ANNUAL FINANCIAL REPORT
(Consolidated financial statements and notes)

Fiscal Year Ended March 31, 2023

Yamaha Corporation

CONSOLIDATED FINANCIAL STATEMENTS AND NOTES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Yamaha Corporation and its consolidated subsidiaries As of March 31, 2023 and 2022	Millions of yen 2023	 2022 (Note)	Thousands of U.S. dollars (Note 2) 2023
Assets			
Current assets			
Cash and cash equivalents (Notes 7 and 34)	**¥103,886**	¥172,495	**$777,997**
Trade and other receivables (Notes 8, 24 and 34)	**75,354**	60,018	**564,323**
Other financial assets (Notes 14 and 34)	**1,089**	4,352	**8,155**
Inventories (Note 9)	**153,569**	118,640	**1,150,071**
Other current assets (Note 10)	**12,645**	7,169	**94,698**
Total current assets	**346,545**	362,676	**2,595,259**
Non-current assets			
Property, plant and equipment (Note 11)	**112,160**	102,898	**839,961**
Right-of-use assets (Note 12)	**21,852**	21,655	**163,649**
Goodwill (Note 13)	**4,626**	177	**34,644**
Intangible assets (Note 13)	**2,982**	3,045	**22,332**
Financial assets (Notes 14 and 34)	**80,738**	70,319	**604,643**
Retirement benefit assets (Note 21)	**14,018**	10,786	**104,980**
Deferred tax assets (Note 15)	**9,716**	7,627	**72,763**
Other non-current assets	**1,605**	1,474	**12,020**
Total non-current assets	**247,701**	217,985	**1,855,021**
Total assets	**¥594,246**	¥580,662	**$4,450,281**

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Note: See "3. Significant Accounting Policies (18) Changes in Accouting Policies".

As of March 31, 2023 and 2022	Millions of yen 2023	 2022 (Note)	Thousands of U.S. dollars (Note 2) 2023
Liabilities and equity			
Liabilities			
Current liabilities			
Trade and other payables (Notes 16 and 34)	**¥60,574**	¥63,184	**$453,636**
Interest-bearing debt (Notes 17 and 34)	**1,489**	10,523	**11,151**
Lease liabilities (Note 34)	**5,733**	5,727	**42,934**
Other financial liabilities (Notes 18 and 34)	**9,909**	10,156	**74,208**
Income taxes payables	**2,851**	20,260	**21,351**
Provisions (Note 19)	**2,114**	2,086	**15,832**
Other current liabilities (Notes 20 and 24)	**12,468**	14,174	**93,372**
Total current liabilities	**95,140**	126,114	**712,499**
Non-current liabilities			
Interest-bearing debt (Notes 17 and 34)	**6**	–	**45**
Lease liabilities (Note 34)	**10,440**	11,647	**78,185**
Other financial liabilities (Notes 18 and 34)	**74**	110	**554**
Retirement benefit liabilities (Note 21)	**14,067**	13,338	**105,347**
Provisions (Note 19)	**2,744**	2,399	**20,550**
Deferred tax liabilities (Note 15)	**11,704**	7,954	**87,651**
Other non-current liabilities	**2,123**	2,228	**15,899**
Total non-current liabilities	**41,162**	37,679	**308,260**
Total liabilities	**136,302**	163,794	**1,020,759**
Equity			
Capital stock (Note 22)	**28,534**	28,534	**213,690**
Capital surplus (Note 22)	**1,755**	2,114	**13,143**
Retained earnings (Note 22)	**428,166**	398,516	**3,206,515**
Treasury shares (Note 22)	**(78,766)**	(73,288)	**(589,875)**
Other components of equity	**77,148**	59,834	**577,758**
Equity attributable to owners of parent	**456,837**	415,713	**3,421,231**
Non-controlling interests	**1,106**	1,154	**8,283**
Total equity	**457,944**	416,867	**3,429,521**
Total liabilities and equity	**¥594,246**	¥580,662	**$4,450,281**

Note: See "3. Significant Accounting Policies (18) Changes in Accouting Policies".

CONSOLIDATED STATEMENT OF INCOME

Yamaha Corporation and its consolidated subsidiaries For the fiscal years ended March 31, 2023 and 2022	Millions of yen		Thousands of U.S. dollars (Note 2)
	2023	2022 (Note)	2023
Revenue (Notes 5 and 24)	**¥451,410**	¥408,197	**$3,380,589**
Cost of sales (Notes 21 and 26)	**(280,270)**	(253,460)	**(2,098,929)**
Gross profit	**171,139**	154,736	**1,281,652**
Selling, general and administrative expenses (Notes 21, 25, 26 and 33)	**(125,272)**	(111,706)	**(938,156)**
Core operating profit (Note 5)	**45,867**	43,029	**343,496**
Other income (Note 27)	**2,006**	7,558	**15,023**
Other expenses (Notes 21 and 27)	**(1,389)**	(1,250)	**(10,402)**
Operating profit	**46,484**	49,337	**348,117**
Finance income (Note 28)	**4,509**	5,792	**33,768**
Finance expenses (Note 28)	**(441)**	(2,102)	**(3,303)**
Profit before income taxes	**50,552**	53,028	**378,582**
Income taxes (Note 15)	**(12,375)**	(15,666)	**(92,676)**
Profit for the period	**¥38,177**	¥37,361	**$285,906**
Profit for the period attributable to:			
Owners of parent	**¥38,183**	¥37,268	**$285,951**
Non-controlling interests	**(6)**	92	**(45)**

	Yen		U.S. dollars (Note 2)
Earnings per share			
Basic (Note 30)	**¥222.64**	¥214.87	**$1.67**
Diluted (Note 30)	**–**	–	**–**

The above consolidated statement of income should be read in conjunction with the accompanying notes.

Note: See "3. Significant Accounting Policies (18) Changes in Accouting Policies".

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Yamaha Corporation and its consolidated subsidiaries For the fiscal years ended March 31, 2023 and 2022	Millions of yen 2023	 2022 (Note)	Thousands of U.S. dollars (Note 2) 2023
Profit for the period	**¥38,177**	¥37,361	**$285,906**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit plans (Note 29)	**2,660**	2,956	**19,921**
Financial assets measured at fair value through other comprehensive income (Note 29)	**7,714**	(582)	**57,770**
Total items that will not be reclassified to profit or loss	**10,374**	2,373	**77,690**
Items that may be subsequently reclassified to profit or loss			
Exchange differences on translation of foreign operations (Note 29)	**9,683**	19,166	**72,516**
Gain or loss on cash flow hedges (Note 29)	**61**	(221)	**457**
Total items that may be subsequently reclassified to profit or loss	**9,744**	18,944	**72,972**
Total other comprehensive income (Note 29)	**20,119**	21,318	**150,670**
Comprehensive income for the period	**¥58,297**	¥58,680	**$436,584**
Comprehensive income for the period attributable to:			
Owners of parent	**¥58,288**	¥58,447	**$436,516**
Non-controlling interests	**8**	232	**60**

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Note: See "3. Significant Accounting Policies (18) Changes in Accouting Policies".

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Yamaha Corporation and its consolidated subsidiaries For the fiscal years ended March 31, 2023 and 2022	Millions of yen											
	Equity attributable to owners of parent										Non-controlling interests	Total equity
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Other components of equity					Total		
					Remeasure-ments of defined benefit plans	Financial assets measured at fair value through other comprehen-sive income	Exchange differences on translation of foreign operations	Gain or loss on cash flow hedges	Total			
Balance at April 1, 2021	¥28,534	¥21,430	¥337,923	¥(65,086)	¥–	¥71,786	¥1,494	¥(123)	¥73,156	¥395,958	¥991	¥396,949
Effect of changes in accounting policies	–	–	783	–	–	–	–	–	–	783	–	783
Beginning balance reflecting changes in accounting policies	28,534	21,430	338,706	(65,086)	–	71,786	1,494	(123)	73,156	396,741	991	397,732
Profit for the period	–	–	37,268	–	–	–	–	–	–	37,268	92	37,361
Other comprehensive income	–	–	–	–	2,956	(582)	19,026	(221)	21,178	21,178	139	21,318
Total comprehensive income for the period	–	–	37,268	–	2,956	(582)	19,026	(221)	21,178	58,447	232	58,680
Purchase of treasury shares	–	–	–	(28,009)	–	–	–	–	–	(28,009)	–	(28,009)
Cancellation of treasury shares	–	(19,333)	(457)	19,790	–	–	–	–	–	–	–	–
Dividends (Note 23)	–	–	(11,501)	–	–	–	–	–	–	(11,501)	(68)	(11,570)
Share-based compensation (Note 33)	–	18	–	16	–	–	–	–	–	34	–	34
Reclassified to retained earnings	–	–	34,500	–	(2,956)	(31,544)	–	–	(34,500)	–	–	–
Total transactions with owners	–	(19,315)	22,541	(8,201)	(2,956)	(31,544)	–	–	(34,500)	(39,476)	(68)	(39,544)
Balance at March 31, 2022	¥28,534	¥2,114	¥398,516	¥(73,288)	¥–	¥39,659	¥20,521	¥(345)	¥59,834	¥415,713	¥1,154	¥416,867
Profit for the period	–	–	38,183	–	–	–	–	–	–	38,183	(6)	38,177
Other comprehensive income	–	–	–	–	2,660	7,714	9,668	61	20,104	20,104	15	20,119
Total comprehensive income for the period	–	–	38,183	–	2,660	7,714	9,668	61	20,104	58,288	8	58,297
Purchase of treasury shares	–	–	–	(6,123)	–	–	–	–	–	(6,123)	–	(6,123)
Cancellation of treasury shares	–	–	–	–	–	–	–	–	–	–	–	–
Dividends (Note 23)	–	–	(11,325)	–	–	–	–	–	–	(11,325)	(56)	(11,382)
Share-based compensation (Note 33)	–	(359)	–	644	–	–	–	–	–	285	–	285
Reclassified to retained earnings	–	–	2,791	–	(2,660)	(130)	–	–	(2,791)	–	–	–
Total transactions with owners	–	(359)	(8,534)	(5,478)	(2,660)	(130)	–	–	(2,791)	(17,163)	(56)	(17,220)
Balance at March 31, 2023	**¥28,534**	**¥1,755**	**¥428,166**	**¥(78,766)**	¥–	**¥47,242**	**¥30,189**	**¥(284)**	**¥77,148**	**¥456,837**	**¥1,106**	**¥457,944**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Yamaha Corporation and its consolidated subsidiaries For the fiscal year ended March 31, 2023	Thousands of U.S. dollars (Note 2)											
	Equity attributable to owners of parent										Non-controlling interests	Total equity
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Other components of equity					Total		
					Remeasure-ments of defined benefit plans	Financial assets measured at fair value through other comprehen-sive income	Exchange differences on translation of foreign operations	Gain or loss on cash flow hedges	Total			
Balance at March 31, 2022	$213,690	$15,832	$2,984,468	$(548,850)	$–	$297,004	$153,681	$(2,584)	$448,094	$3,113,255	$8,642	$3,121,898
Profit for the period	–	–	285,951	–	–	–	–	–	–	285,951	(45)	285,906
Other comprehensive income	–	–	–	–	19,921	57,770	72,403	457	150,558	150,558	112	150,670
Total comprehensive income for the period	–	–	285,951	–	19,921	57,770	72,403	457	150,558	436,516	60	436,584
Purchase of treasury shares	–	–	–	(45,855)	–	–	–	–	–	(45,855)	–	(45,855)
Cancellation of treasury shares	–	–	–	–	–	–	–	–	–	–	–	–
Dividends (Note 23)	–	–	(84,812)	–	–	–	–	–	–	(84,812)	(419)	(85,239)
Share-based compensation (Note 33)	–	(2,689)	–	4,823	–	–	–	–	–	2,134	–	2,134
Reclassified to retained earnings	–	–	20,902	–	(19,921)	(974)	–	–	(20,902)	–	–	–
Total transactions with owners	–	(2,689)	(63,911)	(41,024)	(19,921)	(974)	–	–	(20,902)	(128,533)	(419)	(128,960)
Balance at March 31, 2023	**$213,690**	**$13,143**	**$3,206,515**	**$(589,875)**	**$–**	**$353,793**	**$226,084**	**$(2,127)**	**$577,758**	**$3,421,231**	**$8,283**	**$3,429,521**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

Yamaha Corporation and its consolidated subsidiaries For the fiscal years ended March 31, 2023 and 2022	Millions of yen 2023	 2022 (Note)	Thousands of U.S. dollars (Note 2) 2023
Cash flows from operating activities			
Profit before income taxes	**¥50,552**	¥53,028	**$378,582**
Depreciation and amortization	**19,270**	17,314	**144,312**
Impairment losses (reversal of impairment losses)	**62**	322	**464**
Finance income and finance expenses	**(4,310)**	(3,367)	**(32,277)**
Loss (gain) on disposal or sales of property, plant and equipment and intangible assets	**5**	(4,597)	**37**
(Increase) decrease in inventories	**(28,251)**	(13,751)	**(211,570)**
(Increase) decrease in trade and other receivables	**(12,369)**	582	**(92,631)**
Increase (decrease) in trade and other payables	**(4,476)**	3,950	**(33,521)**
Increase (decrease) in assets and liabilities associated with the defined benefit plans	**(327)**	(8,955)	**(2,449)**
Increase (decrease) in provisions	**(295)**	530	**(2,209)**
Increase (decrease) in accounts payable due to transition to defined contribution plans	**(31)**	(1,487)	**(232)**
Other, net	**(1,906)**	(245)	**(14,274)**
Subtotal	**17,921**	43,323	**134,210**
Interest and dividends income received	**3,663**	4,255	**27,432**
Interest expenses paid	**(453)**	(404)	**(3,392)**
Income taxes refunded (paid)	**(35,973)**	(11,158)	**(269,400)**
Net cash provided by (used in) operating activities	**(14,841)**	36,016	**(111,144)**
Cash flows from investing activities			
Net (increase) decrease in time deposits	**3,517**	4,850	**26,339**
Purchase of property, plant and equipment and intangible assets	**(20,726)**	(14,530)	**(155,216)**
Proceeds from sales of property, plant and equipment and intangible assets	**227**	6,111	**1,700**
Purchase of investment securities	**(1)**	(0)	**(7)**
Proceeds from sales and redemption of investment securities	**615**	47,255	**4,606**
Purchase of shares of subsidiaries resulting in change in scope of consolidation (Note 6)	**(4,898)**	–	**(36,681)**
Other, net	**(297)**	21	**(2,224)**
Net cash provided by (used in) investing activities	**(21,563)**	43,707	**(161,484)**
Cash flows from financing activities			
Net increase (decrease) in short-term borrowings (Note 32)	**(8,965)**	679	**(67,138)**
Proceeds from long-term borrowings (Note 32)	**–**	955	**–**
Repayment of long-term borrowings (Note 32)	**(1,890)**	(449)	**(14,154)**
Repayment of lease liabilities (Note 32)	**(6,356)**	(6,022)	**(47,600)**
Purchase of treasury shares	**(6,123)**	(28,009)	**(45,855)**
Decrease (increase) in segregated deposits for purchase of treasury shares	**(477)**	–	**(3,572)**
Cash dividends paid (Note 23)	**(11,325)**	(11,501)	**(84,812)**
Cash dividends paid to non-controlling interests	**(56)**	(68)	**(419)**
Other, net (Note 32)	**(90)**	(8)	**(674)**
Net cash provided by (used in) financing activities	**(35,287)**	(44,426)	**(264,263)**
Effect of exchange rate change on cash and cash equivalents	**3,083**	7,852	**23,088**
Net increase (decrease) in cash and cash equivalents	**(68,608)**	43,150	**(513,802)**
Cash and cash equivalents at beginning of period (Note 7)	**172,495**	129,345	**1,291,807**
Cash and cash equivalents at end of period (Note 7)	**¥103,886**	¥172,495	**$777,997**

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Note: See "3. Significant Accounting Policies (18) Changes in Accouting Policies".

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal years ended March 31, 2023 and 2022

1 Reporting Entity

Yamaha Corporation (hereinafter, the "Company") is a company located in Japan and listed on the Tokyo Stock Exchange. The registered address of the Company's headquarters is 10-1, Nakazawa-cho, Naka-ku, Hamamatsu, Shizuoka, Japan. The consolidated financial statements for the fiscal year ended the March 31, 2023 comprise the financial statements of the Company and its subsidiaries (the "Group").
The Group's operations include the musical instruments business, audio equipment business, and other businesses.

2 Basis for Preparation

(1) Compliance with IFRS

The Group prepares its consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board. Having met the requirements for a Specified Company under Designated International Accounting Standards, as prescribed in Article 1-2 of the Regulation on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements, the consolidated financial statements of the Group have been prepared pursuant to Article 93 of the aforementioned regulation.
The consolidated financial statements are approved by Takuya Nakata, President and Representative Executive Officer, on June 30, 2023.

(2) Basis of measurement

The consolidated financial statements of the Group have been prepared based on the accounting policies described in "3. Significant Accounting Policies." The amounts of assets and liabilities, except for financial instruments measured at fair value and assets and liabilities associated with the defined benefit plans as disclosed in significant accounting policies, are recorded on a historical cost basis.

(3) Functional currency and presentation currency

The consolidated financial statements of the Group are presented in Japanese yen, which is the functional currency of the Company, in units of one million yen with figures less than one million yen omitted.
The translation of Japanese yen amounts into U.S. dollar amounts is included solely for the convenience of readers outside Japan and has been made at the rate of ¥133.53 to U.S.$1, the approximate exchange rate at March 31, 2023. Such translation should not be construed as a representation that the Japanese yen amounts could be converted into U.S. dollars at the above or any other rate.

(4) Accounting standards and interpretations issued but not yet applied

The Group has applied, including early application, all significant accounting standards and interpretations issued as of the date of authorization of the consolidated financial statements.

(5) Changes in Presentation Method

Consolidated statement of financial position

Retirement benefit assets, which was included in "other non-current assets" in the previous consolidated fiscal year, is separately presented in this consolidated fiscal year due to its increase of quantitative materiality. To reflect this change in presentation method, the consolidated financial statements for the previous fiscal year have been reclassified.
As a result, ¥12,261 million presented as "other non-current assets" in the consolidated statement of financial position for the previous fiscal year has been reclassified as "retirement benefit assets" of ¥10,786 million and "other non-current assets" of ¥1,474 million.

3 Significant Accounting Policies

(1) Basis of consolidation

The consolidated financial statements of the Group are prepared using the financial statements of Group companies and associated companies of the Group based on unified accounting policies. If a subsidiary or associated company's accounting policy differs from that of the Group, the financial statements of the entity are adjusted as necessary.

A) Subsidiaries

A subsidiary is an entity controlled by the Group. The Group controls an entity when it has power over the investee, when it is exposed to, or has rights to, variable returns from its involvement in the investee, and when it has the ability to use its power over the investee to affect its returns.
The financial statements of subsidiaries are included in the consolidated financial statements of the Group from the date on which control commences until the date on which control ceases. When the Group retains control over a subsidiary after divesting a portion of its interest in the company, the change in the Group's equity interest is accounted for as an equity transaction and the difference between the adjusted amount and the fair value of the non-controlling interest is directly recognized in equity attributable to owners of parent. Gains or losses are recognized when there is a loss of control.
The balance of receivables and payables and transactions among Group companies, and unrealized profit or loss from transactions between Group companies, are eliminated upon preparation of the consolidated financial statements.
Comprehensive income of subsidiaries shall be attributed to owners of the parent company and non-controlling interests even if this results in the non-controlling interests having a deficit balance.
If the accounting period of a subsidiary differs from that of the Company, the subsidiary's financial statements shall be adjusted based on the Company's accounting period.

B) Associated companies

An associated company is an entity that is not controlled by the Group but for which the Group has significant influence over its financial and operating policies. The equity method is applied to investments in associated companies initially recognized at cost at the time of acquisition. The Group's share of profit or loss and other comprehensive income is recognized as changes in the carrying amount of the investments in the associated companies from the date on which significant influence commences until the date on which significant influence ceases.

C) Business combinations

Business combinations are accounted for using the acquisition method.
The acquisition cost is measured as the sum of the acquisition-date fair value of the assets acquired, liabilities assumed, and equity instruments issued by the Company in exchange for control of the acquiree.
Transaction costs incurred in association with a business combination are expensed when incurred.
The excess of the acquisition cost over the Group's share of the net fair value of the identifiable assets acquired and liabilities assumed on the date of acquisition is recognized as goodwill. Conversely, if the difference is negative, a gain is recognized in profit or loss.

(2) Foreign currencies

A) Transactions denominated in foreign currencies

The financial statements of each of Group entity are prepared using each company's functional currency.
Transactions conducted in currencies other than the functional currency are translated into the functional currency using the exchange rate on the transaction date or an exchange rate that approximates the exchange rate on that date. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are translated to the functional currency using the exchange rate at the fiscal year-end, and non-monetary assets and liabilities measured at fair value are translated at the exchange rate on the date of calculation of fair value.
Any exchange differences arising from translation or settlement are recognized in profit or loss.
However, exchange differences arising from financial instruments measured at fair value through other comprehensive income or cash flow hedges are recognized in other comprehensive income.

B) Foreign operations

Assets and liabilities of the Group's foreign operations are translated using the exchange rates at the fiscal year-end. Income and expense items are translated at the average exchange rates for the reporting period, unless any significant change has occurred. Any exchange differences arising from these translations are recognized in other comprehensive income. If a foreign operation is disposed of, the accumulated amount of the exchange differences on translation related to the foreign operation is reclassified to profit or loss at the time the foreign operation was disposed of.

(3) Financial instruments

A) Financial assets

(a) Initial recognition and measurement

Financial assets are recognized on the trade date when the Group becomes a party to the transaction.

Financial assets other than financial assets measured at fair value through profit or loss, are measured at an amount of fair value plus transaction costs directly attributable to the acquisition of the financial asset at initial recognition. Transaction costs of financial assets measured at fair value through profit or loss are recognized in profit or loss.

(b) Classification and subsequent measurement

The Group, at initial recognition, classifies financial assets as (i) financial assets measured at amortized cost, (ii) financial assets measured at fair value through other comprehensive income, or (iii) financial assets measured at fair value through profit or loss.

(i) Financial assets measured at amortized cost

Among financial assets, debt instruments are categorized as financial assets measured at amortized costs if both of the following conditions are met:

• They are held based on a business model whose objective is to hold financial assets in order to collect contractual cash flows.

• The contractual terms of these instruments give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, financial assets for which these conditions are met is measured at amortized cost using the effective interest rate method. The amortized amount using the effective interest rate method and profit or loss, in cases where a financial asset is derecognized, is recognized in profit or loss.

(ii) Financial assets measured at fair value through other comprehensive income

Among financial assets, debt instruments are categorized as financial assets measured at fair value through other comprehensive income if both of the following conditions are met:

• They are held based on a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets.

• The contractual terms of these instruments give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Equity instruments, such as shares of Yamaha Motor Co., Ltd., which uses a common brand as the Group, and shares of companies related to other businesses, are categorized upon initial recognition as financial assets measured at fair value through other comprehensive income.

After initial recognition, changes in the fair value of equity instruments measured at fair value through other comprehensive income are recognized as other comprehensive income. When financial assets are derecognized or the fair value decreases materially, the cumulative gain or loss recognized in other comprehensive income is reclassified to retained earnings. Dividends from such financial assets are recognized in profit or loss as finance income.

(iii) Financial assets measured at fair value through profit or loss

Financial assets other than the above are categorized as financial assets measured at fair value through profit or loss.

Changes in the fair value of financial assets measured at fair value through profit or loss after initial recognition are recognized in profit or loss.

(c) Impairment of financial assets

For trade and other receivables, the Group recognizes an allowance for doubtful accounts equivalent to the expected credit loss over the full period.

For trade and other receivables for which repayment is doubtful or potentially doubtful, the impairment loss on such assets is assessed individually or as a group for assets of similar types of risk and accounted for in the allowance for doubtful accounts.

For trade and other receivables that do not fall into the above category, impairment loss is assessed primarily based on the historical actual default rate and accounted for in the allowance for doubtful accounts.

For trade and other receivables for which impairment loss was previously recognized and the impairment amount decreased due to a subsequent event, the previously recognized impairment loss is reversed and recognized in profit or loss.

For trade and other receivables that are clearly not recoverable, the unrecoverable amount is written off directly.

(d) Derecognition

The Group derecognizes a financial asset when the contractual rights to cash flows from the financial asset expire or when such rights are transferred by the Group and all the risks and rewards of ownership of the financial asset are substantially transferred.

B) Financial liabilities

(a) Initial recognition and measurement

Financial liabilities are recognized on the trade date when the Group becomes a party to the transaction.

Financial liabilities measured at amortized cost are measured at fair value less the associated direct transaction costs at initial recognition.

(b) Categorization and subsequent measurement

Financial liabilities are classified as financial liabilities measured at amortized cost at initial recognition.
After initial recognition, financial liabilities measured at amortized cost are measured at amortized cost using the effective interest rate method.
The amortized amount using the effective interest rate method and gains and losses on derecognition are recognized in profit or loss.

(c) Derecognition

A financial liability is derecognized when it is extinguished, i.e., when the obligation specified in the contract is discharged, cancelled, or expires.

C) Presentation of financial instruments

Financial assets and liabilities are offset and presented at a net amount in the consolidated statement of financial position when the Group has a legally enforceable right to offset the financial asset and liability balances and it intends either to settle on a net basis or to realize financial assets and settle financial liabilities simultaneously.

D) Hedge accounting and derivatives

The Group uses, within the scope of actual demand, foreign exchange forward contracts (comprehensive contracts) to hedge potential foreign exchange exposure from foreign currency-denominated receivables and payables arising from import and export transactions.
Derivative transactions are initially recognized at fair value upon the execution of a contract and subsequently remeasured at fair value.
With regard to derivative transactions, the Group Financial Policies and Rules have been established, and transactions are conducted and managed in compliance with policies and rules.
Hedge accounting is applied to cash flow hedges that meet specific criteria with the effective portion of profit or loss arising from the hedging instrument recognized in other comprehensive income and the remaining ineffective portion recognized in profit or loss. The amount of a hedging instrument recorded in other comprehensive income is reclassified to profit or loss at the time the corresponding hedged transaction affects profit or loss.
When applying hedge accounting, the Company assesses whether the derivative used for the hedge transaction is effective or not in offsetting the changes in cash flows of the hedged item at inception of hedge and on an ongoing basis.

(4) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits, and short-term investments that are readily convertible into cash, are not exposed to significant risk related to changes in value, and are redeemable within three months of the date of acquisition.

(5) Inventories

Inventories are measured at the lower of cost and net realizable value.
The cost of inventories is determined principally based on the weighted-average method and includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(6) Property, plant and equipment

The Company applied the cost model for the property, plant and equipment and subsequently measured at cost less accumulated depreciation and accumulated impairment.
The acquisition cost of property, plant and equipment comprises any costs directly attributable to the acquisition of the item, the initial estimate for disassembly, removal, or other restoration costs and borrowing costs that should be capitalized.
Depreciation costs on an item of property, plant and equipment, except for land and construction in progress, are accounted for using the straight-line method over the estimated useful lives. The range of estimated useful lives by major asset items is as follows:

Buildings: 31 to 50 years (Mainly 15 years for equipment attached to buildings)
Structures: 10 to 30 years
Machinery and equipment: 4 to 12 years
Tools, furniture and fixtures: 5 to 6 years

Estimated useful lives, residual values, and depreciation methods are reviewed at the end of each fiscal year and, if there is a change, the depreciation charge is adjusted prospectively as changes in accounting estimates.

(7) Right-of-use assets

The Group leases a portion of its property, plant, and equipment.
The initial measurement of a right-of-use asset is calculated based on cost using the present value of the lease payments during a non-cancellable period plus reasonably certain extension option period (hereafter, "lease period"), and any lease prepayments prior to the commencement date, initial direct costs and the amount of the initial estimate for disassembly, removal, or other restoration costs and less any lease incentives received.
Lease liabilities are set at the initial measurement of the present value of the lease payments during the lease period. When there are changes in the lease period or lease payments subsequent to the initial measurement, the lease liability is remeasured, and the cost of a right-of-use asset and corresponding lease liability are adjusted.
Right-of-use assets are accounted for using the cost model and measured at cost less accumulated depreciation and the accumulated impairment losses. Lease liabilities are stated at the initial measurement amount and adjusted for any remeasurement less lease payments and adjusted for interest. Depreciation cost of right-of-use assets is accounted for using the straight-line method over the lease period. Interest expenses associated with lease liabilities are classified separately from depreciation costs on right-of-use assets and included in finance expenses.
However, short-term leases with lease periods of 12 months or less and underlying assets with low value are not recognized as right-of-use assets or lease liabilities and lease payments are recognized in profit or loss either by applying the straight-line method or other established standards to the lease amount.
Of the rent concessions or exemptions granted as a direct result of the COVID-19 pandemic, those that meet the prescribed requirements are accounted for as variable lease payments by applying the practical expedient method.

(8) Goodwill and intangible assets

A) Goodwill

The measurement method at the date of initial recognition of goodwill is stated in "(1) Basis of consolidation, C) Business combinations."
Goodwill is presented based on acquisition cost less accumulated impairment losses.

B) Intangible assets

Intangible assets are accounted for using the cost model and measured at acquisition cost less accumulated amortization and accumulated impairment losses.

(9) Impairment of non-financial assets

Non-financial assets (excluding inventories, deferred tax assets, and assets associated with employee benefits) are assessed whether indications of impairment exist at the end of each reporting period and tested for impairment when indications exist. Impairment tests are conducted annually and each time indications of impairment are identified for goodwill, intangible assets with indefinite useful lives, and intangible assets which are not available for use at the end of the reporting period.
Impairment loss is recognized if an impairment test indicates that the book value of the asset or a cash-generating unit exceeds the recoverable amount of the asset.
For assets not tested individually under impairment tests, assets are grouped into the smallest cash-generating unit that generates cash inflows that are largely independent of the cash inflows of other assets or asset groups. The recoverable amount of an asset or a cash-generating unit is the higher of its value in use and its fair value less the cost of disposal. In determining the value in use, estimated future cash flows arising from assets and cash-generating units are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.
The measurement of impairment loss of cash-generating units, including goodwill, is conducted by first reducing the book value of the goodwill that was allocated to the cash-generating unit, and then proportionately allocating the impairment loss based on the book value of each asset of the cash-generating unit.
If there are indications that an impairment loss recognized in a previous period no longer exists or has decreased and the recoverable amount of the asset or cash-generating unit exceeds the book value, the impairment loss is reversed. The impairment loss is reversed up to the lower of the calculated recoverable amount or book value less the necessary depreciation and amortization had the impairment loss not been recognized previously. Impairment loss on goodwill is not reversed.

(10) Provisions

Provisions are recognized when the Group has a present legal or constructive obligation arising from past circumstances and it is probable that an outflow of resources embodying economic benefits to settle the obligation and a reliable estimate can be determined.
When the time value of money becomes material, the provision amount is measured based on estimated future cash flows discounted to their present value using a discount rate reflecting the time value of money and risks specific to the liability.

(11) Employee benefits

A) Post-employment benefits

The Group maintains defined benefit plans and defined contribution plans as post-employment benefit plans for employees.
Defined benefit obligation is determined using the projected unit credit method based on the present value of the defined benefit obligation and related current and past service costs. The discount rate used to discount to the present value of defined benefit obligations is determined by referring to the market yields of high-quality corporate bonds matching the currency and the maturity date with the retirement benefit obligation.
Assets or liabilities related to the defined benefit plans are calculated as the net amount of the present value of the defined benefit obligation and the fair value of plan assets for each plan. Differences arising in remeasurement of defined benefit plans are recognized in other comprehensive income in the period they are incurred and immediately reclassified to retained earnings. Past service costs are recognized as profit or loss in the period they are incurred. Contributions to defined contribution plans are recognized as expenses at the time the relevant service is provided.

B) Short-term employee benefits

Short-term employee benefits are not discounted and are recognized as an expense at the time service is provided.
Bonuses and paid leave costs are recognized as a liability in the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(12) Government grants

Government grants are recognized at their fair value when the conditions attached to the grants are fulfilled and there is reasonable assurance that the grant will be received.
A grant related to an asset is treated as deferred revenue and recorded in revenue on a systematic basis during the period the associated asset incurs expenses. A grant-related revenue is regularly recognized in profit or loss in the period in which such costs corresponding to grants are incurred.

(13) Equity

Proceeds from the issuance of common shares are recorded as capital stock and capital surplus, with costs associated with the issuance deducted from capital surplus.
Treasury shares are recognized at the acquisition cost and treated as a deduction from equity. In the event that treasury shares are sold, the difference between the book value at the time of sale and the actual amount received is recognized in capital surplus.

(14) Share-based compensation

The Group has introduced equity-settled and cash-settled share-based compensation plans for executive officers (excluding the executive officers in charge of the internal audit) and certain operating officers to further promote sustainable increases in corporate value and shared value with shareholders. Equity-settled share-based compensation is a stock compensation plan with a restriction on share transfer. Among the granted shares, a certain number of shares that are expected to release of restriction on transfer is measured at the fair value referred at the time they are granted and are recognized as an expense under profit or loss over the corresponding service, and an equivalent amount is recognized as an increase of equity. Cash-settled share-based compensation is a stock compensation plan similar to equity-settled share-based compensation, the estimated future payment amount of which is measured at the end of each reporting period at fair value and recognized as an expense under profit or loss over the corresponding service.

(15) Revenue recognition

Revenue is recognized through the following steps in accordance with IFRS 15 “Revenue from Contracts with Customers.”

Step 1. Identify the contract(s) with a customer.
Step 2. Identify the performance obligations in the contract.
Step 3. Determine the transaction price.
Step 4. Allocate the transaction price to each performance.
Step 5. Recognize revenue when/as a performance obligation is satisfied.

The Group’s main business is the manufacture and sale of musical instruments, audio equipment, and other products. In principle, the customer takes possession of an item at the time of transfer and this is deemed as fulfilling the performance obligation. In most circumstances, revenue from sale of finished goods is recognized at the time of transfer.
Revenue is measured as the amount set at the time of the contract is entered into with customers less any discounts, rebates, or sales returns.

(16) Income taxes

Income taxes comprise current and deferred tax and are recognized in profit or loss with the exception of items related to business combinations or recognized directly in equity or in other comprehensive income.

Current tax is measured at the amount expected to be paid to or refunded from the tax authorities. The amount of current tax is determined based on the tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period.

In the event of uncertainty concerning the tax position for treatment under income tax, if there is a high probability of the tax position to occur based on the tax laws, then a reasonable estimated amount is recognized as an asset or liability.

Deferred tax is recognized on the temporary difference between the carrying amount of the assets and liabilities at the end of the reporting period and their tax basis, losses carried forward, and tax credits carried forward.

A deferred tax asset is recognized for future deductible temporary differences, losses carried forward, and tax credits carried forward to the extent that it is probable that taxable income is available against which the deductible temporary difference can be utilized.

A deferred tax liability is, in principle, recognized for all future taxable temporary differences. A deferred tax asset is reviewed each fiscal period and adjusted to the extent that the tax benefit is no longer probable to be realized.

Deferred tax assets and liabilities are not recognized for the following temporary differences:

- Future taxable temporary differences arising from the initial recognition of goodwill;
- Temporary differences arising from the initial recognition of an asset or liability in a transaction other than a business combination and that does not affect either accounting profit or taxable income;
- Future taxable temporary differences associated with investments in subsidiaries and associated companies to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future;
- Future deductible temporary differences associated with investments in subsidiaries and associated companies to the extent it is not probable that sufficient taxable income will be available to utilize the temporary difference or that it is not probable that the deductible temporary difference will be realized in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to be applied in the period when the asset is realized or liability is settled, based on statutory tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets and liabilities are netted: (i) when the entity has a legally enforceable right to offset current tax assets and liabilities, and the tax balances are associated to the same entity and same taxation authority, (ii) when the current tax liabilities and assets are settled in net although the tax balances are associated to separate entities, or (iii) when the entity has the intention to recover the tax assets and settle the tax liabilities at the same time.

The Company and some of its subsidiaries have adopted the consolidated taxation system (in Japan, Group Tax Relief Regime Accounting) .

(17) Earnings per share

Basic earnings per share is calculated by the profit or loss attributable to the parent company's ordinary shareholders for the period divided by the weighted-average number of common stock outstanding during the period adjusted for treasury shares. Diluted profit per share is not calculated because there is no potential common stock with a dilutive effect.

(18) Changes in Accounting Policies

Attributing post-employment benefit to period of service

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

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

Adoption of the Amendments of IAS 12

From the fiscal year ended March 2023, the Group applies the Amendments of IAS 12 issued in May 2023. The Amendments applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the Organization for Economic Co-operation and Development (OECD), including tax law that implements qualified domestic minimum top-up taxes described in those rules. As the temporary exception to the requirements in the Amendments, an entity shall neither recognize nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes. In addition, this exception is applied immediately and retrospectively upon issue of the Amendments, therefore the Group applied this exception retrospectively from the fiscal year ended March 2023 and the Group has not recognized and disclosed information about deferred tax assets and liabilities related to Pillar Two income taxes.

4 Significant Accounting Estimates and Judgments

The Group utilizes estimates and assumptions concerning the application of accounting policies and measurement of assets, liabilities, revenues, and expenditures in the preparation of the consolidated financial statements. Management made the judgment for the estimates and assumptions based on the best available information in consideration of the latest actual results and other various factors considered to be reasonable at the end of the reporting period.

However, actual results could differ from those estimates and assumptions due to their inherent uncertainty.

The estimates and the underlying assumptions are reviewed on an ongoing basis, and the effects of changes in accounting estimates are recognized in the period in which the estimates are changed and in future periods that are affected by the changes. Judgments, estimates, and assumptions that may have significant effects on the amounts recognized in the consolidated financial statements of the Group are as follows:

- Scope of subsidiaries (“3. Significant Accounting Policies (1) Basis of consolidation”)

  Whether a subsidiary is eligible for inclusion in consolidation is determined by whether the Group has control over the company.
- Impairment of non-financial assets (“3. Significant Accounting Policies (9) Impairment of non-financial assets,” and “27. Other Income and Other Expenses”)

  The Group conducts impairment tests in accordance with “3. Significant Accounting Policies” on property, plant and equipment, right-of-use assets, goodwill, and intangible assets. The impairment tests to calculate recoverable amount include assumptions for future cash flows, discount rates, and other items. Management uses their best estimates and judgment to set the assumptions; however, the test results can be affected by changes in uncertain future economic conditions. When changes in accounting estimates are necessary, the changes can have a material effect on the consolidated financial statements.
- Recognition and measurement of provisions (“3. Significant Accounting Policies (10) Provisions,” and “19. Provisions”)

  Provisions are measured based on the best estimates of payments to settle future liabilities on the reporting date with the amounts of the payments calculated in consideration of all possible future outcomes. The estimates used to calculate such provisions can be affected by changes in uncertain future economic conditions and therefore contain the risk that the measurement of the provisions may require significant revision in the future.
- Measurement of retirement benefit obligation (“3. Significant Accounting Policies (11) Employee benefits,” and “21. Employee Benefits”)

  Under the defined benefit corporate pension plan, the net amount of the defined benefit obligation and fair value of plan assets as assets or liabilities is recognized. The defined benefit obligation is calculated using actuarial calculations, which include estimates for the discount rate, retirement rate, mortality rate, and rate of salary increase. These assumptions are determined based on a comprehensive judgment using available information, such as market trends in interest rate fluctuations. The assumptions for the actuarial calculations can be affected by changes in uncertain future economic conditions as well as social circumstances and therefore contain the risk that the measurement of the retirement benefit obligation may require significant revision in the future.
- Recoverability of deferred tax assets (“3. Significant Accounting Policies (16) Income taxes,” and “15. Income Taxes”)

  Deferred tax assets are recognized based on the assumption that it is highly probable the Company will generate taxable income that can be applied to future deductible temporary differences. The judgment of whether sufficient taxable income will be generated is based on projections in the business plan of when and how much income is expected. Management uses their best estimates and judgment to set the assumptions; however, actual results can be affected by uncertain changes in future economic conditions.

The above estimates include judgments based on the prospective performance of the Group and assumptions, whose basis are the business plan developed based on the future sales forecast and outlook of the foreign exchange rates.

In addition, the estimates and assumptions used in the preparation of the consolidated financial statements are based on management’s best estimates as of the end of the fiscal year. However, due to the uncertainty of future economic conditions, the Group performance may also be impacted by unanticipated developments in economic conditions. If such changes require management to revise its outlook, there could be a significant impact on the Company’s consolidated financial statements.

5 Segment Information

(1) Summary of reportable segments

The Group’s reportable segments are composed of business units for which 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 decision making of management resource allocation. 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 accounting methods of the reported business segments are the same as those presented in “3. Significant Accounting Policies.”
In addition, the Group reports core operating profit as segment profit. Core operating profit corresponds to operating profit under Japanese GAAP and is calculated by subtracting selling, general and administrative expenses from gross profit.

	Millions of yen						
	Reportable segment						
For the fiscal year ended March 31, 2023	Musical instruments	Audit equipment	Total	Others	Total	Adjustments	Consolidated
Revenue							
Revenue from external customers	**¥302,653**	**¥107,641**	**¥410,294**	**¥41,115**	**¥451,410**	**¥–**	**¥451,410**
Intersegment revenue*	**–**	**–**	**–**	**293**	**293**	**(293)**	**–**
Total	**302,653**	**107,641**	**410,294**	**41,409**	**451,703**	**(293)**	**451,410**
Core operating profit (Segment profit)	**36,200**	**3,466**	**39,667**	**6,200**	**45,867**	**–**	**45,867**
Other income							**2,006**
Other expenses							**(1,389)**
Operating profit							**46,484**
Finance income							**4,509**
Finance expenses							**(441)**
Profit before income taxes							**50,552**
Other items**							
Depreciation and amortization	**(9,297)**	**(3,582)**	**(12,880)**	**(1,019)**	**(13,899)**	**–**	**(13,899)**
Capital expenditures	**15,582**	**4,146**	**19,728**	**1,412**	**21,141**	**–**	**21,141**

For the fiscal year ended March 31, 2023	Thousands of U.S. dollars (Note 2) Reportable segment Musical instruments	Audit equipment	Total	Others	Total	Adjustments	Consolidated
Revenue							
Revenue from external customers	**$2,266,554**	**$806,118**	**$3,072,673**	**$307,908**	**$3,380,589**	**$–**	**$3,380,589**
Intersegment revenue*	**–**	**–**	**–**	**2,194**	**2,194**	**(2,194)**	**–**
Total	**2,266,554**	**806,118**	**3,072,673**	**310,110**	**3,382,783**	**(2,194)**	**3,380,589**
Core operating profit (Segment profit)	**271,100**	**25,957**	**297,064**	**46,432**	**343,496**	**–**	**343,496**
Other income							**15,023**
Other expenses							**(10,402)**
Operating profit							**348,117**
Finance income							**33,768**
Finance expenses							**(3,303)**
Profit before income taxes							**378,582**
Other items**							
Depreciation and amortization	**(69,625)**	**(26,825)**	**(96,458)**	**(7,631)**	**(104,089)**	**–**	**(104,089)**
Capital expenditures	**116,693**	**31,049**	**147,742**	**10,574**	**158,324**	**–**	**158,324**

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

** Capital expenditures represent increases in expenditures for property, plant and equipment, intangible assets and right-of-use assets. Depreciation and amortization represent amounts corresponding to capital expenditures.

For the fiscal year ended March 31, 2022	Millions of yen Reportable segment Musical instruments	Audit equipment	Total	Others	Total	Adjustments	Consolidated
Revenue							
Revenue from external customers	¥276,153	¥96,924	¥373,077	¥35,119	¥408,197	¥–	¥408,197
Intersegment revenue*	–	–	–	301	301	(301)	–
Total	276,153	96,924	373,077	35,420	408,498	(301)	408,197
Core operating profit (Segment profit)	37,332	1,538	38,871	4,158	43,029	–	43,029
Other income							7,558
Other expenses							(1,250)
Operating profit							49,337
Finance income							5,792
Finance expenses							(2,102)
Profit before income taxes							53,028
Other items**							
Depreciation and amortization	(8,186)	(3,073)	(11,260)	(997)	(12,257)	–	(12,257)
Capital expenditures	12,131	2,749	14,881	745	15,627	–	15,627

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

** Capital expenditures represent increases in expenditures for property, plant and equipment, intangible assets and right-of-use assets. Depreciation and amortization represent amounts corresponding to capital expenditures.

(3) Information about products and services

Disclosure is omitted since similar information is presented in “(1) Summary of reportable segments” and “(2) Reportable segment information.”

(4) Information about geographical areas

Information on revenue and non-current assets by geographical areas is as follows:

A) Revenue

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2023	2022	2023
Japan	**¥108,619**	¥105,369	**$813,443**
North America	**114,217**	87,467	**855,366**
[Of which, U.S.A.]	**[97,674]**	[73,470]	**[731,476]**
Europe	**82,787**	79,296	**619,988**
China	**62,479**	67,781	**467,902**
Other	**83,306**	68,282	**623,875**
Total	**¥451,410**	¥408,197	**$3,380,589**

Notes: 1. Revenue is classified by countries or areas based on the location of customers.
2. Major countries or areas included in geographical category other than Japan and China

North America	U.S.A., Canada
Europe	Germany, France, U.K.
Other	Republic of Korea, Australia

B) Non-current assets (excluding financial assets, deferred tax assets, and retirement benefit assets)

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2023	2022	2023
Japan	**¥73,874**	¥66,506	**$553,239**
North America	**10,461**	5,145	**78,342**
Europe	**6,207**	6,170	**46,484**
China	**20,884**	21,412	**156,399**
Other	**31,800**	30,017	**238,149**
[Of which, Indonesia]	**[21,097]**	[19,381]	**[157,994]**
Total	**¥143,227**	¥129,251	**$1,072,620**

Note: Major countries or areas included in geographical category other than Japan and China

North America	U.S.A., Canada
Europe	Germany, France, U.K.
Other	Indonesia, India, Malaysia

(5) Information about major customers

Disclosure is omitted since no single external customer accounts for 10% or more of the Group’s revenue.

6 Business Combinations

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

(1) Outline of business combination

a. Name of the acquired company and its business:
Name of acquired company: Cordoba Music Group, LLC
Business description: Planning, development, manufacture and sales of guitars and related products, import agent for strings (U.S. only)
b. Date of acquisition: February 7, 2023
c. Percentage of equity interests acquired: 100%
d. Main purpose of the business combination:
In Yamaha Group’s medium-term business plan “Make Waves 2.0,” which covers the three-year period from April 2022, the Company is aiming to further expand its musical instruments business, and in particular, the Company is aiming to expand the scale of its guitar business, which is expected to grow rapidly, through aggressive investment to make it a pillar of its future musical instruments business. The acquisition of equity interests in Cordoba is in line with this policy.

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

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

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

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

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

	Millions of yen	Thousands of U.S. dollars (Note 2)
Fair value of consideration transferred*1	**¥5,164**	**$38,673**
Fair value of assets acquired and liabilities assumed*2		
Assets		
Cash and cash equivalents	**265**	**1,985**
Trade and other receivables*3	**238**	**1,782**
Inventories	**1,550**	**11,608**
Property, plant and equipment	**126**	**944**
Others	**252**	**1,887**
Liabilities		
Trade and other payables	**(441)**	**(3,303)**
Interest-bearing debt	**(1,010)**	**(7,564)**
Others	**(213)**	**(1,595)**
Fair value of assets acquired and liabilities assumed (Net)	**768**	**5,752**
Goodwill*2*4	**4,395**	**32,914**

*1. The consideration transferred will be adjusted for the balance of cash and deposit and liabilities as well as changes in working capital and other factors as of the closing date.

*2. Goodwill, assets and liabilities recorded as of the end of FY2023.3 are provisionally measured based on the information available at the time, since the identifiable assets and liabilities are still being evaluated and the allocation of the consideration for acquisition has not been completed as of the end of FY2023.3.
The allocation of such goodwill to cash-generating units for impairment testing has not been completed.

*3. The fair value of acquired trade and other receivables and the contractual amounts receivable are approximately the same. No amounts are expected to be uncollectible.

*4. Goodwill identified after the allocation of the consideration of acquisition is expected to be deductible for Income tax calculation purposes.

*5. Acquisition-related expenses of ¥(502) million ($(3,759) thousand) related to this business combination are included in "Selling, general and administrative expenses".

(3) Cash flows from acquisition

	Millions of yen	Thousands of U.S. dollars (Note 2)
Cash and cash equivalents paid for acquisition	**¥(5,164)**	**$(38,673)**
Cash and cash equivalents held by the acquired company at the time of acquisition	**265**	**1,985**
Payments for acquisition of subsidiaries, net	**(4,898)**	**(36,681)**

(4) Impact on financial results

Information on profit and loss after the acquisition date related to the business combination and information on profit and loss as if the business combination had taken place at the beginning of the FY2023.3 is not disclosed because the amount of impact on the consolidated financial statements is not material.

7 Cash and Cash Equivalents

The breakdown of cash and cash equivalents is as follows:

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2023	2022	2023
Cash and deposits	**¥103,886**	¥172,495	**$777,997**
Total	**¥103,886**	¥172,495	**$777,997**

Note: The balance of "cash and cash equivalents" on the consolidated statement of financial position is the same as the balance of "cash and cash equivalents" at end of period on the consolidated statement of cash flows.

8 Trade and Other Receivables

The breakdown of cash and cash equivalents is as follows:

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2023	2022	2023
Notes and trade receivables	**¥63,633**	¥51,695	**$476,545**
Other	**13,002**	9,633	**97,371**
Allowance for doubtful accounts	**(1,281)**	(1,310)	**(9,593)**
Total	**¥75,354**	¥60,018	**$564,323**

Note: 1. "Trade and other receivables" are classified as financial assets measured at amortized cost except for contract assets.
2. Contract assets are included in notes and trade receivables.

9 Inventories

The breakdown of inventories is as follows:

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2023	2022	2023
Finished goods and merchandise	**¥96,787**	¥72,097	**$724,833**
Work in process	**16,572**	13,338	**124,107**
Raw materials and supplies	**40,209**	33,204	**301,123**
Total	**¥153,569**	¥118,640	**$1,150,071**

Note: The amounts of write-downs (reversal of write-downs) of inventories recognized in "Cost of sales" for the fiscal years ended March 31, 2023 and 2022 were ¥1,300 million ($9,736 thousand) and ¥(857) million, respectively.

10 Other Current Assets

The breakdown of other current assets is as follows:

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2023	2022	2023
Income taxes receivable	**¥5,832**	¥1,355	**$43,676**
Other	**6,812**	5,813	**51,015**
Total	**¥12,645**	¥7,169	**$94,698**

11 Property, Plant and Equipment

Changes in carrying amount, cost, accumulated depreciation, and impairment losses of property, plant and equipment are as follows:

(1) Carrying amount

	Millions of yen					
	Buildings and structures	Machinery and vehicles	Tools, furniture and fixtures	Land	Construction in progress	Total
Balance as of April 1, 2021	¥41,336	¥18,270	¥10,877	¥15,934	¥9,723	¥96,142
Acquisition	408	2,739	2,616	–	8,627	14,391
Depreciation*1	(3,362)	(3,923)	(4,399)	–	–	(11,685)
Impairment losses or reversal of impairment losses*2	(91)	(7)	(73)	–	–	(172)
Sales or disposals	(72)	(80)	(168)	(30)	(9)	(361)
Reclassification	2,197	3,265	1,457	–	(6,920)	–
Exchange differences on translation	1,347	1,729	619	79	809	4,584
Other	–	–	–	–	(0)	(0)
Balance as of March 31, 2022	¥41,762	¥21,992	¥10,929	¥15,983	¥12,230	¥102,898
Acquisition	1,178	1,806	2,798	–	14,819	20,602
Acquisition due to business combination*3	58	44	23	–	–	126
Depreciation*1	(3,704)	(4,735)	(4,655)	–	–	(13,094)
Impairment losses or reversal of impairment losses*2	(57)	(0)	(1)	–	–	(59)
Sales or disposals	(75)	(61)	(106)	–	(5)	(248)
Reclassification	2,180	5,009	2,107	–	(9,298)	–
Exchange differences on translation	686	573	333	60	279	1,933
Other	–	–	–	–	2	2
Balance as of March 31, 2023	**¥42,029**	**¥24,629**	**¥11,429**	**¥16,044**	**¥18,027**	**¥112,160**

	Thousands of U.S. dollars (Note 2)					
	Buildings and structures	Machinery and vehicles	Tools, furniture and fixtures	Land	Construction in progress	Total
Balance as of March 31, 2022	$312,754	$164,697	$81,847	$119,696	$91,590	$770,598
Acquisition	8,822	13,525	20,954	–	110,979	154,287
Acquisition due to business combination*3	434	330	172	–	–	944
Depreciation*1	(27,739)	(35,460)	(34,861)	–	–	(98,060)
Impairment losses or reversal of impairment losses*2	(427)	(1)	(7)	–	–	(442)
Sales or disposals	(562)	(457)	(794)	–	(37)	(1,857)
Reclassification	16,326	37,512	15,779	–	(69,632)	–
Exchange differences on translation	5,137	4,291	2,494	449	2,089	14,476
Other	–	–	–	–	15	15
Balance as of March 31, 2023	**$314,753**	**$184,445**	**$85,591**	**$120,153**	**$135,003**	**$839,961**

*1. Depreciation of property, plant and equipment is included in “Cost of sales,” “Selling, general and administrative expenses,” and “Other expenses” in the consolidated statement of income.

*2. Impairment losses or reversal of impairment losses are included in “Other income” and “Other expenses” in the consolidated statement of income. The breakdown and details are shown in "27. Other income and Other expenses".

*3. Details of the business combination are shown in "6 Business Combinations".

(2) Cost

	Millions of yen					
	Buildings and structures	Machinery and vehicles	Tools, furniture and fixtures	Land	Construction in progress	Total
Balance as of April 1, 2021	¥119,923	¥82,422	¥70,214	¥25,809	¥9,741	¥308,112
Balance as of March 31, 2022	125,135	92,079	74,819	25,857	12,230	330,122
Balance as of March 31, 2023	**128,646**	**98,932**	**78,304**	**25,916**	**18,027**	**349,828**

	Thousands of U.S. dollars (Note 2)					
	Buildings and structures	Machinery and vehicles	Tools, furniture and fixtures	Land	Construction in progress	Total
Balance as of March 31, 2023	**$963,424**	**$740,897**	**$586,415**	**$194,084**	**$135,003**	**$2,619,846**

(3) Accumulated depreciation and impairment losses

	Millions of yen					
	Buildings and structures	Machinery and vehicles	Tools, furniture and fixtures	Land	Construction in progress	Total
Balance as of April 1, 2021	¥(78,587)	¥(64,152)	¥(59,336)	¥(9,875)	¥(18)	¥(211,969)
Balance as of March 31, 2022	(83,372)	(70,087)	(63,890)	(9,873)	–	(227,224)
Balance as of March 31, 2023	**(86,616)**	**(74,303)**	**(66,875)**	**(9,871)**	**–**	**(237,667)**

	Thousands of U.S. dollars (Note 2)					
	Buildings and structures	Machinery and vehicles	Tools, furniture and fixtures	Land	Construction in progress	Total
Balance as of March 31, 2023	**$(648,663)**	**$(556,452)**	**$(500,824)**	**$(73,923)**	**$–**	**$(1,779,877)**

12 Leases

The Group leases land, buildings and structures, machinery and vehicles, and tools, furniture and fixtures. Land and buildings are real estate properties used as offices, factories, stores and music schools.

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2023	2022	2023
Depreciation of right-of-use assets			
Land as underlying asset	**¥(281)**	¥(247)	**$(2,104)**
Buildings and structures as underlying assets	**(4,978)**	(4,688)	**(37,280)**
Machinery and vehicles as underlying assets	**(260)**	(230)	**(1,947)**
Tools, furniture and fixtures as underlying assets	**(17)**	(17)	**(127)**
Total depreciation	**(5,537)**	(5,183)	**(41,466)**
Impairment losses on right-of-use assets			
Land as underlying asset	**–**	–	**–**
Buildings and structures as underlying assets	**(3)**	(149)	**(22)**
Tools, furniture and fixtures as underlying assets	**–**	–	**–**
Total impairment losses	**(3)**	(149)	**(22)**
Interest expenses on lease liabilities	**(305)**	(302)	**(2,284)**
Lease expense where the recognition exemption is applied for short-term leases and leases of low-value assets	**(2,862)**	(2,545)	**(21,433)**
Total amount of cash outflows for leases (Note)	**(9,184)**	(8,411)	**(68,779)**
Increase in right-of-use assets	**4,875**	3,565	**36,509**
Breakdown of the balance of right-of-use assets			
Land as underlying asset	**8,907**	8,507	**66,704**
Buildings and structures as underlying assets	**12,332**	12,663	**92,354**
Machinery and vehicles as underlying assets	**558**	437	**4,179**
Tools, furniture and fixtures as underlying assets	**54**	45	**404**
Total balance of right-of-use assets	**¥21,852**	¥21,655	**$163,649**

Note: In the total amount of cash outflows for leases, the amounts of variable lease payments related to rent concessions granted due to the COVID-19 pandemic for the fiscal year ended March 31, 2022 was ¥157 million.

13 Goodwill and Intangible Assets

Changes in carrying amount, cost, accumulated amortization, and impairment losses of goodwill and intangible assets are as follows:

(1) Carrying amount

	Millions of yen			
		Intangible assets		
	Goodwill	Capitalized development costs	Other	Total
Balance as of April 1, 2021	¥160	¥703	¥1,825	¥2,690
Acquisition	–	–	849	849
Increase due to internal development	–	24	–	24
Amortization*1	–	(109)	(341)	(450)
Sales or disposal	–	–	(0)	(0)
Exchange differences on translation	16	–	93	110
Other	–	–	0	0
Balance as of March 31, 2022	¥177	¥618	¥2,427	¥3,223
Acquisition	–	–	603	603
Acquisition due to business combination*2	4,395	–	13	4,409
Increase due to internal development	–	–	–	–
Amortization*1	–	(145)	(496)	(642)
Sales or disposal	–	–	(118)	(118)
Exchange differences on translation	52	–	79	132
Other	–	–	0	0
Balance as of March 31, 2023	**¥4,626**	**¥473**	**¥2,509**	**¥7,609**

	Thousands of U.S. dollars (Note 2)			
		Intangible assets		
	Goodwill	Capitalized development costs	Other	Total
Balance as of March 31, 2022	$1,326	$4,628	$18,176	$24,137
Acquisition	–	–	4,516	4,516
Acquisition due to business combination*2	$32,914	–	$97	33,019
Increase due to internal development	–	–	–	–
Amortization*1	–	(1,086)	(3,715)	(4,808)
Sales or disposal	–	–	(884)	(884)
Exchange differences on translation	389	–	592	989
Other	–	–	0	0
Balance as of March 31, 2023	**$34,644**	**$3,542**	**$18,790**	**$56,983**

*1. Amortization is included in "Cost of sales," "Selling, general and administrative expenses," and "Other expenses" in the consolidated statement. The breakdown and details are shown in "27. Other income and Other expenses".

*2. Details of the business combination are shown in "6 Business Combinations".

(2) Cost

	Millions of yen			
		Intangible assets		
	Goodwill	Capitalized development costs	Other	Total
Balance as of April 1, 2021	¥160	¥703	¥4,874	¥5,739
Balance as of March 31, 2022	177	727	6,087	6,993
Balance as of March 31, 2023	**4,626**	**727**	**6,938**	**12,292**

	Thousands of U.S. dollars (Note 2)			
		Intangible assets		
	Goodwill	Capitalized development costs	Other	Total
Balance as of March 31, 2023	**$34,644**	**$5,444**	**$51,958**	**$92,054**

(3) Accumulated amortization and impairment losses

	Millions of yen			
		Intangible assets		
	Goodwill	Capitalized development costs	Other	Total
Balance as of April 1, 2021	¥–	¥–	¥(3,049)	¥(3,049)
Balance as of March 31, 2022	–	(109)	(3,660)	(3,769)
Balance as of March 31, 2023	**–**	**(254)**	**(4,429)**	**(4,683)**

	Thousands of U.S. dollars (Note 2)			
		Intangible assets		
	Goodwill	Capitalized development costs	Other	Total
Balance as of March 31, 2023	**$–**	**$(1,902)**	**$(33,169)**	**$(35,071)**

The goodwill of 4,395 million yen ($32,914 thousand) arising from the acquisition of Cordoba Music Group, LLC is a provisional amount because the initial accounting treatment for the business combination has not been completed, as described in "6 Business Combinations".
The allocation of goodwill to cash-generating units in the impairment test for goodwill has not been completed.

14 Other Financial Assets

The status of other financial assets under current assets and financial assets under non-current assets is as follows:

(1) Breakdown of other financial assets

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2023	2022	2023
Financial assets measured at amortized cost			
Time deposits with a maturity of more than three months	**¥1,033**	¥4,300	**$7,736**
Other	**3,963**	3,952	**29,679**
Subtotal	**¥4,997**	¥8,253	**$37,422**
Financial assets measured at fair value through profit or loss			
Debt instruments	**210**	300	**1,573**
Derivative assets	**–**	–	**–**
Subtotal	**¥210**	¥300	**$1,573**
Financial assets measured at fair value through other comprehensive income			
Equity instruments	**76,620**	66,118	**573,804**
Subtotal	**¥76,620**	¥66,118	**$573,804**
Total	**¥81,828**	¥74,672	**$612,806**

Note: The Group applies hedge accounting for derivative assets.

(2) Equity instruments measured at fair value through other comprehensive income

The Group designates stocks of Yamaha Motor Co., Ltd., which uses the common brand name and other stocks of the companies which is related to businesses as equity instruments measured at fair value through other comprehensive income.

A) Major stocks and their fair value

Names of major equity instruments measured at fair value through other comprehensive income and their fair value are as follows:

As of March 31, 2023	Millions of yen	Thousands of U.S. dollars (Note 2)
Listed companies		
Yamaha Motor Co., Ltd.	**¥54,124**	**$405,332**
Audinate Group Limited	**4,879**	**36,539**
TOYOTA MOTOR CORPORATION	**4,712**	**35,288**
MS&AD Insurance Group Holdings, Inc.	**3,955**	**29,619**
Shizuoka Financial Group, Inc.	**2,321**	**17,382**
Other	**1,920**	**14,379**
Unlisted companies	**4,707**	**35,251**
Total	**¥76,620**	**$573,804**

As of March 31, 2022	Millions of yen
Listed companies	
Yamaha Motor Co., Ltd.	¥43,111
TOYOTA MOTOR CORPORATION	5,570
Audinate Group Limited	3,847
MS&AD Insurance Group Holdings, Inc.	3,832
The Shizuoka Bank, Ltd.	2,212
Other	1,768
Unlisted companies	5,775
Total	¥66,118

B) Equity instruments measured at fair value through other comprehensive income, derecognized during the period

The Board of Directors of the Company regularly and continuously reviews the status of equity instruments held by the Group whether the holding purpose is reasonably appropriate in terms of business relationship with each issuer or the capital costs are worth the benefits or risks involved. Based on such reviews, the Group proceeds with the reduction of its cross-holdings.

The fair value at the time of derecognition (e.g., sale) and cumulative gain or loss upon sale, before tax, is as follows:

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2023	2022	2023
Fair value	**¥460**	¥48,856	**$3,445**
Cumulative gain or loss, before tax	**186**	44,972	**1,393**

Note: Cumulative gain or loss in other comprehensive income is reclassified to retained earnings upon derecognition after tax adjustment.

15 Income Taxes

(1) Breakdown and reconciliation of deferred tax assets and deferred tax liabilities

The breakdown and reconciliation of deferred tax assets and deferred tax liabilities by major components are as follows:

	Millions of yen			
For the fiscal year ended March 31, 2023	Beginning of the period	Recognized through profit or loss	Recognized through other comprehensive income	End of the period
(Deferred tax assets)				
Loss on write-downs of inventories	**¥2,068**	**¥187**	**¥–**	**¥2,256**
Unrealized gain on inventory, property, plant and equipment	**2,292**	**1,187**	**–**	**3,480**
Excess of depreciation and amortization	**6,940**	**912**	–	**7,853**
Impairment losses on non-financial assets	**1,880**	**(138)**	–	**1,741**
Accrued employees' bonuses	**2,226**	**234**	–	**2,461**
Provision for product warranty	**591**	**55**	–	**646**
Retirement benefit liabilities	**3,098**	**375**	**(1,128)**	**2,344**
Tax loss carryforwards	**686**	**734**	**–**	**1,421**
Other	**6,951**	**(127)**	(26)	**6,797**
Deferred tax assets, subtotal	**¥26,736**	**¥3,422**	**¥(1,155)**	**¥29,003**
(Deferred tax liabilities)				
Reserve for deferred gain on property, plant and equipment	**(2,570)**	**95**	**–**	**(2,474)**
Reserve for special account on acquisition of replacement property	**(1,122)**	**–**	**–**	**(1,122)**
Retained earnings of overseas subsidiaries	**(5,090)**	**451**	**–**	**(4,639)**
Change in fair value of financial assets	**(16,286)**	**–**	**(3,191)**	**(19,477)**
Other	**(1,993)**	**(1,283)**	**–**	**(3,276)**
Deferred tax liabilities, subtotal	**¥(27,062)**	**¥(736)**	**¥(3,191)**	**¥(30,990)**
Deferred tax assets or liabilities, net	**¥(326)**	**¥2,685**	**¥(4,346)**	**¥(1,987)**

For the fiscal year ended March 31, 2023	Thousands of U.S. dollars (Note 2) Beginning of the period	Recognized through profit or loss	Recognized through other comprehensive income	End of the period
(Deferred tax assets)				
Loss on write-downs of inventories	**$15,487**	**$1,400**	**$ –**	**$16,895**
Unrealized gain on inventory, property, plant and equipment	**17,165**	**8,889**	**–**	**26,062**
Excess of depreciation and amortization	**51,973**	**6,830**	**–**	**58,811**
Impairment losses on non-financial assets	**14,079**	**(1,033)**	**–**	**13,038**
Accrued employees' bonuses	**16,670**	**1,752**	**–**	**18,430**
Provision for product warranty	**4,426**	**412**	**–**	**4,838**
Retirement benefit liabilities	**23,201**	**2,808**	**(8,448)**	**17,554**
Tax loss carryforwards	**5,137**	**5,497**	**–**	**10,642**
Other	**52,056**	**(951)**	**(195)**	**50,902**
Deferred tax assets, subtotal	**$200,225**	**$25,627**	**$(8,650)**	**$217,202**
(Deferred tax liabilities)				
Reserve for deferred gain on property, plant and equipment	**(19,247)**	**711**	**–**	**(18,528)**
Reserve for special account on acquisition of replacement property	**(8,403)**	**–**	**–**	**(8,403)**
Retained earnings of overseas subsidiaries	**(38,119)**	**3,378**	**–**	**(34,741)**
Change in fair value of financial assets	**(121,965)**	**–**	**(23,897)**	**(145,862)**
Other	**(14,925)**	**(9,608)**	**–**	**(24,534)**
Deferred tax liabilities, subtotal	**$(202,666)**	**$(5,512)**	**$(23,897)**	**$(232,083)**
Deferred tax assets or liabilities, net	**$(2,441)**	**$20,108**	**$(32,547)**	**$(14,881)**

* Changes due to foreign exchange fluctuations are included in the amounts recognized through profit or loss.

For the fiscal year ended March 31, 2022	Millions of yen Beginning of the period	Recognized through profit or loss	Recognized through other comprehensive income	End of the period
(Deferred tax assets)				
Loss on write-downs of inventories	¥2,018	¥50	¥–	¥2,068
Unrealized gain on inventory, property, plant and equipment	2,479	(186)	–	2,292
Excess of depreciation and amortization	5,945	994	–	6,940
Impairment losses on non-financial assets	2,011	(131)	–	1,880
Accrued employees' bonuses	2,126	99	–	2,226
Provision for product warranty	371	219	–	591
Retirement benefit liabilities	3,900	427	(1,228)	3,098
Tax loss carryforwards	1,273	(587)	–	686
Other	6,661	195	94	6,951
Deferred tax assets, subtotal	¥26,789	¥1,081	¥(1,134)	¥26,736
(Deferred tax liabilities)				
Reserve for deferred gain on property, plant and equipment	(2,667)	97	–	(2,570)
Reserve for special account on acquisition of replacement property	–	(1,122)	–	(1,122)
Retained earnings of overseas subsidiaries	(3,939)	(1,150)	–	(5,090)
Change in fair value of financial assets	(29,928)	–	13,641	(16,286)
Other	(1,311)	(681)	–	(1,993)
Deferred tax liabilities, subtotal	¥(37,847)	¥(2,857)	¥13,641	¥(27,062)
Deferred tax assets or liabilities, net	¥(11,057)	¥(1,776)	¥12,507	¥(326)

* Changes due to foreign exchange fluctuations are included in the amounts recognized through profit or loss.

(2) Future deductible temporary differences and tax loss carryforwards for which deferred tax assets were not recognized

Future deductible temporary differences and tax loss carryforwards (tax base) for which deferred tax assets were not recognized are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2023	2022	2023
Future deductible temporary differences	**¥21,056**	¥21,546	**$157,687**
Tax loss carryforwards	**3,839**	4,302	**28,750**
Total	**¥24,895**	¥25,848	**$186,438**

* The amounts of tax loss carryforwards include the amounts of tax credit carryforwards.

The above tax loss carryforwards (tax base) expire as follows:

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2023	2022	2023
Within one year	**¥42**	¥107	**$315**
Between one and two years	**166**	84	**1,243**
Between two and three years	**465**	155	**3,482**
Between three and four years	**278**	437	**2,082**
Over four years	**2,885**	3,517	**21,606**
Total	**¥3,839**	¥4,302	**$28,750**

(3) Future taxable temporary differences for which deferred tax liabilities were not recognized

Future taxable temporary differences (temporary difference base) for which deferred tax liabilities were not recognized are as follows:
Future taxable temporary differences associated with investments in subsidiaries are not recognized since the Group can control the timing of reversal of those temporary differences and it is probable that such temporary differences will not reverse in the foreseeable period.

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2023	2022	2023
Total amount of future taxable temporary differences associated with investments in subsidiaries	**¥107,985**	¥93,002	**$808,695**

(4) Breakdown of income tax expense

The breakdown of income tax expense is as follows:

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2023	2022	2023
Current			
Current year	**¥(14,819)**	¥(13,532)	**$(110,979)**
Amendment of past year	**63**	(57)	**472**
Deferred			
Temporary differences originated or reversed	**1,113**	(1,973)	**8,335**
Change in unrecognized deferred tax assets	**1,267**	(103)	**9,489**
Total	**¥(12,375)**	¥(15,666)	**$(92,676)**

(5) Reconciliation of statutory effective tax rate and average effective tax rate

The Company is subject to corporate tax, inhabitant tax and enterprise tax., The statutory effective tax rate calculated based on these taxes was 29.9% for the fiscal years ended March 31, 2023 and 2022. The Company's subsidiaries are subject to corporate and other taxes in their country of domicile. The reconciliation between the statutory effective tax rate and the average effective tax rate is as follows:

	2023	2022
Statutory effective tax rate	**29.9%**	29.9%
Tax adjustments other than temporary differences	**0.6**	(0.2)
Difference in tax rates applied for foreign operations	**(3.7)**	(2.6)
Change in unrecognized deferred tax assets	**(2.5)**	0.2
Special tax credit for research and development expenses	**(2.6)**	(2.3)
Foreign withholding taxes (including deferred tax expenses for retained earnings of overseas subsidiaries)	**2.6**	3.9
Other	**0.2**	0.6
Average effective tax rate	**24.5%**	29.5%

16 Trade and Other Payables

The breakdown of trade and other payables is as follows:

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2023	2022	2023
Notes and trade payables	**¥18,884**	¥20,153	**$141,421**
Other	**41,690**	43,030	**312,214**
Total	**¥60,574**	¥63,184	**$453,636**

Note: "Trade and other payables" are classified as financial liabilities measured at amortized cost.

17 Interest-Bearing Debt

The breakdown of interest-bearing debt is as follows:

	Millions of yen		Thousands of U.S. dollars (Note 2)	Average	Repayment
	2023	2022	2023	interest rate	date
Short-term borrowings	**¥1,477**	¥9,055	**$11,061**	**5.27%**	**–**
Current portion of long-term borrowings	**11**	1,468	**82**	**2.90%**	**–**
Long-term borrowings (excluding current portion)	**6**	–	**45**	**2.90%**	**FY2025.3**
Total	**¥1,495**	¥10,523	**$11,196**		

Notes: 1. Borrowings are classified as financial liabilities measured at amortized cost.

2. The average interest rate represents the weighted-average interest rate applied to the balance of the borrowings as of the end of the current fiscal year.

18 Other Financial Liabilities

The breakdown of other financial liabilities under current liabilities and non-current liabilities is as follows:

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2023	2022	2023
Financial liabilities measured at amortized cost			
Resort membership deposits	**¥8,803**	¥8,888	**$65,925**
Other	**670**	716	**5,018**
Subtotal	**¥9,474**	¥9,604	**$70,950**
Financial liabilities measured at fair value through profit or loss			
Derivative liabilities	**509**	662	**3,812**
Subtotal	**¥509**	¥662	**$3,812**
Total	**¥9,984**	¥10,267	**$74,770**

Note: The Group applies hedge accounting for derivative liabilities.

19 Provisions

The breakdown of provisions and changes during the year are as follows:

	Millions of yen			
	Provision for product warranty	Asset retirement obligations	Other	Total
Balance as of April 1, 2021	¥2,128	¥1,474	¥27	¥3,630
Increase	1,653	18	28	1,701
Decrease (utilized as intended)	(740)	(49)	–	(790)
Decrease (reversal)	(203)	(7)	(0)	(210)
Unwinding of discount	–	2	–	2
Exchange differences on translation	128	25	0	153
Balance as of March 31, 2022	¥2,966	¥1,464	¥56	¥4,486
Increase	781	438	18	1,238
Decrease (utilized as intended)	(658)	(26)	(56)	(741)
Decrease (reversal)	(265)	–	–	(265)
Unwinding of discount	–	2	–	2
Exchange differences on translation	110	27	–	138
Balance as of March 31, 2023	**¥2,934**	**¥1,906**	**¥18**	**¥4,859**

	Thousands of U.S. dollars (Note 2)			
	Provision for product warranty	Asset retirement obligations	Other	Total
Balance as of March 31, 2022	$22,212	$10,964	$419	$33,595
Increase	5,849	3,280	135	9,271
Decrease (utilized as intended)	(4,928)	(195)	(419)	(5,549)
Decrease (reversal)	(1,985)	–	–	(1,985)
Unwinding of discount	–	15	–	15
Exchange differences on translation	824	202	–	1,033
Balance as of March 31, 2023	**$21,973**	**$14,274**	**$135**	**$36,389**

Provision for product warranty is accounted for post-sales repair expenses based on historical experience considering revenue, sales volumes, or on individual estimates. Although payments for repairs are mainly made within one year after a claim, certain payments are made over one year. Asset retirement obligations are accounted for future payments for dismantling and removing assets and restoring the site. It is assumed that payments to settle these obligations will be required mainly after one year or more, and the amounts of the obligations may be affected by future business strategy.

20 Other Current Liabilities

The breakdown of other current liabilities is as follows:

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2023	2022	2023
Accrued paid leave	**¥5,203**	¥4,918	**$38,965**
Contract liabilities	**3,823**	5,850	**28,630**
Other	**3,440**	3,405	**25,762**
Total	**¥12,468**	¥14,174	**$93,372**

21 Employee Benefits

(1) Post-employment benefits

The Company and certain subsidiaries provide funded or unfunded defined benefit plans and defined contribution plans as retirement benefits for employees. The amount of benefits is generally determined based on each employee's length of service, salary, and other requirements. The defined benefit plans are exposed to general risks such as investment risk, interest risk, inflation risk and other risks.

The defined benefit pension plan (funded and unfunded plans) pays a lump-sum or an annual pension based on the employee compensation point system.

The funded defined benefit plan is operated by the Yamaha Corporate Pension Fund ("the Fund") and other administrators that are legally independent from the Group in accordance with the Defined-Benefit Corporate Pension Act (the "Act"). As stipulated in the Act, the Board of Directors of the pension fund and the pension management trustee should act in the best interest of the plan participants and have responsibilities to manage the Fund assets based on the prescribed policies.

In addition, a retirement benefit trust was established in March 2022 for the Company's post-employment benefits which had been unfunded lump-sum retirement benefit plan and is classified as a funded plan from the fiscal year ended March 2022.

Furthermore, there are certain cases that the Group may pay extra retirement allowances to employees, which are not subject to actuarial calculations. Please see "3. Significant Accounting Policies (11) Employee benefits, A) Post-employment benefits" and "3. Significant Accounting Policies (18) Changes in Accounting Policies" for the accounting policies for post-employment benefits.

A) Defined benefit plans (funded and unfunded)

(a) Reconciliation for defined benefit obligation and plan assets

Reconciliation of balances of the defined benefit obligation and plan assets and amounts recognized in the consolidated statement of financial position is as follows:

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2023	2022	2023
Present value of defined benefit obligation of funded plan	**¥84,726**	¥92,315	**$634,509**
Fair value of plan assets	**(93,090)**	(97,078)	**(697,147)**
Funded status	**(8,363)**	(4,762)	**(62,630)**
Present value of defined benefit obligation of unfunded plan	**8,412**	7,314	**62,997**
Defined benefit obligation and assets, net	**49**	2,552	**367**
Amounts on the consolidated statement of financial position			
Retirement benefit liabilities	**14,067**	13,338	**105,347**
Retirement benefit assets	**(14,018)**	(10,786)	**(104,980)**
Net defined benefit liabilities (assets) on the consolidated statement of financial position	**¥49**	¥2,552	**$367**

(b) Changes in present value of defined benefit obligations

Changes in present value of defined benefit obligations are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2023	2022	2023
Present value of defined benefit obligations at the beginning of the period	**¥99,630**	¥101,419	**$746,124**
Service cost	**3,885**	3,937	**29,095**
Interest expense	**1,172**	982	**8,777**
Payments from the plan	**(7,409)**	(5,985)	**(55,486)**
Remeasurements			
Actuarial differences arising from changes in demographic assumptions	**(43)**	(111)	**(322)**
Actuarial differences arising from changes in financial assumptions	**(4,665)**	(1,469)	**(34,936)**
Other	**129**	24	**966**
Exchange differences on translation of foreign operations	**339**	812	**2,539**
Other	**100**	20	**749**
Present value of defined benefit obligations at the end of the period (Note)	**¥93,139**	¥99,630	**$697,514**

Note: 1 The weighted-average duration of defined benefit obligations were 11.2 years as of March 31, 2023 and 11.5 years as of March 31, 2022.

(c) Changes in fair value of plan assets

Changes in fair value of plan assets are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2023	2022	2023
Present value of plan assets at the beginning of the period	**¥97,078**	¥86,274	**$727,013**
Interest income	**767**	554	**5,744**
Remeasurements			
Income on plan assets other than interest income	**(790)**	2,556	**(5,916)**
Employer's contributions	**1,460**	12,561	**10,934**
Payments from the plan	**(5,452)**	(4,964)	**(40,830)**
Exchange differences on translation of foreign operations	**25**	96	**187**
Present value of plan assets at the end of the period	**¥93,090**	¥97,078	**$697,147**

The Group plans to contribute ¥1,361 million ($10,192 thousand) for the fiscal year ending March 31, 2024.

(d) Breakdown of plan assets and their fair value

The plan assets under the funded defined benefit plan are operated mainly by the Yamaha Corporate Pension Fund (the "Fund"). As a basic policy, the Fund manages plan assets by determining an appropriate asset mix from a medium- to long-term perspective.

In particular, under the policy, the Fund determines the operating target based on the assumed interest rate for the pension fund and their operating expenses; selects assets that would be appropriate investments to achieve the target; determines the policy asset mix allocation that would be the best asset mix for the future, after considering the expected rate of return on assets, the risk of return, and the correlation coefficient between the returns of investments; and maintains those asset mixes. In addition, the Fund reviews those asset allocations on a regular or as-needed basis.

For management of the plan assets, the board of representatives will make decisions based on discussions by the asset management committee. The board of representatives and the asset management committee consist of personnel with appropriate qualifications including directors of the Company's finance division and human resources division. The labor union leaders are also included as the representative of the beneficiaries.

In addition, a retirement benefit trust was established for the Company's lump-sum retirement benefit plan. The trust assets are managed by the trust management trustee based on the contract details in accordance with the management policy decided by the Board of Directors of the Company. The breakdown of the plan assets by major category is as follows:

	Millions of yen						Thousands of U.S. dollars (Note 2)		
Quoted price in active market	2023			2022			2023		
	Available	Not available	Total	Available	Not available	Total	Available	Not available	Total
Cash and deposits	**¥1,103**	**¥–**	**¥1,103**	¥11,085	¥–	¥11,085	**$8,260**	**$–**	**$8,260**
Equity securities	**16,301**	**–**	**16,301**	27,725	–	27,725	**122,077**	**–**	**122,077**
Debt securities	**29,261**	**–**	**29,261**	13,213	–	13,213	**219,134**	**–**	**219,134**
Life insurance general accounts	**–**	**37,685**	**37,685**	–	38,901	38,901	**–**	**282,221**	**282,221**
Other	**–**	**8,739**	**8,739**	–	6,152	6,152	**–**	**65,446**	**65,446**
Total	**¥46,665**	**¥46,424**	**¥93,090**	¥52,024	¥45,054	¥97,078	**$349,472**	**$347,667**	**$697,147**

(e) Actuarial assumptions

The major actuarial assumption used to determine the present value of defined benefit obligations is as follows:

	2023	2022
Discount rate	**1.30%**	0.80%

(f) Sensitivity analysis

The effect to the defined benefit obligations when the major actuarial assumption changes is as follows:

This analysis assumes all other variables are consistent. In reality, however, a change of any other variables may affect the results of this sensitivity analysis.

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2023	2022	2023
Increase of 0.5% in discount rate	**¥(5,259)**	¥(5,601)	**$(39,384)**
Decrease of 0.5% in discount rate	**5,300**	5,637	**39,691**

B) Defined contribution plans

The amounts recognized as expenses for defined contribution plans were ¥(7,930) million ($(59,387) thousand) and ¥(7,420) million for the fiscal years ended March 31, 2023 and 2022, respectively. In addition to the above, additional retirement benefits of ¥(63) million were recognized for the fiscal years ended March 31 2022.

(2) Employee benefit expenses

Total amounts of employee benefit expenses included in "Cost of sales," "Selling, general and administrative expenses," and "Other expenses" in the consolidated statement of income were ¥(127,212) million ($(952,684) thousand) and ¥(116,638) million for the fiscal years ended March 31, 2023 and 2022, respectively.

22 Equity

(1) Policy on equity

With the aim of improving consolidated return on equity, the Group will distribute profit to shareholders while investing in research and development, marketing and, capital expenditures to drive corporate growth, based on prospective levels of medium-term consolidated earnings. Although the Group's basic policy is to distribute profit to shareholders on a continuous and stable basis, the Group will also flexibly distribute profit for the purposes of improving capital efficiency, while balancing and building adequate internal reserves for investments in future corporate growth.

(2) Share capital and treasury shares

	Shares	
	2023	2022
Number of authorized shares	**700,000,000**	700,000,000
Number of outstanding shares		
Beginning of the period	**187,300,000**	191,555,025
Increase	**–**	–
Decrease*1	**–**	4,255,025
End of the period	**187,300,000**	187,300,000
Number of treasury shares		
Beginning of the period	**15,756,795**	15,756,254
Increase*2	**1,240,438**	4,259,566
Decrease*3	**138,600**	4,259,025
End of the period	**16,858,633**	15,756,795

*1. The decrease for the fiscal year ended March 31, 2022 is due to the cancellation of treasury shares.

*2. The increase for the fiscal year ended March 31, 2023 is due to the following:
Increase due to purchase of treasury shares pursuant to a resolution of the Board of Directors – 1,215,700 shares.
Increase due to return of restricted stock compensation without payment before completion of the restricted period – 23,300 shares.
Increase due to purchase of fractional shares of less than one trading unit – 1,438 shares.
The increase for the fiscal year ended March 31, 2022 is due to the following:
Increase due to purchase of treasury shares pursuant to a resolution of the Board of Directors – 4,252,200 shares.
Increase due to return of restricted stock compensation without payment before completion of the restricted period – 5,800 shares.
Increase due to purchase of fractional shares of less than one trading unit – 1,566 shares.

*3. The decrease for the fiscal year ended March 31, 2023 is due to the following:
Decrease due to disposal of treasury shares as restricted stock compensation – 138,600 shares.
The decrease for the fiscal year ended March 31, 2022 is due to the following:
Decrease due to cancellation of treasury shares pursuant to a resolution of the Board of Directors - 4,255,025 shares.
Decrease due to disposal of treasury shares as restricted stock compensation – 4,000 shares.

(3) Capital surplus and retained earnings

Capital surplus consists of the legal capital reserve and other capital surplus and represents the amount not included in share capital upon the issuance of shares.

The Companies Act in Japan requires that 50% or more of paid-in capital for the issuance of shares shall be accounted for as share capital and the remaining amount shall be accounted for as the legal capital reserve. Other capital surplus includes an amount of surplus arising from reversal of the legal capital reserve, gain or loss on disposal of treasury shares, and a decrease due to cancellation of treasury shares.

Retained earnings consist of legal retained earnings and other retained earnings that include unappropriated retained earnings.

In addition, the cancellation of treasury shares of which those that are not treated as a decrease in other capital surplus are treated as a decrease in retained earnings. The Company determines the amount available for dividends under the Companies Act in Japan, based on the amount of retained earnings on the Company's unconsolidated financial statements which are prepared in accordance with Japanese GAAP.

The Company distributes retained earnings to its shareholders within certain limitations as stipulated by the Companies Act in Japan on the amount available for dividends.

23 Dividends

The dividends paid are as follows:

For the fiscal year ended March 31, 2023

Resolution	Class of shares	Total dividends		Dividends per share		Record date	Effective date
		Millions of yen	Thousands of U.S. dollars (Note 2)	Yen	U.S. dollars (Note 2)		
Annual shareholders' meeting held on June 22, 2022	Common stock	**¥5,660**	**$42,387**	**¥33.00**	**$0.25**	**March 31, 2022**	**June 23, 2022**
Board of Directors' meeting held on November 2, 2022	Common stock	**¥5,664**	**$42,417**	**¥33.00**	**$0.25**	**September 30, 2022**	**December 8, 2022**

For the fiscal year ended March 31, 2022

Resolution	Class of shares	Total dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
Annual shareholders' meeting held on June 24, 2021	Common stock	**¥5,801**	**¥33.00**	**March 31, 2021**	**June 25, 2021**
Board of Directors' meeting held on November 2, 2021	Common stock	**¥5,700**	**¥33.00**	**September 30, 2021**	**December 2, 2021**

The dividends with a record date in the current fiscal year and effective date in the next fiscal year are as follows:

For the fiscal year ended March 31, 2023

Resolution	Class of shares	Source	Total dividends		Dividends per share		Record date	Effective date
			Millions of yen	Thousands of U.S. dollars (Note 2)	Yen	U.S. dollars (Note 2)		
Annual shareholders' meeting held on June 23, 2023	Common stock	Retained earnings	¥5,624	$42,118	¥33.00	$0.25	March 31, 2023	June 26, 2023

24 Revenue

The breakdown of revenue is as follows:

(1) Breakdown of revenue

Based on economic features and similarity of products and services, the Group classifies its revenue into two reportable segments, "musical instruments" and "audio equipment," and includes other businesses in the "others" segment. Revenue is also presented by region based on customer location. The breakdown of revenue and segment revenue is disclosed in the following table.

See "5. Segment Information" for product and geographical information about each segment.

	Millions of yen			
	Reportable segment			
For the fiscal year ended March 31, 2023	Musical instruments	Audio equipment	Others	Total
Japan	**¥57,352**	**¥32,144**	**¥19,122**	**¥108,619**
North America	**82,657**	**24,533**	**7,026**	**114,217**
Europe	**55,640**	**26,902**	**244**	**82,787**
China	**50,976**	**6,407**	**5,095**	**62,479**
Other	**56,026**	**17,653**	**9,627**	**83,306**
Total	**¥302,653**	**¥107,641**	**¥41,115**	**¥451,410**
Revenue recognized from contracts with customers	**¥301,209**	**¥107,314**	**¥40,943**	**¥449,466**
Revenue recognized from other sources	**1,444**	**327**	**171**	**1,943**

	Thousands of U.S. dollars (Note 2)			
	Reportable segment			
For the fiscal year ended March 31, 2023	Musical instruments	Audio equipment	Others	Total
Japan	**$429,506**	**$240,725**	**$143,204**	**$813,443**
North America	**619,014**	**183,727**	**52,617**	**855,366**
Europe	**416,685**	**201,468**	**1,827**	**619,988**
China	**381,757**	**47,982**	**38,156**	**467,902**
Other	**419,576**	**132,203**	**72,096**	**623,875**
Total	**$2,266,554**	**$806,118**	**$307,908**	**$3,380,589**
Revenue recognized from contracts with customers	**$2,255,740**	**$803,670**	**$306,620**	**$3,366,030**
Revenue recognized from other sources	**10,814**	**2,449**	**1,281**	**14,551**

Main countries or areas included in geographical category other than Japan and China:

North America	U.S.A., Canada
Europe	Germany, France, U.K.
Other	Republic of Korea, Australia

	Millions of yen			
	Reportable segment			
For the fiscal year ended March 31, 2022	Musical instruments	Audio equipment	Others	Total
Japan	¥58,322	¥28,681	¥18,364	¥105,369
North America	60,410	21,010	6,046	87,467
Europe	53,324	25,379	592	79,296
China	56,837	6,970	3,973	67,781
Other	47,258	14,882	6,141	68,282
Total	¥276,153	¥96,924	¥35,119	¥408,197
Revenue recognized from contracts with customers	¥274,687	¥96,664	¥34,960	¥406,312
Revenue recognized from other sources	1,465	259	158	1,884

Main countries or areas included in geographical category other than Japan and China:

North America	U.S.A., Canada
Europe	Germany, France, U.K.
Other	Republic of Korea, Australia

The Group's revenues mostly consist of the sale of finished goods and merchandise. Revenues from the sale of finished goods and merchandise are recognized when control of finished goods and merchandise is transferred to a customer. Specifically, the Group recognizes revenue when a customer accepts the delivery of finished goods and merchandise, since the legal title, physical possession, and significant risk and rewards of ownership of the item are transferred to the customer at that point in time, and the performance obligation has been satisfied.
Revenues are measured as the amount agreed to at the time the contract with a customer was entered into less any discounts, rebates, or sales returns. In addition, the Group provides services, such as music school business, in which revenue from the services is recognized when the services are performed since the performance obligation has been satisfied at that point.

(2) Balances of contracts
Balances of receivables arising from customer contracts, contract assets and contract liabilities are as follows:

	Millions of yen			Thousands of U.S. dollars (Note 2)
	2023	2022	2021	2023
Receivables arising from customer contracts	**¥62,817**	¥51,271	¥49,239	**$470,434**
Contract assets	**816**	424	–	**6,111**
Contract liabilities	**3,823**	5,850	6,237	**28,630**

Contract assets represent a receivable from construction in progress.
Contract liabilities mainly represent advances received from customers.
The revenue included in the beginning balances of contract liabilities for the fiscal years ended March 31, 2023 and 2022, were ¥5,634 million ($42,193 thousand) and ¥6,237 million, respectively. In addition, there is no significant revenue recognized from the performance obligation fulfilled in the past. There is no significant contract whose expected period of performance obligation exceeds one year. A significant amount of the consideration arising from a contract with a customer is all included in the transaction amount.

25 Selling, General and Administrative Expenses

The breakdown of selling, general and administrative expenses is as follows:

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2023	2022	2023
Freight and transportation expenses	**¥(16,238)**	¥(13,457)	**$(121,606)**
Advertising and sales promotion expenses	**(13,721)**	(11,490)	**(102,756)**
Employee benefit expenses	**(58,140)**	(53,974)	**(435,408)**
Depreciation and amortization	**(5,138)**	(4,934)	**(38,478)**
Other	**(32,033)**	(27,849)	**(239,894)**
Total	**¥(125,272)**	¥(111,706)	**$(938,156)**

26 Research and Development Expenses

The amount of research and development expenses included in "Cost of sales" and "Selling, general and administrative expenses" in the consolidated statement of income is as follows:

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2023	2022	2023
Research and development expenses	**¥(25,057)**	¥(24,032)	**$(187,651)**

27 Other Income and Other Expenses

The breakdown of other income and other expenses is as follows:

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2023	2022	2023
Other income and other expenses			
Gain on sale of fixed assets*	**¥124**	¥4,773	**$929**
Government grants	**753**	1,170	**5,639**
Loss on sale and retirement of fixed assets	**(130)**	(176)	**(974)**
Loss from suspension of operations	**(360)**	(75)	**(2,696)**
Impairment losses	**(62)**	(322)	**(464)**
Other	**292**	938	**2,187**

* Gain on sale of fixed assets

In the first quarter of the fiscal year ended March 31, 2022, the Company sold the land (Chuo-ku, Sapporo, Hokkaido), categorized as "Assets held for sale" in the consolidated statement of financial position, to ALJ Sapporo RE2 TMK (Chiyoda-ku, Tokyo) .

As a result of the sale, the Company recorded a gain on sale of fixed assets of ¥4,700 million.

28 Finance Income and Finance Expenses

The breakdown of finance income and finance expenses is as follows:

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2023	2022	2023
Interest income			
Financial assets measured at amortized cost	**¥1,103**	¥826	**$8,260**
Dividend income			
Financial assets measured at fair value through other comprehensive income	**2,563**	3,424	**19,194**
Gain on revaluation of investment securities			
Financial assets measured at fair value through profit or losses	**65**	163	**487**
Interest expenses			
Financial liabilities measured at amortized cost	**(135)**	(84)	**(1,011)**
Lease liabilities	**(305)**	(302)	**(2,284)**
Loss on revaluation of investment securities			
Financial assets measured at fair value through profit or losses	–	–	–
Commission fee on sales of securities	–	(1,716)	–
Foreign exchange gain or loss	**777**	1,377	**5,819**
Total	**¥4,068**	¥3,690	**$30,465**

Note : Commission fee on sales of securities

For the fiscal year ended March 31, 2022, the Company recognized Commission fee on sales of securities due to the partial sale of shares of Yamaha Motor Co., Ltd..

The breakdown of dividend income is as follows:

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2023	2022	2023
Financial assets derecognized during the period	**¥18**	¥990	**$135**
Financial assets held at the end of the period	**2,545**	2,433	**19,059**
Total	**¥2,563**	¥3,424	**$19,194**

29 Other Comprehensive Income

The adjustments and reclassifications by items of other comprehensive income and income tax adjustment are as follows:

	Millions of yen				
For the fiscal year ended March 31, 2023	Amount arising during the period	Reclassification adjustment	Before income tax adjustment	Income tax adjustment	After income tax adjustment
Items that will not be reclassified to profit or loss					
Remeasurements of defined benefit plans	**¥3,789**	**¥–**	**¥3,789**	**¥(1,128)**	**¥2,660**
Financial assets measured at fair value through other comprehensive income	**10,960**	**–**	**10,960**	**(3,246)**	**7,714**
Items that may be subsequently reclassified to profit or loss					
Exchange differences on translation of foreign operations	**9,683**	**–**	**9,683**	**–**	**9,683**
Gain or loss on cash flow hedges	**(1,482)**	**1,570**	**87**	**(26)**	**61**
Total other comprehensive income	**¥22,951**	**¥1,570**	**¥24,521**	**¥(4,401)**	**¥20,119**

	Thousands of U.S. dollars (Note 2)				
For the fiscal year ended March 31, 2023	Amount arising during the period	Reclassification adjustment	Before income tax adjustment	Income tax adjustment	After income tax adjustment
Items that will not be reclassified to profit or loss					
Remeasurements of defined benefit plans	**$28,376**	**$–**	**$28,376**	**$(8,448)**	**$19,921**
Financial assets measured at fair value through other comprehensive income	**82,079**	**–**	**82,079**	**(24,309)**	**57,770**
Items that may be subsequently reclassified to profit or loss					
Exchange differences on translation of foreign operations	**72,516**	**–**	**72,516**	**–**	**72,516**
Gain or loss on cash flow hedges	**(11,099)**	**11,758**	**652**	**(195)**	**457**
Total other comprehensive income	**$171,879**	**$11,758**	**$183,637**	**$(32,959)**	**$150,670**

	Millions of yen				
For the fiscal year ended March 31, 2022	Amount arising during the period	Reclassification adjustment	Before income tax adjustment	Income tax adjustment	After income tax adjustment
Items that will not be reclassified to profit or loss					
Remeasurements of defined benefit plans	¥4,185	¥–	¥4,185	¥(1,228)	¥2,956
Financial assets measured at fair value through other comprehensive income	(795)	–	(795)	213	(582)
Items that may be subsequently reclassified to profit or loss					
Exchange differences on translation of foreign operations	19,166	–	19,166	–	19,166
Gain or loss on cash flow hedges	(97)	(218)	(316)	94	(221)
Total other comprehensive income	¥22,458	¥(218)	¥22,239	¥(921)	¥21,318

30 Earnings per Share

Basic earnings per share and the basis for its calculation are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2023	2022	2023
Profit for the period attributable to owners of parent	**¥38,183**	¥37,268	**$285,951**
Weighted-average number of common shares (Thousand shares)	**171,502**	173,446	

	Yen		U.S. dollars (Note 2)
Basic earnings per share	**¥222.64**	¥214.87	**$1.67**

Note : Diluted earnings per share is not stated since there are no potential share that would have a dilutive effect.

31 Non-Cash Transactions

The breakdown of major non-cash transactions is as follows:

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2023	2022	2023
Increase in right-of-use assets in connection with recognition of lease liabilities	**¥4,669**	¥3,204	**$34,966**

32 Reconciliation of Liabilities Arising from Financing Activities

Changes in liabilities arising from financing activities are as follows:

	Millions of yen					
			Non-cash changes			
For the fiscal year ended March 31, 2023	Balance at beginning of the period	Changes due to cash flows from financing activities	Business Combinations	Acquisition of right-of-use assets	Effect of changes in foreign exchange rates	Balance at end of the period
Lease liabilities	**¥17,374**	**¥(6,356)**	**¥199**	**¥4,443**	**¥513**	**¥16,173**
Interest-bearing debt	**10,523**	**(10,856)**	**1,010**	**–**	**818**	**1,495**
Resort membership deposits	**8,888**	**(84)**	**–**	**–**	**–**	**8,803**

	Thousands of U.S. dollars (Note 2)					
			Non-cash changes			
For the fiscal year ended March 31, 2023	Balance at beginning of the period	Changes due to cash flows from financing activities	Business Combinations	Acquisition of right-of-use assets	Effect of changes in foreign exchange rates	Balance at end of the period
Lease liabilities	**$130,113**	**$(47,600)**	**$1,490**	**$33,273**	**$3,842**	**$121,119**
Interest-bearing debt	**78,806**	**(81,300)**	**7,564**	**–**	**6,126**	**11,196**
Resort membership deposits	**66,562**	**(629)**	**–**	**–**	**–**	**65,925**

	Millions of yen				
			Non-cash changes		
For the fiscal year ended March 31, 2022	Balance at beginning of the period	Changes due to cash flows from financing activities	Acquisition of right-of-use assets	Effect of changes in foreign exchange rates	Balance at end of the period
Lease liabilities	¥20,161	¥(6,022)	¥2,596	¥639	¥17,374
Interest-bearing debt	8,367	1,185	–	971	10,523
Resort membership deposits	8,894	(6)	–	–	8,888

33 Share-Based Compensation Payments

(1) Overview of share-based compensation plans

The Group has introduced equity-settled and cash-settled share-based compensation plans for executive officers and certain operating officers to further promote sustainable increases in corporate value and shared value with shareholders.
As the equity-settled share-based compensation plan, the Group has a compensation plan with a restriction on share transfer.
The Group grants monetary compensation receivables to eligible executive officers and certain operating officers and has them pay in all these receivables as contributed assets to issue or dispose of shares of the Company's common stock.
With the aim of sustainably enhancing its corporate value and sharing value with shareholders, the Company grants the share-based compensation with a restriction on share transfer depending on the level of the position and responsibilities at the commencement of the Medium-Term Management Plan. For the purpose of giving incentive to achieve performance targets in the medium term, the Group grants one-third of entire compensation on the condition that the officer remains in the position and two-thirds are corresponding to operating performance, while considering performance indicators.
The evaluation indicators in the Company's performance consist of "Financial Targets", "Non-Financial Targets" with a focus on sustainability, and "Corporate Value Targets". "Financial Targets" and "Non-Financial Targets" have been set for the indicators put forth by the medium-term management plan while a "Corporate Value Targets" has been established for total shareholder return (TSR).
The ratio of impact on compensation in the form of restricted stock isplanned as follows.
Financial Targets: Non-Financial Targets: Corporate Value Targets = 50%: 30%: 20%
With the aim of sharing value with shareholders over a long term after the Medium-Term Business Plan, the transfer restrictions shall not be released until the retirement as officers or 30 years have passed after granting. In addition, a clawback provision shall be applied if any significant fraudulent accounting or significant losses were revealed, so that all or a part of the accumulated number of restricted shares shall be returned free of charge, depending on the responsibilities of each officer.
The payment terms of the cash-settled share-based compensation plan are the same as the compensation plan with a restriction on share transfer.

(2) Number of shares granted during the period and their fair value

Restriction on transfer of stock compensation

	2023	2022
Date of grant	**June 21,2022**	June 22,2021
Number of shares granted (Shares)	**138,600**	4,000
Fair value at the date of grant (Yen)	**747,054,000**	26,280,000

Fair value was measured using the price of company shares at the time they are granted, and no adjustment was made in consideration of prospective dividend.
Regarding Note 2, the translation for Fair value at the date of grant of June 21, 2022 is $5,594,653.

(3) Share-based compensation expenses

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2023	2022	2023
Equity-settled	**¥(267)**	¥(52)	**$(2,000)**
Cash-settled	1	0	**7**
Total	**¥(266)**	¥(51)	**$(1,992)**

The amount of compensation of the fiscal year ended March 31, 2022 is calculated as the expense for the current fiscal year less the reversal of expense recorded in the past based on the performance achieved.

(4) Liabilities for share-based compensation

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2023	2022	2023
Book value of liabilities	**¥47**	¥55	**$352**
[Of which, amount vested]	–	–	–

34 Financial Instruments

(1) Policy on capital management

The Group, in principle, limits its cash management to deposits for which the principal is guaranteed and interest rates are fixed. The Company, its domestic subsidiaries, and certain overseas subsidiaries execute the group finance for the effective use of the funds among the Group companies.
In addition, certain subsidiaries borrow funds from financial institutions after comprehensively considering borrowing conditions such as amounts, terms, and interest rates. The Group uses derivatives for the purpose of hedging risks mentioned below and limits derivative transactions to actual exposure. The Group does not enter into derivative transactions for speculative purposes.

(2) Financial risk management

The Group is exposed to various financial risks including credit risk, liquidity risk, and market risk in the course of its business activities.
To mitigate such risks, the Group has established a risk management system; that is, the Group has set up the Group Financial Policies and Rules, and the Company and its consolidated subsidiaries have prepared rules based on the Policies and Rules.

A) Credit risk

(a) Credit risk management

The Group is exposed to credit risk that the Group may suffer a financial loss if a counterparty of holding financial assets could not perform contractual obligations.
As to trade receivables from domestic and overseas customers, the Group is exposed to a risk that those receivables may become uncollectible due to deterioration in credit standing or bankruptcy of customers. Establishing rules for managing its credit exposure and trade receivables, the Group evaluates and manages a credit limit by customer, keeps records of receivables and, confirms outstanding balances on a regular basis. For receivables that become overdue, the Group monitors the cause and estimates when they will be collectible.
Regarding excess funds, the Group, in principle, limits investments to principal guaranteed deposits with fixed interest rates, thereby emphasizing safety and security.
Derivative transactions are executed based on the Group's Policy and Rules. Limiting derivative transactions to actual exposure, the Group does not enter into derivative transactions for speculative purposes. In addition, in order to mitigate counterparty credit risk, the Group only enters into derivative transactions with financial institutions with high-credit ratings.
The maximum credit risk exposures for financial assets are presented based on the book value in the consolidated financial statements.

(b) Credit risk exposures

Credit risk exposures to the receivables held by the Group are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 2)
Overdue period	2023	2022	2023
Not yet overdue	**¥75,555**	¥61,324	**$565,828**
Within 90 days	**2,731**	1,984	**20,452**
Over 90 days	**214**	238	**1,603**
Total	**¥78,501**	¥63,546	**$587,890**

(c) Changes in allowance for doubtful accounts

Changes in allowance for doubtful accounts are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2023	2022	2023
Balance at beginning of the period	**¥1,418**	¥1,490	**$10,619**
Increase	**256**	93	**1,917**
Decrease (charge-off)	**(109)**	(82)	**(816)**
Decrease (reversal)	**(250)**	(183)	**(1,872)**
Other	**73**	99	**547**
Balance at end of the period	**¥1,388**	¥1,418	**$10,395**

B) Liquidity risk

Liquidity risk is the risk that the Group may not perform its obligations to repay financial liabilities on their due dates.

The Group establishes a cash management plan based on the annual business plan, prepares and updates a cash flow budget to control cash flows, and monitors the budget and actual cash flows on a continuous basis. In addition, the Company, its domestic subsidiaries, and certain overseas subsidiaries manage the liquidity risk by execution of group finance.

Balances of major financial liabilities and lease liabilities by due date are as follows. The amounts of assets or liabilities arisen from derivative transactions are shown in net.

	Millions of yen							
As of March 31, 2023	Carrying amount	Contractual amount	Within one year	Between one and two years	Between two and three years	Between three and four years	Between four and five years	Over five years
Non-derivative liabilities								
Trade and other payables	**¥60,574**	**¥60,574**	**¥60,574**	**¥ –**	**¥ –**	**¥ –**	**¥ –**	**¥ –**
Interest-bearing debt	**1,495**	**1,495**	**1,489**	**6**	**–**	**–**	**–**	**–**
Lease liabilities	**16,173**	**17,172**	**5,840**	**4,005**	**2,447**	**1,343**	**782**	**2,753**
Derivative liabilities								
Currency-related	**509**	**509**	**509**	**–**	**–**	**–**	**–**	**–**

	Thousands of U.S. dollars (Note 2)							
As of March 31, 2023	Carrying amount	Contractual amount	Within one year	Between one and two years	Between two and three years	Between three and four years	Between four and five years	Over five years
Non-derivative liabilities								
Trade and other payables	**$453,636**	**$453,636**	**$453,636**	**$ –**	**$ –**	**$ –**	**$ –**	**$ –**
Interest-bearing debt	**11,196**	**11,196**	**11,151**	**45**	**–**	**–**	**–**	**–**
Lease liabilities	**121,119**	**128,600**	**43,735**	**29,993**	**18,325**	**10,058**	**5,856**	**20,617**
Derivative liabilities								
Currency-related	**3,812**	**3,812**	**3,812**	**–**	**–**	**–**	**–**	**–**

As of March 31, 2022	Millions of yen Carrying amount	Contractual amount	Within one year	Between one and two years	Between two and three years	Between three and four years	Between four and five years	Over five years
Non-derivative liabilities								
Trade and other payables	¥63,184	¥63,184	¥63,184	¥ –	¥ –	¥ –	¥ –	¥ –
Interest-bearing debt	10,523	10,523	10,523	–	–	–	–	–
Lease liabilities	17,374	18,380	5,837	4,128	2,822	1,406	1,068	3,116
Derivative liabilities								
Currency-related	662	662	662	–	–	–	–	–

C) Market risk

(a) Foreign exchange risk

Receivables and payables denominated in foreign currencies are exposed to foreign currency fluctuation risk.

In order to mitigate a risk arising from foreign currency fluctuation in connection with regular export and import transactions, the Group uses foreign exchange forward contracts to hedge actual exposures of net positions of trade receivables and payables denominated in foreign currencies.

The details of derivative transactions are as follows:

	Millions of yen 2023			2022		
	Contractual amount			Contractual amount		
		Over one year	Fair value		Over one year	Fair value
Foreign exchange forward contracts						
Sell	**¥16,202**	**¥–**	**¥(509)**	¥14,248	¥–	¥(662)

	Thousands of U.S. dollars (Note 2) 2023		
	Contractual amount		
		Over one year	Fair value
Foreign exchange forward contracts			
Sell	**$121,336**	**$–**	**$(3,812)**

Note: The Group applies cash flow hedge accounting to the derivative transactions shown above. Derivative assets and derivative liabilities are included in "Other financial assets" or "Other financial liabilities," respectively, in the consolidated statement of financial position.

(b) Sensitivity analysis

As to financial instruments denominated in foreign currencies held by the Group for the fiscal years ended March 31, 2023 and 2022, the table below shows the potential impact on profit before income taxes in the consolidated statement of income if the Japanese yen appreciated against related foreign currencies by 1.0%. This analysis does not include the effects of foreign currency translation into Japanese yen with regard to financial instruments denominated in functional currencies and assets, liabilities, revenues, and expenditures of foreign operations. In addition, it excludes the amount for which foreign exchange fluctuation risk is hedged by derivative transactions.

	Millions of yen 2023	2022	Thousands of U.S. dollars (Note 2) 2023
U.S. dollars	**¥(315)**	¥(138)	**$(2,359)**
Euro	**(6)**	(14)	**(45)**

(c) Price fluctuation risk of equity instruments

The Company holds equity instruments including stocks of companies with which it has business relationships, and therefore, is exposed to a market price fluctuation risk. The Company continuously monitors the status of changes in fair value of these equity instruments. The Group does not hold equity instruments for short-term trading purposes and does not actively trade them.

As to equity instruments held by the Group during the fiscal years ended March 31, 2023 and 2022, the table below shows the potential impact on profit before income taxes in the consolidated statement of comprehensive income if the market prices of listed stocks declined by 10% as at year-end. This analysis assumes other variables remain constant.

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2023	2022	2023
Potential impact on other comprehensive income	**¥(7,191)**	¥(6,034)	**$(53,853)**

(3) Fair value of financial instruments

A) Fair value hierarchy

The fair value hierarchy is as follows:

Level 1: Fair value measured by unadjusted quoted prices in active markets

Level 2: Fair value measured by inputs other than Level 1 inputs that are observable either directly or indirectly

Level 3: Fair value measured by valuation techniques that rely on unobservable inputs

The Group recognizes transfers between levels by deeming that they have occurred at the end of each reporting period. For the fiscal years ended March 31, 2022 and 2021, no significant financial assets were transferred between levels.

B) Fair value measurement method

Fair value measurement method of major financial instruments is as follows:

(a) Cash and cash equivalents, financial assets and liabilities (excluding borrowings and lease liabilities) measured at amortized cost

The carrying amount of cash and cash equivalents, short-term investments, and receivables and payables (excluding borrowings and lease liabilities) measured at amortized cost in the consolidated statement of financial position approximate fair value due to these being settled in a short period of time or financial instruments which are payable on demand.

(b) Equity instruments and debt instruments measured at fair value through profit or loss

Listed stocks are measured at market price as at the end of each reporting period, and classified as Level 1. Unlisted stocks, investments in associates and, debt instruments measured at fair value through profit or loss are measured by the financial statements of portfolio companies and applying appropriate valuation techniques such as valuation based on market values of similar companies, and are classified as Level 3.

(c) Borrowings

The carrying amount of short-term borrowings in the consolidated statement of financial position approximates fair value due to these being settled in a short period of time.

Fair value of long-term borrowings is calculated by discounting future cash flows by interest rates assumed for new similar borrowings, and classified as Level 2.

(d) Derivatives transactions

Fair value of derivative transactions is measured at prices obtained from counterparty financial institutions, and classified as Level 2.

C) Financial instruments measured at amortized cost

The carrying amount and fair value of financial instruments measured at amortized cost are as follows. The financial instruments whose fair value approximates their carrying amount are not included in the following table.

	Millions of yen				
	Carrying amount	Fair value			
As of March 31, 2023		Level 1	Level 2	Level 3	Total
Financial liabilities					
Long-term borrowings (Including current portion)	**¥17**	**¥–**	**¥17**	**¥–**	**¥17**
Total	**¥17**	**¥–**	**¥17**	**¥–**	**¥17**

As of March 31, 2023	Thousands of U.S. dollars (Note2)				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial liabilities					
Long-term borrowings (Including current portion)	**$127**	**$–**	**$127**	**$–**	**$127**
Total	**$127**	**$–**	**$127**	**$–**	**$127**

As of March 31, 2022	Millions of yen				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial liabilities					
Long-term borrowings (Including current portion)	¥1,468	¥–	¥1,468	¥–	¥1,468
Total	¥1,468	¥–	¥1,468	¥–	¥1,468

D) Financial instruments measured at fair value

The breakdown of financial instruments measured at fair value is as follows:

As of March 31, 2023	Millions of yen			
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets measured at fair value through profit or loss				
Debt instruments	**¥–**	**¥–**	**¥210**	**¥210**
Derivative assets	–	–	–	–
Financial assets measured at fair value through other comprehensive income				
Equity instruments	**71,913**	**–**	**4,707**	**76,620**
Total	**¥71,913**	**¥–**	**¥4,918**	**¥76,831**
Financial liabilities				
Financial liabilities measured at fair value through profit or loss				
Derivative liabilities	**–**	**509**	**–**	**509**
Total	**¥–**	**¥509**	**¥–**	**¥509**

As of March 31, 2023	Thousands of U.S. dollars (Note 2)			
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets measured at fair value through profit or loss				
Debt instruments	**$–**	**$–**	**$1,573**	**$1,573**
Derivative assets	–	–	–	–
Financial assets measured at fair value through other comprehensive income				
Equity instruments	**538,553**	**–**	**35,251**	**573,804**
Total	**$538,553**	**$–**	**$36,831**	**$575,384**
Financial liabilities				
Financial liabilities measured at fair value through profit or loss				
Derivative liabilities	**–**	**3,812**	**–**	**3,812**
Total	**$–**	**$3,812**	**$–**	**$3,812**

	Millions of yen			
As of March 31, 2022	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets measured at fair value through profit or loss				
Debt instruments	¥–	¥–	¥300	¥300
Derivative assets	–	–	–	–
Financial assets measured at fair value through other comprehensive income				
Equity instruments	60,343	–	5,775	66,118
Total	¥60,343	¥–	¥6,076	¥66,419
Financial liabilities				
Financial liabilities measured at fair value through profit or loss				
Derivative liabilities	–	662	–	662
Total	¥–	¥662	¥–	¥662

The breakdown of financial instruments measured at fair value on a recurring basis and classified as Level 3 is as follows:

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2023	2022	2023
Balance at beginning of the period	**¥6,076**	¥5,959	**$45,503**
Gain or loss*1	**65**	163	**487**
Other comprehensive income*2	**(1,067)**	95	**(7,991)**
Purchase	**0**	0	**0**
Sale/redemption	**(156)**	(142)	**(1,168)**
Balance at end of the period	**¥4,918**	¥6,076	**$36,831**

*1. Gain or loss relates to financial assets measured at fair value through profit or loss and is included in "Finance income" or "Finance expenses" in the consolidated statement of income.

*2. Other comprehensive income relates to financial assets measured at fair value through other comprehensive income and included in "Financial assets measured at fair value through other comprehensive income", in the consolidated statement of comprehensive income.

The corresponding financial instruments are mainly unlisted stocks, investments in associates, and debt instruments measured at fair value through profit or loss. They are measured using the financial statements of portfolio companies and applying appropriate valuation techniques such as valuation based on market values of similar companies.

(4) Offset of financial assets and financial liabilities

The following summarizes the amounts of financial assets and financial liabilities off-set for presentation in the consolidated statement of financial position as of March 31, 2023 and 2022.

	Millions of yen		
As of March 31, 2023	Gross amount of financial assets and financial liabilities	Amounts of financial assets and financial liabilities offset for presentation in the consolidated statement of financial position	Net amounts presented in the consolidated statement of financial position
Financial assets			
Derivatives	**¥–**	**¥–**	**¥–**
Financial liabilities			
Derivatives	**509**	**–**	**509**

As of March 31, 2023	Thousands of U.S. dollars (Note 2) Gross amount of financial assets and financial liabilities	Amounts of financial assets and financial liabilities offset for presentation in the consolidated statement of financial position	Net amounts presented in the consolidated statement of financial position
Financial assets			
Derivatives	**$–**	**$–**	**$–**
Financial liabilities			
Derivatives	**3,812**	**–**	**3,812**

As of March 31, 2022	Millions of yen Gross amount of financial assets and financial liabilities	Amounts of financial assets and financial liabilities offset for presentation in the consolidated statement of financial position	Net amounts presented in the consolidated statement of financial position
Financial assets			
Derivatives	¥–	¥–	¥–
Financial liabilities			
Derivatives	662	–	662

35 Related-Party Transactions

(1) Transactions with related parties

There are no significant related-party transactions to be disclosed.

(2) Remuneration to key management personnel

The remuneration to key management personnel of the Group, which includes the Company's directors and executive officers, for the fiscal years ended March 31, 2023 and 2022 is as follows:

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2023	2022	2023
Fixed compensation	**¥(312)**	¥(275)	**$(2,337)**
Performance-based bonuses	**(157)**	(119)	**(1,176)**
Restricted share-based compensation	**(155)**	(31)	**(1,161)**
Total	**¥(625)**	¥(426)	**$(4,681)**

36 Major Subsidiaries

Major subsidiaries are as follows:
There is no subsidiary with significant non-controlling interests.

Company name	Capital		The Company's holding ratio	Major business
Yamaha Corporation of America	50,000	Thousands of U.S. dollars	100.00%	Import and sales of musical instruments and audio equipment
Yamaha Guitar Group, Inc.	20,722	Thousands of U.S. dollars	100.00%	Planning, developing and sales of musical instruments
Yamaha Music Europe GmbH	70,000	Thousands of euros	100.00%	Import and sales of musical instruments and audio equipment
Yamaha Music & Electronics (China) Co., Ltd.	782,023	Thousands of Chinese yuan renminbi	100.00%	Investment management for subsidiaries in China; sales of musical instruments and audio equipment
Xiaoshan Yamaha Musical Instruments Co., Ltd.	274,888	Thousands of Chinese yuan renminbi	100.00%	Manufacturing of musical instruments
Yamaha Electronics (Suzhou) Co., Ltd.	328,754	Thousands of Chinese yuan renminbi	100.00%	Manufacturing of musical instruments and audio equipment
Hangzhou Yamaha Musical Instruments Co., Ltd.	396,121	Thousands of Chinese yuan renminbi	100.00%	Manufacturing of musical instruments
PT. Yamaha Indonesia	8,507	Millions of Indonesian rupiah	100.00%	Manufacturing of musical instruments
PT. Yamaha Music Manufacturing Asia	82,450	Millions of Indonesian rupiah	100.00%	Manufacturing of musical instruments and audio equipment
PT. Yamaha Musical Products Asia	568,540	Millions of Indonesian rupiah	100.00%	Manufacturing of musical instruments
Yamaha Electronics Manufacturing (M) Sdn. Bhd.	31,000	Thousands of Malaysian ringgit	100.00%	Manufacturing of audio equipment
Yamaha Music India Pvt. Ltd.	3,700	Millions of Indian rupee	100.00%	Import, sales and manufacturing of musical instruments and audio equipment
Yamaha Music Japan Co., Ltd.	100	Millions of yen	100.00%	Sales of musical instruments and audio equipment
Yamaha Music Retailing Co., Ltd.	100	Millions of yen	100.00%	Sales of musical instruments
Yamaha Music Manufacturing Japan Corporation	100	Millions of yen	100.00%	Manufacturing of musical instruments and audio equipment

37 Contingent Liabilities

Yamaha Music Europe GmbH (hereinafter "YME"), a consolidated subsidiary of Yamaha Corporation, was served with a following collective proceedings competition law claim on December 29, 2022. No provision has been made for this lawsuit because the proceedings are not in progress and the financial impact cannot be reliably estimated at this time.

(1) Cause of action and circumstances leading to the filing of the lawsuit

YME was subject to a UK competition law decision finding that it engaged in resale price maintenance practices with one UK business partner in the online sale of our musical instrument products in the UK from March 2013 to March 2017. A collective proceedings claim has been filed by consumers alleging that the actions of the company resulted in consumers paying higher prices for products and seeking compensation for the resulting damages.

(2) Outline of the litigants

The group of plaintiffs represented by Elisabetta Sciallis of the consumer organization "Which?" (located in London, UK), and consumers in the United Kingdomof the relevant products are eligible to join the plaintiffs.

(3) Description of the lawsuit and compensation for damages

A) Description of the lawsuit

This lawsuit is against YME and YME's parent company, the Company, claiming compensation for damages alleged to have been potentially incurred by consumers due to YME's resale price maintenance.

B) Value of the purpose of the lawsuit

The total amount of damages claimed by the plaintiffs against YME and the Company has not been disclosed.

(4) Outlook

The size of the plaintiffs' group and the value of the claim are expected to become known in due course.

38 Subsequent Events

(Unauthorized Access to an U.S. Subsidiary)

The Company confirmed on June 15, 2023 that Yamaha Corporation of America (YCA), its U.S. sales subsidiary, was illegally accessed to its internal network by a third party and there was an information leak. YCA promptly cut off the network of the device that received the unauthorized access and the system is operating normally at this time. The Company has also confirmed that there is no impact on its systems in Japan.

The Company has identified that the unauthorized access was caused by a ransomware attack. There is a possibility that the data including information related to local business partners was compromised, and details are under investigation.

The Company is currently examining the impact of this incident on the Group's business performance for the future fiscal year.

Building a better working world

Independent Auditor's Report

The Board of Directors
YAMAHA CORPORATION

Opinion

We have audited the accompanying consolidated financial statements of YAMAHA CORPORATION(the Company) and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at March 31, 2023, and the consolidated statements of income, comprehensive income, changes in equity, and cash flows for the year then ended, and notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters.

Recoverability of deferred tax assets of the parent company	
Description of Key Audit Matter	**Auditor's Response**
As described in Note 4 "Significant Accounting Estimates and Judgments" and Note 15 "Income Taxes" to Consolidated Financial Statements, as of March 31, 2023, the Company recognized deferred tax assets of ¥29,003 million (before being offset against deferred tax liabilities, accounting for 4.8% of total assets), the majority of which comprised deferred tax assets of the parent company. The Company determines the recoverability of deferred tax assets in consideration of estimated future taxable income based on future profitability. Estimated future taxable income on the basis of future profitability is based on future business plans, and the significant assumptions underlying such plans are the sales volume and selling prices of products as well as foreign exchange rates. The Company operates globally, and has manufacturing and sales sites in various regions throughout the world. Accordingly, there are uncertainties in determining the recoverability of deferred tax assets because the significant assumptions underlying future business plans are affected by factors such as the economic conditions and market environment in various countries around the world. Given that assessment of these uncertainties requires management's judgment, we have determined that this is a key audit matter.	We performed the following audit procedures in examining the recoverability of deferred tax assets, among others: • We assessed the balance of deductible temporary differences by involving tax specialists to verify whether such balance is appropriate, and considered the scheduling of the reversal of this balance. • We assessed future business plans that is the basis for the estimate of future taxable income to evaluate the reasonableness of the estimate. We also assessed whether such future business plans are consistent with the most recent budget approved by management. • We compared prior year business plans with actual results to evaluate the effectiveness of the estimation process in formulating business plans by management. • Regarding the sales volume and selling prices of products as well as foreign exchange rates, which are significant assumptions included in future business plans, we discussed with management, performed trend analysis based on historical data, and compared the assumptions to the latest available external data in order to evaluate the reasonableness of such significant assumptions. • We performed a sensitivity analysis for significant assumptions to evaluate the appropriateness of management's assessment of the uncertainty of estimates included in future business plans.

Other Information

The other information comprises the information included in Annual Financial Report (Consolidated financial statements and notes) that contains audited consolidated financial statements but does not include the consolidated financial statements and our auditor's report thereon.

We have concluded that the other information does not exist. Accordingly, we have not performed any work related to the other information.

Responsibilities of Management, the Audit Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern and disclosing, as required by IFRSs, matters related to going concern.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the consolidated financial statements is not expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with IFRSs.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the consolidated financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2023 are presented solely for convenience. Our audit also included the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 2 to the consolidated financial statements.

Ernst & Young ShinNihon LLC
Hamamatsu, Japan

June 30, 2023

/s/ Ryogo Ichikawa
Designated Engagement Partner
Certified Public Accountant

/s/ Toshikatsu Sekiguchi
Designated Engagement Partner
Certified Public Accountant

/s/ Shuji Okamoto
Designated Engagement Partner
Certified Public Accountant