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Consolidated Results for 1st and 2nd Quarter Fiscal 2020: April 1, 2020 – September 30, 2020

(All figures in millions of yen, rounded to the nearest million, unless otherwise specified)

I. Summary of Consolidated Results

1. Operating results (percent change from previous year in brackets)

	Q1–Q2 2020	Q1–Q2 2019
Net sales	989,387 [−7.4%]	1,068,642 [+2.6%]
Operating income	76,769 [−24.5%]	101,694 [−2.5%]
Ordinary income	77,474 [−26.4%]	105,280 [−4.5%]
Net income attributable to owners of the parent	46,781 [−39.9%]	77,863 [−1.3%]
Net income per share*	33.72	56.03
Diluted net income per share*	—	—

* Yen

Note:
Comprehensive income was ¥45,259 million during Q1–Q2 2020, and ¥47,099 million during Q1–Q2 2019.

2. Financial position

At end of	September 2020	March 2020
Total assets	2,822,816	2,822,277
Net assets	1,404,602	1,383,460
Net worth/total assets	48.9%	48.2%
Net worth per share*	994.45	979.69

* Yen

Notes:
- Net worth consists of shareholders' equity and accumulated other comprehensive income.
- Net worth as of September 30, 2020, was ¥1,379,836 million; as of March 31, 2020, ¥1,359,314 million.
- Calculation of total assets as of March 31, 2020, previously based on provisional accounting treatment related to business combinations, has been finalized.

II. Cash Dividends

Fiscal year	Cash dividends per share*				
	Q1	Q2	Q3	Q4	Total annual
2019	—	18.00	—	16.00	34.00
2020	—	17.00			
2020 (forecast)			—	17.00	34.00

* Yen

Note:
The cash dividend forecast has been revised.

III. Forecast for Fiscal 2020 (April 1, 2020 – March 31, 2021)

1. Latest forecasts (percent change from results in year-ago period in brackets)

	For the fiscal year
Net sales	2,034,000 [−5.5%]
Operating income	140,000 [−21.0%]
Ordinary income	142,000 [−22.8%]
Net income attributable to owners of the parent	87,000 [−16.3%]
Net income per share*	62.70

* Yen

Notes:
- Performance forecasts are based on the best information available at this time, but actual results may diverge from these forecasts due to a variety of factors which cannot be foreseen.
- The forecast for fiscal 2020 announced on August 4, 2020, has been revised.

IV. Other Information

1. Changes in significant subsidiaries which affected scope of consolidation during the period

   Addition of one new subsidiary: Sage Automotive Interiors Germany GmbH

2. Special accounting methods for preparation of the consolidated financial statements

   Income tax expenses: A reasonable estimate of the effective tax rate after applying tax-effect accounting for the current fiscal year is made, and quarterly income before income taxes is multiplied by the corresponding effective tax rate.

3. Changes in accounting policies, changes in accounting estimates, and retroactive restatement: None

4. Notable changes in shareholders' equity: None

5. Number of shares outstanding

	Q1–Q2 2020	FY 2019
Number of shares outstanding at end of period	1,393,932,032	1,393,932,032
Number of shares of treasury stock at end of period	6,390,352	6,440,327
Average number of shares outstanding during period	1,387,512,694	1,389,634,652*

* Q1–Q2 2019

V. Consolidated Financial Statements

1. Balance sheets

	At end of March 2020	At end of September 2020
Assets		
Current assets		
Cash and deposits	207,957	207,009
Notes and accounts receivable–trade	330,999	305,501
Merchandise and finished goods	216,463	219,184
Work in process	160,064	165,112
Raw materials and supplies	101,313	106,827
Other	92,153	92,103
Allowance for doubtful accounts	(1,519)	(1,844)
Total current assets	1,107,430	1,093,892
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	563,110	580,623
Accumulated depreciation	(305,259)	(311,347)
Buildings and structures, net	257,851	269,276
Machinery, equipment and vehicles	1,466,958	1,489,784
Accumulated depreciation	(1,243,780)	(1,262,591)
Machinery, equipment and vehicles, net	223,179	227,193
Land	67,024	68,704
Lease assets	9,645	9,294
Accumulated depreciation	(8,964)	(8,656)
Lease assets, net	681	637
Construction in progress	75,487	86,255
Other	172,674	176,362
Accumulated depreciation	(143,210)	(146,164)
Other, net	29,464	30,198
Subtotal	653,686	682,263
Intangible assets		
Goodwill	365,680	356,405
Other	349,566	331,116
Subtotal	715,246	687,520
Investments and other assets		
Investment securities	244,581	257,345
Long-term loans receivable	7,951	7,845
Long-term advance payments–trade	20,467	24,607
Deferred tax assets	44,466	40,216
Other	28,883	29,602
Allowance for doubtful accounts	(435)	(474)
Subtotal	345,914	359,142
Total noncurrent assets	1,714,846	1,728,925
Total assets	2,822,277	2,822,816

	At end of March 2020	At end of September 2020
Liabilities		
Current liabilities		
Notes and accounts payable–trade	131,207	119,391
Short-term loans payable	275,671	124,859
Commercial paper	139,000	136,000
Lease obligations	1,006	1,008
Accrued expenses	121,520	110,928
Income taxes payable	18,145	13,480
Advances received	73,623	77,966
Provision for grant of shares	78	—
Provision for periodic repairs	4,043	5,764
Provision for product warranties	3,738	3,673
Provision for removal cost of property, plant and equipment	2,640	4,348
Other	71,863	72,167
Total current liabilities	842,531	669,585
Noncurrent liabilities		
Bonds payable	60,000	110,000
Long-term loans payable	229,172	336,804
Lease obligations	3,506	3,221
Deferred tax liabilities	70,600	67,932
Provision for grant of shares	412	422
Provision for periodic repairs	4,560	2,933
Provision for removal cost of property, plant and equipment	5,771	5,849
Net defined benefit liability	174,365	172,542
Long-term guarantee deposits	21,613	21,533
Other	26,287	27,395
Total noncurrent liabilities	596,286	748,630
Total liabilities	1,438,817	1,418,215
Net assets		
Shareholders' equity		
Capital stock	103,389	103,389
Capital surplus	79,641	79,660
Retained earnings	1,125,738	1,149,399
Treasury stock	(5,990)	(5,925)
Total shareholders' equity	1,302,777	1,326,523
Accumulated other comprehensive income		
Net unrealized gain on other securities	67,027	77,770
Deferred gains or losses on hedges	(241)	(205)
Foreign currency translation adjustment	13,027	(3,282)
Remeasurements of defined benefit plans	(23,275)	(20,969)
Total accumulated other comprehensive income	56,538	53,313
Non-controlling interests	24,145	24,765
Total net assets	1,383,460	1,404,602
Total liabilities and net assets	2,822,277	2,822,816

2. Statements of income and statements of comprehensive income

1) Statements of income

	Q1–Q2 2019	Q1–Q2 2020
Net sales	1,068,642	989,387
Cost of sales	722,643	666,732
Gross profit	346,000	322,656
Selling, general and administrative expenses	244,305	245,887
Operating income	101,694	76,769
Non-operating income		
Interest income	1,340	908
Dividends income	3,340	2,313
Equity in earnings of affiliates	4,624	153
Other	1,768	2,484
Total non-operating income	11,072	5,858
Non-operating expenses		
Interest expense	2,136	1,713
Foreign exchange loss	1,914	144
Other	3,435	3,296
Total non-operating expenses	7,486	5,153
Ordinary income	105,280	77,474
Extraordinary income		
Gain on sales of investment securities	9,021	1,704
Gain on sales of noncurrent assets	414	272
Total extraordinary income	9,435	1,976
Extraordinary loss		
Loss on valuation of investment securities	412	38
Loss on disposal of noncurrent assets	3,082	3,875
Impairment loss	141	16
Business structure improvement expenses	263	4,093
Total extraordinary loss	3,899	8,022
Income before income taxes	110,816	71,429
Total income taxes	32,040	23,143
Net income	78,776	48,286
Net income attributable to non-controlling interests	913	1,505
Net income attributable to owners of the parent	77,863	46,781

2) Statements of comprehensive income

	Q1–Q2 2019	Q1–Q2 2020
Net income	78,776	48,286
Other comprehensive income		
Net increase (decrease) in unrealized gain on other securities	(6,733)	10,679
Deferred gains or losses on hedges	(73)	36
Foreign currency translation adjustment	(26,590)	(16,599)
Remeasurements of defined benefit plans	2,665	2,294
Share of other comprehensive income of affiliates accounted for using equity method	(946)	563
Total other comprehensive income	(31,677)	(3,027)
Comprehensive income	47,099	45,259
Comprehensive income attributable to:		
Owners of the parent	46,367	43,556
Non-controlling interests	732	1,702

3. Statements of cash flows

	Q1–Q2 2019	Q1–Q2 2020
Cash flows from operating activities		
Income before income taxes	110,816	71,429
Depreciation and amortization	45,900	52,576
Impairment loss	141	16
Amortization of goodwill	10,753	12,500
Amortization of negative goodwill	(79)	—
Decrease in provision for grant of shares	(22)	(68)
(Decrease) increase in provision for periodic repairs	(2,469)	94
Increase (decrease) in provision for product warranties	533	(47)
(Decrease) increase in provision for removal cost of property, plant and equipment	(255)	1,787
Decrease in net defined benefit liability	(1,881)	(1,786)
Interest and dividend income	(4,680)	(3,221)
Interest expense	2,136	1,713
Equity in earnings of affiliates	(4,624)	(153)
Gain on sales of investment securities	(9,021)	(1,704)
Loss on valuation of investment securities	412	38
Gain on sale of property, plant and equipment	(414)	(272)
Loss on disposal of noncurrent assets	3,082	3,875
Decrease in notes and accounts receivable–trade	22,994	30,615
Increase in inventories	(25,446)	(9,805)
Decrease in notes and accounts payable–trade	(28,939)	(16,110)
Decrease in accrued expenses	(2,307)	(12,993)
Increase in advances received	4,313	4,652
Other, net	(10,809)	(1,580)
Subtotal	110,136	131,555
Interest and dividend income, received	6,003	4,635
Interest expense paid	(2,110)	(1,622)
Income taxes paid	(36,226)	(29,965)
Net cash provided by operating activities	77,803	104,603
Cash flows from investing activities		
Payments into time deposits	(1,053)	(1,211)
Proceeds from withdrawal of time deposits	12,312	3,228
Purchase of property, plant and equipment	(64,688)	(57,571)
Proceeds from sales of property, plant and equipment	1,731	348
Purchase of intangible assets	(6,659)	(6,108)
Purchase of investment securities	(2,656)	(3,145)
Proceeds from sales of investment securities	18,025	974
Purchase of shares in subsidiaries resulting in change in scope of consolidation	(31,307)	(4,832)
Payments for transfer of business	(1,964)	(17,778)
Payments of loans receivable	(3,791)	(2,651)
Collection of loans receivable	5,469	2,986
Other, net	803	(144)
Net cash used in investing activities	(73,778)	(85,905)

	Q1–Q2 2019	Q1–Q2 2020
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	11,806	(163,470)
Decrease in commercial paper	(1,000)	(3,000)
Proceeds from long-term loans payable	847	128,460
Repayment of long-term loans payable	(11,665)	(6,607)
Proceeds from issuance of bonds payable	40,000	50,000
Repayments of lease obligations	(595)	(642)
Purchase of treasury stock	(10,010)	(3)
Proceeds from disposal of treasury stock	83	69
Cash dividends paid	(23,742)	(22,206)
Cash dividends paid to non-controlling interests	(826)	(582)
Purchase of shares in subsidiaries not resulting in change in scope of consolidation	—	(307)
Other, net	(121)	(218)
Net cash provided by (used in) financing activities	4,778	(18,505)
Effect of exchange rate change on cash and cash equivalents	(3,925)	(899)
Net increase (decrease) in cash and cash equivalents	4,878	(705)
Cash and cash equivalents at beginning of period	180,520	204,771
Increase in cash and cash equivalents resulting from changes in scope of consolidation	86	1,769
Cash and cash equivalents at end of period	185,484	205,835