

Consolidated Financial Results

For the First Quarter of the Fiscal Year Ending March 31, 2020 (IFRS basis)



August 5, 2019

Company Name : **SUBARU CORPORATION.** (Tokyo Stock Exchange First Section, Code No.7270)
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 Scheduled date of submitting Quarterly Report : August 9, 2019
 Scheduled date for dividend payment : -
 Quarterly earnings supplementary explanatory documents : Yes
 Holding of quarterly 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. Consolidated Results for the First Quarter of FYE 2020 (April 1, 2019 to June 30, 2019)

(1) Consolidated Financial Results (for three-month period)

(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	Profit for the period attributable to owners of parent	Total comprehensive income
1st Quarter of FYE 2020	833,423 16.0%	92,212 48.4%	89,349 41.0%	66,573 42.5%	66,456 40.1%	53,461 (13.7)%
1st Quarter of FYE 2019	718,381 -%	62,147 -%	63,378 -%	46,705 -%	47,428 -%	61,912 -%

	Profit for the period per share,basic(Yen)	Profit for the period per share,diluted(Yen)
1st Quarter of FYE 2020	86.67	-
1st Quarter of FYE 2019	61.86	-

(2) Financial Position

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

	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent to total assets
1st Quarter of FYE 2020	3,167,842	1,687,366	1,679,883	53.0%
FYE 2019	3,180,597	1,689,899	1,682,248	52.9%

2. Dividends

	Cash dividends per share (yen)				
	1st Quarter	2nd Quarter	3rd Quarter	Year-end	Annual
FYE 2019	-	72.00	-	72.00	144.00
FYE 2020	-				
FYE 2020 (Forecast)		72.00	-	72.00	144.00

Note: Revision of the forecasts in the fiscal year ended March 31, 2019: No

3. Projection of Consolidated Results for FYE 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	Profit for the period per share,basic(Yen)
Full Year	3,310,000 4.9%	260,000 43.1%	270,000 45.1%	210,000 48.5%	273.88

Note: Revision of the forecasts at the timing of announcement of the results of the fiscal year ended March 31, 2019: No

4. Others

(1) Changes of significant subsidiaries in the first quarter of FYE 2020 : No

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

1) Changes in accounting policy required by IFRS : No

2) Changes other than the above 1) : No

3) Changes in accounting estimates : No

(3) Number of issued shares (common stock)

1) Number of outstanding shares (including treasury stock)	As of June 30, 2019:	769,175,873shares	As of March 31, 2019:	769,175,873shares
2) Number of treasury stock	As of June 30, 2019:	2,415,339shares	As of March 31, 2019:	2,414,841shares
3) Average number of shares (for three-month period)	1st Quarter of FYE 2020:	766,760,733shares	1st Quarter of FYE 2019:	766,719,718shares

*The status of the implementation of the first quarterly review

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

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

1. The Group has voluntarily adopted the IFRS from the first quarter of the fiscal year ending March 2020, and the figures for the first quarter of fiscal year ended FYE 2019 and the fiscal year ended FYE 2019 have also been reclassified to the IFRS basis and presented.

2. 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.

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1. Condensed Quarterly Consolidated Financial Statements

(1) Condensed Quarterly Consolidated Statements of Financial Position

(Unit: Millions of yen)

	Transition date (as of April 1, 2018)	FYE 2019 (as of March 31, 2019)	1st Quarter of FYE 2020 (as of June 30, 2019)
Assets			
Current assets			
Cash and cash equivalents	765,591	702,328	733,853
Trade and other receivables	343,463	344,237	327,421
Inventories	328,941	403,473	364,352
Income taxes receivable	4,316	9,704	8,070
Other financial assets	372,531	394,406	373,777
Other current assets	54,126	59,582	63,955
Subtotal	1,868,968	1,913,730	1,871,428
Assets held for sale	761	4	4
Total current assets	1,869,729	1,913,734	1,871,432
Non-current assets			
Property, plant and equipment	770,698	808,710	832,441
Intangible assets and goodwill	153,175	155,510	161,406
Investment property	27,278	25,414	25,436
Investments accounted for using equity method	7,502	8,821	9,515
Other financial assets	41,654	40,121	40,525
Other non-current assets	85,876	100,764	102,845
Deferred tax assets	114,625	127,523	124,242
Total non-current assets	1,200,808	1,266,863	1,296,410
Total assets	3,070,537	3,180,597	3,167,842

(Unit: Millions of yen)

	Transition date (as of April 1, 2018)	FYE 2019 (as of March 31, 2019)	1st Quarter of FYE 2020 (as of June 30, 2019)
Liabilities and equity			
Liabilities			
Current liabilities			
Trade and other payables	435,929	404,395	399,629
Borrowings	69,315	15,274	13,036
Other financial liabilities	40,077	51,621	52,656
Income taxes payable	42,408	4,331	17,723
Provisions	241,773	289,912	251,663
Other current liabilities	278,766	297,917	315,823
Total current liabilities	1,108,268	1,063,450	1,050,530
Non-current liabilities			
Borrowings	21,138	88,452	93,975
Other financial liabilities	67,803	73,856	70,715
Employee benefits	47,320	52,618	54,041
Provisions	37,379	45,537	43,479
Other non-current liabilities	143,131	162,197	162,569
Deferred tax liabilities	2,727	4,588	5,167
Total non-current liabilities	319,498	427,248	429,946
Total Liabilities	1,427,766	1,490,698	1,480,476
Equity			
Equity attributable to owners of parent			
Capital stock	153,795	153,795	153,795
Capital surplus	160,197	160,192	160,192
Treasury shares	(7,054)	(6,910)	(6,912)
Retained earnings	1,317,639	1,350,639	1,361,103
Other components of equity	9,742	24,532	11,705
Total equity attributable to owners of parent	1,634,319	1,682,248	1,679,883
Non-controlling interests	8,452	7,651	7,483
Total equity	1,642,771	1,689,899	1,687,366
Total liabilities and equity	3,070,537	3,180,597	3,167,842

(2) Condensed Quarterly Consolidated Statements of Income and Condensed Quarterly Consolidated Statements of Comprehensive Income
Condensed Quarterly Consolidated Statements of Income (for three-month period)

(Unit: Millions of yen)

	FYE 2019 (April 1, 2018 to June 30, 2018)	FYE 2020 (April 1, 2019 to June 30, 2019)
Revenue	718,381	833,423
Cost of sales	(555,237)	(649,084)
Gross profit	163,144	184,339
Selling, general and administrative expenses	(71,818)	(73,198)
Research and development expenses	(29,666)	(18,328)
Other income	2,938	1,193
Other expenses	(2,392)	(2,242)
Share of profit (loss) of investments accounted for using equity method	(59)	448
Operating profit	62,147	92,212
Finance income	12,565	8,932
Finance costs	(11,334)	(11,795)
Profit before tax	63,378	89,349
Income tax expense	(16,673)	(22,776)
Profit for the period	46,705	66,573
Profit for the period attributable to		
Owners of parent	47,428	66,456
Non-controlling interests	(723)	117
Profit for the period	46,705	66,573
Profit for the period per share attributable to owners of parent		
Basic (Yen)	61.86	86.67

Condensed Quarterly Consolidated Statements of Comprehensive Income (for three-month period)

(Unit: Millions of yen)

	FYE 2019 (April 1, 2018 to June 30, 2018)	FYE 2020 (April 1, 2019 to June 30, 2019)
Profit for the period	46,705	66,573
Other comprehensive income (after deduction of tax)		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plans	-	-
Net changes in revaluation of capital financial assets measured at fair value through other comprehensive income	684	416
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	14,811	(14,547)
Share of other comprehensive income of investments accounted for using equity method	(110)	(22)
Net changes in revaluation of liability financial assets measured at fair value through other comprehensive income	(178)	1,041
Other comprehensive income (after deduction of tax) total	15,207	(13,112)
Comprehensive income	61,912	53,461
Comprehensive income attributable to		
Owners of parent	62,714	53,629
Non-controlling interests	(802)	(168)
Comprehensive income	61,912	53,461

(3) Condensed Quarterly Consolidated Statement of changes in equity
FYE 2019 (April 1, 2018 to June 30, 2018)

(Unit: Millions of yen)

	Equity attributable to owners of parent					Total	Non-controlling interests	Total capital
	Capital stock	Capital surplus	Treasury shares	Retained earnings	Other components of equity			
Balance at the beginning of the year	153,795	160,197	(7,054)	1,317,639	9,742	1,634,319	8,452	1,642,771
Comprehensive income								
Profit for the period	-	-	-	47,428	-	47,428	(723)	46,705
Other comprehensive income (after deduction of tax)	-	-	-	-	15,286	15,286	(79)	15,207
Comprehensive income total	-	-	-	47,428	15,286	62,714	(802)	61,912
Transfer to retained earnings	-	-	-	1,458	(1,458)	-	-	-
Transactions with owners								
Dividends paid	-	-	-	(55,233)	-	(55,233)	-	(55,233)
Purchase of treasury shares	-	-	(1)	-	-	(1)	-	(1)
Disposal of treasury shares	-	-	1	1	-	2	-	2
Capital transaction and others	-	-	-	-	-	-	-	-
Total transactions with owners	-	-	-	(55,231)	-	(55,231)	-	(55,231)
Balance at the end of the year	153,795	160,197	(7,054)	1,311,293	23,570	1,641,801	7,650	1,649,451

FYE 2020 (April 1, 2019 to June 30, 2019)

(Unit: Millions of yen)

	Equity attributable to owners of parent					Total	Non-controlling interests	Total capital
	Capital stock	Capital surplus	Treasury shares	Retained earnings	Other components of equity			
Balance at the beginning of the year	153,795	160,192	(6,910)	1,350,639	24,532	1,682,248	7,651	1,689,899
Comprehensive income								
Profit for the period	-	-	-	66,456	-	66,456	117	66,573
Other comprehensive income (after deduction of tax)	-	-	-	-	(12,827)	(12,827)	(285)	(13,112)
Comprehensive income total	-	-	-	66,456	(12,827)	53,629	(168)	53,461
Transfer to retained earnings	-	-	-	-	-	-	-	-
Transactions with owners								
Dividends paid	-	-	-	(55,236)	-	(55,236)	-	(55,236)
Purchase of treasury shares	-	-	(2)	-	-	(2)	-	(2)
Disposal of treasury shares	-	-	-	-	-	-	-	-
Capital transaction and others	-	-	-	(756)	-	(756)	-	(756)
Total transactions with owners	-	-	(2)	(55,992)	-	(55,994)	-	(55,994)
Balance at the end of the year	153,795	160,192	(6,912)	1,361,103	11,705	1,679,883	7,483	1,687,366

(4) Condensed Quarterly Consolidated Statements of Cash Flows

(Unit: Millions of yen)

	FYE 2019 (April 1, 2018 to June 30, 2018)	FYE 2020 (April 1, 2019 to June 30, 2019)
Net cash provided by (used in) operating activities		
Profit before tax	63,378	89,349
Depreciation and amortization	41,346	46,741
Share of loss (profit) of investments accounted for using equity method	59	(448)
Finance income	(12,565)	(8,932)
Finance costs	11,334	11,795
Decrease (increase) in trade and other receivables	13,737	15,566
Decrease (increase) in inventories	(12,866)	30,732
Increase (decrease) in trade and other payables	(9,731)	(7,858)
Increase (decrease) in provisions and employee benefits	6,454	(37,805)
Others	(13,604)	(922)
Subtotal	87,542	138,218
Interest received	2,086	3,105
Dividends received	300	263
Interest paid	(578)	(492)
Income taxes paid	(47,076)	(4,395)
Net cash provided by (used in) operating activities	42,274	136,699
Net cash provided by (used in) investing activities		
Net decrease (increase) in time deposits	4,056	17,461
Purchase of property, plant and equipment	(30,299)	(29,735)
Proceeds from sale of property, plant and equipment	2,614	805
Purchase of intangible assets and expenditure on internally generated intangible assets	(6,806)	(18,099)
Purchase of other financial assets	(71,831)	(72,450)
Proceeds from sale and collection of other financial assets	66,160	74,860
Others	16	(787)
Net cash provided by (used in) investing activities	(36,090)	(27,945)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term borrowings	(9,916)	(868)
Repayments of long-term borrowings	(27,553)	(1,545)
Proceeds from long-term borrowings	7,900	5,900
Repayments of lease liabilities	(10,697)	(11,504)
Dividends paid to owners of parent	(53,695)	(53,695)
Others	1	(25)
Net cash provided by (used in) financing activities	(93,960)	(61,737)
Effect of exchange rate changes on cash and cash equivalents	16,619	(15,492)
Net increase (decrease) in cash and cash equivalents	(71,157)	31,525
Cash and cash equivalents at beginning of period	765,591	702,328
Cash and cash equivalents at end of period	694,434	733,853

(5) Note to Condensed Quarterly Consolidated Financial Statements

(Note on Premise of Going Concern)

Not Applicable

(Segment information)

Information on revenue, profit or loss, and other significant items by segment

Segment information by business type of the Company and its consolidated subsidiaries during the first quarter of FYE 2019 and the first quarter of FYE 2020 is as follows.

FYE 2019 (April 1, 2018 to June 30, 2018)

	(Unit: Millions of yen)					
	Automobiles	Aerospace	Subtotal	Others	Adjustment	Consolidated
Revenue						
(1) Outside customers	681,253	33,834	715,087	3,294	-	718,381
(2) Inter-segment	698	798	1,496	5,570	(7,066)	-
Total revenue	681,951	34,632	716,583	8,864	(7,066)	718,381
Share of profit (loss) of investments accounted for using equity method	(59)	-	(59)	-	-	(59)
Operating profit	59,308	1,697	61,005	1,052	90	62,147
Finance income						12,565
Finance costs						(11,334)
Profit before tax						63,378

FYE 2020 (April 1, 2019 to June 30, 2019)

	(Unit: Millions of yen)					
	Automobiles	Aerospace	Subtotal	Others	Adjustment	Consolidated
Revenue						
(1) Outside customers	796,008	35,456	831,464	1,959	-	833,423
(2) Inter-segment	701	-	701	6,172	(6,873)	-
Total revenue	796,709	35,456	832,165	8,131	(6,873)	833,423
Share of profit (loss) of investments accounted for using equity method	519	-	519	(71)	-	448
Operating profit	87,833	2,859	90,692	1,474	46	92,212
Finance income						8,932
Finance costs						(11,795)
Profit before tax						89,349

Note: The method of calculating operating profit for each segment is consistent with the method of calculating operating profit in the condensed quarterly consolidated statements of income, and does not include financial income, financial costs, and income tax expense. In addition, operating expenses that can not be charged directly to each segment are allocated to each segment based on the most reasonable allocation criteria.

(Significant Subsequent Event)

Not applicable.

(First-time adoption)

The Group discloses consolidated financial statements in accordance with IFRS in the quarterly reports from the first quarter of the fiscal year ending March 2020. The transition date to IFRS is April 1, 2018. The reconciliations required for first-time adoption of IFRS are as follows.

1. Adjustment to Capital on the transition date (April 1, 2018)

(Unit: Millions of yen)

Accounts presented in Japanese GAAP	Japanese GAAP	Reclassification	Difference of recognition and measurement	IFRS	Note	Accounts presented in IFRS
Cash and deposits	765,397	194	-	765,591		Cash and cash equivalents
Notes and accounts receivable-trade	154,907	212,590	(24,034)	343,463	2	Trade and other receivables
Short-term loans receivable	185,364	(185,364)	-			
Lease investment assets	17,120	(17,120)	-			
Merchandise and finished goods	202,435	94,755	31,751	328,941	2	Inventories
Work in process	52,307	(52,307)	-			
Raw materials and supplies	42,448	(42,448)	-			
Short-term investment securities	242,573	129,796	162	372,531		Other financial assets
Others	107,893	(47,662)	(6,105)	54,126		Other current assets
		4,316	-	4,316		Income taxes receivable
		761	-	761		Assets held for sale
Total current assets	1,770,444	97,511	1,774	1,869,729		Total current assets
Property, plant and equipment	703,108	(28,176)	95,766	770,698	3,4	Property, plant and equipment
		27,278	-	27,278		Investment property
Intangible assets	28,293	137	124,745	153,175	3	Intangible assets and goodwill
Investment securities	113,465	(75,702)	3,891	41,654		Other financial assets
		7,502	-	7,502		Investments accounted for using equity method
Deferred tax assets	139,171	(41,601)	17,055	114,625		Deferred tax assets
Others	115,355	(31,912)	2,433	85,876		Other non-current assets
Allowance for doubtful accounts	△3,362	3,362	-			
Total non-current assets	1,096,030	(139,112)	243,890	1,200,808		Total non-current assets
Total assets	2,866,474	(41,601)	245,664	3,070,537		Total assets

Accounts presented in Japanese GAAP	Japanese GAAP	Reclassification	Difference of recognition and measurement	IFRS	Note	Accounts presented in IFRS
Notes and accounts payable-trade	320,137	121,552	(5,760)	435,929		Trade and other payables
Short-term loans payable	22,082	42,982	4,251	69,315		Borrowings
Current portion of long-term loans payable	42,982	(42,982)	-			
Income taxes payable	45,372	(2,964)	-	42,408		Income taxes payable
Provision	233,812	-	7,961	241,773		Provisions
Others	237,676	28,705	12,385	278,766	2	Other current liabilities
Accrued expenses	148,945	(148,945)	-			
		1,157	38,920	40,077	4	Other financial liabilities
Total current liabilities	1,051,006	(495)	57,757	1,108,268		Total current liabilities
Long-term loans payable	21,138	-	-	21,138		Borrowings
Net defined benefit liability	19,337	25,053	2,930	47,320		Employee benefits
Provision	36,248	(298)	1,429	37,379		Provisions
Others	175,256	(36,341)	4,216	143,131	2	Other non-current liabilities
		12,081	55,722	67,803	4	Other financial liabilities
Deferred tax liabilities	2,466	(41,601)	41,862	2,727		Deferred tax liabilities
Total non-current liabilities	254,445	(41,106)	106,159	319,498		Total non-current liabilities
Total liabilities	1,305,451	(41,601)	163,916	1,427,766		Total Liabilities
Capital stock	153,795	-	-	153,795		Capital stock
Capital surplus	160,197	-	-	160,197		Capital surplus
Treasury stock	(7,054)	-	-	(7,054)		Treasury shares
Retained earnings	1,283,539	-	34,100	1,317,639	1,2,3,4	Retained earnings
Accumulated other comprehensive income	(37,633)	-	47,375	9,742	1	Other components of equity
Non-controlling interests	8,179	-	273	8,452		Non-controlling interests
Total net assets	1,561,023	-	81,748	1,642,771		Total equity
Total liabilities and net assets	2,866,474	(41,601)	245,664	3,070,537		Total liabilities and equity

2. Adjustment to Capital on March 31, 2019

(Unit: Millions of yen)

Accounts presented in Japanese GAAP	Japanese GAAP	Reclassification	Difference of recognition and measurement	IFRS	Note	Accounts presented in IFRS
Cash and deposits	831,700	(129,372)	-	702,328		Cash and cash equivalents
Notes and accounts receivable-trade	148,485	219,404	(23,652)	344,237	2	Trade and other receivables
Short-term loans receivable	198,737	(198,737)	-			
Lease investment assets	14,731	(14,731)	-			
Merchandise and finished goods	249,558	141,142	12,773	403,473	2	Inventories
Work in process	74,711	(74,711)	-			
Raw materials and supplies	66,431	(66,431)	-			
Short-term investment securities	119,963	274,197	246	394,406		Other financial assets
Others	121,903	(48,978)	(13,343)	59,582		Other current assets
		9,704	-	9,704		Income taxes receivable
		4	-	4		Assets held for sale
Total current assets	1,826,219	111,491	(23,976)	1,913,734		Total current assets
Property, plant and equipment	717,394	(29,274)	120,590	808,710	3,4	Property, plant and equipment
		25,414	-	25,414		Investment property
Intangible assets	33,754	3,856	117,900	155,510	3	Intangible assets and goodwill
Investment securities	122,453	(86,498)	4,166	40,121		Other financial assets
		8,821	-	8,821		Investments accounted for using equity method
Deferred tax assets	151,019	(47,890)	24,394	127,523		Deferred tax assets
Others	135,132	(37,056)	2,688	100,764		Other non-current assets
Allowance for doubtful accounts	(3,246)	3,246	-			
Total non-current assets	1,156,506	(159,381)	269,738	1,266,863		Total non-current assets
Total assets	2,982,725	(47,890)	245,762	3,180,597		Total assets

Accounts presented in Japanese GAAP	Japanese GAAP	Reclassification	Difference of recognition and measurement	IFRS	Note	Accounts presented in IFRS
Notes and accounts payable-trade	315,026	97,425	(8,056)	404,395		Trade and other payables
Short-term loans payable	4,352	7,592	3,330	15,274		Borrowings
Current portion of long-term loans payable	7,592	(7,592)	-			
Income taxes payable	5,367	(1,036)	-	4,331		Income taxes payable
Provision	281,705	95	8,112	289,912		Provisions
Others	236,468	61,826	(377)	297,917	2	Other current liabilities
Accrued expenses	161,661	(161,661)	-			
		2,792	48,829	51,621	4	Other financial liabilities
Total current liabilities	1,012,171	(559)	51,838	1,063,450		Total current liabilities
Long-term loans payable	88,452	-	-	88,452		Borrowings
Net defined benefit liability	22,900	26,623	3,095	52,618		Employee benefits
Provision	44,422	(314)	1,429	45,537		Provisions
Others	196,915	(36,547)	1,829	162,197	2	Other non-current liabilities
		10,797	63,059	73,856	4	Other financial liabilities
Deferred tax liabilities	5,040	(47,890)	47,438	4,588		Deferred tax liabilities
Total non-current liabilities	357,729	(47,331)	116,850	427,248		Total non-current liabilities
Total liabilities	1,369,900	(47,890)	168,688	1,490,698		Total Liabilities
Capital stock	153,795	-	-	153,795		Capital stock
Capital surplus	160,192	-	-	160,192		Capital surplus
Treasury stock	(6,910)	-	-	(6,910)		Treasury shares
Retained earnings	1,320,177	-	30,462	1,350,639	1,2,3,4	Retained earnings
Accumulated other comprehensive income	(21,963)	-	46,495	24,532	1	Other components of equity
Non-controlling interests	7,534	-	117	7,651		Non-controlling interests
Total net assets	1,612,825	-	77,074	1,689,899		Total equity
Total liabilities and net assets	2,982,725	(47,890)	245,762	3,180,597		Total liabilities and equity

3. Adjustment to Comprehensive income for the first quarter of FYE 2019(April 1, 2018 to June 30, 2018)

(Unit: Millions of yen)

Accounts presented in Japanese GAAP	Japanese GAAP	Reclassification	Difference of recognition and measurement	IFRS	Note	Accounts presented in IFRS
Net sales	709,227	-	9,154	718,381	2	Revenue
Cost of sales	549,676	-	5,561	555,237	2	Cost of sales
Gross profit	159,551	-	3,593	163,144		Gross profit
Selling, general and administrative expenses	101,975	(27,905)	(2,252)	71,818	3	Selling, general and administrative expenses
		27,905	1,761	29,666	3	Research and development expenses
		2,970	(32)	2,938		Other income
		2,536	(144)	2,392		Other expenses
		(59)	-	(59)		Share of profit (loss) of investments accounted for using equity method
Operating income	57,576	375	4,196	62,147		Operating profit
Non-operating income	14,395	(14,395)				
Non-operating expenses	11,874	(11,874)				
Ordinary income	60,097	(60,097)				
Extraordinary income	3,238	(3,238)				
Extraordinary loss	1,773	(1,773)				
		14,663	(2,098)	12,565		Finance income
		11,052	282	11,334		Finance costs
Income before income taxes	61,562	-	1,816	63,378		Profit before tax
Total income taxes	16,821	-	(148)	16,673		Income tax expense
Net income	44,741	-	1,964	46,705		Profit for the period
Net income attributable to owners of parent	45,463	-	1,965	47,428		Profit for the period attributable to owner of parents
Net income (loss) attributable to non-controlling interests	(722)	-	(1)	(723)		Profit for the period attributable to non-controlling interests

Accounts presented in Japanese GAAP	Japanese GAAP	Reclassification	Difference of recognition and measurement	IFRS	Note	Accounts presented in IFRS
Net income	44,741	-	1,964	46,705		Profit for the period
Other comprehensive income						Other comprehensive income (after deduction of tax) Items that will not be reclassified to profit or loss
Remeasurements of defined benefit plans	532	-	(532)	-		Remeasurements of defined benefit plans
Remeasurements of other postretirement benefits of foreign consolidated subsidiaries	66	-	(66)	-		
Valuation difference on available-for-sale securities	(1,142)	-	1,826	684		Net changes in revaluation of capital financial assets measured at fair value through other comprehensive income
Foreign currency translation adjustment	14,751	-	60	14,811		Exchange differences on translation of foreign operations
Share of other comprehensive income of associates accounted for using equity method	(110)	-	-	(110)		Share of other comprehensive income of investments accounted for using equity method
			(178)	(178)		Net changes in revaluation of liability financial assets measured at fair value through other comprehensive income
Total other comprehensive income	14,097	-	1,110	15,207		Other comprehensive income (after deduction of tax) total
Comprehensive income	58,838	-	3,074	61,912		Comprehensive income
Comprehensive income attributable to owners of parent	59,639	-	3,075	62,714		Comprehensive income attributable to owners of parents
Comprehensive income attributable to non-controlling interests	(801)	-	(1)	(802)		Comprehensive income attributable to non-controlling interests

Primary contents of difference of recognition and measurement are as follows.

1. Transfer of accumulated foreign currency translation adjustment related to overseas operations

For the first-time adoption of IFRS, we selected the exemptions in IFRS 1 and transferred all accumulated foreign currency translation adjustment on the transition date to retained earnings.

2. Revenue recognition

Under Japanese GAAP, sales recognition of new car sales is based on vehicle registration, while under IFRS, the point of sales recognition is the delivery to customer.

In accordance with this, the account receivables related to registered undelivered vehicles are derecognized, and inventory is recognized accordingly.

3. Adjustment of intangible assets

Under Japanese GAAP, all research and development expenses are recorded as expenses, while under IFRS, the R&D expenses that satisfied with certain requirements are recorded as intangible assets.

4. Adjustment of the right-of-use asset

Transactions that include a lease in a contract based on the practical judgment are not capitalized under Japanese GAAP, however, they are recognized as tangible fixed assets under IFRS. In addition, the liabilities for the lease transactions are recorded accordingly under IFRS.

5. Adjustment to Cash-flow

Under Japanese GAAP, R&D expenses are presented as “Cash flows from operating activities”, while under IFRS expenses capitalized related to R&D are presented as “Cash flows from investing activities”. Under Japanese GAAP, expenditures on right-of-use assets are presented as “cash flows from operating activities”, while under IFRS, lease liabilities are recognized and its repayments are presented as “cash flows from financing activities”.



Subaru Corporation Announces Consolidated Financial Results for the First Quarter of FYE2020

Tokyo, August 5, 2019 – Subaru Corporation today announced its consolidated financial results for the first quarter of fiscal year ending March 31, 2020.

< Results for April-June 2019: Consolidated Revenue >

Consolidated global unit sales of Subaru vehicles increased 8.8% to 263,000 units.

Overseas unit sales rose 9.7% to 229,000 units due mainly to growth in the U.S. driven by strong demand for the Ascent and Forester. Unit sales in Japan grew 2.9% to 33,000 units^{*1}, led by the fully-redesigned Forester launched in July 2018 and the Subaru XV which newly added “e-Boxer”-equipped models^{*2} to its lineup in October 2018.

Consolidated revenue^{*3} rose 16.0% to 833.4 billion yen due to unit sales growth and other factors.

The Company is voluntarily adopting International Financial Reporting Standards (IFRS) for its consolidated financial statements from the fiscal year ending March 2020 (FYE2020) in place of the Japanese generally accepted accounting principles (JGAAP) previously adopted. The first-quarter and full-year result figures for the previous fiscal year (FYE2019) have been recalculated based on IFRS for comparison and analysis purposes.

Global production rose 8.4% to 262,000 units. Production in Japan increased due to strong demand for the fully-redesigned Forester, which offset an impact of changes in operation schedules at the Gunma plant continuing since the fall of 2018 to ensure quality-first production and inspection work. Overseas production grew significantly due to an increase in output of the all-new Ascent at Subaru of Indiana Automotive Inc. in the U.S.

< Results for April-June 2019: Consolidated Profit and Loss >

Operating profit^{*4} rose 48.4% to 92.2 billion yen as a result of unit sales growth, sales incentive control, decreases in SG&A expenses and R&D expenditures, and other factors. Profit before tax^{*5} grew 41.0% to 89.3 billion yen. Profit for the period attributable to owners of parent^{*6} increased 40.1% to 66.5 billion yen.

< Forecasts for FYE2020 >

Full-year forecasts for FYE2020 remain unchanged from the previous announcement made on May 10, 2019.

Forecasts for FYE2020 (Announced on May 10, 2019):

Consolidated global sales of Subaru vehicles: 1,058,000 units

Revenue: 3,310 billion yen

Operating profit: 260 billion yen

Profit before tax: 270 billion yen

Profit for the period attributable to owners of parent: 210 billion yen

Currency rate assumptions: 110 yen/US\$, 120 yen/euro

*1: Under IFRS, revenue recognition timing for unit sales in Japan is on a delivery-to-customer basis, whereas it is on a vehicle registration basis under JGAAP.

*2: “e-Boxer” is Subaru’s newly-developed power unit system combining a horizontally-opposed Boxer engine with an electric motor, which offers enhanced environmental performance as well as Subaru’s distinctive driving enjoyment.

*3: “Net sales” in JGAAP is stated as “revenue” in IFRS.

*4: “Operating income” in JGAAP is stated as “operating profit” in IFRS.

*5: “Income before income taxes” in JGAAP is stated as “profit before tax” in IFRS.

*6: “Net income attributable to owners of parent” in JGAAP is stated as “profit for the period attributable to owners of parent” in IFRS.

Note: Vehicle volume figures are rounded off to the nearest thousand.

Forward-looking statements in this document including financial and other forecasts are based on the information available at the time of announcement and are subject to various risks and uncertainties that could cause actual results to vary materially.

< Reference for the First Quarter of FYE2020 Consolidated Financial Results >

(Yen in 100 Millions, Units in Thousands)

	FYE2019 1st Quarter [2018. 4-6] RESULTS		FYE2020 1st Quarter [2019. 4-6] RESULTS			FYE2019 Full Year [2018.4 - 2019.3] RESULTS		FYE2020 Full Year [2019.4 - 2020.3] FORECASTS			
	IFRS (a)	JGAAP	IFRS (b)	Change (b-a)	%	IFRS (c)	JGAAP	IFRS (d)	Change (d-c)	%	
		Originally- reported					Originally- reported				
Revenue *1	7,184	7,092	8,334	1,150	16.0	31,562	31,605	33,100	1,539	4.9	
Japan	1,397	1,302	1,423	25	1.8	5,941	5,966	5,841	(101)	(1.7)	
Overseas	5,786	5,790	6,912	1,125	19.4	25,620	25,639	27,260	1,639	6.4	
Operating profit *2	621	576	922	301	48.4	1,817	1,955	2,600	783	43.1	
Profit margin (%)	8.7	8.1	11.1			5.8	6.2	7.9			
Profit before tax *3	634	616	893	260	41.0	1,860	1,958	2,700	840	45.1	
Profit margin (%)	8.8	8.7	10.7			5.9	6.2	8.2			
Profit for the period attributable to owners of parent *4	474	455	665	190	40.1	1,414	1,478	2,100	686	48.5	
Profit margin (%)	6.6	6.4	8.0			4.5	4.7	6.3			
Factors contributing to change in operating profit			Increase in model mix, etc.	174				Decrease in SG&A expenses, etc.	706		
			Decrease in R&D expenses	113				Increase in model mix, etc.	257		
			Decrease in SG&A expenses, etc.	70				Decrease in R&D expenses	36		
			Increase in raw material costs, etc.	(26)				Other	24		
			Effects of foreign exchange rates	(20)				Effects of foreign exchange rates	(148)		
			Other	(10)				Increase in raw material costs, etc.	(92)		
Exchange rates	JPY/US\$ JPY/EUR	108/US\$ 131/EUR	111/US\$ 125/EUR			111/US\$ 129/EUR		110/US\$ 120/EUR			
Capital expenditures		284	283	357		1,140	1,135	1,400			
Depreciation and amortization		214	213	221		891	888	1,000			
R&D expenditures *5		281	281 *6	245		1,027	1,027 *6	1,200			
Interest bearing debts		603	567	1,070		1,037	1,004	1,450			
Performance description			- First increase in revenue in 2 yrs.					- First increase in revenue in 2 yrs.			
			- First increase in all profits in 2 yrs.					- First increase in all profits in 4 yrs.			
			- First increase in consolidated unit sales in 2 yrs.					- First increase in consolidated unit sales in 2 yrs.			
Consolidated unit sales <Japan> *7		32	29	33	1	2.9	136	135	141	4	3.1
Passenger Cars		26	23	27	2	6.2	110	110	112	2	1.9
Minicars		6	6	6	(1)	(10.2)	26	26	28	2	8.2
Consolidated unit sales <Overseas>		209		229	20	9.7	865		918	53	6.2
North America		166		195	29	17.8	717		753	37	5.1
Europe		18		8	(10)	(54.6)	40		46	6	15.0
China		3		6	2	69.7	23		25	2	10.6
Other		22		21	(2)	(7.8)	85		93	8	9.5
Consolidated unit sales total		241	238	263	21	8.8	1,001	1,000	1,058	57	5.7
Production units total		241		262	20	8.4	989		1,056	67	6.8
Japan		155		160	5	3.4	617		668	51	8.2
U.S.		87		102	15	17.5	372		389	17	4.5
Revenue by business segment		6,813	6,729	7,960	1,148	16.8	30,076	30,145			
Automobile		6,813	6,729	7,960	1,148	16.8	30,076	30,145			
Aerospace		338	330	355	16	4.8	1,341	1,317			
Other		33	33	20	(13)	(40.5)	144	144			
Operating profit by business segment		593	552	878	285	48.1	1,721	1,849			
Automobile		593	552	878	285	48.1	1,721	1,849			
Aerospace		17	16	29	12	68.5	60	60			
Other		11	7	15	4	40.1	33	38			
Elimination & Corporate		1	1	0	(0)	(48.9)	3	7			

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*1: "Net sales" in JGAAP is stated as "revenue" in IFRS.

*2: "Operating income" in JGAAP is stated as "operating profit" in IFRS.

*3: "Income before income taxes" in JGAAP is stated as "profit before tax" in IFRS.

*4: "Net income attributable to owners of parent" in JGAAP is stated as "profit for the period attributable to owners of parent" in IFRS.

*5: "R&D expenditures" indicate R&D activity related costs incurred during the reporting period. Under IFRS, a part of these costs that meets capitalization criteria is recognized as an intangible asset and amortized over its estimated useful life; thus, the amount of "R&D expenditures" does not match that of "R&D expenses" on the Consolidated Statement of Income.

*6: Stated as "R&D expenses" under JGAAP at the original announcements.

*7: Under IFRS, revenue recognition timing for unit sales in Japan is on a delivery-to-customer basis, whereas it is on a vehicle registration basis under JGAAP.

- "Exchange rates" are the rates used for Subaru Corporation's non-consolidated revenue recording.

- "Consolidated unit sales" include retail sales of Japanese consolidated dealers, wholesale sales of overseas consolidated distributors, and deliveries from Subaru Corporation to non-consolidated distributors/dealers.

- Production in Japan includes production of the Toyota 86 models for Toyota.

< Forward-looking statements in this document are based on the information available at the time of the announcement and are subject to various risks and uncertainties that could cause actual results to vary materially. >