

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

November 9, 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:

Yoshihiro Hidaka, President, Chief Executive Officer, and Representative Director

Contact:

Toshinari Maegawa, General Manager, Finance & Accounting Division
Phone: +81-538-32-1144

Filing of quarterly securities report (scheduled):

November 10, 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 and securities analysts)

Amounts less than one million yen are rounded down.

1. Consolidated Financial Results for the Nine Months Ended September 30, 2020

(January 1, 2020 through September 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	%
Nine months ended September 30, 2020	1,067,086	(15.8)	56,361	(43.6)	59,720	(41.7)	40,061	(47.0)
Nine months ended September 30, 2019	1,267,211	0.4	99,978	(13.4)	102,380	(9.7)	75,622	(7.5)

Note: Comprehensive income

Nine months ended September 30, 2020: ¥4,667 million [(93.3)%]
 Nine months ended September 30, 2019: ¥69,809 million [(20.0)%]

	Earnings per share – basic	Earnings per share – diluted
	Yen	Yen
Nine months ended September 30, 2020	114.66	—
Nine months ended September 30, 2019	216.50	—

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2020	1,747,032	720,896	39.4
As of December 31, 2019	1,532,810	751,828	46.0

Reference: Shareholders' equity

As of September 30, 2020: ¥687,818 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)				45.00	45.00

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	1,480,000	(11.1)	70,000	(39.3)	71,000	(40.6)	44,000	(41.9)	125.93

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

Nine months ended September 30, 2020	350,122,835 shares	Fiscal year ended December 31, 2019	350,013,146 shares
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2) Number of shares of treasury shares at end of period

Nine months ended September 30, 2020	689,726 shares	Fiscal year ended December 31, 2019	686,083 shares
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3) Average number of shares during period

Nine months ended September 30, 2020	349,390,394 shares	Nine months ended September 30, 2019	349,289,120 shares
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(*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 nine 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 end of the first nine months of the fiscal year ending December 31, 2020.

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

In the event of natural disasters, epidemics, pandemics, 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. There were no production bases that suspended operations during the third quarter of the fiscal year ending December 31, 2020. However, the impact of suspended operations, etc. has greatly affected operating results and the financial position of the Group for the first nine months of the fiscal year ending December 31, 2020. The Group has worked unitedly in providing various responses and measures in accordance with the business continuity plan for outbreaks of new strains of influenza, and will continue to work to minimize damage in the future.

The forecast of consolidated financial results for the fiscal year ending December 31, 2020 announced on November 9, 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 (Actual)	Fourth quarter (Forecast)	Fiscal year (Forecast)
Motorcycles	Europe, U.S.A., Japan	98%	86%	98%	105%	95%
	Indonesia	95%	18%	34%	55%	50%
	Thailand	77%	55%	102%	100%	85%
	Vietnam	95%	74%	99%	80%	85%
	Philippines	72%	30%	72%	80%	65%
	China	124%	148%	99%	115%	115%
	India	76%	23%	111%	125%	80%
	Brazil	112%	77%	104%	110%	100%
ATV, ROV (Note)	North America	85%	108%	82%	165%	110%
Electrically power assisted bicycles		100%	92%	98%	125%	105%
Outboard motors	North America, Europe	80%	93%	106%	100%	95%
Surface mounters		109%	103%	111%	165%	120%

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 September 30, 2020

	Millions of yen	
	As of December 31, 2019	As of September 30, 2020
ASSETS		
Current assets:		
Cash and deposits	124,580	423,361
Notes and accounts receivable – trade	164,937	144,189
Short-term sales finance receivables	179,397	141,116
Merchandise and finished goods	224,014	164,616
Work in process	64,315	66,905
Raw materials and supplies	68,420	67,422
Other	59,873	51,660
Allowance for doubtful accounts	(10,774)	(13,802)
Total current assets	874,764	1,045,470
Non-current assets:		
Property, plant and equipment	356,289	333,331
Intangible assets	8,640	10,452
Investments and other assets		
Long-term sales finance receivables	110,777	185,180
Other	184,183	174,016
Allowance for doubtful accounts	(1,844)	(1,418)
Total investments and other assets	293,115	357,778
Total non-current assets	658,045	701,561
Total assets	1,532,810	1,747,032
LIABILITIES		
Current liabilities:		
Notes and accounts payable – trade	112,982	107,321
Electronically recorded obligations – operating	22,012	13,549
Short-term loans payable	151,917	262,758
Current portion of long-term loans payable	34,056	29,228
Provision for bonuses	14,518	21,860
Provision for product warranties	17,553	16,760
Other provision	1,428	1,201
Other	141,859	124,795
Total current liabilities	496,328	577,475
Non-current liabilities:		
Bonds payable	5,437	3,879
Long-term loans payable	173,541	344,162
Net defined benefit liability	61,366	59,071
Other provision	301	168
Other	44,005	41,378
Total non-current liabilities	284,653	448,661
Total liabilities	780,981	1,026,136

	Millions of yen	
	As of December 31, 2019	As of September 30, 2020
NET ASSETS		
Shareholders' equity:		
Capital stock	85,905	85,973
Capital surplus	74,770	67,987
Retained earnings	607,000	631,340
Treasury shares	(733)	(734)
Total shareholders' equity	766,943	784,567
Accumulated other comprehensive income:		
Valuation difference on available-for-sale securities	45,184	35,643
Revaluation reserve for land	10,428	10,428
Foreign currency translation adjustment	(119,447)	(145,176)
Remeasurements of defined benefit plans	2,125	2,356
Total accumulated other comprehensive income	(61,709)	(96,749)
Non-controlling interests	46,594	33,078
Total net assets	751,828	720,896
Total liabilities and net assets	1,532,810	1,747,032

**(2) Consolidated Statements of Income and
Consolidated Statements of Comprehensive Income**

Nine months ended September 30, 2019 and 2020

Consolidated Statements of Income

	Millions of yen	
	Nine months ended September 30, 2019 (January 1— September 30, 2019)	Nine months ended September 30, 2020 (January 1— September 30, 2020)
Net sales	1,267,211	1,067,086
Cost of sales	929,815	804,304
Gross profit	337,395	262,781
Selling, general and administrative expenses	237,417	206,420
Operating income	99,978	56,361
Non-operating income:		
Interest income	2,773	1,734
Share of profit of entities accounted for using equity method	2,271	548
Subsidies for employment adjustment	—	2,292
Other	5,201	6,245
Total non-operating income	10,246	10,821
Non-operating expenses:		
Loss on valuation of investment securities	684	1,527
Interest expenses	2,642	3,024
Other	4,516	2,909
Total non-operating expenses	7,843	7,462
Ordinary income	102,380	59,720
Extraordinary income:		
Gain on sales of non-current assets	490	2,158
Gain on bargain purchase	2,235	—
Gain on sales of investment securities	—	123
Total extraordinary income	2,725	2,282
Extraordinary losses:		
Loss on sales of non-current assets	144	68
Loss on disposal of non-current assets	741	445
Impairment loss	101	1,854
Loss on sales of investment securities	0	180
Business restructuring expenses	285	—
Total extraordinary losses	1,273	2,549
Income before income taxes	103,833	59,453
Income taxes – current	26,872	21,814
Income taxes – deferred	(5,530)	(4,446)
Total income taxes	21,342	17,368
Net income	82,490	42,084
Net income attributable to non-controlling interests	6,868	2,023
Net income attributable to owners of parent	75,622	40,061

Consolidated Statements of Comprehensive Income

	Millions of yen	
	Nine months ended September 30, 2019 (January 1— September 30, 2019)	Nine months ended September 30, 2020 (January 1— September 30, 2020)
Net income	82,490	42,084
Other comprehensive income:		
Valuation difference on available-for-sale securities	344	(9,686)
Revaluation reserve for land	15	—
Foreign currency translation adjustment	(13,719)	(27,444)
Remeasurements of defined benefit plans, net of tax	1,631	297
Share of other comprehensive income of entities accounted for using equity method	(952)	(583)
Total other comprehensive income	(12,681)	(37,417)
Comprehensive income:	69,809	4,667
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	63,881	5,078
Comprehensive income attributable to non-controlling interests	5,928	(410)

(3) Consolidated Statements of Cash Flows

Nine months ended September 30, 2019 and 2020

	Millions of yen	
	Nine months ended September 30, 2019 (January 1— September 30, 2019)	Nine months ended September 30, 2020 (January 1— September 30, 2020)
Cash flows from operating activities:		
Income before income taxes	103,833	59,453
Depreciation	36,980	36,277
Impairment loss	101	1,854
Gain on bargain purchase	(2,235)	—
Increase (decrease) in allowance for doubtful accounts	40	4,043
Increase (decrease) in retirement benefit liability	3,804	550
Decrease (increase) in retirement benefit asset	(1,973)	(1,286)
Interest and dividend income	(3,508)	(2,345)
Interest expenses	2,642	3,024
Share of (profit) loss of entities accounted for using equity method	(2,271)	(548)
Loss (gain) on sales of property, plant and equipment and intangible assets	(345)	(2,090)
Loss on disposal of property, plant and equipment and intangible assets	741	445
Decrease (increase) in notes and accounts receivable – trade	363	17,541
Decrease (increase) in sales finance receivables	(16,731)	(56,727)
Decrease (increase) in inventories	662	44,247
Increase (decrease) in notes and accounts payable – trade	(4,970)	(10,017)
Other, net	19,706	6,358
Subtotal	136,841	100,780
Interest and dividend income received	5,305	3,226
Interest expenses paid	(2,661)	(2,976)
Income taxes paid	(25,640)	(22,378)
Net cash provided by (used in) operating activities	113,844	78,651

	Millions of yen	
	Nine months ended September 30, 2019 (January 1— September 30, 2019)	Nine months ended September 30, 2020 (January 1— September 30, 2020)
Cash flows from investing activities:		
Payments into time deposits	(1,856)	(2,363)
Proceeds from withdrawal of time deposits	435	1,933
Purchase of property, plant and equipment and intangible assets	(37,740)	(35,516)
Proceeds from sales of property, plant and equipment and intangible assets	3,653	7,025
Purchase of investment securities	(21,701)	(2,224)
Proceeds from sales of investment securities	1	549
Payments of long-term loans receivable	(527)	(118)
Collection of long-term loans receivable	300	126
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(1,458)	—
Other, net	(1,355)	(191)
Net cash provided by (used in) investing activities	(60,249)	(30,777)
Cash flows from financing activities:		
Increase (decrease) in short-term loans payable	(4,195)	118,041
Proceeds from long-term loans payable	92,268	208,849
Repayment of long-term loans payable	(122,637)	(32,861)
Proceeds from share issuance to non-controlling interests	2,165	—
Net decrease (increase) in treasury shares	(4)	(1)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	—	(13,646)
Cash dividends paid	(31,439)	(15,721)
Dividends paid to non-controlling interests	(9,110)	(3,668)
Other, net	(2,178)	(2,795)
Net cash provided by (used in) financing activities	(75,131)	258,195
Effect of exchange rate change on cash and cash equivalents	(1,161)	(7,579)
Net increase (decrease) in cash and cash equivalents	(22,698)	298,489
Cash and cash equivalents at beginning of period	138,156	122,719
Cash and cash equivalents at end of period	115,458	421,209

(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.

(Review of the recoverability of deferred tax assets)

Although prospects for containment of COVID-19 are still uncertain, in light of the most recent production and sales activities, the recoverability of deferred tax assets has been assessed on the assumption that the effects of COVID-19 in the future would be limited. As a result, deferred tax assets of ¥31,300 million and income taxes - deferred of ¥(4,446) million have been recorded in the first nine months of the fiscal year ending December 31, 2020. In addition, deferred tax assets have been presented in "other" under investments and other assets in the consolidated balance sheets.

Segment Information, etc.

Nine months ended September 30, 2019 (January 1, 2019 through September 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	845,441	277,683	53,334	30,797	1,207,256	59,954	1,267,211	—	1,267,211
Intersegment	—	—	—	—	—	28,845	28,845	(28,845)	—
Total	845,441	277,683	53,334	30,797	1,207,256	88,800	1,296,057	(28,845)	1,267,211
Segment income (Note 2)	35,301	51,821	6,368	6,190	99,683	295	99,978	0	99,978

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.

Nine months ended September 30, 2020 (January 1, 2020 through September 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 consolidated statements of income
	Land mobility	Marine products	Robotics	Financial services	Total				
Net sales:									
Outside customers	682,360	247,374	54,655	34,313	1,018,704	48,382	1,067,086	—	1,067,086
Intersegment	—	—	—	—	—	27,323	27,323	(27,323)	—
Total	682,360	247,374	54,655	34,313	1,018,704	75,706	1,094,410	(27,323)	1,067,086
Segment income (Note 2)	8,878	40,682	982	5,798	56,341	19	56,361	0	56,361

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.

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 nine months ended September 30, 2019 (January 1, 2019 through September 30, 2019).

4. Information concerning impairment loss of non-current assets and goodwill by reporting segment

(Significant impairment loss of non-current assets)

It is expected that all issued shares of Motori Minarelli S.P.A. (hereinafter “MM”), the group company manufacturing motorcycle engines in Italy, will be transferred to Fantic Motor S.P.A. as part of ongoing work to strengthen business ties. Therefore, impairment loss of non-current assets held by MM has been recorded as extraordinary loss in the “Land mobility” segment. The amount of recorded impairment loss has been ¥1,854 million in the first nine months of the fiscal year ending December 31, 2020.