YAMAHA CORPORATION

Flash Report
Consolidated Basis (IFRS)
Results for the First Quarter of the Fiscal Year Ending March 31, 2021
(April 1, 2020—June 30, 2020)

August 4, 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
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Scheduled date to submit Quarterly Securities Report:	August 7, 2020
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 for the First Quarter of FY2021.3 (April 1, 2020—June 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	%
First quarter of FY2021.3	**71,787**	**(27.9)**	**1,137**	**(89.5)**	**(1,511)**	**—**	**(1,734)**	**—**
First quarter of FY2020.3	99,518	(4.8)	10,792	(13.2)	11,130	(8.3)	11,001	(15.9)

Note: Comprehensive income: **First quarter of FY2021.3 ¥10,492 million —%**
First quarter of FY2020.3 ¥(3,368) million —%

	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
First quarter of FY2021.3	**(1,800)**	**—**	**(1,809)**	**—**	**(10.29)**	**—**
First quarter of FY2020.3	7,336	(22.3)	7,290	(23.2)	40.80	—

(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	%
First quarter of FY2021.3 (As of June 30, 2020)	**466,923**	**331,102**	**330,116**	**70.7**
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	—				
FY2021.3 (Forecast)		33.00	—	33.00	66.00

Note: Revisions from recently announced dividend forecast: Yes

For commentary information regarding a dividend forecast, please refer to "Notice of Announcement of Forecasts for Earnings and Dividends", which was released today (August 4, 2020).

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: Yes

For commentary information regarding consolidated financial forecasts, please refer to "Notice of Announcement of Forecasts for Earnings and Dividends", which was released today (August 4, 2020).

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

Footnote Items

(1) Changes in the state of material subsidiaries during the period (Changes regarding significant subsidiaries accompanying changes in the scope of consolidation): None
Newly included: — Excluded: —

(2) Changes in accounting policies and changes in accounting estimates
(a) Changes in accounting policies required by IFRS: None
(b) Changes other than those in (a) above: None
(c) Changes in accounting estimates: None

(3) Number of shares outstanding (common shares)

(a) Number of shares outstanding at the end of the period (including treasury shares)	**First 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	**First quarter of FY2021.3**	**15,758,600 shares**	FY2020.3	15,735,084 shares
(c) Average number of shares outstanding during the period (cumulative period)	**First quarter of FY2021.3**	**175,814,045 shares**	First quarter of FY2020.3	178,670,222 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 for the first quarter of FY2021.3, please refer to "Yamaha Reports First Quarter (Three Months) Results of Fiscal Year Ending March 2021 and Full Year Outlook [IFRS]", which was released today (August 4, 2020).

(Revisions from recently announced Consolidated Financial Forecasts)
The Company had not previously announced its consolidated financial forecasts for the fiscal year ending March 31, 2021, which remained undecided due to the high uncertainty concerning the impact of the COVID-19 pandemic to the Group and the difficulty ascertaining a reasonably accurate forecast. The Company announces the consolidated financial forecasts that were prepared based on information and forecasts available at the time of the announcement. For commentary information regarding consolidated financial forecasts, please refer to "Notice of Announcement of Forecasts for Earnings and Dividends", which was released today (August 4, 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

(1) Condensed Quarterly Consolidated Statement of Financial Position

(Millions of yen)

	FY2020.3 (as of March 31, 2020)	First quarter of FY2021.3 (as of June 30, 2020)
Assets		
Current assets		
Cash and cash equivalents	92,671	88,506
Trade and other receivables	58,067	47,365
Other financial assets	12,939	7,354
Inventories	100,054	100,824
Other current assets	6,455	6,603
Subtotal	270,189	250,652
Assets held for sale	—	1,178
Total current assets	270,189	251,830
Non-current assets		
Property, plant and equipment	97,106	95,736
Right-of-use assets	24,480	25,859
Goodwill	158	156
Intangible assets	1,736	1,876
Financial assets	67,817	81,649
Deferred tax assets	10,795	7,764
Other non-current assets	1,749	2,049
Total non-current assets	203,844	215,092
Total assets	474,034	466,923

(Millions of yen)

	FY2020.3 (as of March 31, 2020)	First quarter of FY2021.3 (as of June 30, 2020)
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	52,982	43,385
Interest-bearing debt	10,830	13,348
Lease liabilities	5,365	5,633
Other financial liabilities	9,620	9,899
Income tax payables	4,236	1,971
Provisions	1,700	1,809
Other current liabilities	14,412	14,029
Total current liabilities	99,149	90,077
Non-current liabilities		
Lease liabilities	15,864	16,478
Financial liabilities	1,568	146
Retirement benefit liabilities	23,704	21,062
Provisions	2,574	2,516
Deferred tax liabilities	2,825	3,567
Other non-current liabilities	1,897	1,971
Total non-current liabilities	48,434	45,744
Total liabilities	147,584	135,821
Equity		
Capital stock	28,534	28,534
Capital surplus	21,277	21,300
Retained earnings	316,899	311,439
Treasury shares	(65,093)	(65,093)
Other components of equity	23,789	33,935
Equity attributable to owners of parent	325,409	330,116
Non-controlling interests	1,040	985
Total equity	326,450	331,102
Total liabilities and equity	474,034	466,923

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

Condensed Quarterly Consolidated Statement of Income

First quarter (three months) ended June 30, 2019 and 2020

(Millions of yen)

	First quarter of FY2020.3 (April 1, 2019－June 30, 2019)	First quarter of FY2021.3 (April 1, 2020－June 30, 2020)
Revenue	99,518	71,787
Cost of sales	(58,155)	(46,783)
Gross profit	41,363	25,003
Selling, general and administrative expenses	(30,571)	(23,866)
Core operating profit	10,792	1,137
Other income	385	469
Other expenses	(47)	(3,118)
Operating profit (loss)	11,130	(1,511)
Finance income	549	462
Finance expenses	(685)	(685)
Share of profit of associates accounted for using the equity method	8	—
Profit (Loss) before income taxes	11,001	(1,734)
Income taxes	(3,665)	(66)
Profit (Loss) for the period	7,336	(1,800)
Profit (Loss) for the period attributable to:		
Owners of parent	7,290	(1,809)
Non-controlling interests	46	8
Earnings per share		
Basic (Yen)	40.80	(10.29)
Diluted (Yen)	—	—

Condensed Quarterly Consolidated Statement of Comprehensive Income

First quarter (three months) ended June 30, 2019 and 2020

(Millions of yen)

	First quarter of FY2020.3 (April 1, 2019－June 30, 2019)	First quarter of FY2021.3 (April 1, 2020－June 30, 2020)
Profit (Loss) for the period	7,336	(1,800)
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plans	(0)	2,150
Financial assets measured at fair value through other comprehensive income	(5,519)	9,743
Share of other comprehensive income of associates accounted for using the equity method	(6)	―
Total items that will not be reclassified to profit or loss	(5,526)	11,893
Items that may be subsequently reclassified to profit or loss		
Exchange differences on translation of foreign operations	(5,152)	720
Gain or loss on cash flow hedges	(25)	(321)
Total items that may be subsequently reclassified to profit or loss	(5,178)	398
Total other comprehensive income	(10,704)	12,292
Comprehensive income for the period	(3,368)	10,492
Comprehensive income for the period attributable to:		
Owners of parent	(3,373)	10,487
Non-controlling interests	5	4

(3) Condensed Quarterly Consolidated Statement of Changes in Equity

First quarter of FY2020.3 (April 1, 2019－June 30, 2019)

(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, 2019	28,534	21,568	293,547	(42,533)	―	57,610	(893)
Profit (Loss) for the period	―	―	7,290	―	―	―	―
Other comprehensive income	―	―	―	―	(0)	(5,525)	(5,111)
Total comprehensive income for the period	―	―	7,290	―	(0)	(5,525)	(5,111)
Purchase of treasury shares	―	―	―	(8,068)	―	―	―
Dividends	―	―	(5,389)	―	―	―	―
Share-based compensation	―	(461)	―	519	―	―	―
Reclassified to retained earnings	―	―	(0)	―	0	―	―
Total transactions with owners	―	(461)	(5,389)	(7,549)	0	―	―
Balance at June 30, 2019	28,534	21,106	295,447	(50,083)	―	52,085	(6,004)

(Millions of yen)

	Equity attributable to owners of parent			Non-controlling interests	Total equity
	Other components of equity				
	Gain or loss on cash flow hedges	Total	Total		
Balance at April 1, 2019	102	56,820	357,936	1,070	359,007
Profit (Loss) for the period	―	―	7,290	46	7,336
Other comprehensive income	(25)	(10,663)	(10,663)	(41)	(10,704)
Total comprehensive income for the period	(25)	(10,663)	(3,373)	5	(3,368)
Purchase of treasury shares	―	―	(8,068)	―	(8,068)
Dividends	―	―	(5,389)	(49)	(5,438)
Share-based compensation	―	―	57	―	57
Reclassified to retained earnings	―	0	―	―	―
Total transactions with owners	―	0	(13,400)	(49)	(13,450)
Balance at June 30, 2019	76	46,157	341,162	1,026	342,188

First quarter of FY2021.3 (April 1, 2020－June 30, 2020)

(Millions of yen)

	Equity attributable to owners of parent						
					Other components of equity		
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Remeasure-ments 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 (Loss) for the period	―	―	(1,809)	―	―	―	―
Other comprehensive income	―	―	―	―	2,150	9,743	724
Total comprehensive income for the period	―	―	(1,809)	―	2,150	9,743	724
Purchase of treasury shares	―	―	―	(0)	―	―	―
Dividends	―	―	(5,802)	―	―	―	―
Share-based compensation	―	22	―	―	―	―	―
Reclassified to retained earnings	―	―	2,150	―	(2,150)	―	―
Total transactions with owners	―	22	(3,651)	(0)	(2,150)	―	―
Balance at June 30, 2020	28,534	21,300	311,439	(65,093)	―	43,926	(9,736)

(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 (Loss) for the period	―	―	(1,809)	8	(1,800)
Other comprehensive income	(321)	12,296	12,296	(4)	12,292
Total comprehensive income for the period	(321)	12,296	10,487	4	10,492
Purchase of treasury shares	―	―	(0)	―	(0)
Dividends	―	―	(5,802)	(59)	(5,861)
Share-based compensation	―	―	22	―	22
Reclassified to retained earnings	―	(2,150)	―	―	―
Total transactions with owners	―	(2,150)	(5,780)	(59)	(5,840)
Balance at June 30, 2020	(254)	33,935	330,116	985	331,102

(4) Notes to the Condensed Quarterly Consolidated Financial Statements

Notes Regarding Assumptions as a Going Concern

Not applicable

Other Expenses

Loss from suspension of operations

During the first quarter of the fiscal year ending March 31, 2021, the spread of COVID-19 and its serious worldwide impact have led the Group to temporarily close its directly managed shops, music schools, and factory operations.

Expenses incurred during the period of business suspensions and factory shutdowns are recognized as loss from suspension of operations amounting to ¥2,544 million and recorded as “other expenses.”

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.

First quarter of FY2020.3 (April 1, 2019－June 30, 2019)

(Millions of yen)

	Reportable segment			Others	Total	Adjustments	Consolidated
	Musical instruments	Audio equipment	Total				
Revenue							
Revenue from external customers	67,533	24,815	92,349	7,169	99,518	—	99,518
Intersegment revenue	—	—	—	87	87	(87)	—
Total	67,533	24,815	92,349	7,257	99,606	(87)	99,518
Core operating profit [Segment profit]	9,849	877	10,726	65	10,792	—	10,792
Other income							385
Other expenses							(47)
Operating profit							11,130
Finance income							549
Finance expenses							(685)
Share of profit of associates accounted for using the equity method							8
Profit before income taxes							11,001

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

First quarter of FY2021.3 (April 1, 2020－June 30, 2020)

(Millions of yen)

	Reportable segment			Others	Total	Adjustments	Consolidated
	Musical instruments	Audio equipment	Total				
Revenue							
Revenue from external customers	46,638	19,538	66,177	5,610	71,787	—	71,787
Intersegment revenue	—	—	—	80	80	(80)	—
Total	46,638	19,538	66,177	5,690	71,868	(80)	71,787
Core operating profit (loss) [Segment profit (loss)]	2,515	(1,080)	1,435	(297)	1,137	—	1,137
Other income							469
Other expenses							(3,118)
Operating profit (loss)							(1,511)
Finance income							462
Finance expenses							(685)
Share of profit of associates accounted for using the equity method							—
Profit (Loss) before income taxes							(1,734)

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

Subsequent Events

There are no important sequent events to note.