



Purpose  
Well-being of People around the World

# Make Waves 2.0

Yamaha New Medium-Term Management Plan

Apr. 2022 – Mar. 2025

12<sup>th</sup> 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

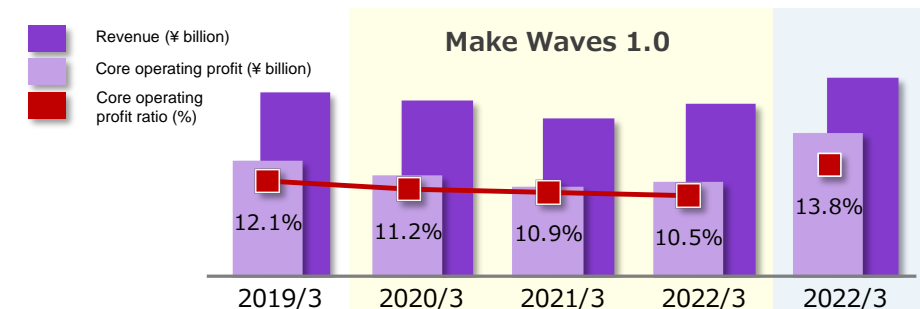
### Enhance Productivity

- ✓ 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**

Purpose  
**Well-Being of People around the World**  
Corporate Philosophy  
**Sharing Passion & Performance**

**Vision**  
Management Vision  
**Becoming an Indispensable, Brilliantly Individual Company**  
Boost brand power to become a highly profitable enterprise

Enhance sustainable growth capability in the post-COVID new society

2022-2025  
**MAKE WAVES 2.0**  
Enhance Growth Capability

2019-2022  
**MAKE WAVES1.0** Boost value creation capabilities

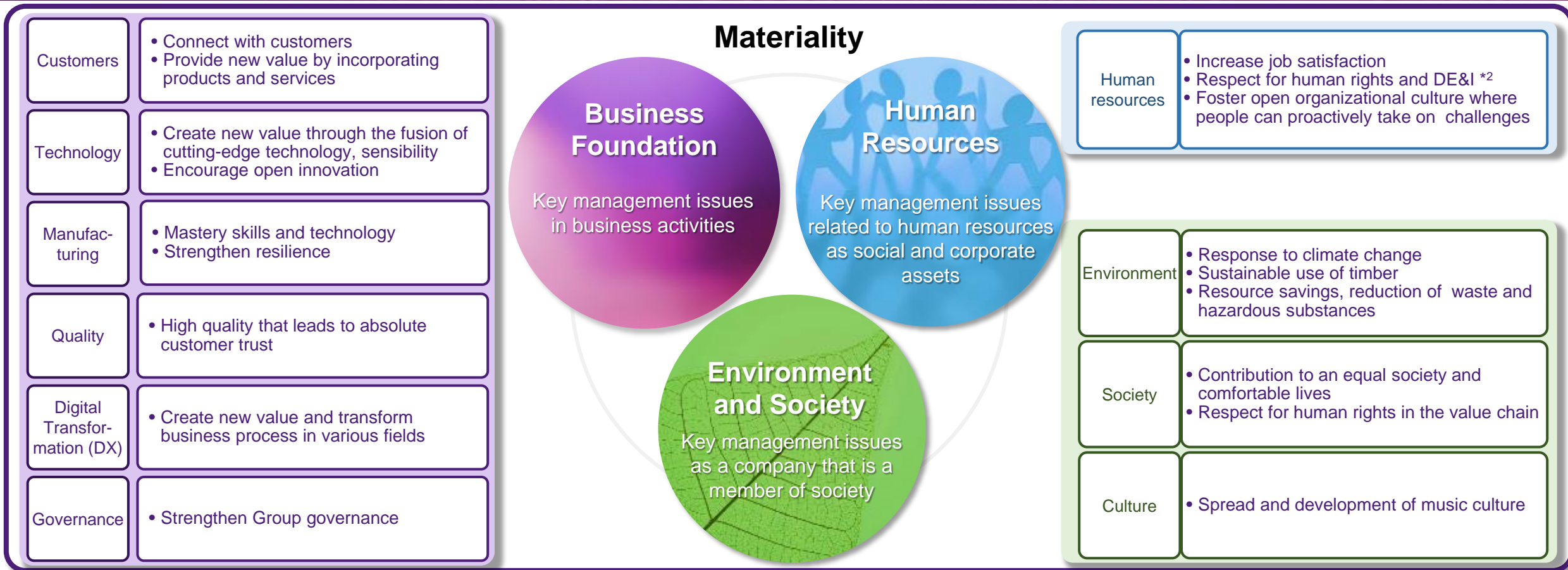
2016-2019  
**NEXT STAGE 12** Increase brand power

2013-2016  
**YMP2016** Increase profitability

Society before COVID-19  
COVID-19

New society





## 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

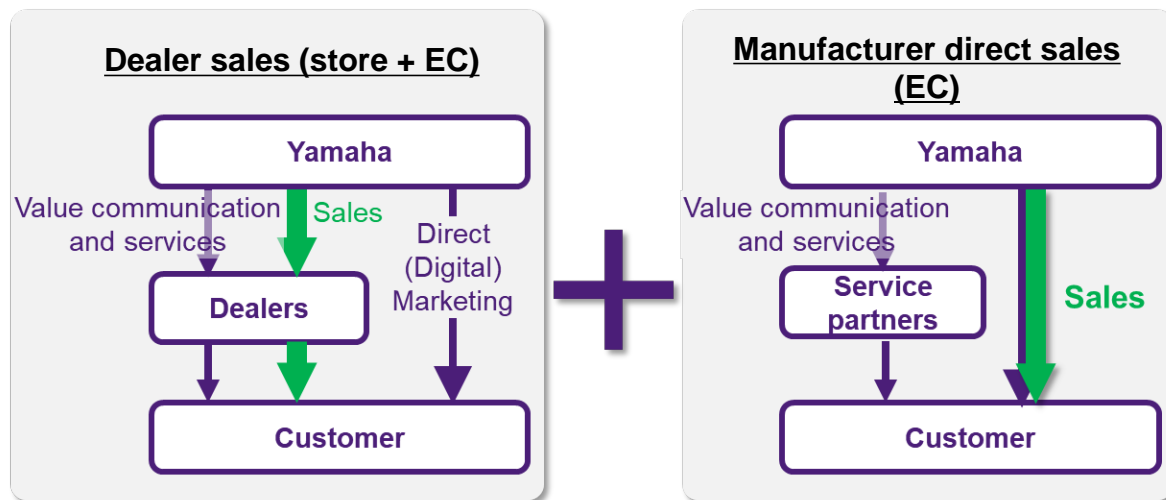
(1) Increase job satisfaction

(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

#### Direct (digital) marketing



Communicate optimal value tailored to each customer based on customer information

#### Brand experience base



Communicate Yamaha brand promise Make Waves

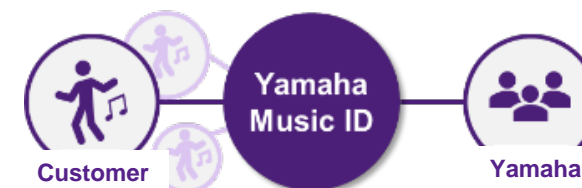


## Customer data platform

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

Yamaha Music ID registrations

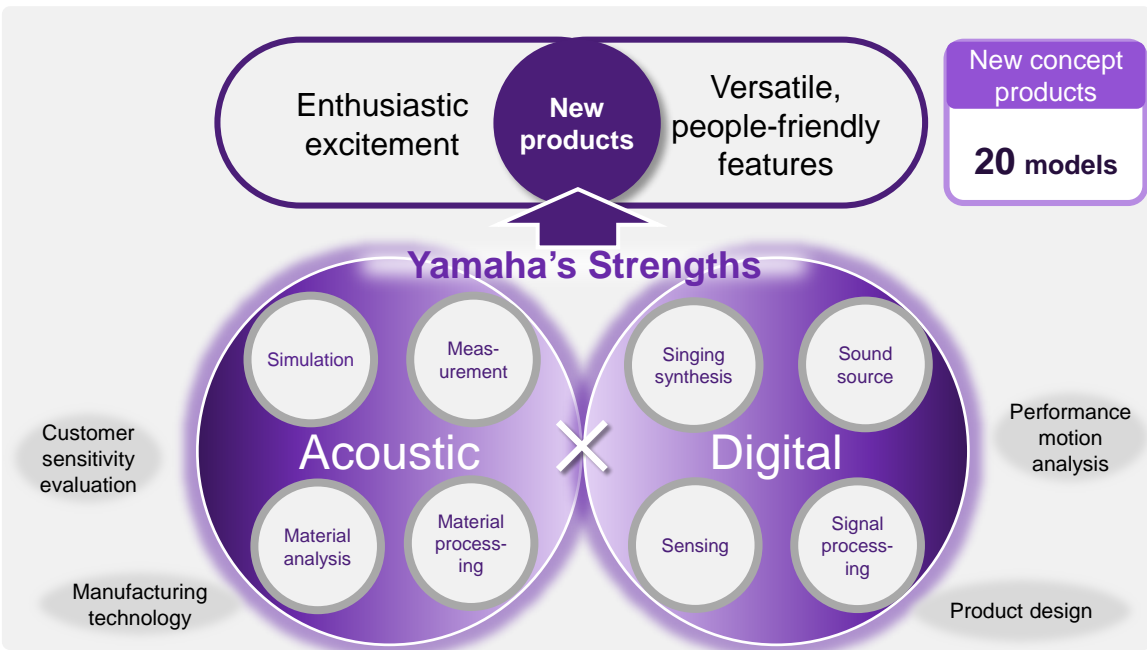
**5 million IDs**





## Products

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

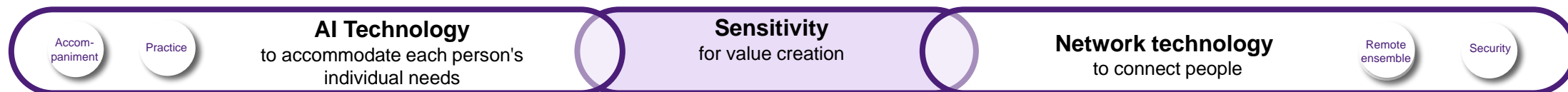


## Services

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



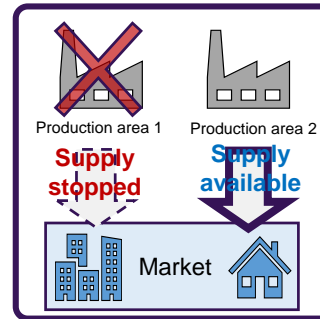
Create new emotional experiences with advanced technology and rich sensibilities



## 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

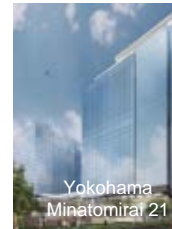


Investment in production infrastructure

**¥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



Yokohama Minatomirai 21

## 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

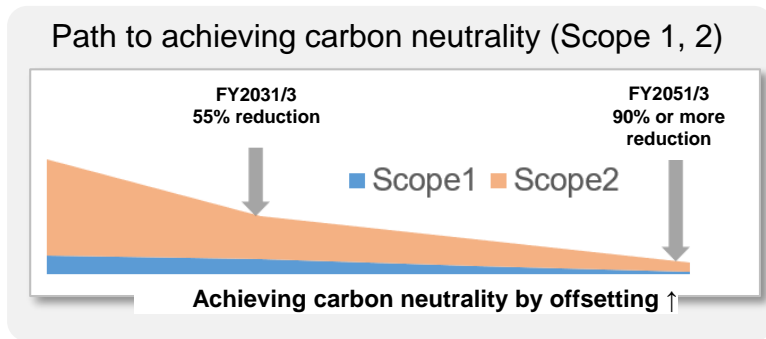
- Implement sales ERP and production ERP
- Improve efficiency and quality by promoting digital twin in manufacturing



## Conservation of the global environment

### Responding to climate change

- Toward the carbon neutrality in 2050, reduce CO<sub>2</sub> emissions from energy used at business sites (shift to energy conservation and renewable energy)



- Energy conservation in products
- Reduce CO<sub>2</sub> emissions from procurement, logistics, etc. (Collaborate with suppliers and improve logistics loading efficiency)

Response to climate change

**5%**  
reduction of CO<sub>2</sub>  
emissions by energy  
saving

\*CO<sub>2</sub> 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



**Cultivation and  
conservation  
of 3 tree species\*2**

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

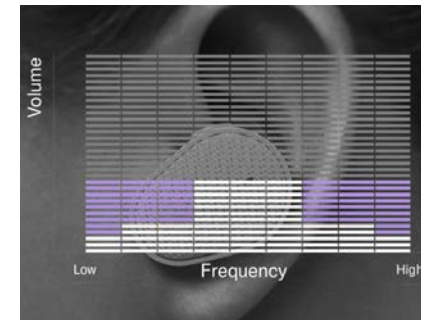
- Realize comfortable and immersive remote performances and lessons
- Realize high-quality, natural remote communication

### Respect for human rights in the value chain

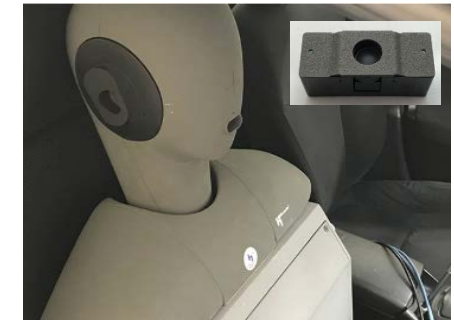
- Increase the level of supplier human rights due diligence

**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.

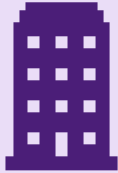
#### Indicators for workplace environment

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%

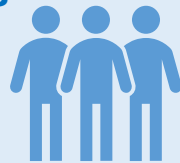
CO<sub>2</sub> emissions

**5% reduction**

by energy saving

\*CO<sub>2</sub> 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: 63%

## [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%)

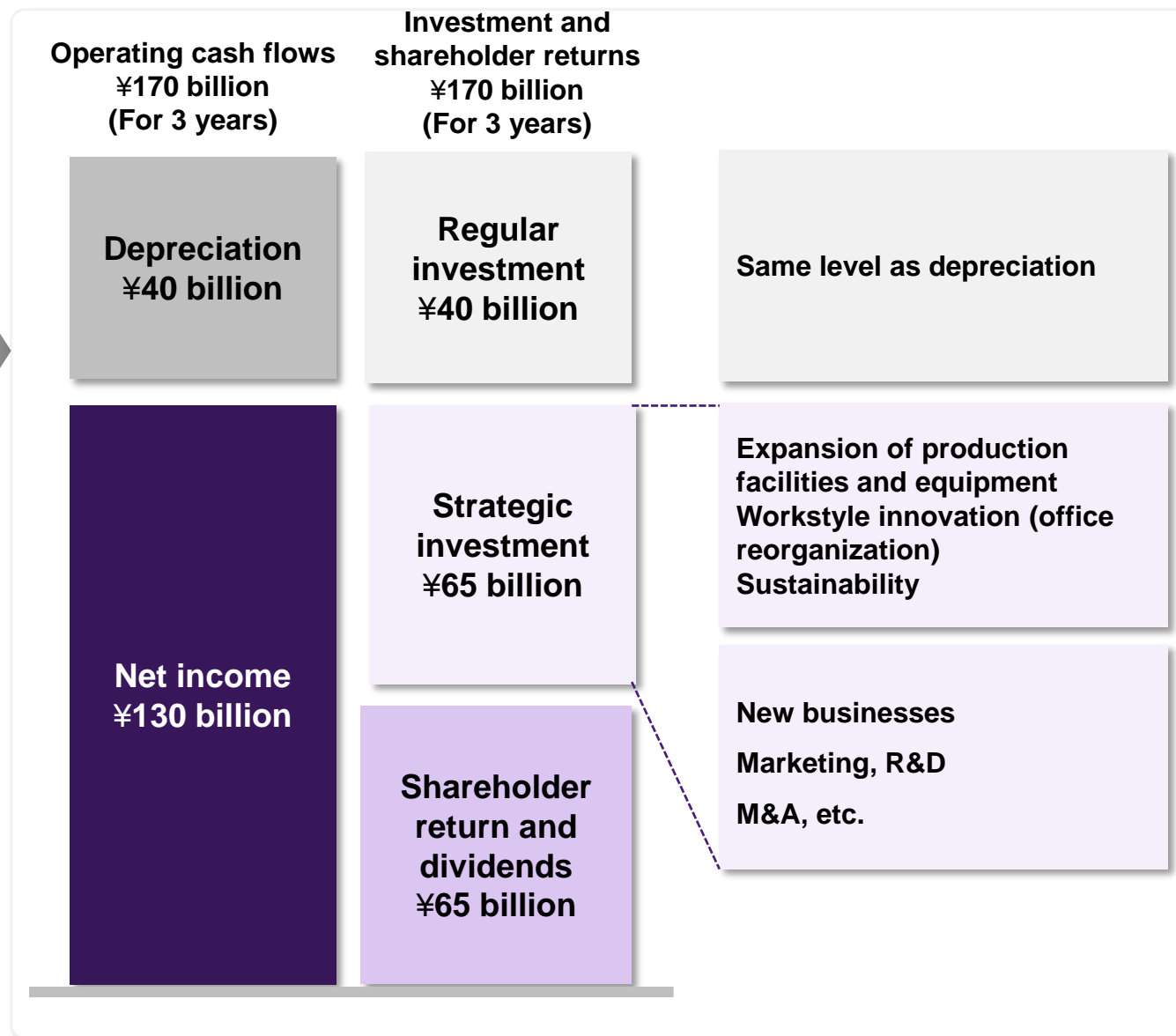
ROIC\*2 : **10 % or more**

(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

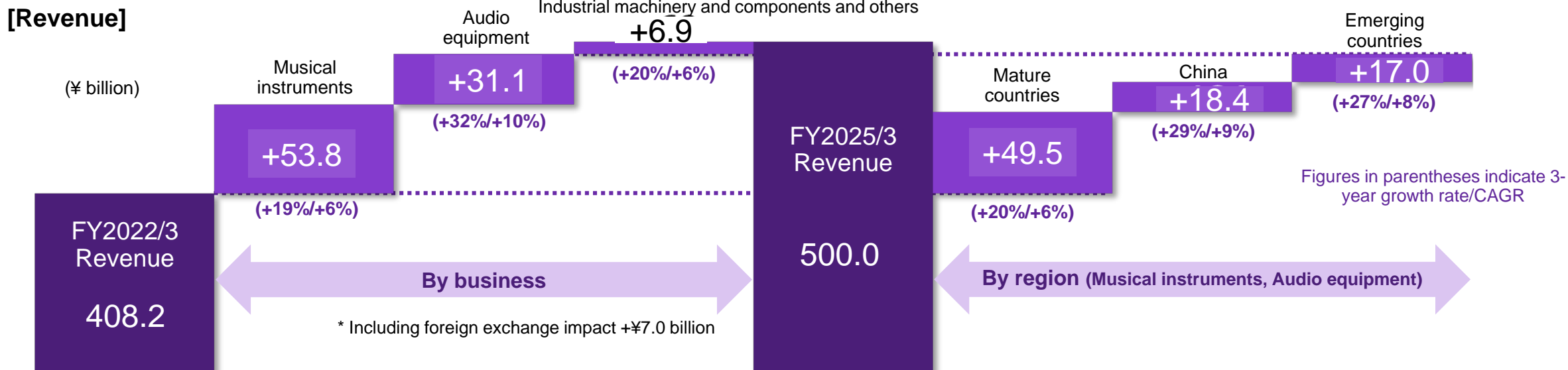


\*1. As of March 2022

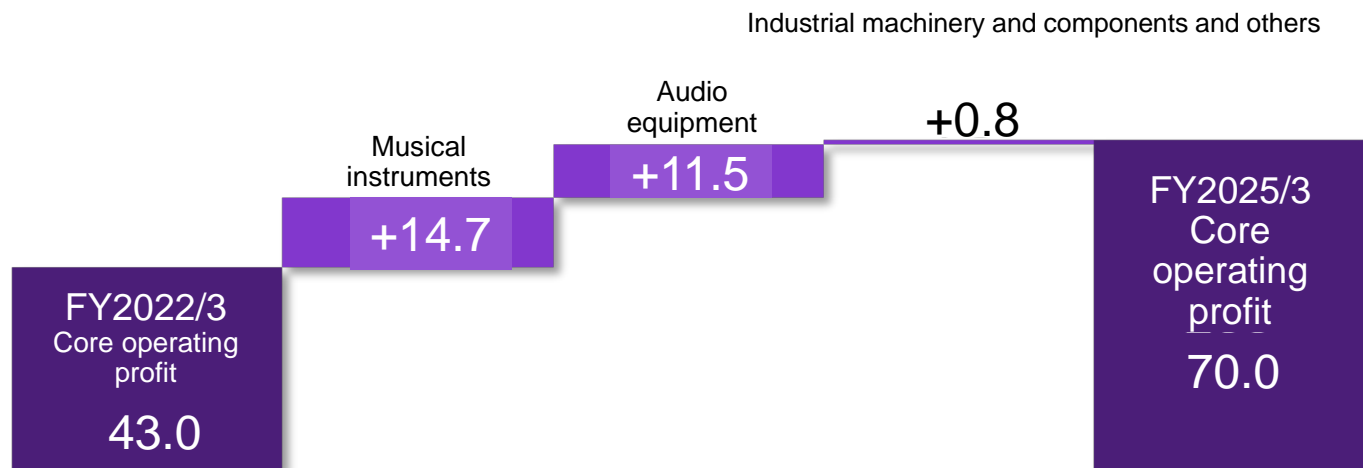
\*2. ROIC = Core operating profit after income taxes / (Equity attributable to owners of parent + Interest-bearing debt)



# Growth Trajectory (by business and region)



## [Core operating profit]



## [Core operating profit ratio]

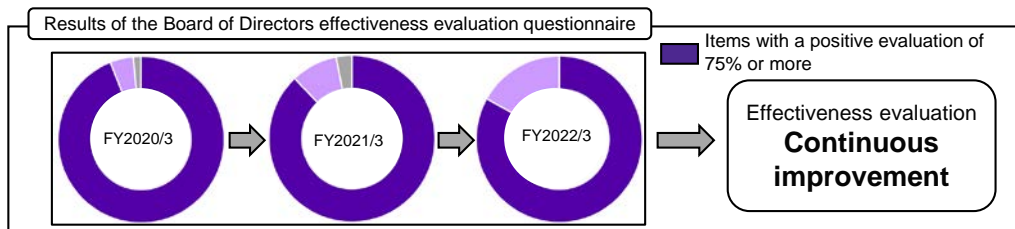
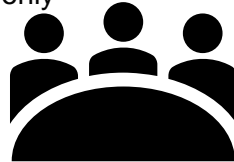
		FY22/3	FY25/3	Growth in 3 years
Musical instruments	Revenue	276.2	330.0	+53.8
	Core operating profit	37.3	52.0	+14.7
	Core operating profit ratio	13.5%	15.8%	+2.2P
Audio equipment	Revenue	96.9	128.0	+31.1
	Core operating profit	1.5	13.0	+11.5
	Core operating profit ratio	1.6%	10.2%	+8.6P
Industrial machinery 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

Foreign exchange rates used in the medium-term management plan: U.S.\$1 = ¥115 and €1 = ¥130

## Corporate governance

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

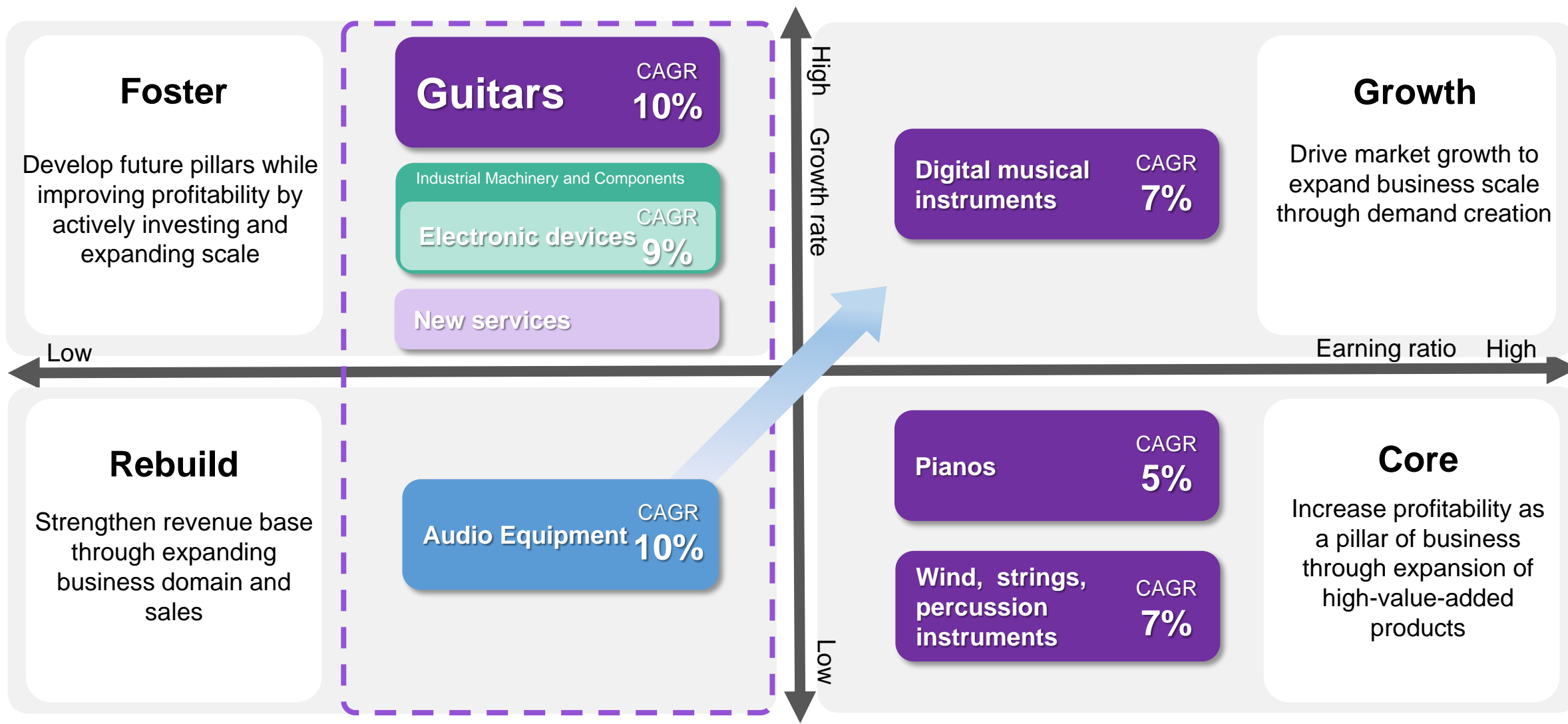
- Board of Directors Structure: Company with a Nominating Committee, etc. (transitioned in June 2017)
  - Board of Directors where two-thirds of the Board members are composed of independent outside directors
  - Further diversify the board members in terms of skills, nationality, and gender
- Audit 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



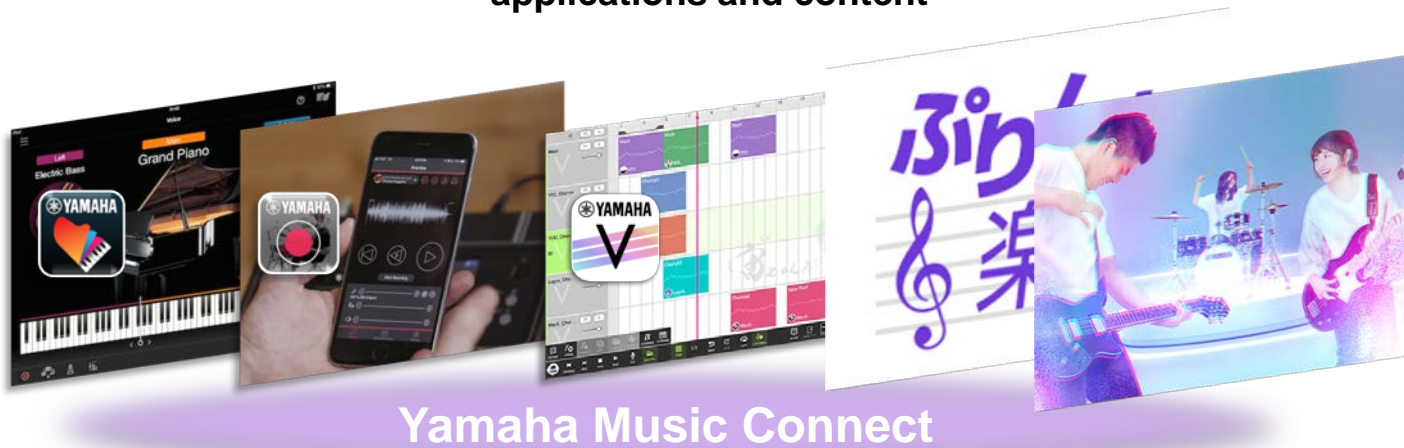
- Provide easy-to-play but authentic musical instruments to lower the learning curve for playing and to make music more accessible .
- Create a new playing experience by fusing acoustic and digital technologies
- Develop original products that go beyond the stereotypes of musical instruments and propose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

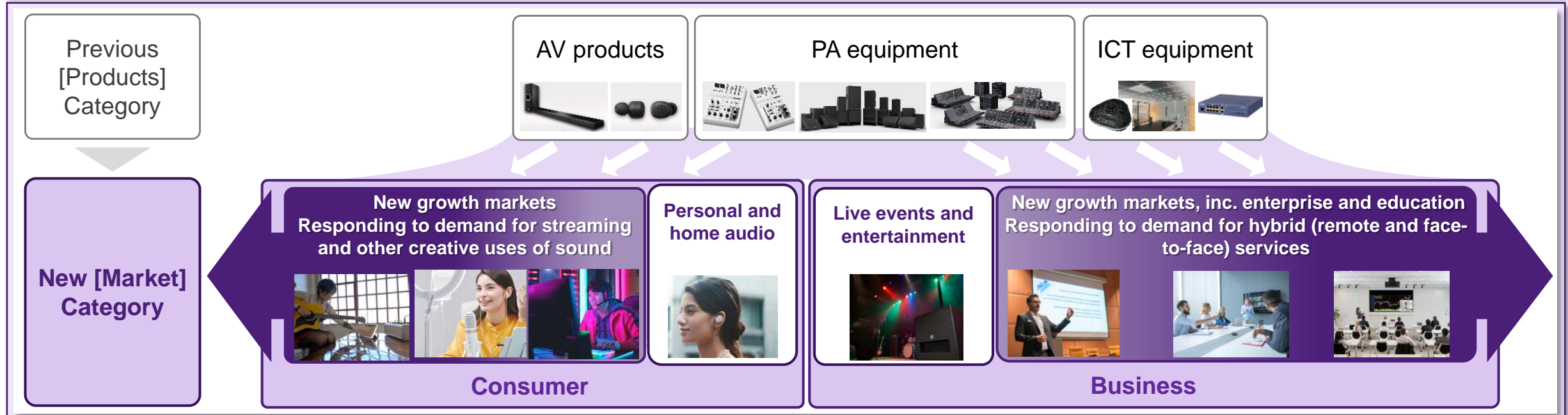
Medium-high end  
acoustic guitar  
3-year sales growth

**+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.