

OUR VALUE CREATION

I. Value Creation by Yamaha

Yamaha's Path of Ambition	06
Yamaha's Business	08
Management Vision and Value Creation Story	10
Special Feature:	
Enactment of Yamaha's Value Creation Story	12
Performance Highlights	16



YAMAHA'S PATH OF AMBITION

The origins of the Yamaha Group date back to 1887, when company founder Torakusu Yamaha repaired an imported reed organ. Since then, Yamaha has aimed to create excitement and cultural inspiration together with people around the world while centering its business on sound and music. This spirit has continued to live on in the Yamaha Group throughout the course of its history that spans over 130 years, granting it strength and constantly driving it toward growth.

1887

1887

Domestic Production of Musical Instruments Beginning with Organ Repair

Following the repair of a single organ, Company founder Torakusu Yamaha succeeded in creating domestically produced organs in Japan. This success prompted him to establish Nippon Gakki Co., Ltd. (currently Yamaha Corporation), and commence the domestic manufacture of pianos. Through this undertaking, he created the foundations for the musical instruments business that is the core business of Yamaha today, while also proposing the culture of enjoying musical instruments to the people of Japan. This is the point of origin of Yamaha's Corporate Philosophy: "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."



Origin of Yamaha's Competitiveness
Symbolism of the Yamaha Brand

The three tuning forks of the Yamaha brand logo represent the cooperative relationship that links the three pillars of our business—technology, production, and sales. They also evoke the robust vitality that has forged our reputation for sound and music the world over, a territory signified by the enclosing circle. In addition, the mark symbolizes the union of three essential musical elements: melody, harmony, and rhythm. The spirit of our founder expressed in this logo lives on today, spurring us forward to continue enhancing the Yamaha brand.



Founder Torakusu Yamaha

1940



Spread of Music Culture, Diversification of Business, and Expansion Overseas as a Comprehensive Musical Instrument Manufacturer

Inspired by a desire to communicate the joy of music to as many people as possible, Yamaha began efforts to promote the spread of music, such as organ classes (predecessor of the Yamaha Music School). Meanwhile, the technology and sensibilities cultivated through the manufacture of musical instruments was adapted to broaden product lines to include audio equipment and to develop new businesses such as motorcycles, which would lead to the creation of Yamaha Motor Co., Ltd., and also sports equipment.

In 1958, Yamaha established its first overseas subsidiary in Mexico, marking the start of its global expansion as a comprehensive musical instrument manufacturer.

Origin of Yamaha's Competitiveness
Laying of Groundwork as a Global Company

Yamaha expanded its global sales network with the establishment of Yamaha de México, S.A. de C.V., its first overseas subsidiary in Mexico, in 1958, and developed a production basis in Taiwan in 1969. This groundwork served as a springboard for the aggressive overseas expansion of the Company beginning in the 1970s. Having quickly solidified its global network, Yamaha was able to leverage this network to exhibit significant competitiveness, supporting the growth of the Company, which has more than 70% of its revenue generated overseas today.



Yamaha de México, S.A. de C.V.

1970

1980

1990

2000

2010

2020

Advancement of Technology

Yamaha promoted the in-house production of semiconductors with the aim of improving the sound quality of its digital musical instruments. This process led the Company to develop new digital musical instruments and audio equipment with proprietary LSIs, thereby greatly expanding the scope and geographical breadth of its operations. The Company adopted its current name of Yamaha Corporation in conjunction with its centennial anniversary in 1987, becoming a global company in both name and substance.



DX7 digital synthesizer



SILENT™ Series

Origin of Yamaha's Competitiveness
Value-Creating Combination of Acoustic and Digital Technologies

Yamaha has amassed acoustic technologies in tandem with technological progress since its founding. By combining these technologies with digital technologies, we have been able to create new products that are distinctively Yamaha. Digital technologies were embraced not only in product development but also in production activities, massively increasing production efficiency and greatly contributing to today's acceleration of digital transformation.

Next Growth Stage Arrived at through Selection and Concentration and Structural Reforms in Core Business

The following years were characterized by massive changes to the operating environment, including ongoing yen appreciation, a shift to digital technologies, the specialization of industries arising from the globalization trend, and global financial crises. Amid this change, Yamaha undertook selection and concentration of its diversified businesses to focus more on its core business centered on sound and music. This move saw us reorganizing and consolidating domestic and overseas production and sales bases, merging the diverse technologies we had accumulated thus far, and acquiring overseas companies to accelerate growth. This was the start of business reorganizations aimed at taking our business to the next growth stage.



Active field control hall acoustics design system

VOCALOID™



Acquisition of overseas companies

Origin of Yamaha's Competitiveness
Strengthening of Growth Foundations and M&As in Core Business

Yamaha proceeded to develop growth foundations in its core business while conducting M&As. For example, Germany-based Steinberg Media Technologies GmbH, Austrian-based L. Bösendorfer Klavierfabrik GmbH, and French-based Nexo S.A. were acquired in the 2000s. These business combinations had a ripple effect that strengthened our foundations and spurred the growth of our business. The benefits included the ability to merge our hardware and software in the music production field, the enhancement of our presence in the premium piano market, and the provision of comprehensive solutions in the audio equipment business.

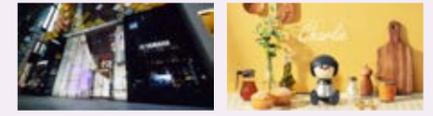
Resolution of Social Issues and Improvement of Corporate Value to Become an Indispensable, Brilliantly Individual Company

Yamaha has been engaged in an ongoing effort to establish a competitive edge and achieve improvements in profitability. Steps to this end have included transitioning from organizations based on business lines to organizations arranged by function. In addition, we have been optimizing prices while developing products with distinctive individuality and entering into new markets by merging our technologies. We have also been advancing global branding strategies, establishing the management vision of "Becoming an Indispensable, Brilliantly Individual Company" in 2016 and the brand promise of "Make Waves" in 2019. Furthermore, Yamaha is supplying new solutions that respond to recent changes in the social climate through sound and music. Examples of these solutions include the SYNCROOM online remote ensemble performance service, the Remote Cheerer powered by SoundUD remote cheering system, and the Distance Viewing next-generation live viewing service. By delivering these solutions, we aim to contribute to the resolution of social issues and improve corporate value.



SYNCROOM online remote ensemble performance service

Distance Viewing next-generation live viewing service



Yamaha Ginza Building reopened as an experience-oriented brand shop in 2021

Charlie™ communication robot that matches its cadence to melodies

Origin of Yamaha's Competitiveness
Creation of Synergies and Refinement of Strengths through Consolidation of Insight

The transition to organizations arranged by function allowed for the consolidation and cross-organizational utilization of the previously separate management resources that had been accumulated thus far. We were thereby able to further refine our existing strengths, including our production technologies, which combine our craftsmanship with core and other technologies; our music promotion, sales, and personal connection networks, which are several steps ahead of those of competitors; and our healthy financial position. Meanwhile, various unique, new products are being born out of synergies between our various insight and technologies at the Innovation Center, established in 2018. Centered on the combination of technologies and sensibilities, Yamaha is able to heighten its development capabilities in new sound and music fields that make use of physical sensibility evaluation technologies for quantifying sensibilities, material element technologies, artificial intelligence (AI) technologies, and elemental technologies. In this manner, we are capable of proposing new value.



Innovation Center

“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.”

Groupwide Business Overview and Consolidated Revenue and Core Operating Profit

Major Products and Distribution of Revenue of Yamaha's Three Core Businesses

Musical Instruments Business

For information on the strategies of the musical instruments business, please refer to page 60.

¥239.0 billion (64.1%)



Audio Equipment Business

For information on the strategies of the audio equipment business, please refer to page 64.

¥103.8 billion (27.9%)



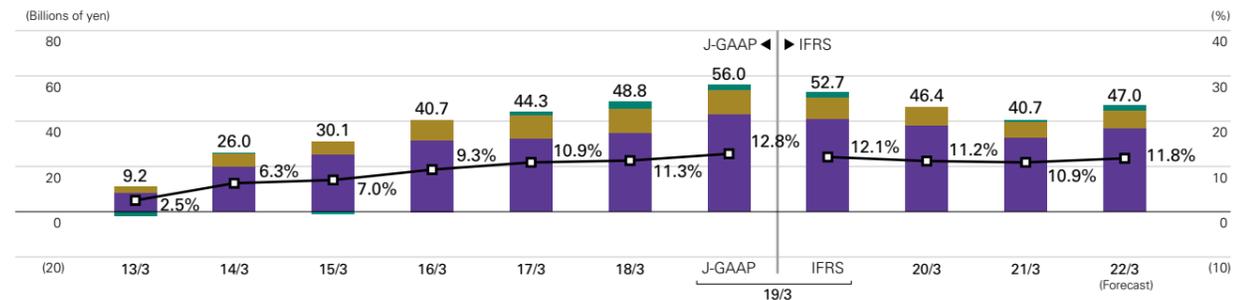
Others (Industrial Machinery and Components Business, etc.)

For information on the strategies of the industrial machinery and components business, please refer to page 66.

¥29.8 billion (8.0%)



Breakdown of Core Operating Profit (Operating Income) and Core Operating Profit Ratio (Operating Income Ratio)

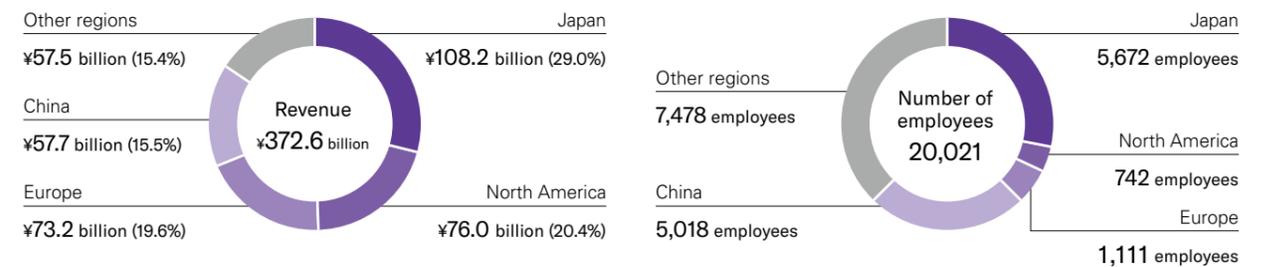


Core Operating Profit (Operating Income) ■ Musical instruments business ■ Audio equipment business ■ Others
— Core Operating Profit Ratio (Operating Income Ratio) (right)

Yamaha is the world's largest comprehensive musical instrument manufacturer, producing and selling a complete lineup of products ranging from acoustic to digital musical instruments. We are developing wide-ranging, global operations spanning from businesses related to sound and music, encompassing musical instruments, professional audio (PA) equipment, and audio equipment, and component businesses focused on network equipment and semiconductors.

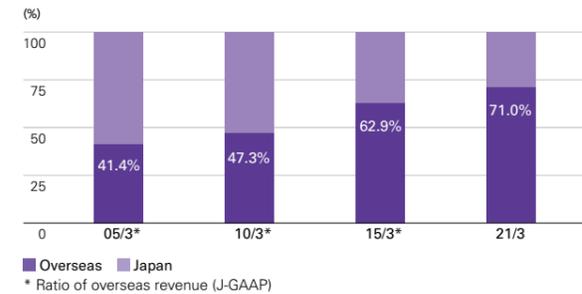
Global Business Scale, Ratio of Overseas Revenue, and Market Share (Fiscal 2021, IFRS)

Revenue Composition and Number of Employees by Region

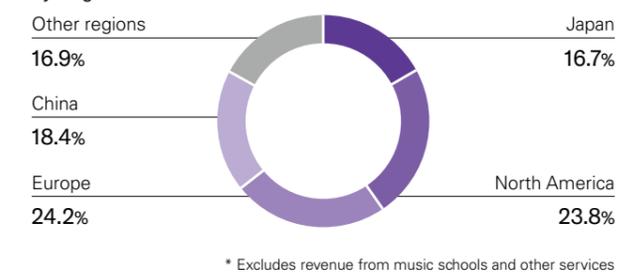


Overseas Revenue Driving Growth

Ratio of Overseas Revenue (%)

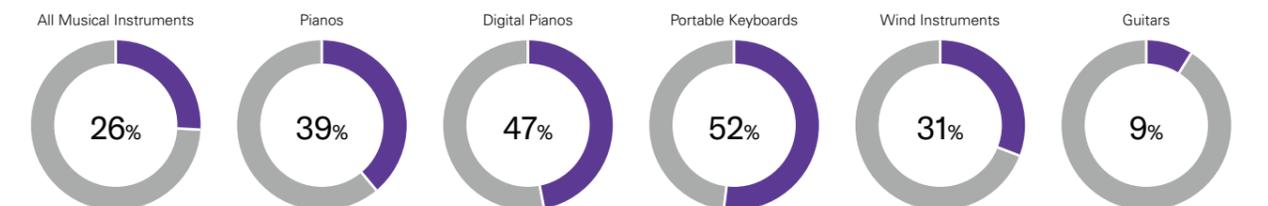


Distribution of Musical Instruments and Audio Equipment Sales by Region*



Core Yamaha Products Boasting High Market Shares

Global Market Shares of Major Products (Fiscal 2021, monetary value basis, based on surveys by Yamaha)



Value Creation Story

Enhance Corporate Value and Realize Vision by Creating Social Value

Yamaha is strengthening all of its capitals by creating Yamaha value and social value through its business activities. In this way, Yamaha aims to realize its management vision by pursuing a cycle that improves both brand and corporate value. Yamaha's current value creation process is as described in the table below.

The global COVID-19 pandemic is having a massive impact on our lives and on the global economy. Yamaha, however, sees this adversity as an opportunity to further its evolution. Accordingly, we are endeavoring to respond to the constantly changing social needs and issues with the aim of continuing to help resolve social issues through our businesses, and thereby improving corporate value.

Please refer to the following website for more information on Yamaha's value creation story.

<https://www.yamaha.com/en/ir/story/>



Value creation process

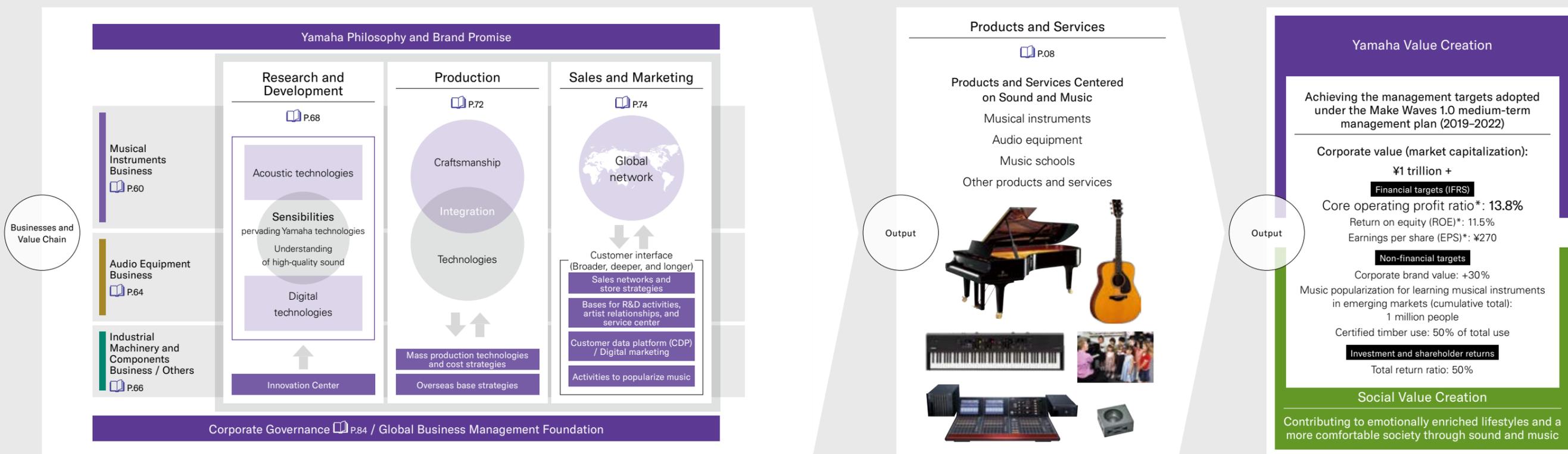
Yamaha value creation

Social value creation



Measures for Preventing Erosion of Value
 Yamaha is ramping up its sustainability and risk management initiatives to minimize the potential negative impact of its business activities on the environment and society as well as the impacts of risks that could seriously threaten the Company's performance and financial condition.
 Please refer to page 42 for more information on sustainability management initiatives and page 94 for information on risk management initiatives.

Value Creation Process



* Based on the impacts on the operating environment from the COVID-19 pandemic, the consolidated performance forecasts for fiscal 2022 announced at the financial results briefing for fiscal 2021 held on May 10, 2021, call for a core operating profit ratio of 11.8%, ROE of 10.0%, and EPS of ¥233. These forecasts assume foreign exchange rates of U.S.\$1 = ¥105 and €1 = ¥125.

SPECIAL FEATURE:
ENACTMENT OF YAMAHA'S
VALUE CREATION STORY



New Form of Remote Communication Proposed through Sound and Network Technologies

The global COVID-19 pandemic transformed how we communicate with other people. This transformation also extended to the environments in which we work as teleworking systems were introduced around the world. It can therefore be expected that workstyles unbound by place will continue to become more commonplace and entrenched going forward.

Yamaha has long been expanding its lineup of sound environment products that help make teleconferences and web conferences more comfortable as solutions for supporting workstyle reforms. We continue to combine the sound and network technologies and expertise we have accumulated over the years to propose new forms of remote communication that will be indispensable in this new era.

Remote Meeting System Responding to Rising Social Needs

Teleconferences, web conferences, and other forms of remote meetings have become an indispensable form of communication underpinning teleworking and other diverse workstyles. At the same time, needs pertaining to office meeting rooms are growing increasingly more diverse as companies seek to allow for layouts to be flexibly rearranged in order to ensure appropriate distance is maintained between participants, to utilize meeting rooms more efficiently based on the number of participants and the goals of meetings, and to install more comfortable sound environments. Against this backdrop, Yamaha's remote meeting solutions, which combine its sound and network technologies, are garnering attention.

One such solution is our ADECIA comprehensive remote conferencing solution. Launched in January 2021, ADECIA is a system for medium-sized meeting rooms comprised of components including ceiling array microphones and processors, which enable it to cater to diverse needs by allowing for easy and flexible introduction and utilization of comfortable, high-quality communication environments. One characteristic of ADECIA is its use of multibeam tracking, a technology that effectively captures the voice of speakers while limiting the transmission of unnecessary noise from the surroundings, to realize high-quality communication. In addition, we released the RM-TT tabletop array microphone in June 2021. The ease of deployment this microphone makes it perfect for supporting diverse remote meeting styles. These offerings use our proprietary sound signal processing technology to

accommodate simultaneous speech by multiple individuals and thereby transmit the on-site atmosphere of meetings to remote locations intact. Moreover, we provide all of the equipment and functions necessary for remote meetings, and are thereby able to resolve any issue faced with this regard, starting with determining the necessary equipment when considering the introduction of remote meeting systems and moving on to the installation of equipment and the adjustment of acoustics.



Furthermore, Yamaha boasts a robust lineup of products for all meeting sizes and applications, ranging from its YVC-200 and YVC-330 unified communication speakerphones for small meetings to its YVC-1000 unified communication microphone and speaker systems for medium-sized to large meetings. We are thereby able to propose a multitude of products that realize comfortable, high-quality remote communication, whether in noisy open spaces or in quiet meeting rooms.



Meeting space using YVC-330 unified communication speakerphone



Solutions Made Possible by Yamaha's Expertise in Sound

In conjunction with the normalization of remote meetings, there has been a proportionally large increase in social needs related to the rapidly emerging sound issues faced in relation to important conversations or private conversations that one does not want to be overheard.

Yamaha's VSP-2 Speech Privacy System™ camouflages conversations with a proprietary "information masking sound" synthesized from human speech to hide the content

of spoken conversations. This feature makes it more difficult to understand the content of conversations leaked into the surroundings from meeting rooms or from meetings in open spaces, thereby creating a secure environment for remote conversations while comfortably protecting speech privacy.*

* Speech privacy is the concept of preventing conversations from being overheard by third parties. Initiatives have been commenced to protect private and confidential information from being leaked through conversations at healthcare institutions, offices, financial and government institutions, and welfare facilities.



Speech privacy system concept

Verification Tests for Resolving Office Sound Environment Issues

Yamaha is taking part in verification tests together with companies from other industries with the goal of developing various solutions for resolving social issues.

Seeking to address office web conference sound environment issues, Yamaha partnered with NEC Networks & System Integration Corporation and Inaba International Inc. to conduct a verification test in December 2020, with customers asked to participate. At the moment, the only way to fully address these sound environment issues is to redesign office layouts, an undertaking that is costly and time consuming. For this reason, many customers are looking for more

accessible options. This test was designed to allow for these needs to be met through the swift supply of optimal web conference environments to customers and thereby contribute to increased ease of work and productivity for customers. We continue to advance cross-industry verification tests of solutions merging new office layouts that combine Inaba International's high-sound-absorbing movable partitions with Yamaha's acoustic technologies and the technologies of NEC Networks & System Integration, which boasts a robust track record for proposing office environments and web conference systems using Zoom and other venues.

Merging of Sound and Network Technologies to Broaden Possibilities for Remote Communication

The COVID-19 pandemic impacted business communication along with all other forms of face-to-face communication that used to be a natural part of everyday life. The pandemic also placed massive restrictions on music and sports events. Yamaha is proposing new solutions for addressing these restrictions by capitalizing on its remote communication technologies.

One example is seen in **SYNCROOM**, an app that allows musicians to enjoy real-time ensemble sessions with Yamaha's proprietary NETDUETTO™ remote ensemble technology. This technology limits audio latency, which is unavoidable with conventional IP telephony and web conference systems, to a level that is acceptable for musical performances. Moreover, it monitors audio latency levels during performances to ensure natural and enjoyable ensembles. NETDUETTO™ β, the predecessor to SYNCROOM, was used by a growing base of performers to arrange remote ensemble sessions even before the pandemic. This solution evolved to become the SYNCROOM of today, which is being used by an increasingly large number of users seeking to remotely enjoy a wide range of musical performances through means such as online streaming of on-stage performances at school cultural festivals and live broadcasts of remote sessions. SYNCROOM is also driving sales of related products.

Remote Cheerer powered by SoundUD, another such solution, is a remote cheering system that allows for cheers to be transmitted to sports stadiums and other sites from remote locations with the touch of a smartphone or other device. By transmitting vocal support and claps through sports stadium speakers, this system provides a virtual space in which fans can interact. Remote Cheerer powered by SoundUD has been used at a range of events, including soccer, baseball, basketball, rugby, American football, professional wrestling, and track and field events, to communicate expressions of support from spectators, such as fans who could not attend events due to them being held without

audiences or for other reasons and people hospitalized due to illness or injury.

At the same time, Yamaha is promoting **Distance Viewing**, a next-generation approach toward live viewing that is garnering attention from everyone involved in musical events. The most significant characteristic of Distance Viewing is its ability to faithfully reproduce live performances by artists at remote locations by recording acoustics, video, and lighting data. Moreover, Distance Viewing can be linked with the aforementioned Remote Cheerer powered by SoundUD remote cheering system to generate the feeling of solidarity that is unique to live performances by transmitting the voices of fans to the performers. Distance Viewing is therefore anticipated to be a viable means of helping mobilize artists and recover their earnings while also preventing the spread of COVID-19 even as the pandemic restricts large events and long-distance traveling.



SYNCROOM online remote ensemble performance service

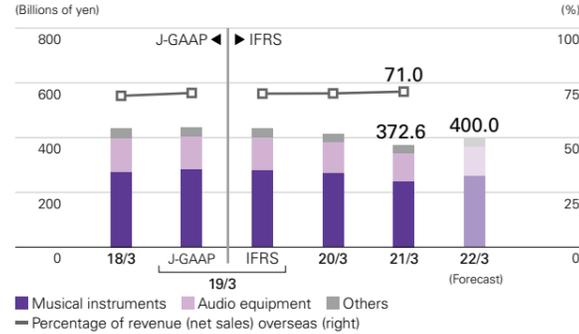


Distance Viewing next-generation live viewing service

Remote communication technologies have the power to create new ways of enjoying music and sports together with comrades and of taking part in events and to therefore forge new connections between a wider range of people. Demand for such technologies is thus expected to grow going forward. In response to this demand, Yamaha will propose various solutions powered by its robust sound-related insight and network technologies to contribute to the realization of a society that is in step with the ideals of the United Nations (UN) Sustainable Development Goals (SDGs) through its business.

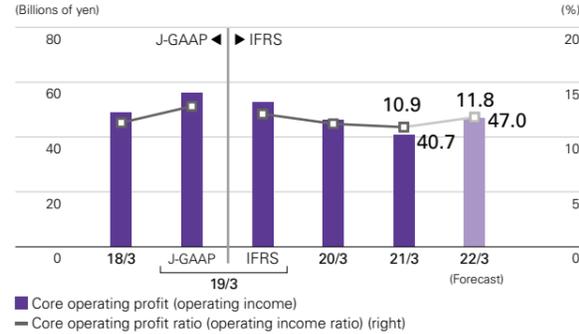
Financial Highlights (Fiscal 2021) * All explanations are based on figures calculated under IFRS. Graphs for fiscal 2019 also include J-GAAP conversions.

Revenue / Percentage of Revenue Overseas (Net Sales / Percentage of Net Sales Overseas)



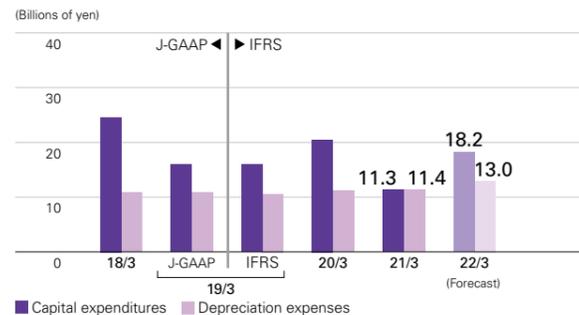
Revenue decreased ¥41.6 billion year on year, to ¥372.6 billion, due to a reduction of ¥2.3 billion from foreign exchange influences attributable to the impacts of the COVID-19 pandemic.

Core Operating Profit / Core Operating Profit Ratio (Operating Income / Operating Income Ratio)



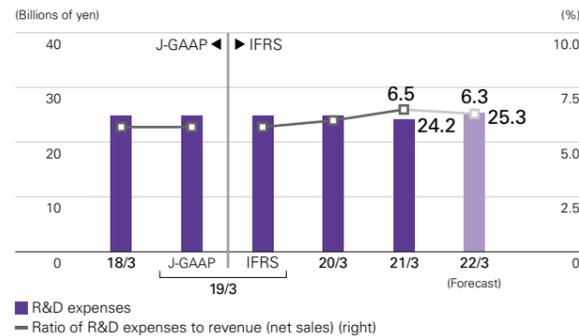
Core operating profit decreased ¥5.6 billion, to ¥40.7 billion, due in part to a ¥0.6 billion reduction stemming from negative foreign exchange influences and declines in revenue and production as a result of the COVID-19 pandemic.

Capital Expenditures / Depreciation Expenses



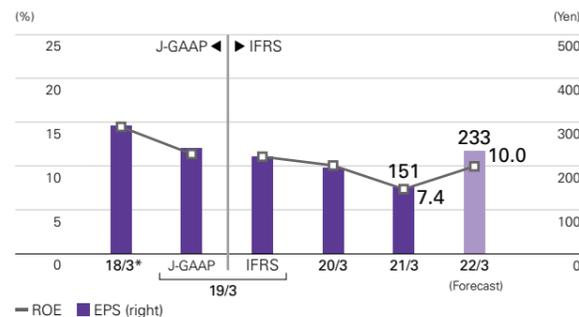
Capital expenditures totaled ¥11.3 billion, down ¥9.3 billion, and depreciation expenses increased ¥0.2 billion, to ¥11.4 billion.

R&D Expenses / Ratio of R&D Expenses to Revenue (Net Sales)



R&D expenses were down ¥0.6 billion, to ¥24.2 billion. The ratio of R&D expenses to revenue rose 0.5 percentage point, to 6.5%.

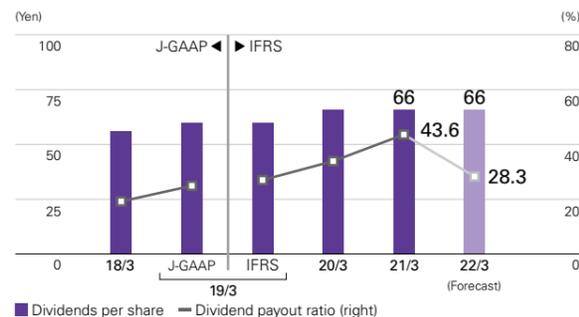
ROE / EPS



Return on equity (ROE) was down 2.7 percentage points, to 7.4%, and earnings per share (EPS) decreased ¥43, to ¥151.

* Including gain on sales of a portion of shares in Yamaha Motor Co., Ltd.

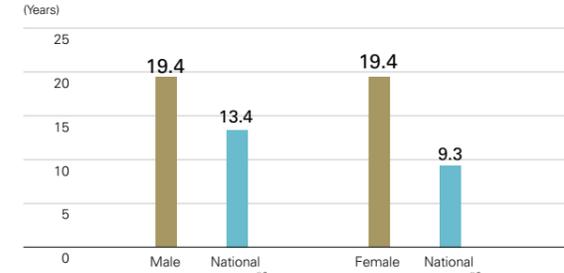
Dividends per Share / Dividend Payout Ratio



The annual dividend was ¥66 per share, the same as in the previous fiscal year. The dividend payout ratio rose 9.7 percentage points, to 43.6%.

Non-Financial Highlights (Fiscal 2021)

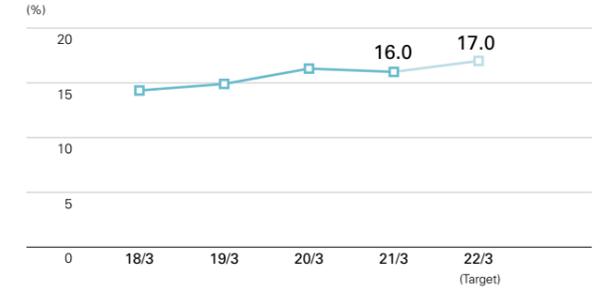
Average Term of Service*1 (As of March 31, 2021)



As part of our efforts to promote diversity, we are working to establish a workplace environment where employees can realize a work-life balance and where female employees can play a more active role. Not only is there no discrepancy between the average term of service of our male and female employees, our average term of service is higher than the national average.

*1 Figures are for Yamaha Corporation on a non-consolidated basis.
*2 According to the results of the Basic Survey on Wage Structure published by the Ministry of Health, Labour and Welfare of Japan.

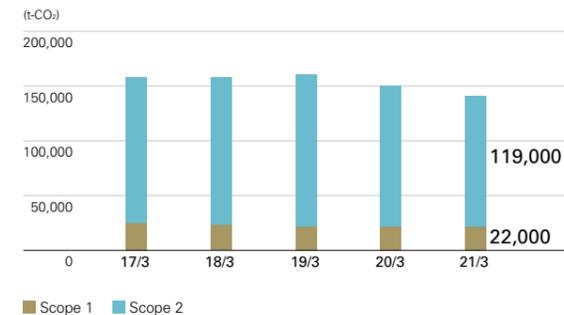
Ratio of Female Managers*



We have adopted the target of raising the Groupwide ratio of female managers to more than 17% by March 31, 2022. To this end, we are implementing a wide range of initiatives including enhancing our educational and training programs.

* Group companies (Worldwide total)

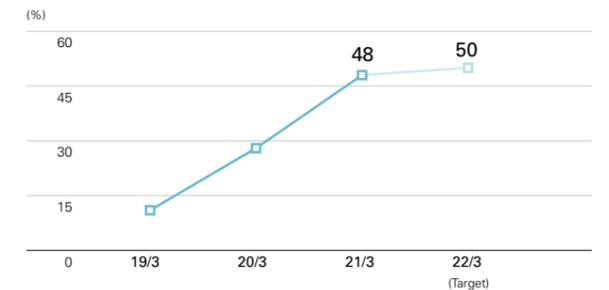
Greenhouse Gas Emissions (Scope 1 + Scope 2)



We are working to reduce greenhouse gas emissions through various energy-saving initiatives, fuel conversion, and adoption of renewable energy. At the same time, we manage emissions in accordance with the Greenhouse Gas Protocol.*

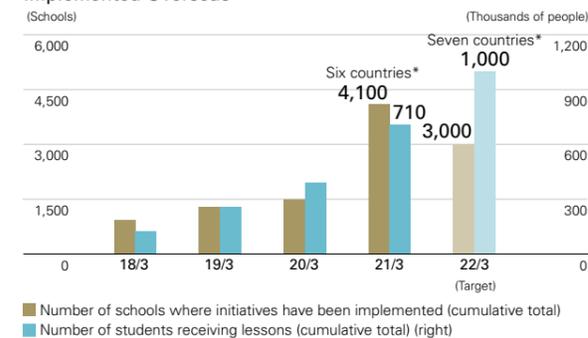
* A standard for calculating and reporting greenhouse gas emissions

Certified Timber Use



Yamaha is proactively increasing its use of certified timber, which is produced from forests deemed sustainable in terms of the environment as well as community development and other social and economic factors.

Number of Music Education Initiatives (School Project Program) Implemented Overseas



Since 2015, we have been pursuing initiatives to provide opportunities for children in emerging countries, who may not have access to musical instruments, to experience playing an instrument within their school education.

* Number of countries in which Yamaha offers the program

Brand Ranking

Interbrand's Best Japan Brands 2021*



Our brand ranking in Japan, which was determined using the combined brand value of Yamaha Corporation and Yamaha Motor Co., Ltd., was 30th in 2021 (compared with 32nd in 2020), remaining in the top 100 for the seventh consecutive year and representing an 8% year-on-year increase in brand value.

* A brand ranking system by Interbrand Japan, Inc. that evaluates Japanese brands