Analyst and Investor Briefing on Third Quarter of FY2021.3

(Fiscal year ending March 31, 2021)

February 5, 2021

Yamaha Corporation

FY2021.3 Third-Quarter Highlights

Figures in parentheses are year-on-year comparisons

Overview

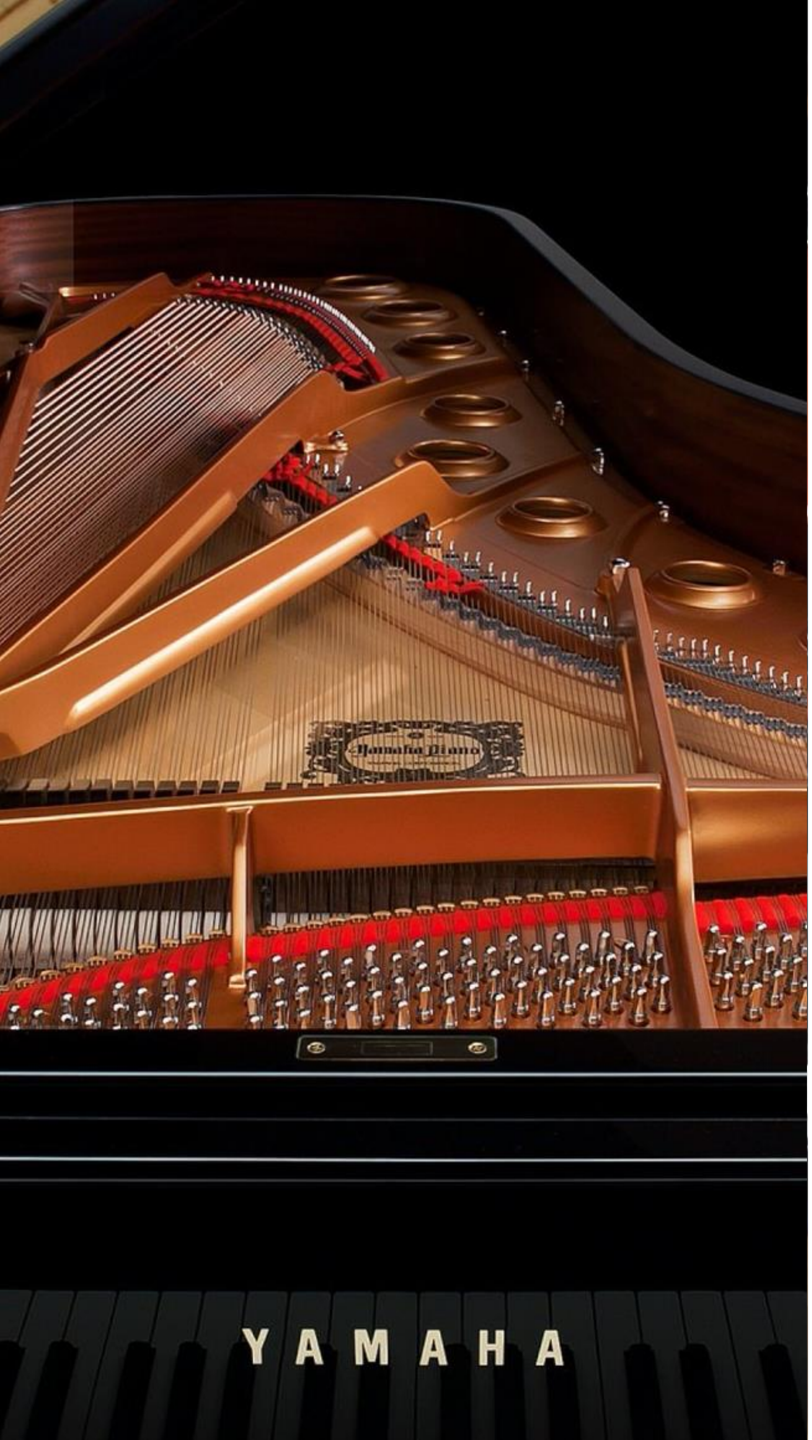
Performance in the first three quarters of FY2021.3 (nine months)

- **Stay-at-home demand fueled a recovery trend in market conditions, but supply shortages continued.**
- **Although 3Q (three months) revenue was down ¥6.6 billion year-on-year, the decline in core operating profit was limited to ¥0.3 billion, and the core operating profit ratio improved to 14.9% (up 0.7 percentage point).**

Outlook

FY2021.3 full year outlook

- **Although market conditions will recover and progress will be made in resolving supply issues, revenue and core operating profit are expected to be lower than the previous year.**
- **All segments are expected to outperform the previous projections, and both revenue and core operating profit are forecast to exceed the previous projections. Full year projections have been revised upward by ¥15 billion for revenue, ¥10 billion for core operating profit, and ¥8 billion for net profit.**



1. Performance Summary

FY2021.3 3Q Summary (Nine Months)

(billions of yen)

	FY2020.3 1-3Q	FY2021.3 1-3Q	Change	
Revenue	322.6	**272.3**	-50.3	-15.6% *2
Core Operating Profit (Core Operating Profit Ratio)	42.4 (13.1%)	**29.0 (10.7%)**	-13.4	-31.5%
Net Profit *1	32.7	**17.6**	-15.1	-46.1%

*2 -14.5% (Excluding the impact of exchange rate)

Exchange Rate (yen)

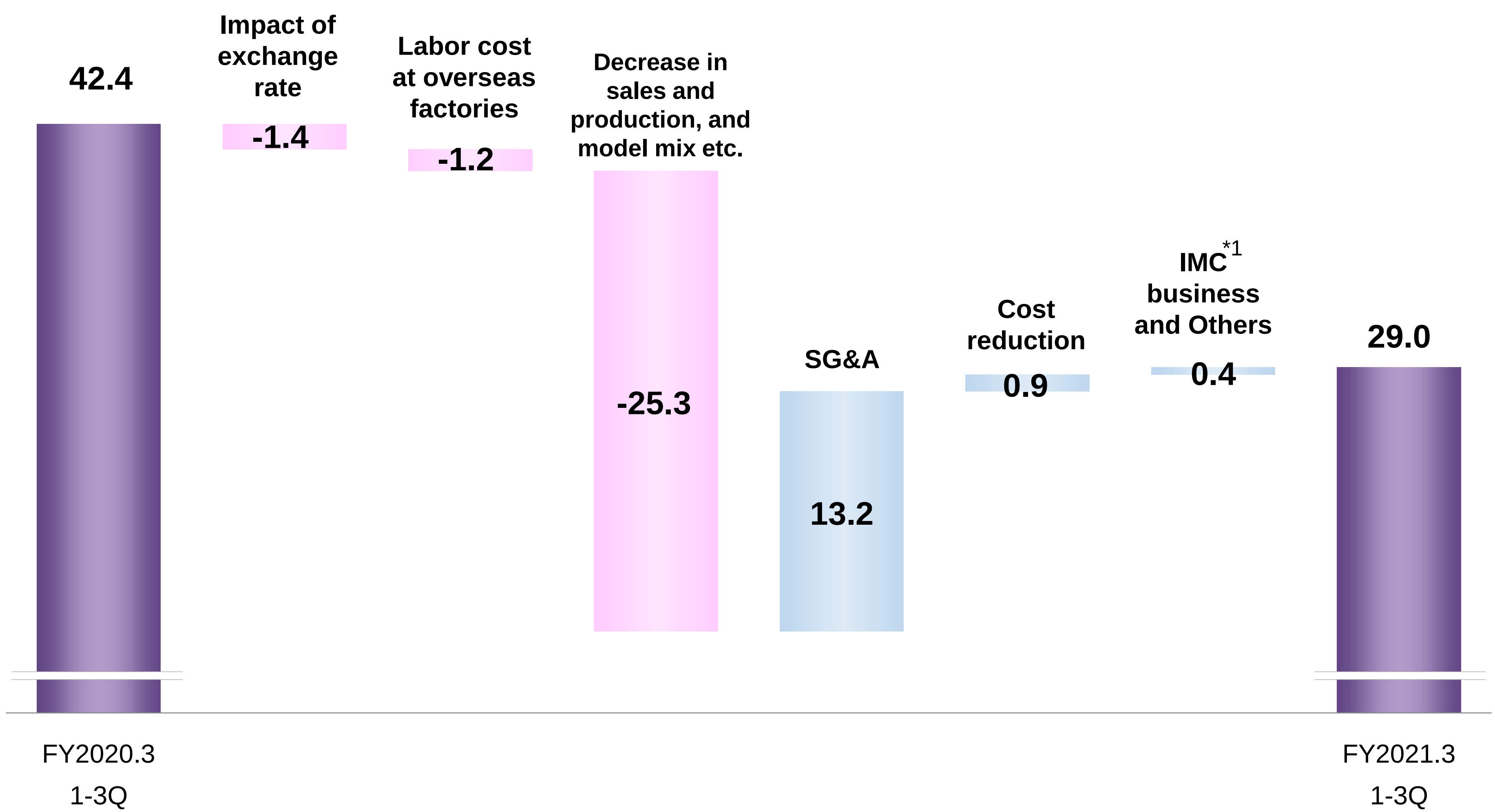
Revenue (Average rate during the period)	**US$**	109	**106**
	EUR	121	**122**
Profit (Settlement rate)	**US$**	109	**106**
	EUR	122	**120**

*1 Net profit is presented as profit attributable to owners of the parent on the consolidated financial statements.

Core Operating Profit Analysis

Versus previous year

(billions of yen)



*1 Industrial Machinery and Components

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Performance by Business Segment

(billions of yen)

Segment	Item	FY2020.3 1-3Q	FY2021.3 1-3Q	Change	Exchange rate impact
Musical Instruments	Revenue	213.3	175.9	-37.4	-2.6
	Core Operating Profit	34.8	23.0	-11.8	-1.2
	Core Operating Profit Ratio	16.3%	13.1%	-3.2P	
Audio Equipment	Revenue	86.2	74.8	-11.4	-0.8
	Core Operating Profit	7.1	5.1	-2.1	-0.2
	Core Operating Profit Ratio	8.3%	6.8%	-1.5P	
IMC[*1] Business and Others	Revenue	23.1	21.6	-1.5	-0.2
	Core Operating Profit	0.5	1.0	0.5	-0
	Core Operating Profit Ratio	2.0%	4.4%	+2.5P	

*1 Industrial Machinery and Components

FY2021.3 Outlook

(billions of yen)

	FY2020.3 Full year	FY2021.3 Full year (previous projections)	FY2021.3 Full year (projections)	Change	Change from the previous projections
Revenue	**414.2**	**355.0**	**370.0**	-44.2	+15.0
Core Operating Profit (Core Operating Profit Ratio)	**46.4** **(11.2%)**	**25.0** **(7.0%)**	**35.0** **(9.5%)**	-11.4	+10.0
Net Profit *1	**34.6**	**16.0**	**24.0**	-10.6	+8.0

Exchange Rate (yen)

		FY2020.3 Full year	FY2021.3 Full year (previous projections)	FY2021.3 Full year (projections)
Revenue (Average rate during the period)	**US$**	109	108	**106**
	EUR	121	120	**123**
Profit (Settlement rate)	**US$**	109	108	**106**
	EUR	122	120	**121**

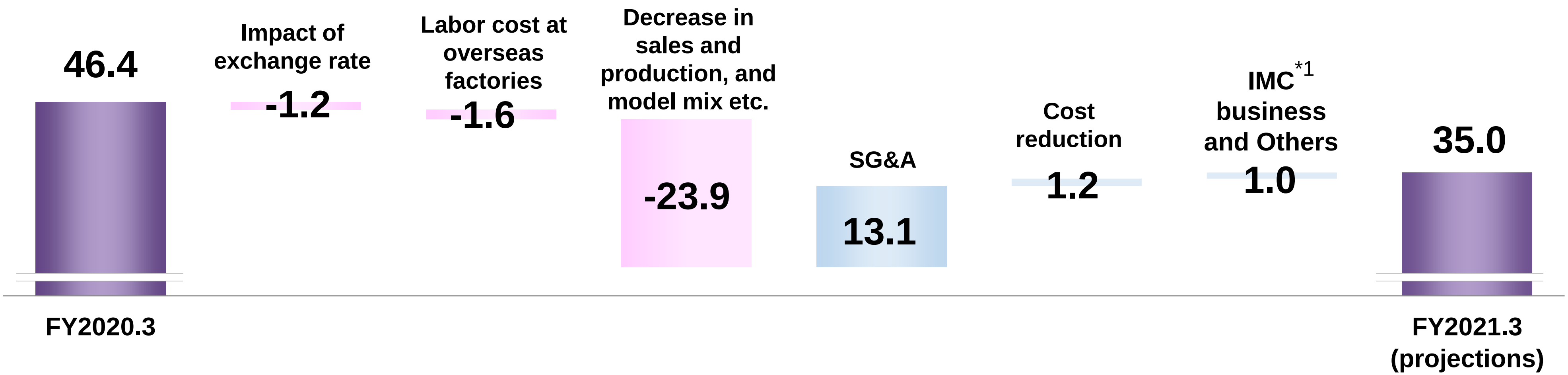
* 4Q currency exchange rates
US$=105JPY, EUR=123JPY

*1 Net profit is presented as profit attributable to owners of the parent on the consolidated financial statements.

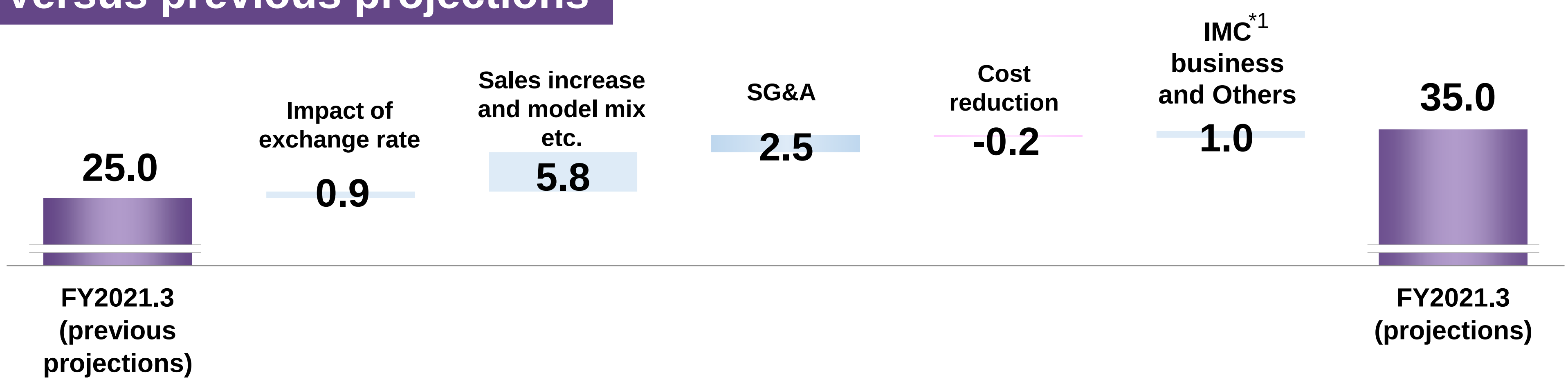
Core Operating Profit Analysis

(billions of yen)

Versus previous year



Versus previous projections



*1 Industrial Machinery and Components

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Outlook by Business Segment

(billions of yen)

		FY2020.3 Full Year	FY2021.3 Full year (projections)	Change	Exchange rate impact
Musical Instruments	Revenue	269.4	237.0	-32.4	-3.5
	Core Operating Profit	37.8	28.0	-9.8	-1.2
	Core Operating Profit Ratio	14.0%	11.8%	-2.2P	
Audio Equipment	Revenue	114.4	103.0	-11.4	-1.0
	Core Operating Profit	8.6	6.0	-2.6	0
	Core Operating Profit Ratio	7.5%	5.8%	-1.7P	
IMC[*1] Business and Others	Revenue	30.5	30.0	-0.5	-0.3
	Core Operating Profit	0	1.0	1.0	-0.1
	Core Operating Profit Ratio	0.1%	3.3%	+3.2P	

*1 Industrial Machinery and Components

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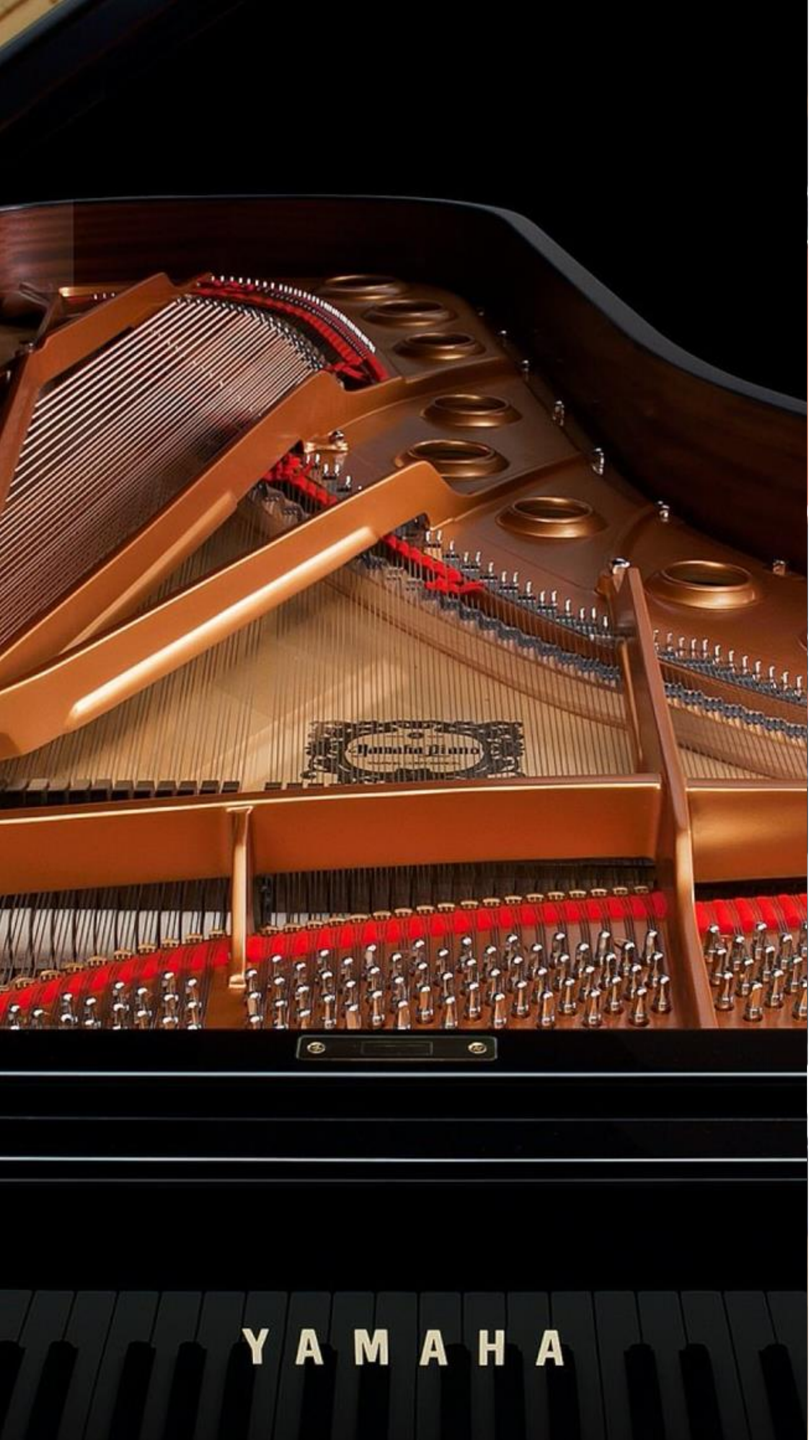
Outlook by Business Segment

(billions of yen)

Segment	Item	FY2021.3 Full Year (previous projections)	FY2021.3 Full Year (projections)	Change from the previous projections	Exchange rate impact
Musical Instruments	Revenue	228.0	237.0	9.0	0.7
	Core Operating Profit	20.0	28.0	8.0	0.6
	Core Operating Profit Ratio	8.8%	11.8%	+3.0P	
Audio Equipment	Revenue	100.0	103.0	3.0	0.2
	Core Operating Profit	5.0	6.0	1.0	0.4
	Core Operating Profit Ratio	5.0%	5.8%	+0.8P	
IMC[*1] Business and Others	Revenue	27.0	30.0	3.0	-0.2
	Core Operating Profit	0	1.0	1.0	-0
	Core Operating Profit Ratio	0.0%	3.3%	+3.3P	

*1 Industrial Machinery and Components



2. Segment Overview & Updates

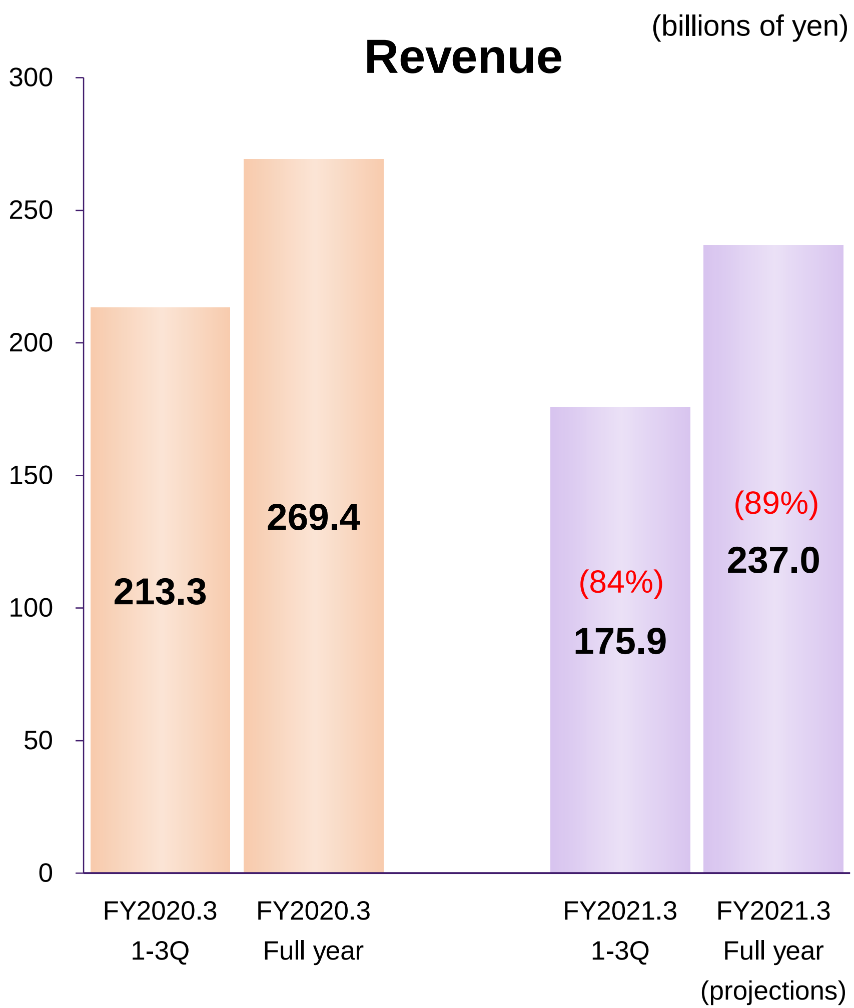
Segment Revenue and Core Operating Profit

Nine months: Stay-at-home demand continued, but although market is on a recovery trend, revenue declined due to supply difficulties

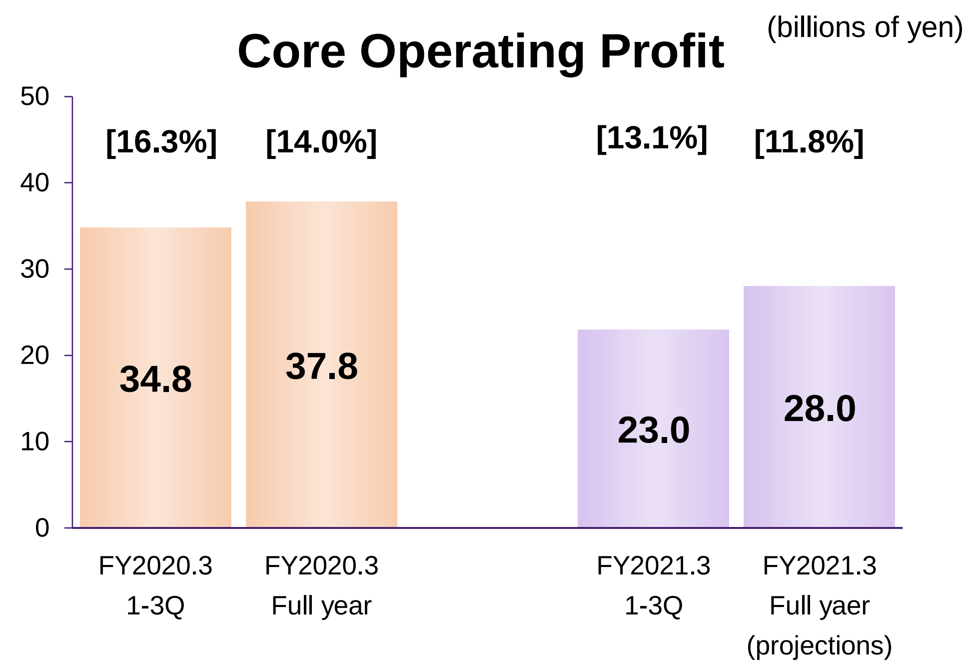
- **Market conditions rallied for pianos. Despite strong demand, sales of digital musical instruments declined as supply lagged. Market was sluggish for wind, string, and percussion instruments due to suspension of school band activities. Guitar sales were firm due to strong demand and lively e-commerce.**
- **Piano sales drove recovery in the Chinese market. Although markets rebounded in other regions, revenue declined amid ongoing supply shortages.**

Full year projection: Although the supply situation will improve in 4Q, sales are not expected to make up for the 1H decline

- **Piano market conditions expected to recover and maintain previous year's levels. Although the supply situation will improve, digital musical instruments sales forecast to decline. Wind, string, and percussion instruments also likely to struggle due to slow recovery in school demand; guitar sales projected to increase on strong demand.**
- **By region, sales are expected to increase in China and decrease in other regions.**



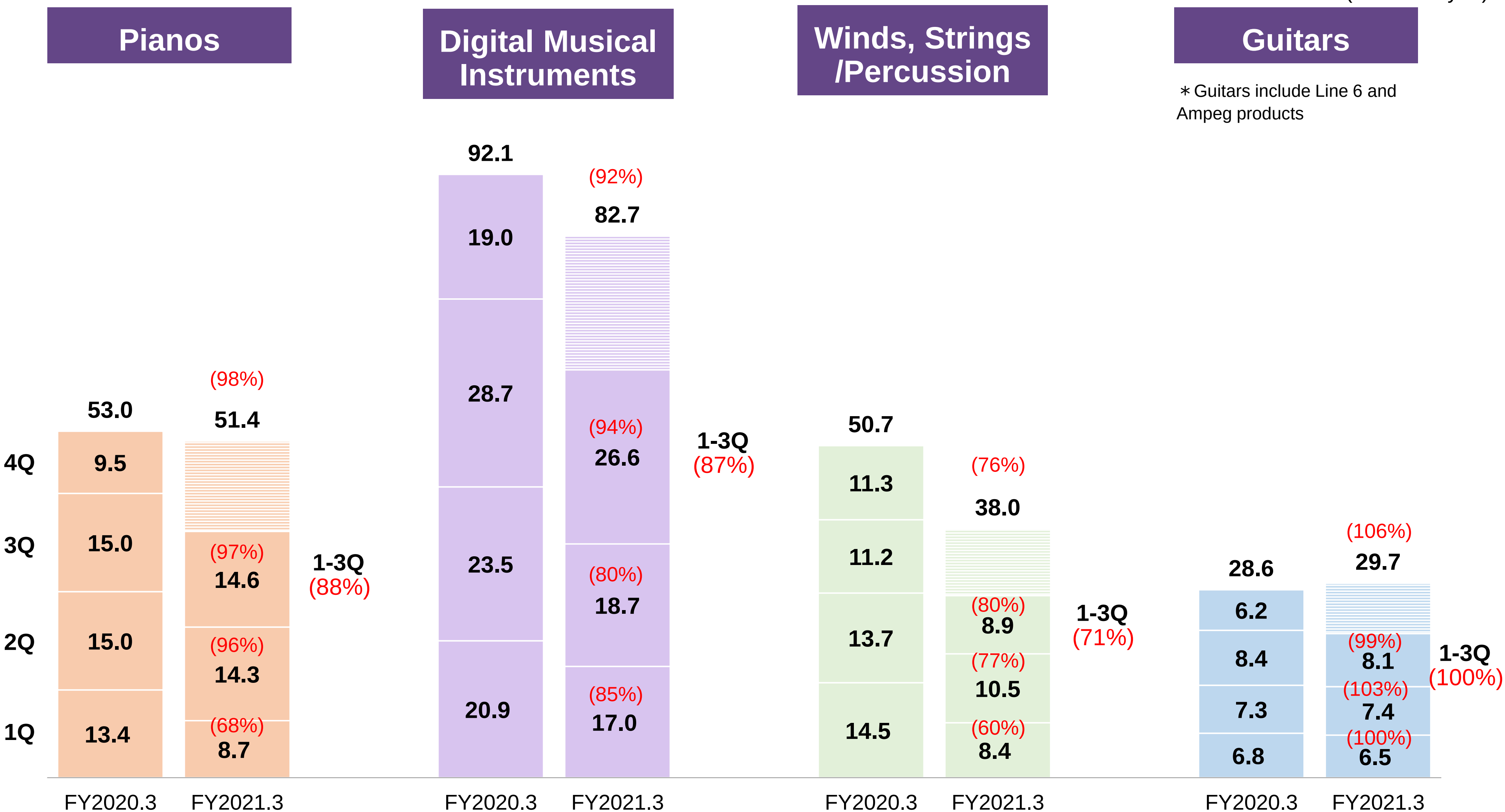
Red figures show actual YoY changes discounting impact of exchange rates



Figures in [ ] indicate core operating profit ratio

Revenue by Major Product Category

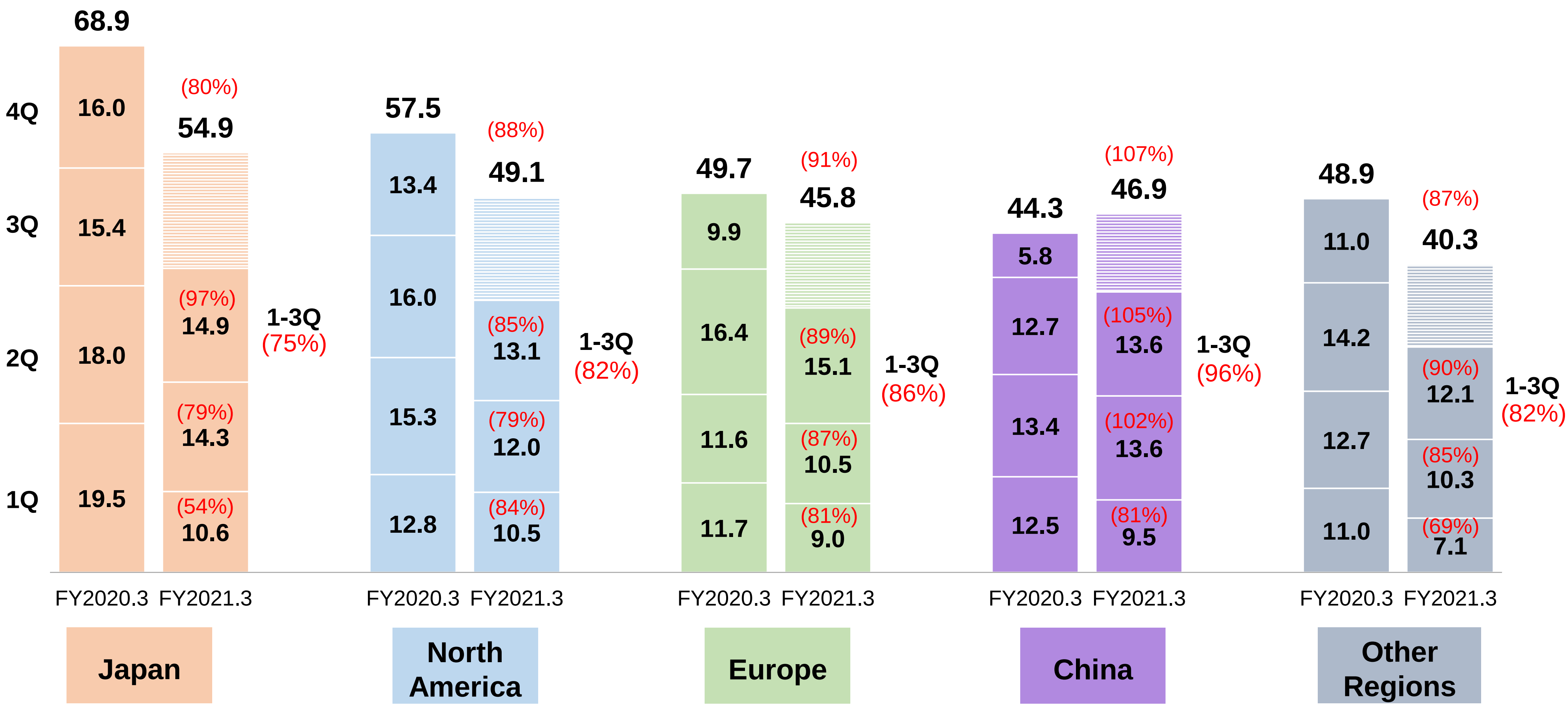
(billions of yen)



Red figures show actual YoY changes discounting impact of exchange rates

Revenue by Region

(billions of yen)



* Software products and music schools included
Red figures show actual YoY changes discounting impact of exchange rates

Segment Revenue and Core Operating Profit

Nine months: <u>Stay-at-home demand boosted AV products, but supply was lacking, and PA equipment continued to struggle</u>

- **AV products: although sound bars and HiFi components were solid, receiver sales decreased due to supply shortages**
- **PA equipment: products for music production and online broadcast were robust, but recovery was slow in the live performance and CA equipment markets**
- **ICT: UC products* continued to sell briskly, due to growing demand for remote conferencing**

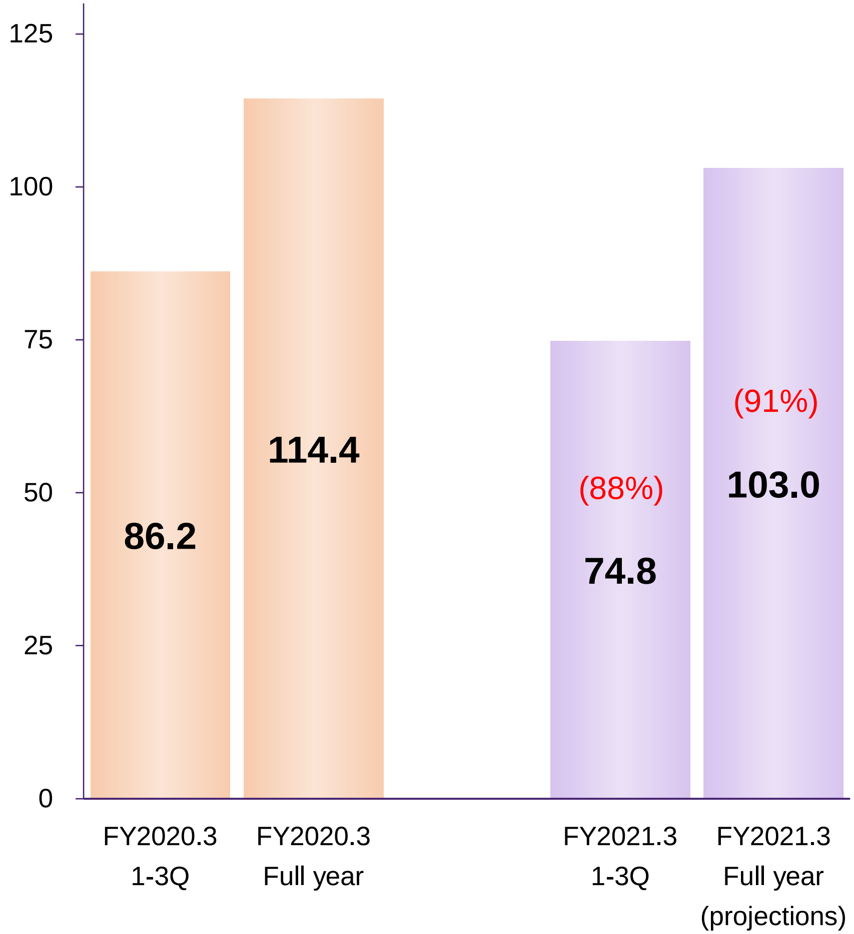
Full year projection: <u>Stay-at-home demand to be strong, but sales expected to decline due to struggling PA equipment</u>

- **AV products: expected growth in sound bars, but receiver sales forecast to decline due to supply shortages, and sales projected to decrease overall**
- **PA equipment: decline in overall sales anticipated as live performance market continues to stagnate**
- **ICT equipment: double-digit growth expected due to continuing growth in UC demand**

*UC products: conference systems

Revenue

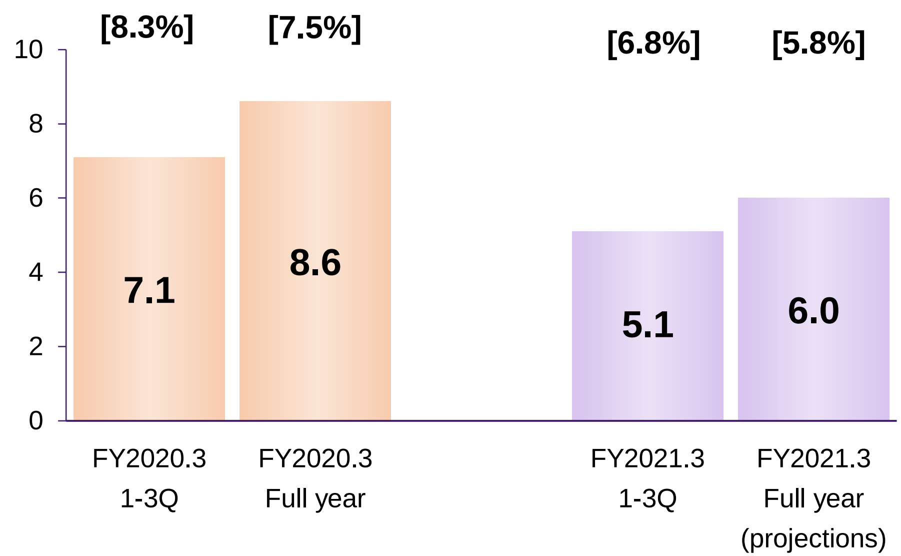
(billions of yen)



Red figures show actual YoY changes discounting impact of exchange rates

Core Operating Profit

(billions of yen)



Figures in [ ] indicate core operating profit ratio

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Revenue by Major Product Category

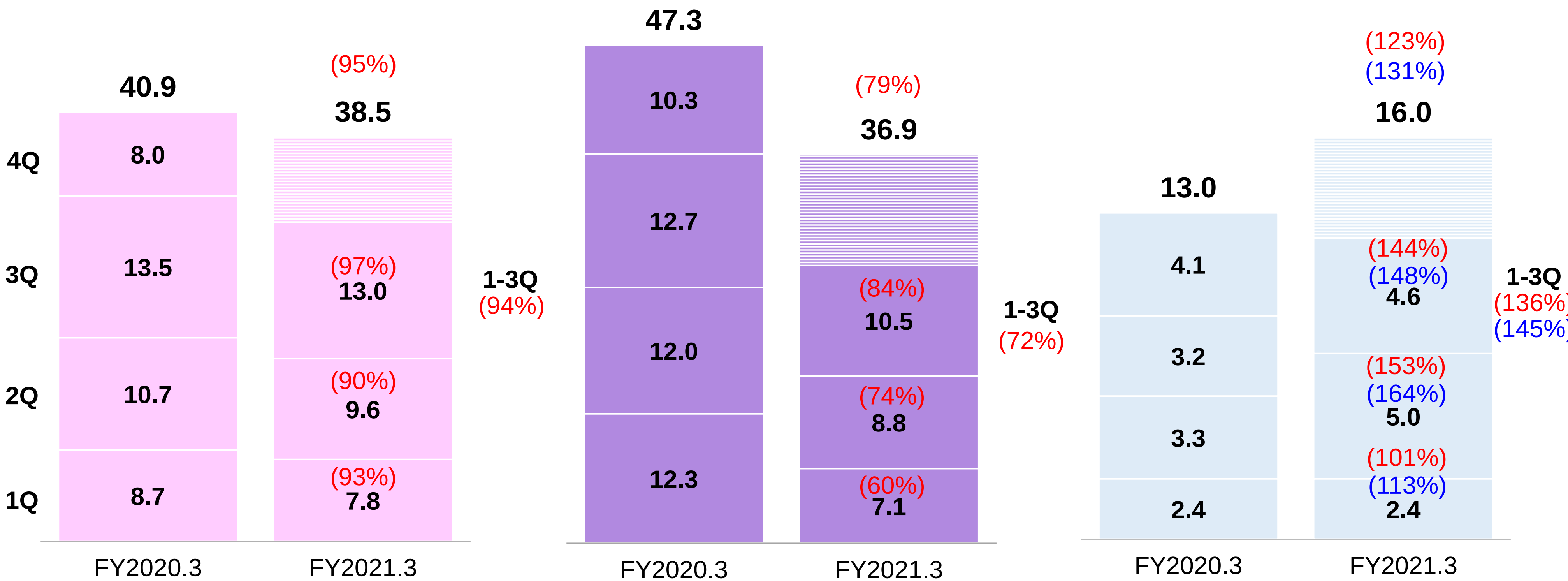
(billions of yen)

AV Products

PA Equipment

*Includes only sales of products for PA Equipment (excluding engineering and installation services)

ICT Equipment

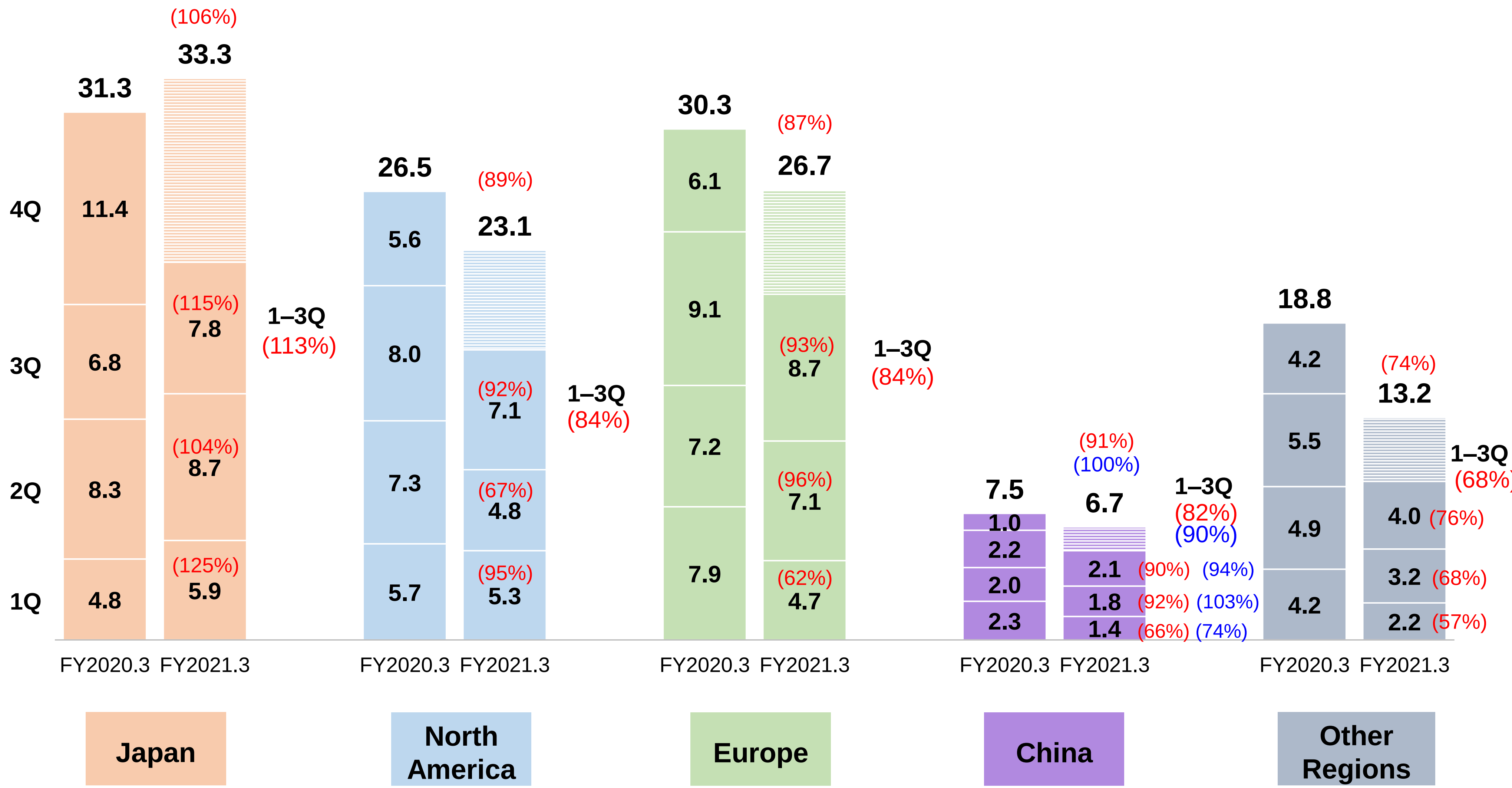


Blue figures show actual YoY changes excluding the sales of OEM products

Red figures show actual YoY changes discounting impact of exchange rates

Revenue by Region

(billions of yen)



Blue figures show actual YoY changes excluding the sales of OEM products

Red figures show actual YoY changes discounting impact of exchange rates

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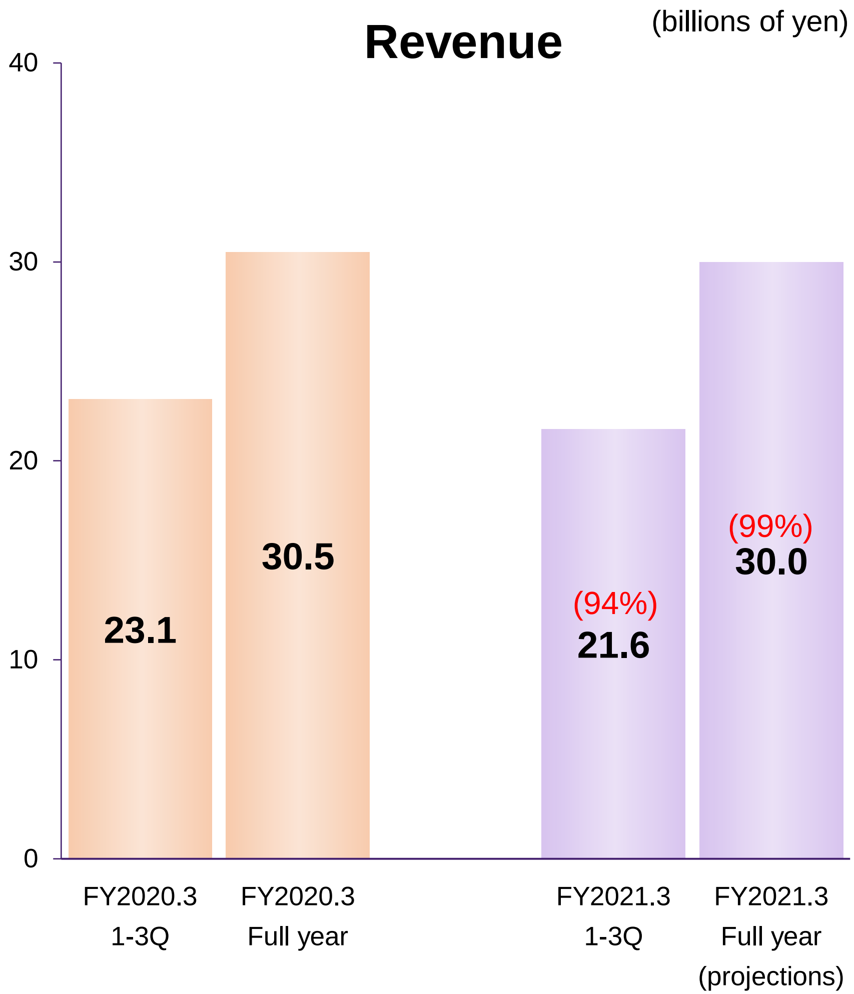
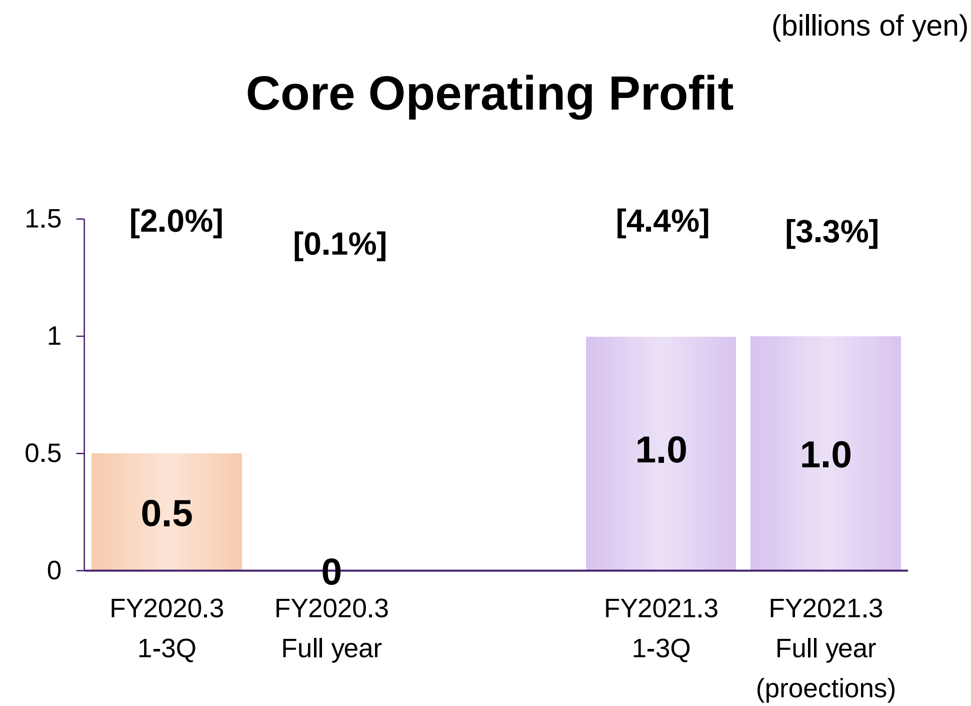
Revenue by Region

Nine months:
- Electronic device sales declined, but sales of automobile interior wood components and factory automation equipment increased as demand rebounded

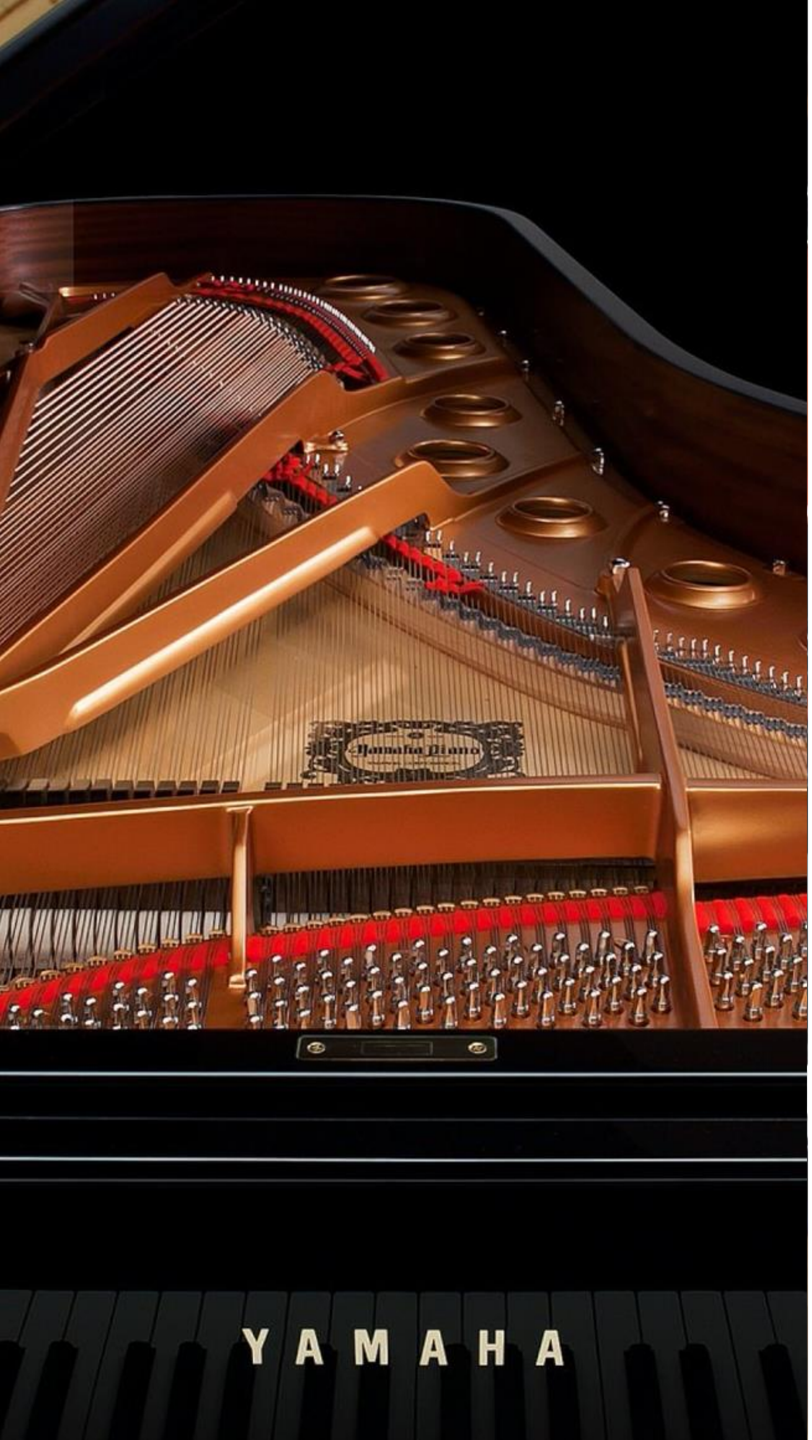
Full year projection:
- Electronic device sales predicted to decline due to slowdown in amusement equipment
- Sales of automobile interior wood components and factory automation equipment expected to increase as demand picks up





Red figures show actual YoY changes discounting impact of exchange rates

Figures in [ ] indicate core operating profit ratio



3. Other Financial Figures

Balance Sheet Summary

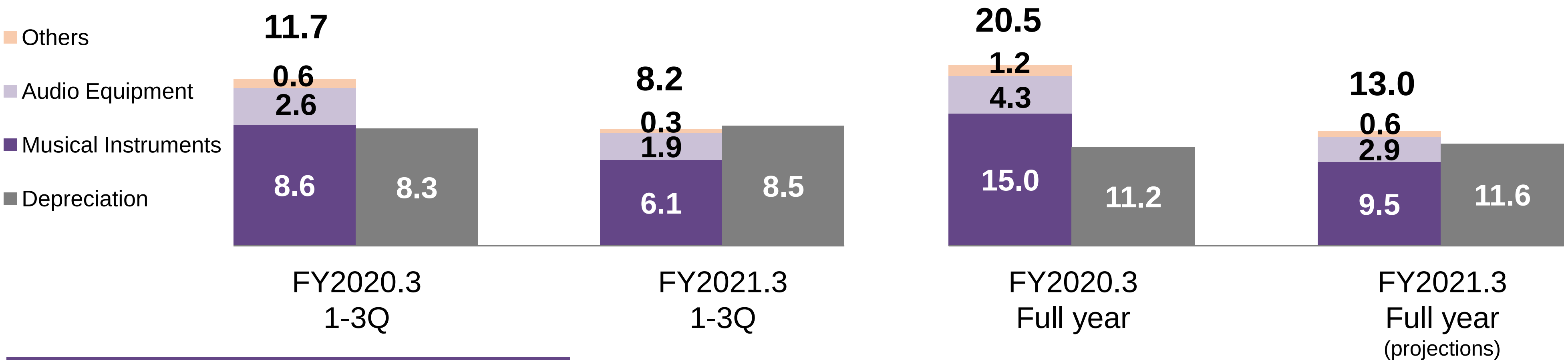
(billions of yen)

	As of Mar. 31, 2020	As of Dec. 31, 2020	Change	As of March 31, 2021 (projections)
Cash and cash equivalents	92.7	106.8	14.2	102.7
Trade and other receivables	58.1	58.0	-0	66.7
Other financial assets	12.9	8.8	-4.1	8.8
Inventories	100.1	96.9	-3.2	94.0
Other current assets	6.5	9.1	2.6	9.1
Non-current assets	203.8	234.9	31.1	235.7
Total assets	474.0	514.5	40.5	516.9
Current liabilities	99.1	98.2	-0.9	94.7
Non-current liabilities	48.4	54.3	5.9	53.5
Total equity	326.5	362.0	35.6	368.5
Total liabilities and equity	474.0	514.5	40.5	516.9

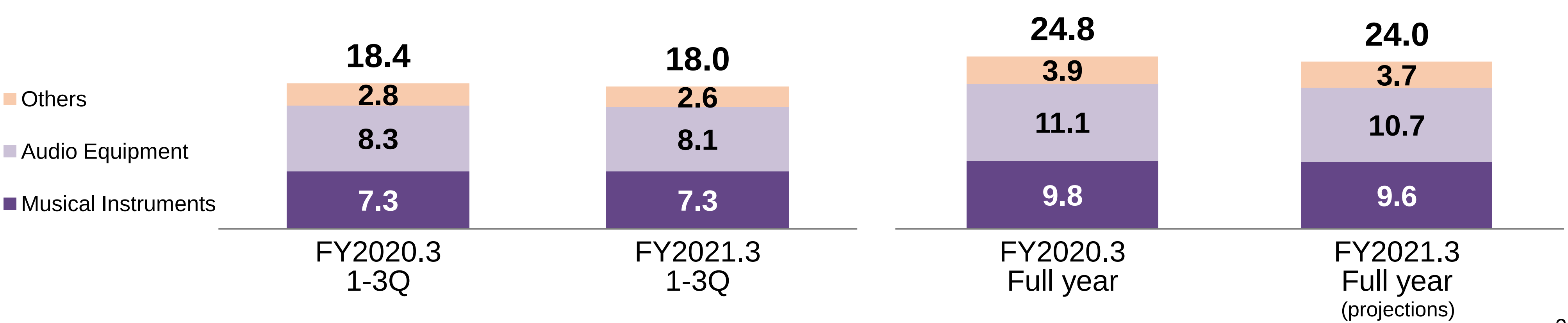
Capital Expenditure/Depreciation R&D Expense

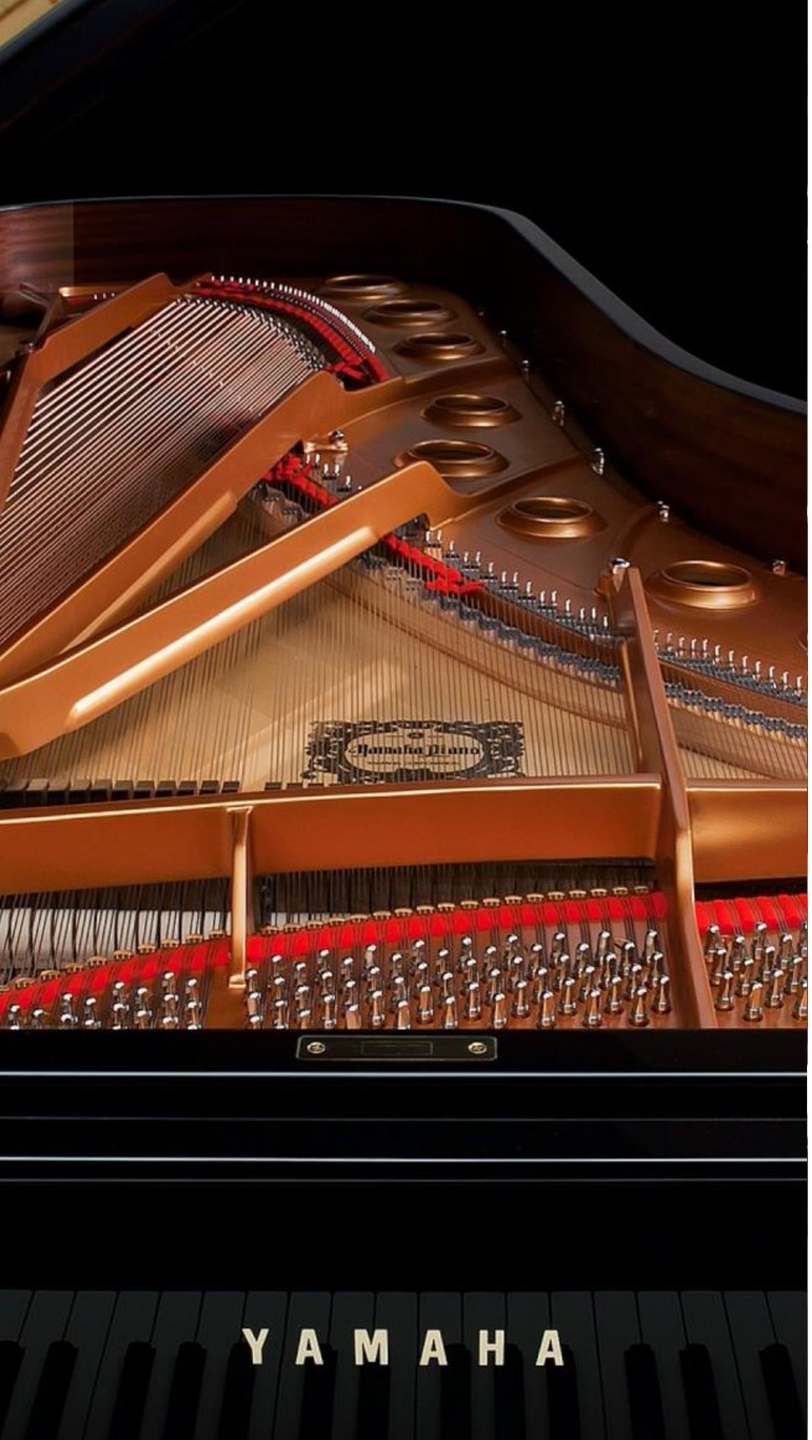
Capital Expenditure/Depreciation

(billions of yen)



R&D Expenses





4. ESG

ESG Topics

External Evaluations and Awards

Yamaha Group Annual Report 2020 received Excellence Award in the 23rd Nikkei Annual Report Awards 2020

Click below to view Yamaha Group Annual Report 2020

https://www.yamaha.com/en/ir/publications/

Achieved A- score in CDP Climate Change 2020

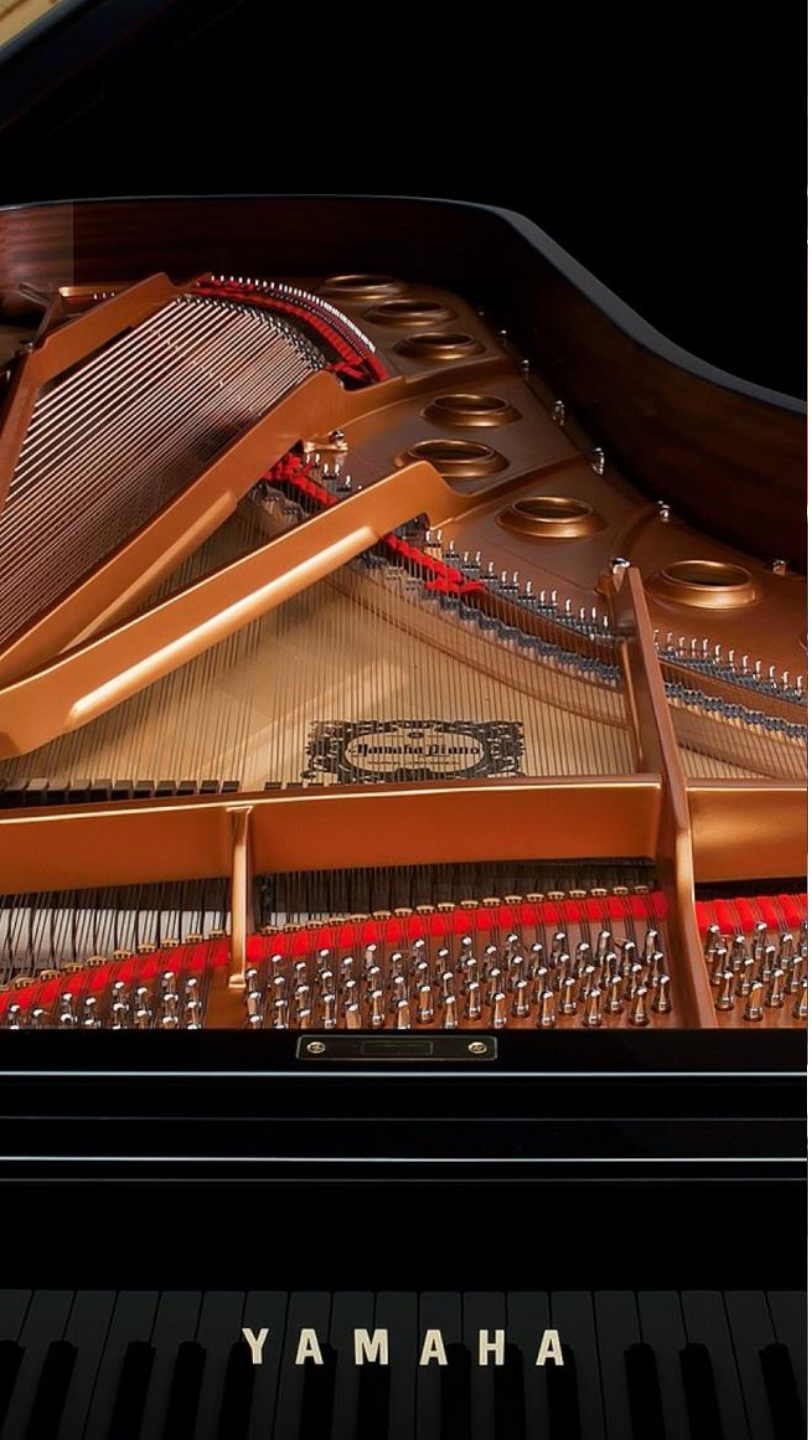
CDP
DISCLOSURE INSIGHT ACTION

Accelerating ESG initiatives (Organizational changes effective January 2021)

Newly established Sustainability Committee and five working groups.
Created Working Group for Gender Equality under the Human Resource Development Committee.

Sustainability Committee
Working Groups
- Climate Change
- Resource Circulation
- Procurement
- Human Rights, D&I
- Social and cultural contributions

Human Resources Development Committee
Working Group
- Gender Equality



Appendix

FY2021.3 3Q Summary (Three Months)

(billions of yen)

	FY2020.3 3Q	FY2021.3 3Q	Change	
Revenue	114.1	**107.5**	-6.6	-5.8% *2
Core Operating Profit (Core Operating Profit Ratio)	16.3 (14.2%)	**16.0 (14.9%)**	-0.3	-1.6%
Net Profit *1	11.6	**10.5**	-1.1	-9.2%

*2 -5.1%
(Excluding the impact of exchange rate)

Exchange Rate (yen)

		FY2020.3 3Q	FY2021.3 3Q
Revenue (Average rate during the period)	US$	109	**105**
	EUR	120	**125**
Profit (Settlement rate)	US$	109	**105**
	EUR	119	**121**

*1 Net profit is presented as profit attributable to owners of the parent on the consolidated financial statements.

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Performance by Business (Three Months)

(billions of yen)

		FY2020.3 3Q	FY2021.3 3Q	Change	Exchange rate impact
Musical Instruments	**Revenue**	**74.7**	**68.7**	**-6.0**	**-0.5**
	Core Operating Profit	**12.5**	**11.3**	**-1.3**	**-0**
	Core Operating Profit Ratio	16.8%	16.4%	-0.4P	
Audio Equipment	**Revenue**	**31.7**	**29.6**	**-2.0**	**-0.2**
	Core Operating Profit	**3.5**	**3.5**	**0**	**0.1**
	Core Operating Profit Ratio	11.0%	11.8%	+0.8P	
IMC[*1] Business and Others	**Revenue**	**7.7**	**9.2**	**1.4**	**-0.1**
	Core Operating Profit	**0.3**	**1.2**	**1.0**	**-0**
	Core Operating Profit Ratio	3.5%	13.5%	+10.0P	

*1 Industrial Machinery and Components

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3Q Other Income and Expenses (Nine Months)

(billions of yen)

		FY2020.3 1-3Q	FY2021.3 1-3Q
Core Operating Profit		**42.4**	**29.0**
Other Income and Expenses	Profit from (loss on) disposal of fixed assets	0.3	-0.1
	Others	1.4	-2.3
	Total	1.6	-2.3
Operating Profit		44.0	26.7
Finance Income and Expenses	Dividends income	2.2	0.6
	Others	-0.8	-1.5
	Total	1.4	-0.9
Profit before Income Taxes		45.5	25.8
Income taxes		12.6	8.1
Net profit attributable to non-controlling interests		0.1	0.1
Net Profit [*1]		**32.7**	**17.6**

*1 Net profit is presented as profit attributable to owners of the parent on the consolidated financial statements.

Full Year Other Income and Expenses

(billions of yen)

		FY2020.3 Full year	FY2021.3 Full year (projections)
Core Operating Profit		**46.4**	**35.0**
Other Income and Expenses	Profit from (loss on) disposal of fixed assets	0.3	0
	Others	-3.3	-2.0
	Total	-3.0	-2.0
Operating Profit		43.3	33.0
Finance Income and Expenses	Dividends income	3.7	2.2
	Others	0.2	-1.7
	Total	3.9	0.5
Profit before Income Taxes		47.2	33.5
Income taxes		12.5	9.4
Net profit attributable to non-controlling interests		0.1	0.1
Net Profit *1		**34.6**	**24.0**

*1 Net profit is presented as profit attributable to owners of the parent on the consolidated financial statements.

In this report, the figures forecast for the Company's future performance have been calculated on the basis of information currently available to Yamaha and the Yamaha Group. Forecasts are, therefore, subject to risks and uncertainties.

Accordingly, actual performance may differ greatly from our projections depending on changes in the economic conditions surrounding our business, demand trends, and the value of key currencies, such as the U.S. dollar and the euro.