III. Strategies by Business and Function

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Review of Make Waves 1.0

In fiscal 2022, the final year of Make Waves 1.0, Yamaha’s previous medium-term management plan, the musical instruments business achieved increases in sales and profit as the benefits of market recovery counteracted the impacts of ongoing shortages in product supplies, which resulted from logistics disruptions and difficulties procuring sound-generating, large-scale integration chips (LSIs) and other semiconductors. Looking back over the period of the previous medium-term management plan, progress went according to plan until early 2020. Thereafter, however, performance continued to be impacted by procurement difficulties and logistic disruptions after the start of the COVID-19 pandemic. Despite working to mitigate the impacts through measures including altering product designs, we were unable to accomplish the targets of the plan. In advancing the key strategy of “develop global connections and ties with customers,” great progress was made in efforts to cultivate both digital and physical customer contact points focused on brand communication and digital marketing. We were thereby able to bolster our sales networks and e-commerce venues around the world. Meanwhile, the key strategy of “realize high levels of profit by expanding our business portfolio” was enacted by augmenting our portfolio through various new product launches. New products included portable keyboards that incorporate the musical traditions of the growing market of India as well as the STORIA series of guitars targeting a wider range of customers. As for the key strategy of “create value through the combination of essential value enhancement and elemental technologies,” we moved ahead with the release of the YDS-150 digital saxophone that couples the expressiveness of a standard saxophone with volume control features. In addition, we introduced Chari®™, the world’s first communication robot to communicate via singing.

Overview of Markets by Mainstay Products and Yamaha’s Operations

<table>
<thead>
<tr>
<th>Market</th>
<th>Overview</th>
<th>Key Points</th>
<th>Future Outlook</th>
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<tbody>
<tr>
<td>Wind, string, and percussion instruments</td>
<td>- Demand growth in the global market for wind, string, and percussion instruments.</td>
<td>- Continued strong sales for digital pianos amid rising demand as people increasingly stay home.</td>
<td>- Rising trend toward emphasizing more fundamental value of pianos in mature markets.</td>
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</tbody>
</table>

Business Policies of the New Medium-Term Management Plan

In the musical instruments business, we are promoting sales of high-value-added products by bolstering sales and marketing activities that are marketed to the new society. Efforts in our core piano and wind, string, and percussion instruments businesses will include building a reputation as a premium brand to bolster profitability. As for the digital musical instruments business, we have positioned this as a growth business, we aim to stimulate new demand in order to expand our operations. The guitar business, meanwhile, has been positioned as a business to be fostered. We are pursuing the expansion of both profitability and scale in this business through measures for improving brand value centered on midrange to high-end offerings.

Major Initiatives Pertaining to Key Strategies

For the first key strategy, build upon fundamental qualities of musical instruments, we aim to create new and inspiring experiences founded on advanced technologies and exquisite sensibilities. These experiences will be realized by utilizing analytical and simulation technologies to refine musical instruments. We will also foster understanding of and evolve our skills and craftsmanship to enhance our product creation functions. 

For the second key strategy, explore new growth fields, we look to develop a growth product line that can stand alongside pianos in order to heighten our share in the constantly growing Chinese market.

For the third key strategy, supply services for forging longer, stronger ties with customers, we will continue to play their instruments in the best possible condition.

Key Strategies

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

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

Business Vision

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

Targets for Fiscal 2025

- Revenue: ¥330.0 billion (increase of 19.9% from fiscal 2022) Core operating profit: ¥52.0 billion (increase of 39.4% from fiscal 2022)

Opportunities and Risks

- ♦ 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 digital musical instruments and AI
- ♦ Incorporation of demand from the middle classes in emerging markets through the expansion of sales networks and e-commerce venues, 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 instruments playing population through music population education.
- ♦ Rise in new ways of enjoying musical instruments online that incorporate remote technologies

Key Strategies

- ♦ Increase in the promotion of value that fits the life stage of each customer through digital marketing
- ♦ Incorporation of demand from the middle classes in emerging markets through the expansion of sales networks and e-commerce venues, 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 instruments playing population through music population education.
- ♦ Rise in new ways of enjoying musical instruments online that incorporate remote technologies
Business Overview

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

Goal for Fiscal 2025

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

Major Focuses for Achieving Goals

During the period of the previous medium-term management plan, we were unable to furnish a supply of products that met the growing demand from people increasingly staying at home amid the COVID-19 pandemic. This situation was a result of reduced operations at factories and difficulties in procuring components. Conversely, we succeeded in recovering revenue to the level seen before the pandemic by broadening our customer base through the expansion of our e-commerce venues around the world.

Focus of the new medium-term management plan will include recovering our shares in various product lines while employing a unique approach made possible by digital musical instruments in order to respond to the diverse music needs seen among various regions and age groups. We thereby aim to build new business frameworks that will support Yamaha after the next decade and to develop core technologies that build therein. Yamaha will also construct systems for ongoing development and operations of software and services in pursuit of higher lifetime value.
Business Overview

The audio equipment business is one of the business pillars of Yamaha, a company 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. Yamaha is exploring new markets while providing distinctive products and services that combine its digital signal processing technologies, acoustics control technologies, and network technologies.

Review of Make Waves 1.0

In fiscal 2022, the final year of Make Waves 1.0, the previous medium-term management plan, higher revenue was posted for PA equipment as a result of a recovery in demand. Conversely, we experienced a decline in revenue for ICT products and ICT equipment due to the heavy impacts of difficulties in procuring semiconductors. Overall, the audio equipment business failed to accomplish the targets of the previous medium-term management plan due to activity and production restrictions and procurement difficulties seen amid the COVID-19 pandemic. PA equipment struggled due to that sluggish concert and entertainment market and installation delays that stemmed from the COVID-19 pandemic. Nevertheless, sales of music production, streaming, and other equipment to consumers showed significant growth thanks to demand associated with people staying at home. Production of AV products was down due to difficulties in procuring components, placing downward pressure on performance. Meanwhile, we were successful in advertising our value to millennials and a wide range of other customers. We were thus able to win high market appraisals for our Listening Care function, a proprietary technology installed in Yamaha earphones and headphones that reduces the burden placed on user ears. ICT equipment benefited from large increases in demand from businesses and consumers following growth in demand associated with teleworking amid the COVID-19 pandemic. This trend contributed to firm sales of speakersphones. At the same time, we bolstered our product portfolio, which includes such offerings as ADECIA, a comprehensive remote conferencing solution for everything from voice input to output that can be used in meeting rooms and classrooms of all sizes.

Overview of Markets and Yamaha’s Operations / Yamaha’s Strengths / Main Competitors

<table>
<thead>
<tr>
<th>Business</th>
<th>Overview of Markets and Yamaha’s Operations</th>
<th>Yamaha’s Strengths</th>
<th>Main Competitors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business</td>
<td>• Creation of development platforms and frameworks that allow for the flexible combination of Yamaha’s diverse technological assets and resources to efficiently supply the ideal products and solutions for respective markets.</td>
<td>• Demand for high-quality and streaming market with solutions for easy production and streaming of social media and streaming and social media and various other audio production, streaming, and transmission applications.</td>
<td>Logitech International S.A.</td>
</tr>
</tbody>
</table>
Business Overview

The industrial machinery and components business covers a broad range of fields, such as electronic devices, which started with the development of LSIs for digital musical instruments, and automobile interior wood components for luxury automobiles, which began with the integration of our lutherie processing and coating technologies. In addition, we are engaged in industrial machinery business areas like FA equipment, which we develop by applying the production technologies created for musical instrument production. For electronic devices, we are combining Yamaha’s strengths in its core sound-related technologies and sound production expertise to shift our focus toward comprehensive solutions that expand beyond semiconductor supply. Furthermore, there has been an increase in the number of automobile manufacturers around the world employing in-vehicle communication module products (modules for in-vehicle hands-free telephones called toward emergency alert systems) and in-vehicle audio systems. In 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 Make Waves 1.0

Revenue was up for electronic components and automobile interior wood components in the components business following market recovery and growth in automotive product sales in fiscal 2022, the final year of Make Wave 1.0, the previous medium-term management plan. The industrial machinery business, meanwhile, saw reduced revenue due to a slowdown in demand for flexible printed circuit board testing machines for smartphone applications. The plan started amid a challenging operating environment in fiscal 2020, its first year, as a result of the trade friction between the United States and China and a downturn in capital expenditure demand. Nevertheless, the industrial machinery and components business was able to achieve revenue of ¥51.1 billion, core operating profit of ¥4.2 billion, and a core operating profit ratio of 8.8% in the plan’s final year, due to our progress in expanding our customer base and shift to high-value-added products.

For in-vehicle audio systems, Yamaha products had been adopted by five companies as of April 1, 2022, and vehicles using our products are being sold in the Chinese market. We also saw increases in the sales of our in-vehicle communication module products, despite the impacts of customers entering production adjustment phases. Automobile interior wood components experienced increases in sales to customers in North America, and we also deployed new production methods that achieved lower environmental impacts through measures such as reducing the use of solvents during coating processes. For FA equipment, we maintained our high shares for flexible printed circuit board testing machines while growing sales of lithium-ion battery testing equipment and other products that cater to new types of inspection demand emerging in response to safety and reliability needs. We also made headway in the development of high-frequency testing equipment for 5G base stations, ultrasonic inspection equipment, and other new products.

Business Policies of the New Medium-Term Management Plan

In regard to FA equipment, Yamaha aims to maintain its strong share for flexible printed circuit board testing machines. We will also seek to grow this business by strengthening our ultrasonic and sensing technologies, expanding our customer base, and exploring new markets. In addition, Yamaha is promoting sales of high-functionality lithium-ion battery testing equipment, for which demand is rising with relation to safety and reliability amid the rapid shift toward EVs.

In the electronic devices business, Yamaha will work to have our in-vehicle communication modules adopted for a wider range of vehicles by supplying solutions for safe and comfortable communication in vehicles with our proprietary voice processing technologies. This approach is being taken amid the development of next-generation in-vehicle communications technologies.

In addition, Yamaha is accelerating its proposal of luxury vehicle interiors using its automobile interior wood components. In this area, we have been witnessing a trend toward emphasizing the comfortability of in-vehicle interiors, which has been creating a need for larger interior panels. As we accommodate this trend, we are also striving to deliver higher-grade decorative designs for vehicles. Meanwhile, new manufacturing processes are being adopted with regard to these components in order to reduce our environmental impact. Such new processes involve reassessing the amounts of solvents and the types of resins used to lower the impact on the environment while heightening productivity. Eliminating petrochemical use and CO2 emissions is another priority for these processes. Streamlining and rationalization is also being promoted in production processes. As we enhance our processes, we will simultaneously strengthen customer support functions with the goal of gaining new customers in North America and China.
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 his-
tory, 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 effec-
tively utilize our insight and understanding. Leveraging these technol-
ologies, we are striving to model 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 imi-
tated by competitors. Our foundation of organizational insight and understanding regarding sound, which has been cultivated over our long history, and sensibility evaluation technologies serve as a major source of our competitiveness in the global market.

RESEARCH AND DEVELOPMENT
By further refining and enhancing the combination of technologies and sensibilities, which represents our long-cultivated core competence, we will provide products and services that are overwhelmingly competitive and responsive to the changing times and thereby support the “Well-Being of People around the World.”

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

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Strategies of the New Make Waves 2.0 Medium-Term Management Plan
Combining technologies and sensibilities to help people Make Waves—understand products and people and practice co-creation

- Employ scientific design methodologies to pursue never-ending improvements to performance based on an understanding of products gained from advanced simulation and measurement technologies
- Visualize customer value to propose products that inspire diverse customers based on an understanding of people’s sensibilities with regard to sound and music
- Utilize AI technologies that accommodate people’s needs in order to innovate the user experience for products and services by reimagining the relationship between people and products through AI that play musical accompaniments
- Enhance material technologies to take advantage of the value of sustainable materials in order to improve business resilience and create new value

Review of Make Waves 1.0
We moved forward with R&D projects based on the core themes of Make Waves 1.0, the previous medium-term management plan, with the goals of creating new value through the combination of technolo-

gies and sensibilities and enhancing value through the pursuit of authenticity and innovation. Based on these goals, we accumulated insight and understanding regarding sensibilities in a wide range of fields, including guitars and other musical instruments as well as audio-products like speakers. In addition, we launched our new CFX flagship full-concert grand piano as the culmination of a research proj-

et spanning decades. Meanwhile, efforts to create innovation led to the launch of multiple new products. These products included the YDS-150 digital saxophone, which is a marriage of our acoustic and digital technologies. Charlie™, the world’s first communication robot that communicates materially, and ADECA™, a comprehensive remote conferencing solution for arranging ideal remote meetings. Meanwhile, Yamaha won praise for its advancements in AI technol-

gies. Most notably, the Dear Glenn Project, which seeks to explore the potential for co-creation between people and AI, was awarded a Silver Lion in the Entertainment Lions for Music category at the Cannes Lions International Festival of Creativity 2021, the largest gathering of the advertising and creative communications industry worldwide.

Initiatives under Make Waves 2.0
Creation of Innovation Value through Initiatives for Accomplishing Our Mission
To combine technologies and sensibilities to help people “Make Waves,” Yamaha will build upon its industry-leading technologies to deliver innovative new value through the provision of solutions from the customer’s perspective.

- Yamaha’s products create value by engaging with the sensibilities of people. By enhancing our scientific design methodologies and visualizing customer value, we will work to heighten the value of our products and services. At the same time, we will take advantage of AI and other technologies that accommodate the needs of people in order to deliver new and innovative experience value related to sound and music. These goals will be reached by adopting equipment for analyzing and measuring sound and installing infrastructural and analyzing performance and sensibility data. We also look to recruit and develop human resources capable of using these systems.

Research of Physical Properties of Wind Instruments
As a world-leading manufacturer of musical instruments, Yamaha is utilizing cutting-edge technolo-

gies to pursue never-ending improvements to the perfor-

tance experiences it delivers. The internal structure of wind instruments can affect how the performer’s breath flows through the instrument as well as how it resonates. The Company seeks to ensure that its wind instruments deliver the desired feeling when played along with a rich tone. To this end, we use high-speed cameras to visualize the distribution of flow velocity in the instrument and apply advanced simulation and large-scale fluid simulations to conduct detailed analysis of the fluid behavior of sound waves and other physical phenomena during playing.

Research on Spatial Audio Technologies
Yamaha is advancing research and development on VิFa™ spatial audio technology in response to rising demand for highly immersive sound for metaverse, 3D audio, and other applications. We are researching a myriad of technologies to create music experiences with unparalleled levels of reality. These include technologies for accurately recording the source of presence of the sound source and the ambience of the sound field, head-related transfer function technologies for faithfully reproducing sound fields through head-phones, and sound field reproduction technologies that utilize multiple speakers to create the desired sound field.

Acoustic Measurement and Analysis
Analysis of Performance Data
Analysis of Sensibility Data

CFX Full-Concert Grand Piano (Released in March 2022)
The CFX full-concert grand piano represents a new pinnacle of piano quality. Built through an ongoing process of discussion with top-tier artists from around the world, we crafted this masterpiece by mobilizing our vast knowledge and techniques and exercising unusual ambition underpinned by the utmost excellence in sound quality and the feeling of oneness that musicians experience with their instruments. Employing new design concepts, the CFX achieves even greater heights by incorporating our unique wood enhancement and cutting-edge simulation technologies.

Sensibility-Related Initiatives
Yamaha’s product creation activities are founded on the knowledge related to sensibilities it has fostered with a focus on sound and music. We aspire to further increase our sensibility-related knowledge while also adopt-

ing scientific approaches to track, share, and consolidate this knowledge. We thereby aim to draw out the maximum potential of this knowledge to create new value.

What Does the Combination of Technologies and Sensibilities Entail?
Determining what a good sound or a good sound environment is cannot be achieved by quantitative data analysis alone. The source of our competitiveness lies in our deep insight and understanding regarding sensibilities that we have cultivated through our long history, which started with the creation of musical instruments. Leveraging our core competence pertaining to sensibilities as our foundation, we are able to combine a wide variety of technologies, including acoustic technologies, digital technologies, data analysis technologies, cloud technologies, AI technologies, and network technolo-

gies. This in enables us to provide unique products and ser-

dvices that cannot be imitated by competitors while also creating new experience value.

AI Initiatives
Yamaha is engaged in various research projects with the goal of developing AI that can function as a new partner to help people Make Waves—understand products and people and practice co-creation. For more information regarding Yamaha’s AI initiatives, please refer to the following website: https://www.yamaha.com/en/ai/

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INTELLECTUAL PROPERTY MANAGEMENT

Intellectual properties are an important part of our management asset portfolio. Accordingly, we seek to protect and utilize our intellectual properties and to strengthen the associated governance functions on a global scale. Intellectual properties are also used to promote the creation and co-creation of new value in order to improve corporate value and address social issues.


Steps are taken to acquire and utilize intellectual property rights pertaining to the new inventions, ideas, designs, and trademarks created over the course of our business. In addition, multifaceted analyses of intellectual properties are performed to formulate new value proposals. We thereby seek to support the accomplishment of Yamaha’s management vision and improve corporate value.

Furthermore, rigorous intellectual property governance functions have been installed to acquire music copyrights and other global licenses and combat imitations of Yamaha trademarks through swift action. By ensuring the appropriate protection and use of the intellectual property of the Company and of others, we look to contribute to the development of a fair society that encourages technological innovation and artistic creation.

Intellectual Property Management System

Yamaha’s Intellectual Property Division coordinates with Group divisions pertaining to research and development, planning, marketing, and other relevant functions to exercise management, perform oversight, and provide instruction regarding the use of the intellectual property of the Company and of others in business activities. Members of the intellectual property specialists with diverse backgrounds, the Intellectual Property Division guides Groupwide, global intellectual property strategies.

In addition, a dedicated organization has been established to perform analyses of intellectual property. Through these analyses, this organization endeavors to predict changes in market and technology trends, based on which it provides management with advice regarding strategic technology development and other tasks for improving corporate value.

The Company has also installed frameworks for supporting intellectual property activities through means such as screening and managing contracts to create new value. These frameworks are used to maintain strong relationships with partners and otherwise contribute to the improvement of Yamaha’s competitiveness and to the growth of earnings.

Intellectual Property Protection Initiatives

Protection of Technologies and Sensibilities

Yamaha is diligent in protecting its intellectual property in order to safeguard the value it creates with its advanced technologies and rich sensibilities. AI, network, and other critical technologies are protected through patents, while the high-level insight and understanding regarding sensibilities that shapes our craftsmanship and sound creation activities is secured through confidentiality. This strategic yet conservative approach forms a bulwark defending the sources of our distinctive strength.

Intellectual Property Portfolio Generating Substantial Investment Benefits

More than 70% of Yamaha’s revenue is generated overseas. Accordingly, the Company is working to develop an intellectual property portfolio that generates substantial investment benefits by extending its Japan-centric portfolio to create a high-quality, global portfolio. These efforts have earned recognition, leading to Yamaha’s being named a Top 100 Global Innovator for 2022 by U.K.-based Clarivate Analytics. This selection is compiled based on analyses of intellectual property trends indicated by patent data to identify global innovators.

Protection of Designs

Yamaha’s designs are a major source of the value of its products and have been highly evaluated as a cornerstone of the Yamaha brand. Yamaha’s designs are a major source of the value of its products and have been highly evaluated as a cornerstone of the Yamaha brand. The remote cities and other relevant functions to exercise management, perform oversight, and provide instruction regarding the use of the intellectual property of the Company and of others in business activities.

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The Intellectual Property Division coordinated with other relevant divisions to swiftly acquire intellectual property rights with regard to this system by submitting multiple patent applications. These efforts erected a high barrier to entry for other rivals and contributed to the quick launch of the associated business.

By supporting our efforts to find co-creation partners in relation to soccer, baseball, basketball, and other sports from the perspective of intellectual property, Yamaha strives to encourage brisk communication among people in the new society that will emerge after the COVID-19 pandemic.
While pursuing our strengths of craftsmanship and advanced technologies, we will establish optimal foundations for global production. By doing so, we will further enhance our production operations in terms of quality, cost, delivery, safety, and environment (QCDSE) and achieve industry-leading levels of production capacity and resilience, no matter what the operating environment.

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

Review of Make Waves 1.0

In the first year of Make Waves 1.0, the previous medium-term management plan, we commenced full-fledged operations at our factory in India while also starting up production of piano frames at the Suzuki Factory in China. In addition, progress was made in globally centralized purchasing. In this manner, measures for reducing various costs at our factories proceeded in accordance with plans. However, the COVID-19 pandemic struck in the second year of the plan, halting and disrupting operations at factories. We were forced to address these issues through remote support, which led to delays in the plan’s execution and ultimately failure in achieving our targets for the priority theme of achieving ongoing cost reductions. Nevertheless, we continued to pursue improvements to production systems and to effectively supply products. We also sought to put in place an area oversight system at manufacturing sites; standardize production control; create smart factories, as seen in the use of IoT technology at our factory in Indonesia; and up the production capacity of and number of models manufactured at our factory in India. Success was seen in all of these measures.

Strategies of the New Make Waves 2.0

Medium-Term Management Plan Policies

The new medium-term management plan continues the three key themes of the preceding plan, namely, production engineering, production information management, and global production services (see following page). Through a combination of our efforts based on these strategies, we target ongoing improvements to QCDSE and resilience, regardless of the operating environment, through mastering fusion of our technologies and craftsmanship.

Sustainability of Forest Resources (Timber Procurement)

Taking into account 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 timber procurement. Through these efforts, we will work to achieve a 75% rate of sustainability sourced timber use while advancing Timber Forests to cultivate and preserve scarce tree species that are essential for our musical instruments. Furthermore, we aspire to build an economically sustainable supply chain and contribute to the development of local communities through the creation of employment opportunities and the installation of infrastructure.

Within the respective regions. In addition, regional internal auditing functions will be installed to enhance regional risk management. Meanwhile, a regional optimization perspective will be exercised with regard to human resources to utilize our talented employees. By promoting coordination among factories and sharing best practices, we aim to bolster region-wide quality and heighten safety levels.

Strategic Significance of Factory in India

Yamaha’s factory in India was constructed to respond to the projected increase in demand for musical instruments and audio equipment in the country. This factory serves as a base for producing and supplying entry-level portable keyboard, acoustic guitars, and PA equipment, and is an important base for exports to the Middle East and Europe. India is a growth market that ranks right after China in terms of growth potential. 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 built into the factory to grow sales in the Indian market. As we further expand local production and consumption in China, we are examining the possibility of using our India factory as an alternative location for manufacturing products for the U.S. and other markets.

For information on the location of Yamaha’s production base and the major products manufactured, please refer to page 13.

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The Strengths of Yamaha’s Sales Activities

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 ample 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 by 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 educational institutions is another one of our major strengths.

Review of Make Waves 1.0

Yamaha was unable to achieve the sales targets of Make Waves 1.0 due to the impacts of the activity restrictions and semiconductor shortages resulting from the COVID-19 pandemic. Nevertheless, we made steady progress and began seeing the benefits of the plan’s strategies of encouraging customers to seek out the Yamaha brand by promoting customer value and advancing new sales frameworks on a global basis.

During the period of the previous medium-term management plan, we moved ahead with the strengthening of customer contact points and the creation of frameworks for promoting our product and brand value amid the massive changes seen in the purchasing activities of customers. These measures were advanced in both offline and online venues. Offline measures included the development of experience-oriented brand shops designed to provide customers with an opportunity to engage with the Yamaha brand. Online, meanwhile, we ramped up digital marketing activities around the world as we conducted advertisements and measures in line with our brand promise. These efforts were aimed at communicating the value of Yamaha directly to customers to encourage them to visit stores and thereby grow sales.

Worldwide sales were heavily impacted by the COVID-19 pandemic, but we have since seen a recovery trend in overall sales that may return sales to the level seen before the pandemic. At the same time, efforts to popularize playing music and stimulate demand included the School Project, which has offered instrumental music performance experiences to an aggregate total of 1.3 million students to date, surpassing the target of 1 million.

Status of Music Popularization Activities (as of March 2022)

Sales Growth by Region

*1 Number of students who were able to receive lessons in fiscal 2022

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

<table>
<thead>
<tr>
<th>Priority Themes of Make Waves 2.0</th>
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<td><strong>Expansion of customer base</strong></td>
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<td><strong>Improvement of ability to communicate brand and products</strong></td>
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<td><strong>Acceleration of initiatives targeting higher lifetime value</strong></td>
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<td><strong>Innovation of operating foundations and processes</strong></td>
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Customer Relations Initiatives in Sales Activities

Under the previous medium-term management plan, we promoted direct marketing and redoubled our initiatives for communicating the value of our products and brand directly to customers to encourage them to visit stores and seek out the Yamaha brand. The new medium-term management plan will see the continuation of conventional business activities through sales agents. At the same time, we will actively utilize directly operated e-commerce venues to target emerging countries and other markets where we lack coverage and to supply products that are not currently offered through sales agents.