

Consolidated Financial Results
for the Six Months Ended September 30, 2021
(Under IFRS)



November 5, 2021

Company name : SUBARU CORPORATION
 Listing : Tokyo Stock Exchange
 Securities code : 7270
 URL : <https://www.subaru.co.jp/en/ir/>
 Representative : Tomomi Nakamura, President and CEO
 Inquiries : Yasushi Nagae, Vice President and General Manager of Investor Relations Department
 Telephone : +81-3-6447-8825
 Scheduled date to file quarterly securities report : November 11, 2021
 Scheduled date to commence dividend payments : December 1, 2021
 Preparation of supplementary material on quarterly financial results : Yes
 Holding of quarterly financial results briefing : Yes (for investment analysts and institutional investors)

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the six months ended September 30, 2021 (from April 1, 2021 to September 30, 2021)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Revenue		Operating profit		Profit before tax		Profit for the period		Profit for the period attributable to owners of parent		Total comprehensive income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended												
September 30, 2021	1,341,655	10.1	54,451	77.9	61,170	69.4	45,271	85.6	44,788	88.9	62,715	405.8
September 30, 2020	1,218,392	(24.1)	30,611	(67.7)	36,100	(61.2)	24,388	(64.2)	23,706	(65.3)	12,399	(77.4)

	Profit for the period per share, basic	Profit for the period per share, diluted
Six months ended	Yen	Yen
September 30, 2021	58.40	—
September 30, 2020	30.91	—

(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
As of	Millions of yen	Millions of yen	Millions of yen	%
September 30, 2021	3,322,322	1,827,748	1,818,438	54.7
March 31, 2021	3,411,712	1,786,383	1,777,735	52.1

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2021	—	28.00	—	28.00	56.00
Fiscal year ending March 31, 2022	—	28.00			
Fiscal year ending March 31, 2022 (Forecast)			—	28.00	56.00

Note: Revisions to the forecast of cash dividends most recently announced: None

3. Forecast of consolidated results for the fiscal year ending March 31, 2022 (from April 1, 2021 to March 31, 2022)

	Revenue		Operating profit		Profit before tax		Profit for the period attributable to owners of parent		Profit for the period per share, basic
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	
Fiscal year ending March 31, 2022 (Forecast)	2,900,000	2.5	150,000	46.4	155,000	36.0	110,000	43.8	Yen 143.44

Note: Revisions to the forecast of consolidated results most recently announced: Yes

* Notes

(1) Changes in significant subsidiaries during the period
(changes in specified subsidiaries resulting in the change in scope of consolidation): None

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

- (i) Changes in accounting policies required by IFRS : None
- (ii) Changes in accounting policies due to other reasons : None
- (iii) Changes in accounting estimates : None

(3) Number of issued shares (ordinary shares)

(i) Total number of issued shares at the end of the period (including treasury shares)

As of September 30, 2021	769,175,873 shares
As of March 31, 2021	769,175,873 shares

(ii) Number of treasury shares at the end of the period

As of September 30, 2021	2,245,390 shares
As of March 31, 2021	2,305,130 shares

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2021	766,896,241 shares
Six months ended September 30, 2020	766,841,317 shares

* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

* Proper use of earnings forecasts, and other special matters

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 2021 (as of March 31, 2021)	2nd Quarter of FYE 2022 (as of September 30, 2021)
Assets		
Current assets		
Cash and cash equivalents	907,326	848,361
Trade and other receivables	341,907	323,366
Inventories	419,053	391,656
Income taxes receivable	19,820	16,583
Other financial assets	228,279	218,853
Other current assets	66,378	70,666
Subtotal	1,982,763	1,869,485
Assets held for sale	69	289
Total current assets	1,982,832	1,869,774
Non-current assets		
Property, plant and equipment	839,648	837,948
Intangible assets and goodwill	216,652	230,732
Investment property	24,282	23,219
Investments accounted for using equity method	10,177	11,737
Other financial assets	101,389	114,082
Other non-current assets	127,826	138,522
Deferred tax assets	108,906	96,308
Total non-current assets	1,428,880	1,452,548
Total assets	3,411,712	3,322,322

(Unit: Millions of yen)

	FYE 2021 (as of March 31, 2021)	2nd Quarter of FYE 2022 (as of September 30, 2021)
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	267,824	181,798
Financing liabilities	26,334	15,005
Other financial liabilities	61,282	69,537
Income taxes payable	2,908	1,748
Provisions	194,497	149,583
Other current liabilities	322,295	300,875
Total current liabilities	875,140	718,546
Non-current liabilities		
Financing liabilities	307,549	320,050
Other financial liabilities	78,528	77,963
Employee benefits	55,817	59,047
Provisions	89,954	81,926
Other non-current liabilities	210,491	235,035
Deferred tax liabilities	7,850	2,007
Total non-current liabilities	750,189	776,028
Total Liabilities	1,625,329	1,494,574
Equity		
Equity attributable to owners of parent		
Capital stock	153,795	153,795
Capital surplus	160,178	160,178
Treasury shares	(6,524)	(6,318)
Retained earnings	1,435,291	1,458,586
Other components of equity	34,995	52,197
Total equity attributable to owners of parent	1,777,735	1,818,438
Non-controlling interests	8,648	9,310
Total equity	1,786,383	1,827,748
Total liabilities and equity	3,411,712	3,322,322

(2) Condensed quarterly consolidated statement of income and condensed quarterly consolidated statement of comprehensive income

Condensed quarterly consolidated statement of income

	(Unit: Millions of yen)	
	FYE 2021 (April 1, 2020 to September 30, 2020)	FYE 2022 (April 1, 2021 to September 30, 2021)
Revenue	1,218,392	1,341,655
Cost of sales	(1,003,961)	(1,084,781)
Gross profit	214,431	256,874
Selling, general and administrative expenses	(127,103)	(145,013)
Research and development expenses	(55,507)	(55,082)
Other income	3,887	1,968
Other expenses	(5,008)	(4,471)
Share of profit (loss) of investments accounted for using equity method	(89)	175
Operating profit	30,611	54,451
Finance income	11,328	10,871
Finance costs	(5,839)	(4,152)
Profit before tax	36,100	61,170
Income tax expense	(11,712)	(15,899)
Profit for the period	24,388	45,271
Profit for the period attributable to		
Owners of parent	23,706	44,788
Non-controlling interests	682	483
Profit for the period	24,388	45,271
Profit for the period per share attributable to owners of parent		
Basic (yen)	30.91	58.40

Condensed quarterly consolidated statement of comprehensive income

(Unit: Millions of yen)

	FYE 2021 (April 1, 2020 to September 30, 2020)	FYE 2022 (April 1, 2021 to September 30, 2021)
Profit for the period	24,388	45,271
Other comprehensive income (after deduction of tax)		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plans	—	(124)
Net changes in revaluation of capital financial assets measured at fair value through other comprehensive income	316	10,417
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	(13,293)	7,350
Share of other comprehensive income of investments accounted for using equity method	(119)	109
Net changes in revaluation of liability financial assets measured at fair value through other comprehensive income	1,107	(308)
Other comprehensive income (after deduction of tax) total	(11,989)	17,444
Comprehensive income	12,399	62,715
Comprehensive income attributable to		
Owners of parent	11,621	62,053
Non-controlling interests	778	662
Comprehensive income	12,399	62,715

**(3) Condensed quarterly consolidated statement of changes in equity
FYE 2021 (April 1, 2020 to September 30, 2020)**

(Unit: Millions of yen)

	Equity attributable to owners of parent						Non-controlling interests	Total capital
	Capital stock	Capital surplus	Treasury shares	Retained earnings	Other components of equity	Total		
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	—	—	—	23,706	—	23,706	682	24,388
Other comprehensive income (after deduction of tax)	—	—	—	—	(12,085)	(12,085)	96	(11,989)
Comprehensive income total	—	—	—	23,706	(12,085)	11,621	778	12,399
Transfer to retained earnings	—	—	—	95	(95)	—	—	—
Transactions with owners								
Dividends paid	—	—	—	(21,482)	—	(21,482)	—	(21,482)
Purchase of treasury shares	—	—	(2)	—	—	(2)	—	(2)
Disposal of treasury shares	—	(67)	210	—	—	143	—	143
Transfer from retained earnings to capital surplus	—	67	—	(67)	—	—	—	—
Total transactions with owners	—	—	208	(21,549)	—	(21,341)	—	(21,341)
Balance at the end of the year	153,795	160,178	(6,514)	1,399,491	(3,789)	1,703,161	8,020	1,711,181

FYE 2022 (April 1, 2021 to September 30, 2021)

(Unit: Millions of yen)

	Equity attributable to owners of parent						Non-controlling interests	Total capital
	Capital stock	Capital surplus	Treasury shares	Retained earnings	Other components of equity	Total		
Balance at the beginning of the year	153,795	160,178	(6,524)	1,435,291	34,995	1,777,735	8,648	1,786,383
Comprehensive income								
Profit for the period	—	—	—	44,788	—	44,788	483	45,271
Other comprehensive income (after deduction of tax)	—	—	—	—	17,265	17,265	179	17,444
Comprehensive income total	—	—	—	44,788	17,265	62,053	662	62,715
Transfer to retained earnings	—	—	—	63	(63)	—	—	—
Transactions with owners								
Dividends paid	—	—	—	(21,484)	—	(21,484)	—	(21,484)
Purchase of treasury shares	—	—	(2)	—	—	(2)	—	(2)
Disposal of treasury shares	—	(72)	208	—	—	136	—	136
Transfer from retained earnings to capital surplus	—	72	—	(72)	—	—	—	—
Total transactions with owners	—	—	206	(21,556)	—	(21,350)	—	(21,350)
Balance at the end of the year	153,795	160,178	(6,318)	1,458,586	52,197	1,818,438	9,310	1,827,748

(4) Condensed quarterly consolidated statement of cash flows

(Unit: Millions of yen)

	FYE 2021 (April 1, 2020 to September 30, 2020)	FYE 2022 (April 1, 2021 to September 30, 2021)
Net cash provided by (used in) operating activities		
Profit before tax	36,100	61,170
Depreciation and amortization	98,827	110,952
Share of loss (profit) of investments accounted for using equity method	89	(175)
Finance income	(11,328)	(10,871)
Finance costs	5,839	4,152
Decrease (increase) in trade and other receivables	16,781	18,866
Decrease (increase) in inventories	(6,491)	27,273
Increase (decrease) in trade and other payables	(9,133)	(78,437)
Increase (decrease) in provisions and employee benefits	(43,661)	(50,010)
Others	(12,440)	(9,093)
Subtotal	74,583	73,827
Interest received	2,393	1,906
Dividends received	224	1,705
Interest paid	(965)	(1,087)
Income taxes paid	(7,855)	(12,587)
Net cash provided by (used in) operating activities	68,380	63,764
Net cash provided by (used in) investing activities		
Net decrease (increase) in time deposits	(1,871)	(2,010)
Purchase of property, plant and equipment	(66,855)	(56,368)
Proceeds from sale of property, plant and equipment	480	144
Purchase of intangible assets and expenditure on internally generated intangible assets	(22,739)	(40,105)
Purchase of other financial assets	(110,903)	(107,742)
Proceeds from sale and collection of other financial assets	116,323	124,376
Others	(627)	(226)
Net cash provided by (used in) investing activities	(86,192)	(81,931)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term borrowings	(270)	(200)
Repayments of long-term borrowings	(721)	(14,652)
Proceeds from long-term borrowings	60,000	16,000
Proceeds from issuance of bonds	40,000	—
Repayments of lease liabilities	(19,234)	(27,185)
Dividends paid to owners of parent	(21,472)	(21,463)
Others	(188)	6
Net cash provided by (used in) financing activities	58,115	(47,494)
Effect of exchange rate changes on cash and cash equivalents	(11,144)	6,696
Net increase (decrease) in cash and cash equivalents	29,159	(58,965)
Cash and cash equivalents at beginning of period	858,966	907,326
Cash and cash equivalents at end of period	888,125	848,361

(5) Note to condensed quarterly consolidated financial statements

(Note on premise of going concern)

FYE 2022 (April 1, 2021 to September 30, 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 the second quarter of FYE 2021 and the second quarter of FYE 2022 is as follows.

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

(Unit: Millions of yen)

	Automobile	Aerospace	Subtotal	Others	Adjustment	Consolidated
Revenue						
(1) Outside customers	1,168,804	47,153	1,215,957	2,435	—	1,218,392
(2) Inter-segment	1,085	3	1,088	13,924	(15,012)	—
Total revenue	1,169,889	47,156	1,217,045	16,359	(15,012)	1,218,392
Share of profit (loss) of investments accounted for using equity method	154	—	154	(243)	—	(89)
Operating profit (loss)	31,577	(3,034)	28,543	1,996	72	30,611
Finance income						11,328
Finance costs						(5,839)
Profit before tax						36,100

FYE 2022 (April 1, 2021 to September 30, 2021)

(Unit: Millions of yen)

	Automobile	Aerospace	Subtotal	Others	Adjustment	Consolidated
Revenue						
(1) Outside customers	1,306,103	33,201	1,339,304	2,351	—	1,341,655
(2) Inter-segment	1,177	2	1,179	16,396	(17,575)	—
Total revenue	1,307,280	33,203	1,340,483	18,747	(17,575)	1,341,655
Share of profit (loss) of investments accounted for using equity method	316	—	316	(141)	—	175
Operating profit (loss)	51,951	(702)	51,249	3,133	69	54,451
Finance income						10,871
Finance costs						(4,152)
Profit before tax						61,170

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 statement 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.

(Significant subsequent event)

Not applicable.



Subaru Corporation Announces Consolidated Financial Results for the First Half of FYE 2022

Tokyo, November 5, 2021 – Subaru Corporation today announced its consolidated financial results for the first half of the fiscal year ending March 31, 2022.

Results for April–September 2021: Consolidated Revenue

While strong demand continued in Subaru's key U.S. market and other regions, the parts supply constraints due to the global shortage of semiconductors and the spread of the coronavirus in Southeast Asia caused production adjustments and temporary suspension of operations at the Company's Japanese and U.S. manufacturing plants. Global production in the first half period decreased 3.4% to 342,000 units, with the production volume in the second quarter (July–September) falling below the first quarter (April–June) result. Production in the U.S. fell 6.8% to 124,000 units, while production in Japan declined 1.4% to 218,000 units.

Global sales of Subaru vehicles in the first half period increased 3.3% to 375,000 units, as the growth in the first quarter more than offset the decline in the second quarter. Overseas vehicle sales rose 3.2% to 331,000 units, while vehicle sales in Japan grew 4.5% to 44,000 units.

Consolidated revenue in the first half period rose 10.1% to 1,341.7 billion yen, as vehicle sales increased from the same period of previous year in which business operations were significantly affected by the coronavirus pandemic.

Results for April–September 2021: Consolidated Profit and Loss

Due mainly to the increase in vehicle sales, the Company posted operating profit of 54.5 billion yen (an increase of 23.8 billion yen), profit before tax of 61.2 billion yen (an increase of 25.1 billion yen), and profit for the period attributable to owners of parent of 44.8 billion yen (an increase of 21.1 billion yen).

Forecasts for FYE 2022

Reflecting the impact of the global shortage of semiconductors and the spread of the coronavirus in Southeast Asia on its production and other factors, the Company revises its previous forecasts* for FYE 2022 as follows:

- Consolidated global vehicle sales: 830,000 units (a decrease of 130,000 units from previous forecast; down 3.5% from previous year)
- Revenue: 2,900 billion yen (a decrease of 400 billion yen from previous forecast; up 2.5% from previous year)
- Operating profit: 150 billion yen (a decrease of 50 billion yen from previous forecast; up 46.4% from previous year)
- Profit before tax: 155 billion yen (a decrease of 48 billion yen from previous forecast; up 36.0% from previous year)
- Profit for the period attributable to owners of parent: 110 billion yen (a decrease of 30 billion yen from previous forecast; up 43.8% from previous year)

The revised forecasts are based on exchange rate assumptions of 110 yen to the U.S. dollar and 130 yen to the euro.

* Announced on August 3, 2021

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.

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Reference for the First Half of FYE 2022 Consolidated Financial Results

(Yen in 100 millions, Units in thousands)

	FYE 2021 1st Half [2020. 4-9] RESULTS	FYE 2022 1st Half [2021. 4-9] RESULTS			FYE 2021 Full Year ['20.4-'21.3] RESULTS	FYE 2022 Full Year [2021.4 - 2022.3] FORECASTS			FYE 2022 Full Year ['21.4-'22.3] PREVIOUS FORECASTS
			Change	%			Change	%	
Revenue	12,184	13,417	1,233	10.1	28,302	29,000	698	2.5	33,000
Japan	2,102	2,179	77	3.7	4,983	—	—	—	—
Overseas	10,082	11,237	1,156	11.5	23,319	—	—	—	—
Operating profit	306	545	238	77.9	1,025	1,500	475	46.4	2,000
Profit margin (%)	2.5	4.1			3.6	5.2			6.1
Profit before tax	361	612	251	69.4	1,140	1,550	410	36.0	2,030
Profit margin (%)	3.0	4.6			4.0	5.3			6.2
Profit for the period attributable to owners of parent	237	448	211	88.9	765	1,100	335	43.8	1,400
Profit margin (%)	1.9	3.3			2.7	3.8			4.2
Factors contributing to change in operating profit									
		Sales volume, mix, etc.	534			Sales volume, mix, etc.	845		
		Effects of foreign exchange rates	66			Effects of foreign exchange rates	307		
		Decrease in R&D exp.	4			Decrease in SG&A exp., etc.	38		
		Cost reduction efforts, etc.	(257)			Decrease in R&D exp.	10		
		Increase in SG&A exp., etc.	(98)			Cost reduction efforts, etc.	(630)		
		Other	(11)			Other	(95)		
Exchange rates	JPY/US\$ 107/US\$ JPY/EUR 120/EUR	110/US\$ 131/EUR			106/US\$ 123/EUR	110/US\$ 130/EUR			109/US\$ 130/EUR
Capital expenditures	334	382			862	900			1,000
Depreciation	471	460			950	1,000			1,000
R&D expenditures *	506	616			1,016	1,200			1,200
Interest bearing debts	3,353	3,351			3,339	—			—
Performance description		- First increase in revenue in 2 years				- First increase in revenue in 2 years			
		- First increase in profit at each stage in 2 years				- First increase in profit at each stage in 2 years			
		- First increase in consolidated unit sales in 2 years				- 2nd consecutive yr. of decrease in consolidated unit sales			
Vehicle sales (Japan)	43	44	2	4.5	102	97	(5)	(4.7)	—
Passenger Cars	33	35	3	7.6	82	78	(4)	(4.8)	—
Minicars	10	9	(1)	(6.2)	20	19	(1)	(4.4)	—
Vehicle sales (Overseas)	321	331	10	3.2	758	733	(25)	(3.3)	—
North America	284	282	(2)	(0.6)	661	625	(36)	(5.5)	—
Europe	7	10	3	43.8	18	—	—	—	—
China	13	9	(5)	(34.8)	24	16	(8)	(34.6)	—
Other	17	30	13	80.2	54	—	—	—	—
Consolidated vehicle sales total	363	375	12	3.3	860	830	(30)	(3.5)	960
Global production total	354	342	(12)	(3.4)	810	860	50	6.2	990
Japan	221	218	(3)	(1.4)	525	540	15	2.9	—
U.S.	133	124	(9)	(6.8)	285	320	35	12.2	—
Revenue by business segment	Automobile 11,688 Aerospace 472 Other 24	13,061 332 24	1,373 (140) (1)	11.7 (29.6) (3.4)	27,375 877 50				
Operating profit by business segment	Automobile 316 Aerospace (30) Other 20 Elimination & Corporate 1	520 (7) 31 1	204 23 11 (0)	64.5 76.9 57.0 (4.2)	1,091 (98) 31 1				

* "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. >