



YAMAHA CORPORATION

Flash Report Consolidated Basis (IFRS) Results through the Second Quarter of the Fiscal Year Ending March 31, 2021 (April 1, 2020—September 30, 2020)

November 2, 2020

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

Code number: 7951

Stock listing: Tokyo Stock Exchange (First Section)

Address of headquarters: 10-1, Nakazawa-cho, Naka-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: November 13, 2020

Scheduled date to begin dividend payments: December 3, 2020

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 FY2021.3 (April 1, 2020—September 30, 2020)

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 FY2021.3	164,803	(21.0)	13,029	(50.2)	10,736	(61.0)	10,111	(65.0)
Through the second quarter of FY2020.3	208,524	(2.2)	26,143	(2.1)	27,560	3.9	28,851	(1.2)

Note: Comprehensive income: **Second quarter of FY2021.3** **¥17,414 million** **88.2%**
Second quarter of FY2020.3 **¥9,251 million** **(62.0)%**

	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 FY2021.3	7,104	(66.5)	7,084	(66.5)	40.30	—
Through the second quarter of FY2020.3	21,231	0.3	21,119	(0.3)	118.29	—

(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 FY2021.3 (As of September 30, 2020)	479,316	337,906	337,058	70.3
FY2020.3 (As of March 31, 2020)	474,034	326,450	325,409	68.6

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
FY2020.3	—	33.00	—	33.00	66.00
FY2021.3	—	33.00			
FY2021.3 (Forecast)			—	33.00	66.00

Note: Revisions from recently announced dividend forecast: None

3. Consolidated Financial Forecasts for FY2021.3 (April 1, 2020–March 31, 2021)

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

	Revenue		Core operating profit		Operating profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2021.3	355,000	(14.3)	25,000	(46.1)	22,500	(48.1)

	Profit before income taxes		Profit for the period attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Yen
FY2021.3	23,700	(49.8)	16,000	(53.8)	91.01

Note: Revisions from recently announced performance forecast: None

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

Footnote

- (1) Changes in the status 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
- (3) Number of shares outstanding (common shares)

(a) Number of shares outstanding at the end of the period (including treasury shares)	Second quarter of FY2021.3	191,555,025 shares	FY2020.3	191,555,025 shares
(b) Number of treasury shares at the end of the period	Second quarter of FY2021.3	15,754,854 shares	FY2020.3	15,735,084 shares
(c) Average number of shares outstanding during the period (cumulative period)	Second quarter of FY2021.3	175,808,122 shares	Second quarter of FY2020.3	178,535,635 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 FY2021.3, please refer to “Yamaha Reports Second Quarter (Six Months) Results of Fiscal Year Ending March 2021 and Full Year Outlook [IFRS]”, which was released today (November 2, 2020).

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
Changes in Accounting Policies	8
Other Expenses	8
Segment Information	8
Subsequent Events	9

1. Condensed Quarterly Consolidated Financial Statements and Major Notes

(1) Condensed Quarterly Consolidated Statement of Financial Position

(Millions of yen)

	FY2020.3 (as of March 31, 2020)	Second quarter of FY2021.3 (as of September 30, 2020)
Assets		
Current assets		
Cash and cash equivalents	92,671	104,669
Trade and other receivables	58,067	49,409
Other financial assets	12,939	6,470
Inventories	100,054	100,035
Other current assets	6,455	6,675
Subtotal	270,189	267,260
Assets held for sale	—	1,179
Total current assets	270,189	268,439
Non-current assets		
Property, plant and equipment	97,106	95,058
Right-of-use assets	24,480	25,706
Goodwill	158	153
Intangible assets	1,736	2,087
Financial assets	67,817	76,358
Deferred tax assets	10,795	7,957
Other non-current assets	1,749	3,554
Total non-current assets	203,844	210,876
Total assets	474,034	479,316

(Millions of yen)

	FY2020.3 (as of March 31, 2020)	Second quarter of FY2021.3 (as of September 30, 2020)
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	52,982	52,915
Interest-bearing debt	10,830	10,850
Lease liabilities	5,365	5,638
Other financial liabilities	9,620	9,947
Income tax payables	4,236	2,507
Provisions	1,700	1,821
Other current liabilities	14,412	13,210
Total current liabilities	99,149	96,891
Non-current liabilities		
Lease liabilities	15,864	16,207
Financial liabilities	1,568	145
Retirement benefit liabilities	23,704	21,168
Provisions	2,574	1,526
Deferred tax liabilities	2,825	3,486
Other non-current liabilities	1,897	1,984
Total non-current liabilities	48,434	44,518
Total liabilities	147,584	141,410
Equity		
Capital stock	28,534	28,534
Capital surplus	21,277	21,331
Retained earnings	316,899	321,261
Treasury shares	(65,093)	(65,078)
Other components of equity	23,789	31,008
Equity attributable to owners of parent	325,409	337,058
Non-controlling interests	1,040	848
Total equity	326,450	337,906
Total liabilities and equity	474,034	479,316

(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, 2019 and 2020

(Millions of yen)

	Second quarter of FY2020.3 (April 1, 2019 – September 30, 2019)	Second quarter of FY2021.3 (April 1, 2020 – September 30, 2020)
Revenue	208,524	164,803
Cost of sales	(121,808)	(103,981)
Gross profit	86,716	60,822
Selling, general and administrative expenses	(60,572)	(47,792)
Core operating profit	26,143	13,029
Other income	1,605	1,018
Other expenses	(187)	(3,311)
Operating profit	27,560	10,736
Finance income	2,402	658
Finance expenses	(1,121)	(1,283)
Share of profit of associates accounted for using the equity method	9	—
Profit before income taxes	28,851	10,111
Income taxes	(7,620)	(3,007)
Profit for the period	21,231	7,104
Profit for the period attributable to:		
Owners of parent	21,119	7,084
Non-controlling interests	111	19
Earnings per share		
Basic (Yen)	118.29	40.30
Diluted (Yen)	—	—

Condensed Quarterly Consolidated Statement of Comprehensive Income

Second quarter (six months) ended September 30, 2019 and 2020

(Millions of yen)

	Second quarter of FY2020.3 (April 1, 2019 – September 30, 2019)	Second quarter of FY2021.3 (April 1, 2020 – September 30, 2020)
Profit for the period	21,231	7,104
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plans	527	3,079
Financial assets measured at fair value through other comprehensive income	(4,218)	6,178
Share of other comprehensive income of associates accounted for using the equity method	(5)	—
Total items that will not be reclassified to profit or loss	(3,696)	9,257
Items that may be subsequently reclassified to profit or loss		
Exchange differences on translation of foreign operations	(8,275)	1,177
Gain or loss on cash flow hedges	(8)	(124)
Total items that may be subsequently reclassified to profit or loss	(8,283)	1,052
Total other comprehensive income	(11,979)	10,310
Comprehensive income for the period	9,251	17,414
Comprehensive income for the period attributable to:		
Owners of parent	9,211	17,381
Non-controlling interests	40	32

(3) Condensed Quarterly Consolidated Statement of Changes in Equity

Second quarter of FY2020.3 (April 1, 2019—September 30, 2019)

(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	Financial assets measured at fair value through other comprehensive income	Exchange differences on translation of foreign operations
Balance at April 1, 2019	28,534	21,568	293,547	(42,533)	—	57,610	(893)
Profit for the period	—	—	21,119	—	—	—	—
Other comprehensive income	—	—	—	—	527	(4,224)	(8,203)
Total comprehensive income for the period	—	—	21,119	—	527	(4,224)	(8,203)
Purchase of treasury shares	—	—	—	(8,070)	—	—	—
Dividends	—	—	(5,389)	—	—	—	—
Share-based compensation	—	(404)	—	519	—	—	—
Changes in the ownership interest of a subsidiary without a loss of control	—	—	—	—	—	—	—
Reclassified to retained earnings	—	—	528	—	(527)	(0)	—
Total transactions with owners	—	(404)	(4,860)	(7,551)	(527)	(0)	—
Balance at September 30, 2019	28,534	21,163	309,806	(50,085)	—	53,386	(9,096)

(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, 2019	102	56,820	357,936	1,070	359,007
Profit for the period	—	—	21,119	111	21,231
Other comprehensive income	(8)	(11,907)	(11,907)	(71)	(11,979)
Total comprehensive income for the period	(8)	(11,907)	9,211	40	9,251
Purchase of treasury shares	—	—	(8,070)	—	(8,070)
Dividends	—	—	(5,389)	(49)	(5,438)
Share-based compensation	—	—	114	—	114
Changes in the ownership interest of a subsidiary without a loss of control	—	—	—	—	—
Reclassified to retained earnings	—	(528)	—	—	—
Total transactions with owners	—	(528)	(13,344)	(49)	(13,394)
Balance at September 30, 2019	94	44,383	353,803	1,061	354,864

Second quarter of FY2021.3 (April 1, 2020 – September 30, 2020)

(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	Financial assets measured at fair value through other comprehensive income	Exchange differences on translation of foreign operations
Balance at April 1, 2020	28,534	21,277	316,899	(65,093)	—	34,183	(10,461)
Profit for the period	—	—	7,084	—	—	—	—
Other comprehensive income	—	—	—	—	3,079	6,178	1,164
Total comprehensive income for the period	—	—	7,084	—	3,079	6,178	1,164
Purchase of treasury shares	—	—	—	(1)	—	—	—
Dividends	—	—	(5,802)	—	—	—	—
Share-based compensation	—	53	—	16	—	—	—
Changes in the ownership interest of a subsidiary without a loss of control	—	0	—	—	—	—	—
Reclassified to retained earnings	—	—	3,079	—	(3,079)	(0)	—
Total transactions with owners	—	54	(2,722)	14	(3,079)	(0)	—
Balance at September 30, 2020	28,534	21,331	321,261	(65,078)	—	40,361	(9,296)

(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		Total	
Balance at April 1, 2020	67	23,789	325,409	1,040	326,450
Profit for the period	—	—	7,084	19	7,104
Other comprehensive income	(124)	10,297	10,297	12	10,310
Total comprehensive income for the period	(124)	10,297	17,381	32	17,414
Purchase of treasury shares	—	—	(1)	—	(1)
Dividends	—	—	(5,802)	(59)	(5,861)
Share-based compensation	—	—	70	—	70
Changes in the ownership interest of a subsidiary without a loss of control	—	—	0	(165)	(165)
Reclassified to retained earnings	—	(3,079)	—	—	—
Total transactions with owners	—	(3,079)	(5,733)	(225)	(5,958)
Balance at September 30, 2020	(56)	31,008	337,058	848	337,906

(4) Notes to the Condensed Quarterly Consolidated Financial Statements

Notes Regarding Assumptions as a Going Concern

Not applicable

Changes in Accounting Policies

The significant accounting policies applied in the condensed quarterly consolidated financial statements are the same as those applied in the consolidated financial statements for the previous fiscal year, except for the following items. In the period through the second quarter of the fiscal year ending March 31, 2021, the Group has applied the following standards early.

IFRS		Overview of the new and revised IFRS
IFRS 16	Lease	Revised accounting method for rent concessions related to COVID-19

This amendment permits lessees of leases that receive rent concessions as a direct result of the spread of COVID-19 to select simplified accounting method, the method does not require the lessee to evaluate whether COVID-19-related rent concessions that meet the prescribed requirements constitutes a “Lease modification” as defined in IFRS 16.

The Group applies this expedient to qualifying rent concessions that meet the requirements and treats them as variable lease payments. The amount recognized in profit or loss as variable lease payments was ¥225 million for the period through the second quarter of the fiscal year ending March 31, 2021.

Other Expenses

Loss from suspension of operations

The spread of COVID-19 and its serious worldwide impact led the Group to temporarily close its directly managed shops, music schools, and factory operations during the first quarter of the fiscal year ending March 31, 2021. As a result, expenses incurred during the period due to business suspensions and factory shutdowns are recognized as loss from suspension of operations amounting to ¥2,423 million and recorded as “Other expenses” for the period through the second quarter of the fiscal year ending March 31, 2021.

Note that the subsidies related to COVID-19 corresponding to loss from suspension of operations have been deducted.

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, 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's "Core operating profit" represents the segment profit. Core operating profit corresponds to operating income under Japanese GAAP and is calculated by subtracting selling, general and administrative expenses from gross profit.

Second quarter of FY2020.3 (April 1, 2019 – September 30, 2019)

(Millions of yen)

	Reportable segment			Others	Total	Adjustments	Consolidated
	Musical instruments	Audio equipment	Total				
Revenue							
Revenue from external customers	138,651	54,532	193,183	15,340	208,524	—	208,524
Intersegment revenue	—	—	—	178	178	(178)	—
Total	138,651	54,532	193,183	15,519	208,702	(178)	208,524
Core operating profit [Segment profit]	22,287	3,670	25,958	185	26,143	—	26,143
Other income							1,605
Other expenses							(187)
Operating profit							27,560
Finance income							2,402
Finance expenses							(1,121)
Share of profit of associates accounted for using the equity method							9
Profit before income taxes							28,851

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

Second quarter of FY2021.3 (April 1, 2020 – September 30, 2020)

(Millions of yen)

	Reportable segment			Others	Total	Adjustments	Consolidated
	Musical instruments	Audio equipment	Total				
Revenue							
Revenue from external customers	107,230	45,201	152,432	12,371	164,803	—	164,803
Intersegment revenue	—	—	—	127	127	(127)	—
Total	107,230	45,201	152,432	12,499	164,931	(127)	164,803
Core operating profit (loss) [Segment profit (loss)]	11,740	1,578	13,318	(288)	13,029	—	13,029
Other income							1,018
Other expenses							(3,311)
Operating profit							10,736
Finance income							658
Finance expenses							(1,283)
Share of profit of associates accounted for using the equity method							—
Profit (Loss) before income taxes							10,111

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

Subsequent Events

There are no important sequent events to note.