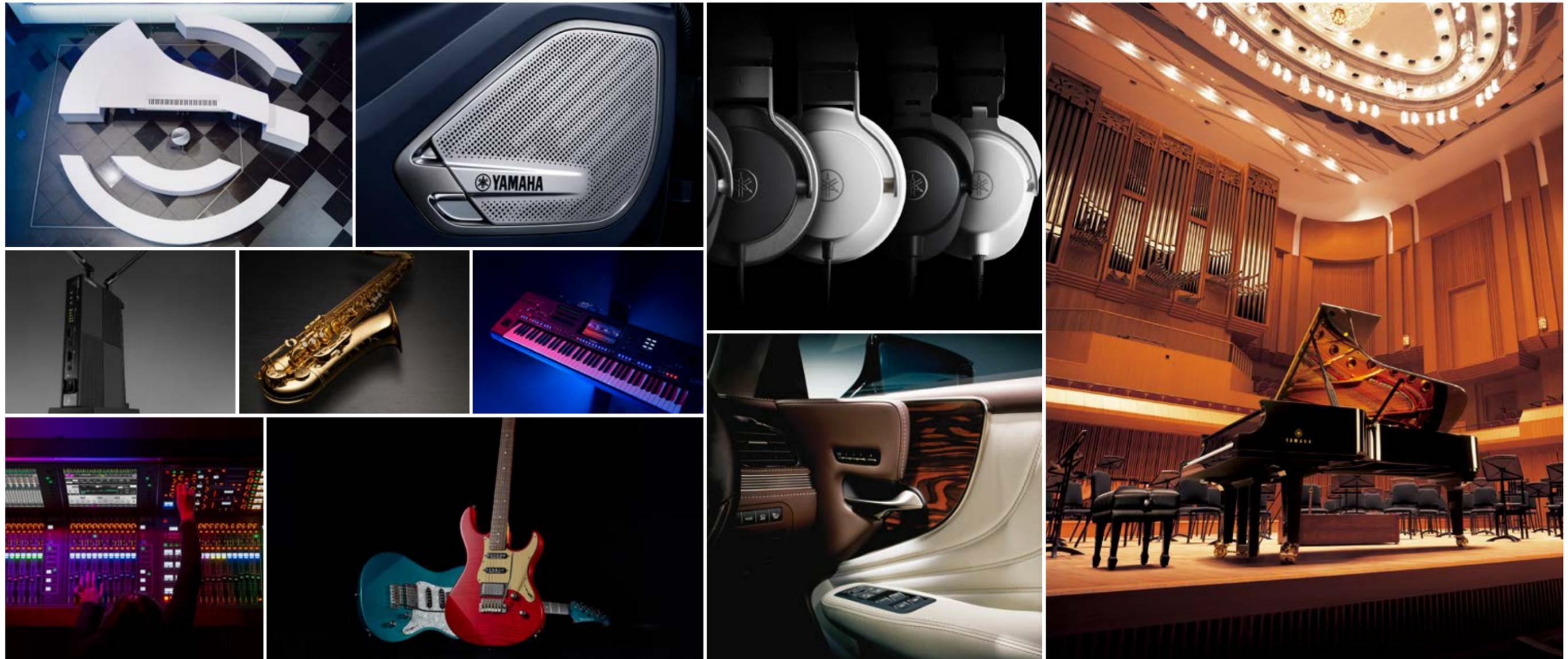


STRATEGY SECTION

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MUSICAL INSTRUMENTS BUSINESS

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

Takuya Nakata
 Director, President and Representative Executive Officer
 Executive General Manager of Musical Instruments Business Unit



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

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	Risks
<ul style="list-style-type: none"> Improvement in the promotion of value that fits the life stage of each customer through digital marketing Enhancement of product development capabilities for pursuing the essence of musical instruments due to the progression of digital technologies and AI 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 Rise in new ways of enjoying musical instruments online that incorporate remote technologies 	<ul style="list-style-type: none"> Impacts 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 2022

1. Implement key strategies of the medium-term management plan and rebuild foundations for sales and profit growth
2. Enhance and accelerate sustainability initiatives
3. Improve resilience

Business Policies for Fiscal 2022

In the challenging operating environment projected, we will pursue improved brand power and high earnings with a focus on rebuilding foundations for sales and profit growth, enhancing and accelerating sustainability initiatives, and improving resilience through initiatives built on top of the foundations furnished by the key strategies of the medium-term management plan.

Major Initiatives Pertaining to Priority Themes for Fiscal 2022

Implementation of Key Strategies of the Medium-Term Management Plan and Rebuilding of Foundations for Sales and Profit Growth

In response to the temporary slowdown in sales and profit growth caused by the COVID-19 pandemic, we will take steps to rebuild growth foundations by ramping up product development and new value creation activities; strengthening management of production, sales, and inventories; and optimizing selling prices. Amid the new normal created by the pandemic, the need for ways to learn and enjoy musical instruments at home is rising. We will therefore seek to respond to this need through both products and services. Moreover, we will adapt to changes in production and distribution trends by heightening the precision of production, sales, and inventory management to take advantage of sales opportunities. Meanwhile, selling prices will be optimized based on the trends seen in specific markets to boost profits. Wind, string, and percussion instrument operations are facing a challenging environment due to factors such as the restrictions placed on group performances. These challenges will be met by an increased drive to recover sales through online sales promotions.

Enhancement and Acceleration of Sustainability Initiatives

Efforts to ensure the sustainability of our corporate activities will include working to ensure that the maximum value is extracted from finite resources, incorporating an eco-friendly perspective into design and production activities, and reinforcing frameworks for after-sales recycling, reuse, and other functions. At the same time, we are engaged in a variety of social contribution activities as part of our business. These activities include the School Project underway in emerging countries, musical instrument donations and other education support efforts, and scholarships for cultivating individuals capable of furthering the development of music culture in Japan and overseas.

Improvement of Resilience

The production activity restrictions and parts procurement market disruptions caused by the COVID-19 pandemic forced us to reacknowledge the importance of corporate resilience. Seeking to improve corporate resilience, we are providing products matched to customer lifestyles, strategically enhancing after-sales services and other aspects of quality assurance, reinforcing development frameworks for supporting robust SCM, and taking other steps to ensure we can continue supplying high-quality products and services.

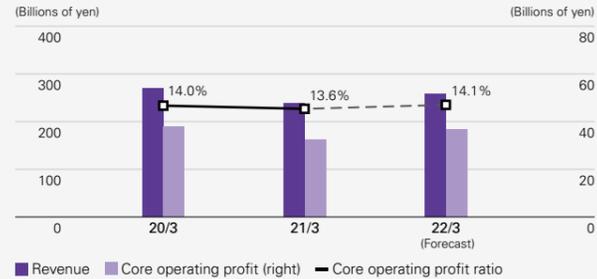
Business Overview

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* (sensitivity) 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.

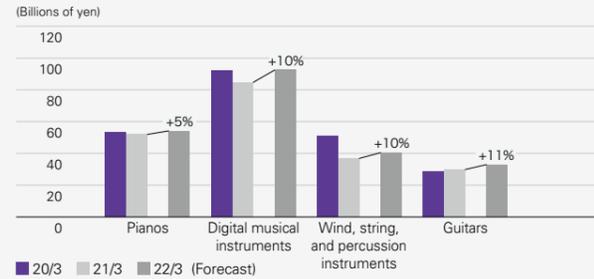
Review of Fiscal 2021

In the musical instruments business, revenue and profit were down year on year as a result of the activity restrictions imposed in response to the COVID-19 pandemic as well as the procurement issues that arose from a fire at the factory of a parts supplier. We responded to these issues through measures including the swift development of designs using alternative parts and the review of expenses related to our business activities. Measures implemented in fiscal 2021 included strengthening our connections with customers and with society under the new normal by promoting digital marketing, e-commerce, and live commerce initiatives. Meanwhile, we launched a number of distinctive products, including the CLP-700 series of digital pianos that offer a high level of expressiveness to match the sensitivity of the player and the YDS-150 digital saxophone that couples the expressiveness of a standard saxophone with noise-reduction features. Another new product introduced was Charlie™, the world's first communication robot to communicate via singing.

Revenue / Core Operating Profit / Core Operating Profit Ratio



Sales of Major Products



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

Overview of Markets and Yamaha's Operations	Yamaha's Strengths	Main Competitors
<p>Pianos</p> <ul style="list-style-type: none"> Continued growth in the piano market in China Increasing focus on higher value in mature markets 	<ul style="list-style-type: none"> Robust lineup that can accommodate customers of all levels developed through dedication to the fundamental essence of acoustic pianos Wide-ranging proposals for enjoying pianos that apply 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)
<p>Digital musical instruments</p> <ul style="list-style-type: none"> Strong performance of digital pianos amid rising demand as people increasingly stay home in response to the COVID-19 pandemic Growth in portable keyboard sales volumes due to market exploration with miniature keyboards and launch of models designed specifically for the Indian market Sluggish market for stage keyboards as a result of reduced opportunities for performances amid the COVID-19 pandemic, but highly positive response for new products equipped with newly developed organ sound source 	<ul style="list-style-type: none"> Strong brand image and high market share backed by quality Extensive product lineup matched to diverse user needs Development capabilities, production bases, and wide-ranging sales channels allowing for supply of models with functions and content tailored to the local music traditions of Western markets as well as emerging markets 	<ul style="list-style-type: none"> Casio Computer Co., Ltd. (Japan) Roland Corporation (Japan) Kawai Musical Instruments Manufacturing (Japan) KORG Inc. (Japan)
<p>Wind, string, and percussion instruments</p> <ul style="list-style-type: none"> Lower global demand as school and community wind band activities were restricted as a result of the COVID-19 pandemic Growth in demand for digital drums, digital wind instruments, and digital violins, which can be played easily at home Recovery in demand projected as restrictions on concerts are lifted in response to vaccine rollouts 	<ul style="list-style-type: none"> Production and sales of almost all instruments used in wind bands and orchestras Broad lineup of products for customers ranging from beginners to professional performers Product development capabilities capitalizing on digital instrument and other expertise as a comprehensive musical instruments manufacturer Expertise in stimulating demand for wind instruments through coordination with professional performers and music instructors 	<ul style="list-style-type: none"> Buffet Crampon SAS (France) Eastman Music Company (United States) Conn-Selmer, Inc. (United States) JINBAO (China)
<p>Guitars</p> <ul style="list-style-type: none"> Reduced demand for concert-related products due to the COVID-19 pandemic, but ongoing moderate growth in guitar sales as a result of demand associated with people increasingly staying home centered on Europe and the United States 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)

* Yamaha estimation, as of March 31, 2021

PIANO BUSINESS



Global market share for Yamaha's products **Pianos: 39%***
Revenue (Fiscal 2021): **¥51.9 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 2022
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 (expand and strengthen sales channels, plan and sell region-specific models) Increase ratio of sales of hybrid pianos in mature markets
Propose diverse product value and strengthen customer engagement prefaced on IT and digital transformation	<ul style="list-style-type: none"> Develop products and technologies unique to Yamaha Create and propose music education solutions and services for generating lifetime value
Reinforce business platforms	<ul style="list-style-type: none"> Guarantee reliable supplies

Points of Emphasis in Achieving Targets

In the second year of the medium-term management plan, the COVID-19 pandemic caused store closures in countries around the world and supply difficulties. However, sales recovered to the pre-COVID-19 level in China, the largest market for the pianos. In addition, Yamaha succeed in growing its presence in the global market thanks to a rise in cross-border remote lessons using pianos with automatic performance functions and its ability to form relations with a broad range of stakeholders.

In the final year of the medium-term management plan, priorities will include ongoing efforts to expand and strengthen sales channels centered on the Chinese market to grow our customer portfolio, to promote sales of high-value-added models, and to enhance experience-oriented stores and solicitation opportunities. We will also seek to grow sales by guaranteeing stable supplies even in the current uncertain operating environment.

DIGITAL MUSICAL INSTRUMENTS BUSINESS



Global market share for Yamaha's products **Digital pianos: 47%***
Portable keyboards: 52%*
Revenue (Fiscal 2021): **¥84.7 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 2022
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"> Introduce new products and ramp up branding activities that accommodate the new ways of enjoying music popular among younger demographics Expand customer base through approach toward working women as well as younger demographics interested in dance music

Points of Emphasis in Achieving Targets

As we proceeded to expand our business portfolio with the announcement of new keyboard products and communication robots in the second year of the medium-term management plan, we saw a rise in demand related to people increasingly staying at home coupled with sales of easily affordable digital pianos and portable keyboards through e-commerce venues. Meanwhile, the COVID-19 pandemic restricted factory operation, impeding sales of mid-range and high-end products. We will seek to grow mid-range and high-end product operations, capitalize on the demand associated with people staying at home, and acquire new customers with affordable products in the final year of the plan. At the same time, we will advance sales strategies that accommodate the shift to e-commerce along with digital marketing as we endeavor to communicate Yamaha's brand value through a mix of physical and e-commerce sales values in order to maximize earnings.

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



Global market share for Yamaha's products **Wind instruments: 31%***
Drums: 11%*
Revenue (Fiscal 2021): **¥36.8 billion**

Business Overview

The wind, string, and percussion instruments business spans a wide range of products, including wind instruments such as trumpets, saxophones, and flutes; percussion instruments like timpani and marimbas; and acoustic and digital drums. 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 entry-level models that 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 2022
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 Improve brand power and grow market share by accurately communicating value of mid-range and high-end instruments
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 Accelerate sustainable wind instrument promotion activities and develop frameworks for sales to schools
Approach new customers with easier-to-play musical instruments	<ul style="list-style-type: none"> Approach new customers with musical instruments with new value to broaden player horizons

Points of Emphasis in Achieving Targets

The market contraction seen in the second year of the medium-term management plan, a result of the restrictions placed on group performances (wind instrument band, marching band, orchestra, etc.) by the COVID-19 pandemic, caused for a challenging operating environment. Nevertheless, we proceeded to promote our brand value via the internet, produce content employing leading artists, and utilize social media on a global scale in relation to our new digital saxophone. These new and other measures proved successful. In the final year of the plan, we will continue to communicate Yamaha's brand value via the internet while launching appealing new products developed jointly with artists and promoting sales of mid-range and high-end products to ensure that our brand is chosen by as many customers as possible. At the same time, we will move ahead with wind instrument promotion activities in China and emerging countries and work to broaden player horizons with musical instruments that are easier to play in order to create new markets.

GUITAR BUSINESS



Global market share for Yamaha's products **Guitars: 9%***
Revenue (Fiscal 2021): **¥29.8 billion**

Business Overview

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

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 2022
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	<ul style="list-style-type: none"> Enhance lineup of peripheral items including Line 6 and Ampeg brand and other amps and effectors Supply one-stop solutions for guitarists and bassists
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

We moved ahead with the deployment of new products and the planning and development of high-end models in the second year of the medium-term management plan to expand our lineup of mid-range and high-end products. At the same time, we deployed comprehensive solutions that employed amps, effectors, and other appealing peripherals. We also succeeded in capitalizing on the demand from individuals newly picking up the guitar amid the COVID-19 pandemic, thereby achieving higher sales in all product categories, accented by double-digit growth in China and Japan.

In the final year of the medium-term management plan, we will continue to move forward with the plan's key strategies while also striving to develop brand equity for Yamaha guitars. Focuses with this regard will include the enhancement of information provision through both physical and digital venues; planning and development of next-generation guitars that create new, appealing value; and region-specific growth strategies.

* Fiscal 2021, monetary value basis, based on surveys 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 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

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 and immersive sound technology development ■ 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 ■ Continuously stagnant demand for equipment for events and concerts due to the COVID-19 pandemic

Priority Themes for Fiscal 2022

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"> ■ Achieve grow through full-fledged advancement into the headphone field ■ Expand sound bar operations ■ Advance AV branding strategies (connect with millennials and other generations) 	<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 2022

In PA equipment operations, we will move forward with initiatives for stimulating the recovery of the concert market while redoubling our approach toward non-entertainment-related markets and promoting sales of personal-use music production equipment. AV product initiatives will include efforts to grow headphone operations through sales promotions advanced at physical stores and online and the expansion of our lineup. As for ICT equipment operations, we will look to link the rising remote demand to opportunities for business growth.

Major Initiatives Pertaining to Priority Themes for Fiscal 2022

PA Equipment

Faced with an opaque macroeconomic environment for PA equipment, we will expand our product and service offerings for addressing the high demand for personal music production and distribution in order to drive aggressive sales promotions. Equipment operation initiatives will include an accelerated approach toward companies, educational institutions, and other non-concert users as well as the ongoing proposal of products to upstream area customers, including facility owners and audio equipment consultants. 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 advance sales promotion activities at physical stores while also using online venues to heighten our sales capabilities by raising our brand recognition, communicating our value, and directing customers toward e-commerce websites. 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

Our communication equipment efforts will be geared toward growing sales of portable equipment that can be used in a variety of settings as well as installations that offer higher levels of quality. We will also ramp up our approach centered on equipment installation sales channels to increase the number of service providers who use Yamaha equipment. Network equipment initiatives, meanwhile, will be focused on proposals in response to teleworking demand, the bolstering of our product lineup, and the reinforcement of customer contact points.

Cloud Services

Yamaha is deploying a plethora of cloud services, including its multilanguage information provision services and touchless payment services, based on its SoundUD™ sound-powered telecommunications technology. Going forward, we will continue to create new services, such as the Remote Cheerer powered by SoundUD remote cheering system that can be used to communicate support from remote locations to sports and other events held without audiences amid the COVID-19 pandemic.

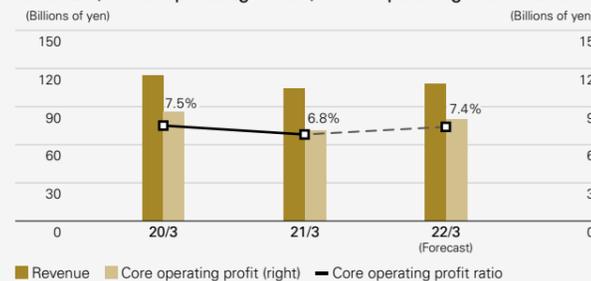
Business Overview

The audio equipment business is one of the business pillars of Yamaha, which develops a business centered on sound and music. 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.

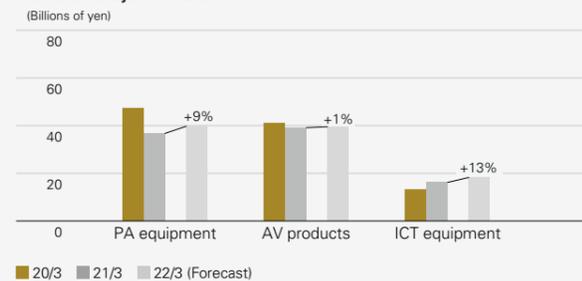
Review of Fiscal 2021

In fiscal 2021, the audio equipment business suffered year-on-year declines in revenue and profit as a result of the activity restrictions and production ramifications of the COVID-19 pandemic. In PA equipment operations, sales of concert-related products and equipment struggled due to a reduction in events. Conversely, substantial growth was seen in sales of music production equipment and other personal-use products due to the demand associated with people increasingly staying home. In AV products, sales were brisk for sound bars as well as for wireless headphones equipped with Yamaha's proprietary Listening Care technology. We also rolled out digital marketing campaigns based on the concept of TRUE SOUND for communicating the intent of creators while also endeavoring to solicit our value to millennials and a wide range of other customers. Meanwhile, in ICT equipment operations, we enjoyed massive increases in sales of communication equipment accommodating diverse needs amid rapid growth in remote meeting demand stimulated by the pandemic.

Revenue / Core Operating Profit / Core Operating Profit Ratio



Sales of Major Products



Overview of Markets by Mainstay Products and Yamaha's Operations / 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 ■ Updates to company and school facilities in response to the COVID-19 pandemic and in preparation for the period thereafter 	<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 Tribe (Philippines) Robert Bosch GmbH (Germany)
AV products	<ul style="list-style-type: none"> ■ Continuous growth in the headphones, sound bar, and wireless speaker markets ■ Further advancement in personalization free of time and space restrictions following popularization of streaming content 	<ul style="list-style-type: none"> ■ TRUE SOUND technology for communicating the 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"> ■ Audio communication products compatible with a wide range of usage cases ■ 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)

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 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

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"> Opaque market demand outlook due to the COVID-19 pandemic Difficult-to-predict fluctuations in customer plans due to global semiconductor shortages

Priority Themes for Fiscal 2022

Electronic devices (in-vehicle audio)	Automobile interior wood components	FA equipment
<ul style="list-style-type: none"> Increase the number of vehicles using in-vehicle audio systems and strengthen customer support and promotion base functions Grow domestic and overseas customer base for in-vehicle communication module products 	<ul style="list-style-type: none"> Expand North American customer base Strengthen earnings foundations through manufacturing cost reductions 	<ul style="list-style-type: none"> Bolster customer base by improving the functionality of and developing applications for flexible printed circuit board testing machines Increase customers using vehicle battery inspection equipment and develop lineup of ultrasound inspection equipment

Business Overview

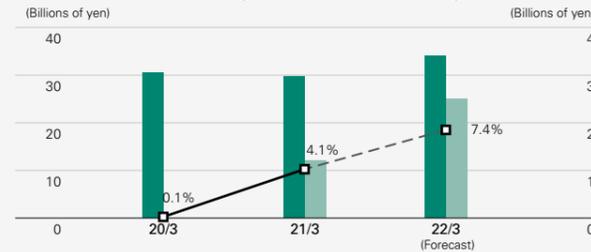
The industrial machinery and components business covers a broad range of fields, such as electronic devices, which started with the development of LSI for digital musical instruments; FA equipment, which originated in our musical instruments manufacturing facilities; and automobile interior wood components 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, there has been an increase in the number of vehicles employing our 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 expand the scale of the industrial machinery and components business as our third business pillar, alongside the musical instruments and audio equipment businesses.

Review of Fiscal 2021

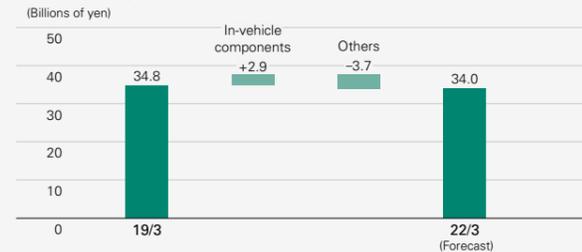
Sales of major products were favorable in the industrial machinery and components business, and this business enjoyed improvements in efficiency and consequently profitability. Automotive field operations are a major focus in this business. In this area, Yamaha brand in-vehicle audio systems were adopted by multiple automobile manufacturers. Mass production and shipments of these systems began in November 2020, and we expect to see an increasingly wide range of vehicles equipped with these systems in the future. Sales of in-vehicle communication module products were stagnant due to the COVID-19 pandemic, but the number of vehicles using these products is rising. Meanwhile, automobile interior wood components were up year on year due to the commencement of full-fledged shipments of components for use in new automobile models for the North American market. In FA equipment, sales of flexible printed circuit board testing machines were strong.

Revenue / Core Operating Profit / Core Operating Profit Ratio



Notes: The above graph shows figures for the industrial machinery and components business and other businesses.

Revenue Projection in Fiscal 2022



Note: The above graph shows figures for the industrial machinery and components business and other businesses.

Major Products / Overview of Markets / Yamaha's Strengths

Major Products	Overview of Markets	Yamaha's Strengths
Electronic devices In-vehicle audio systems, in-vehicle sound modules, in-vehicle image and digital sound field processor semiconductors, graphics LSIs and sound generators for amusement equipment, thermoelectric devices, etc.	<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
Automobile interior wood components Interior wood components for luxury cars of both Japanese and overseas automotive manufacturers that leverage the lumber processing and coating technologies used for pianos	<ul style="list-style-type: none"> Strong sales of high-end sport utility vehicles in which Yamaha products are installed 	<ul style="list-style-type: none"> Lumber processing, coating, and decorating technologies cultivated through traditional piano manufacturing practices
FA equipment Precision machines for flexible printed circuit board testing machines, leak detectors, robots, etc.	<ul style="list-style-type: none"> Growth in demand for testing machines due to rise in number of devices using flexible printed circuit boards in conjunction with increases in smartphone functionality Robust demand for investment in storage battery manufacturing equipment due to rapid popularization of EVs 	<ul style="list-style-type: none"> Superior levels of quality and reliability and cutting-edge technologies that realize high-speed, high-precision FA equipment

Business Policies for Fiscal 2022

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 2022

Electronic Devices (In-vehicle audio)

We will accelerate proposals that leverage our core sound technologies in electronic devices operations. In regard to in-vehicle audio systems, we will pursue our passion for sound in the unique sound environment inside automobiles to achieve differentiation via high sound quality and thereby increase the number of vehicles using our systems along with our brand recognition. By advertising the number of vehicles using Yamaha products, proposing sound systems matched to specific vehicle concepts, and bolstering our lineup, we aim to capture a share in the massive in-vehicle audio market. As for in-vehicle communication module products, we will take advantage of the opportunity created by the rise in regions requiring vehicles to be equipped with emergency notification systems to increase the number of vehicles using Yamaha products in Japan and overseas.

Automobile Interior Wood Components

We aim to expand the scale of our automobile interior wood components operations by growing our overseas customer base. Since 2018, 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 and AI technologies and the adoption of multi-lens cameras and other sophisticated features. Through swift responses to these requirements, we aim to have our products used by a wider range of customers. At the same time, we look to expand the scope of application of high-value-added testing machines for communication and automotive circuit boards and modules. Meanwhile, the rise in EVs is stimulating demand for vehicle battery inspection equipment and subsequently leak detectors. We aim to capitalize on this trend 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.



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.

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

The Strengths of Yamaha's Research and Development

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 2021

Even amid the COVID-19 pandemic, we continued to move forward with initiatives based on the core themes of the medium-term management plan with the aim of accomplishing our overarching goal of creating new value through the combination of technologies and sensibilities. Efforts for innovating design and development methodologies included development incorporating refined analytical and measurement technologies. New speaker unit design tools were one of the methodologies used with this regard. At the same time, we succeeded in developing a new AI technology that allows virtual characters to sing along with actual performances through our efforts to create essential technologies. In the materials field, meanwhile, progress was made in creating new value through the development of functional materials and in proposing eco-friendly materials technologies.

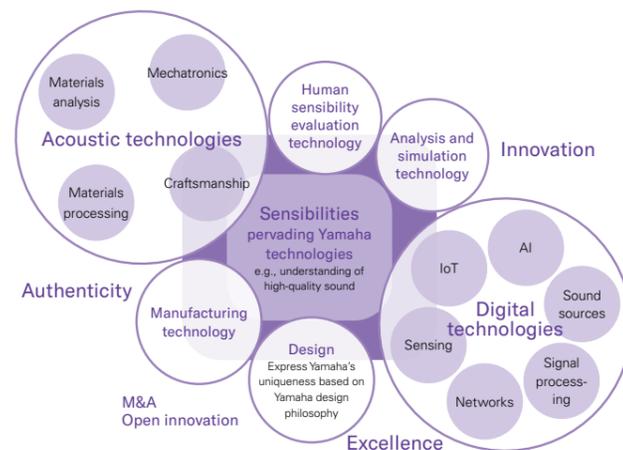
We also accelerated open innovation activities, through means such as joint research with domestic and overseas universities, as we advanced research aimed at creating new value for the future.

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 2022

- Acquisition of new design elements and enhancement of design and development methodologies through refinement of analytical and measurement technologies
- Creation of new value by evolving and integrating innovative technological elements and addressing operating environment changes in the fields of materials, elemental components, and AI

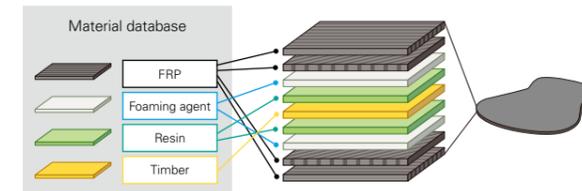
Reaching New Heights of Competitiveness by Enhancing Our Strengths in the Fields of Materials, Elemental Components, and AI

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

Yamaha AI Technology Allowing for Characters to Sing Along with Performances

Yamaha has developed an AI technology that allows for virtual characters Hatsune Miku and Ichika Hoshino (voiced by Ruriko Noguchi) to automatically sing along with performances of music designated by Project SEKAI Piano. This technology takes advantage of the stream light feature that comes standard on Yamaha's CSP Series of Clavinova™ digital pianos to make it easier for anyone to enjoy; even people who cannot read music are able to play by pressing keys in time with the streaming lights above the keyboard.

Please visit our corporate website for more information on AI-related initiatives.

<https://www.yamaha.com/en/about/ai>

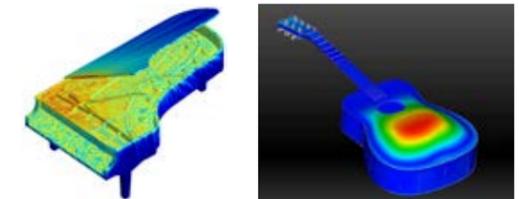


Establishing and Innovating Design and Development Methods

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

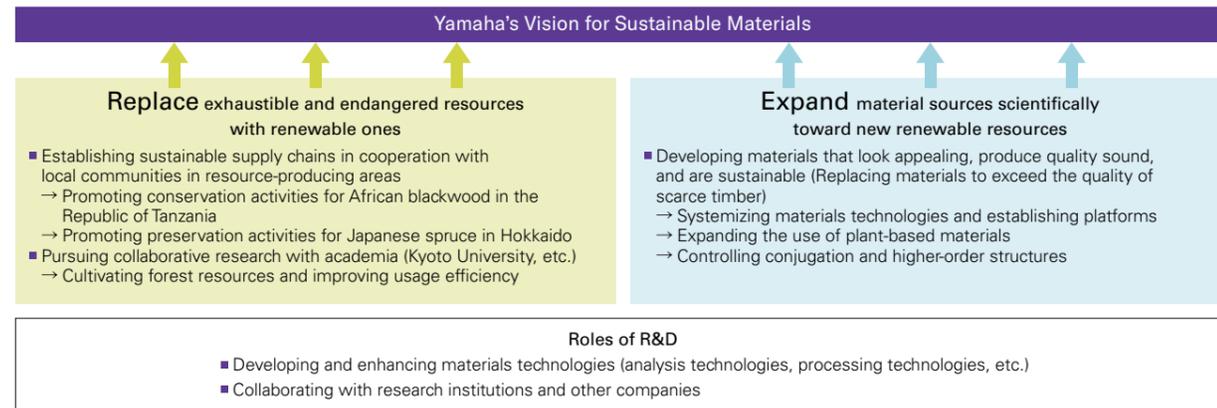


Efforts to Promote Sustainability within Our R&D Activities

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.

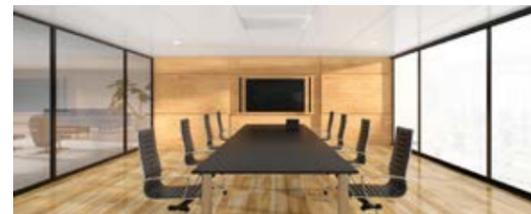
Approach to Sustainable Materials from Two Perspectives



Topics: R&D Innovations Creating New Value

YC88, YC73, and YC61 Stage Keyboards (Applied Technology: VCM Organ Sound Source)

YC88, YC73, and YC61 stage keyboards feature Yamaha's VCM organ sound source, which was developed using its virtual circuitry modeling (VCM) technology to faithfully reproduce the saturated and non-continuous sounds that are characteristic of analog instruments. These keyboards promise the pinnacles of sound quality expected by keyboardists with commitment to authentic sound and performances whether producing, performing, or distributing music.



ADECIA Comprehensive Remote Conferencing Solution (Applied Technology: Audio Signal Processing Technology)

ADECIA is a comprehensive solution for high-quality, comfortable remote communication. This solution offers features such as auto room tuning, a feature that automatically sets and adjusts acoustics based on the dimensions and acoustic characteristics of the given meeting room, and Yamaha's proprietary audio signal processing technology that delivers a comfortable sound environment. With these features, ADECIA can accommodate a diverse range of workstyle changes and office space needs.

Charlie™ Communication Robot (Applied Technology: VOCALOID™ Technologies, Automated Composition Technologies)

Charlie™ is the world's first communication robot that communicates by singing. Utilizing Yamaha's VOCALOID™ technologies and automated composition technologies, this robot matches its words and expressions to melodies for heart-warming communication while coloring people's lives with music.



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.

Basic Policy

The Yamaha Group believes that proper protection and use of intellectual property rights, whether belonging to the Group or other parties, are essential for accelerating innovation and inspiring creativity and make social development faster and healthier. The Group, since its inception, has proceeded to protect its business through the proactive acquisition of intellectual property rights. The Group has also proceeded to foster a culture of respecting others' intellectual property rights and an organization that is built on this respect.

The Group is proactive in its efforts to acquire, protect, and utilize intellectual property rights created during the course of its business activities, such as those pertaining to new technological concepts, designs, products, or service names. At the same time, we view respect for the intellectual property rights of others as a basic principle.

Intellectual Property Protection Initiatives

Patents

In addition to acquiring patents in Japan, the United States, Europe, China, and other areas, Yamaha applies for patents in emerging countries based on the assumption that these markets too will see growth in the future and to protect its products and services therein. Recently, we have been stepping up patent acquisition activities with regard to AI and other technologies that create new value as well as technologies that address social issues, such as the Listening Care technology for protecting user hearing. These activities are meant to protect distinctive Yamaha offerings. Our patent portfolios are assessed on a country and region basis each year to maintain the ideal level of patent maintenance costs by rigorously categorizing and managing our portfolio of intellectual property with the potential to contribute to the establishment of a competitive advantage.

Number of Patents Held by the Yamaha Group (As of March 31, 2021)

Japan	Overseas	Total
Approx. 2,500	Approx. 3,500	Approx. 6,000

Trademarks

Trademark rights have been acquired in all areas of the world with regard to the symbols that are the core element of the Yamaha brand (YAMAHA and the tuning fork brand logo) as part of our efforts to protect and improve brand value. The rise of the internet has led to increased cases of misuse of such brand marks through e-commerce and other venues. We diligently monitor for such misuse and issue cease and desist requests should misuse be detected. This diligence helps protect customers, mitigate risks to brand value, and contribute to the realization of a fair and impartial society. For this reason, we actively promote such activities through a concerted Group effort and through coordination with sales companies and dealers across the globe.

Designs

Yamaha's designs are an important element of the value of its products and of its branding activities. These designs have been the target of external recognition. For example, the design rights for our YEV series electronic violins received the Commissioner of the Patent Office award in the 2019 National Invention Awards. This rise in the value of our designs has recently led to an increase in products imitating the designs of Yamaha products. To combat such imitations, we are ramping up design rights activities centered on China and aggressively exercising our rights to fight the producers of such imitations in order to protect our business, products, and brand value.

Number of Design Rights Held by the Yamaha Group (As of March 31, 2021)

Japan	Overseas	Total
Approx. 440	Approx. 840	Approx. 1,280

Copyrights

In addition to patents, designs, and trademarks, the Yamaha Group has produced a large number of copyrighted works in the sound, music, and other fields. Music-related copyrights are a particularly important form of intellectual property. VOCALOID™ and other software and the performance data used in digital musical instruments also constitute valuable works produced by the Company. Appropriate action is taken to combat plagiarism and other illegal use of these works. At the same time, it is important to avoid misuse of the copyrighted material of other parties. For this reason, we conduct awareness-raising activities on copyrights on a Groupwide basis through means such as internal seminars and the distribution of guidebooks.





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).

Shinobu Kawase

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

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. Resilience strengthening and other extensive risk management measures are being implemented at various bases as we develop frameworks through which products of a given category can be produced at multiple bases. 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.

Review of Fiscal 2021

The COVID-19 pandemic had a massive impact on our supply chain as we were forced to temporarily halt the operation of factories around the world and as government-imposed restrictions on operations caused additional disruptions to our distribution network. These

disruptions created an ongoing situation in which we were unable to produce a sufficient supply to match the recovering market demand. Nevertheless, we took steps to improve production lines while implementing exhaustive measures for preventing the spread of COVID-19. We were thereby able to recover production to the level seen in fiscal 2020 by the second half of fiscal 2021, minimizing the overall impact on performance.

Under these conditions, we moved forward with measures based on the key strategies of the medium-term management plan while advancing digital transformation in our production operations. For example, we introduced IoT technologies into model factories in Japan, and we have begun using digital twin methodologies for production. Meanwhile, we worked to develop standardized production management systems for Chinese model factories. Conversely, the cost reduction benefits of these activities did not appear as intended as we were forced to delay many process reallocation and automated production line equipment installation procedures until fiscal 2022.

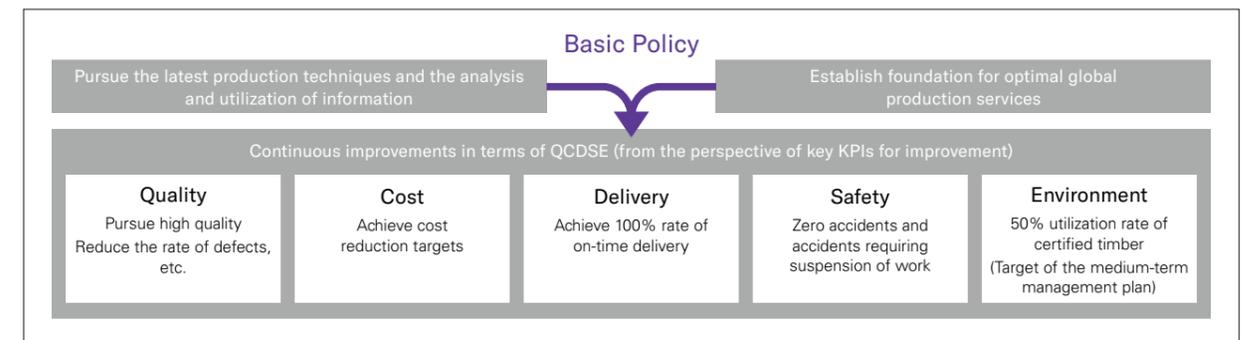
Approach under the Medium-Term Management Plan

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.

Location of Yamaha Production Bases and Major Products Manufactured

Country	No. of Production Subsidiaries	Pianos	Digital Musical Instruments	Wind, String, and Percussion Instruments	Guitars	AV Products	PA Equipment	ICT Equipment
Japan	3	●	●	●	●		●	●
China	4	●	●	●	●	●	●	●
Indonesia	6	●	●	●	●	●	●	●
India	1		●		●		●	
Malaysia	1					●	●	●

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 2022

Key Strategies	Specific Initiatives	Progress in Fiscal 2021	Priority Themes for Fiscal 2022
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"> Recovery of production capacity to pre-COVID-19 levels through production line adjustments amid restrictions imposed due to the pandemic Capacity improvements, despite delays in commencing full-fledge piano frame production at the Suzhou Factory in China Daily production capacity increases for guitars at the India Factory Measures for environmental regulations 	<ul style="list-style-type: none"> Bolster factory production capacities and develop procedures Achieve stable production of piano frames at the Suzhou Factory in China Promote labor-efficient production and measures for environmental issues
Production information management (Production software) Realize 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-powered production data collection frameworks for certain processes 	<ul style="list-style-type: none"> Employ digital twin methodologies in manufacturing at model factories Launch of new SCM system
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 ¥480 million Rate of certified timber use of 48% On-schedule progress in establishment of area oversight functions (China, Indonesia, and Japan) 	<ul style="list-style-type: none"> Secure materials by issuing long-term upfront orders and identifying alternative materials Achieve rate of certified timber use of 55% (medium-term management plan target: 50%) Enhance human resources for specific positions and optimally position personnel

Major Initiatives Pertaining to Priority Themes for Fiscal 2022

In fiscal 2022, we will implement measures related to the COVID-19 pandemic, distribution, and procurement aimed at ensuring that we can furnish a sufficient supply for meeting the robust demand. At the same time, with employee safety as our top priority, exhaustive measures will be put in place to prevent the spread of COVID-19 and to ensure that our factories do not become sites of widespread infection. Meanwhile, we will take steps to minimize risks including long-term shipping reservations in terms of logistics and long-term upfront orders and alternative material selection based on sales forecasts in terms of procurement.

We have also begun implementing a new SCM system. This system allows 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, cost, 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.

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 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.



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 through our 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 directly operated stores. 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

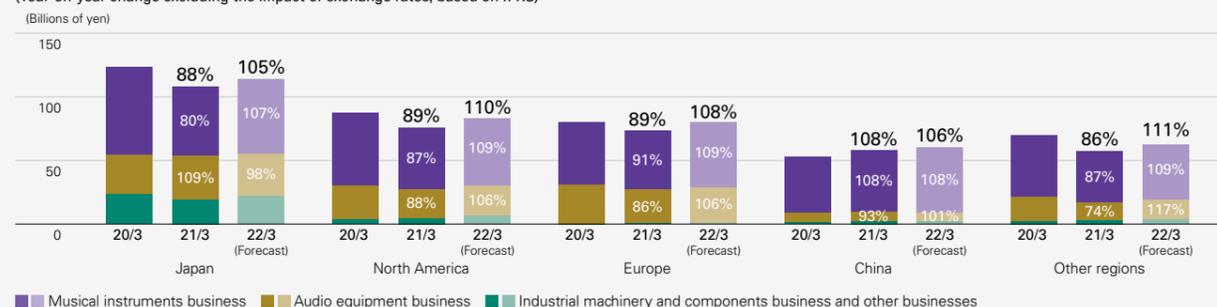
To develop even more attractive products and services, we are expanding and enhancing our locations for maintaining relations with artists around the world. Our extensive network with the world's top artists and music education institutions is another one of our major strengths.

Review of Fiscal 2021

In fiscal 2021, the restrictions imposed in response to the COVID-19 pandemic had a significant impact on product demand, and the effects of the restrictions on production and sales activities seen in first half of the year continued to linger throughout the fiscal year. As a result, performance was lackluster in fiscal 2021. However,

Revenue Growth by Region

(Year-on-year change excluding the impact of exchange rates, based on IFRS)



we achieved a gradual recovery in our supply capabilities during the second half of fiscal 2021, and progress was made in addressing demand arising from new lifestyle changes as well as in advancing the measures of the medium-term management plan.

Sales framework reforms included digital marketing initiatives implemented on a global scale as well as proactive measures for soliciting our value to customers. These efforts enabled us to direct customer traffic in a way that contributed to higher sales. Meanwhile, the ratio of sales through e-commerce venues rose in various markets due to the demand associated with people increasingly staying at home. 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.

Our activities in emerging markets were heavily impacted by the restrictions imposed as a result of the COVID-19 pandemic. Conversely, we were able to expand our sales network in China, which was able to relatively quickly resume social activities. 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 an aggregate total of 710,000 students to date.

Status of Music Popularization Activities (As of March 2021)

Music Schools	Number of Venues (Schools)	Number of Students*1
Japan (total for children and adults)	2,600	334,000
Overseas (total from over 40 countries and regions)	1,350	156,000

*1 Number of students reflects the number of students able to receive lessons in fiscal 2021

Countries Offering the School Project*2	Aggregate Total of Students	March 31, 2022 Target
6 countries	710,000 people	1,000,000 people (7 countries)

*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

Business Strategies of Make Waves 1.0 Medium-Term Management Plan

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

Progress in Key Strategies of the Medium-Term Management Plan and Priority Themes for Fiscal 2022

Key Strategies	Progress in Fiscal 2021	Priority Themes for Fiscal 2022	
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 ■ Commencement of global use of sales promotion tools 	<ul style="list-style-type: none"> ■ Continue enhancement of ability to communicate value ■ Accelerate shift toward pull marketing ■ Redouble approach toward millennials
	Improve service value	<ul style="list-style-type: none"> ■ Rise in number of registered product users achieved through enhancement of services 	<ul style="list-style-type: none"> ■ Clarify services to be provided with regard to specific products and regions
Strengthen contact points with customers	<ul style="list-style-type: none"> ■ Promote domestic brand shop measures (Ginza and Nagoya) ■ Expansion of e-commerce networks in various markets 	<ul style="list-style-type: none"> ■ 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 network in China and in emerging countries ■ Delays in addressing middle-income demographics in the ASEAN region due to activity restrictions
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 	<ul style="list-style-type: none"> ■ Commence preparations for introduction of next-generation ERP system ■ Start global management of human resources 	

Business Policies for Fiscal 2022

In fiscal 2022, we will seek to ascertain the timing at which the COVID-19 pandemic will come to an end so that we can implement sales activities through physical and digital venues in conjunction with the recovery of supply capabilities. Special attention will be paid to improving the accuracy of demand projections with regard to product categories that were impacted by supply issues to facilitate efforts to recover our market share. Another focus will be ramping up measures for increasing our market presence. Other initiatives will include establishing business foundations that are matched to the market conditions amid the post-COVID-19 new normal, strengthening customer contact points to transform changes into opportunities, improving brand and product value communication capabilities, and building new growth foundations.

Major Initiatives Pertaining to Priority Themes for Fiscal 2022

Improvement of Ability to Communicate Brand and Product Value

To improve our ability to communicate brand and product value, we will accelerate efforts to drive customer traffic through digital marketing. The social and market changes brought about by the pandemic are placing increased importance on digital platforms. We will respond to this trend by continuing to accelerate efforts to drive customer traffic through proactive information provision via social media and other venues while targeting improvements in purchase rates.

Meanwhile, we will 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

Building upon the examples set by the reopening of locations in Ginza and Nagoya as brand shops, we will continue to develop experience-oriented stores, which have powerful sales promotion benefits, around the world as part of our efforts to expand and strengthen contact points with customers. We are bolstering e-commerce sales channels in order to respond to the massive changes in customer purchasing behavior spurred by the pandemic and advancing Companywide strategies that encompass 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, and employees and their families as our top priority, emphasizing measures for preventing the spread of the virus.

The conditions vary by market, and we are moving forward with sales framework reform initiatives with a focus on digital marketing and the enhancement of customer contact points while carefully monitoring the pandemic trends in a bid to ascertain when it will end.