

*Yamaha Motor Europe NV
Koolhovenlaan 101
1119NC Schiphol Rijk
The Netherlands*

***Yamaha Motor Europe NV
Annual report 2021
May 3, 2022***



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Board of Directors' report

Structure and Principal activities

Yamaha Motor Europe NV (with Chamber of commerce number 34084613, hereinafter YMENV) is a wholly owned subsidiary of Yamaha Motor Co., Ltd., Iwata, Japan (hereinafter YMC). According to the requirements of art. 2:153 sub 2 of the Dutch Civil Code, the company operates with a two-tier board structure. The board of directors consists of two active members, the supervisory board of three active members as of December 31, 2021.

For the European territory YMENV co-ordinates the sales & marketing, factory, research and development and financing activities while exercising the intermediate holding function for the Yamaha Motor group companies and branches in its territory.

The principal activities of the company include manufacturing, sales and distribution of powered two wheelers (PTW), all-terrain vehicles (ATV), snow mobiles (SMB), marine engines (ME), water vehicles (WV), intelligent machinery (IM), E-bike power units (SPV) and parts and accessories (P&A) related to those products.

Mission and Vision

Yamaha Motor brings pleasure to millions of people by using ingenuity and enthusiasm to constantly surpass customer expectations, thereby enriching their lives.

A Japanese term concisely summarises these feelings: “Kando”.



Kando describes the sensation of profound excitement and gratification derived from experiencing supreme quality and performance. In an ever-changing world, people face new challenges every day and are forced to put more and more hours into work.

That is why we believe leisure to be paramount for a balanced, full and pleasurable life. Whichever products our customers choose to enjoy, we strive for them to experience a delicate blend of technologies which creates a harmonious union

between man and machine.

More than that, we offer the promise of intense satisfaction through the use of groundbreaking, innovative products that touch not only people's lives, but also their hearts.

YMENV contributes to the global initiatives of the parent company to establish sustainable development goals (SDG's) and share the statement; “as a company trusted by society, we will, under appropriate corporate governance, contribute to the resolution of social issues and sustainable development through innovative and diverse products and services, in ways that take the unique style of Yamaha.”

We are pursuing the SDGs as part of our commitment to sustainability, with the aim of achieving corporate growth through the resolution of social issues in the countries and communities in which we operate, as a company that all stakeholders, including society, always look to for the next advances and innovations.

Our slogan: Revs your Heart

Yamaha products have the power to move people; not only physically, but also to a more positive state of mind. There's nothing more powerful than that moment you open the throttle on your Yamaha. Creating opportunities and memorable experiences that get the heart racing is what Yamaha is all about.

Review of the year 2021

The markets in Europe for the Yamaha Motor products remained competitive, and again positive in terms of demand despite of COVID-19 still affecting our lives. YMENV's results show once again improvement in terms of profitability while maintaining positive trend in sales development. YMENV maintains good levels of competitiveness in all major markets even though under pressure from several direct

competitors. The take-over of activities in Belgium under direct control of the group has been successfully implemented in this first year.

The expansion of the captive finance operations in France that was disturbed due to product availability and other effects of COVID-19 have accelerated towards the last quarter of the year.

Short-term finance receivables of Euro 26,6 million (wholesales contracts) and long-term of Euro 7,0 million (retail contracts) were recorded on the statement of financial position as of year-end.

The main product line (PTW, 60% of YMENV's turnover) recorded slightly higher turnover in 2021 to previous year despite of product availability and increased competition from other brands ending with a net turnover of 1,14 billion Euro (2020: 1,10 billion).

Both our Marine (+23%) and Power Products (+27%) segments increased turnover significantly due to once again strong demand in their main markets.

Our IM business benefited from strong recovery of manufacturing investments, the turnover in 2021 reached the level of 57,3 million Euro (2020: 37,1 million Euro), an incredible increase of 54,6% year-on-year.

Finally, the first full year of E-Kits (power unit for E-Bikes) sales directly sold via the YMENV network and with extended product range generated turnover of approx. 114,7 million Euro (2020: 27,1 million) and contributes to the group turnover with a ratio of 6%. There has been a significant reduction in group number of employees resulting from the transfer of Motori Minarelli Spa to its new owner and deconsolidation thereof.

Financial results of the year 2021

The gross profit margin of 21,7% in 2021 (2020: 21,9%) is practically in line with previous year while operating expenses decreased by 10,5 million Euro (3,6% to previous year) keeping the trend of previous years excluding special events such as the disposal of the manufacturing entity in Italy that drove expense increases previous year.

The selling expenses remained on same level as previous year and reached 4,4% versus net sales (2020: 4,3%), while the total of selling, general and administrative expenses account for 14,7% of the net sales (2020: 17,8%).

Financing of the operations from credit institutions reduced in 2021 to the level of 82 million Euro (down by 60,7% year-on-year) due to continuously increased A/R turnover, less inventories (still facing limited availability due to production limitations from lack of certain raw material and components) and still relatively low investments in fixed assets.

Debt to credit institutions contain as of 2021 also a small portion (5,6M Euro) in long-term debt related to our captive finance operations expansion in France.

The main company's performance indicators are listed in the hereunder presented 5 year overview:

Key figures (EUR 000's)

	2021	2020	2019	2018	2017
Net sales	1.915.810	1.645.139	1.604.865	1.517.821	1.573.426
<i>(versus previous)</i>	<i>16,5%</i>	<i>2,5%</i>	<i>5,7%</i>	<i>(3,5%)</i>	<i>2,0%</i>
Operating result	132.753	68.354	79.075	80.767	74.812
<i>% to net sales</i>	<i>6,9%</i>	<i>4,2%</i>	<i>4,9%</i>	<i>5,3%</i>	<i>4,8%</i>
Net result	90.270	35.382	53.346	59.197	54.987
<i>% to net sales</i>	<i>4,7%</i>	<i>2,2%</i>	<i>3,3%</i>	<i>3,9%</i>	<i>3,5%</i>
Debt to credit institutions	81.969	208.698	410.887	371.395	396.827
<i>(versus previous)</i>	<i>(60,7%)</i>	<i>(49,2%)</i>	<i>10,6%</i>	<i>(6,4%)</i>	<i>(1,5%)</i>
Ratio's					
Shareholder's equity ratio	47,2%	38,9%	31,4%	34,2%	29,8%
Return on Equity	21,7%	10,0%	15,3%	17,1%	19,1%
Current ratio	1,8	1,5	1,3	1,4	1,3
Balance sheet Total	882.230	909.615	1.108.929	1.013.265	964.819
<i>Headcount (average)</i>	<i>1.594</i>	<i>1.790</i>	<i>1.785</i>	<i>1.779</i>	<i>1.845</i>

Risk management

YMC as global headquarters has established a solid Risk Management system that covers the global operations, thus also YMENV. The annual activities related thereto consist of a risk self-assessment, the establishment of a risk measure plan (based on the self-assessment), a mid-year review and a year-end review of the risk measure plan.

Within YMENV, the newly established Compliance department became owner of this activity (taking over from and supported by the Internal Audit division) and is supervised by the Management Committee.

YMENV as part of a global group is affected by the group's risk profile that can be described as moderate to conservative in terms of risk appetite.

YMENV recognises several areas of potential risk as follows:

- **Strategy:** Strategic risk is defined as the risk to current and future earnings that arises from adverse business decisions, changes in customer demand, legislation or the industry. Strategic risk includes the risk of missing targets because the business units do not respond, or do not respond adequately enough, to changes in their business environment.
YMENV recognises as main risk in this area the risk of fluctuating customer demand. We are therefore continuously monitoring external market trends in order to develop products appealing to our customer base. Our strategy focuses on investing in new products in which we are confident that we can build competitive advantage. Our Research and Development function actively searches for ways to translate the trends in consumer preference and taste into new technologies for incorporation into future products.
Pandemic risks such as the COVID-19 are proven to have significant effects on the company's operations. Strategies to anticipate such risks have been developed to ensure business continuity while designing online customer contact, providing support to our dealer network and maintaining safety of our employees;
- **Finance:** Financial risk means the uncertainty of a return and the potential for monetary loss. Financial risk includes among others credit risk, interest rate risk and currency risk. YMENV acknowledges all these risks and where possible applies risk mitigating countermeasures such as credit insurance and short-term forward currency contracts while working on reduction of borrowings with effective cash management and use of new technologies in order to limit exposure on interest rate adverse movements;
- **Operations:** Operational risk is the risk of losses that may occur due to inadequate or malfunctioning internal processes or systems, human error, criminal behaviour, supply chain distortion etc.
Especially the main IT systems whereas the operations rely for a smooth completion of the goods movement are appropriately secured by back-up in multiple locations.
While our Internal Audit division aims among others to mitigate such risks by evaluation and control thereof, proactive approach is being implemented throughout the establishment of the the Compliance division aiming to safeguard our day-to-day compliance to internal rules and regulations and help avoid risks materialising;
- **Compliance:** Compliance risk is the risk of not complying with laws, regulations and internal policies and procedures; for example risks related to litigation, tax compliance and erroneous financial reporting.
YMENV recognises as major risk within this area the risk of transfer pricing / double taxation. Documentation of the transfer pricing policies is currently our way to anticipate the risks related thereto.
Indirect taxes (customs/VAT) due to the complexity of operating in most European countries has also our attention. We have systems and procedures in place to ensure compliance to our indirect tax reporting in all countries we operate.
Furthermore, we maintain focus on the EU General Data Protection Regulation (GDPR) as an ongoing activity. As of 2021, a compliance division has been added to the company's organization aiming to support, control and ensure compliance across all functions and activities.

In the past years YMENV executed risk measure plans with regards to governance, compliance, rules and regulations. The risk profile is evaluated to be unchanged also this year and the approach to such risks has not changed to previous years and is within what YMENV considers the appropriate and preferred way of responding to these risks.

The Compliance division is the new owner of this process within its broader scope covering internal as well as external risks closely cooperating with the Internal Audit division.

Quantification of the impact especially in terms of risks related to market demand cannot be estimated reliably.

A general comment that can be made is that sharp and unexpected decrease in demand considering the limited reaction time in spendings would result in an equally sharp decrease in operating profits. Based on the 2021 results and the abovementioned assumption on costs, net sales reduction by 1% would result to 4,2 million of operating profit reduction (assuming loss in gross profit on sales).

Furthermore, exposure in currency exchange rates fluctuation against major European currencies results to exchange losses (when not hedged).

An adverse change of LCY 0,01 to Euro would result to the following operating losses in such a case based on the sales volumes in the respective marketplace:

	<u>GBP</u>	<u>SEK</u>	<u>NOK</u>	<u>TRY</u>
Operating loss risk (in million euro's):	1,1	1,1	1,0	0,6

Research and development

YMENV deploys limited R&D activities throughout its wholly-owned subsidiary company Yamaha Motor R&D (Europe) Srl based in Italy. These activities concern mainly products to introduce and partly locally produce in the European markets satisfying the needs of the European mature customer base.

We share the vision of and support the parent company promoting development to enable the timely launch of electrified products, while closely watching electrification policies and battery technology innovations in each country, simultaneously we investigate alternative fuel options.

Diversity

Dutch law includes provisions for a balanced participation of men and women in the executive and supervisory board for which purpose a target has been set for at least 30% for both genders.

By the end of 2021 in Yamaha Motor Europe N.V. 100% of the executives as well as the supervisory board was male. Yamaha Motor Europe N.V. recognises the possibility of added value provided by women as directors of the company.

We keep considering the approach to achieve this goal following closely the developments in this area and the guidance provided by the government and the “Sociaal-Economische Raad (SER)” equivalent to the European Economic and Social Committee (EESC).

In our search for candidates we will take into account all relevant selection criteria including the provisions of the Dutch law but not limited thereto, as of March 2022 a female director (Ms. Doi) has been added to the board.

Outlook for the year 2022

The corona virus and related measures still have an influence on businesses either direct or indirect even after the weakening of the virus and the lay-down of most of the measures taken by governments. Although we expect the markets will remain positive, product availability resulting from lack of material and components, freight limitations and other causes will still generate disturbances in deliveries to our networks. We continuously assess the liquidity position, maintain expense level in line with our turnover and in parallel we maintain also high level of support to our dealer network during this period of uncertainty with deliveries of products.

The effects of the recent war in Ukraine, among others energy prices driving already existing inflation higher, price increases all around the supply chain and other collateral effects have added a new unexpected element in the equation. We follow the developments closely however with new uncertainties added in the geopolitical environment it makes it difficult to map the different scenarios with regards to demand and sales development.

The first months of this year to date show stable market demand for our products maintaining the trend we experience the last few years. Having said that, as earlier explained, the environment we operate and the effects of the Ukrainian war, even though limited for our business to date may still cause consumer markets to react unfavorably. As of today we experience only minor issues mainly on the recoverability of limited open receivable positions with our Ukrainian distributor.

Schiphol-Rijk, May 3, 2022

E. de Seynes, President

Y. Doi (appointed as of March 1, 2022)

Consolidated financial statements

Consolidated balance sheet as at December 31, 2021, before appropriation of result

Notes	<u>2021</u>	<u>2020</u>	Notes	<u>2021</u>	<u>2020</u>
	EUR (000's)	EUR (000's)		EUR (000's)	EUR (000's)
Assets			Group equity, provisions and liabilities		
<u>Fixed assets</u>			<u>Group equity</u>		
			6	<u>416.579</u>	<u>354.070</u>
Intangible fixed assets	1 21.627	30.199	<u>Provisions</u>		
Tangible fixed assets	2 102.176	97.667	7	<u>40.428</u>	<u>55.097</u>
Financial fixed assets	3 26.092	19.934	<u>Long-term liabilities</u>		
	<u>149.895</u>	<u>147.800</u>	8	<u>12.944</u>	<u>7.406</u>
<u>Current assets</u>			<u>Current liabilities</u>		
Inventories	4 359.602	343.800	9	<u>412.279</u>	<u>493.042</u>
Accounts receivable	5 346.037	353.710	Total liabilities and group equity		
Cash and cash equivalents	<u>26.696</u>	<u>64.305</u>		882.230	909.615
	732.335	761.815	Total assets		
	<u>882.230</u>	<u>909.615</u>			

Consolidated income statement for the year 2021

		<u>2021</u>	<u>2020</u>
		EUR (000's)	EUR (000's)
Net sales	10	1.915.810	1.645.139
Cost of sales		<u>(1.500.793)</u>	<u>(1.284.032)</u>
Gross profit		415.017	361.107
Selling expenses		(85.023)	(71.275)
General and administrative expenses	11	<u>(197.241)</u>	<u>(221.478)</u>
Operating result		132.753	68.354
Foreign exchange gain/(loss)		(7.029)	(4.284)
Interest income		873	672
Interest expense		<u>(1.095)</u>	<u>(1.842)</u>
Finance income/(expense)		(7.251)	(5.454)
Result from ordinary activities before taxation		<u>125.502</u>	<u>62.900</u>
Corporate income tax	12	<u>(35.232)</u>	<u>(27.518)</u>
Net result for the year		90.270	35.382

Consolidated statement of comprehensive income for the year 2021

	<u>2021</u> EUR (000's)	<u>2020</u> EUR (000's)
<i>Other comprehensive income that may be reclassified to profit or loss in subsequent periods (net of tax):</i>		
<u>Exchange differences on translation of foreign operations</u>	<u>(526)</u>	<u>(2.098)</u>
<u>Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods</u>	<u>(526)</u>	<u>(2.098)</u>
<i>Other comprehensive income that will not be reclassified to profit or loss in subsequent periods (net of tax):</i>		
<u>Remeasurement gain/(loss) on defined benefit plans</u>	<u>5.820</u>	<u>(5.274)</u>
<u>Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods</u>	<u>5.820</u>	<u>(5.274)</u>
<u>Other comprehensive income/(loss) for the year, net of tax</u>	<u>5.294</u>	<u>(7.372)</u>
<u>Total comprehensive income for the year, net of tax</u>	<u>95.564</u>	<u>28.010</u>

Notes to the consolidated financial statements

General

Yamaha Motor Europe N.V. (with Chamber of commerce number 34084613, “the Company”) with statutory seat in Schiphol-Rijk, the Netherlands is a wholly owned subsidiary of Yamaha Motor Co., Ltd., Iwata, Japan.

The financial statements have been prepared with omission of the cash-flow statement based on DAS 360.104 provided exemption for preparing and presenting a cash-flow statement when the capital of the company is fully provided by another entity which prepares an equivalent cash-flow statement as part of its consolidated financial statements. The company complies with the requirements of DAS 360.104.

The Group’s financial information is included in the consolidated financial statements of Yamaha Motor Co., Ltd. The financial statements of YMC whereas the cash-flow statement for the group is included can be found on the website of YMC following this URL: <https://global.yamaha-motor.com/ir/library/report/> and by choosing the option of the relevant year.

Activities

For the European territory YMENV co-ordinates the sales & marketing, factory, research and development and financing activities while exercising the intermediate holding function for the Yamaha Motor group companies and branches in its territory.

The principal activities of the company include manufacturing, sales and distribution of powered two wheelers (PTW), all-terrain vehicles (ATV), snow mobiles (SMB), marine engines (ME), water vehicles (WV), intelligent machinery (IM), E-bike power units (SPV) and parts and accessories (P&A) related to those products.

Group structure

For an overview of the group companies and other participating interests, reference is made to the notes to the financial fixed assets of the single entity section as well as the other information (page 35). Group companies are those companies where, directly or indirectly, the Company has contributed the majority of share capital, and the Company’s directors exercise management control.

Consolidation

The consolidation includes the financial information of Yamaha Motor Europe N.V., its group companies and other participations in which it exercises control. Group companies are legal entities in which Yamaha Motor Europe N.V. exercises direct or indirect decisive control as a result of its possession of the majority of the voting rights, or whose financial and operating activities it can otherwise control. Potential voting rights that can directly be exercised on the balance sheet date are also taken into account. Group companies and other participations in which Yamaha Motor Europe N.V. exercises decisive control or whose central management it conducts are consolidated in full. We refer to page 31 for a list of consolidated investments in participating interests.

Group companies maintain their accounting records in the currencies of their respective countries and prepare financial statements on the basis of group accounting policies, which conform, in all material aspects, to accounting principles generally accepted in The Netherlands and where not are adjusted thereto.

The accounts of these companies are included in full in the consolidated financial statements. All significant intercompany balances and transactions have been eliminated.

Summary of Significant Accounting Principles

Basis of preparation

The accompanying consolidated financial statements are stated in thousands of EUR unless indicated otherwise. The financial statements have been prepared under the historical cost convention in accordance with the standards Part 9 of Book 2 of the Dutch Civil Code. Assets and liabilities are stated at face value, unless indicated otherwise.

Income and expenses are accounted for on an accrual basis. Income is only included when realized. Loss contingencies, which can be reasonably estimated, are taken into account if, prior to preparation of the financial statements, information has become available that an asset had been impaired or a liability had been incurred at balance sheet date.

Foreign currency translation

Monetary balance sheet items denominated in foreign currencies are translated at the functional currency exchange rates at the balance sheet date. Non-monetary balance sheet items that are measured at historical cost in a foreign currency are translated at the functional exchange rates ruling at the date of transaction. Non-monetary balance sheet items that are measured at current value are translated at the functional exchange rates ruling at the date of valuation. Resulting foreign currency exchange effects are included in the income statement.

Financial statements of subsidiaries denominated in foreign currencies are translated into euros, the reporting currency, at the exchange rates prevailing at balance sheet date in respect of assets and liabilities, whereas revenues, expenses, gains and losses are translated into euros at the average exchange rate for the year. Resulting foreign currency gains and losses are included in the cumulative translation adjustment as part of shareholder's equity.

Derivatives

The Group uses financial instruments to hedge interest rate risks, purchase price risks and exchange rate risks for specific transactions in foreign currencies. Accordingly, these contracts are carried in the financial statements at the forward rates pertaining to the remaining terms of the original contracts.

Changes in the value of derivatives are deferred and recognized upon maturity of the instruments. Valuation of the derivatives takes place at balance sheet date at fair value (mark-to-market rates provided by associated credit institutions).

Offsetting

Assets and liabilities are only offset in the financial statements if and to the extent that:

- a) An enforceable legal right exists to offset the assets and liabilities and settle them simultaneously; and
- b) The firm intention is to settle the assets and liabilities on a net basis or simultaneously.

Principles for valuation of assets and liabilities

Intangible fixed assets

Intangible fixed assets are stated at historical cost less accumulated amortization and accumulated impairment losses. Amortization is provided on a straight-line basis over the estimated useful lives of the related assets. The amortization rates vary between 10% and 33%.

Goodwill arising from acquisition of investments in subsidiaries is capitalized and amortized over a period of five years less any provision for impairment, if required. Patent rights are capitalized and amortized over a period of three years less any provision for impairment, if required.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses net of deferred tax. Depreciation is recorded on a straight-line basis over the estimated useful lives of the related assets, from the moment they are set in use. Land is not depreciated.

Annual depreciation rates are as follows:

Buildings and structures	2,5%	-	10%
Machinery and equipment	15%	-	33%
Other operating fixed assets	10%	-	33%

Tangible fixed assets other than own developed and purchased are capitalised if the economic ownership held by the company, and its group companies, is governed by a financial lease agreement. The annual depreciation follows the lease term that varies between 2 (50%) and 20 (5%) years. The commitment arising from the lease agreement is accounted for as a liability. The interest included in the future lease instalments is charged to the result over the term of the financial lease agreement. The carrying amount includes capitalized major maintenance costs when incurred and if the recognition criteria are met. The carrying amount of the components to be replaced will be regarded as a disposal and taken directly to the profit and loss account. All other repair and maintenance costs are taken directly to the profit and loss account.

Group as a lessee

IFRS 16 is the standard applied by the group for leases. At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Group also assesses the right-of-use asset for impairment when such indicators exist. At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments, variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

On the statement of financial position, right-of-use assets have been included in tangible fixed assets and lease liabilities have been included in current and long-term liabilities.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases.

Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature.

Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

Contingent rents are recognised as revenue in the period in which they are earned.

Financial fixed assets

Investments in group companies are stated at the Company's share of the respective net asset value.

Other investments and participations in which the company does not have significant influence are stated at cost, less a provision for permanent diminution in value, if required.

Deferred income taxes are recognized for tax losses and timing differences arising in respect of the recording of certain items for accounting and tax purposes. Deferred tax assets are only recorded to the extent they will be realized in the near future. Recognized deferred tax assets are offset against deferred tax liabilities to the extent they will be realized within a consistent timeframe. These deferred tax assets are valued at nominal value and have a predominantly long-term character. A deferred tax asset is recognized to the extent that it is probable that future taxable profit will be available for set-off. In this assessment, the group includes the availability of deferred tax liabilities set-off, the possibility of planning of fiscal results and the level of future taxable profits in combination with the time and/or period in which the deferred tax assets are realized.

Finance receivables are recognised on the statement of financial position when cash is advanced to borrowers, initially at fair value and then valued at amortised cost, which equals the face value, less any allowance for credit losses. The allowance is determined by historical loss rates attributable to customer graded groups. Any value changes are directly recognised in the income statement.

Inventories

Inventories are stated at the lower of cost or net realisable value. Cost being principally determined by the first-in-first-out method. A provision is recognized for obsolete and/or slow moving inventory, determined by individual assessment of these inventories. Work in progress is valued at the lower of cost of manufacture or net realisable value. Cost of manufacture includes direct material used, direct wages and machine costs and other direct costs of manufacture, together with applicable production overhead. Net realisable value is based on estimated selling price, less any future costs to be incurred for completion and disposal.

Accounts receivable

Upon initial recognition, accounts receivable are included at fair value and then valued at amortised cost, which equals the face value, less any provision for doubtful accounts. These provisions are determined by individual assessment of the receivables. Any value changes are directly recognised in the income statement.

Cash and cash equivalents

Short-term investments with remaining maturities of three months or less from the date of purchase are considered to be cash equivalents. All cash is freely distributable except for investments with maturity less than three months.

Provisions

Provisions are recognised when the company has an obligation as result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions for re-organizations are recognized when the plans are communicated to related parties and the amount and time involved is reliably estimated. A provision for onerous contracts is recognized when the expected benefits to be derived by the Group from a contract are lower than the unavoidable costs of meeting its obligations under the contract (onerous contracts). Provisions are stated at present value.

Pensions

Provisions are recognized for past-service pension liabilities arising from pension plans operated by the Group. The group applies IFRS (IAS19) valuations with respect to pensions as allowed under DAS 271. The plans provide defined benefits based on a formula of years of service and a percentage of compensation. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method. Remeasurement gains or losses are charged directly to the equity as direct equity adjustment (under IFRS though OCI). The Company has pension plans covering substantially all

employees. Pension obligations regarding the pension plans are funded through annual premiums. Contributions payable to the pension plan administrator are recognized as an expense in the profit and loss account.

Long-term liabilities

Recorded interest-bearing loans and liabilities are valued at amortised cost.

Current liabilities

Upon initial recognition, liabilities with current terms being less than 1 year are included at fair value and then valued at amortised cost, which equals the face value. However, loans that are hedged under a fair value hedge are remeasured for the changes in the fair value that are attributable to the risk that is being hedged. Hedge accounting is not applied currently. Dividend withholding taxes, payable from retained earnings by subsidiary companies at the time of the distribution of such earnings, have not been provided for. Such withholding taxes are provided for when dividends are declared. An accrual for estimated warranty costs is recorded at the time of sale and periodically adjusted to reflect actual experience. The accrual for estimated warranty costs is stated net of any third-party recourse.

Principles for determination of financial results

Net sales

Net sales represent amounts invoiced for transactions completed by delivery and services provided during the year, net of value added and other sales taxes, discounts and commissions. Revenues ensuing from the sale of goods are accounted for when all major entitlements to economic benefits as well as all major risks have transferred to the buyer. The cost price of these goods is allocated to the same period.

Income and expense

Income and expenses are accounted for on an accrual basis. Income is only included when realized. Expenses are determined in accordance with the accounting policies and allocated to the financial year to which they relate. Foreseeable and other obligations as well as potential losses arising before the financial year-end are recognized if they are known before the financial statements are prepared and provided all other conditions for forming provisions are met. Dividends from participating interests are accounted for in the income statement at nominal value when these have been declared.

Pension cost/expense

Pension costs recognised in the income statement for defined benefit plans consist of:

- a) service costs;
- b) net interest costs; and
- c) administrative expenses.

Corporate income tax

Income tax is provided for at the statutory income tax rates applicable in the countries the Group operates in. Income tax is calculated on the profit/loss before tax in the income statement, taking into account losses carried forward from previous financial years (where not included in deferred income tax assets), tax-exempt items and non-deductible expenses. The income tax expense can also include the impact of changes in deferred income tax assets and liabilities owing to changes in the applicable tax rates.

Notes to specific items of the consolidated balance sheet

Note 1: Intangible fixed assets

The item included under “other intangibles” among others is software and development. The movements are as follows:

	Patent rights EUR 000's	Goodwill EUR 000's	Other EUR 000's	Total EUR 000's
Book value as at January 1, 2021	25.344	-	4.855	30.199
Additions	4.661	-	916	5.577
Disposals (net)	-	-	128	128
Amortization	(12.191)	-	(2.086)	(14.277)
Book value as at December 31, 2021	17.814	-	3.813	21.627
Purchase cost	77.704	9.396	9.843	96.943
Accum. amortization as at Dec. 31, 2021	59.881	9.396	6.038	75.315
Accum. amortization as at Dec. 31, 2020	47.690	9.396	4.398	61.484

The addition in patent rights is mainly attributable to initial payments for new models to produce in EU factories of the group. The goodwill has been fully amortized.

Note 2: Tangible fixed assets

The movements are as follows:

	Land and buildings EUR (000's)	Machinery and equipment EUR (000's)	Other operating fixed assets EUR (000's)	Right-of-Use fixed assets EUR (000's)	Fixed assets under construction EUR (000's)	Total EUR (000's)
Book value as at January 1, 2021	39.247	17.005	20.737	9.945	10.733	97.667
Additions	1.657	4.320	12.775	3.171	10.592	32.515
Disposals, net	(182)	(172)	(1.788)	(107)	-	(2.249)
Transfer to other assets	-	-	-	-	(2.949)	(2.949)
Depreciation	(3.202)	(7.515)	(8.564)	(3.527)	-	(22.808)
Book value as at December 31, 2021	37.520	13.638	23.160	9.482	18.376	102.176
Purchase cost	139.968	169.987	97.484	19.973	18.376	445.788
Accum. depreciation at Dec. 31, 2021	102.448	149.288	74.323	10.492	-	336.551
Accum. impairment at Dec. 31, 2021	-	7.061	-	-	-	7.061
Accum. depreciation at Dec. 31, 2020	116.970	183.121	92.781	9.816	-	402.688
Accum. impairment at Dec. 31, 2020	20.062	9.372	2.042	-	-	31.476

The additions in fixed assets comprise in majority of assets still under construction.

Right-of-use assets:

Assets reported under land and buildings refer mainly to rental of office spaces for the branch offices in various countries. Machinery and equipment is used in manufacturing activities while other operating assets contain predominantly lease cars provided to employees of the group.

	Net book value	Depreciation
Land and buildings	5.239	4.361
Machinery and equipment	738	1.213
Other operating assets	3.505	4.918
	9.482	10.492

Note 3: Financial fixed assets

	<u>2021</u> EUR (000's)	<u>2020</u> EUR (000's)
Participations	884	884
Long term deferred tax asset	16.267	16.991
Finance receivables	7.028	86
Other investments	1.913	1.973
Total financial fixed assets	26.092	19.934

For further information on participating interests in group companies and other, and the movement thereof we refer to page 31.

The movement in long term deferred tax assets, finance receivables and other investments is as follows:

	<u>Long-Term</u> <u>deferred tax assets</u> EUR (000's)	<u>Finance</u> <u>receivables</u> EUR (000's)	<u>Other investments</u> EUR (000's)
Balance as at January 1, 2021	16.991	86	1.973
Utilised	(1.549)	-	-
Other increases / (decreases)	825	6.942	(60)
Balance as at December 31, 2021	16.267	7.028	1.913

Long-term deferred tax assets relate mainly to other temporary differences. Finance receivables related to retail financing in France. Other investments consist mainly of refundable deposits of 1,8 million (2020: 1,9 million).

Note 4: Inventories

	<u>2021</u> EUR (000's)	<u>2020</u> EUR (000's)
Merchandise	276.382	299.511
Raw materials	77.863	35.185
Work in process	5.132	7.902
Supplies	225	1.202
	359.602	343.800

Inventories are stated at cost or lower net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less estimated costs necessary to make the sale. Provision for inventories amounts to Euro 13,9 million (2020: Euro 15,0 million). In 2021, release of the provision to the amount of Euro - 1,1 million and has been recognized in the income statement under cost of sales (2020: 4,2 million). An amount of Euro 1.480 million of inventory costs has been recognized in the income statement under cost of sales.

Note 5: Accounts receivable

	<u>2021</u> EUR (000's)	<u>2020</u> EUR (000's)
Trade receivables	276.772	286.172
Receivables from parent and affiliates	7.197	8.346
Other receivables and prepayments	62.068	59.192
	346.037	353.710

Allowance for doubtful receivables amounts to Euro 10,5 million (2020: Euro 11,1 million) and is deducted from the trade receivables. The allowance provides the company with sufficient assurance related to the risk of recoverability of the net trade receivables. Included in other receivables an amount of Euro 4,8 million in prepaid income taxes (2020: Euro 2,4 million) and an amount of Euro 10,2 million in VAT receivable (2020: Euro 7,9 million).

Note 6: Group equity

Reference is made to the notes to the financial statements of Yamaha Motor Europe NV single entity.

Note 7: Provisions

	<u>2021</u>	<u>2020</u>
	EUR (000's)	EUR (000's)
Pensions obligations	32.518	38.815
Deferred tax liabilities	11	9
Other provisions	7.899	16.273
	<u>40.428</u>	<u>55.097</u>

The movements in provisions are as follows:

	<u>Pension</u>	<u>Tax</u>	<u>Other</u>	<u>Total</u>
	EUR 000's	provision EUR 000's	EUR 000's	EUR 000's
Balance as of January 1, 2021	38.815	9	16.273	55.097
Additions	-	2	-	2
Utilisation	-	-	(8.374)	(8.374)
Remeasurements	(4.419)	-	-	(4.419)
Payments	(5.045)	-	-	(5.045)
Other movements	3.167	-	-	3.167
Balance as at December 31, 2021	<u>32.518</u>	<u>11</u>	<u>7.899</u>	<u>40.428</u>

Provisions are deemed to be of a long-term nature. Other provisions consist primarily of restructuring, litigation and maintenance provisions. The reduction of other provisions is mainly due to the utilisation thereof after transfer of shares in Motori Minarelli S.P.A. within 2021 (6,7M Euro).

Disclosures on pensions are presented separately hereunder.

Included in the pension provision is an amount of Euro 32,5 million regarding mainly Defined Benefit Plans calculated under IAS19 principles, the details of which are explained here below.

The group operates funded defined benefit plans in the Netherlands, UK, Germany and France and unfunded defined benefit plans in France, Italy, Norway, Sweden and Turkey. These plans are financed through contributions to insurance companies, industry pension funds or company pension funds. Under the plan, the employees are entitled to various retirement or withdrawal benefits.

No other post-retirement benefits have been taken into account. The most recent actuarial valuations of plan assets and the present value of the defined benefit obligations were carried out at 31 December 2021, by Mercer Human Resource Consulting.

The principal assumptions used for the purpose of the actuarial valuations were as follows:

	<u>2021</u>	<u>2020</u>
Discount rate	1,59%	1,23%
Expected return on plan assets	3,28%	2,86%
Expected rate of salary increases	1,46%	1,29%
Future pension increases	<u>2,34%</u>	<u>2,14%</u>

The majority of the provision is to be consumed in a period that exceeds 5 years, the expected payments in 2022 are assumed to a level of 3,9 million.

The amounts recognised in the balance sheet in respect of the Group's defined benefit plans are as follows:

	<u>2021</u>	<u>2020</u>
	EUR (000's)	EUR (000's)
Defined benefit obligation	163.160	166.961
Fair value of plan assets	130.500	127.951
Funded status	32.660	39.010
Effect of asset ceiling/onerous liability	45	-
Recorded in other liabilities	(187)	(195)
Net liability recognised in the balance sheet	32.518	38.815

Amounts recognised in both the income statement as the OCI (remeasurements) in respect of the defined benefit plans are as follows:

	<u>2021</u>	<u>2020</u>
	EUR (000's)	EUR (000's)
Service cost	3.828	4.041
Net interest	367	415
Remeasurements	(4.414)	6.569
Administrative expenses	58	62
	(161)	11.087

The charge of the year is included in the employee benefits expense in the income statement. Changes in the present value of the defined benefit obligation are as follows:

	<u>2021</u>	<u>2020</u>
	EUR (000's)	EUR (000's)
Opening defined benefit obligation	166.961	149.565
Service cost	3.828	4.041
Interest cost	2.060	2.532
Benefits paid	(5.045)	(3.389)
Remeasurements	(8.294)	16.758
Exchange differences	4.612	(2.977)
Expenses paid	378	381
Divestitures	(1.341)	-
Others	1	50
Closing defined benefit obligation	163.160	166.961

The breakdown of the remeasurements within the defined benefit obligation is as follows:

	<u>2021</u>	<u>2020</u>
	EUR (000's)	EUR (000's)
Changes in demographic assumptions	224	(2.363)
Changes in financial assumptions	(8.465)	15.635
Experience adjustments	(53)	3.486
	(8.294)	16.758

Changes in the fair value of plan assets are as follows:

	<u>2021</u>	<u>2020</u>
	EUR (000's)	EUR (000's)
Opening fair value of plan assets	127.951	116.735
Interest income	1.694	2.118
Contributions by employer	5.235	4.892
Participant contributions	378	381
Benefit payments from plan	(4.266)	(2.661)
Benefit payments from employer	(780)	(727)
Expenses paid	(84)	(62)
Return on plan assets	(3.811)	10.136
Exchange differences	4.183	(2.861)
Closing fair value of plan assets	130.500	127.951

The fair value of plan assets at the balance sheet date is analysed as follows:

	<u>2021</u>	<u>2020</u>
	EUR (000's)	EUR (000's)
Debt instruments	15.746	17.183
Investment funds	42.532	37.066
Assets held by insurance company	72.056	73.427
Other assets	166	275
	130.500	127.951

The plan assets do not include any of the Group's own financial instruments, nor any property occupied by, or other assets used by, the Group.

The history of the plans for the current and prior period is as follows:

	<u>2021</u>	<u>2020</u>
	EUR (000's)	EUR (000's)
Present value of defined benefit obligation	163.160	166.961
Fair value of plan assets	(130.500)	(127.951)
Deficit	32.660	39.010

The Group expects to contribute Euro 4,5 million to its defined benefit plans in 2022.

Note 8: Long-term liabilities

	<u>2021</u>	<u>2020</u>
	EUR (000's)	EUR (000's)
Credit institutions	5.669	-
Lease obligations	6.250	6.512
Other	1.025	894
	12.944	7.406

Lease obligations have a maturity within 2 to 10 years from which approx. 6,1 million euro is to be paid within 2-5 years and the remaining amount after the 5th year.

The liability to credit institutions consist of borrowings with fixed rate of 0,75%. Other liabilities mature within 1-5 years.

The lease obligations movements are as follows (in Euro 000's):

Balance at January 1, 2021	10.148
Lease payments	(4.236)
Interest factor	178
New leases	3.171
Other	392
Lease obligations as at December 31, 2021	9.653
Presented as ST lease liabilities	(3.403)
Balance as at December 31, 2021	6.250

Note 9: Current liabilities

	2021	2020
	EUR (000's)	EUR (000's)
Credit institutions	76.300	208.698
Trade payables	80.850	59.479
Payable to parent company	77.160	82.367
Payables to affiliated companies	34.528	23.309
Taxes and social security contributions	44.365	29.244
Other creditors and accrued liabilities	99.076	89.945
	412.279	493.042

The Group has entered into several short-term loan transactions with credit institutions at floating interest rates determined by bank purchasing rates (e.g. EONIA, EURIBOR based followed by a spread) of 0,28% per annum on average as at December 31, 2021 (2020: 0,32%). Taxes and social security contributions contain import duties payable as well as local and regional taxes payable in several countries and VAT payable of Euro 10,2 million. Corporate taxes are not included herein. Under other creditors and accrued liabilities is included an amount of EUR 3,4 million with regards to short-term lease liabilities.

During 2021 an amount of 4,2 million euro of lease payments was made and Interest charges paid with regards to leases amount to 0,2 million euro.

Contingent assets

Operating leases

The group offers as lessor operating leases for golf cars in the UK and boats in Finland. The cash inflows from the lease within a year amount to 2,3 million euro while the rest of the inflows materialise within 5 years and amounts to 2,5 million euro.

Contingent liabilities

Bank guarantees

Bank guarantees on behalf of Yamaha Motor Europe N.V. have been issued by several banks covering group operations in several EU countries:

Bank	Currency	Amount in LCY
MUFG Bank (Europe) N.V	EUR	2.447.190
Sumitomo Mitsui Banking Co. Europe Ltd.	GBP	4.000.000
Mizuho Bank, Europe N.V.	EUR	620.475
Yapi Kredi bank	TRY	22.900.000
Handelsbanken NUF	NOK	890.000
BNP Paribas SA, Netherlands Branch	EUR	1.401.927
BPER BANCA S.P.A.	EUR	1.218.128
Banco Comercial Português S.A.	EUR	272.960
OP Yrityspankki Oyj	EUR	346.810

Operating leases

There are lease amounts payable for small value lease assets excluded from IFRS 16 with insignificant values.

Other guarantees

Yamaha Motor Deutschland GmbH is exempt from the requirements of the German Commercial Code relating to the audit of individual accounts by virtue of section 264 paragraph 3 German Commercial Code under guarantee provided by the parent company Yamaha Motor Europe NV.

Financial instruments

The Group may use derivatives to manage risk related to the business activities. Exposure to credit, interest rate and currency risks arise in the normal course of the Group's business. Derivative financial instruments are used to reduce exposure to fluctuations in foreign exchange rates and interest rates. While these are subject to the risk of market rates changing subsequent to acquisition, such changes are generally offset by opposite effects on the items being hedged. The Group uses currency swaps in order to manage the risk on financial assets and liabilities. The Group has no long-term currency swaps as at December 31, 2021.

Credit risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. As at balance sheet date, there were no significant concentrations of credit risk.

Interest rate risk

Interest rate swaps may be used to reduce the potential impact of changes in interest rates on the value of specific, fixed-rate long-term debt, currently none available.

Currency rate risks

The Group incurs foreign exchange risk on its business activities and financial assets and liabilities that are denominated in a currency other than the euro. The currency giving rise to this risk is primarily the Japanese yen and the US dollar for purchases and non-Euro currencies within the European continent (GBP, SEK, NOK, TRY). Currency rate instruments are used to reduce the potential impact changes in currency rates on the value of specific long-term debt denominated in foreign currencies.

Notes to specific items of the consolidated income statement

Note 10: Net sales

Net sales by segment are as follows:

	2021		2020	
	in EUR 000's	%	in EUR 000's	%
Powered two-wheelers	1.144.347	60	1.096.857	67
Marine products	473.003	25	385.050	23
Power products	117.724	6	92.691	6
SPV (E-Kit)	114.729	6	27.078	2
Intelligent machinery	57.297	3	37.061	2
Other products	8.710	0	6.402	0
	1.915.810	100	1.645.139	100

Net sales by geographical areas are as follows:

	2021		2020	
	in EUR 000's	%	in EUR 000's	%
France	359.810	19	353.335	21
Italy	209.172	11	188.746	11
Spain	160.548	8	147.213	9
Germany	136.933	7	142.015	9
Sweden	111.071	6	93.603	6
UK	116.385	6	92.343	6
Norway	105.438	6	91.511	6
Finland	65.696	3	57.467	3
The Netherlands	47.835	2	46.347	3
Turkey	45.738	2	36.863	2
Portugal	41.016	2	40.261	2
Poland	28.354	1	24.301	1
Other countries	487.814	25	331.134	20
	1.915.810	100	1.645.139	100

Revenues from the operating leases offered in the UK and Finland amount to EUR 2,3 million.

Note 11: General and administrative expenses

11.1 Employment cost

	2021	2020
	EUR (000's)	EUR (000's)
Salaries	103.973	103.544
Social security contributions	14.323	14.425
Pension expense	7.828	6.850
	126.124	124.819

In 2021, the Group employed an average of 1.594 employees (2020: 1.790). The decrease is fully attributable to the divestiture of Motori Minarelli S.P.A. The average employees based in the Netherlands amount to 227 (2020: 232). Employees by segment are as follows:

	2021	2020
Powered two-wheelers	1.030	1.232
Marine products	288	292
Other products	276	266
	1.594	1.790

11.2 Research and development expenses

In 2021 research and development expenses amounted to Euro 5,1 million (2020: 5,2 million).

11.3 Depreciation and amortization expenses

Depreciation expenses with regards to tangible and intangible assets included in the general and administrative expenses amounted to Euro 16,0 million (2020: 18,3 million). An amount of Euro 9,5 million originates from depreciation of right-of-use assets. Expenses resulting from mainly factory assets depreciation amounting to Euro 21,1 million are presented under cost of sales (2020: 27,2 million).

Note 12: Corporate Income Tax

The effective tax rate differs from the statutory income tax rate of The Netherlands, which is currently 25%, mainly due to the fact that the statutory income tax rates of the foreign subsidiaries differ from the Dutch statutory income tax rate. An analysis of the effective taxation is as follows:

	2021	2020
	EUR (000's)	EUR (000's)
Profit before tax	125.502	62.900
Tax based on statutory income tax rate	31.376	15.725
Reconciliation:		
Local income tax rates application	931	705
Non deductible expenses / (income)	1.613	10.474
Previously unrecognised losses utilised	(1.010)	(2.108)
Losses not recognised	877	1.836
Release tax assets / liabilities	3	35
Previously unrecognised deferred taxes recognised	(523)	-
Income tax charge/refund previous periods	309	167
Change in tax rate	-	(593)
True-up previous years and others	1.656	1.277
Income taxes at effective tax rate of 28,1% / (43,7%)	35.232	27.518

The company had as of December 31, 2021 unrecognised tax losses to the amount of approx. 20,8 million euro in Sweden, France, Finland and Austria due to uncertainty on the availability thereof. An amount of 1,3 million euro regarding income tax expense was recognized directly as equity adjustment in the legal entity's equity.

Audit Fees

The company appointed EY accountants as external auditor for the financial year 2021 same as the year 2020. The audit fees with respect to the 2021 financial statements as recorded in the 2021 consolidated income statement amount to:

Current year	EY accountants LLP	Other EY network	Total EY network
Audit of the financial statements	578.000	215.000	793.000
Tax advisory services		437.000	437.000
Other non-audit services		122.000	122.000
Total	578.000	774.000	1.352.000
Prior year	EY accountants LLP	Other EY network	Total EY network
Audit of the financial statements	638.000	186.000	824.000
Tax advisory services		510.000	510.000
Other non-audit services		188.000	188.000
Total	638.000	884.000	1.522.000

The 2021 fees relate to the audit of the 2021 financial statements, regardless of whether the work was performed during the financial year.

Remuneration of Management Board

In 2021 an amount of Euro 1.223.515 for the remuneration of the board directors and the supervisory board of the legal entity has been expensed in the income statement of the company.

Related party transactions

In the ordinary course of business the company enters into related party transactions with other group companies. In 2021 approx. 1,5% of total net sales are to group companies (2020: 2,1%). The vast majority of the purchases is from Yamaha group factories both in the EU as abroad.

Subsequent events

The Board of Directors proposed to distribute interim dividend to the shareholder to the amount of EUR 85,2 million. The shareholder has resolved this proposal by declaring the interim dividend during March 2022. The Ukrainian war is in full development and may affect our business further, of as of today we experience only minor issues mainly on the recoverability of limited open receivable positions with our Ukrainian distributor. Yamaha Motor Espana SA a dormant wholly-owned group company in Spain has been liquidated as of March 2022.

Single entity financial statements

Balance sheet as at December 31, 2021, before appropriation of result

	Notes	2021 EUR (000's)	2020 EUR (000's)		Notes	2021 EUR (000's)	2020 EUR (000's)
Assets				Shareholder's equity, provisions and liabilities			
<u>Fixed assets</u>				<u>Shareholder's equity</u> 18			
Intangible fixed assets	13	18.369	26.180	Share capital		149.760	149.760
Tangible fixed assets	14	60.431	61.233	Additional paid-in capital		24.004	24.004
Financial fixed assets	15	128.543	122.322	Legal reserve		6.527	8.353
		<u>207.343</u>	<u>209.735</u>	Retained earnings		146.018	136.571
				Result for the year		<u>90.270</u>	<u>35.382</u>
						416.579	354.070
<u>Current assets</u>				<u>Provisions</u> 19			
Inventories	16	245.290	259.138			<u>26.642</u>	<u>38.304</u>
Accounts receivable	17	344.101	372.597	<u>Long-term liabilities</u> 20			
Cash and cash equivalents		14.154	48.609			<u>6.231</u>	<u>6.520</u>
		<u>603.545</u>	<u>680.344</u>	<u>Current liabilities</u> 21			
						<u>361.436</u>	<u>491.185</u>
Total assets		810.888	890.079	Total liabilities and shareholder's equity		810.888	890.079

Income statement for the year 2021

	Notes	2021	2020
		EUR (000's)	EUR (000's)
Share in net result of results of participating interests		10.872	7.887
Other income (loss), net of income taxes	22	79.398	27.495
Net result for the year		90.270	35.382

Notes to the single entity financial statements

General

The description of the Company's activities and the Group structure, as included in the notes to the consolidated financial statements also apply to the single entity financial statements.

Accounting principles

The accounting principles as described in the notes to the consolidated financial statements also apply to the single entity financial statements, unless indicated otherwise.

Income statement presentation

Since the results of the single entity are included in the consolidated income statement of the Company, the income statement of the single entity is presented in an abbreviated form (Article 2:402 of The Dutch Civil Code).

Financial Fixed Assets

The investments in group companies are stated at the net asset value of the group companies determined on the basis of the accounting principles as applied by the Company.

Notes to the specific items of the balance sheet**Note 13: Intangible fixed assets**

	Patent rights EUR (000's)	Goodwill EUR (000's)	Other EUR (000's)	Total EUR (000's)
Book value as at January 1, 2021	25.344	-	836	26.180
Additions	4.661	-	58	4.719
Depreciation	(12.191)	-	(339)	(12.530)
Book value as at December 31, 2021	17.814	-	555	18.369
Purchase cost	77.704	9.396	1.924	89.024
Accum. depreciation as at Dec. 31, 2021	59.890	9.396	1.369	70.655
Accum. depreciation as at Dec. 31, 2020	47.690	9.396	1.046	58.132

The addition in patent rights is mainly attributable to initial payments for new models to produce in EU factories of the group. Goodwill is fully depreciated.

Note 14: Tangible fixed assets

	Land and buildings EUR (000's)	Machinery and equipment EUR (000's)	Other operating fixed assets EUR (000's)	Right-of-Use fixed assets EUR (000's)	Fixed assets under construction EUR (000's)	Total EUR (000's)
Book value as at January 1, 2021	26.992	1.656	17.835	8.417	6.333	61.233
Additions	450	610	8.128	2.171	4.490	15.849
Disposals, net	(166)	2	(1.708)	432	-	(1.440)
Transfer to other assets	-	-	-	-	(2.049)	(2.049)
Depreciation	(1.796)	(865)	(7.286)	(3.215)	-	(13.162)
Book value as at December 31, 2021	25.480	1.403	16.969	7.805	8.774	60.431
Purchase cost	68.451	50.342	85.269	15.363	8.775	228.200
Accum. depreciation at Dec. 31, 2021	42.971	48.939	68.303	7.558	-	167.771
Accum. depreciation at Dec. 31, 2020	41.227	48.086	66.075	7.134	-	162.522

Right-of-use assets

Assets reported in below table under land and buildings refer mainly to rental of office spaces for the branch offices in various countries.

	Net book value	Depreciation
Land and buildings	4.773	3.721
Machinery and equipment	39	94
Other operating assets	2.993	3.743
	7.805	7.558

Note 15: Financial fixed assets

The breakdown of the financial fixed assets is as follows:

	2021 EUR (000's)	2020 EUR (000's)
Participating interests	117.630	109.692
Other financial assets	67	66
Deferred taxes	10.846	12.564
	128.543	122.322

Schedule of movements in participating interests:

	<u>Group</u> <u>companies</u>	<u>Other</u> <u>participations</u>	<u>Total</u>
	EUR (000's)	EUR (000's)	EUR (000's)
Balance as at January 1, 2021	108.808	884	109.692
Share in net result	10.872	-	10.872
OCI	2.643	-	2.643
Dividends received	(3.836)	-	(3.836)
Currency translation adjustments	(1.741)	-	(1.741)
Balance as at December 31, 2021	116.746	884	117.630

As at December 31, 2021, participating interests comprise:

#	Company name	Country	% of participation	Control
1.	MBK Industrie SA	France	100	Yes
2.	Motor Center BCN SA	Spain	100	Yes
3.	Yamaha Motor Espana SA **	Spain	100	Yes
4.	Yamaha Motor R&D (Europe) Srl	Italy	100	Yes
5.	Yamaha Motor Deutschland GmbH *	Germany	100	Yes
6.	Yamaha Motor Sanayi ve Tikaret Ltd	Turkey	100	Yes
7.	Inha Works Ltd	Finland	100	Yes
8.	Yamaha Motor Finance France SAS	France	100	Yes
9.	Motodynamics SA	Greece	1,9	No
10.	Selva SpA	Italy	10	No

* Yamaha Motor Deutschland GmbH is exempt from the requirements of the German Commercial Code relating to the audit of individual accounts by virtue of section 264 paragraph 3 German Commercial Code under guarantee provided by the parent company Yamaha Motor Europe NV.

** Yamaha Motor Espana SA has been liquidated in March 2022.

Note 16: Inventories

This item represents merchandise of Euro 245 million (2020: 260 million). Provision for inventories amounts to Euro 12,7 million (2020: 14,2 million), an amount of Euro -1,0 million has been released thereof and is recognized in the income statement under cost of sales (2020: 4,2 million). An amount of Euro 1.438 million of inventory cost has been recognized in the income statement under cost of sales.

Note 17: Accounts receivable

	<u>2021</u> EUR (000's)	<u>2020</u> EUR (000's)
Trade receivables	233.463	243.016
Group companies	81.588	94.631
Other receivables and prepayments	29.050	34.950
	344.101	372.597

Allowance for doubtful receivables amounts to EUR 9,4 million (2020: EUR 9,7 million). The allowance provides the company with sufficient assurance related to the risk of recoverability of the net trade receivables. Included in other receivables is an amount of Euro 4,5 million in prepaid income taxes (2020: Euro 2,1 million) and an amount of Euro 7,4 million in VAT receivable (2020: Euro 4,3 million).

Note 18: Shareholder's equity

	Share capital EUR (000's)	Additional paid-in capital EUR (000's)	Legal reserve EUR (000's)	Retained earnings EUR (000's)	Result for the year EUR (000's)	Total EUR (000's)
Balance at January 1, 2020	149.760	24.004	10.506	111.053	53.346	348.669
Previous year result	-	-	-	53.346	(53.346)	-
Dividend paid	-	-	-	(22.609)	-	(22.609)
Remeasurement	-	-	-	(5.274)	-	(5.274)
Currency translation	-	-	(2.098)	-	-	(2.098)
Releases	-	-	-	-	-	-
Net result for the year	-	-	-	-	35.382	35.382
Roundings	-	-	(55)	55	-	-
Balance at December 31, 2020	149.760	24.004	8.353	136.571	35.382	354.070
Previous year result	-	-	-	35.382	(35.382)	-
Dividend paid	-	-	-	(33.054)	-	(33.054)
Remeasurements	-	-	-	5.820	-	5.820
Currency translation	-	-	(526)	-	-	(526)
Releases	-	-	(1.300)	1.300	-	-
Net result for the year	-	-	-	-	90.270	90.270
Roundings	-	-	-	(1)	-	(1)
Balance at December 31, 2021	149.760	24.004	6.527	146.018	90.270	416.579

Appropriation of previous years result

The General Meeting of Shareholders decided to add the result of previous year to the retained earnings as proposed by the Board of Directors. Subsequently, the general meeting decided to distribute a dividend of EUR 33,1 million to the shareholder from retained earnings.

Proposed appropriation of the net result for the year 2021

The Board of Directors proposes to add the result for the year to the retained earnings. This proposal has not been reflected in the presented financial statements.

Share capital issued

The authorized share capital amounts to EUR 347.787.000 and is divided into 772.860 shares of Euro 450 each. As per balance sheet date, the issued and paid-up capital amounts to Euro 149.759.550 (2020: 149.759.550) consisting of 332.799 (2020: 332.799) shares of Euro 450 each.

Legal reserve

The legal reserve can be specified as follows:

	2021 EUR (000's)	2020 EUR (000's)
Statutory legal reserve	21.451	22.751
Foreign currency translation reserve	(14.924)	(14.398)
	6.527	8.353

The legal reserve is not available for dividend distribution. The movement for the year relates to the currency translation of the investments in group companies. Statutory legal reserve consist of statutory reserves of group companies in Germany and France.

Note 19: Provisions

From a total amount of Euro 26,6 million an amount of Euro 17,9 million comprises pension liabilities and it is included in the notes to pension in the section of the consolidated financial statements. Other provisions are in principal deemed to be of a long-term nature and concern provision for product warranties, re-organisation and compensated absences. The amount of approx. Euro 1,8 million is expected to be consumed within 1 year. The movement in provisions in 2021 was as follows:

	Pension EUR (000's)	Other EUR (000's)	Total EUR (000's)
Balance as of January 1, 2021	22.261	16.043	38.304
Additions	3.907	455	4.362
Releases	-	(4.873)	(4.873)
Utilisation	(4.696)	(2.899)	(7.595)
Remeasurements	(3.556)	-	(3.556)
Balance as at December 31, 2021	17.916	8.726	26.642

The release in other provisions reflect reversal of allowances taken for investment losses in group companies, the utilisation relate to the liquidation of Yamaha Motor Espana SA.

Note 20: Long-term liabilities

Long-term liabilities comprise of mainly long-term lease liabilities related to right-of-use assets accounted under IFRS 16, reference is made to the consolidated statements disclosures on page 21 of this report.

Note 21: Current liabilities

	2021 EUR (000's)	2020 EUR (000's)
Trade payables	34.966	30.835
Due to credit institutions	50.800	194.698
Parent and group companies	167.615	181.904
Taxes and social security contributions	34.286	21.619
Other creditors and accrued liabilities	73.769	62.129
	361.436	491.185

The company has entered into several short-term loan transactions with credit institutions at floating interest rates determined by bank purchasing rates (e.g. EONIA, EURIBOR based followed by a spread) of 0,38% per annum on average as at December 31, 2021 (2020: 0,33%).

Contingent liabilities

We refer to the consolidated statements disclosures on page 22 of this report.

Note 22: Other income (loss), net of income taxes

This item represents the single entity net income (loss) excluding share in net result participating interests and includes employment cost, specified as follows:

	2021 EUR (000's)	2020 EUR (000's)
Salaries	51.849	48.381
Social security contributions	10.762	10.527
Pension expense	7.327	6.332
	69.938	65.240
Average number of employees	682	683

Other income contains net interest received from group companies to the amount of 0,9 million euro.

Remuneration of Management Board

In 2021 an amount of Euro 1.223.515 for the remuneration of the board directors and the supervisory board of the legal entity has been expensed in the income statement of the company.

Related party transactions

In the ordinary course of business the company enters into a substantial number of related party transactions. 11% of total sales are to group companies (2020: 13%). The vast majority of the purchases are from Yamaha group factories both in the EU as abroad.

Subsequent events

The Board of Directors proposed to distribute interim dividend to the shareholder to the amount of EUR 85,2 million. The shareholder has resolved this proposal by declaring the interim dividend during March 2022.

The Ukrainian war is in full development and may affect our business further, of as of today we experience only minor issues mainly on the recoverability of limited open receivable positions with our Ukrainian distributor.

Yamaha Motor Espana SA a dormant wholly-owned group company in Spain has been liquidated as of March 2022.

Signing of the financial statements

Schiphol-Rijk, May 3, 2022

Board of Directors:

E. de Seynes, President

Y. Doi (appointed as of March 1, 2022)

Supervisory Board:

R.L.J.M. Molijn

I. Otani

M. Hashimoto (appointed as of March 1, 2022)

Other information

Statutory rules concerning appropriation of the net result

According to Article 33.1 of the Articles of Incorporation, the net result is at the disposal of the General Meeting of Shareholders.

Branch offices

Country	Statutory/trade name
Austria	Yamaha Motor Europe N.V., Niederlassung Österreich
Czech	Yamaha Motor Europe N.V., odštěpný závod Česká republika
Denmark	Yamaha Motor Danmark, filial af Yamaha Motor Europe, N.V., Holland
France	Yamaha Motor Europe N.V., succursale France
Hungary	Yamaha Motor Europe N.V., Magyarországi Fióktelepe
Italy	Yamaha Motor Europe N.V., filiale Italia
Norway	Yamaha Motor Europe N.V., filial Norge
Poland	Yamaha Motor Europe N.V. (Spółka Akcyjna) Oddział w Polsce
Portugal	Yamaha Motor Europe N.V., sucursal em Portugal
Slovakia	Yamaha Motor Europe N.V., organizačná zložka SK
Spain	Yamaha Motor Europe N.V., sucursal en España
Sweden	Yamaha Motor Europe N.V., filial Sverige
United Kingdom	Yamaha Motor Europe N.V., branch UK
Germany	Yamaha Motor Europe N.V., Niederlassung Deutschland, Geschäftsbereich IM
Finland	Yamaha Motor Europe N.V., Suomen sivuliike
Belgium	Yamaha Motor Europe N.V., Branch Belgium

Independent Auditors' report

The auditors' report is set forth on the next pages.

Independent auditor's report

To: the shareholder, supervisory board and board of directors of Yamaha Motor Europe N.V.

Report on the audit of the financial statements 2021 included in the annual report

Our opinion

We have audited the financial statements 2021 of Yamaha Motor Europe N.V., based in Schiphol-Rijk.

In our opinion the accompanying financial statements give a true and fair view of the financial position of Yamaha Motor Europe N.V. as at 31 December 2021, and of its result for 2021 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

- ▶ The consolidated and company balance sheet as at 31 December 2021
- ▶ The consolidated and company profit and loss account for 2021
- ▶ The notes comprising a summary of the accounting policies and other explanatory information

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the Our responsibilities for the audit of the financial statements section of our report.

We are independent of Yamaha Motor Europe N.V. in accordance with the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

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

Report on other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- ▶ The board of directors' report
- ▶ Other information as required by Part 9 of Book 2 of the Dutch Civil Code

Based on the following procedures performed, we conclude that the other information:

- ▶ Is consistent with the financial statements and does not contain material misstatements
- ▶ Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the board of directors' report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information as required by Part 9 of Book 2 of the Dutch Civil Code.

Description of responsibilities for the financial statements

Responsibilities of management and the supervisory board for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The supervisory board is responsible for overseeing the company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- ▶ Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- ▶ Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control
- ▶ Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management
- ▶ Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern
- ▶ Evaluating the overall presentation, structure and content of the financial statements, including the disclosures
- ▶ Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

We communicate with the supervisory board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

Amsterdam, 24 May 2022

Ernst & Young Accountants LLP

signed by T. Wiffrie