

# 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 achieve sustainable, highly profitable growth.

Seiichi Yamaguchi

Managing 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* (sensitivity) engineering, and simulation technologies to take on challenges in the digital network environment and other new domains. Through our diverse product lineups, global sales and service structures, and music promotion activities, we have secured a position as the world's leading comprehensive musical instruments manufacturer.

Key Strategies under Make Waves 2.0

For the key strategy of build upon fundamental qualities of musical instruments, we aim to create new and inspiring experiences founded on advanced technologies and exquisite sensibilities. We will also foster understanding of and evolve our skills and craftsmanship to enhance our product creation functions. Our approach toward the key strategy of explore new growth fields will entail bolstering our share in China while pursuing growth in India and Southeast Asia. At the same time, we will introduce products based on new concepts to approach new customers. Under the key strategy of supply services for forging longer, stronger ties with customers, we are supplying applications and services that support and provide frameworks for performances as part of our efforts to deliver services matched to customers' music lifestyles.

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>Recovery from the disruptions caused by the COVID-19 pandemic in China, the world's largest piano market</li> <li>Rising trend toward emphasizing greater expressiveness and functions better matched to music lifestyles 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>	Steinway & Sons (Germany and United States) Guangzhou Pearl River Piano Group Co., Ltd. (China) Kawai Musical Instruments Manufacturing Co., Ltd. (Japan)
Digital musical instruments	<ul style="list-style-type: none"> <li>Weak demand for entry-level models due to global inflation trend, but strong demand for mid-range and high-end digital musical instrument models</li> <li>Dissipation of demand for digital pianos associated with people increasingly staying at home in response to the COVID-19 pandemic, but continuation of strong sales for high-end models</li> <li>Slowdown in portable keyboard demand for entry-level models and recovery in portable keyboard demand for live performances in emerging markets, although demand did not reach levels seen prior to the pandemic</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 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>	Casio Computer Co., Ltd. (Japan) Roland Corporation (Japan) Kawai Musical Instruments Manufacturing Co., Ltd. (Japan) KORG Inc. (Japan)
Wind, string, and percussion instruments	<ul style="list-style-type: none"> <li>Recovery of global demand following resumption of school and community brass band activities as the impacts of the COVID-19 pandemic dissipate</li> <li>Brisk conditions in the North American market due in part to government support for education in the United States</li> <li>Growth in demand for electronic drums, digital wind instruments, and electric violins, which can be played easily at home</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>	Conn-Selmer, Inc. (United States) Buffet Crampon S.A.S. (France) Jupiter (KHS Musical Instruments Co., Ltd.) (Taiwan)
Guitars	<ul style="list-style-type: none"> <li>Temporary stagnancy in market growth as a result of the rebound from the strong growth seen as people stayed at home in response to the COVID-19 pandemic</li> <li>Expansion of lineup through acquisition of Cordoba Music Group, LLC, of the United States, allowing for accommodation of the various needs of guitarists</li> </ul>	<ul style="list-style-type: none"> <li>Global leader in number of acoustic guitars sold*</li> <li>Comprehensive solution lineup including peripherals offered through multi-brand approach</li> <li>Development of TransAcoustic Guitar and other products using new technologies that are a step ahead of competitors</li> </ul>	Fender Musical Instruments Corporation (United States) Gibson Brands, Inc. (United States) Taylor Guitars (United States) C.F. Martin & Co. (United States)

\* Yamaha estimation, as of March 31, 2023

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

Business Vision

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

Targets for Fiscal 2025

Revenue: **¥330.0 billion** (increase of 19.5% from fiscal 2022)

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

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 individual customer through evolved 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>Expansion of musical-instrument-playing population through bolstering of sales networks and e-commerce in emerging countries and promotion of instrumental music education</li> <li>Provision of a wider range of options for enjoying musical instruments through the advancement of remote and online technologies</li> </ul>	<ul style="list-style-type: none"> <li>Increased costs and economic downturn due to accelerated inflation</li> <li>Economic downturn due to emergence of geopolitical risks in Eastern Europe</li> <li>Inconsistent supply of electronic components and timber</li> <li>Entrance of manufacturers from other industries; potential for saturation of e-commerce brands utilizing OEMs</li> </ul>

Key Strategies

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

Review of Fiscal 2023

- Revenue from pianos was down due to the disruptions seen in China as a result of the COVID-19 pandemic. Nevertheless, Yamaha ramped up its artist relations activities and made progress in increasing the value of its product offerings through the promotion of SILENT Piano models and TransAcoustic pianos with wider ranges of functions.
- Digital musical instruments were affected by demand slowdown centered on entry-level models, but sales of mid-range to high-end models remained firm. We also launched a new series of stage keyboards designed for live performances.
- Revenue of wind, string, and percussion instruments was up following rapid growth in North America. In this area, we released new products designed under the guidance of leading artists and also rolled out campaigns that used social media to energize brass band activities in Japan.
- Guitars enjoyed higher revenue due to the expanded player base and strong performance of electric guitars stimulated by collaboration projects with a popular anime series. In addition, shipments were commenced for the FG9 high-end acoustic guitar.

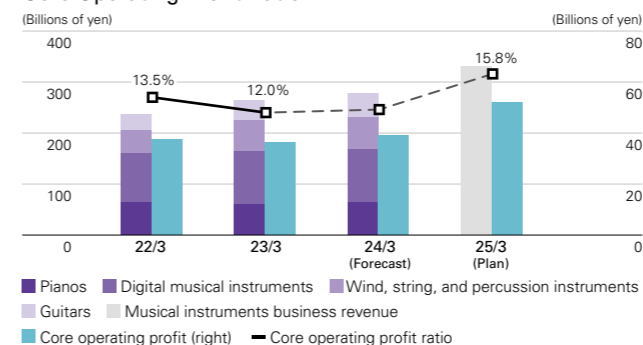
Policies for Fiscal 2024

As the market changes while recovering from the disruptions caused by the COVID-19 pandemic, the musical instruments business will pursue increases in revenue and profit through renewed growth.

To stimulate demand for entry-level models, which was sluggish in fiscal 2023, value promotion activities will be ramped up via e-commerce and social media and products tailored to local markets will be launched to accommodate market and customer needs. To heighten our capacity to sell high-value-added mid-range and high-end models, we are enhancing our capacity to communicate the fundamental value of musical instruments while building relations with prominent artists to achieve further improvements to brand value. Market recovery is expected in China, and we will seek to ensure that sales recover as well through increased information provision, accelerated sales promotion measures, and new product launches. As for the guitar business, which has been positioned as business to be fostered, we are coordinating with Cordoba Music Group, which was acquired in the guitar business in fiscal 2023, to bolster our development capabilities in order to boost our respective brand value. Furthermore, products based on new concepts will be launched to approach members of the younger generations who may become Yamaha customers in the future.

Sustainability initiatives will include promoting a shift toward products and manufacturing approaches with a lower impact on the environment through the utilization of sustainably sourced timber and the transition to more eco-friendly materials. In addition, the value proposition offered by these activities will be leveraged in approaching new customer groups. We will also seek to supply services for forging longer, stronger ties with customers by enhancing our musical instrument maintenance services and accelerating our development of tools for supporting performances.

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



PIANO BUSINESS



Global market share for Yamaha's products **Pianos: 33%\***  
 Revenue (Fiscal 2023): **¥60.6 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 and stimulate demand for higher levels of value in China</li> <li>Shift focus of product portfolio to more value-oriented business and orient customers toward these businesses</li> <li>Focus efforts on and increase recognition of Yamaha's 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

In fiscal 2023, the first year of the medium-term management plan, sales of pianos struggled due to the market stagnation seen in China as a result of the COVID-19 pandemic. Conversely, a number of experts tried out the CFX full-concert grand pianos we launched in March 2022, and these experts evaluated the pianos very highly. We also moved forward with artist relations activities through which we sought to create opportunities for aspiring and other pianists to learn through comfortable and immersive remote lessons. Meanwhile, the transition to a sustainable business model was promoted by launching silent function upgrade services in certain regions.

Focuses in fiscal 2024, the second year of the plan, will include steadily growing sales volumes in the Chinese market, which is expected to see recovery, as well as providing opportunities to enjoy performances without concern for time by launching new SILENT Piano series and TransAcoustic piano products in all markets. As smooth progress was made in the efforts to build relationships with experts commenced in fiscal 2023, we will continue to strengthen these relationships in fiscal 2024 as we seek to build further trust for the Yamaha brand and accelerate sales of the CFX piano.

DIGITAL MUSICAL INSTRUMENTS BUSINESS



Global market share for Yamaha's products **Digital pianos: 47%\***  
**Portable keyboards: 45%\***  
 Revenue (Fiscal 2023): **¥103.0 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>Develop further effort to mid-range and high-end digital piano operations and provide performance support solutions for digital pianos</li> <li>Achieve growth in emerging markets by developing portable keyboards rooted in local culture and expanding local content</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 the number of customers 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

The digital musical instruments business was impacted by the sluggish demand seen in the U.S. and European markets as a result of the economic downturn as well as by the impacts of the COVID-19 pandemic on the Chinese market during fiscal 2023, the first year of the medium-term management plan. Nevertheless, growth in sales of mid-range to high-end products was achieved. In emerging markets, demand for products designed for live performances recovered gradually, and strong sales were posted for new synthesizer products.

Efforts to promote the value of our various products through the ideal sales channels will be accelerated in fiscal 2024, the second year of the plan, by utilizing e-commerce for entry-level products and improving the customer experience offered by stores for high-end products. We will also enhance the performance support services and content we provide to forge ongoing relationships with the customers who purchase our products. Going forward, Yamaha will continue to develop key and sound source technologies in order to create new customer experience value that competitors cannot mimic.

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



Global market share for Yamaha's products **Wind instruments: 31%\***  
**Drums: 11%\***  
 Revenue (Fiscal 2023): **¥62.3 billion**

Business Overview

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

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	<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 energize 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>Help preserve the environment by utilizing sustainably sourced timber, unused timber types, and biomass-derived resins</li> </ul>

Major Focuses for Achieving Goals

Sales were strong in the North American market during fiscal 2023, the first year of the medium-term management plan, as the market was invigorated by national and state government support for education and a rapid recovery from the impacts of the COVID-19 pandemic. Also in this fiscal year, we strengthened our brand power as it relates to high-end products through the promotion of products designed under the guidance of leading artists. In addition, we sought to energize band activities in Japan through information provision campaigns advanced via social media with the assistance of influencers.

In fiscal 2024, the second year of the plan, Yamaha will continue to build on its relationships with artists. At the same time, Yamaha will bolster its ability to communicate the value of its products by extending the network of dedicated wind instrument retailers being developed in the United States to other parts of the globe. Other efforts will include ramping up the supply of information through the Yamaha Symphonic Band in order to broadcast the appeal of brass bands and thereby invigorate the industry. We will also continue to promote the value we provide in terms of the environment and other aspects of sustainability.

GUITAR BUSINESS



Global market share for Yamaha's products **Guitars: 10%\***  
 Revenue (Fiscal 2023): **¥37.9 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

Market inventory levels were high in fiscal 2023, the first year of the medium-term management plan, as a result of the rebound from the special demand trend that was the result of people staying at home in response to the COVID-19 pandemic. This situation caused sales of entry-level acoustic guitars to struggle. Regardless, the guitar business was able to achieve year-on-year growth thanks to the strong performance of electric guitars. During the fiscal year, we sought to craft narratives for communicating the value of our products. For example, we actively arranged offline events and online content in conjunction with new product launches in which developers talked about their products.

In fiscal 2024, the second year of the plan, we look to increase product selling prices in conjunction with the launch of a high-end acoustic guitar that was designed to exemplify the fundamental value of guitars. At the same time, growth strategies will be formulated to take advantage of the expanded product portfolio granted by the acquisition of Cordoba Music Group. Increased attention will also be devoted to branding activities, through which we will seek to form emotional bonds with customers in order to encourage them to continue choosing Yamaha.

\* Fiscal 2023, 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 Solutions Division

### Business Overview

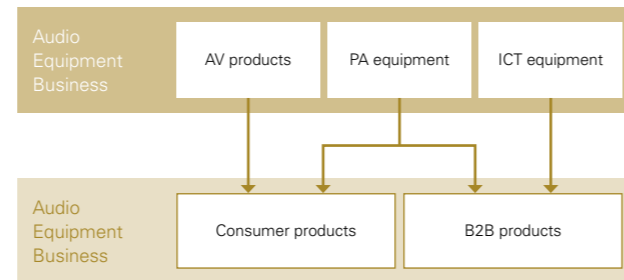
The audio equipment business is one of the business pillars of Yamaha, a company centered on sound and music. Consumer products include conventional personal audio products as well equipment for production, streaming, and gaming. As for business-to-business (B2B) products, we provide professional entertainment-use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

### Key Strategies under Make Waves 2.0

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 PA equipment, AV products, and ICT equipment based on whether they are consumer or B2B products in response to the changes in the market and demand brought about by the COVID-19 pandemic. Our efforts will specifically be targeted toward addressing the rising demand from consumers committed to high sound quality as well as the growing demand from businesses for hybrid meetings that combine on-site and remote participation. 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 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 seek to heighten awareness regarding TRUE SOUND products that faithfully communicate the intended intent of artists. 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.

### Reorganization of Segment Operations in Fiscal 2024



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

	Overview of Markets and Yamaha's Operations	Yamaha's Strengths	Main Competitors
Consumer products	<ul style="list-style-type: none"> <li>Global slowdown in the consumer audio product market due to changes in consumer behavior and dissipation of special demand associated with people staying at home in response to the COVID-19 pandemic</li> <li>Deceleration of growth as demand levels return to normal and emergence of oligopoly among major brands in headphone and earphone market</li> <li>Increase in distribution inventories due to rebound from special demand associated with people staying at home in response to the COVID-19 pandemic as well as intensification of competition due to product launches by competitors in the AV receiver market</li> <li>Brisk conditions in the soundbar market due to popularization of smart televisions characterized by particularly strong demand for mid-range and high-end models</li> <li>Rapid introduction of new products for creators from various companies in light of ongoing rise of economies driven by creators</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, Inc. (United States)</li> <li>Bose Corporation (United States)</li> <li>Sony Corporation (Japan)</li> <li>Logitech International S.A. (Switzerland)</li> <li>Samsung (South Korea)</li> <li>Focusrite plc. (United Kingdom)</li> <li>PreSonus Audio Electronics, Inc. (United States)</li> </ul>
B2B products	<ul style="list-style-type: none"> <li>Recovery in the live performance and entertainment markets in numerous regions following dissipation of the impacts of the COVID-19 pandemic</li> <li>Growth in the conferencing equipment market due to people returning to offices as economic activities return to normal</li> <li>Consistent demand for network devices amid growing IT investment for the purposes of promoting corporate digital transformation and operational efficiency</li> <li>Introduction of video over IP telecommunications technologies (technologies for transmitting audio and video over IP networks) at companies, concert halls, broadcasting networks, and retailers</li> </ul>	<ul style="list-style-type: none"> <li>Broad lineup of products capable of accommodating live performance and entertainment events of various scales and budgets</li> <li>Conference-use microphone and speaker system solutions that comprehensively accommodate everything from voice input to output</li> <li>Network device solutions proposals centered on integrated equipment management functions</li> <li>Products that leverage audio equipment and network product technologies</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>

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

#### Business Vision

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

#### Targets for Fiscal 2025

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

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

#### 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 the COVID-19 pandemic</li> <li>Demand for new audio equipment stimulated by transition to higher sound qualities and surround sound for sound, video, and video game content</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> <li>Possible prolongation of poor consumer confidence due to changing social trends</li> </ul>

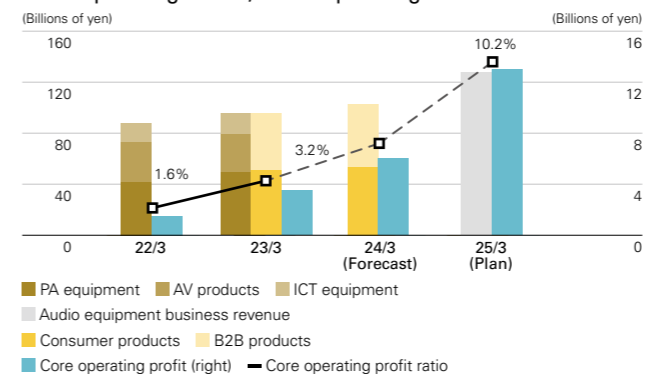
#### Key Strategies

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

### Review of Fiscal 2023

- Sales of home audio products struggled due to lower sales of entry-level models as well as shortages in product supplies that stemmed from difficulties in procuring components.
- A new flagship headphone model was introduced that featured exceptional levels of sound quality and distinctive new value, and this model was highly rated around the world.
- A number of new products oriented toward creators were introduced.
- Improvements were seen with regard to supply issues pertaining to products for businesses as the difficulties in procuring semiconductors were partially alleviated.
- Sale of PA mixers and speakers were strong as a result of recovery in demand in the entertainment market.
- Overseas sales of remote conferencing systems grew due to the beneficial environment produced by people returning to work as the impacts of the COVID-19 pandemic dissipate.
- Sales of new router products and other network device products were favorable.

### Revenue by Major Products and Subsegments / Core Operating Profit / Core Operating Profit Ratio



### Policies for Fiscal 2024

The audio equipment business will target increases in revenue and profit as it rebuilds its operating foundations and accelerates the shift toward growth fields in which it can exercise its strengths. To rebuild business in conjunction with market changes and broaden domains to include new growth markets, we are advancing initiatives through the new organizational structure created via the reorganization undertaken in response to market changes. For consumers, we are accelerating the development of products related to the growing content distribution field. For example, we are proposing new value that actively incorporates the commercial audio mixer and other expertise we have fostered over the years. For the corporate and education markets, our efforts to develop sales channels related to remote conferencing equipment are being accelerated. At the same time, we are strengthening our ties with sales partners (engineers and sales staff members) through community activities and certification tests in order to expand the scope of people able to propose Yamaha products. As we pursue higher development efficiency by creating sound, cloud, and network technology development platforms that facilitate the creation of new value, the shared platform under development will be gradually applied to new products in order to heighten the fluidity of technology assets and reduce the steps in the development process. Efforts to accelerate branding for TRUE SOUND to improve recognition of Yamaha's overall audio equipment lineup will include increasing opportunities to connect with individual customers through the directly operated e-commerce website being developed by means of collaboration between Yamaha Corporation and sales subsidiaries to foster recognition of the Yamaha brand.

## INDUSTRIAL MACHINERY AND COMPONENTS BUSINESS



Through comprehensive solutions centered on sound, we will grow our customer base in the transforming automotive and industrial machinery markets.

### Nobukazu Toba

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

### Business Overview

In the electronic devices business, which started with the development of LSIs for digital musical instruments, we are developing semiconductor products as well as comprehensive in-vehicle sound solutions that incorporate amp modules and speakers. As automobiles increasingly incorporate electronics, there is a rising need to make vehicles ever more comfortable spaces. Yamaha helps automobile manufacturers create the ideal acoustic environment for their vehicles by combining 3D surround sound functions that offer unparalleled levels of immersion with safety and security functions that support drivers through sound.

In our business of supplying automobile interior wood components for luxury cars, which began with the integration of our lumber processing and coating technologies, we develop products with superior design elements built on eco-friendly materials to deliver solutions that satisfy the design concept requirements of customers.

In the FA equipment business, we are deploying equipment developed by applying the production technologies we created for musical instrument production to industrial machinery to respond to inspection needs for printed circuit boards and various other products. With these three businesses, the industrial machinery and components business is being cultivated into a third business pillar that can stand alongside the musical instruments and audio equipment businesses.

### Key Strategies under Make Waves 2.0

Our goal in the electronic devices business is to expand the number of vehicles that use our automotive sound systems and high-quality in-vehicle communication modules, which employ Yamaha's acoustics and voice technologies. In regard to automotive sound systems, we are developing new types of customer value while also accelerating sales promotions by soliciting our track record and functions in conjunction with the increased exposure of the Yamaha brand in the Chinese and Japanese markets. As for high-quality in-vehicle communication modules, we are improving the performance of our systems and streamlining development processes to raise production efficiency in preparation for China's introduction of legislation requiring vehicles to be equipped with high-quality emergency alert systems.

In automobile interior wood components, diverse design proposals are being accelerated by reinforcing our material procurement systems as we also develop new production methods that are friendlier toward the environment.

In regard to FA equipment, Yamaha aims to maintain its strong share for printed circuit board testing machines by accommodating more sophisticated testing needs. We will also seek to grow this business by strengthening our ultrasound and other sensing technologies, expanding our customer base, and exploring new markets.

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

Mainstay Products	Overview of Markets and Yamaha's Operations	Yamaha's Strengths
<b>Electronic devices</b> Automotive sound systems, high-quality in-vehicle communication modules, in-vehicle image and digital sound field processor semiconductors, graphics LSIs and sound generators for amusement equipment, etc.	<ul style="list-style-type: none"> <li>Rising attention directed toward sound design as in-vehicle comfort is emphasized as a new source of vehicle value</li> <li>Progress in standardization as installation of emergency alert systems becomes mandatory in China 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>Increased interest in eco-friendly, sustainable materials and production methods</li> <li>Diversification of vehicle interior designs amid increased emphasis on design properties of vehicle interiors and changes in display and control methods associated with the incorporation of electronics</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>Need for increased precision and functionality in printed circuit board testing machines due to the trend toward faster communications and thinner, lighter, and more intricate circuits</li> <li>Rising demand for lithium-ion battery inspection equipment following rapid popularization of EVs</li> <li>Increased expectations for packaging quality and safety in conjunction with automation of food and medical product production lines</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 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>Accelerated incorporation of electronics into automobiles</li> <li>Increased needs for greater comfort in vehicles</li> <li>Growth in demand for new testing machines due to rising safety and security needs</li> </ul>	<ul style="list-style-type: none"> <li>Intense competition in the Chinese market amid growing needs for brand-name automotive sound systems</li> <li>Regulations instituted in conjunction with international political trends</li> </ul>

#### Key Strategies

##### 1 Electronic devices (in-vehicle audio)

Accelerate growth by providing comprehensive solutions for in-vehicle audio

##### 2 Automobile interior wood components

Establish a sustainable earnings structure for in-vehicle space production in the CASE era

##### 3 FA equipment

Expand business by contributing to the realization of a safe and secure society through ultrasound and sensing technologies

### Review of Fiscal 2023

#### Electronic Devices

- Progress was made approaching customers in China with our automotive sound systems, and these systems were also newly adopted by Japanese automobile manufacturers.
- High-quality in-vehicle communication modules were newly adopted for use in vehicles in Japan and China.

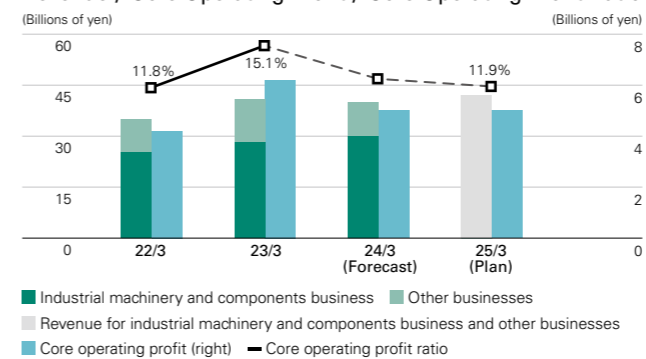
#### Automobile Interior Wood Components

- Verification moved forward for new production methods and approaches with lower environmental impacts.
- Sustainable design proposals using natural materials were commenced.

#### FA Equipment

- Progress was made in developing new ultrasound inspection equipment products for the food packaging field.
- Sales of lithium-ion battery inspection equipment grew.

### Revenue / Core Operating Profit / Core Operating Profit Ratio



### Policies for Fiscal 2024

In electronic devices, we are advertising our technologies and utilizing our partners to increase the number of vehicles using our automotive sound systems and high-quality in-vehicle communications modules. The value of automotive sound systems is being increased through the proposal of speaker units that employ proprietary structures to accentuate the bass elements of sound and of AI algorithms that deliver sound ideally tailored to characteristics of a given song or the tastes of a specific user. Meanwhile, we are encouraging Chinese manufacturers to adopt our high-quality in-vehicle communications modules in conjunction with China's institution of regulations mandating such modules. To support these efforts, our local engineering team is being expanded so we can offer more robust sound engineering proposals and support and better accommodate quality-related needs.

In regard to automobile interior wood components, we aim to expand our customer base through the creation of sustainable designs and products as we develop new production methods and prepare for mass production. We also seek to lower the environmental impact of our factories while pursuing smarter operations to reduce lead times and further stabilize the quality of our manufacturing activities.

As for FA equipment, we are promoting sales of flexible printed circuit board testing machines and battery leak detectors through the provision of stronger customer support service and additional functions. At the same time, we will focus on the development of next-generation products using our signal processing and sensing technologies. We also intend to launch new ultrasound inspection equipment products for the food packaging field and to seek out customers for these products.





## RESEARCH AND DEVELOPMENT

By further refining and enhancing the combination of technologies and sensibilities that represents our long-cultivated core competence, we will develop products and services that deliver unique and diverse experience value and thereby support the “Well-Being of People around the World.”

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

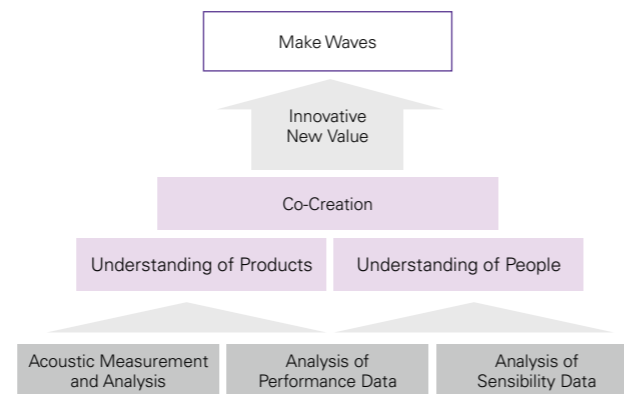
We have inherited the craftsmanship capabilities and sensibilities toward sound creation that Yamaha has cultivated over its long history, which spans generations. With these capabilities and sensibilities as our foundation, we possess a deep understanding of and vast insight related to sensibilities for determining a good sound and a good sound environment. These serve as our unique strengths and enable us to differentiate our products and services from our competitors. We are evolving our 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.

### Initiatives under the Make Waves 2.0 Medium-Term Management Plan

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.

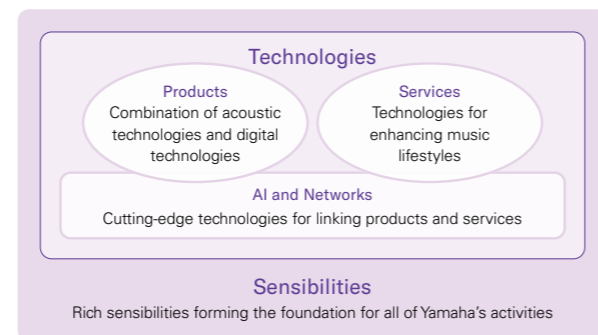


### Review of Fiscal 2023

In fiscal 2023, steady progress was made with regard to the priority themes defined by the medium-term management plan with the goal of combining technologies and sensibilities to help people “Make Waves.” We continued to evolve our simulation and measurement technologies while utilizing these technologies in the designs of musical instruments and audio equipment. Advancements in AI and signal processing technologies included the introduction of Yamaha’s latest sound source isolation technology into the Rec’n’Share™ app, a move that contributed to improvements to user experience value. In addition, the Upcycling Guitar was displayed at the “Musical Instrument Wood” Exhibition held in the Yamaha Ginza Shop, and this display was used as an opportunity to verify the new value of this instrument designed to inspire customers.

### 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.



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

Combine technologies and sensibilities to help people “Make Waves”—  
Create a world where anyone can enjoy sound and music anytime, anywhere

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

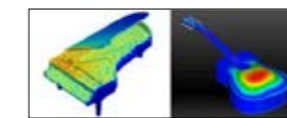
### Policies for Fiscal 2024

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

- Initiatives related to scientific design methodologies will include the development of technologies for analyzing the movements of people during musical performances as well as simulation and measurement technologies for use in analyzing objects.
- Efforts to visualize customer value will be centered around building a deeper understanding of diverse music cultures in order to better track customer value.
- AI technologies that accommodate people’s needs will be utilized in musical instruments as well as audio equipment and other non-musical instrument fields.
- In regard to the value of sustainable materials, we will seek to expand the scope of value we supply by quantitatively measuring the relationship between the physical properties of materials and sound characteristics.

### R&D Theme Establishment and Innovation of Design and Development Methodologies

Yamaha is taking a scientific approach toward design and codifying its methodologies in order to promote more sophisticated and efficient R&D activities. Through a logical, Companywide approach toward codifying and standardizing measurement, analysis, simulation, sensitivity evaluation, and other technology elements, we aim to



Acoustics analysis system

establish and innovate design and development methodologies. In addition, AI-powered analysis and simulation technologies will be employed in pursuit of massive improvements in development speed.

### R&D Theme Speaker-Related Elemental Technologies

Yamaha possesses a wide range of elemental technologies related to the design and production of speaker materials, speaker units, and speaker systems, and these technologies are driving the differentiation of our products. Examples of these technologies can be found in the new NS-2000A floor-standing speaker that employs our newly developed HARMONIOUS DIAPHRAGM™ and in our new magnetic circuits designed to suppress distortion. These and other elemental technologies are used in high-fidelity audio products, our latest automotive sound systems, and a wide variety of other products to deliver sound that is faithful to the vision of artists.



### R&D Theme Signal and Information Processing and Sound Source Isolation Technologies

Yamaha has a long history in the development of signal and information processing technologies. One innovation produced through these efforts is our sound source isolation technology, which has been incorporated into Yamaha’s Rec’n’Share™ app. Built on a cutting-edge architecture, this technology was developed by inputting various commercially available and other sound sources into a deep learning system in order to create a technology that can isolate specific musical instrument sound sources.

### 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.

#### 1. Daredemo Piano™ (Auto-Accompanied Piano)

The Daredemo Piano (Auto-Accompanied Piano) was developed by combining a technology for automatically producing accompaniment based on real-time AI-powered analysis of a person’s performance with Yamaha’s Disklavier performance reproducing pianos. If a person plays the Daredemo Piano, even with a single finger, an AI will analyze their performance to produce automatic accompaniment for the remaining parts of the piece to allow the person to deliver an elegant performance not unlike an accomplished pianist. Yamaha intends to continue verification tests and research and development to evolve the Daredemo Piano to be an even more effective tool for supporting an inclusive society in which anyone is able to feel the joy of playing the piano.



#### 2. Narikiri Microphone™ using TransVox™

Narikiri Microphone is a product that employ’s Yamaha’s TransVox technology, which can transform one person’s singing voice into that of another in real time. Utilizing the latest singing voice analysis and synthesis and AI technologies, TransVox was created by teaching an AI people’s singing patterns, including the characteristics of their voice and changes in tone and other qualities, to allow anyone to sing with the voice of a specific person, regardless of their age or gender. With this technology, Yamaha hopes that Narikiri Microphone will provide opportunities to take an interest in and experience the joy of music even to those people who have not had the chance to engage with music or who even feel adverse toward music.





## PRODUCTION

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

### Toshiaki Goto

Operating Officer  
Executive General Manager of Musical Instruments & Audio Products Production Unit and Senior General Manager of Manufacturing Process Division

### 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-related bases in Japan as well as bases in China, Indonesia, Malaysia, and India. By optimizing planning, procurement, production, and distribution functions for this market, our factory in India, which is a growth market that ranks right after China in terms of growth potential, integrates manufacturing and sales to deliver products with superior levels of cost competitiveness. Furthermore, we utilize the sales warehouse built into the factory to cater to the growing Indian market. Resilience strengthening for mitigating natural disaster risks and other extensive risk management measures are being implemented at various bases as we work to bolster the overall resilience of our production systems. For example, we are producing the same products at multiple bases and steps are being taken to reduce the supply of components between bases to make for integrated systems in which products can be manufactured entirely at a single location.

### Transmission of Yamaha's Techniques

Throughout our long history of producing musical instruments, we have refined the techniques for crafting even higher quality musical instruments. These techniques are imperative to product creation at Yamaha, and we are therefore committed to ensuring that these techniques are fully transmitted to selected Yamaha technicians.

The finishing touches on products are made using the eyes, ears, and hands of actual people to deliver a beauty and richness that cannot be produced by a mere machine. This is why we are so dedicated to protecting our craftsmanship and ensuring that these precious techniques are passed on to future Yamaha technicians.



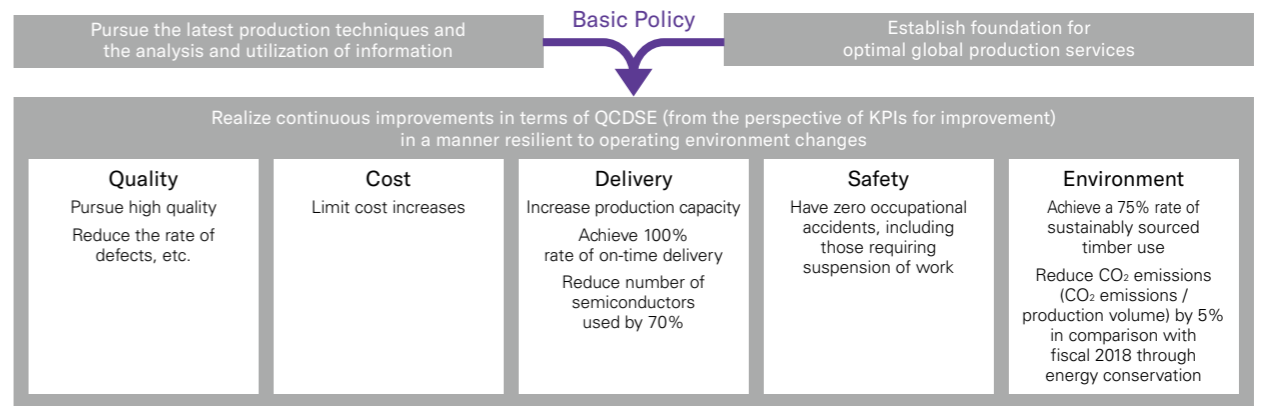
### Review of Fiscal 2023

In fiscal 2023, production levels were down as a result of sluggish market conditions as well as difficulties in procuring semiconductors and other components. Nevertheless, steady progress was made in relation to the priority themes defined by the medium-term management plan. For example, a manufacturing information platform was developed with the aim of introducing digital twin systems into our production management processes, and we have since begun installing this platform at production bases. In addition, certain piano component processing and other processes were automated to improve productivity. Meanwhile, numerous production bases are installing solar power generation systems in order to help combat climate change by utilizing renewable energy.

### Policies for Fiscal 2024

In fiscal 2024, the second year of the medium-term management plan, we will work to strengthen our management of semiconductor procurement organizations and supplier relationships based on the lessons learned from difficulties in procuring components. At the same time, domestic production bases will be enhanced as we seek to develop the frameworks for ensuring reliable production of high-value-added products and the transmission of our craftsmanship techniques. Production digital transformation initiatives will include the introduction of a manufacturing information platform at domestic and overseas production bases so that IoT and digital twin technologies can be utilized to achieve greater levels of excellence in terms of QCDSE.

## Production Strategies of the 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 factory construction in new areas, 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.

### 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 contribute to the development of local communities through the creation of employment opportunities and the installation of infrastructure in order to build an economically sustainable supply chain.

### TOPIC New Semiconductor Procurement Initiatives

Based on its experience during the pandemic and the subsequent issues with procuring semiconductors, Yamaha is setting up dedicated overseas organizations related to semiconductor procurement for the purpose of increasing the resilience of its procurement frameworks. Ensuring that we can always secure the necessary supplies of components in a constantly changing operating environment will require that we flexibly adapt our procurement processes and organizations in response to the current conditions. By establishing a dedicated semiconductor procurement organization and strengthening supply relationship management, we aim to build long-term relationships with semiconductor suppliers.





## SALES

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

**Masato Oshiki**

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

### 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 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.

#### Value Promotion and Selling Price Increases

Sales subsidiaries around the world produce highly effective advertisements, and these advertisements are being shared on a global basis to heighten the Yamaha Group's overall ability to solicit its value proposition. Employees are thus able to promote Yamaha's value in the ideal manner through both online and offline channels. In addition, we give ample consideration to such factors as the market environment, competitive relationships, and product features in order to promote efforts to increase selling prices so that they appropriately reflect the value a product offers. 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 providing services and 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.

### Global Music Popularization Activities

Yamaha is advancing activities to popularize music around the world. Since Yamaha began offering organ classes in 1954, we have gone on to extend the availability of Yamaha Music School, the successor to those organ classes, to include more than 40 countries and regions around the world. In addition, the School Project was launched in 2015 with the goal of promoting instrumental music education and increasing the musical-instrument-playing population centered on emerging countries. This project is currently being advanced in seven countries, where it is helping stimulate medium- to long-term demand.

### Status of Music Popularization Activities (As of March 2023)

Music Schools	Number of Venues (Schools)	Number of Students <sup>*1</sup>
Japan (total for children and adults)	2,300	320,000
Overseas (total from over 40 countries and regions)	1,250	161,000

\*1 Number of students who were able to receive lessons in fiscal 2023

Countries Offering the School Project <sup>*2</sup>	Aggregate Total of Students	March 31, 2025 Target
7 countries	2,025,000 people	2,300,000 people

\*2 Project that provides opportunities for children to play musical instruments as part of public education with the aim of spreading instrumental music education and increasing the musical-instrument-playing population

### Review of Fiscal 2023

Yamaha was unable to meet its sales targets in fiscal 2023 due in part to changes in demand and consumer purchasing behavior as a result of global increases to commodity prices. Another factor was struggling performance in the Chinese market, in which the impacts of the COVID-19 pandemic were particularly pronounced. Regardless, initiatives based on the priority themes of the medium-term management plan moved forward and generated results.

Initiatives aimed at the expansion of our customer base included bolstering our sales network and directly operated e-commerce venues in India, increasing the range of music schools in the ASEAN region, and otherwise ramping up our approach toward middle-income demographics. In pursuit of improvements to our ability to communicate our brand and product value, we expanded the number of experience-oriented stores to provide customers with purchasing experiences that involve seeing, feeling, and testing the physical qualities of products. We also augmented our network of bases for communicating the high-quality value offered by Yamaha. As for the acceleration of initiatives targeting higher lifetime value, the customer data platform being furnished on a global basis through the introduction of Yamaha Music ID is being used to supply each individual customer with the ideal products and services and to roll out members' services based on the applicable service designs and regional characteristics. Meanwhile, in the innovation of operating foundations and processes, the introduction of new ERP systems at sales subsidiaries is moving ahead as planned and thereby contributing to increased efficiency in sales processes.

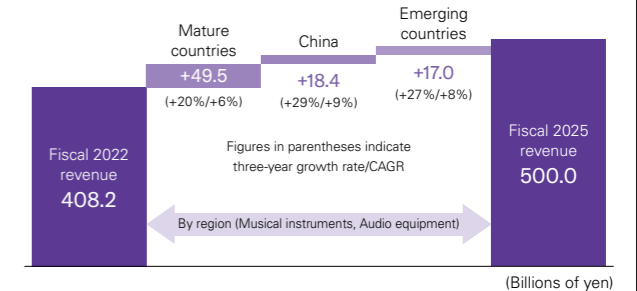
### Sales Strategies of the Make Waves 2.0 Medium-Term Management Plan

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

#### Targets for Fiscal 2025

Revenue: ¥500.0 billion

Revenue growth: 20% (three-year average)



#### 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>

### Policies for Fiscal 2024

In fiscal 2024, we will continue to implement the same basic policies as were enacted in fiscal 2023, the first year of the medium-term management plan, by moving ahead initiatives based on the priority themes while also expanding sales channels and redoubling our value solicitation efforts. We will thereby aim to grow earnings by developing broader, deeper, and longer direct ties with customers. Moreover, the Chinese and European markets, which struggled in fiscal 2023, are expected to recover in fiscal 2024, and we therefore anticipate sales growth in all regions.

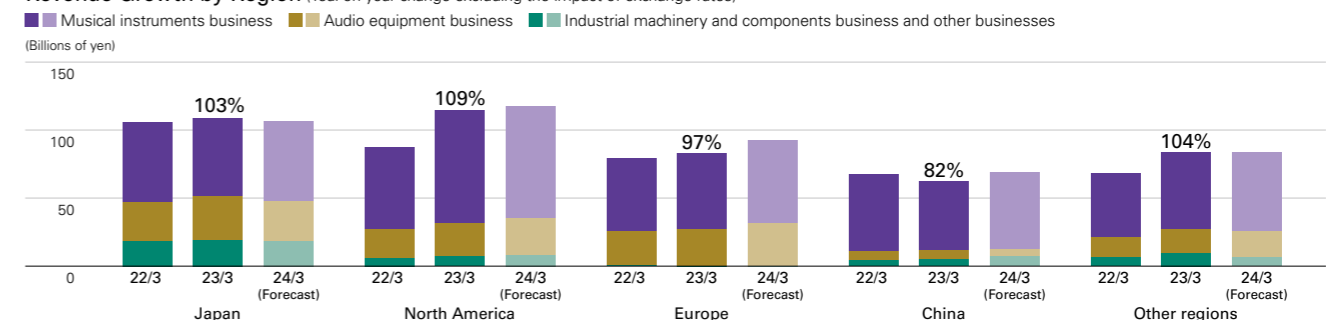
In April 2023, the Direct Marketing Department was set up within the Musical Instruments & Audio Products Sales Unit to facilitate the expansion of sales channels and the enhancement of value solicitation efforts. By reinforcing the direct marketing systems used to create offline and online customer contact points, we look to enable the Company to drive earnings growth in the countries in which we operate. Specific measures will include drafting product- and market-specific sales strategies, supporting the expansion of direct sales frameworks, approaching new customers and soliciting value through digital marketing, and strengthening communication with existing customers based on customer data.

### TOPIC Establishment of Local Sales Subsidiary in the Philippines

Yamaha established a local sales subsidiary in the Philippines in 2023. This decision was made based on the judgment that the Philippines features a substantial market for musical instruments and audio equipment with significant growth potential in light of the country's high economic growth rate, its relatively young population, large middle class, and culture of enjoying music. This is the first time Yamaha has created an overseas subsidiary since it set up a local sales subsidiary in Vietnam a decade ago in 2013.

In the past, sales in the Philippines have been entrusted to local import and sales agents. Going forward, however, our sales activities will be spearheaded by the new sales subsidiary in order to accelerate sales growth. In addition to utilizing our existing sales network in the Philippines, we will also be going further to develop a network that is superior in terms of both quantitative and qualitative aspects in order to strengthen our marketing and branding activities in this market. Efforts to promote acoustic and digital pianos and other high-value-added products will include experience-oriented exhibitions at dealers centered on urban locations and augmentations to our product explanation capabilities. For entry-level portable keyboards and guitars, we plan to grow sales by expanding our network of e-commerce and other sales channels across the country.

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





SALES

CHINA

The Yamaha Group does not view China only as a site for production; we also recognize that it is an important consumer market. This is why we set up a sales network in this country a step ahead of the competition and have thus succeeded in achieving ongoing growth in this market. The Chinese market is still being impacted by the COVID-19 pandemic, but this does not change our intent to continue growing in this market through a strategy integrating products, sales, branding, and demand creation activities.

Atsushi Yamaura

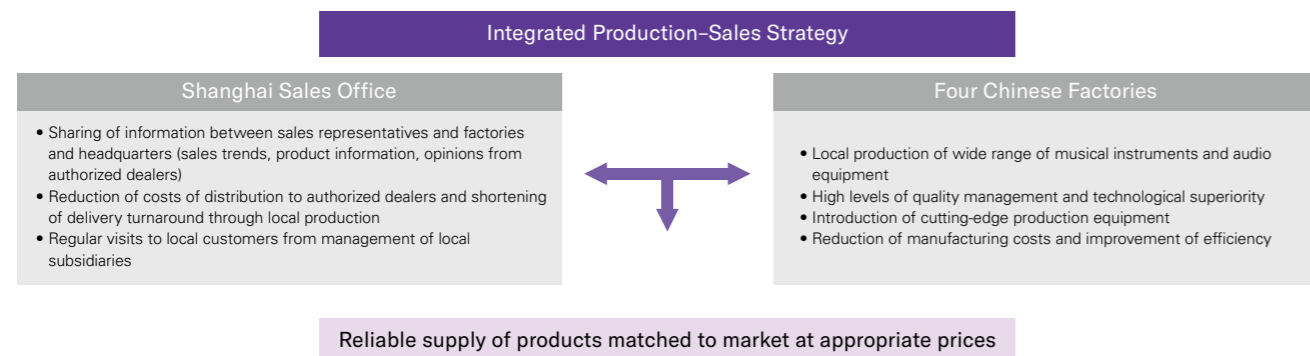
Executive Officer  
Deputy Executive General Manager of Musical Instruments & Audio Products Sales Unit  
President of Yamaha Music & Electronics (China) Co., Ltd.



Yamaha's Competitive Advantage in China  
—Integrated Production–Sales Strategy without Peer

Yamaha has the unique strength of possessing both production and sales bases in the Chinese market. It is therefore easier for us to share information on product sales, feedback related to products, requests from dealers and customers, and other information between sales representatives and factories and headquarters. This in turn allows us to incorporate input from frontline operations into our product development and production activities. Moreover, as products are manufactured locally within this market, the cost of distributing products to dealers is lower and delivery turnaround times are shorter.

Yamaha has a total of four factories in China at which it manufactures a wide range of musical instruments and audio equipment. Cutting-edge production technologies are being introduced into these factories in order to lower manufacturing costs and improve efficiency while maintaining the high level of quality customers expect. We are therefore able to reliably supply products matched to the market at appropriate prices. Going forward, Yamaha will continue to promote coordination with local production bases in its efforts to develop and launch products that accommodate the unique needs seen in the Chinese market.



Expansion of Customer Base

Yamaha's operations foundations in the Chinese market will be reorganized in fiscal 2024 in response to the market changes seen post-pandemic. During the period of the pandemic, sales of products such as digital musical instruments and guitars grew through online venues. In addition, traction was gained with a new customer contact method known as live commerce, which entails engaging with customers through live broadcasts via social media, helping us evolve the purchasing experiences we provide online. Going forward, Yamaha will redouble its online sales efforts in China based on the recognition that the internet will be an increasing important channel for sales in this country. Meanwhile, the customer attraction capabilities of online platforms will be used to direct customers toward offline stores. At the same time, we are enhancing the value solicitation capabilities of offline sales venues with the aim of boosting sales of high-value-added models. In these ways, Yamaha is utilizing online and offline venues in order to expand its customer base in the Chinese market.

China accounts for roughly half of total global sales of pianos, and the Chinese market for pianos has grown in conjunction with education-related demand. Yamaha looks to develop sales channels in inland cities by increasing our exposure among customers outside of urban centers.

Although pianos are primarily sold in physical stores, Yamaha opened a flagship online store in China during fiscal 2023. Accessible through Tmall, China's largest e-commerce platform, this store is another means by which Yamaha is working to strengthen customer contact points. Going forward, we will continue to pursue growth in sales of pianos through coordination with dealers across China.

As for digital musical instruments, online sales channels are being used to promote sales of entry-level and casual-use model products, whereas physical stores are utilized to solicit the value of mid-range and high-end products. Our ongoing efforts to expand customer contact points in relation to digital musical instruments include community initiatives; performance events, sometimes involving singing, for casual adult musicians; and programs targeting piano instructors. In addition, we are renovating dedicated digital musical instrument sale areas to better communicate the value of the Yamaha brand.

The market for guitars in China is growing together with the population of younger performers. Nevertheless, the focus of sales is being shifted from entry-level models to mid-range and high-end models as Yamaha works to develop new sales channels and raise its brand recognition to achieve further growth. We also intend to foster electric guitars into a second pillar of sales growth that can stand

Overview of Chinese Subsidiaries

**Sales and Marketing Bases**

- **Yamaha Music & Electronics (China) Co., Ltd. (Shanghai)**  
Sales of musical instruments, audio equipment, and golf products in mainland China
- **Yamaha Music Technical (Shanghai) Co., Ltd. (Shanghai)**  
Management of music schools in mainland China
- **Yamaha Trading (Shanghai) Co., Ltd. (Shanghai)**  
Trading of musical instruments and audio equipment for Hong Kong
- **Shenzhen Yamaha Music & Electronics Trading Co., Ltd. (Shenzhen)**  
Component procurement and purchasing

**Production Bases**

- **Hangzhou Yamaha Musical Instruments Co., Ltd. (Hangzhou)**  
Manufacturing of pianos and guitars
- **Xiaoshan Yamaha Musical Instruments Co., Ltd. (Xiaoshan)**  
Manufacturing of wind, string, and percussion instruments
- **Tianjin Yamaha Electronic Musical Instruments, Inc. (Tianjin)**  
Manufacturing of digital musical instruments
- **Yamaha Electronics (Suzhou) Co., Ltd. (Suzhou)**  
Manufacturing of audio equipment and digital musical instruments

Yamaha's History in China

1985	Establishment of representative office in Beijing
1989	Establishment of Tianjin Yamaha Electronic Musical Instruments, Inc.
1995	Establishment of Guangzhou Yamaha-Pearl River Piano Inc. (joint venture piano factory, divested in 2007)
1997	Establishment of Xiaoshan Yamaha Musical Instruments Co., Ltd. (100% investment by Yamaha Corporation)
2002	Establishment of Yamaha Music & Electronics (China) Co., Ltd.
2003	Establishment of Yamaha Electronics (Suzhou) Co., Ltd., and Hangzhou Yamaha Musical Instruments Co., Ltd. (100% investment by Yamaha Corporation)
2005	Start of operation of Yamaha Music Schools

alongside the prior central pillar of acoustic guitars. As part of this undertaking, we introduced the Yamaha Group's Line 6 and Ampeg brands into the Chinese market in 2023.

Improvement of Ability to Communicate Brand and Product Value

Through musical instrument sales and music popularization activities, Yamaha has proceeded to provide customers in China with access to the joy of music, thereby soliciting the value of the Yamaha brand. Going forward, we will endeavor to raise the recognition of the Yamaha brand among the younger generation with the aim of improving our brand image in the musical instruments and audio equipment businesses.

We continue to invite artists and instructors to hold experience-based events that give customers the opportunity to experience the joy of our musical instruments and music proposals in physical stores. Yamaha is also distributing information via social media, enhancing the content it offers through these venues to broaden its contact points with customers. For example, an official Yamaha account was set up on Xiaohongshu\* in 2022. This social media platform is frequently used for doing research when considering buying a particular product due to the large number of reviews users post. To take advantage of the characteristics of this venue, we are communicating how music can enrich one's life through Yamaha accounts and through influencers with a focus on younger generations and particularly on people who do not yet have experience with music. We thereby hope to reach new potential customers.

For audio equipment, in-person exhibitions and events for trying out products are being arranged along with dealer trainings, live commerce events, and short videos designed to enhance our ability to communicate our value. The goal of these ongoing efforts is to foster an image of Yamaha as a specialized sound brand.

\* Social media service considered to be the Chinese equivalent of Instagram

Acceleration of Initiatives Targeting Higher Lifetime Value

Yamaha is soliciting the value of its products based on the theme of creating a moment of satisfaction for customers. Cultivating store staff is critical to this approach toward advertising. For this reason, we began providing Clavinova digital piano advisor certification tests in 2018, which have contributed to a gradual rise in the level of knowledge of our products among store staff. As a new initiative, we launched Yamaha Cloud University, a dedicated online platform for helping keyboard and digital piano sales staff gain more knowledge about Yamaha products. With more than 40 courses containing compartmentalized content, this platform helps users learn in accordance with their specific levels of knowledge. Receiving praise from dealerships for how it makes it possible to confirm the training status of employees, Yamaha Cloud University was used by more than 1,900 individuals in fiscal 2023. Looking ahead, Yamaha will continue to support dealers through the provision of sophisticated and practical training tools. At the same time, we will expand such efforts to other product categories in order to effectively raise the skills of the staff at dealers handling Yamaha products.

In China, senior citizens are extremely active in taking part in learning, a trend that has prompted Yamaha to approach senior education facilities. Partnering with such education facilities, we are arranging group lessons and recitals for portable keyboards as well as a number of events related to digital saxophones, which are being conducted in light of the growing popularity of wind instruments among casual musicians. Moreover, events featuring celebrity guests and other initiatives will be used to further energize the musical-instrument-playing community as Yamaha seeks to propose lifestyles that involve music and forge long-lasting relations with customers.



TOPIC Promotion of the Yamaha Brand through Events

Yamaha participated in the 2022 China International Import Expo, which was held in Shanghai in November 2022. Our booth drew a wide range of visitors, including government officials, school representatives, and general users, and these visitors were treated to an opportunity to experience the value of Yamaha as a sound and music brand through hands-on interactions with products and performances by employees. We have also used product exhibitions, live event broadcasts, and other collaborative activities with Yamaha Motor Co., Ltd., to communicate the appeal of the Yamaha brand. Going forward, Yamaha will continue to take part in such events to help as many customers as possible experience the joy of sound and music while spreading understanding of the appeal of the Yamaha brand.



Yamaha booth at the 2022 China International Import Expo