[Translation for Reference and Convenience Purposes Only]

To our shareholders:

Online information disclosure regarding the Notice of Convocation of the 89th Ordinary General Meeting of Shareholders

SUBARU CORPORATION

June 1, 2020

"Accounting Auditors," "Consolidated Statement of Changes in Equity," "Notes to the Consolidated Financial Statements," "Statement of Changes in Net Assets," and "Notes to Non-consolidated Financial Statements" are posted on the Company's website for our shareholders as provided in law and Article 15 of the Company's Articles of Incorporation.

Please note that the following is an unofficial English translation of Japanese original text of the Notice of Convocation of Notice of Convocation of the 89th Ordinary General Meeting of Shareholders. The Company provides this translation for reference and convenience purposes only and without any warranty as to its accuracy or otherwise. In the event of any discrepancy between this translation and the Japanese original, the latter shall prevail.

Table of Contents

[Translation for Reference and Convenience Purposes Only]

Business Report

Accounting Auditors

(1) Accounting Auditors KPMG AZSA LLC

(2) Accounting Auditor Compensation

(i)	Compensation for current fiscal period	199 million yen
(ii)	Total amount of money and other property interests payable by the Company and its subsidiaries	217 million yen

Notes: 1. As the Audit Agreement between the Company and accounting auditors make no distinction between the amounts of fees for audits under the Companies Act and audits under the Financial Instruments and Exchange Act, audit fees under the Financial Instruments and Exchange Act are not included in the amount of (i).

2. Of the Company's important subsidiaries, the foreign subsidiaries receive audits by a certified accounting or auditing company other than the Company's accounting auditors (including those who possess equivalent certifications overseas).

(3) Reason for Agreement on Accounting Auditors Compensation by Board of Corporate Auditors

The Board of Corporate Auditors scrutinized the Accounting Auditors' explanation of the contents of the audit including the planned number of days required for the accounting audit for the current fiscal period; review and assessment of the audit for the previous fiscal period; reasonableness of progress in audit by the Accounting Auditors, and the grounds for calculation of quotes underlying the compensation, and agreed to the amount of compensation for the Accounting Auditors.

(4) Non-audit business

Non-audit services included issuance of comfort letters for bond issuance.

(5) Policy on dismissal or refusal of reappointment of Accounting Auditors

The Board of Corporate Auditors shall dismiss accounting auditors in case any of the events prescribed in the Items in Article 340, Paragraph 1 occur, and determine the agenda concerning dismissal or refusal of reappointment of accounting auditors, and the Board of Directors will propose such agenda to the meeting of shareholders pursuant to such decision.

Consolidated Financial Statements

Consolidated Statement of Changes in Equity
FYE 2020 (April 1, 2019 to March 31, 2020)

(Unit: Millions of yen)

	Equity attributable to owners of parent						Non-controlling interests	Total capital
	Capital stock	Capital surplus	Treasury shares	Retained earnings	Other components of equity	Total		
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	—	—	—	152,587	—	152,587	4	152,591
Other comprehensive income (after deduction of tax)	—	—	—	—	(11,622)	(11,622)	(413)	(12,035)
Comprehensive income total	—	—	—	152,587	(11,622)	140,965	(409)	140,556
Transfer to retained earnings	—	—	—	4,519	(4,519)	—	—	—
Transactions with owners								
Dividends paid	—	—	—	(110,475)	—	(110,475)	—	(110,475)
Purchase of treasury shares	—	—	(7)	—	—	(7)	—	(7)
Disposal of treasury shares	—	(45)	195	—	—	150	—	150
Transfer from retained earnings to capital surplus	—	31	—	(31)	—	—	—	—
Capital transactions and others	—	—	—	—	—	—	—	—
Total transactions with owners	—	(14)	188	(110,506)	—	(110,332)	—	(110,332)
Balance at the end of the year	153,795	160,178	(6,722)	1,397,239	8,391	1,712,881	7,242	1,720,123

Notes to Consolidated Financial Statements

(Basis of Preparing Consolidated Financial Statements)

1. Accounting standards of consolidated financial statements
The Group prepares its consolidated financial statements in conformity with International Financial Reporting Standards ("IFRS") in accordance with Article 120-1 of the Ordinance of Companies Accounting. The Group omits some disclosure items and notes required by IFRS in accordance with the second sentence of Article 120-1 of the Ordinance of Companies Accounting.
The Group has adopted IFRS from the annual consolidated financial statements for the year ended March 31, 2020. Date of transition to IFRS was April 1, 2018.

2. The scope of consolidation and application of the equity method
(1) Consolidated subsidiaries: 73

Domestic	51	Fuji Machinery Co., Ltd., Ichitan Co., Ltd., Tokyo Subaru Inc., and 48 others;
Overseas	22	Subaru of Indiana Automotive, Inc., Subaru of America, Inc., and 20 others

(2) Companies accounted for using the equity method: 10

Domestic	8	Nishino Machine Industries Ltd., and 7 others
Overseas	2	Subaru of Taiwan, Ltd. and 1 other.

3. Changes in the scope of consolidation and application of equity method
(1) Consolidated subsidiaries
Added -
Excluded 5

(2) Companies accounted for using the equity method
Added -
Excluded -

4. Accounting policies
(1) Financial instruments
1. Financial assets
(i) Initial recognition and measurement
The Group classifies financial assets as financial assets measured at fair value through profit or loss, financial assets measured at fair value through other comprehensive income, or financial assets subsequently measured at amortized cost.
The Group initially recognizes trade receivables on the date when they are originated. All other financial instruments are initially recognized when the Group becomes a party to the contractual provision of a financial instrument.

If financial assets are classified as financial assets measured at fair value through profit or loss, they are initially measured at their fair value, unless they are initially measured at their fair value plus transaction costs that are directly attributable to the transaction of the financial asset. Trade receivables that do not contain a significant financing component are initially measured at the transaction price.
Financial assets are classified as financial assets measured at amortized cost if both of the following conditions are met:

・A financial asset is held within a business model whose objective is to hold the asset in order to collect the contractual cash flows; and

・The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
Investments in debt instrument are classified as financial assets measured at fair value through other comprehensive income if both of the following conditions are met:
・The financial asset is held within the Group's business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
・The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

When any of the above-mentioned conditions is not met for financial assets except for equity instruments, the financial assets are classified as measured at fair value through profit or loss.
Equity instruments may be designated as financial assets measured at fair value through other comprehensive income on an individual basis, except for equity instruments held for trading purposes. The designation has been applied continuously. Equity instruments that are not designated as such are classified as measured at fair value through profit or loss.

(ii) Subsequent measurement
Financial assets are subsequently measured based on the classification of the asset as follows.
Financial assets measured at amortized cost are using the effective interest method.
Changes in the fair value of financial assets measured at fair value through profit or loss are recognized in profit or loss. Gains or losses on derecognition are recognized in profit or loss.
Changes in the fair value of debt instruments measured at fair value through other comprehensive income are recognized in other comprehensive income, except for interest income, exchange gain and loss, and impairment loss recognized in net profit and loss.

Meanwhile, changes in the fair value of equity instruments measured at fair value through other comprehensive income are recognized in other comprehensive income. The dividend from relevant financial assets are recognized in profit or loss as part of the financial income for the period. The cumulative amount recognized in other comprehensive income is not reclassified to profit or loss but to retained earnings when the financial asset is derecognized or the fair value of the asset declines significantly.

(iii) Impairment of financial assets
For impairment of financial assets measured at amortized cost, debt instruments measured at fair value through other comprehensive income, lease receivables, and contract assets, expected credit losses are recognized as a loss allowance.
The Group determines, at the end of each reporting period, whether the credit risk on the asset has increased significantly since initial recognition. When the credit risk has not increased significantly since initial recognition, an amount equal to 12-month expected credit losses is measured as the loss allowance. When the credit risk has increased significantly since initial recognition, an amount equal to lifetime expected credit losses is recognized as the loss allowance.
However, for trade receivables, lease receivables and contract assets, the loss allowance is always measured at an amount equal to the lifetime expected credit losses.

Expected credit losses of financial instruments are estimated using the following methods:
・An unbiased and probability-weighted amount determined by evaluating a range of possible outcomes;
・The time value of money; and
・Reasonable and supportable information about past events, current conditions and forecasts of future economic conditions that is available without undue cost or effort at the reporting date.
The amounts of these measurements are recognized in profit or loss.

If the amount measured as expected credit losses decreases after recognition of impairment loss, the decreased amount is reversed and recognized in profit or loss.

(iv) Derecognition of financial assets
The Group derecognizes its financial assets only if the contractual rights to receive the cash flows from the financial assets expire, or if the entity transfers substantially all the risks and rewards of ownership of the financial assets.

2. Financial liabilities
(i) Initial recognition and measurement
The Group classifies financial liabilities as either financial liabilities measured at fair value through profit or loss, or financial liabilities measured at amortized costs. The Group determines the classification at initial recognition. The Group recognizes financial liabilities when the Group becomes a party to the contractual provisions of the instruments. All the financial liabilities are initially measured at fair value. However, financial liabilities measured at amortized cost are measured at their fair value less transaction costs that are directly attributable to the transaction.

(ii) Subsequent measurement
Financial liabilities are subsequently measured according to the classification as follows.
Financial liabilities held for trading and derivatives are included in financial liabilities measured at fair value through profit or loss. They are subsequently measured at fair value, and changes in the fair value are recognized in profit or loss for the period.
Financial liabilities measured at amortized cost are subsequently measured at amortized cost using the effective interest method.
Amortization using the effective interest method and gains and losses on derecognition are recognized in profit or loss as part of financial income for the period.

(iii) Derecognition of financial liabilities
The Group derecognizes financial liabilities when they are extinguished, i.e. when the obligation specified in the contract is discharged or cancelled, or expires.

3. Derivatives and hedge accounting
The Group enters into forward exchange contracts in order to fix cash flows related to the recognized financial assets and liabilities and future transaction. Interest rate swaps are used in order to fix cash flows of interest payable related to the borrowings. There are no derivatives stated above to which hedge accounting is applied.

(2) Inventories
Inventories are measured at the lower of acquisition cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated cost of completion and estimated selling expenses. The acquisition cost is generally calculated using the cost method based on the moving average method and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

(3) Property, plant and equipment
Property, plant, and equipment is measured based on the cost model and stated at acquisition cost less accumulated depreciation and impairment losses. The acquisition cost includes costs directly attributable to the acquisition of the asset, costs related to disassembly, retirement and site restoration, as well as borrowing costs to be capitalized.
Depreciation of assets other than land and construction in progress is calculated on the straight-line method over the estimated useful lives of the assets. The estimated useful lives of major assets are as follows;

・Buildings and structures: 2 to 60 years
・Machinery and vehicles: 2 to 20 years
・Tools, furniture and fixtures: 2 to 20 years

The estimated useful lives, residual value, and amortization methods are reviewed at the end of each fiscal year, and if there are any changes made, those changes are applied prospectively as a change in an accounting estimate.

(4) Intangible assets and goodwill
1.Goodwill
The Group measures goodwill as the fair value of consideration transferred including the recognized amount of any non-controlling interests in the acquiree at the acquisition date, less the net recognized amount (usually fair value) of the identifiable assets acquired and liabilities assumed at the acquisition date.
Goodwill is not amortized. Instead, it is tested for impairment annually and if any indication of potential impairment exists.
Any impairment loss for goodwill is recognized in profit or loss and is not reversed in subsequent periods.
Goodwill is recorded at acquisition cost less any accumulated impairment losses.

2.Capitalized development cost
Expenditures related to research activities in order to gain new scientific and technical knowledge are recognized as expenses as incurred. Development expenditure is capitalized as intangible assets only when the cost can be measured reliably, there is a technical and commercial feasibility of completing the development, it is probable that the outcome will generate a future economic benefit, and the Group has intention, ability and sufficient resources to use or sell the outcome of the development and to complete the development.
The estimated useful lives of capitalized development cost that is amortized using the straight-line method are as follows.
・Capitalized development cost: 2 to 5 years

3.Other intangible assets
The Group applies the cost method in measuring separately acquired intangible assets, which are recorded at acquisition cost at initial recognition.
After initial recognition, intangible assets excluding goodwill are amortized using the straight-line method over their estimated useful lives, and are recorded at acquisition cost less accumulated amortization and impairment losses. Estimated useful lives of major intangible assets are as follows. The Group has no intangible assets with indefinite useful lives.
・Software: 2 to 10 years

(5) Lease
At the inception of the lease contract, the Group assesses whether an arrangement is a lease or contains a lease.

Lease as a lessee
The Group recognizes a right-of-use asset and a lease liability at the inception of the lease.
A right-of-use asset is measured at acquisition cost at the inception of the lease. After the commencement date, a right-of-use asset is measured by using the cost model at acquisition cost less accumulated depreciation and impairment losses. A right-of-use asset is amortized from the date of inception to the end of estimated useful life of the underlying leased asset if the ownership of the underlying assets is transferred to lessee until the end of the lease term or if acquisition cost of right-of-use asset reflects the exercise of a purchase option. Otherwise a right-of-use asset is amortized from the date of inception to the earlier of the end of the estimated useful life of the right-of-use asset or the end of the lease term.

A lease liability is measured at the present value of the lease payments that are not paid at the date of inception. After the commencement date, the carrying amount of the lease liability is increased to reflect interest on the lease liability and decreased the lease payments made. Lease liabilities are re-measured and carrying amounts of right-of-use assets are revised or the change is recognized in profit or loss if the Group reviews lease liabilities or if the modification is not accounted for as a separate lease.
As for short-term leases or leases for which the underlying asset is of low value, the Group applies IFRS 16.5, 6, and recognizes lease payments as an expense using the straight-line method over the lease term.

Lease as a lessor

Lease transactions are classified as finance leases if all the risks and rewards incidental to ownership of underlying assets are substantially transferred, and all other leases are classified as operating leases.

A receivable from customer held under a finance lease is initially recognized at the amount of the gross investment in the lease discounted at the interest rate implicit in the lease, and included in Trade and other receivables in the consolidated statements of financial position.

An underlying asset subject to an operating lease is recognized in the consolidated statements of financial position, and lease payments from operating leases are recognized as revenue over the lease term.

(6) Investment property

Investment property is held to earn rentals or for benefit from increase in value of the property or both. Investment property is measured by using the cost model and is recorded at acquisition cost less accumulated depreciation and impairment losses. Depreciation of an investment property other than land and construction in progress is recognized on a straight-line basis over the estimated useful lives of the asset. The estimated useful lives of major assets are as follows;

・Buildings and structures: 3 to 41 years

(7) Impairment

At the end of each fiscal year, the Group assesses the carrying amounts of non-financial assets other than inventory and deferred tax assets to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated. Recoverable amounts of goodwill and intangible assets that are not yet ready for use are estimated at the same time every year.

The recoverable amount of an individual asset or cash-generating units is the higher of value in use or fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects the time value of money and the risks specific to the asset. Assets not assessed individually in test of impairment are integrated into the smallest cash-generating unit that generates cash inflows which are largely independent of cash inflows from other assets or a group of assets. Cash generating units of goodwill are determined on the basis of the units managed for the purpose of internal reporting and are within the scope of business segments before aggregation. The goodwill acquired in a business combination is allocated to each of the cash generating units that is expected to benefit from the synergies of the combination.

Corporate assets in the Group do not generate cash inflows independently. If there is any indication that corporate assets may be impaired, the Group determines the recoverable amount of the cash generating unit to which corporate asset belongs.

When the carrying amount of an asset or a cash-generating unit exceeds the recoverable amount, an impairment loss is recognized in profit or loss. An impairment loss for a cash-generating unit is recognized by first reducing the carrying amount of any goodwill allocated to the cash-generating unit, and then reducing proportionally the carrying amount of other assets in the unit.

An impairment loss for goodwill is not reversed. The Group assesses whether there is any indication that an impairment loss recognized in prior years for an asset other than goodwill may no longer exist or may have decreased at the end of each fiscal year. An impairment loss is reversed when there has been a change in the estimates used to determine an asset's recoverable amount. Impairment losses are reversed up to the amount not exceeding the carrying amount (net of depreciation) that would have been determined if no impairment losses had been recognized in prior years.

(8) Employee benefits

1.Short-term employee benefits

For short-term employee benefits including salaries, bonuses and paid annual leave, when the employees render related services, the amounts expected to be paid in exchange for those services are recognized as expenses.

2.Retirement benefit plans

The Group sponsors a defined benefit plan and a defined contribution plan as retirement benefit plans for employees.

(a) Defined contribution plans

For defined contribution plans, when the employees render related services, the contribution payables to the defined contribution plan are recognized as expenses.

(b) Defined benefit plans

The Group has adopted lump-sum payment on retirement and defined benefit pension plans as defined benefit plans. The present value of defined benefit obligations, related current service costs and past service costs are determined using the projected unit credit method.

The discount rates are determined by reference to market yields at the end of the reporting period on high quality corporate bonds which have maturities corresponding to the future settlements of benefits in each year.

The net defined benefit liability (asset) is determined as the present value of the defined benefit obligation less the fair value of the plan assets. Net interest on the net defined benefit liability (asset) is recognized in profit or loss as financial expenses.

The Group recognizes the difference arising from remeasurement of present value of the defined benefit obligation and the fair value of the plan asset in other comprehensive income when it is incurred, and reclassifies it immediately to retained earnings from other components of equity.

The Group recognizes any past service cost as an expense at the earlier of the following dates.
(i) when the plan amendment or curtailment occurs; and
(ii) when related restructuring costs are recognized

(9) Revenue

1. Revenue from contracts with customer

The Group identifies a performance obligation in a contract with a customer, and recognizes as revenue the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to the customer. Amounts collected on behalf of taxation authorities such as consumption taxes and value added taxes are not included into the amount. If variable consideration is included in the consideration promised in a contract with a customer, some or all of an amount of variable consideration is included in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

Revenue is recognized at a point in time or over a certain period of time in accordance with satisfaction of a performance obligation in a contract with a customer.
With regard to revenue from the sale of cars, performance obligations are principally considered to be fulfilled at the time of delivery of the cars, at which point customers obtain control of the cars and revenue is recognized.

In automobile business, fare-paying extended warranty service is provided for the products as an option in addition to normal warranty. The revenue from the extended warranty service is recognized over a certain period of time in accordance with the progress of the performance obligation.

2. Revenue from financial lease

When the Group is the manufacturer or dealer lessor, sales revenue, cost of sales and selling profit or loss for a portion identified as sale of products are recognized in profit or loss at the inception of the leases. Finance income from financial leases is recognized based on a pattern reflecting a constant rate of return on the net investment in the lease of the Group.

3. Revenue from operating leases

Revenue from operating leases is recognized on a straight-line basis over the lease term.

4. Interest income

Interest income is recognized using the effective interest method

5. Dividend income

Dividend income is recognized when the right to receive the payment is established.

(10) Provisions

Provisions are recognized when the Group has present legal or constructive obligations as a result of past events, it is probable that outflows of resources embodying economic benefits will be required to settle the obligations, and reliable estimates can be made of the amount of the obligations. Where the effect of the time value of money is material, the amount of a provision is measured at the discounted present value of the estimated future cash flow using a pre-tax rate that reflects the time value of money and the risks specific to the liability. The unwinding of the discount due to the passage of time is recognized as finance costs.

1. Asset retirement obligation

A provision for asset retirement obligation is recognized mainly for the estimated cost of restoring the leased site at the end of the lease term.

2. Provision for product warranties

For the payment of after-sales service expenses incurred, provision for product warranties is recognized based on past experiences and the estimated future warranty costs, principally in accordance with terms and conditions of warranty.
The expenses related to the warranty items in accordance with notifications to the competent authority are recognized as provision for product warranties when it is probable that outflows of resources embodying economic benefits will be required, and reliable estimates can be made of the amount of the obligations.

3. Provision for losses on construction contracts

The provision for losses on uncompleted construction contracts in the Aerospace segment is provided when substantial losses on the contracts are anticipated at the fiscal year end for the next fiscal year and beyond and such losses can be reasonably estimated.

(11) Other principle matters for preparation of the statements

1. Treatment of consumption taxes

Consumption tax and regional consumption tax are accounted for by the tax-excluded method.

2. Unit of amount

Unit of amount is displayed by rounded off.

3. Application of consolidated tax payment

Consolidated taxation system is applied.

(Consolidated Statements of Financial Position)

1. The allowances for assets are as follows:

The allowance for doubtful trade receivables and other receivables	392 million yen
The allowance for doubtful other financial assets (non-current)	568 million yen

2. Accumulated depreciation of property, plant and equipment 1,111,963 million yen

3. 7,036 million yen from state subsidy, etc. has been directly deducted from the amount of property, plant and equipment reported on the consolidated balance sheet.

4. Assets pledged as collateral and collateralized loans
   (1) Assets pledged as collateral

Property, plant and equipment:	25,694 million yen

   (2) Collateralized loans

Financing liabilities (current) :	986 million yen
Financing liabilities (non current) :	10,155 million yen
Others:	1,321 million yen
Total	12,462 million yen

5. Contingent Liabilities
   (1) Guarantor of third-party indebtedness from financial institutions

Customers of SUBARU Canada Inc. :	29,030 million yen
Employees:	5,304 million yen
Tan Chong Subaru Automotive (Thailand) Co., Ltd.	1,086 million yen
Others:	117 million yen
Total	35,537 million yen

   (2) Other Contingencies
   Based on the modified agreement between the U.S. subsidiary of Takata Co., Ltd. and the National Highway Traffic Safety Administration (NHTSA) of the United States dated May 4, 2016, Notification "Extended schedule of the recalls of airbag inflators manufactured by Takata Co., Ltd." released by the Ministry of Land, Infrastructure, Transport and Tourism (MLIT) of Japan dated May 27, 2016, and recall policies in other regions including China and Australia in consideration of the request by the U.S. and Japanese authorities, expenses for extension of recall for airbag inflators manufactured by Takata are accrued to the extent that the amount can be reasonably estimated. There is a possibility that additional accrual may be required due to events in the future.

6. The amount of discount of export bill 884 million yen

7. The balance of assets transferred to the special-purpose company is 2,948 million yen in trade receivables from the aerospace business.

8. The unexecuted balance of overdraft facilities and lending commitments at a consolidated subsidiary (Subaru Finance Co., Ltd.) was as follows:

Total overdraft facilities and lending commitments:	6,300 million yen
Less amounts currently executed:	2,367 million yen
Unexecuted balance	3,933 million yen

9. Inventories and the provision for loss on construction contracts (provision in current liabilities) for which losses are expected are presented in gross amounts without offsetting. Of inventories related to construction contracts for which losses are expected, the amount corresponding to the provision for loss on construction contracts (provision in current liabilities) is 3,112 million yen (all work in process).

(Consolidated Statement of Changes in Net Assets)

1.Matters related to the type and total issued and outstanding stocks, and type and number of treasury stocks

Type of Stock	Number of stocks as at beginning of the consolidated fiscal year (shares)	Number of stocks increased during the consolidated fiscal year (shares)	Number of stocks reduced during the consolidated fiscal year (shares)	Number of stocks as at end of the consolidated fiscal year (shares)
Issued shares				
Common Stock	769,175,873	—	—	769,175,873
Treasury stocks				
Common Stock (Note) 1	2,414,841	2,436	56,909	2,360,368

(Notes) 1. Increase of 2,436 shares of Treasury stocks was due to purchase of Shares less than One Unit.
Decrease of 56,909 shares of Treasury stocks was due to retirement of treasury stocks on July 31, 2019 which were restricted transfer stocks resolved to be introduced at the Board of Directors meeting held on April 28, 2017.

2.Dividends
(1) Dividend payout

Resolution	Type of shares	Total amount of dividends (yen)	Dividend per share (yen)	Record date	Effective date
'The 88th Ordinary General Meeting of Shareholders on June 21, 2019	Common shares	55,236	72.00	March 31, 2019	June 24, 2019
'The Board of Directors Meeting on November 6, 2019	Common shares	55,240	72.00	September 30, 2019	December 3, 2019

(2) Of dividends whose criteria date belongs to the current consolidated fiscal year, those in which the effective date of the dividend is the following consolidated fiscal year

Resolution	Type of shares	Total amount of dividends (yen)	Source for dividend	Dividend per share (yen)	Record date	Effective date
'The 89th Ordinary General Meeting of Shareholders on June 23, 2020	Common shares	21,482	Retained earnings	28.00	March 31, 2020	June 24, 2020

(Financial instruments)

1.Summary of Financial Instruments Status
(1) Risk Management
The Group's business activities are affected by the business environment and the financial market environment. Financial instruments held or assumed during the course of the business activities are subject to inherent risks. The risks include (1) credit risk, (2) liquidity risk and (3) market risk. The Group establishes an internal management system and implements crisis management to minimize the impact on the Group's financial condition and business performance using financial instruments. Specifically, the Group manages those risks according to the following methods.

(2) Credit Risk
Credit risk is the risk that a party to a financial instrument defaults on its contractual obligations and causes a financial loss for the Group. Specifically, the Group is exposed to the following credit risks:
1.The Group's trade receivables, lease receivables, contract assets and other receivables are exposed to the credit risk of customers and counterparties.
2.Bonds and other securities held to manage surplus funds are exposed to the credit risk of the issuers.
3.Derivative transactions conducted by the Group for the purpose of hedging foreign exchange and interest rate risks as well as banking transactions are exposed to the credit risk of the financial institutions that are counterparties to the transactions.

(3) Market risk
The Group hedges foreign currency fluctuation risks of trade receivables and payables denominated in foreign currencies that are identified by currency and by month by using, in principle, forward exchange contracts and currency options.
Depending on the exchange rate situation, forward exchange contracts and other transactions are used against the net position of trade receivables and trade payables denominated in foreign currencies for a maximum of six months.

(4) Liquidity Risk
The Group raises funds by borrowings from financial institutions and corporate bonds. The Group is exposed to a risk that the Group would not be able to repay liabilities on the due date in the event of disruptions of financial system and financial markets or a significant reduction of credit rating by rating agencies.
In order to ensure liquidity and stability, the Group has sufficient cash and cash equivalents as well as maintains liquidity that satisfies the level of cash required by entering into commitment line agreements with major financial institutions.

2.Fair Value of Financial Instruments
The carrying amounts and fair value of financial instruments as of March 31, 2020 are as follows:

(Unit: Millions of yen)

	Carrying Amount	Fair Value
Assets		
Receivables from financial services	178,841	186,162
Lease Assets	12,928	14,239
Financial liabilities measured at fair value through profit or loss	153,963	153,963
Equity instruments	8,922	8,922
Derivatives	1,482	1,482
Liabilities		
Financing liabilities	239,210	238,889
Derivatives	2,028	2,028

Measurement methods and assumptions used to measure the fair values of financial instruments are as follows:

(1) Cash and cash equivalents, Trade and other receivables, Trade and other payables
Cash and cash equivalents, Trade and other receivables, and Trade and other payables are measured at amortized cost, but the relevant disclosure is omitted because their fair value approximates their carrying amount.

(2) Receivables from financial services and lease receivables
The fair value of receivables from financial services and lease receivables is calculated based on the present value of the receivables discounted by the interest rate, taking into account the maturity period and credit risk, for each receivable classified by a certain period.

(3) Debt instruments
Debt instruments consist mainly of government bonds, corporate bonds, negotiable certificates of deposit, commercial paper and medium-term notes. Commercial paper and negotiable certificates of deposit are measured at amortized cost. The fair value of government bonds with an active market is measured by using quoted market prices. The fair value of other debt instruments is measured based on the proprietary pricing models provided by financial institutions using observable inputs in the market such as credit ratings and discount rates.

(4) Equity instruments
The fair value of equity instruments with an active market is measured by using quoted market prices. As a general rule, the fair value of equity instruments with no active market is measured mainly by using the comparable company valuation method and other appropriate valuation methods. Such fair value measurements are conducted in accordance with the Group accounting policy approved by the appropriate person of authority and based upon valuation methods determined by an accountant of the Group and its consolidated subsidiaries.

(5) Derivatives
Derivatives consist mainly of foreign currency forward exchange contracts, foreign currency option contracts and interest rate swap agreements. The fair values of derivatives are measured based on observable inputs such as foreign exchange rates and quoted prices obtained from the financial institutions.

(6) Financing liabilities
Financing liabilities are measured at amortized cost. The fair value of financing liabilities is measured by discounting future cash flows using interest rates currently available for liabilities of similar terms and remaining maturities.

(Investment property)

1.Summary of investment properties
The Company and certain consolidated subsidiaries own rental office buildings and rental commercial facilities in Saitama prefecture and other locations.

2.Fair Value of Investment property

(Unit: Millions of yen)

Carrying Amount	Fair Value
23,986	40,949

(Notes)
1) Carrying amount represents acquisition cost less accumulated depreciation and accumulated impairment losses.
2) Fair values of certain main investment and rental properties are estimated by third party real-estate appraisers, adjusted by the Group using relevant indicators. Fair values of remaining properties are estimated by the Group based principally on land assessment value that are used to calculate property taxes.

(Per Share Information)

1. Net assets per share	2,233.76	yen
2. Income per share	198.99	yen

(Significant Subsequent Event)

Impact of the global pandemic of COVID-19

Operations had been suspended due to the spread of COVID-19. SIA, the Group's U.S. manufacturing base had suspended its operations since March 23 and Gunma Plant had suspended its operations since April 9 respectively. But SIA and all plants in Japan has already resumed operations on May 11.
Production volume at SIA and the Gunma Plant has been reduced because of the continued impact on the supply chain and sales activities due to the continued anti-infection measures, such as stay-at-home orders around the world.
The impact on the results for the fiscal year ending March 2021 and beyond is currently under investigation.

Large amount of borrowings

In order to prepare for liquidity risk due to the global decline in demand caused by the spread of COVID-19, the Group borrowed a total of 191,500 million yen from financial institutions from April 21, 2020 to May 15, 2020 as described below in accordance with the resolution of the Board of Directors' meeting held on March 31, 2020.

(1) Use of funds: Working capital
(2) Lender: Mizuho Bank, Ltd. and others
(3) Amount and terms of borrowings: The Group borrowed 191,500 million yen based on the commitment line agreement and the deed loan agreement. The interest rate was determined considering market interest rates.
(4) Borrowing date: April 21, 2020, April 27, 2020, April 30, 2020, and May 15, 2020.
(5) Final repayment date: July 21, 2020 - April 24, 2026
(6) Pledged assets: Unsecured and unguaranteed

Non-consolidated Financial Statements

Non-consolidated Statements of Changes in Net Assets
FYE 2020 (April 1, 2019 to March 31, 2020)

(Unit: Millions of yen)

	Shareholders' equity								
		Capital surplus			Retained earnings				
						Other retained earnings			
	Capital stock	Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Provision of reserve for tax purpose reduction entry of land	General reserve	Retained earnings brought forward	Total retained earnings
Balance at the beginning of current period	153,795	160,071	14	160,085	7,901	990	35,335	759,738	803,964
Changes of items during the period									
Provision of reserve for tax purpose reduction entry of land	—	—	—	—	—	351	—	(351)	—
Dividends from surplus	—	—	—	—	—	—	—	(110,475)	(110,475)
Net income	—	—	—	—	—	—	—	31,919	31,919
Purchase of treasury stock	—	—	—	—	—	—	—	—	—
Disposal of treasury stock	—	—	(45)	(45)	—	—	—	—	—
Transfer to capital surplus from retained earnings	—	—	31	31	—	—	—	(31)	(31)
Net changes of items other than shareholders' equity	—	—	—	—	—	—	—	—	—
Total changes of items during the period	—	—	(14)	(14)	—	351	—	(78,938)	(78,587)
Balance at the end of current period	153,795	160,071	—	160,071	7,901	1,341	35,335	680,800	725,377

[Translation for Reference and Convenience Purposes Only]

(Unit: Millions of yen)

	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	(6,910)	1,110,934	(125)	(125)	1,110,809
Changes of items during the period					
Provision of reserve for tax purpose reduction entry of land	―	―	―	―	―
Dividends from surplus	―	(110,475)	―	―	(110,475)
Net income	―	31,919	―	―	31,919
Purchase of treasury stock	(7)	(7)	―	―	(7)
Disposal of treasury stock	195	150	―	―	150
Transfer to capital surplus from retained earnings	―	―	―	―	―
Net changes of items other than shareholders' equity	―	―	111	111	111
Total changes of items during the period	188	(78,413)	111	111	(78,302)
Balance at the end of current period	(6,722)	1,032,521	(14)	(14)	1,032,507

Notes to Non-consolidated Financial Statements

(Significant accounting policies)

1. Evaluation standards and methods for securities
(1) Held-to-maturity debt securities are stated using the amortized cost method. (straight-line method).
(2) Shares of subsidiaries and associates are stated at cost, as determined by the moving-average method.
(3) Available-for-sale securities for which fair values are available:
Fair value method based on the market price etc. at the end of the accounting period
(Unrealized holding gains and losses included as a separate component of net assets until realized; and the cost of sold securities is determined by the moving-average method).
Non-marketable securities: Mainly moving-average cost method.

2. Evaluation standards and methods for investments in equity
Moving-average cost method.
In addition, investment in the union is evaluated by taking in the equivalent amount to the ownership in equity based on the latest available financial statements.

3. Evaluation standards and methods for derivatives transactions: Fair value method

4. Evaluation standards and methods for inventory
(1) Merchandise and finished goods: Mainly with moving-average cost method.
(Book value on the balance sheet is measured based on the lower of cost or market value.)
(2) Work in process, raw materials and supplies: Mainly with FIFO cost method.
(Book value on the balance sheet is measured based on the lower of cost or market value.)

5. Depreciation Method of Fixed Assets
(1) Property, plant and equipment (excluding lease assets): Straight-line method is mainly applied.
Primary period of depreciation are as follows:

Buildings:	8 to 50 years
Structures:	7 to 50 years
Machinery and equipment:	4 to 10 years
Vehicles:	3 to 7 years
Tools, furniture, and fixtures:	2 to 10 years

(2) Intangible assets (excluding leased assets): Straight-line method is applied.
Computer software used internally by the Company is amortized by the straight-line method over the relevant economic useful lives of 3 or 5 years.

(3) Leased assets
For leased assets under finance lease transactions in which the ownership is transferred to the lessee:
The leased assets are depreciated by the same method as used for other property, plant and equipment owned by the Company.
For leased assets under finance lease transactions in which the ownership is not transferred to the lessee:
The leased assets are depreciated by the straight-line method over the leased period and the residual value is zero.

6. Standards for provisions
(1) Allowance for doubtful accounts: Allowance for doubtful accounts is provided based on the amount calculated from the historical ratio of bad debt for ordinary receivables, and estimated amounts of uncollectible accounts for specific overdue receivables. Specific allowances are provided for the estimated amounts considered to be unrecoverable after reviewing individual recoverability of certain doubtful accounts such as claims provable in bankruptcy.
(2) Provision for bonuses: Employees' bonuses are recognized as expenses for the period in which those are incurred.
(3) Provision for product warranties: In order to prepare for future claim costs for products sold, the total of the following amounts has been recorded.
1. According to the terms and conditions of the warranties, estimated cost calculated based on the past experience and the future warranties estimation.
2. Estimated amount calculated as recall related costs based on notification to the competent authority.
(4) Provision for loss on construction contracts: The provision for losses on uncompleted construction of contracts in the Aerospace segment is provided when substantial losses on the contracts are anticipated at the fiscal year-end for the next fiscal year and beyond and such losses can be reasonably estimated.
(5) Provision for loss on business liquidation: The provision for losses on business liquidation is provided due to important business liquidation.

(6) Provision for retirement benefits: Net defined benefit liability (assets) for employees is provided based on the estimated amounts of projected pension and severance obligation and plan assets at the end of the fiscal year. In determining retirement benefit obligations, the plan's benefit formula is used for attributing expected benefit to periods.

Unrecognized prior service cost is being amortized on the straight-line method over a period (16 years) that is shorter than the average remaining service period of the eligible employees. Unrecognized net actuarial gain or loss is amortized from the following fiscal year on the straight-line method over a period (16 years) that is shorter than the average remaining service period of the eligible employees.

7. Revenue recognition

The percentage-of-completion method is applied to recognize revenue from construction contracts of Aerospace division productions where certain elements are determinable with certainty at the end of fiscal year. (The percentage of completion is estimated using the proportion-of-cost method). The completed-contract method is applied to other works.

8. Standard for Japanese yen conversion for significant foreign currency-denominated assets or liabilities

Monetary assets and liabilities denominated in foreign currencies are translated into Japanese yen at the exchange rates prevailing at each balance sheet date with the resulting gain or loss included in the statement of income of each period.

9. Other principle matters for preparation of the statements

(1) Method for accounting for retirement benefits

Accounting method for unrecognized actuarial differences and unrecognized prior service costs are different from accounting methods used for these items in the consolidated financial statements.

(2) Treatment of consumption taxes

Consumption tax and regional consumption tax are accounted for by the tax-excluded method.

(3) Unit of amount

Unit of amount is displayed by rounded off.

(4) Application of consolidated tax payment

Consolidated taxation system is applied.

(Balance Sheet)

1. Accumulated depreciation of property, plant and equipment 604,260 million yen
2. 6,735million yen from state subsidy, etc. has been directly deducted from the amount of property, plant and equipment reported on the balance sheet.
3. Assets pledged as collateral and secured obligations

(1) Assets pledged as collateral

Buildings	614 million yen
Land	521 million yen
Total	1,135 million yen

(2) Collateralized loans

Long-term loans-payable	9,020 million yen

In addition, 33 million yen of land has been pledged as collateral for 3,039 million yen of long-term loans payable and received-guarantee deposited, etc. of affiliates.

4. Monetary claims and obligations to affiliates

Short-term monetary claims to affiliates	299,656 million yen
Short-term monetary obligations to affiliates	277,522 million yen
Long-term monetary claims to affiliates	73,868 million yen

5. Contingent liability

(1) Guarantee obligation for loans from financial institutions

Subaru of America, Inc.	22,614 million yen
Employees	5,300 million yen
Tan Chong Subaru Automotive (Thailand) Co., Ltd.	1,086 million yen
Subaru Kohsan Co., Ltd.	933 million yen
Subaru Auto Accessories Ltd.	516 million yen
1 other	17 million yen
Total	30,466 million yen

(2) Other contingent liabilities

Based on the modified agreement between the U.S. subsidiary of Takata Co., Ltd. and the National Highway Traffic Safety Administration (NHTSA) of the United States dated May 4, 2016, Notification "Extended schedule of the recalls of airbag inflators manufactured by Takata Co., Ltd." released by the Ministry of Land, Infrastructure, Transport and Tourism (MLIT) of Japan dated May 27, 2016, and recall policies in other regions including China and Australia in consideration of the request by the U.S. and Japanese authorities, expenses for extension of recall for airbag inflators manufactured by Takata are accrued to the extent that the amount can be reasonably estimated. There is a possibility that additional accrual may be required due to events in the future.

6. The amount of discount of export bill 884 million yen

7. The balance of assets transferred to the special purpose company is of 2,948 million yen in accounts receivable from aerospace business.

8. Inventory and the provision for loss on construction contracts for which losses are expected are presented in gross amounts without offsetting. Of the inventory related to construction contracts for which losses are expected, the amount corresponding to provision for loss on construction is 3,112 million yen (all work in process).

(Income Statement)

1. Cost of Goods Sold
   "Cost of sales" includes 2,446 million yen of accrued loss on construction contracts.

2. Transactions with affiliates

Operating Transactions	Net sales	1,602,395 million yen
	Purchase amount	385,089 million yen
	Other transactions	42,351 million yen
Non-Operating Transactions	Income	9,621 million yen
	Expenses	6,403 million yen

(Non-Consolidated Statement of Changes in Net Assets)

Type and number of treasury stocks at the end of the fiscal year
Common Stock ………………………………………………………………………… 1,960,368 shares

(Accounting for Deferred Tax)

1. Main sources of deferred tax assets and liabilities

	As of March 31, 2020 (Unit: Millions of yen)
Deferred tax assets	
Provision for product warranties	80,061
Valuation loss on investment securities	9,966
Accrued expenses	7,721
Amount exceeding the limit for provision for retirement benefits	7,645
Depreciation of fixed assets, etc.	6,619
Provision for bonuses	4,598
Inventory	1,466
Amount exceeding the limit for allowance for doubtful accounts	1,001
Deferred expenses	285
Valuation difference on available-for-sale securities	6
Other	5,317
Subtotal Deferred Tax Assets	124,685
Valuation allowance	(13,738)
Total Deferred tax assets	110,947
Deferred tax liabilities	
Prepaid pension cost	(2,417)
Reserve for reduction entry	(588)
Other	(71)
Total Deferred Tax Liabilities	(3,076)
Net Deferred Tax Assets	107,871

2. Breakdown of primary items causing the difference between statutory effective tax rate and rate of income taxes after application of accounting for deferred tax

Statutory effective tax rate	30.5%
(Adjustments)	
Adjustment for prior-period income taxes	(0.5)%
Non-deductible entertainment expenses	0.4%
Valuation allowance	0.7%
Taxable income under the Controlled Foreign Company rules in Japan	2.8%
Exemption of dividends received	(2.6)%
Tax credit of experiment and research expenses	(8.4)%
Others	(0.3)%
Rate of income taxes after application of accounting for deferred tax	22.6%

(Transactions with Related Parties) (Unit: Millions of yen)

Transaction terms and policies for determination of transaction terms

(Note 1) Loans to SUBARU Finance Co., Ltd. are determined considering the market rate. No collaterals are received.

(Note 2) Acceptance of surplus funds is a transaction related to the CMS (Cash Management System) operated by the Group. The transaction amount is the average balance during the term. Interest expenses are determined considering market interest rates.

(Note 3) The Company guarantees loans from financial institutions, etc. of SUBARU of America, Inc.

(Note 4) Transaction amounts are exclusive of consumption taxes. Consumption taxes are included in the amount at the end of the fiscal year.

(Per Share Information)

1. Net assets per share	1,345.78	yen
2. Net Income per share	41.60	yen

(Significant subsequent Event)

Impact of the global pandemic of COVID-19

Operations had been suspended due to the spread of COVID-19. SIA, the Group's U.S. manufacturing base had suspended its operations since March 23 and Gunma Plant had suspended its operations since April 9 respectively. But SIA and all plants in Japan has already resumed operations on May 11.

Production volume at SIA and the Gunma Plant has been reduced because of the continued impact on the supply chain and sales activities due to the continued anti-infection measures, such as stay-at-home orders around the world.

The impact on the results for the fiscal year ending March 2021 and beyond is currently under investigation.

Large amount of borrowings

In order to prepare for liquidity risk due to the global decline in demand caused by the spread of COVID-19, the Group borrowed a total of 191,500 million yen from financial institutions from April 21, 2020 to May 15, 2020 as described below in accordance with the resolution of the Board of Directors' meeting held on March 31, 2020.

(1) Use of funds: Working capital
(2) Lender: Mizuho Bank, Ltd. and others
(3) Amount and terms of borrowings: The Group borrowed 191,500 million yen based on the commitment line agreement and the deed loan agreement. The interest rate was determined considering market interest rates.
(4) Borrowing date: April 21, 2020, April 27, 2020, April 30, 2020, and May 15, 2020.
(5) Final repayment date: July 21, 2020 - April 24, 2026
(6) Pledged assets: Unsecured and unguaranteed