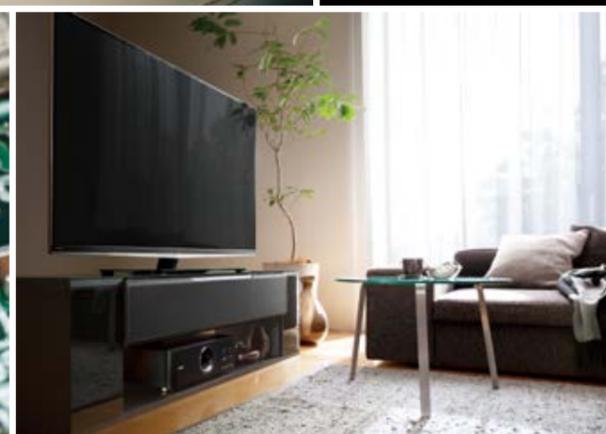


STRATEGY SECTION

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STRATEGIES BY BUSINESS

MUSICAL INSTRUMENTS BUSINESS

Yamaha is enhancing its developmental capabilities in terms of hard and soft technologies and amassing a wealth of expertise to build lifelong relationships with customers and earn their highest evaluation. At the same time, we are strengthening our brand power to achieve overwhelmingly high levels of profit.

Teruhiko Tsurumi

Operating Officer
Executive General Manager of Musical Instruments Business Unit



Business Overview

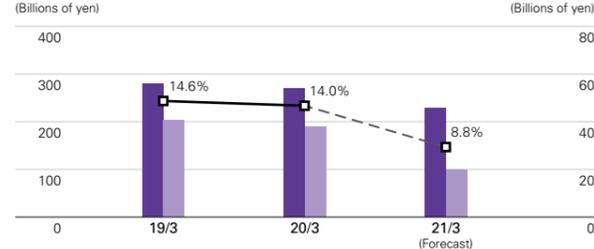
In the musical instruments business, which represents our core business, we possess numerous core technologies related to sound and music that have been cultivated over our long history. In addition to developing acoustic instruments such as pianos, wind, string, and percussion instruments, and digital musical instruments that leverage electronic technologies, we are also rolling out other products such as hybrid instruments that meld both acoustic and digital technologies. In recent years, we have been utilizing AI, *kansei* (sensibility) engineering, and simulation technologies to take on challenges in the digital network environment and other new domains. Through our diverse product lineups and global sales and service structures, which also include the music school and software content businesses, we have secured a position as the world's leading comprehensive musical instruments manufacturer.

Review of Fiscal 2020

In the musical instruments business, revenue and profit were down

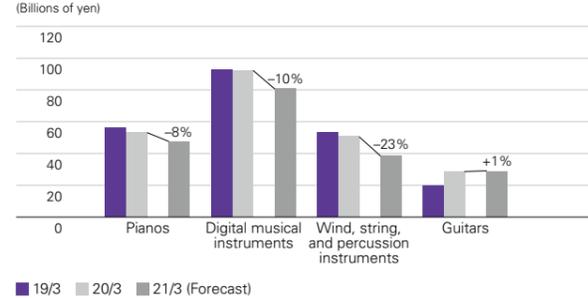
year on year due to the impacts of the global COVID-19 pandemic and foreign exchange influences. Nevertheless, we saw a rise in profitability attributable to declines in manufacturing costs and progress in selling price optimization. Measures implemented in fiscal 2020 included rapidly moving forward with digital marketing and e-commerce initiatives to strengthen ties with customers and society. We also made progress in expansion of sales networks around the world and in shifting toward experience-oriented stores. At the same time, we bolstered our product portfolio through such additions as portable keyboards designed specifically to match the local music traditions in India, and the STORIA™ series of guitars boasting fresh ideas for attracting new guitar users with regard to playability and design. It was also during fiscal 2020 that new simulations of human performances by AIs garnered attention. In addition, efforts to promote instrumental music education in emerging countries moved ahead on schedule in this, the first year of the medium-term management plan.

Revenue / Core Operating Profit / Core Operating Profit Ratio (Billions of yen)



Note: The impacts of the COVID-19 pandemic decreased revenue by ¥9.9 billion in fiscal 2020.

Sales of Major Products (Billions of yen)



Overview of Markets by Mainstay Products / Yamaha's Strengths / Main Competitors

Product Category	Overview of Markets and Yamaha's Operations	Yamaha's Strengths	Main Competitors
Pianos	<ul style="list-style-type: none"> Continued growth in the piano market in China Expansion of new value proposals (silencing / automated instruments) in maturing markets Diminishing competition centered on local Chinese manufacturers 	<ul style="list-style-type: none"> Robust product lineup that enables proposals that meet all kinds of customer demands Product lineups and brand power realized through long-cultivated technologies pertaining to Disklavier™, TransAcoustic™, and other products 	<ul style="list-style-type: none"> Steinway & Sons (Germany and United States) Guangzhou Pearl River Piano Group Co., Ltd. (China) Kawai Musical Instruments Manufacturing Co., Ltd. (Japan)
Digital musical instruments	<ul style="list-style-type: none"> Continuous growth for digital pianos underpinned by growing demand for music education and music hobbies Growth in portable keyboard sales volumes due to launch of models designed specifically for the Indian market and miniature keyboards New stage keyboard products equipped with newly developed organ sound source announced for strong stage keyboard market 	<ul style="list-style-type: none"> Extensive product lineup matched to diverse user needs Ability to supply models with functions and content tailored to the local music traditions of Western markets as well as emerging markets Rapid growth in emerging markets and increased customers for high-end products achieved by establishing manufacturing bases and responding to local music traditions 	<ul style="list-style-type: none"> Casio Computer Co., Ltd. (Japan) Roland Corporation (Japan) Kawai Musical Instruments Manufacturing (Japan) KORG Inc. (Japan)
Guitars	<ul style="list-style-type: none"> Ongoing moderate growth in guitar sales driven by the United States, the largest market for guitars, and the Chinese market Advancement in new concept guitars, diversification in ways people enjoy playing Numerous competitors centered on U.S. brands 	<ul style="list-style-type: none"> Global leader in number of acoustic guitars sold* Comprehensive solutions encompassing peripheral equipment offered through Yamaha Guitar Group, Inc. (Line 6, AMPEG) TransAcoustic™, wireless, and other new technologies a step ahead of competitors 	<ul style="list-style-type: none"> Fender Musical Instruments Corporation (United States) Gibson Brands, Inc. (United States) Taylor Guitars (United States) C.F. Martin & Co. (United States)
Wind, string, and percussion instruments	<ul style="list-style-type: none"> Stable growth primarily in developed countries supported by demand from schools and bands Trend of expansion in China and emerging markets 	<ul style="list-style-type: none"> Strengthening of development and value promotion and expanded sales of mid-range and high-end wind instruments Demand creation and expanded customer base resulting from activities to popularize music in China and emerging countries 	<ul style="list-style-type: none"> Conn-Selmer, Inc. (United States) Buffet Crampon (France) Jupiter Band Instruments, Inc. (Taiwan)

* Yamaha estimation, as of March 31, 2020



Business Strategies of Make Waves 1.0 Medium-Term Management Plan

Business Vision

Receive the highest possible evaluation from an even greater number of customers
Realize overwhelmingly high levels of profitability by enhancing our brand power

Targets for Fiscal 2022 (Based on IFRS)

Revenue: ¥297.0 billion (6.3% growth compared with fiscal 2019)

Core operating profit: ¥49.0 billion (20.1% growth compared with fiscal 2019)

Key Strategies

Develop global connections and ties with customers	Realize high levels of profit by expanding our business portfolio	Create value through the combination of essential value enhancement and elemental technologies
<ul style="list-style-type: none"> Promote the Yamaha brand and contribute to society through our businesses Promote efforts to form direct ties with customers 	<ul style="list-style-type: none"> Enhance product lineup and launch products that cater to local characteristics Strengthen response capabilities to address diversifying product usage and the needs of customers in each age group 	<ul style="list-style-type: none"> Promote the essence of musical instruments and integrate IT and digital technologies Strive to create new value by forming broader, deeper, and longer ties with users

Opportunities

- Improvement in the promotion of value that fits the life stage of each customer through digital marketing
- Significant improvement in product development for pursuing the essence of musical instruments due to the progression of digital technologies and AI; enhancement of manufacturing efficiency through IoT
- Incorporation of demand from the middle class in emerging markets through the expansion of sales networks and e-commerce; capturing of demand through the development of product models that cater to local music cultures; and incorporation of demand from new growth in the musical-instrument-playing population through music popularization activities

Risks

- Reduced demand as a result of the COVID-19 pandemic
- Entrance of manufacturers from IT and other industries, potential for saturation of e-commerce brands utilizing OEMs
- Potential for the trend of growth in the sharing economy and secondhand market to accelerate

Priority Themes for Fiscal 2021

- Accelerate implementation of key strategies of strengthening ties with customers and society, expanding business portfolio, and creating new value through technological synergies
- Develop frameworks for continuous business growth (business processes, people, organizations, and management foundations)
- Address stagnancy in production and sales activities stemming from the COVID-19 pandemic

Business Policies for Fiscal 2021

Despite the challenging operating environment projected, we will pursue improved brand power and high earnings by advancing key strategies for accomplishing the goals of the medium-term management plan, constructing and reinforcing frameworks for continuous business growth, and responding to the COVID-19 pandemic.

Major Initiatives Pertaining to Priority Themes for Fiscal 2021

Implementation of Strategies for Accomplishing Goals of Medium-Term Management Plan

We will continue the steady implementation of the three key strategies defined in the medium-term management plan to achieve our business vision, as was also our approach in the previous fiscal year. By forging direct connections with customers through both physical and digital venues, we will effectively solicit the value of the Yamaha brand and ramp up efforts to promote the value we offer to customers in order to contribute to improved lifetime value from customers and thereby form broader, deeper, and longer relationships with customers and society. At the same time, we will work to broaden our business portfolio by developing sound sources and products matched to customer and regional characteristics, deploying new product lineups, creating musical instruments for younger musicians, and otherwise pursuing improved profitability through the stimulation of demand. Other initiatives will include merging the sensibilities and intuitive nature Yamaha has cultivated in its instruments with cutting-edge digital technologies, including 5G, wireless, and AI technologies, to create new inspiration along with new value that is viable for forming ties with a wide range of users.

Construction and Reinforcement of Frameworks for Continuous Business Growth

Our efforts to construct foundations for continuous business growth are focused on products; prices; places; promotions; popularization; the management of production, sales, and inventories; people; and organizations. Accordingly, we aim to construct and reinforce business processes based on these focuses that will enable us to respond to the changes seen in customers and markets in all steps from product creation to sales. At the same time, we will be strengthening the people and organizations that are responsible for achieving business growth through these frameworks. Moreover, we aim to contribute to innovation and value creation in line with the Society 5.0 vision advocated by the Japanese government. We will therefore be accelerating our efforts to provide opportunities for new learning. In addition, we will seek to share knowledge and information and to build an empowered and informed organization fully infused with the Yamaha Philosophy through frank discussion and communication. These efforts will be advanced alongside efforts to strengthen organizational capabilities for generating synergies in our four major musical instrument businesses to further the development of frameworks for continuous business growth.

Response to the COVID-19 Pandemic

We moved ahead with measures for responding to the pandemic as we sought to secure the necessary numbers of products to be supplied by revising model mixes and changing the production locations of certain products. Meanwhile, we adjusted regional mixes to maximize sales while securing business profit through streamlined management.



PIANO BUSINESS

Global market share for Yamaha's products
Pianos: **39%***

Revenue (Fiscal 2020): **¥53.0 billion**

Business Overview

The piano business is a business we have cultivated for over a century and can be considered a core part of the Yamaha Group's operations. In this business, we create Yamaha pianos that meld acoustic and digital technologies to cater to the emotions of all customers who wish to play piano at all skill levels. Rather than remaining satisfied with the current conditions in the piano business, we will aim to propose products with diverse value so that Yamaha pianos will be the preferred choice of customers around the world.

Targets for Fiscal 2022

Growth in the Chinese market and strengthen brand power and added-value promotion in maturing markets

Key Strategies of Make Waves 1.0	Priority Themes for Fiscal 2021
Strengthen brand power through the high-end strategy	<ul style="list-style-type: none"> Ramp up approach toward a variety of target demographics ranging from top-level professional pianists to music colleges Strengthen frameworks for communicating brand value (ranging from branding to sales measures)
Expand customer base and raise value	<ul style="list-style-type: none"> Grow share in Chinese market (approach cities in rural areas in particular) Increase ratio of sales of hybrid pianos in mature markets
Propose diverse product value and strengthen customer engagement	<ul style="list-style-type: none"> Develop products and technologies unique to Yamaha Create and propose services for increasing lifetime value

Points of Emphasis in Achieving Targets

In the first year of the medium-term management plan, we focused our efforts on measures for making Yamaha the most-chosen brand by customers ranging from top-level professional pianists to beginners. These efforts generated results, such as gaining exposure for our flagship CFX premium pianos at international competitions, growing sales of our SX Series of high-end pianos, and expanding our sales network in the growth market of China.

In the second year of the plan, we will pursue further improvements to brand power by stepping up coordination between all functions, from branding to sales. We will also continue initiatives for forming ties with music colleges and concert halls in countries worldwide, promoting sales of high-value-added models, developing experience-oriented stores, enhancing solicitation opportunities, and otherwise growing sales.



DIGITAL MUSICAL INSTRUMENTS BUSINESS

Global market share for Yamaha's products
Digital pianos: **50%***

Portable keyboards: **52%***

Revenue (Fiscal 2020): **¥92.1 billion**

Business Overview

In the digital musical instruments business, our product lineup spans from digital pianos and portable keyboards, for which we boast a world-leading market share, to synthesizers, stage pianos, and Electone™ electronic organs. We also possess a strong competitive edge in terms of hybrid products that meld acoustic and digital technologies. With these strengths, we offer attractive products that leverage our superior technological capabilities. In this business, we are presented with significant opportunities primarily in emerging countries, including the growing market of India. Capitalizing on these opportunities, we will create emotional musical experiences that meet the needs of our customers.

Targets for Fiscal 2022

Achieve further growth in digital pianos and other existing fields and cultivate future customers by pursuing challenges in new domains

Key Strategies of Make Waves 1.0	Priority Themes for Fiscal 2021
Develop digital pianos leveraging Yamaha's strengths in acoustic products and solicit their value	<ul style="list-style-type: none"> Deepen our understanding of emotional and physical phenomena to further realize expressive power Propose diverse product value that meets a wide range of needs Leverage diverse digital technologies to further improve value
Expand range of keyboards and content suited to local musical traditions	<ul style="list-style-type: none"> Provide solutions and content based on local needs and expand customer base by developing and utilizing local models Accelerate keyboard sales in the Indian market
Expand customer base by developing new products targeting young people who want to express themselves through music	<ul style="list-style-type: none"> Develop products that accommodate the new ways of enjoying music popular among younger demographics Ramp up development of smart device apps that can be linked to musical instruments

Points of Emphasis in Achieving Targets

Progress was made in expanding our business portfolio during the first year of the medium-term management plan through the launch of products such as portable keyboards designed specifically for the Indian market, miniature keyboards, and stage keyboards equipped with newly developed sound sources and keys. We also provided a greater amount of product training opportunities in the markets we serve and distributed digital content as part of an approach toward soliciting the value of the Yamaha brand to customers that capitalized on both physical and digital venues.

Efforts in the second year of the plan will include promoting the fundamental value of pianos we are able to provide through our digital pianos as a piano manufacturer. We will also develop portable keyboards matched to the diverse needs of different regions and produced and provided content for meeting these needs.

Meanwhile, we will respond swiftly to the operating environment changes arising as a result of the COVID-19 pandemic as we bolster e-commerce marketing and sales activities.



WIND, STRING, AND PERCUSSION INSTRUMENTS BUSINESS (EXCLUDING GUITARS)

Global market share for Yamaha's products
Wind instruments: **31%***

Drums: **12%***

Revenue (Fiscal 2020): **¥50.7 billion**

Business Overview

The wind, string, and percussion instruments business spans a wide range of products, from over 15 different kinds of wind instruments such as trumpets and saxophones and string instruments such as violins, to acoustic and digital drums and timpani. With this wide range of products, the Yamaha brand is able to compete for the leading position in various musical genres. We are also involved in the creation of custom models that meet the needs of major artists and are played in educational settings around the world.

Targets for Fiscal 2022

Realize market expansion and increased sales by boosting the strengths of our products and creating environments for musical performances

Key Strategies of Make Waves 1.0	Priority Themes for Fiscal 2021
Improve brand power and grow market share for mid-range and high-end wind instruments	<ul style="list-style-type: none"> Enhance joint product development through collaboration with major artists Increase market share for mid-range and high-end wind instruments (trumpets, saxophones, and clarinets)
Create markets in China and emerging countries	<ul style="list-style-type: none"> Promote brass and wind instrument bands and create demand in China and emerging countries Stimulate creation of recorder market through School Project
Approach new customers with easier-to-play musical instruments	<ul style="list-style-type: none"> Deploy musical instruments with new value to broaden player horizons

Points of Emphasis in Achieving Targets

Sales growth was achieved in China and emerging countries during the first year of the medium-term management plan. We also made progress in the creation of new markets through the promotion of band activities and the cultivation of technicians. Our efforts during this fiscal year won levels of support from leading artists that exceeded our targets.

In the second year of the plan, we will continue working to develop the Yamaha brand to be chosen by a wider range of customers by bolstering brand power and launching appealing products through joint product development with artists. We will also focus on communicating the value of our mid-range and high-end wind instruments and on conducting related marketing activities to grow sales.



GUITAR BUSINESS

Global market share for Yamaha's products
Guitars: **9%***

Revenue (Fiscal 2020): **¥28.6 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 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.

Targets for Fiscal 2022

Improve selling prices and reinforce existing business foundation with a focus on strengthening mid-range and high-end products and creating new value

Key Strategies of Make Waves 1.0	Priority Themes for Fiscal 2021
Promote sales of mid-range and high-end products to achieve rapid growth	<ul style="list-style-type: none"> Plan and develop high-end guitars Develop brand equity for Yamaha guitars
Create new value and deliver inspiration, stimulation, opportunities, and encouragement	<ul style="list-style-type: none"> Promote distinctive brand identity of Yamaha through inspiring experiences and value creation Hold exhibitions and training sessions for communicating value Deploy comprehensive solutions capitalizing on appealing peripheral equipment
Reinforce business platforms	<ul style="list-style-type: none"> Advance marketing strategies and product development based on regional characteristics Manage product manufacturing in a manner oriented toward increases in selling prices

Points of Emphasis in Achieving Targets

In the first year of the medium-term management plan, we advanced product planning and development of high-end models based on extensive interviews of customers in the United States as one facet of our efforts to promote sales of mid-range and high-end products. Although we were impacted by the COVID-19 pandemic, we succeeded in achieving year-on-year growth of 9% in revenue in the guitar business through improvements in sales volumes and selling prices achieved via product training and other initiatives.

The initiatives undertaken in the first year of the plan will be continued in the second. Other focuses will include the acceleration of information provision through physical and digital venues aimed at fostering the brand equity of Yamaha guitars, the planning and development of products boasting appealing new value, and the implementation of region-specific growth strategies.

* Results for fiscal 2020 are based on amounts estimated by Yamaha.

AUDIO EQUIPMENT BUSINESS

We will grow the audio equipment business as a piece of social infrastructure by supplying a wide range of customers, including commercial and consumer users, with products built on our exceptional sound insight and superior technologies.

Shinobu Kawase

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



Business Overview

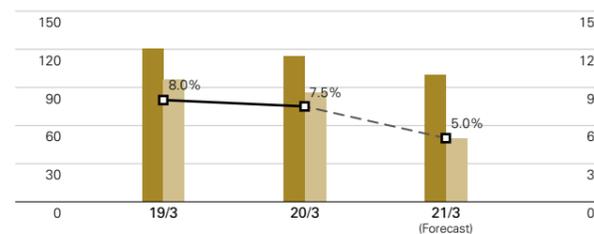
The audio equipment business acts as the second business pillar of Yamaha, a business developed and centered on sound and music, after the musical instruments business. In this business, we offer PA equipment for commercial and facility use and AV products for consumers. In addition, we provide ICT equipment, such as network devices and voice communication equipment, and cloud services. By leveraging not only our strengths in terms of diverse sound technologies but also our network and ICT technologies, we position the audio equipment business as a growth domain.

Review of Fiscal 2020

In fiscal 2020, the audio equipment business suffered year-on-year declines in revenue and profit due to the impacts of a challenging macroeconomic environment characterized by negative foreign exchange influences, trade friction between the United States and

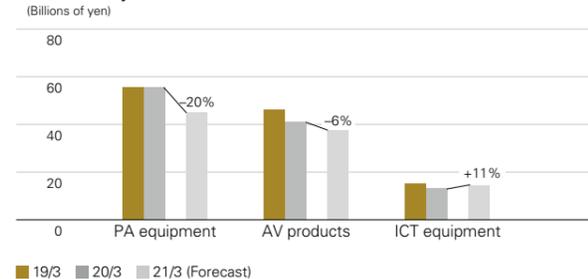
China, and the COVID-19 pandemic. Nevertheless, we achieved ongoing growth in our PA equipment operations through the expansion of equipment delivery operations and the steady growth of installation projects for commercial spaces. In AV products, sound bar operations continued to grow, and our new wireless earphones equipped with Listening Care, a proprietary Yamaha technology for reducing the burden placed on users' ears and facilitating easy listening even at low volumes, won high praise in Japan, where they were introduced before the global launch. However, performance was down in comparison to fiscal 2019 due to delays in shifting our business portfolio to be more oriented toward the personal audio field. Meanwhile, performance was in line with the previous fiscal year for ICT equipment as network router sales were firm and business-to-business products contributed to performance even as overseas sales of online conference systems struggled due to it being a period between model upgrades.

Revenue / Core Operating Profit / Core Operating Profit Ratio
(Billions of yen)



Note: The impacts of the COVID-19 pandemic decreased revenue by ¥3.5 billion in fiscal 2020.

Sales of Major Products
(Billions of yen)



Overview of Markets by Mainstay Products / Yamaha's Strengths / Main Competitors

	Overview of Markets and Yamaha's Operations	Yamaha's Strengths	Main Competitors
PA equipment	<ul style="list-style-type: none"> Progression in the integrated management, remote operations, and automation of networks and facilities Strong demand for high reliability and support structures Bearish live sound market due to the COVID-19 pandemic, but bullish music production and online broadcasting markets 	<ul style="list-style-type: none"> Ability to propose comprehensive solutions in accordance with customer needs, covering everything from speakers to mixers and music production equipment 	Harman International Industries (United States) Music Group (Philippines) Robert Bosch GmbH (Germany)
AV products	<ul style="list-style-type: none"> High level of growth maintained in the headphones market, with continuous growth in the sound bar and wireless speaker markets as well Further advancement in personalization free of time and space restrictions following popularization of streaming content 	<ul style="list-style-type: none"> Audio technologies for communicating intent of creators Combinations of network and audio technologies Earphones equipped with high-level signal processing capabilities 	Sonos (United States) Bose Corporation (United States) Sony Corporation (Japan)
ICT equipment	<ul style="list-style-type: none"> Continuous market growth following the further shift to IT, progression in quality-based competition Diversification of workstyles and growth in demand for network revisions amid rising need for remote solutions stimulated by the COVID-19 pandemic 	<ul style="list-style-type: none"> Expanded mainstay commercial-use routers as well as LAN products Reinforcement of equipment proposal capabilities as well as service capabilities 	Cisco Systems, Inc. (United States) Allied Telesis (Japan) Polycom Inc. (United States)

Business Strategies of Make Waves 1.0 Medium-Term Management Plan

Business Vision

Transform our business framework and realize dramatic growth to become the second pillar next to the musical instruments business

Targets for Fiscal 2022 (Based on IFRS)

Revenue: ¥135.0 billion (12.4% growth compared with fiscal 2019)

Core operating profit: ¥13.0 billion (35.4% growth compared with fiscal 2019)

Key Strategies

PA equipment	AV products	ICT equipment
<ul style="list-style-type: none"> Become supplier of choice for upstream clients such as facility owners and consultants Strengthen product competitiveness through automation technologies Improve system performance through remote monitoring and control 	<ul style="list-style-type: none"> Expand business portfolio to include personal audio fields centered on earphones Strengthen the appeal of the Yamaha brand among millennials Create new value in the home entertainment field 	<ul style="list-style-type: none"> Expand product categories and services Achieve differentiation from competitors through the integration of technologies
Opportunities		Risks
<ul style="list-style-type: none"> Increase in potential projects by strengthening proposals in upstream sales channels Growth of demand for audio equipment focused on remote solutions to respond to impacts of the COVID-19 pandemic 		<ul style="list-style-type: none"> Potential for the adverse impact of unstable international relations spreading to investment in installation projects in the BtoB domain Stagnant demand for equipment for events and concerts due to the COVID-19 pandemic

Priority Themes for Fiscal 2021

PA equipment	AV products	ICT equipment
<ul style="list-style-type: none"> Expand equipment business foundations Launch new products in a timely manner Develop PA systems of the future with remote support and automation features Create immersive sound systems 	<ul style="list-style-type: none"> Advance AV branding strategies Expand sound bar operations Commence full-fledged advancement into the headphone field 	<ul style="list-style-type: none"> Promote sales of LAN products and develop network of customer contact points (network products) Explore new sales channels in Europe and the United States, expand sales of existing products, and launch new products (unified communication products)
Cloud services	<ul style="list-style-type: none"> Enhance compatibility of ICT software with cloud services Expand new cloud services merging sound, telecommunications, and ICT technologies 	

Business Policies for Fiscal 2021

PA equipment operations are expected to continue to be impacted by the depression of the concert market over the foreseeable future. We will thus be focusing on sales of personal music production products and on deploying measures matched to the market conditions of specific countries in the equipment business. In AV products, we aim to secure profitability in the stable Hi-Fi product market while also boldly expanding our headphone operations. Meanwhile, the rising demand for remote solutions will be capitalized on as an opportunity for expanding ICT equipment operations.

Major Initiatives Pertaining to Priority Themes for Fiscal 2021

PA Equipment

Amid the obstacles to holding live events seen on a global scale, Yamaha will focus on sales of personal music production equipment and software. We also aim to broaden our approach to encompass facility owners and audio equipment consultants and enhance our proposal capabilities in upstream areas of the equipment business. In product development, meanwhile, we will utilize multiple overseas bases to increase the number of models that can be developed simultaneously. At the same time, we will move ahead with the development of unique products such as immersive sound systems that offer even greater levels of immersion and feature remote support and automated control functions.

AV Products

Marketing activities will be tailored to customer preferences, pushing

headphones for millennials and high-end products for hobbyists, to raise brand recognition in a more effective manner. In addition, we will commence full-fledged advancement into the rapidly growing headphone market overseas, working to develop points of contact with customers through both digital and physical venues. In our continuously growing sound bar operations, we will seek to expand opportunities for increasing recognition. Meanwhile, we will create new value through the proposals of authentic yet easy-to-use sound systems that can be enjoyed in the home.

ICT Equipment

By introducing new products, such as affordable wireless access points and switches, we will raise recognition for Yamaha's LAN products. We also plan to respond to the brisk demand pertaining to new needs for remote solutions by establishing telework-related helpdesks and making proposals for accommodating online classes. In regard to conference systems, we will ramp up production of simple online conference systems that can be used just by placing the system on one's desk and launch new high-end conference systems to deliver solutions that realize hassle-free remote meetings.

Cloud Services

Yamaha is deploying a plethora of cloud services, including its multilingual information provision services and touchless payment services, based on its SoundUD™ sound-powered telecommunications technology. Going forward, we will continue to create new services by merging the sound, telecommunications, and ICT technologies we have fostered over the years.

INDUSTRIAL MACHINERY AND COMPONENTS BUSINESS

Through comprehensive solutions centered on sound, we will promote a shift in the domains of our business portfolio and expand our customer base.

Shigeki Fujii

Executive Officer
Executive General Manager of IMC Business Unit and Technology Unit



Business Overview

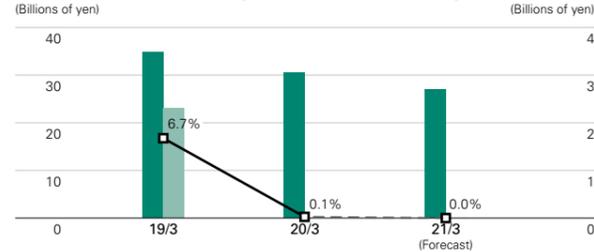
The industrial machinery and components business covers a broad range of fields, such as electronic devices, which started with the development of LSI for digital musical instruments; FA equipment, which originated in our musical instruments manufacturing facilities; and automobile interior wood components for luxury automobiles, which started from the integration of our lumber processing and coating technologies.

For electronic devices, we are promoting a shift toward component modules related to sound, an area in which the Company excels. We are also transitioning toward the total in-vehicle solutions domain. Furthermore, we are achieving results in terms of in-vehicle communication module products (modules for in-vehicle hands-free telephone calls geared toward emergency alert systems), in-vehicle audio systems, and other products. For the future, we aim to begin creating steady results in our efforts to grow the industrial machinery and components business as our third business pillar, alongside the musical instruments and audio equipment businesses.

Review of Fiscal 2020

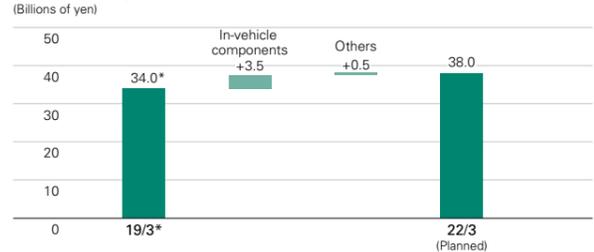
For the in-vehicle solutions domain, an important theme, adoption of Yamaha in-vehicle sound modules rose significantly from the previous fiscal year. Also, double-digit growth was achieved for electronic devices following increases in sales of graphics LSI for amusement equipment and thermoelectric devices for use in implementing 5G communications technologies in China. In FA equipment, sales of hybrid and electric vehicle (EV) battery inspection equipment were up, but overall sales were significantly lower than in the previous fiscal year due to faltering sales of precision machines as a result of the rebound from the brisk capital expenditure demand seen in fiscal 2019 and the trade friction between the United States and China. Sales of automobile interior wood components also fell below the fiscal 2019 level because of sluggish sales by customers and delays in the launch of new automobile models.

Revenue / Core Operating Profit / Core Operating Profit Ratio (Billions of yen)



Notes: 1. The above graph shows figures for the industrial machinery and components business and other businesses.
2. The impacts of the COVID-19 pandemic decreased revenue by ¥300 million in fiscal 2020.

Revenue Projection in Fiscal 2022 (Billions of yen)



Note: The above graph shows figures for the industrial machinery and components business and other businesses.
* Estimated figures at the time the new medium-term management plan was announced. Actual performance in fiscal 2019: ¥34.8 billion (IFRS)

Major Products / Overview of Markets / Yamaha's Strengths

Major Products	Overview of Markets	Yamaha's Strengths
<p>Electronic devices</p> <p>In-vehicle sound modules, in-vehicle image and digital sound field processor semiconductors, graphics LSIs and sound generators for amusement equipment, thermoelectric devices, etc.</p>	<ul style="list-style-type: none"> Contraction in the market for amusement equipment Rising expectations for in-vehicle audio systems stemming from trends toward electrified vehicles and automated driving 	<ul style="list-style-type: none"> Product proposals amalgamating core sound-related technologies and sound production expertise
<p>Automobile interior wood components</p> <p>Interior wood components for luxury cars of both Japanese and overseas automotive manufacturers that leverage the lumber processing and coating technologies used for pianos</p>	<ul style="list-style-type: none"> Deceleration of the Chinese economy, which has driven global sales volumes of automobiles, leading to a trend of erratic growth 	<ul style="list-style-type: none"> Lumber processing, coating, and decorating technologies cultivated through traditional piano manufacturing practices
<p>FA equipment</p> <p>Precision machines for inspecting flexible printed circuit boards, leak detectors, robots, etc.</p>	<ul style="list-style-type: none"> Volatile demand for testing machines for printed circuit boards used in smartphones Trend of expansion in demand for leak detectors for vehicle batteries, etc. 	<ul style="list-style-type: none"> Cutting-edge technologies that realize high-speed, high-precision FA equipment



Business Strategies of Make Waves 1.0 Medium-Term Management Plan

Business Vision

Shift our focus to providing comprehensive solutions to in-vehicle audio domain
Expand product and support foundation to accelerate growth toward becoming the third business pillar

Targets for Fiscal 2022 (Based on IFRS)

Revenue: **¥38.0 billion** (9.2% growth compared with fiscal 2019)

Core operating profit: **¥3.0 billion** (30.4% growth compared with fiscal 2019)

Key Strategies

Electronic devices (in-vehicle audio)	Automobile interior wood components	FA equipment
<ul style="list-style-type: none"> Expand adoption of in-vehicle sound modules and in-vehicle audio systems Enhance level of market recognition and propose value that meets the needs of customers 	<ul style="list-style-type: none"> Expand customer base for vehicle interior panels 	<ul style="list-style-type: none"> Develop new detection solutions and expand customer base
Opportunities		Risks
<ul style="list-style-type: none"> Business growth in the massive in-vehicle audio market by leveraging Yamaha's core strengths Growing demand for flexible printed circuits following the shift toward IoT and automotive smart technologies 		<ul style="list-style-type: none"> Uncertain international relations starting with the trade conflict between the United States and China Particularly long lead times and demand for high quality unique to automobile-related domains

Priority Themes for Fiscal 2021

Electronic devices (in-vehicle audio)	Automobile interior wood components	FA equipment
<ul style="list-style-type: none"> Expand adoption of Yamaha products in the in-vehicle solutions domain Step up collaboration with parts manufacturers with track records of deliveries to completed automobile manufacturers 	<ul style="list-style-type: none"> Improve short-term and medium-term profitability Expand sales by securing new orders 	<ul style="list-style-type: none"> Promote sales of new precision machine products for high-end printed circuit boards Expand customer base for leak detectors and vehicle battery inspection equipment

Business Policies for Fiscal 2021

In the industrial machinery and components business, we are targeting growth in the in-vehicle solutions domain and the FA field. The focus for electronic devices will be to transform into a comprehensive in-vehicle solutions vendor that emphasizes automotive modules more than in previous semiconductor offerings. With this focus, we will expand our customer base for automobile interior wood components to solidify our foundations in the in-vehicle solutions domain. Meanwhile, business growth will be pursued in regard to FA equipment by further honing our strengths in terms of high-precision, high-speed inspection technologies to respond to market needs.

Major Initiatives Pertaining to Priority Themes for Fiscal 2021

Electronic Devices (In-vehicle audio)

We will accelerate proposals that leverage our core sound technologies in electronic devices operations. For example, we will grow sales of the in-vehicle sound modules launched in fiscal 2019 as a bridgehead for expanding operations catering to the legal requirement for installing emergency alert systems in vehicles. Yamaha will also capitalize on its track record in supplying automotive modules to advance into the in-vehicle audio system field in earnest. By pursuing our passion for sound in the unique sound environment inside automobiles, we will work to achieve differentiation via high sound quality while aiming to acquire a share in the massive market for in-vehicle audio, which exceeds ¥600 billion, by rapidly raising the recognition of the Yamaha brand in this market through means such as soliciting our track record.

Automobile Interior Wood Components

We aim to expand the scale of our automobile interior wood components operations by growing our overseas customer base. For the past two years, we have been increasing the range of automobiles employing Yamaha products by building a track record through the acquisition of major customers in the North American market. In this area, our strength can be seen in our superior decoration technologies and the heights of our made-in-Japan quality. These strengths have enabled us to earn the trust of customers by transforming their desires for novel designs into industrial products. Going forward, we will strengthen customer support functions and develop manufacturing technologies in our quest to deliver products that exceed customer expectations.

FA Equipment

In the FA equipment field, we will strive to maintain our leading market share for flexible printed circuit board testing machines on a Groupwide basis. The technical and quality requirements for smartphones are growing increasingly more rigorous amid trends such as the spread of 5G technologies and the adoption of multi-lens cameras. Through swift responses to these requirements, we aim to earn greater trust from customers and have our products used by a wider range of customers. Meanwhile, the rise in EVs is stimulating demand for vehicle battery inspection equipment and subsequently leak detectors. Yamaha already boasts a track record in this field, and we aim to have these products adopted by even more customers going forward. We also offer nondestructive inspection equipment that leverages ultrasound technologies, and are actively creating new applications and exploring new markets for these products.

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 will aim to expand sales.

Seiichi Yamaguchi

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



The Strengths of Yamaha's Sales

Global Sales Activities That Are Deeply Rooted in Local Communities

We have established sales offices in over 30 countries and regions around the world, thereby rolling out our business on a global scale. In key markets, we have established direct sales networks supported by our local subsidiaries. In emerging markets, we approach customers through our authorized distributors. Our sales networks cater to local characteristics and span a wide range of outlets, including specialty stores, chain stores, mass retailers, and e-commerce. The ability to ascertain local music cultures and customer needs through these sales networks and promote sales strategies in accordance with local characteristics represents one of our major strengths.

Added Value Promotion and Price Optimization

We give sufficient consideration to such factors as the market environment, competitive relationships, and product features in order to promote efforts to optimize our prices so that they appropriately reflect the value a product offers. In addition to revising the selling price of existing products, we work to enhance value when introducing new products, or when adding new services to existing products, and attach prices that appropriately reflect this added value.

Artist Relations and Service Locations

To develop even more attractive products and services, we are expanding and enhancing our locations for maintaining relations with artists around the world. Our extensive network with the world's top artists and music education institutions is another one of our major strengths.

Review of Fiscal 2020

In fiscal 2020, sales suffered due to the impacts of operating environment conditions, such as the trade friction between the United States and China and the global COVID-19 pandemic. Regardless, we made steady progress toward accomplishing the targets of the medium-term management plan.

Sales framework reforms included proactive measures for communicating our value directly to customers worldwide, which led to an increase in customers visiting stores. These measures were aimed at realizing a process, through enhanced digital marketing, in which improved recognition attracts customers and subsequently drives customer traffic. We also achieved an increase in the number of registered product users by promoting the provision of service value in order to improve lifetime value.

Meanwhile, progress was made in expanding sales networks in emerging countries, including India and ASEAN countries and most notably China. Efforts to popularize playing music and stimulate demand included the School Project, which advanced according to plans and has offered music instrument performance experiences to approximately 390,000 students to date.

Status of Music Popularization Activities

Music Schools (As of June 2020)

	Number of venues (Schools)	Number of students *1
Japan (total for children and adults)	2,700	280,000
Overseas (total from over 40 countries and regions)	1,400	86,000

*1 Number of students reflects the number of students able to receive lessons in June 2020

→ Plan to increase number of overseas students by 30% from fiscal 2019 over the next two years

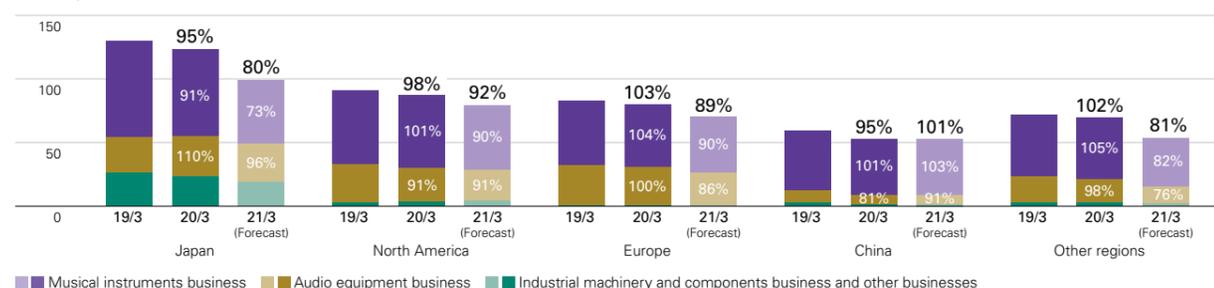
Expansion of School Project*2 (As of March 2020)

Countries offering the program	Total number of students
5 countries	390,000

*2 Project that provides opportunities for children to play musical instruments in schools with the aim of spreading musical instrument education and increasing the musical-instrument-playing population

→ Plan to achieve a cumulative total of one million students in seven countries over the next two years

Revenue Growth by Region (Year-on-year change excluding the impact of exchange rates, based on IFRS) (Billions of yen)



Business Strategies of Make Waves 1.0 Medium-Term Management Plan

Targets for Fiscal 2022 (Based on IFRS)

Revenue: ¥470.0 billion, up 8.2% (over three-year period)

- Encouraging customers to seek out the Yamaha brand by promoting customer value
- Promoting new sales frameworks on a global basis

Analysis for Revenue Growth by Region (Musical Instruments Business and Audio Equipment Business) (Billions of yen)



Note: Figures in parentheses represent growth rate over three years. * Estimated figures at the time the new medium-term management plan was announced. Actual fiscal 2019 results: ¥434.4 billion (IFRS)

Progress in Key Strategies of the Medium-Term Management Plan and Priority Themes for Fiscal 2021

Key Strategies	Progress in Fiscal 2020	Priority Themes for Fiscal 2021
Sales framework reforms	Improve ability to communicate brand and product value	<ul style="list-style-type: none"> Increase in number of direct marketing initiatives and in customer referrals Continue enhancement of ability to communicate value Pursue further sales growth
	Improve service value	<ul style="list-style-type: none"> Rise in number of registered product users achieved through enhancement of services Clarify services to be provided with regard to specific products and regions
	Strengthen contact points with customers	<ul style="list-style-type: none"> Establishment of brand shop plans Expansion of e-commerce networks in various markets Implement domestic brand shop measures Develop experience-oriented stores in various markets Advance e-commerce strategies including BtoB trading
	Expand contact points with customers (achieve growth in emerging countries)	<ul style="list-style-type: none"> School Project progress in line with plans Expansion of sales networks in emerging countries Launch of models designed specifically for the Indian market Expand the School Project Continue expanding sales networks in emerging countries
	Establish global management foundation	<ul style="list-style-type: none"> Examination of introduction of next-generation ERP system Tracking and planned development of global human resources Commence preparations for introduction of next-generation ERP system Start global management of human resources

Business Policies for Fiscal 2021

Continuing efforts from fiscal 2020, the first year of the medium-term management plan, we will move forward with reforms to sales frameworks while also focusing on improving our ability to communicate our value, heightening our service value, and expanding contact points with customers. Meanwhile, we will carefully monitor market trends and appropriately tailor sales company operation measures accordingly based on the conditions pertaining to the COVID-19 pandemic.

Major Initiatives Pertaining to Priority Themes for Fiscal 2021

Improvement of Ability to Communicate Brand and Product Value

To improve our ability to communicate brand and product value, we accelerated efforts to drive customer traffic through digital marketing. The practice of having sales companies directly communicate our value to customers in their respective countries has become an entrenched part of our operations. The number of sales measures implemented will continue to be increased going forward, and we will also work to improve the rate of purchases while directing customers to our stores. Meanwhile, we keep shifting more expenses toward improving customer value while allocating greater quantities of resources for communicating our value.

Improvement of Service Value

We aim to improve service value through proposals matched to customer life stages with regard to regions and products in order to maximize lifetime value for customers.

Expansion of Contact Points with Customers

We continue to develop experience-oriented stores, which have powerful sales promotion benefits, around the world as part of our efforts to expand contact points with customers. We are also advancing comprehensive e-commerce strategies that encompass both BtoC and BtoB offerings in order to improve operation efficiency. Looking at efforts by region, we are expanding our network of specialty shops centered on Tier 4 and Tier 5 rural cities in China, bolstering sales networks and accelerating exhibitions of mid-range and high-end products in India, and enhancing existing stores in the ASEAN region.

Response to the COVID-19 Pandemic

In responding to the COVID-19 pandemic, we placed the health and safety of our customers, business partners, employees, and their families as our top priority, emphasizing measures for preventing the spread of the virus while carefully monitoring market trends.

The conditions vary by market, and we are moving forward with sales framework reform initiatives with a focus on digital marketing and e-commerce while accounting for these changes.

PRODUCTION

While pursuing our strengths of craftsmanship and advanced technologies, we will establish optimal foundations for global production and bolster our production capacity to industry-leading levels. By doing so, we will further enhance our production operations in terms of quality, cost, delivery, safety, and the environment (QCDSE).



The Strengths of Yamaha's Production Craftsmanship and Technologies

Amid our long history of being involved in the production of musical instruments, we have refined the craftsmanship capabilities that have helped us put the finishing touches on even better musical instruments. Craftsmanship involves creating products through the vision and handiwork of people, and our craftsmanship is a significant element in differentiating ourselves from other companies. Linking our craftsmanship capabilities with our proprietary technology for the scientific evaluation of assessing human sensibilities is another important factor in realizing further differentiation.

Meanwhile, through scientific research of each production process and the utilization of cutting-edge techniques, we have accumulated a foundation of industry-leading manufacturing technologies. The fact that we are able to maintain and integrate our refined craftsmanship capabilities and advanced technologies at a high level is what sets our production processes apart from other companies. It also serves as a source of our competitiveness.

Global Production Structure

From early on in our history, we have established overseas production bases. Currently, we have key production bases in Japan, China, Indonesia, Malaysia, and India. The establishment of a global production structure optimized to each of our business domains is another factor that contributes to our overwhelmingly high level of competitiveness.

Yamaha Technical Skills Training

Putting the finishing touches on a musical instrument is a kind of craftsmanship that represents both an art and a technique. By working to visualize and transform tacit knowledge of craftsmanship to explicit knowledge, we established the Yamaha Technical Skills Training, thereby enabling this know-how and craftsmanship to be transmitted and shared across the Company. In this way, we made it easier for our young technicians to inherit the exceptional skills of their predecessors and pass those skills down to future generations. Recently, we have been making use of IT and IoT technologies within this training.

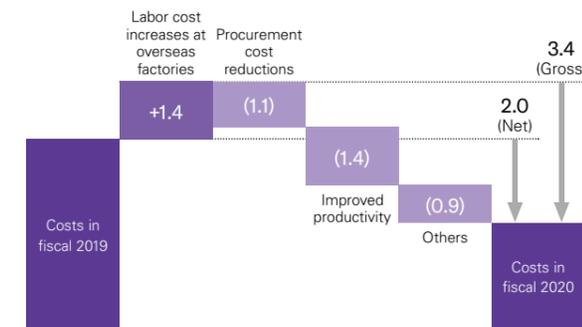
In our efforts to establish a global production structure, the Yamaha Technical Skills Training has been playing a key role in cultivating personnel responsible for production at each production base.

Review of Fiscal 2020

We succeeded in maintaining a consistent supply of products to the market throughout fiscal 2020, despite the fluctuations in production volumes due to the tariffs arising from the trade friction between the United States and China and the halts to production activities in China as a result of the pandemic. In numeric terms, cost reductions exceeded our initial plans, and we also bolstered production volumes through the establishment of new factories in India and Indonesia. Elsewhere, substantial progress was made in the automation, IoT, and global procurement measures that underpin our manufacturing strategies.

Cost Reduction Analysis

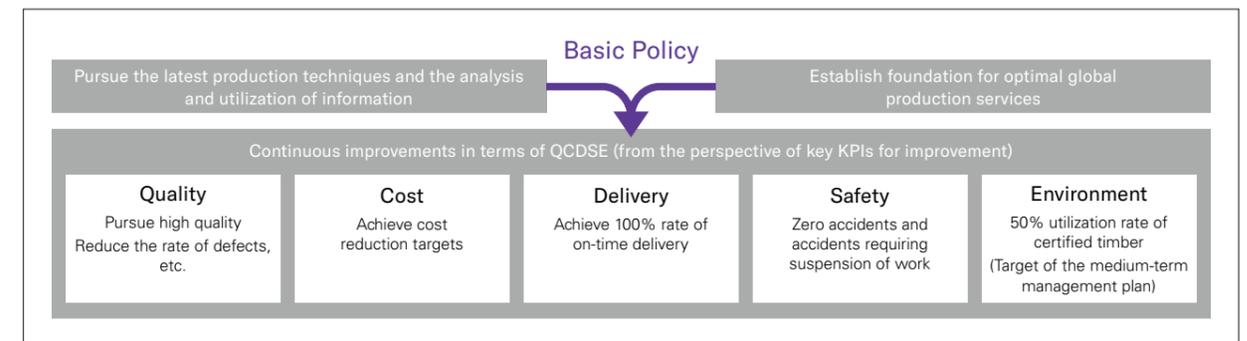
(Billions of yen)



Approach under the Medium-Term Management Plan

Our production strategy under the medium-term management plan is built upon the three pillars of production engineering, production information management, and global production services. For production engineering, we are creating value by innovating our production methods. In terms of production information management, we are examining how we can best manage production information with a view to improving and evolving our overall production operations. Global production services essentially boils down to establishing a production infrastructure, as this part of our strategy involves the organizational and personnel structure of our production operations as well as the procurement of materials and components. In tandem with pursuing the three pillars of our production strategy, we will combine our craftsmanship capabilities and advanced technologies at a high level, thereby further enhancing our production operations in terms of QCDSE.

Business Strategies of Make Waves 1.0 Medium-Term Management Plan



Progress in Key Strategies of the Medium-Term Management Plan and Priority Themes for Fiscal 2021

Key Strategies	Specific Initiatives	Progress in Fiscal 2020	Priority Themes for Fiscal 2021
Production engineering (Production hardware) Develop technologies to innovate production processes Establish competitive production processes	Reorganization of production processes, establishment of new factories, promotion of process automation and RPA, development of production methods and material development, enhancement of production processes	<ul style="list-style-type: none"> Development of acoustic guitar production system and commencement of shipments at factory in India Renovations, despite delays, of production facilities at Suzhou Factory in China for full-fledged production of piano frames Commencement of operation of coating robots and measures for environmental regulations 	<ul style="list-style-type: none"> Bolster production capacity and develop production methodologies in conjunction with market recovery after the pandemic Promote labor-efficient production and measures for environmental issues
Production information management (Production software) Realize a digital transformation within our production management	Establishment and evolution of SCM systems, utilization of IoT, analysis of production information and improvement in utilization capabilities, establishment of production structure linked to market trends	<ul style="list-style-type: none"> On-schedule progress in developing standardized production management system (target of introducing SCM system within period of the medium-term management plan) Trial introduction of IoT platforms for certain processes at multiple factories 	<ul style="list-style-type: none"> Redesign standardized production management system through digital transformation Utilize digital twin approach linking physical factories with virtual counterparts through the IoT
Global production services (Production infrastructure) Strengthen production structure (organization and personnel) Stabilize procurement and reduce costs by establishing a procurement structure	Establishment of regional headquarters, development and optimal allocation of human resources, establishment and enhancement of global procurement structure, promotion of sustainable forest resources	<ul style="list-style-type: none"> Procurement cost reduction of ¥1,120 million Goal of 40% rate of certified timber use within sight On-schedule progress in establishment of area oversight functions Consolidation of suppliers (decreased from 1,720 to 1,653) 	<ul style="list-style-type: none"> Establish global procurement system and ensure functionality Enhance human resources for specific positions and optimally position personnel

Major Initiatives Pertaining to Priority Themes for Fiscal 2021

In fiscal 2021, we will promote the digitization of production management by moving forward with the development of a new SCM system with the aim of introducing this system during the period of the medium-term management plan. This system will allow for the integrated management of information pertaining to all steps of the creation of diverse products, ranging from production to sales, making it possible to supply the desired products where, when, and in the quantity needed. We will also automate the collection of production data through the use of IoT technologies to realize improvements with regard to quality, costs, and delivery through means such as analyzing factory equipment operating rates and improving production quality. Meanwhile, we will digitize production management data by coordinating core systems and other cutting-edge IT tools to install the infrastructure for automating work on production floors. We thereby aim to ensure that we can maintain consistent and appropriate levels of supply in response to market demand, even amid the COVID-19 pandemic.

Sustainability of Forest Resources (Timber Procurement)

Taking into account the fact that we use a diverse range of timber in our business activities, we are actively promoting efforts to maintain valuable timber resources and utilize these resources sustainably with a focus on 50 to 100 years in the future. In addition to giving

consideration to the preservation of forests and the volume of timber resources, it is imperative that we ensure our supply chain is economically sustainable as well. We are therefore contributing to the development of local communities in timber-producing areas through the creation of employment opportunities and the establishment of infrastructure.

Strategic Significance of New Factory in India

Yamaha's new factory in India was constructed to respond to the projected increase in demand for musical instruments and audio equipment to result from the expansion of the middle class in emerging countries. This factory serves as a base for producing and supplying entry-level portable keyboards, acoustic guitars, and PA equipment and has the potential to become an important base for exports to the Near and Middle East and Europe. India is a growth market that ranks right after China in importance. By optimizing planning, procurement, production, and distribution functions for this market, this factory integrates manufacturing, sales, and technical services to deliver products with superior levels of cost competitiveness. Furthermore, we utilize the sales warehouse attached to the factory to grow sales in the Indian market. This factory is oriented both toward local production and consumption and to establishing a production base outside of China for manufacturing products for the U.S. market.

RESEARCH AND DEVELOPMENT

By further refining and enhancing the combination of technologies and sensibilities, which represents our long-cultivated core competence, we will develop products and services that are overwhelmingly competitive and responsive to the changing times and thereby contribute to profit generation and business growth.



The Strengths of Yamaha's Research and Development (R&D)

We have inherited the craftsmanship capabilities and sensibilities toward sound creation that Yamaha has cultivated over its long history, which spans generations. With these capabilities and sensibilities as our foundation, we possess a deep understanding of and vast insight related to sensibilities for determining a good sound and a good sound environment. These serve as our unique strengths and enable us to differentiate ourselves from our competitors. We have established sensibility evaluation technologies as a means to effectively utilize our insight on sensibilities. Leveraging these technologies, we are striving to meld our various other technologies, such as our acoustic, digital, and electronic technologies, which in turn will enable us to offer unique products and services that cannot be imitated by competitors. Our foundation of organizational knowledge pertaining to sensibilities toward sound, which have been cultivated over our long history, and sensibility evaluation technologies serve as a major source of our competitiveness in the global market.

Review of Fiscal 2020

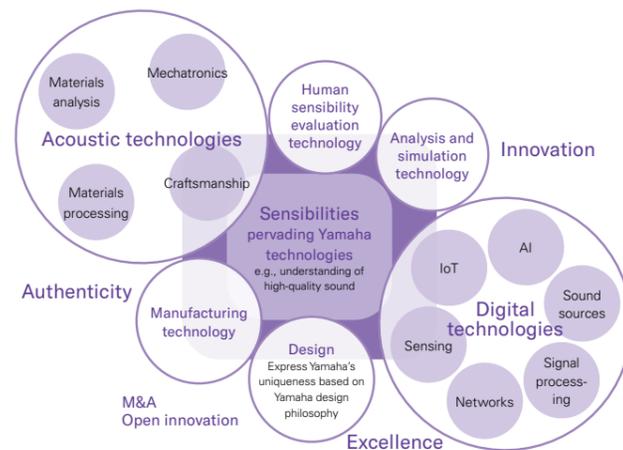
In the first year of the medium-term management plan, steady progress was made in initiatives based on the core themes of the plan, moving us forward in achieving the overarching goal of creating new value through the combination of technologies and sensibilities. Progress was particularly strong in the AI field, where various technological feats were accomplished through the combination of technologies and sensibilities. Examples of these accomplishments included systems that reproduce the voices of singers and the performances of pianists as well as systems that play images and sounds based on the movements of conductors and automated musical transcription apps. We also accelerated open innovation activities, through means such as joint research with domestic and overseas universities, as we advanced research aimed at creating new value for the future.

What Does the Combination of Technologies and Sensibilities Entail?

Yamaha's strength of combining technologies and sensibilities essentially boils down to gaining a scientific understanding on the value of sensibility centered on sound, and leveraging this understanding to commercialize products. The value of human sensibilities for determining what constitutes a good sound and a good sound environment is not something that can be represented by simple quantitative data. In addition, scientifically analyzing the appeal and value of music and incorporating these elements into products and services is also something that requires a deep understanding on the value of sensibility centered on sound. At Yamaha, we have cultivated such a scientific understanding and insight through our long history, which began with the creation of musical instruments. Drawing on this sensibility value as our core competence, we are able to provide truly unique products and services through the combination of our wide range of technologies.

Various Technologies That Serve as a Source of Competitiveness

- Acoustic technologies
Technologies that support acoustic musical instruments
Craftsmanship capabilities, materials analysis, materials processing, mechatronics, etc.
- Digital technologies
Electronic technologies, best represented by our digital signal processing technologies
Sound sources, signal processing, networks, sensing, IoT, AI, etc.
- Sensibility evaluation technologies
Evaluation technologies pertaining to human recognition and sensibilities toward sound
- Analysis and simulation technologies
Analysis and simulation technologies related to sound, audio, music, etc.
- Manufacturing technologies
Technologies pertaining to production processes, such as manufacturing methods and RPA



Business Strategies of Make Waves 1.0 Medium-Term Management Plan

R&D Strategies under the New Medium-Term Management Plan

Creating New Value through the Combination of Technologies and Sensibilities—Enhancing Added Value with the Pursuit of Authenticity and Innovation

- Strengthen technologies in the fields of materials, elemental components, and AI
- Establish and innovate design and development methods
- Develop elemental technologies that extensively provide new value to customers on a continuous basis
- Develop technologies that contribute to sustainability and reduce environmental burden

Priority Themes for Fiscal 2021

- Enhancement of design and development methodologies through refinement of analytical and measurement technologies
- Creation of new value by developing essential technologies in the fields of materials, elemental components, and AI

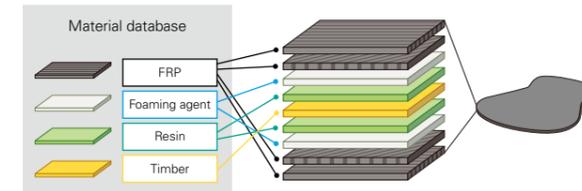
Reaching New Heights of Competitiveness by Enhancing Our Strengths in the Fields of Materials, Elemental Components, and AI

By incorporating innovative technologies in the fields of cutting-edge materials, elemental components, and AI, we will acquire an overwhelming level of competitiveness that will allow us to win out over the competition.

Fields of Materials and Elemental Components

In the fields of materials and elemental components, we will systematically organize our materials technologies (development and processing), which are currently spread across the Company, and establish platforms for sharing technologies that leverage our accumulated organizational knowledge on a Companywide basis. In this way, we will be able to promote more sophisticated and efficient R&D activities through the combination of technologies and sensibilities, which has become implicit knowledge within Yamaha.

Material Development That Leverages Our Databases as Platforms



Field of AI

By integrating our long-cultivated technologies and sensibilities with AI technologies, we will develop products and services that are uniquely Yamaha. For example, we are working to endow products with functions such as personalization of musical accompaniment and

Receipt of Minister of Internal Affairs and Communications' Award in 25th AMD Award Program

An AI reproduction of singer Hibari Misora using Yamaha's VOCALOID: AI™ singing voice synthesis technology won with the Minister of Internal Affairs and Communications' Award, the grand prize in the 25th AMD Award, Digital Content of the Year 2019 program sponsored by Association of Media in Digital (AMD). This project was selected from among 110 candidates for this award.



25th AMD Award ceremony

Receipt of award from Minister of Internal Affairs and Communications (right)

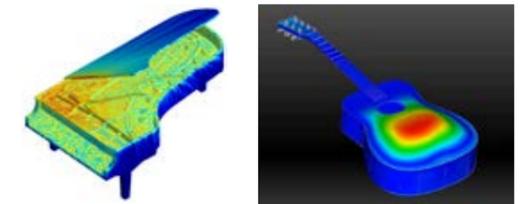
lessons, automated and assisted PA operation, synthesized singing voice technologies, and production of musical instrument sounds.

Establishing and Innovating Design and Development Methods

We will work to scientifically analyze and systematically organize design methods in order to promote more sophisticated and efficient R&D activities. By logically systematizing and standardizing elemental technologies such as measurement, analysis, simulation, and sensibility evaluation technologies, we will strive to establish and innovate our design methods on a Companywide level.

Additionally, we will dramatically enhance the speed of our development by utilizing AI analysis and simulation.

Rendering of Audio Analysis



Developing Elemental Technologies That Extensively Provide New Value to Customers on a Continuous Basis

We will focus our efforts on developing elemental technologies that support the diverse ways of enjoying sound, music, and musical instruments.

For example, by providing performance support through AI to allow even beginners to enjoy playing a musical instrument in a simplified manner, we are able to lower the hurdle for people to begin learning a musical instrument. In addition, through musical notation technologies, we can make it possible for people to enjoy the music they like at a level suited to individual playing skills. Going forward, we will refine our unique, cutting-edge sensibility evaluation technologies so that we can form close ties with all customers in a manner that caters to their age, experience, nationality, culture, and other characteristics.

Examples of Apps That Support Performing Artists

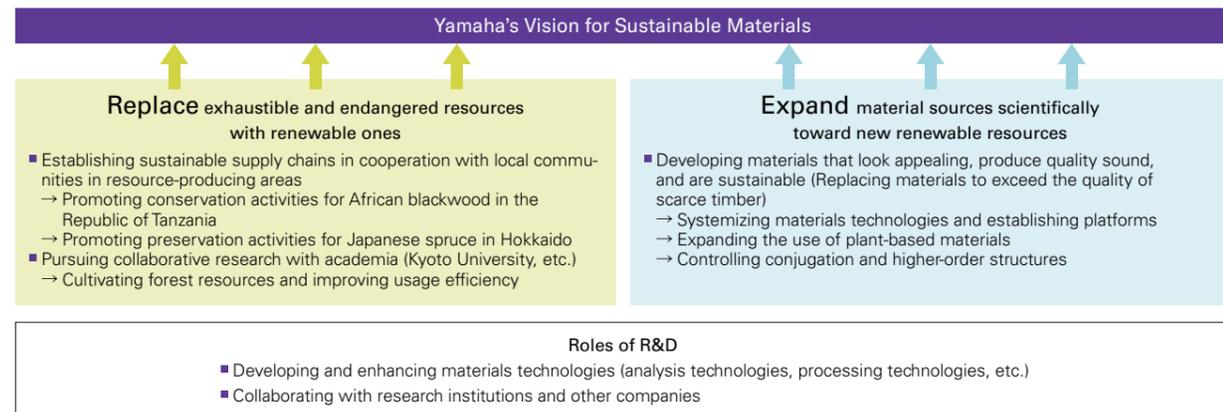


Efforts to Promote Sustainability within Our R&D Activities

In tandem with the aforementioned strategies pertaining to cutting-edge technologies, we are also actively engaging in efforts to promote sustainability. Timber is essentially a sustainable resource. In the future, rather than refraining from and moving beyond the use of timber, it is essential that we use timber in an appropriate manner to ensure that it remains sustainable. As a company with a base of materials technologies, we believe that we can play a major role in

establishing supply chains that allow for the creation of musical instruments with quality sound. Researching what type of timber to use and the ideal ways to use it is a means for us to discover new solutions. We have concluded a comprehensive research agreement with Kyoto University, and will pursue further collaboration with outside research institutions and companies over the medium to long term as we move forward with the development of new sustainable materials and other endeavors.

Approach to Sustainable Materials from Two Perspectives



TOPICS: R&D Innovations Creating New Value

Online Remote Ensemble Performance Service SYNCRROOM (Applied Technology: Low-Latency Network Connection Technology)

SYNCRROOM is an online remote ensemble performance service that enables several individuals to enjoy ensemble performances together from their respective homes. Using Yamaha's proprietary low-latency network connection technology, this service allows for satisfying ensemble performances to be performed without any sense of irregularity despite members being in remote locations.



Unified Communication Speakerphone YVC-330 (Applied Technology: SoundCap)

The YVC-330 unified communication speakerphone is equipped with SoundCap, a technology for limiting the range of sounds picked up by the speaker. YVC-330 will only pick up sound from its direct vicinity, even when used in open spaces with no walls to isolate sound. This product thus allows for remote meetings to be held without unwanted noise, contributing to remote communication with true freedom of location.

Truly Wireless Bluetooth Earphones TW-E7A (Applied Technology: Listening Care)

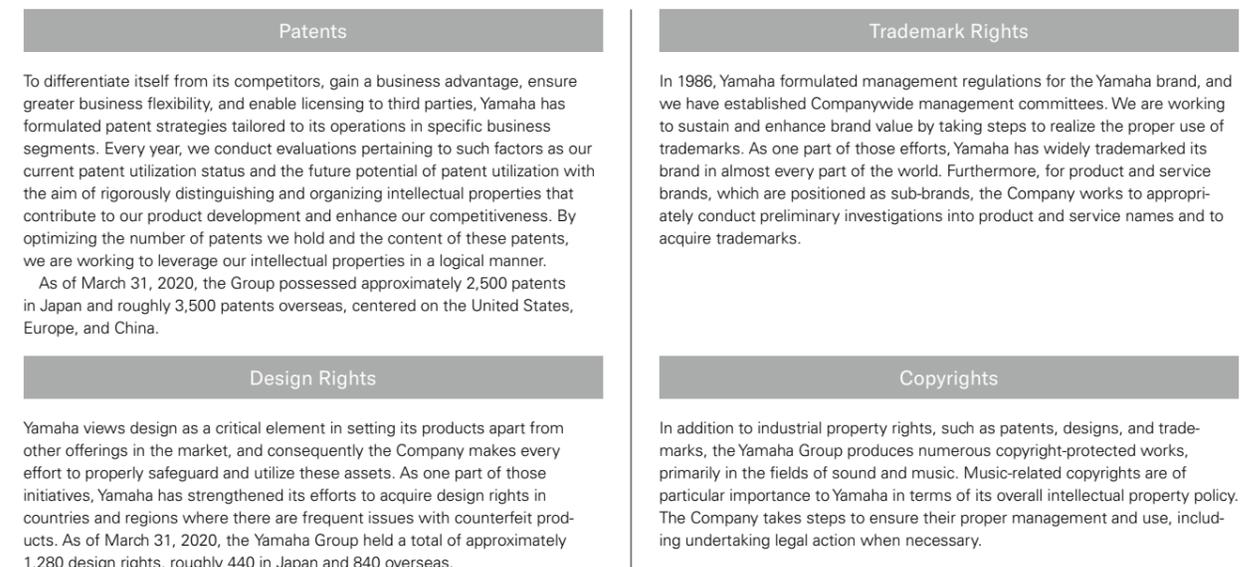
TW-E7A earphones are equipped with Yamaha's proprietary Listening Care technology. It has been estimated that 1.1 billion people, or roughly half of the world's music-loving youths, are at risk of hearing loss. Yamaha developed the Listening Care technology to address this social issue. Based on the technologies installed in Yamaha's AV receivers, this technology optimizes the balance of sound in accordance with the volume in order to reduce the burden placed on the listener's ears.



Intellectual Property

We are advancing a global intellectual property strategy and working to create, protect, manage, and utilize intellectual property. In these ways, we are taking steps to maintain and enhance corporate value and brand value.

Yamaha founder Torakusu Yamaha himself made many inventions and acquired patents for these inventions. Since the Company's founding, in coordination with our business activities, we have taken steps to create, protect, manage, and utilize intellectual property. Over many years of R&D and business activities, the Company has accumulated a range of intellectual property, such as ideas, designs, trademarks, and copyright-protected works. Through the use of patents, design rights, trademark rights, copyrights, etc., we will continue to appropriately protect, manage, and utilize this intellectual property, thereby contributing to the Company's business operations. Moreover, to maintain and enhance brand value, we are taking steps to acquire intellectual property rights in a variety of fields in countries around the world. We are also aggressively implementing countermeasures to counterfeit products.



Anti-Counterfeiting Measures

In recent years, the number of cases of unauthorized third parties manufacturing and selling products under the Yamaha brand or reproducing counterfeit Yamaha product designs has been increasing. In response, we are taking steps to eliminate economic disadvantages and secure safety for consumers, and in turn to maintain trust in the Yamaha brand. To that end, we continue to monitor the use of intellectual property rights and implement aggressive countermeasures

through administrative and legal routes. At the same time, we are also focusing on countermeasures to prevent counterfeit product sales through the internet and social media. Going forward, Yamaha will implement aggressive legal measures, including lawsuits, to protect the Company's brands, consumer trust in the Yamaha brand, and the Company's businesses.

DESIGN

Design is a crucial component of the Yamaha brand. Yamaha was quick to adopt an emphasis on design. In 1963, we established an in-house organization dedicated to design, which has since continued to support the Yamaha brand. In recent years, we have expanded the area of operation for this in-house organization, working to design various contact points with customers with the aim of enhancing our brand value.



STORIA™ Acoustic Guitar

The STORIA™ acoustic guitar was created for millennials, who value connections and empathy with other people based on their own unique style. The design makes it easy to pick up and play, thereby making guitars a closer part of people's lives. To that end, the guitar pursues a beautiful, charming appearance and a shape that makes it easy to play. With its inner colors, uniform metal parts, and other features, the STORIA™ acoustic guitar was crafted with attention to detail.

— GOOD DESIGN AWARD 2019
Product category design award, 2020 iF Product Design Award



CP88 and CP73 Stage Pianos

The CP88 and CP73 stage pianos continue a rich tradition as the newest in the CP Series of keyboards designed for live performances. In addition to complementing our prior line of 88-key models with a new 73-key model, we completely revised even the most minute details of these pianos, right down to the button feel. With an illustrious metallic body and a design that exhibits the elegance of a piano, despite being compact, these pianos will have strong presence alongside other instruments on stages.

— Red Dot Award: Product Design 2020
Silver Award, DFA Designs for Asia Award 2019
Product category design award, 2020 iF Product Design Award
GOOD DESIGN AWARD 2019
German Design Award 2021



The Five Elements of Our Design Philosophy (Formulated in 1987)

<p>INTEGRITY Design that respects the essence of the object</p>	<p>INNOVATIVE Creative design</p>	<p>AESTHETIC Beautiful design</p>	<p>UNOBTRUSIVE Restrained design</p>	<p>SOCIAL RESPONSIBILITY Design that meets the needs of today's society</p>
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Yamaha's Design Philosophy—Development Emphasizing Design

For four months beginning with October 2019, a special exhibit on Yamaha's design philosophy, and how it aims to give form to the future, was held at the Innovation Road corporate museum. This exhibit looked back on the approach toward development emphasizing design that Yamaha has embraced since the 2000s and featured around 30 works from 12 different exhibitions. Guidance panels and videos provided information on the themes of each exhibition and how they evolved. These panels and videos also featured comments on the items from customers and design critics from the respective time periods. The exhibit included items that had previously only been displayed overseas or only shown to product-related staff. With so many rare items assembled under a single roof, the exhibit drew a

wide range of visitors, including members of the design industry and the general public and even employees. Visitors left with a deeper understanding of the design philosophy Yamaha has forged through its ongoing design activities. Specific examples of the items exhibited included a line of furniture designed with musical instruments in mind commercialized by a furniture manufacturer based on design proposals and the YEV electric violin that graduated from a design competition to become an actual product. These items helped visitors see how the Company values innovation and the essence that is transmitted from Yamaha's approach toward development emphasizing design on to its products.



Left and top: Exhibit displaying around 30 items announced at past exhibitions
Bottom: Bench designed to store a guitar (left) and work exhibited at French design event together with Yamaha Motor Co., Ltd. (right)

YAMAHA'S DESIGN

Earning strong market praise and establishing unique design aesthetic through constant engagement with new themes



Sonogenic SHS-500 Keytars

The Sonogenic SHS-500 is a "keytar," a compact digital keyboard that can be held like a guitar, designed to allow anyone to experience the fun of musical performance immediately, even if they have never played a keyboard before. Sonogenic keytars feature a body shape that allows for a wider range of performances. We offer two sporty colors—red and black—to entice even first-time keyboard players to take these keytars in hand as they can also function as a fashion accessory in a similar manner as a skateboard. These considerations have made for a design that is conducive to active performances, whether at home or on stage.

— Red Dot Award: Product Design 2020
Product category design award, 2020 iF Product Design Award
German Design Award 2021



TW-E5A Truly Wireless Bluetooth Earphones

The TW-E5A is a set of truly wireless Bluetooth earphones designed based on the theme of delivering sound that reverberates through the body and soul of listeners, with its main target being people who have discerning tastes for both sound quality and style. These earphones boast an elegant body design that uses curves to portray a motif of musical instruments while featuring a simple yet exquisite feel that invites extended use. The earphone portion is designed with a streamlined shape to fit comfortably in user ears for discomfort-free listening while delivering high sound quality.

THR-II Series Guitar Amplifiers

There are guitarists who want to be able to play their instrument at any time. The THR-II Series of desktop guitar amplifiers helps realize this desire and has thus come to be loved by guitarists around the world. Seeking to make the manipulation of switches and knobs a tactile experience, we used metal in the bodies and handles of these amplifiers to endow them with a sense of strength and brashness while taking other steps to create a design that was suited to the various places and situations in which guitarists play.



HUMAN RESOURCES

We are working to create an environment that emphasizes respect for the individuality and autonomy of employees with unique personalities and diverse backgrounds in order to enable them to fully demonstrate their sensibilities and creativity. At the same time, by promoting human resources management, which includes cultivating and developing personnel, through a globally uniform structure, we aim to enhance and fully utilize our human capital in order to grow and develop our business while achieving ongoing improvements in corporate value.



Basic Policy

Yamaha believes that human resources are the source of corporate value creation and the driving force behind sustainable growth. We therefore recognize that the development of a corporate culture that motivates employees and enables them to fully exercise their talent is paramount to the growth of individual employees and to the improvement of corporate value.

Accordingly, we are promoting human resources development programs that enable all our diverse employees to fully leverage their talents and express themselves freely, regardless of race, nationality, gender, and other characteristics. These programs also help our human resources achieve growth as professionals. In addition, we are providing support to help our employees achieve a work-life balance by developing their career alongside life events such as giving birth, raising children, or providing nursing care. In these ways, we are creating workplace environments where employees can work with a high level of enthusiasm.

Vision Targeted under the Medium-Term Management Plan

- Optimally allocate personnel on a global basis, regardless of race, nationality, gender, or age; work to fully leverage the capabilities of our human resources by finding the best organization for each employee to belong to and improving individual motivation and fulfillment
- Give global consideration to employee human rights through promotion of diversity and inclusion, communication between employees and management, and occupational health and safety; ensure that all employees dedicate themselves to creating value while working with peace of mind

Review of Fiscal 2020

In fiscal 2020, we established guidelines to facilitate more appropriate implementation of the Group Human Resources Management Policies & Rules that define basic policies regarding human resources management. Understanding and entrenchment of these guidelines is being promoted at domestic and overseas Group companies. We also developed global grading standards to serve as a platform for the globally integrated management of human resources and commenced the implementation of career development plans as a new framework for cultivating future managers and personnel for core positions.

Initiatives to more fully utilize human resources included the revision of human resources systems and rehiring systems to place greater emphasis on role and specialties to make for systems that

give higher evaluations to employees who passionately fulfill their role and contribute to the creation of value. In addition, we conducted leadership skill training for managers at domestic companies based on our belief that improving the quality of workplace communication is imperative to responding to increasingly complex work issues and utilizing diverse human resources.

As for initiatives pertaining to respect for human rights, we published the Guidelines for Labor and Human Rights to facilitate understanding and discoveries with regard to corporate frameworks for promoting respect for human rights, and awareness of these guidelines was spread on a global basis.



Yamaha Human Rights Guidebook

Initiatives for supporting sexual minorities included revising work regulations to make Company systems applicable to same-sex partners, establishing consultation venues, and other efforts to foster a workplace environment in which diverse employees are able to deliver their maximum performance with peace of mind.

As a reflection of the evaluations of these initiatives, in October 2019 Yamaha was awarded with the highest rating of gold in the PRIDE INDEX, an index compiled by work with Pride to recognize the initiatives of companies and other organizations for supporting members of the LGBT community and other sexual minorities.



As part of our workstyle reforms, we introduced a teleworking system that can be used for childcare or nursing care purposes. The range of reasons for which this system can be used was later revised to encourage use of the system as one of our measures for responding to the COVID-19 pandemic.

Strategies for Fiscal 2021

Global Human Resources Management, Development, and Utilization

Yamaha seeks to enable its employees to feel empowered in their work as they exercise their individuality and autonomy while also implementing business strategies in an increasingly complicated operating environment. To accomplish these aims, we are accelerating human resources management practices that emphasize independence and diversity. For example, we are creating career development frameworks that allow for a constant link between employees' desires for skill development and the improvement of corporate value, more extensively implementing career development programs based on global grading standards, and refining human resources development systems. Furthermore, regular monitoring based on the previously established Group Human Resources Management Policies & Rules is carried out in order to better utilize human resources across the Group.

Diversity and Inclusion and Work-Life Balance

Yamaha conducts Groupwide monitoring pertaining to human rights and promotes employee human rights awareness while also administering awareness surveys to gauge employee motivation and workplace comfort in order to foster greater levels of trust between the Company and employees. To empower female employees, we are offering support for the perspectives of skill and mindset development to encourage female employees to feel motivated and pursue constant progress in their careers. To this end, we provide training for employees returning from childcare leave and for their supervisors as well as skill development training before and after female employees are promoted to managerial positions.

In fiscal 2021, Yamaha made smoking prohibited on all Company premises in the area around the Yamaha Corporation headquarters as

part of the Company's efforts to promote employee health. Going forward, we intend to prohibit smoking at business sites in Tokyo and Osaka as well as at domestic Group companies while also stepping up health guidance at these sites.



Response to the COVID-19 Pandemic and Workstyle Reforms

After Japan instituted its state of emergency declaration in response to the COVID-19 pandemic, a large number of employees working in offices switched over to teleworking (no limits were imposed on the scope of employees given access to this option). We have since made significant progress in promoting communication using tools such as online conference chat systems and in reforming processes that had previously been built on the assumption of coming into the office and engaging in face-to-face interactions. Meanwhile, we are acting with the safety of customers and employees as our top priority at domestic and overseas sales offices and production bases, seeking out means of fostering mutual understanding and sharing information, even as we face restrictions in our business activities. These initiatives have taught us means of improving engagement and maintaining business continuity under circumstances that impede the sharing of information among workplaces. Going forward, we will overhaul our teleworking system to facilitate contributions from our diverse human resources via equally diverse workstyles and thereby create new value.

