(TRANSLATION ONLY)

YAMAHA CORPORATION
10-1 Nakazawa-cho, Naka-ku, Hamamatsu, Shizuoka 430-8650, Japan

(Security code: 7951)
May 31, 2022

Notice of the 198th Ordinary General Shareholders' Meeting

Dear Shareholders:

We hereby inform you of the 198th Ordinary General Shareholders' Meeting, to be held at the time and place set forth below.

To avoid the risk of COVID-19 infection, we would like to ask our shareholders to consider not attending the meeting if possible, and to exercise your voting rights by mailing the enclosed Exercise of Voting Rights form or via the Internet.

Please review the Reference Documents for the General Shareholders' Meeting provided and exercise your voting rights by 5:00 p.m. (JST), Tuesday, June 21, 2022.

[Voting by mail]
Please indicate your votes of approval or disapproval for proposals on the enclosed Exercise of Voting Rights form and return the form to us by the above deadline.

[Voting via the Internet]
Please enter your votes of approval or disapproval for proposals after reading the section "Concerning Procedures for Exercise of Voting Rights Via the Internet."

Very truly yours,

Takuya Nakata
Director
President and Representative Executive Officer

The 198th Ordinary General Shareholders' Meeting

1. Date and time: Wednesday, June 22, 2022 at 10:00 a.m.

2. Location: First floor of Building No. 18
YAMAHA CORPORATION
10-1 Nakazawa-cho, Naka-ku, Hamamatsu,
Shizuoka, Japan
(Please refer to map in Japanese original)

3. Agenda of the meeting

Matters to be reported:

1. The Business Report, the Consolidated Financial Statements, and the Audit Reports of the Consolidated Financial Statements by the Independent Accounting Auditor and the Audit Committee, for the 198th Fiscal Year (from April 1, 2021 through March 31, 2022).
2. The Non-consolidated Financial Statements for the 198th Fiscal Year (from April 1, 2021 through March 31, 2022)

Matters to be resolved:

Proposal 1 Appropriation of Surplus

Proposal 2 Partial Amendments to the Articles of Incorporation

Proposal 3 Election of Eight (8) Directors

4. Predetermined terms of the convening

(1) If you do not indicate your vote of approval or disapproval for any proposal on the Exercise of Voting Rights form, you will be deemed to have approved that proposal.

(2) Handling of voting several times

1) When voting rights are exercised more than once via the Internet, the vote that arrives the latest will be deemed the valid one.

2) When a shareholder exercises voting rights via the Internet and by the Exercise of Voting Rights form, the vote via the Internet will be deemed the valid one.

(3) When a shareholder exercises voting rights by proxy at the meeting, the shareholder may appoint one shareholder with voting rights to act as his or her proxy. If you wish to exercise your voting rights by proxy at the meeting, please submit to the Company your Exercise of Voting Rights form together with a document evidencing the Proxy's power of representation for the meeting.

5. Other matters in relation to this Notice

From among the documents to be provided with this Notice, the "Notes to the Consolidated Financial Statements," "Notes to the Non-Consolidated Financial Statements," "Consolidated Statements of Changes in Shareholders' Equity," and "Non-Consolidated Statements of Changes in Shareholders' Equity" are not included in the documents attached to this Notice. These documents are disclosed on our Internet website (https://www.yamaha.com/en/) in accordance with laws and ordinances and the provisions of Article 18 of the Articles of Incorporation.

In addition, "Consolidated Statement of Comprehensive Income" and "Consolidated Statement of Cash Flows" are also disclosed on the same Internet website.

Notes: 1. For those attending, please present the enclosed Exercise of Voting Rights form at the reception desk on arrival at the meeting. If the Reference Documents for the General Shareholders' Meeting and the Attached Documents are amended, the amended items will be announced on our Internet website (https://www.yamaha.com/en/).

2. This document has been translated from the Japanese original for reference purposes only.
In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Reference Documents for the General Shareholders' Meeting

Proposals and Reference Information

Proposal 1 Appropriation of Surplus

Bearing in mind the objective of increasing ROE (Profit ratio for the period to the share attributable to owners of the parent), and based on the level of the medium-term consolidated profits, the Company makes strategic investments in R&D, sales, and capital while actively providing returns to shareholders.

Additionally, while we try to provide dividends on a stable and consistent basis, it is also our mandate to promote capital efficiency by making sound decisions in distributing returns while ensuring appropriate internal reserves for investment in future growth.

Considering the policy above and the financial standing etc. of the Company, we will propose the appropriation of surplus as follows.

Matters relating to year-end dividend

(1) Type of assets for dividends
Cash

(2) Allotment of assets for dividends to shareholders and the total amount of dividends Year-end dividend: 33 yen per share of common stock of the Company
Total amount of dividends: 5,660,925,765 yen
As a result, the annual dividend, combined with the interim dividend of 33 yen per share, amounts to 66 yen.

(3) Effective date of distribution of surplus
June 23, 2022

Proposal 2 Partial Amendments to the Articles of Incorporation

1. Reasons for the proposal

The amended provisions stipulated in the Proviso of Article 1 of the supplementary provisions of the "Act Partially Amending the Companies Act" (Act No, 70 of 2019) will be enforced on September 1, 2022. Accordingly, in order to prepare for the introduction of the system for electronic provision of materials for general shareholders' meeting, the Articles of Incorporation of the Company shall be amended as follows.

(1) The proposed Article 18, Paragraph 1 provides that information contained in the reference materials for the general shareholders' meeting, etc. shall be provide electronically.
(2) The purpose of the proposed Article 18, Paragraph 2 is to establish a provision to limit the scope of matters to be included in the paper copy to be sent to shareholders who have requested it.
(3) The provisions related to the internet disclosure and deemed provision of the reference materials for the general shareholders' meeting, etc. (Article 18 of the current Articles of Incorporation) shall become redundant and shall therefore be deleted.
(4) In line with the above establishment and deletion of the provisions, supplementary provisions related to the effective date, etc. shall be established.

2. Details of Amendments

(Amended parts are underlined.)

Current Articles of Incorporation	Proposed Amendments
<u>(Disclosure via the Internet of the Reference Documents for a General Shareholders' Meeting, etc., and the Deemed Provision of Information)</u> <u>Article 18 In convening a General Shareholders meeting, the Company may deem that it has provided the shareholders with information concerning the matters to be described or mentioned in the reference documents for a General Shareholders' Meeting, the business reports, the financial reports and the consolidated financial reports, by disclosing such information via the Internet in accordance with the ordinance of the Ministry of Justice.</u>	(Delated) <u>(Measured for Electronic Provision, Etc.)</u> <u>Article 18 1. The Company shall, when convening a General Shareholders' Meeting, provide information contained in the reference documents for the General Shareholders' Meeting, etc. electronically.</u> <u>2. Among the matters to be provided electronically, the Company may choose not to include all or part of the matters stipulated in the Ordinance of the Ministry of Justice in the paper copy to be sent to</u>

	shareholders who have requested it by the record date for voting rights. (Supplementary provisions) 1. The deletion of Article 18 (Disclosure via the Internet of the Reference Documents for a General Shareholders' Meeting, etc., and the Deemed Provision of Information) of the Articles of Incorporation prior to the amendments, and the proposed establishment of Article 18 (Measures for Electronic Provision, Etc.) following the amendment shall come into effect as of September 1, 2022. 2. Notwithstanding the provisions of the preceding paragraph, Article 18 of the Articles of Incorporation prior to the amendments shall remain in force with respect to a General Shareholders’ Meeting to be held on a date within six (6) months from September 1, 2022. 3. These Supplementary Provisions shall be deleted on the date when six (6) months have elapsed from the Date of Enforcement or three (3) months have elapsed from the date of the General Shareholders’ Meeting in the preceding paragraph, whichever is later.

Proposal 3 Election of Eight Directors

All of the seven Directors will complete their respective terms of office at the conclusion of this meeting. Accordingly, we shall propose the election of eight Directors.

The table below lists the nominees for those positions.

List of candidates

No.	Name		Current position and charge	Attendance at Board of Directorsmeetings during fiscal 2021	Attendance at Committee(s) meetings during fiscal 2021
1	Takuya Nakata (Mr.)	Candidate for Reappointment	Director Nominating Committee Member Compensation Committee Member President and Representative Executive Officer	100% (14 out of 14 meetings)	Nominating Committee 100% (4 out of 4 meeting) CompensationCommittee 100% (4 out of 4 meeting)
2	Satoshi Yamahata (Mr.)	Candidate for Reappointment	Director Managing Executive Officer Executive General Manager of Corporate Management Unit Executive General Manager of Human Resources and General Administration Unit	100% (14 out of 14 meetings)	—
3	Taku Fukui (Mr.)	Candidate for Reappointment Outside Director Independent Outside Director	Outside Director Audit Committee Member	100% (14 out of 14 meetings)	Audit Committee 100% (16 out of 16 meeting)
4	Yoshihiro Hidaka (Mr.)	Candidate for Reappointment Outside Director Independent Outside Director	Outside Director Nominating Committee Member Compensation Committee Member	100% (14 out of 14 meetings)	Nominating Committee 100% (4 out of 4 meeting) Compensation Committee 100% (4 out of 4 meeting)
5	Mikio Fujitsuka (Mr.)	Candidate for Reappointment Outside Director Independent Outside Director	Outside Director Audit Committee Member	100% (14 out of 14 meetings)	Audit Committee 100% (16 out of 16 meeting)
6	Paul Candland (Mr.)	Candidate for Reappointment Outside Director Independent Outside Director	Outside Director Nominating Committee Member Compensation Committee Member	100% (14 out of 14 meetings)	Nominating Committee 100% (4 out of 4 meeting) CompensationCommittee 100% (4 out of 4 meeting)

7	Hiromichi Shinohara (Mr.)	Candidate for Reappointment Outside Director Independent Outside Director	Outside Director Nominating Committee Member Compensation Committee Member	91.7% (11 out of 12 meetings)	Nominating Committee 100% (4 out of 4 meeting) CompensationCommittee 100% (3 out of 3 meeting)
8	Naoko Yoshizawa (Ms.)	Candidate for Reappointment Outside Director Independent Outside Director	Outside Director Audit Committee Member	100% (12 out of 12meetings)	Audit Committee 100% (13 out of 13 meeting)

<table>
<tr><th>No.</th><th>Name
(Date of Birth)</th><th>Brief personal history; position; charge; and important concurrent duties</th><th>Number of the Company shares held</th></tr>
<tr><td rowspan="2">1</td><td rowspan="2">Takuya Nakata
(June 8, 1958)

Candidate for Reappointment</td><td>April 1981: Entered the Company
October 2005: General Manager of Pro Audio & Digital Musical Instruments Division
June 2006: Operating Officer
June 2009: Director and Operating Officer
April 2010: President and Director of Yamaha Corporation of America
June 2010: Senior Operating Officer of the Company
June 2013: President and Representative Director
March 2014: Director of Yamaha Motor Co., Ltd. (Outside Director) (current position)
June 2015: President of Yamaha Music Foundation (current position)
June 2017: Director, President and Representative Executive Officer of the Company (current position)</td><td>75,500</td></tr>
<tr><td colspan="2">- Term of office as a director:
Ten (10) years (at the conclusion of this Ordinary General Shareholders’ Meeting)
- Attendance at Board of Directors meetings:
14 out of 14 meetings (100%)
- Attendance at Nominating Committee meetings:
4 out of 4 meetings (100%)
- Attendance at Compensation Committee meetings:
4 out of meetings (100%)
- Reasons for nomination as director:
Having served in positions such as General Manager of our Pro Audio & Digital Musical Instruments Division, President and Director of Yamaha Corporation of America, Mr. Takuya Nakata has a wealth of experience and achievements alongside broad insight inbusiness.
He has led the Group as President and Representative Director since June 2013, and as Director, President and Representative Executive Officer since June 2017 after our transition to a Company with Three Committees (Nominating, Audit, and Compensation).Additionally, he has been a leader in Corporate Governance reform via initiatives such asthe transition to a Company with Three Committees (Nominating, Audit, and Compensation), and has worked to strengthen the oversight function of the Board of Directors.
He has been nominated as a director on expectations that he will help further strengthen the oversight function of the Board of Directors through these achievements and insights, etc.</td></tr>
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<tr><th>No.</th><th>Name
(Date of Birth)</th><th>Brief personal history; position; charge; and important concurrent duties</th><th>Number of the Company shares held</th></tr>
<tr><td rowspan="2">2</td><td rowspan="2">Satoshi Yamahata
(December 3, 1960)

Candidate for Reappointment</td><td>January 1988: Entered the Company
August 2009: General Manager of Accounting and Finance Division
June 2013: Operating Officer
June 2013: General Manager of Corporate Planning Division
April 2015: Executive General Manager of Operations Unit
June 2015: Director and Senior Operating Officer
May 2016: Executive General Manager of Corporate Management Unit (current position)
June 2017: Director, Managing Executive Officer (current position)
April 2020: Executive General Manager of Human Resources and General Administration Unit (current position)</td><td>28,400</td></tr>
<tr><td colspan="2">- Term of office as a director:
Seven (7) years (at the conclusion of this Ordinary General Shareholders’ Meeting)
- Attendance at Board of Directors meetings:
14 out of 14 meetings (100%)
- Reasons for nomination as director:
In addition to work experience at an overseas subsidiary, Mr. Satoshi Yamahata has servedas General Manager of the Accounting and Finance Division, General Manager of the Corporate Planning Division, Executive General Manager of the Operations Unit, Executive General Manager of the Corporate Management Unit and Executive General Manager of Human Resources and General Administration Unit, and has a wealth of experience and achievements alongside broad insight.
He has promoted Corporate Governance reform as Director and Senior Executive Manager since June 2015 and as Director and Managing Executive Officer since June 2017, and has worked to strengthen the oversight function of the Board of Directors.
He has been nominated as a director on expectations that he will help further strengthen the oversight function of the Board of Directors through these achievements and insights, etc.</td></tr>
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<tr><th>No.</th><th>Name
(Date of Birth)</th><th>Brief personal history; position; charge; and important concurrent duties</th><th>Number of the Company shares held</th></tr>
<tr><td rowspan="2">4</td><td rowspan="2">Taku Fukui
(August 24, 1961)

Candidate for Reappointment

Candidate for Outside Director

Candidate for Independent Outside Director</td><td>April 1987: Registered as an attorney
Entered Kashiwagi Sogo Law Offices
April 2004: Professor of Keio University Law School
(current position)
June 2005: Outside Audit & Supervisory Board Member of Shin-Etsu Chemical Co., Ltd.
January 2009: Managing Partner of Kashiwagi Sogo Law Offices (current position)
June 2017: Outside Director of the Company
(current position)
June 2021: Outside Corporate Auditor of METAWATER Co., Ltd.
(current position)</td><td>0</td></tr>
<tr><td colspan="2">- Term of office as a director:
Five (5) years (at the conclusion of this Ordinary General Shareholders' Meeting)
- Attendance at Board of Directors meetings:
14 out of 14 meetings (100%)
- Attendance at Audit Committee meetings:
16 out of 16 meetings (100%)
- Reasons for nomination as director:
With a mastery of corporate law and corporate governance in Japan and overseas as an attorney, Mr. Taku Fukui has a high degree of expertise, wealth of experience and achievements alongside broad insight.
Since assuming the position of Outside Director of the Company in June 2017, he has provided highly effective supervision while supporting the determination of major corporate actions and quick and decisive execution on decision-making, based on his high degree of expertise, wealth of achievements and insights, etc.
He has been nominated as a director on expectations that he will help further strengthen the oversight function of the Board of Directors through these achievements and insights, etc.
- About independence
There are no transaction relationships between the Company and Kashiwagi Sogo Law Offices, where Mr. Taku Fukui serves as Managing Partner.
The Company files documentation with the Tokyo Stock Exchange to establish that Mr. Taku Fukui is an independent director under the provisions set forth by the Tokyo Stock Exchange.</td></tr>
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No.	Name (Date of Birth)	Brief personal history; position; charge; and important concurrent duties	Number of the Company shares held
5	Yoshihiro Hidaka (July 24, 1963) Candidate for Reappointment Candidate for Outside Director Candidate for Independent Outside Director	April 1987: Entered Yamaha Motor Co., Ltd. July 2010: Vice President of Yamaha Motor Corporation, U.S.A. January 2013: Executive General Manager of 3rd Business Unit, MC Business Operations of Yamaha Motor Co., Ltd. March 2014: Executive Officer January 2015: Executive General Manager of 2nd Business Unit, MC Business Operations January 2016: Executive General Manager of 1st Business Unit, MC Business Operations, and General Manager of Southeast & East Asia Sales Division, 1st Business Unit, MC Business Operations January 2017: Executive General Manager of Corporate Planning & Finance Center March 2017: Senior Executive Officer and Director January 2018: President, Chief Executive Officer and Representative Director (current position) June 2018: Outside Director of the Company (current position)	4,100
		- Term of office as a director: Four (4) years (at the conclusion of this Ordinary General Shareholders' Meeting) - Attendance at Board of Directors meetings: 14 out of 14 meetings (100%) - Attendance at Nominating Committee meetings: 4 out of 4 meetings (100%) - Attendance at Compensation Committee meetings: 4 out of 4 meetings (100%) - Reasons for nomination as director: Having been involved in management at one of the largest global transportation equipment manufacturers in Japan, Mr. Yoshihiro Hidaka has a wealth of experience and achievements alongside broad insight as a corporate officer. Additionally, as President and Representative Director of Yamaha Motor Co., Ltd., a company that shares a common brand with the Company, he is a person with one of the deepest understandings of the Yamaha brand. Since assuming the position of Outside Director of the Company in June 2018, he has provided highly effective supervision while supporting the determination of major corporate actions and quick and decisive execution on decision-making, based on his wealth of achievements and insights, etc., as a corporate officer. He has been nominated as a director on expectations that he will help further strengthen the oversight function of the Board of Directors through these achievements and insights, etc., and improve the Yamaha brand value. - About independence As the Company and Yamaha Motor Co., Ltd., where Mr. Yoshihiro Hidaka serves as President and Representative Director, share the Yamaha brand, the two companies are in a relationship such that enhancements to the brand value via the Company's sustainable growthalso provides a positive effect on said company's corporate value, while damage to the brand due to violations of laws and regulations or deficient governance, etc., by the Company will have a negative effect on said company's corporate value. Mr. Yoshihiro Hidaka is a person with one of the deepest understandings of the Yamaha brand, which is the source of the Company's brand corporate value, and he shares an interest with ordinary shareholders regarding improvement of the Company's brand value. Furthermore, not only there are no significant transaction relationships* between the Company and Yamaha Motor Co., Ltd., but as the Company is no longer a major shareholder of said company since 2017, there are no concerns that Mr. Yoshihiro Hidaka will have conflicts of interest with ordinary shareholders, and the Company believes that he can fulfill his duty for supervision, etc., of management from an independent standpoint in order to maximize profits for shareholders of the Company. The Company filed documentation with the Tokyo Stock Exchange to register him as an independent director under the provisions set forth by the Tokyo Stock Exchange. * The amount of transactions between the Company and Yamaha Motor Co., Ltd. is less than 0.3% of consolidated net sales of both companies.	

No.	Name (Date of Birth)	Brief personal history; position; charge; and important concurrent duties	Number of the Company shares held
6	Mikio Fujitsuka (March 13, 1955) Candidate for Reappointment Candidate for Outside Director Candidate for Independent Outside Director	April 1977: Entered Komatsu Ltd. June 2001: General Manager of Corporate Controlling Department April 2005: Executive Officer April 2008: President of Global Retail Finance Business Division February 2009: General Manager of Corporate Planning Division and President of Global Retail Finance Business Division April 2010: Senior Executive Officer April 2011: CFO June 2011: Director and Senior Executive Officer April 2013: Director and Senior Executive Officer April 2016: Executive Vice President and Representative Director June 2019: Outside Director of the Company (current position) June 2019: Outside Corporate Auditor of Mitsui Chemicals, Inc.(current position)	0
		- Term of office as a director: Three (3) years (at the conclusion of this Ordinary General Shareholders' Meeting) - Attendance at Board of Directors meetings: 14 out of 14 meetings (100%) - Attendance at Audit Committee meetings: - 16 out of 16 meetings (100%) - Reasons for nomination as director: Having been involved in management as CFO at one of the largest global construction machinery manufacturers in Japan, Mr. Mikio Fujitsuka has a wealth of experience and achievements alongside broad insight as a corporate officer, as well as adequate knowledge of finance and accounting. Since assuming the position of Outside Director of the Company in June 2019, he has provided highly effective supervision while supporting the determination of major corporate actions and quick and decisive execution on decision-making, based on his wealth of achievements and insights, etc., as a corporate officer. He has been nominated as a director on expectations that he will help further strengthen the oversight function of the Board of Directors through these achievements and insights, etc. - About independence The Company filed documentation with the Tokyo Stock Exchange to register him as an independent director under the provisions set forth by the Tokyo Stock Exchange.	

No.	Name (Date of Birth)	Brief personal history; position; charge; and important concurrent duties	Number of the Company shares held
7	Paul Candland (December 4, 1958) Candidate for Reappointment Candidate for Outside Director Candidate for Independent Outside Director	June 1985: Entered Owens Corning April 1987: Entered PepsiCo, Inc. November 1994: President of Okinawa Pepsi-Cola April 1998: Representative, Japan Branch of PepsiCo International Ltd. November 1998: Representative Director and General Manager of The Disney Store Japan, Inc. April 2002: Japan Managing Director, Walt Disney Television International of The Walt Disney Company (Japan) Ltd. June 2007: Representative Director and President July 2014: President of The Walt Disney Company Asia September 2018: Managing Director of PMC Partners Co., Ltd. (current position) June 2019: Outside Director of the Company (current position) September 2019: CEO of Age of Learning, Inc. March 2022: Outside Director of Dentsu Group Inc. (current position)	500
		- Term of office as a director: Three (3) years (at the conclusion of this Ordinary General Shareholders' Meeting) - Attendance at Board of Directors meetings: 14 out of 14 meetings (100%) - Attendance at Nominating Committee meetings: 4 out of 4 meetings (100%) - Attendance at Compensation Committee meetings: 4 out of 4 meetings (100%) - Reasons for nomination as director: Having been involved in management as the person responsible for the Asian region and Japanese arm of a global entertainment company, Mr. Paul Candland has a wealth of experience and achievements alongside broad insight as a corporate officer as well as broad knowledge of brand and marketing. Since assuming the position of Outside Director of the Company in June 2019, he has provided highly effective supervision while supporting the determination of major corporate actions and quick and decisive execution on decision-making, based on his wealth of achievements and insights, etc., as a corporate officer. He has been nominated as a director on expectations that he will help further strengthen the oversight function of the Board of Directors through these achievements and insights, etc. - About independence There are no transaction relationships between the Company and PMC Partners Co., Ltd., where Mr. Paul Candland serves as representative, and neither party is classified as a major shareholder of the other. The Company filed documentation with the Tokyo Stock Exchange to register him as an independent director under the provisions set forth by the Tokyo Stock Exchange.	

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<tr><th>No.</th><th>Name
(Date of Birth)</th><th>Brief personal history; position; charge; and important concurrent duties</th><th>Number of the Company shares held</th></tr>
<tr><td rowspan="2">7</td><td rowspan="2">Hiromichi Shinohara
(March 15, 1954)

Candidate for Reappointment

Candidate for Outside Director

Candidate for Independent Outside Director</td><td>April 1978: Entered Nippon Telegraph and Telephone Public Corporation
June 2003: Head of Access Service System Laboratory of NIPPON TELEGRAPH AND TELEPHONE CORPORATION (NTT)
June 2007: Head of the Information Sharing Laboratory Group of NTT
June 2009: Senior Vice President, Head of Research and Development Planning, Member of the Board of NTT
June 2012: Executive Vice President, Head of Research and Development Planning, Member of the Board of NTT
June 2014: Senior Executive Vice President, Head of Research and Development Planning, Member of the Board of NTT
June 2018: Chairman of the Board of NTT (current position)
June 2021: Outside Director of the Company (current position)</td><td>100</td></tr>
<tr><td colspan="2">- Term of office as a director:
- One (1) year (at the conclusion of this Ordinary General Shareholders' Meeting)
- Attendance at Board of Directors meetings:
11 out of 12 meetings (91.7%)
- Attendance at Nominating Committee meetings:
4 out of 4 meetings (100%)
- Attendance at Compensation Committee meetings:
4 out of 4 meetings (100%)
- Reasons for nomination as director and expected role:
Having been involved in management as a representative director of one of the largest communications and ICT companies in Japan, Mr. Hiromichi Shinohara has a wealth of experience and achievements alongside broad insight as a corporate officer. He also haswide-ranging and in-depth knowledge of communications systems and electronics.
He has been nominated as a director on expectations that he will help strengthen the oversight function of the Board of Directors through these achievements and insights, etc.
- About independence
There are no significant transaction relationships* between the Company and NIPPON TELEGRAPH AND TELEPHONE CORPORATION (NTT), where Mr. Hiromichi Shinohara serves as director, and neither party is classified as a major shareholder of theother. The Company filed documentation with the Tokyo Stock Exchange to register him as an independent director under the provisions set forth by the Tokyo Stock Exchange.
* The amount of transactions between the Company and NTT is less than 0.3% ofconsolidated net sales of either of the two companies.</td></tr>
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No.	Name (Date of Birth)	Brief personal history; position; charge; and important concurrent duties	Number of the Company shares held
8	Naoko Yoshizawa (May 29, 1964) Candidate for Reappointment Candidate for Outside Director Candidate for Independent Outside Director	August 1988: Entered Fujitsu Limited September 2009: Vice President of Mobile Phones Unit of Fujitsu Limited October 2011: Head of Global Research & Development Center of Fujitsu Laboratories of America, Inc. April 2016: Deputy Head of Advanced System Research & Development Unit and Head of AI Promotion Office of Fujitsu Limited April 2017: Corporate Executive Officer and Head of AI Platform Business Unit of Fujitsu Limited April 2018: Corporate Executive Officer, EVP and Vice Head of Digital Services Business of Fujitsu Limited September 2018: Corporate Executive Officer, EVP of Fujitsu Limited, CEO of FUJITSU Intelligence Technology Ltd. November 2019: Corporate Executive Officer, EVP and Evangelist of Digital Software & Solutions Business Group of Fujitsu Limited October 2020: Director of knowledge piece Inc. (current position) May 2021: Outside Director of Nitori Holdings Co., Ltd. (current position) June 2021: Outside Director of the Company (current position)	0
		- Term of office as a director: One (1) year (at the conclusion of this Ordinary General Shareholders' Meeting) - Attendance at Board of Directors meetings: 12 out of 12 meetings (100%) - Attendance at Audit Committee meetings: 13 out of 13 meetings (100%) - Reasons for nomination as director and expected role: Having been involved in management as an executive officer of one of the largest electronics and ICT companies in Japan and as the CEO of its overseas group company, Ms. Naoko Yoshizawa has a wealth of experience and achievements alongside broad insight as a corporate officer. She also has a high degree of expertise in digital and AI technologies. She has been nominated as a director on expectations that she will help strengthen the oversight function of the Board of Directors through these achievements and insights, etc. - About independence There are no transaction relationships between the Company and knowledge piece Inc., where Ms. Naoko Yoshizawa serves as director, and neither party is classified as a majorshareholder of the other. The Company filed documentation with the Tokyo Stock Exchange to register her as an independent director under the provisions set forth by the Tokyo Stock Exchange. * The amount of transactions between the Company and Fujitsu, Ltd. is less than 0.1% of consolidated net sales of both companies.	

Notes:

1. Special interests between the candidates for director and the Company

Of the candidates for director, the nominees for directors who have special interests in the Company are as follows.

1) Mr. Takuya Nakata doubles as President of Yamaha Music Foundation, with which the Company conducts transactions for contracting operations, etc.
2) Mr. Yoshihiro Hidaka doubles as President and Representative Director of Yamaha Motor Co., Ltd., with which the Company conducts transactions for the lease of real estate, etc. The amount of transactions between the Company and Yamaha Motor Co., Ltd. is less than 0.3% of consolidated net sales of both companies.

2. Summary of the liability limitation agreement

Mr. Taku Fukui, Mr. Yoshihiro Hidaka, Mr. Mikio Fujitsuka, Mr. Paul Candland, Mr. Hiromichi Shinohara and Ms. Naoko Yoshizawa have entered into agreements with the Company to limit the liability for damage stipulated in Article 423, Paragraph 1 of the Companies Act. The maximum amount of liability under the agreements is the minimum amount stipulated inlaws and regulations. If their re-elections are approved, the Company will renew the liability limitation agreements under the same conditions.

3. Summary of directors and officers liability insurance contract

The Company has entered into a directors and officers liability insurance contract, as stipulated in Article 430-3, Paragraph 1 of the Companies Act, with an insurance company under which the Company's directors and other officers are designated as the insured. The said insurance contract covers damages including compensation for damages and legal expenses to be borne by the directors and officers in the event that a claim for damages is filed against them by a shareholder, a third party, or other persons. Each of the candidatesfor director will be insured under the said insurance contract. The Company intends to renew the contract withthe same contents at the time of the next renewal.

Standards and qualities of independence of the independent outside directors

1. Persons for whom any of the following apply may not serve as independent outside directors of the Company. If after the appointment of an independent outside director any of the following are found to apply, the appointment shall be nullified.

1) Persons who do not meet the requirements and qualifications of an outside director as stipulated in the Companies Act.
2) Persons or executives with whom the Group is a significant business partner, or persons or executives which are significant business partners for our Group.
   Here, "significant business partner" means, in any one of the most recent three years, any company for which the amount the Company receives from the group of business partners exceeds 2% of the Company's consolidated net sales, or the amount to be paid to the Company that exceeds 2% of those companies' consolidated net sales or any of the top five banks with which we transact business.
3) Principal shareholders in the Company or executives of the Company, or directors or corporate auditors of companies in which the Company is a principal shareholder.
   Here, "principal shareholder" means any entity holding more than 10% of the outstanding shares or other form of equity investment.
4) Persons who are directors or corporate auditors of companies in a mutual secondment relationship with the Group.
5) Consultants, accounting specialists or legal specialists who receive large sums of money or other assets – other than executive remuneration – from the Company. (If the entities receiving said assets are corporations, unions or other groups, then persons associated with these organizations.)
   Here, "large sums of money or other assets" means the amount of more than 10 million yen that is to be paid by the Company in any one of the most recent three fiscal years. (In cases of non-monetary compensation, this refers to the market value at the time of payment.)
6) Close relatives of anyone for whom (a) through (c) below apply (relations within the second degree).

(a) Persons for whom 2) through 4) apply.
(b) Executives of the Company or any of its subsidiaries.
(c) Persons for whom (b) above applied at the time of the most recent General Shareholders' Meeting when persons were appointed as directors.

2. Even persons for whom 2) through 6) above apply may be appointed as independent outside directors, or not have their appointment nullified, if it can be clearly determined there exists no possibility of conflict with the interests of ordinary shareholders, and those reasons are clearly stated.

Composition of the Board of Directors

The makeup of the Board of Directors is diverse and comprises persons with expertise and experience who have the necessary insight, high ethical values, sense of fairness, and integrity. The Board of Directors shall have the number of people that allows the Board of Directors to perform its functions effectively and efficiently. Furthermore, in order to perform the oversight function with a high level of transparency and objectivity, an appropriate proportion of the Board of Directors shall be independent outside directors.

Nomination and appointment standards of directors and other positions

Regarding the selection of candidates for director, the Nominating Committee selects candidates based on basic personal qualities and capabilities, competency, experience and record of achievements that are required of directors as defined by their roles, and then decides on the content of selection proposals to be submitted to the General Shareholders' Meeting.

Regarding the selection of members and the chairs of the Nominating Committee, Audit Committee, and Compensation Committee, the Nominating Committee select candidates based on personal qualities and capabilities as defined by the roles of the committee. The Nominating Committee then decides on the content of selection proposals to be submitted to the Board of Directors. Note that for the selection of candidates for members and the chair of the Audit Committee, the Nominating Committee gathers opinions from the Audit Committee in advance.

For Executive Officers, the Nominating Committees selects candidates based on basic personal qualities and capabilities, competency, experience, and record of achievements that are required of Executive Officers as defined by their respective roles, and then decides on the content of selection proposals to be submitted to the Board of Directors.

Expertise held by the Company's candidates for director

Candidate for director		Corporate management	Legal and risk management	Finance and accounting	IT and digital	Manufacturing, technology, and R&D	Marketing and sales	Global
Takuya Nakata		X			X	X	X	X
Satoshi Yamahata			X	X				X
Taku Fukui	Outside		X					X
Yoshihiro Hidaka	Outside	X		X				X
Mikio Fujitsuka	Outside	X	X	X				X
Paul Candland	Outside	X					X	X
Hiromichi Shinohara	Outside	X			X	X		X
Naoko Yoshizawa	Outside	X			X	X		X

(Attached Documents)

Business Report

(From April 1, 2021 to March 31, 2022)

1. Current Conditions of the Yamaha Group

(1) Business Developments and Results

General Business Conditions

The business environment in the fiscal year ended March 31, 2022, was characterized by the recovery trend after the sharp slowdown in the global economy in 2020 caused by the COVID-19 pandemic due to progress with vaccination programs and with support from fiscal and monetary policies in each country. At the same time, the outlook for business conditions remains uncertain as the economic growth has been hampered by the shortage of semiconductors, disrupted supply chains, soaring natural resource prices as well as the impact of Russia's invasion of Ukraine after the end of the fiscal year. The business outlook is similar for the Japanese economy as it is facing the resurgence of infections of the Omicron variant that make it still difficult to forecast when the pandemic will come to an end. To support the continuation of corporate activities under various restrictions, the major issue was to balance efforts to control the spread of infection with socio-economic activities.

In these conditions, the Yamaha Group has been pursuing four key strategies under its medium-term management plan "Make Waves 1.0," with the basic policy of "develop closer ties with customers and society, and boost value creation capabilities." Financial targets were not met due to the restrictions on social activities imposed by the COVID-19 pandemic and the extensive impact on business activities caused by supply chain disruptions. Despite these setbacks, we have made steady progress in the key strategies of "Develop Closer Ties with Customers," "Create New Value," "Enhance Productivity," and "Contribute to Society through Our Business." Consequently, we achieved all of the nonfinancial targets that were first set in the previous medium-term management plan: corporate brand value, spreading instrumental music education in emerging countries, and certified timber use.

For the efforts to develop closer ties with customers, while consumer purchasing behavior has been changing substantially, we reinforced customer contact points and strengthened the framework for communicating our product and brand value as the strategy to enhance lifetime value (LTV). One of the key points for contact with the customers is the customer experience sites. During the year we renovated the Nagoya shop following the Ginza shop to make them into experience-oriented brand shops where we communicate the Yamaha world view by providing opportunities for customers to directly engage with our products and to sense the quality. We also responded to the increasing use of ecommerce and social media by mobilizing a dual approach of both physical stores and online initiatives, accelerating our direct value appeal to customers. In addition, we broadened the business domains by securing adoption by the Chinese automakers for our in-vehicle audio systems.

In the key strategy to create new value, the designs of the YDS-150 digital saxophone and THR30IIA Wireless amplifier for guitars were highly acclaimed and both received the DFA Design for Asia Awards in 2021. We also offered various products and services designed to provide solutions to social challenges, including the YVC Series of speakerphones that enable quality remote communication for business and education settings, the Remote Cheerer system enabling concerts, sports, and other various live events to enliven events remotely, and the Distance Viewing of next-generation live viewing service, to be held in a safe and secure manner.

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

In our drive to contribute to society through our business, we garnered a cumulative total of 1.29 million students to the target of a “cumulative total of 1 million students through promoting instrumental music education in emerging markets.” As a result of our efforts to promote the spread of music, we opened the Yamaha Music School Riyadh in November 2021 as the country's first authorized music education facility in the Kingdom of Saudi Arabia. We also achieved the target of “50% certified timber use rate,” which was at 52% and exceeding the plan.

In the fiscal year ended March 31, 2022, revenue increased by ¥35,566 million (9.5%) year on year to ¥408,197 million, mainly due to progress in the recovery from the impact of the COVID-19 pandemic, despite continued shortages in the product supply caused by difficulties in procuring semiconductors and disruptions in logistics. Core operating profit increased by ¥2,301 million (5.7%) year on year to ¥43,012 million due to increase in revenue. Profit for the period attributable to owners of parent increased ¥10,640 million (40.0%) year on year to ¥37,255 million.

Musical Instruments Business

Revenue increased in all products as market conditions recovered, despite continued shortages in the product supply due to difficulties in procuring semiconductors such as sound-generating LSIs and disruptions in logistics. Revenue also increased in all regions respectively.
As a result, the musical instruments business posted a revenue increase of ¥37,172 million (15.6%) year on year to ¥276,153 million. Core operating profit increased by ¥4,899 million (15.1%) to ¥37,317 million.

Audio Equipment Business

Revenue of audio equipment and ICT equipment declined due to the significant effect of semiconductor procurement difficulties. Revenue of professional audio equipment increased due to a recovery trend in demand.
As a result, the audio equipment business recorded a revenue decline of ¥6,889 million (-6.6%) year on year to ¥96,924 million. Core operating profit declined by ¥5,531 million (-78.3%) to ¥1,536 million.

Industrial Machinery/Components and Others

Revenue of electronic devices and the automobile interior wood components increased due to the market recovery, but revenue for factory automation (FA) equipment declined.
As a result, revenue of others business overall increased by ¥5,282 million (17.7%) year on year to ¥35,119 million. Core operating profit increased by ¥2,932 million to ¥4,158 million, compared to ¥1,225 million in the previous fiscal year.

(2) Capital Expenditure

Segments	Investment (million yen)	percentage change from previous quarter (%)	Composition Ratio (%)
Musical Instruments Business	11,602	43.2	78.2
Audio Equipment Business	2,554	-1.0	17.2
Industrial Machinery/Components and Other Businesses	678	17.9	4.6
Total	14,835	31.8	100.0

(3) Fund Raising

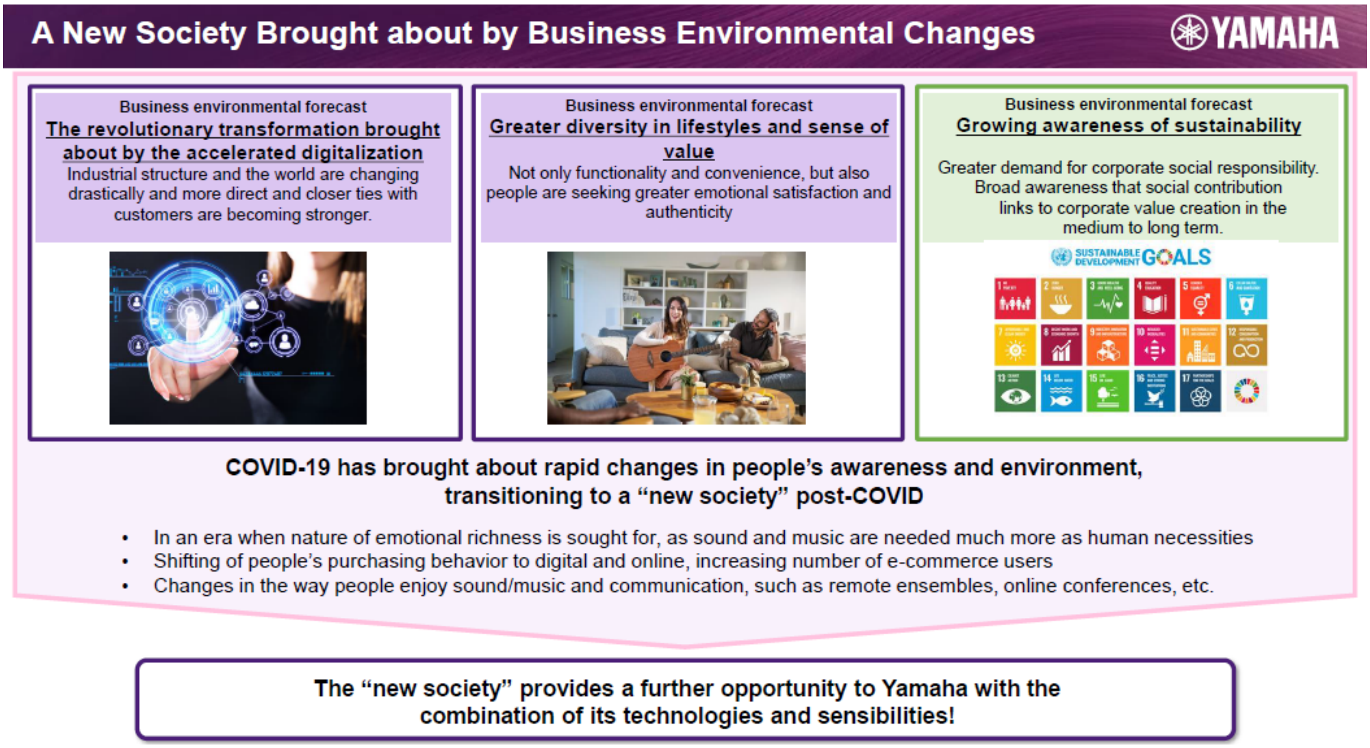
Not applicable

(4) Issues to Be Addressed

As an important issue for the Yamaha Group to tackle, we have formulated materiality with reference to the opinions of stakeholders and inside and outside experts. Based on these materials, we have formulated a new medium-term management plan, "Make Waves 2.0," for the three years from April 2022.

1) **Recognition of Operating Environment**

With the COVID-19 pandemic, the changes in our operating environment have rapidly accelerated which we assumed in the previous medium-term management plan, such as digitization, diversification, and growing awareness in sustainability. While outdoor activities and face-to-face activities are constrained, the exchange of goods and information via the internet is expanding, while products and services that accommodate new lifestyles are being created. The further growth of sustainability awareness is believed to be evidence that people’s interests are moving towards an authentic affluence of mind that goes beyond economic prosperity. We recognize that the new society brought about by these environmental changes will provide further opportunities for the Group, which has been pursuing the excitement and cultural inspiration through combining technologies and sensibilities based on sound and music.



2) **Management Vision and Basic Policy of the New Medium-Term Management Plan**

Management Vision (Medium- to Long-Term Vision)

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

Basic Policy

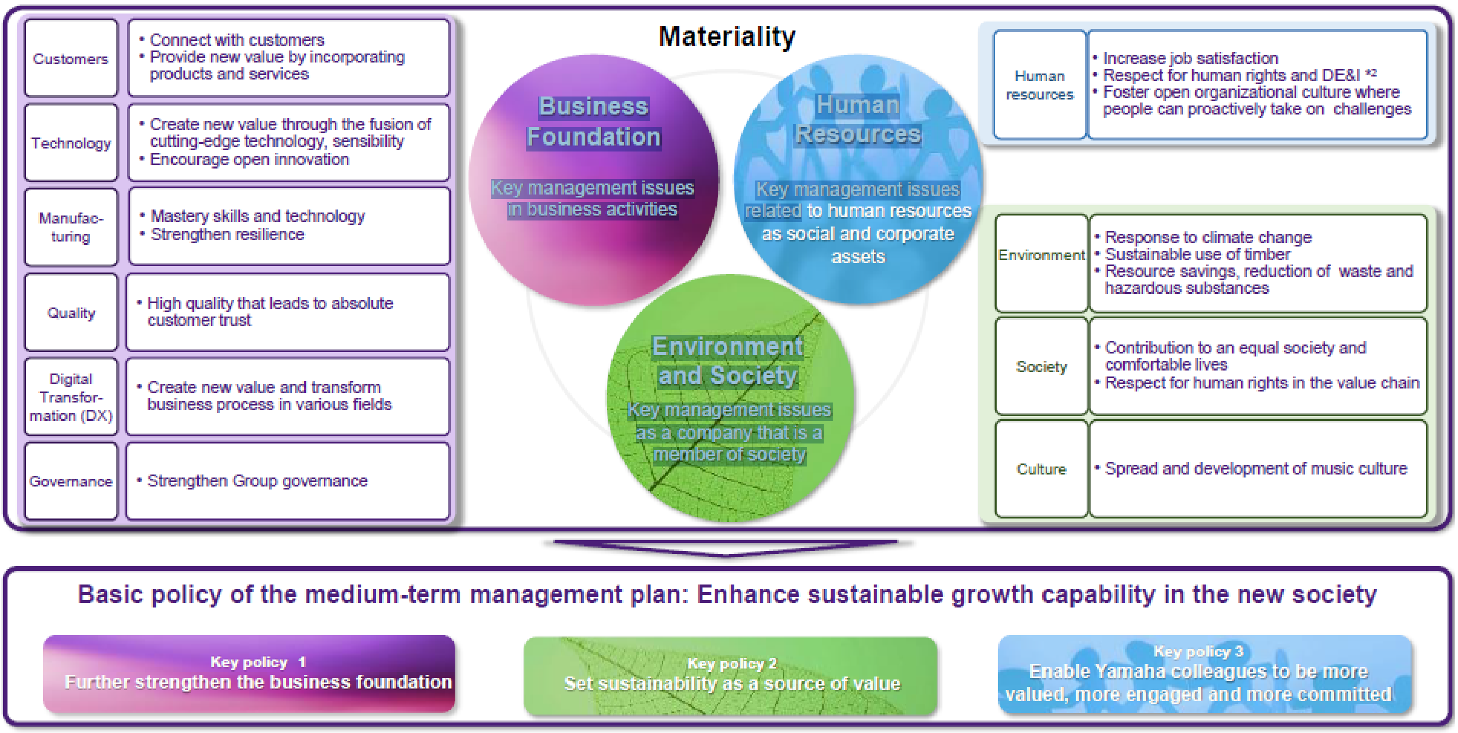
Enhance Sustainable Growth Capability in the New Society

The Yamaha Group aims to create a society that promotes the well-being of people around the world through its business activities. Our corporate philosophy is “Sharing Passion & Performance: With our unique expertise and sensibilities, gained from our devotion to sound and music, we are committed to creating excitement and cultural inspiration together with people around the world” and, we use it as the starting point for our actions. We have been enhancing our corporate value at each stage of the medium-term management plan based on our medium- to long-term management vision of “Becoming an Indispensable, Brilliantly Individual Company.”

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

3) **Materiality and Three Key Policies**

The Yamaha Group has decided the Materiality of three categories of "Business Foundation," "Environment and Society" and "Human Resources," and of ten themes. In the "Make Waves 2.0," we have established three key policies based on the Materiality.



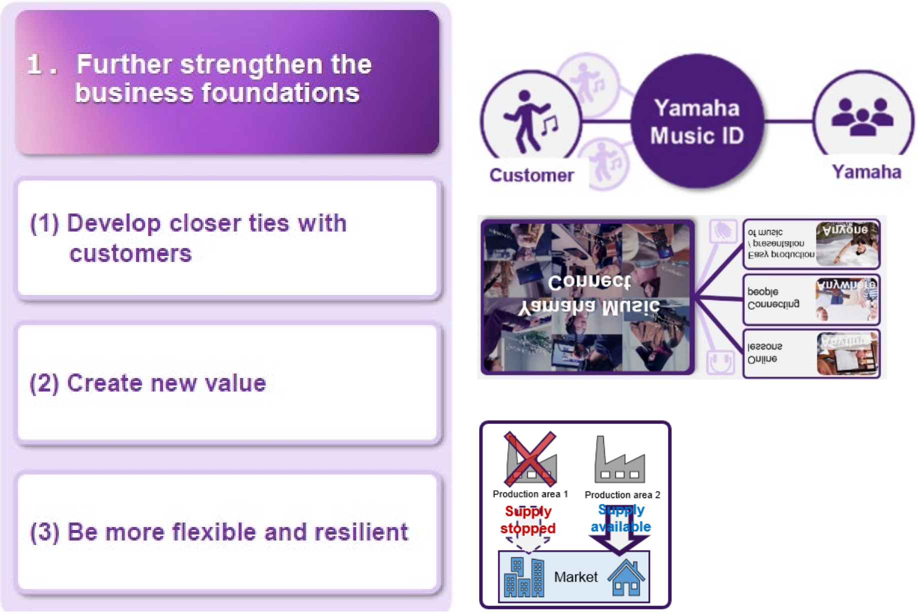
*1 Material Management Issues

*2 DE&I: Diversity, Equity, and Inclusion

4) **Details of Three Key Policies**

1. Further strengthen the business foundation

In addition to providing a brand experience that integrates digital marketing with activities at physical stores, Yamaha will further enhance its brand value by strengthening ties with customers through the expansion of its direct sales structure to end consumers. In products and services, we will create new experiences by combining Yamaha's strengths in acoustic and digital technologies, as well as AI and networks, with Yamaha’s unique sensibilities. We will also create added value through DX while improving our resilience in procurement and production to create a business organization that can flexibly adapt to changes in the external environment.



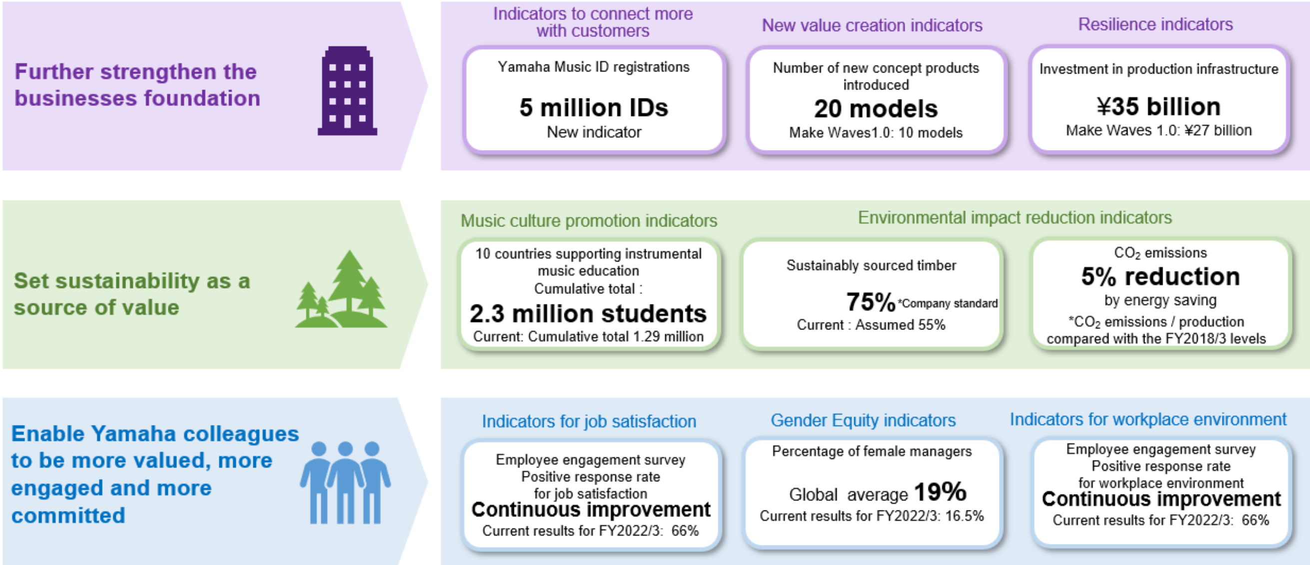
2. Set sustainability as a source of value

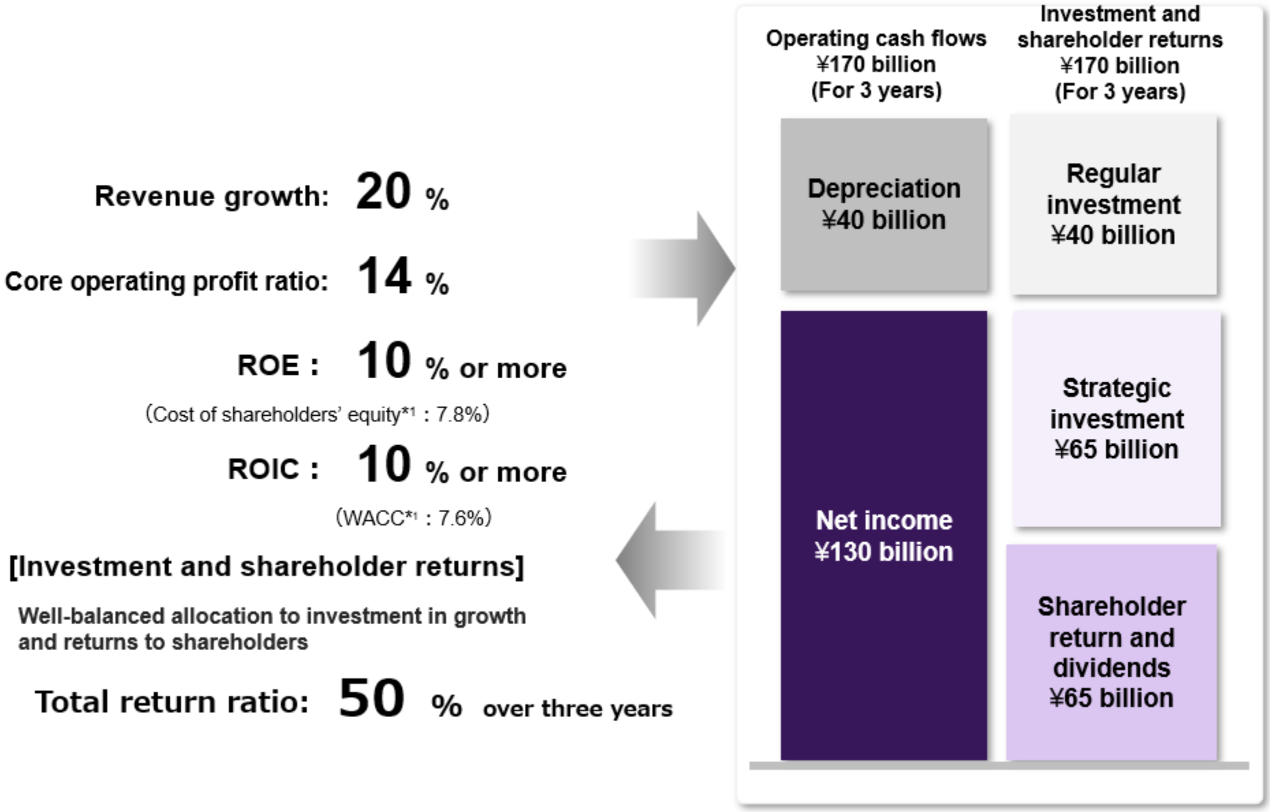
As we aim to achieve carbon neutrality toward 2050, we will strive to support the conservation of the global environment through the reduction of CO_2 emissions in our business activities and the sustainable use of timber. We will create social value by solving ongoing social issues through our products and services and contributing to comfortable and safe lives. We will also contribute to the global music scene through the supply of a wide variety of musical instruments and will make every effort to spread and develop the music culture as a whole, including the spread of instrumental music education in emerging countries.

3. Enable Yamaha colleagues to be more valued, more engaged and more committed
The vitality of the people we work with is an essential element of our business activities and the driving force for creating social and corporate value. We will structure a management that makes the most of each employee's potential so that each employee can perform at his or her best. By creating opportunities for multifaceted communication within and between organizations, we will promote the creation of a comfortable workplace that secures psychological safety, and foster an organizational culture in which many challenges and co-creations are generated from the wisdom and ideas of diverse human resources.

5) **Management Targets**

Non-financial targets



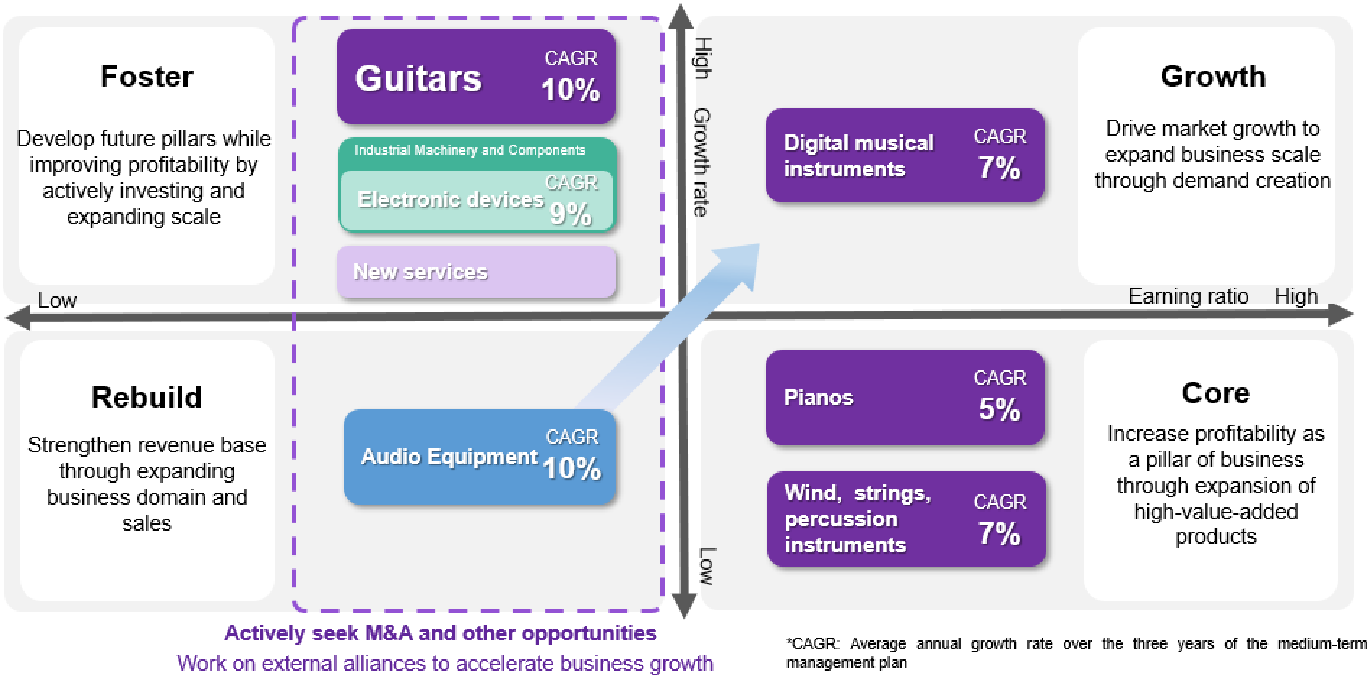


Foreign exchange rates used in the medium-term management plan: U.S.$1 = ¥115 and €1 = ¥130

6) **Governance**

Taking advantage of the characteristics of a company with three committees, we will continue to improve with the aim of achieving more effective corporate governance while conducting regular evaluations. In addition, we will improve the system of group governance to realize the improvement of risk responsiveness and a sound and strong management foundation.

7) Business Portfolio and Direction



Musical Instruments Business

We will expand sales of high value-added products by enhancing sales and marketing that conforms to the new society. For electronic musical instruments, which we position as our growth business, we will drive market growth and expand the scale of business by creating demands. For guitars, which we position as a business to be developed, we will expand its scale while improving profitability by implementing measures to enhance brand power, mainly for the mid- to high-end price range products. With piano and wind, string, and percussion instruments, which we position as our core business, we will establish our position as a premium brand and further enhance profitability.

Audio Equipment Business

Positioning this business as a business to be restructured, we will expand the business domain into a new market for audio equipment, which has undergone significant changes due to the COVID-19 pandemic. We will flexibly recombine a wide range of our technological assets and resources and establish a development platform and structure that will enable us to efficiently provide products and solutions tailored to each market.

Industrial Machinery/Components and Other Businesses

We position these businesses as those to be developed, and will establish as a new pillar of our business the provision of solutions for the in-vehicle sound space in the CASE era, centered on in-vehicle audio in the electronic devices business that we have been working on since the previous Medium-Term Management Plan.

8) **Strategy by Business**

Musical Instruments Business

We will work to further enhance our business platform with a view to growing the musical instruments business over the long-term. While positioning China, India, and the ASEAN region as key growth markets, we will promote market development and expansion of sales channels. In addition, we will endeavor to increase music-loving active users by developing concept products unique to Yamaha that does not fit into the existing music instruments category and also by offering services that can enhance the joy of music. Through these initiatives, we will enhance our presence in the market, pursue share expansion and profitability improvement, and achieve a sustainable and highly profitable structure.

Audio Equipment Business

To capture demands for audio equipment that has undergone significant changes due to the COVID-19 pandemic, we will reconstruct this business and expand the business domain. We will flexibly recombine our technological assets and resources for new growth markets and establish a development platform and structure that will enable us to efficiently provide products and solutions tailored to each market. For the corporate customer market, we will expand our reach to include corporations, public facilities, and schools as new markets, and offer audio systems that enable users to enjoy a comfortable sound environment even without specialized knowledge. For the individual customer market, we will provide sound environments and solutions that enable users to easily realize high-quality sounds with simple settings for online gaming, production, and webcasts.

Industrial Machinery/Components and Other Businesses

We will establish our business in this market as an indispensable solution vendor for the mobility society in the new era by leveraging our long-cultivated sound technologies and credibility to provide solutions that can solve various issues related to in-vehicle sound environments such as automotive sound systems and emergency call systems. In the factory automation business, we aim to develop new markets with ultrasonic inspection equipment based on ultrasonic and sensing technologies as well as inspection equipment such as leak testers for EV batteries.

(5) Operating Performance and Status of Assets for the Group

Millions of yen, except profit per share (net income per share)

Items (Items in parentheses show items under Japanese GAAP)	International Financial Reporting Standards (IFRS)			
	195th Fiscal Year (April 1, 2018 – March 31, 2019)	196th Fiscal Year (April 1, 2019 – March 31, 2020)	197th Fiscal Year (April 1, 2020 – March 31, 2021)	198th Fiscal Year (April 1, 2021 – March 31, 2022)
Revenue (net sales)	434,373	414,227	372,630	408,197
Core operating profit (operating income)	52,745	46,352	40,711	43,012
Profit for the period attributableto owners of the parent (net incomeattributable to owners of parent)	40,337	34,621	26,615	37,255
Profit per share (net income per share) (yen)	222.12	194.71	151.39	214.79
Total assets (total assets)	515,924	474,034	557,616	580,927
Total equity (net assets)	359,007	326,450	396,949	415,927

(Note) The Group has applied the International Financial Reporting Standards (IFRS) from the 196th fiscal year. Financial figures through the 195th fiscal year in accordance with the International Financial Reporting Standards (IFRS) are displayed under IFRS, reclassified from the figures announced under Japanese GAAP.

(6) Principal Subsidiaries

Name	Capital	Percentage of ownership (%)	Main business lines
Yamaha Corporation of America	50,000 thousand U.S. dollars	100.0	Import and sales of musical instruments and audio equipment
Yamaha Music Europe GmbH	70,000 thousand euros	100.0	Import and sales of musical instruments and audio equipment
Yamaha Music & Electronics (China) Co., Ltd.	782,023 thousand CNY	100.0	Investment management for subsidiaries in China, sales of musical instruments and audio equipment
Xiaoshan Yamaha Musical Instruments Co., Ltd.	274,888 thousand CNY	100.0*	Manufacturing of musical instruments
Yamaha Electronics (Suzhou) Co., Ltd.	328,754 thousand CNY	100.0*	Manufacturing of musical instruments and audio equipment
Hangzhou Yamaha Musical Instruments Co., Ltd.	396,121 thousand CNY	100.0*	Manufacturing of musical instruments
PT. Yamaha Indonesia	8,507 million Indonesian rupiahs	100.0	Manufacturing of musical instruments
PT. Yamaha Music Manufacturing Asia	82,450 million Indonesian rupiahs	100.0	Manufacturing of musical instruments and audio equipment
PT. Yamaha Musical Products Asia	568,540 million Indonesian rupiahs	100.0*	Manufacturing of musical instruments
Yamaha Electronics Manufacturing (M) Sdn. Bhd.	31,000 thousand Malaysian ringgit	100.0	Manufacturing of audio equipment
Yamaha Music India Pvt. Ltd.	3,700 million rupees	100.0*	Import and sales of musical instruments and audio equipment, manufacturing of musical instruments
Yamaha Music Japan Co., Ltd.	100 million yen	100.0	Sales of musical instruments and audio equipment
Yamaha Music Retailing Co., Ltd.	100 million yen	100.0*	Sales of musical instruments
Yamaha Music Manufacturing Japan Corporation	100 million yen	100.0	Manufacturing of musical instruments and audio equipment

Notes: 1. Percentages with * include the Company's indirect ownership.
2. The Company has 55 consolidated subsidiaries, including the 14 principal subsidiaries listed above.

(7) Main Businesses

Segments	Major products
Musical Instruments Business	Pianos, digital musical instruments, wind instruments, strings, percussion instruments, music schools, English-language schools, and music software
Audio Equipment Business	Audio products, professional audio equipment, information and telecommunication equipment, and soundproof rooms
Industrial Machinery/Components and Other Businesses	Electronic devices, automobile interior wood components, factory automation (FA) equipment, golf products, accommodations, and management of sports facilities

(8) Main Bases and Facilities for the Group

<table>
<tr><td rowspan="2">The Company</td><td>Headquarters</td><td>10-1 Nakazawa-cho, Naka-ku, Hamamatsu, Shizuoka</td></tr>
<tr><td>Sales offices</td><td>Tokyo Office (Minato-ku, Tokyo), Osaka Office (Naniwa-ku, Osaka)</td></tr>
<tr><td rowspan="2">Subsidiaries</td><td>Japan</td><td>Yamaha Music Japan Co., Ltd. (Minato-ku, Tokyo)
Yamaha Music Retailing Co., Ltd. (Minato-ku, Tokyo)
Yamaha Music Entertainment Holdings, Inc. (Toshima-ku, Tokyo)
Yamaha Fine Technologies Co., Ltd. (Minami-ku, Hamamatsu)
Yamaha Music Manufacturing Japan Corporation (Iwata-shi, Shizuoka)</td></tr>
<tr><td>Overseas</td><td>Yamaha Corporation of America (U.S.A.)
Yamaha Canada Music Ltd. (Canada)
Yamaha Music Europe GmbH (Germany)
Yamaha Music & Electronics (China) Co., Ltd. (China)
Xiaoshan Yamaha Musical Instruments Co., Ltd. (China)
Yamaha Electronics (Suzhou) Co., Ltd. (China)
Hangzhou Yamaha Musical Instruments Co., Ltd. (China)
Tianjin Yamaha Electronic Musical Instruments, Inc. (China)
PT. Yamaha Indonesia (Indonesia)
PT. Yamaha Music Manufacturing Asia (Indonesia)
PT. Yamaha Musical Products Asia (Indonesia)
Yamaha Electronics Manufacturing (M) Sdn. Bhd. (Malaysia)
Yamaha Music India Pvt. Ltd. (India)</td></tr>
</table>

(9) Employees

Segments	Number of employees	Annual change
Musical Instruments Business	14,680	199
Audio Equipment Business	4,158	-348
Industrial Machinery/Components and Other Businesses	1,057	23
Total	19,895	-126

Note: The number of employees refers to workers employed full time.

(10) Principal Lenders

Not applicable

2. The Company's Stocks

(1) Maximum Number of Shares Authorized to be Issued: 700,000,000

(2) Number of Shares Outstanding: 187,300,000 (including 15,756,795 shares of treasury shares)

(3) Number of Shareholders: 18,604

(4) Principal Shareholders

Shareholders	Number of shares held (Thousand shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (trust a/c)	40,631	23.69%
Custody Bank of Japan, Ltd. (trust a/c)	12,383	7.22%
Yamaha Motor Co., Ltd.	8,026	4.68%
The Shizuoka Bank, Ltd.	7,525	4.39%
Sumitomo Life Insurance Company	7,300	4.26%
Mitsui Sumitomo Insurance Co., Ltd.	5,917	3.45%
Nippon Life Insurance Company	5,002	2.92%
State Street Bank and Trust Company 505223	2,969	1.73%
Mizuho Bank, Ltd.	2,958	1.72%
State Street Bank and Trust Company 505001	2,867	1.67%

Note: The Company holds 15,756,254 shares of treasury shares which have been excluded from the above Major Shareholders. The shareholding ratio is calculated by excluding treasury shares from total outstanding shares.

Breakdown of Shareholders

Shareholders	Number of shareholders (Persons)	Number of shares held (Thousand shares)
Individuals	17,589	28,012
Domestic institutional investors	14	61,265
Domestic financial institution	36	36,318
Japanese corporations	193	9,623
Foreign institutional investors, etc.	725	48,989
Securities companies	47	3,091

Note: The figure for individuals includes treasury share.

3. The Company's Subscription Rights to Shares

Not applicable

4. Shares Held by the Company

(1) Basic Policy on Cross-Holdings

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 enterprise value over the medium-to-longer term. "Reasonable because it contributes to the Company's sustainable growth and the enhancement of enterprise value over the medium-to-longer term" refers to enhancing the value of our brand, supporting sustainable growth, and ensuring a strong financial base by maintaining stable relationships with companies with which we have important cooperative relationships, business partners, and financial institutions.

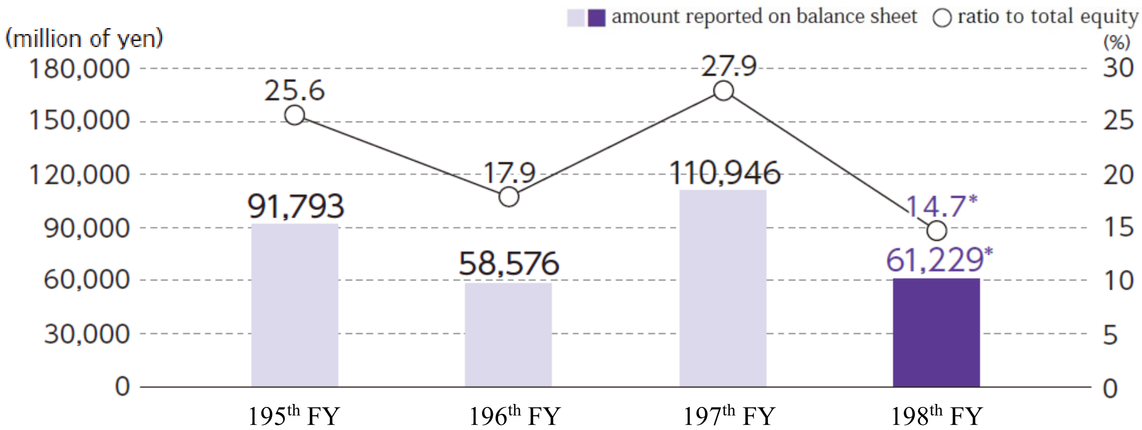
(2) Basic Policy on Reduction of Cross-Holdings

The Board of Directors regularly reviews the reasonableness of individual cross-holdings on an ongoing basis and works to reduce cross-holdings based on such verifications as whether the purposes for such shareholdings are appropriate and whether the benefits accruing from these holdings and the risks associated with them cover the cost of capital.

(3) Criteria on Exercising Voting Rights concerning 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 enterprise value of the company in question over the medium-to-longer term, whether it is in accordance with our "Basic policy concerning cross-holdings," and whether it leads to the enhancement of our enterprise value over the medium-to-longer term.

(4) Carrying Value of Shares Held by the Company Other Than Those Held Solely for the Purpose of Investment and Their Ratio to Total Equity



*In the 198th FY, the Company sold a portion of the Company's holding of the shares of Yamaha Motor Co., Ltd. as follows.

(1) Date of sale: August 24, 2021
(2) Number of shares sold: 19,000,000 shares (5.43%)
(3) Number of shares held prior to the sale: 34,642,790 shares (9.89%)
(4) Number of shares held after the sale: 15,642,790 shares (4.47%)

The proceeds from the sale of these shares, less taxes etc, were used to repurchase treasury stock.

5. Directors

(1) Names and Other Information regarding Directors

Name	Position	Responsibilities	Important concurrent duties
Takuya Nakata	Director	Nominating Committee Member Compensation Committee Member	Outside Director of Yamaha Motor Co., Ltd. President of Yamaha Music Foundation
Satoshi Yamahata	Director		
Taku Fukui	Outside Director	Audit Committee Member	Attorney (Kashiwagi Sogo Law Offices), Outside Corporate Auditor of METAWATER Co., Ltd., Professor of Keio University Law School
Yoshihiro Hidaka	Outside Director	Nominating Committee Member Compensation Committee Member	President, Chief Executive Officer and Representative Director of Yamaha Motor Co., Ltd.
Mikio Fujitsuka	Outside Director	Audit Committee Member	Outside Corporate Auditor of Mitsui Chemicals, Inc.
Paul Candland	Outside Director	Nominating Committee Member Compensation Committee Member	Managing Director of PMC Partners Co., Ltd., CEO of Age of Learning, Inc., Outside Director of Dentsu Group Inc.
Hiromichi Shinohara	Outside Director	Nominating Committee Member Compensation Committee Member	Chairman of the Board of NTT
Naoko Yoshizawa	Outside Director	Audit Committee Member	Director of knowledge piece Inc., Outside Director of Nitori Holdings Co., Ltd.

Notes: 1. Directors Taku Fukui, Yoshihiro Hidaka, Mikio Fujitsuka, Paul Candland, Hiromichi Shinohara and Naoko Yoshizawa are Outside Directors.
2. The Company files documentation with the Tokyo Stock Exchange to establish that Outside Directors Taku Fukui, Yoshihiro Hidaka, Mikio Fujitsuka, Paul Candland, Hiromichi Shinohara and Naoko Yoshizawa are independent directors under the provisions set forth by the Tokyo Stock Exchange.
3. In order to maintain independence of the Audit Committee and to ensure performance of audit with a high degree of objectivity, all members of the Audit Committee of the Company are independent outside directors and no standing member of the Audit Committee is appointed. In order to ensure effectiveness of audit by the Audit Committee, the Company established the Audit Committee's Office as a department to assist the Audit Committee with its duties and allocated two full-time employees to this department, in addition to appointing an Audit Officer, as Senior General Manager of Audit Committee's Office, and ensuring that this person attended important internal meetings and provided views thereat.
4. Audit Committee Member Mikio Fujitsuka has experience serving as CFO at one of the largest global construction machinery manufacturers in Japan, as well as adequate knowledge of finance and accounting.
5. Relationships between the Company and the organizations at which Outside Directors hold important concurrent duties are as follows.
   1) The Company holds 4.47% of shares of Yamaha Motor Co., Ltd., where Director Yoshihiro Hidaka holds a concurrent duty.
   2) Age of Learning, Inc., where Director Paul Candland holds a concurrent duty, operates a business of a similar nature to the language education business of the Group.
   3) There are no special relationships between the Company and the companies where Directors Taku Fukui, Mikio Fujitsuka, Hiromichi Shinohara and Naoko Yoshizawa hold concurrent duties.
6. Changes in the important concurrent duties of Outside Directors during fiscal 2021 are as follows.
   Directors Hiromichi Shinohara and Naoko Yoshizawa ware newly elected and assumed their position as Director at the 197th Ordinary General Shareholders' Meeting held on June 24, 2021.
   Director Yoshimi Nakajima retired because he completed her term of office at the conclusion of the 197th Ordinary General Shareholders' Meeting held on June 24, 2021.

Summary of the Liability Limitation Agreement

Directors Taku Fukui, Yoshihiro Hidaka, Mikio Fujitsuka, Paul Candland, Hiromichi Shinohara and Naoko Yoshizawa have enteredinto agreements with the Company to limit the liability for damage stipulated in Article 423, Paragraph 1 of the Companies Act. The maximum amount of liability under the agreements is the minimum amount stipulatedin laws and regulations.

Matters Related to the Directors and Officers Liability Insurance Contract

The Company has entered into a directors and officers liability insurance contract with an insurance company under which Directors, Executive Officers, Operating Officers, and Audit Officers of the Company as well as Directors and Corporate Auditors of the Company's subsidiaries (hereinafter referred to as "directors and officers") are designated as the insured. The insurance premiums are fully borne by the Company. The said insurance contract covers damages including compensation for damages and legal expenses to be borne by the directors and officers in the event that a claim for damages is filed against them during the insurance period in connection with the execution of their duties.

(2) Matters Relating to Outside Directors

Principal activities during fiscal 2021

Name	Position	Principal activities during fiscal 2021
Taku Fukui	Outside Director	He attended all 14 meetings of the Board of Directors and all 16 meetings of the Audit Committee held during fiscal 2021. He vigorously made comments on proposals and other matters of delib at Board of Directors meetings and Audit Committee meetings based high degree of expertise, wealth of experienceand achievements alc broad insight as an attorney. Moreover, as the chair of the Audit Com he played a leading role in enriching deliberations at Audit Con meetings. In this way, heappropriately fulfilled a role expected of an (Director of the Company.
Yoshihiro Hidaka	Outside Director	He attended all 14 meetings of the Board of Directors, all 4 meetings of the Nominating Committee, and all 4 meetings of the Compensation Committee held during fiscal 2021. He vigorously made comments on proposals and other matters of deliberation at Board of Directors meetings and meetings of the Nominating Committee and the Compensation Committee based on his wealth of experience and achievements alongside broad insight as a corporate officer as well as his in-depth knowledge of the Yamaha brand. In this way, he appropriately fulfilled a role expected of an Outside Director of the Company.
Mikio Fujitsuka	Outside Director	He attended all 14 meetings of the Board of Directors and all 16 meetings of the Audit Committee held during fiscal 2021. He vigorously made comments on proposals and other matters of deliberation at Board of Directors meetings and Audit Committee meetings based on his wealth of experience and achievements alongside broad insight as well as his specialized knowledge as a corporate officer. In this way, he appropriately fulfilled a role expected of an Outside Director of the Company.
Paul Candland	Outside Director	He attended all 14 meetings of the Board of Directors, all 4 meetings of the Nominating Committee, and all 4 meetings of the Compensation Committee held during fiscal 2021. He vigorously made comments on proposals and other matters of deliberation at Board of Directors meetings and meetings of the Nominating Committee and the Compensation Committee based on his wealth of experience and achievements alongside broad insight as well as his specialized knowledge as a corporate officer. In this way, he appropriately fulfilled a role expected of an Outside Director ofthe Company.
Hiromichi Shinohara	Oouside Director	He attended 11 out of 12 meetings of the Board of Directors, all 4 meetings of the Nominating Committee, and all 4 meetings of the Compensation Committee held following his assumption of office as Director during fiscal 2021. He vigorously made comments on proposals and other matters of deliberation at Board of Directors meetings and meetings of the Nominating Committee and the Compensation Committee based on his wealth of experience and achievements alongside broad insight as well as his specialized knowledge as a corporate officer. In this way, he appropriately fulfilled a role expected of an Outside Director of the Company.
Naoko Yoshizawa	Outside Director	She attended all 12 meetings of the Board of Directors and all 13 meetings of the Audit Committee held following her assumption of office as Director during fiscal 2021. She vigorously made comments on proposals and other matters of deliberation at Board of Directors meetings and Audit Committee meetings based on her wealth of experience and achievements alongside broad insight as well as her specialized knowledge as a corporate officer. In this way, she appropriately fulfilled a role expected of an Outside Director of the Company.

(3) Names and Other Information regarding the Executive Officers

Name	Position	Responsibilities and important concurrent duties
Takuya Nakata	President and Representative Executive Officer	Executive General Manager of Musical Instruments Business Unit
Shinobu Kawase	Managing Executive Officer	Executive General Manager of Musical Instruments & Audio Products Production Unit Executive General Manager of Audio Products Business Unit
Satoshi Yamahata	Managing Executive Officer	Executive General Manager of Corporate Management Unit Executive General Manager of Human Resources and General Administration Unit
Shigeki Fujii	Executive Officer	Executive General Manager of IMC Business Unit Executive General Manager of Technology Unit
Seiichi Yamaguchi	Executive Officer	Executive General Manager of Musical Instruments & Audio Products Sales Unit

Note: Changes in responsibilities of Executive Officers after April 1, 2022 are as follows.

1) Mr. Takuya Nakata retired from the position of Executive General Manager of Musical Instruments Business Unit on April 1, 2022.
2) Mr. Shinobu Kawase retired from the position of Executive General Manager of Musical Instruments & Audio Products Production Unit on April 1, 2022.
3) Mr. Atsushi Yamaura assumed the position of Executive Officer on April 1, 2022. (Executive General Manager of Musical Instrument Business Unit and Senior General Manager of Digital Musical Instruments Division,)

(4) Names and Other Information regarding the Operating Officers

Name	Position	Responsibilities and important concurrent duties
Shinichi Takenaga	Operating Officer	Deputy Executive General Manager of Audio Products Business Unit Senior General Manager of Professional Audio Division
Masato Oshiki	Operating Officer	President of Yamaha Music Japan Co., Ltd. President of Yamaha Music Retailing Co., Ltd
Thomas Sumner	Operating Officer	President of Yamaha Corporation of America
Naoya Tetsumura	Operating Officer	Deputy Executive General Manager of Musical Instruments & Audio Products Production Unit Senior General Manager of Manufacturing Process Division, Musical Instruments & Audio Products Production Unit
Taro Tokuhiro	Operating Officer	Executive General Manager of Operating Unit Senior General Manager of Information Systems Division, Operating Unit
Hiroko Ohmura	Operating Officer	Executive General Manager of Brand DevelopmentUnit Senior General Manager of Marketing Division, Brand Development Unit
Yutaka Matsuki	Operating Officer	Senior General Manager of Piano Division, Musical Instruments Business Unit
Hirofumi Yamashita	Operating Officer	Senior General Manager of Corporate Planning Division, Corporate Management Unit
Atsushi Yamaura	Operating Officer	Senior General Manager of Digital Musical Instruments Division, Musical Instruments Business Unit

Note: Changes in responsibilities of Operating Officers after April 1, 2022 are as follows.

1) Mr. Shinichi Takenaga assumed the position of Executive General Manager of Audio Products Business Unit and Senior General Manager of Professional Audio Division on April 1, 2022.
2) Mr. Taro Tokuhiro retired the concurrently served position of Senior General Manager of Information Systems Division on April 1, 2022.
3) Mr. Atsushi Yamaura assumed the position of Executive Officer on April 1, 2022. (Executive General Manager of Musical Instrument Business Unit and Senior General Manager of Digital Musical Instruments Division,)
4) Mr. Nobukazu Toba assumed the position of Operating Officer on April 1, 2022. (Senior General Manager of Electronic Devices Division, IMC Business Unit)
5) Mr. Toshiaki Goto assumed the position of Operating Officer on April 1, 2022. (Senior General Manager of Production Planning Division, Musical Instruments & Audio Products Production Unit)

(5) Names and Other Information regarding Audit Officers

Name	Position	Responsibilities and important concurrent duties
Hirofumi Mukaino	Audit Officer	Senior General Manager of Internal Auditing Division
Yasushi Nishiyama	Audit Officer	Senior General Manager of Audit Committee’s Office

(6) Total Compensation for Directors and Executive Officers

Millions of yen

Classification	Total compensation	Compensation by type			Number of people (Persons)
		Fixed compensation	Performance-linked bonuses	Compensation in the form of restricted stock	
Directors	78	78	–	–	7
Outside Directors	78	78	–	–	7
Executive Officers	347	197	119	31	5

Notes: 1. The above numbers include one Director who retired at the conclusion of the 197th Ordinary General Shareholders' Meeting held on June 24, 2021.
2. The total compensation and number of Executive Officers concurrently serving as Directors are described in the section for Executive Officers.
3.. Shares as compensation in the form of restricted stock were granted in a lump sum in the 196th fiscal year (fiscal year ended March 31, 2020), the first year of the Medium-Term Management Plan and no such shares were granted during the fiscal year under review. The amount of compensation stated above is, based on the degree of achievement of the Company's performance, calculated by reducing the reversal of the past year's expense recording amount from the expense recording amount of the restricted stock compensation for the current fiscal year.

Policy for Determination of Compensation for Directors and Officers and Summary Thereof

Individual amounts and policy regarding the compensation of Directors and Executive Officers have been determined in the Compensation Committee, which is comprised of three Outside Directors and one internal Director
Compensation for Directors (excluding Outside Directors) and Executive Officers will consist of (1) fixed compensation, (2) performance-linked bonuses, and (3) compensation in the form of restricted stock (restricted stock compensation). The approximate breakdown of total compensation of (1), (2), and (3) will be 5:3:2.

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

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

(3) Restricted stock compensation is share-based compensation according to job titles and is provided at the launch of the Medium-Term Management Plan with the intent of motivating the Directors and Executive Officers to enhance corporate value sustainably and having them share a common interest with shareholders. In order to motivate the Directors and Executive Officers to achieve the Company's performance goals in the medium term, one-third (1/3) 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 (2/3) of restricted stock compensation is linked to the Company's performance. The Company's performance willbe measured using "core operating profit ratio," "ROE," and "EPS" as performance indicators, giving equal weight to each of them, as described in the Medium-Term Management Plan. Transfer restrictions shall remain effective until the retirement of Director or Executive Officer or for thirty (30) years from the receipt of restricted stock compensation for the purpose of aligning the interests of the corporate officers with those of the shareholders over a long period after the end of the Medium-Term Management Plan. In addition, a claw-back clause is included that will require the return of all or a portion of restricted shares transferred to officers on an accumulated basis to date, depending on the responsibility of the officers in charge, in the event of serious cases of accounting fraud and/or major losses during the restricted period.

(4) Outside Directors will receive only the fixed compensation.

2. Results of Performance Indicators

Consolidated profit for the period and ROE for the current fiscal year, which are indicators used for performance-linked bonuses, were ¥37, 255 million and 9.2%, respectively.
Indicators used for restricted stock compensation are core operating profit ratio, ROE, and EPS. Whereas the financial targets adopted under the Medium-Term Management Plan “Make Waves 1.0” are core operating profit ratio of 13.8%, ROE of 11.5%, and EPS of ¥270, they were 10.5%, 9.2%, and ¥214.79 for the fiscal year under review.

3. Compensation Committee

The Compensation Committee comprised four (4) members (of whom three are Outside Directors) as of March 31, 2022.
The Compensation Committee had four (4) meetings during the fiscal year under review.
The Compensation Committee has formulated the policy for determination of compensation for Directors and Executive Officers and decides on individual compensation amounts based on this policy

4. Reasons That the Compensation Committee Believes Compensation for Individual Directors and Executive Officers is in accordance with the Policy for Determination of Such

The Compensation Committee determined individual compensation for the 198th fiscal year in accordance with the policy for determination of compensation for Directors and Executive Officers in 1. on page 42, having checked the following in its deliberation: (1) fixed compensation is calculated as monetary compensation according to job titles; (2) performance-linked bonuses are calculated linked with consolidated profit for the period and ROE for the current fiscal year, reflecting the individual's record of performance; and (3) for restricted stock compensation, individual share-based compensation is calculated according to job titles, the number of years in service as a Director/Executive Officer, and evaluation using the performance indicators. Therefore, the Compensation Committee believes compensation for individual Directors and Executive Officers for the fiscal year under review is in accordance with the policy for determination of such.

5. Revision of Policy for Determination of Compensation for Directors and Officers

Regarding compensation in the form of restricted stock, we will revise the indicators and targets with the start of the new medium-term management plan “Make Waves 2.0”. For evaluation indicators, we will add the classification of non-financial targets and corporate value targets centered on sustainability to the existing financial targets. We will introduce non-financial targets to further motivate efforts to improve sustainable and social value, and corporate value targets to more strongly motivate shareholders to share their perspectives.
Financial targets and non-financial targets are indexed by the management targets set forth in the medium-term management plan, and corporate value targets are indexed by the total shareholder return (TSR). The ratio of impact on compensation in the form of restricted stock is planned as follows.
Financial Targets: Non-Financial Targets: Corporate Value Targets = 50%: 30%: 20%.

6. Independent Accounting Auditor

(1) Name of Independent Accounting Auditor

Ernst & Young ShinNihon LLC

(2) Compensation for the Independent Accounting Auditor

Classification	Amount paid (Million yen)
1) Compensation paid by the Company to the Independent Accounting Auditor during fiscal 2020	119
2) Total compensation payable by the Company and its subsidiaries to the Independent Accounting Auditor	162

Notes: 1. The audit under the Companies Act and the audit under the Financial Instruments and Exchange Act are not classified differently in the audit contract between the Company and the Independent Accounting Auditor, nor would it be practical to do so. Therefore, the compensation stated under classification 1) above is the total amount for both audits.

2. The Audit Committee of the Company has given their consent with respect to Article 399, Paragraph 1 of the Companies Act for the compensation paid to the Independent Accounting Auditor, as a result of confirming the status of audit plans in previous fiscal years and the track record of the Independent Accounting Auditor, while also confirming trends in the time required for audits and audit compensation, and thereby considering the validity of the expected time required for the audit and amount of compensation for the relevant fiscal year.

3. Each of the following principal subsidiaries of the Company contracts another certified public accountant or audit corporation (including a person having an equivalent qualification in the foreign country concerned) for auditing:
Yamaha Corporation of America, Yamaha Music Europe GmbH, Yamaha Music & Electronics (China) Co., Ltd., Xiaoshan Yamaha Musical Instruments Co., Ltd., Yamaha Electronics (Suzhou) Co., Ltd., Hangzhou Yamaha Musical Instruments Co., Ltd., PT. Yamaha Indonesia, PT. Yamaha Music Manufacturing Asia, PT. Yamaha Musical Products Asia, Yamaha Electronics Manufacturing (M) Sdn. Bhd. and Yamaha Music India Pvt. Ltd.

(3) Policy for Determining Whether to Dismiss or Not Reappoint Independent Accounting Auditor

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

7. Systems for Ensuring the Appropriateness of Business Activities

Based on the Companies Act and Ordinances for the Implementation of the Companies Act, the Company has put in place systems to secure the proper conduct of its business activities (hereinafter, Internal Control Systems). The aims of these systems are conducting business efficiently, securing the reliability of reporting, securing strict compliance with laws and regulations, preserving the value of Company assets, and strengthening risk management.

(1) Systems to Ensure that the Execution of Duties of the Executive Officers, Operating Officers, Audit Officers and Employees Are Compliant with Laws and Regulations and the Articles of Incorporation

1) The Company has established the Yamaha Philosophy, with its structure of ideals and goals, and the Executive Officers, Operating Officers, Audit Officers and all Group employees share this philosophy and put it into action.
2) The Board of Directors makes decisions on important matters that are specified in laws and regulations, the Articles of Incorporation, and Regulations of the Board of Directors, including basic management policy. The Board of Directors delegates important decisions concerning matters of executing business to the Executive Officers, specifies what matters are to be reported in the Regulations of the Board of Directors, and requires reasonable procedures and decision making. The Executive Officers report the status of the conduct of their duties to the Board of Directors periodically, and the Board of Directors exercises oversight of the conduct of business by the Executive Officers.
3) The Audit Committee audits the conduct of duties of the Executive Officers and the Directors based on auditing standards and auditing plans.
4) The Company has established a committee to deal with compliance matters, including the preparation of a “Compliance Code of Conduct” and related rules and manuals as well as the conduct of thoroughgoing compliance education and training.
5) To increase the effectiveness of compliance, the Company has established an internal whistle-blower system applicable to the Group as a whole.
6) The Company has stated clearly its fundamental policy of excluding any relationships with antisocial individuals and groups. The Company, therefore, rejects unreasonable requests from such antisocial elements and has a clear and strictly enforced policy of eliminating any cover-ups of improper behavior, which may create fertile ground for such unreasonable requests.

(2) Systems related to the Retention and Management of Information pertaining the Execution of the Duties of the Executive Officers

The Executive Officers properly file for safekeeping and manage documents and other information related to the conduct of their duties in accordance with laws and regulations as well as internal regulations.

(3) Rules and Other Systems related to Management of the Risk of Loss

1) Regarding major business risks, the Risk Management Committee, which is an advisory body to the President and Representative Executive Officer, maintains a comprehensive grasp of risks, and prepares measures for risk management for the Group as a whole.
2) Depending on the nature of the risk, the Company designates an organizational unit to be in charge of its management, and this unit is responsible for the preparation of regulations and manuals as well as providing guidance and advice to the Group as a whole.
3) Through the auditing activities of the Internal Auditing Division, the Company takes appropriate measures by gathering information related to risks.

(4) Systems for Ensuring that the Executive Officers Perform Their Duties Efficiently

1) To increase the speed of business activities and efficiency of management, the Company prepares organizational regulations, authority regulations, and other regulations related to the conduct of business, and clarifies the authority and responsibility of Executive Officers, appropriate delegation of authority, the missions of Company divisions and subsidiaries, and the chain of command.
2) The Company has established the Management Council to act as an advisory committee to the President and Representative Executive Officer. This committee considers major decisions, etc., related to the conduct of business and reports to the President and Representative Executive Officer.
3) To set numerical targets and evaluate performance of the Group as a whole, the Company structures systems for making prompt management judgments and to make risk management possible.

(5) Systems for Ensuring the Appropriateness of Business Activities in the Group, Consisting of the Company and Its Subsidiaries

1) The Company has structured the Internal Control Systems for the Group as a whole, based on the "Group Management Charter," which sets forth basic Group management policies, and the "Group Internal Control Regulations," which sets internal control policy for the Group.
2) The Company and its Subsidiaries have established regulations for the conduct of business that include "Regulations of the Board of Directors," "Regulations of the Management Council, and "Regulations for Authority" with the objectives of clarifying the authority of the Directors and the chain of command.
3) For the status of management and other decisions that are of some degree of importance and may have an effect on the management condition of the Group, Subsidiaries are required to receive approval from the Company in advance and report certain items to the Company.
4) The Company establishes risk management systems for the Group as a whole and conducts compliance training.

(6) Items Related to Appointment of Employees to Assist in the Audit Committee's Work

As a specialized organizational unit with responsibility for assisting the Audit Committee, the Company has established the Audit Committee's Office, which reports directly to the Audit Committee.

(7) Items Related to Ensuring the Independence of Employees Assisting the Audit Committee from the Executive Officers and Securing the Effectiveness of Instruction Given to These Employees

As a specialized organizational unit with responsibility for assisting the Audit Committee, the Company has established the Audit Committee's Office, which reports directly to the Audit Committee. To secure independence from the Executive Officers and other persons engaged in the conduct of business, personnel evaluations, changes in personnel assignments, and rewards/disciplinary punishments of the staff of the Audit Committee's Office will require the approval of the Audit Committee.

(8) System for Reporting to the Audit Committee

1) Audit Committee members may attend important meetings, including the Managing Council, etc., and express their opinions.
2) The Company has a system where under the direction of the Audit Committee, General Manager of the Audit Committee's Office attends important meetings, including the Managing Council, etc., and expresses his/her opinions.
3) The Company has a system where General Manager of the Audit Committee's Office accesses the written approvals and other important documents, and, as necessary, requests explanations and reports from the Executive Officers, Operating Officers, Audit Officers and Employees before reporting the content of the documents to the Audit Committee.
4) The following divisions/departments report periodically to the Group as a whole on items required by laws and regulations and the items requested by the Audit Committee.
   (a) Results of Internal Auditing Division fact-finding
   (b) Reports made by the Legal Division related to the status of compliance as well as reports on actual operations, including information obtained through the internal whistleblowing system
   (c) Status of compliance in other staff divisions and the activities of the Internal Control Systems
5) Divisions and subsidiaries of the Company may report to the Audit Committee important matters that affect business operations and performance through the Executive Officers, Operating Officers, Audit Officers and Employees or report directly to the Audit Committee or General Manager of the Audit Committee's Office.

(9) Systems for Ensuring that Directors, Executive Officers, Operating Officers, Audit Officers and Employees in the Company and in Group Subsidiaries, who Give Whistle-blower Reports to the Audit Committee, Are not Treated Disadvantageously

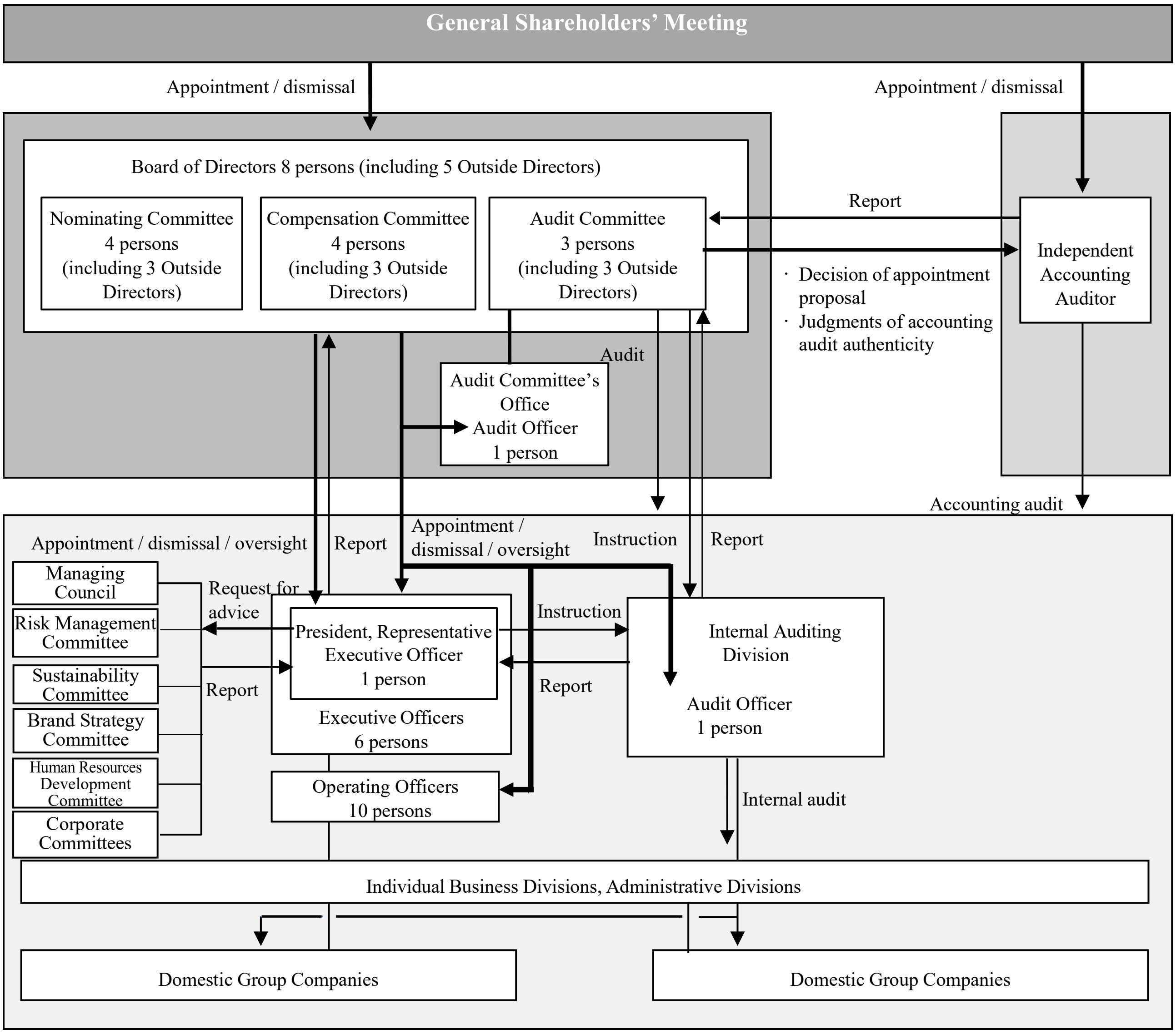
The Company holds the identity of persons who have made whistle-blower reports to the Audit Committee in strictest confidence and has structured systems to prevent such persons from being treated disadvantageously.

(10) Matters Related to Policy for Handling of Expenses or Liabilities Incurred by Members of the Audit Committee in the Conduct of Their Duties

The Company bears the expenses related to the conduct of audits based on the audit plans of the Audit Committee. When duties other than those in the audit plan are necessary and expenses are incurred, these are paid when invoices are received from the Audit Committee.

(11) Other Systems for Ensuring that Audits by Audit Committee Are Performed Effectively

The President and Representative Executive Officer exchanges views periodically with the Audit Committee regarding the structure and the status of operation of the Internal Control Systems and is promoting the continuing improvement of these systems.
When audits are conducted by the Audit Committee, the Company secures opportunities for collaboration with the Internal Auditing Division and the Accounting Auditor. The Audit Committee is allowed also to give instructions regarding audits to the Internal Auditing Division as necessary. In cases where instructions given by the Audit Committee conflict with those given by the President and Representative Executive Officer, the instructions of the Audit Committee will take precedence. When the manager of the Internal Auditing Division is going to be reassigned, the opinions of the Audit Committee must be heard in advance.
Note that, when the Audit Committee deems it necessary, support for the audit function may be obtained from outside specialists.



As of April 1, 2022

8. Overview of the Implementation Status of the Systems for Ensuring the Appropriateness of Business Activities

(1) Status of Initiatives to Ensure the Execution of Duties by Executive Officers, Operating Officers, Audit Officers, and Employees and the Efficiency Thereof

The Company has established the Yamaha Philosophy, which is made up of the corporate philosophy and policies for realizing it, and the Executive Officers, Operating Officers, Audit Officers, and employees share this philosophy and put it into action. In addition, the Company has established the Corporate Governance Policies, and under the basic policies for corporate governance therein, have established institutional designs for management—in addition to an organizational structure and systems—while implementing a range of initiatives and appropriately disclosing information based on the "Systems for Ensuring the Appropriateness of Business Activities." In these ways, we are working to realize transparent, high-quality business management.

In line with the transition to a Company with Three Committees (Nominating, Audit, and Compensation) in June 2017, authorities related to important decisions pertaining to business execution have been largely delegated from the Board of Directors to Executive Officers. This has enabled business operations to be executed in a manner that is both efficient and speedy.

In the fiscal year under review, the Managing Council, an advisory body to the President and Representative Executive Officer, met twice per month to confirm progress on business issues while promoting the execution of business operations in line with the medium-term management plan.

Executive Officers provided reports regarding the status of their execution of duties to the Board of Directors on a regular basis and as necessary, and the Board of Directors thus oversaw the status of the execution of duties by Executive Officers. Furthermore, in order to ensure the execution of duties by Executive Officers, Operating Officers, and Audit Officers and the efficiency thereof, the Company formulated Regulations for Executive Officers, Regulations for Operating Officers, and Regulations for Audit Officers, while also setting forth the Regulations of the Management Council in a clear manner.

(2) Status of Initiatives related to Management of the Risk of Loss

Regarding major business risks, the Company prepares measures for risk management for the Group as a whole, identifies, analyzes, and evaluates risks in a comprehensive manner, and monitors measures to address risks in the Risk Management Committee, which is an advisory body to the President and Representative Executive Officer.

In the fiscal year under review, the Risk Management Committee continued evaluation and analysis of the assumed damage, assumed frequency, and control levels of risks surrounding the Group, specified important risks that should be addressed as a matter of priority, and designated departments responsible for dealing with risks, thereby working to improve the level of risk control. In addition, specific issues were deliberated at meetings of the five Working Groups under the Risk Management Committee, and these Working Groups are promoting activities aimed at reducing risk.

In terms of compliance, the Working Group for Compliance, whose membership includes Executive Officers, Audit Officers, and an external attorney, deliberates on Group-wide policies and measures. In addition, the Working Group for Compliance monitors execution of the activities of departments and Group companies from the viewpoint of compliance.

In the fiscal year under review, the Company worked to improve the effectiveness of the domestic internal reporting hotline through promotion and awareness raising activities and also proceeded with the improvement and strengthening of the overseas helplines (local external helplines). These initiatives are designed to prevent fraud, improper behavior, and harassment and to detect any issues early and take action. In addition, the Company vigorously provided training programs using online content and video conferences for employees and also conducted a compliance survey, which takes place once every three years, for all employees of domestic group companies. Based on the analysis of issues identified in the survey results, initiatives are underway to further improve the corporate culture.

(3) Status of Initiatives for Ensuring the Appropriateness of Business Activities in the Group, Consisting of the Company and Its Subsidiaries

To ensure the appropriateness of business activities in the Group as a whole, the Company has established the Group Management Charter, the Group Internal Control Regulations, and various Group regulations and shares them as basic policies for the entire Group. Meanwhile, the Group Internal Control Regulations clarify the Company's departments responsible for individual subsidiaries and the role of corporate staff departments to define the responsibilities, authority, and operational management methods of subsidiaries.

In the fiscal year under review, the Company further developed group-wide regulations, newly formulating Risk Management Regulations, Insider Trading Regulations, and Technology Management Regulations, resulting in a total of 25 group-wide regulations. In addition, amid the COVID-19 pandemic, international conferences were held online with managers at subsidiaries in Japan and overseas participating together with persons responsible for administration, legal, human resources, general administration, logistics, and information systems, etc., as part of efforts to share information on issues related to business operations and positive examples. Moreover, the Internal Auditing Division performed audits of the legality, reasonableness, effectiveness, and efficiency of the execution of business operations across the Group as a whole.

(4) Status of Initiatives for Ensuring Effectiveness of Audits by Audit Committee

In order to ensure, maintain, and enhance the effectiveness of audits by the Audit Committee, the Company has ensured a system is in place that enables the Audit Committee to obtain all important information from across the Group as a whole and receive explanations as necessary. The Company also established the Audit Committee's Office as a department to assist the Audit Committee with its duties and allocated two full-time employees to this department, in addition to appointing an Audit Office, as Senior General Manager of Audit Committee'sOffice, and ensuring that this person attended important internal meetings and provided views thereat, thus working to ensure effectiveness.
In the fiscal year under review, the Audit Committee, which consists of three Outside Directors, received regular reports from departments related to risk management and internal controls, and confirmed the content thereof. The Audit Committee also held meetings to exchange views with the President and Representative Executive Officer, while also receiving reports from Executive Officers, Operating Officers, and other members of the management team, and confirming the status of the execution of business operations. In addition to the above, the Company is endeavoring to ensure effectiveness via means including providing opportunities for the Audit Committee to share information with the Independent Accounting Auditor and the Internal Auditing Division.

Consolidated Financial Statements

Consolidated Statement of Financial Position

(Millions of yen)

	FY2021.3 (as of March 31, 2021)	FY2022.3 (as of March 31, 2022)
Assets		
Current assets		
Cash and cash equivalents	129,345	172,495
Trade and other receivables	57,329	60,018
Other financial assets	8,573	4,352
Inventories	96,803	118,640
Other current assets	7,871	7,169
Subtotal	299,924	362,676
Assets held for sale	1,179	—
Total current assets	301,103	362,676
Non-current assets		
Property, plant and equipment	96,142	102,898
Right-of-use assets	22,231	21,655
Goodwill	160	177
Intangible assets	2,529	3,045
Financial assets	120,058	70,319
Deferred tax assets	7,407	7,892
Other non-current assets	7,983	12,261
Total non-current assets	256,513	218,250
Total assets	557,616	580,927

(Millions of yen)

	FY2021.3 (as of March 31, 2021)	FY2022.3 (as of March 31, 2022)
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	56,915	63,184
Interest-bearing debt	7,980	10,523
Lease liabilities	5,696	5,727
Other financial liabilities	9,745	10,156
Income taxes payables	4,045	20,260
Provisions	1,806	2,086
Other current liabilities	14,664	14,174
Total current liabilities	100,852	126,114
Non-current liabilities		
Interest-bearing debt	387	—
Lease liabilities	14,465	11,647
Other financial liabilities	178	110
Retirement benefit liabilities	22,576	14,544
Provisions	1,823	2,399
Deferred tax liabilities	18,244	7,954
Other non-current liabilities	2,137	2,228
Total non-current liabilities	59,814	38,884
Total liabilities	160,667	164,999
Equity		
Capital stock	28,534	28,534
Capital surplus	21,430	2,114
Retained earnings	337,923	397,665
Treasury shares	(65,086)	(73,288)
Other components of equity	73,156	59,746
Equity attributable to owners of parent	395,958	414,773
Non-controlling interests	991	1,154
Total equity	396,949	415,927
Total liabilities and equity	557,616	580,927

Consolidated Statement of Income

(Millions of yen)

	FY2021.3 (April 1, 2020 – March 31, 2021)	FY2022.3 (April 1, 2021 – March 31, 2022)
Revenue	372,630	408,197
Cost of sales	(229,720)	(253,476)
Gross profit	142,909	154,720
Selling, general and administrative expenses	(102,198)	(111,708)
Core operating profit	40,711	43,012
Other income	1,909	7,558
Other expenses	(7,580)	(1,250)
Operating profit	35,039	49,320
Finance income	3,366	5,792
Finance expenses	(1,303)	(2,102)
Profit before income taxes	37,102	53,010
Income taxes	(10,393)	(15,663)
Profit for the period	26,708	37,347
Profit for the period attributable to:		
Owners of parent	26,615	37,255
Non-controlling interests	93	92
Earnings per share		
Basic (Yen)	151.39	214.79
Diluted (Yen)	—	—

Consolidated Statement of Changes in Equity

FY2022.3 (April 1, 2021－March 31, 2022)

(Millions of yen)

	Equity attributable to owners of parent						
					Other components of equity		
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Remeasure-ments of defined benefit plans	Financial assets measured at fair value through other comprehensive income	Exchange differences on translation of foreign operations
Balance at April 1, 2021	28,534	21,430	337,923	(65,086)	–	71,786	1,494
Profit for the period	–	–	37,255	–	–	–	–
Other comprehensive income	–	–	–	–	2,901	(582)	18,938
Total comprehensive income for the period	–	–	37,255	–	2,901	(582)	18,938
Purchase of treasury shares	–	–	–	(28,009)	–	–	–
Cancellation of treasury shares	–	(19,333)	(457)	19,790	–	–	–
Dividends	–	–	(11,501)	–	–	–	–
Share-based compensation	–	18	–	16	–	–	–
Changes in the ownership interest of a subsidiary without a loss of control	–	–	–	–	–	–	–
Reclassified to retained earnings	–	–	34,445	–	(2,901)	(31,544)	–
Total transactions with owners	–	(19,315)	22,487	(8,201)	(2,901)	(31,544)	–
Balance at March 31, 2022	28,534	2,114	397,665	(73,288)	–	39,659	20,432

(Millions of yen)

	Equity attributable to owners of parent			Non-controlling interests	Total equity
	Other components of equity		Total		
	Gain or loss on cash flow hedges	Total			
Balance at April 1, 2021	(123)	73,156	395,958	991	396,949
Profit for the period	–	–	37,255	92	37,347
Other comprehensive income	(221)	21,035	21,035	139	21,175
Total comprehensive income for the period	(221)	21,035	58,290	232	58,523
Purchase of treasury shares	–	–	(28,009)	–	(28,009)
Cancellation of treasury shares	–	–	–	–	–
Dividends	–	–	(11,501)	(68)	(11,570)
Share-based compensation	–	–	34	–	34
Changes in the ownership interest of a subsidiary without a loss of control	–	–	–	–	–
Reclassified to retained earnings	–	(34,445)	–	–	–
Total transactions with owners	–	(34,445)	(39,476)	(68)	(39,544)
Balance at March 31, 2022	(345)	59,746	414,773	1,154	415,927

Consolidated Statement of Comprehensive Income

(Millions of yen)

	FY2021.3 (April 1, 2020－March 31, 2021)	FY2022.3 (April 1, 2021－March 31, 2022)
Profit for the period	26,708	37,347
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plans	5,687	2,901
Financial assets measured at fair value through other comprehensive income	37,927	(582)
Total items that will not be reclassified to profit or loss	43,614	2,319
Items that may be subsequently reclassified to profit or loss		
Exchange differences on translation of foreign operations	12,037	19,077
Gain or loss on cash flow hedges	(191)	(221)
Total items that may be subsequently reclassified to profit or loss	11,846	18,856
Total other comprehensive income	55,460	21,175
Comprehensive income for the period	82,169	58,523
Comprehensive income for the period attributable to:		
Owners of parent	81,993	58,290
Non-controlling interests	175	232

Consolidates Statement of Cash Flows (Summary)

(Millions of yen)

	FY2021.3 (April 1, 2020－March 31, 2021)	FY2022.3 (April 1, 2021－March 31, 2022)
Cash flows from operating activities:	58,225	36,016
Cash flows from investing activities:	(5,785)	43,707
Cash flows from financing activities:	(20,602)	(44,426)
Effect of exchange rate change on cash and cash equivalents	4,836	7,852
Net increase (decrease) in cash and cash equivalents	36,673	43,150
Cash and cash equivalents at beginning of period	92,671	129,345
Cash and cash equivalents at end of period	129,345	172,495

Notes to Consolidated Financial Statements

I. Notes regarding Basic Significant Items for the Preparation of Consolidated Financial Statements

1. Basis for Preparation

The consolidated financial statements of the Company and its subsidiaries (hereinafter the "Group") have been prepared in accordance with International Financial Reporting Standards (hereinafter "IFRS") pursuant to the provisions under Article 120, Paragraph 1 of the Rules of Corporate Accounting. Pursuant to the provisions of the second sentence of the above Paragraph, certain disclosure items required under IFRS are omitted.

2. Scope of Consolidation

Number of consolidated subsidiaries: 55
Revolabs Ltd. was dissolved and therefore excluded from the scope of consolidation in the fiscal year ended March 31, 2022.
Names of major consolidated subsidiaries:

Yamaha Corporation of America	Yamaha Music Europe GmbH
Yamaha Music & Electronics (China) Co., Ltd.	Xiaoshan Yamaha Musical Instruments Co., Ltd.
Yamaha Electronics (Suzhou) Co., Ltd.	Hangzhou Yamaha Musical Instruments Co., Ltd.
PT. Yamaha Indonesia	PT. Yamaha Music Manufacturing Asia
PT. Yamaha Musical Products Asia	Yamaha Electronics Manufacturing (M) Sdn. Bhd.
Yamaha Music India Pvt. Ltd.	Yamaha Music Japan Co., Ltd.
Yamaha Music Retailing Co., Ltd.	Yamaha Music Manufacturing Japan Corporation

3. Application of Equity Method

Number of associates accounted for using equity method
Not applicable

4. Fiscal Years, etc. of Consolidated Subsidiaries

The fiscal year-end for 11 consolidated subsidiaries including Yamaha Music & Electronics (China) Co., Ltd. is December 31. In preparing consolidated financial statements, adjustments have been made such as preparing additional financial statements in accordance with the Company's accounting period.

5. Accounting Policies

(1) Accounting policy for measuring significant assets
1) Financial assets
(a) Initial recognition and measurement
Initial recognition of financial assets is on the date of the Group's transaction with the contract party. Financial assets at initial recognition, other than financial assets measured at fair value through profit or loss, are measured at an amount of fair value plus transaction costs directly attributable to the acquisition of the financial asset. Transaction costs of financial assets measured at fair value through profit or loss are recognized in profit or loss.

(b) Classification and subsequent measurement
The Group, at initial recognition, classifies financial assets as (i) financial assets measured at amortized cost, (ii) financial assets measured at fair value through other comprehensive income, or (iii) financial assets measured at fair value through profit or loss.

(i) Financial assets measured at amortized cost
Among financial assets, debt instruments meeting the following criteria together are categorized as financial assets measured at amortized cost.
・They are held based on a business model whose objective is to hold financial assets in order to collect contractual cash flows.
・The contractual terms of these instruments give rise on specified dates to cash flows that are solely

payments of principal and interest on the principal amount outstanding.

After initial recognition, financial assets measured at amortized cost are measured at amortized cost using the effective interest rate method. The amortized amount using the effective interest rate method and profit or loss, in cases where a financial asset is derecognized, is recognized at profit or loss.

(ii) Financial assets measured at fair value through other comprehensive income

Among financial assets, debt instruments meeting the following criteria together are categorized as financial assets measured at fair value through other comprehensive income.

・They are held based on a business model whose objective is achieved by both collecting contractual cash flows and selling assets.

・The contractual terms of these instruments give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Equity instruments, such as shares of Yamaha Motor Co., Ltd. which are using a common brand with the Group and shares of companies related to other businesses, are categorized upon initial recognition as financial assets measured at fair value through other comprehensive income.

The amount of change in the fair value of equity instruments measured at fair value through other comprehensive income after initial recognition is recognized as other comprehensive income. In the instance, financial assets are derecognized or the fair value decreases materially, the accumulated other comprehensive income is transferred to retained earnings. Dividends from such financial assets are recognized in profit or loss as finance income.

(iii) Financial assets measured at fair value through profit or loss

Financial assets other than the above are categorized as financial assets measured at fair value through profit or loss.

The amount of change in the fair value of financial assets measured at fair value through profit or loss after initial recognition are recognized as profit or loss.

(c) Impairment of financial assets

For the trade and other receivables, the Group recognizes an allowance for doubtful accounts equivalent to the expected credit loss over the full period.

For trade and other receivables for which repayment is deemed as a serious or potentially serious problem, the impairment loss amount of such assets is assessed individually or in groups with assets of similar types of risk and accounted in the allowance for doubtful accounts.

For trade and other receivables that do not fall into the above category, impairment loss is assessed primarily based on the historical actual default rate and accounted in the allowance for doubtful accounts.

For trade and other receivables where the actual impairment loss was previously recognized and the impairment amount decreased due to a subsequent event, the previously recognized impairment amount is reversed and recognized in profit or loss.

For trade and other receivables that have clearly become unrecoverable, the unrecoverable amount is directly reduced.

(d) Derecognition

The Group derecognizes a financial asset when the contractual rights to cash flows from the financial asset expire or when such rights are transferred by the Group and all the risks and economic value of ownership of the financial asset are substantially transferred.

2) Hedge accounting and derivatives

The Group uses, within the scope of actual demand, forward exchange contracts (comprehensive contract) to reduce potential foreign exchange risk from foreign-currency denominated receivables and payables incurred during import and export transactions. Derivative transactions are initially recognized at fair value upon execution of a contract and subsequently remeasured at fair value.

With regard to derivative transactions, the Group financial policies and rules and each company's management policies and rules based on those of the Group have been established and transactions and management are conducted in compliance with policies and rules.

Derivative transactions that fulfill the criteria for hedge accounting are applied to cash flow hedge with the effective portion of profit or loss arising from the hedge instrument recognized as other comprehensive income and the remaining ineffective portion recognized as profit or loss. The amount of a hedge instrument recorded as other comprehensive income is transferred to profit or loss at the time the transaction conducted as a hedged item affects profit or loss.

Transactions to apply hedge accounting are assessed on an ongoing basis whether the derivative used for the hedge transactions at the inception of the hedge and during the hedge period is effectively offsetting the change in cash flows of the hedged item.

3) Inventories

Inventories are measured at the lower of acquisition cost and net realizable value. The acquisition cost of inventories is determined principally based on the weighted average method and includes the purchase cost, processing cost, and any other costs incurred in bringing the inventories to their present location and condition. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

4) Impairment of non-financial assets

Non-financial assets (excluding inventories, deferred tax assets, and assets associated with employee benefits) are assessed at the final date of each reporting period for indications of impairment and tested for impairment when indications are found. Impairment tests are conducted every period and each time indications of impairment are found for goodwill, intangible assets for which a useful life cannot be determined, and intangible assets which are unusable on the final date of the reporting period.

Impairment loss is recognized if an impairment test finds the book value of the asset or a cash-generating unit exceeds the recoverable amount of an asset.

For assets not tested individually at impairment test, assets are grouped together into the smallest cash-generating unit that generates cash inflows that are largely independent of the cash inflows of other assets or asset group.

The recoverable amount of an asset or a cash-generating unit is the higher of its value in use and its fair value less the cost of disposal. In determining the value in use, estimated future cash flows arising from assets and cash-generating unit are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Recognition of impairment loss of cash-generating units including goodwill is conducted by first allocating to reduce the book value of the goodwill that was allocated to the cash-generating unit, then proportionately distributing the impairment based on the book value of each asset of the cash-generating unit.

If an impairment loss recognized in a previous period shows indications of a reversal and the recoverable amount of an asset or cash-generating unit exceeds the book value, the impairment loss is reversed. The impairment loss is reversed up to the lower of the calculated recoverable amount or book value less the necessary depreciation and amortization in the instance impairment loss was not recognized previously. Impairment loss associated with goodwill is not reversed.

(2) Accounting policy for depreciation of significant assets

1) Property, plant and equipment

Property, plant and equipment is measured using the cost model and stated at acquisition cost less accumulated depreciation and accumulated impairment losses.

The acquisition cost of property, plant and equipment comprises any costs directly attributable to the acquisition of the item, the initial estimate for disassembly, removal, or other restoration costs and borrowing costs that should be capitalized.

Depreciation costs on an item of property, plant and equipment, other than land and construction in progress, are accounted for using a straight-line method over its estimated useful life. The range of estimated useful lives by major asset item is as follows:

Buildings: 31 to 50 years (Equipment attached to the buildings is mainly 15 years)
Structures: 10 to 30 years
Machinery and equipment: 4 to 12 years
Tools, furniture and fixtures: 5 to 6 years

Estimated useful life, residual value, and depreciation methods are reviewed at the end of each fiscal year and, if there is a change, adjustments will be applied from that point forward as changes in accounting estimate.

2) Right-of-use assets

The Group leases a portion of its property, plant, and equipment. The acquisition cost of right-of-use assets is set at the initial measurement of the present value of the lease fee during a non-cancelable period at the lease start date plus reasonably sure extension option period (hereafter "lease period"), and any lease prepayments prior to the lease start date, initial direct costs and the amount of the initial estimate for disassembly, removal, or other restoration costs and less any lease incentives received. Lease liabilities are set at the initial measurement of the present value of the lease fee during the lease period. In the instance of changes in the lease period or lease fee subsequent to the initial measurement, lease liabilities amounts are remeasured, and the acquisition cost of a right-of-use asset and the lease liability amounts are adjusted.

Right-of-use assets are accounted using the cost model and stated at acquisition cost less accumulated depreciation and accumulated impairment loss amount. Lease liabilities are stated at the initial measurement amount and adjusted amount due to remeasurement less payments of lease fee and adjusted for interest.

Depreciation cost of right-of-use assets is accounted for using the straight-line method over the lease period. Interest expenses associated with lease liabilities are classified separately from depreciation costs on right-of-use assets and included in finance expenses.

However, items with short-term leases of lease periods of 12 months or less and underlying assets with low-value are not recognized as right-of-use assets or lease liabilities and lease fees are recognized as profit or loss either by applying the straight-line method or other established standards to the lease amount.

The Group applies the practical expedient to rent concessions received as a direct result of the spread of COVID-19 that meet the requirements and treats them as variable lease payments.

3) Intangible assets

Intangible assets are accounted using the cost model and stated as the amount of the acquisition cost less accumulated amortization and accumulated impairment loss.

(3) Accounting policy for significant provisions

The Group has present legal and constructive obligation arising from past circumstances and this is likely to require the Group to forego resources with economic benefits to settle debts. If a reliable estimate for such debt can be determined, it is recognized as a provision.

In instances where the time value of money becomes material, the provision amount is measured based on estimated future cash flows discounted to their present value using a discount rate reflecting the time value of money and risk specific to the liability.

(4) Employee benefits

1) Post-employment benefit

The Group maintains defined-benefit pension plans and defined-contribution pension plans as post-employment benefit plans for employees.

Defined benefit obligation is determined using the projected unit credit method based on the present value of the defined benefit obligation and related current and past service costs. The discount rate used to discount to the present value of defined benefit obligations is determined by referring to the market yields of high-quality corporate bonds matching the currency and the maturity date with the retirement benefit obligation. Assets or liabilities related to the defined benefit plans are calculated as the net sum of the present value of the defined benefit obligation and the fair value of plan assets for each plan. Differences arising in remeasurement of defined benefit plans are recognized in a lump sum in other comprehensive income in the period they are incurred and immediately transferred to retained earnings. Past service costs are recognized as profit or loss in the period they occur.

Contributions to defined contribution pension plans are recognized as expenses at the time the relevant service are provided.

2) Short-term employee benefits

Short-term employee benefits are not discounted and are recognized as an expense at the time service is provided. Bonuses and paid leave costs are recognized as a liability in the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(5) Revenue recognition

Revenue is recognized through the following steps in accordance with IFRS 15 "Revenue from Contracts with Customers."

Step 1. Identify the contract(s) with a customer.
Step 2. Identify the performance obligations in the contract.
Step 3. Determine the transaction price.
Step 4. Allocate the transaction price to each performance obligation.
Step 5. Recognize revenue when/as a performance obligation is satisfied.

The Group's main business is the manufacture and sale of musical instruments, audio equipment, and other products. In principle, the customer takes possession of an item at the time of transfer and this is deemed as fulfilling the performance obligation. In most circumstances, revenue from an item is recognized at the time of transfer. Revenue is measured as the amount set at the time of contract with customers less any amount provided as a discount, rebate, or for a sales return.

(6) Income tax

Income taxes comprise current and deferred tax and are recognized as profit or loss with the exception of items related to business combinations or recognized directly in equity or in other comprehensive income.

Current tax is measured at the amount expected to be paid to or recovered from the tax authorities. The amount of current tax is determined based on the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. In the event of uncertainty concerning the tax position for treatment under income tax, if there is a high probability of the tax position to occur based on the tax laws, then a reasonable estimated amount is recognized as an asset or liability.

Deferred tax is recognized on temporary difference between the reported book value of assets and liabilities at the end of reporting period and associated amounts for taxation purpose, losses carried forward and tax credit carried forward.

A deferred tax asset is recognized for future deductible temporary differences, losses carried forward, and tax credit carried forward to the extent that taxable income is highly probable to occur for them to recover. A deferred tax liability is, in principle, recognized for all projected future taxable temporary differences. A deferred tax asset is reviewed each fiscal period and reduced to the extent that the tax benefit of the deferred tax assets is no longer expected to be realized.

Deferred tax assets and liabilities are not recognized for the following temporary differences:

・Future taxable temporary differences arising from the initial recognition of goodwill;

・Temporary differences arising on the initial recognition of an asset or liability arising in a transaction other than a business combination and that affects neither accounting profit nor taxable income;

・Future taxable temporary differences associated with investments in subsidiaries and associated companies to the extent that the timing of the reversal of the temporary differences can be controlled and it is probable that they will not reverse in the foreseeable future;

・Future deductible temporary differences associated with investments in subsidiaries and associated companies to the extent it is not probable that sufficient taxable income will be available to use the benefits from the taxable temporary difference or that it is not probable that the taxable temporary difference will be eliminated in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to be applied in the period when the asset is realized or liability is settled, based on statutory tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets and liabilities are netted when the entity has a legally enforceable right to offset current tax assets and liabilities, and the tax balances are associated to the same entity and same taxation authority, and different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

The Company and some of its subsidiaries have adopted the consolidated taxation system.

(7) Foreign currencies

1) Transaction denominated in foreign currencies

The financial statements of each of the Group entities are prepared using each company's functional currency. Transactions conducted in currencies other than the functional currency are translated into the functional currency using the exchange rate on the transaction date or an exchange rate that approximates the exchange rate on that date. Foreign currency monetary items on the end of a reporting period are reconverted at the exchange rate on that date, and foreign currency non-monetary items measured at fair value are reconverted at exchange rate on the date of calculation of fair value; and both are converted to the functional currency. Any exchange differences arising from reconversion or settlement are recognized in profit or loss.

However, exchange differences arising from financial instruments measured at fair value through other comprehensive income or cash flow hedges are recognized in other comprehensive income.

2) Foreign operations

Assets and liabilities of the Group's foreign operations are translated using the exchange rates on the final date of a reporting period. Income and expense items are translated at the average exchange rates for the reporting period, unless any significant change has occurred. Any exchange differences arising from these translations are recognized in other comprehensive income. If a foreign operation is disposed of, the accumulated amount of the exchange differences on translation related to the foreign operation is transferred to profit or loss at the time the foreign operation was disposed of.

(8) Other significant items for the preparation of consolidated financial statements

1) Consumption taxes

Transactions subject to national and/or local consumption tax are recorded at an amount exclusive of consumption taxes, and asset-related non-deductible national and/or local consumption tax was expensed in the fiscal year ended March 31, 2022.

II. Notes regarding Significant Accounting Estimates and Judgements

The Group utilizes estimates and assumptions concerning the application of accounting policies and measurement of assets, liabilities, revenues and expenditures in the preparation of the consolidated financial statements. The estimates and assumptions are based on the management best judgement in consideration of past performance and other various factors considered to be reasonable at the end of reporting period. However, by their nature, the presented amounts that are based on estimates and assumptions may differ from actual results.
The estimates and the underlying assumptions are reviewed on an ongoing basis, and the effects of revisions to the estimates are recognized in the period in which the estimate is revised and in future periods that are affected by the revision. Judgments, estimates, and assumptions that may have significant effects on the amount recognized in the consolidated financial statements of the Group are as follows:

1. Scope of subsidiaries

Whether a subsidiary is eligible for inclusion in the consolidation is determined by whether the Group has control over the company.

2. Impairment of non-financial assets

The Group recorded no significant impairment loss for the fiscal year ended March 31, 2022.
The Group conducts impairment tests in accordance with "I. Notes regarding Basic Significant Items for the Preparation of Consolidated Financial Statements, 5. Accounting Policies (1) Accounting policy for measuring significant assets 4) Impairment of non-financial assets" on property, plant and equipment, right-of-use assets, goodwill, and intangible assets. The impairment tests to calculate recoverable value include assumptions for future cash flow, discount rates, and other items. Management uses their best estimates and judgment to set the assumptions; however, the test results can be affected by changes in uncertain future economic conditions. When revisions are necessary, the changes can have a material effect on the consolidated financial statements.
The Group recorded property, plant and equipment and right-of-use assets at ¥4,839 million on March 31, 2022 for the assets related to its directly managed shops and music schools in Japan on which the Group recorded impairment losses for two consecutive fiscal years that ended March 31, 2020 and 2021. As a result of assessing these assets based on the future business plan, the Group determined that there was no indication of impairment on these assets on March 31, 2022.

3. Recognition and measurement of provisions

Provisions are recorded ¥2,086 million in current liabilities and ¥2,399 million in non-current liabilities on March 31, 2022. Provisions are measured based on best estimates of payments to settle future debts on the last day of the reporting period. The payment amounts expected to be used to settle debts in the future are calculated in consideration of all possible outcomes in the future. The estimates used to calculate such provisions can be affected by changes in uncertain future economic conditions and therefore contain the risk that the measured amounts for the allowances may require significant revision in the future.

4. Measurement of retirement benefit obligation

On March 31, 2022, retirement benefit assets in other non-current assets and retirement benefit liabilities are recorded ¥10,786 million and ¥14,544 million, respectively. The defined benefit corporate pension plan recognizes the net amount of the defined benefit obligation and fair value of plan assets as assets and liabilities. The defined benefit obligation is calculated using actuarial calculation, which includes estimates for the discount rate, retirement rate, mortality rate, and rate of salary increase. These assumptions are determined based on a comprehensive judgment using available information, such as market trends in interest rate fluctuations. The assumptions for the actuarial calculation can be affected by the uncertain future economic environment and social changes and therefore contain the risk that the measured amounts for the retirement benefit obligation may require significant revision in the future.

5. Recoverability of deferred tax assets

On March 31, 2022, deferred tax assets and deferred tax liabilities are recorded ¥7,892 million and ¥7,954 million, respectively, and the amount of deferred tax assets before offsetting major deferred tax liabilities is ¥25,007 million. Deferred tax assets are recognized based on the assumption that the company has a high probability of generating taxable income that can be applied to future deductible temporary differences.
The judgment on the possibility of generating taxable income is based on projections of when and how much income is expected in the business plan. Management uses their best estimates to set the estimates; however, uncertain future economic conditions can change to the extent that they affect the actual results.

The above includes judgments based on estimates and assumptions concerning the Group's future performance; however, these are in accordance with the business plan formulated using future outlook about sales, the foreign exchange market and other factors.
The impact of the spread of COVID-19 remains uncertain partly due to the spread of its variants, but we expect that circumstances will improve gradually in the long run.
Product supplies have been impacted by difficulties in procuring semiconductors such as sound generator LSIs and disruptions in logistics, and we expect that such impacts will continue at a certain level in the next fiscal year.
We are also concerned about the impact of Russian invasion of Ukraine on the world economy, but we expect that such impact on the Group's performance is minimal as of March 31, 2022.
If these impacts bring different outcomes from what we expected, the Group's future performance could be significantly affected, and the impact on the consolidated financial statements could be substantial.
The estimates and assumptions used in the preparation of the consolidated financial statements are based on the management's best estimates as of the end of the fiscal year. However, the future economic conditions are uncertain, and the Group performance may also be impacted by unanticipated developments in economic conditions. If such changes require management to revise its outlook, the impact on the consolidated financial statements could be substantial.

III. Additional Information

1. Gain on Sales of Non-current Assets

The landholding (Chuo-ku, Sapporo, Hokkaido) categorized as "Assets held for sale" in the consolidated statement of financial position in the fiscal year ended March 31, 2022 was sold to ALJ Sapporo RE2 TMK (Chiyoda-ku, Tokyo). As a result of the sale, the Company recorded a gain on sales of non-current assets of ¥4,700 million in other income.

2. Sale of a Portion of the Shares of Yamaha Motor Co., Ltd.

During the fiscal year ended March 31, 2022, the Company sold a portion of its holdings of the shares of Yamaha Motor Co., Ltd. The proceeds from this sale, after deduction of commissions and other expenses, amounted to ¥46,087 million. This stock is classified as financial assets measured at fair value through other comprehensive income, and since there is no gain on sale of investment securities from the sale of these shares, the impact on profit for the fiscal year is minimal.

3. Contribution to Retirement Benefit Trust

In March 2022, the Company established a retirement benefit trust under the non-funded retirement benefit plan for its employees, and contributed ¥10,000 million of cash and cash equivalents to the trust. Accordingly, retirement benefit liabilities decreased by the same amount.

IV. Notes to Consolidated Statement of Financial Position

1. Allowance for Doubtful Accounts Directly Deducted from Assets

	(Millions of yen)
Trade and other receivables	1,310
Financial assets	107

	(Millions of yen)
2. Accumulated Depreciation of Property, Plant and Equipment	212,549

V. Notes to Consolidated Statement of Changes in Equity

1. Number of Shares Outstanding

Class of share	At the beginning of the fiscal year ended March 31, 2022	Increase	Decrease	At the end of the fiscal year ended March 31, 2022
Common stock (shares)	191,555,025	—	4,255,025	187,300,000

Note: A decrease in the total number of shares outstanding was due to the cancellation of treasury shares.

2. Dividends

(1) Dividends paid

Resolution	Class of share	Total dividends (Millions of yen)	Dividend per share (yen)	Record date	Effective date
Annual Shareholders' Meeting held on June 24, 2021	Common stock	5,801	33.00	March 31, 2021	June 25, 2021
Board of Directors' Meeting held on November 2, 2021	Common stock	5,700	33.00	September 30, 2021	December 2, 2021

(2) Dividends with a record date in the fiscal year ended March 31, 2022 and effective date in the next fiscal year

Resolution	Class of share	Source	Total dividends (Millions of yen)	Dividend per share (yen)	Record date	Effective date
Annual Shareholders' Meeting held on June 22, 2022	Common stock	Retained earnings	5,660	33.00	March 31, 2022	June 23, 2022

VI. Notes regarding Revenue Recognition

1. Breakdown of Revenue

The Group breaks down revenue by segment and customer location.
The Group's reportable segments, based on its economic features and similarity of products and services, comprise its two principal reportable segments, which are the "musical instruments" and "audio equipment." Other businesses are included in the "others" segment. The musical instruments segment includes the manufacture and sales of pianos; digital musical instruments; wind, string, and percussion instruments; and other music-related activities. The audio equipment segment includes the manufacture and sales of audio products, professional audio equipment, information and telecommunication equipment, and certain other products. The "others" segment includes electronic devices business, automobile interior wood components, factory automation (FA) equipment, golf products, resort, and certain other lines of business. Revenue is also presented by region based on customer location.
The breakdown of revenue is as follows:

(Millions of yen)

	Reportable segment		Others	Total
	Musical instruments	Audio equipment		
Japan	58,322	28,681	18,364	105,369
North America	60,410	21,010	6,046	87,467
Europe	53,324	25,379	592	79,296
China	56,837	6,970	3,973	67,781
Other areas	47,258	14,882	6,141	68,282
Total	276,153	96,924	35,119	408,197
Revenue recognized from contracts with customers	274,687	96,664	34,960	406,312
Revenue recognized from other sources	1,465	259	158	1,884

Note: Major countries and regions included in divisions other than Japan and China are as follows.
North America: U.S.A., Canada
Europe: Germany, France, U.K.
Other areas: Republic of Korea, Australia

2. Basic Information to Understand Revenue

The Group's revenues mostly consist of the sale of finished goods and merchandise. Revenues from the sale of finished goods and merchandise are recognized when control of finished goods and merchandise is transferred to a customer. Specifically, the Group recognizes revenue when a customer accepts the delivery of finished goods and merchandise, since the legal title, physical possession and significant risk and rewards of ownership of the item are transferred to the customer at that point in time, and the performance obligation has been satisfied.
Revenues are measured as the amount agreed to at the time the contract with a customer was entered into less any discounts, rebates, or sales returns.
In addition, the Group provides services, such as music school business, in which revenue from the services is recognized when the services are performed since the performance obligation has been satisfied at that point.

3. Balances of Contracts

Balances of receivables arising from contracts with customers, contract assets, and contract liabilities as of March 31, 2022 are as follows:

	(Millions of yen)
Receivables arising from contracts with customers	51,271
Contract assets	424
Contract liabilities	5,850

VII. Notes to Financial Instruments

1. Conditions of Financial Instruments

(1) Policy on capital management

The Group, in principle, limits its cash management to deposits for which principles are guaranteed and interest rates are fixed.

The Company, its domestic subsidiaries, and certain overseas subsidiaries execute the group finance for the effective use of the funds among the Group companies. In addition, certain subsidiaries borrow funds from financial institutions after comprehensively considering borrowing conditions such as amounts, terms, and interest rates. The Group uses derivatives for the purpose of reducing risks mentioned below and limits derivative transactions to actual exposure. The Group does not enter into derivative transactions for speculative purposes.

(2) Financial risk management

The Group is exposed to various financial risks including credit risk, liquidity risk, and market risk in the course of business activities. To mitigate such risks, the Group has established a risk management system; that is, the Group has set up a Group financial policy, and the Company and its consolidated subsidiaries have preparedrules based on this policy.

1) Credit risk

The Group is exposed to credit risk that the Group may suffer a financial loss if a counterparty of holdingfinancial assets could not perform contractual obligations.

As to trade receivables from domestic and overseas customers, the Group is exposed to a risk that those receivables may become uncollectible due to deterioration in credit standing or bankruptcy of customers or other reasons. Establishing rules for managing its credit exposure and trade receivables, the Group evaluates and manages a credit limit by customer, keeps records of receivables and confirms outstanding balances on a regular basis. For receivables that become past due, the Group monitors the cause of delinquency and evaluates when they become collectible.

Regarding excess funds, the Group, in principle, limits the investments to deposits for which principles are guaranteed and interest rates are fixed, by emphasizing safety and security.

Derivative transactions are executed based on the Group’s policy and rules. Limiting derivative transactions to actual exposure, the Group does not enter into derivative transactions for speculative purposes. In addition, in order to mitigate counterparty credit risk, the Group only enters into derivative transactions with financial institutions with high-credit ratings.

The maximum credit risk exposures for financial assets are shown as the book value in the consolidated financial statements.

1) Liquidity risk

Liquidity risk is a risk that the Group may not perform obligations to repay financial liabilities on their due date. The Group establishes a cash management plan based on the annual management plan, prepares and updates a cash flow budget to control cash flows, and monitors the budget and actual cash flows on a continuous basis. In addition, the Company, its domestic subsidiaries, and certain overseas subsidiaries manage the liquidity risk by executing the group finance.

2) Market risk

(a) Foreign exchange risk

Receivables and payables denominated in foreign currencies are exposed to foreign currency fluctuationrisk. In order to mitigate a risk arising from foreign currency fluctuation in connection with regular export and import transactions, the Group uses foreign exchange forward contracts to hedge actual exposures of net position of trade receivables and payables denominated in foreign currencies.

(b) Price variation risk of equity instruments

The Company holds equity instruments including stocks of companies with business relationships, and therefore, is exposed to a risk of fluctuation of their prices. The Company continuously monitors the status ofchanges in fair value of these equity instruments. The Group does not hold equity instruments for short-term trading purposes and does not actively trade them.

2. Fair Values of Financial Instruments

The book values and fair values of financial assets and financial liabilities at the end of the fiscal year ended March 31, 2022 are as follows:

(Millions of yen)

Classification	Book value	Fair value
Financial assets		
Financial assets measured at amortized cost		
Cash and cash equivalents	172,495	172,495
Trade and other receivables (Note)	59,594	59,594
Other financial assets	8,253	8,253
Financial assets measured at fair value through profit or loss		
Debt instruments	300	300
Derivative assets	—	—
Financial assets measured at fair value through other comprehensive income		
Equity instruments	66,118	66,118
Total	306,762	306,762
Financial liabilities		
Financial liabilities measured at amortized cost		
Trade and other payables	63,184	63,184
Borrowings	10,523	10,523
Other financial liabilities	9,604	9,604
Financial liabilities measured at fair value through profit or loss		
Derivative liabilities	662	662
Total	83,975	83,975

Note: The amount above does not include contract assets of ¥424 million recorded in trade and other receivables in the consolidated statement of financial position.

3. Details of Financial Instruments by Fair Value Level

(1) Fair value hierarchy

The fair value hierarchy is as follows:

Level 1: Fair value measured by using unadjusted quoted prices in active markets

Level 2: Fair value measured by using inputs other than Level 1 inputs that are observable either directly or indirectly

Level 3: Fair value measured by valuation techniques including inputs not based on observable market data

The Group recognizes transfers of financial instruments between levels by deeming that they have occurred at the end of each reporting period. For the fiscal year ended March 31, 2022, no significant financial assets were transferred between levels.

(2) Fair value measurement

Fair value measurement of major financial instruments are as follows:

1) Cash and cash equivalents, financial assets and liabilities (excluding borrowings and lease liabilities) measured at amortized cost

Cash and cash equivalents, short-term investments, receivables and payables (excluding borrowings and lease liabilities) measured at amortized cost are settled in a short period of time or are financial instruments which are payable on demand. Since their fair value approximates book value, their book value is used as fair value.

2) Equity instruments and debt instruments measured at fair value through profit or loss

Listed stocks are measured at market price as at the end of each reporting period, and classified as Level 1. Unlisted stocks, investments in associates and debt instruments measured at fair value through profit or loss are measured by using financial statements of portfolio companies and applying appropriate valuation techniques such as valuation based on market values of similar companies, and are classified as Level 3.

3) Borrowings
Short-term borrowings are settled in a short period of time and their fair value approximates their book value. Thus, the book value is used as fair value.
Fair value of long-term borrowings is calculated by discounting future cash flows by interest rates assumed for new similar borrowings, and classified as Level 2.

4) Derivative transactions
Fair value of derivative transactions is measured at prices obtained from counterparty financial institutions, and classified as Level 2.

(3) Financial instruments measured at amortized cost
The fair value of the financial instruments measured at amortized cost is as follows:
(Financial value of the financial instruments not included in the following table is similar to book value.)

(Millions of yen)

Classification	Level 1	Level 2	Level 3	Total
Financial liabilities				
Long-term borrowings (including to be repaid within one year)	–	1,468	–	1,468
Total	–	1,468	–	1,468

(4) Financial instruments measured at fair value
The breakdown of financial instruments measured at fair value is as follows:

(Millions of yen)

Classification	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets measured at fair value through profit or loss				
Debt instruments	–	–	300	300
Derivative assets	–	–	–	–
Financial assets measured at fair value through other comprehensive income				
Equity instruments	60,343	–	5,775	66,118
Total	60,343	–	6,076	66,419
Financial liabilities				
Financial liabilities measured at fair value through profit or loss				
Derivative liabilities	–	662	–	662
Total	–	662	–	662

The breakdown of financial instruments measured at fair value on a recurring basis and classified as Level 3 is as follows:

(Millions of yen)

Balance at beginning of period	5,959
Gain or loss (Note 1)	163
Other comprehensive income (Note 2)	95
Purchase	0
Sale and redemption	(142)
Balance at end of period	6,076

Notes: 1. Gain or loss relates to financial assets measured at fair value through profit or loss and is included in “Finance income” and “Finance expenses” in the consolidated statement of income.
2. Other comprehensive income relates to financial assets measured at fair value through other comprehensive income and included in financial assets measured at fair value through other comprehensive income in the consolidated statement of comprehensive income.

The corresponding financial instruments are mainly unlisted stocks, investments in associates and debt instruments measured at fair value through profit or loss. They are measured by using financial statements of portfolio companies and applying appropriate valuation techniques such as valuation based on market values of similar companies.

VIII. Notes to Per Share Information

Equity per share attributable to owners of the parent	¥2,417.89
Basic profit per share	¥214.79

Non-consolidated Financial Statements

Non-consolidated Balance Sheets

(Millions of yen)

	FY2021.3 (as of March 31, 2021)	FY2022.3 (as of March 31, 2022)
ASSETS		
Current assets:		
Cash and deposits	51,493	85,899
Notes receivable - trade	379	391
Electronically recorded monetary claims - operating	1,148	1,223
Accounts receivable - trade	19,537	22,235
Merchandise and finished goods	9,919	7,854
Work in process	1,352	1,700
Raw materials	2,201	2,786
Short-term loans receivable	5,937	9,255
Other	13,472	18,833
Allowance for doubtful accounts	(2,628)	(3288)
Total current assets	102,814	146,891
Non-current assets:		
Property, plant and equipment:		
Buildings and structures	25,854	25,914
Machinery and equipment	909	891
Vehicles	41	29
Tools, furniture and fixtures	2,988	2908
Land	42,410	41,856
Leased assets	11	8
Construction in progress	3,185	4,297
Total property, plant and equipment	75,401	75,906
Intangible assets:		
Software	565	959
Other	0	0
Total intangible assets	566	959
Investments and other assets:		
Investment securities	111,198	61,529
Stocks of subsidiaries and affiliates	65,245	63,471
Investment in capital of subsidiaries and affiliates	20,563	20,563
Long-term loans receivable	2	3
Lease and guarantee deposits	1,011	1,003
Prepaid pension cost	2,360	4,346
Other	87	71
Allowance for doubtful accounts	(87)	(71)
Total investments and other assets	200,382	150,916
Total non-current assets	276,350	227,782
Total assets	379,165	374,674

(Millions of yen)

	FY2021.3 (as of March 31, 2021)	FY2022.3 (as of March 31, 2022)
LIABILITIES		
Current liabilities:		
Accounts payable - trade	10,487	12,348
Short-term loans payable	16,417	18,661
Lease obligations	2	2
Accounts payable - other	4,664	2,971
Accrued expenses	13,522	15,513
Income taxes payable	478	16,927
Advances received	519	241
Contract liabilities	-	318
Refund liabilities	-	262
Deposits received	323	293
Provision for product warranties	85	28
Other	176	492
Total current liabilities	46,679	68,063
Non-current liabilities:		
Lease obligations	7	4
Deferred tax liabilities	17,063	3,802
Deferred tax liabilities for land revaluation	9,183	9,183
Provision for product warranties	448	1,002
Provision for retirement benefits	15,172	5,956
Long-term deposits received	8,894	8,888
Other	467	465
Total non-current liabilities	51,236	29,303
Total liabilities	97,915	97,366
NET ASSETS		
Shareholders' equity:		
Capital stock	28,534	28,534
Capital surplus		
Legal capital surplus	3,054	3,054
Other capital surplus	19,323	-
Total capital surplus	22,378	3,054
Retained earnings		
Legal retained earnings	4,159	4,159
Other retained earnings		
Reserve for tax purpose reduction entry	6,246	6,016
Special reserve for replacement of assets acquisition	-	2,637
General reserve	70,710	70,710
Retained earnings brought forward	126,255	179,824
Total other retained earnings	203,211	259,189
Total retained earnings	207,371	263,349
Treasury stock	(65,086)	(73,288)
Total shareholders' equity	193,197	221,649
Valuation and translation adjustments:		
Valuation difference on available-for-sale securities	68,637	36,465
Deferred gains or losses on hedges	(123)	(345)
Revaluation reserve for land	19,537	19,537
Total valuation and translation adjustments	88,051	55,657
Total net assets	281,249	277,307
Total liabilities and net assets	379,165	374,674

Note: Figures of less than ¥1 million have been omitted.

(Millions of yen)

	FY2021.3 (April 1, 2020 − March 31, 2021)	FY2022.3 (April 1, 2021 − March 31, 2022)
Net sales	194,117	217,696
Cost of sales	152,862	173,128
Gross profit	41,254	44,567
Selling, general and administrative expenses	29,465	32,518
Operating income	11,789	12,049
Non-operating income		
Interest income	96	92
Dividend income	12,832	27,257
Other	932	2,426
Total non-operating income	13,861	29,776
Non-operating expenses		
Interest expenses	2	2
Other	98	939
Total non-operating expenses	101	941
Ordinary income	25,548	40,883
. Extraordinary income		
Gain on sales of non-current assets	5	5,112
Gain on sales of investment securities	463	43,776
Reversal of provision for loss of subsidiaries	131	-
Total extraordinary income	601	48,889
. Extraordinary losses		
Loss on retirement of non-current assets	80	65
Loss on valuation of shares of subsidiaries and associates	277	1,773
Impairment loss	1,290	91
Provision of allowance for doubtful accounts	2,218	659
Loss from suspension of operations	45	-
Total extraordinary losses	3,912	2,590
Income before income taxes	22,237	87,182
Income taxes - current	3,019	18,750
Income taxes - deferred	295	495
Total income taxes	3,314	19,245
Net income	18,922	67,936

Note: Figures of less than ¥1 million have been omitted.

(April 1, 2021－March 31, 2022)

(Millions of yen)

	Shareholders' equity			
	Capital stock	Capital surplus		
		Legal capital surplus	Other capital surplus	Total capital surplus
Balance at April 1, 2021	28,534	3,054	19,323	22,378
Changes of items during period				
Dividends of surplus				
Net income				
Reserve for tax purpose reduction entry				
Special reserve for replacement of assets acquisition				
Acquisition of treasury stock				
Disposal of treasury stock			9	9
Cancellation of Treasury Stock			(19,333)	(19,333)
Net changes of items other than shareholders' equity				
Total changes of items during period			(19,323)	(19,323)
Balance at March 31, 2022	28,534	3,054	-	3,054

	Shareholders' equity							
	Retained earnings						Treasury stock	Total share-holders' equity
	Legal retained earnings	Other retained earnings				Total retained earnings		
		Reserve for tax purpose reduction entry	Special reserve for replacement of assets acquisition	General reserve	Retained earnings brought forward			
Balance at April 1, 2021	4,159	6,246	-	70,710	126,255	207,371	(65,086)	193,197
Changes of items during period								
Dividends of surplus					(11,501)	(11,501)		(11,501)
Net income					67,936	67,936		67,936
Reserve for tax purpose reduction entry		(229)			229	-		-
Special reserve for replacement of assets acquisition			2,637		(2,637)	－		－
Purchase of treasury stock							(28,009)	(28,009)
Disposal of treasury stock							16	26
Cancellation of Treasury Stock					(457)	(457)	19,790	-
Net changes of items other than shareholders' equity								
Total changes of items during period	－	(229)	2,637	－	53,569	55,977	(8,201)	28,451
Balance at March 31, 2022	4,159	6,016	2,637	70,710	179,824	263,349	(73,288)	221,649

	Valuation and translation adjustments				Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Re-valuation reserve for land	Total valuation and translation adjust-ments	
Balance at April 1, 2022	68,637	(123)	19,537	88,051	281,249
Changes of items during period					
Dividends of surplus					(11,501)
Net income					67,936
Reserve for tax purpose reduction entry					-
Special reserve for replacement of assets acquisition					-
Purchase of treasury stock					(28,009)
Disposal of treasury stock					26
Cancellation of Treasury Stock					-
Net changes of items other than shareholders' equity	(32,171)	(221)	-	(32,393)	(32,393)
Total changes of items during period	(32,171)	(221)	-	(32,393)	(3,941)
Balance at March 31, 2022	36,465	(345)	19,537	55.657	277,307

Note: Figures of less than ¥1 million have been omitted.

Notes to Non-consolidated Financial Statements

I. Significant Accounting Policies

1. Accounting Policy for Measuring Assets

(1) Securities

Securities of subsidiaries and affiliates are stated at cost, determined by the average method.

Other securities

Securities other than shares without quoted market prices classified as available-for-sale securities are stated at fair value with any changes in unrealized holding gain or loss, net of the applicable income taxes, included directly in net assets. Cost of securities sold is determined by the weighted-average method.

Shares without quoted market prices classified as available-for-sale securities are stated at cost.

(2) Derivatives

Derivatives are stated at fair value.

(3) Inventories

Inventories are stated principally at the cost method (a method of reducing book value when the profitability of the inventories declines), cost being determined by the periodic average method.

2. Accounting Policy for Depreciation of Assets

(1) Property, plant and equipment (excluding leased assets)

Property, plant and equipment are calculated by the straight-line method

The range of useful lives by major asset item is as follows:

Buildings: 31 to 50 years (Equipment attached to the buildings: Mainly 15 years)
Structures: 10 to 30 years
Machinery and equipment: 4 to 9 years
Tools, furniture and fixtures: 5 to 6 years (Molds and dies: Mainly 2 years)

(2) Intangible assets

Intangible assets are amortized mainly over a period of five years on a straight-line method.

(3) Leased assets

Leased assets under finance leases, other than those for which the ownership transfers to the lessee.

Depreciation is calculated by the straight-line method over the lease period with the residual value at zero.

3. Accounting Policy for Provisions

(1) Allowance for doubtful accounts

To properly evaluate accounts receivable, the allowance for doubtful accounts is provided at an amount sufficient to cover possible losses on the collection of receivables. The amount of the provision is based on the historical experience with write-offs for normal receivables and individual estimation of the collectability of receivables due from specific companies in financial difficulties.

(2) Provision for product warranties

To provide for the expense of repairing products after their sale, the amount of provision for product warranties is determined using ratios of expense to net sales and unit sales based on past experience or estimation for individual products.

(3) Provision for retirement benefits

Employees' retirement benefits are provided on accrual basis based on the projected retirement benefit obligation and the pension fund assets calculated as of the end of the period. Prior service cost is being amortized by the straight-line method over periods (10 years) which are shorter than the average remaining service of the employees. Actuarial differences (gain and Loss) are amortized in the following year in which gain or loss is recognized by the straight-line method over periods (10 years) which are shorter than the average remaining years of service of the employees.

4. Accounting Policy for Recognition of Revenues and Expenses

The Company recognizes revenue at an amount that reflects the consideration to which the Company expects to be entitled in exchange for the transfer of goods or services to customers based on the following five-step approach.

Step 1: Identify the contract(s) with a customer.
Step 2: Identify the performance obligations in the contract.
Step 3: Determine the transaction price.
Step 4: Allocate the transaction price to each performance obligation.
Step 5: Recognize revenue when/as a performance obligation is satisfied.

The Company's main business is the manufacture and sale of musical instruments, audio equipment, and other products. In principle, the customer takes possession of an item at the time of transfer and this is deemed as fulfilling the performance obligation. In most circumstances, revenue from an item is recognized at the time of transfer. Revenue is measured as the amount set at the time of contract with customers less any amount provided as a discount, rebate, or for a sales return.

5. Accounting Policy for Foreign Currency Translation

Monetary assets and liabilities of the Company are translated at the current exchange rates in effect at each balance sheet date. The resulting foreign exchange gains or losses are recognized as income or expenses.

6. Accounting Policy for Hedging

(1) Hedge accounting
Translation differences arising from forward foreign exchange contracts with respect to receivables and payables denominated in foreign currencies are accounted for using the allocation method. Anticipated transactions denominated in foreign currencies designated as hedging instruments are accounted for using deferral hedge accounting.

(2) Hedging instruments and hedged items
Hedging instruments: Forward foreign exchange contracts
Hedged items: Receivables and payables denominated in foreign currencies and anticipated transactions denominated in foreign currencies

(3) Hedging policy
The Company enters into forward foreign exchange contracts as hedging instruments within the limit of actual foreign transactions to reduce risk arising from future fluctuations of foreign exchange rates with respectto export and import transactions in accordance with the internal management rules of each company.

(4) Assessment of hedge effectiveness
The Company does not make an assessment of effectiveness for hedging activities because the anticipated cash flows fixed by hedging activities and avoidance of market risk are clear; therefore, there is no need to evaluate such effectiveness.

7. Other Significant Items for the Preparation of Non-consolidated Financial Statements

(1) Consumption taxes
National and local consumption taxes are excluded from transaction amounts. Non-deductible national and local consumption taxes on assets are treated as expenses.

(2) Application of the consolidated taxation system
The Company applies the consolidated taxation system.

(3) Treatment of tax effect accounting for the transition from the consolidated taxation system to the group tax sharing system
With respect to the transition to the group tax sharing system established under the "Act on Partial Revision of the Income Tax Act" (Act No. 8 of 2020) and the items for which the non-consolidated taxation system was revised in line with the transition to the group tax sharing system, pursuant to the treatment stipulated in Paragraph 3 of the "Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System" (PITF No. 39, March 31, 2020), the Company does not apply the provisions of Paragraph 44 of the "Implementation Guidance on Tax Effect Accounting" (ASBJ Guidance No. 28, February 16, 2018) and the amounts of deferred tax assets and deferred tax liabilities are based on the provisions of the pre-revision tax act.

II. Notes regarding Changes in Accounting Policies

(Application of the Accounting Standard for Revenue Recognition, etc.)
The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and “Implementation Guidance on Accounting Standard for Revenue Recognition” (ASBJ Guidance No. 30, March 26, 2021) since the beginning of the fiscal year ended March 31, 2022. The impact of this change on the non-consolidated financial statements for the fiscal year ended March 31, 2022 is minimal.

III. Notes regarding Revenue Recognition

Basic information to understand revenue from contracts with customers is omitted because the same notes are provided in “Notes regarding Revenue Recognition” of “Notes to Consolidated Financial Statements.”

IV. Notes to Accounting Estimates

Items whose amounts are recorded in the financial statements for the fiscal year ended March 31, 2022 based on accounting estimates and may have a significant impact on the following fiscal year are as follows:

	(Millions of yen)	
Prepaid pension cost	4,346	
Provision for retirement benefits	5,956	
Provisions	1,030	(Liabilities)
Deferred tax liabilities	3,802	(Amount in the balance sheet)
Deferred tax assets	14,808	(Before offsetting deferred tax liabilities)

Other information on accounting estimates that will facilitate the understanding of the users of the financial statements is omitted because the same content is stated in the notes to consolidated financial statements.

V. Additional Information

1. Gain on Sales of Non-current Assets

The landholding (Chuo-ku, Sapporo, Hokkaido) categorized as “Property, plant and equipment” in the non-consolidated balance sheet in the fiscal year ended March 31, 2022 was sold to ALJ Sapporo RE2 TMK (Chiyoda-ku, Tokyo). As a result of the sale, the Company recorded a gain on sales of non-current assets of ¥5,108 million.

2. Sale of a Portion of the Shares of Yamaha Motor Co., Ltd.

During the fiscal year ended March 31, 2022, the Company sold a portion of its holdings of the shares of Yamaha Motor Co., Ltd. The proceeds from this sale, after deduction of commissions and other expenses, amounted to ¥46,087 million.

3. Contribution to Retirement Benefit Trust

In March 2022, the Company established a retirement benefit trust under the non-funded retirement benefit plan for its employees, and contributed ¥10,000 million of cash and deposits to the trust. Accordingly, provision for retirement benefits decreased by the same amount.

VI. Notes to Non-consolidated Balance Sheets

1. Receivables from and Payables to Subsidiaries and Affiliates

	(Millions of yen)
Short-term receivables:	39,482
Short-term payables:	30,154

	(Millions of yen)
2. Accumulated Depreciation of Property, Plant and Equipment	60,808

3. Revaluation of Land

The Company has carried out the revaluation of landholdings in accordance with the Act on Revaluation of the Land (Act No. 34, published on March 31, 1998).

(1) Date of revaluation March 31, 2002

(2) Method of revaluation

As provided for in Article 2-3 of the Enforcement Order for Act on Revaluation of the Land (Cabinet Order No. 119, issued on March 31, 1998), land values were determined based on the land prices registered in the land tax list specified in Article No. 341, No. 10, of the Local Tax Act or the supplementary land tax list specified in No. 11 of the same Article No. 341.

(3) Difference between the fair value of the revalued land used for business at the end of the fiscal year ended March 31, 2022 and the book value after revaluation

(Millions of yen)
1,252

VII. Notes to Non-consolidated Statements of Income

Transactions with subsidiaries and affiliates

	(Millions of yen)
Net Sales	179,039
Purchases	116,473
Transaction volume of non-operating transactions	24,079

VIII. Notes to Non-consolidated Statements of Changes in Equity

Treasury shares

Type of share	At the beginning of the fiscal year ended March 31, 2022	Increase	Decrease	At the end of the fiscal year ended March 31, 2022
Common stock	15,756,254	4,259,566	4,259,025	15,756,795

(Overview of reasons for changes)
The details of the increase are as follows:

	(Shares)
Increase due to purchase of treasury shares by resolution of the Board of Directors	4,252,200
Increase due to return of restricted stock compensation without contribution before lifting of the transfer restrictions	5,800
Increase due to the purchase of shares less than one unit	1,566

The details of the decrease are as follows:

	(Shares)
Decrease due to cancellation of treasury shares by resolution of the Board of Directors	4,255,025
Decrease due to the disposal of treasury shares as restrictedstock compensation	4,000

IX. Notes to Deferred Tax Accounting

Principal deferred tax assets and liabilities

	(Millions of yen)
Deferred tax assets:	
Revaluation loss on inventories	133
Allowance for doubtful accounts	1,003
Depreciation, excess	5,250
Impairment loss of non-current assets	3,158
Revaluation loss on investment securities	16,054
Accrued bonuses	1,088
Provision for product warranties	307
Provision for retirement benefits	3,466
Other	4,969
Gross deferred tax assets	35,432
Valuation allowance	(20,624)
Total deferred tax assets	14,808
Deferred tax liabilities:	
Reserve for tax purpose reduction entry	(2,561)
Reserve for special account to purchase property replacement	(1,122)
Valuation difference on available-for-sale securities	(14,926)
Total deferred tax liabilities	(18,610)
Net deferred tax assets	(3,802)

X. Notes to Related Party Transactions

1. Subsidiaries and Affiliates

Attribute	Company name	Ratio of voting rights holding (held) (%)	Relationship with the related party	Summary of transaction	Transaction amount (Millions of yen)	Account	Balance at end of period (Millions of yen)
Subsidiary	Yamaha Music Japan Co., Ltd.	Holding Direct: 100	Sale of the Company's products	Net sales (Note 1)	23,131	Accounts receivable - trade	2,672
				Borrowing of funds (Note 2)	7,363	Short-term loans payable	7,452
				Interest on borrowings (Note 2)	0		
Subsidiary	Yamaha Music Retailing Co., Ltd.	Holding Indirect: 100	Sale of the Company's products	Lending of funds (Note 2)	4,728	Short-term loans receivable	4,291
				Interest on loans (Note 2)	60		
Subsidiary	Yamaha Music Entertainment Holdings, Inc.	Holding Direct: 100	Sale of the Company's products	Borrowing of funds (Note 2)	4,014	Short-term loans payable	4,525
				Interest on borrowings (Note 2)	0		
Subsidiary	Yamaha Music Manufacturing Japan Corporation	Holding Direct: 100	Purchase of the Company's products	Purchases (Note 1)	26,179	Accounts payable - trade	2,600
Subsidiary	Yamaha Corporation of America	Holding Direct: 100	Sale of the Company's products	Net sales (Note 1)	44,273	Accounts receivable - trade	2,981
Subsidiary	Yamaha Music Europe GmbH	Holding Direct: 100	Sale of the Company's products	Net sales (Note 1)	45,519	Accounts receivable - trade	3,666

Notes: 1. Prices as well as terms and conditions are determined based on common terms and conditions in view of the current market prices.
2. The Company uses Cash Management Services (CMS) to borrow and lend funds. Interest is reasonably determined in view of market interest rates. The transaction amount represents the average balance during the fiscal year ended March 31, 2022.

2. Officers and Individual Shareholders

Attribute	Name	Ratio of voting rights holding (held) (%)	Relationship with the related party	Summary of transaction	Transaction amount (Millions of yen)	Account	Balance at end of period (Millions of yen)
Officer	Yoshihiro Hidaka	(Held) Direct: 0.0	Concurrent positions of President, Chief Executive Officer and Representative Director of Yamaha Motor Co., Ltd. and Director of the Company	Purchase of treasury shares (Note 1)	14,697	–	–

Note 1: Yamaha Motor Co., Ltd. in which Mr. Yoshihiro Hidaka serves as Representative Director purchased common stock issued by the Company. Yamaha Motor Co., Ltd. purchased it at the closing price of August 24, 2021, the day before the transaction date, through off-auction own share repurchase trading (ToSTNeT-3) of the Tokyo Stock Exchange.

XI. Notes to Per Share Information

Net assets per share	¥1,616.55
Net income per share	¥391.68

(Consolidated)

Independent Accounting Auditor's Report

May 10, 2022

The Board of Directors YAMAHA
CORPORATION

Ernst & Young ShinNihon LLCHamamatsu
Office

Ryogo Ichikawa

Certified Public Accountant
Designated and Engagement Partner

Toshikatsu Sekiguchi

Certified Public Accountant
Designated and Engagement Partner

Shuji Okamoto

Certified Public Accountant
Designated and Engagement Partner

Opinion

Pursuant to Article 444, Paragraph 4 of the Companies Act, we have audited the accompanying consolidated financial statements, which comprise the consolidated statement of financial position, the consolidated statement of income, the consolidated statement of changes in equity and the notes to the consolidated financial statements of YAMAHA CORPORATION (the "Company") for the fiscal year from April 1, 2021 through March 31, 2022.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the Yamaha Group, which consists of the Company and its consolidated subsidiaries, for the period covered by the consolidated financial statements in conformity with accounting principles with the omission of certain disclosure items required under Designated International Accounting Standards as allowed by the second sentence of Article 120, Paragraph 1 of the Regulation on Corporate Accounting.

Basis for the Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibility under the auditing standards is stated in "Auditor's Responsibility for the Audit of the Consolidated Financial Statements." We are independent of the Company and its consolidated subsidiaries in accordance with the provisions related to professional ethics in Japan, and are fulfilling other ethical responsibilities as an auditor. We believe that we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Other Information

The other information comprises business report and the supplemental schedule. Management is responsible for the preparation and disclosure of the other information. In addition, the Audit Committee is responsible for overseeing the Officers and Directors' execution of duties relating to the design and operating effectiveness of the controls over the Group's reporting process of the other information.

Our audit opinion on the consolidated financial statements does not cover the other information, and we do not provide an opinion on the other information.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and the Audit Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles with the omission of certain disclosure items required under Designated International Accounting Standards as allowed by the second sentence of Article 120, Paragraph 1 of the Regulation on Corporate Accounting, and for designing and operating such internal control as management determines is necessary to enable the presentation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the consolidated financial statements in accordance with the premise of a going concern, and for disclosing matters relating to going concern when it is required to do so in accordance with accounting principles with the omission of certain disclosure items required under Designated International Accounting Standards as allowed by the second sentence of Article 120, Paragraph 1 of the Regulation on Corporate Accounting.

The Audit Committee is responsible for monitoring the execution of Executive Officers' and Directors' duties related to designing and operating the financial reporting process.

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

Our responsibility is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to express an opinion on the consolidated financial statements from an independent standpoint in an audit report, based on our audit. Misstatements can occur as a result of fraud or error, and are deemed material if they can be reasonably expected to, either individually or collectively, influence the decisions of users taken on the basis of the consolidated financial statements.

We make professional judgment in the audit process in accordance with auditing standards generally accepted in Japan, and perform the following while maintaining professional skepticism.

- Identify and assess the risks of material misstatement, whether due to fraud or error. Design and implement audit procedures to address the risks of material misstatement. The audit procedures shall be selected and applied as determined by the auditor. In addition, sufficient and appropriate audit evidence shall be obtained to provide a basis for the audit opinion.
- In making those risk assessments, the auditor considers internal control relevant to the entity's audit in order to design audit procedures that are appropriate in the circumstances, although the purpose of the audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control.
- Assess the appropriateness of accounting policies adopted by management and the method of their application, as well as the reasonableness of accounting estimates made by management and the adequacy of related notes.
- Determine whether it is appropriate for management to prepare the consolidated financial statements on the premise of a going concern and, based on the audit evidence obtained, determine whether there is a significant uncertainty in regard to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If there is a significant uncertainty concerning the premise of a going concern, the auditor is required to call attention to the notes to the consolidated financial statements in the audit report, or if the notes to the consolidated financial statements pertaining to the significant uncertainty are inappropriate, issue a modified opinion on the consolidated financial statements. While the conclusions of the auditor are based on the audit evidence obtained up to the date of the audit report, depending on future events or conditions, an entity may be unable to continue as a going concern.
- Besides assessing whether the presentation of and notes to the consolidated financial statements are in accordance with accounting principles with the omission of certain disclosure items required under Designated International Accounting Standards as allowed by the second sentence of Article 120, Paragraph 1 of the Regulation on Corporate Accounting, assess the presentation, structure, and content of the consolidated financial statements including related notes, and whether

the consolidated financial statements fairly present the transactions and accounting events on which they are based.

- Obtain sufficient and appropriate audit evidence regarding the financial information of the Company and its consolidated subsidiaries in order to express an opinion on the consolidated financial statements. The auditor is responsible for instructing, supervising, and implementing the audit of the consolidated financial statements, and is solely responsible for the audit opinion.

The auditor reports to the Audit Committee regarding the scope and timing of implementation of the planned audit, material audit findings including material weaknesses in internal control identified in the course of the audit, and other matters required under the auditing standards.

The auditor reports to the Audit Committee regarding the observance of provisions related to professional ethics in Japan as well as matters that are reasonably considered to have an impact on the auditor’s independence and any safeguards that are in place to reduce or eliminate obstacles.

Interest

Our firm and engagement partners have no interests in the Company or its consolidated subsidiaries requiring disclosure under the provisions of the Certified Public Accountants Act of Japan.

(Non-consolidated)

Independent Accounting Auditor's Report

May 10, 2022

The Board of Directors
YAMAHA CORPORATION

Ernst & Young ShinNihon LLC
Hamamatsu Office

Ryogo Ichikawa
Certified Public Accountant
Designated and Engagement Partner

Toshikatsu Sekiguchi
Certified Public Accountant
Designated and Engagement Partner

Shuji Okamoto
Certified Public Accountant
Designated and Engagement Partner

Opinion

Pursuant to Article 436, Paragraph 2, Item 1 of the Companies Act, we have audited the accompanying financial statements, which comprise the balance sheet, the statement of income, the statement of changes in net assets and the related notes, and the accompanying supplementary schedules of YAMAHA CORPORATION (the "Company") for the 198th fiscal year from April 1, 2021 through March 31, 2022.

In our opinion, the financial statements and the accompanying supplementary schedules referred to above present fairly, in all material respects, the financial position of the Company as of March 31, 2020, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in Japan.

Basis for the Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibility under the auditing standards is stated in "Auditor's Responsibility for the Audit of the Financial Statements and the Accompanying Supplementary Schedules." We are independent of the Company in accordance with the provisions related to professional ethics in Japan, and are fulfilling other ethical responsibilities as an auditor. We believe that we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Other Information

The other information comprises business report and the supplemental schedule. Management is responsible for the preparation and disclosure of the other information. In addition, the Audit Committee is responsible for overseeing the Officers and Directors' execution of duties relating to the design and operating effectiveness of the controls over the Group's reporting process of the other information.

Our audit opinion on the non-consolidated financial statements does not cover the other information, and we do not provide an opinion on the other information.

In connection with our audit of the non-consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the non-consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and the Audit Committee for the Financial Statements and the Accompanying Supplementary Schedules

Management is responsible for the preparation and fair presentation of the financial statements and the accompanying supplementary schedules in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the financial statements and the accompanying supplementary schedules that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the accompanying supplementary schedules, management is responsible for assessing whether it is appropriate to prepare the financial statements and the accompanying supplementary schedules in accordance with the premise of a going concern, and for disclosing matters relating to going concern when it is required to do so in accordance with accounting principles generally accepted in Japan.

The Audit Committee are responsible for monitoring the execution of Executive Officers' and Directors' duties related to designing and operating the financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements and the Accompanying Supplementary Schedules

Our responsibility is to obtain reasonable assurance about whether the financial statements and the accompanying supplementary schedules as a whole are free from material misstatement, whether due to fraud or error, and to express an opinion on the financial statements and the accompanying supplementary schedules from an independent standpoint in an audit report, based on our audit. Misstatements can occur as a result of fraud or error, and are deemed material if they can be reasonably expected to, either individually or collectively, influence the decisions of users taken on the basis of the financial statements and the accompanying supplementary schedules.

We make professional judgment in the audit process in accordance with auditing standards generally accepted in Japan and perform the following while maintaining professional skepticism.

- Identify and assess the risks of material misstatement, whether due to fraud or error. Design and implement audit procedures to address the risks of material misstatement. The audit procedures shall be selected and applied as determined by the auditor. In addition, sufficient and appropriate audit evidence shall be obtained to provide a basis for the audit opinion.
- In making those risk assessments, the auditor considers internal control relevant to the entity's audit in order to design audit procedures that are appropriate in the circumstances, although the purpose of the audit of the financial statements and the accompanying supplementary schedules is not to express an opinion on the effectiveness of the entity's internal control.
- Assess the appropriateness of accounting policies adopted by management and the method of their application, as well as the reasonableness of accounting estimates made by management and the adequacy of related notes.
- Determine whether it is appropriate for management to prepare the financial statements and the accompanying supplementary schedules on the premise of a going concern and, based on the audit evidence obtained, determine whether there is a significant uncertainty in regard to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If there is a significant uncertainty concerning the premise of a going concern, the auditor is required to call attention to the notes to the financial statements and the accompanying supplementary schedules in the audit report, or if the notes to the financial statements and the accompanying supplementary schedules pertaining to the significant uncertainty are inappropriate, issue a modified opinion on the financial statements and the accompanying supplementary schedules. While the conclusions of the auditor are based on the audit evidence obtained up to the date of the audit report, depending

on future events or conditions, an entity may be unable to continue as a going concern.

- Besides assessing whether the presentation of and notes to the financial statements and the accompanying supplementary schedules are in accordance with accounting principles generally accepted in Japan, assess the presentation, structure, and content of the financial statements and the accompanying supplementary schedules including related notes, and whether the financial statements and the accompanying supplementary schedules fairly present the transactions and accounting events on which they are based.

The auditor reports to the Audit Committee regarding the scope and timing of implementation of the planned audit, material audit findings including material weaknesses in internal control identified in the course of the audit, and other matters required under the auditing standards.

The auditor reports to the Audit Committee regarding the observance of provisions related to professional ethics in Japan as well as matters that are reasonably considered to have an impact on the auditor's independence and any safeguards that are in place to reduce or eliminate obstacles.

Interest

Our firm and engagement partners have no interests in the Company requiring disclosure under the provisions of the Certified Public Accountants Act of Japan.

Copy of Audit Report of the Audit Committee

Audit Report

May 11, 2022

We at the Audit Committee audited the Directors' and Executive Officers' performance of duties during the 198th business year, from April 1, 2021 through March 31, 2022. We hereby report the method and results thereof as follows.

1. Methods and Contents of the Audit

In regard to the content of resolutions passed by the Board of Directors in relation to the matters listed in Article 416, Paragraph 1, item (i), (b) and (e) of the Companies Act and systems developed pursuant to these resolutions (internal control systems), the Audit Committee received regular reports from Executive Officers, Operating Officers, employees, etc. concerning the creation and status of operation thereof, and requested explanations and expressed its views as necessary.

In addition, the Audit Committee coordinated with the Internal Auditing Division of the Company, etc. and other corporate departments to investigate the decision-making process at important committees, etc. and the content thereof, the content of approval forms and other important documents, the status of the execution of duties by Directors, Executive Officers, etc., and the status of the Company's business operations and assets, pursuant to audit plans that set forth audit policies, the division of duties, etc. in accordance with the audit standards determined by the Audit Committee.

In regard to subsidiaries, the Audit Committee worked to ensure mutual communication with Corporate Auditors at subsidiaries, Independent Accounting Auditors, etc., in addition to visiting subsidiaries as necessary, receiving business reports from Directors, General Managers, etc. at each company, and investigating the status of business operations, assets, and other matters.

Moreover, each Audit Committee Member has monitored the Independent Accounting Auditor to verify their independence and the propriety of their audit implementation, and has requested reports and received explanations from them when necessary. In addition, each Audit Committee Member received a notice from the Independent Accounting Auditor that "the system for securing appropriate execution of duties" (in each items of Article 131 of the Corporate Accounting Rules) has been developed in accordance with "the Standard on Quality Control Concerning Audit" (established by the Business Accounting Council on October 28, 2005), and requested reports and received explanations from them as necessary.

Based on the methods described above, the Audit Committee reviewed non-consolidated financial statements (non-consolidated balance sheets, non-consolidated statements of income, non-consolidated statement of changes in net assets, and notes to non-consolidated financial statements) and their supplementary schedules in addition to the business report and its supplementary schedules, and consolidated financial statements (consolidated statement of financial position, consolidated statement of income, consolidated statement of changes in equity, and notes to consolidated financial statements) for the business year.

2. Results of Audit

(1) Results of the audit of the business report and other documents

1) The business report and its supplementary schedules present fairly the condition of the Company in accordance with applicable laws and regulations, as well as the Articles of Incorporation.

2) With regard to the execution of Directors' and Executive Officers' duties, we have found no misconduct or material matters in violation of laws, regulations, or the Articles of Incorporation.

3) We find the content of the Board of Directors' resolution on the internal control system sufficient. Also, as to the content of the Business Report and the execution of Directors' and Executive Officers' duties with regard to internal control systems, nothing unusual is to be pointed out.

(2) Results of the audit of non-consolidated financial statements and their supplementary schedules

The method and results of the audit conducted by Ernst & Young ShinNihon LLC, the Company's Independent Accounting Auditor, are recognized as fair and proper.

(3) Results of the audit of consolidated financial statements

The method and results of the audit conducted by Ernst & Young ShinNihon LLC, the Company's Independent Accounting Auditor, are recognized as fair and proper.

The Audit Committee
YAMAHA CORPORATION

Taku Fukui
Audit Committee Member

Mikio Fujitsuka
Audit Committee Member

Naoko Yoshizawa
Audit Committee Member

Note: Audit Committee Members Taku Fukui, Yoshimi Nakajima, and Mikio Fujitsuka are Outside Directors as stipulated in Article 2, item 15 and Article 400, Paragraph 3 of the Companies Act.

Concerning Procedures for Exercise of Voting Rights Via the Internet

1. For shareholders who exercises voting rights via the Internet
The following items should be verified when exercising voting rights via the Internet.

(1) For those using smartphones
It is possible to exercise voting rights via the website for smartphone by reading the "Login QR Code" indicated on the enclosed Exercise of Voting Rights form.
(2) For those using computers
It is only possible to exercise voting rights from the computers by using the following website designated by the Company (https://www.web54.net).
Pleas access the above website, use the voting rights code and password indicated on the enclosed Exercise of Voting Rights form and input your vote for or against the proposals by following the on-screen instructions.
(3) Please note the exercise deadline
Shareholders voting via the Internet are requested to exercise their voting rights prior to 5:00 p.m. (JST) on Tuesday, June 21, 2022, after reviewing the Reference Documents for the General Shareholders' Meeting.
(4) The vote arriving latest will be deemed valid
When voting rights are exercised more than once via the Internet, the vote that arrives the latest will be deemed the valid vote.
(5) Voting rights exercised via the Internet will be prioritized
When a shareholder exercises voting rights via the Internet and by the Exercise of Voting Rights form, the vote via the Internet will be deemed the valid vote.
(6) Bearing of access fees
Shareholders will bear the expenses incurred when accessing the Internet to exercise shareholder voting rights.

* For questions related to exercising shareholder voting rights via the Internet, please contact the following:

The Sumitomo Mitsui Trust Bank Limited.
Securities Agent Web Support
Tel: 0120-652-031 (toll-free)
Service hours: 9:00 a.m. to 9:00 p.m.

2. For institutional investors
If you are a nominee shareholder such as an administrative trust bank (including a standing proxy), and apply in advance for the platform for exercising voting rights via the Internet, you may use such platform as a method for exercising your voting rights via the Internet at this meeting.

Concerning Exercise of Voting Rights Via “Smart Exercise” QR Code Scanning

How to exercise voting rights via the website for smartphone

Voting rights may be easily exercised by scanning the unique “QR Code” with a smartphone or tablet device.

Step 1: Scan the “Exercise of Voting Rights Website Login QR Code for Smartphones” on the lower right of the enclosed Exercise of Voting Rights form by smartphone or tablet device.

Step 2: Open the displayed URL to go to the Exercise of Voting Rights website. You have two options for exercising your voting rights.

Step 3: Follow the on-screen instructions to indicate your votes of approval or disapproval for each proposal.

Step 4: If you are all set, press the “Exercise with these votes” button on the confirmation screen to complete your vote.

*QR Code is a registered trademark of DENSO WAVE INCORPORATED.