

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

Code No: 7272
March 1, 2022

Notice of the 87th 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 87th Ordinary General Meeting of Shareholders, to be held at the time and place indicated below.

In order to avoid the risk of COVID-19 infection, you are kindly advised to refrain from attending the meeting in person whenever possible and exercise your voting rights by mailing the enclosed Exercise of Voting Rights Form or via the Internet, etc. Please review the reference documents provided and exercise your voting rights by 5:30 p.m. on Tuesday, March 22, 2022 (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 103, "Procedures for Exercising Voting Rights by Electromagnetic Means," and exercise your voting rights online.

- 1. Date and Time:** Wednesday, March 23, 2022 at 10:00 a.m. (JST)
(The reception will open at 9:00 a.m.)
- 2. Location:** Communication Plaza of the Company
2500 Shingai, Iwata-shi, Shizuoka, Japan
In order to prevent the spread of COVID-19 infection, clearance between each seat will be widely spaced and therefore only 70 seats will be available this year. Only shareholders who have made advance registration will be allowed to enter the venue on the day of the meeting. We would appreciate your kind understanding in advance.

3. Agenda of the Meeting

Items to be reported:

1. Business Report for the 87th Fiscal Year (from January 1, 2021 through December 31, 2021); Consolidated Financial Statements applicable to the 87th Fiscal Year (from January 1, 2021 through December 31, 2021); 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 87th Fiscal Year (from January 1, 2021 through December 31, 2021).

Items to be resolved:

- | | |
|-----------------------|---|
| Proposed Resolution 1 | Appropriation of Surplus |
| Proposed Resolution 2 | Partial Amendments to the Articles of Incorporation |
| Proposed Resolution 3 | Election of Ten Directors |
| Proposed Resolution 4 | Election of One Substitute Audit & Supervisory Board Member |

- Proposed Resolution 5 Revision of Remuneration Amounts for Directors and Audit & Supervisory Board Members
- Proposed Resolution 6 Revision of Remuneration Amounts, etc. in Accordance with the Introduction of a Performance-based Share Remuneration System

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, "Systems to Ensure Proper Business Operations," "Overview of the Implementation Status of the Systems to Ensure Proper Business Operations" in the Business Report, and the "Notes to Consolidated Financial Statements," "Notes to Non-consolidated Financial Statements," "Consolidated Statements of Changes in Equity" and "Non-consolidated Statements of Changes in Equity" are made available on the Company's website 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 make registration in advance, and, on the day of the meeting, submit to the reception desk their completed Exercise of Voting Rights Form and the Admission Confirmation Notice to be sent from the Company.
 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/>

Requests to shareholders

Shareholders are again kindly advised to refrain from attending in person this General Meeting of Shareholders. The meeting may be viewed by live broadcast on the Internet. We will also accept in advance questions relevant to the agenda of the meeting. Shareholders who wish to attend on the day are kindly requested to make advance registration.

■ Details of live broadcast

- Date and time of broadcast: Wednesday, March 23, 2022
From 10:00 a.m. until the closing of the meeting
(The website can be accessed from 9:30 a.m.)
- How to log in: Please access the URL of the website for viewing (<https://www.virtual-sr.jp/users/yamaha-motor/login.aspx>) and log in using the shareholder number (9-digit number) printed on the Exercise of Voting Rights Form and your postal code (7-digit number) to view the live broadcast.
- (1) Please note that shareholders viewing the meeting cannot exercise voting rights or make questions during the meeting. We would appreciate your kind understanding in advance.
 - (2) Picture and sound problems may occur upon viewing, or live broadcast may not be viewed depending on your PC environment (functions and performance) and conditions of the Internet connection, or due to the concentration of access from many shareholders and other factors.
 - (3) Communication expenses and other fees required for viewing shall be borne by shareholders.
 - (4) The taking of photographs, sound recording, video recording or publishing via social media of the live broadcast shall be prohibited.

■ Acceptance of advance questions

- Acceptance period: Until Thursday, March 17, 2022 at 5:30 p.m.
- How to send questions: Please access the URL of the dedicated website (<https://www2.yamaha-motor.co.jp/jp/spt/shareholders-meeting2022/login>), log in using the shareholder number (9-digit number) printed on the Exercise of Voting Rights Form and your postal code (7-digit number) and enter your questions in the form for accepting advance questions.

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

■ Advance registration to attend the meeting

In order to prevent the spread of COVID-19 infection, clearance between each seat will be widely spaced and therefore only 70 seats will be available. Shareholders who wish to attend the meeting in person are kindly requested to make advance registration. Should the number of applicants exceed the number of seats available, a lottery will be held to determine shareholders eligible for attendance.

Those who have not made advance registration or who were not chosen by lottery, as well as those who cannot present a certificate of eligibility at the time of admission will not be allowed to enter the venue. We would appreciate your kind understanding in advance.

- Registration deadline: Thursday, March 17, 2022 at 5:30 p.m.
- How to register: Please access the URL of the dedicated website (<https://www2.yamaha-motor.co.jp/jp/spt/shareholders-meeting2022/login>) and log in using the shareholder number (9-digit number) printed on the Exercise of Voting Rights Form and your postal code (7-digit number). Then, enter your name and e-mail address.
- Result notification: Notification will be made by e-mail by Friday, March 18, 2022.
- Procedures for admission: (1) Both the “Exercise of Voting Rights Form” and “Admission Confirmation Notice” to be sent by e-mail by Friday, March 18 will be required for admission (Please bring with you the printed “Admission Confirmation Notice” sent by e-mail or show the screen of the notice on your smartphone or mobile phone at the reception. It is recommended that the notice be screen-captured and saved beforehand).
- (2) Admission will be refused if the contents of the “Exercise of Voting Rights Form” and “Admission Confirmation Notice” does not match each other.
 - (3) Registration is valid only one time per shareholder.

- (4) The personal information obtained for application will be used only for the purposes of sending “Admission Confirmation Notice” or lottery results, replying to the inquiries and verifying the identification, and will not be shared with any third parties unless the Company entrusts works necessary for the attainment of such purposes to external subcontractors.
- (5) The costs to be incurred for the access to the dedicated website for registration shall be borne by shareholders.

■ Inquiries

For inquiries regarding the shareholder number or the virtual General Meeting of Shareholders, please contact:

Sumitomo Mitsui Trust Bank, Limited, Virtual Shareholder Meeting Support Desk

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

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

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

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

<p>If and when any revision is made to the measures shown above depending on the situation of the spread of infection until the day of the meeting, the revised information will be posted on the Company’s website on the Internet (https://global.yamaha-motor.com/jp/).</p>
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**Reference Documents for
the 87th 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, striving for stable and continuous dividend payment.

The Company proposes to pay a year-end dividend of ¥65 per share for the current fiscal year. As a result, the annual dividend, including the interim dividend (¥50 per share), will be ¥115 per share.

(1) Type of dividend property:
Cash

(2) Distribution of dividend property, and the total amount distributed:
65 yen per share of common stock
Total amount: 22,483,377,735 yen

(3) Effective date of distribution:
March 24, 2022

Proposed Resolution 2 Partial Amendments to the Articles of Incorporation

1. Reasons for the proposal

The amended provisions stipulated in the proviso of Article 1 of the supplementary provisions of the “Act Partially Amending the Companies Act” (Act No. 70 of 2019) will be enforced on September 1, 2022. Accordingly, in order to prepare for the introduction of the system for electronic provision of materials for general meetings of shareholders, the Articles of Incorporation of the Company shall be amended as follows.

- (1) The proposed Article 19, Paragraph 1 provides that information contained in the reference materials for the general meeting of shareholders, etc. shall be provided electronically.
- (2) The purpose of the proposed Article 19, Paragraph 2 is to establish a provision to limit the scope of matters to be included in the paper copy to be sent to shareholders who have requested it.
- (3) The provisions related to the internet disclosure and deemed provision of the reference materials for the general meeting of shareholders, etc. (Article 19 of the current Articles of Incorporation) shall become redundant and shall therefore be deleted.
- (4) In line with the above establishment and deletion of the provisions, supplementary provisions related to the effective date, etc. shall be established.

(Amended parts are underlined.)

Current Articles of Incorporation	Proposed Amendments
<p data-bbox="167 779 790 880"><u>(Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders, Etc.)</u></p> <p data-bbox="167 929 790 1249"><u>Article 19 The Company may, when convening a general meeting of shareholders, deem that it has provided its shareholders with information pertaining to matters to be described or indicated in the reference documents for the general meeting of shareholders, business report, non-consolidated financial statements, and consolidated financial statements, by disclosing such information through the internet in accordance with the provisions provided in the Ordinance of the Ministry of Justice.</u></p> <p data-bbox="359 1310 598 1344">(Newly established)</p> <p data-bbox="359 1691 598 1724">(Newly established)</p>	<p data-bbox="1077 929 1189 963">(Deleted)</p> <p data-bbox="821 1276 1284 1310"><u>(Measures for Electronic Provision, Etc.)</u></p> <p data-bbox="821 1310 1452 1444"><u>Article 19 The Company shall, when convening a general meeting of shareholders, provide information contained in the reference documents for the general meeting of shareholders, etc. electronically.</u></p> <p data-bbox="821 1444 1452 1635"><u>2. Among the matters to be provided electronically, the Company may choose not to include all or part of the matters stipulated in the Ordinance of the Ministry of Justice in the paper copy to be sent to shareholders who have requested it by the record date for voting rights.</u></p> <p data-bbox="821 1668 1141 1702"><u>(Supplementary provisions)</u></p> <p data-bbox="821 1702 1452 1955"><u>1. The deletion of Article 19 (Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders, Etc.) of the Articles of Incorporation prior to the amendments, and the proposed establishment of Article 19 (Measures for Electronic Provision, Etc.) following the amendments shall come into effect as of September 1, 2022.</u></p>

Current Articles of Incorporation	Proposed Amendments
	<p data-bbox="820 192 1452 349"><u>2. Notwithstanding the provisions of the preceding paragraph, Article 19 of the Articles of Incorporation prior to the amendments shall remain in force with respect to a general meeting of shareholders to be held on a date up to February 28, 2023.</u></p> <p data-bbox="820 371 1452 499"><u>3. These supplementary provisions shall be deleted after March 1, 2023 or after the lapse of three months from the date of the general meeting of shareholders set forth in the preceding paragraph, whichever is later.</u></p>

Proposed Resolution 3 Election of Ten Directors

All of the nine (9) Directors will complete their respective terms of office at the conclusion of this Ordinary General Meeting of Shareholders, and one (1) Director has retired during his term of office for reason of death. Accordingly, Yamaha Motor Co., Ltd. (hereafter “the Company”) proposes the election of a total of ten (10) 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	Katsuaki Watanabe	Candidate for reappointment	Chairman and Representative Director		
2	Yoshihiro Hidaka	Candidate for reappointment	President, Chief Executive Officer and Representative Director		
3	Heiji Maruyama	Candidate for reappointment	Director and Senior Executive Officer Chief General Manager of Technical Research & Development Center In charge of Creative, Research & Development, Powertrain and Vehicle Development		
4	Satohiko Matsuyama	New candidate	Senior Executive Officer Chief General Manager of Manufacturing Center In charge of Manufacturing, Manufacturing Technology, Procurement and Power Products		
5	Motofumi Shitara	New candidate	Executive Officer In charge of Corporate Affairs In charge of Human Resources & General Affairs, Corporate Planning & Finance Center, IT, Market Development and Customer Experience		
6	Takuya Nakata	Candidate for reappointment	Director <table border="1" style="display: inline-table; vertical-align: middle;"><tr><td>Outside Director</td></tr></table> <table border="1" style="display: inline-table; vertical-align: middle;"><tr><td>Independent Outside Director</td></tr></table>	Outside Director	Independent Outside Director
Outside Director					
Independent Outside Director					
7	Takehiro Kamigama	Candidate for reappointment	Director <table border="1" style="display: inline-table; vertical-align: middle;"><tr><td>Outside Director</td></tr></table> <table border="1" style="display: inline-table; vertical-align: middle;"><tr><td>Independent Outside Director</td></tr></table>	Outside Director	Independent Outside Director
Outside Director					
Independent Outside Director					
8	Yuko Tashiro	Candidate for reappointment	Director <table border="1" style="display: inline-table; vertical-align: middle;"><tr><td>Outside Director</td></tr></table> <table border="1" style="display: inline-table; vertical-align: middle;"><tr><td>Independent Outside Director</td></tr></table>	Outside Director	Independent Outside Director
Outside Director					
Independent Outside Director					
9	Tetsuji Ohashi	Candidate for reappointment	Director <table border="1" style="display: inline-table; vertical-align: middle;"><tr><td>Outside Director</td></tr></table> <table border="1" style="display: inline-table; vertical-align: middle;"><tr><td>Independent Outside Director</td></tr></table>	Outside Director	Independent Outside Director
Outside Director					
Independent Outside Director					
10	Jin Song Montesano	New candidate	<table border="1" style="display: inline-table; vertical-align: middle;"><tr><td>Outside Director</td></tr></table> <table border="1" style="display: inline-table; vertical-align: middle;"><tr><td>Independent Outside Director</td></tr></table>	Outside Director	Independent Outside Director
Outside Director					
Independent Outside Director					

* 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	Katsuaki Watanabe (November 15, 1959) <div style="border: 1px solid black; padding: 2px; display: inline-block;">Candidate for Reappointment</div>	<p>April 1982: Joined the Company</p> <p>January 2007: Director and President of Yamaha Motor Parts Manufacturing Vietnam Co., Ltd.</p> <p>January 2009: Senior General Manager of BD Manufacturing Section, Manufacturing Center of the Company</p> <p>March 2010: Executive Officer of the Company</p> <p>November 2010: Chief General Manager of Manufacturing Center of the Company</p> <p>March 2011: Senior Executive Officer of the Company</p> <p>April 2013: Chief General Manager of Manufacturing Center and Executive General Manager of 1st Business Unit, MC Business Operations of the Company</p> <p>March 2014: Senior Executive Officer and Director of the Company</p> <p>March 2016: Managing Executive Officer and Director of the Company</p> <p>January 2018: Executive Vice President and Representative Director of the Company</p> <p>January 2022: Chairman and Representative Director of the Company (to present)</p> <p>- Term of office as a Director: Eight (8) years (at the conclusion of this Ordinary General Meeting of Shareholders)</p> <p>- Attendance at the Board of Directors Meetings: 14 out of 14 meetings (100%)</p> <p>- Reasons for the nomination of candidate for Director: The Company nominated Katsuaki Watanabe as a candidate for Director for the following reasons: he has personality traits required of a Director such as high ethics and fairness. With his experience and business track records as Vice President and Representative Director of the Company since 2018 and others, he is highly capable in corporate management that is required to deal with a variety of values as well as expertise in the procurement and manufacturing fields. Accordingly, he is expected to contribute to increasing corporate value of the Group and enhancing management supervisory capabilities of the Board of Directors.</p>	48,699

Candidate No.	Name (Date of birth)	Brief career summaries, positions and responsibilities in the Company and significant concurrent positions	No. of the Company shares held
2	Yoshihiro Hidaka (July 24, 1963) <div style="border: 1px solid black; padding: 2px; display: inline-block;">Candidate for Reappointment</div>	<p>April 1987: Joined the Company</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 & East Asia Sales Division of the Company</p> <p>January 2017: Chief General Manager of Corporate Planning & 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: Five (5) years (at the conclusion of this Ordinary General Meeting of Shareholders)</p> <p>- Attendance at the Board of Directors Meetings: 14 out of 14 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 & 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>	57,028

Candidate No.	Name (Date of birth)	Brief career summaries, positions and responsibilities in the Company and significant concurrent positions	No. of the Company shares held
3	Heiji Maruyama (February 8, 1962)	<p>April 1986: Joined the Company</p> <p>January 2010: General Manager of Engineering Division 1, AM Business Unit of the Company</p> <p>January 2012: Executive General Manager of AM Business Unit of the Company</p> <p>March 2015: Executive Officer of the Company</p> <p>January 2019: Chief General Manager of Powertrain Unit of the Company</p> <p>March 2019: Senior Executive Officer of the Company (to present)</p> <p>January 2021: Chief General Manager of Technical Research & Development Center of the Company (to present)</p> <p>March 2021: Director of the Company (to present)</p>	16,478
	Candidate for Reappointment	<p>- Term of office as a Director: One (1) year (at the conclusion of this Ordinary General Meeting of Shareholders)</p> <p>- Attendance at the Board of Directors Meetings (After taking office on March 24, 2021): 11 out of 11 meetings (100%)</p> <p>- Reasons for the nomination of candidate for Director: The Company nominated Heiji Maruyama as a candidate for Director for the following reasons: he has personality traits required of a Director such as high ethics and fairness. With his experience and business track records as Chief General Manager of Powertrain Unit and Executive General Manager of AM Business Unit of the Company and others, he is highly capable and has expertise in the technology and operation fields. Accordingly, he is expected to contribute to increasing corporate value of the Group and enhancing management supervisory capabilities of the Board of Directors.</p>	

Candidate No.	Name (Date of birth)	Brief career summaries, positions and responsibilities in the Company and significant concurrent positions	No. of the Company shares held
4	Satohiko Matsuyama (August 11, 1963) <div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 0 auto;">New Candidate</div>	<p>April 1986: Joined the Company</p> <p>January 2010: General Manager of MC Assembly Factory, BD Manufacturing Section, Manufacturing Center of the Company</p> <p>January 2013: Senior General Manager of Manufacturing Planning Section, Manufacturing Center of the Company</p> <p>January 2015: Executive General Manager of RV Business Unit, Vehicle & Solution Business Operations of the Company</p> <p>March 2015: Executive Officer of the Company</p> <p>January 2018: Chief General Manager of Manufacturing Center of the Company (to present)</p> <p>March 2019: Senior Executive Officer of the Company (to present)</p> <p>- Reasons for the nomination of candidate for Director: The Company nominated Satohiko Matsuyama as a candidate for Director for the following reasons: he has personality traits required of a Director such as high ethics and fairness. With his experience and business track records as Chief General Manager of Manufacturing Center of the Company and others, he is highly capable and has expertise in the manufacturing field. Accordingly, he is expected to contribute to increasing corporate value of the Group and enhancing management supervisory capabilities of the Board of Directors.</p>	17,768

Candidate No.	Name (Date of birth)	Brief career summaries, positions and responsibilities in the Company and significant concurrent positions	No. of the Company shares held
5	Motofumi Shitara (October 29, 1962) <div style="border: 1px solid black; padding: 2px; display: inline-block;">New Candidate</div>	April 1986: Joined the Company January 2011: General Manager of Business Planning Division, ME Business Unit, Marine Business Operations of the Company January 2015: Executive General Manager of ME Business Unit, Marine Business Operations of the Company March 2016: Executive Officer of the Company (to present) January 2017: Deputy Chief General Manager of Corporate Planning & Finance Center of the Company January 2018: Director and President of Yamaha Motor India Pvt. Ltd. and Director and President of Yamaha Motor India Sales Pvt. Ltd. January 2022: In charge of Corporate Affairs of the Company (to present)	15,146
<p>- Reasons for the nomination of candidate for Director: The Company nominated Motofumi Shitara as a candidate for Director for the following reasons: he has personality traits required of a Director such as high ethics and fairness. With his experience and business track records as Director and President of Yamaha Motor India Pvt. Ltd., Deputy Chief General Manager of Corporate Planning & Finance Center, and Executive General Manager of ME Business Unit, Marine Business Operations of the Company and others, he is highly capable and has expertise in the finance and management control fields. Accordingly, he is expected to contribute to increasing corporate value of the Group and enhancing management supervisory capabilities of the Board of Directors.</p>			

[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 Directors” as stated below.

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

I. Independent Outside Directors may not be:

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

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

II. Individuals, despite being applicable to any of the 2 to 5 above, may be elected as independent outside directors of the company if they, in view of their personality and insight, are believed suitable as independent outside directors 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 directors of the company.

As mentioned, the above is a summary of the “Standards for Selecting independent outside directors.” For the full text, please visit our website, https://global.yamaha-motor.com/ir/governance/pdf/independent_en.pdf

Candidate No.	Name (Date of birth)	Brief career summaries, positions and responsibilities in the Company and significant concurrent positions	No. of the Company shares held
6	<p data-bbox="331 734 507 801">Takuya Nakata (June 8, 1958)</p> <div data-bbox="309 835 529 887" style="border: 1px solid black; padding: 2px; width: fit-content;">Outside Director</div> <div data-bbox="309 909 529 999" style="border: 1px solid black; padding: 2px; width: fit-content;">Independent Outside Director</div> <div data-bbox="309 1010 529 1111" style="border: 1px solid black; padding: 2px; width: fit-content;">Candidate for Reappointment</div>	<p data-bbox="549 259 1238 327">April 1981: Joined Nippon Gakki Co., Ltd. (currently Yamaha Corporation)</p> <p data-bbox="549 327 1238 394">October 2005: General Manager of PA/ DMI Division of Yamaha Corporation</p> <p data-bbox="549 394 1238 461">June 2006: Executive Officer of Yamaha Corporation</p> <p data-bbox="549 461 1238 528">June 2009: Director & Executive Officer of Yamaha Corporation</p> <p data-bbox="549 528 1238 595">April 2010: President of Yamaha Corporation of America</p> <p data-bbox="549 595 1238 663">June 2010: Senior Executive Officer of Yamaha Corporation</p> <p data-bbox="549 663 1238 730">June 2013: President and Representative Director of Yamaha Corporation</p> <p data-bbox="549 730 1238 797">March 2014: Outside Director of the Company (to present)</p> <p data-bbox="549 797 1238 864">June 2017: Director, President and Representative Executive Officer of Yamaha Corporation (to present)</p> <p data-bbox="549 864 1238 931">[Concurrent positions] President of Yamaha Music Foundation</p> <p data-bbox="549 954 1238 1021">- Term of office as a Director: Eight (8) years (at the conclusion of this Ordinary General Meeting of Shareholders)</p> <p data-bbox="549 1021 1238 1088">- Attendance at the Board of Directors Meetings: 14 out of 14 meetings (100%)</p> <p data-bbox="549 1088 1238 1155">- Reasons for the nomination of candidate for Outside Director: The Company requests shareholders to elect Takuya Nakata as an Outside Director in the belief that he will provide the Company's management with valuable advice and supervision based on his ample experience of management in general gained from his position as the Director, President and Representative Executive Officer of Yamaha Corporation and wide range of insights, by which the Company aims to increase the value of the Yamaha brand commonly used by both companies.</p> <p data-bbox="549 1155 1238 1223">- Expected role if appointed: Following his appointment, Takuya Nakata is expected to contribute to strengthening the supervisory functions of the Company's management and enhancing the brand value, as well as play a role in strengthening the governance of the Company as a member of the Executive Personnel Committee, which is involved in nominations and remuneration as a voluntary advisory body of the Board of Directors.</p>	20,400

Candidate No.	Name (Date of birth)	Brief career summaries, positions and responsibilities in the Company and significant concurrent positions	No. of the Company shares held
7	Takehiro Kamigama (January 12, 1958) <div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 5px auto;">Outside Director</div>	April 1981: Joined Tokyo Denki Kagaku Kogyo K.K. (currently TDK Corporation) June 2002: Corporate Officer of TDK Corporation June 2003: Senior Vice President of TDK Corporation June 2004: Director & Executive Vice President of TDK Corporation June 2006: President & Representative Director of TDK Corporation June 2016: Chairman & Representative Director of TDK Corporation June 2017: Outside Director of OMRON Corporation (to present) March 2018: Outside Director of the Company (to present) June 2018: Outside Director of SoftBank Corp. (to present) June 2018: Mission Executive of TDK Corporation March 2021: Outside Director of KOKUYO Co., Ltd. (to present)	0
	<div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 5px auto;">Independent Outside Director</div> <div style="border: 1px solid black; padding: 2px; width: fit-content; margin: 5px auto;">Candidate for Reappointment</div>	<ul style="list-style-type: none"> - Term of office as a Director: Four (4) years (at the conclusion of this Ordinary General Meeting of Shareholders) - Attendance at the Board of Directors Meetings: 14 out of 14 meetings (100%) - Reasons for the nomination of candidate for Outside Director: The Company requests shareholders to elect Takehiro Kamigama as an Outside Director in the belief that he will provide valuable advice and supervision regarding the Company's management based on his wide range of insights and his ample experience of management and technology, through his experiences in various managerial positions, including the representative director of a global company. - Expected role if appointed: Following his appointment, Takehiro Kamigama is expected to contribute to strengthening the supervisory functions of the Company's management, as well as play a role in strengthening the governance of the Company as a member of the Executive Personnel Committee, which is involved in nominations and remuneration as a voluntary advisory body of the Board of Directors, and as chair of the round-table conference with the CEO (a system to determine reappointment based on review and evaluation of the CEO's duties). 	

Candidate No.	Name (Date of birth)	Brief career summaries, positions and responsibilities in the Company and significant concurrent positions	No. of the Company shares held
8	<p data-bbox="320 981 523 1037">Yuko Tashiro (March 14, 1954)</p> <div data-bbox="304 1059 531 1104" style="border: 1px solid black; padding: 2px; width: fit-content; margin-bottom: 5px;">Outside Director</div> <div data-bbox="304 1126 531 1205" style="border: 1px solid black; padding: 2px; width: fit-content; margin-bottom: 5px;">Independent Outside Director</div> <div data-bbox="304 1227 531 1317" style="border: 1px solid black; padding: 2px; width: fit-content;">Candidate for Reappointment</div>	<p data-bbox="552 264 1230 1384"> June 1986: Joined KPMG LLP July 1995: Partner of KPMG LLP November 2000: Sourcing Leader of GE Corporate Japan of General Electric International Inc. July 2003: Chief Financial Officer of PHOENIX RESORT CO., LTD. April 2005: Director, Chief Operating Officer and Chief Financial Officer of Aon Holdings Japan, Ltd. April 2010: Representative Director of TS Associates, Ltd. June 2012: Outside Director of Accordia Golf co., Ltd. March 2016: Auditor (External) of McDonald's Holdings Company (Japan), Ltd. (to present) June 2016: Representative Director, President and Chief Executive Officer of Accordia Golf co., Ltd. January 2018: Director and Chairman of the board of Accordia Golf co., Ltd. April 2018: Representative Director, Chairman of the board and President, CEO of Accordia Golf co., Ltd. March 2019: Outside Director of the Company (to present) March 2019: Chairman, CEO and Representative Director of NEXT GOLF MANAGEMENT CORPORATION April 2021: Representative Director and Chairman of the board of Accordia Golf co., Ltd. (to present) April 2021: Chairman and Representative Director of NEXT GOLF MANAGEMENT CORPORATION (to present) </p> <p data-bbox="552 1406 1422 2009"> - Term of office as a Director: Three (3) years (at the conclusion of this Ordinary General Meeting of Shareholders) - Attendance at the Board of Directors Meetings: 14 out of 14 meetings (100%) - Reasons for the nomination of candidate for Outside Director: The Company requests shareholders to elect Yuko Tashiro as an Outside Director in the belief that she will provide valuable advice and supervision regarding the Company's management based on her wide range of insights and her ample experience of management based on her experiences in various managerial positions, including financial managers and the representative directors of several companies. - Expected role if appointed: Following her appointment, Yuko Tashiro is expected to contribute to strengthening the supervisory functions of the Company's management and promoting diversity & inclusion, as well as play a role in strengthening the governance of the Company as a member of the Executive Personnel Committee, which is involved in nominations and remuneration as a voluntary advisory body of the Board of Directors. </p>	0

Candidate No.	Name (Date of birth)	Brief career summaries, positions and responsibilities in the Company and significant concurrent positions	No. of the Company shares held
9	<p data-bbox="325 696 523 757">Tetsuji Ohashi (March 23, 1954)</p> <div data-bbox="309 842 533 902" style="border: 1px solid black; padding: 2px;">Outside Director</div> <div data-bbox="309 920 533 1003" style="border: 1px solid black; padding: 2px;">Independent Outside Director</div> <div data-bbox="309 1021 533 1104" style="border: 1px solid black; padding: 2px;">Candidate for Reappointment</div>	<p data-bbox="560 259 1233 869"> April 1977: Joined Komatsu Ltd. January 2004: President and Chief Operating Officer (COO) of Komatsu America Corp. April 2007: Executive Officer of Komatsu Ltd. April 2008: Senior Executive Officer of Komatsu Ltd. June 2009: Director and Senior Executive Officer of Komatsu Ltd. April 2012: Director and Senior Executive Officer of Komatsu Ltd. April 2013: President and Representative Director, and CEO of Komatsu Ltd. April 2019: Chairman of the Board and Representative Director of Komatsu Ltd. (to present) March 2020: Outside Director of the Company (to present) June 2021: Outside Director of Nomura Research Institute, Ltd. (to present) </p> <p data-bbox="560 875 943 936">[Concurrent positions] Vice Chair of KEIDANREN</p> <p data-bbox="560 954 1422 1554"> - Term of office as a Director: Two (2) years (at the conclusion of this Ordinary General Meeting of Shareholders) - Attendance at the Board of Directors Meetings: 14 out of 14 meetings (100%) - Reasons for the nomination of candidate for Outside Director: The Company requests shareholders to elect Tetsuji Ohashi as an Outside Director in the belief that he will provide valuable advice and supervision regarding the Company's management based on his wide range of insights and his ample experience of management and manufacturing, through his experiences in various managerial positions, including the representative director of a global company. - Expected role if appointed: Following his appointment, Tetsuji Ohashi is expected to contribute to strengthening the supervisory functions of the Company's management, as well as play a role in strengthening the governance of the Company as a member of the Executive Personnel Committee, which is involved in nominations and remuneration as a voluntary advisory body of the Board of Directors. </p>	0

Candidate No.	Name (Date of birth)	Brief career summaries, positions and responsibilities in the Company and significant concurrent positions	No. of the Company shares held
10	<p data-bbox="304 1025 539 1093">Jin Song Montesano (April 24, 1971)</p> <div data-bbox="304 1144 539 1196" style="border: 1px solid black; padding: 2px; margin-bottom: 5px;">Outside Director</div> <div data-bbox="304 1205 539 1290" style="border: 1px solid black; padding: 2px; margin-bottom: 5px;">Independent Outside Director</div> <div data-bbox="304 1299 539 1350" style="border: 1px solid black; padding: 2px;">New Candidate</div>	<p data-bbox="563 259 1233 320">September 1995: Congressional Affairs Director of Korea Economic Institute of America (KEI)</p> <p data-bbox="563 327 1233 412">July 2001: Corporate & Government Affairs Director, Asia Pacific of GlaxoSmithKline plc.</p> <p data-bbox="563 418 1233 479">July 2005: Vice President, Communications, Asia Region of GE Money</p> <p data-bbox="563 486 1233 571">March 2009: Vice President, Corporate & Government Affairs, Asia Pacific of Kraft Foods, Inc.</p> <p data-bbox="563 577 1233 638">July 2012: Vice President, Global Public Affairs of GSK Vaccines</p> <p data-bbox="563 645 1233 768">November 2014: Executive Officer and Managing Director in charge of Public Affairs, CSR, and Environmental Strategy of LIXIL Group Corporation</p> <p data-bbox="563 775 1233 860">November 2014: Senior Managing Executive Officer and Chief Public Affairs Officer of LIXIL Corporation</p> <p data-bbox="563 866 1233 952">February 2015: Director, Senior Managing Executive Officer and Chief Public Affairs Officer of LIXIL Corporation</p> <p data-bbox="563 958 1233 1043">September 2017: Director, Senior Managing Director and Chief Public Affairs Officer of LIXIL Corporation</p> <p data-bbox="563 1050 1233 1245">June 2020: Director and Executive Vice President in charge of Human Resources, General Affairs, Public Affairs, IR, External Affairs and Corporate Responsibility, and Chief People Officer of LIXIL Group Corporation</p> <p data-bbox="563 1252 1233 1447">December 2020: Director and Executive Vice President in charge of Human Resources, General Affairs, Public Affairs, IR, External Affairs and Corporate Responsibility, and Chief People Officer of LIXIL Corporation (to present)</p> <p data-bbox="563 1453 1233 1538">* As of December 1, 2020, LIXIL Group Corporation and LIXIL Corporation formed a merger (New company name: LIXIL Corporation)</p> <p data-bbox="563 1545 1417 1816">- Reasons for the nomination of candidate for Outside Director: The Company requests shareholders to elect Jin Song Montesano as an Outside Director in the belief that she will provide valuable advice and supervision regarding the Company's management based on her wide range of insights and her ample experience of management overall and in the areas of human resources, general affairs, public affairs, IR, and external affairs, through her experiences in various managerial positions in corporate affairs of a global company.</p> <p data-bbox="563 1823 1417 2040">- Expected role if appointed: Following her appointment, Jin Song Montesano is expected to contribute to strengthening the supervisory functions of the Company's management and promoting diversity & inclusion, as well as play a role in strengthening the governance of the Company as a member of the Executive Personnel Committee, which is involved in nominations and remuneration as a voluntary advisory body of the Board of Directors.</p>	0

Notes:

1. Special interests between the Company and the candidates

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.
Tetsuji Ohashi	Mr. Ohashi is concurrently serving as Chairman of the Board and Representative Director of Komatsu Ltd., a company with which the Company has transactions, such as purchase/sale of products. Transactions between the two companies account for less than 1% of each company's consolidated net sales.

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

The Company has entered into liability limitation agreements stipulated in Paragraph 1 of Article 423 of the Corporation Act of Japan with Takuya Nakata, Takehiro Kamigama, Yuko Tashiro and Tetsuji Ohashi 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. The Company plans to enter into a similar liability limitation agreement with Jin Song Montesano.

3. Summary of details of the Directors and Officers liability insurance contract with candidates for Directors

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

4. Independent Outside Directors

The Company has registered Takuya Nakata, Takehiro Kamigama, Yuko Tashiro and Tetsuji Ohashi as Independent Outside Directors according to the regulations provided by the Tokyo Stock Exchange, Inc. In addition, Jin Song Montesano will also be registered as an Independent Outside Director provided that the proposal is approved.

Summary of "Standards for Selecting Independent Outside Directors" is described on page 15.

The reason for electing Takuya Nakata as an Independent Outside Director (applies to the Company's Standards for Selecting Independent Outside Directors 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.

5. Special matters relating to candidates for Outside Directors

TDK Corporation, where Takehiro Kamigama served as Chairman & Representative Director until June 2018, received a cease and desist order and a surcharge payment order related to transactions in suspensions for hard disk drives (HDDs) from the Japan Fair Trade Commission in February 2018. However, said company and its group companies filed an application under the system for reduction of or release from surcharges and the system was subsequently applied. Therefore, they are exempted from surcharges and not subject to a cease and desist order. Takehiro Kamigama presented his proposals on the daily operation from the viewpoint of legal compliance and compliance management, and after the fact was revealed, strove to eliminate all conducts leading to violations of the Antimonopoly Act and to promote the application of overall internal control systems in the whole group in a timely and appropriate manner.

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

(Reference) Composition of Directors and Audit & Supervisory Board Members [Schedule after March 23, 2022]

The expertise and experience of the candidates for Directors who were nominated in Proposed Resolution 3 and Audit & Supervisory Board Members are as follows.

	Directors and Audit & Supervisory Board Members	Field in charge	Corporate Management	Manufacturing / Technology / R&D	Marketing / Sales	Accounting / Finance / M&A	IT / Digital Technology	Human Resources / Labor / Personnel Development	Legal / Compliance	ESG / Sustainability	Risk Management	Global Experience
Directors	Katsuaki Watanabe		•	•						•	•	•
	Yoshihiro Hidaka		•			•		•	•	•	•	•
	Heiji Maruyama			•	•		•			•	•	
	Satohiko Matsuyama	(New candidate)		•						•	•	•
	Motofumi Shitara	(New candidate)			•	•	•		•	•	•	•
	Takuya Nakata	Outside	•		•		•	•		•	•	•
	Takehiro Kamigama	Outside	•	•				•		•	•	•
	Yuko Tashiro	Outside	•		•	•		•		•	•	•
	Tetsuji Ohashi	Outside	•	•			•	•		•	•	•
Jin Song Montesano	Outside (New candidate)		•				•		•	•	•	
Audit & Supervisory Board Members	Kenji Hironaga							•	•		•	
	Junzo Saitoh							•	•		•	•
	Masatake Yone	Outside	•			•		•	•		•	•
	Eriko Kawai	Outside	•			•		•	•	•	•	•

Proposed Resolution 4 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 Ko Fujita 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
Ko Fujita (August 21, 1964)	<p>April 1990: Registered as an Attorney</p> <p>April 1990: Joined Mori Sogo (currently Mori Hamada & Matsumoto)</p> <p>July 1994: Registered as a New York State Attorney</p> <p>January 1997: Partner Attorney of Mori Hamada & Matsumoto (Member of Mergers and Acquisitions Practice Group and Structured Finance Practice Group) (to present)</p>	0

Notes:

- Matters relating to candidate
Ko Fujita 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)
Ko Fujita he has a high level of expertise as an attorney, as well as international experience and business track records. The Company requests shareholders to elect Ko Fujita as a Substitute Audit & Supervisory Board Member (Outside) in the belief that he will utilize these in performing his 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 Ko Fujita 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 him 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.
- Summary of details of the Directors and Officers liability insurance contract with the candidate for Substitute Audit & Supervisory Board Member
The Company has entered into a Directors and Officers liability insurance contract to insure all the Audit & Supervisory Board Members. If insured Audit & Supervisory Board Members are held liable for execution of their duties or receive a claim regarding the examination of their liability, the resulting damage to be borne will be covered by the contract. In the event Ko Fujita assumes the office of Audit & Supervisory Board Member (Outside), he will be insured by the said insurance contract.
- Independent Outside Directors
The Company will register Ko Fujita as an Independent Outside Director according to the regulations provided by the Tokyo Stock Exchange, Inc., upon assumption of office. Summary of "Standards for Selecting Independent Outside Directors" is described on page 15.

Proposed Resolution 5 Revision of Remuneration Amounts for Directors and Audit & Supervisory Board Members

Reference: Amount of remuneration (maximum) for Directors to be requested for approval at this Ordinary General Meeting of Shareholders

	Before revision		After revision	
	Directors	Audit & Supervisory Board Members	Directors	Audit & Supervisory Board Members
Basic compensation	Up to ¥500 million (including up to ¥100 million for Outside Directors)	Up to ¥120 million	① Up to ¥600 million (including up to ¥200 million for Outside Directors)	Up to ¥200 million
Individual performance-based bonus	Up to ¥100 million	-	Up to ¥100 million	-
Whole-company performance-based bonus	Up to 0.5% of net income attributable to owners of parent	-	Up to 0.5% of net income attributable to owners of parent	-
Share remuneration	No performance conditions Maximum number of shares: 200,000 shares Maximum amount: ¥200 million	-	② Performance-based Maximum number of shares: 300,000 shares Maximum amount: ¥600 million	-

* Only basic compensation for Outside Directors and Audit & Supervisory Board Members

(1) Approval for Proposed Resolution 5 is requested at this Ordinary General Meeting of Shareholders.

(2) Approval for Proposed Resolution 6 is requested at this Ordinary General Meeting of Shareholders.

1. Revision of Remuneration Amount for Directors

The remuneration for Directors of the Company is currently comprised of basic compensation (fixed remuneration), compensation linked to performance, and share remuneration. The Company is continuously reviewing the ratios of each of the abovementioned remunerations and the details of the remuneration system from the perspective of further clarifying the responsibility to deliver the Company's long-term vision and the new Medium-term Plan covering the years from 2022 to 2024 and to achieve short-term performance targets, as well as further promoting the sharing of value with all shareholders, in addition to providing incentives for achieving sustainable growth in corporate value.

Among the above Directors' remuneration amounts, basic compensation (fixed remuneration) was approved at the 84th Ordinary General Meeting of Shareholders held on March 27, 2019 to be up to an annual amount of ¥500 million (of which, the portion for Outside Directors is an annual amount up to ¥100 million). Now, as part of the continuous review of the remuneration system for Directors of the Company based on the deliberations of the Executive Personnel Committee (the majority members of which are outside directors), an advisory body established by the Company, and taking into account the broadening of the diversity and specializations of Directors and the increased expectations of their roles with the aim of improving corporate governance, the Company plans to revise basic compensation (fixed remuneration) to an annual amount of up to ¥600 million (of which, the portion for Outside Directors is an annual amount of up to ¥200 million). For Outside Directors, only basic compensation, which is fixed compensation, will continue to be payable. In addition, as previously, the remuneration amounts for Directors shall not include the employee salary amounts of those Directors who work both as an employee and a Director.

Moreover, with regard to compensation linked to performance, an individual performance-based bonus linked to the performance of each individual Director is to be, as previously, up to ¥100 million annually, and the whole-company performance-based bonus, which reflects whole-company short-term consolidated business results, will be payable within the range of 0.5% of the net income attributable to owners of parent of the previous fiscal year.

In addition, with regard to share remuneration, the Company plans to introduce a system of performance-based remuneration of shares with restriction on transfer (hereafter "Performance-based Share Remuneration System") that determines the number of shares to be awarded in conjunction with the Company's TSR (Total

Shareholder Return) evaluation, as a replacement for the previous system of remuneration of shares with restriction on transfer that had no performance conditions, and will pay share options worth up to an annual amount of ¥600 million. The new share remuneration system is proposed in Proposed Resolution 6 (Revision of Remuneration Amounts, etc. in Accordance with the Introduction of a Performance-based Share Remuneration System).

The remuneration for each Director shall be determined within the above range of remuneration amounts by the Board of Directors after discussion and reporting by the Executive Personnel Committee.

The number of Directors is currently nine (four of whom are Outside Directors). If Proposed Resolution 3 (Election of Ten Directors) is approved and passed as proposed, the number of Directors will be ten (five of whom will be Outside Directors).

The Board of Directors of the Company has established policies for the determination of the amounts of remuneration for officers or the calculation method thereof after discussion and reporting by the Executive Personnel Committee (see page 50 of the Business Report). However, if this proposal and Proposed Resolution 6 are approved, the Board of Directors as at the conclusion of this Ordinary General Meeting of Shareholders plans to amend the said policies for the determination of the amounts of remuneration for officers or the calculation method thereof so that they will be consistent with the details approved, in accordance with page 50 of the Business Report (see pages 50 to 53 of the Business Report). The details of this proposal are necessary and reasonable for providing remuneration, etc. to individual Directors in line with the said amended policies. Moreover, the Company has judged that the details of this proposal are appropriate as they were determined by the Board of Directors in consideration of the rationality and other factors in light of the abovementioned objectives, the Company's business conditions, and the standards of other companies, after discussion and reporting by the Executive Personnel Committee.

2. Revision of Remuneration Amounts for Audit & Supervisory Board Members

The remuneration amounts for Audit & Supervisory Board Members were approved at the 84th Ordinary General Meeting of Shareholders held on March 27, 2019 to be up to an annual amount of ¥120 million. The Company has taken into account the specialization of Audit & Supervisory Board Members and their increased responsibilities, and proposes to revise them to the annual amount of up to ¥200 million. The remuneration for each Audit & Supervisory Board Member shall be determined within the above range of remuneration amounts through discussion by Audit & Supervisory Board Members.

The number of Audit & Supervisory Board Members is currently four (two of whom are Audit & Supervisory Board Members (Outside)).

(Please refer to page 30 for an overview of the revised executive remuneration system of the Company (Overview of the Revised Executive Remuneration System) for the case that this proposal and Proposed Resolution 6 have been approved).

Proposed Resolution 6 Revision of Remuneration Amounts, etc. in Accordance with the Introduction of a Performance-based Share Remuneration System

The total amount of share options to be paid for imparting shares with restriction on transfer in the share remuneration for Directors of the Company was approved at the 84th Ordinary General Meeting of Shareholders held on March 27, 2019 to be up to an annual amount of ¥200 million (however, this amount shall not include the employee salary amounts of those Directors who work both as an employee and a Director) (hereafter “the Former Share Remuneration Resolution”).

Now, with regard to share remuneration for Directors, as part of the continuous review of the remuneration system for Directors based on the deliberations of the Executive Personnel Committee (the majority members of which are outside directors), an advisory body established by the Company, the Company will change from the existing system of remuneration of shares with restriction on transfer that had no performance conditions to performance-based remuneration of shares with restriction on transfer that determines the number of shares to be provided in conjunction with the Company’s TSR (Total Shareholder Return) evaluation (hereafter “Performance-based Share Remuneration System”), with the aims of further promoting the sharing of value between the Directors, etc. of the Company and all shareholders, and providing appropriate incentives to continuously enhance the medium- to long-term corporate value of the Company.

In accordance with this revision, the Company is to abolish the Former Share Remuneration Resolution, and in addition to the remuneration amounts for Directors regarding Proposed Resolution 5 “Revision of Remuneration Amounts for Directors and Audit & Supervisory Board Members,” is to newly offer remuneration for imparting shares with restriction on transfer based on the Performance-based Share Remuneration System to Directors excluding Outside Directors (hereafter “Applicable Directors”). As the amount and number of shares considered to be appropriate in light of the abovementioned aims, the total amount of share options to be paid in order to grant shares with restriction on transfer to Applicable Directors based on the Performance-based Share Remuneration System shall be an amount up to ¥600 million (however, this does not include the employee salary amounts of those Directors who work both as an employee and a Director). The total number of ordinary shares of the Company issued or disposed of with regard to Applicable Directors shall be up to 300,000 shares per year (however, when adjustment to the total number of ordinary shares of the Company to be issued or disposed of as shares with restriction on transfer is necessary in the case of the stock split (including the gratis allotment of ordinary shares in the Company), share merger, or equivalent of ordinary shares in the Company with an effective date on or after the date of resolution of this proposal, the total number of said shares shall be adjusted within a reasonable scope. The specific payment timing and distribution to each Applicable Director shall be determined by the Board of Directors after discussion and reporting by the Executive Personnel Committee.

The overview of the Performance-based Share Remuneration System is as follows.

The number of Directors is currently nine (four of whom are Outside Directors). If Proposed Resolution 3 “Election of Ten Directors” is approved and passed as proposed, the number of Directors will be ten (five of whom will be Outside Directors).

The Board of Directors of the Company has established policies for determining the details of remuneration, etc. for Directors after discussion and reporting by the Executive Personnel Committee. However, if this proposal and Proposed Resolution 5 are approved, the Board of Directors as at the conclusion of this Ordinary General Meeting of Shareholders plans to amend the policies for determining the details of remuneration, etc. for Directors so that they will be consistent with the details approved (see pages 50 to 53 of the Business Report). This proposal is necessary and reasonable for imparting remuneration, etc. to individual Directors in line with the said amended policies. Moreover, the Company deems that the details of this proposal are appropriate as they have been determined by the Board of Directors in consideration of the abovementioned objectives, the Company’s business conditions, the trends of other companies, and various other matters, after discussion and reporting by the Executive Personnel Committee.

Please refer to page 30 for an overview of the revised executive remuneration system of the Company for the case that this proposal and Proposed Resolution 5 have been approved.

1. Overview of the Performance-based Share Remuneration System

Under the Performance-based Share Remuneration System, in principle, the evaluation period (hereafter “the TSR Evaluation Period”)* refers to the past three fiscal years, the final fiscal year of which is the fiscal year prior to the fiscal year in which the Board of Directors’ meeting to determine the imparting of share options to Applicable Directors (hereafter “the Imparting Board of Directors”) is held (hereafter “Service Provision Period”), and the Company shall pay share options in order to issue or dispose of the number of ordinary shares in the Company in accordance with the Company’s TSR (Total Share Return) evaluation in the TSR Evaluation

Period. Applicable Directors are to be paid with property contributed in kind for all the share options concerned, and are to receive issue or disposal of ordinary shares in the Company.

However, in the event that an Applicable Director has violated laws and regulations, or it becomes apparent that any other matter stipulated by the Board of Directors has occurred prior to the payment of the said share options and the issuance or disposal of the ordinary shares in the Company, the Company shall not make the said payment, etc. to the Applicable Director concerned.

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

2. Amount of share options in the Performance-based Share Remuneration System

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

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

$\text{Amount of share options to be paid to Applicable Directors} = \text{Number of Individual Shares to be Provided} \\ ((2) \text{ below}) \times \text{Share Price at Time of Provision}$

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

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

$\text{Number of Individual Shares to be Provided} = \text{Number of Position-based Standard Provisions} ((1) \text{ below}) \times \\ \text{TSR Evaluation Coefficient} ((2) \text{ below})$

i. Position-based Standard Provisions

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

$\text{Number of Position-based Standard Provisions} = \text{Position-based Reference Amount} \div \text{Base Share Price}$

ii. TSR Evaluation Coefficient

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

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

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

(3) Conclusion and content of contracts for the allocation of shares with restriction on transfer

With regard to the issue or disposal of ordinary shares in the Company under the Share Remuneration System, a contract for the allocation of shares with restriction on transfer (hereafter “the Allocation Contracts”) is to be concluded between the Company and the Applicable Director. The Allocation Contracts are to include the following.

i. Period of restriction on transfer

With regard to ordinary shares in the Company received by Applicable Directors via allocation under the Allocation Contracts (hereafter “the Allocated Shares”), transfer, establishment of security interests, or other disposal are not permitted (hereafter “the Restrictions on Transfer”) for a period of 30 years from the date of receiving allocation under the Allocation Contracts (hereafter “the Period of Restriction on Transfer”).

ii. Cancellation of restriction on transfer

On the condition that Applicable Directors have continued to serve as Directors, Audit & Supervisory Board Members, Executives, Executive Officers, Fellows, or hold status of other similar employees of the Company during the Period of Restriction on Transfer, the Company is to cancel the Restrictions on Transfer of all of the Allocated Shares when the Period of Restriction on Transfer expires.

However, if an Applicable Director retires from or relinquishes whatever their position as above even during the Period of Restriction on Transfer due to the expiration of term, reaching mandatory retirement age, death, or other legitimate reason, the number of Allocated Shares for which the Restrictions on Transfer are to be cancelled and the timing of the cancellation thereof are to be reasonably adjusted as necessary.

iii. Gratis acquisition of shares with restriction on transfer

In the case that an Applicable Director retires from or relinquishes whatever their position as Director, Audit & Supervisory Board Member, Executive, Executive Officer, Fellow, or status as other similar employee of the Company before the expiration of the Period of Restriction on Transfer, and excluding cases of expiration of term, reaching mandatory retirement age, death, or other legitimate reason, the Company is to naturally acquire for gratis all of the Allocated Shares. The same is to apply to the Allocated Shares for which restriction on transfer has not been cancelled based on the provisions listed in ii. above at the point when the Period of Restriction on Transfer expires.

iv. Handling in the event of organizational restructuring

If, during the Period of Restriction on Transfer, a merger contract in which the Company is the defunct company, a share exchange contract in which the Company becomes a wholly-owned subsidiary, a share transfer plan, or other item relating to organizational restructuring, etc. is approved by a General Meeting of Shareholders of the Company, (however, when approval of a General Meeting of Shareholders of the Company is not required regarding the organizational restructuring etc. concerned, [approval of] the Company’s Board of Directors [shall apply]), the Restrictions on Transfer are to be cancelled by a resolution of the Company’s Board of Directors in advance of the effective date of the organizational restructuring, etc. concerned for a reasonably-specified number of the Allocated Shares, bearing in mind the period from the date of commencement of the Period of Restriction on Transfer until the date of approval of the organizational restructuring etc. concerned. In addition, the Company is to naturally acquire for gratis the Allocated Shares for which restrictions on transfer were not cancelled at the point directly after restrictions on transfer were cancelled pertaining to the provisions above.

v. Malus and clawback clauses

If, during the Period of Restriction on Transfer, an Applicable Director violates any laws and regulations, or it becomes apparent that any other matter stipulated in the Allocation Contracts has occurred, the Company is to acquire for gratis all or part of the Allocated Shares held by the Applicable Director concerned.

If, during the period within two years from the expiration of the Period of Restriction on Transfer, the Applicable Director violates any laws and regulations, or it becomes apparent that any other matter stipulated in the Allocation Contract has occurred, the Company may request the Applicable Director to return all or part of the Allocated Shares held, or pay the monetary sum equivalent to the market value of the said shares.

vi. Other provisions

Other provisions regarding the Allocation Contracts are to be determined by the Company's Board of Directors.

Reference

On the condition that the above set of resolutions relating to revision of the directors' remuneration plan are approved and passed at this General Meeting of Shareholders, the Company plans to, similarly to the above, allocate performance-based share remuneration to Executive Officers and Fellows who do not also work as the Company's directors.

Reference: Overview of the Revised Executive Remuneration System

The Company has engaged in ongoing deliberations at the Executive Personnel Committee consisting mainly of independent outside directors with regard to the way the remuneration system should be constructed in order to increase the connection with greater corporate value over the medium- to long-term. As a result, in order to strongly promote our unique efforts to resolve materiality (important social issues) and realize the sustainable creation of our corporate value and brand value, we expanded our performance-based remuneration in association with the start of the Medium-term Plan from 2022, and decided on matters such as the introduction of evaluations related to materiality and Total Shareholder Return (TSR). In addition, since the burden associated with the roles and execution of duties expected of Outside Directors and Audit & Supervisory Board Members is increasing as the business environment becomes more complex and diverse, we decided to increase the basic remuneration of Outside Directors and Audit & Supervisory Board Members. This revision assumes that Proposed Resolution 5 and Proposed Resolution 6 will be approved and passed as proposed.

(1) Remuneration composition and remuneration levels

The Company will revise remuneration composition and remuneration levels for Directors, etc. (including Executive Officers who do not also work as the Company's directors) by referring to objective market research data on remuneration (the remuneration levels of manufacturing companies of a similar scale as the Company that are expanding their business globally) for the purpose of broadening performance-based remuneration. We will also revise the remuneration for Outside Directors and Audit & Supervisory Board Members similarly to that for Directors, etc. in accordance with the increases in roles and actual workload expected by the Company.

(2) Whole-company performance-based bonus

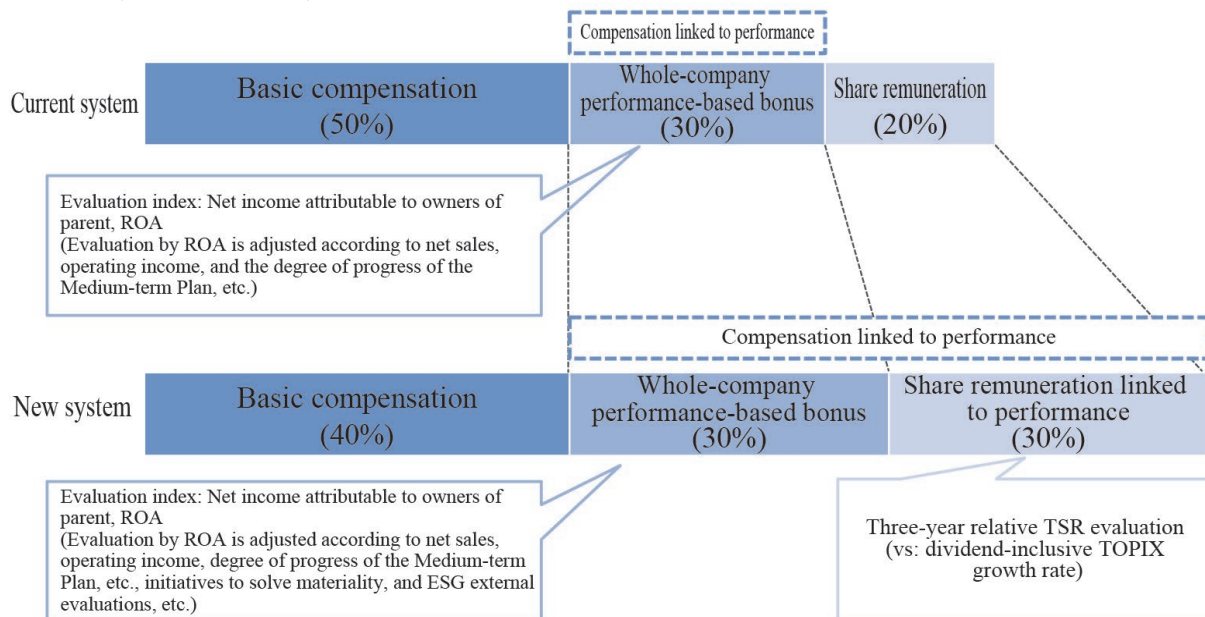
The Company will add overall progress in efforts to resolve materiality and ESG external evaluations as adjustments to ROA-based evaluations.

(3) Share remuneration

The Company plans to introduce a system of performance-based remuneration of shares with restriction on transfer that determines the number of shares to be provided in conjunction with the Company's TSR (Total Shareholder Return) evaluation (the number of shares to be provided will be determined in conjunction with the Company's TSR evaluation), as a replacement for the previous system of remuneration of shares with restriction on transfer that had no performance conditions. The number of shares to be provided shall be determined by multiplying the number of standard provisions in accordance with the reference amount set for each position by the TSR Evaluation Coefficient (varying from 0% to 150%; however, the TSR Evaluation Coefficient shall be set at zero if the TSR evaluation is less than 50%).

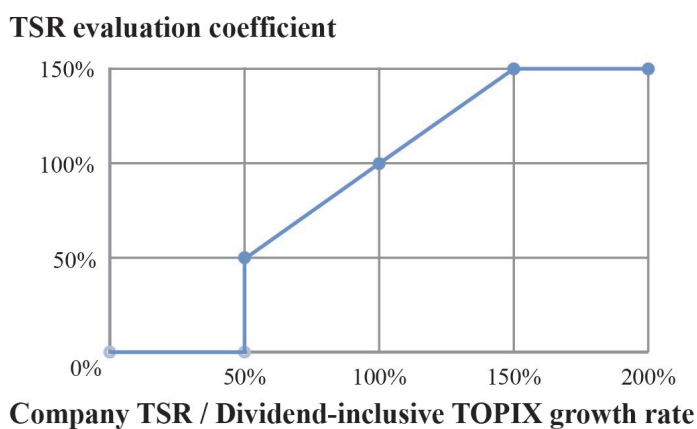
As previously, transfer, establishment of security interests, or other disposal of the shares to be provided are not permitted until the retirement from the positions of Directors, etc.

Figure 1: Model of composition ratio of remuneration for the President and Representative Director (comparison between current system and new system)



* The composition ratio of remuneration is calculated based on the reference amount.

Figure 2: TSR evaluation coefficient



Company TSR = average closing price of shares in the last month (December) of the final year of the TSR evaluation period + total amount of dividends during the TSR evaluation period / average closing price of shares in the month (December) prior to the start of the TSR evaluation period

Dividend-inclusive TOPIX growth rate = average dividend-inclusive TOPIX closing price in the last month (December) of the final year of the TSR evaluation period / average dividend-inclusive TOPIX closing price in the month (December) prior to the start of the TSR evaluation period

(Attached Documents)

Business Report

(From January 1, 2021 to December 31, 2021)

1. Current Conditions of the Yamaha Motor Group

(1) Business Developments and Results

Regarding the global economy during the fiscal year ended December 31, 2021, the pace of economic recovery slowed down due to the recurrence of infectious diseases caused by mutated strains of coronaviruses, disruptions in distribution and supply caused by the resumption of economic activities, and labor shortages caused by increased demand. Vaccination progressed in many countries, and restrictions on economic activities were gradually eased in Europe and America, resulting in a steady economic recovery as consumer spending picked up and capital investment expanded.

In the Company's business, the shortage of semiconductors and other parts continues, but demand in each business segment has begun to recover along with such economic policies as the lifting of lockdowns in various countries and the premise of "living with COVID-19."

Amid this economic environment, based on the concept of break-even management and agile management, the Company has been pursuing a premium segments strategy in the motorcycle markets of emerging countries and structural reforms at factories. And the Company was able to minimize the negative impacts such as decreased production and other problems by constantly sharing information on logistics issues and shortages in the supply of parts on a global basis and responding according to the situation at each factory.

As a result, the Company's consolidated net sales for the fiscal year under review increased ¥341.2 billion, or 23.2%, year on year, to ¥1,812.5 billion, operating income increased ¥100.7 billion, or 123.3%, to ¥182.3 billion, ordinary income increased ¥101.7 billion, or 116.0%, to ¥189.4 billion, and net income attributable to owners of parent increased ¥102.5 billion, or 193.1%, to ¥155.6 billion, resulting in the achievement of record-high sales and income.

Exchange rates for the fiscal year were ¥110 to the U.S. dollar (a depreciation of ¥3, year on year) and ¥130 to the euro (a depreciation of ¥8, year on year).

Net sales increased in the Company due to increases in unit sales and unit sales prices, despite the impact primarily of decreased production due to shortages in the supply of semiconductors and other parts, as well as personnel shortages. Operating income also increased substantially due to the increase in sales, control of the fixed cost ratio through the use of remote work and other digital means, and the impact of foreign exchange rates, which absorbed the impact of soaring logistics and raw material costs.

In terms of financial indicators, the ratio of net income attributable to owners of the parent was 8.6% (a year on year increase of 5.0 percentage points), total asset turnover was 1.04 (a year on year increase of 0.12), shareholders' equity was ¥859.2 billion (an increase of ¥144.6 billion compared with the end of the previous fiscal year), and shareholders' equity ratio was 46.9% (a year on year increase of 3.3 percentage points). As a result, ROE was 19.8% (a year on year increase of 12.3 percentage points). In addition, free cash flow (including sales finance) was positive ¥90.3 billion (a year on year increase of ¥23.8 billion).

The status of each business is as follows.

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

Net sales increased ¥233.3 billion, or 24.6%, year on year, to ¥1,179.7 billion, and operating income increased ¥50.3 billion, or 272.4%, year on year, to ¥68.7 billion.

With regard to motorcycles in developed markets, due to a boom in outdoor and family leisure activities, the Company's unit sales also increased year on year in all regions, resulting in higher sales and profits. On the other hand, shortages of market inventories continued due to shortages of parts such as semiconductors and logistics delays caused by a shortage of shipping containers. Although the Company was not able to be in the black, the deficit was reduced significantly.

With regard to motorcycles in emerging markets, demand in countries such as the Philippines, Indonesia, and Thailand increased year on year as they have shifted their strategies to balance infection control and economic activities. Although there was a decline in the Company's factory and dealership operation ratios due to the impact of re-spread of COVID-19, the model mix improved due to increased sales of premium models, resulting in increased sales and profits.

In the RV category (all-terrain vehicles, recreational off-highway vehicles and snowmobiles), even amid re-spread of COVID-19, strong leisure demand continued. Despite the impact of production delays due to parts supply shortages and other factors, the Company achieved a return to profitability as a result of higher sales and profits owing to increased unit sales due to the strong performance of the Wolverine RMAX series.

As for electrically power assisted bicycles, both sales and profits increased due to continued strong sales of finished bicycles for Japan and e-Kits for Europe, as the usefulness of bicycles for commuting to preschool, school and work is being reevaluated.

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

Net sales increased ¥62.8 billion, or 19.1%, year on year, to ¥391.1 billion, and operating income increased ¥26.2 billion, or 51.7%, to ¥76.8 billion.

Demand for large models of outboard motors in developed markets remained strong, and demand in emerging markets also recovered. Despite the impact of shipping delays due to the global shortage of shipping containers, unit sales increased due to an improvement in supply volume resulting from increased production. Unit sales of personal watercraft also increased as a result of progress made in response to the delay in raw material procurement. As a result, the Marine products business as a whole achieved higher sales and profits.

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

Net sales increased ¥37.3 billion, or 44.9%, year on year, to ¥120.3 billion, and operating income was ¥17.6 billion, against operating income of ¥3.3 billion in the fiscal year 2020.

In the first half of 2021, capital investment became more active as the impact of COVID-19 subsided, especially in Asia (including China, Taiwan, and South Korea). Unit sales of surface mounters and industrial robots increased due to strong sales in Japan, Europe and America in the second half of the fiscal year. In addition, Yamaha Robotics Holdings Co., Ltd. also returned to profitability due to strong sales and structural reform effects. As a result, sales and profits increased.

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

Net sales increased ¥2.6 billion, or 5.6%, year on year, to ¥48.6 billion, and operating income increased ¥11.6 billion, or 153.1%, to ¥19.1 billion.

Although receivables from wholesalers decreased as a result of shrinking market inventories, sales and profits increased due to an increase in retail financing and a decrease in allowance for doubtful accounts as a one-time factor.

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

Net sales increased ¥5.3 billion, or 7.8%, year on year, to ¥72.7 billion, and operating income declined ¥1.7 billion, or 97.6%, to ¥0.0 billion.

Sales increased due to an upturn in unit sales of golf cars and multi-purpose engines. Operating income decreased from the previous fiscal year due to the one-time impact incurred in the last year and increased expenses.

(2) Capital Expenditures

The Group made investments of ¥67.0 billion in total during fiscal 2021.

In the Land mobility business, investments of ¥45.8 billion were made mainly for improving production structure at head offices, replacing production facilities, new motorcycle products overseas, and integrating factories in Taiwan. In the Marine products business, investments of ¥13.0 billion were made mainly for new outboard motor products and replacing production facilities. In the Robotics business, investments of ¥3.6 billion were made mainly for research and development for surface mounters and industrial robots, and industrial-use unmanned helicopters, a new product. In the Other business, investments of ¥4.5 billion were made mainly for replacing facilities for golf car products.

(3) Fund Raising

Nothing to be especially reported.

(4) Key Priorities the Group Must Address

The Company is promoting growth strategies and strengthening of the foundation with the long-term vision of “ART for Human Possibilities: There Is Greater Joy Yet to Come” toward 2030 under the corporate mission of being a “*Kando* Creating Company.” In the new Medium-term Plan starting in 2022, we will strengthen our support for sustainability in addition to the above.

In accordance with the basic policy of strengthening the earnings power of core businesses, investing in new businesses and growth businesses that will contribute to a sustainable society, and increasing our growth potential by accelerating digitalization and co-creation, we will enhance our corporate value.

**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.

■ Business portfolio

In the new Medium-term Plan, we will promote portfolio management that clarifies the position of the business based on the net sales growth rate and return on invested capital, and appropriately allocates management resources. With new businesses and growth businesses as strategic business domain, we will allocate management resources proactively in order to grow them into future core businesses.

■ Strategic business fields

[New businesses]

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

In mobility services, we will establish new companies in India and Nigeria, and expand the asset management business through collaboration with local companies. With low-speed autonomous driving, we will promote the commercialization of the transportation of goods and the verification of the feasibility of human transportation. By establishing autonomous driving technology under specific conditions, we aim to save labor in logistics and solve mobility issues in areas lacking access to public transportation.

With regard to automation in the medical, health, and agricultural sectors, we will promote efforts for commercialization with the aim of contributing to sales by 2030.

[Robotics (growth business)]

In the robotics business, which supports the foundation of digital society, we will accelerate growth by strengthening product strengths, production capacity, and sales structure in order to further expand business scale and domains in growing markets. In addition, we aim to further increase earning power through synergic benefits with Yamaha Robotics Holdings Co., Ltd., which joined the Group in the previous medium term.

[SPV business (growth business)]

With the global spread of COVID-19, the movement of people has undergone a significant shift to “closer proximity” and “avoiding density,” and demand for small-scale, personal mobility is increasing rapidly. In addition, there is also growing interest in electric mobility due to increasing environmental awareness. In response to this market potential, the Company aims to double net sales by expanding the business scale beyond market growth through the customization of e-Kit and the introduction of new models of completed vehicles.

■ Core business domains

[Motorcycles]

We will promote a premium strategy in emerging markets where demand is recovering and work to improve profitability. In ASEAN and India, we will target the upper middle class, which will grow rapidly over the next ten years. We will also promote the supply of appealing products in the premium segment and the creation of strong bonds with customers that combine the digital with the physical.

[Marine business]

We will work to expand the value provided, and maintain and strengthen the highly profitable structure. We will increase our business competitiveness by enhancing our product lineup of large outboard motors, increasing the sales ratio, and expanding our production capacity. We will accelerate systems development utilizing connected

technology by broadening our R&D functions in the U.S., and promote the “Marine version CASE” strategy, which will provide customers with safe and comfortable marine lives.

■ Financial strategy (increase economic value)

We aim to achieve net sales of ¥2.2 trillion or more in fiscal 2024 (annual average sales growth of 7% or more), and a three-year average of operating income ratio of 9% or more.

With regard to “efficiency,” we will continuously generate returns that exceed capital costs, and aim for ROE at a 15% level, ROIC at a 9% level, and ROA at a 10% level (a three-year average for all the ratios).

Regarding shareholder returns, our basic policy is to “pay stable and continuous dividends while taking into consideration the outlook for business performance and investment for future growth,” and we will implement flexible shareholder returns in accordance with the scale of cash flow.

We will allocate ¥480 billion in resources for our core businesses, strategic businesses, and foundation construction, and set the total shareholder return ratio at 40%, including share buybacks (cumulative total for the period of the Medium-term Plan).

■ Non-financial strategy (increase social value)

(Contribution to a sustainable society)

In order to reduce our CO₂ emissions in business activities, we will introduce energy-saving and renewable energy equipment in more than 10 countries, and adopt CO₂-free electricity from domestic offices in 2022.

With regard to CO₂ emissions relating to product usage, we will accelerate the switch to EV through a platform strategy, and promote development in response to various powertrains (power sources). In addition, we will accelerate exploration activities for technology and business models through the newly established environmental fund.

[Realization of a flexible company that connects with people]

To realize safe and secure movement, we will expand support equipment for safe driving and work on support activities to improve skills. Furthermore, in order to create lifelong Yamaha customers, we will promote DX strategies and broaden our connections with customers all over the world. In our human resources strategy, we will incorporate employee engagement as an important indicator, and promote diversity & inclusion and human resource development.

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	84th Fiscal Year (Jan. 1, 2018 – Dec. 31, 2018)	85th Fiscal Year (Jan. 1, 2019 – Dec. 31, 2019)	86th Fiscal Year (Jan. 1, 2020 – Dec. 31, 2020)	87th Fiscal Year (Jan. 1, 2021 – Dec. 31, 2021)
Net sales	1,673,137	1,664,764	1,471,298	1,812,496
Operating income	140,787	115,364	81,672	182,342
Ordinary income	137,969	119,479	87,668	189,407
Net income attributable to owners of parent	93,366	75,736	53,072	155,578
Net income per share (yen)	267.35	216.83	151.89	445.67
Total assets	1,420,854	1,532,810	1,640,913	1,832,917
Net assets	695,743	751,828	749,158	900,670

(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 85th fiscal year. 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 88th fiscal year (January 1, 2022 through December 31, 2022)

Despite the impact re-spread of COVID-19 pandemic, the year 2021 saw demand recovery in all business segments with the lifting of lockdowns in various countries, and strong demand is expected to continue in 2022. Therefore, the Company will proceed with the procurement of parts, production and shipment, and raise market inventories to an appropriate level.

Meanwhile, potential risks include the price of raw materials, including aluminum, steel, and precious metal, soaring to record levels. Logistics costs are also expected to increase significantly. In response, the Company will work to improve profitability by reducing costs, improving productivity, and increasing the sales ratio of premium products, while controlling expenses by promoting digital marketing in advertising and events. In addition, we expect to be able to recover from the impact of the ongoing shortage of semiconductors on production by the end of the year by various countermeasures. The consolidated financial results forecast is as follows.

	Billions of yen	
	Forecast	Year-on-year changes
Net sales	2,000.0	+187.5, 10.3%
Operating income	190.0	+7.7, 4.2%
Ordinary income	190.0	+0.6, 0.3%
Net income attributable to owners of parent	130.0	-25.6, 16.4%

[Exchange rates] ¥113 to the U.S. dollar (a depreciation of ¥3 from 87th fiscal year), and ¥128 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 Electronics Co., Ltd.	Mori-machi, Shuchi-gun, Shizuoka	272 million yen	100.0	Manufacture of electrical components for motorcycles and electrically power assisted bicycles
Yamaha Motor Corporation, U.S.A.	The United States	185,308 thousand U.S. dollars	100.0	Marketing of motorcycles, ATVs, recreational off-highway vehicles, snowmobiles, outboard motors, personal watercraft, boats, surface mounters and generators
Yamaha Motor Manufacturing Corporation of America	The United States	107,790 thousand U.S. dollars	* 100.0	Manufacture of ATVs, recreational off-highway vehicles, personal watercraft and golf cars
Yamaha Motor Europe N.V.	The Netherlands	149,759 thousand euros	100.0	Marketing of motorcycles, ATVs, snowmobiles, electrically power assisted bicycles, outboard motors, personal watercraft, boats, surface mounters, and golf cars
PT. Yamaha Indonesia Motor Manufacturing	Indonesia	25,647,000 thousand Indonesian rupiahs	85.0	Manufacture and marketing of motorcycles
India Yamaha Motor Pvt. Ltd.	India	22,333,591 thousand Indian rupees	85.0	Manufacture and marketing of motorcycles
Thai Yamaha Motor Co., Ltd.	Thailand	1,820,312 thousand Thai bahts	91.7	Manufacture and marketing of motorcycles, outboard motors and golf cars
Yamaha Motor Philippines, Inc.	Philippines	4,270,000 thousand Philippine peso	100.0	Manufacture and marketing of motorcycles
Yamaha Motor Vietnam Co., Ltd.	Vietnam	37,000 thousand U.S. dollars	46.0	Manufacture and marketing of motorcycles
Yamaha Motor Taiwan Co., Ltd.	Taiwan	2,395,600 thousand New Taiwan dollars	* 51.0	Manufacture and marketing of motorcycles
Yamaha Motor do Brasil Ltda.	Brazil	1,018,324 thousand Brazilian reals	100.0	Marketing of motorcycles and outboard motors

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

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

No related items.

(7) Main Bases and Facilities for the Group

1) Yamaha Motor Co., Ltd.

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

2) Subsidiaries

Subsidiaries of the Company are as described on page 38 (6) Principal Parent Company and Subsidiaries 2) Principal subsidiaries.

(8) Employees

Segments	Number of employees	Annual change
Land mobility	38,508	(1,291)
Marine products	6,132	+252
Robotics	2,564	+90
Financial services	673	+42
Others	3,372	(281)
Total	51,249	(1,188)

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

2. Of the total number of employees, the number of overseas employees is 36,047 persons.

(9) Principal Lenders and Loan Balances

Lenders	Loan balances
Mizuho Bank, Ltd.	110,830
The Shizuoka Bank, Ltd.	67,783
Sumitomo Mitsui Banking Corporation	46,569
Sumitomo Mitsui Trust Bank, Limited	28,451
MUFG Bank, Ltd.	25,126

Millions of yen

2. The Company's Stocks

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

(2) **Number of Shares Outstanding:** 350,217,467 (including 4,319,348 shares of treasury shares)

(3) **Number of Shareholders:** 79,112

(4) Principal Shareholders (Top 10)

Shareholders	Number of shares held (Thousand shares)	Ownership (%)
The Master Trust Bank of Japan, Ltd. (trust account)	56,083	16.21
Custody Bank of Japan, Ltd. (trust account)	17,767	5.14
Yamaha Corporation	15,642	4.52
Toyota Motor Corporation	12,500	3.61
SSBTC CLIENT OMNIBUS ACCOUNT	9,827	2.84
SMBC Nikko Securities Inc.	9,642	2.79
Mizuho Bank, Ltd.	8,277	2.39
JPMorgan Securities Japan Co., Ltd.	6,515	1.88
The Shizuoka Bank, Ltd.	5,649	1.63
State Street Bank West Client Treaty 505234	5,416	1.57

Note: Percentage of ownership excludes treasury shares.

■ Breakdown of Shareholders

	Number of shareholders	Number of shares held (Thousand shares)
Individual investors and others	77,462	40,223
National and local governments	0	0
Financial institutions	97	125,770
Other domestic companies	541	40,459
Foreigners	951	118,072
Securities companies	61	25,691

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

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

	Type and number of shares	Number of recipient officers
Directors (excluding Outside Directors)	43,462 shares of ordinary shares in the Company	6

(6) Other Significant Status Regarding Shares

Acquisition of treasury shares

By resolution of the Board of Directors' meeting held on November 8, 2021, the Company acquired treasury shares as follows.

Type and total number of acquired shares:	3,672,900 shares of ordinary shares in the Company
Total amount of acquisition:	¥10,999,812,087
Acquisition period:	From Nov. 9, 2021 to Dec. 15, 2021

(Reference) Shareholdings of the Company

Basic policies on cross-shareholdings

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

Basic policies on exercise of voting rights

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

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

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

Status of strategic investment

	86th Fiscal Year		87th Fiscal Year	
	No. of shares	Amount recorded in balance sheets (million yen)	No. of shares	Amount recorded in balance sheets (million yen)
Strategic investments	21	29,925	24	46,522
Other	51	72,863	48	54,551
Total	72	102,788	72	101,073

3. Directors and Audit & Supervisory Board Members

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

Position	Name	Responsibilities	Significant concurrent positions
Chairman and Representative Director	Hiroyuki Yanagi		Independent Director of AGC Inc. Outside Director of Kirin Holdings Company, Limited Outside Director of Japan Airlines Co., Ltd.
President, Chief Executive Officer and Representative Director	Yoshihiro Hidaka	In charge of Human Resources & General Affairs, Corporate Planning & Finance Center, IT and Digital Technology, Creative and Marine	Outside Director of Yamaha Corporation
Executive Vice President and Representative Director	Katsuaki Watanabe	In charge of Quality Assurance, Land Mobility, Market Development and Customer Experience	
Director and Managing Executive Officer	Katsuhito Yamaji	In charge of Manufacturing, Manufacturing Technology, Procurement, Solution and Power Products	
Director and Senior Executive Officer	Heiji Maruyama	Chief General Manager of Technical Research & Development Center In charge of Powertrain and Vehicle Development	
Outside Director	Takuya Nakata		Director, President and Representative Executive Officer of Yamaha Corporation President of Yamaha Music Foundation
Outside Director	Takehiro Kamigama		Outside Director of OMRON Corporation Outside Director of SoftBank Corp. Outside Director of KOKUYO Co., Ltd.
Outside Director	Yuko Tashiro		Representative Director and Chairman of the board of Accordia Golf co., Ltd. Chairman and Representative Director of NEXT GOLF MANAGEMENT CORPORATION Auditor (External) of McDonald's Holdings Company (Japan), Ltd.
Outside Director	Tetsuji Ohashi		Chairman of the Board and Representative Director of Komatsu Ltd. Outside Director of Nomura Research Institute, Ltd. Vice Chair of KEIDANREN
Audit & Supervisory Board Member (Full-Time)	Kenji Hironaga		
Audit & Supervisory Board Member (Full-Time)	Junzo Saitoh		
Audit & Supervisory	Masatake Yone		Senior Counsel of Mori Hamada & Matsumoto

(TRANSLATION ONLY)

Position	Name	Responsibilities	Significant concurrent positions
Board Member (Outside)			Outside Director (Audit & Supervisory Committee Member) of GCA Corporation Outside Corporate Auditor of BANDAI NAMCO Entertainment Inc. Director (Outside) of Skymark Airlines Inc.
Audit & Supervisory Board Member (Outside)	Eriko Kawai		Professor Emeritus of Kyoto University Outside Director of Daiwa Securities Group Inc. Outside Director of CMIC HOLDINGS Co., Ltd. Outside Director of Mitsui Fudosan Co., Ltd.

- Notes: 1. The Company has registered Directors Takuya Nakata, Takehiro Kamigama, Yuko Tashiro and Tetsuji Ohashi, and Audit & Supervisory Board Members Masatake Yone and Eriko Kawai as Independent Outside Directors under the regulations provided by the Tokyo Stock Exchange, Inc. Summary of “Standards for Selecting Independent Outside Directors” is described on page 15.
2. Director Heiji Maruyama and Audit & Supervisory Board Member Eriko Kawai newly assumed the office on March 24, 2021.
3. Directors Toshizumi Kato and Makoto Shimamoto, and Audit & Supervisory Board Member Masahiko Ikaga retired on March 24, 2021.
4. Director Tatsumi Okawa retired on September 24, 2021 for reason of death.
(Responsibilities during tenure: Human Resources & General Affairs, Corporate Planning & Finance Center, IT and Digital Technology, Creative and Marine)
5. Special relationship with the organizations at which Outside Directors and Audit & Supervisory Board Members (Outside) hold significant concurrent positions
- (1) Yamaha Corporation, where Director Takuya Nakata holds a concurrent position, is a shareholder that holds 4.5% of the Company’s shares, and the Company has real estate lease transactions, etc., with said company.
- (2) Komatsu Ltd., where Director Tetsuji Ohashi holds a concurrent position, has transactions with the Company, such as purchase/sale of products.
6. Excluding Note 5. above, there are no special relationship between the Company and the significant concurrent positions of Outside Directors and Audit & Supervisory Board Members (Outside).
7. Audit & Supervisory Board Member Eriko Kawai has ample experience in international financial institutions, etc., and has considerable knowledge of finance and accounting.
8. 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.
9. Summary of details of Directors and Officers liability insurance contract
The Company has entered into a Directors and Officers liability insurance contract to insure the Directors, Audit & Supervisory Board Members and Executive Officers of the Company and its subsidiaries, etc. If insured officers are held liable for execution of their duties or receive a claim regarding the examination of their liability, the resulting damage to be borne will be covered by the contract.
10. Positions and responsibilities have been changed as follows as of January 1, 2022.

Name	Position	Responsibilities
Katsuaki Watanabe	Chairman and Representative Director	
Yoshihiro Hidaka	President, Chief Executive Officer and Representative Director	
Hiroyuki Yanagi	Director	

(TRANSLATION ONLY)

Katsuhito Yamaji	Director and Managing Executive Officer	
Heiji Maruyama	Director and Senior Executive Officer	Chief General Manager of Technical Research & Development Center In charge of Creative, Research & Development, Powertrain and Vehicle Development

(2) Name and Other Information regarding the Executive Officers

As of January 1, 2022, the Company is served by 30 Executive Officers comprising 3 concurrently serving as Directors and the following 27 others.

Name	Position	Responsibilities
Kazuhiro Kuwata	Senior Executive Officer	Assistant to the President
Hirofumi Usui	Senior Executive Officer	Chief General Manager of Marine Business Operations
Satohiko Matsuyama	Senior Executive Officer	Chief General Manager of Manufacturing Center In charge of Manufacturing, Manufacturing Technology, Procurement and Power Products
Minoru Morimoto	Senior Executive Officer	CEO of Yamaha Indonesia Motor Manufacturing
Eric de Seynes	Senior Executive Officer	CEO of Yamaha Motor Europe N.V.
Hiroyuki Ota	Senior Executive Officer	Chief General Manager of Solution Business Operations
Itaru Otani	Senior Executive Officer	Chief General Manager of Land Mobility Business Operations
Takuya Kinoshita	Senior Executive Officer	Chief General Manager of Creative Center
Akihiro Nagaya	Executive Officer	Assistant to the President
Motofumi Shitara	Executive Officer	In charge of Corporate Affairs In charge of Human Resources & General Affairs, Corporate Planning & Finance Center, IT, Market Development and Customer Experience
Dyonisius Beti	Executive Officer	COO of Yamaha Indonesia Motor Manufacturing
Toshihiro Nozue	Executive Officer	Chief General Manager of Powertrain Unit
Satoshi Hirose	Executive Officer	Chief General Manager of Quality Assurance Center, Executive General Manager of Customer Experience Business Unit
Takeo Noda	Executive Officer	Chief General Manager of Corporate Planning & Finance Center
Toshiaki Ibata	Executive Officer	Senior General Manager of Development Section, Marine Business Operations
Toyoshi Nishida	Executive Officer	Chief General Manager of PF Model Unit
Norio Yamada	Executive Officer	Chief General Manager of IT Center
Tatsuya Masuda	Executive Officer	Chief General Manager of Procurement Center
Kenichi Muraki	Executive Officer	Chief General Manager of Manufacturing Technology Center
Kotaro Ueda	Executive Officer	Deputy Chief General Manager of Manufacturing Center
Eishin Chihana	Executive Officer	M. Director of Yamaha Motor India Pvt. Ltd.
Shin Yokomizo	Executive Officer	Deputy Chief General Manager of Land Mobility Business Operations
Yasutaka Suzuki	Executive Officer	General Director of Yamaha Motor Vietnam Co., Ltd
Ben Speciale	Executive Officer*	President of Marine Business Unit, Yamaha Motor Corporation, U.S.A.
Jeffrey Young	Executive Officer*	President of Yamaha Motor Finance Corporation, U.S.A.
Michael Chrzanowski	Executive Officer*	CEO of Yamaha Motor Corporation U.S.A.

Olivier Prevost	Executive Officer*	PTW Manufacturing & Engineering and Parts & Accessories Director of Yamaha Motor Europe N.V.
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- Notes:
1. Abbreviations: PF: Platform
 2. An asterisk (*) indicates Deputy Executive Officer.

(3) Remuneration for Directors and Audit & Supervisory Board Members

1) Number of recipients and amounts of remuneration, etc. to Directors and Audit & Supervisory Board Members
(Millions of yen)

Category	Total amount of remuneration	Total amount per type of remuneration				Number of applicable Executives (Persons)
		Basic compensation	Performance-based bonus		Remuneration of shares with restriction on transfer	
			Whole-company performance-based bonus	Individual performance-based bonus		
Directors (excluding Outside Directors)	945	308	483	44	110	8
Outside Directors	66	66	–	–	–	4
Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members)	72	72	–	–	–	2
Outside Audit & Supervisory Board Members	33	33	–	–	–	3
Total	1,116	479	483	44	110	17

Notes: 1. The above amount of “Basic compensation” is the total amount of remuneration, etc. (full monetary remuneration) paid in fiscal 2021.

2. This includes three Directors and one Audit & Supervisory Board Member who retired during their terms of office.

3. The above amount of “Whole-company performance-based bonus” is the amount expected to be paid (full monetary remuneration) in April 2022 based on the results of business performance, etc. in fiscal 2021.

4. The above amount of “Remuneration of shares with restriction on transfer” is the total amount recorded as expenses in fiscal 2021. In accordance with the policy stated in (4) 2) (iii) below, the Company provides the ordinary shares of the Company (shares with restriction on transfer) as share remuneration for Directors (excluding Outside Directors) and Executive Officers, on the conditions that they do not transfer the shares until the resignation from the positions of Directors, etc..

5. The maximum amount of remuneration, etc. for Directors and Audit & Supervisory Board Members approved at the General Meeting of Shareholders is as follows. Performance-based bonus and remuneration of shares with restriction on transfer is resolved only for Directors excluding Outside Directors.

Category	Date of resolution at the General Meeting of Shareholders	Basic compensation	Performance-based bonus		Remuneration of shares with restriction on transfer		Number of Executives (Persons) (as at the conclusion of this Ordinary General Meeting of Shareholders)
			Whole-company performance-based bonus	Individual performance-based bonus			
Directors	March 27, 2019 (84th Ordinary General Meeting of Shareholders)	¥500 million per annum (including ¥100 million for Outside Directors)	0.5% of net income attributable to owners of parent	¥100 million per annum	¥200 million per annum	200,000 shares per annum	11 (including 4 Outside Directors)
Audit & Supervisory Board Members	March 27, 2019 (84th Ordinary General Meeting of Shareholders)	¥120 million per annum	-	-	-	-	4 (including 2 Outside Audit & Supervisory Board Members)

	Meeting of Shareholders)					Board Members)
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2) Performance-linked bonus calculation method and evaluation results

[Whole-company performance-based bonus]

The total amount of whole-company performance-based bonus for Directors is calculated by multiplying a specified proportion of consolidated net income (0.19%) by the ROA evaluation coefficient (determined within a range from 0 to 2.0), and is allocated to each Director according to a predetermined coefficient for each position, from the perspectives of sharing profit with shareholders and continuously maintaining high business profitability.

$\text{Whole-company performance-based bonus resource} = (\text{Consolidated net income} \times 0.19\% \times \text{ROA evaluation coefficient})$ $\text{Individual performance-based bonus} = \text{whole-company performance-based bonus resource} \times \text{position-based coefficient}$
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In fiscal 2021, the three-year average of ROA was 8.1%. Calculations have excluded long-term loans payable taken out as emergency measures to address the impact of COVID-19. ROA evaluation coefficient was determined at 1.75 as set forth in the regulations on remuneration, upon comprehensively evaluating business performance taking into account the highest net income due to the improvement in the market environment in view of the impact of COVID-19 in the previous year. The total amount of whole-company performance-based bonus was calculated at ¥150,000 million if consolidated net income exceeds ¥150,000 million in accordance with officer remuneration rules. As a result, the total amount of whole-company performance-based bonus for Directors was calculated as follows:

Consolidated net income of ¥150,000 million \times 0.19% \times ROA evaluation coefficient of 1.75 = ¥499 million, which will be distributed to each Director.

In addition, the total amount for Executive Officers who do not also work as Directors is determined according to a similar calculation method (consolidated net income \times 0.08% \times ROA evaluation coefficient), and will be distributed to each Executive Officer based on coefficients determined for each position.

[Individual performance-based bonus]

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

$\text{Individual performance-based bonus payment amount} = \text{position-based reference amount} \times (\text{financial evaluation} \times 50\% + \text{non-financial evaluation} \times 50\%)$
--

In the fiscal year under review, as a result of conducting a comprehensive evaluation of each Director taking into account the results of these financial and non-financial evaluation indicators, the payment rate was 100% to 125% of the reference amount.

The payment amount is similarly determined for Executive Officers who do not also work as Directors (position-based reference amount \times financial/non-financial evaluation indicators), and the payment rate was 100% to 175% of the reference amount.

3) Validity and appropriateness of fiscal 2021 remuneration

Details of the remuneration, etc. for individual directors for the fiscal year under review have been determined by Mr. Yoshihiro Hidaka, President and Representative Director, by entrustment of the Board of Directors. The reason for entrusting Mr. Hidaka with this authority is that it has been deemed appropriate to entrust the President and Representative Director with the duty of evaluating each Director while maintaining an overall view of the performance of the Company as whole. In making this determination, as stated in “(8) Activity Details of the Executive Personnel Committee” (page 57), the Board of Directors has judged that the details are consistent with the decision-making policy and therefore appropriate since the Executive Personnel Committee, which is composed mainly of independent outside directors, conducted multifaceted verifications, including consistency with the decision-making policy, based on objective and specialized information necessary for deliberation.

In the midst of major changes in the business environment, in order to strongly promote initiatives unique to the Company to solve materiality (important social issues) and realize the sustained creation of corporate value

and brand value, we will expand compensation linked to performance and introduce evaluations related to materiality and Total Shareholder Return (TSR) in line with the start of the Medium-term Plan from 2022.

(4) Policies on determining remuneration for officers

1) Method for determining policies on determining remuneration for officers

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

As stated above, in line with the start of the Medium-term Plan in 2022, the Company plans to expand compensation linked to performance and revise the remuneration system for Directors, including by introducing evaluations related to materiality and Total Shareholder Return (TSR) (“Overview of the Revised Executive Remuneration System” (see pages 30 to 31 of the Reference Documents for the General Meeting of Shareholders)). If Proposed Resolution 5 and Proposed Resolution 6 described in the Reference Documents for the General Meeting of Shareholders are approved as originally proposed, the Company plans to change the policies on determining individual remuneration, etc. for Directors, Audit & Supervisory Board Members, and Executive Officers of the Company so that they will be consistent with the details approved. The policies for determining remuneration for officers based on the current system, and the changes to the decision policy if the new system is introduced are stated in b. Policies on determining remuneration for officers, below (for changes, please refer to the parts denoted as *).

2) Policies on determining remuneration for officers

(i) Basic Direction

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

* As of fiscal 2022, we intend to include the maximum promotion of “initiatives unique to the Company to solve materiality (important social issues)” in our basic policies.

(ii) Remuneration Composition and Remuneration Levels

Remuneration for Directors, etc. (including Executive Officers who do not also work as Directors) is comprised of basic compensation (monthly fixed remuneration), bonuses linked to performance, and share remuneration. The composition ratio is determined by position based on Figure 1, and the ratio of basic compensation is set in principle at a maximum of 60%.

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

Figure 1. Composition ratio of remuneration for senior management (Reference amount)

Basic compensation: 50%		Bonuses linked to performance: 30%	Share remuneration: 20%
Fixed remuneration		Variable remuneration	

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

* From fiscal 2022, we intend to increase the ratio of compensation linked to performance, setting the ratio for the President and Representative Director generally as follows. Basic compensation: performance-based

bonus: performance-based share remuneration = 40%: 30%: 30%. Remuneration levels for other officers will be set in accordance with the President.

(iii) Mechanism of variable remuneration

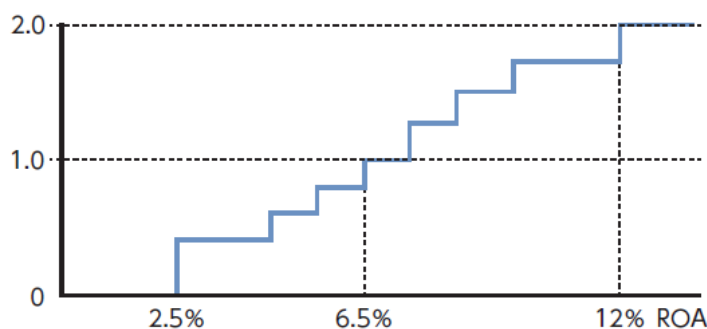
Bonuses linked to performance

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

From the perspective of providing incentives to Directors for achieving short-term performance targets, the “whole-company performance-based bonus” is drawn from a total amount obtained by multiplying a specified proportion of “net income attributable to owners of parents” which is 0.19% (for Executive Officers who do not also work as Directors: 0.08%) by evaluation coefficients (times 0-2) based on the “consolidated total assets operating income ratio (ROA),” and distributed to each Executive based on coefficients etc. determined for each position.

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

Figure 2. Evaluation coefficients



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

Figure 3. Composition of bonuses linked to performance

Whole-company performance-based bonus	Individual performance-based bonus 0-2 times the reference amount set in advance for each position	
	Total amount Net income attributable to owners of parent × specified proportion (0.19%) (0.08% for Executive Officers who do not also work as Directors) × evaluation coefficients based on the consolidated total assets operating income ratio (ROA) (including adjustments for other management results) times 0-2	Financial evaluation: Bearing in mind the extent of target achievement and results compared with the previous fiscal year for net sales, operating income, consolidated total assets operating income ratio (ROA), etc. for the responsible division
Ratio of financial evaluation to non-financial evaluation Directors: 1:1 (Executive Officers: 1:1)		
Ratio of whole-company performance-based bonus to individual performance-based bonus Representative Director: 1:0 Directors: 2:1 (Executive Officers: 1:3)		

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

* As from fiscal 2022, in consideration of the increase in the Company’s profit levels and changes in the officer system in recent years, the Company plans to revise the ratio of “net income attributable to owners of parent,” which forms the basis for calculating the total amount of the whole-company performance-based bonus, from 0.19% to 0.14% (from 0.08% to 0.09% for Executive Officers who do not also work as Directors). In addition, we plan to take the overall degree of progress in initiatives to solve the Company’s materiality and ESG evaluations from Outside Directors into consideration in the “adjustment based on other business performance” of the evaluation coefficient based on the total assets operating income ratio (ROA).

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 promotion of sharing value between the Directors, etc. of the Company and all shareholders, as well as sustainable improvement of corporate value. When providing shares with restrictions on transfer, each Director, etc. receives share options, enters into a contract with the Company for the allocation of shares with restriction on transfer, and receives the shares by making an in-kind contribution of the said claim to the Company. The period of restriction on transfer in the allocation contract shall be thirty (30) years, and if a Director retires due to the expiration of term or other legitimate reason during the period of restriction on transfer, the restrictions on transfer shall be cancelled.

For Executive Officers who are non-residents, 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.

* As from fiscal 2022, the Company plans to revise the share remuneration system with the aims of further promoting the sharing of value between the Directors, etc. of the Company and all shareholders, and continuously enhancing the corporate value of the Company. Specifically, once a year, we will provide shares with restriction that determine the number of shares to be provided in conjunction with the Company’s TSR (Total Shareholder Return) evaluation using the dividend-inclusive TOPIX (Tokyo Stock Price Index) growth rate as the benchmark. As previously, the restrictions on the shares with restriction on transfer to be provided are to be cancelled if a Director retires due to the expiration of term or other legitimate reason.

(iv) Method for determining individual remuneration, etc.

In order to ensure transparency as well as objectivity of the determination process with regard to determining individual remuneration, etc. for Directors, etc. and Audit & Supervisory Board Members, after discussion and reporting by the Executive Personnel Committee (the majority members of which are outside directors), an advisory body regarding nomination and remuneration which the Company has established voluntarily, individual remuneration for Directors, etc. is determined by the President and Representative Director by entrustment of the Board of Directors. In addition, individual remuneration for Audit & Supervisory Board Members is determined by deliberation of the Audit & Supervisory Board.

(v) Other important matters

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

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

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

I. Evaluation process

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 updated with the support of a third-party organization 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
- Conduct surveys of the Board of Directors, analyze survey results, and conduct interviews from an objective perspective by a third party
- Conduct evaluation and analysis from the perspective of the revised Corporate Governance Code (June 2021)
- Share the results of the evaluation of effectiveness and deliberate on the issues to be addressed at the Board of Directors Meetings based on the results of the analysis

II. Evaluation process for the fiscal year under review

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

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

In addition, an evaluation by a third party confirmed that there were no significant differences in the perception of the effectiveness of the Board of Directors in light of the self-evaluation.

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

In the previous fiscal year, the agenda items identified were “greater deliberation on risk management by the Board of Directors,” “improvement of diversity of the Board of Directors and examination of successor plans,” “greater deliberation for responses to changes in the management environment and for appropriate risk-taking,” and “strengthened supervision of the operational status of the whistleblowing system.”

In response, bearing in mind an adherence to the concept of Bad News First, the Board of Directors increased opportunities for reporting and discussing responses to changes in the business environment as well as risk responses, including a review of medium- to long-term strategies in light of the COVID-19 pandemic, and held discussions on the diversity of the company management, human resource training, and employee engagement.

As a result, although sufficient evaluations were obtained from the perspective of the aim of the Board of Directors with regard to all agenda items, it was also confirmed that there is room for a further improvement and it was recognized that there is a need for continuous efforts.

IV. Challenges for further improving effectiveness

In this fiscal year, based on the revisions to the Corporate Governance Code, we analyzed and derived more specific issues through in-depth interviews by third-party organizations, focusing on themes recognized as issues in the self-evaluation surveys conducted by questionnaire.

Based on the above analysis results, the Board of Directors of the Company recognizes the following points as issues and seeks to resolve them in order to improve the effectiveness of the Board of Directors.

Issue 1: Deepen discussions on the business portfolio

Issue 2: Implement comprehensive discussions on sustainability

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

Issue 4: Continue initiatives to ensure diversity, including the Board of Directors and company management

Issue 5: Issues related to the operation of the Board of Directors (further enhancement of communication opportunities between Outside Directors and internal Directors, hybrid meetings involving face-to-face meetings and online meetings, ideal communication opportunities, etc.)

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

(6) Status of Initiatives in Respect of Ensuring 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, 16 meetings of the Audit & Supervisory Board, consisting of 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 Audit & Supervisory Board Members (Full-Time) at important meetings including the Management Committee, Sustainability Committee, Executive Committee and Global Executive Committee
- Inspection of minutes and approved proposal memorandums of the Management Committee and other meetings of bodies designated by the Audit & Supervisory Board
- Meetings to exchange opinions between the Representative Directors and the Audit & Supervisory Board Members
- Division hearings and subsidiary audits
- Reports on the results of internal audits carried out by the internal auditing sector to the Audit & Supervisory Board Members (Full-Time)
- Regular reports on a quarterly basis on the implementation of the internal reporting system and reported information to the Audit & Supervisory Board Members from the Legal & Intellectual Property Division, Sustainability Division, and Human Resources Development Division, and implementation of 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

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

Principal activities during fiscal 2021

Category	Name	Attendance at Board of Directors Meetings	Principal activities and outline of duties performed pertaining to the role expected as an Outside Director
Outside Directors	Takuya Nakata	14 out of 14 meetings (100.0%)	<p>He actively stated his opinions at Board of Directors' meetings, Management Discussion meetings, and at meetings to exchange opinions, based on his ample experience and wide range of insights of managing global companies. In addition to revitalizing discussions, he appropriately played the role expected of an Outside Director of the Company, including by providing accurate advice on the management of the Company in order to enhance the value of the shared Yamaha brand.</p> <p>In addition, he served as a member of the Executive Personnel Committee, which is a voluntary advisory body to the Board of Directors on nomination and remuneration, and contributed to strengthening the governance of the Company.</p>
	Takehiro Kamigama	14 out of 14 meetings (100.0%)	<p>He actively stated his opinions at Board of Directors' meetings, Management Discussion meetings, and at meetings to exchange opinions, based on his ample experience as a manager who has served as Representative Director of a global company, and his insights in the technology field. In addition to contributing to active discussions, he appropriately played the role expected of an Outside Director of the Company, including by providing accurate advice on the management of the Company.</p> <p>In addition, he is a member of the Executive Personnel Committee, which is a voluntary advisory body to the Board of Directors on nomination and remuneration, chairs the round-table conference with the CEO (a system for determining reappointment based on business reviews and evaluations by the CEO), and contributed to strengthening the governance of the Company.</p>
	Yuko Tashiro	14 out of 14 meetings (100.0%)	<p>She actively stated her opinions at Board of Directors' meetings, Management Discussion meetings, and at meetings to exchange opinions, based on her ample experience and wide range of insights in various managerial positions, including a financial manager and the representative director of several companies.</p> <p>In addition to deepening discussions on promoting diversity and developing human resources, she appropriately played the role expected of an Outside Director of the</p>

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			Company, including by providing accurate advice on the management of the Company. In addition, she served as a member of the Executive Personnel Committee, which is a voluntary advisory body to the Board of Directors on nomination and remuneration, and contributed to strengthening the governance of the Company.
	Tetsuji Ohashi	14 out of 14 meetings (100.0%)	He actively stated his opinions at Board of Directors' meetings, Management Discussion meetings, and at meetings to exchange opinions, based on his ample experience as a manager who has served as a representative director of a global company and his wide range of insights in the manufacturing field. In addition to contributing to active discussions with regard to risk management and compliance from the perspective of "Bad News First," he appropriately played the role expected of an Outside Director of the Company, including by providing accurate advice on the management of the Company. In addition, he served as a member of the Executive Personnel Committee, which is a voluntary advisory body to the Board of Directors on nomination and remuneration, and contributed to strengthening the governance of the Company.

	Name	Attendance at Board of Directors Meetings	Attendance at Audit & Supervisory Board Meetings	Principal activities
Audit & Supervisory Board Members (Outside)	Masatake Yone	14 out of 14 meetings (100.0%)	16 out of 16 meetings (100.0%)	He provides advice based on his high level of expertise as an attorney, and ample knowledge and experience as an outside officer of corporations.
	Eriko Kawai	*11 out of 11 meetings (100.0%)	*13 out of 13 meetings (100.0%)	She provides advice based on her experience and business track record as a manager and her high level of expertise in finance and accounting, in addition to her ample experience in international companies and international organizations.

* As of March 24, 2021

(8) Activity Details of the Executive Personnel Committee

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

Chairman:	Chairman and Director	Hiroyuki Yanagi
Committee members:	President and Representative Director	Yoshihiro Hidaka
	Vice President and Representative Director	Katsuaki Watanabe
	Outside Directors (Independent)	Takuya Nakata, Takehiro Kamigama, Yuko Tashiro and Tetsuji Ohashi

* All members attended all 8 meetings.

System as of January 1, 2022

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

If Proposed Resolution 3 is approved at this General Meeting of Shareholders, Jin Song Montesano will be added as an Outside Director (Independent).

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

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

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

In the fiscal year under review, we have engaged in ongoing deliberations with regard to the way the remuneration system should be constructed in order to increase the connection with greater corporate value over the medium- to long-term. As a result, in order to strongly promote our unique efforts to resolve materiality (important social issues) and realize the sustainable creation of our corporate value and brand value, we deliberated matters such as broadening our performance-based remuneration and introducing evaluations related to materiality and Total Shareholder Return (TSR) in line with the start of the Medium-term Plan from 2022, and decided at the Board of

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Directors' meeting based on discussion and reporting by the Executive Personnel Committee. In addition, since the burden associated with the roles and execution of duties expected of Outside Directors and Audit & Supervisory Board Members is increasing as the business environment becomes more complex and diverse, we deliberated a review of the remuneration levels while considering objective market research data on remuneration, and reached decisions through deliberation at the Board of Directors for Outside Directors and at the Audit & Supervisory Board for Audit & Supervisory Board Members based on discussion and reporting by the Executive Personnel Committee. ("Overview of the Revised Executive Remuneration" (see page 30 of the Reference Documents for the General Meeting of Shareholders)).

4. Independent Auditor

(1) Name of Independent Auditor

Ernst & Young ShinNihon LLC

(2) Remuneration Paid to the Independent Auditor during Fiscal 2021

1) Remuneration paid to the Independent Auditor during fiscal 2021:	145 million yen
2) Total remuneration payable by the Company and its consolidated subsidiaries to the Independent Auditor:	214 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, Thai Yamaha Motor Co., Ltd., India Yamaha Motor Pvt. Ltd., Yamaha Motor Philippines, Inc., Yamaha Motor Vietnam Co., Ltd., Yamaha Motor Taiwan Co., Ltd. and Yamaha Motor do Brasil Ltda.

(3) Non-audit Services Provided by the 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):

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

(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.

5. Systems to Ensure Proper Business Operations

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

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

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

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

(3) Rules Relating to Risk Control against Loss

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

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

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

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

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

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

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

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

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

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

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

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

- Decision-making processes, responsibilities and authority shall be clarified by strengthening the Board of Directors Rules, Decision-making Rules and other important rules.
- The Group Medium-term Plan and the budget for the fiscal year shall be set out.

- A common management control system shall be adopted by the Company and its subsidiaries.
- Global Executive Committee meetings, comprising Executive Officers of the Company and its major subsidiaries, shall be held regularly to share information on the group management policy and deliberate on the policy to deal with important issues.

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

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

(11) Employee to Assist Audit & Supervisory Board Members

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

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

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

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

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

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

- Directors and employees shall report to Audit & Supervisory Board Members on malpractice and/or acts concerning the execution of duties by Directors or employees, fact which violates the law and the Company's Articles of Incorporation, and incidents that could cause the Company considerable damage, depending on the importance and urgency thereof.
- Directors and employees shall report the following matters to the Audit & Supervisory Board Members periodically, or when necessary, at their request:

- Establishment and operation of internal control systems, and related subjects
- Results of internal audits conducted by the internal audit section
- Operation of the internal reporting system, and receipt of reports

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

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

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

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

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

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

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

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

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

(1) Status of Initiatives in Respect of Compliance

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

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

(2) Status of Initiatives in Respect of Risk Management

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

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

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

The Company has stipulated matters to be judged and determined by the Board of Directors and matters to be delegated to the Executive Officers in the Board of Directors Rules and the Decision-making Rules, etc. to ensure the efficient execution of duties by Directors, etc. of the Company and its subsidiaries. In the fiscal year under review, 14 meetings of the Board of Directors and 24 meetings of the Management Committee, comprising Executive Officers with titles, were held. Major initiatives in respect of ensuring the efficiency of the execution of duties that the Company has carried out in the fiscal year under review include the following.

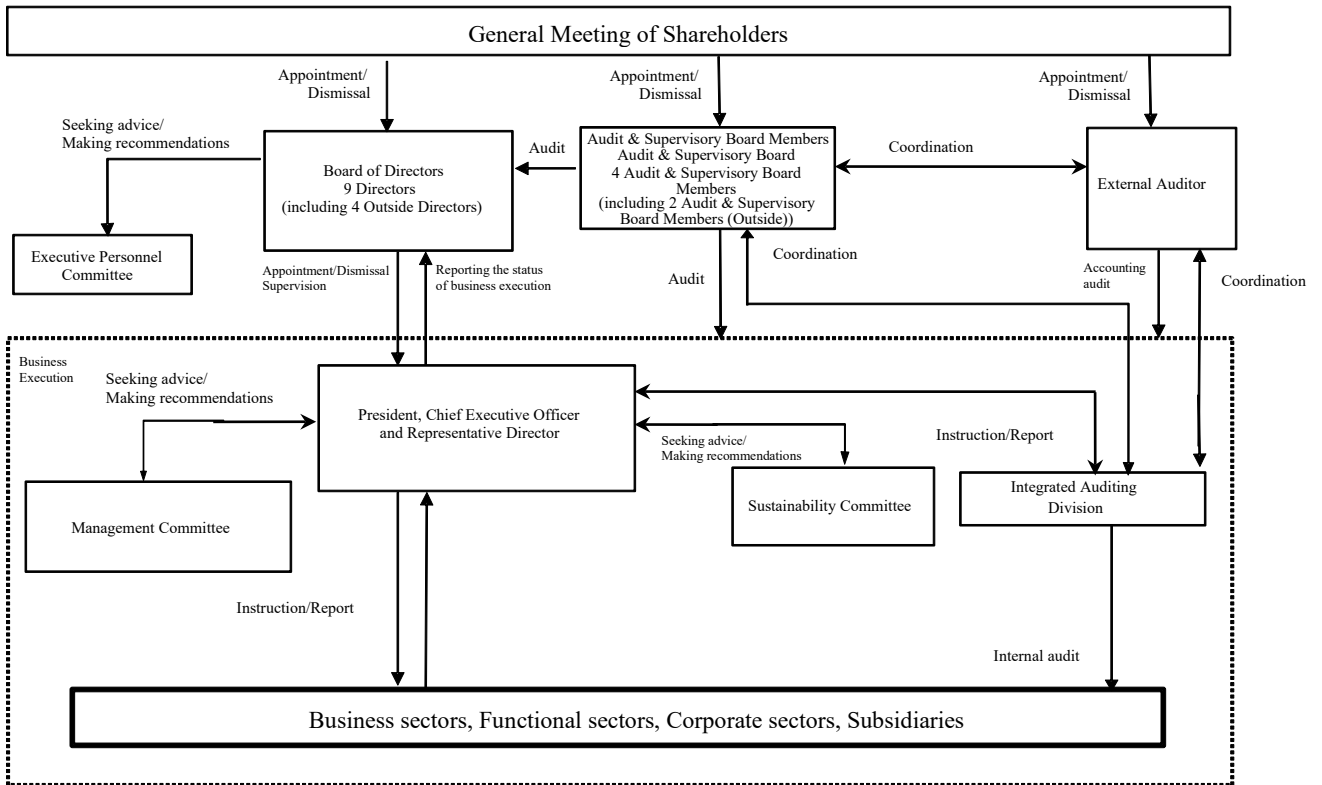
- Determining important management tasks for achieving the objectives set out in the Medium-term Plan, and verifying its progress through the Management Committee meetings and monthly officer seminars, etc.
- Confirming the status of execution of the annual budget at the monthly Executive Committee meetings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

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

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

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

Diagram of Corporate Governance System and Internal Control System (As of December 31, 2021)



Consolidated Financial Statements**Consolidated Balance Sheets**

	Millions of yen	
	As of December 31, 2021	(Reference) As of December 31, 2020
ASSETS		
I. Current assets:		
Cash and deposits	276,412	272,373
Notes and accounts receivable - trade	161,626	145,997
Short-term sales finance receivables	154,599	149,746
Merchandise and finished goods	211,920	169,829
Work in process	92,070	74,936
Raw materials and supplies	101,369	67,558
Other	61,499	55,781
Allowance for doubtful accounts	(14,799)	(14,659)
Total current assets	1,044,698	921,563
II. Non-current assets:		
1. Property, plant and equipment:		
Buildings and structures, net	114,476	106,980
Machinery, equipment and vehicles, net	98,635	97,474
Land	86,817	84,516
Construction in progress	28,248	24,630
Other, net	25,948	25,187
Total property, plant and equipment	354,127	338,788
2. Intangible assets:		
Leaschold right	3,951	3,730
Other	24,468	7,505
Total intangible assets	28,419	11,235
3. Investments and other assets:		
Investment securities	131,351	130,613
Long-term sales finance receivables	208,209	185,852
Net defined benefit asset	19,447	13,557
Deferred tax assets	30,733	25,031
Other	18,864	16,523
Allowance for doubtful accounts	(2,934)	(2,251)
Total investments and other assets	405,671	369,325
Total non-current assets	788,218	719,349
Total assets	1,832,917	1,640,913

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

(TRANSLATION ONLY)

Millions of yen

	As of December 31, 2021	(Reference) As of December 31, 2020
LIABILITIES		
I. Current liabilities:		
Notes and accounts payable – trade	140,524	121,218
Electronically recorded obligations - operating	24,653	22,727
Short-term loans payable	62,954	85,998
Current portion of bonds payable	2,240	2,062
Current portion of long-term loans payable	77,132	24,459
Income taxes payable	16,882	8,245
Provision for bonuses	15,334	14,693
Provision for product warranties	17,267	18,147
Other provision	2,153	1,470
Other	154,123	131,789
Total current liabilities	513,265	430,812
II. Non-current liabilities:		
Bonds payable	7,552	2,062
Long-term loans payable	308,634	352,354
Deferred tax liabilities	10,620	9,147
Deferred tax liabilities for land revaluation	4,643	4,644
Net defined benefit liability	51,840	60,421
Other provision	307	149
Other	35,380	32,162
Total non-current liabilities	418,980	460,942
Total liabilities	932,246	891,754
NET ASSETS		
I. Shareholders' equity:		
1. Capital stock	86,100	85,973
2. Capital surplus	68,101	67,973
3. Retained earnings	761,483	644,350
4. Treasury shares	(11,722)	(734)
Total shareholders' equity	903,962	797,563
II. Accumulated other comprehensive income:		
1. Valuation difference on available-for-sale securities	41,522	43,861
2. Revaluation reserve for land	10,427	10,428
3. Foreign currency translation adjustment	(103,471)	(141,133)
4. Remeasurements of defined benefit plans	6,785	3,924
Total accumulated other comprehensive income	(44,736)	(82,919)
III. Non-controlling interests	41,444	34,514
Total net assets	900,670	749,158
Total liabilities and net assets	1,832,917	1,640,913

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

(TRANSLATION ONLY)

Consolidated Statements of Income

Millions of yen

	(Reference)	
	Current Fiscal Year (January 1, 2021– December 31, 2021)	Previous Fiscal Year (January 1, 2020– December 31, 2020)
I. Net sales	1,812,496	1,471,298
II. Cost of sales	1,305,655	1,099,486
Gross profit	506,840	371,812
III. Selling, general and administrative expenses	324,498	290,139
Operating income	182,342	81,672
IV. Non-operating income		
Interest income	3,391	3,921
Dividend income	1,014	1,177
Share of profit of entities accounted for using equity method	4,089	864
Foreign exchange gains	2,065	626
Subsidies for employment adjustment	—	2,379
Other	7,919	7,299
Total non-operating income	18,480	16,269
V. Non-operating expenses		
Interest expenses	2,650	3,625
Loss on valuation of investment securities	1,286	565
Other	7,478	6,083
Total non-operating expenses	11,415	10,273
Ordinary income	189,407	87,668
VI. Extraordinary income		
Gain on sales of non-current assets	244	2,289
Gain on sales of investment securities	13,459	2,287
Total extraordinary income	13,704	4,577
VII. Extraordinary losses		
Loss on sales of non-current assets	146	202
Loss on disposal of non-current assets	1,250	848
Impairment loss	788	1,155
Loss on sales of investment securities	343	817
Loss on disaster	877	—
Business restructuring expenses	—	4,231
Total extraordinary losses	3,407	7,255
Income before income taxes	199,704	84,990
Income taxes - current	38,736	27,756
Income taxes - deferred	(3,164)	1,460
Total income taxes	35,572	29,216
Net income	164,132	55,773
Net income attributable to non-controlling interests	8,553	2,701
Net income attributable to owners of parent	155,578	53,072

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

(TRANSLATION ONLY)

Consolidated Statements of Changes in Equity

Current Fiscal Year (From January 1, 2021 through December 31, 2021)

Millions of yen

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	85,973	67,973	644,350	(734)	797,563
Changes of items during period					
Issuance of new shares	126	126			253
Reversal of revaluation reserve for land			1		1
Dividends of surplus			(38,447)		(38,447)
Net income attributable to owners of parent			155,578		155,578
Change in treasury shares of parent arising from transactions with non-controlling shareholders		1			1
Purchase of treasury shares				(11,003)	(11,003)
Disposal of treasury shares		0		15	15
Net changes of items other than shareholders' equity					
Total changes of items during period	126	127	117,132	(10,988)	106,398
Balance at end of current period	86,100	68,101	761,483	(11,722)	903,962

	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	43,861	10,428	(141,133)	3,924	(82,919)
Changes of items during period					
Issuance of new shares					
Reversal of revaluation reserve for land					
Dividends of surplus					
Net income attributable to owners of parent					
Change in treasury shares of parent arising from transactions with non-controlling shareholders					
Purchase of treasury shares					
Disposal of treasury shares					
Net changes of items other than shareholders' equity	(2,338)	(1)	37,661	2,861	38,183
Total changes of items during period	(2,338)	(1)	37,661	2,861	38,183
Balance at end of current period	41,522	10,427	(103,471)	6,785	(44,736)

	Non-controlling interests	Total net assets
Balance at beginning of current period	34,514	749,158
Changes of items during period		
Issuance of new shares		253
Reversal of revaluation reserve for land		1
Dividends of surplus		(38,447)
Net income attributable to owners of parent		155,578
Change in treasury shares of parent arising from transactions with non-controlling shareholders		1
Purchase of treasury shares		(11,003)
Disposal of treasury shares		15
Net changes of items other than shareholders' equity	6,930	45,113
Total changes of items during period	6,930	151,512
Balance at end of current period	41,444	900,670

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: 132

(2) Name of major subsidiaries:

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

(3) Changes to the scope of consolidation:

In the fiscal year ended December 31, 2021, three newly acquired companies and one non-consolidated subsidiary, due to its increased materiality, were added to the scope of consolidation.

In addition, one company was excluded from the scope of consolidation due to the sale of shares, two companies were excluded due to their completed liquidation, and four companies were excluded due to their absorption-type merger with other consolidated subsidiaries.

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

Non-consolidated subsidiaries such as Yamaha Motor Racing S.r.l. were excluded from the scope of consolidation, because each of the amount of their total assets, net sales, net income (based on the Company's ownership percentage), and retained earnings (based on the Company's ownership percentage) does not have material impact on the consolidated financial statements of the Company and also lack overall materiality.

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: 28
Hong Leong Yamaha Motor Sdn. Bhd. and 27 other affiliates

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

In the fiscal year ended December 31, 2021, Mikasa Unyu Co., Ltd. was excluded from the scope of equity-method application due to the sale of its shares.

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

Moto Business Service India Private Ltd. and other non-consolidated subsidiaries were excluded from the scope of equity-method application, because each of the amount of their net income (based on the Company's ownership percentage), and retained earnings (based on the Company's ownership percentage) does not have material impact on the consolidated financial statements of the Company and also lack overall materiality.

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. The allowance for doubtful accounts for sales finance receivables for U.S. financial services is stated in IV. Notes to Accounting Estimates 1. Allowance for doubtful accounts for sales finance receivables for U.S. financial services.

2) Provision for bonuses

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

3) Provision for product warranties

Provision for product warranties is provided to cover after-sale service expenses anticipated to be incurred during the warranty periods of products sold, as well as expenses associated with the quality of products sold, at a specifically estimated amount, plus an amount estimated by multiplying sales during

the warranty period by a factor (after-sales service expenses/sales of products) based on actual costs in the past years and sales during the warranty period.

(4) Accounting methods for retirement benefits

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

In calculating retirement benefit obligations, estimated retirement benefits are attributed to the periods concluding at the end of the fiscal year ended December 31, 2021, 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 Accounting Standards Codification (ASC) 606 “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.

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

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

II. 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.

(ASBJ Statement No. 30 Accounting Standard for Fair Value Measurement; ASBJ Guidance No. 31 Implementation Guidance on Accounting Standard for Fair Value Measurement; ASBJ Statement No. 9 Accounting Standard for Measurement of Inventories; ASBJ Statement No. 10 Accounting Standard for Financial Instruments, and; ASBJ Guidance No. 19 Implementation Guidance on Disclosures about Fair Value of Financial Instruments)

(1) Overview

The Accounting Standard for Fair Value Measurement and the Implementation Guidance on Accounting Standard for Fair Value Measurement (collectively the “the Accounting Standards for Fair Value Measurement”) have been developed to establish guidance in relation to fair value measurement in order to achieve better comparability with respect to international accounting standards. The Accounting Standards for Fair Value Measurement are to be applied to the fair values of the following items:

- Financial instruments defined in the Accounting Standard for Financial Instruments
- Inventories held for trading purposes as defined in the Accounting Standard for Measurement of Inventories

In addition, the Implementation Guidance on Disclosures about Fair Value of Financial Instruments has been revised to include notes on fair value of financial instruments grouped into different levels.

(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, 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. 2016-13 “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.

III. Notes to Changes in Presentation

(Changes due to the application of Accounting Standard for Disclosure of Accounting Estimates)
Accounting Standard for Disclosure of Accounting Estimates (ASBJ Statement No. 31, March 31, 2020) has been applied to the consolidated financial statements for the fiscal year, and the consolidated financial statements include notes to accounting estimates.

(Regarding Consolidated Statements of Income)

“Loss on valuation of investment securities,” which was included in “Other” under “Non-operating expenses” in the fiscal year ended December 31, 2020 has been independently disclosed from the fiscal year ended December 31, 2021 due to its increased materiality. In order to reflect this change in the presentation method, the consolidated financial statements for the fiscal year ended December 31, 2020 have been reclassified.

As a result, the amount of ¥6,648 million, which was presented in “Other” under “Non-operating expenses” in the consolidated financial statements for the fiscal year ended December 31, 2020, has been reclassified as “Loss on valuation of investment securities” of ¥565 million and “Other” of ¥6,083 million.

IV. Notes to Accounting Estimates

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

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

- (1) Amount recorded in the consolidated financial statements at the end of the fiscal year ended December 31, 2021

The allowance for doubtful accounts for sales finance receivables recorded in the consolidated balance sheets at the end of the fiscal year ended December 31, 2021 is ¥13,773 million.

Of this amount, the allowance for doubtful accounts for sales finance receivables at Yamaha Motor Finance Corporation, U.S.A., a U.S. subsidiary providing financial services, is ¥7,708 million.

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

1) Calculation method

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

2) Main assumptions

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

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

If the anticipated doubtful account ratio based on the historical experience of bad debt does not accurately reflect future doubtful accounts arising from receivables as at the end of the period, or if the impact from COVID-19 on the economic situation differs from assumptions, additional or reduced allowances for doubtful accounts or additional bad-debt losses may occur in the consolidated financial statements for the following fiscal year.

2. Recoverability of deferred tax assets pertaining to Yamaha Motor Co., Ltd., which is included in the domestic consolidated tax grouping

(1) Amount recorded in consolidated financial statements at the end of the fiscal year ended December 31, 2021

Deferred tax assets recorded in the consolidated balance sheets at the end of the fiscal year ended December 31, 2021 are ¥30,733 million.

Of this amount, the amount of deferred tax assets pertaining to Yamaha Motor Co., Ltd., which is included in the consolidated tax grouping prior to being offset with deferred tax liabilities is ¥19,722 million (after deducting the valuation allowance of ¥50,753 million).

(2) Details regarding significant accounting estimates for identified items

1) Calculation method

Deferred tax assets are stated for deductible temporary difference and loss carried forward for tax purposes to an extent whereby the tax burden can be reduced based on estimates of future taxable income.

2) Main assumptions

Estimates of future taxable income are mainly based on future business plans. However, preparation of these business plans includes assumptions such as sales forecast volumes compiled based on forecasts of global economic trends and market trends for products handled by the Group, and cost outlooks incorporating market conditions for materials, etc.

3) Impact on financial statements in the next fiscal year

If these actual trends differ significantly from the Group's estimates as a result of the high uncertainty regarding economic conditions and product market trends, significant changes to future taxable income estimates and the reversal or additional recording of deferred tax assets may occur.

V. Notes to Consolidated Balance Sheets

	Millions of yen
1. Accumulated Depreciation of Property, Plant and Equipment	711,860

2. Pledged Assets and Secured Liabilities

Pledged assets are as follows:	Millions of yen
Short-term sales finance receivables	100,372
Buildings and structures, net	74
Land	44
Investment securities	77
Long-term sales finance receivables	115,690
<u>Investments and other assets - Other</u>	<u>1,133</u>
Total	217,393

Secured liabilities are as follows:

Current portion of long-term loans payable	19,012
Long-term loans payable	116,675

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<u>Non-current liabilities - Other</u>	170
Total	135,858

Millions of yen

3. Discounts on Notes Receivable – Trade

67

4. Guarantee Obligations

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

	Millions of yen
PT. Bussan Auto Finance	4,320
<u>Amagasaki Woodland of Health Co., Ltd.</u>	35
Total	4,356

The above amounts include amounts arising from quasi-guarantees of ¥35 million.

5. Revaluation Reserve for Land

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

(1) Date of revaluation March 31, 2000

(2) Method of revaluation

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

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

The fair value of the land used for business after revaluation at the end of fiscal 2021 was below its book value by ¥7,308 million.

VI. Notes to Consolidated Statements of Income

1. Gain on sales of investment securities includes a gain on sales of ¥12,815 million resulting from the sale of a portion of shares in Yamaha Corporation.
2. The loss on disaster is due to restoration costs of production facilities and the disposal of inventories, etc. in association with flood damage at the plant of a consolidated subsidiary in Numazu city, Shizuoka Prefecture due to heavy rain that occurred in July 2021.

VII. Notes to Consolidated Statements of Changes in Equity

1. Type and Number of Outstanding Shares:

Common stock 350,217,467 shares

2. Dividends

(1) Amount of dividends paid

Resolution	Type of share	Total amount of dividends (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on Mar. 24, 2021	Common stock	20,968	60.00	Dec. 31, 2020	Mar. 25, 2021
Board of Directors Meeting held on Aug. 5, 2021	Common stock	17,478	50.00	Jun. 30, 2021	Sep. 10, 2021

(2) Dividends whose record date falls in FY2021 and whose effective date falls in FY2022

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. 23, 2022	Common stock	22,483	Retained earnings	65.00	Dec. 31, 2021	Mar. 24, 2022

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.

Loans payable and bonds payable are intended for working capital, and lease obligations are mainly related to the acquisition of leased assets. Some of them are bearing variable interest rates and are exposed to risk of interest rate fluctuations.

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

(3) Risk management system for financial instruments

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

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

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

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

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

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

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

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

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

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

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

2. Fair Values of Financial Instruments

Carrying amount, fair value and differences of the financial instruments as of December 31, 2021 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	276,412	276,412	—
(2) Notes and accounts receivable - trade	161,626		
Allowance for doubtful accounts (*1)	(3,617)		
	158,009	158,009	—
(3) Short-term sales finance receivables	154,599		
Allowance for doubtful accounts (*1)	(11,027)		
	143,572	143,572	—
(4) Investment securities	87,214	87,214	—
(5) Long-term loans receivable	317		
Allowance for doubtful accounts (*1)	(37)		
	280	284	4
(6) Long-term sales finance receivables	208,209		
Allowance for doubtful accounts (*1)	(2,745)		
	205,463	215,415	9,951
Total assets	870,952	880,909	9,956
(7) Notes and accounts payable - trade	140,524	140,524	—
(8) Electronically recorded obligations – operating	24,653	24,653	—
(9) Short-term loans payable	62,954	62,954	—
(10) Current portion of long-term loans payable	77,132	77,132	—
(11) Current portion of bonds payable	2,240	2,240	—
(12) Short-term lease obligations	2,605	2,605	—
(13) Bonds payable	7,552	7,552	—
(14) Long-term loans payable	308,634	309,820	1,186
(15) Long-term lease obligations	8,008	8,244	235
Total liabilities	634,306	635,729	1,422
Derivative transactions (*2)	(76)	(76)	—

(*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, (12) Short-term 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.

(11) Current portion of bonds payable, (13) Bonds payable

These liabilities are bearing variable interest rates. Fair value is calculated based on book values as they reflect market interest rates in the short run.

(14) Long-term loans payable, (15) Long-term lease obligations

For long-term loans payable and long-term 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 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	44,136

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	2,484.31 yen
(2) Net Income per Share	445.67 yen

X. Status of Important Business Combinations, etc.

Business combinations through acquisition

1. Overview of business combination

(1) Name and business description of the acquired company

Company name	Siren Marine, Inc.
Business:	Sale of devices and sensors using Smart Boat Technology

(2) Main reason for the business combination

To “promote the realization of greater reliability and a richer marine life” through high-value-added services and products enabled by the acceleration of IoT service and digital transformation in the marine business.

(3) Date of business combination

December 21, 2021

(4) Legal form of business combination

Acquisition of shares with cash as consideration

(5) Company name after business combination

No change

(6) Percentage of voting rights acquired

Previously owned:	11%
Additionally acquired on the date of business combination:	89%
After acquired:	100%

(7) Main grounds for determining the acquirer

Yamaha Marine Systems Company Inc., Yamaha Motor Co., Ltd.’s consolidated subsidiary, acquired the shares with cash as consideration.

2. Period during which the financial results of the acquired company are included in consolidated financial statements

From December 21, 2021 to December 31, 2021

3. Acquisition cost and breakdown by type of consideration

Market value of previously owned shares on the date of the business combination		¥379 million
Additional shares acquired on the date of business combination	Cash	¥3,009 million
Acquisition cost		¥3,389 million

4. Details and amount of major acquisition-related expenses

Legal fees, commissions, etc.:	¥204 million
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5. Amount and cause of goodwill generated, amortization method, and amortization period

(1) Amount of goodwill generated

¥2,021 million

(2) Cause

The main factor is the excess earnings power expected to be generated by such synergies as increased operational efficiency through the utilization of Siren Marine, Inc.'s R&D system, etc., and increased sales and market share of Yamaha Motor Co., Ltd.'s products.

(3) Amortization method and period

Equal amortization over 10 years

6. Amount of assets and liabilities took over on the date of business combination and their major breakdown

Current assets	¥256 million
Non-current assets	¥2,378 million
Total assets	¥2,634 million
Current liabilities	¥525 million
Non-current liabilities	¥741 million
Total liabilities	¥1,266 million

7. Estimated amount and calculation method of the impact on the consolidated statements of income for the fiscal year ended December 31, 2021, on the assumption that the business combination was completed as of the beginning of the fiscal year

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

XI. Additional Information

(Accounting estimates with regard to the effects of COVID-19)

Although prospects for containment of COVID-19 are still uncertain, there have been no material changes since the end of the previous fiscal year based on the judgement made in light of the information currently available. The Company has made estimates of the recoverability of deferred tax assets, allowance for doubtful accounts, etc. on the assumption that the effects of COVID-19 in the future would be limited.

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

Millions of yen

	As of December 31, 2021	(Reference) As of December 31, 2020
ASSETS		
I. Current assets:		
Cash and deposits	116,581	99,838
Notes receivable - trade	4,777	3,524
Accounts receivable - trade	108,767	107,384
Merchandise and finished goods	53,719	34,946
Work in process	30,351	29,295
Raw materials and supplies	34,178	21,854
Prepaid expenses	1,625	2,318
Other	30,543	30,823
Allowance for doubtful accounts	(1,300)	(1,705)
Total current assets	379,243	328,279
II. Non-current assets:		
1. Property, plant and equipment:		
Buildings, net	44,517	40,552
Structures, net	7,497	6,210
Machinery and equipment, net	21,197	21,435
Vessels, net	527	263
Vehicles, net	813	695
Tools, furniture and fixtures, net	10,127	9,935
Land	49,377	48,541
Construction in progress	10,207	12,107
Total property, plant and equipment	144,265	139,742
2. Intangible assets:		
Leasehold right	501	501
Software in progress	14,898	4,028
Other	239	370
Total intangible assets	15,640	4,901
3. Investments and other assets:		
Investment securities	101,073	102,788
Stocks of subsidiaries and affiliates	171,773	171,003
Investment in capital	23	23
Investment in capital of subsidiaries and affiliates	26,445	26,445
Long-term loans receivable	52	175
Prepaid pension cost	7,886	4,815
Deferred tax assets	558	199
Other	718	736
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	308,532	306,187
Total non-current assets	468,437	450,832
Total assets	847,681	779,111

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

(TRANSLATION ONLY)

Millions of yen

	As of December 31, 2021	(Reference) As of December 31, 2020
LIABILITIES		
I. Current liabilities:		
Notes payable - trade	124	170
Electronically recorded obligations - operating	20,322	19,699
Accounts payable - trade	46,807	41,592
Short-term loans payable	14,148	11,688
Current portion of long-term loans payable	30,000	—
Lease obligations	62	58
Accounts payable - other	35,127	30,666
Accrued expenses	4,713	4,685
Income taxes payable	4,611	—
Advances received	5,707	5,865
Deposits received	2,726	2,968
Provision for bonuses	5,395	5,885
Provision for product warranties	6,880	8,714
Other	1,241	648
Total current liabilities	<u>177,869</u>	<u>132,644</u>
II. Non-current liabilities:		
Long-term loans payable	140,000	170,000
Lease obligations	540	602
Deferred tax liabilities for land revaluation	4,643	4,644
Provision for retirement benefits	20,348	19,775
Provision for product liabilities	4	22
Allowance for investment loss	2,072	1,393
Other	1,146	1,083
Total non-current liabilities	<u>168,757</u>	<u>197,522</u>
Total liabilities	<u>346,626</u>	<u>330,167</u>
NET ASSETS		
I. Shareholders' equity:		
1. Capital stock	86,100	85,973
2. Capital surplus		
(1) Legal capital surplus	74,375	74,249
(2) Other capital surplus	641	641
Total capital surplus	<u>75,016</u>	<u>74,890</u>
3. Retained earnings		
Other retained earnings		
Reserve for reduction entry	336	339
Retained earnings brought forward	299,614	234,885
Total retained earnings	<u>299,950</u>	<u>235,225</u>
4. Treasury shares	(11,679)	(675)
Total shareholders' equity	<u>449,388</u>	<u>395,413</u>
II. Valuation and translation adjustments:		
1. Valuation difference on available-for-sale securities	41,238	43,102
2. Revaluation reserve for land	10,427	10,428
Total valuation and translation adjustments	<u>51,666</u>	<u>53,530</u>
Total net assets	<u>501,054</u>	<u>448,944</u>
Total liabilities and net assets	<u>847,681</u>	<u>779,111</u>

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

(TRANSLATION ONLY)

Non-consolidated Statements of Income

Millions of yen

	(Reference)	
	Current Fiscal Year (January 1, 2021– December 31, 2021)	Previous Fiscal Year (January 1, 2020– December 31, 2020)
I. Net sales	757,810	581,796
II. Cost of sales	620,857	512,077
Gross profit	136,953	69,719
III. Selling, general and administrative expenses	87,812	75,605
Operating income (loss)	49,141	(5,886)
IV. Non-operating income		
Interest income	187	445
Dividend income	51,919	40,254
Foreign exchange gains	852	—
Subsidies for employment adjustment	—	1,724
Other	2,061	1,762
Total non-operating income	55,020	44,186
V. Non-operating expenses		
Interest expenses	393	360
Foreign exchange losses	—	2,782
Loss on valuation of investment securities	1,286	566
Loss on revaluation of investment in subsidiaries' and affiliates' stock	—	2,290
Provision of allowance for investment loss	678	466
Expenses for transfer support	530	605
Other	1,998	1,831
Total non-operating expenses	4,887	8,903
Ordinary income	99,273	29,396
VI. Extraordinary income		
Gain on sales of non-current assets	20	32
Gain on sales of investment securities	12,970	2,272
Gain on sales of subsidiaries' and affiliates' stock	19	142
Total extraordinary income	13,009	2,448
VII. Extraordinary losses		
Loss on sales of non-current assets	7	4
Loss on disposal of non-current assets	772	282
Impairment loss	149	—
Loss on sales of investment securities	42	636
Loss on disaster	383	—
Total extraordinary losses	1,355	923
Income before income taxes	110,927	30,920
Income taxes - current	7,582	4,761
Income taxes - deferred	174	(1,891)
Total income taxes	7,756	2,869
Net income	103,171	28,051

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

Non-consolidated Statements of Changes in Equity

Current Fiscal Year (From January 1, 2021 through December 31, 2021)

Millions of yen

	Shareholders' equity				
	Capital stock	Capital surplus			Retained earnings
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings Reserve for reduction entry
Balance at beginning of current period	85,973	74,249	641	74,890	339
Changes of items during period					
Issuance of new shares	126	126		126	
Reversal of reserve for reduction entry					(3)
Reversal of revaluation reserve for land					
Dividends of surplus					
Net income					
Purchase of treasury shares					
Disposal of treasury shares			0	0	
Net changes of items other than shareholders' equity					
Total changes of items during period	126	126	0	126	(3)
Balance at end of current period	86,100	74,375	641	75,016	336

	Shareholders' equity			
	Retained earnings		Treasury shares	Total shareholders' equity
	Other retained earnings	Total retained earnings		
Balance at beginning of current period	234,885	235,225	(675)	395,413
Changes of items during period				
Issuance of new shares				253
Reversal of reserve for reduction entry	3	—		—
Reversal of revaluation reserve for land	1	1		1
Dividends of surplus	(38,447)	(38,447)		(38,447)
Net income	103,171	103,171		103,171
Purchase of treasury shares			(11,003)	(11,003)
Disposal of treasury shares			0	0
Net changes of items other than shareholders' equity				
Total changes of items during period	64,728	64,724	(11,003)	53,974
Balance at end of current period	299,614	299,950	(11,679)	449,388

	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	43,102	10,428	53,530	448,944
Changes of items during period				
Issuance of new shares				253
Reversal of reserve for reduction entry				—
Reversal of revaluation reserve for land				1
Dividends of surplus				(38,447)
Net income				103,171
Purchase of treasury shares				(11,003)
Disposal of treasury shares				0
Net changes of items other than shareholders' equity	(1,863)	(1)	(1,864)	(1,864)
Total changes of items during period	(1,863)	(1)	(1,864)	52,110
Balance at end of current period	41,238	10,427	51,666	501,054

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

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

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

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

2. Depreciation and Amortization of Assets

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

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

(2) Intangible assets (excluding leased assets)

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

(3) Leased assets

Leased assets involved in finance lease transactions which transfer ownership

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

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

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

3. Significant Accruals

(1) Allowance for doubtful accounts

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

(2) Provision for bonuses

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

(3) Provision for product warranties

Provision for product warranties is provided to cover after-sale service expenses anticipated to be incurred during the warranty periods of products sold, as well as expenses associated with the quality of products sold, at a specifically estimated amount, plus an amount estimated by multiplying sales during the

warranty period by a factor (after-sales service expenses/sales of products) based on actual costs in the past years and sales during the warranty period.

(4) Provision for retirement benefits

Provision for retirement benefits is provided mainly at an amount, deemed generated on December 31, 2021, 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, 2021, 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.

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

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

II. Notes to Changes in Presentation

(Changes due to the application of ASBJ Accounting Standard for Disclosure of Accounting Estimates)

Accounting Standard for Disclosure of Accounting Estimates (ASBJ Statement No. 31, March 31, 2020) has been applied to the financial statements for the fiscal year under review, and the financial statements include notes on accounting estimates.

(Regarding Statements of Income)

“Provision of allowance for investment loss” and “Expenses for transfer support,” which were included in “Other” under “Non-operating expenses” in the fiscal year ended December 31, 2020 have been independently disclosed from the fiscal year ended December 31, 2021 due to their increased materiality. In order to reflect this change in the presentation method, the consolidated financial statements for the fiscal year ended December 31, 2020 have been reclassified.

As a result, the amount of ¥2,903 million, which was presented in “Other” under “Non-operating expenses” in the non-consolidated financial statements for the fiscal year ended December 31, 2020, has been reclassified as “Provision of allowance for investment loss” of ¥466 million, “Expenses for transfer support” of ¥605 million, and “Other” of ¥1,831 million.

III. Notes to Accounting Estimates

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

Recoverability of deferred tax assets in the domestic consolidated tax group

(1) Amount recorded in financial statements at the end of the fiscal year ended December 31, 2021

Deferred tax assets recorded in the balance sheets at the end of the fiscal year ended December 31, 2021 are ¥558 million.

The amount of deferred tax assets prior to being offset with deferred tax liabilities is ¥19,722 million (after deducting the valuation allowance of ¥50,753 million).

(2) Details regarding significant accounting estimates for identified items

Details are the same as stated in “IV. Notes to Accounting Estimates 2. Recoverability of deferred tax assets pertaining to Yamaha Motor Co., Ltd., which is included in the domestic consolidated tax grouping” in the Notes to Consolidated Financial Statements.

IV. Notes to Non-consolidated Balance Sheets

	Millions of yen
1. Accumulated Depreciation of Property, Plant and Equipment	313,464

2. Pledged Assets

	Millions of yen
Stocks of subsidiaries and affiliates	22

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

3. Receivables from and Payables to Subsidiaries and Affiliates

	Millions of yen
Short-term receivables:	109,410
Long-term receivables:	31
Short-term payables:	41,305
Long-term payables:	540

	Millions of yen
4. Discounts on Notes Receivable – Trade	67

5. Guarantee Obligations

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

	Millions of yen
PT. Bussan Auto Finance	4,320
Yamaha Motor Pakistan Pvt. Ltd.	4,722
<u>Amagasaki Woodland of Health Co., Ltd.</u>	<u>35</u>
Total	9,078

Guarantee obligations described above include ¥35 million arising from quasi-guarantees.

6. Revaluation Reserve for Land

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

(1) Date of revaluation March 31, 2000

(2) Method of revaluation

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

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

The fair value of the land used for business after revaluation at the end of fiscal 2021 was below its book value by ¥7,308 million.

V. Notes to Non-consolidated Statements of Income

1. Transactions with subsidiaries and affiliates

	Millions of yen
Net Sales	607,349
Purchases	230,439
Non-operating income	51,676
Non-operating expenses	241

2. Gain on sales of investment securities includes a gain on sales of investment securities of ¥12,815 million resulting from the sale of a portion of shares in Yamaha Corporation.

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

1. Number of shares in treasury shares at December 31, 2021

	Shares
Common stock	4,319,348

2. Matters regarding acquisition of treasury stock

By resolution of the meeting of the Board of Directors held on November 8, 2021, the Company acquired 3,672,900 shares of treasury shares during the fiscal year ended December 31, 2021, pursuant to Article 156 of the Companies Act as applied by replacing terms pursuant to Article 165, Paragraph 3 of the same act.

VII. Notes to Deferred Tax Accounting

Principal deferred tax assets and liabilities

	Millions of yen
Deferred tax assets:	
Loss on valuation of securities	35,150
Excess of depreciation	12,944
Loss carried forward for tax purposes	7,712
Provision for retirement benefits	6,084
Provision for product warranties	2,057
Provision for bonuses	1,613
Allowance for doubtful accounts	388
Other	4,525
Gross deferred tax assets	<u>70,475</u>
Valuation allowance for loss carried forward for tax purposes	(753)
Valuation allowance for deductible temporary difference	<u>(50,000)</u>
Gross valuation allowance	<u>(50,753)</u>
Total deferred tax assets	19,722
Deferred tax liabilities:	
Valuation difference on available-for-sale securities	(16,563)
Prepaid pension cost	(2,358)
Reserve for reduction entry	(242)
Other	(0)
Total deferred tax liabilities	<u>(19,164)</u>
Net deferred tax assets	558

VIII. 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 Motor Corporation, U.S.A. (The United States)	Direct ownership 100.0%	Sale of products of the Company	Net sales (Note 1)	144,487	Accounts receivable - trade	25,880
Subsidiary	Yamaha Motor Manufacturing Corporation of America (The United States)	Indirect ownership 100.0%	Manufacture of products of the Company	Net sales (Note 1)	53,872	Accounts receivable - trade	7,515
Subsidiary	Yamaha Motor Europe N.V. (The Netherlands)	Direct ownership 100.0%	Sale of products of the Company	Net sales (Note 1)	112,479	Accounts receivable - trade	9,339
Subsidiary	Yamaha Motor Philippines, Inc. (The Philippines)	Direct ownership 100.0%	Manufacture and sale of products of the Company	Net sales (Note 1)	25,959	Accounts receivable - trade	5,017

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

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 Director of the Company	In-kind contribution of monetary compensation claims (Note 1)	24	-	-
	Yoshihiro Hidaka	Direct ownership 0.0%	President and Representative Director of the Company	In-kind contribution of monetary compensation claims (Note 1)	38	-	-
	Katsuaki Watanabe	Direct ownership 0.0%	Director of the Company	In-kind contribution of monetary compensation claims (Note 1)	19	-	-
	Katsuhito Yamaji	Direct ownership 0.0%	Director of the Company	In-kind contribution of monetary compensation claims (Note 1)	11	-	-
	Takuya Nakata	Direct ownership 0.0%	President and Representative Director of Yamaha Corporation and Director of the Company	Sales of investment securities (Note 2) Gain on sales of investment securities relating to said transactions	14,697 12,815	- -	- -

Note 1: In-kind contribution of monetary compensation claims associated with share remuneration with restriction on transfer.

Note 2: The Company sold a portion of shares of common stock to Yamaha Corporation, for which Takuya Nakata serves as representative director. For the sale, we used the Off-Auction Own Share Repurchase

(TRANSLATION ONLY)

Trading system (ToSTNeT-3), and traded at the closing price on August 24, 2021, the day prior to the transaction date.

IX. Notes to Per Share Information

1. Net Assets per Share	1,448.56 yen
2. Net Income per Share	295.50 yen

X. Additional Information

(Accounting estimates with regard to the effects of COVID-19)

Although prospects for containment of COVID-19 are still uncertain, there have been no material changes since the end of the previous fiscal year based on the judgement made in light of the information currently available. The Company has made estimates of the recoverability of deferred tax assets, allowance for doubtful accounts, etc. on the assumption that the effects of COVID-19 in the future would be limited.

Independent Auditor's Report

February 8, 2022

The Board of Directors
Yamaha Motor Co., Ltd.

Ernst & Young ShinNihon LLC
Hamamatsu Office

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

Opinion

Pursuant to Article 444, paragraph 4 of the Companies Act, we have audited the accompanying consolidated financial statements, which comprise the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets, and notes to the consolidated financial statements of Yamaha Motor Co., Ltd. and its consolidated subsidiaries (the "Group") applicable to the fiscal year from January 1, 2021 to December 31, 2021.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position and results of operations of the Group applicable to the fiscal year ended December 31, 2021, in accordance with accounting principles generally accepted in Japan.

Basis for the Opinion

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

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

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

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

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

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

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

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

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

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

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

Interest

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

Independent Auditor's Report

February 8, 2022

The Board of Directors
Yamaha Motor Co., Ltd.

Ernst & Young ShinNihon LLC
Hamamatsu Office

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

Opinion

Pursuant to Article 436, paragraph 2, Item 1 of the Companies Act, we have audited the accompanying financial statements, which comprise the balance sheet, the statement of income, the statement of changes in net assets, and notes to the financial statements, and the accompanying supplementary schedules of Yamaha Motor Co., Ltd. (the "Company") applicable to the 87th fiscal year from January 1, 2021 to December 31, 2021.

In our opinion, the accompanying financial statements and the accompanying supplementary schedules present fairly, in all material respects, the financial position and results of operations of the Company applicable to the fiscal year ended December 31, 2021, in accordance with accounting principles generally accepted in Japan.

Basis for the Opinion

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

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

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

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

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

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

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

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

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

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

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

Interest

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

Copy of Audit Report of the Audit & Supervisory Board

Audit Report

February 10, 2022

We at the Audit & Supervisory Board, having discussed the Directors' performance of duties during the 87th business year, from January 1, 2021 through December 31, 2021, 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. In addition, in the fiscal year under review, we also utilized means such as online meetings in light of the global spread of COVID-19.
 - 1) Each Audit & Supervisory Board Member attended meetings of the Board of Directors and other important meetings, received reports on the execution of duties from Directors, employees and other personnel, requested reports and received explanations from them whenever necessary, perused important documents, including those subject to executive approval, examined the conditions of assets and business at the head office and other major business office, and received reports on the implementation status and results of audits from other Audit & Supervisory Board Members. With regard to the Company's subsidiaries, each Audit & Supervisory Board Member communicated and exchanged information with Directors, Audit & Supervisory Board Members, and other employees of the subsidiaries, and received reports when necessary.
 - 2) Concerning the resolution adopted by the Board of Directors about designing the system which assures that the execution of Directors' duties comply with laws and regulations and the Articles of Incorporation and designing the other system for assuring the proper business operations of a corporate group comprising the company and its subsidiaries, as stipulated in Paragraphs 1 and 3 of Article 100 of the Ordinance for Enforcement of the Corporation Act of Japan, and the internal control system, designed in accordance with the Board of Directors' resolution, each Audit & Supervisory Board Member periodically received reports of the status of establishing and operating these systems from Directors, employees and other personnel, requested reports and received explanations from them whenever necessary.
 - 3) Each Audit & Supervisory Board Member has monitored the accounting auditor to verify their independence and the propriety of their audit implementation, and has requested reports and received explanations from them when necessary. In addition, each Audit & Supervisory Board Member received a notice from the accounting auditor that "the system for securing appropriate execution of duties" (in each items of Article 131 of the Corporate Accounting Rules) has been developed in accordance with "the Standard on Quality Control Concerning Audit" (established by the Business Accounting Council on October 28, 2005), and requested reports and received explanations from them. Based on the methods described above, the Audit & Supervisory Board reviewed whether the accounting auditor executed their duties appropriately.

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

2. Results of Audit

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

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

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

The method and results of the audit conducted by Ernst & Young ShinNihon LLC, the Company's 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
Audit & Supervisory Board Member (Full-Time)

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

Masatake Yone
Audit & Supervisory Board Member
(Outside)

Eriko Kawai
Audit & Supervisory Board Member
(Outside)

Procedures for Exercising Voting Rights by Electromagnetic Means

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

Please exercise your voting right by 5:30 p.m., Tuesday, March 22, 2022 (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.