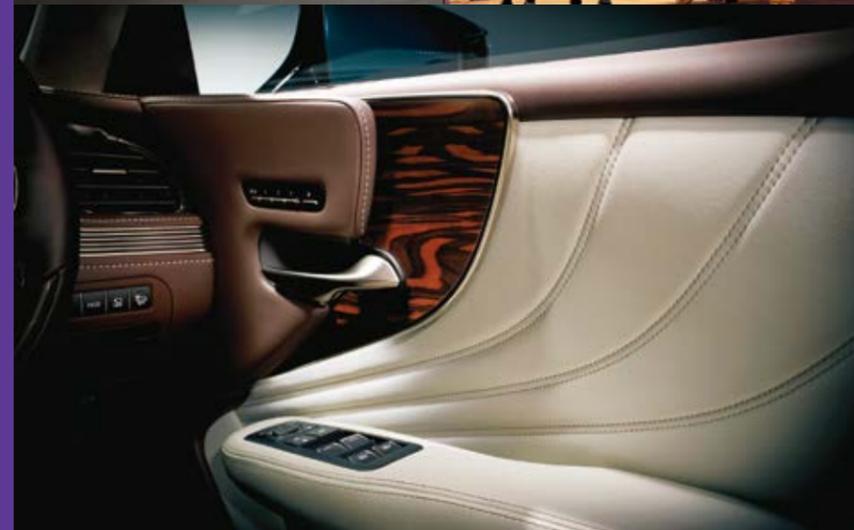


# STRATEGY SECTION

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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 evaluations. At the same time, we are strengthening our brand power to develop a sustainable, highly profitable business structure.

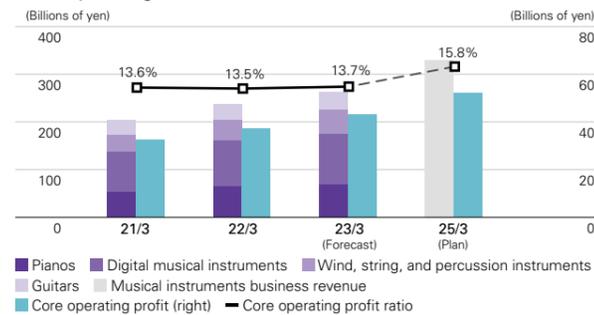
**Atsushi Yamaura**  
Executive Officer  
Executive General Manager of Musical Instruments Business Unit and Senior General Manager of Digital Musical Instruments Division



### 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 rolling out other products such as hybrid instruments that meld both acoustic and digital technologies. In recent years, we have been utilizing AI, *kansei* (sensibility) engineering, and simulation technologies to take on challenges in the digital network environment and other new domains. Through our diverse product lineups and global sales and service structures, which also include the music school and software content businesses, we have secured a position as the world's leading comprehensive musical instruments manufacturer.

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



### 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 Charlie™, the world's first communication robot to communicate via singing.

## 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 19.5% from fiscal 2022)

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

### Opportunities and Risks

Opportunities	Risks
<ul style="list-style-type: none"> <li>Improvement in the promotion of value that fits the life stage of each customer through digital marketing</li> <li>Enhancement of product development capabilities for pursuing the essence of musical instruments due to the progression of digital technologies and AI</li> <li>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-instrument-playing population through music popularization activities</li> <li>Rise in new ways of enjoying musical instruments online that incorporate remote technologies</li> </ul>	<ul style="list-style-type: none"> <li>Inconsistent supply of electronic components and timber</li> <li>Economic downturn due to accelerated inflation</li> <li>Changes in flows of people and commodities in response to the COVID-19 pandemic</li> <li>Entrance of manufacturers from IT and other industries; potential for saturation of e-commerce brands utilizing OEMs</li> <li>Potential for the trend of growth in the sharing economy and secondhand market to accelerate</li> <li>Economic slowdown due to spread of wartime damages from Russia's invasion of Ukraine</li> </ul>

### Key Strategies

1. Build upon the fundamental qualities of musical instruments	<ul style="list-style-type: none"> <li>Adopt scientific approach by utilizing advanced technologies and pursuing technological innovation</li> <li>Foster understanding of and evolve skills and craftsmanship</li> </ul>
2. Explore new growth fields	<ul style="list-style-type: none"> <li>Expand sales channels and bolster efforts to communicate with customers</li> <li>Propose new ways of enjoying existing musical instruments</li> <li>Introduce products based on new concepts to approach new customers</li> </ul>
3. Supply services for forging longer, stronger ties with customers	<ul style="list-style-type: none"> <li>Support performances and provide conducive environments through applications and services</li> <li>Provide services that allow customers to continue to play their instruments in the best possible condition</li> </ul>

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

Mainstay Products	Overview of Markets and Yamaha's Operations	Yamaha's Strengths	Main Competitors
Pianos	<ul style="list-style-type: none"> <li>Consistent, moderate growth in China, the world's largest piano market</li> <li>Rising trend toward emphasizing more fundamental value of pianos in mature markets</li> </ul>	<ul style="list-style-type: none"> <li>Robust lineup that can accommodate customers of all skill levels developed through a dedication to the fundamental essence of acoustic pianos</li> <li>Wide-ranging proposals for enjoying pianos that apply technologies pertaining to Disklavier™, TransAcoustic™, and other products</li> </ul>	<ul style="list-style-type: none"> <li>Steinway &amp; Sons (Germany and United States)</li> <li>Guangzhou Pearl River Piano Group Co., Ltd. (China)</li> <li>Kawai Musical Instruments Manufacturing Co., Ltd. (Japan)</li> </ul>
Digital musical instruments	<ul style="list-style-type: none"> <li>Firm demand for digital musical instruments, despite shortages in product supplies resulting from global difficulties in procuring electronic components</li> <li>Continued strong sales for digital pianos amid rising demand as people increasingly stay home in response to the COVID-19 pandemic</li> <li>Growth in portable keyboard sales due to market exploration with mini keyboards and to launch of models designed specifically for Middle Eastern markets</li> </ul>	<ul style="list-style-type: none"> <li>Strong brand image and high market share backed by quality</li> <li>Extensive product lineup matched to diverse user needs</li> <li>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</li> </ul>	<ul style="list-style-type: none"> <li>Casio Computer Co., Ltd. (Japan)</li> <li>Roland Corporation (Japan)</li> <li>Kawai Musical Instruments Manufacturing (Japan)</li> <li>KORG Inc. (Japan)</li> </ul>
Wind, string, and percussion instruments	<ul style="list-style-type: none"> <li>Lower, but gradually recovering, global demand as school and community brass band activities were restricted as a result of the COVID-19 pandemic</li> <li>Growth in demand for digital drums, digital wind instruments, and digital violins, which can be played easily at home</li> <li>Recovery in demand projected as restrictions on concerts are lifted around the world</li> </ul>	<ul style="list-style-type: none"> <li>Production and sale of almost all instruments used in brass bands and orchestras</li> <li>Broad lineup of products for customers ranging from beginners to professional performers</li> <li>Product development capabilities capitalizing on digital instrument and other expertise as a comprehensive musical instruments manufacturer</li> <li>Expertise in stimulating demand for wind instruments through coordination with professional performers and music instructors</li> </ul>	<ul style="list-style-type: none"> <li>Conn-Selmer, Inc. (United States)</li> <li>Buffet Crampon SAS (France)</li> <li>Jupiter (KHS Musical Instruments Co., Ltd.) (Taiwan)</li> </ul>
Guitars	<ul style="list-style-type: none"> <li>Growth surpassing previous fiscal year as live event demand recovers from the impacts of the COVID-19 pandemic and demand associated with people increasingly staying home continues</li> <li>Advancement in new concept guitars, diversification in ways people enjoy playing</li> <li>Numerous competitors centered on U.S. brands</li> </ul>	<ul style="list-style-type: none"> <li>Global leader in number of acoustic guitars sold*</li> <li>Comprehensive solutions encompassing peripheral equipment offered through Yamaha Guitar Group, Inc. (Line 6, Ampeg)</li> <li>TransAcoustic™, wireless, and other new technologies a step ahead of competitors</li> </ul>	<ul style="list-style-type: none"> <li>Fender Musical Instruments Corporation (United States)</li> <li>Gibson Brands, Inc. (United States)</li> <li>Taylor Guitars (United States)</li> <li>C.F. Martin &amp; Co. (United States)</li> </ul>

\* Yamaha estimation, as of March 31, 2021

### 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 matched 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, which we have positioned 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 mid-range 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. Meanwhile, we will work toward greater growth in emerging countries by expanding sales in India through the nationwide deployment of e-commerce venues. Another effort for growing in emerging countries will be to expand our sales network in the ASEAN region to target middle-income customer demographics while positioning the Philippines as a priority growth market. Product initiatives will include developing creative products that propose new ways of enjoying music by transcending preconceptions about musical instruments. In this manner, we aim to provide musical instruments that are more approachable, while still offering genuine experiences, so as to lower the barrier to begin performing and thereby allow sound and music to be enjoyed by anyone, anywhere, and at any time.

For the third key strategy, supply services for forging longer, stronger ties with customers, Yamaha will support performances and provide conducive environments through its Yamaha Music Connect (tentative name) platform. This platform will provide services that offer new ways to enjoy musical instruments through features such as automatic accompaniment and support for independent learning. We will also bolster our after-sales services and provide additional functions based on the life stages of customers to ensure that they can continue to play their instruments in the best possible condition. By supplying such services matched to customers' music lifestyles, we will target higher levels of lifetime value from customers.

PIANO BUSINESS



Global market share for Yamaha's products **Pianos: 39%\***  
Revenue (Fiscal 2022): **¥64.1 billion**

Business Overview

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

Goal for Fiscal 2025

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

Key Strategies and Measures of Make Waves 2.0	
Establish position as a provider of pianos that serve as the standard for leading artists	<ul style="list-style-type: none"> <li>Ramp up activities with leading pianists and influencers and accelerate artist relations activities targeting aspiring pianists</li> <li>Continue to refine flagship CFX full-concert grand pianos</li> </ul>
Expand customer base and raise value	<ul style="list-style-type: none"> <li>Expand sales channels in China and enhance ability to communicate value to specific customer groups</li> <li>Shift focus of product portfolio to more value-oriented business and orient customers toward these businesses</li> <li>Increase recognition of hybrid pianos</li> </ul>
Transition toward a sustainable business model that is always accommodating toward the environment and people	<ul style="list-style-type: none"> <li>Shift toward products and product creation activities that have lower environmental impacts</li> <li>Maximize customer lifetime value by encouraging customers to use their instruments longer</li> <li>Develop cyclical business frameworks</li> </ul>

Major Focuses for Achieving Goals

Under the previous medium-term management plan, Yamaha achieved growth in piano sales in all regions. This growth was accomplished by introducing hybrid pianos and other high-value-added products and expanding sales channels in China amid strong demand that surpassed our supply capabilities.

The focus for the piano business under the new medium-term management plan will be to evolve into a company that can continue to provide exquisite piano experiences matched to the lives of individuals. To accomplish this goal, we will develop products, increase quality, and communicate our value in a way that draws out the fundamental value of pianos in order to solidify our brand position in our various segments. One new offering born of this approach is our CFX series of full-concert grand pianos. We will also seek to establish a sustainable cycle for the piano business by examining the feasibility of transitioning to materials with lower procurement risks and creating frameworks for refurbishing and recycling products.

DIGITAL MUSICAL INSTRUMENTS BUSINESS



Global market share for Yamaha's products **Digital pianos: 47%\***  
**Portable keyboards: 52%\***  
Revenue (Fiscal 2022): **¥96.1 billion**

Business Overview

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

Goal for Fiscal 2025

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

Key Strategies and Measures of Make Waves 2.0	
Advance strategies tailored to specific product lines	<ul style="list-style-type: none"> <li>Expand mid-range and high-end digital piano operations and provide performance support solutions for digital pianos</li> <li>Achieve growth in emerging markets by accommodating local music traditions for portable keyboards</li> <li>Approach new customer demographics with products based on new concepts</li> </ul>
Implement strategies for improving lifetime value	<ul style="list-style-type: none"> <li>Revise user registration processes to increase registration rates and thereby forge connections with customers</li> <li>Maintain ongoing relations by supplying applications and other services to increase active users who continue to enjoy their musical instruments</li> </ul>
Build operating foundations and create new value	<ul style="list-style-type: none"> <li>Develop frameworks for continuing consistent growth without halting business activities</li> <li>Create new value through process integration of elemental technology collaboration and use of AI</li> </ul>

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 matched the rising 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 electronic 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.

Focuses 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 for realizing superior sound and keyboard quality as well as core technologies that build thereon. Yamaha will also construct systems for ongoing development and operations of software and services in pursuit of higher lifetime value.

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



Global market share for Yamaha's products **Wind instruments: 31%\***  
**Drums: 11%\***  
Revenue (Fiscal 2022): **¥44.7 billion**

Business Overview

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

Goal for Fiscal 2025

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

Key Strategies and Measures of Make Waves 2.0	
Improve brand power of high-end products	<ul style="list-style-type: none"> <li>Develop high-end products and ramp up efforts to solicit their value</li> <li>Accelerate artist relations activities and create new artist service frameworks</li> </ul>
Grow sales and shares in principal markets around the world and reinvigorate Japanese market for wind instruments for use in educational settings	<ul style="list-style-type: none"> <li>Deploy sales activities and enhance value communication activities based on market trends including prevalence of school bands in North America and community bands in Europe</li> <li>Inspire moves to resume brass band activities</li> </ul>
Propose sustainability-minded value	<ul style="list-style-type: none"> <li>Propose new ways of enjoying instrumental music performances and support performances and practice sessions to strengthen ties with customers</li> <li>Create value by utilizing sustainably-sourced timber and wood unsuitable for products</li> </ul>

Major Focuses for Achieving Goals

The wind, string, and percussion instruments business struggled amid a shrinking market during the previous medium-term management plan as a result of the restrictions on wind and marching band activities as well as other group performance activities seen around the world amid the COVID-19 pandemic. Regardless, we moved forward with the launch of digital saxophones and other products that deliver new value.

The new medium-term management plan calls for the wind, string, and percussion instruments business to expand its market shares by improving the brand power of high-end products, to reinvigorate the faltering Japanese market, and to develop products matched to customer preferences and market trends. We will also conduct sales and value-solicitation activities matched to market characteristics and strengthen our percussion and string instruments operations so that Yamaha can continue to be a comprehensive provider of wind, string, and percussion instruments. In addition, the Company will seek to lead the industry by proposing new value and reducing the environmental impacts of its products.

GUITAR BUSINESS



Global market share for Yamaha's products **Guitars: 9%\***  
Revenue (Fiscal 2022): **¥32.6 billion**

Business Overview

Since we commenced the manufacture and sale of domestic guitars in 1966, our guitars have been recognized for their craftsmanship and genuine quality, which has helped us expand global sales of our robust product lineup, including acoustic guitars, electric 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.

Goal for Fiscal 2025

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

Key Strategies and Measures of Make Waves 2.0	
Gain the understanding of customers with regard to the depth of guitars by building upon their fundamental value	<ul style="list-style-type: none"> <li>Develop uncompromising high-end models and improve the quality of entry-level models</li> <li>Promote sustainability initiatives as one facet of initiatives for building upon fundamental value of guitars</li> </ul>
Achieve strong differentiation through amazing new value propositions supported by comprehensive capabilities	<ul style="list-style-type: none"> <li>Propose unique ways of enjoying guitars based on new concepts that take advantage of Yamaha's strength in digital technologies</li> </ul>
Encourage customers to continue playing the guitar with solutions that incorporate service elements	<ul style="list-style-type: none"> <li>Provide comprehensive solutions including Line 6 and Ampeg</li> <li>Expand lineup of solutions encompassing software and services</li> </ul>
Conduct branding activities aimed at earning customer trust	<ul style="list-style-type: none"> <li>Strengthen brand marketing and transition from phase of increasing recognition to phase of earning trust</li> <li>Enhance brand experience through customized shops</li> </ul>

Major Focuses for Achieving Goals

Smooth annual revenue growth was achieved under the previous medium-term management plan, due in part to demand associated with people staying at home. In terms of products, we bolstered our lineup of peripherals, including THR-II and Catalyst guitar amps. We also practiced selection and concentration with regard to our product strategies while reinforcing our operating foundation through the launch of the STORIA acoustic guitar, which enabled us to approach new customer groups, and the F400 acoustic guitar for the Indonesian market, a product linked to our regional strategies.

The three-year period of the new medium-term management plan will be used as a time for completing preparations to become the world's No. 1 guitar company. Accordingly, the plan puts forth the new goal of achieving business growth accompanied by quality. By building upon the fundamental value of guitars, we will seek to gain the understanding of customers regarding the depth of guitars and to achieve strong differentiation through amazing new value propositions supported by the comprehensive capabilities that set Yamaha apart from dedicated guitar manufacturers.

\* Fiscal 2021, monetary value basis, based on surveys by Yamaha

## AUDIO EQUIPMENT BUSINESS

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

**Shinichi Takenaga**

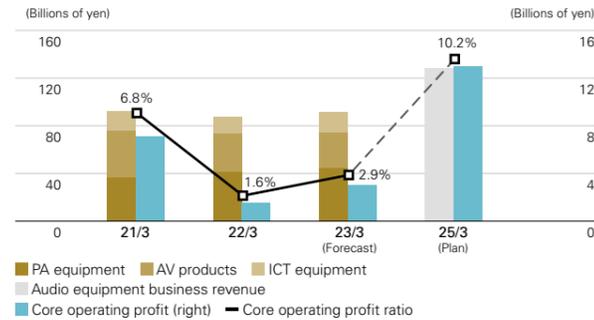
Operating Officer  
Executive General Manager of Audio Products Business Unit and  
Senior General Manager of Professional Audio Division



### 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.

### Revenue by Major Project / Core Operating Profit / Core Operating Profit Ratio



### 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 AV 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 users' 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 speakerphones. 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

	Overview of Markets and Yamaha's Operations	Yamaha's Strengths	Main Competitors
Business	<ul style="list-style-type: none"> <li>Return of employees to offices and growing demand for hybrid meetings combining on-site and remote participation</li> <li>Need for increased efficiency in equipment investment</li> <li>Progress in integrated management and automation for reducing labor requirements</li> <li>Installation of higher-speed network connections in conjunction with digital transformation</li> </ul>	<ul style="list-style-type: none"> <li>Merging of audio and network technologies</li> <li>Vast lineup capability of accommodating projects with various scales and budgets</li> <li>Broad lineup of products comprehensively encompassing everything from voice input to output</li> <li>Proposal of solutions that include both equipment and services</li> </ul>	<ul style="list-style-type: none"> <li>Harman International Industries (United States)</li> <li>Poly Inc. (United States)</li> <li>Shure Incorporated (United States)</li> <li>Sennheiser electronic GmbH &amp; Co. KG (Germany)</li> <li>Logitech International S.A. (Switzerland)</li> <li>Cisco Systems, Inc. (United States)</li> </ul>
Consumer	<ul style="list-style-type: none"> <li>Ongoing rapid growth in markets for headphones, earphones, and soundbars</li> <li>Popularization of online voice chat through video games and other media</li> <li>Normalization of distribution of individually produced content via social media</li> </ul>	<ul style="list-style-type: none"> <li>Technology for communicating the true intent of creators</li> <li>Stable, reliable, and high-quality signal processing technologies offering professional quality developed for commercial applications</li> <li>Merging of audio and network technologies</li> </ul>	<ul style="list-style-type: none"> <li>Sonos (United States)</li> <li>Bose Corporation (United States)</li> <li>Sony Corporation (Japan)</li> <li>Logitech International S.A. (Switzerland)</li> </ul>

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

### Business Vision

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

### Targets for Fiscal 2025

Revenue: ¥128.0 billion (increase of 32.1% from fiscal 2022)

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

### Opportunities and Risks

Opportunities	Risks
<ul style="list-style-type: none"> <li>Rising understanding regarding the importance of sound quality in communication due to remote interactions experienced during COVID-19 pandemic</li> <li>Demand for new audio equipment amid changes in interactions with sound and music stemming from popularization of social media and streaming</li> </ul>	<ul style="list-style-type: none"> <li>Potential for the adverse impact of unstable international conditions and economic recession to effect corporate investment</li> <li>Ongoing difficulties in procuring semiconductors and other components</li> </ul>

### Key Strategies

<p><b>1. Rebuild business in conjunction with market changes and broaden domain to include new growth markets</b></p>	<ul style="list-style-type: none"> <li>Expand base of business customers comprising companies, schools, and other entities by providing simple solutions for utilizing live entertainment technologies and expertise</li> <li>Provide high-fidelity and PA equipment technologies to consumer market for applications such as voice communication in video games, audio production, and streaming</li> </ul>
<p><b>2. Pursue higher development efficiency by creating sound, cloud, and network technology development platforms that facilitate the creation of new value</b></p>	<ul style="list-style-type: none"> <li>Create development platforms that flexibly combine Yamaha's technological assets to efficiently launch new products for various markets</li> <li>Develop unique products and services by combining digital technologies, acoustic technologies, and network technologies</li> </ul>
<p><b>3. Accelerate branding for TRUE SOUND to improve recognition of Yamaha's overall audio product lineup</b></p>	<ul style="list-style-type: none"> <li>Deliver ideal sound quality for various applications by utilizing and enhancing sound-related technologies</li> <li>Foster brand recognition through expansion of direct-to-consumer contact points and spread recognition through consumer-to-consumer promotions</li> </ul>

### Business Policies of the New Medium-Term Management Plan

The new medium-term management plan will see the audio equipment business, which was greatly changed by the COVID-19 pandemic, rebuilding and expanding its business domain to include new markets. In business products, we will provide companies, public facilities, schools, and other institutions with audio systems that allow anyone to create a comfortable sound environment, even with no specialized knowledge. Meanwhile, consumer product efforts will include supplying solutions that realize high sound quality with easy configuration for use for voice chat for online video games and for social media and various other audio production, streaming, and transmission applications. Demand in these areas will be accommodated through the 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.

### Major Initiatives Pertaining to Key Strategies

In regard to the first key strategy for the audio equipment business, rebuild business in conjunction with market changes and broaden domain to include new growth markets, we will endeavor to restructure and optimize our lineups of business and consumer PA equipment, AV products, and ICT equipment in response to the changes in the market and demand brought about by the COVID-19 pandemic. For business products, we will cater to rising demand for hybrid meetings that combine on-site and remote participation. Yamaha plans to launch products equipped with functions for realizing events that bring together live

sound and real-time streaming for the live entertainment market. We will also supply solutions for automatic configuration of sound environments for companies and schools as part of our efforts to explore new sales channels. Meanwhile, the Company will seek to accommodate the rise in demand from consumers committed to high sound quality. Yamaha has differentiated its headphones and earphones with its Listening Care function, which delivers superior sound quality while protecting users' ears. Our AV products, meanwhile, propose accessible ways of enjoying authentic, high-quality, 3D surround sound via wireless devices. We aim to grow sales of products in both of these areas. We are also targeting the video game market with products that offer immersive sound and smooth voice communication while supplying the audio production and streaming market with solutions for easy production and streaming of professional-quality content.

For the second key strategy, pursue higher development efficiency by creating sound, cloud, and network technology development platforms that facilitate the creation of new value, we will utilize technologies that transcend product categories in order to heighten efficiency. For this purpose, we will develop shared platforms and streamline model development investment in order to better allocate resources to creating value and implementing appealing functions.

As for the third key strategy, accelerate branding for TRUE SOUND to improve recognition of Yamaha's overall audio product lineup, Yamaha will provide opportunities to experience the emotionally moving qualities of music with the goal of heightening awareness regarding TRUE SOUND. Further improvements to recognition will be pursued along with the enhancement of customer contact points by advertising our value directly to customers through Company-operated e-commerce channels.

# INDUSTRIAL MACHINERY AND COMPONENTS BUSINESS

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

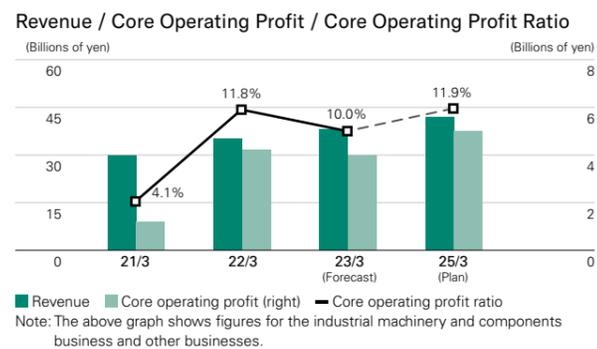
**Shigeki Fujii**  
Executive Officer  
Executive General Manager of IMC Business Unit and Technology Unit



## Business Overview

The industrial machinery and components business covers a broad range of fields, such as electronic devices, which started with the development of LSIs for digital musical instruments, and automobile interior wood components for luxury automobiles, which began with the integration of our lumber 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 our in-vehicle communication module products (modules for in-vehicle hands-free telephone calls geared 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 ¥35.1 billion, core operating profit of ¥4.2 billion, and a core operating profit ratio of 11.8% 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 increased 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, ultrasound inspection equipment, and other new products.

## Major Products / Overview of Markets / Yamaha's Strengths

Major Products	Overview of Markets	Yamaha's Strengths
<b>Electronic devices</b> In-vehicle audio systems, in-vehicle communication 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"> <li>Rising attention directed toward sound design as in-vehicle comfort is reexamined as a potential new source of vehicle value</li> <li>Progress in standardization as installation of emergency alert systems becomes mandatory in the European Union and more demanding expectations require high-quality communication quality</li> </ul>	<ul style="list-style-type: none"> <li>Product proposals amalgamating core sound-related technologies and sound production expertise</li> </ul>
<b>Automobile interior wood components</b> Decorative interior panels for luxury vehicles using figured and other genuine wood	<ul style="list-style-type: none"> <li>Strong demand and only slight decline in production of products for luxury vehicles despite economic slowdown resulting from COVID-19 pandemic</li> <li>Trend toward larger interior panels amid increased emphasis on design properties of vehicle interiors and accelerated initiatives to promote effective use of interior spaces</li> <li>Rising attention for environment friendliness of materials and manufacturing processes</li> </ul>	<ul style="list-style-type: none"> <li>Timber processing, coating, and decorating technologies and superior design proposal capabilities fostered through musical instrument production</li> </ul>
<b>Factory automation (FA) equipment</b> Precision machines for flexible printed circuit board testing machines, leak detectors, finishing robots (sanding and polishing systems), ultrasound inspection equipment, etc.	<ul style="list-style-type: none"> <li>Increased requirements for precision and functionality in inspections due to evolution of circuit boards in preparation for 5G and wearable devices</li> <li>Rising demand for lithium-ion battery inspection equipment following rapid popularization of EVs</li> <li>Increased demand for safety and sanitation of packaging for food and medical products</li> </ul>	<ul style="list-style-type: none"> <li>Superior levels of quality and reliability and cutting-edge technologies that realize high-speed, high-precision FA equipment</li> </ul>

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

### Business Vision

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

### Targets for Fiscal 2025

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

### Opportunities and Risks

Opportunities	Risks
<ul style="list-style-type: none"> <li>Growth in in-vehicle audio market by leveraging Yamaha's core technologies</li> <li>Expansion of new testing equipment demand stimulated by popularization of EVs and rising safety and reliability needs</li> </ul>	<ul style="list-style-type: none"> <li>Prolonged supply chain disruptions resulting from COVID-19 pandemic</li> <li>Changes to customer plans and production adjustments on Yamaha lines due to global semiconductor and component shortages</li> <li>Rising procurement costs as a result of higher component prices and foreign exchange rate fluctuations</li> </ul>

### Key Strategies

<b>1. Electronic devices (in-vehicle audio)</b> Accelerate growth by providing comprehensive solutions for in-vehicle audio	<ul style="list-style-type: none"> <li>Increase numbers of automobile manufacturers and car models using Yamaha's in-vehicle audio products and reinforce customer support and promotion base functions</li> <li>Utilize voice processing technologies that realize safety and comfort to increase numbers of automobile manufacturers and car models using Yamaha's in-vehicle communication solutions</li> </ul>
<b>2. Automobile interior wood components</b> Establish a sustainable earnings structure for in-vehicle space production in the CASE era	<ul style="list-style-type: none"> <li>Create larger decorative interior panels and produce high-grade designs</li> <li>Commence use of new production methods that achieve higher productivity while lowering environmental impacts through means such as reducing solvent during processes</li> <li>Expand customer portfolio in North America and China</li> </ul>
<b>3. FA equipment</b> Expand business by contributing to the realization of a safe and secure society through ultrasound and sensing technologies	<ul style="list-style-type: none"> <li>Improve functionality of lithium-ion battery leak testing equipment and deploy on a global scale to grow sales</li> <li>Explore new markets for ultrasound inspection equipment in food and medical product packaging fields</li> <li>Supply greater levels of value by introducing remote maintenance and service functions into equipment</li> </ul>

## Business Policies of the New Medium-Term Management Plan

The electronic devices business, which we have been developing since the period of the previous medium-term management plan, has been positioned as a business to be fostered under the new medium-term management plan. Centered on this business's in-vehicle audio products, we will take steps to grow this business into a new pillar by providing comprehensive in-vehicle solutions for the era of CASE (connected, autonomous, shared & service, and electric) technologies. Meanwhile, we will explore new markets in the FA equipment business with ultrasound inspection equipment, EV battery leak testing equipment, and other inspection equipment that employs ultrasound and sensing technologies.

## Major Initiatives Pertaining to Key Strategies

In the electronic devices business, we accelerate the provision of comprehensive solutions for in-vehicle audio that utilize Yamaha's core sound technologies. Our goal for in-vehicle audio products will be to deliver 3D surround sound inside of vehicles through a strong commitment to the unique acoustic environment found within vehicles. Meanwhile, we will target increased adoption of our products in automobiles along with higher brand recognition in the Chinese market by augmenting our sales, technology, and quality assurance functions. We are also working to have our in-vehicle communications 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 environments, 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 in processes to lower the impact on the environment while heightening productivity. Eliminating petroleum use and CO<sub>2</sub> 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.

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 ultrasound and sensing technologies, expanding our customer base, and exploring new markets. In addition, Yamaha is promoting sales of higher-functionality lithium-ion battery testing equipment, for which demand is rising with relation to safety and reliability amid the rapid shift toward EVs. Furthermore, our unique signal processing technology is being utilized to evolve our high-share printed circuit board testing machines in terms of performance and functionality. At the same time, Yamaha will broaden the scope of its business by developing and selling ultrasound inspection equipment for ensuring peace of mind in the new fields of food and medical product packaging.



## 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

### The Strengths of Yamaha’s Research and Development

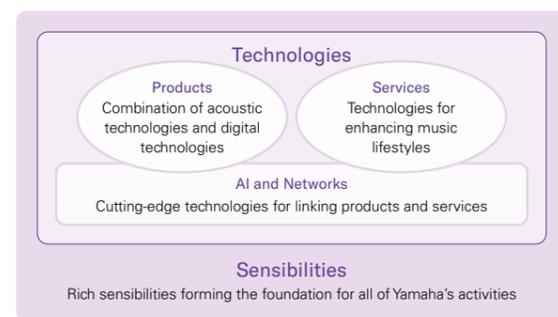
We have inherited the craftsmanship capabilities and sensibilities toward sound creation that Yamaha has cultivated over its long history, which spans generations. With these capabilities and sensibilities as our foundation, we possess a deep understanding of and vast insight related to sensibilities 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 and understanding. 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 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.

### 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 technologies 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 project 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 melodically; and ADECIA, a comprehensive remote conferencing solution for arranging ideal remote meetings. Meanwhile, Yamaha won praise for its advancements in AI technology. 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.

### 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 technologies. This in turn enables us to provide unique products and services 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 for expanding the possibilities for people’s music creation activities. Specific examples of our AI initiatives include joint performances between people and AI reproducing the performances of 20th-century genius pianist Sviatoslav Richter, the Duet with YOO project for interactive

performances by people and AI, and the Dear Glenn Project for exploring the potential for co-creation between people and AI. These initiatives allow us to propose new forms of music expression.

For more information regarding Yamaha’s AI initiatives, please refer to the following website.

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



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

Combine technologies and sensibilities to help people Make Waves—understand products and people and practice co-creation

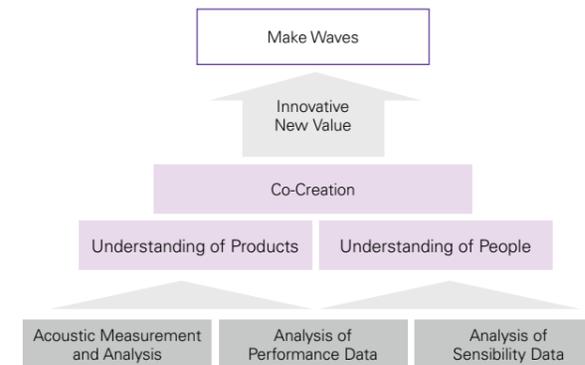
- Employ scientific design methodologies to pursue never-ending improvements to performance based on an understanding of products gained from advanced simulation and measurement technologies
- Visualize customer value to propose products that inspire diverse customers based on an understanding of people’s 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 reinventing 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

### 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 infrastructure for 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 technologies to pursue never-ending improvements to the performance 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 within instruments and employ large-scale fluid simulations to conduct detailed analysis of the fluid behavior of sound waves and other physical phenomena during playing.



Apparatus for visualizing fluid behavior within a recorder

### Research on Spatial Audio Technologies

Yamaha is advancing research and development on ViReal™ 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 sense of presence of the sound source and the ambience of the sound field, head-related transfer function technologies for faithfully reproducing sound fields through headphones, and sound field reproduction technologies that utilize multiple speakers to create the desired sound field.



ViReal™ for Speakers  
Spatial audio processing technology utilizing multichannel loudspeakers

## TOPICS

### 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 unending ambition underpinned by our dedication to 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.



CFX full-concert grand piano



Sensibility measurement experiment

### 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 adopting 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.

## 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.



### Intellectual Property Management Practices for Improving Corporate Value and Addressing Social Issues

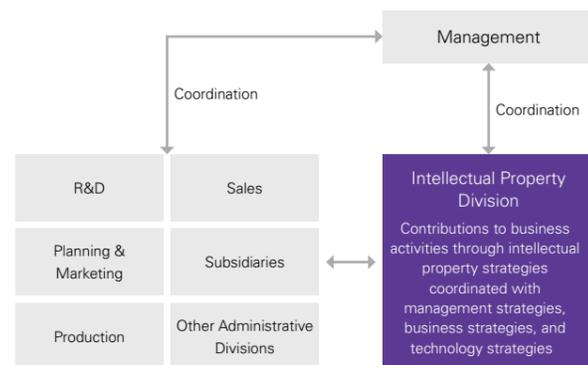
Steps are taken to acquire and utilize intellectual property rights pertaining to the new inventions, ideas, designs, and trademarks created over the course of our business. In addition, multifaceted analyses of intellectual properties are performed to formulate new value proposals. We thereby seek to 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. Membered by 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 evolving 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. However, the 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.

### Safeguarding of Trademarks

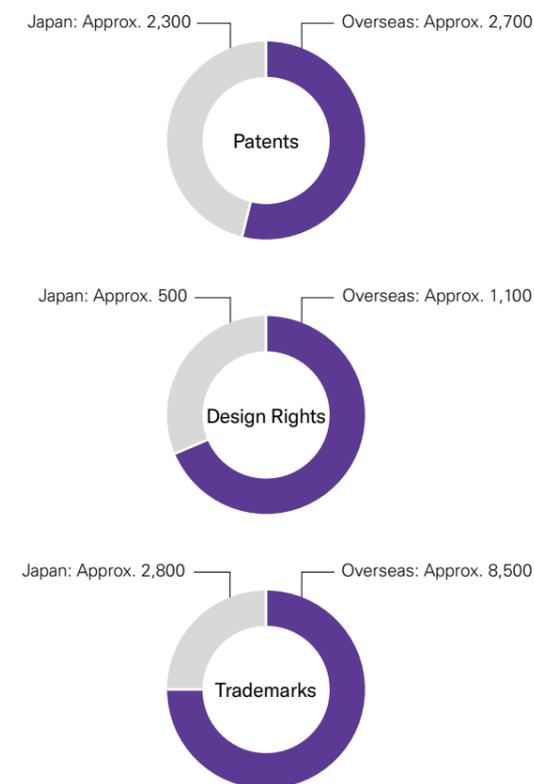
Trademark rights have been acquired in all regions of the world with regard to the symbols that are the core element of the Yamaha brand (YAMAHA and the tuning fork brand logo) as part of our efforts to protect and improve brand value. These trademark rights have been jointly acquired with Yamaha Motor Co., Ltd., in reflection of our joint use of the Yamaha brand. The rise of the internet has led to increased cases of misuse of such brand symbols 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.

### Points of Emphasis for Intellectual Property Management Supporting the New Medium-Term Management Plan Reinforcement of Intellectual Property Landscaping Functions

Intellectual property landscaping involves analyzing intellectual property information as a facet of management and business information to stay abreast of a company's technology portfolio along with the status of competitors and future trends. This information is then used to shape future business strategies. By reinforcing its intellectual property landscaping functions, The Intellectual Property Division seeks to ramp up its support for the creation of new value in areas including management and business strategy drafting, decision-making, and the implementation of open and close strategies such as M&A activities and alliances.

### Numbers of Patents, Design Rights, and Trademarks Held by the Yamaha Group

(As of March 31, 2022)  
(Numbers)



### Case Study Strategic Utilization of Intellectual Property

#### Remote Cheerer Powered by SoundUD Remote Cheering System

The Remote Cheerer powered by SoundUD remote cheering system helps people enjoy viewing sports in an interactive manner from their homes or other remote locations. This system features functions that allow applause to be transmitted to stadium speakers as well as chat-room functions through which fans can enjoy text or voice chat while watching events together with other fans separated by physical distance.

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.





## PRODUCTION

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

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

Yamaha installed production functions overseas early in its history, establishing its first overseas production base in Taiwan in 1969. Today, we have three production bases in Japan as well as bases in 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 and through which related risks can be mitigated. The establishment of a global production structure optimized to each of our business domains is another factor that contributes to our overwhelmingly high level of competitiveness.

### Yamaha Technical Skills Training Program

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

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

### 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 Suzhou 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.

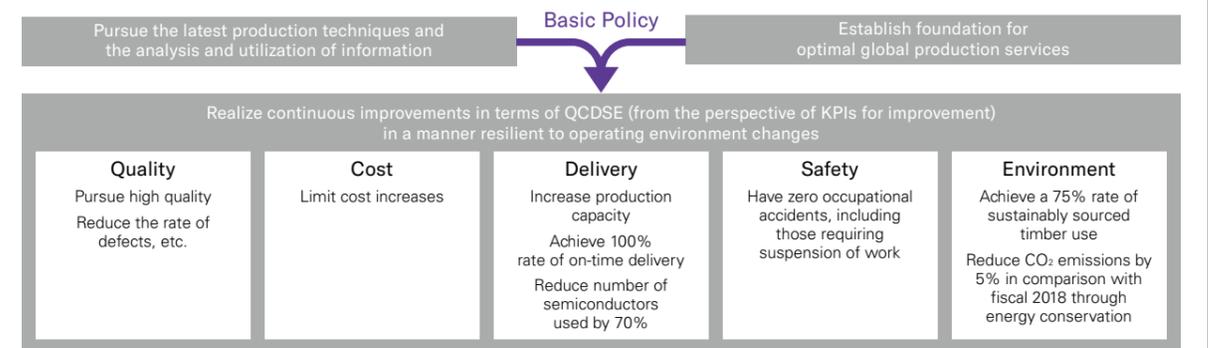
### Policies of Make Waves 2.0 Medium-Term Management Plan Policies

The new medium-term management plan continues the three key themes of the previous 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 masterful 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 50 to 100 years in the future. Through these efforts, Yamaha will work to achieve a 75% rate of sustainably sourced timber use while advancing Tone Forest activities to cultivate and preserve scarce tree species that are used as materials for 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.

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



### Priority Themes of Make Waves 2.0

Priority Themes	Measures
<b>Production engineering (Production hardware)</b> Develop technologies to innovate production processes Establish competitive production processes	<ul style="list-style-type: none"> <li>Expansion of production capacity and improvement of resilience to operating environment changes</li> <li>Improvement of production technologies and quality and development of factories that are empowering workplaces</li> </ul> Development of frameworks for higher production capacity, production of same products at multiple locations, augmentation of existing factories, examination of feasibility of new factory construction, etc. Improvement of productivity and safety through automation, development of material technologies, enhancement of material utilization capabilities, etc.
<b>Production information management (Production software)</b> Realize digital transformation within our production management	<ul style="list-style-type: none"> <li>Reduction of costs and improvement of quality through digital transformation of production management</li> </ul> Deployment of manufacturing information platform to all bases, improvement of quality through use of digital twin technologies in production, enhancement of efficiency and reformation of workstyles through digital transformation, etc.
<b>Global production services (Production infrastructure)</b> Strengthen production structure (organization and personnel) Stabilize procurement and reduce costs by establishing a procurement structure	<ul style="list-style-type: none"> <li>Reinforcement of procurement resilience and promotion of sustainability</li> <li>Integration of regional production management and empowerment of human resources</li> </ul> Reinforcement of procurement resilience, realization of sustainable procurement, etc. Enhancement of area oversight organizations in China and Indonesia, codification and sharing of tacit specialized technologies and techniques using IT, promotion of diversity, etc.

### Production Capacity Allocation Policies in Musical Instruments and Audio Equipment Businesses

Yamaha is reorganizing its production system in a cross-organizational manner in order to boost the production capacity of individual factories in preparation for future increases to production. At the same time, improved production quality is being pursued through equipment automation and the codification of tacit technical skills. Another part of this reorganization is risk mitigation. For example, the same products are being manufactured at multiple locations from the perspective of business continuity amid the recently volatile operating environment. By doing so, we ensure that, should production be halted in one area, we are equipped to minimize the impact on the market by supplying products manufactured in other areas. Overseas, steps are being taken to reduce the need for inter-country supply of components between production bases by developing integrated production systems for performing all steps, beginning with components and ending with finished products.

### Integrated Regional Production Management in China and Indonesia

In China and Indonesia, Yamaha has multiple factories that function as independent companies. We are adopting a regional production management approach in these countries. Through this approach, we will improve productivity by standardizing human resource, accounting, and other operating processes and IT platforms among factories

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 and retain 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 keyboards, 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 production bases and the major products manufactured, please refer to page 13.



## SALES

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

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

### 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)

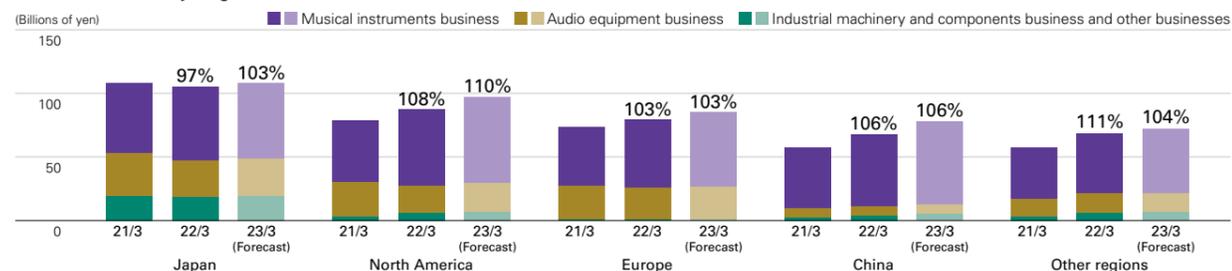
Music Schools	Number of Venues (Schools)	Number of Students*1
Japan (total for children and adults)	2,400	332,000
Overseas (total from over 40 countries and regions)	1,300	144,000

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

Countries Offering the School Project*2	Aggregate Total of Students	March 31, 2022 Target
7 countries	1,290,000 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 instrumental music education and increasing the musical-instrument-playing population

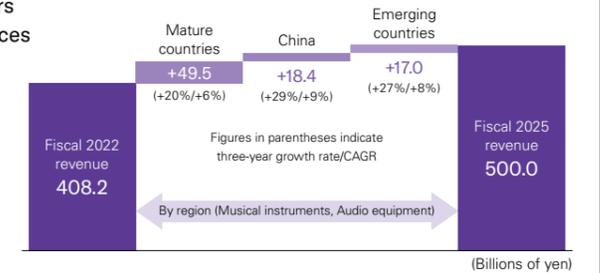
### Revenue Growth by Region (Year-on-year change excluding the impact of exchange rates)



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

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

**Targets for Fiscal 2025**  
Revenue: ¥500.0 billion  
Revenue growth: 20% (three-year average)



### Priority Themes of Make Waves 2.0

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

### Initiatives under Make Waves 2.0

#### Expansion of Customer Base

The new medium-term management plan calls on us to expand customer contact points, as was also done under the previous medium-term management plan, and to accelerate initiatives emphasizing the customers who actually use our products and services. Efforts to optimize our sales networks will include developing the ideal networks for effective promotional activities and sales in the mature markets of Japan, the United States, and Europe. We will also aggressively bolster our sales networks in the growing markets of China, India, and the ASEAN region. Meanwhile, the enhancement of proposal capabilities and sales methods will be pursued by utilizing new advertisement methods suited to the market environment created by the rapid trend toward online activities. For example, we will seek to cater to customers online through means such as live commerce, which proved to be an effective approach under the previous medium-term management plan. Remote lessons and other services will also be enhanced in an approach toward enhancing our proposal capabilities that encompasses both products and services. Furthermore, Yamaha's directly operated e-commerce venues will be enhanced in Europe, North America, and India, where we began such efforts ahead of doing so in other markets, while also being extended to other markets with the goal of forming connections with new customers. Our efforts to stimulate demand through music popularization activities will be advanced, in part, through the School Project. By expanding the number of countries and students targeted by this program, we aim to have offered instrumental music performance

experiences to an aggregate total of 2.3 million students in 10 countries by March 31, 2025.

#### Improvement of Ability to Communicate Brand and Product Value

Yamaha will endeavor to strengthen its digital marketing activities by producing powerful promotional materials at sales companies around the world and by sharing these materials on a global basis to heighten Groupwide value communication capabilities. At the same time, we look to enhance our brand advertisements through the provision of experiences. This undertaking will entail bolstering our network of showrooms and brand shops that allow customers to experience the Yamaha brand and the quality of its products. We will also arrange events and take part in exhibitions in various markets. Yamaha thereby aims to communicate the value of its products and brand.

#### Acceleration of Initiatives Targeting Higher Lifetime Value

By utilizing the customer data platform furnished through Yamaha Music IDs, Yamaha will supply services that have been tailored to each individual customer. We will also enhance the services we provide to members through sales companies in a manner matched to the characteristics of the respective regions in order to forge stronger ties with customers. Our efforts do not stop with the initial satisfaction we provide customers through the use of our products and services. Rather, we target higher lifetime value by providing after-sales services that accommodate customer needs and proposing services and events that contribute to more enjoyable music lifestyles.

### 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.