

Consolidated Financial Results

For the Fiscal Year Ended March 31, 2021



(IFRS basis)

May 11, 2021

Company Name : SUBARU CORPORATION (Tokyo Stock Exchange First Section, Code No.7270)
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Scheduled date of annual meeting of stockholders: June 23, 2021 Scheduled date for dividend payment: June 24, 2021

Scheduled date of submitting Security Report : June 24, 2021

Annual earnings supplementary explanatory documents : Yes

Holding of annual 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 FYE2021 (April 1, 2020 to March 31, 2021)

(1) Consolidated Financial Results of Operations (for twelve-month period)

(Unit: Millions of yen, except for per share figures)

(%: Changes from the previous fiscal year)

	Revenue	Operating Profit	Profit before tax	Profit for the period	Profit for the period attributable to owners of parent	Total comprehensive income
FYE 2021	2,830,210 (15.4)%	102,468 (51.3)%	113,954 (45.1)%	77,320 (49.3)%	76,510 (49.9)%	109,096 (22.4)%
FYE 2020	3,344,109 6.0%	210,319 15.7%	207,656 11.6%	152,591 8.4%	152,587 7.9%	140,556 (10.6)%

	Profit for the period per share, basic(yen)	Profit for the period per share, diluted(yen)	Ratio of profit to equity attributable to owners of the parent	Ratio of profit before income tax to total assets	Ratio of operating profit to revenue
FYE 2021	99.77	—	4.4%	3.4%	3.6%
FYE 2020	198.99	—	9.0%	6.4%	6.3%

Reference: Share of profit (loss) of investments accounted for using equity method FYE2021: (120) million yen, FYE2020: (223) million yen

(2) Consolidated Financial Position

(Unit: Millions of yen, except for per share figures)

	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent to total assets	Equity attributable to owners of parent per share (yen)
FYE 2021	3,411,712	1,786,383	1,777,735	52.1%	2,318.17
FYE 2020	3,293,908	1,720,123	1,712,881	52.0%	2,233.76

(3) Consolidated Cash Flows

(Unit: Millions of yen)

	Operating activities	Investment activities	Financing activities	Cash & cash equivalents
FYE 2021	289,376	(272,174)	13,966	907,326
FYE 2020	210,134	(25,844)	(15,818)	858,966

2. Dividends

(Unit: Millions of yen, except for per share figures)

	Cash dividends per share (yen)					Amount of dividends paid (annual)	Payout ratio (consolidated)	Ratio of dividends to equity attributable to owners of parent (consolidated)
	1st quarter	2nd quarter	3rd quarter	Year-end	Annual			
FYE 2020	—	72.00	—	28.00	100.00	76,722	50.3%	4.5%
FYE 2021	—	28.00	—	28.00	56.00	42,967	56.1%	2.5%
FYE 2022 (Forecast)	—	28.00	—	28.00	56.00		—%	

3. Forecast of Consolidated Results for FYE 2022 (April 1, 2021 to March 31,2022)

(%: Changes from the previous fiscal year)

	Revenue	Operating profit	Profit before tax	Profit for the period attributable to owners of parent	Net income per share, basic (yen)
Full year	3,300,000 16.6 %	200,000 95.2 %	230,000 78.1 %	140,000 83.0 %	182.56

4. Others

(1) Changes of significant subsidiaries in the fiscal year ended 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 March 31,2021:	769,175,873 shares	As of March 31,2020:	769,175,873 shares
2) Number of treasury stock	As of March 31,2021:	2,305,130 shares	As of March 31,2020:	2,360,368 shares
3) Average number of shares (for twelve-month period)	FYE2021:	766,855,891 shares	FYE2020:	766,799,185 shares

(Reference) Non-consolidated Financial Results Highlights

1. Non-consolidated Results for FYE2021 (April 1, 2020 to March 31, 2021)

(1) Non-consolidated Financial Results of Operations (for twelve-month period)

(Unit: Millions of yen, except for per share figures)

(%: Changes from the previous fiscal year)

	Net sales	Operating income	Ordinary income	Net income
FYE 2021	1,580,950 (21.4) %	(52,381) — %	(49,835) — %	(38,658) — %
FYE 2020	2,011,205 4.2 %	47,924 (40.0) %	41,454 (49.8) %	31,919 (53.1) %

	Net income per share, basic (yen)	Net income per share, diluted (yen)
FYE 2021	(50.38)	—
FYE 2020	41.60	—

(2) Non-consolidated Financial Position

	Total assets	Net assets	Shareholders' equity to total assets (%)	Net assets per share (yen)
FYE 2021	2,230,260	957,236	42.9 %	1,247.59
FYE 2020	2,156,095	1,032,507	47.9 %	1,345.78

Reference: Shareholders' equity FYE2021: 957,236 million yen, FYE2020: 1,032,507 million yen

*The status of the implementation of the annual audit

This earnings report is not subject to audit by a certified public accountant or audit firm.

*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. Overview of Operating Results

(1) Overview of Operating Results for the Fiscal Year Ended March 2021

During the fiscal year under discussion, the global economy continued to suffer from the world-wide pandemic of COVID-19. While there are some signs of recovery in conjunction with the phased reopening of economic activities, the automobile industry's future prospect remains uncertain due to such factors as the global shortage of semiconductors continuing since the fourth quarter.

Under such circumstances, we have been engaged, as the entire Subaru Group, in the efforts for the prevention of COVID-19 and its spread, as well as in the implementation of the medium-term management vision "STEP." As part of our priority theme—corporate culture reform—we are committed to changing each and every employee's mindset through the workstyle reform and other changes in our business environment caused by the pandemic, under the action guideline of "Change mindset, change behavior, change the company." Moreover, in the field of quality enhancement, with our base "Thorough implementation of Quality-First mindset and reinforcement of the organizational efforts and structure.", we are undertaking various initiatives including the change of processes in each phase of development and production, along with the building of new processes. We also launched the "Make-a-Subaru" project for environmental efforts and further evolution of safety and security functions that support enjoyment and peace of mind. One of the project's accomplishments include the installation of "EyeSight X," a new generation, more advanced driver assist system, into the all-new Levorg—the model released in last autumn.

In the current consolidated fiscal year, thanks mainly to our key North American market—where sales were on a recovery trend from the effects of COVID-19 from the second quarter—the consolidated financial performance remained at a level higher than the previous year during the third quarter. However, in the fourth quarter, production declined due to the shortage of semiconductor supply. These led to a decline in unit sales and a year-on-year decrease in revenue by 513.9 billion yen (15.4%) to 2,830.2 billion yen.

As the decline in unit sales more than offset the reduction in SG&A expenses and the decrease in warranty expenses, operating profit decreased by 107.9 billion yen (51.3%) to 102.5 billion yen, profit before tax fell by 93.7 billion yen (45.1%) to 114.0 billion yen, and profit for the period attributable to owners of parent declined by 76.1 billion yen (49.9%) to 76.5 billion yen on a year-on-year basis.

(In Japanese yen in million except for profit ratio and percentage change from the previous period)

	Revenue	Operating Profit (Margin)	Profit before tax (Margin)	Profit for the period attributable to owners of parent (Margin)	Foreign Exchange Rate
FYE2021	2,830,210	102,468 (3.6)	113,954 (4.0)	76,510 (2.7)	¥106/US\$ ¥123/EUR
FYE2020	3,344,109	210,319 (6.3)	207,656 (6.2)	152,587 (4.6)	¥109/US\$ ¥121/EUR
Change	(513,899)	(107,851)	(93,702)	(76,077)	
Percentage Change	(15.4)	(51.3)	(45.1)	(49.9)	

Results for the fiscal year ended March 2021 by business segment are as described below.

(In Japanese yen in million except for percentage change from the previous period)

	Revenue				Segment Profit			
	FYE2020	FYE2021	Change	Percentage Change	FYE2020	FYE2021	Change	Percentage Change
Automobile Div.	3,193,949	2,737,503	(456,446)	(14.3)	200,263	109,067	(91,196)	(45.5)
Aerospace Div.	142,141	87,693	(54,448)	(38.3)	5,065	(9,811)	(14,876)	-
Other	8,019	5,014	(3,005)	(37.5)	3,577	3,070	(507)	(14.2)
Adjustments	-	-	-	-	1,414	142	(1,272)	(90.0)
Total	3,344,109	2,830,210	(513,899)	(15.4)	210,319	102,468	(107,851)	(51.3)

Notes: 1. Revenue is the revenue from external customers.

2. Adjustment to segment profit refers to the elimination of intersegment transactions.

(Automobile Division)

Overall automobile demand in the United States, our mainstay market, decreased from the previous fiscal year by almost 10% to approximately 15 million units. Total automobile demand in Japan decreased by nearly 8.0% to approximately 4.7 million units. In such a business environment, the pandemic severely hit the performance in the first quarter, but overseas retail sales remain strong. This was mainly attributable to the brisk sales of Crosstrek (Japanese name: “SUBARU XV”) in the mainstay North American market. In the domestic market, the all-new Subaru Levorg, which was named 2020-2021 Car of the Year Japan, contributed to sales.

Consequently, overseas and domestic unit sales decreased year on year by 150,000 units (16.5%) to 758,000 units and 24,000 units (19.1%) to 102,000 units, respectively, resulting in a decrease in combined overseas and domestic unit sales by 174,000 units (16.8%) to 860,000 units. Revenue decreased by 456.4 billion yen (14.3%) to 2,737.5 billion yen. Segment profit decreased by 91.2 billion yen (45.5%) to 109.1 billion yen.

Consolidated Unit Sales in the Fiscal Year Ended March 2021

(Units in thousands and percentage change from the previous period)

	FYE2020	FYE2021	Change	Percentage Change
Total in Japan	126	102	(24)	(19.1)
Passenger cars	102	82	(20)	(19.7)
Minicars	24	20	(4)	(16.7)
Total Overseas	908	758	(150)	(16.5)
North America	762	661	(101)	(13.2)
Europe/Russia	46	18	(27)	(60.0)
Australia	43	31	(12)	(27.3)
China	21	24	4	18.7
Other regions	37	23	(14)	(37.5)
Total	1,034	860	(174)	(16.8)

(Aerospace Division)

Sales revenue fell by 54.4 billion yen (38.3%) to 87.7 billion yen, for the reason of fewer deliveries of Boeing 787 and 777 components in the midst of the COVID-19 pandemic. Segment profit decreased year-on-year by 14.9 billion yen to a loss of 9.8 billion yen.

(Other Businesses)

Sales revenue decreased by 3.0 billion yen (37.5%) to 5.0 billion yen. Segment profit decreased by 0.5 billion yen (14.2%) to 3.1 billion yen.

(2) Overview of Financial Position at the End of March 2021

Total assets increased by 117.8 billion yen to 3,411.7 billion yen. The key factors include: 1) an increase of 81.7 billion yen in non-current assets as a result of acquiring other financial assets; 2) an increase of 48.4 billion yen in cash and cash equivalents; and 3) a decrease of 40.9 billion yen in inventories due to production adjustments resulted from the shortage of semiconductor supply, which occurred in parallel with the recovery of automobile sales.

Total liabilities increased by 51.5 billion yen to 1,625.3 billion yen. The key factors include: 1) an increase of 94.7 billion yen in financing liabilities under current and non-current liabilities due to the issuance of corporate bonds and an increase in long-term borrowings; and 2) a decrease of 68.4 billion yen in trade and other payables as a result of production adjustments caused by the shortage of semiconductor supply.

Total equity increased by 66.3 billion yen to 1,786.4 billion yen. The key factors include: 1) an increase of 38.1 billion yen in retained earnings; and 2) an increase of 26.6 billion yen in other components of equity due to exchange rate effects and the like.

(3) Overview of Cash Flow in the Fiscal Year Ended March 2021

Cash and cash equivalents (hereinafter “cash”) at the end of March 2021 totaled 907.3 billion yen.

Net cash provided by operating activities increased by 289.4 billion yen (previous fiscal year: an increase of 210.1 billion yen). Key factors include: 1) depreciation and amortization of 206.3 billion yen; 2) a decrease of 62.0 billion yen in trade and other payables; and 3) a decrease of 39.6 billion yen in inventories.

Net cash provided by investment activities decreased by 272.2 billion yen (previous fiscal year: a decrease of 25.8 billion yen). Key factors include: 1) expenditures totaling 328.7 billion yen as a result of acquiring other financial assets; and 2) proceeds totaling 247.5 billion yen from sale and collection of other financial assets.

Net cash provided by financing activities increased by 14.0 billion yen (previous fiscal year: a decrease of 15.8 billion yen). Key factors include: 1) proceeds of 65.5 billion yen from long-term borrowings; 2) proceeds of 40 billion yen from the issuance of corporate bonds; and 3) dividends of 42.9 billion yen paid to owners of the parent.

(4) Forecast for the Fiscal Year Ending March 2022

While there are uncertainties surrounding the semiconductor shortage, we, in prospect of the increase in unit sales, project our consolidated financial performance as follows: 1) sales revenue of 3,300 billion yen; 2) operating profit of 200 billion yen; 3) profit before tax of 203 billion yen, and 4) profit for the period attributable to owners of parent of 140 billion yen.

Exchange rates assumed for forecast of the full-year consolidated earnings are 108 yen per US dollar (previous fiscal year: 106 yen) and 128 yen per euro (previous fiscal year: 123 yen).

(In Japanese yen in million except for profit ratio and percentage change from the previous period)

	Revenue	Operating Profit (Margin)	Profit before tax (Margin)	Profit for the period attributable to owners of parent (Margin)	Foreign Exchange Rate
FYE2022 (Estimates)	3,300,000	200,000 (6.1)	203,000 (6.2)	140,000 (4.2)	¥108/US\$ ¥128/EUR
FYE2021	2,830,210	102,468 (3.6)	113,954 (4.0)	76,510 (2.7)	¥106/US\$ ¥123/EUR
Change	469,790	97,532	89,046	63,490	
Percentage Change	16.6	95.2	78.1	83.0	

2. Basic policy about the adoption of Accounting standards

The Group has adopted International Financial Reporting Standards (IFRS) to the Group's consolidated financial statements from the first quarter of the fiscal year ended March 31, 2020, instead of the Japanese Generally Accepted Accounting Principles.

3. Consolidated Financial Statements

(1) Consolidated Statements of Financial Position

(Unit: Millions of yen)

	FYE 2020 (as of March 31, 2020)	FYE 2021 (as of March 31, 2021)
Assets		
Current assets		
Cash and cash equivalents	858,966	907,326
Trade and other receivables	364,839	341,907
Inventories	459,940	419,053
Income taxes receivable	15,648	19,820
Other financial assets	204,373	228,279
Other current assets	74,748	66,378
Subtotal	1,978,514	1,982,763
Assets held for sale	251	69
Total current assets	1,978,765	1,982,832
Non-current assets		
Property, plant and equipment	820,491	839,648
Intangible assets and goodwill	209,775	216,652
Investment property	23,986	24,282
Investments accounted for using equity method	9,831	10,177
Other financial assets	19,730	101,389
Other non-current assets	112,843	127,826
Deferred tax assets	118,487	108,906
Total non-current assets	1,315,143	1,428,880
Total assets	3,293,908	3,411,712

(Unit: Millions of yen)

	FYE 2020 (as of March 31, 2020)	FYE 2021 (as of March 31, 2021)
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	336,223	267,824
Financing liabilities	12,173	26,334
Other financial liabilities	44,126	61,282
Income taxes payable	2,642	2,908
Provisions	261,312	194,497
Other current liabilities	326,820	322,295
Total current liabilities	983,296	875,140
Non-current liabilities		
Financing liabilities	227,037	307,549
Other financial liabilities	67,855	78,528
Employee benefits	56,525	55,817
Provisions	47,509	89,954
Other non-current liabilities	179,849	210,491
Deferred tax liabilities	11,714	7,850
Total non-current liabilities	590,489	750,189
Total Liabilities	1,573,785	1,625,329
Equity		
Equity attributable to owners of parent		
Capital stock	153,795	153,795
Capital surplus	160,178	160,178
Treasury shares	(6,722)	(6,524)
Retained earnings	1,397,239	1,435,291
Other components of equity	8,391	34,995
Total equity attributable to owners of parent	1,712,881	1,777,735
Non-controlling interests	7,242	8,648
Total equity	1,720,123	1,786,383
Total liabilities and equity	3,293,908	3,411,712

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income
Consolidated Statements of Income (for twelve-month period)

(Unit: Millions of yen)

	FYE 2020 (April 1, 2019 to March 31, 2020)	FYE 2021 (April 1, 2020 to March 31, 2021)
Revenue	3,344,109	2,830,210
Cost of sales	(2,728,605)	(2,337,614)
Gross profit	615,504	492,596
Selling, general and administrative expenses	(308,227)	(279,867)
Research and development expenses	(92,460)	(104,157)
Other income	7,751	5,073
Other expenses	(12,026)	(11,057)
Share of profit (loss) of investments accounted for using equity method	(223)	(120)
Operating profit	210,319	102,468
Finance income	15,844	21,003
Finance costs	(18,507)	(9,517)
Profit before tax	207,656	113,954
Income tax expense	(55,065)	(36,634)
Profit for the period	152,591	77,320
Profit for the period attributable to		
Owners of parent	152,587	76,510
Non-controlling interests	4	810
Profit for the period	152,591	77,320
Profit for the period per share attributable to owners of parent		
Basic (yen)	198.99	99.77

Consolidated Statements of Comprehensive Income (for twelve-month period)

(Unit: Millions of yen)

	FYE 2020 (April 1, 2019 to March 31, 2020)	FYE 2021 (April 1, 2020 to March 31, 2021)
Profit for the period	152,591	77,320
Other comprehensive income (after deduction of tax)		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plans	(475)	4,467
Net changes in revaluation of capital financial assets measured at fair value through other comprehensive income	(763)	6,527
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	(12,581)	20,031
Share of other comprehensive income of investments accounted for using equity method	(182)	6
Net changes in revaluation of liability financial assets measured at fair value through other comprehensive income	1,966	745
Other comprehensive income (after deduction of tax) total	(12,035)	31,776
Comprehensive income	140,556	109,096
Comprehensive income attributable to		
Owners of parent	140,965	107,690
Non-controlling interests	(409)	1,406
Comprehensive income	140,556	109,096

(3) Consolidated Statement of Changes in Equity
FYE 2020 (April 1, 2019 to March 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	160,192	(6,910)	1,350,639	24,532	1,682,248	7,651	1,689,899
Comprehensive income								
Profit for the period	—	—	—	152,587	—	152,587	4	152,591
Other comprehensive income (after deduction of tax)	—	—	—	—	(11,622)	(11,622)	(413)	(12,035)
Comprehensive income total	—	—	—	152,587	(11,622)	140,965	(409)	140,556
Transfer to retained earnings	—	—	—	4,519	(4,519)	—	—	—
Transactions with owners								
Dividends paid	—	—	—	(110,475)	—	(110,475)	—	(110,475)
Purchase of treasury shares	—	—	(7)	—	—	(7)	—	(7)
Disposal of treasury shares	—	(45)	195	—	—	150	—	150
Transfer from retained earnings to capital surplus	—	31	—	(31)	—	—	—	—
Total transactions with owners	—	(14)	188	(110,506)	—	(110,332)	—	(110,332)
Balance at the end of the year	153,795	160,178	(6,722)	1,397,239	8,391	1,712,881	7,242	1,720,123

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

(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	—	—	—	76,510	—	76,510	810	77,320
Other comprehensive income (after deduction of tax)	—	—	—	—	31,180	31,180	596	31,776
Comprehensive income total	—	—	—	76,510	31,180	107,690	1,406	109,096
Transfer to retained earnings	—	—	—	4,576	(4,576)	—	—	—
Transactions with owners								
Dividends paid	—	—	—	(42,966)	—	(42,966)	—	(42,966)
Purchase of treasury shares	—	—	(14)	—	—	(14)	—	(14)
Disposal of treasury shares	—	(68)	212	—	—	144	—	144
Transfer from retained earnings to capital surplus	—	68	—	(68)	—	—	—	—
Total transactions with owners	—	—	198	(43,034)	—	(42,836)	—	(42,836)
Balance at the end of the year	153,795	160,178	(6,524)	1,435,291	34,995	1,777,735	8,648	1,786,383

(4) Consolidated Statements of Cash Flows

(Unit: Millions of yen)

	FYE 2020 (April 1, 2019 to March 31, 2020)	FYE 2021 (April 1, 2020 to March 31, 2021)
Net cash provided by (used in) operating activities		
Profit before tax	207,656	113,954
Depreciation and amortization	192,742	206,317
Share of loss (profit) of investments accounted for using equity method	223	120
Finance income	(15,844)	(21,003)
Finance costs	18,507	9,517
Decrease (increase) in trade and other receivables	(23,916)	24,459
Decrease (increase) in inventories	(70,173)	39,564
Increase (decrease) in trade and other payables	(67,939)	(62,046)
Increase (decrease) in provisions and employee benefits	(23,832)	(22,404)
Others	27,900	35,553
Subtotal	245,324	324,031
Interest received	12,838	4,229
Dividends received	1,258	896
Interest paid	(1,800)	(2,013)
Income taxes paid	(47,486)	(37,767)
Net cash provided by (used in) operating activities	210,134	289,376
Net cash provided by (used in) investing activities		
Net decrease (increase) in time deposits	127,404	3,039
Purchase of property, plant and equipment	(131,690)	(124,725)
Proceeds from sale of property, plant and equipment	5,387	568
Purchase of intangible assets and expenditure on internally generated intangible assets	(82,379)	(67,798)
Purchase of other financial assets	(259,956)	(328,675)
Proceeds from sale and collection of other financial assets	319,652	247,496
Others	(4,262)	(2,079)
Net cash provided by (used in) investing activities	(25,844)	(272,174)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term borrowings	(2,400)	(540)
Repayments of long-term borrowings	(7,592)	(7,421)
Proceeds from long-term borrowings	106,000	65,500
Proceeds from issuance of bonds	40,000	40,000
Repayments of lease liabilities	(41,230)	(40,425)
Dividends paid to owners of parent	(110,375)	(42,947)
Others	(221)	(201)
Net cash provided by (used in) financing activities	(15,818)	13,966
Effect of exchange rate changes on cash and cash equivalents	(11,834)	17,192
Net increase in cash and cash equivalents	156,638	48,360
Cash and cash equivalents at beginning of period	702,328	858,966
Cash and cash equivalents at end of period	858,966	907,326

(5) Notes to Consolidated Financial Statements

(Notes on Premise of Going Concern)

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

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 FYE 2020 and FYE 2021 is as follows.

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

(Unit: Millions of yen)

	Automobiles	Aerospace	Subtotal	Others	Adjustment	Consolidated
Revenue						
(1) Outside customers	3,193,949	142,141	3,336,090	8,019	—	3,344,109
(2) Inter-segment	2,985	—	2,985	27,461	(30,446)	—
Total revenue	3,196,934	142,141	3,339,075	35,480	(30,446)	3,344,109
Share of profit (loss) of investments accounted for using equity method	329	—	329	(552)	—	(223)
Operating profit	200,263	5,065	205,328	3,577	1,414	210,319
Finance income						15,844
Finance costs						(18,507)
Profit before tax						207,656

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

(Unit: Millions of yen)

	Automobiles	Aerospace	Subtotal	Others	Adjustment	Consolidated
Revenue						
(1) Outside customers	2,737,503	87,693	2,825,196	5,014	—	2,830,210
(2) Inter-segment	2,277	3	2,280	29,497	(31,777)	—
Total revenue	2,739,780	87,696	2,827,476	34,511	(31,777)	2,830,210
Share of profit (loss) of investments accounted for using equity method	329	—	329	(449)	—	(120)
Operating profit (loss)	109,067	(9,811)	99,256	3,070	142	102,468
Finance income						21,003
Finance costs						(9,517)
Profit before tax						113,954

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

(Per Share Information)

Earnings per share attributable to owners of the parent for the years ended March 31, 2020 and 2021 are calculated based on the following information. There were no potentially dilutive common shares outstanding for the years ended March 31, 2020 and 2021.

	FYE20120 (April 1, 2019 to March 31, 2020)	FYE2021 (April 1, 2020 to March 31, 2021)
Profit for the year attributable to owners of the parent (millions of yen)	152,587	76,510
Weighted average number of common shares outstanding, basic (thousands of shares)	766,799	766,856
Basic earnings per share attributable to owners of the parent (yen)	198.99	99.77

(Significant Subsequent Event)

Due to various factors including interruptions in the supply of certain parts using semiconductors, we partially suspended production of vehicles at our Gunma Manufacturing Plant (Yajima Plant) from April 10, 2021 to April 27, 2021. In addition, we suspended production of vehicles at Gunma Manufacturing Plant (Main Plant and Yajima Plant) on April 27, 2021 due to the maintenance of some equipment.

Gunma Manufacturing Plant (Main Plant and Yajima Plant) has resumed its operation since May 10, 2021, as the plant was closed for long consecutive holidays from April 28, 2021 to May 9, 2021.

We also suspended production of vehicles at Subaru of Indiana Automotive, Inc. (SIA), the Group's U.S. manufacturing base, due to interruptions in the supply of certain parts using semiconductors from April 19, 2021 to April 30, 2021. The production lines have resumed operations since May 3, 2021.

We expect shortages in the supply of semiconductors and certain parts to continue and the effects of the production suspension and production adjustments may have a significant impact on the financial position, business performance, and cash flow of the Group for the fiscal year ending March 2022 and beyond.

At this point, it is difficult to reasonably calculate the amount of impact.

4. Non-consolidated Financial Statements

(1) Non-consolidated Balance Sheet

(Unit: Millions of yen)

	FYE2020 (as of March 31, 2020)	FYE2021 (as of March 31, 2021)
ASSETS		
I Current assets		
Cash and deposits	769,644	802,432
Accounts receivable-trade	254,960	202,168
Merchandise and finished goods	52,661	52,158
Work in process	68,539	52,853
Raw materials and supplies	26,494	39,426
Advance payments-trade	22,013	35,086
Prepaid expenses	6,745	4,758
Short-term loans receivable to subsidiaries and affiliates	65,799	63,880
Current portion of long-term loans receivable from subsidiaries and affiliates	21,800	19,000
Deposits paid	29,897	27,114
Accounts receivable-other	51,593	47,122
Other	33,267	24,397
Allowance for doubtful accounts	(11)	(3)
Total current assets	1,403,401	1,370,391
II Noncurrent assets		
1. Property, plant and equipment		
Buildings, net	91,214	96,798
Structures, net	14,243	17,574
Machinery and equipment, net	111,784	117,466
Vehicles, net	2,969	3,064
Tools, furniture and fixtures, net	8,438	10,582
Land	81,174	81,078
Construction in progress	28,534	23,631
Other, net	2,318	2,803
Total property, plant and equipment	340,674	352,996
2. Intangible assets		
Software	24,429	27,840
Other	14,814	19,267
Total intangible assets	39,243	47,107
3. Investments and other assets		
Investment securities	2,503	2,296
Stocks of subsidiaries and affiliates	150,735	228,020
Investments in capital of subsidiaries and affiliates	4,375	4,424
Long-term loans receivable	403	303
Long-term loans receivable from subsidiaries and affiliates	73,160	73,893
Claims provable in bankruptcy, claims provable in rehabilitation and other	0	0
Prepaid pension cost	10,241	9,091
Deferred tax assets	107,871	116,017
Other	23,949	25,991
Allowance for doubtful accounts	(460)	(269)
Total investments and other assets	372,777	459,766
Total noncurrent assets	752,694	859,869
Total assets	2,156,095	2,230,260

(Unit: Millions of yen)

	FYE2020 (as of March 31, 2020)	FYE2021 (as of March 31, 2021)
LIABILITIES		
I Current liabilities		
Notes payable-trade	164	311
Accounts payable-trade	207,298	170,288
Electronically recorded obligations-operating	32,330	20,643
Current portion of long-term loans payable	6,000	24,150
Lease obligations	1,132	1,408
Accounts payable-other	16,933	18,302
Accrued expenses	50,483	44,628
Advances received	32,979	30,635
Deposits received	262,497	393,242
Provision for bonuses	15,077	14,508
Provision for product warranties	225,967	147,845
Provision for environmental measures	150	1,224
Provision for loss on construction contracts	3,112	7,033
Other	2,700	8,494
Total current liabilities	856,822	882,711
II Noncurrent liabilities		
Bonds payable	40,000	80,000
Long-term loans payable	185,200	226,550
Lease obligations	1,496	1,767
Provision for product warranties	36,526	77,616
Provision for environmental measures	1,111	2,602
Provision for retirement benefits	301	346
Asset retirement obligations	16	16
Other	2,116	1,416
Total noncurrent liabilities	266,766	390,313
Total liabilities	1,123,588	1,273,024
NET ASSETS		
I Shareholders' equity		
Capital stock	153,795	153,795
Capital surplus		
Legal capital surplus	160,071	160,071
Total capital surplus	160,071	160,071
Retained earnings		
Legal retained earnings	7,901	7,901
Other retained earnings		
Reserve for reduction entry of land	1,341	1,341
General reserve	35,335	35,335
Retained earnings brought forward	680,800	599,108
Total retained earnings	725,377	643,685
Treasury stock	(6,722)	(6,524)
Total shareholders' equity	1,032,521	951,027
II Valuation and translation adjustments		
Valuation difference on available-for-sale securities	(14)	6,209
Total valuation and translation adjustments	(14)	6,209
Total net assets	1,032,507	957,236
Total liabilities and net assets	2,156,095	2,230,260

(2) Non-consolidated Statements of Income (for twelve-month period)

(Unit: Millions of yen)

	FYE2020 (April 1, 2019 to March 31, 2020)	FYE2021 (April 1, 2020 to March 31, 2021)
I Net sales	2,011,205	1,580,950
II Cost of sales	1,730,592	1,432,225
Gross profit	280,613	148,725
III Selling, general and administrative expenses	232,689	201,106
Operating income (loss)	47,924	(52,381)
IV Non-operating income		
Interest income	9,340	1,286
Interest on securities	18	—
Dividends income	3,198	3,114
Foreign exchange income	—	5,987
Real estate rent	2,935	2,982
Gain on valuation of derivatives	919	—
Gain on settlement of plant shutdown related costs	2,534	—
Other	2,740	2,649
Total non-operating income	21,684	16,018
V Non-operating expenses		
Interest expenses	5,438	739
Depreciation	1,295	1,381
Foreign exchange losses	15,834	—
Loss on valuation of derivatives	—	6,748
Other	5,587	4,604
Total non-operating expenses	28,154	13,472
Ordinary income (loss)	41,454	(49,835)
VI Extraordinary income		
Gain on sales of noncurrent assets	1,554	190
Gain on sales of investment securities	200	133
Gain on sales of investments in capital of subsidiaries and affiliates	2,170	—
Reversal of allowance for doubtful accounts	—	189
Other	876	77
Total extraordinary income	4,800	589
VII Extraordinary loss		
Loss on sales and retirement of noncurrent assets	3,992	3,572
Loss on valuation of investment securities	905	—
Other	120	19
Total extraordinary losses	5,017	3,591
Income before income (loss) taxes	41,237	(52,837)
Income tax-current	5,588	(3,301)
Income taxes-deferred	3,730	(10,878)
Total income taxes	9,318	(14,179)
Net income (loss)	31,919	(38,658)

(3) Non-consolidated Statements of Changes in Net Assets
FYE 2020 (April 1, 2019 to March 31, 2020)

(Unit: Millions of yen)

	Shareholders' equity								
	Capital stock	Capital surplus			Retained earnings				
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings		Retained earnings brought forward	Total retained earnings
Provision of reserve for tax purpose reduction entry of land	General reserve								
Balance at the beginning of current period	153,795	160,071	14	160,085	7,901	990	35,335	759,738	803,964
Changes of items during the period									
Provision of reserve for tax purpose reduction entry of land	—	—	—	—	—	351	—	(351)	—
Dividends from surplus	—	—	—	—	—	—	—	(110,475)	(110,475)
Net income	—	—	—	—	—	—	—	31,919	31,919
Purchase of treasury stock	—	—	—	—	—	—	—	—	—
Disposal of treasury stock	—	—	(45)	(45)	—	—	—	—	—
Transfer from retained earnings to capital surplus	—	—	31	31	—	—	—	(31)	(31)
Net changes of items other than shareholders' equity	—	—	—	—	—	—	—	—	—
Total changes of items during the period	—	—	(14)	(14)	—	351	—	(78,938)	(78,587)
Balance at the end of current period	153,795	160,071	—	160,071	7,901	1,341	35,335	680,800	725,377

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at the beginning of current period	(6,910)	1,110,934	(125)	(125)	1,110,809
Changes of items during the period					
Provision of reserve for tax purpose reduction entry of land	—	—	—	—	—
Dividends from surplus	—	(110,475)	—	—	(110,475)
Net income	—	31,919	—	—	31,919
Purchase of treasury stock	(7)	(7)	—	—	(7)
Disposal of treasury stock	195	150	—	—	150
Transfer from retained earnings to capital surplus	—	—	—	—	—
Net changes of items other than shareholders' equity	—	—	111	111	111
Total changes of items during the period	188	(78,413)	111	111	(78,302)
Balance at the end of current period	(6,722)	1,032,521	(14)	(14)	1,032,507

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

(Unit: Millions of yen)

	Shareholders' equity								
	Capital stock	Capital surplus			Retained earnings				
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings			Total retained earnings
						Provision of reserve for tax purpose reduction entry of land	General reserve	Retained earnings brought forward	
Balance at the beginning of current period	153,795	160,071	—	160,071	7,901	1,341	35,335	680,800	725,377
Changes of items during the period									
Provision of reserve for tax purpose reduction entry of land	—	—	—	—	—	—	—	—	—
Dividends from surplus	—	—	—	—	—	—	—	(42,966)	(42,966)
Net loss	—	—	—	—	—	—	—	(38,658)	(38,658)
Purchase of treasury stock	—	—	—	—	—	—	—	—	—
Disposal of treasury stock	—	—	(68)	(68)	—	—	—	—	—
Transfer from retained earnings to capital surplus	—	—	68	68	—	—	—	(68)	(68)
Net changes of items other than shareholders' equity	—	—	—	—	—	—	—	—	—
Total changes of items during the period	—	—	—	—	—	—	—	(81,692)	(81,692)
Balance at the end of current period	153,795	160,071	—	160,071	7,901	1,341	35,335	599,108	643,685

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at the beginning of current period	(6,722)	1,032,521	(14)	(14)	1,032,507
Changes of items during the period					
Provision of reserve for tax purpose reduction entry of land	—	—	—	—	—
Dividends from surplus	—	(42,966)	—	—	(42,966)
Net loss	—	(38,658)	—	—	(38,658)
Purchase of treasury stock	(14)	(14)	—	—	(14)
Disposal of treasury stock	212	144	—	—	144
Transfer to capital surplus from retained earnings	—	—	—	—	—
Net changes of items other than shareholders' equity	—	—	6,223	6,223	6,223
Total changes of items during the period	198	(81,494)	6,223	6,223	(75,271)
Balance at the end of current period	(6,524)	951,027	6,209	6,209	957,236



Subaru Corporation Announces Consolidated Financial Results for FYE 2021

Tokyo, May 11, 2021 – Subaru Corporation today announced its consolidated financial results for the fiscal year ended March 31, 2021.

Results for FYE 2021: Consolidated Revenue

Subaru's global vehicle sales showed a recovery trend from the second quarter, especially in its key North American market and posted a year-over-year increase in the October–December period. However, due to the impact of the semiconductor shortage on fourth quarter operations, global vehicle sales for the full year decreased 16.8% to 860,000 units. Overseas vehicle sales fell 16.5% to 758,000 units, while vehicle sales in Japan dropped 19.1% to 102,000 units.

Consolidated revenue decreased 15.4% to 2,830.2 billion yen.

Due largely to the impact of the coronavirus pandemic and the semiconductor shortage, global production decreased 21.4% to 810,000 units. Overseas production fell 22.4% to 285,000 units, while production in Japan declined 20.9% to 525,000 units.

Results for FYE 2021: 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 107.9 billion yen to 102.5 billion yen, profit before tax fell 93.7 billion yen to 114 billion yen, and profit for the period attributable to owners of parent declined 76.1 billion yen to 76.5 billion yen.

Forecasts for FYE 2022

As sales are expected to recover especially in its key North American market, Subaru projects consolidated global vehicle sales of one million units.

While there are uncertainties surrounding the semiconductor shortage, the Company, in prospect of the increase in unit sales, projects consolidated revenue of 3,300 billion yen, operating profit of 200 billion yen, profit before tax of 203 billion yen, and profit for the period attributable to owners of parent of 140 billion yen.

The projections are based on exchange rate assumptions of 108 yen to the U.S. dollar and 128 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 FYE 2021 Consolidated Financial Results

(Yen in 100 millions, Units in thousands)

	FYE 2020 [2019.4 – 2020.3] RESULTS	FYE 2021 [2020.4 – 2021.3] RESULTS			FYE 2022 [2021.4 – 2022.3] FORECASTS		
			Change	%	Change	%	
Revenue	33,441	28,302	(5,139)	(15.4)	33,000	4,698	16.6
Japan	5,727	4,983	(743)	(13.0)	—	—	—
Overseas	27,714	23,319	(4,396)	(15.9)	—	—	—
Operating profit	2,103	1,025	(1,079)	(51.3)	2,000	975	95.2
Profit margin (%)	6.3	3.6			6.1		
Profit before tax	2,077	1,140	(937)	(45.1)	2,030	890	78.1
Profit margin (%)	6.2	4.0			6.2		
Profit for the period attributable to owners of parent	1,526	765	(761)	(49.9)	1,400	635	83.0
Profit margin (%)	4.6	2.7			4.2		
Factors contributing to change in operating profit							
		Decrease in SG&A exp., etc.	713		Sales volume, mix, etc.	1,500	
		Sales volume, mix, etc.	(1,284)		Effects of foreign exchange rates	200	
		Effects of foreign exchange rates	(204)		Increase in material costs, etc.	(600)	
		Cost reduction efforts, etc.	(171)		SG&A exp., cost reduction efforts, etc.	(355)	
		Increase in R&D exp.	(117)		Increase in R&D exp.	(70)	
		Other	(16)		Improvement efforts	300	
Exchange rates	JPY/US\$ 109/US\$ JPY/EUR 121/EUR	106/US\$ 123/EUR			108/US\$ 128/EUR		
Capital expenditures	1,260	862			1,000		
Depreciation	961	950			1,000		
R&D expenditures *	1,187	1,016			1,200		
Interest bearing debts	2,392	3,339			—		
Performance description							
		- First decrease in revenue in 2 years.			- First increase in revenue in 2 years.		
		- First decrease in profit at each stage in 2 years.			- First increase in profit at each stage in 2 years.		
		- First decrease in consolidated unit sales in 2 years.			- First increase in consolidated unit sales in 2 years.		
Consolidated unit sales	126	102	(24)	(19.1)			
Japan							
Passenger Cars	102	82	(20)	(19.7)			
Minicars	24	20	(4)	(16.7)			
Consolidated unit sales	908	758	(150)	(16.5)			
Overseas							
North America	762	661	(101)	(13.2)			
Europe	46	18	(27)	(60.0)			
China	21	24	4	18.7			
Other	80	54	(26)	(32.0)			
Consolidated unit sales total	1,034	860	(174)	(16.8)	1,000	140	16.3
Production units total	1,031	810	(221)	(21.4)	1,030	220	27.2
Japan	664	525	(139)	(20.9)			
U.S.	367	285	(82)	(22.4)			
Revenue by business segment							
Automobile	31,939	27,375	(4,564)	(14.3)			
Aerospace	1,421	877	(544)	(38.3)			
Other	80	50	(30)	(37.5)			
Operating profit by business segment							
Automobile	2,003	1,091	(912)	(45.5)			
Aerospace	51	(98)	(149)	—			
Other	36	31	(5)	(14.2)			
Elimination & Corporate	14	1	(13)	(90.0)			

* "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. >