

Business Results for the Fiscal Year Ended December 31, 2023

(January 1, 2023 through December 31, 2023)

(Japanese GAAP)

February 14, 2024

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 Prime Market

Code number:

7272

URL:

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

Representative:

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

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Date of the Ordinary General Meeting of Shareholders (scheduled):

March 21, 2024

Beginning of payment of dividends (scheduled):

March 22, 2024

Filing of securities report (scheduled):

March 22, 2024

Supplementary explanatory documents related to the consolidated financial results:

Yes

Briefing on the 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 Fiscal Year Ended December 31, 2023

(January 1, 2023 through December 31, 2023)

(1) Consolidated operating results

*% 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	%
Fiscal year ended December 31, 2023	2,414,759	7.4	250,655	11.5	241,982	1.1	164,119	(5.9)
Fiscal year ended December 31, 2022	2,248,456	24.1	224,864	23.3	239,293	26.3	174,439	12.1

Note: Comprehensive income

Fiscal year ended December 31, 2023:	¥225,781 million	[1.4%]
Fiscal year ended December 31, 2022:	¥222,671 million	[8.5%]

	Earnings per share – basic	Earnings per share – diluted	Net income to shareholders' equity	Ordinary income to total assets	Operating income to net sales
	Yen	Yen	%	%	%
Fiscal year ended December 31, 2023	163.57	163.52	15.4	10.2	10.4
Fiscal year ended December 31, 2022	170.49	170.42	18.7	11.9	10.0

Reference: Share of profit of entities accounted for using equity method

Fiscal year ended December 31, 2023:	¥4,249 million
Fiscal year ended December 31, 2022:	¥5,296 million

Note: On January 1, 2024, each share of common stock was split into 3 shares. “Earnings per share – basic” and “Earnings per share – diluted” were calculated based on the assumption that the stock split had been conducted at the beginning of the fiscal year ended December 31, 2022.

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of December 31, 2023	2,571,962	1,182,670	43.7	1,133.06
As of December 31, 2022	2,183,291	1,054,298	45.9	988.60

Reference: Shareholders' equity

As of December 31, 2023:	¥1,123,460 million
As of December 31, 2022:	¥1,003,073 million

Note: On January 1, 2024, each share of common stock was split into 3 shares. “Net assets per share” was calculated based on the assumption that the stock split had been conducted at the beginning of the fiscal year ended December 31, 2022.

(3) Consolidated cash flows

	From operating activities	From investing activities	From financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year ended December 31, 2023	80,150	(116,972)	95,260	347,016
Fiscal year ended December 31, 2022	70,921	(74,160)	23,103	296,819

2. Dividends

Record date	Annual dividends per share					Total amount of dividends (Annual)	Payout ratio (Consolidated)	Ratio of total amount of dividends to net assets (Consolidated)
	End of first quarter	End of second quarter	End of third quarter	End of fiscal year	Total			
Fiscal year ended December 31, 2022	Yen —	Yen 57.50	Yen —	Yen 67.50	Yen 125.00	Millions of yen 42,281	% 24.4	% 4.6
Fiscal year ended December 31, 2023	—	72.50	—	72.50	145.00	48,226	29.5	4.6
Fiscal year ending December 31, 2024 (forecast)	—	25.00	—	25.00	50.00		28.3	

Note: On January 1, 2024, each share of common stock was split into 3 shares. The dividend amounts per share for the fiscal years ended December 31, 2022 and 2023 are actual figures before the stock split, and those for the fiscal year ending December 31, 2024 (forecast) are figures after the stock split.

3. Forecast of Consolidated Financial Results for the Fiscal Year Ending December 31, 2024

(January 1, 2024 through December 31, 2024)

*% represents year-on-year rate.

	Revenue		Operating income		Net income attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending December 31, 2024	2,600,000	—	260,000	—	175,000	—	176.49

Note 1: As the Company will voluntarily adopt the International Financial Reporting Standards (IFRS) from the fiscal year ending December 31, 2024, the forecast of consolidated financial results shows figures calculated based on IFRS. The percentage change from the consolidated results for the fiscal year ended December 31, 2023, for which Japanese GAAP was applied, is not shown.

Note 2: On January 1, 2024, each share of common stock was split into 3 shares. The “Basic earnings per share” in the forecast of consolidated financial results was calculated based on the consideration of the impact of the stock split.

(*Notes)

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

(2) 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: Yes

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

3) Changes in accounting estimates: None

4) Restatement for correction of errors: None

(Note) For details of 1), please see “3. Consolidated Financial Statements and Primary Notes (5) Notes to Consolidated Financial Statements (Changes in Accounting Policies)” on page 19 in Attachment.

(3) Number of shares outstanding (Common stock)

1) Number of shares outstanding at end of period, including treasury shares	Fiscal year ended December 31, 2023	1,050,652,401 shares	Fiscal year ended December 31, 2022	1,050,652,401 shares
2) Number of shares of treasury shares at end of period	Fiscal year ended December 31, 2023	59,121,495 shares	Fiscal year ended December 31, 2022	36,006,915 shares
3) Average number of shares during period	Fiscal year ended December 31, 2023	1,003,359,854 shares	Fiscal year ended December 31, 2022	1,023,157,889 shares

Note: On January 1, 2024, each share of common stock was split into 3 shares. The “Number of shares outstanding at end of period,” “Number of shares of treasury shares at end of period,” and “Average number of shares during period” were calculated based on the assumption that the stock split had been conducted at the beginning of the fiscal year ended December 31, 2022.

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

(*Notice regarding results forecast)

(1) 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.

For the results forecast, please refer to page 8 of the Attachment, “Forecast for the fiscal year ending December 31, 2024 (January 1, 2024 through December 31, 2024)” in “(1) Overview of Operating Results for the Fiscal Year Under Review,” under “1. Overview of Operating Results.”

(2) Briefing on the consolidated financial results will be held as follows. Supplementary explanatory documents related to the consolidated financial results and so on to be handed at the briefing will be posted on the Company website immediately. The main contents and Q&A Minutes of the briefing will be posted on the Company website on or after the day following the briefing.

Wednesday, February 14, 2024: Briefing on the consolidated financial results for institutional investors, securities analysts and media outlets

(3) With regard to amounts stated in ¥100 million units in this document, amounts less than ¥100 million are rounded off.

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1. Overview of Operating Results

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 fiscal year ended December 31, 2023.

(1) Overview of Operating Results for the Fiscal Year Under Review

During the fiscal year ended December 31, 2023, economic activity normalized gradually as various restrictions were eased in line with the reclassification of COVID-19 as a Class 5 disease. However, the future outlook remains unclear due to factors such as the protracted Russia-Ukraine situation, conflict in the Middle East, and concerns of an economic slowdown due to global monetary tightening.

In the Company's business, the business environment headed toward normalcy as semiconductor procurement recovered and the sharp rises in raw material prices and ocean freight rates slowed down. On the other hand, demand for outdoor leisure activities calmed down, especially in developed countries, and this trend became clear in the second half of the year. As a result, inventories in some businesses and regions exceeded appropriate levels. By contrast, the yen's depreciation trend, which began last year, has become a tailwind for the Company.

Amid this economic environment, the Company has implemented strategies for each business based on its Medium-Term Management Plan and has promoted efforts to control cost and pass on prices to our customers with break-even management in mind.

As a result, the Company's consolidated net sales for the fiscal year under review increased ¥166.3 billion, or 7.4%, year on year, to ¥2,414.8 billion, operating income increased ¥25.8 billion, or 11.5%, to ¥250.7 billion, ordinary income increased ¥2.7 billion, or 1.1%, to ¥242.0 billion, and net income attributable to owners of parent decreased ¥10.3 billion, or 5.9%, to ¥164.1 billion, leading us to achieve record-high sales and operating income.

Exchange rates for the fiscal year under review were ¥141 to the U.S. dollar (a depreciation of ¥9, year on year) and ¥152 to the euro (a depreciation of ¥14, year on year).

Net sales increased in the Company due to strong demand for motorcycles and large outboard motors, together with increased supply volume as a result of normalization of the supply chain and improvements in logistics and production issues. Operating income also increased mainly owing to increased sales, greater results with price pass-on effects against the soaring costs such as raw materials prices, and the positive effect of the yen's depreciation. Net income attributable to owners of parent decreased due to the impact of loss on valuation of interest rate swaps, foreign exchange losses, loss on valuation of investment securities, and gain on sales of investment securities of the previous year.

In terms of financial indicators, ROE was 15.4% (a year-on-year decrease of 3.3 percentage points), ROIC was 9.2% (a year-on-year decrease of 2.7 percentage points), ROA was 10.5% (a year-on-year decrease of 0.7 percentage points), all of which exceeded the Medium-Term Management Plan targets, and shareholders' equity was ¥1,123.5 billion (an increase of ¥120.4 billion from the end of the previous fiscal year), shareholders' equity ratio was 43.7% (a year-on-year decrease of 2.3 percentage points). In addition, free cash flow (including sales finance) was negative ¥36.8 billion (a year-on-year decrease of ¥33.6 billion).

During the fiscal year under review, the Company pushed forward portfolio management initiatives outlined in the current Medium-Term Management Plan. Progress in business structure reforms included the conclusion of a business transfer agreement^(Note) for the power products business and the decision to withdraw from the Snowmobile and Pool businesses. In addition, to reinforce the Company's new business and growth business development capabilities, the Company has begun considering the possibility of a merger with its consolidated subsidiary Yamaha Motor Electronics Co., Ltd.

Note: The implementation of this transfer is based on the assumption that the Company receives all clearance and authorization required by the Competition Law and other laws and regulations.

Operating results by segment

[Land mobility]

Net sales increased ¥113.6 billion, or 7.7%, year on year, to ¥1,581.8 billion, and operating income increased ¥36.9 billion, or 42.3%, year on year, to ¥124.3 billion.

In the Motorcycles business, demand remained strong in Europe and North America. Demand rose in emerging markets, particularly in Asia, except for Vietnam and China, countries in which economy continues to stagnate. Net sales increased due to higher unit sales in Europe, North America, and emerging countries such as Indonesia, India, and Brazil. Operating income increased mainly due to a growth in unit sales, along with price pass-on efforts and positive effect of the yen's depreciation.

In the RV business (all-terrain vehicles, recreational off-highway vehicles, and snowmobiles), our shipments declined as demand slowed after the outdoor recreation boom. On the other hand, both sales and income increased due

to the improvement in production efficiency at the U.S. plant, which faced challenges in the previous year, as well as the positive effect of the yen's depreciation.

In the SPV business (electrically power assisted bicycles, e-Kit, and electrically powered wheelchairs), an inventory adjustment phase continues in Europe, which is the main market. Although we continued production adjustments, market inventory levels remain high and are expected to take time to resolve. Net sales and operating income decreased due to the decrease in unit sales of electrically power assisted bicycles and e-Kit.

[Marine products]

Net sales increased ¥30.5 billion, or 5.9%, year on year, to ¥547.5 billion, and operating income increased ¥4.5 billion, or 4.1%, to ¥113.7 billion.

In the U.S., although demand for large outboard motors remained strong, demand for small and medium outboard motors decreased. Meanwhile, in Europe, demand for outboard motors decreased due to concerns for recession. In addition, demand for fishing and tourism increased in China and Southeast Asia, while stable demand for fishing remained in Latin America. Our unit sales of outboard motors decreased overall due a decrease in developed countries, despite an increase in emerging countries. Our unit sales of watercraft increased as demand remained strong. In the Marine Products business as a whole, both sales and income increased due in part to the positive effect of the yen's depreciation.

[Robotics]

Net sales decreased ¥14.5 billion, or 12.5%, year on year, to ¥101.4 billion, and operating income decreased ¥11.0 billion, or 92.7%, to ¥0.9 billion.

With regard to surface mounters, although they saw strong demand for automotive and industrial equipment, amid China's continued economic slump, demand for consumer equipment such as smartphones and PCs remained weak. This has led to a decrease in our sales, especially in China and Taiwan. In addition, although industrial robots saw increased investment demand for EV battery manufacturing in Japan and South Korea, they were significantly affected by declining sales in China. Meanwhile, orders for semiconductor manufacturing equipment increased due to rising demand for generative AI. As a result, in the Robotics business as a whole, both sales and income decreased.

[Financial services]

Net sales increased ¥24.3 billion, or 39.1%, year on year, to ¥86.5 billion, and operating income decreased ¥2.2 billion, or 12.6%, to ¥15.3 billion.

Sales finance receivables increased along with the increase in unit sales, and as a result of passing on funding rates to customers, buoying sales. However, income decreased due to increases in funding costs and allowance for doubtful accounts in accordance with an increase in receivables, and loss on valuation of interest rate swaps in Brazil.

[Others]

Net sales increased ¥12.4 billion, or 14.6%, year on year, to ¥97.6 billion, and operating loss was ¥3.6 billion, against operating loss of ¥1.2 billion in the previous fiscal year.

Sales increased thanks to the improved production efficiency at the U.S. plant which led to an increase in the unit sales of golf cars. However, in the Others segments as a whole, income decreased due to factors including increased fixed costs.

Major products and services in each business segment are as follows.

Segment	Main products and services
Land mobility	Motorcycles, intermediate parts for products, knockdown parts for overseas production, all-terrain vehicles, recreational off-highway vehicles, snowmobiles, electrically power assisted bicycles, electrically power assisted bicycle drive units (e-Kit), electrically powered wheelchairs, automobile engines and automobile components
Marine products	Outboard motors, personal watercraft, boats, FRP pools, fishing boats and utility boats
Robotics	Surface mounters, semiconductor manufacturing equipment, industrial robots and industrial-use unmanned helicopters
Financial services	Sales finance and lease related to the Company's products
Others	Golf cars, generators, multi-purpose engines, and small-sized snow throwers

Forecast for the fiscal year ending December 31, 2024

(January 1, 2024 through December 31, 2024)

In 2024, we foresee Indonesia, India, and Brazil to drive demand in emerging markets and, in developed markets, we expect to see strong consumption among high income earners in the U.S. We predict ocean freight rates to decline.

Expected risks include rising costs of labor and parts, logistics disruption in Red Sea and currency fluctuations. We will respond to the impact of the Noto Peninsula Earthquake on supply chain by procuring alternative parts or any other countermeasures.

In the Land Mobility business, we forecast improvements in the supply of premium motorcycle models to emerging markets. In the Marine Products business, we anticipate sales growth supported by the launch of new models of large outboard motors and solid demand in Asia. For the Robotics business, we foresee a recovery in demand from the second half of the year.

The consolidated financial results forecast is as follows, and we expect to achieve our Medium-Term Management Plan targets.

The Company will voluntarily adopt the International Financial Reporting Standards (IFRS) from the fiscal year ending December 31, 2024. Therefore, the consolidated financial results forecast for the fiscal year ending December 31, 2024 has been prepared in accordance with IFRS, and a simple comparison has been made against Japanese GAAP-based business results for FY2023.

	Billions of yen
Revenue	2,600.0 (Reference: +185.2, 7.7%)
Operating income	260.0 (Reference: +9.3, 3.7%)
Net income attributable to owners of parent	175.0 (Reference: +10.9, 6.6%)

The forecast is based on the assumption that the exchange rates are ¥140 against the U.S. dollar (an appreciation of ¥1 from the previous fiscal year) and ¥150 against the euro (an appreciation of ¥2).

[Potential risks and uncertainties regarding the forecast for the fiscal year ending December 31, 2024]

The forecast for the fiscal year ending December 31, 2024 summarized above is based on the Company's assumptions and beliefs in light of the information currently available, and may differ significantly from actual financial results. Please be advised that many risks and uncertainties can affect business performance, including:

- Changes in general economic conditions in the Group's major markets, including shifting consumer preferences and market competition
- Changes in governments' regulations regarding import/export, currency and tax system
- Currency exchange rate fluctuations
- Dependence on corporate customers and specific suppliers for procurement of raw materials and parts
- Changes in environmental and other regulations
- Leaks, etc. of customer information or other personal and/or confidential data
- Natural disaster, epidemic, pandemic, war, terrorism, strikes, demonstrations, etc.

For details on potential risks, uncertainties and other factors affecting the Group's operations, please see the latest Securities Report and Quarterly Securities Report.

(2) Overview of Financial Position for the Fiscal Year Under Review

Analysis on assets, liabilities and net assets

Total assets as of December 31, 2023 increased ¥388.7 billion, from December 31, 2022, to ¥2,572.0 billion. Current assets increased ¥242.9 billion due to an increase in sales finance receivables in accordance with the increase in unit sales and the impact of currency exchange rates. Non-current assets increased ¥145.8 billion, mainly due to an increase in long-term sales finance receivables.

Total liabilities increased ¥260.3 billion to ¥1,389.3 billion due in part to increased interest-bearing debt mainly caused by higher long-term loans payable and operating capital, together with the impact of currency exchange rates.

Total net assets increased ¥128.4 billion to ¥1,182.7 billion as a result of having recorded ¥47.1 billion in cash dividends paid, ¥30.0 billion in purchase of treasury shares, ¥164.1 billion in net income attributable to owners of parent, and a ¥47.4 billion increase in foreign currency translation adjustment.

As a result, the shareholders' equity ratio was 43.7%, compared with 45.9% at the end of the previous fiscal year. The net debt-equity ratio was 0.45 times, compared with 0.31 times at the end of the previous fiscal year.

Analysis on cash flows

[Cash flows from operating activities]

Net cash provided by operating activities during the fiscal year under review was ¥80.2 billion overall (¥70.9 billion in net cash provided in the previous fiscal year). This mainly reflected cash provided from ¥241.7 billion in income before income taxes (¥245.8 billion), ¥63.2 billion in depreciation (¥59.8 billion), a decrease in trade receivables of ¥16.8 billion (an increase of ¥12.9 billion) and other factors, against cash used including an increase in sales finance receivables of ¥120.6 billion (an increase of ¥70.8 billion), ¥79.1 billion in income taxes paid (¥53.8 billion), an increase in inventories of ¥45.8 billion (an increase of ¥90.1 billion), a decrease in trade payables of ¥29.7 billion (an increase of ¥3.1 billion) and other factors.

[Cash flows from investing activities]

Net cash used in investing activities during the fiscal year under review was ¥117.0 billion (¥74.2 billion in net cash used in the previous fiscal year), primarily reflecting ¥109.9 billion used for purchase of non-current assets (¥89.4 billion in net cash used in the previous fiscal year), ¥18.3 billion used for purchase of investment securities (¥15.3 billion used in the previous fiscal year), and other factors.

[Cash flows from financing activities]

Net cash provided by financing activities during the fiscal year under review was ¥95.3 billion (¥23.1 billion in net cash provided in the previous fiscal year), primarily reflecting an increase in interest-bearing debt and other factors, despite cash used for cash dividends paid and purchase of treasury shares.

As a result of the activities discussed above, free cash flow for the fiscal year under review was negative ¥36.8 billion (negative ¥3.2 billion for the previous fiscal year), and cash and cash equivalents totaled ¥347.0 billion (an increase of ¥50.2 billion from the end of the previous fiscal year). Interest-bearing debt at the end of the fiscal year under review was ¥843.9 billion (an increase of ¥241.2 billion from the end of the previous fiscal year).

(3) Basic Policy on Profit Distribution and Dividends for the Fiscal Years Ended December 31, 2023 and Ending December 31, 2024

The Company considers enhancing the interests of shareholders an important management issue, and endeavors to enhance corporate value.

The Company has a basic policy of paying an interim dividend and a year-end dividend. The decision-making bodies for dividends are the Board of Directors for interim dividends and the General Meeting of Shareholders for year-end dividends. In addition, the Company's Articles of Incorporation provide that the record date for the interim dividend shall be June 30, and December 31 for the year-end dividend.

The Company intends to propose the payment of a year-end dividend of ¥72.5 per share at the 89th Ordinary General Meeting of Shareholders, scheduled for March 21, 2024. As a result, the full-year dividend, including the interim dividend (¥72.5), will be ¥145 per share.

As described in the new Medium-Term Management Plan announced in 2022, based on a new shareholder return policy, we will pay stable and continuous dividends while considering the outlook for business performance and

investment for future growth. We will continue to return profits to shareholders in accordance with the scale of cash flow, and the total return ratio will be set at a target of 40% for the cumulative total of the Medium-Term Management Plan period.

The Company split each share of common stock into 3 shares effective January 1, 2024. Accordingly, we intend to pay a full-year dividend of ¥50 per share (interim dividend of ¥25; year-end dividend of ¥25) for the fiscal year ending December 31, 2024, and in addition, plans a ¥20.0 billion purchase of treasury shares.

2. Basic Views on Selecting Accounting Standards

The Company plans to voluntarily adopt the International Financial Reporting Standards (IFRS) from the first quarter of the fiscal year ending December 31, 2024 in order to improve the international comparability on the financial information in the capital market and to further enhance the level of management control systems on a global basis.

3. Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheets

As of December 31, 2022 and 2023

	Millions of yen	
	As of December 31, 2022	As of December 31, 2023
ASSETS		
Current assets:		
Cash and deposits	288,780	338,839
Notes and accounts receivable – trade, and contract assets	187,410	186,911
Short-term sales finance receivables	230,131	338,520
Merchandise and finished goods	285,432	363,066
Work in process	115,755	115,653
Raw materials and supplies	124,658	130,776
Other	90,921	94,700
Allowance for doubtful accounts	(17,408)	(19,915)
Total current assets	1,305,683	1,548,554
Non-current assets:		
Property, plant and equipment		
Buildings and structures, net	129,329	137,198
Machinery, equipment and vehicles, net	109,560	124,046
Land	86,864	87,911
Construction in progress	38,657	56,853
Other, net	26,566	27,876
Total property, plant and equipment	390,978	433,886
Intangible assets		
Software	26,911	38,733
Other	12,728	12,399
Total intangible assets	39,640	51,132
Investments and other assets		
Investment securities	112,151	113,960
Long-term sales finance receivables	256,382	326,784
Net defined benefit asset	15,762	21,382
Deferred tax assets	44,084	73,349
Other	23,283	18,411
Allowance for doubtful accounts	(4,677)	(15,500)
Total investments and other assets	446,988	538,388
Total non-current assets	877,607	1,023,407
Total assets	2,183,291	2,571,962

	Millions of yen	
	As of December 31, 2022	As of December 31, 2023
LIABILITIES		
Current liabilities:		
Notes and accounts payable – trade	148,133	151,084
Electronically recorded obligations – operating	29,597	3,079
Short-term loans payable	172,985	305,563
Current portion of bonds payable	5,156	23,974
Current portion of long-term loans payable	152,969	109,334
Income taxes payable	25,761	30,639
Provision for bonuses	18,796	20,302
Provision for product warranties	18,176	20,582
Other provision	3,589	4,715
Other	177,705	195,889
Total current liabilities	752,873	865,165
Non-current liabilities:		
Bonds payable	21,575	39,971
Long-term loans payable	250,002	365,031
Deferred tax liabilities	10,105	14,351
Deferred tax liabilities for land revaluation	4,643	4,416
Net defined benefit liability	49,297	52,446
Other provision	638	745
Other	39,855	47,162
Total non-current liabilities	376,119	524,125
Total liabilities	1,128,992	1,389,291
NET ASSETS		
Shareholders' equity:		
Capital stock	86,100	86,100
Capital surplus	68,050	63,771
Retained earnings	894,049	1,006,925
Treasury shares	(31,725)	(61,389)
Total shareholders' equity	1,016,475	1,095,407
Accumulated other comprehensive income:		
Valuation difference on available-for-sale securities	29,166	21,993
Revaluation reserve for land	10,427	9,893
Foreign currency translation adjustment	(55,717)	(8,340)
Remeasurements of defined benefit plans	2,721	4,505
Total accumulated other comprehensive income	(13,401)	28,052
Non-controlling interests	51,225	59,210
Total net assets	1,054,298	1,182,670
Total liabilities and net assets	2,183,291	2,571,962

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

Fiscal years ended December 31, 2022 and 2023

Consolidated Statements of Income

	Millions of yen	
	Fiscal year ended December 31, 2022 (January 1— December 31, 2022)	Fiscal year ended December 31, 2023 (January 1— December 31, 2023)
Net sales	2,248,456	2,414,759
Cost of sales	1,614,711	1,699,409
Gross profit	633,745	715,350
Selling, general and administrative expenses	408,880	464,694
Operating income	224,864	250,655
Non-operating income:		
Interest income	4,770	8,865
Dividend income	981	1,068
Share of profit of entities accounted for using equity method	5,296	4,249
Foreign exchange gains	4,604	—
Gain on valuation of derivatives	3,564	—
Other	6,814	7,235
Total non-operating income	26,033	21,418
Non-operating expenses:		
Interest expenses	4,174	9,296
Foreign exchange losses	—	1,389
Loss on valuation of investment securities	2,444	8,396
Loss on valuation of derivatives	—	5,023
Other	4,984	5,987
Total non-operating expenses	11,603	30,092
Ordinary income	239,293	241,982
Extraordinary income:		
Gain on sales of non-current assets	3,996	4,135
Gain on sales of investment securities	4,950	76
Total extraordinary income	8,946	4,212
Extraordinary losses:		
Loss on sales of non-current assets	293	162
Loss on disposal of non-current assets	1,331	1,488
Impairment loss	688	2,504
Loss on sales of investment securities	128	357
Total extraordinary losses	2,441	4,512
Income before income taxes	245,798	241,681
Income taxes – current	61,665	82,673
Income taxes – deferred	(5,448)	(19,462)
Total income taxes	56,216	63,211
Net income	189,582	178,470
Net income attributable to non-controlling interests	15,142	14,350
Net income attributable to owners of parent	174,439	164,119

Consolidated Statements of Comprehensive Income

	Millions of yen	
	Fiscal year ended December 31, 2022 (January 1— December 31, 2022)	Fiscal year ended December 31, 2023 (January 1— December 31, 2023)
Net income	189,582	178,470
Other comprehensive income:		
Valuation difference on available-for-sale securities	(12,354)	(7,167)
Foreign currency translation adjustment	47,362	51,814
Remeasurements of defined benefit plans, net of tax	(3,772)	1,754
Share of other comprehensive income of entities accounted for using equity method	1,854	909
Total other comprehensive income	33,089	47,311
Comprehensive income:	222,671	225,781
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	205,774	206,161
Comprehensive income attributable to non-controlling interests	16,897	19,620

(3) Consolidated Statements of Changes in Equity

Fiscal year ended December 31, 2022 (January 1—December 31, 2022)

	Millions of yen				
	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	86,100	68,101	761,483	(11,722)	903,962
Cumulative effects of changes in accounting policies			59		59
Restated balance	86,100	68,101	761,543	(11,722)	904,021
Changes of items during period					
Dividends of surplus			(41,932)		(41,932)
Net income attributable to owners of parent			174,439		174,439
Change in ownership interest of parent due to transactions with non-controlling interests		(61)			(61)
Purchase of treasury shares				(20,002)	(20,002)
Disposal of treasury shares		10		—	10
Net changes of items other than shareholders' equity					
Total changes of items during period	—	(50)	132,506	(20,002)	112,453
Balance at end of current period	86,100	68,050	894,049	(31,725)	1,016,475

	Millions of yen						
	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	41,522	10,427	(103,471)	6,785	(44,736)	41,444	900,670
Cumulative effects of changes in accounting policies							59
Restated balance	41,522	10,427	(103,471)	6,785	(44,736)	41,444	900,730
Changes of items during period							
Dividends of surplus							(41,932)
Net income attributable to owners of parent							174,439
Change in ownership interest of parent due to transactions with non-controlling interests							(61)
Purchase of treasury shares							(20,002)
Disposal of treasury shares							10
Net changes of items other than shareholders' equity	(12,355)	—	47,753	(4,063)	31,334	9,780	41,114
Total changes of items during period	(12,355)	—	47,753	(4,063)	31,334	9,780	153,568
Balance at end of current period	29,166	10,427	(55,717)	2,721	(13,401)	51,225	1,054,298

Fiscal year ended December 31, 2023 (January 1—December 31, 2023)

	Millions of yen				
	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	86,100	68,050	894,049	(31,725)	1,016,475
Cumulative effects of changes in accounting policies			(4,634)		(4,634)
Restated balance	86,100	68,050	889,415	(31,725)	1,011,840
Changes of items during period					
Reversal of revaluation reserve for land			533		533
Dividends of surplus			(47,093)		(47,093)
Net income attributable to owners of parent			164,119		164,119
Increase in consolidated subsidiaries			(49)		(49)
Change in ownership interest of parent due to transactions with non-controlling interests		(4,341)			(4,341)
Purchase of treasury shares				(30,003)	(30,003)
Disposal of treasury shares		62		339	402
Net changes of items other than shareholders' equity					
Total changes of items during period	—	(4,278)	117,509	(29,663)	83,567
Balance at end of current period	86,100	63,771	1,006,925	(61,389)	1,095,407

	Millions of yen						
	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	29,166	10,427	(55,717)	2,721	(13,401)	51,225	1,054,298
Cumulative effects of changes in accounting policies							(4,634)
Restated balance	29,166	10,427	(55,717)	2,721	(13,401)	51,225	1,049,664
Changes of items during period							
Reversal of revaluation reserve for land							533
Dividends of surplus							(47,093)
Net income attributable to owners of parent							164,119
Increase in consolidated subsidiaries							(49)
Change in ownership interest of parent due to transactions with non-controlling interests							(4,341)
Purchase of treasury shares							(30,003)
Disposal of treasury shares							402
Net changes of items other than shareholders' equity	(7,172)	(533)	47,376	1,783	41,453	7,984	49,438
Total changes of items during period	(7,172)	(533)	47,376	1,783	41,453	7,984	133,005
Balance at end of current period	21,993	9,893	(8,340)	4,505	28,052	59,210	1,182,670

(4) Consolidated Statements of Cash Flows

Fiscal years ended December 31, 2022 and 2023

	Millions of yen	
	Fiscal year ended December 31, 2022 (January 1— December 31, 2022)	Fiscal year ended December 31, 2023 (January 1— December 31, 2023)
Cash flows from operating activities:		
Income before income taxes	245,798	241,681
Depreciation	59,824	63,223
Impairment loss	688	2,504
Increase (decrease) in allowance for doubtful accounts	1,681	4,183
Increase (decrease) in retirement benefit liability	(10,822)	3,043
Decrease (increase) in retirement benefit asset	3,688	(5,608)
Interest and dividend income	(5,752)	(9,933)
Interest expenses	4,174	9,296
Share of (profit) loss of entities accounted for using equity method	(5,296)	(4,249)
Loss (gain) on sales of property, plant and equipment and intangible assets	(3,702)	(3,973)
Loss on disposal of property, plant and equipment and intangible assets	1,331	1,488
Loss (gain) on sales of investment securities	(4,821)	281
Decrease (increase) in trade receivables	(12,946)	16,800
Decrease (increase) in sales finance receivables	(70,825)	(120,634)
Decrease (increase) in inventories	(90,081)	(45,759)
Increase (decrease) in trade payables	3,055	(29,710)
Other, net	3,933	32,904
Subtotal	119,927	155,539
Interest and dividend income received	8,940	13,011
Interest expenses paid	(4,176)	(9,275)
Income taxes paid	(53,769)	(79,125)
Net cash provided by (used in) operating activities	70,921	80,150

	Millions of yen	
	Fiscal year ended December 31, 2022 (January 1— December 31, 2022)	Fiscal year ended December 31, 2023 (January 1— December 31, 2023)
Cash flows from investing activities:		
Payments into time deposits	(6,274)	(7,580)
Proceeds from withdrawal of time deposits	6,337	6,093
Purchase of property, plant and equipment and intangible assets	(89,388)	(109,912)
Proceeds from sales of property, plant and equipment and intangible assets	9,619	11,653
Purchase of investment securities	(15,304)	(18,283)
Proceeds from sales of investment securities	22,460	139
Payments of long-term loans receivable	(104)	(298)
Collection of long-term loans receivable	117	126
Other, net	(1,622)	1,089
Net cash provided by (used in) investing activities	(74,160)	(116,972)
Cash flows from financing activities:		
Increase (decrease) in short-term loans payable	101,442	112,355
Proceeds from long-term loans payable	66,573	229,176
Repayment of long-term loans payable	(83,012)	(177,700)
Proceeds from issuance of bonds	15,840	34,800
Redemption of bonds	(3,185)	(5,990)
Dividends paid	(41,932)	(47,093)
Dividends paid to non-controlling interests	(7,068)	(10,637)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	—	(2,984)
Net decrease (increase) in treasury shares	(20,002)	(30,093)
Other, net	(5,550)	(6,572)
Net cash provided by (used in) financing activities	23,103	95,260
Effect of exchange rate change on cash and cash equivalents	2,017	(8,567)
Net increase (decrease) in cash and cash equivalents	21,882	49,871
Cash and cash equivalents at beginning of period	274,936	296,819
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	—	325
Cash and cash equivalents at end of period	296,819	347,016

(5) Notes to Consolidated Financial Statements

Notes Regarding Going-concern Assumptions

None

Basis of Presenting Consolidated Financial Statements

1. Scope of consolidation

Number of consolidated subsidiaries: 130

Name of major subsidiaries:

Yamaha Motorcycle Sales Japan Co., Ltd.; Yamaha Motor Powered Products Co., Ltd.;
Yamaha Motor Corporation, U.S.A.; Yamaha Motor Manufacturing Corporation of America;
Yamaha Motor Europe N.V.; PT. Yamaha Indonesia Motor Manufacturing;
India Yamaha Motor Pvt. Ltd.; Thai Yamaha Motor Co., Ltd.; Yamaha Motor Philippines, Inc.;
Yamaha Motor Vietnam Co., Ltd.; Yamaha Motor Taiwan Co., Ltd.; Yamaha Motor do Brasil Ltda.

In the fiscal year ended December 31, 2023, four newly established companies and one non-consolidated subsidiary which increased in materiality were included in the scope of consolidation. In addition, two companies were excluded due to liquidation.

Non-consolidated subsidiaries such as Yamaha Motor Racing S.r.l., when considering total assets, net sales, net income (an amount that matches equity holdings), and retained earnings (an amount that matches equity holdings), etc., they do not have a significant influence on the consolidated financial statements as a whole, and were therefore removed from the scope of consolidation.

2. Scope of application of equity method

Number of subsidiaries accounted for by the equity method: 4

Yamaha Motor Racing S.r.l. and 3 other subsidiaries

Number of affiliates accounted for by the equity method: 24

Hong Leong Yamaha Motor Sdn. Bhd. and 23 other affiliates

In the fiscal year ended December 31, 2023, one affiliate which the Group has newly invested in was included in the scope of equity-method application. Two companies were excluded from the scope of equity-method application due to liquidation and one company due to the sale of its shares.

The Company's non-consolidated subsidiaries such as Moto Business Service India Private Ltd. have been excluded from the scope of equity-method application given that their effect on the consolidated financial statements is immaterial and they have been deemed as lacking materiality overall, in view of measures such as net income (an amount that matches equity holdings) and retained earnings (an amount that matches equity holdings), etc.

Changes in Accounting Policies

(Adoption of FASB Accounting Standards Codification (ASC) 326, "Financial Instruments - Credit Loss")
ASC 326 "Financial Instruments - Credit Loss" has been applied to our North American subsidiaries that have adopted U.S. GAAP since the beginning of the consolidated fiscal year under review. This change in accounting policy requires us to review how we measure financial instruments and recognize allowances from expected credit loss models for financial assets.

In applying this accounting standard, we have adopted a method of recognizing the cumulative impact of the change in accounting policy that the company recognized as the transitional treatment on the effective date of application.

As a result, at the beginning of the fiscal year under review, "Retained earnings" decreased by ¥4,634 million (net of tax), "Allowances for doubtful accounts" of current assets increased by ¥368 million, "Deferred tax assets" in investments and other assets increased by ¥1,544 million, and "Allowances for doubtful accounts" of non-current assets increased by ¥5,810 million.

(Adoption of Implementation Guidance on Accounting Standard for Fair Value Measurement)
 “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021; hereinafter the “Fair Value Measurement Guidance”) has been applied to the Company and its domestic subsidiaries that have adopted Japanese GAAP since the beginning of the fiscal year under review. Furthermore, in accordance with the transitional treatment prescribed in paragraph 27-2 of the Fair Value Measurement Guidance, the Company has prospectively applied the new accounting policy provided in the Fair Value Measurement Guidance. There is no impact on the consolidated financial statements.

Additional Information

(Adoption of the Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System)
 The Company and its domestic consolidated subsidiaries have transitioned from the Consolidated Taxation System to the Group Tax Sharing System from the fiscal year ended December 31, 2023. Accordingly, the accounting treatment and disclosure of corporate income taxes, local corporate income taxes, and tax effect accounting follows the “Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System” (PITF No. 42 issued August 12, 2021; hereinafter the “PITF No. 42”). In addition, in accordance with Paragraph 32 (1) of the PITF No. 42, the Company has deemed that there is no impact from the change in accounting policy upon the application of the PITF No. 42.

Segment Information, etc.

1. Overview of reporting segments

The Group’s reporting segments are regularly reviewed by the Board of Directors of the Company, etc., using the segregated financial information available within each segment of the Group to determine the allocation of management resources and evaluate business results.

Four businesses, namely “Land mobility,” “Marine products,” “Robotics,” and “Financial services” constitute the Group’s reporting segments based on similarities of product type and target market.

Major products and services in each reporting segment are as follows.

Segment	Main products and services
Land mobility	Motorcycles, intermediate parts for products, knockdown parts for overseas production, all-terrain vehicles, recreational off-highway vehicles, snowmobiles, electrically power assisted bicycles, electrically power assisted bicycle drive units (e-Kit), electrically powered wheelchairs, automobile engines and automobile components
Marine products	Outboard motors, personal watercraft, boats, FRP pools, fishing boats and utility boats
Robotics	Surface mounters, semiconductor manufacturing equipment, industrial robots and industrial-use unmanned helicopters
Financial services	Sales finance and lease related to the Company's products
Others	Golf cars, generators, multi-purpose engines, and small-sized snow throwers

2. Basis for calculating net sales, income or loss, assets, liabilities, and other items by reporting segment

The accounting policies for the reporting segments are the same as those adopted in preparing consolidated financial statements.

Segment income corresponds to operating income in the consolidated statements of income.

Amounts for intersegment transactions or transfers are calculated based on market prices.

3. Information concerning net sales, income or loss, assets, liabilities, and other items by reporting segment

Fiscal year ended December 31, 2022 (January 1, 2022 through December 31, 2022)

	Millions of yen								
	Reporting segment					Others (Note 1)	Total	Adjustments (Note 2)	Amounts on consolidated financial statements
	Land mobility	Marine products	Robotics	Financial services	Total				
Net sales:									
Outside customers	1,468,244	517,040	115,869	62,178	2,163,333	85,123	2,248,456	—	2,248,456
Intersegment	—	—	—	—	—	60,814	60,814	(60,814)	—
Total	1,468,244	517,040	115,869	62,178	2,163,333	145,937	2,309,270	(60,814)	2,248,456
Segment income (loss) (Note 3)	87,409	109,183	11,880	17,543	226,018	(1,153)	224,864	—	224,864
Segment assets	1,029,737	282,333	139,644	600,910	2,052,626	130,664	2,183,291	—	2,183,291
Other items:									
Depreciation (Note 4)	40,005	10,822	2,476	3,388	56,693	2,720	59,414	—	59,414
Investments in entities accounted for using equity method	22,386	1,841	230	2,141	26,600	7,850	34,450	—	34,450
Increase in property, plant and equipment, and intangible assets	59,412	20,777	8,037	8,651	96,878	5,754	102,632	—	102,632

Notes:

1. "Others" is a business segment not included in the reporting segments. It includes businesses involving golf cars, generators, multi-purpose engines, and small-sized snow throwers.
2. Adjustments represent intersegment transaction eliminations.
3. Total of segment income (loss) corresponds to operating income in the Consolidated Statements of Income.
4. Depreciation does not include amortization of goodwill.

Fiscal year ended December 31, 2023 (January 1, 2023 through December 31, 2023)

	Millions of yen								
	Reporting segment					Others (Note 1)	Total	Adjustments (Note 2)	Amounts on consolidated financial statements
	Land mobility	Marine products	Robotics	Financial services	Total				
Net sales:									
Outside customers	1,581,848	547,520	101,355	86,476	2,317,201	97,558	2,414,759	—	2,414,759
Intersegment	—	—	—	—	—	65,355	65,355	(65,355)	—
Total	1,581,848	547,520	101,355	86,476	2,317,201	162,913	2,480,115	(65,355)	2,414,759
Segment income (loss) (Note 3)	124,347	113,661	872	15,328	254,209	(3,553)	250,655	—	250,655
Segment assets	1,190,336	396,411	136,444	723,024	2,446,217	125,744	2,571,962	—	2,571,962
Other items:									
Depreciation (Note 4)	42,852	10,688	2,659	3,613	59,814	2,967	62,781	—	62,781
Investments in entities accounted for using equity method	23,801	3,070	254	1,726	28,852	8,967	37,820	—	37,820
Increase in property, plant and equipment, and intangible assets	67,248	20,952	9,598	9,582	107,383	6,099	113,482	—	113,482

Notes:

1. "Others" is a business segment not included in the reporting segments. It includes businesses involving golf cars, generators, multi-purpose engines, and small-sized snow throwers.
2. Adjustments represent intersegment transaction eliminations.
3. Total of segment income (loss) corresponds to operating income in the Consolidated Statements of Income.
4. Depreciation does not include amortization of goodwill.

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

(Significant impairment loss of non-current assets)

Fiscal year ended December 31, 2022 (January 1, 2022 through December 31, 2022)

Such information has been omitted because it has been deemed as having little monetary significance.

Fiscal year ended December 31, 2023 (January 1, 2023 through December 31, 2023)

It was decided that Shido office would be closed and the withdrawal from pool business was announced. Therefore, impairment losses of land and office building in Shido office and non-current assets held by FRP pools were recorded as extraordinary loss in the "Marine products" segment. The amount of recorded impairment losses were ¥830 million and ¥563 million, respectively, in the fiscal year ended December 31, 2023.

The book value of non-current assets held by industrial-use unmanned helicopters business have been marked down to their recoverable values because they are projected to continue to generate Losses from operating activities, and those losses have been recorded as extraordinary losses in the "Robotics" segment. The amount of recorded impairment loss was ¥995 million in the fiscal year ended December 31, 2023.

Per Share Information

	Fiscal year ended December 31, 2022 (January 1—December 31, 2022)	Fiscal year ended December 31, 2023 (January 1—December 31, 2023)
	Yen	Yen
Net assets per share	988.60	1,133.06
Earnings per share – basic	170.49	163.57
Earnings per share – diluted	170.42	163.52

Note 1. On January 1, 2024, each share of common stock was split into 3 shares. “Net assets per share,” “Earnings per share – basic,” and “Earnings per share – diluted” were calculated based on the assumption that the stock split had been conducted at the beginning of the fiscal year ended December 31, 2022.

Note 2. Net assets per share are calculated based on the following: (Millions of yen, unless otherwise noted)

	As of December 31, 2022	As of December 31, 2023
Total net assets	1,054,298	1,182,670
Amount excluded from total net assets	51,225	59,210
Non-controlling interests	51,225	59,210
Net assets attributable to common stock at end of period	1,003,073	1,123,460
Number of shares of common stock outstanding at end of period calculated under “Net assets per share” (Shares)	1,014,645,486	991,530,906

Note 3. Earnings per share – basic and Earnings per share – diluted is calculated based on the following:

(Millions of yen, unless otherwise noted)

	Fiscal year ended December 31, 2022 (January 1—December 31, 2022)	Fiscal year ended December 31, 2023 (January 1—December 31, 2023)
Earnings per share – basic		
Net income attributable to owners of parent	174,439	164,119
Amount not attributable to common shareholders	—	—
Net income attributable to owners of parent attributable to common stock	174,439	164,119
Average number of shares outstanding during period (Shares)	1,023,157,889	1,003,359,854
Earnings per share – diluted		
Adjustment to Net income attributable to owners of parent	—	—
Number of common stock increased		
Performance linked stock remuneration (Shares)	428,610	297,603
Overview of residual securities not included in the calculation of Earnings per share – diluted as they have no dilutive effect	—	—

Significant Subsequent Events

(Stock Split, Partial Amendment to the Articles of Incorporation)

Based on the resolution of the Board of Directors held on November 7, 2023, on January 1, 2024, the Company resolved to implement a stock split, and accordingly, partially amend the Articles of Incorporation.

1. Purpose of the stock split

The purpose is to expand the investor base by reducing the Company's stock price per investment unit.

2. Overview of the stock split

(1) Method of the stock split

Each share of common stock owned by shareholders recorded in the closing register of shareholders on the record date of Sunday, December 31, 2023 will be split into 3 shares per share.

Since this day falls on a non-business day of the shareholder registry administrator, the substantial record date will be Friday, December 29, 2023.

(2) Number of shares to be increased by the stock split

Total number of issued shares before the stock split	350,217,467 shares
Number of shares to be increased by the stock split	700,434,934 shares
Total number of issued shares following the stock split	1,050,652,401 shares
Total number of authorized shares following the stock split	2,700,000,000 shares

(3) Schedule of the stock split

Public notice of record date	Friday, December 15, 2023
Record date	Sunday, December 31, 2023
Effective date	Monday, January 1, 2024

(4) Effect on per share information

For the effect on per share information, please refer to page 23 "Per Share Information".

(5) Others

1) There is no change in the amount of stated capital as a result of this stock split.

2) As the stock split takes effect on Monday, January 1, 2024, the year-end dividend for the fiscal year ended December 2023 which has a dividend record date of Sunday, December 31, 2023 will be paid based on the shares before the stock split.

3. Partial amendment to the Articles of Incorporation in connection with the stock split

(1) Reason for the amendment

In connection with the stock split, an associated part of the Articles of Incorporation will be amended effective Monday, January 1, 2024 in accordance with Article 184, Paragraph 2 of the Companies Act.

(2) Details of the amendment

The details of the amendment are as follows.

(Underlined parts indicate the amendments.)

Current Articles of Incorporation	Proposed amendment
(Maximum Number of Shares to Be Issued) Article 6. The maximum number of shares which the Company can issue is <u>900,000,000</u> .	(Maximum Number of Shares to Be Issued) Article 6. The maximum number of shares which the Company can issue is <u>2,700,000,000</u> .

(3) Schedule of the amendment

Date of resolution by Board of Directors	Tuesday, November 7, 2023
Effective Date	Monday, January 1, 2024

(Purchase and retirement of treasury shares)

The Company resolved the following items related to the purchase of treasury shares based on the application of the provisions of Article 156 of Japan's Companies Act pursuant to the rewording of Article 165-3 at the meeting of the Board of Directors held on February 14, 2024. Also, a resolution regarding the retirement of treasury shares pursuant to Article 178 of the same Law was passed.

1. Purpose of purchase and retirement of treasury shares

To return profits to shareholders and improve capital efficiency.

2. Details of purchase

- (1) Class of shares to be purchased : Common stock
- (2) Number of shares to be purchased : Up to 19,000,000 shares
(1.9% of the number of shares outstanding, excluding treasury shares)
- (3) Total cost of shares to be purchased : Up to JPY 20.0 billion
- (4) Period for share purchase : From February 15, 2024 to July 31, 2024
- (5) Method of purchase : Purchase on the Tokyo Stock Exchange market

3. Details of retirement

- (1) Class of shares to be retired : Common stock
- (2) Number of shares to be retired : All shares to be purchased as 2. above and additional 10,000,000 shares
(Up to 2.8 % of the number of shares outstanding prior to the retirement)
- (3) Planned date of retirement : August 30, 2024

(Business combination through acquisition)

The Company resolved at the meeting of the Board of Directors held on December 26, 2023, to acquire all shares of Torqeedo GmbH (hereinafter "Torqeedo"), the company in Germany, and make it a subsidiary, and conclude a share purchase agreement on January 12, 2024, with DEUTZ AG, a German company which held all shares of Torqeedo. The share acquisition is based on the assumption that the Company receives all clearance and authorization required by the Competition Law and other laws and regulations.

1. Overview of business combination

(1) Name and business description of the acquired company

Company name: Torqeedo GmbH

Business: Manufacture and sale of electric outboard motors, inboard motors, POD drives, hybrid systems, batteries, and accessories.

(2) Main reason for the business combination

Torqeedo is a pioneer brand in the marine electric business and has an extensive product line of electric outboard motors, electric inboard motors, batteries, and various accessories. Sale of Torqeedo is growing in the small electric market, especially in Europe. In addition, Torqeedo holds many patents related to electric motors, propellers, and power supply systems, and has R&D capabilities, mass production facilities, and development resources for next-generation environmental technologies.

The purpose of the acquisition of Torqeedo is to strengthen development capabilities in the "Electric" business, part of the "Marine CASE" strategy that the company is promoting as its Medium-Term Management Plan. It will also accelerate our efforts to carbon neutrality in the marine industry and contribute to the early establishment of a lineup of small electric propulsion units. Furthermore, by combining the know-how cultivated in hull design technology and marine engine technology, the company aims to create synergies in the medium-sized electric outboard motor market and become a leading company in the growing market of electric propulsion vessels.

(3) Date of business combination

April 3, 2024(planned)

The final date of business combination will be determined based on the closing conditions set forth in the share purchase agreement.

(4) Legal form of business combination

Acquisition of shares with cash as consideration

(5) Company name after business combination

No change

