(TRANSLATION ONLY)

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

(Security code: 7951)
June 8, 2020

Notice of the 196th Ordinary General Shareholders' Meeting

Dear Shareholders:

We hereby inform you of the 196th 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), Monday, June 22, 2020.

[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

(TRANSLATION ONLY)

The 196th Ordinary General Shareholders' Meeting

1. Date and time: Tuesday, June 23, 2020 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 196th Fiscal Year (from April 1, 2019 through March 31, 2020).
2. The Non-consolidated Financial Statements for the 196th Fiscal Year (from April 1, 2019 through March 31, 2020)

Matters to be resolved:

Proposal 1 Appropriation of Surplus
Proposal 2 Election of Seven 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.

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: 5,802,058,053 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 24, 2020

Proposal 2 Election of Seven Directors

All of the eight Directors will complete their respective terms of office at the conclusion of this meeting. Accordingly, we shall propose the election of seven 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 2019
1	Takuya Nakata (Mr.)	Candidate for Reappointment	Director Nominating Committee Member Compensation Committee Member President and Representative Executive Officer Executive General Manager of Brand Development Unit	100% (12 out of 12 meetings)
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	Yoshimi Nakajima (Ms.)	Candidate for Reappointment Outside Director Independent Outside Director	Outside Director Audit Committee Member	100% (12 out of 12 meetings)
4	Taku Fukui (Mr.)	Candidate for Reappointment Outside Director Independent Outside Director	Outside Director Audit Committee Member	100% (12 out of 12 meetings)
5	Yoshihiro Hidaka (Mr.)	Candidate for Reappointment Outside Director Independent Outside Director	Outside Director Nominating Committee Member Compensation Committee Member	91.7% (11 out of 12 meetings)
6	Mikio Fujitsuka (Mr.)	Candidate for Reappointment Outside Director Independent Outside Director	Outside Director Audit Committee Member	100% (10 out of 10 meetings)
7	Paul Candland (Mr.)	Candidate for Reappointment Outside Director Independent Outside Director	Outside Director Nominating Committee Member Compensation Committee Member	100% (10 out of 10 meetings)

No.	Name (Date of Birth)	Brief personal history; position; charge; and important concurrent duties	Number of the Company shares held
1	Takuya Nakata (June 8, 1958) Candidate for Reappointment	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)	75,500
		- Term of office as a director: Eight (8) 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: 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.	

No.	Name (Date of Birth)	Brief personal history; position; charge; and important concurrent duties	Number of the Company shares held
2	Satoshi Yamahata (December 3, 1960) Candidate for Reappointment	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)	28,400
		- Term of office as a director: Five (5) 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, and Executive General Manager of the Corporate Management 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.	

<table>
<tr><th>No.</th><th>Name
(Date of Birth)</th><th colspan="3">Brief personal history; position; charge; and important concurrent duties</th><th>Number of the Company shares held</th></tr>
<tr><td rowspan="2">3</td><td rowspan="2">Yoshimi Nakajima
(December 16, 1956)

Candidate for Reappointment

Candidate for Outside Director

Candidate for Independent Outside Director</td><td>April
February
May
June
April

August
April

June
June

June

September</td><td>1980:
1982:
1997:
2000:
2002:

2011:
2014:

2017:
2017:

2018:

2018:</td><td>Entered The Yasuda Trust and Banking Co., Ltd. (currently Mizuho Trust & Banking Co., Ltd.)
Entered AVON Product CO.LTD., Tokyo Japan
Vice President of Consumer Banking Headquarters of Citi Bank N.A.
Senior General Manager of Societe Generale Securities Japan Limited
Vice President and Head of Global Travelers Cheques and Prepaid Services of American Express International, Inc., Japan
Country Manager, Singapore (President)
Concurrently serving as President and Representative Director of American Express Japan Co., Ltd.
Outside Director of the Company (current position)
Outside Director of AEON Financial Service Co., Ltd. (current position)
Outside Director of Japan Freight Railway Company (current position)
Outside Director of ULVAC, Inc. (current position)</td><td>0</td></tr>
<tr><td colspan="4">- 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%)
- Reasons for nomination as director:
Having been involved in management as the person responsible for the Asian region and Japanese arm of a global financial institution, Ms. Yoshimi Nakajima has a wealth of experience and achievements alongside broad insight as a corporate manager.
Since assuming the position of Outside Director of the Company in June 2017, she has provided highly effective supervision while supporting the determination of major corporate actions and quick and decisive execution on decision-making, based on her wealth of achievements and insights, etc., as a corporate manager.
She has been nominated as a director on expectations that she will help further strengthen the oversight function of the Board of Directors through these achievements and insights, etc.
- About independence
The Company files documentation with the Tokyo Stock Exchange to establish that Ms. Yoshimi Nakajima is an independent director under the provisions set forth by the Tokyo Stock Exchange.</td></tr>
</table>

<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">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.
(current position)
January 2009: Managing Partner of Kashiwagi Sogo Law Offices
(current position)
June 2017: Outside Director of the Company
(current position)</td><td>0</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%)
- 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>
</table>

<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">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>1,500</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:
11 out of 12 meetings (91.7%)
- 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 manager. 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 manager.
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 0.1% of consolidated net sales of both companies.</td></tr>
</table>

No.	Name (Date of Birth)	Brief personal history; position; charge; and important concurrent duties	Number of the Company shares held
6	Mikio Fujitsuka (March 13, 1955) Candidate for Reappointment Candidate for Outside Director Candidate for Independent Outside Director	April 1977: Entered Komatsu Ltd. June 2001: General Manager of Corporate Controlling Department April 2005: Executive Officer April 2008: President of Global Retail Finance Business Division February 2009: General Manager of Corporate Planning Division and President of Global Retail Finance Business Division April 2010: Senior Executive Officer April 2011: CFO June 2011: Director and Senior Executive Officer April 2013: Director and Senior Executive Officer April 2016: Executive Vice President and Representative Director June 2019: Outside Director of the Company (current position) June 2019: Outside Corporate Auditor of Mitsui Chemicals, Inc. (current position)	0
		- Term of office as a director: One (1) year (at the conclusion of this Ordinary General Shareholders' Meeting) - Attendance at Board of Directors meetings: 10 out of 10 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 manager, 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 manager. He has been nominated as a director on expectations that he will help further strengthen the oversight function of the Board of Directors through these achievements and insights, etc. - About independence The Company filed documentation with the Tokyo Stock Exchange to register him as an independent director under the provisions set forth by the Tokyo Stock Exchange.	

No.	Name (Date of Birth)	Brief personal history; position; charge; and important concurrent duties	Number of the Company shares held
7	Paul Candland (December 4, 1958) Candidate for Reappointment Candidate for Outside Director Candidate for Independent Outside Director	June 1985: Entered Owens Corning April 1987: Entered PepsiCo, Inc. November 1994: President of Okinawa Pepsi-Cola April 1998: Representative, Japan Branch of PepsiCo International Ltd. November 1998: Representative Director and General Manager of The Disney Store Japan, Inc. April 2002: Japan Managing Director, Walt Disney Television International of The Walt Disney Company (Japan) Ltd. June 2007: Representative Director and President July 2014: President of The Walt Disney Company Asia September 2018: Managing Director of PMC Partners Co., Ltd. (current position) June 2019: Outside Director of the Company (current position) September 2019: CEO of Age of Learning, Inc. (current position)	100
		- Term of office as a director: One (1) year (at the conclusion of this Ordinary General Shareholders' Meeting) - Attendance at Board of Directors meetings: 10 out of 10 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 manager. 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 manager. 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.	

Summary of the liability limitation agreement

Ms. Yoshimi Nakajima, 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, we will renew the liability limitation agreements under the same conditions.

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) Takuya Nakata doubles as President of Yamaha Music Foundation, with which the Company conducts transactions for contracting operations, etc.
2) 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 0.1% of consolidated net sales of both companies.
3) 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.

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 internal directors and outside directors as defined by their respective 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 experience
Takuya Nakata		X			X	X	X	X
Satoshi Yamahata			X	X				X
Yoshimi Nakajima	Outside	X	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

(TRANSLATION ONLY)

(Attached Documents)

Business Report

(From April 1, 2019 to March 31, 2020)

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, 2020 was characterized by an overall slowing in global economic growth caused by factors that included the spread of protectionism, which was particularly evident in the US-China trade friction. While the U.S. economy remained firm, China's economy weakened under the trade friction and Europe's economic growth continued to slow. Japan's economy expanded moderately fueled by rush demand ahead of the hike in the consumption tax, but the pace of growth later slowed due in part to a strong typhoon that directly hit Eastern Japan. In addition to these conditions, the rapid spread of the COVID-19 that began near the end of 2019 had a huge impact on the entire global economy.

Amid these economic conditions, the Yamaha Group entered the first year of its Medium-term Management Plan "Make Waves 1.0," and the Group's activities focused on advancing the plan's four key strategies to "develop closer ties with customers," "create new value," "enhance productivity," and "contribute to society through our businesses."

To "develop closer ties with customers," we took our first steps toward transforming our shops and music schools in Japan and overseas from bases for sales and lessons into "brand value communication bases" where our customers can experience the Yamaha value. We are also developing our e-commerce operations. The musical instruments business introduced new products aimed at meeting various needs, including the PSR-I500 portable keyboard, which was designed to blend with the rich musical culture in India. The audio equipment business broadened its business domain by offering new products including wireless headphones and earphones to attract a wider range of customers.

To "create new value," we created new value by combining technology and sensibility in a way that only Yamaha can, in products like the YC61 stage keyboard that delivers organ tones using Virtual Circuitry Modeling technology and the YVC-330 unified communication speaker phone enabling remote conferencing even in noisy open locations. We are seeking to create new value by encouraging the "insatiable power of expression." These efforts led to the Yamaha flute played by Matvey Demin to win First Prize in the Woodwinds Category at the International Tchaikovsky Competition. Our efforts using AI technology also advanced and attracted much media attention.

To "enhance productivity," measures such as bringing the India factory up to full operation and launching the production of piano frames at Suzhou factory in China have progressed as well as various cost reduction measures through integrating IoT into Indonesia factories to convert them to a smart factory and accelerating global bulk purchasing. Progress was also made as planned in revisions of our product price to reasonable price.

To "contribute to society through our businesses," we continued effort to popularize musical instrument education not only in Indonesia but also in India, Vietnam, and other countries, and in the first year of the Make Waves 1.0 plan the cumulative total number of students increased to 390,000 for a solid start toward our three-year target of 1 million students. We are also making progress in using certified timber for our wooden products as planned, toward our three year target of 50%.

In the fiscal year ended March 31, 2020, revenue declined by ¥20,145 million (-4.6%) year on year to ¥414,227 million due to the combined impacts of ¥13.7 billion from the COVID-19 pandemic, a ¥13.1 billion negative impact in the foreign exchange, and sluggish market conditions for the industrial machinery and components business. Core operating profit* declined by ¥6,393million (-12.1%) year on year to ¥46,352million, also owing to the impacts of the COVID-19 pandemic, a ¥6.5 billion negative impact in the foreign exchange, and the struggling industrial machinery and components business. Profit attributable to owners of the parent decreased by ¥5,715 million (-14.2%) year on year to ¥34,621 million due to, in addition to a decrease in core operating profit, a ¥1.4 billion of loss from suspension of operations caused by COVID-19 pandemic along with the recognition of ¥3.3 billion impairment loss on fixed assets.

*Core operating profit corresponds to operating income under Japanese GAAP and is calculated by subtracting selling, general and administrative expenses from gross profit.

The Group has applied the International Financial Reporting Standards (IFRS) from the fiscal year under review.
Financial figures through the previous fiscal year are displayed under IFRS, reclassified from the figures initially announced under Japanese GAAP.

Musical Instruments Business

The musical instruments business recorded higher overall full-year sales in all regions other than Japan despite impacts in the fourth quarter from the COVID-19 pandemic in all regions. Against a background of retail store closures, the acoustic piano sales in China maintained the same level as the previous year, and sales declined year on year in Japan and North America. The guitar sales rose year on year in all regions and the digital musical instrument sales grew in all regions, excluding Japan, both of which have a high ratio of e-commerce sales. The wind instrument sales declined largely due to reduced demand from wind instrument ensembles in Japan.

The musical instruments business posted a revenue decline of ¥10,100 million (-3.6%) year on year to ¥269,371 million, largely due to a ¥9.1 billion negative impact in the foreign exchange from the previous fiscal year. Core operating profit declined by ¥3,064 million (-7.5%) to ¥37,750million, including a ¥4.8 billion negative impact in the foreign exchange.

Audio Equipment Business

The professional audio equipment sales grew in global, especially the audio equipment installations in Japan progressed as planned, on the other hand, its sales declined in North America and China from the COVID-19 pandemic. The audio products sales rose in Japan but fell year on year in other regions.

The audio equipment business recorded a revenue decline of ¥5,751 million (-4.8%) year on year to ¥114,392 million, primarily owing to a ¥3.8 billion negative impact in the foreign exchange from the previous fiscal year. Core operating profit declined by ¥1,043 million (-10.9%) to ¥8,571 million, including a ¥1.7 billion negative impact in the foreign exchange.

Industrial Machinery/Components and Other Businesses

In these business category, sales grew for the electronic devices year on year but fell for the FA equipment in the adverse business conditions.

These business revenue declined ¥4,294 million (-12.4%) year on year to ¥30,462 million. Core operating profit decreased ¥2,284 million (-98.7%) to ¥30 million.

(3) Capital Expenditure

Segments	Investment (million yen)	percentage change from previous quarter (%(	Composition Ratio (%)
Musical Instruments Business	14,995	25.3	73.0
Audio Equipment Business	4,324	52.6	21.0
Industrial Machinery/Components and Other Businesses	1,226	6.6	6.0
Total	20,545	28.8	100.0

(4) Fund Raising

Not applicable

The Group has applied the International Financial Reporting Standards (IFRS) from the 196th fiscal year.
Financial figures through the 195th fiscal year are displayed under IFRS, reclassified from the figures announced under Japanese GAAP. The graph on this page shows the figures for the 195th fiscal year and the 196th fiscal year which can be compared under the IFRS standard.

(4) Issues to Be Addressed

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)

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

Develop Broader, Deeper, Longer Ties with Customers

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.

Brand Promise

In January 2019, we established the brand promise of Make Waves, and have been communicating this promise on a global basis. With the medium-term management plan, we will promote the value of the Yamaha brand through our brand promise and develop customer interfaces with a focus on digital marketing. In these ways, we will move forward with efforts aimed at improving our brand value.

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.

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

Contributing to the Sustainable Development of Music Culture and Society

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.

7) Investments and Shareholder Returns

We will pursue well-balanced allocation of created cash to investment in growth and returns to shareholders

[Investments]	Regular investment: 40.0 billion yen Strategic investment: 50.0 billion yen (additional investment in new production bases, R&D bases, M&A, etc.)
[Shareholder returns]	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. We set a target for a total return ratio of 50% over a three-year period.

Response to the Spread of COVID-19

The Yamaha Group places the highest priority on the safety and health of our customers, business partners, employees, and their families. We are and will continue to make every effort to minimize the impact on our businesses while fully respecting the requests and guidance of the national and local governments.

(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)	
	193rd Fiscal Year (April 1, 2016 – March 31, 2017)	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)
Revenue (net sales)	408,248	432,967	437,416	434,373	414,227
Core operating profit (operating income)	44,302	48,833	56,030	52,745	46,352
Profit for the period attributable to owners of the parent (net income attributable to owners of parent)	46,719	54,378	43,753	40,337	34,621
Basic profit per share (net income per share) (yen)	249.17	291.81	240.94	222.12	194.71
Total assets (total assets)	522,362	552,309	514,762	515,924	474,034
Total equity (net assets)	367,437	388,345	382,771	359,007	326,450

(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.
"Partial Amendments to Accounting Standards for Tax-Effect Accounting" have been applied, and the method of presentation has been revised in Japanese GAAP for the 195th fiscal year.
Amount of total assets for the 194th fiscal year has been restated retroactively applying the amended accounting standards.

(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
Yamaha Electronics Manufacturing (M) Sdn. Bhd.	31,000 thousand Malaysian ringgit	100.0	Manufacturing of audio equipment
Xiaoshan Yamaha Musical Instruments Co., Ltd.	274,888 thousand CNY	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
Yamaha Electronics (Suzhou) Co., Ltd.	328,754 thousand CNY	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
Hangzhou Yamaha Musical Instruments Co., Ltd.	396,121 thousand CNY	100.0*	Manufacturing of musical instruments
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 57 consolidated subsidiaries, including the 13 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) PT. Yamaha Music Manufacturing Asia (Indonesia) PT. Yamaha Indonesia (Indonesia) PT. Yamaha Musical Products Asia (Indonesia) Yamaha Music & Electronics (China) Co., Ltd. (China) Tianjin Yamaha Electronic Musical Instruments, Inc. (China) Hangzhou Yamaha Musical Instruments Co., Ltd. (China) Xiaoshan Yamaha Musical Instruments Co., Ltd. (China) Yamaha Electronics (Suzhou) Co., Ltd. (China) Yamaha Electronics Manufacturing (M) Sdn. Bhd. (Malaysia) Yamaha Music India Pvt. Ltd. (India)

(9) Employees

Segments	Number of employees	Annual change
Musical Instruments Business	14,746	-62
Audio Equipment Business	4,393	-121
Industrial Machinery/Components and Other Businesses	1,064	+11
Total	20,203	-172

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 15,735,084 shares of treasury shares)

(3) Number of Shareholders: 18,290

(4) Principal Shareholders

Shareholders	Number of shares held (Thousand shares)	Shareholding ratio
The Master Trust Bank of Japan, Ltd. (trust a/c)	28,414	16.16%
Japan Trustee Services Bank, Ltd. (trust a/c)	12,078	6.87%
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.	6,963	3.96%
Nippon Life Insurance Company	5,002	2.85%
Mizuho Bank, Ltd.	4,958	2.82%
Japan Trustee Service Bank, Ltd. (trust a/c No. 7)	3,629	2.06%
JPMorgan Chase Bank 385151	2,782	1.58%

Note: The Company holds 15,735,084 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

	Number of shareholders (Persons)	Number of shares held (Thousand shares)
Individuals	17,345	28,317
Financial institutions	59	99,290
Japanese corporations	182	11,929
Foreign investors	666	48,958
Securities companies	38	3,059

Note: The figure for individuals includes treasury shares.

3. The Company's Subscription Rights to Shares

Not applicable

4. 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		
Masatoshi Ito	Outside Director	Nominating Committee Member Compensation Committee Member	Chairman of the Board of Ajinomoto Co., Inc., Outside Director of Japan Airlines Co., Ltd., Outside Director of NEC Corporation
Yoshimi Nakajima	Outside Director	Audit 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 Masatoshi Ito, Yoshimi Nakajima, Taku Fukui, Yoshihiro Hidaka, Mikio Fujitsuka, and Paul Candland are Outside Directors.

2. The Company files documentation with the Tokyo Stock Exchange to establish that Outside Directors Masatoshi Ito, Yoshimi Nakajima, Taku Fukui, Yoshihiro Hidaka, Mikio Fujitsuka, and Paul Candland are independent directors under the provisions set forth by the Tokyo Stock Exchange.

3. Audit Committee Member Mikio Fujitsuka has experience serving as CFO at one of the largest global construction machinery manufacturers in Japan, as well as considerable knowledge of finance and accounting.

4. 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 a business of a similar nature to the language education business of the Group.
   3) There are no special relationships between the Company and the companies where Directors Masatoshi Ito, Yoshimi Nakajima, Taku Fukui, and Mikio Fujitsuka hold concurrent duties.

5. Changes in the important concurrent duties of Outside Directors during fiscal 2019 are as follows.
   1) Director Mikio Fujitsuka retired from the position of Director of Komatsu Ltd. on June 18, 2019, and assumed the position of Outside Corporate Auditor of Mitsui Chemicals, Inc. on June 25, 2019.
   2) Director Paul Candland assumed the position of CEO of Age of Learning, Inc. on September 1, 2019.

6. Changes of Directors during fiscal 2019 are as follows.
   1) Directors Mikio Fujitsuka and Paul Candland were newly elected and assumed their position as Director at the 195th Ordinary General Shareholders' Meeting held on June 24, 2019.
   2) Directors Masahito Hosoi, Shigeru Nosaka, and Junya Hakoda retired because they completed their respective terms of office at the conclusion of the 195th Ordinary General Shareholders'

Meeting held on June 24, 2019.

Summary of the Liability Limitation Agreement

Directors Masatoshi Ito, 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.

(2) Matters Relating to Outside Directors

Principal activities during fiscal 2019

Name	Position	Principal activities during fiscal 2019
Masatoshi Ito	Director	He attended all 12 meetings of the Board of Directors, all 3 meetings of the Nominating Committee, and all 3 meetings of the Compensation Committee held during fiscal 2019, and made appropriate comments as necessary on proposals and other matters of deliberation based on his wealth of experience and broad insight as a corporate manager.
Yoshimi Nakajima	Director	She attended all 12 meetings of the Board of Directors and 13 of the 14 meetings of the Audit Committee held during fiscal 2019, and made appropriate comments as necessary on proposals and other matters of deliberation based on her wealth of experience and broad insight as a corporate manager.
Taku Fukui	Director	He attended all 12 meetings of the Board of Directors and all 14 meetings of the Audit Committee held during fiscal 2019, and made appropriate comments as necessary on proposals and other matters of deliberation based on his specialist perspective and broad insight as an attorney.
Yoshihiro Hidaka	Director	He attended 11 of the 12 meetings of the Board of Directors, all 3 meetings of the Nominating Committee, and all 3 meetings of the Compensation Committee held during fiscal 2019, and made appropriate comments as necessary on proposals and other matters of deliberation based on his wealth of experience and broad insight as a corporate manager.
Mikio Fujitsuka	Director	He attended all 10 meetings of the Board of Directors and all 11 meetings of the Audit Committee held following his assumption of office as Director, and made appropriate comments as necessary on proposals and other matters of deliberation based on his wealth of experience and broad insight as a corporate manager.
Paul Candland	Director	He attended all 10 meetings of the Board of Directors, all 3 meetings of the Nominating Committee, and all 2 meetings of the Compensation Committee held following his assumption of office as Director, and made appropriate comments as necessary on proposals and other matters of deliberation based on his wealth of experience and broad insight as a corporate manager.

(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
Satoshi Yamahata	Managing Executive Officer	Executive General Manager of Corporate Management Unit Executive General Manager of Operations Unit
Shigeki Fujii	Executive Officer	Executive General Manager of IMC Business Unit Executive General Manager of Technology Unit
Akira Iizuka	Executive Officer	Executive General Manager of Audio Products Business Unit
Seiichi Yamaguchi	Executive Officer	Executive General Manager of Musical Instruments & Audio Products Sales Unit
Takashi Dairokuno	Executive Officer	In charge of internal audits
Teruhiko Tsurumi	Executive Officer	Executive General Manager of Musical Instruments Business Unit

Note: Changes in responsibilities of Executive Officers after April 1, 2020 are as follows.

1) Mr. Akira Iizuka and Mr. Takashi Dairokuno retired from the position of Executive Officer on March 31, 2020.
2) Mr. Shinobu Kawase assumed the position of Executive General Manager of Musical Instruments & Audio Products Production Unit and Executive General Manager of Audio Products Business Unit on April 1, 2020.
3) Mr. Satoshi Yamahata assumed the position of Executive General Manager of Corporate Management Unit and Executive General Manager of Human Resources and General Administration Unit on April 1, 2020.

(4) Names and Other Information regarding the Operating Officers

Name	Position	Responsibilities and important concurrent duties
Kimiyasu Ito	Operating Officer	Deputy Executive General Manager of Musical Instruments Business Unit
Masato Takai	Operating Officer	Executive General Manager of Human Resources and General Administration Unit
Shinichi Takenaga	Operating Officer	President and Director of PT. Yamaha Musik Indonesia (Distributor)
Masato Oshiki	Operating Officer	President of Yamaha Music Japan Co., Ltd.
Takashi Haga	Operating Officer	President of Yamaha Music India Pvt. Ltd.
Koichi Morita	Operating Officer	Senior General Manager of Research and Development Division, Technology Unit
Thomas Sumner	Operating Officer	President of Yamaha Corporation of America
Naoya Tetsumura	Operating Officer	Senior General Manager of Manufacturing Process Division, Musical Instruments & Audio Products Production Unit
Taro Tokuhiro	Operating Officer	Senior General Manager of Corporate Planning Division of Corporate Management Unit Senior General Manager of Information Systems Division, Operations Unit
Hiroko Ohmura	Operating Officer	Senior General Manager of Marketing Division, Brand Development Unit

Note: Changes in responsibilities of Operating Officers after April 1, 2020 are as follows.

1) Mr. Kimiyasu Ito, Mr. Masato Takai, Mr. Takashi Haga, and Mr. Koichi Morita retired from the position of Operating Officer on March 31, 2020.
2) Mr. Shinichi Takenaga assumed the position of Deputy Executive General Manager of Audio Products Business Unit on April 1, 2020.
3) Mr. Naoya Tetsumura assumed the position of Deputy Executive General Manager of Musical Instruments & Audio Products Production Unit on April 1, 2020.
4) Mr. Taro Tokuhiro assumed the position of Executive General Manager of Operations Unit on April 1, 2020.
5) Ms. Hiroko Ohmura assumed the position of Deputy Executive General Manager of Brand Development Unit on April 1, 2020.
6) Mr. Yutaka Matsuki assumed the position of Operating Officer (Senior General Manager of Piano Division, Musical Instruments Business Unit) on April 1, 2020.

(5) Names and Other Information regarding Audit Officers (Assumed office on April 1, 2020)

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

Note: In order to strengthen audit functions, on April 1, 2020, the Company newly established the position of Audit Officer to take responsibility for auditing functions in the Yamaha Group as a member of the management team at equivalent position as Operating Officers.

(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		68	68	–	–	9
	Outside Directors	60	60	–	–	8
Executive Officers		579	279	141	158	8

Notes: 1. The above numbers include three Directors who retired at the conclusion of the 195th Ordinary General Shareholders' Meeting held on June 24, 2019.
2. The total compensation and number of Executive Officers concurrently serving as Directors are described in the section for Executive Officers.

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 Audit Committee Members) and Executive Officers (excluding the Executive Officers in charge of the internal audit) will consist of (1) fixed compensation, (2) performance-linked bonuses, and (3) compensation in the form of restricted stock. The approximate breakdown of total compensation of (1), (2), and (3) will be 5:3:2. "(2) Performance-linked bonuses" will vary according to the Company's consolidated profit for the period and ROE in the previous fiscal year, and these bonuses will be calculated with consideration for the individual's record of performance. The evaluation of individual performance will be based on indicators of performance set by business and function in each area the individual is responsible for. "(3) The Restricted stock compensation plan" has been introduced with the intent of continuously improving the corporate value, and having the Directors and Executive Officers share a common interest with shareholders. Compensation based on Company performance has also been introduced to provide a motivation for reaching performance goals in the medium term, therefore the two thirds (2/3) of the total amount is linked to the Company performance. Conditions for performance will be measured with an indicator, which is contained in the Medium-Term Management Plan that gives equal weight to "core operating income ratio," "ROE," and "EPS." Transfer restrictions shall not be lifted till the retirement of Director or Executive Officer (the transfer restrictions are effective for thirty (30) years or till the retirement of Director or Executive Officer) 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, in the event of serious cases of accounting fraud and/or major losses during the restricted period, 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.

Outside Directors and Directors who are members of the Audit Committee as well as the Executive Officer in charge of the internal audit will receive only the fixed compensation.

5. 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 2019	113
2) Total compensation payable by the Company and its subsidiaries to the Independent Accounting Auditor	154

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, PT. Yamaha Music & Electronics (China) Co., Ltd., Yamaha Electronics Manufacturing (M) Sdn. Bhd., Hangzhou Yamaha Musical Instruments Co., Ltd., Yamaha Music Manufacturing Asia, Yamaha Electronics (Suzhou) Co., Ltd., PT. Yamaha Musical Products Asia, Xiaoshan Yamaha Musical Instruments Co., Ltd., 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.

6. 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 Policies & Rules," 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

35

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

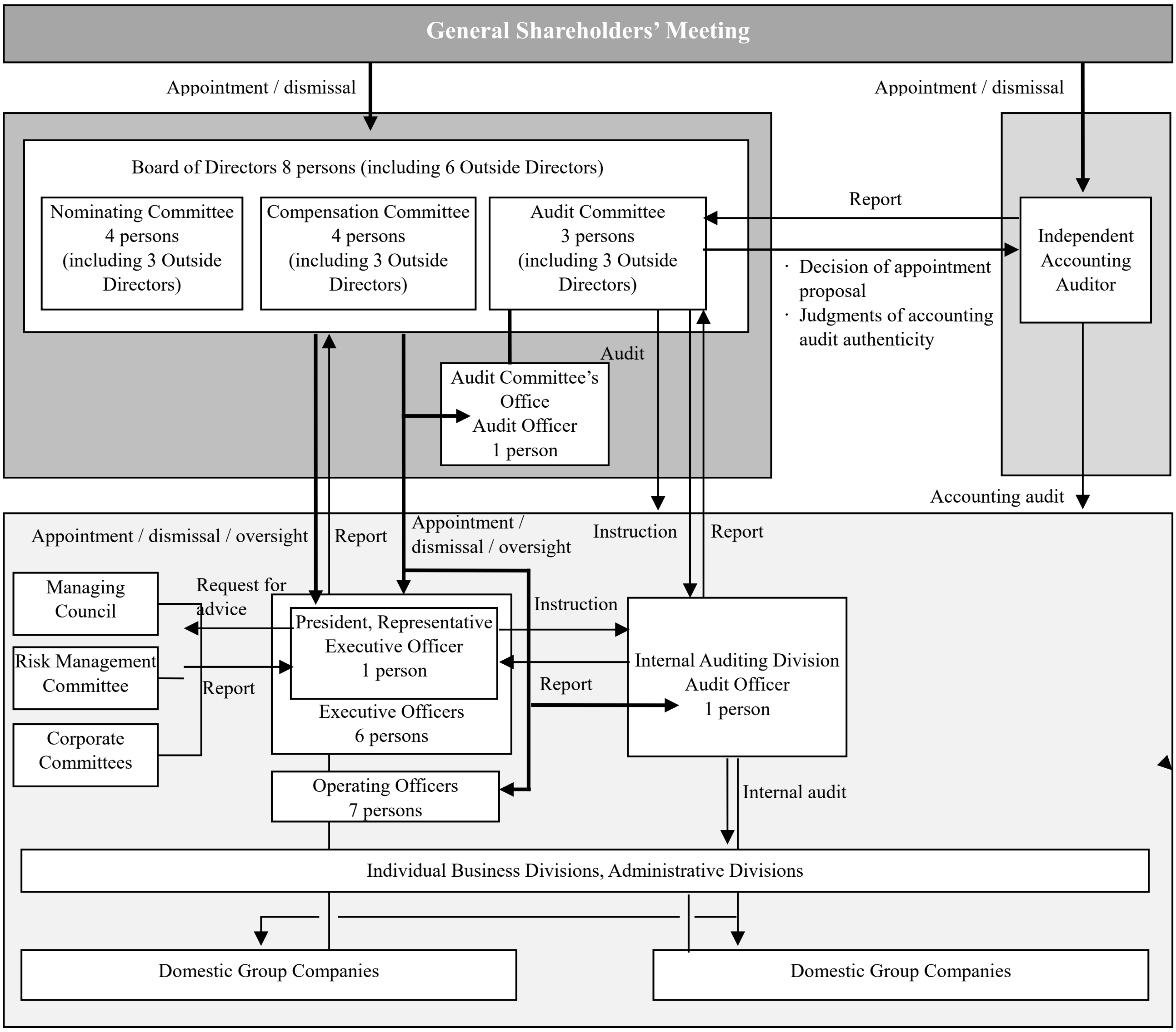
The Company bears the expenses related to the conduct of audits based on the audit plans of the Audit Committee. When duties other than those in the audit plan are necessary and expenses are incurred, these are paid when invoices are received from the Audit Committee.

(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, 2020

7. 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 evaluated and analyzed the importance of risks surrounding the Group, the frequency of their occurrence, and the level of their control, 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 specialist 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, meetings of the Working Group for Compliance, which counts an external attorney among its members, has been held to formulate plans for activities and discuss responses to issues submitted to the internal reporting hotline, which covers the entire Yamaha Group. In the fiscal year under review, the Company augmented the domestic internal reporting hotline, as part of measures to enhance convenience for users, and worked to spread knowledge of the reporting hotline to Group employees in Japan and overseas. In addition, the Company also implemented various types of training in the form of educational programs based on the Codes of Conduct for Compliance, 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.

In the fiscal year under review, the Company developed Group Policies & Rules, formulating new regulations related to legal affairs, document management, and internal audits. In addition, international conferences were held with managers at subsidiaries in Japan and overseas participating together with persons responsible for legal affairs, information systems, logistics, 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 having Corporate Auditors of subsidiaries in Japan gather and participate in liaison meetings to provide audit reports from each company, and providing opportunities for the Audit Committee to share information with the Independent Accounting Auditor and the Internal Auditing Division.

39

Consolidated Financial Statements

Consolidated Statement of Financial Position

(Millions of yen)

	FY2019.3 (as of March 31, 2019)	FY2020.3 (as of March 31, 2020)
Assets		
Current assets		
Cash and cash equivalents	95,815	92,671
Trade and other receivables	65,346	58,067
Other financial assets	10,508	12,939
Inventories	101,003	100,054
Other current assets	10,144	6,455
Total current assets	282,819	270,189
Non-current assets		
Property, plant and equipment	91,326	97,106
Right-of-use assets	29,579	24,480
Goodwill	161	158
Intangible assets	1,321	1,736
Financial assets	101,093	67,817
Deferred tax assets	7,237	10,795
Other non-current assets	2,387	1,749
Total non-current assets	233,105	203,844
Total assets	515,924	474,034

(Millions of yen)

	FY2019.3 (as of March 31, 2019)	FY2020.3 (as of March 31, 2020)
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	59,525	52,982
Interest-bearing debt	8,936	10,830
Lease liabilities	5,730	5,365
Other financial liabilities	9,650	9,620
Income tax payables	2,474	4,236
Provisions	1,898	1,700
Other current liabilities	12,228	14,412
Total current liabilities	100,443	99,149
Non-current liabilities		
Lease liabilities	18,258	15,864
Financial liabilities	3,014	1,568
Retirement benefit liabilities	24,268	23,704
Provisions	455	2,574
Deferred tax liabilities	8,650	2,825
Other non-current liabilities	1,824	1,897
Total non-current liabilities	56,473	48,434
Total liabilities	156,917	147,584
Equity		
Capital stock	28,534	28,534
Capital surplus	21,568	21,277
Retained earnings	293,547	316,899
Treasury stock	(42,533)	(65,093)
Other components of equity	56,820	23,789
Equity attributable to owners of the parent	357,936	325,409
Non-controlling interests	1,070	1,040
Total equity	359,007	326,450
Total liabilities and equity	515,924	474,034

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

Consolidated Statement of Income

(Millions of yen)

	FY2019.3 (April 1, 2018－March 31, 2019)	FY2020.3 (April 1, 2019－March 31, 2020)
Revenue	434,373	414,227
Cost of sales	(255,367)	(245,967)
Gross profit	179,005	168,259
Selling, general and administrative expenses	(126,259)	(121,907)
Core operating profit	52,745	46,352
Other income	1,558	2,806
Other expenses	(1,488)	(5,826)
Operating profit	52,815	43,333
Finance income	4,652	4,968
Finance expenses	(1,008)	(1,083)
Share of profit of associates accounted for using the equity method	12	6
Profit before income tax	56,471	47,225
Income taxes	(16,085)	(12,521)
Profit for the period	40,386	34,703
Profit for the period attributable to:		
Owners of parent	43,337	34,621
Non-controlling interests	48	81
Profit per share		
Basic (Yen)	222.12	194.71
Diluted (Yen)	—	—

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

Consolidated Statement of Comprehensive Income

(Millions of yen)

	FY2020.3 (April 1, 2019－ March 31, 2020)
Profit for the period	34,703
Other comprehensive income	
Items that will not be reclassified to profit or loss	
Remeasurements of defined benefit plans	7
Financial assets measured at fair value through other comprehensive income	(23,431)
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)
Items that may be subsequently reclassified to profit or loss	
Exchange differences on translation of foreign operations	(9,629)
Cash flow hedges	(35)
Total items that may be subsequently reclassified to profit or loss	(9,664)
Total other comprehensive income	(33,086)
Comprehensive income for the period	1,616
Comprehensive income for the period attributable to:	
Owners of parent	1,597
Non-controlling interests	19

Consolidated Statement of Cash Flows

(Millions of yen)

	FY2020.3 (April 1, 2019－March 31, 2020)
Cash flows from operating activities	57.162
Cash flows from investing activities	(21,067)
Cash flows from financing activities	(36,422)
Effect of exchange rate changes on cash and cash equivalents	(2,816)
Net increase (decrease) in cash and cash equivalents	(3,143)
Cash and cash equivalents at beginning of period	95,815
Cash and cash equivalents at end of period	92,671

Consolidated Statement of Changes in Equity

FY2020.3 (April 1, 2019－March 31, 2020)

(Millions of yen)

	Equity attributable to owners of the parent						
					Other components of equity		
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Remeasure-ments of defined benefit plans	Financial assets measured at fair value through other comprehen-sive income	Exchange differences on translation of foreign operations
Balance at April 1, 2019	28,534	21,568	293,547	(42,533)	－	57,610	(893)
Profit for the period	－	－	34,621	－	－	－	－
Other comprehensive income	－	－	－	－	7	(23,429)	(9,567)
Total comprehensive income for the period	－	－	34,621	－	7	(23,429)	(9,567)
Acquisition of treasury stock	－	－	－	(23,078)	－	－	－
Dividends	－	－	(11,274)	－	－	－	－
Share-based compensation	－	(290)	－	519	－	－	－
Transfer to retained earnings	－	－	5	－	(7)	2	－
Total transactions with owners	－	(290)	(11,269)	(22,559)	(7)	2	－
Balance at March 31, 2020	28,534	21,277	316,899	(65,093)	－	34,183	(10,461)

(Millions of yen)

	Equity attributable to owners of the parent			Non-control-ling interests	Total equity
	Other components of equity				
	Cash flow hedges	Total	Total		
Balance at April 1, 2019	102	56,820	357,936	1,070	359,007
Profit for the period	－	－	34,621	81	34,703
Other comprehensive income	(35)	(33,024)	(33,024)	(61)	(33,086)
Total comprehensive income for the period	(35)	(33,024)	1,597	19	1,616
Acquisition of treasury stock	－	－	(23,078)	－	(23,078)
Dividends	－	－	(11,274)	(49)	(11,324)
Share-based compensation	－	－	228	－	228
Transfer to retained earnings	－	(5)	－	－	－
Total transactions with owners	－	(5)	(34,124)	(49)	(34,173)
Balance at March 31, 2020	67	23,789	325,409	1,040	326,450

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”) from the fiscal year ended March 31, 2020, 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: 57

Names of major consolidated subsidiaries:

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

3. Application of Equity Method

Number of associates accounted for using equity method

Not applicable

Two companies including JEUGIA Corporation which were accounted for using equity method in the fiscal year ended March 31, 2019, were excluded from the scope of application of equity method due to equity transfer and company liquidation.

4. Fiscal Years, etc. of Consolidated Subsidiaries

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

5. Accounting Policies

(1) Accounting policy for measuring significant assets

1) Financial assets

(a) Initial recognition and measurement

Initial recognition of financial assets is on the date of the Group’s transaction with the contract party.

Financial assets at initial recognition, other than financial assets measured at fair value through profit or loss, are measured at an amount of fair value plus transaction costs directly attributable to the acquisition of the financial asset. Transaction costs of financial assets measured at fair value through profit or loss are recognized in profit or loss.

(b) Classification and subsequent measurement

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

(i) Financial assets measured at amortized cost

Among financial assets, debt instruments meeting the following criteria together are categorized as financial assets measured at amortized cost.

・They are held based on a business model whose objective is to hold financial assets in order to collect contractual cash flows.
・The contractual terms of these instruments give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

・They are held based on a business model whose objective is achieved by both collecting contractual cash flows and selling assets.
・The contractual terms of these instruments give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

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

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

(c) Impairment of financial assets

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

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

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

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

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

(d) Derecognition

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

2) Hedge accounting and derivatives

The Group uses, within the scope of actual demand, forward exchange contracts (comprehensive contract) 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, and intangible assets which are unusable on the final date of the reporting period.
Impairment loss is recognized if an impairment test finds the book value of the asset or a cash-generating unit exceeds the recoverable amount of an asset.
For assets not tested individually at impairment test, assets are grouped together into the smallest cash-generating unit that generates cash inflows that are largely independent of the cash inflows of other assets or asset group. The recoverable amount of an asset or a cash-generating unit is the higher of its value in use and its fair value less the cost of disposal. In determining the value in use, estimated future cash flows arising from assets and cash-generating unit are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.
Recognition of impairment loss of cash-generating units including goodwill is conducted by first allocating to reduce the book value of the goodwill that was allocated to the cash-generating unit, then proportionately distributing the impairment based on the book value of each asset of the cash-generating unit.
If an impairment loss recognized in a previous period shows indications of a reversal and the recoverable amount of an asset or cash-generating unit exceeds the book value, the impairment loss is reversed. The impairment loss is reversed up to the lower of the calculated recoverable amount or book value less the necessary depreciation and amortization in the instance impairment loss was not recognized previously. Impairment loss associated with goodwill is not reversed.

(2) Accounting policy for depreciation of significant assets
1) Property, plant and equipment
Property, plant and equipment is measured using the cost model and stated at acquisition cost less accumulated depreciation and accumulated impairment losses.
The acquisition cost of property, plant and equipment comprises any costs directly attributable to the acquisition of the item, the initial estimate for disassembly, removal, or other restoration costs and borrowing costs that should be capitalized.
Depreciation costs on an item of property, plant and equipment, other than land and construction in progress, are accounted for using a straight-line method over its estimated useful life. The range of estimated useful lives by major asset item is as follows:

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

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

2) Right-of-use assets
The Group leases a portion of its property, plant, and equipment. The acquisition cost of right-of-use assets is

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

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

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

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

The Group applies the exemption prescribed in IFRS 1 allowing a lease classified as an operating lease prior to the transition date to IFRS to report an equivalent amount to the lease liability on the date of the transition to IFRS.

3) Intangible assets

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

(3) Accounting policy for significant provisions

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

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

(4) Employee benefits

1) Post-employment benefit

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

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

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

2) Short-term employee benefits

Short-term employee benefits are not discounted and are recognized as an expense at the time service is provided.

Bonuses and paid leave costs are recognized as a liability in the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(5) Revenue recognition

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

Step 1. Identify the contract(s) with a customer.

Step 2. Identify the performance obligations in the contract.

Step 3. Determine the transaction price.
Step 4. Allocate the transaction price to each performance obligation.
Step 5. Recognize revenue when/as a performance obligation is satisfied.

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

(6) Income tax

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

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

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

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

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

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

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

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

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

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

Deferred tax assets and liabilities are netted when the entity has a legally enforceable right to offset current tax assets and liabilities, and the tax balances are associated to the same entity and same taxation authority.

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.
The Group has applied the IFRS 1 exemption provision allowing it to transfer cumulative exchange differences on translation of foreign operations at the date of transition to IFRS from other components of equity to retained earnings.

(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, 2020.

2) Significant accounting estimates and judgments

The Group utilizes estimates and assumptions concerning the application of accounting policies and measurement of assets, liabilities, revenues and expenditures in the preparation of the consolidated financial statements. The estimates and assumptions are based on the management best judgement in consideration of past performance and other various factors considered to be reasonable at the end of reporting period. However, by their nature, the presented amounts that are based on estimates and assumptions may differ from actual results.

The estimates and the underlying assumptions are reviewed on an ongoing basis, and the effects of revisions to the estimates are recognized in the period in which the estimate is revised and in future periods that are affected by the revision. Judgments, estimates, and assumptions that have significant effects on the amount recognized in the consolidated financial statements of the Group are as follows:

(a) Scope of subsidiaries

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

(b) Impairment of non-financial assets

The Group conducts impairment tests in accordance with “(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.

(c) Recognition and measurement of allowance

Allowances 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 allowances 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.

(d) Measurement of retirement benefit obligation

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.

(e) Recoverability of deferred tax assets

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 of 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, at the end of the fiscal year, there is concern that the spread of COVID-19 will cause a significant slowdown in the global economy. The Group's future performance could be significantly affected if the impact of the pandemic on the global economy is longer than expected.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 other than those mentioned above. If such changes require management to revise its outlook, the impact on the consolidated financial statements could be substantial.

II. Additional Information

(Consolidated statement of income)

1. Loss from Suspension of Operations

During the fiscal year, the spread of COVID-19 and its serious worldwide impact have led the Group to temporarily close its directly managed shops and music schools, suspend factory operations, and cancel events.

Expenses incurred during the period of business suspensions and factory shutdowns and from event cancellations are recognized as loss from suspension of operations amounting to ¥1,386 million and recorded as "other expenses."

2. Impairment of Non-financial Assets

Impairment loss has been recognized in the fiscal year and recorded as "other expenses."

The breakdown of the impairment loss is as follows.

Segment	Location	Impairment losses	
		Type	Amount (Millions of yen)
Musical instruments	Tokyo and other regions	Property, plant and equipment	
		Buildings	732
		Other	23
		Right-of-use assets	2,575
		Total	3,330

(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

Due to the spread of COVID-19, directly managed shops and schools in Japan remained closed on and certain period after April. New student recruitment activities for music schools were also reduced, and this is expected to lead to a prolonged period of decreased profitability for the music schools. Due to the prospect of the deteriorating earnings, we have recognized an associated impairment loss as an asset group that is expected to be unable to recover its book value through future cash flow.

(3) Calculation of the recoverable amount

The recoverable amount is estimated based on value in use and is calculated by discounting future cash flow by 4.5%.

III. Notes to Consolidated Statement of Financial Position

1. Allowance for Doubtful Accounts Directly Deducted from Assets

	(Millions of yen)
Trade and other receivables	1,760
Financial assets	132

(Millions of yen)

2. Accumulated Depreciation of Property, Plant and Equipment 187,457

IV. 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, 2020	Increase	Decrease	At the end of the fiscal year ended March 31, 2020
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 24, 2019	Common stock	5,389	30.00	March 31, 2019	June 25, 2019
Board of Directors' Meeting held on November 1, 2019	Common stock	5,885	33.00	September 30, 2019	December 5, 2019

(2) Dividends with a record date in the fiscal year ended March 31, 2020 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 23, 2020	Common stock	Retained earnings	5,802	33.00	March 31, 2020	June 24, 2020

V. 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.

2) 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.

3) 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, 2020 are as follows:

(Millions of yen)

Classification	Book value	Fair value
Financial assets		
Financial assets measured at amortized cost		
Cash and cash equivalents	92,671	92,671
Trade and other receivables	58,067	58,067
Other financial assets	16,945	16,945
Financial assets measured at fair value through profit or loss		
Debt instruments	497	497
Derivative assets	128	128
Financial assets measured at fair value through other comprehensive income		
Equity instruments	63,185	63,185
Total	231,496	231,496
Financial liabilities		
Financial liabilities measured at amortized cost		
Trade and other payables	52,982	52,982
Borrowings	10,830	10,830
Other financial liabilities	11,189	11,189
Financial liabilities measured at fair value through profit or loss		
Derivative liabilities	—	—
Total	75,003	75,003

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 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	—	—	497	497
Derivative assets	—	128	—	128
Financial assets measured at fair value through other comprehensive income				
Equity instruments	57,690	—	5,494	63,185
Total	57,690	128	5,991	63,811
Financial liabilities				
Financial liabilities measured at fair value through profit or loss				
Derivative liabilities	—	—	—	—
Total	—	—	—	—

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	5,790
Gain or loss (Note 1)	432
Other comprehensive income (Note 2)	217
Purchase	0
Sale and redemption	(449)
Balance at end of period	5,991

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

2. Other comprehensive income relates to financial assets measured at fair value through other comprehensive income and included in financial assets measured at fair value through other comprehensive income in the consolidated statement of comprehensive income.

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

VI. Notes to Per Share Information

Equity per share attributable to owners of the parent ¥1,850.81

Basic profit per share ¥194.71

Non-consolidated Financial Statements

Non-consolidated Balance Sheets

(Millions of yen)

	FY2019.3 (as of March 31, 2019)	FY2020.3 (as of March 31, 2020)
ASSETS		
Current assets:		
Cash and deposits	54,722	50,833
Notes receivable - trade	253	419
Electronically recorded monetary claims - operating	1,153	1,166
Accounts receivable - trade	16,430	17,491
Merchandise and finished goods	12,191	9,725
Work in process	2,031	1,678
Raw materials	1,237	1,247
Short-term loans receivable	4,504	5,869
Other	13,005	6,874
Allowance for doubtful accounts	(361)	(434)
Total current assets	105,168	94,870
Non-current assets:		
Property, plant and equipment:		
Buildings and structures	26,295	26,314
Machinery and equipment	1,057	967
Vehicles	61	52
Tools, furniture and fixtures	3,006	2,891
Land	40,601	43,700
Leased assets	2	2
Construction in progress	3,144	3,072
Total property, plant and equipment	74,169	77,001
Intangible assets:		
Software	—	83
Other	0	0
Total intangible assets	0	83
Investments and other assets:		
Investment securities	92,400	59,075
Stocks of subsidiaries and affiliates	65,546	65,522
Investment in capital of subsidiaries and affiliates	20,563	20,563
Long-term loans receivable	2	2
Lease and guarantee deposits	1,034	1,014
Prepaid pension cost	—	1,588
Other	132	91
Allowance for doubtful accounts	(131)	(88)
Total investments and other assets	179,548	147,768
Total non-current assets	253,719	224,853
Total assets	358,887	319,723

(Millions of yen)

	FY2019.3 (as of March 31, 2019)	FY2020.3 (as of March 31, 2020)
LIABILITIES		
Current liabilities:		
Accounts payable - trade	8,925	8,365
Short-term loans payable	13,447	16,398
Lease obligations	0	0
Accounts payable - other	4,823	3,987
Accrued expenses	15,388	13,751
Income taxes payable	—	2,319
Accrued expenses	15,388	13,751
Advances received	815	618
Deposits received	512	302
Provision for product warranties	20	16
Provision for loss of subsidiaries	442	131
Total current liabilities	44,376	45,891
Non-current liabilities:		
Lease obligations	2	1
Long-term accounts payable - other	2,840	1,409
Deferred tax liabilities	10,087	894
Deferred tax liabilities for land revaluation	9,544	9,536
Provision for product warranties	—	1,140
Provision for retirement benefits	15,118	14,704
Long-term deposits received	8,997	8,980
Other	47	466
Total non-current liabilities	46,637	37,133
Total liabilities	91,013	83,025
NET ASSETS		
Shareholders' equity:		
Capital stock	28,534	28,534
Capital surplus		
Legal capital surplus	3,054	3,054
Other capital surplus	19,152	19,319
Total capital surplus	22,206	22,374
Retained earnings		
Legal retained earnings	4,159	4,159
Other retained earnings		
Reserve for tax purpose reduction entry	6,712	6,478
General reserve	70,710	70,710
Retained earnings brought forward	102,847	117,878
Total other retained earnings	180,269	195,067
Total retained earnings	184,429	199,226
Treasury stock	(42,533)	(65,093)
Total shareholders' equity	192,636	185,042
Valuation and translation adjustments:		
Valuation difference on available-for-sale securities	54,771	31,225
Deferred gains or losses on hedges	85	67
Revaluation reserve for land	20,379	20,362
Total valuation and translation adjustments	75,237	51,655
Total net assets	267,873	236,698
Total liabilities and net assets	358,887	319,723

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

Non-consolidated Statements of Income

(Millions of yen)

	FY2019.3 (April 1, 2018－ March 31, 2019)	FY2020.3 (April 1, 2019－ March 31, 2020)
Net sales	232,416	231,795
Cost of sales	178,968	180,335
Gross profit	53,448	51,460
Selling, general and administrative expenses	33,930	33,072
Operating income	19,518	18,387
Non-operating income		
Interest income	118	93
Dividend income	17,510	12,751
Other	1,250	889
Total non-operating income	18,879	13,735
Non-operating expenses		
Interest expenses	2	2
Other	181	740
Total non-operating expenses	183	742
Ordinary income	38,214	31,380
. Extraordinary income		
Gain on sales of non-current assets	40	133
Gain on exchange of non-current assets	2,034	—
Gain on sales of investment securities	821	—
Reversal of provision for loss of subsidiaries	200	310
Total extraordinary income	3,097	443
. Extraordinary losses		
Loss on retirement of non-current assets	350	32
Provision of allowance for doubtful accounts	94	58
Loss from suspension of operations	—	174
Loss on valuation of shares of subsidiaries and associates	688	—
Impairment loss	192	—
Total extraordinary losses	1,325	265
Income before income taxes	39,985	31,558
Income taxes - current	5,051	5,042
Income taxes - deferred	2,115	461
Total income taxes	7,167	5,503
Net income	32,817	26,055

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

Non-consolidated Statements of Changes in Equity

(April 1, 2019－March 31, 2020)

(Millions of yen)

	Shareholders' equity			
	Capital stock	Capital surplus		
		Legal capital surplus	Other capital surplus	Total capital surplus
Balance at April 1, 2019	28,534	3,054	19,152	22,206
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			167	167
Net changes of items other than shareholders' equity				
Total changes of items during period	―	―	167	167
Balance at March 31, 2020	28,534	3,054	19,319	22,374

	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, 2019	4,159	6,712	70,710	102,847	184,429	(42,533)	192,636
Changes of items during period							
Dividends of surplus				(11,274)	(11,274)		(11,274)
Net income				26,055	26,055		26,055
Reversal of revaluation reserve for land				17	17		17
Reserve for tax purpose reduction entry		(233)		233	―		―
Purchase of treasury stock						(23,078)	(23,078)
Disposal of treasury stock						519	686
Net changes of items other than shareholders' equity							
Total changes of items during period	―	(233)	―	15,031	14,797	(22,559)	(7,593)
Balance at March 31, 2020	4,159	6,478	70,710	117,878	199,226	(65,093)	185,042

	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, 2019	54,771	85	20,379	75,237	267,873
Changes of items during period					
Dividends of surplus					(11,274)
Net income					26,055
Reversal of revaluation reserve for land					17
Reserve for tax purpose reduction entry					―
Purchase of treasury stock					(23,078)
Disposal of treasury stock					686
Net changes of items other than shareholders' equity	(23,546)	(17)	(17)	(23,581)	(23,581)
Total changes of items during period	(23,546)	(17)	(17)	(23,581)	(31,175)
Balance at March 31, 2020	31,225	67	20,362	51,655	236,698

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 over possible losses on the collection of receivables. The amount of the provision is based on the historical experience with write-offs for normal receivables and individual estimation of the collectability of receivables due from specific companies in financial difficulties.

(2) Provision for product warranties

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

(3) Provision for loss of subsidiaries

Provision for loss of subsidiaries is provided at an amount anticipated to be incurred by the Company in order to eliminate losses carried by subsidiaries.

(4) 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 (10years) 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 (10years) which are shorter than the average remaining years of service 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 enter 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. Notes to Non-consolidated Balance Sheets

1. Receivables from and Payables to Subsidiaries and Affiliates

	(Millions of yen)
Short-term receivables:	20,023
Short-term payables:	25,069

	(Millions of yen)
2. Accumulated Depreciation of Property, Plant and Equipment	57,999

3. Revaluation of Land

The Company have 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, 2020 and the book value after revaluation

(Millions of yen)
(948)

4. Guarantee Obligations

Guarantees are given for the following company's payments under operating transactions.

	(Millions of yen)
Yamaha Travel Service Co., Ltd.	0

III. Notes to Non-consolidated Statements of Income

Transactions with subsidiaries and affiliates

	(Millions of yen)
Net Sales	198,639
Purchases	122,181
Transaction volume of non-operating transactions	9,182

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

Treasury shares

Type of share	At the beginning of the fiscal year ended March 31, 2020	Increase	Decrease	At the end of the fiscal year ended March 31, 2020
Common stock (shares)	11,919,368	3,952,516	136,800	15,735,084

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

	(Shares)
Increase due to the purchase of treasury shares based on the decision of the Board of Directors	3,950,500
Increase due to the purchase of shares less than one unit	2,016

The details of the decrease are as follows:

	(Shares)
Decrease due to the disposal of treasury shares as restricted stock compensation	136,800

V. Notes to Deferred Tax Accounting

Principal deferred tax assets and liabilities

	(Millions of yen)
Deferred tax assets:	
Revaluation loss on inventories	184
Allowance for doubtful accounts	156
Depreciation, excess	5,111
Impairment loss of non-current assets	3,258
Revaluation loss on investment securities	15,515
Accrued bonuses	1,129
Provision for product warranties	345
Long-term accounts payable - other	841
Provision for retirement benefits	3,916
Other	4,151
Gross deferred tax assets	34,611
Valuation allowance	(19,732)
Total deferred tax assets	14,878
Deferred tax liabilities:	
Deferred gains on hedges	(28)
Reserve for tax purpose reduction entry	(2,758)
Valuation difference on available-for-sale securities	(12,986)
Total deferred tax liabilities	(15,773)
Net deferred tax assets	(894)

VI. Notes to Per Share Information

Net assets per share	¥1,346.25
Net income per share	¥146.53

(TRANSLATION ONLY)

Independent Accounting Auditor's Report

May 26, 2020

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, 2019 through March 31, 2020.

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.

(TRANSLATION ONLY)

Independent Accounting Auditor's Report

May 26, 2020

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 196th fiscal year from April 1, 2019 through March 31, 2020.

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.

(TRANSLATION ONLY)

Copy of Audit Report of the Audit Committee

Audit Report

May 26, 2020

We at the Audit Committee audited the Directors' and Executive Officers' performance of duties during the 196th business year, from April 1, 2019 through March 31, 2020. We hereby report the method and results thereof as follows.

1. Methods and Contents of the Audit

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

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

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

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

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

2. Results of Audit

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

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

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

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

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

The method and results of the audit conducted by Ernst & Young ShinNihon LLC, the Company's Independent

Accounting Auditor, are recognized as fair and proper.

(3) Results of the audit of consolidated financial statements

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

The Audit Committee
YAMAHA CORPORATION

Taku Fukui
Audit Committee Member

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 Monday, June 22, 2020, 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.

(TRANSLATION ONLY)

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.