



YAMAHA CORPORATION

Flash Report Consolidated Basis (IFRS) Results for the Fiscal Year Ended March 31, 2021 (April 1, 2020 – March 31, 2021)

May 10, 2021

Company name:	YAMAHA CORPORATION (URL https://www.yamaha.com/en/)
Code number:	7951
Stock listing:	Tokyo Stock Exchange (First Section)
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Scheduled date of Ordinary General Shareholders' Meeting:	June 24, 2021
Scheduled date to submit Securities Report:	June 25, 2021
Scheduled date to begin dividend payments:	June 25, 2021
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 FY2021.3 (April 1, 2020 – March 31, 2021)

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	%
FY2021.3 (Ended March 31, 2021)	372,630	(10.0)	40,711	(12.2)	35,039	(19.1)	37,102	(21.4)
FY2020.3 (Ended March 31, 2020)	414,227	(4.6)	46,352	(12.1)	43,333	(18.0)	47,225	(16.4)

Note: Comprehensive income: **FY2021.3 ¥82,169 million** —%
FY2020.3 ¥1,616 million (88.8)%

	Profit for the period		Profit for the period attributable to owners of parent		Basic earnings per share	Diluted earnings per share
	Millions of yen	%	Millions of yen	%	Yen	Yen
FY2021.3 (Ended March 31, 2021)	26,708	(23.0)	26,615	(23.1)	151.39	—
FY2020.3 (Ended March 31, 2020)	34,703	(14.1)	34,621	(14.2)	194.71	—

	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
	%	%	%
FY2021.3 (Ended March 31, 2021)	7.4	7.2	10.9
FY2020.3 (Ended March 31, 2020)	10.1	9.5	11.2

(For reference) Share of profit of associates accounted for using the equity method: **FY2021.3** ¥— million
FY2020.3 ¥6 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
FY2021.3 (As of March 31, 2021)	557,616	396,949	395,958	71.0	2,252.34
FY2020.3 (As of March 31, 2020)	474,034	326,450	325,409	68.6	1,850.81

(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
FY2021.3 (Ended March 31, 2021)	58,225	(5,785)	(20,602)	129,345
FY2020.3 (Ended March 31, 2020)	57,162	(21,067)	(36,422)	92,671

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			
FY2020.3	—	33.00	—	33.00	66.00	11,687	33.9	3.4
FY2021.3	—	33.00	—	33.00	66.00	11,602	43.6	3.2
FY2022.3 (Forecast)	—	33.00	—	33.00	66.00		28.3	

3. Consolidated Financial Forecasts for FY2022.3 (April 1, 2021–March 31, 2022)

	Revenue		Core operating profit		Operating profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2022.3	400,000	7.3	47,000	15.4	52,000	48.4

	Profit before income taxes		Profit for the period attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Yen
FY2022.3	55,500	49.6	41,000	54.0	233.22

* 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 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
- (3) Number of shares outstanding (common shares)

(a) Number of shares outstanding at the end of the period (including treasury shares)	FY2021.3	191,555,025 shares	FY2020.3	191,555,025 shares
(b) Number of treasury shares at the end of the period	FY2021.3	15,756,254 shares	FY2020.3	15,735,084 shares
(c) Average number of shares outstanding during the period (cumulative period)	FY2021.3	175,804,109 shares	FY2020.3	177,811,016 shares

(For Reference) Non-Consolidated Results

Non-consolidated results for FY2021.3 (April 1, 2020–March 31, 2021)

(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	%
FY2021.3 (Ended March 31, 2021)	194,117	(16.3)	11,789	(35.9)	25,548	(18.6)	18,922	(27.4)
FY2020.3 (Ended March 31, 2020)	231,795	(0.3)	18,387	(5.8)	31,380	(17.9)	26,055	(20.6)

	Net income per share	Net income per share after full dilution
	Yen	Yen
FY2021.3 (Ended March 31, 2021)	107.63	—
FY2020.3 (Ended March 31, 2020)	146.53	—

(2) Non-consolidated financial data

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
FY2021.3 (As of March 31, 2021)	379,165	281,249	74.2	1,599.84
FY2020.3 (As of March 31, 2020)	319,723	236,698	74.0	1,346.25

(For reference) Shareholders' equity: FY2021.3 ¥281,249 million FY2020.3 ¥236,698 million

***This flash report is exempt from the auditing 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 items related to consolidated performance forecasts, please refer to page 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.

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1. Management Performance

(1) Overview of Management Performance

1. Review of the Fiscal Year (FY2021.3)

The business environment in the fiscal year ended March 31, 2021 was characterized by the strong impact of the COVID-19 pandemic on the global economy and the negative global real economic growth in 2020. The impact of COVID-19 to Japan was enormous and, with no current outlook for when the pandemic will end, balancing efforts to control the virus while also supporting socio-economic activity has become a major issue. In addition, other developments also impacted the global economy, including the inauguration of a new government administration in the United States, intensifying trade friction between the United States and China, and the finalized withdrawal of the United Kingdom from the European Union.

In these conditions, the Yamaha Group continued to implement measures in the second year of the Make Waves 1.0 medium-term management plan by advancing the four key strategies of developing closer ties with customers, creating new value, enhancing productivity, and contributing to society through our businesses.

Efforts to develop closer ties with customers included developing a customer data platform system and establishing a structure for creating customer experiences that will create new connections with Yamaha. Yamaha stepped up on initiatives including increasing messaging on social networks and other online media in response to the growth in digital customer contact points via the internet to communicate the Yamaha brand value and to connect business at our physical stores. We are also expanding our e-commerce presence, introducing Live Commerce, a new type of live broadcast sales, and accelerated other various initiatives. In addition, we broadened our business domains by raising recognition of our products in the headphone/earphone markets and securing Chinese automakers for our in-vehicle audio systems.

For the key strategy of creating new value, our new YDS-150 digital saxophone produces realistic and beautiful tones of acoustic instruments while eliminating the initial challenge of playing a reed instrument. The THR30 II A Wireless amplifier for guitars was designed for intimate performances at home or other small venues and to meet the demand for online distribution of performance videos. The THR30 II A Wireless amplifier was well-received by a wide range of customers. We also initiated the development of the Remote Cheerer system and a next-generation Distance Viewing technology, designed to enable viewers to safely and comfortably enjoy live concerts, sports competitions, and other events that have suffered during the pandemic.

In enhancing productivity, we made progress in various measures, ranging from putting in place an area oversight system at manufacturing sites, standardizing production control and creating smart factories, despite the factory shutdowns due to the spread of COVID-19 and other disruptions. We also made progress using internal and external resources to shorten the time needed for product development in the audio equipment business.

For our key strategy of contributing to society through our businesses, we achieved cumulative 710,000 students to the plan's third year target of the "cumulative total of 1 million students through the spread of musical instrument education in emerging countries." We also made steady progress in achieving the goal of a 50% certified timber use ratio, reaching 48% in the second year of the plan.

In the fiscal year ended March 31, 2021, revenue declined by ¥41,597 million (-10.0%) year on year to ¥372,630 million, mainly due to the impact of the COVID-19 pandemic, including a ¥2.3 billion negative impact in the foreign exchange. Core operating profit declined by ¥5,641 million (-12.2%) year on year to ¥40,711 million, including a ¥0.6 billion negative impact in the foreign exchange. Profit attributable to owners of parent decreased by ¥8,006 million (-23.1%) year on year to ¥26,615 million due to the decrease in core operating profit and reporting of ¥2,318 million of loss from the suspension of operations due to the COVID-19 pandemic and impairment loss of ¥3,553 million.

Results of operations by segment were as follows:

Musical Instruments

Revenue of acoustic pianos and digital musical instruments declined, partly due to product supply shortages, although sales in China returned to the growth track and market conditions in other countries showed signs of recovery, which was not enough to offset the decline in revenue in the first half of the fiscal year. Revenue of wind instruments declined amid a sluggish market recovery. Revenue of guitars increased due to sales growth in Japan and China.

As a result, the musical instruments business posted a revenue decline of ¥30,390 million (-11.3%) year on year to ¥238,981 million, including a ¥1.7 billion negative impact in the foreign exchange. Core operating profit declined by ¥5,332 million (-14.1%) to ¥32,417 million, including a ¥0.8 billion negative impact in the foreign exchange.

Audio Equipment

Revenue of audio products declined overall, despite an increase in sales of sound bars and other products due to demand for stay home, but this was not enough to offset the decline in revenue in the first half of the fiscal year. Revenue of professional audio equipment declined due to stagnant markets for live events and audio equipment installation. ICT equipment revenue rose due to an increase in sales of conference systems and other products driven by strong demand.

As a result, the audio equipment business recorded a revenue decline of ¥10,579 million (-9.2%) year on year to ¥103,813 million, including a ¥0.4 billion negative impact in the foreign exchange. Core operating profit declined by ¥1,504 million (-17.5%) to ¥7,067 million, including a ¥0.2 billion positive impact in the foreign exchange.

Others

Revenue of electronic devices declined but revenue of the automobile interior wood components and factory automation (FA) equipment increased due to the recovery in demand.

As a result, revenue of others business overall declined by ¥626 million (-2.1%) year on year to ¥29,836 million. Core operating profit increased by ¥1,195 million to ¥1,225 million, compared to ¥30 million in the previous fiscal year.

2. Forecast for FY2022.3

With regard to the consolidated performance for the fiscal year ending March 31, 2022, although the impact of the COVID-19 pandemic remains highly uncertain and there are supply risks due to shortages of semiconductor components, taking into account the recovery of market conditions and other factors, the Company forecasts revenue of ¥400.0 billion, core operating profit of ¥47.0 billion, and profit attributable to owners of parent of ¥41.0 billion.

<p>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.</p>
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(2) Overview of Financial Position

1. Consolidated Financial Position

Total assets at the end of the fiscal year amounted to ¥557,616 million, an increase of ¥83,582 million (17.6%) from ¥474,034 million at the end of the previous fiscal year.

Current assets increased ¥30,913 million (11.4%) from the end of the previous fiscal year to ¥301,103 million, and non-current assets increased ¥52,669 million (25.8%) to ¥256,513 million. In current assets, cash and cash equivalents increased. In non-current assets, financial assets increased due to the rise in the market value of securities held.

Total liabilities at the end of the fiscal year were ¥160,667 million, an increase of ¥13,083 million (8.9%) from ¥147,584 million at the end of the previous fiscal year.

Current liabilities increased ¥1,703 million (1.7%) from the end of the previous fiscal year to ¥100,852 million, and non-current liabilities increased ¥11,379 million (23.5%) to ¥59,814 million. In non-current liabilities, deferred tax liabilities increased due to the rise in the market value of securities held.

Total equity at the end of the fiscal year amounted to ¥396,949 million, an increase of ¥70,499 million (21.6%) from ¥326,450 million at the end of the previous fiscal year. In addition to an increase in retained earnings due to reporting of profit for the period, other components of equity increased owing to an increase in the market value of securities held and the impact of exchange rate fluctuations.

2. Cash Flows

Cash and cash equivalents (hereinafter, cash) at the end of the fiscal year increased ¥36,673 million (compared to a decrease of ¥3,143 million in the previous fiscal year), and stood at ¥129,345 million.

Cash Flows from Operating Activities

Net cash provided by operating activities for the fiscal year amounted to ¥58,225 million (compared to net cash provided by operating activities of ¥57,162 million in the previous fiscal year). This net cash inflow was due mainly to the contribution of profit before income taxes.

Cash Flows from Investing Activities

Net cash used in investing activities for the fiscal year amounted to ¥5,785 million (compared to net cash used in investing activities of ¥21,067 million in the previous fiscal year). This net cash outflow was primarily due to the purchase of property, plant and equipment and intangible assets.

Cash Flows from Financing Activities

Net cash used in financing activities for the fiscal year amounted to ¥20,602 million (compared to net cash used in financing activities of ¥36,422 million in the previous fiscal year). This net cash outflow was primarily due to the cash dividends paid.

3. Forecasts for FY2022.3

For the fiscal year ending March 31, 2022, the Company forecasts cash flows provided by operating activities of ¥47.0 billion, cash flows used in investing activities of ¥10.0 billion, and a free cash inflow of ¥37.0 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 FY2021.3 and FY2022.3

In consideration of the improvement of ROE (Return on equity attributable to owners of parent,) the Company undertakes investments for growth—including R&D, for marketing capabilities and the making of other capital investments—on the basis of its medium-term consolidated income level, while actively returning profits to shareholders. Taking continuous and steady cash dividends as the basis of its shareholder returns, the Company will implement flexible shareholder returns as it sees fit with the aim of improving its capital efficiency, while giving due consideration to the maintaining of a balance between adequate internal reserves of investment for future growth. The Company will implement shareholder returns with a target consolidated total return ratio of 50% (cumulative amount of medium-term management plan period).

For the year-end dividend for FY2021.3, 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, 2022, the Company is planning to pay a regular dividend of ¥66.00 per share for the full fiscal year (consisting of an interim dividend of ¥33.00 per share and a year-end dividend of ¥33.00 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) from the fiscal year ended March 31, 2020, 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)

	FY2020.3 (as of March 31, 2020)	FY2021.3 (as of March 31, 2021)
Assets		
Current assets		
Cash and cash equivalents	92,671	129,345
Trade and other receivables	58,067	57,329
Other financial assets	12,939	8,573
Inventories	100,054	96,803
Other current assets	6,455	7,871
Subtotal	270,189	299,924
Assets held for sale	—	1,179
Total current assets	270,189	301,103
Non-current assets		
Property, plant and equipment	97,106	96,142
Right-of-use assets	24,480	22,231
Goodwill	158	160
Intangible assets	1,736	2,529
Financial assets	67,817	120,058
Deferred tax assets	10,795	7,407
Other non-current assets	1,749	7,983
Total non-current assets	203,844	256,513
Total assets	474,034	557,616

(Millions of yen)

	FY2020.3 (as of March 31, 2020)	FY2021.3 (as of March 31, 2021)
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	52,982	56,915
Interest-bearing debt	10,830	7,980
Lease liabilities	5,365	5,696
Other financial liabilities	9,620	9,745
Income taxes payables	4,236	4,045
Provisions	1,700	1,806
Other current liabilities	14,412	14,664
Total current liabilities	99,149	100,852
Non-current liabilities		
Interest-bearing debt	—	387
Lease liabilities	15,864	14,465
Other financial liabilities	1,568	178
Retirement benefit liabilities	23,704	22,576
Provisions	2,574	1,823
Deferred tax liabilities	2,825	18,244
Other non-current liabilities	1,897	2,137
Total non-current liabilities	48,434	59,814
Total liabilities	147,584	160,667
Equity		
Capital stock	28,534	28,534
Capital surplus	21,277	21,430
Retained earnings	316,899	337,923
Treasury shares	(65,093)	(65,086)
Other components of equity	23,789	73,156
Equity attributable to owners of parent	325,409	395,958
Non-controlling interests	1,040	991
Total equity	326,450	396,949
Total liabilities and equity	474,034	557,616

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

(Millions of yen)

	FY2020.3 (April 1, 2019 – March 31, 2020)	FY2021.3 (April 1, 2020 – March 31, 2021)
Revenue	414,227	372,630
Cost of sales	(245,967)	(229,720)
Gross profit	168,259	142,909
Selling, general and administrative expenses	(121,907)	(102,198)
Core operating profit	46,352	40,711
Other income	2,806	1,909
Other expenses	(5,826)	(7,580)
Operating profit	43,333	35,039
Finance income	4,968	3,366
Finance expenses	(1,083)	(1,303)
Share of profit of associates accounted for using the equity method	6	—
Profit before income taxes	47,225	37,102
Income taxes	(12,521)	(10,393)
Profit for the period	34,703	26,708
Profit for the period attributable to:		
Owners of parent	34,621	26,615
Non-controlling interests	81	93
Earnings per share		
Basic (Yen)	194.71	151.39
Diluted (Yen)	—	—

Consolidated Statement of Comprehensive Income

(Millions of yen)

	FY2020.3 (April 1, 2019 – March 31, 2020)	FY2021.3 (April 1, 2020 – March 31, 2021)
Profit for the period	34,703	26,708
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plans	7	5,687
Financial assets measured at fair value through other comprehensive income	(23,431)	37,927
Share of other comprehensive income of associates accounted for using the equity method	1	—
Total items that will not be reclassified to profit or loss	(23,421)	43,614
Items that may be subsequently reclassified to profit or loss		
Exchange differences on translation of foreign operations	(9,629)	12,037
Gain or loss on cash flow hedges	(35)	(191)
Total items that may be subsequently reclassified to profit or loss	(9,664)	11,846
Total other comprehensive income	(33,086)	55,460
Comprehensive income for the period	1,616	82,169
Comprehensive income for the period attributable to:		
Owners of parent	1,597	81,993
Non-controlling interests	19	175

(3) Consolidated Statement of Changes in Equity

FY2020.3 (April 1, 2019–March 31, 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, 2019	28,534	21,568	293,547	(42,533)	—	57,610	(893)
Profit for the period	—	—	34,621	—	—	—	—
Other comprehensive income	—	—	—	—	7	(23,429)	(9,567)
Total comprehensive income for the period	—	—	34,621	—	7	(23,429)	(9,567)
Purchase of treasury shares	—	—	—	(23,078)	—	—	—
Dividends	—	—	(11,274)	—	—	—	—
Share-based compensation	—	(290)	—	519	—	—	—
Changes in the ownership interest of a subsidiary without a loss of control	—	—	—	—	—	—	—
Reclassified to retained earnings	—	—	5	—	(7)	2	—
Total transactions with owners	—	(290)	(11,269)	(22,559)	(7)	2	—
Balance at March 31, 2020	28,534	21,277	316,899	(65,093)	—	34,183	(10,461)

(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, 2019	102	56,820	357,936	1,070	359,007
Profit for the period	—	—	34,621	81	34,703
Other comprehensive income	(35)	(33,024)	(33,024)	(61)	(33,086)
Total comprehensive income for the period	(35)	(33,024)	1,597	19	1,616
Purchase of treasury shares	—	—	(23,078)	—	(23,078)
Dividends	—	—	(11,274)	(49)	(11,324)
Share-based compensation	—	—	228	—	228
Changes in the ownership interest of a subsidiary without a loss of control	—	—	—	—	—
Reclassified to retained earnings	—	(5)	—	—	—
Total transactions with owners	—	(5)	(34,124)	(49)	(34,173)
Balance at March 31, 2020	67	23,789	325,409	1,040	326,450

FY2021.3 (April 1, 2020 – March 31, 2021)

(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	—	—	26,615	—	—	—	—
Other comprehensive income	—	—	—	—	5,687	37,927	11,955
Total comprehensive income for the period	—	—	26,615	—	5,687	37,927	11,955
Purchase of treasury shares	—	—	—	(9)	—	—	—
Dividends	—	—	(11,603)	—	—	—	—
Share-based compensation	—	152	—	16	—	—	—
Changes in the ownership interest of a subsidiary without a loss of control	—	0	—	—	—	—	—
Reclassified to retained earnings	—	—	6,011	—	(5,687)	(324)	—
Total transactions with owners	—	152	(5,591)	6	(5,687)	(324)	—
Balance at March 31, 2021	28,534	21,430	337,923	(65,086)	—	71,786	1,494

(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, 2020	67	23,789	325,409	1,040	326,450
Profit for the period	—	—	26,615	93	26,708
Other comprehensive income	(191)	55,378	55,378	82	55,460
Total comprehensive income for the period	(191)	55,378	81,993	175	82,169
Purchase of treasury shares	—	—	(9)	—	(9)
Dividends	—	—	(11,603)	(59)	(11,663)
Share-based compensation	—	—	168	—	168
Changes in the ownership interest of a subsidiary without a loss of control	—	—	0	(165)	(165)
Reclassified to retained earnings	—	(6,011)	—	—	—
Total transactions with owners	—	(6,011)	(11,444)	(225)	(11,669)
Balance at March 31, 2021	(123)	73,156	395,958	991	396,949

(4) Consolidated Statement of Cash Flows

(Millions of yen)

	FY2020.3 (April 1, 2019 – March 31, 2020)	FY2021.3 (April 1, 2020 – March 31, 2021)
Cash flows from operating activities:		
Profit before income taxes	47,225	37,102
Depreciation and amortization	17,322	17,056
Impairment losses (reversal of impairment losses)	2,921	3,553
Finance income and finance expenses	(4,260)	(2,854)
Loss (gain) on disposal or sales of property, plant and equipment and intangible assets	(260)	93
(Increase) decrease in inventories	(2,841)	7,666
(Increase) decrease in trade and other receivables	3,282	3,077
Increase (decrease) in trade and other payables	(4,887)	3,081
Increase (decrease) in retirement benefit assets and liabilities	(391)	794
Increase (decrease) in provisions	1,942	(1,232)
Increase (decrease) in amount payables due to transition to defined contribution plans	(1,416)	(1,447)
Other, net	2,999	(1,490)
Subtotal	61,635	65,401
Interest and dividends income received	4,535	3,401
Interest expenses paid	(802)	(565)
Income taxes refunded (paid)	(8,206)	(10,011)
Cash flows from operating activities	57,162	58,225
Cash flows from investing activities:		
Net (increase) decrease in time deposits	(3,244)	5,007
Purchase of property, plant and equipment and intangible assets	(20,473)	(12,572)
Proceeds from sales of property, plant and equipment and intangible assets	1,012	382
Purchase of investment securities	(1)	(1)
Proceeds from sales and redemption of investment securities	449	1,405
Proceeds from government grants	706	–
Other, net	483	(7)
Cash flows from investing activities	(21,067)	(5,785)
Cash flows from financing activities:		
Net increase (decrease) in short-term borrowings	2,120	(3,398)
Proceeds from long-term borrowings	–	795
Repayment of lease liabilities	(5,871)	(6,063)
Purchase of treasury shares	(21,312)	(9)
Payments for changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	–	(165)
Cash dividends paid	(11,274)	(11,603)
Cash dividends paid to non-controlling interests	(49)	(59)
Other, net	(33)	(97)
Cash flows from financing activities	(36,422)	(20,602)
Effect of exchange rate change on cash and cash equivalents	(2,816)	4,836
Net increase (decrease) in cash and cash equivalents	(3,143)	36,673
Cash and cash equivalents at beginning of period	95,815	92,671
Cash and cash equivalents at end of period	92,671	129,345

(5) Notes to the Consolidated Financial Statements

Notes Regarding Assumptions as a Going Concern

Not applicable

Changes in Accounting Policies

The significant accounting policies applied in the consolidated financial statements are the same as those applied in the consolidated financial statements for the previous fiscal year, except for the following items. From the second quarter of the fiscal year ended 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.

According to this amendment, a lessee can choose the practical expedient that does not require the lessee to evaluate whether COVID-19-related rent concessions or exemption that meets 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 ¥283 million for the fiscal year ended March 31, 2021.

Other expenses

Loss from suspension of operations

The spread of COVID-19 and its serious worldwide impact led the Group to close its directly managed shops, music schools, and factory operations mainly during the first quarter of the fiscal year ended March 31, 2021. As a result, expenses incurred during the period due to business suspensions and factory shutdowns are recorded as loss from suspension of operations amounting to ¥2,318 million in “other expenses” for the fiscal year ended March 31, 2021. Note that the subsidies related to COVID-19 corresponding to loss from suspension of operations have been deducted.

Impairment of non-financial assets

In the consolidated fiscal year ended March 31, 2021, impairment loss of ¥3,553 million has been recognized and recorded as “other expenses” for ¥3,441 million on assets related to its directly managed shops and music schools in Japan in the musical instruments segment and ¥111 million on domestic idle assets.

The breakdown of the impairment loss in the musical instruments segment is as follows.

(Millions of yen)

Segment	Location	Impairment loss	
		Type	Amount
Musical instruments	Tokyo and other regions	Property, plant and equipment	
		Buildings	838
		Other	202
		Right-of-use assets	2,400
		Total	3,441

Method of grouping assets

The Yamaha Group generally organizes assets into groups based on the smallest cash generating unit of independent cash inflow.

Reason for recognition of an impairment loss

The COVID-19 pandemic has led to lower sales of musical instruments at directly managed shops in Japan and lower income from music schools owing to the decrease in number of students.

At the end of the previous consolidated fiscal year, excluding the future impact from the decrease of new students during the fiscal year under review, we expected the situation to recover to pre-pandemic levels in the following fiscal year. However, with the pandemic continuing to worsen at the end of the fiscal year, as it is expected to take a long period of time to recover to the level before the spread of the infection, an impairment loss was recognized for the asset group without prospects to generate future cash flows sufficient to recover the book value of the assets.

Calculation of the recoverable amount

The recoverable amount is measured based on value in use and is calculated by discounting future cash flows by 3.6%.

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.

In addition, the Group reports core operating profit as 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.

FY2020.3 (April 1, 2019 – March 31, 2020)

(Millions of yen)

	Reportable segment			Others	Total	Adjustments	Consolidated
	Musical instruments	Audio equipment	Total				
Revenue							
Revenue from external customers	269,371	114,392	383,764	30,462	414,227	—	414,227
Intersegment revenue	—	—	—	341	341	(341)	—
Total	269,371	114,392	383,764	30,804	414,569	(341)	414,227
Core operating profit (Segment profit)	37,750	8,571	46,322	30	46,352	—	46,352
Other income							2,806
Other expenses							(5,826)
Operating profit							43,333
Finance income							4,968
Finance expenses							(1,083)
Share of profit of associates accounted for using the equity method							6
Profit before income taxes							47,225

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

FY2021.3 (April 1, 2020 – March 31, 2021)

(Millions of yen)

	Reportable segment			Others	Total	Adjustments	Consolidated
	Musical instruments	Audio equipment	Total				
Revenue							
Revenue from external customers	238,981	103,813	342,794	29,836	372,630	—	372,630
Intersegment revenue	—	—	—	254	254	(254)	—
Total	238,981	103,813	342,794	30,090	372,884	(254)	372,630
Core operating profit (Segment profit)	32,417	7,067	39,485	1,225	40,711	—	40,711
Other income							1,909
Other expenses							(7,580)
Operating profit							35,039
Finance income							3,366
Finance expenses							(1,303)
Share of profit of associates accounted for using the equity method							—
Profit before income taxes							37,102

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

Earnings Per Share

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

	FY2020.3 (April 1, 2019 – March 31, 2020)	FY2021.3 (April 1, 2020 – March 31, 2021)
Profit for the period attributable to owners of parent (million yen)	34,621	26,615
Weighted-average number of common shares (thousand shares)	177,811	175,804
Basic earnings per share (yen)	194.71	151.39

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

Subsequent Events

Sale of assets held for sale

The landholding (Chuo-ku, Sapporo, Hokkaido) categorized as “Assets held for sale” in the consolidated statement of financial position at the end of the consolidated fiscal year under review were sold to ALJ Sapporo RE2 TMK (Chiyoda-ku, Tokyo) on April 30, 2021. As a result of the sale, the Company will record a gain on sales of non-current assets of ¥4,700 million in other income for the fiscal year ending March 31, 2022.