

# Consolidated Financial Results

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



February 5, 2020

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Scheduled date of submitting Quarterly Report : February 12, 2020  
 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 3rd Quarter of FYE 2020 (April 1, 2019 to December 31, 2019)

#### (1) Consolidated Financial Results (for nine-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
3rd Quarter of FYE 2020	2,484,564 3.9%	152,658 (1.9)%	153,225 (2.9)%	111,404 (4.8)%	111,699 (5.4)%	109,515(15.9)%
3rd Quarter of FYE 2019	2,391,344 -%	155,666 -%	157,751 -%	117,029 -%	118,113 -%	130,281 -%

	Profit for the period per share, basic(Yen)	Profit for the period per share, diluted(Yen)
3rd Quarter of FYE 2020	145.67	-
3rd Quarter of FYE 2019	154.04	-

#### (2) Financial Position

	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent to total assets
3rd Quarter of FYE 2020	3,166,774	1,689,083	1,682,013	53.1%
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	-	72.00	-	-	-
FYE 2020 (Forecast)	-	-	-	72.00	144.00

Note: Revision of the forecasts in the second quarter of the fiscal year ending March 31, 2020: 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	3,360,000 6.5%	220,000 21.1%	220,000 18.3%	163,000 15.3%	212.57

Note: Revision of the forecasts in the second quarter of the fiscal year ending March 31, 2020: Yes

#### 4. Others

(1) Changes of significant subsidiaries in the 3rd 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 December 31, 2019:	769,175,873shares	As of March 31, 2019:	769,175,873shares
2) Number of treasury stock	As of December 31, 2019:	2,359,956shares	As of March 31, 2019:	2,414,841shares
3) Average number of shares (for three-month period)	3rd Quarter of FYE 2020:	766,794,253shares	3rd Quarter of FYE 2019:	766,744,930shares

\*The status of the implementation of the 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 3rd quarter of FYE 2019 and the 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)	3rd Quarter of FYE 2020 (as of December 31, 2019)
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	765,591	702,328	755,796
Trade and other receivables	343,463	344,237	351,131
Inventories	328,941	403,473	422,909
Income taxes receivable	4,316	9,704	18,902
Other financial assets	372,531	394,406	230,891
Other current assets	54,126	59,582	75,350
Subtotal	1,868,968	1,913,730	1,854,979
Assets held for sale	761	4	590
<b>Total current assets</b>	<b>1,869,729</b>	<b>1,913,734</b>	<b>1,855,569</b>
<b>Non-current assets</b>			
Property, plant and equipment	770,698	808,710	827,928
Intangible assets and goodwill	153,175	155,510	179,807
Investment property	27,278	25,414	23,706
Investments accounted for using equity method	7,502	8,821	10,330
Other financial assets	41,654	40,121	41,436
Other non-current assets	85,876	100,764	110,264
Deferred tax assets	114,625	127,523	117,734
<b>Total non-current assets</b>	<b>1,200,808</b>	<b>1,266,863</b>	<b>1,311,205</b>
<b>Total assets</b>	<b>3,070,537</b>	<b>3,180,597</b>	<b>3,166,774</b>

(Unit: Millions of yen)

	Transition date (as of April 1, 2018)	FYE 2019 (as of March 31, 2019)	3rd Quarter of FYE 2020 (as of December 31, 2019)
<b>Liabilities and equity</b>			
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	435,929	404,395	309,750
Financing liabilities	69,315	15,274	15,381
Other financial liabilities	40,077	51,621	51,562
Income taxes payable	42,408	4,331	3,136
Provisions	241,773	289,912	274,232
Other current liabilities	278,766	297,917	304,499
<b>Total current liabilities</b>	<b>1,108,268</b>	<b>1,063,450</b>	<b>958,560</b>
<b>Non-current liabilities</b>			
Financing liabilities	21,138	88,452	159,856
Other financial liabilities	67,803	73,856	69,359
Employee benefits	47,320	52,618	55,251
Provisions	37,379	45,537	48,041
Other non-current liabilities	143,131	162,197	178,869
Deferred tax liabilities	2,727	4,588	7,755
<b>Total non-current liabilities</b>	<b>319,498</b>	<b>427,248</b>	<b>519,131</b>
<b>Total Liabilities</b>	<b>1,427,766</b>	<b>1,490,698</b>	<b>1,477,691</b>
<b>Equity</b>			
<b>Equity attributable to owners of parent</b>			
Capital stock	153,795	153,795	153,795
Capital surplus	160,197	160,192	160,178
Treasury shares	(7,054)	(6,910)	(6,721)
Retained earnings	1,317,639	1,350,639	1,352,016
Other components of equity	9,742	24,532	22,745
<b>Total equity attributable to owners of parent</b>	<b>1,634,319</b>	<b>1,682,248</b>	<b>1,682,013</b>
<b>Non-controlling interests</b>	<b>8,452</b>	<b>7,651</b>	<b>7,070</b>
<b>Total equity</b>	<b>1,642,771</b>	<b>1,689,899</b>	<b>1,689,083</b>
<b>Total liabilities and equity</b>	<b>3,070,537</b>	<b>3,180,597</b>	<b>3,166,774</b>

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

(Unit: Millions of yen)

	FYE 2019 (April 1, 2018 to December 31, 2018)	FYE 2020 (April 1, 2019 to December 31, 2019)
Revenue	2,391,344	2,484,564
Cost of sales	(1,926,397)	(2,037,034)
Gross profit	464,947	447,530
Selling, general and administrative expenses	(223,011)	(225,213)
Research and development expenses	(84,472)	(65,843)
Other income	6,129	4,530
Other expenses	(8,069)	(7,902)
Share of profit (loss) of investments accounted for using equity method	142	(444)
Operating profit	155,666	152,658
Finance income	9,637	10,976
Finance costs	(7,552)	(10,409)
Profit before tax	157,751	153,225
Income tax expense	(40,722)	(41,821)
Profit for the period	117,029	111,404
Profit for the period attributable to		
Owners of parent	118,113	111,699
Non-controlling interests	(1,084)	(295)
Profit for the period	117,029	111,404
Profit for the period per share attributable to owners of parent		
Basic (Yen)	154.04	145.67

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

(Unit: Millions of yen)

	FYE 2019 (April 1, 2018 to December 31, 2018)	FYE 2020 (April 1, 2019 to December 31, 2019)
Profit for the period	117,029	111,404
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	(1,602)	2,676
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	14,762	(5,846)
Share of other comprehensive income of investments accounted for using equity method	(269)	354
Net changes in revaluation of liability financial assets measured at fair value through other comprehensive income	361	927
Other comprehensive income (after deduction of tax) total	13,252	(1,889)
Comprehensive income	130,281	109,515
Comprehensive income attributable to		
Owners of parent	131,638	110,096
Non-controlling interests	(1,357)	(581)
Comprehensive income	130,281	109,515

**(3) Condensed Quarterly Consolidated Statement of changes in equity**  
**FYE 2019 (April 1, 2018 to December 31, 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	-	-	-	118,113	-	118,113	(1,084)	117,029
Other comprehensive income (after deduction of tax)	-	-	-	-	13,525	13,525	(273)	13,252
Comprehensive income total	-	-	-	118,113	13,525	131,638	(1,357)	130,281
Transfer to retained earnings	-	-	-	2,508	(2,508)	-	-	-
Transactions with owners								
Dividends paid	-	-	-	(110,468)	-	(110,468)	-	(110,468)
Purchase of treasury shares	-	-	(4)	-	-	(4)	-	(4)
Disposal of treasury shares	-	(5)	148	-	-	143	-	143
Transfer from retained earnings to capital surplus	-	-	-	-	-	-	-	-
Total transactions with owners	-	(5)	144	(110,468)	-	(110,329)	-	(110,329)
Balance at the end of the year	153,795	160,192	(6,910)	1,327,792	20,759	1,655,628	7,095	1,662,723

**FYE 2020 (April 1, 2019 to December 31, 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	-	-	-	111,699	-	111,699	(295)	111,404
Other comprehensive income (after deduction of tax)	-	-	-	-	(1,603)	(1,603)	(286)	(1,889)
Comprehensive income total	-	-	-	111,699	(1,603)	110,096	(581)	109,515
Transfer to retained earnings	-	-	-	184	(184)	-	-	-
Transactions with owners								
Dividends paid	-	-	-	(110,475)	-	(110,475)	-	(110,475)
Purchase of treasury shares	-	-	(5)	-	-	(5)	-	(5)
Disposal of treasury shares	-	(45)	194	-	-	149	-	149
Transfer from retained earnings to capital surplus	-	31	-	(31)	-	-	-	-
Total transactions with owners	-	(14)	189	(110,506)	-	(110,331)	-	(110,331)
Balance at the end of the year	153,795	160,178	(6,721)	1,352,016	22,745	1,682,013	7,070	1,689,083

#### (4) Condensed Quarterly Consolidated Statements of Cash Flows

(Unit: Millions of yen)

	FYE 2019 (April 1, 2018 to December 31, 2018)	FYE 2020 (April 1, 2019 to December 31, 2019)
Net cash provided by (used in) operating activities		
Profit before tax	157,751	153,225
Depreciation and amortization	140,349	143,110
Share of loss (profit) of investments accounted for using equity method	(142)	444
Finance income	(9,637)	(10,976)
Finance costs	7,552	10,409
Decrease (increase) in trade and other receivables	6,341	(8,115)
Decrease (increase) in inventories	(57,537)	(29,131)
Increase (decrease) in trade and other payables	(1,976)	(89,328)
Increase (decrease) in provisions and employee benefits	37,364	(11,761)
Others	(21,260)	2,307
Subtotal	258,805	160,184
Interest received	8,510	10,005
Dividends received	1,243	677
Interest paid	(1,400)	(1,366)
Income taxes paid	(95,496)	(40,290)
<b>Net cash provided by (used in) operating activities</b>	<b>171,662</b>	<b>129,210</b>
Net cash provided by (used in) investing activities		
Net decrease (increase) in time deposits	4,067	125,006
Purchase of property, plant and equipment	(111,106)	(103,067)
Proceeds from sale of property, plant and equipment	5,114	2,654
Purchase of intangible assets and expenditure on internally generated intangible assets	(28,153)	(59,224)
Purchase of other financial assets	(226,116)	(195,696)
Proceeds from sale and collection of other financial assets	218,871	235,572
Others	(1,851)	(3,472)
<b>Net cash provided by (used in) investing activities</b>	<b>(139,174)</b>	<b>1,773</b>
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term borrowings	(17,130)	(2,265)
Repayments of long-term borrowings	(33,877)	(4,557)
Proceeds from long-term borrowings	17,100	38,500
Proceeds from issuance of bonds	-	40,000
Repayments of lease liabilities	(34,598)	(32,285)
Dividends paid to owners of parent	(110,105)	(110,255)
Others	139	(220)
<b>Net cash provided by (used in) financing activities</b>	<b>(178,471)</b>	<b>(71,082)</b>
Effect of exchange rate changes on cash and cash equivalents	16,827	(6,433)
Net increase (decrease) in cash and cash equivalents	(129,156)	53,468
Cash and cash equivalents at beginning of period	765,591	702,328
<b>Cash and cash equivalents at end of period</b>	<b>636,435</b>	<b>755,796</b>

## (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 third quarter of FYE 2019 and the third quarter of FYE 2020 is as follows.

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

	(Unit: Millions of yen)					
	Automobiles	Aerospace	Subtotal	Others	Adjustment	Consolidated
Revenue						
(1) Outside customers	2,284,001	96,200	2,380,201	11,143	-	2,391,344
(2) Inter-segment	2,268	800	3,068	18,617	(21,685)	-
Total revenue	2,286,269	97,000	2,383,269	29,760	(21,685)	2,391,344
Share of profit (loss) of investments accounted for using equity method	260	-	260	(118)	-	142
Operating profit	146,390	5,310	151,700	3,707	259	155,666
Finance income						9,637
Finance costs						(7,552)
Profit before tax						157,751

FYE 2020 (April 1, 2019 to December 31, 2019)

	(Unit: Millions of yen)					
	Automobiles	Aerospace	Subtotal	Others	Adjustment	Consolidated
Revenue						
(1) Outside customers	2,373,757	104,173	2,477,930	6,634	-	2,484,564
(2) Inter-segment	2,207	-	2,207	20,543	(22,750)	-
Total revenue	2,375,964	104,173	2,480,137	27,177	(22,750)	2,484,564
Share of profit (loss) of investments accounted for using equity method	56	-	56	(500)	-	(444)
Operating profit	143,322	6,320	149,642	2,924	92	152,658
Finance income						10,976
Finance costs						(10,409)
Profit before tax						153,225

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
<b>Total current assets</b>	<b>1,770,444</b>	<b>97,511</b>	<b>1,774</b>	<b>1,869,729</b>		<b>Total current assets</b>
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	-			
<b>Total non-current assets</b>	<b>1,096,030</b>	<b>(139,112)</b>	<b>243,890</b>	<b>1,200,808</b>		<b>Total non-current assets</b>
<b>Total assets</b>	<b>2,866,474</b>	<b>(41,601)</b>	<b>245,664</b>	<b>3,070,537</b>		<b>Total assets</b>

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		Financing liabilities
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		Financing liabilities
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
<b>Total current assets</b>	<b>1,826,219</b>	<b>111,491</b>	<b>(23,976)</b>	<b>1,913,734</b>		<b>Total current assets</b>
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	-			
<b>Total non-current assets</b>	<b>1,156,506</b>	<b>(159,381)</b>	<b>269,738</b>	<b>1,266,863</b>		<b>Total non-current assets</b>
<b>Total assets</b>	<b>2,982,725</b>	<b>(47,890)</b>	<b>245,762</b>	<b>3,180,597</b>		<b>Total assets</b>

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		Financing liabilities
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
<b>Total current liabilities</b>	<b>1,012,171</b>	<b>(559)</b>	<b>51,838</b>	<b>1,063,450</b>		<b>Total current liabilities</b>
Long-term loans payable	88,452	-	-	88,452		Financing liabilities
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
<b>Total non-current liabilities</b>	<b>357,729</b>	<b>(47,331)</b>	<b>116,850</b>	<b>427,248</b>		<b>Total non-current liabilities</b>
<b>Total liabilities</b>	<b>1,369,900</b>	<b>(47,890)</b>	<b>168,688</b>	<b>1,490,698</b>		<b>Total Liabilities</b>
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
<b>Total net assets</b>	<b>1,612,825</b>	<b>-</b>	<b>77,074</b>	<b>1,689,899</b>		<b>Total equity</b>
<b>Total liabilities and net assets</b>	<b>2,982,725</b>	<b>(47,890)</b>	<b>245,762</b>	<b>3,180,597</b>		<b>Total liabilities and equity</b>

**3. Adjustment to Comprehensive income for the 3rd quarter of FYE 2019(April 1, 2018 to December 31, 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	2,377,413	-	13,931	2,391,344	2	Revenue
Cost of sales	1,919,734	-	6,663	1,926,397	2	Cost of sales
Gross profit	457,679	-	7,268	464,947		Gross profit
Selling, general and administrative expenses	304,010	(77,308)	(3,691)	233,011	3	Selling, general and administrative expenses
		77,308	7,164	84,472	3	Research and development expenses
		6,228	(99)	6,129		Other income
		8,518	(449)	8,069		Other expenses
		142	-	142		Share of profit (loss) of investments accounted for using equity method
Operating income	153,669	(2,148)	4,145	155,666		Operating profit
Non-operating income	13,073	(13,073)	-			
Non-operating expenses	9,700	(9,700)	-			
Ordinary income	157,042	(157,042)	-			
Extraordinary income	6,496	(6,496)	-			
Extraordinary loss	5,521	(5,521)	-			
		13,199	(3,562)	9,637		Finance income
		6,703	849	7,552		Finance costs
Income before income taxes	158,017	-	(266)	157,751		Profit before tax
Total income taxes	40,826	-	(104)	40,722		Income tax expense
Net income	117,191	-	(162)	117,029		Profit for the period
Net income attributable to owners of parent	118,220	-	(107)	118,113		Profit for the period attributable to owner of parents
Net income (loss) attributable to non-controlling interests	(1,029)	-	(55)	(1,084)		Profit (loss) 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	117,191	-	(162)	117,029		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	1,601	-	(1,601)	-		Remeasurements of defined benefit plans
Remeasurements of other postretirement benefits of foreign consolidated subsidiaries	72	-	(72)	-		
Valuation difference on available-for-sale securities	(3,940)	-	2,338	(1,602)		Net changes in revaluation of capital financial assets measured at fair value through other comprehensive income
Foreign currency translation adjustment	14,685	-	77	14,762		Exchange differences on translation of foreign operations
Share of other comprehensive income of associates accounted for using equity method	(269)	-	-	(269)		Share of other comprehensive income of investments accounted for using equity method
			361	361		Net changes in revaluation of liability financial assets measured at fair value through other comprehensive income
Total other comprehensive income	12,149	-	1,103	13,252		Other comprehensive income (after deduction of tax) total
Comprehensive income	129,340	-	941	130,281		Comprehensive income
Comprehensive income attributable to owners of parent	130,642	-	996	131,638		Comprehensive income attributable to owners of parents
Comprehensive income attributable to non-controlling interests	(1,302)	-	(55)	(1,357)		Comprehensive income attributable to non-controlling interests

#### 4. Adjustment to Capital, Comprehensive income, and Cash-Flow

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.

In addition, the portion of provided services related to maintenance and telematics for free in the US is not recognized as revenue because no consideration is received for it under Japanese GAAP. While under IFRS, rendered services are treated as individual performance obligations and recognize revenue over the fixed period by allocating revenue between performance obligations.

3. Adjustment of tangible fixed assets and intangible assets

Under Japanese GAAP, fixed asset acquisition tax is recorded as expenses, while under IFRS, the fixed asset acquisition tax is included in the acquisition cost for the asset. 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 Nine Months of FYE2020

Tokyo, February 5, 2020 – Subaru Corporation today announced its consolidated financial results for the first nine months of fiscal year ending March 31, 2020.

### < Results for April-December 2019: Consolidated Revenue >

Consolidated global unit sales of Subaru vehicles increased 0.4% to 771,000 units.

Overseas unit sales rose 1.9% to 676,000 units led by strong demand for the Forester and Ascent in the U.S.

Unit sales in Japan declined 9.1% to 95,000 units, as sales of the Impreza and other models decreased.

Consolidated revenue grew 3.9% to 2,484.6 billion yen due to unit sales growth and other factors.

The Company is voluntarily adopting International Financial Reporting Standards (IFRS) from this fiscal year (FYE2020) in place of the Japanese generally accepted accounting principles (JGAAP) previously adopted. Figures of the previous fiscal year (FYE2019) results (those for the first nine months and full year) have been recalculated based on IFRS for comparison and analysis purposes.

Global production decreased 0.2% to 760,000 units. Production in Japan rose 0.4% to 493,000 units led by strong demand for the Forester, despite the temporary suspension of plant operations due to Typhoon 19 (Hagibis) which struck Japan in October 2019. Overseas production\* fell 1.3% to 268,000 units, as production of the Legacy and Outback decreased at the time of their model changes, offsetting an increase in production of the Ascent. (\*Production in the U.S. at Subaru of Indiana Automotive, Inc.)

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

Operating profit decreased 1.9% to 152.7 billion yen as changes in currency rates and other factors offset unit sales growth and other improvements including sales incentive control. Profit before tax declined 2.9% to 153.2 billion yen. Profit for the period attributable to owners of parent fell 5.4% to 111.7 billion yen.

### < Forecasts for FYE2020 >

Full-year forecasts for profit figures (operating profit, profit before tax, and profit for the period attributable to owners of parent) remain unchanged from the previous announcement made on November 6, 2019. The projection for consolidated global unit sales has been revised to 1,041,000 units (up 4.0% from previous year), a decrease of 17,000 units from the previous announcement, to incorporate factors such as changes in production plans due to above-mentioned Typhoon 19. Revenue forecast has been revised to 3,360 billion yen (up 6.5% from previous year), an increase of 50 billion yen from the previous announcement, reflecting changes in currency rate assumptions (weaker yen) and other improvements including sales incentive control.

Currency rate assumptions: 109 yen/US\$, 122 yen/euro

#### Previous forecasts for FYE2020 announced on November 6, 2019:

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

Revenue: 3,310 billion yen

Operating profit: 220 billion yen (up 21.1% from previous year)

Profit before tax: 220 billion yen (up 18.3% from previous year)

Profit for the period attributable to owners of parent: 163 billion yen (up 15.3% from previous year)

Currency rate assumptions: 107 yen/US\$, 119 yen/euro

Notes on result figures:

Vehicle volume figures are rounded off to the nearest thousand. Yen figures are rounded off to the nearest hundred-million.

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 Nine Months of FYE2020 Consolidated Financial Results >**

(Yen in 100 Millions, Units in Thousands)

	FYE2019 First Nine Months [ 2018. 4-12 ]		FYE2020 First Nine Months [ 2019. 4-12 ]			FYE2019 Full Year [ 2018.4 - 2019.3 ]		FYE2020 Full Year [ 2019.4 - 2020.3 ]			FYE2020 Full Year [ '19.4-'20.3 ] PREVIOUS FORECASTS	
	RESULTS		RESULTS			RESULTS		FORECASTS				
	IFRS (a)	JGAAP Originally- reported	IFRS (b)	Change (b-a)	%	IFRS (c)	JGAAP Originally- reported	IFRS (d)	Change (d-c)	%	IFRS	
<b>Revenue</b>	23,913	23,774	24,846	932	3.9	31,562	31,605	33,600	2,039	6.5	33,100	
Japan	4,509	4,358	4,242	(267)	(5.9)	5,941	5,966	5,605	(337)	(5.7)	5,975	
Overseas	19,405	19,417	20,604	1,199	6.2	25,620	25,639	27,995	2,375	9.3	27,125	
<b>Operating profit</b>	1,557	1,537	1,527	(30)	(1.9)	1,817	1,955	2,200	383	21.1	2,200	
Profit margin (%)	6.5	6.5	6.1			5.8	6.2	6.5			6.6	
<b>Profit before tax</b>	1,578	1,570	1,532	(45)	(2.9)	1,860	1,958	2,200	340	18.3	2,200	
Profit margin (%)	6.6	6.6	6.2			5.9	6.2	6.5			6.6	
<b>Profit for the period attributable to owners of parent</b>	1,181	1,182	1,117	(64)	(5.4)	1,414	1,478	1,630	216	15.3	1,630	
Profit margin (%)	4.9	5.0	4.5			4.5	4.7	4.9			4.9	
<b>Factors contributing to change in operating profit</b>			Sales volume, mix, etc.	233				Sales volume, mix, etc.	569			
Decrease in R&D exp.			186		Decrease in R&D exp.			172				
Effects of foreign exchange rates			(193)		Effects of foreign exchange rates			(231)				
Increase in SG&A exp., etc.			(125)		Cost reduction efforts, etc.			(123)				
Cost reduction efforts, etc.			(111)		Increase in SG&A exp., etc.			(74)				
Other			(20)		Other			70				
Exchange rates			JPY/US\$ 111/US\$ JPY/EUR 130/EUR		109/US\$ 121/EUR					111/US\$ 129/EUR		
<b>Capital expenditures</b>	859	852	955			1,140	1,135	1,400			1,400	
<b>Depreciation</b>	675	674	707			891	888	1,000			1,000	
<b>R&amp;D expenditures *1</b>	780	780 *2	849			1,027	1,027 *2	1,170			1,200	
<b>Interest bearing debts</b>	554	520	1,752			1,037	1,004	2,400			2,400	
<b>Performance description</b>			- First increase in revenue in 2 yrs.					- First increase in revenue in 2 yrs.				
- 4th consecutive year of decrease in all profits.					- 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.							
<b>Consolidated unit sales *3</b>	104	98	95	(10)	(9.1)	136	135	128	(8)	(6.0)	138	
< Japan >												
Passenger Cars	85	80	76	(9)	(10.2)	110	110	104	(6)	(5.4)	111	
Minicars	19	19	18	(1)	(4.7)	26	26	24	(2)	(8.7)	27	
<b>Consolidated unit sales</b>	664		676	13	1.9	865		913	49	5.6	920	
< Overseas >												
North America	543		565	22	4.0	717		762	45	6.3	763	
Europe	32		32	(0)	(0.4)	40		46	6	14.5	47	
China	17		18	1	5.4	23		24	2	7.4	25	
Other	71		61	(10)	(14.1)	85		81	(4)	(4.9)	85	
<b>Consolidated unit sales total</b>	768	762	771	3	0.4	1,001	1,000	1,041	41	4.0	1,058	
<b>Production units total</b>	762		760	(2)	(0.2)	989		1,049	60	6.0	1,057	
Japan	491		493	2	0.4	617		667	50	8.1	668	
U.S.	271		268	(4)	(1.3)	372		382	10	2.6	390	
<b>Revenue by business segment</b>	Automobile	22,840	22,719	23,738	898	3.9	30,076	30,145				
Aerospace	962	943	1,042	80	8.3	1,341	1,317					
Other	111	111	66	(45)	(40.5)	144	144					
<b>Operating profit by business segment</b>	Automobile	1,464	1,454	1,433	(31)	(2.1)	1,721	1,849				
Aerospace	53	49	63	10	19.0	60	60					
Other	37	29	29	(8)	(21.1)	33	38					
Elimination & Corporate	3	5	1	(2)	(64.5)	3	7					

The Company is voluntarily adopting International Financial Reporting Standards (IFRS) from this fiscal year (FYE2020) in place of the Japanese generally accepted accounting principles (JGAAP). Figures of the previous fiscal year (FYE2019) results have been recalculated based on IFRS for comparison and analysis purposes.

\*1. "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" stated here does not match that of "R&D expenses" stated on the Consolidated Statement of Income.

\*2. Stated as "R&D expenses" under JGAAP in the original reports.

\*3. Under IFRS, sales recognition timing for unit sales in Japan is on a delivery-to-customer basis, whereas it is on a vehicle registration basis under JGAAP.

< 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. >