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For Immediate Release

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Overview of the New Medium-Term Management Plan “Rebuild & Evolve”

The Yamaha Group hereby announces that it has newly formulated the “Rebuild & Evolve” Medium-Term Management Plan, to cover the three years from April 2025, following the “Make Waves 2.0” plan that concluded in March 2025.

[1] Review of Previous Medium-Term Management Plan

“Make Waves 2.0,” the previous medium-term management plan, was to cover a three-year period to enhance sustainable growth capability in the post COVID-19 new society. Under this plan, the Yamaha Group has been implementing various measures based on three policies: “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.” As for financial indicators, the Group was unable to fully keep pace with the rapid changes in the market and environment, and despite progressing with structural reforms, it did not achieve the targets. This has made it clear that “quick adaptability to environmental changes and investments in growth” have become issues for us to address. As for the non-financial indicators set forth in the previous medium-term management plan, although investment targets in production infrastructure were not realized due to production structure reforms, mainly for pianos, the Group was able to generally achieve other targets.

[2] Business Trend Recognition

Throughout the previous medium-term management plan period, the business environment surrounding Yamaha changed at an unprecedented speed. In addition to changes in the macro environment, such as economic fluctuations, price hikes, currency risks, and geopolitical risks, customers' values and lifestyles have been diversifying and their purchasing behavior is rapidly shifting to online buying. It is no exaggeration to say that technological innovation, especially the evolution of generative AI, is fundamentally changing the way business is done.

In this kind of environment, companies are expected to do more than maintain the status quo. Yamaha must be quick and flexible, unafraid of dynamic change, and instead be willing to use it as an opportunity for growth. As a Group centered on sound and music, Yamaha recognizes this situation as a chance to expand business opportunities by taking on the challenge of creating new unique value, as well as providing experiential value that is in tune with diverse lifestyles and values.

[3] Management Vision

With an eye on a business environment that will be constantly in flux, Yamaha will restate the value it seeks to provide, setting forth a new management vision of what the Group aims to become over the medium to long term.

Management Vision (Ideal State in the Medium- to Long-Term)

**Creating a future where individuality shines
through the power of sound and music**
Enhancing corporate value through the co-creation of social value

The Yamaha Group will continue to refine the intrinsic value of its products using the technologies and sensibilities it has cultivated with sound and music at the core. Concurrently, the Group will strengthen its efforts to add more enjoyable, creative, and convenient experiential value to these products, expanding to adjacent business areas. Furthermore, the Group will expand its business domains by pursuing new possibilities of sound and music that will lead to solutions to social issues, in a way that is not bound by the framework of existing products and businesses.

[4] Key Issues and Strategic Framework

A review of the management vision, management material issues, and previous medium-term management plan identified several issues. The first one, Yamaha's top priority, is to restore the falling earning power of existing businesses to pre-pandemic levels and return them to a growth trajectory. The next issue is to cultivate and commercialize adjacent and new areas through strategic investments for medium- to long-term growth. The final challenge is to increase capital and asset efficiency and strengthen human capital and governance to create a stable management foundation supporting sustainable growth. During the three years of this medium-term management plan, Yamaha will make every effort to address the issues that have been clearly established.

The title of the new medium-term management plan is “Rebuild & Evolve,” and the word “evolve” was specifically chosen with the intention of making “evolving to create the future” not merely an expansion of the Group's domains, but a qualitative change in Yamaha's overall business.

[5] New Medium-Term Management Plan “Rebuild & Evolve”

Under the new medium-term management plan, the Group has set forth three strategic policies, under which it will advance initiatives from three perspectives: the business axis, the market axis, and a Company-wide view.

- 1: Rebuilding a strong business foundation**
- 2: Evolving to create the future**
- 3: Strengthening the management foundation**

1. Rebuilding a strong business foundation

The Group will conduct a fundamental review of the state of existing businesses, with the aim of rapidly remolding them into what they should be, adapting them to the business environment. Over the past few years, Yamaha has not been able to adequately respond to rapid changes in market conditions and has experienced a decline in profitability in some of its businesses. Based on this realization, the Group will first thoroughly review the profit structure of challenging businesses. In the musical instruments business, the Group will work to improve the profitability of the piano and guitar businesses through structural reforms and by increasing the weight of high value-added products, and return to a growth trajectory by further strengthening the competitiveness of digital pianos and other products. In the audio equipment business, based on the realization that the perspectives required for B2B, such as timely response to customer requests, have not been fully incorporated in the past, the Group will develop an organizational system that can respond immediately to changes in the business environment and strengthen its profitability and sales capabilities.

2. Evolving to create the future

The Yamaha Group aims to expand its business into new domains. In the musical instruments business, the Group will work on shifting its focus from just providing value through products to providing value originating in customer success. The Group will work to support music-playing experiences, creating new customer experiences that integrate online and offline elements. In the audio equipment business, the Group will expand its domains into adjacent areas while leveraging its unique strengths, including industry-leading signal processing and sound field adjustment technologies. In addition to the automotive sound system domain, which the Group has grown since the previous medium-term management plan period, Yamaha will target diverse growth opportunities by providing optimal sound environments meeting the diverse needs of markets and customers. This includes by providing new solutions in the entertainment domain, as well as to commercial and public facilities.

Yamaha also believes that evolving to create the future from a medium- to long-term perspective, including proactive investment in growth markets such as India and the Philippines and in new growth businesses, as well as the establishment of mechanisms to create new businesses for sustainable business growth, will be the engine that supports Yamaha's next leap forward.

Yamaha considers sustainability to be a source of value, and hopes to contribute to resolving social issues through the power of sound and music, and the technologies and sensibilities it has cultivated through its business. The three perspectives the Group wants to emphasize here are people, society, and the Earth. More specifically, this means to form connections between people through music, to provide safety and peace of mind through sound, and to achieve resource recycling on a global scale to ensure the sustainability of music culture. Through such initiatives, the Group will expand its business domains by pursuing the new possibilities of sound and music.

3. Strengthening the management foundation

Yamaha will strengthen its management foundation to achieve sustainable growth. To improve capital and asset efficiency, the Group seeks to maximize corporate value by emphasizing a balance between investment and return. Next, as for strengthening human capital, the Group will actively carry out measures to promote diversity, equity and inclusion, develop globally competent human resources, and improve employee engagement. Furthermore, the Group will strengthen corporate governance and establish a more transparent and fair management system.

The Group's growth strategy in the new medium-term management plan is to pursue initiatives in line with these three strategic policies, while always being aware of sustainability as a source of value.

[6] Management Targets

a. Financial targets

- Revenue growth rate (CAGR) : 5%
- ROE : 10%
- Core operating profit ratio : 13.5%
- Total return ratio : 50% or more

(Foreign exchange rate assumptions: US\$1 = ¥145 and €1 = ¥160)

b. KPIs measuring the degree of achievement of key strategies

- Rebuilding a strong business foundation
 - Revenue growth rate by segment (CAGR) : 4% (musical instruments), 7% (audio equipment)
 - Core operating profit ratio by segment : 14% (musical instruments), 12% (audio equipment)
- Evolving to create the future
 - Strategic investments : ¥60 billion
 - Yamaha Music IDs : 10 million IDs
 - Growth rate for India and the Philippines (CAGR) : 18%
 - Commercialization (incl. services) : 20
- Strengthening the management foundation
 - ROIC by segment (improvement) : +7% (musical instruments), +3% (audio equipment)
 - Investment in people : 1.5 times
 - Percentage of female managers : 24%
- Set sustainability as a source of value
 - Use of sustainably sourced timber : 80%
 - Elimination of plastic packaging : -25%
 - CO₂ emission reduction rate : -30%
 - Use cases for resolving social issues : 20
 - On-site supplier audits : 60
 - Music culture support activities : 12,000

Children in School projects (cumulative) : 7 million

[7] Business Portfolio

To enhance corporate value over the medium to long term, the Group will position each business in three areas (profitability improvement, growth acceleration, and domain expansion) and promote portfolio management to allocate management resources appropriately.

The Group is building strategies for existing business areas by clearly dividing them into two categories: those where it will strengthen efforts to accelerate growth and those where it will focus on improving profitability. Specifically, the Group will accelerate growth by further strengthening competitiveness in categories such as entertainment PA systems, digital musical instruments, and band & orchestra (B&O) instruments. The Group will also work to improve profitability through rapid structural reforms in the piano, guitar, and home audio businesses, areas where profitability is declining due to changes in the business environment.

In addition, the Group will strengthen its efforts to create seeds for new growth. The Group will proactively invest in music-related services, mobility solutions, business solutions, and other areas. It will also develop new businesses and businesses that resolve social issues and turn them into future pillars through repeated testing.

Through these initiatives, we aim to enhance profitability and improve capital and asset efficiency, while building a resilient business structure that supports sustainable growth and high returns in an ever-changing environment.

For further information, please contact:

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