

## FINANCIAL SECTION

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# Five-Year Summary

SUZUKI MOTOR CORPORATION

## CONSOLIDATED

Years ended 31 March	Millions of yen (except per share amounts)				
	2019	2018	2017	2016	2015
Net sales .....	<b>¥3,871,496</b>	¥3,757,219	¥3,169,542	¥3,180,659	¥3,015,461
Net income attributable to owners of the parent .....	<b>178,759</b>	215,730	159,956	116,660	96,862
Net income per share:					
Primary .....	<b>395.26</b>	488.86	362.54	234.98	172.67
Fully diluted .....	<b>395.20</b>	473.74	362.48	234.92	172.63
Cash dividends per share .....	<b>74.00</b>	74.00	44.00	32.00	27.00
Net assets .....	<b>1,715,914</b>	1,595,227	1,387,041	1,187,703	1,701,390
Total assets .....	<b>3,401,970</b>	3,340,828	3,115,985	2,702,008	3,252,800
Depreciation and amortization ...	<b>148,926</b>	150,877	163,397	168,315	134,377

# Consolidated Financial Statement

## Consolidated Balance Sheets

As of 31 March 2019 and 2018

SUZUKI MOTOR CORPORATION AND CONSOLIDATED SUBSIDIARIES	Millions of yen	
	2019	2018
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents <sup>*Note 13</sup> .....	<b>¥473,097</b>	¥600,846
Receivables:		
Notes and accounts receivable-trade <sup>*Note 5</sup> .....	<b>445,700</b>	388,973
Allowance for doubtful accounts .....	<b>(4,822)</b>	(4,769)
Inventories <sup>*Note 7</sup> .....	<b>351,896</b>	352,916
Others .....	<b>356,445</b>	481,022
Total current assets .....	<b>1,622,317</b>	1,818,988
<b>Property, plant and equipment:</b>		
Land <sup>*Note 7</sup> .....	<b>299,977</b>	280,866
Buildings and structures <sup>*Note 7</sup> .....	<b>490,441</b>	454,347
Machinery, equipment and vehicles .....	<b>1,283,453</b>	1,217,050
Tools, furniture and fixtures .....	<b>626,529</b>	585,610
Construction in progress .....	<b>89,585</b>	106,393
	<b>2,789,988</b>	2,644,269
Accumulated depreciation .....	<b>(1,885,711)</b>	(1,840,003)
Total property, plant and equipment .....	<b>904,276</b>	804,265
<b>Investments and other assets:</b>		
Investment securities <sup>*Note 5</sup> .....	<b>604,164</b>	517,693
Investments in affiliates <sup>*Note 5</sup> .....	<b>39,145</b>	35,509
Assets for retirement benefits <sup>*Note 9</sup> .....	—	42
Deferred tax assets <sup>*Note 2 and 10</sup> .....	<b>198,422</b>	145,563
Others .....	<b>33,644</b>	18,764
Total investments and other assets .....	<b>875,376</b>	717,573
Total assets .....	<b>¥3,401,970</b>	¥3,340,828

The accompanying Notes to Consolidated Financial Statement are an integral part of these statements.

## Consolidated Financial Statement

As of 31 March 2019 and 2018

SUZUKI MOTOR CORPORATION AND CONSOLIDATED SUBSIDIARIES	Millions of yen	
	2019	2018
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current liabilities:</b>		
Short-term loans payable <sup>*Note 5 and 7</sup> .....	¥93,807	¥97,598
Current portion of long-term loans payable <sup>*Note 5 and 7</sup> ...	63,845	93,157
Accounts payable-trade <sup>*Note 5</sup> .....	327,373	443,916
Electronically recorded obligations .....	71,532	68,322
Income taxes payable .....	34,661	40,598
Accrued expenses <sup>*Note 5</sup> .....	297,200	215,335
Provision for product warranties .....	248,199	105,106
Others .....	203,040	177,305
Total current liabilities .....	<u>1,339,662</u>	<u>1,241,341</u>
<b>Noncurrent liabilities:</b>		
Bonds with subscription rights to shares <sup>*Note 5 and 6</sup> .....	11,535	194,211
Long-term loans payable <sup>*Note 5 and 7</sup> .....	206,250	192,943
Liabilities for retirement benefits <sup>*Note 9</sup> .....	82,813	65,224
Provision for disaster .....	436	1,914
Deferred tax liabilities <sup>*Note 2 and 10</sup> .....	2,895	2,105
Others <sup>*Note 7</sup> .....	42,462	47,860
Total noncurrent liabilities .....	<u>346,393</u>	<u>504,259</u>
Total liabilities .....	<u>1,686,055</u>	<u>1,745,601</u>
<b>Net assets:</b>		
<b>Shareholders' equity:</b>		
Capital stock:		
Common stock		
Authorized: 1,500,000,000 shares Issued:		
as of 31 March 2019 :491,049,100 shares		
as of 31 March 2018 :491,018,100 shares .....	138,161	138,064
Capital surplus .....	143,965	143,868
Retained earnings .....	1,314,587	1,247,242
Treasury stock .....	(113,963)	(189,126)
Total shareholders' equity .....	<u>1,482,750</u>	<u>1,340,047</u>
<b>Accumulated other comprehensive income:</b>		
Valuation difference on available-for-sale securities.....	95,873	108,528
Deferred gains or losses on hedges .....	(219)	22
Foreign currency translation adjustment .....	(164,544)	(140,136)
Accumulated adjustment for retirement benefits.....	(21,369)	(10,925)
Total accumulated other comprehensive income .....	<u>(90,260)</u>	<u>(42,511)</u>
<b>Subscription rights to shares</b> <sup>*Note 16</sup> .....	<u>115</u>	<u>126</u>
<b>Non-controlling interests</b> .....	<u>323,309</u>	<u>297,564</u>
Total net assets .....	<u>1,715,914</u>	<u>1,595,227</u>
Total liabilities and net assets.....	<u>¥3,401,970</u>	<u>¥3,340,828</u>

**Consolidated Statement of Income and Consolidated Statement of Comprehensive Income**
**(Consolidated Statement of Income)**

Years ended 31 March 2019 and 2018

SUZUKI MOTOR CORPORATION AND CONSOLIDATED SUBSIDIARIES	Millions of yen	
	2019	2018
<b>Net sales</b> .....	<b>¥3,871,496</b>	¥3,757,219
<b>Cost of sales</b> .....	<b>2,738,958</b>	2,651,473
Gross profit .....	<b>1,132,538</b>	1,105,745
<b>Selling, general and administrative expenses</b> *Note 11 and Note 12 ..	<b>808,172</b>	731,563
Operating income .....	<b>324,365</b>	374,182
<b>Other income (expenses):</b>		
Interest and dividends income .....	<b>54,894</b>	35,633
Interest expense .....	<b>(4,241)</b>	(8,152)
Equity in earnings (losses) of affiliates .....	<b>5,029</b>	(13,870)
Contribution *Note 2 .....	<b>(3,797)</b>	(846)
Loss of liquidation of subsidiaries and affiliates .....	<b>(4,446)</b>	—
Impairment loss *Note 3 .....	<b>(1,514)</b>	(2,585)
Measure expenses for final inspection *Note 4 .....	<b>(81,329)</b>	—
Others, net *Note 2 .....	<b>9,429</b>	(326)
Income before income taxes etc. ....	<b>298,390</b>	384,033
<b>Income taxes</b> *Note 10:		
Current .....	<b>103,503</b>	121,527
Deferred .....	<b>(42,000)</b>	(12,933)
	<b>61,502</b>	108,593
Net income .....	<b>236,887</b>	275,439
Net income attributable to non-controlling interests .....	<b>58,128</b>	59,709
<b>Net income attributable to owners of the parent</b> .....	<b>¥178,759</b>	¥215,730
	Yen	
<b>Net income per share:</b>		
Primary .....	<b>¥395.26</b>	¥488.86
Fully diluted .....	<b>395.20</b>	473.74
<b>Cash dividends per share</b> .....	<b>74.00</b>	74.00

The accompanying Notes to Consolidated Financial Statement are an integral part of these statements.

(Consolidated Statement of Comprehensive Income)

Years ended 31 March 2019 and 2018

SUZUKI MOTOR CORPORATION AND CONSOLIDATED SUBSIDIARIES	Millions of yen	
	2019	2018
<b>Net Income</b> .....	<b>¥236,887</b>	¥275,439
<b>Other comprehensive income</b> *Note 14		
Valuation difference on available-for-sale securities .....	<b>(16,012)</b>	16,036
Deferred gains or losses on hedges.....	<b>(214)</b>	(1,232)
Foreign currency translation adjustment .....	<b>(25,318)</b>	(35,936)
Adjustment for retirement benefits.....	<b>(10,848)</b>	(514)
Share of other comprehensive income of affiliates accounted for using equity method.....	<b>(6,565)</b>	234
Total other comprehensive income .....	<b>(58,958)</b>	(21,411)
<b>Comprehensive income</b> .....	<b>177,928</b>	254,027
Comprehensive income attributable to:		
Owners of the parent .....	<b>131,010</b>	202,870
Non-controlling interests.....	<b>46,918</b>	51,157

The accompanying Notes to Consolidated Financial Statement are an integral part of these statements.

## Consolidated Statement of Changes in Net Assets

Years ended 31 March 2019 and 2018

SUZUKI MOTOR CORPORATION AND CONSOLIDATED SUBSIDIARIES	Millions of yen					
	Thousands of shares of common stock	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total Shareholders' equity
<b>Balance as of 31 March 2017</b>	<b>491,000</b>	<b>¥138,014</b>	<b>¥144,035</b>	<b>¥1,058,549</b>	<b>¥(191,051)</b>	<b>¥1,149,548</b>
Issuance of new shares....	18	49	49	—	—	98
Dividends from surplus.....	—	—	—	(25,153)	—	(25,153)
Net income attributable to owners of the parent.....	—	—	—	215,730	—	215,730
Purchase of treasury stock ...	—	—	—	—	(6)	(6)
Disposal of treasury stock.....	—	—	(1,912)	—	1,930	18
Transfer to capital surplus from retained earnings .....	—	—	1,912	(1,912)	—	—
Capital increase of consolidated subsidiaries.....	—	—	(216)	—	—	(216)
Change of scope of equity method.....	—	—	—	28	—	28
Net changes of items other than shareholders' equity....	—	—	—	—	—	—
Total changes during the fiscal year .....	18	49	(166)	188,692	1,924	190,498
<b>Balance as of 31 March 2018</b>	<b>491,018</b>	<b>¥138,064</b>	<b>¥143,868</b>	<b>¥1,247,242</b>	<b>¥(189,126)</b>	<b>¥1,340,047</b>
Issuance of new shares....	31	97	97	—	—	194
Dividends from surplus.....	—	—	—	(36,481)	—	(36,481)
Net income attributable to owners of the parent.....	—	—	—	178,759	—	178,759
Purchase of treasury stock ...	—	—	—	—	(7)	(7)
Disposal of treasury stock.....	—	—	(74,932)	—	75,171	238
Transfer to capital surplus from retained earnings .....	—	—	74,932	(74,932)	—	—
Net changes of items other than shareholders' equity....	—	—	—	—	—	—
Total changes during the fiscal year .....	31	97	97	67,345	75,163	142,702
<b>Balance as of 31 March 2019</b>	<b>491,049</b>	<b>¥138,161</b>	<b>¥143,965</b>	<b>¥1,314,587</b>	<b>¥(113,963)</b>	<b>¥1,482,750</b>

**Consolidated Financial Statement**

SUZUKI MOTOR CORPORATION AND CONSOLIDATED SUBSIDIARIES	Millions of yen							
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Accumulated adjustment for retirement benefits	Total accumulated other comprehensive income	Subscription rights to shares	Non-controlling interests	Total net assets
<b>Balance as of 31 March 2017</b>	<b>¥98,827</b>	<b>¥1,269</b>	<b>¥(119,236)</b>	<b>¥(10,543)</b>	<b>¥(29,683)</b>	<b>¥126</b>	<b>¥267,049</b>	<b>¥1,387,041</b>
Issuance of new shares....	—	—	—	—	—	—	—	98
Dividends from surplus.....	—	—	—	—	—	—	—	(25,153)
Net income attributable to owners of the parent.....	—	—	—	—	—	—	—	215,730
Purchase of treasury stock ...	—	—	—	—	—	—	—	(6)
Disposal of treasury stock.....	—	—	—	—	—	—	—	18
Transfer to capital surplus from retained earnings .....	—	—	—	—	—	—	—	—
Capital increase of consolidated subsidiaries.....	—	—	—	—	—	—	—	(216)
Change of scope of equity method.....	—	—	—	—	—	—	—	28
Net changes of items other than shareholders' equity....	9,700	(1,246)	(20,900)	(381)	(12,828)	—	30,514	17,686
Total changes during the fiscal year .....	9,700	(1,246)	(20,900)	(381)	(12,828)	—	30,514	208,185
<b>Balance as of 31 March 2018</b>	<b>¥108,528</b>	<b>¥22</b>	<b>¥(140,136)</b>	<b>¥(10,925)</b>	<b>¥(42,511)</b>	<b>¥126</b>	<b>¥297,564</b>	<b>¥1,595,227</b>
Issuance of new shares....	—	—	—	—	—	—	—	194
Dividends from surplus.....	—	—	—	—	—	—	—	(36,481)
Net income attributable to owners of the parent.....	—	—	—	—	—	—	—	178,759
Purchase of treasury stock ...	—	—	—	—	—	—	—	(7)
Disposal of treasury stock.....	—	—	—	—	—	—	—	238
Transfer to capital surplus from retained earnings .....	—	—	—	—	—	—	—	—
Net changes of items other than shareholders' equity....	(12,654)	(242)	(24,407)	(10,444)	(47,749)	(11)	25,744	(22,015)
Total changes during the fiscal year .....	(12,654)	(242)	(24,407)	(10,444)	(47,749)	(11)	25,744	120,687
<b>Balance as of 31 March 2019</b>	<b>¥95,873</b>	<b>¥(219)</b>	<b>¥(164,544)</b>	<b>¥(21,369)</b>	<b>¥(90,260)</b>	<b>¥115</b>	<b>¥323,309</b>	<b>¥1,715,914</b>

The accompanying Notes to Consolidated Financial Statement are an integral part of these statements.



## Consolidated Statement of Cash Flows

Years ended 31 March 2019 and 2018

SUZUKI MOTOR CORPORATION AND CONSOLIDATED SUBSIDIARIES	Millions of yen	
	2019	2018
<b>Cash flows from operating activities</b>		
Income before income taxes etc. ....	¥298,390	¥384,033
Depreciation and amortization .....	148,926	150,877
Impairment loss .....	1,514	2,585
Increase (decrease) in allowance for doubtful accounts .....	(112)	(81)
Increase (decrease) in provision for product warranties <sup>*Note 2</sup> ..	143,410	27,742
Interest and dividends income .....	(54,894)	(35,633)
Interest expenses .....	4,241	8,152
Foreign exchange losses (gains).....	996	1,064
Equity in (earnings) losses of affiliates .....	(5,029)	13,870
Loss (gain) on sales of property, plant and equipment.....	(1,553)	(2,550)
Loss (gain) on sales of investment securities.....	(158)	(1,281)
Decrease (increase) in notes and accounts receivable-trade...	(60,053)	(41,940)
Decrease (increase) in inventories .....	(7,431)	(23,449)
Increase (decrease) in notes and accounts payable-trade...	(107,695)	5,710
Increase (decrease) in accrued expenses .....	84,193	29,720
Others, net <sup>**Note 2</sup> .....	(3,869)	11,325
Sub-total .....	440,875	530,146
Interest and dividends income received .....	55,057	36,062
Interest expenses paid .....	(3,636)	(8,649)
Income taxes paid .....	(108,858)	(112,387)
Net cash provided by (used in) operating activities .....	383,437	445,171
<b>Cash flows from investing activities</b>		
Payments into time deposits .....	(88,201)	(141,102)
Proceeds from withdrawal of time deposits .....	138,195	96,086
Purchases of short-term investment securities .....	(819,455)	(729,488)
Proceeds from sales and redemption of short-term investment securities.....	730,247	775,840
Purchases of property, plant and equipment .....	(251,507)	(205,854)
Others, net .....	39,874	(137,066)
Net cash provided by (used in) investing activities .....	(250,848)	(341,585)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term loans payable .....	(125)	1,443
Proceeds from long-term loans payable .....	78,779	57,000
Repayment of long-term loans payable .....	(95,001)	(120,874)
Purchase of convertible bond with stock acquisition rights <sup>*Note 2</sup> .....	(182,400)	(6,070)
Purchase of treasury stock .....	(7)	(6)
Cash dividends paid .....	(36,340)	(25,146)
Cash dividends paid to non-controlling interests .....	(20,819)	(20,789)
Others, net <sup>**Note 2</sup> .....	(194)	521
Net cash provided by (used in) financing activities.....	(256,110)	(113,922)
<b>Effect of exchange rate changes on cash and cash equivalents</b>	(4,228)	(2,848)
<b>Net increase (decrease) in cash and cash equivalents</b>	(127,749)	(13,185)
<b>Cash and cash equivalents at beginning of period</b>	600,846	614,031
<b>Cash and cash equivalents at end of period <sup>*Note 13</sup></b>	¥473,097	¥600,846

The accompanying Notes to Consolidated Financial Statement are an integral part of these statements.

## Notes to Consolidated Financial Statements

### NOTE 1: Basis of presenting consolidated financial statements

The accompanying consolidated financial statements of Suzuki Motor Corporation (the "Company"), consolidated Subsidiaries, and Affiliates (the "Group") have been prepared on the basis of generally accepted accounting principles and practices in Japan, and the consolidated financial statements were filed with the Financial Services Agency as required by the Financial Instruments and Exchange Act of Japan.

The preparation of the consolidated financial statements requires the management to select and adopt accounting standards and make estimates and assumptions that affect the reported amount of assets and liabilities, revenue and expenses, and the corresponding methods of disclosure.

As such, the management's estimates are made reasonably based on historical results. However, due to the inherent uncertainties involved in making estimates, actual results could differ from these estimates.

For the convenience of readers outside Japan, certain reclassifications and modifications have been made to the original consolidated financial statements.

As permitted, an amount of less than one million yen has been omitted.

### NOTE 2: Summary of significant accounting policies

#### (a) Principles of consolidation

The consolidated financial statements for the years ended 31 March 2019 and 2018 include the accounts of the Group, and the numbers of consolidated subsidiaries were 130 and 131 respectively. In addition, the numbers of investments in affiliated companies for the years ended 31 March 2019 and 2018 were 28 and 31 respectively. All significant inter-company accounts and transactions are eliminated in consolidation. Investments in affiliated companies are accounted for by the equity method.

The difference at the time of acquisition between the cost and underlying net equity of investments in consolidated subsidiaries (goodwill) and affiliated companies accounted for under the equity method is amortized on a straight-line basis over a period of five years after appropriate adjustments.

The account settlement date of 18 consolidated subsidiaries is 31 December, however Magyar Suzuki Corporation Ltd. and others are consolidated based on the financial statements of provisional account settlement as of 31 March.

The account settlement date of other consolidated subsidiaries is the same as the consolidated account settlement date.

#### (b) Allowance for doubtful accounts

In order to allow for loss from bad debts, estimated uncollectible amount based on the actual ratio of bad debt is recorded as general allowance. With respect to specific receivable with higher default possibility, recoverable amount is estimated respectively and uncollectible amount is recorded.

#### (c) Allowance for investment loss

The differences between the book value and the fair value of securities and investment not quoted at an exchange are determined and recorded as reserve in order to allow for losses from these investments.

#### (d) Provision for product warranties

The provision is recorded into this account based on the warranty agreement, laws and past experience in order to allow for expenses related to the maintenance service of products sold.

#### (e) Provision for Directors' bonuses

In order to defray bonuses for Directors and Audit & Supervisory Board Members, estimated amount of such bonuses is recorded.

#### (f) Provision for Directors' retirement benefits

The amount to be paid at the end of the fiscal year had been recorded pursuant to the Company's regulations on the retirement allowance of Directors and Audit & Supervisory Board Members. However, the Company's retirement benefit system for them was abolished at the closure of the Ordinary General Meeting of Shareholders held on 29 June 2006. And it was approved at Ordinary General Meeting of Shareholders that reappointed Directors and Audit & Supervisory Board Members would be paid their retirement benefit at the time of their retirement, based on their years of service. Estimated amount of such retirement benefits is recorded at the end of the current fiscal year. Furthermore, in some of consolidated subsidiaries, the amount to be paid at the end of the year is recorded pursuant to their regulation on the retirement allowance of Directors and Audit & Supervisory Board Members.

#### (g) Provision for disaster

Reasonably estimated amount is recorded for anticipated loss mainly caused by relocation of plants and facilities located in Ryuyo Region in Iwata City, Shizuoka Prefecture where massive tsunami damages caused by Tokai and Tonankai Earthquake are anticipated.

#### (h) Provision for product liabilities

The provision is recorded for product compensation related to North American market which is not covered by "Product Liability Insurance" based on the actual payments.

#### (i) Provision for recycling expenses

The provision is recorded for an estimated expense related to the recycle of products of the Company based on the number of vehicles owned in the market, etc.

**(j) Short-term investment securities and Investment securities**

The Company and its subsidiaries hold securities of listed companies, which have a risk of price fluctuations, and non-listed companies whose stock prices are difficult to be evaluated.

If the Company and its subsidiaries judge the decline in investment value is not temporary, the Company and its subsidiaries recognize revaluation loss based on the reasonable standard. If the stock market falls, the Company and its subsidiaries may incur significant loss on valuation of securities.

Securities have to be classified into four categories: trading securities; held-to-maturity debt securities; investments of the Company in equity securities issued by consolidated subsidiaries and affiliates; and available-for-sale securities.

According to this classification, securities held by the Company and its subsidiaries are available-for-sale securities. Available-for-sale securities for which market quotations are available are stated at market value method based on the market values as of the consolidated account settlement date (the evaluation differences shall be reported as other comprehensive income, and sales costs shall be calculated mainly by moving average method).

Available-for-sale securities for which market quotations are unavailable are stated at cost by moving average method.

**(k) Hedge accounting**

The derivatives designated as "hedging instruments" by the Company and its subsidiaries are principally forward exchange contracts, interest rate swap and cross currency interest rate swap. The related hedged items are foreign currency denominated transaction and borrowings.

Gains or losses arising from changes in fair value of the hedging instruments are deferred until the gains and losses on the hedged items or transactions are recognized.

If hedging instruments meet certain criteria, special hedge accounting is applied and these contracts are handled together with hedged items.

The Company and its subsidiaries have a policy to utilize the above hedging instruments in order to reduce our exposure to the risks of the fluctuation of interest rate and foreign exchange. Therefore, our purchases of the hedging instruments are limited to, at maximum, the amounts of the hedged items.

The Company and its subsidiaries evaluate effectiveness of their hedging activities by reference to the accumulated gains or losses on the hedging instruments and the related hedged items from the commencement of the hedges.

**(l) Foreign currency translation**

All monetary assets and liabilities denominated in foreign currencies, whether long-term or short-term, are converted into Japanese yen at the exchange rates prevailing at the balance sheet date. Resulting gains and losses are included in net income or loss for the period.

Assets and liabilities of the foreign subsidiaries and affiliates are converted into Japanese yen at the exchange rates prevailing at the balance sheet date.

The components of net assets are converted into Japanese yen at their historical rates. Profit and loss accounts for the fiscal year are converted into Japanese yen by using the average exchange rate during the fiscal year. Differences in yen amounts arising from the use of different rates are presented as "Foreign currency translation adjustment" and "Non-controlling interests" in the net assets.

**(m) Inventories**

Stated at cost mainly determined by the gross average method (figures on the consolidated balance sheet are measured by the method of book devaluation based on the reduction of profitability).

**(n) Method of depreciation and amortization of significant depreciable assets**

a. Property, plant and equipment (excluding lease assets)

..... Mainly declining balance method for the Company and domestic subsidiaries and mainly straight-line method for foreign subsidiaries.

Main durable years are as follows:

Buildings and structures                      3 to 75 years

Machinery, equipment and vehicles        3 to 15 years

b. Intangible assets (excluding lease assets)

..... Straight-line method

c. Lease assets

Finance leases which transfer ownership

..... The same method as depreciation and amortization of self-owned noncurrent assets.

Finance leases which do not transfer ownership

..... Straight-line method with the lease period as the durable years. With respect to lease assets with guaranteed residual value under lease agreement, remaining value is the guaranteed residual value. With respect to other lease assets, remaining value is zero.

**(o) Income taxes**

The provision for income taxes is computed based on the income before income taxes included in the consolidated statements of income. The asset and liability approach is adopted to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities.

In making a valuation for the possibility of collection of deferred tax assets, the Company and its subsidiaries estimate their future taxable income reasonably. If the estimated amounts of future taxable income decrease, deferred tax assets may decrease and income taxes may be recorded.

Consolidated tax payment has been applied to the Company and its domestic wholly owned subsidiaries from the fiscal year ended 31 March 2012.

**(p) Retirement benefits**

With respect to calculation of retirement benefit obligations, benefit formula basis method is used to attribute expected benefit to period up to the end of this fiscal year. With respect to past service costs, they are treated as expense on a straight line basis over the certain years within the period of average length of employees' remaining service years at the time when it occurs. With respect to the actuarial gain or loss, the amounts, prorated on a straight line basis over the certain years within the period of average length of employees' remaining service years in each year in which the differences occur, are respectively treated as expenses from the next term of the year in which they arise.

Retirement benefit cost and retirement benefit obligation are calculated based on the actuarial assumptions, which include discount rate, assumed return of investment ratio, revaluation ratio, salary rise ratio, retirement ratio and mortality ratio. Discount rate is decided based on yield on low-risk and long-term bonds, and assumed return of investment ratio is decided based on the investment policies of pension assets of each pension system etc.

Decreased yield on long-term bond leads to a decrease in discount rate and it has an adverse influence on the calculation of retirement benefit cost. However, the pension system adopted by the Company has a cash balance type plan, and therefore the revaluation ratio, which is one of the base ratios, can reduce adverse effects caused by the decrease in discount rate.

If the investment yield of pension assets is less than the assumed return of investment ratio, it will have an adverse effect on the calculation of retirement benefit cost. However, by focusing on low-risk investments, this influence should be minimal in the case of the pension fund systems of the Company and its subsidiaries.

**(q) Net income per share**

Primary net income per share is computed based on the weighted average number of shares issued during the respective years. Fully diluted net income per share is computed assuming that all stock options are exercised. Cash dividends per share are the amounts applicable to the respective periods including dividends to be paid after the end of the period.

**(r) Cash and cash equivalents**

All highly liquid investments with original maturities of three months or less when purchased are considered cash equivalents.

**(s) New accounting standards to be applied**

"Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, issued on 30 March 2018)

"Guidance on Accounting Standard for Revenue Recognition" (ASBJ Guidance No. 30, issued on 30 March 2018)

1) Outline

The aforementioned standard and guidance are comprehensive revenue recognition standards.

Revenue is recognized by applying the following steps:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

2) Scheduled date of application

The aforementioned standard and guidance will be applied at the start of the year ended 31 March 2022.

3) Effect of application of the accounting standards

The effect of the application of the aforementioned standards and guidance on the Group's consolidated financial statements is under evaluation.

**(t) Changes in Presentation**

a. The adoption of the "Partial Amendments to Accounting Standard for Tax Effect Accounting, etc."

From the current fiscal year, the company adopted the "Partial Amendments to Accounting Standard for Tax Effect Accounting, etc." (ASBJ Statement No.28, 16 February 2018), thereby presenting "Deferred tax assets" under "Investments and other assets", while presenting "Deferred tax liabilities" under "Noncurrent liabilities".

As a result, "Deferred tax assets" of 122,092 million yen under "Current assets" and "Deferred tax liabilities" of 929 million yen under "Current liabilities" in the consolidated balance sheet of the previous fiscal year have been reclassified as "Deferred tax assets" of 145,563 million yen under "Investments and other assets" and "Deferred tax liabilities" of 2,105 million yen under "Noncurrent liabilities".

b. Consolidated Statement of Income

“Contribution”, which was included in “Others, net” under “Other income (expenses)” in the previous fiscal year, is presented separately in the current fiscal year due to the quantitative materiality. To reflect this change in presentation, the consolidated financial statement of the previous fiscal year has been reclassified.

As a result, “Others, net” of (1,173) million yen under “Other income (expenses)” in the consolidated statement of income of the previous fiscal year has been reclassified as “Contribution” of (846) million yen and “Others, net” of (326) million yen.

c. Consolidated Statement of Cash Flows

“Increase (decrease) in provision for product warranties”, which was included in “Others, net” under “Cash flows from operating activities” in the previous fiscal year, is presented separately in the current fiscal year due to the quantitative materiality. To reflect this change in presentation, the consolidated financial statement of the previous fiscal year has been reclassified.

As a result, “Others, net” of 39,067 million yen under “Cash flows from operating activities” in the consolidated statement of cash flows of the previous fiscal year has been reclassified as “Increase (decrease) in provision for product warranties” of 27,742 million yen and “Others, net” of 11,325 million yen.

“Proceeds from share issuance to non-controlling shareholders” under “Cash flows from financing activities”, which was presented separately in the previous fiscal year, is included in “Others, net” in the current fiscal year due to the quantitative materiality. To reflect this change in presentation, the consolidated financial statement of the previous fiscal year has been reclassified.

As a result, “Proceeds from share issuance to non-controlling shareholders” of 1,005 million yen and “Others, net” of (484) million yen under “Cash flows from financing activities” in the consolidated statement of cash flows of the previous fiscal year has been reclassified as “Others, net” of 521 million yen.

The company changes the name of “Redemption of bonds” under “Cash flows from financing activities” to “Purchase of convertible bond with stock acquisition rights” in the current fiscal year due to the more correct disclosure. To reflect this change in presentation, the consolidated financial statement of the previous fiscal year has been reclassified.

### NOTE 3: Impairment loss

The Group recorded impairment loss in year ended 31 March 2019.

This information is not provided due to its low materiality.

The Group recorded impairment loss in year ended 31 March 2018.

This information is not provided due to its low materiality.

### NOTE 4: Measure expenses for final inspection

The Group recorded the measure expenses for final inspection of (81,329) million yen regarding the recall campaign etc. on the improper final inspection in the current fiscal year.

### NOTE 5: Financial Instruments

(a) Matters for conditions of financial instruments

a. Policy for financial instruments

With respect to the fund management, the Group uses short-term deposits and short-term investment securities, and with respect to the fund-raising, the Group uses borrowings from financial institutions such as banks and issuance of bonds. The Group uses derivatives to hedge and manage the risks of the fluctuations of interest rates and exchange rates, and does not use derivatives for speculation purposes.

b. Type of financial instruments, risks and risk management

With respect to customers' credit risks from operating receivables such as notes and accounts receivable-trade, in order to reduce the risks, the Group identifies credit standing of major counterparties and manages due date and receivable balance of each counterparty in line with our rules and regulations for credit control. The Group hedges the risks of the fluctuation of exchange rate from operating receivables denominated in foreign currency by forward exchange contract in principle.

Investment securities are mainly stocks of companies with which the Group has business relationship, and with respect to listed stocks, the Group quarterly identifies those fair values and reports them to the Board of Directors.

Basically, accounts payable-trade is due within one year.

Applications of borrowings are fund for operating capital (mainly short-term) and capital expenditures (long-term), and the Group uses interest rate swap or cross currency interest rate swap for the risks of the fluctuation of interest rate and exchange rate of some long-term borrowings.

Derivative transactions are foreign currency forward contracts to hedge the risks of the fluctuation of exchange rate related to receivables and payables denominated in foreign currencies, interest rate swap to hedge the risks of the fluctuation of interest rate related to borrowings, and cross currency interest rate swap to hedge the risks of the fluctuation of exchange rate and interest rate related to borrowings and lending. The Group executes and manages derivatives within the actual demand

in line with our rules and regulations which set out the authority to trade. In addition, in using derivatives, the Group deals with financial institutions which have high credit grade in order to reduce credit risks.

In addition, each company of the Group manages liquidity risk related to accounts payable and borrowings by making a financial plan.

**c. Supplement to fair values of financial instruments**

Fair values of financial instruments include values based on quoted prices in active markets and values assessed by rational valuation techniques in case quoted prices are not available. Since the rational valuation techniques include variable factors, the results of valuation may differ when different assumptions are applied. In addition, in Note 5 (d) Derivative transactions, contract amounts do not present market risks for the derivative transactions.

**(b) Matters for fair values of the financial instruments**

Carrying amounts in the consolidated balance sheet, fair values and difference as of 31 March 2019 and 2018 were as follows. Financial instruments whose fair value cannot be reliably measured are not included in the below table.

Millions of yen

	2019			2018		
	Carrying amount	Fair value	Difference	Carrying amount	Fair value	Difference
(1) Cash and deposits	¥509,717	¥509,717	¥—	¥690,418	¥690,418	¥—
(2) Notes and accounts receivable-trade	445,700	448,583	2,883	388,973	391,536	2,563
(3) Short-term investment securities and Investment securities						
Available-for-sale securities	772,519	772,519	—	753,949	753,949	—
Investment in affiliates	802	1,744	941	725	3,300	2,575
Total of assets	¥1,728,740	¥1,732,565	¥3,824	¥1,834,065	¥1,839,205	¥5,139
(1) Accounts payable-trade	327,373	327,373	—	443,916	443,916	—
(2) Short-term loans payable	93,807	93,807	—	97,598	97,598	—
(3) Current portion of long-term loans payable	63,845	63,911	(66)	93,157	93,235	(78)
(4) Accrued expenses	297,200	297,200	—	215,335	215,335	—
(5) Bonds with subscription rights to shares	11,535	14,157	(2,621)	194,211	275,825	(81,613)
(6) Long-term loans payable	206,250	206,318	(68)	192,943	192,920	23
Total of liabilities	¥1,000,013	¥1,002,769	¥(2,756)	¥1,237,163	¥1,318,831	¥(81,668)
Derivatives*						
Hedge accounting is applied	(89)	(89)	—	153	153	—
Hedge accounting is not applied	(688)	(688)	—	51	51	—

\* Assets or liabilities derived from derivatives are shown on a net basis and net liabilities are shown as ( ).

**\*1. Matters for methods used to measure fair values of financial instruments**

**Assets:**

**(1) Cash and deposits**

Since fair values of deposits are approximately equal to the book values, book values are used as fair values.

**(2) Notes and accounts receivable-trade**

Fair values of sales finance receivables are calculated on the discount method by the expected rate applied to new loan contract, on each receivable classified into a certain term.

Notes and accounts receivable-trades except sales finance are settled in short term and those fair values are approximately equal to the book values. Therefore, book values are used as fair values.

**(3) Short-term investment securities and Investment securities**

With respect to these fair values, fair values of stock are prices of exchanges. With respect to negotiable certificate of deposit and other types of securities, book values are used as fair values since they are settled in short term and those fair values are approximately equal to the book values.



Liabilities:

(1) Accounts payable-trade, (2) Short-term loans payable and (4) Accrued expenses

Since these are settled in short term and those fair values are approximately equal to the book values, such book values are used.

(3) Current portion of long-term loans payable and (6) Long-term loans payable

These fair values are measured by discounting. The discounting is based on the estimated interest rates at which similar new loans with same amount of principal and interest could have been borrowed.

(5) Bonds with subscription rights to shares

With respect to fair values of bonds with subscription rights to shares, they are calculated based on the prices offered by financial institutions, etc.

Derivatives:

Please refer to Note 5 (d) Derivative transactions.

\*2. Financial instruments whose fair value cannot be reliably determined

	Millions of yen	
	2019	2018
<b>Available-for-sale securities</b>		
Unlisted stock other than stocks of affiliates....	<b>¥18,668</b>	¥17,682
Unlisted stock of affiliates .....	<b>30,023</b>	24,943
Others .....	<b>2,216</b>	2,880

These fair values cannot be reliably measured since market values are unavailable and future cash flows cannot be estimated. Therefore, they are not included in "(3) Short-term investment securities and Investment securities" of assets.

\*3. The amounts to be redeemed after the account settlement date of monetary receivables and available-for-sale securities

	2019				2018			
	Within 1 year	Over 1 year, Within 5 years	Over 5 years, Within 10 years	Over 10 years	Within 1 year	Over 1 year, Within 5 years	Over 5 years, Within 10 years	Over 10 years
Cash and deposits	<b>¥509,717</b>	¥ —	¥ —	¥ —	¥690,418	¥ —	¥ —	¥ —
Notes and accounts receivable- trade	<b>281,805</b>	<b>163,319</b>	<b>575</b>	—	244,273	144,236	462	—
Securities and investment Securities with maturities	<b>189,046</b>	—	—	<b>46,000</b>	256,695	—	—	16,000
Total	<b>¥980,570</b>	<b>¥163,319</b>	<b>¥575</b>	<b>¥46,000</b>	¥1,191,387	¥144,236	¥462	¥16,000

(c) Securities

a. Available-for-sale securities with market value

	Millions of yen					
	2019			2018		
	Carrying Amount	Acquisition cost	Difference	Carrying Amount	Acquisition cost	Difference
Securities for which the carrying amount exceeds the acquisition costs						
(1) Stocks .....	<b>¥116,177</b>	<b>¥47,897</b>	<b>¥68,280</b>	¥133,196	¥45,588	¥87,608
(2) Bonds.....	—	—	—	—	—	—
(3) Others .....	<b>571,252</b>	<b>502,530</b>	<b>68,722</b>	562,361	490,621	71,739
Sub-Total	<b>¥687,430</b>	<b>¥550,427</b>	<b>¥137,002</b>	¥695,558	¥536,210	¥159,348
Securities for which the carrying amount does not exceed the acquisition costs						
(1) Stocks .....	<b>¥2,429</b>	<b>¥3,047</b>	<b>¥(618)</b>	¥5,546	¥5,703	¥(157)
(2) Bonds.....	<b>42,660</b>	<b>46,000</b>	<b>(3,339)</b>	12,844	16,000	(3,155)
(3) Others .....	<b>40,000</b>	<b>40,000</b>	—	40,000	40,000	—
Sub-Total	<b>¥85,089</b>	<b>¥89,047</b>	<b>¥(3,958)</b>	¥58,391	¥61,703	¥(3,312)
Total	<b>¥772,519</b>	<b>¥639,475</b>	<b>¥133,044</b>	¥753,949	¥597,913	¥156,035

b. Available-for-sale securities sold

	Millions of yen	
	2019	2018
Amounts sold .....	<b>¥914,804</b>	¥837,716
Gains on sales of available-for-sale securities .....	<b>158</b>	1,281
Losses on sales of available-for-sale securities .....	<b>9</b>	—

c. Marketable securities impaired / Loss on valuation of securities

Year ended 31 March 2019

The Group recognized impairment of 257 million yen on available-for-sale securities (257 million yen on available-for-sale securities with market value). With respect to impairing securities with a market value, if the market value at the end of the period has significantly declined compared to the acquisition cost, the Group recognizes impairment to the extent deemed necessary based on recoverability. With respect to impairing securities without a market value, if the real price has significantly declined compared to the acquisition cost, the Group recognizes impairment to the extent deemed necessary based on recoverability.

Year ended 31 March 2018

The Group recognized impairment of 352 million yen on available-for-sale securities (53 million yen on available-for-sale securities with market value and 299 million yen on shares of unconsolidated subsidiaries). With respect to impairing securities with a market value, if the market value at the end of the period has significantly declined compared to the acquisition cost, the Group recognizes impairment to the extent deemed necessary based on recoverability. With respect to impairing securities without a market value, if the real price has significantly declined compared to the acquisition cost, the Group recognizes impairment to the extent deemed necessary based on recoverability.



(d) Derivative transactions

The contract/notional amounts of derivatives which are shown in the below table do not represent the Group's exposure to market risk. With respect to fair values of derivatives which are shown in the below tables, commodity transactions are valued based on market price. Other transactions are valued based on the price offered by financial institutions.

a. Derivative transactions to which hedge accounting is not applied

(1) Currency-related transactions (non-market transactions)

Millions of yen

Type	2019				2018			
	Contract/ notional amount	Amount due after one year	Fair value	Gain (loss)	Contract/ notional amount	Amount due after one year	Fair value	Gain (loss)
Foreign currency forward contracts								
Selling								
USD	¥ —	¥ —	¥ —	¥ —	¥432	¥ —	¥3	¥3
Buying								
USD	31,543	—	(505)	(505)	13,015	—	44	44
EUR	996	—	(6)	(6)	1,239	—	2	2
JPY	7,200	—	37	37	8,500	—	304	304
Cross currency swap								
Pay JPY receive EUR	11,300	11,300	1,188	1,188	—	—	—	—
Total	¥51,039	¥11,300	¥714	¥714	¥23,187	¥ —	¥355	¥355

(2) Interest and currency related transactions (non-market transactions)

Millions of yen

Type	2019				2018			
	Contract/ notional amount	Amount due after one year	Fair value	Gain (loss)	Contract/ notional amount	Amount due after one year	Fair value	Gain (loss)
Cross currency Interest rate swap								
Pay fixed receive floating								
Pay INR receive USD	¥12,591	¥12,591	¥(1,132)	¥(1,132)	¥2,576	¥858	¥96	¥96
Pay fixed receive floating								
Pay THB receive USD	11,600	—	(462)	(462)	13,747	—	(83)	(83)
Pay fixed receive floating								
Pay IDR receive USD	—	—	—	—	2,656	—	(105)	(105)
Total	¥24,192	¥12,591	¥(1,595)	¥(1,595)	¥18,980	¥858	¥(91)	¥(91)

(3) Commodity-related transactions (market transactions) Millions of yen

Type	2019				2018			
	Contract/ notional amount	Amount due after one year	Fair value	Gain (loss)	Contract/ notional amount	Amount due after one year	Fair value	Gain (loss)
Commodity futures contract								
Buying	¥4,171	¥—	¥193	¥193	¥5,129	¥—	¥(212)	¥(212)
Total	¥4,171	¥—	¥193	¥193	¥5,129	¥—	¥(212)	¥(212)

## (4) Earthquake-related transactions

Since fair values for derivative contract relating to earthquakes were not measured due to characteristic of instruments, they are not accounted for at fair values.

## b. Derivative transactions to which hedge accounting is applied

(1) Currency-related transactions Millions of yen

Type	2019			2018		
	Contract/ notional amount	Amount due after one year	Fair value	Contract/ notional amount	Amount due after one year	Fair value
Foreign currency forward contracts (Principle hedge accounting)						
Selling (Principal hedged item: Accounts receivable-trade)						
USD	¥8,767	¥—	¥119	¥2,128	¥—	¥(2)
EUR	1,304	—	18	8,314	—	136
CAD	483	—	6	238	—	0
AUD	1,535	—	(128)	2,617	—	68
NZD	664	—	9	937	—	10
GBP	4,157	—	(21)	5,017	—	4
MXN	2,962	—	34	3,369	—	(55)
PLN	2,196	—	22	1,286	—	23
INR	3,021	—	(33)	—	—	—
Buying (Principal hedged item: Accounts payable-trade)						
THB	2,522	—	(25)	697	—	(0)
USD	—	—	—	111	—	1
Buying (Principal hedged item: Current portion of long-term loans payable)						
JPY	—	—	—	10,000	—	144
Foreign currency forward contracts (Special hedge accounting)						
Selling (Principal hedged item: Accounts receivable-trade)						
USD	5,034	—	*	998	—	*
EUR	18,455	—	*	13,588	—	*
CAD	89	—	*	153	—	*
AUD	855	—	*	403	—	*
NZD	611	—	*	625	—	*
GBP	17,505	—	*	7,900	—	*
MXN	125	—	*	819	—	*
PLN	2,879	—	*	3,879	—	*
CNY	46	—	*	1,063	—	*
INR	91	—	*	—	—	—
Buying (Principal hedged item: Accounts payable-trade)						
THB	2,034	—	*	2,191	—	*
Total	¥75,345	¥—	¥0	¥66,342	¥—	¥330

\* Since these foreign currency forward contracts are handled together with hedged items, their fair values are included in that of hedged items.

(2) Interest and currency related transactions

Millions of yen

Type	Principal hedged item	2019			2018		
		Contract/ notional amount	Amount due after one year	Fair value	Contract/ notional amount	Amount due after one year	Fair value
Interest rate swap (Special hedge accounting)							
Pay fixed receive floating	Long-term debt	<b>¥12,500</b>	<b>¥12,500</b>	*	¥12,500	¥12,500	*
Cross currency interest rate swap (Principle hedge accounting)							
Pay fixed receive floating Pay IDR receive USD	Long-term debt	<b>26,053</b>	<b>24,917</b>	<b>(89)</b>	20,504	16,467	(176)
Cross currency interest rate swap (Special hedge accounting)							
Pay fixed receive floating Pay JPY receive USD	Long-term debt	<b>69,172</b>	<b>69,172</b>	*	59,172	59,172	*
Pay fixed receive fixed Pay JPY receive EUR		—	—	—	11,300	11,300	*
Total		<b>¥107,725</b>	<b>¥106,589</b>	<b>¥(89)</b>	¥103,476	¥99,439	¥(176)

\* Since these transactions are handled together with hedged items, their fair values are included in that of hedged items.

**NOTE 6: Bonds with subscription rights to shares**

(1) Name of the bond	SUZUKI MOTOR CORPORATION Euro Yen Zero Coupon (subject to the maximum number of shares to be delivered) Convertible Bond due 2021	SUZUKI MOTOR CORPORATION Euro Yen Zero Coupon (subject to the maximum number of shares to be delivered) Convertible Bond due 2023
(2) Total issue amount	100 billion yen plus the aggregate principal amount of the bonds in respect of replacement certificates of the bonds with stock acquisition rights	Same as on the left
(3) Issue price	100.5% of principal amount	100.0% of principal amount
(4) Offer price	103.0% of principal amount	102.5% of principal amount
(5) Balance as of 31 March 2019 (Millions of yen)	2,975	8,560
(6) Coupon	Zero	Same as on the left
(7) Closing and issue date	1 April 2016	Same as on the left
(8) Redemption price	100% of principal amount	Same as on the left
(9) Redemption at maturity, Early redemption and Cancellation by acquisition	31 March 2021 by 100% of principal amount Early redemption and cancellation by acquisition of the bonds under certain circumstances are specified in the Information Memorandum.	31 March 2023 by 100% of principal amount Same as on the left
(10) Matters concerning the stock acquisition rights		
i. Type of share to be issued upon exercise of the stock acquisition rights	Common stock of the Company	Same as on the left
ii. Total number of stock acquisition rights	10,000 units plus the units of the aggregate principal amount of the bonds in respect of replacement certificates of the bonds with stock acquisition rights divided by 10 million yen	Same as on the left
iii. Conversion price	4,093.1 yen (please refer to vii.)	Same as on the left
iv. Exercise period and Supplementary conditions	From 15 April 2016 to 17 March 2021 [Automatic-acquisition-upon-exercise clause (subject to the maximum number of shares to be delivered)] Exercising by 31 December 2020 [One-time acquisition clause (subject to the maximum number of shares to be delivered)] Giving notice from 31 March 2020 to 16 December 2020  [Contingent conversion mechanism (130%)] Until 31 December 2020	From 15 April 2016 to 17 March 2023 [Same as on the left]  Exercising by 31 December 2022 [Same as on the left]  Giving notice from 31 March 2022 to 16 December 2022  [Same as on the left] Until 31 December 2022
v. Asset and amount to be paid upon exercise of the stock acquisition rights	The bonds in respect of the relevant stock acquisition rights shall be contributed upon exercising of each stock acquisition right, and the price of the bonds shall be equal to the principal amount of the bonds.	
vi. Capital stock and capital surplus increased in case the stocks are issued by exercising stock acquisition rights	The amount of capital stock increased in case the stocks are issued by exercising stock acquisition rights shall be half of the maximum increase of capital stock and etc., calculated in accordance with Article 17 of the "Company Calculation Ordinance", and any amount less than one yen arising from such calculation shall be rounded up. The increase in capital surplus shall be obtained by subtracting the capital stock increased from the maximum increase of capital stock and etc.	
vii. Adjustments of the conversion price	The dividend of fiscal year end retained earnings was approved as 37 yen per share and the annual dividend was determined as 74 yen per share during the Ordinary General Meeting of Shareholders held on 27 June 2019. By the approval and determination, the conversion price of Euro Yen Zero Coupon (subject to the maximum number of shares to be delivered) Convertible Bond due 2021 and Euro Yen Zero Coupon (subject to the maximum number of shares to be delivered) Convertible Bond due 2023 have been adjusted to 4,068.2 yen from 4,093.1 yen retroactively since 1 April 2019 in accordance with the clause of Adjustments of the Conversion Price in the guideline for the bonds.	
(11) Security or guarantee	None	
(12) Use of proceeds	Proceeds from the issuance of the bonds shall be used as strategic investment for accelerating the Group's mid-term management plan and for strengthening its competitive position.	

**NOTE 7: Short-term debts and long-term debts**

	Millions of yen	
	2019	2018
Short-term loans payable and Current portion of long-term loans payable		
Unsecured .....	¥157,653	¥190,755
Lease obligations due within one year .....	23	11
	<u>¥157,676</u>	<u>¥190,766</u>

## Consolidated Financial Statement

Long-term debts were as follows:

	Millions of yen	
	2019	2018
Long-term loans payable maturing through 2023		
Unsecured .....	<b>¥206,250</b>	¥192,943
Lease obligations due more than one year.....	<b>34</b>	13
Other interest-bearing debts (Long-term guarantee deposited)...	<b>13,862</b>	13,217
	<b>¥220,147</b>	¥206,175

As is customary in Japan, both short-term and long-term bank loans are subjected to general agreements which provide that the banks may, under certain circumstances, request additional security for those loans, and may treat any security furnished to the banks, as well as cash deposited with them, as security for all present and future indebtedness.

The aggregate annual maturities of long-term debts excluding other interest-bearing debts as of 31 March 2019 were as follows:

Year ending 31 March	Millions of yen
2021 .....	<b>¥ 66,930</b>
2022 .....	<b>120,490</b>
2023 .....	<b>18,863</b>
Thereafter.....	—
	<b>¥206,284</b>

Assets pledged as collateral were as follows:

	Millions of yen	
	2019	2018
Merchandise and finished goods.....	<b>¥15,961</b>	¥ —
Buildings and structures .....	<b>475</b>	524
Land.....	<b>97</b>	97
	<b>¥16,533</b>	¥621

Secured liabilities were as follows:

	Millions of yen	
	2019	2018
Short-term loans payable.....	<b>¥7,520</b>	¥ —
Others (noncurrent liabilities) .....	<b>219</b>	228
	<b>¥7,740</b>	¥228

### NOTE 8: Loan commitment

The Company has the commitment line contracts with six banks for effective financing. The outstanding balance of these contracts was as follows:

	Millions of yen	
	2019	2018
Commitment line contract total .....	<b>¥300,000</b>	¥250,000
Actual loan balance.....	—	—
Balance	<b>¥300,000</b>	¥250,000

**NOTE 9: Retirement benefits**
**1. Outline of adopted retirement benefit systems**

The Company established cash balance corporate pension plan and lump-sum retirement benefit plan. Some of consolidated subsidiaries established defined benefit corporate pension plan and lump-sum retirement benefit plan. Some of foreign consolidated subsidiaries established defined contribution plan.

Some of consolidated subsidiaries adopt simplified method for the calculation of retirement benefits.

**2. Defined benefit plan**
**(a) Reconciliation of retirement benefit obligation from the opening balance to the closing balance**

	Millions of yen	
	2019	2018
Opening balance of retirement benefit obligation .....	¥166,888	¥162,076
Service cost.....	9,168	8,719
Interest cost.....	890	467
Actuarial differences .....	462	309
Retirement allowance paid .....	(6,775)	(5,388)
Past service cost.....	15,168	423
Others .....	284	282
Closing balance of retirement benefit obligation .....	<u>¥186,087</u>	<u>¥166,888</u>

**(b) Reconciliation of pension assets from the opening balance to the closing balance**

	Millions of yen	
	2019	2018
Opening balance of pension assets .....	¥101,706	¥99,021
Expected return on pension assets .....	2,213	1,741
Actuarial differences .....	(1,461)	(980)
Contribution from employers .....	6,023	5,688
Retirement allowance paid .....	(5,027)	(3,808)
Others .....	(181)	44
Closing balance of pension assets .....	<u>¥103,273</u>	<u>¥101,706</u>

**(c) Reconciliation between closing balance of retirement benefit obligation and pension assets and net amount of liability/asset for retirement benefits recognized in consolidated balance sheet**

	Millions of yen	
	2019	2018
Defined benefit obligation of funded severance plan .....	¥129,345	¥115,760
Pension assets.....	(103,273)	(101,706)
	<u>26,072</u>	14,053
Defined benefit obligation of unfunded severance plan .....	56,741	51,128
Net amount of liability and asset for retirement benefits recognized in consolidated balance sheet.....	¥82,813	¥65,181
Liabilities for retirement benefits .....	¥82,813	¥65,224
Assets for retirement benefits .....	—	(42)
Net amount of liability and asset for retirement benefits recognized in consolidated balance sheet.....	<u>¥82,813</u>	<u>¥65,181</u>

(d) Breakdown of retirement benefit expenses

	Millions of yen	
	2019	2018
Service cost .....	¥9,168	¥8,719
Interest cost .....	890	467
Expected return on pension assets.....	(2,213)	(1,741)
Amortization of actuarial gains and losses.....	435	950
Amortization of past service cost.....	118	1
Others .....	105	(197)
Total amount of retirement benefit expenses for defined benefit plans .....	<u>¥8,504</u>	<u>¥8,199</u>

(e) Adjustment for retirement benefits (before tax effect)

Breakdown of adjustment for retirement benefits recognized was as follows:

	Millions of yen	
	2019	2018
Past service cost .....	¥(14,146)	¥(340)
Actuarial gains and losses.....	(1,514)	(435)
Total	<u>¥(15,660)</u>	<u>¥(776)</u>

(f) Accumulated adjustment for retirement benefits (before tax effect)

Breakdown of accumulated adjustment for retirement benefits recognized was as follows:

	Millions of yen	
	2019	2018
Unrecognized past service cost.....	¥(17,078)	¥(2,932)
Unrecognized actuarial gains and losses.....	(13,835)	(12,321)
Total	<u>¥(30,914)</u>	<u>¥(15,253)</u>

(g) Pension assets

a. Major breakdown of pension assets

Portion of major components to total pension assets was as follows:

	2019	2018
Debt securities.....	38.3%	41.7%
General account of life insurance companies .....	39.7%	38.7%
Others .....	22.0%	19.6%
Total	<u>100.0%</u>	<u>100.0%</u>

b. Method to determine long-term expected rate of return on pension assets

Long-term expected rate of return on pension assets was determined by considering the current and anticipated future portfolio of pension assets and the long-term performance of various asset classes that comprise pension assets.

(h) Actuarial assumptions

	2019	2018
Discount rate.....	mainly 0.15%	mainly 0.15%
Long-term expected rate of return on pension assets .....	mainly 1.80%	mainly 1.80%

3. Defined contribution plan

Year ended 31 March 2019

Contribution to defined contribution plan by the Company and consolidated subsidiaries was 223 million yen.

Year ended 31 March 2018

Contribution to defined contribution plan by the Company and consolidated subsidiaries was 231 million yen.

**NOTE 10: Income taxes**

(a) Significant components of deferred tax assets and deferred tax liabilities were as follows:

	Millions of yen	
	2019	2018
<b>Deferred tax assets</b>		
Impairment loss and Excess-depreciation .....	¥70,353	¥67,553
Various provisions .....	65,673	45,921
Unrealized profits elimination .....	20,940	21,160
Loss on valuation of securities .....	13,008	13,379
Deferred assets.....	2,556	2,601
Others.....	71,780	55,420
Deferred tax assets sub-total.....	244,314	206,035
Valuation allowance .....	(25,353)	(34,011)
Deferred tax assets total .....	¥218,960	¥172,024
<b>Deferred tax liabilities</b>		
Valuation difference on available-for-sale securities .....	¥(15,159)	¥(20,256)
Variance from the complete market value method of consolidated subsidiaries .....	(8,090)	(8,090)
Reserve for advanced depreciation of noncurrent assets...	(3,818)	(3,850)
Others.....	3,635	3,630
Deferred tax liabilities total .....	(23,433)	(28,566)
Net amounts of deferred tax assets.....	¥195,527	¥143,458

(b) Breakdown of the differences between the statutory tax rate and the effective tax rate

	2019	2018
Statutory tax rate.....	29.99%	30.21%
Tax rate difference .....	1.11%	1.64%
Tax credit.....	(4.80)%	(2.30)%
Retained earnings of subsidiaries etc. ....	(1.84)%	0.22%
Others.....	(3.85)%	(1.50)%
Effective tax rate .....	20.61%	28.28%



**NOTE 11: Selling, general and administrative expenses**

Main items of selling, general and administrative expenses were as follows:

	Millions of yen	
	2019	2018
Delivery expenses .....	¥92,216	¥73,240
Sales promotion expenses.....	84,525	77,684
Wages and salaries.....	92,814	86,183
Research and development costs.....	158,086	139,390
Provision of allowance for doubtful accounts.....	722	(209)
Provision for product warranties .....	80,319	58,194
Retirement benefit expenses .....	4,005	4,214
Provision for product liability insurance.....	1,215	1,968
Provision for recycling .....	2,457	1,434

“Advertising expenses”, which was presented separately in the previous fiscal year, is not presented in the current fiscal year due to the quantitative materiality. The amount of “Advertising expenses” was 78,508 million yen in the previous fiscal year.

**NOTE 12: Research and development costs**

Research and development costs included in selling, general and administrative expenses were as follows:

	Millions of yen	
	2019	2018
Research and development costs.....	¥158,086	¥139,390

**NOTE 13: Cash and cash equivalents**

Cash and cash equivalents were as follows:

	Millions of yen	
	2019	2018
Cash and deposits .....	¥509,717	¥690,418
Short-term investment securities .....	189,046	256,695
Time deposits with maturities of over three months.....	(66,620)	(119,571)
Bonds etc. with redemption period of over three months .....	(159,046)	(226,695)
	<u>¥473,097</u>	<u>¥600,846</u>

## NOTE 14: Other comprehensive income

	Millions of yen	
	2019	2018
Valuation difference on available-for-sale securities		
Gain (loss) arising during the period .....	¥18,660	¥42,073
Reclassification adjustments.....	(39,910)	(24,303)
Before tax effect.....	(21,250)	17,769
Tax effect.....	5,238	(1,732)
Balance at the end of the period.....	¥(16,012)	¥16,036
Deferred gains or losses on hedges		
Gain (loss) arising during the period .....	¥1,761	¥1,247
Reclassification adjustments.....	(1,981)	(2,778)
Before tax effect.....	(219)	(1,530)
Tax effect.....	5	297
Balance at the end of the period.....	¥(214)	¥(1,232)
Foreign currency translation adjustment		
Gain (loss) arising during the period .....	¥(30,008)	¥(35,889)
Reclassification adjustments.....	4,689	(46)
Balance at the end of the period.....	¥(25,318)	¥(35,936)
Adjustment for retirement benefit		
Gain (loss) arising during the period .....	¥(16,107)	¥(1,240)
Reclassification adjustments.....	446	464
Before tax effect.....	(15,660)	(776)
Tax effect.....	4,812	261
Balance at the end of the period.....	¥(10,848)	¥(514)
Share of other comprehensive income of affiliates accounted for using equity method		
Gain (loss) arising during the period .....	¥(6,565)	¥234
Total other comprehensive income .....	¥(58,958)	¥(21,411)

## NOTE 15: Cash dividends

	Resolutions	
	Ordinary General Meeting of Shareholders held on 28 June 2018	Meeting of the Board of Directors held on 1 November 2018
Total amount of cash dividends	¥19,439 million	¥17,042 million
Cash dividends per share	¥44.00	¥37.00
Record date	31 March 2018	30 September 2018
Effective date	29 June 2018	30 November 2018

Dividends which record date was in the current fiscal year and effective date was in the next fiscal year:

	Resolution
	Ordinary General Meeting of Shareholders held on 27 June 2019
Total amount of cash dividends	¥17,071 million
Cash dividends per share	¥37.00
Record date	31 March 2019
Effective date	28 June 2019

**NOTE 16: Stock option plans**

The Company adopts stock option plan by using subscription rights to shares.  
The details of the plans were as follows:

	The plan adopted at 28 June 2012	The plan adopted at 27 June 2013	The plan adopted at 27 June 2014
Category and number of people to whom stock options are granted	10 Directors of the Company (excluding Outside Directors) 6 Managing Officers who do not concurrently serve as Directors	7 Directors of the Company (excluding Outside Directors) 10 Senior Managing Officers and Managing Officers who do not concurrently serve as Directors	6 Directors of the Company (excluding Outside Directors) 6 Managing Officers who do not concurrently serve as Directors
Class of shares that are the subject of subscription rights to shares	92,000 of Common stock of the Company	49,800 of Common stock of the Company	32,400 of Common stock of the Company
Adoption date	20 July 2012	19 July 2013	22 July 2014
Terms of exercise of subscription rights to shares	(1) A person who is allocated subscription rights to shares shall be able to exercise share subscription rights only up until 10th day (the next business day if the 10th day falls on a non-business day) from the day immediately following the date of resignation as the Company's Director as well as the Senior Managing Officer or Managing Officer without the role of Director being served concurrently. (2) If a person who is allocated subscription rights to shares was dead, the person's heir shall be able to exercise the rights.		
Period during which subscription rights to shares can be exercised	From 21 July 2012 to 20 July 2042	From 20 July 2013 to 19 July 2043	From 23 July 2014 to 22 July 2044
Number of shares which subscription rights to shares have not exercised	35,000	18,000	10,600

**NOTE 17: Contingent liabilities**

As of 31 March 2019 and 2018, the Company and some of consolidated subsidiaries had the contingent liabilities as follows:

	Millions of yen	
	2019	2018
Guarantee of indebtedness of affiliates and others .....	<b>¥732</b>	¥1,351

**NOTE 18: Segment Information****1. Outline of reportable segments**

The reportable segments of the Company are the components of the Company business for which discrete financial information is available, and whose operating results are regularly reviewed by our decision-making body such as Board of Directors to make decisions about resources to be allocated to the segment and to assess its performance.

The Company has three reportable segments of "Automobile business", "Motorcycle business" and "Marine business, etc." based on the form of management organization and nature of products and services.

Main products and services of each segment are as follows:

Segment	Main products and services
Automobile business	Mini vehicles, Sub-compact vehicles, Standard-sized vehicles
Motorcycle business	Motorcycles, All-terrain vehicles
Marine business, etc.	Outboard motors, Motorized wheelchairs, Houses

**2. Methods of measurement for the amounts of net sales, profit or loss, assets and other items for each reportable segment**

The accounting policies of the reportable segments are consistent to the description of the "Summary of significant accounting policies" (Note 2).

**3. Information about the amounts of net sales, profit or loss, assets and other items by reportable segment**

	Millions of yen					
	2019					
	Automobile business	Motorcycle business	Marine business, etc.	Total	Adjustment	Consolidated
Net Sales						
Net sales to external customers .....	<b>¥3,532,531</b>	<b>¥255,071</b>	<b>¥83,893</b>	<b>¥3,871,496</b>	<b>¥—</b>	<b>¥3,871,496</b>
Segment profit .....	<b>303,731</b>	<b>3,631</b>	<b>17,003</b>	<b>324,365</b>	<b>—</b>	<b>324,365</b>
Segment assets .....	<b>2,621,420</b>	<b>244,293</b>	<b>55,667</b>	<b>2,921,381</b>	<b>480,589</b>	<b>3,401,970</b>
Other content:						
Depreciation .....	<b>133,050</b>	<b>12,591</b>	<b>3,284</b>	<b>148,926</b>	<b>—</b>	<b>148,926</b>
Amortization of goodwill .....	<b>68</b>	<b>33</b>	<b>0</b>	<b>101</b>	<b>—</b>	<b>101</b>
Impairment loss .....	<b>1,425</b>	<b>55</b>	<b>32</b>	<b>1,514</b>	<b>—</b>	<b>1,514</b>
Investments in affiliated companies accounted for by equity method .....	<b>34,805</b>	<b>3,678</b>	<b>661</b>	<b>39,145</b>	<b>—</b>	<b>39,145</b>
Increase in property, plant and equipment and intangible assets .....	<b>245,597</b>	<b>19,405</b>	<b>3,942</b>	<b>268,945</b>	<b>—</b>	<b>268,945</b>
	Millions of yen					
	2018					
	Automobile business	Motorcycle business	Marine business, etc.	Total	Adjustment	Consolidated
Net Sales						
Net sales to external customers .....	¥3,435,802	¥246,362	¥75,053	¥3,757,219	¥—	¥3,757,219
Segment profit .....	355,027	4,606	14,548	374,182	—	374,182
Segment assets .....	2,446,239	222,057	47,105	2,715,402	625,425	3,340,828
Other content:						
Depreciation .....	136,293	11,281	3,302	150,877	—	150,877
Amortization of goodwill .....	69	55	0	124	—	124
Impairment loss .....	2,366	17	201	2,585	—	2,585
Investments in affiliated companies accounted for by equity method .....	29,869	5,459	180	35,509	—	35,509
Increase in property, plant and equipment and intangible assets .....	198,731	13,502	1,142	213,376	—	213,376

(Reference information)

As reference information, operating results by geographical regions were as follows:

The amount of net sales based on external customers

	Millions of yen			
	2019			
	Japan	India	Others	Consolidated
Net sales .....	<b>¥1,252,447</b>	<b>¥1,308,200</b>	<b>¥1,310,848</b>	<b>¥3,871,496</b>

	Millions of yen			
	2018			
	Japan	India	Others	Consolidated
Net sales .....	¥1,116,764	¥1,306,616	¥1,333,838	¥3,757,219

(Supplementary information)

The amount of net sales, operating income or loss based on location of the Company and its consolidated subsidiaries

	Millions of yen						
	2019						
	Japan	Europe	Asia	Other regions	Total	Eliminations	Consolidated
Net Sales							
Net sales to external customers...	<b>¥1,472,710</b>	<b>¥438,838</b>	<b>¥1,777,867</b>	<b>¥182,080</b>	<b>¥3,871,496</b>	<b>¥—</b>	<b>¥3,871,496</b>
Internal net sales or transfer among geographical regions.....	<b>669,739</b>	<b>191,957</b>	<b>109,228</b>	<b>1,053</b>	<b>971,978</b>	<b>(971,978)</b>	<b>—</b>
Total	<b>2,142,449</b>	<b>630,795</b>	<b>1,887,096</b>	<b>183,133</b>	<b>4,843,474</b>	<b>(971,978)</b>	<b>3,871,496</b>
Operating income.....	<b>150,768</b>	<b>22,981</b>	<b>144,214</b>	<b>6,083</b>	<b>324,047</b>	<b>318</b>	<b>324,365</b>

	Millions of yen						
	2018						
	Japan	Europe	Asia	Other regions	Total	Eliminations	Consolidated
Net Sales							
Net sales to external customers...	¥1,381,093	¥428,974	¥1,782,112	¥165,038	¥3,757,219	¥—	¥3,757,219
Internal net sales or transfer among geographical regions.....	647,578	190,866	123,917	728	963,091	(963,091)	—
Total	2,028,672	619,840	1,906,030	165,766	4,720,310	(963,091)	3,757,219
Operating income.....	161,044	17,174	191,315	5,101	374,635	(453)	374,182

- \*Notes: 1. Classification of countries or regions is based on a geographical adjacency.  
2. The major countries or regions belonging to classifications other than Japan:  
(1) Europe .....Hungary, Germany, United Kingdom and France  
(2) Asia.....India, Pakistan, Indonesia, and Thailand  
(3) Other regions...United States, Australia, Mexico and Colombia  
3. Classification is counted based on the location of the Company and its consolidated subsidiaries.

## Independent Auditor's Report

To the Board of Directors of  
Suzuki Motor Corporation

We have audited the accompanying consolidated financial statements of Suzuki Motor Corporation and its consolidated subsidiaries, which comprise the consolidated balance sheet as of 31 March 2019, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in net assets and consolidated statement of cash flows for the year then ended, all expressed in Japanese Yen, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we comply with ethical requirements and we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, while the purpose of the financial statement audit is not express an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Suzuki Motor Corporation and its consolidated subsidiaries as at 31 March 2019, and their financial performance and cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

*Seimei Audit Corporation.*

Seimei Audit Corporation  
Tokyo, Japan  
27 June 2019