

Yamaha Motor Co., Ltd.
2500 Shingai, Iwata-shi, Shizuoka, Japan

Code No: 7272
February 28, 2023

(Measures for electronic provision were made available on February 27, 2023)

Notice of the 88th Ordinary General Meeting of Shareholders

This document has been translated from the Japanese original, for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Dear Shareholders:

This is to inform you of the 88th Ordinary General Meeting of Shareholders, to be held at the time and place indicated below.

In convening this General Meeting of Shareholders, the Company provides information electronically. The Company's website on the Internet provides the matters to be provided electronically as the "Notice of the 88th Ordinary General Meeting of Shareholders."

The Company's website: <https://global.yamaha-motor.com/jp/ir/shareholder/meeting/>

In addition to the above, the information is also made available on the following website on the Internet.

Listed Company Search: <https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show>

Please access the above website, enter or search our "Company name" or "Code," and select "Basic information" and "Documents for public inspection/PR information" in that order.

You are kindly advised to exercise your voting rights via the Internet, etc. or by mailing the enclosed Exercise of Voting Rights Form. Please review the reference documents in the matters to be provided electronically and exercise your voting rights by 5:30 p.m. on Monday, March 20, 2023 (JST).

[Exercising Voting Rights by Electromagnetic Means]

Please read the attached documents on page 101, "Procedures for Exercising Voting Rights by Electromagnetic Means," and exercise your voting rights online.

[Exercising Voting Rights by Mail]

Please indicate your vote of approval or disapproval of each proposed resolution on the enclosed Exercise of Voting Rights Form, and return the form to us so that it arrives by the aforementioned deadline.

- 1. Date and Time:** Wednesday, March 22, 2023 at 10:00 a.m. (JST)
(The reception will open at 9:00 a.m.)
- 2. Location:** Communication Plaza of the Company
2500 Shingai, Iwata-shi, Shizuoka, Japan

3. Agenda of the Meeting

Items to be reported:

1. Business Report for the 88th Fiscal Year (from January 1, 2022 through December 31, 2022); Consolidated Financial Statements applicable to the 88th Fiscal Year (from January 1, 2022 through December 31, 2022); Report of Accounting Auditor on Consolidated Financial Statements; and Report of the Audit & Supervisory Board on Consolidated Financial Statements
2. Non-consolidated Financial Statements applicable to the 88th Fiscal Year (from January 1, 2022 through December 31, 2022).

Items to be resolved:

- | | |
|-----------------------|--|
| Proposed Resolution 1 | Appropriation of Surplus |
| Proposed Resolution 2 | Election of Ten Directors |
| Proposed Resolution 3 | Election of Four Audit & Supervisory Board Members |

4. Predetermined Terms of the Convening

- (1) If you do not indicate your vote of approval or disapproval for each proposed resolution on the Exercise of Voting Rights Form, we will consider you to have approved the Company's proposed resolutions on which you did not vote, as stipulated in Paragraph 3 of Article 16 of the "Share Handling Regulations."
- (2) Duplicate voting
 - 1) If we recognize that you exercise your voting right via the Internet, etc. more than once on the same proposal, the vote received last (limited to your vote cast before our time limit for exercise) shall be treated as the effective vote, as stipulated in Paragraph 1 of Article 16 of the "Share Handling Regulations."
 - 2) If we recognize that you exercise your voting right both in writing and via the Internet, etc. on the same proposal, the vote received last (limited to your vote cast before our time limit for exercise) shall be treated as the effective vote, as stipulated in Paragraph 2 of Article 16 of the "Share Handling Regulations." If both votes arrive on the same day, vote via the Internet, etc. will prevail and be treated as the effective vote.
- (3) A person who is to exercise voting rights on behalf of a shareholder as a proxy (one other shareholder with voting rights of the Company) shall not be entitled to exercise the shareholder's voting rights as a proxy unless the person receives an Exercise of Voting Rights Form from the shareholder and submits it to the Company, as stipulated in Paragraph 4 of Article 16 of the "Share Handling Regulations."

5. Other Matters regarding this Notice

"Systems to Ensure Proper Business Operations," "Overview of the Implementation Status of the Systems to Ensure Proper Business Operations" in the Business Report, and the "Notes to Consolidated Financial Statements," "Notes to Non-consolidated Financial Statements," "Consolidated Statements of Changes in Equity" and "Non-consolidated Statements of Changes in Equity" are not included in the paper copy sent to shareholders who had requested it, pursuant to the applicable laws and regulations and Paragraph 2 of Article 19 of the Articles of Incorporation of the Company. These notes are part of the statements that were audited by the Audit & Supervisory Board Members and the Accounting Auditor for preparation of their audit report.

Note: If and when any correction is made to the matters to be provided electronically, the matters before and after the correction will be announced on each website on the Internet above.

Requests to shareholders

Shareholders are kindly advised to refrain from attending in person this General Meeting of Shareholders if at all possible. The meeting may be viewed by live broadcast on the Internet. We will also accept in advance questions relevant to the agenda of the meeting.

■ Details of live broadcast

Date and time of broadcast: Wednesday, March 22, 2023

From 10:00 a.m. until the closing of the meeting
(The website can be accessed from 9:30 a.m.)

How to log in: Please access the URL of the website for viewing (<https://www.virtual-sr.jp/users/yamaha-motor/login.aspx>) and log in using the shareholder number (9-digit number) printed on the Exercise of Voting Rights Form and your postal code (7-digit number) to view the live broadcast.

- (1) Please note that shareholders viewing the meeting cannot exercise voting rights or make questions during the meeting. We would appreciate your kind understanding in advance.
- (2) Picture and sound problems may occur upon viewing, or live broadcast may not be viewed depending on your PC environment and conditions of the Internet connection, or due to the concentration of access from many shareholders and other factors.
- (3) Communication expenses and other fees required for viewing shall be borne by shareholders.
- (4) The taking of photographs, sound recording, video recording or publishing via social media of the live broadcast shall be prohibited.

■ Acceptance of advance questions

Acceptance period: Until Wednesday, March 15, 2023 at 5:30 p.m.

How to send questions: Please access the URL of the dedicated website (<https://www2.yamaha-motor.co.jp/jp/spt/shareholders-meeting2023/login>), log in using the shareholder number (9-digit number) printed on the Exercise of Voting Rights Form and your postal code (7-digit number) and enter your questions in the form for accepting advance questions.

Questions shall be relevant to the agenda of the meeting. We will accept only one question per shareholder. Questions that would be of high interest to shareholders will be responded to during the meeting, but individual replies will not be provided. We would appreciate your kind understanding in advance.

■ Inquiries

For inquiries regarding the shareholder number or the live broadcast, please contact:

Sumitomo Mitsui Trust Bank, Limited, Live Broadcast Support Desk

Phone: 0120-782-041 (toll-free within Japan)

Hours: 9:00 – 17:00 (JST) (every day except Saturday, Sunday and public holiday)

■ Measures to be taken at the meeting venue to prevent infections

- (1) We ask for your cooperation with disinfection, temperature check and other measures deemed necessary to ensure the safety of shareholders and all persons concerned. Those who are unwilling to cooperate will be asked not to enter the venue.
- (2) Those who were found to have a fever of 37.5 degrees Celsius or higher or a persistent cough upon admission check, or who are unwilling to wear masks continuously from the admission until leaving will be asked not to enter the venue. Those who are considered unwell may also be asked not to enter the venue.
- (3) The meeting staff will attend to their duties wearing masks after going through a health check.

If and when any revision is made to the measures shown above, the revised information will be posted on the Company's website on the Internet.
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Reference: Points of the Proposed Resolutions

Proposed Resolution 1 Appropriation of Surplus

The Company proposes to pay a year-end dividend of ¥67.50 per share for the current fiscal year. As a result, the annual dividend, including the interim dividend (¥57.50 per share), will be ¥125 per share.

Proposed Resolution 2 Election of Ten Directors

As all of the Directors will complete their respective terms of office, the Company proposes the election of ten (10) Directors.

Candidate No.	Name		New candidate or candidate for reappointment	Current positions and responsibilities in the Company
1	Katsuaki Watanabe		Candidate for reappointment	Chairman and Representative Director
2	Yoshihiro Hidaka		Candidate for reappointment	President, Chief Executive Officer and Representative Director
3	Heiji Maruyama		Candidate for reappointment	Director and Senior Executive Officer In charge of Research & Development, Powertrain and Vehicle Development Motorcycle Electrification Project Executive
4	Satohiko Matsuyama		Candidate for reappointment	Director and Senior Executive Officer In charge of Manufacturing, Manufacturing Technology, Procurement and Power Products New Mobility Project Executive
5	Motofumi Shitara		Candidate for reappointment	Director and Senior Executive Officer In charge of Human Resources & General Affairs, Corporate Planning & Finance Center, IT, Creative, Marine, Market Development and Customer Experience
6	Takuya Nakata	Outside Independent	Candidate for reappointment	Outside Director
7	Takehiro Kamigama	Outside Independent	Candidate for reappointment	Outside Director
8	Yuko Tashiro	Outside Independent	Candidate for reappointment	Outside Director
9	Tetsuji Ohashi	Outside Independent	Candidate for reappointment	Outside Director
10	Jin Song Montesano	Outside Independent	Candidate for reappointment	Outside Director

* Structure in the case that this proposal is approved.

Proposed Resolution 3 Election of Four Audit & Supervisory Board Members

As three (3) of the Audit & Supervisory Board Members, Kenji Hironaga, Junzo Saitoh and Masatake Yone, will complete their terms of office, the Company proposes to increase the number of Audit & Supervisory Board Members by one (1) to strengthen the audit and governance structures and elect four (4) Audit & Supervisory Board Members. If this proposal is approved, there will be five (5) Audit & Supervisory Board Members including Eriko Kawai, who is serving as Audit & Supervisory Board Member (Outside) at present.

Candidate No.	Name		New candidate or candidate for reappointment	Current positions
1	Junzo Saitoh		Candidate for reappointment	Audit & Supervisory Board Member (Full-Time)
2	Tadashi Tsumabuki		New candidate	Executive Vice President of Yamaha Motor Corporation, U.S.A.
3	Masatake Yone	Outside	Candidate for reappointment	Audit & Supervisory Board Member (Outside)
		Independent		
4	Ayumi Ujihara	Outside	New candidate	
		Independent		

Reference Documents for the 88th Ordinary General Meeting of Shareholders

Proposals and Reference Information

Proposed Resolution 1 Appropriation of Surplus

Regarding appropriation of surplus, the Company pays stable and continuous dividends while taking into consideration the outlook for business performance and investment for future growth in accordance with the new shareholder return policy as stated in the Medium-term Plan announced in 2022. The Company will continue to implement flexible shareholder returns in accordance with the scale of cash flows and has set the benchmark at a total shareholder return ratio of 40% as a cumulative total for the period of the Medium-term Plan.

The Company proposes to pay a year-end dividend of ¥67.50 per share for the current fiscal year. As a result, the annual dividend, including the interim dividend (¥57.50 per share), will be ¥125 per share.

- (1) Type of dividend property:

Cash

- (2) Distribution of dividend property, and the total amount distributed:

67.50 yen per share of common stock

Total amount: 22,832,063,055 yen

- (3) Effective date of distribution:

March 23, 2023

Proposed Resolution 2 Election of Ten Directors

All of the ten (10) Directors will complete their respective terms of office at the conclusion of this Ordinary General Meeting of Shareholders. Accordingly, Yamaha Motor Co., Ltd. (hereafter “the Company”) proposes the election of ten (10) Directors.

The Director candidates are as follows.

Candidate No.	Name (Date of birth)	Brief career summaries, positions and responsibilities in the Company and significant concurrent positions	No. of the Company shares held
1	Katsuaki Watanabe (November 15, 1959) Candidate for Reappointment	<p>April 1982: Joined the Company</p> <p>January 2007: Director and President of Yamaha Motor Parts Manufacturing Vietnam Co., Ltd.</p> <p>January 2009: Senior General Manager of BD Manufacturing Section, Manufacturing Center of the Company</p> <p>March 2010: Executive Officer of the Company</p> <p>November 2010: Chief General Manager of Manufacturing Center of the Company</p> <p>March 2011: Senior Executive Officer of the Company</p> <p>April 2013: Chief General Manager of Manufacturing Center and Executive General Manager of 1st Business Unit, MC Business Operations of the Company</p> <p>March 2014: Senior Executive Officer and Director of the Company</p> <p>March 2016: Managing Executive Officer and Director of the Company</p> <p>January 2018: Executive Vice President and Representative Director of the Company</p> <p>January 2022: Chairman and Representative Director of the Company (to present)</p> <p>- Term of office as a Director: Nine (9) years (at the conclusion of this Ordinary General Meeting of Shareholders)</p> <p>- Attendance at the Board of Directors Meetings: 13 out of 13 meetings (100%)</p> <p>- Reasons for the nomination of candidate for Director: The Company nominated Katsuaki Watanabe as a candidate for Director for the following reasons: he has personality traits required of a Director such as high ethics and fairness. With his experience and business track records as Representative Director of the Company since 2018, he is highly capable in corporate management that is required to deal with a variety of values as well as expertise in the procurement and manufacturing fields. Accordingly, he is expected to contribute to increasing corporate value of the Group and enhancing management supervisory capabilities of the Board of Directors.</p>	48,699

Candidate No.	Name (Date of birth)	Brief career summaries, positions and responsibilities in the Company and significant concurrent positions	No. of the Company shares held
2	Yoshihiro Hidaka (July 24, 1963) <div style="border: 1px solid black; padding: 2px; display: inline-block;">Candidate for Reappointment</div>	<p> April 1987: Joined the Company July 2010: Vice President of Yamaha Motor Corporation, U.S.A. January 2013: Executive General Manager of 3rd Business Unit, MC Business Operations of the Company March 2014: Executive Officer of the Company January 2015: Executive General Manager of 2nd Business Unit, MC Business Operations of the Company January 2016: Executive General Manager of 1st Business Unit, MC Business Operations and General Manager of Southeast & East Asia Sales Division of the Company January 2017: Chief General Manager of Corporate Planning & Finance Center of the Company March 2017: Senior Executive Officer and Director of the Company January 2018: President, Chief Executive Officer and Representative Director of the Company (to present) June 2018: Outside Director of Yamaha Corporation (to present) </p> <p> - Term of office as a Director: Six (6) years (at the conclusion of this Ordinary General Meeting of Shareholders) - Attendance at the Board of Directors Meetings: 13 out of 13 meetings (100%) - Reasons for the nomination of candidate for Director: The Company nominated Yoshihiro Hidaka as a candidate for Director for the following reasons: he has personality traits required of a Director such as high ethics and fairness. With his experience and business track records as President and Representative Director of the Company since 2018, he is highly capable in corporate management that is required to deal with a variety of values and has expertise in the management control and business strategy fields. Accordingly, he is expected to contribute to increasing corporate value of the Group and enhancing management supervisory capabilities of the Board of Directors. </p>	57,028

Candidate No.	Name (Date of birth)	Brief career summaries, positions and responsibilities in the Company and significant concurrent positions	No. of the Company shares held
3	Heiji Maruyama (February 8, 1962) Candidate for Reappointment	<p>April 1986: Joined the Company</p> <p>January 2010: General Manager of Engineering Division 1, AM Business Unit of the Company</p> <p>January 2012: Executive General Manager of AM Business Unit of the Company</p> <p>March 2015: Executive Officer of the Company</p> <p>January 2019: Chief General Manager of Powertrain Unit of the Company</p> <p>March 2019: Senior Executive Officer of the Company (to present)</p> <p>January 2021: Chief General Manager of Technical Research & Development Center of the Company</p> <p>March 2021: Director of the Company (to present)</p> <p>[Responsibilities] In charge of Research & Development, Powertrain and Vehicle Development Motorcycle Electrification Project Executive</p> <p>- Term of office as a Director: Two (2) years (at the conclusion of this Ordinary General Meeting of Shareholders)</p> <p>- Attendance at the Board of Directors Meetings: 13 out of 13 meetings (100%)</p> <p>- Reasons for the nomination of candidate for Director: The Company nominated Heiji Maruyama as a candidate for Director for the following reasons: he has personality traits required of a Director such as high ethics and fairness. With his experience and business track records as Chief General Manager of Technical Research & Development Center and Chief General Manager of Powertrain Unit of the Company and others, he is highly capable and has expertise in the technology and operation fields. Accordingly, he is expected to contribute to increasing corporate value of the Group and enhancing management supervisory capabilities of the Board of Directors.</p>	16,478

Candidate No.	Name (Date of birth)	Brief career summaries, positions and responsibilities in the Company and significant concurrent positions	No. of the Company shares held
4	Satohiko Matsuyama (August 11, 1963) <div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 5px auto;">Candidate for Reappointment</div>	<p>April 1986: Joined the Company</p> <p>January 2010: General Manager of MC Assembly Factory, BD Manufacturing Section, Manufacturing Center of the Company</p> <p>January 2013: Senior General Manager of Manufacturing Planning Section, Manufacturing Center of the Company</p> <p>January 2015: Executive General Manager of RV Business Unit, Vehicle & Solution Business Operations of the Company</p> <p>March 2015: Executive Officer of the Company</p> <p>January 2018: Chief General Manager of Manufacturing Center of the Company</p> <p>March 2019: Senior Executive Officer of the Company (to present)</p> <p>March 2022: Director of the Company (to present)</p> <p>[Responsibilities] In charge of Manufacturing, Manufacturing Technology, Procurement and Power Products New Mobility Project Executive</p> <p>- Term of office as a Director: One (1) year (at the conclusion of this Ordinary General Meeting of Shareholders)</p> <p>- Attendance at the Board of Directors Meetings (After taking office on March 23, 2022): 10 out of 10 meetings (100%)</p> <p>- Reasons for the nomination of candidate for Director: The Company nominated Satohiko Matsuyama as a candidate for Director for the following reasons: he has personality traits required of a Director such as high ethics and fairness. With his experience and business track records as Chief General Manager of Manufacturing Center of the Company and others, he is highly capable and has expertise in the manufacturing field. Accordingly, he is expected to contribute to increasing corporate value of the Group and enhancing management supervisory capabilities of the Board of Directors.</p>	17,768

Candidate No.	Name (Date of birth)	Brief career summaries, positions and responsibilities in the Company and significant concurrent positions	No. of the Company shares held
5	<p data-bbox="331 831 544 898">Motofumi Shitara (October 29, 1962)</p> <div data-bbox="320 913 544 1010" style="border: 1px solid black; padding: 2px;"> <p data-bbox="341 927 523 994">Candidate for Reappointment</p> </div>	<p data-bbox="568 277 1262 853"> April 1986: Joined the Company January 2011: General Manager of Business Planning Division, ME Business Unit, Marine Business Operations of the Company January 2015: Executive General Manager of ME Business Unit, Marine Business Operations of the Company March 2016: Executive Officer of the Company January 2017: Deputy Chief General Manager of Corporate Planning & Finance Center of the Company January 2018: Director and President of Yamaha Motor India Pvt. Ltd. and Director and President of Yamaha Motor India Sales Pvt. Ltd. January 2022: In charge of Corporate Affairs of the Company March 2022: Director and Senior Executive Officer of the Company (to present) </p> <p data-bbox="568 860 1262 1010"> [Responsibilities] In charge of Human Resources & General Affairs, Corporate Planning & Finance Center, IT, Creative, Marine, Market Development and Customer Experience </p> <p data-bbox="568 1016 1262 1579"> - Term of office as a Director: One (1) year (at the conclusion of this Ordinary General Meeting of Shareholders) - Attendance at the Board of Directors Meetings (After taking office on March 23, 2022): 10 out of 10 meetings (100%) - Reasons for the nomination of candidate for Director: The Company nominated Motofumi Shitara as a candidate for Director for the following reasons: he has personality traits required of a Director such as high ethics and fairness. With his experience and business track records as President of Yamaha Motor India Pvt. Ltd., Deputy Chief General Manager of Corporate Planning & Finance Center, and Executive General Manager of ME Business Unit, Marine Business Operations of the Company and others, he is highly capable and has expertise in the finance and management control fields. Accordingly, he is expected to contribute to increasing corporate value of the Group and enhancing management supervisory capabilities of the Board of Directors. </p>	15,846

The Outside Director candidates are as follows.

In addition to requirements in the independence criteria established by the Tokyo Stock Exchange, the Company has established its original “Standards for Selecting Independent Outside Directors / Audit & Supervisory Board Members” as stated below.

(Reference) Summary of “Standards for Selecting Independent Outside Directors / Audit & Supervisory Board Members”

I. Independent Outside Directors / Audit & Supervisory Board Members may not be:

1. Employees or former employees of the company
2. Major shareholders
3. Individuals in a “major customer” relationship with our corporate group
4. Individuals from companies that have accepted a director from Yamaha Motor Group
5. Individuals with some other type of vested interest in the Group
6. Individuals who might have a conflict of interest with our general shareholders

Moreover, individuals who are second-degree relatives, or cohabiting relatives, of any of those mentioned above in 1 through 5 may not be officers.

II. Individuals, despite being applicable to any of the 2 to 5 above, may be elected as independent outside directors/audit & supervisory board members of the company if they, in view of their personality and insight, are believed suitable as independent outside directors/audit & supervisory board members of the company on the condition that the individuals meet the requirements of an outside director/audit & supervisory board member as required under the Companies Act, and that public disclosure is made to explain the reasons for electing them as independent outside directors/audit & supervisory board members of the company.

As mentioned, the above is a summary of the “Standards for Selecting Independent Outside Directors / Audit & Supervisory Board Members.” For the full text, please visit our website, https://global.yamaha-motor.com/ir/governance/pdf/independent_en.pdf

Candidate No.	Name (Date of birth)	Brief career summaries, positions and responsibilities in the Company and significant concurrent positions	No. of the Company shares held
6	<p data-bbox="336 734 507 801">Takuya Nakata (June 8, 1958)</p> <div data-bbox="312 837 528 882" style="border: 1px solid black; padding: 2px; width: fit-content;">Outside Director</div> <div data-bbox="312 913 528 987" style="border: 1px solid black; padding: 2px; width: fit-content;">Independent Outside Director</div> <div data-bbox="312 1010 528 1106" style="border: 1px solid black; padding: 2px; width: fit-content;">Candidate for Reappointment</div>	<p data-bbox="555 259 1232 327">April 1981: Joined Nippon Gakki Co., Ltd. (currently Yamaha Corporation)</p> <p data-bbox="555 327 1232 394">October 2005: General Manager of PA/ DMI Division of Yamaha Corporation</p> <p data-bbox="555 394 1232 461">June 2006: Executive Officer of Yamaha Corporation</p> <p data-bbox="555 461 1232 528">June 2009: Director & Executive Officer of Yamaha Corporation</p> <p data-bbox="555 528 1232 595">April 2010: President of Yamaha Corporation of America</p> <p data-bbox="555 595 1232 663">June 2010: Senior Executive Officer of Yamaha Corporation</p> <p data-bbox="555 663 1232 730">June 2013: President and Representative Director of Yamaha Corporation</p> <p data-bbox="555 730 1232 797">March 2014: Outside Director of the Company (to present)</p> <p data-bbox="555 797 1232 864">June 2017: Director, President and Representative Executive Officer of Yamaha Corporation (to present)</p> <p data-bbox="555 864 1232 931">[Concurrent positions] President of Yamaha Music Foundation</p> <p data-bbox="555 954 1417 1043">- Term of office as a Director: Nine (9) years (at the conclusion of this Ordinary General Meeting of Shareholders)</p> <p data-bbox="555 1043 1417 1111">- Attendance at the Board of Directors Meetings: 13 out of 13 meetings (100%)</p> <p data-bbox="555 1111 1417 1379">- Reasons for the nomination of candidate for Outside Director: The Company requests shareholders to elect Takuya Nakata as an Outside Director in the belief that he will provide the Company's management with valuable advice and supervision based on his ample experience of management in general gained from his position as the Director, President and Representative Executive Officer of Yamaha Corporation and wide range of insights, by which the Company aims to increase the value of the Yamaha brand commonly used by both companies.</p> <p data-bbox="555 1379 1417 1592">- Expected role if appointed: Following his appointment, Takuya Nakata is expected to contribute to strengthening the supervisory functions of the Company's management and enhancing the brand value, as well as play a role in strengthening the governance of the Company as a member of the Executive Personnel Committee, which is involved in nominations and remuneration as a voluntary advisory body of the Board of Directors.</p>	23,700

Candidate No.	Name (Date of birth)	Brief career summaries, positions and responsibilities in the Company and significant concurrent positions	No. of the Company shares held
7	Takehiro Kamigama (January 12, 1958) <div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 5px auto;">Outside Director</div>	April 1981: Joined Tokyo Denki Kagaku Kogyo K.K. (currently TDK Corporation) June 2002: Corporate Officer of TDK Corporation June 2003: Senior Vice President of TDK Corporation June 2004: Director & Executive Vice President of TDK Corporation June 2006: President & Representative Director of TDK Corporation June 2016: Chairman & Representative Director of TDK Corporation June 2017: Outside Director of OMRON Corporation (to present) March 2018: Outside Director of the Company (to present) June 2018: Outside Director of SoftBank Corp. (to present) June 2018: Mission Executive of TDK Corporation March 2021: Outside Director of KOKUYO Co., Ltd. (to present)	0
	<div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 5px auto;">Independent Outside Director</div> <div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 5px auto;">Candidate for Reappointment</div>	<ul style="list-style-type: none"> - Term of office as a Director: Five (5) years (at the conclusion of this Ordinary General Meeting of Shareholders) - Attendance at the Board of Directors Meetings: 13 out of 13 meetings (100%) - Reasons for the nomination of candidate for Outside Director: The Company requests shareholders to elect Takehiro Kamigama as an Outside Director in the belief that he will provide valuable advice and supervision regarding the Company's management based on his wide range of insights and his ample experience of management and technology, through his experiences in various managerial positions, including the representative director of a global company. - Expected role if appointed: Following his appointment, Takehiro Kamigama is expected to contribute to strengthening the supervisory functions of the Company's management, as well as play a role in strengthening the governance of the Company as a member of the Executive Personnel Committee, which is involved in nominations and remuneration as a voluntary advisory body of the Board of Directors, and as chair of the round-table conference with the CEO (a system to determine reappointment based on review and evaluation of the CEO's duties). 	

Candidate No.	Name (Date of birth)	Brief career summaries, positions and responsibilities in the Company and significant concurrent positions	No. of the Company shares held
8	Yuko Tashiro (March 14, 1954) <div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 5px auto;">Outside Director</div> <div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 5px auto;">Independent Outside Director</div> <div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 5px auto;">Candidate for Reappointment</div>	<p>June 1986: Joined KPMG LLP July 1995: Partner of KPMG LLP November 2000: Sourcing Leader of GE Corporate Japan of General Electric International Inc. July 2003: Chief Financial Officer of PHOENIX RESORT CO., LTD. April 2005: Director, Chief Operating Officer and Chief Financial Officer of Aon Holdings Japan, Ltd. April 2010: Representative Director of TS Associates, Ltd. June 2012: Outside Director of Accordia Golf co., Ltd. March 2016: Auditor (External) of McDonald's Holdings Company (Japan), Ltd. (to present) June 2016: Representative Director, President and Chief Executive Officer of Accordia Golf co., Ltd. January 2018: Director and Chairman of the board of Accordia Golf co., Ltd. April 2018: Representative Director, Chairman of the board and President, CEO of Accordia Golf co., Ltd. March 2019: Outside Director of the Company (to present) March 2019: Chairman, CEO and Representative Director of NEXT GOLF MANAGEMENT CORPORATION April 2021: Chairman and Director of NEXT GOLF MANAGEMENT CORPORATION April 2021: Director and Chairman of the board of Accordia Golf co., Ltd. (to present)</p> <p>- Term of office as a Director: Four (4) years (at the conclusion of this Ordinary General Meeting of Shareholders) - Attendance at the Board of Directors Meetings: 13 out of 13 meetings (100%) - Reasons for the nomination of candidate for Outside Director: The Company requests shareholders to elect Yuko Tashiro as an Outside Director in the belief that she will provide valuable advice and supervision regarding the Company's management based on her wide range of insights and her ample experience of management based on her experiences in various managerial positions, including financial managers and the representative directors of several companies. - Expected role if appointed: Following her appointment, Yuko Tashiro is expected to contribute to strengthening the supervisory functions of the Company's management and promoting diversity & inclusion, as well as play a role in strengthening the governance of the Company as a member of the Executive Personnel Committee, which is involved in nominations and remuneration as a voluntary advisory body of the Board of Directors.</p>	0

Candidate No.	Name (Date of birth)	Brief career summaries, positions and responsibilities in the Company and significant concurrent positions	No. of the Company shares held
9	<p data-bbox="325 779 523 842">Tetsuji Ohashi (March 23, 1954)</p> <div data-bbox="309 864 531 913" style="border: 1px solid black; padding: 2px;">Outside Director</div> <div data-bbox="309 931 531 1021" style="border: 1px solid black; padding: 2px;">Independent Outside Director</div> <div data-bbox="309 1039 531 1128" style="border: 1px solid black; padding: 2px;">Candidate for Reappointment</div>	<p data-bbox="560 259 1233 1032"> April 1977: Joined Komatsu Ltd. January 2004: President and Chief Operating Officer (COO) of Komatsu America Corp. April 2007: Executive Officer of Komatsu Ltd. April 2008: Senior Executive Officer of Komatsu Ltd. June 2009: Director and Senior Executive Officer of Komatsu Ltd. April 2012: Director and Senior Executive Officer of Komatsu Ltd. April 2013: President and Representative Director, and CEO of Komatsu Ltd. April 2019: Chairman of the Board and Representative Director of Komatsu Ltd. March 2020: Outside Director of the Company (to present) June 2021: Outside Director of Nomura Research Institute, Ltd. (to present) March 2022: Outside Director of Asahi Group Holdings, Ltd. (to present) April 2022: Chairman of the Board of Komatsu Ltd. (to present) [Concurrent positions] Vice Chair of KEIDANREN </p> <p data-bbox="560 1048 1418 1648"> - Term of office as a Director: Three (3) years (at the conclusion of this Ordinary General Meeting of Shareholders) - Attendance at the Board of Directors Meetings: 13 out of 13 meetings (100%) - Reasons for the nomination of candidate for Outside Director: The Company requests shareholders to elect Tetsuji Ohashi as an Outside Director in the belief that he will provide valuable advice and supervision regarding the Company's management based on his wide range of insights and his ample experience of management and manufacturing, through his experiences in various managerial positions, including the representative director of a global company. - Expected role if appointed: Following his appointment, Tetsuji Ohashi is expected to contribute to strengthening the supervisory functions of the Company's management, as well as play a role in strengthening the governance of the Company as a member of the Executive Personnel Committee, which is involved in nominations and remuneration as a voluntary advisory body of the Board of Directors. </p>	0

Candidate No.	Name (Date of birth)	Brief career summaries, positions and responsibilities in the Company and significant concurrent positions	No. of the Company shares held
10	<p data-bbox="304 779 539 835">Jin Song Montesano (April 24, 1971)</p> <div data-bbox="304 846 539 902" style="border: 1px solid black; padding: 2px;">Outside Director</div> <div data-bbox="304 913 539 992" style="border: 1px solid black; padding: 2px;">Independent Outside Director</div> <div data-bbox="304 1003 539 1104" style="border: 1px solid black; padding: 2px;">Candidate for Reappointment</div>	<p data-bbox="563 264 1233 320">September 1995: Congressional Affairs Director of Korea Economic Institute of America (KEI)</p> <p data-bbox="563 331 1233 409">July 2001: Corporate & Government Affairs Director, Asia Pacific of GlaxoSmithKline plc.</p> <p data-bbox="563 421 1233 477">July 2005: Vice President, Communications, Asia Region of GE Money</p> <p data-bbox="563 488 1233 566">March 2009: Vice President, Corporate & Government Affairs, Asia Pacific of Kraft Foods, Inc.</p> <p data-bbox="563 577 1233 633">July 2012: Vice President, Global Public Affairs of GSK Vaccines</p> <p data-bbox="563 645 1233 768">November 2014: Executive Officer and Managing Director in charge of Public Affairs, CSR, and Environmental Strategy of LIXIL Group Corporation</p> <p data-bbox="563 779 1233 857">November 2014: Senior Managing Executive Officer and Chief Public Affairs Officer of LIXIL Corporation</p> <p data-bbox="563 869 1233 947">February 2015: Director, Senior Managing Executive Officer and Chief Public Affairs Officer of LIXIL Corporation</p> <p data-bbox="563 958 1233 1037">September 2017: Director, Senior Managing Director and Chief Public Affairs Officer of LIXIL Corporation</p> <p data-bbox="563 1048 1233 1238">June 2020: Director and Executive Vice President in charge of Human Resources, General Affairs, Public Affairs, IR, External Affairs and Corporate Responsibility, and Chief People Officer of LIXIL Group Corporation</p> <p data-bbox="563 1249 1233 1440">December 2020: Director and Executive Vice President in charge of Human Resources, General Affairs, Public Affairs, IR, External Affairs and Corporate Responsibility, and Chief People Officer of LIXIL Corporation</p> <p data-bbox="563 1451 1233 1507">March 2022: Outside Director of the Company (to present)</p> <p data-bbox="563 1518 1233 1686">October 2022: Director and Executive Vice President in charge of Human Resources, General Affairs, Public Affairs, External Affairs and Corporate Responsibility, and Chief People Officer of LIXIL Corporation (to present)</p> <p data-bbox="563 1697 1233 1798">* As of December 1, 2020, LIXIL Group Corporation and LIXIL Corporation formed a merger (New company name: LIXIL Corporation)</p>	0

Candidate No.	Name (Date of birth)	Brief career summaries, positions and responsibilities in the Company and significant concurrent positions	No. of the Company shares held
		<ul style="list-style-type: none"> - Term of office as a Director: One (1) year (at the conclusion of this Ordinary General Meeting of Shareholders) - Attendance at the Board of Directors Meetings (After taking office on March 23, 2022): 10 out of 10 meetings (100%) - Reasons for the nomination of candidate for Outside Director: The Company requests shareholders to elect Jin Song Montesano as an Outside Director in the belief that she will provide valuable advice and supervision regarding the Company's management based on her wide range of insights and her ample experience of management overall and in the areas of human resources, general affairs, public affairs, external affairs, and corporate responsibility through her experiences in various managerial positions in corporate affairs of a global company. - Expected role if appointed: Following her appointment, Jin Song Montesano is expected to contribute to strengthening the supervisory functions of the Company's management and promoting diversity & inclusion, as well as play a role in strengthening the governance of the Company as a member of the Executive Personnel Committee, which is involved in nominations and remuneration as a voluntary advisory body of the Board of Directors. 	

Notes:

1. Special interests between the Company and the candidates

Of the candidates for Directors, those who have special interests with the Company are as follows.

- (1) Takuya Nakata Mr. Nakata is concurrently serving as Director, President and Representative Executive Officer of Yamaha Corporation, a company with which the Company has transactions, such as real estate leases. Transactions between the two companies account for less than 1% of each company's consolidated net sales.
- (2) Takehiro Kamigama Mr. Kamigama served as Chairman & Representative Director of TDK Corporation until June 2018, a company with which the Company has transactions, such as purchase/sale of products. Transactions between the two companies account for less than 1% of each company's consolidated net sales.
- (3) Tetsuji Ohashi Mr. Ohashi served as Chairman of the Board and Representative Director of Komatsu Ltd. until March 2022, a company with which the Company has transactions, such as purchase/sale of products. Transactions between the two companies account for less than 1% of each company's consolidated net sales.

2. Matters relating to candidates

Takuya Nakata, Takehiro Kamigama, Yuko Tashiro, Tetsuji Ohashi and Jin Song Montesano are candidates for Outside Directors.

3. Summary of details of the liability limitation agreement with candidates for Outside Directors

The Company has entered into liability limitation agreements stipulated in Paragraph 1 of Article 423 of the Corporation Act of Japan with Takuya Nakata, Takehiro Kamigama, Yuko Tashiro, Tetsuji Ohashi and Jin Song Montesano for the maximum amount of the liability for damages, which is up to the minimum amount of liability stipulated in Paragraph 1 of Article 425 of the Corporation Act of Japan. If this proposal is approved, the Company intends to continue the liability limitation agreements with them.

4. Summary of details of the Directors and Officers liability insurance contract

The Company has entered into a Directors and Officers liability insurance contract to insure all the Directors. If insured Directors are held liable for execution of their duties or receive a claim regarding the examination of their liability, the resulting damage to be borne will be covered by the contract. In the event each candidate assumes the office of Director, they will be insured by the said insurance contract.

5. Independent Outside Directors

The Company has registered Takuya Nakata, Takehiro Kamigama, Yuko Tashiro, Tetsuji Ohashi and Jin Song Montesano as Independent Outside Directors according to the regulations provided by the Tokyo Stock Exchange, Inc.

Summary of "Standards for Selecting Independent Outside Directors / Audit & Supervisory Board Members" is described on page 12.

The reason for electing Takuya Nakata as an Independent Outside Director (applies to the Company's Standards for Selecting Independent Outside Directors / Audit & Supervisory Board Members II)

The same Yamaha brand is mutually shared by the Company and Yamaha Corporation in which Takuya Nakata concurrently serves as Director, President and Representative Executive Officer, and the value of this brand constitutes significant element of the corporate value of both companies. As the Company and Yamaha Corporation share the same brand, both companies have an interactive relationship where increase in the brand value by the sustainable growth at either gives positive impact on the other, while conversely, impairment of the brand through violation of laws or lack of governance at either gives significant adverse impact on both companies. Yamaha Corporation best understands the Yamaha brand which serves as the pillar in the management of the Company, sharing common interest with general shareholders of the Company in pursuing the enhancement of the Company's brand value, but without being its major trading partner in the past, and is not listed among its major shareholders any longer since 2017. In addition, Mr. Nakata currently provides valuable opinions and advice based on his experience as global corporate manager at the Board of Directors Meetings of the Company. As such, the Company believes that Mr. Nakata, with no likelihood to give rise to any conflicts of interest with general shareholders of the Company, is able to perform his responsibility and duty of supervising the management from an independent standpoint that can maximize the interest of shareholders at both companies.

6. Special matters relating to candidates for Outside Directors

TDK Corporation, where Takehiro Kamigama served as Chairman & Representative Director until June 2018, received a cease and desist order and a surcharge payment order related to transactions in suspensions for hard disk drives (HDDs) from the Japan Fair Trade Commission in February 2018. However, said company and its group companies filed an application under the system for reduction of or release from surcharges and the system was subsequently applied. Therefore, they are exempted from surcharges and not subject to a cease and desist order. Takehiro Kamigama presented his proposals on

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the daily operation from the viewpoint of legal compliance and compliance management, and after the fact was revealed, strove to eliminate all conducts leading to violations of the Antimonopoly Act and to promote the application of overall internal control systems in the whole group in a timely and appropriate manner.

7. Abbreviations: BD: Body, MC: Motorcycle, AM: Automotive, RV: Recreational Vehicle, ME: Marine Engine

Proposed Resolution 3 Election of Four Audit & Supervisory Board Members

Three (3) of the Audit & Supervisory Board Members, Mr. Kenji Hironaga, Mr. Junzo Saitoh and Mr. Masatake Yone, will complete their terms of office at the conclusion of this Ordinary General Meeting of Shareholders. The Company proposes to increase the number of Audit & Supervisory Board Members by one (1) to strengthen the audit and governance structures and to elect four (4) Audit & Supervisory Board Members. If this proposal is approved, there will be five (5) Audit & Supervisory Board Members including Ms. Eriko Kawai, who is serving as Audit & Supervisory Board Member (Outside) at present. This proposal is submitted with the consent of the Audit & Supervisory Board.

The Audit & Supervisory Board Member candidates are as follows.

Candidate No.	Name (Date of birth)	Brief career summaries and significant concurrent positions	No. of the Company shares held
1	Junzo Saitoh (February 6, 1960) Candidate for Reappointment	<p>November 1985: Joined the Company</p> <p>February 2008: General Manager of Legal & Intellectual Property Division of the Company</p> <p>April 2011: Representative Director and President of Yamaha Motor Espana S.A.</p> <p>May 2012: Vice President of Yamaha Motor Europe N.V.</p> <p>January 2014: Deputy Chief General Manager of Human Resources & General Affairs Center and General Manager of Legal & Intellectual Property Division of Human Resources & General Affairs Center of the Company</p> <p>January 2015: Deputy Chief General Manager of Human Resources & General Affairs Center of the Company</p> <p>March 2015: Executive Officer of the Company</p> <p>March 2015: Chief General Manager of Human Resources & General Affairs Center</p> <p>March 2017: Senior Executive Officer of the Company</p> <p>March 2019: Audit & Supervisory Board Member (Full-Time) of the Company (to present)</p>	15,929
		<p>- Term of office as an Audit & Supervisory Board Member: Four (4) years (at the conclusion of this Ordinary General Meeting of Shareholders)</p> <p>- Attendance at the Board of Directors Meetings: 13 out of 13 meetings (100%)</p> <p>- Attendance at Audit & Supervisory Board Meetings 17 out of 17 meetings (100%)</p> <p>- Reasons for the nomination of candidate for Audit & Supervisory Board Member: Junzo Saitoh has personality traits required of an Audit & Supervisory Board Member such as high ethics and fairness and possesses extensive expertise in the legal, human resource and business management fields based on his experience and business track records as Executive Officer of the Company and others. The Company requests shareholders to elect him as an Audit & Supervisory Board Member in the belief that he will utilize his accumulated experience and insights for audits as he has been engaged in appropriate audits of the Company as an Audit & Supervisory Board Member (Full-Time) since taking office as an Audit & Supervisory Board Member.</p>	

Candidate No.	Name (Date of birth)	Brief career summaries and significant concurrent positions	No. of the Company shares held
2	Tadashi Tsumabuki (October 29, 1961)	April 1984: Joined MITSUI & CO., LTD. April 2009: Dispatched to Corporate Planning Division of the Company December 2016: Joined the Company January 2017: Executive Vice President of Yamaha Motor Corporation, U.S.A. (to present)	0
	<div style="border: 1px solid black; padding: 2px; width: fit-content;">New Candidate</div>	- Reasons for the nomination of candidate for Audit & Supervisory Board Member: Tadashi Tsumabuki has personality traits required of an Audit & Supervisory Board Member such as high ethics and fairness and possesses extensive expertise in the operation and business management fields based on his experience and business track records as Executive Vice President of Yamaha Motor Corporation, U.S.A. and others. The Company requests shareholders to elect him as an Audit & Supervisory Board Member in the belief that he will utilize his accumulated experience and insights for audits as an Audit & Supervisory Board Member (Full-Time).	

Candidate No.	Name (Date of birth)	Brief career summaries and significant concurrent positions	No. of the Company shares held
3	<p data-bbox="331 891 507 958">Masatake Yone (July 8, 1954)</p> <div data-bbox="308 965 539 1070" style="border: 1px solid black; padding: 2px;"> <p data-bbox="316 976 531 1059">Audit & Supervisory Board Member (Outside)</p> </div> <div data-bbox="308 1093 539 1176" style="border: 1px solid black; padding: 2px;"> <p data-bbox="331 1099 523 1167">Independent Outside Audit & Supervisory Board Member</p> </div> <div data-bbox="308 1189 539 1272" style="border: 1px solid black; padding: 2px;"> <p data-bbox="331 1200 515 1256">Candidate for Reappointment</p> </div>	<p data-bbox="560 259 1225 1350"> April 1981: Registered as an Attorney March 1987: Registered as a New York State Attorney July 1987: Joined Mori Sogo (currently Mori Hamada & Matsumoto) January 1989: Partner Attorney of Mori Hamada & Matsumoto April 2000: Lecturer at Graduate School of International Corporate Strategy, Hitotsubashi University March 2008: Outside Director of GCA Savvian Group Corporation (currently Houlihan Lokey Corporation) April 2011: Vice President of Daini Tokyo Bar Association June 2011: Outside Corporate Auditor of BANDAI NAMCO Games Inc. (currently BANDAI NAMCO Entertainment Inc.) (to present) June 2013: Audit and Supervisory Board Member (External) of Terumo Corporation June 2015: Independent Director (Audit/Supervisory Committee Member) of Terumo Corporation March 2016: Outside Director (Audit & Supervisory Committee Member) of GCA Corporation (currently Houlihan Lokey Corporation) (to present) March 2019: Audit & Supervisory Board Member (Outside) of the Company (to present) December 2019: Director (Outside) of Skymark Airlines Inc. (to present) January 2020: Senior Counsel of Mori Hamada & Matsumoto (to present) </p> <p data-bbox="560 1368 1423 1908"> - Term of office as an Audit & Supervisory Board Member: Four (4) years (at the conclusion of this Ordinary General Meeting of Shareholders) - Attendance at the Board of Directors Meetings: 13 out of 13 meetings (100%) - Attendance at Audit & Supervisory Board Meetings: 17 out of 17 meetings (100%) - Reasons for the nomination of candidate for Audit & Supervisory Board Member (Outside): Masatake Yone has been engaged in appropriate audits of the Company as an Audit & Supervisory Board Member (Outside) since taking office as an Audit & Supervisory Board Member based on his extensive expertise as an attorney and ample experience and wide range of insights as an outside director at corporations. The Company requests shareholders to reelect him as an Audit & Supervisory Board Member (Outside) in the belief that he will contribute to further strengthening the audit function and governance structure. </p>	0

Candidate No.	Name (Date of birth)	Brief career summaries and significant concurrent positions	No. of the Company shares held
4	Ayumi Ujihara (September 12, 1961) Audit & Supervisory Board Member (Outside) Independent Outside Audit & Supervisory Board Member New Candidate	<p>April 1984: Joined BROTHER INDUSTRIES, LTD.</p> <p>March 1994: Joined Itoh Audit Firm</p> <p>April 2000: Joined Tokai Local Finance Bureau as a financial securities inspector</p> <p>July 2003: Joined ChuoAoyama Audit Corporation</p> <p>August 2006: Joined PricewaterhouseCoopers Arata (currently PricewaterhouseCoopers Arata LLC)</p> <p>July 2015: Partner of PricewaterhouseCoopers Arata</p> <p>July 2022: Representative of Ayumi Ujihara CPA office (to present)</p> <p>- Reasons for the nomination of candidate for Audit & Supervisory Board Member (Outside): The Company requests shareholders to elect Ayumi Ujihara as an Audit & Supervisory Board Member (Outside) in the belief that she will contribute to further strengthening the audit function and governance structure based on her extensive expertise and experience in the field of accounting as a certified public accountant who has audited international corporations and others.</p>	0

1. Special interests between the Company and the candidates

There is no special interest between the Company and each candidate.

2. Matters relating to the candidates

Masatake Yone and Ayumi Ujihara are candidates for Audit & Supervisory Board Members (Outside).

3. Summary of details of the liability limitation agreement with the candidates for Audit & Supervisory Board Members

The Company has entered into a liability limitation agreement stipulated in Paragraph 1 of Article 423 of the Corporation Act of Japan with Junzo Saitoh and Masatake Yone for the maximum amount of the liability for damages, which is up to the minimum amount of liability stipulated in Paragraph 1 of Article 425 of the Corporation Act of Japan. If this proposal is approved, the Company intends to continue the liability limitation agreement with them and newly enter into a similar agreement with Tadashi Tsumabuki and Ayumi Ujihara.

4. Summary of details of the Directors and Officers liability insurance contract

The Company has entered into a Directors and Officers liability insurance contract to insure all the Audit & Supervisory Board Members. If insured Audit & Supervisory Board Members are held liable for execution of their duties or receive a claim regarding the examination of their liability, the resulting damage to be borne will be covered by the contract. In the event each candidate assumes the office of Audit & Supervisory Board Member, they will be insured by the said insurance contract.

5. Independent Outside Audit & Supervisory Board Members

The Company has registered Masatake Yone as an Independent Outside Audit & Supervisory Board Member according to the regulations provided by the Tokyo Stock Exchange, Inc. In addition, on the condition that this proposal is approved, the Company has registered Ayumi Ujihara as an Independent Outside Audit & Supervisory Board Member according to the regulations provided by the Tokyo Stock Exchange, Inc. Summary of "Standards for Selecting Independent Outside Directors / Audit & Supervisory Board Members" is described on page 12.

6. Special matters relating to Audit & Supervisory Board Members (Outside)

Skymark Airlines Inc., where Masatake Yone has served as Director (External) since December 2019, received a business improvement order and warning (administrative guidance) in relation to the duties of the

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company's safety management officers from the Ministry of Land, Infrastructure, Transport and Tourism on February 7, 2023, issued for an incident that occurred during his term of office on December 25, 2022 concerning a situation in which a mechanic performed a pre-flight inspection under the influence of alcohol without undertaking a required sobriety test.

Masatake Yone was not aware of the facts of this matter before it was revealed, and regularly presented his proposals on daily operations from the viewpoint of legal compliance.

After the incident was revealed, he presented proposals to conduct a thorough investigation and strengthen internal controls and develop strict compliance in order to prevent recurrence.

(Reference) Composition of Directors and Audit & Supervisory Board Members [Schedule after March 22, 2023]

●Basic views on the composition of the Board of Directors and Audit & Supervisory Board

Under the corporate mission of being a “Kando Creating Company,” the Board of Directors plays a role in supporting the Company’s sustainable growth and enhancement of its corporate and brand value. To ensure the implementation of the Company’s growth strategies for the future, the Board of Directors establishes an environment that supports appropriate risk-taking and decisive decision-making by management, and it multilaterally understands and appropriately oversees issues and risks associated with the implementation of the Company’s management strategies from the viewpoint of fulfilling responsibilities to various stakeholders, including shareholders and investors.

In consideration of fiduciary responsibilities to shareholders, the Audit & Supervisory Board, as a body independent of the Board of Directors, requests the Company and its subsidiaries to submit reports on their business activities, surveys the status of business operations and properties, exercises rights in respect of appointing and dismissing external auditors and audit compensation, attends meetings of the Board of Directors and other important meetings, and provides opinions as needed. Through these tasks, the Audit & Supervisory Board audits the legality and appropriateness of the Directors’ execution of duties, internal control systems, and the performance and financial position of the Company and its subsidiaries.

In light of the above, from the viewpoint of maintaining an overall balance in terms of knowledge, experience and ability, and in consideration of diversity and scale, the composition of the Board of Directors and Audit & Supervisory Board are defined, and the following skills have been identified as those that should be provided.

●Reasons for selection and definition of skills

Corporate Management	Under the corporate mission of being a “Kando Creating Company,” the Company is developing several businesses, including motorcycles and outboard motors, in more than 180 countries and regions. In order to achieve sustainable growth even in the midst of drastic changes in the business environment, such as CASE, the Company needs officers with management experience in global companies and manufacturing companies.
Finance /Accounting / M&A	The Company uses sales growth rate and ROIC to clarify the positioning of its businesses and implements portfolio management to allocate management resources appropriately. In order to promote its growth strategy and enhance shareholder returns through this strategy, the Company requires officers with knowledge and experience in finance/accounting/M&A.
Procurement / Manufacturing	In order to promote break-even management, it is necessary to continue efforts to reduce costs and improve productivity in procurement and manufacturing, and the Company needs officers with knowledge and experience in procurement and production at manufacturing companies.
Technology / R&D	In order to respond to CASE and to grow the new businesses indicated in the Medium-term Plan into future core businesses, the Company needs officers with knowledge of basic and advanced technologies and experience in innovation.
Marketing / Sales	In order to accurately respond to diversifying customer needs, the company needs officers who are familiar with each market and have experience in developing and executing marketing/sales strategies.
IT / DX	In order to strengthen the management base and improve customer experience value, the use of IT is essential, and the Company needs officers with knowledge and experience in IT/DX.
(E) Environment / Carbon-neutral	The Company aims to achieve carbon neutral by 2050, and in order to accelerate its efforts, it needs officers with knowledge and experience in the environmental field.
(S) DE&I / Human Resources Development	In order to respond to the rapidly changing market needs in addition to the global business environment, it is necessary to secure diverse human resources and strengthen the skills of each employee. The Company needs officers with knowledge and experience in DE&I promotion and human resource development.

(G) Legal / Risk Management	Strengthening governance is important to the Company which operates on a global scale. The Company needs officers who have knowledge and experience in domestic and international legal systems and various regulations, who can properly assess the risks, and who can lead prevention and countermeasures.
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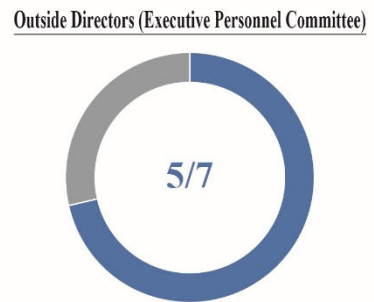
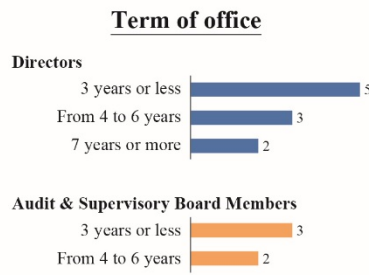
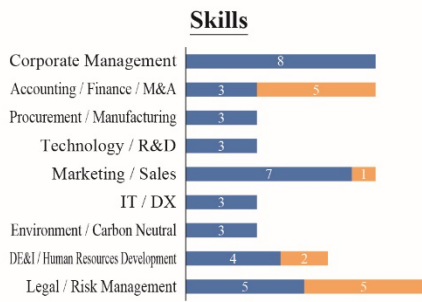
Global Experience	The Company operates in more than 180 countries and regions, with overseas sales exceeding 90% of total sales. The Company needs officers who have experience working for multinational companies and in local markets, combined with knowledge and experience of foreign cultures and business practices.
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●Skills matrix

Of the skills possessed by Directors and Audit & Supervisory Board Members, the Company specifically expects them to demonstrate the skills marked as below. A maximum of four skills are marked for each Director and Audit & Supervisory Board Member.

	Directors and Audit & Supervisory Board Members	Term of office (years)	Age	Gender	Independent	Global Experience	Corporate Management	Accounting / Finance / M&A	Procurement / Manufacturing	Technology / R&D	Marketing / Sales	IT / DX	E	S	G
													Environment / Carbon-neutral	DE&I / Human Resources Development	Legal / Risk Management
Directors	Katsuaki Watanabe	9	63	Male		○	●		●		●				●
	Yoshihiro Hidaka	6	59	Male		○	●	●					●	●	
	Heiji Maruyama	2	61	Male			●			●	●		●		
	Satohiko Matsuyama	1	59	Male		○			●		●		●		
	Motofumi Shitara	1	60	Male		○		●			●	●		●	
Outside Directors	Takuya Nakata	9	64	Male	Independent	○	●			●	●	●			
	Takehiro Kamigama	5	65	Male	Independent	○	●			●	●				●
	Yuko Tashiro	4	69	Female	Independent	○	●	●						●	●
	Tetsuji Ohashi	3	68	Male	Independent	○	●		●			●			●
	Jin Song Montesano	1	51	Female	Independent	○	●				●			●	●
Audit & Supervisory Board Members (Full-Time)	Junzo Saitoh	4	63	Male		○		●						●	●
	Tadashi Tsumabuki	-	61	Male		○		●			●				●
Audit & Supervisory Board Members (Outside)	Masatake Yone	4	68	Male	Independent	○		●							●
	Eriko Kawai	2	64	Female	Independent	○		●						●	●
	Ayumi Ujihara	-	61	Female	Independent			●							●

● Skill charts ■ Directors ■ Audit & Supervisory Board Members



(Attached Documents)**Business Report**

(From January 1, 2022 to December 31, 2022)

1. Current Conditions of the Yamaha Motor Group**(1) Business Developments and Results**

During the fiscal year ended December 31, 2022, the global economy experienced a high number of destabilizing factors, including Russia's protracted invasion of Ukraine, the lockdown in China on account of a resurgence in COVID-19 infections, and sharp exchange rate fluctuations. In addition, rising interest rates in the U.S. in the second half of the year led to growing concerns of a global economic slowdown.

In the Company's business, even amid continued strong demand for outdoor leisure activities, persistent shortages of semiconductor and other components, supply chain disruptions, and other factors resulted in shortages in product supply. Moreover, costs such as raw material, logistics, and labor costs soared to unprecedented levels. On the other hand, the yen's depreciation became a tailwind for the Company.

Amid this economic environment, the Company's development, manufacturing, and sales teams worked together to minimize the impact of parts procurement shortages, while we also promoted self-help efforts such as cost control and cost reductions with break-even management in mind, and also passed on prices to our customers.

As a result, the Company's consolidated net sales for the fiscal year under review increased ¥436.0 billion, or 24.1%, year on year, to ¥2,248.5 billion, operating income increased ¥42.5 billion, or 23.3%, to ¥224.9 billion, ordinary income increased ¥49.9 billion, or 26.3%, to ¥239.3 billion, and net income attributable to owners of parent increased ¥18.9 billion, or 12.1%, to ¥174.4 billion, leading us to achieve record-high sales and respective income. This also marked the first time ever for the Company that net sales have exceeded ¥2,000.0 billion, and for operating income and ordinary income to surpass ¥200.0 billion.

Exchange rates for the fiscal year under review were ¥132 to the U.S. dollar (a depreciation of ¥22, year on year) and ¥138 to the euro (a depreciation of ¥8, year on year).

Net sales increased in the Company due to strong demand for outboard motors in developed countries, and the recovery of demand for motorcycles in emerging markets, despite the impact of supply shortages caused by global supply chain disruptions. Operating income also increased owing to continued cost reductions, the realization of price pass-on effects, and the positive impact of the yen's depreciation, despite a significant increase in costs, chiefly raw material and distribution costs.

In terms of financial indicators, ROE was 18.7% (a year-on-year decrease of 1.0 percentage points), ROIC was 11.9% (a year-on-year decrease of 0.5 percentage points), ROA was 11.2% (a year-on-year increase of 0.7 percentage points), all of which exceeded the Medium-term Plan. Shareholders' equity was ¥1,003.1 billion (an increase of ¥143.8 billion from the end of the previous fiscal year) and shareholders' equity ratio was 45.9% (a year-on-year decrease of 0.9 percentage points). In addition, free cash flow (including sales finance) was negative ¥3.2 billion (a year-on-year decrease of ¥93.5 billion).

The status of each business is as follows.

Land mobility [Main products and services: Motorcycles, intermediate parts for products, knockdown parts for overseas production, all-terrain vehicles, recreational off-highway vehicles (ROV), snowmobiles, electrically power assisted bicycles, electrically powered wheelchairs, automobile engines and automobile components]

Net sales increased ¥288.5 billion, or 24.5%, year on year, to ¥1,468.2 billion, and operating income increased ¥18.7 billion, or 27.2%, year on year, to ¥87.4 billion.

With regard to motorcycles, demand in developed markets was strong, with increased unit sales in Europe and North America. Demand rose in emerging markets owing to progress made in the recovery of economic activities in a range of countries, and unit sales increased in Indonesia, Vietnam, India and other countries. Although the shortage of semiconductors and other components has been more prolonged than expected, we were able to minimize the impact by procuring alternative components and thoroughly managing production, resulting in an increase in sales. Operating income increased, despite soaring production costs, such as raw material prices and logistics costs, due to the implementation of price pass-on efforts and the positive effect of yen depreciation.

In the RV category (all-terrain vehicles, recreational off-highway vehicles and snowmobiles), outdoor recreation demand remained strong, but supply constraints continued due to parts shortages and supply chain disruptions. Despite decreased unit sales, net sales increased due to price pass-on efforts and the favorable effect of yen depreciation. Operating income decreased due to lower production capacity utilization at the U.S. production sites and sharply higher production costs.

As for electrically power assisted bicycles, the second quarter saw significant production delays arise due to parts shortages caused by the Shanghai lockdown and logistics delays caused by shipping container shortages. The situation has been improving since then, but it has not been enough to make up for the decline in unit sales. Net sales increased slightly, partly due to the positive effect of the depreciation of the yen. Operating income decreased, due in part to the recording of provision for product warranties on account of a battery recall in the first quarter, despite efforts to pass on higher costs to customers.

Marine products [Main products and services: Outboard motors, personal watercraft, boats, FRP pools, fishing boats and utility boats]

Net sales increased ¥125.9 billion, or 32.2%, year on year, to ¥517.0 billion, and operating income increased ¥32.4 billion, or 42.2%, to ¥109.2 billion.

In outboard motors, the outdoor leisure boom in developed countries continued, and demand for large outboard motors, especially those with 200 horsepower or more, remained strong. Despite the impact of shipping container shortages and disruptions at U.S. ports, the situation gradually improved and unit sales increased. In addition, tourism demand in emerging countries recovered. Demand for watercraft remained strong, but supply continued to be hampered by component shortages and supply chain turmoil, and unit sales decreased. In the Marine products business as a whole, both sales and income increased due to the positive effect of the yen's depreciation, in addition to progress made in price pass-on efforts from the third quarter of the fiscal year.

Robotics [Main products and services: Surface mounters, semiconductor manufacturing equipment, industrial robots and industrial-use unmanned helicopters]

Net sales decreased ¥4.4 billion, or 3.7%, year on year, to ¥115.9 billion, and operating income decreased ¥5.7 billion, or 32.6%, to ¥11.9 billion.

In China, capital investment demand declined due to the impact of the Shanghai lockdown and delayed economic recovery, but investment for automotive applications in Europe and the U.S., the China Plus One movement, and capital investment for the transition to homegrown production remained strong. With regard to surface mounters, sales in developed countries, especially Japan, increased steadily due to large investments in automotive systems, while sales in China, Taiwan, and Korea declined due to a downturn in demand. Sales of industrial robots and semiconductor production equipment also declined in China, Taiwan, and other markets. As a result, overall sales in the Robotics business declined. Operating income declined on account of soaring components and logistics costs.

Financial services [Main products and services: Sales finance and lease related to the Company's products]
Net sales increased ¥13.5 billion, or 27.8%, year on year, to ¥62.2 billion, and operating income decreased ¥1.6 billion, or 8.4%, to ¥17.5 billion.

Sales finance receivables increased in all regions, buoying sales. Operating income decreased due to higher funding rates resulting from the impact of interest rate hikes, as well as the recording of allowance for doubtful accounts in view of the risks involved, while allowance for doubtful accounts had decreased in the previous year as a one-time factor.

Others [Main products and services: Golf cars, generators, multi-purpose engines and small-sized snow throwers]

Net sales increased ¥12.4 billion, or 17.1%, year on year, to ¥85.1 billion, and operating loss was ¥1.2 billion, against operating income of ¥0.0 billion in the previous fiscal year.

As for golf cars, sales increased owing to sales of higher-price-range models and efforts to pass on higher costs to customers, but operating income declined on account of factors including soaring raw material prices and increased fixed costs caused by supply chain disruption.

(2) Capital Expenditures

The Group made investments of ¥88.2 billion in total during fiscal 2022.

In the Land mobility business, investments of ¥56.8 billion were made mainly for replacing production facilities, new motorcycle products, improving production systems and R&D. In the Marine products business, investments of ¥18.3 billion were made mainly for new outboard motor products and replacing production facilities. In the Robotics business, investments of ¥7.9 billion were made mainly for research and development for surface mounters and industrial robots, expanding the plant, and new industrial-use unmanned helicopter products. In the Other business, investments of ¥5.2 billion were made mainly for new golf car products.

(3) Fund Raising

Nothing to be especially reported.

(4) Key Priorities the Group Must Address

In recent years, we have seen a rapid acceleration of changes in the environment, such as increased awareness of sustainability and digitalization. The Company will once again return to the essentials, such as growth strategies and foundation reinforcement, to speed up the pace of change. We will enhance growth potential and further increase corporate value to achieve the long-term vision of “ART for Human Possibilities: There Is Greater Joy Yet to Come” toward 2030.

○ Progress of the Medium-term Plan

Starting from the current Medium-term plan, the Company has implemented portfolio management to appropriately allocate management resources to each business for the future. For the first year’s performance, the financial indicators of growth, profitability, and efficiency achieved their targets. While the core business progressed steadily, the growth rate of the growth business slowed down due to the Shanghai lockdown and short-term demand slowdown. New businesses are making steady progress, including the official launch of new services and automation demonstration tests in new fields.

■ Strategic business fields

[New businesses]

We have established “Rethinking Solution” as one of the themes in our long-term vision. We will promote new value creation unique to Yamaha to address social issues, and accelerate business development that will contribute to achieving the SDGs through technologies and knowledge we have accumulated until now and through co-creation activities with partners.

In mobility services, we have started operations in India and Nigeria. Through the rental of vehicles, we will conduct asset management business and at the same time contribute to improving people’s quality of life by creating job opportunities through our business.

With low-speed autonomous driving, the Company has organized a joint venture with TIER IV Inc. and officially launched the provision of unmanned automated transport services “eve auto” to meet a wide range of indoor and outdoor needs. This is the first commercial service in Japan for automated transport using self-driving EVs. We aim to expand our business by strengthening our sales structure and responding to the growing needs for logistics automation.

With regard to automation in the medical and health sectors, the Company has delivered “CELL HANDLER,” which streamlines the cell culture process, to a national research institute. In agricultural automation, we are advancing development and demonstration experiments through collaboration, including the dispatch of engineers to companies in which we have invested.

[Robotics (growth business)]

In the medium to long term, the market is expected to continue to grow amid the increasing need for digitization and automation in various fields. We aim to further expand the scale and scope of our business and further improve profitability while increasing synergy effects between sales and development including YAMAHA ROBOTICS HOLDINGS CO., LTD. In addition, we have commenced the expansion of our plant in order to increase production capacity in preparation for business expansion. Globally, we have established a new company in Singapore in January 2023 to expand our business in Southeast Asia and India, where demand is growing.

[SPV business (growth business)]

Since launching the world’s first electrically power assisted bicycle in 1993, we have been supported by many customers and will celebrate our 30th anniversary in 2023. The market continues to expand, driven by changes in people’s mobility patterns and increasing global environmental regulations and consciousness. The Company aims to expand the business scale beyond market growth and double our sales by strengthening the competitiveness of e-Kit and introducing new models of complete vehicles. The Company has announced that it will introduce its own brand of eBike 3 models in the European market starting in 2023.

■ Core business domains

[Motorcycles]

Although we are currently facing headwinds such as difficulty in procuring parts for semiconductors and others, we will continue to accelerate a premium strategy in emerging countries. We will increase the sales ratio of premium products in markets where demand is recovering, such as ASEAN and India, to improve profitability.

In addition, as a response to the shift to electrification, we have launched the removable battery electric scooter NEO'S, in Europe, and have started demonstration tests of the fixed battery electric scooter E01, sequentially in Europe, Japan, and ASEAN. We will continue to speed up the development of electric scooters.

[Marine business]

We aim to expand the value we provide and maintain and strengthen our highly profitable structure through the promotion of “Marine version CASE.”

In addition to the plan to increase production capacity of large outboard motors by 20% in 2024 (compared to 2021), we will further increase it by 15% by 2026 (compared to 2024). Furthermore, to strengthen the product lineup, we will launch our largest outboard motor with 450 horsepower in the North American market in 2023.

In terms of the CASE strategy, we launched the next-generation ship-handling system “HARMO” in Europe in the spring of 2022. In addition, we have invested in “Skipperi,” a Finnish IT startup company, in January 2023 to set the stage for our sharing venture.

■ Financial indicators and basic policy of shareholder returns

We will continuously generate returns that exceed capital costs, and aim for ROE at a 15% level, ROIC at a 9% level, and ROA at a 10% level (a three-year average for all the ratios). Regarding shareholder returns, our basic policy is to “pay stable and continuous dividends while taking into consideration the outlook for business performance and investment for future growth,” and we will implement flexible shareholder returns in accordance with the scale of cash flow. The total shareholder return ratio is set at a 40% level as cumulative total for the period of the Medium-term Plan. In 2022, the Company repurchased ¥20.0 billion of treasury shares in the second quarter of the fiscal year. In 2023, we plan to repurchase ¥30.0 billion.

■ Initiatives for sustainability

Of the “Yamaha Motor Group Environmental Plan 2050,” which aims to be carbon neutral by 2050, we have moved up the target achievement date for our own factories, including those overseas, to 2035. So far, we have installed energy-saving and renewable energy facilities in more than 10 countries and have initiated the use of CO₂-free electricity at our domestic business sites.

In addition, as a new initiative that enables carbon offsetting, we established an investment fund, the “Yamaha Motor Sustainability Fund,” that invests in companies working to solve issues in the environmental field, and made investments in startup companies. We will strengthen our ties with many companies that are taking on the challenge of solving environmental issues and contribute to the realization of a better society.

■ DX strategies

In addition to developing and creating DX human resources as the foundation, we will create lifelong Yamaha customers by reforming our management foundation and connecting with our customers.

We aim to create 1,200 DX human resources by 2024, and are promoting practical education.

■ Human resources strategy

In order to enhance “the agility of workforce,” which is essential for the Company’s growth, we have included employee engagement as an important indicator. In order to accelerate the improvement of engagement globally, we will start a survey using common indicators with overseas group companies from 2023. We will conduct continuous follow-up to improve employee engagement scores.

■ Safety vision

Our goal is to achieve “eliminate traffic fatalities by 2050.” In “Transforming Mobility,” a component of our long-term vision, we are working to realize “fun in mobility,” one of the inherent value of personal mobility, in order to solve and transform various social issues related to mobility.

We aim to create “a world free of accidents” together with our customers based on safety centered on “Technology, Skills, and Connectivity” through our unique development concept called “*Jin-Ki Kanno* and *Jin-Ki Anzen*.” Specifically, we are working on “assist recognition, decision, operation and damage mitigation,” “assist customers in improving their driving skills,” and “assist reducing accidents caused by human errors and the environment through data accumulation.”

We appreciate our shareholders’ continued support.

(5) Operating Performance and Status of Assets for the Group

Millions of yen, except net income per share

Items	85th Fiscal Year (Jan. 1, 2019 – Dec. 31, 2019)	86th Fiscal Year (Jan. 1, 2020 – Dec. 31, 2020)	87th Fiscal Year (Jan. 1, 2021 – Dec. 31, 2021)	88th Fiscal Year (Jan. 1, 2022 – Dec. 31, 2022)
Net sales	1,664,764	1,471,298	1,812,496	2,248,456
Operating income	115,364	81,672	182,342	224,864
Ordinary income	119,479	87,668	189,407	239,293
Net income attributable to owners of parent	75,736	53,072	155,578	174,439
Net income per share (yen)	216.83	151.89	445.67	511.47
Total assets	1,532,810	1,640,913	1,832,917	2,183,291
Net assets	751,828	749,158	900,670	1,054,298

(Reference) Forecast for the 89th fiscal year (January 1, 2023 through December 31, 2023)

In 2022, despite persistent socioeconomic destabilizing factors and soaring costs such as for raw materials and logistics, demand recovered and continued to be strong in almost all segments, with the exception of capital investment demand in China in the Robotics business. For 2023, we project demand for large outboard motors, and motorcycles in emerging countries in particular, to remain strong, so the Company will proceed with the procurement of parts, production, and shipment, and aim to raise market inventories of products that are in short supply to an appropriate level. In addition, the effect of the price pass-on efforts implemented in 2022 will become even more pronounced in 2023, and ocean freight rates are expected to decline year on year.

Meanwhile, expected risks include sharp price rises for materials, including aluminum, precious metal, and steel in conjunction with the recovery of automobile production, as well as ongoing increases in labor and energy costs. In addition, existing uncertainties include global economic trends and exchange rate fluctuations. In response to these risks, we will promote fundamental structural reforms and infrastructure reinforcement, such as cost reduction and productivity improvement, while marketing and technology divisions will work together to accelerate the pace of reform and move forward on new value creation in response to environmental changes toward achieving sustainable growth.

In addition, with regard to the impact of the ongoing shortage of semiconductors on production, we are proceeding on alternative development and expect improvements from the latter half of 2023. The consolidated financial results forecast is as follows.

Billions of yen

	Forecast	Year-on-year changes
Net sales	2,450.0	+201.5, 9.0%
Operating income	230.0	+5.1, 2.3%
Ordinary income	230.0	(-9.3), (3.9)%
Net income attributable to owners of parent	160.0	(-14.4), (8.3)%

[Exchange rates] ¥125 to the U.S. dollar (an appreciation of ¥7 from 88th fiscal year), and ¥135 to the euro (an appreciation of ¥3).

(6) Principal Parent Company and Subsidiaries

1) Relations with a parent company

No related items.

2) Principal subsidiaries

Name	Location	Capital	Percentage of ownership (%)	Main business lines
Yamaha Motorcycle Sales Japan Co., Ltd.	Ota-ku, Tokyo	490 million yen	100.0	Marketing of motorcycles, electrically power assisted bicycles
Yamaha Motor Electronics Co., Ltd.	Mori-machi, Shuchi-gun, Shizuoka	272 million yen	100.0	Manufacture of electrical components for motorcycles and electrically power assisted bicycles
Yamaha Motor Corporation, U.S.A.	The United States	185,308 thousand U.S. dollars	100.0	Marketing of motorcycles, ATVs, recreational off-highway vehicles, snowmobiles, outboard motors, personal watercraft, boats, surface mounters and generators
Yamaha Motor Manufacturing Corporation of America	The United States	107,790 thousand U.S. dollars	* 100.0	Manufacture of ATVs, recreational off-highway vehicles, personal watercraft and golf cars
Yamaha Motor Europe N.V.	The Netherlands	149,759 thousand euros	100.0	Marketing of motorcycles, ATVs, snowmobiles, electrically power assisted bicycles, outboard motors, personal watercraft, boats, surface mounters, and golf cars
PT. Yamaha Indonesia Motor Manufacturing	Indonesia	25,647,000 thousand Indonesian rupiahs	85.0	Manufacture and marketing of motorcycles
India Yamaha Motor Pvt. Ltd.	India	22,333,591 thousand Indian rupees	85.0	Manufacture and marketing of motorcycles
Yamaha Motor Vietnam Co., Ltd.	Vietnam	37,000 thousand U.S. dollars	46.0	Manufacture and marketing of motorcycles
Thai Yamaha Motor Co., Ltd.	Thailand	1,820,312 thousand Thai bahts	91.7	Manufacture and marketing of motorcycles, outboard motors and golf cars
Yamaha Motor Philippines, Inc.	Philippines	4,270,000 thousand Philippine peso	100.0	Manufacture and marketing of motorcycles
Yamaha Motor Taiwan Co., Ltd.	Taiwan	2,395,600 thousand New Taiwan dollars	* 51.0	Manufacture and marketing of motorcycles
Yamaha Motor do Brasil Ltda.	Brazil	1,018,324 thousand Brazilian reals	100.0	Marketing of motorcycles and outboard motors

Note: Percentages with * include the Company's indirect ownership.

3) Specified wholly-owned subsidiary at the end of the fiscal year

No related items.

(7) Main Bases and Facilities for the Group

1) Yamaha Motor Co., Ltd.

Name	Location
Headquarter and Iwata Main Factory	Iwata-shi, Shizuoka
Iwata South Factory	
Toyooka Technology Center	
Hamakita Factory	Hamamatsu-shi, Shizuoka
Nakaze Factory	
Hamamatsu Robotics Site	
Miyakoda Site	
Fukuroi South Factory	Fukuroi-shi, Shizuoka
Global Parts Center	
Fukuroi Technology Center	
Arai Site	Kosai-shi, Shizuoka

2) Subsidiaries

Subsidiaries of the Company are as described on page 35 (6) Principal Parent Company and Subsidiaries 2) Principal subsidiaries.

(8) Employees

Segments	Number of employees	Annual change
Land mobility	39,470	+965
Marine products	6,356	+225
Robotics	2,578	(2)
Financial services	724	+52
Others	3,426	+71
Total	52,554	+1,311

Notes: 1. The number of employees refers to workers employed full time (excluding workers of the Company and its consolidated subsidiaries who are dispatched to companies outside of the scope of consolidation), and it does not include temporary employees (direct contract employees whose contract terms are less than one year).

2. Of the total number of employees, the number of overseas employees is 37,321 persons.

(9) Principal Lenders and Loan Balances

Lenders	Loan balances
Mizuho Bank, Ltd.	95,953
MUFG Bank, Ltd.	64,921
The Shizuoka Bank, Ltd.	63,746
Sumitomo Mitsui Trust Bank, Limited	48,398
Sumitomo Mitsui Banking Corporation	42,379

Millions of yen

2. The Company's Stocks

(1) **Maximum Number of Shares Authorized to be Issued:** 900,000,000

(2) **Number of Shares Outstanding:** 350,217,467 (including 11,964,681 shares of treasury shares)

(3) **Number of Shareholders:** 94,547

(4) Principal Shareholders (Top 10)

Shareholders	Number of shares held (Thousand shares)	Ownership (%)
The Master Trust Bank of Japan, Ltd. (trust account)	63,627	18.81
Custody Bank of Japan, Ltd. (trust account)	24,867	7.35
Yamaha Corporation	15,642	4.62
Toyota Motor Corporation	12,500	3.70
SMBC Nikko Securities Inc.	12,302	3.64
NORTHERN TRUST CO. (AVFC) RE SILCHESTER INTERNATIONAL INVESTORS INTERNATIONAL VALUE EQUITY TRUST	7,228	2.14
JPMorgan Securities Japan Co., Ltd.	6,097	1.80
SSBTC CLIENT OMNIBUS ACCOUNT	6,002	1.77
State Street Bank West Client Treaty 505234	5,816	1.72
The Shizuoka Bank, Ltd.	5,649	1.67

Note: The Company holds 11,964,681 shares of treasury shares but is excluded from the above list of principal shareholders.
Percentage of ownership excludes treasury shares.

■ Breakdown of Shareholders

	Number of shareholders	Number of shares held (Thousand shares)
Individual investors and others	92,812	49,232
National and local governments	0	0
Financial institutions	88	129,195
Other domestic companies	629	40,261
Foreigners	974	106,955
Securities companies	44	24,574

Note: "Individual investors and others" includes treasury shares.

(5) Status of Shares Provided to Company Officers as Consideration for the Execution of Duties During the Fiscal Year under Review

No related items.

(6) Other Significant Status Regarding Shares

Acquisition of treasury shares

By resolution of the Board of Directors' meeting held on March 23, 2022, the Company acquired treasury shares as follows.

Type and total number of acquired shares:	7,644,300 shares of ordinary shares in the Company
Total amount of acquisition:	¥19,999,933,559
Acquisition period:	From Apr. 1, 2022 to Jun. 23, 2022

(Reference) Shareholdings of the Company

Basic policies on cross-shareholdings

Yamaha Motor intends to hold shares under cross-shareholdings when it is deemed necessary and appropriate in order to ensure medium- to long-term growth and enhance corporate value. The Board of Directors annually examines each cross-shareholding to determine whether the significance of shareholdings is appropriate, among others, and appropriately discloses a summary of the results. Yamaha Motor upholds a policy to reduce cross-shareholdings if the shareholdings cannot be justified.

Basic policies on exercise of voting rights

Yamaha Motor does not take a uniform approach in determining whether to approve or disapprove when exercising voting rights associated with cross-shareholdings; instead, it thoroughly examines and discusses whether the decisions contribute to the medium- to long-term enhancement of corporate value of the issuing company, and comprehensively assesses potential damage to its own corporate value. We may request further explanations on agenda items when necessary and make decisions on approval or disapproval.

We exercise particular caution in examining and discussing our decision to exercise voting rights in the following situations.

- Continued poor business performance;
- Concerns over governance are confirmed, such as scandals; and
- Other situations in which the corporate value of the issuer or Yamaha Motor may be damaged.

Status of strategic investment

	87th Fiscal Year		88th Fiscal Year	
	No. of shares	Amount recorded in balance sheets (million yen)	No. of shares	Amount recorded in balance sheets (million yen)
Strategic investments	23	40,956	31	15,955
Other	48	54,551	43	46,271
Total	71	95,507	74	62,226

3. Directors and Audit & Supervisory Board Members

(1) Names, Positions, and Responsibilities of Directors and Audit & Supervisory Board Members

Position	Name	Responsibilities	Significant concurrent positions
Chairman and Representative Director	Katsuaki Watanabe		
President, Chief Executive Officer and Representative Director	Yoshihiro Hidaka		Outside Director of Yamaha Corporation
Director and Senior Executive Officer	Heiji Maruyama	In charge of Creative, Research & Development, Powertrain and Vehicle Development	
Director and Senior Executive Officer	Satohiko Matsuyama	In charge of Manufacturing, Manufacturing Technology, Procurement, and Power Products	
Director and Senior Executive Officer	Motofumi Shitara	In charge of Human Resources & General Affairs, Corporate Planning & Finance Center, IT, Market Development and Customer Experience	
Outside Director	Takuya Nakata		Director, President and Representative Executive Officer of Yamaha Corporation President of Yamaha Music Foundation
Outside Director	Takehiro Kamigama		Outside Director of OMRON Corporation Outside Director of SoftBank Corp. Outside Director of KOKUYO Co., Ltd.
Outside Director	Yuko Tashiro		Director and Chairman of the board of Accordia Golf co., Ltd. Auditor (External) of McDonald's Holdings Company (Japan), Ltd.
Outside Director	Tetsuji Ohashi		Chairman of the Board and Director of Komatsu Ltd. Outside Director of Nomura Research Institute, Ltd. Outside Director of Asahi Group Holdings, Ltd. Vice Chair of KEIDANREN
Outside Director	Jin Song Montesano		Director of LIXIL Corporation
Audit & Supervisory Board Member (Full-Time)	Kenji Hironaga		
Audit & Supervisory Board Member (Full-Time)	Junzo Saitoh		

Position	Name	Responsibilities	Significant concurrent positions
Audit & Supervisory Board Member (Outside)	Masatake Yone		Senior Counsel of Mori Hamada & Matsumoto Outside Corporate Auditor of BANDAI NAMCO Entertainment Inc. Outside Director (Audit & Supervisory Committee Member) of Houlihan Lokey Corporation Director (Outside) of Skymark Airlines Inc.
Audit & Supervisory Board Member (Outside)	Eriko Kawai		Professor Emeritus of Kyoto University Outside Director of Daiwa Securities Group Inc. Outside Director of Mitsui Fudosan Co., Ltd.

Notes: 1. The Company has registered Directors Takuya Nakata, Takehiro Kamigama, Yuko Tashiro, Tetsuji Ohashi and Jin Song Montesano, and Audit & Supervisory Board Members Masatake Yone and Eriko Kawai as Independent Outside Directors under the regulations provided by the Tokyo Stock Exchange, Inc. Summary of “Standards for Selecting Independent Outside Directors / Audit & Supervisory Board Members” is described on page 12.

2. Director Satohiko Matsuyama, Motofumi Shitara and Jin Song Montesano newly assumed the office on March 23, 2022.

3. Directors Hiroyuki Yanagi and Katsuhito Yamaji retired on March 23, 2022.

4. Special relationship with the organizations at which Outside Directors and Audit & Supervisory Board Members (Outside) hold significant concurrent positions

(1) Yamaha Corporation, where Director Takuya Nakata holds a concurrent position, is a shareholder that holds 4.6% of the Company’s shares, and the Company has real estate lease transactions, etc., with said company.

(2) TDK Corporation, where Director Takehiro Kamigama served as Chairman & Representative Director until June 2018, has transactions with the Company, such as purchase/sale of products.

(3) Komatsu Ltd., where Director Tetsuji Ohashi holds a concurrent position, has transactions with the Company, such as purchase/sale of products.

5. Excluding Note 4. above, there are no special relationship between the Company and the significant concurrent positions of Outside Directors and Audit & Supervisory Board Members (Outside).

6. Audit & Supervisory Board Member Eriko Kawai has ample experience in international financial institutions, etc., and has considerable knowledge of finance and accounting.

7. Agreement on limitation of liability

The Company has concluded liability limitation agreements with all Outside Directors and Audit & Supervisory Board Members (Outside) in accordance with the provisions of Paragraph 1 of Article 427 of the Corporation Act of Japan. The maximum liability for damages to be borne by the Outside Directors and Audit & Supervisory Board Members (Outside) under the agreement is the minimum amount of liability stipulated in Paragraph 1 of Article 425 of the Corporation Act of Japan.

8. Summary of details of Directors and Officers liability insurance contract

The Company has entered into a Directors and Officers liability insurance contract to insure the Directors, Audit & Supervisory Board Members and Executive Officers of the Company and its subsidiaries, etc. If insured officers are held liable for execution of their duties or receive a claim regarding the examination of their liability, the resulting damage to be borne will be covered by the contract.

9. Responsibilities have been changed as follows as of January 1, 2023.

Name	Position	Responsibilities
Heiji Maruyama	Director and Senior Executive Officer	In charge of Research & Development, Powertrain and Vehicle Development Motorcycle Electrification Project Executive
Satohiko Matsuyama	Director and Senior Executive Officer	In charge of Manufacturing, Manufacturing Technology, Procurement and Power Products New Mobility Project Executive
Motofumi Shitara	Director and Senior Executive Officer	In charge of Human Resources & General Affairs, Corporate Planning & Finance Center, IT, Creative, Marine, Market Development and Customer Experience

(2) Name and Other Information regarding the Executive Officers

As of January 1, 2023, the Company is served by 30 Executive Officers comprising 4 concurrently serving as Directors and the following 26 others.

Name	Position	Responsibilities
Hirofumi Usui	Senior Executive Officer	Assistant to the President
Minoru Morimoto	Senior Executive Officer	Assistant to the President
Eric de Seynes	Senior Executive Officer	President of Yamaha Motor Europe N.V.
Hiroyuki Ota	Senior Executive Officer	Chief General Manager of Solution Business Operations
Itaru Otani	Senior Executive Officer	Chief General Manager of Land Mobility Business Operations
Takuya Kinoshita	Senior Executive Officer	Chief General Manager of Creative Center
Dyonisius Beti	Senior Executive Officer	President of Yamaha Indonesia Motor Manufacturing
Toshihiro Nozue	Executive Officer	Chief General Manager of Powertrain Unit
Satoshi Hirose	Executive Officer	Chief General Manager of Quality Assurance Center
Takeo Noda	Executive Officer	Chief General Manager of Corporate Planning & Finance Center
Toshiaki Ibata	Executive Officer	Chief General Manager of Marine Business Operations
Toyoshi Nishida	Executive Officer	Chief General Manager of PF Model Unit
Norio Yamada	Executive Officer	Chief General Manager of IT Center
Tatsuya Masuda	Executive Officer	Chief General Manager of Procurement Center
Kenichi Muraki	Executive Officer	Chief General Manager of Manufacturing Technology Center PAS Drive Unit Competitiveness Project Executive
Kotaro Ueda	Executive Officer	Deputy Chief General Manager of Manufacturing Center
Eishin Chihana	Executive Officer	Managing Director of Yamaha Motor India Pvt. Ltd.
Shin Yokomizo	Executive Officer	Deputy Chief General Manager of Land Mobility Business Operations
Yasutaka Suzuki	Executive Officer	General Director of Yamaha Motor Vietnam Co., Ltd
Michael Chrzanowski	Executive Officer	President & CEO of Yamaha Motor Corporation U.S.A.
Jeffrey Young	Executive Officer	President & CEO of Yamaha Motor Finance Corporation, U.S.A.
Kenji Komatsu	Executive Officer	Chief General Manager of Technical Research & Development Center
Ayako Egashira	Executive Officer	Executive General Manager of Robotics Business Unit, Solution Business Operations
Mitsuru Hashimoto	Executive Officer	Chief General Manager of Human Resources & General Affairs Center
Ben Speciale	Executive Officer*	President of Marine Business Unit, Yamaha Motor Corporation, U.S.A.
Olivier Prevost	Executive Officer*	Vice President of Yamaha Motor Europe N.V.

Notes: 1. Abbreviations: PF: Platform
2. An asterisk (*) indicates Deputy Executive Officer.

(3) Remuneration for Officers

1) Number of recipients and amounts of remuneration, etc. to officers

(Millions of yen)

Category	Total amount of remuneration	Total amount per type of remuneration				Number of applicable officers (Persons)
		Basic compensation	Performance-based bonus		Performance-based share remuneration	
			Whole-company performance-based bonus	Individual performance-based bonus		
Directors (excluding Outside Directors)	818	255	367	40	154	7
Outside Directors	90	90	–	–	–	5
Audit & Supervisory Board Members (excluding Audit & Supervisory Board Members (Outside))	75	75	–	–	–	2
Audit & Supervisory Board Members (Outside)	38	38	–	–	–	2
Total	1,023	460	367	40	154	16

Notes: 1. The above amount of “Basic compensation” is the total amount of remuneration, etc. (full monetary remuneration) paid in fiscal 2022.

2. This includes two Directors who retired during their terms of office.

3. The above amount of “Whole-company performance-based bonus” is the amount expected to be paid (full monetary remuneration) in April 2023 based on the results of business performance, etc. in fiscal 2022.

4. Regarding share remuneration, the Company previously provided the Company’s ordinary shares (shares with restriction on transfer) as share remuneration to Directors excluding Outside Directors and Executive Officers (excluding foreign executive officers), on the basis of the system of remuneration of shares with restriction on transfer that had no performance conditions (hereafter the “previous system”), on the condition that they do not transfer the shares until they retire from their positions as officers of the Company. In accordance with the resolution of the 87th Ordinary General Meeting of Shareholders held on March 23, 2022, the Company has introduced a Performance-based Share Remuneration System that determines the number of shares with restriction on transfer to be awarded in conjunction with the Company’s TSR (Total Shareholder Return) evaluation, as a replacement for the previous system. The above amount of “Performance-based share remuneration” is the amount expected to be paid in April 2023 or later (property contributed in kind for all the share options concerned to receive issue or disposal of ordinary shares in the Company), based on the results of the TSR evaluation, etc. for fiscal 2022, in accordance with the policies and calculation methods described in 3) and (4) 2) (iii) below.

5. The maximum amount of remuneration, etc. for Directors and Audit & Supervisory Board Members approved at the General Meeting of Shareholders is as follows. Basic compensation for Directors and Audit & Supervisory Board Members and performance-based share remuneration for Directors were resolved at the 87th Ordinary General Meeting of Shareholders held on March 23, 2022, and the number of Directors was 10 (including 5 Outside Directors) and the number of Audit & Supervisory Board Members was 4 (including 2 Audit & Supervisory Board Members (Outside)) at the conclusion of the said meeting. Performance-based bonus for Directors was resolved at the 84th Ordinary General Meeting of Shareholders held on March 27, 2019, and the number of Directors was 11 (including 4 Outside Directors) at the conclusion of the said meeting. Performance-based bonus and Performance-based share remuneration are resolved only for Directors excluding Outside Directors.

Category	Basic compensation	Performance-based bonus		Performance-based share remuneration	
		Whole-company performance-based bonus	Individual performance-based bonus		
Directors	¥600 million (including ¥200 million for Outside Directors)	0.5% of consolidated net income	¥100 million	¥600 million	300,000 shares
Audit & Supervisory Board Members	¥200 million	-	-	-	-

2) Performance-linked bonus calculation method and evaluation results

[Whole-company performance-based bonus]

The total amount of whole-company performance-based bonus for Directors is calculated by multiplying a specified proportion of consolidated net income (0.14%) by the ROA evaluation coefficient (determined within a range from 0 to 2.0), and is allocated to each Director according to a predetermined coefficient for each position, from the perspectives of sharing profit with shareholders and continuously maintaining high business profitability.

$\text{Whole-company performance-based bonus resource} = (\text{Consolidated net income} \times 0.14\% \times \text{ROA evaluation coefficient})$ $\text{Individual performance-based bonus} = \text{bonus resource} \times \text{position-based coefficient}$
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In fiscal 2022, the three-year average of ROA was 9.5%. Calculations have excluded long-term loans payable taken out as emergency measures to address the impact of COVID-19. ROA evaluation coefficient was determined at 1.75 as set forth in officer remuneration rules, upon comprehensively evaluating business performance taking into account the highest net income for two consecutive years due to the continuation of a favorable business environment. The total amount of whole-company performance-based bonus was calculated at ¥150,000 million if consolidated net income exceeds ¥150,000 million in accordance with officer remuneration rules. As a result, the total amount of whole-company performance-based bonus for Directors was calculated as follows:

Consolidated net income of ¥150,000 million \times 0.14% \times ROA evaluation coefficient of 1.75 = ¥367 million, which will be distributed to each Director.

In addition, the total amount for Executive Officers who do not also work as Directors is determined according to a similar calculation method (consolidated net income \times 0.09% \times ROA evaluation coefficient), and will be distributed to each Executive Officer based on coefficients determined for each position.

[Individual performance-based bonus]

Individual performance-based bonus for Directors excluding the Representative Director is calculated by multiplying the reference amount determined for each position by financial evaluation/non-financial evaluation coefficients (determined within a range from 0 to 2.0). The financial evaluation is conducted on a year-on-year basis or based on the extent of target achievement for net sales, operating income and ROA, etc., with the aim of the continuous growth and profitability improvements of the responsible business. The non-financial evaluation is based on the degree of progress of initiatives in the Medium-term Plan, the development of successor Executives and company management candidates, and contribution to corporate value and brand value, etc., for the purpose of promoting management from a long-term perspective.

$\text{Individual performance-based bonus payment amount} = \text{position-based reference amount} \times (\text{financial evaluation} \times 50\% + \text{non-financial evaluation} \times 50\%)$
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In the fiscal year under review, as a result of conducting a comprehensive evaluation of each Director taking into account the results of these financial and non-financial evaluation indicators, the payment rate was 100% to 125% of the reference amount.

The payment amount is similarly determined for Executive Officers who do not also work as Directors (position-based reference amount \times financial/non-financial evaluation indicators), and the payment rate was 125% to 150% of the reference amount.

3) Performance-based share remuneration calculation method and evaluation results

Performance-based share remuneration to Directors excluding Outside Directors (hereafter “Applicable Directors”) is provided with the overarching aim of promotion of sharing value between the Directors, etc. of the Company and all shareholders, as well as sustainable improvement of corporate value, and the number of shares to be provided is determined in conjunction with the Company’s TSR (Total Shareholder Return) evaluation using the dividend-inclusive TOPIX (Tokyo Stock Price Index) growth rate as the benchmark, and shares with restriction on transfer are provided.

Under the Performance-based Share Remuneration System, in principle, the evaluation period (hereafter “the TSR Evaluation Period”)* refers to the past three fiscal years, the final fiscal year of which is the fiscal year prior to the fiscal year in which the Board of Directors’ meeting to determine the imparting of share options to Applicable Directors (hereafter “the Imparting Board of Directors”) is held (hereafter “Service Provision Period”), and the Company shall pay share options in order to issue or dispose of the number of ordinary shares in the Company in accordance with the Company’s TSR (Total Share Return) evaluation in the TSR Evaluation Period. Applicable Directors are to be paid with property contributed in kind for all the share options concerned, and are to receive issue or disposal of ordinary shares in the Company. The specific calculation method is as follows.

* As a transitional measure in accordance with the introduction of the Performance-based Share Remuneration System, the TSR Evaluation Period with FY 2022 as the Service Provision Period shall be one fiscal year only (FY 2022), and the TSR Evaluation Period with FY 2023 as the Service Provision Period shall be two fiscal years only (FY 2022 and FY 2023).

(i) Amount of share options to be paid and the method of calculation thereof

The amount of share options to be paid to each Applicable Director shall be calculated by multiplying the number of shares to be finally provided to each Applicable Director (hereafter “Number of Individual Shares to be Provided”) based on the Performance-based Share Remuneration System by the payment amount per share (hereafter “Share Price at Time of Provision) determined by the Imparting Board of Directors within a scope which is not a particularly advantageous price for the Applicable Directors receiving the Company’s shares based on the closing price of ordinary trading of shares in the Company at the Tokyo Stock Exchange on the business day prior to the meeting by the Imparting Board of Directors (if no transactions are made on that day, the closing price on the most recent trading date).

Amount of share options to be paid to Applicable Directors = Number of Individual Shares to be Provided ((ii) below) x Share Price at Time of Provision

(ii) Calculation method of Number of Individual Shares to be Provided

The Number of Individual Shares to be Provided shall be calculated by multiplying the number of shares predetermined for each position as the standard for the number of shares to be provided (the number of shares with restriction on transfer to be provided in the event that the TSR Evaluation Coefficient is 100%; hereafter “the Number of Position-based Standard Provisions”) by the coefficient calculated based on the evaluation of the Company’s TSR (Total Shareholder Return) during the TSR Evaluation Period (hereafter “the TSR Evaluation Coefficient”).

Number of Individual Shares to be Provided = Number of Position-based Standard Provisions ((a) below) x TSR Evaluation Coefficient ((b) below)

a. Position-based Standard Provisions

The number of Position-based Standard Provisions shall be calculated by dividing the reference amount per year for each position associated with Performance-based Share Remuneration (hereafter “Position-based Reference Amount”) by the average closing price of ordinary trading of the Company’s shares for one month in the month immediately prior to the Service Provision Period (hereafter “the Base Share Price”). The number of Position-based Standard Provisions and the Position-based Reference Amount shall be determined by the Board of Directors at the beginning of the Service Provision Period after reports from the Executive Personnel Committee.

Number of Position-based Standard Provisions = Position-based Reference Amount ÷ Base Share Price

b. TSR Evaluation Coefficient

The TSR Evaluation Coefficient shall be calculated within a range from 0% to 150% based on the Company’s TSR (Total Shareholder Return) evaluation using the dividend-inclusive TOPIX (Tokyo Stock Price Index) growth rate as the benchmark according to the following formula.

$$\text{Company TSR} = \frac{\text{average closing price of shares in the last month (December) of the final year of the TSR evaluation period} + \text{total amount of dividends during the TSR evaluation period}}{\text{average closing price of shares in the month (December) prior to the start of the TSR evaluation period}}$$

$$\text{Dividend-inclusive TOPIX growth rate} = \frac{\text{average dividend-inclusive TOPIX closing price in the last month (December) of the final year of the TSR evaluation period}}{\text{average dividend-inclusive TOPIX closing price in the month (December) prior to the start of the TSR evaluation period}}$$

As stated above, as a transitional measure in accordance with the introduction of the Performance-based Share Remuneration System from the fiscal year under review, the TSR Evaluation Period with FY 2022 as the Service Provision Period is one fiscal year (FY 2022). For FY 2022, the Company's TSR was 116% and the dividend-inclusive TOPIX growth rate was 100.5%. As a result, TSR evaluation coefficient is expected to be 115%.

4) Validity and appropriateness of fiscal 2022 remuneration

In determining the details of the remuneration, etc. for individual directors for the fiscal year under review, as stated in “(8) Activity Details of the Executive Personnel Committee” (page 54), the Board of Directors has judged that the details are consistent with the decision-making policy and therefore appropriate since the Executive Personnel Committee, which is composed mainly of independent outside directors, conducted multifaceted verifications, including consistency with the decision-making policy, based on objective and specialized information necessary for deliberation.

In the midst of major changes in the business environment, in order to strongly promote initiatives unique to the Company to solve materiality (important social issues) and realize the sustained creation of corporate value and brand value, we will expand compensation linked to performance and introduce evaluations related to materiality and TSR (Total Shareholder Return) in line with the start of the Medium-term Plan from 2022.

(4) Policies on determining remuneration for officers

1) Method for determining policies on determining remuneration for officers

The policy for determining the amount of individual remuneration for Directors, Audit & Supervisory Board Members and Executive Officers is determined by the Board of Directors after discussion and reporting by the Executive Personnel Committee (the majority member of which are outside directors), which is a voluntary advisory body regarding nomination and remuneration of the Board of Directors. In its deliberations, the Executive Personnel Committee takes into account changes in the business environment and opinions, etc. received from shareholders and investors, and receives information required for its deliberations from a third party which has extensive global experience and knowledge (Willis Towers Watson).

2) Policies on determining remuneration for officers

(i) Basic Direction

- The Company shall encourage officers to perform their duties to the utmost in accordance with the Company's Management Principles and Behavioral Guidelines.
- The Company has positioned achieving the targets in the Medium-term Plan etc. as strong motivators in working toward realizing the long-term vision.
- The remuneration is intended to function as sound incentives toward the Company's sustainable growth and encourage the management to share interests with shareholders.
- The remuneration is to be at a level which can attract and retain diverse and highly-capable human resources suitable for the roles and responsibilities of a manager.
- The Company shall encourage officers to promote initiatives unique to the Company to solve materiality (important social issues) to the utmost.

(ii) Remuneration Composition and Remuneration Levels

Remuneration for Directors, etc. (including Executive Officers who do not also work as Directors) is comprised of basic compensation (monthly fixed remuneration), bonuses linked to performance, and performance-based share remuneration. The composition ratio for the President and Representative Director is based on Figure 1, and the composition ratios of remuneration (Reference amount) for other officers are also set for each position based on the President and Representative Director. The ratio of basic compensation is set in principle at a maximum of 60%.

For Outside Directors and Audit & Supervisory Board Members, only fixed remuneration is provided in view of their role of supervising and auditing the management of the Company from an independent and objective standpoint.

Figure 1. Composition ratio of remuneration for President and Representative Director (Reference amount)

Basic compensation: 40%	Bonuses linked to performance: 30%	Performance-based share remuneration: 30%
Fixed remuneration	Variable remuneration	

Remuneration levels are set at an appropriate amount by referring to objective market research data on remuneration (the remuneration levels of manufacturing companies of a similar scale as the Company that are expanding their business globally).

(iii) Mechanism of variable remuneration

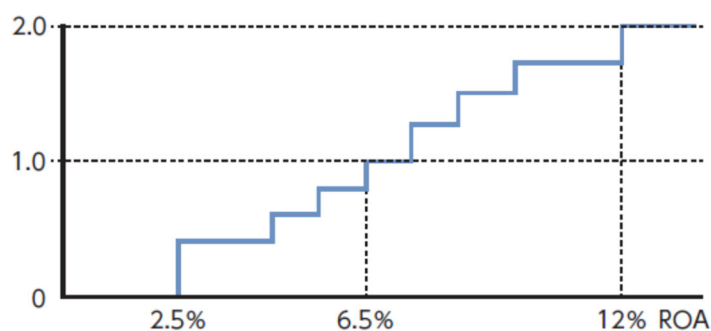
Bonuses linked to performance

The bonus linked to performance is comprised of a “whole-company performance-based bonus” and an “individual performance-based bonus.” The ratio of whole-company performance-based bonus: individual performance-based bonus is set at 1:0 for the Representative Director, around 2:1 of the reference amount for Directors excluding the Representative Director, and around 1:3 of the reference amount for Executive Officers who do not also work as Directors.

From the perspective of providing incentives to Directors for achieving short-term performance targets, the “whole-company performance-based bonus” is drawn from a total amount obtained by multiplying a specified proportion of “net income attributable to owners of parents” which is 0.14% (for Executive Officers who do not also work as Directors: 0.09%) by evaluation coefficients (times 0-2) based on the “consolidated total assets operating income ratio (ROA),” and distributed to each Executive based on coefficients etc. determined for each position.

The ROA evaluation coefficient is set forth as shown in Figure 2 against a three-year average of the consolidated total assets operating income ratio (ROA). This evaluation coefficient is adjusted after discussion by the Executive Personnel Committee based on the achievement of consolidated net sales and operating income targets, degree of progress of the Medium-term Plan, etc. toward realizing the long-term vision, overall progress in initiatives to resolve materiality, ESG evaluation from outside the company, and other matters affecting corporate value and brand value.

Figure 2. Evaluation coefficients



The “individual performance-based bonus” is comprised of the “financial evaluation-based portion” and the “non-financial evaluation-based portion,” with the ratio set at 1:1 of the reference amount. Each portion is determined within the scope of 0-2 times the reference amount specified for each position, bearing in mind indicators set in advance.

Figure 3. Composition of bonuses linked to performance

Whole-company performance-based bonus	Individual performance-based bonus 0-2 times the reference amount set in advance for each position	
	Total amount Net income attributable to owners of parent × specified proportion (0.14%) (0.09% for Executive Officers who do not also work as Directors) × evaluation coefficients based on the consolidated total assets operating income ratio (ROA) (including adjustments for other management results) times 0-2	Financial evaluation: Bearing in mind the extent of target achievement and results compared with the previous fiscal year for net sales, operating income, consolidated total assets operating income ratio (ROA), etc. for the responsible division
Ratio of financial evaluation to non-financial evaluation Directors: 1:1 (Executive Officers: 1:1)		
Ratio of whole-company performance-based bonus to individual performance-based bonus Representative Director: 1:0 Directors: 2:1 (Executive Officers: 1:3)		

The “whole-company performance-based bonus” and the “individual performance-based bonus” are paid in a lump sum each year at the completion of the Ordinary General Meeting of Shareholders pertaining to the fiscal year subject to evaluation.

Performance-based share remuneration

Performance-based share remuneration is the system with the aims of further promoting the sharing of value between the Directors, etc. of the Company and all shareholders, and continuously enhancing corporate value of the Company. Specifically, once a year, we provide Directors, etc. (excluding foreign executive officers) shares with restriction that determine the number of shares to be provided in conjunction with the Company’s TSR (Total Shareholder Return) evaluation using the dividend-inclusive TOPIX (Tokyo Stock Price Index) growth rate as the benchmark. Please refer to (3) 3) above for specific calculation methods. When providing shares with restrictions on transfer, each Director, etc. receives share options, enters into a contract with the Company for the allocation of shares with restriction on transfer, and receives the shares by making an in-kind contribution of the said claim to the Company. The period of restriction on transfer in the allocation contract shall be thirty (30) years, and if a Director retires due to the expiration of term or other legitimate reason during the period of restriction on transfer, the restrictions on transfer shall be cancelled.

For Executive Officers who are non-residents (excluding foreign executive officers), instead of issuing shares, cash to purchase ordinary shares in the Company equivalent to the reference amount determined for each position is provided through the Company’s Director Shareholding Association.

(iv) Method for determining individual remuneration, etc.

In order to ensure transparency as well as objectivity of the determination process with regard to determining individual remuneration, etc. for Directors, Executive Officers who do not also work as Directors, and Audit & Supervisory Board Members, after discussion and reporting by the Executive Personnel Committee (the majority members of which are outside directors), an advisory body regarding nomination and remuneration which the Company has established voluntarily, individual remuneration for Directors and Executive Officers who do not also work as Directors is determined by the Board of Directors. In addition, individual remuneration for Audit & Supervisory Board Members is determined by deliberation of the Audit & Supervisory Board.

(v) Other important matters

In the event of the deterioration of the Company’s business performance, quality issues that could damage the Company’s corporate value and brand value, or the occurrence of a serious accident, scandal or similar, remuneration for officers may be temporarily reduced or not paid, after discussion and reporting by the Executive Personnel Committee.

With regard to the performance-based bonus, if matters arise that should be taken into account as temporary special factors, which were not expected when setting targets at the beginning of the term, the amount of individual bonus payments may be calculated by evaluating business performance excluding that impact. In addition, in the event that an officer violates laws and regulations, the duty of due care or the duty of loyalty as an officer prior to the payment of a performance-based bonus, or such fact becomes apparent within two years of said payment, or in the event of any other similar matter, the right of an officer related to said circumstances to receive a bonus shall be eliminated, or the Company may request the refund of any bonus actually paid.

With regard to the performance-based share remuneration, in the event that an officer violates laws and regulations, the duty of due care or the duty of loyalty as an officer, or in the event of any other similar matter prior to receiving shares with restrictions on transfer, the beneficiary right of such prospective recipient shall be eliminated. In addition, in the event that such fact becomes apparent after the shares with restrictions on transfer provided but prior to the restrictions on transfer cancelled, the Company may acquire all or part of the shares with restrictions on transfer provided to the recipient without consideration. Furthermore, in the event that such fact becomes apparent within two years after the restrictions on transfer cancelled, the Company may request the recipient to refund all or part of shares actually provided, or an amount equivalent to the market value in lieu of such shares.

(5) Status of Initiatives in Respect of Ensuring the Effectiveness of the Board of Directors

I. Evaluation process

With the Corporate Planning Division as a secretariat, the evaluation on the effectiveness of the Board of Directors was conducted to all Board of Directors Members including Outside Directors and Audit & Supervisory Board Members (Outside) through following processes.

- Self-evaluation survey by a questionnaire based on seven evaluation perspectives regarding the aim of the Board of Directors.
(Evaluation perspectives)
 - 1) Roles and responsibilities of Directors and the Board of Directors
 - 2) Relationships between the Board of Directors and senior management (Executive Officers)
 - 3) Organizational design and composition of the Board of Directors, etc.
 - 4) Qualifications held and knowledge of Directors and the Board of Directors
 - 5) Deliberation at the Board of Directors Meetings
 - 6) Relationships and dialogue with shareholders
 - 7) Dealing with stakeholders other than shareholders
- Confirmation of improvement status by comparison with the results of the evaluation conducted in FY 2021 with a third party
- Share the results of the evaluation of effectiveness and deliberate on the issues to be addressed at the Board of Directors Meetings based on the results of the analysis

II. Evaluation process for the fiscal year under review

It was confirmed that the Board of Directors of the Company continued to proactively hold effective discussions and implement initiatives to realize the medium- to long-term enhancement of corporate value and sustainable growth amid dramatic changes in the operating environment, and its effectiveness had been sufficiently assured for realizing the long-term vision towards 2030 and the Medium-term Plan started in FY 2022.

In particular, as with the previous fiscal year, it was highly evaluated that the Board of Directors of the Company has duly respected opinions of Outside Directors and Audit & Supervisory Board Members (Outside) and an environment has been created in which open, constructive discussion and exchange of opinions are possible.

III. Status of response to issues identified as the result of the evaluation of effectiveness in the previous fiscal year

In the previous fiscal year, the agenda items identified were “Deepen discussions on the business portfolio,” “Implement comprehensive discussion on sustainability,” “Strengthen the supervision of the Board of Directors with regard to the status of the prevalence of risk sensitivity on the ground,” “Continue initiatives to ensure diversity, including the Board of Directors and company management,” and “Issues related to the operation of the Board of Directors (further enhancement of communication opportunities between Outside Directors and internal Directors, hybrid meetings involving face-to-face meetings and online meetings, ideal communication opportunities, etc.).”

In response, based on the direction of the business portfolio established in the Medium-term Plan started in FY 2022, the Board of Directors initiated discussions on portfolio management for proper allocation of management resources, discussed sustainability on a regular basis, conducted periodic reports on the status of development and operation of risk management and compliance systems, etc., bearing in mind an adherence to the concept of Bad News First, and held discussions on the diversity of the company management, human resource frameworks, human resource training, and employee engagement.

As a result, although the self-evaluation survey by this questionnaire showed that all issues were adequately addressed, it was also confirmed that there is room for a further improvement and it was recognized that there is a need for continuous efforts.

IV. Challenges for further improving effectiveness

Based on the above analysis results, the Board of Directors of the Company recognizes the following points as issues and seeks to resolve them by setting an agenda for discussion at the Board of Directors meeting in the next fiscal year in order to improve the effectiveness of the Board of Directors.

Issue 1: Deepen discussions on the business portfolio

Issue 2: Implement comprehensive discussions on sustainability

Issue 3: Strengthen the supervision of the Board of Directors with regard to the status of the prevalence of risk sensitivity on the ground

Issue 4: Enhance dialogue with shareholders and share awareness of expectations

Issue 5: Conduct discussions on comprehensive and long-term human resources strategies

Issue 6: Enhancement of opportunities for knowledge and skills development / Enhancement of opportunities for communication with external and internal executives

The Company will continue to push ahead with constant improvement measures to address the issues highlighted based on the evaluation, and make efforts for further enhancement of effectiveness, while having third parties involved in its evaluation process on a regular basis.

(6) Status of Initiatives in Respect of Ensuring and Improving the Effectiveness of Audits Performed by Audit & Supervisory Board Members

The Audit & Supervisory Board endeavors to develop rules and structure for maintaining and improving the effectiveness of audits conducted by Audit & Supervisory Board Members. In the fiscal year under review, taking into consideration the revision of the Companies Act and the Corporate Governance Code in 2021, the Audit & Supervisory Board has revised the rules of the Audit & Supervisory Board, standards for audits by Audit & Supervisory Board Members and standards for conducting audits related to internal control systems. In addition, in order to improve the effectiveness of auditing activities, an evaluation of the effectiveness of the Audit & Supervisory Board was introduced this fiscal year. To ensure the objectivity of the evaluation, evaluation items are to be set based on the opinions of outside experts, and each Audit & Supervisory Board Member will conduct a self-evaluation once a year in the future. After that, issues will be identified through discussions at the Audit & Supervisory Board and reflect them in the next audit plan to continuously improve the effectiveness of audits. In terms of the structure, the number of full-time staff in the Audit & Supervisory Board Members' Office, which assists the execution of duties by Audit & Supervisory Board Members, has been increased and strengthened from two to three in September 2022. In the fiscal year under review, 17 meetings of the Audit & Supervisory Board, consisting of 4 Audit & Supervisory Board Members (including 2 Audit & Supervisory Board Members (Outside)), were held. Expenses related to Audit & Supervisory Board Members' activities are budgeted independently and paid appropriately. Major initiatives in respect of ensuring the effectiveness of audits by Audit & Supervisory Board Members, which the Company has carried out in the fiscal year under review, include the following.

- Attendance of Audit & Supervisory Board Members (Full-Time) at important meetings including the Management Committee, Sustainability Committee, Executive Committee and Global Executive Committee
- Inspection of minutes and approved proposal memorandums of the Management Committee and other meetings of bodies designated by the Audit & Supervisory Board
- Regular meetings between Representative Directors and Audit & Supervisory Board Members
- Meetings to exchange opinions between Outside Directors and Audit & Supervisory Board Members
- Division hearings and subsidiary audits
- Reports on the internal audit plan and the results of internal audits carried out by the internal auditing sector to the Audit & Supervisory Board Members
- Regular and irregular meetings with the Accounting Auditor to confirm matters to be considered and noted related to the quarterly review and financial results, and to share information and exchange opinions on the status of the KAM review and the results of on-site audits of subsidiaries, etc.
- Regular reports on the implementation of the internal reporting system, reported information, and the status of response every quarter from the divisions in charge, as well as implementation of timely reports on important matters
- A system that allows Audit & Supervisory Board Members to directly collect information and request reports on the internal reporting established and operated
- Stipulating prohibition of disadvantageous treatment of any person who reports to Audit & Supervisory Board Members according to the Authority Rules

(7) Matters Relating to Outside Directors and Audit & Supervisory Board Members (Outside)

Principal activities during fiscal 2022

Category	Name	Attendance at Board of Directors Meetings	Principal activities and outline of duties performed pertaining to the role expected as an Outside Director
Outside Directors	Takuya Nakata	13 out of 13 meetings (100.0%)	<p>He actively stated his opinions at Board of Directors' meetings, Management Discussion meetings, and at meetings to exchange opinions, based on his ample experience and wide range of insights of managing global companies. In addition to revitalizing discussions, he appropriately played the role expected of an Outside Director of the Company, including by providing accurate advice on the management of the Company in order to enhance the value of the shared Yamaha brand.</p> <p>In addition, he served as a member of the Executive Personnel Committee, which is a voluntary advisory body to the Board of Directors on nomination and remuneration, and contributed to strengthening the governance of the Company.</p>
	Takehiro Kamigama	13 out of 13 meetings (100.0%)	<p>He actively stated his opinions at Board of Directors' meetings, Management Discussion meetings, and at meetings to exchange opinions, based on his ample experience as a manager who has served as Representative Director of a global company, and his insights in the technology field. In addition to contributing to active discussions, he appropriately played the role expected of an Outside Director of the Company, including by providing accurate advice on the management of the Company.</p> <p>In addition, he is a member of the Executive Personnel Committee, which is a voluntary advisory body to the Board of Directors on nomination and remuneration, chairs the round-table conference with the CEO (a system for determining reappointment based on business reviews and evaluations by the CEO), and contributed to strengthening the governance of the Company.</p>
	Yuko Tashiro	13 out of 13 meetings (100.0%)	<p>She actively stated her opinions at Board of Directors' meetings, Management Discussion meetings, and at meetings to exchange opinions, based on her ample experience and wide range of insights in various managerial positions, including a financial manager and the representative director of several companies. In addition to deepening discussions on promoting diversity and developing human resources, she appropriately played the role expected of an Outside Director of the Company, including by providing accurate advice on the management of the Company.</p>

			In addition, she served as a member of the Executive Personnel Committee, which is a voluntary advisory body to the Board of Directors on nomination and remuneration, and contributed to strengthening the governance of the Company.
	Tetsuji Ohashi	13 out of 13 meetings (100.0%)	He actively stated his opinions at Board of Directors' meetings, Management Discussion meetings, and at meetings to exchange opinions, based on his ample experience as a manager who has served as a representative director of a global company and his wide range of insights in the manufacturing field. In addition to contributing to active discussions with regard to risk management and compliance from the perspective of "Bad News First," he appropriately played the role expected of an Outside Director of the Company, including by providing accurate advice on the management of the Company. In addition, he served as a member of the Executive Personnel Committee, which is a voluntary advisory body to the Board of Directors on nomination and remuneration, and contributed to strengthening the governance of the Company.
	Jin Song Montesano	*10 out of 10 meetings (100.0%)	She actively stated her opinions at Board of Directors' meetings, Management Discussion meetings, and at meetings to exchange opinions, based on her ample experience and her wide range of insights of management overall and in the areas of human resources, general affairs, public affairs, external affairs, and corporate responsibility through her experiences in various managerial positions in corporate affairs of a global company. In addition to deepening discussions on promoting diversity and developing human resources, she appropriately played the role expected of an Outside Director of the Company, including by providing accurate advice on the management of the Company. In addition, she served as a member of the Executive Personnel Committee, which is a voluntary advisory body to the Board of Directors on nomination and remuneration, and contributed to strengthening the governance of the Company.

* As of March 23, 2022

	Name	Attendance at Board of Directors Meetings	Attendance at Audit & Supervisory Board Meetings	Principal activities
Audit & Supervisory Board Members (Outside)	Masatake Yone	13 out of 13 meetings (100.0%)	17 out of 17 meetings (100.0%)	He actively stated his opinions at Audit & Supervisory Board meetings, Board of Directors' meetings, Management Discussion meetings, and at meetings to exchange opinions, based on his high level of expertise as an attorney, and ample experience and wide range of insights as an outside officer of corporations. In addition to revitalizing discussions, he appropriately played the role expected of an Audit & Supervisory Board Members (Outside) of the Company, including by providing accurate advice on the management of the Company.
	Eriko Kawai	13 out of 13 meetings (100.0%)	17 out of 17 meetings (100.0%)	She actively stated her opinions at Audit & Supervisory Board meetings, Board of Directors' meetings, Management Discussion meetings, and at meetings to exchange opinions based on her experience and business track record as an outside director at corporations and her high level of expertise in finance and accounting, in addition to her ample experience in international companies and international organizations. In addition to revitalizing discussions, she appropriately played the role expected of an Audit & Supervisory Board Members (Outside) of the Company, including by providing accurate advice on the management of the Company.

(8) Activity Details of the Executive Personnel Committee

Yamaha Motor has established an Executive Personnel Committee, which is involved in nominations and remuneration, as a voluntary advisory body of the Board of Directors, to improve transparency and objectivity in appointments and dismissals of executives and determining their remuneration, among other objectives. To ensure the transparency of the deliberation process, as well as to ensure the objectivity and validity of matters reported to the Board of Directors' meetings, the majority of the members of the Executive Personnel Committee consists of Outside Directors. The meeting of the Executive Personnel Committee was held seven times this fiscal year, and discussed matters concerning nomination and remuneration.

Chairman:	Chairman and Representative Director	Katsuaki Watanabe (7)
Committee members:	President and Representative Director	Yoshihiro Hidaka (7)
	Outside Directors (Independent)	Takuya Nakata (7), Takehiro Kamigama (6), Yuko Tashiro (7), Tetsuji Ohashi (6) and Jin Song Montesano (5)

*Numbers in parentheses () indicate the number of times attended in all 7 meetings.

In the role related to “nominations,” the Executive Personnel Committee deliberated upon the appointments and dismissals of the Chief Executive Officer (CEO), Directors, Audit & Supervisory Board Members and Executive Officers, as well as the selection of candidates for such senior management positions and their development plans, while confirming future management strategies and personnel requirements for putting them into practice, among other things.

As part of initiatives to strengthen governance, appointments/dismissals are determined based on review and evaluation of the CEO's duties. Specifically, a round-table conference with the CEO headed by Director Takehiro Kamigama and seven members who are Outside Directors and Audit & Supervisory Board Members (Outside) was held to evaluate the status of President and Representative Director Yoshihiro Hidaka's performance from a non-financial perspective through strategic dialogue with him, mainly on whether he has the necessary attributes as the Company's CEO and is demonstrating them appropriately. The Executive Personnel Committee reported the results to the Board of Directors for it to resolve the appointment of the CEO and other Executive Officers. Going forward, through such a process that ensures objectivity and fairness, the Company will establish governance led by the best and most suitable executives.

In the role related to “remuneration,” the Executive Personnel Committee evaluated the performance of the Company and individuals based on contributions to medium- to long-term corporate growth and business performance for the said fiscal year, and deliberated upon the compensation linked to performance within the limits of total remuneration resolved at the General Meeting of Shareholders. The amounts of individual remuneration for Directors and Executive Officers were determined by the Board of Directors, taking into account discussion and reporting by the Executive Personnel Committee based on the determination policies for Executives' remuneration.

4. Accounting Auditor

(1) Name of Accounting Auditor

Ernst & Young ShinNihon LLC

(2) Remuneration Paid to the Accounting Auditor during Fiscal 2022

1) Remuneration paid to the Accounting Auditor during fiscal 2022:	165 million yen
2) Total remuneration payable by the Company and its consolidated subsidiaries to the Accounting Auditor:	201 million yen

Note: 1. The amount of remuneration for audit under the Corporation Act of Japan and the amount under the Financial Instruments and Exchange Act are not classified differently in the audit contract between the Company and the Accounting Auditor, nor would it be practical to do so. Therefore, the above amounts each are totals for their respective categories of remuneration.

2. The Audit & Supervisory Board has given their consent with respect to Paragraph 1, Article 399 of the Corporation Act of Japan for the remuneration paid to the Accounting Auditor, following the confirmation and examination of the status of the Accounting Auditor's performance of duties, the details of audit plan and others, in light of the "Practical Guidelines for Coordination with Accounting Auditor" published by the Japan Audit & Supervisory Board Members Association.

Each of the following principal subsidiaries of the Company contracts another certified public accountant or audit corporation (including a person having an equivalent qualification in the foreign country concerned) for auditing (prescribed by the Corporation Act of Japan or the Financial Instruments and Exchange Act, or laws equivalent to aforementioned acts in the foreign country):

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. and Yamaha Motor do Brasil Ltda.

(3) Non-audit Services Provided by the Accounting Auditor

The Company entrusts the Accounting Auditor with, and pays compensation for, the following types of work, etc. which are not prescribed in Paragraph 1 of Article 2 of the Certified Public Accountants Act (non-audit services):

- Review of English translation of Notices of Ordinary General Meeting of Shareholders

(4) Policy for Determining the Dismissal or Non-reappointment of Accounting Auditor

In addition to the dismissal of an Accounting Auditor by the Audit & Supervisory Board stipulated in Article 340 of the Corporation Act of Japan, the Audit & Supervisory Board of the Company shall decide a proposal to dismiss or not to reappoint an Accounting Auditor, if it is deemed difficult for the Accounting Auditor to perform his or her duties. The Board of Directors of the Company shall submit the agenda to a General Meeting of Shareholders based on said decision.

5. Systems to Ensure Proper Business Operations

(1) Systems to Ensure the Directors Compliance with Acts, Regulations and the Company's Articles of Incorporation

- The Board of Directors shall supervise Directors in the implementation of their responsibilities, to ensure that they exercise the duty of care and duty of loyalty to the standard of good administrators. The Board is also charged with ensuring that all Directors' activities are lawful.
- Audit & Supervisory Board Members, in accordance with the criteria and methodology established by the Audit & Supervisory Board, shall audit the business conduct of the Directors.
- The Company shall maintain a robust posture against antisocial forces that threaten the order and safety of civil society. The Company shall reinforce this commitment in its Code of Ethics.
- The Company shall form such organizations and develop such rules as necessary to ensure the maintenance of appropriate financial information, and prepare and release reliable financial statements.

(2) Maintenance and Administration of Information Concerning the Business Conduct of Directors

- Documents and other forms of information on the business conduct of Directors shall be prepared, maintained and administered appropriately by establishing and operating necessary arrangement involving internal regulations.
- Confidential information including documents and other forms of information on the business conduct of Directors shall be handled appropriately by establishing and operating necessary arrangement involving internal regulations.
- The Company shall form such organizations and develop such rules as necessary to ensure timely and appropriate disclosure of significant company information.

(3) Rules Relating to Risk Control against Loss

- The Company shall establish a Sustainability Committee as an organization carrying out deliberation on its risk management measures, and shall establish a risk management supervising section for developing regulations concerning risk management of the Company and its subsidiaries, conducting risk assessment and structuring system for monitoring the risk management.
- Control of each serious risk factor shall be assigned to a specific section, which shall work to mitigate the risk factor for which it is responsible.
- The Company shall develop and operate internal regulations, etc. as necessary to ensure integrated control of individual departmental risk management activities.
- If a serious crisis arises, an Emergency Countermeasures Headquarters shall be established as provided in the internal regulations, etc., with the President and Chief Executive Officer as its head, in order to minimize damage and negative impact from the event.

(4) Systems to Ensure Efficient Execution of Directors' Duties

- The authority and responsibilities of the Board of Directors, President and Chief Executive Officer and sector heads, and the system for transferring authority between them, shall be better defined by strengthening Board of Directors Rules, Decision-making Rules and other important rules.
- Resolutions to be proposed at the Board of Directors' Meetings shall first be subject to deliberation by the Management Committee and other committees to ensure they are appropriate and meet procedural criteria for subsequent deliberation by the Board of Directors.
- After the Medium-term Plan and the budget for the fiscal year are formulated, management control systems such as a "management by objectives system" shall be established to achieve the plan's goals and targets.

(5) Systems to Ensure Employee Compliance with Acts, Regulations and the Company's Articles of Incorporation

- The Company shall establish the Sustainability Committee as an organization carrying out deliberation on its compliance measures, and shall establish a compliance supervising section for enhancing and educating its Code of Ethics to the Company and its subsidiaries.
- The Company shall establish an internal reporting hotline in a third-party organization outside of the Company which enables one to directly report on any unlawful act, or the possibility of illegal or improper activity that could damage trust and confidence in the Company, which directly informs Audit & Supervisory Board Members and the President and Chief Executive Officer concerning such report.
- The Company shall maintain a robust posture against antisocial forces that threaten the order and safety of civil society. The Company shall reinforce this commitment in its Code of Ethics.
- The Company shall form organizations and develop rules necessary to ensure the maintenance of appropriate financial information, and prepare and release reliable financial statements.

(6) Systems to Ensure that the Yamaha Motor Group (Composed of the Company and Its Subsidiaries) Conducts Business Appropriately

- The Company's Group Companies Management Rules and Decision-making Rules shall be established that define the controlling sectors in charge of supervising each subsidiary, and the authority, responsibilities and management methods of subsidiaries.
- In order to audit the appropriateness of operations of the Company and its subsidiaries, an internal auditing sector shall be established in the Company under the direct control of the President and Chief Executive Officer. An internal auditing function shall be established in major subsidiaries as well, and shall conduct audits of sections and subsidiaries collaborating with the internal auditing sector of the Company.
- Each domestic subsidiary, in principle, shall have a Board of Directors and an Audit & Supervisory Board Member; overseas subsidiaries shall design the governing body in accordance with local laws.
- At least one Director of each subsidiary, in principle, shall concurrently serve as a Director, Executive Officer, or employee of another company in the Group.
- The section supervising financial reporting of the Company shall provide subsidiaries with guidance and education to ensure appropriateness of financial information.

(7) Systems to Report to the Company on Matters Concerning the Execution of Duties at the Company's Subsidiaries by Directors, Employees Who Execute Business, and Any Person in an Equivalent Position (Directors, Etc.)

- The Group Companies Management Rules of the Company stipulates that Directors, etc. of its subsidiaries must report to the Company on their financial status and other important information.
- The Company shall request Directors, etc. of its significant subsidiaries to make a report on their business execution at the Management Committee meetings, etc. of the Company on a regular basis.

(8) Rules Relating to Risk Management Against Loss by the Company's Subsidiaries and Other Systems

- The Company's risk management supervising section shall set out rules on managing risks of the Company and its subsidiaries, and establish a system to monitor the risk assessment and its implementation plans and results.
- The Company's risk management supervising section shall provide subsidiaries with guidance and education with respect to risk management initiatives carried out by each subsidiary.
- Standards of conduct shall be set out in the internal rules, etc. to allow the Company to promptly and adequately deal with significant issues about the Company and its subsidiaries when they arise and to minimize the damage from such issues.

(9) Systems to Ensure Efficient Execution of Duties by Directors, Etc. of the Company's Subsidiaries

- Decision-making processes, responsibilities and authority shall be clarified by strengthening the Board of Directors Rules, Decision-making Rules and other important rules.
- The Group Medium-term Plan and the budget for the fiscal year shall be set out.
- A common management control system shall be adopted by the Company and its subsidiaries.
- Global Executive Committee meetings, comprising Executive Officers of the Company and its major subsidiaries, shall be held regularly to share information on the group management policy and deliberate on the policy to deal with important issues.

(10) Systems to Ensure That the Execution of Duties by Directors, Etc. and Employees of the Company's Subsidiaries Complies with Acts, Regulations and the Company's Articles of Incorporation

- The compliance supervising section of the Company shall enhance the Code of Ethics to be complied with by the Company and its subsidiaries, and shall provide subsidiaries with education on compliance.
- The compliance supervising section of the Company shall provide subsidiaries with guidance and education in respect of compliance initiatives taken by each subsidiary.
- The Company and its subsidiaries shall maintain a robust posture against antisocial forces that threaten the order and safety of civil society. The Company and its subsidiaries shall reinforce this commitment in their Code of Ethics.
- The Company and its subsidiaries shall form organizations and develop such rules as necessary to ensure the maintenance of appropriate financial information, and prepare and release reliable financial statements.
- The internal auditing sector of the Company shall work in collaboration with the internal auditing functions of its subsidiaries and perform audits on the system for compliance with acts and regulations of the subsidiaries.
- Audit & Supervisory Board Members of the Company shall perform audits on the status of Directors' execution of duties, internal control, risk management, measures to deal with compliance, and asset management status, etc. of its subsidiaries in accordance with the criteria and methodology established by the Audit & Supervisory Board.

(11) Employee to Assist Audit & Supervisory Board Members

- An Audit & Supervisory Board Members' Office shall be established with a full-time employee dedicated to assisting the Audit & Supervisory Board Members in the execution of their duties.

(12) Employee Assisting Audit & Supervisory Board Members Independence from Directors

- The internal rules provide that the authority to give instructions and orders to the employees assisting Audit & Supervisory Board Members shall be delegated to each Audit & Supervisory Board Member.
- Any dismissal or personnel changes concerning the employee assisting Audit & Supervisory Board Members in the execution of their duties shall be approved by the Audit & Supervisory Board in advance.

(13) Matters in Respect of Ensuring the Effectiveness of Instructions Given by Audit & Supervisory Board Members to the Employees Assisting Audit & Supervisory Board Members

- No employee assisting Audit & Supervisory Board Members in the execution of their duties shall concurrently hold a post involving other business operations. The employee shall perform his or her duties under the direction of the Audit & Supervisory Board Members, whose opinions shall be taken into consideration in evaluating the employee.

(14) Rules Concerning Directors and Employees Reporting to the Audit & Supervisory Board Members

- Directors and employees shall report to Audit & Supervisory Board Members on malpractice and/or acts concerning the execution of duties by Directors or employees, fact which violates the law and the Company's Articles of Incorporation, and incidents that could cause the Company considerable damage, depending on the importance and urgency thereof.
- Directors and employees shall report the following matters to the Audit & Supervisory Board Members periodically, or when necessary, at their request:
 - Establishment and operation of internal control systems, and related subjects
 - Results of internal audits conducted by the internal audit section
 - Operation of the internal reporting system, and receipt of reports

(15) Rules to Submit a Report to Audit & Supervisory Board Members by the Subsidiaries' Directors, Audit & Supervisory Board Members, Employees Who Execute Business, Any Other Person in an Equivalent Position and Employees or Any Person Who Received Reports from Aforementioned Persons

- The subsidiaries' Directors, Audit & Supervisory Board Members, Executive Officers, employees, and any person who received reports from these persons shall report to the Company's Audit & Supervisory Board Members on malpractice and/or acts concerning the execution of duties by Directors and employees of the Company and its subsidiaries, fact which violates the law and the Company's Articles of Incorporation, and incidents that could cause the Company considerable damage, when they recognize that such facts are present, depending on the importance and urgency thereof.
- The subsidiaries' Directors, Audit & Supervisory Board Members, Executive Officers and employees and any person who received reports from these persons shall report to Audit & Supervisory Board Members of the Company, at their request, on the following matters on a regular basis or when needed.
 - Matters in respect of the business execution
 - Result of audits performed by Audit & Supervisory Board Members of the domestic subsidiaries
 - Result of internal audits performed by the Company's internal auditing sector
 - Status of compliance and risk management, etc.

(16) Systems to Ensure That Any Person Who Reports as Described in the Preceding Paragraph Will Not Receive Any Disadvantageous Treatment Due to Such Reporting

- The Company shall stipulate in its internal rules that any person who reports as described in the preceding paragraph will not receive any disadvantageous treatment due to such reporting.

(17) Matters Regarding the Policy for Handling Expenses or Liabilities Incurred in Relation to the Procedures for the Advance Payment or Reimbursement of Expenses Incurred During the Execution of Duties by Audit & Supervisory Board Members, and Other Expenses or Liabilities Incurred During Execution of Said Duties

- In order to pay expenses, etc. incurred in the course of the Audit & Supervisory Board Members' execution of duties, a certain amount of budget shall be allocated annually.
- When requests such as payment of expenses in advance are made by Audit & Supervisory Board Members in accordance with Article 388 of the Corporation Act of Japan, payment of such expenses or liabilities shall be made or discharged in a prompt manner.

(18) Other Systems to Ensure Effective Auditing by Audit & Supervisory Board Members

- The Representative Directors shall meet with the Audit & Supervisory Board Members periodically to exchange opinions.
- Audit & Supervisory Board Members shall attend important meetings of bodies including the Management Committee, Sustainability Committee, and Executive Committee.
- Any dismissal or personnel changes of internal audits sector Heads shall be approved by the Audit & Supervisory Board in advance.
- The internal audit section shall explain its internal audit plan to Audit & Supervisory Board Members in advance.
- The minutes of the Management Committee meeting and any other meetings as the Audit & Supervisory Board Members may specify shall be made available for their perusal. The Audit & Supervisory Board Members shall be granted similar access to any approved proposal memorandums they may specify.
- Auditing assistance from outside experts shall be secured when deemed necessary by the Audit & Supervisory Board.

6. Overview of the Implementation Status of the Systems to Ensure Proper Business Operations

(1) Status of Initiatives in Respect of Compliance

The Company enhances its Code of Ethics and internal rules such as the Compliance Management Regulations, and has established the Sustainability Committee as the organization that gathers regularly to carry out deliberation on compliance measures of the Company. Major compliance activities of the Company during the fiscal year under review are as follows.

- Holding compliance training sessions for all officers and employees of the Company on a regular basis
- Conduct compliance awareness surveys at the Company and its subsidiaries on a regular basis
- Penetrating the Code of Ethics through the Company and its subsidiaries, and monitoring the progress of the penetration
- Verifying the identification of business partners in order to break off any relationship with antisocial forces, adding clauses for the elimination of antisocial forces into trading agreements, collecting related information, and raising internal awareness, etc.
- Implementing a global internal reporting system having a reporting hotline by domestic and global third-party organizations

(2) Status of Initiatives in Respect of Risk Management

The Company works regularly on issues concerning risk management by enhancing internal rules such as the Risk Management Regulations and the Confidential Information Management Regulations, and establishing the Sustainability Committee as the organization carrying out deliberation on its measures related to risk management. Major initiatives concerning risk management that the Company has carried out in the fiscal year under review are as follows.

- Based on the assessment of risks by the Company and its subsidiaries, etc., identifying material risks for the Group and monitoring the status of countermeasures
- If some issues arise in the Company or its subsidiaries, they will be notified to the risk management supervising section in accordance with the Rules for Initial Response to an Emergency, and emergency countermeasure structure shall be established in a timely manner, based on the assessment of the impact on the Group management.
- Conducting initial response training for strengthening initial response capability in the event of occurrence of an emergency event

(3) Status of Initiatives in Respect of Ensuring the Efficiency of the Duty Execution

The Company has stipulated matters to be judged and determined by the Board of Directors and matters to be delegated to the Executive Officers in the Board of Directors Rules and the Decision-making Rules, etc. to ensure the efficient execution of duties by Directors, etc. of the Company and its subsidiaries. In the fiscal year under review, 13 meetings of the Board of Directors and 24 meetings of the Management Committee, comprising Executive Officers with titles, were held. Major initiatives in respect of ensuring the efficiency of the execution of duties that the Company has carried out in the fiscal year under review include the following.

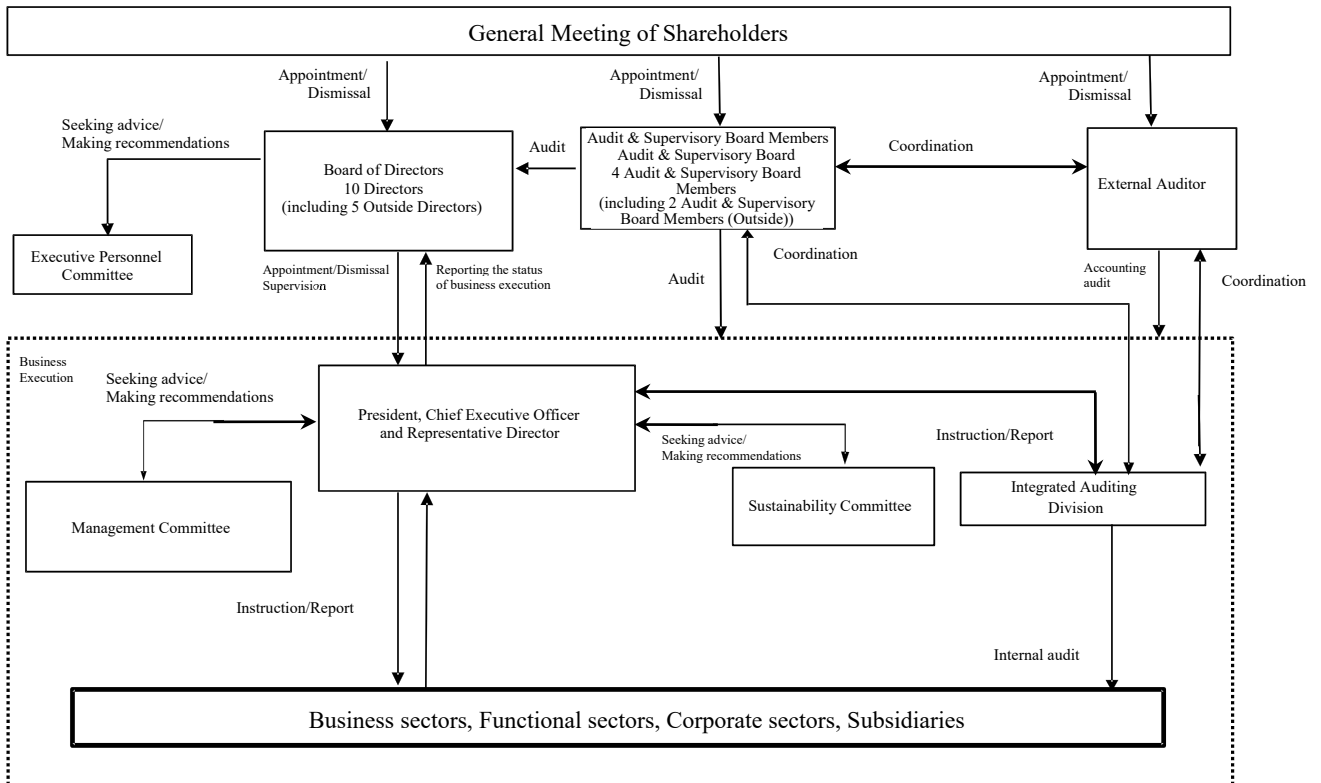
- Determining important management tasks for achieving the objectives set out in the Medium-term Plan, and verifying its progress through the Management Committee meetings and monthly officer seminars, etc.
- Confirming the status of execution of the annual budget at the monthly Executive Committee meetings
- Convening meetings of the Global Executive Committee which deliberates on important group management policies and tasks
- With the aim of helping Outside Directors collect adequate information without impairing their independence, convening regular meetings comprising Outside Directors and internal and Outside Audit & Supervisory Board Members to exchange their opinions
- Convening meetings attended only by Outside Directors and Outside Audit & Supervisory Board Members in order for Outside Directors and Outside Audit & Supervisory Board Members to exchange information and share awareness with each other from an independent and objective standpoint

(4) Status of Initiatives in Order to Ensure the Yamaha Motor Group, Comprising the Company and Its Subsidiaries, Conducts Business Appropriately

The Company has stipulated the controlling sectors in charge of supervising each subsidiary, and the authority, responsibilities and management methods of subsidiaries in its Group Companies Management Rules and Decision-making Rules, etc., to ensure the proper business execution of the Group as a whole. In addition, the Integrated Auditing Division, under the direct control of the President and Chief Executive Officer, is established as an internal auditing sector to carry out audit on the appropriateness of operational activities. The Integrated Auditing Division audits the appropriateness, adequacy and efficiency of business execution of the Company and its subsidiaries based on an annual audit plan, and makes evaluation and proposals accordingly. Major initiatives in order to ensure the appropriateness of business operations of the Yamaha Motor Group, comprising the Company and its subsidiaries, carried out in the fiscal year under review are the following.

- Reporting by each subsidiary to the Company on matters to be reported in accordance with the Group Companies Management Rules
- Reporting on management conditions of major subsidiaries at the Board of Directors' meetings, Management Committee meetings, and the Executive Committee meetings
- Enhancing and operating internal audit systems of major subsidiaries
- Auditing the Company's divisions and its subsidiaries by the Integrated Auditing Division, and providing support to the audit divisions of the major subsidiaries

Diagram of Corporate Governance System and Internal Control System (As of December 31, 2022)



Consolidated Financial Statements

Consolidated Balance Sheets

	Millions of yen	
	As of December 31, 2022	(Reference) As of December 31, 2021
ASSETS		
I. Current assets:		
Cash and deposits	288,780	276,412
Notes and accounts receivable - trade	—	161,626
Notes and accounts receivable - trade, and contract assets	187,410	—
Short-term sales finance receivables	230,131	154,599
Merchandise and finished goods	285,432	211,920
Work in process	115,755	92,070
Raw materials and supplies	124,658	101,369
Other	90,921	61,499
Allowance for doubtful accounts	(17,408)	(14,799)
Total current assets	1,305,683	1,044,698
II. Non-current assets:		
1. Property, plant and equipment:		
Buildings and structures, net	129,329	114,476
Machinery, equipment and vehicles, net	109,560	98,635
Land	86,864	86,817
Construction in progress	38,657	28,248
Other, net	26,566	25,948
Total property, plant and equipment	390,978	354,127
2. Intangible assets:		
Leasehold right	4,118	3,951
Software	26,911	17,186
Other	8,610	7,281
Total intangible assets	39,640	28,419
3. Investments and other assets:		
Investment securities	112,151	131,351
Long-term sales finance receivables	256,382	208,209
Net defined benefit asset	15,762	19,447
Deferred tax assets	44,084	30,733
Other	23,283	18,864
Allowance for doubtful accounts	(4,677)	(2,934)
Total investments and other assets	446,988	405,671
Total non-current assets	877,607	788,218
Total assets	2,183,291	1,832,917

Note: Amounts less than one million yen have been omitted.

(TRANSLATION ONLY)

Millions of yen

	As of December 31, 2022	(Reference) As of December 31, 2021
LIABILITIES		
I. Current liabilities:		
Notes and accounts payable – trade	148,133	140,524
Electronically recorded obligations - operating	29,597	24,653
Short-term loans payable	172,985	62,954
Current portion of bonds payable	5,156	2,240
Current portion of long-term loans payable	152,969	77,132
Income taxes payable	25,761	16,882
Provision for bonuses	18,796	15,334
Provision for product warranties	18,176	17,267
Other provision	3,159	2,153
Other	178,135	154,123
Total current liabilities	752,873	513,265
II. Non-current liabilities:		
Bonds payable	21,575	7,552
Long-term loans payable	250,002	308,634
Deferred tax liabilities	10,105	10,620
Deferred tax liabilities for land revaluation	4,643	4,643
Net defined benefit liability	49,297	51,840
Other provision	638	307
Other	39,855	35,380
Total non-current liabilities	376,119	418,980
Total liabilities	1,128,992	932,246
NET ASSETS		
I. Shareholders' equity:		
1. Capital stock	86,100	86,100
2. Capital surplus	68,050	68,101
3. Retained earnings	894,049	761,483
4. Treasury shares	(31,725)	(11,722)
Total shareholders' equity	1,016,475	903,962
II. Accumulated other comprehensive income:		
1. Valuation difference on available-for-sale securities	29,166	41,522
2. Revaluation reserve for land	10,427	10,427
3. Foreign currency translation adjustment	(55,717)	(103,471)
4. Remeasurements of defined benefit plans	2,721	6,785
Total accumulated other comprehensive income	(13,401)	(44,736)
III. Non-controlling interests	51,225	41,444
Total net assets	1,054,298	900,670
Total liabilities and net assets	2,183,291	1,832,917

Note: Amounts less than one million yen have been omitted.

(TRANSLATION ONLY)

Consolidated Statements of Income

Millions of yen

	(Reference)	
	Current Fiscal Year (January 1, 2022– December 31, 2022)	Previous Fiscal Year (January 1, 2021– December 31, 2021)
I. Net sales	2,248,456	1,812,496
II. Cost of sales	1,614,711	1,305,655
Gross profit	633,745	506,840
III. Selling, general and administrative expenses	408,880	324,498
Operating income	224,864	182,342
IV. Non-operating income		
Interest income	4,770	3,391
Dividend income	981	1,014
Share of profit of entities accounted for using equity method	5,296	4,089
Foreign exchange gains	4,604	2,065
Gain on valuation of derivatives	3,564	995
Other	6,814	6,924
Total non-operating income	26,033	18,480
V. Non-operating expenses		
Interest expenses	4,174	2,650
Loss on valuation of investment securities	2,444	1,286
Other	4,984	7,478
Total non-operating expenses	11,603	11,415
Ordinary income	239,293	189,407
VI. Extraordinary income		
Gain on sales of non-current assets	3,996	244
Gain on sales of investment securities	4,950	13,459
Total extraordinary income	8,946	13,704
VII. Extraordinary losses		
Loss on sales of non-current assets	293	146
Loss on disposal of non-current assets	1,331	1,250
Impairment loss	688	788
Loss on sales of investment securities	128	343
Loss on disaster	—	877
Total extraordinary losses	2,441	3,407
Income before income taxes	245,798	199,704
Income taxes - current	61,665	38,736
Income taxes - deferred	(5,448)	(3,164)
Total income taxes	56,216	35,572
Net income	189,582	164,132
Net income attributable to non-controlling interests	15,142	8,553
Net income attributable to owners of parent	174,439	155,578

Note: Amounts less than one million yen have been omitted.

(TRANSLATION ONLY)

Consolidated Statements of Changes in Equity

Current Fiscal Year (From January 1, 2022 through 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 treasury shares of parent arising from transactions with non-controlling shareholders		(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
	Accumulated other comprehensive income				
	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)
Cumulative effects of changes in accounting policies					
Restated balance	41,522	10,427	(103,471)	6,785	(44,736)
Changes of items during period					
Dividends of surplus					
Net income attributable to owners of parent					
Change in treasury shares of parent arising from transactions with non-controlling shareholders					
Purchase of treasury shares					
Disposal of treasury shares					
Net changes of items other than shareholders' equity	(12,355)	—	47,753	(4,063)	31,334
Total changes of items during period	(12,355)	—	47,753	(4,063)	31,334
Balance at end of current period	29,166	10,427	(55,717)	2,721	(13,401)
	Non-controlling interests	Total net assets			
Balance at beginning of current period	41,444	900,670			
Cumulative effects of changes in accounting policies		59			
Restated balance	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 treasury shares of parent arising from transactions with non-controlling shareholders		(61)			
Purchase of treasury shares		(20,002)			
Disposal of treasury shares		10			
Net changes of items other than shareholders' equity	9,780	41,114			
Total changes of items during period	9,780	153,568			
Balance at end of current period	51,225	1,054,298			

Note: Amounts less than one million yen have been omitted.

Notes to Consolidated Financial Statements

I. Notes regarding Basic Items of Significance in Drawing up Consolidated Financial Statements, etc.

1. Scope of Consolidation

(1) Number of consolidated subsidiaries: 127

(2) Name of major subsidiaries:

Yamaha Motorcycle Sales Japan Co., Ltd., Yamaha Motor Electronics 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., Yamaha Motor Vietnam Co., Ltd., Thai Yamaha Motor Co., Ltd., Yamaha Motor Philippines, Inc., Yamaha Motor Taiwan Co., Ltd. and Yamaha Motor do Brasil Ltda.

(3) Changes to the scope of consolidation:

In the fiscal year ended December 31, 2022, two newly established companies were included in the scope of consolidation. In addition, three companies were excluded due to liquidation, and four companies were excluded due to their absorption-type merger with other consolidated subsidiaries.

(4) Principal non-consolidated subsidiaries and the reason for excluding these companies from consolidation:

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., 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

(1) Number of non-consolidated subsidiaries and affiliates accounted for by the equity method, and names of principal companies among them:

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: 26
Hong Leong Yamaha Motor Sdn. Bhd. and 25 other affiliates

(2) Changes to the scope of application of equity method:

In the fiscal year ended December 31, 2022, one company was excluded from the scope of equity-method application due to the sale of its shares, and one company was removed on account of a decrease in investment ratio.

(3) Principal non-consolidated subsidiaries not accounted for by the equity method and the reason for excluding these companies from the equity method:

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.

3. Accounting Standards

(1) Policies and methods of valuation for significant assets

1) Securities

Other securities

Securities other than shares, etc. that do not have a market price are carried at fair value.

(Any changes in unrealized holding gain or loss, net of the applicable income taxes, are included directly in net assets. The cost of securities sold is determined by the moving average method.)

Shares, etc. that do not have a market price are carried at cost, determined by the moving-average method.

2) Derivatives

Derivatives are carried at fair value.

3) Inventories

Inventories are stated at cost, determined primarily by the average method. (Values stated in the balance sheets are computed through the write-down of book value due to lower profitability.)

(2) Depreciation and amortization of significant depreciable assets

1) Property, plant and equipment (excluding leased assets)

Depreciation of property, plant and equipment is computed mainly by the straight-line method.

2) Intangible assets (excluding leased assets)

Amortization of intangible assets is computed by the straight-line method.

3) Leased assets

Leased assets involved in finance lease transactions which transfer ownership

Computed using the same depreciation method applicable to self-owned fixed assets.

Leased assets involved in finance lease transactions which do not transfer ownership

Computed based on the assumption that the useful life equals the lease term and the residual value equals zero.

Right-of-use assets

Computed based on the assumption that the useful life equals the lease term or the useful life of said assets, whichever is shorter, and the residual value equals zero.

(3) Accounting criteria for significant accruals

1) Allowance for doubtful accounts

In order to evaluate accounts receivable - trade, sales finance receivables and loans receivable and other equivalents, an allowance for doubtful accounts is provided at an amount determined based on the historical experience of bad debt with respect to ordinary receivables, plus an estimate of uncollectible amounts determined by reference to specific doubtful receivables from customers who are experiencing financial difficulties. The allowance for doubtful accounts for sales finance receivables for U.S. financial services is stated in V. Notes to Accounting Estimates 1. Allowance for doubtful accounts for sales finance receivables for U.S. financial services.

2) Provision for bonuses

Provision for bonuses is stated at an estimated amount of the bonuses to be paid to employees, and to personnel working concurrently as Directors, based on their services for the current fiscal period.

3) Provision for product warranties

Provision for product warranties is provided to cover after-sale service expenses anticipated to be incurred during the warranty periods of products sold, as well as expenses associated with the quality of products sold, at a specifically estimated amount, plus an amount estimated by multiplying sales during the warranty period by a factor (after-sales service expenses/sales of products) based on actual costs in the past years and sales during the warranty period.

(4) Accounting methods for retirement benefits

1) Method of attributing estimated retirement benefits to periods of service

In calculating retirement benefit obligations, estimated retirement benefits are attributed to the periods concluding at the end of the fiscal year ended December 31, 2022, mainly using the benefit formula basis.

2) Accounting methods for actuarial gains or losses and prior service costs

Prior service costs are amortized by the straight-line method over a period (primarily 10 years) that is not longer than the average remaining years of service of the employees at the time those costs were incurred.

Actuarial gains or losses are amortized by the straight-line method over a period (primarily 10 years) that is not longer than the average remaining years of service of the employees at the time the gains or losses occurred in each fiscal year, starting from the fiscal year following the respective years of accrual.

(5) Accounting criteria for significant revenue and expenses

The sources of the Group's revenues are primarily divided into sales of merchandise and finished goods and the provision of financial services in the Financial Services segment, depending on the nature of the goods or services provided.

1) Sale of merchandise and finished goods

Revenue is recognized when control over the merchandise and finished goods is transferred to the customer. Generally, control is considered to have been transferred to the customer when the merchandise and finished goods are delivered to the customer. Certain contracts involve long-term construction or development commitments, for which revenue is recognized over a specified period of time as performance obligations stipulated in the contract are satisfied. Transaction prices are calculated according to the consideration based on contracts with customers. In some cases, sales incentives are mainly provided to retailers based on actual sales for a specific period of time or the number of units of a specific model sold. These sales incentives are deducted from the amount of revenue for the corresponding period based on the estimated amount to be paid based on reported sales performance.

The contracts with customers include clauses guaranteeing that the merchandise and finished goods supplied will be repaired or parts will be replaced free of charge if the merchandise and finished goods do not conform to the agreed specifications, etc. Provision for product warranties is recognized for the costs associated with this guarantee. Detailed information on this provision is presented in "(3) Accounting criteria for significant accruals, 3) Provision for product warranties."

2) Provision of financial services

Revenue is recognized when control over the merchandise and finished goods is transferred to the customer. Interest income on receivables in the financial services revenues is recognized over the contractual period at an amount equal to the amount of interest earned. Interest income on receivables under finance leases is recognized over the lease term at an amount equal to the amount of interest earned. Revenue from operating leases is recognized over the lease term by allocating the total lease payments proportionally to the lease term.

(6) Other items of significance in drawing up consolidated financial statements

1) Application of consolidated tax return system

The Company applies the Consolidated Tax Return System.

2) Amortization of goodwill

The difference between the cost and the underlying net equity at fair value of investments in consolidated subsidiaries ("goodwill") is amortized by the straight-line method over years estimated, based on substantive judgment as incurred.

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

The Company and its domestic consolidated subsidiaries will transition from the Consolidated Taxation System to the Group Tax Sharing System from the following fiscal year. However, 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), they 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.

From the beginning of the following consolidated fiscal year, the Company plans to apply the Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System (PITF No. 42 issued August 12, 2021), which prescribes the accounting treatment and disclosure of corporate income taxes, local income taxes and tax effect accounting in the event that a company applies the Group Tax Sharing System.

II. Notes to Changes in Accounting Policies

(Adoption of the Accounting Standard for Revenue Recognition, etc.)

The Company and its domestic consolidated subsidiaries that apply Japanese GAAP have adopted the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020; hereinafter “Accounting Standard for Revenue Recognition”), etc. effective as of the beginning of the fiscal year under review, and recognize revenue at the amount expected to be received in exchange for goods or services when control of the promised goods or services has been transferred to a customer.

With respect to application of the Accounting Standard for Revenue Recognition, etc., in accordance with the transitional treatment prescribed in the proviso of Paragraph 84 of the Accounting Standard for Revenue Recognition, the cumulative effect of retrospective application of the new accounting policy prior to the beginning of the fiscal year under review was added to or deducted from retained earnings at the beginning of the fiscal year under review, and the new accounting policy was applied from such beginning balance. However, the new accounting policy was not applied retrospectively to contracts for which almost all revenue amounts had been recognized in accordance with the previous treatment prior to the beginning of the fiscal year under review, in accordance with the method prescribed in Paragraph 86 of the Accounting Standard for Revenue Recognition. In addition, having applied the method prescribed in proviso (1) of Paragraph 86 of the Accounting Standard for Revenue Recognition, contract changes made prior to the beginning of the fiscal year under review were accounted for based on the contract terms after reflecting all contract changes, and the cumulative effect of such changes was added to or deducted from retained earnings at the beginning of the fiscal year under review. The effect of this change on the consolidated financial statements is immaterial.

In addition, “notes and accounts receivable – trade,” which were included in “current assets” in the consolidated balance sheet for the previous fiscal year, are included in “notes and accounts receivable – trade, and contract assets” from the fiscal year under review. However, in accordance with the transitional treatment prescribed in Paragraph 89-2 of the Accounting Standard for Revenue Recognition, no reclassification has been made for the previous fiscal year using the new presentation.

(Adoption of Accounting Standard for Fair Value Measurement, etc.)

The Company and its domestic consolidated subsidiaries that apply Japanese GAAP have adopted the “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019; hereinafter “Accounting Standard for Fair Value Measurement”), etc. effective as of the beginning of the fiscal year under review, and will prospectively apply the new accounting policies prescribed by the Accounting Standard for Fair Value Measurement, etc., in accordance with the transitional treatment stipulated in Paragraph 19 of the Accounting Standard for Fair Value Measurement and Paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019). There is no impact on the consolidated financial statements.

(Adoption of FASB Accounting Standards Codification (ASC) Topic 842, “Leases”)

The Company’s North American subsidiaries that apply U.S. GAAP have adopted ASC Topic 842, “Leases,” effective as of the beginning of the fiscal year under review. Consequently, lessees are in principle required to recognize all leases as assets and liabilities on their balance sheets. There are no significant changes in the accounting treatment of lessors.

In applying this accounting standard, the accepted method for the transitional treatment which the cumulative effect of a change in accounting policy is recognized at the date of adoption has been adopted.

As a result, at the end of the fiscal year under review, “Buildings and structures” increased by ¥7,205 million, “Machinery, equipment and vehicles” increased by ¥634 million, “other” in current liabilities increased by ¥1,493 million, and “other” in non-current liabilities increased by ¥6,410 million. The impact on operating income, ordinary income, income before income taxes, and net income for the fiscal year under review is immaterial.

III. Unapplied Accounting Standards, etc.

(ASU No. 2016-13 “Financial Instruments - Credit Losses”)

(1) Overview

The application of this accounting standard requires the Company to revise classifications and measurement methods for financial instruments and recognize impairments of financial assets under the expected credit loss model.

(2) Expected date of application

To be applied for subsidiaries in North America from the fiscal year ending December 31, 2023.

(3) Effect due to application of accounting standard

The effect on the consolidated financial statements of the Company due to the application of this accounting standard is under evaluation.

IV. Notes to Changes in Presentation

(Regarding Consolidated Balance Sheets)

“Software,” which was included in “Other” under “Intangible assets” in the fiscal year ended December 31, 2021 is stated separately from the fiscal year ended December 31, 2022 due to its increased monetary significance. In order to reflect this change in presentation method, a reclassification was made to the consolidated financial statements for the fiscal year ended December 31, 2021.

As a result, ¥24,468 million stated as “Other” under “Intangible assets” in the consolidated balance sheets for the fiscal year ended December 31, 2021, has been reclassified as “Software” of ¥17,186 million and “Other” of ¥7,281 million.

(Regarding Consolidated Statements of Income)

“Gain on valuation of derivatives,” which was included in “Other” under “Non-operating income” in the fiscal year ended December 31, 2021 is stated separately from the fiscal year ended December 31, 2022 due to its increased monetary significance. In order to reflect this change in presentation method, a reclassification was made to the consolidated financial statements for the fiscal year ended December 31, 2021.

As a result, ¥7,919 million stated as “Other” under “Non-operating income” in the consolidated statements of income for the fiscal year ended December 31, 2021, has been reclassified as “Gain on valuation of derivatives” of ¥995 million and “Other” of ¥6,924 million.

V. Notes to Accounting Estimates

Accounting estimates are calculated at reasonable amounts based on the information available at the time of compilation of the consolidated financial statements. Among the accounting estimates used in the consolidated financial statements for the fiscal year under review, the following items have been identified by the Group as being at risk for having a significant impact on the consolidated financial statements for the next fiscal year:

1. Allowance for doubtful accounts in sales finance receivables for U.S. financial services

(1) Amount recorded in the consolidated financial statements at the end of the fiscal year ended December 31, 2022

The allowance for doubtful accounts for sales finance receivables recorded in the consolidated balance sheets at the end of the fiscal year ended December 31, 2022 is ¥17,545 million.

Of this amount, the allowance for doubtful accounts for sales finance receivables at Yamaha Motor Finance Corporation, U.S.A., a U.S. subsidiary providing financial services, is ¥8,322 million.

(2) Details regarding significant accounting estimates for identified items

1) Calculation method

The U.S. subsidiary states significant accounting estimates for each wholesale finance, retail finance, and financial leasing business by multiplying the balance of receivables at the term-end by the anticipated ratio of doubtful accounts estimated based on the historical experience of bad debt. Of these, for retail financial receivables, a calculation model that aligns with the economic situation is applied after grouping the receivables based on risk characteristics, and the anticipated ratio of doubtful accounts is calculated by taking into account macroeconomic factors and other related factors, including the recent unemployment rate and the consumer confidence index.

2) Main assumptions

The main assumptions in the calculation of allowance for doubtful accounts are the anticipated ratio of doubtful accounts that takes into account macroeconomic factors and other related factors in the historical experience of bad debt.

3) Impact on consolidated financial statements in the next fiscal year

If the anticipated doubtful account ratio based on the historical experience of bad debt does not accurately reflect future doubtful accounts arising from receivables as at the end of the period, or if the impact from rapid inflation in the U.S., etc. on the economic situation differs from assumptions, additional or reduced allowances for doubtful accounts or additional bad-debt losses may occur in the consolidated financial statements for the following fiscal year.

2. Valuation of investment securities (shares, etc. that do not have a market price)

(1) Amount recorded in consolidated financial statements at the end of the fiscal year ended December 31, 2022

Excluding stocks of subsidiaries and affiliates, investment securities (shares, etc. that do not have a market price) recorded in the consolidated balance sheets at the end of the fiscal year ended December 31, 2022 were ¥10,731 million. In addition, loss on valuation of investment securities of ¥2,444 million was recorded in the consolidated statements of income for the fiscal year ended December 31, 2022.

(2) Details regarding significant accounting estimates for identified items

1) Calculation method

In order to create future core businesses, the Group invests in a variety of partners, including start-ups and venture companies, to accelerate the development of new businesses and expand the scale of growing businesses. In doing so, the Company invests in shares in anticipation of excess earning power, etc. based on the investee's cutting-edge technological and product development capabilities, and such shares, etc. that do not have a market price are recorded as investment securities. Shares, etc. that do not have a market price are stated at cost determined by the moving-average method. However, the real value is calculated based on the net asset value per share, taking into account excess earning power, etc.

If the real value significantly decreases compared to the acquisition cost, the acquisition cost is reduced to the real value and the difference is recorded as a valuation loss.

2) Main assumptions

The main assumptions for estimating excess earning power considered in the calculation of the real value of shares, etc. that do not have a market price are the expected profitability of the business due to developed products and the development of new technologies and products contained within the future business plan.

3) Impact on financial statements in the next fiscal year

The expected profitability of the business due to developed products and the development of new technologies and products contained within the future business plan, which are the main assumptions considered in the calculation of the real value, revolve around a high number of uncertain factors. If the business plan becomes difficult to implement as a result of changes in the business environment or other situations, additional valuation loss may be incurred.

VI. Notes to Consolidated Balance Sheets**1. Receivables and Contract Assets from Contracts with Customers among Notes and Accounts Receivable – Trade and Contract Assets**

	Millions of yen
Notes receivable - trade	12,242
Accounts receivable - trade	174,999
Contract assets	168

	Millions of yen
2. Accumulated Depreciation of Property, Plant and Equipment	766,880

3. Pledged Assets and Secured Liabilities

Pledged assets are as follows:		Millions of yen
Short-term sales finance receivables		158,631
Buildings and structures, net		68
Machinery and equipment, net		18,024
Land		44
Investment securities		54
Long-term sales finance receivables		144,336
<u>Investments and other assets - Other</u>		<u>1,736</u>
Total		322,896

Secured liabilities are as follows:		
Current portion of long-term loans payable		71,465
Long-term loans payable		92,655
<u>Non-current liabilities - Other</u>		<u>170</u>
Total		164,291

	Millions of yen
4. Discounts on Notes Receivable – Trade	87

5. Guarantee Obligations

Guarantee obligations are guarantees for the following subsidiaries' and affiliates' loans from financial institutions.

	Millions of yen
PT. Bussan Auto Finance	2,508
<u>Amagasaki Woodland of Health Co., Ltd.</u>	<u>11</u>
Total	2,520

The above amounts include amounts arising from quasi-guarantees of ¥11 million.

6. Revaluation Reserve for Land

Pursuant to the "Act Concerning the Revaluation of Land" (No. 24, enacted on March 31, 1999), land used for the Company's business operations was revalued. The income tax effect of the difference between the book value and the revalued amount has been presented under liabilities as "Deferred tax liabilities for land revaluation" and the remaining balance has been presented under net assets as "Revaluation reserve for land" in the accompanying consolidated balance sheets.

(1) Date of revaluation March 31, 2000

(2) Method of revaluation

Under Item 4 of Article 2 of the Order for Enforcement on Act on Revaluation of Land (No. 119 of the 1998 Cabinet Order, promulgated on March 31, 1998), the land price for the revaluation was determined based on the official notice prices assessed and published by the Chief Officer of the National Tax Administration, as provided by Article 16 of the Act Concerning Public Notification of Land Prices. The appropriate adjustments were made to reflect these official notice prices.

(3) Fair value of the land used for business after revaluation

The fair value of the land used for business after revaluation at the end of fiscal 2022 was below its book value by ¥7,276 million.

7. Contract Liabilities in Other under Current Liabilities and Non-Current Liabilities

	Millions of yen
Current liabilities	24,211
Non-current liabilities	15,221

VII. Notes to Consolidated Statements of Changes in Equity**1. Type and Number of Outstanding Shares:**

Common stock 350,217,467 shares

2. Dividends

(1) Amount of dividends paid

Resolution	Type of share	Total amount of dividends (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on Mar. 23, 2022	Common stock	22,483	65.00	Dec. 31, 2021	Mar. 24, 2022
Board of Directors Meeting held on Aug. 5, 2022	Common stock	19,449	57.50	Jun. 30, 2022	Sep. 9, 2022

(2) Dividends whose record date falls in FY2022 and whose effective date falls in FY2023

Resolution	Type of share	Total amount of dividends (Millions of yen)	Resource of dividends	Dividend per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on Mar. 22, 2023	Common stock	22,832	Retained earnings	67.50	Dec. 31, 2022	Mar. 23, 2023

3. Subscription Rights to Shares

No related items.

VIII. Notes to Financial Instruments

1. Status of Financial Instruments Held by the Group

(1) Policies on financial instruments

The Group restricts its asset management to short-term deposits, etc. in principle and raises funds mainly through bank borrowings. Derivative transactions are used to mitigate the risks described below and the Group has no intention to engage in speculative trading.

(2) Details of financial instruments and related risks

Notes and accounts receivable - trade, which are operating receivables, as well as short-term and long-term sales finance receivables are exposed to credit risk of customers. Foreign currency-denominated operating receivables resulting from the Group conducting business globally are exposed to risk of foreign currency exchange fluctuations, which is mitigated in principle by securing foreign exchange forward contracts on the net position of foreign currency-denominated operating receivables and payables.

Investment securities are mainly stocks of companies with which the Group has business relationships. Those that have a market price are exposed to risk of market price fluctuations, while those that do not have a market price are exposed to risk of impairment due to factors such as the business conditions of the company in question.

Notes and accounts payable - trade and electronically recorded obligations - operating, which are operating payables, are mostly due within one year. Some of them are denominated in foreign currency, reflecting imports of raw materials, etc., and exposed to risk of foreign currency exchange fluctuations. However, in principle, they are below the balance of accounts receivable denominated in the same foreign currency.

Loans payable and bonds payable are intended for working capital. Some of them are bearing variable interest rates and are exposed to risk of interest rate fluctuations.

Derivative transactions used by the Company are mainly foreign exchange forward contracts to mitigate risk of foreign currency exchange fluctuations in connection with foreign currency-denominated operating receivables and payables, and interest rate swap transactions and other transactions to mitigate risk of fluctuations in interest paid on the Company's borrowings.

(3) Risk management system for financial instruments

1) Management of credit risk (risks associated with the defaults of customers)

The Company and its consolidated subsidiaries have their administrative sections in individual business divisions periodically monitor main business partners with regard to operating receivables and keep track of the due date and the balance for each business partner, while trying to identify doubtful receivables due to worsened financial conditions of the business partners at an early stage and seek to reduce their consequences.

In engaging in derivative transactions, the Company enters into transaction only with financial institutions with a high credit rating in order to mitigate counterparty risk.

2) Management of market risk (foreign currency exchange and interest rate fluctuation risks)

The Company and some of its consolidated subsidiaries use foreign exchange forward contracts, etc. to mitigate foreign currency exchange fluctuation risk of foreign currency-denominated operating receivables and payables, which is identified for different currencies on a monthly basis. Foreign exchange forward contracts, etc. are also used for foreign currency-denominated operating receivables, which are certain to be generated as a result of scheduled export transactions. Additionally, interest rate swap transactions and other transactions may be used to reduce risk of fluctuations in interest paid on borrowings.

The Company periodically monitors the market prices of investment securities and the financial conditions of the issuers (business partners) and reviews its holding of investment securities on an ongoing basis, taking relationships with the business partners into account.

The Company's finance & accounting division carries out derivative transactions based on the internal rules prescribing transaction authority, the upper limit and others, keeps records and cross-checks the balance with financial institutions. Transactions of foreign exchange forward contracts, etc. are reported to Executive Officers in the position of Senior Executive Officer or higher, Audit & Supervisory Board Members (Full-Time), and heads of the finance & accounting division and the division responsible for

managing positions at least once a month. The Company also monitors consolidated subsidiaries in accordance with the internal rules.

3) Management of liquidity risk related to financing (risks in which the Company being unable to repay within the due date)

The Company and each of its consolidated subsidiaries control liquidity risk by formulating and revising a cash position plan as needed, while maintaining liquidity on hand at an appropriate level.

(4) Supplementary explanation concerning fair values, etc. of financial instruments

Fair values of financial instruments comprise values determined based on market prices and values determined reasonably when there is no market price. Since variable factors are incorporated in computing the relevant fair values, such fair values may vary depending on the different assumptions.

2. Fair Values of Financial Instruments

Carrying amount, fair value and differences of the financial instruments as of December 31, 2022 are as follows. “Cash and deposits,” “Notes and accounts receivable - trade, and contract assets,” “Notes and accounts payable - trade,” “Electronically recorded obligations - operating,” “Short-term loans payable,” “Current portion of bonds payable” and “Current portion of long-term loans payable” are omitted as they are cash and the fair values are almost equal to the book values because of their short-term maturities.

	Millions of yen		
	Carrying amount	Fair value	Differences
(1) Short-term sales finance receivables	230,131		
Allowance for doubtful accounts (*1)	(13,141)		
	216,990	216,990	—
(2) Investment securities (*2)	62,799	62,799	—
(3) Long-term sales finance receivables	256,382		
Allowance for doubtful accounts (*1)	(4,404)		
	251,978	250,085	(1,893)
Total assets	531,768	529,875	(1,893)
(4) Bonds payable	21,575	21,575	—
(5) Long-term loans payable	250,002	249,524	(477)
Total liabilities	271,577	271,100	(477)
Derivative transactions (*3)	7,186	7,186	—

(*1) Allowance for doubtful accounts is deducted from short-term sales finance receivables and long-term sales finance receivables.

(*2) Shares, etc. that do not have a market price are not included in “(2) Investment securities.” Their carrying amounts are as follows.

Millions of yen	
Category	Carrying amount
Stocks of subsidiaries and affiliates	38,620
Unlisted equity securities, etc.	10,731

(*3) Receivables and payables, which were derived from derivative transactions, are presented in net amounts. The figures in parentheses indicate net payables.

3. Fair Value Information by Level within the Fair Value Hierarchy

The fair value of financial instruments is classified into the following three levels according to the observability and materiality of inputs used to measure fair value.

Level 1 fair value: Fair value measured using observable inputs, i.e. quoted prices in active markets for assets or liabilities that are the subject of the measurement.

Level 2 fair value: Fair value measured using observable inputs other than Level 1 inputs.

Level 3 fair value: Fair value measured using unobservable inputs.

If multiple inputs are used that are significant to the fair value measurement, the fair value measurement is categorized in its entirety in the level of the lowest level input that is significant to the entire measurement.

(1) Financial instruments measured at fair value

Classification	Fair value (Millions of yen)			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities				
Stocks	52,452	—	10,347	62,799
Derivative transactions	—	7,186	—	7,186
Total assets	52,452	7,186	10,347	69,985

(2) Financial instruments other than those measured at fair value

Classification	Fair value (Millions of yen)			
	Level 1	Level 2	Level 3	Total
Short-term sales finance receivables	—	216,990	—	216,990
Long-term sales finance receivables	—	250,085	—	250,085
Total assets	—	467,075	—	467,075
Bonds payable	—	21,575	—	21,575
Long-term loans payable	—	249,524	—	249,524
Total liabilities	—	271,100	—	271,100

Note: A description of the valuation technique(s) and inputs used in the fair value measurements

Investment securities

Listed stocks are calculated using prices on the stock exchange. Since listed stocks are traded in active markets, they are classified as Level 1 fair value. The fair values of unlisted equity securities held by certain foreign subsidiaries are primarily calculated using the comparable companies analysis method and are classified as Level 3 fair value.

Derivative transactions

Their fair values are calculated based on the quoted price obtained from the financial institutions, and is classified as Level 2 fair value.

Short-term sales finance receivables

Short-term sales finance receivables are calculated based on book values from which an allowance for doubtful accounts equivalent to credit risk is deducted, as fair values are almost equal to the book values because of their short collection period, and classified as Level 2 fair value.

Long-term sales finance receivables

For long-term sales finance receivables with variable rates, fair value is calculated based on book values from which an allowance for doubtful accounts equivalent to credit risk is deducted. This fair value is almost equal to the book values as they reflect market interest rates in the short run because of their short collection period, and is classified as Level 2 fair value.

For long-term sales finance receivables with fixed rates, fair value is determined by computing the present values, discounting future cash flows for each collection period at a rate obtained

by adding the credit spread to appropriate indices such as government bond yields, and is classified as Level 2 fair value.

Bonds payable

This liability bears variable interest rates. Fair values are calculated based on book values because the fair value is almost equal to the book values as they reflect market interest rates in the short run, and it is classified as Level 2 fair value.

Long-term loans payable

For long-term loans payable with variable rates, fair value is calculated based on book values because fair values are almost equal to the book values as they reflect market interest rates in the short run, and it is classified as Level 2 fair value.

For long-term loans payable with fixed rates, fair value is determined by computing the present values, discounted for each repayment period at a projected interest rate if similar borrowings or lease transactions are conducted, and classified as Level 2 fair value.

IX. Notes to Revenue Recognition

1. Disaggregation of Revenue from Contracts with Customers

The Group's reporting segments consist of four segments: Land mobility, Marine products, Robotics, and Financial services.

Of these, the segments except Financial services recognize revenue at a single point in time, primarily upon delivery of products, while the Financial services segment recognizes revenue over a period of time, primarily through the provision of sales financing and leases related to the Company's products.

The following information breaks down the revenues of each reportable segment by destination.

Millions of yen

	Land mobility	Marine products	Robotics	Financial services	Other	Total
Japan	84,841	32,662	26,523	—	20,037	164,065
Overseas	1,383,402	484,378	89,346	62,178	65,085	2,084,390
North America	159,385	321,596	3,882	38,497	45,156	568,518
Europe	220,403	76,395	10,994	918	3,460	312,171
Asia	792,711	25,257	73,824	—	9,437	901,231
Other	210,902	61,128	644	22,762	7,030	302,469
Total	1,468,244	517,040	115,869	62,178	85,123	2,248,456

2. Useful Information in Understanding Revenue from Contracts with Customers

Useful information in understanding revenue is as presented in "I. Notes regarding Basic Items of Significance in Drawing up Consolidated Financial Statements, etc., 3. Accounting Standards, (5) Accounting criteria for significant revenue and expenses."

3. Useful Information in Understanding the Amount of Revenue in the Current and Subsequent Fiscal Years

(1) Balance of contract assets and contract liabilities, etc.

Millions of yen

	Beginning of current fiscal year	End of current fiscal year
Receivables from contracts with customers	161,626	187,242
Contract assets	—	168
Contract liabilities	41,027	39,433

In the consolidated balance sheets, receivables from contracts with customers and contract assets are included in "Notes and accounts receivable – trade, and contract assets." Contract liabilities are included in "Other" under current liabilities and non-current liabilities.

Contract liabilities consist mainly of advances received on sales of finished goods, etc. and unearned revenues on extended warranty services and maintenance contracts, etc. These are reversed as soon as revenue is recognized upon realization of the sale or at the end of the contract period. Of the amount recognized as revenue in the current fiscal year, the amount included in the contract liabilities at the beginning of the year was ¥18,647 million.

(2) Transaction price allocated to the remaining performance obligations

The remaining performance obligations are primarily for the provision of extended warranty services and maintenance contracts. The following is a breakdown of the total amount of unsatisfied (or partially unsatisfied) performance obligations at the end of the current fiscal year and the period over which revenue is expected to be recognized.

	Millions of yen
Within one year	11,903
Over one year and within five years	17,160
Over five years	147
Total	29,211

The table above does not include information on remaining performance obligations with an original expected duration of one year or less, applying the practical expedient. In addition, there are no material amounts of consideration arising from contracts with customers that are not included in the transaction price.

X. Notes to Per Share Information

(1) Net Assets per Share 2,965.79 yen

(2) Net Income per Share 511.47 yen

XI. Notes to Significant Subsequent Events

(Purchase of treasury shares)

At a meeting of the Board of Directors held on February 13, 2023, the Company resolved to purchase treasury shares in accordance with Article 156 of the Companies Act as applied mutatis mutandis pursuant to Article 165, Paragraph 3 of the said Act.

1. Reasons for purchase of treasury shares

The Company will purchase shares to return profits to shareholders and improve its capital efficiency.

2. Details of purchase

- | | |
|--------------------------------------|---|
| (1) Class of shares to be purchased | : Shares of common stock |
| (2) Number of shares to be purchased | : Up to 12,000,000 shares
(3.5% of the shares issued and outstanding, excluding treasury shares) |
| (3) Total cost for purchasing shares | : Up to ¥30.0 billion |
| (4) Period for share purchase | : From February 14, 2023 to September 29, 2023 |
| (5) Method of purchase | : Purchase on the Tokyo Stock Exchange market |

Non-consolidated Financial Statements**Non-consolidated Balance Sheets**

Millions of yen

	As of December 31, 2022	(Reference) As of December 31, 2021
ASSETS		
I. Current assets:		
Cash and deposits	118,989	116,581
Notes receivable - trade	3,766	4,777
Accounts receivable - trade	140,108	108,767
Contract assets	168	—
Merchandise and finished goods	46,280	53,719
Work in process	29,456	30,351
Raw materials and supplies	45,337	34,178
Prepaid expenses	4,307	1,625
Other	43,240	30,543
Allowance for doubtful accounts	(111)	(1,300)
Total current assets	431,543	379,243
II. Non-current assets:		
1. Property, plant and equipment:		
Buildings, net	44,330	44,517
Structures, net	7,148	7,497
Machinery and equipment, net	22,162	21,197
Vessels, net	351	527
Vehicles, net	3,095	813
Tools, furniture and fixtures, net	10,000	10,127
Land	49,546	49,377
Construction in progress	16,770	10,207
Total property, plant and equipment	153,407	144,265
2. Intangible assets:		
Leasehold right	501	501
Software	23,417	14,898
Other	175	239
Total intangible assets	24,094	15,640
3. Investments and other assets:		
Investment securities	62,226	95,507
Stocks of subsidiaries and affiliates	181,290	171,773
Investments in other securities of subsidiaries and affiliates	11,931	5,566
Investment in capital	23	23
Investment in capital of subsidiaries and affiliates	26,445	26,445
Long-term loans receivable	970	52
Prepaid pension cost	11,499	7,886
Deferred tax assets	2,312	558
Other	961	718
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	297,663	308,532
Total non-current assets	475,165	468,437
Total assets	906,708	847,681

Note: Amounts less than one million yen have been omitted.

(TRANSLATION ONLY)

Millions of yen

	As of December 31, 2022	(Reference) As of December 31, 2021
LIABILITIES		
I. Current liabilities:		
Notes payable - trade	115	124
Electronically recorded obligations - operating	23,397	20,322
Accounts payable - trade	49,981	46,807
Short-term loans payable	13,259	14,148
Current portion of long-term loans payable	35,000	30,000
Lease obligations	66	62
Accounts payable - other	44,632	35,127
Accrued expenses	5,314	4,713
Income taxes payable	8,388	4,611
Advances received	4,694	5,707
Deposits received	3,854	2,726
Provision for bonuses	6,650	5,395
Provision for product warranties	6,541	6,880
Other	527	1,241
Total current liabilities	<u>202,424</u>	<u>177,869</u>
II. Non-current liabilities:		
Long-term loans payable	105,000	140,000
Lease obligations	474	540
Deferred tax liabilities for land revaluation	4,643	4,643
Provision for retirement benefits	20,696	20,348
Provision for product liabilities	—	4
Allowance for investment loss	468	2,072
Other	1,326	1,146
Total non-current liabilities	<u>132,609</u>	<u>168,757</u>
Total liabilities	<u>335,033</u>	<u>346,626</u>
NET ASSETS		
I. Shareholders' equity:		
1. Capital stock	86,100	86,100
2. Capital surplus		
(1) Legal capital surplus	74,375	74,375
(2) Other capital surplus	641	641
Total capital surplus	<u>75,016</u>	<u>75,016</u>
3. Retained earnings		
Other retained earnings		
Reserve for reduction entry	332	336
Retained earnings brought forward	401,954	299,614
Total retained earnings	<u>402,287</u>	<u>299,950</u>
4. Treasury shares	(31,681)	(11,679)
Total shareholders' equity	<u>531,723</u>	<u>449,388</u>
II. Valuation and translation adjustments:		
1. Valuation difference on available-for-sale securities	29,524	41,238
2. Revaluation reserve for land	10,427	10,427
Total valuation and translation adjustments	<u>39,951</u>	<u>51,666</u>
Total net assets	<u>571,675</u>	<u>501,054</u>
Total liabilities and net assets	<u>906,708</u>	<u>847,681</u>

Note: Amounts less than one million yen have been omitted.

Non-consolidated Statements of Income

Millions of yen

	Current Fiscal Year (January 1, 2022– December 31, 2022)	(Reference) Previous Fiscal Year (January 1, 2021– December 31, 2021)
I. Net sales	953,247	757,810
II. Cost of sales	753,437	620,857
Gross profit	199,809	136,953
III. Selling, general and administrative expenses	112,178	87,812
Operating income	87,630	49,141
IV. Non-operating income		
Interest income	752	187
Dividend income	78,877	51,919
Foreign exchange gains	1,657	852
Other	2,027	2,061
Total non-operating income	83,315	55,020
V. Non-operating expenses		
Interest expenses	393	393
Loss on valuation of investment securities	2,444	1,286
Loss on revaluation of investment in subsidiaries' and affiliates' stock	1,151	—
Provision of allowance for investment loss	—	678
Expenses for transfer support	676	530
Other	1,899	1,998
Total non-operating expenses	6,565	4,887
Ordinary income	164,379	99,273
VI. Extraordinary income		
Gain on sales of non-current assets	146	20
Gain on sales of investment securities	4,904	12,970
Gain on sales of subsidiaries' and affiliates' stock	—	19
Total extraordinary income	5,051	13,009
VII. Extraordinary losses		
Loss on sales of non-current assets	5	7
Loss on disposal of non-current assets	769	772
Impairment loss	—	149
Loss on sales of investment securities	0	42
Loss on liquidation of subsidiaries and affiliates	23	—
Loss on disaster	—	383
Total extraordinary losses	798	1,355
Income before income taxes	168,632	110,927
Income taxes - current	20,658	7,582
Income taxes - deferred	3,542	174
Total income taxes	24,200	7,756
Net income	144,431	103,171

Note: Amounts less than one million yen have been omitted.

Non-consolidated Statements of Changes in Equity

Current Fiscal Year (From January 1, 2022 through December 31, 2022)

Millions of yen

	Shareholders' equity				
	Capital stock	Capital surplus			Retained earnings
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings Reserve for reduction entry
Balance at beginning of current period	86,100	74,375	641	75,016	336
Cumulative effects of changes in accounting policies					
Restated balance	86,100	74,375	641	75,016	336
Changes of items during period					
Reversal of reserve for reduction entry					(3)
Dividends of surplus					
Net income					
Purchase of treasury shares					
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	—	—	(3)
Balance at end of current period	86,100	74,375	641	75,016	332

	Shareholders' equity			
	Retained earnings		Treasury shares	Total shareholders' equity
	Other retained earnings	Total retained earnings		
Balance at beginning of current period	299,614	299,950	(11,679)	449,388
Cumulative effects of changes in accounting policies	(161)	(161)		(161)
Restated balance	299,452	299,788	(11,679)	449,227
Changes of items during period				
Reversal of reserve for reduction entry	3	—		—
Dividends of surplus	(41,932)	(41,932)		(41,932)
Net income	144,431	144,431		144,431
Purchase of treasury shares			(20,002)	(20,002)
Net changes of items other than shareholders' equity				
Total changes of items during period	102,502	102,498	(20,002)	82,495
Balance at end of current period	401,954	402,287	(31,681)	531,723

	Valuation and translation adjustments			Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Total valuation and translation adjustments	
Balance at beginning of current period	41,238	10,427	51,666	501,054
Cumulative effects of changes in accounting policies				(161)
Restated balance	41,238	10,427	51,666	500,893
Changes of items during period				
Reversal of reserve for reduction entry				—
Dividends of surplus				(41,932)
Net income				144,431
Purchase of treasury shares				(20,002)
Net changes of items other than shareholders' equity	(11,714)	—	(11,714)	(11,714)
Total changes of items during period	(11,714)	—	(11,714)	70,781
Balance at end of current period	29,524	10,427	39,951	571,675

Note: Amounts less than one million yen have been omitted.

Notes to Non-consolidated Financial Statements

I. Notes regarding Significant Accounting Policies

1. Asset Valuation

(1) Securities

Stocks of subsidiaries and affiliates are carried at cost, determined by the moving-average method.

Other securities

Securities other than shares, etc. that do not have a market price are carried at fair value.

(Any changes in unrealized holding gain or loss, net of the applicable income taxes, are included directly in net assets. The cost of securities sold is determined by the moving average method.)

Shares, etc. that do not have a market price classified as available-for-sale securities are carried at cost, determined by the moving-average method.

(2) Derivatives

Derivatives are carried at fair value.

(3) Inventories

Merchandise and finished goods and work in process are stated at cost, determined by the average method.

(Values stated in the balance sheets are computed through the write-down of book value due to lower profitability)

Raw materials and supplies are stated at cost based on the last-purchase-price method. (Values stated in the balance sheets are computed through the write-down of book value due to lower profitability)

2. Depreciation and Amortization of Assets

(1) Property, plant and equipment (excluding leased assets)

Depreciation of property, plant and equipment is computed by the straight-line method.

(2) Intangible assets (excluding leased assets)

Amortization of intangible assets is computed by the straight-line method.

(3) Leased assets

Leased assets involved in finance lease transactions which transfer ownership

Computed using the same depreciation method applicable to self-owned fixed assets.

Leased assets involved in finance lease transactions which do not transfer ownership

Computed based on the assumption that the useful life equals the lease term and the residual value equals zero.

3. Significant Accruals

(1) Allowance for doubtful accounts

In order to evaluate accounts receivable - trade, and loans and other equivalents, an allowance for doubtful accounts is provided at an amount determined based on the historical experience of bad debt with respect to ordinary receivables, plus an estimate of uncollectible amounts determined by reference to specific doubtful receivables from customers who are experiencing financial difficulties.

(2) Provision for bonuses

Provision for bonuses is stated at an estimated amount of the bonuses to be paid to employees, and to personnel working concurrently as Directors, based on their services for the current fiscal period.

(3) Provision for product warranties

Provision for product warranties is provided to cover after-sale service expenses anticipated to be incurred during the warranty periods of products sold, as well as expenses associated with the quality of products sold, at a specifically estimated amount, plus an amount estimated by multiplying sales during the warranty period by a factor (after-sales service expenses/sales of products) based on actual costs in the past years and sales during the warranty period.

(4) Provision for retirement benefits

Provision for retirement benefits is provided mainly at an amount, deemed generated on December 31, 2022, calculated based on the retirement benefit obligations and the fair value of the pension plan assets as of the balance sheet date, as adjusted for unrecognized actuarial gains or losses and unrecognized prior service costs.

1) Method of attributing estimated retirement benefits to periods of service

In calculating retirement benefit obligations, estimated retirement benefits are attributed to the periods concluding at the end of the fiscal year ended December 31, 2022, using the benefit formula basis.

2) Accounting methods for actuarial gains or losses and prior service costs

Prior service costs are amortized as incurred by the straight-line method over a period, 10 years, which is shorter than the average remaining years of service of the employees.

Actuarial gains or losses are amortized in the respective years following the year in which the gains or losses are recognized, with the amount proportionally divided by the straight-line method, over a period, 10 years, which is shorter than the average remaining years of service of the employees at the time the gains or losses occurred in each fiscal year.

(5) Allowance for investment loss

Allowance for investment loss is provided in order to prepare for loss from investment in subsidiaries and affiliates, etc., and the necessary amount was recorded based on its financial condition.

4. Accounting Criteria for Significant Revenue and Expenses

The sources of the Company's revenues are primarily sales of merchandise and finished goods.

Revenue is recognized when control over the merchandise and finished goods is transferred to the customer. Generally, control is considered to have been transferred to the customer when the merchandise and finished goods are delivered to the customer. Certain contracts involve long-term construction or development commitments, for which revenue is recognized over a specified period of time as performance obligations stipulated in the contract are satisfied. Transaction prices are calculated according to the consideration based on contracts with customers. In some cases, sales incentives are mainly provided to retailers based on actual sales for a specific period of time or the number of units of a specific model sold. These sales incentives are deducted from the amount of revenue for the corresponding period based on the estimated amount to be paid based on reported sales performance.

The contracts with customers include clauses guaranteeing that the merchandise and finished goods supplied will be repaired or parts will be replaced free of charge if the merchandise and finished goods do not conform to the agreed specifications, etc. Provision for product warranties is recognized for the costs associated with this guarantee. Detailed information on this provision is presented in "3. Significant Accruals, (3) Provision for product warranties."

5. Other Basic Items of Significance in Drawing up Non-consolidated Financial Statements

(1) Application of consolidated tax return system

The Company applies the Consolidated Tax Return System.

(2) Accounting methods for retirement benefits

Accounting methods for unrecognized actuarial gains and losses and unrecognized prior service costs related to retirement benefits employed in the non-consolidated financial statements are different from those in the consolidated financial statements.

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

The Company will transition from the Consolidated Taxation System to the Group Tax Sharing System from the following fiscal year. However, 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 has 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.

From the beginning of the following consolidated fiscal year, the Company plans to apply the Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System (PITF No. 42 issued August 12, 2021), which prescribes the accounting treatment and disclosure of corporate income taxes, local income taxes and tax effect accounting in the event that a company applies the Group Tax Sharing System.

II. Notes to Changes in Accounting Policies

(Adoption of the Accounting Standard for Revenue Recognition, etc.)

The Company has adopted the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020; hereinafter “Accounting Standard for Revenue Recognition”), etc. effective as of the beginning of the fiscal year under review, and recognize revenue at the amount expected to be received in exchange for goods or services when control of the promised goods or services has been transferred to a customer.

With respect to application of the Accounting Standard for Revenue Recognition, etc., in accordance with the transitional treatment prescribed in the proviso of Paragraph 84 of the Accounting Standard for Revenue Recognition, the cumulative effect of retrospective application of the new accounting policy prior to the beginning of the fiscal year under review was added to or deducted from retained earnings at the beginning of the fiscal year under review, and the new accounting policy was applied from such beginning balance. However, the new accounting policy was not applied retrospectively to contracts for which almost all revenue amounts had been recognized in accordance with the previous treatment prior to the beginning of the fiscal year under review, in accordance with the method prescribed in Paragraph 86 of the Accounting Standard for Revenue Recognition. In addition, having applied the method prescribed in proviso (1) of Paragraph 86 of the Accounting Standard for Revenue Recognition, contract changes made prior to the beginning of the fiscal year under review were accounted for based on the contract terms after reflecting all contract changes, and the cumulative effect of such changes was added to or deducted from retained earnings at the beginning of the fiscal year under review. The effect of this change on the non-consolidated financial statements is immaterial.

(Adoption of Accounting Standard for Fair Value Measurement, etc.)

The Company has adopted the “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019; hereinafter “Accounting Standard for Fair Value Measurement”), etc. effective as of the beginning of the fiscal year under review, and will prospectively apply the new accounting policies prescribed by the Accounting Standard for Fair Value Measurement, etc., in accordance with the transitional treatment stipulated in Paragraph 19 of the Accounting Standard for Fair Value Measurement and Paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019). There is no impact on the non-consolidated financial statements.

III. Notes to Accounting Estimates

Accounting estimates are calculated at reasonable amounts based on the information available at the time of compilation of the non-consolidated financial statements. Among the accounting estimates used in the non-consolidated financial statements for the fiscal year under review, the following items have been identified by the Company as being at risk for having a significant impact on the non-consolidated financial statements for the next fiscal year.

Valuation of investment securities (shares, etc. that do not have a market price)

- (1) Amount recorded in non-consolidated financial statements at the end of the fiscal year ended December 31, 2022

Investment securities (shares, etc. that do not have a market price) recorded in the non-consolidated balance sheets at the end of the fiscal year ended December 31, 2022 are ¥10,692 million. In addition, loss on valuation of investment securities of ¥2,444 million is recorded in the non-consolidated statements of income for the fiscal year ended December 31, 2022.

- (2) Details regarding significant accounting estimates for identified items

Details are the same as those stated in “V. Notes to Accounting Estimates, 2. Valuation of investment securities (shares, etc. that do not have a market price)” in the Notes to Consolidated Financial Statements.

IV. Notes to Non-consolidated Balance Sheets

	Millions of yen
1. Accumulated Depreciation of Property, Plant and Equipment	319,904

2. Pledged Assets

	Millions of yen
Stocks of subsidiaries and affiliates	16
Stocks of subsidiaries and affiliates are pledged as collateral for loans from financial institutions made by the subsidiaries and affiliates.	

3. Receivables from and Payables to Subsidiaries and Affiliates

	Millions of yen
Short-term receivables:	150,634
Long-term receivables:	2
Short-term payables:	44,177
Long-term payables:	474

	Millions of yen
4. Discounts on Notes Receivable – Trade	87

5. Guarantee Obligations

Guarantees obligations are guarantees for the following subsidiaries' and affiliates' loans from financial institutions.

	Millions of yen
PT. Bussan Auto Finance	2,508
Amagasaki Woodland of Health Co., Ltd.	11
<u>Yamaha Motor Pakistan Pvt. Ltd.</u>	<u>7</u>
Total	2,527

The above amounts include amounts arising from quasi-guarantees of ¥11 million.

6. Revaluation Reserve for Land

Pursuant to the “Act Concerning the Revaluation of Land” (No. 24, enacted on March 31, 1999), land used for the Company’s business operations was revalued. The income tax effect of the difference between the book value and the revalued amount has been presented under liabilities as “Deferred tax liabilities for land revaluation” and the remaining balance has been presented under net assets as “Revaluation reserve for land” in the accompanying non-consolidated balance sheets.

(1) Date of revaluation March 31, 2000

(2) Method of revaluation

Under Item 4 of Article 2 of the Order for Enforcement on Act on Revaluation of Land (No. 119 of the 1998 Cabinet Order, promulgated on March 31, 1998), the land price for the revaluation was determined based on the official notice prices assessed and published by the Chief Officer of the National Tax Administration, as provided by Article 16 of the Act Concerning Public Notification of Land Prices. The appropriate adjustments were made to reflect these official notice prices.

(3) Fair value of the land used for business after revaluation

The fair value of the land used for business after revaluation at the end of fiscal 2022 was below its book value by ¥7,276 million.

V. Notes to Non-consolidated Statements of Income

Transactions with subsidiaries and affiliates

	Millions of yen
Net Sales	773,623
Purchases	260,837
Non-operating income	79,712
Non-operating expenses	737

VI. Notes to Non-consolidated Statements of Changes in Equity

Number of shares in treasury shares at December 31, 2022

	Shares
Common stock	11,964,681

VII. Notes to Deferred Tax Accounting

Principal deferred tax assets and liabilities

	Millions of yen
Deferred tax assets:	
Loss on valuation of securities	36,786
Excess of depreciation	14,288
Provision for retirement benefits	6,188
Provision for bonuses	1,988
Provision for product warranties	1,955
Allowance for doubtful accounts	33
Other	4,744
Gross deferred tax assets	<u>65,985</u>
Valuation allowance for deductible temporary difference	<u>(48,656)</u>
Gross valuation allowance	<u>(48,656)</u>
Total deferred tax assets	17,329
Deferred tax liabilities:	
Valuation difference on available-for-sale securities	(11,335)
Prepaid pension cost	(3,438)
Reserve for reduction entry	(236)
Other	(6)
Total deferred tax liabilities	<u>(15,016)</u>
Net deferred tax assets	2,312

VIII. Notes to Revenue Recognition

Useful information in understanding revenue from contracts with customers is stated in “I. Notes regarding Significant Accounting Policies, 4. Accounting Criteria for Significant Revenue and Expenses.”

IX. Notes to Transactions with Related Parties

Millions of yen

Type	Name of company, etc.	Ownership of voting rights, etc.	Relationship with related parties	Details of transaction	Amount of transaction	Account	Balance as of the end of the fiscal year
Subsidiary	Yamaha Motor Corporation, U.S.A. (The United States)	Direct ownership 100.0%	Sale of products of the Company	Net sales (Note)	215,550	Accounts receivable - trade	39,588
Subsidiary	Yamaha Motor Europe N.V. (The Netherlands)	Direct ownership 100.0%	Sale of products of the Company	Net sales (Note)	163,761	Accounts receivable - trade	19,683

Note: Trade conditions such as prices are determined by taking actual market prices into account and are based on general terms of transactions.

X. Notes to Per Share Information

1. Net Assets per Share 1,690.08 yen

2. Net Income per Share 423.44 yen

XI. Notes to Significant Subsequent Events

Notes are omitted because the same information is presented in “XI. Notes to Significant Subsequent Events” in the Notes to Consolidated Financial Statements.

Independent Auditor's Report

February 13, 2023

The Board of Directors
Yamaha Motor Co., Ltd.

Ernst & Young ShinNihon LLC
Hamamatsu Office Japan

Noritada Aizawa
Designated and Engagement Partner
Certified Public Accountant

Daisuke Sumita
Designated and Engagement Partner
Certified Public Accountant

Katsuya Tanaka
Designated and Engagement Partner
Certified Public Accountant

Opinion

Pursuant to Article 444, paragraph 4 of the Companies Act, we have audited the accompanying consolidated financial statements, which comprise the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets, and notes to the consolidated financial statements of Yamaha Motor Co., Ltd. and its consolidated subsidiaries (the Group) applicable to the fiscal year from January 1, 2022 to December 31, 2022.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position and results of operations of the Group applicable to the fiscal year ended December 31, 2022, in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The other information comprises the information included in the Group's business report and its supplementary schedules. Management is responsible for preparation and disclosure of the other information. Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing the duties of Directors in designing and operating the Group's reporting process of the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management, Audit & Supervisory Board Members and the Audit & Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management

determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the consolidated financial statements is not expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with Audit & Supervisory Board Members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit & Supervisory Board Members and the Audit & Supervisory Board with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the consolidated financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Independent Auditor's Report

February 13, 2023

The Board of Directors
Yamaha Motor Co., Ltd.

Ernst & Young ShinNihon LLC
Hamamatsu Office Japan

Noritada Aizawa
Designated and Engagement Partner
Certified Public Accountant

Daisuke Sumita
Designated and Engagement Partner
Certified Public Accountant

Katsuya Tanaka
Designated and Engagement Partner
Certified Public Accountant

Opinion

Pursuant to Article 436, paragraph 2, Item 1 of the Companies Act, we have audited the accompanying financial statements, which comprise the balance sheet, the statement of income, the statement of changes in net assets, and notes to the financial statements, and the accompanying supplementary schedules of Yamaha Motor Co., Ltd. (the Company) applicable to the 88th fiscal year from January 1, 2022 to December 31, 2022.

In our opinion, the accompanying financial statements and the accompanying supplementary schedules present fairly, in all material respects, the financial position and results of operations of the Company applicable to the fiscal year ended December 31, 2022, in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements and the Accompanying Supplementary Schedules section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The other information comprises the information included in the Company's business report and its supplementary schedules. Management is responsible for preparation and disclosure of the other information. Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing the duties of Directors in designing and operating the Company's reporting process of the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management, Audit & Supervisory Board Members and the Audit & Supervisory Board for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements and the accompanying supplementary schedules in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the accompanying supplementary schedules, management is responsible for assessing the Company's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements and the Accompanying Supplementary Schedules

Our objectives are to obtain reasonable assurance about whether the financial statements and the accompanying supplementary schedules as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements and the accompanying supplementary schedules.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements and the accompanying supplementary schedules, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the financial statements and the accompanying supplementary schedules is not expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the accompanying supplementary schedules or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements and the accompanying supplementary schedules, including the disclosures, and whether the financial statements and the accompanying supplementary schedules represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.

We communicate with Audit & Supervisory Board Members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit & Supervisory Board Members and the Audit & Supervisory Board with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Copy of Audit Report of the Audit & Supervisory Board

Audit Report

February 13, 2023

We at the Audit & Supervisory Board, having discussed the Directors' performance of duties during the 88th business year, from January 1, 2022 through December 31, 2022, based on audit reports from each Audit & Supervisory Board Member, prepared this Audit Report of the Audit & Supervisory Board. Our audit opinion is as follows.

1. Methods and Contents of the Audit Implemented by Audit & Supervisory Board Members and the Audit & Supervisory Board

- (1) The Audit & Supervisory Board established its audit policy, assigned responsibilities to each Audit & Supervisory Board Member in carrying out the policy, and received reports from each Audit & Supervisory Board Member on audit implementation and results. In addition, the Audit & Supervisory Board, when necessary, requested reports and received explanations from Directors, other executives and accounting auditors concerning the execution of their duties.
- (2) Each Audit & Supervisory Board Member, in accordance with the Audit & Supervisory Board Members standard of audit, established by the Audit & Supervisory Board, as well as other relevant audit policy, executed assigned responsibilities, communicated with Directors, internal audit divisions, and other employees, in order to gather information and develop an optimal audit environment, and also performed audit using the following methods.
 - 1) Each Audit & Supervisory Board Member attended meetings of the Board of Directors and other important meetings, received reports on the execution of duties from Directors, employees and other personnel, requested reports and received explanations from them whenever necessary, perused important documents, including those subject to executive approval, examined the conditions of assets and business at the head office and other major business office, and received reports on the implementation status and results of audits from other Audit & Supervisory Board Members. With regard to the Company's subsidiaries, each Audit & Supervisory Board Member communicated and exchanged information with Directors, Audit & Supervisory Board Members, and other employees of the subsidiaries, and received reports when necessary.
 - 2) Concerning the resolution adopted by the Board of Directors about designing the system which assures that the execution of Directors' duties comply with laws and regulations and the Articles of Incorporation and designing the other system for assuring the proper business operations of a corporate group comprising the company and its subsidiaries, as stipulated in Paragraphs 1 and 3 of Article 100 of the Ordinance for Enforcement of the Corporation Act of Japan, and the internal control system, designed in accordance with the Board of Directors' resolution, each Audit & Supervisory Board Member periodically received reports of the status of establishing and operating these systems from Directors, employees and other personnel, requested reports and received explanations from them whenever necessary.
 - 3) Each Audit & Supervisory Board Member has monitored the accounting auditor to verify their independence and the propriety of their audit implementation, and has requested reports and received explanations from them when necessary. In addition, each Audit & Supervisory Board Member received a notice from the accounting auditor that "the system for securing appropriate execution of duties" (in each items of Article 131 of the Corporate Accounting Rules) has been developed in accordance with "the Standard on Quality Control Concerning Audit" (established by the Business Accounting Council on October 28, 2005), and requested reports and received explanations from them. Based on the methods described above, the Audit & Supervisory Board reviewed whether the accounting auditor executed their duties appropriately.

Based on the methods described above, the Audit & Supervisory Board reviewed the business report and its supplementary schedules, non-consolidated financial statements (non-consolidated balance sheets, non-consolidated statements of income, non-consolidated statement of changes in net assets, and notes to non-consolidated financial statements) and their supplementary schedules, and consolidated financial statements (consolidated balance sheets, consolidated statements of income, consolidated statement of changes in net assets, and notes to consolidated financial statements) for the business year.

2. Results of Audit

(1) Results of the audit of the business report and other documents

- 1) The business report and its supplementary schedules present fairly the condition of the Company in accordance with applicable laws and regulations, as well as the Articles of Incorporation.
- 2) With regard to the execution of Directors' duties, we have found no misconduct or material matters in violation of laws, regulations, or the Articles of Incorporation.
- 3) We find the content of the Board of Directors' resolution on the internal control system sufficient. Also, with regard to the internal control system itself, nothing unusual is to be pointed out.

(2) Results of the audit of non-consolidated financial statements and their supplementary schedules

The method and results of the audit conducted by Ernst & Young ShinNihon LLC, the Company's Accounting Auditor, are recognized as fair and proper.

(3) Results of the audit of consolidated financial statements

The method and results of the audit conducted by Ernst & Young ShinNihon LLC, the Company's Accounting Auditor, are recognized as fair and proper.

The Audit & Supervisory Board Yamaha Motor Co., Ltd.

Kenji Hironaga
Audit & Supervisory Board Member (Full-Time)

Junzo Saitoh
Audit & Supervisory Board Member (Full-Time)

Masatake Yone
Audit & Supervisory Board Member
(Outside)

Eriko Kawai
Audit & Supervisory Board Member
(Outside)

Procedures for Exercising Voting Rights by Electromagnetic Means

1. To Shareholders who exercise the voting rights via the Internet

Please exercise your voting right by 5:30 p.m., Monday, March 20, 2023 (JST).

Voting rights via the Internet may only be exercised by using the site (<https://www.web54.net>) designated by the Company for the purpose via computers and smartphones.

Please be advised that voting rights cannot be exercised by accessing the web site from cellular phones.

For inquiries regarding the exercise of voting rights via the Internet, please contact:	Sumitomo Mitsui Trust Bank, Limited, Transfer Agency Web Support Desk Phone: 0120-652-031 (toll-free within Japan) Hours: 9:00 - 21:00 (JST)
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2. Use of the “Electromagnetic Proxy Platform” for the Institutional Investors

If registered shareholders (including standing proxies) such as trust and banking companies apply in advance for the use of the electromagnetic proxy platform, they may use the platform as an electromagnetic method for the exercise of voting rights at the General Meeting of Shareholders.