

Business Results for the Fiscal Year Ended December 31, 2020

(January 1, 2020 through December 31, 2020)

(Japanese GAAP)

February 12, 2021

This document has been translated from the Japanese original, *Kessan Tanshin* (Flash Report), for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Company name:

Yamaha Motor Co., Ltd.

Stock listing:

Tokyo Stock Exchange the First Section

Code number:

7272

URL:

<https://global.yamaha-motor.com/ir/>

Representative:

Yoshihiro Hidaka, President, Chief Executive Officer, and Representative Director

Contact:

Toshinari Maegawa, General Manager, Finance & Accounting Division
Phone: +81-538-32-1144

Date of the Ordinary General Meeting of Shareholders (scheduled):

March 24, 2021

Beginning of payment of dividends (scheduled):

March 25, 2021

Filing of securities report (scheduled):

March 25, 2021

Supplementary explanatory documents related to the consolidated financial results:

Yes

Briefing on the consolidated financial results:

Yes (for institutional investors, securities analysts and media outlets)

Amounts less than one million yen are rounded down.

1. Consolidated Financial Results for the Fiscal Year Ended December 31, 2020

(January 1, 2020 through December 31, 2020)

(1) Consolidated operating results

*% represents growth results. () represents negative figures.

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended December 31, 2020	1,471,298	(11.6)	81,672	(29.2)	87,668	(26.6)	53,072	(29.9)
Fiscal year ended December 31, 2019	1,664,764	(0.5)	115,364	(18.1)	119,479	(13.4)	75,736	(18.9)

Note: Comprehensive income

Fiscal year ended December 31, 2020:	¥32,951 million	[(66.3)%]
Fiscal year ended December 31, 2019:	¥97,672 million	[27.0%]

	Earnings per share – basic	Earnings per share – diluted	Net income to shareholders' equity	Ordinary income to total assets	Operating income to net sales
	Yen	Yen	%	%	%
Fiscal year ended December 31, 2020	151.89	—	7.5	5.5	5.6
Fiscal year ended December 31, 2019	216.83	—	11.1	8.1	6.9

Reference: Share of profit of entities accounted for using equity method

Fiscal year ended December 31, 2020:	¥864 million
Fiscal year ended December 31, 2019:	¥2,472 million

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of December 31, 2020	1,640,913	749,158	43.6	2,045.15
As of December 31, 2019	1,532,810	751,828	46.0	2,018.84

Reference: Shareholders' equity

As of December 31, 2020:	¥714,644 million
As of December 31, 2019:	¥705,233 million

(3) Consolidated cash flows

	From operating activities	From investing activities	From financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year ended December 31, 2020	110,487	(43,950)	83,668	267,180
Fiscal year ended December 31, 2019	99,127	(79,662)	(36,760)	122,719

2. Dividends

Record date	Annual dividends per share					Total amount of dividends (Annual)	Payout ratio (Consolidated)	Ratio of total amount of dividends to net assets (Consolidated)
	End of first quarter	End of second quarter	End of third quarter	End of fiscal year	Total			
Fiscal year ended December 31, 2019	Yen —	Yen 45.00	Yen —	Yen 45.00	Yen 90.00	Millions of yen 31,443	% 41.5	% 4.6
Fiscal year ended December 31, 2020	—	0.00	—	60.00	60.00	20,968	39.5	3.0
Fiscal year ending December 31, 2021 (forecast)	—	45.00	—	45.00	90.00		43.7	

3. Forecast of Consolidated Financial Results for the Fiscal Year Ending December 31, 2021

(January 1, 2021 through December 31, 2021)

*% represents year-on-year rate.

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Earnings per share – basic
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending December 31, 2021	1,700,000	(15.5)	110,000	(34.7)	110,000	(25.5)	72,000	(35.7)	206.05

(*Notes)

(1) Changes in significant subsidiaries during period (Changes in specified subsidiaries resulting in changes in the scope of consolidation): None

(2) Changes in accounting policies, changes in accounting estimates and restatement for correction of errors

1) Changes in accounting policies arising from revision of accounting standards: None

2) Changes in accounting policies arising from other factors: None

3) Changes in accounting estimates: None

4) Restatement for correction of errors: None

(3) Number of shares outstanding (Common stock)

1) Number of shares outstanding at end of period, including treasury shares

Fiscal year ended December 31, 2020	350,122,835 shares	Fiscal year ended December 31, 2019	350,013,146 shares
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2) Number of shares of treasury shares at end of period

Fiscal year ended December 31, 2020	689,820 shares	Fiscal year ended December 31, 2019	686,083 shares
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3) Average number of shares during period

Fiscal year ended December 31, 2020	349,400,240 shares	Fiscal year ended December 31, 2019	349,297,918 shares
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(*These consolidated financial results presented herein are not subject to the audit of a certified public accountant or audit corporation.)

(*Notice regarding results forecast)

(1) The results forecast presented in this document is based on the assumptions and beliefs of Yamaha Motor Co., Ltd. (the “Company”) in light of the information currently available and is not a guarantee of future performance. Actual results may differ significantly from the Company’s forecast, due to various risks, uncertainties and other factors, including changes in business conditions surrounding the Yamaha Motor Group (the “Group”), changing consumer preferences, and currency exchange rate fluctuations.

For details on potential risks, uncertainties and other factors affecting the Group’s operations, please see the latest Securities Report and Quarterly Securities Report which have been announced by the Company.

For the results forecast, please refer to page 8 of the Attachment, “Forecast for the fiscal year ending December 31, 2021 (January 1, 2021 through December 31, 2021)” in “(1) Overview of Operating Results for the Fiscal Year Under Review,” under “1. Overview of Operating Results.”

(2) Briefing on the consolidated financial results will be held as follows. Supplementary explanatory documents related to the consolidated financial results and so on to be handed at the briefing will be posted on the Company website immediately. The main contents and Q&A Minutes of the briefing will be posted on the Company website on or after the day following the briefing.

Friday, February 12, 2021:	Briefing on the consolidated financial results for institutional investors, securities analysts and media outlets
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(3) With regard to amounts stated in ¥100 million units in this document, amounts less than ¥100 million are rounded off.

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1. Overview of Operating Results

Matters relating to the future in this document are based on the assumptions and beliefs of the Group in light of the information as of the end of the fiscal year ended December 31, 2020.

As stated in “3. Consolidated Financial Statements and Primary Notes, (5) Notes to Consolidated Financial Statements, Segment Information, etc., 1. Overview of reporting segments,” the following analysis utilizes figures in the consolidated financial statements for the fiscal year ended December 31, 2019 that have been retrospectively restated and reclassified.

(1) Overview of Operating Results for the Fiscal Year Under Review

During the fiscal year ended December 31, 2020, the global economy was profoundly affected by the worldwide proliferation of the COVID-19 pandemic which emerged at the outset of the year amid an uncertain economic outlook in addition to U.S.-China trade friction that had been persisting since the previous year. Meanwhile, the pandemic continues to weigh on the Group’s financial results amid a scenario where it has been on a path to recovery since having bottomed out in the second quarter (from April to June) and some markets rebounded in the fourth quarter (from October to December). After the second quarter, demand in developed markets has been sharply rebounding with respect to personal commuter vehicles and outdoor family leisure. Meanwhile, emerging markets have been mounting a gradual recovery, particularly in the ASEAN region, India, and South America.

Given this situation, the Company engaged in business while first and foremost acting to prevent further spread of COVID-19, to ensure the safety and health of stakeholders, and to address regulations of respective countries appropriately. The Company has secured ample liquidity by thoroughly cutting costs and raising necessary funds, in a manner that draws on its experience during the worldwide financial crisis that was triggered by the bankruptcy of Lehman Brothers. In terms of R&D and investment, the Company has continued to undertake development and investment needed to strengthen its capacity in new fields and core businesses looking toward future growth, while also taking a selective and focused approach to narrowing its overall portfolio. In terms of production, the Company suspended factory operations at the early stages in response to the probability of waning demand due to proliferation of the COVID-19 pandemic. In terms of sales, the Company was quick to deploy marketing activities enlisting digital technologies upon restrictions having been placed on such initiatives due to COVID-19. Meanwhile, the Company has expanded its product line by rolling out new models in Europe, where new regulations on gas emissions have been adopted, as well as in India and Taiwan.

As a result, the Company’s consolidated net sales for the fiscal year under review declined ¥193.5 billion, or 11.6%, year on year, to ¥1,471.3 billion, operating income declined ¥33.7 billion, or 29.2%, to ¥81.7 billion, ordinary income declined ¥31.8 billion, or 26.6%, to ¥87.7 billion, and net income attributable to owners of parent declined ¥22.7 billion, or 29.9%, to ¥53.1 billion.

As for financial results for the fourth quarter (from October to December), consolidated net sales increased ¥6.7 billion, or 1.7%, to ¥404.2 billion and operating income increased ¥9.9 billion, or 64.5%, to ¥25.3 billion. The Company has managed to partially recover from the adverse effects that COVID-19 had on the Company’s financial results in the first half of the fiscal year.

Exchange rates for the fiscal year were ¥107 to the U.S. dollar (an appreciation of ¥2, year on year) and ¥122 to the euro (unchanged from the previous fiscal year).

Net sales decreased overall despite having increased in the Robotics business and the Financial services business, amid lower unit sales of motorcycles in the Land mobility business and lower unit sales in the Marine products business due to the effects of COVID-19. Operating income decreased as a whole due to factors that included the impact of foreign exchange and a lower operation ratio as a result of factories in respective countries having temporarily suspended operations during the first half of the fiscal year, compounded by lower sales.

In terms of financial indicators, the ratio of net income attributable to owners of the parent was 3.6% (a year on year decline of 0.9 percentage points), total asset turnover was 0.93 (a year on year decline of 0.20) due to securing cash on hand and purchases of sales finance receivables, shareholders’ equity was ¥714.6 billion (an increase of ¥9.4 billion compared with the end of the previous fiscal year), and shareholders’ equity ratio was 43.6% (a year on year decline of 2.5 percentage points). As a result, ROE was 7.5% (a year on year decline of 3.6 percentage points). In addition, free cash flow (including sales finance) was positive ¥66.5 billion (a year on year increase of ¥47.1 billion).

Operating results by segment

[Land mobility]

Net sales declined ¥173.4 billion, or 15.5%, year on year, to ¥946.5 billion, and operating income declined ¥23.2 billion, or 55.7%, year on year, to ¥18.5 billion.

With regard to motorcycles in developed markets, unit sales decreased despite the prevailing recovery in overall

demand, amid a scenario where production did not keep up with the rapid recovering overall demand. Meanwhile, both sales and profits decreased as a result of the Company having decreased the operation ratio by temporarily suspending operations of the Iwata Main Factory and factory facilities in France.

With regard to motorcycles in emerging markets, both sales and profits decreased despite overall demand having been on a trajectory of recovery, largely as a result of factors that include a stagnating economy and diminishing consumer sentiment caused by lockdowns and restrictions imposed on social activity due to COVID-19. In Indonesia, demand plunged amid a shift to more stringent screening of sales finance due to the worsening economy combined with ongoing restrictions imposed on large social gatherings. In the Philippines, unit sales decreased amid a scenario where product supply lags behind the prevailing state of surging overall demand. In Vietnam, although overall demand has been mounting a modest recovery, the model mix has been deteriorating due to an increase in unit sales of low-priced models as a result of the economic slowdown. Meanwhile, sales in India have continued to exceed those of the previous year since August amid prevailing recovery of overall demand and strong sales of new models. In Taiwan, both overall demand and wholesale has recovered to levels surpassing previous year levels, fueled by government subsidy programs for cars with combustion engines.

In the RV category (all-terrain vehicles, recreational off-highway vehicles and snowmobiles), both sales and profits increased in major geographic regions, particularly in the Company's largest market of North America, amid an upsurge in outdoor demand.

As for electrically power assisted bicycles, sales decreased due to waning unit sales of finished vehicles in Japan resulting from production delays and companies opting to refrain from sales activities due to COVID-19. However, profits increased as a result of the model mix having improved due to higher E-kit sales.

[Marine products]

Net sales decreased ¥21.7 billion, or 6.2%, year on year, to ¥328.3 billion, and operating income declined ¥7.7 billion, or 13.3%, to ¥50.6 billion.

Although affected of COVID-19 in the first half of the fiscal year, demand for outboard motors and personal watercraft increased due to an upsurge in outdoor demand after lockdowns. Overall unit sales of marine products decreased as a result of North American boat builders having temporarily suspended operations, dealers having temporarily shut down, and the Iwata Main Factory and U.S. factories having temporarily suspended operations, but unit sales of outboard motors to North America and Europe increased in the second half of the fiscal year due to the improvement of operation ratio after factories having temporarily suspended operations. Although the Group has continued to expand sales of large outboard motors despite the effect of COVID-19, both sales and profits decreased in the entire business as a result of the difficulties on catching up on the first half of the year.

[Robotics]

Net sales increased ¥7.4 billion, or 9.7%, year on year, to ¥83.0 billion, and operating income declined ¥4.4 billion, or 57.4%, to ¥3.3 billion.

Although unit sales of surface mounters increased in Asia (including China, Taiwan and South Korea) throughout the year, and in Europe and America from the second half of the fiscal year, the model mix has been deteriorating due to curbing of investments in the automotive sector including Japan. Sales increased but profits decreased due to effects of having made Yamaha Motor Robotics Holdings Co., Ltd. (renamed as Yamaha Robotics Holdings Co., Ltd. on January 1, 2021, hereinafter "YRH") a subsidiary at the end of the second quarter of the previous fiscal year.

[Financial services]

Net sales increased ¥5.1 billion, or 12.5%, year on year, to ¥46.1 billion, and operating income declined ¥0.5 billion, or 5.9%, to ¥7.6 billion.

Sales increased due to strong performance in developed markets, but profits decreased due to the impact of foreign exchange and an increase in allowance for doubtful accounts and a decrease in receivables from wholesalers.

[Others]

Net sales declined ¥10.9 billion, or 13.9%, year on year, to ¥67.4 billion, and operating income was ¥1.7 billion, against operating loss of ¥0.4 billion in the fiscal year ended December 31, 2019.

Sales decreased amid a downturn in unit sales of golf cars and generators. Operating income increased from the previous year, when the Company recorded product warranty expenses for golf car and generator.

Major products and services in each business segment are as follows.

Segment	Main products and services
Land mobility	Motorcycles, intermediate parts for products, knockdown parts for overseas production, all-terrain vehicles, recreational off-highway vehicles, snowmobiles, electrically power assisted bicycles, automobile engines and automobile components
Marine products	Outboard motors, personal watercraft, boats, FRP pools, fishing boats and utility boats
Robotics	Surface mounters, semiconductor manufacturing equipment, industrial robots and industrial-use unmanned helicopters
Financial services	Sales finance and lease related to the Company's products
Others	Golf cars, generators, multi-purpose engines, small-sized snow throwers and electrically powered wheelchairs

Forecast for the fiscal year ending December 31, 2021

(January 1, 2021 through December 31, 2021)

The year 2020 was one of stagnant consumption and corporate economic activity amid stay-at-home orders and restrictions on movement imposed in many countries due to the COVID-19 pandemic. Meanwhile, there is no telling how 2021 will turn out, but it is likely to be a year marked by the world gradually returning to where it was prior to the COVID-19 pandemic thanks to the development of vaccines and their increasingly widespread administration. Amid those circumstances, in the Land mobility and Marine products businesses serving developed markets, the Company anticipates high rates of factory utilization as manufacturers seek to replenish inventory on the market. In the Robotics business, the Company envisions increasing demand when it comes to China along with a rebound in demand with respect to developed markets. The motorcycle market in emerging economies also seems poised for moderate recovery. Meanwhile, potential risks include the possibility of soaring transportation costs amid a global shortage of shipping containers and a scenario where a dearth of semiconductors affects procurement of component parts. Amid this business environment, the Company will keep striving to reduce costs by putting new work arrangements into practice and by enlisting digital technologies particularly with respect to advertising and events. The consolidated financial results forecast derived from the aforementioned factors is as follows.

	Billions of yen
Net sales	1,700.0 (+228.7, 15.5%)
Operating income	110.0 (+28.3, 34.7%)
Ordinary income	110.0 (+22.3, 25.5%)
Net income attributable to owners of parent	72.0 (+18.9, 35.7%)

The forecast is based on the assumption that the exchange rates are ¥103 against the U.S. dollar (an appreciation of ¥4 from the previous fiscal year) and ¥126 against the euro (a depreciation of ¥4).

[Potential risks and uncertainties regarding the forecast for the fiscal year ending December 31, 2021]

The forecast for the fiscal year ending December 31, 2021 summarized above is based on the Company's assumptions and beliefs in light of the information currently available, and may differ significantly from actual financial results. Please be advised that many risks and uncertainties can affect business performance, including:

- Changes in general economic conditions in the Group's major markets, including shifting consumer preferences and market competition
- Changes in governments' regulations regarding import/export, currency and tax system
- Currency exchange rate fluctuations
- Dependence on corporate customers and specific suppliers for procurement of raw materials and parts
- Changes in environmental and other regulations
- Leaks, etc. of customer information or other personal and/or confidential data
- Natural disaster, epidemic, pandemic, war, terrorism, strikes, demonstrations, etc.

For details on potential risks, uncertainties and other factors affecting the Group's operations, please see the latest Securities Report and Quarterly Securities Report.

(2) Overview of Financial Position for the Fiscal Year Under Review

Analysis on assets, liabilities and net assets

Total assets as of December 31, 2020, increased ¥108.1 billion, from December 31, 2019, to ¥1,640.9 billion. Current assets increased ¥46.8 billion largely as a result of the Company having secured cash on hand as a safeguard against effects of COVID-19, despite factors that included a decrease in inventories due to a scenario where product supply lagged behind recovering sales in developed markets, a decrease in short-term sales finance receivables associated with lower dealership inventories, and a decrease in notes and accounts receivable – trade resulting from lower sales in the ASEAN region. Non-current assets increased ¥61.3 billion mainly due to increase in long-term sales finance receivables owing to the launch of a financial program for prime customers as the Group's own service in America.

Total liabilities increased ¥110.8 billion to ¥891.8 billion mainly due to increases in interest-bearing debt, etc.

Total net assets decreased ¥2.7 billion to ¥749.2 billion as a result of having recorded ¥15.7 billion in cash dividends paid, a ¥21.7 billion decrease in foreign currency translation adjustment, and a ¥12.1 billion decrease in non-controlling interests, despite having recorded ¥53.1 billion in net income attributable to owners of parent.

As a result, the shareholders' equity ratio was 43.6%, compared with 46.0% at the end of the previous fiscal year. The net debt-equity ratio was 0.27 times, compared with 0.34 times at the end of the previous fiscal year.

Analysis on cash flows

[Cash flows from operating activities]

Net cash provided by operating activities during the fiscal year under review was ¥110.5 billion overall (¥99.1 billion in net cash provided in the previous fiscal year). This mainly reflected cash provided from ¥85.0 billion in income before income taxes (¥120.6 billion), ¥48.2 billion in depreciation (¥49.7 billion), a decrease in inventories of ¥32.7 billion (an increase of ¥17.4 billion), a decrease in notes and accounts receivable – trade of ¥17.3 billion (a decrease of ¥2.7 billion), an increase in notes and accounts payable – trade of ¥11.5 billion (a decrease of ¥7.1 billion) and other factors, against cash used including an increase in sales finance receivables of ¥68.3 billion (an increase of ¥32.2 billion) and other factors.

[Cash flows from investing activities]

Net cash used in investing activities during the fiscal year under review was ¥44.0 billion (¥79.7 billion in net cash used in the previous fiscal year), primarily reflecting ¥51.4 billion used for purchase of property, plant and equipment and intangible assets (¥58.7 billion in net cash used in the previous fiscal year).

[Cash flows from financing activities]

Net cash provided by financing activities during the fiscal year under review was ¥83.7 billion (¥36.8 billion in net cash used in the previous fiscal year), primarily reflecting financing arranged through long- and short-term loans payable, which was offset by net cash used including cash dividends paid and purchases of additional YRH shares.

As a result of the activities discussed above, free cash flow for the fiscal year under review was positive ¥66.5 billion (positive ¥19.5 billion for the previous fiscal year), and cash and cash equivalents totaled ¥267.2 billion (an increase of ¥144.5 billion from the end of the previous fiscal year). Interest-bearing debt at the end of the fiscal year under review was ¥466.9 billion (an increase of ¥102.0 billion from the end of the previous fiscal year).

(3) Basic Policy on Profit Distribution and Dividends for the Fiscal Years Ended December 31, 2020 and Ending December 31, 2021

The Company considers enhancing the interests of shareholders an important management issue, and endeavors to enhance corporate value.

In regard to dividends, the Company seeks to “take on the balance of growth investment and shareholder return within the scope of cash flow while maintaining the power to earn from existing business.” As such, it accordingly endeavors to consistently and sustainably pay out dividends, setting as a benchmark a dividend payout ratio of 30% of net income attributable to owners of parent.

The Company has a basic policy of paying an interim dividend and a year-end dividend. The decision-making bodies for dividends are the Board of Directors for interim dividends and the General Meeting of Shareholders for year-end dividends. In addition, the Company’s Articles of Incorporation provide that the record date for the interim dividend shall be June 30, and December 31 for the year-end dividend.

The Company intends to propose the payment of a year-end dividend of ¥60 per share at the 86th Ordinary General Meeting of Shareholders, scheduled for March 24, 2021. It also intends to pay a full-year dividend of ¥90 per share (interim dividend of ¥45; year-end dividend of ¥45) for the fiscal year ending December 31, 2021.

2. Basic Views on Selecting Accounting Standards

The Company prepares consolidated financial statements using Japanese accounting standards, to facilitate comparisons of financial statements across fiscal periods and across companies.

The Company intends to continue following developments in both Japan and overseas as it considers whether to adopt International Financial Reporting Standards (IFRS).

3. Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheets

As of December 31, 2019 and 2020

	Millions of yen	
	As of December 31, 2019	As of December 31, 2020
ASSETS		
Current assets:		
Cash and deposits	124,580	272,373
Notes and accounts receivable – trade	164,937	145,997
Short-term sales finance receivables	179,397	149,746
Merchandise and finished goods	224,014	169,829
Work in process	64,315	74,936
Raw materials and supplies	68,420	67,558
Other	59,873	55,781
Allowance for doubtful accounts	(10,774)	(14,659)
Total current assets	874,764	921,563
Non-current assets:		
Property, plant and equipment		
Buildings and structures, net	111,204	106,980
Machinery, equipment and vehicles, net	103,537	97,474
Land	88,690	84,516
Construction in progress	26,812	24,630
Other, net	26,044	25,187
Total property, plant and equipment	356,289	338,788
Intangible assets	8,640	11,235
Investments and other assets		
Investment securities	134,141	130,613
Long-term sales finance receivables	110,777	185,852
Net defined benefit asset	9,480	13,557
Deferred tax assets	27,527	25,031
Other	13,033	16,523
Allowance for doubtful accounts	(1,844)	(2,251)
Total investments and other assets	293,115	369,325
Total non-current assets	658,045	719,349
Total assets	1,532,810	1,640,913

	Millions of yen	
	As of December 31, 2019	As of December 31, 2020
LIABILITIES		
Current liabilities:		
Notes and accounts payable – trade	112,982	121,218
Electronically recorded obligations – operating	22,012	22,727
Short-term loans payable	151,917	85,998
Current portion of bonds payable	—	2,062
Current portion of long-term loans payable	34,056	24,459
Income taxes payable	7,353	8,245
Provision for bonuses	14,518	14,693
Provision for product warranties	17,553	18,147
Other provision	1,428	1,470
Other	134,505	131,789
Total current liabilities	496,328	430,812
Non-current liabilities:		
Bonds payable	5,437	2,062
Long-term loans payable	173,541	352,354
Deferred tax liabilities	8,283	9,147
Deferred tax liabilities for land revaluation	4,644	4,644
Net defined benefit liability	61,366	60,421
Other provision	301	149
Other	31,077	32,162
Total non-current liabilities	284,653	460,942
Total liabilities	780,981	891,754
NET ASSETS		
Shareholders' equity:		
Capital stock	85,905	85,973
Capital surplus	74,770	67,973
Retained earnings	607,000	644,350
Treasury shares	(733)	(734)
Total shareholders' equity	766,943	797,563
Accumulated other comprehensive income:		
Valuation difference on available-for-sale securities	45,184	43,861
Revaluation reserve for land	10,428	10,428
Foreign currency translation adjustment	(119,447)	(141,133)
Remeasurements of defined benefit plans	2,125	3,924
Total accumulated other comprehensive income	(61,709)	(82,919)
Non-controlling interests	46,594	34,514
Total net assets	751,828	749,158
Total liabilities and net assets	1,532,810	1,640,913

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

Fiscal years ended December 31, 2019 and 2020

Consolidated Statements of Income

	Millions of yen	
	Fiscal year ended December 31, 2019 (January 1— December 31, 2019)	Fiscal year ended December 31, 2020 (January 1— December 31, 2020)
Net sales	1,664,764	1,471,298
Cost of sales	1,222,433	1,099,486
Gross profit	442,331	371,812
Selling, general and administrative expenses	326,967	290,139
Operating income	115,364	81,672
Non-operating income:		
Interest income	3,658	3,921
Dividend income	1,286	1,177
Share of profit of entities accounted for using equity method	2,472	864
Foreign exchange gains	—	626
Subsidies for employment adjustment	—	2,379
Other	6,757	7,299
Total non-operating income	14,175	16,269
Non-operating expenses:		
Interest expenses	3,381	3,625
Foreign exchange losses	592	—
Other	6,086	6,648
Total non-operating expenses	10,060	10,273
Ordinary income	119,479	87,668
Extraordinary income:		
Gain on sales of non-current assets	576	2,289
Gain on bargain purchase	2,235	—
Gain on sales of investment securities	211	2,287
Total extraordinary income	3,023	4,577
Extraordinary losses:		
Loss on sales of non-current assets	288	202
Loss on disposal of non-current assets	1,246	848
Impairment loss	238	1,155
Loss on sales of investment securities	13	817
Business restructuring expenses	89	4,231
Total extraordinary losses	1,876	7,255
Income before income taxes	120,626	84,990
Income taxes – current	34,487	27,756
Income taxes – deferred	2,086	1,460
Total income taxes	36,574	29,216
Net income	84,052	55,773
Net income attributable to non-controlling interests	8,315	2,701
Net income attributable to owners of parent	75,736	53,072

Consolidated Statements of Comprehensive Income

	Millions of yen	
	Fiscal year ended December 31, 2019 (January 1— December 31, 2019)	Fiscal year ended December 31, 2020 (January 1— December 31, 2020)
Net income	84,052	55,773
Other comprehensive income:		
Valuation difference on available-for-sale securities	10,075	(1,467)
Revaluation reserve for land	15	—
Foreign currency translation adjustment	(463)	(22,868)
Remeasurements of defined benefit plans, net of tax	4,518	1,862
Share of other comprehensive income of entities accounted for using equity method	(525)	(348)
Total other comprehensive income	13,620	(22,822)
Comprehensive income:	97,672	32,951
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	88,992	31,918
Comprehensive income attributable to non-controlling interests	8,680	1,032

(3) Consolidated Statements of Changes in Equity

Fiscal year ended December 31, 2019 (January 1—December 31, 2019)

	Millions of yen				
	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	85,797	74,663	572,707	(727)	732,440
Cumulative effects of changes in accounting policies			(10,004)		(10,004)
Restated balance	85,797	74,663	562,703	(727)	722,435
Changes of items during period					
Issuance of new shares	107	107			215
Dividends of surplus			(31,439)		(31,439)
Net income attributable to owners of parent			75,736		75,736
Change in treasury shares of parent arising from transactions with non-controlling shareholders		(0)			(0)
Purchase of treasury shares				(5)	(5)
Disposal of treasury shares					—
Net changes of items other than shareholders' equity					
Total changes of items during period	107	107	44,297	(5)	44,507
Balance at end of current period	85,905	74,770	607,000	(733)	766,943

	Millions of yen						
	Other accumulated comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	35,210	10,412	(118,281)	(2,307)	(74,965)	38,268	695,743
Cumulative effects of changes in accounting policies							(10,004)
Restated balance	35,210	10,412	(118,281)	(2,307)	(74,965)	38,268	685,738
Changes of items during period							
Issuance of new shares							215
Dividends of surplus							(31,439)
Net income attributable to owners of parent							75,736
Change in treasury shares of parent arising from transactions with non-controlling shareholders							(0)
Purchase of treasury shares							(5)
Disposal of treasury shares							—
Net changes of items other than shareholders' equity	9,974	15	(1,166)	4,432	13,255	8,326	21,582
Total changes of items during period	9,974	15	(1,166)	4,432	13,255	8,326	66,089
Balance at end of current period	45,184	10,428	(119,447)	2,125	(61,709)	46,594	751,828

Fiscal year ended December 31, 2020 (January 1—December 31, 2020)

	Millions of yen				
	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	85,905	74,770	607,000	(733)	766,943
Changes of items during period					
Issuance of new shares	68	68			137
Dividends of surplus			(15,721)		(15,721)
Net income attributable to owners of parent			53,072		53,072
Change in treasury shares of parent arising from transactions with non-controlling shareholders		(6,866)			(6,866)
Purchase of treasury shares				(1)	(1)
Disposal of treasury shares		0		0	0
Net changes of items other than shareholders' equity					
Total changes of items during period	68	(6,797)	37,350	(1)	30,620
Balance at end of current period	85,973	67,973	644,350	(734)	797,563

	Millions of yen						
	Other accumulated comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	45,184	10,428	(119,447)	2,125	(61,709)	46,594	751,828
Changes of items during period							
Issuance of new shares							137
Dividends of surplus							(15,721)
Net income attributable to owners of parent							53,072
Change in treasury shares of parent arising from transactions with non-controlling shareholders							(6,866)
Purchase of treasury shares							(1)
Disposal of treasury shares							0
Net changes of items other than shareholders' equity	(1,323)	—	(21,685)	1,798	(21,209)	(12,080)	(33,289)
Total changes of items during period	(1,323)	—	(21,685)	1,798	(21,209)	(12,080)	(2,669)
Balance at end of current period	43,861	10,428	(141,133)	3,924	(82,919)	34,514	749,158

(4) Consolidated Statements of Cash Flows

Fiscal years ended December 31, 2019 and 2020

	Millions of yen	
	Fiscal year ended December 31, 2019 (January 1— December 31, 2019)	Fiscal year ended December 31, 2020 (January 1— December 31, 2020)
Cash flows from operating activities:		
Income before income taxes	120,626	84,990
Depreciation	49,689	48,241
Impairment loss	238	1,155
Gain on bargain purchase	(2,235)	—
Increase (decrease) in allowance for doubtful accounts	(837)	5,666
Increase (decrease) in retirement benefit liability	8,552	3,322
Decrease (increase) in retirement benefit asset	(6,216)	(4,077)
Interest and dividend income	(4,945)	(5,099)
Interest expenses	3,381	3,625
Share of (profit) loss of entities accounted for using equity method	(2,472)	(864)
Loss (gain) on sales of property, plant and equipment and intangible assets	(288)	(2,086)
Loss on disposal of property, plant and equipment and intangible assets	1,246	848
Loss (gain) on sales of investment securities	(198)	(1,470)
Business restructuring expenses	89	4,231
Decrease (increase) in notes and accounts receivable – trade	2,680	17,262
Decrease (increase) in sales finance receivables	(32,173)	(68,324)
Decrease (increase) in inventories	(17,352)	32,749
Increase (decrease) in notes and accounts payable–trade	(7,074)	11,475
Other, net	15,057	3,141
Subtotal	127,768	134,787
Interest and dividend income received	7,398	6,707
Interest expenses paid	(3,396)	(3,551)
Income taxes paid	(32,642)	(27,455)
Net cash provided by (used in) operating activities	99,127	110,487

	Millions of yen	
	Fiscal year ended December 31, 2019 (January 1— December 31, 2019)	Fiscal year ended December 31, 2020 (January 1— December 31, 2020)
Cash flows from investing activities:		
Payments into time deposits	(2,344)	(5,739)
Proceeds from withdrawal of time deposits	1,036	2,131
Purchase of property, plant and equipment and intangible assets	(58,694)	(51,396)
Proceeds from sales of property, plant and equipment and intangible assets	5,122	10,061
Purchase of investment securities	(23,417)	(2,855)
Proceeds from sales of investment securities	568	3,969
Payments of long-term loans receivable	(609)	(202)
Collection of long-term loans receivable	583	170
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(1,458)	—
Other, net	(447)	(89)
Net cash provided by (used in) investing activities	(79,662)	(43,950)
Cash flows from financing activities:		
Increase (decrease) in short-term loans payable	(12,990)	(58,823)
Proceeds from long-term loans payable	140,322	238,171
Repayment of long-term loans payable	(126,330)	(55,383)
Proceeds from issuance of bonds	5,324	—
Proceeds from share issuance to non-controlling interests	2,165	—
Cash dividends paid	(31,439)	(15,721)
Dividends paid to non-controlling interests	(10,985)	(6,311)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	—	(13,667)
Net decrease (increase) in treasury shares	(5)	(1)
Other, net	(2,822)	(4,593)
Net cash provided by (used in) financing activities	(36,760)	83,668
Effect of exchange rate change on cash and cash equivalents	1,859	(5,744)
Net increase (decrease) in cash and cash equivalents	(15,436)	144,461
Cash and cash equivalents at beginning of period	138,156	122,719
Cash and cash equivalents at end of period	122,719	267,180

(5) Notes to Consolidated Financial Statements

Notes Regarding Going-concern Assumptions

None

Basis of Presenting Consolidated Financial Statements

1. Scope of consolidation

Number of consolidated subsidiaries: 135

Name of major subsidiaries:

Yamaha Motorcycle Sales Japan Co., Ltd.; Yamaha Motor Electronics Co., Ltd.;
Yamaha Motor Robotics Holdings Co., Ltd.; Yamaha Motor Corporation, U.S.A.;
Yamaha Motor Manufacturing Corporation of America;
Yamaha Motor Europe N.V.; PT. Yamaha Indonesia Motor Manufacturing;
Thai Yamaha Motor Co., Ltd.; India Yamaha Motor Pvt. Ltd.; Yamaha Motor Philippines, Inc.;
Yamaha Motor Taiwan Co., Ltd.; Yamaha Motor do Brasil Ltda.

Yamaha Motor Robotics Holdings Co., Ltd. changed its name to Yamaha Robotics Holdings Co., Ltd. as of January 1, 2021.

In the fiscal year ended December 31, 2020, the newly established Yamaha Motor Installment Receivables Corporation was added to the scope of consolidation. Non-consolidated subsidiaries such as Yamaha Motor Racing S.r.l., when considering total assets, net sales, net income (an amount that matches equity holdings), and retained earnings (an amount that matches equity holdings), etc., they do not have a significant influence on the consolidated financial statements as a whole, and were therefore removed from the scope of consolidation.

2. Scope of application of equity method

Number of subsidiaries accounted for by the equity method: 5

Yamaha Motor Racing S.r.l. and 4 other subsidiaries

Number of affiliates accounted for by the equity method: 29

Hong Leong Yamaha Motor Sdn. Bhd. and 28 other affiliates

In the fiscal year ended December 31, 2020, one newly established subsidiary and one newly invested affiliate were added to the scope of equity-method application. Meanwhile, three affiliates were removed from the scope of equity-method application through the sale of shares in them. The Company's non-consolidated subsidiaries CourieMate and WBPF Consultants Limited have been excluded from the scope of equity-method application given that their effect on the consolidated financial statements is immaterial and they have been deemed as lacking materiality overall, in view of measures such as net income an amount that matches equity holdings) and retained earnings (an amount that matches equity holdings), etc.

Unapplied Accounting Standards, etc.

(Accounting Standards Board of Japan ("ASBJ") Statement No. 29 Accounting Standard for Revenue Recognition and ASBJ Guidance No. 30 Implementation Guidance on Accounting Standard for Revenue Recognition)

(1) Overview

The application of this accounting standard requires the Company to recognize revenue for all contracts excluding financial instruments, lease contracts, insurance contracts, and transactions to exchange products, etc., with competitors at the expected amount of consideration for the promised goods or services at the time of transfer to the customer.

(2) Expected date of application

To be applied for the Company and domestic subsidiaries from the fiscal year ending December 31, 2022.

(3) Effect due to application of accounting standard

The effect on the consolidated financial statements of the Company due to the application of this accounting

standard is under evaluation.

(ASBJ Statement No. 30 Accounting Standard for Fair Value Measurement;
ASBJ Guidance No. 31 Implementation Guidance on Accounting Standard for Fair Value Measurement;
ASBJ Statement No. 9 Accounting Standard for Measurement of Inventories;
ASBJ Statement No. 10 Accounting Standard for Financial Instruments, and;
ASBJ Guidance No. 19 Implementation Guidance on Disclosures about Fair Value of Financial Instruments)

(1) Overview

The Accounting Standard for Fair Value Measurement and the Implementation Guidance on Accounting Standard for Fair Value Measurement (collectively the “the Accounting Standards for Fair Value Measurement”) have been developed to establish guidance in relation to fair value measurement in order to achieve better comparability with respect to international accounting standards. The Accounting Standards for Fair Value Measurement are to be applied to the fair values of the following items:

- Financial instruments defined in the Accounting Standard for Financial Instruments
- Inventories held for trading purposes as defined in the Accounting Standard for Measurement of Inventories

In addition, the Implementation Guidance on Disclosures about Fair Value of Financial Instruments has been revised to include notes on fair value of financial instruments grouped into different levels.

(2) Expected date of application

To be applied for the Company and domestic subsidiaries from the fiscal year ending December 31, 2022.

(3) Effect due to application of accounting standard

The effect on the consolidated financial statements of the Company due to the application of this accounting standard is under evaluation.

(ASU No. 2016-02 “Leases”)

(1) Overview

The application of this accounting standard requires lessees, in principle, to record all leases as assets and liabilities on the balance sheets. There are no significant changes to lessor accounting.

(2) Expected date of application

To be applied for subsidiaries in North America from the fiscal year ending December 31, 2022.

(3) Effect due to application of accounting standard

The effect on the consolidated financial statements of the Company due to the application of this accounting standard is under evaluation.

(ASU No. 2016-13 “Financial Instruments - Credit Losses”)

(1) Overview

The application of this accounting standard requires the Company to revise classifications and measurement methods for financial instruments and recognize impairments of financial assets under the expected credit loss model.

(2) Expected date of application

To be applied for subsidiaries in North America from the fiscal year ending December 31, 2023.

(3) Effect due to application of accounting standard

The effect on the consolidated financial statements of the Company due to the application of this accounting standard is under evaluation.

Changes in Presentation Method

(Consolidated Statements of Cash Flows)

“Loss (gain) on sales of investment securities” and “business restructuring expenses,” which were included in “other, net” under “cash flows from operating activities” in the previous fiscal year are stated separately from the fiscal year ended December 31, 2020, due to their increased monetary significance. In order to reflect this change in presentation method, a reclassification was made to the consolidated financial statements for the fiscal year ended December 31, 2019.

As a result, ¥14,948 million stated as “other, net” under “cash flows from operating activities” in the consolidated statements of cash flows in the fiscal year ended December 31, 2019, is reclassified as ¥(198) million in “loss (gain) on sales of investment securities,” ¥89 million in “business restructuring expenses” and ¥15,057 million in “other, net.”

Additional Information

(Review of the recoverability of deferred tax assets)

Although prospects for containment of COVID-19 are still uncertain, in light of the most recent production and sales activities, the recoverability of deferred tax assets has been assessed on the assumption that the effects of COVID-19 in the future would be limited. As a result, deferred tax assets of ¥25,031 million and income taxes - deferred of ¥1,460 million have been recorded in the fiscal year ended December 31, 2020.

Segment Information, etc.

1. Overview of reporting segments

The Group’s reporting segments are regularly reviewed by the Board of Directors of the Company, etc., using the segregated financial information available within each segment of the Group to determine the allocation of management resources and evaluate business results.

Four businesses, namely “Land mobility,” “Marine products,” “Robotics,” and “Financial services” constitute the Group’s reporting segments based on similarities of product type and target market.

Effective January 1, 2020, the Company revised business administration categories with the aim of accelerating the development of the latest automobile-related technologies including electrification and optimization of development resource allocation. Accordingly, from the fiscal year ended December 31, 2020, the Company revised business administration categories, and businesses related to automobile engines and automobile components, which were previously included in “Others,” have been separated and integrated into “Land mobility” and “Marine products.”

Classifications after the change have been applied to segment information for the fiscal year ended December 31, 2019 (January 1, 2019 through December 31, 2019).

Major products and services in each reporting segment are as follows.

Segment	Main products and services
Land mobility	Motorcycles, intermediate parts for products, knockdown parts for overseas production, all-terrain vehicles, recreational off-highway vehicles, snowmobiles, electrically power assisted bicycles, automobile engines and automobile components
Marine products	Outboard motors, personal watercraft, boats, FRP pools, fishing boats and utility boats
Robotics	Surface mounters, semiconductor manufacturing equipment, industrial robots and industrial-use unmanned helicopters
Financial services	Sales finance and lease related to the Company's products
Others	Golf cars, generators, multi-purpose engines, small-sized snow throwers and electrically powered wheelchairs

2. Basis for calculating net sales, income or loss, assets, liabilities, and other items by reporting segment

The accounting policies for the reporting segments are the same as those adopted in preparing consolidated financial statements.

Segment income corresponds to operating income in the consolidated statements of income.

Amounts for intersegment transactions or transfers are calculated based on market prices.

3. Information concerning net sales, income or loss, assets, liabilities, and other items by reporting segment

Fiscal year ended December 31, 2019 (January 1, 2019 through December 31, 2019)

	Millions of yen								
	Reporting segment					Others (Note 1)	Total	Adjustments (Note 2)	Amounts on consolidated financial statements
	Land mobility	Marine products	Robotics	Financial services	Total				
Net sales:									
Outside customers	1,119,840	350,059	75,644	40,928	1,586,472	78,292	1,664,764	—	1,664,764
Intersegment	—	—	—	—	—	41,072	41,072	(41,072)	—
Total	1,119,840	350,059	75,644	40,928	1,586,472	119,364	1,705,837	(41,072)	1,664,764
Segment income (loss) (Note 3)	41,641	58,363	7,698	8,041	115,745	(381)	115,364	—	115,364
Segment assets	807,546	218,445	86,556	287,767	1,400,316	132,493	1,532,810	—	1,532,810
Other items									
Depreciation (Note 4)	33,933	8,777	1,715	2,753	47,179	2,295	49,475	—	49,475
Investments in entities accounted for using equity method	15,772	1,729	698	3,797	21,996	5,089	27,086	—	27,086
Increase in property, plant and equipment, and intangible assets	43,343	12,816	2,715	4,694	63,569	5,870	69,440	—	69,440

Notes:

1. "Others" is a business segment not included in the reporting segments. It includes businesses involving golf cars, generators, multi-purpose engines, small-sized snow throwers, and electrically powered wheelchairs.
2. Adjustments represent intersegment transaction eliminations.
3. Total of segment income (loss) corresponds to operating income in the Consolidated Statements of Income.
4. Depreciation does not include amortization of goodwill.

Fiscal year ended December 31, 2020 (January 1, 2020 through December 31, 2020)

	Millions of yen								
	Reporting segment					Others (Note 1)	Total	Adjustments (Note 2)	Amounts on consolidated financial statements
	Land mobility	Marine products	Robotics	Financial services	Total				
Net sales:									
Outside customers	946,476	328,344	83,005	46,058	1,403,885	67,412	1,471,298	—	1,471,298
Intersegment	—	—	—	—	—	40,153	40,153	(40,153)	—
Total	946,476	328,344	83,005	46,058	1,403,885	107,566	1,511,452	(40,153)	1,471,298
Segment income (Note 3)	18,457	50,626	3,281	7,566	79,931	1,741	81,672	—	81,672
Segment assets	809,266	224,578	90,710	397,499	1,522,054	118,858	1,640,913	—	1,640,913
Other items									
Depreciation (Note 4)	32,220	8,798	2,015	2,611	45,645	2,452	48,098	—	48,098
Investments in entities accounted for using equity method	15,880	1,766	714	2,715	21,077	5,202	26,279	—	26,279
Increase in property, plant and equipment, and intangible assets	34,199	13,123	2,070	3,672	53,065	6,136	59,202	—	59,202

Notes:

1. “Others” is a business segment not included in the reporting segments. It includes businesses involving golf cars, generators, multi-purpose engines, small-sized snow throwers, and electrically powered wheelchairs.
2. Adjustments represent intersegment transaction eliminations.
3. Total of segment income corresponds to operating income in the Consolidated Statements of Income.
4. Depreciation does not include amortization of goodwill.

4. Information concerning impairment loss of non-current assets by reporting segment

Fiscal year ended December 31, 2019 (January 1, 2019 through December 31, 2019)

Such information has been omitted because it has been deemed as having little monetary significance.

Fiscal year ended December 31, 2020 (January 1, 2020 through December 31, 2020)

It has been decided that all issued shares of Motori Minarelli S.P.A. (hereinafter “MM”), the group company manufacturing motorcycle engines in Italy, will be transferred to Fantic Motor S.P.A. as part of ongoing work to strengthen business ties. Therefore, impairment loss of non-current assets held by MM has been recorded as extraordinary loss in the “Land mobility” segment. The amount of recorded impairment loss has been ¥2,792 million in the fiscal year ended December 31, 2020.

The impairment loss has been presented in “business restructuring expenses” of ¥4,231 million in the Consolidated Statements of Income together with the related business restructuring expenses of ¥1,438 million.

5. Information concerning gain on bargain purchase by reporting segment

Fiscal year ended December 31, 2019 (January 1, 2019 through December 31, 2019)

Shinkawa and its subsidiary, Apic Yamada, as well as their subsidiaries have been newly included in the scope of consolidation. As a result, gain on bargain purchase of ¥2,235 million was recorded in the “Robotics” segment.

Fiscal year ended December 31, 2020 (January 1, 2020 through December 31, 2020)

None

Per Share Information

	Fiscal year ended December 31, 2019 (January 1—December 31, 2019)	Fiscal year ended December 31, 2020 (January 1—December 31, 2020)
	Yen	Yen
Net assets per share	2,018.84	2,045.15
Earnings per share — basic	216.83	151.89

Note 1. Earnings per share — diluted is not shown as there are no dilutive securities.

Note 2. Net assets per share are calculated based on the following: (Millions of yen otherwise noted)

	As of December 31, 2019	As of December 31, 2020
Total net assets	751,828	749,158
Amount excluded from total net assets	46,594	34,514
Non-controlling interests	46,594	34,514
Net assets attributable to common stock at end of period	705,233	714,644
Number of shares of common stock outstanding at end of period calculated under “Net assets per share” (Shares)	349,327,063	349,433,015

Note 3. Earnings per share — basic is calculated based on the following:

(Millions of yen otherwise noted)

	Fiscal year ended December 31, 2019 (January 1—December 31, 2019)	Fiscal year ended December 31, 2020 (January 1—December 31, 2020)
Net income attributable to owners of parent	75,736	53,072
Amount not attributable to common shareholders	—	—
Net income attributable to owners of parent attributable to common stock	75,736	53,072
Average number of shares outstanding during period (Shares)	349,297,918	349,400,240

Significant Subsequent Events

None