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

Developments such as the COVID-19 pandemic and international tensions fundamentally changed the environment in which we live while also transforming how people think along with their values and lifestyles. In this increasingly difficult-to-navigate operating environment, the Yamaha Group is framing such changes as prime opportunities for creating new value. Based on this view, we look to utilize the technologies and sensibilities refined over our history spanning more than 135 years to demonstrate our true capabilities by helping resolve social issues while growing and developing our business.

The Make Waves 2.0 medium-term management plan has the central theme of enhancing our capacity for sustainable growth in the new society that will emerge after the pandemic. As we move forward with this plan, we will also seek to achieve our management vision of “Becoming an Indispensable, Brilliantly Individual Company.” This objective will guide us as we work to support the “Well-Being of People around the World.” In Annual Report 2023, we sought to communicate the approach we will take toward fulfilling our social responsibility and improving corporate value through our business activities based on our medium- to long-term vision.

This report was prepared while referencing the Integrated Reporting Framework of the IFRS Foundation and the Guidance for Integrated Disclosure and Company-Investor Dialogue for Collaborative Value Creation: ESG Integration, Non-Financial Information Disclosure, and Intangible Assets into Investment released by the Ministry of Economy, Trade and Industry of Japan. Summarizing the policies we adopt on a Groupwide basis, this report was created thanks to the cooperation of each division of the Company. As such, I believe the creation process and the content of this report to be appropriate.

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

September 2023

Takuya Nakata
Director, President and Representative Executive Officer

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Scope of This Report
Information in this report covers 68 companies (as of March 31, 2023): Yamaha Corporation, its 63 consolidated subsidiaries, and its 4 affiliates. In cases where it is necessary to specify the scope of reporting, this report lists the applicable institution individually.

Reporting Period
This report primarily covers fiscal 2023 (April 1, 2022 to March 31, 2023). However, certain sections of this report include information from April 1, 2023, and onward.

Disclaimer on Forward-Looking Statements
The forward-looking statements such as data and forecasts included in this report are based on assumptions and information available at the time of publication and are subject to change due to various factors. These statements are not guarantees that Yamaha will achieve its targets and forecasts or realize its anticipated future business results. In addition, the content of this report may be changed without prior notice. Accordingly, Yamaha cautions readers not to place undue reliance on these forward-looking statements, which are valid only as of the date thereof, and undertakes no obligation for any negative impact caused by the use of the report.

Names, including those of products and services, used in this report are trademarks or registered trademarks of Yamaha Corporation or of the respective right holder.
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.

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

Customer-Oriented and Quality-Conscious Management (For Customers)
For the well-being of its customers, Yamaha offers quality and valuable products and services that incorporate innovative and traditional technologies as well as sensibilities and refined creativity.

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

Management Based on Mutual Understanding and Trust (For Business Partners)
Yamaha values mutual understanding and trust and builds sound business relationships with all of our business partners, including distributors and suppliers.

Management that Contributes to Social and Cultural Development (For the Regional Communities and Society)
Yamaha complies with the laws with the highest ethical standards, and as a good corporate citizen, contributes to the development of society and culture through its accumulated technologies and expertise to address various social issues as well as efforts that only Yamaha could do.

Management that Considers the Global Environment (For Earth)
Yamaha actively works to reduce CO2 emissions and conserve and make effective use of resources such as timber, and takes a role as a company to hand down the precious global environment to the future.

Transparent and Sound Management (For Shareholders)
Yamaha ensures sound business performance, continues to deliver proper returns to shareholders, and pursues sustainable development through transparent and high-quality management.

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

Make Waves
Just a few notes or a simple melody can send out ripples that trigger an emotional bond with another person. Sound and music have a transformational impact on individuals and the world around us. The “Make Waves” concept focuses on our passions and what matters most to people, namely, expressing themselves and making an impact, to progress personally as a listener and player, and to come together with others. Yamaha is committed to empowering people to “Make Waves” with their sound and music.
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:
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

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

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

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

Material Issues

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

Policies and Key Themes

In Making 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. 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.

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 strengthening the business foundation; setting 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.

For more information on material sustainability issues, please refer to the following website: [https://www.yamaha.com/en/site/sustainability/materialissues/](https://www.yamaha.com/en/site/sustainability/materialissues/)
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.

### MECHANISM FOR CREATING VALUE

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<td>Human Resources</td>
<td>- Customer</td>
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<td>- Technology</td>
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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.

**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, these products include our DX7 digital synthesizers, Clavinova digital pianos, and SILENT Pianos. Meanwhile, our musical instrument production technologies were adapted to diversify our business through involvement of semiconductors, these products include our DX7 digital synthesizers, Clavinova digital pianos, and SILENT Pianos. 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, these products include our DX7 digital synthesizers, Clavinova digital pianos, and SILENT Pianos. Meanwhile, our musical instrument production technologies were adapted to diversify our business through involvement of semiconductors, these products include our DX7 digital synthesizers, Clavinova digital pianos, and SILENT Pianos.

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.

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 SYMPHORIA online 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.
YAMAHA’S BUSINESS PORTFOLIO

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

- **Musical Instruments Business**
  - Revenue: ¥302.7 billion (67.1%)
  - Core operating profit: ¥45.9 billion

- **Audio Equipment Business**
  - Revenue: ¥107.6 billion (23.8%)
  - Core operating profit: ¥41.1 billion (9.1%)

- **Others (Industrial Machinery and Components Business, etc.)**
  - Revenue: ¥451.4 billion
  - Core operating profit: ¥45.9 billion

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

- **Musical Instruments Business**
  - Core operating profit ratio: 15%

- **Audio Equipment Business**
  - Core operating profit ratio: 16.5%

- **Others**
  - Core operating profit ratio: 12.5%

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 mainstream 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 page 74-75.
GLOBAL OPERATIONS

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

<table>
<thead>
<tr>
<th>Region</th>
<th>Revenue Composition</th>
<th>Number of Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>¥108.6 billion (24.1%)</td>
<td>5,573 employees</td>
</tr>
<tr>
<td>Other regions</td>
<td>¥83.3 billion (18.5%)</td>
<td>7,555 employees</td>
</tr>
<tr>
<td>China</td>
<td>¥62.5 billion (13.8%)</td>
<td>4,983 employees</td>
</tr>
<tr>
<td>Europe</td>
<td>¥82.8 billion (18.3%)</td>
<td>1,096 employees</td>
</tr>
<tr>
<td>North America</td>
<td>¥114.2 billion (25.3%)</td>
<td>820 employees</td>
</tr>
</tbody>
</table>

Overseas Revenue Driving Growth

<table>
<thead>
<tr>
<th>Year</th>
<th>Ratio of Overseas Revenue (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2023</td>
<td>75.9%</td>
</tr>
<tr>
<td>2022</td>
<td>75.3%</td>
</tr>
<tr>
<td>2021</td>
<td>74.8%</td>
</tr>
</tbody>
</table>

Global Market Shares of Major Products

- **All Musical Instruments**: 25%
- **Pianos**: 33%
- **Digital Pianos**: 47%
- **Portable Keyboards**: 45%
- **Wind Instruments**: 31%
- **Guitars**: 10%

Location of Yamaha Production Bases and Major Products Manufactured

<table>
<thead>
<tr>
<th>Country</th>
<th>Product</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>Pianos</td>
</tr>
<tr>
<td>China</td>
<td>Digital musical instruments</td>
</tr>
<tr>
<td>Indonesia</td>
<td>Wind, string, and percussion instruments</td>
</tr>
<tr>
<td>India</td>
<td>Guitars</td>
</tr>
<tr>
<td>Malaysia</td>
<td>Audio Equipment</td>
</tr>
</tbody>
</table>

Note: Excludes revenue from music schools and other services.
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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.

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
MESSAGE FROM THE PRESIDENT

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 three key policies of "further strengthen the business foundation," "set sustainability as a source of value," and "create new value," which were also included in the previous medium-term management plan, were complemented with the new theme of "be more flexible and resilient" based on the lessons learned from the COVID-19 pandemic.

Key Themes

1. Develop closer ties with customers
2. Create new value
3. Be more flexible and resilient

Medium-Term Management Plan Basic Policy

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.

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, 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.

Policies and Key Themes

Key policy 1: Further strengthen the business foundation

Environmental

Key Themes

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

Key policy 2: Set sustainability as a source of value

Society

Key Themes

(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

Culture

Key Themes

(1) Increase job satisfaction
(2) Promote respect for human rights and D&I
(3) Foster open organizational culture where people can proactively take on challenges

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.

MESSAGE FROM THE PRESIDENT
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 rich 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 18 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 forebeares 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 CO₂ emissions by conserving energy. In regard to sustainably sourced timber, the reductions in demand for certain products and the increased emphasis on reducing 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 sourced under Yamaha’s standards. Similarly, progress was slower than anticipated with regard to efforts to reduce CO₂ emissions by conserving energy, which was a result of lower electricty effiency 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 (2) 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 increase plan. In fiscal 2023, we witnessed an increase of 0.8 percentage point year on year, to 17.3%. This noteworthy increase was a result of lower 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.

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MESSAGE FROM THE PRESIDENT

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 imbalances 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 facility. 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 the 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, Company-wide 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 Company-wide 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 logos, 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 board 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 instrument 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.

Under the medium-term management plan, Yamaha reorganized 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.

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
  - Increase profitability
  - Improve brand power

- Set sustainability as a source of value
  - Enable Yamaha employees to be more valued, more engaged, and more committed
  - Set sustainability as a framework and system

- Enable Yamaha employees to be more valued, more engaged, and more committed
  - Employee engagement survey
  - Percentage of female managers

Financial Targets

- Operating cash flows ¥170 billion (For 3 years)
- Investments and shareholder returns ¥170 billion (For 3 years)

<table>
<thead>
<tr>
<th>Fiscal 2023 results</th>
<th>Revenue growth</th>
<th>Core operating profit ratio</th>
<th>ROE</th>
<th>ROIC</th>
</tr>
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<td>10.2%</td>
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<td>78%</td>
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<td>20%</td>
<td>14%</td>
<td>10% or more</td>
<td>10% or more</td>
</tr>
</tbody>
</table>

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

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.

Direct (digital) marketing

Value communication and services

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.

In total, 5 million ID registrations were achieved.

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.

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 sensitivity 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 78.
Manufacturing and Technology Development

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 SYMPHONSTE™, 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.

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.

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 CO2 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, curtailting use of hazardous substances, extending product life spans, and otherwise working to preserve the global environment.

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.

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.

New compact products

Elimination of plastic packaging materials
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.

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 Component Business” on page 74.

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.

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.

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

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

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

Employee engagement survey

Positive response rate for job satisfaction

Doubled

Amount of human resource investment

Continuous improvements

Percentage of female new global average placements

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 55.
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. Measuring 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 capability. These investments toward this business with the goal of achieving a compound annual growth rate of 10% over the three-year period of the plan.

In this feature, we will report on the initiatives under the Make Waves 2.0 medium-term management plan for the guitar business, which is expected to continue to display annual growth rates of between 2% and 3% going forward. Mirroring this strong market growth, Yamaha’s guitar instrument business and is expected to continue to display annual growth rates of between 2% and 3% going forward. Meanwhile, the 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 capability.

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.

**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 comparing with rivals primarily active in the U.S. market, Yamaha’s global sales network is an incredibly valuable tool. Leveraging this network, we are stepping up efforts to communicate to users the value of Yamaha instruments and to improve recognition of the Yamaha brand in this market. Mr. Abe explains, “Users place a lot of importance on physical interactions when choosing the instrument that best matches them, usually visiting stores to actually test play instruments. As it is the staff at these stores that actually informs users about the characteristics of our instruments, it is crucial for stores to understand and support Yamaha products.”

In 2022, a presentation facility was set up in the Kakegawa Factory to introduce musical instrument store owners visiting Japan to the development processes and characteristics of Yamaha instruments. This facility has resulted in sharp spikes in the growth of sales of Yamaha products at the stores of such store owners after they have returned to their countries, which serves as a clear indication of the benefits of this facility in communicating our value to end users.
Yamaha Group 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 mainstream Raktiv 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, which accounts for 1 share of the market for U.S.$8500 and above multi-effects 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 stage on. Discussions that go beyond the scope of a single brand often lead to globalization 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 business 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 preserved in a sustainable manner. It can take decades for a tree to grow to maturity. Accordingly, these activities cannot produce results 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 that can be achieved by itself. This is why we aim to play a leadership role in expanding our forest resource sustainability initiatives across society.”

Mr. Nakai’s efforts to promote the sustainable procurement of timber have 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 cutts 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 important forms of natural capital that 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 thirdparty 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 there is no certified timber. To this end, Yamaha has been working with organizations in its efforts to utilize forest ecosystems as well as to the improvement of corporate value. We 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.”

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

From Mr. Jun Ushiyachi, Yuki Nakai, Motoki Takata, and Andi Lugito

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**Synergies Generated by Combining Multiple Brands**

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From Mr. Jun Ushiyachi, Yuki Nakai, Motoki Takata, and Andi Lugito
III. Corporate Strategies

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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 ¥432.2 billion year on year, to ¥4531.4 billion, while core operating profit increased ¥28.9 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.

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 and the slump in 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 strong results in the mainstream musical instrument business in North America, and double-digit growth in emerging markets, when excluding Russia. This 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 strategic investments, ¥65.0 billion to strategic investments, and ¥65.0 billion to shareholder returns. Targets of strategic investments will include production facility augmentations, office reorganization, 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 frame 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 refrain from lowering dividends, keeping the level of payments at ¥66 per share over the period spanning from fiscal 2020 to fiscal 2023. More than that, we look to raise dividend payments per share throughout the period spanning from fiscal 2020 to 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

<table>
<thead>
<tr>
<th>Year</th>
<th>Capital Expenditures</th>
<th>Depreciation Expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td>2024</td>
<td>¥15 billion</td>
<td>¥12 billion</td>
</tr>
<tr>
<td>2025</td>
<td>¥20 billion</td>
<td>¥16 billion</td>
</tr>
<tr>
<td>2026</td>
<td>¥25 billion</td>
<td>¥20 billion</td>
</tr>
</tbody>
</table>

### Shareholder Returns

<table>
<thead>
<tr>
<th>Year</th>
<th>Shareholder Return</th>
<th>R&amp;D Expenses / Revenue (% of revenue)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2024</td>
<td>¥130 billion</td>
<td>10.0%</td>
</tr>
<tr>
<td>2025</td>
<td>¥65 billion</td>
<td>12.1%</td>
</tr>
<tr>
<td>2026</td>
<td>¥40 billion</td>
<td>13.1%</td>
</tr>
</tbody>
</table>

### 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.” These three policies will be 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 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 efforts is 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 in new product designs. Program progress is evaluated 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 layoff plans as a means of providing kinder risk management in the face of 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.

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### 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.

The 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 Board of Directors. These initiatives 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.”

Important Themes Assigned to Each Working Group

**Working Group for Climate Change**
- Emission reduction, disclosure based on Task Force on Climate-Related Financial Disclosures (TCFD) recommendations, water risk response measures, etc.

**Working Group for Resource Circulation**
- Creation of value chains, sustainability design 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**
- Populization of music, community outreach, etc.

Fiscal 2023 Sustainability Committee Meetings

**Meetings**
- Review of sustainability initiatives under the previous medium-term management plan
- Progress and challenges of sustainability initiatives under the current medium-term management plan
- Discussions based on TCFD recommendations
- Discussion session with an external expert, lecture, Q&A session, and exchange of opinions regarding the challenges faced in Yamaha’s sustainability initiatives

**Major Agenda Items**
- 6 times

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 craftsmen, have been handed down from generation to generation and, with some products being given new life through renovation, 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.”

**Purpose**

**Well-Being of People around the World**

- Earth
- Society
- People

**What we protect and develop**

**Earth**
- Precious global environment

**Society**
- Equal society and comfortable live
- Cultivation of music culture to enrich people’s hearts and minds

**People**
- Diversity and mutual respect

**Materiality**

- Response to climate change
- Sustainable use of timber
- Resource savings, reduction of waste and hazardous substances
- Contribution to an equal society and comfortable lives
- Respect for human rights in the value chain
- Spread and development of music culture

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 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 2023, 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.

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 group continues to develop and implement systems, regardless of scale or industry affiliation, for C-DOC Management (Corporate Value Creation).

We are also implementing the Task Force on Climate-Related Financial Disclosures (TCFD) in 2019 and have established a framework for security to further improve the Group's disclosure of climate-related financial activities that is overseen by the officer responsible for environmental issues of the Yamaha Group. This framework includes setting and disclosing the high-efficiency and renewable energy equipment. In addition, quantitative reduction targets are set in accordance with scenarios based on scientific evidence, the Group has created a target for minimum 5% of renewable energy use in fiscal 2023.

Sustainability Use Timber

The Yamaha Group strives to use less resources in its products from a variety of standpoint, such as lowering product size and weight, integrating several products into one, and reducing the amount of and, when possible, completely eliminating packaging and cushioning. Moreover, we are working to reduce resource use by extending product life cycles, developing instrument maintenance and repair service systems, and collecting and reusing products through services such as those offered in our piano rental renewal system. 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. Developed systems for collecting information and determining specifications and eliminated plastic packaging from certain products.

The Yamaha Group has conducted 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 constitutes 53.3% 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.

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

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 reported 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-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 corporate value 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 CO2 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 2.0°C above pre-industrial levels, which involve significant transition risks, and scenarios assuming global warming of 4.0°C above pre-industrial levels, which forecast substantial physical risks, as well as various other scenarios.1 Applied to all businesses, these assessments were used to identify short-term, medium-term, and long-term risks and opportunities.2 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).

1) UNEP-Institute for Global Environmental Strategies (IGES), Scenario analysis report on climate change, 2014, 2015
2) 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 2050, and “long-term” if the impacts will appear in 2050 or thereafter.

High-Materiality Risks and Opportunities and Response Strategies

<table>
<thead>
<tr>
<th>Category</th>
<th>Risks and Opportunities</th>
<th>Yamaha’s Response Strategies</th>
<th>Scenario analysis</th>
<th>Reporting and disclosing Global Warming of 1.5°C</th>
<th>Reporting and disclosing Global Warming of 4°C</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transition risks</td>
<td>Institution or increase of carbon prices</td>
<td>Increased transition risks are integrated into corporate strategy</td>
<td>Increased impact</td>
<td>Continuation of current level of impact</td>
<td>Increased impact</td>
</tr>
<tr>
<td></td>
<td>Potential to KX-2.0 billion increase in group energy costs by fiscal 2031 (new graph to right)</td>
<td>Increased impact</td>
<td>Continuation of current level of impact</td>
<td>Increased impact</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Increased likelihood of sawmill closures due to increased energy costs</td>
<td>Increased impact</td>
<td>Continuation of current level of impact</td>
<td>Increased impact</td>
<td></td>
</tr>
</tbody>
</table>

Opportunities

<table>
<thead>
<tr>
<th>Category</th>
<th>Risks and Opportunities</th>
<th>Yamaha’s Response Strategies</th>
<th>Scenario analysis</th>
<th>Reporting and disclosing Global Warming of 1.5°C</th>
<th>Reporting and disclosing Global Warming of 4°C</th>
</tr>
</thead>
<tbody>
<tr>
<td>Development of substitutes for timber and establishment of new quality standards</td>
<td>Increased demand for telecommunication equipment in conjunction with increased in teleworking and online events and gaming</td>
<td>Increased demand for audio equipment in conjunction with rise in video distribution and emergence of hybrid live streaming events as de facto standard</td>
<td>Increased impact</td>
<td>Increased impact</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Improved competitiveness and reputation among customers and suppliers by utilizing eco-friendly alternative materials in products</td>
<td>Increased demand for audio equipment in conjunction with rise in video distribution and emergence of hybrid live streaming events as de facto standard</td>
<td>Increased impact</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

potential change in timber procurement region environments (%)

<table>
<thead>
<tr>
<th>Tree Species</th>
<th>Region</th>
<th>Projected Impact of Carbon Pricing in Fiscal 2031 by Scenario</th>
<th>Risk of Average Global Temperature from Pre-Industrial Level (°C) and Economic Change in Financial Performance (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conifer species A</td>
<td>North America A</td>
<td>Conifer species B</td>
<td>Europe A</td>
</tr>
<tr>
<td>0.5°C</td>
<td>1.0°C</td>
<td>1.5°C</td>
<td>2.0°C</td>
</tr>
<tr>
<td>Conifer species A</td>
<td>North America A</td>
<td>Conifer species B</td>
<td>Europe A</td>
</tr>
<tr>
<td>0.5°C</td>
<td>1.0°C</td>
<td>1.5°C</td>
<td>2.0°C</td>
</tr>
<tr>
<td>0.5°C</td>
<td>1.0°C</td>
<td>1.5°C</td>
<td>2.0°C</td>
</tr>
<tr>
<td>0.5°C</td>
<td>1.0°C</td>
<td>1.5°C</td>
<td>2.0°C</td>
</tr>
</tbody>
</table>

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

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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 TCDF. 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 review 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

Transition risks

Category: Impact Level

- Government regulations: Large impacts on R&D, production, and sales plans stemming from restrictions on greenhouse gas emissions seen around the world and other current regulations
- Technological: Widespread impacts on R&D, product, and production plans from future regulations
- Markets: Concerns for impacts on material procurement and costs associated with efforts to reduce greenhouse gas emissions
- Regulations: Impacts on revenue and stock price from changes in social regulation

Physical risks

Category: Impact Level

- Direct operations: Concerns for potential impacts on important factories from storms or floods resulted from climate change
- Procurement: Concerns for impacts on materials due to changes to the environments of regions from which Yamaha procures timber stemming from climate change
- Production: Concerns for impacts on production plans and water costs at certain factories due to widespread droughts as a result of climate change

Opportunities

Category: Impact Level

- Market: Potential growth in demand for products and services due to changes in lifestyles arising amid climate change
- Products and services: Possible rises in demand for products and services that do not emit major greenhouse gases

Metrics and Targets

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

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

Decarbonization Plan

Reductions to CO₂ 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

(Indirect emissions from the Company)

<table>
<thead>
<tr>
<th>Year</th>
<th>Progress</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>0%</td>
</tr>
<tr>
<td>2019</td>
<td>10%</td>
</tr>
<tr>
<td>2020</td>
<td>20%</td>
</tr>
<tr>
<td>2021</td>
<td>30%</td>
</tr>
<tr>
<td>2022</td>
<td>40%</td>
</tr>
<tr>
<td>2023</td>
<td>50%</td>
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<tr>
<td>2024</td>
<td>60%</td>
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<tr>
<td>2025</td>
<td>70%</td>
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<tr>
<td>2026</td>
<td>80%</td>
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<tr>
<td>2027</td>
<td>90%</td>
</tr>
<tr>
<td>2028</td>
<td>100%</td>
</tr>
</tbody>
</table>

**Metrics and Targets**

<table>
<thead>
<tr>
<th>Category</th>
<th>Target (Scope 1)</th>
<th>Target (Scope 2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Procurement goods and services</td>
<td>30% reduction from fiscal 2018 level</td>
<td>30% reduction from fiscal 2018 level</td>
</tr>
<tr>
<td>Transportation and distribution</td>
<td>30% reduction from fiscal 2018 level</td>
<td>30% reduction from fiscal 2018 level</td>
</tr>
<tr>
<td>Total</td>
<td>30% reduction from fiscal 2018 level</td>
<td>30% reduction from fiscal 2018 level</td>
</tr>
</tbody>
</table>

**Scope 3**

(Other emissions across the value chain)

<table>
<thead>
<tr>
<th>Year</th>
<th>Progress</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>0%</td>
</tr>
<tr>
<td>2019</td>
<td>10%</td>
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<tr>
<td>2020</td>
<td>20%</td>
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<td>2021</td>
<td>30%</td>
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<td>2022</td>
<td>40%</td>
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<td>2023</td>
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<td>2024</td>
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<td>2025</td>
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<td>2026</td>
<td>80%</td>
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<td>2027</td>
<td>90%</td>
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<tr>
<td>2028</td>
<td>100%</td>
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</tbody>
</table>

**Metrics and Targets**

<table>
<thead>
<tr>
<th>Category</th>
<th>Target (Scope 3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Procurement goods and services</td>
<td>30% reduction from fiscal 2018 level</td>
</tr>
<tr>
<td>Transportation and distribution</td>
<td>30% reduction from fiscal 2018 level</td>
</tr>
<tr>
<td>Total</td>
<td>30% reduction from fiscal 2018 level</td>
</tr>
</tbody>
</table>

**Decarbonization Plan**

Priority reduction of Scope 2 emissions leading up to fiscal 2031 (Introduction of renewable energy and conservation of energy)

Reduction of Scope 1 emissions after fiscal 2031 in conjunction with development of alternative technologies to combustion engines

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

The Yamaha Group's 17 Material Human Rights Issues

<table>
<thead>
<tr>
<th>Issue</th>
<th>Stakeholders</th>
<th>Corporation</th>
<th>Customers</th>
<th>Employees</th>
<th>Business</th>
<th>Partners</th>
<th>Stakeholders and Suppliers</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Legal equality and prohibition of discrimination</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Equal access to remedies</td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>3. Consistent procurement practices (supplier management)</td>
<td></td>
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<td></td>
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<tr>
<td>4. Harassment and abuse</td>
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<tr>
<td>5. Child labor (respect for right to education)</td>
<td></td>
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<td></td>
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<tr>
<td>6. Occupational health and safety</td>
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<tr>
<td>7. Working hours (right to breaks and days off)</td>
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<td>8. Safe work environment (including access to water)</td>
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<tr>
<td>9. Rights to a living wage</td>
<td></td>
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<tr>
<td>10. Freedom of association and right to collective bargaining</td>
<td></td>
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<td></td>
<td></td>
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<tr>
<td>11. Equal access to training and education</td>
<td></td>
<td></td>
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<td></td>
<td></td>
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<tr>
<td>12. Intellectual property rights</td>
<td></td>
<td></td>
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<td></td>
<td></td>
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<tr>
<td>13. Rights of indigenous people and local communities</td>
<td></td>
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<td></td>
<td></td>
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<tr>
<td>14. Consumer interests (right to sensitive and access to information)</td>
<td></td>
<td></td>
<td></td>
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<td></td>
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<td></td>
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<tr>
<td>15. Management of personal information of consumers</td>
<td></td>
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</tbody>
</table>

**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.

**YAMAHA**

The Yamaha Group has defined 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 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 such 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 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 sp aethise their own human rights education programs, and the progress of these programs is monitored.

**Corporate Strategies**

**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 minories 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 reinforesh awareness of these reporting options.

Non-employee stakeholders are able to submit opinions and reports through the inquire 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 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 a 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 SoundUI 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:

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 these measures and the Yamaha Group’s practice of human resources management with the aim of fully drawing out the skills, qualities, 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 proposes 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 strategies 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 appication system for career opportunities was introduced in May 2022 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 concept 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 unbiased 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, allowing 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 LGBT+ 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 rank in the PRIDE Index, an index compiled by work Pride to recognize the initiatives of companies and other organizations for supporting sexual minorities such as members of the LGBT+ community, for four consecutive years, and the Company was ranked eighth in Japan for gender equality by EquiTrend in 2022.

For more information on Yamaha’s human resources initiatives, please refer to the following websites:


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

<table>
<thead>
<tr>
<th>Priority Theme</th>
<th>Target</th>
<th>Measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase job satisfaction</td>
<td>Continue improving ratio of employees offering positive responses regarding job satisfaction on employee engagement surveys</td>
<td>- Double human resources investment - Enhance support for autonomous career development</td>
</tr>
<tr>
<td>Promote respect for human rights and DE&amp;I</td>
<td>Maintain 50% of female managers in the middle ranks of the Group</td>
<td>- Utilize individuality of diverse employees - Conduct human rights education and sex equality - Empower female employees and assemble a diverse team</td>
</tr>
<tr>
<td>Foster open organizational culture where people can proactively take on challenges</td>
<td>Continue improving ratio of employees offering positive responses regarding workplace environment on employee engagement surveys</td>
<td>- Build comfortable organizational culture based on mutual respect - Create diverse opportunities for engagement - Foster new cultural values to encourage employees to take on challenges without fear of failure - Support diverse and flexible workstyles</td>
</tr>
</tbody>
</table>

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 completed 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 64-5, 6 of the Industrial Safety and Health Act. In these decisions, the Company determines the work category for health checks for eligible employees based on an industrial physician’s opinion.

For more information on Yamaha’s human resources initiatives, please refer to the following websites:

Yamaha is promoting digital transformation to maximize customer value and reform its processes with digital technologies in areas such as business 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)

Digital Transformation

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 the speed and quality in decision-making.

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.

Acquisition of Digital Transformation Certification

In April 2023, Yamaha received certification as a digital transformation-certified business operator under the Digital Transformation Certification system established 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 standardizing and managing data, to allow for the utilization of customer and other data in order to help create ideal value for each customer.

System and Data Integration

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 Digital Transformation Human Resources and Training Programs

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.

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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.
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 sensibilities 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 to strengthen relationship with customers through more enriching brand experiences and digital technologies. Sustainability information, in particular, has been at the center of these efforts. The brand promise of “Make Waves” was revealed in 2019, which is the 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 have been 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.

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.”

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/about/diversity/inclusionstories/brand_iwd2023/

Brand Communications

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 and develop apps and services for improving customer lifetime value while 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.

Women Who Make Waves campaign conducted in conjunction with International Women’s Day

https://www.yamaha.com/en/about/diversity/inclusionstories/brand_iwd2023/

Artist rendition of co-creation communication bases scheduled for construction at Shibuya Sakuragaoka

Priority Themes of Make Waves 2.0

<table>
<thead>
<tr>
<th>Priority Theme</th>
<th>Measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brand communication bases that provide the opportunity to engage with the Yamaha brand</td>
<td>Enhance websites with an emphasis on communication with customers</td>
</tr>
<tr>
<td>Utilize integrated customer data and provide services for improving lifetime value</td>
<td>Enhance global installation of customer data platforms and promote digital marketing</td>
</tr>
<tr>
<td>Build and standardized frameworks for improving customer experience</td>
<td>Implement periodic global NPS survey and enhance NPS cycle for improving customer experience</td>
</tr>
<tr>
<td>Earn trust and understanding from society by exercising corporate accountability in information disclosure and communicating fact-based brand narrative</td>
<td>Exercise corporate accountability in information disclosure to earn trust from society</td>
</tr>
<tr>
<td>- Create brand experiences that move customers based on brand promise</td>
<td>Practice timely disclosure of corporate information in areas of rising interest and relevance to external assessments</td>
</tr>
<tr>
<td>- Heighten customer engagement by creating new value through connections with customers</td>
<td>Enhance ability to accommodate increasingly complex and sophisticated needs pertaining to crisis management communications</td>
</tr>
<tr>
<td>- Foster trust and understanding with stakeholders through proactive communication of brand narrative</td>
<td>Enhance ability to accommodate increasingly complex and sophisticated needs pertaining to crisis management communications</td>
</tr>
</tbody>
</table>

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 foster understanding with regard to 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 studio and event stages meant to help support the activities of musicians and creators at Shibuya Sakura Stage, which is located in the Sazukagakira 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.”
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 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 distinctively Yamaha culture. Embossing 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

<table>
<thead>
<tr>
<th>Integrity</th>
<th>Design that respects the essence of the object</th>
</tr>
</thead>
<tbody>
<tr>
<td>Innovative</td>
<td>Creative design</td>
</tr>
<tr>
<td>Aesthetic</td>
<td>Beautiful design</td>
</tr>
<tr>
<td>Unobtrusive</td>
<td>Restrained design</td>
</tr>
<tr>
<td>Social Responsibility</td>
<td>Design that meets the needs of today’s society</td>
</tr>
</tbody>
</table>

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

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 innovative yet still capture the essence of wind instruments with a sleek, cylindrical form that blends straight and signagging lines. Since its launch, the Venova series has continued to draw attention from across the world, receiving numerous design awards.

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 smartphones. 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.

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 minimal 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.

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 microphones that are not only visually symmetric, but functional as well. The smaller circle serves as a tactile indicator that helps the user position the earbuds 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.

For more information regarding Yamaha’s design activities, please refer to the following website:
https://www.yamaha.com/en/about/design/
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 10 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 10 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.

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)

<table>
<thead>
<tr>
<th></th>
<th>Japan</th>
<th>Overseas</th>
</tr>
</thead>
<tbody>
<tr>
<td>Patents</td>
<td>2,200</td>
<td>2,700</td>
</tr>
<tr>
<td>Design Rights</td>
<td>500</td>
<td>1,100</td>
</tr>
<tr>
<td>Trademarks</td>
<td>2,500</td>
<td>8,200</td>
</tr>
</tbody>
</table>

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.

To protect the overall design, Yamaha filed design rights applications for the following: 1) the shape of Venova (Soprano Venova); 2) the shape of Venova (Alto Venova); and 3) the shape of Venova (Tenor Venova).

Protection of Overall Shape (Overall Design)
Protection of product series built on related design systems

Ownership of intellectual properties is further strengthened by prohibiting the unauthorized use of Yamaha intellectual properties.

Protection of Portions of Shape (Portion Design)
Protection of specific portions of the form of products

For the protection of Venova, as well as Yamaha’s other music-related inventions, Yamaha submitted the following applications: 1) protection of specific shape portions of Venova; and 2) protection of specific portions of the form of Venova.
STRATEGY SECTION

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STRATEGIES BY BUSINESS

MUSICAL INSTRUMENTS BUSINESS

With development capabilities pertaining to both the tangible and intangible elements of products backed by expansive 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
Senior General Manager of Digital Musical Instruments Division

Key Strategies under Make Waves 2.0

For the key strategy of building 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 exploring 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’ musical lifestyles.

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

<table>
<thead>
<tr>
<th>Markets/Music Instruments</th>
<th>Overview of Markets by Mainstay Products</th>
<th>Yamaha’s Strengths</th>
<th>Main Competitors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Piano</td>
<td>Recovery from the disruptions caused by the COVID-19 pandemic in China, the world’s largest piano market</td>
<td>Robust lineup that accommodates customers of all skill levels developed through a dedication to the fundamental essence of acoustic pianos</td>
<td>Steinway &amp; Sons (Germany and United States) Guangzhou Pearl River Piano Group Co., Ltd. (China) Kawai Musical Instruments Manufacturing Co., Ltd. (Japan)</td>
</tr>
<tr>
<td>Digital musical instruments</td>
<td>Weak demand for entry-level models due to global inflation trend, but strong demand for mid-range and high-end digital musical instruments models</td>
<td>Strong brand image and high market share boosted by quality</td>
<td>Yamaha Corporation Co., Ltd. Roland Corporation (Japan) Korg Inc. (Japan)</td>
</tr>
</tbody>
</table>
| Wind, string, and percussion instruments | Diffusion of digital pianos accelerated with people increasingly staying at home in response to the COVID-19 pandemic, but strong demand for traditional instruments remains | 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 | Yamaha Corporation Co., Ltd. Yamaha Musical Instruments Manufacturing Co., Ltd. (Japan) | Core Operating Profit (right) Core Operating Profit (left) Wind, string, and percussion instruments

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 (increases of 19.5% from fiscal 2022)
Core operating profit: ¥52.0 billion (increases of 39.4% from fiscal 2022)

Opportunities and Risks
- Improvement in the promotion of value that fits the life stage of each individual customer through trusted digital marketing
- Enhancement of product development capabilities for the pursuit of excellence of products and services due to the progression of digital technologies and AI
- Expansion of musical instrument playing population by bolstering of sales networks and e-commerce in emerging countries and promotion of instrumental music education
- Provision of a wider range of options for enjoying musical instruments through the advancement of remote and online technologies

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 caused 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.
- Guitarists enjoyed higher revenue due to the expanded player base and increasing sales of electric guitars stimulated by collabora-

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.
- Supplying demand for entry-level models, which was sluggish in fiscal 2023, 2024 promote sales 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 higher-value-added midrange 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 promotions measures, and new product launches. As for the guitar business, which has been positioned as business to be fos-
- 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 environ-
- In addition, we will make use of cash flows from the future to create value for the future.

* Yamaha estimation, as of March 31, 2023

Yamaha Group Annual Report 2023
Major Focuses for Achieving Goals

In fiscal 2025, the first year of the medium-term management plan, sales of products in all business segments are expected to exceed ¥60.6 billion, the target set in the fiscal 2022 business and function strategies. The plan will focus on establishing a strong brand presence through a product lineup that includes digital pianos, portable keyboards, and a wide range of other products. In addition, Yamaha will continue to strengthen its relationships with artists and create new value.

Digital Musical Instruments Business

Key Strategies and Measures of Make Waves 2.0

- Improve brand power
  - Develop high-end products and ramp up efforts to exhibit the value
  - Accentuate artist relations activities and create new artist-specific environments

- Develop sales and share in principal markets around the world and translate distinctiveness into long-term brand power
  - Display sales activities and enhance value communication activities based on market trends including prevalence of digitalization in North America and Europe
  - Move to evolve base brand activities

- Increase sales and share in principal markets around the world and translate distinctiveness into long-term brand power
  - Display sales activities and enhance value communication activities based on market trends including prevalence of digitalization in North America and Europe
  - Move to evolve base brand activities

- Improve brand experience through customized shops
  - Develop unique and engaging experiences
  - Provide unique experiences that focus on on-site and online experiences that offer a high-quality brand experience

Wind, String, and Percussion Instruments Business

Key Strategies and Measures of Make Waves 2.0

- Achieve strong fundamental value building upon their relationships with influencers
  - Gain the understanding of leading artists through new propositions supported by comprehensive marketing activities
  - Achieve strong fundamental value building upon their relationships with influencers
  - Gain the understanding of leading artists through new propositions supported by comprehensive marketing activities

Guitar Business

Key Strategies and Measures of Make Waves 2.0

- Develop comprehensive high-end models and improve the quality of entry-level models
  - Promote sustainability initiatives as one of several initiatives for building upon fundamental value of guitars

- Inspire moves to energize brass band activities
  - Develop comprehensive initiatives for building upon fundamental value of guitars
  - Gain the understanding of leading artists through new propositions supported by comprehensive marketing activities

- Encourage customers to continue using the product with solutions that connect customers to the world and reinvigorate the industry
  - Develop comprehensive initiatives for building upon fundamental value of guitars
  - Gain the understanding of leading artists through new propositions supported by comprehensive marketing activities
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 lineup 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 quality sound 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

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

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

In the future, we will seek to create a shared platform for new growth markets, including the merging of audio and network technologies, and technology for communicating the true intent of creators.

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 as 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.

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

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 Takanaga
Operating Officer
Executive General Manager of Audio Products Business Unit
Senior General Manager of Professional Solutions Division

- Sales of our flagship headphone model were introduced that featured new functionality.
- Sales of studio monitor speakers increased as consumers’ demand for high-quality sound improved.
- Sales of home audio products struggled due to lower sales of entry-level models.
- Sales 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

**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 321.3% from fiscal 2022)
- Core operating profit: ¥13.0 billion (increase of 767.0% from fiscal 2022)

**Opportunities and Risks**

**Opportunities**

- Rising understanding regarding the importance of sound quality in communication due to remote interactions experienced during the COVID-19 pandemic
- Demand for new audio equipment stimulated by transition to higher sound quality and surround sound for sound, video, and video game content
- Potential for the adverse impact of unstable international conditions and economic recession to affect corporate investment
- Changing difficulties in procuring semiconductors and other components
- Possible prolongation of poor consumer confidence due to changing social trends

**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.

**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 organisational structure created via the reorganisation 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 (enginners 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 asset 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 Corporate and sales subsidiaries to foster recognition of the Yamaha brand.
Business Overview

In the electronic devices business, which started with the development of LSIs for digital musical instruments, we are developing semi-conductor 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 development by applying the production technologies we created for musical instrument production to the 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 acoustic 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 friendly 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

<table>
<thead>
<tr>
<th>Electronic devices</th>
<th>Automotive sound systems, high-quality in-vehicle communication modules, in-vehicle image and sound quality control systems, imaging LSIs and sound generators for communication modules, etc.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Automobile interior wood components</td>
<td>Decorative interior panels for luxury vehicles featuring figured and other genuine wood and cabin materials, diverse design proposals and support and better accommodate quality-related needs.</td>
</tr>
<tr>
<td>Factory automation (FA) equipment</td>
<td>Precision machines for flexible printed circuit board testing machines, wafer detectors, finishing robots, branding and polishing systems, ultrasound inspection equipment, etc.</td>
</tr>
</tbody>
</table>

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: ¥240 billion (increase of 19.6% from fiscal 2022)

Core operating profit: ¥50 billion (increase of 19.0% from fiscal 2022)

Opportunities and Risks

<table>
<thead>
<tr>
<th>Opportunities</th>
<th>Risks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accele rated incorporation of electronics into automobiles</td>
<td>Intense competition in the Chinese market amid growing needs for brand-name automotive sound systems</td>
</tr>
<tr>
<td>Progress needs for greater comfort in vehicles</td>
<td>Regulations instituted in conjunction with international political trends</td>
</tr>
<tr>
<td>Growth in demand for new testing machines due to rising safety and security requirements</td>
<td></td>
</tr>
</tbody>
</table>

Key Strategies

1. 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

<table>
<thead>
<tr>
<th>Billion of yen</th>
<th>2023 (Actual)</th>
<th>2024 (Forecast)</th>
<th>2025 (Plan)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industrial machinery and components business</td>
<td>-35</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Other businesses</td>
<td>11.6</td>
<td>13.6</td>
<td>11.6</td>
</tr>
<tr>
<td>Core operating profit margin</td>
<td>16.5%</td>
<td>18.9%</td>
<td>15.1%</td>
</tr>
</tbody>
</table>

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 incorporate proprietary structures to accentuate the basic elements of sound and 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 institutional 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 new-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.
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 mold 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 enhancing music creation capabilities.

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.”

Combining technologies and sensibilities to help people “Make Waves” — Create a world where anyone can enjoy sound and music anytime, anywhere
- Empty: 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
- Visual: 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.

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 in user experience value. In addition, the Uplifting Guitar was displayed at the “Musical Instrument Wood” Exhibition held in the Yamaha Sinya Shop, and this display was used as an opportunity to verify the new value of this instrument designed to inspire customers.

For 2024 and beyond, we will combine technologies and sensibilities to help people “Make Waves” by

- 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 Themes

1. 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
to engage with music or who even feel adverse toward music.

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 throughout 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
- Empl...
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.

The Strengths of Yamaha’s Production
Craftsmanship and Technologies

Aimed at our long history of being involved in the production of musical instruments, we have refined our 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 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 in 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 market, our factory in India, which is a growth market. 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 market.

Review of Fiscal 2023

In fiscal 2023, production levels were driven 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 parts 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 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 develop the frameworks for ensuring reliable production of high-value-added products and the transmission of our craftsmanship techniques.

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 framework. Ensuring that we can always secure the necessary supplies of various 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 dedicated semiconductor procurement organization and strengthening supply relationship management, we aim to build long-term relationships with semiconductor suppliers.
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: ¥600.0 billion
- Revenue growth: 20% (three-year average)

Priority Themes of Make Waves 2.0

- Expansion of customer base
- Improvement of ability to communicate brand and product value
- Acceleration of initiatives targeting higher lifetime value
- Innovation of operating foundations and processes

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 redefining 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, incorporating 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 newly-established 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 the market. Efforts to promote acoustic and digital pianos and other high-value-added products will continue.

Revenue Growth by Region

- Japan: 103%
- North America: 109%
- Europe: 87%
- China: 82%
- Other regions: 104%

Yamaha Group Annual Report 2023
Yamaha’s Competitive Advantage in China

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 2023 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 entitles engaging with customers through live broadcasts via social media, helping us evolve the purchasing experiences we provide online. Going forward, Yamaha 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 e-drums and e-violin 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 causal adult musicians, and programs targeting piano instructors. In addition, we are renovating dedicated digital musical instrument sales 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 midrange and high-end models as Yamaha is 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 alongside the prior central pillar of acoustic guitars. As part of this undertaking, we introduced the Yamaha Group's Line 6 and Ampex 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 consumers 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 Xinghengou* 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, personal exhibitions and events for trying out products are being arranged along with dealer training, 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

Yamaha’s History in China

Overview of Chinese Subsidiaries

Production Bases
- Hengshui Yamaha Musical Instruments Co., Ltd. (Shanghái)
  Manufacturing of pianos and guitars
- Kaishan Yamaha Musical Instruments Co., Ltd. (Zhabei)
  Manufacturing of wind, string, and percussion instruments
- Tongze Yamaha Electronic Musical Instruments, Inc. (Tianjin)
  Manufacturing of digital musical instruments
- Shenzhen Yamaha Music & Electronics Trading Co., Ltd. (Shenzhen)
  Component procurement and purchasing

Sales and Marketing Bases
- Yamaha Music & Electronics (China) Co., Ltd.
  Sales of musical instruments, audio equipment, and related products in mainland China
- Yamaha Music Technical (Shanghai) Co., Ltd.
  Management of musical instruments in mainland China
- Yamaha Trading (Shanghai) Co., Ltd.
  Trading of musical instruments and audio equipment for marketing
- Shenzhen Yamaha Music & Electronics Trading Co., Ltd. (Shenzhen)
  Component procurement and purchasing

Accelration 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 Cwowinova 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 dealers for how it facilitates confirmation of the training status of employees, Yamaha Cloud University was used by more than 1,050 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 programs that involve music and forge longstanding relations with customers.

CHINA

Yamaha’s Group Annual Report 2023
V. Governance

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<table>
<thead>
<tr>
<th>Name</th>
<th>Position Description</th>
<th>Years of Employment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Takuya Nakata</td>
<td>Director, President and Representative Executive Officer</td>
<td>2015 - 2023</td>
</tr>
<tr>
<td>-</td>
<td>Number of shares owned: 9,900</td>
<td></td>
</tr>
<tr>
<td>Naoko Yoshizawa</td>
<td>Independent Outside Director</td>
<td>2015 - 2023</td>
</tr>
<tr>
<td>-</td>
<td>Number of shares owned: 6,700</td>
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<tr>
<td>Yoshiiro Hidaka</td>
<td>Independent Outside Director</td>
<td>1987 - 2023</td>
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<tr>
<td>-</td>
<td>Number of shares owned: 3,700</td>
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<tr>
<td>Paul Candiland</td>
<td>Independent Outside Director</td>
<td>1985 - 2007</td>
</tr>
<tr>
<td>-</td>
<td>Number of shares owned: 400</td>
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<tr>
<td>Hiromichi Shinohara</td>
<td>Independent Outside Director</td>
<td>1978 - 2021</td>
</tr>
<tr>
<td>-</td>
<td>Number of shares owned: 0</td>
<td></td>
</tr>
<tr>
<td>Naoko Yoshizawa</td>
<td>Independent Outside Director</td>
<td>2015 - 2023</td>
</tr>
<tr>
<td>-</td>
<td>Number of shares owned: 0</td>
<td></td>
</tr>
<tr>
<td>Naho Ebata</td>
<td>Independent Outside Director</td>
<td>2000 - 2023</td>
</tr>
<tr>
<td>-</td>
<td>Number of shares owned: 0</td>
<td></td>
</tr>
</tbody>
</table>

**Takuya Nakata**
- Joined the Company: 1981
- General Manager of Pro Audio & Digital Musical Instruments Division: 2005
- Executive Officer: 2009
- Director and Executive Officer: 2010
- President and Director of Yamaha Corporation of America: 2013
- Senior Executive Officer of the Company: 2013
- President and Representative Director: 2014
- Director of Yamaha Motor Co., Ltd.: (Outside Director) (to the present)
- President of Yamaha Music Foundation: (to the present)
- Director, President and Representative Executive Officer: (to the present)
- Number of shares owned: 9,900

**Naoko Yoshizawa**
- Joined Yamaha Motor Co., Ltd.: 1987
- Vice President of Yamaha Motor Corporation, U.S.A.: 2010
- Executive Officer of Yamaha Motor Co., Ltd.: 2014
- Executive Officer of Yamaha Motor Co., Ltd.: 2016
- General Manager of Global Finance Division: 2017
- Senior Executive Officer of Yamaha Motor Co., Ltd.: 2017
- Executive Officer of Yamaha Motor Co., Ltd.: 2019
- President, Chief Executive Officer, and Representative Director of Yamaha Motor Co., Ltd.: (to the present)
- Outside Director of Yamaha Corporation: (to the present)
- Number of shares owned: 3,700

**Yoshiiro Hidaka**
- Joined Yamaha Motor Co., Ltd.: 1987
- Vice President of Yamaha Motor Corporation, U.S.A.: 2010
- Executive Officer of Yamaha Motor Co., Ltd.: 2014
- General Manager of Global Finance Division: 2015
- Senior Executive Officer of Yamaha Motor Co., Ltd.: 2016
- Senior Executive Officer of Yamaha Motor Co., Ltd.: 2017
- Senior Executive Officer of Yamaha Motor Co., Ltd.: 2019
- Outside Director of Yamaha Corporation: (to the present)
- Number of shares owned: 3,700

**Paul Candiland**
- Joined Owens Corning: 1985
- Joined PepsiCo, Inc.: 1987
- President of Osaka Pepsi Cola, Inc.: 1996
- Representative of PepsiCo International Ltd.: 1998
- Representative Director and General Manager of The Disney Store Japan, Inc., Representative Director and General Manager of The Walt Disney Company (Japan) Ltd.: 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: 2016
- Managing Director of FMC Partners Co., Ltd.: (to the present)
- Outside Director of Yamaha Corporation: (to the present)
- CEO of Age of Learning Inc.: 2019
- Outside Director of Dentsu Group Inc.: (to the present)
- Number of shares owned: 400

**Hiromichi Shinohara**
- Joined Nippon Telegraph and Telephone Public Corporation: 1980
- 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: 2016
- Chairman of the Board of NTT: 2021
- Outside Director of Yamaha Corporation: (to the present)
- Outside Director of Mazda Motor Corporation: (to the present)
- Outside Director of Mitsui Financial Group, Inc.: (to the present)
- Number of shares owned: 0

**Nako Yoshizawa**
- Joined Fujitsu Limited: 1986
- Vice President of Mobile Phones Unit of Fujitsu Limited: 2000
- President of Industry Network Laboratory of Fujitsu Laboratories of America, Inc.: 2004
- Director of Global Research & Development Center of Fujitsu Laboratories of America: 2006
- Deputy Head of Advanced System Research & Development Unit of Fujitsu Laboratories of America: 2007
- Corporate Executive Officer, Head of Digital Services Business, Fujitsu Limited: 2017
- Corporate Executive Officer, Head of Digital Platform Business Unit of Fujitsu Limited: 2018
- Corporate Executive Officer, EVP and Head of Digital Services Business of Fujitsu Limited: 2016
- Corporate Executive Officer, EVP and Head of Digital Services Business of Fujitsu Limited: 2015
- Corporate Executive Officer, EVP and Head of Digital Software & Solutions Business Group of Fujitsu Limited: 2015
- Director of Knowledge (to the present)
- Outside Director of Nitori Holdings Co., Ltd.: (to the present)
- Outside Director of Nitori Holdings Co., Ltd.: (to the present)
- Number of shares owned: 0

**Naho Ebata**
- Joined Abe, Ikubo & Katayama Law Firm: 1999
- Specialist of Legislative Affairs Office, General Coordination Division, Policy Planning and Coordination Department, Japan Patent Office: 2003
- Partner of Abe, Ikubo & Katayama Law Firm: 2008
- Outside Director (Audit and Supervisory Committee Member) of ABIST Co., Ltd.: (to the present)
- Outside Director of The Walt Disney Company Asia: 2008
- Representative of Japan Branch, PepsiCo International Ltd.: 2009
- President of Okinawa Pepsi-Cola, Inc.: 2009
- Outside Director of Mizuho Financial Group, Inc.: (to the present)
- Number of shares owned: 0

**Mikio Fujitsuka**
- Joined Komatsu Ltd.: 1977
- General Manager of Corporate Planning Division: 2000
- Executive Officer of Komatsu Ltd.: 2000
- President of Komatsu Motor Co., Ltd.: 2000
- General Manager of Corporate Planning Division: 2000
- Senior Executive Officer of Komatsu Ltd.: 2010
- Corporate Executive Officer and Head of Research and Development Planning, NIPPON TELEGRAPH AND TELEPHONE CORPORATION (NTT): 2017
- Corporate Executive Officer and Head of Digital Software & Solutions Business Group of Fujitsu Limited: 2018
- Corporate Executive Officer, EVP and Head of Digital Services Business of Fujitsu Limited: 2018
- Corporate Executive Officer, EVP and Head of Digital Services Business of Fujitsu Limited: 2018
- Corporate Executive Officer, EVP and Head of Digital Software & Solutions Business Group of Fujitsu Limited: 2018
- Director of Knowledge: (to the present)
- Outside Director of Nitori Holdings Co., Ltd.: (to the present)
- Outside Director of Nitori Holdings Co., Ltd.: (to the present)
- Number of shares owned: 0

**Naho Ebata**
- Registered as an attorney: 2000
- 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: 2018
- Outside Director (Audit and Supervisory Committee Member) of ABIST Co., Ltd.: (to the present)
- Outside Director of The Walt Disney Company Asia: 2008
- Representative of Japan Branch, PepsiCo International Ltd.: 2009
- Outside Director of Nitori Holdings Co., Ltd.: (to the present)
- Outside Director of Nitori Holdings Co., Ltd.: (to the present)
- Number of shares owned: 0
### Expertise of Directors

<table>
<thead>
<tr>
<th>Name</th>
<th>Corporate management</th>
<th>Legal affairs and risk management</th>
<th>Finance and accounting</th>
<th>IT and digital technologies</th>
<th>Manufacturing and R&amp;D</th>
<th>Sales and marketing</th>
<th>Global operations</th>
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<tbody>
<tr>
<td>Takuya Nakata</td>
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<tr>
<td>Satoshi Yamahata</td>
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<tr>
<td>Yoshihiro Hiidaka</td>
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### Composition of the Nominating, Compensation, and Audit Committees in Fiscal 2023

<table>
<thead>
<tr>
<th>Name</th>
<th>Nominating Committee</th>
<th>Compensation Committee</th>
<th>Audit Committee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Takuya Nakata</td>
<td>Chairperson</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Satoshi Yamahata</td>
<td>Chairperson</td>
<td></td>
<td></td>
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<tr>
<td>Yoshihiro Hiidaka</td>
<td>Chairperson</td>
<td></td>
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</tr>
<tr>
<td>Mikio Fujitsuka</td>
<td>Chairperson</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Changes were made to the chairpersons of committees following the 59th Ordinary General Shareholders’ Meeting held on June 23, 2023. For more information, please refer to “Messages from Outside Directors” on pages 81-83.

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 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.
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 Yamahta
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
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.

1984 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 & 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

1986 Joined the Company
2001 Director and President of Yamaha Music & Electronics China Co., Ltd.
2002 General Manager of D&M Marketing Division, Pro Audio & Digital Musical Instruments Division
2006 General Manager of Keyboard Planning Division, Domestic Sales & Marketing Division
2013 General Manager of Musical Instruments Sales Division, Yamaha Music Japan Co., Ltd.
2015 Operating Officer
2016 General Manager of Musical Instruments 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 Pro Audio Products Business Unit and Senior General Manager of Professional Solution Division

Hirotaka Toba
Executive General Manager of Brand Development Unit

Nobukazu Toba
Executive General Manager of AVC Business Unit and Senior General Manager of Brand Division

Jun Nishimura
President of Yamaha Music & Electronics Co., Ltd.

Hirofumi Mukaino
Senior General Manager of Internal Auditing Division

Taro Tsuchiya
Deputy Executive General Manager of Consumer Administration Unit, Global Business Planning, Logistics, and IT

Hiroyoshi Yamasita
Deputy Executive General Manager of Corporate Administration Unit, Corporate Sustainability, Legislation, and IT

Chihito Oda
Chief of Executive General Manager of Digital Musical Instruments Development Group, Yamaha Corporation

Chisato Oishi
Chief of Executive General Manager of Digital Musical Instruments Production and Digital General Manager of Legal Division

Audit Officers

Yasushi Nishiyama
Senior General Manager of Audit Committee’s Office

Messages from Outside Directors

Hiromichi 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 telecommunication 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

Nominating the 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, even 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.
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 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 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 understand 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.

Phased Process of Ongoing Governance Reinforcement
Since its establishment in 2017, the Compensation Committee has been shared 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.

Mikio Fujitsuka
Independent Outside Director

Career Summary
Mr. Mikio Fujitsuka has held positions as General Manager of the Corporate Planning Division and CFO at Kamatsu 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 Positions
• Outside Director of NKK Ltd.
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

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.

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

Initiatives for Separating the Oversight and Executive Functions

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

Performance-Linked Compensation

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

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.

Reinforcement of Oversight Functions

In a bid to strengthen oversight and accelerate management execution, Yamaha has reinforced oversight functions by increasing the ratio of independent outside directors. As of June 23, 2023, independent outside directors comprised three-fourths of the members on the Board of Directors (please see Ratio of Outside Directors to the right).

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CORPORATE GOVERNANCE

General Shareholders’ Meeting

Nominating Committee

Executive Officers 5 persons

Outside Directors 4 persons

Managing Council

Executive Officers 5 persons

Outside Directors 4 persons

Compensation Committee

Managing Council

Executive Officers 5 persons

Outside Directors 4 persons

Audit Committee

Managing Council

Executive Officers 5 persons

Outside Directors 4 persons

Audit Committee’s Office

Outsourced Director 1 person

Personnel of the Audit Committee’s Office

Internal Auditing Division

Audit Officer 1 person

Oversight Function

Executive Function

Audit Committee’s Office and Internal Auditing Division

Outside Director

Inside Director

Overseas Business Companies, Administrative Divisions

Corporate Governance Structure (As of June 21, 2023)

Sustainability Committee

Human Resources Development Committee

Human Resources Development

Internal Audit

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 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.

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.

Operating Officers
With a Company-wide 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 Auditors

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.

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 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, on policies aimed at ensuring the effectiveness of the Internal Auditing Division, 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 provides advice and proposals to the Audit Committee and the accounting auditor, and reports by audit 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 role, in addition to personal 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 areas of specialty required to advance management strategies. The Nominating Committee also compiles the nomination proposals submitted to the General Shareholders’ Meeting.

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 Company also specifies a breakdown of total compensation of (1) (2), and (3) is 5:3:2.

Role of the Nominating Committee
The Nominating Committee comprises candidates for operating officer and audit officer positions based on personal requirements defined by the role they are expected to perform. The Nominating Committee also compiles 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 personal 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 continues career development programs for core personnel and sets up venues for candidates to present their ideas to the Board of Directors and other entities.

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, specialized knowledge, 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 examination based on the audit committee members’ assessment of the accounting auditor’s qualifications, specialized knowledge, independence from the Company, and other evaluation criteria.

Regarding the selection of candidates for director positions, the Nominating Committee compiles the nomination proposals submitted to the Board of Directors and sets up venues for candidates to present their ideas to the Board of Directors and other entities.

Compensation by Type (Millions of yen)

<table>
<thead>
<tr>
<th>Classification</th>
<th>Total Compensation (Within 3 years)</th>
<th>Compensation by Type (Billions of yen)</th>
<th>Compensation in the form of restricted stock</th>
</tr>
</thead>
<tbody>
<tr>
<td>Directors (excluding outside directors)</td>
<td>88</td>
<td>88</td>
<td>6</td>
</tr>
<tr>
<td>Executive officers</td>
<td>530</td>
<td>224</td>
<td>155</td>
</tr>
</tbody>
</table>

Note: The compensation of directors, etc., paid to the executive officers concurrently serving as directors is described in the section on executive officers.

1. 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 on the condition that the individual will remain in the Company for the period and ROE for the given fiscal year will be calculated, reflecting the individual’s record of performance, in order to motivate individuals to improve 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.

2. 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 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 representatives 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 executive officers retire or for 30 years, whichever is longer, from the date of being granted.

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 clawback clause is included that will require the return of all or a portion of restricted shares transferred to officers on an accelerated basis to date.

Outside directors only receive fixed compensation.

Breakdown of Compensation (Fiscal 2023)

<table>
<thead>
<tr>
<th>Classification</th>
<th>Total Compensation (Within 3 years)</th>
<th>Compensation by Type (Billions of yen)</th>
<th>Compensation in the form of restricted stock</th>
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Outside directors only receive fixed compensation.
Performance-Linked Bonuses
Consolidated profit for the period and ROE for the current fiscal year, which are indicators used for performance-linked bonuses, were ¥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 2023 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 Initiatives 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

Major Initiatives 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 Initiatives of the Compensation Committee

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

Major Initiatives of the Audit Committee

• Interviews 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.

Evaluation Process

Surveys

Individual interviews

Improvement of issues identified through evaluation and analysis

Report on results and improvement directives

Disclosure of evaluation results

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 the 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 cost the capital of others, 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.

<table>
<thead>
<tr>
<th>Security Name</th>
<th>Amount on Balance Sheet (Millions of yen)</th>
<th>Percentage of Total Assets</th>
<th>Ownership of Share by Yamaha</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yamaha Motor Co., Ltd.</td>
<td>15,642,790</td>
<td>15,642,790</td>
<td>Yes</td>
</tr>
<tr>
<td>Asahi Group Limited</td>
<td>8,297,990</td>
<td>8,297,990</td>
<td>No</td>
</tr>
<tr>
<td>TOYOTA MOTOR CORPORATION</td>
<td>6,730</td>
<td>6,730</td>
<td>No</td>
</tr>
<tr>
<td>MS&amp;AD Insurance Group Holdings, Inc.</td>
<td>965,200</td>
<td>965,200</td>
<td>Yes</td>
</tr>
<tr>
<td>Shizuoka Financial Group, Inc.</td>
<td>2,674,750</td>
<td>950,750</td>
<td>Yes</td>
</tr>
<tr>
<td>Sumitomo Mitsui Financial Group, Inc.</td>
<td>2,674,750</td>
<td>950,750</td>
<td>Yes</td>
</tr>
<tr>
<td>Mitsubishi UFJ Financial Group, Inc.</td>
<td>2,674,750</td>
<td>950,750</td>
<td>Yes</td>
</tr>
<tr>
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<td>2,674,750</td>
<td>950,750</td>
<td>Yes</td>
</tr>
<tr>
<td>Shiseido Co., Ltd.</td>
<td>1,200</td>
<td>1,200</td>
<td>Yes</td>
</tr>
<tr>
<td>Asahi Group Holdings, Ltd.</td>
<td>1,200</td>
<td>1,200</td>
<td>Yes</td>
</tr>
<tr>
<td>Chugai Pharmaceutical Co., Ltd.</td>
<td>0</td>
<td>0</td>
<td>No</td>
</tr>
<tr>
<td>Renesas Electronics Corporation</td>
<td>0</td>
<td>0</td>
<td>No</td>
</tr>
<tr>
<td>Lion Corporation</td>
<td>0</td>
<td>0</td>
<td>No</td>
</tr>
</tbody>
</table>

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 Regulation. Along with carrying out various initiatives together, initiatives in furtherance of each other’s sustainable growth are monitored appropriately through shareholdings and the assignment of directors. By building this kind of relationship of monitoring and cooperation, the Company aims to maintain and enhance the value of the Yamaha brand, thereby contributing to the enhancement of the Company’s corporate value over the medium to long term.
*2 The Company holds the shares for the purpose of maintaining and continuing a smooth transaction relationship.
*3 Effective October 1, 2022, holding company Shizuoka Financial Group, Inc., was established by The Shizuoka Bank, Ltd., through a transfer of shares. Through this transfer, 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 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 cause 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.

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.

<table>
<thead>
<tr>
<th>Proposal</th>
<th>Number of Votes For</th>
<th>Number of Votes Against</th>
<th>Number of Abstained Votes</th>
<th>Approval Percentage</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proposal 1: Appropriation of surplus</td>
<td>1,097,380</td>
<td>6,865</td>
<td>0</td>
<td>99.3</td>
<td>Approved</td>
</tr>
<tr>
<td>Proposal 2: Appointment of eight directors</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Takahide Takeda</td>
<td>1,508,909</td>
<td>5,804</td>
<td>0</td>
<td>99.5</td>
<td>Approved</td>
</tr>
<tr>
<td>Satoshi Yamaoka</td>
<td>1,508,612</td>
<td>5,802</td>
<td>0</td>
<td>99.5</td>
<td>Approved</td>
</tr>
<tr>
<td>Satoshi Yamaoka</td>
<td>1,508,612</td>
<td>5,804</td>
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</tr>
<tr>
<td>Satoshi Yamaoka</td>
<td>1,508,612</td>
<td>5,804</td>
<td>0</td>
<td>99.5</td>
<td>Approved</td>
</tr>
</tbody>
</table>

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 Regulation. Along with carrying out various initiatives together, initiatives in furtherance of each other’s sustainable growth are monitored appropriately through shareholdings and the assignment of directors. By building this kind of relationship of monitoring and cooperation, the Company aims to maintain and enhance the value of the Yamaha brand, thereby contributing to the enhancement of the Company’s corporate value over the medium to long term.
*2 The Company holds the shares for the purpose of maintaining and continuing a smooth transaction relationship.
*3 Effective October 1, 2022, holding company Shizuoka Financial Group, Inc., was established by The Shizuoka Bank, Ltd., through a transfer of shares. Through this transfer, 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 financial institutions.
*5 The Company holds the shares for the purpose of gathering information about information provision methods, etc., for shareholders.

For more information on major IR activities in fiscal 2023, please refer to the following website: https://www.yamaha.com/en/investor/activity_report/governance/dialogue
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. Those 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.

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 activity), and operational risk (support activity). The materiality of risks is assessed based on the projected scale of damages and frequency of materialization. In addition, the level of control is evaluated for each risk category, material risks requiring priority response are identified, and the divisions responsible for managing these risks are designated in order to promote risk mitigation activities and thereby improve overall risk control levels.

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.

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 the case of a data breach, the Yamaha Group promotes 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.

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/

Information Security and Personal Information Protection

* 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, cafes, 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.
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 Group-wide 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

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 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 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.

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Number of Reports Received through Compliance Helplines

<table>
<thead>
<tr>
<th>Year</th>
<th>Fiscal 2018</th>
<th>Fiscal 2020</th>
<th>Fiscal 2021</th>
<th>Fiscal 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan*</td>
<td>87</td>
<td>67</td>
<td>83</td>
<td>87</td>
</tr>
<tr>
<td>Overseas*2</td>
<td>119</td>
<td>119</td>
<td>119</td>
<td>119</td>
</tr>
<tr>
<td>Total*</td>
<td>196</td>
<td>186</td>
<td>192</td>
<td>196</td>
</tr>
</tbody>
</table>

Breakdown of Reports Received in Fiscal 2023

<table>
<thead>
<tr>
<th>Category</th>
<th>Reports</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-applicable reports</td>
<td>13%</td>
</tr>
<tr>
<td>Other compliance issues</td>
<td>1%</td>
</tr>
<tr>
<td>Information management issues</td>
<td>1%</td>
</tr>
<tr>
<td>Financial / accounting issues</td>
<td>6%</td>
</tr>
<tr>
<td>Human rights issues</td>
<td>2%</td>
</tr>
<tr>
<td>Sexual harassment</td>
<td>5%</td>
</tr>
<tr>
<td>Labor issues</td>
<td>35%</td>
</tr>
</tbody>
</table>

1 Figures represent the total number of reports received through the internal 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.
## VI. Financial and Corporate Information

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>11-Year Summary</td>
<td>110</td>
</tr>
<tr>
<td>Financial Review</td>
<td>112</td>
</tr>
<tr>
<td>ESG Data Summary</td>
<td>116</td>
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<tr>
<td>Main Networks</td>
<td>118</td>
</tr>
<tr>
<td>Company Information</td>
<td>120</td>
</tr>
<tr>
<td>Stock Information</td>
<td>121</td>
</tr>
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</table>
### 11-YEAR SUMMARY

#### Key indicators:

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cost of sales</strong></td>
<td>238,261</td>
<td>262,310</td>
<td>270,387</td>
<td>262,406</td>
<td>242,451</td>
<td>258,465</td>
<td>255,291</td>
<td>256,367</td>
<td>245,967</td>
<td>229,720</td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td>128,680</td>
<td>147,994</td>
<td>161,820</td>
<td>173,070</td>
<td>165,796</td>
<td>174,501</td>
<td>182,124</td>
<td>179,005</td>
<td>168,259</td>
<td>142,909</td>
</tr>
<tr>
<td><strong>Selling, general and administrative expenses</strong></td>
<td>119,465</td>
<td>121,999</td>
<td>131,684</td>
<td>132,407</td>
<td>121,493</td>
<td>125,668</td>
<td>126,094</td>
<td>126,259</td>
<td>121,907</td>
<td>102,198</td>
</tr>
<tr>
<td><strong>Core operating profit (Operating income)</strong></td>
<td>9,215</td>
<td>25,994</td>
<td>30,135</td>
<td>32,633</td>
<td>46,719</td>
<td>54,376</td>
<td>43,753</td>
<td>40,337</td>
<td>37,102</td>
<td>31,028</td>
</tr>
<tr>
<td><strong>Profit before income taxes (Income before income taxes and minority interests)</strong></td>
<td>7,785</td>
<td>22,889</td>
<td>24,929</td>
<td>32,633</td>
<td>46,719</td>
<td>54,376</td>
<td>43,753</td>
<td>40,337</td>
<td>37,102</td>
<td>31,028</td>
</tr>
<tr>
<td><strong>Profit for the period (Net income)</strong></td>
<td>4,122</td>
<td>22,889</td>
<td>24,929</td>
<td>32,633</td>
<td>46,719</td>
<td>54,376</td>
<td>43,753</td>
<td>40,337</td>
<td>37,102</td>
<td>31,028</td>
</tr>
<tr>
<td><strong>Capital expenditures</strong></td>
<td>13,844</td>
<td>13,846</td>
<td>12,114</td>
<td>11,833</td>
<td>11,833</td>
<td>11,833</td>
<td>11,833</td>
<td>11,833</td>
<td>11,833</td>
<td>11,833</td>
</tr>
<tr>
<td><strong>Depreciation expenses</strong></td>
<td>11,613</td>
<td>12,759</td>
<td>12,597</td>
<td>12,681</td>
<td>11,145</td>
<td>10,777</td>
<td>10,835</td>
<td>10,614</td>
<td>11,156</td>
<td>14,395</td>
</tr>
<tr>
<td><strong>R&amp;D expenses</strong></td>
<td>22,149</td>
<td>22,561</td>
<td>25,439</td>
<td>24,793</td>
<td>24,415</td>
<td>24,793</td>
<td>24,926</td>
<td>24,926</td>
<td>24,926</td>
<td>24,926</td>
</tr>
<tr>
<td><strong>Selling, general and administrative expenses</strong></td>
<td>7,755</td>
<td>33,213</td>
<td>32,633</td>
<td>29,877</td>
<td>29,877</td>
<td>29,877</td>
<td>29,877</td>
<td>29,877</td>
<td>29,877</td>
<td>29,877</td>
</tr>
<tr>
<td><strong>Cash flows from operating activities</strong></td>
<td>22,149</td>
<td>22,561</td>
<td>25,439</td>
<td>24,793</td>
<td>24,926</td>
<td>24,926</td>
<td>24,926</td>
<td>24,926</td>
<td>24,926</td>
<td>24,926</td>
</tr>
<tr>
<td><strong>Cash flows from investing activities</strong></td>
<td>7,755</td>
<td>33,213</td>
<td>32,633</td>
<td>29,877</td>
<td>29,877</td>
<td>29,877</td>
<td>29,877</td>
<td>29,877</td>
<td>29,877</td>
<td>29,877</td>
</tr>
<tr>
<td><strong>Cash flows from financing activities</strong></td>
<td>7,755</td>
<td>33,213</td>
<td>32,633</td>
<td>29,877</td>
<td>29,877</td>
<td>29,877</td>
<td>29,877</td>
<td>29,877</td>
<td>29,877</td>
<td>29,877</td>
</tr>
<tr>
<td><strong>At year-end:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>¥390,610</td>
<td>¥438,932</td>
<td>¥530,034</td>
<td>¥469,745</td>
<td>¥522,362</td>
<td>¥552,309</td>
<td>¥514,762</td>
<td>¥515,924</td>
<td>¥474,034</td>
<td>¥557,616</td>
</tr>
<tr>
<td><strong>Total equity (Net assets)</strong></td>
<td>¥229,636</td>
<td>¥274,843</td>
<td>¥348,752</td>
<td>¥303,889</td>
<td>¥367,437</td>
<td>¥388,345</td>
<td>¥382,771</td>
<td>¥359,007</td>
<td>¥326,450</td>
<td>¥396,949</td>
</tr>
<tr>
<td><strong>Revenue (Net sales)</strong></td>
<td>¥366,941</td>
<td>¥410,304</td>
<td>¥432,177</td>
<td>¥435,477</td>
<td>¥406,248</td>
<td>¥432,967</td>
<td>¥437,416</td>
<td>¥434,373</td>
<td>¥414,227</td>
<td>¥372,630</td>
</tr>
<tr>
<td><strong>Cost of sales</strong></td>
<td>238,261</td>
<td>262,310</td>
<td>270,387</td>
<td>262,406</td>
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<td><strong>Gross profit</strong></td>
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<td>173,070</td>
<td>165,796</td>
<td>174,501</td>
<td>182,124</td>
<td>179,005</td>
<td>168,259</td>
<td>142,909</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>197,902</td>
<td>214,487</td>
<td>247,632</td>
<td>255,135</td>
<td>272,720</td>
<td>289,493</td>
<td>281,608</td>
<td>282,819</td>
<td>270,189</td>
<td>262,676</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td>71,855</td>
<td>73,145</td>
<td>80,976</td>
<td>75,459</td>
<td>82,565</td>
<td>101,919</td>
<td>80,495</td>
<td>100,443</td>
<td>99,149</td>
<td>100,852</td>
</tr>
<tr>
<td><strong>Interest-bearing debt</strong></td>
<td>10,013</td>
<td>8,795</td>
<td>11,886</td>
<td>8,510</td>
<td>11,241</td>
<td>11,733</td>
<td>8,731</td>
<td>8,836</td>
<td>10,830</td>
<td>8,367</td>
</tr>
<tr>
<td><strong>Total equity attributable to owners of parent</strong></td>
<td>1,171,67</td>
<td>1,403,12</td>
<td>1,783,42</td>
<td>1,601,55</td>
<td>1,948,01</td>
<td>2,125,51</td>
<td>2,124,83</td>
<td>1,992,57</td>
<td>1,850,81</td>
<td>2,252,34</td>
</tr>
<tr>
<td><strong>Equity attributable to owners of the parent (Net assets)</strong></td>
<td>1,171,67</td>
<td>1,403,12</td>
<td>1,783,42</td>
<td>1,601,55</td>
<td>1,948,01</td>
<td>2,125,51</td>
<td>2,124,83</td>
<td>1,992,57</td>
<td>1,850,81</td>
<td>2,252,34</td>
</tr>
<tr>
<td><strong>Profit for the period attributable to owners of parent</strong></td>
<td>10,000</td>
<td>27,000</td>
<td>36,000</td>
<td>44,000</td>
<td>52,000</td>
<td>56,000</td>
<td>60,000</td>
<td>60,000</td>
<td>60,000</td>
<td>60,000</td>
</tr>
<tr>
<td><strong>Dividends</strong></td>
<td>10,000</td>
<td>27,000</td>
<td>36,000</td>
<td>44,000</td>
<td>52,000</td>
<td>56,000</td>
<td>60,000</td>
<td>60,000</td>
<td>60,000</td>
<td>60,000</td>
</tr>
</tbody>
</table>

**Note:** Figures prior to fiscal 2018 are based on J-GAAP standards. From fiscal 2019, the presentation method has been changed as a result of the adoption of Japanese accounting standards for tax benefit accounting. According, 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** 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, Accounting for Return on Service (OS) 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.

**3** Until fiscal 2016, net income is displayed as profit for the period attributable to owners of parent. Since fiscal 2016, under IFRS, net income is displayed as profit for the period attributable to owners of parent.
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 strengthening 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 customers’ 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 set sustainability as a Source of Value, the Group is improving flexibility and risk responsiveness in procurement activities in Hokkaido, Tanzania, and India to promote the cultivation and use of certified timber while advancing Tone Forest resources. To promote sustainably sourced timber use, the Group is launching a plan as an opportunity to enhance its capacity for sustainable growth in the medium-term management plan.

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 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 aiming 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 SYMPHONIC™ 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.

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

Core operating profit was up ¥2,837 million, or 6.6%, year on year, to ¥45,910 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 ¥1,669 million attributable to favorable foreign exchange influences. Core operating profit in the audio equipment segment increased ¥1,927 million, or 125.3%, to ¥4,466 million, even after being reduced ¥1,300 million as a result of foreign exchange influences. For the other 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 ¥4,200 million. 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 expenses and rising energy and procurement costs.

Profit for the period attributable to owners of parent increased ¥9,115 million, or 2.5%, year on year, to ¥38,183 million.
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 mainstream market in 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 toy-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 ¥5,956 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 PA 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 liabilities on March 31, 2023, amounted to ¥394,246 million, an increase of ¥13,584 million, or 2.3%, from ¥380,662 million a year earlier. In regard to current assets, inventories increased due to the impact 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 the 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 as of March 31, 2023, were ¥156,302 million, a decrease of ¥2,241 million, or 1.6%, from ¥163,974 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 payable decreased due to payment of income taxes on the sale of investment securities in the previous fiscal year. Total equity as of March 31, 2023, was ¥302,653 million, an increase of ¥156,987 million, or 9.9%, from ¥416,867 million on March 31, 2022. The overall increase was due to retained earnings resulting from the recording of profit for the period attributable to owners of parent company and an increase in other components of equity stemming from the impact of foreign exchange fluctuations and the 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.

Analysis of Cash Flows
Cash and cash equivalents at the end of the fiscal year decreased ¥68,656 million, compared to an increase of ¥41,150 million in the previous fiscal year, and stood at ¥302,653 million (prior year: ¥361,309 million). Cash used in operating activities amounted to ¥14,941 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.

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.
### Yamaha Group Environmental Data

<table>
<thead>
<tr>
<th>Indicator Breakdown</th>
<th>Units</th>
<th>2019/3</th>
<th>2020/3</th>
<th>2021/3</th>
<th>2022/3</th>
<th>2023/3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scope 1 greenhouse-gas emissions</td>
<td>tCO₂</td>
<td>28,108</td>
<td>28,267</td>
<td>28,665</td>
<td>28,758</td>
<td>28,252</td>
</tr>
<tr>
<td>Scope 2 greenhouse-gas emissions (market-based standard)</td>
<td>tCO₂</td>
<td>13.9</td>
<td>12.8</td>
<td>13.9</td>
<td>13.1</td>
<td>12.8</td>
</tr>
<tr>
<td>Scope 1 + Scope 2 greenhouse-gas emissions</td>
<td>tCO₂</td>
<td>16.1</td>
<td>15.1</td>
<td>14.1</td>
<td>15.5</td>
<td>15.1</td>
</tr>
<tr>
<td>Greenhouse gas emissions intensity (total Scope 1 and Scope 2 emissions per ¥10 billion of revenue)</td>
<td>tCO₂/¥10bn</td>
<td>10,000</td>
<td>10,000</td>
<td>10,000</td>
<td>10,000</td>
<td>10,000</td>
</tr>
<tr>
<td>Logistics-related CO₂ emissions volume*4</td>
<td>10,000 m³</td>
<td>34</td>
<td>34</td>
<td>40</td>
<td>40</td>
<td>75</td>
</tr>
<tr>
<td>Waste generated*2</td>
<td>1,000 tons</td>
<td>11.5</td>
<td>10.8</td>
<td>10.5</td>
<td>12.2</td>
<td>14.6</td>
</tr>
<tr>
<td>Hazardous waste generated*2</td>
<td>1,000 tons</td>
<td>—</td>
<td>—</td>
<td>1.7</td>
<td>2.1</td>
<td>8.2</td>
</tr>
<tr>
<td>Number of qualified products</td>
<td>—</td>
<td>53</td>
<td>46</td>
<td>39</td>
<td>31</td>
<td>18</td>
</tr>
<tr>
<td>Number of Yamaha Eco-Label products</td>
<td>—</td>
<td>68</td>
<td>88</td>
<td>95</td>
<td>16</td>
<td>16</td>
</tr>
</tbody>
</table>

### Yamaha Group Social Data

<table>
<thead>
<tr>
<th>Indicator Breakdown</th>
<th>Units</th>
<th>2019/3</th>
<th>2020/3</th>
<th>2021/3</th>
<th>2022/3</th>
<th>2023/3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total number of employees (including temporary employees)</td>
<td>Persons</td>
<td>28,108</td>
<td>28,267</td>
<td>28,665</td>
<td>28,758</td>
<td>28,252</td>
</tr>
<tr>
<td>Turnover rate for period up to three years after hiring</td>
<td>%</td>
<td>6.2</td>
<td>9.2</td>
<td>1.7</td>
<td>3.0</td>
<td>2.8</td>
</tr>
<tr>
<td>Years of continuous employment by gender</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male / Female average</td>
<td></td>
<td>19.3 / 19.7</td>
<td>19.2 / 19.8</td>
<td>19.4 / 19.4</td>
<td>19.7 / 19.9</td>
<td>19.7 / 19.7</td>
</tr>
<tr>
<td>Turnover rate for three years after hiring</td>
<td>%</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Total training hours (non-consolidated)</td>
<td>Hours</td>
<td>49,224</td>
<td>51,168</td>
<td>50,782</td>
<td>48,632</td>
<td>103,162</td>
</tr>
<tr>
<td>Average training hours per employee (non-consolidated)</td>
<td>Hours</td>
<td>28,108</td>
<td>28,267</td>
<td>28,665</td>
<td>28,758</td>
<td>28,252</td>
</tr>
<tr>
<td>Ratio of women among employees</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consolidated (Japanese and overseas Group companies)</td>
<td>%</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Ratio of women among new graduate hires (non-consolidated)</td>
<td>%</td>
<td>51.8</td>
<td>58.2</td>
<td>29.1</td>
<td>38.4</td>
<td>43</td>
</tr>
<tr>
<td>Ratio of mid-career hires among employees</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consolidated (Japanese and overseas Group companies)</td>
<td>%</td>
<td>17.7</td>
<td>18.7</td>
<td>18.4</td>
<td>19.4</td>
<td>20.2</td>
</tr>
<tr>
<td>Number of employees with disabilities (as of March 30)*6</td>
<td>Persons</td>
<td>218</td>
<td>215</td>
<td>214</td>
<td>198</td>
<td>198</td>
</tr>
<tr>
<td>Ratio of employees with disabilities (as of March 30)*6</td>
<td>%</td>
<td>2.51</td>
<td>2.49</td>
<td>2.39</td>
<td>2.33</td>
<td>2.4</td>
</tr>
</tbody>
</table>

### Governance Data

<table>
<thead>
<tr>
<th>Indicator Breakdown</th>
<th>Units</th>
<th>2019/3</th>
<th>2020/3</th>
<th>2021/3</th>
<th>2022/3</th>
<th>2023/3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percentage of reduction compared to the base year*1</td>
<td>%</td>
<td>—</td>
<td>—</td>
<td>1.7</td>
<td>2.1</td>
<td>5.9</td>
</tr>
<tr>
<td>Number of qualified products</td>
<td>—</td>
<td>53</td>
<td>46</td>
<td>39</td>
<td>31</td>
<td>18</td>
</tr>
<tr>
<td>Number of Yamaha Eco-Label products</td>
<td>—</td>
<td>68</td>
<td>88</td>
<td>95</td>
<td>16</td>
<td>16</td>
</tr>
<tr>
<td>Percentage of reduction compared to the base year*1</td>
<td>%</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Number of people who returned to work following childcare leave</td>
<td>%</td>
<td>97.3</td>
<td>98.1</td>
<td>100</td>
<td>98.3</td>
<td></td>
</tr>
<tr>
<td>Ratio of mid-career hires among overseas Group companies</td>
<td>%</td>
<td>—</td>
<td>—</td>
<td>40.1</td>
<td>39.2</td>
<td>39.3</td>
</tr>
</tbody>
</table>

For more information on ESG data, please refer to the following website: https://www.yamaha.com/en/csr/related_information/esg_data/
The Yamaha Group is currently expanding its business on a global basis, with locations in over 30 countries and regions across the world.
**COMPANY INFORMATION**

As of March 31, 2023

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**Corporate Profile**

- **Company Name**: Yamaha Corporation
- **Headquarters**: 10-1, Nakazawa-chō, Naka-ku, Hamamatsu-shi, Shizuoka 430-8560, Japan
- **Phone**: +81 53 (465) 1111 (Reception)
- **Year of Foundation**: 1887
- **Date of Incorporation**: October 12, 1897
- **Paid-in Capital**: ¥28,534 million

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.

- **Yamaha Stock Average (Tiket:232)**
- **TDX:460 TOPIX 500 (TOPIX 100)**
- **MSCI ESG rating**
- **MSCI ESG Leaders Index**
- **MSCI Japan ESG Select Leaders Index**
- **MSCI Japan Engineering Women Index (AW)**
- **MSCI Japan eqtWt Gender Diversity Ti Index**
- **FTSE4Good Global Index**
- **FTSE Blossom Japan Index**
- **FTSE Blossom Japan Sector Relative Index**
- **SMI Japan 500 ESG**
- **SMI Global Sustainability Indexes**

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**Major External Evaluations and Incorporation in Indices**

**Company Name**

- Paid-in Capital: ¥28,534 million
- Date of Incorporation: October 12, 1897
- Year of Foundation: 1887
- +81 53 (460) 1111 (Receptionist)
- Headquarters: 10-1, Nakazawa-chō, Naka-ku, Hamamatsu, Shizuoka 430-8650, Japan

**Major Shareholders**

- **The Master Trust Bank of Japan, Ltd. (Trust account)**: 23.7%
- **Credit Suisse Bank, Ltd. (Trust account)**: 9.0%
- **Yamaha Motor Co., Ltd.**: 4.7%
- **The Shouwa 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**: 2.5%
- **Mitsubhishi Bank, Ltd.**: 1.7%
- **Deutsche Bank Trust Company America**: 1.7%

*Note: Yamaha Corporation holds 16,858,833 shares of treasury stocks which have been excluded from the above major shareholders. The shareholder ratio is calculated by excluding treasury stock from total outstanding shares.*

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**STOCK INFORMATION**

As of March 31, 2023

**Shareholder Composition**

<table>
<thead>
<tr>
<th>Number of Shareholders</th>
<th>Number of Shares</th>
<th>Ratio of Number of Shares to Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individuals</td>
<td>18,296</td>
<td>15.9%</td>
</tr>
<tr>
<td>Financial institutions</td>
<td>5.6</td>
<td>0.5%</td>
</tr>
<tr>
<td>Foreign investors</td>
<td>709</td>
<td>6.1%</td>
</tr>
<tr>
<td>Securities companies</td>
<td>201</td>
<td>1.7%</td>
</tr>
<tr>
<td>Total</td>
<td>20,297</td>
<td>100%</td>
</tr>
</tbody>
</table>

*Note: The figure includes shareholding companies.*

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**Common Stock Price Range and Trading Volume**

<table>
<thead>
<tr>
<th>NIKKEI</th>
<th>Common stock price range</th>
<th>Trading volume (right)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2,000</td>
<td>4,000</td>
<td>1,380</td>
</tr>
<tr>
<td>4,000</td>
<td>6,000</td>
<td>209</td>
</tr>
<tr>
<td>6,000</td>
<td>8,000</td>
<td>209</td>
</tr>
<tr>
<td>8,000</td>
<td>10,000</td>
<td>209</td>
</tr>
</tbody>
</table>

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**Fiscal year ended**

<table>
<thead>
<tr>
<th></th>
<th>2022/3</th>
<th>2021/3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance Sheet</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interim: To the shareholders of record on March 31</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividends</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of Shares of Common Stock</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of Share of Common Stock</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stock Exchange Listing</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Administrator of The Sumitomo Mitsui Trust Bank, Limited</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shareholders' Registry</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of Shareholders</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

---

**Yamaha Corporation** https://www.yamaha.com/en/

- **Investor Relations Division**, Corporate Administration Unit
  2-17-11, Takashi, Minato-ku, Tokyo 108-8686, Japan
- **Sustainability Group**, Corporate Planning Division, Corporate Administration Unit
  10-1, Nakazawa-cho, Naka-ku, Hamamatsu-shi, Shizuoka 430-8560, Japan

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**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.

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**WE SUPPORT**

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**Yamaha Group Annual Report 2023**

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**Yamaha Group Annual Report 2023**

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**Yamaha Group Annual Report 2023**

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