



Consolidated Financial Results for the 1st Quarter of FYE 2020

SUBARU CORPORATION

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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 the 1st Quarter (3 months) of FYE 2020

SUBARU Corporation is voluntarily adopting the International Financial Reporting Standards (IFRS) from the first quarter of the fiscal year ending March 2020. Therefore, the figures are based on IFRS.

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

International Financial Reporting Standards (IFRS) have been adopted starting with the fiscal year under review. The figures provided on the following pages are based on IFRS.

1 st Quarter (3 months) : Consolidated Unit Sales (by market)				
(Thousand Units)				
	Results 1 st Quarter (3 months) FYE 2019	Results 1 st Quarter (3 months) FYE 2020	Variance	Reference : JGAAP Results 1 st Quarter (3 months) FYE 2019
Passenger cars (*)	25.9	27.5	+1.6	22.9
Minicars (*)	6.5	5.8	-0.7	6.0
Domestic total(*)	32.4	33.3	+0.9	28.9
US	149.8	179.3	+29.5	149.8
Canada	15.7	15.6	-0.1	15.7
Russia	2.5	2.2	-0.3	2.5
Europe	15.3	5.9	-9.4	15.3
Australia	10.9	11.7	+0.8	10.9
China	3.4	5.7	+2.4	3.4
Others	11.4	8.8	-2.6	11.4
Overseas total	209.0	229.3	+20.3	209.0
Total	241.3	262.6	+21.2	237.9

* JGAAP : on vehicle registration basis, IFRS : on delivery-to-customer basis
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Let's start with the consolidated financial results for the first quarter (3 months).

Consolidated unit sales grew 21.2 thousand units year on year to reach 262.6 thousand units.

Overseas, sales of the fully redesigned Forester and of the Ascent, which was launched in the North American market last summer, were strong, resulting in a year-on-year increase of 20.3 thousand units, to 229.3 thousand units.

In the domestic market, sales of the fully redesigned Forester and the SUBARU XV with e-BOXER increased, resulting in a year-on-year increase of 0.9 thousand units, to 33.3 thousand units.

Retail sales in the United States market have remained favorable, outperforming the same period of the previous year for 92 consecutive months up to July 2019.

1 st Quarter (3 months) : Consolidated Unit Sales / Complete Cars Production			
(Thousand Units)			
	Results 1 st Quarter (3 months) FYE 2019	Results 1 st Quarter (3 months) FYE 2020	Variance
Consolidated Unit Sales Total	241.3	262.6	+21.2
(Thousand Units)			
	Results 1 st Quarter (3 months) FYE 2019	Results 1 st Quarter (3 months) FYE 2020	Variance
Production in U.S.	86.7	101.9	+15.2
Production in Japan	154.8	160.0	+5.2
Total	241.5	261.9	+20.4
* Production figures include Toyota 86.			
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Production increased 20.4 thousand units year on year to reach 261.9 thousand units.

Production in Japan increased year on year due to strong demand for the fully-redesigned Forester, which offset an impact of changes in operation schedules at the Gunma plant continuing since the fall of 2018 to ensure quality-first production and inspection work.

Production in the U.S. substantially exceeded that of the previous year, owing primarily to increased Ascent production.

1 st Quarter (3 months) : Consolidated Profit Results					
(100 Million Yen)					
Reference : JGAAP					
	Results 1 st Quarter (3 months) FYE 2019	Results 1 st Quarter (3 months) FYE 2020	Variance	Results 1 st Quarter (3 months) FYE 2019	
Revenue (*1)	7,184	8,334	+1,150	7,092	
Domestic	1,397	1,423	+25	1,302	
Overseas	5,786	6,912	+1,125	5,790	
Operating profit (*2)	621	922	+301	576	
Profit before tax (*3)	634	893	+260	616	
Profit for the period attributable to owners of parent (*4)	474	665	+190	455	
SUBARU exchange rate	US\$	¥108	¥111	+¥3	¥108
	EURO	¥131	¥125	-¥6	¥131
	CAN\$	¥84	¥83	-¥1	¥84

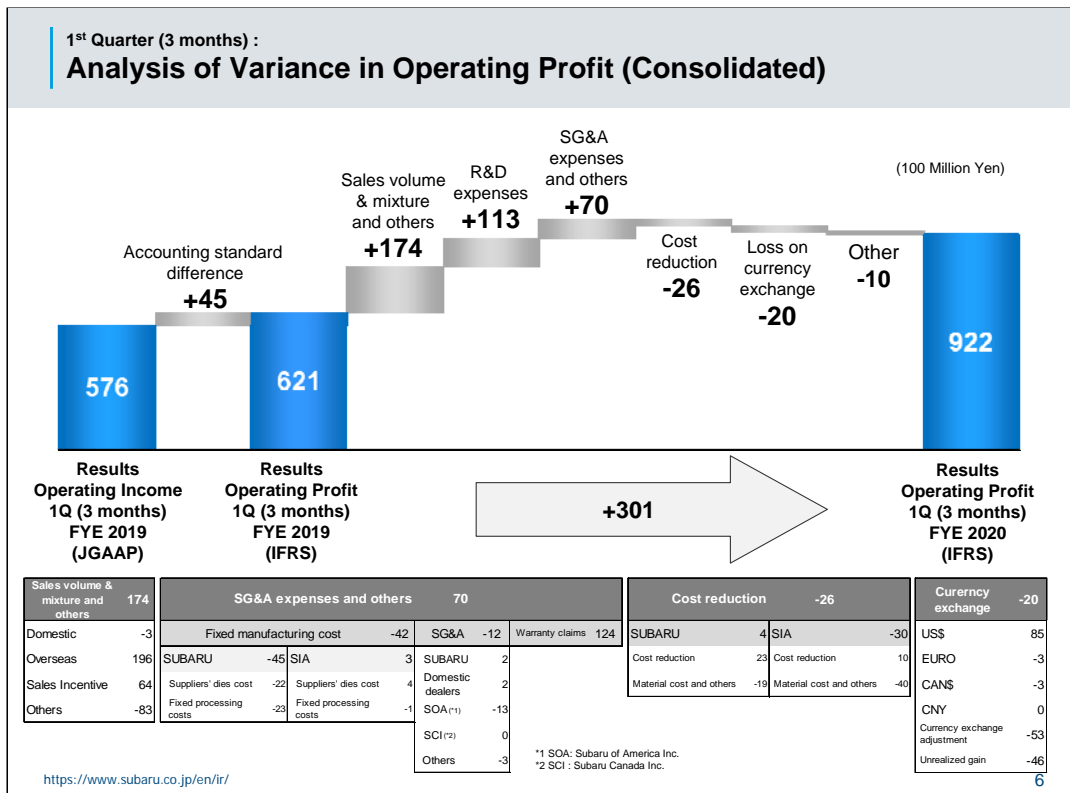
*1 : "Net sales" on JGAAP is shown as "Revenue".
*2 : "Operating income" on JGAAP is shown as "Operating profit".
*3 : "Income before income tax" on JGAAP is shown as "Profit before tax".
*4 : "Net income attributable to owners of parent" on JGAAP is shown as "Profit for the period attributable to owners of parent".

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Due primarily to the positive effect of improved sales volume & mixture of 113.5 billion yen as a result of increased automobile unit sales and other such factors, revenue increased by 115.0 billion yen year on year to 833.4 billion yen.

Operating profit was up 30.1 billion yen year on year to 92.2 billion yen as a result of automobile unit sales growth, sales incentive control, decreases in SG&A expenses and others, R&D expenses, and other factors.

Additionally, profit before tax was up 26.0 billion yen to 89.3 billion yen and profit for the period attributable to owners of parent was up 19.0 billion to 66.5 billion yen.



The main factors working to increase operating profit were improvement in the sales volume & mixture and a decrease in SG&A expenses and others, R&D, and other expenses.

In regard to the sales volume & mixture, new car sales improved substantially overseas owing to an increase in unit sales, primarily of the Ascent and the Forester, and sales incentive control.

The decrease in R&D was primarily a result of an increase in capitalized costs in conjunction with the adoption of IFRS.

As for SG&A and other expenses, the decrease in warranty claims was primarily a result of there not having been any major recalls and currency exchange valuation of provisions.

The main factors working to decrease operating profit were higher material costs, other negative market factors and so on.

In the U.S., as full redesigns of the Legacy and Outback await, sales of current models continued favorably, and costs were kept down. As a result, per unit incentives were down 750 dollars year on year to 1,750 dollars, leading to a 5 billion yen improvement in costs overall.

Consolidated Statement of Financial Position			
	As of March 2019	As of June 2019	Variance
	(100 Million Yen)		
Total assets	31,806	31,678	-128
Current assets	19,137	18,714	-423
Non-current assets	12,669	12,964	+295
Total liabilities	14,907	14,805	-102
Interest bearing debts	1,037	1,070	+33
Total equity	16,899	16,874	-25
Retained earnings	13,506	13,610	+104
Equity attributable to owners of parent	16,822	16,799	-24
Ratio of equity attributable to owners of parent to total assets	52.9%	53.0%	-
D/E ratio	0.06	0.06	-

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Assets decreased by 12.8 billion yen from March 31, 2019, due primarily to a decrease in inventories.

Liabilities decreased by 10.2 billion yen, due primarily to a decrease in provisions.

Equity decreased by 2.5 billion yen due to a decrease in other components of equity despite an increase in retained earnings.

Figures for the fiscal year ended March 2019 have been adjusted to reflect IFRS. As such, they differ from the figures disclosed previously (May 10, 2019) that were based on JGAAP.

1 st Quarter (3 months) : Consolidated Statement of Cash Flows			
(100 Million Yen)			
	Results 1 st Quarter (3 months) FYE 2019	Results 1 st Quarter (3 months) FYE 2020	Variance
Net cash provided by (used in) operating activities	423	1,367	+944
Net cash provided by (used in) investing activities	-361	-279	+81
Free cash flows	62	1,088	+1,026
Net cash provided by (used in) financing activities	-940	-617	+322
Effect of exchange rate change on cash and cash equivalents	166	-155	-321
Net increase (decrease) in cash and cash equivalents	-712	315	+1,027
Cash and cash equivalents at end of period	6,944	7,339	+394

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Provisions decreased significantly, primarily as a result of recall-related expenditures, but operating cash flow increased owing to an increase in profit before tax and a decrease in inventories and income taxes paid. As a result, free cash flow increased.

In conjunction with the adoption of IFRS, lease payments for leases recorded as assets have been moved from operating cash flow to financing cash flow.

1 st Quarter (3 months) : Operating Results of Subsidiaries in U.S.			
(Million US\$)			
SOA	Results 1 st Quarter (3 months) FYE 2019	Results 1 st Quarter (3 months) FYE 2020	Variance
Net sales	4,205	5,261	+1,056
Operating income	-7	160	+167
Net income	3	126	+123
Retail sales (Thousand units)	172.6	182.2	+9.6
SIA	Results 1 st Quarter (3 months) FYE 2019	Results 1 st Quarter (3 months) FYE 2020	Variance
Net sales	1,980	2,428	+448
Operating income	7	67	+60
Net income	7	54	+47
Production (Thousand units)	86.7	101.9	+15.2

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SOA retail sales rose 9.6 thousand units year on year to 182.2 thousand units, owing to favorable sales of the Ascent and the Forester.

Net sales were up 1,056 million dollars year on year to 5,261 million dollars and operating income benefited from a 134 million dollar improvement in sales volume & mixture as well as a 33 million dollar decrease in SG&A expenses, bringing it up 167 million dollars year on year to 160 million dollars.

SIA net sales increased by 448 million dollars year on year to 2,428 million dollars.

At the operating level, the combination of a positive impact from sales mix variances of 85 million dollars, a negative impact from higher costs of 28 million dollars, and a positive impact from lower fixed costs of 3 million dollars, totaling an increase of 60 million dollars year on year, resulted in operating income of 67 million dollars.

Capex / Depreciation / Interest Bearing Debt / R&D				
				(100 Million Yen)
				Reference : JGAAP
	Results 1 st Quarter (3 months) FYE 2019	Results 1 st Quarter (3 months) FYE 2020	Variance	Results 1 st Quarter (3 months) FYE 2019
Capex ^(*)	284	357	+73	283
Depreciation ^(*)	214	221	+7	213
Interest bearing debt ^(*)	603	1,070	+467	567
R&D expenditures ^(*)	281	245	-36	

*1 : Leases, capex & amortization for intangible assets and lease liabilities are not included in the results 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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The results for capital expenditures and so on are as shown in this slide.

| Forecasts for FYE 2020

FYE 2020 Plan: Consolidated Unit Sales (by market)				
(Thousand Units)				
	Results FYE 2019	Plan FYE 2020	Variance	Reference : JGAAP Results FYE 2019
Passenger cars (*)	110.2	112.3	+2.1	109.7
Minicars (*)	26.0	28.2	+2.1	25.6
Domestic total(*)	136.2	140.5	+4.3	135.3
US	659.7	693.2	+33.5	659.7
Canada	56.8	60.0	+3.2	56.8
Russia	8.1	8.6	+0.4	8.1
Europe	32.1	37.7	+5.6	32.1
Australia	41.7	45.9	+4.2	41.7
China	22.8	25.2	+2.4	22.8
Others	43.3	47.2	+3.9	43.3
Overseas total	864.6	917.8	+53.2	864.6
Total	1,000.8	1,058.3	+57.5	999.9

* JGAAP : on vehicle registration basis, IFRS : on delivery-to-customer basis
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Next, let's look at the plan for the fiscal year ending March 2020.

Because sales were strong, especially in our main market of the U.S., expenses related to R&D and warranty claims were lower, and incentives were kept down, first quarter results were better than anticipated.

On the other hand, only one quarter of the fiscal year has passed, and many uncertainties remain with respect to the second half, so the FYE 2020 Plan will be left as-is.

As mentioned at the beginning, the full-year results for the fiscal year ended March 2019, which is the comparative year, are presented in conformity to IFRS.

The plan for consolidated unit sales remains unchanged since the previous announcement, up 57.5 thousand units year on year to 1,058.3 thousand units.

FYE 2020 Plan :

Consolidated Unit Sales / Complete Cars Production

(Thousand Units)

	Results FYE 2019	Plan FYE 2020	Variance
Consolidated Unit Sales Total	1,000.8	1,058.3	+57.5

(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
Total	989.1	1,056.2	+67.1

* Production figures include Toyota 86.

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Production figures have also not been revised since the previous announcement.

The plan calls for an increase of 67.1 thousand units year on year, for a total of 1,056.2 thousand units.

FYE 2020 Plan :
Consolidated Profit Plan

(100 Million Yen)

Reference : JGAAP

	Results FYE 2019	Plan FYE 2020	Variance	Results FYE 2019
Revenue (*1)	31,562	33,100	+1,539	31,605
Domestic	5,941	5,841	-101	5,966
Overseas	25,620	27,260	+1,639	25,639
Operating profit (*2)	1,817	2,600	+783	1,955
Profit before tax (*3)	1,860	2,700	+840	1,958
Profit for the period attributable to owners of parent (*4)	1,414	2,100	+686	1,478
SUBARU				
exchange rate				
US\$	¥111	¥110	-¥1	¥111
EURO	¥129	¥120	-¥9	¥129
CAN\$	¥85	¥80	-¥5	¥85

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

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

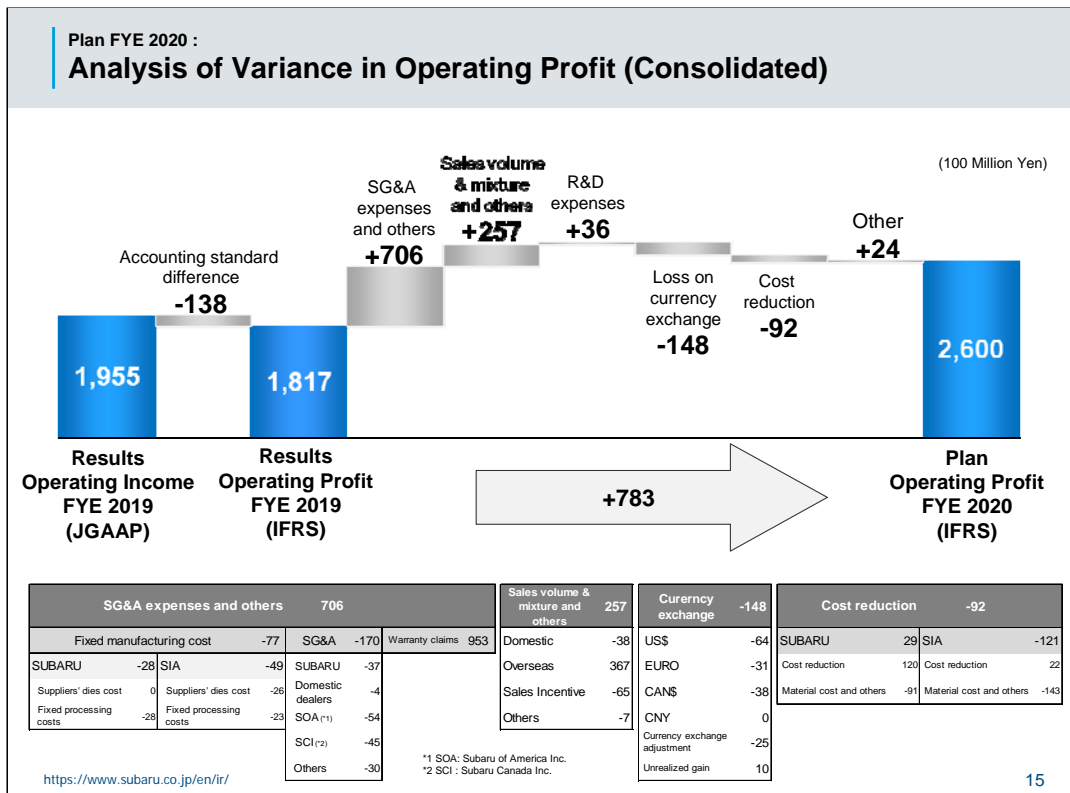
*4 : "Net income attributable to owners of parent" on JGAAP is shown as "Profit for the period attributable to owners of parent".

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The consolidated profit plan also remain unchanged.

We expect revenue to be up by 153.9 billion yen year on year to 3,310 billion yen, operating profit by 78.3 billion yen to 260.0 billion yen, and profit for the period attributable to owners of parent to be 210.0 billion yen.



In the previous announcement, we explained the analysis of variance in operating profit with respect to last year's results under the JGAAP, but this time, last year's results have been calculated based on IFRS.

Capex / Depreciation / Interest Bearing Debt / R&D				
				(100 Million Yen)
				Reference : JGAAP
	Results FYE 2019	Plan FYE 2020	Variance	Results FYE 2019
Capex ^{(*)1}	1,140	1,400	+260	1,135
Depreciation ^{(*)1}	891	1,000	+110	888
Interest bearing debt ^{(*)1}	1,037	1,450	+413	1,004
R&D expenditures ^{(*)2}	1,027	1,200	+173	

^{(*)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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The full-year forecasts remain unchanged for these items as well.

The remaining pages contain segment information, etc. for your reference.

This concludes the briefing on our financial results for the first quarter of the fiscal year ending March 2020.

Thank you very much.

Appendix (1)

- Segment information by Business & Geographic (1st Quarter)
- Overseas Revenue (1st Quarter)
- Non-consolidated Unit Sales (1st Quarter)
- Complete Cars Production / Retail Sales Units

1st Quarter (3 months) :

Revenue and Operating profit by Business Segment (Consolidated)

(100 Million Yen)

	Revenue				Operating profit			
	Results 1 st Quarter (3 months) FYE 2019	Results 1 st Quarter (3 months) FYE 2020	Variance	Results 1 st Quarter (3 months) FYE 2019	Results 1 st Quarter (3 months) FYE 2020	Variance		
Automobile	(6,729)	6,813	+1,148	(552)	593	878	+285	
Aerospace	(330)	338	+16	(16)	17	29	+12	
Other	(33)	33	-13	(7)	11	15	+4	
Elimination & Corporate				(1)	1	0	-0	
Total	(7,092)	7,184	+1,150	(576)	621	922	+301	

* Figure in () : JGAAP

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1st Quarter (3 months) :

Revenue and Operating Profit by Geographic Area (Consolidated)

(100 Million Yen)

	Revenue				Operating profit			
	Results 1 st Quarter (3 months) FYE 2019	Results 1 st Quarter (3 months) FYE 2020	Variance	Results 1 st Quarter (3 months) FYE 2019	Results 1 st Quarter (3 months) FYE 2020	Variance		
Japan	(2,070)	2,164	2,193	+28	(454)	503	701	+198
North America	(4,542)	4,539	5,789	+1,249	(24)	22	234	+212
Other	(480)	480	353	-128	(-2)	-1	8	+9
Elimination & Corporate					(99)	98	-20	-118
Total	(7,092)	7,184	8,334	+1,150	(576)	621	922	+301

* Figure in () : JGAAP

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1st Quarter (3 months) :
Overseas Revenue (Consolidated)

(100 Million Yen)

	Results 1 st Quarter (3 months) FYE 2019		Results 1 st Quarter (3 months) FYE 2020	Variance
North America	(4,776)	4,773	6,060	+1,288
Europe	(420)	420	205	-215
Asia	(224)	224	291	+67
Other	(371)	370	356	-15
Total	(5,790)	5,786	6,912	+1,125

* Figure in () : JGAAP

1st Quarter (3 months) :
Non-consolidated Unit Sales

(Thousand Units)

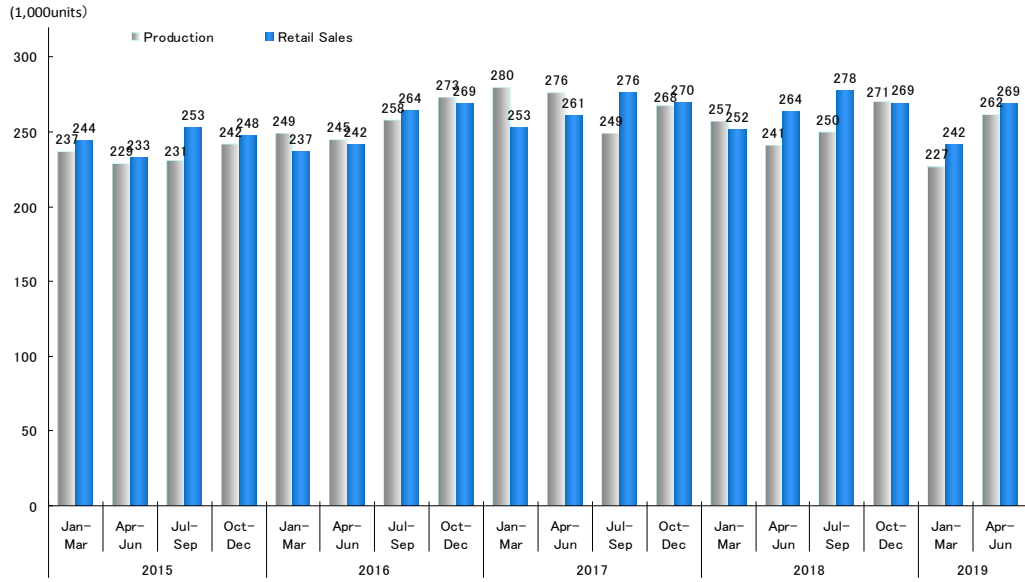
	Results 1 st Quarter (3 months) FYE 2019	Results 1 st Quarter (3 months) FYE 2020	Variance
Domestic production	154.8	160.0	+5.2
Domestic sales	30.5	31.2	+0.7
Passenger cars	24.6	25.3	+0.7
Minicars	5.9	5.9	-0.0
Number of exported vehicles	122.9	132.3	+9.5
Components for overseas production	90.1	88.0	-2.1
Total	243.4	251.5	+8.1

* Domestic production figures include Toyota 86.

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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)

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 recorded 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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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
Operating income	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	Operating profit
Interest income	Finance income
Dividends income	Finance costs
Interest expenses	Profit before tax
Foreign exchange gains or losses	Income tax expense
Gain or loss on valuation of derivatives	Profit for the period
Ordinary income	Profit for the period attributable to
Extraordinary income or loss	Owners of parent
Gain on sales of noncurrent assets	Non-controlling interests
Loss on sales and retirement of noncurrent assets	
Other	
Gain or loss on sales of investment securities	
Income before income taxes	
Income taxes-current	
Income taxes-deferred	
Net income	
Net income (loss) attributable to non-controlling interests	
Net income attributable to owners of parent	

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".

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.

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".

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.

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

Consolidated Balance Sheet (Assets)

Assets
Current assets
Cash and deposits
Notes and accounts receivable-trade
Lease investment assets
Short-term investment securities
Merchandise and finished goods
Work in process
Raw materials and supplies
Short-term loans receivable
Other
Allowance for doubtful accounts
Total current assets
Noncurrent assets
Property, plant and equipment
Buildings and structures, net
Machinery, equipment and vehicles, net
Land
Vehicles and equipment on operating leases, net
Construction in progress
Other, net
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
Total noncurrent assets
Total assets

IFRS

Consolidated statement of financial position (Assets)

Assets
Current assets
Cash and cash equivalents
Trade and other receivables
Inventories
Income taxes receivable
Other financial assets
Other current assets
Subtotal
Assets held for sale
Total current assets
Non-current assets
Property, plant and equipment
Intangible assets and goodwill
Investment property
Investments accounted for using equity method
Other financial assets
Other non-current assets
Deferred tax assets
Total non-current assets
Total assets

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

- 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	IFRS
Net cash provided by (used in) operating activities	Net cash provided by (used in) operating activities
Income (loss) before income taxes	Profit before tax
Depreciation and amortization	Depreciation and amortization
Increase (decrease) in allowance for doubtful accounts	Finance income
Increase (decrease) in provision for product warranties	Finance costs
Interest and dividends income	Share of loss (profit) of investments accounted for using equity method
Interest expenses	Decrease (increase) in trade and other receivables
Loss (gain) on sales and retirement of noncurrent assets	Decrease (increase) in inventories
Loss (gain) on sales and valuation of investment securities	Increase (decrease) in trade and other payables
Decrease (increase) in operating loans receivable	Increase (decrease) in provisions and employee benefits
Decrease (increase) in notes and accounts receivable-trade	Other
Decrease (increase) in inventories	Subtotal
Increase (decrease) in notes and accounts payable-trade	Interest received
Increase (decrease) in accrued expenses	Dividends received
Other, net	Interest paid
Subtotal	Income taxes paid
Interest and dividends income received	Net cash provided by (used in) operating activities
Interest expenses paid	Net cash provided by (used in) investing activities
Income taxes paid	Purchase of property, plant and equipment
Net cash provided by (used in) operating activities	Proceeds from sale of property, plant and equipment
Net cash provided by (used in) investing activities	Purchases of intangible assets and expenditure on internally generated intangible assets
Net decrease (increase) in time deposits	Purchase of other financial assets
Purchase of short-term investment securities	Proceeds from sale and collection of other financial assets
Proceeds from sales of short-term investment securities	Other
Purchase of non-current assets	Net cash provided by (used in) investing activities
Proceeds from sales of non-current assets	Net cash provided by (used in) financing activities
Purchase of investment securities	Net increase (decrease) in short-term borrowings
Proceeds from sales of investment securities	Proceeds from long-term borrowings
Payments of loans receivable	Repayments of long-term borrowings
Collection of loans receivable	Proceeds from sale of treasury shares
Other, net	Purchase of treasury shares
Net cash provided by (used in) investing activities	Dividends paid to owners of parent
Net cash provided by (used in) financing activities	Repayments of lease liabilities
Net increase (decrease) in short-term loans payable	Other
Proceeds from long-term loans payable	Net cash provided by (used in) financing activities
Repayments of long-term loans payable	Effect of exchange rate changes on cash and cash equivalents
Purchase of treasury shares	Net increase (decrease) in cash and cash equivalents
Cash dividends paid	Cash and cash equivalents at beginning of period
Other, net	Decrease in cash and cash equivalents resulting from change of scope of consolidation
Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
Effect of exchange rate change on cash and cash equivalents	
Net increase (decrease) in cash and cash equivalents	
Cash and cash equivalents at beginning of period	
Decrease in cash and cash equivalents resulting from change of scope of consolidation	
Cash and cash equivalents at end of period	

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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