



## **Consolidated Financial Results for FYE 2019**

**SUBARU CORPORATION**

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<https://www.subaru.co.jp/en/ir/>

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### NOTE)

This document is an English translation of an original Japanese document. If there are any discrepancies between this document and the original Japanese document, the original Japanese document prevails.

## Consolidated Financial Results for FYE 2019

FYE 2019 :

## Consolidated Unit Sales (by market)

(Thousand Units)

	Results FYE 2018	Results FYE 2019	Variance
Passenger cars	132.6	109.7	-22.9
Minicars	30.9	25.6	-5.3
<b>Domestic total</b>	<b>163.4</b>	<b>135.3</b>	<b>-28.1</b>
US	670.9	659.7	-11.2
Canada	56.8	56.8	+0.0
Russia	7.7	8.1	+0.4
Europe	40.2	32.1	-8.1
Australia	55.7	41.7	-13.9
China	26.9	22.8	-4.1
Others	45.2	43.3	-1.9
<b>Overseas total</b>	<b>903.5</b>	<b>864.6</b>	<b>-38.9</b>
<b>Total</b>	<b>1,066.9</b>	<b>999.9</b>	<b>-67.0</b>

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First I will discuss consolidated financial results for fiscal year ended March 2019.

Results for consolidated unit sales.

Overseas, in our key market of North America, there was a contribution from the start of sales of the new Ascent and the still-strong Crosstrek, resulting in a continuation of robust retail sales. However, consolidated unit sales were hit by such factors as the decline in deliveries of the Forester in the first half of the fiscal year, before the launch of its fully-redesigned version, falling by 38.9 thousand units year on year to 864.6 thousand units.

In the domestic market, the July launch of the fully redesigned Forester resulted in strong sales, but unit sales declined by 28.1 thousand units year on year to 135.3 thousand units due to decreased sales of the Impreza, Subaru XV and Levorg.

In addition, there was an impact from the decrease in production caused by the quality issues that occurred in the second half of the fiscal year, with consolidated unit sales declining by 67 thousand units year on year to 999.9 thousand units.

FYE 2019 :

## Consolidated Unit Sales / Complete Cars Production

(Thousand Units)

	Results FYE 2018	Results FYE 2019	Variance
Consolidated Unit Sales Total	1,066.9	999.9	-67.0

(Thousand Units)

	Results FYE 2018	Results FYE 2019	Variance
Production in U.S.	348.6	372.2	+23.6
Production in Japan	701.2	617.0	-84.2
<b>Total</b>	<b>1,049.7</b>	<b>989.1</b>	<b>-60.6</b>

\* Production figures include Toyota 86.

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Total production fell by 60.6 thousand units from the previous year to 989.1 thousand units.

This was due to changes in plant operation schedules for the Gunma plant. The revised operation conditions have been in place since the fall of 2018 to ensure quality-first production and inspection.

Another factor was a production halt in January 2019 caused by a defect in the Electronic Power Steering unit.

FYE 2019 :

## Consolidated Income Statements

(100 Million Yen)

	Results FYE 2018 (a)	Previous Plan FYE 2019 (as of Feb. 7 <sup>th</sup> ) (b)	Results FYE 2019 (c)	Variance (c)-(a)	Variance (c)-(b)
<b>Net sales</b>	(34,052) <b>32,327</b>	<b>31,200</b>	<b>31,605</b>	<b>-722</b>	<b>+405</b>
Domestic	(6,686) 6,680	5,698	5,966	-714	+268
Overseas	(27,367) 25,647	25,502	25,639	-8	+137
<b>Operating income</b>	<b>3,794</b>	<b>1,850</b>	<b>1,955</b>	<b>-1,839</b>	<b>+105</b>
<b>Ordinary income</b>	<b>3,799</b>	<b>1,930</b>	<b>1,962</b>	<b>-1,837</b>	<b>+32</b>
<b>Income before income taxes</b>	<b>2,973</b>	<b>1,920</b>	<b>1,958</b>	<b>-1,015</b>	<b>+38</b>
<b>Net income attributable to owners of parent</b>	<b>2,204</b>	<b>1,400</b>	<b>1,478</b>	<b>-725</b>	<b>+78</b>
SUBARU exchange rate					
US\$	¥111	¥110	¥111	-¥1	+¥0
EURO	¥130	¥129	¥129	-¥0	+¥0
CAN\$	¥87	¥84	¥85	-¥2	+¥0

\* Changed accounting policies from FYE 2019 (deducting sales incentives from net sales). The comparative year has been also recalculated under the same conditions.

\* Figure in ( ) : Net sales before deducting sales incentives

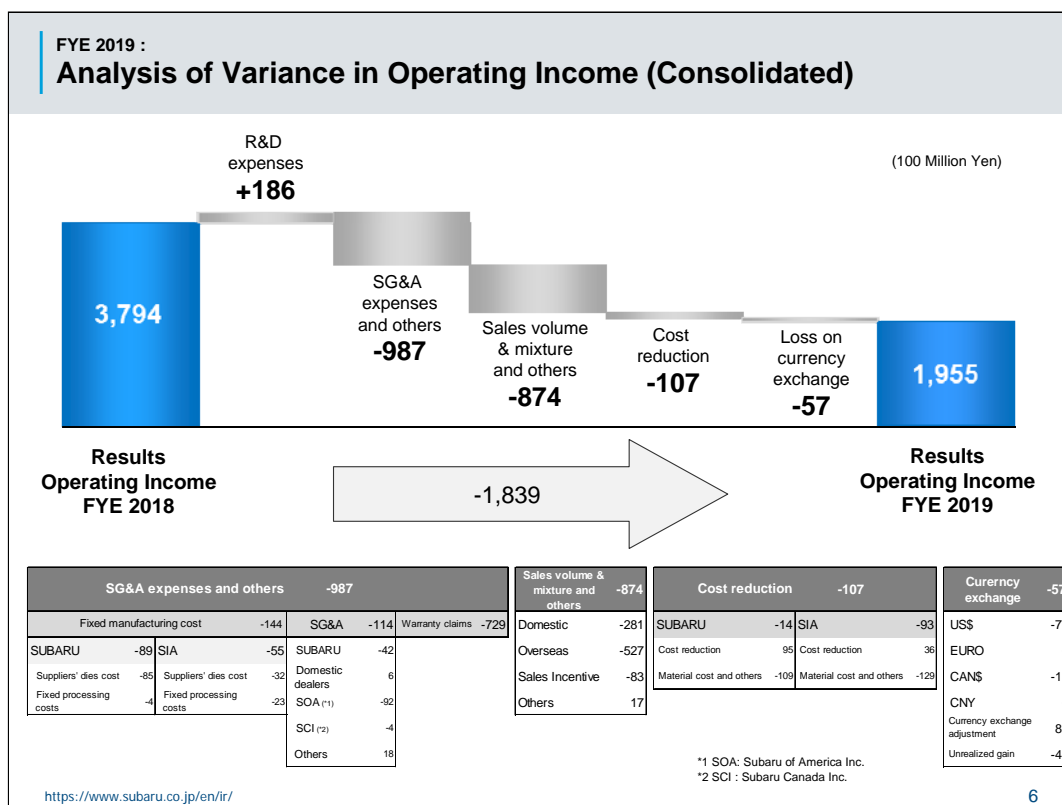
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Consolidated net sales totaled 3,160.5 billion yen, a decrease of 72.2 billion from a year earlier. The decrease consists of a 43.8 billion yen decrease from a deterioration in sales volume & mixture, primarily resulting from lower unit sales; a 23.6 billion yen decrease from SUBARU companies and others; and currency losses of 4.8 billion yen.

Operating income totaled 195.5 billion yen, a decline of 183.9 billion yen from a year earlier, due to quality-related expenses caused mainly by recalls and lower unit sales.

Ordinary income was 196.2 billion, a decrease of 183.7 billion yen, while net income attributable to owners of parent was 147.8 billion yen, a decrease of 72.5 billion yen.



Next I will explain the main factors behind the 183.9 billion yen decrease in operating income compared to the previous fiscal year.

The main factors behind the decline in the operating income were increased SG&A and other expenses, and a deterioration in sales volume & mixture and others.

For SG&A and other expenses,

the occurrence of major recall costs related to valve springs and the like caused an increase in warranty claims.

For sales volume & mixture and others,

the main factors include the decline in deliveries, lower earnings per unit due to higher environmental and other costs, and the rise in the electrified vehicle ratio.

Incentives in the U.S. increased by 4.6 billion yen.

Incentives per vehicle were 2,100 dollars, an increase of 100 dollars over the 2,000 dollars recorded in the previous fiscal year.



FYE 2019 :

## Operating Results of Subsidiaries in U.S.

(Million US\$)

SOA	Results FYE 2018	Results FYE 2019	Variance
Net sales	18,402	19,114	+712
Operating income	356	349	-7
Net income	235	297	+62
Retail sales (Thousand units)	651.9	684.3	+32.4

SIA	Results FYE 2018	Results FYE 2019	Variance
Net sales	7,673	8,887	+1,214
Operating income	176	169	-7
Net income	134	134	0
Production (Thousand units)	348.6	372.2	+23.6

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Now let us take a look at the results of our U.S. subsidiaries.

SOA retail sales were buoyed by the continued strength of the Crosstrek, and the volume contribution from the launch of the new Ascent, rising 32.4 thousand units year on year to 684.3 thousand units.

Net sales rose by 712 million dollars year on year to 19,114 million dollars.

Operating income was supported by sales volume & mixture, an increase of 117 million, but negatively affected by a rise in SG&A expenses of 124 million dollars, for a total of 349 million dollars, a decline of 7 million dollars year on year.

SIA net sales rose by 1,214 million dollars year on year to 8,887 million dollars.

Operating income was boosted by sales volume & mixture, an increase of 126 million dollars, but negatively affected by cost reduction, which was 84 million dollars lower, and by an increase of 49 million dollars in fixed costs, for a total of 169 million dollars, down 7 million dollars year on year.



## Capex / Depreciation / R&D / Interest Bearing Debt

(100 Million Yen)

	Results FYE 2018 (a)	Previous Plan FYE 2019 (as of Feb. 7 <sup>th</sup> ) (b)	Results FYE 2019 (c)	Variance (c)-(a)	Variance (c)-(b)
<b>Capex</b>	1,414	1,300	1,135	-279	-165
<b>Depreciation</b>	898	930	888	-10	-42
<b>R&amp;D</b>	1,211	1,060	1,027	-184	-33
<b>Interest bearing debt</b>	862	1,000	1,004	+142	+4

\* Changed accounting policies from FYE 2019.

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

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The results for capital expenditures and so on are as shown in this slide.

## | Forecasts for FYE 2020 (IFRS)

SUBARU Corporation will voluntarily adopt the International Financial Reporting Standards (IFRS) from the first quarter of the fiscal year ending March 2020. Therefore, the consolidated forecast for the fiscal year ending March 2020 is prepared based on IFRS.

Please refer to Appendix (2) for changes in the consolidated financial statements as a result of voluntary adoption of IFRS .

## Key differences of JGAAP and IFRS

Item	Japanese generally accepted accounting principles (JGAAP)	International Financial Reporting Standards (IFRS)
R&D expenses	Recorded as expenses when it incurred.	In case that it is satisfied with criterion of assets, it will be amortized.
	Included in Net cash provided by (used in) operating activities.	R&D expenses which is recoded as assets are included in Net cash provided by (used in) investing activities.
Revenue recognition timing (Only in Japan)	On vehicle registration basis.	On delivery-to-customer basis.
Lease	Financing lease is recorded as assets.	Operating lease is also recorded as assets.
	Operating lease is included in Net cash provided by (used in) operating activities.	Repayments of lease liabilities are included in Net cash provided by (used in) financing activities.

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Next, we will discuss the plan for the fiscal year ending March 2020.

The Company will apply International Financial Reporting Standards (IFRS) from the first quarter of the fiscal year ending March 2020.

In accordance with this, pages from the next page onward have been created based on IFRS.

In addition, the major changes caused by the adoption of IFRS are the following three items.

### 1) R&D expenses

Under IFRS, part of the R&D expenses that have been expensed as incurred under Japanese GAAP will be posted under intangible assets and amortized.

### 2) Criteria for recognizing sales

This change only affects Japan, but under IFRS sales are recognized on the date that the vehicle is delivered to the customer.

### 3) Leases

Certain operating leases will be posted as assets.

The details are provided in Appendix (2), so please check them later.

FYE2020 Plan:

## Consolidated Unit Sales (by market)

(Thousand Units)

	Results		Plan		Reference	
	FYE 2019 (a)		FYE 2020		Plan	Variance
	JGAAP	IFRS	JGAAP	IFRS	FYE 2020 (b)	(b)-(a)
Passenger cars (*)	109.7	112.3	110.0		110.0	+0.3
Minicars (*)	25.6	28.2	27.6		27.6	+2.0
<b>Domestic total(*)</b>	<b>135.3</b>	<b>140.5</b>	<b>137.5</b>		<b>137.5</b>	<b>+2.2</b>
US	659.7	693.2	693.2		693.2	+33.5
Canada	56.8	60.0	60.0		60.0	+3.2
Russia	8.1	8.6	8.6		8.6	+0.4
Europe	32.1	37.7	37.7		37.7	+5.6
Australia	41.7	45.9	45.9		45.9	+4.2
China	22.8	25.2	25.2		25.2	+2.4
Others	43.3	47.2	47.2		47.2	+3.9
<b>Overseas total</b>	<b>864.6</b>	<b>917.8</b>	<b>917.8</b>		<b>917.8</b>	<b>+53.2</b>
<b>Total</b>	<b>999.9</b>	<b>1,058.3</b>	<b>1,055.3</b>		<b>1,055.3</b>	<b>+55.4</b>

\* JGAAP : on vehicle registration basis, IFRS : on delivery-to-customer basis  
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In terms of consolidated unit sales, we plan for 1,058.3 thousand units.

For year-on-year comparisons, please refer to the units, based on Japanese standards, which we have provided for your reference.

We are planning to achieve year-on-year gains in every market, and in the key U.S. market we plan for an increase of 33.5 thousand units over the previous year, based mainly on strong sales of the new Ascent and the Forester.

FYE 2020 Plan :

## Consolidated Unit Sales / Complete Cars Production

(Thousand Units)

	Results FYE 2019 (JGAAP)	Plan FYE 2020 (IFRS)
Consolidated Unit Sales Total	999.9	1,058.3

(Thousand Units)

	Results FYE 2019	Plan FYE 2020	Variance
Production in U.S.	372.2	388.7	+16.6
Production in Japan	617.0	667.5	+50.5
<b>Total</b>	<b>989.1</b>	<b>1,056.2</b>	<b>+67.1</b>

\* Production figures include Toyota 86.

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In addition, we are planning an increase in production of 67.1 thousand units over the previous year, to 1,056.2 thousand units.

FYE 2020 Plan :

## Consolidated Profit Plan

	Results		Reference	
	FYE 2019 (a)		Plan FYE 2020 (b)	
	JGAAP	IFRS	JGAAP	Variance (b)-(a)
<b>Revenue</b> <sup>(*1)</sup>	<b>31,605</b>	<b>33,100</b>	<b>33,020</b>	<b>+1,415</b>
Domestic	5,966	5,841	5,760	-206
Overseas	25,639	27,260	27,260	+1,620
<b>Operating profit</b> <sup>(*2)</sup>	<b>1,955</b>	<b>2,600</b>	<b>2,500</b>	<b>+545</b>
<b>Profit before tax</b> <sup>(*3)</sup>	<b>1,958</b>	<b>2,700</b>	<b>2,520</b>	<b>+562</b>
<b>Profit for the period attributable to owners of parent</b> <sup>(*4)</sup>	<b>1,478</b>	<b>2,100</b>	<b>2,000</b>	<b>+522</b>
SUBARU exchange rate				
US\$	¥111	¥110	¥110	-¥1
EURO	¥129	¥120	¥120	-¥9
CAN\$	¥85	¥80	¥80	-¥5

\*1 : "Net sales" on JGAAP is shown as "Revenue".

\*2 : "Operating income" on JGAAP is shown as "Operating profit".

\*3 : "Income before income tax" on JGAAP is shown as "Profit before tax".

\*4 : "Net income attributable to owners of parent" on JGAAP is shown as "Profit for the period attributable to owners of parent".

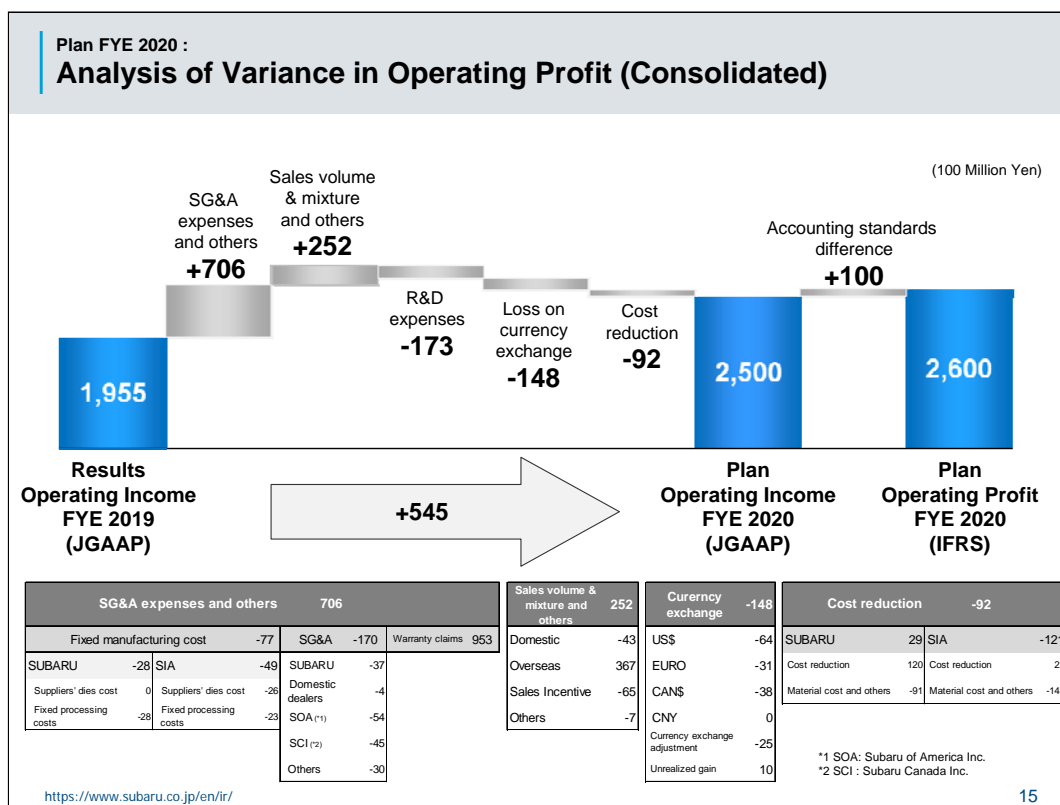
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Next we will look at the consolidated profit plan.

We are planning revenue of 3,310.0 billion yen, operating profit of 260.0 billion yen and profit for the period attributable to owners of parent of 210.0 billion yen.

For this also, in terms of year-on-year comparisons, please refer to the figures, based on Japanese standards, which we have provided for your reference.



Next we will look at the analysis of variance at the operating profit level. First I will explain the difference in comparison to the Japanese standards.

The main factors working to increase profit are the reduction in warranty claims, and an increase in unit sales, leading to improvements in sales volume & mixture and others.

The main factors working to decrease profit are the increases in R&D expenses and SG&A expenses, the impact of foreign exchange, and deterioration in material cost and others.

Incentives per unit in the U.S. are planned to rise 100 dollars year on year to 2,200 dollars.

In addition, because volumes are also expected to increase, expenses as a whole are predicted to increase by 10.5 billion yen.

Moreover, the difference between Japanese GAAP and IFRS accounting standards will result in a gain of 10.0 billion yen.

Within this, the impact of R&D expenses is approximately 15.0 billion yen.

## Capex / Depreciation / R&D / Interest Bearing Debt

(100 Million Yen)

	Results FYE 2019	Plan FYE 2020	Variance
<b>Capex</b> <sup>(*1)</sup>	1,135	1,400	+265
<b>Depreciation</b> <sup>(*1)</sup>	888	1,000	+112
<b>R&amp;D expenditures</b> <sup>(*2)</sup>	1,027	1,200	+173
<b>Interest bearing debt</b> <sup>(*1)</sup>	1,004	1,450	+446

\*1 : Leases, capex & amortization for intangible assets and lease liabilities are not included in the results and forecast above.

\*2 : Research and development activity related costs incurred during the reporting period are written.

In accordance with IFRS, as a part of research and development expenditures is recorded as an intangible asset and amortized over its estimated useful life, this amount is different from "Research and development expenses" on Consolidated Statements of Income on IFRS.  
(It matches with R&D expenses in consolidated statement of income on JGAAP)

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Finally, capital expenditures, depreciation, R&D expenditures, and interest-bearing debt are as you see them here.

As was also previously the case, leases, capital expenditures & amortization for intangible assets and lease liabilities are not included in the results and forecast.

Research and development expenditures incurred during the reporting period are listed. This corresponds with the R&D expenses in the consolidated statement of income under Japanese GAAP.

Under IFRS, any part of these expenditures that are recognized as an asset is posted to intangible assets, and is amortized over its estimated useful life.

Please be aware that for this reason "Research and development expenses" in the consolidated statement of profit or loss under IFRS is different.

The remaining pages contain segment information and other data for your reference.

This concludes the briefing on our financial results for the fiscal year ended March 31, 2019.

Thank you very much.



## Appendix (1)

- Consolidated Balance Sheets
- Consolidated Statements of Cash Flows
- Non-operating profit& Expenses and Extraordinary Income & Losses
- Segment information by Business & Geographic
- Overseas Net Sales
- Non-consolidated Unit Sales
- 4<sup>th</sup> Quarter (3 months) Consolidated Unit Sales and Income Statements
- Complete Cars Production / Retail Sales Units

## Consolidated Balance Sheets

(100 Million Yen)

	As of March 2018	As of March 2019	Variance
<b>Total assets</b>	<b>28,665</b>	<b>29,827</b>	<b>+1,163</b>
Current assets	17,704	18,262	+558
Noncurrent assets	10,960	11,565	+605
<b>Total liabilities</b>	<b>13,055</b>	<b>13,699</b>	<b>+644</b>
Interest bearing debts	862	1,004	+142
<b>Net assets</b>	<b>15,610</b>	<b>16,128</b>	<b>+518</b>
Retained earnings	12,835	13,202	+366
Shareholders' equity	15,528	16,053	+524
Ratio of shareholders' equity to total assets	54.2%	53.8%	-
D/E ratio	0.06	0.06	-

\* Due to partial amendments to Accounting Standard for Tax Effect Accounting, calculation method has been changed from FYE 2019. The comparative year has been also recalculated under the same conditions.

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FYE 2019 :

## Consolidated Statements of Cash Flows

(100 Million Yen)

	Results FYE 2018	Results FYE 2019	Variance
<b>Net cash provided by (used in) operating activities</b>	<b>3,663</b>	<b>1,740</b>	<b>-1,923</b>
<b>Net cash provided by (used in) investing activities</b>	<b>-1,507</b>	<b>-1,583</b>	<b>-76</b>
Free cash flows	<b>2,156</b>	<b>157</b>	<b>-1,999</b>
<b>Net cash provided by (used in) financing activities</b>	<b>-1,709</b>	<b>-966</b>	<b>+743</b>
Effect of exchange rate change on cash and cash equivalents	-108	177	+285
Net increase (decrease) in cash and cash equivalents	338	-633	-971
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	-5	-	+5
Increase (decrease) in cash and cash equivalents resulting from change in fiscal period of consolidated subsidiaries	37	-	-37
<b>Cash and cash equivalents at end of period</b>	<b>7,656</b>	<b>7,023</b>	<b>-633</b>

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FYE 2019 :

**Non-operating profit& Expenses and Extraordinary Income & Losses (Consolidated)**

(100 Million Yen)

	Results FYE 2018	Results FYE 2019	Variance
Financial revenue and expenditure	68	129	+61
FOREX effects	-51	-72	-21
Others	-12	-50	-38
<b>Total non-operating profit&amp; expenses</b>	<b>5</b>	<b>7</b>	<b>+2</b>
Gain on sales of noncurrent assets	6	13	+7
Gain on sales of investment securities	46	37	-10
Loss on sales and retirement of noncurrent assets	-54	-56	-2
Loss related to airbags	-813	-	+813
Others	-11	3	+14
<b>Total extraordinary income &amp; losses</b>	<b>-826</b>	<b>-4</b>	<b>+822</b>

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FYE 2019 :

## Net Sales and operating profit by Business Segment (Consolidated)

(100 Million Yen)

	Net Sales				Operating Income		
	Results FYE 2018	Results FYE 2019	Variance	Results FYE 2018	Results FYE 2019	Variance	
<b>Automobile</b>	(32,349)	30,623	30,145	-479	3,615	1,849	-1,765
<b>Aerospace</b>	(1,422)	1,422	1,317	-105	123	60	-62
<b>Others</b>	(282)	282	144	-138	51	38	-12
<b>Elimination &amp; Corporate</b>					7	7	+0
<b>Total</b>	(34,052)	32,327	31,605	-722	3,794	1,955	-1,839

\* Changed accounting policies from FYE 2019 (deducting sales incentives from net sales). The comparative year has been also recalculated under the same conditions.

\* Figure in ( ): Net sales before deducting sales incentives

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FYE 2019 :

## Net Sales and operating profit by Geographic Area (Consolidated)

(100 Million Yen)

	Net Sales			Operating Income			
	Results FYE 2018	Results FYE 2019	Variance	Results FYE 2018	Results FYE 2019	Variance	
<b>Japan</b>	(10,118)	10,110	8,990	-1,121	2,950	1,147	-1,803
<b>North America</b>	(21,928)	20,276	21,037	+762	694	669	-25
<b>Others</b>	(2,006)	1,941	1,578	-363	72	34	-37
<b>Elimination &amp; Corporate</b>					79	105	+26
<b>Total</b>	(34,052)	32,327	31,605	-722	3,794	1,955	-1,839

\* Changed accounting policies from FYE 2019 (deducting sales incentives from net sales). The comparative year has been also recalculated under the same conditions.

\* Figure in ( ): Net sales before deducting sales incentives

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FYE 2019 :

## Overseas Net Sales (Consolidated)

(100 Million Yen)

	Results FYE 2018		Results FYE 2019	Variance
<b>North America</b>	(23,058)	21,406	22,017	+611
<b>Europe</b>	(1,191)	1,181	1,005	-176
<b>Asia</b>	(1,406)	1,351	1,164	-187
<b>Others</b>	(1,712)	1,709	1,453	-256
<b>Total</b>	(27,367)	25,647	25,639	-8

\* Changed accounting policies from FYE 2019 (deducting sales incentives from net sales). The comparative year has been also recalculated under the same conditions.

\* Figure in ( ): Net sales before deducting sales incentives

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FYE 2019 :

## Non-consolidated Unit Sales

(Thousand Units)

	Results FYE 2018	Results FYE 2019	Variance
<b>Domestic production</b>	701.2	617.0	-84.2
<b>Domestic sales</b>	168.9	140.7	-28.2
Passenger cars	137.2	114.4	-22.8
Minicars	31.7	26.3	-5.4
<b>Number of exported vehicles</b>	556.5	491.5	-65.0
<b>Components for overseas production</b>	348.1	403.0	+54.8
<b>Total</b>	1,073.5	1,035.2	-38.3

\* Production figures include Toyota 86.

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4<sup>th</sup> Quarter (3 months) :

## Consolidated Unit Sales

(Thousand Units)

	Results 4 <sup>th</sup> Quarter (3 months) FYE 2018	Results 4 <sup>th</sup> Quarter (3 months) FYE 2019	Variance
Passenger cars	34.9	29.8	-5.1
Minicars	9.7	7.0	-2.7
<b>Domestic total</b>	<b>44.6</b>	<b>36.8</b>	<b>-7.8</b>
US	161.9	163.8	+1.9
Canada	12.3	9.6	-2.8
Russia	2.1	1.6	-0.5
Europe	11.7	6.2	-5.5
Australia	13.6	6.0	-7.6
China	5.4	6.1	+0.8
Others	13.4	7.6	-5.8
<b>Overseas total</b>	<b>220.4</b>	<b>201.0</b>	<b>-19.5</b>
<b>Total</b>	<b>265.0</b>	<b>237.8</b>	<b>-27.3</b>

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4<sup>th</sup> Quarter (3 months) :**Consolidated Income Statements**

(100 Million Yen)

		Results 4 <sup>th</sup> Quarter (3 months) FYE 2018		Results 4 <sup>th</sup> Quarter (3 months) FYE 2019		Variance
<b>Net sales</b>		(8,406)	<b>7,949</b>	<b>7,831</b>		<b>-118</b>
Domestic		(1,840)	1,838	1,608		-230
Overseas		(6,565)	6,111	6,223		+111
<b>Operating income</b>			<b>731</b>	<b>419</b>		<b>-313</b>
<b>Ordinary income</b>			<b>768</b>	<b>392</b>		<b>-376</b>
<b>Income before income taxes</b>			<b>797</b>	<b>378</b>		<b>-419</b>
<b>Net income attributable to owners of parent</b>			<b>675</b>	<b>296</b>		<b>-379</b>
SUBARU exchange rate	US\$		¥110	¥110		+¥0
	EURO		¥134	¥126		-¥8
	CAN\$		¥88	¥83		-¥4

\* Changed accounting policies from FYE 2019 (deducting sales incentives from net sales). The comparative year has been also recalculated under the same conditions.

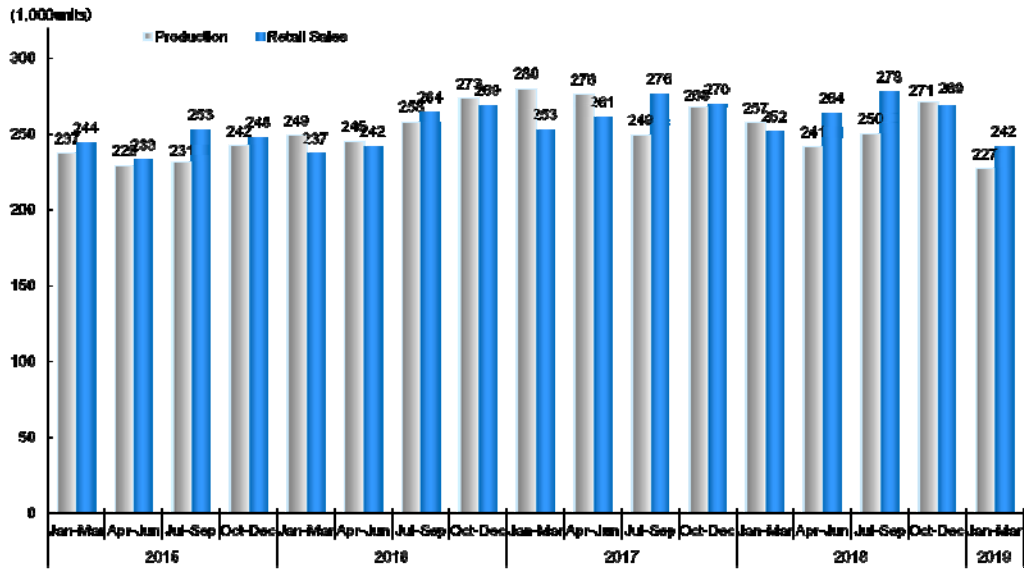
\* Figure in ( ) : Net sales before deducting sales incentives

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## Complete Cars Production / Retail Sales Units



\* Production figures include Toyota 86.

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## | Appendix (2)

Changes in Consolidated Financial Statements Due to Voluntary Adoption of  
International Financial Reporting Standards (IFRS)

Information included in this material is currently under consideration.  
Therefore, please be advised that our actual consolidated financial statements based on IFRS that will be  
announced at a later date could differ from those described in this material.

## Consolidated Statements of Income

JGAAP	IFRS	
Net sales	Revenue	
Cost of sales	Cost of sales	
Gross profit	Gross profit	
Selling, general and administrative expenses	Selling, general and administrative expenses	1) "Selling, general and administrative expenses" on Japanese Generally Accepted Accounting Principles (hereafter "JGAAP") will be presented as "Selling, general and administrative expenses" and "Research and development expenses".
<b>Operating income</b>	Research and development expenses	
Non-operating income	Other income	
Equity in earnings of affiliates	Other expenses	
Depreciation	Share of profit (loss) of investments accounted for using equity method	
Other	<b>Operating profit</b>	2) "Operating profit" on IFRS will be presented, but components are different compared with JGAAP, a part of "Non-operating income and expense" and "Extraordinary income or loss" will be included.
Interest income	Finance income	
Dividends income	Finance costs	
Interest expenses	<b>Profit before tax</b>	3) "Interest income", "Dividends income", "Interest expenses", "Foreign exchange gains or losses" and "Gain or loss on valuation of derivatives" of JGAAP will be presented as "Finance income" and "Finance costs"
Foreign exchange gains or losses	Income tax expense	
Gain or loss on valuation of derivatives	<b>Profit for the period</b>	
<b>Ordinary income</b>		
Extraordinary income or loss	Profit for the period attributable to	
Gain on sales of noncurrent assets	Owners of parent	
Loss on sales and retirement of noncurrent assets	Non-controlling interests	
Other		
Gain or loss on sales of investment securities		4) There is no concept of "Ordinary income" on IFRS. We calculate "Profit before tax" by adding and subtracting "Finance income" and "Finance costs" from "Operating profit" of IFRS.
<b>Income before income taxes</b>		
Income taxes-current		
Income taxes-deferred		
<b>Net income</b>		
Net income (loss) attributable to non-controlling interests		
Net income attributable to owners of parent		5) "Gain and loss on sales of investment securities" on JGAAP will be recorded in the statement of comprehensive income.

## Consolidated statement of financial position (Assets)

JGAAP	IFRS
<b>Consolidated Balance Sheet (Assets)</b>	<b>Consolidated statement of financial position (Assets)</b>
<b>Assets</b>	<b>Assets</b>
Current assets	Current assets
Cash and deposits	Cash and cash equivalents
Notes and accounts receivable-trade	Trade and other receivables
Lease investment assets	Inventories
Short-term investment securities	Income taxes receivable
Merchandise and finished goods	Other financial assets
Work in process	Other current assets
Raw materials and supplies	Subtotal
Short-term loans receivable	Assets held for sale
Other	<b>Total current assets</b>
Allowance for doubtful accounts	Non-current assets
<b>Total current assets</b>	Property, plant and equipment
Noncurrent assets	Intangible assets and goodwill
Property, plant and equipment	Investment property
Buildings and structures, net	Investments accounted for using equity method
Machinery, equipment and vehicles, net	Other financial assets
Land	Other non-current assets
Vehicles and equipment on operating leases, net	Deferred tax assets
Construction in progress	<b>Total non-current assets</b>
Other, net	<b>Total assets</b>
Total property, plant and equipment	
Intangible assets	
Other	
Total intangible assets	
Investments and other assets	
Investment securities	
Net defined benefit asset	
Deferred tax assets	
Other	
Allowance for doubtful accounts	
Total investments and other assets	
<b>Total noncurrent assets</b>	
<b>Total assets</b>	

1) Of "Cash and deposits" and "Short-term investment securities" on JGAAP, Cash and securities that mature within three months will be displayed as "Cash and cash equivalents."

2) "Notes and accounts receivable-trade", "Lease investment assets", "Short-term loans receivable" on JGAAP will be presented as "Trade and other receivables".

3) "Merchandise and finished goods", "Work in process" and "Raw materials and supplies" on JGAAP will be presented as "Inventories".

4) Operating lease transactions that were recorded as expense on JGAAP will be capitalized as "lease assets" and are included in "Property, plant and equipment".

5) In addition to "Intangible assets" on JGAAP, Research and development expenses that are recognized as assets on IFRS will be capitalized and presented as "Intangible assets and goodwill".

6) Of the "Property, plant and equipment" on JGAAP, the assets provided for leasing will be presented as "Investment property".

## Consolidated statement of financial position (Liabilities and Equity)

JGAAP	IFRS
<b>Consolidated Balance Sheet (Liabilities and Equity)</b>	<b>Consolidated statement of financial position (Liabilities and Equity)</b>
<b>Liabilities</b>	<b>Liabilities and equity</b>
<b>Current liabilities</b>	<b>Liabilities</b>
Notes and accounts payable-trade	<b>Current liabilities</b>
Electronically recorded obligations-operating	Borrowings
Short-term loans payable	Trade and other payables
Current portion of long-term loans payable	Other financial liabilities
Income taxes payable	Income taxes payable
Accrued expenses	Provisions
Provision for bonuses	Other current liabilities
Provision for product warranties	<b>Total current liabilities</b>
Provision for loss on construction contracts	<b>Non-current liabilities</b>
Provision for loss on business liquidation	Borrowings
Other	Other financial liabilities
<b>Total current liabilities</b>	Employee benefits
<b>Noncurrent liabilities</b>	Provisions
Long-term loans payable	Other non-current liabilities
Deferred tax liabilities	Deferred tax liabilities
Provision for product warranties	<b>Total non-current liabilities</b>
Provision for directors' retirement benefits	<b>Total Liabilities</b>
Net defined benefit liability	<b>Equity</b>
Long-term unearned revenue	<b>Equity attributable to owners of parent</b>
Other	Capital stock
<b>Total noncurrent liabilities</b>	Capital surplus
<b>Total liabilities</b>	Treasury shares
<b>Net Assets</b>	Retained earnings
<b>Shareholders' equity</b>	Other components of equity
Capital stock	<b>Total equity attributable to owners of parent</b>
Capital surplus	<b>Non-controlling interests</b>
Retained earnings	<b>Total equity</b>
Treasury stock	<b>Total liabilities and equity</b>
<b>Total shareholders' equity</b>	
<b>Accumulated other comprehensive income</b>	
Valuation difference on available-for-sale securities	
Foreign currency translation adjustment	
Remeasurements of defined benefit plans	
Remeasurements of other postretirement benefits of foreign consolidated subsidiaries	
<b>Total accumulated other comprehensive income</b>	
<b>Non-controlling interests</b>	
<b>Total net assets</b>	
<b>Total liabilities and net assets</b>	

1) "Notes and accounts payable-trade", "Electronically recorded obligations-operating" etc. on JGAAP will be presented as "Trade and other payables".

2) "Provision for bonuses", "Provision for product warranties", "Provision for loss on construction contracts", "Provision for loss on business liquidation" and will be presented as "Provisions".

3) "Provision for directors' retirement benefits" and "Net defined benefit liability" etc. will be presented as "Employee benefits".

4) "Provision for product warranties" etc. on JGAAP will be presented as "Provisions".

5) "Remeasurements of defined benefit plans" and "Remeasurements of other postretirement benefits of foreign consolidated subsidiaries" on JGAAP will be included in "Retained earnings".

6) "Valuation difference on available-for-sale securities" and "Foreign currency translation adjustment" on JGAAP will be presented as "Other components of equity".

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# Consolidated Statements of Cash Flows

JGAAP	
<b>Net cash provided by (used in) operating activities</b>	
Income (loss) before income taxes	
Depreciation and amortization	
Increase (decrease) in allowance for doubtful accounts	
Increase (decrease) in provision for product warranties	
Interest and dividends income	
Interest expenses	
Loss (gain) on sales and retirement of non-current assets	
Loss (gain) on sales and valuation of investment securities	
Increase (decrease) in operating loans receivable	
Increase (decrease) in notes and accounts receivable-trade	
Increase (decrease) in inventories	
Increase (decrease) in notes and accounts payable-trade	
Increase (decrease) in accrued expenses	
Other, net	
Subtotal	
Interest and dividends income received	
Interest expenses paid	
Income taxes paid	
Net cash provided by (used in) operating activities	
<b>Net cash provided by (used in) investing activities</b>	
Net decrease (increase) in time deposits	
Purchase of short-term investment securities	
Proceeds from sales of short-term investment securities	
Purchase of non-current assets	
Proceeds from sales of non-current assets	
Purchase of investment securities	
Proceeds from sales of investment securities	
Payments of loans receivable	
Collection of loans receivable	
Other, net	
Net cash provided by (used in) investing activities	
<b>Net cash provided by (used in) financing activities</b>	
Net increase (decrease) in short-term loans payable	
Proceeds from long-term loans payable	
Repayments of long-term loans payable	
Purchase of treasury shares	
Cash dividends paid	
Other, net	
Net cash provided by (used in) financing activities	
<b>Effect of exchange rate change on cash and cash equivalents</b>	
Net increase (decrease) in cash and cash equivalents	
<b>Cash and cash equivalents at beginning of period</b>	
<b>Decrease in cash and cash equivalents resulting from change of scope of consolidation</b>	
<b>Cash and cash equivalents at end of period</b>	

IFRS	
<b>Net cash provided by (used in) operating activities</b>	
Profit before tax	
Depreciation and amortization	
Finance income	
Finance costs	
Share of loss (profit) of investments accounted for using equity method	
Increase (decrease) in trade and other receivables	
Increase (decrease) in inventories	
Increase (decrease) in trade and other payables	
Increase (decrease) in provisions and employee benefits	
Other	
Subtotal	
Interest received	
Dividends received	
Interest paid	
Income taxes paid	
Net cash provided by (used in) operating activities	
<b>Net cash provided by (used in) investing activities</b>	
Purchase of property, plant and equipment	
Proceeds from sale of property, plant and equipment	
Purchases of intangible assets and expenditure on internally generated intangible assets	
Purchase of other financial assets	
Proceeds from sale and collection of other financial assets	
Other	
Net cash provided by (used in) investing activities	
<b>Net cash provided by (used in) financing activities</b>	
Net increase (decrease) in short-term borrowings	
Proceeds from long-term borrowings	
Repayments of long-term borrowings	
Proceeds from sale of treasury shares	
Purchase of treasury shares	
Dividends paid to owners of parent	
Repayments of lease liabilities	
Other	
Net cash provided by (used in) financing activities	
<b>Effect of exchange rate changes on cash and cash equivalents</b>	
<b>Net increase (decrease) in cash and cash equivalents</b>	
<b>Cash and cash equivalents at beginning of period</b>	
<b>Decrease in cash and cash equivalents resulting from change of scope of consolidation</b>	
<b>Cash and cash equivalents at end of period</b>	

1) Operating lease transactions that were recorded as expense on JGAAP will be capitalized, and their depreciation cost will be included in "Depreciation and amortization". And amortization cost of research and development cost will be also included in "Depreciation and amortization".

2) "Increase (decrease) in provision for product warranties" and other provision included in "Other" in "Net cash provided by (used in) operating activities" etc. will be presented as "Increase (decrease) in provisions and employee benefits".

3) "Purchase of non-current assets" on JGAAP will be separately presented as "Purchase of property, plant and equipment" and "Purchases of intangible assets and expenditure on internally generated intangible assets".

4) "Purchase of short-term investment securities", "Purchase of investment securities" and "Payments of loans receivable" on JGAAP will be presented as "Purchase of other financial assets".

5) Proceeds from sales of short-term investment securities", "Proceeds from sales of investment securities" and "Collection of loans receivable" will be presented as "Proceeds from sale and collection of other financial assets".

6) Operating lease transactions that were recorded as expense on JGAAP will be capitalized and recorded on liabilities. Payments of the liabilities will be presented as "Repayments of lease liabilities".



Forward-looking statements including projections and future strategies mentioned in this presentation are based on currently available information and assumptions and are subject to risks and uncertainties. Actual results may vary materially as a result of various factors including, without limitation, economic conditions, market demand and fluctuations in foreign exchange rates. Investors are asked not to rely solely on the information in this presentation when they make their final investment decisions.

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