



Consolidated Financial Results for the 1st Quarter of FYE 2023

SUBARU CORPORATION

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

Consolidated Financial Results for the 1st Quarter (3 months) of FYE 2023

1st Quarter (3 months) :

Consolidated Unit Sales / Complete Cars Production

(Thousand Units)

	<u>FYE 2022</u> 1Q Results	<u>FYE 2023</u> 1Q Results	<u>Variance</u>
Production in U.S.	67	70	+4
Production in Japan	117	135	+18
Production Total	184	205	+22

	<u>FYE 2022</u> 1Q Results	<u>FYE 2023</u> 1Q Results	<u>Variance</u>
Consolidated Unit Sales Total	175	196	+21

* Production figures include Toyota GR86.

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First we will discuss production and consolidated unit sales.

Despite production adjustments caused by the semiconductor shortage and other issues, and a four-day suspension of operations in Japan due to the impact of the lockdown in Shanghai, production rose 22 thousand units to 205 thousand units compared to the previous fiscal year.

Due to an increase in unit sales in the main market of the U.S., consolidated unit sales rose 21 thousand units to 196 thousand units.

1st Quarter (3 months) :

Consolidated Unit Sales (by market)

(Thousand Units)

	<u>FYE 2022</u> 1Q Results	<u>FYE 2023</u> 1Q Results	<u>Variance</u>
Passenger cars	19	16	-3
Minicars	5	4	-1
Domestic total	24	20	-4
U.S.	117	139	+22
Canada	12	11	-1
Europe	3	5	+1
Australia	7	9	+2
China	4	3	-1
Others	8	9	+1
Overseas total	151	175	+24
Total	175	196	+21

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The consolidated unit sales by market are as you see on the slide.

1st Quarter (3 months) :

Consolidated Profit Results

(100 Million Yen)

	FYE 2022 1Q Results	FYE 2023 1Q Results	Variance
Revenue	6,352	8,341	+1,989
Domestic	1,130	1,271	+140
Overseas	5,222	7,070	+1,849
Operating profit	295	370	+74
Profit before tax	343	384	+42
Profit for the period attributable to owners of parent	185	272	+87
SUBARU exchange rate			
US\$	¥109	¥125	+¥16
EURO	¥131	¥134	+¥3
CAN\$	¥88	¥97	+¥9

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Next we have consolidated results.

Revenue was up 198.9 billion yen year on year to 834.1 billion yen owing primarily to improvement in the sales volume & mixture of 101.4 billion yen resulting from increased unit sales, and a gain on currency exchange of 99.0 billion yen.

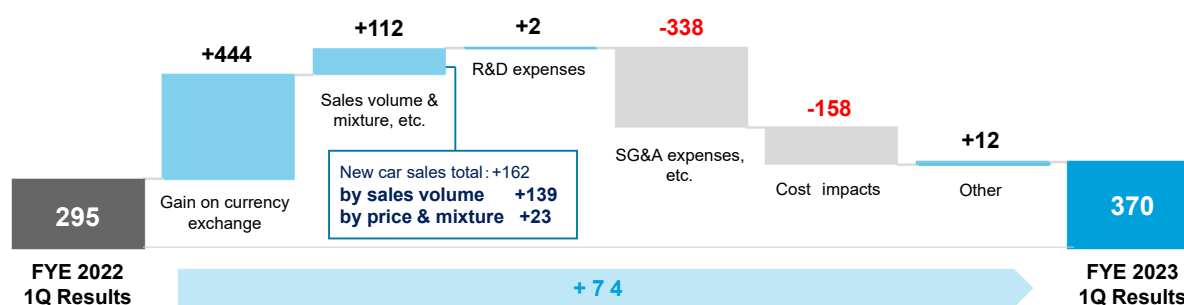
Operating profit was up 7.4 billion yen year on year to 37.0 billion yen.

Profit before tax was up 4.2 billion yen to 38.4 billion yen, and profit for the period attributable to owners of parent was up 8.7 billion yen to 27.2 billion yen.

1st Quarter (3 months) :

Analysis of Variance in Operating Profit (Consolidated)

(100 Million Yen)



	+444	+112		-338	-158
Currency exchange	+444	Sales volume & mix., etc.	+112	SG&A expenses, etc.	-338
US \$	+375	Domestic	-14	Fixed manufacturing cost	-69
EURO	+2	Overseas	+176	SG&A	-23
CAN \$	+18	Sales Incentive	+13	Warranty claims:	-246
CNY	+1	Others	-63	(including impact of foreign currency translation)	
Currency exchange adjustment	+111			SUBARU	-108
Unrealized gain	-63			SIA*1	-50
				Cost reduction	+10
				Material cost, etc.	-118
				Cost reduction	+3
				Material cost, etc.	-53

*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.

SG&A expenses, etc. increased and material cost, etc. worsened, but due to +44.4 billion yen in currency exchange driven primarily by a 16-yen depreciation of the yen against the U.S. dollar, and +11.2 billion yen related to sales volume & mixture, etc., mainly as a result of higher unit sales and revised selling prices, operating profit rose 7.4 billion yen year on year.

Within sales volume & mixture, etc., the variance by sales volume was +13.9 billion yen, and the variance by price & mixture was +2.3 billion yen.

The increase in eliminations on unrealized gain on inventory at the end of the fiscal period had a negative impact on operating profit of approximately 20.0 billion yen. This approximately 20.0 billion yen is not shown on the slide, but of the eliminations, the portion related to currency exchange is included in "Unrealized gain" under "Currency exchange," and the portion related to volume and prices is included in "Others" under "Sales volume & mix, etc." in the bottom table.

Warranty claims had a negative impact on operating profit of 24.6 billion yen. Within this amount, approximately 16.0 billion yen was due to exchange rates affecting the balance of product warranty reserves as a result of the rapid depreciation of the yen, as was the case at the end of the previous fiscal year.

U.S. sales incentives per unit were down 200 dollars from 1,100 dollars in the previous fiscal year to 900 dollars, but due to the increase in sales units, the total amount of U.S. sales incentives rose by 400 million yen.

1st Quarter (3 months) :

Consolidated Statement of Cash Flows / Cash and cash equivalents

(100 Million Yen)

	FYE 2022 1Q Results	FYE 2023 1Q Results	
Net cash provided by (used in) operating activities	201	1,323	
Net cash provided by (used in) investing activities	-550	-578	
Free cash flows	-349	746	
Net cash provided by (used in) financing activities	-342	-351	
Effect of exchange rate change on cash and cash equivalents	2	688	
	As of March 2022	As of June 2022	Variance
Cash and cash equivalents at end of period	8,831	9,913	+1,082
Interest bearing debts Balance at end of period *	3,340	3,314	-26
Net cash	5,490	6,599	+1,109

* 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 74.6 billion yen.

Cash and cash equivalents at the end of period were up 108.2 billion yen, which included 68.8 billion yen in the effect of exchange rate changes, from the end of the previous quarter to 991.3 billion yen, while the balance of interest bearing debts was down 2.6 billion yen from the end of the previous quarter to 331.4 billion yen.

As a result, net cash was up 110.9 billion yen from the end of the previous quarter to 659.9 billion yen.

Capex / Depreciation / R&D

(100 Million Yen)

	FYE 2022 1Q Results	FYE 2023 1Q Results	Variance
Capex *1	192	280	+88
Depreciation *1	228	238	+10
R&D expenditures *2	271	231	-41

*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 2023

	FYE 2022 Results	FYE 2023 Plan	Variance
Production in U.S.	272	-	-
Production in Japan	455	-	-
Production* Total	727	1,000	+273

	FYE 2022 Results	FYE 2023 Plan	Variance
Consolidated Unit Sales Total	734	940	+206

* Production figures include Toyota GR86.

Next, let's look at the full-year plans for FYE 2023.

Although we are aware of changing circumstances surrounding us after the financial results announcement on May, we believe that future uncertainty remains.

For this reason, we have left the plan announced at the beginning of the fiscal year. We continue to push forward to achieve production volume of 1 million units announced as a challenging target, consolidated unit sales of 940 thousand units, and operating profit of 200.0 billion yen.

Consolidated Unit Sales (by market)

(Thousand Units)

	FYE 2022 Results	FYE 2023 Plan	Variance
Passenger cars	73	91	+18
Minicars	17	24	+7
Domestic total	89	115	+25
U.S.	506	636	+130
Canada	49	53	+3
China	14	19	+5
Others	75	118	+43
Overseas total	645	826	+181
Total	734	940	+206

Consolidated unit sales plans by market are unchanged from those announced at the beginning of the fiscal year.

Demand for our products in the U.S. market is strong, judging from current feedback from the frontline of sales, the number of backorders, and other factors, even though some are expressing concerns about the possibility of a recession in the U.S. in the second half and beyond. If we produce as many vehicles as possible and are able to deliver them smoothly to the customer, we believe we can achieve the consolidated unit sales target of 940 thousand units.

FYE 2023 Plan :
Consolidated Profit Plan

(Yen in 100 millions)

	FYE 2022 Results	FYE 2023 Plan	Variance
Revenue	27,445	35,000	+7,555
Operating profit	905	2,000	+1,095
Profit before tax	1,070	2,000	+930
Profit for the period attributable to owners of parent	700	1,400	+700
SUBARU exchange rate			
US\$	¥112	¥120	+¥8
EURO	¥130	¥130	-¥0
CAN\$	¥89	¥95	+¥6

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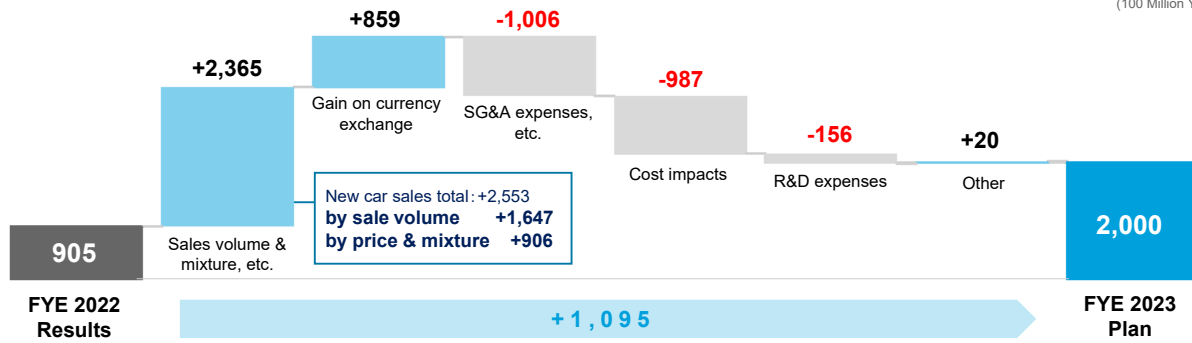
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Next we have consolidated results.

Revenue and profit plans are also unchanged from those announced at the beginning of the fiscal year.

Analysis of Variance in Operating Profit (Consolidated)

(100 Million Yen)



Sales volume & mix, etc.	+2,365	Currency exchange	+859	SG&A expenses, etc.	-1,006	Cost impacts	-987
Domestic	+261	US \$	+932	Fixed manufacturing cost	-262	SG&A	-346
Overseas	+2,292	EURO	-1	SUBARU	-225	SIA*1	-37
Sales Incentive	-406	CAN \$	+55	Suppliers' dies cost	-99	Suppliers' dies cost	-30
Others	+218	CNY	-	Fixed processing cost	-126	Fixed processing cost	-7
		Currency exchange adjustment	-73			SOA *2	-89
		Unrealized gain	-54			SCI *3	-16
						Others	-7
						Warranty claims	-398
						SUBARU	-654
						SIA*1	-333
						Cost reduction	+28
						Material cost, etc.	-682
						Cost reduction	+27
						Material cost, etc.	-360

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

This is the analysis of variance in operating profit compared to the previous year's results. There are no changes here.

We recognize continued problems with semiconductor supply, further increases in material cost, etc., and currency exchange, among others, as elements of uncertainty going forward, but by coming together as one Subaru Group and working to reduce SG&A expenses, etc. and control costs, we aim to achieve our operating profit target of 200.0 billion yen.

Capex / Depreciation / R&D

(100 Million Yen)

	FYE 2022 Results	FYE 2023 Plan	Variance
Capex *1	861	1,400	+539
Depreciation *1	946	1,000	+54
R&D expenditures *2	1,138	1,200	+62

*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)

Finally, Capex, depreciation, and R&D expenditures are as you can see here. They are unchanged from the figures previously announced.

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, 2023. Thank you.

Appendix

- Segment information by Business & Geographic
- Overseas Revenue
- Consolidated Statement of Financial Position
- Non-consolidated Unit Sales
- Operating Results of Subsidiaries in U.S.
- FYE 2022 and FYE 2023 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 2022 1Q Results	FYE 2023 1Q Results	Variance	FYE 2023 Plan	FYE 2022 1Q Results	FYE 2023 1Q Results	Variance	FYE 2023 Plan
Automobile	6,177	8,181	+2,004	34,092	287	364	+77	1,992
Aerospace	163	148	-15	863	-8	-21	-12	-16
Other	12	12	+0	44	16	26	+10	24
Elimination & Corporate	-	-	-	-	0	0	±0	-
Total	6,352	8,341	+1,989	35,000	295	370	+74	2,000

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1st Quarter (3 months) :

Revenue and Operating Profit by Geographic Area (Consolidated)

(100 Million Yen)

	Revenue			Operating profit		
	FYE 2022 1Q Results	FYE 2023 1Q Results	Variance	FYE 2022 1Q Results	FYE 2023 1Q Results	Variance
Japan	1,585	1,799	+214	96	149	+54
North America	4,482	6,230	+1,748	274	451	+177
Other	284	312	+28	12	21	+9
Elimination & Corporate	-	-	-	-86	-251	-165
Total	6,352	8,341	+1,989	295	370	+74

1st Quarter (3 months) :

Overseas Revenue (Consolidated)

(100 Million Yen)

	FYE 2022 1Q Results	FYE 2023 1Q Results	Variance
North America	4,603	6,301	+1,698
Europe	156	188	+31
Asia	210	239	+28
Other	252	343	+91
Total	5,222	7,070	+1,849

Consolidated Statement of Financial Position

(100 Million Yen)

	As of March 2022	As of June 2022	Variance
Total assets	35,438	37,397	+1,959
Current assets	20,422	22,059	+1,637
Non-current assets	15,015	15,337	+322
Total liabilities	16,427	17,552	+1,124
Interest bearing debts	3,340	3,314	-26
Total equity	19,010	19,845	+835
Retained earnings	14,663	14,719	+56
Equity attributable to owners of parent	18,908	19,737	+830
Ratio of equity attributable to owners of parent to total assets	53.4%	52.8%	-0.6%
D/E ratio	0.18	0.17	-0.01

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1st Quarter (3 months) :

Non-consolidated Unit Sales

(Thousand Units)

	FYE 2022 1Q Results	FYE 2023 1Q Results	Variance
Domestic production*	117	135	+18
Domestic sales	21	20	-1
Passenger cars	16	16	-0
Minicars	5	4	-0
Export total	96	107	+11
Components for overseas production	89	70	-20
Total	207	197	-10

* Production figures include Toyota GR86.

1st Quarter (3 months) :

Operating Results of Subsidiaries in U.S.

(Million US\$)

SOA *1	FYE 2022 1Q Results	FYE 2023 1Q Results	Variance
Net sales	3,796	4,484	+688
Operating income	249	280	+31
Net income	205	174	-31
Retail sales (Thousand units)	160	131	-29
SIA *2	FYE 2022 1Q Results	FYE 2023 1Q Results	Variance
Net sales	1,753	1,916	+164
Operating income	-45	-45	-0
Net income	-36	-33	+2
Production sales (Thousand units)	67	70	+4

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

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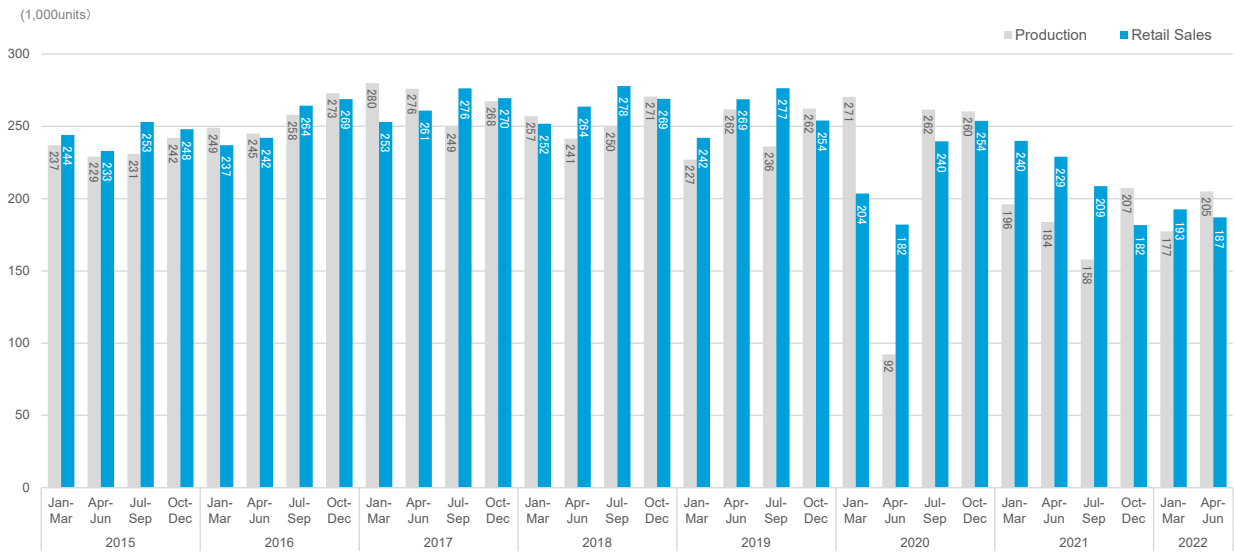
FYE 2022 and FYE 2023 Results(by Quarter)

(Yen in 100 millions, Units in thousands)

	FYE 2022 Results				FYE 2023 Results
	1Q	2Q	3Q	4Q	1Q
Consolidated Unit Sales	175	200	172	187	196
Production *	184	158	207	177	205
Revenue	6,352	7,065	6,659	7,370	8,341
Operating profit	295	249	227	133	370
Profit for the period attributable to owners of parent	185	263	181	71	272
SUBARU exchange rate US\$	¥109	¥110	¥113	¥115	¥125

* Production figures include Toyota GR86.

Complete Cars Production / Retail Sales Units



* Production figures include Toyota GR86.

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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.