

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

Code No: 7272  
March 3, 2020

## Notice of the 85th 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 85th Ordinary General Meeting of Shareholders, to be held at the time and place indicated below.

**If you are unable to attend the meeting, you may exercise your voting rights by either of the methods below. Please review the reference documents provided and exercise your voting rights by 5:30 p.m. on Tuesday, March 24, 2020 (JST).**

### [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.

### [Exercising Voting Rights by Electromagnetic Means]

Please read the attached documents on page 83, "Procedures for Exercising Voting Rights by Electromagnetic Means," and exercise your voting rights online.

1. **Date and Time:** Wednesday, March 25, 2020 at 10:00 a.m. (JST)  
(The reception will open at 9:00 a.m.)
2. **Location:** Concert Hall, ACT CITY Hamamatsu  
111-1 Itaya-machi, Naka-ku, Hamamatsu-shi, Shizuoka, Japan

### 3. Agenda of the Meeting

#### Items to be reported:

1. Business Report for the 85th Fiscal Year (from January 1, 2019 through December 31, 2019); Consolidated Financial Statements applicable to the 85th Fiscal Year (from January 1, 2019 through December 31, 2019); Report of Independent Auditors on Consolidated Financial Statements; and Report of the Audit & Supervisory Board on Consolidated Financial Statements
2. Non-consolidated Financial Statements applicable to the 85th Fiscal Year (from January 1, 2019 through December 31, 2019).

#### Items to be resolved:

- |                       |   |
|-----------------------|---|
| Proposed Resolution 1 | Appropriation of Surplus                                    |
| Proposed Resolution 2 | Election of Eleven Directors                                |
| Proposed Resolution 3 | Election of One Substitute Audit & Supervisory Board Member |

#### 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 15 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 15 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 15 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 15 of the "Share Handling Regulations."

#### 5. Other Matters regarding this Notice

Among the documents which should be provided together with this Notice, the "Notes to Consolidated Financial Statements" and "Notes to Non-consolidated Financial Statements" are made available on the Company's website on the internet at <https://global.yamaha-motor.com/jp/>, pursuant to the applicable laws and regulations and Article 19 of the Articles of Incorporation of the Company. Accordingly, these notes are not provided in this Notice. The Consolidated Financial Statements and Non-consolidated Financial Statements that are provided in the Attached Documents of this Notice are part of the consolidated financial statements and non-consolidated statements that were audited by the Independent Auditors and Audit & Supervisory Board Members for preparation of their accounting audit report and audit report.

- Notes:
1. Attendees are asked to submit their completed Exercise of Voting Rights Form to the reception desk on the day of the meeting.
  2. If and when any correction is made to the Reference Documents for the General Meeting of Shareholders and Attached Documents, it will be announced on the Company's website at <https://global.yamaha-motor.com/jp/>

## Reference Documents for the 85th Ordinary General Meeting of Shareholders

### Proposals and Reference Information

#### Proposed Resolution 1 Appropriation of Surplus

Placing a focus on “considering balance between investments for new growth and stock dividends within the availability of cash flows while maintaining the earnings power,” the Company has set the benchmark at a dividend payout ratio of 30% of net income attributable to owners of parent.

The Company proposes to pay a year-end dividend of ¥45 per share for the current fiscal year. Added to the interim dividend (¥45 per share), this gives a total dividend for the year of ¥90 per share.

- (1) Type of dividend property:  
Cash
  
- (2) Distribution of dividend property, and the total amount distributed:  
45 yen per share of common stock  
Total amount: 15,721,838,955 yen
  
- (3) Effective date of distribution:  
March 26, 2020

## Proposed Resolution 2 Election of Eleven Directors

All of the eleven (11) Directors will complete their respective terms of office at the conclusion of this Ordinary General Meeting of Shareholders. Accordingly, Yamaha Motor Co., Ltd. (hereinafter the “Company”) proposes the election of a total of eleven (11) Directors.

The Director candidates are as follows.

[Reference] Structure of Directors\*

Candidate No.	Name	New candidate or candidate for reappointment	Current positions and responsibilities in the Company		
1	Hiroyuki Yanagi	Candidate for reappointment	Chairman and Representative Director		
2	Yoshihiro Hidaka	Candidate for reappointment	President, Chief Executive Officer and Representative Director Chief General Manager in charge of Human Resources & General Affairs and Marine		
3	Katsuaki Watanabe	Candidate for reappointment	Executive Vice President and Representative Director Chief General Manager in charge of Quality Assurance, Customer Service, Motorcycles, Market Development, and Automotive		
4	Toshizumi Kato	Candidate for reappointment	Managing Executive Officer and Director Chief General Manager in charge of Solution, Power Products and Alliance Strategy		
5	Katsuhito Yamaji	Candidate for reappointment	Managing Executive Officer and Director Chief General Manager in charge of Manufacturing, Manufacturing Technology, Procurement and Powertrain		
6	Makoto Shimamoto	Candidate for reappointment	Senior Executive Officer and Director Chief General Manager of Mobility Technology Center and Chief General Manager of Advanced Technology Center Chief General Manager in charge of Design and Vehicle Development		
7	Tatsumi Okawa	Candidate for reappointment	Senior Executive Officer and Director Chief General Manager of Corporate Planning & Finance Center Chief General Manager in charge of IT and Digital Technology		
8	Takuya Nakata	Candidate for reappointment	Director	Outside Director	Independent Outside Officer
9	Takehiro Kamigama	Candidate for reappointment	Director	Outside Director	Independent Outside Officer
10	Yuko Tashiro	Candidate for reappointment	Director	Outside Director	Independent Outside Officer
11	Tetsuji Ohashi	New candidate		Outside Director	Independent Outside Officer

\* Structure in the case that this proposal is approved.

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	Hiroyuki Yanagi (November 20, 1954) <div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 5px auto;">Candidate for Reappointment</div>	<p>             April 1978: Joined the Company              April 2000: General Manager of Soude Factory and General Manager of Morimachi Factory, Production Control Division, MC Operations of the Company              April 2003: Director and President of MBK Industrie              February 2004: Director and President of Yamaha Motor India Pvt. Ltd.              March 2007: Executive Officer of the Company              January 2009: Chief General Manager of Manufacturing Center of the Company              March 2009: Senior Executive Officer of the Company              March 2010: President, Chief Executive Officer and Representative Director of the Company              June 2011: Outside Director of Yamaha Corporation              January 2018: Chairman and Representative Director of the Company (to present)              March 2019: Independent Director of AGC Inc. (to present)              March 2019: Outside Director of Kirin Holdings Company, Limited (to present)              [Significant concurrent positions]              Chairman of Japan Marine Industry Association           </p> <p>             - Term of office as a Director:              Ten (10) 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 Hiroyuki Yanagi 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 2010 and others, he is highly capable in corporate management that is required to deal with a variety of values as well as expertise in technological 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>	83,711

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</p> <p>July 2010: Vice President of Yamaha Motor Corporation, U.S.A.</p> <p>January 2013: Executive General Manager of 3rd Business Unit, MC Business Operations of the Company</p> <p>March 2014: Executive Officer of the Company</p> <p>January 2015: Executive General Manager of 2nd Business Unit, MC Business Operations of the Company</p> <p>January 2016: Executive General Manager of 1st Business Unit, MC Business Operations and General Manager of Southeast &amp; East Asia Sales Division of the Company</p> <p>January 2017: Chief General Manager of Corporate Planning &amp; Finance Center of the Company</p> <p>March 2017: Senior Executive Officer and Director of the Company</p> <p>January 2018: President, Chief Executive Officer and Representative Director of the Company (to present)</p> <p>June 2018: Outside Director of Yamaha Corporation (to present)</p> <p>- Term of office as a Director: Three (3) 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 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 Vice President of Yamaha Motor Corporation, U.S.A., Executive General Manager of MC Business Unit, Chief General Manager of Corporate Planning &amp; Finance Center of the Company and others, 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>	27,413

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	<p data-bbox="295 862 518 952">Katsuaki Watanabe (November 15, 1959)</p> <div data-bbox="295 1008 518 1097" style="border: 1px solid black; padding: 2px;">Candidate for Reappointment</div>	<p data-bbox="550 257 1189 1019">           April 1982: Joined the Company            January 2007: Director and President of Yamaha Motor Parts Manufacturing Vietnam Co., Ltd.            January 2009: Senior General Manager of BD Manufacturing Section, Manufacturing Center of the Company            March 2010: Executive Officer of the Company            November 2010: Chief General Manager of Manufacturing Center of the Company            March 2011: Senior Executive Officer of the Company            April 2013: Chief General Manager of Manufacturing Center and Executive General Manager of 1st Business Unit, MC Business Operations of the Company            March 2014: Senior Executive Officer and Director of the Company            March 2016: Managing Executive Officer and Director of the Company            January 2018: Executive Vice President and Representative Director of the Company (to present)         </p> <p data-bbox="550 1041 1436 1545">           - 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 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 Director and President of Yamaha Motor Parts Manufacturing Vietnam Co., Ltd. and Chief General Manager of Manufacturing Center and Chief General Manager of MC Business Operations of the Company and others, he is highly capable and has 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>	33,663

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	<p>Toshizumi Kato (March 24, 1958)</p> <p>Candidate for Reappointment</p>	<p>June 1986: Joined the Company</p> <p>April 2003: Vice President of IM Company of the Company</p> <p>January 2005: Director and President of Yamaha Motor Australia Pty Limited</p> <p>March 2007: President of IM Company of the Company</p> <p>March 2008: Executive Officer of the Company</p> <p>January 2010: Senior General Manager of Sales Operations, MC Business Operations of the Company</p> <p>January 2011: Director and President of Yamaha Motor Corporation, U.S.A.</p> <p>March 2012: Senior Executive Officer of the Company</p> <p>March 2014: Senior Executive Officer and Director of the Company</p> <p>January 2016: Chief General Manager of Vehicle &amp; Solution Business Operations of the Company</p> <p>March 2016: Managing Executive Officer and Director of the Company (to present)</p> <p>July 2019: Chairman &amp; Representative Director of Yamaha Motor Robotics Holdings Co., Ltd. (to present)</p> <p>- Term of office as a Director: Six (6) 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 Toshizumi Kato 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 IM Company of the Company, Director and President of Yamaha Motor Corporation, U.S.A. and others, he is highly capable and has expertise in the marketing 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>	31,828



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	Katsuhito Yamaji (November 28, 1958)  <div style="border: 1px solid black; padding: 2px; width: fit-content;">Candidate for Reappointment</div>	<p>April 1982: Joined the Company</p> <p>April 2003: Director of Yamaha Motor da Amazonia Ltda.</p> <p>July 2009: Senior General Manager of Manufacturing and Engineering Section, Technology Center of the Company</p> <p>November 2010: Senior General Manager of EG Manufacturing Section, Manufacturing Center of the Company</p> <p>March 2012: Executive Officer of the Company</p> <p>January 2014: Chief General Manager of Manufacturing Center of the Company</p> <p>March 2015: Senior Executive Officer of the Company</p> <p>January 2017: Chief General Manager of Manufacturing Center and Chief General Manager in charge of Procurement Center of the Company</p> <p>March 2017: Senior Executive Officer and Director of the Company</p> <p>March 2019: Managing Executive Officer and Director of the Company (to present)</p> <p>- Term of office as a Director: Three (3) 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 Katsuhito Yamaji 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 Director of Yamaha Motor da Amazonia Ltda. (Brazil), 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>	20,814

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	Makoto Shimamoto (August 19, 1960) <div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 5px auto;">Candidate for Reappointment</div>	<p>April 1983: Joined the Company</p> <p>January 2007: General Manager of Engine Designing Division, Product Development Section, MC Business Operations of the Company</p> <p>January 2010: Senior General Manager of Cost Innovation Section, Procurement Center of the Company</p> <p>January 2012: Director and President of Yamaha Motor Asian Center Co., Ltd.</p> <p>January 2014: Senior General Manager of PF Model Development Section, PF Model Unit of the Company</p> <p>March 2014: Executive Officer of the Company</p> <p>January 2015: Chief General Manager of PF Model Unit and Senior General Manager of PF Model Development Section, PF Model Unit of the Company</p> <p>March 2015: Senior Executive Officer of the Company</p> <p>January 2017: Chief General Manager of Technology Center and Chief General Manager of PF Model Unit of the Company</p> <p>March 2017: Senior Executive Officer and Director of the Company (to present)</p> <p>January 2018: Chief General Manager of Mobility Technology Center of the Company</p> <p>January 2020: Chief General Manager of Mobility Technology Center and Chief General Manager of Advanced Technology Center of the Company (to present)</p> <p>- Term of office as a Director: Three (3) 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 Makoto Shimamoto 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 Director and President of Yamaha Motor Asian Center Co., Ltd. (Thailand), Chief General Manager of PF Model Unit of the Company and others, he is highly capable and has expertise in the technological 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>	14,782

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	Tatsumi Okawa (January 28, 1964)  <div style="border: 1px solid black; padding: 2px; width: fit-content; margin-left: 20px;">Candidate for Reappointment</div>	<p>April 1986: Joined the Company</p> <p>March 2007: Director and President of Yamaha Motor Australia Pty Limited.</p> <p>January 2011: General Manager of Corporate Planning Division, Corporate Planning &amp; Finance Section of the Company</p> <p>October 2012: Executive General Manager of ME Business Unit, Marine Business Operations of the Company</p> <p>March 2014: Executive Officer of the Company</p> <p>January 2015: Director and President of Yamaha Motor Corporation, U.S.A.</p> <p>January 2018: Chief General Manager of Corporate Planning &amp; Finance Center of the Company (to present)</p> <p>March 2018: Senior Executive Officer and Director of the Company (to present)</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 Tatsumi Okawa 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 Executive General Manager of ME Business Unit, Marine Business Operations of the Company, Director and President of Yamaha Motor Corporation, U.S.A. and others, he is highly capable and has expertise in the business management 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>	15,466

[Candidates for Outside Directors]

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 Officers” as stated below.

(Reference) Summary of “Standards for Selecting Independent Outside Officers”

I. Independent Outside Officers 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
7. In office more than 8 years

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 officers of the company if they, in view of their personality and insight, are believed suitable as independent outside officers of the company on the condition that the individuals meet the requirements of an outside director as required under the Companies Act, and that a public disclosure is made to explain the reasons for electing them as independent outside officers of the company.

As mentioned, the above is a summary of the “Standards for Selecting Independent Outside Officers.” For the full text, please visit our website, [https://global.yamaha-motor.com/ir/governance/pdf/independent\\_en.pdf](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
8	<p data-bbox="327 645 497 705">Takuya Nakata (June 8, 1958)</p> <div data-bbox="300 719 523 768" style="border: 1px solid black; padding: 2px; width: fit-content; margin-bottom: 5px;">Outside Director</div> <div data-bbox="300 779 523 857" style="border: 1px solid black; padding: 2px; width: fit-content; margin-bottom: 5px;">Independent Outside Officer</div> <div data-bbox="300 869 523 947" style="border: 1px solid black; padding: 2px; width: fit-content;">Candidate for Reappointment</div>	<p data-bbox="555 293 1236 353">April 1981: Joined Nippon Gakki Co., Ltd. (currently Yamaha Corporation)</p> <p data-bbox="555 353 1236 414">October 2005: General Manager of PA/ DMI Division of Yamaha Corporation</p> <p data-bbox="555 414 1236 450">June 2006: Executive Officer of Yamaha Corporation</p> <p data-bbox="555 450 1236 510">June 2009: Director &amp; Executive Officer of Yamaha Corporation</p> <p data-bbox="555 510 1236 571">April 2010: President of Yamaha Corporation of America</p> <p data-bbox="555 571 1236 631">June 2010: Senior Executive Officer of Yamaha Corporation</p> <p data-bbox="555 631 1236 768">March 2013: Assistant Senior General Manager of Musical Instruments &amp; Audio Products Sale &amp; Marketing Group of Yamaha Corporation</p> <p data-bbox="555 768 1236 828">June 2013: President and Representative Director of Yamaha Corporation</p> <p data-bbox="555 828 1236 889">March 2014: Outside Director of the Company (to present)</p> <p data-bbox="555 889 1236 992">June 2017: Director, President and Representative Executive Officer of Yamaha Corporation (to present)</p> <p data-bbox="555 992 1236 1052">[Significant concurrent positions] President of Yamaha Music Foundation</p> <p data-bbox="555 1077 1428 1171">- Term of office as a Director: Six (6) years (at the conclusion of this Ordinary General Meeting of Shareholders)</p> <p data-bbox="555 1171 1093 1232">- Attendance at the Board of Directors Meetings: 12 out of 13 meetings (92.3%)</p> <p data-bbox="555 1232 1428 1494">- 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>	11,800

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	Takehiro Kamigama (January 12, 1958) <div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 5px 0;">Outside Director</div> <div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 5px 0;">Independent Outside Officer</div> <div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 5px 0;">Candidate for Reappointment</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 (to present)	0
	<ul style="list-style-type: none"> <li>- Term of office as a Director: Two (2) years (at the conclusion of this Ordinary General Meeting of Shareholders)</li> <li>- Attendance at the Board of Directors Meetings: 12 out of 13 meetings (92.3%)</li> <li>- 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.</li> </ul>		

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="311 786 512 846">Yuko Tashiro (March 14, 1954)</p> <div data-bbox="300 869 528 913" style="border: 1px solid black; padding: 2px;">Outside Director</div> <div data-bbox="300 927 528 1003" style="border: 1px solid black; padding: 2px;">Independent Outside Officer</div> <div data-bbox="300 1016 528 1093" style="border: 1px solid black; padding: 2px;">Candidate for Reappointment</div>	<p data-bbox="555 293 1241 1249"> 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. (to present)  March 2019: Outside Director of the Company (to present)  March 2019: Chairperson, CEO and Representative Director of NEXT GOLF MANAGEMENT CORPORATION (to present) </p> <p data-bbox="555 1256 1158 1346"> [Significant concurrent positions]  Vice Chairman of NPO Mirai Kaihatsu Kenkyujo  Director of The First Tee of Japan </p> <p data-bbox="555 1368 1433 1771"> - 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 27, 2019):  8 out of 10 meetings (80%)  - 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. </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
11	<p data-bbox="311 517 510 577">Tetsuji Ohashi (March 23, 1954)</p> <div data-bbox="300 595 528 645" style="border: 1px solid black; padding: 2px;">Outside Director</div> <div data-bbox="300 656 528 728" style="border: 1px solid black; padding: 2px;">Independent Outside Officer</div> <div data-bbox="300 741 528 790" style="border: 1px solid black; padding: 2px;">New Candidate</div>	<p data-bbox="555 293 1241 801"> 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: Chairperson of the Board and Representative Director of Komatsu Ltd. (to present)  [Significant concurrent positions]  Vice Chair of KEIDANREN </p> <p data-bbox="555 819 1433 1043"> - 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. </p>	0



Notes:

1. Special interests between the Company and the candidates

Hiroyuki Yanagi	Mr. Yanagi is concurrently serving as Chairman of Japan Marine Industry Association, an association with which the Company has transactions, such as payment of membership fees.
Toshizumi Kato	Mr. Kato is concurrently serving as Chairman & Representative Director of Yamaha Motor Robotics Holdings Co., Ltd., a company with which the Company has transactions, such as sales of products and purchase of materials and inventories.
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. 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 and Yuko Tashiro 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 and newly enter into a similar agreement with Tetsuji Ohashi.

3. Independent Outside Officers

The Company has registered Takuya Nakata, Takehiro Kamigama and Yuko Tashiro as Independent Outside Officers according to the regulations provided by the Tokyo Stock Exchange, Inc. In addition, provided that this proposal is approved, the Company has also registered Tetsuji Ohashi as an Independent Outside Officer in the Tokyo Stock Exchange. Summary of "Standards for Selecting Independent Outside Officers" is described on page 12.

The reason for electing Takuya Nakata as an independent outside officer (applies to the Company's Standards for Selecting Independent Outside Officers 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.

4. 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 has been presenting his proposals on our daily operation from the viewpoint of legal compliance and compliance management, and after the fact was revealed, has been striving 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.

5. Abbreviations: CS: Customer Service, MC: Motorcycle, AM: Automotive, BD: Body, IM: Intelligent Machinery, EG: Engine, PF: Platform, ME: Marine Engine

## (Reference) Composition of Directors and Audit &amp; Supervisory Board Members [Schedule after March 25, 2020]

The abilities of Directors and Audit & Supervisory Board Members of the Company are as follows.

	Directors		Field in charge	Corporate Management / Expertise	Manufacturing / Technology / R&D	Sales / Marketing	Accounting / Finance / M&A	IT / Digital Technology	Human Resources / Labor / Personnel Development	Legal / Risk Management	Global Experience
Directors	Hiroyuki Yanagi			●	●				●		●
	Yoshihiro Hidaka		Human Resources / Marine	●			●		●		●
	Katsuaki Watanabe		Quality Assurance / Motorcycle	●	●						●
	Toshizumi Kato		Solution			●	●				●
	Katsuhito Yamaji		Manufacturing / Procurement		●						●
	Makoto Shimamoto		Design / Vehicle Development / Advanced Technology		●		●				●
	Tatsumi Okawa		Planning / Finance / IT			●	●	●			●
	Takuya Nakata	Outside		●		●		●	●		●
	Takehiro Kamigama	Outside		●	●		●		●		●
	Yuko Tashiro	Outside		●		●	●		●		●
	Tetsuji Ohashi	Outside (New candidate)		●	●			●	●		●
Audit & Supervisory Board Members	Kenji Hironaga								●	●	
	Junzo Saitoh								●	●	●
	Masahiko Ikaga	Outside		●			●			●	●
	Masatake Yone	Outside		●			●			●	●

### Proposed Resolution 3 Election of One Substitute Audit & Supervisory Board Member

In order to prepare for the contingency that the number of Audit & Supervisory Board Members could fall below the minimum stipulated in the Corporation Act of Japan, the Company proposes to elect Eriko Kawai as a Substitute Audit & Supervisory Board Member. This proposal is submitted with the consent of the Audit & Supervisory Board.

The Substitute Audit & Supervisory Board Member candidate is as follows.

Name (Date of birth)	Brief career summaries and significant concurrent positions	No. of the Company shares held
Eriko Kawai (April 28, 1958)	October 1981: Joined Nomura Research Institute, Ltd. September 1985: Management Consultant of McKinsey & Company October 1986: Fund Manager of Mercury Asset Management, SG Warburg November 1995: Director and Chief Investment Officer (CIO) of Yamaichi Regent ABC Polska July 1998: Senior Pension Fund Administrator of Bank for International Settlements October 2004: Senior Pension Fund Administrator of Organisation for Economic Co-operation and Development (OECD) March 2008: Representative of Kawai Global Intelligence April 2012: Professor of Institute for the Promotion of Excellence in Higher Education of Kyoto University April 2013: Professor of Institute for Liberal Arts and Sciences of Kyoto University April 2014: Professor of Graduate School of Advanced Integrated Studies in Human Survivability of Kyoto University (to present) December 2017: External Audit and Supervisory Board Member of CMIC HOLDINGS Co., Ltd. June 2018: Outside Director of Daiwa Securities Group Inc. (to present) December 2019: Outside Director of CMIC HOLDINGS Co., Ltd. (to present) [Significant concurrent positions] Director of The Outlook Foundation Director of THE GREW BANCROFT FOUNDATION	0

Notes:

- Matters relating to candidate  
Eriko Kawai is a candidate for Substitute Audit & Supervisory Board Member (Outside).
- Special interests between the Company and the candidate  
The candidate has no special interests in the Company.
- Reasons for the nomination of a candidate for Substitute Audit & Supervisory Board Member (Outside)  
The Company requests shareholders to elect Eriko Kawai as a Substitute Audit & Supervisory Board Member (Outside) in the belief that she will utilize her ample experience in international companies and institutions as well as her experience and business track records as a manager in performing her duty as the Company's Audit & Supervisory Board Member (Outside).
- Summary of details of the liability limitation agreement with the candidate for Substitute Audit & Supervisory Board Member (Outside)  
In the event Eriko Kawai assumes the office of Audit & Supervisory Board Member (Outside), the Company will enter into a liability limitation agreement stipulated in Paragraph 1 of Article 423 of the Corporation Act of Japan with her for the maximum amount of the liability of damages, which is up to the minimum amount of liability stipulated in Paragraph 1 of Article 425 of the Corporation Act of Japan.
- Independent Outside Officers  
The Company will register Eriko Kawai as an Independent Outside Officer according to the regulations provided by the Tokyo Stock Exchange, Inc., upon assumption of office. Summary of "Standards for Selecting Independent Outside Officers" is described on page 12.

(Attached Documents)

## Business Report

(From January 1, 2019 to December 31, 2019)

### 1. Current Conditions of the Yamaha Motor Group

#### (1) Business Developments and Results

During the fiscal year ended December 31, 2019 (fiscal 2019), the global economy showed a slowdown in its growth amid the uncertain environment such as investment restraint due to U.S.-China trade friction and Brexit issues. In developed markets, while the Japanese economy maintained a moderate recovery, in the U.S. and Europe the economy slowed down. In emerging markets, economic growth expanded in Vietnam and the Philippines, while in Indonesia, Thailand and India the economy slowed down.

Against this backdrop, the Company's consolidated net sales for the fiscal year under review declined ¥8.4 billion, or 0.5%, year on year, to ¥1,664.8 billion, operating income declined ¥25.4 billion, or 18.1%, to ¥115.4 billion, ordinary income declined ¥18.5 billion, or 13.4%, to ¥119.5 billion, and net income attributable to owners of parent declined ¥17.6 billion, or 18.9%, to ¥75.7 billion. Exchange rates for the fiscal year were ¥109 to the U.S. dollar (an appreciation of ¥1, year on year) and ¥122 to the euro (an appreciation of ¥8).

Although net sales increased in the Marine products business and the Financial services business, net sales decreased in the Land mobility business in addition to the Robotics business after excluding the impact of M&A, resulting in decreased net sales as a whole. With regard to operating income, while profitability improved backed by an increased operation ratio and structural reforms in production of motorcycles in Europe and head offices for developed markets and increased high-value added products of motorcycles in Indonesia, it decreased as a whole due to decreased net sales in areas such as the Robotics business, increased costs for growth strategy, and the impact of foreign exchange.

In terms of financial position, the ratio of net income attributable to owners of the parent was 4.5% (a year on year decline of 1.0 percentage points), total asset turnover was 1.13 (a year on year decline of 0.05) due to a temporary increase in working capital, shareholders' equity was ¥705.2 billion (an increase of ¥47.8 billion compared with the end of the previous fiscal year), and shareholders' equity ratio was 46.0% (a year on year decline of 0.3 percentage points). As a result, ROE was 11.1% (a year on year decline of 3.5 percentage points). In addition, free cash flow (including sales finance) was positive ¥19.5 billion (a year on year increase of ¥8.9 billion).

\*From the fiscal year ended December 31, 2019, the segments have changed from the former "Motorcycles," "Marine products," "Power products," "Industrial machinery and robots" and "Others" to "Land mobility," "Marine products," "Robotics," "Financial services" and "Others." Classifications after the change have been applied to segment information for the fiscal year ended December 31, 2018 (January 1, 2018 through December 31, 2018).

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 and electrically power assisted bicycles]

Net sales declined ¥17.3 billion, or 1.6%, year on year, to ¥1,100.4 billion, and operating income declined ¥6.9 billion, or 14.1%, year on year, to ¥41.8 billion. Of which, negative effects of foreign exchange were ¥29.3 billion in net sales and ¥12.0 billion in operating income.

With regard to motorcycles in developed markets, because unit sales increased mainly in models conforming to new regulations in Europe and structural reforms progressed, deficits reduced. With regard to motorcycles in emerging markets, although unit sales increased in the Philippines and Brazil, unit sales decreased in Vietnam, India and Taiwan, resulting in decreased sales and profits. Unit sales of motorcycles totaled 5.06 million as a whole (a year on year decline of 5.9%). In developed markets, models conforming to new regulations will continue to be actively introduced and structural reforms will be promoted. In emerging markets, the Company will place sales of high-value added products at the core in order for an increase in unit sales and improvement in profitability in each market through strengthening a brand power in Vietnam, introducing models conforming to new regulations in India, and expanding sales of electrically power assisted bicycles in Taiwan.

Sales of RV (all-terrain vehicles, ROV and snowmobiles) increased due to increased unit sales of all-terrain vehicles and snowmobiles in North America, which reduced deficits.

Both sales and profits increased for electrically power assisted bicycles due to an increase in unit sales of E-kit for Europe and in Japan. The Company will continuously make efforts for business growth in globally emerging markets by introducing models incorporated with newly developed assist control functions and strengthening the sales force.

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

Net sales rose ¥6.9 billion, or 2.0%, year on year, to ¥345.1 billion, and operating income declined ¥2.4 billion, or 3.9%, to ¥58.4 billion. Of which, negative effects of foreign exchange were ¥6.4 billion in net sales and ¥4.1 billion in operating income.

Unit sales of personal watercraft and sport boats increased year on year. While unit sales of high-end models of outboard motors with more than 200 horsepower increased in the U.S. and Europe, there was a decrease in freshwater areas where models with medium and low horsepower are mainstay products owing to unstable weather in the first half of the fiscal year, leading to decreased sales as a whole. Due to a significant impact from foreign exchange, sales increased and profits decreased across the business.

In speedy and flexible responses to market changes, the Company will strengthen relationships with boat builders and promote a system supplier strategy.

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

Net sales increased ¥0.8 billion, or 1.1%, year on year, to ¥75.6 billion, and operating income declined ¥9.0 billion, or 53.9%, year on year, to ¥7.7 billion. Financial results for the fiscal year ended December 31, 2019, include ¥12.0 billion of net sales and ¥2.8 billion of operating loss attributable to the financial results of Yamaha Motor Robotics Holdings Co., Ltd. (YMRH) and its subsidiaries during the second quarter and third quarter (from July 2019 to December 2019).

Excluding the impact from making YMRH a subsidiary, unit sales of surface mounters and industrial robots decreased, affected by U.S.-China trade friction, resulting in decreased sales and profits.

With focus on demand trends, the Company will accelerate the introduction of new models along with integrated product proposals and mutual sales channel utilization through the synergistic effects of business integration.

Financial services [Main products and services: Sales finance and lease related to the Company's products]

Net sales rose ¥1.9 billion, or 4.8%, year on year, to ¥40.9 billion, and operating income declined ¥4.2 billion, or 34.2%, to ¥8.0 billion.

The balance of receivables stably expanded in all areas with positive factors such as launching new business development in France. The business marked increased sales and decreased profits while there were temporary profits in Brazil in the previous fiscal year.

The Company will provide highly convenient services by expanding customer base and service areas.

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

Net sales declined ¥0.6 billion, or 0.6%, year on year, to ¥102.7 billion, and operating loss was ¥0.6 billion, against operating income of ¥2.4 billion in the fiscal year ended December 31, 2018.

While sales of golf cars increased due to increased sales of high-value added products, the business was affected by expenses for golf car and generator markets and additional tariffs in the U.S., resulting in decreased sales and profits as a whole.

(Reference) Activity Report for ART for Human Possibilities, Medium- to Long-term Measures

The Company aims to expand its businesses through a variety of solution proposals.

Through collaboration with other companies, the industrial unmanned helicopter business is expected to play a role in transportation of materials and measurement of forests.

With the aim of entering and expanding business in the field of collaborative robots that work with humans, the Company has invested in TOKYO ROBOTICS INC., and begun technological collaboration.

## **(2) Capital Expenditures**

The Group made investments of ¥58.1 billion in total during fiscal 2019.

In the land mobility business, investments of ¥36.3 billion were made mainly for new motorcycle products overseas, enhancing production capacity in the Philippines, and research and development in Japan. In the marine products business, investments of ¥11.7 billion were made mainly for enhancing domestic production capacity mainly for outboard motors and replacing aging production facilities. In the robotics business, investments of ¥2.3 billion were made mainly for research and development of new products for surface mounters and industrial robots. In the other business, investments of ¥7.8 billion were made mainly for research and development of new golf car products and automobile engines.

## **(3) Fund Raising**

Nothing to be especially reported.

#### (4) Key Priorities the Group Must Address

The Company is implementing its Medium-term Plan (2019 to 2021) with the long-term vision of “ART for Human Possibilities,” which aims to realize a better society and life while expanding human potential, by working on three focus areas toward 2030, including “Advancing Robotics” (utilization of robotics and intellectual technologies), “Rethinking Solution” (Yamaha’s unique initiatives for solving social issues) and “Transforming Mobility” (innovation of mobility). Over the three years, the Company’s management policies are (1) to maintain and improve earnings power of existing business and earn cash flows, and (2) to promote growth strategies and strengthening of the foundation while balancing them out with stock dividends.

In 2019, while the Company made progress in growth strategies and strengthening of the foundation, challenges remained in the existing business. In 2020, the second year of the Medium-term Plan, the Company will aim to achieve the Plan by placing the recovery of profitability in its existing business as the most important issue, while continuing to promote its initiatives for growth strategies and strengthening of the foundation.

##### ■ Growth of existing business

[Land mobility]

In the motorcycle market in the emerging countries, the Company will establish an earnings foundation in Yamaha’s unique growth fields, and for motorcycles in the developed markets, all-terrain vehicles and ROVs, the Company will aim to improve profitability through a structural reform and introduction of new models. For electrically power assisted bicycles, the Company will expand the business globally by making comprehensive value proposals through new product development using new technologies and strategic partnerships.

[Marine products]

The Company will strengthen the highly-profitable structure and establish a foundation for sustainable growth. In addition, in order to evolve the system supplier strategy, the Company will implement its product and technology strategies and expand the comprehensive marine business.

[Robotics]

The Company will improve profitability while enhancing its business synergy with YMRH. In addition, the Company will promote research and development in robotics and enhancement of the production system for future sustainable growth, contributing to manpower reduction and automation in the manufacturing field.

##### ■ New business development

In line with the direction of “ART for Human Possibilities,” the Company will promote to create new value in fields where existing technologies and market synergies can be utilized. In the expanding technology field, the Company will also advance cooperation with partners, focusing on CASE (Connected, Autonomous, Sharing and EV). In the expanding market field, the Company will make efforts to create value in new markets such as agriculture and medical care by combining technologies of the Company and, as necessary, conducting M&As.

##### ■ Financial strategy

The Company will secure cash flow necessary for growth while maintaining and strengthening the earnings power of existing business. ¥70 billion for research and development expenses and ¥140 billion for investment has been planned for three years in total. In addition, the Company has set the target level for the return on equity (ROE) at 15% from the perspective of striving to effectively utilize shareholders’ equity. However, it will temporarily decrease partly due to promoting investments for future growth in the current Medium-term Plan. The return to shareholders will be made proactively with the targeted dividend payout ratio of 30%, while considering balance within the availability of cash flows.

##### ■ Efforts for important social issues

Among a wide range of social issues extracted from SDGs and The Global Risks Report, the Company has identified four important issues that significantly impact the usage and procurement of its management resources or whose solutions greatly contribute to the improvement of the Company’s corporate value.

[Environment and resource issues]

With reducing CO<sub>2</sub> emissions from the Company’s products by half (compared to 2010) by 2050 as our target, the Company will promote manufacturing and sales of electric products, including electrification of motorcycles. In addition, the Company will continuously make efforts to provide safe water to more people through its clean water business.

[Traffic, education and industrial issues]

The Company will provide solutions for transportation issues by providing low-cost mobility services based on land cars. In addition, the Company is making contributions in the development of human resources and promotion of industries in the countries it has expanded to by conducting systematic vocational training mainly in Asia and Central and South Americas.

[Innovation issues]

The Company will promote new mobility development using intelligent technologies and advanced control technologies and propose solutions to the agricultural and medical fields using robotics technologies, in a speedy manner with further cooperation with other companies.

[Working practice issues]

The Company will promote diversity by leveraging diverse capabilities of individuals regardless of their nationality, race and gender and furthering globalization to increase job satisfaction and improve performance as a company. The Company will increase productivity by creating a safe and secure work environment and updating an IT infrastructure.

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	82nd Fiscal Year (Jan. 1, 2016 – Dec. 31, 2016)	83rd Fiscal Year (Jan. 1, 2017 – Dec. 31, 2017)	84th Fiscal Year (Jan. 1, 2018 – Dec. 31, 2018)	85th Fiscal Year (Jan. 1, 2019 – Dec. 31, 2019)
Net sales	1,502,834	1,670,090	1,673,137	1,664,764
Operating income	108,594	149,782	140,787	115,364
Ordinary income	102,073	154,826	137,969	119,479
Net income attributable to owners of parent	63,153	101,603	93,366	75,736
Net income per share (yen)	180.84	290.93	267.35	216.83
Total assets	1,318,776	1,415,845	1,420,854	1,532,810
Net assets	575,404	665,232	695,743	751,828

(Note) The “Partial Amendments to Accounting Standard for Tax Effect Accounting” (Accounting Standards Board of Japan (“ASBJ”) Statement No. 28, February 16, 2018), etc., have been applied from the fiscal year ended December 31, 2019. Accordingly, the amount of total assets for the 84th fiscal year shown is the figure after retrospectively applying said accounting standard.

(Reference) Forecast for the 86th fiscal year (January 1, 2020 through December 31, 2020)

In the fiscal year ending December 31, 2020, the Company expects that the business environment will remain uncertain, including geopolitical risks in the Middle East, the spread of novel coronavirus and natural disasters from climate change, while some risks such as U.S.-China trade friction and Brexit issues will be mitigated. Considering market conditions and demand trends, the Company plans to maintain growth of existing businesses and stable profit, and proceed with developing new businesses to aim for long-term growth. The consolidated financial results forecast is as follows.

	Billions of yen	
	Forecast	Year-on-year changes
Net sales	1,760.0	+95.2, 5.7%
Operating income	123.0	+7.6, 6.6%
Ordinary income	128.0	+8.5, 7.1%
Net income attributable to owners of parent	80.0	+4.3, 5.6%

[Exchange rates] ¥108 to the U.S. dollar (an appreciation of ¥1 from 85th fiscal year), and ¥120 to the euro (an appreciation of ¥2).

**(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 Powered Products Co., Ltd.	Kakegawa-shi, Shizuoka	275 million yen	100.0	Manufacture and marketing of golf cars and generators
Yamaha Motor Robotics Holdings Co., Ltd.*1	Minato-ku, Tokyo	13,360 million yen	59.0	Supervision of the Yamaha Motor Robotics Holdings Group
Yamaha Motor Corporation, U.S.A.	The United States	185,308 thousand U.S. dollars	100.0	Marketing of motorcycles, outboard motors, personal watercraft, boats, ATVs, recreational off-highway vehicles, snowmobiles, generators and surface mounters
Yamaha Motor Manufacturing Corporation of America	The United States	107,790 thousand U.S. dollars	*2 100.0	Manufacture of personal watercraft, ATVs, recreational off-highway vehicles and golf cars
Yamaha Motor Europe N.V.	The Netherlands	149,759 thousand euros	100.0	Marketing of motorcycles, outboard motors, personal watercraft, boats, ATVs, golf cars, snowmobiles and surface mounters
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 Philippines, Inc.	Philippines	1,570,000 thousand Philippine peso	100.0	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 Vietnam Co., Ltd.	Vietnam	37,000 thousand U.S. dollars	46.0	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

Notes: 1. SHINKAWA LTD. (listed on the First Section of Tokyo Stock Exchange, Inc.), which newly became a subsidiary on June 24, 2019, has changed its trade name to Yamaha Motor Robotics Holdings Co., Ltd. on July 1, 2019. (Details are described in “Notes to Consolidated Financial Statements, X. Status of Significant Business Combinations, etc.” of the Notice of the 85th Ordinary General Meeting of Shareholders.)

2. 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	
Toda Site	
Fukuroi Factory	Fukuroi-shi, Shizuoka
Fukuroi South Factory	
Global Parts Center	
Fukuroi Technology Center	
Arai Site	Kosai-shi, Shizuoka

## 2) Subsidiaries

Subsidiaries of the Company are as described on page 26 (6) Principal Parent Company and Subsidiaries 2) Principal subsidiaries.

**(8) Employees**

Segments	Number of employees	Annual change
Land mobility	42,589	(364)
Marine products	5,877	+82
Robotics	2,579	+1,422
Financial services	605	+77
Others	3,605	+61
Total	55,255	+1,278

- 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. From the fiscal year ended December 31, 2019, the business classification has changed to “Land mobility,” “Marine products,” “Robotics,” “Financial services,” and “Others.” The classification after the change has been applied to the figures for the fiscal year ended December 31, 2018 (January 1, 2018 through December 31, 2018) for comparison.
3. The increase in the number of employees (1,422 persons) in “Robotics” includes an increase of 1,312 persons due to Yamaha Motor Robotics Holdings Co., Ltd. and its subsidiaries being included in the scope of consolidation.
4. Of the total number of employees, the number of overseas employees is 39,621 persons.

(TRANSLATION ONLY)

**(9) Principal Lenders and Loan Balances**

Millions of yen

Lenders	Loan balances
Mizuho Bank, Ltd.	89,031
Sumitomo Mitsui Banking Corporation	48,822
MUFG Bank, Ltd.	31,325
The Shizuoka Bank, Ltd.	27,426
Sumitomo Mitsui Trust Bank, Limited	10,000

## 2. The Company's Stocks

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

(2) **Number of Shares Outstanding:** 350,013,146 (including 638,947 shares of treasury shares)

(3) **Number of Shareholders:** 67,741

### (4) Principal Shareholders (Top 10)

Shareholders	Number of shares held (Thousand shares)	Ownership (%)
Yamaha Corporation	34,642	9.92
The Master Trust Bank of Japan, Ltd. (trust account)	33,541	9.60
Japan Trustee Services Bank, Ltd. (trust account)	21,538	6.16
SSBTC CLIENT OMNIBUS ACCOUNT	16,701	4.78
Toyota Motor Corporation	12,500	3.58
Mizuho Bank, Ltd.	8,277	2.37
SMBC Nikko Securities Inc.	7,411	2.12
Mitsui & Co., Ltd.	6,645	1.90
The Shizuoka Bank, Ltd.	5,649	1.62
Japan Trustee Services Bank, Ltd. (trust account 5)	5,287	1.51

Note: Percentage of ownership excludes treasury shares.

### ■ Breakdown of Shareholders

	Number of shareholders	Number of shares held (Thousand shares)
Individual investors and others	66,332	35,984
National and local governments	0	0
Financial institutions	120	132,672
Other domestic companies	476	62,874
Foreigners	762	98,388
Securities companies	51	20,092

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

**(5) Other Significant Status Regarding Shares**

Based on the resolution of the Board of Directors Meeting held on March 27, 2019, new shares were issued as remuneration of shares with restriction on transfer as follows.

Type and number of shares	98,862 shares of ordinary shares in the Company
Issue price	¥2,182 per share
Total amount issued	¥215,716,884
Subjects of share allocation and their number	26 Directors (excluding Outside Directors) and Executive Officers, etc.
Deadline for payment	April 26, 2019

**3. The Company's Subscription Rights to Shares**

No related items.

## 4. 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	Hiroyuki Yanagi		Independent Director of AGC Inc. Outside Director of Kirin Holdings Company, Limited Chairman of Japan Marine Industry Association
President, Chief Executive Officer and Representative Director	Yoshihiro Hidaka	Chief General Manager in charge of Human Resources & General Affairs and Marine	Outside Director of Yamaha Corporation
Executive Vice President and Representative Director	Katsuaki Watanabe	Chief General Manager in charge of MC, CS, Market Development, AM, and Advanced Technology	
Director and Managing Executive Officer	Toshizumi Kato	Chief General Manager in charge of Solution, Power Products and Alliance Strategy	Chairman & Representative Director of Yamaha Motor Robotics Holdings Co., Ltd.
Director and Managing Executive Officer	Katsuhito Yamaji	Chief General Manager in charge of Manufacturing, Manufacturing Technology, Procurement and Powertrain	
Director and Senior Executive Officer	Makoto Shimamoto	Chief General Manager of Mobility Technology Center and Senior General Manager of MS Section, Mobility Technology Center, Chief General Manager in charge of Design and Vehicle Development	
Director and Senior Executive Officer	Tatsumi Okawa	Chief General Manager of Corporate Planning & Finance Center, Chief General Manager in charge of IT and Digital Technology	
Outside Director	Takuya Nakata		Director, President and Representative Executive Officer of Yamaha Corporation President of Yamaha Music Foundation
Outside Director	Genichi Tamatsuka		President and CEO of DIGITAL HEARTS HOLDINGS Co., Ltd. Outside Director of a-dot co., Ltd Outside Director of Raksul, Inc. Outside Director of transcocosmos inc.
Outside Director	Takehiro Kamigama		Mission Executive of TDK Corporation Outside Director of OMRON Corporation Outside Director of SoftBank Corp.

Position	Name	Responsibilities	Significant concurrent positions
Outside Director	*Yuko Tashiro		Representative Director, Chairman of the board and President, CEO of Accordia Golf co., Ltd. Auditor (External) of McDonald's Holdings Company (Japan), Ltd. Chairperson, CEO and Representative Director of NEXT GOLF MANAGEMENT CORPORATION Vice Chairman of NPO Mirai Kaihatsu Kenkyujo Director of The First Tee of Japan
Standing Audit & Supervisory Board Member	Kenji Hironaga		
Standing Audit & Supervisory Board Member	*Junzo Saitoh		
Audit & Supervisory Board Member (Outside)	Masahiko Ikaga		Representative of Masahiko Ikaga Certified Public Accounting Office Representative Director of PrajnaLink Co., Ltd. External Audit & Supervisory Board Member of Morinaga Milk Industry Co., Ltd. Outside Director of RYOBI LIMITED
Audit & Supervisory Board Member (Outside)	*Masatake Yone		Partner Attorney of Mori Hamada & Matsumoto Outside Director (Audit & Supervisory Committee Member) of GCA Corporation Outside Corporate Auditor of BANDAI NAMCO Entertainment Inc. Director (Outside) of Skymark Airlines Inc.

Notes: 1. The Company has registered Directors Takuya Nakata, Genichi Tamatsuka, Takehiro Kamigama and Yuko Tashiro, and Audit & Supervisory Board Members Masahiko Ikaga and Masatake Yone as Independent Outside Officers under the regulations provided by the Tokyo Stock Exchange, Inc. Summary of "Standards for Selecting Independent Outside Officers" is described on page 12.

2. Changes of Directors and Audit & Supervisory Board Members during fiscal 2019

\* indicates newly appointed Directors elected at the 84th Ordinary General Meeting of Shareholders held on March 27, 2019.

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

Yamaha Corporation, where Director Takuya Nakata holds a concurrent position, is a shareholder that holds 9.9% of the Company's shares, and the Company has real estate lease transactions, etc., with said company. Ratios of transaction amount to consolidated net sales of both companies are less than 1%.

4. Excluding 3. above, there are no special relationship between the Company and the significant concurrent positions of Outside Directors and Audit & Supervisory Board Members (Outside).

5. Audit & Supervisory Board Member Masahiko Ikaga is a certified public accountant and has considerable knowledge of finance and accounting.

6. 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, to limit the liability for damages stipulated in Paragraph 1 of Article 423 of said Act.

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.

7. Abbreviations: MC: Motorcycle, CS: Customer Service, AM: Automotive, MS: Motor Sports



**(2) Changes of Directors after Fiscal 2019**

Changes in responsibilities

(As of January 1, 2020)

Name	After the change	Before the change
Katsuaki Watanabe	Chief General Manager in charge of Quality Assurance, Customer Service, Motorcycles, Market Development, and Automotive	Chief General Manager in charge of Motorcycles, Customer Service, Market Development, Automotive, and Advanced Technology
Makoto Shimamoto	Chief General Manager of Mobility Technology Center, and Chief General Manager of Advanced Technology Center, Chief General Manager in charge of Design and Vehicle Development	Chief General Manager of Mobility Technology Center, and Senior General Manager of MS Section, Mobility Technology Center, Chief General Manager in charge of Design and Vehicle Development

Note: Abbreviations: CS: Customer Service, MC: Motorcycle, AM: Automotive, MS: Motor Sports

**(3) Name and Other Information regarding the Executive Officers**

The Company has adopted an Executive Officer system for the purpose of prompt business execution, which was designed to enhance management supervisory capabilities by clearly defining the role of Executive Officers as “business execution of the Group,” while defining the role of the Board of Directors as “approval of basic policy and the supervision of business execution within the Group.” As of December 31, 2019, the Company is served by 28 Executive Officers comprising the aforementioned 6 concurrently serving as Directors and the following 22 others.

Name	Position	Responsibilities
Hiroaki Fujita	Senior Executive Officer	Chief General Manager of Advanced Technology Center
Kazuhiro Kuwata	Senior Executive Officer	CEO of Yamaha Motor Corporation, U.S.A.
Hirofumi Usui	Senior Executive Officer	Chief General Manager of Marine Business Operations
Heiji Maruyama	Senior Executive Officer	Chief General Manager of Powertrain Unit, Senior General Manager of Powertrain Planning Section, Chief General Manager in charge of Automotive Business, Chief General Manager in charge of Mobility Strategy Division, Mobility Technology Center
Satohiko Matsuyama	Senior Executive Officer	Chief General Manager of Manufacturing Center
Akihiro Nagaya	Executive Officer	Chief General Manager of Design Center
Minoru Morimoto	Executive Officer	CEO of Yamaha Indonesia Motor Manufacturing
Yasuo Tanaka	Executive Officer	Chief General Manager of CS Center
Motofumi Shitara	Executive Officer	M. Director of Yamaha Motor India Pvt. Ltd., Chairman & M. Director of India Yamaha Motor Pvt. Ltd., M. Director of Yamaha Motor India Sales Pvt. Ltd.
Eric de Seynes	Executive Officer	CEO of Yamaha Motor Europe N.V.
Dyonisius Beti	Executive Officer	COO of Yamaha Indonesia Motor Manufacturing
Toshihiro Nozue	Executive Officer	Senior General Manager of Marine Engine Section, Marine Business Operations
Satoshi Hirose	Executive Officer	Deputy Chief General Manager of Manufacturing Center, Senior General Manager of Manufacturing Section, Manufacturing Center
Hiroyuki Ota	Executive Officer	Chief General Manager of Solution Business Operations
Itaru Otani	Executive Officer	Chief General Manager of Human Resources & General Affairs Center
Takeo Noda	Executive Officer	Deputy Chief General Manager of Corporate Planning & Finance Center
Toshiaki Ibata	Executive Officer	Senior General Manager of Boat Section, Marine Business Operations
Toyoshi Nishida	Executive Officer	Chief General Manager of PF Model Unit
Takuya Kinoshita	Executive Officer	Chief General Manager of Motorcycle Business Operations
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

Note: Abbreviations: AM: Automotive, CS: Customer Service, PF: Platform, MC: Motorcycle

**(4) Changes of Executive Officers after Fiscal 2019**

Changes in responsibilities

(As of January 1, 2020)

Name	After the change	Before the change
Hiroaki Fujita	Assistant to the President	Chief General Manager of Advanced Technology Center
Heiji Maruyama	Chief General Manager of Powertrain Unit, and Senior General Manager of Powertrain Planning Section, and Chief General Manager in charge of Automotive Development and Mobility Planning Promotion, Mobility Technology Center	Chief General Manager of Powertrain Unit, Senior General Manager of Powertrain Planning Section, Chief General Manager in charge of Automotive Business, Chief General Manager in charge of Mobility Strategy Division, Mobility Technology Center
Yasuo Tanaka	Chief General Manager of CS Center, and Deputy Chief General Manager of Quality Assurance Center, and Senior General Manager of Spare Parts Section, CS Center	Chief General Manager of CS Center
Satoshi Hirose	Chief General Manager of Quality Assurance Center, and Deputy Chief General Manager of CS Center	Deputy Chief General Manager of Manufacturing Center, Senior General Manager of Manufacturing Section, Manufacturing Center
Toyoshi Nishida	Chief General Manager of PF Model Unit, and Senior General Manager of Motor Sports Section, PF Model Unit	Chief General Manager of PF Model Unit

Note: Abbreviations: AM: Automotive, CS: Customer Service, PF: Platform, MS: Motorsports

## (5) Remuneration for Directors and Audit & Supervisory Board Members

### 1) Policies on determining the amounts of remuneration for officers or the calculation method thereof

With the overarching aim of further promotion of sharing value with all shareholders, the Company has introduced a new Executives' remuneration plan, based on the resolution of the 84th Ordinary General Meeting of Shareholders held on March 27, 2019, to further clarify the responsibility to deliver the newly-formulated long-term vision and Medium-Term Plan as well as to achieve short-term performance targets, in addition to providing incentives for sustainable growth in corporate value. The overview of the remuneration system is as follows.

#### (i) Basic Direction

- Aiming to be a “*Kando* Creating Company,” the Company strives to encourage employees to perform their duties in accordance with the Company's Management Principles and Behavioral Guidelines.
- The *Company* has positioned achieving the corporate targets in the Medium-term Plan etc. as strong motivators in working toward realizing the Company's long-term vision.
- In order to function as sound incentives toward the Company's sustainable growth, the proportions of remuneration linked to short-term results and performance of duties etc. (compensation linked to performance) and remuneration linked to medium- to long-term results and corporate value (share remuneration) will be set appropriately.
- The remuneration is to be at a level which can attract and retain the highly-capable human resources appropriate to the roles and responsibilities to be carried out by Executives of the Company.

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

#### (ii) Remuneration Structure

Remuneration for Directors of the Company is comprised of basic compensation (fixed remuneration), compensation linked to performance, and share remuneration. The proportions of basic compensation: compensation linked to performance: share remuneration for the President and Representative Director is set at roughly 50%: 30%: 20% of the reference amount. For other Executives, the amounts are determined bearing in mind their duties and remuneration level etc., with reference to the remuneration of the Representative Director.

For Outside Directors and Audit & Supervisory Board Members, only the fixed basic compensation is provided in light of their roles to supervise and advise the management from an objective and independent standpoint.

#### (iii) Individual Remuneration Items and Their Details

##### Basic compensation

An annual amount of basic compensation is determined for each position, and one-twelfth of said amount is provided in cash each month.

##### Compensation linked to performance

The compensation linked to performance is comprised of only “whole-company performance-based bonus” for the Representative Director, and a “whole-company performance-based bonus” and an “individual performance-based bonus” for other Directors.

The ratio of whole-company performance-based bonus: individual performance-based bonus is set at around 2:1 of the reference amount for Directors excluding the Representative Director (around 1:3 of the reference amount for Executive Officers who do not also work as Directors).

From the perspective of providing incentives for achieving short-term performance targets, the “whole-company performance-based bonus” for Directors is drawn from a total amount obtained by multiplying a certain proportion of “net income attributable to owners of parents” 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 maximum amount of said total amount is 0.5% of net income attributable to owners of parents in the previous fiscal year. In addition, the abovementioned evaluation coefficients are adjusted after discussion by the Executive Personnel Committee based on the achievement of consolidated net sales and operating income targets, overall degree of progress regarding initiatives in the Medium-term Plan, etc. toward realizing the long-term vision, and occurrence of other matters affecting corporate value and brand value.

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.

The financial evaluation-based portion component is determined within the scope of 0-2 times the reference amount specified for each position, bearing in mind the extent of target achievement and results

compared with the previous fiscal year etc. for financial evaluation indicators set in advance (net sales, operating income, consolidated total assets operating income ratio (ROA), etc. for the responsible division).

The non-financial evaluation-based portion component is determined within the scope of 0-2 times the reference amount specified for each position, bearing in mind the degree of progress, etc. for non-financial evaluation indicators set in advance (initiatives in the Medium-term Plan, etc., development of successor Executives and company management candidates, contribution to corporate value and brand value, etc.).

#### Composition of compensation linked to performance (image)

Whole-company performance-based bonus	Individual performance-based bonus	
	Financial evaluation	Non-financial evaluation

Total amount (maximum = net income attributable to owners of parent x 0.5%)

Net income attributable to owners of parent  
 x certain proportion  
 x evaluation coefficients based on the consolidated total assets operating income ratio (ROA)  
 (including adjustments for other management results) times 0-2

Based on achievement and progress of evaluation indicators set in advance

0-2 times the reference amount

Ratio of whole-company performance-based bonus to individual performance-based bonus

Representative Director: 1:0

Directors: 2:1

(Executive Officers: 1:3)

Ratio of financial evaluation to non-financial evaluation

Directors: 1:1

(Executive Officers: 1:1)

#### Share remuneration

Share remuneration is provided through issuing shares with restriction on transfer once each year based on the reference amount specified for each position, with the overarching aim of further promotion of sharing value between the Directors of the Company and all shareholders, as well as sustainable improvement of mid- and long-term corporate value of the Company. Transfer, establishment of security interests, or other disposal are not permitted for these shares issued until the resignation from the positions of Directors, etc. of the Company.

For Executive Officers who are non-residents, 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) Details of the Resolution by the General Meeting of Shareholders Regarding Executive Compensation, etc.

With regard to the remuneration amounts for Directors of the Company, at the 84th Ordinary General Meeting of Shareholders held on March 27, 2019, an annual amount of basic compensation (fixed remuneration) up to ¥0.5 billion (of which, the portion for Outside Directors is an annual amount of up to ¥0.1 billion), an annual amount of individual performance-based bonuses up to ¥0.1 billion, the whole-company performance-based bonuses payable up to 0.5% of the net income attributable to owners of parent of the previous consolidated fiscal year, remuneration of shares with restriction on transfer worth up to an annual amount of ¥0.2 billion, and total number of shares to be granted at up to 200,000 shares per year have been determined as total remuneration amounts (the remuneration amounts for Directors do not include the employee salaries for Directors who also serve as employees). At the time of the abovementioned resolution, the number of Directors subject to the resolution was 11 (of which four are Outside Directors).

With regard to the total remuneration amounts for Audit & Supervisory Board Members of the Company, at the 84th Ordinary General Meeting of Shareholders held on March 27, 2019, an annual amount up to ¥120 million has been determined as total remuneration amount. At the time of the abovementioned resolution, the number of Audit & Supervisory Board Members subject to the resolution was four (of which two are Audit & Supervisory Board Members (Outside)).

(v) Process for Determining Remuneration

In order to ensure the appropriateness as well as the transparency and feasibility of the discussion process regarding determination policies for Directors' remuneration, determination will be made by the Board of Directors after discussion and reporting by the Executive Personnel Committee, an advisory body regarding nomination and remuneration which the Company has established voluntarily and which is composed of a majority of outside directors. Determination of individual remuneration amounts for each

Director based on said policies is made at the Board of Directors in principle after the discussion and reporting by the Executive Personnel Committee, but the allocation of the whole-company performance-based bonus is determined by the Representative Director based on coefficients set for each position, as delegated by the Board of Directors. In addition, the specific amounts of basic compensation for Audit & Supervisory Board Members are determined by discussion of Audit & Supervisory Board Members.

(vi) Activity Details of the Executive Personnel Committee and the Board of Directors

The Executive Personnel Committee meetings regarding the executive remuneration have been held three times during the consolidated fiscal year under review.

Their details include consideration of performance-based remuneration for 2018 and reference amounts for each position and each factor comprising remuneration for 2019 (held in January and March 2019) and consideration of benchmarking of executive remuneration in 2018 and 2019 (held in November 2019). The results of discussion and decision have been reported to the Board of Directors.

The Board of Directors Meetings regarding the executive remuneration have been held three times during the consolidated fiscal year under review. Their details include determination of total amounts and allocation of Directors' bonuses for 2018, new establishment of regulations on executive remuneration, and discussion and determination of revisions to executive remuneration (held in February 2019), discussion and determination regarding determination of executive remuneration amounts for 2019 (held in March 2019), and discussion and determination regarding benchmarking of executive remuneration in 2018 and 2019 (held in December 2019).

2) Total amounts of remuneration, total amounts per type of remuneration, and the number of applicable Executives by each Executive category

Millions of yen

Category	Total amount of remuneration	Total amount per type of remuneration					Number of applicable Executives (persons)
		Basic compensation	Compensation linked to performance		Stock compensation		
			Compensation linked to overall company performance	Compensation linked to each Director's individual performance	Stock compensation plan	Remuneration of shares with restriction on transfer	
Directors	691	341	215	20	12	101	12
Of which, Outside Directors	(52)	(52)	–	–	–	–	(5)
Audit & Supervisory Board Members	95	95	–	–	–	–	6
Of which, Audit & Supervisory Board Members (Outside)	(26)	(26)	–	–	–	–	(3)
Total	786	436	215	20	12	101	18

Notes: 1. As stated in 1) above, the Company has introduced a new Executives' remuneration plan, based on the resolution of the 84th Ordinary General Meeting of Shareholders held on March 27, 2019. Following this revision, in the fiscal year ended December 31, 2019, the basic compensation for January through March 2019 was provided pursuant to the former plan while the basic compensation for April through December 2019 was provided pursuant to the new plan. Regarding the compensation linked to performance, the Company plans to pay whole-company performance-based bonus pursuant to the new plan as the compensation linked to the whole company's performance for the fiscal year ended

(TRANSLATION ONLY)

December 31, 2019, and it has provided individual performance-based bonus pursuant to the former plan as the compensation linked to individual performance in the fiscal year ended December 31, 2019. In addition, with regard to stock compensation, stock compensation plan pursuant to the former plan was provided for January through March 2019, and the remuneration of shares with restriction on transfer pursuant to the new plan was provided from April to December 2019.

2. The above figures include one Director and two Audit & Supervisory Board Members who retired at the conclusion of the 84th Ordinary General Meeting of Shareholders held on March 27, 2019.
3. In addition to the remuneration listed above, ¥52 million was paid as salaries to Directors who serve concurrently as employees.

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

Principal activities during fiscal 2019

Position	Name	Attendance at Board of Directors Meetings	Attendance at Audit & Supervisory Board Meetings	Principal activities
Outside Directors	Takuya Nakata	12 out of 13 meetings (92.3 %)	-	He stated his opinions based on his ample experience of managing global companies and wide range of insights for enhancing the value of the Yamaha brand.
	Genichi Tamatsuka	12 out of 13 meetings (92.3%)	-	He stated his opinions based on his wide range of insights and his ample experience of management in general, gained through his experiences in various managerial positions, including the representative directors of several companies.
	Takehiro Kamigama	12 out of 13 meetings (92.3%)	-	He stated his opinions based on his wide range of insights and his ample experience of management in general and in the technology division, gained through his experiences in various managerial positions, including the representative director of a global company.
	Yuko Tashiro	* 8 out of 10 meetings (80%)	-	She stated her opinions based on her wide range of insights and her ample experience of various managerial positions, including financial managers and the representative directors of several companies.
Audit & Supervisory Board Members (Outside)	Masahiko Ikaga	12 out of 13 meetings (92.3%)	12 out of 12 meetings (100%)	He provides advice based on his high level of expertise as a certified public accountant, and ample knowledge and experience as a company executive and an outside officer of a corporation.
	Masatake Yone	* 10 out of 10 meetings (100%)	* 9 out of 9 meetings (100%)	He provides advice based on his high level of expertise as an attorney, and ample knowledge and experience as an outside officer of corporations.

\* Attendance after their appointments on March 27, 2019.



## 5. Independent Auditor

### (1) Name of Independent Auditor

Ernst & Young ShinNihon LLC

### (2) Remuneration Paid to the Independent Auditor during Fiscal 2019

1) Remuneration paid to the Independent Auditor during fiscal 2019:	117 million yen
2) Total remuneration payable by the Company and its consolidated subsidiaries to the Independent Auditor:	237 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 Independent 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 Independent Auditor, following the confirmation and examination of the status of the Independent Auditor's performance of duties, the details of audit plan and others, in light of the "Practical Guidelines for Coordination with Independent Auditors" 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., Yamaha Motor Philippines, Inc., Thai Yamaha Motor Co., Ltd., Yamaha Motor Vietnam Co., Ltd. and Yamaha Motor do Brasil Ltda.

### (3) Non-audit Services Provided by the Independent Auditor

The Company entrusts the Independent 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):

- 1) Advisory work regarding internal control
- 2) Review of English translation of Notices of Ordinary General Meeting of Shareholders and Integrated Reports

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

In addition to the dismissal of an Independent 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 Independent Auditor, if it is deemed difficult for the Independent 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.

## **6. 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 Risk Management and Compliance 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 Risk Management and Compliance 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, Risk Management and Compliance Committee, and Executive Committee.
- 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.

## **7. 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 Risk Management and Compliance 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
- 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 a third-party organization

### **(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 Risk Management and Compliance 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
- Conducting risk assessment for information management and monitoring in 150 divisions of the Company

### **(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 22 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 management 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 Outside Audit & Supervisory Board Members to exchange their opinions

### **(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

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 Management Committee meetings, monthly management seminars, 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

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

The Company analyzes and evaluates the Board of Directors as a whole on a yearly basis for maintaining and improving its effectiveness. In the fiscal year under review, 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
- Confirm the status of improvement, compared with the results of evaluation involving third-party organizations conducted in fiscal 2018
- 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

The following is a summary of the results of evaluation of effectiveness of the Board of Directors for the fiscal year under review, conducted based on the above processes.

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, and its effectiveness had been sufficiently assured for realizing the long-term vision towards 2030 and the Medium-term Plan commencing from 2019.

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 constructive discussion and exchange of opinions are possible and that roles of Directors and the Board of Directors have been clarified and shared. It was also confirmed that key issues regarding the Company's management strategy have been appropriately discussed.

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.

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

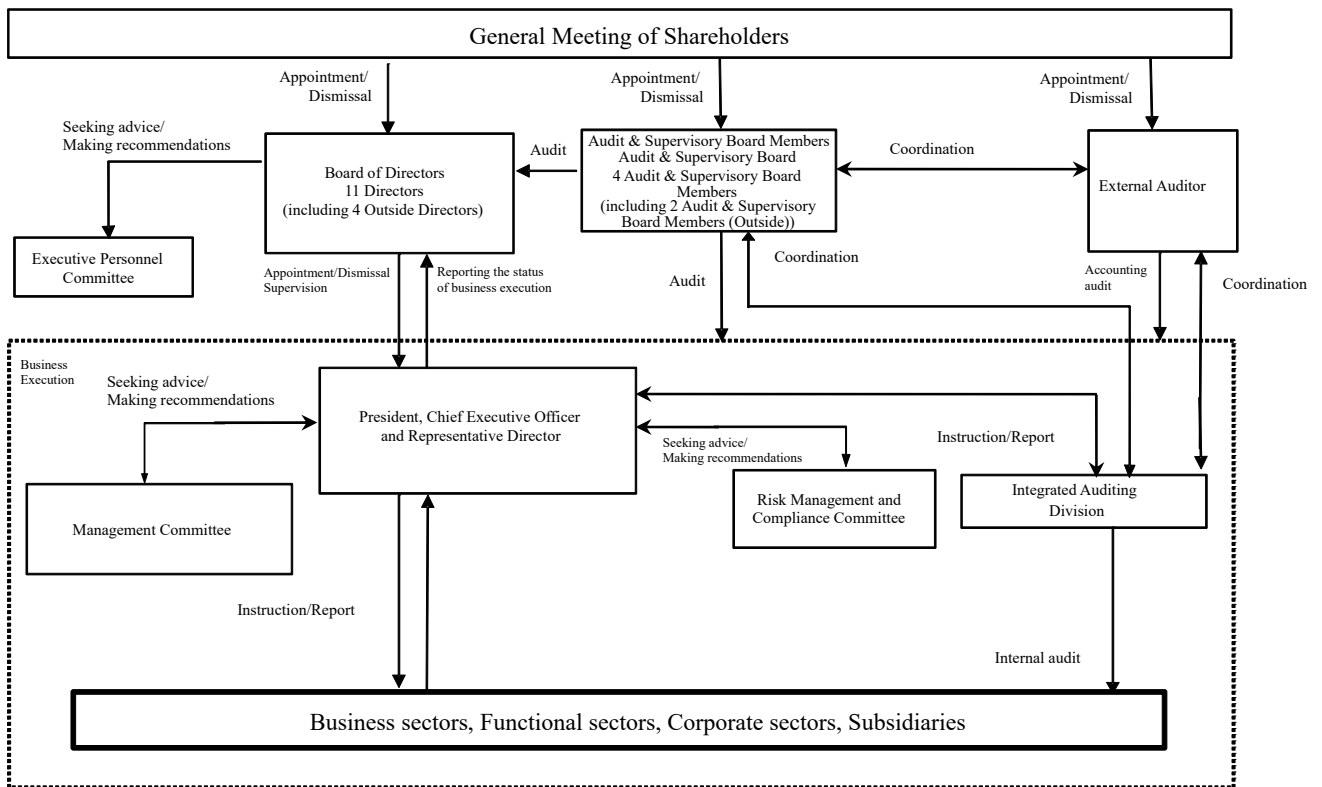
The Company endeavors to develop rules and structure for maintaining and improving the effectiveness of audits conducted by Audit & Supervisory Board Members. In the fiscal year under review, 12 meetings of the Audit & Supervisory Board, comprising 4 Audit & Supervisory Board Members (including 2 Audit & Supervisory Board Members (Outside)), were held. The Audit & Supervisory Board Members' Office, which assists the execution of duties by Audit & Supervisory Board Members, is established with 2

full-time employees. 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 Standing Audit & Supervisory Board Members at important meetings including the Management Committee, Risk Management and Compliance Committee, Executive Committee and Global Executive Committee
- Perusal of minutes and approved proposal memorandums of the Management Committee and other meetings of bodies designated by the Audit & Supervisory Board
- Meetings to exchange opinions between the Representative Directors and the Audit & Supervisory Board Members
- Division hearings and subsidiary visits
- Reports on the results of internal audits carried out by the internal auditing sector to the Standing Audit & Supervisory Board Members
- Regular reports on the implementation of the internal reporting system and reported information submitted to the Audit & Supervisory Board Members from the Human Resources Development Division and the Risk Management & Compliance Division on a quarterly basis, and timely reports on important matters
- A system which enables direct provision of information to Audit & Supervisory Board Members established and operated in order to ensure the independence of the internal reporting contact point
- Stipulating prohibition of disadvantageous treatment of any person who reports to Audit & Supervisory Board Members according to the Authority Rules



Diagram of Corporate Governance System and Internal Control System (As of December 31, 2019)



## 8. Basic Policy on Control of the Company

### (1) Outline of the Basic Policy

The Company has been producing many market-leading products on a global scale in its business domains including land mobility, marine products and robotics. Although it takes continuous investment of resources from a long-term perspective to develop proprietary technologies, the highly unique technologies and know-how accumulated in the process, knowledge and information of specific market sectors gained through development effort, and deep relationship of trust with trading partners cultivated over many years through the regular problem-solving efforts as well as high quality human resources in specialist fields are all enhancing the Company's competitive advantages to an even higher level, which are believed to provide significant management resources promoting its corporate value into the future. The Company's field of activities extends beyond its business operations to activities such as philanthropy and environmental preservation. The Company fully recognizes that a wide variety of business operations coupled with such activities can produce a synergy that builds Yamaha Motor's brand and corporate value. To further enhance such brand value and corporate value, the Company must aggressively introduce new models and develop new value-added products incorporating new technologies. As a prerequisite for creating breakthrough technologies, the Company must strengthen its research and development (R&D) activities. Furthermore, high profitability and growth are projected in the next-generation environmental technologies, such as the development of environment-conscious low-fuel-consumption engines and electric-powered motorcycles. In order to earn profit in these fields of activities, it is crucial to aggressively promote a R&D basis for the foundation of these activities. The Company believes that an acquisition of the Company by parties who poorly understand the elements that comprise the brand and corporate value of the Group (described above) would damage the corporate value and hinder the common interests of the shareholders. Once in control of financial and business decisions, such parties could act only from short-term profit motives and dismantle management policies that have been planned and developed over time from a medium-and long-term perspective. Such actions might include excessive reductions in manufacturing costs, R&D expenses, and other expenditures — all decisions which would damage the Group's competitiveness. Not only the above-mentioned case but also certain acquisition schemes would negatively impact corporate value and work against the common interests of the Company's shareholders.

In order to protect and enhance the Company's corporate value and the common interests of the Company's shareholders, the Company deems it necessary that a would-be acquirer adequately discloses the following information prior to any takeover attempt: the proposed management policy and business plan intended by the would-be acquirer; the impact the takeover proposal would have on the Company's shareholders, the management, and the many stakeholders surrounding the Company; and the acquirer's attitudes toward social responsibilities, including the safety of the products. Furthermore, the Company deems it necessary that reasonable time to examine a takeover proposal by the would-be acquirer is secured.

### (2) Outline of Special Efforts towards Realizing the Effective Use of the Company's Assets, the Establishment of an Appropriate Corporate Group, and Other Basic Policy

For the achievement of our corporate mission, "*Kando Creating Company*" - to offer new excitement and a more fulfilling life for people all over the world, the Company is working to secure and enhance the corporate value and the common interests of the Company's shareholders by implementing various measures mentioned hereunder, in a planned and consistent way from a medium to long-term perspective.

#### 1) Efforts to enhance corporate value with a Medium-term Plan

The Company has built a stable financial foundation owing to improved profitability, though failed to attain the targets for sales and operating income of the Medium-term Plan commenced in 2016. Furthermore, in December 2018, the Company formulated a new Medium-term Plan that commences in 2019. Under the new Medium-term Plan, management aims to grow existing business continuously and promote new business development with targets of ¥2 trillion of sales again and the 9% level of operating margin, while investing actively for growth strategies and improving returns to all shareholders.

2) Efforts to increase corporate value by strengthening corporate governance

To ensure the implementation of the Company's growth strategies for the future, the Board of Directors of the Company establishes an environment that supports management's appropriate risk-taking and decisive decision-making activities, and 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.

This structure is designed to implement speedy and decisive decision-making, and appropriate, transparent and fair supervision and monitoring as the Company's corporate governance. Accordingly, the Company formulates the following Corporate Governance Guidelines and put them into practice in an appropriate manner.

<Corporate Governance Guidelines>

- Chapter 1 Ensuring shareholders' rights and equality, and basic views on dialogue with shareholders
- Chapter 2 Appropriate collaboration with various stakeholders
- Chapter 3 Appropriate information disclosure and ensuring transparency
- Chapter 4 Responsibilities of the Board of Directors, etc.
- Attachment 1 Standards for selecting independent outside officers
- Attachment 2 Policies to promote constructive dialogue with shareholders

For the full text of the Corporate Governance Guidelines, please click here.

[https://global.yamaha-motor.com/ir/governance/pdf/corporate\\_governance\\_guidelines-e.pdf](https://global.yamaha-motor.com/ir/governance/pdf/corporate_governance_guidelines-e.pdf)

**(3) Efforts to Prevent the Decisions on Financial and Business Policies of the Company to Be Controlled by Parties Inappropriate in the Light of the Company's Basic Policy**

If the Company learns that a party attempts to acquire substantial shares in the Company, in order to protect and increase the corporate value and common interests of its shareholders, and in compliance with the relevant laws and regulations, the Company will require the party to provide necessary and adequate information, so that the shareholders can properly decide either to support or reject the attempt of mass acquisition. Additionally, the Company will disclose the opinions of the Board of Directors concerning the attempt, and take appropriate measures, including striving to secure adequate time for the shareholders to consider the pros and cons of the attempt.

**(4) The Decision of the Board of Directors and the Grounds for Such Decision**

The initiatives and measures as described in (2) and (3) above are in accordance with the basic policy described in (1), and therefore the Board of Directors judges that they are not intended to maintain the positions of the Company's officers.

## Consolidated Financial Statements

### Consolidated Balance Sheets

	Millions of yen	
	As of December 31, 2019	(Reference) As of December 31, 2018
<b>ASSETS</b>		
I. Current assets:		
Cash and deposits	124,580	138,264
Notes and accounts receivable - trade	164,937	164,375
Short-term sales finance receivables	179,397	165,168
Merchandise and finished goods	224,014	208,443
Work in process	64,315	58,676
Raw materials and supplies	68,420	62,047
Other	59,873	64,523
Allowance for doubtful accounts	(10,774)	(11,737)
Total current assets	874,764	849,763
II. Non-current assets:		
1. Property, plant and equipment:		
Buildings and structures, net	111,204	103,568
Machinery, equipment and vehicles, net	103,537	104,342
Land	88,690	81,502
Construction in progress	26,812	19,469
Other, net	26,044	26,880
Total property, plant and equipment	356,289	335,763
2. Intangible assets:		
Leasehold right	4,285	4,808
Other	4,355	3,710
Total intangible assets	8,640	8,518
3. Investments and other assets:		
Investment securities	134,141	95,724
Long-term sales finance receivables	110,777	97,680
Net defined benefit asset	9,480	3,263
Deferred tax assets	27,527	24,972
Other	13,033	7,151
Allowance for doubtful accounts	(1,844)	(1,982)
Total investments and other assets	293,115	226,809
Total non-current assets	658,045	571,091
Total assets	1,532,810	1,420,854

Notes: 1. Amounts less than one million yen have been omitted.  
2. The "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018), etc., have been applied from the fiscal year ended December 31, 2019. Figures after retrospectively applying said accounting standard are shown for the fiscal year ended December 31, 2018, reducing total assets, and total liabilities and net assets by ¥12,604 million.

Millions of yen

	As of December 31, 2019	(Reference) As of December 31, 2018
<b>LIABILITIES</b>		
<b>I. Current liabilities:</b>		
Notes and accounts payable – trade	112,982	118,303
Electronically recorded obligations - operating	22,012	21,696
Short-term loans payable	151,917	162,950
Current portion of long-term loans payable	34,056	124,299
Income taxes payable	7,353	10,106
Provision for bonuses	14,518	14,111
Provision for product warranties	17,553	17,954
Other provision	1,428	1,393
Other	134,505	109,764
Total current liabilities	496,328	580,580
<b>II. Non-current liabilities:</b>		
Bonds payable	5,437	—
Long-term loans payable	173,541	69,439
Deferred tax liabilities	8,283	1,018
Deferred tax liabilities for land revaluation	4,644	4,659
Net defined benefit liability	61,366	56,408
Other provision	301	582
Other	31,077	12,421
Total non-current liabilities	284,653	144,530
Total liabilities	780,981	725,111
<b>NET ASSETS</b>		
<b>I. Shareholders' equity:</b>		
1. Capital stock	85,905	85,797
2. Capital surplus	74,770	74,663
3. Retained earnings	607,000	572,707
4. Treasury shares	(733)	(727)
Total shareholders' equity	766,943	732,440
<b>II. Accumulated other comprehensive income:</b>		
1. Valuation difference on available-for-sale securities	45,184	35,210
2. Revaluation reserve for land	10,428	10,412
3. Foreign currency translation adjustment	(119,447)	(118,281)
4. Remeasurements of defined benefit plans	2,125	(2,307)
Total accumulated other comprehensive income	(61,709)	(74,965)
III. Non-controlling interests	46,594	38,268
Total net assets	751,828	695,743
Total liabilities and net assets	1,532,810	1,420,854

Notes: 1. Amounts less than one million yen have been omitted.

2. The “Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28, February 16, 2018), etc., have been applied from the fiscal year ended December 31, 2019. Figures after retrospectively applying said accounting standard are shown for the fiscal year ended December 31, 2018, reducing total assets, and total liabilities and net assets by ¥12,604 million.

**Consolidated Statements of Income**

Millions of yen

	(Reference)	
	Current Fiscal Year (January 1, 2019– December 31, 2019)	Previous Fiscal Year (January 1, 2018– December 31, 2018)
I. Net sales	1,664,764	1,673,137
II. Cost of sales	1,222,433	1,217,963
Gross profit	442,331	455,173
III. Selling, general and administrative expenses	326,967	314,386
Operating income	115,364	140,787
IV. Non-operating income		
Interest income	3,658	4,239
Dividend income	1,286	1,139
Share of profit of entities accounted for using equity method	2,472	2,345
Other	6,757	8,228
Total non-operating income	14,175	15,952
V. Non-operating expenses		
Interest expenses	3,381	3,364
Foreign exchange losses	592	10,914
Other	6,086	4,491
Total non-operating expenses	10,060	18,771
Ordinary income	119,479	137,969
VI. Extraordinary income		
Gain on sales of non-current assets	576	402
Gain on bargain purchase	2,235	—
Gain on sales of investment securities	211	242
Total extraordinary income	3,023	644
VII. Extraordinary losses		
Loss on sales of non-current assets	288	215
Loss on disposal of non-current assets	1,246	919
Impairment loss	238	183
Loss on sales of investment securities	13	412
Business restructuring expenses	89	—
Total extraordinary losses	1,876	1,729
Income before income taxes	120,626	136,883
Income taxes - current	34,487	37,026
Income taxes - deferred	2,086	(4,641)
Total income taxes	36,574	32,384
Net income	84,052	104,498
Net income attributable to non-controlling interests	8,315	11,132
Net income attributable to owners of parent	75,736	93,366

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

**Consolidated Statements of Changes in Equity**

Current Fiscal Year (From January 1, 2019 through December 31, 2019)

Millions of yen

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	85,797	74,663	572,707	(727)	732,440
Cumulative effects of changes in accounting policies			(10,004)		(10,004)
Restated balance	85,797	74,663	562,703	(727)	722,435
Changes of items during period					
Issuance of new shares	107	107			215
Dividends of surplus			(31,439)		(31,439)
Net income attributable to owners of parent			75,736		75,736
Change in treasury shares of parent arising from transactions with non-controlling shareholders		(0)			(0)
Purchase of treasury shares				(5)	(5)
Net changes of items other than shareholders' equity					
Total changes of items during period	107	107	44,297	(5)	44,507
Balance at end of current period	85,905	74,770	607,000	(733)	766,943

	Other accumulated 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	35,210	10,412	(118,281)	(2,307)	(74,965)
Cumulative effects of changes in accounting policies					
Restated balance	35,210	10,412	(118,281)	(2,307)	(74,965)
Changes of items during period					
Issuance of new shares					
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					
Net changes of items other than shareholders' equity	9,974	15	(1,166)	4,432	13,255
Total changes of items during period	9,974	15	(1,166)	4,432	13,255
Balance at end of current period	45,184	10,428	(119,447)	2,125	(61,709)

	Non-controlling interests	Total net assets
Balance at the beginning of current period	38,268	695,743
Cumulative effects of changes in accounting policies		(10,004)
Restated balance	38,268	685,738
Changes in items during the period		
Issuance of new shares		215
Dividends of surplus		(31,439)
Net income attributable to owners of parent		75,736
Change in treasury shares of parent arising from transactions with non-controlling shareholders		(0)
Purchase of treasury shares		(5)
Net changes of items other than shareholders' equity	8,326	21,582
Total changes of items during period	8,326	66,089
Balance at end of current period	46,594	751,828

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: 134

(2) Name of major subsidiaries:

Yamaha Motorcycle Sales Japan Co., Ltd., Yamaha Motor Powered Products Co., Ltd., Yamaha Motor Robotics Holdings 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 Philippines, Inc., Thai Yamaha Motor Co., Ltd., Yamaha Motor Vietnam Co., Ltd. and Yamaha Motor do Brasil Ltda.

(3) Changes to the scope of consolidation:

In the fiscal year ended December 31, 2019, 23 newly acquired or newly established companies were added to the scope of consolidation. In addition, two companies were merged into other consolidated subsidiaries and were therefore removed from the scope of consolidation.

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

For non-consolidated subsidiaries such as Yamaha Motor Racing S.r.l., when considering total assets, net sales, profit or loss, and retained earnings, etc., they do not have a significant influence on the consolidated financial statements as a whole, and were therefore removed from the scope of consolidation.

#### **2. Scope of Application of Equity Method**

(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: 31  
Hong Leong Yamaha Motor Sdn. Bhd. and 30 other affiliates

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

In the fiscal year ended December 31, 2019, one newly established subsidiary, three affiliates of the newly acquired subsidiary, and one newly invested affiliate were added to the scope of equity-method application.



### 3. Accounting Standards

(1) Policies and methods of valuation for significant assets

1) Securities

Other securities

Marketable securities classified as other securities are carried at fair value, based on market prices as of the balance sheet date.

(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.)

Non-marketable securities classified as other securities 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.

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, 2019, 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

IFRS 15 “Revenue from Contracts with Customers” has been applied to subsidiaries other than the Company and its domestic subsidiaries that adopt JGAAP, as well as subsidiaries in North America that adopt USGAAP, and Financial Accounting Standards Board Accounting Standards Update (ASU) No. 2014-09 “Revenue from Contracts with Customers” has been applied to subsidiaries in North America that adopt USGAAP. For all contracts (excluding financial instruments, lease contracts, insurance contracts and transactions to exchange products, etc., with peer companies), revenue is now recognized at the expected amount of consideration for the promised goods or services at the time of transfer to the customer.

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

## 1) Accounting treatment of consumption taxes

Transactions subject to national and/or local consumption tax are recorded at an amount exclusive of consumption taxes.

## 2) Application of consolidated tax return system

The Company applies the Consolidated Tax Return System.

## 3) 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.

**II. Notes to Changes in Accounting Policy**

(Application of ASU No. 2014-09 “Revenue from Contracts with Customers”)

Subsidiaries in North America that adopt USGAAP have applied ASU No. 2014-09 “Revenue from Contracts with Customers” from the beginning of the fiscal year ended December 31, 2019. Due to this application, the Company has revised the standard for revenue recognition, and recognizes revenue for all contracts (excluding financial instruments, lease contracts, insurance contracts and transactions to exchange products, etc., with peer companies) at the expected amount of consideration for the promised goods or services at the time of transfer to the customer.

In applying the accounting standard, as retained earnings have been adjusted for the cumulative effects of the application at the beginning of the fiscal year ended December 31, 2019 in line with the transitional treatment of the standard, the balance of “retained earnings” at the beginning of the current period declined by ¥9,957 million.

As a result, “other” in current assets, “deferred tax assets” and “other” in investments and other assets, “other” in current liabilities and in non-current liabilities were ¥1,765 million, ¥3,683 million, ¥4,929 million, ¥9,191 million and ¥12,222 million greater, respectively, while “retained earnings” were ¥11,168 million smaller than if the former accounting standard was applied at the end of the fiscal year ended December 31, 2019. Net sales increased by ¥156 million while operating income, ordinary income, income before income taxes, and net income for the fiscal year ended December 31, 2019 declined by ¥1,618 million, ¥1,618 million, ¥1,618 million and ¥1,210 million, respectively.

(Application of IFRS 16 “Leases”)

IFRS 16 “Leases” has been applied from the beginning of the fiscal year ended December 31, 2019, excluding the Company and domestic subsidiaries that adopt JGAAP and subsidiaries in North America that adopt USGAAP. Due to this application, lessees, in principle, recognized all leases as assets and liabilities on the balance sheets. There are no significant changes to lessor accounting.

In applying the accounting standard, retained earnings, related items in non-current assets and liabilities have been adjusted for the cumulative effects of the application at the beginning of the fiscal year ended December 31, 2019 in line with the transitional treatment of the standard. The effect of this adjustment on the balance of retained earnings at the beginning of the current period is immaterial.

As a result, “other” in current assets was ¥326 million smaller, while “buildings and structures,” “machinery, equipment and vehicles,” “land,” “other” in property, plant and equipment, “other” in current liabilities and “other” in non-current liabilities were ¥5,207 million, ¥1,069 million, ¥2,552 million, ¥35 million, ¥2,126 million and ¥6,617 million greater, respectively, than if the former accounting standard was applied at the end of the fiscal year ended December 31, 2019. The effect of this adjustment on operating income, ordinary income, income before income taxes, and net income for the fiscal year ended December 31, 2019 is immaterial.

### III. Unapplied Accounting Standards, etc.

(ASBJ Statement No. 29 Accounting Standard for Revenue Recognition and ASBJ Guidance No. 30 Implementation Guidance on Accounting Standard for Revenue Recognition)

(1) Overview

The application of this accounting standard requires the Company to recognize revenue for all contracts excluding financial instruments, lease contracts, insurance contracts, and transactions to exchange products, etc., with competitors at the expected amount of consideration for the promised goods or services at the time of transfer to the customer.

(2) Expected date of application

To be applied for the Company and domestic subsidiaries from the beginning of the fiscal year ending December 31, 2022.

(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.

(ASU No. 2016-02 “Leases”)

(1) Overview

The application of this accounting standard requires lessees, in principle, to record all leases as assets and liabilities on the balance sheets. There are no significant changes to lessor accounting.

(2) Expected date of application

To be applied for subsidiaries in North America from the beginning of the fiscal year ending December 31, 2021.

(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.

(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 beginning of 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 Method

“Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28, February 16, 2018), etc. have been applied from the beginning of the fiscal year ended December 31, 2019. Accordingly, deferred tax assets have been reclassified under non-current assets, and deferred tax liabilities have been reclassified under non-current liabilities.

#### V. Notes to Consolidated Balance Sheets

	Millions of yen
<b>1. Accumulated Depreciation of Property, Plant and Equipment</b>	670,638

#### 2. Pledged Assets and Secured Liabilities

Pledged assets are as follows:	Millions of yen
Short-term sales finance receivables	125,540
Buildings and structures, net	87
Land	44
Investment securities	82
Long-term sales finance receivables	41,443
<u>Investments and other assets - Other</u>	<u>479</u>
Total	167,678

Secured liabilities are as follows:	
Current portion of long-term loans payable	4,653
Long-term loans payable	80,795
<u>Non-current liabilities - Other</u>	<u>185</u>
Total	85,634

	Millions of yen
<b>3. Discounts on Notes Receivable – Trade</b>	279

#### 4. Guarantee Obligations

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

	Millions of yen
PT. Bussan Auto Finance	9,204
<u>Amagasaki Woodland of Health Co., Ltd.</u>	<u>82</u>
Total	9,287

The above amounts include amounts arising from quasi-guarantees of ¥82 million.



## VII. Notes to Consolidated Statements of Changes in Equity

### 1. Type and Number of Outstanding Shares:

Common stock 350,013,146 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. 27, 2019	Common stock	15,717	45.00	Dec. 31, 2018	Mar. 28, 2019
Board of Directors Meeting held on Aug. 8, 2019	Common stock	15,721	45.00	Jun. 30, 2019	Sep. 6, 2019

#### (2) Dividends whose record date falls in FY2019 and whose effective date falls in FY2020

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. 25, 2020	Common stock	15,721	Retained earnings	45.00	Dec. 31, 2019	Mar. 26, 2020

### 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, mainly stocks of companies with which the Group has business relationships, are exposed to risk of market price fluctuations.

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.

Short-term loans payable and long-term loans payable are intended for working capital, and some of them

with variable interest rates may be 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, Standing Audit & Supervisory Board Members, 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, 2019 are as follows. Financial instruments whose fair values are not readily determinable are excluded from the following table: (See Note 2.)

	Millions of yen		
	Carrying amount	Fair value	Differences
(1) Cash and deposits	124,580	124,580	—
(2) Notes and accounts receivable - trade Allowance for doubtful accounts (*1)	164,937 (4,343)		
	160,593	160,593	—
(3) Short-term sales finance receivables Allowance for doubtful accounts (*1)	179,397 (6,250)		
	173,146	173,146	—
(4) Investment securities	82,927	82,927	—
(5) Long-term loans receivable Allowance for doubtful accounts (*1)	464 (37)		
	426	434	8
(6) Long-term sales finance receivables Allowance for doubtful accounts (*1)	110,777 (1,166)		
	109,610	120,945	11,335
<b>Total assets</b>	<b>651,285</b>	<b>662,629</b>	<b>11,343</b>
(7) Notes and accounts payable - trade	112,982	112,982	—
(8) Electronically recorded obligations – operating	22,012	22,012	—
(9) Short-term loans payable	151,917	151,917	—
(10) Current portion of long-term loans payable	34,056	34,056	—
(11) Short-term finance lease obligations	2,322	2,322	—
(12) Bonds payable	5,437	5,437	—
(13) Long-term loans payable	173,541	174,936	1,395
(14) Long-term finance lease obligations	6,640	6,683	43
<b>Total liabilities</b>	<b>508,911</b>	<b>510,349</b>	<b>1,438</b>
Derivative transactions (*2)	1	1	—

(\*1) Allowance for doubtful accounts is deducted from notes and accounts receivable - trade, short-term sales finance receivables, long-term loans receivable and long-term sales finance receivables.

(\*2) Receivables and payables, which were derived from derivative transactions, are presented in net amounts. The figures in parentheses indicate net payables.



Notes: 1. Calculation method of fair values of financial instruments and matters concerning marketable securities and derivative transactions

Assets:

(1) Cash and deposits

These assets are recorded using book values as the fair values are almost equal to the book values because of their short-term maturities.

(2) Notes and accounts receivable - trade

The fair values of these assets are measured at the present values of their future cash flows from which an allowance for doubtful accounts equivalent to credit risk are deducted. In order to compute the present values of the future cash flows of these assets, the assets are categorized by specified time period, and future cash flows in each category are discounted at a rate in accordance with appropriate indices such as government bond yields.

(3) 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.

(4) Investment securities

Investment securities are determined using the quoted price at the stock exchange.

(5) Long-term loans receivable, (6) Long-term sales finance receivables

For long-term loans receivable and long-term sales finance receivables with variable rates, fair value is calculated based on book values, as they reflect market interest rates in the short run.

For long-term loans receivable and long-term sales finance receivables with fixed rates, the fair values are measured at their present values from which an allowance for doubtful accounts equivalent to credit risk are deducted. The present values of these assets are computed by discounting for each collection period at a rate in accordance with appropriate indices such as government bond yields.

Liabilities:

(7) Notes and accounts payable - trade, (8) Electronically recorded obligations - operating, (9) Short-term loans payable, (10) Current portion of long-term loans payable, (11) Short-term finance lease obligations

These liabilities are recorded using book values as the fair values are almost equal to the book values because of their short-term maturities.

(12) Bonds payable

For bonds payable are settled over a long term with variable interest rates, fair value is calculated based on book values as they reflect market interest rates in the short run.

(13) Long-term loans payable, (14) Long-term finance lease obligations

For long-term loans payable and long-term finance lease obligations with variable rates, fair value is calculated based on book values as they reflect market interest rates in the short run.

For long-term loans payable and long-term finance lease obligations 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.

Derivative transactions:

Their fair values are calculated based on the quoted price obtained from the financial institutions.

2. Financial instruments whose fair values are not readily determinable

Millions of yen	
Category	Carrying amount
Unlisted equity securities	51,214

The foregoing items are not included in "(4) Investment securities," because there is no market price, and it is deemed difficult to measure the fair values.

**IX. Notes to Per Share Information**

(1) Net Assets per Share	2,018.84 yen
(2) Net Income per Share	216.83 yen

**X. Status of Significant Business Combinations, etc.**

The Company concluded a business integration agreement (hereinafter “Business Integration Agreement”) on February 12, 2019, concerning the business integration of three companies including (i) making SHINKAWA LTD. (hereinafter “Shinkawa”) a subsidiary of the Company through a third-party allotment of shares to which the Company is assigned (hereinafter “Third Party Allotment Capital Increase”), (ii) making APIC YAMADA CORPORATION (hereinafter “Apic Yamada”) a wholly-owned subsidiary of Shinkawa through a tender offer and a series of subsequent procedures, and (iii) transition to a joint holding company structure for Shinkawa and Apic Yamada through the company split of Shinkawa.

Pursuant to the Business Integration Agreement, the Company completed payment for the Third Party Allotment Capital Increase on June 24, 2019, and Shinkawa and its subsidiaries including Apic Yamada became subsidiaries of the Company.

On July 1, 2019, as the effective date, Shinkawa conducted a company split (hereinafter “Company Split”) and Shinkawa and Apic Yamada have transitioned to a joint holding company structure.

1. Making Shinkawa a subsidiary of the Company (Business combination by acquisition)

(1) Completion of the adjustment of initial accounting treatment for the business combination

Initial accounting treatment was used for the first six months of the fiscal year ended December 31, 2019 and the adjustment was subsequently completed in the first nine months of the fiscal year ended December 31, 2019.

Quarterly consolidated financial statements for the first nine months of the fiscal year ended December 31, 2019, the Company adjusted the allocation of acquisition costs. The amount of gain on bargain purchase, the initial calculation of which was ¥2,461 million, decreased by ¥226 million to ¥2,235 million due to completion of the accounting treatment.

(2) Overview of business combination

1) Name of acquired company and its business description

Name of acquired company: SHINKAWA LTD.

Business description: Development, manufacturing and sales of semiconductor manufacturing equipment

2) Main reasons for business combination

Through this business combination, the Company aims to provide total solutions that exceeds customer expectations as a “Turn-Key provider (Note) in the field of semiconductor back-end processing and electronic component mounting” by integrating the technologies of three companies: the Company, Shinkawa, and Apic Yamada.

(Note) To provide a set of manufacturing process equipment for a series of semiconductor back-end processing and electronic component manufacturing processes. Furthermore, to propose and provide overall optimization solutions for the entire process when multiple manufacturing processes are recognized as a single process.

3) Date of business combination

June 24, 2019 (Date of acquisition of shares)

June 30, 2019 (Assumed date of acquisition)

4) Legal form of business combination

Acquisition of shares by way of acceptance of Third Party Allotment Capital Increase

5) Name of company after business combination

Along with transition to a joint holding company structure through an incorporation-type separation, in which Shinkawa is a separating company and a new company incorporated as a succeeding company, the trade name has been changed to “Yamaha Motor Robotics Holdings Co., Ltd.” as of July 1, 2019.

6) Percentage of voting rights acquired  
59.03%

7) Main reason to decide the acquiring company  
By holding a majority of voting rights of Shinkawa, it has become clear that the Company holds control over decision-making bodies.

(3) The period of results of the acquired company included in the consolidated statements of income for the fiscal year ended December 31, 2019  
From July 1, 2019 to December 31, 2019

(4) Breakdown of consideration transferred for the acquisition by type		
Consideration for acquisition	Cash	¥10,000 million
Total		¥10,000 million

(5) Breakdown and amount of major expenses related to acquisition  
Advisory fee, etc.      ¥160 million

(6) Amount of and reasons for gain on bargain purchase

1) Amount of gain on bargain purchase  
¥2,235 million

2) Reasons for recognition

As the aggregate of consideration transferred and the amount of non-controlling interest was lower than the net of the fair values of assets acquired and liabilities assumed at the time of business combination, the difference has been recognized as gain on bargain purchase.

(7) Amounts recognized as of the date of business combination for each major class of assets acquired and liabilities assumed.

Current assets	¥25,942 million
<u>Non-current assets</u>	<u>¥10,562 million</u>
<u>Total assets</u>	<u>¥36,505 million</u>
Current liabilities	¥12,352 million
<u>Non-current liabilities</u>	<u>¥3,425 million</u>
<u>Total liabilities</u>	<u>¥15,777 million</u>

(8) Estimated amount of the effect on the consolidated statements of income for the fiscal year as if the business combination occurred at the beginning of the fiscal year, and its calculation method  
The estimated amount of the effect is omitted as it is immaterial.

## 2. Company Split of Shinkawa (Transactions under common control, etc.)

(1) Overview of transaction

1) Effective date of Company Split  
July 1, 2019

2) Type of Company Split

Incorporation-type Company Split by which Shinkawa becomes a company to be split and a newly established company through Company Split (hereinafter “New Company”) becomes a succeeding company.

3) Information on share allotment upon Company Split

New Company issued 10,000 shares of common stock upon Company Split, all of which were allotted to Shinkawa.

4) Rights and obligations to be succeeded to by the succeeding company

The succeeding company has succeeded the assets, liabilities, contractual positions, and other rights and obligations (excluding any rights and obligations which are difficult to transfer by nature) belonging to all businesses operated by Shinkawa other than the functions necessary for a joint holding company.

5) Company name and business description after Company Split

- Separating company: (Name) Yamaha Motor Robotics Holdings Co., Ltd.  
(Business description) Business management, asset management, and other businesses
- Succeeding company: (Name) SHINKAWA LTD.  
(Business description) Development, manufacturing, and sales of semiconductor manufacturing equipment

(2) Overview of accounting treatment adopted

The Company Split is treated as a transaction under common control in accordance with the Accounting Standard for Business Combinations, Accounting Standard for Business Divestitures, and Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures.

## **XI. Significant Subsequent Events**

(Purchase of retail finance receivables for prime customers from a partner bank)

A part of retail finance receivables for prime customers of a partner bank was transferred to Yamaha Motor Finance Corporation, U.S.A., a subsidiary of the Company, on January 10, 2020.

(1) Purpose of transfer of receivables

The purpose of the transfer is to expand businesses and improve profitability with increment of good loan receivables.

(2) Name of company which offers receivables

Not disclosed due to request from the partner bank.

(3) Description of receivables transferred

(i) Type of receivables: Retail finance receivables for prime customers

(ii) Amount of receivables transferred: US\$724 million  
(Approx. ¥79,640 million, calculated as US\$1= ¥110)

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

Millions of yen

	As of December 31, 2019	(Reference) As of December 31, 2018
<b>ASSETS</b>		
I. Current assets:		
Cash and deposits	4,884	24,471
Notes receivable - trade	5,212	5,959
Accounts receivable - trade	102,768	106,736
Merchandise and finished goods	33,393	32,600
Work in process	21,416	20,479
Raw materials and supplies	22,229	22,877
Prepaid expenses	2,092	1,970
Other	23,430	21,326
Allowance for doubtful accounts	(1,724)	(1,843)
Total current assets	213,702	234,577
II. Non-current assets:		
1. Property, plant and equipment:		
Buildings, net	41,558	42,379
Structures, net	6,323	6,157
Machinery and equipment, net	22,032	22,620
Vessels, net	272	285
Vehicles, net	802	683
Tools, furniture and fixtures, net	9,600	10,477
Land	47,666	47,499
Construction in progress	7,550	5,254
Total property, plant and equipment	135,807	135,357
2. Intangible assets:		
Leasehold right	501	501
Software in progress	731	—
Other	436	487
Total intangible assets	1,670	989
3. Investments and other assets:		
Investment securities	105,817	68,972
Stocks of subsidiaries and affiliates	159,004	137,223
Investment in capital	23	3
Investment in capital of subsidiaries and affiliates	26,445	26,445
Long-term loans receivable	3,741	6,027
Prepaid pension cost	2,200	238
Deferred tax assets	—	4,870
Other	771	717
Allowance for doubtful accounts	(13)	(166)
Total investments and other assets	297,991	244,332
Total non-current assets	435,468	380,679
Total assets	649,171	615,257

Notes: 1. Amounts less than one million yen have been omitted.

2. The “Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28, February 16, 2018), etc., have been applied from the fiscal year ended December 31, 2019. Figures after retrospectively applying said accounting standard are shown for the fiscal year ended December 31, 2018, reducing total assets and total liabilities and net assets by ¥3,337 million.

## (TRANSLATION ONLY)

	Millions of yen	
	As of December 31, 2019	(Reference) As of December 31, 2018
<b>LIABILITIES</b>		
<b>I. Current liabilities:</b>		
Notes payable - trade	578	916
Electronically recorded obligations - operating	19,424	18,808
Accounts payable - trade	39,003	40,098
Short-term loans payable	17,096	16,653
Current portion of long-term loans payable	10,000	35,000
Lease obligations	55	51
Accounts payable - other	28,696	25,936
Accrued expenses	4,848	4,760
Advances received	3,221	3,845
Deposits received	3,018	2,990
Provision for bonuses	6,000	5,845
Provision for product warranties	8,366	9,650
Other	478	493
Total current liabilities	<u>140,788</u>	<u>165,051</u>
<b>II. Non-current liabilities:</b>		
Long-term loans payable	40,956	21,100
Lease obligations	661	716
Deferred tax liabilities	2,275	—
Deferred tax liabilities for land revaluation	4,644	4,659
Provision for retirement benefits	19,657	20,451
Provision for product liabilities	193	504
Allowance for investment loss	927	984
Other	1,075	1,061
Total non-current liabilities	<u>70,391</u>	<u>49,477</u>
Total liabilities	<u>211,180</u>	<u>214,528</u>
<b>NET ASSETS</b>		
<b>I. Shareholders' equity:</b>		
1. Capital stock	85,905	85,797
2. Capital surplus		
(1) Legal capital surplus	74,180	74,072
(2) Other capital surplus	641	641
Total capital surplus	<u>74,821</u>	<u>74,713</u>
3. Retained earnings		
Other retained earnings		
Reserve for reduction entry	342	345
Retained earnings brought forward	222,553	195,321
Total retained earnings	<u>222,896</u>	<u>195,667</u>
4. Treasury shares	(674)	(672)
Total shareholders' equity	<u>382,948</u>	<u>355,506</u>
<b>II. Valuation and translation adjustments:</b>		
1. Valuation difference on available-for-sale securities	44,614	34,808
2. Revaluation reserve for land	10,428	10,412
Total valuation and translation adjustments	<u>55,042</u>	<u>45,221</u>
Total net assets	<u>437,990</u>	<u>400,728</u>
Total liabilities and net assets	<u>649,171</u>	<u>615,257</u>

Notes: 1. Amounts less than one million yen have been omitted.

2. The "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018), etc., have been applied from the fiscal year ended December 31, 2019. Figures after retrospectively applying said accounting standard are shown for the fiscal year ended December 31, 2018, reducing total assets and total liabilities and net assets by ¥3,337 million.

**Non-consolidated Statements of Income**

Millions of yen

	(Reference)	
	Current Fiscal Year (January 1, 2019– December 31, 2019)	Previous Fiscal Year (January 1, 2018– December 31, 2018)
I. Net sales	687,728	677,243
II. Cost of sales	586,245	564,295
Gross profit	101,482	112,948
III. Selling, general and administrative expenses	85,616	83,878
Operating income	15,866	29,070
IV. Non-operating income		
Interest income	864	1,106
Dividend income	55,656	36,550
Other	1,660	2,212
Total non-operating income	58,181	39,869
V. Non-operating expenses		
Interest expenses	133	460
Foreign exchange losses	1,550	1,841
Loss on valuation of investment securities	608	623
Loss on revaluation of investment in subsidiaries' and affiliates' stock	1,874	779
Other	1,910	1,328
Total non-operating expenses	6,076	5,033
Ordinary income	67,971	63,906
VI. Extraordinary income		
Gain on sales of non-current assets	45	35
Gain on sales of investment securities	211	242
Total extraordinary income	256	277
VII. Extraordinary losses		
Loss on sales of non-current assets	40	38
Loss on disposal of non-current assets	494	340
Impairment loss	36	167
Loss on sales of investment securities	0	412
Total extraordinary losses	571	958
Income before income taxes	67,655	63,225
Income taxes - current	5,960	5,732
Income taxes - deferred	3,027	(4,909)
Total income taxes	8,987	823
Net income	58,667	62,401

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

**Non-consolidated Statements of Changes in Equity**

Current Fiscal Year (From January 1, 2019 through December 31, 2019)

Millions of yen

	Shareholders' equity				Retained earnings
	Capital stock	Capital surplus			Other retained earnings
		Legal capital surplus	Other capital surplus	Total capital surplus	Reserve for reduction entry
Balance at beginning of current period	85,797	74,072	641	74,713	345
Changes of items during period					
Issuance of new shares	107	107		107	
Reversal of reserve for reduction entry					(2)
Dividends of surplus					
Net income					
Purchase of treasury shares					
Net changes of items other than shareholders' equity					
Total changes of items during period	107	107	—	107	(2)
Balance at end of current period	85,905	74,180	641	74,821	342

	Shareholders' equity			
	Retained earnings		Treasury shares	Total shareholders' equity
	Other retained earnings	Total retained earnings		
Balance at beginning of current period	195,321	195,667	(672)	355,506
Changes of items during period				
Issuance of new shares				215
Reversal of reserve for reduction entry	2	0		0
Dividends of surplus	(31,439)	(31,439)		(31,439)
Net income	58,667	58,667		58,667
Purchase of treasury shares			(2)	(2)
Net changes of items other than shareholders' equity				
Total changes of items during period	27,231	27,228	(2)	27,441
Balance at end of current period	222,553	222,896	(674)	382,948

	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	34,808	10,412	45,221	400,728
Changes of items during period				
Issuance of new shares				215
Reversal of reserve for reduction entry				0
Dividends of surplus				(31,439)
Net income				58,667
Purchase of treasury shares				(2)
Net changes of items other than shareholders' equity	9,805	15	9,821	9,821
Total changes of items during period	9,805	15	9,821	37,262
Balance at end of current period	44,614	10,428	55,042	437,990

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

Marketable securities classified as other securities are carried at fair value, based on market prices as of the balance sheet date.

(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.)

Non-marketable securities classified as other securities are carried at cost, determined by the moving-average method.

(2) Derivatives

Derivatives are carried at fair value.

(3) Inventories

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)

Merchandise, 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, 2019, 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, 2019, 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) Provision for product liabilities

Provision for product liabilities is provided, at an estimated amount of payments based on the actual results in past years, for liabilities that are not covered by product liability insurance.

(6) 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. Other Basic Items of Significance in Drawing up Non-consolidated Financial Statements**

(1) Consumption taxes

Transactions subject to national and/or local consumption tax are recorded at an amount exclusive of consumption taxes.

(2) Application of consolidated tax return system

The Company applies the Consolidated Tax Return System.

(3) 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.

## **II. Notes to Changes in Presentation Method**

(Non-consolidated Balance Sheets)

(1) “Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28, February 16, 2018), etc. have been applied from the fiscal year ended December 31, 2019. Accordingly, deferred tax assets have been reclassified under investments and other assets, and deferred tax liabilities have been reclassified under non-current liabilities.

(2) “Prepaid pension cost” that was included in “other” under investments and other assets in the fiscal year ended December 31, 2018, is presented separately from the fiscal year ended December 31, 2019, due to its increased monetary significance.



**IV. Notes to Non-consolidated Statements of Income****Transactions with subsidiaries and affiliates**

	Millions of yen
Net Sales	502,177
Purchases	207,623
Non-operating income	55,670
Non-operating expenses	383

**V. Notes to Non-consolidated Statements of Changes in Equity**

Number of shares in treasury shares at December 31, 2019

	Shares
Common stock	638,947

**VI. Notes to Deferred Tax Accounting**

Principal deferred tax assets and liabilities

	Millions of yen
<b>Deferred tax assets:</b>	
Loss on valuation of securities	34,312
Loss carried forward for tax purposes	16,226
Excess of depreciation	13,010
Provision for retirement benefits	5,877
Provision for product warranties	2,501
Provision for bonuses	1,794
Allowance for doubtful accounts	519
Other	2,964
Gross deferred tax assets	<u>77,206</u>
Valuation allowance	<u>(60,773)</u>
Total deferred tax assets	16,432
<b>Deferred tax liabilities:</b>	
Valuation difference on available-for-sale securities	(17,679)
Prepaid pension cost	(772)
Reserve for reduction entry	(254)
Other	(1)
Total deferred tax liabilities	<u>(18,708)</u>
Net deferred tax assets	(2,275)

**VII. Notes to Transactions with Related Parties****1. Subsidiaries and Affiliates, etc.**

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 Motorcycle Sales Japan Co., Ltd.	Direct ownership 100.0%	Sale of products of the Company	Net sales (Note 1)	38,889	Accounts receivable - trade	6,655
Subsidiary	Yamaha Motor Corporation, U.S.A. (The United States)	Direct ownership 100.0%	Sale of products of the Company	Net sales (Note 1)	118,724	Accounts receivable - trade	16,391
Subsidiary	Yamaha Motor Manufacturing Corporation of America (The United States)	Indirect ownership 100.0%	Manufacture of products of the Company	Net sales (Note 1)	45,297	Accounts receivable - trade	8,014
Subsidiary	Yamaha Motor Europe N.V. (The Netherlands)	Direct ownership 100.0%	Sale of products of the Company	Net sales (Note 1)	91,877	Accounts receivable - trade	12,356
Subsidiary	Yamaha Motor Philippines, Inc. (The Philippines)	Direct ownership 100.0%	Manufacture and sale of products of the Company	Net sales (Note 1)	36,590	Accounts receivable - trade	8,565
Subsidiary	India Yamaha Motor Pvt. Ltd. (India)	Direct ownership 85.0%	Manufacture and sale of products of the Company	Underwriting of the capital increase	12,269	-	-
Affiliate	PT. Bussan Auto Finance (Indonesia)	Direct ownership 17.7% Indirect ownership 2.3%	Sale of motorcycles of the Company Provision of finance	Debt guarantee (Note 2)	9,204	-	-

Notes: 1. Trade conditions such as prices are determined by taking actual market prices into account and are based on general terms of transactions.

2. Debt guarantee is related to loans from financial institutions of the subsidiary and affiliate.

**2. Officers and Major Individual Shareholders, etc.**

Millions of yen

Type	Name	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
Officer	Hiroyuki Yanagi	Direct ownership 0.0%	Chairman and Representative Director of the Company	In-kind contribution of monetary compensation claims (Note 1)	20	-	-
	Yoshihiro Hidaka	Direct ownership 0.0%	President and Representative Director of the Company	In-kind contribution of monetary compensation claims (Note 1)	31	-	-
	Katsuaki Watanabe	Direct ownership 0.0%	Vice President and Representative Director of the Company	In-kind contribution of monetary compensation claims (Note 1)	15	-	-

Note: In-kind contribution of monetary compensation claims associated with share remuneration with restriction on transfer.

**VIII. Notes to Per Share Information**

<b>1. Net Assets per Share</b>	1,253.64 yen
<b>2. Net Income per Share</b>	167.94 yen

## Independent Auditor's Report

February 10, 2020

The Board of Directors  
Yamaha Motor Co., Ltd.

Ernst & Young ShinNihon LLC

Noritada Aizawa  
Certified Public Accountant  
Designated and Engagement Partner

Daisuke Sumita  
Certified Public Accountant  
Designated and Engagement Partner

Katsuya Tanaka  
Certified Public Accountant  
Designated and Engagement Partner

Pursuant to Article 444, Section 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 the notes to the consolidated financial statements of Yamaha Motor Co., Ltd. (the "Company") applicable to the fiscal year from January 1, 2019 through December 31, 2019.

### *Management's Responsibility 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 designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. The purpose of an audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the Yamaha Motor Group, which consisted of the Company and consolidated subsidiaries, applicable to the fiscal year ended December 31, 2019 in conformity with accounting principles generally accepted in Japan.

### *Conflicts of Interest*

We have no interest in the Company which should be disclosed in compliance with the Certified Public Accountants Act.

## Independent Auditor's Report

February 10, 2020

The Board of Directors  
Yamaha Motor Co., Ltd.

Ernst & Young ShinNihon LLC

Noritada Aizawa  
Certified Public Accountant  
Designated and Engagement Partner

Daisuke Sumita  
Certified Public Accountant  
Designated and Engagement Partner

Katsuya Tanaka  
Certified Public Accountant  
Designated and Engagement Partner

Pursuant to Article 436, Section 2, Paragraph 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, the notes to the financial statements and the related supplementary schedules of Yamaha Motor Co., Ltd. (the "Company") applicable to the 85th fiscal year from January 1, 2019 through December 31, 2019.

### *Management's Responsibility for the Financial Statements and the Related Supplementary Schedules*

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

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements and the related supplementary schedules based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the related supplementary schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the related supplementary schedules. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements and the related supplementary schedules, whether due to fraud or error. The purpose of an audit of the financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements and the related supplementary schedules in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the related supplementary schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements and the related supplementary schedules referred to above present fairly, in all material respects, the financial position and results of operations of Yamaha Motor Co., Ltd. applicable to the 85th fiscal year ended December 31, 2019 in conformity with accounting principles generally accepted in Japan.

### *Conflicts of Interest*

We have no interest in the Company which should be disclosed in compliance with the Certified Public Accountants Act.



## **Copy of Audit Report of the Audit & Supervisory Board**

### **Audit Report**

February 12, 2020

We at the Audit & Supervisory Board, having discussed the Directors' performance of duties during the 85th business year, from January 1, 2019 through December 31, 2019, 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) The contents of the basic policy set forth in Item 3(a) of Article 118 of the Ordinance for Enforcement of the Corporation Act of Japan stated in the business reports and each approach set forth in (b) of the same item are reviewed based on the status of deliberations of the Board of Directors and other management entities.
  - 4) 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.
- 4) There are no matters requiring additional mention with respect to basic policy on the conduct of persons controlling decisions on the financial and business policies of companies stated in the business reports. We admit that each approach set forth in Item 3(b) of Article 118 of the Ordinance for Enforcement of the Corporation Act of Japan that are stated in the business reports conforms with such basic policy, is in no way obstructive of any common interests of shareholders, and is not adopted with the intention to maintain the positions of Directors and Audit & Supervisory Board Members.

### (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 independent 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 independent auditor, are recognized as fair and proper.

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

Kenji Hironaga  
Standing Audit & Supervisory Board Member

Junzo Saitoh  
Standing Audit & Supervisory Board Member

Masahiko Ikaga  
Audit & Supervisory Board Member (Outside)

Masatake Yone  
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., Tuesday, March 24, 2020 (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.