

## **Small Meeting for the Fiscal Year Ended March 31, 2025**

<b>Date</b>	Tuesday, March 25, 2025
<b>Outline of the event</b>	With the participation of sell-side analysts, we held a tour of the Yamaha Music Yokohama Minatomirai store and a small meeting.
<b>Speaker</b>	Jun Nishimura, Executive Officer and Deputy Executive General Manager of Corporate Administration Unit (Corporate Planning and Corporate Finance) of Yamaha Corporation

### **Yamaha Music Yokohama Minatomirai Store Tour**



### **Summary of Q&A sessions at the small meeting**

**Q1. Now that you have taken over the role from Mr. Yamahata, please tell us about the matters that have been passed on to you and the issues that need to be resolved.**

A1. We have spent a year discussing IR and management themes, and we believe that the most important issue we have at the moment is how to restore profitability. This will be one of the key themes of the next medium-term management plan. In addition, in the past few years, as business performance has been sluggish, including the musical instrument business, which is the pillar of our business, we have been discussing with President Yamaura how to create the next growth and where to direct each business in the future. We are also aware of the issue that we have not been able to make sufficient investment in growth for some time, so we will thoroughly discuss the ideal form of our business portfolio and aim for medium- to long-term growth.

**Q2. As you consider your business portfolio, please tell us about the direction of discussions.**

A2. We are examining the portfolio from the perspective of the best owner, considering whether it is the best to continue the business within the Yamaha Group, while comprehensively taking into account the current and future performance potential. Then we will enter into discussions on selection and concentration.

**Q3. What are the potential opportunities for M&A?**

A3. In the musical instruments business, we are considering a direction to complement our customers' musical experiences, so-called customer success, with software and services

that support learning, expression, and connection or community building. In addition, in the B2B audio equipment business, we have had strengths in the field of sound, such as digital mixers, amplifiers, and speakers, but we would like to think about how we can demonstrate our strengths in the larger framework of entertainment.

**Q4. Could you please describe the big picture of profit recovery and growth in the next medium-term management plan?**

A4. In the early stage of the next medium-term management plan, we will work to improve profitability to establish a solid base, which will lead to new growth in subsequent stages. Of course, we will proceed with growth initiatives from the beginning, but we believe that our top priority is to stabilize earnings first.

**Q5. In response to the changes in the Chinese market, please tell us about your production strategy for acoustic pianos.**

A5. The sharp decline in demand in China has led to an imbalance between supply and demand for acoustic pianos, so we will close our factories in Indonesia and consolidate production in Japan and China. Japan has high technology and produces high value-added grand pianos and upright pianos as a global lead factory. Compared to Japan, China has about 10 times the number of people studying at music colleges, and it remains the world's largest market, and it will remain a base because of its well-equipped production facilities. If we are affected by additional U.S. tariffs, we believe we can cover them at our factory in Japan.

**Q6. Please tell us about your thoughts on future business development in the Chinese market.**

A6. Although the ratio of Chinese sales has declined to about 10%, we will continue to work to expand our customer portfolio by changing our product mix to enable stable growth. Until now, we have focused on the educational demand for keyboard instruments, but we will further strengthen our efforts to tap the demand for hobbies, such as the younger generation, who are the core of band music, for guitars, which are currently growing, and the senior generation, who are enriching their second lives at senior universities, for wind instruments.

**Q7. Please tell us about your guitar initiatives.**

A7. For guitars, there are local manufacturers with strong brands in the United States, the world's largest market, and traditionally there has been a clear positioning that Yamaha was strong in entry-level models while mid- to high-end models were occupied by the local manufacturers. Recently, however, we have strengthened our lineup of our own products such as TransAcoustic guitars and mid- to high-end electric guitars and acoustic guitars, and our partnerships with major music stores in the U.S. are growing, and our presence on the sales floor is also increasing. In addition, we will strengthen our artist relationships and strengthen our efforts to increase the emotional value by showing artists and opinion leaders playing our guitars.

**Q8. Please tell us about your efforts in the audio equipment business.**

A8. In the audio equipment business, we are working to improve profitability by narrowing down our product lineup and sales regions to improve profitability due to fierce competition in home audio products among consumer products. On the other hand, for the music production and distribution equipment included also in the consumer products, this area will expand due to the growing and diversifying demand.

In addition, for corporate customers, we will expand our business based on our digital mixers, which are our strengths, and our highly unique technologies such as speakers and other sound output, as well as our sound field control technology AFC ([Active Field Control](#)). In this business, it is important to meet the needs of sound engineers (SEs). Our strength lies in the fact that we have a system in each country around the world that allows us to communicate directly with SEs and propose systems that combine networks and software in addition to hardware products.

**Q9. Please tell us about your growth strategy for B2B audio equipment.**

A9. The entertainment market, which is one of the areas covered by B2B audio equipment, can be broadly divided into two types. One is the demand to carry equipment around for events such as tours and concerts, and the other is the demand for fixed installations in facilities such as concert halls and theaters. In both cases, demand has shrunk significantly during the COVID-19, but now tours are back and there is a growing appetite for capital investment in facilities. Here, we aim for further business growth by proposing a system that adds processors and speakers to the digital mixer, which has been our core until now. For facilities such as commercial facilities, companies, and schools, which is another area of expectation, it is important to provide not only hardware but also software for connecting and controlling individual equipment via a network, and we will expand our business by providing a complete set of these as a solution.

**Q10. I have the impression that the speed of management is not enough. Please tell us your thoughts on how to change it.**

A10. This reflection is one of the reasons behind the organizational changes that was recently announced effective on April 1. We will reorganize our existing function-based organization into a business axis organization in which development, manufacturing, and sales work together with a sense of speed and execute strategies for the market. Then, in order to establish operations that suit the characteristics of each customer and business, we will reorganize the organization by separating the musical instrument and audio equipment businesses. We will focus on improving the quality of our business operations and increasing our sense of speed. We hope to see the results very soon.

**Q11. It seems that increasing the number of touchpoints with customers has led to an increase in sales. Please tell us if there are any initiatives to increase real touchpoints outside the Tokyo metropolitan area and globally.**

A11. The expansion of real contact points is a priority theme of our business, and we are strengthening our efforts in accordance with the characteristics of the region and our customers. In Japan, rather than further increasing the number of directly managed stores, we will promote the creation of local demand through the collaboration of directly managed stores, dealers, and music schools. In emerging countries, for example, India and the Philippines, we are expanding opportunities to firmly convey the advantages of Yamaha instruments by creating a hands-on display spaces within the dealerships' stores in addition to cultivating dealerships in those countries. In Europe, we have introduced an agent system to create an environment in which dealers can focus on communicating the value of Yamaha products.

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The forward-looking figures in this document are based on currently available information from Yamaha and Yamaha Group companies, including risks and uncertainties. Therefore, actual results may differ significantly from these forecasts due to factors such as the economic environment surrounding the business, demand trends, and foreign exchange trends centered on the U.S. dollar and the euro.