

FYE2019 Consolidated Financial Results For the Year Ended March 31, 2019

(Japan GAAP)



May 10, 2019

Company Name : **SUBARU CORPORATION.** (Tokyo Stock Exchange First Section, Code No.7270)
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 Scheduled date of annual meeting of stockholders: June 21, 2019 Scheduled date for dividend payment: June 24, 2019
 Scheduled date of submitting Security Report : June 24, 2019
 Annual earnings supplementary explanatory documents : Yes
 Holding of annual financial results meeting : Yes (for investment analysts and institutional investors)
 (All amounts have been rounded off to the nearest million yen, unless otherwise specified)

1. Performance in FYE2019 (April 1, 2018 to March 31, 2019)

(1) Consolidated Results of Operations (for twelve-month period)

(In Japanese yen rounded to million, except for per share figures, percentage figures indicate a change from the previous fiscal year / period)

| | Net sales | Operating income | Ordinary income | Net income attributable to owners of parent |
|---------|------------------|------------------|-----------------|---|
| FYE2019 | 3,160,514 (2.2)% | 195,529 (48.5)% | 196,239 (48.3)% | 147,812 (32.9)% |
| FYE2018 | 3,232,695 (2.8)% | 379,447 (7.6)% | 379,934 (3.7)% | 220,354 (22.0)% |

Note: Comprehensive income FYE2019: 162,837 million yen (21.0%) FYE2018: 206,042 million yen (26.2%)

Note: Certain presentation methods used in FYE 2018 have been changed from FYE 2019. The changed methods are retrospectively applied to the amounts in FYE 2018 to conform FYE 2019 presentation.

| | Net income per share, basic (Yen) | Net income per share, diluted (Yen) | Return on equity | Ratio of ordinary income (loss) to total assets | Ratio of operating income (loss) to sales |
|---------|-----------------------------------|-------------------------------------|------------------|---|---|
| FYE2019 | 192.78 | — | 9.4% | 6.7% | 6.2% |
| FYE2018 | 287.40 | — | 14.6% | 13.5% | 11.7% |

Reference: Equity income from affiliates FYE2019: 377 million yen FYE2018: 778 million yen

(2) Consolidated Financial Position

(Unit: Millions of yen, except for per share figures)

| | Total assets | Net assets | Shareholders' equity to total assets (%) | Net assets per share (Yen) |
|---------|--------------|------------|--|----------------------------|
| FYE2019 | 2,982,725 | 1,612,825 | 53.8% | 2,093.60 |
| FYE2018 | 2,866,474 | 1,561,023 | 54.2% | 2,025.31 |

Reference: Shareholders' equity FYE2019: 1,605,291 million yen FYE2018: 1,552,844 million yen

Note: Certain presentation methods used in FYE 2018 have been changed from FYE 2019. The changed methods are retrospectively applied to the amounts in FYE 2018 to conform FYE 2019 presentation.

(3) Consolidated Cash Flows

(Unit: Millions of yen)

| | Net cash provided by operating activities | Net cash provided by investment activities | Net cash provided by financing activities | Cash & cash equivalents at end of period |
|--------|---|--|---|--|
| FY2019 | 174,006 | (158,327) | (96,617) | 702,328 |
| FY2018 | 366,298 | (150,711) | (170,937) | 765,591 |

2. Dividends

| | Cash dividends per share (yen) | | | | | Amount of dividends paid (Annual) | Dividend payout ratio (consolidated) | Ratio of dividends to net assets (consolidated) |
|---------------------|--------------------------------|-------------|-------------|----------|--------|-----------------------------------|--------------------------------------|---|
| | 1st Quarter | 2nd Quarter | 3rd Quarter | Year-end | Annual | | | |
| FYE 2018 | — | 72.00 | — | 72.00 | 144.00 | 110,466 | 50.1% | 7.3% |
| FYE 2019 | — | 72.00 | — | 72.00 | 144.00 | 110,471 | 74.7% | 7.0% |
| FYE 2020 (Forecast) | — | 72.00 | — | 72.00 | 144.00 | — | —% | — |

3. Projection of Consolidated Results for Fiscal Year 2020 (April 1, 2019 to March 31, 2020)

(In Japanese yen rounded to million, except for per share figures, percentage figures indicate a change from the previous fiscal year / period)

| | Revenue | Operating profit | Profit before tax | Profit for the period attributable to owners of parent | Net income per share, basic (Yen) |
|-----------|--------------|------------------|-------------------|--|-----------------------------------|
| Full year | 3,310,000 —% | 260,000 —% | 270,000 —% | 210,000 —% | 273.68 |

Note: Due to voluntary application of International Financial Reporting Standards (IFRS) from the first quarter of the fiscal year ending March 2020, Projection of Consolidated Results for the fiscal year ending 2020 are calculated based on IFRS. Therefore, the percentage of fluctuation compared to the results based on the Japanese accounting standards for the fiscal year ended March 2019 is not stated.

4. Others

- (1) Changes of significant subsidiaries in fiscal year ended 2019 : No
(Change of subsidiaries resulting in changes in the scope of consolidation)
- (2) Changes in accounting policies, procedures and methods of presentation for preparing the consolidated financial statements
- [1] Changes due to revisions of accounting standards : No
- [2] Changes due to other reasons : Yes
- [3] Changes of estimation due to accounting issues : Yes
- [4] Restatements : No
- (3) Number of outstanding shares (Common Stock)
- [1] Number of outstanding shares (including treasury stock) As of March 31, 2019: 769,175,873 shares As of March 31, 2018: 769,175,873 shares
- [2] Number of treasury stock As of March 31, 2019: 2,414,841 shares As of March 31, 2018: 2,455,039 shares
- [3] Average number of shares (for twelve-month period) FYE2019: 766,748,664 shares FYE2018: 766,707,785 shares

(Reference) Non-consolidated Financial Results Highlights

Performance in FYE2019(April 1, 2018 to March 31, 2019)

(1)Non-consolidated Results of Operations (for twelve-month period)

(In Japanese yen rounded to million, except for per share figures, percentage figures indicate a change from the previous fiscal year / period)

| | Net sales | | Operating income | | Ordinary income | | Net income | |
|---------|-----------|--------|------------------|---------|-----------------|---------|------------|---------|
| FYE2019 | 1,929,791 | (7.4)% | 79,822 | (68.8)% | 82,619 | (68.9)% | 68,003 | (55.7)% |
| FYE2018 | 2,083,284 | 1.2% | 256,015 | (0.6)% | 266,025 | 1.7% | 153,496 | (26.3)% |

| | Net income per share, basic (Yen) | Net income per share, diluted (Yen) |
|---------|-----------------------------------|-------------------------------------|
| FYE2019 | 88.64 | — |
| FYE2018 | 200.10 | — |

(2) Non-consolidated Financial Position

| | Total assets | Net assets | Shareholders' equity to total assets (%) | Net assets per share (Yen) |
|---------|--------------|------------|--|----------------------------|
| FYE2019 | 2,147,612 | 1,110,809 | 51.7% | 1,447.95 |
| FYE2018 | 1,943,951 | 1,156,068 | 59.5% | 1,507.02 |

Reference: Shareholders' equity FYE2019: 1,110,809 million yen FYE2018: 1,156,068 million yen

*The status of the implementation of the annual audit

This earnings report is not subject to audit procedures based upon the Financial Instruments and Exchange Act.

*Proper use of projection of operating results, and other information

The performance projections were based on the information available as of the date when this document was released. Therefore, actual results may differ considerably due to various factors that might occur in the future. Please refer to page 4 in the attachments for "1. Overview of Operating Results (4) Future forecast".

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1. Overview of Operating Results

(1) Overview of Operating Results for the Current Period under Review

The global economy remained stable for the current fiscal year, while uncertainties due to trends in trade issues caused some slowdown. As the employment and income environment improved and consumer spending recovered, the Japanese economy also continued on a gradual recovery path, although worries about the impact of the uncertainty over the world economy persisted. In the meanwhile, the exchange rate was mostly stable.

With the aim of gaining the sympathy and confidence of customers through the provision of “Peace of mind and enjoyment”, the SUBARU Group set out a mid-term management vision called “STEP” which was released in July 2018. Based on the slogan: “From a company making things, to a company making people smile”, the following set of three goals was established as a vision for 2025:

| Vision for 2025 | |
|---|--|
| 1. Become a brand that is “different” from others by enhancing distinctiveness. | |
| 2. Engage in business activities that resonate with customers by putting them center-stage. | |
| 3. Fulfill corporate social responsibilities by contributing to diversifying social needs. | |

Based on the “STEP” prioritizing the corporate culture reforms to enhance the corporate quality (including with regard to the product quality) and dedicated to the protection of human life through safety measures aiming to achieve zero fatal road accidents* by 2030, the Group will intensify its efforts to build a strong brand and sustainable growth based on focus strategy.

*Reducing to zero the number of fatal accidents occurring while a driver or passenger in a Subaru and the number of fatalities among pedestrians, cyclists, and the like arising from collisions with a Subaru.

Net sales in the period under review decreased by ¥72.2billion (2.2%) from the previous fiscal year to ¥3,160.5 billion due to the fall in automobile unit sales.

The increase in quality-related expenses triggered by the recall in November 2018 and the decrease in automobile unit sales affected both operating income and ordinary income, which respectively dropped by ¥183.9 billion (48.5%) to ¥195.5 billion and by ¥183.7 billion (48.3%) to ¥196.2 billion compared with the previous fiscal year. Net income attributable to owners of the parent also fell by ¥72.5 billion (32.9%) from the previous fiscal year to ¥147.8 billion.

(In Japanese yen in million except for profit ratio and percentage change from the previous period)

| | Net Sales | Operating Income (Margin) | Ordinary Income (Margin) | Net income attributable to owners of parent (Margin) | Foreign Exchange Rate |
|-------------------|-----------|------------------------------|-----------------------------|---|--------------------------|
| FYE2019 | 3,160,514 | 195,529 | 196,239 | 147,812 | ¥111/US\$ |
| Profit Margin | | 6.2% | 6.2% | 4.7% | ¥129/EUR |
| FYE2018 | 3,232,695 | 379,447 | 379,934 | 220,354 | ¥111/US\$ |
| Profit Margin | | 11.7% | 11.8% | 6.8% | ¥130/EUR |
| Change | (72,181) | (183,918) | (183,695) | (72,542) | |
| Percentage Change | (2.2)% | (48.5)% | (48.3)% | (32.9)% | |

Results for the period under review by business segment are as described below.

(In Japanese yen in million except for profit ratio and percentage change from the previous period)

| | Net Sales | | | | Segment Income | | | |
|-----------------|-----------|-----------|----------|----------------------|----------------|---------|-----------|----------------------|
| | FYE2018 | FYE2019 | Change | Percentage Change | FYE2018 | FYE2019 | Change | Percentage Change |
| Automobile Div. | 3,062,340 | 3,014,476 | (47,864) | (1.6) | 361,454 | 184,947 | (176,506) | (48.8) |
| Aerospace Div. | 142,163 | 131,669 | (10,494) | (7.4) | 12,259 | 6,047 | (6,212) | (50.7) |
| Other | 28,192 | 14,369 | (13,823) | (49.0) | 5,066 | 3,846 | (1,220) | (24.1) |
| Adjustments | - | - | - | - | 668 | 689 | 21 | 3.1 |
| Total | 3,232,695 | 3,160,514 | (72,181) | (2.2) | 379,447 | 195,529 | (183,918) | (48.5) |

Notes: 1. Net sales are sales to outside customers.

2. Adjustment to segment income refers to the elimination of intersegment transactions.

(Automobile Division)

Total automobile demand in the United States, which is a priority market for us, was 17.16 million units (decrease on 0.9% year-on-year) with decrease in passenger vehicle and increase in light trucks including SUVs compared with the previous fiscal year. As to the total automobile demand in Japan, compared with the previous fiscal year, passenger cars remained steady year-on-year while minicars increased to 5.26 million units (an increase of 1.2% from the previous fiscal year).

With such trends of total demand, overseas retail sales remained stable in North America, which is a priority market for us, contributed by strong sales of Ascent, a new model vehicle newly launched. However, total unit sales dropped by 39 thousand units (4.3%) from the previous fiscal year to 865 thousand units due to the decrease in shipment of Forester, which had not been fully remodeled for the first half of this fiscal year. Overall domestic sales also decreased by 28 thousand units (17.2%) from the previous fiscal year to 135 thousand units due to the decline in sales of Impreza, SUBARU XV and Levorg, while the sales of Forester, which was fully remodeled in July, grew steadily.

Combined domestic and overseas unit sales thus decreased by 67 thousand units (6.3%) from the previous fiscal year to 1 million units, with net sales dropping by ¥47.9 billion (1.6%) to ¥3,014.5 billion. Segment income also decreased by ¥176.5 billion (48.8%) from the previous fiscal year to ¥184.9 billion.

The production decreased to 989 thousand units (a decrease of 5.8% from the previous fiscal year), for the Company's Gunma plant related factors including changes in plant operation schedules implemented since the fall of 2018 to ensure quality-first production and inspection work as well as production halt in January 2019 due to a defect in the Electric Power Steering unit.

Unit sales by region in the period under review are as shown below.

(Units in thousands and percentage change from the previous period)

| | FYE2018 | FYE2019 | Change | Percentage Change |
|-----------------------|--------------|--------------|--------------|-------------------|
| Total in Japan | 16.3 | 13.5 | (2.8) | (17.2) |
| Passenger cars | 13.3 | 11.0 | (2.3) | (17.2) |
| Minicars | 3.1 | 2.6 | (0.5) | (17.1) |
| Total Overseas | 90.3 | 86.5 | (3.9) | (4.3) |
| North America | 72.8 | 71.7 | (1.1) | (1.5) |
| Europe/Russia | 4.8 | 4.0 | (0.8) | (16.1) |
| Australia | 5.6 | 4.2 | (1.4) | (25.0) |
| China | 2.7 | 2.3 | (0.4) | (15.2) |
| Other regions | 4.5 | 4.3 | (0.2) | (4.3) |
| Total | 106.7 | 100.0 | (6.7) | (6.3) |

(Aerospace Division)

Deliveries to the Japan Ministry of Defense saw sales decrease from the previous fiscal year, partly because the performance of a contract for the test production of a new multi-purpose helicopter for the Ground Self-Defense Force had been completed.

Affected by the decline in production of Boeing 777 aircraft, the sales in the civilian market also fell below the previous fiscal year.

As a result, overall sales decreased by ¥10.5 billion (7.4%) from the previous fiscal year to ¥131.7 billion. Segment income also fell by ¥6.2 billion (50.7%) from the previous fiscal year to ¥6 billion.

(Other Businesses)

Net sales decreased by ¥13.8 billion (49%) from the previous fiscal year to ¥14.4 billion. Segment income also dropped by ¥1.2 billion (24.1%) from the previous fiscal year to ¥3.8 billion.

(2) Overview of Financial Position in the Period under Review

[1] Assets

Total assets increased by ¥116.3 billion from the previous fiscal year to ¥2,982.7 billion. Main factors included ¥60.5 billion increase in property, plant and equipment, ¥47.1 billion increase in goods and products, ¥24 billion increase in raw materials and supplies, ¥13.4 billion increase in short-term loans receivable and ¥56.3 billion decrease in funds on hand (cash on hand, cash in bank and securities).

[2] Liabilities

Liabilities increased by ¥64.4 billion from the previous fiscal year to ¥1,369.9 billion. Main factors included ¥58.5 billion increase in reserve for product warranties, ¥31.9 billion increase in long-term loans payable (including those due within one year), ¥25.2 billion increase in long-term deferred revenue, ¥12.7 billion increase in accrued expenses, ¥40 billion decrease in accrued corporate tax, etc. and ¥17.7 billion decrease in short-term loans payable.

[3] Net Assets

Net assets increased by ¥51.8 billion from the previous fiscal year to ¥1,612.8 billion. This owes mainly to the increase in retained earnings and foreign exchange adjustment account, respectively by ¥36.6 billion and ¥15.5 billion.

(3) Overview of Cash Flow in the Period under Review

Cash and cash equivalents (hereinafter “cash”) at the end of the period under review totaled ¥702.3 billion.

[1] Net cash provided by operating activities

Net cash provided by operating activities increased by ¥174 billion (compared with ¥366.3 billion increase in the previous fiscal year). Main factors included ¥195.8 billion of net profit before tax and other adjustments, ¥102.7 billion of depreciation, ¥57.6 billion increase in reserve for product warranties, ¥100.3 billion of corporate tax, etc. paid and ¥90.4 billion increase in inventory assets.

[2] Net cash used in investment activities

Net cash used in investing activities decreased by ¥158.3 billion (compared with ¥150.7 billion decrease in the previous fiscal year). Main factors included ¥138.7 billion in expenditures for the purchase of property, plant and equipment (net basis against proceeds from sales of property, plant and equipment).

[3] Net cash used in financing activities

Net cash used in financing activities decreased by ¥96.6 billion (compared with ¥170.9 billion decrease in the previous fiscal year). Main factors included ¥110.4 billion in expenditures for cash dividends paid, ¥17.5 billion decrease in short-term loans payable, and ¥31.9 billion proceeds from long-term loans payable (net basis against repayment of long-term loans payable).

(4) Future forecast

Consolidated performance forecast of the SUBARU Group is calculated according to the International Financial Reporting Standards (IFRS) which the Group applies voluntarily from the first quarter of the fiscal year ending March 31, 2020, instead of the Japanese Generally Accepted Accounting Principles currently adopted (hereafter JGAAP).

Even with an anticipated increase in R&D expenditure, the consolidated performance in the first quarter of the fiscal year ending March 31, 2020 is expected to reach, reflecting the decrease in overhead and the increase in automobile unit sales, ¥3,310 billion in revenue, ¥260 billion in operating profit, ¥270 billion in profit before tax and ¥210 billion in profit for the period attributable to owners of parent.

Currency rate assumptions: 110 yen/US\$ (actual rate for previous fiscal period was 111 yen), 120 yen/euro (actual rate for previous fiscal period was 129 yen)

(In Japanese Yen in million)

| | FYE2019 (actual results) [JGAAP] | FYE2020 (forecast) [IFRS] | ◁For Reference▷ FYE2020 (forecast) [JGAAP] |
|---|--|---------------------------------|---|
| Revenue | 3,160,514 | 3,310,000 | 3,302,000 |
| Operating profit | 195,529 | 260,000 | 250,000 |
| Profit before tax | 195,838 | 270,000 | 252,000 |
| Profit for the period attributable to owners of parent | 147,812 | 210,000 | 200,000 |

Note 1: “Revenue” corresponds to “Net Sales” in JGAAP.

2. “Operating profit” corresponds to “Operating Income” in JGAAP.

3. “Profit before tax” corresponds to “Income before income taxes” in JGAAP.

4. “Profit for the period attributable to owners of parent” corresponds to “Net income attributable to owners of parent” in JGAAP.

2. Basic policy about the adoption of Accounting standards

We are planning to voluntarily adopt International Financial Reporting Standards (IFRS) to the Group's consolidated financial statements from the first quarter of the fiscal year ending March 31, 2020, instead of the Japanese Generally Accepted Accounting Principles currently adopted.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Unit: Millions of yen)

| | FYE2018 (as of March 31, 2018) | FYE2019 (as of March 31, 2019) |
|---|-----------------------------------|-----------------------------------|
| ASSETS | | |
| I Current assets | | |
| Cash and deposits | 765,397 | 831,700 |
| Notes and accounts receivable-trade | 155,247 | 148,832 |
| Lease investment assets | 17,120 | 14,731 |
| Short-term investment securities | 242,573 | 119,963 |
| Merchandise and finished goods | 202,435 | 249,558 |
| Work in process | 52,307 | 74,711 |
| Raw materials and supplies | 42,448 | 66,431 |
| Short-term loans receivable | 185,364 | 198,737 |
| Other | 107,893 | 121,903 |
| Allowance for doubtful accounts | (340) | (347) |
| Total current assets | 1,770,444 | 1,826,219 |
| II Noncurrent assets | | |
| 1. Property, plant and equipment | | |
| Buildings and structures, net | 207,133 | 218,664 |
| Machinery, equipment and vehicles, net | 169,814 | 193,624 |
| Land | 184,339 | 187,052 |
| Vehicles and equipment on operating leases, net | 18,638 | 15,809 |
| Construction in progress | 55,908 | 31,334 |
| Other, net | 67,276 | 70,911 |
| Total property, plant and equipment | 703,108 | 717,394 |
| 2. Intangible assets | | |
| Other | 28,293 | 33,754 |
| Total intangible assets | 28,293 | 33,754 |
| 3. Investments and other assets | | |
| Investment securities | 113,465 | 122,453 |
| Net defined benefit asset | 82 | — |
| Deferred tax assets | 139,171 | 151,019 |
| Other | 115,273 | 135,132 |
| Allowance for doubtful accounts | (3,362) | (3,246) |
| Total investments and other assets | 364,629 | 405,358 |
| Total noncurrent assets | 1,096,030 | 1,156,506 |
| Total assets | 2,866,474 | 2,982,725 |

(Unit: Millions of yen)

| | FYE2018 (as of March 31, 2018) | FYE2019 (as of March 31, 2019) |
|--|-----------------------------------|-----------------------------------|
| LIABILITIES | | |
| I Current liabilities | | |
| Notes and accounts payable-trade | 320,137 | 315,026 |
| Electronically recorded obligations-operating | 64,863 | 63,772 |
| Short-term loans payable | 22,082 | 4,352 |
| Current portion of long-term loans payable | 42,982 | 7,592 |
| Income taxes payable | 45,372 | 5,367 |
| Accrued expenses | 148,945 | 161,661 |
| Provision for bonuses | 24,131 | 22,650 |
| Provision for product warranties | 206,423 | 256,814 |
| Provision for loss on construction contracts | 160 | 666 |
| Provision for loss on business liquidation | 3,098 | 1,575 |
| Other | 172,813 | 172,696 |
| Total current liabilities | 1,051,006 | 1,012,171 |
| II Noncurrent liabilities | | |
| Long-term loans payable | 21,138 | 88,452 |
| Deferred tax liabilities | 2,466 | 5,040 |
| Provision for product warranties | 35,801 | 43,934 |
| Provision for directors' retirement benefits | 447 | 488 |
| Net defined benefit liability | 19,337 | 22,900 |
| Long-term unearned revenue | 132,270 | 157,446 |
| Other | 42,986 | 39,469 |
| Total noncurrent liabilities | 254,445 | 357,729 |
| Total liabilities | 1,305,451 | 1,369,900 |
| NET ASSETS | | |
| I Shareholders' equity | | |
| Capital stock | 153,795 | 153,795 |
| Capital surplus | 160,197 | 160,192 |
| Retained earnings | 1,283,539 | 1,320,177 |
| Treasury stock | (7,054) | (6,910) |
| Total shareholders' equity | 1,590,477 | 1,627,254 |
| II Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 7,038 | 6,131 |
| Foreign currency translation adjustment | (36,193) | (20,687) |
| Remeasurements of defined benefit plans | (10,136) | (10,631) |
| Remeasurements of other postretirement benefits of foreign consolidated subsidiaries | 1,658 | 3,224 |
| Total accumulated other comprehensive income | (37,633) | (21,963) |
| Non-controlling interests | 8,179 | 7,534 |
| Total net assets | 1,561,023 | 1,612,825 |
| Total liabilities and net assets | 2,866,474 | 2,982,725 |

(2) Consolidated Statements of (Comprehensive) Income
Consolidated Statements of Income (for twelve-month period)

(Unit: Millions of yen)

| | FYE2018 (April 1, 2017 to March 31, 2018) | FYE2019 (April 1, 2018 to March 31, 2019) |
|---|---|---|
| I Net sales | 3,232,695 | 3,160,514 |
| II Cost of sales | 2,442,706 | 2,561,753 |
| Gross profit | 789,989 | 598,761 |
| III Selling, general and administrative expenses | 410,542 | 403,232 |
| Operating income | 379,447 | 195,529 |
| IV Non-operating income | | |
| Interest income | 6,812 | 12,350 |
| Dividends income | 1,374 | 1,244 |
| Equity in earnings of affiliates | 778 | 377 |
| Gain on valuation of derivatives | 2,266 | — |
| Other | 3,071 | 3,609 |
| Total non-operating income | 14,301 | 17,580 |
| V Non-operating expenses | | |
| Interest expenses | 1,379 | 732 |
| Foreign exchange losses | 7,395 | 199 |
| Loss on valuation of derivatives | — | 6,993 |
| Depreciation | 1,025 | 1,287 |
| Plant shutdown related costs | — | 2,532 |
| Other | 4,015 | 5,127 |
| Total non-operating expenses | 13,814 | 16,870 |
| Ordinary income | 379,934 | 196,239 |
| VI Extraordinary income | | |
| Gain on sales of noncurrent assets | 563 | 1,274 |
| Gain on sales of investment securities | 4,618 | 3,659 |
| Gain on sales of business | — | 1,294 |
| Other | 759 | 726 |
| Total extraordinary income | 5,940 | 6,953 |
| VII Extraordinary loss | | |
| Loss on sales and retirement of noncurrent assets | 5,400 | 5,610 |
| Loss related to airbags | 81,261 | — |
| Other | 1,873 | 1,744 |
| Total extraordinary losses | 88,534 | 7,354 |
| Income before income taxes | 297,340 | 195,838 |
| Income taxes-current | 113,155 | 56,942 |
| Income taxes-deferred | (37,554) | (8,443) |
| Total income taxes | 75,601 | 48,499 |
| Net income | 221,739 | 147,339 |
| Net income (loss) attributable to non-controlling interests | 1,385 | (473) |
| Net income attributable to owners of parent | 220,354 | 147,812 |

Consolidated Statements of Comprehensive Income (for twelve-month period)

(Unit: Millions of yen)

| | FYE2018 (April 1, 2017 to March 31, 2018) | FYE2019 (April 1, 2018 to March 31, 2019) |
|--|---|---|
| Net income | 221,739 | 147,339 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | (1,061) | (907) |
| Foreign currency translation adjustment | (18,985) | 15,520 |
| Remeasurements of defined benefit plans | 860 | (495) |
| Remeasurements of other postretirement benefits of foreign consolidated subsidiaries | 3,543 | 1,566 |
| Share of other comprehensive income of associates accounted for using equity method | (54) | (186) |
| Total other comprehensive income | (15,697) | 15,498 |
| Comprehensive income | 206,042 | 162,837 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 204,449 | 163,482 |
| Comprehensive income attributable to non-controlling interests | 1,593 | (645) |

(3) Consolidated Statements of Changes in Net Assets

FYE 2018 (April 1, 2017 to March 31, 2018)

(Unit: Millions of yen)

| | Shareholders' equity | | | | |
|---|----------------------|-----------------|-------------------|----------------|----------------------------|
| | Capital stock | Capital surplus | Retained earnings | Treasury stock | Total shareholders' equity |
| Balance at the beginning of current period | 153,795 | 160,178 | 1,173,277 | (7,173) | 1,480,077 |
| Changes of items during the period | | | | | |
| Dividends from surplus | — | — | (110,463) | — | (110,463) |
| Net income attributable to owners of parent | — | — | 220,354 | — | 220,354 |
| Purchase of treasury stock | — | — | — | (11) | (11) |
| Disposal of treasury stock | — | 19 | — | 130 | 149 |
| Adjustments due to change in fiscal year end of consolidated subsidiaries | — | — | 828 | — | 828 |
| Change of the scope of consolidation | — | — | (355) | — | (355) |
| Change of the scope of equity method | — | — | 922 | — | 922 |
| Other | — | — | (1,024) | — | (1,024) |
| Net changes of items other than shareholders' equity | — | — | — | — | — |
| Total changes of items during the period | — | 19 | 110,262 | 119 | 110,400 |
| Balance at the end of current period | 153,795 | 160,197 | 1,283,539 | (7,054) | 1,590,477 |

| | Accumulated other comprehensive income | | | | | Non-controlling interests | Total net assets |
|---|---|---|---|--|--|---------------------------|------------------|
| | Valuation difference on available-for-sale securities | Foreign currency translation adjustment | Remeasurements of defined benefit plans | Remeasurements of other postretirement benefits of foreign consolidated subsidiaries | Total accumulated other comprehensive income | | |
| Balance at the beginning of current period | 8,099 | (16,631) | (10,996) | (1,885) | (21,413) | 6,224 | 1,464,888 |
| Changes of items during the period | | | | | | | |
| Dividends from surplus | — | — | — | — | — | — | (110,463) |
| Net income attributable to owners of parent | — | — | — | — | — | — | 220,354 |
| Purchase of treasury stock | — | — | — | — | — | — | (11) |
| Disposal of treasury stock | — | — | — | — | — | — | 149 |
| Adjustments due to change in fiscal year end of consolidated subsidiaries | — | — | — | — | — | — | 828 |
| Change of the scope of consolidation | — | — | — | — | — | — | (355) |
| Change of the scope of equity method | — | — | — | — | — | — | 922 |
| Other | — | — | — | — | — | — | (1,024) |
| Net changes of items other than shareholders' equity | (1,061) | (19,562) | 860 | 3,543 | (16,220) | 1,955 | (14,265) |
| Total changes of items during the period | (1,061) | (19,562) | 860 | 3,543 | (16,220) | 1,955 | 96,135 |
| Balance at the end of current period | 7,038 | (36,193) | (10,136) | 1,658 | (37,633) | 8,179 | 1,561,023 |

FYE 2019 (April 1, 2018 to March 31, 2019)

(Unit: Millions of yen)

| | Shareholders' equity | | | | |
|---|----------------------|-----------------|-------------------|----------------|----------------------------|
| | Capital stock | Capital surplus | Retained earnings | Treasury stock | Total shareholders' equity |
| Balance at the beginning of current period | 153,795 | 160,197 | 1,283,539 | (7,054) | 1,590,477 |
| Changes of items during the period | | | | | |
| Dividends from surplus | — | — | (110,468) | — | (110,468) |
| Net income attributable to owners of parent | — | — | 147,812 | — | 147,812 |
| Purchase of treasury stock | — | — | — | (5) | (5) |
| Disposal of treasury stock | — | (5) | — | 149 | 144 |
| Adjustments due to change in fiscal year end of consolidated subsidiaries | — | — | — | — | — |
| Change of the scope of consolidation | — | — | — | — | — |
| Change of the scope of equity method | — | — | 158 | — | 158 |
| Other | — | — | (864) | — | (864) |
| Net changes of items other than shareholders' equity | — | — | — | — | — |
| Total changes of items during the period | — | (5) | 36,638 | 144 | 36,777 |
| Balance at the end of current period | 153,795 | 160,192 | 1,320,177 | (6,910) | 1,627,254 |

| | Accumulated other comprehensive income | | | | | Non-controlling interests | Total net assets |
|---|---|---|---|--|--|---------------------------|------------------|
| | Valuation difference on available-for-sale securities | Foreign currency translation adjustment | Remeasurements of defined benefit plans | Remeasurements of other postretirement benefits of foreign consolidated subsidiaries | Total accumulated other comprehensive income | | |
| Balance at the beginning of current period | 7,038 | (36,193) | (10,136) | 1,658 | (37,633) | 8,179 | 1,561,023 |
| Changes of items during the period | | | | | | | |
| Dividends from surplus | — | — | — | — | — | — | (110,468) |
| Net income attributable to owners of parent | — | — | — | — | — | — | 147,812 |
| Purchase of treasury stock | — | — | — | — | — | — | (5) |
| Disposal of treasury stock | — | — | — | — | — | — | 144 |
| Adjustments due to change in fiscal year end of consolidated subsidiaries | — | — | — | — | — | — | — |
| Change of the scope of consolidation | — | — | — | — | — | — | — |
| Change of the scope of equity method | — | — | — | — | — | — | 158 |
| Other | — | — | — | — | — | — | (864) |
| Net changes of items other than shareholders' equity | (907) | 15,506 | (495) | 1,566 | 15,670 | (645) | 15,025 |
| Total changes of items during the period | (907) | 15,506 | (495) | 1,566 | 15,670 | (645) | 51,802 |
| Balance at the end of current period | 6,131 | (20,687) | (10,631) | 3,224 | (21,963) | 7,534 | 1,612,825 |

(4) Consolidated Statements of Cash Flows

(Unit: Millions of yen)

| | FYE2018 (April 1, 2017 to March 31, 2018) | FYE2019 (April 1, 2018 to March 31, 2019) |
|--|---|---|
| I Net cash provided by (used in) operating activities | | |
| Income (loss) before income taxes | 297,340 | 195,838 |
| Depreciation and amortization | 102,102 | 102,749 |
| Increase (decrease) in allowance for doubtful accounts | (149) | (109) |
| Increase (decrease) in provision for product warranties | 103,651 | 57,585 |
| Interest and dividends income | (8,186) | (13,594) |
| Interest expenses | 1,379 | 732 |
| Loss (gain) on sales and retirement of noncurrent assets | 4,837 | 4,336 |
| Loss (gain) on sales and valuation of investment securities | (4,096) | (3,152) |
| Decrease (increase) in operating loans receivable | (7,799) | (8,179) |
| Decrease (increase) in notes and accounts receivable-trade | 40 | 6,048 |
| Decrease (increase) in inventories | (15,922) | (90,354) |
| Increase (decrease) in notes and accounts payable-trade | (54,159) | (8,825) |
| Increase (decrease) in accrued expenses | 13,894 | 8,506 |
| Other, net | 7,660 | 9,801 |
| Subtotal | 440,592 | 261,382 |
| Interest and dividends income received | 8,397 | 13,717 |
| Interest expenses paid | (1,446) | (798) |
| Income taxes paid | (81,245) | (100,295) |
| Net cash provided by (used in) operating activities | 366,298 | 174,006 |
| II Net cash provided by (used in) investing activities | | |
| Net decrease (increase) in time deposits | (7,219) | 14,028 |
| Purchase of short-term investment securities | (143,418) | (131,019) |
| Proceeds from sales of short-term investment securities | 168,525 | 120,940 |
| Purchase of non-current assets | (149,897) | (144,164) |
| Proceeds from sales of non-current assets | 3,413 | 5,469 |
| Purchase of investment securities | (52,645) | (54,531) |
| Proceeds from sales of investment securities | 34,272 | 36,549 |
| Payments of loans receivable | (123,552) | (129,286) |
| Collection of loans receivable | 120,383 | 126,753 |
| Other, net | (573) | (3,066) |
| Net cash provided by (used in) investing activities | (150,711) | (158,327) |
| III Net cash provided by (used in) financing activities | | |
| Net increase (decrease) in short-term loans payable | (18,393) | (17,482) |
| Proceeds from long-term loans payable | 3,500 | 75,300 |
| Repayments of long-term loans payable | (44,443) | (43,382) |
| Purchase of treasury shares | (11) | (5) |
| Cash dividends paid | (110,326) | (110,384) |
| Other, net | (1,264) | (664) |
| Net cash provided by (used in) financing activities | (170,937) | (96,617) |
| IV Effect of exchange rate change on cash and cash equivalents | (10,831) | 17,675 |
| V Net increase (decrease) in cash and cash equivalents | 33,819 | (63,263) |
| VI Cash and cash equivalents at beginning of period | 728,616 | 765,591 |
| VII Increase (decrease) in cash and cash equivalents resulting from change of the scope of consolidation | (534) | — |
| Increase (decrease) in cash and cash equivalents resulting from change in fiscal period of consolidated subsidiaries | 3,690 | — |
| VIII Cash and cash equivalents at end of period | 765,591 | 702,328 |

(5) Notes to Consolidated Financial Statements

(Notes on Premise of Going Concern)

Not Applicable

(Significant Accounting Policies in Preparing the Consolidated Financial Statement)

FYE 2019(April 1, 2018 to March 31, 2019)

Significant changes in the scope of equity method

Newly established SUBARU-SBI Innovation Fund is included in the scope of the equity method from the consolidated accounting period ended March 31, 2019.

(Changes in Accounting Policies)

(Changes in accounting method for sales)

FYE 2019(April 1, 2018 to March 31, 2019)

The Group previously recorded sales incentives as selling, general and administrative expenses. From the consolidated fiscal year of FYE 2019, the group has changed the method to deduct from sales.

In the business environment surrounding the Group, as sales incentives tend to increase constantly, we reexamined the actual circumstances of the transactions. Sales incentives are taken into consideration when the terms of the transactions are decided and are considered as a part of selling price practically. In addition, the Group has improved business management system such as business process and system structure. It is so judged that the method of deducting sales incentives from sales is more appropriate under the circumstances.

The Group applied the changes in the accounting policy retrospectively, and reclassified in the consolidated financial statements of the previous fiscal year to reflect the changes. As a result, net sales and selling, general and administrative expenses in the consolidated statement of income for the consolidated previous fiscal year decreased by 172,526 million yen, respectively, compared to the amounts before the retroactive application. There is no effect on operating income, ordinary income and income before income taxes by the changes.

(Changes in accounting policies that are difficult to distinguish from changes in accounting estimates)

(Changes in depreciation method for tangible fixed assets)

FYE 2019(April 1, 2018 to March 31, 2019)

The Company and its major domestic consolidated subsidiaries changed depreciation method of certain tangible fixed assets from the declining-balance method to the straight-line method from the consolidated fiscal year of FYE 2019.

In recent years, with the expansion of the product lineup, shorter intervals of full model changes and acceleration of new products to the market, there is a tendency of less fluctuation in the number of units sold after the launch. In addition, it is expected that sharing production facilities among different models makes utilization stable over the useful life in the future. It is so judged that the equalized allocation of depreciation expenses of the tangible fixed assets over the useful life reflects the actual usage of tangible fixed assets.

As a result, compared with the previous method, operating income increased by 12,898 million yen, and ordinary income and income before income taxes increased respectively by 13,049 million yen.

(Changes in presentation methods)

(Consolidated Balance sheets)

(Provision for product warranties)

In the fiscal year ended March 31, 2018, recall expenses in the future were included in "Accrued expenses" and "Provision for loss related to airbags", and warranty expenses in the future were included in "Provision for product warranties". From the fiscal year ended March 31, 2019, in order to improve the perspicuity and clarity of provision for claims expenses, all of them are collectively shown as "Provision for product warranties". To reflect this change in presentation, the consolidated financial statements for the fiscal year ended March 31, 2018 have been reclassified.

As a result, the “Accrued expenses” of “Current liabilities” 106,969 million yen out of 255,914 million yen, “Provision for loss related to airbags” 64,711 million yen and “Provision for product warranties” 34,743 million yen in the Consolidated Balance Sheets of the fiscal year ended March 31, 2018 are aggregated and presented as “Provision for product warranties” 206,423 million yen.

(Long-term unearned revenue)

In the fiscal year ended March 31, 2018, “Long-term unearned revenue” was included in “Others” of “Noncurrent liabilities”. From the fiscal year ended March 31, 2019, it is presented as a separate balance sheet caption due to the increase in monetary significance. To reflect this change in presentation, the consolidated financial statements for the fiscal year ended March 31, 2018 have been reclassified.

As a result, the “Others” of “Noncurrent liabilities” 175,256 million yen in the Consolidated Balance Sheets of the fiscal year ended March 31, 2018 have been split to “Long-term unearned revenue” 132,270 million yen and “Others” 42,986 million yen.

(Changes according to application of Guidance on Accounting Standard for Tax Effect Accounting)

“Guidance on Accounting Standard for Tax Effect Accounting” (ASBJ Guidance No. 28, revised on February 16, 2018) has been applied from the first quarter of FYE 2019. Deferred tax assets are presented in the “Investment and other assets”, and Deferred tax liabilities are presented in the “Non-current liabilities” on the consolidated balance sheets.

As a result, the “Deferred tax assets” of “Current liabilities” 124,766 million yen, “Deferred tax assets” of “Investments and other assets” 32,244 million yen and “Deferred tax liabilities” of “Noncurrent liabilities” 17,839 million yen out of 20,305 million yen in the Consolidated Balance Sheet of the fiscal year ended March 31, 2018 are presented as “Deferred tax assets” of “Investments and other assets” 139,171 million yen and “Deferred tax liabilities” of “Noncurrent liabilities” 2,466 million yen.

(Consolidated Statements of Cash Flows)

“Increase (decrease) in provision for loss related to airbags” 64,711 million yen, “Increase (decrease) in accrued expenses” 26,264 million yen out of 40,158 million yen and “Other, net” 12,676 million yen of 20,336 million yen “Net cash provided by(used in) operating activities” section in the Consolidated Statements of Cash Flows of the fiscal year ended March 31, 2018 are aggregated and presented as “Increase (decrease) in Provision for product warranties” 103,651 million yen.

(Consolidated Statements of Income)

1. Extraordinary gain

FYE 2019 (April 1, 2018 to March 31, 2019)

Gain on sales on business

The gain is recognized due to the sale of retail business of other brand vehicles.

2. Extraordinary loss

FYE 2018 (April 1, 2017 to March 31, 2018)

Loss related to airbags

The loss was recognized due to the market measures concerning Takata airbag inflator not containing desiccant (hereinafter referred to as "the airbag"). It is quality-assurance expenses which further market measures relating to the airbags to be taken in the current fiscal year and beyond.

(Segment Information)

1. Outline of business segment

The business segments the Company reports are the business units for which the Company is able to obtain respective financial information separately in order for the Board of Directors to conduct periodic investigation to determine distribution of management resources and evaluate their business result.

The Company recognizes Automobile at its main business, and introduces an internal company system and recognizes Aerospace, and Other divisions. This framework makes clearer the responsibility of each division and accelerates business execution. The Company manages the subsidiaries on the basis of this classification. Therefore, the business segments consist of Automobile, Aerospace, and Other which does not belong to Automobile nor Aerospace.

Automobile segment manufactures and sells vehicles and related products. Aerospace segment manufactures and sells aircrafts, parts of space-related devices.

2. Method of calculating sales and income(loss), identifiable assets, and other items by business segment reported

Accounting method for business segment reported is almost the same as the accounting method to prepare for consolidated financial statements.

Segment income by business segment reported is calculated based on operating income.

Net sales - Inter-segment are calculated based on current market prices.

3. Information on sales and income(loss) by business segment reported

FYE 2018 (April 1, 2017 to March 31, 2018)

(Unit: Millions of yen)

| | Business segment reported | | | Other *1 | Total | Adjustment *2 | Consolidated Statement of income *3 |
|---|---------------------------|-----------|---------------|-------------|-----------|------------------|---|
| | Automobiles | Aerospace | Sub- Total | | | | |
| Net sales | | | | | | | |
| Outside customers | 3,062,340 | 142,163 | 3,204,503 | 28,192 | 3,232,695 | — | 3,232,695 |
| Inter-segment | 2,918 | 5 | 2,923 | 23,852 | 26,775 | (26,775) | — |
| Total sales | 3,065,258 | 142,168 | 3,207,426 | 52,044 | 3,259,470 | (26,775) | 3,232,695 |
| Segment income | 361,454 | 12,259 | 373,713 | 5,066 | 378,779 | 668 | 379,447 |
| Identifiable assets by business segment | 2,580,353 | 234,619 | 2,814,972 | 77,583 | 2,892,555 | (26,081) | 2,866,474 |
| Other items | | | | | | | |
| Depreciation | 95,193 | 5,298 | 100,491 | 1,611 | 102,102 | — | 102,102 |
| Investment to equity- method affiliates | 3,461 | — | 3,461 | 54 | 3,515 | — | 3,515 |
| Increase of property, plant and equipment and intangible assets | 185,056 | 8,316 | 193,372 | 417 | 193,789 | — | 193,789 |

Notes: *1. Other means the category which is not included into any business segment reported. It consists of Industrial product, real estate lease, etc.

*2. Adjustment of segment income refers to elimination of intersegment transaction.

*3. Segment income is adjusted on the operating income of the consolidated statements of income.

FYE 2019 (April 1, 2018 to March 31, 2019)

(Unit: Millions of yen)

| | Business segment reported | | | Other *1 | Total | Adjustment *2 | Consolidated Statement of income *3 |
|---|---------------------------|-----------|---------------|-------------|-----------|------------------|---|
| | Automobiles | Aerospace | Sub- Total | | | | |
| Net sales | | | | | | | |
| Outside customers | 3,014,476 | 131,669 | 3,146,145 | 14,369 | 3,160,514 | — | 3,160,514 |
| Inter-segment | 3,134 | 804 | 3,938 | 26,822 | 30,760 | (30,760) | — |
| Total sales | 3,017,610 | 132,473 | 3,150,083 | 41,191 | 3,191,274 | (30,760) | 3,160,514 |
| Segment income | 184,947 | 6,047 | 190,994 | 3,846 | 194,840 | 689 | 195,529 |
| Identifiable assets by business segment | 2,656,560 | 275,866 | 2,932,426 | 76,818 | 3,009,244 | (26,519) | 2,982,725 |
| Other items | | | | | | | |
| Depreciation | 96,867 | 4,487 | 101,354 | 1,395 | 102,749 | — | 102,749 |
| Investment to equity- method affiliates | 3,362 | — | 3,362 | 1,321 | 4,683 | — | 4,683 |
| Increase of property, plant and equipment and intangible assets | 162,132 | 6,058 | 168,190 | 1,770 | 169,960 | — | 169,960 |

Notes: *1. Other means the category which is not included into any business segment reported. It consists of Industrial product, real estate lease, etc.

*2. Adjustment of segment income refers to elimination of intersegment transaction.

*3. Segment income is adjusted on the operating income of the consolidated statements of income.

4. Changes in Segment reported

(Changes in accounting method for sales)

As described in "(Changes in Accounting policies)", changes in accounting method for sales are retrospectively applied. As a result, sales of "Automobiles" decreased by 172,526 million yen in the FYE 2018.

(Changes in depreciation method for tangible fixed assets)

As described in "(Changes in Accounting policies)", the Company and its major consolidated subsidiaries changed the depreciation method for tangible fixed assets. Segment income of "Automobiles" increased by 11,731 million yen, "Aerospace" increased by 1,055 million yen and "Other" increased by 112 million yen respectively in the FYE 2019.

(Changes in classification of Deferred tax assets)

As described in "(Changes in presentation methods)", the Company changed classification of Deferred tax assets. As a result, identifiable assets by business segment of "Automobile" decreased by 17,839 million yen in the FYE 2018.

(Per Share Information)

| | FYE2018 (April 1, 2017 to March 31, 2018) | FYE2019 (April 1, 2018 to March 31, 2019) |
|-----------------------------------|---|---|
| Net assets per share (yen) | 2,025.31 | 2,093.60 |
| Net income per share, basic (yen) | 287.40 | 192.78 |

Notes: 1. Since there are no dilutive potential securities, diluted information is not presented.

2. The following shows the basis of calculating net income per share.

| | FYE2018 (April 1, 2017 to March 31, 2018) | FYE2019 (April 1, 2018 to March 31, 2019) |
|---|---|---|
| Net income per share | | |
| Net income attributable to owners of parent (millions of yen) | 220,354 | 147,812 |
| Monetary value not related to common shareholders (millions of yen) | — | — |
| Net income attributable to owners of parent related to common stock (millions of yen) | 220,354 | 147,812 |
| Number of weighted average common shares outstanding during the fiscal year (Thousands of shares) | 766,708 | 766,749 |

3. The following shows the basis of calculating net assets per share.

| | FYE2018 (as of March 31, 2018) | FYE2019 (as of March 31, 2019) |
|--|-----------------------------------|-----------------------------------|
| Total amount of net assets (millions of yen) | 1,561,023 | 1,612,825 |
| The amount deducted from total amount of net assets (millions of yen) | 8,179 | 7,534 |
| (Held by Non-controlling interests)(millions of yen) | (8,179) | (7,534) |
| Net assets related to common stock (millions of yen) | 1,552,844 | 1,605,291 |
| Number of common stock used in the calculation of net assets per share (Thousands of shares) | 766,721 | 766,761 |

(Subsequent Event)

Not Applicable

4. Non-consolidated Financial Statements

(1) Non-consolidated Balance Sheet

(Unit: Millions of yen)

| | FYE2018 (as of March 31, 2018) | FYE2019 (as of March 31, 2019) |
|--|-----------------------------------|-----------------------------------|
| ASSETS | | |
| I Current assets | | |
| Cash and deposits | 601,440 | 742,751 |
| Accounts receivable-trade | 244,157 | 261,785 |
| Short-term investment securities | 102,499 | 80,997 |
| Merchandise and finished goods | 39,307 | 48,330 |
| Work in process | 47,567 | 66,718 |
| Raw materials and supplies | 15,663 | 20,016 |
| Advance payments-trade | 6,644 | 14,924 |
| Prepaid expenses | 6,957 | 4,801 |
| Short-term loans receivable to subsidiaries and affiliates | 56,195 | 58,704 |
| Current portion of long-term loans receivable from subsidiaries and affiliates | 22,500 | 18,000 |
| Deposits paid | 30,759 | 30,540 |
| Accounts receivable-other | 36,845 | 38,594 |
| Other | 25,683 | 20,964 |
| Allowance for doubtful accounts | (32) | (11) |
| Total current assets | 1,236,184 | 1,407,113 |
| II Noncurrent assets | | |
| 1. Property, plant and equipment | | |
| Buildings, net | 86,423 | 90,496 |
| Structures, net | 12,469 | 13,725 |
| Machinery and equipment, net | 99,248 | 118,217 |
| Vehicles, net | 1,771 | 2,774 |
| Tools, furniture and fixtures, net | 7,608 | 10,078 |
| Land | 80,002 | 81,612 |
| Construction in progress | 33,493 | 7,684 |
| Other | 1,737 | 3,050 |
| Total property, plant and equipment | 322,751 | 327,636 |
| 2. Intangible assets | | |
| Software | 20,008 | 22,863 |
| Other | 5,668 | 6,758 |
| Total intangible assets | 25,676 | 29,621 |
| 3. Investments and other assets | | |
| Investment securities | 9,371 | 3,673 |
| Stocks of subsidiaries and affiliates | 147,657 | 148,828 |
| Investments in capital of subsidiaries and affiliates | 2,436 | 3,634 |
| Long-term loans receivable | 604 | 504 |
| Long-term loans receivable from subsidiaries and affiliates | 71,885 | 80,949 |
| Claims provable in bankruptcy, claims provable in rehabilitation and other | 2,690 | 2,660 |
| Prepaid pension cost | 12,506 | 11,638 |
| Deferred tax assets | 94,129 | 111,639 |
| Other | 22,099 | 22,989 |
| Allowance for doubtful accounts | (4,037) | (3,272) |
| Total investments and other assets | 359,340 | 383,242 |
| Total noncurrent assets | 707,767 | 740,499 |
| Total assets | 1,943,951 | 2,147,612 |

(Unit: Millions of yen)

| | FYE2018 (as of March 31, 2018) | FYE2019 (as of March 31, 2019) |
|---|-----------------------------------|-----------------------------------|
| LIABILITIES | | |
| I Current liabilities | | |
| Notes payable-trade | 1,270 | 507 |
| Accounts payable-trade | 263,317 | 237,125 |
| Electronically recorded obligations-operating | 63,841 | 63,954 |
| Current portion of long-term loans payable | 40,100 | 5,500 |
| Lease obligations | 909 | 1,831 |
| Accounts payable-other | 29,374 | 17,398 |
| Accrued expenses | 37,638 | 38,269 |
| Income taxes payable | 42,294 | 912 |
| Advances received | 33,937 | 33,416 |
| Deposits received | 1,468 | 237,943 |
| Provision for bonuses | 15,686 | 14,294 |
| Provision for product warranties | 192,915 | 255,836 |
| Provision for loss on construction contracts | 160 | 666 |
| Provision for loss on business liquidation | 3,098 | 1,575 |
| Asset retirement obligations | 0 | — |
| Other | 9,594 | 4,261 |
| Total current liabilities | 735,601 | 913,487 |
| II Noncurrent liabilities | | |
| Long-term loans payable | 16,000 | 85,200 |
| Lease obligations | 1,345 | 1,603 |
| Provision for product warranties | 30,380 | 33,046 |
| Provision for retirement benefits | 381 | 261 |
| Asset retirement obligations | 16 | 16 |
| Other | 4,160 | 3,190 |
| Total noncurrent liabilities | 52,282 | 123,316 |
| Total liabilities | 787,883 | 1,036,803 |
| NET ASSETS | | |
| I Shareholders' equity | | |
| Capital stock | 153,795 | 153,795 |
| Capital surplus | | |
| Legal capital surplus | 160,071 | 160,071 |
| Other capital surplus | 19 | 14 |
| Total capital surplus | 160,090 | 160,085 |
| Retained earnings | | |
| Legal retained earnings | 7,901 | 7,901 |
| Other retained earnings | | |
| Reserve for reduction entry of land | 990 | 990 |
| General reserve | 35,335 | 35,335 |
| Retained earnings brought forward | 802,203 | 759,738 |
| Total retained earnings | 846,429 | 803,964 |
| Treasury stock | (7,054) | (6,910) |
| Total shareholders' equity | 1,153,260 | 1,110,934 |
| II Valuation and translation adjustments | | |
| Valuation difference on available-for-sale securities | 2,808 | (125) |
| Total valuation and translation adjustments | 2,808 | (125) |
| Total net assets | 1,156,068 | 1,110,809 |
| Total liabilities and net assets | 1,943,951 | 2,147,612 |

(2) Non-consolidated Statements of Income (for twelve-month period)

(Unit: Millions of yen)

| | FYE2018 (April 1, 2017 to March 31, 2018) | FYE2019 (April 1, 2018 to March 31, 2019) |
|---|---|---|
| I Net sales | 2,083,284 | 1,929,791 |
| II Cost of sales | 1,604,246 | 1,641,311 |
| Gross profit | 479,038 | 288,480 |
| III Selling, general and administrative expenses | 223,023 | 208,658 |
| Operating income | 256,015 | 79,822 |
| IV Non-operating income | | |
| Interest income | 1,362 | 8,814 |
| Interest on securities | 38 | 37 |
| Dividends income | 19,523 | 3,531 |
| Foreign exchange income | — | 3,031 |
| Real estate rent | 2,835 | 2,868 |
| Gain on valuation of derivatives | 2,266 | — |
| Other | 3,258 | 4,544 |
| Total non-operating income | 29,282 | 22,825 |
| V Non-operating expenses | | |
| Interest expenses | 311 | 3,926 |
| Depreciation | 966 | 1,233 |
| Foreign exchange losses | 14,242 | — |
| Loss on valuation of derivatives | — | 6,993 |
| Plant shutdown related costs | — | 2,532 |
| Other | 3,753 | 5,344 |
| Total non-operating expenses | 19,272 | 20,028 |
| Ordinary income | 266,025 | 82,619 |
| VI Extraordinary income | | |
| Gain on sales of noncurrent assets | 46 | 95 |
| Gain on sales of investment securities | 4,256 | 3,214 |
| Other | 1,375 | 1,379 |
| Total extraordinary income | 5,677 | 4,688 |
| VII Extraordinary loss | | |
| Loss on sales and retirement of noncurrent assets | 3,092 | 3,609 |
| Loss related to airbags | 81,261 | — |
| Other | 1,419 | 566 |
| Total extraordinary losses | 85,772 | 4,175 |
| Income before income taxes | 185,930 | 83,132 |
| Income tax-current | 72,913 | 31,362 |
| Income taxes-deferred | (40,479) | (16,233) |
| Total income taxes | 32,434 | 15,129 |
| Net income | 153,496 | 68,003 |

(3) Non-consolidated Statements of Changes in Net Assets

FYE 2018 (April 1, 2017 to March 31, 2018)

(Unit: Millions of yen)

| | Shareholders' equity | | | | | | | | |
|--|----------------------|-----------------------|-----------------------|-----------------------|-------------------------|-------------------------------------|-----------------|-----------------------------------|-------------------------|
| | Capital stock | Capital surplus | | | Retained earnings | | | | |
| | | Legal capital surplus | Other capital surplus | Total capital surplus | Legal retained earnings | Other retained earnings | | | Total retained earnings |
| | | | | | | Reserve for reduction entry of land | General reserve | Retained earnings brought forward | |
| Balance at the beginning of current period | 153,795 | 160,071 | — | 160,071 | 7,901 | 990 | 35,335 | 759,170 | 803,396 |
| Changes of items during the period | | | | | | | | | |
| Dividends from surplus | — | — | — | — | — | — | — | (110,463) | (110,463) |
| Net income | — | — | — | — | — | — | — | 153,496 | 153,496 |
| Purchase of treasury stock | — | — | — | — | — | — | — | — | — |
| Disposal of treasury stock | — | — | 19 | 19 | — | — | — | — | — |
| Net changes of items other than shareholders' equity | — | — | — | — | — | — | — | — | — |
| Total changes of items during the period | — | — | 19 | 19 | — | — | — | 43,033 | 43,033 |
| Balance at the end of current period | 153,795 | 160,071 | 19 | 160,090 | 7,901 | 990 | 35,335 | 802,203 | 846,429 |

| | Shareholders' equity | | Valuation and translation adjustments | | Total net assets |
|--|----------------------|----------------------------|---|---|------------------|
| | Treasury stock | Total shareholders' equity | Valuation difference on available-for-sale securities | Total valuation and translation adjustments | |
| Balance at the beginning of current period | (7,173) | 1,110,089 | 5,160 | 5,160 | 1,115,249 |
| Changes of items during the period | | | | | |
| Dividends from surplus | — | (110,463) | — | — | (110,463) |
| Net income | — | 153,496 | — | — | 153,496 |
| Purchase of treasury stock | (11) | (11) | — | — | (11) |
| Disposal of treasury stock | 130 | 149 | — | — | 149 |
| Net changes of items other than shareholders' equity | — | — | (2,352) | (2,352) | (2,352) |
| Total changes of items during the period | 119 | 43,171 | (2,352) | (2,352) | 40,819 |
| Balance at the end of current period | (7,054) | 1,153,260 | 2,808 | 2,808 | 1,156,068 |

FYE 2019 (April 1, 2018 to March 31, 2019)

(Unit: Millions of yen)

| | Shareholders' equity | | | | | | | | |
|--|----------------------|-----------------------|-----------------------|-----------------------|-------------------------|-------------------------------------|-----------------|-----------------------------------|-------------------------|
| | Capital stock | Capital surplus | | | Retained earnings | | | | |
| | | Legal capital surplus | Other capital surplus | Total capital surplus | Legal retained earnings | Other retained earnings | | | Total retained earnings |
| | | | | | | Reserve for reduction entry of land | General reserve | Retained earnings brought forward | |
| Balance at the beginning of current period | 153,795 | 160,071 | 19 | 160,090 | 7,901 | 990 | 35,335 | 802,203 | 846,429 |
| Changes of items during the period | | | | | | | | | |
| Dividends from surplus | — | — | — | — | — | — | — | (110,468) | (110,468) |
| Net income | — | — | — | — | — | — | — | 68,003 | 68,003 |
| Purchase of treasury stock | — | — | — | — | — | — | — | — | — |
| Disposal of treasury stock | — | — | (5) | (5) | — | — | — | — | — |
| Net changes of items other than shareholders' equity | — | — | — | — | — | — | — | — | — |
| Total changes of items during the period | — | — | (5) | (5) | — | — | — | (42,465) | (42,465) |
| Balance at the end of current period | 153,795 | 160,071 | 14 | 160,085 | 7,901 | 990 | 35,335 | 759,738 | 803,964 |

| | Shareholders' equity | | Valuation and translation adjustments | | Total net assets |
|--|----------------------|----------------------------|---|---|------------------|
| | Treasury stock | Total shareholders' equity | Valuation difference on available-for-sale securities | Total valuation and translation adjustments | |
| Balance at the beginning of current period | (7,054) | 1,153,260 | 2,808 | 2,808 | 1,156,068 |
| Changes of items during the period | | | | | |
| Dividends from surplus | — | (110,468) | — | — | (110,468) |
| Net income | — | 68,003 | — | — | 68,003 |
| Purchase of treasury stock | (5) | (5) | — | — | (5) |
| Disposal of treasury stock | 149 | 144 | — | — | 144 |
| Net changes of items other than shareholders' equity | — | — | (2,933) | (2,933) | (2,933) |
| Total changes of items during the period | 144 | (42,326) | (2,933) | (2,933) | (45,259) |
| Balance at the end of current period | (6,910) | 1,110,934 | (125) | (125) | 1,110,809 |