



Purpose

Well-being of People around the World

Make Waves 2.0

Yamaha New Medium-Term Management Plan

Apr. 2022 – Mar. 2025

12th May 2022



YAMAHA CORPORATION

Although the financial targets were not met due to the impact of the COVID-19 pandemic, we have made steady progress in key strategies and achieved non-financial targets

Progress of key strategies

Develop Closer Ties with Customers

- ✓ Integration of customer data platform progressed, accelerating digital marketing
- ✓ Yamaha automotive sound system domain expanded after acquiring contracts for 5 companies
- ✗ Sales opportunities lost due to supply shortages caused by semiconductor procurement and logistics difficulties

Create New Value

- ✓ Launched distinctive products fusing a wide range of technologies
- ✓ Provided products and services that meet new demands, such as remote access
- ✗ Promoted development of various business platforms, shifting to utilization phase from the new medium-term management plan

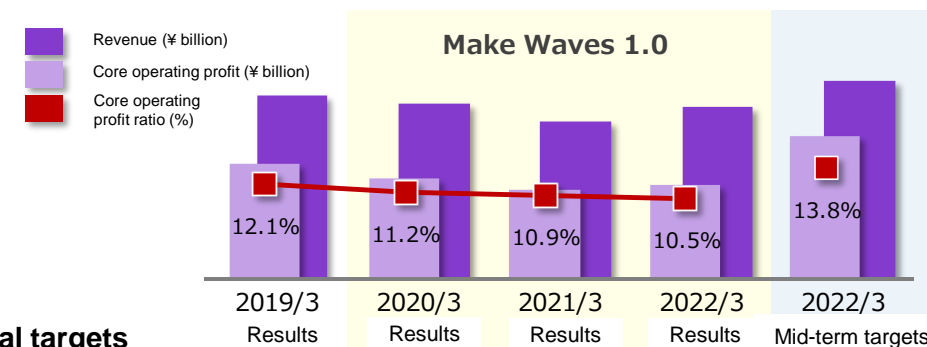
Enhance Productivity

- ✓ Accelerated workstyle reform promotion and business transformation triggered by COVID-19
- ✓ Launched factory in India, expanded production capacity and number of models
- ✗ Cost increase outweighed cost reduction efforts in the COVID-19 pandemic

Contribute to Society through Our Business

- ✓ Yamaha Music School opened in a new market (first authorized facility in Saudi Arabia)
- ✓ Yamaha Group is recognized with prestigious “A” score for climate change by CDP
- ✓ Selected as a Health & Productivity Stock Selection Brand for 2022

Financial and non-financial targets



Financial targets

	2019/3 Results	2020/3 Results	2021/3 Results	2022/3 Results	2022/3 Mid-term targets
Revenue	434.4	414.2	372.6	408.2	470.0
Core operating profit	52.7	46.4	40.7	43.0	65.0
Core operating profit ratio	12.1%	11.2%	10.9%	10.5%	13.8%
ROE	11.1%	10.1%	7.4%	9.2%	11.5%
EPS*	¥222	¥195	¥151	¥215	¥270
Foreign exchange rate	US\$ 111	109	106	112	110
	EUR 131	122	121	131	125

Non-financial targets

- Increased corporate brand value by 1.5 times, achieving the target of 1.3 times
- Number of school PJ students reached 1.29 million, achieving the target of 1 million students
- Achieved target of 50% of certified timber use rate

* Earnings per Share

Business environmental forecast

The revolutionary transformation brought about by the accelerated digitalization

Industrial structure and the world are changing drastically and more direct and closer ties with customers are becoming stronger.



Business environmental forecast

Greater diversity in lifestyles and sense of value

Not only functionality and convenience, but also people are seeking greater emotional satisfaction and authenticity



Business environmental forecast

Growing awareness of sustainability

Greater demand for corporate social responsibility.
Broad awareness that social contribution links to corporate value creation in the medium to long term.



COVID-19 has brought about rapid changes in people's awareness and environment, transitioning to a “new society” post-COVID

- In an era when nature of emotional richness is sought for, as sound and music are needed much more as human necessities
- Shifting of people's purchasing behavior to digital and online, increasing number of e-commerce users
- Changes in the way people enjoy sound/music and communication, such as remote ensembles, online conferences, etc.

The “new society” provides a further opportunity to Yamaha with the combination of its technologies and sensibilities!



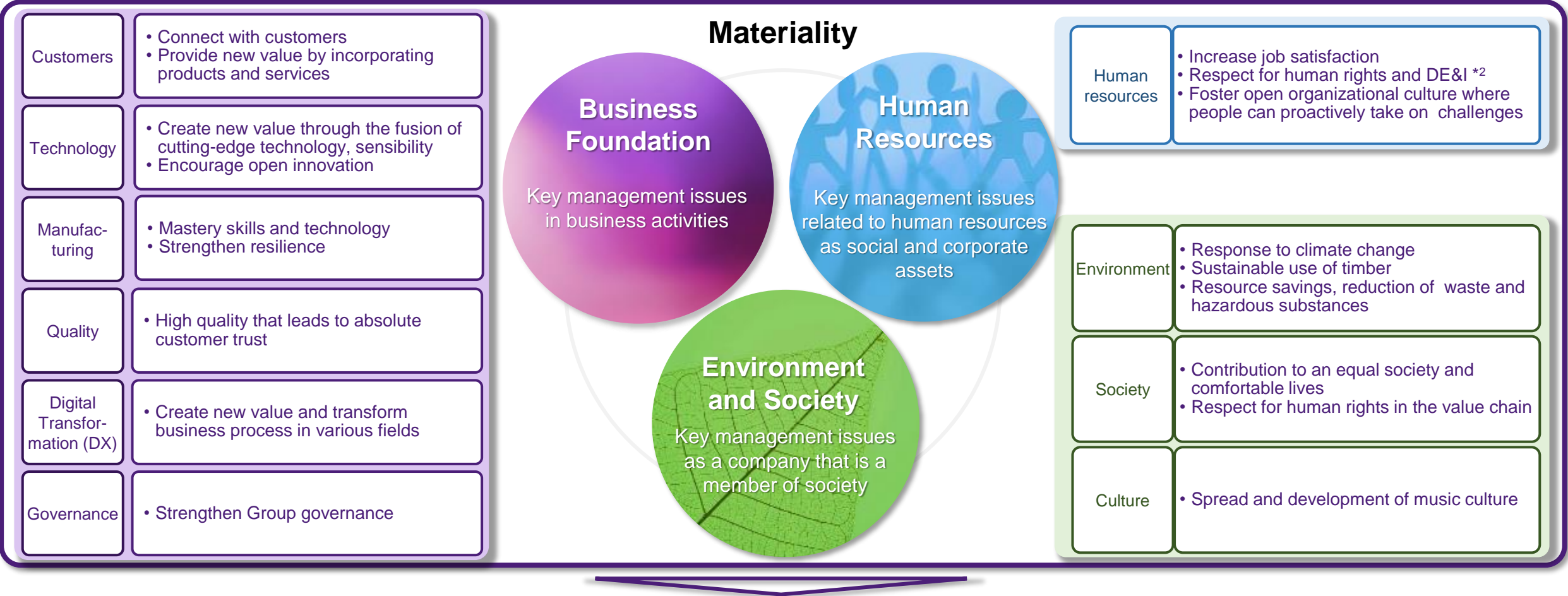
Make Waves 2.0

Enhance Sustainable Growth Capability in the New Society



Aiming for a world where everyone enjoy sound and music whenever, wherever





Basic policy of the medium-term management plan: Enhance sustainable growth capability in the new society

Key policy 1
Further strengthen the business foundation

Key policy 2
Set sustainability as a source of value

Key policy 3
Enable Yamaha colleagues to be more valued, more engaged and more committed

Key policies to enhance sustainable growth capability in the new society and key themes for realization

Key policies

1. Further strengthen the business foundations

(1) Develop closer ties with customers

(2) Create new value

(3) Be more flexible and resilient

Key themes

2. Set sustainability as a source of value

[Environment]

(1) Build a value chain that supports the future of the earth and society

[Society]

(2) Enhance brand and competitiveness by contributing to comfortable lives

[Culture]

(3) Expand market through the promotion and development of music culture

3. Enable Yamaha colleagues to be more valued, more engaged and more committed

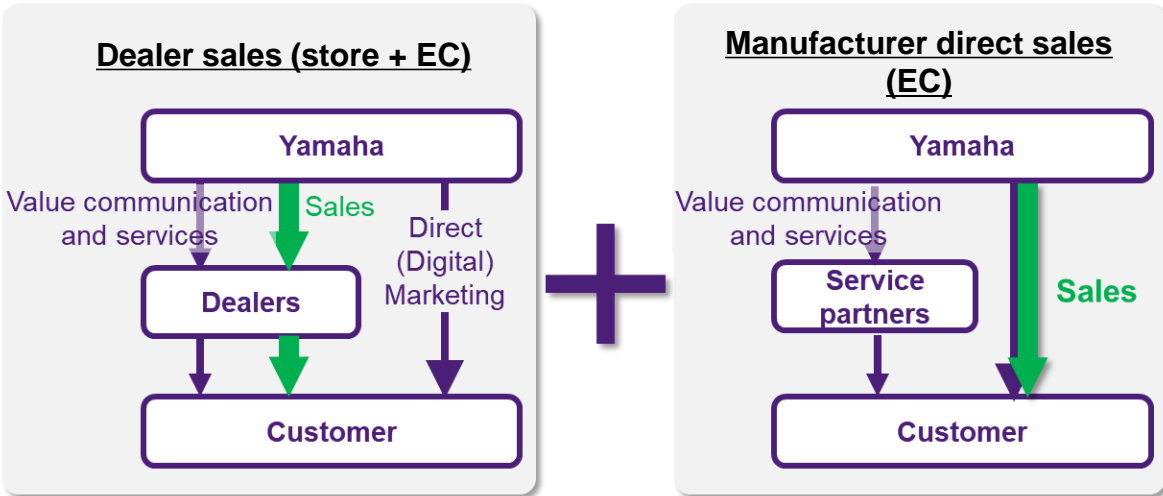
(1) Increase job satisfaction

(2) Promote respect for human rights and DE&I

(3) Foster open organizational culture where people can proactively take on challenges

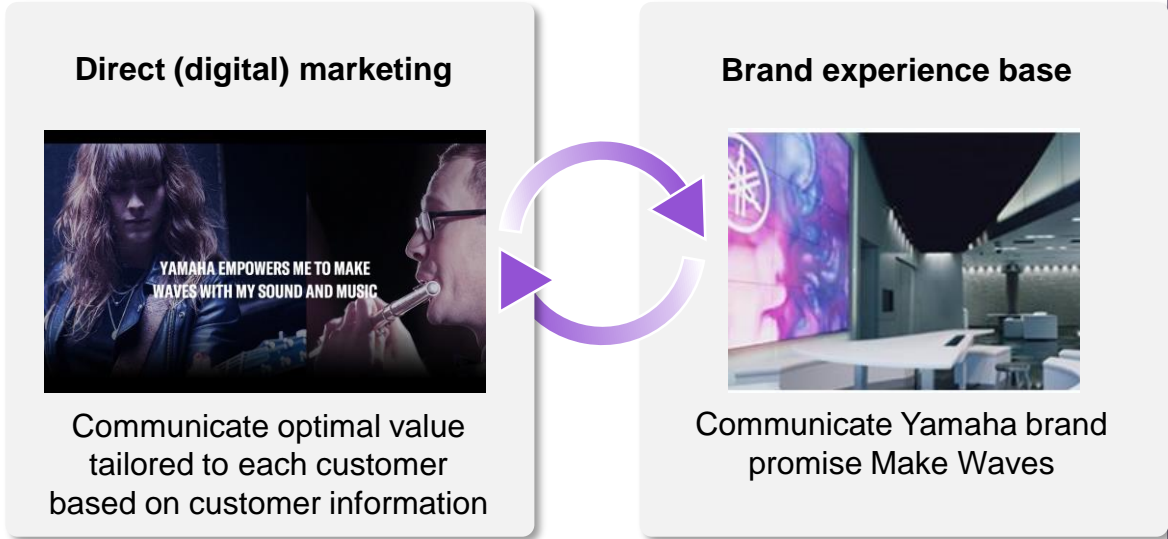
Sales channels

Sales evolution for direct ties with Customers



Value communication

Hybrid value appeal integrating digital marketing and physical stores



Customer data platform

Improve Customer data platform (Yamaha Music ID) to develop closer ties with users over their lifetime

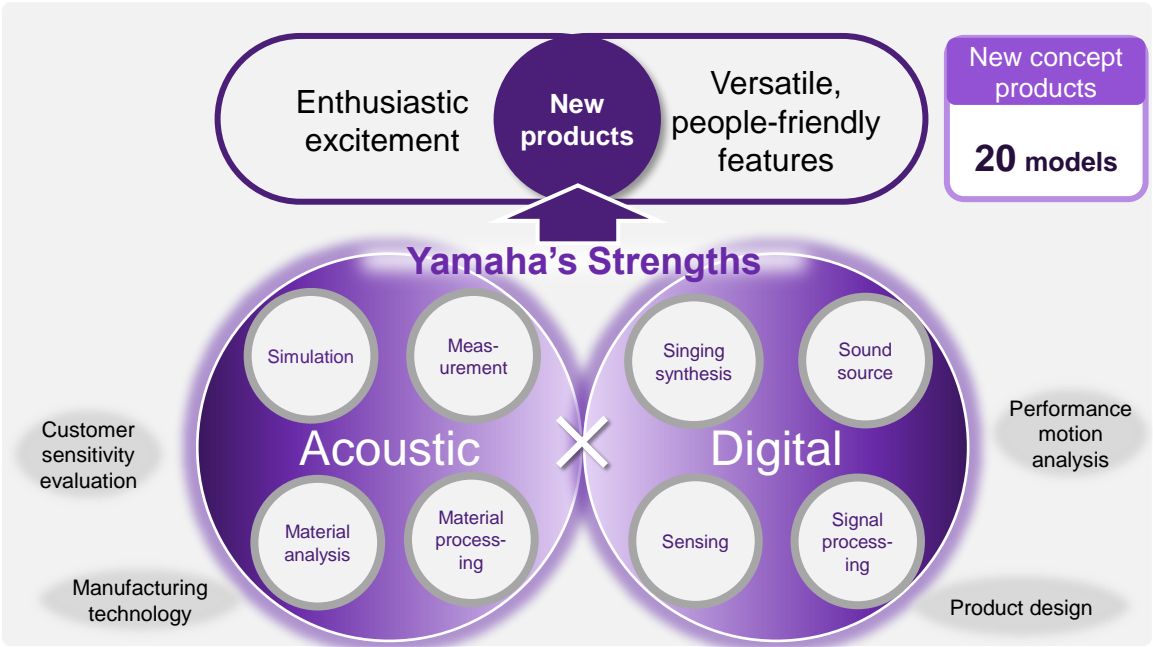
Yamaha Music ID registrations

5 million IDs



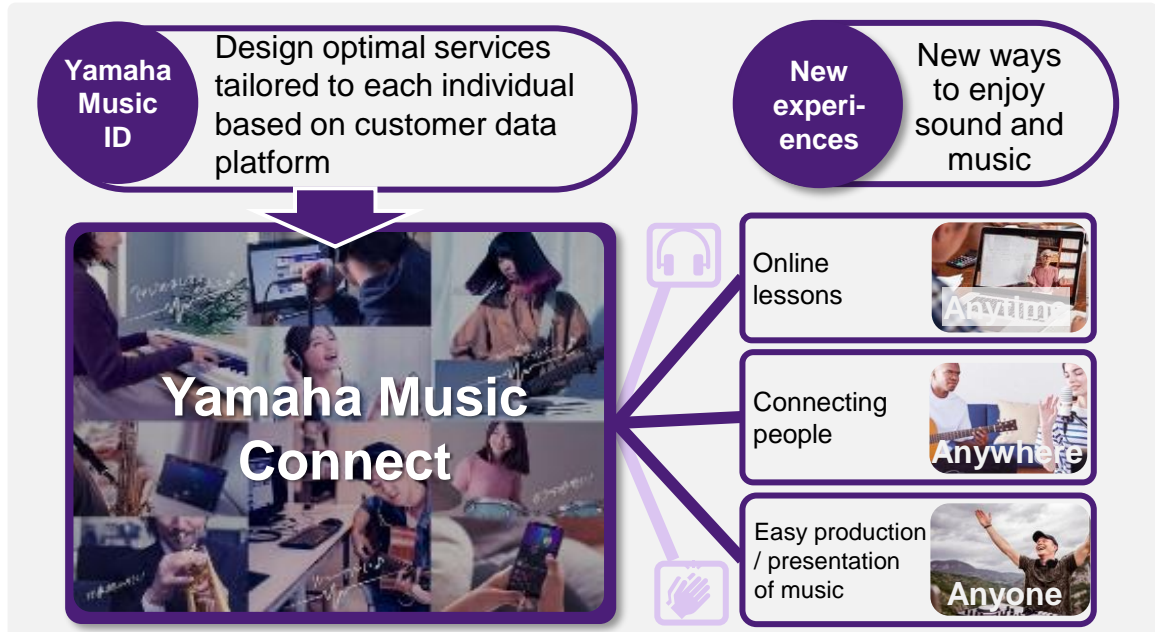
Products

Create new products unique to Yamaha through the fusion of acoustic and digital technologies

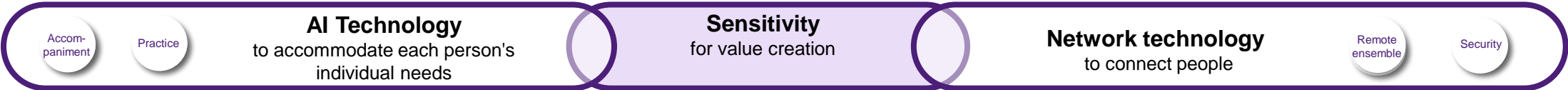


Services

Accelerate LTV*1 strategy and develop services to make music life more enjoyable through external collaboration and UGC*2



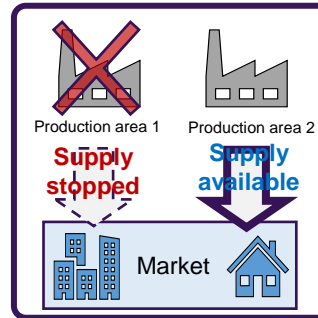
Create new emotional experiences with advanced technology and rich sensibilities



Manufacturing and technology development

Strengthen supply capacity to respond to demand and environmental changes

- Improve resilience in procurement and production
 - Strategically narrow down the number of suppliers and types of parts
 - Establish a multi-region production system for the same product category
- Increase capacity of existing plants
 - Capacity expansion of plants in India and Indonesia
 - Promote smart factory (Utilization of AI, IoT, sensor technology)
 - Hand down mastery skills

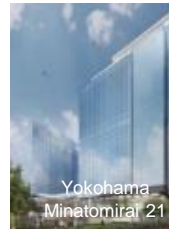


Investment in production infrastructure

¥35 billion

Enhance development platform to generate innovation

- Establish a new R&D center in the Tokyo metropolitan area (scheduled for completion by the end of March 2024)
- Utilize external resources, strengthen collaboration, and develop a common development platform



Digital Transformation (DX)

New value creation and process transformation through DX

- Create new value
 - Provide services optimized for each customer by utilizing customer data
 - Accumulate sound/music performance and sensitivity data, and apply to new technologies

- Process transformation

Data strategy for decision-making and execution

- Build data management platform
- DX human resource development

Speeding up and improving efficiency of SCM

- Operate a new SCM system that connects production to customers at full scale

Standardize and improve efficiency of sales operations and production management

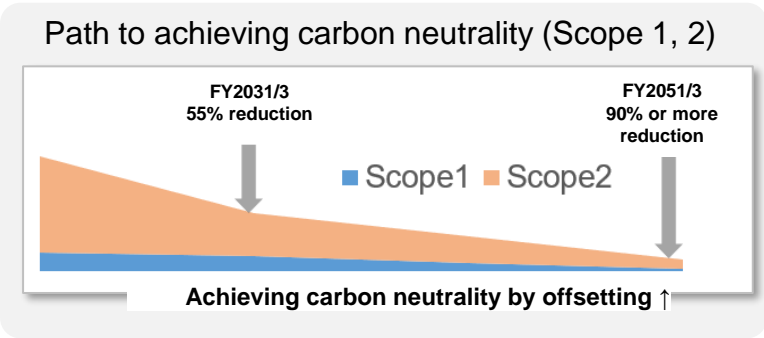
- Implement sales ERP and production ERP
- Improve efficiency and quality by promoting digital twin in manufacturing




Conservation of the global environment

Responding to climate change

- Toward the carbon neutrality in 2050, reduce CO₂ emissions from energy used at business sites (shift to energy conservation and renewable energy)



- Energy conservation in products
- Reduce CO₂ emissions from procurement, logistics, etc. (Collaborate with suppliers and improve logistics loading efficiency)

Response to climate change

5%
reduction of CO₂
emissions by energy saving

*CO₂ emissions / production volume, compared to FY2018/3

CDP climate change
Uphold the position
as A-list company





Eco-Products*1

5%
improvement
in logistics loading
efficiency

Sustainable use of timber


- Fostering and conservation activities for rare tree species used as materials for musical instruments
- Promote sustainably sourced timber use
- Research alternatives that exceed the performance of existing lumbers



Sustainable use of timber

Sustainably sourced timber

75%
Company standard

Sustainable use of timber

Sustainably sourced timber

75%
Company standard

Resource savings, reduction of waste and hazardous substances

- Reduce usage of non-recyclable materials and waste
Utilization of recyclable materials, reduction of plastic usage
- Longer product life
High durability, upgrades, maintenance and renewal
- Reduce volatile organic compounds in paints and adhesives

New small-sized products

Elimination of plastic
packaging materials

Solving social issues

Creation of remote environments for the new society



Remote lessons connecting
instructors and students



Comfortable teleconferencing
with sound and video technology

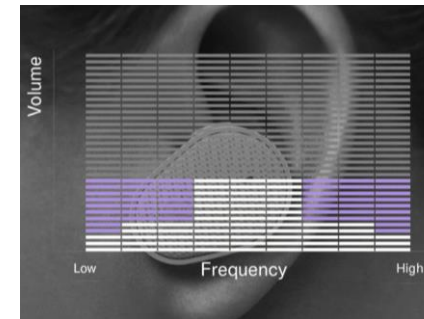
- Realize comfortable and immersive remote performances and lessons
- Realize high-quality, natural remote communication

Respect for human rights in the value chain

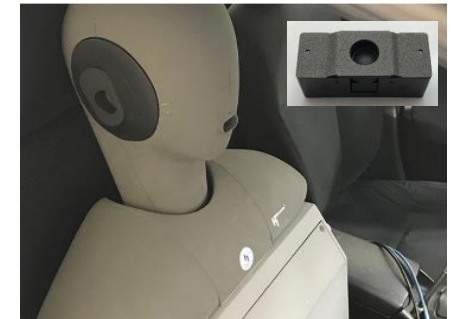
- Increase the level of supplier human rights due diligence

60 companies
introduced on-site
supplier audits

Contributing to sound-related health and safety



Listening care technology designed
to support hearing health



Voice communication module

- Provide new value for “ear protection” by solving noise and hearing loss problems
- Ensure safety and reduce the damage from traffic accidents through voice solutions (in-vehicle emergency calls, wireless communication, etc.)
- Contribute to the prevention of dementia, creation of a sense of purpose in life, and improvement of QoL among the elderly through the use of music

Promotion and development of music culture

Expansion of the community playing musical instruments



School projects in various countries



Applications which support various music performances and practice managements

- Pursue the ideal state of music schools in a new society
- Provide opportunities for beginners and dormant users to play musical instruments through performance support functions, applications, and services
- Promote instrumental music education to the curriculum of schools in emerging countries

**Overseas music school
+100,000 students**



Spread and development of music culture

Promote instrumental music education to the curriculum of schools in emerging countries

**10 countries
Cumulative total of
2.3 million students**

Contribution to local music culture



Digital musical instruments reproducing regional and ethnic instruments



Love Piano

- Preserve and develop music culture by developing products rooted in local culture and expanding local content
- Train instructors and technicians essential for the development of music culture
- Support activities of young musicians and music researchers
- Expand the activities to piano exhibitions (Love Piano) for trial playing to make the instruments more accessible to the public

*Love Piano: Pianos installed at train stations, airports, commercial facilities, etc. that the public can freely use.

(1) Increase job satisfaction

Develop employee value proposition
of Yamaha

- Develop leaders who can drive the business from a global perspective and assign competent individuals to the appropriate positions
- Strengthen support for individual career development
- Support diverse and flexible workstyles

Indicators for job satisfaction

Employee engagement survey
Positive response rate for job satisfaction
Continuous improvement

Amount of
human capital
investment
Doubled



(2) Promote respect for human rights
and DE&I

Leverage potential of our diverse
workforce

- Conduct human rights education and human rights due diligence
- Promote greater equity and diverse workforce

Percentage of female
managers

Global average
19%

Cross-border
placement
30 people



(3) Foster open organizational culture
where people can proactively take
on challenges

Build an organizational culture where
people respect each other and can
work comfortably.

- Increase various opportunities for communication
- Transform further into an organization encouraging to take on challenges without fear of failure.

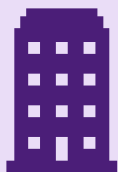
Indicators for workplace environment

Employee engagement survey
Positive response rate for workplace environment
Continuous improvement



Non-financial targets to enhance sustainable growth capability in the new society

Further strengthen the businesses foundation



Indicators to connect more with customers

Yamaha Music ID registrations

5 million IDs

New indicator

New value creation indicators

Number of new concept products introduced

20 models

Make Waves1.0: 10 models

Resilience indicators

Investment in production infrastructure

¥35 billion

Make Waves 1.0: ¥27 billion

Set sustainability as a source of value



Music culture promotion indicators

10 countries supporting instrumental music education
Cumulative total :

2.3 million students

Current: Cumulative total 1.29 million

Environmental impact reduction indicators

Sustainably sourced timber

75%*Company standard

Current : Assumed 55%

CO₂ emissions

5% reduction

by energy saving

*CO₂ emissions / production compared with the FY2018/3 levels

Enable Yamaha colleagues to be more valued, more engaged and more committed



Indicators for job satisfaction

Employee engagement survey
Positive response rate for job satisfaction

Continuous improvement

Current results for FY2022/3: 66%

Gender Equity indicators

Percentage of female managers

Global average **19%**

Current results for FY2022/3: 16.5%

Indicators for workplace environment

Employee engagement survey
Positive response rate for workplace environment

Continuous improvement

Current results for FY2022/3: 66%

[Financial Indicators]

Achieving both growth and profitability

Revenue growth: **20 %**

Core operating profit ratio: **14 %**

ROE : **10 % or more**

(Cost of shareholders' equity*1 : 7.8%)

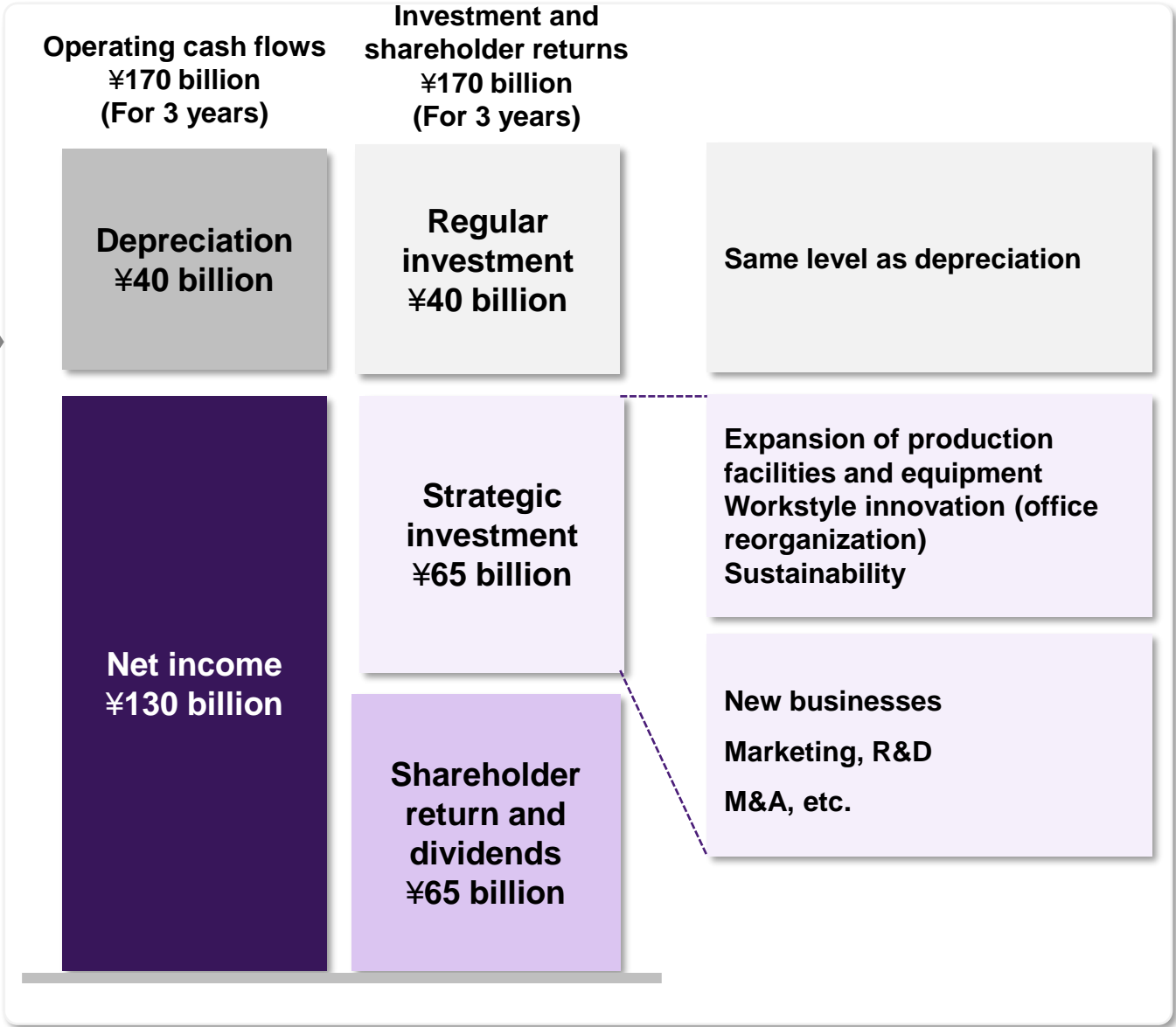
ROIC*2 : **10 % or more**

(WACC*1 : 7.6%)

[Investment and shareholder returns]

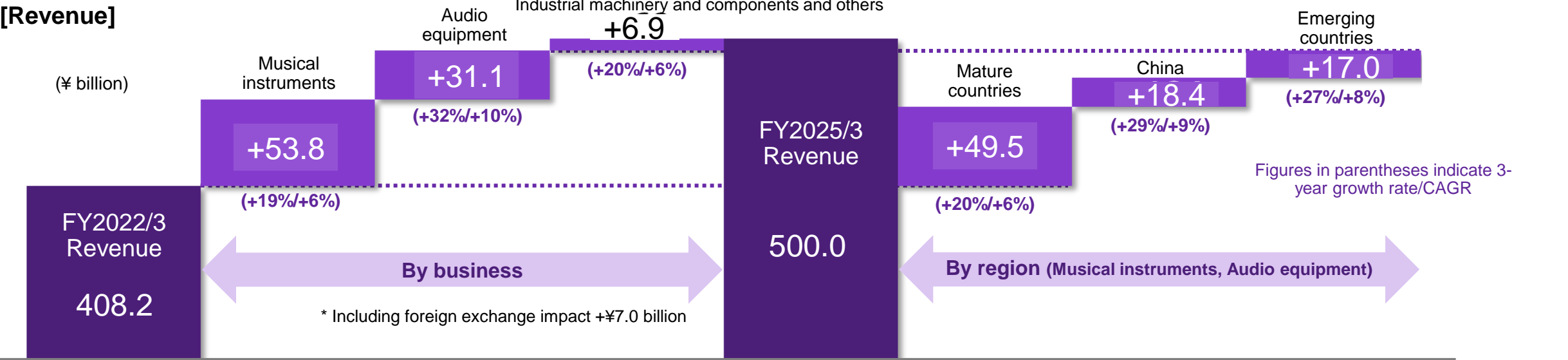
Well-balanced allocation to investment in growth and returns to shareholders

Total return ratio: **50 %** over three years

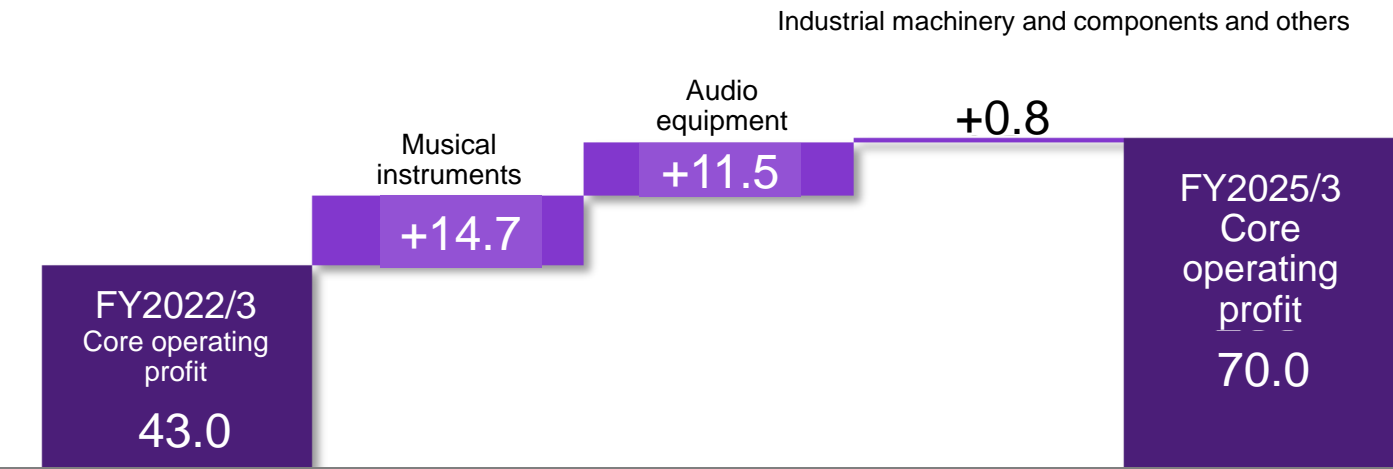


*1. As of March 2022

*2. ROIC = Core operating profit after income taxes / (Equity attributable to owners of parent + Interest-bearing debt)



[Core operating profit]



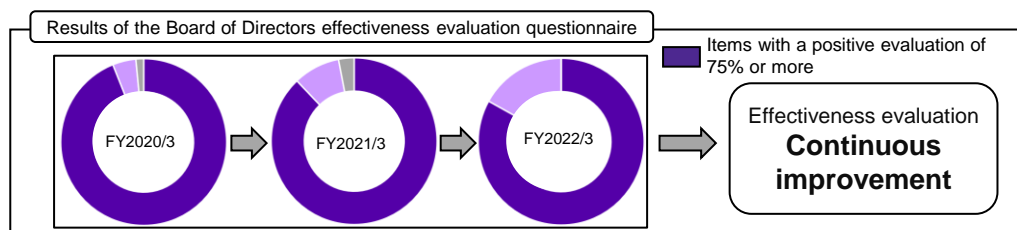
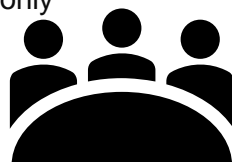
[Core operating profit ratio]

		FY22/3	FY25/3	Growth in 3 years
Musical instruments	Revenue	276.2	330.0	+53.8
	Core operating profit	37.3	52.0	+14.7
	Core operating profit ratio	13.5%	15.8%	+2.2P
Audio equipment	Revenue	96.9	128.0	+31.1
	Core operating profit	1.5	13.0	+11.5
	Core operating profit ratio	1.6%	10.2%	+8.6P
Industrial machinery and components and others	Revenue	35.1	42.0	+6.9
	Core operating profit	4.2	5.0	+0.8
	Core operating profit ratio	11.8%	11.9%	+0.1P
Total	Revenue	408.2	500.0	+91.8
	Core operating profit	43.0	70.0	+27.0
	Core operating profit ratio	10.5%	14.0%	+3.5P

Corporate governance

Guide medium- to long-term management direction and strengthen supervisory function by improving the effectiveness of the Board of Directors

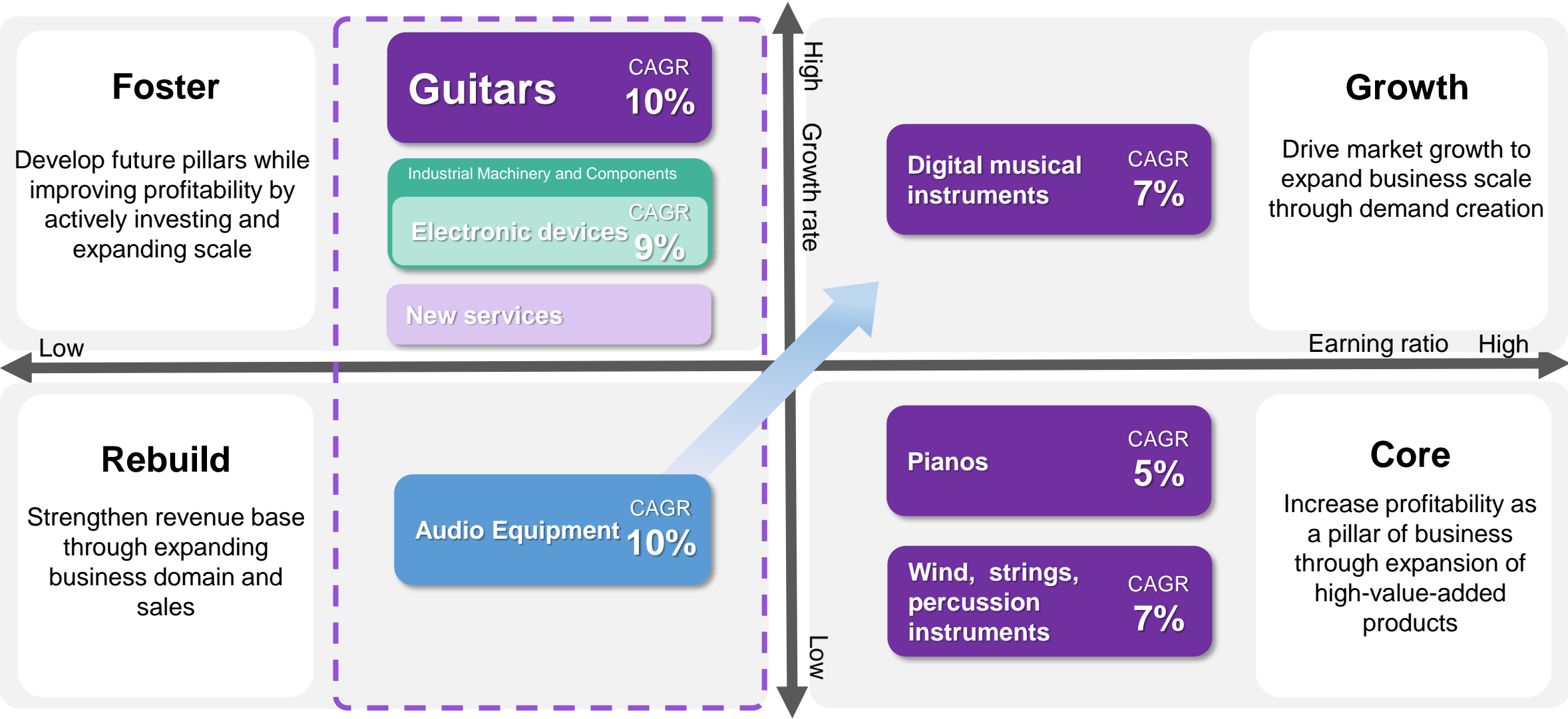
- Board of Directors Structure: Company with a Nominating Committee, etc. (transitioned in June 2017)
 - Board of Directors where two-thirds of the Board members are composed of independent outside directors
 - Further diversify the board members in terms of skills, nationality, and gender
- Audit structure
 - Audit Committee is composed of independent outside directors only
 - Auditing through collaboration with the internal audit division
 - Appoint audit officers of the same rank as operating officers
- Improving effectiveness of the Board
 - Conduct a questionnaire to evaluate the effectiveness of the Board of Directors every year and improve the effectiveness evaluation while updating evaluation terms



Group governance

Achieve sound and solid management by improving global risk responsiveness

- Risk management
 - Timely update risk maps in response to changes in the business environment
 - Strengthen global risk reduction activities based on risk scenarios
- BCP
 - Strengthen response capabilities by examining damage assumptions for BCPs at all global sites.
- Finance & Tax
 - Reduce transfer pricing risk by expanding APAs in emerging countries
- Compliance
 - Raise compliance awareness through constant education for all employees
 - Operating the whistleblowing system at all global locations
- IT
 - Implement global personal information protection measures thoroughly
 - Strengthen cyber security measures globally
- Internal audit
 - Strengthen global internal audit system



Actively seek M&A and other opportunities
Work on external alliances to accelerate business growth

*CAGR: Average annual growth rate over the three years of the medium-term management plan

Purpose

Well-Being of People around the World

Strategy by Business

Make Waves 2.0

Yamaha New Medium-Term Management Plan

Develop new growth areas

Growth markets

Continue to expand sales share in the growing China market

- Establish a growth product category to complement piano
- Expand sales channels through both e-commerce and physical stores
- Develop showrooms in two major cities to strengthen brand value communication
- Cultivate demand from seniors through collaboration with educational institutions

Guitars
3-year sales
growth
+33%

 Spread and development of music culture

Further grow in emerging countries

- India: Gain an overwhelming market share on the strength of local production for local consumption
Expand sales country-wide through e-commerce
- ASEAN: Draw in the middle-income market as new customers by expanding sales network
Focus on the Philippines, one of our priority growth markets
- Continue to support community-based music education activities

ASEAN
3-year sales
growth
+35%

Number of
stores
increased*
+70 stores

 Spread and development of music culture

New concept products

Launching new concept products with which people can enjoy music anytime, anywhere



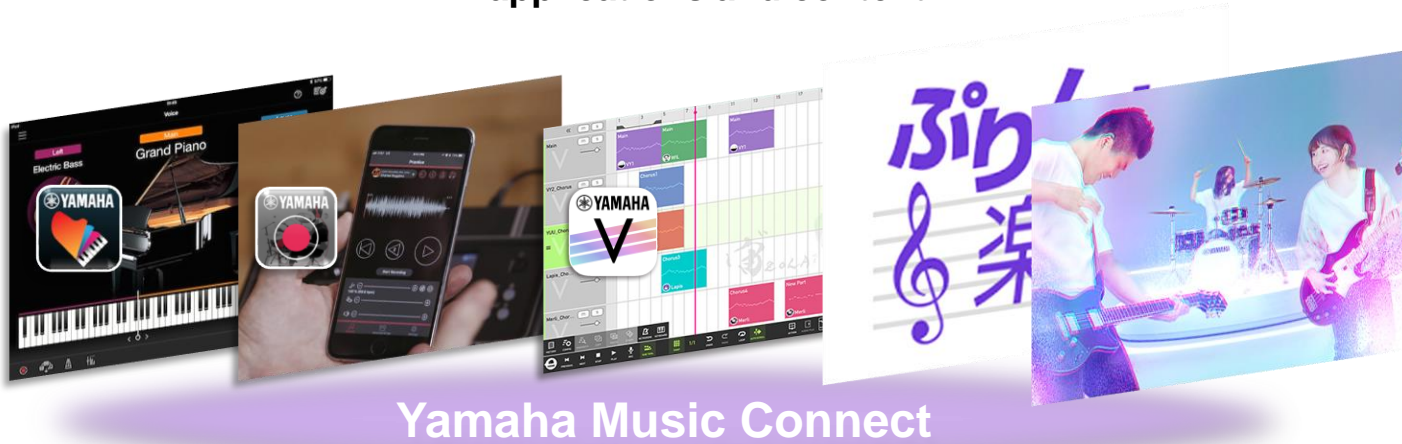
- Provide easy-to-play but authentic musical instruments to lower the learning curve for playing and to make music more accessible .
- Create a new playing experience by fusing acoustic and digital technologies
- Develop original products that go beyond the stereotypes of musical instruments and propose new ways to enjoy music

 Spread and development of music culture

Provide services that support closer and everlasting ties with customers

Services for connecting closer

Enhance support for musical activities through applications and content



- Develop services on Yamaha Music Connect that provides new enjoyment of musical instruments such as automated accompaniment and self-study support
- Develop a multi-country product package of lesson content to support improvement of the performance skills of each person
- Provide solutions for online distribution at home and remote sessions



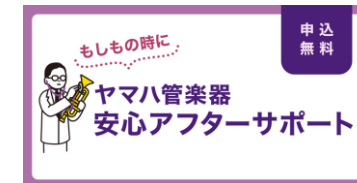
Spread and development of music culture



Contribution to an equal society and comfortable lives

Support for everlasting ties

Provide services to help customers continue to play instruments in better condition



Silent Piano retrofit unit

- Make each person's playing environment more comfortable by adding functions suited to their lifestyle
- Keep instruments in better condition for a long time with after-sales support packages
- Provide long-lasting support to customers' musical journey



Resource savings, reduction of waste and hazardous substances

Enhance brand power and achieve a sustainable, highly profitable structure

Pianos

Expand market share of premium pianos and grow sales in the Chinese market

- Strengthen the presence of Yamaha brand in music colleges and halls to expand premium piano market share
- Expand customer base and increase sales by strengthening sales network in China
- Penetrate and expand sales of high-value-added products by improving instrument performance and strengthening value communication

Premium pianos
3-year sales growth
+30%



Digital musical instruments

Developing demand in emerging countries and recovering market share of digital pianos

- Improve quality of digital pianos by leveraging our expertise in acoustics
- Expand customers in emerging countries by strengthening local content centered on portable keyboards
- Develop a new customer group by leveraging the flexibility of digital technology

Portable keyboards
3-year sales growth
+27%



Wind, string, percussion instruments

Reinvigorate the brass band market and strengthen the brand power in the high price range

- Reinvigorate the domestic brass band market.
Create opportunities for performances
- Develop premium instruments in collaboration with top artists
- Expand sales in the high price range in collaboration with influencers

Medium-high end
wind instruments
3-year sales growth
+25%



Guitars

Shift to mid-to-high price range through expanded brand recognition

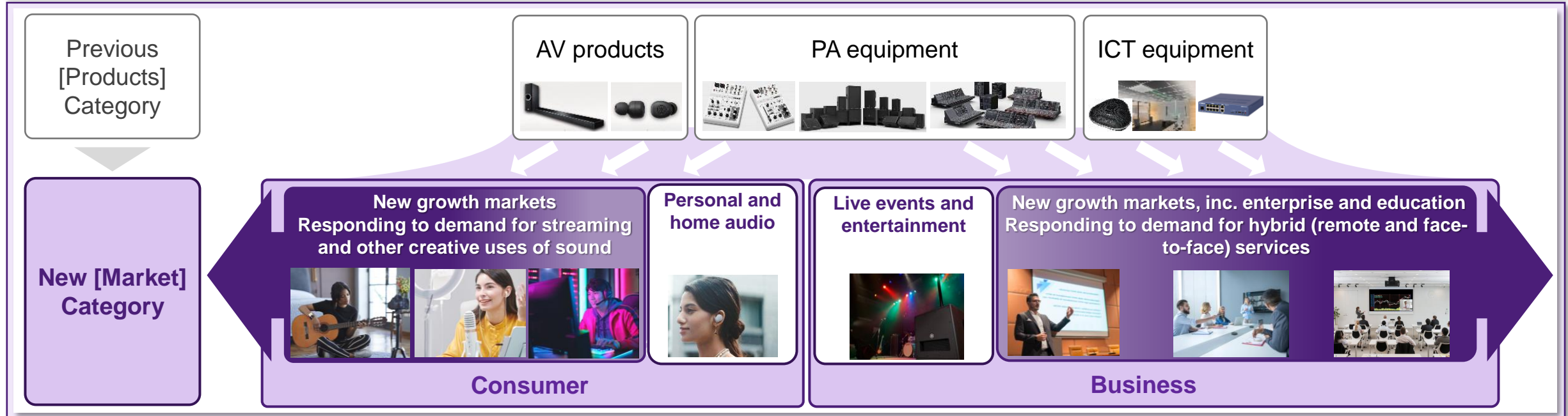
- Growing guitar business by winning the trust of customers
- Propose comprehensive new value through digital technology and peripherals
- Develop custom stores in major cities to establish customer contact points

Medium-high end
acoustic guitar
3-year sales growth
+50%



Rebuild the business in response to market changes and expand into new / growing markets

Expand business domains



Improve development efficiency

- Flexibly combine our own technological assets and create a development platform to introduce products efficiently into each market
- Develop unique products and services by combining digital technology (signal processing), acoustic technology (spatial acoustic control), and network technology

Expand customer base by offering simplified solutions from expertise and technology for live concert and entertainment

Live concert and entertainment

Meet new event demands in the COVID-19 era

- Include an audio distribution mix function to create events with live and real time streaming sound
- Provide new customer experiences with 3D audio technology for live sound and streaming



Provide technologies and services that meet the demands of economic rationality

- Develop small- and medium-sized products with multiple functions and applications
- Introduction of products with optional add-on functions depending on the application
- Labor-saving functions for operations through remote monitoring and control



Enterprise and education

Provide a simple solution to the demand for hybrid (remote and face-to-face) services

- Automate optimum placement and sound field environment settings when installing audio equipment such as conference systems
- Provide straightforward solutions for a variety of spaces, by providing a seamless, end-to-end lineup of products from sound input to output



Remote conferencing

 Contribution to an equal society and comfortable lives

Provide a one stop shop of products and services to gain the confidence of installers and expand sales channels

- Provide product training and system design support to installers who are not audio system specialists, increasing confidence and reducing their workload.
- Expand sales channels to IT and other installers, and develop new markets such as corporations, public facilities and schools



Expand customer base with straightforward, high quality audio solutions and the concept of “TRUE SOUND”

Personal and home audio

Headphones and earphones: Grow through our reputation for high quality sound and hearing health

- Pursue “TRUE SOUND” that can even convey your feelings
- Incorporate “Listening Care” acoustic technology for high quality sound, even at low volume, in all products



Contribution to an equal society and comfortable lives



Home Audio: Expand with authentic, simple to install surround sound

- Develop products that deliver high quality, wireless surround sound, which are easy to install and configure



Spread and development of music culture



Content creation and streaming

Deliver high quality sound with simple operation, developed utilizing HiFi and professional audio technologies

- Create products which convey an immersive and sense of reality for gaming
- Propose high-definition production and distribution systems that can be easily connected and configured



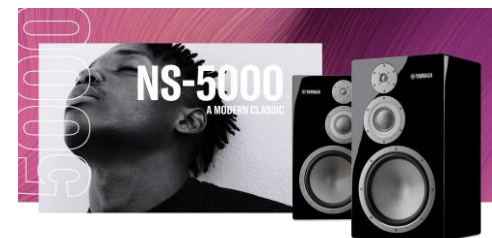
Sound and communications for gaming



Audio production and distribution

Strengthen ties with customers through expansion of in-house e-commerce and direct value appeals

- Expand in-house e-commerce from North American market
- Develop digital marketing to target users who are particular about sound quality
- Increase awareness with TRUE SOUND branding



Grow as a “sound solution vendor” in the new automobile era

Electronic devices: Automotive sound systems

Accelerate growth by providing comprehensive solutions for “automobile audio systems”

- Acquired adoption results of our products at 5 companies*, further accelerate expansion into priority markets *As of April 2022
- Provide lightweight, high-quality sound speaker units for the EV era
- Reinforce sales, technology and quality assurance function in the Chinese market to expand customer base



Spatial surround technology in vehicle space



Contribution to an equal society and comfortable lives

FA equipment

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

- Grow the ultrasonic inspection business to prevent lamination defects in food/medical packaging and batteries
- Expand sales of leak detectors for Li-ion batteries to ensure safety in the shift to EVs
- Launch remote maintenance/remote service for equipment



Ultrasonic inspection machine to prevent lamination defects



Resource savings, reduction of waste and hazardous substances



Response to climate change

Electronic devices: Vehicle space voice solution

Expand adoption of voice processing technology that realizes safety and comfort

- Reduce damage from traffic accidents by improving the sound quality of the emergency call system (e-Call)
- Provide a comfortable communication environment through voice processing optimized for various purposes, such as voice commands and remote conferencing



Contribution to an equal society and comfortable lives

Automobile interior wood components

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

- Acquire new customers in North America and China
- Elimination of petroleum and zero volatile organic compounds, balancing environmental responsiveness and profit growth



Resource savings, reduction of waste and hazardous substances



In this report, the figures forecast for the Company's future performance have been calculated on the basis of information currently available to Yamaha and the Yamaha Group. Forecasts are, therefore, subject to risks and uncertainties.

Accordingly, actual performance may differ greatly from our projections depending on changes in the economic conditions surrounding our business, demand trends, and the value of key currencies, such as the U.S. dollar and the Euro.