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***Yamaha Motor Europe N.V.
Annual report 2023
July 15, 2024***



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Board of Directors' report

Structure and Principal activities

Yamaha Motor Europe N.V. (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 consisted of two active members, the supervisory board of four active members as of December 31, 2023.

As regional headquarter mainly for Europe, 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 summarizes 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 using groundbreaking, innovative products that touch not only people's lives, but also their hearts.

Management Principles

1. Creating value that surpasses customer
2. Establishing a corporate environment that fosters self-esteem
3. Fulfilling social responsibilities globally

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.

Organisation and personnel

YMENV in the Netherlands is organized in a divisional structure with the sales divisions representing major product lines (e.g., PTW, Marine etc.) and support divisions based on function and expertise (F&A, IT, HR etc.).

YMENV operates with 17 branch offices in several European countries and 6 subsidiaries with specific focus on specialized operations (manufacturing, finance, retail etc.). There are also 2 small participations.

The average number of employees located in the Netherlands is 365 a significant increase versus 2022 (321). For the total group number please refer to page 36.

The labor market is still under pressure; as such we also face a highly volatile talent and labor market characterized by scarcity, high recruiting costs and job vacancies open for longer periods of time. In addition, the number of job openings in 2023 was again higher than in previous years and could not be fulfilled.

The combination of these factors maintained the work pressure in some areas of the organisation. Sustainable success is a key component of YMENV's company culture. Continuous dialogue, the development of talent and the creation of a working environment in which all employees can be themselves are an integral part of this.

A mix of different cultures is a fact within YMENV headquarters with employees from many nationalities working together respecting each other's background.

Review of the year 2023

The markets in Europe for Yamaha Motor products remained competitive, and again positive in terms of demand despite geopolitical discrepancies and adverse economic effects such as rising inflation. YMENV's results show once again improvement in terms of profitability while maintaining a positive trend in sales development.

YMENV maintains good levels of competitiveness in all major markets even though it is under pressure from several direct competitors.

The expansion of the captive finance operations in France continue to evolve positively despite especially the effects of macroeconomics on consumer confidence.

Short-term finance receivables of Euro 41,8 million (2022: 62,1 million) for wholesales contracts and long-term of Euro 45,9 million (2022: 30,6 million) for retail contracts were recorded on the statement of financial position as of year-end.

The main product line (PTW, 70% of YMENV's turnover) recorded again higher turnover in 2023 compared to previous year despite of product availability and increased competition from other brands ending with a net turnover of 1,44 billion Euro (2022: 1,38 billion).

From other product lines, both the Marine with 367 million Euro (2022: 516 million) and Power Products with 100 million (2022: 128 million) lost turnover also due to decreased demand in their main markets. Especially the Marine industry in the Nordics showed a significant decrease following the high peak during the COVID period.

Our Robotics business faced a decrease of turnover in 2023 reaching the level of 55,4 million Euro (2022: 59,4 million Euro), a decrease of 6,8% year-on-year reflecting the reduction of investments in the main markets.

The E-Kits (power unit for E-Bikes) distribution in Europe generated turnover of approx. 81,4 million Euro (2022: 99,2 million) being below previous year due to disturbances in the E-Bike market leading to problems for many of our customers, it contributes to the group turnover with a ratio of 3%. The launch of E-Bikes in the European markets has been slowly started on a country-by-country basis, a new product line that expands our offering in sustainable personal transportation even further, however, not yet on the level as expected following the total market situation.

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. Similar effects arise from the Israel situation with no significant effects for the recoverability of our receivables from our Israeli distributor.

Financial results of the year 2023

The gross profit margin of 22,2% in 2023 (2022: 20,9%) improved versus previous year mainly due to effects of foreign currencies in both purchase as sales transactions while operating expenses increased by 35,7 million Euro (11,3% to previous year) following the increase of sales and thus remaining on practically same ratio to previous year.

The selling expenses increased from the previous year and reached 5,6% versus net sales (2022: 4,5%), while the total of selling, general and administrative expenses account for 17,1% of the net sales (2022: 14,5%).

Financing of the operations from credit institutions increased in 2023 to the level of 730 million Euro (up by 40,1% year-on-year) due to increased working capital, namely inventories and investments in fixed assets.

Debt to credit institutions contain as of 2023 also 38,6 million in long-term debt related to our captive finance operations expansion in France (2022: 19,7 million).

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

Key figures (EUR 000's)

	2023	2022	2021	2020	2019
Net sales	2.067.757	2.191.972	1.915.810	1.645.139	1.604.865
<i>(versus previous)</i>	<i>(5,7%)</i>	<i>14,4%</i>	<i>16,5%</i>	<i>2,5%</i>	<i>5,7%</i>
Operating result	105.423	140.928	132.753	68.354	79.075
<i>% to net sales</i>	<i>5,1%</i>	<i>6,4%</i>	<i>6,9%</i>	<i>4,2%</i>	<i>4,9%</i>
Net result	56.941	97.659	90.270	35.382	53.346
<i>% to net sales</i>	<i>2,8%</i>	<i>4,5%</i>	<i>4,7%</i>	<i>2,2%</i>	<i>3,3%</i>
Debt to credit institutions	729.870	520.948	81.969	208.698	410.887
<i>(versus previous)</i>	<i>40,1%</i>	<i>535,5%</i>	<i>(60,7%)</i>	<i>(49,2%)</i>	<i>10,6%</i>
Ratio's					
Shareholder's equity ratio	28,1%	31,2%	47,2%	38,9%	31,4%
Return on Equity	13,5%	22,5%	21,7%	10,0%	15,3%
Current ratio	1,3	1,3	1,8	1,5	1,3
Balance sheet Total	1.504.609	1.389.606	882.230	909.615	1.108.929
<i>Headcount (average)</i>	<i>1.846</i>	<i>1.822</i>	<i>1.594</i>	<i>1.790</i>	<i>1.785</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 Compliance department is the owner of this activity (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 the main risk in this area the risk of fluctuating customer demand. We are therefore continuously monitoring external market trends 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 a 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. The risk appetite;
- **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 to limit exposure on interest rate adverse movements;

- **Financial reporting:** This includes risks and uncertainties that affect the reliability of internal and external financial reporting. This concerns, among other things, uncertainties in complex allocation problems, the degree of subjectivity in valuation issues and risks regarding the organization of the financial reporting systems. The risks are addressed by training of relevant employees, reviews of complex matters by specialists, standardization of processes and use of specialized financial systems that provide a stable reporting environment.

- **Operations:** Operational risk is the risk of losses that may occur due to inadequate or malfunctioning internal processes or systems, human error, criminal behavior, 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 Compliance division aiming to safeguard our day-to-day compliance to internal rules and regulations and help avoid risks materializing;

- **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.

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 from previous years and is within what YMENV considers the appropriate and preferred way of responding to these risks.

The company has a low appetite for financial (incl. reporting) and compliance risks. We have a strong commitment to complying with financial reporting requirements and to following laws and regulations in the jurisdictions where we are operating.

We have a low to medium respectively low to high appetite for operational respectively strategic risks. While our corporate culture includes maintaining extensive policies and guidance relating to operations, we are continuously looking for ways to improve efficiency which could lead to adopting new ways of operating our business. Trying to achieve our strategic objectives we would not hesitate to take on new and uncertain but calculated challenges if the medium / long -term benefits seem to justify this. The company considers such risks intrinsic to the business risks.

The 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 a 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 2023 results and the abovementioned assumption on costs, net sales reduction by 1% would result to 4,6 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	0,4	0,3	5,3

Fraud

Fraud awareness has been addressed throughout governance-related policies aiming to educate our management and staff on ethical ways of conducting business. The policies, rules and guidelines issued by our parent company apply to the global operations of the group including YMENV.

Our Code of Ethics addresses fraud and its consequences when employees and/or management of the company violate the set rules. Training is provided by means of interactive sessions with our staff by the compliance division. Further, we at YMENV are subject to global rules and regulations as provided by the parent company. These are made public here: <https://global.yamaha-motor.com/ir/governance/internal-control/>

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 2023 in Yamaha Motor Europe N.V. 50% of the executive management (board of directors) was female while the supervisory board was 75% occupied by male members (an improvement versus prior year). The management committee is occupied for 18% by female members.

Yamaha Motor Europe N.V. recognises the possibility of added value provided by women as directors of the company.

We therefore are currently under preparation to identify targets and a timeline to achieve a reasonable and appropriate goal for our organization. We also 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 consider all relevant selection criteria including the provisions of the Dutch law but not limited thereto.

Approach to Environmental, Social, and Governance Issues

General

YMENV, as part of an organization with a global footprint, works closely together with its parent company to address ESG from a holistic point of view. 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. Following the new initiatives of the EU in sustainability reporting (CSRD) we have been preparing with good level of readiness towards the upcoming mandatory disclosure date.

Environment

The Yamaha Motor Group considers it important, as a manufacturer, to address environmental considerations through initiatives to prevent global warming, conserve energy, prevent pollution, reduce waste, and conserve resources, and through its core business of personal mobility. This includes the development of compact vehicles with little environmental impact through technological innovation, the spread of Smart Power products such as electrically power assisted bicycles and electric motorcycles, the research and development of next-generation power sources, and the implementation of programs

that contribute to society by using the human resources, assets, and know-how accumulated through our business.

For more information please visit: https://global.yamaha-motor.com/about/csr/the_environment/

Social

Employment

The Yamaha Motor Group strives to create workplaces that respect diversity, with the aim of achieving an organizational structure that is based on the sharing of ideas and equally high ambitions and spirit, cooperation, and joy in our work among the Company and its employees from a global perspective.

For more information please visit: <https://global.yamaha-motor.com/about/csr/stakeholder/employees/>

Communities

The Yamaha Motor Group operates in locations around the world, and our business activities help support those local communities. Our products also play a role in enriching the lives of people around the world. We recognize the importance of maintaining a sustainable relationship through which the Company and local communities can coexist and mutually prosper, and to achieve this, we place great importance on maintaining and enhancing a relationship of trust through daily communication with stakeholders in those communities. The Yamaha Motor Group has designated four important areas, namely Developing Future Leaders, Environmental Conservation, Improving Traffic Safety, and Resolving Local Community Issues and uses Yamaha Motor's strengths to contribute to society in line with its business strategy, leading to the enhancement of both social and corporate value.

For more information please visit: <https://global.yamaha-motor.com/about/csr/stakeholder/communities/>

Governance

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

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

For more information please visit: <https://global.yamaha-motor.com/ir/governance/policy/>

For more information on sustainability, the approach thereto and the follow-up on material SDG's please refer to the global report issued for 2023 here:

https://global.yamaha-motor.com/about/csr/download/pdf/Sustainability2023_Eng_It.pdf

Outlook for the year 2024

Although we expect the markets will remain positive, geopolitical matters (e.g., Ukraine and the Israeli wars) and macroeconomic effects (inflation, interest rate hikes, consumer confidence etc.) will still generate disturbances in our business. We continuously assess our liquidity position, maintain expense levels in line with our turnover and in parallel we also maintain a high level of support to our dealer network and our final customers.

With regards to R&D we expect to maintain the same level of activities as previous years. Similarly, the level of staffing is expected to remain stable with limited additions if and where required. Investments in fixed assets in general will not surpass the usual levels and may only be affected by the investment in the new ERP system depending on the timing of completion.

The effects of the recent war in Ukraine and Israel, although flattening, still have an impact on the markets we operate. 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. Same approach is given to the Israeli conflict.

The first months of this year to date show stable market demand for our products maintaining the trend we have experienced in the last few years. Adverse effects arise from specific markets related namely to our Marine segments as well as the fierce competition in other business segments.

Having said that, as earlier explained, the environment we operate may cause consumer markets to react with unclear effect.

The year 2023 marked the last year that YMENV and its branches distributes snowmobiles in its territory.

The last items still in stock as of December 31, 2023, have been sold within the first quarter of 2024.

As of June 2024, a new supervisory board member took office replacing Mr. Molijn that his term ended then.

Schiphol-Rijk, July 15, 2024

O.G.F. Prevost, President (as of January 1, 2024)

K. Shimoishi (as of May 1, 2024)

Consolidated financial statements**Consolidated balance sheet as of December 31, 2023, before appropriation of result**

	Notes	<u>2023</u> EUR (000's)	<u>2022</u> EUR (000's)		Notes	<u>2023</u> EUR (000's)	<u>2022</u> EUR (000's)
Assets				Group equity, provisions and liabilities			
<u>Fixed assets</u>				<u>Group equity</u>			
Intangible fixed assets	1	40.996	24.531		6	423.146	433.749
Tangible fixed assets	2	103.811	106.435				
Financial fixed assets	3	67.568	48.990	<u>Provisions</u>	7	31.680	28.391
		<u>212.375</u>	<u>179.956</u>				
<u>Current assets</u>				<u>Long-term liabilities</u>			
Inventories	4	798.306	617.596		8	45.302	25.610
Accounts receivable	5	464.796	555.578				
Cash and cash equivalents		29.132	36.476	<u>Current liabilities</u>	9	1.004.481	901.856
		<u>1.292.234</u>	<u>1.209.650</u>				
Total assets		1.504.609	1.389.606	Total liabilities and group equity		1.504.609	1.389.606

Consolidated income statement for the year 2023

		<u>2023</u> EUR (000's)	<u>2022</u> EUR (000's)
Net sales	10	2.067.757	2.191.972
Cost of sales		<u>(1.609.212)</u>	<u>(1.733.657)</u>
Gross profit		458.545	458.315
Selling expenses		(115.661)	(98.999)
General and administrative expenses	11	<u>(237.461)</u>	<u>(218.388)</u>
Operating result		105.423	140.928
Foreign exchange gain/(loss)		(4.051)	(1.889)
Interest income		3.985	1.012
Interest expense		<u>(21.815)</u>	<u>(4.581)</u>
Finance income/(expense)		(21.881)	(5.458)
Result from ordinary activities before taxation		<u>83.542</u>	<u>135.470</u>
Corporate income tax	12	<u>(26.601)</u>	<u>(37.811)</u>
Net result for the year		56.941	97.659

Consolidated statement of comprehensive income for the year 2023

	<u>2023</u> EUR (000's)	<u>2022</u> EUR (000's)
<i>Other comprehensive income that may be reclassified to profit or loss in subsequent periods (net of tax):</i>		
Hyperinflation accounting	(1.405)	1.412
Revaluation of investments	508	743
Exchange differences on translation of foreign operations	<u>(3.001)</u>	<u>(5.220)</u>
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods	<u>(3.898)</u>	<u>(3.065)</u>
<i>Other comprehensive income that will not be reclassified to profit or loss in subsequent periods (net of tax):</i>		
Remeasurement gain/(loss) on defined benefit plans	<u>(4.416)</u>	<u>7.789</u>
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods	<u>(4.416)</u>	<u>7.789</u>
Other comprehensive income/(loss) for the year, net of tax	<u>(8.314)</u>	<u>4.724</u>
Total comprehensive income for the year, net of tax	<u>48.627</u>	<u>102.383</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), Robotics, 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 because 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 considered. 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 35 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 based on 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.

Hyperinflation

The financial statements of the Group entities whose functional currencies are the currencies of hyperinflationary economies are adjusted in terms of the measuring unit current at the end of the reporting period.

As the presentation currency of the Group or the Company is that of a non-hyperinflationary economy, comparative amounts are not adjusted for changes in the price level in the current year. Differences between these comparative amounts and current year hyperinflation adjusted equity balances are recognised in OCI.

The carrying amounts of non-monetary assets and liabilities are adjusted to reflect the change in the general price index from the date of acquisition to the end of the reporting period. An impairment loss is recognised in profit or loss if the restated amount of a non-monetary item exceeds its estimated recoverable amount. On initial application of hyperinflation prior period gains and losses are recognised directly in equity.

Gains or losses on the net monetary position are recognised in profit or loss.

All items recognised in the income statement are restated by applying the change in the general price index from the dates when the items of income and expenses were initially earned or incurred.

At the beginning of the first period of application, the components of equity, except retained earnings, are restated by applying a general price index from the dates the components were contributed or otherwise arose.

These restatements are recognised directly in equity as an adjustment to opening retained earnings. Restated retained earnings are derived from all other amounts in the restated statement of financial position. If on initial application of hyperinflation accounting the restated value of the non-monetary assets exceed their recoverable amount, the initial adjustment is capped at the recoverable amount and the net increase is recorded directly in retained earnings.

At the end of the first period and in subsequent periods, all components of equity are restated by applying a general price index from the beginning of the period or the date of contribution, if later.

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 considered 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.

Going Concern

The financial statements have been drawn up under the going concern assumption.

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 through 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 amortized 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.

Revenue is recognized for the amount to which the group expects to be entitled in exchange for the transfer of promised goods or services. If there are several performance obligations in an agreement, the total transaction price shall be allocated to the performance obligations in proportion to the value of the performance obligations. Revenue will be recognized per separate performance obligation.

Warranties which may be purchased separately by the buyer are services to be distinguished and are accounted for as a separate performance obligation. Warranties that cannot be purchased separately are only accounted for as a separate performance obligation if the warranty provides a service in addition to the assurance that the delivered goods meet the agreed specifications. Other warranties are accounted for as provisions. See the accounting policy for the provisions.

If the transaction price includes a variable remuneration, the group estimates the amount of any variable remuneration as part of the total transition price. The group applies prudence in doing so to ensure that only revenues that have a low probability of having to be taken back later are recognized. At the end of each reporting period, the group updates the estimated amount of any variable remuneration. The group has variable remuneration in the form of volume and quality discounts.

If the amount of revenue of a performance obligation is to provide a service that can be estimated reliably and the receipt of the proceeds is probable, the revenue relating to the service is recognized in proportion to the services provided.

The cost price of these goods and services 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, considering 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	Goodwill	Capitalised dev't	Capitalised dev't CIP	Other	Total
	EUR (000's)	EUR (000's)	EUR (000's)	EUR (000's)	EUR (000's)	EUR (000's)
Book value as at January 1, 2023	20.043	-	-	-	4.488	24.531
Additions	3.939	-	-	19.927	748	24.614
Disposals (net)	-	-	-	-	281	281
Transfer from tangible assets (cost)	-	-	13.342	-	-	13.342
Transfer from tangible assets (acc. depr)	-	-	(8.554)	-	-	(8.554)
Amortization	(10.885)	-	-	-	(2.333)	(13.218)
Book value as at December 31, 2023	13.097	-	4.788	19.927	3.184	40.996
Purchase cost	95.455	9.396	13.342	19.927	13.046	151.166
Accum. amortization as at Dec. 31, 2023	82.358	9.396	8.554	-	9.862	110.170
Accum. amortization as at Dec. 31, 2022	71.603	9.396	-	-	7.789	88.788

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.

The capitalised development costs are reclassified from tangible fixed assets to intangible fixed assets to reflect the correct nature of the assets. The balance of the purchase cost and accumulated purchase cost and depreciation have been transferred as per December 31, 2023. Capitalised development cost includes software development.

Note 2: Tangible fixed assets

The movements are as follows:

	Land and buildings	Machinery and equipment	Other operating fixed assets	Right-of-Use fixed assets	Fixed assets under construction	Total
	EUR (000's)	EUR (000's)	EUR (000's)	EUR (000's)	EUR (000's)	EUR (000's)
Book value as at January 1, 2023	41.270	15.803	27.722	8.385	13.255	106.435
Additions	2.574	10.103	11.296	6.230	598	30.801
Disposals, net	(87)	(6)	(481)	(1.104)	-	(1.678)
Transfer to Intangible assets (cost)	-	-	(13.342)	-	-	(13.342)
Transfer to Intangible assets (acc. depr.)	-	-	8.554	-	-	8.554
Depreciation	(3.329)	(7.606)	(11.179)	(4.845)	-	(26.959)
Book value as at December 31, 2023	40.428	18.294	22.570	8.666	13.853	103.811
Purchase cost	149.121	184.742	117.645	21.501	13.852	486.861
Accum. depreciation at Dec. 31, 2023	108.693	159.387	81.733	12.835	-	362.648
Accum. impairment at Dec. 31, 2023	-	7.061	-	-	-	7.061
Accum. depreciation at Dec. 31, 2022	105.789	153.159	80.680	11.499	-	351.127
Accum. impairment at Dec. 31, 2022	-	7.061	-	-	-	7.061

The additions in fixed assets comprise among others a major renovation of the office facilities in the Netherlands. The transfer to other assets refers to the disclosure under intangible assets.

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 are 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	3.201	5.258
Machinery and equipment	1.254	814
Other operating assets	4.211	6.763
	8.666	12.835

Note 3: Financial fixed assets

	2023 EUR (000's)	2022 EUR (000's)
Participations	2.570	1.885
Long term deferred tax asset	17.623	14.922
Finance receivables	45.932	30.552
Other investments	1.443	1.631
Total financial fixed assets	67.568	48.990

For further information on participating interests in group companies and other participations, and the movement thereof we refer to page 34.

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

	Long-term deferred tax assets EUR (000's)	Finance receivables EUR (000's)	Other investments EUR (000's)
Balance as at January 1, 2023	14.922	30.552	1.631
Utilised	1.373	-	-
Other increases / (decreases)	1.328	15.380	(188)
Balance as at December 31, 2023	17.623	45.932	1.443

Long-term deferred tax assets relate mainly to other temporary differences. Finance receivables related to retail financing in France are in majority increases due to newly issued retail loans. Other investments consist mainly of refundable deposits of Euro 1,4 million (2022: Euro 1,6 million).

Note 4: Inventories

	2023 EUR (000's)	2022 EUR (000's)
Merchandise	720.162	510.472
Raw materials	72.597	87.697
Work in process	5.300	19.267
Supplies	247	160
	798.306	617.596

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 27,4 million (2022: Euro 15,9 million). In 2023, addition to the provision to the amount of Euro - 11,8 million and has been recognized in the income statement under cost of sales (2022: 2,9 million). The amount of Euro 1.597 million of inventory costs has been recognized in the income statement under cost of sales.

Note 5: Accounts receivable

	2023 EUR (000's)	2022 EUR (000's)
Trade receivables	346.211	440.104
Receivables from parent and affiliates	6.733	7.197
Other receivables and prepayments	111.852	108.277
	<u>464.796</u>	<u>555.578</u>

Allowance for doubtful receivables amounts to Euro 12,1 million (2022: Euro 10,8 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 is an amount of Euro 16,5 million in prepaid income taxes (2022: Euro 7,4 million) and an amount of Euro 21,9 million in VAT receivable (2022: Euro 13,5 million).

Note 6: Group equity

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

Note 7: Provisions

	<u>2023</u> EUR (000's)	<u>2022</u> EUR (000's)
Pensions obligations	23.169	20.399
Deferred tax liabilities	6	9
Other provisions	8.505	7.983
	<u>31.680</u>	<u>28.391</u>

The movements in provisions are as follows:

	<u>Pension</u> <u>obligations</u> EUR (000's)	<u>Deferred tax</u> <u>liabilities</u> EUR (000's)	<u>Other</u> <u>provisions</u> EUR (000's)	<u>Total</u> EUR (000's)
Balance as of January 1, 2023	20.399	9	7.983	28.391
Additions	-	-	924	924
Utilisation	-	-	(402)	(402)
Remeasurements	5.689	-	-	5.689
Payments	(4.877)	-	-	(4.877)
Other movements	1.958	(3)	-	1.955
Balance as at December 31, 2023	23.169	6	8.505	31.680

Provisions are deemed to be of a long-term nature. Other provisions consist primarily of restructuring, litigation, and maintenance provisions.

Disclosures on pensions are presented separately hereunder.

Included in the pension provision is an amount of Euro 23,2 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.

Note on UK pensions (DB scheme)

In June 2023 a landmark judgement was handed down in the High Court in the case of Virgin Media vs NTL Pension Trustees II Limited that could have significant implications for defined benefit (DB) pension schemes going forward.

The aim of this High Court case was to ascertain whether an amendment to a scheme's rules was invalid in the absence of a confirmation from the Scheme Actuary under Section 37 of the Pension Schemes Act 1993. The Judge ruled that it was.

Other DB pension schemes that were "contracted out" between April 1997 and April 2016 - when contracting-out was abolished – could be impacted by this judgement. If changes were made to scheme rules but a valid "Section 37" confirmation was not obtained from the Scheme Actuary, then in such cases these changes to scheme rules could be deemed invalid. This could have implications for benefits payable to members and the funding position of these schemes.

It may take some time to understand the impact of this ruling, and for the next stages of the legal process to become clear. It is anticipated that the ruling will be appealed and given its significance, could also be the subject of government intervention.

As no firm conclusion has yet been reached in the court case, we have not yet fully outlined our next steps. We also have not carried out any legal work until the court case is finalized and investigation on existing Section 37 confirmations is still ongoing.

No other post-retirement benefits have been considered. The most recent actuarial valuations of plan assets and the present value of the defined benefit obligations were carried out on 31 December 2023, by Mercer Human Resource Consulting.

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

	<u>2023</u>	<u>2022</u>
Discount rate	3,99%	4,44%
Expected return on plan assets	3,22%	3,27%
Expected rate of salary increases	1,27%	1,33%
Future pension increases	2,33%	2,38%

The majority of the provision is to be consumed in a period that exceeds 5 years, the expected payments in 2024 are assumed to a level of 2,3 million.

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

	<u>2023</u>	<u>2022</u>
	EUR (000's)	EUR (000's)
Defined benefit obligation	111.505	100.669
Fair value of plan assets	88.160	80.182
Funded status	23.345	20.487
Effect of asset ceiling/onerous liability	12	56
Recorded in other liabilities	(188)	(144)
Net liability recognised in the balance sheet	23.169	20.399

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

	<u>2023</u>	<u>2022</u>
	EUR (000's)	EUR (000's)
Service cost	1.976	2.537
Net interest	674	388
Remeasurements	5.796	(9.956)
Administrative expenses	79	81
	8.525	(6.950)

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>2023</u>	<u>2022</u>
	EUR (000's)	EUR (000's)
Opening defined benefit obligation	100.669	163.160
Service cost	1.976	2.537
Interest cost	4.387	2.519
Benefits paid	(4.877)	(3.499)
Remeasurements	8.526	(61.608)
Exchange differences	629	(2.809)
Expenses paid	381	369
Closing defined benefit obligation	111.691	100.669

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

	<u>2023</u>	<u>2022</u>
	EUR (000's)	EUR (000's)
Changes in demographic assumptions	(1.496)	665
Changes in financial assumptions	7.654	(64.557)
Experience adjustments	2.368	2.283
	8.526	(61.609)

The changes in financial assumptions reflect the impact of change in discount rates and has resulted to a significant decrease of the DBO.

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

	<u>2023</u>	<u>2022</u>
	EUR (000's)	EUR (000's)
Opening fair value of plan assets	80.182	130.500
Interest income	3.715	2.132
Contributions by employer	5.735	4.714
Participant contributions	381	369
Benefit payments from plan	(3.850)	(2.948)
Benefit payments from employer	(1.027)	(551)
Expenses paid	(263)	(82)
Return on plan assets	2.687	(51.638)
Exchange differences	599	(2.314)
Closing fair value of plan assets	88.159	80.182

The return on plan assets reflects the increased interest rates applied. The fair value of plan assets at the balance sheet date is analysed as follows:

	<u>2023</u>	<u>2022</u>
	EUR (000's)	EUR (000's)
Debt instruments	16.924	12.650
Investment funds	17.820	18.687
Assets held by insurance company	52.158	46.461
Other assets	1.258	2.384
	88.160	80.182

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 return on plan assets is due to the increase in discount rates that is used to determine the asset value.

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

	<u>2023</u>	<u>2022</u>
	EUR (000's)	EUR (000's)
Present value of defined benefit obligation	111.505	100.669
Fair value of plan assets	(88.160)	(80.182)
Deficit	23.345	20.487

The Group expects to contribute Euro 3,5 million to its defined benefit plans in 2024.

Note 8: Long-term liabilities

	<u>2023</u>	<u>2022</u>
	EUR (000's)	EUR (000's)
Credit institutions	38.590	19.694
Lease obligations	5.676	4.980
Other	1.036	936
	<u>45.302</u>	<u>25.610</u>

Lease obligations have a maturity within 2 to 10 years from which approx. 3,6 million euro is to be paid within 2-5 years and the remaining amount after the 5th year.

The liability to credit institutions consists of borrowings with weighted average fixed rate of 1,90%. Other liabilities mature within 1-5 years.

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

Balance at January 1, 2023	4.980
Lease payments	(3.135)
Interest factor	195
New leases	6.230
Other	376
Lease obligations as at December 31, 2023	8.646
Presented as ST lease liabilities	(2.970)
Balance as at December 31, 2023	5.676

Note 9: Current liabilities

	<u>2023</u>	<u>2022</u>
	EUR (000's)	EUR (000's)
Credit institutions	691.280	501.254
Trade payables	54.552	120.594
Payable to parent company	84.744	77.160
Payables to affiliated companies	33.588	34.528
Taxes and social security contributions	31.416	49.366
Other creditors and accrued liabilities	108.901	118.954
	<u>1.004.481</u>	<u>901.856</u>

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 4,39% per annum on average as of December 31, 2023 (2022: 2,44%).

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 8,5 million. Corporate taxes are not included herein. Under other creditors and accrued liabilities is included an amount of EUR 3,0 million with regards to short-term lease liabilities (2022: 3,3 million).

During 2023 an amount of 3,1 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 and Sweden. The cash inflows from the lease within a year amount to 3,8 million euro while the rest of the inflows materialise within 5 years and amounts to 3,0 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	2.400.878
Sumitomo Mitsui Banking Co. Europe Ltd.	GBP	4.000.000
Mizuho Bank, Europe N.V.	EUR	620.475
Handelsbanken NUF	NOK	890.000
BNP Paribas SA, Netherlands Branch	EUR	2.437.676
BPER BANCA S.P.A.	EUR	1.230.699

Operating leases

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

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 to manage the risk on financial assets and liabilities. The Group has no long-term currency swaps as at December 31, 2023.

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 is 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:

	2023		2022	
	in EUR (000's)	%	in EUR (000's)	%
Powered two-wheelers	1.443.872	70	1.376.402	62
Marine products	366.589	18	515.827	24
Power products	99.944	5	128.407	6
SPV (E-Kit)	81.381	3	99.184	4
Robotics	55.352	3	59.421	3
Other products	20.619	1	12.731	1
	2.067.757	100	2.191.972	100

Net sales by geographical areas are as follows:

	2023		2022	
	in EUR (000's)	%	in EUR (000's)	%
France	395.455	19	416.237	19
Italy	281.051	14	260.377	12
Spain	222.014	11	191.652	9
Germany	150.899	7	165.004	8
UK	120.871	6	144.471	7
Turkey	93.358	5	54.874	3
Portugal	59.679	3	49.833	2
Sweden	55.678	3	111.576	5
The Netherlands	53.810	3	52.717	2
Norway	53.174	3	107.292	5
Finland	42.424	2	74.287	3
Poland	34.294	2	34.129	2
Other countries	505.050	24	529.523	24
	2.067.757	100	2.191.972	100

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

Note 11: General and administrative expenses

11.1 Employment cost

	2023	2022
	EUR (000's)	EUR (000's)
Salaries	121.214	113.278
Social security contributions	17.757	17.101
Pension expense	9.403	7.850
	148.374	138.229

In 2023, the Group employed an average of 1.846 employees (2022: 1.822). The increase is attributable to mainly our Dutch operations. The average employees based in the Netherlands amount to 365 (2022: 321). Employees by segment are as follows:

	2023	2022
Powered two-wheelers	1.207	1.200
Marine products	310	305
Other products	329	317
	1.846	1.822

11.2 Research and development expenses

In 2023 research and development expenses amounted to Euro 7,4 million (2022: 4,7 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 17,3 million (2022: 15,5 million). An amount of Euro 4,8 million originates from depreciation of right-of-use assets. Expenses resulting from mainly factory assets depreciation amounting to Euro 20,5 million are presented under cost of sales (2022: 21,0 million).

Note 12: Corporate Income Tax

The effective tax rate differs from the statutory income tax rate of The Netherlands, which is currently 25,8%, mainly because 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:

	<u>2023</u>	<u>2022</u>
	EUR (000's)	EUR (000's)
Profit before tax	83.542	135.470
Tax based on statutory income tax rate	21.554	34.951
<u>Reconciliation:</u>		
Local income tax rates application	626	(946)
Non deductible expenses / (income)	1.138	221
Previously unrecognised losses utilised	(424)	(26)
Losses not recognised	1.727	627
Previously unrecognised deferred taxes recognised	(79)	(391)
Income tax charge/refund previous periods	1.785	3.852
Change in tax rate	-	(128)
True-up previous years and others	274	(349)
Income taxes at effective tax rate of 31,8%	26.601	37.811

The company had as of December 31, 2023, unrecognised tax losses to the amount of approx. 21,9 million euro in France and Finland due to uncertainty on the availability thereof. An amount of 1,5 million euro regarding income tax expense was recognized directly as equity adjustment in the legal entity's equity. The charge for previous periods is mainly attributable to payments made for tax claims of the Italian authorities for closure of pending court cases.

Pillar 2 – Income taxes

As of 2024, the company will fall within the scope of the newly designed Pillar 2 regulation.

The Pillar 2 regulation provides for an international framework of rules aimed at ensuring that the worldwide profits of multinational groups are subject to tax at a rate not lower than 15% in every jurisdiction in which the groups operate. The relevant set of rules also provides for a transition period in which the in-scope multinational groups may avoid undergoing the complex effective tax rate calculation required by the new piece of legislation. In particular, the Pillar Two legislation provides for a transitional safe harbour ("TSH") that applies for the first three fiscal years following the entry into force of the relevant regulation; the TSH relies on simplified calculations and three kinds of alternative tests. Where at least one of the TSH tests is met for a jurisdiction in which the company operates, the top-up tax due for such jurisdiction will be deemed to be zero. A test is met for a jurisdiction where:

- Revenue and profit before tax are below, respectively, €10 million and €1 million (the de minimis test);
- The Effective Tax Rate (ETR) equals or exceeds an agreed rate (the ETR test, 15% for FY 2024); or
- The profit before tax does not exceed an amount calculated as a percentage of tangible assets and payroll expense (the routine profits test)

Even if for the financial year 2023 the Pillar 2 rules have not entered into force yet, the company has performed an assessment of its potential exposure for Pillar 2 top-up taxes.

The above-mentioned assessment is based on the most recent information available regarding the financial performance of the constituent entities in the group, being the 2023 financial statements data. Based on the assessment performed, most of the jurisdictions should benefit from the TSH. Only one jurisdiction might not benefit from the TSH based on the 2023 data, however, we expect that this will not be the case in 2024. The expectation is that the effect of Pillar 2 will be either nil or insignificant for the company. As per December 31, 2023, the company will apply the exception to the recognition and disclosure of deferred tax assets and liabilities relating to Pillar 2 income taxes referred to in paragraph “RJ 272.102a”.

Audit Fees

The company appointed Ernst & Young Accountants LLP as external auditor for the financial year 2023 same as the year 2022. The audit fees with respect to the 2023 financial statements as recorded in the 2023 consolidated income statement amount to:

Current year	Ernst & Young Accountants LLP	Other EY network	Total EY network
Audit of the financial statements	715.620	266.050	981.670
Tax advisory services		565.909	565.909
Other non-audit services		78.650	78.650
Total	715.620	910.609	1.626.229
Prior year	Ernst & Young 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

The 2023 fees relate to the audit of the 2023 financial statements, regardless of whether the work was performed during the financial year.

Remuneration of Management Board

In 2023 an amount of Euro 1.797.450 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 2023 approx. 1,7% of total net sales are to group companies (2022: 1,2%). The vast majority of the purchases is from Yamaha group factories located 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 15,4 million. The shareholder has resolved this proposal by declaring the interim dividend during March 2024.

Single entity financial statements

Balance sheet as of December 31, 2023, before appropriation of result

	Notes	2023 EUR (000's)	2022 EUR (000's)		Notes	2023 EUR (000's)	2022 EUR (000's)
Assets				Shareholder's equity, provisions and liabilities			
<u>Fixed assets</u>				<u>Shareholder's equity</u> 18			
Intangible fixed assets	13	38.739	21.179	Share capital		149.760	149.760
Tangible fixed assets	14	60.718	66.390	Additional paid-in capital		24.004	24.004
Financial fixed assets	15	126.418	119.707	Legal reserve		(3.148)	(20.074)
		225.875	207.276	Retained earnings		195.589	182.400
				Result for the year		56.941	97.659
						423.146	433.749
<u>Current assets</u>				<u>Provisions</u> 19			
Inventories	16	682.424	471.859			31.704	20.400
Accounts receivable	17	475.508	552.425	<u>Long-term liabilities</u> 20			
Cash and cash equivalents		7.119	17.731			5.562	4.830
		1.165.051	1.042.015	<u>Current liabilities</u> 21			
						930.514	790.312
Total assets		1.390.926	1.249.291	Total liabilities and shareholder's equity		1.390.926	1.249.291

Income statement for the year 2023

	Notes	<u>2023</u> EUR (000's)	<u>2022</u> EUR (000's)
Share in net result of results of participating interests		15.297	15.476
Other income (loss), net of income taxes	22	41.644	82.183
Net result for the year		56.941	97.659

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 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)	Capitalised dev't EUR (000's)	Capitalised dev't CIP EUR (000's)	Other EUR (000's)	Total EUR (000's)
Book value as at January 1, 2023	20.043	-	-	-	1.136	21.179
Additions	3.939	-	-	19.927	215	24.081
Transfer from tangible assets (cost)	-	-	13.342	-	-	13.342
Transfer from tangible assets (acc. depr)	-	-	(8.554)	-	-	(8.554)
Depreciation	(10.885)	-	-	-	(424)	(11.309)
Book value as at December 31, 2023	13.097	-	4.788	19.927	927	38.739
Purchase cost	95.455	9.396	13.342	-	2.942	121.135
Accum. depreciation as at Dec. 31, 2023	82.358	9.396	8.554	-	2.016	102.324
Accum. depreciation as at Dec. 31, 2022	71.603	9.396	-	-	1.450	82.449

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. The capitalised development costs are reclassified from tangible fixed assets to intangible fixed assets to reflect the correct nature of the assets. The balance of the purchase cost and accumulated purchase cost and depreciation have been transferred as per December 31, 2023. Capitalised development cost includes software development.

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, 2023	32.179	2.821	21.539	6.485	3.366	66.390
Additions	880	1.470	10.470	3.368	-	16.188
Disposals, net	(70)	(12)	(465)	(79)	(393)	(1.019)
Transfer to intangible assets (cost)	-	-	(13.342)	-	-	(13.342)
Transfer to intangible assets (acc. depr)	-	-	8.554	-	-	8.554
Depreciation	(2.166)	(1.329)	(9.408)	(3.150)	-	(16.053)
Book value as at December 31, 2023	30.823	2.950	17.348	6.624	2.973	60.718
Purchase cost	85.059	54.648	90.441	17.206	2.973	250.327
Accum. depreciation at Dec. 31, 2023	54.236	51.698	73.094	10.583	-	189.611
Accum. depreciation at Dec. 31, 2022	52.405	50.764	73.476	9.671	-	186.316

The transfer to intangible assets refers to the disclosure under intangible assets.

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	2.996	4.578
Machinery and equipment	5	128
Other operating assets	3.623	5.877
	6.624	10.583

Note 15: Financial fixed assets

The breakdown of the financial fixed assets is as follows:

	2023 EUR (000's)	2022 EUR (000's)
Participating interests	104.531	98.598
Long-term loans receivable	10.000	10.000
Other financial assets	60	77
Deferred taxes	11.827	11.032
	126.418	119.707

Schedule of movements in participating interests:

	Group companies EUR (000's)	Other participations EUR (000's)	Total EUR (000's)
Balance as at January 1, 2023	96.713	1.885	98.598
Share in net result	15.297	-	15.297
Dividends received	(4.004)	-	(4.004)
OCI	(1.010)	-	(1.010)
Hyperinflation adjustment	(1.405)	-	(1.405)
Currency translation adjustments	(3.271)	-	(3.271)
Other movements	(359)	-	(359)
Revaluation of participation	-	685	685
Balance as at December 31, 2023	101.961	2.570	104.531

As of December 31, 2023, 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 R&D (Europe) Srl	Italy	100	Yes
4.	Yamaha Motor Sanayi ve Tikaret Ltd	Turkey	100	Yes
5.	Inha Works Ltd	Finland	100	Yes
6.	Yamaha Motor Finance France SAS	France	100	Yes
7.	Motodynamics SA	Greece	1,9	No
8.	Selva SpA	Italy	10	No

Note 16: Inventories

This item represents merchandise of Euro 684 million (2022: 472 million). Provision for inventories amounts to Euro 26,3 million (2022: 15,0 million), an amount of Euro 11,2 million has been added to the provision and is recognized in the income statement under cost of sales (2022: 2,5 million). An amount of Euro 1.564 million of inventory cost has been recognized in the income statement under cost of sales.

Note 17: Accounts receivable

	2023 EUR (000's)	2022 EUR (000's)
Trade receivables	313.944	401.141
Group companies	81.588	81.588
Other receivables and prepayments	79.976	69.696
	475.508	552.425

Allowance for doubtful receivables amounts to EUR 8,9 million (2022: EUR 9,2 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 16,4 million in prepaid income taxes (2021: Euro 7,3 million) and an amount of Euro 12,1 million in VAT receivable (2022: Euro 7,7 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, 2022	149.760	24.004	6.527	146.018	90.270	416.579
Previous year result	-	-	-	90.270	(90.270)	-
Dividend paid	-	-	-	(85.214)	-	(85.214)
Remeasurement	-	-	-	7.789	-	7.789
Currency translation	-	-	(5.220)	-	-	(5.220)
Releases	-	-	(21.381)	21.381	-	-
Net result for the year	-	-	-	-	97.659	97.659
Hyperinflation accounting	-	-	-	1.412	-	1.412
Revaluation of investments	-	-	-	743	-	743
Roundings	-	-	-	1	-	1
Balance at December 31, 2022	149.760	24.004	(20.074)	182.400	97.659	433.749
Previous year result	-	-	-	97.659	(97.659)	-
Dividend paid	-	-	-	(59.231)	-	(59.231)
Remeasurements	-	-	-	(4.416)	-	(4.416)
Currency translation	-	-	(3.001)	-	-	(3.001)
Capitalized development	-	-	19.927	(19.927)	-	-
Net result for the year	-	-	-	-	56.941	56.941
Hyperinflation accounting	-	-	-	(1.405)	-	(1.405)
Revaluation of investments	-	-	-	508	-	508
Roundings	-	-	-	1	-	1
Balance at December 31, 2023	149.760	24.004	(3.148)	195.589	56.941	423.146

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 59,2 million to the shareholder from retained earnings.

Proposed appropriation of the net result for the year 2023

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 (2022: 149.759.550) consisting of 332.799 (2022: 332.799) shares of Euro 450 each.

Legal reserve

The legal reserve can be specified as follows:

	<u>2023</u> EUR (000's)	<u>2022</u> EUR (000's)
Statutory legal reserve	71	71
Capitalised development	19.927	-
Foreign currency translation reserve	(23.146)	(20.145)
	<u>(3.148)</u>	<u>(20.074)</u>

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 and capitalization of development of software. Statutory reserve consists of statutory reserves of group companies in Italy, Spain, and France. The capitalized development consists of software development capitalization.

Note 19: Provisions

From a total amount of Euro 31,7 million an amount of Euro 14,9 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 principle deemed to be of a long-term nature and concern provision for product warranties and compensated absences. The amount of approx. Euro 2,0 million is expected to be consumed within 1 year. The movement in provisions in 2023 was as follows:

	Pension EUR (000's)	Other EUR (000's)	Total EUR (000's)
Balance as of January 1, 2023	13.741	6.659	20.400
Additions	-	10.012	10.012
Utilisation	(4.667)	(402)	(5.069)
Remeasurements	4.348	-	4.348
Other movements	1.503	510	2.013
Balance as at December 31, 2023	14.925	16.779	31.704

The addition in other provisions reflect allowances taken for investment losses in group companies, the utilisation relates to the several smaller provisions.

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 25 of this report.

Note 21: Current liabilities

	2023 EUR (000's)	2022 EUR (000's)
Trade payables	26.454	89.246
Due to credit institutions	656.780	396.455
Parent and group companies	136.137	167.615
Taxes and social security contributions	21.508	37.360
Other creditors and accrued liabilities	89.635	99.636
	930.514	790.312

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 4,37% per annum on average as of December 31, 2023 (2022: 2,48%). Under other creditors and accrued liabilities is included an amount of EUR 2,3 million with regards to short-term lease liabilities (2022: 2,7 million).

Contingent liabilities

We refer to the consolidated statements disclosures on page 25 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:

	2023 EUR (000's)	2022 EUR (000's)
Salaries	66.431	61.116
Social security contributions	14.243	13.939
Pension expense	9.140	7.572
	89.814	82.627
Average number of employees	902	865

Other income contains net interest received from group companies to the amount of 3,3 million euro.

Remuneration of Management Board

In 2023 an amount of Euro 1.797.450 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. 7% of total sales are to group companies (2022: 5%). The vast majority of the purchases are from Yamaha group factories located both in the EU and abroad.

Subsequent events

The Board of Directors proposed to distribute interim dividend to the shareholder to the amount of EUR 15,7 million. The shareholder has resolved this proposal by declaring the interim dividend during March 2024.

Signing of the financial statements

Schiphol-Rijk, July 15, 2024

Board of Directors:

O.G.F. Prevost, President (as of January 1, 2024)

K. Shimoishi (as of May 1, 2024)

Supervisory Board:

E.R. De Seynes (as of January 1, 2024)

I. Otani

M. Hashimoto

D.C. Bouwers (as of June 1, 2024)

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
Belgium	Yamaha Motor Europe N.V., Branch Belgium
Czech	Yamaha Motor Europe N.V., odštěpný závod Česká republika
Denmark	Yamaha Motor Danmark, filial af Yamaha Motor Europe, N.V., Holland
Finland	Yamaha Motor Europe N.V., Suomen sivuliike
France	Yamaha Motor Europe N.V., succursale France
Germany	Yamaha Motor Europe N.V., Niederlassung Deutschland, Geschäftsbereich Motorisierte Produkte
Germany	Yamaha Motor Europe N.V., Niederlassung Deutschland, Robotik
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

Independent Auditors' report

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

Independent auditor's report

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

Report on the audit of the financial statements 2023 included in the annual report

Our opinion

We have audited the financial statements for the financial year ended 31 December 2023 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 2023 and of its result for 2023 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 2023
- The consolidated and company profit and loss account for 2023
- 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. (the company) 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.

Information in support of our opinion

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The following information in support of our opinion and any findings were addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

Our focus on fraud and non-compliance with laws and regulations

Our responsibility

Although we are not responsible for preventing fraud or non-compliance and we cannot be expected to detect non-compliance with all laws and regulations, it is our responsibility to obtain reasonable assurance that the financial statements, taken as a whole, are free from material misstatement, whether caused by fraud or error.

Our audit response related to fraud risks

We identified and assessed the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of the company and its environment and the components of the system of internal control, including the risk assessment process and the board of directors' process for responding to the risks of fraud and monitoring the system of internal control and how the supervisory board exercises oversight, as well as the outcomes.

We refer to section Fraud of the board of directors' report for the board of directors' (fraud) risk assessment.

We evaluated the design and relevant aspects of the system of internal control and in particular the fraud risk assessment, as well as the code of conduct and whistle blower procedures. We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness, of internal controls designed to mitigate fraud risks.

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption. We evaluated whether these factors indicate that a risk of material misstatement due to fraud is present.

We incorporated elements of unpredictability in our audit. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance.

We addressed the risks related to management override of controls, as this risk is present in all companies. For these risks we have performed procedures among other things to evaluate key accounting estimates for management bias that may represent a risk of material misstatement due to fraud, in particular relating to important judgment areas and significant accounting estimates as disclosed in Note Principles for valuation of assets and liabilities to the financial statements, including allowance for doubtful accounts. We have also used data analysis to identify and address high-risk journal entries and evaluated the business rationale (or the lack thereof) of significant extraordinary transactions, including those with related parties.

When identifying and assessing fraud risks we presumed that there are risks of fraud in revenue recognition. We considered among others the company's revenue targets and their realization. We designed and performed our audit procedures relating to revenue recognition responsive to this presumed fraud risk.

We considered available information and made enquiries of relevant executives, directors, internal audit, legal, compliance, human resources and the supervisory board.

The fraud risk we identified, enquiries and other available information did not lead to specific indications for fraud or suspected fraud potentially materially impacting the view of the financial statements.

Our audit response related to risks of non-compliance with laws and regulations

We performed appropriate audit procedures regarding compliance with the provisions of those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. Furthermore, we assessed factors related to the risks of non-compliance with laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general industry experience, through discussions with the board of directors, reading minutes, inspection of results of procedures performed by internal audit and compliance reports, and performing substantive tests of details of classes of transactions, account balances or disclosures.

We also inspected lawyers' letters and correspondence with regulatory authorities and remained alert to any indication of (suspected) non-compliance throughout the audit. Finally, we obtained written representations that all known instances of non-compliance with laws and regulations have been disclosed to us.

Our audit response related to going concern

As disclosed in section Going concern in the Note Basis for preparation to the financial statements, the financial statements have been prepared on a going concern basis. When preparing the financial statements, the board of directors made a specific assessment of the company's ability to continue as a going concern and to continue its operations for the foreseeable future.

We discussed and evaluated the specific assessment with the board of directors exercising professional judgment and maintaining professional skepticism.

We considered whether the board of director's going concern assessment, based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, contains all relevant 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.

Based on our procedures performed, we did not identify material uncertainties about going concern. 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.

Report on other information included in the annual report

The annual report contains other information in addition to the financial statements and our auditor's report thereon.

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 for the management report and the other 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.

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

Description of responsibilities regarding the financial statements

Responsibilities of the board of directors and the supervisory board for the financial statements

The board of directors 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, the board of directors is responsible for such internal control as the board of directors 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, the board of directors is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, the board of directors should prepare the financial statements using the going concern basis of accounting unless the board of directors either intends to liquidate the company or to cease operations or has no realistic alternative but to do so. The board of directors 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. The Information in support of our opinion section above includes an informative summary of our responsibilities and the work performed as the basis for our opinion. 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 the board of directors
- 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.

Communication

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, 22 July 2024

EY Accountants B.V.

signed by A.M. Kayhan