

**Business Results for the First Six Months of the Fiscal Year
Ending December 31, 2020
(January 1, 2020 through June 30, 2020)
(Japanese GAAP)**

August 6, 2020

This document has been translated from the Japanese original, *Kessan Tanshin* (Flash Report), for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Company name:

Yamaha Motor Co., Ltd.

Stock listing:

Tokyo Stock Exchange the First Section

Code number:

7272

URL:

<https://global.yamaha-motor.com/ir/>

Representative:

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Filing of quarterly securities report (scheduled):

August 7, 2020

Beginning of payment of dividends (scheduled):

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Supplementary explanatory documents related to the quarterly consolidated financial results:

Yes

Briefing on the quarterly consolidated financial results:

Yes (for institutional investors, securities analysts and media outlets)

Amounts less than one million yen are rounded down.

1. Consolidated Financial Results for the Six Months Ended June 30, 2020

(January 1, 2020 through June 30, 2020)

(1) Consolidated operating results (cumulative)

*% represents growth results. () represents negative figures.

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended June 30, 2020	685,499	(19.9)	19,087	(72.3)	20,743	(70.5)	(2,758)	—
Six months ended June 30, 2019	855,928	0.5	69,019	(16.1)	70,219	(11.5)	51,969	(8.8)

Note: Comprehensive income

Six months ended June 30, 2020:	¥(33,189) million	[−%]
Six months ended June 30, 2019:	¥ 54,803 million	[8.5%]

	Earnings per share – basic	Earnings per share – diluted
	Yen	Yen
Six months ended June 30, 2020	(7.90)	—
Six months ended June 30, 2019	148.79	—

Note: The quarterly consolidated financial statements for the first six months of the fiscal year ended December 31, 2019 have been retroactively adjusted in line with the settlement of the provisional accounting treatment relating to the business combination conducted in the fiscal year ended December 31, 2019.

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2020	1,776,973	683,525	36.6
As of December 31, 2019	1,532,810	751,828	46.0

Reference: Shareholders' equity

As of June 30, 2020:	¥650,781 million
As of December 31, 2019:	¥705,233 million

2. Dividends

Record date	Annual dividends per share				
	End of first quarter	End of second quarter	End of third quarter	End of fiscal year	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended December 31, 2019	—	45.00	—	45.00	90.00
Fiscal year ending December 31, 2020	—	0.00			
Fiscal year ending December 31, 2020 (forecast)			—	15.00	15.00

Note: Revision to the most recently announced dividend forecast for the fiscal year ending December 31, 2020 was made.

3. Forecast of Consolidated Financial Results for the Fiscal Year Ending December 31, 2020

(January 1, 2020 through December 31, 2020)

*% represents year-on-year rate.

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Earnings per share – basic
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending December 31, 2020	1,370,000	(17.7)	20,000	(82.7)	24,000	(79.9)	0	(100.0)	0.00

Note: Revision to the most recently announced consolidated financial results forecast for the fiscal year ending December 31, 2020 was made.

(*Notes)

(1) Changes in significant subsidiaries during period (Changes in specified subsidiaries resulting in changes in the scope of consolidation): None

(2) Application of special accounting principles to the quarterly consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates and restatement for correction of errors

1) Changes in accounting policies arising from revision of accounting standards: None

2) Changes in accounting policies arising from other factors: None

3) Changes in accounting estimates: None

4) Restatement for correction of errors: None

(4) Number of shares outstanding (Common stock)

1) Number of shares outstanding at end of period, including treasury shares	Six months ended June 30, 2020	350,122,835 shares	Fiscal year ended December 31, 2019	350,013,146 shares
2) Number of shares of treasury shares at end of period	Six months ended June 30, 2020	689,421 shares	Fiscal year ended December 31, 2019	686,083 shares
3) Average number of shares during period	Six months ended June 30, 2020	349,372,051 shares	Six months ended June 30, 2019	349,272,462 shares

(*The quarterly consolidated financial results presented herein are not subject to the quarterly review of a certified public accountant or audit corporation.)

(*Notice regarding results forecast)

The results forecast presented in this document is based on the assumptions and beliefs of Yamaha Motor Co., Ltd. (the “Company”) in light of the information currently available and is not a guarantee of future performance. Actual results may differ significantly from the Company’s forecast, due to various risks, uncertainties and other factors, including changes in business conditions surrounding the Yamaha Motor Group (the “Group”), changing consumer preferences, and currency exchange rate fluctuations.

For details on potential risks, uncertainties and other factors affecting the Group’s operations, please see the latest Securities Report and Quarterly Securities Report which have been announced by the Company.

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Significant Changes in Business Risks

In the first six months of the fiscal year ending December 31, 2020, the following are significant changes to the business risks described in the securities report for the previous fiscal year.

The number (12) attached to the following headings is the item number in the securities report for the previous fiscal year, and changes are underlined below. Matters relating to the future in this document are based on the assumptions and beliefs of the Group in light of the information as of the first six months of the fiscal year ending December 31, 2020.

(12) Natural Disasters, Epidemics, Wars, Terrorism, Strikes, Protests, etc.

In the event of natural disasters, epidemics, wars, terrorism, strikes, protests, etc., the operations of the Group may be delayed or interrupted. Furthermore, if the factories of the Group are directly damaged, it may affect the operating results and financial position of the Group. Since the Group's main factories in Japan are concentrated near the epicenter of the anticipated Nankai Trough earthquake, the Group is taking measures such as seismic reinforcement works for major buildings to minimize damage and establishing a system to enable early restoration after a disaster. The Group also takes out earthquake insurances for buildings, inventory, etc. owned by the Group. In addition, the Group has established a business continuity plan for outbreaks of new strains of influenza. Although the Group are continuously reviewing these measures and insurances, in some cases, disasters that exceed the Group's expectation may occur.

Production bases in Japan and throughout the world which had temporarily suspended operations due to the effects of COVID-19 have taken steps to resume production as many countries begin to relax regulations on going out, etc. However, the impact of suspended operations, etc. has greatly affected operating results and the financial position of the Group for the first six months of the fiscal year ending December 31, 2020. The Group will continue to work unitedly in providing various responses and measures to minimize damage in accordance with the business continuity plan for outbreaks of new strains of influenza.

The forecast of consolidated financial results for the fiscal year ending December 31, 2020 announced on August 6, 2020 is premised on following number of shipment units. If the effects of COVID-19 continue to expand and are further prolonged unexpectedly in the future, it may significantly affect future operating results and financial position of the Group.

Shipment units year-on-year ratio by main product (Fiscal year ending December 31, 2020)

Products / Regions, Countries		First quarter (Actual)	Second quarter (Actual)	Third quarter (Forecast)	Fourth quarter (Forecast)	Fiscal year (Forecast)
Motorcycles	Europe, U.S.A., Japan	98%	86%	90%	95%	90%
	Indonesia	95%	18%	30%	60%	50%
	Thailand	77%	55%	70%	85%	70%
	Vietnam	95%	74%	110%	75%	90%
	Philippines	72%	30%	65%	65%	60%
	China	124%	148%	100%	95%	115%
	India	76%	23%	110%	110%	75%
	Brazil	112%	77%	90%	115%	100%
ATV, ROV (Note)	North America	85%	108%	75%	165%	105%
Electrically power assisted bicycles		100%	92%	90%	80%	90%
Outboard motors	North America, Europe	80%	93%	85%	90%	85%
Surface mounters		109%	103%	105%	75%	95%

Note: ATV stands for all-terrain vehicles and ROV stands for recreational off-highway vehicles.

Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheets

As of December 31, 2019 and June 30, 2020

	Millions of yen	
	As of December 31, 2019	As of June 30, 2020
ASSETS		
Current assets:		
Cash and deposits	124,580	395,226
Notes and accounts receivable – trade	164,937	155,481
Short-term sales finance receivables	179,397	164,794
Merchandise and finished goods	224,014	181,864
Work in process	64,315	70,224
Raw materials and supplies	68,420	71,391
Other	59,873	51,911
Allowance for doubtful accounts	(10,774)	(15,090)
Total current assets	874,764	1,075,803
Non-current assets:		
Property, plant and equipment	356,289	343,434
Intangible assets	8,640	9,411
Investments and other assets		
Long-term sales finance receivables	110,777	181,597
Other	184,183	168,751
Allowance for doubtful accounts	(1,844)	(2,024)
Total investments and other assets	293,115	348,323
Total non-current assets	658,045	701,169
Total assets	1,532,810	1,776,973
LIABILITIES		
Current liabilities:		
Notes and accounts payable – trade	112,982	76,889
Electronically recorded obligations – operating	22,012	15,537
Short-term loans payable	151,917	352,022
Current portion of long-term loans payable	34,056	29,178
Provision for product warranties	17,553	16,659
Other provision	15,946	14,212
Other	141,859	135,865
Total current liabilities	496,328	640,364
Non-current liabilities:		
Bonds payable	5,437	4,054
Long-term loans payable	173,541	337,999
Net defined benefit liability	61,366	60,164
Other provision	301	164
Other	44,005	50,700
Total non-current liabilities	284,653	453,082
Total liabilities	780,981	1,093,447

	Millions of yen	
	As of December 31, 2019	As of June 30, 2020
NET ASSETS		
Shareholders' equity:		
Capital stock	85,905	85,973
Capital surplus	74,770	67,987
Retained earnings	607,000	588,519
Treasury shares	(733)	(734)
Total shareholders' equity	766,943	741,747
Accumulated other comprehensive income:		
Valuation difference on available-for-sale securities	45,184	35,989
Revaluation reserve for land	10,428	10,428
Foreign currency translation adjustment	(119,447)	(139,745)
Remeasurements of defined benefit plans	2,125	2,361
Total accumulated other comprehensive income	(61,709)	(90,966)
Non-controlling interests	46,594	32,744
Total net assets	751,828	683,525
Total liabilities and net assets	1,532,810	1,776,973

**(2) Consolidated Statements of Income and
Consolidated Statements of Comprehensive Income**
Six months ended June 30, 2019 and 2020
Consolidated Statements of Income

	Millions of yen	
	Six months ended June 30, 2019 (January 1— June 30, 2019)	Six months ended June 30, 2020 (January 1— June 30, 2020)
Net sales	855,928	685,499
Cost of sales	630,684	525,039
Gross profit	225,244	160,459
Selling, general and administrative expenses	156,225	141,372
Operating income	69,019	19,087
Non-operating income:		
Interest income	1,878	1,251
Share of profit of entities accounted for using equity method	1,341	500
Foreign exchange gains	—	1,933
Other	3,183	3,043
Total non-operating income	6,403	6,728
Non-operating expenses:		
Loss on valuation of investment securities	321	1,527
Interest expenses	1,845	1,938
Other	3,035	1,607
Total non-operating expenses	5,203	5,073
Ordinary income	70,219	20,743
Extraordinary income:		
Gain on sales of non-current assets	417	114
Gain on bargain purchase	2,235	—
Gain on sales of investment securities	—	15
Total extraordinary income	2,653	129
Extraordinary losses:		
Loss on sales of non-current assets	110	28
Loss on disposal of non-current assets	469	341
Impairment loss	101	—
Loss on sales of investment securities	0	—
Total extraordinary losses	680	370
Income before income taxes	72,192	20,502
Income taxes – current	17,605	12,587
Income taxes – deferred	(2,420)	10,253
Total income taxes	15,185	22,840
Net income (loss)	57,006	(2,338)
Net income attributable to non-controlling interests	5,037	419
Net income (loss) attributable to owners of parent	51,969	(2,758)

Consolidated Statements of Comprehensive Income

	Millions of yen	
	Six months ended June 30, 2019 (January 1— June 30, 2019)	Six months ended June 30, 2020 (January 1— June 30, 2020)
Net income (loss)	57,006	(2,338)
Other comprehensive income:		
Valuation difference on available-for-sale securities	2,738	(9,322)
Foreign currency translation adjustment	(5,774)	(21,054)
Remeasurements of defined benefit plans, net of tax	1,237	288
Share of other comprehensive income of entities accounted for using equity method	(404)	(761)
Total other comprehensive income	(2,203)	(30,850)
Comprehensive income:	54,803	(33,189)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	50,233	(32,015)
Comprehensive income attributable to non-controlling interests	4,570	(1,173)

(3) Consolidated Statements of Cash Flows

Six months ended June 30, 2019 and 2020

	Millions of yen	
	Six months ended June 30, 2019 (January 1— June 30, 2019)	Six months ended June 30, 2020 (January 1— June 30, 2020)
Cash flows from operating activities:		
Income before income taxes	72,192	20,502
Depreciation	25,348	24,414
Impairment loss	101	—
Gain on bargain purchase	(2,235)	—
Increase (decrease) in allowance for doubtful accounts	283	5,615
Increase (decrease) in retirement benefit liability	2,720	274
Decrease (increase) in retirement benefit asset	(1,421)	(918)
Interest and dividend income	(2,550)	(1,802)
Interest expenses	1,845	1,938
Share of (profit) loss of entities accounted for using equity method	(1,341)	(500)
Loss (gain) on sales of property, plant and equipment and intangible assets	(307)	(85)
Loss on disposal of property, plant and equipment and intangible assets	469	341
Decrease (increase) in notes and accounts receivable – trade	(20,390)	5,667
Decrease (increase) in sales finance receivables	(22,016)	(71,657)
Decrease (increase) in inventories	12,609	22,237
Increase (decrease) in notes and accounts payable – trade	(11,902)	(37,534)
Other, net	12,055	5,521
Subtotal	65,460	(25,986)
Interest and dividend income received	4,345	2,678
Interest expenses paid	(1,846)	(1,881)
Income taxes paid	(17,501)	(12,361)
Net cash provided by (used in) operating activities	50,458	(37,551)

	Millions of yen	
	Six months ended June 30, 2019 (January 1— June 30, 2019)	Six months ended June 30, 2020 (January 1— June 30, 2020)
Cash flows from investing activities:		
Payments into time deposits	(171)	(2,303)
Proceeds from withdrawal of time deposits	35	360
Purchase of property, plant and equipment and intangible assets	(27,565)	(26,900)
Proceeds from sales of property, plant and equipment and intangible assets	2,495	2,627
Purchase of investment securities	(21,521)	(1,640)
Proceeds from sales of investment securities	1	63
Payments of long-term loans receivable	(489)	(54)
Collection of long-term loans receivable	367	81
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(1,458)	—
Other, net	(1,251)	(815)
Net cash provided by (used in) investing activities	(49,559)	(28,581)
Cash flows from financing activities:		
Increase (decrease) in short-term loans payable	19,288	205,801
Proceeds from long-term loans payable	50,630	184,698
Repayment of long-term loans payable	(81,952)	(17,827)
Proceeds from share issuance to non-controlling interests	2,165	—
Net decrease (increase) in treasury shares	(2)	(0)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	—	(13,646)
Cash dividends paid	(15,717)	(15,721)
Dividends paid to non-controlling interests	(9,063)	(3,185)
Other, net	(1,540)	(1,887)
Net cash provided by (used in) financing activities	(36,192)	338,230
Effect of exchange rate change on cash and cash equivalents	484	(3,465)
Net increase (decrease) in cash and cash equivalents	(34,809)	268,632
Cash and cash equivalents at beginning of period	138,156	122,719
Cash and cash equivalents at end of period	103,347	391,352

(4) Notes to Quarterly Consolidated Financial Statements

Notes Regarding Going-concern Assumptions

None

Notes in the Event of Material Changes in the Amount of Shareholders' Equity

None

Additional Information

(Adoption of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System)

With respect to items subject to the review of the Non-Consolidated Taxation System conducted to coincide with transition from the Consolidated Taxation System to the Group Tax Sharing System, which was created under the Act on Partial Revision of the Income Tax Act, etc. (Act No. 8 of 2020), the Company and some of its domestic consolidated subsidiaries have not applied the provisions of Paragraph 44 of the Implementation Guidance on Tax Effect Accounting (ASBJ Guidance No. 28 issued February 16, 2018) in accordance with the treatment set out in Paragraph 3 of Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System (PITF No.39 issued March 31, 2020) and the amounts of deferred tax liabilities and deferred tax assets are based on the provisions of tax laws before the revision.

(Reversal of deferred tax assets)

Even in the first six months of the fiscal year ending December 31, 2020, COVID-19 has spread in Japan and throughout the world, which is causing problem for the manufacturing and sales activities of the Group. At this point, the prospects for convergence are unclear and it may affect future operating results and financial position of the Group.

Under the circumstances, during the first six months of the fiscal year ending December 31, 2020, the Company has reviewed the recoverability of deferred tax assets under the assumption that the effects of COVID-19 will continue over the next 12 months.

As a result, due to the reversal of a portion of deferred tax assets and other related factors, Income taxes - deferred of ¥10,253 million has been recorded.

Segment information, etc.

Six months ended June 30, 2019 (January 1, 2019 through June 30, 2019)

Information concerning net sales, income or loss, by reporting segment

	Millions of yen								
	Reporting segment					Others (Note 1)	Total	Adjustments	Amounts on consolidated statements of income
	Land mobility	Marine products	Robotics	Financial services	Total				
Net sales:									
Outside customers	562,667	199,562	32,298	20,434	814,963	40,965	855,928	—	855,928
Intersegment	—	—	—	—	—	16,442	16,442	(16,442)	—
Total	562,667	199,562	32,298	20,434	814,963	57,407	872,371	(16,442)	855,928
Segment income (Note 2)	20,769	38,906	5,222	3,768	68,666	353	69,019	0	69,019

Notes:

- “Others” is a business segment not included in the reporting segments. It includes businesses involving golf cars, generators, multi-purpose engines, snow throwers, and electrically powered wheelchairs.
- Total of segment income corresponds to operating income in the Consolidated Statements of Income.

Six months ended June 30, 2020 (January 1, 2020 through June 30, 2020)

1. Information concerning net sales, income or loss, by reporting segment

	Millions of yen								
	Reporting segment					Others (Note 1)	Total	Adjustments	Amounts on statements of income
	Land mobility	Marine products	Robotics	Financial services	Total				
Net sales:									
Outside customers	429,039	166,972	37,438	22,599	656,049	29,449	685,499	—	685,499
Intersegment	—	—	—	—	—	18,296	18,296	(18,296)	—
Total	429,039	166,972	37,438	22,599	656,049	47,746	703,795	(18,296)	685,499
Segment income (loss) (Note 2)	(6,719)	25,434	570	294	19,579	(491)	19,087	0	19,087

Notes:

- “Others” is a business segment not included in the reporting segments. It includes businesses involving golf cars, generators, multi-purpose engines, snow throwers, and electrically powered wheelchairs.
- Total of segment income (loss) corresponds to operating income in the Consolidated Statements of Income.

2. Matters concerning changes in reporting segments

Effective January 1, 2020, the Company implemented organizational reforms with the aim of accelerating the development of the latest automobile-related technologies including electrification and optimization of development resource allocation. Accordingly, from the first three months of the fiscal year ending December 31, 2020, the Company revised business administration categories, and businesses related to automobile engines and automobile components, which were previously included in “Others,” have been separated and integrated into “Land mobility” and “Marine products.”

Classifications after the change have been applied to segment information for the first six months ended June 30, 2019 (January 1, 2019 through June 30, 2019).

Business Combinations, etc.

Significant revision of amount of initial allocation of acquisition costs in comparative information

With regard to the business combination with SHINKAWA LTD. (currently Yamaha Motor Robotics Holdings Co., Ltd.) conducted on June 30, 2019, provisional accounting treatment was applied for the first six months of the fiscal year ended December 31, 2019, and it was subsequently settled in the first nine months of the fiscal year ended December 31, 2019.

Comparative information included in the quarterly consolidated financial statements for the first six months of the fiscal year ending December 31, 2020, reflects the significant revision of the amount of initial allocation of acquisition costs in line with the settlement of the provisional accounting treatment.

As a result, in the quarterly consolidated statement of income for the first six months of the fiscal year ended December 31, 2019, gain on bargain purchase decreased by ¥226 million, and income before income taxes, net income and net income attributable to owners of parent decreased by ¥226 million.