YAMAHA CORPORATION

Flash Report
Consolidated Basis (IFRS)
Results for the Fiscal Year Ended March 31, 2023
(April 1, 2022－March 31, 2023)

May 9, 2023

Company name:	YAMAHA CORPORATION (URL https://www.yamaha.com/en/)
Code number:	7951
Stock listing:	TSE Prime Market
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Scheduled date of Ordinary General Shareholders' Meeting:	June 23 2023
Scheduled date to submit Securities Report:	June 26, 2023
Scheduled date to begin dividend payments:	June 26, 2023
Supplementary materials to the financial statements have been prepared:	Yes
Presentation will be held to explain the financial results:	Yes (for securities analysts and institutional investors)

1. Consolidated Financial Results for FY2023.3 (April 1, 2022－March 31, 2023)

Figures of less than ¥1 million have been omitted.

(1) Consolidated Operating Results

(Percentage figures are changes from 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	%
FY2023.3 (Ended March 31, 2023)	**451,410**	**10.6**	**45,867**	**6.6**	**46,484**	**(5.8)**	**50,552**	**(4.7)**
FY2022.3 (Ended March 31, 2022)	408,197	9.5	43,029	5.7	49,337	40.8	53,028	42.9

Note: Comprehensive income: **FY2023.3 ¥58,297 million (0.7%)**
FY2022.3 ¥58,680 million (28.6%)

	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
FY2023.3 (Ended March 31, 2023)	**38,177**	**2.2**	**38,183**	**2.5**	**222.64**	**—**
FY2022.3 (Ended March 31, 2022)	37,361	39.9	37,268	40.0	214.87	—

	Profit ratio for the period to the share attributable to owners of parent	Profit ratio before income taxes to total assets	Core operating profit ratio to revenue
	%	%	%
FY2023.3 (Ended March 31, 2023)	**8.8**	**8.6**	**10.2**
FY2022.3 (Ended March 31, 2022)	9.2	9.3	10.5

(For reference) Share of profit of associates accounted for using the equity method: **FY2023.3 ¥— million**
FY2022.3 ¥— million

(2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of parent	Equity ratio attributable to owners of parent	Equity per share attributable to owners of parent
	Millions of yen	Millions of yen	Millions of yen	%	Yen
FY2023.3 (As of March 31, 2023)	**594,246**	**457,944**	**456,837**	**76.9**	**2,680.32**
FY2022.3 (As of March 31, 2022)	580,662	416,867	415,713	71.6	2,423.37

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
FY2023.3 (Ended March 31, 2023)	**(14,841)**	**(21,563)**	**(35,287)**	**103,886**
FY2022.3 (Ended March 31, 2022)	36,016	43,707	(44,426)	172,495

2. Dividends

	Annual dividends					Total dividends (annual)	Consolidated payout ratio	Consolidated payout ratio attributable to owners of parent
	End of first quarter	End of second quarter	End of third quarter	End of fiscal year	Full fiscal year			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
FY2022.3	—	33.00	—	33.00	66.00	11,361	30.7	2.8
FY2023.3	—	33.00	—	33.00	66.00	11,289	29.6	2.6
FY2024.3 (Forecast)	—	37.00	—	37.00	74.00		29.8	

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

	Revenue		Core operating profit		Operating profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2024.3	470,000	4.1	56,000	22.1	56,000	20.5

	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	58,000	14.7	42,000	10.0	248.53

* Core operating profit corresponds to operating profit under Japanese GAAP and is calculated by subtracting selling, general and administrative expenses from gross profit.

Footnote

(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: Yes
(c) Changes in accounting estimates: None

Note: The Company changed its accounting policy in FY2023.3 and retroactively adjusted its consolidated financial statements for FY2022.3. For details, please refer to “3. Consolidated Financial Statements and Major Notes, (5) Notes to the Consolidated Financial Statements, Changes in Accounting Policies” on page 13 of the attached document.

(3) Number of shares outstanding (common shares)

(a) Number of shares outstanding at the end of the period (including treasury shares)	FY2023.3	187,300,000 shares	FY2022.3	187,300,000 shares
(b) Number of treasury shares at the end of the period	FY2023.3	16,858,633 shares	FY2022.3	15,756,795 shares
(c) Average number of shares outstanding during the period (cumulative period)	FY2023.3	171,502,213 shares	FY2022.3	173,446,839 shares

(For Reference) Non-Consolidated Results

Non-consolidated results for FY2023.3 (April 1, 2022–March 31, 2023)

(1) Non-consolidated operating results

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

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2023.3 (Ended March 31, 2023)	258,389	18.7	20,284	68.3	43,104	5.4	35,090	(48.3)
FY2022.3 (Ended March 31, 2022)	217,696	12.1	12,049	2.2	40,883	60.0	67,936	259.0

	Net income per share	Net income per share after full dilution
	Yen	Yen
FY2023.3 (Ended March 31, 2023)	204.61	—
FY2022.3 (Ended March 31, 2022)	391.68	—

(2) Non-consolidated financial data

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
FY2023.3 (As of March 31, 2023)	386,593	304,055	78.6	1,783.93
FY2022.3 (As of March 31, 2022)	374,674	277,307	74.0	1,616.55

(For reference) Shareholders' equity: FY2023.3 ¥304,055 million FY2022.3 ¥277,307 million

***This flash report is exempt from the auditing procedures by certified public accountants or audit firms.**

***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 items related to consolidated performance forecasts, please refer to page 3.

The materials distributed at the presentation of financial statements and other materials will be posted on the Company's website immediately after the presentation is concluded.

Table of Contents of Supplementary Materials

1. Management Performance

(1) Overview of Management Performance

1. Review of the Fiscal Year (FY2023.3)

Looking back at the business environment in FY2023.3, the global economy has been gradually recovering as social activities have resumed, including the lifting of restrictions on activities due to the COVID-19 pandemic. However, the outlook remains uncertain due to such factors as global trend of rising prices caused by soaring energy and raw material prices along with the downward pressure on the economy caused by monetary tightening in various countries to curb the trend.

Under these conditions, the Yamaha Group has positioned the three-year period of its medium-term management plan "Make Waves 2.0" as an opportunity to enhance sustainable growth capability in the post COVID-19 new society. The aim is to realize "Well-Being of People around the World," and the Yamaha Group has been implementing various measures under three policies to "Further strengthen the business foundations," "Set sustainability as a source of value" and "Enable Yamaha colleagues to be more valued, more engaged and more committed."

Further strengthen the business foundations
In the area to "develop closer ties with customers," Yamaha has expanded direct contact with customers through the introduction of the Yamaha Music ID, which allows customers to use various Yamaha web and software services with a single login ID, and through the expansion of showroom functions at brand shops. Yamaha has also developed various approaches to encourage new customers to start playing musical instruments, such as collaboration projects with popular animations. In the category of "creating new value," Yamaha's advanced technologies and rich sensibilities enabled Yamaha to offer many new experiences to its customers, such as AI piano ensemble technology that allows users to play with their favorite pianist, and AI singing voice conversion technology that enables users to become the voice of a famous singer in real time. In addition, the Group is working on Yamaha Music Connect, as a service business concept to make users' music life more enjoyable and creative, bringing together its various technologies, content, and applications, as well as incorporating external resources and services to create an ecosystem. In the area of "being more flexible and resilient," the Group is improving flexibility and risk responsiveness in procurement and production by establishing an area management system for manufacturing bases, strategically reviewing suppliers and parts types, and producing the same product lines at multiple locations.

Setting sustainability as a source of value
To "build a value chain that supports the future of the earth and society," the Group is making steady progress toward achieving carbon neutrality by 2050. In this context, the Group is working towards addressing climate change by promoting energy-saving activities at each location, increasing the number of solar power generation panels, and switching to renewable energy resources. To promote sustainably sourced timber use, the Group continues to promote the cultivation and conservation of rare tree species used to make musical instruments through the expansion of certified timber use and "Oto no Mori" activities in Hokkaido, Tanzania, and other regions. In the field of "enhancing brand and competitiveness by contributing to comfortable lives," the Group is actively working on universal design initiatives for a variety of products to create a sound barrier-free environment, such as the research and development of the Daredemo Pianos (Auto-Accompanied Pianos). In the area of "expanding market through the promotion and development of music culture," the Project for Introducing Japanese Instrumental Music Education to Elementary Education in India was selected as one of the Second EDU-Port Nippon Support Project in 2022 by the Ministry of Education, Culture, Sports, Science and Technology (MEXT), contributing to the spread of instrumental music education.

Enable Yamaha colleagues to be more valued, more engaged and more committed
In terms of "increasing job satisfaction," the Group has enhanced various systems and mechanisms to realize flexible work styles, such as support for employees to autonomously plan their careers and to allow side jobs. To "promote respect for human rights and DE&I," the Group is enhancing human rights due diligence and human rights education, and working to promote the active participation of global human resources and women to create an environment in which diverse human resources can play a more active role. To "foster open organizational culture where people can proactively take on challenges," each division is increasing various opportunities for dialogue with originality and ingenuity to increase psychological safety. In addition, as an environment where everyone can work with vigor and enthusiasm, the Company is developing two bases, construction of which is to be completed in the spring of 2024. One is the construction of the Headquarters building, where the sales and staff divisions are gathered together with three adjacent buildings, based on the concept of promoting the exchange of human resources in each function. The other is Yokohama Symphostage, which will be a new base for promoting open innovation with brand communication and R&D functions,

in addition to integrating sales offices in the Tokyo metropolitan area. The Group will continue its efforts to create a workplace where each and every one of Yamaha's diverse employees can work comfortably and increase job satisfaction.

In FY2023.3, revenue increased by ¥43,212 million (+10.6%) year on year to ¥451,410 million. This was mainly due to the significant depreciation of the Japanese yen against the US dollar, despite semiconductor procurement difficulties, lower demand for entry-level models, and disruptions caused by the COVID-19 pandemic in China. Core operating profit increased by ¥2,837 million (+6.6%) year on year to ¥45,867 million, partly due to the contribution of foreign exchange, amid rising material and other costs. Profit attributable to owners of the parent was ¥38,183 million, up ¥915 million (+2.5%) year on year, due to the increase in core operating profit.

Results of operations by segment were as follows:

Musical Instruments
Revenue of acoustic pianos declined significantly due to the impact of disruption caused by the COVID-19 pandemic in China. Revenue of digital musical instruments decreased due to decline in demand mainly for entry-level models. Revenue of wind, string, and percussion instruments increased significantly due to sales growth in North America. Revenue of guitars increased due to strong sales of electric guitars.

As a result, revenue of the musical instruments segment overall increased by ¥26,499 million (9.6%) year on year to ¥302,653 million, while core operating profit decreased by ¥1,131 million (3.0%) year on year to ¥36,200 million due to the impact of the significant decline in acoustic piano sales.

Audio Equipment
Revenue of audio products declined significantly due to the impact of semiconductor procurement difficulties and sluggish sales of entry-level models. Revenue of professional audio equipment increased due to improved product supply led by a partial easing of semiconductor procurement difficulties. Revenue of ICT equipment increased significantly due to continued strong sales of network-related products.

As a result, revenue of the audio equipment segment overall increased by ¥10,717 million (11.1%) year on year to ¥107,641 million. Core operating profit increased by ¥1,927 million (125.3%) to ¥3,466 million.

Others
Revenue of electronic devices and golf products increased significantly, while revenue of automobile interior wood components and factory automation (FA) equipment declined.

As a result, revenue of others segment overall increased by ¥5,996 million (17.1%) year on year to ¥41,115 million. Core operating profit increased by ¥ 2,041 million (49.1%) to ¥ 6,200 million.

2. Forecast for FY2024.3

Although the outlook for the global economy remains uncertain, the Company forecasts its revenue of ¥470 billion, core operating profit of ¥56 billion, and net profit for the period attributable to owners of the parent of ¥42 billion, incorporating a recovery in markets such as China and Europe, as well as an improvement in product supply shortages due to semiconductor procurement difficulties and other factors.

The forward-looking statements in this flash report contain inherent risks and uncertainties insofar as they are based on future projections and plans that may differ materially from the actual results achieved.

(2) Overview of Financial Position

1. Consolidated Financial Position

Total assets at the end of this consolidated fiscal year amounted to ¥594,246 million, an increase of ¥13,584 million (2.3%) from ¥580,662 million at the end of the previous fiscal year. Current assets decreased by ¥16,131 million (4.4%) from the end of the previous fiscal year to ¥346,545 million, and non-current assets increased by ¥29,715 million (13.6%) to ¥247,701 million. In current assets, inventories increased due to production delays in some products caused by semiconductor procurement difficulties, a decline in demand for entry-level models, and disruptions caused by the COVID-19 pandemic in China, along with the impact of exchange rate fluctuations. Cash and cash equivalents decreased due to increased inventories, repayment of short-term borrowings associated with the expansion of intragroup financing and payment of accrued income taxes payables, which increased due to the sale of investment securities in the previous fiscal year. In non-current assets, financial assets increased due to a rise in market value of securities held and property, plant and equipment grew due to capital investment. In addition, goodwill increased due to the acquisition of the equity interest in Cordoba Music Group, LLC.

Total liabilities at the end of this consolidated fiscal year were ¥136,302 million, a decrease of ¥27,491 million (16.8%) from ¥163,794 million at the end of the previous fiscal year. Current liabilities decreased ¥30,974 million (24.6%) from the end of the previous fiscal year to ¥95,140 million, and non-current liabilities increased by ¥3,482 million (9.2%) to ¥41,162 million. In current liabilities, interest-bearing debt decreased due to the repayment of short-term borrowings associated with the expansion of intragroup financing, and accrued income taxes payables decreased due to payment of income taxes on the sale of investment securities in the previous fiscal year.

Total equity at the end of this fiscal year amounted to ¥457,944 million, an increase of ¥41,076 million (9.9%) from ¥416,867 million at the end of the previous fiscal year. The overall increase was due to an increase in retained earnings resulting from the recording of profit for the period along with an increase in other components of equity resulting from the impact of foreign exchange fluctuations and a net increase in the market value of securities held, despite shareholder returns through the purchase of treasury shares and dividend payments.

2. Cash Flows

Cash and cash equivalents (hereinafter "cash") at the end of the fiscal year decreased ¥ 68,608 million (compared to an increase of ¥ 43,150 million in the previous fiscal year) and stood at ¥103,886 million.

Cash Flows from Operating Activities

Cash flow from operating activities for the fiscal year was an outflow of ¥14,841 million (compared to cash inflow of ¥36,016 million in the previous fiscal year). This net cash outflow against profit before income taxes, was due mainly to the increase in inventories, which was affected by production delays in some products caused by semiconductor procurement difficulties, a decline in demand for entry-level models, and disruptions caused by the COVID-19 pandemic in China, as well as due to the payment of income taxes on the sale of investment securities in the previous fiscal year.

Cash Flows from Investing Activities

Cash flow from investing activities for the fiscal year was an outflow of ¥21,563 million (compared to a cash inflow of ¥43,707 million in the previous fiscal year primarily due to the proceeds from the sale of investment securities). This net cash outflow was primarily due to the purchase of property, plant and equipment and acquisition of equity interests in Cordoba Music Group, LLC.

Cash Flows from Financing Activities

Cash flow from financing activities for the fiscal year was an outflow of ¥35,287 million (compared to a cash outflow of ¥44,426 million in the previous fiscal year primarily due to the purchase of treasury shares). This net cash outflow was primarily due to the repayment of short-term borrowings associated with the expansion of intragroup financing, payment of cash dividends, and the purchase of its treasury shares.

3. Forecasts for FY2024.3

For FY2024.3, the Company forecasts cash inflows from operating activities of ¥92 billion, cash outflows from investing activities of ¥29 billion, and a free cash inflow of ¥63 billion.

> The forward-looking statements in this flash report contain inherent risks and uncertainties insofar as they are based on future projections and plans that may differ materially from the actual results achieved.

(3) Basic Policy for Allocation of Profit and Dividends for FY2023.3 and FY2024.3

In consideration of the improvement of return on equity (ROE) attributable to owners of parent, the Company undertakes investments for growth—including R&D, for marketing capabilities, and the making of other capital investments—based on its medium-term consolidated profit level, while actively returning profits to shareholders. The Company aims to maintain a balance between investing in future growth and providing adequate internal reserves while implementing flexible shareholder returns based on continuous and steady cash dividends. Its target consolidated total return ratio for the medium-term management plan period is 50% (cumulative amount of medium-term management plan period).

For the year-end dividend for FY2023.3, the Company decided to pay a regular dividend on its common shares of ¥33.00 per share (¥66.00 per share for the full fiscal year) in view of the above-mentioned policy, its financial position, and other factors. Regarding dividends for the fiscal year ending March 31, 2024, the Company is planning to pay a regular dividend of ¥74.00 per share for the full fiscal year (consisting of an interim dividend of ¥37.00 per share and a year-end dividend of ¥37.00 per share).

> The forward-looking statements in this flash report contain inherent risks and uncertainties insofar as they are based on future projections and plans that may differ materially from the actual results achieved.

2. Basic Approach to Selection of Accounting Standards

The Yamaha Group has voluntarily adopted the International Financial Reporting Standards (IFRS), with the aims of increasing the feasibility of international comparisons of financial information in financial markets and improving the level of management globally.

3. Consolidated Financial Statements and Major Notes

(1) Consolidated Statement of Financial Position

(Millions of yen)

	FY2022.3 (as of March 31, 2022) Restatement (Note)	FY2023.3 (as of March 31, 2023)
Assets		
Current assets		
Cash and cash equivalents	172,495	103,886
Trade and other receivables	60,018	75,354
Other financial assets	4,352	1,089
Inventories	118,640	153,569
Other current assets	7,169	12,645
Total current assets	362,676	346,545
Non-current assets		
Property, plant and equipment	102,898	112,160
Right-of-use assets	21,655	21,852
Goodwill	177	4,626
Intangible assets	3,045	2,982
Financial assets	70,319	80,738
Retirement benefit assets	10,786	14,018
Deferred tax assets	7,627	9,716
Other non-current assets	1,474	1,605
Total non-current assets	217,985	247,701
Total assets	580,662	594,246

Note: See (5) Notes to the Consolidated Financial Statements (Changes in Accounting Policies)

(Millions of yen)

	FY2022.3 (as of March 31, 2022) Restatement (Note)	FY2023.3 (as of March 31, 2023)
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	63,184	60,574
Interest-bearing debt	10,523	1,489
Lease liabilities	5,727	5,733
Other financial liabilities	10,156	9,909
Income taxes payables	20,260	2,851
Provisions	2,086	2,114
Other current liabilities	14,174	12,468
Total current liabilities	126,114	95,140
Non-current liabilities		
Interest-bearing debt	—	6
Lease liabilities	11,647	10,440
Other financial liabilities	110	74
Retirement benefit liabilities	13,338	14,067
Provisions	2,399	2,744
Deferred tax liabilities	7,954	11,704
Other non-current liabilities	2,228	2,123
Total non-current liabilities	37,679	41,162
Total liabilities	163,794	136,302
Equity		
Capital stock	28,534	28,534
Capital surplus	2,114	1,755
Retained earnings	398,516	428,166
Treasury shares	(73,288)	(78,766)
Other components of equity	59,834	77,148
Equity attributable to owners of parent	415,713	456,837
Non-controlling interests	1,154	1,106
Total equity	416,867	457,944
Total liabilities and equity	580,662	594,246

Note: See (5) Notes to the Consolidated Financial Statements (Changes in Accounting Policies)

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

Consolidated Statement of Income

(Millions of yen)

	FY2022.3 (April 1, 2021－March 31, 2022) Restatement (Note)	FY2023.3 (April 1, 2022－March 31, 2023)
Revenue	408,197	451,410
Cost of sales	(253,460)	(280,270)
Gross profit	154,736	171,139
Selling, general and administrative expenses	(111,706)	(125,272)
Core operating profit	43,029	45,867
Other income	7,558	2,006
Other expenses	(1,250)	(1,389)
Operating profit	49,337	46,484
Finance income	5,792	4,509
Finance expenses	(2,102)	(441)
Profit before income taxes	53,028	50,552
Income taxes	(15,666)	(12,375)
Profit for the period	37,361	38,177
Profit for the period attributable to:		
Owners of parent	37,268	38,183
Non-controlling interests	92	(6)
Earnings per share		
Basic (Yen)	214.87	222.64
Diluted (Yen)	—	—

Note: See (5) Notes to the Consolidated Financial Statements (Changes in Accounting Policies)

Consolidated Statement of Comprehensive Income

(Millions of yen)

	FY2022.3 (April 1, 2021－March 31, 2022) Restatement (Note)	FY2023.3 (April 1, 2022－March 31, 2023)
Profit for the period	37,361	38,177
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plans	2,956	2,660
Financial assets measured at fair value through other comprehensive income	(582)	7,714
Total items that will not be reclassified to profit or loss	2,373	10,374
Items that may be subsequently reclassified to profit or loss		
Exchange differences on translation of foreign operations	19,166	9,683
Gain or loss on cash flow hedges	(221)	61
Total items that may be subsequently reclassified to profit or loss	18,944	9,744
Total other comprehensive income	21,318	20,119
Comprehensive income for the period	58,680	58,297
Comprehensive income for the period attributable to:		
Owners of parent	58,447	58,288
Non-controlling interests	232	8

Note: See (5) Notes to the Consolidated Financial Statements (Changes in Accounting Policies)

(3) Consolidated Statement of Changes in Equity

FY2022.3 (April 1, 2021－March 31, 2022)

(Millions of yen)

	Equity attributable to owners of parent						
					Other components of equity		
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Remeasurements of defined benefit plans	Financial assets measured at fair value through other comprehensive income	Exchange differences on translation of foreign operations
Balance at April 1, 2021	28,534	21,430	337,923	(65,086)	—	71,786	1,494
Effect of changes in accounting policies	—	—	783	—	—	—	—
Balance after restatement at beginning of period	28,534	21,430	338,706	(65,086)	—	71,786	1,494
Profit for the period	—	—	37,268	—	—	—	—
Other comprehensive income	—	—	—	—	2,956	(582)	19,026
Total comprehensive income for the period	—	—	37,268	—	2,956	(582)	19,026
Purchase of treasury shares	—	—	—	(28,009)	—	—	—
Cancellation of treasury shares	—	(19,333)	(457)	19,790	—	—	—
Dividends	—	—	(11,501)	—	—	—	—
Share-based compensation	—	18	—	16	—	—	—
Reclassified to retained earnings	—	—	34,500	—	(2,956)	(31,544)	—
Total transactions with owners	—	(19,315)	22,541	(8,201)	(2,956)	(31,544)	—
Balance at March 31, 2022	28,534	2,114	398,516	(73,288)	—	39,659	20,521

(Millions of yen)

	Equity attributable to owners of parent			Non-controlling interests	Total equity
	Other components of equity		Total		
	Gain or loss on cash flow hedges	Total			
Balance at April 1, 2021	(123)	73,156	395,958	991	396,949
Effect of changes in accounting policies	—	—	783	—	783
Balance after restatement at beginning of period	(123)	73,156	396,741	991	397,732
Profit for the period	—	—	37,268	92	37,361
Other comprehensive income	(221)	21,178	21,178	139	21,318
Total comprehensive income for the period	(221)	21,178	58,447	232	58,680
Purchase of treasury shares	—	—	(28,009)	—	(28,009)
Cancellation of treasury shares	—	—	—	—	—
Dividends	—	—	(11,501)	(68)	(11,570)
Share-based compensation	—	—	34	—	34
Reclassified to retained earnings	—	(34,500)	—	—	—
Total transactions with owners	—	(34,500)	(39,476)	(68)	(39,544)
Balance at March 31, 2022	(345)	59,834	415,713	1,154	416,867

FY2023.3 (April 1, 2022－March 31, 2023)

(Millions of yen)

	Equity attributable to owners of parent						
					Other components of equity		
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Remeasurements of defined benefit plans	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	—	—	38,183	—	—	—	—
Other comprehensive income	—	—	—	—	2,660	7,714	9,668
Total comprehensive income for the period	—	—	38,183	—	2,660	7,714	9,668
Purchase of treasury shares	—	—	—	(6,123)	—	—	—
Cancellation of treasury shares	—	—	—	—	—	—	—
Dividends	—	—	(11,325)	—	—	—	—
Share-based compensation	—	(359)	—	644	—	—	—
Reclassified to retained earnings	—	—	2,791	—	(2,660)	(130)	—
Total transactions with owners	—	(359)	(8,534)	(5,478)	(2,660)	(130)	—
Balance at March 31, 2023	28,534	1,755	428,166	(78,766)	—	47,242	30,189

(Millions of yen)

	Equity attributable to owners of parent			Non-controlling interests	Total equity
	Other components of equity		Total		
	Gain or loss on cash flow hedges	Total			
Balance at April 1, 2022	(345)	59,834	415,713	1,154	416,867
Profit for the period	—	—	38,183	(6)	38,177
Other comprehensive income	61	20,104	20,104	15	20,119
Total comprehensive income for the period	61	20,104	58,288	8	58,297
Purchase of treasury shares	—	—	(6,123)	—	(6,123)
Cancellation of treasury shares	—	—	—	—	—
Dividends	—	—	(11,325)	(56)	(11,382)
Share-based compensation	—	—	285	—	285
Reclassified to retained earnings	—	(2,791)	—	—	—
Total transactions with owners	—	(2,791)	(17,163)	(56)	(17,220)
Balance at March 31, 2023	(284)	77,148	456,837	1,106	457,944

(4) Consolidated Statement of Cash Flows

(Millions of yen)

	FY2022.3 (April 1, 2021－March 31, 2022) Restatement (Note)	FY2023.3 (April 1, 2022－March 31, 2023)
Cash flows from operating activities:		
Profit before income taxes	53,028	50,552
Depreciation and amortization	17,314	19,270
Impairment losses (reversal of impairment losses)	322	62
Finance income and finance expenses	(3,367)	(4,310)
Loss (gain) on disposal or sales of property, plant and equipment and intangible assets	(4,597)	5
(Increase) decrease in inventories	(13,751)	(28,251)
(Increase) decrease in trade and other receivables	582	(12,369)
Increase (decrease) in trade and other payables	3,950	(4,476)
Increase (decrease) in retirement benefit assets and liabilities	(8,955)	(327)
Increase (decrease) in provisions	530	(295)
Increase (decrease) in amount payables due to transition to defined contribution plans	(1,487)	(31)
Other, net	(245)	(1,906)
Subtotal	43,323	17,921
Interest and dividends income received	4,255	3,663
Interest expenses paid	(404)	(453)
Income taxes refunded (paid)	(11,158)	(35,973)
Cash flows from operating activities	36,016	(14,841)
Cash flows from investing activities:		
Net (increase) decrease in time deposits	4,850	3,517
Purchase of property, plant and equipment and intangible assets	(14,530)	(20,726)
Proceeds from sales of property, plant and equipment and intangible assets	6,111	227
Purchase of investment securities	(0)	(1)
Proceeds from sales and redemption of investment securities	47,255	615
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(4,898)
Other, net	21	(297)
Cash flows from investing activities	43,707	(21,563)
Cash flows from financing activities:		
Net increase (decrease) in short-term borrowings	679	(8,965)
Proceeds from long-term borrowings	955	—
Repayments of long-term borrowings	(449)	(1,890)
Repayment of lease liabilities	(6,022)	(6,356)
Purchase of treasury shares	(28,009)	(6,123)
(Increase) decrease in deposits for purchase of treasury shares	—	(477)
Cash dividends paid	(11,501)	(11,325)
Cash dividends paid to non-controlling interests	(68)	(56)
Other, net	(8)	(90)
Cash flows from financing activities	(44,426)	(35,287)
Effect of exchange rate change on cash and cash equivalents	7,852	3,083
Net increase (decrease) in cash and cash equivalents	43,150	(68,608)
Cash and cash equivalents at beginning of period	129,345	172,495
Cash and cash equivalents at end of period	172,495	103,886

Note: See (5) Notes to Consolidated Financial Statements (Changes in Accounting Policies)

(5) Notes to the Consolidated Financial Statements

Notes Regarding Assumptions as a Going Concern

Not applicable

Changes in Accounting Policies

Attributing post-employment benefit to period of service

In accordance with the Agenda Decisions by the IFRS Interpretations Committee issued in May 2021, Attributing Benefit to Periods of Service (IAS 19 'Employee Benefits'), of the obligations that were previously recognized by attributing post-employment benefit obligations to employees over their service period, for those that meet specific requirements, the Company changed the method of attributing post-employment benefit obligations to the period in which the obligation to pay benefits arises from the fiscal year ended March 2023. The change in accounting policies has been applied retrospectively, and the consolidated financial statements for the previous fiscal year have been prepared on a retrospective basis.

As a result, in the consolidated statement of financial position for the previous consolidated fiscal year, retirement benefit liabilities decreased by ¥1,205 million, deferred tax assets decreased by ¥265 million, and equity increased by ¥940 million, compared to before retrospective application. In addition, retained earnings at the beginning of period increased by ¥783 million after retroactive application to the consolidated statement of changes in equity, due to the cumulative impact reflected in equity at the beginning of the previous fiscal year. The effect of this change in accounting policies on the consolidated statement of income and consolidated statement of comprehensive income for the previous and this fiscal year is immaterial.

Changes in Presentation Method

Consolidated statement of financial position

Retirement benefit assets, which was included in "other non-current assets" in the previous consolidated fiscal year, is separately presented in this consolidated fiscal year due to its increased importance in terms of amount. To reflect this change in presentation method, the consolidated financial statements for the previous fiscal year have been reclassified.

As a result, ¥12,261 million presented as "other non-current assets" in the consolidated statement of financial position for the previous fiscal year has been reclassified as "retirement benefit assets" of ¥10,786 million and "other non-current assets" of ¥1,474 million.

Business Combination

Yamaha Guitar Group, Inc. (hereinafter "YGG"), a consolidated subsidiary of Yamaha Corporation, acquired equity interests in Cordoba Music Group, LLC (hereinafter "Cordoba"), a company that designs, develops, manufactures, and sells guitars and related products, and Cordoba and its three subsidiaries became consolidated subsidiaries of Yamaha Corporation.

(1) Outline of business combination

a. Name of the acquired company and its business:

Name of acquired company: Cordoba Music Group, LLC

Business description: Planning, development, manufacture and sales of guitars and related products, import agent for strings (U.S. only)

b. Date of acquisition: February 7, 2023

c. Percentage of equity interests acquired: 100%

d. Main purpose of the business combination:

In Yamaha Group's medium-term management plan "Make Waves 2.0," which covers the three-year period from April 2022, the Company is aiming to further expand its musical instruments business, and in particular, the Company is aiming to expand the scale of its guitar business, which is expected to grow rapidly, through aggressive investment to make it a pillar of its future musical instruments business. The acquisition of equity interests in Cordoba is in line with this policy.

Cordoba is a manufacturer and distributor of acoustic guitars, electric guitars, and ukuleles. Its Cordoba brand nylon string guitars and ukuleles and Guild brand acoustic and electric guitars are used by musicians in the United States and around the world. The company is headquartered in Santa Monica, California. with distribution and manufacturing facilities in Oxnard.

In 2014, the Group's guitar business acquired Line 6, a company that plans, develops, manufactures, and sells guitar peripherals and other products, as a subsidiary. In 2018, Line 6 changed its name to YGG and began planning, developing, and marketing as a multi-brand US base, including Yamaha brand guitars. In the same year, YGG took over the business of Ampeg, a globally well-known brand of bass amplifiers, and has steadily strengthened its foundation for business growth.

By adding Cordoba to the Group, the Company expects to complement and expand its product lineup, as well as strengthen its product planning and development and brand communication capabilities by utilizing Cordoba's expertise.

e. Method of obtaining control of the acquired company: Acquisition of equity interests for cash consideration

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

(Millions of yen)

Fair value of consideration paid (Note 1)	5,164
Fair value of assets acquired and liabilities assumed (Note 2)	
Assets	
Cash and equivalents	265
Trade and other receivables (Note 3)	238
Inventories	1,550
Property, plant and equipment	126
Others	252
Liabilities	
Trade and other payables	(441)
Interest-bearing debt	(1,010)
Others	(213)
Fair value of assets acquired and liabilities assumed (Net)	768
Goodwill (Note 2) (Note 4)	4,395

(Notes) 1. The consideration paid is adjusted for the balance of cash and deposit and liabilities as well as changes in working capital and other factors as of the closing date.
2. Goodwill, assets and liabilities recorded as of the end of FY2023.3 are tentatively calculated based on the information available at the time, since the identifiable assets and liabilities are still being evaluated and the allocation of the consideration for acquisition has not been completed as of the end of FY2023.3. The allocation of such goodwill to cash-generating units for impairment testing has not been completed.
3. 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.
4. Goodwill identified after the allocation of the acquisition consideration is expected to be deductible for Income tax calculation purposes.
5. Acquisition-related expenses of ¥(502) million related to this business combination are included in selling, general and administrative expenses.

(3) Cash flows from acquisition

(Millions of yen)

Cash and cash equivalents paid for acquisition	(5,164)
Cash and cash equivalents held by the acquired company at the time of acquisition	265
Payments for acquisition of subsidiaries, net	(4,898)

(4) Impact on financial results

Information on profit and loss after the acquisition date related to the business combination and information on profit and loss as if the business combination had taken place at the beginning of the fiscal year is not disclosed because the amount of impact on the consolidated financial statements is not material.

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.

In addition, 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.

FY2022.3 (April 1, 2021－March 31, 2022)

(Millions of yen)

	Reportable segment			Others	Total	Adjustments	Consolidated
	Musical instruments	Audio equipment	Total				
Revenue							
Revenue from external customers	276,153	96,924	373,077	35,119	408,197	—	408,197
Intersegment revenue	—	—	—	301	301	(301)	—
Total	276,153	96,924	373,077	35,420	408,498	(301)	408,197
Core operating profit (Segment profit)	37,332	1,538	38,871	4,158	43,029	—	43,029
Other income							7,558
Other expenses							(1,250)
Operating profit							49,337
Finance income							5,792
Finance expenses							(2,102)
Profit before income taxes							53,028

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

FY2023.3 (April 1, 2022－March 31, 2023)

(Millions of yen)

	Reportable segment			Others	Total	Adjustments	Consolidated
	Musical instruments	Audio equipment	Total				
Revenue							
Revenue from external customers	302,653	107,641	410,294	41,115	451,410	―	451,410
Intersegment revenue	―	―	―	293	293	(293)	―
Total	302,653	107,641	410,294	41,409	451,703	(293)	451,410
Core operating profit (Segment profit)	36,200	3,466	39,667	6,200	45,867	―	45,867
Other income							2,006
Other expenses							(1,389)
Operating profit							46,484
Finance income							4,509
Finance expenses							(441)
Profit before income taxes							50,552

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

Earnings Per Share

Basic earnings per share and basis for calculations are as follows.

	FY2022.3 (April 1, 2021－March 31, 2022)	FY2023.3 (April 1, 2022－March 31, 2023)
Profit for the period attributable to owners of parent (million yen)	37,268	38,183
Weighted-average number of common shares (thousand shares)	173,446	171,502
Basic earnings per share (yen)	214.87	222.64

Notes: Diluted earnings per share is not stated because there are no latent shares with the dilution effect.

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 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 sequential events to note.