(TRANSLATION ONLY)

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

(Security code: 7951)
June 2, 2021

Notice of the 197th Ordinary General Shareholders' Meeting

Dear Shareholders:

We hereby inform you of the 197th 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), Wednesday, June 23, 2021.

[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 197th Ordinary General Shareholders' Meeting

1. **Date and time:** **Thursday**, June 24, 2021 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 197th Fiscal Year (from April 1, 2020 through March 31, 2021).
2. The Non-consolidated Financial Statements for the 197th Fiscal Year (from April 1, 2020 through March 31, 2021)

Matters to be resolved:

Proposal 1 Appropriation of Surplus
Proposal 2 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: 5,801,359,443 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 25, 2021

Proposal 2 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 Directors meetings during fiscal 2020	Attendance at Committee(s) meetings during fiscal 2020
1	Takuya Nakata (Mr.)	Candidate for Reappointment	Director Nominating Committee Member Compensation Committee Member President and Representative Executive Officer Executive General Manager of Musical Instruments Business Unit	100% (12 out of 12 meetings)	Nominating Committee 100% (3 out of 3 meeting) Compensation Committee 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% (12 out of 12 meetings)	—
3	Taku Fukui (Mr.)	Candidate for Reappointment Outside Director Independent Outside Director	Outside Director Audit Committee Member	100% (12 out of 12 meetings)	Audit Committee 100% (15 out of 15 meeting)
4	Yoshihiro Hidaka (Mr.)	Candidate for Reappointment Outside Director Independent Outside Director	Outside Director Nominating Committee Member Compensation Committee Member	100% (12 out of 12 meetings)	Nominating Committee 100% (3 out of 3 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% (12 out of 12 meetings)	Audit Committee 100% (15 out of 15 meeting)
6	Paul Candland (Mr.)	Candidate for Reappointment Outside Director Independent Outside Director	Outside Director Nominating Committee Member Compensation Committee Member	100% (12 out of 12 meetings)	Nominating Committee 100% (3 out of 3 meeting) Compensation Committee 100% (4 out of 4 meeting)
7	Hiromichi Shinohara (Mr.)	New Candidate Outside Director Independent Outside Director	—	—	—
8	Naoko Yoshizawa (Ms.)	New Candidate Outside Director Independent Outside Director	—	—	—

<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:
Nine (9) years (at the conclusion of this Ordinary General Shareholders’ Meeting)
- Attendance at Board of Directors meetings:
12 out of 12 meetings (100%)
- Attendance at Nominating Committee meetings:
3 out of 3 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 in business.
He has led the Group as President and Representative Director since June 2013, and as Director, President and Representative Executive Officer since June 2017 after our transition to a Company with Three Committees (Nominating, Audit, and Compensation). Additionally, he has been a leader in Corporate Governance reform via initiatives such as the transition to a Company with Three Committees (Nominating, Audit, and Compensation), and has worked to strengthen the oversight function of the Board of Directors.
He has been 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:
Six (6) years (at the conclusion of this Ordinary General Shareholders’ Meeting)
- Attendance at Board of Directors meetings:
12 out of 12 meetings (100%)
- Reasons for nomination as director:
In addition to work experience at an overseas subsidiary, Mr. Satoshi Yamahata has served as General Manager of the Accounting and Finance Division, General Manager of the Corporate Planning Division, Executive General Manager of the Operations Unit, Executive General Manager of the Corporate Management Unit and Executive General Manager of 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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(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.
(scheduled to retire in June, 2021)
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.
(scheduled)</td><td>0</td></tr>
<tr><td colspan="2">- Term of office as a director:
Four (4) years (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:
15 out of 15 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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<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">5</td><td rowspan="2">Yoshihiro Hidaka
(July 24, 1963)

Candidate for Reappointment

Candidate for Outside Director

Candidate for Independent Outside Director</td><td>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)</td><td>2,900</td></tr>
<tr><td colspan="2">- Term of office as a director:
Three (3) years (at the conclusion of this Ordinary General Shareholders' Meeting)
- Attendance at Board of Directors meetings:
12 out of 12 meetings (100%)
- Attendance at Nominating Committee meetings:
3 out of 3 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 growth also provides a positive effect on said company's corporate value, while damage to the brand due to violations of laws and regulations or deficient governance, etc., by the Company will have a negative effect on said company's corporate value. Mr. Yoshihiro Hidaka is a person with one of the deepest understandings of the Yamaha brand, which is the source of the Company's brand 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 0.2% of consolidated net sales of both companies.</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">6</td><td rowspan="2">Mikio Fujitsuka
(March 13, 1955)

Candidate for Reappointment

Candidate for Outside Director

Candidate for Independent Outside Director</td><td>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 MitsuiChemicals, Inc. (current position)</td><td>0</td></tr>
<tr><td colspan="2">- Term of office as a director:
Two (2) years (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:
- 15 out of 15 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.</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">7</td><td rowspan="2">Paul Candland
(December 4, 1958)

Candidate for Reappointment

Candidate for Outside Director

Candidate for Independent Outside Director</td><td>June 1985: Entered Owens orning
April 1987: Entered PepsiCo, Inc.
November 1994: President of Okinawa Pepsi-
ColaApril 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. (current position)</td><td>300</td></tr>
<tr><td colspan="2">- Term of office as a director:
Two (2) years (at the conclusion of this Ordinary General Shareholders' Meeting)
- Attendance at Board of Directors meetings:
12 out of 12 meetings (100%)
- Attendance at Nominating Committee meetings:
3 out of 3 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. or Age of Learning, Inc., where Mr. Paul Candland serves as representative, and neither party is classified as a major shareholder of the other.
Furthermore, there are no significant transaction relationships* between the Company and The Walt Disney Company (Japan) Ltd., where Mr. Paul Candland served until December 2017, 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.
* The amount of transactions between the Company and The Walt Disney Company and The Walt Disney Company (Japan) Ltd. is less than 0.1% of consolidated net sales of any of the companies.</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">7</td><td rowspan="2">Hiromichi Shinohara
(March 15, 1954)

New Candidate

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)</td><td>0</td></tr>
<tr><td colspan="2">- Term of office as a director:
-
- Attendance at Board of Directors meetings:
-
- 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 has wide-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 the other.
If Mr. Hiromichi Shinohara is elected as a director, the Company will file 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% of consolidated 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) New Candidate 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)	0
		- Term of office as a director: - - Attendance at Board of Directors meetings: - - 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 major shareholder of the other. If Ms. Naoko Yoshizawa is elected as a director, the Company will file documentation with the Tokyo Stock Exchange to register her as an independent director under the provisions set forth by the Tokyo Stock Exchange.	

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 0.2% of consolidated net sales of both companies.
3) Mr. Paul Candland doubles as CEO of Age of Learning, Inc., which conducts a business of a similar nature to the language education business of the Group.

2. Summary of the liability limitation agreement

Mr. Taku Fukui, Mr. Yoshihiro Hidaka, Mr. Mikio Fujitsuka, and Mr. Paul Candland 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 in laws and regulations. If their re-elections are approved, the Company will renew the liability limitation agreements under the same conditions.

If Mr. Hiromichi Shinohara and Ms. Naoko Yoshizawa are elected, the Company intends to enter into agreements with them to limit their 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 in laws and regulations.

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 candidates for director will be insured under the said insurance contract. The Company intends to renew the contract with the same contents at the time of the next renewal.

4. Other special matters concerning candidates for outside director

During the terms of office of Mr. Taku Fukui, Mr. Yoshihiro Hidaka, Mr. Mikio Fujitsuka, and Mr. Paul Candland as outside director of the Company, Yamaha Music Europe GmbH, a subsidiary of the Company, was under investigation by different authorities in some European countries for competition law infringements relating to the sales of some of its products. (The details are described in the Business Report "1. Current Conditions of the Yamaha Group (4) Issues to Be Addressed 3. Respond to Law Infringement and Ensure Thorough Compliance" on page 22.)

The above four candidates for outside director were unaware of this matter in advance but they had been promoting awareness about the importance of legal compliance at Board of Directors meetings and other occasions. After the said matter came to light, they stated opinions about ensuring of legal compliance, strengthening of internal control, etc., and have been fulfilling their duties appropriately, including supervision of the implementation of measures to prevent recurrence.

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 (New)	X			X	X		X
Naoko Yoshizawa	Outside (New)	X			X	X		X

(Attached Documents)

Business Report

(From April 1, 2020 to March 31, 2021)

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, 2021 was characterized by the strong impact of the COVID-19 pandemic on the global economy and the negative global real economic growth in 2020. The impact of COVID-19 to Japan was enormous and, with no current outlook for when the pandemic will end, balancing efforts to control the virus while also supporting socio-economic activity has become a major issue. In addition, other developments also impacted the global economy, including the inauguration of a new government administration in the United States, intensifying trade friction between the United States and China, and the finalized withdrawal of the United Kingdom from the European Union.

In these conditions, the Yamaha Group continued to implement measures in the second year of the Make Waves 1.0 medium-term management plan by advancing the four key strategies of developing closer ties with customers, creating new value, enhancing productivity, and contributing to society through our businesses.

Efforts to develop closer ties with customers included developing a customer data platform system and establishing a structure for creating customer experiences that will create new connections with Yamaha. Yamaha stepped up on initiatives including increasing messaging on social networks and other online media in response to the growth in digital customer contact points via the internet to communicate the Yamaha brand value and to connect business at our physical stores. We are also expanding our e-commerce presence, introducing Live Commerce, a new type of live broadcast sales, and accelerated other various initiatives. In addition, we broadened our business domains by raising recognition of our products in the headphone/earphone markets and securing Chinese automakers for our in-vehicle audio systems.

For the key strategy of creating new value, our new YDS-150 digital saxophone produces realistic and beautiful tones of acoustic instruments while eliminating the initial challenge of playing a reed instrument. The THR30IIA Wireless amplifier for guitars was designed for intimate performances at home or other small venues and to meet the demand for online distribution of performance videos. The THR30IIA Wireless amplifier was well-received by a wide range of customers. We also initiated the development of the Remote Cheerer system and a next-generation Distance Viewing technology, designed to enable viewers to safely and comfortably enjoy live concerts, sports competitions, and other events that have suffered during the pandemic.

In enhancing productivity, we made progress in various measures, ranging from putting in place an area oversight system at manufacturing sites, standardizing production control and creating smart factories, despite the factory shutdowns due to the spread of COVID-19 and other disruptions. We also made progress using internal and external resources to shorten the time needed for product development in the audio equipment business.
For our key strategy of contributing to society through our businesses, we achieved cumulative 710,000 students to the plan's third year target of the "cumulative total of 1 million students through the spread of musical instrument education in emerging countries." We also made steady progress in achieving the goal of a 50% certified timber use ratio, reaching 48% in the second year of the plan.

In the fiscal year ended March 31, 2021, revenue declined by ¥41,597 million (-10.0%) year on year to ¥372,630 million, mainly due to the impact of the COVID-19 pandemic, including a ¥2.3 billion negative impact in the foreign exchange. Core operating profit declined by ¥5,641 million (-12.2%) year on year to ¥40,711 million, including a ¥0.6 billion negative impact in the foreign exchange. Profit attributable to owners of parent decreased by ¥8,006 million (-23.1%) year on year to ¥26,615 million due to the decrease in core operating profit and reporting of ¥2,318 million of loss from the suspension of operations due to the COVID-19 pandemic and impairment loss of ¥3,553 million.

Musical Instruments Business

Revenue of acoustic pianos and digital musical instruments declined, partly due to product supply shortages, although sales in China returned to the growth track and market conditions in other countries showed signs of recovery, which was not enough to offset the decline in revenue in the first half of the fiscal year. Revenue of wind instruments declined amid a sluggish market recovery. Revenue of guitars increased due to sales growth in Japan and China.

Revenue of the musical instruments business overall declined by ¥30.4 billion year on year to ¥239.0 billion, including a ¥1.7 billion negative impact in the foreign exchange. Core operating profit declined by ¥5.3 billion to ¥32.4 billion, including a ¥0.8 billion negative impact in the foreign exchange.

Audio Equipment Business

Regarding audio products, although sales of sound bars and other equipment increased due to demand for stay home, this was not enough to offset the decline in sales in the first half of the fiscal year. As a result, revenue of audio products declined overall. Revenue of professional audio equipment declined due to stagnant markets for live events and audio equipment installation. ICT equipment revenue rose due to an increase in sales of conference systems and other products driven by strong demand.

Revenue of the audio equipment business overall declined by ¥10.6 billion year on year to ¥103.8 billion, including a ¥0.4 billion negative impact in the foreign exchange. Core operating profit decreased by ¥1.5 billion to ¥7.1 billion, including a ¥0.2 billion positive impact in the foreign exchange.

Industrial Machinery/Components and Others

Revenue of electric devices declined but revenue of the automobile interior wood components and FA equipment increased due to the recovery in demand.

Revenue in the industrial machinery/components and others segment overall declined by ¥0.6 billion year on year to ¥29.8 billion. Core operating profit increased by ¥1.2 billion to ¥1.2 billion.

(2) Capital Expenditure

Segments	Investment (million yen)	percentage change from previous quarter (%)	Composition Ratio (%)
Musical Instruments Business	8,103	-46.0	72.0
Audio Equipment Business	2,581	-40.3	22.9
Industrial Machinery/Components and Other Businesses	575	-53.1	5.1
Total	11,260	-45.2	100.0

(3) Fund Raising

Not applicable

(4) Issues to Be Addressed

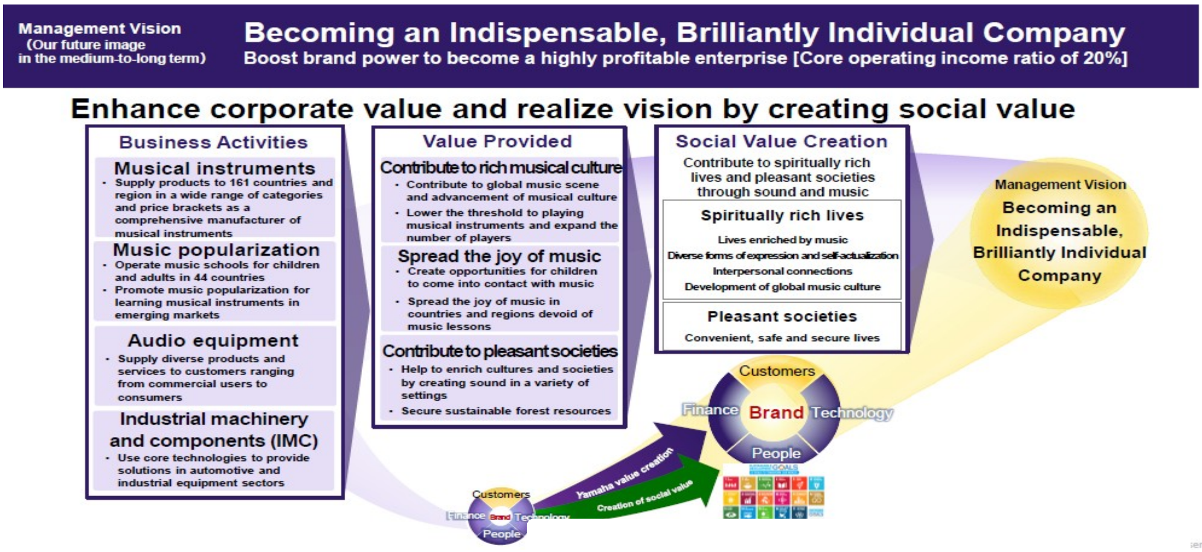
1. Working on Medium-Term Management Plan

The Group is working on its Medium-Term Management Plan, Make Waves 1.0, which targets the three-year period starting from April 2019.

1) Environment

As the industrial structure changes rapidly due to the acceleration of digitalization, we are now able to form closer ties with our customers. Additionally, with remarkably enhanced levels of convenience realized through AI and IoT, we find ourselves entering into an era where there will be a greater demand for emotional satisfaction and authenticity. We are also seeing an even greater social awareness of sustainability. For the Yamaha Group, we consider these types of changes an opportunity, with our strength in combining technologies and sensibilities.

2) Value Creation Story to Realize Vision



3) Positioning of the Medium-Term Management Plan and the Basic Strategy

Taking into account the achievements we have made thus far, we have positioned the three years of the Medium-Term Management Plan as a period in which we will aim to develop closer ties with customers and society, and boost value creation capabilities, and we have adopted that aim as the basic strategy of the plan.

4) Management Objectives (Fiscal year ending March 2022)

Financial targets	(Policy) Boost profitability while also building stronger business platforms for growth			
	Core operating profit ratio: 13.8%	ROE: 11.5%	EPS (Earnings per share): 270 yen	(Assumed exchange rate: 1 U.S. dollar = 110 yen / 1 euro = 125 yen)

*Based on the change of business environment because of COVID-19 etc., we announced the outlook for performance in FY2022.3 at the announcement of financial result of FY2021.3 as follows;

Corporate profit resio:11.8% ROE: 10.0% EPS: 233 yen (Assumed exchange rate: 1 U.S. dollar = 105 yen / 1 euro = 125 yen)

Non-financial targets	Corporate brand value*: +30%	Music popularization for learning musical instruments in emerging markets: 1 million people (cumulative total)	Certified timber use: 50% of total use

*Brand value added with Yamaha and Yamaha Motor Company: US$1.2 billion (Best Japan Brands 2019 issued by Interbrand)

Investment and shareholder returns	(Policy) Well-balanced allocation to investment in growth and returns to shareholders
	Total return ratio: 50% (cumulative total for 3 years)

5) Four Key Strategies

To promote our basic strategy of "develop closer ties with customers and society, and boost value creation capabilities," we established four key strategies. By steadily executing these key strategies, we will realize Yamaha value creation and social value creation.

We will create customer value by developing closer ties with customers and offering them new value. We will also increase our profitability by enhancing productivity.

Furthermore, we strive to contribute to society through our business activities, which we believe will lead to improvement in corporate value over the medium to long term.

1. Develop Closer Ties with Customers

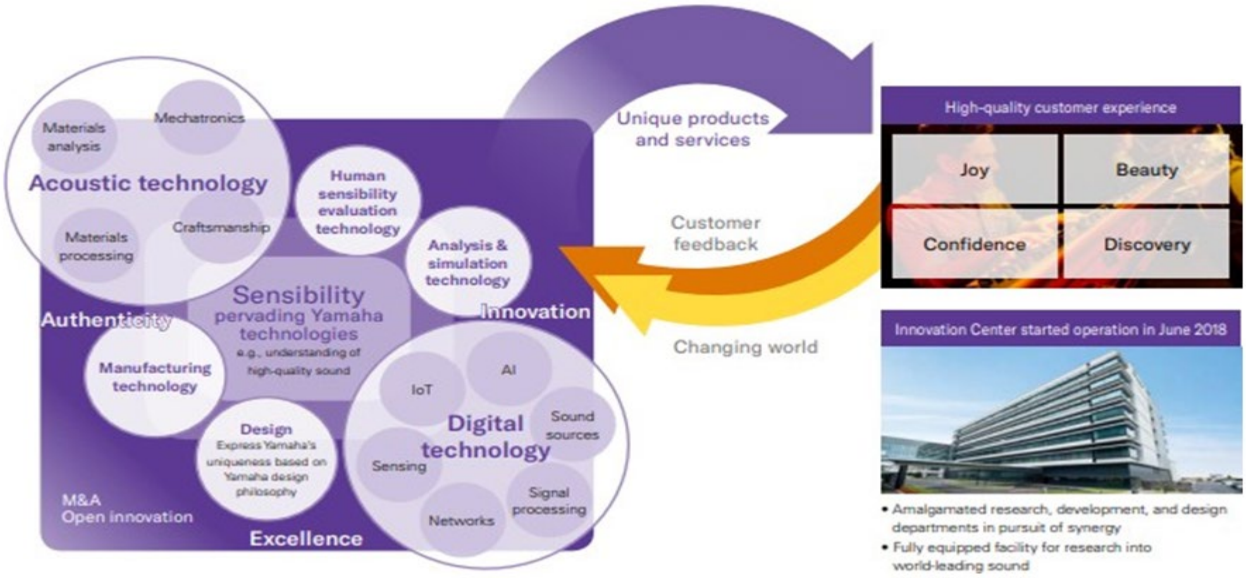
<u>Develop Broader, Deeper, Longer Ties with Customers</u>

To develop broader, deeper, and longer ties with our customers, we will promote our brand through our new brand promise and develop digital and physical customer interfaces with a focus on digital marketing. We will also take steps to contribute to lifetime value enhancement. Additionally, in emerging countries centered on China and ASEAN, we will engage with middle-income earners and accelerate growth. For the audio equipment business and the industrial machinery and components business, we will achieve growth by expanding our business domains in growth markets.

2. Create New Value

Create New Value by Combining Technology and Sensibility

We will create new value by leveraging our unique strength of combining technologies and sensibilities. Based on the changes occurring around the world and the feedback we have received from customers, we will provide unique products and services to our customers by making full use of our technologies for the scientific evaluation of assessing human sensibilities as well as our analysis and simulation technologies. We will also offer such products and services by melding the technologies we possess, including our acoustic and digital technologies.



Enhance added value by pursuing combination of authenticity and innovation

Pursuing Authenticity

Tireless enhancement of expressive power:

Pursuing Innovation

Efforts to spur innovation:

Establish business platform to drive profitability

Profitability = customer value × productivity

Promoting a Digital Transformation

Establishing a Foundation for Global Human Resource Management

3. Enhance Productivity

Boosting Profitability by Improving Productivity

We will work to optimize pricing by enhancing added value and strengthening efforts to showcase our product value. At the same time, we will strive to continuously reduce production costs. In addition, we will perform a zero-based analysis of expenditures and promote a shift toward strategic spending aimed at improving customer value. In these ways, we will reinforce profitability going forward.

4. Contribute to Society through Our Businesses

<u>Contributing to the Sustainable Development of Music Culture and Society</u>

We will contribute to the global music scene through the provision of diverse musical instruments. We will work to spread musical instrument education in emerging countries. In this manner, we will not only contribute to the sustainability of music culture but also work to resolve social issues through our products and services. Also, we will realize a peaceful coexistence with the natural environment through such efforts as promoting the sustainable procurement of timber and developing environmentally friendly products.

Culture	Society
■ Contribute to sustainability of music culture ・ Contribute to global music scene by supplying a diverse of musical instruments ・ Spread the joy of music through music schools ・ Promote musical instrument education in school music lessons in emerging markets ・ Support education in schools for children of migrant workers in China by donating musical instruments	■ Resolve social issues through products and services ・ Support the healthy development of youth through music popularization activities (in Latin America) ・ Continue to revitalize communities through the *Oto-Machi* project, which aims to create communities filled with music (in Japan) ■ Enhance diversity and fulfilment of the people we work with ・ Create an environment where diverse personnel can make full use of their individuality and creativity ・ Promote human rights due diligence across entire supply chain ・ Work–life balance support including telecommuting and in-house childcare facility (in Japan)

Environment
■ Coexist with the natural environment ・ Utilize sustainable timber ・ Develop environmentally friendly products ・ Reduce greenhouse gas emissions

6) Strategies by Business

Musical instruments business

The Company will expand sales, primarily in emerging markets, and boost profitability by enhancing added value. We will create demand by promoting a high-end strategy, expanding sales of mid-range and high-end products, while at the same time focusing on enhancing lifetime value and activities to popularize music.

Audio equipment business

In the B2B business, we will utilize our strength in digital mixers as we focus on further strengthening our offering of comprehensive solutions, while also strengthening our direct marketing to upstream clients such as facility owners. In the AV products B2C business, the Company will promote a shift to a portfolio adapted to changes in customers’ lifestyles.

Industrial machinery and components business

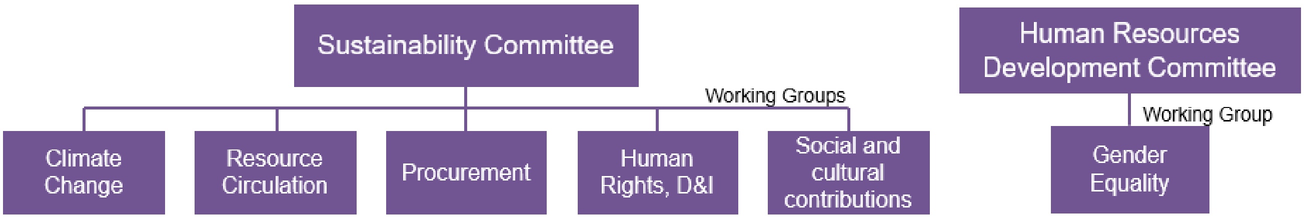
We will use technologies that combine sound, voice, and noise control to solve various in-vehicle sound issues, and thus establish our position in the market.

2. Accelerate Sustainability Initiatives

In the current Medium-Term Management Plan sustainability is positioned as a key strategy. In order to further strengthen our sustainability initiatives, we established the Sustainability Committee, with its five working groups, on January 1, 2021 as an advisory body to the President and Representative Executive Officer.

We believe that by making sustainability essentially an integral part of management we can contribute to society, that is, create social value, as well as enhance corporate value at the same time. We will accelerate sustainability initiatives by incorporating them in our business activities.

Moreover, we established the Working Group for Gender Equality under the Human Resources Development Committee, which is an advisory body to the President and Representative Executive Officer, on January 1, 2021, and began initiatives to further support empowerment of women. We will continue to promote diversity and inclusion based on our belief that the diversity of people, including not only gender, but also age, orientation, lifestyle, etc., is the source of new value creation.



3. Respond to Law Infringement and Ensure Thorough Compliance

Yamaha Music Europe GmbH (YME), has been under investigation by different authorities in some European countries for competition law infringements relating to the sales of some of its products. The duration of the infringements varied from 2004 or later to 2017 depending on the country. The infringements were terminated, and the corrective actions were completed in 2017 in all countries.

YME cooperated with the investigations by each authority immediately after the corrective actions and paid total fines of €4.3 million (¥527 million) according to the relevant decisions which were booked as "Other expenses" for the fiscal year ended March 31, 2021.

We have taken measures to prevent recurrence of such infringements. Furthermore, we, Yamaha group will, continue to comply with all laws including competition laws by thoroughly implementing our compliance program.

(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)	Japanese GAAP		International Financial Reporting Standards (IFRS)		
	194th Fiscal Year (April 1, 2017 – March 31, 2018)	195th Fiscal Year (April 1, 2018 – March 31, 2019)	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)
Revenue (net sales)	432,967	437,416	434,373	414,227	372,630
Core operating profit (operating income)	48,833	56,030	52,745	46,352	40,711
Profit for the period attributable to owners of the parent (net income attributable to owners of parent)	54,378	43,753	40,337	34,621	26,615
Profit per share (net income per share) (yen)	291.81	240.94	222.12	194.71	151.39
Total assets (total assets)	552,309	514,762	515,924	474,034	557,616
Total equity (net assets)	388,345	382,771	359,007	326,450	396,949

(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 56 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

The Company	Headquarters	10-1 Nakazawa-cho, Naka-ku, Hamamatsu, Shizuoka
	Sales offices	Tokyo Office (Minato-ku, Tokyo), Osaka Office (Naniwa-ku, Osaka)
Subsidiaries	Japan	Yamaha Music Japan Co., Ltd. (Minato-ku, Tokyo) Yamaha Music Retailing Co., Ltd. (Minato-ku, Tokyo) Yamaha Music Entertainment Holdings, Inc. (Shibuya-ku, Tokyo)* Yamaha Fine Technologies Co., Ltd. (Minami-ku, Hamamatsu) Yamaha Music Manufacturing Japan Corporation (Iwata-shi, Shizuoka)
	Overseas	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)

* relocated to Toshima-ku, Tokyo as of April 1, 2021

(9) Employees

Segments	Number of employees	Annual change
Musical Instruments Business	14,481	-265
Audio Equipment Business	4,506	113
Industrial Machinery/Components and Other Businesses	1,034	-30
Total	20,021	-182

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: 191,555,025 (including 15,756,254 shares of treasury shares)

(3) Number of Shareholders: 17,603

(4) Principal Shareholders

Shareholders	Number of shares held (Thousand shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (trust a/c)	30,126	17.14%
Custody Bank of Japan, Ltd. (trust a/c)	12,499	7.11%
Yamaha Motor Co., Ltd.	10,326	5.87%
The Shizuoka Bank, Ltd.	7,525	4.28%
Sumitomo Life Insurance Company	7,300	4.15%
Mitsui Sumitomo Insurance Co., Ltd.	6,440	3.66%
Nippon Life Insurance Company	5,002	2.85%
Mizuho Bank, Ltd.	3,958	2.25%
Custody Bank of Japan, Ltd. (security investment a/c)	2,783	1.58%
State Street Bank and Trust Company 505223	2,532	1.44%

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	16,618	27,974
Financial institutions	56	98,825
Japanese corporations	182	11,913
Foreign investors	712	49,762
Securities companies	35	3,078

Note: The figure for individuals includes treasury shares and government.

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.

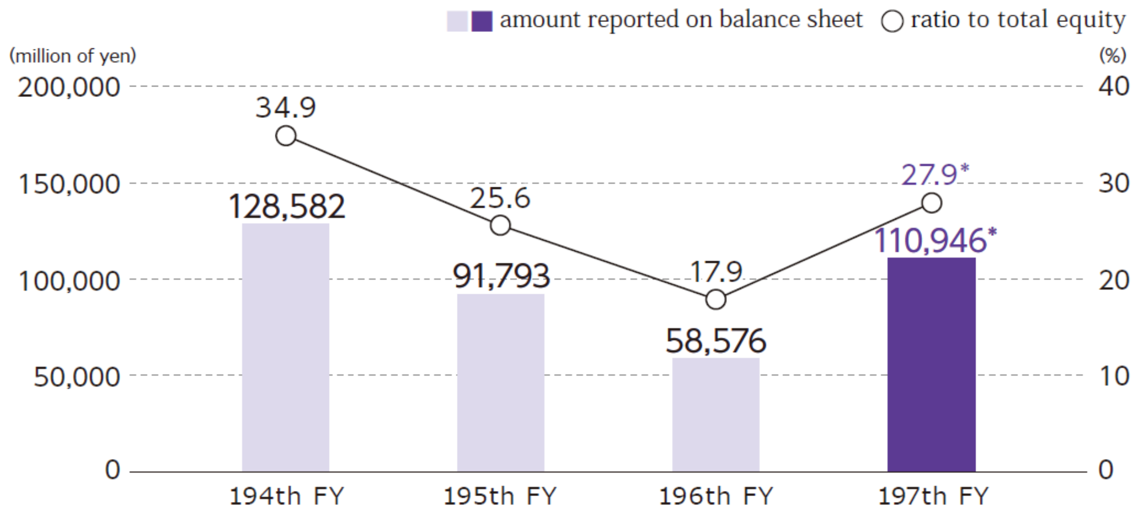
(2) Basic Policy on Reduction of Cross-Holdings

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



*Although the Company is reducing cross-holdings, their carrying value on the balance sheet and their ratio to total equity increased in the 197th fiscal year because of stock price increases.

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		
Yoshimi Nakajima	Outside Director	Nominating Committee Member Audit Committee Member Compensation Committee Member	Outside Director of AEON Financial Service Co., Ltd., Outside Director of Japan Freight Railway Company, Outside Director of ULVAC, Inc.
Taku Fukui	Outside Director	Audit Committee Member	Attorney (Kashiwagi Sogo Law Offices), Outside Audit & Supervisory Board Member of Shin-Etsu Chemical 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.

Notes: 1. Directors Yoshimi Nakajima, Taku Fukui, Yoshihiro Hidaka, Mikio Fujitsuka, and PaulCandland are Outside Directors.

2. The Company files documentation with the Tokyo Stock Exchange to establish that Outside Directors Yoshimi Nakajima, Taku Fukui, Yoshihiro Hidaka, Mikio Fujitsuka, and Paul Candlandare 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, a position newly created on April 1, 2020, 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 9.9% 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 abusiness 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 Yoshimi Nakajima, Taku Fukui, and Mikio Fujitsuka hold concurrent duties.

6. Changes in the important concurrent duties of Outside Directors during fiscal 2020 are as follows.
   Director Masatoshi Ito retired because he completed his term of office at the conclusion of the 196th Ordinary General Shareholders' Meeting held on June 23, 2020.

Summary of the Liability Limitation Agreement

Directors Yoshimi Nakajima, Taku Fukui, Yoshihiro Hidaka, Mikio Fujitsuka, and Paul Candland 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 in 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 2020

Name	Position	Principal activities during fiscal 2020
Yoshimi Nakajima	Outside Director	She attended 11 of the 12 meetings of the Board of Directors, all 15 meetings of the Audit Committee held during fiscal 2020, and all 3 meetings of the Nominating Committee and all 3 meetings of the Compensation Committee held following her assumption of office as member of the Nominating Committee and the Compensation Committee. She vigorously made comments on proposals and other matters of deliberation at Board of Directors meetings and meetings of the Nominating Committee, the Audit Committee, and the Compensation Committee based on her wealth of experience and achievements alongside broad insight as well as specialized knowledge as a corporate officer. Moreover, she participated in dialogues with institutional investors. In this way, she appropriately fulfilled a role expected of an Outside Director of the Company.
Taku Fukui	Outside Director	He attended all 12 meetings of the Board of Directors and all 15 meetings of the Audit Committee held during fiscal 2020. He vigorously made comments on proposals and other matters of deliberation at Board of Directors meetings and Audit Committee meetings based on his high degree of expertise, wealth of experience and achievements alongside broad insight as an attorney. Moreover, as the chair of the Audit Committee, he played a leading role in enriching deliberations at Audit Committee meetings. In this way, he appropriately fulfilled a role expected of an Outside Director of the Company.
Yoshihiro Hidaka	Outside Director	He attended all 12 meetings of the Board of Directors, all 3 meetings of the Nominating Committee, and all 4 meetings of the Compensation Committee held during fiscal 2020. 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 12 meetings of the Board of Directors and all 15 meetings of the Audit Committee held during fiscal 2020. 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 12 meetings of the Board of Directors, all 3 meetings of the Nominating Committee, and all 4 meetings of the Compensation Committee held during fiscal 2020. 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.

Other special matters

Yamaha Music Europe GmbH, a subsidiary of the Company, has been under investigation by different authorities in some European countries for competition law infringements relating to the sales of some of its products.

(The details are described in the Business Report “1. Current Conditions of the Yamaha Group (4) Issues to Be Addressed

3. Respond to Law Infringement and Ensure Thorough Compliance" on page 22.)

The above five Outside Directors were unaware of this matter in advance but they had been promoting awareness about the importance of legal compliance at Board of Directors meetings and other occasions. After the said matter came to light, they stated opinions about ensuring of legal compliance, strengthening of internal control, etc., and have been fulfilling their duties appropriately, including supervision of the implementation of measures to prevent recurrence.

(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 Brand Development 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
Teruhiko Tsurumi	Executive Officer	Executive General Manager of Musical Instruments Business Unit

Note: Changes in responsibilities of Executive Officers after April 1, 2021 are as follows.

1) Mr. Teruhiko Tsurumi retired from the position of Executive Officer on March 31, 2021.
2) Mr. Takuya Nakata retired from the position of Executive General Manager of Brand Development Unit on March 31, 2021 and assumed the position of Executive General Manager of Musical Instruments Business Unit on April 1, 2021.

(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
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	Deputy Executive General Manager of Brand Development Unit Senior General Manager of Marketing Division, Brand Development Unit
Yutaka Matsuki	Operating Officer	Senior General Manager of Piano Division, Musical Instruments Business Unit

Note: Changes in responsibilities of Operating Officers after April 1, 2021 are as follows.

1) Ms. Hiroko Ohmura assumed the position of Executive General Manager of Brand Development Unit on April 1, 2021.
2) Mr. Hirofumi Yamashita assumed the position of Operating Officer (Senior General Manager of Corporate Planning Division, Corporate Management Unit) on April 1, 2021.
3) Mr. Atsushi Yamaura assumed the position of Operating Officer (Senior General Manager of Digital Musical Instruments Division, Musical Instruments Business Unit) on April 1, 2021.

(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		67	67	–	–	6
	Outside Directors	67	67	–	–	6
Executive Officers		451	224	85	141	6

Notes: 1. The above numbers include one Director who retired at the conclusion of the 196th Ordinary General Shareholders' Meeting held on June 23, 2020.
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 the accounting figure pro rata appropriated for the three years covered by the Medium-Term Management Plan.

Policy for Determination of Compensation for Directors 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 will be 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 ¥26,615 million and 7.4%, 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 10.9%, 7.4%, and ¥151.39 for the fiscal year under review.

3. Compensation Committee

The Compensation Committee comprised four members (of whom three are Outside Directors) as of March 31, 2021.
The Compensation Committee had four 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 197th 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.

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	125
2) Total compensation payable by the Company and its subsidiaries to the Independent Accounting Auditor	168

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

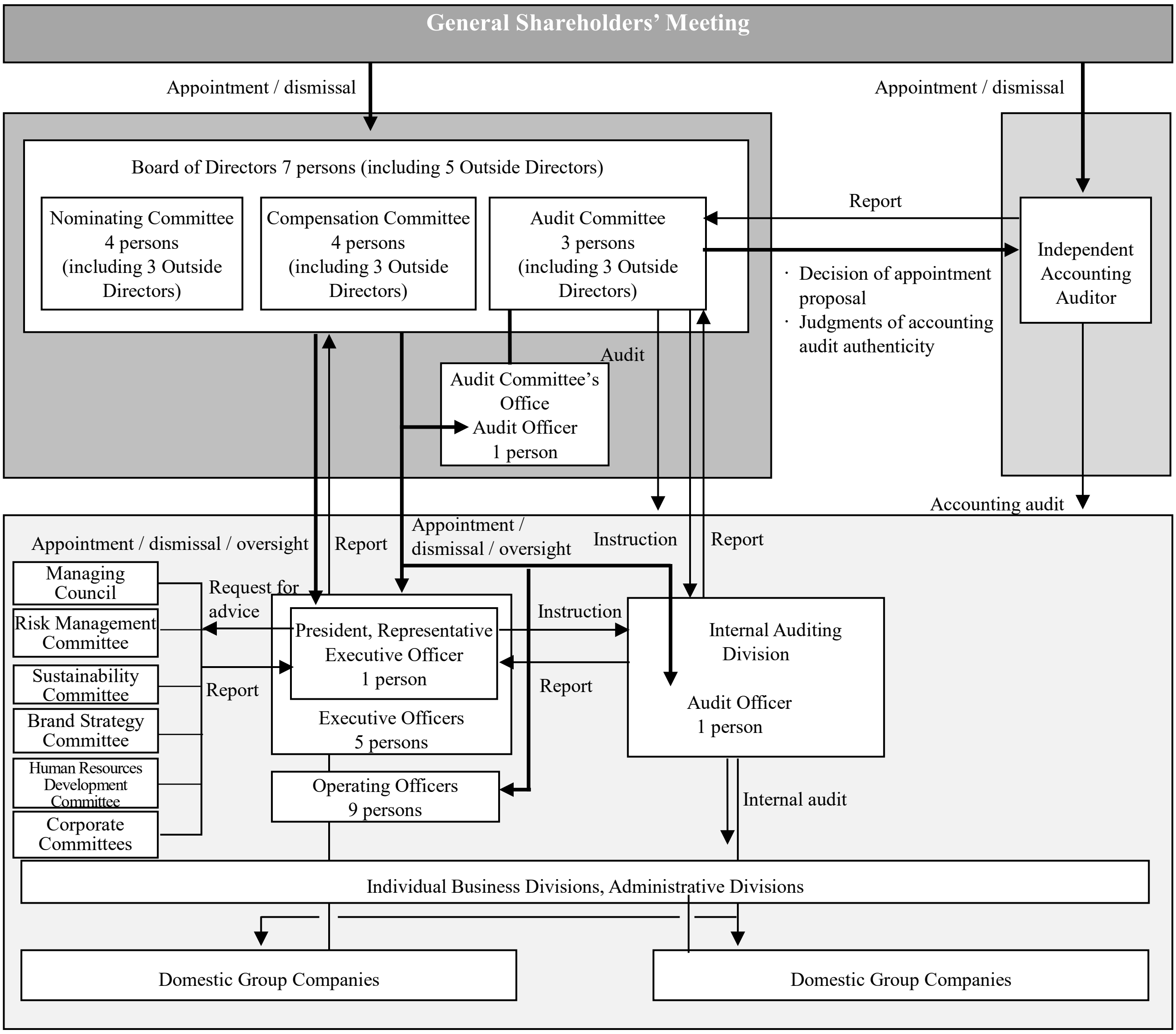
The Company bears the expenses related to the conduct of audits based on the audit plans of the Audit Committee. When duties other than those in the audit plan are necessary and expenses are incurred, these are paid when invoices are received from the Audit Committee.

(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, 2021

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 enhancing 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 regard to compliance, the Working Group for Compliance, whose membership includes 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 domestic internal reporting hotline, which was enhanced in March 2020, went into full-scale operation. The Company also promoted improvement and strengthening of the overseas 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 e-learning for employees and online training using video conferences, thereby developing employees' awareness of compliance.

(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 Policies & Rules, and various Group regulations and shares them as basic policies for the entire Group. Meanwhile, Group company management regulations have been formulated, which 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 developed Group Policies & Rules, formulating new regulations related to insurance management. In addition, international conferences were held with managers at subsidiaries in Japan and overseas participating together with persons responsible for administration, legal, 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 Officer, a position newly created on April 1, 2020, as Senior General Manager of Audit Committee's Office, 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

(1) Consolidated Statement of Financial Position

(Millions of yen)

	FY2020.3 (as of March 31, 2020)	FY2021.3 (as of March 31, 2021)
Assets		
Current assets		
Cash and cash equivalents	92,671	129,345
Trade and other receivables	58,067	57,329
Other financial assets	12,939	8,573
Inventories	100,054	96,803
Other current assets	6,455	7,871
Subtotal	270,189	299,924
Assets held for sale	–	1,179
Total current assets	270,189	301,103
Non-current assets		
Property, plant and equipment	97,106	96,142
Right-of-use assets	24,480	22,231
Goodwill	158	160
Intangible assets	1,736	2,529
Financial assets	67,817	120,058
Deferred tax assets	10,795	7,407
Other non-current assets	1,749	7,983
Total non-current assets	203,844	256,513
Total assets	474,034	557,616

(Millions of yen)

	FY2020.3 (as of March 31, 2020)	FY2021.3 (as of March 31, 2021)
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	52,982	56,915
Interest-bearing debt	10,830	7,980
Lease liabilities	5,365	5,696
Other financial liabilities	9,620	9,745
Income taxes payables	4,236	4,045
Provisions	1,700	1,806
Other current liabilities	14,412	14,664
Total current liabilities	99,149	100,852
Non-current liabilities		
Interest-bearing debt	–	387
Lease liabilities	15,864	14,465
Other financial liabilities	1,568	178
Retirement benefit liabilities	23,704	22,576
Provisions	2,574	1,823
Deferred tax liabilities	2,825	18,244
Other non-current liabilities	1,897	2,137
Total non-current liabilities	48,434	59,814
Total liabilities	147,584	160,667
Equity		
Capital stock	28,534	28,534
Capital surplus	21,277	21,430
Retained earnings	316,899	337,923
Treasury shares	(65,093)	(65,086)
Other components of equity	23,789	73,156
Equity attributable to owners of parent	325,409	395,958
Non-controlling interests	1,040	991
Total equity	326,450	396,949
Total liabilities and equity	474,034	557,616

(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income

Consolidated Statement of Income

(Millions of yen)

	FY2020.3 (April 1, 2019 – March 31, 2020)	FY2021.3 (April 1, 2020 – March 31, 2021)
Revenue	414,227	372,630
Cost of sales	(245,967)	(229,720)
Gross profit	168,259	142,909
Selling, general and administrative expenses	(121,907)	(102,198)
Core operating profit	46,352	40,711
Other income	2,806	1,909
Other expenses	(5,826)	(7,580)
Operating profit	43,333	35,039
Finance income	4,968	3,366
Finance expenses	(1,083)	(1,303)
Share of profit of associates accounted for using the equity method	6	–
Profit before income taxes	47,225	37,102
Income taxes	(12,521)	(10,393)
Profit for the period	34,703	26,708
Profit for the period attributable to:		
Owners of parent	34,621	26,615
Non-controlling interests	81	93
Earnings per share		
Basic (Yen)	194.71	151.39
Diluted (Yen)	–	–

Consolidated Statement of Comprehensive Income

(Millions of yen)

	FY2020.3 (April 1, 2019 – March 31, 2020)	FY2021.3 (April 1, 2020 – March 31, 2021)
Profit for the period	34,703	26,708
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plans	7	5,687
Financial assets measured at fair value through other comprehensive income	(23,431)	37,927
Share of other comprehensive income of associates accounted for using the equity method	1	–
Total items that will not be reclassified to profit or loss	(23,421)	43,614
Items that may be subsequently reclassified to profit or loss		
Exchange differences on translation of foreign operations	(9,629)	12,037
Gain or loss on cash flow hedges	(35)	(191)
Total items that may be subsequently reclassified to profit or loss	(9,664)	11,846
Total other comprehensive income	(33,086)	55,460
Comprehensive income for the period	1,616	82,169
Comprehensive income for the period attributable to:		
Owners of parent	1,597	81,993
Non-controlling interests	19	175

(3) Consolidated Statement of Changes in Equity

FY2021.3 (April 1, 2020 – March 31, 2021)

(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, 2020	28,534	21,277	316,899	(65,093)	–	34,183	(10,461)
Profit for the period	–	–	26,615	–	–	–	–
Other comprehensive income	–	–	–	–	5,687	37,927	11,955
Total comprehensive income for the period	–	–	26,615	–	5,687	37,927	11,955
Purchase of treasury shares	–	–	–	(9)	–	–	–
Dividends	–	–	(11,603)	–	–	–	–
Share-based compensation	–	152	–	16	–	–	–
Changes in the ownership interest of a subsidiary without a loss of control	–	0	–	–	–	–	–
Reclassified to retained earnings	–	–	6,011	–	(5,687)	(324)	–
Total transactions with owners	–	152	(5,591)	6	(5,687)	(324)	–
Balance at March 31, 2021	28,534	21,430	337,923	(65,086)	–	71,786	1,494

(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, 2020	67	23,789	325,409	1,040	326,450
Profit for the period	–	–	26,615	93	26,708
Other comprehensive income	(191)	55,378	55,378	82	55,460
Total comprehensive income for the period	(191)	55,378	81,993	175	82,169
Purchase of treasury shares	–	–	(9)	–	(9)
Dividends	–	–	(11,603)	(59)	(11,663)
Share-based compensation	–	–	168	–	168
Changes in the ownership interest of a subsidiary without a loss of control	–	–	0	(165)	(165)
Reclassified to retained earnings	–	(6,011)	–	–	–
Total transactions with owners	–	(6,011)	(11,444)	(225)	(11,669)
Balance at March 31, 2021	(123)	73,156	395,958	991	396,949

(4) Consolidated Statement of Cash Flows

(Millions of yen)

	FY2020.3 (April 1, 2019－March 31, 2020)	FY2021.3 (April 1, 2020－March 31, 2021)
Cash flows from operating activities:		
Profit before income taxes	47,225	37,102
Depreciation and amortization	17,322	17,056
Impairment losses (reversal of impairment losses)	2,921	3,553
Finance income and finance expenses	(4,260)	(2,854)
Loss (gain) on disposal or sales of property, plant and equipment and intangible assets	(260)	93
(Increase) decrease in inventories	(2,841)	7,666
(Increase) decrease in trade and other receivables	3,282	3,077
Increase (decrease) in trade and other payables	(4,887)	3,081
Increase (decrease) in retirement benefit assets and liabilities	(391)	794
Increase (decrease) in provisions	1,942	(1,232)
Increase (decrease) in amount payables due to transition to defined contribution plans	(1,416)	(1,447)
Other, net	2,999	(1,490)
Subtotal	61,635	65,401
Interest and dividends income received	4,535	3,401
Interest expenses paid	(802)	(565)
Income taxes refunded (paid)	(8,206)	(10,011)
Cash flows from operating activities	57,162	58,225
Cash flows from investing activities:		
Net (increase) decrease in time deposits	(3,244)	5,007
Purchase of property, plant and equipment and intangible assets	(20,473)	(12,572)
Proceeds from sales of property, plant and equipment and intangible assets	1,012	382
Purchase of investment securities	(1)	(1)
Proceeds from sales and redemption of investment securities	449	1,405
Proceeds from government grants	706	–
Other, net	483	(7)
Cash flows from investing activities	(21,067)	(5,785)
Cash flows from financing activities:		
Net increase (decrease) in short-term borrowings	2,120	(3,398)
Proceeds from long-term borrowings	–	795
Repayment of lease liabilities	(5,871)	(6,063)
Purchase of treasury shares	(21,312)	(9)
Payments for changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	–	(165)
Cash dividends paid	(11,274)	(11,603)
Cash dividends paid to non-controlling interests	(49)	(59)
Other, net	(33)	(97)
Cash flows from financing activities	(36,422)	(20,602)
Effect of exchange rate change on cash and cash equivalents	(2,816)	4,836
Net increase (decrease) in cash and cash equivalents	(3,143)	36,673
Cash and cash equivalents at beginning of period	95,815	92,671
Cash and cash equivalents at end of period	92,671	129,345

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: 56
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 typesof 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) and currency options 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 management 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, andintangible 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 andits 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 leaseperiod 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 deferredtax 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 realise 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, 2021.

II. Notes regarding Changes in Accounting Policies

The Group has applied the following standards early for the fiscal year ended March 31, 2021.

IFRS		Overview of the new and revised IFRS
IFRS 16	Lease	Revised accounting method for rent concessions related to COVID-19

This amendment permits lessees of leases that receive rent concessions as a direct result of the spread of COVID- 19 to select simplified accounting method.
According to this amendment, a lessee can choose the practical expedient that does not require the lessee to evaluate whether COVID-19-related rent concessions or exemption that meets the prescribed requirements constitutes a "Lease modification" as defined in IFRS 16.
The Group applies this expedient to qualifying rent concessions that meet the requirements and treats them as variable lease payments. The amount recognized in profit or loss as variable lease payments was ¥283 million for the fiscal year ended March 31, 2021.

III. 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 affectedby the revision. Judgments, estimates, and assumptions that have significant effects on the amount recognizedin 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

As described in "IV. Additional Information (Consolidated statement of income) 2. Impairment of Non-financial Assets," impairment loss of ¥3,553 million has been recorded for the fiscal year ended March 31, 2021.
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.

3. Recognition and measurement of provisions

Provisions are recorded ¥1,806 million in current liabilities and ¥1,823 million in non-current liabilities on March 31, 2021. 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

At the end of fiscal year 2021.3, assets related retirement benefit in non- current asset and retirement liabilities are recorded ¥6,427 million and ¥22,576 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

At the end of fiscal year 2021.3, deferred tax asset and deferred tax liabilities are recorded ¥7,407 million and ¥18,244 million, respectively, and the amount of deferred tax asset before offsetting major deferred tax liabilities is ¥25,689 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 o 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 on the Group remains highly uncertain, but the Group has estimated its future performance assuming that circumstances will continue to improve gradually. If the impact of the pandemic is longer than 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.

IV.Additional Information

(Consolidated statement of income)

1. Loss from Suspension of Operations

The spread of COVID-19 and its serious worldwide impact led the Group to close its directly managed shops, music schools, and factory operations mainly during the first quarter of the fiscal year ended March 31, 2021. As a result, expenses incurred during the period due to business suspensions and factory shutdowns are recorded as loss from suspension of operations amounting to ¥2,318 million in “other expenses” for the fiscal year ended March 31, 2021. Note that the subsidies related to COVID-19 corresponding to loss from suspension of operations have been deducted.

2. Impairment of Non-financial Assets

For the fiscal year ended March 31, 2021, impairment loss of ¥3,553 million has been recognized and recorded as “other expenses” for ¥3,441 million on assets related to its directly managed shops and music schools in Japan in the musical instruments segment and ¥111 million on domestic idle assets.
The breakdown of the impairment loss in the musical instruments segment is as follows:

<table>
<tr><th rowspan="2">Segment</th><th rowspan="2">Location</th><th colspan="2">Impairment loss</th></tr>
<tr><th>Type of asset</th><th>Amount
(Millions of yen)</th></tr>
<tr><td rowspan="3">Musical instruments</td><td rowspan="3">Tokyo and other regions</td><td>Property, plant and equipment
Buildings
Other</td><td>
838
202</td></tr>
<tr><td>Right-of-use assets</td><td>2,400</td></tr>
<tr><td>Total</td><td>3,441</td></tr>
</table>

(1) Method of grouping assets

The Group's assets are grouped based on the minimum cash-generating units that generate primarily independent cash inflows.

(2) Reason for recognition of impairment loss

The COVID-19 pandemic has led to lower sales of musical instruments at directly managed shops in Japan and lower income from music schools owing to the decrease in number of students.

At the end of the previous fiscal year, excluding the future impact from the decrease of new students during the fiscal year under review, we expected the situation to recover to pre-pandemic levels in the following fiscal year. However, with the pandemic continuing to worsen at the end of the fiscal year, as it is expected to take a long period of time to recover to the level before the spread of the infection, an impairment loss was recognized for the asset group without prospects to generate future cash flows sufficient to recover the carrying amount of the assets.

(3) Calculation of the recoverable amount

The recoverable amount is measured based on value in use and is calculated by discounting future cash flows by 3.6%.

V. Notes to Consolidated Statement of Financial Position

1. Allowance for Doubtful Accounts Directly Deducted from Assets

	(Millions of yen)
Trade and other receivables	1,363
Financial assets	127

	(Millions of yen)
2. Accumulated Depreciation of Property, Plant and Equipment	197,369

VI. 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, 2021	Increase	Decrease	At the end of the fiscal year ended March 31, 2021
Common stock (shares)	191,555,025	—	—	191,555,025

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 23, 2020	Common stock	5,802	33.00	March 31, 2020	June 24, 2020
Board of Directors' Meeting held on November 2, 2020	Common stock	5,801	33.00	September 30, 2020	December 3, 2020

(2) Dividends with a record date in the fiscal year ended March 31, 2021 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 24, 2021	Common stock	Retained earnings	5,801	33.00	March 31, 2021	June 25, 2021

VII. 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	55,057	33,980	19,155	108,193
North America	48,736	22,701	4,524	75,963
Europe	46,053	26,707	451	73,212
China	48,176	7,008	2,545	57,730
Other areas	40,956	13,415	3,158	57,530
Total	238,981	103,813	29,836	372,630
Revenue recognized from contracts with customers	237,742	103,401	29,699	370,843
Revenue recognized from other sources	1,238	412	136	1,787

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 and contract liabilities as of March 31, 2021 are as follows:

	(Millions of yen)
Receivables arising from contracts with customers	49,239
Contract liabilities	6,237

VIII. 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. In addition, the Group raises funds mainly through bank borrowings. Further, the Company and its domestic subsidiaries practice group finance. 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 management policy, and the Company and its consolidated subsidiaries have prepared rules 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 holding financial 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 and its domestic subsidiaries manage the liquidity risk by practicing group finance.

2) Market risk

(a) Foreign exchange risk

Receivables and payables denominated in foreign currencies are exposed to foreign currency fluctuation risk.

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 and currency option 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 of changes 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, 2021 are as follows:

(Millions of yen)

Classification	Book value	Fair value
Financial assets		
Financial assets measured at amortized cost		
Cash and cash equivalents	129,345	129,345
Trade and other receivables	57,329	57,329
Other financial assets	12,611	12,611
Financial assets measured at fair value through profit or loss		
Debt instruments	252	252
Derivative assets	—	—
Financial assets measured at fair value through other comprehensive income		
Equity instruments	115,768	115,768
Total	315,307	315,307
Financial liabilities		
Financial liabilities measured at amortized cost		
Trade and other payables	56,915	56,915
Borrowings	8,367	8,368
Other financial liabilities	9,685	9,685
Financial liabilities measured at fair value through profit or loss		
Derivative liabilities	238	238
Total	75,207	75,208

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

(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)	—	831	—	831
Total	—	831	—	831

(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	—	—	252	252
Derivative assets	—	—	—	—
Financial assets measured at fair value through other comprehensive income				
Equity instruments	110,060	—	5,707	115,768
Total	110,060	—	5,959	116,020
Financial liabilities				
Financial liabilities measured at fair value through profit or loss				
Derivative liabilities	—	238	—	238
Total	—	238	—	238

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	5,991
Gain or loss (Note 1)	(8)
Other comprehensive income (Note 2)	227
Purchase	0
Sale and redemption	(252)
Balance at end of period	5,959

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 basedon market values of similar companies.

IX. Notes to Per Share Information

Equity per share attributable to owners of the parent	¥2,252.34
Basic profit per share	¥151.39

X. Notes to Significant Subsequent Events

Sale of assets held for sale

The landholding (Chuo-ku, Sapporo, Hokkaido) categorized as "Assets held for sale" in the consolidated statement of financial position at the end of the consolidated fiscal year under review were sold to ALJ Sapporo RE2 TMK (Chiyoda- ku, Tokyo) on April 30, 2021. As a result of the sale, the Company will record a gain on sales of non-current assets of ¥4,700 million in other income for the fiscal year ending March 31, 2022.

Non-consolidated Financial Statements

Non-consolidated Balance Sheets

(Millions of yen)

	FY2020.3 (as of March 31, 2020)	FY2021.3 (as of March 31, 2021)
ASSETS		
Current assets:		
Cash and deposits	50,833	51,493
Notes receivable - trade	419	379
Electronically recorded monetary claims - operating	1,166	1,148
Accounts receivable - trade	17,491	19,537
Merchandise and finished goods	9,725	9,919
Work in process	1,678	1,352
Raw materials	1,247	2,201
Short-term loans receivable	5,869	5,937
Other	6,874	13,472
Allowance for doubtful accounts	(434)	(2,628)
Total current assets	94,870	102,814
Non-current assets:		
Property, plant and equipment:		
Buildings and structures	26,314	25,854
Machinery and equipment	967	909
Vehicles	52	41
Tools, furniture and fixtures	2,891	2,988
Land	43,700	42,410
Leased assets	2	11
Construction in progress	3,072	3,185
Total property, plant and equipment	77,001	75,401
Intangible assets:		
Software	83	565
Other	0	0
Total intangible assets	83	566
Investments and other assets:		
Investment securities	59,075	111,198
Stocks of subsidiaries and affiliates	65,522	65,245
Investment in capital of subsidiaries and affiliates	20,563	20,563
Long-term loans receivable	2	2
Lease and guarantee deposits	1,014	1,011
Prepaid pension cost	1,588	2,360
Other	91	87
Allowance for doubtful accounts	(88)	(87)
Total investments and other assets	147,768	200,382
Total non-current assets	224,853	276,350
Total assets	319,723	379,165

(Millions of yen)

	FY2020.3 (as of March 31, 2020)	FY2021.3 (as of March 31, 2021)
LIABILITIES		
Current liabilities:		
Accounts payable - trade	8,365	10,487
Short-term loans payable	16,398	16,417
Lease obligations	0	2
Accounts payable - other	3,987	4,664
Accrued expenses	13,751	13,522
Income taxes payable	2,319	478
Advances received	618	519
Deposits received	302	323
Provision for product warranties	16	85
Provision for loss of subsidiaries	131	-
Other	-	176
Total current liabilities	45,891	46,679
Non-current liabilities:		
Lease obligations	1	7
Long-term accounts payable - other	1,409	-
Deferred tax liabilities	894	17,063
Deferred tax liabilities for land revaluation	9,536	9,183
Provision for product warranties	1,140	448
Provision for retirement benefits	14,704	15,172
Long-term deposits received	8,980	8,894
Other	466	467
Total non-current liabilities	37,133	51,236
Total liabilities	83,025	97,915
NET ASSETS		
Shareholders' equity:		
Capital stock	28,534	28,534
Capital surplus		
Legal capital surplus	3,054	3,054
Other capital surplus	19,319	19,323
Total capital surplus	22,374	22,378
Retained earnings		
Legal retained earnings	4,159	4,159
Other retained earnings		
Reserve for tax purpose reduction entry	6,478	6,246
General reserve	70,710	70,710
Retained earnings brought forward	117,878	126,255
Total other retained earnings	195,067	203,211
Total retained earnings	199,226	207,371
Treasury stock	(65,093)	(65,086)
Total shareholders' equity	185,042	193,197
Valuation and translation adjustments:		
Valuation difference on available-for-sale securities	31,225	68,637
Deferred gains or losses on hedges	67	(123)
Revaluation reserve for land	20,362	19,537
Total valuation and translation adjustments	51,655	88,051
Total net assets	236,698	281,249
Total liabilities and net assets	319,723	379,165

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

(Millions of yen)

	FY2020.3 (April 1, 2019－March 31, 2020)	FY2021.3 (April 1, 2020－March 31, 2021)
Net sales	231,795	194,117
Cost of sales	180,335	152,862
Gross profit	51,460	41,254
Selling, general and administrative expenses	33,072	29,465
Operating income	18,387	11,789
Non-operating income		
Interest income	93	96
Dividend income	12,751	12,832
Other	889	932
Total non-operating income	13,735	13,861
Non-operating expenses		
Interest expenses	2	2
Other	740	98
Total non-operating expenses	742	101
Ordinary income	31,380	25,548
. Extraordinary income		
Gain on sales of non-current assets	133	5
Gain on sales of investment securities	—	463
Reversal of provision for loss of subsidiaries	310	131
Total extraordinary income	443	601
. Extraordinary losses		
Loss on retirement of non-current assets	32	80
Loss on valuation of shares of subsidiaries and associates	—	277
Impairment loss	—	1,290
Provision of allowance for doubtful accounts	58	2,218
Loss from suspension of operations	174	45
Total extraordinary losses	265	3,912
Income before income taxes	31,558	22,237
Income taxes - current	5,042	3,019
Income taxes - deferred	461	295
Total income taxes	5,503	3,314
Net income	26,055	18,922

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

(April 1, 2020－March 31, 2021)

(Millions of yen)

	Shareholders' equity			
	Capital stock	Capital surplus		
		Legal capital surplus	Other capital surplus	Total capital surplus
Balance at April 1, 2020	28,534	3,054	19,319	22,374
Changes of items during period				
Dividends of surplus				
Net income				
Reversal of revaluation reserve for land				
Reserve for tax purpose reduction entry				
Acquisition of treasury stock				
Disposal of treasury stock			4	4
Net changes of items other than shareholders' equity				
Total changes of items during period	―	―	4	4
Balance at March 31, 2021	28,534	3,054	19,323	22,378

	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	General reserve	Retained earnings brought forward			
Balance at April 1, 2020	4,159	6,478	70,710	117,878	199,226	(65,093)	185,042
Changes of items during period							
Dividends of surplus				(11,603)	(11,603)		(11,603)
Net income				18,922	18,922		18,922
Reversal of revaluation reserve for land				825	825		825
Reserve for tax purpose reduction entry		(232)		232	―		―
Purchase of treasury stock						(9)	(9)
Disposal of treasury stock						16	20
Net changes of items other than shareholders' equity							
Total changes of items during period	―	(232)	―	8,377	8,144	6	8,155
Balance at March 31, 2021	4,159	6,246	70,710	126,255	207,371	(65,086)	193,197

	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, 2020	31,225	67	20,362	51,655	236,698
Changes of items during period					
Dividends of surplus					(11,603)
Net income					18,922
Reversal of revaluation reserve for land					825
Reserve for tax purpose reduction entry					―
Purchase of treasury stock					(9)
Disposal of treasury stock					20
Net changes of items other than shareholders' equity	37,412	(191)	(825)	36,395	36,395
Total changes of items during period	37,412	(191)	(825)	36,395	44,550
Balance at March 31, 2021	68,637	(123)	19,537	88,051	281,249

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

Marketable securities 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. Nonmarketable securities 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 experiencewith 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 Significant Revenues and Expenses

Sales for Construction Completions

・For construction work in progress, if the outcome of the construction activity during the course of the construction is deemed certain, the percentage of completion method is applied.

・When above condition is not met, the completed-contract method has been applied.

・The method for estimating the percentage-of-completion amount is based on the percentage of the cost incurred to the estimated total cost.

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, purchased options with foreign currency-denominated put and yen-denominated call options
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 and currency options as hedging instruments within the limit of actual foreign transactions to reduce risk arising from future fluctuations of foreign exchange rates with respect to 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. Change in the Method of Presentation

The Company applies the “Accounting Standard for Disclosure of Accounting Estimates” (ASBJ Statement No. 31, March 31, 2020) from the fiscal year ended March 31, 2021 and discloses the notes to accounting estimates.

III. Notes to Accounting Estimates

Items whose amounts are recorded in the financial statements for the fiscal year ended March 31, 2021 based on accounting estimates and may have a significant impact on the following fiscal year are as follows:

	(Millions of yen)	
Prepaid pension cost	2,360	
Provision for retirement benefits	15,172	
Provisions	533	(Liabilities)
Deferred tax liabilities	17,063	(Amount in the balance sheet)
Deferred tax assets	14,183	(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.

IV. Additional Information

1. Impairment of Non-current Assets

In the fiscal year ended March 31, 2021, impairment loss of ¥1,290 million was recognized for an idle asset and an extraordinary loss was recorded.

The breakdown of the impairment loss is as follows.

Usage	Location	Impairment loss	
		Type of asset	Amount (Millions of yen)
Idle asset	Hamamatsu-shi, Shizuoka Prefecture	Land	1,290

(1) Method of grouping assets
The Company’s assets are grouped based on the minimum cash-generating units that generate primarily independent cash inflows.
(2) Reason for recognition of impairment loss
Impairment loss was recognized for an idle asset for which there is no plan for future usage.
(3) Calculation of the recoverable amount
The recoverable amount of the idle asset is estimated based on net realizable value and is calculated by deducting expenses for their disposal from the estimated sales price.

V. Notes to Non-consolidated Balance Sheets

1. Receivables from and Payables to Subsidiaries and Affiliates

	(Millions of yen)
Short-term receivables:	27,569
Short-term payables:	27,473

	(Millions of yen)
2. Accumulated Depreciation of Property, Plant and Equipment	59,452

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, 2021 and the book value after revaluation

(Millions of yen)
(376)

VI. Notes to Non-consolidated Statements of Income

Transactions with subsidiaries and affiliates

	(Millions of yen)
Net Sales	161,075
Purchases	100,590
Transaction volume of non-operating transactions	10,355

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

Treasury shares

Type of share	At the beginning of the fiscal year ended March 31, 2021	Increase	Decrease	At the end of the fiscal year ended March 31, 2021
Common stock (shares)	15,735,084	25,170	4,000	15,756,254

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

	(Shares)
Increase due to return of restricted stock compensation without contribution before lifting of the transfer restrictions	23,400
Increase due to the purchase of shares less than one unit	1,770

The details of the decrease are as follows:

	(Shares)
Decrease due to the disposal of treasury shares as restricted stock compensation	4,000

VIII. Notes to Deferred Tax Accounting

Principal deferred tax assets and liabilities

	(Millions of yen)
Deferred tax assets:	
Revaluation loss on inventories	185
Allowance for doubtful accounts	811
Depreciation, excess	5,122
Impairment loss of non-current assets	3,274
Revaluation loss on investment securities	15,563
Accrued bonuses	1,028
Provision for product warranties	159
Provision for retirement benefits	3,825
Other	4,123
Gross deferred tax assets	34,094
Valuation allowance	(19,910)
Total deferred tax assets	14,183
Deferred tax liabilities:	
Reserve for tax purpose reduction entry	(2,659)
Valuation difference on available-for-sale securities	(28,587)
Total deferred tax liabilities	(31,247)
Net deferred tax assets	(17,063)

IX. Notes to Per Share Information

Net assets per share	¥1,599.84
Net income per share	¥107.63

X. Notes to Significant Subsequent Events

(Sale of property, plant and equipment)
The landholdings (Chuo-ku, Sapporo, Hokkaido) categorized as “property, plant and equipment” in the non-consolidated balance sheets at the end of fiscal year were sold to ALJ Sapporo RE2 TMK (Chiyoda-ku, Tokyo) on April 30, 2021. As a result of the sale, the Company will record a gain on sales of non-current assets of ¥5,108 million for the fiscal year ending March 31, 2022.

(consolidated)

Independent Accounting Auditor's Report

May 7, 2021

The Board of Directors
YAMAHA CORPORATION

Ernst & Young ShinNihon LLC
Hamamatsu Office

Toshikatsu Sekiguchi
Certified Public Accountant
Designated and Engagement Partner

Toshiyuki Matsuura
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, 2020 through March 31, 2021.

In our opinion, the consolidated financial statements referred to above, which were prepared in accordance with the provisions of the second sentence of Article 120, Paragraph 1 of the Regulation on Corporate Accounting, which provide for the omission of certain disclosure items required under Designated International Accounting Standards, 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.

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.

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 the provisions of the second sentence of Article 120, Paragraph 1 of the Regulation on Corporate Accounting, which provide for the omission of certain disclosure items required under Designated International Accounting Standards, 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 the provisions of the second sentence of Article 120, Paragraph 1 of the Regulation on Corporate Accounting, which provide for the omission of certain disclosure items required under Designated International Accounting Standards.

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 the provisions of the second sentence of Article 120, Paragraph 1 of the Regulation on

Corporate Accounting, which provide for the omission of certain disclosure items required under Designated International Accounting Standards, 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 7, 2021

The Board of Directors
YAMAHA CORPORATION

Ernst & Young ShinNihon LLC
Hamamatsu Office

Toshikatsu Sekiguchi
Certified Public Accountant
Designated and Engagement Partner

Toshiyuki Matsuura
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 197th fiscal year from April 1, 2020 through March 31, 2021.

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.

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 10, 2021

We at the Audit Committee audited the Directors' and Executive Officers' performance of duties during the 197th business year, from April 1, 2020 through March 31, 2021. 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.

Regarding the competition law infringement by the Company's subsidiary described in the Business Report, the Audit Committee confirmed that measures have been implemented to ensure thorough legal compliance and to prevent recurrence. The Audit Committee will continue monitoring to ensure thorough compliance and strengthen operation of the internal control systems.

(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

Yoshimi Nakajima
Audit Committee Member

Mikio Fujitsuka
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 Wednesday, June 23, 2021, 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.