



YAMAHA CORPORATION

Flash Report Consolidated Basis (IFRS) Results through the Third Quarter of the Fiscal Year Ending March 31, 2021 (April 1, 2020 – December 31, 2020)

February 4, 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 to submit Quarterly Securities Report: February 12, 2021

Scheduled date to begin dividend payments: —

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

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

1. Consolidated Financial Results through the Third Quarter of FY2021.3 (April 1, 2020 – December 31, 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 third quarter of FY2021.3	272,303	(15.6)	29,026	(31.5)	26,716	(39.3)	25,767	(43.3)
Through the third quarter of FY2020.3	322,615	(2.7)	42,396	(5.5)	44,036	(2.8)	45,450	(4.3)

Note: Comprehensive income: **Third quarter of FY2021.3** **¥47,293 million** **41.1%**
Third quarter of FY2020.3 **¥33,525 million** **478.5%**

	Profit for the period		Profit for the period attributable to owners of parent		Basic earnings per share	Diluted earnings per share
	Millions of yen	%	Millions of yen	%	Yen	Yen
Through the third quarter of FY2021.3	17,700	(46.1)	17,621	(46.1)	100.23	—
Through the third quarter of FY2020.3	32,844	(2.5)	32,718	(2.8)	183.48	—

(2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of parent	Equity ratio attributable to owners of parent
	Millions of yen	Millions of yen	Millions of yen	%
Third quarter of FY2021.3 (As of December 31, 2020)	514,528	362,027	361,103	70.2
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	370,000	(10.7)	35,000	(24.5)	33,000	(23.8)

	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	33,500	(29.1)	24,000	(30.7)	136.52

Note: Revisions from recently announced performance forecast: Yes

For commentary information regarding consolidated financial forecasts, please refer to “Notice of Revision of Earnings Forecasts”, which was released today (February 4, 2021).

* 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)	Third 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	Third quarter of FY2021.3	15,755,489 shares	FY2020.3	15,735,084 shares
(c) Average number of shares outstanding during the period (cumulative period)	Third quarter of FY2021.3	175,805,613 shares	Third quarter of FY2020.3	178,319,656 shares

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

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

Consolidated financial forecasts were prepared based on information available at the time of the announcement and do not represent promises by the Company or its management that these performance figures will be attained. Actual consolidated results may differ from forecasts owing to a wide range of factors. For commentary information regarding the closing of accounts through the third quarter of FY2021.3, please refer to “Yamaha Reports Third Quarter (Nine Months) Results for the Fiscal Year Ending March 2021 and Full Year Outlook [IFRS]”, which was released today (February 4, 2021).

(Revisions from recently announced Consolidated Financial Forecasts)

Although the high uncertainty remains concerning the impact of the COVID-19 pandemic to our Group, considering the recovery in market conditions and the elimination of supply shortages from our Group factories are progressing better than expected, the Company has revised its forecasts upward as follows: full year consolidated revenue ¥370 billion, core operating profit ¥35 billion, operating profit ¥33 billion, profit before income taxes ¥33.5 billion, and profit for the period attributable to owners of parent ¥24 billion. For commentary information regarding consolidated financial forecasts, please refer to “Notice of Revision of Earnings Forecasts”, which was released today (February 4, 2021).

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

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1. Condensed Quarterly Consolidated Financial Statements and Major Notes

(1) Condensed Quarterly Consolidated Statement of Financial Position

(Millions of yen)

	FY2020.3 (as of March 31, 2020)	Third quarter of FY2021.3 (as of December 31, 2020)
Assets		
Current assets		
Cash and cash equivalents	92,671	106,825
Trade and other receivables	58,067	58,034
Other financial assets	12,939	8,829
Inventories	100,054	96,854
Other current assets	6,455	7,905
Subtotal	270,189	278,449
Assets held for sale	—	1,179
Total current assets	270,189	279,628
Non-current assets		
Property, plant and equipment	97,106	95,010
Right-of-use assets	24,480	24,954
Goodwill	158	150
Intangible assets	1,736	2,281
Financial assets	67,817	99,253
Deferred tax assets	10,795	7,143
Other non-current assets	1,749	6,106
Total non-current assets	203,844	234,899
Total assets	474,034	514,528

(Millions of yen)

	FY2020.3 (as of March 31, 2020)	Third quarter of FY2021.3 (as of December 31, 2020)
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	52,982	51,815
Interest-bearing debt	10,830	9,330
Lease liabilities	5,365	5,684
Other financial liabilities	9,620	9,759
Income tax payables	4,236	3,227
Provisions	1,700	1,901
Other current liabilities	14,412	16,495
Total current liabilities	99,149	98,215
Non-current liabilities		
Interest-bearing debt	—	776
Lease liabilities	15,864	15,439
Other financial liabilities	1,568	107
Retirement benefit liabilities	23,704	21,507
Provisions	2,574	1,812
Deferred tax liabilities	2,825	12,582
Other non-current liabilities	1,897	2,059
Total non-current liabilities	48,434	54,285
Total liabilities	147,584	152,500
Equity		
Capital stock	28,534	28,534
Capital surplus	21,277	21,379
Retained earnings	316,899	327,687
Treasury shares	(65,093)	(65,081)
Other components of equity	23,789	48,582
Equity attributable to owners of parent	325,409	361,103
Non-controlling interests	1,040	924
Total equity	326,450	362,027
Total liabilities and equity	474,034	514,528

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

Condensed Quarterly Consolidated Statement of Income

Third quarter (nine months) ended December 31, 2019 and 2020

(Millions of yen)

	Third quarter of FY2020.3 (April 1, 2019 – December 31, 2019)	Third quarter of FY2021.3 (April 1, 2020 – December 31, 2020)
Revenue	322,615	272,303
Cost of sales	(189,093)	(167,564)
Gross profit	133,522	104,739
Selling, general and administrative expenses	(91,126)	(75,712)
Core operating profit	42,396	29,026
Other income	1,914	1,351
Other expenses	(273)	(3,661)
Operating profit	44,036	26,716
Finance income	2,844	1,075
Finance expenses	(1,436)	(2,024)
Share of profit of associates accounted for using the equity method	6	—
Profit before income taxes	45,450	25,767
Income taxes	(12,606)	(8,066)
Profit for the period	32,844	17,700
Profit for the period attributable to:		
Owners of parent	32,718	17,621
Non-controlling interests	125	79
Earnings per share		
Basic (Yen)	183.48	100.23
Diluted (Yen)	—	—

Condensed Quarterly Consolidated Statement of Comprehensive Income

Third quarter (nine months) ended December 31, 2019 and 2020

(Millions of yen)

	Third quarter of FY2020.3 (April 1, 2019 – December 31, 2019)	Third quarter of FY2021.3 (April 1, 2020 – December 31, 2020)
Profit for the period	32,844	17,700
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plans	1,838	4,770
Financial assets measured at fair value through other comprehensive income	2,776	22,244
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	4,616	27,014
Items that may be subsequently reclassified to profit or loss		
Exchange differences on translation of foreign operations	(3,703)	2,741
Gain or loss on cash flow hedges	(232)	(164)
Total items that may be subsequently reclassified to profit or loss	(3,936)	2,577
Total other comprehensive income	680	29,592
Comprehensive income for the period	33,525	47,293
Comprehensive income for the period attributable to:		
Owners of parent	33,438	47,184
Non-controlling interests	87	109

(3) Condensed Quarterly Consolidated Statement of Changes in Equity

Third quarter of FY2020.3 (April 1, 2019 – December 31, 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	—	—	32,718	—	—	—	—
Other comprehensive income	—	—	—	—	1,838	2,778	(3,664)
Total comprehensive income for the period	—	—	32,718	—	1,838	2,778	(3,664)
Purchase of treasury shares	—	—	—	(14,597)	—	—	—
Dividends	—	—	(11,274)	—	—	—	—
Share-based compensation	—	(347)	—	519	—	—	—
Changes in the ownership interest of a subsidiary without a loss of control	—	—	—	—	—	—	—
Reclassified to retained earnings	—	—	1,839	—	(1,838)	(0)	—
Total transactions with owners	—	(347)	(9,435)	(14,078)	(1,838)	(0)	—
Balance at December 31, 2019	28,534	21,220	316,830	(56,612)	—	60,388	(4,558)

(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	—	—	32,718	125	32,844
Other comprehensive income	(232)	719	719	(38)	680
Total comprehensive income for the period	(232)	719	33,438	87	33,525
Purchase of treasury shares	—	—	(14,597)	—	(14,597)
Dividends	—	—	(11,274)	(49)	(11,324)
Share-based compensation	—	—	171	—	171
Changes in the ownership interest of a subsidiary without a loss of control	—	—	—	—	—
Reclassified to retained earnings	—	(1,839)	—	—	—
Total transactions with owners	—	(1,839)	(25,700)	(49)	(25,750)
Balance at December 31, 2019	(130)	55,699	365,674	1,108	366,782

Third quarter of FY2021.3 (April 1, 2020—December 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, 2020	28,534	21,277	316,899	(65,093)	—	34,183	(10,461)
Profit for the period	—	—	17,621	—	—	—	—
Other comprehensive income	—	—	—	—	4,770	22,244	2,712
Total comprehensive income for the period	—	—	17,621	—	4,770	22,244	2,712
Purchase of treasury shares	—	—	—	(5)	—	—	—
Dividends	—	—	(11,603)	—	—	—	—
Share-based compensation	—	101	—	16	—	—	—
Changes in the ownership interest of a subsidiary without a loss of control	—	0	—	—	—	—	—
Reclassified to retained earnings	—	—	4,770	—	(4,770)	(0)	—
Total transactions with owners	—	102	(6,832)	11	(4,770)	(0)	—
Balance at December 31, 2020	28,534	21,379	327,687	(65,081)	—	56,427	(7,748)

(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	—	—	17,621	79	17,700
Other comprehensive income	(164)	29,562	29,562	29	29,592
Total comprehensive income for the period	(164)	29,562	47,184	109	47,293
Purchase of treasury shares	—	—	(5)	—	(5)
Dividends	—	—	(11,603)	(59)	(11,663)
Share-based compensation	—	—	118	—	118
Changes in the ownership interest of a subsidiary without a loss of control	—	—	0	(165)	(165)
Reclassified to retained earnings	—	(4,770)	—	—	—
Total transactions with owners	—	(4,770)	(11,490)	(225)	(11,715)
Balance at December 31, 2020	(97)	48,582	361,103	924	362,027

(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. From 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.

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 ¥254 million for the period through the third 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 ¥2,317 million and recorded as “Other expenses” for the period through the third 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.

Third quarter of FY2020.3 (April 1, 2019 – December 31, 2019)

(Millions of yen)

	Reportable segment			Others	Total	Adjustments	Consolidated
	Musical instruments	Audio equipment	Total				
Revenue							
Revenue from external customers	213,336	86,189	299,525	23,090	322,615	—	322,615
Intersegment revenue	—	—	—	249	249	(249)	—
Total	213,336	86,189	299,525	23,339	322,865	(249)	322,615
Core operating profit [Segment profit]	34,802	7,137	41,939	456	42,396	—	42,396
Other income							1,914
Other expenses							(273)
Operating profit							44,036
Finance income							2,844
Finance expenses							(1,436)
Share of profit of associates accounted for using the equity method							6
Profit before income taxes							45,450

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

Third quarter of FY2021.3 (April 1, 2020 – December 31, 2020)

(Millions of yen)

	Reportable segment			Others	Total	Adjustments	Consolidated
	Musical instruments	Audio equipment	Total				
Revenue							
Revenue from external customers	175,910	74,824	250,735	21,568	272,303	—	272,303
Intersegment revenue	—	—	—	185	185	(185)	—
Total	175,910	74,824	250,735	21,753	272,488	(185)	272,303
Core operating profit [Segment profit]	23,002	5,069	28,071	955	29,026	—	29,026
Other income							1,351
Other expenses							(3,661)
Operating profit							26,716
Finance income							1,075
Finance expenses							(2,024)
Share of profit of associates accounted for using the equity method							—
Profit before income taxes							25,767

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

Subsequent Events

There are no important subsequent events to note.