

MESSAGE FROM THE PRESIDENT

Yamaha will create new value by heightening its ability to achieve sustainable growth amid the new society through support for the “Well-Being of People around the World.”

Strength of Yamaha Fostered amid Adversity and Newly Emerging Issues

Looking back at the past two years, I cannot help but recognize just how much stronger Yamaha has become today.

The COVID-19 pandemic temporarily forced us into a position that was tantamount to closing our doors. Even if we wanted to make products, we couldn't. Even if we wanted to hold music classes, we couldn't. This situation resulted in us recording a loss for the three-month period ended June 30, 2020. Nevertheless, Yamaha was once again posting profit in the six-month period ended September 30, 2020, and our earnings have continued to grow since. The Yamaha of the past might have recorded a loss or fallen into a period of stagnancy as a result of such extreme circumstances. The Yamaha of today, however, is able to bounce back to overcome a loss in a single quarter. This is an undeniable testament to how far we have come.

Nothing was more impressive than the way we were able to band together in the face of a crisis. If we could not get the components we needed, we were quick to adjust product designs. If we could not make a given product, we worked to find ways to sell other products. The united and proactive efforts of employees throughout all processes, including development, procurement, production, and sales, are evidence of our evolution. I too could not help but be moved by this strong progress. I regret the fact that we were unable to accomplish the financial targets put forth in our medium-term management plan. However, I am confident that we have come out of this experience with a stronger capacity to generate earnings and to respond to crises.

There is no denying, though, that the operating environment is changing at a speed and to a degree that has not

been seen previously. This reality points to a clear need to heighten our risk management capabilities. We have always been focused on predicting and responding to the impacts of potential operating environment changes on our businesses. However, the current operating environment is one in which unpredictable change is the norm. As such, we are pressed to revise our prior risk management systems in line with this operating environment.

We also need to reassess the resilience of our supply chain. Previous resilience measures have included globalizing our supply chain based on natural disasters that had occurred in the past and minimizing inventories to increase the efficiency of our production activities. Regardless of these efforts, the supply chain we built proved to lack the necessary resilience in the face of the COVID-19 pandemic, which brought activities around the world to a screeching halt.

There is also a need to reform our procurement practices. We had previously sought to procure only the necessary components in a timely manner as required for production. However, this approach resulted in a complete stop to our ability to manufacture products due to the global semiconductor shortage, casting light on our vulnerability to such supply and demand imbalances. Accordingly, I see a need for a more finely tuned approach toward procurement. For example, if there is no substitute for a given item, it might be prudent for us to secure a year's worth of supply in advance, as opposed to only a week's worth. This crisis has made it clear that stocks previously viewed as excessive should be reframed as a necessary amount of leeway in management decisions.



Takuya Nakata
Director, President and
Representative Executive
Officer

Review of the Make Waves 1.0 Medium-Term Management Plan— Progress in Key Strategies and Accomplishment of Non-Financial Targets

Yamaha unveiled its new medium-term management plan—Make Waves 2.0—in May 2022. Before I talk about this plan, I would like to take a look back at Make Waves 1.0, our previous plan.

This plan covered the three-year period from April 2019 to March 2022, which ended up overlapping with the period during which the impacts of the COVID-19 pandemic were the most pronounced. As a result, we were unable to achieve our financial targets. Despite these impacts, though, we were able to make steady progress in our key strategies and to achieve all of the plan’s non-financial targets. I therefore am confident in saying that the foundations supporting our growth are now stronger than they have ever been.

One way in which our foundations have been made stronger is through the establishment of the Innovation Center, an R&D center completed in 2018. Consolidating our engineers in a single location has led to the launch of a number of unique products that merge technologies ranging from acoustic and digital technologies to network technologies. Examples of these products include the SYNCROOM online remote ensemble performance service, which allows performers separated physically to take part in real-time ensemble performances via the internet, and the Remote Cheerer powered by SoundUD remote cheering system that makes it possible for sports fans to cheer on their favorite events and interact with their colleagues remotely. Both of these offerings garnered a great deal of positive attention, though they have not yet begun making clear contributions to earnings. The benefits of the consolidation of engineers have also appeared in the speed at which we develop and launch products and services. In the past, we have sought to refine our products to the highest possible level before launching them. However, this approach is no longer sufficient for accommodating the pace of change in customer needs and lifestyles. Accordingly, we have recently been accelerating development and marketing through an agile development approach that entails launching products in a slightly less complete state, and then quickly raising their quality to the necessary level. The passion of our employees to promote the appeal of music and the importance of communication, which is all the greater given the restrictions on interacting with people face to face amid the pandemic, fueled this speed.

Through this new R&D approach, we have unlocked new possibilities for developing products and services.

As far as our quantitative results, we achieved double-digit growth for mainstay offerings in the musical instruments business like pianos as well as wind, string, and percussion instruments. We also saw growth for guitars as well as for digital musical instruments, which were the subject of struggling production and supply due to semiconductor shortages and logistics disruptions. This growth was achieved on the back of strong demand. In addition, the number of students offered instrumental music performance experiences through the School Project, which we are developing centered on emerging countries, soared past our target of 1.0 million to 1.3 million. These successes reaffirmed the strong latent demand for instruments and music. This also made me aware of the potential to further broaden the scope of our business by winning greater levels of customer trust through proactive effort.

The pandemic transformed how people think and live along with their values. These changes present substantial opportunities for Yamaha, a company committed to technologies, sensibility, and the value born out of these. Under the new medium-term management plan, we are committed to achieving ongoing growth by tackling the management challenges I spoke of while building upon the operating foundations created under the previous plan to capture the wide range of business opportunities that are emerging.



Class held through the School Project in Egypt (photograph provided by Egyptian Japanese School)

New Make Waves 2.0 Medium-Term Management Plan for a Stronger Yamaha

Make Waves 2.0, the new medium-term management plan, puts forth a mission that combines Yamaha’s enduring corporate philosophy of “Sharing Passion & Performance” with our purpose of “Well-Being of People around the World.” This decision was made in response to the voices of employees asking for our precious philosophy to have a clear position within the medium-term management plan that guides our growth. Another goal behind the definition of this mission was to share our aspirations with internal and external stakeholders.

In formulating the new medium-term management plan, we took a backcasting approach starting from our mission and management vision to determine how we needed to change over the next three years in order to accomplish these goals. As part of this process, we defined material issues that represent the priority management issues to be addressed in order to fulfill our mission and realize our vision. This entailed reframing the material issues that had previously been established from the perspectives of sustainability and ESG issues as material issues for management that can be incorporated into all of our business activities.

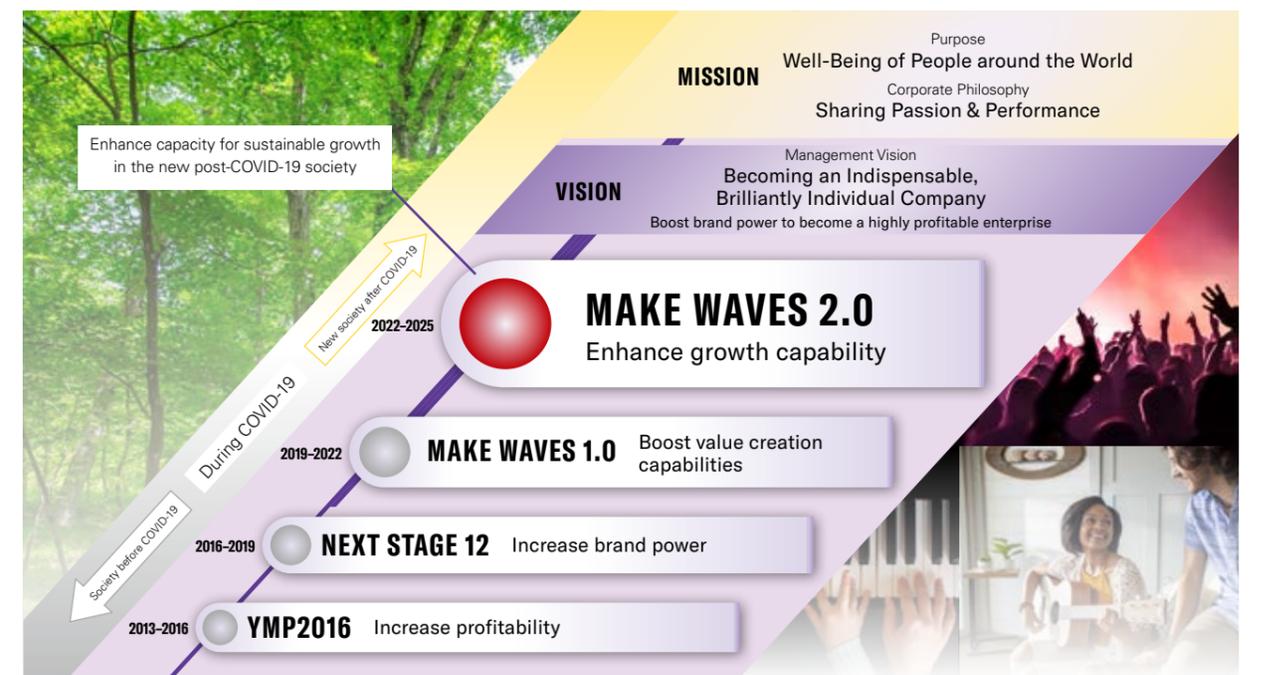
Moreover, the new medium-term management plan describes how we will further build upon the successes of the previous plans, which have been centered around increasingly large themes, starting with profitability and escalating to brand power and then value creation. This is how we have proceeded to heighten corporate value. In the next stage represented by the new medium-term

management plan, we will seek to enhance our capability for sustainable growth.

Some might wonder why we chose to emphasize growth capability at this time. Basically, I believe that most pressing among the numerous management challenges we face at this point in time is the drop in revenue as a result of the COVID-19 pandemic. A glance back at the past 15 years will reveal that our revenue had continued to decline after peaking in fiscal 2007, with a net sales figure of ¥550.0 billion based on the J-GAAP accounting standards used at the time. In the years that followed, we undertook selection and concentration measures, including the transference of our metal product, resort facilities, and lifestyle-related products businesses. The resulting downturn in sales was exacerbated by the 2008 global financial crisis, and these factors eventually led net sales to fall to ¥350.0 billion in fiscal 2012. We were able to recover net sales to around ¥400.0 billion, but the pandemic later sent figures plummeting to the ¥300.0 billion level. It was in fiscal 2022 when we were finally able to get revenue back above ¥400.0 billion.

Even if revenue growth is flat, it is still possible to increase profit to a certain degree by improving profit margins. Yamaha, however, will take a different path. We are committed to proving that our confidence in the latent potential of music and instruments was not unfounded in order to contribute to the “Well-Being of People around the World.” For this reason as well, it is important for us to paint a vision

Medium-Term Management Plan Basic Policy



of the future and to resume our pursuit of growth to accomplish this vision.

When we speak of our intent to enhance our growth capability, we are talking about our dedication to bolstering our potential for sustainable growth, which includes our resilience toward change. Accordingly, the new medium-term

management plan is not a plan for merely growing top-line revenue through measures such as M&A activities for expanding our scale. We therefore hope you will look forward to seeing how much Yamaha can enhance its capabilities for sustainable growth over the period of the new plan.

Enhancement of Growth Capability

The new medium-term management plan delineates three key policies for enhancing our sustainable growth capability.

Key Policy 1: Further strengthen the business foundation

The themes under the policy of further strengthen the business foundations are (1) Develop closer ties with customers, (2) Create new value, and (3) Be more flexible and resilient. Themes (1) and (2) were also areas of focus for the previous medium-term management plan. The number of Yamaha Music ID registrants has been defined as a non-financial indicator for gauging the progress of initiatives based on theme (1), and we have set a target of five million registrants. We are in the process of transitioning to the new frameworks for integrating our roughly four million current holders of Yamaha service IDs, which means that we can accomplish this target by acquiring another million users.

For theme (2), we will continue the initiatives of the previous medium-term management plan to expand our lineup of products that capitalize on Yamaha's strengths in acoustic and digital technologies. For this theme, the plan puts forth the indicator of the number of new concept products introduced. I have high expectations with this regard as we are already seeing a variety of new ideas for such products. We also intend to use a platform tentatively named Yamaha Music Connect to provide new ways of enjoying sound and music by supplying customers with services personalized to their needs based on the information we have collected.

Theme (3) relates to the pressing issue of raising our resilience.

We have earmarked ¥35.0 billion for investment in this area to be used to expedite the development of frameworks for flexible supply of products to the market, even in an opaque operating environment. These investments will be directed toward revising production systems, improving the capabilities of existing factories, and utilizing the Internet of Things (IoT) and other digital technologies. We have also examined our prior production process policy of positioning processing and assembly functions at separate factories from the perspective of production efficiency. Based on our new policy, we have been reorganizing our production system to manufacture the same models at multiple factories and to develop lines in which all steps from processing to assembly are performed at the same location in certain regions. Yamaha will also be bolstering its R&D foundations and promoting digital transformation to create new value and reform processes.

Key Policy 2: Set sustainability as a source of value

For the key policy of set sustainability as a source of value, we have defined key themes from the perspectives of the environment, society, and culture. From the perspective of the environment, we seek to build a value chain that supports the future of the earth and society. Efforts to this end will include reducing CO₂ emissions in response to climate change, practicing sustainable use of timber for use in musical instruments, and pursuing resource savings and reduction in waste and hazardous substances. For example, in the past we have applied several coatings of black paint to pianos, and then grinded down this paint during the polishing process.



Production base (India)



Tone Forest



However, this approach led to an amount of paint becoming wasted through the polishing process that surpassed the amount that remained as coating on the piano. This approach is important for producing a deep and elegant color, but we cannot deny the large impact this process has on the environment. Conversely, if we were to share such environmental impacts as part of product information, customers may come to assign higher evaluations to pianos that take advantage of the aesthetic of the natural wood. In this manner, I believe ideas that defy conventions and communication with customers will be more important than ever in responding to consumer values in a receptive manner going forward.

In terms of society, we look to enhance our brand power and competitiveness by contributing to comfortable lives. One area we are focusing on in this quest is remote performances and communication. We are also accelerating our efforts for ensuring respect for human rights across the supply chain, and we have set a target of introducing on-site supplier audits at 60 companies. Furthermore, Yamaha is seeking to propose new health and safety value that calls upon its expertise as a company involved in sound. This value will be provided through products that reduce the burden placed on users' ears, technologies for facilitating traffic safety via voice guidance, and contributions to quality of life with music.

As for culture, Yamaha looks to expand the musical-instrument-playing population. Targets for accomplishing this goal include the number of individuals aided through instrumental music education promotion and support activities and the number of students of overseas music schools. To work toward these targets, we are accelerating the cultivation of the instructors and technicians that are indispensable to the development of musical culture along with activities for supporting musicians and researchers.

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

The themes for the key policy of enable Yamaha colleagues to be more valued, more engaged, and more committed are as follows: (1) Increase job satisfaction, (2) Promote respect for human rights and diversity, equity, and inclusion (DE&I), and (3) Foster open organizational culture where people can proactively take on challenges.

Yamaha is in the business of sound and music, which is directly tied to people's sensitivities. As such, our greatest management resources are our creativity and the people who supply this creativity. I am always thinking about what we need to do to ensure that employees enjoy their work and are able to take on new challenges. This is because, based on my own experience, I believe that employees produce the best output when they find their job fun and engaging.

Yamaha has been developing a global business since the 1950s, meaning that we have talented people across the globe. Energizing this diverse staff of talented individuals and tying this energy to the growth of the Company is imperative to the ongoing creation of corporate value. This is the reason that making our colleagues more valued, more engaged, and more committed has been positioned as a key policy, as opposed to a measure, under the new medium-term management plan.

Teleworking has become commonplace over the past two years, increasing the degree of freedom employees have in the way they work. Employees are thus able to choose the ideal workstyle option based on their own duties and the stage of whatever they are doing. Depending on the job at hand, they may choose to work alone at home, or to go into the office to talk to their colleagues face to face. However, it is important to ensure that the pursuit of short-term efficiency does not lead

to workstyles that impede the medium- to long-term growth of the organization or of individuals, perhaps by causing a loss of creativity or of trust-based relationships with colleagues. As such, I believe that management has an important duty to

build frameworks and foster a corporate culture that allows us to exercise creativity at both the individuals and the organizational level.

Road to Accomplishment of the Targets of the New Medium-Term Management Plan

Under the new medium-term management plan, we will advance initiatives based on the themes defined for the three key policies while also working toward the accomplishment of the three non-financial targets set for each of these policies. Together with these non-financial targets, we will pursue the financial targets of a revenue growth rate of 20%, a core operating profit ratio of 14%, and ROE and return on invested capital (ROIC) of 10% or more. At the moment, raw material prices are soaring against a backdrop of rising crude oil prices and difficulties procuring semiconductors as a result of geopolitical risks. The higher material prices have prompted the industry to adopt a policy of transferring these costs to the buyer. Yamaha has not escaped the impacts of this trend, as we saw costs grow by approximately ¥12.0 billion in fiscal 2022, roughly 50% of which we transferred to the prices of our products. We also expect an increase in costs of between ¥5.0 billion and ¥6.0 billion during fiscal 2023, the first year of the new medium-term management plan. However, we anticipate that we will be able to offset all of this increase, including that outstanding from fiscal 2022, by raising selling prices.

The new medium-term management plan also sets the course for the business portfolio we will target in the future. Specifically, we will seek to strengthen our earning power centered on the piano and wind, string, and percussion instruments businesses while also growing our digital musical instruments business. At the same time, we will cultivate our guitar, industrial machinery and components, and new service businesses into future growth pillars. Our guitar business has suffered from a relatively low share to date, but this business has continued to grow nonetheless, and I believe

that the possibility of getting this business on the growth track is within reach. The audio equipment business, meanwhile, struggled for a bit during the COVID-19 pandemic. However, this does not change the fact that its market has significant growth potential. Several initiatives in this business are already beginning to produce results, and I therefore expect that we can get this business on the growth track by combining these initiatives to generate synergies.

When formulating the new plan, we were meticulous not only in crafting the plan itself but also in deciding the approach we would use to explain the plan. For previous plans, we began by putting forth our financial targets and explaining how we will accomplish them. For the new plan, we are taking the opposite approach; first describing our overarching vision and management policies and then looking at the challenges needing to be overcome in order for Yamaha to grow. This framing is then used to explain the specific measures we will be implementing as well as our non-financial targets. We end with the financial targets that will be accomplished as a result of the measures we have explained up to this point. You may have noticed that this is exactly the approach I took in explaining the plan to you just now. Through this approach, we sought to avoid becoming preoccupied with numbers and to facilitate employee understanding and action. In other words, we wanted to explain the plan in a manner that gave people a genuine, intuitive understanding. This same approach is also used in explaining the plan to shareholders and investors in order to ensure uniformity in the messages we communicate both inside and outside of the organization.

Intangible Assets as a Growth Driver

Among its various types of intangible assets, Yamaha places particular emphasis on its technological capabilities. With this regard, it is not enough to merely develop cutting-edge technologies; we also need technologies for quantifying the sensibilities regarding listening and for utilizing such quantified data in products. This is an area where I believe that Yamaha is without peer. The evolution of such distinctly Yamaha technologies will be an important growth driver under the new medium-term management plan.

I suspect that intangible assets, such as the technological capabilities and brand power we have continued to hone, will become increasingly important when it comes to evolving

our business model in response to changes in society and in the market. Another important intangible asset will be our customer data platform, the database in which we store Yamaha Music ID information. I mentioned that we do not plan to take part in M&A activities for the sole purpose of growing in scale. However, we will actively examine the possibility of M&A activities for bolstering our portfolio of technologies, intellectual properties, consumer data, and other intangible properties to enhance our growth capability.



Governance for Supporting Transformation

I would now like to talk a little about corporate governance at Yamaha. I feel that we have been seeing qualitative improvements to discussions at meetings of the Board of Directors as of late. Mr. Hiromichi Shinohara and Ms. Naoko Yoshizawa, the new outside directors who joined us in June 2021, boast experience in managing major companies in businesses that use digital technologies. Accordingly, they are extremely insightful when it comes to managing from the perspective of technologies. Moreover, the ability to gain input and advice from outside directors with varied backgrounds and insight has also helped me make new discoveries. Discussion on the type of evolution Yamaha will need to undergo in the future

with these members has made it clear that one of the functions of governance is supporting transformation in pursuit of the medium- to long-term creation of value.

As well, the position of audit officer, established in 2020, is contributing to improvements to our auditing and information collection functions, which were previously areas of concern. Audit officers have also proven to be reliable allies to the members of the Audit Committee. Furthermore, their efforts have been providing a positive type of pressure to the executive team, and I expect that the audit officers will help drive ongoing qualitative improvements to governance and internal control systems.

True Value of Yamaha Seen in Diligence

For Yamaha, there is a positively correlated relationship between sustainability and earnings growth. When awareness for sustainability began rising across society, Yamaha was quick to take a diligent stance toward promoting sustainability. This diligence has contributed to our brand image and is one of the reasons that Yamaha's products and services have been able to win the support of customers. This means that the level of diligence we exercise in pursuing the non-financial targets of the new medium-term management plan will translate directly to the enhancement of our growth capability. Accordingly, I want fiscal 2023, the first year of the new plan, to be a year in which we demonstrate the true value of Yamaha by taking a diligent stance in all of our endeavors. Through such diligence, we should work to prove our growth capability to stakeholders.

I look forward to ongoing engagement with shareholders, investors, and other stakeholders through online and other venues. I would also like to ask our stakeholders for their continued support going forward.

September 2022

Takuya Nakata
Director, President and Representative Executive Officer

Review of the Previous Medium-Term Management Plan (Make Waves 1.0)

Make Waves 1.0, the previous medium-term management plan, which covered the period from April 1, 2019 to March 31, 2022, defined our management vision (medium- to long-term vision) as “Becoming an Indispensable, Brilliantly Individual Company, boost brand power to become a highly profitable enterprise.” In pursuit of this vision, we advanced four key strategies—develop closer ties with customers, create new value, enhance productivity, and contribute to society through our businesses—in accordance with the basic strategy of “develop closer ties with customers and society, and boost value creation capabilities.”

We failed to accomplish the financial targets of the previous medium-term management plan due to the significant impacts on business activities from supply chain disruptions and restrictions on social activities resulting from the COVID-19 pandemic. Regardless of these challenges, steady progress was made in the four key strategies. We were therefore able to achieve the non-financial targets defined in Make Waves 1.0 for corporate brand value, music popularization for learning musical instruments in emerging markets, and certified timber use. This accomplishment is especially noteworthy given that this was the first time such non-financial targets were set in a medium-term management plan of the Company.

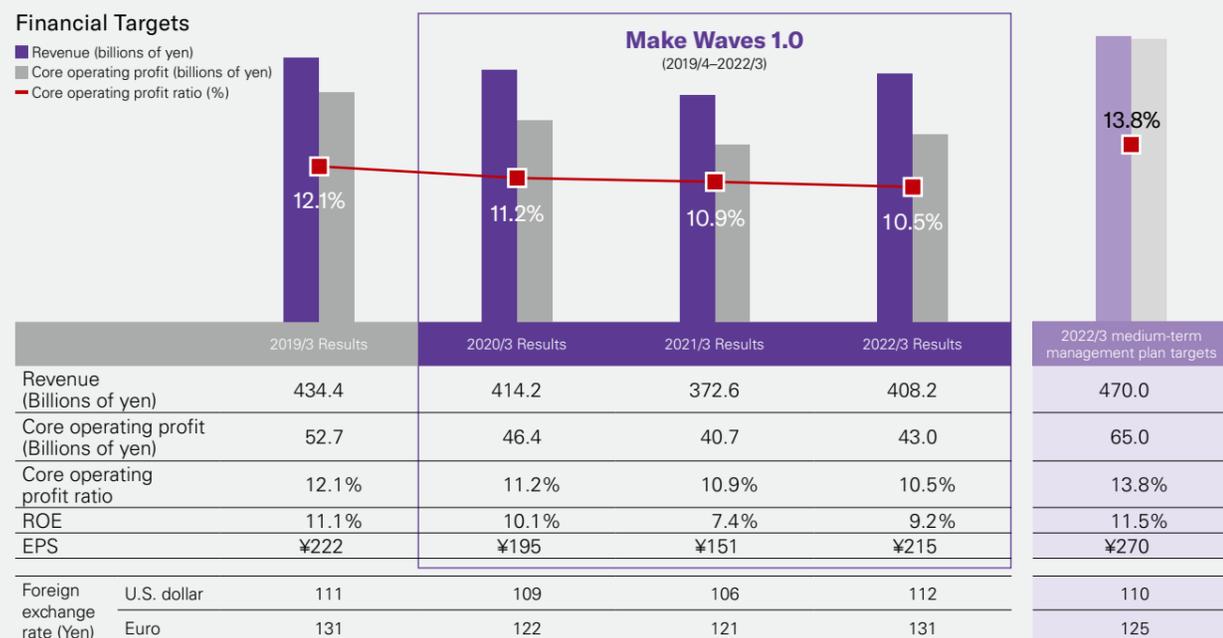
Progress of Key Strategies

✓ Accomplished sufficiently during period of Make Waves 1.0 × Ongoing focus under Make Waves 2.0

Develop Closer Ties with Customers	Integration of customer data platform progressed, thereby accelerating digital marketing	✓
	Yamaha in-vehicle sound system domain expanded through adoption of Yamaha products for automobiles of five 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 demand related to remote and other solutions	✓
	Promoted development of various business platforms and began shift to utilization of platforms under the new medium-term management plan	×
Enhance Productivity	Accelerated workstyle reform promotion and business transformation triggered by the COVID-19 pandemic	✓
	Launched factory in India, expanded production capacity and number of models manufactured	✓
	Cost increase outweighed cost reduction efforts amid the COVID-19 pandemic	×
Contribute to Society through Our Businesses	Yamaha Music School opened in a new market (first authorized facility in Saudi Arabia)	✓
	The Yamaha Group recognized with an “A” rating for climate change by the CDP	✓
	Selected as a Health & Productivity Stock Selection Brand for 2022	✓

Financial Targets

■ Revenue (billions of yen)
■ Core operating profit (billions of yen)
■ Core operating profit ratio (%)



Non-Financial Targets

Increased corporate brand value by 1.5 times, surpassing the target of 1.3 times	Number of students offered instrumental music performance experiences through School Project reached 1.3 million, exceeding the target of 1 million students	Achieved use rate target of 50% for certified timber
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Outlook for the Yamaha Group's Operating Environment

The changes projected under the previous medium-term management plan, including digitalization, increased emphasis on diversity, and growing awareness of sustainability, were accelerated by the COVID-19 pandemic. The pandemic placed restrictions on the movement of people and on face-to-face interactions. This trend spurred an increase in exchanges of goods and information via the internet, giving rise to products and services that accommodate this new lifestyle. Meanwhile, the growing awareness of sustainability was indicative of a shift in people's focus from economic prosperity to a more fundamental feeling of emotional enrichment.

With a view to the new society emerging amid these changes, the Yamaha Group sees an increasingly wide range of opportunities to seize, as part of its quest to create excitement and cultural inspiration with the combination of its technologies and sensibilities founded on sound and music. At the same time, we recognize that the business environment also presents risks of economic stagnation and unpredicted supply chain disruptions due to the COVID-19 pandemic.

Such changes to the business environment were considered when defining material issues.

A New Society Brought about by Business Environment Changes

Business environment forecast

Profound transformation brought about by accelerated digitalization

The industrial structure and the world are changing drastically while relationships with customers are becoming more direct and closer.

Business environment forecast

Greater diversity in lifestyles and people's values

Beyond desiring greater functionality and convenience, people are also seeking greater emotional satisfaction and authenticity.

Business environment forecast

Growing awareness of sustainability

Greater social demand for corporate social responsibility
Broader awareness that the making of social contributions leads to corporate value creation over the medium to long term.

The COVID-19 pandemic has rapidly changed people's awareness and the environment, as part of the transition to the new post-COVID-19 society.

- In an era in which people seek more fundamental forms of fulfillment, sound and music are becoming much more essential to people.
- People's purchasing behavior is shifting to digital and online, thus increasing the number of e-commerce users.
- Changes are underway regarding the way people enjoy sound and music and communicate, such as remote ensembles, online conferences, etc.

The new society offers Yamaha more opportunities to seize through the combination of its technologies and sensibilities.

Material Issues for the Yamaha Group

Based on its medium- to long-term operating environment outlook, the Yamaha Group has defined 10 material issues in the three areas of business foundation, environment and society, and human resources. These issues represent important management priorities.

In the new medium-term management plan, these material issues have been used to shape the three key policies of “further strengthen the business foundation,” “set sustainability as a source of value,” and “enable Yamaha colleagues to be more valued, more engaged, and more committed,” and three key themes for activities have been defined based on these policies.

Material Issue Identification Process

In identifying material issues, we defined management issues and social issues and then assessed these issues based on their

importance to fulfilling our mission (purpose and corporate philosophy) and realizing our management vision and based on input from customers, shareholders, investors, employees, communities, and other stakeholders. The material issues were finalized via resolution of the Board of Directors after discussions by the Managing Council and the Board of Directors.

For the area of business foundation, we focused on identifying materials with an emphasis on their impact on business activities in order to select the issues that would be important to fulfilling our mission and realizing our vision given our operating environment. Meanwhile, the areas of environment and society and human resources have been designated as areas for material sustainability issues. For more information, please refer to the following diagrams and to page 44.

Material Issue Identification Process



For more information on material sustainability issues, please refer to the following website.

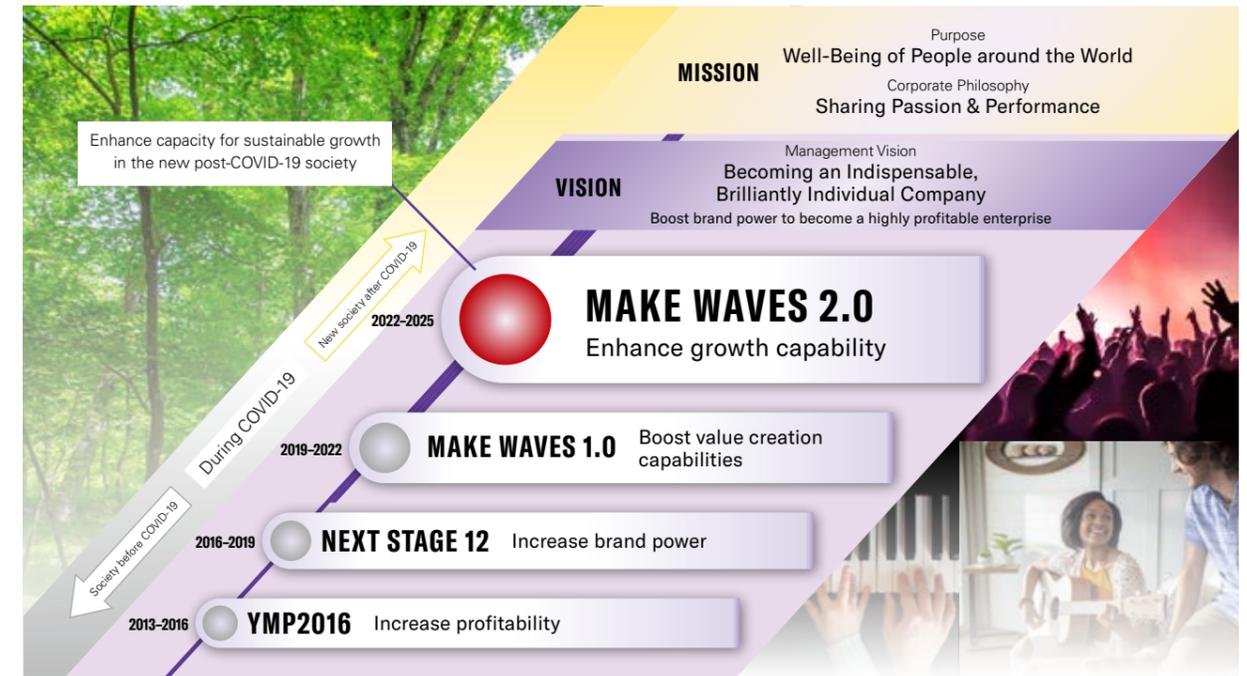
<https://www.yamaha.com/en/csr/materiality/>



Material Issues



Medium-Term Management Plan Basic Policy



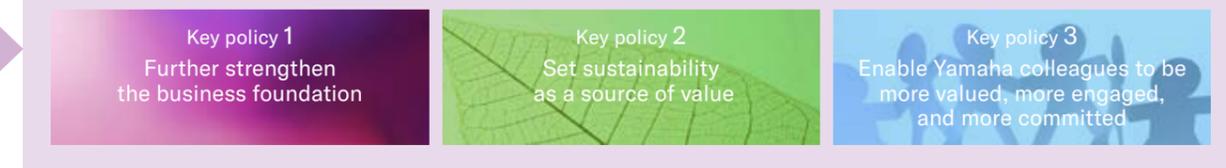
Support for the “Well-Being of People around the World”

The Yamaha Group aims to support the “Well-Being of People around the World” through its business activities. Our corporate philosophy is “Sharing Passion & Performance: With our unique expertise and sensibilities, gained from our devotion to sound and music, we are committed to creating excitement and cultural inspiration together with people around the world.” This philosophy serves as the starting point for our actions.

We have been enhancing our corporate value, comprised of our profitability, brand value, and value propositions, at each stage of the medium-term management plan based on our medium- to long-term management vision of “Becoming an Indispensable, Brilliantly Individual Company.”

In the new stage of “Make Waves 2.0,” we will further increase our corporate value based on our basic policy of enhancing our sustainable growth capability in the new post-COVID-19 society, which has undergone significant changes.

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



Information on initiatives based on the defined material issues can be found on pages 30 to 37 as well as on the pages indicated below.

Customers	P62-69, P76-77	Environment	P45-49, P74-75	Human resources	P50-53
Technology	P62-75	Society	P50-51, P62-69		
Manufacturing	P62-75	Culture	P62-69, P76-77		
Quality	P62-75				
Digital transformation	P54-55				
Governance	P78-101				

Policies and Key Themes

Key policy 1
Further strengthen the business foundation

In Make Waves 2.0, the themes of “develop closer ties with customers” and “create new value,” which were also included in the previous medium-term management plan, were complemented with the new theme of “be more flexible and resilient” based on the lessons learned from the COVID-19 pandemic.

Key Themes

(1) Develop closer ties with customers

(2) Create new value

(3) Be more flexible and resilient

Key policy 2
Set sustainability as a source of value

The Yamaha Group positions sustainability as a source of corporate value, as opposed to an obstacle to creating value. Based on this belief, we will advance initiatives from the perspectives of the environment, society, and culture.

Key Themes

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

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

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

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

We recognize that it is the engagement and commitment of our colleagues that drive all of the value creation activities of the Group. Accordingly, we practice management in a way that draws upon the individuality of all employees to ensure that they can deliver their best possible performance.

Key Themes

(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

1. Further strengthen the business foundation

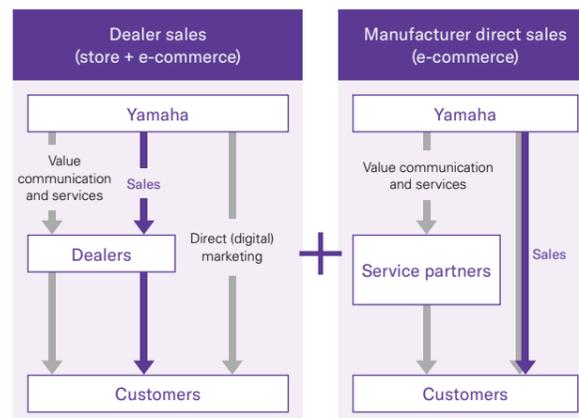
Develop Closer Ties with Customers

The Yamaha Group will adopt a hybrid approach toward soliciting its value that combines digital marketing with physical bases. At the same time, we are ramping up direct sales as a manufacturer in order to forge stronger ties with customers. We will also augment and utilize our customer data platform so that we can better advertise our value and expand our lineup of services that support customers in living lives involving music.

Sales Channels

Sales Evolution for Direct Ties with Customers

Under the previous medium-term management plan, we devoted efforts to direct marketing so as to cultivate successful examples of customers being directed toward stores based on direct communications by Yamaha of the value it offers as a manufacturer. The new medium-term management plan aims to further increase our value communication capabilities by enhancing our frameworks for performing direct sales to customers. We thereby look to evolve our frameworks to build strong direct ties with customers by communicating our value directly to customers in order to generate benefits for both customers and the market.



Value Communication

Hybrid Value Appeal Integrating Digital Marketing and Physical Stores

The Yamaha Group aspires to issue communications in a manner that integrates digital marketing and physical stores to expand and improve communications showcasing its product and brand value. In addition, we are integrating customer information into our new digital marketing approach in order to realize a more effective communication approach. We are also expanding our network of brand shops overseas.



Customer Data Platform

Improvement of Customer Data Platform (Yamaha Music ID) to Develop Closer Ties with Users over Their Lifetime

Capitalizing on the Yamaha Music ID registration systems and customer data platforms built under the previous medium-term management plan, the new medium-term management plan will target the reinforcement of ties with customers in order to create services that contribute to each individual customer.



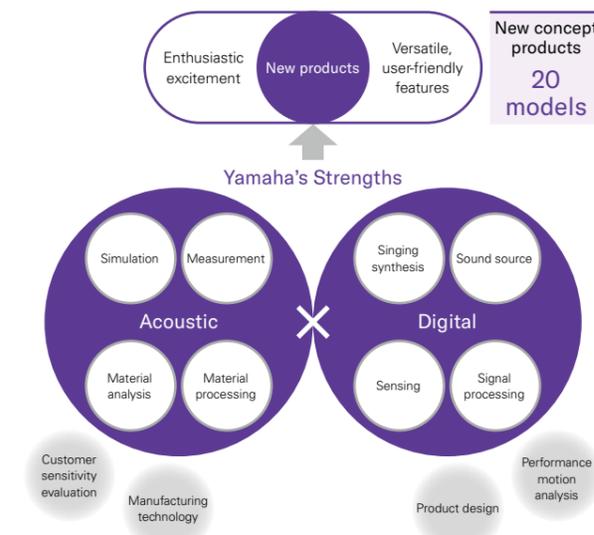
Create New Value

Yamaha is developing new products that combine its strengths in digital and acoustic technologies while building upon the fundamental advantages of its products. We also look to build a business model that forges longer, wider, and deeper ties with customers.

Products

Creation of New Products Unique to Yamaha through the Fusion of Acoustic and Digital Technologies

Yamaha creates unique products and services that other companies cannot mimic through the fusion of the various technologies that underpin its competitive edge. A particular area of focus will be launching products based on this and other new concepts. By releasing products that allow anyone to enjoy sound and music anytime, anywhere, we will seek to generate new value.



Services

Acceleration of Lifetime Value Strategy and Develop Services to Make Life with Music More Enjoyable through External Collaboration and User-Generated Content

Yamaha aims to improve lifetime value by forging longer, wider, and deeper ties with customers through the provision of services matched to individual needs based on the understanding gained through its customer data platform. We are currently in the process of integrating Yamaha’s applications and content into a platform tentatively named Yamaha Music Connect to supply services that make life with music more enjoyable and to offer new experiences.

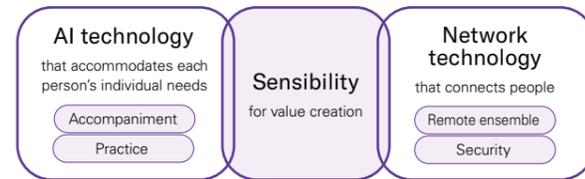


Sensitivities and AI and Network Technologies — Creation of New Emotional Experiences with Advanced Technology and Rich Sensibilities

Yamaha's competitiveness is supported by the understanding and insight it has fostered in relation to sensibilities during the course of the Company's long history, which began with musical instrument production. Our core competencies related to sensibility value will form the basis of our efforts for creating new value through products and services. With this as our foundation, we will seek to create new experience value through the provision of unique products and services that the competition cannot mimic. These offerings will be developed by combining acoustic and

digital technologies, data analysis and cloud technologies, and artificial intelligence (AI) and network technologies that connect people and accommodate their individual preferences.

For more information on Yamaha's R&D activities, please refer to page 70.



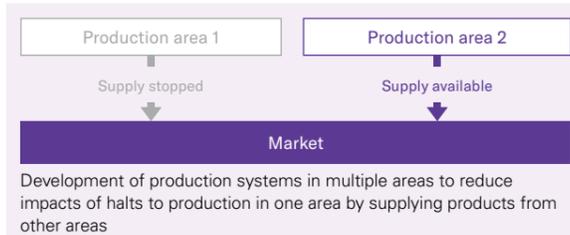
Be More Flexible and Resilient

To become an entity more resilient to operating environment changes, Yamaha is bolstering its procurement and production systems and enhancing the production capabilities of existing factories. We have therefore earmarked ¥35.0 billion for investment in production infrastructure over the period of the new medium-term management plan. In addition, investments will be conducted to reinforce our development platform by constructing a new R&D base in the Tokyo metropolitan area and ramping up our use of external resources and alliances. In addition, digital transformation will be used as a tool for reforming processes and creating new value.

Manufacturing and Technology Development — Strengthening of Supply Capacity to Respond to Demand and Environmental Changes

Because the Company suffered serious impacts from the COVID-19 pandemic, Yamaha is working to strengthen the resilience of its procurement and production systems. As one facet of these efforts, we are strategically limiting numbers of suppliers and components and increasing our emphasis on risks in managing these processes. In the past, specific items were produced only at a single factory. However, we have recently been revising our global production system to optimally produce items in multiple areas. We thereby look to achieve ongoing improvements in quality, cost, delivery, safety, and environment (QCDSSE) factors, regardless of country risks or other operating environment changes. In addition, efforts are being pursued to improve the capabilities of existing factories. Specifically, we are actively developing smart factories that employ AI, IoT, and sensor technologies. Meanwhile, the production capacities of factories in Indonesia and India are being augmented to accommodate growing demand.

Investment in production infrastructure
¥35 billion



Enhancement of Development Platform to Generate Innovation

The Innovation Center, a new R&D base established in 2018, consolidates our engineers in order to facilitate the creation of unique products and innovations by merging wide-ranging technologies. We are also moving forward with the construction of a new base scheduled for completion in the Tokyo metropolitan area in 2024. This base will function as a hub for brand

communication and sales activities while also introducing new research and development in this area. Moreover, the new base is expected to enable us to better capitalize on various open resources and insight available in the Tokyo metropolitan area and to promote open innovation. For example, we anticipate increased use of external resources as well as a rise in alliances as a result of this base.



Yokohama Minato Mirai 21

Digital Transformation — New Value Creation and Process Transformation through Digital Transformation

Make Waves 2.0 prescribes the utilization of data for new value creation and process transformation.

To create new value, we will make use of customer data to provide everyone with the ideal services. At the same time, we will develop systems for applying our accumulated sound and music performance and sensibility data to new technologies while coordinating these systems with various internal and external frameworks in order to propose new experiences. Process transformation, meanwhile, will be promoted through the assignment and development of employees who are proficient in data use to ensure that the decisions and actions of employees are grounded on data. We will also build platforms for easy tracking and visualization of conditions through data. Furthermore, Yamaha is planning the full-fledged implementation of a new supply chain management system that connects all stages of the supply chain, spanning from production to use by customers, in order to coordinate information from various regions and optimize decision-making processes. Standardizing and streamlining sales processes and production management will be another area of focus. Currently, systems and operating processes sometimes differ between bases. To rectify this issue, we will pursue standardization by introducing a shared enterprise resource planning (ERP) system and consolidating information through this system to achieve highly accurate operations.

2. Set Sustainability as a Source of Value

Environment: Build a Value Chain That Supports the Future of the Earth and Society

The Yamaha Group is cutting CO₂ emissions from its business activities with the goal of achieving carbon neutrality by 2050. At the same time, we are promoting the use of sustainable timber through the preservation of scarce timber resources and research on alternative timber sources. Other initiatives include reducing waste, curtailing use of hazardous substances, extending product life spans, and otherwise working to preserve the global environment.

Furnish Responses to Climate Change

In pursuit of its goal of achieving carbon neutrality by 2050, Yamaha is seeking to lower CO₂ emissions from office energy use by conserving energy and shifting toward renewable energy. We thereby aim to reduce CO₂ emissions by 5% through energy conservation (CO₂ emissions ÷ Production volume) in comparison to fiscal 2018.

Another focus is reducing the energy consumption of products. Meanwhile, reductions to CO₂ emissions from procurement and logistics are being pursued through coordination with suppliers and measures for increasing logistics loading efficiency.

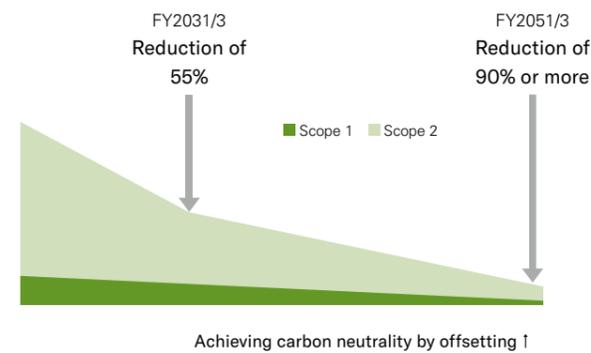
Sustainably Use Timber

Yamaha is teaming up with government agencies and academic organizations to advance Tone Forest activities for promoting sustainable forestry together with communities around the world. We thereby aim to ensure that we can continue to procure high-quality timber suited to the production of musical instruments into the future. In addition, we emphasize sustainability in timber use and are advancing research on alternative timber resources with acoustic performance surpassing existing resources.



Planting of African blackwood (Tanzania)

Path to Achieving Carbon Neutrality (Scope 1 and Scope 2)



5% reduction of CO₂ emissions by conserving energy
Note: CO₂ emissions ÷ Production volume; compared with fiscal 2018

Maintain "A" rating awarded by the CDP for climate change
CDP A LIST 2021 CLIMATE

5% improvement in logistics loading efficiency

Sustainable timber use
Sustainably sourced timber 75%
Note: Based on Company standard

Cultivation and conservation of three tree species*
* African blackwood, Sakhalin spruce, and Indian rosewood

Realize Resource Savings and Reduce Waste and Hazardous Substances

We seek to reduce new use of finite resources and curb waste through use of recycled and renewable materials and reductions to plastic use. Yamaha is also enhancing its maintenance and repair technologies and service systems and bolstering product renovation and upgrade offerings to extend product life spans. In addition, we are accelerating efforts to cut down on the use of volatile organic compounds and other hazardous substances in coatings and adhesives.

New compact products
Elimination of plastic packaging materials

□ Society: Enhance Brand Power and Competitiveness by Contributing to Comfortable Lives

By supplying products and services that benefit people in relation to remote and non-face-to-face interactions, Yamaha aspires to respond to the needs of the new society. We are also promoting respect for human rights across the value chain in order to contribute to the realization of an equal society. As a distinctively Yamaha initiative, we are dedicated to the protection of health and safety as it pertains to sound by installing the Listening Care function in audio products and by taking other measures.

Creation of Remote Environments for the New Society

Yamaha possesses unique technologies and know-how pertaining to the creation of enjoyable and immersive remote performances and lessons and the facilitation of high-quality, natural, and remote communication. By utilizing these technologies and know-how, we will support comfortable lifestyles in order to create secure and satisfying spaces for the new society.



Remote lessons connecting instructors and students

Issue-free teleconferencing with sound and video technology

Respect for Human Rights in the Value Chain

Yamaha is promoting sustainability across the value chain. Supply contracts clearly state that suppliers are expected to comply with

the Yamaha Supplier CSR Code of Conduct, and we request that suppliers conduct regular self-assessments with this regard.

During the period of the new medium-term management plan, we will target higher levels of human rights due diligence by conducting on-site audits of 60 suppliers.

On-site audits of
60 suppliers

Contribution to Sound-Related Health and Safety

Yamaha proposes a variety of solutions built on its sound technologies. These solutions include earphones equipped with its proprietary Listening Care technology for reducing the burden placed on user ears as well as in-vehicle communication modules for emergency reporting systems.

Using sound technologies to contribute to the resolution of social issues and protect the health and safety of people will continue to be a focus under the new medium-term management plan.

□ Culture: Expand Market through the Promotion and Development of Music Culture

Contributing to the promotion and development of music culture is a uniquely Yamaha undertaking. Under the previous medium-term management plan, initiatives in this area included the School Project. With a continued focus on this project, we will seek to introduce the project to new countries and to otherwise expand its scope. We will also keep moving forward with initiatives including the development of digital musical instruments that incorporate local musical traditions, the cultivation of the instructors and technicians who are vital to the development of music culture, and support for aspiring musicians and music researchers.

Expansion of the Instrumental-Music-Playing Population

Unbound by prior conventions, Yamaha is working to realize the ideal form of music schools for the new society. We also hope to provide opportunities for first-time musicians as well as musicians returning to the craft to take up an instrument through the supply of performance support functions, applications, and services. These are just some of the ways in which we aim to expand the musical-instrument-playing population.

Our target for the School Project, our ever-expanding program for promoting the introduction of instrumental music education in the school education curricula of emerging countries, is for it to offer instrumental music performance experiences to an aggregate total of 2.3 million students in 10 countries.



School Project activities in various countries



Applications that support various music performances and help manage practice



We support the Sustainable Development Goals

Overseas music schools
+100,000 students

Promote instrumental music education to the curricula of schools in emerging countries
10 countries
Aggregate total of 2.3 million students

Contribution to Local Music Cultures

Yamaha is developing products that incorporate local musical traditions and expanding its local software content offerings in order to help preserve and develop local music cultures. Other efforts to contribute to the promotion and development of music culture include the cultivation of instructors and technicians along with activities for supporting aspiring musicians and music researchers. In addition, we are broadening the scope of our LovePiano* activities with the goal of making people feel more familiar with the piano.

* Pianos installed at train stations, airports, commercial facilities, etc., that the public can freely play



Digital musical instruments reproducing the tones of regional and ethnic instruments



LovePiano

3. Enable Yamaha Colleagues to Be More Valued, More Engaged, and More Committed

□ Increase Job Satisfaction

Seeking to ensure that Yamaha is deemed to be a desirable company to work for, we strive to achieve continuous improvements to workplace engagement by utilizing the results of the newly introduced global employee surveys to shape concrete measures.

Yamaha is committed to cultivating leaders who can guide business from a global perspective and to achieving the ideal allocation of human resources. As we enhance autonomous career development support to this end, we will also target higher levels of job satisfaction by supporting diverse and flexible workstyles.



Employee engagement survey
Positive response rate for job satisfaction
Continuous improvements

Amount of human resource investment
Doubled

□ Promote Respect for Human Rights and DE&I

Yamaha is dedicated to human rights education and due diligence activities. In addition, we are empowering female employees and taking other steps to develop a diverse staff. With the foundations built through these efforts, we will practice management that capitalizes on the individuality of diverse human resources.

As we promote human rights education and due diligence activities, Yamaha will develop a diverse staff by empowering female employees and practicing global human resource management. By capitalizing on the individuality of diverse human resources, we look to maximize human resources, develop our business, and achieve continuous improvements in corporate value.



Percentage of female managers
Global average 19%

Cross-regional placements
30 people

□ Foster Open Organizational Culture Where People Can Proactively Take On Challenges

We are committed to building a comfortable workplace environment that promises psychological safety while fostering an organizational culture founded on mutual respect in which ambitious undertakings and co-creation are born of the knowledge and ideas of diverse individuals.

Diverse opportunities for discussion are arranged to invigorate communication. We are also moving ahead with reforms to cultivate an organizational culture that encourages employees to tackle new challenges without fear of failure in order to ensure that our culture offers a comfortable workplace founded on mutual respect.



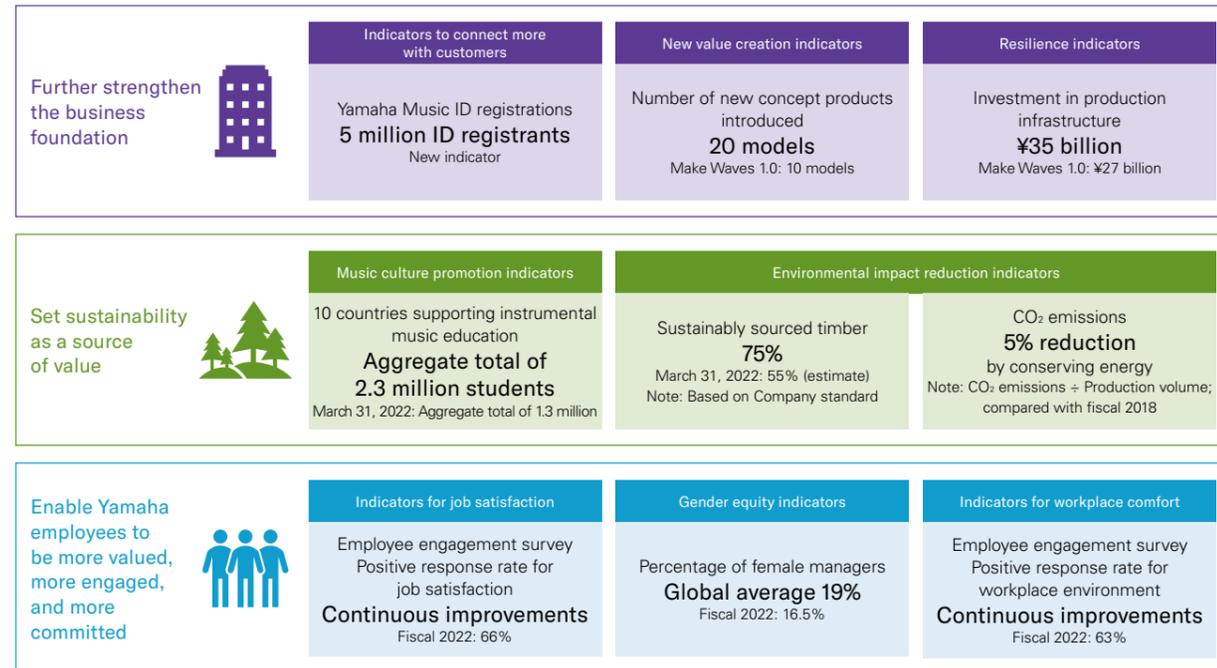
Employee engagement survey
Positive response rate for workplace environment
Continuous improvements

Management Targets (Non-Financial and Financial Targets)

Non-financial targets have been set for each of the three key policies of Make Waves 2.0. The advancement of initiatives for achieving said targets is expected to lead the Company to the accomplishment of the plan's financial targets.

The accomplishment of our financial targets is expected to be a result of our efforts to support the "Well-Being of People around the World."

Non-Financial Targets

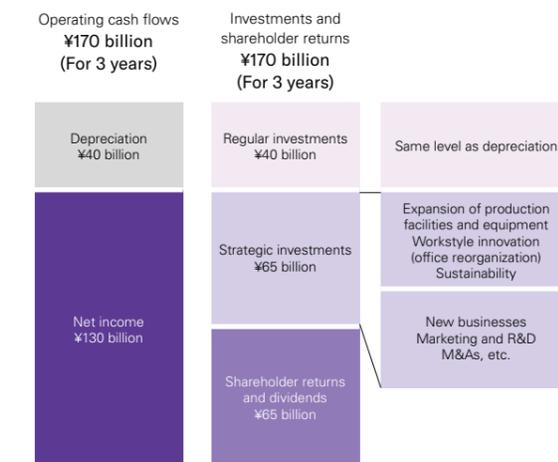


To further strengthen our business foundation, we will make greater use of digital marketing and our customer data platform to forge stronger connections with customers. At the same time, we will conduct investments surpassing those performed under the previous medium-term management plan in order to propose new value and bolster resilience. Setting sustainability as a source of value, our first priority will be to expand the School Project to other countries as part of our efforts to promote music culture.

The Company will also look to reduce its environmental impact by increasing its use of sustainable timber, cutting CO₂ emissions through energy-saving activities, and helping conserve resources. Our efforts to enable Yamaha employees to be more valued, more engaged, and more committed, meanwhile, will include increasing the ratio of female managers and striving to make the Company a more comfortable and motivating place at which to work.

Financial Indicators

Financial Indicators Achieving both growth and profitability	Revenue growth:	20%
	Core operating profit ratio:	14%
	ROE:	10% or more (Cost of shareholders' equity*: 7.8%)
Investment and shareholder returns Well-balanced allocation of investments in growth and returns to shareholders	ROIC**:	10% or more (WACC*: 7.6%)
	Total return ratio:	50% over three years

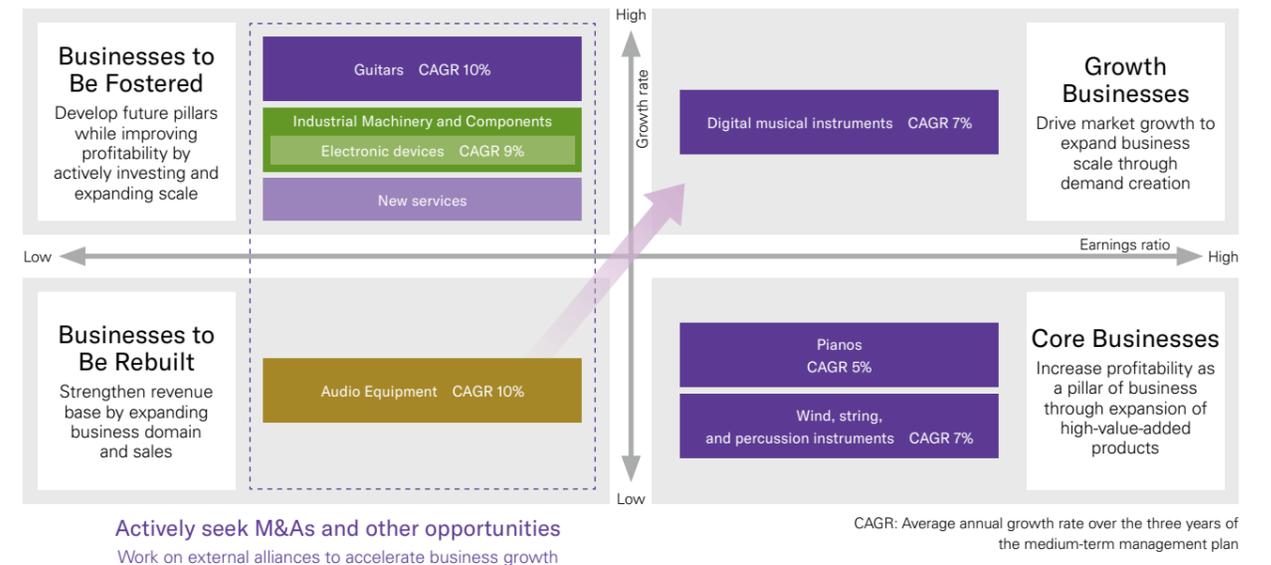


*1 As of March 31, 2022
*2 ROIC = Core operating profit after income taxes / (Equity attributable to owners of parent + Interest-bearing debt)

Make Waves 2.0 puts forth four financial targets aimed at achieving both growth and profitability. The main financial targets are those set for the core operating profit ratio and for ROE, both indicators for which targets were set under the previous medium-term management plan. These ongoing targets are complemented by new targets for revenue growth, an indicator for gauging growth, and ROIC. ROIC is an indicator of profitability in comparison with the amount of capital invested. This indicator differs from ROE in that it includes interest-bearing debt in the denominator, thereby painting a broader picture of the capital used in the Company's management, and in that the numerator uses core operating profit after income taxes to better illustrate the earnings from Yamaha's core business.

A target of 20% has been set for revenue growth while we will target a core operating profit ratio of 14% and a figure of 10% or more for both ROE and ROIC. The core operating profit ratio target of 14% represents our intent to once again work toward the level targeted under the previous medium-term management plan. All of these targets are to be accomplished through measures based on our strategies, and capital generated through the accomplishment of these targets will be directed toward business investments and shareholder returns.

Business Portfolio and Direction



In conjunction with the launch of the new medium-term management plan, Yamaha recategorized its principal businesses from the perspective of its portfolio. Categorizing businesses based on whether they are to be fostered, grown, or rebuilt or if they are to be positioned as core businesses, we will practice portfolio management that allocates management resources in accordance with the new categories in order to achieve improvements to corporate value over the medium to long term.

Growth Businesses	The digital musical instruments business, which boasts higher growth rates and profit margins, will be positioned as a growth business. We will seek to expand the scale of this business by creating new demand to drive the growth of the market.
Core Businesses	Core businesses include our piano and wind, string, and percussion instruments businesses, in which we prioritize profit margins over growth rates. In these businesses, we will pursue higher earnings capacity by increasing sales of high-value-added products.
Businesses to Be Fostered	We look to foster our guitar and electronic devices businesses, which still have room to improve profitability, as future pillars anticipated to display high growth rates. These businesses will be the target of an expanded scale through proactive investments while also advancing efforts to boost profitability. We will also focus on fostering new services in promising growth fields during the period of the new medium-term management plan.
Businesses to Be Rebuilt	There is a need to rebuild the audio equipment business, which suffered to a particularly large degree amid the COVID-19 pandemic, given the current changing operating environment and supply difficulties. We expect to grow sales by expanding our business domain to include new markets, which will make it possible to strengthen our earnings foundations in this business. The audio equipment business is anticipated to become a growth business in the future.