

Consolidated Financial Results

For the Third Quarter of the Fiscal Year Ending March 31, 2021 (IFRS basis)



February 5, 2021

Company Name : **SUBARU CORPORATION** (Tokyo Stock Exchange First Section, Code No.7270)
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Scheduled date of submitting Quarterly Report : February 12, 2021
 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 3rd Quarter of FYE 2021 (April 1, 2020 to December 31, 2020)

(1) Consolidated Financial Results (for nine-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
3rd Quarter of FYE 2021	2,074,829 (16.5)%	98,254 (35.6)%	105,686 (31.0)%	74,930 (32.7)%	74,205 (33.6)%	53,136 (51.5)%
3rd Quarter of FYE 2020	2,484,564 3.9%	152,658 (1.9)%	153,225 (2.9)%	111,404 (4.8)%	111,699 (5.4)%	109,515 (15.9)%

	Profit for the period per share, basic(yen)	Profit for the period per share, diluted(yen)
3rd Quarter of FYE 2021	96.77	—
3rd Quarter of FYE 2020	145.67	—

(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
3rd Quarter of FYE 2021	3,300,630	1,730,427	1,722,236	52.2%
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	—	28.00	—	—	—
FYE 2021 (Forecast)	—	—	—	28.00	56.00

Note: Revision of the forecasts in the second quarter of the fiscal year ending March 31, 2021: No

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	2,850,000 (14.8)%	100,000 (52.5)%	109,000 (47.5)%	75,000 (50.8)%	97.80

Note: Revision of the forecasts in the second quarter of the fiscal year ending March 31, 2021: Yes

4. Others

(1) Changes of significant subsidiaries in the 3rd 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 December 31, 2020:	769,175,873shares	As of March 31, 2020:	769,175,873shares
2) Number of treasury stock	As of December 31, 2020:	2,302,975shares	As of March 31, 2020:	2,360,368shares
3) Average number of shares (for nine-month period)	3rd Quarter of FYE 2021:	766,851,309shares	3rd Quarter of FYE 2020:	766,794,253shares

*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)	3rd Quarter of FYE 2021 (as of December 31, 2020)
Assets		
Current assets		
Cash and cash equivalents	858,966	824,744
Trade and other receivables	364,839	342,241
Inventories	459,940	444,809
Income taxes receivable	15,648	16,897
Other financial assets	204,373	280,723
Other current assets	74,748	73,829
Subtotal	1,978,514	1,983,243
Assets held for sale	251	71
Total current assets	1,978,765	1,983,314
Non-current assets		
Property, plant and equipment	820,491	815,580
Intangible assets and goodwill	209,775	211,876
Investment property	23,986	24,366
Investments accounted for using equity method	9,831	9,807
Other financial assets	19,730	33,464
Other non-current assets	112,843	116,250
Deferred tax assets	118,487	105,973
Total non-current assets	1,315,143	1,317,316
Total assets	3,293,908	3,300,630

	(Unit: Millions of yen)	
	FYE 2020 (as of March 31, 2020)	3rd Quarter of FYE 2021 (as of December 31, 2020)
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	336,223	294,406
Financing liabilities	12,173	16,621
Other financial liabilities	44,126	55,497
Income taxes payable	2,642	1,801
Provisions	261,162	206,131
Other current liabilities	328,081	298,709
Total current liabilities	984,407	873,165
Non-current liabilities		
Financing liabilities	227,037	317,669
Other financial liabilities	67,855	78,428
Employee benefits	56,525	58,465
Provisions	46,398	46,755
Other non-current liabilities	179,849	190,553
Deferred tax liabilities	11,714	5,168
Total non-current liabilities	589,378	697,038
Total Liabilities	1,573,785	1,570,203
Equity		
Equity attributable to owners of parent		
Capital stock	153,795	153,795
Capital surplus	160,178	160,178
Treasury shares	(6,722)	(6,520)
Retained earnings	1,397,239	1,428,504
Other components of equity	8,391	(13,721)
Total equity attributable to owners of parent	1,712,881	1,722,236
Non-controlling interests	7,242	8,191
Total equity	1,720,123	1,730,427
Total liabilities and equity	3,293,908	3,300,630

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

(Unit: Millions of yen)

	FYE 2020 (April 1, 2019 to December 31, 2019)	FYE 2021 (April 1, 2020 to December 31, 2020)
Revenue	2,484,564	2,074,829
Cost of sales	(2,037,034)	(1,696,043)
Gross profit	447,530	378,786
Selling, general and administrative expenses	(225,213)	(200,489)
Research and development expenses	(65,843)	(77,458)
Other income	4,530	4,106
Other expenses	(7,902)	(6,677)
Share of profit (loss) of investments accounted for using equity method	(444)	(14)
Operating profit	152,658	98,254
Finance income	10,976	17,571
Finance costs	(10,409)	(10,139)
Profit before tax	153,225	105,686
Income tax expense	(41,821)	(30,756)
Profit for the period	111,404	74,930
Profit for the period attributable to		
Owners of parent	111,699	74,205
Non-controlling interests	(295)	725
Profit for the period	111,404	74,930
Profit for the period per share attributable to owners of parent		
Basic (yen)	145.67	96.77

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

(Unit: Millions of yen)

	FYE 2020 (April 1, 2019 to December 31, 2019)	FYE 2021 (April 1, 2020 to December 31, 2020)
Profit for the period	111,404	74,930
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	2,676	1,657
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	(5,846)	(24,240)
Share of other comprehensive income of investments accounted for using equity method	354	(54)
Net changes in revaluation of liability financial assets measured at fair value through other comprehensive income	927	843
Other comprehensive income (after deduction of tax) total	(1,889)	(21,794)
Comprehensive income	109,515	53,136
Comprehensive income attributable to		
Owners of parent	110,096	52,187
Non-controlling interests	(581)	949
Comprehensive income	109,515	53,136

(3) Condensed Quarterly Consolidated Statement of Changes in Equity
FYE 2020 (April 1, 2019 to December 31, 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 for the period	—	—	—	111,699	—	111,699	(295)	111,404
Other comprehensive income (after deduction of tax)	—	—	—	—	(1,603)	(1,603)	(286)	(1,889)
Comprehensive income total	—	—	—	111,699	(1,603)	110,096	(581)	109,515
Transfer to retained earnings	—	—	—	184	(184)	—	—	—
Transactions with owners								
Dividends paid	—	—	—	(110,475)	—	(110,475)	—	(110,475)
Purchase of treasury shares	—	—	(5)	—	—	(5)	—	(5)
Disposal of treasury shares	—	(45)	194	—	—	149	—	149
Transfer from retained earnings to capital surplus	—	31	—	(31)	—	—	—	—
Total transactions with owners	—	(14)	189	(110,506)	—	(110,331)	—	(110,331)
Balance at the end of the year	153,795	160,178	(6,721)	1,352,016	22,745	1,682,013	7,070	1,689,083

FYE 2021 (April 1, 2020 to December 31, 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 for the period	—	—	—	74,205	—	74,205	725	74,930
Other comprehensive income (after deduction of tax)	—	—	—	—	(22,018)	(22,018)	224	(21,794)
Comprehensive income total	—	—	—	74,205	(22,018)	52,187	949	53,136
Transfer to retained earnings	—	—	—	94	(94)	—	—	—
Transactions with owners								
Dividends paid	—	—	—	(42,966)	—	(42,966)	—	(42,966)
Purchase of treasury shares	—	—	(9)	—	—	(9)	—	(9)
Disposal of treasury shares	—	(68)	211	—	—	143	—	143
Transfer from retained earnings to capital surplus	—	68	—	(68)	—	—	—	—
Total transactions with owners	—	—	202	(43,034)	—	(42,832)	—	(42,832)
Balance at the end of the year	153,795	160,178	(6,520)	1,428,504	(13,721)	1,722,236	8,191	1,730,427

(4) Condensed Quarterly Consolidated Statement of Cash Flows

(Unit: Millions of yen)

	FYE 2020 (April 1, 2019 to December 31, 2019)	FYE 2021 (April 1, 2020 to December 31, 2020)
Net cash provided by (used in) operating activities		
Profit before tax	153,225	105,686
Depreciation and amortization	143,110	152,001
Share of loss (profit) of investments accounted for using equity method	444	14
Finance income	(10,976)	(17,571)
Finance costs	10,409	10,139
Decrease (increase) in trade and other receivables	(8,115)	22,454
Decrease (increase) in inventories	(29,131)	(1,493)
Increase (decrease) in trade and other payables	(89,328)	(25,377)
Increase (decrease) in provisions and employee benefits	(11,761)	(53,199)
Others	2,307	14,863
Subtotal	160,184	207,517
Interest received	10,005	3,259
Dividends received	677	748
Interest paid	(1,366)	(1,516)
Income taxes paid	(40,290)	(29,430)
Net cash provided by (used in) operating activities	129,210	180,578
Net cash provided by (used in) investing activities		
Net decrease (increase) in time deposits	125,006	(4,135)
Purchase of property, plant and equipment	(103,067)	(93,074)
Proceeds from sale of property, plant and equipment	2,654	1,067
Purchase of intangible assets and expenditure on internally generated intangible assets	(59,224)	(41,401)
Purchase of other financial assets	(195,696)	(258,385)
Proceeds from sale and collection of other financial assets	235,572	177,620
Others	(3,472)	(1,426)
Net cash provided by (used in) investing activities	1,773	(219,734)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term borrowings	(2,265)	(405)
Repayments of long-term borrowings	(4,557)	(7,100)
Proceeds from long-term borrowings	38,500	65,500
Proceeds from issuance of bonds	40,000	40,000
Repayments of lease liabilities	(32,285)	(30,055)
Dividends paid to owners of parent	(110,255)	(42,875)
Others	(220)	(196)
Net cash provided by (used in) financing activities	(71,082)	24,869
Effect of exchange rate changes on cash and cash equivalents	(6,433)	(19,935)
Net increase (decrease) in cash and cash equivalents	53,468	(34,222)
Cash and cash equivalents at beginning of period	702,328	858,966
Cash and cash equivalents at end of period	755,796	824,744

(5) Note to Condensed Quarterly Consolidated Financial Statements

(Note on Premise of Going Concern)

FYE 2021 (April 1, 2020 to December 31, 2020)

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 third quarter of FYE 2020 and the third quarter of FYE 2021 is as follows.

FYE 2020 (April 1, 2019 to December 31, 2019)

(Unit: Millions of yen)

	Automobiles	Aerospace	Subtotal	Others	Adjustment	Consolidated
Revenue						
(1) Outside customers	2,373,757	104,173	2,477,930	6,634	—	2,484,564
(2) Inter-segment	2,207	—	2,207	20,543	(22,750)	—
Total revenue	2,375,964	104,173	2,480,137	27,177	(22,750)	2,484,564
Share of profit (loss) of investments accounted for using equity method	56	—	56	(500)	—	(444)
Operating profit	143,322	6,320	149,642	2,924	92	152,658
Finance income						10,976
Finance costs						(10,409)
Profit before tax						153,225

FYE 2021 (April 1, 2020 to December 31, 2020)

(Unit: Millions of yen)

	Automobiles	Aerospace	Subtotal	Others	Adjustment	Consolidated
Revenue						
(1) Outside customers	2,001,564	69,491	2,071,055	3,774	—	2,074,829
(2) Inter-segment	1,690	3	1,693	22,038	(23,731)	—
Total revenue	2,003,254	69,494	2,072,748	25,812	(23,731)	2,074,829
Share of profit (loss) of investments accounted for using equity method	364	—	364	(378)	—	(14)
Operating profit (loss)	100,541	(5,883)	94,658	3,488	108	98,254
Finance income						17,571
Finance costs						(10,139)
Profit before tax						105,686

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)

Due to interruptions in deliveries of certain parts using semiconductors, we suspended production of vehicles at our Gunma Manufacturing Plant on January 15, 2021 and January 16, 2021. We expect vehicle unit sales in the future will decrease due to the reduced production at domestic and overseas sites caused by the delivery interruptions in semiconductors. We are currently evaluating its impact.



Subaru Corporation Announces Consolidated Financial Results for the Nine Months of FYE 2021

Tokyo, February 5, 2021 – Subaru Corporation today announced its consolidated financial results for the first nine months of the fiscal year ending March 31, 2021.

Results for April–December 2020: Consolidated Revenue

Subaru's global vehicle sales continued to show a recovery trend since the second quarter, especially in its key North American market and posted a year-over-year increase in the October–December period. However, the consolidated global vehicle sales in the nine month period from April to December decreased 18.1% to 631,000 units as the impact of the Covid-19 pandemic on first quarter operations more than offset the recovery.

Overseas vehicle sales fell 17.0% to 561,000 units, while vehicle sales in Japan dropped 26.5% to 70,000 units.

Consolidated revenue decreased 16.5% to 2,074.8 billion yen.

Global production decreased 19.2% to 614,000 units. Overseas production fell 19.7% to 215,000 units, while production in Japan declined 18.9% to 400,000 units.

Results for April–December 2020: Consolidated Profit and Loss

As the decline in unit sales more than offset the reduction in SG&A expenses and the decrease in warranty expenses, operating profit decreased 54.4 billion yen to 98.3 billion yen, profit before tax fell 47.5 billion yen to 105.7 billion yen, and profit for the period attributable to owners of parent declined 37.5 billion yen to 74.2 billion yen.

Forecasts for FYE 2021

Reflecting the decrease in production and sales volume as a result of production adjustments due to the global shortage of semiconductor supplies, the Company revises its previous forecasts for FYE 2021 (announced on November 4, 2020) as follows:

- Consolidated global vehicle sales: 868,000 units (a decrease of 43,000 units from previous forecast; down 16.1% from previous year)
- Revenue: 2,850 billion yen (a decrease of 100 billion yen from previous forecast; down 14.8% from previous year)
- Operating profit: 100 billion yen (a decrease of 10 billion yen from previous forecast; down 52.5% from previous year)
- Profit before tax: 109 billion yen (a decrease of 8 billion yen from previous forecast; down 47.5% from previous year)
- Profit for the period attributable to owners of parent: 75 billion yen (a decrease of 5 billion yen from previous forecast; down 50.8% from previous year)

The revised forecasts are based on exchange rate assumptions of 106 yen to the U.S. dollar and 123 yen to the euro.

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 Nine Months of FYE 2021 Consolidated Financial Results

(Yen in 100 millions, Units in thousands)

	FYE 2020 Nine Months [2019. 4-12] RESULTS	FYE 2021 Nine Months [2020. 4-12] RESULTS		FYE 2020 Full Year ['19.4-'20.3] RESULTS	FYE 2021 Full Year [2020.4 - 2021.3] FORECASTS			FYE 2021 Full Year ['20.4-'21.3] PREVIOUS FORECASTS	
			Change		%		Change		%
Revenue	24,846	20,748	(4,097)	(16.5)	33,441	28,500	(4,941)	(14.8)	29,500
Japan	4,242	3,426	(816)	(19.2)	5,727	5,115	(612)	(10.7)	5,397
Overseas	20,604	17,323	(3,281)	(15.9)	27,714	23,385	(4,329)	(15.6)	24,103
Operating profit	1,527	983	(544)	(35.6)	2,103	1,000	(1,103)	(52.5)	1,100
Profit margin (%)	6.1	4.7			6.3	3.5			3.7
Profit before tax	1,532	1,057	(475)	(31.0)	2,077	1,090	(987)	(47.5)	1,170
Profit margin (%)	6.2	5.1			6.2	3.8			4.0
Profit for the period attributable to owners of parent	1,117	742	(375)	(33.6)	1,526	750	(776)	(50.8)	800
Profit margin (%)	4.5	3.6			4.6	2.6			2.7
Factors contributing to change in operating profit									
		Decrease in SG&A exp., etc.	1,019			Decrease in SG&A exp., etc.	529		
		Sales volume, mix, etc.	(1,160)			Sales volume, mix, etc.	(1,105)		
		Effects of foreign exchange rates	(166)			Effects of foreign exchange rates	(289)		
		Cost reduction efforts, etc.	(132)			Increase in R&D exp.	(138)		
		Increase in R&D exp.	(117)			Cost reduction efforts, etc.	(132)		
		Other	12			Other	32		
Exchange rates	JPY/US\$ 109/US\$ JPY/EUR 121/EUR	106/US\$ 122/EUR			109/US\$ 121/EUR	106/US\$ 123/EUR			106/US\$ 120/EUR
Capital expenditures	955	525			1,260	900			1,000
Depreciation	707	710			961	1,000			1,000
R&D expenditures *	849	747			1,187	1,000			1,000
Interest bearing debts	1,752	3,343			2,392	—			—
Performance description									
		- First decrease in revenue in 2 years				- First decrease in revenue in 2 years			
		- 5th consecutive year of decrease in profit at each stage				- First decrease in profit at each stage in 2 years			
		- First decrease in consolidated unit sales in 2 years				- First decrease in consolidated unit sales in 2 years			
Consolidated unit sales	95	70	(25)	(26.5)	126	106	(20)	(15.6)	117
< Japan >									
Passenger Cars	76	55	(21)	(27.8)	102	86	(16)	(16.1)	95
Minicars	18	15	(4)	(20.9)	24	21	(3)	(13.3)	22
Consolidated unit sales	676	561	(115)	(17.0)	908	762	(146)	(16.1)	793
< Overseas >									
North America	565	495	(70)	(12.4)	762	664	(98)	(12.9)	687
Europe	32	12	(20)	(62.6)	46	19	(27)	(58.4)	23
China	18	20	3	15.2	21	27	6	29.4	29
Other	61	34	(27)	(44.6)	80	52	(28)	(34.7)	55
Consolidated unit sales total	771	631	(140)	(18.1)	1,034	868	(166)	(16.1)	911
Production units total	760	614	(146)	(19.2)	1,031	823	(208)	(20.1)	881
Japan	493	400	(93)	(18.9)	664	520	(144)	(21.7)	556
U.S.	268	215	(53)	(19.7)	367	304	(64)	(17.3)	325
Revenue by business segment									
Automobile	23,738	20,016	(3,722)	(15.7)	31,939				
Aerospace	1,042	695	(347)	(33.3)	1,421				
Other	66	38	(29)	(43.1)	80				
Operating profit by business segment									
Automobile	1,433	1,005	(428)	(29.8)	2,003				
Aerospace	63	(59)	(122)	—	51				
Other	29	35	6	19.3	36				
Elimination & Corporate	1	1	0	17.4	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. >