



YAMAHA CORPORATION

Flash Report Consolidated Basis (IFRS) Results through the Second Quarter of the Fiscal Year Ending March 31, 2024 (April 1, 2023 – September 30, 2023)

November 1, 2023

Company name: YAMAHA CORPORATION
(URL <https://www.yamaha.com/en/>)

Code number: 7951

Stock listing: TSE Prime Market

Address of headquarters: 10-1, Nakazawa-cho, Naka-ku, Hamamatsu, Shizuoka 430-8650, Japan

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Scheduled date to submit Quarterly Securities Report: November 14, 2023

Scheduled date to begin dividend payments: December 7, 2023

Supplementary materials to the quarterly financial statements have been prepared: Yes

Presentation will be held to explain the quarterly financial results: Yes (for securities analysts and institutional investors)

1. Consolidated Financial Results through the Second Quarter of FY2024.3 (April 1, 2023 – September 30, 2023)

Figures of less than ¥1 million have been omitted.

(1) Consolidated Operating Results (Accumulation)

(Percentage figures are changes from the same period of the previous fiscal year.)

	Revenue		Core operating profit		Operating profit		Profit before income taxes	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Through the second quarter of FY2024.3	219,628	0.7	15,325	(37.3)	15,430	(37.6)	21,735	(27.8)
Through the second quarter of FY2023.3	218,009	9.8	24,422	3.9	24,743	(14.0)	30,124	2.2

Note: Comprehensive income: **Second quarter of FY2024.3** **¥46,502 million** **21.0%**
Second quarter of FY2023.3 **¥38,417 million** **31.8%**

	Profit for the period		Profit for the period attributable to owners of parent		Basic earnings per share	Diluted earnings per share
	Millions of yen	%	Millions of yen	%	Yen	Yen
Through the second quarter of FY2024.3	14,988	(28.1)	14,945	(28.2)	88.31	—
Through the second quarter of FY2023.3	20,845	(2.6)	20,804	(2.9)	121.23	—

(2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of parent	Equity ratio attributable to owners of parent
	Millions of yen	Millions of yen	Millions of yen	%
Second quarter of FY2024.3 (As of September 30, 2023)	642,751	489,995	488,826	76.1
FY2023.3 (As of March 31, 2023)	594,209	457,944	456,837	76.9

2. Dividends

	Annual dividends				
	End of first quarter	End of second quarter	End of third quarter	End of fiscal year	Full fiscal year
	Yen	Yen	Yen	Yen	Yen
FY2023.3	—	33.00	—	33.00	66.00
FY2024.3	—	37.00			
FY2024.3 (Forecast)			—	37.00	74.00

Note: Revisions from recently announced dividend forecast: None

3. Consolidated Financial Forecasts for FY2024.3 (April 1, 2023–March 31, 2024)

(Percentage figures are changes from the previous fiscal year.)

	Revenue		Core operating profit		Operating profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2024.3	465,000	3.0	42,000	(8.4)	42,000	(9.6)

	Profit before income taxes		Profit for the period attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Yen
FY2024.3	47,500	(6.0)	34,500	(9.6)	204.10

Note: Revisions from recently announced performance forecast: Yes

* Core operating profit corresponds to operating profit under Japanese Generally Accepted Accounting Principles (GAAP) and is calculated by subtracting selling, general and administrative expenses from gross profit.

Footnote Items

- (1) Changes in the state of material subsidiaries during the period (Changes regarding significant subsidiaries accompanying changes in the scope of consolidation): None
 Newly included: — Excluded: —
- (2) Changes in accounting policies and changes in accounting estimates
 (a) Changes in accounting policies required by IFRS: None
 (b) Changes other than those in (a) above: None
 (c) Changes in accounting estimates: None
- (3) Number of shares outstanding (common shares)

(a) Number of shares outstanding at the end of the period (including treasury shares)	Second quarter of FY2024.3	187,300,000 shares	FY2023.3	187,300,000 shares
(b) Number of treasury shares at the end of the period	Second quarter of FY2024.3	18,511,463 shares	FY2023.3	16,858,633 shares
(c) Average number of shares outstanding during the period (cumulative period)	Second quarter of FY2024.3	169,240,157 shares	Second quarter of FY2023.3	171,608,808 shares

*This quarterly flash report is exempt from the quarterly review procedures by certified public accountants or audit firm.

*Explanation of the Appropriate Use of Performance Forecasts and Other Related Items

Consolidated financial forecasts were prepared based on information available at the time of the announcement and do not represent promises by the Company or its management that these performance figures will be attained. Actual consolidated results may differ from forecasts owing to a wide range of factors. For commentary information regarding the closing of accounts through the second quarter of FY2024.3, please refer to “Yamaha Reports Second Quarter (Six Months) Results for the Fiscal Year Ending March 2024 and Full Year Outlook [IFRS]”, which was released today (November 1, 2023).

(Revisions from Recently Announced Consolidated Financial Forecasts)

Taking into account a delay in the recovery of market conditions in the Chinese market and the deterioration in profitability at its plants due to the resulting production cutbacks, the Company has revised downward its forecast for revenue, core operating profit, operating profit, profit before income taxes and profit for the period attributable to owners of the parent. As a result, the Company has revised its full-year earnings forecast for the fiscal year ending March 31, 2024, announced on August 2, 2023, from ¥470.0 billion in revenue, ¥50.0 billion in core operating profit, ¥50.0 billion in operating profit, ¥53.0 billion in profit before income taxes, and ¥38.5 billion in profit for the period attributable to owners of the parent, to ¥465.0 billion, ¥42.0 billion, ¥42.0 billion, ¥47.5 billion, and ¥34.5 billion, respectively.

The materials distributed at the earnings presentation and other materials will be posted on the Company’s website immediately after the presentation is concluded.

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1. Condensed Quarterly Consolidated Financial Statements and Major Notes

(1) Condensed Quarterly Consolidated Statement of Financial Position

(Millions of yen)

	FY2023.3 (as of March 31, 2023) (Note)	Second quarter of FY2024.3 (as of September 30, 2023)
Assets		
Current assets		
Cash and cash equivalents	103,886	97,767
Trade and other receivables	75,392	77,623
Other financial assets	1,089	2,755
Inventories	153,671	176,775
Other current assets	12,645	8,825
Total current assets	346,685	363,747
Non-current assets		
Property, plant and equipment	112,145	121,700
Right-of-use assets	21,852	22,250
Goodwill	1,053	1,180
Intangible assets	6,393	6,675
Financial assets	80,738	96,470
Retirement benefit assets	14,018	16,302
Deferred tax assets	9,716	12,627
Other non-current assets	1,605	1,797
Total non-current assets	247,524	279,004
Total assets	594,209	642,751

Note: See (4) Notes to the Condensed Quarterly Consolidated Financial Statements, Business Combination.

(Millions of yen)

	FY2023.3 (as of March 31, 2023) (Note)	Second quarter of FY2024.3 (as of September 30, 2023)
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	60,536	62,937
Interest-bearing debt	1,489	4,178
Lease liabilities	5,733	5,699
Other financial liabilities	9,909	11,259
Income tax payables	2,851	7,175
Provisions	2,114	2,314
Other current liabilities	12,468	12,475
Total current liabilities	95,103	106,041
Non-current liabilities		
Interest-bearing debt	6	—
Lease liabilities	10,440	9,631
Other financial liabilities	74	422
Retirement benefit liabilities	14,067	14,972
Provisions	2,744	2,822
Deferred tax liabilities	11,704	16,642
Other non-current liabilities	2,123	2,223
Total non-current liabilities	41,162	46,715
Total liabilities	136,265	152,756
Equity		
Capital stock	28,534	28,534
Capital surplus	1,755	1,799
Retained earnings	428,166	439,188
Treasury shares	(78,766)	(87,597)
Other components of equity	77,148	106,900
Equity attributable to owners of parent	456,837	488,826
Non-controlling interests	1,106	1,168
Total equity	457,944	489,995
Total liabilities and equity	594,209	642,751

Note: See (4) Notes to the Condensed Quarterly Consolidated Financial Statements, Business Combination.

(2) Condensed Quarterly Consolidated Statement of Income and Condensed Quarterly Consolidated Statement of Comprehensive Income

Condensed Quarterly Consolidated Statement of Income

Second quarter (Six months) ended September 30, 2022 and 2023

(Millions of yen)

	Second quarter of FY2023.3 (April 1, 2022 – September 30, 2022)	Second quarter of FY2024.3 (April 1, 2023 – September 30, 2023)
Revenue	218,009	219,628
Cost of sales	(133,824)	(137,198)
Gross profit	84,184	82,430
Selling, general and administrative expenses	(59,762)	(67,105)
Core operating profit	24,422	15,325
Other income	817	825
Other expenses	(497)	(720)
Operating profit	24,743	15,430
Finance income	5,610	6,543
Finance expenses	(228)	(237)
Profit before income taxes	30,124	21,735
Income taxes	(9,279)	(6,747)
Profit for the period	20,845	14,988
Profit for the period attributable to:		
Owners of parent	20,804	14,945
Non-controlling interests	41	43
Earnings per share		
Basic (Yen)	121.23	88.31
Diluted (Yen)	—	—

Condensed Quarterly Consolidated Statement of Comprehensive Income

Second quarter (Six months) ended September 30, 2022 and 2023

(Millions of yen)

	Second quarter of FY2023.3 (April 1, 2022 – September 30, 2022)	Second quarter of FY2024.3 (April 1, 2023 – September 30, 2023)
Profit for the period	20,845	14,988
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plans	(1,074)	1,695
Gains (losses) on financial assets measured at fair value through other comprehensive income	(1,646)	11,058
Total items that will not be reclassified to profit or loss	(2,720)	12,754
Items that may be subsequently reclassified to profit or loss		
Exchange differences on translation of foreign operations	20,322	19,624
Gains (losses) on cash flow hedges	(29)	(864)
Total items that may be subsequently reclassified to profit or loss	20,292	18,760
Total other comprehensive income	17,571	31,514
Comprehensive income for the period	38,417	46,502
Comprehensive income for the period attributable to:		
Owners of parent	38,306	46,399
Non-controlling interests	110	102

(3) Condensed Quarterly Consolidated Statement of Changes in Equity

Second quarter of FY2023.3 (April 1, 2022 – September 30, 2022)

(Millions of yen)

	Equity attributable to owners of parent						
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Other components of equity		
					Remeasurements of defined benefit plans	Gains (losses) on financial assets measured at fair value through other comprehensive income	Exchange differences on translation of foreign operations
Balance at April 1, 2022	28,534	2,114	398,516	(73,288)	—	39,659	20,521
Profit for the period	—	—	20,804	—	—	—	—
Other comprehensive income	—	—	—	—	(1,074)	(1,646)	20,252
Total comprehensive income for the period	—	—	20,804	—	(1,074)	(1,646)	20,252
Purchase of treasury shares	—	—	—	(3)	—	—	—
Dividends	—	—	(5,660)	—	—	—	—
Share-based compensation	—	(484)	—	644	—	—	—
Changes in the ownership interest of a subsidiary without a loss of control	—	—	—	—	—	—	—
Reclassified to retained earnings	—	—	(1,074)	—	1,074	—	—
Total transactions with owners	—	(484)	(6,735)	641	1,074	—	—
Balance at September 30, 2022	28,534	1,630	412,585	(72,646)	—	38,013	40,774

(Millions of yen)

	Equity attributable to owners of parent			Non-controlling interests	Total equity
	Other components of equity		Total		
	Gains (losses) on cash flow hedges	Total			
Balance at April 1, 2022	(345)	59,834	415,713	1,154	416,867
Profit for the period	—	—	20,804	41	20,845
Other comprehensive income	(29)	17,502	17,502	69	17,571
Total comprehensive income for the period	(29)	17,502	38,306	110	38,417
Purchase of treasury shares	—	—	(3)	—	(3)
Dividends	—	—	(5,660)	(56)	(5,717)
Share-based compensation	—	—	160	—	160
Changes in the ownership interest of a subsidiary without a loss of control	—	—	—	—	—
Reclassified to retained earnings	—	1,074	—	—	—
Total transactions with owners	—	1,074	(5,503)	(56)	(5,560)
Balance at September 30, 2022	(375)	78,412	448,516	1,208	449,724

Second quarter of FY2024.3 (April 1, 2023 – September 30, 2023)

(Millions of yen)

	Equity attributable to owners of parent						
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Other components of equity		
					Remeasurements of defined benefit plans	Gains (losses) on financial assets measured at fair value through other comprehensive income	Exchange differences on translation of foreign operations
Balance at April 1, 2023	28,534	1,755	428,166	(78,766)	—	47,242	30,189
Profit for the period	—	—	14,945	—	—	—	—
Other comprehensive income	—	—	—	—	1,695	11,058	19,564
Total comprehensive income for the period	—	—	14,945	—	1,695	11,058	19,564
Purchase of treasury shares	—	—	—	(8,887)	—	—	—
Dividends	—	—	(5,624)	—	—	—	—
Share-based compensation	—	45	—	56	—	—	—
Changes in the ownership interest of a subsidiary without a loss of control	—	(1)	—	—	—	—	—
Reclassified to retained earnings	—	—	1,701	—	(1,695)	(6)	—
Total transactions with owners	—	44	(3,922)	(8,830)	(1,695)	(6)	—
Balance at September 30, 2023	28,534	1,799	439,188	(87,597)	—	58,295	49,753

(Millions of yen)

	Equity attributable to owners of parent			Non-controlling interests	Total equity
	Other components of equity		Total		
	Gains (losses) on cash flow hedges	Total			
Balance at April 1, 2023	(284)	77,148	456,837	1,106	457,944
Profit for the period	—	—	14,945	43	14,988
Other comprehensive income	(864)	31,454	31,454	59	31,514
Total comprehensive income for the period	(864)	31,454	46,399	102	46,502
Purchase of treasury shares	—	—	(8,887)	—	(8,887)
Dividends	—	—	(5,624)	(40)	(5,665)
Share-based compensation	—	—	102	—	102
Changes in the ownership interest of a subsidiary without a loss of control	—	—	(1)	(0)	(1)
Reclassified to retained earnings	—	(1,701)	—	—	—
Total transactions with owners	—	(1,701)	(14,410)	(40)	(14,451)
Balance at September 30, 2023	(1,148)	106,900	488,826	1,168	489,995

(4) Notes to the Condensed Quarterly Consolidated Financial Statements

Notes Regarding Assumptions as a Going Concern

Not applicable

Business Combination

With respect to Cordoba Music Group, LLC, which was acquired by Yamaha Guitar Group, Inc., a consolidated subsidiary of the Company, on February 7, 2023, provisional accounting treatment was applied because the allocation of the consideration for the acquisition was not completed at the end of the previous fiscal year. However, since the allocation of the consideration for the acquisition was completed in the second quarter of the current consolidated fiscal year, the tentatively calculated amount has been revised. The consideration transferred has also been revised due to the completion of adjustments based on the balance of cash, deposits and liabilities as well as changes in working capital at the time of closing.

In conjunction with the finalization of this provisional accounting treatment, the amounts as of the end of the previous fiscal year in the condensed quarterly consolidated statement of financial position have been retroactively adjusted. The main resulting changes were increases in inventories and intangible assets of ¥102 million and ¥3,418 million, respectively, and a decrease in goodwill of ¥3,572 million, compared to before the retrospective adjustments.

(1) Fair value of consideration transferred, assets acquired and liabilities assumed as of the acquisition date

	(Millions of yen)
Fair value of consideration transferred	5,122
Fair value of assets acquired and liabilities assumed	
Assets	
Cash and equivalents	265
Trade and other receivables (Note 1)	232
Inventories	1,651
Property, plant and equipment	117
Intangible assets (Note 2)	3,390
Others	239
Liabilities	
Trade and other payables	(404)
Interest-bearing debt	(1,010)
Others	(213)
Fair value of assets acquired and liabilities assumed (Net)	4,269
Goodwill (Note 3)	852

- Notes: 1. The fair value of acquired trade and other receivables and the contractual amounts receivable are approximately the same. No amounts are expected to be uncollectible.
2. Intangible assets consist of customer-related assets of ¥2,874 million, trademark rights of ¥278 million, and technology-related assets of ¥238 million.
3. Goodwill consists primarily of synergies with existing businesses and excess earning power expected to arise from the acquisition that do not qualify for separate recognition. It is expected to be deductible for tax purposes.
4. Acquisition-related expenses related to this business combination amounted to ¥(515) million, all of which are included in "Selling, general and administrative expenses." Of this amount, the acquisition-related expenses recorded in the previous consolidated fiscal year amounted to ¥(502) million.

(2) Cash flows from acquisition

	(Millions of yen)
Cash and cash equivalents paid for acquisition	(5,122)
Cash and cash equivalents held by the acquired company at the time of acquisition	265
Payments for acquisition of subsidiaries, net	(4,856)

Segment Information

(1) Summary of reportable segments

The Group's reportable segments are composed of business units that separate financial information can be obtained and are regularly reviewed by the Board of Directors of the Company for the purpose of business performance evaluation and management resource allocation decisions.

The Group's reportable segments, based on its economic features and similarity of products and services, comprise its two principal reportable segments, which are the "musical instruments" and "audio equipment." Other businesses are included in the "others" segment.

The musical instruments segment includes the manufacture and sales of pianos; digital musical instruments; wind, string, and percussion instruments; and other music-related activities. The audio equipment segment includes the manufacture and sales of audio products, professional audio equipment, information and telecommunication equipment (ICT equipment), and certain other products. The "others" segment includes electronic devices business, automobile interior wood components, factory automation (FA) equipment, golf products, resort, and certain other lines of business.

(2) Reportable segment information

The Group's reportable segment information is as follows.

The Group reports core operating profit as segment profit. Core operating profit corresponds to operating profit under Japanese Generally Accepted Accounting Principles (GAAP) and is calculated by subtracting selling, general and administrative expenses from gross profit.

Second quarter of FY2023.3 (April 1, 2022 – September 30, 2022)

(Millions of yen)

	Reportable segment			Others	Total	Adjustments	Consolidated
	Musical instruments	Audio equipment	Total				
Revenue							
Revenue from external customers	150,101	47,448	197,549	20,460	218,009	—	218,009
Intersegment revenue	—	—	—	154	154	(154)	—
Total	150,101	47,448	197,549	20,614	218,164	(154)	218,009
Core operating profit [Segment profit]	20,550	454	21,005	3,417	24,422	—	24,422
Other income							817
Other expenses							(497)
Operating profit							24,743
Finance income							5,610
Finance expenses							(228)
Profit before income taxes							30,124

Note: Intersegment revenue is based on the prevailing market price.

Second quarter of FY2024.3 (April 1, 2023 – September 30, 2023)

(Millions of yen)

	Reportable segment			Others	Total	Adjustments	Consolidated
	Musical instruments	Audio equipment	Total				
Revenue							
Revenue from external customers	148,235	52,665	200,900	18,727	219,628	—	219,628
Intersegment revenue	—	—	—	131	131	(131)	—
Total	148,235	52,665	200,900	18,858	219,759	(131)	219,628
Core operating profit [Segment profit]	12,995	658	13,654	1,670	15,325	—	15,325
Other income							825
Other expenses							(720)
Operating profit							15,430
Finance income							6,543
Finance expenses							(237)
Profit before income taxes							21,735

Note: Intersegment revenue is based on the prevailing market price.

Contingent Liabilities

Yamaha Music Europe GmbH (hereinafter “YME”), a consolidated subsidiary of the Company, was served with a following collective proceedings competition law claim on December 29, 2022. No provision has been made for this lawsuit because the proceedings are not in progress and the financial impact cannot be reliably estimated at this time.

(1) Cause of action and circumstances leading to the filing of the lawsuit

YME was subject to a UK competition law decision finding that it engaged in resale price maintenance practices with one UK business partner in the online sale of our musical instrument products in the UK from March 2013 to March 2017. A collective proceedings claim has been filed by consumers alleging that the actions of the company resulted in consumers paying higher prices for products and seeking compensation for the resulting damages.

(2) Outline of the litigants

The group of plaintiffs represented by Elisabetta Sciallis of the consumer organization “Which?” (located in London, UK), and consumers in the United Kingdom of the relevant products are eligible to join the plaintiffs.

(3) Description of the lawsuit and compensation for damages

a. Description of the lawsuit

This lawsuit is against YME and YME’s parent company, the Company, claiming compensation for damages alleged to have been potentially incurred by consumers due to YME’s resale price maintenance.

b. Value of the purpose of the lawsuit

The total amount of damages claimed by the plaintiffs against YME and the Company has not been disclosed.

(4) Outlook

The size of the plaintiffs’ group and the value of the claim are expected to become known in due course.

Subsequent Events

There are no important sequent events to note.