



YAMAHA CORPORATION

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

February 6, 2024

| | |
|---|--|
| 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, Chuo-ku, Hamamatsu, Shizuoka 430-8650, Japan |
| Representative: | Takuya Nakata, President and Representative Executive Officer |
| For further information, please contact: | Tsunemitsu Torie, General Manager, Corporate Finance Division |
| Telephone: | +81-53-460-2156 |
| Scheduled date to submit Quarterly Securities Report: | February 14, 2024 |
| Scheduled date to begin dividend payments: | — |
| 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 Third Quarter of FY2024.3 (April 1, 2023 – December 31, 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 third quarter of FY2024.3 | 341,788 | 1.1 | 27,798 | (28.2) | 25,630 | (34.5) | 29,460 | (29.6) |
| Through the third quarter of FY2023.3 | 338,221 | 11.9 | 38,736 | 11.1 | 39,151 | (3.6) | 41,848 | (0.0) |

Note: Comprehensive income: **Third quarter of FY2024.3** ¥45,694 million 24.2%
Third quarter of FY2023.3 ¥36,804 million (6.1%)

| | 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 third quarter of FY2024.3 | 20,750 | (30.9) | 20,719 | (30.9) | 122.52 | — |
| Through the third quarter of FY2023.3 | 30,022 | (0.0) | 30,004 | 0.0 | 174.83 | — |

(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 | % |
| Third quarter of FY2024.3 (As of December 31, 2023) | 627,200 | 482,892 | 481,829 | 76.8 |
| 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 | 460,000 | 1.9 | 34,000 | (25.9) | 31,500 | (32.2) |

| | 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 | 37,000 | (26.8) | 29,000 | (24.1) | 171.57 |

Note: Revisions from recently announced financial forecasts: 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: —

Note: Although Yamaha Music Philippines Inc. is not applicable to changes in significant subsidiaries, it is included in the scope of consolidation from the third quarter of the consolidated fiscal year ending March 31, 2024 due to its increased materiality.

- (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) | Third 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 | Third quarter of FY2024.3 | 18,511,783 shares | FY2023.3 | 16,858,633 shares |
| (c) Average number of shares outstanding during the period (cumulative period) | Third quarter of FY2024.3 | 169,104,615 shares | Third quarter of FY2023.3 | 171,623,450 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 third quarter of FY2024.3, please refer to “Yamaha Reports Third Quarter (Nine Months) Results for the Fiscal Year Ending March 2024 and Full Year Outlook [IFRS]”, which was released today (February 6, 2024).

(Revisions from Recently Announced Consolidated Financial Forecasts)

Taking into account a slower-than-expected return of demand for digital pianos, especially for entry-level models, despite some signs of recovering, a decrease in revenue due to the prolonged slump in market conditions in the Chinese market and the deterioration in profitability at its plants due to the resulting further production cutbacks, the Company has revised its forecast downward 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 November 1, 2023, from ¥465.0 billion in revenue, ¥42.0 billion in core operating profit, ¥42.0 billion in operating profit, ¥47.5 billion in profit before income taxes and ¥34.5 billion in profit for the period attributable to owners of the parent, to ¥460.0 billion, ¥34.0 billion, ¥31.5 billion, ¥37.0 and ¥29.0 billion, respectively.

As indicated in “1. Condensed Quarterly Consolidated Financial Statements and Major Notes,” “(4) Notes to the Condensed Quarterly Consolidated Financial Statements, Subsequent Events” on page 12, the Company made a decision related to the acquisition of treasury shares at the meeting of the Board of Directors held on February 6, 2024. The effect of this decision on acquisition of treasury shares has not been taken into account in calculating “Basic earnings per share” in the consolidated financial forecasts for FY2024.3.

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

Table of Contents of Supplementary Materials

| | |
|--|----|
| 1. Condensed Quarterly Consolidated Financial Statements and Major Notes | 2 |
| (1) Condensed Quarterly Consolidated Statement of Financial Position | 2 |
| (2) Condensed Quarterly Consolidated Statement of Income and Condensed Quarterly Consolidated Statement of Comprehensive Income | 4 |
| (3) Condensed Quarterly Consolidated Statement of Changes in Equity | 6 |
| (4) Notes to the Condensed Quarterly Consolidated Financial Statements | 8 |
| Notes Regarding Assumptions as a Going Concern | 8 |
| Business Combination | 8 |
| Other Expenses | 9 |
| Segment Information | 10 |
| Contingent Liabilities | 11 |
| Subsequent Events | 12 |

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) | Third quarter of FY2024.3 (as of December 31, 2023) |
|-------------------------------|--|--|
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | 103,886 | 90,023 |
| Trade and other receivables | 75,392 | 79,875 |
| Other financial assets | 1,089 | 4,476 |
| Inventories | 153,671 | 170,700 |
| Other current assets | 12,645 | 8,455 |
| Total current assets | 346,685 | 353,530 |
| Non-current assets | | |
| Property, plant and equipment | 112,145 | 117,368 |
| Right-of-use assets | 21,852 | 21,523 |
| Goodwill | 1,053 | 1,119 |
| Intangible assets | 6,393 | 6,360 |
| Financial assets | 80,738 | 95,770 |
| Retirement benefit assets | 14,018 | 17,159 |
| Deferred tax assets | 9,716 | 12,850 |
| Other non-current assets | 1,605 | 1,517 |
| Total non-current assets | 247,524 | 273,669 |
| Total assets | 594,209 | 627,200 |

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

(Millions of yen)

| | FY2023.3 (as of March 31, 2023) (Note) | Third quarter of FY2024.3 (as of December 31, 2023) |
|---|--|--|
| Liabilities and equity | | |
| Liabilities | | |
| Current liabilities | | |
| Trade and other payables | 60,536 | 57,376 |
| Interest-bearing debt | 1,489 | 4,023 |
| Lease liabilities | 5,733 | 5,417 |
| Other financial liabilities | 9,909 | 10,068 |
| Income tax payables | 2,851 | 4,604 |
| Provisions | 2,114 | 2,069 |
| Other current liabilities | 12,468 | 13,715 |
| Total current liabilities | 95,103 | 97,275 |
| Non-current liabilities | | |
| Interest-bearing debt | 6 | — |
| Lease liabilities | 10,440 | 9,531 |
| Other financial liabilities | 74 | 367 |
| Retirement benefit liabilities | 14,067 | 14,702 |
| Provisions | 2,744 | 2,783 |
| Deferred tax liabilities | 11,704 | 17,421 |
| Other non-current liabilities | 2,123 | 2,225 |
| Total non-current liabilities | 41,162 | 47,032 |
| Total liabilities | 136,265 | 144,308 |
| Equity | | |
| Capital stock | 28,534 | 28,534 |
| Capital surplus | 1,755 | 1,916 |
| Retained earnings | 428,166 | 439,278 |
| Treasury shares | (78,766) | (87,598) |
| Other components of equity | 77,148 | 99,698 |
| Equity attributable to owners of parent | 456,837 | 481,829 |
| Non-controlling interests | 1,106 | 1,063 |
| Total equity | 457,944 | 482,892 |
| Total liabilities and equity | 594,209 | 627,200 |

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

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

Condensed Quarterly Consolidated Statement of Income

Third quarter (Nine months) ended December 31, 2022 and 2023

(Millions of yen)

| | Third quarter of FY2023.3 (April 1, 2022 – December 31, 2022) | Third quarter of FY2024.3 (April 1, 2023 – December 31, 2023) |
|--|---|---|
| Revenue | 338,221 | 341,788 |
| Cost of sales | (207,447) | (212,385) |
| Gross profit | 130,773 | 129,403 |
| Selling, general and administrative expenses | (92,036) | (101,604) |
| Core operating profit | 38,736 | 27,798 |
| Other income | 1,309 | 1,054 |
| Other expenses | (894) | (3,223) |
| Operating profit | 39,151 | 25,630 |
| Finance income | 3,043 | 4,245 |
| Finance expenses | (346) | (415) |
| Profit before income taxes | 41,848 | 29,460 |
| Income taxes | (11,826) | (8,710) |
| Profit for the period | 30,022 | 20,750 |
| Profit for the period attributable to: | | |
| Owners of parent | 30,004 | 20,719 |
| Non-controlling interests | 17 | 31 |
| Earnings per share | | |
| Basic (Yen) | 174.83 | 122.52 |
| Diluted (Yen) | — | — |

Condensed Quarterly Consolidated Statement of Comprehensive Income

Third quarter (Nine months) ended December 31, 2022 and 2023

(Millions of yen)

| | Third quarter of FY2023.3 (April 1, 2022 – December 31, 2022) | Third quarter of FY2024.3 (April 1, 2023 – December 31, 2023) |
|---|---|---|
| Profit for the period | 30,022 | 20,750 |
| Other comprehensive income | | |
| Items that will not be reclassified to profit or loss | | |
| Remeasurements of defined benefit plans | (1,701) | 2,359 |
| Gains (losses) on financial assets measured at fair value through other comprehensive income | 2,374 | 10,549 |
| Total items that will not be reclassified to profit or loss | 672 | 12,909 |
| Items that may be subsequently reclassified to profit or loss | | |
| Exchange differences on translation of foreign operations | 5,833 | 11,969 |
| Gains (losses) on cash flow hedges | 276 | 65 |
| Total items that may be subsequently reclassified to profit or loss | 6,109 | 12,034 |
| Total other comprehensive income | 6,782 | 24,944 |
| Comprehensive income for the period | 36,804 | 45,694 |
| Comprehensive income for the period attributable to: | | |
| Owners of parent | 36,794 | 45,635 |
| Non-controlling interests | 10 | 59 |

(3) Condensed Quarterly Consolidated Statement of Changes in Equity

Third quarter of FY2023.3 (April 1, 2022—December 31, 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 | — | — | 30,004 | — | — | — | — |
| Other comprehensive income | — | — | — | — | (1,701) | 2,374 | 5,841 |
| Total comprehensive income for the period | — | — | 30,004 | — | (1,701) | 2,374 | 5,841 |
| Purchase of treasury shares | — | — | — | (5) | — | — | — |
| Dividends | — | — | (11,325) | — | — | — | — |
| Share-based compensation | — | (421) | — | 644 | — | — | — |
| Change in scope of consolidation | — | — | — | — | — | — | — |
| Changes in the ownership interest of a subsidiary without a loss of control | — | — | — | — | — | — | — |
| Reclassified to retained earnings | — | — | (1,702) | — | 1,701 | 0 | — |
| Total transactions with owners | — | (421) | (13,027) | 639 | 1,701 | 0 | — |
| Balance at December 31, 2022 | 28,534 | 1,692 | 415,493 | (72,648) | — | 42,033 | 26,362 |

(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 | | Total | |
| Balance at April 1, 2022 | (345) | 59,834 | 415,713 | 1,154 | 416,867 |
| Profit for the period | — | — | 30,004 | 17 | 30,022 |
| Other comprehensive income | 276 | 6,789 | 6,789 | (7) | 6,782 |
| Total comprehensive income for the period | 276 | 6,789 | 36,794 | 10 | 36,804 |
| Purchase of treasury shares | — | — | (5) | — | (5) |
| Dividends | — | — | (11,325) | (56) | (11,382) |
| Share-based compensation | — | — | 222 | — | 222 |
| Change in scope of consolidation | — | — | — | — | — |
| Changes in the ownership interest of a subsidiary without a loss of control | — | — | — | — | — |
| Reclassified to retained earnings | — | 1,702 | — | — | — |
| Total transactions with owners | — | 1,702 | (11,108) | (56) | (11,165) |
| Balance at December 31, 2022 | (69) | 68,326 | 441,398 | 1,108 | 442,507 |

Third quarter of FY2024.3 (April 1, 2023—December 31, 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 | — | — | 20,719 | — | — | — | — |
| Other comprehensive income | — | — | — | — | 2,359 | 10,549 | 11,941 |
| Total comprehensive income for the period | — | — | 20,719 | — | 2,359 | 10,549 | 11,941 |
| Purchase of treasury shares | — | — | — | (8,888) | — | — | — |
| Dividends | — | — | (11,869) | — | — | — | — |
| Share-based compensation | — | 103 | — | 56 | — | — | — |
| Change in scope of consolidation | — | — | (103) | — | — | — | — |
| Changes in the ownership interest of a subsidiary without a loss of control | — | 57 | — | — | — | — | — |
| Reclassified to retained earnings | — | — | 2,365 | — | (2,359) | (6) | — |
| Total transactions with owners | — | 161 | (9,607) | (8,831) | (2,359) | (6) | — |
| Balance at December 31, 2023 | 28,534 | 1,916 | 439,278 | (87,598) | — | 57,786 | 42,130 |

(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 | | Total | |
| Balance at April 1, 2023 | (284) | 77,148 | 456,837 | 1,106 | 457,944 |
| Profit for the period | — | — | 20,719 | 31 | 20,750 |
| Other comprehensive income | 65 | 24,915 | 24,915 | 28 | 24,944 |
| Total comprehensive income for the period | 65 | 24,915 | 45,635 | 59 | 45,694 |
| Purchase of treasury shares | — | — | (8,888) | — | (8,888) |
| Dividends | — | — | (11,869) | (40) | (11,910) |
| Share-based compensation | — | — | 160 | — | 160 |
| Change in scope of consolidation | — | — | (103) | — | (103) |
| Changes in the ownership interest of a subsidiary without a loss of control | — | — | 57 | (62) | (4) |
| Reclassified to retained earnings | — | (2,365) | — | — | — |
| Total transactions with owners | — | (2,365) | (20,643) | (102) | (20,746) |
| Balance at December 31, 2023 | (218) | 99,698 | 481,829 | 1,063 | 482,892 |

(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 paid was completed in the second quarter of the current consolidated fiscal year, the tentatively calculated amount has been revised. The consideration paid 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 an increase 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 retroactive adjustment.

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

| | (Millions of yen) |
|---|-------------------|
| Fair value of consideration paid | 5,122 |
| Fair value of assets acquired and liabilities assumed | |
| Assets | |
| Cash and cash 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, and are all included in "Selling, general and administrative expenses." Of this amount, the acquisition-related expenses recorded in the previous 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) |

Other Expenses

Impairment of non-financial assets

In the third quarter of the consolidated fiscal year ending March 31, 2024, an impairment loss of ¥(2,147) million was recognized on piano manufacturing facilities in China in the musical instruments business segment, which was recorded under “Other expenses.”

The breakdown of the impairment loss are as follows.

(Millions of yen)

| Segment | Location | Impairment loss | |
|---------------------|----------|-----------------------------------|---------|
| | | Type | Amount |
| Musical instruments | China | Property, plant and equipment | |
| | | Machinery, equipment and vehicles | (1,635) |
| | | Others | (512) |
| | | Total | (2,147) |

(1) Method of asset grouping

The Group classifies assets in the smallest cash-generating units that generally generate independent cash inflows. Leased assets, idle assets, and assets scheduled for disposal are grouped by individual asset.

(2) Background leading to the recognition of an impairment loss

Yamaha’s production strategy to date has been to actively transfer processes to overseas factories. However, as issues such as risks associated with the dispersion of technologies and skills and the risk of not being able to pass them on, the continued depreciation of the yen and rising overseas production costs, as well as geopolitical risks have become apparent, Yamaha has been considering a new production strategy to strengthen its manufacturing resilience. As part of this effort, Yamaha has decided to concentrate its resources in Japan and consolidate operations with regard to the piano frame manufacturing process, which had previously been based at two sites in Japan and China, in light of the recent market environment and production conditions.

As a result of this decision, an impairment loss was recognized on its manufacturing facilities in China that are no longer expected to be used in the future.

(3) Calculation method of recoverable amount

The recoverable amount is measured based on value in use. The recoverable amount of fixed assets that are no longer expected to be used in the future is zero because no future cash flows are expected.

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.

Third quarter of FY2023.3 (April 1, 2022 – December 31, 2022)

(Millions of yen)

| | Reportable segment | | | Others | Total | Adjustments | Consolidated |
|--|---------------------|-----------------|---------|--------|---------|-------------|--------------|
| | Musical instruments | Audio equipment | Total | | | | |
| Revenue | | | | | | | |
| Revenue from external customers | 230,434 | 76,140 | 306,574 | 31,646 | 338,221 | — | 338,221 |
| Intersegment revenue | — | — | — | 218 | 218 | (218) | — |
| Total | 230,434 | 76,140 | 306,574 | 31,864 | 338,439 | (218) | 338,221 |
| Core operating profit [Segment profit] | 31,384 | 1,709 | 33,093 | 5,642 | 38,736 | — | 38,736 |
| Other income | | | | | | | 1,309 |
| Other expenses | | | | | | | (894) |
| Operating profit | | | | | | | 39,151 |
| Finance income | | | | | | | 3,043 |
| Finance expenses | | | | | | | (346) |
| Profit before income taxes | | | | | | | 41,848 |

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

Third quarter of FY2024.3 (April 1, 2023 – December 31, 2023)

(Millions of yen)

| | Reportable segment | | | Others | Total | Adjustments | Consolidated |
|--|---------------------|-----------------|---------|--------|---------|-------------|--------------|
| | Musical instruments | Audio equipment | Total | | | | |
| Revenue | | | | | | | |
| Revenue from external customers | 228,062 | 86,245 | 314,307 | 27,480 | 341,788 | — | 341,788 |
| Intersegment revenue | — | — | — | 190 | 190 | (190) | — |
| Total | 228,062 | 86,245 | 314,307 | 27,671 | 341,978 | (190) | 341,788 |
| Core operating profit [Segment profit] | 21,352 | 4,094 | 25,446 | 2,352 | 27,798 | — | 27,798 |
| Other income | | | | | | | 1,054 |
| Other expenses | | | | | | | (3,223) |
| Operating profit | | | | | | | 25,630 |
| Finance income | | | | | | | 4,245 |
| Finance expenses | | | | | | | (415) |
| Profit before income taxes | | | | | | | 29,460 |

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

Contingent Liabilities

Yamaha Music Europe GmbH (hereinafter “YME”), a consolidated subsidiary of Yamaha Corporation, 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 Yamaha’s 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

(Acquisition of Treasury Stock)

Yamaha Corporation (hereinafter the “Company”) decided at the meeting of the Board of Directors held on February 6, 2024, the following items related to the acquisition of treasury stock based on the application of the provisions of Article 156 of Japan’s Companies Act pursuant to the rewording of Article 165-3.

(1) Reason for Acquisition of Treasury Stock

The objective is to improve shareholder returns and capital efficiency.

(2) Details of Items Related to Acquisition

- | | |
|--|--|
| (a) Type of shares to be acquired: | Common stock of the Company |
| (b) Total number of shares to be acquired: | 7,000,000 shares (maximum) (Representing 4.1% of outstanding shares, excluding treasury shares) |
| (c) Total amount of acquisition: | ¥15.0 billion (maximum) |
| (d) Acquisition period: | February 7, 2024 to July 31, 2024 |
| (e) Acquisition method: | Purchase on the Tokyo Stock Exchange market |

(3) Other

The Company is planning to cancel all the treasury shares purchased in this acquisition. When the date for cancellation is decided, the Company will make an announcement.