 |
| Water withdrawals   |   | 10,000 m <sup>3</sup>       | 192     | 180     | 171     | 182     | 200     |
| Water consumption   |   | 10,000 m <sup>3</sup>       | 34      | 34      | 40      | 40      | 75      |
| Water recycling rate  |   | %                           | 5.7     | 6.1     | 4.7     | 5.2     | 5.0     |
| Timber procurement volume   |   | 1,000 m <sup>3</sup>        | 93.8    | 84.0    | 75.0    | 96.8    | 84.5    |
| Waste generated   |   | 1,000 tons                  | 11.5    | 10.8    | 10.5    | 12.2    | 14.6    |
| Hazardous waste generated*4   |   | 1,000 tons                  | —       | —       | 1.6     | 1.7     | 5.9     |
| Yamaha Eco-Products Program*5   | Number of qualified products                        | —                           | 53      | 46      | 29      | 14      | 16      |
|   | Number of Yamaha Eco-Label products                 | —                           | 56      | 58      | 70      | 5       | 16      |

| Yamaha Group Social Data   |  |         |             |             |             |             |             |
|--|--|---------|-------------|-------------|-------------|-------------|-------------|
| Indicator  | Breakdown  | Units   | 2019/3      | 2020/3      | 2021/3      | 2022/3      | 2023/3      |
| Total number of employees (including temporary employees)  |  | Persons | 28,108      | 28,267      | 28,665      | 28,758      | 28,252      |
| Turnover rate for period up to three years after hiring (non-consolidated)                               |  | %       | 6.2         | 8.2         | 1.7         | 3.0         | 2.8         |
| Years of continuous employment by gender (non-consolidated)  | Male / National average*6                            | Years   | 19.3 / 13.7 | 19.2 / 13.8 | 19.4 / 13.4 | 19.7 / 13.7 | 19.7 / 13.7 |
|  | Female / National average*6                          | Years   | 19.9 / 9.7  | 19.5 / 9.8  | 19.4 / 9.3  | 19.5 / 9.7  | 18.8 / 9.8  |
| Total training hours (non-consolidated)  |  | Hours   | —           | 49,224      | 50,169      | 90,782      | 100,674     |
| Average training hours per employee (non-consolidated)   |  | Hours   | —           | 21          | 21          | 38          | 43          |
| Ratio of women among employees   | Consolidated (Japanese and overseas Group companies) | %       | —           | —           | —           | 40.1        | 39.2        |
| Ratio of women among new graduate hires (non-consolidated)   |  | %       | 11.9        | 26.2        | 23.1        | 14.3        | 25.5        |
| Mid-career hires (non-consolidated)  | Ratio of mid-career hires among employees            | %       | 17.7        | 18.7        | 18.4        | 19.4        | 20.2        |
|  | Ratio of mid-career hires among managers             | %       | 16.4        | 17.5        | 18.5        | 17.9        | 17.3        |
| Ratio of female employees in management positions  | Consolidated (Japanese and overseas Group companies) | %       | 14.9        | 16.3        | 16.0        | 16.5        | 17.3        |
| Number of employees using extended employment and rehiring systems (over 60 years old, non-consolidated) |  | Persons | 218         | 215         | 214         | 188         | 198         |
| Ratio of employees with disabilities (as of March 1)*7   |  | %       | 2.51        | 2.49        | 2.39        | 2.33        | 2.4         |

| Indicator   | Breakdown  | Units               | 2019/3  | 2020/3  | 2021/3  | 2022/3  | 2023/3  |
|---|--|---------------------|---------|---------|---------|---------|---------|
| Gender pay gap*8 (non-consolidated) (Ratio of average wage of female employees to average wage of male employees) | All employees  | %                   | —       | —       | —       | —       | 77.4    |
|   | Full-time employees  | %                   | —       | —       | —       | —       | 77.8    |
|   | Part-time / Fixed-term employees   | %                   | —       | —       | —       | —       | 66.9    |
| Birth support / Childcare leave (non-consolidated)  | Ratio of male employees who took birth support leave*9   | %                   | 87.0    | 88.7    | 82.5    | 90.4    | 83.5    |
|   | Ratio of female employees who took childcare leave   | %                   | 100     | 100     | 100     | 100     | 100     |
|   | Ratio of male and female employees who returned to work following childcare leave              | %                   | 97.9    | 98.1    | 100     | 100     | 98.3    |
| Frequency of work-related accidents (Group total)   | Frequency rate of work-related accidents (including accidents not resulting in lost work time) | —                   | 1.17    | 1.23    | 1.00    | 1.13    | 0.95    |
|   | Frequency rate of work-related accidents resulting in lost work time (one or more day lost)    | —                   | 0.64    | 0.72    | 0.56    | 0.63    | 0.56    |
| Fatalities from work-related accidents  | Japan  | Persons             | 0       | 0       | 0       | 0       | 0       |
|   | Overseas   | Persons             | 0       | 0       | 0       | 0       | 0       |
| Simultaneous supplier self-assessment*10  | Requests   | Companies           | —       | 3,748   | —       | —       | 2,312   |
|   | Responses  | Companies           | —       | 3,694   | —       | —       | 2,179   |
| Supplier's self-assessments conducted (when starting transactions)  |  | Companies           | 104     | 117     | 149     | 138     | 60      |
| Written requests for improvements submitted   |  | Companies           | 0       | 5       | 4       | 0       | 418     |
| School Project for promoting instrumental music education in emerging countries                                   | Aggregate number of countries and schools  | Countries / Schools | 5/1,300 | 5/1,500 | 6/4,100 | 7/5,200 | 7/6,200 |
|   | Aggregate number of participants   | 10,000 people       | 26      | 39      | 71      | 129     | 202     |

| Governance Data |                   |         |        |        |        |        |        |
|-----------------|-------------------|---------|--------|--------|--------|--------|--------|
| Indicator       | Breakdown         | Units   | 2019/6 | 2020/6 | 2021/6 | 2022/6 | 2023/6 |
| Directors       | Total             | Persons | 8      | 7      | 8      | 8      | 8      |
|                 | Outside directors | Persons | 6      | 5      | 6      | 6      | 6      |
|                 | Female            | Persons | 1      | 1      | 1      | 1      | 2      |
|                 | Non-Japanese      | Persons | 1      | 1      | 1      | 1      | 1      |

Note: The scope of data collection is as follows:  
 Environmental: Headquarters area, manufacturing and resort facilities (logistics-related data includes key sales locations)  
 Social: Consolidated (Non-consolidated) indicates items applying to Yamaha Corporation (non-consolidated basis).  
 Governance: Yamaha Corporation (non-consolidated)  
 The data collection timing is March 31 of the respective fiscal year for environmental and social data and June 30 of the respective year for governance data (governance data for 2023 is as of June 24, 2023).

\*1 Reduction rate from 158,000 tons-CO<sub>2</sub> achieved in fiscal 2018, the base year (If the figure is negative, it is an increase.)  
 \*2 Reduction rate from 1,123,000 tons-CO<sub>2</sub> achieved in fiscal 2018, the base year (If the figure is negative, it is an increase.)  
 \*3 Category 4 of Scope 3  
 \*4 Total of industrial waste designated for special management in Japan and waste oil, waste solvents, waste acid, and waste alkaline at overseas bases  
 \*5 Initiative started in December 2015 aimed at certifying eco-friendly products that meet standards established by Yamaha  
 \*6 National averages based on data from basic surveys on wage structures of Japan's Ministry of Health, Labour and Welfare  
 \*7 Calculated using the number of people counted according to the legally mandated employment rate calculation method described in the Act to Facilitate the Employment of Persons with Disabilities; scope of data collection is Yamaha Corporation, Yamaha Corporate Services Corporation, and Yamaha Ai Works Co., Ltd.  
 \*8 Figures for period from April 1 of the given year to March 31 of the following year  
 Wages: Includes basic salary, compensation for overtime work, bonuses, etc., but excludes retirement allowances, commuting allowances, etc.  
 Part-time/Fixed-term workers: For part-time workers, the average annual wage is calculated based on the number of employees converted by the prescribed working hours of full-time employees (7.75 hours).  
 \*9 In fiscal 2023, the information disclosure conditions were changed in accordance with the Act on the Promotion of Women's Active Engagement in Professional Life (ratio of people taking childbirth support leave before fiscal 2022).  
 \*10 Conducted once every three years for existing suppliers

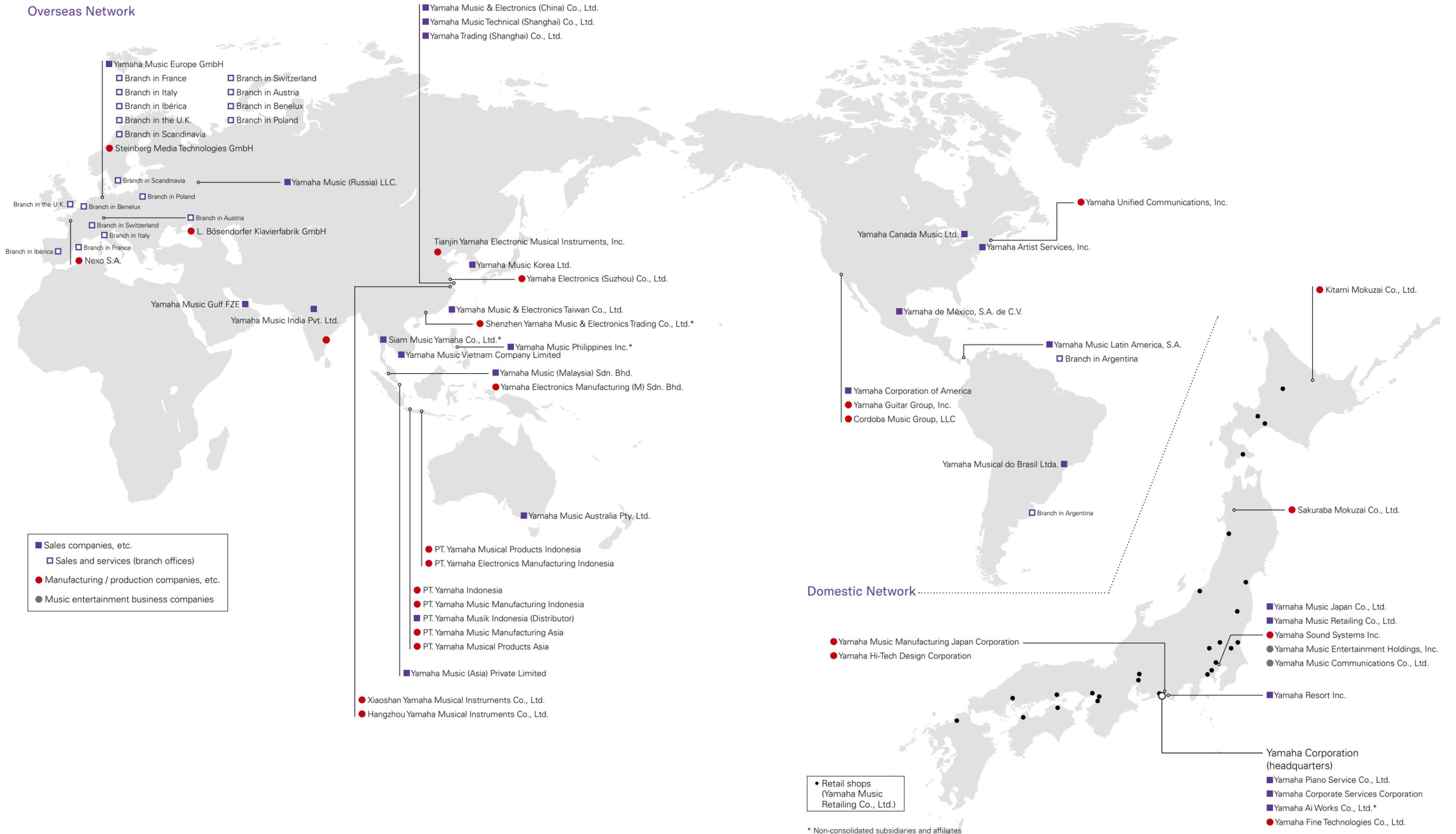
For more information on ESG data, please refer to the following website.  
[https://www.yamaha.com/en/csr/related\\_information/esg\\_data/](https://www.yamaha.com/en/csr/related_information/esg_data/)



As of September 1, 2023

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



# COMPANY INFORMATION

As of March 31, 2023

## Corporate Profile

|                       |  |                                    |   |
|-----------------------|--|------------------------------------|---|
| Company Name          | Yamaha Corporation   | Number of Employees (Consolidated) | 20,027 (Excluding average number of temporary employees: 8,225) |
| Headquarters          | 10-1, Nakazawa-cho, Naka-ku, Hamamatsu, Shizuoka 430-8650, Japan | Number of Subsidiaries             | 63 (of which, 58 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
- Morningstar Japan ex-REIT Gender Diversity Tilt Index\*2
- FTSE4Good Global Index\*3
- FTSE Blossom Japan Index\*4
- FTSE Blossom Japan Sector Relative Index\*5
- S&P / JPX Carbon Efficient Index
- S&P Japan 500 ESG
- S&P Global Sustainability Awards

- 2022 CDP Supplier Engagement Leader
- 2022 Internet IR Commendation Award (Daiwa Investor Relations Co. Ltd.)
- Gomez IR Site Ranking 2022 Silver Award



\*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 Morningstar, Inc., and/or one of its affiliated companies (individually and collectively, "Morningstar") has authorized Yamaha Corporation to use of the Morningstar Japan ex-REIT Gender Diversity Tilt Logo ("Logo") to reflect the fact that, for the designated ranking year, Yamaha Corporation ranks in the top quintile of companies comprising the Morningstar Japan ex-REIT Gender Diversity Tilt Index ("Index") on the issue of gender diversity in the workplace. Morningstar is making the Logo available for use by Yamaha Corporation solely for informational purposes. Yamaha Corporation use of the Logo should not be construed as an endorsement by Morningstar of Yamaha Corporation or as a recommendation, offer or solicitation to purchase, sell or underwrite any security associated with Yamaha Corporation. The Index is designed to reflect gender diversity in the workplace in Japan, but Morningstar does not guarantee the accuracy, completeness or timeliness of the Index or any data included in it. Morningstar makes no express or implied warranties regarding the Index or the Logo, and expressly disclaim all warranties of merchantability or fitness for a particular purpose or use with respect to the Index, any data included in it or the Logo. Without limiting any of the foregoing, in no event shall Morningstar or any of its third party content providers have any liability for any damages (whether direct or indirect, arising from any party's use or reliance on the Index or the Logo, even if Morningstar is notified of the possibility of such damages. The Morningstar name, Index name and the Logo are the trademarks or services marks of Morningstar, Inc. Past performance is no guarantee of future results.

\*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 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.

\*4 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.

\*5 FTSE Russell (the trading name of International Limited and Frank 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.

### JPX-NIKKEI 400



### 2023 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX

### 2023 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)

### MORNINGSTAR GenDi J



### 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.



YAMAHA CORPORATION <https://www.yamaha.com/en/>

Investor Relations Division, Corporate Administration Unit  
2-17-11, Takanawa, Minato-ku, Tokyo 108-8568, Japan

Sustainability Group, Corporate Planning Division, Corporate Administration Unit  
10-1, Nakazawa-cho, Naka-ku, Hamamatsu, Shizuoka 430-8650, Japan

# STOCK INFORMATION

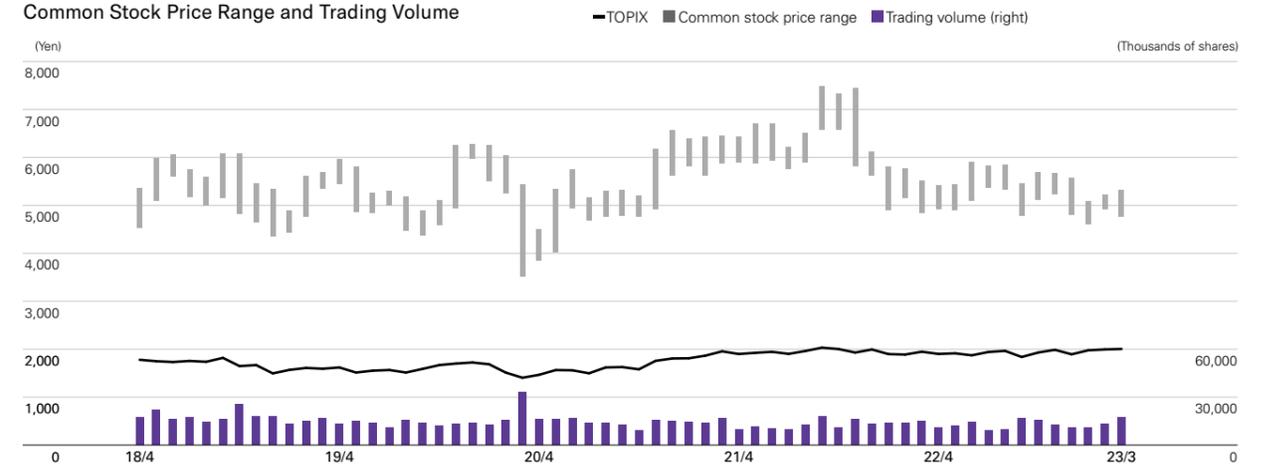
As of March 31, 2023

|   |  |
|---|--|
| Dividends                               | Year-end: To the shareholders of record on March 31<br>Interim: To the shareholders of record on September 30  |
| Number of Shares of Common Stock        | Issued: 187,300,000 (includes treasury stock of 16,858,633)  |
| Stock Exchange Listing                  | Tokyo Prime Market, Code No.7951   |
| Administrator of Shareholders' Registry | The Sumitomo Mitsui Trust Bank, Limited<br>Stock Transfer Agency Department<br>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.<br><a href="https://www.yamaha.com/ja/about/public_notices/">https://www.yamaha.com/ja/about/public_notices/</a> (only in Japanese) |
| Ordinary General Shareholders' Meeting  | June   |
| Number of Shareholders                  | 20,297   |

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- |

## Common Stock Price Range and Trading Volume



| Fiscal year ended                           | J-GAAP | IFRS   |        |        |        |        |
|---|--------|--------|--------|--------|--------|--------|
|   | 2019/3 | 2019/3 | 2020/3 | 2021/3 | 2022/3 | 2023/3 |
| Share price at the end of fiscal year (Yen) | 5,530  | 5,530  | 4,215  | 6,010  | 5,350  | 5,090  |
| Share price—high (Yen)                      | 6,080  | 6,080  | 6,270  | 6,560  | 7,490  | 5,900  |
| Share price—low (Yen)                       | 4,355  | 4,355  | 3,520  | 3,835  | 4,840  | 4,605  |
| Trading volume (Million shares)             | 209    | 209    | 182    | 173    | 153    | 153    |

| Fiscal year ended   | 2019/3    | 2019/3    | 2020/3  | 2021/3    | 2022/3    | 2023/3  |
|---|-----------|-----------|---------|-----------|-----------|---------|
| Dividend yield (%)  | 1.08      | 1.08      | 1.57    | 1.10      | 1.23      | 1.30    |
| Price to earnings ratio (Times)                                   | 23.0      | 24.9      | 21.6    | 39.7      | 24.9      | 22.9    |
| Price to book value ratio (Times)                                 | 2.60      | 2.78      | 2.28    | 2.67      | 2.21      | 1.90    |
| Number of shares issued (Thousand shares)                         | 191,555   | 191,555   | 191,555 | 191,555   | 187,300   | 187,300 |
| Market capitalization at the end of fiscal year (Millions of yen) | 1,059,299 | 1,059,299 | 807,404 | 1,151,246 | 1,002,055 | 953,357 |
| Percentage of shares owned by foreign investors (%)               | 22.8      | 22.8      | 25.6    | 26.0      | 26.2      | 26.1    |

## Shareholder Composition

|                        | Number of Shareholders | Ratio of Number of Shares to Total |
|------------------------|------------------------|------------------------------------|
| Individuals            | 19,296                 | 15.9%                              |
| Financial institutions | 53                     | 51.4%                              |
| Japanese corporations  | 201                    | 5.1%                               |
| Foreign investors      | 709                    | 26.1%                              |
| Securities companies   | 38                     | 1.5%                               |
| Total                  | 20,297                 | 100%                               |

Note: The figure for individuals includes treasury stock.

## Major Shareholders

| Major Shareholders                                   | Shareholding Ratio |
|--|--------------------|
| The Master Trust Bank of Japan, Ltd. (Trust account) | 23.7%              |
| Custody Bank of Japan, Ltd. (Trust account)          | 9.0%               |
| 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           | 2.0%               |
| Mizuho Bank, Ltd.                                    | 1.7%               |
| Deutsche Bank Trust Company Americas                 | 1.7%               |

Note: Yamaha Corporation holds 16,858,633 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.