

New Medium-Term Management Plan
FY2022-FY2024

Yamaha Motor Co., Ltd.
Feb. 10, 2022



Hello, everyone. Today, I'll explain our new Medium-Term Management Plan set for 2022 to 2024.

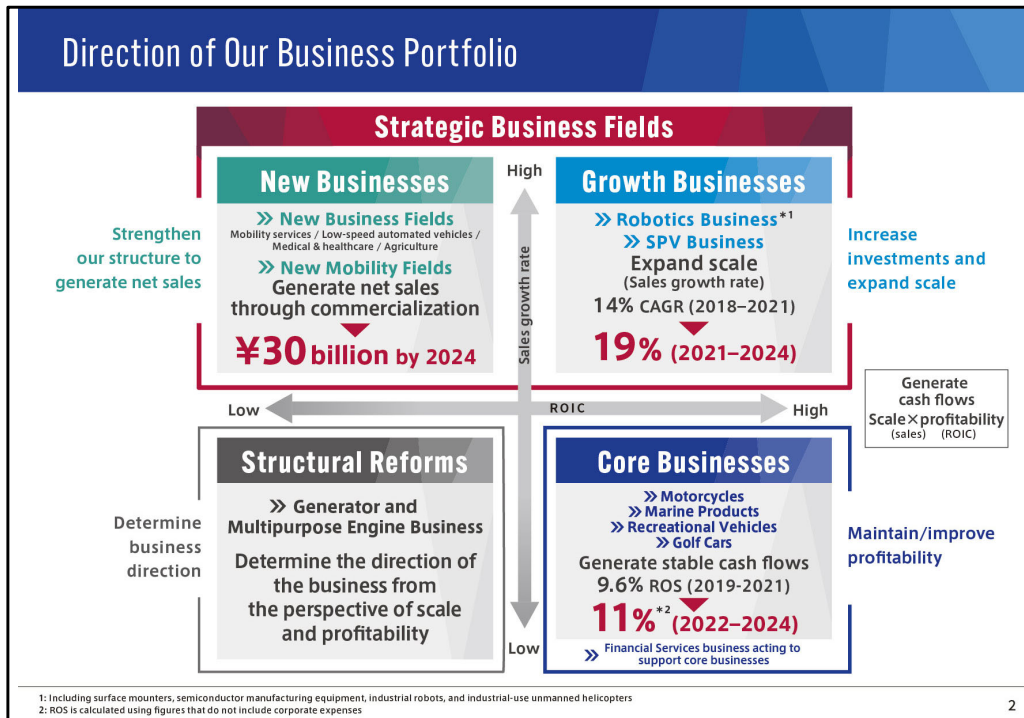


Based on our longstanding Corporate Mission to be a Kando Creating Company, we have been working to promote growth strategies and to reinforce our management foundations toward achieving our Long-Term Vision for 2030 of ART for Human Possibilities: Let's strive for greater happiness.

However, the times are changing faster than expected in terms of the external environment and peoples' sense of values. In addition to the growth strategies and reinforcement of our management foundations that we have been pushing thus far, in the new Medium-Term Management Plan that starts in 2022, we will strengthen our efforts for sustainability based on the recognition of new factors and issues, which include the various changes seen in the business environment, the growing public awareness of the importance of sustainability, and the necessity to transform ourselves as a company.

To that end, we will strengthen the earning power of our core businesses, and accelerate investment in new and growing businesses that contribute to the creation of a sustainable world.

We will also expand the use of digital technologies and the number of co-creation partnerships in order to boost our growth potential and thereby raise our corporate value.



With this new Medium-Term Management Plan, we have clarified and stratified the positioning of our businesses based on sales growth rate and ROIC to manage our business portfolio and appropriately allocate management resources.

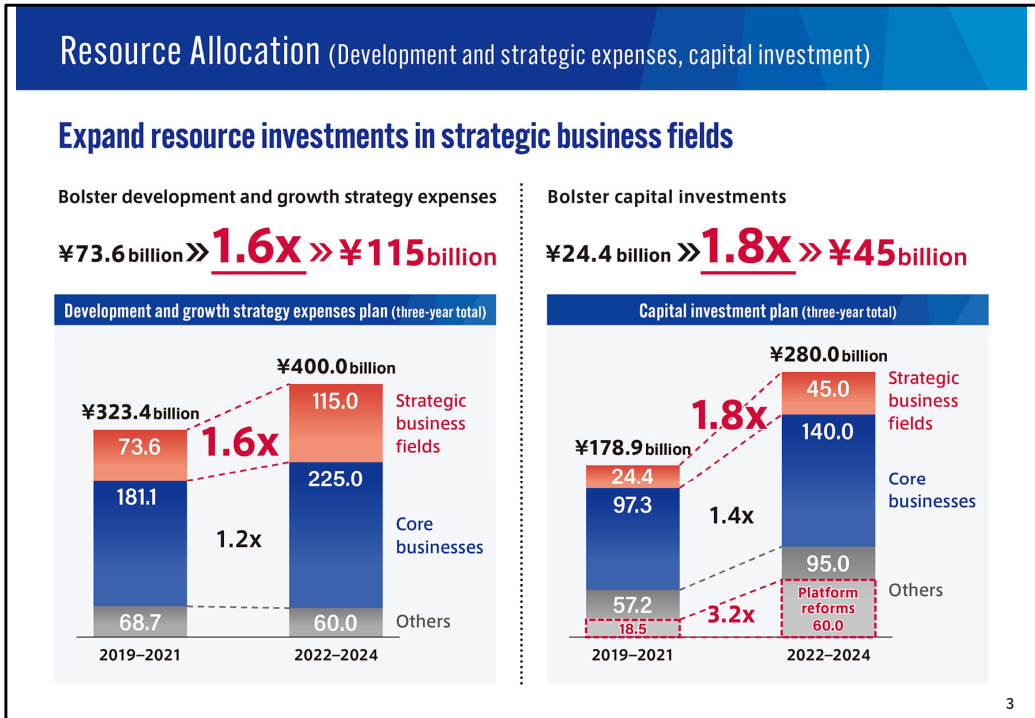
We have designated new and growth businesses under our “strategic business fields” and will tactically distribute management resources to them in order to develop them into future core businesses.

At the top left are our new businesses. In order to create the core businesses of our future, we want to strengthen our structure to generate net sales. We will move forward with commercialization in the four business fields we narrowed down in the previous Medium-Term Management Plan, as well as in new mobility fields, aiming for 30 billion yen in sales by 2024.

Moving to the top right, we have our growth businesses, composed of the Robotics business and the SPV business. We aim to increase investments and expand the scale of these businesses as next-generation sources for cash generation. The chief KPI here is the sales growth rate and we’re aiming to achieve 19% in CAGR.

For our core businesses on the lower right, we have our respective operations for motorcycles, marine products, recreational vehicles, and golf cars. As these are our current sources for cash generation, we aim to maintain or improve profitability here. The chief KPI here is the operating income margin, for which we will aim for a three-year average of 11%. We will also position the Financial Services business as a core business as it works to support the activities of the other businesses.

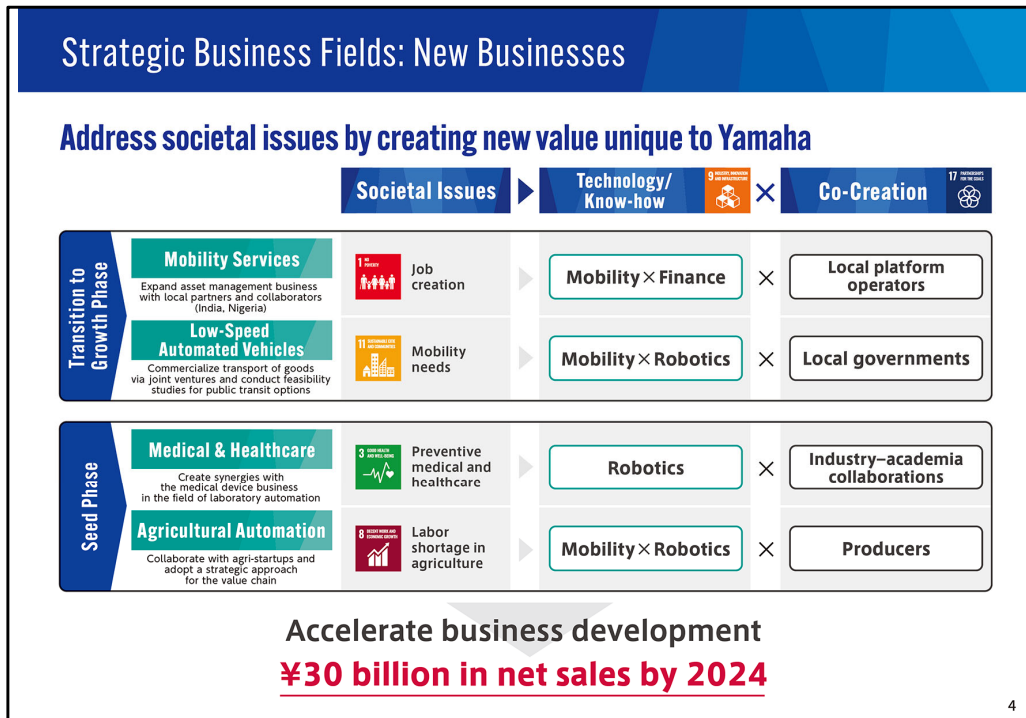
As for the structural reforms at the bottom left, in the new mid-term period we will determine their direction from the perspective of scale and profitability.



Now I'd like to briefly talk about resource allocation.

Based on our portfolio management, we will increase our resource investments in our strategic business fields over the course of the new mid-term plan's three-year period.

Specifically, we will raise our cumulative development and growth strategy spending by 1.6 times and capital investment by 1.8 times over the next three years.



Next, I'll cover the new businesses in our strategic business fields.

One of the focus areas in our Long-Term Vision is Rethinking Solution. To address the numerous societal issues present today, we will call on the technologies and know-how we have accrued to date as well as engage in co-creation with our partners to promote the creation of new, uniquely Yamaha value and accelerate the development of businesses that contribute to achieving the SDGs.

In the area of Mobility Services, we will establish new companies in India and Nigeria and expand our asset management business through collaborations with local partners.

And for customers who until now have not been able to purchase a motorcycle solely with their own funds, we will establish a motorcycle financing scheme tied to employment opportunities. By doing so, we will help people secure a stable income and contribute to improving the standard of life.

With low-speed automated vehicles, we will move forward with commercializing the transport of goods and conduct feasibility studies for public transit options. By establishing automated driving technologies for operation under specific conditions, we aim to provide labor savings in logistics operations as well as provide solutions to mobility issues in areas where public transportation is unavailable or not easily accessible.

These two pursuits are on the cusp of transitioning from the seeding phase to the growth phase, where they will begin generating sales, and we are aiming to post 30 billion yen in net sales by 2024.

Regarding the medical & healthcare and agricultural automation fields, we will continue with our work toward commercialization with the goal of these contributing to our sales figures by 2030.

Strategic Business Fields: Robotics (Growth Businesses)

Support the foundations of a digital world, further expand business scale in growing markets, and strengthen profitability

Robotics Business*1 Contributions

Category	2021	2024
Net Sales	YRH ²	CAGR 16%
Operating Income	10% YRH	25% YRH

Maximize synergies as a total supplier

- Strengthen product competitiveness with platform strategy
 - Focus on introducing new models in the high-speed SMT model domain
 - Release innovative features for maintaining quality
 - Enter the cobot market
- Acquire major accounts through cross-selling*3
 - Assemble dedicated client-based sales team and offer all-inclusive solutions

Strengthen manufacturing, sales, technology, and service structures

- Expand factory production area by 1.8x
 - Begin operations in new factory area in 2024
 - Technologies, sales, and services tailored to client worksites

Expand the business

Raise no. of business negotiations × Increase unit price per project × Raise rate of placed orders

New Factory Building (illustration)

1: Including surface mounters, semiconductor manufacturing equipment, industrial robots, and industrial-use unmanned helicopters
2: Yamaha Robotics Holdings Co., Ltd. 3: Client-based specially appointed sales team working across regions and products

Now I'll go over the Robotics business, another one of our strategic business fields.

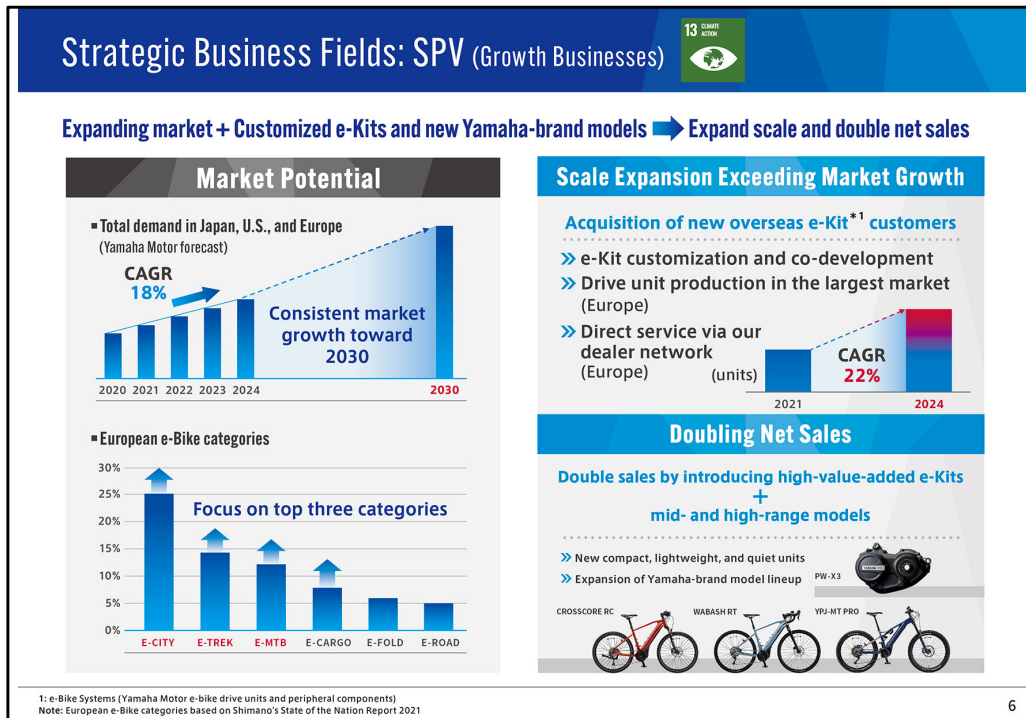
We expect the market growth rate for SMT systems, industrial robots, and semiconductor manufacturing equipment to be 7% per year. With these growing markets, we aim to further expand business scale and our fields of operation to boost profitability.

We have also completed the post-merger integration for Yamaha Robotics Holdings, or YRH, which we acquired during the previous mid-term period. For the new mid-term period, our goal is to further increase profitability through synergies that include YRH, with an annual sales growth rate of 16% for our net sales and raising YRH's profit contribution to our operating income to 25%.

One of the first major steps we will take is maximizing synergies as a total supplier. We will make our One-stop Smart Solution more attractive for clients by employing more shared platforms to raise our products' competitiveness, and acquiring major client accounts through a special sales team operating across market regions and product categories.

The second step is to strengthen our manufacturing, sales, technology, and service structures. We will make investments to raise production capacity with an eye on expanding the business by increasing our factory's production area by 1.8 times by 2024. We will also further improve on our strengths in technologies, sales, and services carefully tailored to client worksites and operations.

Through these two initiatives, we aim to raise the number of business negotiations we conduct, increase unit price per project, and raise the rate of successfully placed orders, and thereby expand our business and strengthen our profitability.



Next, I'd like to talk about another of our strategic business fields, the Smart Power Vehicles business.

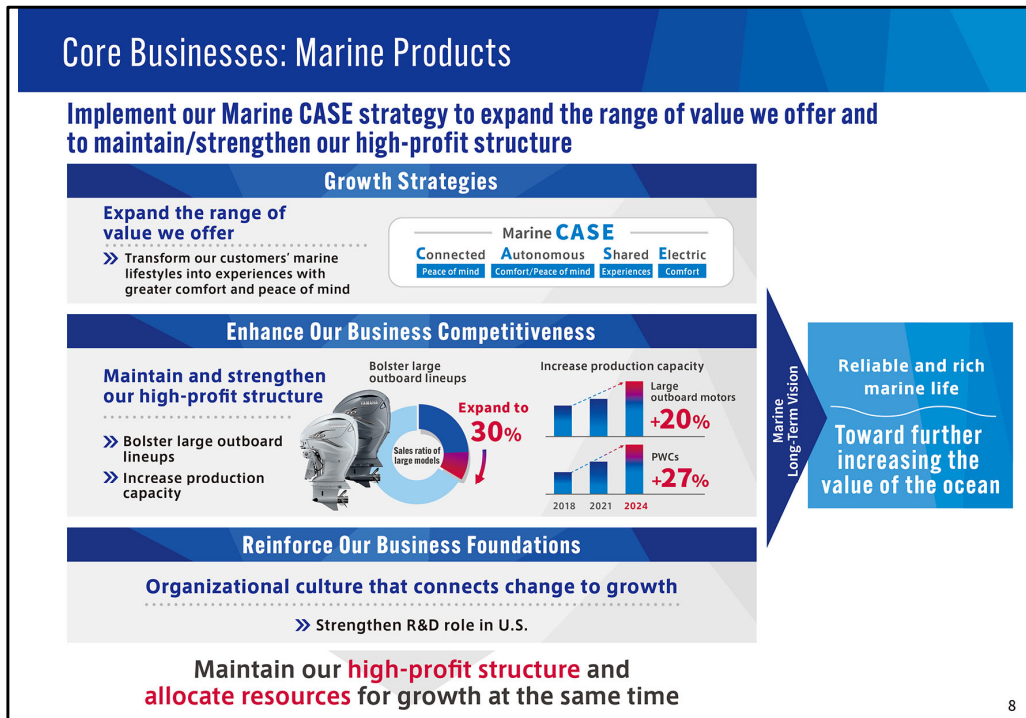
The prolonged global COVID-19 pandemic has changed people's attitudes about travel and movement, triggering a shift in preferences to stay closer to home and avoiding crowded spaces. This has resulted in a spike in demand for small personal mobility. With this being the case and also due in part to a growing preference for more eco-friendly means, the e-bike market in Japan, the U.S., and Europe is growing at an annual rate of 18%. We believe that the market will continue to grow at this pace as we head toward 2030.

Our projections for these principal markets are for a scale exceeding 10 million units by 2024 and we will accordingly focus on the top three e-bike categories, namely E-CITY, E-TREK, and E-MTB models.

In response to this rapid market expansion, we will aim to expand our business scale at a rate that outpaces the market's growth and double our net sales by offering clients e-Kits customized to their needs and introducing new Yamaha-brand models. This forecasts a CAGR of 22% for unit sales.

First, in order to stage this business scale expansion faster than the market's growth, we will begin customizing our e-Kits, conducting co-development of e-Kits with the e-bike manufacturers that use them, start local production of drive units in Europe where the market is the largest, and aim to acquire new overseas e-Kit customers by providing direct services via our own dealer network in Europe.

And to double our net sales, we will develop new compact, lightweight, quiet, high-value-added drive units and expand our lineup with mid- to high-range Yamaha-brand e-bikes.



Lastly, I'll go over one of our other core businesses, marine products.

Our policy for the marine product business is to implement our Marine CASE strategy to expand the range of value we offer and to maintain as well as strengthen our high-profit structure.

In pursuing our Marine Long-Term Vision, our work will focus on the three items shown here.

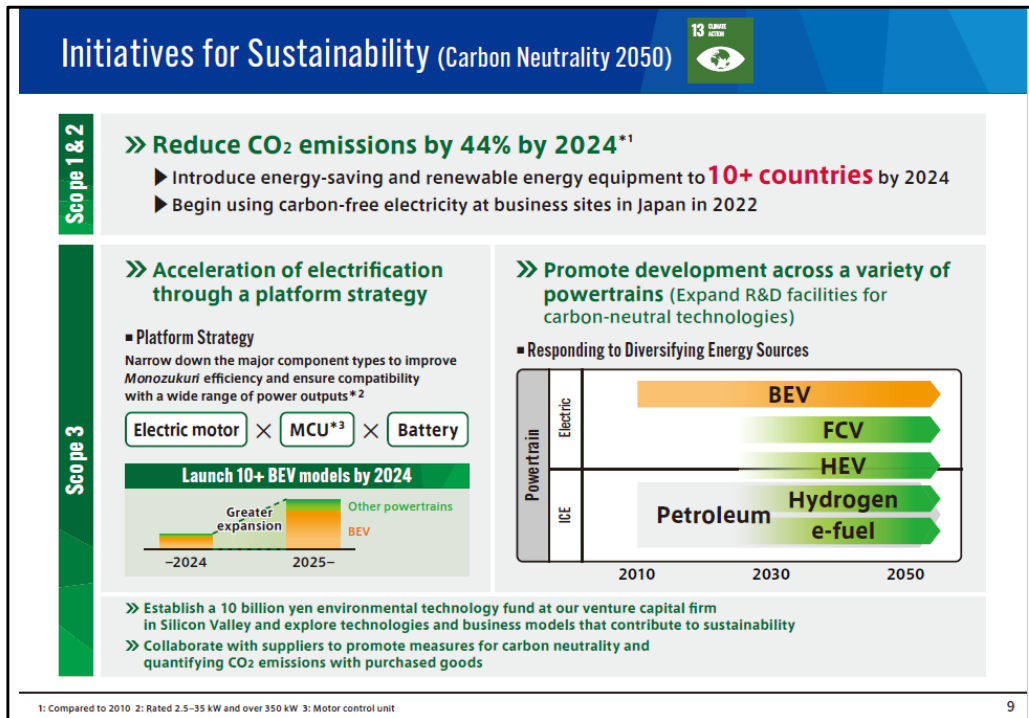
For our growth strategies, we will carry out the Marine CASE strategy to transform our customers' marine lifestyles into experiences with greater comfort and peace of mind.

In particular, for "C" or "connected" part of CASE, we will work together with U.S.-based Siren Marine, a company we acquired last year, to develop systems allowing customers to remotely monitor and operate their boats from their smartphones. This will provide them with the "peace of mind" shown here and help expand the value we offer.

In enhancing our business competitiveness, we will maintain and strengthen our high-profit structure, and by bolstering our lineup of large outboards with new models, we will further expand our product lineup and increase the sales ratio of large outboard models to 30%. In addition to this, we will continue increasing our production capacity for these large outboards as well as personal watercraft.

And finally, to reinforce our business foundations, we will strengthen the R&D role in the U.S. and further enhance our product development arrangement in order to be flexible and thrive in this era of rapid change.

To summarize, the marine product business will implement our Marine CASE strategy to expand the range of value we offer and to maintain and strengthen our high-profit structure, while also allocating resources for growth. This is so that we turn the business into one that further increases the value of the ocean, as stated in the Marine Long-Term Vision.



I'll now explain our initiatives for sustainability.

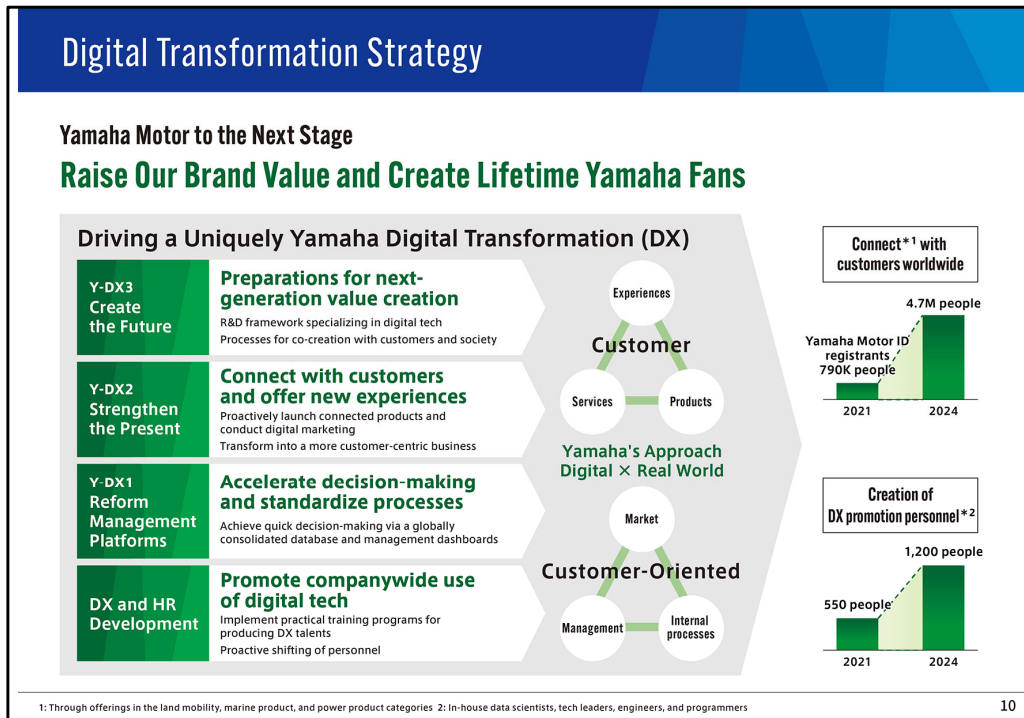
Among our various sustainability initiatives, the most important for us is our work to meet our goal for carbon neutrality by 2050.

We are seeking to reduce our own Scope 1 and 2 CO₂ emissions by 44% by 2024.

Also by 2024, we will deploy energy-saving and renewable energy equipment in more than 10 countries, and we will also begin using carbon-free electricity at business sites in Japan this year.

For scope 3, which is CO₂ emissions from customer and employee product use, raw materials, transportation, disposal, etc., and the like, we will accelerate our move to electrification through a platform strategy. We also plan to introduce at least 10 Battery EV models by 2024. Further, we will not limit ourselves to only BEVs for reaching the goal of net-zero carbon emissions by 2050. We will instead conduct development for compatibility with a variety of powertrains. Also we will expand our R&D facilities to realize this goal.

Also, to accelerate the carbon-offsetting initiatives we need to achieve our goals, we will establish a 10 billion yen fund dedicated to environmental technologies and resources at our venture capital firm in Silicon Valley. The fund is scheduled to operate for 15 years and will explore technologies and business models that contribute to sustainability.



Next, I'll talk about our Digital Transformation strategy.

We are promoting our DX strategy under the “Yamaha Motor to the Next Stage” banner to enhance brand value and create lifelong Yamaha fans.

Our policy for the development of human resources specializing in digital transformation, which forms the foundation of this initiative, is to become a company where everyone can use digital technologies in their day-to-day jobs. We aim to create 1,200 DX promotion personnel by 2024 to drive our digital transformation. These people will be capable of conducting digital marketing, data analysis, cloud computing, and more through hands-on training, such as data analysis courses tailored to each purpose and level of difficulty, and by proactively shifting personnel around.

From this foundation comes Y-DX1, "Reform Management Platforms." Here, we are working to accelerate management’s decision-making and to standardize processes by implementing a globally consolidated database and management dashboards.

Next is Y-DX2, "Strengthen the Present." We will connect with customers and offer new experiences by proactively launching connected products, conducting digital marketing, and transforming ourselves into a more customer-centric business.

As a KPI for creating customer touchpoints and for creating lifetime Yamaha customers in both the real and digital worlds, our goal is to have 4.7 million people with registered Yamaha Motor IDs by 2024.

Lastly, Y-DX3 is "Create the Future." and in it we will establish an R&D framework specializing in the digital technologies essential for next-generation businesses. Then, we will build internal processes for co-creation with customers and society, allowing us to create new value and a new future.

Human Resources Strategy

Increase the agility of the diverse global workforce that represents the Yamaha Brand

Improvement of Employee Engagement

Introduce common global engagement indicators and conduct periodic follow-up on employee engagement

(Ref.) Engagement score*¹ at headquarters
59% (2021) ▶ 70% (2024)

Diversity & Inclusion

Strive to be a company with an agile and diverse workforce by increasing the available options for working styles

Local hiring for core positions*²

55% by 2024

Women in management positions*³

13% by 2024

- ▶ Expand global and regional leadership programs
- ▶ Reform HR management system at headquarters
- ▶ Enhance mid-career professional recruitment

Human Resource Development

Establish frameworks that provide equal opportunities for personal growth to all employees

Number of participants in self-development courses

Approx. 5x*⁴

- ▶ Enhance online and on-demand learning platforms
- ▶ Encourage employees to increase their Rev Up time*⁵

1: Ratio of employees who responded favorably to engagement indicators 2: Ratio of local personnel in core positions at overseas subsidiaries
3: Ratio of women among managers at headquarters and overseas subsidiaries 4: Compared with 2019 5: Aimed at enhancing work efficiency and enriching time off

11

Moving on to our Human Resources Strategy.

The energy in a company’s workforce is a critical factor in its growth, and that is why we will make employee engagement an important indicator. We will promote diversity and inclusion as well as human resource development as initiatives to improve engagement.

With diversity and inclusion, we will increase the number of available options for working styles and strive to be a company where our diverse workforce plays an active role.

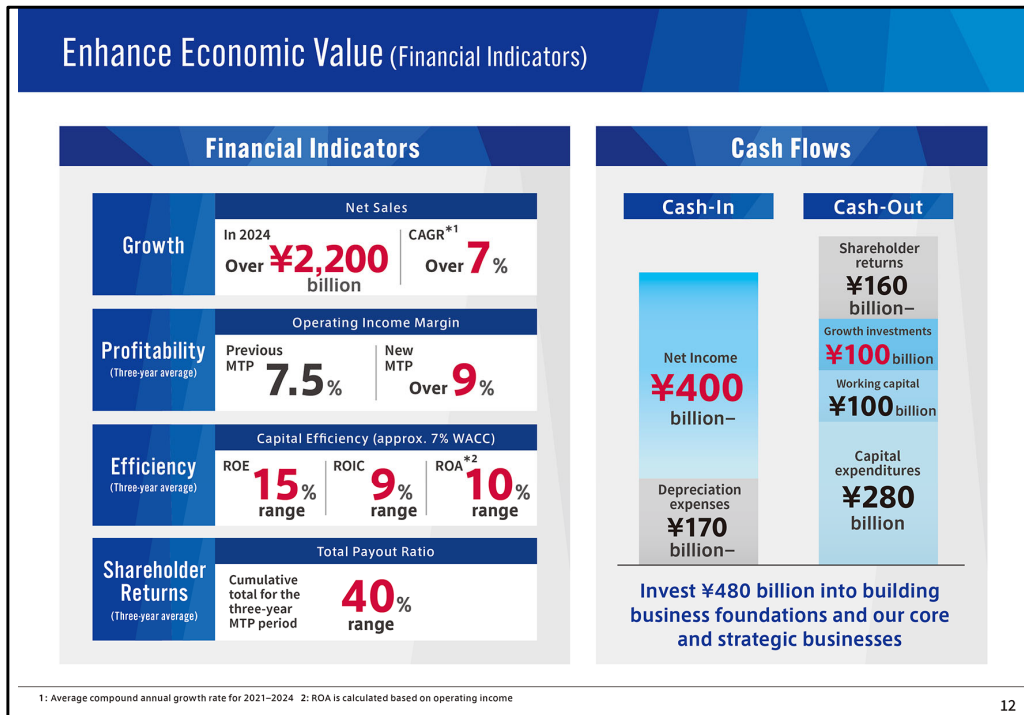
We will create an environment where people of diverse backgrounds gather and excel by expanding our training programs for leaders in each country, revamping the HR system at our headquarters, enhancing mid-career professional recruitment, and more.

As indicators of our progress, we will set targets for the ratio of local employees in core positions at overseas subsidiaries and for the ratio of women in management positions globally.

With human resource development, we will establish frameworks that provide equal opportunities for personal growth to all our employees. Specifically, we will enhance our online and on-demand learning platforms to increase the number of employees in self-development courses some fivefold compared to 2019.

In addition, we will implement new workstyles that take better work-life balance into account as part of encouraging employees to increase their Rev Up time, which will have the effect of enhancing their work efficiency and enriching their time off.

Through these efforts, both employees and the company will grow together and increase the value we bring to society.



Here I'll talk about our key financial indicators, namely growth, profitability, efficiency, and shareholder returns.

In terms of growth, we are targeting net sales of at least 2.2 trillion yen in 2024, with a CAGR of over 7%.

For profitability, we aim to achieve a three-year average operating income margin of 9% or higher.

In the area of efficiency, the aim is to continuously generate a three-year average return exceeding the cost of capital.

We also aim to build a corporate structure for sustainably achieving an ROE in the 15% range, an ROIC in the 9% range, and an ROA in the 10% range.

For our shareholder return policy, we will emphasize making consistent and ongoing dividend payments while taking into consideration the outlook for business performance and investments for future growth.

We will also distribute returns to shareholders in a flexible way based on the scale of our cash flows, with a target total payout ratio in the 40% range for the cumulative period of the new Medium-Term Management Plan.

With our cash flows, we will invest 480 billion yen into building business foundations and our core and strategic businesses, leveraging that to accelerate future growth initiatives and our work toward carbon neutrality. Regarding shareholder returns, we will secure the 160 billion yen in cash required for our shareholder return policy while also actively pursuing share buybacks as an option.

Enhance Social Value (Non-Financial Indicators)

Aiming to create value in a new mobility society

Contributing to a More Sustainable World

Convert to Carbon-Neutral Powertrains	Accelerate Co-Creation	Shift to Energy-Saving/Carbon-Neutral Facilities
<ul style="list-style-type: none"> Develop a wide variety of powertrains Launch 10+ BEV models Powertrains compatible with alternative fuels 	<ul style="list-style-type: none"> Exploratory development in new mobility fields Accelerate exploration efforts (¥10 billion environmental tech fund) Accelerate launch of new businesses contributing to a more sustainable world 	<ul style="list-style-type: none"> Introduce energy-saving and carbon-neutral equipment to 10+ countries Begin using carbon-free electricity in Japan

Connecting with People and Thriving as a Company

Safety Riding and Peace of Mind	Accelerate Digital Transformation	Increase Global Workforce Agility
<ul style="list-style-type: none"> Bolster safety riding support features Expand support and activities for improving user riding skills (1.6x more YRA participants)*1 	<ul style="list-style-type: none"> Connect with customers worldwide (4.7M Yamaha Motor ID registrants) Creation of DX promotion personnel (1,200 people by 2024) 	<ul style="list-style-type: none"> Foster employee engagement globally Introduce global engagement indicators (improve by 10% at headquarters)

1: Yamaha Riding Academy participants (three-year cumulative)

13

Finally, as I've touched on throughout the presentation, sustainability is a new pillar we have added to our new Medium-Term Management Plan. We will focus on the points shown here for enhancing social value as non-financial indicators.

The first item is contributing to a more sustainable world. We will do this by shifting to more green pursuits like converting our products to carbon-neutral powertrains, making our company more energy-efficient and carbon-neutral, and establishing the environmental tech fund. We will explore possible innovative development directions in new areas for future of mobility in collaboration with external parties.

The second item is to connect with our customers and employees and thrive as a company by providing mobility users with features and courses for riding safety, peace of mind, and working to help enrich the daily lives of everyone.

We will endeavor to enhance our corporate value by linking economic value and social value together to make the Yamaha brand shine.



The business performance forecasts and other forward-looking statements within this document are based on management's assumptions and beliefs in light of 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.

This concludes my overview of our new Medium-Term Management Plan.
Thank you for your attention.

Financial Services

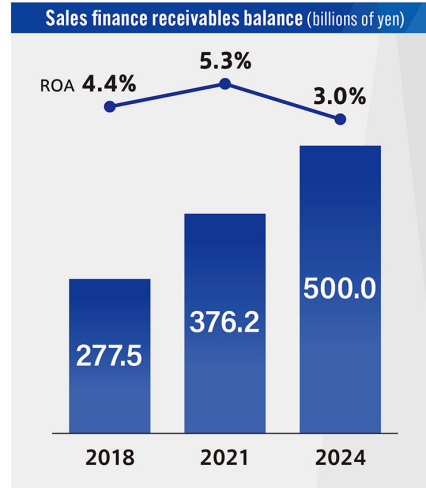
Build a system for global business and aim for ROA in the 3% range

FY2019—FY2021

- Launched new in-house financing program for “Prime” customers in the U.S., enabling the offering of a full-line of services. Expanded business foundations by launching services in France and other markets
- Started disclosing results for business segments

FY2022—FY2024

- Regional expansion in South America, Europe, etc.
- Business domain expansion to marine products
- Build a global business management system
- Independent disclosure of Financial Services business results



New Mobility Market Areas

