Business Results for the Fiscal Year Ended December 31, 2024
(January 1, 2024 through December 31, 2024)

(IFRS)

February 12, 2025

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 Prime Market

Code number:
7272

URL:
https://global.yamaha-motor.com/ir/

Representative:
Katsuaki Watanabe, Chairman and Director, and President, Representative Director

Contact:
Mitsuhiro Okada, General Manager, Finance & Accounting Division
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Date of the Ordinary General Meeting of Shareholders (scheduled):
March 25, 2025

Beginning of payment of dividends (scheduled):
March 26, 2025

Filing of securities report (scheduled):
March 26, 2025

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, 2024

(January 1, 2024 through December 31, 2024)

(1) Consolidated operating results

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

	Revenue		Operating profit		Profit before tax		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended December 31, 2024	**2,576,179**	**6.7**	**181,515**	**(25.6)**	**183,175**	**(22.4)**	**124,570**	**(27.9)**
Fiscal year ended December 31, 2023	2,414,759	–	243,920	–	236,073	–	172,879	–

	Profit attributable to owners of parent		Total comprehensive income		Basic earnings per share	Diluted earnings per share
	Millions of yen	%	Millions of yen	%	Yen	Yen
Fiscal year ended December 31, 2024	**108,069**	**(31.8)**	**175,226**	**(17.5)**	**110.12**	**110.10**
Fiscal year ended December 31, 2023	158,421	–	212,493	–	157.89	157.84

	Return on equity attributable to owners of parent	Ratio of profit before tax to total assets	Ratio of operating profit to revenue
	%	%	%
Fiscal year ended December 31, 2024	**9.7**	**6.9**	**7.0**
Fiscal year ended December 31, 2023	15.5	10.0	10.1

Reference: Share of profit of entities accounted for using equity method
Fiscal year ended December 31, 2024: ¥7,062 million
Fiscal year ended December 31, 2023: ¥5,149 million

Note: On January 1, 2024, each share of common stock was split into 3 shares. “Basic earnings per share” and “Diluted earnings per share” were calculated based on the assumption that the stock split had been conducted at the beginning of the fiscal year ended December 31, 2023.

(2) Consolidated financial position

	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent to total assets	Equity attributable to owners of parent per share
	Millions of yen	Millions of yen	Millions of yen	%	Yen
As of December 31, 2024	**2,783,501**	**1,226,586**	**1,161,569**	**41.7**	**1,188.23**
As of December 31, 2023	2,563,561	1,134,359	1,075,774	42.0	1,084.96

Note: On January 1, 2024, each share of common stock was split into 3 shares. “Equity attributable to owners of parent per share” was calculated based on the assumption that the stock split had been conducted at the beginning of the fiscal year ended December 31, 2023.

(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, 2024	176,847	(128,748)	(46,426)	372,999
Fiscal year ended December 31, 2023	86,031	(116,126)	88,532	347,016

2. Dividends

	Annual dividends per share					Total amount of dividends (Annual)	Payout ratio (Consolidated)	Dividend on equity (Consolidated)
	End of first quarter	End of second quarter	End of third quarter	End of fiscal year	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended December 31, 2023	–	72.50	–	72.50	145.00	48,226	30.6	4.5
Fiscal year ended December 31, 2024	–	25.00	–	25.00	50.00	48,883	45.4	4.4
Fiscal year ending December 31, 2025 (forecast)	–	25.00	–	25.00	50.00		34.9	

Note: On January 1, 2024, each share of common stock was split into 3 shares. The dividend amounts per share for the fiscal years ended December 31, 2023 are actual figures before the stock split, and those for the fiscal year ended December 31, 2024 and the fiscal year ending December 31, 2025 (forecast) are figures after the stock split.

3. Forecast of Consolidated Financial Results for the Fiscal Year Ending December 31, 2025 (January 1, 2025 through December 31, 2025)

*% represents year-on-year rate.

	Revenue		Operating profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending December 31, 2025	2,700,000	4.8	230,000	26.7	140,000	29.5	143.21

(*Notes)

(1) Significant changes in the scope of consolidation during the period: None

(2) Changes in accounting policies and changes in accounting estimates

1) Changes in accounting policies required by IFRS: None

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting estimates: None

(3) Number of shares outstanding (common stock)

1) Number of shares outstanding at the end of the period, including treasury shares	Fiscal year ended December 31, 2024	1,026,354,101 shares	Fiscal year ended December 31, 2023	1,050,652,401 shares
2) Number of treasury shares at the end of the period	Fiscal year ended December 31, 2024	48,790,119 shares	Fiscal year ended December 31, 2023	59,121,495 shares
3) Average number of shares during the period (cumulative)	Fiscal year ended December 31, 2024	981,344,084 shares	Fiscal year ended December 31, 2023	1,003,359,854 shares

Note: On January 1, 2024, each share of common stock was split into 3 shares. The number of shares outstanding at the end of the period, the number of treasury shares at the end of the period and the average number of shares during the period were calculated based on the assumption that the stock split had been conducted at the beginning of the fiscal year ended December 31,2023.

(*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 Semi-Annual Securities Report which have been announced by the Company.

For the results forecast, please refer to page 10 of the Attachment, "Outlook for the next fiscal year (January 1, 2025 through December 31, 2025)" in "(5) Future Outlook," 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.

Wednesday, February 12, 2025: Briefing on the consolidated financial results for institutional investors, securities analysts and media outlets

(3) The Group has voluntarily adopted the International Financial Reporting Standards ("IFRS") effective from the first quarter of the fiscal year ended December 31, 2024. The figures for the fiscal year ended December 31, 2023 are also presented in accordance with IFRS.

(4) With regard to amounts stated in ¥100 million units in this document, amounts less than ¥100 million are rounded off.

Contents of Attachment

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, 2024.

The Group has adopted “IFRS” instead of generally accepted accounting principles in Japan (Japanese GAAP) effective from the fiscal year ended March 31, 2024. The figures for the fiscal year ended December 31, 2023 are reclassified to IFRS basis for comparison and analysis.

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

During the fiscal year ended December 31, 2024, the U.S. economy maintained the steady growth backed by the economic stimulus package such as FRB’s interest rate cut. On the other hand, the German and French economy was stagnated while the personal consumption is on the recovery trend in Europe due to the interest rate cut by the central bank. In addition, the future outlook remained unclear due to factors such as the geopolitical risks including situation in the Middle East, China’s economic slump, soaring resource prices, fluctuations in financial capital markets and impacts of new U.S administration.

In the Group’s business, supply of premium models of motorcycles recovered due to the improvement of supply of semiconductor. On the other hand, demand for outdoor leisure activities, which had increased during pandemic, calmed down, especially in developed countries, and in the marine products business, the RV business, and the SPV business, we focused on the adjustment of supply and demand. Under such business environment, the Company worked on the cost reduction with an eye on break-even point management while promoting the strategies of each business based on the Medium-Term Management Plan.

Revenue for the fiscal year under review increased ¥161.4 billion, or 6.7%, year on year, to ¥2,576.2 billion in the motorcycles business as our core business due to higher unit sales in Brazil and India as well as higher unit price per unit.

Operating profit decreased ¥62.4 billion, or 25.6%, year on year, to ¥181.5 billion as a result of an increase in selling, general and administrative expenses such as human resources by the soaring prices as well as recording of expenses resulting from a review of the business structure such as inventory write down and impairment losses of some of non-current assets for SPV business and RV business.

Profit attributable to owners of parent decreased ¥ 50.4 billion, or 31.8%, year on year, to ¥108.1 billion due to a decrease in operating profit.

Exchange rates for the period under review were ¥152 to the U.S. dollar (a depreciation of ¥11, year on year) and ¥164 to the euro (a depreciation of ¥12, year on year).

In terms of financial indicators, ROE was 9.7% (a year-on-year decrease of 5.9 percentage points), ROIC was 5.4% (a year-on-year decrease of 3.7 percentage points), ROA was 6.8% (a year-on-year decrease of 3.5 percentage points), all of which exceeded the Medium-Term Management Plan targets, and equity attributable to owners of parent was ¥1,161.6 billion (an increase of ¥85.8 billion from the end of the previous fiscal year), the ratio of equity attributable to owners of parent to total assets was 41.7% (a year-on year decrease of 0.2 percentage points). In addition, free cash flow (including sales finance) was positive ¥48.1 billion (a year-on-year increase of ¥78.2 billion).

Operating results by segment

[Land mobility]

Revenue increased ¥130.1 billion, or 8.2%, year on year, to ¥1,715.4 billion, and operating profit decreased ¥42.0 billion, or 33.0%, to ¥85.5 billion.

In the motorcycles business, unit sales in developed countries increased from the previous year as a result of increase of demand in major countries in Europe resulting in higher sales in Europe and North America. Unit sales in emerging markets increased from the previous year mainly in India and Brazil where demand has increased. As a result, the unit sales of the business as a whole increased. Revenue increased due to higher unit sales in Brazil and India and also higher unit price per unit. Operating profit was flat year on year due to an increase in selling, general and administrative expenses such as the rising costs of human resource by the soaring prices and for provision for product warranty, etc. despite the increase of sales units resulting from the improvements in the supply of premium models in emerging markets.

In the RV business (all-terrain vehicles and recreational off-highway vehicles), demand was lower than the previous year and, accordingly, our shipments declined year on year, resulting in lower revenue. Operating profit also decreased due to lower sales, the worsening model mix, and higher sales promotion expenses resulting from an increasingly competitive environment, and also recording of expenses resulting from a review of the business structure, such as impairment losses of non-current assets.

In the SPV business (electrically power assisted bicycles, e-Kit, and electrically powered wheelchairs), unit sales of electrically power assisted bicycles for the domestic market increased from the previous year. On the other hand, unit sales of e-Kit decreased due to the continuing inventory adjustment phase in Europe, which is the main market, resulting in lower revenue. Operating profit decreased due to lower sales, higher sales promotion expenses, lowering sales prices of finished bicycles overseas and recording of expenses due to a review of the business structure, such as impairment losses of non-current assets.

[Marine products]
Revenue decreased ¥9.8 billion, or 1.8%, year on year, to ¥537.7 billion, and operating profit decreased ¥16.4 billion, or 15.7%, to ¥87.8 billion.

Demand for outboard motors decreased in the U.S., which is the major market, due to the continuing high level of interest rates and rising prices, despite the interest rate cut in September. Among our sales, sales of new models were strong, but overall sales of outboard motors decreased. Demand for personal watercraft declined because buyers held off on their purchases due to the concern over the rising interest rates. On the other hand, our unit sales of personal watercraft increased as supply constraints caused by last year’s parts shortages and supply chain disruptions improved. As a result, both revenue and profit decreased in the marine products business as a whole.

The results for the period under review include the results of Torqeedo GmbH, a German manufacturer of marine electric propulsion units, for the period from April to December 2024.

[Robotics]
Revenue increased ¥11.5 billion, or 11.4%, year on year, to ¥113.3 billion, and operating loss was ¥3.0 billion, against operating profit of ¥0.7 billion for the same period of the previous fiscal year. Our sales of surface mounters increased due to higher unit sales in China and other Asian countries, despite lower unit sales in developed countries. Unit sales of industrial robots increased, but the model mix worsened. In addition, sales of semiconductor post-processing equipment increased due to higher demand for use in generative AI and advanced packaging. As a result, revenue increased in the robotics business as a whole. Operating profit decreased due to increases of manufacturing costs and selling, general and administrative expenses such as development costs.

[Financial services]
Revenue increased ¥25.7 billion, or 29.7%, year on year, to ¥112.2 billion, and operating profit increased ¥5.6 billion, or 32.6%, to ¥22.7 billion.

Revenue increased due to an increase of sales finance receivables. Operating profit increased because the loss on valuation of interest rate swaps incurred in the previous fiscal year turned into a gain on valuation in the period under review, in addition to an increase in income from interest payments.

[Others]
Revenue increased ¥3.9 billion, or 4.1%, year on year, to ¥97.6 billion, and operating loss was ¥11.5 billion, against operating loss of ¥5.6 billion for the same period of the previous fiscal year. Revenue of the Group increased due to higher unit sales of golf cars on the back of their growing demand in North America. Operating profit decreased due to the impact of inventory write downs of power products business related products, etc.

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

Segment	Major products and services
Land mobility	Motorcycles, intermediate parts for products, knockdown parts for overseas production, all-terrain vehicles, recreational off-highway vehicles, power-assisted bicycles, electrically power assisted bicycle drive units (e-Kit), electrically powered wheelchairs, automobile engines, and automobile components
Marine products	Outboard motors, personal watercraft, boats, fishing boats, and utility boats
Robotics	Surface mounters, semiconductor post-processing 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, and small-sized snow throwers

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

Total assets as of December 31, 2024 increased ¥219.9 billion, from December 31, 2023, to ¥2,783.5 billion. Current assets increased ¥95.1 billion due to an increase in sales finance receivables and cash and cash equivalents, etc. Non-current assets increased ¥124.8 billion, mainly due to an increase in sales finance receivables and an increase in property, plant and equipment.

Total liabilities increased ¥127.7 billion to ¥1,556.9 billion due in part to an increase in bonds and borrowings and an increase in provisions.

Total equity increased ¥92.2 billion to ¥1,226.6 billion as a result of having recorded ¥48.4 billion in cash dividends paid, ¥20.0 billion in purchase of treasury shares, ¥124.6 billion in profit.

As a result, the ratio of equity attributable to owners of parent to total assets was 41.7%, compared with 42.0% at the end of the previous fiscal year. The net debt-equity ratio was 0.50 times, compared with 0.47 times at the end of the previous fiscal year.

(3) Overview of Cash Flows for the Fiscal Year under Review

[Cash flows from operating activities]

Net cash provided by operating activities during the period under review was ¥176.8 billion overall (¥86.0 billion in net cash provided for the same period of the previous fiscal year). This mainly reflected cash provided from ¥183.2 billion in profit before tax (¥236.1 billion), ¥83.1 billion in depreciation and amortization (¥71.0 billion), a decrease in inventories of ¥31.3 billion (an increase of ¥38.3 billion) and other factors, against cash used including ¥96.6 billion in income taxes paid (¥79.2 billion), an increase in sales finance receivables of ¥62.2 billion (an increase of ¥123.0 billion) and other factors.

[Cash flows from investing activities]

Net cash used in investing activities during the period under review was ¥128.7 billion (¥116.1 billion in net cash used for the same period of the previous fiscal year), primarily reflecting ¥115.9 billion used for purchase of property, plant and equipment and intangible assets (¥109.0 billion in net cash used for the same period of the previous fiscal year), ¥12.3 billion used for a payment for obtaining control of Torqeedo GmbH and other factors.

[Cash flows from financing activities]

Net cash used in financing activities during the period under review was ¥46.4 billion (¥88.5 billion in net cash provided in the same period of the previous fiscal year), primarily reflecting dividends paid, an increase in treasury shares and other factors, despite an increase in short-term borrowings and issuance of bonds and other factors.

As a result of the activities discussed above, free cash flow for the period under review was positive ¥48.1 billion (negative ¥30.1 billion for the same period of the previous fiscal year), and cash and cash equivalents at the end of the period totaled ¥373.0 billion (an increase of ¥26.0 billion from the end of the previous fiscal year). Interest-bearing liabilities (excluding lease liabilities) as of December 31, 2024 was ¥952.0 billion (an increase of ¥108.2 billion from the end of the previous fiscal year).

(4) Basic Policy on Profit Distribution and Dividends for the Fiscal Years Ended December 31, 2024 and Ending December 31, 2025

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

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 ¥25 per share at the 90th Ordinary General Meeting of Shareholders, scheduled for March 25, 2025. As a result, the full-year dividend, including the interim dividend (¥25), will be ¥50 per share.

According to the new Medium-Term Management Plan that will start in 2025, we will pay stable and continuous dividends while considering the outlook for business performance and investment for future growth.

Also, our basic policy shall be to return profits flexibly to shareholders in accordance with the scale of cash flow, and the total return ratio will be set at 40% or more for the cumulative total of the Medium-Term Management Plan period.

Based on this dividend policy, we intend to pay a full-year dividend of ¥50 per share (interim dividend of ¥25; year-end dividend of ¥25) for the fiscal year ending December 31, 2025, and in addition, plans a ¥10.0 billion purchase of treasury shares.

(5) Future Outlook

Outlook for the next fiscal year (January 1, 2025 through December 31, 2025)

Future outlook of the environment surrounding the Group for fiscal year 2025 is expected to remain unclear due to geopolitical risks such as situations in the Middle East, China’s economic slump, impacts on the world economy due to the various economic policies such as additional tariffs by the new U.S. administration and currency exchange rate fluctuations.

Under such circumstance, demand for motorcycles in the emerging countries for the land mobility business are expected to remain strong and demand for outboard motors for marine business are expected to recover gradually.

As a risk, the sharp rises in material prices such as aluminium as well as continuous rising costs of human resource and energy are expected. To respond to these risks, we will focus on the cost reduction and improvement of productivity. Also, we will work on the structural reform toward improvement of profitability for SPV business and RV business while working toward the sustainable growth for the core business such as research and development, new product development and enhancement of production facilities. The consolidated financial results forecast is as follow:

Billions of yen

Revenue	2,700.0 (Reference: +123.8, 4.8%)
Operating profit	230.0 (Reference: +48.5, 26.7%)
Profit attributable to owners of parent	140.0 (Reference: +31.9, 29.5%)

The forecast is based on the assumption that the exchange rates are ¥145 against the U.S. dollar (an appreciation of ¥7 from the previous fiscal year) and ¥155 against the euro (an appreciation of ¥9).

[Potential risks and uncertainties regarding the forecast for the fiscal year ending December 31, 2025]
The forecast for the fiscal year ending December 31, 2025 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 Semi-Annual Securities Report.

2. Basic Views on Selecting Accounting Standards

The Company has adopted the International Financial Reporting Standards (IFRS) from the first quarter of the fiscal year ended December 31, 2024 in order to improve the international comparability on the financial information in the capital market and to further enhance the level of management control systems on a global basis.

3. Consolidated Financial Statements and Primary Notes

(1) Consolidated Statements of Financial Position

As of January 1, 2023 (date of transition to IFRS), December 31, 2023 and 2024

	Millions of yen		
	As of January 1, 2023	As of December 31, 2023	**As of December 31, 2024**
ASSETS			
Current assets:			
Cash and cash equivalents	296,819	347,016	**372,999**
Trade and other receivables	180,987	179,707	**178,186**
Sales finance receivables	218,336	324,098	**372,582**
Inventories	492,364	568,596	**574,105**
Other financial assets	50,405	52,375	**53,154**
Other current assets	40,072	41,444	**57,338**
Total current assets	1,278,985	1,513,238	**1,608,368**
Non-current assets:			
Property, plant and equipment	398,028	441,214	**486,844**
Goodwill and intangible assets	49,378	57,416	**77,468**
Investments accounted for using the equity method	34,687	36,719	**36,822**
Sales finance receivables	250,149	316,676	**367,709**
Retirement benefit asset	17,587	23,772	**31,357**
Other financial assets	90,186	84,874	**84,827**
Deferred tax assets	49,424	79,694	**74,768**
Other non-current assets	13,070	9,954	**15,334**
Total non-current assets	902,513	1,050,322	**1,175,133**
Total assets	2,181,499	2,563,561	**2,783,501**

	Millions of yen		
	As of January 1, 2023	As of December 31, 2023	**As of December 31, 2024**
LIABILITIES AND EQUITY			
Liabilities:			
Current liabilities:			
Trade and other payables	177,716	154,118	**149,922**
Bonds and borrowings	331,111	438,873	**680,330**
Income taxes payable	25,761	30,639	**8,174**
Accrued expenses	68,416	80,543	**90,604**
Provisions	27,033	33,437	**55,428**
Other financial liabilities	64,779	60,856	**71,637**
Other current liabilities	82,939	93,722	**91,763**
Total current liabilities	777,759	892,192	**1,147,861**
Non-current liabilities:			
Bonds and borrowings	271,577	404,934	**271,643**
Retirement benefit liability	48,333	51,811	**55,182**
Provisions	1,276	1,587	**2,031**
Other financial liabilities	36,088	38,806	**39,427**
Deferred tax liabilities	11,001	15,319	**13,979**
Other non-current liabilities	20,903	24,549	**26,789**
Total non-current liabilities	389,181	537,009	**409,053**
Total liabilities	1,166,940	1,429,202	**1,556,915**
Equity:			
Share capital	86,100	86,100	**86,100**
Capital surplus	68,436	64,146	**63,375**
Retained earnings	832,198	946,106	**979,188**
Treasury shares	(31,725)	(61,389)	**(54,064)**
Other components of equity	9,142	40,810	**86,969**
Total equity attributable to owners of parent	964,153	1,075,774	**1,161,569**
Non-controlling interests	50,404	58,585	**65,017**
Total equity	1,014,558	1,134,359	**1,226,586**
Total liabilities and equity	2,181,499	2,563,561	**2,783,501**

(2) Consolidated Statements of Profit or Loss and Consolidated Statements of Comprehensive Income

Fiscal years ended December 31, 2023 and 2024

Consolidated Statements of Profit or Loss

	Millions of yen	
	Fiscal year ended December 31, 2023 (January 1– December 31, 2023)	**Fiscal year ended December 31, 2024 (January 1– December 31, 2024)**
Revenue	2,414,759	**2,576,179**
Cost of sales	(1,602,515)	**(1,754,214)**
Gross profit	812,244	**821,964**
Selling, general and administrative expenses	(573,307)	**(642,525)**
Other income	11,568	**11,774**
Other expenses	(11,734)	**(16,760)**
Share of profit (loss) of entities accounted for using the equity method	5,149	**7,062**
Operating profit	243,920	**181,515**
Finance income	9,932	**15,679**
Finance costs	(17,779)	**(14,019)**
Profit before tax	236,073	**183,175**
Income tax expense	(63,194)	**(58,605)**
Profit	172,879	**124,570**
Profit attributable to:		
Owners of parent	158,421	**108,069**
Non-controlling interests	14,458	**16,500**
Profit	172,879	**124,570**
Earnings per share:		
Basic earnings per share (yen)	157.89	**110.12**
Diluted earnings per share (yen)	157.84	**110.10**

Consolidated Statements of Comprehensive Income

	Millions of yen	
	Fiscal year ended December 31, 2023 (January 1– December 31, 2023)	**Fiscal year ended December 31, 2024 (January 1– December 31, 2024)**
Profit	172,879	**124,570**
Other comprehensive income:		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plans	2,606	**3,513**
Equity instruments measured at fair value through other comprehensive income	(16,435)	**(3,332)**
Share of other comprehensive income of entities accounted for using the equity method	(17)	**51**
Total	(13,846)	**232**
Items that may be reclassified to profit or loss		
Translation differences on foreign operations	52,352	**48,544**
Share of other comprehensive income of entities accounted for using the equity method	1,108	**1,878**
Total	53,460	**50,423**
Total other comprehensive income	39,614	**50,655**
Comprehensive income	212,493	**175,226**
Comprehensive income attributable to:		
Owners of parent	192,758	**155,926**
Non-controlling interests	19,735	**19,299**
Comprehensive income	212,493	**175,226**

(3) Consolidated Statements of Changes in Equity

Fiscal year ended December 31, 2023 (January 1–December 31, 2023)

	Millions of yen							
	Equity attributable to owners of parent							
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity	Total	Non-controlling interests	Total equity
Balance as of January 1, 2023	86,100	68,436	832,198	(31,725)	9,142	964,153	50,404	1,014,558
Profit	–	–	158,421	–	–	158,421	14,458	172,879
Other comprehensive income	–	–	–	–	34,337	34,337	5,276	39,614
Comprehensive income	–	–	158,421	–	34,337	192,758	19,735	212,493
Dividends of surplus	–	–	(47,093)	–	–	(47,093)	(10,511)	(57,605)
Purchase and disposal of treasury shares	–	50	–	(29,663)	–	(29,612)	–	(29,612)
Transfer to retained earnings	–	–	2,629	–	(2,629)	–	–	–
Changes in the scope of consolidation	–	–	(49)	–	(48)	(97)	(5)	(103)
Changes in ownership interest in subsidiaries	–	(4,341)	–	–	8	(4,333)	(1,038)	(5,371)
Total transaction amount with owners	–	(4,290)	(44,513)	(29,663)	(2,669)	(81,137)	(11,555)	(92,692)
Balance as of December 31, 2023	86,100	64,146	946,106	(61,389)	40,810	1,075,774	58,585	1,134,359

Fiscal year ended December 31, 2024 (January 1–December 31, 2024)

	Millions of yen							
	Equity attributable to owners of parent							
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity	Total	Non-controlling interests	Total equity
Balance as of January 1, 2024	86,100	64,146	946,106	(61,389)	40,810	1,075,774	58,585	1,134,359
Profit	–	–	108,069	–	–	108,069	16,500	124,570
Other comprehensive income	–	–	–	–	47,857	47,857	2,798	50,655
Comprehensive income	–	–	108,069	–	47,857	155,926	19,299	175,226
Dividends of surplus	–	–	(48,406)	–	–	(48,406)	(12,867)	(61,274)
Purchase and disposal of treasury shares	–	28	–	(19,640)	–	(19,612)	–	(19,612)
Cancellation of treasury shares	–	(798)	(26,166)	26,965	–	–	–	–
Transfer to retained earnings	–	–	1,698	–	(1,698)	–	–	–
Changes in the scope of consolidation	–	–	(2,112)	0	–	(2,112)	–	(2,112)
Changes in ownership interest in subsidiaries	–	(0)	–	–	(0)	(0)	0	–
Total transaction amount with owners	–	(770)	(74,987)	7,325	(1,698)	(70,131)	(12,867)	(82,999)
Balance as of December 31, 2024	86,100	63,375	979,188	(54,064)	86,969	1,161,569	65,017	1,226,586

(4) Consolidated Statements of Cash Flows

Fiscal years ended December 31, 2023 and 2024

	Millions of yen	
	Fiscal year ended December 31, 2023 (January 1– December 31, 2023)	**Fiscal year ended December 31, 2024 (January 1– December 31, 2024)**
Cash flows from operating activities:		
Profit before tax	236,073	**183,175**
Depreciation and amortization	71,041	**83,067**
Impairment losses	1,739	**8,575**
Increase (decrease) in valuation allowance for losses	4,944	**3,499**
Increase (decrease) in retirement benefit liability	4,362	**7,086**
Decrease (increase) in retirement benefit asset	(6,173)	**(7,490)**
Interest income and interest costs related to financial services, net	(42,703)	**(44,812)**
Interest and dividend income	(9,933)	**(14,092)**
Interest expenses	9,845	**13,620**
Share of loss (profit) of entities accounted for using the equity method	(5,149)	**(7,062)**
Loss (gain) on sale of property, plant and equipment and intangible assets	(3,972)	**(1,120)**
Loss (gain) on disposal of property, plant and equipment and intangible assets	1,550	**1,299**
Decrease (increase) in sales finance receivables	(122,979)	**(62,199)**
Decrease (increase) in trade and other receivables	16,800	**13,783**
Decrease (increase) in inventories	(38,341)	**31,269**
Increase (decrease) in trade and other payables	(29,936)	**(20,351)**
Other	29,032	**30,508**
Subtotal	116,199	**218,757**
Dividends received	4,151	**9,820**
Interest received	80,887	**114,461**
Interest paid	(35,998)	**(69,543)**
Income taxes paid	(79,208)	**(96,648)**
Net cash provided by (used in) operating activities	86,031	**176,847**

	Millions of yen	
	Fiscal year ended December 31, 2023 (January 1– December 31, 2023)	**Fiscal year ended December 31, 2024 (January 1– December 31, 2024)**
Cash flows from investing activities:		
Payments into time deposits	(7,580)	**(10,188)**
Proceeds from withdrawal of time deposits	6,093	**8,393**
Purchase of property, plant and equipment and intangible assets	(109,029)	**(115,882)**
Proceeds from sale of property, plant and equipment and intangible assets	11,608	**9,295**
Purchase of investments accounted for using the equity method	(1,478)	**—**
Proceeds from sale of investments accounted for using the equity method	3	**757**
Purchase of investment securities	(16,843)	**(9,724)**
Proceeds from sale of investment securities	136	**—**
Payments for loans receivable	(381)	**(2,151)**
Collection of loans receivable	126	**380**
Proceeds from (payments for) obtaining control of subsidiaries	—	**(12,314)**
Other	1,220	**2,686**
Net cash provided by (used in) investing activities	(116,126)	**(128,748)**
Cash flows from financing activities:		
Net increase (decrease) in short-term borrowings	112,355	**47,227**
Proceeds from long-term borrowings	229,176	**105,781**
Repayments of long-term borrowings	(177,700)	**(110,386)**
Proceeds from issuance of bonds	34,715	**32,983**
Redemption of bonds	(5,990)	**(24,669)**
Repayments of lease liabilities	(13,215)	**(16,319)**
Dividends paid	(47,093)	**(48,406)**
Dividends paid to non-controlling interests	(10,637)	**(12,708)**
Payments for acquisition of interests in subsidiaries from non-controlling interests	(2,984)	**–**
Net decrease (increase) in treasury shares	(30,093)	**(19,928)**
Net cash provided by (used in) financing activities	88,532	**(46,426)**
Effect of exchange rate changes on cash and cash equivalents	(8,567)	**18,781**
Net increase (decrease) in cash and cash equivalents	49,871	**20,454**
Cash and cash equivalents at the beginning of the period	296,819	**347,016**
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	325	**5,528**
Cash and cash equivalents at the end of the period	347,016	**372,999**

(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: 138
Name of major subsidiaries:
Yamaha Motorcycle Sales Japan Co., Ltd.; Yamaha Motor Powered Products Co., Ltd.;
YAMAHA KUMAMOTO PRODUCTS CO., LTD., Yamaha Motor Corporation, U.S.A.; Yamaha Motor Manufacturing Corporation of America; Yamaha Motor Europe N.V.; PT. Yamaha Indonesia Motor Manufacturing; India Yamaha Motor Pvt. Ltd.;
Yamaha Motor Philippines, Inc.; Yamaha Motor Vietnam Co., Ltd.; Thai Yamaha Motor Co., Ltd.;
Yamaha Motor da Amazonia Ltda.

2. Scope of application of equity method

Number of companies accounted for by the equity method: 24
Name of major company accounted for by the equity method:
Hong Leong Yamaha Motor Sdn. Bhd.

Segment Information

1. Overview of reportable segments

The Group's reportable 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 reportable segments based on similarities of product type and target market.

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

Reportable segment	Main products and services
Land mobility	Motorcycles, intermediate parts for products, knockdown parts for overseas production, all-terrain vehicles, recreational off-highway vehicles, electrically power assisted bicycles, electrically power assisted bicycle drive units (e-Kit), electrically powered wheelchairs, automobile engines and automobile components
Marine products	Outboard motors, personal watercraft, boats, fishing boats and utility boats
Robotics	Surface mounters, semiconductor post-processing equipment, industrial robots and industrial-use unmanned helicopters
Financial services	Sales finance and lease related to the Company's products

2. Basis for calculating revenue and profit or loss by reportable segment

The accounting policies for the reporting segments are the same as those adopted in preparing consolidated financial statements.
Segment profit (loss) are based on operating profit.
Amounts for intersegment revenue and transfers are calculated based on market prices.

3. Information on revenue and profit or loss by reportable segment

Fiscal year ended December 31, 2023 (January 1, 2023 through December 31, 2023)

	Millions of yen								
	Reportable segment					Others (Note 1)	Total	Adjustments (Note 2)	Amounts on consolidated financial statements
	Land mobility	Marine products	Robotics	Financial services	Total				
Revenue:									
Revenue from external customers	1,585,304	547,500	101,712	86,471	2,320,989	93,769	2,414,759	–	2,414,759
Intersegment revenue and transfers	–	–	–	–	–	55,359	55,359	(55,359)	–
Total	1,585,304	547,500	101,712	86,471	2,320,989	149,129	2,470,119	(55,359)	2,414,759
Segment profit (loss) (Note 3)	127,519	104,147	679	17,126	249,473	(5,552)	243,920	–	243,920
Finance income									9,932
Finance costs									(17,779)
Profit before tax									236,073
Segment assets	1,210,775	396,531	140,226	727,296	2,474,829	88,732	2,563,561	–	2,563,561
Other items:									
Depreciation and amortization	44,910	15,719	3,365	3,613	67,609	3,432	71,041	–	71,041
Impairment losses	87	650	1,001	–	1,738	0	1,739	–	1,739
Investments accounted for using the equity method	22,554	3,217	254	1,726	27,751	8,967	36,719	–	36,719
Capital expenditures	61,679	29,503	11,864	9,582	112,630	6,709	119,339	–	119,339

Notes:
1. "Others" is a business segment not included in the reportable segments. It includes businesses involving golf cars, generators, multi-purpose engines, and small-sized snow throwers.
2. Adjustments represent intersegment transaction eliminations.
3. Total of segment profit (loss) corresponds to operating profit in the consolidated statements of profit or loss.

Fiscal year ended December 31, 2024 (January 1, 2024 through December 31, 2024)

	Millions of yen								
	Reportable segment					Others (Note 1)	Total	Adjustments (Note 2)	Amounts on consolidated financial statements
	Land mobility	Marine products	Robotics	Financial services	Total				
Revenue:									
Revenue from external customers	1,715,384	537,739	113,262	112,172	2,478,558	97,620	2,576,179	–	2,576,179
Intersegment revenue and transfers	–	–	–	–	–	55,860	55,860	(55,860)	–
Total	1,715,384	537,739	113,262	112,172	2,478,558	153,481	2,632,040	(55,860)	2,576,179
Segment profit (loss) (Note 3)	85,476	87,792	(3,003)	22,705	192,970	(11,454)	181,515	–	181,515
Finance income									15,679
Finance costs									(14,019)
Profit before tax									183,175
Segment assets	1,202,951	469,959	153,027	846,994	2,672,933	110,568	2,783,501	–	2,783,501
Other items:									
Depreciation and amortization	53,868	19,845	2,675	2,705	79,094	3,973	83,067	–	83,067
Impairment losses	8,410	157	–	–	8,567	7	8,575	–	8,575
Investments accounted for using the equity method	27,957	1,831	258	5,651	35,698	1,123	36,822	–	36,822
Capital expenditures	82,709	37,005	7,116	7,424	134,255	8,126	142,382	–	142,382

Notes:
1. "Others" is a business segment not included in the reportable segments. It includes businesses involving golf cars, generators, multi-purpose engines, and small-sized snow throwers.
2. Adjustments represent intersegment transaction eliminations.
3. Total of segment profit (loss) corresponds to operating profit in the consolidated statements of profit or loss.

Business Combination

The Company resolved at the meeting of the Board of Directors held on December 26, 2023, to acquire all shares of Torqeedo GmbH (hereinafter "Torqeedo"), a German company, and make it a subsidiary of the Company. A share purchase agreement was concluded on January 12, 2024 with DEUTZ AG, a German company, which held all shares of Torqeedo, and the Company purchased all shares on April 3, 2024.

1. Overview of business combination

(1) Overview and business of the acquired company
Company name: Torqeedo GmbH
Business: Manufacture and sale of electric outboard motors, inboard motors, POD drives, hybrid systems, batteries, and accessories.

(2) Date of acquisition
April 3, 2024

(3) Percentage of voting equity interests acquired
100%

(4) Main reason for the business combination

Torqeedo is a pioneer brand in the marine electric business and has an extensive product line of electric outboard motors, electric inboard motors, batteries, and various accessories. Sale of Torqeedo is growing in the small electric market, especially in Europe. In addition, Torqeedo holds many patents related to electric motors, propellers, and power supply systems, and has R&D capabilities, mass production facilities, and development resources for the next-generation environmental technologies.

The purpose of the acquisition of Torqeedo is to strengthen development capabilities in the "Electric" business, part of the "Marine CASE" strategy that the Company is promoting as its Medium-Term Management Plan. It will also accelerate our efforts to carbon neutrality in the marine industry and contribute to the early establishment of a lineup of small electric propulsion units. Furthermore, by combining the know-how cultivated in hull design technology and marine engine technology, the Company aims to create synergies in the medium-sized electric outboard motor market and become a leading company in the growing market of electric propulsion vessels.

(5) Method of obtaining control of the acquired company

Acquisition of shares with cash as consideration

2. Acquisition cost and breakdown by type of consideration

Acquisition cost as consideration	cash	12,643 million yen (77.4 million Euros)
Acquisition cost		12,643 million yen

3. Details and amount of major acquisition-related expenses

Due diligence expenses, etc. of 309 million yen are included in "Selling, general and administrative expenses" in the consolidated statements of profit or loss.

4. Fair value of the assets acquired and liabilities assumed, non-controlling interests and goodwill (Note 1)

Millions of yen

Item	Amount
Current assets	5,276
Non-current assets	5,641
Total assets	10,918
Current liabilities	1,644
Non-current liabilities	2,013
Total liabilities	3,658
Total equity	7,259
Goodwill (Note 2)	5,383

Notes:
1. There is no contingent consideration.
2. Goodwill primarily reflects excess earning power and is not deductible for tax purposes.

5. Impact on operating results

The profit and loss information since the date of acquisition, as recognized in the consolidated statements of profit or loss for the year ended December 31, 2024, and the estimated impact (unaudited information) on the consolidated financial statements as if the business combination had occurred on January 1, 2024, the beginning of the year ended December 31, 2024, are not presented because they are not material.

6. Payments for acquisition of subsidiaries

Millions of yen

Item	Amount
Acquisition cost as consideration in cash	12,643
Cash and cash equivalents held by the acquired company at the date of acquisition	(328)
Cash paid for acquisition of subsidiaries	12,314

Per Share Information

Basic earnings per share and its basis of calculation, and diluted earnings per share and its basis of calculation are as follows.

(Millions of yen, unless otherwise noted)

	Fiscal year ended December 31, 2023 (January 1–December 31, 2023)	Fiscal year ended December 31, 2024 (January 1–December 31, 2024)
(1) Basic earnings per share (yen)	157.89	110.12
(Basis of calculation)		
Profit attributable to common shareholders of the parent		
Profit attributable to owners of parent	158,421	108,069
Amount not attributable to common shareholders of the parent	–	–
Profit used in calculating basic earnings per share	158,421	108,069
Average number of common stock during the period (shares)	1,003,359,854	981,344,084
(2) Diluted earnings per share (yen)	157.84	110.10
(Basis of calculation)		
Profit attributable to common shareholders after dilution		
Profit used in calculating basic earnings per share	158,421	108,069
Profit adjustment	–	–
Profit used in calculating diluted earnings per share	158,421	108,069
Average number of common stock during the period (shares)	1,003,359,854	981,344,084
Dilutive effect of performance-based share remuneration (shares)	297,603	226,936
After adjustment for dilutive effect (shares)	1,003,657,457	981,571,020

Note: On January 1, 2024, each share of common stock was split into 3 shares. Basic earnings per share and diluted earnings per share were calculated based on the assumption that the stock split had been conducted at the beginning of the fiscal year ended December 31, 2023.

Significant Subsequent Events

(Change in segment classification)

The Company resolved at the meeting of the Board of Directors held on December 20, 2024, an organizational reform including new establishment of Outdoor Land Vehicle Business Operations, aiming to innovate its foundation for long-term growth and creating synergy effects by consolidating businesses whose main market is the United States.

To reflect this organizational reform in the reportable segment, from the fiscal year ending December 31, 2025, all-terrain vehicles and recreational off-highway vehicles included in “Land mobility” segment and golf cars included in “Others” will be reported under “Outdoor land vehicle.”

Major products and services in each segment after the change are as follows.

Segment	Main products and services
Land mobility	Motorcycles, intermediate parts for products, knockdown parts for overseas production, electrically power assisted bicycles, electrically power assisted bicycle drive units (e-Kit), electrically powered wheelchairs, automobile engines and automobile components
Marine products	Outboard motors, personal watercraft, boats, fishing boats and utility boats
Outdoor land vehicle	All-terrain vehicles, recreational off-highway vehicles and golf cars
Robotics	Surface mounters, semiconductor post-processing equipment, industrial robots and industrial-use unmanned helicopters
Financial services	Sales finance and lease related to the Company's products
Others	Generators, multi-purpose engines and small-sized snow throwers

Information on revenue, profit or loss, assets, liabilities, and other items by reportable segment after the change are as follows.

Fiscal year ended December 31, 2024 (January 1, 2024 through December 31, 2024)

Millions of yen										
	Reportable segment						Others (Note 1)	Total	Adjustments (Note 2)	Amounts on consolidated financial statements
	Land mobility	Marine	Outdoor land vehicle	Robotics	Financial services	Total				
Revenue:										
Revenue from external customers	1,609,568	537,739	179,488	113,262	112,172	2,552,231	23,948	2,576,179	–	2,576,179
Intersegment revenue and transfers	–	–	–	–	–	–	55,860	55,860	(55,860)	–
Total	1,609,568	537,739	179,488	113,262	112,172	2,552,231	79,809	2,632,040	(55,860)	2,576,179
Segment profit (loss) (Note 3)	103,811	87,792	(17,380)	(3,003)	22,705	193,925	(12,409)	181,515	–	181,515
Finance income										15,679
Finance costs										(14,019)
Profit before tax										183,175
Segment assets	1,099,843	469,959	144,942	153,027	846,994	2,714,767	68,733	2,783,501	–	2,783,501
Other items:										
Depreciation and amortization	49,020	19,845	6,885	2,675	2,705	81,130	1,936	83,067	–	83,067
Impairment losses	4,506	157	3,911	–	–	8,575	–	8,575	–	8,575
Investments accounted for using the equity method	27,934	1,831	22	258	5,651	35,698	1,123	36,822	–	36,822
Capital expenditures	75,710	37,005	9,525	7,116	7,424	136,781	5,600	142,382	–	142,382

Notes:
1. “Others” is a business segment not included in the reportable segments. It includes businesses involving generators, multi-purpose engines, and small-sized snow throwers.
2. Adjustments represent intersegment transaction eliminations.
3. Total of segment profit (loss) corresponds to operating profit in the consolidated statements of profit or loss.

(Purchase of treasury shares)

The Company resolved the following items related to the purchase of treasury shares based on the application of the provisions of Article 156 of Japan's Companies Act pursuant to the rewording of Article 165-3 at the meeting of the Board of Directors held on February 12, 2025. Also, a resolution regarding the retirement of treasury shares pursuant to Article 178 of the same Law was passed.

1. Purpose of purchase and retirement of treasury shares

To return profits to shareholders and improve capital efficiency.

2. Details of purchase

(1) Class of shares to be purchased	: Common stock
(2) Number of shares to be purchased	: Up to 12,500,000 shares (1.3% of the number of shares outstanding, excluding treasury shares)
(3) Total cost of shares to be purchased	: Up to JPY 10.0 billion
(4) Period for share purchase	: From February 13, 2025 to March 24, 2025
(5) Method of purchase	: Purchase on the Tokyo Stock Exchange market

3. Details of retirement

(1) Class of shares to be retired	: Common stock
(2) Number of shares to be retired	: All shares to be purchased as 2. above (Up to 1.3 % of the number of shares outstanding prior to the retirement)
(3) Planned date of retirement	: May 30, 2025

First-time Adoption of IFRS

The Group has disclosed consolidated financial statements in accordance with IFRS effective from the fiscal year ended December 31, 2024. The most recent consolidated financial statements prepared in accordance with generally accepted accounting principles in Japan (hereinafter, "Japanese GAAP") are for the fiscal year ended December 31, 2023, and the date of transition to IFRS (hereinafter, the "date of transition") is January 1, 2023.

(1) Exemptions under IFRS 1

IFRS 1 *First-time Adoption of International Financial Reporting Standards* (hereinafter, "IFRS 1") requires that, in principle, an entity adopting IFRS for the first time applies the standards required under IFRS retrospectively. However, IFRS 1 provides certain optional exemptions from retrospective application and mandatory exceptions prohibiting retrospective application of some requirements of IFRS 1. The Group applies the following optional exemptions:

1) Business combinations

An entity applying IFRS for the first time may elect not to apply IFRS 3 *Business Combinations* (hereinafter, "IFRS 3") retrospectively to past business combinations (business combinations that occurred before the date of transition).

The Group has elected to apply the exemption and not apply IFRS 3 retrospectively to business combinations that took place before the date of transition.

As a result, the amount of goodwill arose from the business combinations and the amount equivalent to goodwill in associates and jointly controlled entities prior to the date of transition are based on the carrying amount as of the date of transition in accordance with Japanese GAAP. Goodwill is tested for impairment as of the date of transition, regardless of whether there is any indication of impairment.

2) Translation differences on foreign operations

IFRS 1 permits an entity to elect to deem the cumulative translation differences for all foreign operations to be zero at the date of transition.

The Group has elected to deem the cumulative translation differences for all foreign operations to be zero at the date of transition.

3) Leases

IFRS 1 permits a lessee to measure lease liabilities and right-of-use assets at the date of transition for all of its leases when recognizing these liabilities and assets.

The Group measured the lease liabilities at the date of transition at the present value of the remaining lease payments discounted using the lessee's incremental borrowing rate at the date of transition.

The right-of-use asset are also measured at the date of transition at an amount equal to the lease liabilities.

For leases for which the lease term ends within 12 months of the date of transition, and for which the underlying asset is of low value, the Group recognizes the lease payments associated with those leases as expenses in profit or loss on a straight-line basis over the lease term.

4) Designation of classification of financial instruments

IFRS 1 permits an entity to designate equity instruments as financial assets at fair value through other comprehensive income on the basis of the facts and circumstances that exist at the date of transition.

Accordingly, the Group designates equity instruments as financial assets at fair value through other comprehensive income based on the basis of the facts and circumstances that existed at the date of transition.

(2) Mandatory exceptions of IFRS 1

IFRS 1 prohibits retrospective application of IFRS for "estimates," "derecognition of financial assets and financial liabilities," "non-controlling interests," "classification and measurement of financial assets," and "impairment of financial assets" and others.

The Group has prospectively applied IFRS from the date of transition for these items.

(3) Reconciliations

The impact of the transition from Japanese GAAP to IFRS on the Group's financial position, results of operations, and cash flows is summarized below.

Under Japanese GAAP, effective January 1, 2023, the Group Adopted FASB Accounting Standards Codification (ASC) 326, "Financial Instruments - Credit Loss" for its North American subsidiaries. The Japanese GAAP column at the date of transition in the tables below reflects the effect of this change in accounting policies.

In these reconciliations, the amounts under "Reclassification" include items that do not affect retained earnings or comprehensive income, while the amounts under "Difference in recognition and measurement" include items that affect retained earnings and comprehensive income.

1) Reconciliation of equity

As of January 1, 2023 (Date of transition)

Line item under Japanese GAAP	Japanese GAAP (Millions of yen)	Reclassification (Millions of yen)	Difference in recognition and measurement (Millions of yen)	IFRS (Millions of yen)	Notes	Line item under IFRS
ASSETS						ASSETS
Current assets:						Current assets:
Cash and deposits	288,780	8,038	–	296,819	A	Cash and cash equivalents
Notes and accounts receivable - trade, and contract assets	187,410	(6,423)	–	180,987	B	Trade and other receivables
Short-term sales finance receivables	230,131	(12,871)	1,076	218,336	C	Sales finance receivables
Merchandise and finished goods	285,432	(285,432)	–			
Work in process	115,755	(115,755)	–			
Raw materials and supplies	124,658	(124,658)	–			
		525,847	(33,482)	492,364	D, a	Inventories
Other	90,921	(48,649)	8,133	50,405	A, e	Other financial assets
		42,045	(1,973)	40,072		Other current assets
Allowance for doubtful accounts	(17,777)	17,777	–			
Total current assets	1,305,314	(82)	(26,246)	1,278,985		Total current assets
Non-current assets:						Non-current assets:
Property, plant and equipment	390,978	(1,106)	8,156	398,028	b	Property, plant and equipment
Intangible assets	39,640	–	9,738	49,378	c	Goodwill and intangible assets
Investments and other assets						
Investment securities	112,151	(112,151)	–			
		34,295	391	34,687	E	Investments accounted for using the equity method
Long-term sales finance receivables	256,382	(10,441)	4,208	250,149	C	Sales finance receivables
Net defined benefit asset	15,762	–	1,824	17,587		Retirement benefit asset
		89,209	977	90,186		Other financial assets
Deferred tax assets	44,084	–	5,339	49,424	d	Deferred tax assets
Other	24,828	(10,213)	(1,544)	13,070	E	Other non-current assets
Allowance for doubtful accounts	(10,487)	10,487	–			
Total non-current assets	873,342	79	29,091	902,513		Total non-current assets
Total assets	2,178,656	(3)	2,845	2,181,499		Total assets

Line item under Japanese GAAP	Millions of yen: Japanese GAAP	Reclassification	Difference in recognition and measurement	IFRS	Notes	Line item under IFRS
LIABILITIES						LIABILITIES AND EQUITY
						Liabilities
Current liabilities:						Current liabilities:
Notes and accounts payable – trade	148,133	(148,133)	–			
Electronically recorded obligations – operating	29,597	(29,597)	–			
		177,716	–	177,716	F	Trade and other payables
Short-term loans payable	172,985	(172,985)	–			
Current portion of bonds payable	5,156	(5,156)	–			
Current portion of long-term loans payable	152,969	(152,969)	–			
		331,111	–	331,111	G	Bonds and borrowings
Income taxes payable	25,761	–	–	25,761		Income taxes payable
		68,416	–	68,416	H	Accrued expenses
Provision for bonuses	18,796	(18,796)	–			
Provision for product warranties	18,176	(18,176)	–			
Other provision	3,589	(3,589)	–			
		18,900	8,133	27,033	I, e	Provisions
Other	177,705	(177,705)	–			
		61,317	3,461	64,779	b	Other financial liabilities
		69,645	13,294	82,939	f	Other current liabilities
Total current liabilities	752,873	(3)	24,889	777,759		Total current liabilities
Non-current liabilities:						Non-current liabilities:
Bonds payable	21,575	(21,575)	–			
Long-term loans payable	250,002	(250,002)	–			
		271,577	–	271,577	G	Bonds and borrowings
Deferred tax liabilities for land revaluation	4,643	(4,643)	–			
Net defined benefit liability	49,297	–	(964)	48,333		Retirement benefit liability
Other provision	638	(638)	–			
		1,276	–	1,276	I	Provisions
		20,016	16,071	36,088	b	Other financial liabilities
Deferred tax liabilities	10,105	4,643	(3,747)	11,001	d	Deferred tax liabilities
Other	39,855	(39,855)	–			
		19,200	1,702	20,903		Other non-current liabilities
Total non-current liabilities	376,119	–	13,061	389,181		Total non-current liabilities
Total liabilities	1,128,992	(3)	37,951	1,166,940		Total liabilities
NET ASSETS						Equity
Capital stock	86,100	–	–	86,100		Share capital
Capital surplus	68,050	–	386	68,436		Capital surplus
Retained earnings	889,415	–	(57,216)	832,198	a, b, c, d, f, g, h, i	Retained earnings
Treasury shares	(31,725)	–	–	(31,725)		Treasury shares
Accumulated other comprehensive income	(13,401)	–	22,544	9,142	g, h, i	Other components of equity
Non-controlling interests	51,225	–	(820)	50,404		Non-controlling interests
Total net assets	1,049,664	–	(35,105)	1,014,558		Total equity
Total liabilities and net assets	2,178,656	(3)	2,845	2,181,499		Total liabilities and equity

As of December 31, 2023

Line item under Japanese GAAP	Japanese GAAP	Reclassification	Difference in recognition and measurement	IFRS	Notes	Line item under IFRS
	Millions of yen					
ASSETS						ASSETS
Current assets:						Current assets:
Cash and deposits	338,839	8,176	–	347,016	A	Cash and cash equivalents
Notes and accounts receivable – trade, and contract assets	186,911	(7,203)	–	179,707	B	Trade and other receivables
Short-term sales finance receivables	338,520	(13,935)	(487)	324,098	C	Sales finance receivables
Merchandise and finished goods	363,066	(363,066)	–			
Work in process	115,653	(115,653)	–			
Raw materials and supplies	130,776	(130,776)	–			
		609,497	(40,900)	568,596	D, a	Inventories
Other	94,700	(52,320)	9,995	52,375	A, e	Other financial assets
		45,333	(3,889)	41,444		Other current assets
Allowance for doubtful accounts	(19,915)	19,915	–			
Total current assets:	1,548,554	(33)	(35,281)	1,513,238		Total current assets
Non-current assets						Non-current assets:
Property, plant and equipment	433,886	1,868	5,459	441,214	b	Property, plant and equipment
Intangible assets	51,132	(3,074)	9,358	57,416	c	Goodwill and intangible assets
Investments and other assets						
Investment securities	113,960	(113,960)	–			
		37,571	(852)	36,719	E	Investments accounted for using the equity method
Long-term sales finance receivables	326,784	(15,453)	5,345	316,676	C	Sales finance receivables
Net defined benefit asset	21,382	–	2,390	23,772		Retirement benefit asset
		86,006	(1,131)	84,874		Other financial assets
Deferred tax assets	73,349	18	6,325	79,694	d	Deferred tax assets
Other	18,411	(8,415)	(41)	9,954	E	Other non-current assets
Allowance for doubtful accounts	(15,500)	15,500	–			
Total non-current assets	1,023,407	60	26,854	1,050,322		Total non-current assets
Total assets	2,571,962	27	(8,427)	2,563,561		Total assets

Line item under Japanese GAAP	Millions of yen: Japanese GAAP	Reclassification	Difference in recognition and measurement	IFRS	Notes	Line item under IFRS
LIABILITIES						LIABILITIES AND EQUITY
						Liabilities
Current liabilities:						Current liabilities:
Notes and accounts payable – trade	151,084	(151,084)	–			
Electronically recorded obligations – operating	3,079	(3,079)	–			
		154,118	–	154,118	F	Trade and other payables
Short-term loans payable	305,563	(305,563)	–			
Current portion of bonds payable	23,974	(23,974)	–			
Current portion of long-term loans payable	109,334	(109,334)	–			
		438,873	–	438,873	G	Bonds and borrowings
Income taxes payable	30,639	–	–	30,639		Income taxes payable
		80,498	45	80,543	H	Accrued expenses
Provision for bonuses	20,302	(20,302)	–			
Provision for product warranties	20,582	(20,582)	–			
Other provision	4,715	(4,715)	–			
		22,941	10,496	33,437	I, e	Provisions
Other	195,889	(195,889)	–			
		58,472	2,383	60,856	b	Other financial liabilities
		79,577	14,145	93,722	f	Other current liabilities
Total current liabilities	865,165	(45)	27,071	892,192		Total current liabilities
Non-current liabilities:						Non-current liabilities:
Bonds payable	39,971	(39,971)	–			
Long-term loans payable	365,031	(365,031)	–			
		405,003	(68)	404,934	G	Bonds and borrowings
Deferred tax liabilities for land revaluation	4,416	(4,416)				
Net defined benefit liability	52,446	–	(635)	51,811		Retirement benefit liability
Other provisions	745	(745)	–			
		1,587	–	1,587	I	Provisions
		23,401	15,405	38,806	b	Other financial liabilities
Deferred tax liabilities	14,351	4,446	(3,478)	15,319	d	Deferred tax liabilities
Other	47,162	(47,162)	–			
		22,960	1,589	24,549		Other non-current liabilities
Total non-current liabilities	524,125	72	12,811	537,009		Total non-current liabilities
Total liabilities	1,389,291	27	39,883	1,429,202		Total liabilities
NET ASSETS						Equity
Capital stock	86,100	–	–	86,100		Share capital
Capital surplus	63,771	–	374	64,146		Capital surplus
Retained earnings	1,006,925	–	(60,818)	946,106	a, b, c, d, f, g, h, i	Retained earnings
Treasury shares	(61,389)	–	–	(61,389)		Treasury shares
Accumulated other comprehensive income	28,052	–	12,758	40,810	g, h, i	Other components of equity
Non-controlling interests	59,210	–	(624)	58,585		Non-controlling interests
Total net assets	1,182,670	–	(48,310)	1,134,359		Total equity
Total liabilities and net assets	2,571,962	27	(8,427)	2,563,561		Total liabilities and equity

2) Notes on reconciliation of equity

(i) Reclassification

“Reclassification” mainly consists of the following:

A. Cash and cash equivalents
Time deposits with maturities of more than three months, which were included in “Cash and deposits” under Japanese GAAP, are included in “Other financial assets” of current assets under IFRS. In addition, short-term operating assets (due within 3 months), which were included in “Other” under Japanese GAAP, are reclassified to “Cash and cash equivalents” under IFRS.

B. Trade and other receivables
“Notes and accounts receivable – trade, and contract assets” which were separately presented under Japanese GAAP, are included in “Trade and other receivables” of current assets under IFRS. In addition, the loss valuation allowance (trade and other receivables), which was included in “Allowance for doubtful accounts” under Japanese GAAP, is directly deducted (reduced) from “Trade and other receivables” of current assets under IFRS.

C. Sales finance receivables
The loss valuation allowance (sales finance receivables), which was included in “Allowance for doubtful accounts” under Japanese GAAP, is directly deducted (reduced) from “Sales finance receivables” under IFRS.

D. Inventories
“Merchandise and finished goods,” “Work in process,” and “Raw materials and supplies,” which were separately presented under Japanese GAAP, are included in “Inventories” under IFRS.

E. Investments accounted for using the equity method
Investments accounted for using the equity method, which was included in “Other” under Japanese GAAP, is separately presented as “Investments accounted for using the equity method” under IFRS.

F. Trade and other payables
“Notes and accounts payable – trade” and “Electronically recorded obligations – operating,” which were separately presented under Japanese GAAP, are included in “Trade and other payables” under IFRS.

G. Bonds and borrowings
“Short-term loans payable,” “Current portion of bonds payable” and “Current portion of long-term loans payable,” which were separately presented under Japanese GAAP, are included in “Bonds and borrowings” of current liabilities under IFRS.
“Bonds payable” and “Long-term loans payable,” which were separately presented under Japanese GAAP are included in “Bonds and borrowings” of non-current liabilities under IFRS.

H. Accrued expenses
Accrued expenses, which were included in “Other” under Current liabilities under Japanese GAAP, are separately presented as “Accrued expenses” under IFRS.

I. Provisions
“Provision for product warranties” and “Other provision,” which were separately presented under Japanese GAAP, are included in “Provisions” under IFRS.

(ii) Difference in recognition and measurement
"Difference in recognition and measurement" mainly consists of the following:

a. Reconciliation of inventories
Under Japanese GAAP, supplies and other items related to the sales, administration, and development departments were recorded as supplies, whereas under IFRS supplies that do not meet the definition of inventories are adjusted to retained earnings. In addition, development costs included in inventories as manufacturing costs under Japanese GAAP are expensed under IFRS. As a result, the amount of "Inventories" decreased.

b. Reconciliation of leases
Under Japanese GAAP, lessee leases were classified into finance leases or operating leases, and operating leases were accounted for as ordinary rental transactions, whereas under IFRS there is no distinction between finance leases and operating leases for lessee leases. Therefore, basically for all lease transactions, right-of-use assets included in "Property, plant and equipment" are depreciated on a straight-line basis over the period in which they are expected to be leased, and lease liabilities included in "Other financial liabilities" are recorded as liabilities after adjusting for interest. As a result, the amounts of "Property, plant and equipment" and "Other financial liabilities" under non-current liabilities increased.

c. Reconciliation of goodwill and intangible assets
Certain development costs that were expensed under Japanese GAAP are recorded as intangible assets under IFRS when they meet the requirements for capitalization of development costs in IAS 38 *Intangible Assets*. Capitalized development costs are amortized on a straight-line basis over their estimated useful lives. The estimated useful life of capitalized development costs is primarily 5 to 10 years. As a result, the amount of "Goodwill and intangible assets" increased.

d. Reconciliation of deferred tax assets and deferred tax liabilities
The amounts of "Deferred tax assets" and "Deferred tax liabilities" have been adjusted due to temporary differences arising from the transition from Japanese GAAP to IFRS.

e. Reconciliation of provision for product warranties
Under Japanese GAAP, when some or all of the expenditure required to settle a provision are expected to be reimbursed by another party, a provision is recognized net of a reimbursement. Under IFRS, a reimbursement is recognized when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. At that time, the reimbursement is recognized as a separate asset within the amount of the provision. As a result, "Other financial assets" under current assets and "Provisions" under current liabilities increased.

f. Reconciliation of employee benefits (excluding retirement benefits)
Under Japanese GAAP, as an accounting treatment for unused paid absences was not required, and no corresponding liability was recognized. However, under IFRS, unused paid absences are recognized as liabilities when an employee renders service that causes its entitlement to future paid absences. As a result, the amount of "Other current liabilities" increased.

g. Reconciliation of equity instruments
Under Japanese GAAP, securities with no market value, such as unlisted equity securities were carried at cost, with impairment losses recognized as necessary to reflect deterioration in financial position; whereas under IFRS, such securities are measured at fair value, with the difference recognized in "Other components of equity."

h. Reconciliation of defined benefit plans
Under Japanese GAAP, actuarial gains and losses were recognized in "Accumulated other comprehensive income" when incurred and amortized over a certain number of years within the average remaining service period of employees on a straight-line basis from the following year. Under IFRS, actuarial gains and losses are recognized in "Other components of equity" when incurred and immediately transferred to "Retained earnings."

i. Translation differences on foreign operations
In adopting IFRS, the Company has applied the exemption for the cumulative translation differences for foreign operations of IFRS 1 and has elected to deem the cumulative translation differences for foreign operations to be zero at the date of transition. The amounts are recognized in "Retained earnings."

3) Adjustment to retained earnings

	Millions of yen	
	As of January 1, 2023	As of December 31, 2023
a. Adjustments to inventories	(33,375)	(40,688)
b. Adjustments to leases	(531)	(542)
c. Adjustments to goodwill and intangible assets	10,062	9,768
d. Adjustments to deferred tax assets and deferred tax liabilities	8,695	9,792
f. Adjustments to employee benefits (excluding retirement benefits)	(13,254)	(13,941)
g. Adjustments to equity instruments	20,669	27,790
h. Remeasurements of defined benefit plans	5,040	6,538
i. Translation differences on foreign operations	(57,657)	(57,657)
Other	3,132	(1,878)
Total adjustments to retained earnings	(57,216)	(60,818)

4) Reconciliation of comprehensive income

Fiscal year ended December 31, 2023

Line item under Japanese GAAP	Japanese GAAP (Millions of yen)	Reclassification (Millions of yen)	Difference in recognition and measurement (Millions of yen)	IFRS (Millions of yen)	Notes	Line item under IFRS
Net sales	2,414,759	–	–	2,414,759		Revenue
Cost of sales	1,699,409	–	(96,893)	1,602,515	a, b	Cost of sales
Gross profit	715,350	–	96,893	812,244		Gross profit
Selling, general and administrative expenses	464,694	65	108,546	573,307	a, b	Selling, general and administrative expenses
		11,541	26	11,568		Other income
		10,382	1,351	11,734		Other expenses
		4,249	900	5,149		Share of profit (loss) of entities accounted for using the equity method
Operating income	250,655	5,342	(12,077)	243,920		Operating profit
Non-operating income	21,418	(21,418)	–			
Non-operating expenses	30,092	(30,092)	–			
Extraordinary income	4,212	(4,212)	–			
Extraordinary losses	4,512	(4,512)	–			
		10,008	(76)	9,932	c	Finance income
		24,390	(6,610)	17,779	c	Finance costs
Income before income taxes	241,681	(65)	(5,542)	236,073		Profit before tax
Total income taxes	63,211	(65)	48	63,194	d	Income tax expense
Net income	178,470	–	(5,591)	172,879		Profit
Other comprehensive income						Other comprehensive income
						Items that will not be reclassified to profit or loss
Valuation difference on available-for-sale securities	(7,167)	–	(9,267)	(16,435)	c	Equity instruments measured at fair value through other comprehensive income
Remeasurements of defined benefit plans, net of tax	1,754	–	851	2,606	b	Remeasurements of defined benefit plans
Share of other comprehensive income of entities accounted for using the equity method	909	–	(927)	(17)		Share of other comprehensive income of entities accounted for using the equity method
						Items that may be reclassified to profit or loss
Foreign currency translation adjustment	51,814	–	538	52,352		Translation differences on foreign operations
		–	1,108	1,108		Share of other comprehensive income of entities accounted for using the equity method
Total other comprehensive income	47,311	–	(7,697)	39,614		Total other comprehensive income
Comprehensive income	225,781	–	(13,288)	212,493		Comprehensive income

5) Notes on reconciliation of comprehensive income

(i) Reclassification

Among the items that were included in “Selling, general and administrative expenses,” “Non-operating income,” “Non-operating expenses,” “Extraordinary income,” and “Extraordinary losses” under Japanese GAAP, finance-related items are included in “Finance income” or “Finance costs,” while the other items are included in “Selling, general and administrative expenses,” “Other income,” “Other expenses,” or “Share of profit (loss) of entities accounted for using the equity method,” under IFRS. In addition, “Income taxes - current,” and “Income taxes - deferred,” which were separately presented under Japanese GAAP, are included in “Income tax expense” under IFRS.

(ii) Difference in recognition and measurement

a. Reconciliation of development costs

Development costs included in manufacturing costs under Japanese GAAP are included in “Selling, general and administrative expenses” under IFRS, and development costs included in inventories as manufacturing costs are expensed. As a result, the amount of “Cost of sales” decreased and “Selling, general and administrative expenses” increased.

b. Reconciliation of defined benefit plans

Under Japanese GAAP, actuarial gains and losses were recognized in “Accumulated other comprehensive income” when incurred and amortized over a certain number of years within the average remaining service period of employees on a straight-line basis from the following year. Under IFRS, remeasurements of defined benefit plans such as actuarial gains and losses are recognized in “Accumulated other comprehensive income” when incurred and immediately transferred to “Retained earnings” without recognition to net income or loss by reclassification adjustment. As a result, “Cost of sales” and ‘Selling, general and administrative expenses’ increased, and “Remeasurements of defined benefit plans” was adjusted.

c. Reconciliation of equity instruments

Under Japanese GAAP, an impairment loss was recorded as necessary for securities with no market value, such as unlisted equity securities, to reflect deterioration in financial position, whereas under IFRS, they are measured at fair value. In addition, for equity financial assets, gains or losses on sales and impairment losses were recognized in net income or loss under Japanese GAAP; however, under IFRS, changes in fair value are recognized in other comprehensive income if the Company makes an election to present subsequent changes in fair value in other comprehensive income.

d. Reconciliation of tax effect

Under Japanese GAAP, the tax effect of eliminating unrealized gains or losses was calculated using the tax rate of the seller. Under IFRS, however, the tax effect was calculated using the tax rate of the buyer and the recoverability is reconsidered.

6) Reconciliation of cash flows

Under Japanese GAAP, operating leases were accounted for as rental transactions and the lease payments were classified as cash flows from operating activities. However, under IFRS, the lease payments are classified as cash flows from financing activities because they represent repayment of the lease liabilities recognized with the right-of-use assets.

Under Japanese GAAP, interest income and interest cost on financial services were included in “Profit before tax” under cash flows from operating activities. However, under IFRS, the net of interest income and interest cost on financial services are separately presented as “Interest income and interest cost on financial services,” as an adjustment item included in the calculation of the subtotal of cash flows from operating activities. They are also included in “Interest received” and “Interest paid,” which are presented after subtotal.

In addition, under Japanese GAAP, interest received and dividends received were presented together as “Interest and dividend income received” under cash flows from operating activities. Under IFRS, these items are presented separately.