

Corporate Mission

Kando* Creating Company

Offering new excitement and a more fulfilling life for people all over the world

Yamaha Motor strives to realize peoples' dreams with ingenuity and passion, and to always be a company people look to for the next exciting product or concept that provides exceptional value and deep satisfaction.

* *Kando* is a Japanese word for the simultaneous feelings of deep satisfaction and intense excitement that we experience when we encounter something of exceptional value.

Management Principles

1. Creating value that surpasses customer expectations

To continue to produce value that moves people, we must remain keenly aware of customers' evolving needs. We must strive to find success by always surpassing customer expectations with safe, high-quality products and services.

2. Establishing a corporate environment that fosters self-esteem

We must build a corporate culture that encourages enterprise and enhances corporate vitality. The focus will be on nurturing the creativity and ability of our employees, with an equitable system of evaluation and rewards.

3. Fulfilling social responsibilities globally

As a good corporate citizen, we act from a worldwide perspective and in accordance with global standards. We must conduct our corporate activities with concern for the environment and communities and fulfill our social responsibility with honesty and sincerity.

Action Guidelines

Acting with Speed

Meeting change with swift and informed action

Spirit of Challenge

Courage to set higher goals without fear of failure

Persistence

Working with tenacity to achieve desired results, and then evaluating them

Corporate Philosophy



We have worked based on three ideas which constitute our "Corporate Philosophy". One is our "Corporate Mission", that is our core identity, values, purpose, and visionary goals. The second is "Management Principles"—the guiding management principles for achieving our corporate mission. The third is "Action Guidelines", the guidelines each individual should follow to realize our corporate mission.

Revs Your Heart

Empowered by a passion for innovation, we create exceptional value and experiences that enrich the lives of our customers.





Yoshihiro Hidaka

President,
Chief Executive Officer and
Representative Director

About *Integrated Report 2022*

Yamaha Motor began publishing integrated reports in fiscal 2019 to help shareholders, investors, and various other stakeholders develop a better understanding of the Company's efforts to create value from a medium- to long-term perspective. In 2022, we have endeavored to provide an even better understanding of the growth strategies in the new Medium-Term Management Plan, the second phase of promoting the achievement of our Long-Term Vision for 2030, and the value creation that underpins this.

This report was created referencing the International Integrated Reporting Council (IIRC)'s International Integrated Reporting Framework and the Guidance for Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation (Guidance for Collaborative Value Creation) released by Japan's Ministry of Economy, Trade and Industry. After compiling the policies of the Company, each department was asked for their earnest cooperation in creating this report, and I declare the process of preparing it to be appropriate and the information contained herein to be accurate.

Going forward, Yamaha Motor will continue striving to create sustainable environmental and social value as well as raise corporate value through constructive interactions with its stakeholders. Thank you for your ongoing support of Yamaha Motor.

Editorial Policy

This report was prepared and edited to give shareholders, investors, and other stakeholders a multifaceted understanding of Yamaha Motor's sustainable growth.

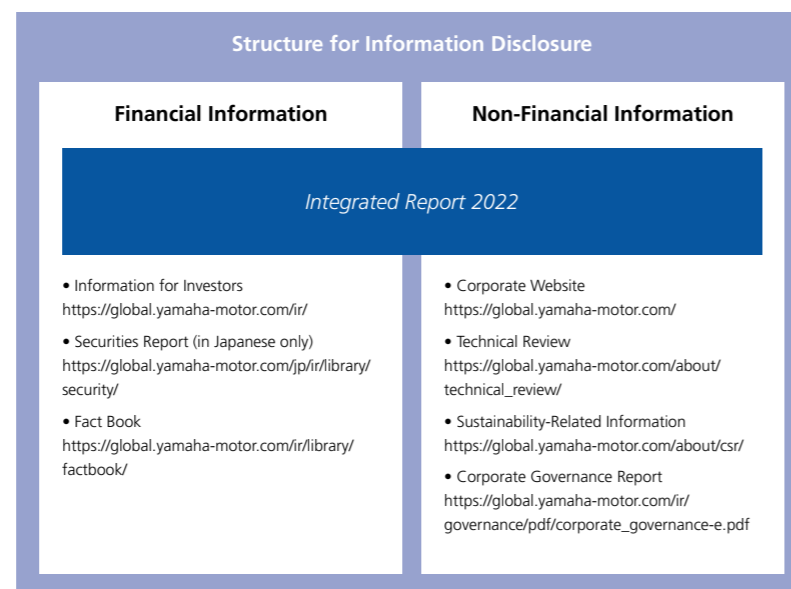
Financial, sustainability-related, product, and other information not contained in this report is available on Yamaha Motor's official website. Please note that the "2022" in the title refers to the year this report was published.

Scope

This report covers Yamaha Motor Co., Ltd., its 140 subsidiaries, and its 28 affiliates (as of December 31, 2021). Notification is given when the scope used in calculating the data provided in this report differs from this.

Reporting Period

This report covers the period from January 1 to December 31, 2021. Information on some activities taking place after January 1, 2022 is also provided.



Notice Regarding Forward-Looking Statements

The statements in this report, except for historical facts, are forward-looking statements about the future performance of the Company and its Group companies. These statements are based on management's assumptions and beliefs in light of the information currently available and involve risks and uncertainties. Please be advised that actual results may differ significantly from those discussed in the forward-looking statements.

Potential risks and uncertainties include, but are not limited to, general economic conditions in Yamaha Motor's major markets, changing consumer preferences, and currency exchange rate fluctuations.

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Key Points of *Integrated Report 2022*

Based on the Long-Term Vision for 2030 of "ART for Human Possibilities: Let's strive for greater happiness," *Integrated Report 2022* provides details on specific initiatives for medium- to long-term strategies and measures focused on driving the new Medium-Term Management Plan announced in February 2022. The following key points will help develop an even deeper understanding of Yamaha Motor's value creation story.

1 New Medium-Term Management Plan Aimed at Enhancing Our Social, Environmental, and Economic Value

Under the banner of the Long-Term Vision, Yamaha Motor formulated the new Medium-Term Management Plan—beginning in fiscal 2022—based on a review of the previous Medium-Term Management Plan. This report also provides information on the Company's direction regarding the implementation of a portfolio strategy to maximize its social, environmental, and economic value.

Relevant Pages

- P.4–9 From the President
- P.14–15 Maximizing Our Environmental and Social Value
- P.22–27 Medium-Term Management Plan (2022–2024)
- P.34–35 From the Director in Charge of Corporate Planning and Financial Affairs

2 Reinforcement of Sustainability Initiatives Aimed at Achieving Carbon Neutrality

Yamaha Motor is reinforcing its sustainability initiatives, such as its response to climate change, and has revised its targets for reducing CO₂ emissions under the Yamaha Motor Group Environmental Plan 2050 in order to accelerate progress toward carbon neutrality. These initiatives have been incorporated into the new Medium-Term Management Plan and also introduced as metrics in the Company's executive remuneration system.

Relevant Pages

- P.36–39 Initiatives to Achieve Carbon Neutrality (Disclosure Based on TCFD Recommendations)
- P.69–75 Corporate Governance



Yoshihiro Hidaka

President, Chief Executive Officer
and Representative Director

Yamaha Motor will practice diligent portfolio management with a focus on growth areas and our strengths to create **new value** contributing to a more sustainable world.

Overview of Fiscal 2021

In fiscal 2021, the final year of the previous Medium-Term Management Plan, Yamaha Motor posted record-breaking net sales and operating income together with a massive improvement in our operating income margin.

Fiscal 2021 saw a phased lifting of the restrictions imposed on economic activity in response to the COVID-19 pandemic centered on developed countries. In addition, people's bank accounts received boosts from the relief payments issued by some governments around the world in the wake of the pandemic's effects. These factors drove increases in demand for outdoor family recreation, which in turn created a favorable operating environment for Yamaha Motor. Another major contributor to our strong performance was our ability to limit the impacts of reduced production volumes from global supply chain disruptions and the ensuing difficulties in procuring parts. These disruptions were a result of global semiconductor shortages, delays in logistics, and the higher demand seen in response to the resumption of economic activities. It is impossible to

deliver a swift response to developments that simultaneously impact operations across the globe, such as the aforementioned supply chain disruptions, if frontline organizations simply wait for specific orders from above before acting. Yamaha Motor, therefore, took a different approach. In response to the disruptions, senior management put forth broad policies while information on supply chain issues was shared among our procurement, production, and sales operations. Frontline organizations then exercised autonomy in addressing the issues based on the information they had received, and I believe this approach was highly effective. I also want to express my appreciation for the diligent efforts of our employees on the front lines. When faced with parts shortages, securing sufficient capacity to produce and supply products is of utmost importance. Given our success in this regard, fiscal 2021 truly was a year in which we were able to witness the resilience of Yamaha Motor's foundations that are rooted in our frontline operations.

Direction and Vision of the New Medium-Term Management Plan

The COVID-19 pandemic, climate change, and other contemporary issues are fundamentally altering people's values and substantially increasing the interest in and concern for sustainability around the world. Against this backdrop, we chose to add bolstering sustainability initiatives as a new guiding theme of the new Medium-Term Management Plan, which covers fiscal 2022 to fiscal 2024. This will complement ongoing themes from the previous Medium-Term Management Plan, including the creation of new businesses and the reinforcement of management foundations for improving profitability. Guided by the new plan, we will seek to strengthen the earnings power of our core businesses while investing in new businesses and growth businesses that contribute to the realization of a more sustainable

world. We will also look to accelerate growth through digital transformation and co-creation initiatives.

Yamaha Motor handles a vast and global lineup of products, and the processes spanning the production to the sale of these products are becoming more diverse and multifaceted. This inherent diversity in its operations has allowed the Company to continue growing overall, even as the circumstances individual businesses face may fluctuate. However, we also recognize that creating new value that contributes to the resolution of societal issues will require us to identify fields in which we can anticipate growth and to then focus the allocation of management resources on such fields. It is for this reason that we have positioned diligent portfolio management as a core strategy of the new Medium-Term Management Plan.

From the President

More specifically, we have defined markets expecting future growth and markets in which Yamaha Motor can exercise its strengths. We have also identified fields to which we should allocate management resources in order to stimulate growth, and fields where we will focus on raising profitability while maintaining our position. Further, we have added fields in which we can create new businesses with an emphasis on sustainability. We then clarified the position of each business based on anticipated net sales growth rates and return on invested capital, and divided our businesses into four categories: new businesses, growth businesses, core businesses, and businesses requiring structural reforms.

Based on these classifications, we will seek to generate cash while maintaining or improving the profitability of our core businesses. At the same time, we will proactively allocate management resources to new businesses and growth businesses, which have been positioned as strategic business fields. We thereby aim to grow said businesses into future core businesses. Development and growth strategy expenses to be incurred in our strategic business fields during the three-year period of the new Medium-Term Management Plan are projected to be ¥115.0 billion, a 60% increase from the period of the prior plan, while planned capital investments in these fields should total ¥45.0 billion, an 80% increase.

Strategic Business Fields: New Business Initiatives

New business initiatives will include efforts to develop new businesses as well as operations in new mobility fields.

Previously, we sought to develop new businesses in the mobility service, low-speed automated vehicle, medical & healthcare, and agricultural automation fields while also exploring other new fields. However, we recognize that significant resources will be required to commercialize businesses in just these four fields, and it has also been necessary to account for the restrictions on our activities amid the COVID-19 pandemic. Accordingly, we have chosen to concentrate management resources on the aforementioned four fields over the period of the new Medium-Term Management Plan, and we will therefore not be exploring other new fields during this period. By moving forward with commercialization in the four fields, we hope to generate net sales of ¥30.0 billion from these businesses by fiscal 2024.

In the mobility services field, we have established new companies and are working together with local players in India and Nigeria, looking to develop asset management businesses that will provide financing schemes for people who do not have the financial means to purchase motorcycles on their own. These businesses are anticipated to create local employment opportunities while also contributing to raising the standards of living as well as providing stable incomes for people in these countries.

As for low-speed automated vehicles, we are in the process of commercializing goods transportation systems together with a joint venture company while also moving forward with conducting feasibility studies for public transit systems alongside municipal and national government agencies. By developing technologies that allow for automated

transportation under specific conditions, Yamaha Motor aims to reduce the labor requirements of the logistics field and help resolve mobility issues in regions lacking adequate access to public transportation.

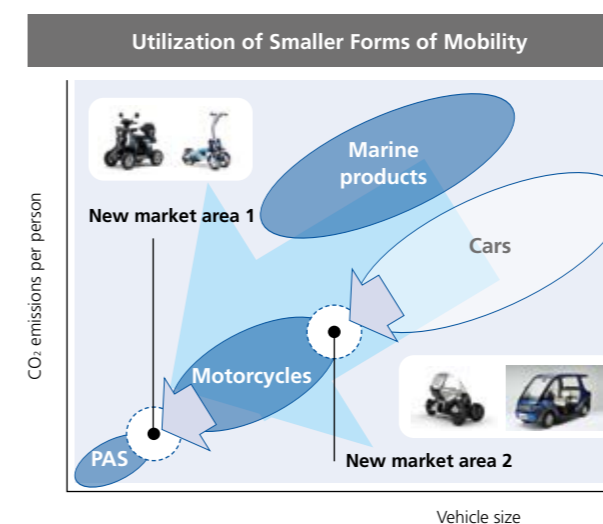
In the medical & healthcare field, meanwhile, our CELL HANDLER™ cell picking and imaging system can be used to automate cell handling procedures that were previously performed by hand. We are continuing R&D of the system looking toward use in immunotherapy applications as well as for aiding the discovery of drugs for cancer treatments.

In the agricultural automation field, Yamaha Motor teamed up with an agriculture venture company in the United States with the aim of providing automation and laborsaving solutions for crop harvesting and packing. Furthermore, in March 2022 we invested in a Brazilian startup that supplies comprehensive agricultural automation solutions, from agricultural drone development to the provision of related services.

Moving on, efforts in new mobility fields have been focused on low-carbon personal mobility options. If we are to create a carbon-neutral society, it will be crucial for people to seek out lighter and more compact mobility options. For example, if one were to commute with a single-rider vehicle that provides protection from wind and rain, as opposed to using a large vehicle, it would result in significant energy savings. Yamaha Motor therefore looks to help address the needs of society by developing new types of mobility offerings that exist between electrically power-assisted bicycles (e-Bikes) and motorcycles or between motorcycles and cars.

We will be working to gradually grow new businesses in these areas through steadfast efforts going forward. The Robotics business, which has now become a third pillar of our operations, and the e-Bike business, which is now classified as a growth business, both went years without turning a profit. Regardless, we remained committed to developing these businesses based on the strong belief that they would one day bring joy to our customers and clients, and it was

this commitment that helped us grow them into what they are today. This recognition will empower us to develop new businesses with a sense of conviction, realizing that these new pursuits will be imperative to achieving sustainability and to resolving societal issues. This conviction will propel us forward in creating value unique to Yamaha by capitalizing on the technologies and insight we have developed thus far and by engaging in co-creation activities with partners.



Strategic Business Fields: Growth Business Initiatives

Yamaha Motor's growth businesses are composed of the Robotics business and the Smart Power Vehicle (SPV) business, which offers complete electrically power-assisted bicycles, e-Bike system kits, and electric wheelchairs. Our goal in these businesses is to generate a compound average growth rate (CAGR) of 19% over the period from fiscal 2021 to fiscal 2024.

Initiatives in the Robotics business include further building upon the technical, sales, and service systems that we have tailored to client needs and which have thus come to represent a strength. In addition, we are investing in upping the production capacity of the Hamamatsu Robotics Office, which conducts the development, manufacture, and sale of surface mounters and industrial robots, with the aim of achieving an 80% increase in production floor area by fiscal 2024. Yamaha Motor has also been bolstering the facilities of this production site by expanding its development area and installing assessment and testing facilities. Other initiatives will include the pursuit of growth by capitalizing on

higher demand for items such as semiconductors for CASE (connected, autonomous, shared & service, and electric) systems for the automotive industry, 5G base stations and terminals, data centers, cameras and other sensors, and factory automation equipment for producing electric vehicle (EV) batteries.

Meanwhile, our SPV business is enjoying a rapid growth in demand for e-Bikes in Europe and the United States as a result of changes in behavioral patterns and rising environmental awareness. In Europe, roadside parking lots for cars are being increasingly repurposed as lots for parking bicycles, making it easier to find such sites in cities. This trend is expected to continue going forward. We therefore project a CAGR of 18% in the e-Bike markets of Japan, the United States, and Europe leading up to fiscal 2030. Yamaha Motor will pursue growth in its SPV business that outpaces that of the market by expanding its product lineup, developing high-value-added products, and reinforcing its production systems.

Sustainability Initiatives

Sustainability has been introduced as an additional main theme for the new Medium-Term Management Plan. Over the years, Yamaha Motor has been engaged in various initiatives for contributing to society. Going forward, we will be seeking to contribute further based on a concrete action plan formulated with a focus on issues we consider of utmost importance and in areas Yamaha Motor most needs to address. I would now like to take some time to talk about what areas will be given particular priority under this plan.

The first is carbon-neutrality initiatives. In the Yamaha Motor Group Environmental Plan 2050, we define both our target of achieving carbon neutrality across the entirety of our business activities and supply chain*1 by 2050 as well as our basic policy of reducing per-person CO₂ emissions from transportation.

To reduce Scope 3 emissions, we bolstered our R&D capabilities with a new facility at the headquarters completed in fiscal 2021 with the aim of ramping up powertrain technology development. The building's new equipment includes test benches for assessing and testing the performance of electric motors, hydrogen supply equipment, and carbon-neutral fuel storage tanks. This new equipment will be used to develop various powertrain technologies primarily targeting battery-powered EVs, fuel cells, and hydrogen and synthetic fuel systems.

At the same time, we are accelerating the development of EVs through our platform strategy, with the goal of introducing at least 10 battery-powered electric mobility models by 2024. On this front, we launched the NEO's electric scooter with a removable battery in Europe in June 2022, and we plan to begin releasing the E01 electric scooter, which employs a fixed battery design, as a model for proof-of-concept testing*2 in Japan, Europe, Taiwan, Indonesia, Thailand, and Malaysia starting in July.

I would now like to talk about our digital transformation strategies, another of our sustainability initiatives. Digital transformation will enable us to connect directly with customers to provide services that cater even more to their needs. I remember around when I had just become president, some four years ago, a woman rider told me that she had not even put Yamaha among her purchase options because she felt that the seats on our models were too high and that her feet could not reach the ground. This was something the Company was, of course, aware of and we take steps to ensure the ride is comfortable even with a high seat height. However, customers often make their decisions

based on the figures for seat height in the brochure, so if that number does not become smaller, customers such as that woman will be unwilling to ride a Yamaha. This is a rather simple issue when you think about it, and my encounter with this woman made me realize that we had perhaps been neglectful in our response to the purchasing patterns of some customers.

Digital transformation will allow us to connect directly with and receive input from customers around the world. We will also be able to track statistics like where and how our products are being used and the current state of said products. Currently, Yamaha Motor is aggressively rolling out connected products, such as motorcycles with smartphone connectivity, in order to transform our business through an even greater emphasis on customers while also delivering new experiences by connecting with them. Moreover, we have defined the number of registered Yamaha Motor IDs as a key performance indicator (KPI) for the development of customer touchpoints and the creation of lifelong customers through both digital and physical means. We look to grow the number of such users to 4.7 million by 2024, which will represent a sixfold increase from 2021.

Another area of our sustainability push is human resource strategies. Our employees are the drivers of our growth. In order to better energize our employees, we have made employee engagement a KPI and we are promoting diversity, inclusion, and human resource development to achieve improvements in that regard. For example, I personally sat down to hold discussions with groups of 20 new employees on 50 occasions over the past year, thereby meeting 1,000 employees myself. Our viewpoints and the breadths of our perspectives are as diverse as our people, and these meetings exposed me to various outlooks and opinions. I was also reminded of the diverse capabilities of our employees. At the same time, around 70% of the issues raised during these discussions were those that were close to home for employees. Specifically, many cited that their workplace leaders were often too busy with their own work to talk with or provide support to their subordinates, leading to a lack of training. I therefore think that there is a need to reform our target management and human resource frameworks in order to allow leaders to spend more time on their more managerial duties.

The last of our sustainability initiatives that I would like to highlight is our efforts for ensuring the safety and peace of mind of riders. More than ever, we must focus on this if we

want to reduce the number of motorcycle accidents. To this end, we are expanding our lineup of models with connectivity. A large portion of motorcycle accidents are collisions with cars when turning across traffic, and to prevent such accidents, Yamaha Motor is pursuing the practical application of technologies for inter-vehicle communication. At the same time, the Yamaha Riding

Academy (YRA) works to help riders improve their skills with the aim of raising rider awareness of safety on the road and giving them instruction for riding safely.

*1 Including emissions from Company business activities (Scope 1 and Scope 2) and other emissions (Scope 3)

*2 Models designed to track customer needs and help the Company explore the potential for new peripheral businesses and markets

Path toward Long-Term Vision Paved by Unending Ambition

Russia's invasion of Ukraine has fractured the global community, resulting in a reversal in the prior trend of economic globalization and a return to an economy separated into multiple blocks. In response to this, Yamaha Motor will strive to ensure that its supply chains can function properly under any circumstances while keeping a close eye on global trends. Concurrently, we are reviewing our production and R&D networks from the perspective of risk management and taking quick action to rectify any issues identified. The operating environment remains opaque. Nonetheless, we are firmly committed to achieving the targets in the new Medium-Term Management Plan and will move forward with certainty in our ability to do so.

The corporate culture of Yamaha Motor is one of taking on challenges. When I first became a manager, I proposed to my supervisor that we transfer all scooter production, which was conducted in Japan at the time, to Taiwan. He told me

to do it myself, entrusting the entire project to me. I made many other proposals in the years that followed, and for the most part, I was allowed to chase my ambitions as I desired. I think that this culture is one in which any employee with passion and drive is encouraged to chase their ambitions, regardless of their position or gender. I hope that everyone at Yamaha Motor will continue to tackle challenges in ways true to our unique style, so that we can not only make headway toward realizing our Long-Term Vision for 2030 of "ART for Human Possibilities: Let's strive for greater happiness," but also deliver even greater *Kando* to our customers.



President, Chief Executive Officer and Representative Director

We are firmly committed to achieving the targets in the new Medium-Term Management Plan and will make headway toward realizing our Long-Term Vision for 2030.

