

Consolidated Financial Results

For the First Quarter of the Fiscal Year Ending March 31, 2021

(IFRS basis)



August 4, 2020

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Scheduled date of submitting Quarterly Report : August 7, 2020
 Scheduled date for dividend payment : —
 Quarterly earnings supplementary explanatory documents : Yes
 Holding of quarterly financial results meeting : Yes (for investment analysts and institutional investors)

(All amounts have been rounded off to the nearest million yen, unless otherwise specified)

1. Consolidated Results for the 1st Quarter of FYE 2021 (April 1, 2020 to June 30, 2020)

(1) Consolidated Financial Results (for three-month period)

(%: Changes from the previous fiscal year /period)

	Revenue	Operating Profit	Profit before tax	Profit for the period	Profit for the period attributable to owners of parent	Total comprehensive income
1st Quarter of FYE 2021	456,998 (45.2)%	(15,671) —%	(10,735) —%	(7,554) —%	(7,700) —%	(10,470) —%
1st Quarter of FYE 2020	833,423 16.0%	92,212 48.4%	89,349 41.0%	66,573 42.5%	66,456 40.1%	53,461 (13.7)%

	Profit for the period per share, basic (yen)	Profit for the period per share, diluted (yen)
1st Quarter of FYE 2021	(10.04)	—
1st Quarter of FYE 2020	86.67	—

(2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent to total assets
1st Quarter of FYE 2021	3,251,558	1,688,170	1,680,805	51.7%
FYE 2020	3,293,908	1,720,123	1,712,881	52.0%

2. Dividends

	Cash dividends per share (yen)				
	1st Quarter	2nd Quarter	3rd Quarter	Year-end	Annual
FYE 2020	—	72.00	—	28.00	100.00
FYE 2021	—	—	—	—	—
FYE 2021 (Forecast)	—	28.00	—	28.00	56.00

Note: Revision of the forecasts in the fourth quarter of the fiscal year ended March 31, 2020: Yes

3. Projection of Consolidated Results for FYE 2021 (April 1, 2020 to March 31, 2021)

(%: Changes from the previous fiscal year)

	Revenue	Operating profit	Profit before tax	Profit for the period attributable to owners of parent	Profit for the period per share, basic(yen)
Full Year	2,900,000 (13.3)%	80,000 (62.0)%	87,000 (58.1)%	60,000 (60.7)%	78.25

Note: Revision of the forecasts in the fourth quarter of the fiscal year ended March 31, 2020: Yes

4. Others

(1) Changes of significant subsidiaries in the 1st quarter of FYE 2021 : No

(2) Changes in accounting policy and changes in accounting estimates

1) Changes in accounting policy required by IFRS : No

2) Changes other than the above 1) : No

3) Changes in accounting estimates : No

(3) Number of issued shares (common stock)

1) Number of outstanding shares (including treasury stock)	As of June 30, 2020:	769,175,873 shares	As of March 31, 2020:	769,175,873 shares
2) Number of treasury stock	As of June 30, 2020:	2,360,709 shares	As of March 31, 2020:	2,360,368 shares
3) Average number of shares (for three-month period)	1st Quarter of FYE 2021:	766,815,274 shares	1st Quarter of FYE 2020:	766,760,733 shares

*The status of the implementation of the quarterly review

This quarterly earnings report is not subject to quarterly review based upon the Financial Instruments and Exchange Act.

*Proper use of projection of operating results, and other information

The performance projections were based on the information available as of the date when this document was released. Therefore, actual results may differ considerably due to various factors that might occur in the future.

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1. Condensed Quarterly Consolidated Financial Statements

(1) Condensed Quarterly Consolidated Statement of Financial Position

(Unit: Millions of yen)

	FYE 2020 (as of March 31, 2020)	1st Quarter of FYE 2021 (as of June 30, 2020)
Assets		
Current assets		
Cash and cash equivalents	858,966	920,957
Trade and other receivables	364,839	338,824
Inventories	459,940	424,084
Income taxes receivable	15,648	16,145
Other financial assets	204,373	207,816
Other current assets	74,748	55,359
Subtotal	1,978,514	1,963,185
Assets held for sale	251	—
Total current assets	1,978,765	1,963,185
Non-current assets		
Property, plant and equipment	820,491	802,344
Intangible assets and goodwill	209,775	204,295
Investment property	23,986	24,438
Investments accounted for using equity method	9,831	9,744
Other financial assets	19,730	15,518
Other non-current assets	112,843	113,624
Deferred tax assets	118,487	118,410
Total non-current assets	1,315,143	1,288,373
Total assets	3,293,908	3,251,558

(Unit: Millions of yen)

	FYE 2020 (as of March 31, 2020)	1st Quarter of FYE 2021 (as of June 30, 2020)
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	336,223	182,448
Financing liabilities	12,173	175,018
Other financial liabilities	44,126	39,618
Income taxes payable	2,642	3,134
Provisions	261,162	248,411
Other current liabilities	328,081	283,609
Total current liabilities	984,407	932,238
Non-current liabilities		
Financing liabilities	227,037	273,331
Other financial liabilities	67,855	66,584
Employee benefits	56,525	58,557
Provisions	46,398	44,854
Other non-current liabilities	179,849	180,878
Deferred tax liabilities	11,714	6,946
Total non-current liabilities	589,378	631,150
Total Liabilities	1,573,785	1,563,388
Equity		
Equity attributable to owners of parent		
Capital stock	153,795	153,795
Capital surplus	160,178	160,178
Treasury shares	(6,722)	(6,723)
Retained earnings	1,397,239	1,368,057
Other components of equity	8,391	5,498
Total equity attributable to owners of parent	1,712,881	1,680,805
Non-controlling interests	7,242	7,365
Total equity	1,720,123	1,688,170
Total liabilities and equity	3,293,908	3,251,558

(2) Condensed Quarterly Consolidated Statement of Income and Condensed Quarterly Consolidated Statement of Comprehensive Income
Condensed Quarterly Consolidated Statement of Income (for three-month period)

(Unit: Millions of yen)

	FYE 2020 (April 1, 2019 to June 30, 2019)	FYE 2021 (April 1, 2020 to June 30, 2020)
Revenue	833,423	456,998
Cost of sales	(649,084)	(378,483)
Gross profit	184,339	78,515
Selling, general and administrative expenses	(73,198)	(60,440)
Research and development expenses	(18,328)	(32,189)
Other income	1,193	736
Other expenses	(2,242)	(2,190)
Share of profit (loss) of investments accounted for using equity method	448	(103)
Operating profit (loss)	92,212	(15,671)
Finance income	8,932	7,424
Finance costs	(11,795)	(2,488)
Profit (loss) before tax	89,349	(10,735)
Income tax expense	(22,776)	3,181
Profit (loss) for the period	66,573	(7,554)
Profit (loss) for the period attributable to		
Owners of parent	66,456	(7,700)
Non-controlling interests	117	146
Profit (loss) for the period	66,573	(7,554)
Profit (loss) for the period per share attributable to owners of parent		
Basic (yen)	86.67	(10.04)

Condensed Quarterly Consolidated Statement of Comprehensive Income (for three-month period)

(Unit: Millions of yen)

	FYE 2020 (April 1, 2019 to June 30, 2019)	FYE 2021 (April 1, 2020 to June 30, 2020)
Profit (loss) for the period	66,573	(7,554)
Other comprehensive income (after deduction of tax)		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plans	—	—
Net changes in revaluation of capital financial assets measured at fair value through other comprehensive income	416	(10)
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	(14,547)	(4,414)
Share of other comprehensive income of investments accounted for using equity method	(22)	41
Net changes in revaluation of liability financial assets measured at fair value through other comprehensive income	1,041	1,467
Other comprehensive income (after deduction of tax) total	(13,112)	(2,916)
Comprehensive income	53,461	(10,470)
Comprehensive income attributable to		
Owners of parent	53,629	(10,593)
Non-controlling interests	(168)	123
Comprehensive income	53,461	(10,470)

**(3) Condensed Quarterly Consolidated Statement of Changes in Equity
FYE 2020 (April 1, 2019 to June 30, 2019)**

(Unit: Millions of yen)

	Equity attributable to owners of parent					Total	Non-controlling interests	Total capital
	Capital stock	Capital surplus	Treasury shares	Retained earnings	Other components of equity			
Balance at the beginning of the year	153,795	160,192	(6,910)	1,350,639	24,532	1,682,248	7,651	1,689,899
Comprehensive income								
Profit (loss) for the period	—	—	—	66,456	—	66,456	117	66,573
Other comprehensive income (after deduction of tax)	—	—	—	—	(12,827)	(12,827)	(285)	(13,112)
Comprehensive income total	—	—	—	66,456	(12,827)	53,629	(168)	53,461
Transactions with owners								
Dividends paid	—	—	—	(55,236)	—	(55,236)	—	(55,236)
Purchase of treasury shares	—	—	(2)	—	—	(2)	—	(2)
Disposal of treasury shares	—	—	—	—	—	—	—	—
Transfer from retained earnings to capital surplus	—	—	—	—	—	—	—	—
Capital transaction and others	—	—	—	(756)	—	(756)	—	(756)
Total transactions with owners	—	—	(2)	(55,992)	—	(55,994)	—	(55,994)
Balance at the end of the year	153,795	160,192	(6,912)	1,361,103	11,705	1,679,883	7,483	1,687,366

FYE 2021 (April 1, 2020 to June 30, 2020)

(Unit: Millions of yen)

	Equity attributable to owners of parent					Total	Non-controlling interests	Total capital
	Capital stock	Capital surplus	Treasury shares	Retained earnings	Other components of equity			
Balance at the beginning of the year	153,795	160,178	(6,722)	1,397,239	8,391	1,712,881	7,242	1,720,123
Comprehensive income								
Profit (loss) for the period	—	—	—	(7,700)	—	(7,700)	146	(7,554)
Other comprehensive income (after deduction of tax)	—	—	—	—	(2,893)	(2,893)	(23)	(2,916)
Comprehensive income total	—	—	—	(7,700)	(2,893)	(10,593)	123	(10,470)
Transactions with owners								
Dividends paid	—	—	—	(21,482)	—	(21,482)	—	(21,482)
Purchase of treasury shares	—	—	(1)	—	—	(1)	—	(1)
Disposal of treasury shares	—	(0)	—	—	—	(0)	—	(0)
Transfer from retained earnings to capital surplus	—	0	—	(0)	—	—	—	—
Capital transaction and others	—	—	—	—	—	—	—	—
Total transactions with owners	—	—	(1)	(21,482)	—	(21,483)	—	(21,483)
Balance at the end of the year	153,795	160,178	(6,723)	1,368,057	5,498	1,680,805	7,365	1,688,170

(4) Condensed Quarterly Consolidated Statement of Cash Flows

(Unit: Millions of yen)

	FYE 2020 (April 1, 2019 to June 30, 2019)	FYE 2021 (April 1, 2020 to June 30, 2020)
Net cash provided by (used in) operating activities		
Profit (loss) before tax	89,349	(10,735)
Depreciation and amortization	46,741	48,775
Share of loss (profit) of investments accounted for using equity method	(448)	103
Finance income	(8,932)	(7,424)
Finance costs	11,795	2,488
Decrease (increase) in trade and other receivables	15,566	25,784
Decrease (increase) in inventories	30,732	32,662
Increase (decrease) in trade and other payables	(7,858)	(141,382)
Increase (decrease) in provisions and employee benefits	(37,805)	(13,425)
Others	(922)	(15,003)
Subtotal	138,218	(78,157)
Interest received	3,105	1,384
Dividends received	263	225
Interest paid	(492)	(444)
Income taxes paid	(4,395)	(2,563)
Net cash provided by (used in) operating activities	136,699	(79,555)
Net cash provided by (used in) investing activities		
Net decrease (increase) in time deposits	17,461	6,488
Purchase of property, plant and equipment	(29,735)	(40,386)
Proceeds from sale of property, plant and equipment	805	665
Purchase of intangible assets and expenditure on internally generated intangible assets	(18,099)	(6,912)
Purchase of other financial assets	(72,450)	(47,988)
Proceeds from sale and collection of other financial assets	74,860	51,806
Others	(787)	(106)
Net cash provided by (used in) investing activities	(27,945)	(36,433)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term borrowings	(868)	151,365
Repayments of long-term borrowings	(1,545)	(379)
Proceeds from long-term borrowings	5,900	60,000
Repayments of lease liabilities	(11,504)	(8,406)
Dividends paid to owners of parent	(53,695)	(20,847)
Others	(25)	(2)
Net cash provided by (used in) financing activities	(61,737)	181,731
Effect of exchange rate changes on cash and cash equivalents	(15,492)	(3,752)
Net increase (decrease) in cash and cash equivalents	31,525	61,991
Cash and cash equivalents at beginning of period	702,328	858,966
Cash and cash equivalents at end of period	733,853	920,957

(5) Notes to Condensed Quarterly Consolidated Financial Statements

(Note on Premise of Going Concern)

Not Applicable

(Segment information)

Information on revenue, profit or loss, and other significant items by segment

Segment information by business type of the Company and its consolidated subsidiaries during the first quarter of FYE 2020 and the first quarter of FYE 2021 is as follows.

FYE 2020 (April 1, 2019 to June 30, 2019)

	(Unit: Millions of yen)					
	Automobiles	Aerospace	Subtotal	Others	Adjustment	Consolidated
Revenue						
(1) Outside customers	796,008	35,456	831,464	1,959	—	833,423
(2) Inter-segment	701	—	701	6,172	(6,873)	—
Total revenue	796,709	35,456	832,165	8,131	(6,873)	833,423
Share of profit (loss) of investments accounted for using equity method	519	—	519	(71)	—	448
Operating profit (loss)	87,833	2,859	90,692	1,474	46	92,212
Finance income						8,932
Finance costs						(11,795)
Profit (loss) before tax						89,349

FYE 2021 (April 1, 2020 to June 30, 2020)

	(Unit: Millions of yen)					
	Automobiles	Aerospace	Subtotal	Others	Adjustment	Consolidated
Revenue						
(1) Outside customers	437,134	18,695	455,829	1,169	—	456,998
(2) Inter-segment	542	—	542	6,952	(7,494)	—
Total revenue	437,676	18,695	456,371	8,121	(7,494)	456,998
Share of profit (loss) of investments accounted for using equity method	(18)	—	(18)	(85)	—	(103)
Operating profit (loss)	(14,091)	(2,829)	(16,920)	1,255	(6)	(15,671)
Finance income						7,424
Finance costs						(2,488)
Profit (loss) before tax						(10,735)

Note: The method of calculating operating profit (loss) for each segment is consistent with the method of calculating operating profit (loss) in the condensed quarterly consolidated statements of income, and does not include financial income, financial costs, and income tax expense. In addition, operating expenses that can not be charged directly to each segment are allocated to each segment based on the most reasonable allocation criteria.

(Significant Subsequent Event)

Not applicable.



Subaru Corporation Announces Consolidated Financial Results for the First Quarter of FYE 2021

Tokyo, August 4, 2020 – Subaru Corporation today announced its consolidated financial results for the first quarter of the fiscal year ending March 31, 2021.

Results for April–June 2020: Consolidated Revenue

Due to the significant impact of the Covid-19 global pandemic on the Subaru Group's production and sales activities, consolidated global vehicle sales decreased 49.3% to 133,000 units.

Overseas vehicle sales fell 50.1% to 115,000 units, while vehicle sales in Japan dropped 44.3% to 19,000 units.

Consolidated revenue fell 45.2% to 457 billion yen due to the significant decline in vehicle sales.

Global production fell 64.8% to 92,000 units, as a result of production adjustments which included temporary suspension of plant operations in Japan and the U.S. during the period from March to June in response to the spread of Covid-19.*1

Overseas production fell 64.3% to 36,000 units, while production in Japan declined 65.0% to 56,000 units.

Results for April–June 2020: Consolidated Profit and Loss

Due to the significant decline in vehicle sales, the Company posted operating profit of –15.7 billion yen (a decrease of 107.9 billion yen), profit before tax of –10.7 billion yen (a decrease of 100.1 billion yen), and profit for the period attributable to owners of parent of –7.7 billion yen (a decrease of 74.2 billion yen).

Forecasts for FYE 2021

At the time of its previous earnings report (for the fiscal year ended March 2020) on May 18, 2020, the Company announced that forecasts for the fiscal year ending March 2021 were yet to be determined due to the difficulty of reasonably assessing the impact of the Covid-19 pandemic.

Based on the information available at present, Subaru has formulated projections for FYE 2021 as follows.

While it remains uncertain when the pandemic will end, Subaru projects consolidated vehicle sales of 900,000 units on the assumption that automobile demand will recover to a certain level toward the second half of the fiscal year, especially in the U.S., its largest market.

The Company projects consolidated revenue of 2,900 billion yen, operating profit of 80 billion yen, profit before tax of 87 billion yen, and profit for the period attributable to owners of parent of 60 billion yen.

The projections are based on exchange rate assumptions of 105 yen to the U.S. dollar and 120 yen to the euro.

*1 Production suspension and adjustments during the March–June period:

- Japan (Gunma Manufacturing Plants)

Plant suspension: April 9 – May 1, Production volume adjustments: May 11 – June 19

- U.S. (Subaru of Indiana Automotive, Inc.)

Plant suspension: March 23 – May 8 / Production volume adjustments: May 11 – May end

Notes on results:

Vehicle volume figures are rounded off to the nearest thousand. Yen figures are rounded off to the nearest hundred-million.

Forward-looking statements in this document including financial and other forecasts are based on the information available at the time of announcement and are subject to various risks and uncertainties that could cause actual results to vary materially.



< Reference for the First Quarter of FYE 2021 Consolidated Financial Results >

(Yen in 100 millions, Units in thousands)

	FYE 2020 1st Quarter [2019. 4-6] RESULTS	FYE 2021 1st Quarter [2020. 4-6] RESULTS			FYE 2020 Full Year ['19.4 - '20.3] RESULTS	FYE 2021 Full Year [2020.4 - 2021.3] FORECASTS		
			Change	%			Change	%
Revenue	8,334	4,570	(3,764)	(45.2)	33,441	29,000	(4,441)	(13.3)
Japan	1,423	947	(476)	(33.5)	5,727	-	-	-
Overseas	6,912	3,623	(3,288)	(47.6)	27,714	-	-	-
Operating profit (loss)	922	(157)	(1,079)	-	2,103	800	(1,303)	(62.0)
Profit margin (%)	11.1	-	-	-	6.3	2.8	-	-
Profit (loss) before tax	893	(107)	(1,001)	-	2,077	870	(1,207)	(58.1)
Profit margin (%)	10.7	-	-	-	6.2	3.0	-	-
Profit (loss) for the period attributable to owners of parent	665	(77)	(742)	-	1,526	600	(926)	(60.7)
Profit margin (%)	8.0	-	-	-	4.6	2.1	-	-
Factors contributing to change in operating profit								
			Decrease in SG&A exp., etc.	89			Decrease in warranty exp.	450
			Effects of foreign exchange rates	23			Sales volume, mix, etc.	(1,300)
			Sales volume, mix, etc.	(1,015)			Effects of foreign exchange rates	(350)
			Increase in R&D exp.	(139)			Increase in R&D exp.	(150)
			Cost reduction efforts, etc.	(27)			Other	47
			Other	(10)				
Exchange rates	JPY/US\$ 111/US\$ JPY/EUR 125/EUR	107/US\$ 118/EUR	109/US\$ 121/EUR	105/US\$ 120/EUR				
Capital expenditures	357	154	1,260	1,000				
Depreciation	221	230	961	1,000				
R&D expenditures *	245	254	1,187	1,000				
Interest bearing debts	1,070	4,483	2,392	-				
Performance description								
			- First decrease in revenue in 2 yrs.				- First decrease in revenue in 2 yrs.	
			- First decrease in all profits in 2 yrs.				- First decrease in all profits in 2 yrs.	
			- First decrease in consolidated unit sales in 2 yrs.				- First decrease in consolidated unit sales in 2 yrs.	
Consolidated unit sales	33	19	(15)	(44.3)	126	-	-	-
< Japan >								
Passenger Cars	27	14	(13)	(48.1)	102	-	-	-
Minicars	6	4	(2)	(26.3)	24	-	-	-
Consolidated unit sales	229	115	(115)	(50.1)	908	-	-	-
< Overseas >								
North America	195	97	(98)	(50.1)	762	-	-	-
Europe	8	3	(5)	(57.8)	46	-	-	-
China	6	6	0	4.1	21	-	-	-
Other	21	8	(13)	(62.2)	80	-	-	-
Consolidated unit sales total	263	133	(130)	(49.3)	1,034	900	(134)	(12.9)
Production units total	262	92	(170)	(64.8)	1,031	880	(151)	(14.6)
Japan	160	56	(104)	(65.0)	664	-	-	-
U.S.	102	36	(65)	(64.3)	367	-	-	-
Revenue by business segment								
Automobile	7,960	4,371	(3,589)	(45.1)	31,939			
Aerospace	355	187	(168)	(47.3)	1,421			
Other	20	12	(8)	(40.3)	80			
Operating profit (loss) by business segment								
Automobile	878	(141)	(1,019)	-	2,003			
Aerospace	29	(28)	(57)	-	51			
Other	15	13	(2)	(14.9)	36			
Elimination & Corporate	0	(0)	(1)	-	14			

* "R&D expenditures" indicate R&D activity related costs incurred during the reporting period. Under IFRS, a part of these costs that meets capitalization criteria is recognized as an intangible asset and amortized over its estimated useful life; thus, the amount of "R&D expenditures" stated here does not match that of "R&D expenses" stated on the Consolidated Statement of Income.

< Forward-looking statements in this document are based on the information available at the time of the announcement and are subject to various risks and uncertainties that could cause actual results to vary materially. >