



Consolidated Financial Results for FYE 2020

SUBARU CORPORATION

Tomomi Nakamura
Representative Director, President and CEO
May 18th, 2020

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NOTE)

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Thank you for taking time out of your busy schedule to join us today for Subaru Corporation's FYE 2020 financial results briefing. I would also like to take this opportunity to thank you again for your ongoing understanding and support for our business activities. This financial results briefing is being carried out by telephone conference out of consideration for preventing the spread of COVID-19.

Thank you for your understanding.

I would like to start by expressing my sincere sympathy to those who have contracted the novel coronavirus. And to those who have lost loved ones, you have my deepest condolences.

I would also like to extend my heartfelt gratitude and respect to the healthcare professionals working day and night and those involved in maintaining lifelines around the world.

FYE 2020 :

Consolidated Profit Results

Yen in 100 Millions, Units in Thousands

	Results FYE 2019 (*1) (a)	Previous Plan FYE 2020 (as of Feb. 5 th) (b)	Results FYE 2020 (c)	Variance (c)-(a)	Variance (c)-(b)	
Consolidated Unit Sales	1,000.8	1,041.3	1,033.9	+33.0	-7.5	
Revenue (*2)	31,562	33,600	33,441	+1,880	-159	
Operating profit (*3)	1,817	2,200	2,103	+286	-97	
Profit for the period attributable to owners of parent (*4)	1,414	1,630	1,526	+112	-104	
SUBARU exchange rate	US\$	¥111	¥109	¥109	-¥2	+¥0
	EURO	¥129	¥122	¥121	-¥9	-¥1
	CAN\$	¥85	¥82	¥82	-¥2	+¥0

*1 : The Company is voluntarily adopting International Financial Reporting Standards (IFRS) from this fiscal year (FYE2020) in place of the Japanese generally accepted accounting principles (JGAAP) previously adopted. The first-half result figures of the previous fiscal year (FYE2019) have been recalculated based on IFRS for comparison and analysis purposes.

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

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

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

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First, we have an overview of the full-year results from FYE 2020.

CFO Toshiaki Okada will be providing details on the factors behind changes and other such information later.

Consolidated unit sales for Japan and overseas combined reached 1,033.9 thousand units.

Operating profit was up 28.6 billion yen year on year to 210.3 billion yen, and profit for the period was up 11.2 billion yen to 152.6 billion yen.

This marked the first increase in revenue in two years and the first increase in profit in four years.

The impact of COVID-19 on FYE 2020 consolidated financial results was minor but included a decrease in consolidated unit sales in the Chinese market.

FYE 2020 :

Consolidated Financial Plan

Yen in 100 Millions, Units in Thousands

		Results FYE 2019	Plan FYE 2019	Variance
Consolidated Unit Sales		1,033.9	TBD	—
Revenue ^(*1)		33,441	TBD	—
Operating profit ^(*2)		2,103	TBD	—
Profit for the period attributable to owners of parent ^(*3)		1,527	TBD	—
SUBARU exchange rate	US\$	¥109	TBD	—
	EURO	¥121	TBD	—
	CAN\$	¥82	TBD	—

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Next, let's look at full-year plans.

The spread of COVID-19 has had a significant impact on our business activities since the beginning of this fiscal year.

On the production side, operations were suspended at the Gunma Plant from April 9 to May 1 and at SIA from March 23 to May 8. Operations have resumed at both as of May 11, but production has been adjusted, with the first shift only at the Gunma Plant and a slower pace at SIA.

On the sales side, 60% of our retailers in the key United States market still face restrictions on their sales activities.

Governments in each country are working to resume economic and social activities, but it is still unknown when we will see the end of this outbreak and what our global economic and social activities will be like after they resume. At this time, because of the difficulty in reasonably assessing the impact on our business performance, the full-year forecast for FYE 2021 is yet to be determined. We will disclose the forecast as soon as calculations become possible.

Since launching our COVID-19 Task Force in February 2020, we have taken various steps to ensure the safety of our customers and employees, prevent the spread of the virus, and ensure business continuity. The whole company will continue taking every step we can to return to normal business operations as soon as possible and minimize the impact on our business performance.

Shareholder Returns

【Dividend per share】

(Yen)

	FYE 2019	Previous Forecast FYE 2020	FYE 2020	Forecast FYE 2021
Interim dividend	72	72	72	TBD
Year-end dividend	72	72	28	TBD
Total	144	144	100	TBD
Payout ratio	78.1%	—	50.3%	—

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Next, let's look at dividends.

From the standpoint of prioritizing stable and continuous shareholder returns as set forth in our medium-term management vision, the annual dividend for FYE 2020 was set at 144 yen, the same as the previous year.

However, as mentioned earlier, the novel coronavirus has had a significant impact on our business activities. After taking everything into account, including capital requirements, we plan to lower the year-end dividend from 72 yen per share to 28 yen per share.

As a result, combined with the interim dividend, this will bring the annual dividend to 100 yen per share.

A resolution will be made at the Ordinary General Meeting of Shareholders scheduled for June 23.

Furthermore, as the forecast for FYE 2021 is yet to be determined, the dividend is likewise to be determined. As soon as we are able to estimate the impact on production and sales, we will publish the forecast and provide notification concerning the dividend.

In light of the circumstances, I and all other executive officers have decided to voluntarily return a certain percentage of our compensation.



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

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These are difficult circumstances, but placing top priority on ensuring the safety of our customers as well as our employees and their families, we will continue our business activities to fulfill our corporate social responsibility while taking utmost care to prevent the spread of the virus.

Thank you in advance for your understanding and support.

Next, CFO Toshiaki Okada will go over the details of the financial results.



Consolidated Financial Results for FYE 2020

SUBARU CORPORATION

Toshiaki Okada
Corporate Executive Vice President & CFO
May 18th, 2020

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Consolidated Financial Results for FYE 2020

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

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

FYE 2020 :

Consolidated Unit Sales (by market)

	(Thousand Units)					Reference : JGAAP
	Results FYE 2019 (a)	Previous Plan FYE 2020 (as of Feb. 5 th) (b)	Results FYE 2020 (c)	Variance (c)-(a)	Variance (c)-(b)	Results FYE 2019
Passenger cars (*)	110.2	104.2	101.9	-8.3	-2.3	109.7
Minicars (*)	26.0	23.8	23.9	-2.2	+0.1	25.6
Domestic total(*)	136.2	128.0	125.8	-10.4	-2.2	135.3
U.S.	659.7	700.0	701.6	+41.9	+1.6	659.7
Canada	56.8	62.0	60.4	+3.5	-1.6	56.8
Russia	8.1	8.5	8.7	+0.5	+0.2	8.1
Europe	32.1	37.6	37.0	+4.9	-0.6	32.1
Australia	41.7	42.9	43.1	+1.4	+0.2	41.7
China	22.8	24.5	20.6	-2.1	-3.8	22.8
Others	43.3	37.9	36.7	-6.6	-1.3	43.3
Overseas total	864.6	913.3	908.0	+43.5	-5.3	864.6
Total	1,000.8	1,041.3	1,033.9	+33.0	-7.5	999.9

* IFRS : on delivery-to-customer basis, JGAAP : on vehicle registration basis
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Now, let's look at full-year results for FYE 2020.

First, we will look at consolidated unit sales.

Globally, sales increased 33.0 thousand units year on year to reach 1,033.9 thousand units.

Overseas, sales of the Legacy and Outback were down in the key market of the United States due to the model changes, but sales of the Forester and Ascent were strong, resulting in a year-on-year increase of 43.5 thousand units to 908.0 thousand units.

In the domestic market, sales of the flagship Impreza decreased, resulting in a year-on-year decrease of 10.4 thousand units to 125.8 thousand units.

FYE 2020 :

Consolidated Unit Sales / Complete Cars Production

(Thousand Units)

	Results FYE 2019 (a)	Previous Plan FYE 2020 (as of Feb. 5 th) (b)	Results FYE 2020 (c)	Variance (c)-(a)	Variance (c)-(b)
Consolidated Unit Sales Total	1,000.8	1,041.3	1,033.9	+33.0	-7.5

(Thousand Units)

	Results FYE 2019 (a)	Previous Plan FYE 2020 (as of Feb. 5 th) (b)	Results FYE 2020 (c)	Variance (c)-(a)	Variance (c)-(b)
Production in U.S.	372.2	381.8	367.3	-4.9	-14.5
Production in Japan	617.0	667.0	663.6	+46.6	-3.3
Total	989.1	1,048.7	1,030.9	+41.8	-17.8

* Production figures include Toyota 86.

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Additionally, production increased 41.8 thousand units year on year to reach 1,030.9 thousand units.

U.S. production decreased 4.9 thousand units year on year to 367.3 thousand units.

Ascent production increased, but model changes impacted Legacy and Outback production. Moreover, placing priority on the safety and peace of mind of employees, their families, and the local communities, we temporarily suspended operations beginning on March 23 in the midst of the spread of COVID-19.

Domestic production increased 46.6 thousand units year on year to 663.6 thousand units.

This was primarily from the contribution by the Forester, which is selling well worldwide.

FYE 2020 :

Consolidated Profit Results

							(100 Million Yen)
							Reference : JGAAP
		Results FYE 2019 (a)	Previous Plan FYE 2020 (as of Feb. 5 th) (b)	Results FYE 2020 (c)	Variance (c)-(a)	Variance (c)-(b)	Results FYE 2019
Revenue (*1)		31,562	33,600	33,441	+1,880	-159	31,605
Domestic		5,941	5,605	5,727	-214	+122	5,966
Overseas		25,620	27,995	27,714	+2,094	-281	25,639
Operating profit (*2)		1,817	2,200	2,103	+286	-97	1,955
Profit before tax (*3)		1,860	2,200	2,077	+216	-123	1,958
Profit for the period attributable to owners of parent (*4)		1,414	1,630	1,526	+112	-104	1,478
SUBARU exchange rate	US\$	¥111	¥109	¥109	−¥2	±¥0	¥111
	EURO	¥129	¥122	¥121	−¥9	−¥1	¥129
	CAN\$	¥85	¥82	¥82	−¥2	−¥0	¥85

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

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

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

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

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Let's look at consolidated profit.

Due primarily to the positive effect of improved sales volume & mixture and others of 244.6 billion yen as a result of increased overseas automobile unit sales and other factors, consolidated revenue increased by 188.0 billion yen year on year to 3,344.1 billion yen, despite a currency exchange loss of 59.4 billion yen.

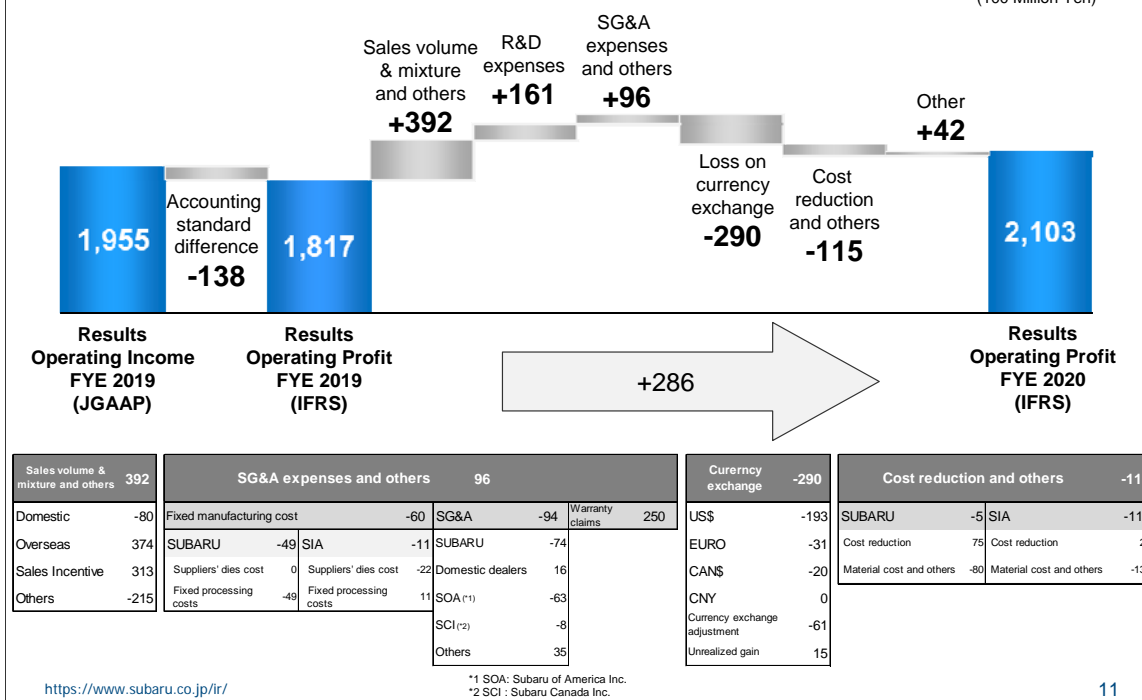
Operating profit was up 28.6 billion yen year on year to 210.3 billion yen due to improved sales volume & mixture and others and decreased R&D expenses.

Profit before tax was up 21.6 billion yen to 207.7 billion yen, and profit for the period attributable to owners of parent was up 11.2 billion yen to 152.6 billion yen.

FYE 2020 :

Analysis of Variance in Operating Profit (Consolidated)

(100 Million Yen)



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This is the analysis of variance in operating profit compared to the previous year's results.

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

The sales volume & mixture and others improved 39.2 billion yen as a result of increased unit sales and sales incentive control in the U.S.

The 16.1 billion yen decrease in R&D expenses was primarily a result of an increase in capitalized cost in conjunction with the adoption of IFRS.

The main factors working to decrease operating profit were loss on currency exchange and cost reduction and others.

The loss on currency exchange was 29.0 billion yen due to the significant impact of the two yen appreciation against the U.S. dollar.

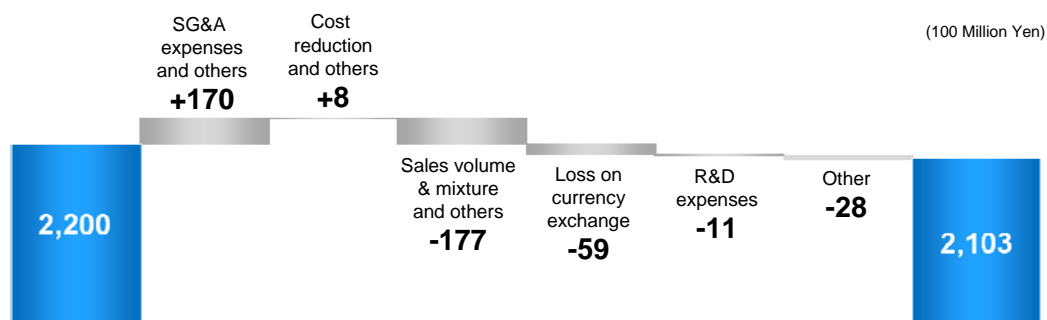
The sharp rise in precious metal prices resulted in higher material cost and others of 21.9 billion yen and higher costs of 11.5 billion yen.

Expenses related to recalls, service campaigns and so on included in warranty claims came to around 95.0 billion yen.

These were down from the previous year, so overall, warranty claims were a factor working to increase operating profit around 25.0 billion yen.

U.S. sales incentives per unit were down 500 dollars from 2,100 dollars in the same period of the previous year to 1,600 dollars, bringing the total amount of incentives down 28.5 billion yen.

Previous Plan FYE 2020 (as of February 5th) vs. Results :
Analysis of Variance in Operating Profit (Consolidated)



Previous Plan Operating Profit FYE 2020 (As of Feb.5th)

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Results Operating Profit FYE 2020

SG&A expenses and others 170				Cost reduction and others 8				Sales volume & mixture and others -177		Currency exchange -59			
Fixed manufacturing cost	-6	SG&A	68	Warranty claims	108	SUBARU	6	SIA	2	Domestic	8	US\$	-11
SUBARU	-20	SIA	14	SUBARU	-12	Cost reduction	-18	Cost reduction	-2	Overseas	17	EURO	-4
Suppliers' dies cost	-1	Suppliers' dies cost	1	Domestic dealers	11	Material cost and others	24	Material cost and others	4	Sales Incentive	-103	CAN\$	-1
Fixed processing costs	-19	Fixed processing costs	13	SOA ⁽¹⁾	-11					Others	-99	CNY	0
				SCI ⁽²⁾	6							Currency exchange adjustment	-2
				Others	74							Unrealized gain	-41

*1 SOA: Subaru of America Inc.
 *2 SCI: Subaru Canada Inc.

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This is an analysis of variance in operating profit compared to the previous announcement.

The main factor working to increase operating profit was decreased SG&A expenses and others. This was mainly from a decrease in warranty claims.

The main factors working to decrease operating profit were the exchange rate and a deterioration in sales volume & mixture and others.

The 17.7 billion yen decrease in sales volume & mixture and others was primarily from an increase in sales incentives.

The U.S. accounted for 6.2 billion yen of the 10.3 billion yen increase in sales incentives.

The increase was a result of a 50 dollar increase from the 1,550 dollars per vehicle of the previous plan.

4th Quarter (3 months) :
Consolidated Profit Results

(100 Million Yen)

					Reference : JGAAP
		Results 4 th Quarter (3 months) FYE 2019	Results 4 th Quarter (3 months) FYE 2020	Variance	Results 4 th Quarter (3 months) FYE 2019
Revenue (*1)		7,648	8,595	+947	7,831
Domestic		1,432	1,485	+52	1,608
Overseas		6,216	7,111	+895	6,223
Operating profit (*2)		261	577	+316	419
Profit before tax (*3)		283	544	+262	378
Profit for the period attributable to owners of parent (*4)		233	409	+176	296
SUBARU exchange rate	US\$	¥110	¥110	-¥1	¥110
	EURO	¥126	¥121	-¥5	¥126
	CAN\$	¥83	¥83	-¥0	¥83

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

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

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

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

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For your reference, we'll now take a look at fourth quarter (three months) consolidated results.

Consolidated revenue was up 94.7 billion yen year on year to 859.5 billion yen.

Due primarily to the positive effect of improved sales volume & mixture and others as a result of decreased warranty claims and other SG&A expenses and increased overseas automobile unit sales, operating profit was up 31.6 billion yen year on year to 57.7 billion yen.

Profit before tax was up 26.2 billion yen to 54.4 billion yen, and profit for the period attributable to owners of parent was up 17.6 billion yen to 40.9 billion yen.

The global COVID-19 pandemic has dealt a heavy blow to the Chinese market as well as our main market of the U.S.

However, the U.S. Market only began to slow in mid-March, so the impact on fourth quarter profit and loss was limited.

FYE 2020 :

Consolidated Statement of Cash Flows

(100 Million Yen)

	Results FYE 2019	Results FYE 2020	Variance
Net cash provided by (used in) operating activities	2,507	2,101	-406
Net cash provided by (used in) investing activities	-1,901	-258	+1,643
Free cash flows	606	1,843	+1,237
Net cash provided by (used in) financing activities	-1,416	-158	+1,258
Effect of exchange rate change on cash and cash equivalents	177	-118	-295
Net increase (decrease) in cash and cash equivalents	-633	1,566	+2,199
Cash and cash equivalents at end of period	7,023	8,590	+1,566

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Next is consolidated cash flows.

The net increase in cash and cash equivalents in FYE 2020 was 156.6 billion yen, and cash and cash equivalents at end of period was 859.0 billion yen.

Profit before tax was around 207.7 billion yen, but in light of cash outflows already allocated for recalls and the decrease in notes and accounts payable-trade, we worked on raising funds through withdrawal of time deposits, long-term loans, and corporate bonds.

Capex / Depreciation / Interest Bearing Debt / R&D

(100 Million Yen)

Reference : JGAAP

	Results FYE 2019 (a)	Previous Plan FYE 2020 (as of Feb. 5 th) (b)	Results FYE 2020 (c)	Variance (c)-(a)	Variance (c)-(b)	Results FYE 2019
Capex ^(*1)	1,140	1,400	1,260	+120	-140	1,135
Depreciation ^(*1)	891	1,000	961	+70	-39	888
Interest bearing debt ^(*1)	1,037	2,400	2,392	+1,355	-8	1,004
R&D expenditures ^(*2)	1,027	1,170	1,187	+160	+17	

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

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

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

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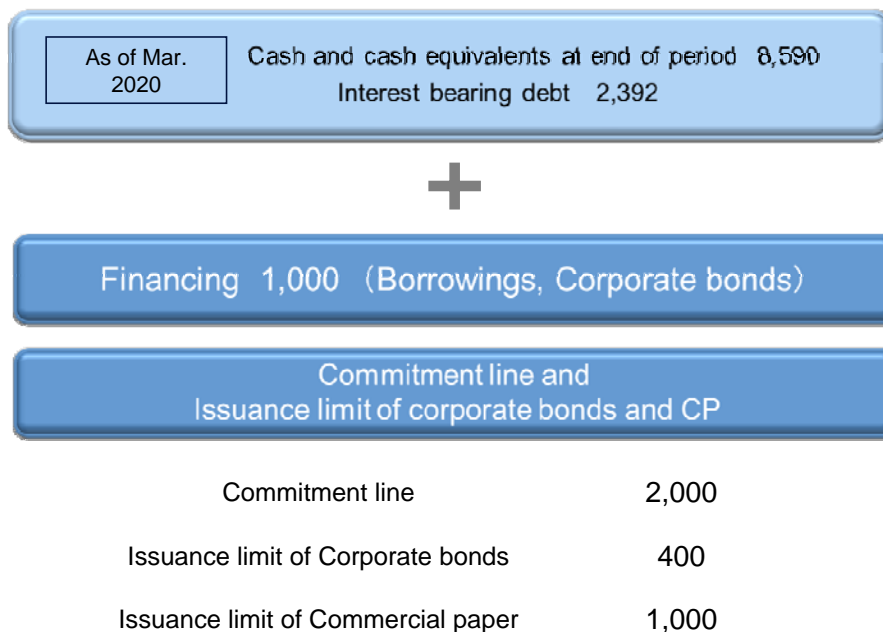
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Capex, depreciation, interest-bearing debt, and R&D expenditures are as you can see.

Interest-bearing debt was up 135.5 billion yen year on year to 239.2 billion yen.

Securing liquidity on hand for coronavirus risk

(100 Million Yen)



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Finally, I will discuss securing of funds in anticipation of a prolonged impact from COVID-19.

Cash equivalents as of March 31, 2020 were 859.0 billion yen (including 239.2 billion yen in borrowings). Beginning in April, we plan to raise 100.0 billion yen in funds, and some have already been raised.

Additionally, we have established the following limits:

- Commitment line: Approx. 200.0 billion yen
- Corporate bonds: 40.0 billion yen
- Commercial paper: 100.0 billion yen

We are making preparations, including support for trading partners, so that we can act swiftly.

As disclosed as subsequent events, from April to today, we have secured 40.0 billion yen in long-term loans and 151.5 billion yen with a commitment line.

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

This concludes the briefing on our financial results for the fiscal year ended March 31, 2020. Thank you.

| Appendix (1)

- Segment information by Business & Geographic
- Overseas Revenue
- Consolidated Statement of Financial Position
- Non-consolidated Unit Sales
- Operating Results of Subsidiaries in U.S.
- Consolidated Financial Results for 4th Quarter (3 months)
- Complete Cars Production / Retail Sales Units

FYE 2020 :

Revenue and Operating Profit by Business Segment (Consolidated)

(100 Million Yen)

	Revenue				Operating profit			
	Results FYE 2019		Results FYE 2020	Variance	Results FYE 2019		Results FYE 2020	Variance
Automobile	(30,145)	30,076	31,939	+1,863	(1,849)	1,721	2,003	+282
Aerospace	(1,317)	1,341	1,421	+80	(60)	60	51	-10
Other	(144)	144	80	-64	(38)	33	36	+3
Elimination & Corporate					(7)	3	14	+11
Total	(31,605)	31,562	33,441	+1,880	(1,955)	1,817	2,103	+286

* Figure in () : JGAAP

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FYE 2020 :

Revenue and Operating Profit by Geographic Area (Consolidated)

(100 Million Yen)

	Revenue				Operating profit			
	Results FYE 2019	Results FYE 2020	Variance	Results FYE 2019	Results FYE 2020	Variance		
Japan	(8,990)	8,963	8,707	-256	(1,147)	1,036	1,027	-9
North America	(21,037)	21,020	23,118	+2,098	(669)	646	1,151	+505
Other	(1,578)	1,578	1,616	+38	(34)	30	21	-9
Elimination & Corporate					(105)	105	-95	-200
Total	(31,605)	31,562	33,441	+1,880	(1,955)	1,817	2,103	+286

* Figure in () : JGAAP

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FYE 2020 :

Overseas Revenue (Consolidated)

(100 Million Yen)

	Results FYE 2019		Results FYE 2020	Variance
North America	(22,017)	21,999	24,131	+2,132
Europe	(1,005)	1,006	1,162	+157
Asia	(1,164)	1,163	1,064	-99
Other	(1,453)	1,452	1,357	-95
Total	(25,639)	25,620	27,714	+2,094

* Figure in () : JGAAP

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Consolidated Statement of Financial Position

(100 Million Yen)

	As of March 2019	As of March 2020	Variance
Total assets	31,806	32,939	+1,133
Current assets	19,137	19,788	+650
Non-current assets	12,669	13,151	+483
Total liabilities	14,907	15,738	+831
Interest bearing debts	1,037	2,392	+1,355
Total equity	16,899	17,201	+302
Retained earnings	13,506	13,972	+466
Equity attributable to owners of parent	16,822	17,129	+306
Ratio of equity attributable to owners of parent to total assets	52.9%	52.0%	-
D/E ratio	0.06	0.14	-

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FYE 2020 :

Non-consolidated Unit Sales

(Thousand Units)

	Results FYE 2019	Results FYE 2020	Variance
Domestic production	617.0	663.6	+46.6
Domestic sales	140.7	128.5	-12.3
Passenger cars	114.4	103.8	-10.6
Minicars	26.3	24.7	-1.6
Number of exported vehicles	491.5	551.2	+59.7
Components for overseas production	403.0	381.2	-21.8
Total	1,035.2	1,060.8	+25.6

* Domestic production figures include Toyota 86.

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FYE 2020 :

Operating Results of Subsidiaries in U.S.

(Million US\$)

SOA	Results FYE 2019	Results FYE 2020	Variance
Net sales	19,114	21,076	+1,962
Operating income	349	880	+527
Net income	297	681	+383
Retail sales (Thousand units)	684.5*	671.3	-13.2

SIA	Results FYE 2019	Results FYE 2020	Variance
Net sales	8,887	9,050	+163
Operating income	169	87	-82
Net income	134	92	-43
Production (Thousand units)	372.2	367.3	-4.9

* Correction

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

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4th Quarter (3 months) :
Consolidated Unit Sales (by market)

(Thousand Units)

	Results 4 th Quarter (3 months) FYE 2019	Results 4 th Quarter (3 months) FYE 2020	Variance	Reference : JGAAP
				Results 4 th Quarter (3 months) FYE 2019
Passenger cars (*)	25.3	25.7	+0.4	29.8
Minicars (*)	6.7	5.4	-1.3	7.0
Domestic total(*)	32.0	31.1	-0.9	36.8
U.S.	163.8	181.6	+17.8	163.8
Canada	9.6	15.3	+5.7	9.6
Russia	1.6	1.4	-0.1	1.6
Europe	6.2	11.9	+5.7	6.2
Australia	6.0	9.9	+3.9	6.0
China	6.1	3.1	-3.1	6.1
Others	7.6	8.6	+1.0	7.6
Overseas total	201.0	231.8	+30.8	201.0
Total	233.0	262.9	+29.9	237.8

* IFRS : on delivery-to-customer basis, JGAAP : on vehicle registration basis
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4th Quarter (3 months) :
Consolidated Profit Results

(100 Million Yen)

					Reference : JGAAP
		Results 4 th Quarter (3 months) FYE 2019	Results 4 th Quarter (3 months) FYE 2020	Variance	Results 4 th Quarter (3 months) FYE 2019
Revenue (*1)		7,648	8,595	+947	7,831
Domestic		1,432	1,485	+52	1,608
Overseas		6,216	7,111	+895	6,223
Operating profit (*2)		261	577	+316	419
Profit before tax (*3)		283	544	+262	378
Profit for the period attributable to owners of parent (*4)		233	409	+176	296
SUBARU exchange rate	US\$	¥110	¥110	-¥1	¥110
	EURO	¥126	¥121	-¥5	¥126
	CAN\$	¥83	¥83	-¥0	¥83

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

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

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

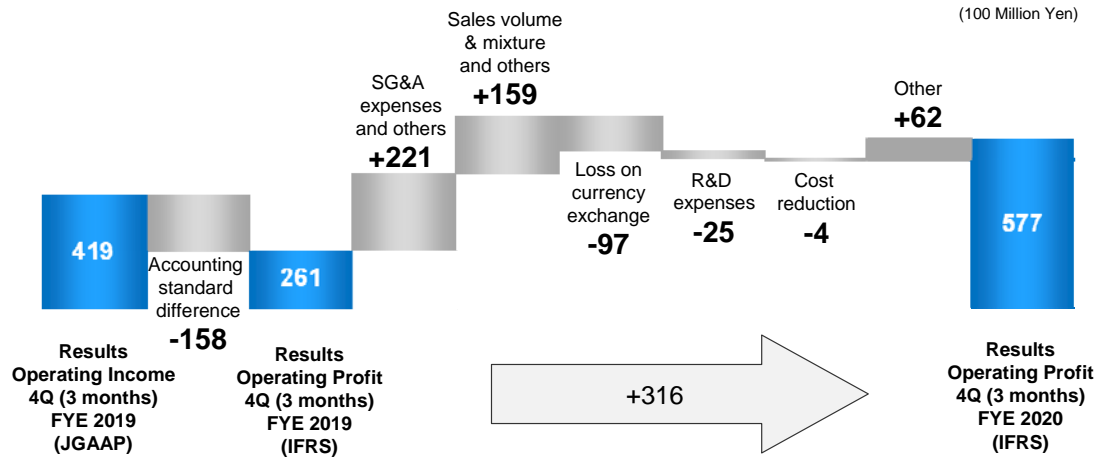
*4 : "Net income attributable to owners of parent" on JGAAP is shown as "Profit for the period attributable to owners of parent".

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4th Quarter (3 months) :

Analysis of Variance in Operating Profit (Consolidated)



SG&A expenses and others				221	Sales volume & mixture and others		159	Currency exchange		-97	Cost reduction and others				-4
Fixed manufacturing cost	-15	SG&A	-72	Warranty claims	308	Domestic	6	US\$	-24	SUBARU	15	SIA	-19		
SUBARU	-5	SIA	-10	SUBARU	-31	Overseas	325	EURO	-9	Cost reduction	10	Cost reduction	7		
Suppliers' dies cost	4	Suppliers' dies cost	-12	Domestic dealers	5	Sales Incentive	-24	CAN\$	-1	Material cost and others	5	Material cost and others	-26		
Fixed processing costs	-9	Fixed processing costs	2	SOA ⁽¹⁾	-61	Others	-148	CNY	0						
				SCI ⁽²⁾	-3			Currency exchange adjustment	-8						
				Others	18			Unrealized gain	-55						

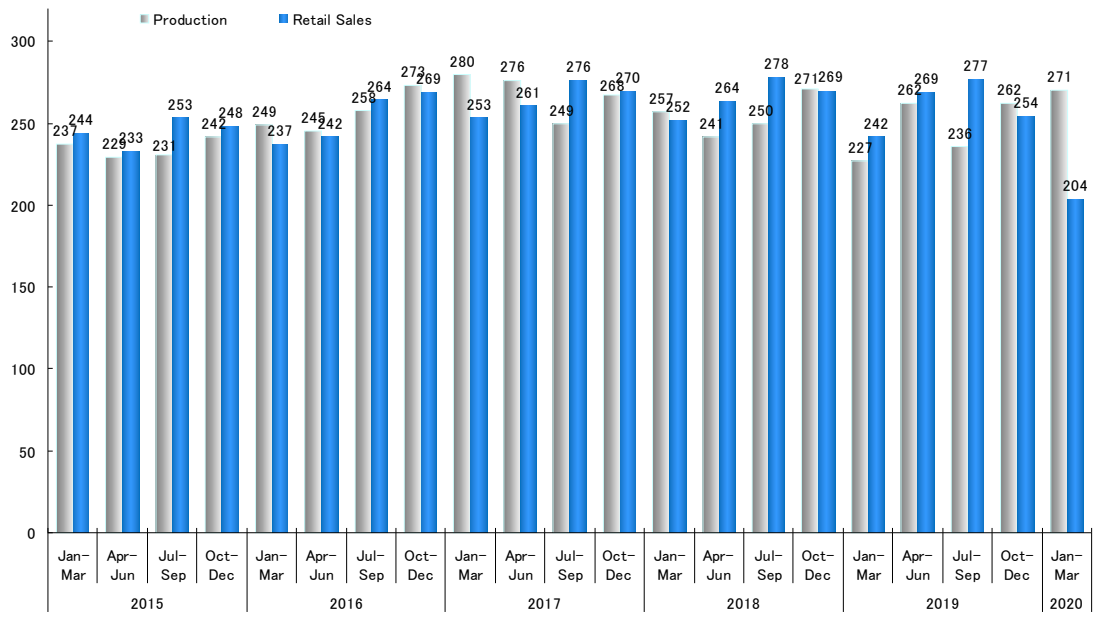
*1 SOA: Subaru of America Inc.
*2 SCI: Subaru Canada Inc.

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Complete Cars Production / Retail Sales Units

(Thousand Units)



* Production figures include Toyota 86.

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| Appendix (2)

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

Key differences of JGAAP and IFRS

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

Consolidated Statements of Income

JGAAP	IFRS
Net sales	Revenue
Cost of sales	Cost of sales
Gross profit	Gross profit
Selling, general and administrative expenses	Selling, general and administrative expenses
Operating income	Research and development expenses
Non-operating income	Other income
Equity in earnings of affiliates	Other expenses
Depreciation	Share of profit (loss) of investments accounted for using equity method
Other	Operating profit
Interest income	Finance income
Dividends income	Finance costs
Interest expenses	Profit before tax
Foreign exchange gains or losses	Income tax expense
Gain or loss on valuation of derivatives	Profit for the period
Ordinary income	Profit for the period attributable to
Extraordinary income or loss	Owners of parent
Gain on sales of noncurrent assets	Non-controlling interests
Loss on sales and retirement of noncurrent assets	
Other	
Gain or loss on sales of investment securities	
Income before income taxes	
Income taxes-current	
Income taxes-deferred	
Net income	
Net income (loss) attributable to non-controlling interests	
Net income attributable to owners of parent	

1) "Selling, general and administrative expenses" on "Japanese Generally Accepted Accounting Principles" (hereafter "JGAAP") will be presented as "Selling, general and administrative expenses" and "Research and development expenses".

2) "Operating profit" on IFRS will be presented, but components are different compared with JGAAP, a part of "Non-operating income and expense" and "Extraordinary income or loss" will be included.

3) "Interest income", "Dividends income", "Interest expenses", "Foreign exchange gains or losses" and "Gain or loss on valuation of derivatives" of JGAAP will be presented as "Finance income" and "Finance costs".

4) There is no concept of "Ordinary income" on IFRS. We calculate "Profit before tax" by adding and subtracting "Finance income" and "Finance costs" from "Operating profit" of IFRS.

5) "Gain and loss on sales of investment securities" on JGAAP will be recorded in the statement of comprehensive income.

Consolidated Statement of Financial Position (Assets)

JGAAP	IFRS																																																							
Consolidated Balance Sheet (Assets)	Consolidated statement of financial position (Assets)																																																							
<table border="1"> <tr><td>Assets</td></tr> <tr><td>Current assets</td></tr> <tr><td>Cash and deposits</td></tr> <tr><td>Notes and accounts receivable-trade</td></tr> <tr><td>Lease investment assets</td></tr> <tr><td>Short-term investment securities</td></tr> <tr><td>Merchandise and finished goods</td></tr> <tr><td>Work in process</td></tr> <tr><td>Raw materials and supplies</td></tr> <tr><td>Short-term loans receivable</td></tr> <tr><td>Other</td></tr> <tr><td>Allowance for doubtful accounts</td></tr> <tr><td>Total current assets</td></tr> <tr><td>Noncurrent assets</td></tr> <tr><td>Property, plant and equipment</td></tr> <tr><td>Buildings and structures, net</td></tr> <tr><td>Machinery, equipment and vehicles, net</td></tr> <tr><td>Land</td></tr> <tr><td>Vehicles and equipment on operating leases, net</td></tr> <tr><td>Construction in progress</td></tr> <tr><td>Other, net</td></tr> <tr><td>Total property, plant and equipment</td></tr> <tr><td>Intangible assets</td></tr> <tr><td>Other</td></tr> <tr><td>Total intangible assets</td></tr> <tr><td>Investments and other assets</td></tr> <tr><td>Investment securities</td></tr> <tr><td>Net defined benefit asset</td></tr> <tr><td>Deferred tax assets</td></tr> <tr><td>Other</td></tr> <tr><td>Allowance for doubtful accounts</td></tr> <tr><td>Total investments and other assets</td></tr> <tr><td>Total noncurrent assets</td></tr> <tr><td>Total assets</td></tr> </table>	Assets	Current assets	Cash and deposits	Notes and accounts receivable-trade	Lease investment assets	Short-term investment securities	Merchandise and finished goods	Work in process	Raw materials and supplies	Short-term loans receivable	Other	Allowance for doubtful accounts	Total current assets	Noncurrent assets	Property, plant and equipment	Buildings and structures, net	Machinery, equipment and vehicles, net	Land	Vehicles and equipment on operating leases, net	Construction in progress	Other, net	Total property, plant and equipment	Intangible assets	Other	Total intangible assets	Investments and other assets	Investment securities	Net defined benefit asset	Deferred tax assets	Other	Allowance for doubtful accounts	Total investments and other assets	Total noncurrent assets	Total assets	<table border="1"> <tr><td>Assets</td></tr> <tr><td>Current assets</td></tr> <tr><td>Cash and cash equivalents</td></tr> <tr><td>Trade and other receivables</td></tr> <tr><td>Inventories</td></tr> <tr><td>Income taxes receivable</td></tr> <tr><td>Other financial assets</td></tr> <tr><td>Other current assets</td></tr> <tr><td>Subtotal</td></tr> <tr><td>Assets held for sale</td></tr> <tr><td>Total current assets</td></tr> <tr><td>Non-current assets</td></tr> <tr><td>Property, plant and equipment</td></tr> <tr><td>Intangible assets and goodwill</td></tr> <tr><td>Investment property</td></tr> <tr><td>Investments accounted for using equity method</td></tr> <tr><td>Other financial assets</td></tr> <tr><td>Other non-current assets</td></tr> <tr><td>Deferred tax assets</td></tr> <tr><td>Total non-current assets</td></tr> <tr><td>Total assets</td></tr> </table>	Assets	Current assets	Cash and cash equivalents	Trade and other receivables	Inventories	Income taxes receivable	Other financial assets	Other current assets	Subtotal	Assets held for sale	Total current assets	Non-current assets	Property, plant and equipment	Intangible assets and goodwill	Investment property	Investments accounted for using equity method	Other financial assets	Other non-current assets	Deferred tax assets	Total non-current assets	Total assets
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	<p>1) Of "Cash and deposits" and "Short-term investment securities" on JGAAP, Cash and securities that mature within three months will be displayed as "Cash and cash equivalents."</p> <p>2) "Notes and accounts receivable-trade", "Lease investment assets" "Short-term loans receivable" on JGAAP will be presented as "Trade and other receivables".</p> <p>3) "Merchandise and finished goods", "Work in process" and "Raw materials and supplies" on JGAAP will be presented as "Inventories".</p> <p>4) Operating lease transactions that were recorded as expense on JGAAP will be capitalized as "lease assets" and are included in "Property, plant and equipment".</p> <p>5) In addition to "Intangible assets" on JGAAP, Research and development expenses that are recognized as assets on IFRS will be capitalized and presented as "Intangible assets and goodwill".</p> <p>6) Of the "Property, plant and equipment" on JGAAP, the assets provided for leasing will be presented as "Investment property".</p>																																																							

Consolidated Statement of Financial Position (Liabilities and Equity)

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

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

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

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

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

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

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

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Consolidated Statements of Cash Flows

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

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

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

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

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

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

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

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



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

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