

MUSICAL INSTRUMENTS BUSINESS

With development capabilities pertaining to both the tangible and intangible elements of products backed by extensive expertise, Yamaha is working to build lifelong relationships with customers and earn their highest evaluations. At the same time, we are strengthening our brand power to achieve unrivaled profitable growth.

Seiichi Yamaguchi

Managing Executive Officer
Executive General Manager of Musical Instruments & Audio Products Business Unit



Business Overview

The musical instruments business represents our core business. In addition to developing acoustic instruments such as pianos; wind, string, and percussion instruments; and digital musical instruments that leverage electronic technologies, we are rolling out other products such as hybrid instruments that meld both acoustic and digital technologies. This business takes advantage of the core sound and

music technologies Yamaha has fostered throughout its history as well as AI, *kansei* (sensibility) engineering, simulation, and other new technologies. Our diverse product lineups and music promotion activities are deployed through our global sales and service structures to maintain our position as the world's leading comprehensive musical instruments manufacturer.

Business Strategies of the Make Waves 2.0 Medium-Term Management Plan

Business Vision

Receive the highest possible evaluation from an even greater number of customers while enhancing our brand power to achieve a sustainable, highly profitable business structure

Targets for Fiscal 2025

Revenue: **¥330.0 billion** (increase of 19.5% from fiscal 2022)
Core operating profit: **¥52.0 billion** (increase of 39.4% from fiscal 2022)

Note: Forecasts announced together with financial results for the three-month period ended June 30, 2024, on July 31, 2024, project revenue of ¥305.0 billion and core operating profit of ¥29.0 billion in fiscal 2025.

Opportunities and Risks

Opportunities	Risks
<ul style="list-style-type: none"> Enhancement of product development capabilities for pursuing the essence of musical instruments due to the progression of digital technologies and AI Expansion of musical-instrument-playing population through bolstering of sales networks and e-commerce in emerging countries and promotion of instrumental music education Provision of a wider range of options for enjoying musical instruments through the advancement of remote and online technologies Improvement of value proposition matched to each individual customer through evolved digital marketing 	<ul style="list-style-type: none"> Increased costs and economic downturn due to accelerated inflation Economic downturn due to global emergence of geopolitical risks Inconsistent supply of electronic components and timber Entrance of manufacturers from other industries; potential for saturation of e-commerce brands utilizing OEMs

Key Strategies

- 1 Build upon the fundamental qualities of musical instruments
- 2 Explore new growth fields
- 3 Supply services for forging longer, stronger ties with customers

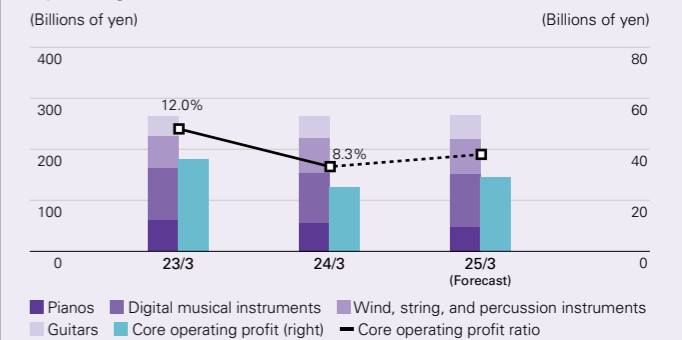
Review of Fiscal 2024 and Policies for Fiscal 2025

In fiscal 2024, revenue in the musical instruments business was down overall due to delays in the recovery of demand for digital pianos and the prolongation of bearish market conditions in China. Nevertheless, strong sales were seen for wind, string, and percussion instruments due to a rise in brass band activities centered on North America. Sales of guitars were up as a result of impressive electric guitar sales and the benefits of the inclusion of Cordoba Music Group in the scope of consolidation. Yamaha continued its efforts to create new value through the launch of new concept products such as FGDP finger drum pads and the SEQTRAK mobile all-in-one music creation station.

In fiscal 2025, piano operations are expected to continue to feel the impacts of a sluggish Chinese market, but profits are anticipated to improve regardless due to our efforts to build a business structure that is better matched to the scale of the market. In regard to digital musical instruments, Yamaha is seeking to bolster the competitiveness of its e-commerce sales channels by expanding sales avenues and effectively utilizing social media and advertisements. The goal of these efforts is to recover sales of digital pianos. As for guitars, we aim to heighten sales of mid-range to high-end models by enhancing our lineup and strengthening relationships with artists.

The Company is also moving ahead with initiatives related to its Yamaha Music Connect service and working to grow the musical instruments business in conjunction with performance support and other service offerings. Meanwhile, YOKOHAMA SYMPHOSTAGE® and Shibuya Sakura Stage, both opened in 2024, will be used as brand communication bases to help accelerate Yamaha's branding activities through the provision of new music and musical instrument experiences.

Revenue by Major Products / Core Operating Profit / Core Operating Profit Ratio



TOPICS Guitar Business Initiatives



Joseph Bentivegna
President
Yamaha Guitar Group, Inc.

Since the 2014 acquisition of Line 6, the guitar business has been positioned as a business to be fostered within the musical instruments business, and Yamaha has devoted efforts toward growing this business accordingly. Our goal of possessing a wide range of guitar brands is not merely to strengthen our product portfolio; we also aim to incorporate the culture, trends, and sensibilities of the U.S. market, which is the primary market for the guitar business. A recent move toward the accomplishment of this goal was the acquisition of Cordoba Music Group. A unique characteristic of Yamaha's guitar businesses is how the Company plans marketing strategies and product development in a manner that combines the intangible assets of its own brand as well as those of brands it has acquired. This approach is a major source of competitiveness in the guitar market. Moreover, we position bases in the United States, which has helped us form stronger relationships with artists based in this country. In addition, information on assessments of prototypes conducted in the United States is relayed to the development divisions at our corporate headquarters as part of our efforts to practice effective coordination between bases in this country and in Japan. Looking ahead, Yamaha will continue its efforts to grow the guitar business while taking full advantage of the strength of its global network.

Piano Business



Global market share for Yamaha's products **Pianos: 35%***
 Revenue (Fiscal 2024): **¥55.9 billion**

Business Overview

The piano business is one we have cultivated for over a century and can be considered a core part of the Yamaha Group's operations. The fundamental value of Yamaha's pianos is their ability to help performers produce the types of performances that they envision. We are committed to creating Yamaha pianos that accommodate the performance ambitions of musicians of all skill levels with acoustic and digital technologies.

Business Vision under Make Waves 2.0

Evolution into a company that can continue to provide exquisite piano experiences matched to the lives of individuals

Key Strategies and Measures of Make Waves 2.0

- Establish position as a provider of pianos that serve as the standard for leading artists
 - Ramp up activities with leading pianists and influencers and accelerate artist relations activities targeting aspiring pianists
 - Continue to refine flagship CFX full-concert grand pianos
- Expand customer base and raise value
 - Shift focus of product portfolio and target different customer groups
 - Focus efforts on and increase recognition of Yamaha's hybrid pianos
 - Creation of demand for higher levels of value in China
- Transition toward a sustainable business model that is always accommodating toward the environment and people
 - Shift toward products and product creation activities that have lower environmental impacts
 - Maximize customer lifetime value by encouraging customers to use their instruments longer
 - Develop cyclical business frameworks

Overview of Markets and Yamaha's Operations

- Ongoing inventory surpluses in China, the world's largest piano market, but conditions expected to return to normal after fiscal 2026
- Consistent demand from customers seeking the fundamental value of pianos in mature markets

Digital Musical Instruments Business



Global market share for Yamaha's products **Digital pianos: 44%***
Portable keyboards: 49%*
 Revenue (Fiscal 2024): **¥97.3 billion**

Business Overview

In the digital musical instruments business, our diverse product and service lineup spans from digital pianos and portable keyboards, for which we boast a world-leading market share, to synthesizers and Electone electronic organs. These products are built on our excellence in digital technologies. With these offerings, we seek to approach growing markets in emerging countries, accommodate the needs of various age groups, and respond to the trend toward sustainability and other social changes in order to continue providing customers with new experiences and inspiration.

Business Vision under Make Waves 2.0

Respond to diverse music needs of all regions and age groups by building solid operating foundations and enhancing existing core competencies

Key Strategies and Measures of Make Waves 2.0

- Advance strategies tailored to specific product lines
 - Develop further effort to mid-range and high-end digital piano operations and provide performance support solutions for digital pianos
 - Achieve growth in emerging markets by developing portable keyboards rooted in local culture and expanding local content
 - Approach new customer demographics with products based on new concepts
- Implement strategies for improving lifetime value
 - Revise user registration processes to increase Yamaha Music ID registration rates and thereby forge connections with customers
 - Maintain ongoing relations by supplying applications and other services to increase the number of customers who continue to enjoy their musical instruments
- Build operating foundations and create new value
 - Develop frameworks for continuing consistent growth without halting business activities
 - Create new value through process integration of elemental technology collaboration and use of AI

Overview of Markets and Yamaha's Operations

- Recovery trend seen as inflation-triggered demand declines dissipate
- Inventory adjustments resulting in alleviation of ongoing inventory surpluses for digital pianos stemming from supply glut

Wind, String, and Percussion Instruments Business (Excluding guitars)



Global market share for Yamaha's products **Wind instruments: 32%***
 Revenue (Fiscal 2024): **¥68.8 billion**

Business Overview

The wind, string, and percussion instruments business spans a wide range of products, including more than 15 varieties of wind instruments, such as trumpets and saxophones; string instruments like violins; and percussion instruments, such as acoustic and electronic drums and timpani. With this wide range of products, the Yamaha brand is able to compete for the leading position in regard to various types of musical instruments. We are also involved in the creation of custom models that meet the needs of major artists as well as models that are played in educational settings around the world.

Business Vision under Make Waves 2.0

Heighten brand value in individual product lines to receive highest possible evaluations from all customer groups and become a comprehensive provider of wind, string, and percussion instruments that is unparalleled in the world

Key Strategies and Measures of Make Waves 2.0

- Improve brand power
 - Develop high-end products and ramp up efforts to solicit their value
 - Develop global frameworks for accelerating artist relations activities
- Grow sales and shares in principal markets around the world and reinvigorate Japanese market for wind instruments for use in educational settings
 - Deploy sales activities and enhance value communication activities based on market trends including prevalence of school bands in North America and community bands in Europe
 - Build momentum toward the reenergization of brass band activities
- Propose sustainability-minded value
 - Propose new ways of enjoying instrumental music performances and support performances and practice sessions to strengthen ties with customers
 - Help preserve the environment by utilizing sustainably sourced timber, unused timber types, and biomass-derived resins

Overview of Markets and Yamaha's Operations

- Firm demand for sales to schools, but reduced overall demand in the North American market following conclusion of federal government support programs
- Strong demand for acoustic drums following resumption of events

Guitar Business



Global market share for Yamaha's products **Guitars: 11%***
 Revenue (Fiscal 2024): **¥43.0 billion**

Business Overview

Since we commenced the manufacture and sale of domestic guitars in 1966, our guitars have been recognized for their craftsmanship and genuine quality, which has helped us expand global sales of our robust product lineup, including acoustic guitars, electric guitars and basses, amps, and other peripherals. In recent years, we have been developing attractive new products such as the TransAcoustic guitar, which is equipped with unique Yamaha technologies. We have also been promoting R&D and marketing activities that leverage our relationships with major music artists. Yamaha possesses a number of U.S. guitar brands, including Line 6, Ampeg, Cordoba, and Guild.

Business Vision under Make Waves 2.0

Achieve business growth accompanied by quality through increases to sales volumes and higher ratios of sales of high-ticket products

Key Strategies and Measures of Make Waves 2.0

- Gain the understanding of customers with regard to the depth of guitars by building upon their fundamental value
 - Develop uncompromising high-end models and improve the quality of entry-level models
 - Promote sustainability initiatives as one facet of initiatives for building upon fundamental value of guitars
- Achieve strong differentiation through amazing new value propositions supported by comprehensive capabilities
 - Propose unique ways of enjoying guitars based on new concepts that take advantage of Yamaha's strength in digital technologies
- Support customer success with solutions that incorporate service elements
 - Provide comprehensive solutions combining both product and services elements through multi-band lineup including Line 6, Ampeg, Cordoba, and Guild
- Conduct branding activities aimed at earning customer trust
 - Strengthen brand marketing and transition from phase of increasing recognition to phase of earning trust
 - Enhance brand experience through customized shops

Overview of Markets and Yamaha's Operations

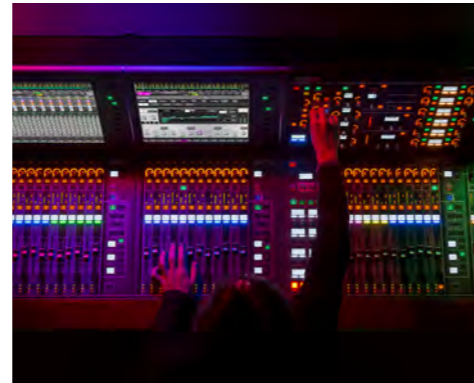
- Continuation of weak demand as a result of dissipation of demand stimulated by people staying home during the COVID-19 pandemic
- Growth in electric guitar sales in Japan and other Asian countries due to ongoing benefits of anime series

* Fiscal 2024, monetary value basis, estimates by Yamaha Corporation

AUDIO EQUIPMENT BUSINESS

As we rebuild the audio equipment business in response to market changes, we will broaden the domain of this business to include new growth markets. I am committed to growing the audio equipment business by supplying a wide range of customers, spanning from consumers to businesses, with products built on our masterful technologies pertaining to sound and music.

Seiichi Yamaguchi
 Managing Executive Officer
 Executive General Manager of Musical Instruments & Audio Products Business Unit



Business Overview

The audio equipment business is one of the business pillars of Yamaha, a company centered on sound and music. Consumer products include conventional personal audio products as well production, streaming, and public address (PA) equipment for creators. As for business-to-business (B2B) products, we provide professional entertainment-use PA equipment, conferencing systems and other business solutions, and network equipment. Yamaha is also expanding its business domain to include new growth markets while providing distinctive products and services that combine its digital signal processing technologies, spatial acoustics control technologies, and network technologies.

Overview of Markets and Yamaha's Operations

Consumer Products

- Continuation of sluggish retail sales for home audio products due to price competition and retail inventory surpluses amid sluggish market
- Ongoing growth in global demand as live performance market returns to pre-COVID-19 scale

B2B Products

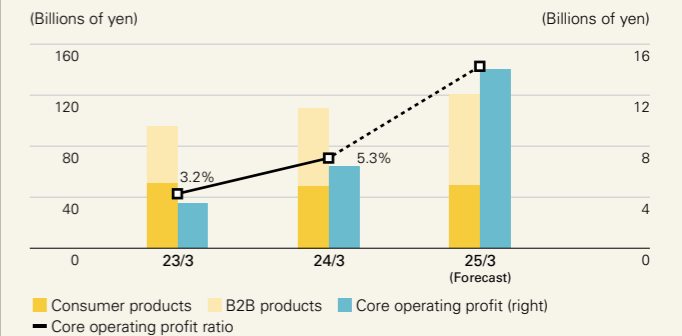
- Brisk investment in rental equipment in conjunction with rises in event demand
- Increases in office renovation projects stemming from changing office space needs
- Strong demand due to ongoing use for hybrid online-offline classes at educational institutions
- Ongoing shift toward high-speed Wi-Fi and transition away from standalone equipment sales and toward sales including management services

Review of Fiscal 2024 and Policies for Fiscal 2025

In fiscal 2024, the audio equipment business posted growth in both sales and profit, despite the continuation of sluggish conditions in the market for consumer products, due to strong demand for professional audio equipment in B2B operations and the benefits of new products. In the entertainment market, we were able to secure a larger share thanks to impressive sales of new digital mixers. These offerings have won praise from adopting companies for their ease of use as well as for the portability granted by their compact size. In addition, progress was made in regard to the key strategy of the medium-term management plan of rebuild business in conjunction with market changes and broaden domain to include new growth markets. This progress could be seen in the optimization of sales channels and structures with a focus on markets and in the establishment of shared development platforms. In fiscal 2025, improved earnings from consumer product operations will be pursued through a shift toward the mid-range and high-end home audio equipment models for which Yamaha is better able to exercise its strengths. We will also seek to grow operations centered on PA equipment for individual performances and on content production and streaming equipment for creators. In B2B

operations, we will target higher sales through system proposals that combine speakers with the digital mixers that have garnered such praise in the entertainment market. Meanwhile, the IT channels for sales to corporate customers developed in fiscal 2024 will be utilized to approach and build relationships with new customers by promoting cross-selling and introducing the Yamaha Music ID system.

Revenue by Subsegments / Core Operating Profit / Core Operating Profit Ratio



Business Strategies of the Make Waves 2.0 Medium-Term Management Plan

Business Vision

Restructure business in conjunction with market changes and broaden domain to include new growth markets

Targets for Fiscal 2025

Revenue: **¥128.0 billion** (increase of 32.1% from fiscal 2022)
 Core operating profit: **¥13.0 billion** (increase of 767.0% from fiscal 2022)

Note: Forecasts announced together with financial results for the three-month period ended June 30, 2024, on July 31, 2024, project revenue of ¥131.0 billion and core operating profit of ¥14.0 billion in fiscal 2025.

Opportunities and Risks

Opportunities	Risks
<ul style="list-style-type: none"> ■ Rising understanding regarding the importance of sound quality in communication due to entrenchment of remote interactions following the COVID-19 pandemic ■ Demand for new audio equipment stimulated by transition to higher sound qualities and surround sound for movies, video games, music, and other content 	<ul style="list-style-type: none"> ■ Potential for the adverse impact of unstable international conditions and economic recession to effect corporate investment ■ Possible prolongation of poor consumer confidence due to changing social trends

Key Strategies

- 1 Rebuild business in conjunction with market changes and broaden domain to include new growth markets
- 2 Pursue higher development efficiency by creating sound, cloud, and network technology development platforms that facilitate the creation of new value
- 3 Accelerate branding for TRUE SOUND to improve recognition of Yamaha's overall audio equipment lineup

TOPICS Digital Mixer Initiatives



Aiko Horiyama
 Marketing Group
 Global Marketing & Sales Department
 Professional Solutions Division
 Musical Instruments & Audio Products Business Unit

In fiscal 2024, Yamaha launched its DM3 series of high cost-performance digital mixers, which features its most compact offerings to date. Digital mixers represent an area in which Yamaha has long been able to exercise its strengths. This most recent addition to its lineup was developed based on demand for mixers that are compact for easy portability while still featuring high levels of performance, and these features are contributing to ongoing growth in the sales of these products. Despite the development process taking place during the COVID-19 pandemic, we succeeded in creating products that respond to the demand for streaming applications that arose due to market changes. As a result, our DM3 series of digital mixers has been embraced by a wider range of customers while earning high praise from these diverse users. As the world moves on from the pandemic, we are seeing investment in concert-related equipment stimulated by robust demand for events. This trend is expected to drive further growth in the market for low-price digital mixers. Yamaha remains committed to expanding its business by launching products that exhibit its strength in growing markets.



DM3 and DM3 Standard digital mixing consoles

INDUSTRIAL MACHINERY AND COMPONENTS BUSINESS

By utilizing the technologies developed in the musical instruments and audio equipment businesses, we will propose solutions for the automotive and industrial machinery markets.

Nobukazu Toba

Operating Officer
Executive General Manager of IMC Business Unit and
Senior General Manager of Electronic Devices Division



Business Overview

In the electronic devices business and the automobile interior wood components business, Yamaha provides the ever-changing automotive market with automotive sound systems that create the ideal acoustics environment based on the concept for each vehicle as well as automotive decorative parts that help sculpt a luxurious and comfortable atmosphere. Meanwhile, in the factory automation (FA) equipment business Yamaha offers testing machines that assure high quality to the food market, where safety is a must, as well as to the electronic equipment market, where functionality demands are growing increasingly more sophisticated.

Market Conditions

Electronic Devices

- Firm conditions projected in Chinese automotive market, where use of Yamaha products is on the rise, due to internal demand stimulus measures and exports
- Accelerated trend toward larger numbers of speakers and other high-spec audio solutions centered on upcoming Chinese EV manufacturers

Automobile Interior Wood Components

- Ongoing growth in mainstay North American luxury vehicle market
- Increased needs for interior designs that are both aesthetically pleasing and eco-friendly

FA Equipment

- Continuous growth in testing machine market for accommodating increasingly sophisticated functionality demands of smartphones and other electronic devices
- Rising demand for high-quality sealed, prepared, and frozen food products and emerging need for package seal inspections

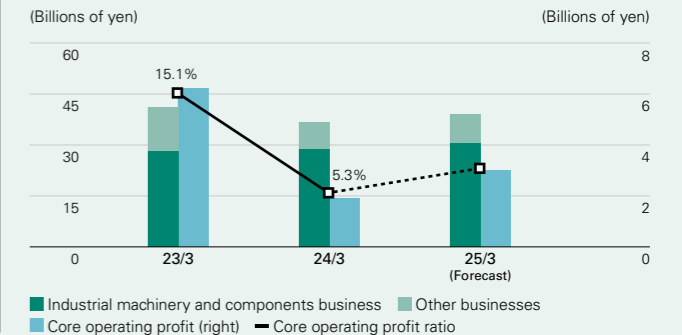
Review of Fiscal 2024 and Policies for Fiscal 2025

In the electronic devices business, we saw the release of vehicles equipped with Yamaha automotive sound systems that deliver unparalleled levels of immersive sound to all seats. We also developed Music:AI, an industry-first technology for optimizing in-vehicle acoustics using AI, and began promotions for this technology. Music:AI has been adopted by a growing range of customers due to our efforts to solicit the technology's ability to achieve overall optimization taking into account the characteristics of a cabin, the music being played at a given time, and the user's music preferences. We will seek to increase the range of customers using Music:AI going forward.

In automobile interior wood components, progress was made in developing new manufacturing processes with reduced environmental impacts and in preparing for mass production using these processes, and we have begun proposing products made using said processes to customers. In fiscal 2025, we will seek to expand our customer base by leveraging the capacity to make proposals featuring both sustainability and design elements granted by the new manufacturing processes.

In regard to FA equipment, Yamaha launched ultrasound inspection equipment products for the food packaging field that are capable of detecting insufficient seals on packages. We are also developing automated, high-frequency wave inspection technologies meant to help accommodate the increasingly sophisticated functionality demands for electronic devices. In fiscal 2025, we will promote sales of ultrasound inspection equipment and seek to achieve a swift launch for high-frequency wave inspection equipment.

Revenue / Core Operating Profit / Core Operating Profit Ratio



Business Strategies of the Make Waves 2.0 Medium-Term Management Plan

Business Vision

Shift focus toward providing comprehensive in-vehicle solutions
Expand product and support foundation with sound at its core to accelerate growth toward becoming third business pillar

Targets for Fiscal 2025

Revenue: ¥42.0 billion (increase of 19.6% from fiscal 2022)
Core operating profit: ¥5.0 billion (increase of 19.0% from fiscal 2022)

Note: Forecasts announced together with financial results for the three-month period ended June 30, 2024, on July 31, 2024, project revenue of ¥39.0 billion and core operating profit of ¥3.0 billion in fiscal 2025. Figures represent the total for the industrial machinery and components business and other businesses.

Opportunities and Risks

Opportunities	Risks
<ul style="list-style-type: none"> ■ Evolution of vehicle interiors to provide greater comfort and allow for enjoyment of diverse forms of audio entertainment ■ Growth in demand for testing machines due to rising safety and security needs 	<ul style="list-style-type: none"> ■ Regulations instituted in conjunction with international political trends ■ Demand fluctuations due to slowdown in Chinese market

Key Strategies

- 1 Electronic devices (automotive sound systems)**
Expand customer base through cutting-edge audio entertainment experience proposals
- 2 Automobile interior wood components** Grow through proposal of luxury in-vehicle atmospheres using sustainable materials
- 3 FA equipment (industrial equipment)** Broaden business scope using high-performance sensing technologies

TOPICS Automobile Interior Wood Component Initiatives



Hikaru Ubukata
Production Technology Group
CP Engineering Department
Car Parts Division
Yamaha Fine Technologies Co., Ltd.

Yamaha's automobile interior wood components business entails the supply of interior design panels that use decorative wood coated interior boards and other materials taking advantage of the wood processing and coating technologies developed for musical instrument production. We have won high praise for the masterful designs created by drawing out the full appeal of wood coated boards using Yamaha's refined technologies and sensibilities. As a result, our products are used in Lexus brand vehicles and in the premium automobiles of multiple other manufacturers.



Decorative wood panel

In developing design panels, we are expected to give form to the customer's design concept while taking advantage of the textures of wood coated boards, which have unique designs and coloring. The ability to deliver masterful designs akin to a hand-crafted artisan item with the levels of reliability, reproducibility, and productivity required of a mass produced product is a strength unique to Yamaha. Going forward, we will continue to respond to customer needs by developing design panels that create new in-vehicle atmospheres matched to the changing times.

RESEARCH AND DEVELOPMENT

By further refining the combination of technologies and sensibilities that represents our core competence, we will create products and services that deliver high levels of customer value in response to the changing times and thereby support the “Well-Being of People around the World.”

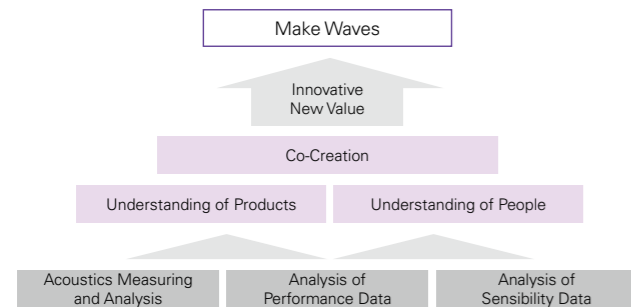
Masahiro Ikeda
 Operating Officer
 Senior General Manager of Research & Development Division



Research and Development at Yamaha

To help people “Make Waves,” Yamaha will build upon its industry-leading technologies to deliver innovative new value through the development of solutions from the customer’s perspective.

Yamaha’s products create value by engaging with the sensibilities of people. By enhancing our scientific design methodologies to improve the functionality and ease of use of our products, we seek to heighten the value we provide. At the same, we endeavor to visualize customer needs and build a greater understanding of people’s sensitivities as we take advantage of AI and other technologies that accommodate the needs of people to deliver appealing products and services. To facilitate these efforts, Yamaha is bolstering its facilities and actively recruiting and developing human resources. We will also enhance our acoustics measuring and analysis technologies as well as our performance and sensibility analysis technologies.



Review of Fiscal 2024

In fiscal 2024, steady progress was made with regard to the priority themes defined by the Make Waves 2.0 medium-term management plan with the goal of combining technologies and sensibilities to help people “Make Waves.” In terms of acoustics measuring and analysis technologies, we are combining our accumulated technologies with the insight gained from observing guitar picking and other motions people make when playing instruments to create technologies that help improve performance experiences. Advancements in AI and signal processing technologies included the launch of piano evocé β, a service that utilizes the latest sound source isolation and AI technologies to allow users to enjoy AI accompaniment for various songs. Meanwhile, we introduced SYNCROOM, our remote ensemble

performance service that enables people separated by physical distance to play together via the internet, into the South Korean market. These are just some of the measures through which we sought to propose new ways to enjoy music to a wide range of users.

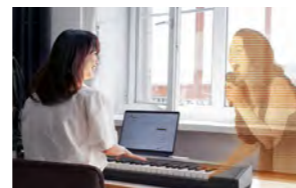
Policies for Fiscal 2025

Yamaha will move forward with research and development in the four areas prescribed for strategic initiatives in the current medium-term management plan.

- Initiatives related to scientific design methodologies will include the development of technologies for improving performance experiences by combining simulation and measurement technologies used for analyzing objects with technologies for analyzing the movements of people during musical performances.
- Efforts to visualize customer value will involve gaining a deeper understanding of diverse music cultures in order to track information in higher detail so that this information can be used to continue creating products and services that accurately respond to varied needs.
- By leveraging our past R&D successes, AI technologies that accommodate people’s needs will be utilized to deliver experience value to any user anytime and anywhere via AI.
- In regard to the value of sustainable materials, we will advance efforts to gain a better understanding of material structures, traits, and acoustic properties in order to develop technology platforms for contributing to ongoing value provision.

Initiative Theme 1: Music and AI

Yamaha views AI as a tool that can be used on its quest to broaden the range of possibilities for enjoying music and help create more fulfilling music experiences. For this reason, we are advancing research and development on cutting-edge technologies including AI sound source technologies that synthesize real-sounding singing voices and instrument sounds and AI ensemble technologies that use AI to reproduce the performances of pianists to act as accompaniment for a person’s performance.



R&D Strategies of the Make Waves 2.0 Medium-Term Management Plan

Combine technologies and sensibilities to help people “Make Waves” —

Create a world where anyone can enjoy sound and music anytime, anywhere

- Employ scientific design methodologies to pursue never-ending improvements to performance based on an understanding of products gained from advanced simulation, measurement, and signal processing technologies
- Visualize customer value to propose experiences that accommodate diverse values based on an understanding of people’s sensibilities with regard to sound and music
- Utilize AI technologies that accommodate people’s needs in order to innovate the customer experience provided by products and services with technologies for AI that produce and perform music together with users
- Enhance material technologies to take advantage of the value of sustainable materials in order to improve business resilience and create new value

TOPICS Research Theme: TransVox™



Keijiro Saino
 Service Development Group
 Music Connect Division

Yamaha has been advancing research and development on singing voice synthesis technologies for more than two decades, with our crowning achievement being the VOCALOID technology used in music production.

These technologies have evolved to give rise to TransVox, an AI-powered song resynthesis technology that combines instantaneous singing analysis technologies with singing voice synthesis technologies to use the input of one’s voice sung into a microphone to produce output in the form of the same song sung in the voice of a different specified individual. This technology instantaneously analyzes a person’s singing voice to identify their pronunciation and intonations, while disregarding specific voice traits, so that their song can be reproduced in the voice of another specific performance whose voice has been input into the AI. A major characteristic of TransVox is how it can instantaneously remove information on an individual’s unique voice traits and apply the voice traits of another person on top of the song data to synthesize a song in a new voice, as opposed to simply changing one’s voice to another. This new technology has been incorporated into Narikiri Microphone, an offering that allows people to fully transform their voice into that of another. TransVox and Narikiri Microphone are both innovations based on Yamaha’s belief that AI should not be a replacement for the efforts for people, but rather should function as a tool for supporting people’s creativity.



Initiative Theme 2: Open Innovation

Yamaha partners with external organizations to engage in open innovation. One such open innovation project led to the creation of the Daredemo Piano™ (Auto-Accompanied Piano).

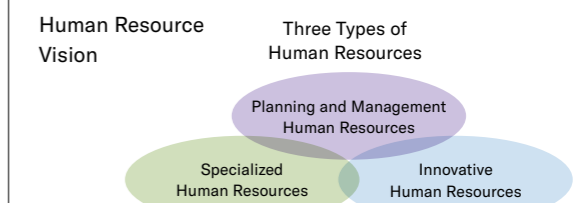


Created through a joint development project with Tokyo University of the Arts commenced in 2015, Daredemo Piano uses Yamaha’s Disklavier performance reproducing pianos as its base. This project was kicked off by a consultation from a researcher at Tokyo University of the Arts who was seeking a way to use our technologies to help a student at a special needs high school who dreamed of playing the piano. This was the start of a joint R&D journey in which both parties pooled their technologies and insight with the aim of making this individual’s dream a reality. More recently, in 2023 the Daredemo Piano was used in a THE JOYFUL PIANO performance of Beethoven’s Symphony No. 9 played by pianists with disabilities. We continue to assess the value of this innovation even today. In this manner, Yamaha is committed to creating new value through open innovation.

For more information, please refer to the following website.
<https://www.yamaha.com/en/stories/culture/the-9th/>

Initiative Theme 3: Human Resource Recruitment and Development

Yamaha’s Research & Development Division has defined three types of human resources who are necessary to support the ongoing creation of value: planning and management human resources, specialized human resources, and innovative human resources. To secure these types of human resources, Yamaha is utilizing its active network in the Tokyo metropolitan area and also building frameworks for recruiting non-Japanese individuals and female engineers. In our efforts to develop our people, we conduct ongoing exchanges of personnel with companies in other industries and dispatch researchers to outside organizations. We thereby aim to provide an environment in which employees are able to acquire the perspectives, experience, and skills necessary for management and new value creation.



Goal Ongoing creation of new value by enabling diverse human resources to facilitate their own mutual growth in order to deliver their best possible performances

PRODUCTION

While pursuing our strengths of craftsmanship and advanced technologies, we will establish optimal foundations for global production. By doing so, we will further enhance our production operations in terms of quality, cost, delivery, safety, and environment (QCDSE) and achieve industry-leading levels of production capacity and resilience, no matter the operating environment.

Toshiaki Goto
Executive Officer
Executive General Manager of Musical Instruments & Audio Products Production Unit

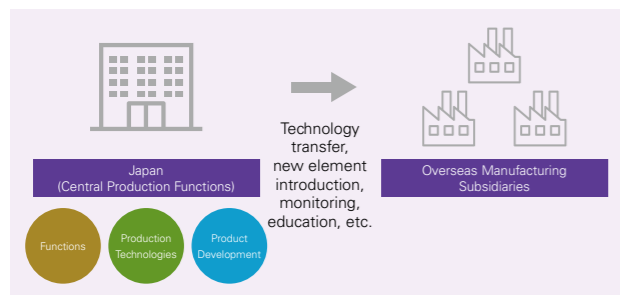


Yamaha's Production Structure

Yamaha installed production functions overseas early in its history, establishing its first overseas production base in Taiwan in 1969. Today, we have three production-related bases in Japan as well as bases in China, Indonesia, Malaysia, and India. In recent years, Yamaha has been shifting away from its prior focus on expanding production to adopt an approach of building a production structure that combines its technologies and techniques to produce the ideal volume of products to achieve resilience toward fluctuations in demand. This decision was prompted by demand fluctuations, geopolitical risks, and other operating environment changes. In regard to piano production, an area where China has been a major driver of the global market, we reassessed our projections and revised our strategies in advance of the production structure reforms undertaken in fiscal 2024. These reforms were aimed at developing a production system that matched the levels of production projected to be necessary going forward.

In addition, we have revised our central production functions in Japan to combine technologies, techniques, and development in order to bolster Yamaha's product creation capabilities in pursuit of further growth. Our production bases in Japan have always been a wellspring of our product creation expertise, used primarily to manufacture high-end products. In the future, we will resume investment in domestic production sites to maintain and upgrade existing equipment and facilities as well as to start up new production processes.

By optimizing planning, procurement, production, and distribution functions for India, our factory in this growth market integrates manufacturing and sales to deliver products with superior levels of cost competitiveness. Furthermore, we utilize the sales-use distribution warehouse built into the factory to cater to the growing sales in this country.



At our production bases, we are diligent in promoting risk management measures to address geopolitical, natural disaster, and other risks. We are also allocating production in a manner that minimizes the impacts of operating environment changes and promoting the supply of components between bases to bolster the overall resilience of our production systems.

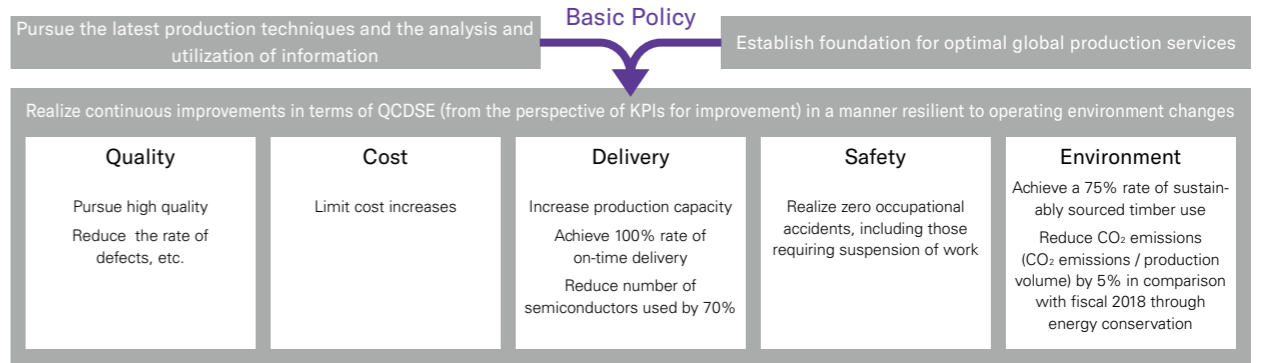
Review of Fiscal 2024 and Policies for Fiscal 2025

In fiscal 2024, production levels were down for various products as a result of the market conditions seen around the world, resulting in large losses in terms of factory operation. In fiscal 2025, Yamaha will take steps to optimize its production structure in order to allow for production to be carried out in a manner that matches demand. The declines in production resulted in a temporary increase in component inventories, but we will seek to bring inventories in line with the appropriate levels by depleting surplus inventories. Moreover, we have begun direct transactions with manufacturers through our semiconductor procurement subsidiary with the goal of bolstering the resilience of our procurement frameworks. Through these steps, we aim to achieve reductions of more than 50% in the number of manufacturers we use and the components we procure over the medium to long term. At the same time, we will move forward with systems development, an area where we had previously faced delays, with the goal of incorporating digital twin elements into our production management systems. Trial introduction of a digital twin system is scheduled to take place at an overseas model factory in fiscal 2025. The system will later be expanded to other factories to accelerate the digital transformation of our production structure.

Enhancement of Process Information Management

Yamaha operates a total of 13 factories in Japan and overseas. We are currently moving ahead with measures to standardize processes via data utilization and other means. For example, templates are being developed for common processes used at various factories and digital technologies are being utilized to manage process details, including but not limited to the movements of people and objects. Methodologies tested with regard to specific processes will then be expanded to different processes as we seek to develop standardized models for all production processes, data utilization and assessment methods, and other aspects of production.

Production Strategies of the Make Waves 2.0 Medium-Term Management Plan



Priority Themes of Make Waves 2.0

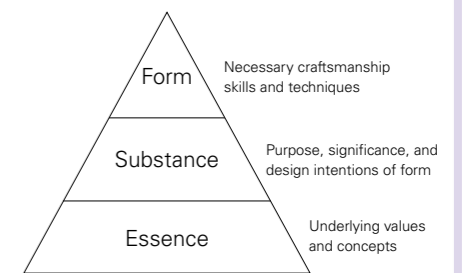
Priority Themes	Measures
Production engineering (Production hardware) Develop technologies to innovate production processes Establish competitive production processes	<ul style="list-style-type: none"> Improvement of resilience to demand fluctuations and operating environment changes Improvement of production technologies and quality and development of factories that are empowering workplaces Production of same product lines at multiple locations, etc. Improvement of productivity and safety through automation, development of material technologies, enhancement of material utilization capabilities, etc.
Production information management (Production software) Realize digital transformation within our production management	<ul style="list-style-type: none"> Reduction of costs and improvement of quality through digital transformation of production management Deployment of manufacturing information platform to all bases, improvement of quality through use of digital twin technologies in production, enhancement of efficiency and reformation of workstyles through digital transformation, etc.
Global production services (Production infrastructure) Strengthen production structure (organization and personnel) Stabilize procurement and reduce costs by establishing a procurement structure	<ul style="list-style-type: none"> Reinforcement of procurement resilience and promotion of sustainability Integration of regional production management and empowerment of human resources Reinforcement of procurement resilience, realization of sustainable procurement, etc. Promotion of diversity, etc.

TOPICS Craftsmanship Project for Transmitting Techniques



Yasuhiro Kuroda
Organization / Human Resource Development Group Administration Department Musical Instruments & Audio Products Production Unit

Throughout its long history as a musical instruments manufacturer, Yamaha has continued to refine its techniques for producing quality instruments. The finishing touches on products are made using the eyes, ears, and hands of actual people to deliver a beauty and richness that cannot be produced by a mere machine. As we have moved forward with efforts to automate production and to reform manufacturing methods, we have been pressed with the issue of how best to preserve the craftsman techniques fostered throughout our history. Recognizing the importance of this issue, we have launched a craftsmanship project to ensure the masterful techniques that are indispensable to Yamaha's manufacturing process can be faithfully preserved and transmitted to future generations. This project entails defining specific product concepts and traits as well as the craftsmanship skills and techniques required to accommodate such product characteristics. Based on these definitions, Yamaha will seek to codify frameworks for specialization in core skills that underpin the appeal of its products, planning of training programs assessment of skill levels, and other aspects of skill transference. This craftsmanship project has been introduced at production sites in Japan, and we plan to gradually expand this project to overseas sites going forward. At Yamaha, craftsmanship skills have been defined as referring to the unique skills and techniques that are imperative to helping customers "Make Waves." We are committed to preserving our craftsmanship skills and spirit to transmit these invaluable skills to future generations.



SALES

In our business domains centered on sound and music, we will expand and optimize our contact points with customers and strive to gain an accurate understanding of market trends and customer needs. At the same time, we will promote the value that our products and services offer to the greatest extent possible. In these ways, we aim to expand sales.

Masato Oshiki
Executive Officer
Executive General Manager of Musical Instruments & Audio Products Sales Unit



Yamaha's Sales and Music Popularization Activities

Yamaha has established a global sales network through which it advances sales activities that are rooted in the respective regions. Sales in mature countries and other key markets are performed through direct sales networks formed by sales subsidiaries. In emerging markets, we approach customers through our authorized distributors. Through these sales networks, we ascertain local music cultures and customer needs, promote sales strategies in accordance with local characteristics, and promote the spread of music in countries around the world. Since Yamaha began offering music classes in 1954, we have gone on to extend the availability of Yamaha Music School, the successor to those music classes, to include more than 40 countries and regions around the world. In addition, the School Project was launched in 2015 with the goal of promoting instrumental music education and increasing the musical-instrument-playing population centered on emerging countries. As of March 31, 2024, this project was being advanced in seven countries. Meanwhile, to develop even more attractive products and services, we are expanding and enhancing our locations for forming relationships with artists around the world. Our extensive network with the world's top artists and music educational institutions is another one of our major strengths.

Status of Music Popularization Activities (As of March 2024)

Music Schools	Number of Venues (Schools)	Number of Students ¹⁾
Japan (total for children and adults)	2,200	310,000
Overseas (total from over 40 countries and regions)	1,150	161,300

*1 Number of students who were able to receive lessons in fiscal 2024

Countries Offering the School Project ²⁾	March 31, 2025 Target ³⁾	Aggregate Total of Students
7 countries	2,300,000	3,018,000

*2 Project that provides opportunities for children to play musical instruments as part of public education with the aim of spreading instrumental music education and increasing the musical-instrument-playing population
*3 Target contained in medium-term management plan

Value Promotion and Selling Price Increases

Sales subsidiaries around the world engage in highly effective advertisement and sales promotion activities, and the benefits of these activities are shared on a Groupwide basis. By building a wide-ranging sales network, we are able to promote Yamaha's value in the ideal manner through both online and offline channels. In addition, we give ample consideration to such factors as the market environment, competitive relationships, and product features in order to promote efforts to increase selling prices so that they appropriately reflect the value a product offers.

Review of Fiscal 2024 and Policies for Fiscal 2025

Yamaha was unable to meet its sales targets in fiscal 2024 due to declines in demand seen among inflation and other massive changes

to the operating environment. Nevertheless, we made progress in initiatives related to core themes, as seen in the expansion of the School Project and in membership services based on regional characteristics. Initiatives aimed at the expansion of our customer base included the establishment of a sales subsidiary in the Philippines, which commenced full-scale operation in October 2023, signaling Yamaha's full-fledged entry into this market. Meanwhile, in India, where Yamaha has managed to get on track toward growing sales, we have been exploring potential sales channels in rural cities to bolster our sales network with the goal of accelerating sales growth. In pursuit of improvements to our ability to communicate our brand and product value, we redesigned our directly operated retail location in London to enhance its line of experience-oriented services and encourage visitation by people with little or no experience with musical instruments. In addition, we introduced a check-in system at this store using the Yamaha Music ID customer data platform as part of our efforts to provide music experiences with both physical and digital elements. We are also bolstering coordination between experience-oriented stores and directly operated e-commerce sites in other regions in order to improve customer experiences. As for the acceleration of initiatives targeting higher lifetime value, progress has been made in developing and launching membership services matched to regional characteristics, and we also started providing online lesson services for supporting instrumental music performances in Europe. Ongoing enhancements will be pursued to Yamaha's service offerings around the world. Meanwhile, in the innovation of operating foundations and processes, the introduction of new enterprise resource planning systems at sales subsidiaries is moving ahead and thereby contributing to increased efficiency in sales processes.

Construction of Stable Growth Platforms in Chinese Market by Capitalizing on Enthusiastic Demand

Recently, Yamaha has been growing in the Chinese market through a strategy focused on sales of pianos, which have a close connection to demand related to children's education in this market. Looking forward, Yamaha will seek to build a product portfolio capable of generating stable growth in this market by stimulating enthusiasm for digital musical instruments; wind, string, and percussion instruments; and guitars. For example, we are expanding the range of musical classes we offer at senior education facilities, which are designed to allow people to keep learning throughout their lives, to capitalize on demand among senior citizens.

Sales Strategies of the Make Waves 2.0 Medium-Term Management Plan

Develop broader, deeper, and longer direct ties with customers to grow revenue through higher sales volumes and selling prices

Targets for Fiscal 2025

Revenue: ¥500.0 billion Revenue growth: 20% (three-year average)

Note: Forecasts announced together with financial results for the three-month period ended June 30, 2024, on July 31, 2024, project revenue of ¥475.0 billion.

Priority Themes of Make Waves 2.0

Priority Themes	Measures
Expansion of customer base	<ul style="list-style-type: none"> Optimization of sales networks Enhancement of proposal capabilities and sales methods Stimulation of demand through music popularization activities
Improvement of ability to communicate brand and product value	<ul style="list-style-type: none"> Strengthening of digital marketing Enhancement of brand advertisements through provision of experiences
Acceleration of initiatives targeting higher lifetime value	<ul style="list-style-type: none"> Enhancement of member services based on regional characteristics
Innovation of operating foundations and processes	<ul style="list-style-type: none"> Improvement of efficiency through global standardization and automation of processes of sales company

TOPICS School Project Initiatives in India



Ms. Kato instructing music in India



Mr. Watanabe with staff of private primary school in India

Yurina Kato
Kazuki Watanabe
Music Popularization Group
Asia-Pacific Sales Division
Musical Instruments & Audio Products Sales Unit

Yamaha aspires to provide opportunities to play musical instruments to as many children around the world as possible. This is why we are passionately advancing the School Project to promote the introduction of activities using music and musical instruments in public education worldwide. In doing so, we hope to communicate the joy of music and musical instruments. Yamaha coordinates with government education agencies to prepare unique programs that package its musical instruments, educational materials, and instruction insight. As of March 31, 2024, these programs have been used to offer education opportunities to some three million children in seven countries, and this number is constantly growing.

India is an important market for Yamaha and one in which it positions manufacturing facilities. However, it is still rare for schools in this country to offer music education programs using musical instruments. Yamaha began promoting instrumental music education in this country in 2017 with proposals to adopt such music programs at private primary schools. Then, in 2023 we expanded the scope of these activities to include public primary schools in Delhi. Activities in this city are being advanced with the cooperation of the Japanese embassy located therein. These activities have been selected as one of the 2022 EDU-Port Japan Supported Projects by the Ministry of Education, Culture, Sports, Science and Technology of Japan.* Yamaha continues to be a partner to efforts to train educators to ensure that the greatest number of children can experience high-quality music education.

Increases to the musical-instrument-playing population in emerging countries contribute to the growth of musical instrument markets and is expected to stimulate demand over the medium to long term and to help drive the future growth of Yamaha's sales. We will continue to engage in such activities going forward with the goal of expanding Yamaha's customer base.

* This project is the sixth of a total of seven Yamaha projects that have been selected through the Japanese-style Education Using Public-Private Collaborative Platform (EDU-Port Japan Project).

Revenue Growth by Region (Year-on-year change excluding the impact of exchange rates)

■ Musical instruments business ■ Audio equipment business ■ Industrial machinery and components business and other businesses

