

FINANCIAL STATEMENTS

Consolidated balance sheets (China JV Equity basis)

	(Millions of yen)	
	FY2017 As of March 31, 2018	FY2018 As of March 31, 2019
Assets		
Current assets		
Cash on hand and in banks	1,134,838	1,219,588
Trade notes and accounts receivable	739,851	512,164
Sales finance receivables	7,634,756	7,665,603
Securities	71,200	139,470
Merchandise and finished goods	880,518	827,289
Work in process	91,813	64,386
Raw materials and supplies	318,218	366,248
Other	775,771	945,449
Allowance for doubtful accounts	(116,572)	(127,092)
Total current assets	11,530,393	11,613,105
Fixed assets		
Property, plant and equipment		
Buildings and structures, net	600,675	590,717
Machinery, equipment and vehicles, net	3,392,134	3,436,437
Land	598,780	595,776
Construction in progress	209,237	233,070
Other, net	464,808	449,698
Total property, plant and equipment	5,265,634	5,305,698
Intangible fixed assets	128,782	134,471
Investments and other assets		
Investment securities	1,264,532	1,338,875
Long-term loans receivable	12,654	13,983
Net defined benefit assets	10,552	8,499
Deferred tax assets	321,426	326,759
Other	207,764	213,313
Allowance for doubtful accounts	(1,802)	(2,358)
Total investments and other assets	1,815,126	1,899,071
Total fixed assets	7,209,542	7,339,240
Total assets	18,739,935	18,952,345

	(Millions of yen)	
	FY2017 As of March 31, 2018	FY2018 As of March 31, 2019
Liabilities		
Current liabilities		
Trade notes and accounts payable	1,646,638	1,580,452
Short-term borrowings	802,952	850,995
Current portion of long-term borrowings	1,152,719	1,630,771
Commercial paper	402,918	697,549
Current portion of bonds	396,637	583,457
Lease obligations	25,766	19,846
Accrued expenses	1,114,053	1,183,888
Accrued warranty costs	115,568	116,492
Other	1,087,133	1,067,081
Total current liabilities	6,744,384	7,730,531
Long-term liabilities		
Bonds	1,887,404	1,691,844
Long-term borrowings	3,053,712	2,539,186
Lease obligations	16,248	16,038
Deferred tax liabilities	375,087	339,991
Accrued warranty costs	120,210	116,425
Net defined benefit liability	352,861	378,967
Other	488,319	515,853
Total long-term liabilities	6,293,841	5,598,304
Total liabilities	13,038,225	13,328,835
Net assets		
Shareholders' equity		
Common stock	605,814	605,814
Capital surplus	815,913	814,682
Retained earnings	4,921,722	4,961,980
Treasury stock	(139,970)	(139,457)
Total shareholders' equity	6,203,479	6,243,019
Accumulated other comprehensive income		
Unrealized holding gain and loss on securities	68,179	30,004
Unrealized gain and loss from hedging instruments	9,537	4,762
Adjustment for revaluation of the accounts of the consolidated subsidiaries based on general price level accounting	(13,945)	(30,882)
Translation adjustments	(733,571)	(790,131)
Remeasurements of defined benefit plans	(135,967)	(154,097)
Total accumulated other comprehensive income	(805,767)	(940,344)
Share subscription rights	84	—
Non-controlling interests	303,914	320,835
Total net assets	5,701,710	5,623,510
Total liabilities and net assets	18,739,935	18,952,345

Consolidated statement of income (China JV Equity basis)

	(Millions of yen)	
	FY2017 (From April 1, 2017 to March 31, 2018)	FY2018 (From April 1, 2018 to March 31, 2019)
Net sales	11,951,169	11,574,247
Cost of sales	9,814,001	9,670,402
Gross profit	2,137,168	1,903,845
Selling, general and administrative expenses		
Advertising expenses	304,328	302,472
Service costs	74,569	146,851
Provision for warranty costs	122,135	122,818
Other selling expenses	251,593	221,536
Salaries and wages	410,156	409,222
Retirement benefit expenses	17,883	19,105
Supplies	4,413	2,780
Depreciation and amortization	53,928	55,685
Provision for doubtful accounts	90,461	82,356
Amortization of goodwill	1,057	1,118
Other	231,885	221,678
Total selling, general and administrative expenses	1,562,408	1,585,621
Operating income	574,760	318,224
Non-operating income		
Interest income	21,092	30,206
Dividends income	6,663	8,132
Equity in earnings of affiliates	205,645	218,565
Derivative gain	—	24,751
Miscellaneous income	15,938	29,532
Total non-operating income	249,338	311,186
Non-operating expenses		
Interest expense	12,670	13,478
Derivative loss	5,001	—
Exchange loss	26,772	38,293
Credit liquidation costs	13,854	12,888
Miscellaneous expenses	15,499	18,253
Total non-operating expenses	73,796	82,912
Ordinary income	750,302	546,498

	(Millions of yen)	
	FY2017 (From April 1, 2017 to March 31, 2018)	FY2018 (From April 1, 2018 to March 31, 2019)
Special gains		
Gain on sales of fixed assets	10,408	17,712
Gain on sales of business	—	7,993
Other	2,184	2,611
Total special gains	12,592	28,316
Special losses		
Loss on sales of fixed assets	4,149	2,960
Loss on disposal of fixed assets	10,644	15,941
Impairment loss	16,166	13,339
Compensation for suppliers and others	13,612	16,998
Special addition to retirement benefits	3,445	39,832
Expense for reorganization of sales business	—	4,027
Other	4,135	4,009
Total special losses	52,151	97,106
Income before income taxes	710,743	477,708
Income taxes-current	140,571	156,115
Income taxes-deferred	(193,485)	(20,322)
Total income taxes	(52,914)	135,793
Net income	763,657	341,915
Net income attributable to non-controlling interests	16,765	22,777
Net income attributable to owners of parent	746,892	319,138

Consolidated statement of cash flows (China JV Equity basis)

	(Millions of yen)	
	FY2017 (From April 1, 2017 to March 31, 2018)	FY2018 (From April 1, 2018 to March 31, 2019)
Cash flows from operating activities		
Income before income taxes	710,743	477,708
Depreciation and amortization (for fixed assets excluding leased vehicles)	388,427	385,737
Depreciation and amortization (for long-term prepaid expenses)	31,264	33,954
Depreciation and amortization (for leased vehicles)	469,540	479,850
Impairment loss	16,166	13,339
Increase (decrease) in allowance for doubtful receivables	12,558	3,028
Provision for residual value risk of leased vehicles (net changes)	40,716	31,828
Interest and dividends income	(27,755)	(38,338)
Interest expense	168,206	208,074
Equity in losses (earnings) of affiliates	(205,645)	(218,565)
Loss (gain) on sales of fixed assets	(6,259)	(14,752)
Loss on disposal of fixed assets	10,644	15,941
Loss (gain) on sales of investment securities	(53)	(1,483)
Decrease (increase) in trade notes and accounts receivable	73,149	228,010
Decrease (increase) in sales finance receivables	(530,842)	87,606
Decrease (increase) in inventories	9,612	13,098
Increase (decrease) in trade notes and accounts payable	108,330	(43,721)
Retirement benefit expenses	11,028	27,545
Payments related to net defined benefit assets and liabilities	(24,025)	(26,644)
Other	76,234	(52,424)
Subtotal	1,332,038	1,609,791
Interest and dividends received	28,203	41,706
Proceeds from dividends income from affiliates accounted for by equity method	134,300	144,376
Interest paid	(159,578)	(202,757)
Income taxes paid	(263,713)	(142,228)
Net cash provided by operating activities	1,071,250	1,450,888

	(Millions of yen)	
	FY2017 (From April 1, 2017 to March 31, 2018)	FY2018 (From April 1, 2018 to March 31, 2019)
Cash flows from investing activities		
Net decrease (increase) in short-term investments	3,868	675
Purchase of fixed assets	(398,797)	(422,569)
Proceeds from sales of fixed assets	39,742	46,433
Purchase of leased vehicles	(1,430,561)	(1,298,702)
Proceeds from sales of leased vehicles	645,167	666,375
Payments of long-term loans receivable	(555)	(372)
Collection of long-term loans receivable	732	3,390
Purchase of investment securities	(26,207)	(31,328)
Proceeds from sales of investment securities	10,168	178
Proceeds from (payments for) sales of subsidiaries' shares resulting in changes in the scope of consolidation	—	440
Net decrease (increase) in restricted cash	9,124	(134,474)
Proceeds from transfer of business	—	46,176
Other	(400)	(9,769)
Net cash used in investing activities	(1,147,719)	(1,133,547)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(147,508)	213,577
Proceeds from long-term borrowings	1,413,908	1,313,294
Proceeds from issuance of bonds	858,002	363,868
Repayments of long-term borrowings	(1,463,828)	(1,344,303)
Redemption of bonds	(362,911)	(416,059)
Purchase of treasury stock	(6)	(5)
Proceeds from sales of treasury stock	1,357	—
Repayments of lease obligations	(34,633)	(27,044)
Cash dividends paid	(197,541)	(215,101)
Cash dividends paid to non-controlling interests	(15,757)	(15,354)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	—	(13)
Purchase of treasury stock of subsidiaries	(14,273)	—
Net cash provided by financing activities	36,810	(127,140)
Effects of exchange rate changes on cash and cash equivalents	4,535	(38,258)
Increase (decrease) in cash and cash equivalents	(35,124)	151,943
Cash and cash equivalents at beginning of the period	1,241,124	1,206,000
Increase due to inclusion in consolidation	—	1,115
Cash and cash equivalents at end of the period	1,206,000	1,359,058