

To our shareholders:

Online information disclosure regarding the
Notice of Convocation of the 90th Ordinary
General Meeting of Shareholders

SUBARU CORPORATION

June 1, 2021

“Accounting Auditors,” “Consolidated Statement of Changes in Equity,” “Notes to the Consolidated Financial Statements,” “Non-consolidated Statements of Changes in Net Assets,” and “Notes to Non-consolidated Financial Statements” are posted on the Company’s website for our shareholders as provided in law and Article 15 of the Company’s Articles of Incorporation.

Please note that the following is an unofficial English translation of Japanese original text of the Notice of Convocation of Notice of Convocation of the 90th Ordinary General Meeting of Shareholders. The Company provides this translation for reference and convenience purposes only and without any warranty as to its accuracy or otherwise. In the event of any discrepancy between this translation and the Japanese original, the latter shall prevail.

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[Translation for Reference and Convenience Purposes Only]

Business Report

Accounting Auditors

(1) Accounting Auditors KPMG AZSA LLC

(2) Accounting Auditor Compensation

(i) Compensation for current fiscal period	213 million yen
(ii) Total amount of money and other property interests payable by the Company and its subsidiaries	231 million yen

Notes: 1. As the Audit Agreement between the Company and accounting auditors make no distinction between the amounts of fees, etc. for audits under the Companies Act and audits under the Financial Instruments and Exchange Act, audit fees under the Financial Instruments and Exchange Act are not included in the amount of (i).

2. Of the Company's important subsidiaries, the foreign subsidiaries receive audits by a certified accounting or auditing company other than the Company's accounting auditors (including those who possess equivalent certifications overseas).

(3) Reason for Agreement on Accounting Auditors Compensation by Board of Corporate Auditors

The Board of Corporate Auditors scrutinized the Accounting Auditors' explanation of the contents of the audit including the planned number of days required for the accounting audit for the current fiscal period; review and assessment of the audit for the previous fiscal period; reasonableness of progress in audit by the Accounting Auditors, and the grounds for calculation of quotes underlying the compensation, and agreed to the amount of compensation for the Accounting Auditors.

(4) Non-audit business

Non-audit services included issuance of comfort letters for bond issuance. Non-audit services provided to consolidated subsidiaries were agreed upon procedures.

(5) Policy on dismissal or refusal of reappointment of Accounting Auditors

The Board of Corporate Auditors shall dismiss accounting auditors in case any of the events prescribed in the Items in Article 340, Paragraph 1 occur, and determine the agenda concerning dismissal or refusal of reappointment of accounting auditors, and the Board of Directors will propose such agenda to the meeting of shareholders pursuant to such decision.

[Translation for Reference and Convenience Purposes Only]

Consolidated Financial Statements

Consolidated Statements of Changes in Equity FYE 2021 (April 1, 2020 to March 31, 2021)

	Equity attributable to owners of parent						(Unit: Millions of yen)	
	Capital stock	Capital surplus	Treasury shares	Retained earnings	Other components of equity	Total	Non-controlling interests	Total capital
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

Notes to Consolidated Financial Statements

(Basis of Preparing Consolidated Financial Statements)

1. Accounting standards of consolidated financial statements

The Group prepares its consolidated financial statements in conformity with International Financial Reporting Standards (“IFRS”) in accordance with Article 120-1 of the Ordinance of Companies Accounting. The Group omits some disclosure items and notes required by IFRS in accordance with the second sentence of Article 120-1 of the Ordinance of Companies Accounting. The Group has adopted IFRS from the annual consolidated financial statements for the fiscal year ended March 31, 2020. Date of transition to IFRS was April 1, 2018.

2. The scope of consolidation and application of the equity method

(1) Consolidated subsidiaries: 73

Domestic	51	Fuji Machinery Co., Ltd., Ichitan Co., Ltd., Tokyo Subaru Inc., and 48 others;
Overseas	22	Subaru of Indiana Automotive, Inc., Subaru of America, Inc., and 20 others

(2) Companies accounted for using the equity method: 10

Domestic	8	Nishino Machine Industries Ltd., and 7 others
Overseas	2	Subaru of Taiwan, Ltd. and 1 other.

3. Changes in the scope of consolidation and application of equity method

(1) Consolidated subsidiaries

Added	-
Excluded	-

(2) Companies accounted for using the equity method

Added	-
Excluded	-

4. Accounting policies

(1) Financial instruments

1. Valuation standards and methods for financial assets

(i) Initial recognition and measurement

The Group classifies financial assets as financial assets measured at fair value through profit or loss, financial assets measured at fair value through other comprehensive income, or financial assets subsequently measured at amortized cost.

The Group initially recognizes trade receivables on the date when they are originated. All other financial instruments are initially recognized when the Group becomes a party to the contractual provision of the financial instrument.

If financial assets are classified as financial assets measured at fair value through profit or loss, they are initially measured at their fair value, unless they are initially measured at their fair value plus transaction costs that are directly attributable to the transaction of the financial asset. Trade receivables that do not contain a significant financing component are initially measured at the transaction price.

Financial assets are classified as financial assets measured at amortized cost if both of the following conditions are met:

- A financial asset is held within a business model whose objective is to hold the asset in order to collect the contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Investments in debt instruments are classified as financial assets measured at fair value through other comprehensive income if both of the following conditions are met:

- The financial asset is held within the Group’s business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

When any of the above-mentioned conditions is not met for financial assets except for equity instruments, the financial assets are classified as financial assets measured at fair value through profit or loss.

Equity instruments may be designated as financial assets measured at fair value through other comprehensive income on an individual basis, except for equity instruments held for trading purposes. The designation has been applied continuously. Equity instruments that are not designated as such are classified as financial assets measured at fair value through profit or loss.

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(ii) Subsequent measurement

Financial assets are subsequently measured based on the classification of the asset as follows.

Financial assets measured at amortized cost are using the effective interest method.

Changes in the fair value of financial assets measured at fair value through profit or loss are recognized in profit or loss.

Changes in the fair value of debt instruments measured at fair value through other comprehensive income are recognized in other comprehensive income, except for interest income, exchange gain and loss, and impairment loss recognized in profit and loss. Gains or losses on derecognition are recognized in profit or loss.

Meanwhile, changes in the fair value of equity instruments measured at fair value through other comprehensive income are recognized in other comprehensive income. The dividend from relevant financial assets are recognized in profit or loss as part of the financial income for the period. The cumulative amount recognized in other comprehensive income is not reclassified to profit or loss but to retained earnings when the financial asset is derecognized, or the fair value of the asset declines significantly.

(iii) Impairment of financial assets

For impairment of financial assets measured at amortized cost, debt instruments measured at fair value through other comprehensive income, lease receivables, and contract assets, expected credit losses are recognized as a loss allowance.

The Group determines, at the end of each reporting period, whether the credit risk on the asset has increased significantly since initial recognition. When the credit risk has not increased significantly since initial recognition, an amount equal to 12-month expected credit losses is measured as the loss allowance. When the credit risk has increased significantly since initial recognition, an amount equal to lifetime expected credit losses is recognized as the loss allowance.

However, for trade receivables, lease receivables and contract assets, the loss allowance is always measured at an amount equal to the lifetime expected credit losses.

Expected credit losses of financial instruments are estimated using the following methods:

- An unbiased and probability-weighted amount determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information about past events, current conditions and forecasts of future economic conditions that is available without undue cost or effort at the reporting date.

The amounts of these measurements are recognized in profit or loss.

If the amount measured as expected credit losses decreases after recognition of impairment loss, the decreased amount is reversed and recognized in profit or loss.

(iv) Derecognition of financial assets

The Group derecognizes its financial assets only if the contractual rights to receive the cash flows from the financial assets expire, or if the entity transfers substantially all the risks and rewards of ownership of the financial assets.

2. Financial liabilities

(i) Initial recognition and measurement

The Group classifies financial liabilities as either financial liabilities measured at fair value through profit or loss, or financial liabilities measured at amortized costs. The Group determines the classification at initial recognition. The Group recognizes financial liabilities when the Group becomes a party to the contractual provisions of the instruments. All the financial liabilities are initially measured at fair value. However, financial liabilities measured at amortized cost are measured at their fair value less transaction costs that are directly attributable to the transaction.

(ii) Subsequent measurement

Financial liabilities are subsequently measured according to the classification as follows.

Financial liabilities held for trading and derivatives are included in financial liabilities measured at fair value through profit or loss. They are subsequently measured at fair value, and changes in the fair value are recognized in profit or loss for the period.

Financial liabilities measured at amortized cost are subsequently measured at amortized cost using the effective interest method.

Amortization using the effective interest method and gains and losses on derecognition are recognized in profit or loss as part of financial income for the period.

(iii) Derecognition of financial liabilities

The Group derecognizes financial liabilities when they are extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expires.

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3. Derivatives and hedge accounting

The Group enters into forward exchange contracts in order to fix cash flows related to the recognized financial assets and liabilities and future transaction. Interest rate swaps are used in order to fix cash flows of interest payable related to the borrowings. There are no derivatives stated above to which hedge accounting is applied.

(2) Valuation standards and methods for inventories

Inventories are measured at the lower of acquisition cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated cost of completion and estimated selling expenses. The acquisition cost is generally calculated using the cost method based on the moving average method and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

(3) Valuation standards, valuation methods and depreciation methods for property, plant and equipment

Property, plant, and equipment is measured based on the cost model and stated at acquisition cost less accumulated depreciation and impairment losses. The acquisition cost includes costs directly attributable to the acquisition of the asset, costs related to disassembly, retirement and site restoration, as well as borrowing costs to be capitalized.

Depreciation of assets other than land and construction in progress is calculated on the straight-line method over the estimated useful lives of the assets. The estimated useful lives of major assets are as follows;

- Buildings and structures: 2 to 60 years
- Machinery and vehicles: 2 to 20 years
- Tools, furniture and fixtures: 2 to 20 years

The estimated useful lives, residual value, and amortization methods are reviewed at the end of each fiscal year, and if there are any changes made, those changes are applied prospectively as a change in an accounting estimate.

(4) Valuation standards, valuation methods and amortization methods for intangible assets and goodwill

1. Goodwill

The Group measures goodwill as the fair value of consideration transferred including the recognized amount of any non-controlling interests in the acquiree at the acquisition date, less the net recognized amount (usually fair value) of the identifiable assets acquired and liabilities assumed at the acquisition date.

Goodwill is not amortized. Instead, it is tested for impairment annually and if any indication of potential impairment exists.

Any impairment loss for goodwill is recognized in profit or loss and is not reversed in subsequent periods.

Goodwill is recorded at acquisition cost less any accumulated impairment losses.

2. Capitalized development cost

Expenditures related to research activities in order to gain new scientific and technical knowledge are recognized as expenses as incurred. Development expenditure is capitalized as intangible assets only when the cost can be measured reliably, there is a technical and commercial feasibility of completing the development, it is probable that the outcome will generate a future economic benefit, and the Group has intention, ability and sufficient resources to use or sell the outcome of the development and to complete the development.

The estimated useful lives of capitalized development cost that is amortized using the straight-line method are as follows.

- Capitalized development cost: 2 to 5 years

3. Other intangible assets

The Group applies the cost method in measuring separately acquired intangible assets, which are recorded at acquisition cost at initial recognition.

After initial recognition, intangible assets excluding goodwill are amortized using the straight-line method over their estimated useful lives, and are recorded at acquisition cost less accumulated amortization and impairment losses. Estimated useful lives of major intangible assets are as follows. The Group has no intangible assets with indefinite useful lives.

- Software: 2 to 10 years

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(5) Valuation standards, valuation methods and depreciation methods for lease assets

At the inception of the lease contract, the Group assesses whether an arrangement is a lease or contains a lease.

Lease as a lessee

The Group recognizes a right-of-use asset and a lease liability at the inception of the lease.

A right-of-use asset is measured at acquisition cost at the inception of the lease. After the commencement date, a right-of-use asset is measured by using the cost model at acquisition cost less accumulated depreciation and impairment losses. A right-of-use asset is amortized from the date of inception to the end of estimated useful life of the underlying leased asset if the ownership of the underlying assets is transferred to lessee until the end of the lease term or if acquisition cost of right-of-use asset reflects the exercise of a purchase option. Otherwise a right-of-use asset is amortized from the date of inception to the earlier of the end of the estimated useful life of the right-of-use asset or the end of the lease term.

A lease liability is measured at the present value of the lease payments that are not paid at the date of inception. After the commencement date, the carrying amount of the lease liability is increased to reflect interest on the lease liability and decreased the lease payments made. Lease liabilities are re-measured and carrying amounts of right-of-use assets are revised or the change is recognized in profit or loss if the Group reviews lease liabilities or if the modification is not accounted for as a separate lease. As for short-term leases or leases for which the underlying asset is of low value, the Group applies IFRS 16.5, 6, and recognizes lease payments as an expense using the straight-line method over the lease term.

Lease as a lessor

Lease transactions are classified as finance leases if all the risks and rewards incidental to ownership of underlying assets are substantially transferred, and all other leases are classified as operating leases.

A receivable from customer held under a finance lease is initially recognized at the amount of the gross investment in the lease discounted at the interest rate implicit in the lease, and included in Trade and other receivables in the consolidated statements of financial position.

An underlying asset subject to an operating lease is recognized in the consolidated statements of financial position, and lease payments from operating leases are recognized as revenue over the lease term.

(6) Investment property

Investment property is held to earn rentals or for benefit from increase in value of the property or both. Investment property is measured by using the cost model and is recorded at acquisition cost less accumulated depreciation and impairment losses. Depreciation of an investment property other than land and construction in progress is recognized on a straight-line basis over the estimated useful lives of the asset. The estimated useful lives of major assets are as follows;

- Buildings and structures: 2 to 50 years

(7) Impairment

At the end of each fiscal year, the Group assesses the carrying amounts of non-financial assets other than inventory and deferred tax assets to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated. Recoverable amounts of goodwill and intangible assets that are not yet ready for use are estimated at the same time every year.

The recoverable amount of an individual asset or cash-generating units is the higher of value in use or fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects the time value of money and the risks specific to the asset. Assets not assessed individually in test of impairment are integrated into the smallest cash-generating unit that generates cash inflows which are largely independent of cash inflows from other assets or a group of assets. Cash generating units of goodwill are determined on the basis of the units managed for the purpose of internal reporting and are within the scope of business segments before aggregation. The goodwill acquired in a business combination is allocated to each of the cash generating units that is expected to benefit from the synergies of the combination.

Corporate assets in the Group do not generate cash inflows independently. If there is any indication that corporate assets may be impaired, the Group determines the recoverable amount of the cash generating unit to which corporate asset belongs.

When the carrying amount of an asset or a cash-generating unit exceeds the recoverable amount, an impairment loss is recognized in profit or loss. An impairment loss for a cash-generating unit is recognized by first reducing the carrying amount of any goodwill allocated to the cash-generating unit, and then reducing proportionally the carrying amount of other assets in the unit.

An impairment loss for goodwill is not reversed. The Group assesses whether there is any indication that an impairment loss recognized in prior years for an asset other than goodwill may no longer exist or may have decreased at the end of each fiscal year. An impairment loss is reversed when there has been a change in the estimates used to determine an asset's recoverable amount. Impairment losses are reversed up to the amount not exceeding the carrying amount (net of depreciation) that would have been determined if no impairment losses had been recognized in prior years.

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(8) Employee benefits

1.Short-term employee benefits

For short-term employee benefits including salaries, bonuses and paid annual leave, when the employees render related services, the amounts expected to be paid in exchange for those services are recognized as expenses.

2.Retirement benefit plans

The Group sponsors a defined benefit plan and a defined contribution plan as retirement benefit plans for employees.

(a) Defined contribution plans

For defined contribution plans, when the employees render related services, the contribution payables to the defined contribution plan are recognized as expenses.

(b) Defined benefit plans

The Group has adopted lump-sum payment on retirement and defined benefit pension plans as defined benefit plans. The present value of defined benefit obligations related current service costs and past service costs are determined using the projected unit credit method.

The discount rates are determined by reference to market yields at the end of the reporting period on high quality corporate bonds which have maturities corresponding to the future settlements of benefits in each year.

The net defined benefit liability (asset) is determined as the present value of the defined benefit obligation less the fair value of the plan assets. Net interest on the net defined benefit liability (asset) is recognized in profit or loss as financial expenses. The Group recognizes the difference arising from remeasurement of present value of the defined benefit obligation and the fair value of the plan asset in other comprehensive income when it is incurred, and reclassifies it immediately to retained earnings from other components of equity.

The Group recognizes any past service cost as an expense at the earlier of the following dates.

- (i) when the plan amendment or curtailment occurs; and
- (ii) when related restructuring costs are recognized

(9) Revenue

1.Revenue from contracts with customer

The Group identifies a performance obligation in a contract with a customer, and recognizes as revenue the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to the customer. Amounts collected on behalf of taxation authorities such as consumption taxes and value added taxes are not included into the amount. If variable consideration is included in the consideration promised in a contract with a customer, some or all of an amount of variable consideration is included in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

Revenue is recognized at a point in time or over a certain period of time in accordance with satisfaction of a performance obligation in a contract with a customer.

With regard to revenue from the sale of cars, performance obligations are principally considered to be fulfilled at the time of delivery of the cars, at which point customers obtain control of the cars and revenue is recognized.

In automobile business, fare-paying extended warranty service is provided for the products as an option in addition to normal warranty. The revenue from the extended warranty service is recognized over a certain period of time in accordance with the progress of the performance obligation.

2.Revenue from financial lease

When the Group is the manufacturer or dealer lessor, sales revenue, cost of sales and selling profit or loss for a portion identified as sale of products are recognized in profit or loss at the inception of the leases. Finance income from financial leases is recognized based on a pattern reflecting a constant rate of return on the net investment in the lease of the Group.

3.Revenue from operating leases

Revenue from operating leases is recognized on a straight-line basis over the lease term.

4.Interest income

Interest income is recognized using the effective interest method

5.Dividend income

Dividend income is recognized when the right to receive the payment is established.

[Translation for Reference and Convenience Purposes Only]

(10) Provisions

Provisions are recognized when the Group has present legal or constructive obligations as a result of past events, it is probable that outflows of resources embodying economic benefits will be required to settle the obligations, and reliable estimates can be made of the amount of the obligations. Where the effect of the time value of money is material, the amount of a provision is measured at the discounted present value of the estimated future cash flow using a pre-tax rate that reflects the time value of money and the risks specific to the liability. The unwinding of the discount due to the passage of time is recognized as finance costs.

1. Asset retirement obligation

A provision for asset retirement obligation is recognized mainly for the estimated cost of restoring the leased site at the end of the lease term.

2. Provision for product warranties

The Group provides product warranties based on the terms and conditions of warranties granted at the time of product sales, as well as free repair services on an individual basis in accordance with the notification to the competent authority.

The coverage of product warranties based on the terms and conditions of warranties is determined by the duration, mileage, cause of defects, and other factors in accordance with the terms and conditions of warranties in each country.

The Group recognize estimated warranty costs for the product warranties when products are sold to customers based on the terms and conditions of warranties. The estimated warranty costs are recorded based on the best estimates of future occurrences, which are based on the past repair experience and past sales volume for the total cost of repairing or replacing parts due to defects occurring within the warranty period.

The estimated expenses related to the warranty items in accordance with notifications to the competent authority are recognized as provision for product warranties when it is probable that outflows of resources embodying economic benefits will be required, and reliable estimates can be made of the amount of the obligations. The estimated expenses are recorded based on the best estimate of the repair cost per unit, which is calculated based on past experience with product defects, and the number of units subject to repair, which is calculated based on past experience with product defects.

3. Provision for losses on construction contracts

The provision for losses on uncompleted construction contracts in the Aerospace segment is recorded when substantial losses on the contracts are anticipated at the fiscal year end and such losses can be reasonably estimated.

4. Provision for environmental measures

The provision for environmental measures is recorded for the amount of the estimated expenses for complying with environmental regulations at the end of the fiscal year.

(11) Other principle matters for preparation of the consolidated financial statements

1. Treatment of consumption taxes

Consumption tax and regional consumption tax are accounted for by the tax-excluded method.

2. Unit of amount

Unit of amount is displayed by rounded off.

3. Application of consolidated tax payment

Consolidated taxation system is applied.

[Translation for Reference and Convenience Purposes Only]

(Change in presentation)

Consolidated Statements of Financial Position

“Provision for environmental measures” was included in “Other current liabilities” under “current liabilities” in the previous fiscal year. It is included in “Provisions” under current and non-current liabilities from the current fiscal year in order to enhance the clarity. Among the 1,261 million yen included in “Other current liabilities” in the previous fiscal year, 150 million yen was reclassified into “Provisions” under “Current liabilities”, and 1,111 million yen was reclassified into “Provisions” under “Non-current liabilities”.

(Accounting estimates)

Items for which the amount was recorded in the consolidated financial statements for the current fiscal year based on accounting estimates, and which may have a significant impact on the consolidated financial statements for the following fiscal year, are as follows.

Deferred tax assets	108,906 million yen
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Deferred tax assets are recognized to the extent that it is probable that taxable income will be earned against which the future deductible temporary differences can be utilized. Deferred tax liabilities are recognized in principle for all taxable temporary differences.

The calculation of deferred tax assets may be affected by changes in uncertain economic conditions and other factors, and the timing and amount of actual taxable income may differ from the estimates. This could cause a significant impact on the amount of deferred tax assets in the consolidated financial statements for the following fiscal year.

Provision for product warranties	238,900 million yen
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The method of calculating the provision for product warranties and the major assumptions used in the calculation are described in (Basis of Preparing Consolidated Financial Statements), (10) Provisions, 2. Provision for product warranties.

We believe that we have made sufficient provisions for the warranty costs that we expect to be incurred based on currently available information. However, since the calculation of the provision for product warranties involves the estimate of the warranty costs that would be incurred over multiple years in the future, the actual warranty costs may deviate from the estimates. This could cause the necessity of recording additional provisions for product warranties, and a significant impact on the consolidated financial statements.

[Translation for Reference and Convenience Purposes Only]

(Consolidated Statements of Financial Position)

1. The allowances for assets are as follows:

The allowance for doubtful trade receivables and other receivables	457 million yen
The allowance for doubtful other financial assets (non-current)	592 million yen

2. Accumulated depreciation of property, plant and equipment 1,164,288 million yen

3. 6,946 million yen from state subsidy, etc. has been directly deducted from the amount of property, plant and equipment reported on the consolidated balance sheet.

4. Assets pledged as collateral and collateralized loans

(1) Assets pledged as collateral

Property, plant and equipment:	13,096 million yen
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(2) Collateralized loans

Financing liabilities (current):	389 million yen
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Financing liabilities (non-current):	9,768 million yen
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Others:	908 million yen
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Total	11,065 million yen
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5. Contingent Liabilities

(1) Guarantor of third-party indebtedness from financial institutions

Customers of SUBARU Canada Inc.:	23,341 million yen
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Employees:	4,439 million yen
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Others:	255 million yen
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Total	28,035 million yen
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(2) Other Contingencies

Based on the modified agreement between the U.S. subsidiary of Takata Co., Ltd. and the National Highway Traffic Safety Administration (NHTSA) of the United States dated May 4, 2016, Notification "Extended schedule of the recalls of airbag inflators manufactured by Takata Co., Ltd." released by the Ministry of Land, Infrastructure, Transport and Tourism (MLIT) of Japan dated May 27, 2016, and recall policies in other regions including China and Australia in consideration of the request by the U.S. and Japanese authorities, expenses for extension of recall for airbag inflators manufactured by Takata are accrued to the extent that the amount can be reasonably estimated. There is a possibility that additional accrual may be required due to events in the future.

6. The amount of discount of export bill 994 million yen

7. The unexecuted balance of overdraft facilities and lending commitments at a consolidated subsidiary (Subaru Finance Co., Ltd.) was as follows:

Total overdraft facilities and lending commitments:	6,300 million yen
Less amounts currently executed:	2,523 million yen
Unexecuted balance	3,777 million yen

8. Inventories and the provision for loss on construction contracts (provision in current liabilities) for which losses are expected are presented in gross amounts without offsetting. Of inventories related to construction contracts for which losses are expected, the amount corresponding to the provision for loss on construction contracts (provision in current liabilities) is 3,666 million yen (all work in process).

[Translation for Reference and Convenience Purposes Only]

(Consolidated Statement of Changes in Net Assets)

1. Matters related to the type and total issued and outstanding stocks, and type and number of treasury stocks

Type of Stock	Number of stocks as at beginning of the consolidated fiscal year (shares)	Number of stocks increased during the consolidated fiscal year (shares)	Number of stocks reduced during the consolidated fiscal year (shares)	Number of stocks as at end of the consolidated fiscal year (shares)
Issued shares				
Common stock	769,175,873	—	—	769,175,873
Treasury stocks				
Common stock (Note)	2,360,368	6,589	61,827	2,305,130

(Notes) Increase of 6,589 shares of Treasury stocks was due to purchase of Shares less than One Unit.

Decrease of 61,827 shares of Treasury stocks was due to retirement of treasury stocks on August 7, 2020 which were restricted transfer stocks resolved to be introduced at the Board of Directors meeting held on April 28, 2017.

2. Dividends

(1) Dividend payout

Resolution	Type of shares	Total amount of dividends (yen)	Dividend per share (yen)	Record date	Effective date
'The 89th Ordinary General Meeting of Shareholders on June 23, 2020	Common shares	21,482	28.00	March 31, 2020	June 24, 2020
'The Board of Directors Meeting on November 4, 2020	Common shares	21,484	28.00	September 30, 2020	December 1, 2020

(2) Of dividends whose criteria date belongs to the current consolidated fiscal year, those in which the effective date of the dividend is the following consolidated fiscal year

Resolution	Type of shares	Total amount of dividends (yen)	Source for dividend	Dividend per share (yen)	Record date	Effective date
'The 90th Ordinary General Meeting of Shareholders on June 23, 2021	Common shares	21,484	Retained earnings	28.00	March 31, 2021	June 24, 2021

[Translation for Reference and Convenience Purposes Only]

(Financial instruments)

1. Summary of Financial Instruments Status

(1) Risk Management

The Group's business activities are affected by the business environment and the financial market environment. Financial instruments held or assumed during the course of the business activities are subject to inherent risks. The risks include (1) credit risk, (2) market risk and (3) liquidity risk. The Group establishes an internal management system and implements crisis management to minimize the impact on the Group's financial condition and business performance using financial instruments. Specifically, the Group manages those risks according to the following methods.

(2) Credit Risk

Credit risk is the risk that a party to a financial instrument defaults on its contractual obligations and causes a financial loss for the Group. The Group's trade receivables, lease receivables, contract assets and other receivables are exposed to the credit risk of customers and counterparties. Also, bonds and other securities held to manage surplus funds are exposed to the credit risk of the issuers. In addition, Derivative transactions conducted by the Group for the purpose of hedging foreign exchange and interest rate risks as well as banking transactions are exposed to the credit risk of the financial institutions that are counterparties to the transactions.

(3) Market Risk

The Group hedges foreign currency fluctuation risks of trade receivables and payables denominated in foreign currencies that are identified by currency and by month by using, in principle, forward exchange contracts and currency options.

Depending on the exchange rate situation, forward exchange contracts and other transactions are used against the net position of trade receivables and trade payables denominated in foreign currencies for a maximum of six months.

(4) Liquidity Risk

The Group raises funds by borrowings from financial institutions and corporate bonds. The Group is exposed to a risk that the Group would not be able to repay liabilities on the due date in the event of disruptions of financial system and financial markets or a significant reduction of credit rating by rating agencies.

In order to ensure liquidity and stability, the Group has sufficient cash and cash equivalents as well as maintains liquidity that satisfies the level of cash required by entering into commitment line agreements with major financial institutions.

[Translation for Reference and Convenience Purposes Only]

2. Fair Value of Financial Instruments

The carrying amounts and fair value of financial instruments as of March 31, 2021 are as follows:

(Unit: Millions of yen)

	Carrying Amount	Fair Value
Assets		
Receivables from financial services	177,038	184,792
Lease assets	11,915	13,160
Debt instruments measured at fair value through profit or loss	174,802	174,802
Equity instruments	97,510	97,510
Liabilities		
Financing liabilities	333,883	332,339
Derivatives	7,644	7,644

Measurement methods and assumptions used to measure the fair values of financial instruments are as follows:

- (1) Cash and cash equivalents, Trade and other receivables, Trade and other payables
Cash and cash equivalents, Trade and other receivables, and Trade and other payables are measured at amortized cost, but the relevant disclosure is omitted because their fair value approximates their carrying amount.
- (2) Receivables from financial services and lease receivables
The fair value of receivables from financial services and lease receivables is calculated based on the present value of the receivables discounted by the interest rate, taking into account the maturity period and credit risk, for each receivable classified by a certain period.
- (3) Debt instruments measured at fair value
Debt instruments consist mainly of government bonds, corporate bonds and mutual funds. The fair value of government bonds and corporate bonds with an active market is measured by using quoted market prices. The fair value of other debt instruments is measured based on the proprietary pricing models provided by financial institutions, using observable inputs in the market such as credit ratings and discount rates.
- (4) Equity instruments
The fair value of equity instruments with an active market is measured by using quoted market prices. As a general rule, the fair value of equity instruments with no active market is measured mainly by using the comparable company valuation method and other appropriate valuation methods. Such fair value measurements are conducted in accordance with the Group accounting policy approved by the appropriate person of authority and based upon valuation methods determined by an accountant of the Group and its consolidated subsidiaries.
- (5) Derivatives
Derivatives consist mainly of foreign currency forward exchange contracts, foreign currency option contracts and interest rate swap agreements. The fair values of derivatives are measured based on observable inputs such as foreign exchange rates and quoted prices obtained from the financial institutions.
- (6) Financing liabilities
Financing liabilities are measured at amortized cost. The fair value of financing liabilities is measured by discounting future cash flows using interest rates currently available for liabilities of similar terms and remaining maturities.

[Translation for Reference and Convenience Purposes Only]

(Investment property)

1. Summary of investment properties

The Company and certain consolidated subsidiaries own rental office buildings and rental commercial facilities in Saitama prefecture and other locations.

2. Fair Value of Investment property

(Unit: Millions of yen)

Carrying Amount	Fair Value
24,282	39,191

(Notes)

- 1) Carrying amount represents acquisition cost less accumulated depreciation and accumulated impairment losses.
- 2) Fair values of certain main investment and rental properties are estimated by third party real-estate appraisers, adjusted by the Group using relevant indicators. Fair values of remaining properties are estimated by the Group based principally on land assessment value that are used to calculate property taxes.

(Per Share Information)

- | | |
|-------------------------|--------------|
| 1. Net assets per share | 2,318.17 yen |
| 2. Income per share | 99.77 yen |

(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.

[Translation for Reference and Convenience Purposes Only]

Non-consolidated Financial Statements

Non-consolidated Statements of Changes in Net Assets 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

[Translation for Reference and Convenience Purposes Only]

(Unit: Millions of yen)

	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 from retained earnings to capital surplus	—	—	—	—	—
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

Notes to Non-consolidated Financial Statements

(Significant accounting policies)

1. Valuation standards and methods for securities

- (1) Held-to-maturity debt securities are stated using the amortized cost method. (straight-line method).
- (2) Shares of subsidiaries and associates are stated at cost, as determined by the moving-average method.
- (3) Available-for-sale securities for which fair values are available:
Fair value method based on the market price etc. at the end of the accounting period
(Unrealized holding gains and losses included as a separate component of net assets until realized; and the cost of sold securities is determined by the moving-average method).
Non-marketable securities: Mainly moving-average cost method.

2. Valuation standards and methods for investments in equity

Moving-average cost method.

In addition, investment in the union is evaluated by taking in the equivalent amount to the ownership in equity based on the latest available financial statements.

3. Valuation standards and methods for derivatives transactions: Fair value method

4. Valuation standards and methods for inventory

- (1) Merchandise and finished goods: Mainly with moving-average cost method.
(Book value on the balance sheet is measured based on the lower of cost or market value.)
- (2) Work in process, raw materials and supplies: Mainly with FIFO cost method.
(Book value on the balance sheet is measured based on the lower of cost or market value.)

5. Depreciation Method of Fixed Assets

- (1) Property, plant and equipment (excluding lease assets): Straight-line method is mainly applied.
Primary period of depreciation are as follows:

Buildings:	8 to 50 years
Structures:	7 to 50 years
Machinery and equipment:	4 to 10 years
Vehicles:	3 to 7 years
Tools, furniture, and fixtures:	2 to 10 years
- (2) Intangible assets (excluding leased assets): Straight-line method is applied.
Computer software used internally by the Company is amortized by the straight-line method over the relevant economic useful lives of 3 or 5 years.
- (3) Leased assets
For leased assets under finance lease transactions in which the ownership is transferred to the lessee:
The leased assets are depreciated by the same method as used for other property, plant and equipment owned by the Company.
For leased assets under finance lease transactions in which the ownership is not transferred to the lessee:
The leased assets are depreciated by the straight-line method over the leased period and the residual value is zero.

6. Standards for provisions

- (1) Allowance for doubtful accounts: Allowance for doubtful accounts is provided based on the amount calculated from the historical ratio of bad debt for ordinary receivables, and estimated amounts of uncollectible accounts for specific overdue receivables. Specific allowances are provided for the estimated amounts considered to be unrecoverable after reviewing individual recoverability of certain doubtful accounts such as claims provable in bankruptcy.
- (2) Provision for bonuses: Employees' bonuses are recognized as expenses for the period in which those are incurred.
- (3) Provision for product warranties: In order to prepare for future repair costs for products sold, the total of the following amounts has been recorded.
 1. According to the terms and conditions of the warranties, estimated cost calculated based on the past experience and the future warranties estimation.
 2. Estimated amount calculated as recall related costs based on notification to the competent authority.

[Translation for Reference and Convenience Purposes Only]

- (4) Provision for loss on construction contracts: The provision for losses on uncompleted construction of contracts in the Aerospace segment is provided when substantial losses on the contracts are anticipated at the fiscal year end for the next fiscal year and beyond and such losses can be reasonably estimated.
- (5) Provision for environmental measures: In provision for expenses to comply with environmental regulations, the estimated amount to be incurred at the end of the current fiscal year is recorded.
- (6) Provision for retirement benefits: Net defined benefit liability (assets) for employees is provided based on the estimated amounts of projected pension and severance obligation and plan assets at the end of the fiscal year. In determining retirement benefit obligations, the plan's benefit formula is used for attributing expected benefit to periods.
- Unrecognized prior service cost is being amortized on the straight-line method over a period (16 years) that is shorter than the average remaining service period of the eligible employees. Unrecognized net actuarial gain or loss is amortized from the following fiscal year on the straight-line method over a period (16 years) that is shorter than the average remaining service period of the eligible employees.
7. Revenue recognition
- The percentage-of-completion method is applied to recognize revenue from construction contracts of Aerospace division productions where certain elements are determinable with certainty at the end of fiscal year. (The percentage of completion is estimated using the proportion-of-cost method). The completed-contract method is applied to other works.
8. Standard for Japanese yen conversion for significant foreign currency-denominated assets or liabilities
- Monetary assets and liabilities denominated in foreign currencies are translated into Japanese yen at the exchange rates prevailing at each balance sheet date with the resulting gain or loss included in the statement of income of each period.
9. Other principle matters for preparation of the statements
- (1) Method for accounting for retirement benefits
- Accounting method for unrecognized actuarial differences and unrecognized prior service costs are different from accounting methods used for these items in the consolidated financial statements.
- (2) Treatment of consumption taxes
- Consumption tax and regional consumption tax are accounted for by the tax-excluded method.
- (3) Unit of amount
- Unit of amount is displayed by rounded off.
- (4) Application of consolidated tax payment
- Consolidated taxation system is applied.
- (5) Application of tax effect accounting for the transition from the Consolidated Taxation System to the Group Tax Sharing System
- With respect to items affected by transition to the Group Tax Sharing System established in "Law for Partial Revision of the Income Tax Law (Law No. 8 enacted of 2020)" and items for which Stand-Alone Tax Payment System was revised in conjunction with the transition to the Group Tax Sharing System, the Company does not apply the requirement of "Implementation Guidance on Tax Effect Accounting (ASBJ Guidance No. 28, February 16, 2018)", Section 44, in accordance with "Practical Solution on Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System (ASBJ PITF No. 39, March 31, 2020)", Section 3 and records the amount of deferred tax assets and deferred tax liabilities based on the requirements of the tax law before the revision.

[Translation for Reference and Convenience Purposes Only]

(Change in presentation)

Application of “Accounting Standard for Disclosure of Accounting Estimates”

The Company has adopted the "Accounting Standard for Disclosures about Accounting Estimates" (ASBJ Statement No. 31, March 31, 2020) from the financial statements for the current fiscal year end, and includes notes on significant accounting estimates in the financial statements.

Balance Sheet

“Provision for environmental measures” which was included in "Accrued expenses" under "Current liabilities" in the previous fiscal year, is presented as a separate item from the current fiscal year due to its increased materiality. Among the 1,261 million yen included in "Accrued expenses" in the previous fiscal year, 150 million yen was reclassified into "Provision for environmental measures" under “Current liabilities”, and 1,111 million yen was reclassified into "Provision for environmental measures" under “Non-current liabilities”.

(Accounting estimates)

Items for which the amount was recorded in the non-consolidated financial statements for the current fiscal year based on accounting estimates, and which may have a significant impact on the non-consolidated financial statements for the following fiscal year, are as follows.

Deferred tax assets	116,017 million yen
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Deferred tax assets are recognized based on the estimated timing and amount of taxable income based on future business plans. However, since the calculation of deferred tax assets may be affected by changes in uncertain economic conditions and other factors, and the timing and amount of actual taxable income may differ from the estimates. This could cause a significant impact on the amount of deferred tax assets in the non-consolidated financial statements for the following fiscal year.

Provision for product warranties	225,461 million yen
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The Company provides product warranties based on the terms and conditions of warranties granted at the time of product sales, as well as free repair services on an individual basis in accordance with the notification to the competent authorities.

The coverage of product warranties based on the terms and conditions of warranties is determined by the duration, mileage, cause of defects, and other factors in accordance with the terms and conditions of warranties of each country.

The Company recognize estimated warranty costs for the product warranties when the products are sold to customers, based on the terms and conditions of warranties. The estimated warranty costs are recorded based on the best estimates of future occurrences, which are based on the past repair experience and past sales volume for the total cost of repairing or replacing parts due to defects occurring within the warranty period.

The estimated expenses related to the warranty items in accordance with notifications to the competent authority are recognized as provision for product warranties when it is probable that payment will be required, and reasonable estimates can be made of the amount of the obligations. The estimated expenses are recorded based on the best estimate of the repair cost per unit, which is calculated based on past experience with product defects, and the number of units subject to repair, which is calculated based on past experience with product defects.

We believe that we have made sufficient provisions for the warranty costs that we expect to be incurred based on currently available information. However, since the calculation of the provision for product warranties involves the estimate of the warranty costs that would be incurred over multiple years in the future, the actual warranty costs may deviate from the estimates. This could cause the necessity of recording additional provisions for product warranties, and a significant impact on the non-consolidated financial statements.

[Translation for Reference and Convenience Purposes Only]

(Balance Sheet)

1. Accumulated depreciation of property, plant and equipment 625,129 million yen
2. 6,645 million yen from state subsidy, etc. has been directly deducted from the amount of property, plant and equipment reported on the balance sheet.
3. Assets pledged as collateral and secured obligations
 - (1) Assets pledged as collateral

Buildings	578 million yen
<u>Land</u>	<u>521 million yen</u>
Total	1,099 million yen
 - (2) Collateralized loans

Long-term loans-payable	9,020 million yen
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In addition, 33 million yen of land has been pledged as collateral for 2,656 million yen of long-term loans payable and received-guarantee deposited, etc. of affiliates.
4. Monetary claims and obligations to affiliates

Short-term monetary claims to affiliates	251,689 million yen
Short-term monetary obligations to affiliates	421,212 million yen
Long-term monetary claims to affiliates	74,601 million yen
5. Contingent liability
 - (1) Guarantee obligation for loans from financial institutions

Subaru of America, Inc.	22,933 million yen
Employees	4,436 million yen
Subaru Kohsan Co., Ltd.	919 million yen
Subaru Auto Accessories Ltd.	602 million yen
<u>Tan Chong Subaru Automotive (Thailand) Co., Ltd.</u>	<u>155 million yen</u>
Total	29,045 million yen
 - (2) Other contingent liabilities

Based on the modified agreement between the U.S. subsidiary of Takata Co., Ltd. and the National Highway Traffic Safety Administration (NHTSA) of the United States dated May 4, 2016, Notification “Extended schedule of the recalls of airbag inflators manufactured by Takata Co., Ltd.” released by the Ministry of Land, Infrastructure, Transport and Tourism (MLIT) of Japan dated May 27, 2016, and recall policies in other regions including China and Australia in consideration of the request by the U.S. and Japanese authorities, expenses for extension of recall for airbag inflators manufactured by Takata are accrued to the extent that the amount can be reasonably estimated. There is a possibility that additional accrual may be required due to events in the future.
6. The amount of discount of export bill 994 million yen
7. Inventory and the provision for loss on construction contracts for which losses are expected are presented in gross amounts without offsetting. Of the inventory related to construction contracts for which losses are expected, the amount corresponding to provision for loss on construction is 3,666 million yen (all work in process).

[Translation for Reference and Convenience Purposes Only]

(Income Statement)

1. Cost of Goods Sold
"Cost of sales" includes 3,921 million yen of accrued loss on construction contracts.
2. Transactions with affiliates

Operating Transactions	Net sales	1,280,415 million yen
	Purchase amount	362,142 million yen
	Other transactions	31,054 million yen
Non-Operating Transactions	Income	8,331 million yen
	Expenses	1,048 million yen

(Non-Consolidated Statement of Changes in Net Assets)

Type and number of treasury stocks at the end of the fiscal year

Common stock 1,905,130 shares

[Translation for Reference and Convenience Purposes Only]

(Accounting for Deferred Tax)

1. Main sources of deferred tax assets and liabilities

	<u>As of March 31, 2021</u>
	(Unit: Millions of yen)
Deferred tax assets	
Provision for product warranties	68,766
Tax loss carryforward	19,930
Valuation loss on investment securities	9,897
Accrued expenses	9,764
Amount exceeding the limit for provision for retirement benefits	8,496
Depreciation of fixed assets, etc.	5,429
Provision for bonuses	4,425
Inventory	3,682
Amount exceeding the limit for allowance for doubtful accounts	894
Deferred expenses	505
Other	3,182
Subtotal deferred tax assets	134,970
Valuation allowance	(13,564)
Total deferred tax assets	121,406
Deferred tax liabilities	
Valuation difference on available-for-sale securities	(2,725)
Prepaid pension cost	(2,076)
Reserve for reduction entry	(588)
Total deferred tax liabilities	(5,389)
Net deferred tax assets	116,017

2. Breakdown of primary items causing the difference between statutory effective tax rate and rate of income taxes after application of accounting for deferred tax

Notes have been omitted due to loss before income taxes.

[Translation for Reference and Convenience Purposes Only]

(Transactions with Related Parties)

(Unit: Millions of yen)

Status	Name of Company, etc.	Ratio of voting rights	Relationship with related party	Contents of transaction	Amount of transaction (Note 4)	Account titles	Balance at the end of the fiscal year (Note 4)
Subsidiary	SUBARU Finance Co., Ltd.	100% direct ownership	Credit and financing related to SUBARU vehicles and leasing and rental of SUBARU vehicles; Concurrent appointment of corporate officers	Loans receivable (Note 1)	762,827	Loans receivable	156,180
				Repayment of loans (Note 1)	766,746		
Subsidiary	SUBARU of America Inc.	100% direct ownership	Sales of SUBARU vehicles and components; Concurrent appointment of corporate officers	Sales of products	721,869	Accounts receivable	61,229
				Purchase of products	113,572	Accounts payable	9,910
				Acceptance of surplus fund (Note 2)	214,673	Deposit	303,977
				Interest expenses	179		
Subsidiary	SUBARU of Indiana Automotive Inc.	100% direct ownership	Purchasing of production parts for SUBARU vehicles, sales of completed vehicles to SUBARU of America Inc. (SOA) and others; Concurrent appointment of corporate officers	Guarantees (Note 3)	22,933		
				Sales of products	170,721	Accounts receivable	18,818
				Purchase of products, etc.	203	Accounts payable	0
				Acceptance of surplus fund (Note 2)	56,025	Deposit	86,637
				Interest expenses	54		

Transaction terms and policies for determination of transaction terms

(Note 1) Loans to SUBARU Finance Co., Ltd. are determined considering the market rate. No collaterals are received.

(Note 2) Acceptance of surplus funds is a transaction related to the CMS (Cash Management System) operated by the Group. The transaction amount is the average balance during the term. Interest expenses are determined considering market interest rates.

(Note 3) The Company guarantees loans from financial institutions, etc. of SUBARU of America, Inc.

(Note 4) Transaction amounts are exclusive of consumption taxes. Consumption taxes are included in the amount at the end of the fiscal year.

(Per Share Information)

1. Net assets per share 1,247.59 yen
2. Net loss per share (50.38) yen

(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.

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