



Revs Your Heart

Integrated Report 2021

Fiscal year ended December 31, 2020



Corporate Mission

Kando* Creating Company

Offering new excitement and a more fulfilling life for people all over the world

Yamaha Motor strives to realize peoples' dreams with ingenuity and passion, and to always be a company people look to for the next exciting product or concept that provides exceptional value and deep satisfaction.

* 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.

Management Principles

1. Creating value that surpasses customer expectations

To continue to produce value that moves people, we must remain keenly aware of customers' evolving needs. We must strive to find success by always surpassing customer expectations with safe, high-quality products and services.

2. Establishing a corporate environment that fosters self-esteem

We must build a corporate culture that encourages enterprise and enhances corporate vitality. The focus will be on nurturing the creativity and ability of our employees, with an equitable system of evaluation and rewards.

3. Fulfilling social responsibilities globally

As a good corporate citizen, we act from a worldwide perspective and in accordance with global standards. We must conduct our corporate activities with concern for the environment and communities and fulfill our social responsibility with honesty and sincerity.

Action Guidelines

Acting with Speed

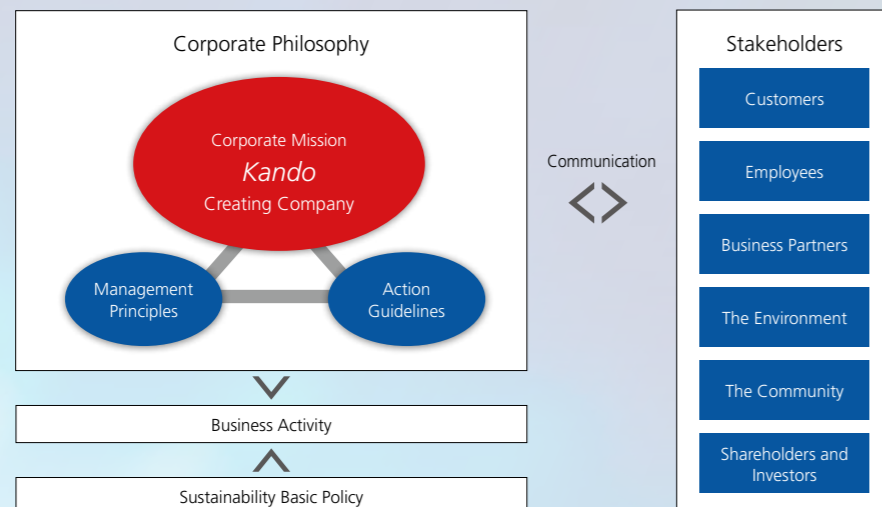
Meeting change with swift and informed action

Spirit of Challenge

Courage to set higher goals without fear of failure

Persistence

Working with tenacity to achieve desired results, and then evaluating them



Revs Your Heart

Empowered by a passion for innovation, we create exceptional value and experiences that enrich the lives of our customers.

Five Shared Values for Creating Kando

Yamaha Motor expresses the "unique style of Yamaha" with its shared values of **Innovation, Excitement, Confidence, Emotion, and Ties.**

Incorporating the unique style of Yamaha into all processes and levels of our corporate and business activities is how we enhance the qualities that make us unique.

We believe that doing so is the way to meet customer expectations and the fuel to further raise our competitiveness.





Yoshihiro Hidaka

President,
Chief Executive Officer and
Representative Director

About *Integrated Report 2021*

Yamaha Motor began publishing integrated reports in fiscal 2019 to help shareholders, investors, and various other stakeholders develop a better understanding of the Company's efforts to create value from a medium- to long-term perspective. I hope *Integrated Report 2021* will give readers an understanding of Yamaha Motor's stance toward addressing important societal issues and the approach the Company takes toward creating value.

This report was created referencing the International Integrated Reporting Council (IIRC)'s International Integrated Reporting Framework and the Guidance for Integrated Corporate Disclosure and Company-Investor Dialogue for Collaborative Value Creation (Guidance for Collaborative Value Creation) released by Japan's Ministry of Economy, Trade and Industry. After compiling the policies of the Company, each department was asked for their earnest cooperation in creating this report, and I declare that the process of preparing it to be appropriate and the information contained herein to be accurate.

Going forward, Yamaha Motor will continue striving to create sustainable environmental and social value as well as raise corporate value through constructive interactions with its stakeholders. Upon reading this year's report, I ask for your honest feedback regarding its contents along with any opinions you may have regarding the Company's management. Thank you for your ongoing support of Yamaha Motor.

Editorial Policy

This report was prepared and edited to give shareholders, investors, and other stakeholders a multifaceted understanding of Yamaha Motor's sustainable growth.

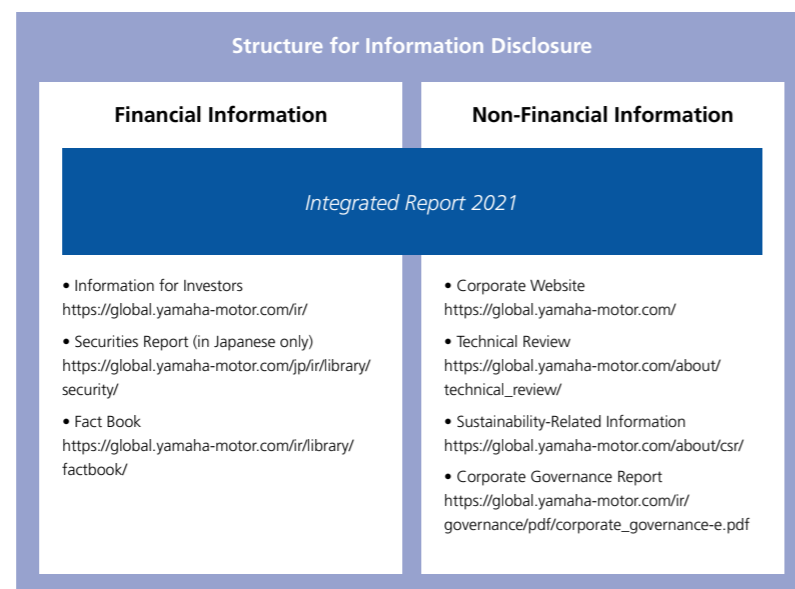
Financial, sustainability-related, product, and other information not contained in this report is available on Yamaha Motor's official website. Please note that the "2021" in the title refers to the year this report was published.

Scope

This report covers Yamaha Motor Co., Ltd., its 142 subsidiaries, and its 29 affiliates (as of December 31, 2020). Notification is given when the scope used in calculating the data provided in this report differs from this.

Reporting Period

This report covers the period from January 1 to December 31, 2020. Information on some activities taking place after January 1, 2021 is also provided.



Notice Regarding Forward-Looking Statements

The statements in this report, except for historical facts, are forward-looking statements about the future performance of the Company and its Group companies. These statements are based on management's assumptions and beliefs in light of the information currently available and involve risks and uncertainties. Please be advised that actual results may differ significantly from those discussed in the forward-looking statements.

Potential risks and uncertainties include, but are not limited to, general economic conditions in Yamaha Motor's major markets, changing consumer preferences, and currency exchange rate fluctuations.

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Key Points of *Integrated Report 2021*

Based on the Long-Term Vision for 2030 of ART for Human Possibilities, *Integrated Report 2021* provides details on the medium- to long-term strategies and measures being implemented to facilitate the realization of the Vision. The following key points will help develop an even deeper understanding of Yamaha Motor's value creation story.

1 Creation of Social Value Leveraging Technologies and Sensibilities

Yamaha Motor is working to create new value by combining the core competencies it has refined to date with cutting-edge technologies to address important societal issues in line with the focus areas laid out in its Long-Term Vision—Advancing Robotics, Rethinking Solution, and Transforming Mobility (ART).

Relevant Pages

- P.8–9 Maximizing Our Environmental and Social Value
- P.22–25 Resolving Societal Issues through ART

2 Medium- to Long-Term Plan Progress and Policies for Carbon Neutrality

The COVID-19 pandemic forced Yamaha Motor to rescind the performance targets of its Medium-Term Management Plan for fiscal 2020, but steady progress is still being made in reinforcing the Company's management platforms and implementing growth strategies. This report also provides information on the Company's policies and direction regarding the accelerating shift toward electrification.

Relevant Pages

- P.12–17 From the President
- P.26–29 Climate Change Initiatives (Disclosure Based on TCFD Recommendations)
- P.44–45 Manufacturing and Production (*Monozukuri*)

A History of Creating *Kando* through Technology

Yamaha Motor Co., Ltd. (Yamaha Motor) was founded in July 1955 when the motorcycle division of Nippon Gakki Co., Ltd. (today's Yamaha Corporation) was spun off to form an independent company. Since then, with the consumer-oriented development approach of its Nippon Gakki roots as a starting point, Yamaha Motor has been continuously working to create new value through its motorcycles and other products in a variety of fields for over 60 years.



1955
The first Yamaha motorcycle
YA-1



Founded in 1955

Entry into the Motorcycle Industry amid Japan's Post-War Economic Recovery

Genichi Kawakami, the fourth president of Nippon Gakki and later founding president of Yamaha Motor, decided to enter the motorcycle business with the goal of building a foothold for growth outside the realm of musical instruments. At a time when less competitive motorcycle companies were already failing, the company made a bold late entry into the market, generating a great deal of attention with its first product's innovative coloring and design, light weight and maneuverability, and easy engine starts—an incredibly important factor at the time. Furthermore, motorcycle races were where makers could demonstrate their product's superiority, and Yamaha's early entry and consistently strong results created a reputation for technological excellence that spread domestically and internationally.

Japanese Economic Miracle

Customer-Oriented Development for Creating *Kando*

During Japan's economic miracle, Yamaha Motor entered the marine recreation field believing that enjoying daily life would eventually lead to more fulfilling lifestyles. Our first target was commercial demand, specifically with fishing boats where the signs of motorization could be seen. The Company succeeded in expanding its business domain to include marine products by adapting the engine technologies it developed with motorcycles to develop outboard motors and fiber-reinforced plastic (FRP) fishing boats, incorporating market input in the process. Meanwhile, in our core business of motorcycles, we did not restrict ourselves to preconceived norms and ideas, and analyzed customer needs with a market-oriented approach to release the Passol. This step-through scooter was well-suited to women riders and created the new "soft bike" market segment in Japan.



Large outboard motor boasting reliability and high output: **F425A**



Flagship model featuring the latest technology garnered from racing: **YZF-R1**



Exceptional acceleration and driving sensations: **SR330**



1977
"Soft bike" allowing women to ride with peace of mind
Passol



1960
Our first outboard motor
P-7



1960
Our first catamaran FRP boat
CAT-21

Equal Concern for *Kando* and the Environment Creation of User- and Eco-Friendly Mobility

In 1993, Yamaha Motor launched the PAS as the world's first electrically power-assisted bicycle, a new form of mobility intended to be closely linked to user lifestyles. Promoted as a user- and eco-friendly personal commuter model placing top priority on performance in tune with human sensibilities, the PAS gained popularity as a form of mobility "assisting" the various lifestyles people lead. Later, we applied the electronic control technologies developed through PAS bicycles and the latest human-interface technologies to successfully practicalize an eco-friendly electric commuter vehicle that produced no emissions and little noise. The fuel cell vehicle R&D we conducted at the same time is also contributing to today's development work on new forms of mobility.



Electrically power-assisted bicycles continue to see an expansion in the range of users and uses, including for convenient and comfortable mobility, recreation, and well-being: **PAS**

1993
World's first electrically power-assisted bicycle
PAS



1995
Wheelchair electric power unit
JW-1



2002
Electric commuter vehicle
Passol



1987
Industrial-use unmanned helicopter
R50 (L09)



2020 Industrial-use unmanned helicopter performing an aerial forest survey
FAZER R G2

To the Future

Uniquely Yamaha Approaches to Solve Societal Issues

Yamaha Motor is working to evolve and diversify its existing product lines by combining its core competencies with new cutting-edge technologies. At the same time, the Company is adapting its expertise in unmanned technologies and systems such as industrial robots and industrial-use unmanned helicopters to contribute to labor-saving efforts and raising efficiency in a variety of fields, from industry and farming to forestry. In addition, we are helping provide permanent access to potable water in coordination with public bodies and UN-affiliated organizations through projects to install our Yamaha Clean Water Supply System in developing countries. By searching for and identifying the root causes of problems on the ground and leveraging our technological prowess, the Company is moving to resolve societal issues in uniquely Yamaha ways.



2010
Small-scale water purification system
Yamaha Clean Water Supply System



Our work to encourage the use of clean water at villages with a Yamaha Clean Water Supply System with a picture story was recognized with an award from the committee of judges at the 8th Good Life Awards put on by Japan's Ministry of the Environment.

Yamaha Motor's Global Business

The powertrain, chassis and hull, electronic control, and manufacturing technologies and expertise we have accumulated since our founding serve as our core competencies, and as we continue refining them, we offer a myriad of products around the world that create *Kando* by leveraging our technologies and keen sensibilities based on the Company's unique *Jin-Ki Kanno* development ideal.

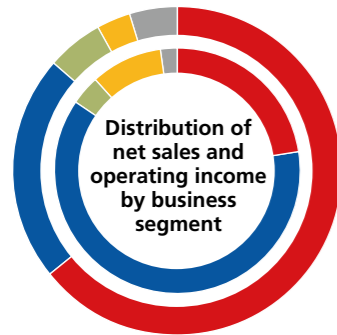
Fiscal 2020 Consolidated Financial Results

Net sales

¥ **1,471.3** billion

Operating income

¥ **81.7** billion



Land Mobility

Net sales (% of total)

¥ **946.5** billion (64.3%)

Operating income (% of total)

¥ **18.5** billion (22.6%)

Main products

Motorcycles, Leaning Multi-Wheel (LMW) models, all-terrain vehicles (ATVs), recreational off-highway vehicles (ROVs), snowmobiles, electrically power-assisted bicycles, automobile engines, and automobile components



Marine Products

Net sales (% of total)

¥ **328.3** billion (22.3%)

Operating income (% of total)

¥ **50.6** billion (62.0%)

Main products

Outboard motors (marine engines), personal watercraft, boats, FRP pools, fishing boats, and utility boats



Robotics

Net sales (% of total)

¥ **83.0** billion (5.6%)

Operating income (% of total)

¥ **3.3** billion (4.0%)

Main products

Surface mounters, semiconductor manufacturing equipment, industrial robots, and industrial-use unmanned helicopters



Financial Services

Net sales (% of total)

¥ **46.1** billion (3.1%)

Operating income (% of total)

¥ **7.6** billion (9.3%)

Main services

Sales finance and leases related to the Company's products



Other Products

Net sales (% of total)

¥ **67.4** billion (4.7%)

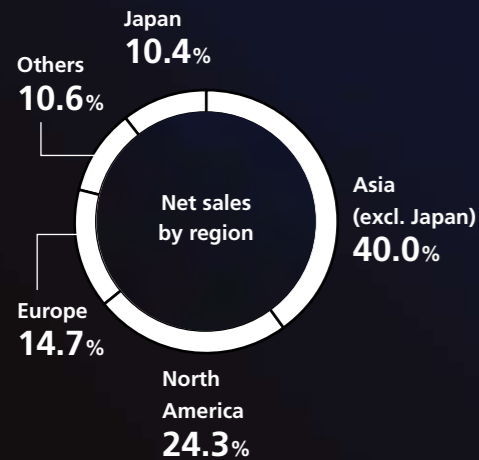
Operating income (% of total)

¥ **1.7** billion (2.1%)

Main products

Golf cars, generators, multipurpose engines, snow blowers, and electric wheelchairs

Global Organization Creating Value as a Team



Number of employees (consolidated)

52,437

Ratio of overseas production

Over **90** %

Total number of bases (primary roles)

17

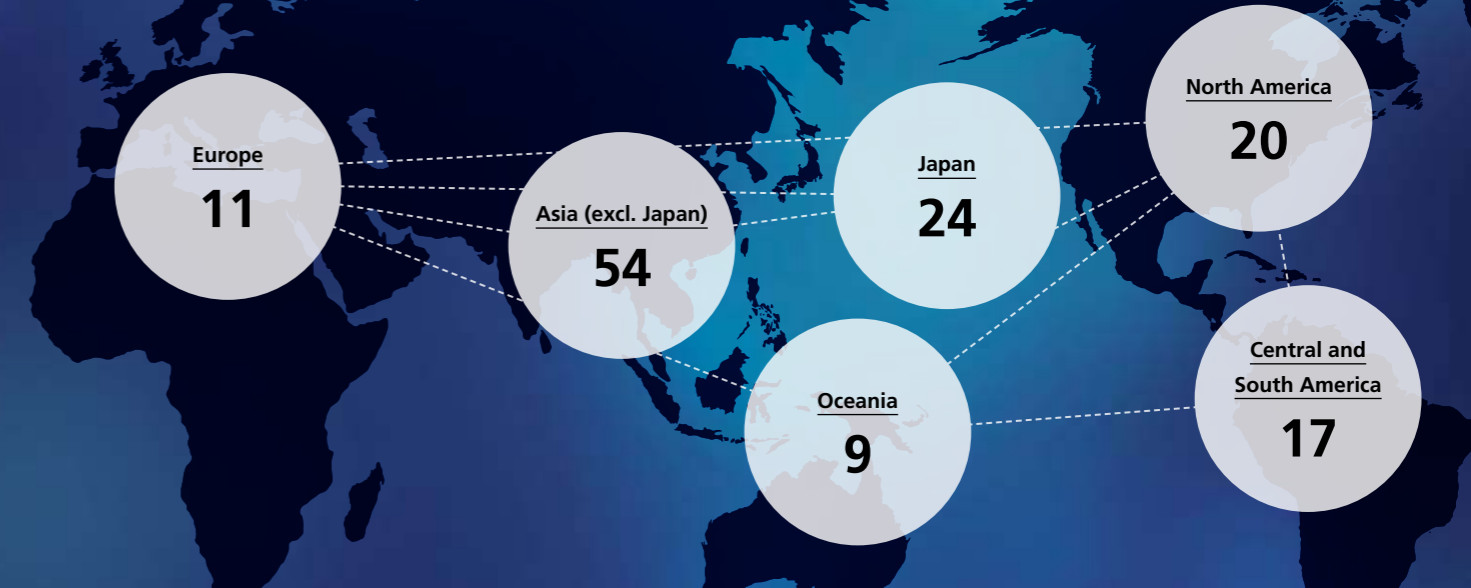
Development

29

Sales

53

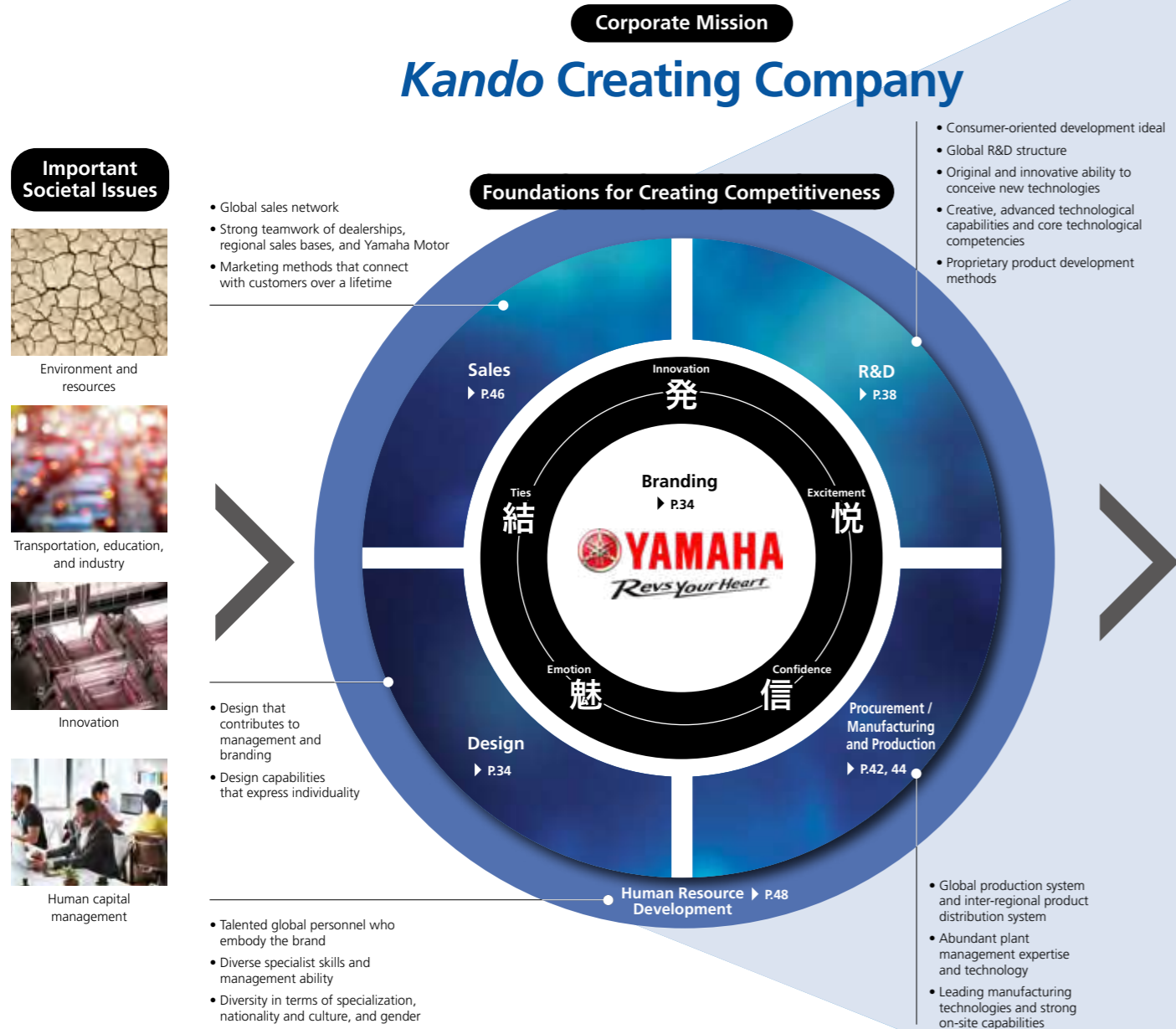
Number of Consolidated Subsidiaries: 135



Maximizing Our Environmental and Social Value

Yamaha Motor's business model is to provide unique, high-quality products and services that accurately reflect societal and customer needs by applying its Spirit of Challenge, which has been handed down as the Company's DNA, and the technologies it has created and refined to date. The very reason for the Company's existence as a *Kando* Creating Company is to give society and customers experiences of *Kando* unique to Yamaha Motor that intertwine technologies and human sensitivities.

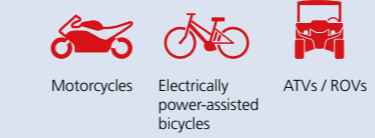
By expanding human possibilities and through our products and services that create *Kando*, we are aiming to achieve sustainable growth as well as create a better society and more fulfilling lives.



Business Operations

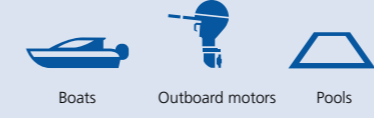
Land Mobility ▶ P.72

Create new value for people's time, mobility, and self-expression



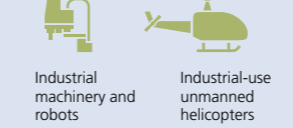
Marine Products ▶ P.74

Reliable and rich marine life
Toward further increasing the value of the ocean



Robotics ▶ P.76

Promote automation and laborsavings to free up valuable time for people



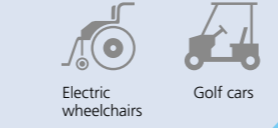
Financial Services ▶ P.78

Offer services that strengthen relationships with customers and dealerships



Other Products ▶ P.79

Become a close part of customers' lives and offer unique technology to support them



Growth Strategy Directions

ART for Human Possibilities

Let's strive for greater happiness

Three Focus Areas

Advancing Robotics
Leverage and evolve intelligent technologies and robotics as a foundation

Rethinking Solution
Propose uniquely Yamaha solutions

Transforming Mobility
Promote innovations in mobility

Outcomes to Achieve

Environmental Value

Reduction of greenhouse gas emissions from our business activities

- Offer eco-friendly means of personal transportation
- Reduce greenhouse gas emissions
- Lower electric power consumption in production and other activities



Social Value

Provision of safe and dependable mobility and lifestyles

- Offer mobility services that are safe and comfortable for all
- Maintain and improve safety and reliability through high-quality products and services
- Ensure safe water and resources



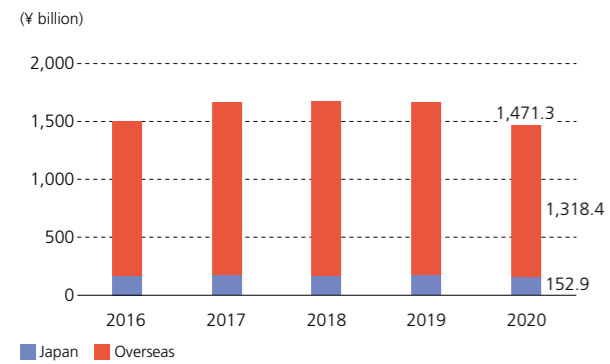
Economic Value

Redistribution of economic added value to stakeholders

- Strengthen earnings structure and maintain stable financial foundations
- Provide employee remuneration
- Pay stable dividends to investors

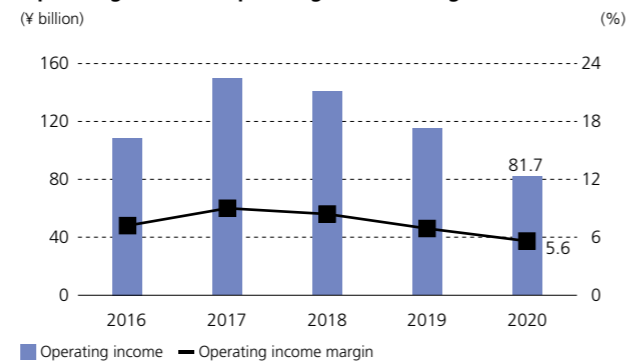
Financial and Non-Financial Highlights

Net Sales



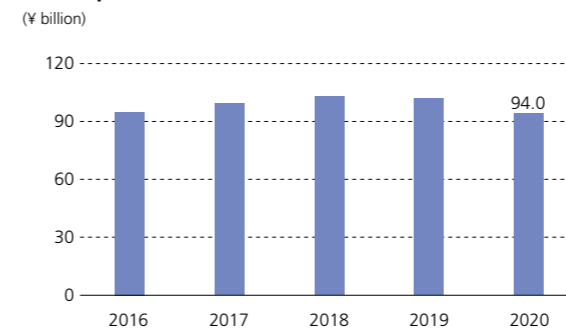
Although sales increased in the Robotics and Financial Services segments, unit sales fell in the motorcycle business of the Land Mobility segment as well as in the Marine Products segment due to the COVID-19 pandemic, leading to a year-on-year decline in net sales of ¥193.5 billion, to ¥1,471.3 billion.

Operating Income / Operating Income Margin



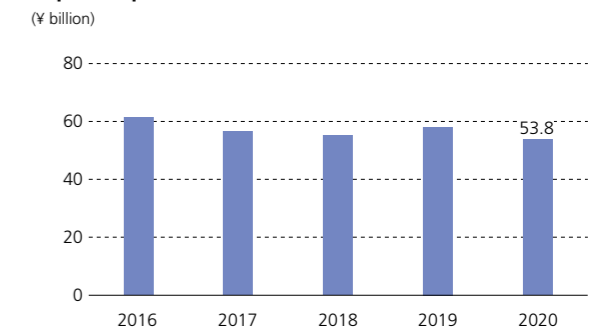
Operating income recorded a substantial decline in the first half of fiscal 2020 due to factors such as foreign exchange fluctuations and a decrease in utilization rates attributable to the suspension of factory operations in several countries that were implemented in the first half of the fiscal year, in addition to the aforementioned decrease in net sales. Although the second half of fiscal 2020 saw net sales generally trend toward recovery primarily in developed markets, operating income was down ¥33.7 billion year on year, to ¥81.7 billion.

R&D Expenses



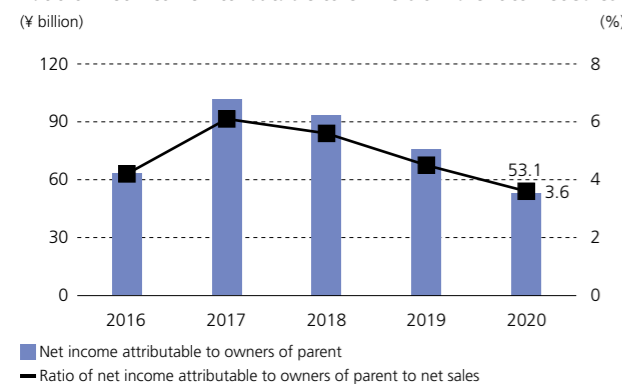
The Company maintained its development efforts in new business areas aimed at future growth and for strengthening core businesses while tightening spending overall through selection and concentration, recording ¥94.0 billion in R&D expenses.

Capital Expenditures



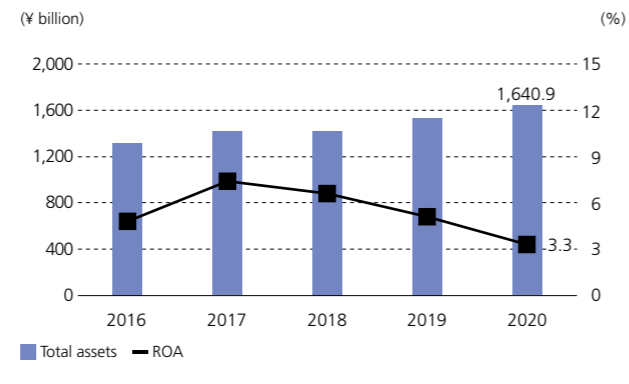
Capital expenditures targeting sustainable growth and greater efficiency in existing businesses were down ¥4.3 billion year on year, to ¥53.8 billion.

Net Income Attributable to Owners of Parent / Ratio of Net Income Attributable to Owners of Parent to Net Sales



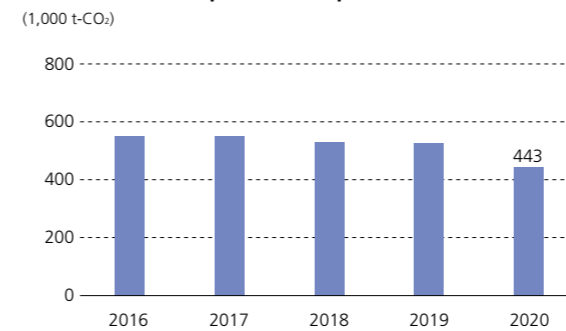
Net income attributable to owners of parent declined ¥22.7 billion year on year, to ¥53.1 billion, and the ratio of net income attributable to owners of parent to net sales decreased a 0.9 percentage point year on year, to 3.6%.

Total Assets / Return on Assets (ROA)



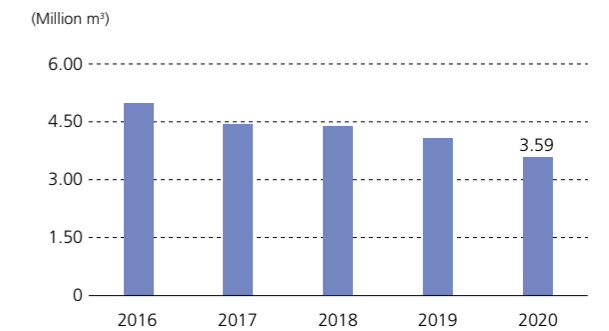
Total assets rose ¥108.1 billion from the previous fiscal year-end, to ¥1,640.9 billion. Factors behind this increase included the securing of liquidity on hand as a countermeasure for the impacts of COVID-19, as well as a rise in long-term sales finance receivables as a result of the Company's shift to greater autonomy in loan receivables for "Prime" customers in the United States.

CO₂ Emissions (Scope 1 and Scope 2)*



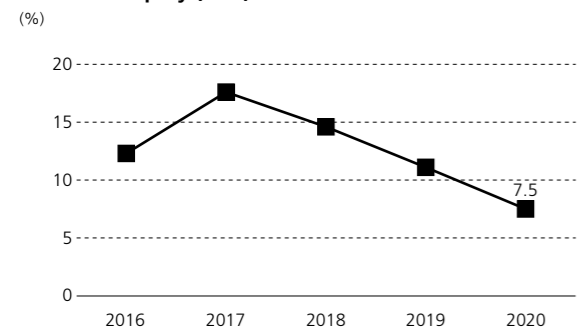
As a Groupwide goal, the Company has set medium- to long-term targets for reducing the CO₂ emissions generated over product life cycles and is also working to reduce the greenhouse gas emissions produced in manufacturing.
* Scope 1 and Scope 2: Direct and indirect emissions produced by the Company's operations

Water Intake



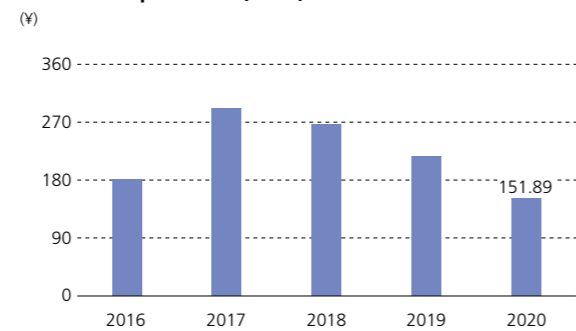
The Company will continue to measure its global use of water resources and reduce the amount of water intake by promoting the reuse of coolant water and water collection (rainwater and other sources) at its factories.

Return on Equity (ROE)



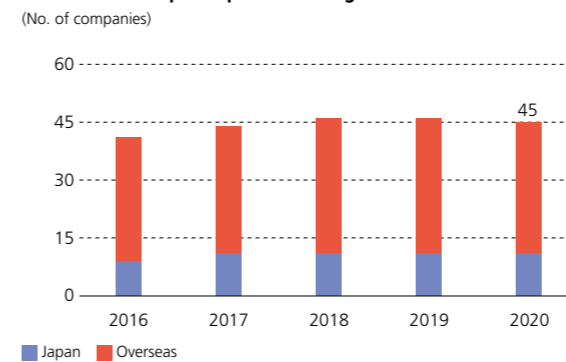
The decline in net income attributable to owners of parent led to a 3.6 percentage point decrease in ROE compared with the previous fiscal year-end.

Net Income per Share (Basic)



Net income per share (basic) declined from the previous fiscal year due to the fall in net income attributable to owners of parent.

Number of Group Companies Joining Unified Certification Program



The Company has been working toward receiving ISO 14001 certification for environmental management systems at Group companies in Japan and overseas since fiscal 2012. A total of 45 companies (11 in Japan and 34 overseas) have joined the unified certification program, mainly manufacturing companies in Asia (including Japan), Europe, the United States, and South America.

Brand Ranking*



* Brand value ranking of Japan-based brands carried out by Interbrand Japan (Best Japan Brands 2021)

The Yamaha brand, calculated by combining the brand value of both Yamaha Motor and Yamaha Corporation, was valued at US\$1,480 million (compared with US\$1,369 million in fiscal 2020 and US\$1,195 million in fiscal 2019).

Yoshihiro Hidaka

President, Chief Executive Officer
and Representative Director



Without fearing change, we will aim to create new value expanding human possibilities by continuing to boldly take on uniquely Yamaha challenges.

Overview of Fiscal 2020

On behalf of the Yamaha Motor Group, I would like to begin by offering our sincere condolences to anyone who has lost loved ones due to the COVID-19 pandemic and extending our heartfelt thoughts to everyone otherwise affected by this crisis. I would also like to express our deepest gratitude and respect for all the frontline medical practitioners and workers providing the essential services that support society.

In fiscal 2020, ended December 31, 2020—the second year of our current Medium-Term Management Plan—I had initially planned to set a course for achieving the plan’s targets by orienting our focus on boosting the profitability of our existing businesses. This is one of the two main pillars of our basic policy of improving cash flows by raising the profitability of existing businesses, while promoting growth strategies and reinforcing our business platforms. However, seeing the dramatic changes in the business environment brought about by COVID-19 led us to quickly switch into survival mode. This decision reflected the lessons we learned from our experiences during the global financial crisis of 2008 triggered by the Lehman Brothers bankruptcy. At the same time, in fiscal 2020 we worked together as a group and strove to secure business continuity while keeping the well-being and safety of all our stakeholders—including employees, suppliers, and customers—as our top priority, suspending operations temporarily, implementing remote working systems, and other efforts in compliance with the directives and requests of authorities in countries around the world.

In such an environment, the Company saw a decline in net sales due to a decrease in sales of motorcycles in the Land Mobility business and a fall in sales in the Marine Products business in the first half of fiscal 2020. Further, the suspension of factory operations enacted in the first half of the fiscal year under review drove down capacity utilization rates, among other effects, and together with the impact of foreign exchange fluctuations, both operating income and net income attributable to owners of parent recorded decreases.

On the other hand, we saw an earlier-than-anticipated rise in demand. Demand has been on a recovery path since the second half of fiscal 2020 and our production floors are currently operating at full capacity as we work to restore inventory back to proper levels. Despite the decline in net sales and operating income in fiscal 2020, I believe we achieved a certain amount of success while working to promote cost reductions, risk control, the normalization of our supply chain, and other initiatives in the face of a challenging business environment.

Fiscal 2021 marks the final year of the current Medium-Term Management Plan, but as announced on August 6, 2020, we have withdrawn our financial targets for the plan given the global spread of COVID-19. Nonetheless, our work to create new businesses for future growth and our basic policy of focusing on structural reforms for our businesses toward improving profitability remain unchanged, and I am of the opinion that we still made steady progress in these areas in fiscal 2020.

Changes in the Business Environment Triggered by COVID-19

COVID-19 has given rise to significant changes in people’s lifestyles and value systems. Based on my experience with the aforementioned financial crisis, I thought that the recreation and leisure fields would be the last of all to recover, even after the lifting of lockdowns and other restrictions. However, despite limitations on the movement of people and on logistics, I believe there were only a few cases in

which customers who had been considering purchasing our products actually refrained from doing so, owing to factors such as an increase in disposable income thanks to government support measures and subsidy programs—mainly in developed markets—and the absence of any lasting damage to retail financing for consumers.

Outdoor recreation demand spiked following the lifting of

lockdown restrictions in developed markets. Yamaha Motor boasts a diverse product lineup and this recovery became a tailwind for us, leading to more customers buying our products for the first time in such fields as motorcycles, all-terrain vehicles (ATVs), recreational off-highway vehicles (ROVs), outboard motors, and personal watercraft. Of particular note was the significant rise in sales of off-road motorcycles and entry-model ATVs as well as the higher ratio of first-time buyers of marine products. Given these trends, to first allow new customers to fully experience the fun of our products firsthand, we moved to promote our initiatives that help customers who chose to buy a Yamaha enjoy our products with peace of mind for a lifetime, such as our bLU cRU*¹ support program run primarily in Japan, the United States, and Europe.

Also, the shift away from using public transportation in Europe and Japan has prompted a reappraisal of the value of personal mobility. In certain parts of Europe, customers can ride the Tricity 300 Leaning Multi-Wheel (LMW)*² model

we launched in fiscal 2020 with just an automobile license, thereby opening up a customer segment entirely different from ours to date. Furthermore, demand for electrically power-assisted bicycles has rebounded sharply in Europe, where concern for the environment is high.

Meanwhile, we encountered some situations on the *Monozukuri* front lines during the COVID-19 pandemic that could not be addressed by human workers. We recognize there will be a growing need for collaborative robots that help resolve labor shortages and prevent closed, crowded, and close-contact settings, and we are stepping up our initiatives to develop such robots accordingly. I view this business environment as a positive one for Yamaha Motor and an opportunity for the Company to enhance its presence by offering uniquely Yamaha value.

*1 A support program for amateur racers using Yamaha motorcycles
*2 Leaning Multi-Wheel: Yamaha Motor's designation for vehicles with three or more wheels that lean like a motorcycle through turns (Japan Patent Office Trademark #5646157)

Driving Our Digital Transformation to Create New Value by Capturing Needs

Yamaha Motor is promoting a digital transformation (DX) leveraging the latest digital technology and data in a strategic manner. Amid restrictions on going outdoors and difficulties in maintaining physical customer touchpoints, we are accelerating our DX efforts based on the understanding that using DX to capture customer needs rapidly and accurately is a pressing task.

With this in mind, we launched an online sales website for motorcycles in India in fiscal 2020. Everything from product selection to purchase can be completed entirely online and those making a purchase can also choose their preferred dealership as well as other options on the website. This service also addresses the needs of consumers wishing to avoid going outdoors by offering vehicle delivery right to their door.

We are also advancing product innovation with the Internet of Things (IoT). In Indonesia, we launched a new connected version of the NMAX commuter vehicle equipped with IoT technology. Through a dedicated smartphone app, we are building a system that connects our customers, products, and dealerships. Users can check the state of their engine oil and track fuel consumption via their smart devices, and we have created a service whereby in the event of a breakdown, the date, time, and location are sent via email

to notify a dealership or a contact registered in advance. For marine products, we offer outboard motor boat control systems using IoT technology. By installing a data communication module (DCM) on boats, we are helping facilitate the early discovery of quality issues and preventing problems before they occur.

Meanwhile, we are working to promote DX on our production floors. By monitoring operating equipment, managing production data in a centralized manner, and carrying out data analysis using artificial intelligence (AI), we have clarified issues that had not previously come to light, leading to productivity and quality improvements. Looking ahead, we will go global with these efforts, beginning in ASEAN markets, and share best practices through the centralized management of global production floor data to realize high-quality, cost-competitive *Monozukuri*.

The greatest source of Yamaha Motor's new value creation is the creativity of its people. However, it is not possible to fully apply such creativity while under a variety of constraints. I hope that all our employees will be able to fully flex their creative muscles by devoting the time freed up through DX to discussing new value creation and improving their work-life balance.

Focus Policies for Fiscal 2021

While there is no room for complacency, I expect that fiscal 2021 will be a year in which we see the world gradually return to pre-COVID-19 conditions thanks to the expansion of vaccination programs, and we plan to put top priority on delivering our products to customers. Despite the need for increased production in the Land Mobility, Marine Products, and Robotics businesses, we have seen our market share fall with certain product groups and regions due to supply not keeping pace with demand. While we operated at full capacity in the first half of fiscal 2021 from the standpoint of replenishing inventories for developed markets in the Land Mobility and Marine Products businesses, we will carefully adjust operating conditions in the second half of the fiscal year as we scrutinize market trends. Meanwhile, we expect the moderate recovery for motorcycles in emerging markets to continue. At the same time, demand in China underpinned the Robotics business in the first half of fiscal 2021 and we anticipate that demand will recover in all other markets in the second half of the fiscal year.

In fiscal 2021, we intend to leverage this upswing in demand to restore and reinforce the earnings structure of our existing businesses while promoting growth strategies and initiatives for bolstering our business platforms in order to achieve our numerical targets. As for structural reforms, we are steadily moving ahead with efforts to optimize our global production scheme, completing the consolidation of our plants in northern India and beginning the consolidation of our plants in Taiwan in fiscal 2020. In fiscal 2021, as one facet of the restructuring of our production bases aimed at improving production efficiency and market adaptability in Japan, we have decided to reallocate production roles at the Iwata Main Factory and surrounding plants in Shizuoka Prefecture. We expect to invest ¥14 billion by fiscal 2025 and incur just under ¥3 billion to cover relocation costs and other expenses in our spending plan.

Meanwhile, we will enact measures to address issues that came to light in our response to COVID-19. Yamaha Motor has thus far worked to optimize its global supply chain from the perspectives of quality, cost, and delivery. As a result, Indonesia and India function today as our primary global supply bases. However, should conditions materialize in which lockdowns are implemented in both countries, there is a risk that the impact would bring production at our factories around the world to a halt. In light of this, I believe we must stabilize and reinforce our supply chain by once again reviewing our global production scheme, logistics functions, and other aspects.

Since the 2008 global financial crisis, we have pursued break-even-point management feeling it an imperative to shift to an earnings structure able to withstand sharp declines in sales. Fiscal 2020 put the true value of this approach to the test, with the year's events highlighting the gap between areas of the Company that have successfully implemented this approach over the past decade and those that have not. Therefore, we will conduct analyses of each subsidiary and department again to thoroughly implement our break-even-point management approach.

We also saw major changes in the workstyles of our employees. Although we introduced new workstyles with remote working and the like, areas needing improvement have become apparent. We will thus explore and implement methods that strike a balance between improving the value of our employees' free time and enhancing corporate productivity by streamlining work processes and discussing effective ways to use new workstyle systems. At the same time, we will continue elevating our use of digital technologies in preparation for the post-COVID-19 era.



Toward the Achievement of Our Long-Term Vision

Development of New Businesses

Amid dramatic changes in the external environment and accelerating diversification of people's values, Yamaha Motor's Long-Term Vision for 2030 of ART for Human Possibilities clearly states the value the Company would like to offer society and the direction in which we wish to move forward.

In order to achieve our Long-Term Vision, over the duration of our current Medium-Term Management Plan, we have leveraged fixed assets such as our core competencies and positioned the plan as a period to carefully assess business areas with the potential for sustainable growth while contributing to the resolution of societal issues, in addition to advancing the development of new businesses. Although our policy had been to carry out selection and concentration during the next Medium-Term Management Plan, we decided it best to fast-track our plans in consideration of the possibility that we may not be able to generate the medium-term cash flows we had expected to use as investment funds.

Mobility services, low-speed automated mobility, agriculture, and laborsavings on the medical front lines are all fields in which we have maintained continuous involvement to date and where we can harness our strengths by applying our technologies and expertise. We will narrow down particularly promising projects from among these fields and concentrate our resources therein going forward. While medical-related projects have stagnated slightly because of COVID-19, others are progressing steadily.

In mobility services, we are seeing rising needs for last-mile deliveries and alleviating traffic congestion, particularly in emerging markets. To meet these needs, we aim to build a delivery and mobility service ecosystem by investing in platform operators in Africa and promoting collaborations that include the provision of our motorcycles, parts, and the like. In Japan, field tests for low-speed electric mobility solutions with vehicles based on our Land Cars are underway in various parts of the country. Also, since testing can be done in open fields, close-contact settings are not usually an issue in agriculture, thereby significantly reducing the risks associated with COVID-19. Accordingly, we were able to carry out various tests and other projects, helping further our technological development efforts.

Carbon Neutrality

Efforts to lower carbon emissions are accelerating worldwide, and in December 2018, Yamaha Motor formulated the Yamaha Motor Group Environmental Plan 2050, which lays out our stance, goals, and action plan as a company striving to realize a sustainable society. We have recently updated the plan with new targets set for achieving carbon neutrality not just in our business activities but throughout the entire life cycles of our products by 2050.

For details, please read the Climate Change Initiatives section beginning on page 26 of this report.

For a company such as Yamaha Motor, which has grown into what it is today through its engine technologies, we have no choice but to admit that the challenge of achieving carbon neutrality presents us with major risks. However, we will move forward with the electrification of our existing products from a defensive standpoint, but also go on the offensive by working to create new and unprecedented mobility.

First, let me explain our defensive standpoint. With the electrification of our powertrains, we must give due thought to the two perspectives of 1) what our customers will consider as value and 2) the demands of society, such as stricter regulations. Although electrification is technically possible, creating a product truly in line with customer needs remains an extremely challenging task, as it is not at present possible to offer a product competitive in terms of cost, cruising range, and other factors. More realistically, we intend to electrify our existing products by carefully assessing value for customers, beginning with the small commuter vehicles that support daily personal mobility. While it will be no simple task to change these circumstances over the next 30 years, we will make each step of the way a sure and steady one.

Next, I will turn to how we will go on the offensive. We will aim to create new and unprecedented forms of mobility by combining our mobility technologies based on small powertrains—a Company strength—with the robotics born of our production technologies. For example, our TRITOWN standing electric micromobility model with twin front wheels was developed wondering what we could achieve if we targeted the last-mile mobility segment. Although we are currently carrying out field tests, I hope to present this product to the world as a uniquely Yamaha proposal.

With our other pursuits, we are not restricting ourselves to existing forms of motorcycles and are moving forward with

the development of a model taking our LMW platform and technologies, which we have been refining for many years, even further. In a new field of mobility located between

automobiles and motorcycles, we will aim to further reduce CO₂ emissions per person.

Raising Our Corporate Value and the Mission We Must Fulfill as Yamaha Motor

On business trips to various countries around the world, I often have the opportunity to talk with local people, from airport staff to taxi drivers. In these interactions, after being asked what my occupation is, the conversation becomes lively when I reply that I work for Yamaha Motor. Whenever I have these encounters, I feel genuinely proud of Yamaha Motor as a company. Almost 130 years have passed since the Yamaha brand was born and over 65 years have gone by since we turned our hand to motorcycles. Over our long journey, we have been able to establish the Yamaha brand's reputation across the world because our commitment to creating the value we call *Kando* has been recognized by customers. I view this commitment as our greatest strength. Our workforce is diverse, with employees hailing from many different countries and regions, but what is shared among all of them is a deep loyalty to the Yamaha brand and that forms part of our corporate culture. The corporate mission of Yamaha Motor is to be a *Kando* Creating Company. As a member of the Company myself, I want to hold our

corporate culture up high so that each and every employee can take pride in the Yamaha brand and continue delivering *Kando* through our products and services.

The COVID-19 pandemic has brought about a sense of stagnation throughout society, and although there is still uncertainty about the future, people can still discover *Kando* and joy under such circumstances. When I see children across the globe riding around on the motorcycles we make for them, I am reminded once again that delivering *Kando* and delight is our most important mission.

Always delivering joy, excitement, and happiness to people around the world through our range of products and services also leads to our own personal, sustainable growth. To continue creating new value, we will not fear change and aim to achieve our Long-Term Vision for 2030 of ART for Human Possibilities by continuing to boldly take on uniquely Yamaha challenges.



Yoshihiro Hidaka
President, Chief Executive Officer and
Representative Director

We have no choice but to admit that the challenge of achieving carbon neutrality presents us with major risks, but we will still boldly take on challenges while carefully assessing customer needs.



Yamaha Motor's System of Strategic Policies

Yamaha Motor has identified important societal issues (materiality issues) to address in light of significant changes in the business environment as well as in terms of risks and opportunities. In order to resolve these societal issues, the Company formulated our Long-Term Vision for 2030 to indicate the directions we will take. For details on the Company's important societal issues, the Long-Term Vision, and our various measures, please see the relevant pages.

Corporate Mission

Offering new excitement and a more fulfilling life for people all over the world

Megatrends of particular importance for Yamaha Motor

- Climate change and resource shortages (increased CO₂ emissions in particular)
- Population growth in emerging markets and the aging of society in developed markets
- The global economic power shift from developed markets to emerging markets
- The progress of rapid urbanization and increase in urban/rural disparities
- The progress of technological innovations (IoT/AI)
- More traffic accidents and traffic congestion (particularly in emerging markets)
- Responses to first/last-mile mobility needs
- The transition from vehicle ownership to sharing and from material goods to experiences

Important societal issues (materiality issues) identified by Yamaha Motor

- Environment and resources
- Transport, education, and industry
- Innovation
- Human capital management

Long-Term Vision

ART for Human Possibilities

Let's strive for greater happiness

Three Focus Areas

Advancing Robotics

Leverage and evolve intelligent technologies and robotics as a foundation

Rethinking Solution

Propose uniquely Yamaha solutions

Transforming Mobility

Promote innovations in mobility

Specific Measures

Environmental Plan 2050

Financial strategy

Digital transformation (DX) strategy

Strategies by function

Strategies by business

Important Societal Issues (Materiality Issues)

Yamaha Motor has identified important societal issues that it will address while leveraging its strengths and promotes initiatives to resolve those issues, with the aim of achieving sustainable growth of its corporate value as well as the sustainable development of society and the environment. The Sustainability Committee takes the lead role in advancing these initiatives and each department monitors and manages their respective progress. Our policy is to periodically review and revise our materiality issues in light of changes in the environment and other factors.

Process for Identifying Important Societal Issues

STEP 1 Sort

We look at the wide range of societal issues referenced in the United Nations' Sustainable Development Goals (SDGs) and the Global Risks Report, and select those that will have the greatest impact on Yamaha Motor's use and procurement of management resources, and for which the resolution will make the greatest contribution to the enhancement of corporate value. We also evaluate the importance of societal issues from the perspective of stakeholders, referencing the valuations of ESG rating institutions.

STEP 2 Categorize

Through consultation with operating divisions, functional divisions, and corporate divisions, the divisions clarify the relationships between the issues selected in Step 1 and each division's policies and activities, and those that should be addressed Companywide are aggregated and categorized.

STEP 3 Designate

All of the Company's officers deliberate societal issues aggregated and categorized in Step 2 at Management Committee and Board of Directors meetings and designate "important societal issues" that should be addressed Companywide using the Company's strengths, corporate philosophy, and unique capabilities.

STEP 4 Incorporate

Initiatives to resolve the identified important societal issues have been incorporated into the current Medium-Term Management Plan. The rigorous implementation of these initiatives will be monitored going forward.

Issues directly affecting the sustainability of our business model

Environment and resources

Transportation, education, and industry

Important issues related to the strengthening of our business platforms

Innovation

Human capital management

Selected societal issues

	Important issue areas	
High	<ul style="list-style-type: none"> • Financial crisis in important economic zones • Unmanageable inflation • Failure of national governance • Failure of regional or global governance • Inter-government conflict over regional problems • Deepened social uncertainty • Abuse of technological progress 	<ul style="list-style-type: none"> • Introduction of industrial processes taking into account clean technologies and efficient use of resources • Heightened awareness of sustainability • Promotion of economic growth based on fair work environments • Reduction of waste materials • Curtailment of corruption and bribery
Importance to stakeholders	<ul style="list-style-type: none"> • Abolition of inequality • Responses to multistakeholders • Promotion of innovation (active use of global partnerships) • Implementation of fair taxation • Promotion of sustainable industrialization 	<ul style="list-style-type: none"> • Elimination of discrimination against women and protection of human rights • Use of women's skills • Strengthened disaster prevention and response • Eradication of forced labor, human trafficking, and child labor • Increased employment for socially vulnerable people
Low	<ul style="list-style-type: none"> • Strengthened support for emerging and developing economies 	<ul style="list-style-type: none"> • Improved energy efficiency (including promotion of use of renewable energy) • Promotion of use of inexpensive, reliable energy • Promotion of safe and secure work environments • Advancement of diversity and inclusion • Effective use of water resources and prevention of pollution • Securing of clean water resources • Prevention of pollution and damage from harmful chemical substances • Strengthened measures to address climate change • Sustainable use of natural resources • Promotion of innovation (promotion of sustainable industrialization) • Promotion of innovation (promotion of sustainable forms of consumption and production in developing countries) • Expansion of educational systems (including vocational training) • Enhanced educational environment in developing countries • Promotion of social infrastructure development • Prevention of traffic accidents • Protection of small-scale agricultural and fishing industries • Advancement of sustainable fishing industry • Improved access to fishing areas and markets in least developed countries
	Low	High

Toward Sustainable Growth
Important Societal Issues (Materiality Issues)

Targets and Progress

Important societal issues	Risks and opportunities	Uniquely Yamaha initiatives for resolving issues	Vision for 2030	Medium-term targets (2019 to 2021)	Progress in 2020	See more on	SDGs
Environment and resources	<p>Risks</p> <ul style="list-style-type: none"> Tightening of regulations and declining net sales due to the progression of global warming Declining profits due to rising costs Negative impact on corporate image Delays in the economic independence of developing countries because of marine pollution Impact of marine pollution on the fishing industry and marine leisure <p>Opportunities</p> <ul style="list-style-type: none"> Growing trend of EVs replacing existing forms of mobility Heightening demand for smaller forms of mobility 	<p>Initiatives to address climate change</p>	Reduced CO ₂ emissions from products and during production activities by 25% (per unit compared with 2010)	Products: 13.75% reduction (compared with 2010) Production activities: 17.36% reduction (compared with 2010)	Products: 15.8% reduction (compared with 2010) Production activities: 41.2% reduction (compared with 2010)	P.26-	
		<p>Creating a technology platform for electrification</p>	Monitoring the electric power policies and battery technology innovations of various countries while promoting EV development in order to launch products in a timely manner	Launch uniquely Yamaha electric products and establish a development platform for them	Continued development of electric motorcycles toward making market launches Took part in field tests organized by the Japan Automobile Manufacturers Association (JAMA) aimed at popularizing electric motorcycles Received the Minister of Economy, Trade and Industry Award at the Technology Management and Innovation Awards for electrically power-assisted bicycles (PAS) Conducted field testing for the TRITOWN standing electric micromobility model Conducted waterborne field tests for the HARMO electric boat control system Launched the YPJ-MT Pro electrically power-assisted mountain bike simultaneously in Japan and the United States (YDX-MORO Pro) (September)	P.22 P.22 P.22	
		<p>Initiatives to promote resource recycling</p> <ul style="list-style-type: none"> Bringing safe water to people worldwide Achieving a more sustainable maritime society Improving environmental issues and conserving marine resources 	<p>Reduced waste generated during production activities by 18.7% (compared with 2010)</p> <p>Assisting in village development by contributing to the provision of safe water</p> <p>Addressing the environmental problems faced by oceans</p> <p>Conserving marine resources</p>	<p>Reduce waste by 10.5% (compared with 2010) * Yamaha Motor on a non-consolidated basis</p> <p>Bring the number of water purification systems (Yamaha Clean Water Supply System) installed to 50 * Target changed due to COVID-19</p> <p>Initiatives to address the issue of ocean plastic waste</p> <p>Offer a number of solution proposals in the fishing industry</p>	<p>26.0% reduction (compared with 2010) * Yamaha Motor on a non-consolidated basis</p> <p>Number of water purification systems installed: 42 * Severe installation delays due to COVID-19</p> <p>Took part in the Japan Agency for Marine-Earth Science and Technology (JAMSTEC)'s activities for popularizing ocean literacy</p> <p>Drove discussions with several companies regarding measures to address issues facing the fishing industry</p>	P.26-	
		<p>Training to reduce traffic accidents</p>	Reduced number of fatalities due to traffic accidents	Safe riding training opportunities (Yamaha Riding Academy): Hold 2,000 courses with 180,000 participants in 2021 Number of countries with trainers: 20	Riding safety training opportunities: Held 3,353 courses globally with approximately 67,000 participants Number of countries with trainers: 15 * Increased the number of courses held by introducing safety training at dealerships and through online training, despite restrictions in various countries due to COVID-19	P.23	
		<p>Offering low-speed mobility services and popularizing diverse forms of mobility for the elderly</p>	<p>Selling unmanned transportation systems</p> <p>Established electrically power-assisted bicycles as an alternative form of mobility for elderly people in Japan who surrender their driving license</p>	<p>Establish prospects for commercialization of low-speed mobility services</p> <p>Supply several thousand electrically power-assisted bicycles to local governments through cooperation with the national government</p>	<p>Raised awareness in rural areas through steady promotions and made progress in identifying issues Took part in field testing at 18 locations in Japan in various capacities, including by providing vehicles * Switch to a fee-based service delayed due to COVID-19</p> <p>Delivered a total of 100 electrically power-assisted bicycles to local governments and rental operators</p>	P.23	
Transportation, education, and industry	<p>Risks</p> <ul style="list-style-type: none"> Rising number of traffic accidents Rise in traffic accidents caused by the elderly in developed nations Fewer means of transportation in underpopulated areas <p>Opportunities</p> <ul style="list-style-type: none"> Growing demand for motorcycles due to rising populations and incomes in developing countries Greater need for smaller forms of automated mobility Addressing and supplementing the aging workforce and labor shortages in the agriculture, fishing, and manufacturing industries Increased automation with the development of AI technologies New mobility demand with CASE vehicles and Mobility as a Service (MaaS) 	<p>Equipping products with digital devices for sound maintenance</p>	Equipping an aggregate total of four million units by 2024 (target year)	Supply 200,000 motorcycles equipped with connected digital devices to the market per year	Number of motorcycles equipped with connected devices: 92,000 in total • Connected NMAX: 74,000 • Connected AEROX: 18,000	P.23	
		<p>Developing new forms of mobility</p>	Selling new forms of mobility and having in place a model to drive business	Market penetration of LMWs and other new-value forms of mobility by expanding the model lineup	Launched the Tricity 300 in July in Europe and October in Japan Conducted field testing for the TRITOWN standing electric micromobility model	P.24	
		<p>Freedom from menial work and promotion of economic growth through autonomization</p>	<p>Increased production efficiency</p> <p>Optimizing entire factories</p> <p>Become an agricultural and logistics solutions provider</p>	<p>Develop highly efficient, multifunctional platforms and high-speed platforms for the robotics sector</p> <p>Integrate automatic guided vehicles (AGVs) into factory floor operations</p> <p>Launch and use of autonomous drones</p>	<p>Launched the YRM20 designed to be a high-efficiency multifunctional platform (April)</p> <p>Established eve autonomy, Inc. with Tier IV as a joint venture company in the automated transport solutions business (February)</p> <p>Launched the YMR-08AP (March) Commenced operation of the Yamaha Motor Smart Agriculture Platform (YSAP), a cloud-based spraying management system</p>	P.24 P.24 P.25	
		<p>Offering solutions for the agricultural sector using robotics</p>	Achieved unmanned agricultural processes for several varieties of crops	Establish prospects for autonomous harvesting of more than one variety of crop	Initiatives such as proof-of-concept testing underway in Japan to address issues Carried out two tests at a farm and testing facility	P.25	
Human capital management	<p>Risks</p> <ul style="list-style-type: none"> Labor shortages from falling birth rates and aging populations in developed nations Unfair labor practices of suppliers and business partners <p>Opportunities</p> <ul style="list-style-type: none"> Acquisition of new capabilities through the promotion of diversity and inclusion Increased drive with the recruitment of diverse and talented human capital from various countries 	<p>Promotion of diversity and inclusion</p>	<p>More globalized personnel</p> <p>A leading company for women employees to work at</p>	<p>Promote activities for increasing the ratio of local talented personnel in management positions to 60% at overseas subsidiaries Continue global recruitment (over 10% of new graduates in regular positions at headquarters)</p> <p>Number of women in management positions: 48 by 2025 (16 women were in management positions in 2014) Obtain national certifications (Japan)</p>	50% 10%	P.48	

Resolving Societal Issues through ART

The Yamaha Motor Group strives to contribute toward resolving important societal issues through efforts in the three focus areas of **A**dvancing Robotics, **R**ethinking Solution, and **T**ransforming Mobility in the growth strategy laid out in its Long-Term Vision. Capitalizing on its technologies, knowledge, and expertise to date, the Company is actively engaged in various initiatives to that end together with its partners and via collaborations among industry, academia, and government.

Environment and Resources

Standing Electric Micromobility Proposal



The TRITOWN is a standing electric micromobility model with twin front wheels employing our Leaning Multi-Wheel (LMW) design. To date, field tests of the TRITOWN have been run on park paths and public roads in various locations, including a field test on public roads in Yokosuka, Japan, in fiscal 2020. Based on user feedback from these tests, we are assessing the feasibility for the TRITOWN to be widely used on public roads, its viability as an inter-modal first/last-mile mobility solution, and its potential in tourism as a new form of mobility.



Field Testing an Electric Boat Control System



HARMO is a new boat control system that integrates an electric propulsion unit, boat steering system, and more. Testing of the system began with use on the Otaru Canal Cruise route in Otaru in Japan's northern Hokkaido Prefecture. In the future, we aim to offer boats with "smart packages" that allow passengers to enjoy the higher levels of comfort made possible by the silent propulsion only electric systems offer.



Launch of High-End e-MTB



The newly launched YPJ-MT Pro is an electrically power-assisted mountain bike (e-MTB) designed for off-road riding and was created utilizing the knowledge and expertise Yamaha Motor has garnered in developing motorcycles and other mobility products. Positioned as the flagship model for the YPJ Series, the YPJ-MT Pro will be used to grow sales in Japan's e-Bike market.



Development of Electric Motor Units for Mobility Applications



The Company has begun accepting orders for developing prototype electric motors (35 kW class) featuring industry-leading output density for use in automobiles and other mobility applications. These units generate high output despite their compact size thanks to the use of high-efficiency segment conductors and the casting and machining technologies Yamaha has honed through its engine development.



Transportation, Education, and Industry

Promotion of Low-Speed Mobility Services



Japan has the most aged society in the world and thus faces a variety of social challenges, from ensuring accessible modes of transportation for the elderly to regional disparities between urban and rural areas. Other countries around the world with aging societies are paying close attention to developments in Japan. By providing compact, low-speed forms of mobility such as its electric carts for first/last-mile mobility solutions, the Company looks to aid community building employing such "slow mobility" and create uniquely Yamaha value in mobility, and thereby not only address important societal issues such as transportation, health, and industrial development but also introduce fun to the value of mobility itself. Although the impacts of the COVID-19 pandemic delayed the deployment of fee-based services in fiscal 2020, we were able to conduct field tests in 18 locations across Japan.



Launch of New Connected NMAX and AEROX Models



Beginning with the Indonesian market, Yamaha Motor launched models featuring onboard connectivity and in fiscal 2020 sold 74,000 NMAX and 18,000 AEROX models with connected features in the country. Connected vehicles make it easier to visualize and track acquired vehicle data and thereby offer personalized services based on that data. This enables more convenient after-sales service by informing users of the appropriate timing for vehicle inspections and encouraging visits to official dealerships for proper maintenance. We plan to roll out connected features on a global scale going forward.



Worldwide Efforts for Riding Safety



Under the COVID-19 pandemic, the Yamaha Riding Academy developed and implemented methods for effective online instruction and held courses a total of 3,353 times in countries around the world for some 67,000 participants. The frequency of traffic accidents is particularly high in ASEAN nations, and from the standpoint that traffic and riding safety education from an early age is important, the Company offers a wide range of relevant safety content—covering children to professional riders—in its safety education and promotion efforts.



Innovation

Launch of New LMW Model



The Company launched its new Tricity 300 LMW model in Europe and Japan. This is Yamaha's first production model to employ the new Standing Assist system that helps the vehicle stand on its own when stopped. In some European countries, car license holders are able to ride the Tricity 300 without acquiring a motorcycle license, helping us reach new customers. Sales of this model were strong in fiscal 2020, with 2,900 units sold in Europe and around 660 units sold in Japan following its September launch.



Launch of Automatic Flight-Capable Electric Drone



Smart agriculture brings robotics and ICT to the agriculture field and is gaining a great deal of attention in Japan as a potential solution to various issues faced by the country's agriculture industry, including its shrinking and aging workforce. March 2021 saw the addition of the YMR-08AP into Yamaha Motor's industrial-use multirotor drone lineup. This new offering contributes to efficiency and laborsavings in agricultural work through automated flight. Featuring automatic crop-dusting governed by the autopilot, dedicated software for easy route planning, and more, the YMR-08AP contributes to efficiency and laborsavings while delivering high-quality spray distribution on par with our industrial-use unmanned helicopters.



Development of High-Efficiency, Multifunctional Platforms



Yamaha Motor completed development of the YRM20 as the first in its YRM Series of all-new next-generation moulder platforms embodying the Company's Intelligent Factory concept. The YRM20 is a new, premium, high-efficiency modular that combines two unique technologies representing Yamaha Motor's history of excellence in the field: the rotary head from the Σ Series and the in-line head primarily used with the YSM Series. Going forward, Yamaha Motor will continue to expand its lineup of next-generation YRM Series moulder platforms.



Establishment of Joint Venture Company for Automated Transport Solutions



Factories' logistics operations are finding it increasingly difficult to maintain efficient demand-driven production systems under the existing model of basing equipment and operations on worker stationing due to a growing demand for high-mix, low-volume production combined with chronic labor shortages. To tackle this issue, Yamaha Motor and Tier IV, Inc. have established eve autonomy, Inc. as a joint venture company in the automated transport solutions business, and transport operations commenced in March 2020.



Agricultural Laborsaving Proof-of-Concept Project



Labor shortages in agriculture have become a concern for developed countries around the world and there is an urgent need for automation and laborsavings in the sector. The Company is providing solutions for the agriculture industry through its robotics expertise. By pairing an articulated robot arm adept at sophisticated, delicate movements via an intricate control program together with an agricultural unmanned ground vehicle (UGV), our aim is to achieve fully unmanned fruit harvesting, which is still done by hand today. In fiscal 2020, we conducted a field test of this prototype at a winery in Yamanashi Prefecture, Japan.



Joint Development of Collaborative Robots



Demand for collaborative robots—robots that work alongside humans—is rising both in developed and emerging countries amid wider labor shortages, rising personnel expenses, and the need for sophisticated automation in new fields such as the Internet of Things (IoT) and connected, autonomous, shared, and electric (CASE) systems and vehicles. Yamaha Motor has partnered with Tokyo Robotics Inc., a specialist in the collaborative robot field, aiming to supply clients with total collaborative robot solutions and thereby grow the scale of its industrial robot business as well as broaden the sectors in which it is involved.



Climate Change Initiatives

(Disclosure Based on TCFD Recommendations)



In May 2019, Yamaha Motor announced its support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). Since then, we have been taking steps to track and manage climate change-related opportunities and risks that could affect our business in order to incorporate adaptive and mitigative climate change measures into our business strategies.

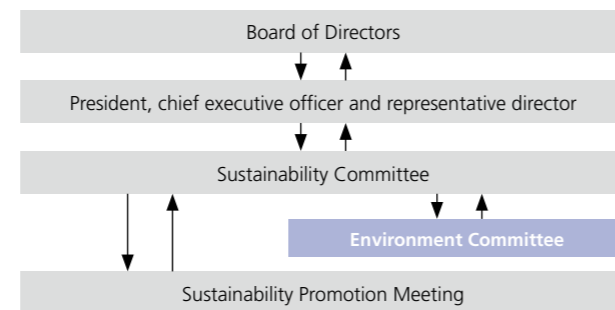
As environmental regulations tighten and the move to decarbonization accelerates around the world, the Company revised the CO₂ emissions targets in the Yamaha Motor Group Environmental Plan 2050 (hereinafter, "Environmental Plan 2050") first formulated in fiscal 2018. We are now moving forward at an even faster pace with initiatives aimed at achieving carbon neutrality.

Governance

The Board of Directors formulates policies on dealing with issues concerning sustainability and regularly reviews their implementation status. With regard to issues concerning sustainability, the Board of Directors oversees the Sustainability Committee, chaired by the president and chief executive officer and comprising executive officers appointed by the Board of Directors.

For these issues, we positioned the environmental field in particular as an important area to be tackled by management and established the Environment Committee, chaired by an executive officer in charge of environmental activities. The Environment Committee meets three times a year to discuss policies concerning the environment and vision for the future, assess Environmental Plan 2050, and conduct annual reviews of how each operating

division has performed against its targets. The committee reports its findings to the Board of Directors at least twice a year.



Climate Change-Related Risks and Opportunities

In our scenario analysis, which assumes physical risks based on a 1.5°C and a 2°C scenario, we have classified and identified the major risks and opportunities for our businesses associated with the transition to a low-carbon society as regulatory, information disclosure, technological, market, reputational, and customer risks.

In addition, we have evaluated the importance of climate change-related risks based on whether they are likely to materialize in the short term (0–3 years), medium term (3–6 years), or long term (6+ years), and the resulting estimated scale of the subsequent financial impact.

Important Environmental and Societal Issues	<ul style="list-style-type: none"> Strengthening of measures to address climate change Improvements in energy efficiency 	<ul style="list-style-type: none"> Promotion of water safety Reduction of pollutants and waste materials Introduction of industrial processes using clean technologies and emphasizing efficient resource use Sustainable use of natural resources 	<ul style="list-style-type: none"> Promotion of protection and recovery of land ecosystems Halting of deforestation Protection and recovery of marine ecosystems
<p>Action Themes</p> <ul style="list-style-type: none"> Low-carbon society Resource recycling A society in harmony with nature 	<p>Risks</p> <ul style="list-style-type: none"> Short term: Costs for addressing regulations may increase significantly, with each country and territory moving to tighten motorcycle emission standards and the U.S. introducing more stringent EPA and CARB emission standards for marine engines. Medium term: Rising demand in India, Africa, and other regions may increase CO₂ emissions from the distribution of goods, and the introduction of carbon taxes may increase logistics costs. Long term: Heightened environmental awareness may lead to decreased sales of products that use fossil fuels, while the introduction of carbon taxes may increase manufacturing costs. 	<p>Risks</p> <ul style="list-style-type: none"> Short to medium term: As the pace of electrification in the mobility field accelerates, it may result in shortages of the metals needed in storage batteries, such as nickel and cobalt, thereby driving up procurement costs. Long term: Increased consumption of resources accompanying the economic growth of emerging markets may heighten procurement risks, including a shortage of resources and cost increases. 	<p>Risks</p> <ul style="list-style-type: none"> Short to long term: Climate change may trigger abnormal weather events, including forest fires, droughts, extreme temperature changes, storms, and snowfall, destroying the ecosystems of the oceans, mountains, and forests where our products are used.
<p>Opportunities</p> <ul style="list-style-type: none"> Short to medium term: Sales of models with improved fuel economy may increase. In emerging economies, motorcycles may be widely adopted as an inexpensive means of transportation with minimal social infrastructure costs. Long term: Electric models may be widely adopted. 	<p>Opportunities</p> <ul style="list-style-type: none"> Short term: Lightweight and compact low-speed mobility vehicles (land cars) may be widely adopted as a means of transportation that helps minimize use of social infrastructure resources and related costs. Medium term: Motorcycle and marine rental businesses may grow. Long term: In terms of engineering, manufacturing, and marketing, ultra-compact mobility vehicles that are small, lightweight, and resource-saving may be incorporated into social infrastructure. 	<p>Opportunities</p> <ul style="list-style-type: none"> Short to long term: Increased awareness of the need to conserve the natural environment may trigger growth of the outdoor market where people seek and cherish interactions with nature. 	

Strategies

The Yamaha Motor Group has set a new target of achieving carbon neutrality throughout all of its business activities, including across the life cycles of its products, by 2050. Climate change, resource recycling, and biodiversity have been defined as priority action themes, and to that end, we have laid down goals to reach

by 2050 along with targets that function as milestones to hit by 2030. Efforts toward accomplishing these goals and targets are moving forward based on three-year medium-term plans and meeting these targets will enable us to continue delivering new *Kando* and more fulfilling lives to people all over the world.

Yamaha Motor's Initiatives

1 Uniquely Yamaha Carbon Neutrality Strategies

Yamaha Motor began working to address climate change in the 1980s. We launched the PAS as the world's first electrically power-assisted bicycle (e-Bike) in 1993 and then proposed a new form of mobility with the Passol electric urban commuter model in 2002. In the years that followed, we proceeded to expand our line of electrified mobility options in various categories, including golf cars, wheelchairs, and outboard motors. The PAS in particular was developed based on the concept of a user- and eco-friendly personal commuter model placing top priority on performance in tune with human sensibilities, and it created an all-new market outside the realms of bicycles or motorcycles. Today, Yamaha e-Bikes are being increasingly used in place of scooters and smaller automobiles in Japanese cities, while in Europe and the United States, the market is growing for e-Bikes as a new genre of outdoor recreation.

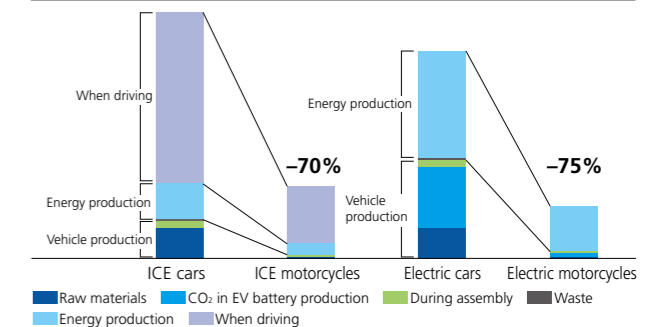
Toward achieving a carbon-neutral society by 2050, Yamaha Motor will continue to create new value not only with its motorcycles but also with new, uniquely Yamaha proposals for personal mobility.

Proposal of Smaller, Eco-Friendly Forms of Mobility

Yamaha Motor is proposing compact forms of mobility with small environmental footprints that produce fewer CO₂ emissions across the entire product life cycle, from raw material procurement to manufacturing, use, and disposal. Motorcycles, for example, use internal combustion engines (ICEs) that emit 70% less CO₂ throughout their life cycles than cars, and electric motorcycles emit 75% less.

In addition, it is possible to reduce CO₂ emissions effectively by cutting down the emissions in battery manufacturing processes and installing more charging facilities that use renewable energy.

Comparison of CO₂ Emissions in Product Life Cycles



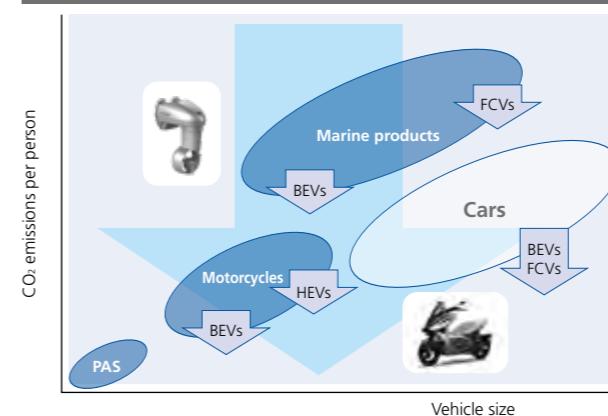
Basis for Calculations
 Vehicle production: Calculated using emissions from raw material production, battery production, assembly, and disposal
 Energy production: Calculated using emissions from fuel production and electricity generation
 ICE and electric cars: Calculated based on International Energy Agency standards
 ICE motorcycles: Calculated assuming an annual riding distance of 15,000 km and 10 years of use with a 125cc Yamaha vehicle
 Electric motorcycles: Calculated with the same distance and use period for a model in an equivalent performance class
 Source for car data: *Global EV Outlook 2020*, International Energy Agency

Basic Policies

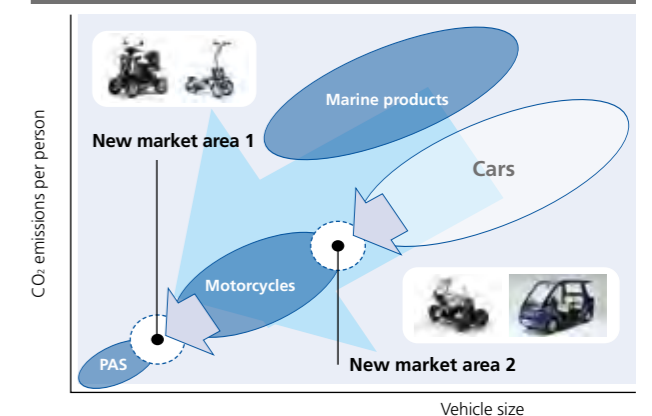
Further reduce the amount of CO₂ emissions per person

- Transition to more efficient power sources as well as those with lower CO₂ emissions
- Promote small mobility vehicles with low CO₂ emissions

Reduction of CO₂ Emissions through Optimal Streamlining



Utilization of Smaller Forms of Mobility



Note: ICE = Internal combustion engine, an engine that generates power through the combustion of fuel; BEV = Battery electric vehicle, a vehicle that uses the electricity stored in an onboard rechargeable battery to power its electric motor; HEV = Hybrid electric vehicle, a vehicle that uses both an engine and an electric motor for propulsion; and FCV = Fuel cell vehicle, a vehicle propelled by an electric motor using power generated by a fuel cell

Yamaha Motor's Initiatives

2 Medium- to Long-Term Target: Achieve Carbon Neutrality from Business Activities

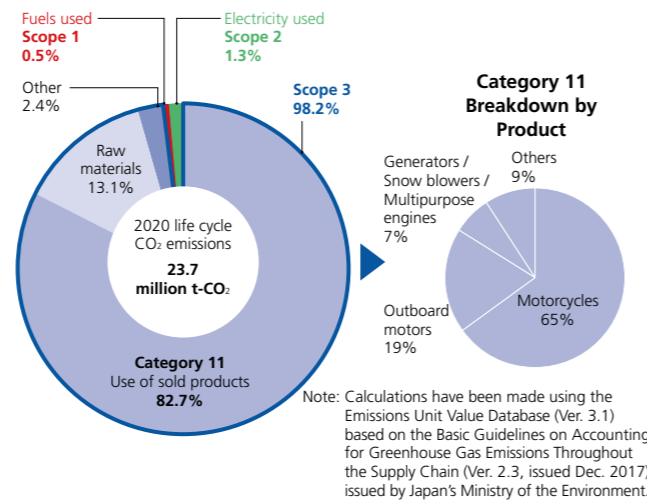
Looking at total CO₂ emissions from Yamaha Motor's operations as well as the life cycles of its products, we see that Scope 1 and Scope 2 emissions—those emitted as a direct result of the Company's business activities—only account for 1.8% of total emissions, whereas Scope 3 emissions—those from the Company's value chain—constitute 98.2% of emissions. The largest component of our Scope 3 emissions is Category 11 (Use of sold products), which represents 82.7% of total emissions. Of Category 11 emissions, motorcycles comprise 65% of total emissions while outboard motors account for 19%.

At the same time, 85% of Yamaha Motor's motorcycle sales are in Asia, and by supplying this market with compact, convenient, and affordable mobility options, we aim to contribute to sustainable growth in accordance with the United Nations' Sustainable Development Goals by addressing the demand for the transportation of goods and services, helping expand the spheres of daily life, and bringing more options and opportunities for employment and education. Moreover, we look to develop and popularize more fuel-efficient products to help combat climate change.

With the goal of achieving carbon neutrality on a global scale, Yamaha Motor aspires to offer products (next-generation mobility

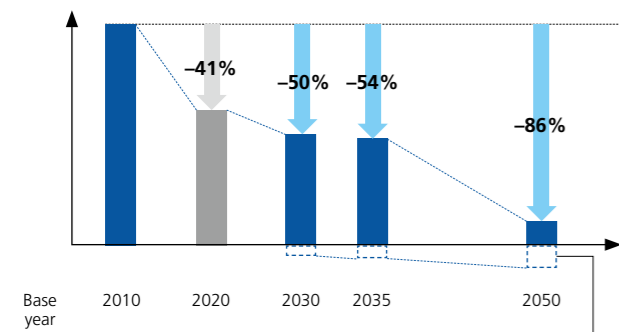
powered by electricity or renewable energy) presenting the most effective means for cutting CO₂ emissions based on the government energy policies and energy mixes of each country.

Breakdown of CO₂ Emissions for the Entire Life Cycle

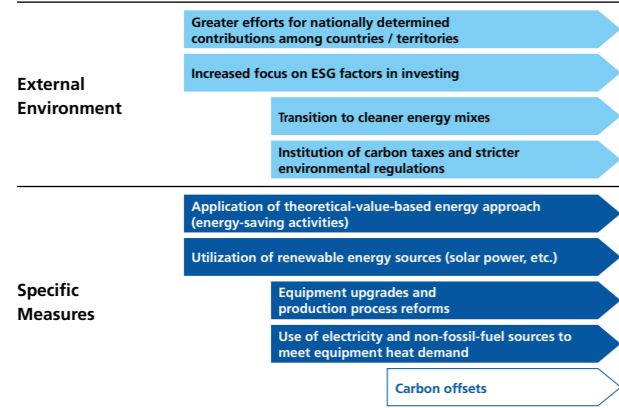


Scope 1 and Scope 2 Targets

CO₂ emissions per unit

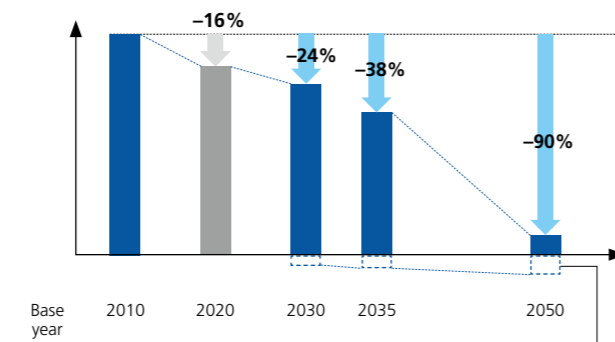


Employ internationally recognized carbon offset methods



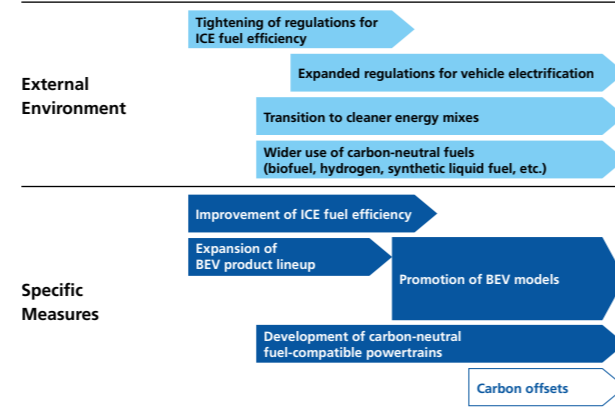
Scope 3 Targets

CO₂ emissions per unit



Note: Reduction targets for the combined emissions of our major product categories (motorcycles, outboard motors, industrial robots, etc.)

Employ internationally recognized carbon offset methods



Yamaha Motor's Initiatives

3 Specific Measures

Motorcycle Technology Strategies

The Company is working toward creating a carbon-neutral society by implementing motorcycle technology strategies centered on 1) improving the fuel efficiency of its internal combustion engines, 2) the expansion of its electric model lineup and promoting the use of electric mobility, and 3) developing renewable energy-compatible powertrains.

In examining the potential effects on lowering CO₂ emissions, a major factor in introducing products as part of our electrification strategy will be the trends seen in electricity use via renewable energy sources and the status of the charging infrastructure in place in different countries and regions.

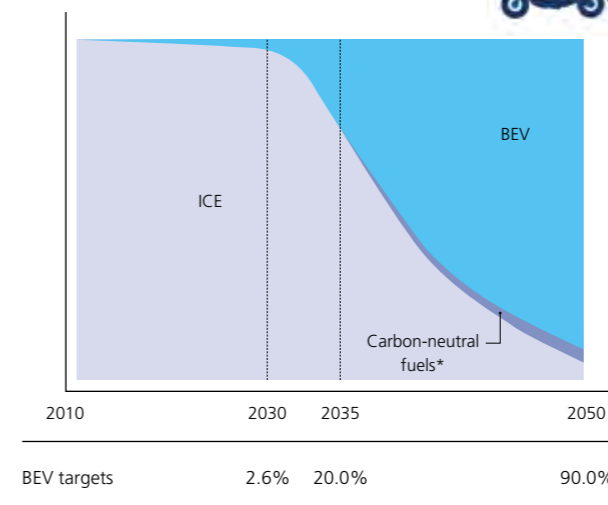
We will begin by launching products in Europe where renewable energy use is high. The Company will then introduce these products into the ASEAN region, where the majority of the CO₂ emitted by Yamaha products originates, over the period of 2030 to 2035 in our mission to achieve carbon neutrality by 2050.

Outboard Motor Technology Strategies

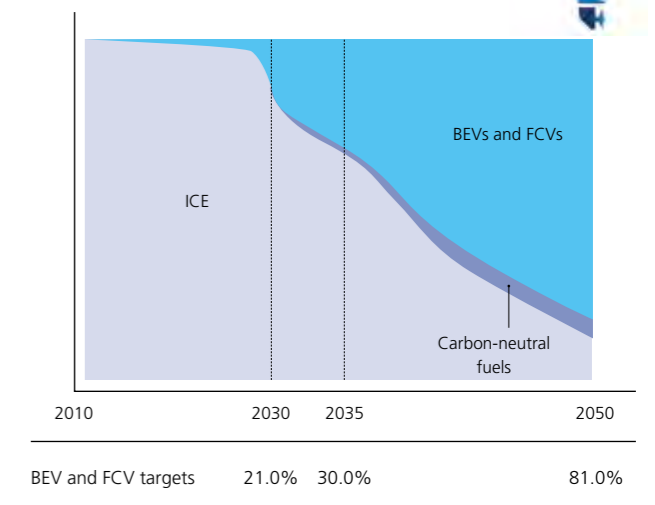
Outboard motor technology strategies for contributing to the realization of a carbon-neutral society include 1) improving the fuel efficiency of our internal combustion engines, 2) developing all-electric models, and 3) developing models powered by hydrogen, synthetic liquid fuel, and other renewable energy sources.

Roughly 60% of the Company's outboard motor sales are in developed markets while the remaining 40% come from emerging markets. In developed markets, outboards are primarily used for sport fishing, watersports, and other recreational purposes, whereas in emerging markets, they face harder use in harsher environments and are employed mostly for commercial fishing to sustain peoples' livelihoods. With all-electric models, they will be introduced while carefully examining how well they fit in with the renewable energy charging infrastructure in place and the use conditions present in various countries and territories. Accordingly, electrified models will first be launched in stages throughout developed markets and subsequently introduced into other regions. With this approach, we will contribute to achieving carbon neutrality as the leading brand in outboard motor reliability.

Motorcycle Powertrain Projection



Outboard Motor Powertrain Projection



Anticipating the technological progression of powertrains using carbon-neutral fuels (hydrogen, biofuel, synthetic liquid fuel, etc.), the above assumes the rate of adoption to be 2.6% by 2030, 20% by 2035, and 30% by 2050.

Powerplant	Technical Measures	Benefits
Internal combustion engine	Improve engine and drivetrain efficiency	Improved fuel efficiency
	Develop HEVs (electric motor as main powerplant for S-HEVs)	
Electric motor	Begin use of carbon-neutral fuels	Zero CO ₂ emissions
	Synthetic liquid fuels	
	Hydrogen	
Electric motor	Develop BEVs	Zero CO ₂ emissions
	Develop FCVs (hydrogen fuel cells)	

* Carbon-neutral fuel refers to hydrogen, biofuel, synthetic liquid fuel, and other fuels from renewable sources.

From the Director in Charge of Corporate Planning and Financial Affairs



We will support the continuation and development of our businesses by promoting our growth strategies while fortifying our financial health.

Tatsumi Okawa
Director and Managing Executive Officer

Review of Fiscal 2020

In the first half of fiscal 2020, we were plunged into a crisis the likes of which we have never experienced, as demand vanished on a global scale due to the lockdowns instituted in countries around the world in response to the global COVID-19 pandemic. As a result, our operating income plummeted to ¥19.1 billion in the first six months of fiscal 2020, and this downturn in performance prompted us to take emergency measures to procure the funds necessary to secure on-hand liquidity and implement exhaustive cost-cutting measures. However, outdoor recreation and personal mobility demand surged back mainly in developed countries as lockdowns were lifted in the second half of the fiscal year, leading to an operating income of ¥62.6 billion over the final six months. I believe these results show how Yamaha Motor's core value of helping families enjoy outdoor leisure on land or water matched perfectly with the demand among customers spurred by the restrictions on activities away from home. As a result, our operating income for the full fiscal year fell to ¥81.7 billion, but my evaluation is that our experience with this adversity demonstrated the resilience of the Company's diverse

and globe-spanning business portfolio.

At the same time, the year's developments did shed light on issues to address. We were unable to accurately predict the spike in demand, which meant our efforts to resume and boost production fell behind, and we are still unable to provide the supply needed to meet customer demand. This experience has made it painfully clear that demand predictions based purely on historical performance are insufficient. Yamaha Motor will therefore bring greater use of digital transformation methodologies to its demand projections, such as utilizing alternative data and big data.

Meanwhile, the Company practiced careful selection and concentration of its resources to narrow down targets for investment and R&D for future growth, continuing both to reinforce our core businesses as well as prepare for entries into new business domains.

As a result, free cash flow was a positive ¥66.5 billion, due in part to lower inventory and the curbing of investments, and return on equity was 7.5%.

Policies and Forecasts for Fiscal 2021

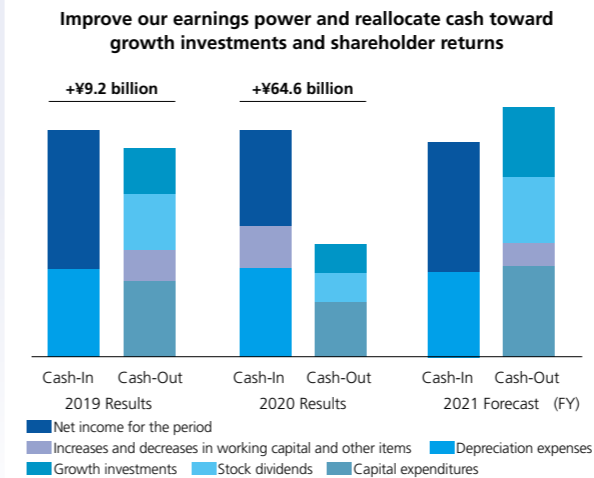
In fiscal 2021, we anticipate the continuation of strong outdoor recreation demand in developed markets and for emerging markets to also begin seeing a recovery in demand. This outlook is prefaced, however, on the assumption that global-scale lockdowns will not be implemented in response to the emergence and spread of COVID-19 variants. We also project semiconductor demand to remain high. Accordingly, the operating environment has the potential to be quite beneficial for Yamaha Motor's core Land Mobility, Marine Products, and Robotics businesses. Blessed with this favorable market and operating environment, I believe Yamaha Motor can make another upward step in its evolution if we are able to fully ingrain the exhaustive cost-cutting measures and inventory controls instituted in response to the COVID-19 pandemic. I will touch on this matter again later.

Moreover, we plan to transition from crisis response mode back to normal operations in conjunction with the market recovery in fiscal 2021.

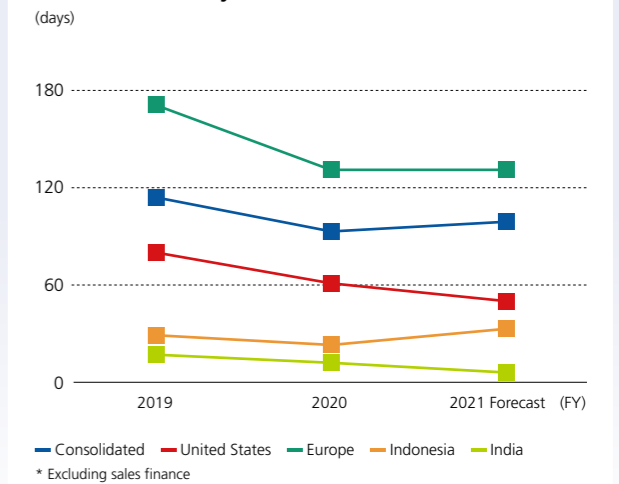
This transition will entail returning to our basic financial policy of striking a balance between investments for new growth and returns to shareholders within the range of our cash flows. Based on this policy, we will strive to bolster the earnings power of existing businesses, make investments for future growth, and develop digital foundations while maintaining a balance with shareholder returns.

In regard to shareholder returns, the Company's dividend payout ratio benchmark is 30% and we emphasize making consistent and ongoing dividend payments. In fiscal 2021, we aim to live up to shareholder expectations by returning to pre-COVID-19 levels and making our dividend total for the year ¥90 per share. Furthermore, we are currently reviewing the possibility of revising our dividend payout ratio target in our discussions for formulating the new Medium-Term Management Plan, and explanations on these policies will be provided when the plan is announced.

Cash Flows (Excluding Sales Finance)



Cash Conversion Cycle*



Growth Strategies and Fortifying Our Financial Health

Our ability to supply products has not been able to keep pace with the strong demand. In other words, product inventory levels continue to remain low. This situation has continued since the second half of fiscal 2020 and is greatly inconveniencing our customers and distributors. From a financial perspective, however, this situation is positive for our cash flows, as lower inventories brought lower working capital and thus higher cash. Also, limiting our sales promotion expenses has raised profitability and these factors have led to positive turns for all of the figures comprising our profit factor, balance sheet, and cash flows. In fiscal 2020, all our businesses and bases were forced to reacknowledge the benefits of low inventories in light of the COVID-19 pandemic. We will take this as an opportunity to make appropriate inventory and cost management a part of our corporate constitution. Meanwhile, we have seen massive improvements in the various metrics and cash conversion cycle (CCC) we introduced as key performance indicators (KPIs) for

driving our financial strategy that emphasizes cash flows and our balance sheet. We will look to entrench these items as critical indicators of performance for management at our major bases going forward.

At the moment, we still hold the additional on-hand funds amassed as part of the crisis response measures enacted in fiscal 2020, and we are looking at the possibility of flexibly allocating this cash toward achieving our growth strategies. The crisis response measures we took this time emphasized flexibility and primarily consisted of fund procurement by borrowing from banks, but we are looking to diversify our methods for procuring funding in the future. Our policies regarding portfolio management centered on growth (compound annual growth rate (CAGR)) and capital efficiency (return on invested capital (ROIC)) are being reexamined as part of the process of formulating the next Medium-Term Management Plan, and these policies will thus be implemented in fiscal 2022.

Pursuit of Sustainable Growth

From the outset, sustainability was considered a factor when selecting the targets for growth investments to carry out our medium- and long-term strategies. However, the recent acceleration of decarbonization efforts has led us to introduce contributions toward carbon neutrality as a new criteria for guiding decisions on mobility-related investments. We have also been made glaringly aware that our current organizational structure is insufficient for achieving our growth strategies. For this reason, we are examining the possibility of bolstering the organizations dedicated to accomplishing these growth strategies and of making intent-driven fund allocations that transcend the boundaries of standard business management decisions by clarifying the growth fields to be targeted in each of our core businesses and creating management frameworks to that effect.

I believe that pursuing carbon neutrality will require us to go beyond merely responding to the associated trends and to instead take the initiative and go on the offensive. At the same time, the pursuit of

carbon neutrality presents opportunities for Yamaha Motor to expand its fields of operation as a comprehensive personal mobility manufacturer. Motorcycles and three-wheeled vehicles make sense as mobility options for their flexibility in movement, and they also boast a substantially lower environmental impact than cars due to their compact size. I think transforming motorcycles and three-wheeled vehicles into carbon-neutral forms of mobility through electrification and other means will likely make them extremely welcome options among highly eco-conscious consumers who value logical solutions, particularly among younger generations worldwide. Yamaha Motor will also branch out from these vehicles to introduce completely new forms of carbon-neutral mobility in order to realize its Long-Term Vision of ART for Human Possibilities.

Going forward, the Company will work to build stable financial foundations and carry on its existing businesses while also aiming to expand into new business domains.

The Company is advancing its digital transformation strategy under the “Yamaha Motor to the Next Stage” banner raised toward achieving its Long-Term Vision. At the same time, the strategy aims to connect us with our customers in order to create more fans of Yamaha Motor and raise our brand value.

Yamaha Motor to the Next Stage

Yamaha Motor is utilizing digital technologies and data together with its strengths and assets to grow its businesses in both the physical and digital realm. Our three digital transformation initiatives—Y-DX1, Y-DX2, and Y-DX3—are being driven in a concurrent and linked manner to reinforce management platforms, increase the number of customers who become fans of Yamaha Motor, and heighten brand value.

Medium- to Long-Term Plans

Action Themes	2019–2021	2022–2024	2025–2027
Y-DX3 Create the Future	Search and trial	Building and implementation	Expansion
Y-DX2 Strengthen the Present	Four core domains and DAP	Application in four core domains and global rollout	Advance and update
Y-DX1 Reform Management Platforms	Global consolidated database and Japanese accounting ERP	Principal base / distributor ERP	ERP at all bases / distributors

Y-DX1: Reform Management Platforms

We are revamping our management platforms to achieve the following three objectives:

- (1) Accelerate decision-making via thorough efforts to make information visible and uniform;
- (2) Enhance the efficiency of back-office operations and shift resources to growth areas; and
- (3) Use new information to better visualize our customers and achieve predictive management.

At the same time, by standardizing core business processes and systems, we will promote the use of shared services and aim to enhance the productivity and quality of corporate operations.



Management Dashboard

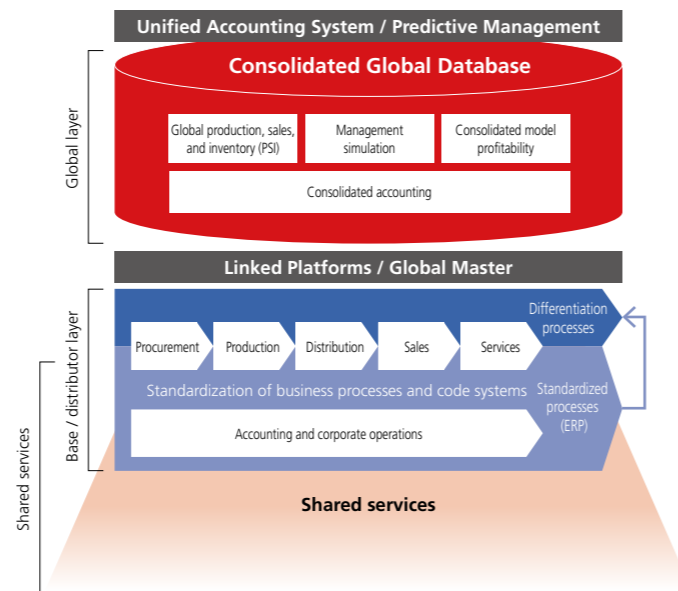
Initiative Progress

► Consolidated Global Database

Yamaha Motor is creating a centrally managed global database compiling management data from 25 domestic Group companies and 110 overseas subsidiaries and is also preparing a management dashboard. These tools will allow for drilldown analysis of management indicators and sales data by product and region and thereby enable swift, predictive management decisions based on sales projections for major products.

► Global Enterprise Resource Planning System

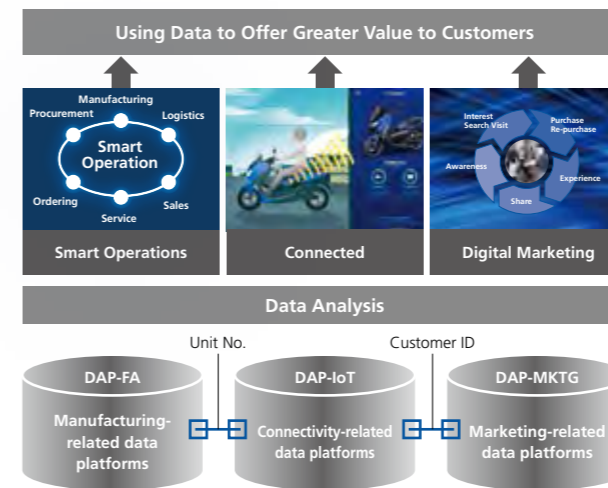
As the first phase of launching a global enterprise resource planning system, the Company is preparing to introduce an SAP accounting module for the Iwata headquarters. At the same time, we have begun consulting with subsidiaries in Europe and the United States regarding the construction of the work systems that will serve as global templates for each region as well as for the accounting, sales, logistics, production, and procurement processes that will be central to standardization at Group companies.



Y-DX2: Strengthen the Present

Y-DX2 initiatives are aimed at creating and utilizing customer touchpoints for direct and ongoing interactions—including after a sale—for the purpose of offering customers value personalized in terms of both physical and digital aspects.

We are also developing three data platforms (Yamaha Motor Digital Analytics Platform) to deliver new *Kando* to customers through digital development and initiatives in our four core digital domains of Connected, Digital Marketing, Smart Operations, and Data Analysis.



* DAP: Yamaha Motor's digital data platforms. Each data platform is linked via a unit number and customer ID.

Initiative Progress

► Connected

We have begun launching mobility products with connectivity features and their requisite mobile apps in stages in our major markets. In addition, we will utilize the data generated by these connectivity features to make proposals that further enrich the mobility lifestyles of our customers.



Y-Connect-compatible Connected NMAX scooter (Indonesia)

► Digital Marketing

Efforts are underway to develop physical and digital touchpoints with customers, such as the launch of an e-commerce website in India, in order to provide new customer experiences. We also commenced operation of our Yamaha ID platform.



E-commerce website (India)

► Smart Operations

Progress was made in the automation of factory status monitoring, transport, work processes, and inspections as well as in the automation, expedition, and enhancement of data collection and use. We also promoted the use of digital technologies in demand chain management practices for delivering products to customers in a timely manner.

► Data Analysis

Our dedicated data analysis teams are formulating solutions and improvements for various issues. We also held online data analysis training courses and the like to foster in-house data analysis staff in order to facilitate on-site data analyses.

► Data Platforms

The DAP-MKTG, DAP-IoT, and DAP-FA platforms were put into operation.

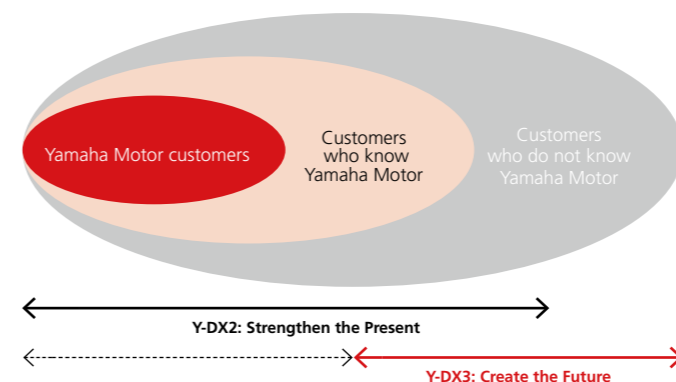
Y-DX3: Create the Future

Yamaha Motor seeks to create the future by connecting with its 200 million customers. We will form ties with new customers through channels and collaborations beyond conventional approaches. By gaining new perceptions and synergies, we will create new value and a new future.

Initiative Progress

► Yamaha Motor has begun using the Makuake crowdfunding platform to connect and co-create with new customers. Through this platform, we will broadly share our awareness of issues and our desire to contribute to society through motorcycles in general with all customers—not just Yamaha users—and engage in co-creation seeking possibilities for new and unprecedented businesses.

► Going forward, Yamaha Motor will expand the scope of its efforts to create the future through various new ideas, including those from the perspective of sustainability.



Collaborations with different fields
 Co-creation programs
 Construction of a continuous cycle of innovation



The FIST-AID: Disaster-Ready Riders project was the Company's first time using the Makuake crowdfunding platform.

Creative Branding & Design

The Company believes that an important objective of management is to further raise the value of the Yamaha brand and make it shine. Based on our view that design contributes to management and branding, we established the Design Center in fiscal 2012 before restructuring it as the Creative Center in fiscal 2020 to boost the drivers of the brand, and we engage in a range of initiatives aimed at enhancing brand value.



Akihiro Nagaya
Executive Officer,
Chief General Manager of
Creative Center,
Brand Committee Chairman

Branding and Design Bringing Happiness to All

In addition to its roles in product and advanced design, the Creative Center promotes activities for proposing value in a new era with the aim of creating synergies with our brand marketing functions.

In order to achieve our Long-Term Vision for 2030 of "ART for Human Possibilities: Let's strive for greater happiness," instead of viewing everything—from the formulation of management plans and the development of products and services to marketing—as separate, individual activities, we regard them all as "branding" and carry out all of them with equal importance and creativity. I regard this approach as our response to the expectations placed upon Yamaha Motor—long known for its design—as well as our mission and role in bringing greater happiness to all.

Shifting from Designing Products to Designing "Meaning"

Based on the unique perspective we have from our history and future prospects that are ours alone, we engage in design while asking ourselves what kind of value holds meaning for people's happiness and what are truly meaningful solutions for society. Specifically, we move our work forward by collaborating with the various business departments in a workshop format.

Interpreting the new "meaning" required for the upcoming era, we conduct design accounting for everything from business strategies and the product itself to our touchpoints with customers and society. We believe that doing so is what will allow more people around the world to identify with the types of value and solutions we offer. By "meaning," we are referring to the fundamental part of value that lies behind our products and services. This is not simply about a product being "cool" or "beautiful." I believe there is value to be found in design that targets the feeling of satisfaction that comes from the sense of pride or belonging—or even social consciousness—that develops by experiencing and owning a product.

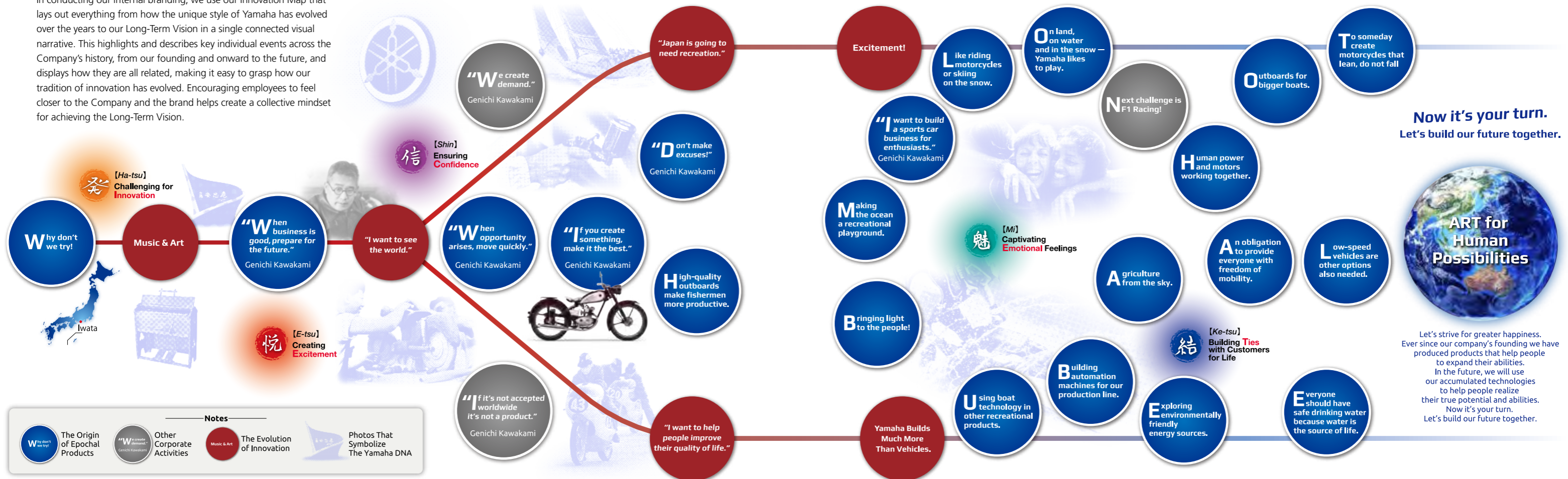
The needs of modern customers are changing and becoming increasingly sophisticated. The role of the Creative Center is to satisfy those needs and bring happiness not just to our customers but to people and the world. To that end, we are engaged in a diverse array of initiatives with uniquely Yamaha approaches.



Soichiro Tanaka
Deputy Chief General
Manager of
Creative Center

Branding Connecting the History of the Unique Style of Yamaha to the Future

In conducting our internal branding, we use our Innovation Map that lays out everything from how the unique style of Yamaha has evolved over the years to our Long-Term Vision in a single connected visual narrative. This highlights and describes key individual events across the Company's history, from our founding and onward to the future, and displays how they are all related, making it easy to grasp how our tradition of innovation has evolved. Encouraging employees to feel closer to the Company and the brand helps create a collective mindset for achieving the Long-Term Vision.



Now it's your turn.
Let's build our future together.



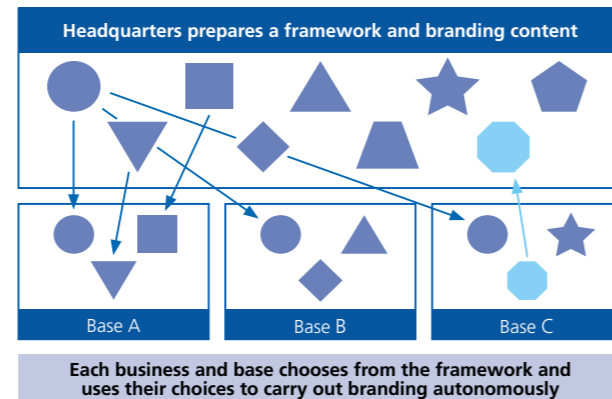
Let's strive for greater happiness. Ever since our company's founding we have produced products that help people to expand their abilities. In the future, we will use our accumulated technologies to help people realize their true potential and abilities. Now it's your turn. Let's build our future together.

Creative Branding & Design

Autonomous Branding®—an Approach Balancing Diversity with Consistency

Autonomous Branding®—the autonomization of branding activities—is an approach unique to Yamaha Motor and forms one of the foundations of its branding. Autonomous Branding® is an initiative based on the unique style of Yamaha in which each involved party takes ownership of creating their own framework and carries out branding with the attitude of “diverse but one at heart.” We believe that the unique style of Yamaha is the goal that we must pursue and that the methods for doing so must also be uniquely Yamaha at the same time.

We apply this thinking in the design field as well, developing designs that still retain consistency throughout our wide-ranging product lineup to achieve things only Yamaha Motor can in a creative manner. This is how we create and imbue “meaning” in our work.

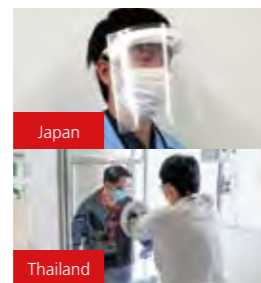


The Company prepares its Boom modular booth decoration system as show-ready content. By using it to match different events in various countries, Yamaha can project a diverse, yet consistent booth design.

Activity Examples

Branding Activities during the COVID-19 Pandemic

We created a special logo to embody and communicate our hopes that our stakeholders and fans around the world will overcome this crisis together and return to spending their days with bright smiles and laughter.



We also held internal Yamaha Day events online around the world to raise brand awareness among employees.



Designing a Sense of Stability for Urban Mobility

Tricity 300

The great advantage of a Leaning Multi-Wheel (LMW)* model's two front wheels is the sense of stability and front-end confidence it offers riders. The Tricity 300 was designed to express the dynamic performance and agility behind that feeling as well as the meaning people seek in mobility for urban settings.

In line with its design concept of “Your Right Hand” (for supporting your work or business), the Tricity 300's design employs an inverted trapezoid silhouette to balance the power of its 292cc engine with the sense of stability afforded by the LMW linkage.

* Leaning Multi-Wheel: Yamaha Motor's designation for vehicles with three or more wheels that lean like a motorcycle through turns (Japan Patent Office Trademark #5646157)

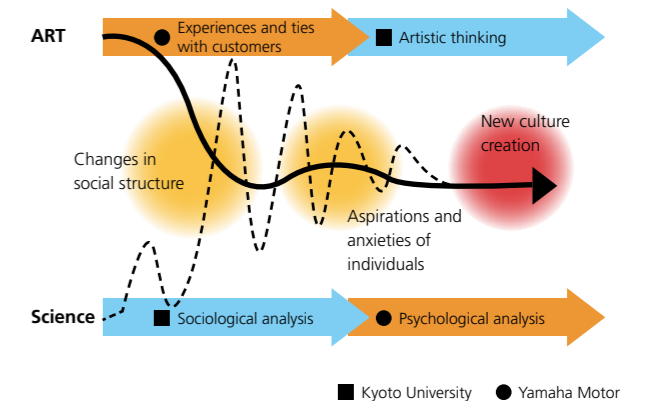


Collaborations between Industry and Academia to Design “Meaning”

From our corporate mission of creating *Kando*, we are working together with cutting-edge research institutes in Japan and abroad in a collaborative effort between industry and academia. This research matches Yamaha Motor's experience and accumulated “ART” with science to ask what kind of *Kando* resonates with people's hearts and society and what must be done to create it. This enables us to not only design what brings happiness to people and society from the core but also allows us to design new value from possibilities that people are still not aware of. From these endeavors, we gain an understanding of what holds “new meaning” for customers and the crucial elements for creating experiential value and happiness for the next generation.



Case Study of Activities with Kyoto University: Culture Creation Process for Motorcycles



Designing a Method for Leveraging the Design Development Process in Marketing

Yamaha VR Marina

Through a unique approach, we are moving forward with the research and implementation of our Design DX to innovate the processes in product development under the “Y-DX2: Strengthen the Present” action theme.

We employed digital technology to launch the Yamaha VR Marina, a virtual showroom that we unveiled at the Japan International Boat Show in April 2020. Even those not able to visit the show in person could still see every detail of our boats, as if they were actually there.



Research and Development

The environment for mobility is said to be undergoing a once-in-a-century revolution, including efforts to achieve carbon neutrality, the major steps made toward “connected, autonomous, shared, and electric” (CASE) vehicles, and new electric vehicle (EV) manufacturers joining the industry. Yamaha Motor is conducting research and development to address and bring change to a variety of mobility-related societal issues. The Company is also pursuing the development of technologies that bring fun to mobility, one of the intrinsic values of personal mobility, while never straying from the unique style of Yamaha.

We will create mobility that brings greater happiness to people with R&D aimed at addressing societal issues as our top priority.

Yamaha Motor’s Course of Action for Achieving Carbon Neutrality

Various governments and numerous companies have set targets for achieving carbon neutrality between 2030 and 2060. Nonetheless, as carbon-based emissions are deeply embedded in our lives, achieving a carbon-free world is expected to present daunting challenges. Toward achieving carbon neutrality in mobility, many technologies and approaches are being examined, from hybrid electric vehicles (HEVs), plug-in hybrid electric vehicles (PHEVs), and all-electric vehicles (EVs) to fuel cell vehicles (FCVs) and synthetic liquid fuel. However, when assessing things from a product life cycle perspective, the cleanliness levels of the energy sources utilized in production processes and during product use exert a significant environmental impact, making the shift away no easy task. In addition, for smaller and lighter forms of mobility like motorcycles, the issues of luggage capacity and purchase price weigh in more heavily than they do for automobiles, which makes finding optimal solutions incredibly difficult. It will be hard to maintain the value presented by conventional forms of personal mobility with the technological methods currently under consideration. For that very reason, we believe we must create personal mobility with new forms that also offer new value.

The Fun of Mobility Itself Is a Key Value

Today, as the value of mobility is being reassessed, what lies at the center of this is a tendency to focus on making mobility easier and more relaxed, for example, as symbolized by the CASE movement. CASE places value on safely reaching a destination by automatic means and in a shorter time. However, we believe that a key value of personal mobility is the fun of mobility itself. Needless to say, while the resolution of societal issues is a top priority, what we want to aim for is fun and eco-friendly mobility that is there and ready for you when a sunny day and good mood entice you to go out for a quick jaunt. The key phrase of our Long-Term Vision is “Let’s strive for greater happiness.” Guided by this phrase, we will create mobility that brings greater joy while tackling societal issues in the unique style of Yamaha.

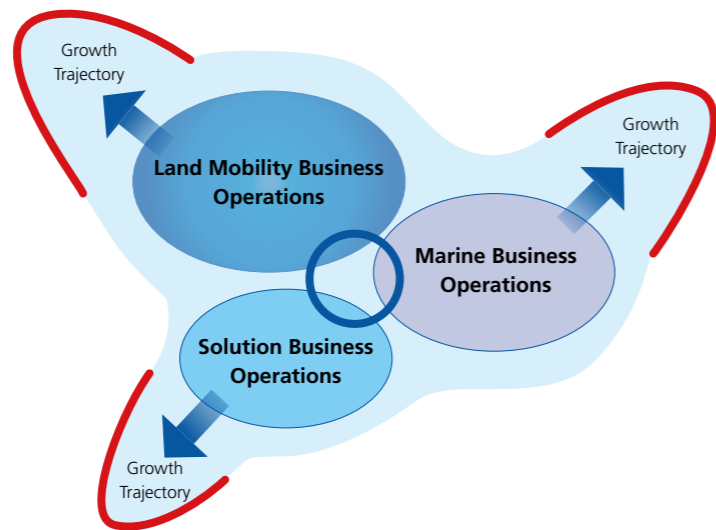


Heiji Maruyama
Senior Executive Officer and Director
Chief General Manager of Technical Research & Development Center

Direction of Our New Technology Development

Yamaha Motor will expand its domains of operation by linking Companywide businesses and technological fields to create new technologies and businesses.

- Serve as a bridge linking core technologies among each business
- Create new technologies and businesses aimed at creating new value
- Expand technologies and businesses into growing peripheral as well as new domains in line with the focus of each business



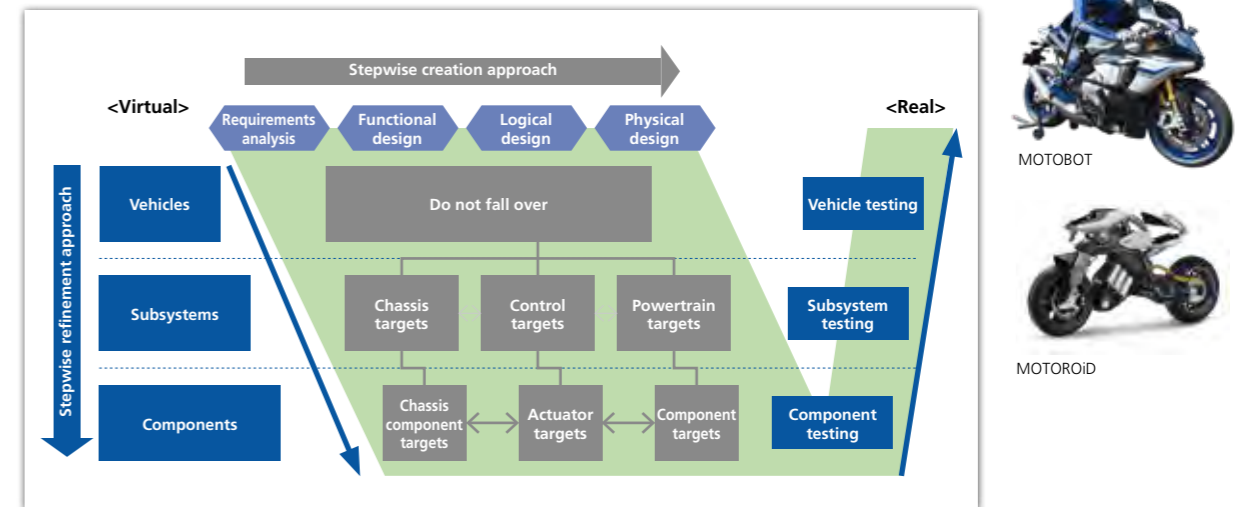
LMW—Next-Generation Mobility Development

Yamaha Motor’s product range includes the Leaning Multi-Wheel (LMW) category—situated between automobiles and motorcycles—and the Company is developing next-generation mobility by applying and adapting its LMW technology. Our mobility proposals aim to improve on the shortcomings of motorcycles—vulnerability to changes in the environment and outside interference, the possibility of falling over, and the required skills to ride properly—while leveraging their advantages of small size, minimal road and parking space requirements, a small environmental footprint, and their ability to quickly navigate urban areas. In addition, while not to the same extent as automobiles,

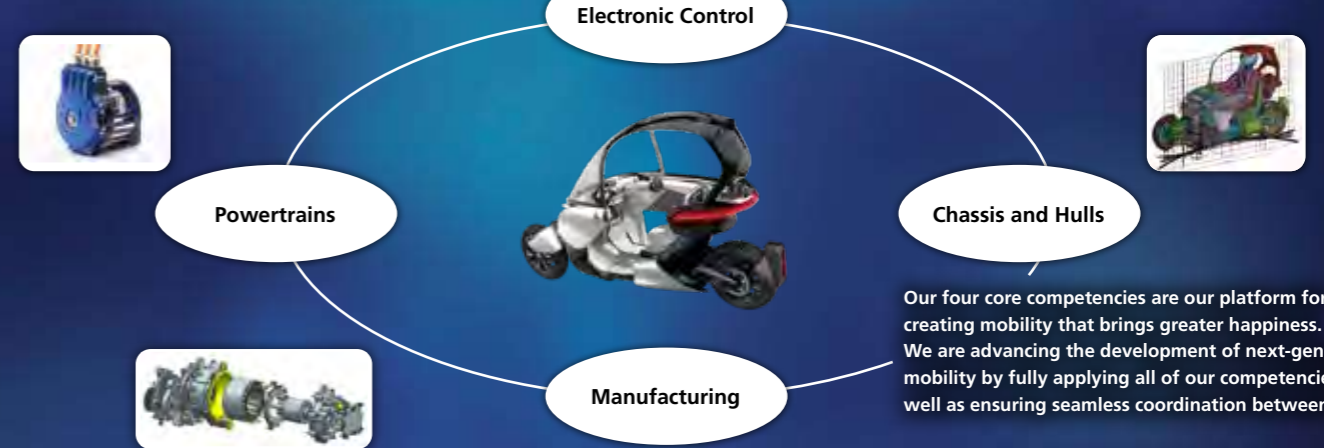
our next-generation mobility vehicles are equipped with a simple cabin, are self-standing thanks to automatic control technology, and can lean through turns like a motorcycle. It goes without saying that no special skills are required to ride or operate these vehicles. The automatic attitude control systems governing their self-standing and leaning capabilities are being developed using the latest model-based systems engineering (MBSE)* methods as well as the technologies and know-how acquired through the development of MOTOBOT—an autonomous motorcycle-riding robot capable of circulating a racetrack at high speed—and MOTOROiD—a proof-of-concept model equipped with artificial intelligence.

* Model-based systems engineering (MBSE): Systems engineering utilizing models

MBSE Approach for Next-Generation Mobility



Our Four Core Competencies for Creating Next-Generation Mobility



Intellectual Properties

Yamaha Motor promotes its global intellectual property strategies toward creating, protecting, and utilizing its intellectual property rights to raise both corporate and brand value.

IP for Business

Under the banner of "IP for Business," Yamaha Motor carries out its intellectual property tasks based on its Four Policy Pillars of Intellectual Property Activities.

The Company primarily views new technologies for electrification, automated driving, and the like as well as new markets such as agriculture and medicine as advanced fields for growth that will play key roles in securing pioneer status and market expansion. We are currently moving forward with efforts to create new value together with our business departments by capitalizing on today's intellectual property landscape. Efforts to create, protect, and utilize the intellectual property rights that will support the sustainable growth of Yamaha Motor are being carried out through patent position analyses in our major markets and regions of operation. Meanwhile, in new technological fields such as connected, autonomous, shared, and electric (CASE) vehicles and systems, we propose focus areas and co-creation opportunities after performing SWOT (strengths, weaknesses, opportunities, and threats), STP (segmenting, targeting, and positioning),

and other analyses to transform the advanced intellectual properties powering Yamaha Motor's value creation into corporate assets.

Four Policy Pillars of Intellectual Property Activities

- (1) Move one step ahead of conventional intellectual property activities that consist primarily of intellectual property creation linked to product and technology development in existing businesses
- (2) Pursue intellectual property activities that preempt technological developments and the expansion of business areas by looking beyond our existing technologies and markets
- (3) Indicate advanced fields that target further preemption and business area expansion through analysis of the intellectual property landscape
- (4) Contribute to management decisions and strategy formulation from the perspectives of intellectual property analysis and market and technological growth analysis

Intellectual Property Activities Contributing to the SDGs

Committed to contributing to society through its businesses, Yamaha Motor has designated "Transportation, education, and industry" and "Innovation" as two of its four important societal issues (materiality issues). The intellectual property department works to address these societal issues by taking part right from the business model

development phase and creating the intellectual properties that will be at the heart of these business models in order to further our work toward achieving the United Nations' Sustainable Development Goals (SDGs).

Verification Testing of Mobility Support for Persons with Limited Mobility



Proof-of-concept vehicle testing for a low-speed automated driving system

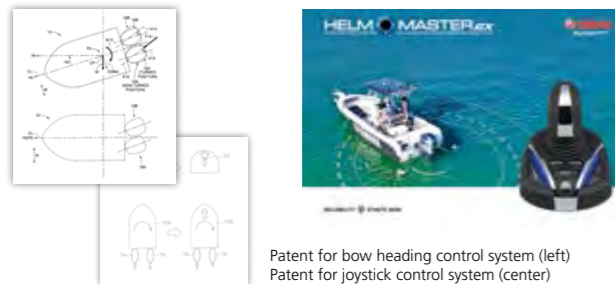
Patent for technology that increases convenience of low-speed automated driving systems

Digital Transformation for Promoting Riding Safety



Patents for digital technologies transforming how we can communicate with riders (riding posture vs. course traveled (left) and course traveled vs. acceleration (right); patented only in Japan)

Helm Master™ Next-Generation Boat Control System Bringing Automation to Boating



Patent for bow heading control system (left)
Patent for joystick control system (center)

High-Versatility Agricultural UGV (Unmanned Ground Vehicle)



Patent for control system architecture enhancing versatility (left)
Patent application submitted for vehicle system architecture (right)

Intellectual Property Activities Underpinning Business Strategies

Yamaha Motor utilizes an intellectual property mix combining patents, design rights, and trademarks.

The Company prides itself on the unique designs of its products. Thus we take proactive steps to secure not only the design rights for external designs but also patents for external designs that serve a role from a functional or technological perspective in order to comprehensively protect Yamaha product designs and create unique value.

In addition to protecting the intellectual properties that underpin

Yamaha Motor's unique product designs and business activities, we coordinate with the intellectual property authorities and other bodies in each market to formulate a resolute response to any violations of our intellectual property rights. Furthermore, the Yamaha brand has been registered as a trademark in almost every corner of the world to lead the Company's value creation in countries across the globe from the perspective of intellectual property.

Intellectual Property Mix and External Design Patent Examples for the BW'S

(2008-)		(2015-)		(2020-)	
Patents	Design rights	Patents	Design rights	Patent	Design rights

Trademark **BW'S**

Topic

First-Ever Commissioner of the Japan Patent Office Award at Intellectual Property Achievement Awards

Yamaha Motor believes that product design makes significant contributions to its management and branding, and positions design alongside concepts and technologies as part of its management foundation. To that end, we have remained committed to creating organizations and developing human resources in the field of design, and these efforts have won recognition with the Company's first-ever Commissioner of the Japan Patent Office Award at the Intellectual Property Achievement Awards held in April 2021. This award signifies that Yamaha Motor is practicing design-based management effectively utilizing intellectual property systems.

Going forward, Yamaha Motor will continue to offer new excitement and a more fulfilling life for people all over the world as a *Kando* Creating Company while carrying on its initiatives aimed at raising corporate and brand value.

Winning Points of Praise (Excerpt)

- Established the Design Center in 2012 based on the president at the time's (currently chairman of the Board of Directors) uncompromising stance to protect the Company's concepts and designs, and promoted the unification of concepts and designs that previously differed by business unit
- Practices design-based management based on strong recognition of the need to communicate to customers the meaning and significance of purchasing a Yamaha in a world where products quickly become commodities
- In addition to having the head of design present at management meetings, designers participate in formulating business strategies, thus the Company supports the process of clarifying the meaning behind the value to be delivered to customers
- Efforts taken by intellectual property departments to improve corporate value through intellectual property activities that contribute to the business under the "IP for Business" banner



Award ceremony



MOTOROID design rights

Procurement

To deliver our unique, high-performance, high-quality products throughout the world, procuring a diverse variety of quality parts and materials with a global perspective becomes crucial. By proactively communicating with our suppliers and business partners, we develop trusting relationships and engage in *Monozukuri* based on a spirit of co-creation with uniquely Yamaha efforts that not only raise global competitiveness but also earn the respect and appreciation of society and mutually raise the corporate value of all parties.

“Theoretical-Value-Based Procurement” and the Supply Chain

Monozukuri Procurement Evolving amid the COVID-19 Pandemic

“Theoretical-value-based procurement” is an initiative unique to the Company underway in collaboration with its business partners. This approach—implemented with our partners—extends to procurement the theoretical-value-based production approach applied to our manufacturing and production processes, in other words, first drawing up an ideal vision and then conducting improvement activities striving to achieve high-quality output.

Yamaha Motor is standardizing procedures and developing frameworks for its business partners to take independent action as the global COVID-19 pandemic has placed significant restrictions upon on-site activities. For example, we have begun conducting verifications and offering support via video by connecting with business partners through online conference systems. We have also launched co-creative concurrent engineering activities in which we collaborate with business partners from the product planning phase utilizing actual procurement items. Through these efforts, we aim to raise productivity and quality

as well as reduce raw material costs, and we are also now able to generate ideas for raising product value in the early stages of development.

As of fiscal 2020, 428 suppliers around the world have adopted our theoretical-value-based production approach. This has enabled us to go beyond simply procuring the necessary components based on blueprints and instead engage in more ideal *Monozukuri* with business partners that includes consideration for materials and manufacturing processes. By evolving our *Monozukuri* procurement approach even amid the COVID-19 pandemic, we are aiming to create a more robust procurement network.

Strengthening Our Ties with Business Partners

Yamaha Motor openly shares its policies with its suppliers and exchanges of information and opinions are facilitated through various venues to help align us toward a common goal.

As one such venue, the Company holds the annual Global Suppliers Conference that gathers major business partners and suppliers from around the world. This event serves as an opportunity to share Yamaha Motor’s vision and explain its initiatives. In addition, the conference includes the presentation of awards to excellent partners in each business, the introduction of examples of theoretical-value-based procurement in practice, and the display of new products.

The COVID-19 pandemic forced an abrupt cancellation of the 2020 Global Suppliers Conference and the 2021 conference was held online instead. A total of 250 business partners from 13 countries were invited to this online conference, at which we sought ways to resolve societal issues together with business partners through our focus areas of Advancing Robotics, Rethinking Solution, and Transforming Mobility, and shared with our *Monozukuri* partners our dedication to co-creation that heightens corporate value for everyone. The pandemic has impaired our ability to hold face-to-face and group events, but we nevertheless remain committed to promoting mutual communication with an even wider range of business partners by transitioning to virtual information-sharing and communication methods via ICT and capitalizing on the benefits thereof.

Globally Promoting Sustainability across the Entire Supply Chain

Based on a belief of mutual trust and mutual prosperity, the Yamaha Motor Group seeks to avoid risks and minimize the potential damages in crises that can affect our business partners, such as the global supply chain disruptions wrought by the COVID-19 pandemic, natural disasters, quality issues, and management-related circumstances.

Risks associated with management and quality issues are addressed through annual monitoring by Yamaha Motor headquarters and comprehensive evaluations of business partners that examine business continuity plans (BCPs) and the use of substances hazardous to the environment. Further, when deemed necessary, corrective measures are implemented and their progress checked after implementation. Moreover, a supply chain risk management system is utilized to clarify the supply chains connecting raw materials to finished parts and components procured by the Group in order to analyze and monitor risk

factors and facilitate robust BCP management. We are also enhancing our systems for stable procurement in preparation for emergencies to safeguard against global procurement risks.

Furthermore, we ask our business partners to support the Yamaha Motor Group’s Basic Policies of CSR and expect them to act on the basis of these policies. Our current Medium-Term Management Plan (2019–2021) calls for the rollout of these policies to cover approximately 90% of our total worldwide procurement value, translating into more than 1,000 companies across the supply chain. We also plan to gradually broaden the scope of these activities to include more countries based on the unique human rights issues each faces while making refinements to implementation methods.

Supply Chain-Spanning Initiatives for a Carbon-Free Society

To achieve the Yamaha Motor Group’s goals for carbon neutrality, we will be coordinating with industry bodies to build systems for tracking and managing CO₂ emissions across the entire supply chain.

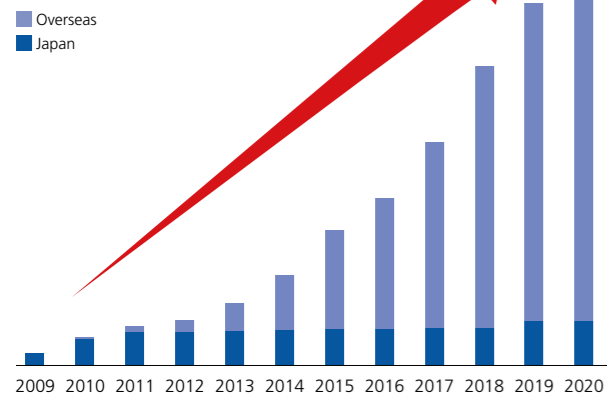
Energy-saving initiatives targeting the production sites of suppliers were rolled out in fiscal 2019 as part of our wide-ranging activities for building a carbon-free supply chain together with our business partners. In addition, we will actively promote the effective utilization of resources, such as the use of renewables, and practice

co-creation with business partners in the pursuit of technological innovations for reducing CO₂ emissions in the production of raw materials and products.

Information on the Company’s policies for such initiatives and our trajectory forward are shared at the annual Global Suppliers Conference in the effort to accomplish our goals together with our partners.

Global Implementation of Theoretical-Value-Based Production

(No. of companies)



Use of online conference systems



Sharing details on initiatives at the 2021 Global Suppliers Conference, which was held online

Message from Management

Long-Term Procurement Policies Supporting Risk Management and Ongoing Social Contributions

Our procurement activities must be constantly adapted to changes and societal issues. We must not become preoccupied with improving efficiency and competitiveness through approaches dependent on production volumes and instead focus on constantly enhancing the value we offer customers. Whether it is pandemics, distribution disruptions, or new regulations, risks to supply chains are growing on a global scale.

It is therefore crucial for us to work to ensure the ongoing growth of both Yamaha Motor and its business partners alongside our efforts to strengthen our global procurement networks and boost competitiveness. It was for this reason that the Procurement Global Executive Committee, of which I am a co-chair, established new long-term procurement policies for global rollout.



Olivier Prevost

Deputy Executive Officer, Director,
PTW Manufacturing & Engineering,
Yamaha Motor Europe N.V. (YMENV)

Manufacturing and Production (*Monozukuri*)

We create high-quality products interweaving our technologies and sensibilities with the combination of our craftsmanship that brings added value to our products and our production processes that eliminate waste. Moreover, we will further strengthen our production schemes through the application of new production and manufacturing technologies.

Theoretical-Value-Based Energy Concept for Generating Energy Value

The growing severity of global warming is placing increasing importance on reducing the emissions of greenhouse gases like CO₂. In response, the Japanese government announced its goal of achieving carbon neutrality by 2050, sparking unprecedented concern and efforts among companies to achieve a carbon-free society.

With these movements in the external environment, Yamaha Motor announced its own goal of achieving carbon neutrality by 2050 and is working not only to minimize the energy consumed in its business activities but also to increase its use of renewable energy sources.

Toward minimizing energy consumption in its business activities, the Company is putting in place initiatives based on a “theoretical-value-based energy” concept. This frames only the energy used to transform materials into products as having value while considering all other types of energy consumption as targets for improvement. Applying this theoretical-value-based approach to the energy consumed in production processes, we will identify the types of energy use that are truly necessary. Instead of using a buildup approach by looking at energy losses, this looks at the absolute targets presented by theoretical ideal values and allows us to produce a vision of the ideal energy consumption scheme. We then work to bridge the gap between our current situation and this ideal. The Company first launched this unique approach for theoretical-value-based energy in fiscal 2013. Now implemented at subsidiaries around the world, the program has led to substantial success and we began encouraging our business partners to also adopt this approach in fiscal 2019. To date, we have visited four Japanese companies and two overseas companies to collaborate in minimizing their energy consumption. These visits entailed diagnoses of equipment using measuring instruments and analyzing energy losses based on the theoretical ideal to identify and explain areas for potential improvement. Plans were then formulated to guide co-run improvement activities over the next year or two. In this manner, we aim to help business partners

enhance their own *Monozukuri* operations by reducing their CO₂ emissions and energy costs.

These efforts have resulted in a 41% reduction of CO₂ per unit compared with fiscal 2010 in Groupwide CO₂ emissions in fiscal 2020. This reduction translates to an average annual reduction of around 5%, an achievement several times over previous figures.

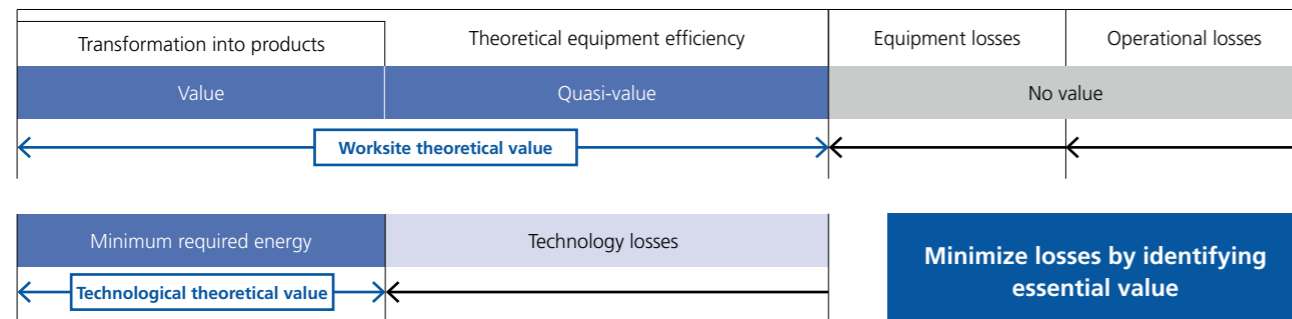
Furthermore, as these efforts have progressed, they have generated synergistic benefits, such as increased ease of conversation due to lower equipment noise, cooler and more comfortable workplaces with equipment producing less heat, and longer maintenance intervals as equipment is used less. In that sense, these activities not only save energy but also bring added value welcomed on the production floor, such as making factories quieter during breaks, increasing workplace comfort, and extending the useful life of equipment. The Company also aims to make these energy-saving initiatives more engaging so that employees take part in them of their own volition.

Through these initiatives, Yamaha Motor will strive to create ultra-energy-efficient factories, contribute to preserving the global environment, enhance the *Monozukuri* of its business partners, and create more comfortable, worker-friendly production sites.



Employees of Group company in Thailand enacting our theoretical-value-based energy approach

Definition of Theoretical-Value-Based Energy



Yamaha Motor Smart Factory Initiatives

Applying our Yamaha Motor Craftsmanship to *Monozukuri* operations at our manufacturing and production sites is essential to giving added value to products for our customers. At the same time, the digitalization of manufacturing processes is crucial to raising the quality of each and every product and for generating value in an efficient manner. Data can be used to drive improvements, but we believe deciphering the important messages hidden within it requires real experience on the factory floor and theoretical-value-based thinking.

At Yamaha Motor’s smart factories, people are the key players in a process of utilizing data and experience gained on the floor to

guide theoretical-value-based activities. The Company defines a “smart factory” as a system that links and unifies data on people, equipment, and products and information in manufacturing, markets, and engineering and which visualizes disparities and fluctuations between theoretical value and effective value in real time. The system is utilized to have worksites apply theoretical-value-based thinking to address resolvable issues and to improve the value provided to customers as well as important management indicators through theoretical-value-based activities.

Case Studies

1 Linking of Individual Components and Their Manufacturing Conditions to Augment Overall Condition Management for Creating Quality Products

The technological development, systems engineering, and installation work required for successful manufacturing are all performed in-house to ensure versatility to adapt to diversifying worksite environments and objectives. Moreover, enhancing our in-house technical capabilities also serves to strengthen the ties between the New Venture Business Development & R&D Strategy Section and investees.



2 Collaborative Work between People and Robots

Yamaha Motor is building factory environments in which employees work alongside collaborative robots in work areas, so that simple tasks are entrusted to these “cobots” while people are able to focus on value-adding processes that add to customer satisfaction. As we automate work processes, we aim to raise quality as well as reduce manufacturing costs by carefully delineating what tasks can be performed instead by robots and work requiring human eyes and hands for Yamaha Motor Craftsmanship.



Successes like the above will be deployed in Japan and overseas in the future to bring high-quality, cost-competitive *Monozukuri* to our facilities worldwide.

Message from Management

Launch of Three GET Manufacturing Projects

The manufacturing arm of the Global Execution Transformation (GET) team was established in fiscal 2020 and has launched three projects: 1) the evolution of the *Monozukuri* Conference, 2) global manufacturing human resource development, and 3) the galvanization of key themes such as demand chain innovation (DCI),*¹ theoretical-value-based production (TVP),*² and the Smart Factory. In the team’s first year in fiscal 2020, we focused on making improvements to the *Monozukuri* Conference and setting up the Global Manufacturing Committee to take the lead with our DCI and TVP efforts. The *Monozukuri* Conference was held online last year with over 1,000 employees participating, demonstrating to us firsthand that this was an effective method to share meaningful information. In addition to these activities, in fiscal 2021 we are formulating plans that tie into global manufacturing human resource development and are bolstering measures for reducing Scope 1 and Scope 2 emissions globally toward achieving carbon neutrality.

*1 An initiative aiming to maximize sales by adapting production to changes in the market while maintaining appropriate inventory levels
 *2 An initiative to be carried out at all times with the participation of all employees that defines essential functions from the perspective of customer value as theoretical value on the *Monozukuri* front lines to minimize the gap between the current state of production and theoretical value



Michael Chrzanowski
 Deputy Executive Officer,
 Chairman, Yamaha Motor Manufacturing
 Corporation of America (YMMC)

Sales (Marketing)

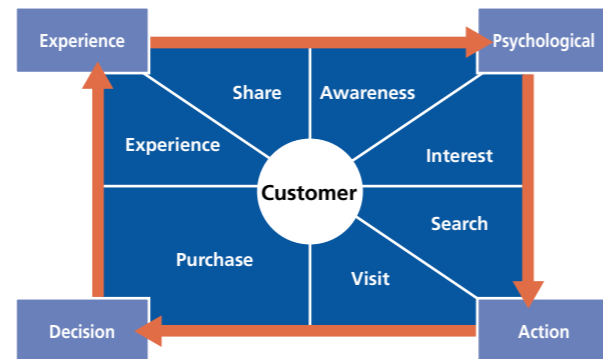
Marketing positions customer needs as the starting point of all corporate endeavors and our endless pursuit of greater customer satisfaction is how we seek to achieve sustainable growth.

Marketing That Showcases and Augments Yamaha Motor's Strengths

The Company established "The Global Yamaha Way in Marketing in Sales" to clarify our shared values for conducting marketing in the realm of sales. The overarching vision of this manifesto is "Continuing to Create Lifetime Yamaha Customers," and the program itself brings Yamaha sales bases around the world together to globally share, teach, and learn from one another the knowledge they have cultivated individually while spurring each other to greater heights.

Yamaha Motor divides the customer journey into its own seven steps and conducts customer-centric activities for each. This provides a common framework for deliberation among our bases around the world in order to define the objectives, identify the target customers, and thoroughly determine aims and actions

aligned with said customers. In sharing successful marketing cases, we employ a "teach and learn" approach that examines why the case was successful, what difficulties were faced, and what is needed for continued success. Doing so leads to in-depth study and discerning of the key factors of the case, and the knowledge born of the discussions is then formulated, accumulated, and shared globally, leading to new successes. Having members from around the world who share the same values gather in the same location for meaningful, customer-centric discussion not only enhances teamwork but also enables the application of knowledge from other countries and will propel us to the front of global competition.



Seven Steps of the Customer Journey as defined by Yamaha Motor

Accelerating the Sharing of Dealership Successes: MiS Activities Permeating Sales Efforts in Indonesia

Yamaha Motor's Marketing in Sales (MiS) activities are permeating all levels of sales in Indonesia, spreading not just among in-house sales and marketing representatives but also our dealership partners and their staff.

In these activities, dealerships in various areas come together to share individual successes they have had based on common themes and mutually communicate insights, teaching and learning from one another via discussion.

These activities were moved online and continued under the COVID-19 pandemic for Yamaha's One Team to continue creating lifelong customers even in the face of market stagnation and activity restrictions. To further accelerate such activities, the Company plans to hold a shop manager competition in fiscal 2021 for 1,200 dealership managers selected from various regions around Indonesia.



Online Area Marketing in Sales Meeting in 2020

Bolstering Our One-to-One Marketing and Driving Digital Transformation with an Eye on the Post-COVID-19 New Normal

In India, we are implementing various user experience-driven initiatives for increasing customer touchpoints and generating engagement benefits in preparation for the new normal to come following the COVID-19 pandemic.

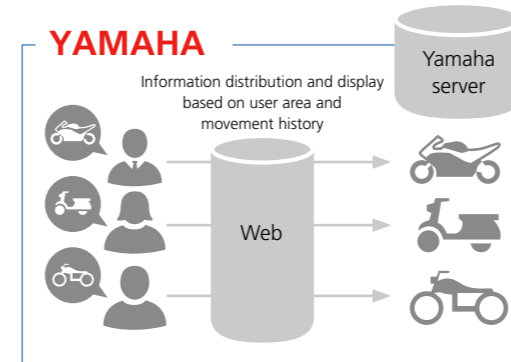
Specifically, we are raising the targeting accuracy of conventional means by utilizing lead marketing and customer data in online advertisements and the like while developing online sales systems for vehicles, parts, and accessories. Websites have been

positioned as venues for stimulating the purchasing intent of customers who will not—or cannot—visit dealerships and for taking actions that lead to purchases. Content, user flow paths, data structures, and more are being improved with this in mind.

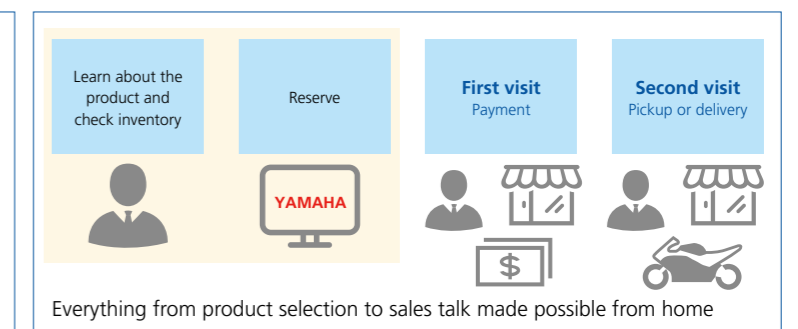
In addition, virtual stores have been created as a new type of content that accommodates the coming new normal, featuring reservation systems based on current dealership inventories, product image displays tailored to customer traits, and more.

Digital Marketing Initiatives in India **Bold utilization of digital technologies for conducting communication tailored to each individual customer's intent and situation**

1. Website Renovation



2. Online Sales **Proactive approach from Yamaha Motor based on website viewing history**



Message from Management

Dealerships in Russia Sharing Their Experiences to Facilitate Mutual Learning

In Russia, we are running the Yamaha University Bus program in which we visit dealerships together with representatives from other dealerships so that they can learn from each other's strengths in order to deliver better experiences to customers. Applying lessons we learned from a successful initiative in Brazil, we are endeavoring to extend our customer-oriented focus to our dealers.

During fiscal 2020, the COVID-19 pandemic forced lockdowns and brought forth challenging business conditions for us. However, even amid this adversity, we have continued to promote the sharing of experiences among dealerships for mutual learning through the same "Teach and Learn" approach being applied on a global scale in order to overcome our current difficulties. By sharing successful initiatives by dealerships, we are facilitating action based on The Global Yamaha Way in Marketing in Sales.



Kyoko Shimoishi
General Director,
LLC Yamaha Motor CIS
(YMCIS)

Human Resource Development

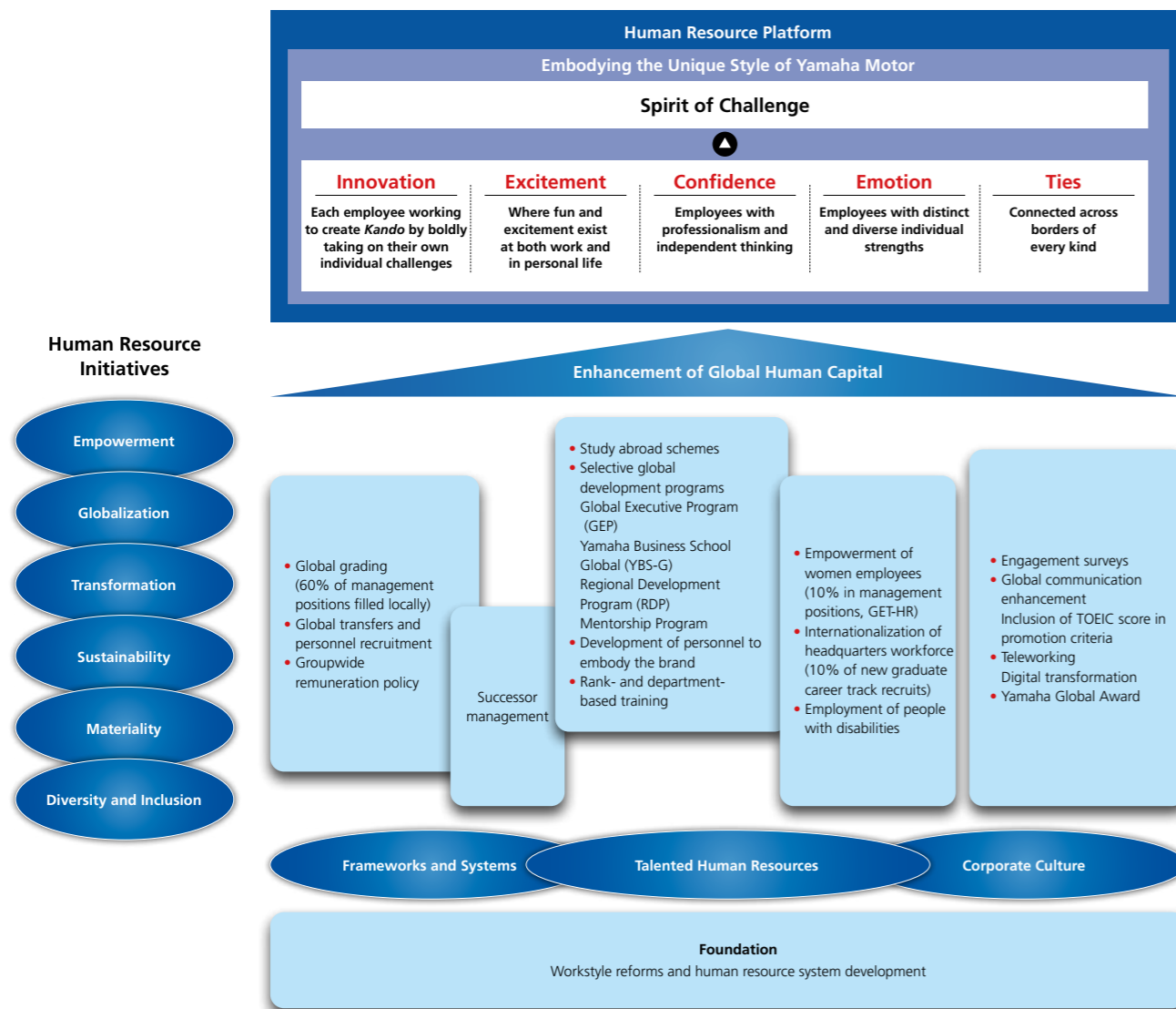
The Company endeavors to create work environments that serve as sources for the unique style of Yamaha Motor while fostering and encouraging diversity and inclusion. We are aiming for even greater heights in the coming future, accelerating workstyle reforms with a global perspective in order to attract talented human resources from around the world.

Our Fundamental Beliefs

As part of our global business operations, the Company is striving to create an organizational structure with the agility required to respond to changing and evolving market needs. We believe that if individual workers and their companies share ambitious goals and work together to bring about not just business growth but also personal growth, we can offer Yamaha *Kando* to customers without fail. Premised on our fundamental belief that all corporate activities begin with people, it is essential that our employees work in harmony together and incorporate differing viewpoints and values. Working to hone individual skills, securing specialists in numerous technical fields, and applying our expertise in both developed and emerging markets are the types of efforts we

believe will lead to fulfilling the Company's Long-Term Vision for 2030 of ART for Human Possibilities.

As part of implementing this fundamental approach, we have created and put in place employee development programs around the world and run training sessions that cover not only the skills needed for the job field in question but also skills for business administration and strategic leadership. The skilled staff nurtured through these programs is not limited to placements in specific regions. The Company's policy is to examine postings around the world where such staff can best apply their skills before re-stationing. Accordingly, we are building frameworks and rules appropriate for global human resources.



Global Execution Transformation for Human Resources —Empowerment of Women Employees

For Yamaha Motor to realize sustainable growth, it is absolutely essential that we promote diversity and inclusion at a global level. In keeping with these principles, we are developing and driving new activities to encourage women employees who embody the unique style of Yamaha to actively communicate new business ideas and perspectives.

On International Women's Day, March 8, 2021, the Global Execution Transformation for Human Resources (GET-HR) initiative was announced by GET-HR co-chair Melanie Tups as a global undertaking. Plans to support and develop Yamaha Motor's woman workforce will be put into action in a stepwise manner.

Global Communication Aimed at Reform —English Proficiency Made a Promotion Criterion

Having a workforce proficient in English with a global mindset is an essential requirement for sustainable success in our business. The Long-Term Vision puts forward the expansion of international collaborations, and we believe enhancing the Company's global communication capabilities will not only offer opportunities for further growth but also be an important factor for colleagues around the world to forge closer connections among themselves as well as in the broader community.

To facilitate smoother in-house communication and embrace cultural diversity from numerous geographies, the decision was made in fiscal 2019 to make English proficiency a promotion criterion at Yamaha Motor in Japan. We began providing English training opportunities to staff at all levels in fiscal 2020 for raising the level of English proficiency among headquarters employees, and the language was made a requirement for promotion in fiscal 2021.

Messages from Management

Engagement and Quick Response to Drive Changes

To better clarify the internal issues we face, we completely revised our employee engagement survey in fiscal 2020 to facilitate making quicker improvements. There were three major changes: (1) the revision of key performance indicators (change in emphasis from "employee satisfaction" to "employee engagement"), (2) the introduction of HR-Tech (online HR system), and (3) the inclusion of items pertaining to workplace dialogue (sharing of awareness and thoughts and visualization).

These new surveys revealed employees' strong desire to contribute to the Company and to their department, two important indicators of engagement, and the scores for interpersonal relationships were very high. Conversely, the survey cast light on a lack of understanding regarding Yamaha Motor's vision. To address this issue, venues were arranged for the president to explain the Company's trajectory and for employees to give their feedback. The benefits of these forums are already beginning to materialize. As we move forward, we will continue to pursue higher levels of engagement with an eye on possible global implementation in the future.



Tamami Kawai
General Manager of Human Resources Division, Human Resources & General Affairs Center



Darryl Lovegrove
General Manager of Global Human Resources Development Division, Human Resources & General Affairs Center

Globalization, Diversity, and Inclusion

The role of global human resources finds its foundation in the development and enhancement of commercial and governance frameworks. These, in turn, embrace cultural diversity, technological advancements, and the unique style of Yamaha in supporting dynamic global business initiatives. Developing employees in a manner that allows for agile deployment is imperative in Yamaha Motor gaining a competitive advantage.

Diversity is a cornerstone of the Yamaha brand and has been part of our organizational DNA from the outset. By nurturing and actively developing a global workforce that reflects our society and embraces diversity and inclusion, the Yamaha Motor Group will be well positioned to achieve sustainable growth in meeting its customers' evolving needs.

Topics

Yamaha Motor's Sporting Activities

Since its founding, Yamaha Motor has opened new pathways forward and flourished driven by its Spirit of Challenge. This spirit is embedded in our corporate culture and passed on from one generation to the next, rooted as an underlying principle in not just the Company but in the hearts of all Group employees.

Playing, watching, and supporting sports contributes to the physical and mental development of young people and aids in the forming of communities. Sports also deliver social value by contributing to healthy international relations and economic development. Yamaha Motor's involvement in sporting activities aims to help create this social value, to communicate the beauty of chasing one's dreams and the dignity of tackling new challenges, and to share *Kando* with people around the world through sports.

Motorcycle Racing

In motorcycle racing, riders battle each other to the checkered flag under strict rules and regulations. This motorsport therefore doubles as a testing ground for developing cutting-edge technologies and epitomizes Yamaha Motor's Spirit of Challenge. Yamaha competes for championship titles in various race categories, including the world's premier motorcycle racing series, MotoGP. In addition, Yamaha Motor actively works to promote the sport by nurturing and supporting up-and-coming young riders in order to foster racing culture in countries and regions around the world.



Rugby

Yamaha Motor's rugby club, Yamaha Motor Jubilo, competes in the Top League—Japan's foremost rugby league—and the team claimed the title of No. 1 in the country in 2015 by winning the 52nd All-Japan Rugby Football Championship. In addition, former players take the lead in running a rugby outreach program for elementary and junior high school students, visiting local elementary schools to teach rugby classes, and making other contributions toward the healthy development of Japan's youths through the promotion of rugby.



©JUBILO IWATA

Soccer

The Jubilo Iwata professional soccer team is a J.League club with roots in the Yamaha Motor Soccer Club, and the team has been crowned league champion on three occasions in its history. The Yamaha Motor Soccer Club was established in 1972 when the Company's headquarters was moved to Iwata. The club was formed with the goal of becoming a team closely connected to and loved by the local community, and in the roughly 50 years since, it has continued to contribute to the promotion of community sports by operating soccer schools and arranging sports competitions.



Competitive Sailing

YAMAHA Sailing Team 'Revs' is a 470 Class sailing team that has participated in numerous domestic and international sailing competitions, including the Sailing World Championships and World Sailing's Sailing World Cup.

The Yamaha Motor Foundation for Sports



The Yamaha Motor Foundation for Sports (YMFS) was established in November 2006 to commemorate Yamaha Motor's 50th anniversary. Since its inception, YMFS has continued to advance various projects for supporting people pursuing their dreams and goals through sports. Yamaha Motor supports YMFS and its activities as a corporate backer.

Sports Challenge: Grant

YMFS offers experience grants to support the ambitions of athletes, instructors, referees, and others as well as research grants to support the work of sports scientists and other researchers. To date, grants have been provided to more than 400 individuals to support them in pursuing their dreams and achieving their goals. The grant programs of YMFS are designed to back people with fiery passion and exciting future potential while offering robust support through a unique curriculum that includes self-growth analysis via PDCA (plan-do-check-act) cycles and presentation forums to promote exchanges between athletes and researchers. This broad support accelerates the development of promising individuals with the potential to shine on the world stage.



Tadao Isaka
Vice President,
Ritsumeikan University
Director, Yamaha Motor
Foundation for Sports
Sports Challenge Grant
Committee Chairman

The grant programs offered by YMFS are quite unique. Forums are arranged between athletes and researchers as opportunities for interaction and to encourage the mutual reporting and sharing of opinions regarding each other's ambitions. This helps provide both with stimuli and discoveries not found in their daily training or research. Additionally, YMFS's programs cultivate a family-like atmosphere in which past program participants sometimes become assistant instructors or leaders to provide robust support for the development of new participants. These programs thus connect participants with opportunities to spur their growth into world-class athletes and researchers, thereby playing a part in shaping the futures of their fields.

Challenge UniSupo

Boccia was born as a parasport but has since evolved into a universal sport (UniSpo) that can be enjoyed by and which encourages exchanges between people of all ages and physical capacities. YMFS arranges classes at elementary and junior high schools in Shizuoka Prefecture for students to experience boccia while also doubling as opportunities for academic study.



Sports Challenge Awards

Yamaha Motor presents awards to the unsung heroes behind the sports industry. The awards honor these individuals and highlight their stories to communicate to society how hard work pays off and the respect that comes from tackling new challenges.



Scrum Union was selected for the Inspiration Award at the 12th Sport Challenge Awards.

From the Chairman of the Board of Directors

Yamaha Motor aims to further enhance its corporate governance while prizing its corporate culture of taking on challenges to create *Kando*.

Hiroyuki Yanagi
Chairman and Director



In fiscal 2020, despite the impact of COVID-19 on our business in markets around the world, we were able to keep decreases in sales and profits to a minimum. I would first like to record my appreciation for the concerted efforts of all Yamaha Motor Group employees. I also want to sincerely thank our shareholders for their understanding and support.

Experiencing the massive pressure generated by major external events—from the 2008 global financial crisis and 2011 Great East Japan Earthquake to 2020's COVID-19 pandemic—provides opportunities to engage in improving the resilience of management. With this in mind, the Board of Directors aims to bolster the value of the Yamaha brand within the contexts of our relationship with society and our customers while continuing to support structural reforms.

Initiatives by the Board of Directors in Fiscal 2020

The Board of Directors at Yamaha Motor puts together agenda items in a way that allows it to gain a bird's-eye view of corporate management in its entirety by integrating business line (vertical) and cross-functional line (horizontal) items. Looking first at our business lines, the Board examines initiatives such as growth strategies and business model reforms while for cross-functional lines, it scrutinizes initiatives pertaining to structural reforms and management functions toward raising competitiveness. Further, with cross-functional lines, we have made progress with initiatives not only for working divisions at our headquarters but also for initiatives on a global scale, such as the Global Execution Transformation. In particular, the Company has assigned global leaders for production, procurement, financial services, and human resources and is moving initiatives forward while reinforcing personnel networks. In each field, we have clarified objectives and targets as well as standardized approaches and are now sharing achievements and knowledge.

The following outlines the major topics addressed by the Board of Directors in fiscal 2020. I believe that deliberating these topics at greater length and in more detail in fiscal 2021 will put us in a better position for the next Medium-Term Management Plan, which will commence in fiscal 2022.

- **Contribution to the Sustainability of Society:** Deliberated on concept creation, feasibility verification, and technological development for achieving carbon neutrality and what role mobility should play in future societies.
- **Business Portfolio Management:** Deliberated on the future vision of the Company based on the potential for growth and return from invested capital with each business model and the creation of new customer value.
- **Digital Transformation:** Deliberated on digitalization in various fields and the shift to high-value-added business models resulting from the jump from single-point changes to across-the-board changes with digitalization.
- **Human Resource Strategy:** Deliberated on the progress of initiatives regarding diversity, workstyles, human resource development, and employment styles, among others.

In the course of these discussions, our outside directors and outside Audit & Supervisory Board members offer valuable advice and frank opinions based on their respective business experience and specialist knowledge to stimulate greater awareness of the issues at hand. For each of these topics, I want our Board meetings to serve as a forum that allows executive officers to create a uniquely Yamaha vision for the future while helping them construct broad scenarios and specific plans to build the Company into what they want it to be.

Board meetings were mostly held online in fiscal 2020, and we received numerous comments from outside directors, exceeding the number for the previous fiscal year. It is crucial that a diverse range of assessments and opinions, including those from internal and external standpoints as well as those

from perspectives shaped by different experiences and specialties, be shared and discussed to reach the best decision. I believe that the role of the chairman is to occasionally initiate discussions that do not fall into any particular category and those that encourage bold decisions by executive officers.

Initiatives by the Executive Personnel Committee

Lively discussions also took place at meetings of the Executive Personnel Committee, which acts as an advisory body to the Board of Directors.

In matters related to nominations, the committee established and carried out a roundtable conference with the chief executive officer (CEO) with the objective of determining executive officer appointments or dismissals based on a review and evaluation of the CEO's own performance. The conference was chaired by Takehiro Kamigama, an outside director, and the reviews and evaluations were carried out by six outside directors and outside Audit & Supervisory Board members. The primary goal of the conference was to establish corporate governance in which the best and most suitable members of management are tasked with running the business by first deciding on the appointment or dismissal of the CEO as an absolute precondition for the appointment or dismissal of executive officers each fiscal year. In particular, with the aim of carrying out a non-financial assessment regarding the CEO's management and operational performance, the conference provided a forum for the CEO to offer his own overview of operations and for the six outside directors and outside Audit & Supervisory Board members to provide candid assessments, exchanges of opinions, and advice in response. The Executive Personnel Committee will keep bringing improvements to the workings of the roundtable conference going forward.

In matters related to remuneration, after first verifying the appropriateness of executive officer remuneration standards, the Executive Personnel Committee carried out a financial and non-financial assessment of the Company's business performance in fiscal 2020, a year greatly affected by the COVID-19 pandemic. They then deliberated on executive officer bonuses and received approval from the Board of Directors. Although the Company has a fiscal year-end of December 31, it provided prior disclosure by first releasing specific details of remuneration in its convocation notice of the Ordinary General Meeting of Shareholders instead of waiting for the new remuneration system to come into effect.

Among other matters of importance handled by the Executive Personnel Committee, discussions are underway on developing future management-level human resources and optimizing the composition of the Board of Directors. Looking at human resource development, despite making progress with our global human resource hiring system and human resource development program, many women empowerment issues still remain. While the Company has surpassed its targets for promoting women to management positions, the number of women in such positions remains small. To address this issue, the Executive Personnel Committee is encouraging initiatives that include long-term recruitment and development.

The composition of the Board of Directors for fiscal 2021 has been changed and now comprises six internal directors (one fewer) and four outside directors. We also welcomed Eriko Kawai as an outside Audit & Supervisory Board member, bringing greater diversity to the Board alongside Outside Director Yuko Tashiro. At the same time, this new composition will bring greater depth to discussions surrounding sustainability, one of the Company's key issues for the future. Toward fiscal 2022, we look to raise the ratio of outside directors on the Board even further and continue enhancing diversity with members of varying experiences, specialties, nationalities, and more.

Amid changes seen in the value systems of society and customers as well as the emergence of specific sets of values, the value of the Yamaha brand was trusted in global markets beset by the COVID-19 pandemic. This fact has helped further clarify the direction in which we will transform our corporate management. While augmenting our management resilience, it is pivotal that we build a leadership style that contributes to the sustainability of society and births innovations. Yamaha Motor will strive to further enhance its corporate governance while continuing to prize its corporate culture of taking on challenges to create *Kando*, by fusing cutting-edge technologies with human sensitivities.

Dialogue between Outside Officers

Tetsuji Ohashi
Outside Director



Masatake Yone
Outside Audit &
Supervisory Board Member



We will evolve our corporate governance systems toward achieving further growth in today's highly unpredictable external environment.

Developments such as the global COVID-19 pandemic and the trend toward decarbonization highlight the changes underway in the external environment. In what ways must Yamaha Motor evolve its corporate governance systems to achieve its Long-Term Vision amid these changes? Outside Director Tetsuji Ohashi and Outside Audit & Supervisory Board Member Masatake Yone discussed their thoughts on this topic.

Overall Assessment of Yamaha Motor's Corporate Governance

Yone I would like to begin by talking about the discussions we have at meetings of the Board of Directors. As of 2021, I am in my third year as an outside Audit & Supervisory Board member at Yamaha Motor and I feel that every Board meeting sees open and frank discussions. This leads to my belief that Yamaha Motor is fortunate to have such a proactive Board of Directors.

Ohashi I agree. Board meetings present an atmosphere in which it is easy for outside officers like myself to voice our opinions and proceedings are highly transparent. When I pose a question, I often receive an answer on the spot, but there are also occasions in which additional materials are prepared to provide more in-depth explanations during the hiatus before the next meeting. This level of diligence is a clear indicator that the

Company is earnest in its reception of our input.

The basic role of outside directors is to oversee management and the execution of duties, but I believe that finding ways to push a company forward toward sustainable growth and higher corporate value is another important role. When I served as the president of a company in the past, I remember receiving multifaceted opinions from outside officers on the growth scenarios and strategies formulated by the executive team, and I found them very informative. Similarly, I believe that the perspective and insight I gained in B2B operations can offer extra benefits to the B2C operations of Yamaha Motor. I therefore intend to continue proactively offering my input to help Yamaha Motor achieve more robust growth and higher corporate value.

Yone I serve as an outside director at other companies, but at Yamaha Motor, my position is that of an outside Audit & Supervisory Board member. For this reason, I focus on offering advice and pointing out issues pertaining to compliance and other aspects of internal control.

However, Yamaha Motor is engaged in a wide range of businesses on a global scale, so with compliance, for example, the relevant issues that must be considered will vary by country, region, or business. In that sense, the scope of issues that fall under the domain of internal control is incredibly broad, a fact that makes my job as an outside Audit & Supervisory Board member all the more difficult. Fortunately, the staff at the Audit & Supervisory Board Members' Office aids me by sharing a wide range of information in a timely manner, and I coordinate well with the two standing Audit & Supervisory Board members, who are well versed in Yamaha Motor's business. This support has proved invaluable.

Ohashi Listening to the input of auditors at Board meetings, it is clear that in-depth discussions are held on a regular basis and that makes me confident that Yamaha Motor's Audit & Supervisory Board is functioning effectively. However, that alone is not sufficient for preventing compliance issues or corporate scandals. It is vital that there be a corporate culture in which compliance is deeply rooted, with every employee highly aware of its importance. The types of statements made by President Hidaka and other internal officers exude such a culture of compliance. When outside officers like ourselves pose compliance-related questions at Board meetings, internal officers reply with confidence while providing evidence. I have high praise for Yamaha Motor's work to thoroughly instill this type of culture.

Yone President Hidaka is a very candid individual and I am sure that some of the points raised by us outside officers are not easy to hear, but he is still earnest and open in how he receives and discusses such input. Fiscal 2020 is when we began our CEO roundtable conferences with the Board's outside directors

and President Hidaka to decide whether or not the CEO will be reappointed based on performance reviews and evaluations. This earnest side of President Hidaka was often clear to see even in these roundtable conferences as well.

Ohashi At a standard Board of Directors meeting, there are not a lot of opportunities to ask questions unrelated to agenda items, so I found the CEO roundtable conferences to be an intriguing undertaking. Yamaha Motor's outside officers come from diverse business backgrounds, so the conferences saw questions and input from various angles. I suspect that, for President Hidaka, it felt much like talking directly to shareholders.

Yone The roundtable conferences with the CEO also revealed points to improve with how we run Board meetings. From mid-2020, a 10-minute slot was allotted to the start of Board of Directors meetings for President Hidaka to talk about management subjects to which he is paying particular attention, changes that have occurred since the previous Board meeting, and recent topics of interest. I think this new addition has made it even easier to voice opinions at meetings. President Hidaka does not limit himself to good news; he sometimes puts the bad news first, reporting on unfavorable developments without trying to hide anything. This has made for even greater transparency. As I recall, these 10-minute talks were started based on your input, Ohashi-san.

Ohashi I arranged for such talks at board meetings when I was the president and representative director and CEO of Komatsu Ltd., and outside officers told me that it made it easier for them to speak openly. There are a lot of internal circumstances and other matters that are not readily apparent to outside officers. For this reason, it is incredibly beneficial to have President Hidaka speak a little about how he views the operating environment at the moment, what changes he is currently mindful of, and things of that nature. I am very appreciative that the Company was so quick to incorporate a suggestion I made at a roundtable conference with the CEO.

Response to the Global COVID-19 Pandemic

Yone As COVID-19 evolved into a serious worldwide socio-economic issue, Yamaha Motor's executives took quick and decisive action in enacting its business continuity plan in response to the pandemic, and the results of this decisiveness showed in the Company's fiscal 2020 performance figures. The worst-case scenario we anticipated threatened the very

existence of the Company, so I applaud Yamaha Motor for its success in maintaining this level of business performance.

Ohashi I had only just become an outside director when the pandemic struck, and I remember listening to reports on Yamaha Motor's March performance and its May forecast at the



In running a global operation, it is vital that we all move forward in the same direction with our employees around the world.

Board meeting in April 2020. President Hidaka's prompt decision to enact the business continuity plan after gleaning the hints of the great changes to come from those reports left a strong impression. Actions addressing external stakeholders were also swift, including rescinding the business targets for the fiscal period that had just been disclosed to shareholders and investors in February. I feel the speed at which Yamaha Motor moved was much faster than its peers, especially those that also have December fiscal year-ends. This episode exhibits the high crisis control capabilities of Yamaha Motor's management as well as its ability to unite the entire Company in action.

Yone That is true. However, I believe that the process of responding to the COVID-19 pandemic also cast light on some of the issues Yamaha Motor faces in its global operations, specifically with the degree to which close, coordinated relationships have been forged between the headquarters and its overseas bases. From a legal affairs perspective, it is crucial for all employees around the world to maintain an awareness that they are part of a global company and to exercise the responsibility this represents in their daily actions. Doing so is important because it is this awareness that allows for major compliance issues to be addressed swiftly and accurately, no matter where in the world they may occur. I hope that Yamaha Motor will increase its efforts to communicate this importance to employees across the globe in the future. For example, every employee must be aware that, even if an issue presents no violation of local laws, it may constitute a massive problem when looking at international standards.

Ohashi Fiscal 2020 was the second year of the current Medium-Term Management Plan, and I think Yamaha Motor was able to advance its growth strategy initiatives while striking a very good balance with management given the extreme circumstances. Meanwhile, steady progress was made in reinforcing management platforms, making structural reforms, promoting digital transformation, and carrying out other measures that will be needed to realize the Long-Term Vision for 2030. Although the pace of some efforts did slow somewhat due to implementing COVID-19 countermeasures, our current discussions include devising ways to make up for these delays under the next Medium-Term Management Plan, which is slated to begin in fiscal 2022.

Yone One concern I have is how the impacts of the COVID-19 pandemic have spread to all corners of society, and as sustainability topics like the United Nations' Sustainable Development Goals gain greater attention, the world is rapidly changing course away from what has been the long-held norm. From that, I personally feel that Yamaha Motor needs to further accelerate its CO₂ emissions reductions and other

sustainability initiatives. To that end, I will continue looking at how such moves can be made to fit in with the Company's growth strategies.

Ohashi I agree. Given the current global decarbonization trend, there will likely be a need to discuss whether Yamaha Motor's

current approach and speed will be sufficient to accomplish its goals for 2030 and 2050. However, the Company has already implemented various initiatives laying the groundwork for the realization of its Long-Term Vision, and I believe Yamaha Motor will be able to adapt to the current trends by expanding upon them going forward.

Ongoing Efforts to Raise Corporate Value

Ohashi You touched on compliance a little while back, Yone-san. I was made well aware of the challenges with global operations from my experiences at Komatsu, and these difficulties extend beyond compliance. For example, climate change is a topic of high concern in Japan, but there are some regions where it is still not seen as a high priority. So while acknowledging that the importance of certain issues can vary between country and region, I feel it is vital that we all move forward with our employees around the world in the same direction. While fostering such a sense of unity takes time, it is something that a company operating on a global scale cannot neglect. Significant risks may emerge if this is neglected and I hope that Yamaha Motor will bolster its efforts to create such unity going forward. In the meantime, I will continue to proactively offer feedback at Board meetings and other venues based on my own experience in order to contribute to taking Yamaha Motor's corporate value higher.

Yone To conclude, I would like to speak on a matter that goes beyond internal control. As outside officers, we are also afforded opportunities to test-ride Yamaha Motor's new products. These opportunities are always very exciting as they communicate just how much the Company is constantly coming up with new ways to offer dreams to its customers in uniquely Yamaha ways. I know that the global movement toward carbon neutrality and other developments mean Yamaha is facing big challenges, but I still hope that the Company will continue to capitalize on its technological prowess and release products that deliver excitement to customers around the world. To support these efforts, I think the Company should actively work to increase diversity—and not just on the Board of Directors and the Audit & Supervisory Board—that goes beyond only gender and encompasses diversity from a wide variety of perspectives. While this is only a suggestion from me, Yamaha Motor's B2C operations are not limited only to Japanese people. In bringing such diversity, I hope Yamaha Motor will continue to fulfill its corporate mission as a *Kando* Creating Company around the world.

Raising the awareness of each employee is imperative to strengthening compliance.



Directors and Audit & Supervisory Board Members (As of March 25, 2021)

Directors



Chairman and Director
Hiroyuki Yanagi
 April 1978: Joined the Company
 March 2009: Senior Executive Officer, Chief General Manager of Manufacturing Center
 November 2009: Senior Executive Officer, Senior General Manager of MC Business Section, MC Business Operations
 March 2010: President, Chief Executive Officer and Representative Director
 June 2011: Outside Director of Yamaha Corporation
 January 2012: President, Chief Executive Officer and Representative Director, Chief General Manager of MC Business Operations
 January 2018: Chairman and Representative Director
 March 2019: Outside Director of AGC Inc. (to present)
 March 2019: Outside Director of Kirin Holdings Company, Limited (to present)
 March 2021: Chairman and Director (to present)



President, Chief Executive Officer and Representative Director
Yoshihiro Hidaka
 April 1987: Joined the Company
 July 2010: Vice President of Yamaha Motor Corporation, U.S.A.
 March 2017: Senior Executive Officer and Director, Executive General Manager of Corporate Planning & Finance Center
 January 2018: President, Chief Executive Officer and Representative Director (to present)
 June 2018: Outside Director of Yamaha Corporation (to present)



Outside Director
Takuya Nakata
 April 1981: Joined Nippon Gakki Co., Ltd. (currently Yamaha Corporation)
 October 2005: General Manager of PADM1 Division of Yamaha Corporation
 June 2006: Executive Officer of Yamaha Corporation
 June 2009: Director & Executive Officer of Yamaha Corporation
 April 2010: President of Yamaha Corporation of America
 June 2010: Senior Executive Officer of Yamaha Corporation
 June 2013: President and Representative Director of Yamaha Corporation
 March 2014: Outside Director (to present)
 June 2015: President of Yamaha Music Foundation (to present)
 June 2017: Director, President and Representative Executive Officer of Yamaha Corporation (to present)



Outside Director
Takehiro Kamigama
 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 (to present)
 June 2018: Outside Director of SoftBank Corp. (to present)
 June 2018: Mission Executive of TDK Corporation (to present)



Executive Vice President and Representative Director
Katsuaki Watanabe
 April 1982: Joined the Company
 March 2011: Senior Executive Officer and Chief General Manager of Manufacturing Center
 April 2013: Senior Executive Officer, Executive General Manager of 1st Business Unit, MC Business Operations and Chief General Manager of Manufacturing Center
 January 2015: Senior Executive Officer and Director, Chief General Manager of MC Business Operations and Executive General Manager of 1st Business Unit, MC Business Operations
 March 2016: Managing Executive Officer and Director, Chief General Manager of MC Business Operations
 January 2018: Executive Vice President and Representative Director (to present)



Director
Managing Executive Officer
Katsuhito Yamaji
 April 1982: Joined the Company
 April 2003: Director of Yamaha Motor da Amazonia Ltda.
 March 2015: Senior Executive Officer, Chief General Manager of Manufacturing Center
 March 2017: Senior Executive Officer and Director, Chief General Manager of Manufacturing Center
 March 2019: Managing Executive Officer and Director (to present)



Outside Director
Yuko Tashiro
 June 1986: Joined KPMG LLP
 July 1995: Partner of KPMG LLP
 November 2000: Sourcing Leader of GE Corporate Japan of General Electric International Inc.
 July 2003: Chief Financial Officer of PHOENIX RESORT CO., LTD.
 April 2005: Director, Chief Operating Officer and Chief Financial Officer of Aon Holdings Japan, Ltd.
 April 2010: Representative Director of TS Associates, Ltd.
 June 2012: Outside Director of Accordia Golf co., Ltd.
 March 2016: Auditor (External) of McDonald's Holdings Company (Japan), Ltd. (to present)
 June 2016: Representative Director, President and Chief Executive Officer of Accordia Golf co., Ltd.
 January 2018: Director and Chairman of the Board of Accordia Golf co., Ltd.
 April 2018: Representative Director, Chairman of the Board and President, CEO of Accordia Golf co., Ltd. (to present)
 March 2019: Outside Director of the Company (to present)
 Chairman, CEO and Representative Director of NEXT GOLF MANAGEMENT CORPORATION (to present)



Outside Director
Tetsuji Ohashi
 April 1977: Joined Komatsu Ltd.
 January 2004: President and Chief Operating Officer (COO) of Komatsu America Corp.
 April 2007: Executive Officer of Komatsu Ltd.
 April 2008: Senior Executive Officer of Komatsu Ltd.
 June 2009: Director and Senior Executive Officer of Komatsu Ltd.
 April 2012: Director and Senior Executive Officer of Komatsu Ltd.
 April 2013: President and Representative Director, and CEO of Komatsu Ltd.
 April 2019: Chairperson of the Board and Representative Director of Komatsu Ltd. (to present)
 March 2020: Outside Director of the Company (to present)



Director
Managing Executive Officer
Tatsumi Okawa
 April 1986: Joined the Company
 January 2015: Director and President of Yamaha Motor Corporation, U.S.A.
 March 2018: Senior Executive Officer and Director, Chief General Manager of Corporate Planning & Finance Center
 March 2021: Managing Executive Officer and Director (to present)



Director
Senior Executive Officer
Heiji Maruyama
 April 1986: Joined the Company
 March 2019: Senior Executive Officer, Chief General Manager of Powertrain Unit and Senior General Manager of Powertrain Planning Section, Powertrain Unit
 January 2021: Senior Executive Officer, Chief General Manager of Technical Research & Development Center
 March 2021: Senior Executive Officer and Director, Chief General Manager of Technical Research & Development Center (to present)

Audit & Supervisory Board Members



Audit & Supervisory Board Member (Full-Time)
Kenji Hironaga
 April 1982: Joined the Company
 February 2010: General Manager of Human Resources Development Division, Human Resources & General Affairs Section
 September 2014: Chief General Manager in charge of planning, Audit & Supervisory Board Members' Office
 March 2015: Audit & Supervisory Board Member (to present)



Audit & Supervisory Board Member (Full-Time)
Junzo Saito
 November 1985: Joined the Company
 February 2008: General Manager of Legal & Intellectual Property Division
 April 2011: Representative Director and President of Yamaha Motor Espana S.A.
 May 2012: Vice President of Yamaha Motor Europe N.V.
 March 2017: Senior Executive Officer
 March 2019: Audit & Supervisory Board Member (to present)



Audit & Supervisory Board Member (Outside)
Masatake Yone
 April 1981: Registered as an Attorney
 March 1987: Registered as a New York State Attorney
 July 1987: Joined Mori Sogo (currently Mori Hamada & Matsumoto)
 January 1989: Partner Attorney of Mori Hamada & Matsumoto (to present)
 April 2000: Lecturer at Graduate School of International Corporate Strategy, Hitotsubashi University
 September 2005: Outside Corporate Auditor of BANDAI NAMCO Holdings Inc.
 March 2008: Outside Director of GCA Savian Group Corporation (currently GCA Corporation)
 April 2011: Vice President of Daini Tokyo Bar Association
 June 2011: Outside Corporate Auditor of BANDAI NAMCO Games Inc. (currently BANDAI NAMCO Entertainment Inc.) (to present)
 June 2013: Audit & Supervisory Board Member (External) of Terumo Corporation
 June 2015: Independent Director (Audit & Supervisory Committee Member) of Terumo Corporation (to present)
 March 2016: Outside Director (Audit & Supervisory Committee Member) of GCA Corporation (to present)
 March 2019: Outside Audit & Supervisory Board Member (to present)
 December 2019: Outside Director of Skymark Airlines Inc. (to present)
 January 2020: Senior Counsel at Mori Hamada & Matsumoto (to present)



Audit & Supervisory Board Member (Outside)
Eriko Kawai
 October 1981: Joined Nomura Research Institute, Ltd.
 September 1985: Management Consultant of McKinsey & Company, Inc.
 October 1986: Fund Manager of Mercury Asset Management/ S. G. Warburg
 November 1995: Director and Chief Investment Officer (CIO) of Yamaichi Regent ABC Polska
 July 1998: Senior Pension Funds Administrator of the Bank for International Settlements
 October 2004: Senior Pension Funds Administrator of the Organization for Economic Cooperation and Development (OECD)
 March 2008: Representative of Kawai Global Intelligence
 April 2012: Professor of Kyoto University's Center for the Promotion of Excellence in Higher Education
 April 2013: Professor of Kyoto University's Institute for Liberal Arts and Sciences
 April 2014: Professor of Kyoto University's Graduate School of Advanced Integrated Studies in Human Survivability (to present)
 December 2017: External Audit and Supervisory Board Member of CMIC HOLDINGS Co., Ltd.
 June 2018: Outside Director of Daiwa Securities Group Inc. (to present)
 December 2019: Outside Director of CMIC HOLDINGS Co., Ltd. (to present)
 March 2021: Outside Audit & Supervisory Board Member (to present)

Directors and Audit & Supervisory Board Members (As of March 25, 2021)

Executive Officers

President and Chief Executive Officer

Yoshihiro Hidaka

Executive Vice President

Katsuaki Watanabe

Managing Executive Officers

Katsuhito Yamaji

Tatsumi Okawa

Senior Executive Officers

Heiji Maruyama

Chief General Manager of Technical Research & Development Center

Kazuhiro Kuwata

President of Yamaha Motor Corporation, U.S.A.

Hirofumi Usui

Chief General Manager of Marine Business Operations

Satohiko Matsuyama

Chief General Manager of Manufacturing Center

Minoru Morimoto

President of PT. Yamaha Indonesia Motor Manufacturing

Eric de Seynes

President of Yamaha Motor Europe N.V.

Hiroyuki Ota

Chief General Manager of Solution Business Operations

Itaru Otani

Chief General Manager of Human Resources & General Affairs Center

Takuya Kinoshita

Chief General Manager of Land Mobility Business Operations and Executive General Manager of Motorcycle Business Unit, Land Mobility Business Operations

Executive Officers

Akihiro Nagaya

Chief General Manager of Creative Center and General Manager of Brand Marketing Division, Creative Center

Motofumi Shitara

Managing Director of Yamaha Motor India Pvt. Ltd., Managing Director of India Yamaha Motor Pvt. Ltd., and Managing Director of Yamaha Motor India Sales Pvt. Ltd.

Dyonisius Beti

COO of PT. Yamaha Indonesia Motor Manufacturing

Toshihiro Nozue

Chief General Manager of Powertrain Unit and Senior General Manager of Powertrain Planning Section, Powertrain Unit

Satoshi Hirose

Chief General Manager of Quality Assurance Center and Executive General Manager of Customer Experience Business Unit

Takeo Noda

Chief General Manager of Corporate Planning & Finance Center

Toshiaki Iбата

Senior General Manager of Development Section, Marine Business Operations

Toyoshi Nishida

Chief General Manager of PF Model Unit and Senior General Manager of Motor Sports Section, PF Model Unit

Norio Yamada

Chief General Manager of IT Center

Tatsuya Masuda

Chief General Manager of Procurement Center

Kenichi Muraki

Chief General Manager of Manufacturing Technology Center

Koutarou Ueda

Deputy Chief General Manager of Manufacturing and Production Engineering Center and Senior General Manager of Manufacturing Section, Manufacturing and Production Engineering Center

Eishin Chihana

Deputy Chief General Manager of Land Mobility Business Operations, Senior General Manager of 3S Southeast & East Asia Section, Motorcycle Business Unit, Land Mobility Business Operations, and Senior General Manager of 3S Advanced Countries Section, Motorcycle Business Unit, Land Mobility Business Operations

Shin Yokomizo

Deputy Chief General Manager of PF Model Unit and Senior General Manager of PF Model Development Section, PF Model Unit

Yasutaka Suzuki

General Director of Yamaha Motor Vietnam Co., Ltd.

Deputy Executive Officers

Ben Speciale

Senior Vice President of Yamaha Motor Corporation, U.S.A., and President of U.S. Marine Business Unit

Jeffrey Young

President of Yamaha Motor Finance Corporation, U.S.A.

Michael Chrzanowski

Chairman of Yamaha Motor Manufacturing Corporation of America

Olivier Prevost

Director of PTW Manufacturing & Engineering, Yamaha Motor Europe N.V.

PF: Platform

Corporate Governance

As a *Kando* Creating Company, our corporate mission is to offer new excitement and a more fulfilling life for people all over the world. To achieve this mission, Yamaha Motor aims to enhance corporate value through sustained growth attained via its medium- and long-term strategies and measures. To this end, the Company has put into place systems and frameworks that enable rapid decision-making and the proper supervision and monitoring of business execution.

Basic Views on Corporate Governance

To ensure the implementation of the Company's growth strategies for the future, Yamaha Motor's Board of Directors establishes an environment that supports appropriate risk-taking and decisive decision-making by management, and it multilaterally understands and appropriately oversees issues and risks associated with the implementation of the Company's management strategies from the viewpoint of fulfilling responsibilities to various stakeholders, including shareholders and investors.

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



For more details, please see the Corporate Governance Guidelines.

https://global.yamaha-motor.com/ir/governance/pdf/corporate_governance_guidelines-e.pdf

History of Strengthening the Corporate Governance System

	2001	2007	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Improvement of operating structure	Introduction of Executive Personnel Committee (Nomination / Remuneration Committee)													
	Operation of Board of Directors + Management Discussion meeting													
	Establishment of Corporate Governance Guidelines													
	Implementation of the Board evaluation													
	Abolition of takeover defense measures													
Executive structure	Introduction of executive officer system													
	Appointment of outside directors													
	Delegation agreement with executive officers													
	Appointment of women directors and Audit & Supervisory Board members													
	Appointment of non-Japanese executive officers													
Separation of chairman of the Board of Directors and chief executive officer (CEO)														
Number of directors				11	11	10	10	12	11	11	13	11	11	10
Number of internal directors				7	8	7	7	9	8	8	10	7	7	6
Number of outside directors				4	3	3	3	3	3	3	4	4	4	4
Independent outside directors				3	2	2	2	2	2	2	3	4	4	4
Of whom, women directors				1	1	1	0	0	0	0	0	0	1	1
Executive remuneration system	Integration of stock options into stock compensation plan													
	Overall revision of the system (compensation further linked to performance and for long-term incentives)													
Medium-Term Management Plan					Stabilization of a profitable structure (V-shaped recovery in results)				Toward sustainable growth (expansion of business scale and enhancement of profitability)				A unique company that continues to achieve dynamic milestones (management emphasizing ROE and cash flows)	
	Taking on the renewed challenge of achieving net sales of ¥2 trillion													

Corporate Governance Structure

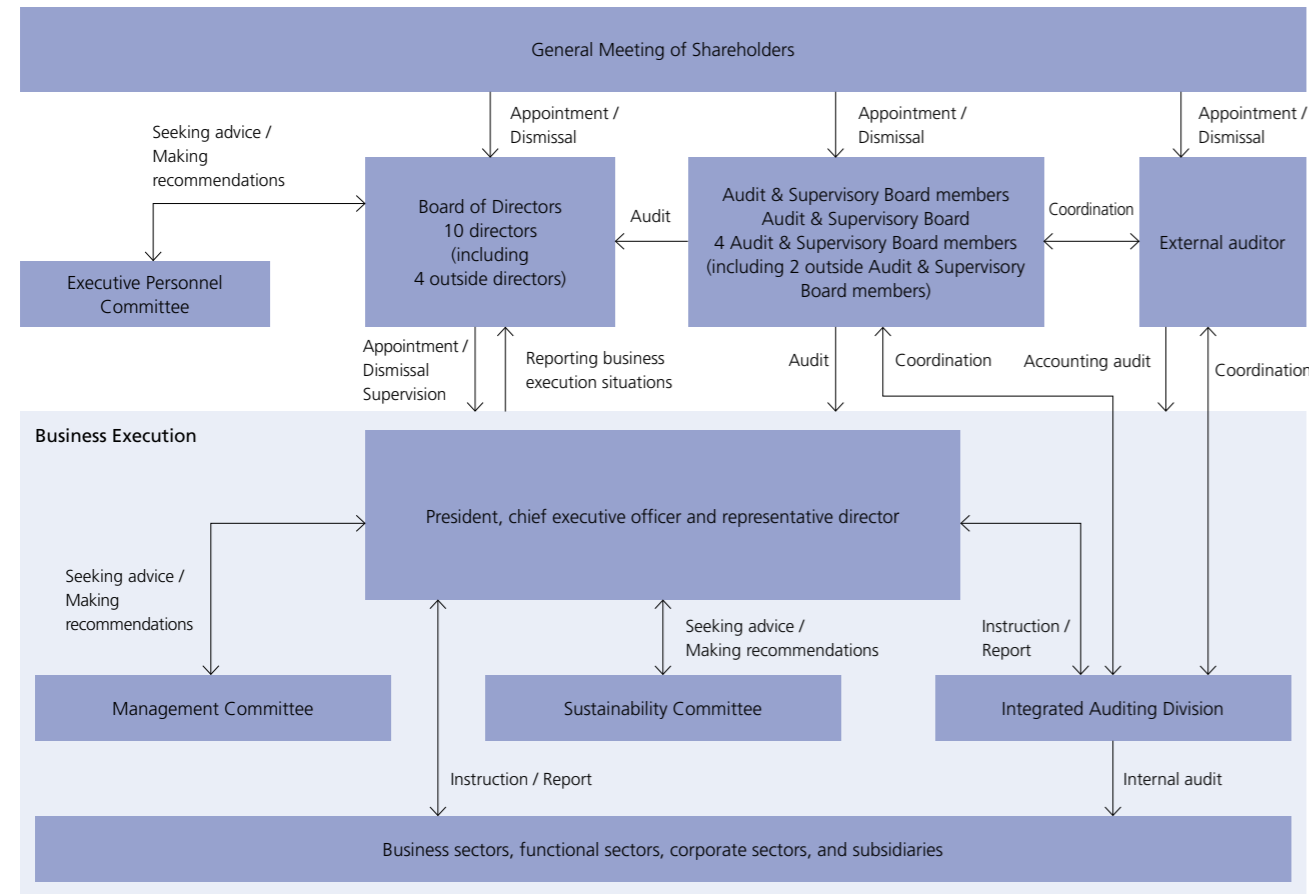
Yamaha Motor supplies various kinds of products and services to markets around the world, including personal mobility solutions, marine products, industrial robots, vehicle engines, and industrial-use unmanned helicopters. Overseas sales account for approximately 90% of the Company's consolidated net sales. Starting with the principal concept of developing and producing locally where the products are consumed, we engage in development, procurement, production, sales, and other activities on the global stage.

To sustainably advance our business activities, we believe it is effective to structure a corporate governance system consisting of the Board of Directors, made up of internal directors who are familiar with the Company's customer characteristics, products, business operations, and functions and of outside directors who have a wealth of knowledge in global corporate management, as well as the Audit & Supervisory Board whose members include outside Audit & Supervisory Board members with professional knowledge in areas including accounting, legal affairs, and management administration. Under this corporate governance system, executive officers are appointed to execute operational duties in a timely manner, and the Board of Directors delegates matters related to the execution of business operations to executive officers.

Corporate Governance System Overview

Organizational design	Company with Audit & Supervisory Board
Number of directors (number of outside directors)	10 (4)
Number of Board of Directors meetings in fiscal 2020 (average attendance rate by directors)	13 (100%)
Number of Audit & Supervisory Board members (number of outside Audit & Supervisory Board members)	4 (2)
Number of Audit & Supervisory Board meetings in fiscal 2020 (average attendance rate by Audit & Supervisory Board members)	12 (97.9%)
Directors' term of office	One year
Use of executive officer system	Yes
Optional committees of Board of Directors	Executive Personnel Committee
Auditor	Ernst & Young ShinNihon LLC

Corporate Governance System (As of March 25, 2021)



Professional Qualifications and Experience of Directors and Auditors

Name	Area(s) of responsibility	Corporate Management Expertise	Manufacturing / Technology / R&D	Sales / Marketing	Accounting / Finance / M&A	IT / Digital Technology	Human Resources / Labor / Personnel Development	Legal / Risk Management	Sustainability / ESG	Global Experience	Attendance at meetings of Board of Directors and Audit & Supervisory Board during FY2020
Hiroyuki Yanagi	—										Board of Directors: 13 / 13
Yoshihiro Hidaka	—										Board of Directors: 13 / 13
Katsuaki Watanabe	Quality Assurance / Land Mobility / Market Development / Customer Experience										Board of Directors: 13 / 13
Katsuhito Yamaji	Manufacturing / Manufacturing Technology / Procurement / Solution / Power Products										Board of Directors: 13 / 13
Tatsumi Okawa	Human Resources & General Affairs / Corporate Planning & Finance / IT / Digital / Creative / Marine										Board of Directors: 13 / 13
(Newly appointed) Heiji Maruyama	Powertrain Unit / Vehicle Development / Technology / Research										Appointed in March 2021
Outside Independent Takuya Nakata	—										Board of Directors: 13 / 13
Outside Independent Takehiro Kamigama	—										Board of Directors: 13 / 13
Outside Independent Yuko Tashiro	—										Board of Directors: 13 / 13
Outside Independent Tetsuji Ohashi	—										Board of Directors: 10 / 10 (After appointment on March 25, 2020)
Kenji Hironaga	—										Board of Directors: 13 / 13 Audit & Supervisory Board: 12 / 12
Junzo Saito	—										Board of Directors: 13 / 13 Audit & Supervisory Board: 12 / 12
Outside Independent Masatake Yone	—										Board of Directors: 13 / 13 Audit & Supervisory Board: 12 / 12
(Newly appointed) Outside Independent Eriko Kawai	—										Appointed in March 2021

Directors and the Board of Directors

The Board of Directors consists of 10 directors (including four outside directors). In principle, the Board of Directors meets monthly, and additionally from time to time as necessary. The chairman of the Board of Directors is not in charge of any specific field and not involved in business execution.

On the basis of fiduciary responsibilities to shareholders, directors collect adequate information, understand relevant laws and regulations and other necessary rules, actively express opinions, and discuss and make decisions at Board of Directors meetings, Management Discussion meetings, and other important meetings in order to obtain sufficient knowledge on viewpoints and standpoints of various stakeholders, including shareholders, and to achieve sustainable growth and medium- to long-term enhancement of corporate value. In fiscal 2020, Management Discussion meetings were held seven times, and the Executive Discussion meeting was held once.

Board Effectiveness Evaluation

The Board of Directors analyzes and evaluates the effectiveness of the roles and responsibilities of the Board as a whole on a yearly basis with the Corporate Planning Division acting as the administrative office.

Evaluation Process

- Conduct a self-evaluation by questionnaire updated based on the seven evaluation perspectives for the aims of the Board of Directors as well as past evaluation results
- Confirm the status of improvements by comparing the results against the evaluation implemented in fiscal 2019
- Share the analysis-based results of the effectiveness evaluation and deliberate the issues to be addressed at Board meetings

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 meetings of the Board of Directors
6. Relationships and dialogue with shareholders
7. Dealings with stakeholders other than shareholders

Executive Personnel Committee

Yamaha Motor established the Executive Personnel Committee as a voluntary advisory body concerning the nomination and remuneration of members of the Board of Directors in order to improve the transparency and appropriateness of executive appointments and dismissals and the determination of their remuneration, among other objectives. Matters deliberated by the Executive Personnel Committee are reported to the Board of Directors. Furthermore, to ensure the transparency and effectiveness of the deliberation process—the primary purpose for establishing the

Yamaha Motor's Standards for Independence

In addition to the required standards for independence established by Tokyo Stock Exchange, Inc., the Company has stipulated its own Standards for Selecting Independent Outside Directors / Outside Audit & Supervisory Board Members to objectively assess the independence of its outside directors and outside Audit & Supervisory Board members.



For the full text of the Standards for Selecting Independent Outside Directors / Outside Audit & Supervisory Board Members, please refer to our website.

https://global.yamaha-motor.com/ir/governance/pdf/independent_en.pdf

The analysis and evaluation are carried out from the following perspectives and a summary of the results is disclosed appropriately.

Evaluation Results from Fiscal 2020

Amid dramatic changes in the management environment, it was confirmed that the Board of Directors continued to proactively hold effective discussions and implement creative initiatives to realize the medium- to long-term enhancement of corporate value and sustainable growth. It was also confirmed that the Board of Directors was sufficiently effective in making progress toward the Company's Long-Term Vision that looks ahead to 2030 and in achieving the Medium-Term Management Plan that began in 2019.

As in the previous fiscal year's evaluation, it was recognized that comments made by outside directors and Audit & Supervisory Board members were properly respected by the Board, a climate exists in which constructive discussion and exchange of opinions are carried out, and the roles of directors and the Board of Directors are clear and understood among members. It was also confirmed that key issues regarding Yamaha Motor's management strategies were appropriately discussed.

In light of this evaluation, we will continue to promote ongoing improvements to address the issues identified and periodically involve a third party in the evaluation process to further improve the effectiveness of the Board of Directors.

committee—as well as the appropriateness of matters reported to the Board of Directors, the Executive Personnel Committee is composed of a majority of outside directors and meets at least six times a year, in principle.

In its role related to nominations, the committee deliberates on the appointment and dismissal of the chief executive officer (CEO), directors, Audit & Supervisory Board members, and executive officers, as well as on the selection of candidates for such senior management positions and their development plans, all while confirming future management

strategies and personnel requirements for their implementation, among other tasks.

In fiscal 2020, as part of its efforts to improve corporate governance, the Company established and carried out a roundtable conference with the CEO in a system for determining executive officer appointments or dismissals based on a review and evaluation of the CEO's own performance. Through strategic dialogue with CEO Yoshihiro Hidaka, the roundtable conference (composed of six outside directors and Audit & Supervisory Board members and chaired by Outside Director Takehiro Kamigama) carried out a non-financial evaluation that included Hidaka's operational performance as a member of management from the perspective of whether he possesses the qualities required to serve as the CEO and if he properly demonstrates those qualities. The outcome of the conference was reported to the Board of Directors by the Executive Personnel Committee, at which the appointment of executive

Audit & Supervisory Board Members and the Audit & Supervisory Board

The Audit & Supervisory Board is made up of two standing Audit & Supervisory Board members and two independent outside Audit & Supervisory Board members. In principle, the Audit & Supervisory Board meets monthly, and additionally from time to time as necessary. On the basis of fiduciary responsibilities to shareholders, Audit & Supervisory Board members and the Audit & Supervisory Board, as a body independent of the Board of Directors, request the Company and its subsidiaries to submit reports on their business activities in accordance with laws and regulations, survey the status of business operations and properties, exercise rights in respect of appointing or dismissing an external auditor and audit compensation, attend meetings of the Board of Directors and other important meetings, and provide opinions as needed. Through these tasks, Audit & Supervisory Board members and the Audit & Supervisory Board audit the legality and appropriateness of directors' execution of duties, internal control systems, and the performance and financial position of the Company and its subsidiaries. The Audit &

Executive Officers and Management Committee, etc.

The Company has 32 executive officers, of whom five serve concurrently as directors. The Management Committee, comprising 10 executive officers with specific posts, has been established to deliberate on matters of business execution, speeding up the Company's decision-making process. In principle, the Management Committee meets at least monthly, and additionally from time to time as necessary. In fiscal 2020, 26 meetings of the Management Committee were held.

In addition, the Global Executive Committee has been established to deliberate on important management policies and issues related to the

Sustainability Committee

Yamaha Motor has established the Sustainability Committee, comprising 10 executive officers with specific posts, as an entity to deliberate measures related to risk management and compliance as well as to address issues concerning sustainability. In principle, the Sustainability Committee meets twice a year, and also holds additional meetings if necessary.

officers—including the CEO—was finalized. In this way, through a process whereby objectivity and fairness are ensured, we will continue building up our corporate governance in which the best and most suitable members of management execute business operations.

In its role related to remuneration, the committee deliberates on and decides the evaluation standards and remuneration system for the CEO, directors, and executive officers. The committee also evaluates the performance of the Company overall and individuals based on their contributions to medium- to long-term corporate growth and business performance for the fiscal year in question. In addition, the committee deliberates on compensation linked to performance for the abovementioned senior management personnel within the limits of the total remuneration amount resolved at the Ordinary General Meeting of Shareholders.

Supervisory Board Members' Office, with a dedicated staff of two people, has been established to assist Audit & Supervisory Board members with their audit and supervisory operations.

Collaboration between Audit & Supervisory Board Members, Outside Auditors, and Internal Audit Section

Audit & Supervisory Board members (including outside Audit & Supervisory Board members) work with the external auditor to facilitate audits based on appropriateness and receive accounting audit reports in accordance with laws and regulations. Through collaboration that includes the mutual exchange of information as needed and related opinions with the internal audit section, Audit & Supervisory Board members receive reports about internal audit plans and their outcomes, with the ultimate aim of improving the effectiveness and efficiency of audits.

Group's management. The Global Executive Committee includes the Company's representative director, all executive officers with specific posts, and senior local managers of major Group companies, and has 46 members, of whom 28 are Japanese and 18 are non-Japanese. In principle, the committee meets at least once annually, and additionally from time to time as necessary. In fiscal 2020, two meetings of the Global Executive Committee were held.

Internal Auditing

The Integrated Auditing Division, with 27 members and which reports directly to the president and chief executive officer, has been established as an internal auditing body to audit the appropriateness of operational activities by the Company and its subsidiaries. In addition, internal audit functions have been installed at major subsidiaries, working together with the Company's internal auditing body to audit divisions and subsidiaries.

Cross-Shareholdings

Yamaha Motor conducts development, procurement, production, and sales globally, and we believe that strengthening the business relationships with our partners and maintaining stable relationships with financial institutions and other parties are necessities for achieving sustainable growth going forward. In considering our business strategies, business relationships with our partners, the reinforcement of our financial foundations, and other factors, we hold cross-shareholdings only when it is deemed necessary and appropriate in order to enhance corporate value from a medium- to long-term perspective.

The Board of Directors examines each cross-shareholding annually to determine whether the purpose of the shareholdings is appropriate, if the benefits and risks associated with the shareholdings are commensurate with capital costs, among others. The Board of Directors then appropriately discloses a summary of the results. In addition, Yamaha Motor upholds a policy to reduce cross-shareholdings if, as an outcome of the examination, the shareholdings cannot be justified.

Based on this policy, in fiscal 2020 the Board of Directors verified the appropriateness of holding certain individual stocks and the Company sold a portion of its cross-shareholdings.

Shareholdings of Yamaha Corporation

Yamaha Motor was established by spinning off the motorcycle division from Nippon Gakki Co., Ltd. (currently Yamaha Corporation). Today, the two companies' management is conducted separately, with both using the same Yamaha brand. We are undertaking various measures in collaboration with Yamaha Corporation through the Joint Brand Committee and under the Yamaha Brand Charter and Joint Brand Regulations. Both companies appropriately monitor measures for mutual sustainable growth through shareholdings and by dispatching directors. We believe that maintaining and improving the shared value of the Yamaha brand by building a relationship of monitoring and collaboration with Yamaha Corporation will contribute to the medium- to long-term enhancement of Yamaha Motor's corporate value.

Remuneration System for Executives

Remuneration for directors and executive officers is composed of base compensation (monthly fixed remuneration), performance-based compensation, and share-based compensation. For the president and representative director, the ratios of base compensation, performance-based compensation, and share-based compensation are set at roughly 50%, 30%, and 20% of the base amounts, respectively. Ratios of compensation for other directors and executive officers are determined based on the compensation for the president and representative director in consideration of their responsibilities, remuneration levels, and other factors, with an upper limit of 60% set for the ratio of base compensation. As the role of outside directors and outside Audit & Supervisory Board members is to provide supervision and advice regarding management from an objective and independent perspective, they are only paid a fixed base compensation.

In order to ensure the appropriateness as well as the transparency and feasibility of the deliberation process regarding items relating to executive remuneration, the Executive Personnel Committee voluntarily established by the Company conducts pertinent examinations and reports its findings to the Board of Directors. The remuneration amounts for directors and other executives are decided at Board meetings based on these reports, but the representative director is responsible for deciding the distribution of Companywide performance-based bonuses based on the coefficients in place for each executive position. In addition, Audit & Supervisory Board members discuss and determine the specific amounts of their base compensation.

Basic Policy

- To be a *Kando* Creating Company, Yamaha Motor encourages its executives to the maximum extent possible to perform their duties in accordance with its Management Principles and Action Guidelines.
- Toward realizing the Company's Long-Term Vision, executive remuneration shall offer strong motivation for achieving management targets in the Medium-Term Management Plan and other plans.

- In order to function as a healthy incentive for achieving the sustainable growth of the Company, the ratio of remuneration linked to short-term results and performance of duties (performance-based compensation) and the ratio of remuneration linked to medium- to long-term results and corporate value (share-based remuneration) shall be set at an appropriate level.
- Remuneration amounts shall be set at a level capable of securing and retaining outstanding human resources suitable for the roles and responsibilities to be carried out by the Company's executives.

Remuneration Structure

Base Compensation

An annual base compensation is set for each executive position, one-twelfth of which is paid in cash on a monthly basis.

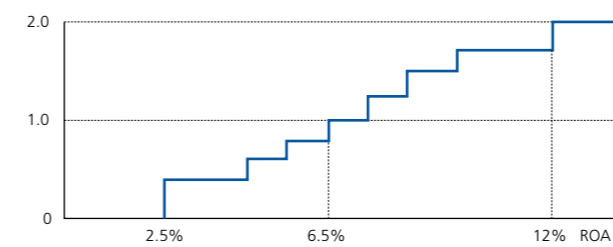
Performance-Based Compensation

The representative director shall only be paid the Companywide performance-based bonus. Performance-based compensation for other directors and executive officers shall comprise a Companywide performance-based bonus and an individual performance-based bonus. The total amount of the Companywide performance-based bonus for directors shall be payable up to 0.5% of the net income attributable to owners of parent recorded in the previous fiscal year. The individual performance-based bonus will be determined within the scope of 0–2 times the base amount stipulated for each executive position, taking into account the degree of progress in achieving various predetermined evaluation indicators.

Share-Based Compensation

With the aim of encouraging executives to share a common interest with shareholders and achieve sustainable improvements in corporate value, the Company shall issue restricted stock once a year in accordance with the base amount stipulated for each executive position. Executives are not able to transfer, establish security interests in the issued shares, or dispose in any other way of the issued shares until resigning from their position as a director or other positions held.

Indicators Related to the ROA Evaluation Coefficient



The Company stipulates the three-year average of return on assets (ROA) as indicated in the graph.

Adjustments are made according to each indicator after deliberations by the Executive Personnel Committee.

- Level of achievement for consolidated net sales and consolidated operating income targets
- Level of progress with the Medium-Term Management Plan aimed at realizing the Long-Term Vision
- Other events affecting corporate value and brand value

Breakdown of Compensation Linked to Consolidated Performance

Compensation Linked to Consolidated Performance	Compensation Linked to Individual Performance	
	Financial Evaluation	Non-Financial Evaluation
Pool of funds (up to 0.5% of net income attributable to owners of parent) Net income attributable to owners of parent x Preset percentage x Evaluation coefficient based on ROA 0–2x (including adjustments based on other business performance metrics)	0–2x of base amount relative to achievement of and progress toward predetermined indicators Takes into account year-on-year comparisons and degree of target achievement for net sales, operating income, and ROA in the division for which they are responsible	Takes into account degree of progress on initiatives in the Medium-Term Management Plan, grooming of future executive officers and candidates for senior management positions, and contributions to corporate value and brand value
Ratio of financial and non-financial evaluation • Directors: 1 to 1 (Executive officers: 1 to 1)		
Ratio of compensation linked to consolidated performance and compensation linked to individual performance • Representative director: 1 to 0 • Directors: 2 to 1 (Executive officers: 1 to 3)		

Executive Compensation in Fiscal 2020

In fiscal 2020, the Company's three-year ROA average was 7.7%. However, the long-term loans payable urgently raised to address the impacts of the COVID-19 pandemic have been excluded from the calculation. In accordance with remuneration rules, the ROA evaluation coefficient was set at 1.25 after carrying out a comprehensive assessment of business performance, including management efforts amid the effects of COVID-19 on the global market.

As a result, the total amount for the Companywide performance-based bonus came to ¥126 million (net income attributable to owners of parent of ¥53,072 million × fixed ratio of 0.19% × evaluation coefficient of 1.25). The total amount was distributed among executives in accordance with the coefficients determined for each position.

For individual performance-based bonuses, comprehensive assessments of each director were carried out and amounts were determined in consideration of predetermined financial and non-financial evaluation indicators.

Officer classification	Basic compensation	Compensation linked to performance		Remuneration of shares with restriction on transfer	Total
		Companywide performance-based bonus	Individual performance-based bonus		
Directors (12)	318	126	23	61	529
Of whom, outside directors (5)	(62)	—	—	—	(62)
Audit & Supervisory Board members (4)	98	—	—	—	98
Of whom, outside Audit & Supervisory Board members (2)	(31)	—	—	—	(31)
Total	417	126	23	61	628

Notes 1. The Companywide performance-based bonus component of performance-based compensation is the amount scheduled to be paid.
 2. Figures include those for a director who retired on March 25, 2020.
 3. Regarding the maximum compensation amount for directors (approved at the 84th Ordinary General Meeting of Shareholders held on March 27, 2019), base compensation shall be within a yearly limit of ¥500 million (of which, a yearly limit of ¥100 million for outside directors), the Companywide performance-based bonus shall be within a limit of 0.5% of net income attributable to owners of parent, the individual performance-based bonus shall be within a yearly limit of ¥100 million, and restricted stock compensation shall be within a yearly limit of ¥200 million.
 4. Maximum compensation for Audit & Supervisory Board members (also approved at the 84th Ordinary General Meeting of Shareholders) shall be within a yearly limit of ¥120 million.



The Yamaha Motor Group is working on risk management, crisis management, and business continuity as follows.

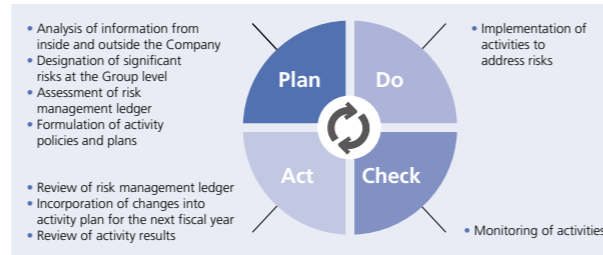
Risk Management Structure

Based on the Rules of Risk Management, the risk management structure works toward the thorough reduction of risks on a Groupwide basis and is led by the Sustainability Committee and its subordinate council, the Sustainability Promotion Meeting, which comprises the risk management supervising section and divisions in charge of risk management. The Sustainability Committee, chaired by the president and chief executive officer, monitors risks on a Groupwide basis while also designating significant risks at the Group level to be tackled as priorities and checking on activities to address risks.



Risk Management Activity Cycle

Risk management activities are promoted through the repetition of the plan-do-check-act (PDCA) cycle as detailed on the right. The Yamaha Motor Group has prepared a risk management ledger of all risks that need to be covered, and it works to reduce risks by appropriately managing and operating the risk management ledger.



Significant Risks at the Group Level

Each year, risks that need to be prevented and addressed as special priorities are determined to be significant risks at the Group level. In addition to the results of risk assessments at the Group level, significant risks at said level can be comprehensively judged and designated based

on the Group's business strategy, legal and regulatory changes inside or outside the Group, or other developments including information concerning the likelihood of a risk event occurring or changes to the operating environment.

	Background	Measures
Damage caused by natural disasters	Many manufacturing plants in Japan are concentrated near the epicenter of the predicted Nankai Trough megaquake, and measures must be taken to prepare for typhoons, localized torrential rains, and other natural disasters that far exceed previous assumptions. Damage caused by natural disasters has, therefore, been designated a significant risk.	The Group is promoting measures to prevent damage from a Nankai Trough megaquake or flooding due to heavy rains and measures to raise awareness about the need for disaster preparedness.
Major accidents involving Yamaha products	Major accidents involving Yamaha products are one of the causes of market penalties such as large-scale recalls. The Group must make continuous efforts to ensure zero incidences of such accidents.	The Group is promoting information-gathering activities related to product accidents and making efforts to raise quality awareness among all employees.
Cybersecurity	The degree of reliance on and the importance of information systems within the Group's business activities are increasing. Measures are needed to prevent leaks of personal or confidential information, information system failures, etc., caused by cyberattacks and computer virus infections.	The Group has established a Cybersecurity Policy and is taking measures covering both the tangible and intangible aspects of cybersecurity to increase its defenses against external attacks, to detect attacks at an early stage, and to minimize damage in the event of an attack.
Violation of laws and regulations concerning product quality	Compliance with regard to product quality is a fundamental and important issue for manufacturers. Further strengthening the structures put in place by the Group to prevent the violation of laws and regulations is necessary.	The Group collects information regarding the establishment of and changes to laws and regulations concerning product quality. In addition, the Group is creating systems that reflect this information appropriately in internal regulations and standards while advancing improvement activities and other efforts.
Products containing environmentally hazardous substances	Countries around the world have been steadily tightening regulations on environmentally hazardous substances, and the Group must strengthen control structures to prevent violations of laws and regulations by the products it manufactures.	The Group takes steps for early prevention of violations of laws, regulations, and ordinances by maintaining an accurate understanding of legal information in relevant countries, by communicating accurate information internally and externally to relevant departments, by conducting rank-based training, by promoting the proper management systems as well as standardizing the steps for handling increasingly complex laws and regulations, and by efficiently utilizing IT systems.
Improper import/export procedures	In light of the growing number of bilateral and multilateral free trade agreements and the increasing need for import/export procedures for global logistics among Group companies, the Group must further enhance its system for preventing violations of laws, regulations, and ordinances.	Groupwide structures are being developed to prevent violations of laws, regulations, and ordinances by tracking information pertaining to the enactment and revision of free trade agreements, by standardizing work processes and properly educating relevant personnel in line with the management frameworks stipulated in the Group rules, and by monitoring the implementation status of these measures on a daily and regular basis.
Pandemics	The Group has experienced a pandemic with COVID-19, and in order to ensure business continuity while safeguarding the health of employees, there is a need to reexamine the effectiveness of internal rules by reviewing the activities carried out thus far.	The Group will alter its countermeasures in response to risks of the pandemic's spread, review the definitions of various items, revise level-based pandemic countermeasures, and otherwise improve the effectiveness of its internal rules to ensure a uniform level of countermeasures for both domestic and overseas Group companies.
Violation of copyright laws regarding software licenses	Computer software is protected as copyrighted work and requires proper management. However, due to the diversification of workstyles and changes in the operating environment, such as cloud computing, licensing systems are becoming more complicated and the risk of violating laws and regulations, even without intention, is increasing.	For the early prevention of software license violations, the Group is working to minimize risks by educating employees in order to raise their levels of awareness and strengthening IT asset management systems and their operating practices.
Bribery	Anti-corruption initiatives are being ramped up in every country and region, and as the Group conducts business activities on a global scale, there is a need to implement an effective system for early prevention of regulatory violations and to strengthen anti-bribery measures.	Based on the Yamaha Motor Group Anti-Bribery Policy, the Group is adhering to its anti-bribery commitment and implementing related management systems on a global basis. It also conducts training, monitoring, and risk assessments to address anti-bribery more effectively and systematically.

Crisis Management Structure and Activities

The Yamaha Motor Group works to minimize the damage from and quickly resolve crisis situations as per the Rules for Initial Response to an Emergency.

In the event of a disaster, accident, or compliance-related incident at the Group, the division involved will report to the risk management supervisory section or the divisions in charge of risk management as per standards for determining the level of reporting, which are set in advance. If the reported event is of a scale significant enough to warrant

the involvement of Group management or multiple divisions and/or companies, the risk management supervisory section will refer the matter to a response team designated in advance, and an Emergency Countermeasure Headquarters, chaired by the president, will be established. The headquarters will work to understand the situation and formulate a provisional response and, if necessary, will promptly report on the matter to customers and related parties.

Business Continuity Planning

To prepare against envisioned risks that could impact the continuity of its business, Yamaha Motor has formulated the Rules of Business Continuity and responds as per those rules.

Yamaha Motor's primary operations are concentrated in Shizuoka Prefecture and could be affected if a major earthquake were to occur in the Nankai Trough. To prepare for this, we have formulated a business continuity plan (BCP) to maintain the continuity of business operations, based on the damage projected by government bodies, and are placing foremost priority on the lives and safety of our employees.

Specifically, buildings and equipment have been made earthquake- and tsunami-resistant; emergency stockpiles of food, water, and other essentials are maintained; emergency methods for telecommunications are in place; and Companywide evacuation drills, night drills, and safety confirmation drills are carried out regularly at both the headquarters and Group companies located nearby. Also, regular initial response drills are held at both headquarters and individual business units, procedures to restore operations have been clarified, and a system for gathering supply chain information is in place. These and other measures addressing both tangible and intangible effects are carried out comprehensively and continuously.

Another concern is the potential outbreak of global pandemics. To prepare for such events, Group companies have developed infection prevention measures and identified issues that could affect the continuity of their operations in order to formulate response plans. Drills simulating actions to be taken in the case of a pandemic are carried out, and systems are in place to guarantee that businesses are able to continue operating.

In regard to the global COVID-19 pandemic that has wrought havoc in fiscal 2020, we took measures in accordance with our Business Continuity Guidelines (Novel Influenza Version) and set up a COVID-19 Task Force headed by the president, which collected information, set response policies, and disseminated directives and information. We instructed Yamaha Motor employees and their families stationed overseas in certain countries to return to Japan based on the spread of COVID-19 infections and local medical risks. For employees working at the headquarters, we adopted teleworking and staggered office hours. We also prepared an intranet site for sharing information between headquarters and Group companies and implemented a thorough range of other measures to prevent infections.

Cybersecurity Efforts

Cyberattacks have become increasingly advanced and sophisticated in recent years, and businesses are faced with a heightened risk of infection by computer viruses, leakage of personal and confidential information, and information system failures. The Yamaha Motor Group has thus established a Cybersecurity Policy with the aim of protecting the products and services used by its customers as well as its information assets.

In addition to the basic defensive measures already in place, such as a monthly vulnerability analysis that includes anti-malware measures, the

Group has a Security Operation Center (SOC) that monitors for irregularities to enable early detection and response and a Computer Security Incident Response Team (CSIRT) that responds to incidents to prepare for contingencies. The Group also provides training to increase employees' cybersecurity literacy, conducts assessments to ascertain the situation at each Group company and to develop improvement plans, and makes other ongoing efforts to reduce cybersecurity risks.

Information Management Initiatives

In fiscal 2013, the Yamaha Motor Group established its Group Operational Guidelines that stipulate Groupwide policies related to all areas of information management, including confidentiality management, document control, protection of personal information, and management of disclosed information. We have been carrying out activities in line with these guidelines since. The development of communications technologies and greater use of big data as well as the enactment of new personal information protection laws in Europe in fiscal 2018 triggered the gradual ratification of strict personal information laws and ordinances in various countries. In response, Yamaha Motor revised its Information Management Group Operations Guidelines in fiscal 2020, laying out provisions on the handling of personal information and designating organizational roles, in particular. Yamaha Motor and its Group companies in countries around the world are working together to

achieve global compliance with the new guidelines. The Yamaha Motor Group Global Privacy Policy was also revised in fiscal 2020 to promote compliance with personal information protection laws in the countries we operate in.

In relation to information management, each year, we monitor how information is handled among Group companies and make recommendations based on the results. At the same time, we conduct group training sessions, e-learning seminars, and other educational and awareness-building activities to ensure the appropriate handling of information.

In fiscal 2020, there were no allegations recognized by regulatory authorities as being violations of our customers' privacy.

Business Overview

Land Mobility

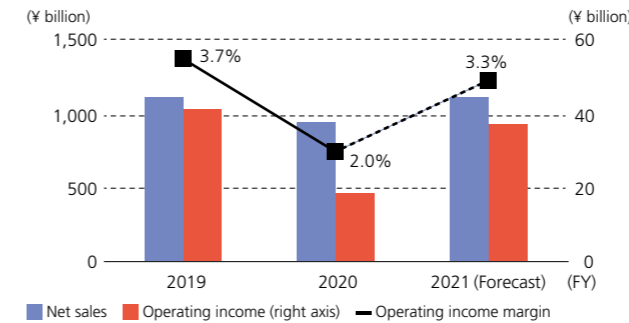
Primarily composed of the motorcycle, recreational vehicle (RV), and Smart Power Vehicle (SPV) businesses, the Land Mobility business offers its diverse range of products—spanning practical, everyday means of transportation and recreational products to products for commercial use and motorsport—to markets in line with their individual characteristics, and is building business platforms to be ready for a new era of mobility.

Medium-Term Priority Initiatives

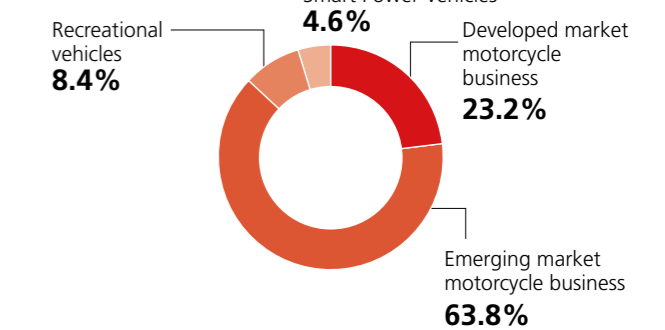
Building business platforms ready for the shift to a new era of mobility

- Revamp current capabilities to boost the efficiency of manufacturing and sales operations
- Promote swifter management to improve the speed of decision-making
- Accelerate the shift toward new business fields

Net Sales / Operating Income / Operating Income Margin



Net Sales Breakdown by Major Product Category (Fiscal 2020)



Marine Products

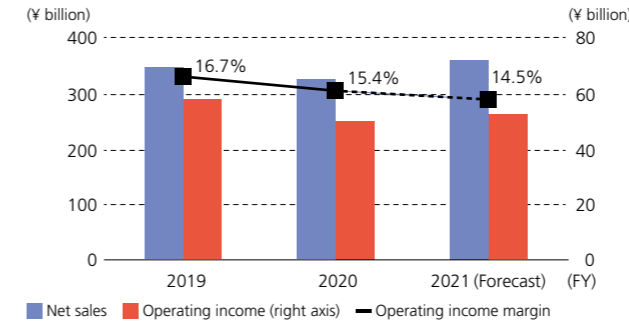
The Marine Products business' portfolio includes marine engines, boats, personal watercraft, and pools. The business has built a presence as a global leader in the marine products market and is working to strengthen its high-profit business structure as well as establish platforms for sustainable growth.

Medium-Term Priority Initiatives

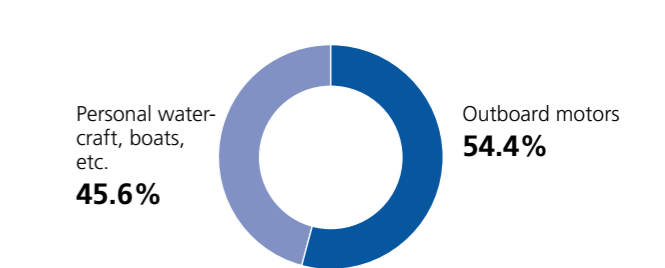
Strengthening the business' high-profit structure and building platforms for sustainable growth

- Realize the Marine Long-Term Vision
- Promote a global production scheme for outboard motors
- Progress as a system supplier through a comprehensive marine business strategy
- Work on product development strategies to offer more attractive products and services

Net Sales / Operating Income / Operating Income Margin



Net Sales Breakdown by Major Product Category (Fiscal 2020)



Robotics

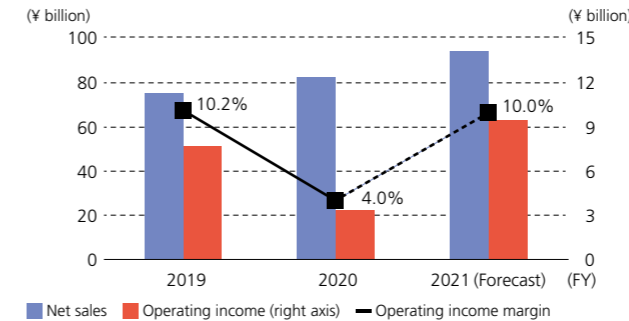
Our Robotics business traces its roots back to technologies used in the production of our motorcycles. Today, the business offers industrial robots for factory automation, surface mount technology (SMT) equipment for manufacturing printed circuit boards, semiconductor manufacturing equipment, industrial-use unmanned helicopters and drones leveraging Yamaha Motor's core competency in electronic control technologies, and other products for a variety of clients. The priorities of this business are expanding its scale and domains of operation alongside bolstering profitability.

Medium-Term Priority Initiatives

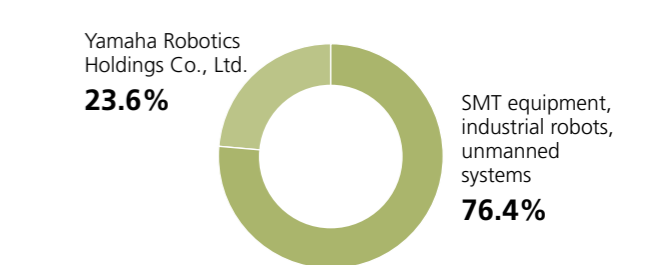
Expanding business scale and domains and bolstering profitability

- Accelerate factory automation
- Contribute to laborsavings in new fields
- Build robust business platforms through in-house technologies and organizational reinforcement

Net Sales / Operating Income / Operating Income Margin



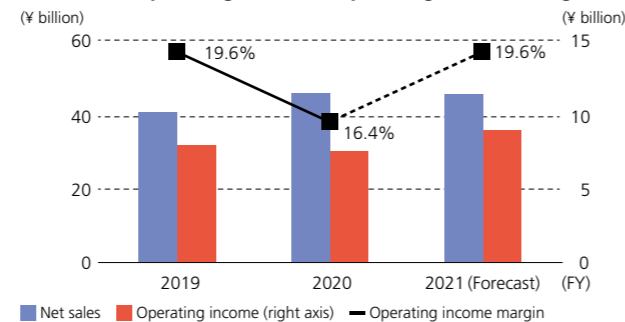
Net Sales Breakdown by Major Product Category (Fiscal 2020)



Financial Services

The Financial Services business offers retail and wholesale financing, leasing, and insurance packages for dealerships and customers with the goal of strengthening Yamaha Motor's business operation platforms. This business aims to ensure stable earnings by strengthening our ties with customers.

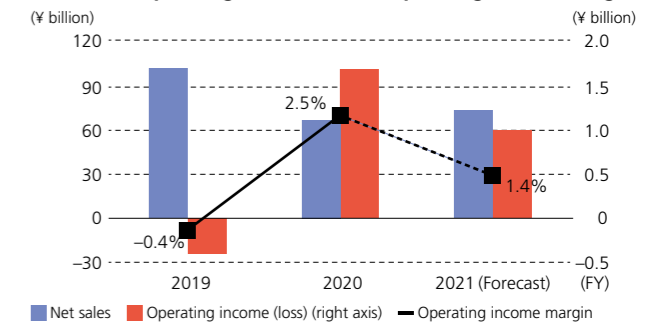
Net Sales / Operating Income / Operating Income Margin



Other Products

The Other Products business manufactures and sells electric wheelchairs for supporting people's daily lives, the golf cars found at golf courses and resort facilities, portable generators and multipurpose engines adapting Yamaha Motor's small-engine technologies, snow blowers for regions with heavy snowfall, and other products.

Net Sales / Operating Income (Loss) / Operating Income Margin





Takuya Kinoshita

Senior Executive Officer,
Chief General Manager of Land Mobility Business Operations,
and Executive General Manager of Motorcycle Business Unit,
Land Mobility Business Operations

Strengths

- Diverse and global product lineup combining both high performance and quality through our cultivated core technologies
- Established global brand position for motorcycles
- Pedigree of constantly pioneering new markets by creating new forms of mobility

Opportunities

- Expansion of middle-income markets in ASEAN and other emerging economies
- Global rollout of models compliant with emissions regulations
- Evolution of marketing through digital technologies

Risks

- Tighter emissions regulations in each country
- Structural shift in the industry from new technologies and competitors
- Shift away from mobility and vehicle ownership among younger generations in Japan

Overview of Primary Products and Main Competitors

	Markets and conditions at Yamaha Motor	Main competitors
Motorcycles and commuter vehicles for developed markets	Overall demand has remained largely flat since the 2008 global financial crisis. Demand decreased in the first half of fiscal 2020 as a result of the lockdowns instituted in response to the COVID-19 pandemic, but demand for outdoor recreation and personal mobility offered a boost in the second half of the year.	Honda, Suzuki, Kawasaki, Harley-Davidson, BMW, Ducati, Triumph, KTM, Aprilia, Piaggio, KYMCO
Motorcycles and commuter vehicles for emerging markets	Unit sales fell in our mainstay market of Indonesia and other markets across the globe due to the COVID-19 pandemic.	Honda, Suzuki, Kawasaki, Hero, Bajaj
ROVs / ATVs	The North American market accounts for the majority of demand. A rise in demand was seen prior to the summer season of 2020.	Polaris, BRP, Honda, Kawasaki
Electrically power-assisted bicycles and OEM drive units	Yamaha Motor is the pioneer of e-Bikes, demand for which is recovering in eco-conscious Europe.	Panasonic, Bosch, Shimano

We will redefine the value of mobility and strive to create *Kando* that goes beyond the boundaries of mobility.

We had a difficult year in fiscal 2020 with sales and profits both falling due to the COVID-19 pandemic. However, thanks to managing risks while adapting to market trends and endeavoring to cut expenses at the same time, our results show that we were able to avoid the worst-case scenario we projected for April 2020 that estimated the impacts of the virus on our business. That being said, Yamaha Motor's demand chain management practices traditionally keep product inventory to a minimum in line with demand, so the drastic demand fluctuations seen in fiscal 2020 made it very difficult for us to respond. This made the immediate issues with our production planning and supply capabilities clear, and we will address these matters with vigor going forward.

The progression of technology and environmental regulations as well as the value placed on day-to-day life and life in general have grown even more diverse amid the pandemic, and the view on what constitutes "mobility" has also greatly changed. Under these circumstances, thinking about what users are really looking for as well as the reasons why is part of Yamaha's corporate agenda. At the same time, I think it is vital that, with our products, we redefine the value they provide to elevate them beyond being just a way to move from one place to another. Whether it is musical instruments or mobility, owning a Yamaha-brand product is about fun and the user's happiness. I believe redefining the value of mobility to go beyond simple "use of a consumer product" is key to delivering value that connects to the human happiness expressed in our Long-Term Vision of ART for Human Possibilities. Simply raising product performance will not suffice. As we redefine mobility and think about the kind of *Kando* we want to deliver to our customers, we also need to ponder where the source of our future *Kando* will come from.

Yamaha Motor developed the world's first electrically power-assisted bicycle and brought the side-by-side ROV to market, providing users with fresh experiential value over the years. In this way, it is in our DNA to pioneer new markets by creating new forms of mobility, and by doing so, we have established a firm position in each of our fields. While coordinating our efforts internally and externally, we will apply the unique advantages, technologies, and know-how we have accumulated from engaging in a wide range of segments—from electrically power-assisted products to low- and high-speed mobility—toward creating new forms of mobility that embody our corporate values and thereby ensure we seize any opportunities that arise.

Overview of Fiscal 2020

The spread of COVID-19 led to a fall in sales volume and expenses and product inventory decreased in turn. In developed markets, the swift recovery of demand for outdoor recreation and personal mobility following the lifting of lockdowns became a tailwind that

helped minimize the damage to our numbers despite lower sales and profits. However, product stock remains at a low level in almost all regions and in fiscal 2021 we intend to realign our production plans to meet the surge in demand.

Progress of Priority Initiatives

- Transferred ownership shares to an Italian motorcycle engine manufacturer and began reallocating production duties at the Iwata Main Factory and surrounding factories as part of production base structural reforms aimed at raising production efficiency and market adaptability
- Developed and launched the Wolverine RMAX 1000 as an ROV platform model
- Released a flagship e-MTB model incorporating knowledge gained through motorcycle development, etc.
- Began accepting commissions for prototype electric motor development for EVs

Fiscal 2021 Initiatives

As motorcycles continue to be reassessed for their role in personal mobility and commuting, we will ramp up launches of products tailored to the individual market characteristics of each country and build platforms for profitability in the growth areas unique to our brand to capture rising demand. For the motorcycle and recreational vehicle (RV) businesses in developed markets, we will

aim to improve profitability through structural reforms and the release of new models. With electrically power-assisted bicycles, we plan to develop new products using novel technologies and leverage strategic partnerships to offer value across-the-board in order to expand the business on a global basis.

Future Measures for Realizing Our Long-Term Vision

Produce Synergy between the Motorcycle and SPV Businesses

A strength of the Land Mobility business is its full lineup of products available around the world. To boost competitiveness, the Smart Power Vehicle Business Unit was merged with our Motorcycle Business Operations in fiscal 2020 in an organizational restructuring that formed our Land Mobility Business Operations. With fiscal 2021 as the final year of the current Medium-Term Management Plan, our target figures and the like remain the

same. For the next plan, however, we will move forward with initiatives to produce synergy between the motorcycle and SPV businesses. There will be difficulties in integrating two different business systems, but we are committed to furthering our strengths in order to drive not only product electrification but also the creation of new forms of mobility.

Accelerate Our Digital Transformation Strategies to Better Connect with Customers

The Land Mobility business is moving forward with its digital transformation strategies for both products and marketing, and these are aimed at delivering the following types of value by forming connections among products, customers, and traffic environments.

1. Even greater convenience and value in mobility
2. A safer, more secure mobility experience by constructing a connected traffic environment

3. Support for self-actualization by providing data and evaluations on vehicle operation
4. Community building to strengthen ties with customers
Work to implement the strategies with our products is being carried out in stages while integration methods and deployment timetables for services offered around the world, such as the Yamaha Riding Academy riding safety program and the bLU cRU amateur racer support program, are under consideration.

Message from Management

With years of respect and widespread recognition in the European market, the Yamaha brand is the market leader in certain countries and product lines and has carved out a position among the top three motorcycle brands in the 41 countries served by Yamaha Motor Europe. The strength of the brand and our products helped us establish our monobrand network that accounts for over 80% of our sales in those countries.

We are also now seeing new additions to our customer base and higher expectations for our products as solutions that improve our customers' quality of life. Yamaha Motor products are answers to expectations that include 1) new electric and eco-friendly (Euro 5-compliant) mobility, 2) mobility providing new freedom in a post-COVID-19 world, and 3) mobility creating the better world our customers hope for. At the same time, they support both the market of today and of tomorrow.

Thanks to our distribution networks, high level of technical expertise, and, of course, our competitive lineup, Yamaha Motor already enjoys a trustworthy reputation in the market, so from here it is up to us to build a bright future for the brand in Europe.



Eric de Seynes
Senior Executive Officer,
President,
Yamaha Motor Europe N.V.
(YMENV)

Marine Products



Hirofumi Usui

Senior Executive Officer,
Chief General Manager of Marine Business Operations

Strengths

- Unquestioned product reliability centered on integrated control technologies
- Overall business strength supported by wide-ranging business domains and an expansive product lineup
- Sales and service capabilities spanning the global market

Opportunities

- Growing demand for large outboard motors centered on developed markets
- Expansion of peripheral equipment business due to advances with integrated control technologies
- Changing sense of value pertaining to marine recreation spurred by staycation demand

Risks

- Dramatic market changes against the backdrop of climate change, rapid technological innovation, etc.
- Making flexibility adjustments to manufacturing and sales structures in response to recent demand fluctuations due to the COVID-19 pandemic, etc.
- Creating a business structure resilient against changes in exchange rates and regulations

Seeing dramatic market changes as opportunities, we will seek to offer experiences with higher added value.

In fiscal 2020, the COVID-19 pandemic drastically affected our business and our performance suffered as a result. Nevertheless, we were still able to make steady progress with the priority initiatives outlined in our current Medium-Term Management Plan. These run from continuing our transformation into a system supplier with the launch of the new Helm Master™ EX boat steering system in developed markets and reinforcing our development structure with R&D functions in North America to engaging in new IoT-powered initiatives for early issue detection and predictive maintenance services.

Further, as demand for outdoor recreation rose in developed markets, positive developments also emerged, such as consumer reevaluations of marine recreation, seeing it as an accessible form of leisure requiring little to no long-distance travel. We can also expect future trade-in demand with more people purchasing a Yamaha marine product for the time, hence the roots of our business are growing. In fiscal 2021, we will accurately gauge the various levels of demand and bolster our product supply systems, as well as move forward with our new Marine CASE strategy as our business policy for the future.

This strategy is centered on achieving our Marine Long-Term Vision of a “Reliable and rich marine life” and incorporates the priority initiatives we have engaged in thus far. It is aimed at transforming customers’ marine lifestyles with experiences that provide even greater peace of mind and comfort. We will respond to the drastic market changes taking place against the backdrop of thwarting climate change, rapid technological innovation, and other developments, as well as take on the challenge of lowering the hurdles to marine product ownership—expensive product prices, costly maintenance, and the required boating skills—all in line with our CASE approach. Doing so will turn risks into opportunities and we will leverage our strengths as a manufacturer as we strive to build greater marine product demand from the ground up. Through our CASE strategy, we will seek to offer enriching marine lifestyles as we create higher-value-added experiences and transition to a business model that fosters customer self-actualization.



Overview of Primary Products and Main Competitors

	Markets and conditions at Yamaha Motor	Main competitors
Outboard motors	Outdoor and family recreation demand surged after the end of lockdowns, mainly in North America. We will build a global production scheme with the flexibility to keep pace with demand growth.	Mercury Marine, Suzuki, Honda, Tohatsu, Evinrude
Boats	The domestic boat market is relatively stable and we will offer higher-value-added pleasure-use boats. With Sea-Style and our other service-based businesses, we will strengthen our development of services in line with customer preferences.	Yanmar, Toyota, Suzuki, Tohatsu
Personal watercraft	The North American market accounts for the majority of demand and is growing in scale yearly as uses for personal watercraft broaden.	BRP, Kawasaki

Overview of Fiscal 2020 and Fiscal 2021 Initiatives

The effects of COVID-19 in the first half of fiscal 2020 caused North American boatbuilders to halt operations, dealers to close their doors, and the temporary shutdowns of the Iwata Main Factory in Japan and our manufacturing facilities in the United States, driving down sales. However, following the lifting of lockdowns, demand for outdoor recreation spiked and by ramping up capacity utilization rates, we were able to post higher outboard motor unit sales in North America and Europe in the latter half of the fiscal year. Still, the Company was unable to fully recoup the

results of the first half and recorded lower sales and profits for fiscal 2020 overall. For fiscal 2021, we will gauge the growing demand for outboard motors and personal watercraft—driven by rising outdoor recreation demand—and will swiftly and flexibly enact adjustments to our production and sales plans in order to adapt to demand fluctuations. At the same time, to make further progress with our system supplier strategy, we will carry out our product and technology strategies to expand our marine business across the board.

Progress of Priority Initiatives

- Investments for augmenting large outboard motor production capacity mostly complete
- Field testing of the new HARMO boat control system, which combines an electric propulsion unit, steering system, and more, underway in Otaru in Hokkaido Prefecture, Japan
- Launched the F/FL425A 4-stroke outboard motor, Yamaha’s most powerful offering at 425 hp and released to industry acclaim in the United States, in the Japanese market
- Developed an all-new single-rider SuperJet stand-up PWC model, improving its performance, eco-friendliness, and fun factor

Future Measures for Realizing Our Long-Term Vision

Promotion of Marine CASE Strategy

We will move forward with our Marine CASE strategy, which aggregates the various initiatives we have carried out to date as part of our growth strategy, and plan to position it at the center of our work under the duration of the next Medium-Term Management Plan covering fiscal 2022 and onward.

With Connected, we will provide ample peace of mind by bringing connectivity to time on the water using engine information. For Autonomous, we will create systems that deliver smooth, intuitive boat control for user assurance and comfort. Electrification will yield quieter operation and, subsequently, increased comfort. These measures remain congruent with our

original system supplier strategy, and we will implement each with an eye on combining them all into a single system in the future.

Furthermore, we will put the products incorporating the aforementioned advancements to use in our membership-based Sea-Style boat rental club and offer more opportunities to experience the marine lifestyle through Shared. Under the key theme of providing peace of mind, comfort, and experiences, we will apply the latest technologies toward transforming the marine lifestyles of our customers into experiences with even greater peace of mind and comfort to help enrich their marine lifestyles as a whole.

Marine CASE Strategy

Connected
Connected for peace of mind

Investment in Siren Marine, LLC
Development of technologies for IoT-ready connected boats

Shared
From experience to self-fulfillment

Sea-Style memberships
Up 13% from 2018

Boating license course participants
Up 12% from 2018

Autonomous
Comfortable, worry-free, and accessible marine recreation

New boat control system
Developed market launch complete

Electric
Quiet times and spaces

Field testing with Otaru Canal Cruise services

Message from Management

Fiscal 2020 showed that the marine industry can thrive even in the most challenging economic environment. Yamaha Marine customers upgraded or replaced their products and first-time Yamaha Marine product buyers nearly doubled, returning the industry to pre-recession volumes. We are seeing continued growth in fiscal 2021, and we will be aligning our manufacturing capacity and flexibility to better suit this more dynamic market at each of our U.S. manufacturing facilities.

We are also bolstering our product lineups. Following the successful launch of the 425-horsepower XTO Offshore integrated platform, we are now bringing these big-horsepower integrated systems to 250- to 300-horsepower V6 Offshore models. Along with the new Helm Master™ EX, we are creating new value and excitement for Yamaha Marine product owners.

Further, adding CASE to our integration strategy will enrich the consumer experience and provide even more reliability. I will continue to support our experienced Yamaha Marine team to meet market demand and create new Yamaha brand value for the future.



Ben Speciale

Deputy Executive Officer,
Senior Vice President,
Yamaha Motor Corporation,
U.S.A. (YMUS), President,
U.S. Marine Business Unit



Hiroyuki Ota

Senior Executive Officer,
Chief General Manager of Solution Business Operations

Strengths

- Technological and production capabilities delivering high-quality, low-cost, and timely supply
- A mixture of technologies via business integration with YRH and provision of complete solutions for clients
- Co-creative capacities founded on strong relationships with business partners

Opportunities

- Growing need for automation due to labor shortages in Japan and rising labor costs in emerging markets
- Progression of more advanced automation in line with the development of new fields such as IoT and “connected, autonomous, shared, and electric” (CASE) vehicles

Risks

- Deterioration of demand due to changes in world affairs
- Intensifying competition resulting from new players entering the market

Overview of Primary Products and Main Competitors

	Markets and conditions at Yamaha Motor	Main competitors
Surface mount technology (SMT)	Demand continues to grow for printed circuit boards, including those for IoT, 5G, and CASE applications. We are pursuing both product and service commonalities under our platform strategy to expand our business scale and reinforce our profitability.	Fuji Machine, Panasonic, ASM Pacific Technology, JUKI, Hanwha Techwin
Industrial robots (factory automation)	Automation needs are rising rapidly amid soaring personnel expenses and labor shortages. We are strengthening model variations while pursuing both product and service commonalities to expand our business scale and reinforce our profitability.	Epson, Mitsubishi, Denso, IAI
Unmanned helicopters and drones	We are launching multirotor drones in addition to our proven unmanned helicopters and will also establish a track record for precision agriculture.	DJI
Semiconductor post-processing equipment	Semiconductors are becoming increasingly scarce. We are working to further build our customer base by building a seamless collaborative system that offers one-stop proposals that cover the entire semiconductor manufacturing process.	ASM, Besi, K&S, Towa

We aim to expand business synergies while offering customers optimal solutions.

Up until fiscal 2021, the Robotics business has acted in accordance with our medium-term priority initiative of expanding business scale and areas as well as bolstering profitability. Based on this, we have proceeded to reinforce our lineup of products and services for accelerating factory automation while contributing to laborsavings in new and other fields outside of factories. The chief mission of the Robotics business is to free up time for clients by providing laborsaving solutions through our robot technologies and to thereby help create environments where people can continue working as people. This objective coincides with the aims of the Long-Term Vision.

In light of the recent rise in automation needs, we are working to transition to in-house options for our core technologies while implementing our platform strategies to provide our signature One-Stop Smart Solution. Moving our core technologies in-house will enable swifter responses to client needs while achieving highly functional machine-to-machine communications between Yamaha Motor equipment—especially in the SMT equipment field—and will make it possible to bring higher added value to automation and autonomization.

We faced difficulties developing our overseas operations in the agriculture field during fiscal 2020 due to the COVID-19 pandemic, but steady progress was made in Japan. Looking ahead, we plan to aggressively launch drones and other new products that leverage the knowledge and experience we have accrued to date in Japan in order to contribute to greater laborsavings and improved productivity in agriculture. We will also continue to expand our overseas operations while accounting for COVID-19 developments.



Overview of Fiscal 2020

In fiscal 2020, the curbing of investments in the automotive sector in Japan and other markets led to a less beneficial model mix for our mainstay surface mounters. This factor, coupled with the impacts of making Yamaha Robotics Holdings Co., Ltd. (YRH) (name changed from Yamaha Motor Robotics Holdings Co., Ltd. on January 1, 2021) a new subsidiary, resulted in a rise in sales but a decline in profits. Conversely, surface mounter sales grew

throughout the year in China, Taiwan, South Korea, and other parts of Asia, and sales volumes began recovering in Europe and the United States in the second half of the fiscal year. In this manner, we are seeing an upward trend in profit margins. Progress was also made with structural reforms at YRH and we have a clear idea of when the company will achieve profitability.

Progress of Priority Initiatives

- Reinforced sales and service systems for all three fields—surface mount technology (SMT) devices and equipment, factory automation (industrial robots), and semiconductor manufacturing equipment—through reorganization and augmentation of sales bases in South China to grow the business and build foundations
- Entered collaborative robot field through a technical tie-up with Tokyo Robotics Inc. with the goal of expanding industrial robot operations
- Advanced development of next-generation mounter platforms and released the YRM20 premium, high-efficiency modular
- Launched YMR-08AP industrial-use multirotor drone to contribute to laborsavings and higher efficiency in farm work through automatic flight

Fiscal 2021 Initiatives

To accelerate the offering of bundled product proposals and mutual sales channel utilization by leveraging the synergies born of business integration, the Robotics Business Unit will approach new customers through region- and product-focused cross-selling strategies in fiscal 2021 while developing new products with an eye on the next Medium-Term Management Plan. Meanwhile, we are engaged in joint development with Tokyo Robotics Inc. in the collaborative robot field and will make sure steps forward toward launching products in fiscal 2022, targeting a 10% market share in the future.

Also, we carried out an organizational restructuring in January of fiscal 2021 to allow for more robust implementation of growth strategies for the Unmanned Systems business. By positioning the

Unmanned System Business Development Section under the direct jurisdiction of our Solution Business Operations, we have created an organization to swiftly provide the unmanned systems the market demands, which will be utilized to improve product competitiveness as well as to grow the business domestically and internationally.

We have an approximate timetable for the completion of structural reforms aimed at recovering the financial health of YRH, and we will look to speed up the growth of this company through management integration going forward. Focuses at YRH in fiscal 2021 will be on achieving profitability on a full-fiscal-year basis and developing new models by capitalizing on the recovery of the semiconductor market.

Future Measures for Realizing Our Long-Term Vision

Promote Our Platform Strategy

Solution Business Operations is an organization unique even at Yamaha Motor due to it singularly possessing all of the requisite functions to operate, from development, procurement, and production to sales and after-sales services. To ensure that we use the organization’s advantages to propose and provide optimal solutions to our clients, we are carrying out a platform strategy focused on promoting commonization and raising efficiency in manufacturing. By introducing shared hardware and software, we

will not only reduce development lead times and achieve greater part sharing but also provide more value to clients with reduced upkeep costs, standardized operations, and shorter equipment delivery times.

Through this platform strategy, we will roll out highly effective products and contribute to fully optimized, labor-efficient and autonomous operations for a wide variety of clients.

Message from Management

Based on our Yamaha One-Stop Smart Solution concept, the Robotics Business Unit helps automate and autonomize operations at client production sites with a robust lineup of products in the surface mount technology field (surface mounters and related electronic component mounting equipment), factory automation (industrial robots), and semiconductor manufacturing. Doing so is how we contribute to the resolution of societal issues such as medium- to long-term labor shortages and soaring personnel expenses. To ensure we continue to deliver products and services that allow people to continue working as people as well as attain greater happiness, we are sharing and evolving common-element technologies and insights within the Robotics Group and accelerating the commonization of components. Furthermore, frameworks for developing new technologies are being enhanced to build solid business platforms and drive sustainable growth.



Ayako Egashira

Executive Chief General
Manager of Robotics
Business Unit,
Solution Business Operations



Overview of Fiscal 2020

In January 2020, Yamaha Motor Finance Corporation, U.S.A. (YMFUS) replaced its financing program for “Prime” customers, which it had hitherto operated in a tie-up with U.S. financial institutions, with an in-house service. This change enabled YMFUS to supply a full-line of services for all customer groups while cutting costs. The outstanding receivables balance rose as a result of this transition, climbing to ¥350.4 billion at the end of fiscal 2020, an increase of 14.9% year on year, while net sales grew by 12.5% year on year, to ¥46.1 billion. Conversely, operating income was down 5.9% year on year, to ¥7.6 billion, and the operating income margin was 16.4% as a result of foreign exchange influences, an increase in allowance for doubtful accounts, and a decrease in receivables from wholesale sales.

Message from Management

As the Financial Services business continues to mature and we reflect on the changes in the lending industry due to the global COVID-19 pandemic, we are accelerating our efforts in the following three key areas:

- 1. Customers:** Through expansion of our digital transformation efforts, we will keep pace with the growing trend of omni-channel purchasing habits. Adapting our “in-store” financing model (where we are) to a “mobile” one (where our customers are) will ensure Yamaha Financial Services maintains its strong value proposition for its business unit partners, dealers, and end-consumers. We are also transforming our business model to reflect the future long-term growth strategy. As part of the ART in our Long-Term Vision, the Financial Services business must rethink its own solutions to ensure strong long-term support of Yamaha Motor’s business.
- 2. Investors:** We will continue to refine and strengthen our enterprise risk management framework to ensure strong and effective corporate governance. More coordinated, global risk assessments will be a key pillar of our business management.
- 3. Employees:** We are building a more connected global financial services community. Fully leveraging the strength of our greatest strategic asset, talented personnel, through a new management system and our ongoing Global Execution Transformation (GET) efforts will be the key enabler of all of our future initiatives.



Jeffrey Young
Deputy Executive Officer,
President,
Yamaha Motor Finance
Corporation, U.S.A. (YMFUS)

Overview

To create an environment that makes it easier for dealerships to sell Yamaha Motor products and easier for customers to purchase them, the Financial Services business offers retail and wholesale financing, leasing, and insurance packages for dealerships and customers through sales finance subsidiaries in the United States, Canada, Australia, France, Mexico, Brazil, and other markets. In addition, the Financial Services business is conducted through approaches tailored to the various regions in which we operate via our own operations, local partnerships, and other means in order to stay in line with local business environments, regulations, and other factors.

The Financial Services business is involved in all of the Company’s businesses and products, including motorcycles, all-terrain vehicles (ATVs), recreational off-highway vehicles (ROVs), and marine products. With this in mind, the Company has positioned the Financial Services business as one of its key medium- to long-term strategies and is aiming to enhance its ties with dealerships and customers while securing stable earnings.

Fiscal 2021 Initiatives

In fiscal 2021, the outstanding receivables balance is expected to rise to ¥416.0 billion due to increases in receivables from wholesale and retail sales, and operating income is projected to surpass the levels seen in fiscal 2019.

By continuing to put forward attractive financing programs, Yamaha Motor will establish an environment facilitating the purchase of its products to help increase sales and thus drive the sustainable growth of the Financial Services business.

Other Products

The Other Products business engages in the development and sale of golf cars, portable generators, snow blowers, multipurpose engines, electric wheelchairs, and other products. The following are two of the many products that fall under this segment.

Power Products

First created by adapting the Company’s small-engine technology, Yamaha generators are utilized not only for camping and other recreational activities but also as a backup power source in times of emergency, such as during power outages or in disaster-afflicted areas. We also manufacture and sell products such as snow blowers—a welcome tool in regions with heavy snowfall—and multipurpose engines to enrich people’s lives and bring them peace of mind.

Yamaha golf cars, which originated from the development of land cars for resort facilities, are produced in Japan, the United States, and Thailand. North America in particular accounts for over 75% of global demand, making it the leading market for golf cars and the focus of the Company’s sales. In recent years, our golf cars have been increasingly used outside of golf courses and resort facilities as a means of mobility for underpopulated areas and villages with narrow roads, thereby contributing to the spread of mobility and its culture.



Electric Wheelchairs

By adapting the Company’s technologies for electronic control, drivetrains, and more to develop power units for converting manual wheelchairs into electric ones, we created a new market for simpler electric wheelchairs that are foldable and easy to carry. In addition to fully electric wheelchairs, we currently manufacture and sell electrically power-assisted units for installation on manual wheelchairs as well as complete electrically power-assisted wheelchairs, both employing technologies from our power-assisted bicycles.

Through such products, we will facilitate the mobility of the elderly and persons with disabilities, seek to deliver greater comfort and convenience for users, and help alleviate the burdens placed on caregivers, among other goals.

Eleven-Year Summary

Yamaha Motor Co., Ltd. and Consolidated Subsidiaries (Years Ended December 31)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	% change 2020/2019
Millions of yen												
For the year:												
Net sales	¥1,294,131	¥1,276,159	¥1,207,675	¥1,410,472	¥1,521,207	¥1,631,158	¥1,502,834	¥1,670,090	¥1,673,137	¥1,664,764	¥1,471,298	(11.6)
Sales by product:												
Motorcycles	914,211	887,556	798,676	928,203	977,580	1,032,560	930,112	1,045,211	1,022,174	1,119,840	946,476	(15.5)
Marine Products	167,141	178,929	196,320	243,362	276,367	309,337	297,216	323,838	344,658	350,059	328,344	(6.2)
Power Products	102,968	100,257	103,588	126,722	142,204	169,495	152,310	151,622	153,778	75,644	83,005	9.7
Industrial Machinery and Robots	34,758	34,326	30,813	32,261	38,942	46,501	46,871	67,571	69,891	40,928	46,058	12.5
Other Products	75,051	75,089	78,276	79,922	86,113	73,262	76,322	81,845	82,634	78,292	67,412	(13.9)
Gross profit	295,565	276,046	235,068	318,765	372,849	436,525	402,660	458,629	455,173	442,331	371,812	(15.9)
Operating income (loss)	51,308	53,405	18,598	55,137	87,249	130,329	108,594	149,782	140,787	115,364	81,672	(29.2)
Ordinary income (loss)	66,142	63,495	27,267	60,092	97,279	125,231	102,073	154,826	137,969	119,479	87,668	(26.6)
Net income (loss) attributable to owners of parent	18,300	26,960	7,489	44,057	68,452	60,023	63,153	101,603	93,366	75,736	53,072	(29.9)
Net cash provided by (used in) operating activities	104,531	33,328	(2,385)	66,976	93,618	28,475	143,163	126,342	58,858	99,127	110,487	11.5
Net cash used in investing activities	(37,632)	(46,517)	(51,081)	(62,679)	(72,470)	(68,475)	(46,541)	(53,194)	(48,274)	(79,662)	(43,950)	(44.8)
Free cash flow	66,899	(13,189)	(53,466)	4,296	21,148	(40,000)	96,622	73,147	10,584	19,465	66,537	241.8
Net cash provided by (used in) financing activities	5,296	(51,927)	15,761	3,620	(8,908)	6,845	(67,627)	(52,830)	(26,423)	(36,760)	83,668	(327.6)
Capital expenditures	33,939	45,049	48,788	56,800	65,871	64,064	61,330	56,532	55,068	58,053	53,756	(7.4)
Depreciation expenses	36,594	33,578	34,278	36,407	37,667	44,324	42,434	45,457	46,405	49,689	48,241	(2.9)
At year-end:												
Total assets	¥978,343	¥900,420	¥962,329	¥1,146,591	¥1,310,040	¥1,305,236	¥1,318,776	¥1,415,845	¥1,420,854	¥1,532,810	¥1,640,913	7.1
Net assets	310,809	309,914	341,561	422,792	503,224	531,700	575,404	665,232	695,743	751,828	749,158	(0.0)
Interest-bearing debt	322,443	274,721	326,976	382,929	403,652	410,148	364,381	353,490	356,688	364,951	466,935	27.9
Ratios:												
Operating income margin (%)	4.0	4.2	1.5	3.9	5.7	8.0	7.2	9.0	8.4	6.9	5.6	
Return on shareholder's equity (ROE) (%)	7.5	9.7	2.5	12.7	16.2	12.6	12.3	17.6	14.6	11.1	7.5	
Equity ratio (%)	28.0	31.2	32.0	33.5	35.1	37.6	40.5	44.0	46.3	46.0	43.6	
Price/earnings ratio (times)	23.8	12.6	44.2	12.5	12.5	16.0	14.2	12.7	8.1	10.2	13.9	
Debt/equity ratio (%)	117.6	97.8	106.2	99.7	87.8	83.6	68.2	56.8	54.3	51.8	65.3	
Per share amounts:												
Net income (loss)—basic	¥ 55.50	¥ 77.23	¥ 21.45	¥ 126.20	¥ 196.06	¥ 171.89	¥ 180.84	¥ 290.93	¥ 267.35	¥ 216.83	¥ 151.89	(29.9)
Net income—diluted	55.50	77.23	—	126.20	196.04	171.88	180.83	—	—	—	—	—
Net assets	785.61	804.26	881.88	1,099.84	1,316.58	1,405.35	1,529.53	1,783.35	1,882.64	2,018.84	2,045.15	1.3
Cash dividends	0.00	15.50	10.00	26.00	40.00	44.00	60.00	88.00	90.00	90.00	60.00	(33.3)
Share performance (at year-end):												
Price per share (yen)	¥ 1,323	¥ 974	¥ 949	¥ 1,577	¥ 2,442	¥ 2,744	¥ 2,574	¥ 3,695	¥ 2,159	¥ 2,203	¥ 2,104	(4.5)
Market capitalization	461,855	340,018	331,288	550,585	852,683	958,264	898,931	1,290,413	753,989	771,079	735,207	(4.7)
Other data (at year-end):												
Number of shareholders	31,615	32,259	32,873	29,474	30,416	34,214	42,031	34,566	51,113	67,741	82,730	22.1
Number of employees	52,184	54,677	53,958	53,382	52,662	53,306	53,150	53,579	53,977	55,255	52,437	(5.1)

- The fiscal year for each business is the 12-month period commencing on January 1 and ending on December 31. References to years other than fiscal years refer to calendar years.
- With regard to amounts stated in million yen units, amounts less than ¥1 million are truncated. For amounts stated in 0.1 billion or billion yen units, amounts less than ¥0.1 billion or ¥1 billion, respectively, are rounded off.
- From the fiscal year ended December 31, 2016, the presentation of sales finance-related income and expenses has changed from recording under "Selling, general and administrative expenses," "Non-operating income," and "Non-operating expenses" to recording under "Net sales," "Cost of sales," and "Selling, general and administrative expenses." To reflect this change in the presentation method, the consolidated financial statements for the fiscal year ended December 31, 2015 have been adjusted.
- From the fiscal year ended December 31, 2019, reporting segments have changed from "Motorcycles," "Marine products," "Power products," and "Industrial machinery and robots" to "Land Mobility," "Marine Products," "Robotics," and "Financial Services."
- From the fiscal year ended December 31, 2020, the automobile engine and components business previously included in the Other Products segment is now included in the Land Mobility segment, thus figures for the fiscal year ended December 31, 2019 have been adjusted to reflect this change.

Environmental and Social Data

Climate Change Mitigation Measures

Item		Unit	2016	2017	2018	2019	2020
Sales of low-carbon products	Number of fuel-injected motorcycles sold		3,203	3,524	3,564	3,554	3,363
	Number of motorcycles featuring a "BLUE CORE" engine sold	Thousands of vehicles	1,994	2,538	2,800	2,901	2,245
	Number of electrically power-assisted bicycles sold (including number of drive units)		448	489	569	648	670

SASB Requirements

SASB Index*	Item	Unit	2020	
Activity Metric	TR-AU-000.A Number of vehicles manufactured	Thousands of vehicles	3,657	
	TR-AU-000.B Number of vehicles sold	Thousands of vehicles	3,802	
Product Safety	TR-AU-250a.2 Number of safety-related defect complaints, percentage investigated	%	100 * Investigated all complaints that the Ministry of Land, Infrastructure, Transport and Tourism of Japan had requested to investigate	
	TR-AU-250a.3 Number of motorcycles recalled (in Japan)	Number	106,983	
Labor Practices	TR-AU-310a.1 Percentage of active workforce covered under collective bargaining agreements	%	63	
	TR-AU-310a.2 Number of work stoppages due to strikes and lockouts	Number	0	
Fuel Economy & Use Phase Emissions	TR-AU-410a.1 Sales-weighted average passenger fleet fuel economy, by region	Asia	km/L	49
		Europe	gCO ₂ /km	86
		North America	mpg	56
		Japan	km/L	41
		Oceania	km/L	23
		Central and South America	km/L	43
	Other	km/L	52	
TR-AU-410a.2 Number of (1) zero emission vehicles (ZEVs) sold, (2) hybrid vehicles (HEVs) sold, and (3) plug-in hybrid vehicles (PHEVs) sold	Number		Not applicable	
TR-AU-410a.3 Strategy for managing model-year fuel economy and emissions risks and opportunities			Short-Term, Medium-Term, and Long-Term Risks and Opportunities > Short-Term Risks (0-3 Years)	
Materials Sourcing	TR-AU-440a.1 Management of risks associated with the use of critical materials		Major Risks Associated with Transitioning to a Low-Carbon Society > Technological Risks	
Materials Efficiency & Recycling	TR-AU-440b.1 Weight of end-of-life products recovered	t	30,929	
	TR-AU-440b.2 Percentage of above waste recycled	%	86.6	
	TR-AU-440b.2 Weight of end-of-life products recovered	t	—	
Materials Efficiency & Recycling	TR-AU-440b.2 Percentage of materials recycled from end-of-life products	%	97.8 (on a weight basis)	
	TR-AU-440b.3 Recyclability of products	Percentage (%) by sales-weighted metric tons (t)	Target value: Set at 90%	

* A disclosure index for the automotive industry required by the Sustainability Accounting Standards Board (SASB) TR: Transportation; AU: Automobiles

Management's Discussion and Analysis of Fiscal 2020 Business Results

Overview

During the fiscal year ended December 31, 2020, in addition to the trade friction between the United States and China ongoing since the previous fiscal year, the global spread of the COVID-19 pandemic following its outbreak at the beginning of 2020 profoundly impacted economies worldwide. While still continuing to be affected by these developments, the Yamaha Motor Group's business performance has been on a recovery path since bottoming out in the second quarter (April to June). In developed markets, personal mobility and outdoor family recreation demand rebounded sharply from the second quarter. Meanwhile, emerging markets registered a moderate recovery, centered on ASEAN markets, India, and South America.

Amid such circumstances, Yamaha Motor carried out management while placing top priority on efforts to stem the spread of COVID-19, the safety and well-being of its stakeholders, and ensuring proper compliance with laws and regulations in countries around the world. Drawing on our experiences from the 2008 global financial crisis that followed the Lehman Brothers bankruptcy, we secured liquidity on hand by thoroughly reducing expenses and procuring required funds. In R&D and investments, the Company continued its development and investment efforts in new business areas aimed at future growth and for strengthening its core businesses, while narrowing down those efforts overall through selection and concentration. In terms of production, we promptly suspended factory operations to address an anticipated decline in demand resulting from the spread of COVID-19. As for sales, we moved quickly to roll out marketing activities employing digital technologies as sales efforts were restricted by COVID-19.

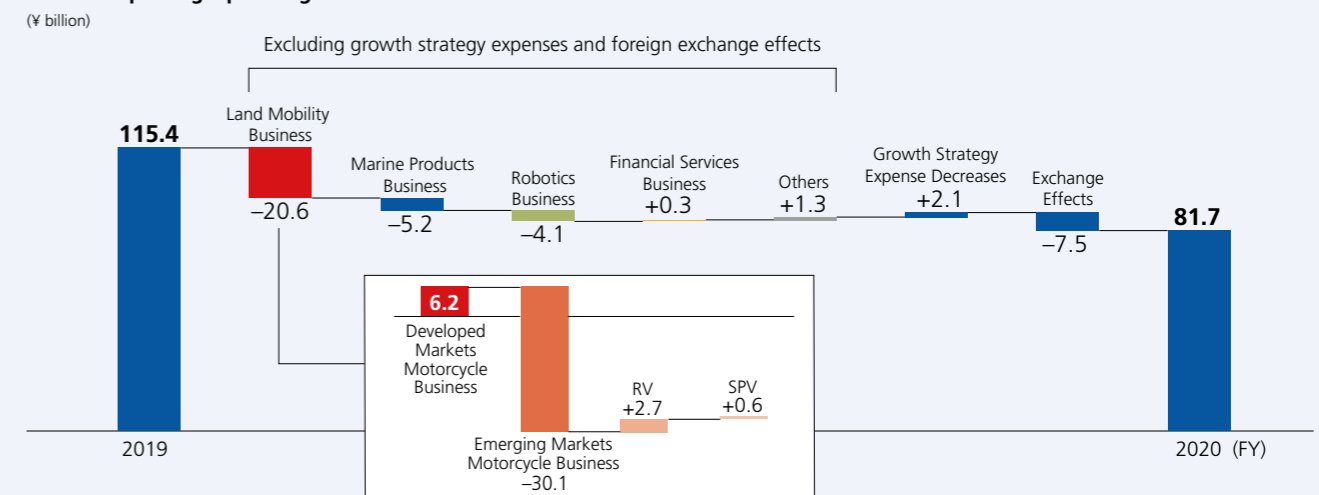
Meanwhile, in Europe, India, and Taiwan, where new emissions regulations were put into effect, we expanded our lineup by introducing new models.

As a result, consolidated net sales for the fiscal year under review declined ¥193.5 billion (11.6%) year on year, to ¥1,471.3 billion; operating income was down ¥33.7 billion (29.2%), to ¥81.7 billion; ordinary income decreased ¥31.8 billion (26.6%), to ¥87.7 billion; and net income attributable to owners of parent declined ¥22.7 billion (29.9%), to ¥53.1 billion.

In the fourth quarter (October to December), the Company was able to partially recover from the adverse impacts of COVID-19 in the first half of the fiscal year, achieving a ¥6.7 billion (1.7%) increase in net sales compared with the same period in the previous fiscal year, to ¥404.2 billion, and a ¥9.9 billion (64.5%) rise in operating income, to ¥25.3 billion. The average foreign exchange rate for the year was ¥107/US\$1 (¥2 appreciation over the previous fiscal year) and ¥122/€1 (unchanged).

Net sales fell overall despite sales growth in the Robotics and Financial Services segments, reflecting the decrease in unit sales of motorcycles in the Land Mobility segment and lower unit sales in the Marine Products segment, both due to the impacts of COVID-19. Operating income was also down overall, due in part to the abovementioned decrease in net sales but also from foreign exchange fluctuations, a decline in utilization rates from the suspension of factory operations in various countries in the first half of the fiscal year under review, and other factors.

Factors Impacting Operating Income



Management's Discussion and Analysis of Fiscal 2020 Business Results

Performance by Business Segment

Land Mobility Segment

In this segment, net sales were down ¥173.4 billion (15.5%) year on year, to ¥946.5 billion, and operating income declined ¥23.2 billion (55.7%), to ¥18.5 billion. The following is an overview of performance by business field.

Net sales of motorcycles in developed markets decreased ¥3.6 billion (1.6%) year on year, to ¥219.5 billion, while the operating income margin improved 2.4 percentage points, to -3.9%. While immediate aggregate demand has now recovered, unit sales of motorcycles in developed markets declined in fiscal 2020 as production was unable to keep pace with the sharp rebound in total demand. Meanwhile, despite a decline in utilization rates stemming from the temporary suspension of operations at the Iwata Main Factory and our factory in France, the operating income margin improved due in large part to cutting expenses.

Net sales of motorcycles in emerging markets were down ¥169.8 billion (21.9%) year on year, to ¥604.0 billion, and the operating income margin fell 3.3 percentage points, to 3.4%. While aggregate demand is steadily recovering, sales and profits declined primarily as a consequence of lockdowns due to COVID-19, economic stagnation resulting from restrictions on social activities, and a fall in consumer sentiment. Indonesia experienced a substantial drop in demand, reflecting more rigorous screening for sales financing accompanying the economic downturn and ongoing large-scale social restrictions. In the Philippines, unit sales were down as supply lagged behind the sharp recovery in immediate overall demand. In Vietnam, aggregate demand is seeing a moderate recovery, but the economic recession drove a rise in unit sales of low-priced models that hurt the model mix. On the other hand, in India immediate total demand has recovered and strong sales of new models led to our results from August onward surpassing those for the previous fiscal year. In Taiwan, both aggregate demand and wholesaling recovered to levels exceeding those of the previous fiscal year, fueled by a government subsidy program for vehicles with internal combustion engines.

Overall unit sales of motorcycles came to 3.8 million units, a 24.8% decline compared with the previous fiscal year. Inventory levels are low in most regions and we are experiencing market inventory shortages in developed countries in particular. With our recreational vehicles—all-terrain vehicles (ATVs), recreational off-highway vehicles (ROVs), and snowmobiles—net sales were up ¥0.9 billion (1.1%) year on year, to ¥79.8 billion, and the operating income margin improved 2.8 percentage points, to -0.5%. Sales and profits increased as a spike in outdoor recreation demand led to sales growth in North America—the Company's largest market for this segment—and other key regions.

For electrically power-assisted bicycles, net sales declined ¥0.9 billion (2.0%) year on year, to ¥43.2 billion, while the operating income margin rose 1.6 percentage points, to 16.2%. Net sales fell from a decline in unit sales of complete Yamaha-brand bicycles in Japan resulting from production delays and the curtailing of sales activities due to COVID-19. However, profits were up as an increase in e-Bike system kit sales brought about an improvement in the model mix.

Marine Products Segment

Net sales decreased ¥21.7 billion (6.2%) year on year, to ¥328.3 billion, and operating income declined ¥7.7 billion (13.3%), to ¥50.6 billion.

The decline in the segment's net sales in the first half of the fiscal year under review can be attributed to COVID-19, which led to the suspension of operations of boatbuilders and dealerships in North America, and the temporary suspensions of operations at the Iwata Main Factory and factories in the United States. However, following the lifting of lockdowns, sharp growth in outdoor recreation demand drove up outboard motor and personal watercraft demand accordingly. In addition, raising utilization rates after restarting factory operations helped secure higher outboard motor unit sales in North America and Europe in the second half of fiscal 2020. However, while sales of large outboard motors continued to grow even through the COVID-19 pandemic, overall sales and profits for the segment declined during fiscal 2020 as we were not able to compensate for the impacts suffered in the first half of the fiscal year under review.

Robotics Segment

Net sales rose ¥7.4 billion (9.7%) year on year, to ¥83.0 billion, while operating income declined ¥4.4 billion (57.4%), to ¥3.3 billion.

Unit sales of surface mounters grew over the fiscal year under review in Asia—including in China, Taiwan, and South Korea—and recovered in Europe and the United States from the second half of fiscal 2020. However, the model mix for surface mounters deteriorated due to the curbing of investments in the automotive industry in Japan and other countries. In addition, the Company converted Yamaha Motor Robotics Holdings Co., Ltd. (now Yamaha Robotics Holdings Co., Ltd. (YRH)) into a subsidiary at the end of the second quarter of fiscal 2019, the effects of which also contributed toward the segment's increase in net sales but decrease in profits.

Financial Services Segment

Net sales grew ¥5.1 billion (12.5%) year on year, to ¥46.1 billion, while operating income was down ¥0.5 billion (5.9%), to ¥7.6 billion.

Despite higher sales on the back of the segment's favorable performance in developed markets, profits declined as a result of foreign exchange fluctuations, an increase in the allowance for doubtful accounts, and a decrease in receivables for wholesaling.

Other Products Segment

Net sales decreased ¥10.9 billion (13.9%) year on year, to ¥67.4 billion, while operating income was ¥1.7 billion, compared with an operating loss of ¥0.4 billion, in the previous fiscal year.

Sales decreased due to lower unit sales of golf cars and power generators. Operating income was recorded due to costs incurred from market countermeasures implemented in the previous fiscal year.

Products and Services in Each Segment

Segment	Main products and services
Land Mobility	Motorcycles, intermediate parts for products, knockdown parts for overseas production, all-terrain vehicles, recreational off-highway vehicles (ROVs), snowmobiles, electrically power-assisted bicycles, automobile engines, and automobile components
Marine Products	Outboard motors, personal watercraft, boats, FRP pools, fishing boats, and utility boats
Robotics	Surface mounters, semiconductor manufacturing equipment, industrial robots, and industrial-use unmanned helicopters
Financial Services	Sales finance and leasing related to the Company's products
Other Products	Golf cars, generators, multi-purpose engines, small-sized snow blowers, and electric wheelchairs

R&D Expenses

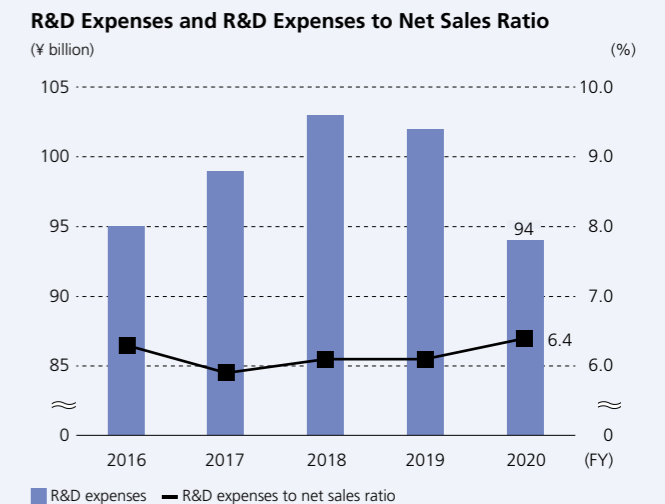
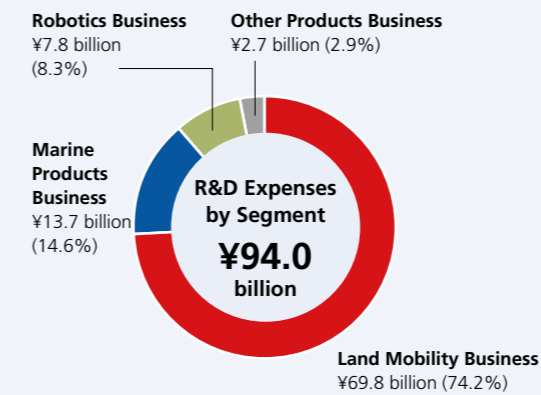
For the Yamaha Motor Group as a whole, R&D expenses amounted to ¥94.0 billion for the fiscal year ended December 31, 2020.

The Yamaha Motor Group's corporate mission is to be a *Kando* Creating Company and offer new excitement and a more fulfilling life for people all over the world. To that end, we continuously take on new challenges with our uniquely Yamaha *Monozukuri* approach—engineering, manufacturing, and marketing products with an emphasis on craftsmanship and excellence—which aims to create new, original, and innovative ideas and messages; technologies that bring joy and foster trust among our customers; attractive designs that express Refined Dynamism; and the power to forge lifelong ties with our customers. Through our technologies that interweave human logic with human sensibilities, we offer unique and high-quality products and services.

The Company believes that making a lasting effort to gain recognition among various stakeholders that the "unique style of Yamaha Motor" is the Yamaha brand itself and that making our products and services the preferred choice over a lifetime is what will enable us to not only achieve sustainable growth but also enhance our medium- to long-term corporate value.

We are carrying out measures to accomplish both of these goals under our Long-Term Vision for 2030 and the three-year Medium-Term Management Plan that began in fiscal 2019.

Specifically, through initiatives in our three focus areas of Advancing Robotics, Rethinking Solution, and Transforming Mobility, we carry out strategic investments for growth aiming to contribute to expanding human possibilities and making society and people's lives better under our Long-Term Vision of ART for Human Possibilities.



Management's Discussion and Analysis of Fiscal 2020 Business Results

Analysis of Financial Position

Total assets at the end of the fiscal year under review stood at ¥1,640.9 billion, an increase of ¥108.1 billion compared with the end of the previous fiscal year. Current assets rose ¥46.8 billion, mainly due to securing liquidity on hand to counteract the impacts of COVID-19. This outcome was despite factors that included a decline in inventories primarily in developed markets as supply lagged behind the recovery in sales, a decrease in short-term sales finance receivables that accompanied the drop in dealership inventories, and a decrease in notes and account receivables due to lower sales in ASEAN markets. Fixed assets grew ¥61.3 billion due to factors such as the increase in long-term sales finance receivables stemming from the Company's shift to greater autonomy in loan receivables for "Prime" customers in the United States.

Total liabilities rose ¥110.8 billion, to ¥891.8 billion, due to higher interest-bearing debt and other factors. Total net assets amounted to ¥749.2 billion, a decline of ¥2.7 billion despite ¥53.1 billion in net income attributable to owners of parent due in part to ¥15.7 billion in cash dividends paid, a ¥21.7 billion decrease in foreign currency conversion adjustments, and a decline in non-controlling interests of ¥12.1 billion. As a result, the shareholders' equity ratio was 43.6%, compared with 46.0% at the end of the previous fiscal year, while the net debt/equity ratio was 0.27 times, compared with 0.34 times.

Cash Flows

Operating Cash Flow

Overall, net cash provided by operations in fiscal 2020 was ¥110.5 billion (¥99.1 billion in the previous fiscal year). This mainly reflected cash provided from ¥85.0 billion in income before taxes, etc., (¥120.6 billion), ¥48.2 billion in depreciation expenses (¥49.7 billion), a decrease in inventories of ¥32.7 billion (an increase of ¥17.4 billion), a decrease in notes and account receivables of ¥17.3 billion (a decrease of ¥2.7 billion), and an increase in notes and accounts payable of ¥11.5 billion (a decrease of ¥7.1 billion), against cash used for an increase in sales finance receivables of ¥68.3 billion (an increase of ¥32.2 billion), and other factors.

Investing Cash Flow

Net cash used for investing was ¥44.0 billion (¥79.7 billion in the previous fiscal year), primarily reflecting ¥51.4 billion (¥58.7 billion) used for purchasing fixed assets.

Financing Cash Flow

Net cash provided by financing was ¥83.7 billion (net cash used in financing of ¥36.8 billion in the previous fiscal year), primarily reflecting the procurement of funds through long- and short-term loans payable, despite net cash used as a result of cash dividends paid, purchases of additional YRH shares, and other factors.

As a result of the above, free cash flow for fiscal 2020 was a positive ¥66.5 billion (a positive ¥19.5 billion in the previous fiscal year), interest-bearing debt at the end of fiscal 2020 stood at ¥466.9 billion (an increase of ¥102.0 billion compared with the previous fiscal year-end), and cash and cash equivalents came to ¥267.2 billion (an increase of ¥144.5 billion compared with the end of the previous fiscal year).

Capital Resources and Liquidity

The Yamaha Motor Group's primary capital needs are covering the costs of procuring the materials, parts, and more used in product manufacturing; costs incurred in the manufacturing process; the purchasing costs for products and merchandise; selling, general and administrative expenses; working capital; and capital expenditures.

Group companies acquire short-term loans requiring payment within one year denominated in local currencies to use as working capital. Meanwhile, funds for capital expenditures come primarily, in principle, from internal reserves, including paid-in capital and retained earnings.

On managing capital liquidity, Yamaha Motor secures necessary liquidity by creating and updating cash flow schedules on a timely basis and properly maintaining cash and cash equivalents on hand.

In anticipation of a need for funds in light of the impacts of COVID-19, Company headquarters implemented crisis response

measures such as borrowing ¥170.0 billion from financial institutions in fiscal 2020. However, the decline in inventory resulting from the suspension of factory operations and the sharp rebound in demand centered on developed markets, as well as the decrease in investments from the postponing or freezing of projects based on priority, allowed the Company to secure positive free cash flow. Accordingly, the Company repaid the short-term loans payable that became due during the consolidated fiscal year under review.

The Company has adopted a financial strategy of striking a balance between investments for new growth and returns to shareholders within the range of its cash flows, while maintaining and reinforcing the earnings power of its existing businesses. In its cash flow plan for fiscal 2021, the Company expects to increase working capital as it transitions from crisis response mode to a balance sheet under normal conditions.

Capital Expenditures

Capital expenditures were down ¥4.3 billion (7.4%) year on year, to ¥53.8 billion, during the fiscal year under review.

In the Land Mobility segment, the Company spent ¥33.0 billion on outlays such as launching new motorcycle models for overseas markets, upgrading production equipment, expanding production capacity in the Philippines, and reallocating production roles at the headquarters. In the Marine Products segment, the Company

used ¥12.8 billion on launching new models centered on out-board motors, upgrading production equipment, renovating Yamaha Marina Hamanako, and other expenditures. In the Robotics segment, the Company spent ¥1.9 billion on R&D for surface mounters and industrial robots, among other pursuits, while in the Other Products segment, it invested ¥6.0 billion in new golf car products and other expenditures.

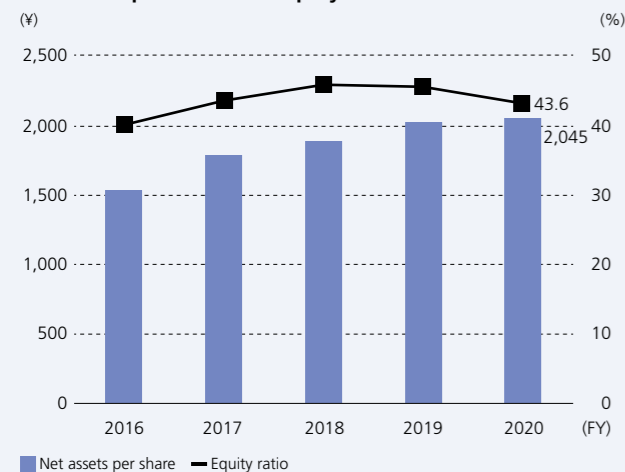
Cash Dividends

The Company considers enhancing the interests of shareholders an important management issue and endeavors to improve corporate value. With a focus on striking a balance between investments for new growth and returns to shareholders within the range of its cash flows, while maintaining and reinforcing the earnings power of its existing businesses, the Company endeavors to pay dividends in a stable and sustainable manner, setting 30% of net income attributable to owners of parent as a benchmark for its dividend payout ratio.

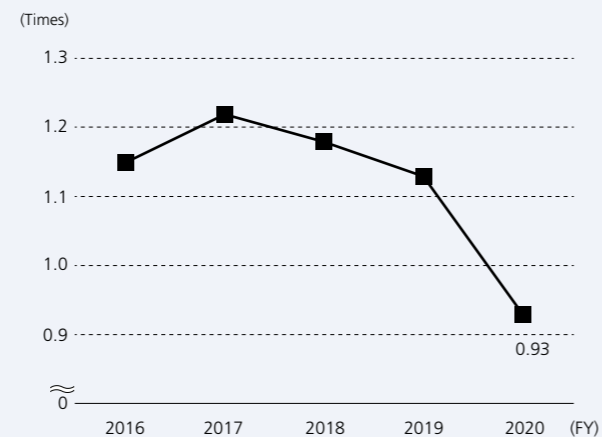
The Company has a basic policy of paying an interim dividend and a year-end dividend. The decision-making bodies for dividends are the Board of Directors for interim dividends and the General Meeting of Shareholders for year-end dividends. The Company's Articles of Incorporation provides that the record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

The Company decided to pay a full-year dividend of ¥60 per share for fiscal 2020.

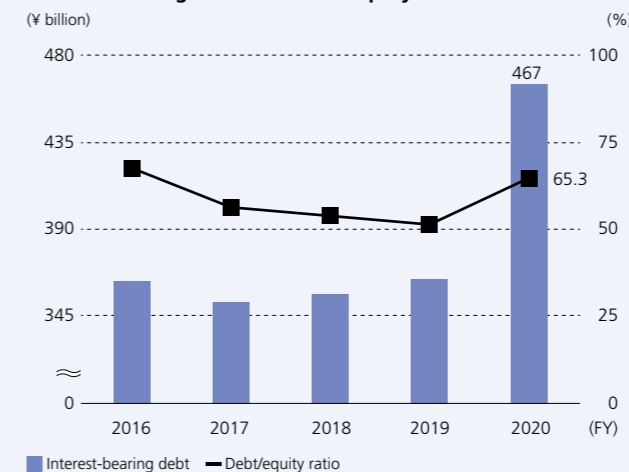
Net Assets per Share and Equity Ratio



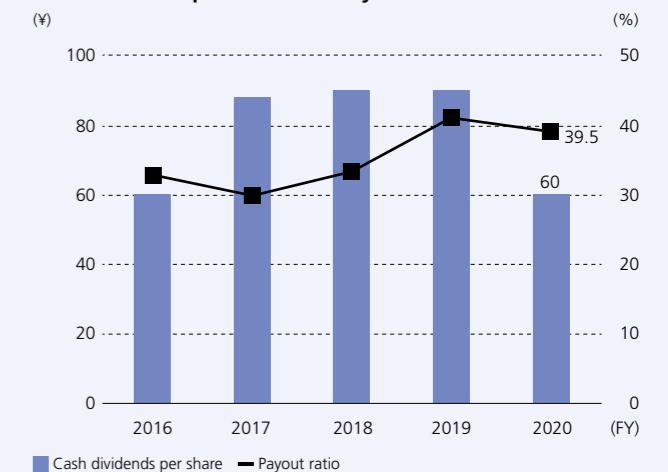
Total Asset Turnover



Interest-Bearing Debt and Debt/Equity Ratio



Cash Dividends per Share and Payout Ratio



Global Group Network (As of December 31, 2020)

Yamaha Motor's diverse range of products, offered by its consolidated subsidiaries and equity-method affiliates in 30 countries and regions, are sold in over 180 countries and regions around the world. The Company's main subsidiaries and affiliates engaged in global operations are listed below.

Europe (Abbreviations)

- The Netherlands**
Yamaha Motor Europe N.V. (YMENV)
- Germany**
Yamaha Motor Deutschland GmbH (YMG)
- Italy**
Yamaha Motor Research & Development Europe S.r.l. (YMRE)
Yamaha Motor Racing S.r.l. (YMR)
- France**
MBK Industrie
YAMAHA MOTOR FINANCE FRANCE SAS (YMFF)
- Spain**
Motor Center BCN S.A.
- Turkey**
Yamaha Motor Sanayi ve Ticaret Limited Sirketi
- Finland**
Inhan Tehtaat Oy Ab

- Russia**
LLC Yamaha Motor CIS (YMCIS)
- Greece**
Motodynamics S.A.

Africa (Abbreviation)

- Nigeria**
CFAO Yamaha Motor Nigeria Ltd. (CYMNG)

Asia (Abbreviations)

- Indonesia**
PT. Yamaha Indonesia Motor Manufacturing (YIMM)
PT. Yamaha Motor Parts Manufacturing Indonesia (YPMI)
PT. Yamaha Motor Nuansa Indonesia (YMNI)
PT. Toyo Besq Precision Parts Indonesia (TBI)
PT. Yamaha Motor Electronics Indonesia (YEID)
PT. Yamaha Motor Mold Indonesia (YMMID)
PT. Yamaha Motor R&D Indonesia (YMRID)
PT. Sakura Java Indonesia
PT. Kyowa Indonesia
PT. Bussan Auto Finance (BAF Indonesia)

- The Philippines**
Yamaha Motor Philippines, Inc. (YMPH)
LIYAM Property, Inc.
Shinkawa Philippines, Inc. (SKW-PH)

- Thailand**
Thai Yamaha Motor Co., Ltd. (TYM)
Yamaha Motor Parts Manufacturing (Thailand) Co., Ltd. (YPMT)
TYMA Co., Ltd.
Yamaha Motor Electronics Thailand Co., Ltd. (YETH)
Yamaha Motor Asian Center Co., Ltd. (YMAC)
Siam Yamaha Motor Robotics Co., Ltd. (SYMR)
Shinkawa Thailand Co., Ltd. (SKW-TH)
Shinkawa Manufacturing Asia Co., Ltd. (SMAC)
Apic Yamada (Thailand) Co., Ltd. (AYT)
Apic Yamada Precision (Thailand) Co., Ltd. (AYPT)

- Malaysia**
HL Yamaha Motor Research Centre Sdn. Bhd. (HLYR)
Shinkawa Malaysia Sdn. Bhd. (SKW-MY)
Hong Leong Yamaha Motor Sdn. Bhd. (HLYM)

- Vietnam**
Yamaha Motor Vietnam Co., Ltd. (YVMN)
Yamaha Motor Parts Manufacturing Vietnam Co., Ltd. (YPMV)
Yamaha Motor Electronics Vietnam Co., Ltd. (YEVN)
Shinkawa Vietnam Co., Ltd. (SKW-VN)

- India**
Yamaha Motor India Pvt. Ltd. (YMI)
India Yamaha Motor Pvt. Ltd. (IYM)
Yamaha Motor India Sales Pvt. Ltd. (YMIS)
Yamaha Motor Electronics India Pvt. Ltd. (YEIN)

- Yamaha Motor Research and Development India Pvt. Ltd. (YMRI)
Yamaha Motor Solutions India Pvt. Ltd. (YMSLI)
KYB Motorcycle Suspension India Pvt. Ltd. (KMSI)
Bussan Auto Finance India Pvt. Ltd. (BAF India)

- Pakistan**
Yamaha Motor Pakistan (Private) Limited (YMPK)

- Singapore**
Yamaha Motor Asia Pte. Ltd. (YMAP)
Yamaha Motor Distribution Singapore Pte. Ltd. (YDS)
Shinkawa Singapore Pte. Ltd. (SKW-SG)
Apic Yamada Singapore Pte. Ltd. (AYS)

- Taiwan**
Yamaha Motor Taiwan Co., Ltd. (YMT)
Topmost Consulting Co., Ltd. (TCC)
Yamaha Motor R&D Taiwan Co., Ltd. (YMRT)
Yamaha Motor Taiwan Trading Co., Ltd. (YMTT)
Yamaha Motor Electronics Taiwan Co., Ltd. (YETW)
Shinkawa Taiwan Co., Ltd. (SKW-TW)

- China**
Yamaha Motor (China) Co., Ltd. (YMCN)
Shanghai Yamaha Jianshe Motor Marketing Co., Ltd. (YMSM)
Zhuzhou Yamaha Motor Shock-absorber Co., Ltd. (ZYS)
Yamaha Motor R&D Shanghai Co., Ltd. (YMRS)
Yamaha Motor Powered Products Jiangsu Co., Ltd. (YMPJ)
Yamaha Motor Electronics Suzhou Co., Ltd. (YESZ)
Yamaha Motor Solutions Co., Ltd. Xiamen (YMSLX)
Yamaha Motor IM (Suzhou) Co., Ltd. (YIMS)
Shinkawa (Shanghai) Co., Ltd. (SKW-SH)
Apic Yamada Technology (Shanghai) Co., Ltd. (ATS)
Shanghai Yamada Machinery Manufacturing Co., Ltd. (SYM)
Shanghai Apic Yamada Co., Ltd. (SYC)
Chongqing Jianshe Yamaha Motor Co., Ltd. (CJYM)
Zhuzhou Jianshe Yamaha Motor Co., Ltd. (ZJYM)
Jiangsu Linhai Yamaha Motor Co., Ltd. (LYM)
Sichuan Huachuan Yamaha Motor Parts Manufacturing Co., Ltd. (SHY)
Tongling Sanjia Yamada Technology Co., Ltd. (TSY)

- South Korea**
Shinkawa Korea Co., Ltd. (SKW-KR)

North America (Abbreviations)

- United States**
Yamaha Motor Corporation, U.S.A. (YMUS)
Yamaha Motor Manufacturing Corporation of America (YMMC)
Yamaha Marine Systems Company Inc.
Skeeter Products, Inc.
Yamaha Jet Boat Manufacturing U.S.A., Inc. (YJBM)
Yamaha Golf-Car Company (YGC)
INDUSTRIAL POWER PRODUCTS OF AMERICA, INC.
Yamaha Motor Finance Corporation, U.S.A. (YMFUS)

- Yamaha Motor Ventures & Laboratory Silicon Valley, Inc. (YMVSV)
- Yamaha Motor Exploratory Fund GP, L.L.C. (YFGP)
- Yamaha Motor Distribution Latin America, Inc. (YDLA)
- Yamaha Motor Installment Receivables Corporation (YMIR)
- Shinkawa U.S.A., Inc. (SKW-US)
- Canada**
Yamaha Motor Canada Ltd. (YMCA)
Yamaha Motor Finance Canada Ltd.

Central and South America (Abbreviations)

- Brazil**
Yamaha Motor do Brasil Ltda. (YMDB)
Yamaha Motor da Amazonia Ltda. (YMDA)
Yamaha Motor Componentes da Amazonia Ltda. (YMCDA)
Yamaha Motor Electronics do Brasil Ltda. (YEBR)
Yamaha Administradora de Consorcio Ltda. (YAC)
Yamaha Motor do Brasil Servicos Financeiros Participacoes Ltda.
Banco Yamaha Motor do Brasil S.A. (BYMD)
Yamaha Motor do Brasil Corretora de Seguros Ltda. (YMDCS)
Yamaha Motor do Brasil Logistica Ltda. (YMBL)

- Argentina**
Yamaha Motor Argentina S.A. (YMARG)

- Uruguay**
Yamaha Motor Uruguay S.A. (YMUU)

- Peru**
Yamaha Motor del Peru S.A. (YMDP)
Yamaha Motor Selva del Peru S.A. (YMSP)

- Colombia**
Industria Colombiana de Motocicletas Yamaha S.A. (Incolmotos Yamaha)

- Mexico**
Yamaha Motor de Mexico, S.A. de C.V. (YMMEX)
Yamaha Motor Consorcio Mexico, S.A. de C.V.
Yamaha Motor Personnel Service Mexico, S.A. de C.V. (YMPSMX)

Japan

- Yamaha Motorcycle Sales Japan Co., Ltd.
- YAMAHA MOTOR ENGINEERING CO., LTD.
- SUGO CO., LTD.
- YAMAHA KUMAMOTO PRODUCTS CO., LTD.
- Yamaha Marine Hokkaido Manufacturing Co., Ltd.
- Yamaha Amakusa Manufacturing Co., Ltd.
- Yamaha Marina Co., Ltd.
- Y'S GEAR Co., Ltd.
- YAMAHA MOTOR POWERED PRODUCTS Co., Ltd.
- Nishi Nippon Skytech Co., Ltd.
- YAMAHA MOTOR ELECTRONICS CO., LTD.
- SUNWARD INTERNATIONAL, INC.
- YAMAHA MOTOR PRECISION PARTS MANUFACTURING CO., LTD.
- HAMAKITA INDUSTRY CO., LTD.
- YAMAHA MOTOR HYDRAULIC SYSTEM Co., Ltd.
- Yamaha Motor Biz Partner Co., Ltd.
- YAMAHA MOTOR MIRAI CO., LTD.
- YAMAHA MOTOR SOLUTIONS Co., Ltd.
- YAMAHA ROBOTICS HOLDINGS CO., LTD.
- SHINKAWA LTD.
- APIC YAMADA CORPORATION
- PFA Corporation
- Shinkawa Technologies Ltd.
- Apic Yamada Distributors Inc.
- Ecole Toyohashi
- Sakura Kogyo Co., Ltd.
- A.I.S Corporation
- JUBILO Co., LTD.
- Mikasa Unyu Co., Ltd.
- KYB Motorcycle Suspension Co., Ltd.
- EVEC, Inc.
- eve autonomy, Inc.
- Copal Yamada Corporation
- Izumisano Waterfront Co., Ltd.
- Marine Wave Otaru, Co., Ltd.
- Choshi Marina, Inc.
- Marina Akita, Co., Ltd.
- Hayama Marina, Co., Ltd.
- Yokohama Bayside Marina Co., Ltd.

Corporate Information / Stock Information (As of December 31, 2020)

Company name Yamaha Motor Co., Ltd.
Headquarters 2500 Shingai, Iwata, Shizuoka 438-8501, Japan
 Telephone: +81-538-37-0134
 Fax: +81-538-37-4250

Date of establishment July 1, 1955
Capital ¥85,973 million
Number of employees Consolidated: 52,437
 Non-consolidated: 10,359

Stock listing Tokyo Stock Exchange
Stock code 7272
Transfer agent for capital stock Sumitomo Mitsui Trust Bank, Limited
 4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-8233, Japan
Auditor Ernst & Young ShinNihon LLC
Inclusion in major indices Nikkei 225, JPX-Nikkei 400

Major consolidated subsidiaries
 Yamaha Motorcycle Sales Japan Co., Ltd.
 YAMAHA MOTOR POWERED PRODUCTS Co., Ltd.
 Yamaha Motor Corporation, U.S.A.
 Yamaha Motor Manufacturing Corporation of America
 Yamaha Motor Europe N.V.
 PT. Yamaha Indonesia Motor Manufacturing
 India Yamaha Motor Pvt. Ltd.
 Yamaha Motor Vietnam Co., Ltd.
 Thai Yamaha Motor Co., Ltd.
 Yamaha Motor Philippines, Inc.
 Yamaha Motor do Brasil Ltda.
 Yamaha Motor Australia Pty. Ltd.

External Recognition

FTSE4Good Index Series
 FTSE Blossom Japan Index
 Dow Jones Sustainability Asia Pacific Index
 S&P Japan 500 ESG
 SNAM Sustainability Index
 Digital Transformation (DX) Stocks Selection (2021)
 Certified in 2021 Health & Productivity Management Organization Recognition Program (Large Enterprise Category)—White 500

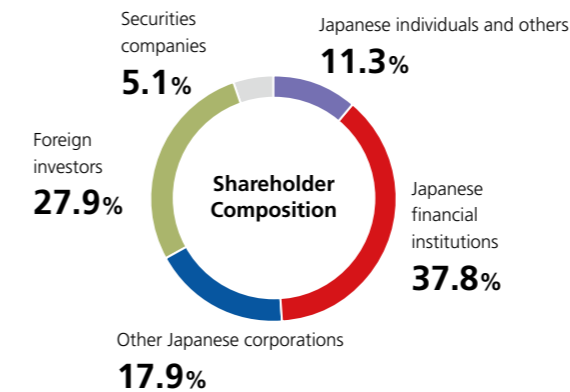


Design Awards Won in 2020

<p>Ténéré 700 Motorcycle</p> <ul style="list-style-type: none"> Red Dot Award 2020 Winner iF Design Award 2020 JIDA Design Museum Selection Vol. 22 	<p>YMR-08 Industrial-use multirotor drone</p> <ul style="list-style-type: none"> Red Dot Award 2020 Winner International Design Excellence Awards 2020 Finalist 	<p>YNF-01 Low-speed mobility vehicle (Concept model)</p> <ul style="list-style-type: none"> iF Design Award 2020
<p>Tricity 300 Motorcycle</p> <ul style="list-style-type: none"> Good Design Award 2020 	<p>TRITOWN Commuter vehicle (Concept model)</p> <ul style="list-style-type: none"> German Design Award 2021 Winner 	<p>MT-15 Motorcycle</p> <ul style="list-style-type: none"> India Design Mark 2020
		<p>FZS-FI</p>

Capital Stock

Authorized	900,000,000 shares (common stock)
Issued	350,122,835 shares
Number of shareholders	82,730



Principal Shareholders

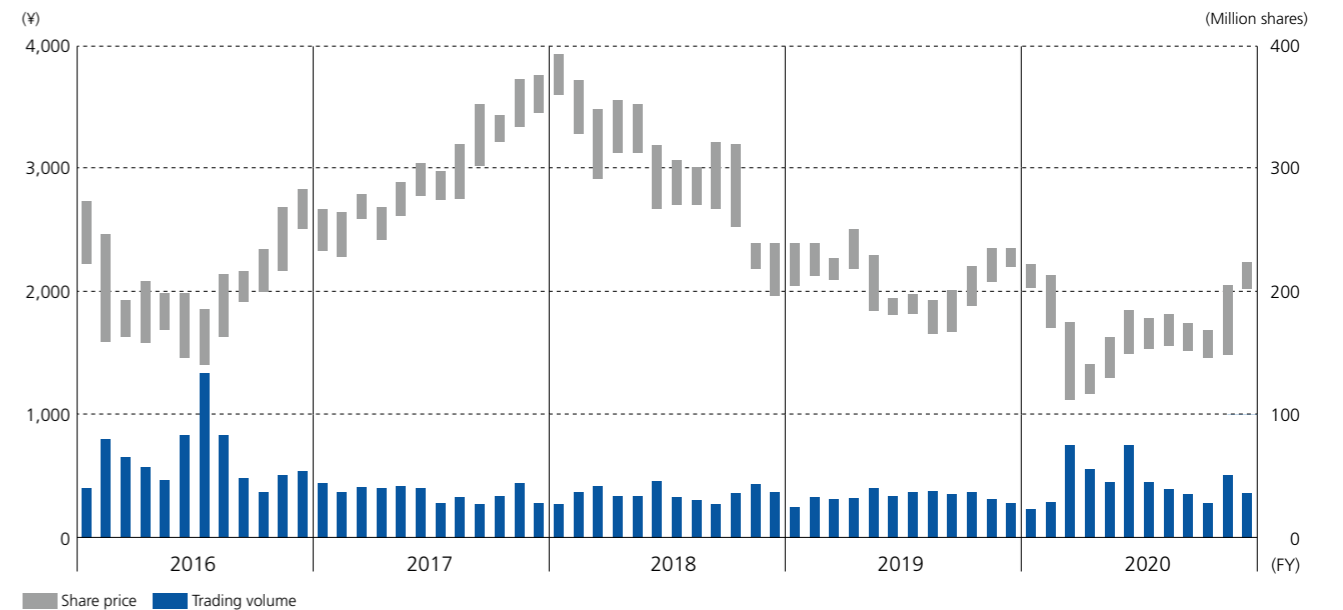
Shareholder	Ownership (%)
The Master Trust Bank of Japan, Ltd. (trust account)	11.82
Yamaha Corporation	9.91
Custody Bank of Japan, Ltd. (trust account)	5.90
Toyota Motor Corporation	3.58
SSBTC CLIENT OMNIBUS ACCOUNT	3.58
SMBC Nikko Securities Inc.	2.78
Mizuho Bank, Ltd.	2.37
The Shizuoka Bank, Ltd.	1.62
Custody Bank of Japan, Ltd. (trust account 9)	1.59
Mitsui & Co., Ltd.	1.56

Note: Percentage of ownership is calculated excluding treasury shares.

Shareholder Notes

Fiscal year	January 1 to December 31
Reference date for allocation of surplus for dividends	Year-end dividends: December 31 Interim dividends: June 30
General Meeting of Shareholders	March
Share unit number	100 shares
Method of public notice	Public notices are given by electronic notice. In unforeseen circumstances where electronic notices are impossible, public notice is made in the <i>Nihon Keizai Shimbun</i> .

Yamaha Motor's Share Price and Trading Volume on the Tokyo Stock Exchange



For further information, please contact:

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IR/SR Group, Corporate Communication Division

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