



Consolidated Financial Results for the 1st Quarter of FYE 2022

SUBARU CORPORATION

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August 3rd, 2021

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

Summary

(Yen in 100 millions, Units in thousands)

	1 st Quarter (3 months) Results			Plan				
	FYE 2021 1Q Results	FYE 2022 1Q Results	Variance	FYE 2021 Results(a)	FYE 2022 Previous Plan(b)*	FYE 2022 Revised Plan(c)	Variance (c)-(a)	Variance (c)-(b)
Consolidated Unit Sales	133.1	175.3	+42.2	860.2	1,000.0	960.0	+99.8	-40.0
Production	92.2	183.8	+91.6	809.9	1,030.0	990.0	+180.1	-40.0
Revenue	4,570	6,352	+1,782	28,302	33,000	33,000	+4,698	±0
Operating profit	-157	295	+452	1,025	2,000	2,000	+975	±0
Profit for the period attributable to owners of parent	-77	185	+262	765	1,400	1,400	+635	±0
SUBARU exchange rate US\$	¥107	¥109	+¥2	¥106	¥108	¥109	+¥3	+¥1

* as of May 11th, 2021

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First, let's look at the results for the 1st quarter of FYE 2022 and an overview of the full-year plans for FYE 2022.

In the 1st quarter of FYE 2022, unit sales, revenue, and profit were up from the previous year.

Total demand is recovering, primarily in our main market of the U.S., but production constraints continue largely due to the global semiconductor shortage that began in the previous year.

Based on the situation since announcing the plan as of May 11th, 2021, we revised production and consolidated unit sales down 40.0 thousand units each in the full-year plan for FYE 2022, but we will boldly go after the figures in the previously announced forecast.

Consolidated Financial Results for the 1st Quarter (3 months) of FYE 2022

1st Quarter (3 months) :

Consolidated Unit Sales (by market)

(Thousand Units)

	FYE 2021 1Q Results	FYE 2022 1Q Results	Variance
Passenger cars	14.3	19.0	+4.7
Minicars	4.3	5.1	+0.8
Domestic total	18.6	24.0	+5.5
U.S.	91.1	116.6	+25.6
Canada	6.3	12.2	+5.8
Russia	0.2	1.5	+1.3
Europe	3.2	3.4	+0.2
Australia	4.9	7.4	+2.4
China	6.0	4.0	-1.9
Others	2.9	6.2	+3.3
Overseas total	114.5	151.3	+36.8
Total	133.1	175.3	+42.2

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Now, let's look at the results for the 1st quarter of FYE 2022.

First is consolidated unit sales.

Globally, the total was up 42.2 thousand units to 175.3 thousand units.

In the previous fiscal year, sales were down due to COVID-19, primarily in our main market of the U.S. This fiscal year, unit sales overseas were up 36.8 thousand units to 151.3 thousand units owing to recovery of the market.

In Japan, the LEVORG, which was introduced last year, continued to perform well. Unit sales were up 5.5 thousand units from the previous year to 24.0 thousand units.

1st Quarter (3 months) :

Consolidated Unit Sales / Complete Cars Production

(Thousand Units)

	<u>FYE 2021</u> 1Q Results	<u>FYE 2022</u> 1Q Results	<u>Variance</u>
Consolidated Unit Sales Total	133.1	175.3	+42.2

	<u>FYE 2021</u> 1Q Results	<u>FYE 2022</u> 1Q Results	<u>Variance</u>
Production in U.S.	36.3	66.6	+30.3
Production in Japan	55.9	117.2	+61.3
Production Total	92.2	183.8	+91.6

* Production figures include Toyota 86.

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Next, let's look at production.

Due largely to the tight semiconductor supply and demand situation, there have been suspensions of operations and production adjustments, but total production was up 91.6 thousand units from the same period of the previous year to 183.8 thousand units.

1st Quarter (3 months) :

Consolidated Profit Results

(100 Million Yen)

	<u>FYE 2021</u> 1Q Results	<u>FYE 2022</u> 1Q Results	<u>Variance</u>
Revenue	4,570	6,352	+1,782
Domestic	947	1,130	+183
Overseas	3,623	5,222	+1,598
Operating profit	-157	295	+452
Profit before tax	-107	343	+450
Profit for the period attributable to owners of parent	-77	185	+262
SUBARU exchange rate			
US\$	¥107	¥109	+¥2
EURO	¥118	¥131	+¥13
CAN\$	¥77	¥88	+¥11

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This is consolidated profit.

Revenue was up 178.2 billion yen year on year to 635.2 billion yen owing primarily to improvement in the sales volume & mixture of 166.1 billion yen resulting from increased unit sales, and a gain on currency exchange of 14.7 billion yen.

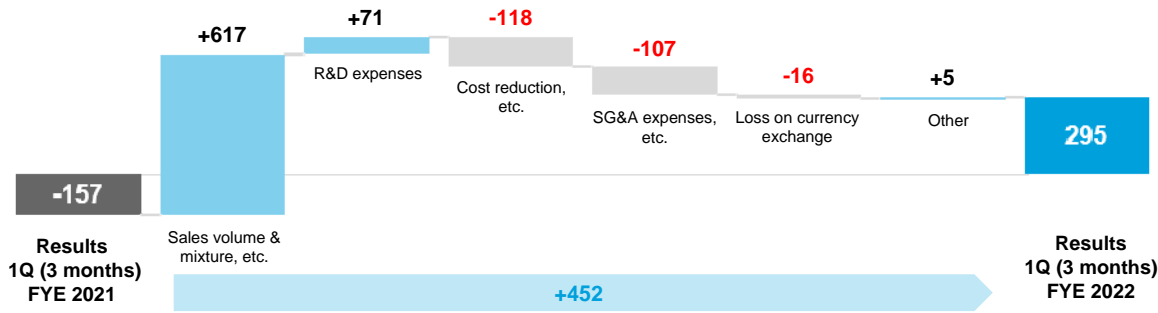
Operating profit was up 45.2 billion yen year on year to 29.5 billion yen.

Profit before tax was up 45.0 billion yen to 34.3 billion yen, and profit for the period attributable to owners of parent was up 26.2 billion yen to 18.5 billion yen.

1st Quarter (3 months) :

Analysis of Variance in Operating Profit (Consolidated)

(100 Million Yen)



Sales volume & mix., etc.	+617	Cost reduction, etc.	-118	SG&A expenses, etc.	-107	Currency exchange	-16
Domestic	+45	SUBARU -85	SIA*1 -33	Fixed manufacturing cost -46	SG&A -121	Warranty claims +60	US \$ +35
Overseas	+718	Cost reduction +5	Cost reduction +3	SUBARU -54	SIA*1 +8	SUBARU -46	EURO +4
Sales Incentive	+9	Material cost, etc. -90	Material cost, etc. -36	Suppliers' dies cost -4	Suppliers' dies cost +11	Domestic dealers -11	CAN \$ +28
Others	-155			Fixed processing cost -50	Fixed processing cost -3	SOA*2 -27	CNY +1
						SCI*3 -10	Currency exchange adjustment +11
						Others -27	Unrealized gain -95

*1 SIA: Subaru of Indiana Automotive, Inc. *2 SOA: Subaru of America Inc. *3 SCI: Subaru Canada Inc.

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

The sharp rise in the cost of materials, including precious metals, as well as increased costs associated with sales activities and increased unit sales pushed profit downward, but profit was up 45.2 billion yen year on year owing primarily to an increase in new car sales in Japan and overseas.

The exchange rate was down around 2 yen to the U.S. dollar, 13 yen to the Euro, and 11 yen to the Canadian dollar.

U.S. sales incentives per unit were down 500 dollars from 1,600 dollars in the previous year to 1,100 dollars, bringing the total amount of U.S. sales incentives down 1.5 billion yen.

1st Quarter (3 months) :

Consolidated Statement of Cash Flows / Cash and cash equivalents

(100 Million Yen)

	FYE 2021 1Q Results	FYE 2022 1Q Results	
Net cash provided by (used in) operating activities	-796	201	
Net cash provided by (used in) investing activities	-364	-550	
Free cash flows	-1,160	-349	
Net cash provided by (used in) financing activities	1,817	-342	
	As of March 2021	As of June 2021	Variance
Cash and cash equivalents at end of period	9,073	8,385	-688
Interest bearing debts Balance at end of period *	3,339	3,360	+21
Net cash	5,734	5,025	-709

* Lease liabilities are not included in the results above.

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This is the consolidated statement of cash flows and cash and cash equivalents.

Free cash flows were -34.9 billion yen.

Cash and cash equivalents at end of period were down 68.8 billion yen from the end of the previous fiscal year to 838.5 billion yen, while the balance of interest bearing debts was up 2.1 billion yen to 336.0 billion yen.

As a result, net cash was down 70.9 billion yen from the end of the previous year to 502.5 billion yen.

Capex / Depreciation / R&D

(100 Million Yen)

	FYE 2021 1Q Results	FYE 2022 1Q Results	Variance
Capex *1	154	192	+38
Depreciation *1	230	228	-3
R&D expenditures *2	254	271	+18

*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)

The results for Capex and so on are as shown on this slide.

Forecast for FYE 2022

FYE 2022 Plan :

Consolidated Profit Plan

(Yen in 100 millions, Units in thousands)

	FYE 2021 Results (a)	FYE 2022 Previous Plan (b)	FYE 2022 Revised Plan (c)	Variance (c)-(a)	Variance (c)-(b)
Consolidated Unit Sales	860.2	1,000.0	960.0	+99.8	-40.0
Production	809.9	1,030.0	990.0	+180.1	-40.0
Revenue	28,302	33,000	33,000	+4,698	±0
Operating profit	1,025	2,000	2,000	+975	±0
Profit before tax	1,140	2,030	2,030	+890	±0
Profit for the period attributable to owners of parent	765	1,400	1,400	+635	±0
SUBARU exchange rate					
US\$	¥106	¥108	¥109	+¥3	+¥1
EURO	¥123	¥128	¥130	+¥7	+¥2
CAN\$	¥80	¥83	¥88	+¥8	+¥5

* Production figures include Toyota 86.

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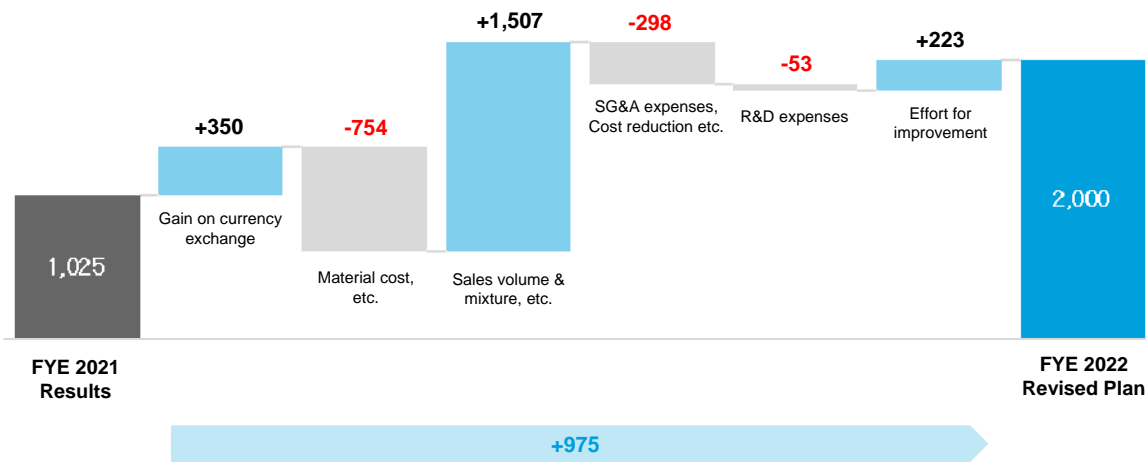
Next, let's look at the full-year plans for FYE 2022.

As I explained at the beginning, the tight semiconductor supply and demand situation continues, so the forecasts for consolidated unit sales and production have been revised downward.

On the other hand, revenue has been unchanged owing to exchange rate fluctuation and reduction of U.S. sales incentives despite the fluctuation in volume. Profits at each stage also remain unchanged. Our targets will be 200.0 billion yen in operating profit, 203.0 billion yen in profit before tax, and 140.0 billion yen in profit for the period attributable to owners of parent.

FYE 2022 Plan :
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.

First, we expect external environmental factors to include a gain of 35.0 billion yen on currency exchange and a 75.4 billion yen deterioration in material cost, etc.

Out of the gain on currency exchange, we expect a gain of about 30.0 billion yen from the yen depreciating by around 3 yen against the U.S. dollar.

In regard to the sales volume & mixture, etc., we remain concerned about the risks related to semiconductor supply, but we expect strong demand in the U.S. to lead to an increase in new car sales, pushing profit up 150.7 billion yen. We also expect the increase in SG&A expenses, etc. associated with increased unit sales, activities to reduce costs, and so on to push profit down 29.8 billion yen and the increased R&D expenses to push profit down 5.3 billion yen.

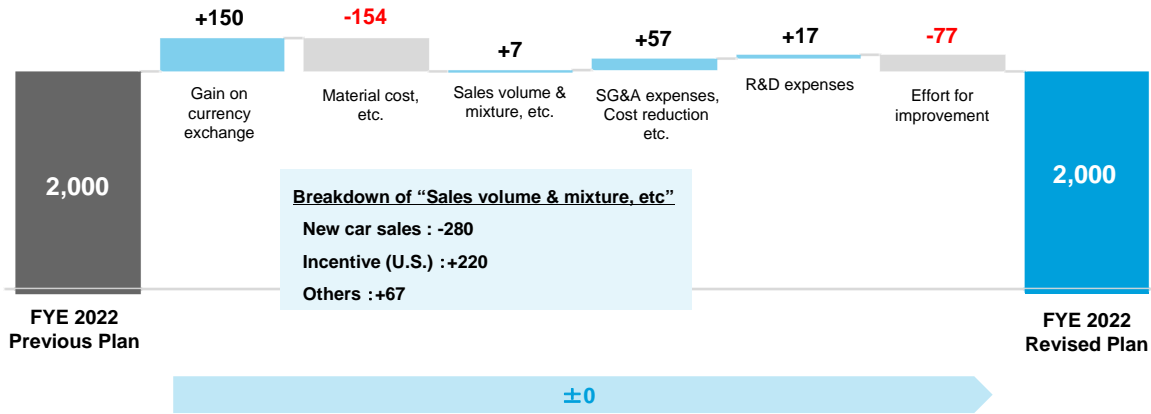
We expect U.S. sales incentives per unit to be up 50 dollars from 1,300 dollars in the previous year to 1,350 dollars, bringing the total amount of U.S. sales incentives up 13.8 billion yen.

There are many uncertainties, and the conditions remain very harsh, but we will aim to achieve 200.0 billion yen in operating profit, including improvement efforts amounting to 22.3 billion yen.

Previous Plan FYE 2022(as of May 11th) vs Revised Plan :

Analysis of Variance in Operating Profit (Consolidated)

(100 Million Yen)



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Next is the analysis of variance in operating profit from the plan announced on May 11.

We expect a further deterioration in material cost, etc. despite an improvement in the gain on currency exchange, driven primarily by the depreciation of the yen by around 1 yen against the U.S. dollar.

Although the decrease in consolidated unit sales will have a significant impact on operating profit, steady progress is being made on the efforts to improve operating profit introduced at the beginning of the year, such as reducing U.S. sales incentives and SG&A expenses, and we will further accelerate them.

We expect U.S. sales incentives per unit to be down 250 dollars from 1,600 dollars in the previous plan to 1,350 dollars, bringing the total amount of U.S. sales incentives down around 22.0 billion yen.

Capex / Depreciation / R&D

(100 Million Yen)

	FYE 2021 Results(a)	FYE 2022 Previous Plan(b)	FYE 2022 Revised Plan(c)	Variance (c)-(a)	Variance (c)-(b)
Capex *1	862	1,000	1,000	+138	±0
Depreciation *1	950	1,000	1,000	+50	±0
R&D expenditures *2	1,016	1,200	1,200	+184	±0

*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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Finally, Capex, depreciation, and R&D expenditures are as you can see here.

There have been no changes since the previous announcement.

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

This concludes the briefing on our financial results for the 1st quarter of the fiscal year ending March 31, 2022.

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.
- FYE 2021 and FYE 2022 Results (by Quarter)
- Complete Cars Production / Retail Sales Units

1st Quarter (3 months) :

Revenue and Operating Profit by Business Segment (Consolidated)

(100 Million Yen)

	Revenue			Operating profit		
	FYE 2021 1Q Results	FYE 2022 1Q Results	Variance	FYE 2021 1Q Results	FYE 2022 1Q Results	Variance
Automobile	4,371	6,177	+1,806	-141	287	+428
Aerospace	187	163	-24	-28	-8	+20
Other	12	12	±0	13	16	+4
Elimination & Corporate	-	-	-	-0	0	+0
Total	4,570	6,352	+1,782	-157	295	+452

1st Quarter (3 months) :

Revenue and Operating Profit by Geographic Area (Consolidated)

(100 Million Yen)

	Revenue			Operating profit		
	FYE 2021 1Q Results	FYE 2022 1Q Results	Variance	FYE 2021 1Q Results	FYE 2022 1Q Results	Variance
Japan	1,220	1,585	+365	-436	96	+532
North America	3,066	4,482	+1,417	-102	274	+377
Other	284	284	+0	10	12	+2
Elimination & Corporate	-	-	-	372	-86	-459
Total	4,570	6,352	+1,782	-157	295	+452

1st Quarter (3 months) :

Overseas Revenue (Consolidated)

(100 Million Yen)

	FYE 2021 1Q Results	FYE 2022 1Q Results	Variance
North America	3,166	4,603	+1,437
Europe	100	156	+57
Asia	216	210	-5
Other	141	252	+110
Total	3,623	5,222	+1,598

Consolidated Statement of Financial Position

(100 Million Yen)

	As of March 2021	As of June 2021	Variance
Total assets	34,117	33,917	-200
Current assets	19,828	19,392	-436
Non-current assets	14,289	14,525	+236
Total liabilities	16,253	15,993	-260
Interest bearing debts	3,339	3,360	+21
Total equity	17,864	17,924	+60
Retained earnings	14,353	14,322	-31
Equity attributable to owners of parent	17,777	17,834	+56
Ratio of equity attributable to owners of parent to total assets	52.1%	52.6%	-
D/E ratio	0.19	0.19	-

1st Quarter (3 months) :

Non-consolidated Unit Sales

(Thousand Units)

	FYE 2021 1Q Results	FYE 2022 1Q Results	Variance
Domestic production*	55.9	117.2	+61.3
Domestic sales	17.5	21.0	+3.6
Passenger cars	13.1	16.4	+3.3
Minicars	4.3	4.6	+0.2
Export total	45.1	96.2	+51.2
Components for overseas production	32.6	89.3	+56.7
Total	95.1	206.5	+111.4

* Production figures include Toyota 86.

1st Quarter (3 months) :

Operating Results of Subsidiaries in U.S.

(Million US\$)

SOA *1	FYE 2021 1Q Results	FYE 2022 1Q Results	Variance
Net sales	2,713	3,796	+1,083
Operating income	70	249	+180
Net income	90	205	+115
Retail sales (Thousand units)	136.1	159.9	+23.8

SIA *2	FYE 2021 1Q Results	FYE 2022 1Q Results	Variance
Net sales	929	1,753	+823
Operating income	-151	-45	+106
Net income	-115	-36	+79
Production sales (Thousand units)	36.3	66.6	+30.3

*1 SOA: Subaru of America Inc. *2 SIA: Subaru of Indiana Automotive, Inc.
<https://www.subaru.co.jp/en/ir/>

FYE 2021 and FYE 2022 Results(by Quarter)

(Yen in 100 millions, Units in thousands)

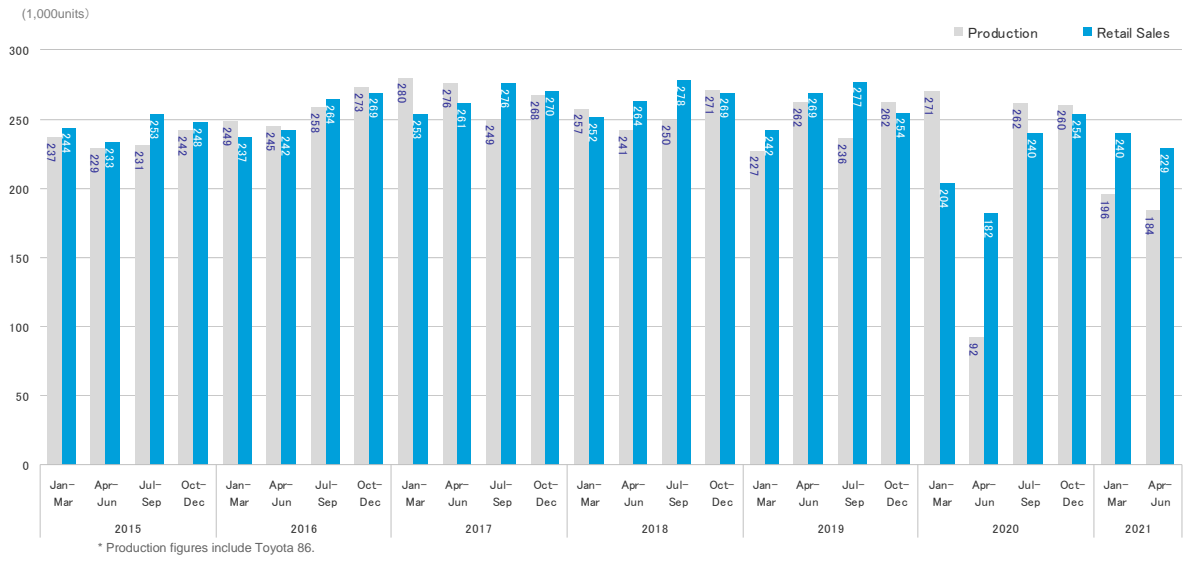
	FYE 2021 Results				FYE 2022 Results
	1Q	2Q	3Q	4Q	1Q
Consolidated Unit Sales	133.1	230.3	267.8	229.1	175.3
Production	92.2	261.7	260.4	195.6	183.8
Revenue	4,570	7,614	8,564	7,554	6,352
Operating profit	-157	463	676	42	295
Profit for the period attributable to owners of parent	-77	314	505	23	185
SUBARU exchange rate US\$	¥107	¥107	¥105	¥104	¥109

* Production figures include Toyota 86.

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Complete Cars Production / Retail Sales Units



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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.