SUBARU

INTEGRATED REPORT 2025

Integrated Report 2025

INTRODUCTION

One SUBARU

All employees of the SUBARU Group globally are working together to realize our vision of becoming a company "Delivering Happiness to All." By evolving the value of "Enjoyment and Peace of Mind" throughout our business activities, we hope to continue to be a company that brings happiness to our customers, shareholders, and all other stakeholders, as well as to society and the earth.

On Publication

Every year SUBARU publishes an integrated report that combines financial and non-financial information so that a wide range of stakeholders, including shareholders and investors, can deepen their understanding of the Group.

In order to realize our vision of "Delivering Happiness to All" and achieving an enjoyable and sustainable society, along with the sustainable growth of the Group, this Integrated Report 2025 has been compiled to deepen understanding of the initiatives that the entire Group is focusing on, as well as the strengths and management infrastructure that we have developed over the years.

Since the announcement of the SUBARU New Management Policy in August 2023, the environment surrounding the Company has changed significantly. In this report, we have again included the progress of and underlying approach to our flexible and expandability "Monozukuri Innovation" and "Value Creation" initiatives, and a message from the CXO on the future direction and vision of the Company. With respect to our relationship with customers, which is the most important element in our value creation efforts, we also strive to help our customers better understand our value creation story with an explanation of this relationship that includes stakeholders feedback. We are also working to expand disclosures throughout the integrated report, such as by expanding information on the six capital initiatives to enhance corporate competitiveness as well as the disclosure of our activities for governance and respect for human rights representing the management infrastructure.

We have recently evolved the Six Priority Areas for CSR to the Six Priority Areas for Sustainability. We aim to create even greater social value and economic value through the contribution to achieving sustainability of society and the SUBARU Group by further leveraging our values and strengths, not just from a CSR perspective. We will utilize this report as one of our tools for communicating with stakeholders, further enhancing our information disclosure going forward. We intend to use your frank and honest feedback in a way that benefits the sustainable growth of the SUBARU Group.

Reporting System

The SUBARU Group discloses various information to engage in communication with all stakeholders. In addition to this report, information can be obtained from the introductory content on our website, which provides an overview of the SUBARU Group's values and value creation, as well as from the Sustainability Website, where ESG-related information is comprehensively disclosed in accordance with international disclosure standards.

Corporate Profile

Investor Relations

- **Financial Results**
- **Annual Securities Report** (in Japanese only)
- **Notice of Convocation of the General Meeting of Shareholders**
- **Corporate Governance Report**

Sustainability

Scope of Reporting
SUBARU CORPORATION

* In this report, the "SUBARU Group" and "the Group" refer to the SUBARU Group; "SUBARU" and "the Company" refer to SUBARU CORPORATION; "affiliated companies" and "affiliates" refer to SUBARU's subsidiaries in Japan and overseas, including dealerships in the Automotive Business; and "Group companies" refers to SUBARU's subsidiaries in Japan, excluding dealerships in the Automotive Business.

Reporting Period
April 1, 2024–March 31, 2025

* Some information provided may be from outside the reporting period.
* The departments, titles, etc., of the people introduced in this report are as of the time of writing.

Guidelines Referenced
Guidance for Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation, Ministry of Economy, Trade and Industry

International Integrated Reporting Council (IIRC)'s International Integrated Reporting Framework

Terminology used in Integrated Report 2025

- SIA: Subaru of Indiana Automotive, Inc.
- SOA: Subaru of America, Inc.
- BEV: Battery Electric Vehicle
- HEV: Hybrid Electric Vehicle
- ICE: Internal Combustion Engine
- AWD: All-Wheel Drive
- CXO: Chief X Officer

Production Process
We began issuing our integrated report in FYE March 2022, and are consistently striving for improvements in the annual publication.

1. After issuing our integrated report, we actively seek candid feedback from both internal and external stakeholders, with a particular focus on institutional investors. We also submit our report for evaluation by an outside organization.
2. Considering the feedback and evaluation, the secretariat develops the editorial policy for the upcoming fiscal year and seeks approval from the Sustainability Committee, which is composed of all executive officers.
3. Each department then collaborates with the secretariat to compile the report based on the approved strategy.
4. The report is presented to the Sustainability Committee and the content is verified by the executive officers of each department before publication.

Disclaimer Regarding Forward-Looking Statements
Statements herein regarding plans, strategies, and other information that are not historical facts are assumptions, judgments, and forecasts based on information available at the time of creation, and are subject to various risks and uncertainties. Actual results may differ materially from these statements due to changes in economic conditions surrounding the Company and its Group companies, fluctuations in demand and exchange rates, and other factors. Final investment decisions shall be made by investors themselves based on their own judgment and responsibility in light of the above factors. Please note that the parties providing the information in this report regarding the Company and its Group shall not be liable for any loss or damage incurred as a result of investment based on the information contained in this report.

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Our Path to Today

Founded

Chikuhei Nakajima establishes Aircraft Research Laboratory

1917

Established

Establishment of Fuji Heavy Industries Ltd.

1953

Paid-In Capital[1]

153.8 billion yen

Number of Employees (consolidated)[1]

37,866

Automotive Business

The manufacture, sale, and repair of passenger cars and their components

Aerospace Business

The manufacture, sale, and repair of airplanes, aerospace-related machinery, and their components

Production Sites

Automobiles
2 operating locations
Gunma (Japan), Indiana (U.S.)

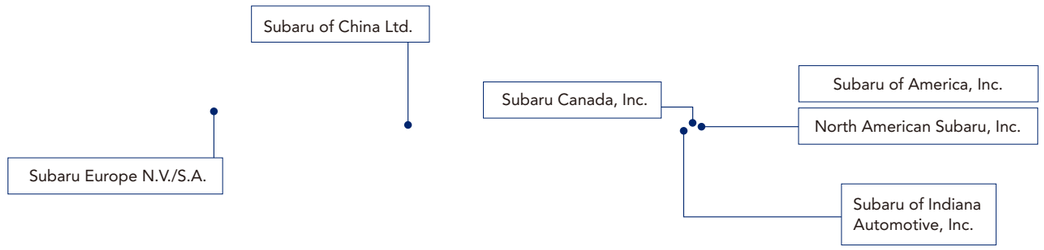
Aerospace
2 operating locations
Tochigi, Aichi (Japan)

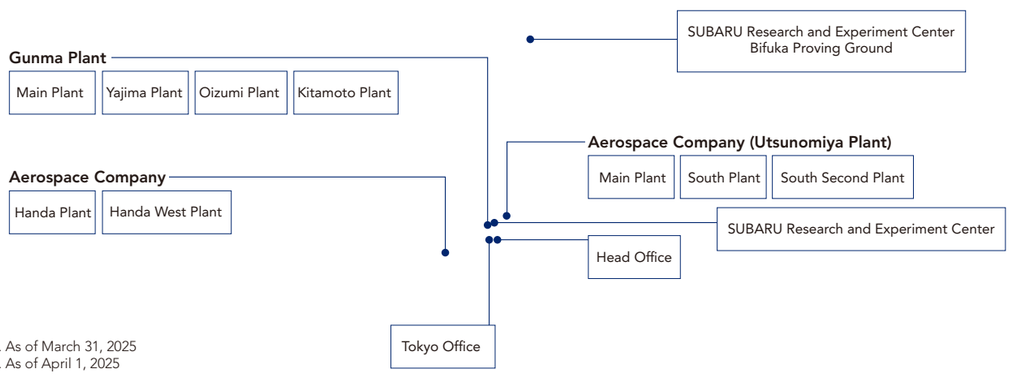
Affiliated Companies[1]

89

Automobile Sales Network[2]

432 locations in Japan
Plus locations in approximately **90** countries and regions





1. As of March 31, 2025
2. As of April 1, 2025

Performance and Financial Soundness

Consolidated Performance[3]

Revenue
4,685.8 billion yen

Operating profit
405.3 billion yen

Operating Margin[3]

8.6%

ROE[3]

12.8%

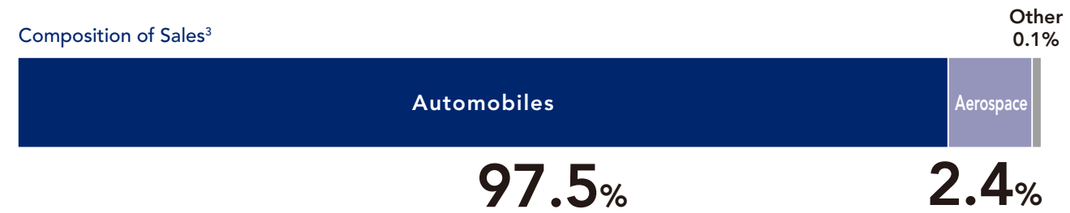
Equity Ratio

53.3%[3]

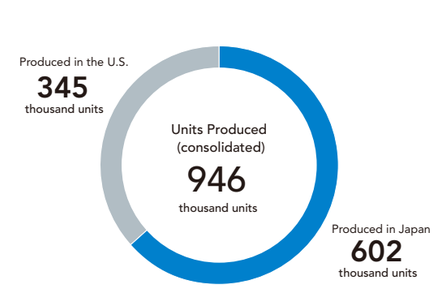
Issuer Rating
A-
Rating and Investment Information, Inc.
As of December 18, 2024

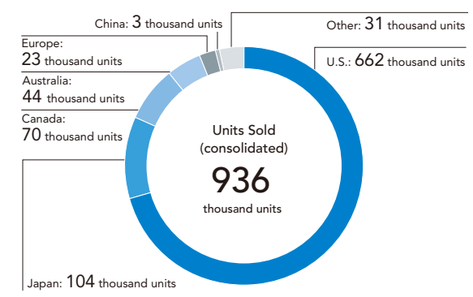
Businesses

Composition of Sales[3]



Ratio by Region[3]





Industry Share[4]

U.S. Market Share
Approx. **4.1%**

Global Share
Approx. **1%**

3. FYE March 2025
4. For 2024 (calendar year)

Toward a sustainable society, created together with our stakeholders Leveraging the strength of "One SUBARU," we bring people and society together with smiles.

Atsushi Osaki
Representative Director, President
CEO (Chief Executive Officer)

Enhancing flexibility and agility to navigate rapid environmental changes

A considerable amount of time has already passed since the automotive industry began to be described as entering a once-in-a-century transformation. In particular, the non-linear transformation and the pace of developments over the past two years since I assumed the role of President have exceeded our expectations. Even looking at just the past year, the entire automotive industry has faced unprecedented upheaval. Even amid such highly uncertain conditions, SUBARU has maintained a steady corporate direction while, over the past two years, significantly enhancing its agility and ability to respond swiftly—leveraging the scale of the company to evolve these capabilities. Looking ahead, it is both our mission and my responsibility as CEO to further enhance our flexibility and expandability, and to continue delivering optimal products to our customers through resilient Monozukuri (manufacturing) and value creation.

Since joining the Company, I have consistently adhered to a hands-on, on-site approach. Through my career in design, manufacturing, and quality assurance, I have always gone directly to the field to seek answers whenever I encountered challenges or obstacles. Even after assuming the role of President, I make it a priority to visit the field whenever possible, listening firsthand to our Group employees and the voices from production, development, and sales sites around the world. These insights serve as the starting point for my management decisions. Over the past two and a half years, I have repeatedly seen firsthand that the answers lie in the field. Going forward, we will continue to value insights from the field and make management decisions with speed, even amid a rapidly changing environment.

Breaking down organizational barriers —achieving overall optimization and speed through the CXO structure

When I first became President, I recognized a challenge: despite not being one of the largest companies in the automotive industry, our organization faced many internal barriers. In an era of rapid change, I believed it was essential to remove these barriers and unite as one, leveraging our nimble company size to make decisions from an overall optimization perspective and act with speed. From this vision, we launched the "Becoming One SUBARU" initiative.

In 2024, we established the Innovation Hub at the Gunma Plant, creating a space where members from all divisions, as well as partner companies and suppliers, can collaborate and freely discuss across the entire engineering chain, from planning and design to development, procurement, and production technology. This has strengthened connections both within and outside the Company, significantly enhancing our speed and flexibility.

Subsequently, we identified five priority themes and appointed Chief X Officers (CXOs), establishing a structure with strong authority to drive cross-organizational initiatives. Today, this leadership structure with five CXOs is functioning extremely effectively. It facilitates organic connections between divisions that previously had limited communication, implementing initiatives and systems that have, as a result, significantly accelerated the speed of product development. Building on these achievements, in FYE March 2026, we appointed a Chief Logistics Officer (CLO) and a Chief Human Resources Officer (CHRO). Going forward, we will further strengthen the system that enables CXOs to collaborate both vertically and horizontally, adapting to the objectives and progress of each project.

We view "Becoming One SUBARU" not merely as an organizational reform, but as an evolution of our corporate culture to continuously adapt to change. United by a shared vision, our Group employees will cherish connections between people and continue delivering SUBARU's unique value to society.

Fostering a culture that encourages challenges —organizational reforms to unlock the potential of our people

At the core of SUBARU's value creation are our people. Looking ahead, tackling the unknown is essential for shaping the future, and the driving force behind these challenges is the strength of each and every employee. Our employees have a deeply rooted sense of diligence and integrity; however, it is also true that concerns about failure and hesitation to seek support have, at times, made it difficult for them to take the first step toward new challenges. For this reason, under the concept of "Becoming One SUBARU," over the past year we have worked on initiatives such as establishing organizational structures that promote cross-departmental communication and strengthening human resources measures. In addition, management has actively engaged with employees, encouraging their challenges and recognizing failures, fostering a culture that further supports and motivates taking on new initiatives. As a result, I feel that the number of employees willing to take on challenges, particularly among younger staff, has steadily increased. A culture that embraces both challenge and failure is gradually taking root within SUBARU.

The same thinking guided our decision to evolve one of the Six Priority Areas for Sustainability, "Diversity," into "Diversity, Equity & Inclusion (DE&I)." At SUBARU, we are proud to have many talented individuals full of potential, bringing diverse perspectives and creative ideas. By unlocking the seeds of potential in each individual and nurturing them collectively, we generate innovation. I believe that cultivating a culture to sustain this cycle is a fundamental mission of management.

Challenges that shape the future —our commitment to see them through as "One SUBARU"

We have long been preparing to realize our initiatives in "Monozukuri Innovation" and "Value Creation." At the same time, the reality is that there are many aspects of implementation that can only be understood by taking action. As "One SUBARU," all Group employees will unite to take on challenges and see them through to completion. As the Company's leadership, I will strive to amplify the growing wave of change while inspiring motivation to create the future together.

New challenges in increasingly advanced and complex vehicle manufacturing

The SUBARU Group is firmly committed to "Monozukuri Innovation," combining flexibility and expandability, in line with the New Management Policy announced in August 2023. We will provide further details in the future, but we already feel that "Monozukuri Innovation" is taking root rapidly. In pursuit of a carbon-neutral society, we have taken a decisive turn toward battery electric vehicles (BEVs), choosing this path based on our resources and opportunities. Although BEV demand has recently plateaued, our view remains unchanged that BEVs will continue to be central in the medium to long term. The challenge of planning and developing new BEVs with vehicle structures vastly different from conventional internal combustion engine (ICE) models, and beginning production at new factories built from scratch on undeveloped land, represents a major turning point in "Monozukuri Innovation," moving beyond traditional frameworks and giving us a competitive edge over other companies. Going forward, we aim to extend the elements of "Monozukuri Innovation" pioneered with BEVs to our ICE-based products as well.

Value creation leveraging SUBARU's unique, strong relationships with our customers

Under the New Management Policy, another key initiative is "Value Creation." We have defined the value we want to provide our customers as "Enjoyment and Peace of Mind." However, the moments and opportunities when customers experience this "Enjoyment and Peace of Mind" differ for each individual. For this reason, we place the highest priority on initiatives that stay close to our customers. Our strength lies in the deep connections we maintain with our retailers and customers. During the period that customers own their vehicles, we strive to ensure their appeal remains intact and foster long-term relationships, challenging ourselves to create new value based on the concept of "retaining value." To achieve this, we will further increase customer touchpoints, incorporate their feedback into product development, and apply it to post-purchase services as well. Accordingly, we reorganized our after-sales division to strengthen the system.

Turning "Enjoyment and Peace of Mind" into a foundation for a sustainable society

SUBARU aims to achieve a balance between realizing a sustainable society and the sustainable growth of the SUBARU Group, leveraging its corporate value and strengths to the fullest. Guided by this vision, in FYE March 2025 we expanded the Six Priority Areas for CSR into the Six Priority Areas for Sustainability. Going forward, we will place greater emphasis on social value in all aspects of our corporate activities and expand the scope of our initiatives to encompass all stakeholders.

In the "Peace of Mind" area, one of the Six Priority Areas for Sustainability, we are advancing initiatives aimed at achieving zero traffic fatalities by 2030. While this is a highly important challenge in addressing this social issue, there are, in reality, many hurdles to overcome. For example, in cases such as collisions involving vehicles driving the wrong way or being trapped between large vehicles, it is difficult to achieve zero fatalities through SUBARU's products and technologies alone. It is possible to enhance safety by equipping vehicles with numerous sensors, but the resulting increase in cost could hinder widespread adoption. That is why we view the installation of safety technologies in all models at an appropriate price as a key challenge, and we are working to promote the wider adoption of vehicles equipped with such technologies by leveraging the technical capabilities we have built over the years. In addition, we aim to realize a sustainable society by mobilizing the entire company to help reduce traffic accidents across society as a whole—through collaboration with other companies, partnerships in infrastructure development*, and initiatives to raise public awareness of traffic safety. We believe that "Peace of Mind" extends beyond ensuring safety—for example, encompassing the sense of being cared for through connected technologies and the ongoing relationships with local dealerships. SUBARU aims to foster a sustainable cycle that values human connections and drives initiatives that benefit society.

* On June 24, 2025, Kajima Corporation and Subaru Corporation
Launch Real-World Demonstration Tests of Cooperative Vehicle-Infrastructure Autonomous Driving Using Optical Fiber Sensing Technology
https://www.subaru.co.jp/news-en/2025_06_24_140859/

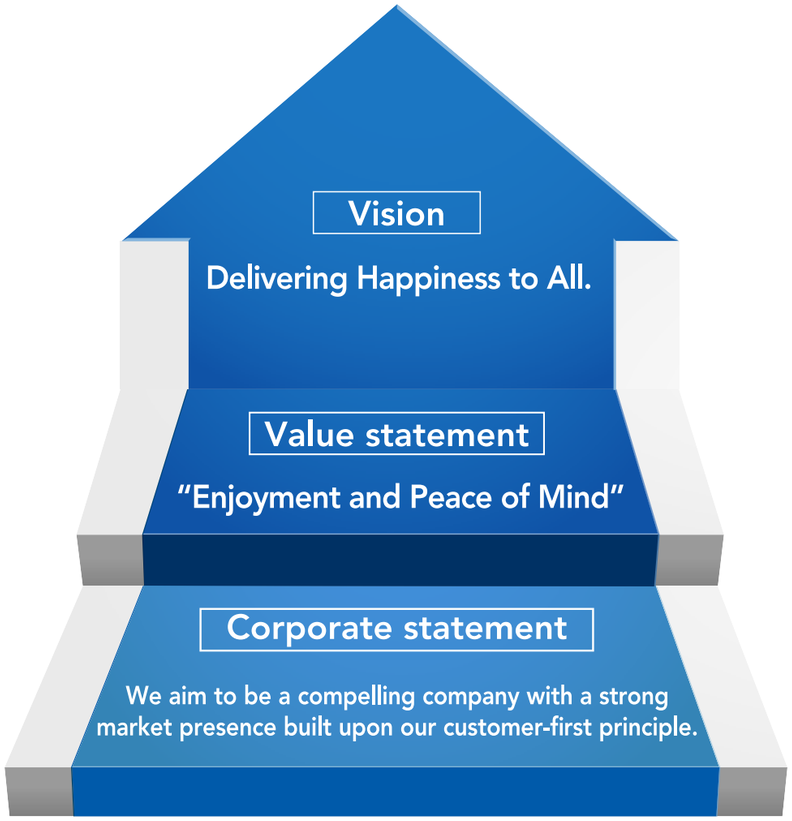
To our stakeholders

By ensuring that customers can enjoy their SUBARU vehicles for many years, we not only enrich their lives but also offer a choice that is gentle on society. Going forward, we will continue to build a better future together with all of our stakeholders.

Since assuming the role of President in 2023, I have implemented initiatives to strengthen our ability to respond with flexibility and resilience in these turbulent times. These efforts have steadily been embedded and have now moved into the execution phase. Looking ahead, we will continue to take on the challenge of creating new value as "One SUBARU." Without yielding to difficult circumstances, we trust in the capabilities we have built and forge ahead to shape the future. This spirit embodies the unchanging essence of SUBARU and our promise to build the future together with all our stakeholders. Please look forward to what's ahead.

Delivering Happiness to All

Our vision of becoming a company "Delivering Happiness to All" is inspired by the very happiness we have perceived in our customers' behavior and feedback, which we cherish in the deep relationships we have with them. We will put these customers who have nurtured the SUBARU brand first, and continue to pursue our goal of delivering happiness to people, society, and even the Earth.



Outstanding stability, even on snowy roads, makes for a fun drive.
Even after eight years, it feels like a partner that will be with me much longer than that.

Commuting, traveling, driving—whatever the occasion, my time on the road is so comfortable and enjoyable that I often find myself just cruising along without any particular destination.
That's the kind of partner my Outback is to me.

Subagaku (SUBARU community website available in Japanese only)
https://community.subaru.jp/

Dear Subaru,
https://www.subaru.com/owners/dear-subaru.html

welcome to uncommon
https://www.youtube.com/playlist?list=PLjDqOMK-xK1_y7W9Qgkqh6U1sQgL_ChN6

Accumulated Strengths and Business Model

Universal Philosophy	• Human-centered Car Making
Business Model	• Strengthening Competitiveness through Selection and Concentration of Management Resources
Most Important Market	• Initiatives in the U.S. Market

Human-centered Monozukuri

SUBARU has defined its value statement for customers as "Enjoyment and Peace of Mind." We believe that peace of mind is realized only when safety and trust in the brand is achieved. Enjoyment is built on peace of mind, and encompasses the pleasure of driving as well as the enjoyment of travel by car and the enjoyment of life in general with a car. We also believe that the SUBARU brand's promise to customers is to provide enjoyment and peace of mind even in the age of electrification. With this in mind, we are continuously advancing our safety technologies.

The universal philosophy underpinning our car-making is to focus on people and pursue safety. This idea can be traced back to our DNA and origins as an aircraft manufacturer. The most important aspect of aircraft development is safety. The required safety performance and technical standards to prevent emergencies are extremely high, and we took the approach of pursuing people-focused aircraft design to achieve this. This philosophy of prioritizing safety above all else has been passed down from generation to generation in our development of vehicles. SUBARU's DNA is the consistent pursuit of high levels of safety, excellent driving performance, and rational design in every era.

Constant Refinement of Safety Technologies

Ever since before the SUBARU 360 was released in 1958, we have long been committed to developing vehicle bodies for collision safety in order to effectively absorb shock from collisions in all directions and protect the driver and passengers with a cabin structure of robust strength. At that time, safety was not yet considered an important value of vehicles, and even the concept of Passive Safety was not common. Yet, we voluntarily began frontal collision tests in 1965. Even without crash test dummies, our engineers conducted their own research on the vehicle's body structure and the impact of collision on the human body, pursuing better Passive Safety through trial and error, one step ahead of the time. Since then, based on the safety concept of protecting not only the driver but also passengers and pedestrians, we have continued to develop proprietary Passive Safety technologies. In this process, we have accumulated various types of Passive Safety data, including overturn and rear-end collisions, as well as designed vehicle structures that prevent the engine from penetrating the cabin in a frontal collision and have a space to absorb impact if a pedestrian were to come into contact with the hood.

Moreover, under our overall safety philosophy, we are continuously pursuing innovations in the basic design of vehicles to provide a clear, useful, and comfortable space where the driver can concentrate on driving easily, as well as basic performance in driving, turning, and stopping. Driving performance means more than simply delivering enjoyment. It is an important factor in increasing safety. It enables safe hazard avoidance in the event of an accident and stable, normal operation in various weather and road conditions.

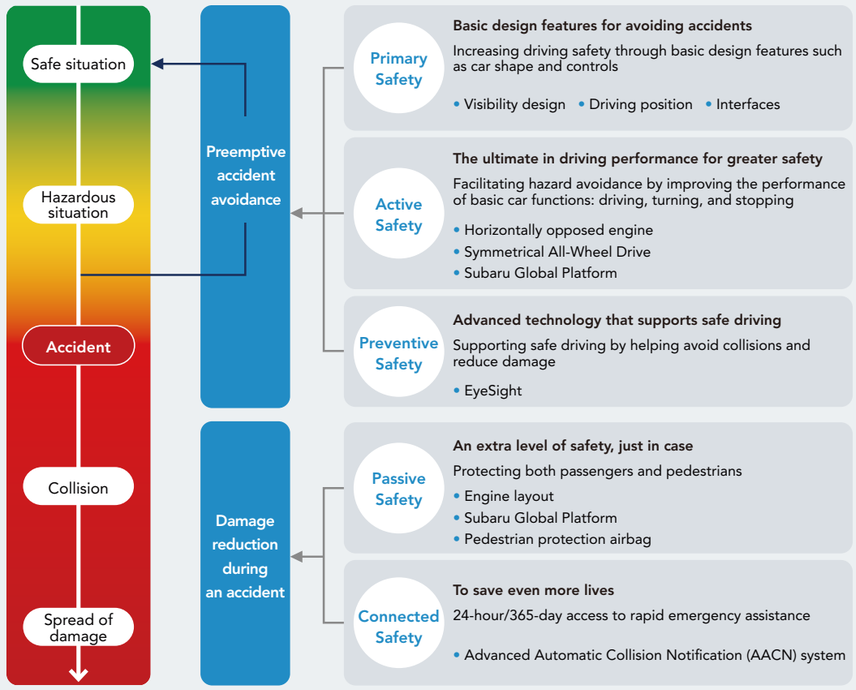
In addition to these efforts, we have been developing driver assistance systems using stereo cameras and radar for more than 30 years, leading to the development of EyeSight and other advanced safety technologies. EyeSight uses stereo cameras for recognition and control to perform its primary functions. The cameras constantly monitor the road ahead and can measure distances in a way similar to human vision. It offers superior recognition capabilities, identification of vehicles, pedestrians, and lane markings, while providing wide viewing angles, long detection ranges, and accurate brake lamp identification through color imaging. The software, which functions as the "brain" of the system, takes this information and the state of the vehicle's operation to determine the necessary controls, resulting in the execution of these in a manner that fits the situation like the "hands and feet" of each vehicle unit. The new-generation EyeSight uses newly developed stereo cameras with a much wider field of view and enhanced software to enable more precise recognition of the traffic conditions and a wider range of responses in various situations at intersections. Models equipped with a wide-angle single lens camera, electric brake booster, and four front and rear radars provide 360-degree sensing to support collision avoidance in a wider variety of situations, even in low-visibility conditions. Furthermore, the acceleration or deceleration function for following a vehicle ahead and steering assist have been refined for smoother and more natural control. This has evolved EyeSight into a driver assist system that can be used with even greater confidence.

Achievement of Zero Fatal Traffic Accidents in 2030

SUBARU is working to achieve zero fatal traffic accidents* in 2030. SUBARU will enhance the safety performance of its cars from every perspective as we aim to achieve zero fatal traffic accidents in 2030. We will do this by making the five areas of Primary Safety, Active Safety, Preventive Safety, Passive Safety, and Connected Safety even better.

* Zero Fatal traffic accidents among occupants of Subaru vehicles and people involved in collisions with SUBARU vehicles, including pedestrians and cyclists.

SUBARU's All-Around Safety



Strengthening Competitiveness through Selection and Concentration of Management Resources

To maintain our earnings power and achieve sustainable growth in a highly competitive environment, it is of utmost importance that customers recognize SUBARU's unique value. It is also vital to implement detailed strategies for differentiation and creating added value. By focusing on fields and markets where we can leverage our strengths and strategically allocating limited management resources, we have enhanced added value and strengthened our competitiveness, while at the same time refining the SUBARU brand.

Business Focus Areas

Our priority is not simply expanding our business. Instead, we concentrate our business resources by focusing exclusively our focus to automobiles and aerospace, where we can best utilize the technologies and know-how we have built up over the years.

Automotive Business

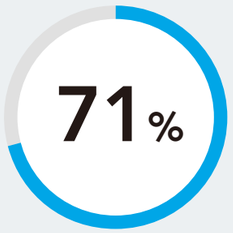
Aerospace Business

Industrial Products Business — FYE March 2018 Discontinued

Sanitation Truck and Wind Power Business — FYE March 2013 Transferred

Railcar and Bus Business — FYE March 2004 Transferred

Market Focus

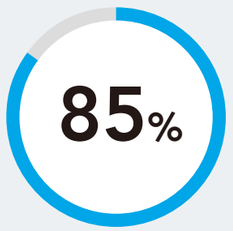


U.S.: **662** thousand units

Note: Consolidated sales for FYE March 2025

We consider the U.S. as our most important market and concentrate on other developed countries with mature motorization.

Product Focus



SUVs: **820** thousand units

Note: Retail sales for FYE March 2025

Development and production of minicars ended in 2012. We are leveraging our technological strengths to enhance size and design, concentrating on the SUV segment, which is convenient for daily life as well as active life and has a high affinity with customers, especially in the U.S. market.

Initiatives in the U.S. Market

In the U.S. market, our most important market, retail sales exceeded the previous year's results for 12 consecutive years from 2008 to 2019, while sales volume grew rapidly by about 3.7 times over this same period. This growth was driven by initiatives to develop products tailored to U.S. market needs, establishing a strong sales foundation.

In 2025, our goal is to reach sales of 675,000 units (up 1.1% year on year), and over the medium to long term, we will work to grow our market share to 5%.

① Love as a Key to Communication

SUBARU's unique AWD technology has earned a strong reputation for enabling our cars to handle snow-covered roads in the snowbelt with ease. In addition, SUBARU vehicles are widely recognized as enjoyable cars that provide a high level of stability and peace of mind in a wide variety of environments, including ordinary roads, unpaved roads, and rainy weather, even outside the snowbelt, thanks to high third-party ratings for Passive Safety performance. While customers experience SUBARU's safety and value in different ways, what truly makes SUBARU unique is that many express genuine "love" for their vehicles. With love as the keyword, we have been engaged in the Love Campaign, a marketing campaign that asks customers about their life with their SUBARU. It creates a personal story for each customer, deepening their attachment to SUBARU as a unique expression of individuality and encouraging them to share this passion with others. This deepened attachment and resonance have led to the strength of the SUBARU brand.

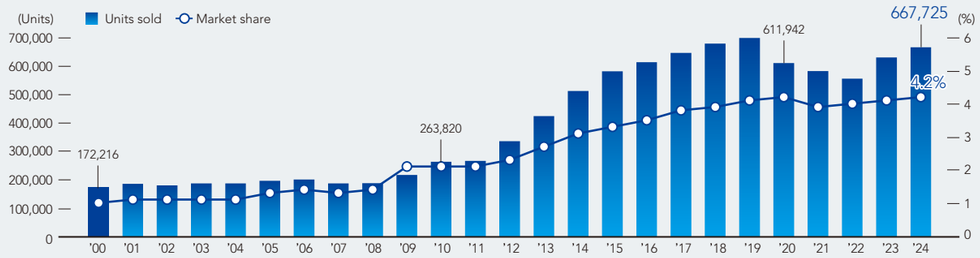
② The SUBARU Group's Strong Sales Network

We refer to the businesses that meet customers in-person and provide our products and services as "retailers" instead of "dealers." As members and representatives of the SUBARU team, they work with each customer in each region with sensitivity to their feelings and values. Since retailers are important partners to us, we have focused on supporting their activities, from new car sales to after-sales service, and have grown together with them. Through these efforts, we have built a strong trust and deepened ties with those who share SUBARU's intended direction, resulting in our competitive advantage in the U.S. market. As of March 31, 2025, we have a total of 641 retailers, with plans to expand this to approximately 650 in the future. However, rather than simply increasing the number of retailers, we are prioritizing profitability by expanding sales per existing retailer, followed by reinvestment from retailers into the SUBARU business.

③ SUBARU's Unique Initiatives: Committed to Customers and Communities

In addition to products, each retailer is rooted in the local community, and each staff member carefully builds relationships with customers, which fosters trust, resonance, and love for the SUBARU brand and leads to SUBARU's growth. Our Love Promise is tailored to local communities to realize a better society together with our retailers, with the vision that everyone involved with SUBARU will feel love and respect. This initiative helps our customers understand the retailer's thoughts and attitude toward the community and each staff member's personality and values, fostering a stronger and deeper relationship of trust. Participation in the Love Promise helps to motivate each staff member and to recruit and retain human resources. Today, more than half of our retailers have now signed on, resulting in even larger activities that utilize local networks. Love Promise has come to generate more significant impacts both internally and externally. The relationship between SUBARU, retailers, and customers is what gives us our distinctive presence that sets us apart from other brands, and an important element in generating SUBARU's uniqueness.

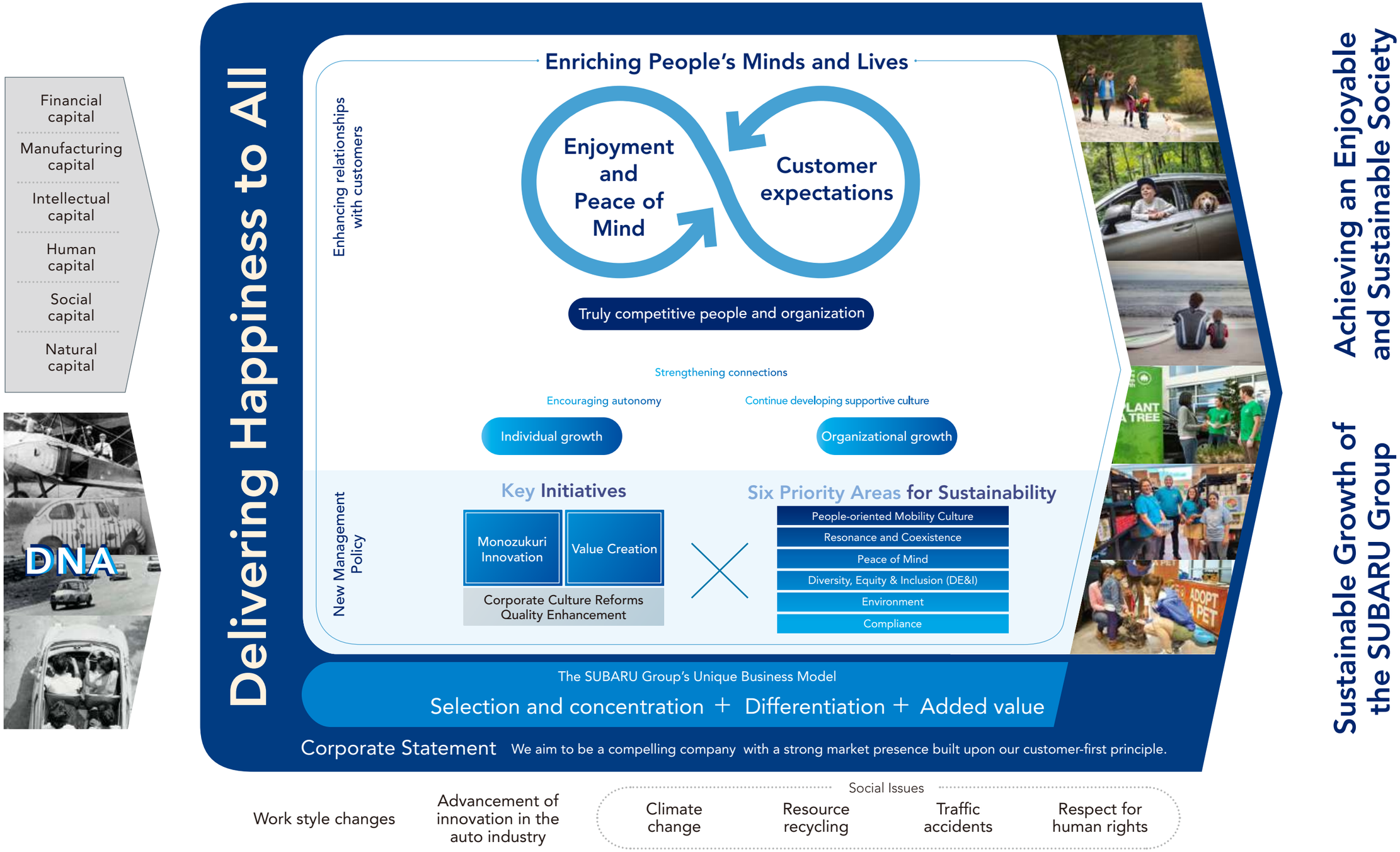
SUBARU Retail Sales in the U.S. Market



Value Creation Process

At SUBARU, we hope to enrich the lives and minds of all people connected to our Group, with a vision of becoming a company "Delivering Happiness to All."

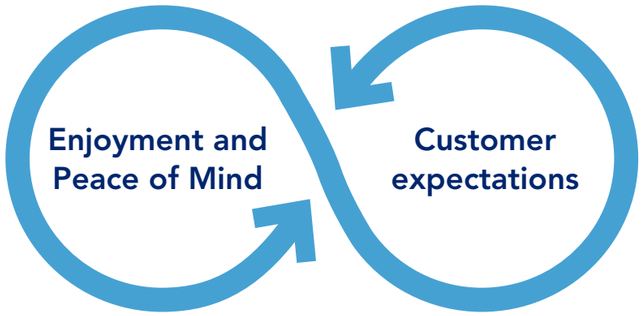
With its DNA as an aircraft manufacturer and based on our human-centered approach to Monozukuri, we are committed to nurturing relationships with our customers by staying close to them and continuing to provide product at the core "Enjoyment and Peace of Mind." The driving force for making this a reality has always been our human resources. The SUBARU Group's sustainable growth and the realization of an enjoyable and sustainable society will be powerfully driven forward by truly competitive people and organizations, created from growth of both individuals and organizations.



Enhancing Relationships with Customers

SUBARU's strength lies in the deep connections it forges with customers. In addition to each customer's attachment to their SUBARU vehicles, the affinity created through the connection between the customers and retailers, as well as the connections among customers and with the local community, all based on the product and SUBARU, leads to trust and fosters deep relationships with customers that stand apart from our peers.

We have defined our value statement for customers as "Enjoyment and Peace of Mind." "Peace of Mind" is established only when there is a sense of trust in the brand that customers feel from the quality and their experience at the retailer, as well as how the company resolves social issues and its contribution to the revitalization of the local economy, in addition to the safety of our vehicles. We believe that "Peace of Mind" is a prerequisite of "Enjoyment"—not only the enjoyment of owning and driving a SUBARU but also the enjoyment of traveling by car, the enjoyment of life with a car in general, and the enjoyment of connecting with the SUBARU brand in day-to-day life and the enjoyment of sharing this with friends. With this value statement in mind, all Group companies and employees engage in a number of initiatives in anticipation of various positions and situations while regularly asking themselves, "Do our business activities resonate with customers and do customers feel affinity?" and "What can we do for our customers, shareholders, suppliers and local communities?"



The Starting Point of Our Relationships with Customers

Over the years, we have fostered relationships with our customers focused on our products. SUBARU, which has its roots in the aircraft business, believes that the most important basic performance of a car is safety. In the development of aircraft, "safety" was the top priority, and together with pilots as the user, we carefully created aircraft that performed according to pilot feedback and expectations. Car-making that considers the driver, meets their needs, and appeals to their emotions is a philosophy passed down from SUBARU's predecessor.

SUBARU 360, which was released in 1958, was the first mass-produced minicar to accommodate four adults, and was the starting point of the family car. It provided the "enjoyment" of going out with the family, and was more than just a means of transport. In Japan, it was a time when automobiles were still an object of adoration and out of reach of many. Yet, SUBARU pioneered the motorization of Japan from starting from zero, conceiving the ideal packaging, reducing weight to provide ride comfort and performance, and minimizing costs, leveraging technologies such as a frameless monocoque structure that harnesses aircraft technology and reinforced plastic materials.

As exemplified by the Leone, the first mass-produced AWD passenger car in Japan, the Legacy, which led the station wagon boom, the Outback and the Forester, which created a new crossover SUV category, and the EyeSight driver assistance system, SUBARU has continuously created unique new value based on innovative, free thinking, combined with unique proprietary technologies, mainly in safety technology and AWD, and the ability to meet customer expectations.

SUBARU's Value Among Customers

While the values that customers hold in cars and their preferences have grown more complex with the changing times, SUBARU has always been close to its customers, understanding their driving needs and expectations in the real world, and continuing to refine its proprietary technologies and products toward these ends. By repeating the cycle of enhancing the value of products and their functions, we have gained the affinity and trust of our customers.

The long-term result of this cycle has made SUBARU an important part of our customers' lives, and they often tell us about their lifestyles, experiences, and affinity using words that describe their SUBARU vehicle as a part of their lives. For example, not just safety and peace of mind but also in the feeling of caring for important family and friends beyond that, the fact that their SUBARU vehicle is more than just durable and long-lasting, it is always there with them as well as their family and friends creating important memories in life and leisure, translates functional value into emotional value.

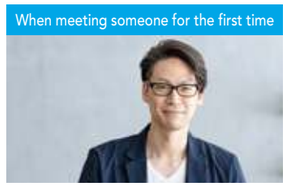
Survey results have shown that many customers chose SUBARU by word of mouth from family or friends. With the rise of the internet and social media, the affinity for the SUBARU brand and its products is now generated even more from the posts of each customer who praises their SUBARU vehicle not just as a means of transport but also for the product and the functional value it brings. This results in SUBARU occupying a cherished presence in the hearts of its customers.

The Voice of Customers as Driving Force

There are many situations where our employees come into contact with the voice of customers. Why do customers have such a passion for SUBARU? It is the job of each and every employee of the Group to continuously pursue the answer. As shown below, the customer experience outside of the retailer gives each employee confidence and serves as the driving force behind our work, including car manufacturing.

Some Situations SUBARU Employees Have Come Across

When meeting someone for the first time

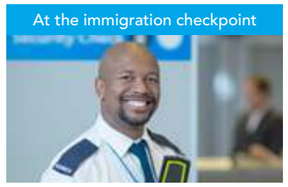


My father is on his third SUBARU.

From a research company

It's always fun to talk with SUBARU customers. Their response rate is really high.

At the immigration checkpoint



Do you work at SUBARU? My friend loves the WRX.

SUBARU Moments

I feel like I ought to park next to the other SUBARU.

- People who I meet for the first time start talking about SUBARU and their memories with SUBARU.
- When research companies interview SUBARU customers, many of them speak with a passion. They often receive feedback, such as the survey response rate is high.
- When they meet a SUBARU employee at the immigration checkpoint, many examiners will take longer than normal, asking questions about SUBARU vehicles, such as "I have a friend who drives the WRX. It's a great car!" or "When will the new model come out?
- SUBARU vehicles can sometimes be seen clustering together in parking spaces at shopping malls and restaurants, or politely yielding the road to one another.

Our Goals of Being More Than a Car Company®: Love Promise® Initiatives

In the U.S., we and its participating retailers work together to make the world a better place all year-round with our motto "Do the right things." Customers who share our values and actively support these activities will not be content with ensuring their own happiness. Instead, they are deeply concerned about society and global resources, and they are making the effort to act in an altruistic way, including helping those in need, and want to improve society and the environment. In many cases, our customers become our teachers through the various activities we implement to improve society. These ongoing initiatives allow us to build stronger and deeper relationships with them.

Launch of Programs with Love as the Keyword

In the U.S., a key SUBARU Group market, we have been conducting our Love Campaign since 2008. Every day, SOA receives messages from customers saying things like, "I love my SUBARU." What really stands out is that so many people use the word "love" to express their feelings about their SUBARU. Launched with love as the keyword, the Love Campaign involves a variety of initiatives that are closely attuned to customer feelings and values. That approach is especially represented during the year-end holiday season by the Share the Love Event® campaign. Large discounts are the norm during the season, but the Share the Love Event® gives customers who buy a SUBARU vehicle during this period the chance to have SUBARU donate on their behalf to a charity of their choice. This program is closely attuned to the sensibilities of customers who are committed to community engagement, and has been running for the 17 years from 2008.

Total of more than U.S. $320 million donated to approximately 2,700 local and regional charities nationwide since 2008 in partnership with retailers[1]

Evolution from Love Campaign to Love Promise–An Initiative That Makes Us More Than a Car Company

The Love Campaign began as a sales promotion initiative, and over the past 17 years has grown into a more significant activity that makes use of community networks built through collaboration with more than 640 retailers across the U.S.

SOA and retailers are participating in the Love Promise Community Commitment based on a core belief in helping those in need through charitable efforts, and the concept that everyone connected with SUBARU should feel loved and respected. Focusing on initiatives in five areas of interest, we are making the world a better place through activities for the communities and regions that each retailer calls home. Specifically, in addition to the four organizations[1] that SOA partners with, retailers independently support community and regional organizations.

Love will guide our aspirations to transcend what it means to be an automaker with programs to link customers, SUBARU vehicles, and life and lifestyles.

1. These four national charities are SUBARU's partners during the Subaru Share the Love Event: The ASPCA® (The American Society for the Prevention of Cruelty to Animals®), Make-A-Wish, Meals on Wheels, and the National Park Foundation.

Love Promise® Initiatives in Five Areas

Subaru Loves the Earth®	Subaru Loves to Care®	Subaru Loves to Help®	Subaru Loves Learning®	Subaru Loves Pets®
Activities to protect the Earth	**Support for people battling illness**	**Support for those in need**	**Support for education**	**Animal welfare**

- Subaru Loves the Earth® https://ourimpact.subaru.com/our-community/subaru-loves-the-earth/
- Subaru Loves to Care® https://ourimpact.subaru.com/our-community/subaru-loves-to-care/
- Subaru Loves to Help® https://ourimpact.subaru.com/our-community/subaru-loves-to-help/
- Subaru Loves Learning® https://ourimpact.subaru.com/our-community/subaru-loves-learning/
- Subaru Loves Pets® https://ourimpact.subaru.com/our-community/subaru-loves-pets/

Unique SUBARU Value, Created with People and the Earth

At Subaru, we are driven by a powerful commitment to live the Subaru Love Promise® each day, ensuring that love and respect are felt by all—our communities, our employees, and our customers—at every interaction. Our H.E.A.R.T. pillars of Honesty, Empathy, Appreciation, Respect, and Trust form the foundation of our culture and our pledge to customers.

Honesty
Empathy
Appreciation
Respect
Trust

Yoichi Hori
Chairman and CEO
Subaru of America, Inc.

Jeffrey A. Walters
President and COO
Subaru of America, Inc.

These values define how we treat our customers, as well as how we support our people and engage with the communities where we live and work. They differentiate us from other automakers, guide us in every interaction, and fuel our focus on safety, workplace well being, and community partnership.

The Subaru Love Promise® Retailer of the Year Awards

The Love Promise Retailer of the Year Award shines a spotlight on exceptional Subaru retailers who contribute to their local communities while taking efforts to turn customer transactions into lifelong owner relationships.

In 2024, Five Star Subaru of Grapevine, a retailer in Grapevine, Texas, was named Retailer of the Year, which is the most prestigious of the awards.

FIVE STAR SUBARU OF GRAPEVINE 2024 SUBARU LOVE PROMISE RETAILER OF THE YEAR

Initiatives by Five Star Subaru of Grapevine, recipient of the 2024 Subaru Love Promise® Retailer of the Year Award

Since opening in 2016, Mr. Tony Hooman, General Manager and his team have been diligently focused on Subaru Love Promise initiatives at Five Star Subaru of Grapevine under the guidance of owner Sam Pack. Over the last eight years, they have donated more than $1.3 million to over 50 local and national charities, most notably partnering with Grapevine Relief and Community Exchange (GRACE) and Serving Our Seniors (SOS). These are two local organizations that support children, families, and senior citizens living in Tarrant County, Texas. In 2023 alone, Five Star Subaru of Grapevine employees volunteered over 900 hours and continue to assist community organizations and customers in need. The retailer has been a top-selling store since its first year of business, nurturing customer relationships and earning the Subaru Love Promise Customer and Community Commitment Award since its inception.

Congratulations to Five Star Subaru of Grapevine, the 2024 Subaru Love Promise® Retailer of the Year
https://www.youtube.com/watch?v=uOWDERdzKNI&t=11s

U.S. Accolades for the SUBARU Brand

Our programs, including Love Promise® initiatives with retailers and customers, rank highly in U.S. consumer brand evaluations for all industries and in U.S. customer satisfaction surveys. This has helped to enhance the SUBARU brand.

Subaru Reviews, Safety Ratings, and Awards | Learn More
https://www.subaru.com/vehicles/accolades.html

Ranked as Top Automaker in Forbes "[1] Best Brands for Social Impact for Third Consecutive Year

For the third consecutive year, SUBARU has been ranked #1 among 19 well-known automotive brands for social impact, according to Forbes.

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1. A leading global economic magazine based in the U.S.

Ranked Highest in Customer Service Index by J.D. Power[2]

With retailers, we have achieved the #1 ranking for customer satisfaction among Mass Market Brands in the J.D. Power 2025 U.S. Customer Service Index (CSI) Study. SUBARU earned the top rating across every Voice of the Customer measure evaluated—including service initiation, service advisor, service facility, vehicle pick-up, and service quality.

2. Earned the top rating for mass market brands, mass market SUVs/minivans, and mass market passenger vehicles in J.D. Power's 2025 U.S. Customer Service Index Study, measuring satisfaction with service at franchised dealer and aftermarket service facilities for maintenance or repair work among owners and lessees of one- to three-year-old vehicles.

Top Ranking in 2025 American Customer Satisfaction Index Survey Automobile Study

SUBARU was ranked No. 1 overall in the 2025 American Customer Satisfaction Index (ACSI®) Automobile Study. The result highlights SUBARU's strength in safety and dependability among other top-category claims. SUBARU earned an overall score of 85, up 2% over last year's ranking, and pulled ahead of all other brands in the mass-market segment.

The ACSI study and rankings are based on customers' opinions of their own vehicles, and results are reported on a 100-point scale. In the ACSI 2025 Automobile Study of mass-market vehicles, SUBARU was rated[3] as follows.

- #1 Brand for Vehicle Safety, six years in a row
- #1 Brand for Product Quality, five years in a row
- #1 Brand for Overall Product and Service Quality, three years in a row
- #1 Brand for Perceived Value, three years in a row
- #1 Brand for Dependability, two years in a row
- #1 Brand for Driving Performance, two years in a row

3. Compared to all other measured automotive companies in their respective segments in the 2025 American Customer Satisfaction Index (ACSI®) survey of customers rating their own automotive company's performance. ACSI and its logo are registered trademarks of the American Customer Satisfaction Index LLC.

SUBARU's unique customer relationships

Fostering Customer Relationships: Creating Shared Experiences through SubieEvents

SUBARU returned as title sponsor of the 2025 Subiefest Enthusiast Events—a nationwide celebration of Subaru owners and fans held across six U.S. cities. More than a promotional effort, this program serves as a platform for building lasting relationships through shared values and immersive experiences.

The enthusiast events attract thousands of Subaru vehicles and fans who can experience unique opportunities like test driving the latest Subaru EV, hybrid, and gas models, get a ride along with a SUBARU Motorsports USA driver, participate in an autocross course with their personal vehicle, attend tech seminars, and more.

To support the Subaru Loves Pets® pillar of the Subaru Love Promise®, SUBARU partners with local pet organizations to have animals for adoption at every enthusiast event, as well as shaded, grassy "rest stops" for all dogs who attend the events.

These family friendly experiences allow customers to connect emotionally with the brand, build a stronger connection within their community, and deepen their sense of belonging.

Subaru Ambassadors Program

Subaru Ambassadors are customers who share a deep empathy and passion for the SUBARU brand, actively support our Love Promise initiatives in their communities, and voluntarily share the appeal of our products and brand. In 2024, our ambassadors volunteered hundreds of thousands of hours and hosted 4,661 events in their local communities, making a meaningful impact while sharing their love of SUBARU. Their efforts help strengthen connections with other customers and local communities, while also generating authentic, customer-driven messages that resonate in ways traditional corporate communications often cannot.

Together with these passionate and proactive Ambassadors, SUBARU is committed to realizing our vision of becoming More Than a Car Company.

Toward Achieving an Enjoyable and Sustainable Society

SUBARU's manufacturing has always been centered on the lives of our customers. SUBARU cars have created memories for their owners, and our customers feel "love" for their cars and for SUBARU. In the U.S., "love" has evolved into the Subaru Love Promise, the philosophy and initiatives to which Subaru and our retailers are deeply committed. With products at its core, the Subaru Love Promise creates a strong bond between SUBARU, its customers, its retailers and its communities. We believe this is a source of our value creation for society and the future, and we intend to protect and expand it.

We at SUBARU will continue to work with our retailers to be a trusted part of our customers' lives. Together With products, we will work to achieve an enjoyable and sustainable society.

New Management Policy

SUBARU's Business Environment

The automotive industry has become increasingly diverse in response to changing customer preferences, increasingly sophisticated and complex cars, and stricter regulations in various countries. Furthermore, as the industry as a whole is said to be undergoing a once-in-a-century period of profound transformation, we must confront and outperform not only our competitors in the same industry but also those from other industries that have emerged with completely new values.

Though the global BEV market experienced rapid growth after 2020, this growth has slowed since around 2024, while the popularity of HEVs is rapidly increasing. In addition, the business environment in which we operate continues to change with unprecedented speed and discontinuity, including environmental regulations and tariff policies in the U.S. starting in 2025. As a range of different changes happen all at the same time, it is more important than ever for companies to determine their direction and map out a strategy for sustainable growth.

CO_2 Reduction Roadmap

SUBARU aims to reduce its well-to-wheel[1] CO_2 emissions by 90% or more from 2010 levels by 2050 in working to bring about a decarbonized society. To achieve this goal, we will apply electrification technology to all SUBARU vehicles sold worldwide by the early 2030s. We have greatly adjusted our goals from the New Management Policy announced in August 2023, now a 2030 milestone of 50% of all vehicles sold worldwide being BEVs, presuming global vehicle sales of 1.2 million-plus units.

- **In 2030** ▶ Aim for 50% of global sales to be BEVs
- **By the 1st half of the 2030s** ▶ Apply electrification technologies[2] to all SUBARU vehicles[3] sold worldwide.
- **By 2050** ▶ Reduce average well-to-wheel CO_2 emissions from new vehicles sold worldwide by at least 90% compared to 2010 levels.

New Management Policy (announced August 2, 2023)
https://www.subaru.co.jp/en/outline/about/policy/index.html

Updated New Management Policy (announced May 13, 2024)
https://www.subaru.co.jp/en/outline/about/policy/update/

SUBARU Business Update (announced November 1, 2024)
https://www.subaru.co.jp/en/outline/about/policy/update/202411/

Financial and Capital Policy Update (announced February 7, 2025)
https://www.subaru.co.jp/en/outline/about/policy/index.html

As part of our medium- to long-term efforts to achieve carbon neutrality, we are looking to the BEV business to become a mainstay of our operations in the future. On the other hand, with growth in the BEV market currently in a slowdown, we expect that reaching a 50% BEV sales ratio may be delayed past the 2030 target. This is given various external factors such as the spread of charging stations, environmental regulations in various countries, and revisions of subsidies and tax incentives for BEVs. In addition to this situation, we are currently in the process of refining our efforts toward 2030 in light of U.S. policy trends, and we plan to disclose updated plans in due course.

1. Well-to-Wheel: Approach to calculating CO_2 emissions including the emissions produced by the generation of electricity to be used by EVs and other vehicles.
2. Excluding models supplied by OEMs.
3. Refers to the technology used to foster the use of electricity for EVs, HEVs, and others.

Initiatives with Flexibility and Expandability

At this stage, it is difficult to foresee the future direction with respect to this topic. Therefore, while keeping a close eye on the trends in regulations and the market, SUBARU is taking various actions based on the recognition that it is extremely important to ensure flexibility and expandability, using this concept to adapt to such changes flexibly and to expand at once when the direction of the shift becomes clear. At this time, we expect this early transition stage to BEVs to take longer than initially anticipated, and we will continuously adapt to these environmental changes by advancing each initiative based on the approach of flexibility and expandability.

Flexibility in Product Development in the BEV Early Transition Stage

We are exploring various options for the development of BEVs, including in-house development and alliance cooperation, but for the four BEVs planned for our lineup by the end of 2026, we are developing them jointly with Toyota Motor Corporation. In this development, we are working together under the slogan, "to make ever-better cars," by bringing together our respective strengths in technology and expertise, with engineers from both companies engaging in mutual learning and collaboration. Joint development has led to the accumulation of technology and expertise in preparation for the era when BEVs are mainstream, as well as to curbing development costs for both companies.

The first jointly developed model, the Solterra, was unveiled in November 2021, and in April 2025, we announced the second-ever model of the global BEV lineup as the new Trailseeker[1], which deftly combines the driving performance unique to BEVs with utility at a high level. The Trailseeker is scheduled to be launched to the U.S. market in 2026 or thereafter. In July 2025, the third model, the new Uncharted[2], was announced, combining usability and exceptional driveability with powerful performance unique to BEVs, catering to diverse customer lifestyles. This model is also planned to be launched to the U.S. market in 2026 or thereafter.

All-new Subaru Trailseeker (U.S. model)

All-new 2026 Subaru Uncharted (U.S. model)

1. April 18, 2025: Subaru Reveals Two Battery Electric Vehicles at the New York International Auto Show
https://www.subaru.co.jp/news-en/2025_04_18_101813/
2. July 18, 2025: World Premier of All-New Battery Electric Vehicle Subaru Uncharted
https://www.subaru.co.jp/news-en/2025_07_18_170516/

In this BEV early transition stage, we also believe that HEVs will be of extreme importance, and we have been developing a uniquely SUBARU next-generation hybrid system based on the TOYOTA Hybrid System. This has featured in the mainstay Foresters and Crosstreks from their 2024 model year, launched to great acclaim in the Japanese and North American markets. Among many choices, the final decision is, ultimately, made by the customer. To provide more options to our customers, we believe it is important to provide flexibility in our products by offering not only BEVs but also a wide range of ICE-based products.

Flexibility in Production System in the BEV Early Transition Stage

Through mutual production and supply of BEV models jointly developed alongside Toyota Motor Corporation, we will ensure flexibility in our production areas, and mitigate risks together in these times when it is difficult to foresee the future. In addition to the Solterra, which has already been introduced to the market, Toyota Motor Corporation plans to supply us with BEVs produced at its U.S. plant in the future, and we will supply BEVs (SUBARU vehicle name: Trailseeker) to Toyota Motor Corporation to be produced at the Yajima Plant of Gunma Plant in around 2025. SUBARU plans to practice mixed production that includes ICE products, through which we will adjust our produced models flexibly in response to demand trends, allowing us to maintain operations.

In the fall of 2024, the Kitamoto Plant, which was previously the production and sales base for the Industrial Products Business, was renovated and production of transaxles, the core unit of the next-generation hybrid system, began. The next-generation hybrid system was first installed in vehicles manufactured at our plants in Japan, and is scheduled to be installed in vehicles manufactured at SIA in the U.S. beginning in 2026. In response to the recent increase in demand for HEVs, we will increase transaxle production capacity at the Kitamoto Plant from just over 186,000 units to just under 300,000 units by 2027. This approach is aimed at maximally utilizing production capacity in Japan and the U.S. by ensuring a production system that can flexibly respond to demand fluctuations and environmental regulation trends, and is in consideration of plans to supply BEVs produced at the Yajima Plant to Toyota Motor Corporation.

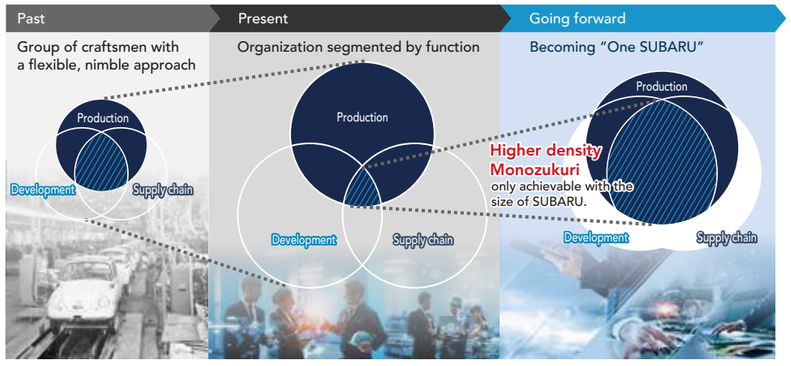
Progress in the Major Challenges of "Monozukuri* Innovation" and "Value Creation"

Although the external environment is undergoing significant changes, our commitment to "Monozukuri Innovation" and "Value Creation" for the future has not changed in any way since the policy was first announced. We are not merely advancing initiatives for "Monozukuri Innovation" and "Value Creation;" our goal is to become a world's leading company in "Monozukuri" and "Value Creation" so that SUBARU does not fall behind in this era of profound transformation.

"Monozukuri Innovation" Initiatives

Once referring to ourselves as a "group of craftsmen with a flexible, nimble approach," we have used Monozukuri to bring unique technologies to the world, such as AWD and EyeSight. We have also evolved highly efficient mixed production methods over the years based on the concept of variable-mix, variable-volume, short-run production in small plants. However, As times have changed, customer preferences have changed, cars have become more complex, and the areas to be addressed have become more diverse. This has led to rapid progress in the division of functions, especially in the areas of product development, production and the supply chain, including specialization in individual areas and outsourcing of work to suppliers. As a result, we have established a Monozukuri method where each function waits for the previous process, like a relay race. We believe that this form is the result of efficient and effective response, to the extent possible, to the constraints that have arisen in the process of growth while adapting to the changing times.

On the other hand, we are now in a once-in-a-century period of profound transformation, and we must fight and outperform not only competitors in our industry, but also those in other industries. In this environment, through "Monozukuri Innovation," we will promote the integration of manufacturing, development, and the supply chain, which is possible only with our corporate scale, and "becoming one SUBARU" to thoroughly pursue high-density Monozukuri.



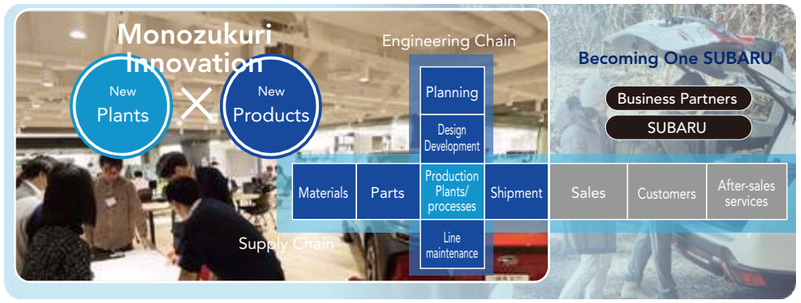
* Monozukuri: Manufacturing

The structure of BEVs differs significantly from conventional vehicles. In planning and developing these new products, and then producing them in a new plant built from the ground up, we identify an opportunity to profoundly transform our monozukuri approach and processes. We promote agile Monozukuri that integrates the supply chain, which is the flow of materials and logistics, and the engineering chain, encompassing the development process, through modularization of production lines, construction of flexible sub-lines, and "Obeya activities*" in which employees and business partners gather to discuss development, production, and various matters in a collaborative environment. At the same time, for new products such as BEVs that will be produced on these lines, we will significantly reduce the number of parts by optimizing vehicle structures and specifications during the development stage, including planning and design, which will drive us toward achieving a 50% reduction in production processes.

In addition, we will maximize the location advantages of our strategically concentrated manufacturing facilities, including the Kitamoto Plant in Saitama, which are densely located within a short distance of Ota City, Gunma Prefecture. With this highly efficient package, which also includes our supply chain network and the establishment of a logistics flamework based on these foundations, we aim to achieve a 50% reduction in development lead times, number of parts, and production processes, evolving to the next generation of Monozukuri.

* Obeya activities:Cross-functional alignment among project members to enable agile development through a holistic view/approach, aimed at value creation, problem solving and accelerated development across organizational boundaries.

The Future of Monozukuri



Value Creation Initiatives

The key to "Value Creation" is the further evolution of "Enjoyment and Peace of Mind" in every single activity of all Group companies. By developing this foundation, we will focus on customer-oriented activities to improve experiential value.

Elevate Enjoyment & Peace of Mind to new heights by deepening collaboration and advancing intelligence

The first key point in advancing these initiatives is to deepen collaboration. In order to accelerate the evolution of technology that will be necessary in the coming years, since 2023 we have publicly announced collaborations with key partners who share our vision and with whom we will jointly develop crucial technologies from the planning stages. For example, the EyeSight driver assist system has been refined to provide value in the form of peace of mind over the course of more than 30 years of development. Going forward, we will continue to aim for ultimate safety and accelerate the evolution of technology in areas where we have strengths to ensure that our customers feel absolute peace of mind in all driving environments. In order to achieve zero fatal traffic accidents in 2030, we have announced a collaboration with AMD, a leading semiconductor manufacturer, regarding the optimization of a system-on-chip (SoC) that can output optimal decision results by integrating stereo camera recognition processing and AI inference. The SoC will be an important component of an integrated ECU that controls not only ADAS but also Vehicle Motion and other areas.

The second important point is intelligence. The integrated ECU will be developed in-house, focusing on the areas of safety and driving performance, which are SUBARU's strengths, to realize advanced intelligence unique to SUBARU as the brain of the vehicle, while maintaining cost competitiveness. In addition to accumulating control

Accumulate and internalize BEV development expertise and integrated control know-how, with the aim of applying them to ICE/hybrid products.

expertise using this integrated ECU and insights gained in the process of creating BEVs, we will further accelerate in-house development, a process where we are highly capable. We will accumulate the expertise in control systems using such integrated ECU and the knowledge gained from developing BEVs, while further enhancing the speed of our in-house development, which is one of our core strengths. At the same time, we will deepen our exploration of applying this expertise in our ICE and hybrid products. Many SUBARU customers keep a single SUBARU vehicle for a long time, and based on the idea of creating new value through "Retaining Value" initiatives for maintaining the value of vehicles during the period of their ownership and encouraging long relationships with SUBARU cars, SUBARU will continue to meet customer expectations.

In the 2025 Best Brands for Social Impact published by U.S.-based Forbes magazine, SUBARU was selected in the top three out of more than 3,900 brands overall for the third consecutive year, and ranked first in the automotive category for the third consecutive year*. We view this as a comprehensive market approval of not only our products, but also our philosophy and initiatives. These initiatives have been a way for us to create a strong bond between SUBARU, its customers, its retailers, and its communities, with products at the core. These activities are SUBARU's source of value creation for society and the future, and we intend to uphold this stance while further strengthening our systems and expanding the scope of our efforts. This desire will remain unchanged, no matter what. We will further enhance the value that comes from our products, at the heart of this strong relationship between SUBARU, customers, dealerships, and communities.

* May 23, 2025: Subaru Ranked as Top Automaker in Forbes Best Brands for Social Impact for Third Consecutive Year
https://www.subaru.co.jp/news-en/2025_05_23_165351/

SUBARU's New Value Creation and Platform Building

As core promoter for digital cars, my mission as CDCO is increasing the value of cars by maximizing the capabilities of engineers through the use of software. My activities are being carried out in an integrated manner, connecting all internal divisions. Our strength lies in our hardware engineers, who are able to drive the vehicle themselves, reflect their feeling in figures and designs, and meticulously check and polish the product with attention to the variations among the many parts. In addition, we have software engineers capable of using semiconductors to the limits of their abilities, who visit various sites around the world, collect data thoroughly on their own, and modify and optimize sensors and control software as needed to polish vehicle performance. By developing a platform that integrates both of these advanced technological capabilities, we will improve the most essential value of the car, including the realization of driving dynamics that are unique to SUBARU. Utilizing this platform will shorten the distance from product development to customers and pursue a uniquely SUBARU next generation, centered on the value of "Enjoyment and Peace of Mind."

Eiji Shibata
Executive Officer
CDCO
(Chief Digital Car Officer)

SUBARU's "One Team" Approach to Creating Customer Experience Value

As CCBO, my mission is to establish a value-creating mechanism that continuously enhances the post-purchase customer experience by strengthening collaboration among the Group's divisions and leveraging connected technology and IT based on a digital platform.

One of our major strengths is our ability to work closely with SOA and retailers as "One Team" in the U.S., our key market. To further deepen this strength, I have been assigned to the U.S. since 2024 to carry out activities rooted in the local sites. By being in the field myself, I am able to directly grasp the reality of the sales frontlines and unfiltered customer feedback. Based on these, we provide comprehensive support from the creation of ideas utilizing diverse data to the introduction of these ideas on the frontlines. In order to create such value, collaboration between the Japanese side, which is responsible for Monozukuri, and the U.S. side, which is closer to the market, is more important than ever. Therefore, my team is actively working to strengthen cooperation between the two sides as a bridge between the two.

We continue to take on the daily challenge of creating a deeper sense of attachment to and trust in SUBARU vehicles, the SUBARU brand, our retailers, and all people associated with SUBARU, through all points of contact with our customers.

Kazuhiro Abe
Managing Executive Officer
CCBO
(Chief Connected Business Officer)

Evolving SUBARU's Unique After-sales Service That Connects Points of Contact and Builds Trust

Effective April 1, 2025, the Customer Service Division, the Quality Assurance Division, and the Parts & Accessories Division, which are responsible for the after-sales service area, were merged to become the Customer First Innovation Division*. This merger has established a structure for creating value aligned with evolving times and customer expectations on us in a faster and more cross-sectional manner by combining the expertise developed by each department with the insights accumulated through customer contact.

We are working on designing and evolving services that customers can tangibly experience and appreciate appreciate through visualization and analysis by consolidating and linking diverse data accumulated in the after-sales area. In the U.S., we have launched a trial preventive maintenance program that utilizes vehicle data, various data obtained from connected cars, and other data, and we have seen the potential for future practical implementation from this program. These improvements are steadily improving the quality of existing services.

Going forward, we will take on the challenge of rebuilding experience design to draw lines and connect individual initiatives rather than treat them as isolated dots, and to provide a consistent experience at all points of contact. Enhancing experiential value means building reasons for customers to want to choose SUBARU again by carefully listening to their feelings and expectations in the course of day-to-day activities. After-sales service is a core area that supports brand trust, and we will continue our efforts to realize experiential value that is uniquely SUBARU.

* February 7, 2025: Subaru Corporation Announces Organizational and Management Changes (Effective April 1, 2025)
https://www.subaru.co.jp/news-en/2025_02_07_104754/

Osamu Eriguchi
Managing Executive Officer
CQO
(Chief Quality Officer)

Akihiro Kato
Executive Officer

Six Priority Areas for Sustainability

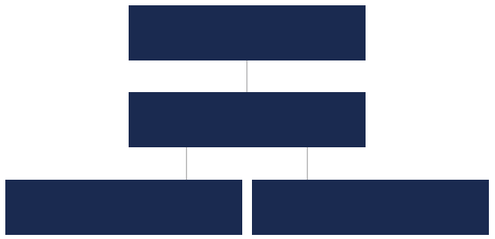
The SUBARU Group's Sustainability

SUBARU Global Sustainability Policy
https://www.subaru.co.jp/en/csr/subaru_csr/philosophy.html

Promotion System

The Sustainability Committee, established as a forum for discussing all kinds of sustainability initiatives by the SUBARU Group, meets twice a year. The Sustainability Committee is chaired by the President and Representative Director, and all of SUBARU's executive officers are members of this committee, which the committee also considers each business's issues from a social perspective and works to strengthen sustainability efforts. We comprehensively promote initiatives as a unified Group to realize our sustainability in cooperation with bases in Japan and overseas, and monitor the PDCA status of related committees and departments. The results of the committee's discussions are deliberated and reported on at Board of Directors' meetings.

Within SUBARU, we are strengthening information sharing and coordination regarding details from Sustainability Committee meetings and for promoting sustainability through sustainability managers appointed by each division, department, and company. In coordination with Group companies and dealerships in Japan, we share information with sustainability managers and relevant departments at each company.



Main Sustainability Committee deliberations during FYE March 2025

- Organization and study to strengthen initiatives in the Six Priority Areas for Sustainability
- Progress on Group sustainability initiatives
- Progress on human rights initiatives
- Evaluations and actions related to ESG ratings
- Direction and content of the FYE March 2025 and FYE March 2026 Integrated Report and Sustainability Website

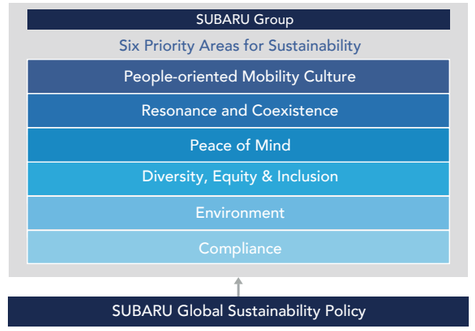
The SUBARU Group's Six Priority Areas for Sustainability

The SUBARU Group has promoted various initiatives in the Six Priority Areas for CSR, defined in 2018 as People-oriented Car Culture, Resonance and Coexistence, Peace of Mind, Diversity, Environment, and Compliance. To select the priority areas, the SUBARU Group identified 41 topics for which social needs were high and then conducted a questionnaire among experts and investors in North America and Japan. The responses and opinions we received were used in an assessment and exploration of these areas from two perspectives: areas in which we can engage the community by leveraging our business strengths, and areas related to the demands of society. As a result, the SUBARU Group selected People-oriented Car Culture, Resonance and Coexistence, Peace of Mind, and Diversity as the four areas where SUBARU could engage our communities by leveraging our business strengths, and Peace of Mind, Diversity, Environment, and Compliance as the four areas where the SUBARU Group could work to meet the demands of society.

Now, we have evolved the Six Priority Areas for CSR into the Six Priority Areas for Sustainability in response to the changes in the environment surrounding sustainability since then to achieve both the realization of a sustainable society and the sustainable growth of the Group in a manner that further leverages SUBARU's values and strengths. Specifically, we have set new visions, priority themes, major KPIs, and goals for the Six Priority Areas for Sustainability. These visions will not include a time frame so as to express the SUBARU Group's unchanging direction from a longer-term perspective. By setting priority themes that leverage the Group's strengths, we will establish clearly defined visions and priority themes, and by setting goals and KPIs for each, we will strengthen our initiatives in each of the Six Priority Areas for Sustainability.

Going forward, in addition to the conventional CSR perspective, we will aim to create social and economic value through our business activities themselves from a longer-term perspective.

Six Priority Areas for Sustainability



From People-oriented Car Culture to People-oriented Mobility Culture

Our focus has traditionally been on the automotive business. However, the SUBARU Group of the future will have a diversity of products and services, including in the aerospace business, and at the same time will provide new value to customers and society adapted to changing times while inheriting SUBARU's DNA. This will make us a company whose presence and appeal differentiate from our competitors. Specifically, we will seek to provide the unfading emotional value that comes from spending time with SUBARU vehicles and become a company that enriches people's lives and minds as a partner.

Resonance and Coexistence

For the Group, when it comes to our business activities, we regard customers and local communities as our most important stakeholders. For this reason, we aim to build a community of resonance and coexistence with our customers and local communities by building trust and resonance with SUBARU through routine communication. Specifically, we will provide mobility services and experiences that deliver "Enjoyment and Peace of Mind" to our customers, and carry out activities that help solve issues faced by local communities.

Peace of Mind

The Group aspires to provide customers, local communities, employees, and all other stakeholders with the utmost peace of mind. In this context, we will act in a way that allows us to stay close to customers and always provide them with peace of mind. As we seek to become No. 1 for quality, where our customers can rely on us for long periods of time, we attach particular importance to protecting lives, and will work to achieve our target of zero fatal traffic accidents in 2030.

From Diversity to Diversity, Equity & Inclusion (DE&I)

The Group has been promoting diversity initiatives by respecting the diverse values of all employees and creating a facilitative workplace environment. Beyond this, we will provide an environment where all employees have fair opportunities and diverse individuals work together to maximize their abilities, thereby creating innovation and realizing SUBARU's unique and sustainable value creation.

Environment

In its Environmental Policies, the Group states that our fields of business are "the earth, the sky and nature" and focuses on efforts aimed at coexistence with nature. This is in keeping with SUBARU's desire to cherish and protect the earth, the sky, and nature, which are SUBARU's fields of business, with its mainstay Automotive and Aerospace Businesses. In order to safeguard our cherished global environment through our corporate activities, we have established three new priority themes for carrying out our Environment Action Plan: mitigating climate change, realizing a circular economy, and coexisting with nature.

Compliance

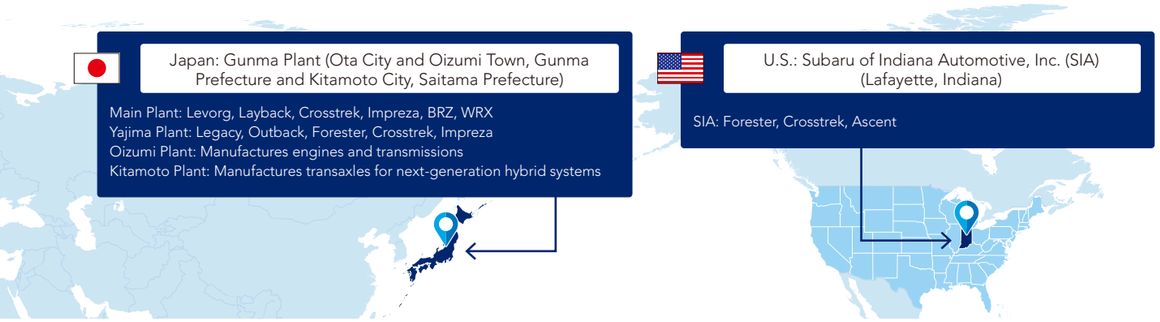
Reflecting on a past lack of awareness of social norms in the execution of business operations, the inadequacy of internal rules, and the lack of understanding of laws and regulations related to business operations, we have keenly realized the need to transform mindsets and is pushing forward with thorough reform of its corporate culture. We will work together as a group to emphasize and prioritize compliance to earn the trust and resonance of our customers and all other stakeholders. Going forward, we will work to permeate "Insightful Compliance," in which each and every employee actively, rather than passively, considers compliance and takes action.

Six Priority Areas for Sustainability
Vision, Priority Themes, Major Initiatives, Goals, and KPIs

Areas	Vision	Priority Theme	Major Initiatives	Target	KPI	Relevant SDGs
People-oriented Mobility Culture	Provide the unfading emotional value that comes from spending time with SUBARU vehicles and become a company that enriches people's lives and minds as a partner.	Providing mobility services and experiences that deliver "Enjoyment and Peace of Mind"	• Development of technology to enhance predictability of vehicle behavior through the driver's five senses • Development of products in accordance with market needs and changing times • Research and development of air mobility technology • Development of high-quality accessories matched with new models • Design of parts that can be used in multiple vehicle models • Provision of digital services (MySubaru, SUBAROAD, etc.) • Planning of customer services using vehicle data	–	–	9.1 11.2
Resonance and Coexistence	Become a company that expands person-to-person communication and creates resonance and coexistence for society at large.	Providing mobility services and experiences that deliver "Enjoyment and Peace of Mind"	• Dissemination of Monozukuri through plant tours and exhibitions	–	–	11.2 17.16
		Promotion of activities for the resolution of local community issues	• Study and promotion of plans to realize sustainable local communities • Continued Love Promise activities in the U.S. • Proactive engagement in the Cherishing Every Life Project in Japan • Review of work assignments to reduce the burden on logistics businesses • Road traffic safety awareness activities • Community support activities during disasters and pandemics • Planned intake of disaster prevention and rescue helicopters, etc.			
Peace of Mind	Become a company that provides the utmost peace of mind to all stakeholders.	Pursuing activities that stay close to customers and always provide peace of mind	• Thorough customer-centric and quality-first awareness by employees • Further provision of customer quality • Development of technologies aimed at zero fatal traffic accidents and integration of these technologies into vehicles • Sale and popularization of EyeSight-equipped vehicles • Provision of high-quality maintenance and service by dealerships • Provision of peace of mind from being watched over by connected technology • Pursuit of flight safety through autonomous technology	Achieve a goal of zero fatal traffic accidents[1] in 2030	Proportion of fatal traffic accidents in the U.S. avoidable with SUBARU's latest technology[2]	3.6
Diversity, Equity & Inclusion	Individuals and organizations are organically connected and continuously create innovation and value.	Creating an organization in which diverse individuals can demonstrate their abilities and work together with mutual respect.	• Promoting active roles for female employees • Promoting employment of people with disabilities • Support for senior employees to take on more active roles • Promotion of DEIB in the U.S. • Examination and promotion of creating workplaces where female employees in direct departments can play an active role • Examination and promotion of a workplace environment that pays due consideration to non-Japanese human resources • Examination and promotion of a workplace environment that pays due consideration to LGBTQ+ persons • Fostering employee resonance and acceptance of management direction and initiatives • Construction and implementation of flexible work systems and mechanisms	Score for 2028: 70%	Engagement score in the employee attitudes survey (non-consolidated)	5.5 5.5.2 8.5
				2030: 100	Number of female managers (non-consolidated)	
				2030: 3.0%	Employment rate of people with disabilities (total of SUBARU, SUBARU Living Service, and SUBARU BLOOM)	
Environment	Cherish and protect the global environment—the earth, the sky and nature—through Groupwide activities.	Mitigating climate change (Achieve carbon neutrality in the entire life cycle)	• Expansion of electric vehicle models, especially BEV development • Improvement of fuel/power efficiency • Initiatives for the popularization of low-carbon fuel • Energy conservation through facility upgrades • Use of renewable energy (on-site/off-site) • Purchase of carbon-neutral electricity (use of certificates, etc.)	2035: Reduce Scope 1 and 2 emissions by 60% compared with FYE March 2017 (total volume basis)	CO_2 emissions versus the base year	13.1 13.2 12.2 12.5
		Realizing a circular economy (Aim for zero environmental impact from resource extraction and disposal)	• Design for recycling • Effective use of resources (recycled resins/biomass/recycled materials) • Recycling and achieving zero emissions • Proper processing of end-of-life vehicles	Reduce total waste by 1% annually versus BAU emissions[3]	Waste generated	
				Zero emissions[4] at production plants in Japan and overseas[5]	Final disposal volume	
				2030: 25% use rate of recycled plastics	Use rate of sustainable materials	
		Coexistence with Nature (Aim for net zero impact on the natural environment)	• Compliance with environmental laws and regulations • Water discharge quality management • Utilization of the Landscaping Guidelines • Green space conservation activities	Appropriate management of impact on the natural environment	Violations of regulation values/voluntary standard values	
				Expanding protected areas to reduce environmental impact	Number of protected areas according to management level	
Compliance	Act in good faith and become a company that is trusted by and resonates with society.	Permeating "Insightful Compliance"	• Updated and stronger operation of regulations and rules • Continued awareness activities stimulating autonomous employee behavior • Promotion of fair trade on a continuous basis • Promoting initiatives to respect human rights • CSR surveys and awareness-raising activities for suppliers • Responsible raw material procurement • Compliance with various laws and regulations • Improvement of employee cybersecurity literacy • Use of systems to strengthen cybersecurity countermeasures	Maintain zero serious compliance violations[6]	Employee ethics	8.7 8.8 16.5 16.5.2
					Supplier CSR Survey	

1. Zero fatal road accidents among occupants of Subaru vehicles and people involved in collisions with Subaru vehicles, including pedestrians and cyclists
2. Excluding accidents involving violation of traffic rules or significant dangerous behavior by the other party, etc.
3. Emissions under the current policy without further action (business-as-usual)
4. Final disposal volume (total volume of direct landfill waste + landfill waste after intermediate processing) less than 0.5% of the total volume of waste (total volume of valuable resources + industrial waste + specially controlled industrial waste + general business-related waste)
5. SUBARU: Gunma Plant, Tokyo Office, Utsunomiya Plant; Group companies in Japan: Fuji Machinery Co., Ltd., Kiryu Kogyo Co., Ltd., Ichitan Co., Ltd., Subaru Logistics Co., Ltd., Yusoki Kogyo K.K.; and Group companies overseas: Subaru of Indiana Automotive, Inc.
6. Compliance violations that could shake the foundations of SUBARU's business

Manufacturing capital



SUBARU concentrates vehicle manufacturing in two locations: Japan and the United States. Automobile manufacturing requires relatively large-scale manufacturing facilities and a broad supply chain compared to other industries. By efficiently operating production facilities at our two bases in Japan and the U.S., as well as by improving the efficiency of the entire supply chain, including distribution of parts and finished vehicles, we are able to produce more efficiently and deliver vehicles in a timely manner that satisfy customers in approximately 90 countries and regions around the world.

Production Site in Japan: Gunma Plant

The Gunma Plant consists of four plants: the Main Plant and Yajima Plant in Ota City, Gunma Prefecture; the Oizumi Plant in Oizumi Town, also in Gunma; and the Kitamoto Plant in Kitamoto City, Saitama Prefecture. Production of finished vehicles is carried out on one production line at the Main Plant and two production lines at the Yajima Plant, providing a flexible system for mixed production of multiple vehicle models. The Oizumi Plant manufactures power units such as engines and transmissions for ICE vehicles, and a new finished vehicle plant is under construction for future BEV production. The Kitamoto Plant manufactures transaxles, the core unit of our next-generation hybrid system, and plays an important role in meeting the demand for SHEVs in the early stages of the transition to BEVs.

These four plants are located in relatively close proximity to each other, clustered around Ota City, Gunma Prefecture, demonstrating high efficiency in parts supply and logistics for finished vehicles. By taking advantage of the geographical location and optimizing our supply chain, SUBARU is able to achieve flexible manufacturing that can adapt quickly to market changes.

U.S. production base: Subaru of Indiana Automotive, Inc. (SIA)

Located in Lafayette, Indiana, SIA was established in 1987 as a joint venture with Isuzu Motors Limited and became a wholly owned subsidiary of the Company in 2003. For more than 35 years since its establishment, SIA has played an important role as a manufacturing base in the North American market while building deep relationships with the local community. Its plant has also been a pioneer in quality, environmental, and energy management among automotive production plants in the United States. SIA became the first U.S. automotive plant to obtain ISO 9001 (quality management), ISO 14001 (environmental management), and ISO 50001 (energy management) certification in 1995, 1998, and 2012, respectively.

Currently, SIA produces vehicles mainly for the North American market on its two production lines, accounting for more than 35% of the Group's vehicle production. In June 2025, cumulative production of SUBARU vehicles reached 6 million units. With plans to begin production of SHEVs in the future, SIA is a key manufacturing base supporting both the past and future growth of the Group in the U.S. market.

Approach to Monozukuri

We have established three key pillars in our approach to Monozukuri: variable-mix, variable-volume, short-run production; own-process assurance; and transfer of technical skills.

Variable-mix, Variable-volume, Short-run Production	This production method aims to deliver products to customers quickly, with no waste and short lead times, even if the model or volume of cars to be produced changes. Based on this concept, we aim to build a development and production system that is resilient in the face of change.
Own-process Assurance	In this mechanism, quality is built into each process, preventing products with issues from flowing to subsequent processes. By clearly defining what actions each subsequent process and stakeholder should take and to what extent, and by ensuring tasks and operations are complete, we ensure stable quality. This is the fundamental approach to Monozukuri at SUBARU, enabling us to provide quality that earns our customers' trust.
Transfer of Technical Skills	This initiative cultivates human resources capable of efficiently and safely producing high-quality products by enhancing the three strengths that define SUBARU's Monozukuri: flexibility to adapt to changes, standardization and continuity, and improvement through continuous enhancement. This cultivation is done through a combination of basic on-the-job training (OJT) in the workplace and off-the-job training (Off-JT).

Within the pillars of our approach to Monozukuri, variable-mix, variable-volume, short-run production is a key concept for flexibly adapting to changes in the market environment and delivering the vehicles customers demand in a timely manner. At all five production lines across our Japanese and U.S. facilities, we employ mixed production, manufacturing multiple vehicle models on a single line. Throughout our long history, we have achieved highly efficient Monozukuri by effectively utilizing limited production equipment to produce diverse vehicles—including minicars, standard passenger cars, and other OEM vehicles—in response to changing times. We believe the flexible Monozukuri capabilities cultivated through this experience will be increasingly leveraged to meet the ever-diversifying needs of our customers as electrification progresses, encompassing ICE vehicles, HEVs, and BEVs.

TPM Activities: Participation of All Employees, Aiming for Zero Waste

To enhance the competitiveness of our Monozukuri, we promote Total Productive Maintenance (Management) (TPM) activities. TPM activities involve all employees working together to minimize all waste in the manufacturing process, ultimately improving and transforming our fundamental corporate structure. Though these activities have been ongoing at SUBARU since 1992, we have recently established the TPM Promotion Office in 2022 to restructure and strengthen our efforts.

The pillars of this restructuring are the visualization, reduction, and prevention of waste. At manufacturing sites, over 500 small groups called circles autonomously implement activities ranging from analyzing causes of equipment stoppages and quality defects to implementing measures to prevent recurrence. Activity status is shared on activity boards installed in each workplace, allowing all circle members to track improvement progress together. Furthermore, to support effective activities, manufacturing department members themselves restructured the training system, which began operation in 2022. Furthermore, starting in 2025, we have initiated a review of the organizational structure to enable team leaders to focus on more essential management tasks, such as promoting activities and training subordinates.

TPM activities reduce equipment downtime and quality defects, thereby improving availability and yield rates, leading to enhanced productivity. The accumulation of these improvements will smooth the introduction of new technologies and equipment in the future, laying the foundation for building a production system resilient to change. Furthermore, TPM activities serve as a platform for human resource development. Through improvement activities within each circle, field members hone their problem-solving and data analysis skills, while managers enhance their management capabilities through repeated dialogue with the production floor. This strengthens both frontline capabilities and organizational strength.

Employees check activity status on the activity board

In this way, TPM activities continuously work not only to improve productivity but also to embed the ability to think and act independently toward common goals as the foundation of Monozukuri. Simultaneously, by extending this mindset beyond the frontlines of monozukuri to become part of our Company-wide culture and climate, we drive enhanced competitiveness across the entire organization centered on the principle of zero waste.

TOPICS Monozukuri

■ Switching Production Models Between Japan and the U.S.

For vehicles bound for the U.S. market, Forester vehicles were produced in Japan, while Legacy and Outback vehicles were produced in the U.S. Following a review of production systems at Japanese and U.S. manufacturing sites, production of U.S.-bound Forester vehicles will be transferred to SIA, while U.S.-bound Outback vehicles will be produced in Japan. The Forester shares a high percentage of parts with the Crosstrek, which is already produced at SIA. Producing both models at the same plant is expected to improve production efficiency. Furthermore, the ability to produce the Forester at both Japanese and U.S. facilities will establish a production structure capable of responding more flexibly to changes in the external environment. SIA-based production of the Forester is planned to commence around fall 2025.

Investing in SIA's Future

Scott Brand
President and COO
Subaru of Indiana Automotive, Inc.

Over the past three years, SIA Associates have been actively involved in preparing for the transfer of U.S.-market Forester production from Gunma to SIA. These efforts have involved capital investments in equipment and tooling focused on continuing SIA quality improvement. The end of Legacy and Outback production in Indiana is a significant milestone in SIA's history, providing a capstone to our company's growth to this point.

The SIA team is firmly committed to a successful Forester launch, which represents the next step in our quality evolution and growth as a manufacturing organization. Benefitting from ongoing collaboration with SUBARU Japan, we have a favorable outlook for success as we enter the next chapter in SIA's history.

■ Yajima Plant: Production Line Upgrades for BEV Production

To establish a flexible production system capable of responding to the progress of electrification, work to upgrade the production lines at Gunma Plant's Yajima Plant for in-house BEV production will take place from August 2025 to January 2026. During this work, one of two production lines at the Yajima Plant will be temporarily suspended. Equipment modifications will be made to enable the production of both BEVs and existing ICE vehicles on the same line. The affected line currently produces the Forester and Crosstrek. However, the company employs a bridge production system that flexibly adjusts production volumes by model between other lines at the Main Plant and Yajima Plant. This system ensures a certain level of production capacity is maintained during the line upgrade. Regarding employees assigned to the line being upgraded, we are exploring a range of flexible measures for personnel allocation and skill transfer, including reassignment to the other Yajima Plant production line, dispatch to nearby workplaces such as the Main Plant, and training for BEV production.

■ Kitamoto Plant: Diversity Promotion Initiatives

In October 2024, the Kitamoto Plant commenced production of the transaxle, a core unit of our next-generation hybrid systems. This plant is a crucial hub supporting our flexible electrification strategy during the BEV early transition stage and is advancing various initiatives that will serve as a model for future restructuring of plants in Japan. In diversity, one of our key focus areas, we are promoting the active participation of diverse talent at manufacturing sites in anticipation of a shrinking labor force. Aiming for a 20% ratio of women among direct production workers at the start of plant operations, we implemented process designs focused on reducing workload. By analyzing and evaluating work processes based on ergonomic theory and introducing various equipment such as automated heavy material transport, we have established production processes where women can handle over 90% of all operations. Furthermore, incorporating employee feedback, we established systems supporting work-life balance, such as revising night shift start times in the two-shift system and introducing a fixed day shift system. As a result, we achieved our initial 20% target by March 2025, and by the end of June, the ratio approached 30%. Going forward, we will continue to foster an environment where diverse employees can thrive, aligning with the Kitamoto Plant's concept of "Creating a beloved plant that coexists with the local community and maintains high job satisfaction for employees."

Quality

Quality forms the very foundations of the SUBARU brand. Since declaring quality enhancement as an utmost priority in 2018, we have steadily advanced initiatives in this area. Even as we pursue "Monozukuri Innovation" and "Value Creation," we continue to focus on quality enhancement as the foundation for enhancing our corporate competitiveness.

Quality Policy At SUBARU, quality is our highest priority as we earn the trust of our customers.

1. We will deliver long-lasting products that our customers can use with peace of mind.
2. We will continually improve our products and services by always listening closely to our customers' voice.
3. We will be a good corporate citizen in all markets where we do business by ensuring compliance with all internal rules, local laws, regulations and social norms.

Quality Enhancement Activities

To achieve Quality Enhancement, we have been taking actions in three areas: thorough implementation of a "Quality-First" mindset and reinforcement of organizational efforts and structure, Execution Quality enhancement, and Innate Quality enhancement.

•Thorough Implementation of a Quality-First Mindset and Reinforcement of Organizational Efforts and Structure

We aim to further raise the quality awareness of each employee and strengthen our management system so that customers can enjoy higher quality products. In addition to quality training according to the level of employee knowledge and experience, we have held Quality Caravan* events every year since 2018 at all business sites and other ongoing educational activities to raise quality awareness throughout the Company. Furthermore, in January 2021, we launched FAST* to strengthen our quality assurance system in the North American market, part of efforts to reinforce our framework for quality enhancement.

•Execution Quality Enhancement

This initiative aims to prevent the occurrence of defects during the vehicle production stage, and includes activities to rapidly resolve defects that have occurred in the market. For final inspection of vehicles before shipment, SUBARU has constructed and commenced operations at a new final vehicle inspection facility* between 2022 and 2023. This facility serves as SUBARU's unified standard inspection line. Furthermore, at the QA (Quality Assurance) Lab*, established in 2022, we investigate parts collected from the market to determine the cause of defects in order to speed up defect resolution.

•Innate Quality Enhancement

This initiative aims to prevent the occurrence of defects during the vehicle development stage. We have clarified the quality accountability of employees responsible for development and given them greater authority, while working to ensure quality throughout all processes, from the initial planning and conceptualization stages to development, design, production preparation, and distribution. In addition to taking rigorous action to prevent recurrence of defects, we are also working from the development stage to deliver defect-free vehicles to customers through focused change point management to prevent defects in newly adopted parts and systems.

* For more detailed information on the Quality Caravan, FAST, Final Vehicle Inspection Wing, and QA Lab, please refer to our Sustainability Website 2025.
https://www.subaru.co.jp/en/csr/social/quality_automobile.html

Activity Results and Pursuit of Further Quality Enhancement

In 2023, we launched the Crosstrek and Impreza, and then in 2024 the Forester, which incorporated quality enhancement initiatives across these three areas from the planning stage. Quality enhancements have been steadily taking root and yielding results, as evidenced by the initial quality of these three models and the overall reduction in the number of market measures and affected vehicles.

Building on this Monozukuri foundation, we will further enhance product quality, while also prioritizing initiatives to improve the quality customers actually experience. Through initiatives to ensure quality in an era of electrification and other changes, such as improving repair speed in the market and field capabilities, we aim to make customers truly feel the value of quality. In addition, as of April 2025, we have integrated our Quality Assurance Division, Customer Service Division, and Parts & Accessories Division into a new Customer First Innovation Division. While ensuring autonomy in quality assurance and final inspections, our after-sales service departments will unite to elevate quality into experiential value, centered on putting customers first.

Intellectual Capital

Message from the CTO

We will capitalize on our strengths, refining our technologies and products to become a partner that enriches the lives of more and more customers.

Over the years, we have fostered relationships with our customers focused on our products. SUBARU products are more than just a means of transportation; they are partners enriching the lives of our customers, and over the years we have gained the resonance and trust of many. We believe that the fact that many of our customers are attached to our vehicles, and say that SUBARU is appealing because it is different to its competitors, is proof of this.

As CTO, my desire is for SUBARU to be a reliable partner by always being close to and responding to the expectations and desires of our customers, so that each customer can feel the value of "Enjoyment and Peace of Mind." Providing technologies and products that allow people to drive with peace of mind will allow us to constantly refine these offerings so that people who are not confident in their ability to drive in their daily lives, the elderly, and others, can break free of limitations and have a greater scope of lifestyle activities with peace of mind. Through SUBARU, we hope to provide values that enrich people's lives by creating opportunities that lead to enjoyable experiences and memories, building communities, and extending healthy lifespans.

The automotive industry is in the midst of a wide range of changes, including a shift in tastes, evolution of technology, and tightening of regulations in many countries. In order for us to thrive amid competition in this environment, it is essential that we accelerate world-leading "Monozukuri" and "Value Creation." The universal philosophy that we have cherished is to put people first and pursue safety. The three basic functions of an automobile —driving, turning, and stopping—are the most important yet difficult areas of technology. This is an area where we can differentiate ourselves from our competitors, and we will continue to advance this technology to a world-leading level. In particular, the EyeSight driver assist system that we have evolved steadily over the years, not only communicates road surface conditions and driving conditions to the car and driver, but will also evolve technologically to communicate the driver's condition to the car, aiming to improve customer experience value in the real world. In addition, we will strengthen cooperation between departments and with suppliers to halve the development process and lead time, configuration and number of parts, and production process and lead time in our Monozukuri Innovation, and respond flexibly by maximally utilizing our management resources under a highly uncertain market environment.

One of our strengths is that our development is close to our customers. We have strong relationships with our dealerships and retailers primarily in North America, our most key market, as well as with the customers who support us; relationships of this strength are not found between any other company and its customers. Since environments differ per region, it can be challenging to accurately capture each region's needs, but we will reflect customer feedback in our products in a timely manner while making the most of strong relationships that give us a competitive edge. In addition, we will continue to create value that is unique to SUBARU by making the most of the voices of our engineers, who are also users with a passion for SUBARU vehicles, in an organizational culture in which the customer-first principle is deeply rooted.

Tetsuo Fujinuki
Director, Senior Managing Executive Officer
CTO (Chief Technology Officer)

Our engineers' passion and strong sense of mission to meet the essential expectations and demands of our customers has led us to thoroughly refine our technologies and products, which has been well received by many of our customers. This is the source of the Subaru Difference and our unwavering strength. We will continue to evolve our value statement of "Enjoyment and Peace of Mind," while strengthening our value creation in new technological fields in the future, aiming to become an even more integral part of customers' lives than ever before. Supporting these initiatives through the strategic creation and utilization of intellectual property will lead to the sustainable growth of the SUBARU Group.

Results for FYE March 2025
R&D expenses:
160 billion yen

As of March 31, 2025
Number of patents held*
Approx. 7,300
* Number of patent families, including pending applications

Approach to Technology Strategy

Our policy is to develop technologies that bring peace of mind and happiness to all. Rather than being solely technology-driven, we will focus on identifying the necessary technology based on the needs of our many customers and invest management resources in areas where we can demonstrate our strengths. Though we will develop the technologies necessary to achieve these goals on our own and accumulate expertise, we will also harness joint development, open innovation, and other external collaboration to address technologies like those possessed at other companies. We also have a range of other methods at our disposal to shorten development time and rapidly answer changes in customer needs and preferences. These include realizing value through the use of partial or total utilization of standard products and advanced utilization of existing technologies, and incorporating flexible development methods such as agile (repeated, short cycles of prototyping and improvement) in cooperation with partner companies.

It is also worth noting that technology has value only when it is accepted and actually used by customers. To ensure our technology has value, we will continue to pursue the Subaru Difference with an emphasis on providing preferred products at affordable price points. Furthermore, to strengthen the competitiveness of our development going forward, we are engaged in projects that emphasize effectiveness and speed. Through the establishment of a flexible structure and development process, we will promote the creation of an environment in which on-site engineers can maximize their capabilities for technological development that is highly productive.

SUBARU's Safety Technologies

Attaching particular importance to protecting lives, SUBARU is working to reduce the number of traffic accidents. SUBARU will enhance the safety performance of its cars from every perspective to polish our unique safety technologies. We will do this by making the four existing areas of Primary Safety, Active Safety, Preventive Safety, and Passive Safety even better, while also adding Connected Safety. In the future, we will further evolve this intelligence and combine advanced sensing technologies with the judgment capability of AI, improving safety in all situations.

Plan to Achieve Zero-Fatality Road Safety

As part of our commitment to the priority theme of "pursuing activities that stay close to customers and always provide peace of mind," part of Peace of Mind, one of our Six Priority Areas for Sustainability, we have set a goal of zero fatal traffic accidents by 2030[1] and are engaged in development toward achieving this goal.

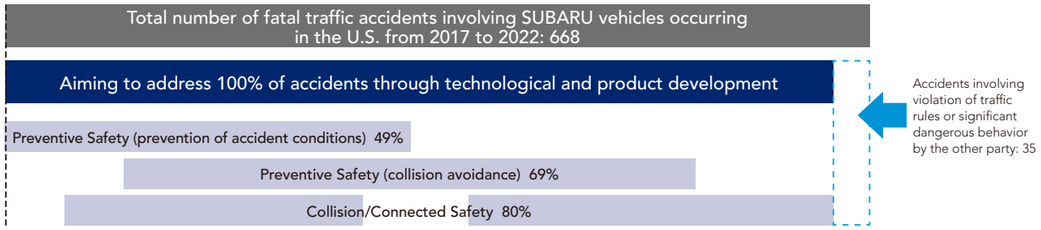
We conduct accident fact-finding investigations primarily in the U.S. and Japanese markets. For the U.S. market, the number of fatal accidents per million vehicles sold is three to four times higher than in the Japanese market, showing a more severe traffic environment. Therefore, we are analyzing the causes of all fatal accidents involving SUBARU vehicles between 2017 and 2022 in the FARS system[2] based on police reports and other data, and are also analyzing injuries that resulted in fatalities in collaboration with the University of Michigan and Gunma University School of Medicine. In the analysis, the causes are analyzed at each stage of the accident in accordance with SUBARU's concept of all-around safety. We then establish priorities by identifying issues requiring action and the functions that can effectively eliminate the causes of these issues, and proceed with technological development via specific methods for creating these functions. The resulting functionality is then sequentially deployed in each model.

As an example, seat belt use is mandatory for all seats in Japan. There, the seat belt use rate for both drivers and front seat passengers exceeds 96%. However, the use rate for rear seat passengers is 45.5% on local roads and 79.7% on highways, which is lower than the rate for drivers and front seat passengers. On the other hand, studies

have shown that the fatality rate (the ratio of fatalities to casualties) when rear seat belts are not worn is approximately 16.6 times higher than when they are worn on highways and 2.7 times higher than when they are worn on local roads[3]. In order to encourage more people to fasten their seat belts and minimize harm in the event of an accident, we have installed the world's first rear seat belt reminder with an audible alarm in the Levorg, launched in 2020, and have been sequentially deploying this system to other models. In a web survey of users conducted one year after the introduction of the Levorg, approximately 70% of respondents indicated that they were newly using their seat belts thanks to this function. This incorporation of effective functions based on the actual accident conditions will help us reduce accidents toward achieving the goal of zero fatal traffic accidents.

Based on the analysis of 668 fatal traffic accidents involving SUBARU vehicles that occurred in the U.S. between 2017 and 2022,[4] we are developing technologies to prevent all fatal traffic accidents except those involving violation of traffic rules or accidents involving significant dangerous behavior by the other party,[5] as well as to respond to traffic accidents of various causes that may occur in the future. Along with the areas of Primary Safety, which is basic design features for avoiding accidents, and Active Safety, the idea of greater safety through driving performance, we aim for a high level of redundant safety by increasing the overlap between the areas of Preventive Safety, Passive Safety, and Connected Safety. We will also promote efforts to educate users about accidents involving violations of traffic rules or those involving significant dangerous behavior by the other party, as well as to propose rules and encourage the improvement of the road environment.

1. Zero fatal road accidents among occupants of Subaru vehicles and people involved in collisions with Subaru vehicles, including pedestrians and cyclists
2. Fatality Analysis Reporting System, which provides data on all fatal traffic accidents that occurred in the U.S.
3. Source: Faster Your Seat Belt Wherever You are Seated (National Police Agency) https://www.npa.go.jp/bureau/traffic/anzen/seatbelt.html (in Japanese only)
4. All 668 fatal accidents occurring while a driver or passenger is in a SUBARU vehicle and fatal accidents of pedestrians, cyclists, and the like arising from collisions with a SUBARU vehicle. Data source: FARS
5. Includes cases where the vehicle was caught between a large vehicle such as a semi trailer in the front and rear, head-on highway collisions where a vehicle was driving the wrong way, and collisions with a pedestrian who entered the highway at night.



Car Assessments

SUBARU undergoes safety performance testing and assessment of public organizations in and out of Japan including JNCAP[1] in Japan, IIHS[2] and U.S. NCAP[3] in the U.S., Euro NCAP[4] in Europe, and ANCAP[5] in Australia, and has gained the highest rank of assessment in most of them.

For FYE March 2025, as of May 2025, one of SUBARU's 2025MY (model year) vehicles had won the IIHS's 2025 TOP SAFETY PICK+ (TSP+) Award, and two vehicles had won its 2025 TOP SAFETY PICK (TSP) Award. In the U.S. New Car Assessment Program (NCAP), eight 2025MY models received 5-Star Safety Ratings in the overall vehicle score. Euro NCAP gave three SUBARU models a five-star rating in its 2024 assessment. As of July 2025, ANCAP gave three SUBARU models a five-star rating in its 2024 assessment.

1. Japan New Car Assessment Program (JNCAP): An assessment operated by the Ministry of Land, Infrastructure, Transport and Tourism and the National Agency for Automotive Safety and Victims' Aid (NASVA) to evaluate automobile safety performance.
2. IIHS: Insurance Institute for Highway Safety
3. U.S. NCAP: U.S. New Car Assessment Program for assessing safety performance operated by the National Highway Traffic Safety Administration (NHTSA).
4. Euro NCAP: European New Car Assessment Programme, a safety information disclosure program for automobiles in Europe.
5. ANCAP: The Australasian New Car Assessment Program, a safety performance assessment program conducted by an independent organization created by Australian and New Zealand transit authorities.

Awards Won by Current Models

Assessed Automobiles	Assessment Organization		Assessment
Crosstrek Impreza		JNCAP, Japan	Vehicle Safety Performance JNCAP Best Award 2023 JNCAP Five Star Award 2023
2025 model of the Solterra	2025 IIHS TOP SAFETY PICK+	(U.S.-specification models only) IIHS, U.S.	2025 TSP+ Award
2025 models of the Forester (excluding the Wilderness) and Ascent	2025 IIHS TOP SAFETY PICK	(U.S.-specification models only) IIHS, U.S.	2025 TSP Award
2025 models of the Legacy, Outback (excluding the Wilderness), Impreza, Crosstrek (excluding the Wilderness), Ascent, WRX, Solterra, and Forester (excluding the Wilderness)	5-Star Safety Ratings	U.S. NCAP, U.S.	Overall Safety Rating: Five Stars
Crosstrek, Impreza, and Forester	EURO NCAP Test 2024	Euro NCAP, Europe	2024 Five-star rating
Crosstrek, Impreza, and Forester	ANCAP SAFETY TESTED 2024	ANCAP, Australia	2024 Five-star rating

* Vehicle specifications vary between countries and regions.

(1) Continuous Enhancement of Passive Safety Technology

SUBARU focuses on developing cars with the utmost priority of safeguarding everyone in the event of a collision, not just the vehicle occupants but also pedestrians and cyclists.

Strengthening the vehicle body and enhancing restraint systems are two critical elements to occupant protection. In strengthening the vehicle body, we combined a cabin structure that can withstand severe collisions by using high-strength materials with the Subaru Global Platform, which helped realize a body structure that efficiently absorbs collision energy. This design ensures protection in collisions from any direction. In addition, pedestrians and cyclists sustain injuries at a rate 2.5 times higher than that of vehicle occupants. To reduce the damage to pedestrians and cyclists in the event of an accident, SUBARU not only uses soft structures for bumpers, bonnets, and other areas that can absorb impacts but has also expanded the models equipped with pedestrian airbags.

More than 60% of fatal traffic accidents in Japan result in death from head and chest injuries. In enhancing restraint systems, we reduce the load on the upper body in the event of a collision by firmly restraining the lower body with knee airbags and seat cushion airbags. We also adjust the seat belt tension based on the occupant's physique to prevent excessive pressure. This ensures the protection of all occupants, regardless of physique. Nevertheless, even with the evolution of restraint systems, they will not be fully effective unless seat belts are properly fastened. Given the low rear seat belt installation rate on local roads in Japan, SUBARU has taken steps to address this situation by introducing seat belt reminders to all seats and expanding the number of models equipped with these reminders.

In addition to protecting occupants, we are also working on mutual safety to protect other parties involved in a collision with a SUBARU vehicle. By adopting a structure that is able to securely control physical contact with the other vehicle by enlarging the bumper beam and adding a sub-frame, we mitigate damage to not only the SUBARU but also the other vehicle.

In the pursuit of even less accidents going forward, it is necessary to anticipate more diverse and severe accidents than ever before, however. For example, in collisions involving bicycles, it has been recognized that under certain limited conditions, the current pedestrian airbags may not cover all cases, given the various factors such as the cyclist's physique and the angle and speed of both the bicycle and the vehicle at the time of impact. As a result, we are utilizing computer simulations to identify worst-case scenarios from the countless collision patterns that can be imagined and to develop specific countermeasures.

(2) Further Advances in Preventive Safety Technology

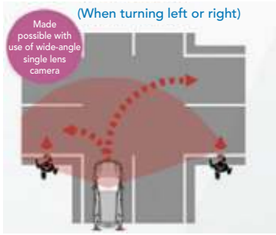
Seventeen years since the birth of EyeSight

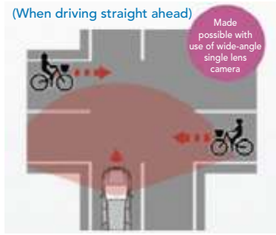
The EyeSight system was launched in 2008, achieving a world first in using solely stereo camera technology to enable pre-crash braking and adaptive cruise control. EyeSight version 2 was announced in 2010 with an enhanced pre-crash braking system that provides support until the vehicle comes to a full stop. Since then, we have expanded the number of models equipped with EyeSight in Japan and set affordable prices, which greatly increased its name recognition and adoption among customers, followed by its sequential deployment to other countries. In 2014, with the release of version 3, advancements in color recognition and an expanded field of view using stereo cameras significantly enhanced the advanced safety features. In the 2020 release of the Levorg, SUBARU introduced the EyeSight X advanced driver assistance system, combining a new stereo camera with four radars in the front and rear, and a high-precision map locator. Driving a car can be more strenuous on the body than expected; EyeSight X functionality reduces this burden so that drivers can enjoy their travels safely without getting tired and distracted, even over long distances. In 2022, we newly adopted a wide-angle single lens camera for enhancing EyeSight's recognition capability in the mainstay Outback for the North American market.

The evolution of this "three-eyed" system of an ultra-wide-angle single lens camera along with two stereo cameras provides even greater visibility than ever before. This helps to avoid collisions and mitigate damage in the event of a collision by quickly detecting pedestrians and cyclists that may come out of blind spots at intersections, a sudden situation that many customers have experienced.

The stereo cameras equipped in EyeSight are unique in that they enable the system to recognize objects with two cameras, similar to human eyes, so it can recognize more information than radar-based systems and detect objects on the road, vehicles ahead, pedestrians, road geometry, etc., more accurately. About 30 years ago, when the development of EyeSight began, there was still no technology to replace the image captured by a camera with a depth map and to detect three-dimensional objects from it. We also struggled to fully grasp the unique qualities of stereo cameras, and faced numerous challenges such as failure to detect properly due to rain or fogged glass. However, we have continued to evolve by analyzing various accidents and repeatedly making improvements by thoroughly testing each scenario, resolving issues one by one, and making sincere efforts to reduce vehicle accidents, a social issue we are addressing. As a result, the cumulative global sales volume has reached approximately 7.6 million units as of June 2025 since launching in Japan in 2008.

New-generation EyeSight stereo camera + wide-angle single lens camera





What we have built up through EyeSight development

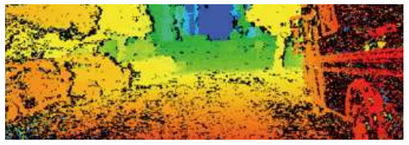
In order to reduce accidents, we believe it is necessary not only to equip vehicles with technology, but also to spread the popularity of vehicles with safe technology by offering exceptional performance at a price that is affordable for a wide range of customers. Raising performance while keeping prices low is quite a challenge. Because it is important to be able to pack these optimized systems with highly precise functions while thoroughly reducing costs, we produce the software for sensors and control in-house. Our engineers go to various sites around the world to collect in-depth data, modify sensor and control software, and advance development with a thorough focus on feeling so that the customer does not feel uneasy about the car's behavior and is able to control the vehicle comfortably. In-house development is by far the quickest way to deal with issues related to sensors and control, and quality can be improved by repeating the PDCA cycle many times before commercialization. In addition, the accumulated expertise we have gained over more than a decade through this approach has become one of our strengths.

Integrating EyeSight and AI to enhance recognition technology

SUBARU is committed to enhancing its preventive safety technologies and is actively exploring new technologies as it strives to achieve zero fatal traffic accidents. Our current focus is on integrating AI technology with EyeSight.

The fundamental principle of spatial recognition using stereo cameras is to precisely calculate the distance to objects from each pixel by triangulating the displacement of images captured by the two cameras, one on the right and one on the left. The strength of EyeSight lies in its ability to accurately convert everything captured by the cameras into a three-dimensional representation, allowing it to perceive the shape and distance of various objects. However, when capturing small objects or subtle irregularities, there are some cases in which it is very challenging with the image recognition of EyeSight alone to determine whether it should be passed over or considered an obstacle. In contrast, AI excels at categorizing objects captured in camera, pixel by pixel, based on extensive previously learned data. Since EyeSight can fuse the distances to recognized objects (Figure 1) with the classifications made by AI (Figure 2) in the same image, EyeSight and AI are considered an excellent match. If this can be put into practical use, it is expected to lead to an enhanced level of vehicle safety in various situations by allowing for more detailed and accurate recognition of the driving environment's information than ever before.

Image captured using EyeSight (Figure 1)



Calculates the distance to objects pixel by pixel
(Near Red < Orange < Yellow < Green < Blue Far)

An image recognized by AI (Figure 2)

Can focus solely on the road surface even in complex road environments
(Color-codes the recognized road surface on a pixel-by-pixel basis)

This initiative is being pursued at SUBARU Lab, a newly established independent office, designed to create an environment for generating fresh ideas from a different perspective. This new base in Tokyo's Shibuya, an area evolving into an IT hub following recent redevelopment efforts, has enabled us to streamline and effectively recruit the talent essential for AI development and collaborate with IT-related companies, leading to faster development than ever before.

In April 2024, SUBARU announced the adoption of Versal™ AI Edge Series Gen 2 from AMD as the SoC to be used in the Next-Generation AI-powered EyeSight under development at SUBARU Lab, and that SUBARU would begin collaborating with AMD on circuit design to optimize the SoC*[1] in order to achieve cutting-edge AI inference performance and ultra-low latency computing at a low cost. In this collaboration, we are developing a custom SoC with additional electronic circuits covering the needed high-speed calculations while removing circuits from the general-purpose version of the SoC that are unnecessary for our use case, with a focus on semiconductor circuit design to optimize performance, power consumption, and cost.

Workflow of stereo image data processing
(From AMD's Keynote at Embedded World 2024)

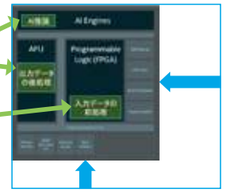


Image of function placement on Versal™ AI Edge Series Gen 2

Versal™ AI Edge Series Gen 2

In November 2024, we announced the start of collaboration with onsemi[2] on the dedicated design of Hyperlux AR0823AT image sensors to improve the performance of recognition processing that combines stereo cameras with AI inference. This collaboration will enable us to create a dedicated design for the AR0823AT to incorporate optimal visual data for AI inference processing, and to further refine the stereo camera recognition technology that we have accumulated over the years through in-house production as we aim to incorporate this into the Next-Generation EyeSight system planned for the latter half of the 2020s.

1. Subaru and AMD Collaborate on SoC Design to Integrate Stereo Camera and AI Inference for the Next-Generation EyeSight (April 19, 2024) (https://www.subaru.co.jp/news-en/2024_04_19_154452/)
2. Subaru and onsemi Collaborate on Optimized Design of Image Sensors for the Next-Generation EyeSight (November 19, 2024) https://www.subaru.co.jp/news-en/2024_11_19_113743/

Initiatives for Strategic Creation and Strategic Utilization of Intellectual Properties

According to the Basic Intellectual Property Policy established in 2020, we are building intellectual property strategies in coordination with our business and R&D strategies. Additionally, we have positioned the risk management to prevent risks that may hinder business and the development of human resources capable of independently conducting strategic activities as major challenges.

Strengthening of strategy functions and activities

Basic policy

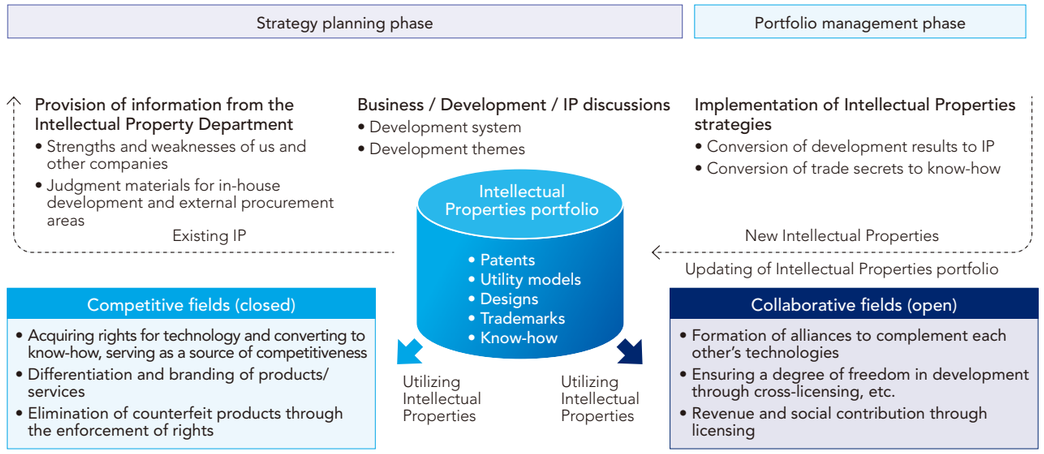
1. Function as a compass for business and R&D strategies using the IP landscape
2. Throughout SUBARU, we will dedicate ourselves to creating intellectual properties that originate from the market and appropriately manage our intellectual property portfolio to protect and enhance its brand
3. SUBARU will respect the intellectual property rights of others and work thoroughly for patent clearance in product development

Priority activities

- Strategy Planning
- Risk Management
- Portfolio Management
- Upskilling

Strategy Planning

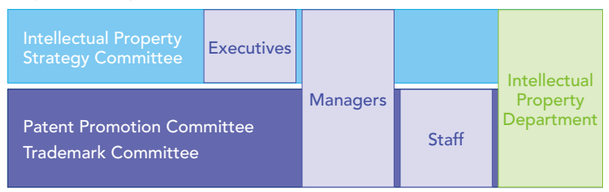
We develop intellectual property strategies based on how business issues can be solved through intellectual property and analysis of technology trends (IP landscape). The results of our activities gained from strategy implementation are reflected in our intellectual property portfolio and utilized.



Portfolio Management

We hold Intellectual Property Strategy Committee meetings to discuss strategies based on the IP landscape with the attendance of the officers in charge of each area. Each division has a promotion organization and holds Patent Promotion Committee meetings. In addition, the Trademark Committee meets to share issues, report on anticounterfeiting measures, and discuss the trademark portfolio.

Major meetings



Intellectual Property Strategy Committee
Discusses division and company IP strategy

Patent Promotion Committee
Plans and promotes IP activities for each division and company

Trademark Committee
Shares trademark issues, discusses whether trademark rights should be maintained, and reports on anti-counterfeiting measures

Portfolio Management in the Automotive Business Unit

The Automotive Business Unit discusses intellectual property strategies and defines priority areas based on proposals made by the Intellectual Property Department. Since FYE March 2022, these meetings have been held annually. The business unit continues to manage the progress of activities including priority areas and review priority areas.

Intellectual Property Strategy Committee Members

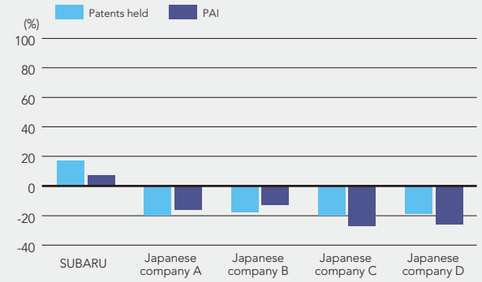
TOPIC Patent Portfolio for Passive and Preventive Safety Technologies

SUBARU has applied for patents from development results in the areas of passive safety technology and preventive safety technology. Looking at the respective changes in the number of patents held and the patent asset index, or PAI* over the last five years, the number of patents held and their PAI for passive safety technology have both increased for SUBARU, while both the number and the PAI have decreased for other Japanese automobile manufacturers. SUBARU is also one of the top automakers in Japan in terms of the number of preventive safety technology patents it possesses and the increase in its PAI compared to other automakers in Japan.

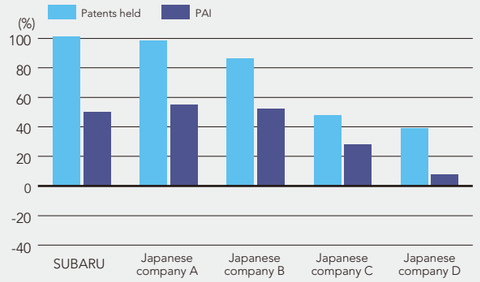
In our actions to cultivate IP going forward, we will continue to emphasize not only quantity but also quality for our IP utilization.

* Patent asset index (PAI): A measurement of the value of a patent

Passive Safety Technology
Change in patents held and PAI
(percent change at end of 2024 vs. end of 2019)



Preventive Safety Technology
Change in patents held and PAI
(percent change at end of 2024 vs. end of 2019)



Risk Management

By promoting in-house activities, including investigations and avoidance studies, to avoid infringing on the intellectual property rights of others, we strive to avoid the risk of direct damage to our business and lost opportunities due to injunctions. We are also combating counterfeit products and protecting our brands. By cracking down on counterfeit businesses that use our corporate and/or brand symbols, we protect our customers' safety, build trust with them, and ensure quality. For example, in FYE March 2025 we conducted a total of 26,000 enforcement actions, including warnings to infringers, requests to customs, police, and government agencies for injunction and detection, and requests to withdraw items from online sites.

Upskilling

With the goal of developing human resources capable of self-directed intellectual property activities, we provide training for each position within the Company and for Group companies and training tailored to the needs of each department. Approximately 1,400 employees took part in these training programs in FYE March 2025. We also distribute IP landscape reports on management issues and technology trends to senior executive management and development units to improve intellectual property literacy.

Human Capital

Amid a rapidly changing business environment, we believe that for SUBARU, which is committed to "Human-centered Monozukuri," human resources are the driving force to enhance our competitiveness and achieve sustainable growth. For this reason, we are committed to human capital management aimed at reaching an ideal state of "truly competitive people and organization."

Our definition of "truly competitive people and organization" is a state in which the following four elements are mutually functioning at a high level: each individual's abilities are maximally demonstrated; results are rapidly achieved by focusing on core business functions; people have an awareness of total optimization, easily transcending organizational barriers; and presence of a culture that encourages ambition and support. We believe that this will enable us to adapt quickly and flexibly to changes in the business environment and to strongly advance world-leading "Monozukuri" and "Value Creation" outlined in our New Management Policy.

To date, we have focused on initiatives based on individual growth that enables people to think and act on their own initiative and organizational growth that helps diverse individuals to thrive, with the aim of realizing "truly competitive people and organization." As a result, an increasing number of workplaces are taking full advantage of cutting-edge technologies such as IT and AI to review their business practices and proactively engage their colleagues to take on unprecedented challenges. We recognize that the various system, training, and corporate culture reform efforts we have consistently implemented to become a company "Delivering Happiness to All" are bearing some fruit, and we will continue to evolve our capacity building and corporate culture fostering efforts to accelerate this trend.

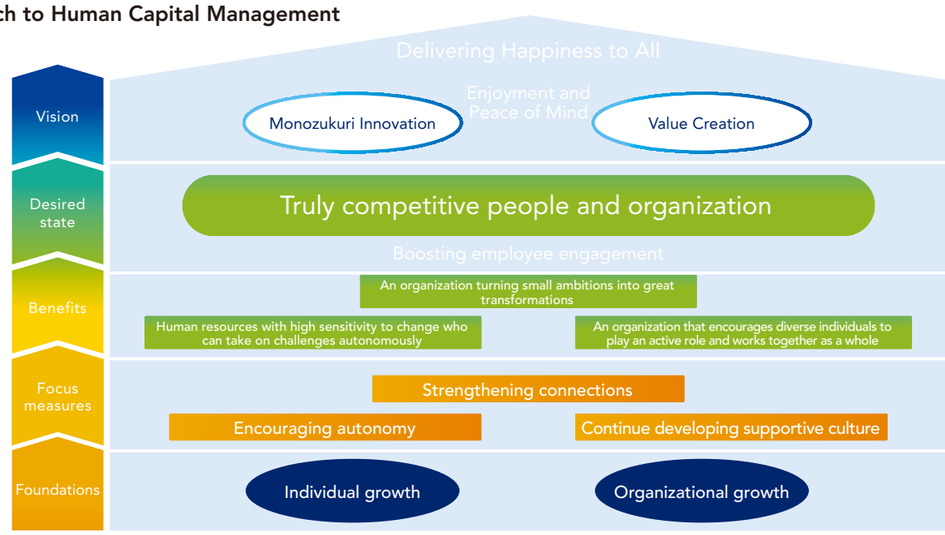
In addition to these efforts, in order to achieve sustainable growth in an uncertain business environment, it is essential for each and every employee to seek change and continue to take on challenges based on diverse ideas. However, the level of initiative and ambition remains disparate between different individuals and organizations, and we recognize that we are halfway to a sustainable, Company-wide transformation. That is why, as a member of management, I believe it is necessary to capture and firmly nurture the seeds of change that are surely beginning to sprout, so that they will develop into a swell of transformation for SUBARU overall. Going forward, we will utilize the new SUBARU Movement Index indicator to visualize changes throughout the Company, making every effort to strengthen connections between management and the workplace, between organizations and organizations, between individuals and individuals, and between ambitions and ambitions scattered throughout the Company.

These efforts not only respect diverse individuals, but also seek to create innovation by creating an environment in which they can work together and maximize their respective abilities in cooperation, which precisely embodies the concept of diversity, equity and inclusion. This step will surely lead to the creation of innovation that is uniquely SUBARU, the goal of human capital management as we envision it.

Society and technology change rapidly, and customer expectations and values continue to change. However, we will always place importance on people no matter the era, realizing our vision of becoming a company "Delivering Happiness to All" and enhancing the medium- to long-term corporate value of the entire SUBARU Group.

Hideyuki Kusabuka
Executive Officer
CHRO (Chief Human Resources Officer)

Approach to Human Capital Management



Individual and Organizational Strengths

Since our founding, we have been refining our products by staying close to customers and listening to their feedback based on our human-centered approach to Monozukuri. The high evaluation we have received for our products by many customers has helped to form relationships based on a deep resonance for the Subaru Difference. To further deepen our relationship with our customers and expand the circle of resonance for the Group's business activities, the human resources that have continued to refine the SUBARU character are, and will always be, the most important source of our competitiveness.

Resonance for the Subaru Difference

Many of our colleagues are themselves SUBARU enthusiasts and share a strong desire to bring "Enjoyment and Peace of Mind" to our customers and to make as many people as possible come to love SUBARU. These characteristics are the pillars that enable us to hone the Subaru Difference without compromise in all aspects, such as product development and service provision, and to move forward with concerted efforts toward a common goal, an identity that we will continue to cherish going forward.

A Group of Craftsmen with a Flexible, Nimble Approach

As a relatively small company within the automotive industry, we do not boast the headcount of our larger peers. This means that each employee is responsible for a wide range of areas, but simultaneously is required to possess expertise in each area to enhance our competitiveness. Employees gain experience being responsible for areas of the business relatively early in their careers. We are lucky to have strong support for our business from not only multi-skilled workers who can handle several different work processes at manufacturing sites, but also engineers who combine sensitivity and technological capability who are able to perfect our product performance at the development site.

A Workplace Culture of Earnestly Pursuing Results

Among our employees, "seriousness" and "sincerity" of people and "openness in the workplace" tend to be commonly cited as attractive features of our people and organizations. SUBARU is inclusive of a diverse range of individual characteristics, such as a sincere and persistent attitude, a mindset that respects each individual and tries to reach consensus through repeated dialogue, and leadership that builds trust through smooth communication. There is a widespread atmosphere throughout the organization in which everyone works as one to achieve goals and create results.

SUBARU finds itself amidst a business environment undergoing dramatic changes. We will overcome these uncertain times by building on the important foundation of the strengths and values of our people and organization that have been fostered over our long history, and by further cultivating them to a greater extent.

Initiatives to Enhance Our Competitiveness

At SUBARU, we have set individual growth and organizational growth as the two pillars underlying our human capital management. In order to flexibly adapt to a rapidly changing business environment and to powerfully drive change, it is essential for each individual to think and act independently. We will then mobilize these actions and link them to the greater strength of the organization as a whole.

Individual Growth

The driving force behind the Group's sustainable growth is the power of each and every Group employee. We are working to encourage autonomy with the aim of creating human resources with high sensitivity to change who can take on challenges autonomously. We help employees to autonomously develop their careers by providing a variety of opportunities and creating an environment that enables employees to think and act on their own initiative based on an accurate understanding of the external environment.

Open-call job rotation

SUBARU introduced an open-call job rotation system in FYE March 2022 as a scheme to support employees in the career plans they have developed for themselves. In the four years since introduction of this system, more than 300 employees have gained new career opportunities. Users have commented on how rewarding it is, how it gives them a sense of tackling new challenges, and how it broadens their perspectives. The system strengthens individual capabilities through career support, while also strengthening the organization through benefits from mobility of human resources.

Cultivation fund

This fund, introduced in June 2024, allows employees to seek out learning opportunities that will lead to the evolution of their work. If these opportunities are approved, they can receive full support from the company. The total amount of support has already exceeded 12 million yen, and we expect to expand this fund further in the future. By having employees apply their proactive learning, gained not only from educational opportunities provided by SUBARU, to the growth of the organization, we aim to be the world's foremost leaders in various fields and to become truly competitive.

Discretionary work system

SUBARU has introduced a discretionary labor system in some workplaces effective October 2024. This system is designed to create results faster and at a higher level by giving freedom of work style and responsibility for results to human resources who should lead the organization and drive change in development, planning, and analysis work. By increasing flexible work options, we will create an environment in which employees can maximize their potential and support their strong work to advance our "Monozukuri Innovation" and "Value Creation."

Dialogue with leaders at other companies

Since FYE March 2022, we have consistently held lectures by outside management leaders as an opportunity for our employees to learn about the world and proactively take on challenges with an accurate sense of crisis and speed. In FYE March 2025, leaders from seven companies in a variety of industries gave lectures to our managers, including associate managers and senior line staff on the theme of "Taking the First Step Toward Unprecedented Challenges," with a total of more than 3,300 participants in attendance. This was an opportunity for participants to broaden their perspectives, while also offering them a chance to think about how they themselves can exercise leadership and alter their behavior.

A dialogue session with leaders at other companies

Organizational Growth

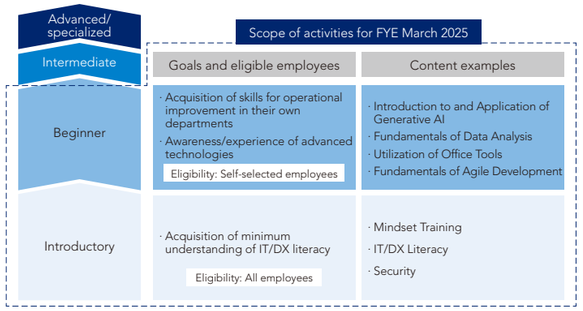
In order to convert the power of human resources who think and act on their own initiative into a source of corporate competitiveness, it is essential to create an environment that empowers every employee. We are working to continue developing a supportive culture so that we create an organization that encourages diverse individuals to play an active role and works together as a whole. We are working to build an organization that maximizes individual strengths in terms of both mindset and skills, taking actions to enhance affinity and work fulfillment.

Fostering a corporate culture through affinity programs

We have been holding the Company-wide SUBARU Vision Awareness Program for all employees at the end of every October since FYE March 2022. In FYE March 2025, under the theme of "Actions to Realize the Policy Under the New Management Policy," we held intra-workplace dialogues on the connection between being a company "Delivering Happiness to All" and the policy and the ideal state and actions of their own organizations, starting from internal success cases and unfiltered comments from top management. Taking a moment away from work and looking at oneself and one's own organization from a bird's-eye view in this way helps the entire organization to align perspectives and stimulates autonomous action.

Creating an organization capable of efficiently carrying out tasks

One of our Company-wide efforts to improve productivity, especially in our administrative departments, is to promote operational efficiency through DX. In 2024, we held an AI/IT Exhibition at our offices in Japan to broadly introduce examples of how to use IT tools and AI technologies internally. The specific examples and IT consultations provided each employee with hints on how they might improve their own work. In the same year, we launched the IT Academy, an educational program for all employees. By elevating IT skill levels, we aim to stimulate improvements in our business processes and cultivate human resources who will proactively engage in transformation. In FYE March 2025, we delivered introductory and beginner-level content online to help improve IT/DX literacy and acquire basic skills that will lead to improved business operations.



Creating a diverse organization

The SUBARU Group believes that innovation is created when diverse individuals work together with mutual respect and demonstrate their abilities, thereby realizing SUBARU's unique and sustainable value creation. As a foundation for realizing this goal, we are building an organization that maximizes the diversity of individuality and unique abilities that everyone possesses, not only in terms of gender, nationality, and age, but also in terms of values, lifestyle, career, and work style. In 2024, we established a meeting body with the participation of all executive levels, including top management, to empower diverse human resources. Lively discussions are held regarding the further empowerment of women and employees with disabilities.

Number of female managers

KPI in 2025: 48

As of June 2025: 52

Number of female associate managers and equivalent: 143

At SUBARU, we believe that promoting active roles for female employees is an important part of empowering diverse resources. We are building an environment that enables women to continue working and take active roles throughout various life events through four initiative pillars: Recruitment, Systems, Career Development Support, and Fostering Culture. Based on diverse career perspectives, we also prioritize empowering each female employee to thrive in a way unique to themselves. As one metric for advancing women's participation, we focus on the number of female managers. As of April 2025, the number of female managers reached 52, achieving the goal of doubling the number of female managers (to 48) by 2025 compared to 2021. Going forward, we will continue to prioritize supporting female employees as an important topic for sustainable corporate growth, and have set a new goal of having at least 100 women in management positions by 2030 and promote Company-wide efforts to achieve this goal.

Employment rate of people with disabilities

KPI in 2030: 3.0%

As of June 2025: 2.6%

New mid-career hires

4,747 (including 240 managers)

As of March 31, 2025

Number of foreign national employees

129 (including 4 managers)

As of March 31, 2025

Toward Further Growth

Employee Attitudes Survey and Engagement Score

Since FYE March 2018, we have conducted an employee attitudes survey each year. In order for all employees to work in unity to create a bright and vibrant SUBARU for sustainable growth in the future, we strive to understand each employee's honest thoughts about the Company, including their daily work and work environment, and to address personal and organizational issues. This survey is designed for easier results analysis and comparison with other companies in order to better clarify the strengths of and challenges faced by SUBARU. Survey results are used to identify issues and formulate countermeasures at each workplace, and are utilized in personnel policies and corporate culture reform efforts.

The employee engagement score calculated from survey results is positioned as one of our key management indicators to evaluate SUBARU's efforts. Our desired score has been set as 70% by 2028. Since FYE March 2023, the amount (points) of improvement in the engagement score is used as a qualitative (non-financial) KPI to calculate variable compensation-type restricted stock compensation under the executive compensation plan.

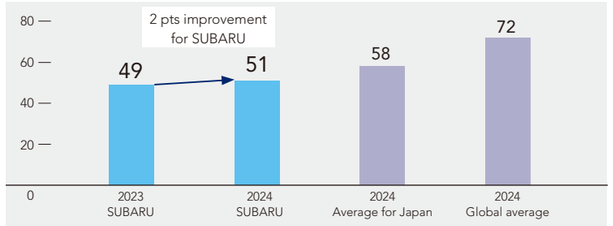
In the survey for FYE March 2025, which was conducted in October 2024, the engagement score was calculated to be 51% (an improvement of two points over FYE March 2024). While still well below target, this shows a statistically significant improvement, with scores improving in all comparable categories from the previous assessment.

2024 Employee Attitudes Survey

Eligible respondents	Respondents: 17,510 Eligible respondents: 18,458
Response rate	95%
Survey period	October 10, 2024–October 30, 2024
Question content	Multiple-choice questions: 16 categories 83 questions Free-answer questions: 2 questions

Employee Engagement Score

Score calculated for "Are you motivated to contribute and loyal to the Company and willing to make a voluntary effort?" based on the average percentage of positive responses to five specific questions out of 83 multiple-choice questions.



We use responses to multiple-choice and free-answer questions in the employee attitudes survey to clarify areas of positive assessment and areas for improvement.

■ Areas of positive assessment

We recognize that various Company-wide efforts, not just personnel measures, are reflected in the high-scoring items shown below. In addition, there is a trend toward improvement in items related to management strategy and business processes, which were issues in the previous fiscal year.

Growth opportunities

Many employees have a positive view of their work environments, in which they are proactively given work missions and many opportunities for growth from a young age, and in which they are encouraged to acquire qualifications and take training courses. Furthermore, there were many mentions of sincere consideration of direct supervisors for the growth of their subordinates. These are indicative of the effectiveness of encouraging autonomy that we have been working on, and we recognize that this is a strength of ours that we want to further enhance at SUBARU.

Quality and customer orientation

Responses strongly show a resonance for the Subaru Difference, a strength of our employees. Regarding quality, we believe that the various quality enhancement initiatives underway since 2018 have raised quality awareness throughout the Company, and that the results of these initiatives are steadily appearing in the initial quality of new models and other areas. Our perception is that the survey results show our employees are feeling these changes themselves.

■ Areas for improvement

Scores remain low for many items compared to the average for Japan, and we recognize the need for continued efforts toward improvement. In particular, the positive response rate for questions related to management strategy and business processes, which were issues last year, remained low despite some improvement, and the gap with the average for Japan remains large. We believe that these are essential challenges to tackle for future growth.

Management strategy

We believe that subpar results in this area are due to not fully promoting understanding and fostering affinity as a company with respect to the uncertain business environment and unprecedented challenges that we face in this environment. To help resolve this, small-group dialogue meetings were held in FYE March 2024 with the leaders of specific departments, including team leaders at manufacturing sites, and in FYE March 2025 with all those at the general manager level and the president and vice president, to promote an essential understanding of company policies and to align the perspectives of management and those in the field. However, there are still barriers to the penetration of this information among practitioners handling day-to-day tasks, and it is becoming clear that there are limits to the conventional deployment of information through organizational hierarchy. We recognize the need to create opportunities for these practitioners to directly come in contact with expressions from our management and to foster a sense of conviction through two-way dialogue.

Business processes

Like with the previous fiscal year, we recognize that there are challenges in communication and cooperative systems across organizations, due to factors such as the weakening of inter-organizational communication. To resolve the issue, in FYE March 2025 we launched a new large-scale training program involving approximately 4,000 leaders from across the company to learn methods to transcend organizational barriers and strengthen the power of the organization, thereby promoting inter-organizational collaboration. Furthermore, in April 2025, we reorganized our organizational structure* to enable the execution of bold initiatives, free from the constraints of traditional functions and roles within the existing organization.

* February 7, 2025: Subaru Corporation Announces Organizational and Management Changes (Effective April 1, 2025) https://www.subaru.co.jp/news-en/2025_02_07_104754/

Challenges and Breakthroughs for Further Growth

Based on the current situation, we analyzed employee opinions from various survey free-answer comments, questionnaires on personnel policies, and employee interviews, and found that the root cause of various issues is an organizational structure in which the embers of ambition are extinguished. Employee feedback includes that many are becoming less mindful of helping other departments and are trying to protect their own scope of duties, and that employees cannot get away from work that piles up, and the fear of failure prevents them from taking on new challenges. This is because the Company's strengths, such as affinity with the SUBARU Difference, being a group of craftsmen with a flexible, nimble approach, and having a workplace culture of earnestly pursuing results, which functioned well amid a relatively unchanging external environment, have been replaced by an uncertain business environment and an increasingly siloed organization due to the expansion of the organization. This has led to a strong sense of responsibility leading to cautious discussion and insistence on achieving the goals of one's own organization, sapping the sense of speed throughout the Company and a structure that makes it difficult to take on new challenges.

On the other hand, despite these challenges, there have been some cases where teams have proactively tackled issues on their own and sought breakthroughs with the involvement of those around them, and where company-level initiatives have borne fruit.

● Examples of bottom-up initiatives

In the U.S., our most important market, we launched SOA LiVE in 2025, led by young expatriates to Subaru of America (SOA) from Japan. This initiative transmits video content made locally to global SUBARU colleagues on themes such as the voices of local customers and local staff, as well as business and daily life in the United States. This is an opportunity for employees in Japan to become more familiar with the U.S. market and to consider their own work and careers.

Café Solterra activities in progress

In addition, as the transition to electrification continues, volunteer employees are leading an initiative called Café Solterra to promote the appeal and potential of BEVs internally. Although we introduced the first global BEV, Solterra, to the market in 2022, our employees have not necessarily had many opportunities to experience BEVs on a day-to-day basis. To address this, we are planning internal opportunities to experience how the power supply function and other aspects can be applied to real-life situations, and are creating opportunities for employees themselves to experience the value and potential of BEVs in development, service, and sales.

Company-wide initiatives: Obeya development

In BEV development, we are engaged in what we call "Obeya (large-room) development." This large-room development is a system in which all project members involved in the development of a single vehicle come together on the same floor to engage in daily development across departmental boundaries. Large-room development activities are rooted in multiple elements: a shared mission with unprecedentedly high goals, an attitude of discussing issues with everyone regardless of department or position, a culture that encourages failure as a learning experience, and a prompt and highly transparent information sharing system. These elements eliminate mental barriers among colleagues and allow engineers in various fields to work as one team to develop products under the concept of total optimization. The engagement scores of employees involved in large-room development are above our Company-wide average, even exceeding the global average for some specific questions.

SUBARU's Policy for Accelerating Change

Despite our challenges, we are committed to strengthening connections as a focus for new measures to transform the signs of spontaneous change that are emerging in various areas into a larger Company-wide swell. Connecting management strategy to one's own work, deepening cooperation between organizations based on connections among individuals, creating small challenges, and nurturing them together with colleagues; we believe it is important to instill these states of connection throughout the entire Company.

Strengthening connections

(1) Connecting with management

We will deepen the connection between our corporate vision and each employee's work, and enhance their initiative and motivation to contribute. In an increasingly uncertain business environment, it is important to build a relationship of mutual trust between management and employees, rather than unilaterally asking employees to understand management policies. We aim to create a state in which each employee has an accurate understanding of our current situation and the path to the future, and can step forward to take on unique challenges with a clear understanding of the significance of their own work for society and their company.

(2) Connecting with the organization

We will build a foundation for collaboration through the creation of a system that promotes cooperation across departments. Hesitation in requesting cooperation from other departments may be due to psychological hurdles created by past interactions. To overcome these challenges, we will build a system where each individual can adjust their mindset and actions and smoothly consult and collaborate with those in other departments, enabling the entire Company to swiftly act in unison.

(3) Connecting with people

We will accelerate networking among employees and expand the opportunities and options for each individual to step into action. Given the fact that relationships among employees tend to weaken as a result of siloing from organizational growth and advancement of remote work, we will intentionally increase the number of touchpoints between people and work to visualize human resources. We will encourage collaboration and ambition by making it easier to find people who have solutions to their own issues, and to find others who can work with them in resonance with their challenges.

(4) Connecting with ambitions

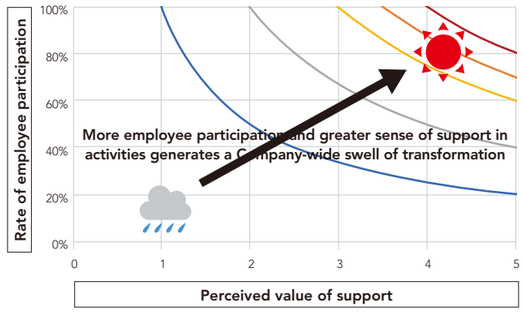
By capturing the signs of ambition scattered throughout the Company and providing support, we will turn small ambitions into a Company-wide swell. We are a relatively compact company within our industry and have an environment that facilitates the internal spread of ambitions. For us, when the realization of this spread of ambitions is shared within an organization and momentum rises to take on challenges, there is potential to drive rapid change overall in a company. We will nurture a movement toward taking on challenges, using the sight of ambitions blossoming in each workplace.

By combining our ongoing initiatives of encouraging autonomy and continuing to develop a supportive culture with our new action focus of strengthening connections, we will adapt the strengths of our people and organizations that we have cultivated to the changing times and create "truly competitive people and organization" that will support sustainable growth.

Becoming an Organization Where Small Ambitions Grow into Great Transformations

Of the four kinds of connections we are working to strengthen, we see connecting with ambitions as the most important theme to achieve a breakthrough in defeating our aforementioned organizational structure in which the embers of ambition are extinguished. The number of employees and organizations that have taken steps toward autonomously identifying and resolving issues has steadily increased as a result of our efforts to date. However, we recognize that the signs of such ambitions emerge in a scattered fashion, and that under our current situation, where there are differing degrees of momentum for taking on challenges among individuals and workplaces, it is easy to fall into a solitary struggle. That is why we believe it is important for SUBARU's transformation that we create a corporate culture in which employees can feel comfortable helping to take on challenges and an environment facilitating new ambitions, through the support and growth of diverse, front-line-driven ambitions as a Company-wide initiative.

As a core initiative to realize this goal, we plan to introduce the SUBARU Movement Index ("SMI") in FYE March 2027. SMI is a management indicator in which activities are selected that lead to Company-wide productivity improvement and corporate culture reforms, and where scores are calculated for each activity on two axes: the rate of employee participation and the perceived value of support. The introduction of this system will make it possible to visualize the total amount of change generated throughout the Company, enable continuous support according to the energy level of each activity, and establish a mechanism to drive transformation in a sustainable manner. Furthermore, we will amplify the scattered signs of change into a great swell of transformation through the formation of networks among the departments and leaders overseeing each activity, the creation of a system that allows employees to easily participate in activities, and the Company-wide deployment of success cases and bestowing of awards.



Creating a Healthy, Safe, and Secure Workplace at the Foundation of SUBARU

The happiness of each of our employees and their families is the driving force behind the realization of our vision to become a company "Delivering Happiness to All." We promote health management initiatives based on the belief that a workplace environment where all employees can work safely and with peace of mind, and where there are ample opportunities for challenge and growth, is the foundation of all business activities.

In order to practice health management, we place emphasis on support for autonomous efforts by employees and initiatives led by the Company, categorizing various activities into physical health, mental health, and organizational health. In addition, we have set three goals in our initiatives—reducing absenteeism, reducing presenteeism, and boosting engagement—and have developed a health management strategy map that systematically organizes each measure linked to these goals, visualizing the links with management issues while promoting activities.

As a result of these efforts, SUBARU has been recognized as a Certified Health & Productivity Management Outstanding Organization for five consecutive years in the large enterprise category of the Certified Health & Productivity Management Outstanding Organizations Recognition Program. In addition, SUBARU was recognized for its support and promotion of sports activities for health promotion, and was certified as a Sports Yell Company for the first time in FYE March 2025.

Category	Metric	Results			
		FYE March 2023	FYE March 2024	FYE March 2025	Most recent number of individuals surveyed (response rate)
Mental health	Reducing absenteeism (Percentage of days of absence due to mental illness)	0.84%	0.93%	0.92%	All employees (100%)
Physical health	Reducing presenteeism	67.0%	76.2%	77.6%	19,570 (94.1%)
Organizational health	Boosting work engagement	—	47.4 pts	48.0 pts	19,570 (94.1%)

Overview and measurement methods for target indicators

Absenteeism: A state in which work becomes difficult due to tardiness, early departure, or absence from work due to physical or mental illness. Measured from attendance records as the percentage of days of absence due to mental illness as a share of the number of scheduled working days.

Presenteeism: A state in which a person is working while suffering from some kind of illness or symptom, and their ability to perform their work or their productivity is reduced. Measured using the University of Tokyo's Single-Item Presenteeism Question (SPQ).

Work engagement: Measured using the 80-item version of the new occupational stress check

Financial Capital

Message from the CFO

Using capital policy to support a uniquely SUBARU strategic stance, proactively engaging in communication and dialogue to maximize corporate value.

Shinsuke Toda
Director, Managing Executive Officer
CFO (Chief Financial Officer)

Maximizing Corporate Value

In April 2025, I became Chief Financial Officer (CFO) of SUBARU. I first joined SUBARU in 2023 after a long career in the financial sector, and my overall impression of the Company is that it possesses extremely unique values. While a small corporate scale is often considered a disadvantage in the manufacturing industry, we have maintained high profitability in the industry, backed by a solid sales base mainly in the United States. In this fiercely competitive environment, I believe that we should not adopt the same strategy as our more prominent finished car manufacturer competitors, but rather choose a strategic stance that is unique to SUBARU. The key to this is an agility that underlies all corporate activities, including development, manufacturing, and sales. Based on our philosophy of flexibility and expandability, I am firmly convinced that our ability to quickly adapt to changes, made possible by our compact corporate scale, will give us a competitive advantage in the future.

As the global automotive industry undergoes a major transformation, the U.S., our most important market, is facing environmental regulations and tariff policies that will have an even greater impact on our business going forward. While there are movements toward easing environmental regulations, the possibility that they will tighten once again remains, among other potential outcomes. Though tariff rates have been reduced from previous announcements, they remain at high levels, and there is a risk that the impact of tariffs may be protracted. We recognize that it is also important to increase our price earnings ratio (PER) in this highly uncertain business environment.

Thus, I believe that, as the CFO, I have a very important role to play with respect to SUBARU's business environment. I will help maximize corporate value by reducing management risk, executing capital policy in an agile manner that maximizes the Company's strengths, and engaging in dialogue with stakeholders.

Review of Performance in FYE March 2025 and Outlook for FYE March 2026

■ Review of Performance in FYE March 2025

Regarding SUBARU's results for FYE March 2025, production volume was on par with the previous fiscal year, despite production adjustments to optimize inventory volume in markets outside of Japan. Consolidated units sold remained at the same level as the previous year due to strong sales in the Japanese and Canadian markets, despite the impact of production and shipment adjustments. Operating profit was down year on year due to lower sales volume and higher sales incentives, despite favorable sales of the new Forester and Crosstrek equipped with our next-generation hybrid system and benefits from exchange rate fluctuations.

FYE March 2025	Results	YoY Change
Units produced	946 thousand units	-2.4%
Units sold (consolidated)	936 thousand units	-4.1%
Revenue	4,685.8 billion yen	-0.4%
Operating profit	405.3 billion yen	-13.4%
Profit for the period attributable to owners of parent	338.1 billion yen	-12.2%

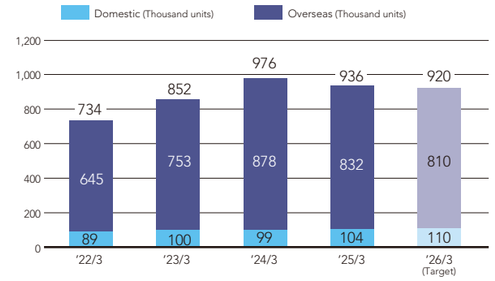
■ Outlook for FYE March 2026

In our May 14, 2025 announcement of consolidated financial results for FYE March 2025, we determined that it was difficult to reasonably calculate the full-year earnings forecast for FYE March 2026 due to uncertainties in our Group's business environment, including trends in U.S. tariff policy, and made the decision to defer disclosure of a specific plan. Impact from tariff policies has been extremely large for the Company, given that our U.S. sales volume accounts for more than 70% of total units sold. Despite this situation, we have announced a policy to further boost profits by improving productivity and creating profit-earning opportunities, among other measures, as we aim to secure operating profit in the 100 billion yen range.

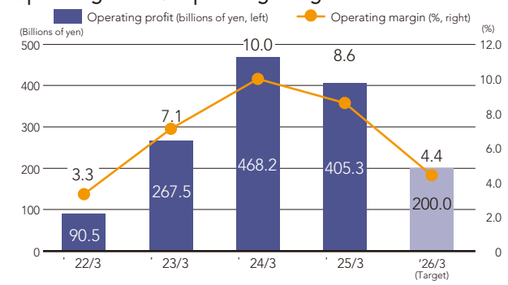
Later, after agreements were reached in U.S.-Japan tariff negotiations in July 2025, we made an August 7 announcement of our full-year financial forecast as part of the first quarter results announcement for FYE March 2026, targeting full-year operating profit of 200 billion yen. Although the tariff rate has been reduced to 15%, the negative impact on operating profit for FYE March 2026 is still significant at around 210 billion yen, and uncertainties have not been completely eliminated. Despite this, we will make unified Group efforts to create earnings-generating opportunies in addtion to seize them and reduce costs and expenses by improving productivity and lowering costs. In addition, though one of the two production lines at the Yajima Plant will be temporarily restricted during FYE March 2026 due to the construction of facilities for BEV production, we aim to achieve a production volume of 900,000 units through efficient production, including covering the shortfall with other lines. Furthermore, through the introduction of new models, including models equipped with our next-generation hybrid system, as well as flexible shipment adjustments, we are targeting 920,000 units sold on a consolidated basis (up from 900,000 units as announced in May).

FYE March 2026	Targets	YoY Change
Units produced	900 thousand units	-4.9%
Units sold (consolidated)	920 thousand units	-1.7%
Revenue	4,580 billion yen	-2.3%
Operating profit	200 billion yen	-50.7%
Profit for the period attributable to owners of parent	160 billion yen	-52.7%

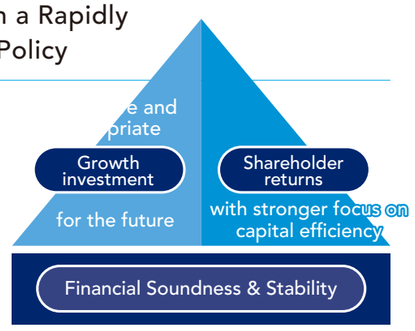
Consolidated Sales Volume



Operating Profit / Operating Margin



Supporting SUBARU's Unique Strategic Stance in a Rapidly Changing Market Environment Through Capital Policy



As mentioned above, SUBARU's business environment suggests high volatility over the future, and market trends are changing on a daily basis. As BEV demand growth slows, we have pushed back our expected achievement timing of the 50% BEV sales ratio, announced August 2023, to sometime after 2030.

In our "Action to Implement Management That Is Conscious of Cost of Capital and Stock Price[1]" document, we have stated that we aim to achieve industry-leading profitability and return on equity (ROE) of 10% or more as long-term targets with an eye to 2030 by steadily implementing world-leading "Monozukuri" and "Value Creation" and bringing competitive, SUBARU-distinctive products to market. Even in a highly uncertain business environment, the importance of SUBARU's unique strategic stance to achieve this goal remains unchanged, founded in the concept of flexibility and expandability to accurately grasp changes and make agile decisions quickly. As the financial side of the business, we will support this strategic stance by executing a three-in-one capital policy strategy: financial soundness and stability, growth investment, and shareholder returns. Furthermore, we will meet the expectations of our stakeholders and achieve sustainable growth together through timely communication and dialogue.

1. Please refer to the Corporate Governance Report for the status of our initiatives.
https://www.subaru.co.jp/en/outline/pdf/governance_e.pdf

Growth Investments

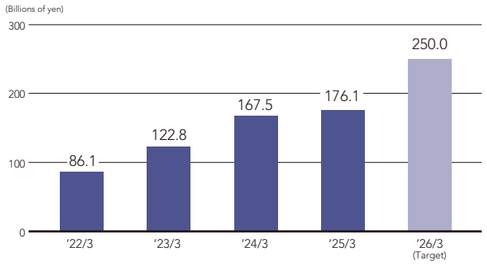
With regard to the approximately 1.5 trillion yen of announced investment in electrification, SUBARU is deepening its review of the timing and breakdown of investment in light of changes in environmental regulations and demand trends, based on the concept of flexibility and expandability, while also keeping in mind what kind of investment in Japan and the United States can lead to healthy growth.

With regard to the production of electric vehicles, we are steadily investing in the development of a production system aimed at strengthening our earnings base during the transition to electrification. To address rising global demand for HEVs, we are considering raising the production ratio of ICE vehicles through a further increase of HEV production capacity toward 2030. Toward this end, we have decided to make investments boosting production capacity at the Kitamoto Plant, which manufactures transaxles used in SHEVs, to reach just under 300,000 units per year by 2027.

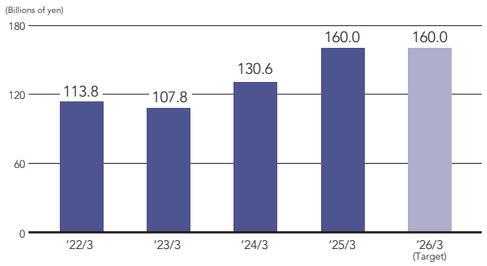
Even though the pace of BEV adoption is slowing and we expect to now reach our target 50% BEV sales ratio sometime after 2030, we believe that BEVs remain an important pathway to carbon neutrality going forward. To prepare for the eventual diffusion phase for BEVs to come, we cannot neglect setting up R&D and production systems to produce BEVs that will demonstrate the Subaru Difference.

As described above, it is not easy to predict how changes in the demand structure will unfold, as seen in how demand for ICE vehicles, especially HEVs, is currently growing, while full-scale demand growth for BEVs is also expected in the medium to long term. Therefore, we believe that constantly monitoring demand trends and flexibly and dynamically reviewing the content and timing of our investments are critical to securing a high level of profitability within the industry over the long term. We will vigorously support efforts to reach this profitability level through our capital policy.

Capital Investment



R&D Expenditures



Shareholder Returns

In the February 7, 2025 announcement of financial results for the third quarter of FYE March 2025, the Company also announced a revision to its shareholder returns policy. Under the new policy, based on management's decision to reward shareholders more aggressively in light of the current share price level and cash position, we have introduced a new shareholder returns measure, the dividend on equity (DOE) ratio. Through the introduction of stable and progressive dividends linked to shareholders' equity, we aim to co-create long-term value with our shareholders.

Returns Policy

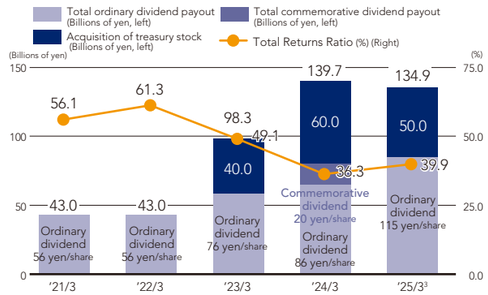
Based on comprehensive assessment of business performance, investment plans, and the business environment,

- Position dividends as the basis for shareholder returns and aim for progressive dividends by setting **DOE at 3.5%**[2].
- Target **total returns ratio of 40%** or more
- Implement share buybacks according to business performance and market conditions

2. Exclude "other components of equity" that fluctuates due to foreign exchange rates change, etc.
DOE = annual dividends / (equity attributable to owners of parent - other components of equity)

As for shareholder returns in FYE March 2025, the total return ratio is expected to be 40%[3] after dividends of 115 yen per share for the year based on a DOE of 3.5% and share buybacks of up to 50 billion yen. As of May 2025, the Company had put on hold its decision to conduct a share buyback due to uncertainty over the impact of tariffs, but on August 7, we announced that we would conduct the buyback in accordance with our return policy, given that the Japan-U.S. tariff negotiations have reached a level of certainty. We plan to return the same amount to shareholders in FYE March 2026, in accordance with our return policy, and expect to pay dividends of 115 yen per share for the year.

Total Dividend Payout / Dividend per Share / Total Return Ratio



Financial Soundness and Stability

With a focus on our selection and concentration approach to the business model, where we maximize the use of limited management resources, we are concentrating our efforts in the Automotive and Aerospace Businesses. In the Automotive Business, we have grown by creating value that is uniquely SUBARU by narrowing our focus to specific markets and car models, concentrating on areas where we can demonstrate our strengths. Because our business model is focused on specific areas, changes in the external environment tend to have a commensurately large impact on our business and performance. In the midst of such a trend, we have positioned the achievement of financial soundness and stability as the foundation of our corporate activities, where we emphasize ensuring a commensurate net cash position. In this approach, financial soundness and stability will help us to maintain stable business activities and to support the execution of growth investments and shareholder returns, which are important for growing alongside our stakeholders.

The Company currently has a net cash position of approximately 1.2 trillion yen, including time deposits. We recognize that this is somewhat higher than the level of financial stability we had previously assumed. However, as mentioned earlier, we expect even greater future volatility in our business environment ahead due to trends in environmental regulations and tariff policies, particularly in the U.S., our key market. Amid changing assumptions on which our business activities are founded, we are in a phase of reviewing our cash and profit generation structure and investment plans. At the same time, we see that there is a need to reexamine the optimal financial soundness and stability of our business, including the levels of funding we should maintain and our capital efficiency.

Further Enhancement of Messaging and Dialogue

We have consistently emphasized dialogue[4] with investors in the world, regardless of whether it regards financial or non-financial concerns. These efforts have been ongoing in recognition that it is important for our stakeholders to have an accurate understanding of our growth strategy and value creation story toward sustainable enhancement of our corporate value.

Amidst growing uncertainty in the automotive industry as a whole, we are promoting a uniquely SUBARU strategic stance based on the concept of flexibility and expandability, in which we make agile management decisions while accurately grasping changes in the environment. In order to further improve our price-earnings ratio, it is important for us to deepen stakeholders' understanding of the context behind our decision-making and strategic direction, as well as of the intangible assets such as human and intellectual capital that underpin the foundation of our business, plus our strong governance structure. To deepen mutual understanding with stakeholders through timely information dissemination and dialogue in response to changes, we are actively working more in-depth and frequent discussions with investors. Qualitatively, we will use tangible messaging and dialogue, such as test-drive experiences and plant tours, in addition to meetings and interviews. Quantitatively, we will meanwhile create opportunities for touch points through a variety of means, including onsite and online. By enhancing messaging and dialogue both qualitatively and quantitatively, we hope to deepen investors' understanding of our strengths and strategies, which quantitative information alone cannot convey, and raise investors' expectations for sustainable growth by improving the quality of engagement.

We sincerely appreciate your continued understanding and support of the Subaru Group.

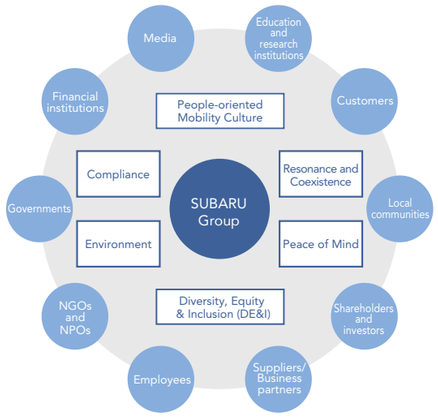
3. Including the completion of matters pertaining to "Notice Regarding Repurchase and Cancellation of Own Shares" released August 7, 2025
https://www.subaru.co.jp/news-en/2025_08_07_152829/
4. See page 89 for a presentation of our dialogue record for FYE March 2025.

Please visit the SUBARU website for details about financial information.

https://www.subaru.co.jp/en/ir/library/index.html

Social Capital

SUBARU attaches great value to its connections with customers and all other stakeholders. These close connections are the foundation of the SUBARU brand and form an indispensable aspect of our business activity. Going forward, we will work through our business activities, dialogue, and a wide range of events to engage closely with and listen to our stakeholders so as to further deepen our connections in many different areas as part of shared efforts to achieve an enjoyable and sustainable society.



Product-Based Initiatives to Spread Resonance and Coexistence
— Cherishing Every Life Project —

SUBARU places the highest priority on safety in "human-centered Monozukuri (Manufacturing)" and holds the protection of life to be important. Based on this commitment, we launched the Cherishing Every Life project in 2023 as an initiative to be carried out in partnership together with customers, dealerships, SUBARU, and local communities. "Human life" is irreplaceable and "natural life" takes care of rich forests and wildlife. We will continue to support those who are working to "protect and pass those on to a future full of smiles." By maintaining our social contribution through the various activities[1] of the Cherishing Every Life project, we will continue to expand the circle of empathy and harmony and deepening connections with customers and local communities.

▶ Human Life

The Campaign to eliminate Zero Water Accidents run by the Japan Lifesaving Association[2] (JLA) resonated with us, and we therefore became a JLA official partner to support its activities, including by providing SUBARU Lifesaver Cars. In the six years since we began our partnership, a total of more than 150 SUBARU Lifesaver Cars equipped with automated external defibrillators (AEDs)[3] have been provided to lifesaving associations in 31 prefectures throughout Japan, and are used for lifesaving activities such as local community patrols, safety education, and beach patrols. The dealerships work with the local lifesaving association to organize workshops with JLA instructors to teach how to give cardiopulmonary resuscitation and how to operate an AED, as well as carry out a wide range of other activities around the shared concern of protecting life.

In October 2024, we sponsored the 50th All Japan Life Saving Championships[4] to help promote understanding of lifesaving activities. During the championships, Group employees organized cleanup activities to ensure the safety of those visiting the beach and to protect the seaside ecosystem, thereby ensuring the safety of the local community and preserving the environment.

▶ Natural Life

We are engaged in partnerships with the bodies that manage national parks. We have concluded partnerships with the Shiretoko Nature Foundation, the Natural Parks Foundation[5], which manages Japan's national parks, and the Yakushima Environmental and Cultural Foundation. In this way, we support the activities of people engaged in protecting natural life through provision of vehicles and other means. In December 2023, we entered into a National Park Official Partnership to facilitate collaboration with the Ministry of the Environment, which administers the national parks. This will enable us to support our partner organizations and help vitalize national parks and promote their attractions through joint activities.

In Shiretoko National Park, in resonance and support of the activities of the Shiretoko Nature Foundation, whose mission is to protect nature and pass it on in a better form to future generations, we provide patrol cars and Group employees participate as volunteers in reforestation activities.

1. For details on our activities, please see the SUBARU website. https://www.subaru.jp/project/hitotsunoinochi/ (in Japanese only)
2. Official JLA website: https://jla-lifesaving.or.jp/en/
3. AEDs equipped in all vehicles, which were provided for use in the period from June 28 to September 2, 2025
4. One of the largest lifesaving competitions in Japan, where lifesavers from all over Japan and abroad compete in lifesaving skills and teamwork
5. Cooperation with Nasu Heisei-no-mori Forest in Nikko National Park, the Kamikochi area of the Chubusangaku National Park, and the Daisen area of the Daisen-Oki National Park

Deepening Community Connections through Corporate Sports
— Baseball Club / Track and Field Club —

Our corporate sports activity features two clubs, a baseball club and a track and field club[1]. The activities of our sports clubs, which compete at top amateur level, not only promote employee morale and team spirit but also provide an activity base where local residents have the opportunity to develop a spirit of courage and challenge. Both clubs engage in rigorous training, balanced with work duties, in order to achieve good performances at competitive events. At the same time, they take an active part in local road traffic safety awareness campaigns, sports coaching events, and other local activities, helping to deepen connections between the SUBARU Group and local communities.

▶ Baseball Club

The baseball club, which was established in 1953 with the aim of promoting corporate public relations and supporting employee morale, has qualified 30 times for Japan's annual Intercity Baseball Tournament and 17 times for the Japan Amateur Baseball Championship[2]. When it competes in the Intercity Baseball Tournament, the team attracts fervent support not only from employees and their families but also from many residents of Ota City and Oizumi Town in Gunma Prefecture, where the club has its bases. At its first match of the 96th Intercity Baseball Tournament in 2025, an enormous supporter group of around 12,000 spectators gathered at Tokyo Dome, cheering on the team with hearty enthusiasm.

▶ Track and Field Club

The club was established in 1998 with the aim of giving a boost to the local community by participating in the All-Japan Men's Corporate Team Ekiden Championships. This is a long-distance relay race, commonly known as the New Year Ekiden, whose course runs partly through Ota City in Gunma Prefecture, home to SUBARU's main plant. For the New Year Ekiden, which the club has competed in 24 times[3], many local people line up along the course route on New Year's Day to wave the SUBARU flag and cheer the team on to victory. The sight of the SUBARU team drawing strength from the crowd as they run through their home territory of Gunma helps to deepen our connection with the local community.

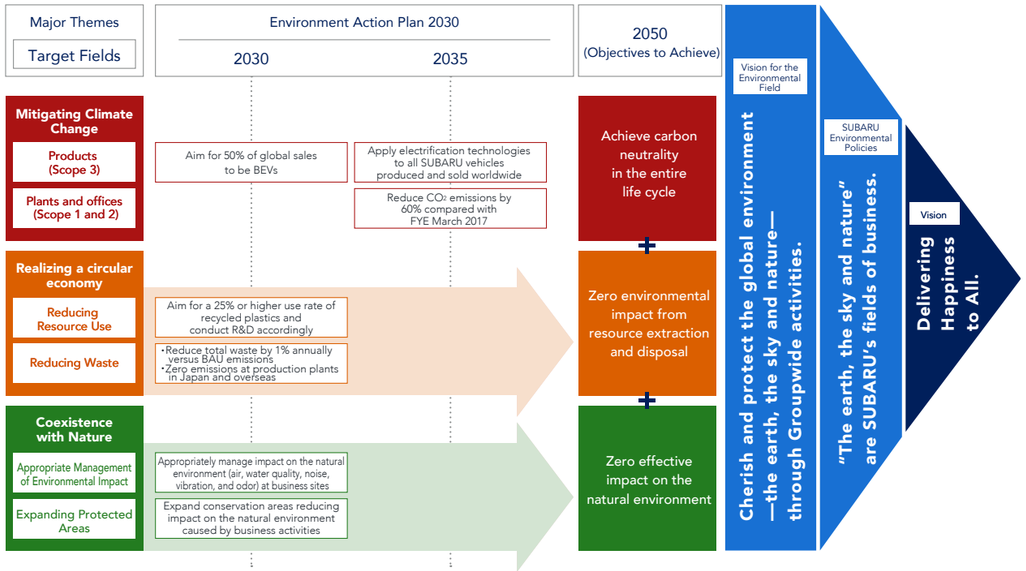
1. For details on our activities, please see the SUBARU website. https://www.subaru.co.jp/sports/ (in Japanese only)
2. As of August 31, 2025
3. Up to and including the 69th event, held on January 1, 2025.

Creating Learning Opportunities for Children
— Carbon Neutral Dispatch Class at an Elementary School in Miyagi Prefecture —

SUBARU, in support of a project sponsored by the Super Taikyu MIRAI Organization (STMO) for dispatch classes at each race venue, held a class at the Rifu Second Elementary School in Rifu-cho, Miyagi Prefecture. This project aims to provide an opportunity to think about a carbon-neutral society, and to encourage children to become interested in various motorsports-related occupations and the automotive industry in order to broaden their future options. In the classroom lecture held by SUBARU, we introduced our initiatives, and the hands-on vehicle experience provided an opportunity to experience driving performance by professional drivers and pre-crash technology. Children were full of smiles as they enjoyed learning about the connection between the environment and our technologies. Going forward, by supporting the studies of children who are our future, we will deepen our connections with society.

Natural Capital

In its Environmental Policies, SUBARU states that our fields of business are "the earth, the sky and nature" and focuses on efforts aimed at coexistence with nature. Furthermore, we have selected the Environment as one of our Six Priority Areas for Sustainability, and see this as a key theme for the continuation of our business. We have set our vision for the environment as "Cherish and protect the global environment—the earth, the sky and nature—through Groupwide activities." Within this, we have identified three themes of particular focus: controlling climate change, realizing a circular economy, and coexistence with nature. By addressing these issues, we aim to ultimately reduce the environmental impact on the natural world to virtually zero, and to go even further to make a positive impact.



Environment Action Plan 2030

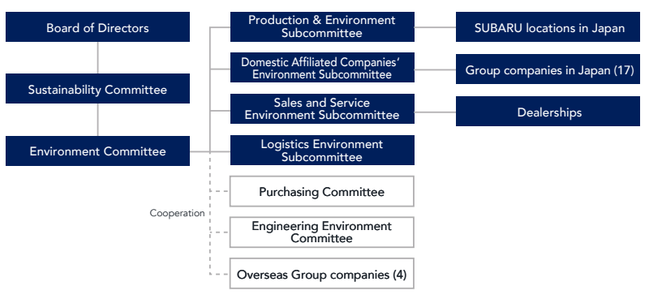
In order to realize our vision for the environment, the Group has formulated the Environment Action Plan 2030, a medium-term environmental plan, in response to environmental issues, with 2050 as the long-term goal and 2030 as the medium-term goal. We have newly revised this plan to set three priority themes and corresponding objectives to achieve, and to clearly establish medium-term goals. We will continue to further strengthen and steadily carry out efforts to address environmental issues.

Management System

We have established the Environment Committee, which discusses measures (e.g., targets) from broad and medium- to long-term perspectives that accommodate future environmental standards required by society, and evaluates the progress of related implementations and achievements. The Environment Committee is chaired by the Executive Officer in charge of the Sustainability Division appointed by the Board of Directors. Details of discussions by the Environment Committee are reported to the Sustainability Committee. Important matters are also brought to the attention of and reported to the Board of Directors, which oversees the Sustainability Committee.

In addition, four subcommittees have been created under the Environment Committee, with participation from major Group companies and comprising the SUBARU Group's environmental management organization.

Furthermore, we cooperate with the Purchasing Committee, the Engineering Environment Committee, and overseas Group companies as necessary on relevant topics.

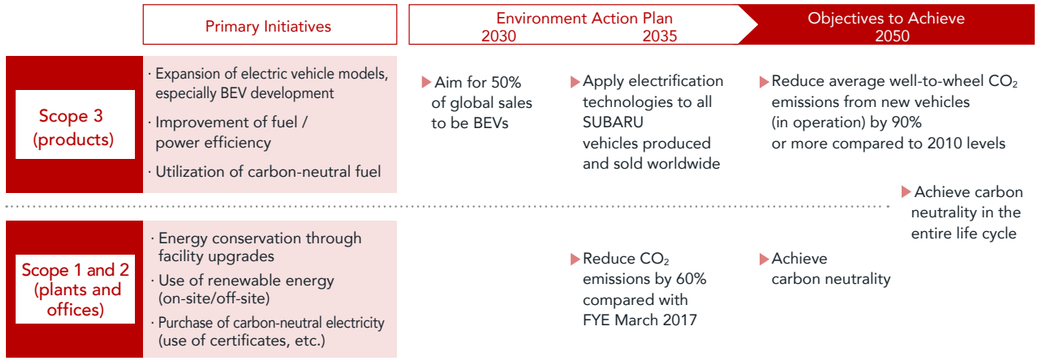


Mitigating Climate Change

The Group recognizes that climate change is a pressing global issue. We believe that the Group's efforts to respond to electrification by strengthening its BEV business and HEV products, as well as its use of carbon-neutral fuels, will lead to a reduction in CO_2 emissions during product use, ultimately contributing to the mitigation of climate change. Although CO_2 emissions directly attributable to our Group's business activities (Scope 1 and 2) account for only a small percentage of total CO_2 emissions, it is important for us to take the lead in initiatives to reduce direct CO_2 emissions to further enhance our activities throughout the entire value chain.

Based on this approach, toward our target of achieving carbon neutrality by 2050, we have set long-term goals and medium-term goals as our intermediate milestones, and will reduce CO_2 emissions from our products, factories, and offices to help decarbonize society, working to mitigate climate change.

Mitigating Climate Change: Roadmap



Management System

Regarding issues related to climate change, the Environment Committee discusses medium- and long-term measures (e.g., targets) and evaluates progress. The content of discussions held by the Environment Committee are reported to the Sustainability Committee, and important matters are discussed and reported at the Board of Directors, which oversees the Sustainability Committee.

Furthermore, initiatives toward a decarbonized society across the entire value chain, including products, factories, offices, and now materials and components, transportation, and disposal, are managed through dedicated committees focused on CO_2 emissions reductions in each area. These efforts are ultimately overseen by the Environment Committee.

Strategy

To reduce CO_2 emissions during product utilization, which accounts for approximately 80% of total CO_2 emissions, we are progressing with the application of electrification technologies to the vehicles we sell. As part of our medium- to long-term efforts to achieve carbon neutrality, we are looking to the BEV business to become a mainstay of our operations in the future. On the other hand, with growth in the BEV market currently in a slowdown, we expect that reaching a 50% BEV sales ratio may be delayed past the 2030 target. This is given various external factors such as the spread of charging stations, environmental regulations in various countries, and revisions of subsidies and tax incentives for BEVs. In addition to this situation, we are currently in the process of refining our efforts toward 2030 in light of U.S. policy trends, and we will make another announcement on this topic.

At this stage, it is difficult to foresee the future direction with respect to this topic. Therefore, while keeping a close eye on the trends in regulations and the market, SUBARU is taking various actions based on the recognition that it is extremely important to ensure flexibility and expandability, using this concept to adapt to such changes flexibly and to expand at once when the direction of the shift becomes clear.

Furthermore, we will systematically implement measures to reduce Scope 1 and Scope 2 emissions by 2035, including energy-saving measures, the introduction of carbon-neutral fuel such as hydrogen and ammonia, and the use of in-house and purchased carbon-neutral power generation, with the aim of achieving our targets.

Examples of Measures Considering Risks/Opportunities in Each Scenario

The Group explores climate change-related countermeasures in consideration of a variety of scenarios, including its own scenario assuming carbon neutrality by 2050 (equivalent to the 1.5°C scenario), based on policy trends in various countries relating to the regulation of fuel economy and other areas and information published by the International Energy Agency and other organizations. This exploration also incorporates risks and opportunities recognized with respect to sustainable business activities. For example, we are working to formulate measures for the transition to electrification and responding to water-related disasters, taking into consideration scenarios such as one in which the percentage of EVs sold in the market increases significantly, as well as one in which the market penetration of EVs increases modestly, and one in which measures to address climate change do not progress and natural disasters become more severe.

Scenario		Example Scenario Risks of Particular Importance	Measures Considering Risks and Opportunities
Penetration of electrification	Products	· Risk of limited product sales opportunities due to failure to meet certain fuel economy standards · Risk of market need diverging from electrification technology	· Building a production system that can dynamically adapt the production ratio between BEVs, hybrids, and ICE vehicles, keeping a close eye on environmental regulations and market trends
Increasing severity of natural disasters	Business management	· Risk of operations being affected by disrupted supply of raw materials and submerged factories as a result of frequent flooding in various locations from extreme torrential rain	· Taking measures against flooding by installing rainwater collection tanks and strengthening drainage capacity · Organizing a system for restoration support activities in the event of a contingency at suppliers and assessing the risk of water-related disasters

Risk Management

The Group identifies high-impact risks and opportunities at the management level with respect to issues related to climate change. To address transition risks in policy and regulation, technology, markets, and other items, dedicated departments gather information from a wide range of sources and work to identify uncertain climate change-related risks from future projections. These transition risks are proposed and discussed during the Executive Meeting, and particularly significant matters are subject to deliberation within the Board of Directors before decisions are made. The physical risks associated with climate change include flooding and other natural disasters. The Risk Management and Compliance Office plays a pivotal role in establishing regulations in response to these operational risks as part of the BCP system. During emergencies, the office centrally grasps Group-wide information, establishing a system to manage Company-wide response.

Metrics and Targets

In order to contribute to a decarbonized society, the Group has set long-term goals for 2050 (long-term vision) and interim medium-term goals (milestones) for products (Scope 3) and for plants, offices, etc. (Scope 1 and 2). Since the majority of CO_2 emissions in our entire value chain come from utilization of products we sell, it is important that we make steady progress in our efforts toward electrification of our vehicles. In addition, we believe that making proactive efforts to reduce CO_2 emissions (Scope 1 and 2) directly emitted by our Group will enhance our reduction activities throughout the entire value chain, and we will work toward the use of renewable energy and upgrading to highly efficient facilities.

Category	Target Year	Goal
Products (Scope 3)	2050	Reduce average well-to-wheel[1] CO_2 emissions from new vehicles (in operation) by 90% or more compared to 2010 levels[2]
	Early 2030s	Apply electrification technologies[3] to all SUBARU vehicles[4] produced and sold worldwide
	2030	Aim for 50% of global sales to be BEVs
Plants and offices (Scope 1 and 2)	FYE March 2051	Achieve carbon neutrality
	FYE March 2036	Reduce CO_2 emissions by 60% compared with FYE March 2017 (total volume basis)

1. Well-to-Wheel: Approach to calculating emissions including the CO_2 emissions produced by the generation of electricity to be used by EVs and other vehicles.
2. Reduce total CO_2 emissions calculated based on the fuel efficiency (notified value) of all SUBARU automobiles sold across the world by 90% or more relative to the 2010 levels in 2050. Changes in the sales quantity due to changes in the market environment shall be taken into consideration, while minor changes in running distance shall not.
3. Excluding models supplied by OEMs.
4. Refers to the technology used to foster the use of electricity for EVs, HEVs, and others.

Initiatives and Achievements

For FYE March 2025, the SUBARU Group has reported a total of 38,067 thousand t-CO_2 of supply chain greenhouse gas emissions (Scope 1, 2, and 3). The percentage of Scope 3 emissions was 98.5% and the percentage of Scope 1 and 2 emissions was 1.5%.

Scope 3 Initiatives

In order to reduce CO_2 emissions during product use, which accounts for the majority of SUBARU's total CO_2 emissions, we are progressing with the application of electric technologies to the vehicles we sell. In FYE March 2025, EVs accounted for 7.9% of our global sales volume, and BEVs accounted for 1.9%.

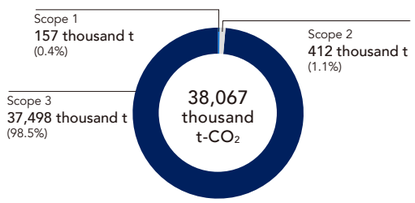
In FYE March 2025, we announced the introduction of the Crosstrek and Forester, equipped with our unique next-generation hybrid system with high fuel efficiency, for both the domestic and U.S. markets. We will continue to advance initiatives toward electrification while keeping an eye on customer demand and trends in the market environment.

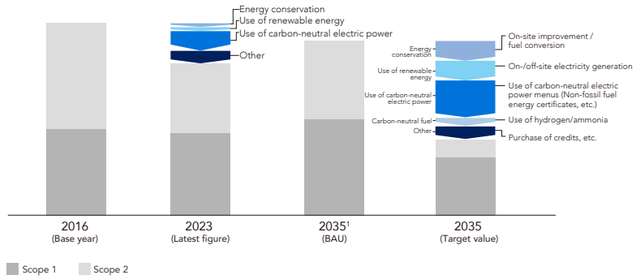
Scope 1 and 2 Initiatives

The FYE March 2025 results for Scope 1 and 2 emissions from plants and offices were 562,421 tons based on market standards (570,864 tons based on location standards), representing an 18% reduction compared to FYE March 2017.

Furthermore, in FYE March 2025, renewable energy sources accounted for 10.7% of the Group's total energy use and 23.7% of total electricity use. All of the electricity purchased at the six SUBARU locations of Gunma Main Plant, Utsunomiya South Plant and 2nd South Plant, the Handa West Plant (including Yusoki Kogyo K.K.), the Isesaki Plant, and the Head Office (Ebisu Subaru Building), and at the two Group companies in Japan of Subaru Finance Co., Ltd. and Kiryu Kogyo Co., Ltd. is carbon-neutral electric power.

Illustration of Scope 1 and 2 Emission Reduction Measures and Impact up to 2035





Scope 1: Direct emissions of greenhouse gases from a company's own facilities.
Scope 2: Indirect emissions of greenhouse gases from the use of purchased or acquired electricity, heat, and/or steam supplied by another company.
Scope 3: All indirect emissions other than Scope 1 and 2 emissions, including those arising from the procurement of raw materials, transport, product use, and the disposal process, as well as arising from employee commuting, business travel, etc.

TOPIC Efforts to Reduce Scope 1 and 2 Emissions Through Off-site Corporate PPAs

In October 2024, we entered into an off-site corporate PPA[5] with TEPCO Energy Partner, Inc. and Fuji Technical Co., Ltd. Starting in February 2025, TEPCO Energy Partner has supplied SUBARU's Tokyo Office and others with electricity generated from renewable energy at Fuji Technical's solar power plant (installed capacity: approximately. 4.1 MW). As a result, approximately 4.3 GWh of renewable energy will be used, equivalent to about 14% of the Tokyo Office's annual electricity consumption. This is expected to reduce CO_2 emissions by approximately 1,600 tons per year.

On non-operating days at the Tokyo Office, surplus electricity that would otherwise go unused will be supplied to the Yajima Plant to ensure effective utilization of the surplus electricity. Furthermore, an additional agreement will expand the use of renewable energy at the Yajima Plant in its Gunma Manufacturing Facility. In addition to this, an agreement, signed in June 2025, will expand the use of renewable electricity at the Yajima Plant.

5. A long-term contract for renewable electricity generated at the facilities of a power producer to be supplied to a consumer via a retail electricity provider

Subaru Expands Renewable Energy Use at Yajima Plant (Gunma) with Additional Off-Site Corporate PPA
https://www.subaru.co.jp/news-en/2025_06_04/

Subaru Signs Off-Site Corporate PPA for Use of Renewable Electricity
https://www.subaru.co.jp/news-en/2024_10_25_134851/

Realizing a Circular Economy

As a manufacturer, we believe that the realization of a recycling-oriented society[6] is deeply connected to our Group, and we have therefore positioned "Realizing a Circular Economy" as an important environmental theme, and have been making efforts to reduce resource use and waste.

6. Increased resource efficiency through recycling of materials and recycling-based business activity.

Management System

Regarding circular economy-related issues, the Environment Committee discusses medium- and long-term measures (e.g., targets) and evaluates progress. The content of discussions held by the Environment Committee are reported to the Sustainability Committee, and important matters are discussed and reported at the Board of Directors, which oversees the Sustainability Committee.

Roadmap

We have set zero environmental impact from resource extraction and disposal as our target for FYE March 2051, and have defined intermediate targets to be achieved by FYE March 2031 in the Environment Action Plan 2030. In the area of products, we have set the goal of using recycled materials for more than 25% of the plastics used in new models by 2030. To achieve this, we are proceeding with research and development and are working to establish quality standards for recycled plastics and a raw material recovery scheme. In the production area, in addition to our production target of achieving zero emissions at production plants in Japan and overseas (zero landfill waste either directly or indirectly), we have newly set an annual 1% reduction target in our total waste versus BAU emissions at business sites.

Realizing a Circular Economy: Roadmap

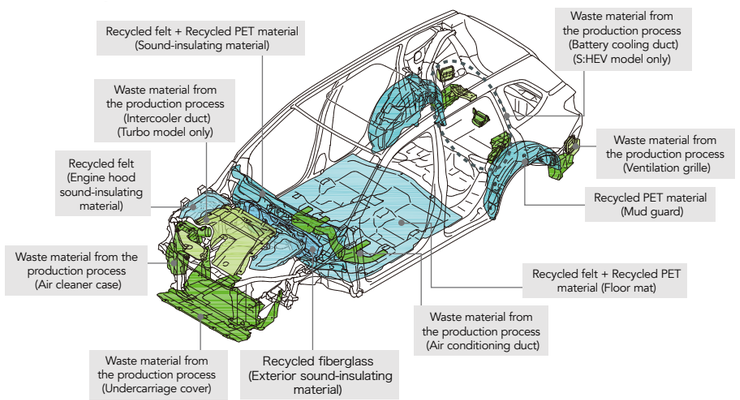
Primary Initiatives		Environment Action Plan 2030	Objectives to Achieve 2050
Reducing Resource Use	· Design for recycling · Effective use of resources (recycled resins/biomass/ recycled materials)	▶Aim for a 25% or higher use rate of recycled plastics and conduct R&D accordingly	▶Zero environmental impact from resource extraction and disposal
Reducing Waste	· Recycling and achieving zero emissions · Proper processing of end-of-life vehicles	▶Reduce total waste by 1% annually versus BAU emissions ▶Zero emissions at production plants in Japan and overseas	

Recycle-Friendly Vehicle Manufacture

SUBARU incorporates recyclability into its automobile design process to sustainably utilize limited resources. We are working on resource efficiency throughout the entire lifecycle of automobiles, from raw material procurement and manufacturing to disposal.

For some time, we have been focusing on introducing recycled materials. We are actively using recycled materials in our products for resin parts and sound-insulating materials used in vehicles, thereby contributing to the realization of a resource-recycling and decarbonized society.

Example: 2025 Forester



Coexistence with Nature

The Group promotes biodiversity preservation through our business activities, aiming to achieve coexistence with nature. To continue our biodiversity-friendly business activities, in April 2019 we endorsed the Keidanren Declaration for Biodiversity and adopted the SUBARU Guidelines on Biodiversity as the foundation of the SUBARU Group's biodiversity protection activities. The guidelines were formulated with account taken of international trends in biodiversity management and with reference to documents including the Ministry of the Environment's Guidelines for Private Sector Engagement in Biodiversity and the Keidanren Declaration for Biodiversity and Guideline. By additionally ensuring consistency with our Six Priority Areas for Sustainability and the SUBARU Environmental Policies, we guarantee effectiveness and continuity.

Management System

Issues related to coexistence with nature are incorporated into the environmental management system, where progress of efforts to achieve the Environment Action Plan is managed. Efforts related to the medium-term goals of appropriate management of environmental impact and expansion of nature conservation areas on owned land are managed by the Pollution Prevention Working Group and the Biodiversity Working Group, which are subordinate organizations of the Production & Environment Subcommittee. These efforts are regularly reported to the Environment Committee.

Roadmap

We have set a target of zero effective impact on the natural environment by FYE March 2051. In business activities that are eligible for efforts to reduce impact on the natural environment, we are focusing on appropriate management of environmental impact and expansion of nature conservation areas on owned land. Given this, we have newly set two medium-term goals in the Environment Action Plan 2030 to be achieved by FYE March 2031: appropriate management of environmental impact on the natural environment (air, water quality, noise, vibration, and odor) at business sites, and expansion of conservation areas reducing impact on the natural environment caused by business activities. We are carrying out biodiversity preservation activities based on these goals.

Coexistence with Nature: Roadmap

	Primary Initiatives	Environment Action Plan 2030	Objectives to Achieve 2050
Appropriate Management of Environmental Impact	· Compliance with environmental laws and regulations · Water discharge quality management	▶Appropriately manage impact on the natural environment (air, water quality, noise, vibration, and odor) at business sites	▶Zero effective impact on the natural environment
Expanding Protected Areas	· Utilization of the Landscaping Guidelines · Green space conservation activities	▶Expand conservation areas reducing impact on the natural environment caused by business activities	

Business Activity and Coexistence with Nature

The SUBARU Group focuses on appropriate management of environmental impact and expanding nature conservation areas on owned land as business activities for reducing the burden on the natural environment.

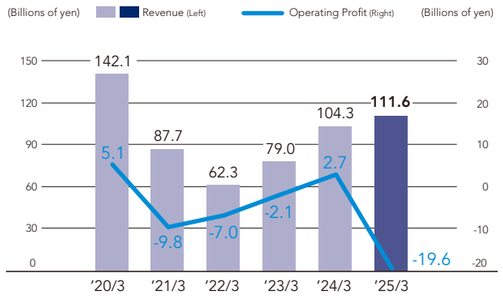
Landscaping Guidelines We have formulated the Landscaping Guidelines to establish ourselves in a community and conduct business activities while being loved by community members and to plant greenery in a way that does not negatively impact local biodiversity. Under these guidelines, we practice business activities that are mindful of the environment, history, and climate of each community and aim to create sites that are well-rooted locally.

SUBARU Forest Bifuka Since FYE March 2018, we have been progressing with an artificial afforestation project which takes the long-term perspective of nurturing the forest of 50 years from now. The project site is approximately 115 hectares of forest within the Bifuka Proving Ground, part of the SUBARU Test & Development Center at Bifuka Town in the Nakagawa district of Hokkaido. In FYE March 2025, we conducted a literature survey on wild animals and plants (plants, mammals, birds, amphibians, reptiles, insects, aquatic animals, and terrestrial mollusks) that are likely to inhabit or grow in the surrounding area, and identified approximately 1,280 species. In addition, along with utilizing wood from thinning during forest maintenance projects as biomass fuel, SUBARU has been purchasing J-Credits (BIFUKA AIR Bifuka Town Forest Credits) since FYE March 2022 in line with climate change countermeasures.

Aerospace Business

SUBARU's roots trace back to 1917 and the Aircraft Research Laboratory, later to become Nakajima Aircraft. In the SUBARU of today, our Aerospace Business carries on Nakajima Aircraft's passion for Monozukuri under three business pillars: defense, commercial, and helicopter. We lead Japan's aerospace industry through the development and production of a diverse set of aircraft and operational support.

Revenue



Business Overview and Outlook

Defense Business

For half a century, we have been providing support for overall operations, including aircraft manufacturing as well as scheduled maintenance and overhaul, spare parts supply, and training, for programs such as Japan Air Self-Defense Force and Japan Maritime Self-Defense Force training aircraft systems, as well as Japan Ground Self-Defense Force utility and combat helicopters. We also participate in the development of major defense aircraft systems in Japan, including fighter, transport, and patrol aircraft. Focusing on our areas of expertise such as main wings and tail assemblies, we are responsible for the development and production of major components. Furthermore, in the field of unmanned aircraft, where we have accumulated technology for over 50 years and boast a significant track record in development, we are actively engaged in the research and development of future systems.

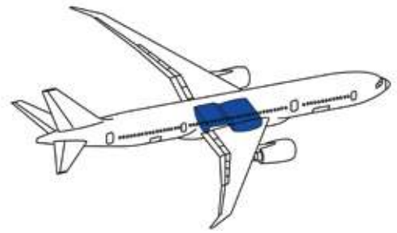
In December 2022, the Ministry of Defense announced its Defense Buildup Program, which included significant defense expansion amid momentum to strengthen national security. SUBARU will contribute to the defense of Japan by supporting the activities of the Japan Self-Defense Forces in multiple ways, including ensuring on-time delivery of aircraft, supporting the field of intelligence gathering and operational support through unmanned aircraft technology, participation in development projects for next-generation fighters, and operational support, maintenance, parts supply, and educational support for Japan Self-Defense Force aircraft.

The T-5 Japan Maritime Self-Defense Force training aircraft

Commercial Business

Since first participating in the Boeing commercial aircraft program in 1973, SUBARU has been involved in development and production as a key partner of Boeing for more than 50 years. SUBARU manufactures the center wing box, the critical aircraft section where the left and right wings are integrated with the front and rear fuselage. Since the center wing contains the aircraft's fuel, Boeing requires that we provide high strength and high fluid tightness. By manufacturing these center wing boxes with advanced design and assembly technologies, we have earned high ratings from Boeing. The Handa Plant, located in Handa City, Aichi Prefecture, is one of the uniquely specialized production centers for large aircraft center wing boxes in the world, having produced center wing boxes for the Boeing 777, 787, and 777X aircraft for over 30 years, as well as the P-1 patrol aircraft for the Maritime Self-Defense Force and the C-2 transport aircraft for the Air Self-Defense Force. This plant has manufactured a cumulative total of over 3,000 aircraft.

Air passenger demand has recovered from the downturn caused by the COVID-19 pandemic and is expected to grow by about 4% annually. With the increase in the movement of people accompanying economic growth and the resulting forecasted increase in aircraft use, more than 30,000 new aircraft are expected to be needed over the next 20 years, and demand for the 777, 787, and 777X is expected to increase further. Toward further business growth, we intend to actively participate in international joint development projects, including the development of commercial aircraft, as a major partner of Boeing, which possesses more advanced technological capabilities.



Center wing box

Center wing box manufactured at the Handa Plant

Helicopter Business

SUBARU manufactures the UH-2 utility helicopter used by the Japan Ground Self-Defense Force and its commercial version, the SUBARU Bell 412EPX, at its Utsunomiya Plant in Utsunomiya City, Tochigi Prefecture. The UH-2 supports air transportation, lifesaving, and rescue missions during disasters, evacuation of residents, firefighting, and a range of other missions to protect the safety and security of the general public. The SUBARU BELL 412EPX is expected to enjoy broad use in Japan and around the world, mainly for police, firefighting, and disaster prevention applications, as an aircraft with high reliability and excellent serviceability that can operate under harsh conditions. We will consistently support safe and reliable flight operations for its customers as a company with manufacturing and maintenance bases in Japan, not only by manufacturing and selling aircraft, but also through after-sales support, including supplying parts and performing scheduled maintenance.

The UH-2 will be manufactured as planned in accordance with the Ministry of Defense's Defense Buildup Program. In addition, more than 200 helicopters, including those we have manufactured to date, are owned and operated by government agencies such as the police, fire department, and Japan Coast Guard, and demand is expected to increase for replacing the fleet of helicopters currently in service. By leveraging the expertise accumulated through our long history of helicopter production, we will continue to meet social responsibilities and expectations, while engaging in challenging businesses that span both the defense and commercial sectors.

SUBARU BELL 412EPX

The UH-2 Japan Ground Self-Defense Force utility helicopter

Initiatives to Improve Productivity in Both Defense and Commercial Businesses

The Aerospace Company is engaged in what we call "True Reform Initiative": Company-wide productivity improvements across departments with the aim of continuously strengthening our competitiveness. Particularly at manufacturing sites, we focus on two key areas—improving workability and optimizing logistics—and are consistently rolling out frontline-driven improvement activities.

The defense and helicopter businesses fundamentally practice high-mix, small-lot production, and require designs that meet the specifications and applications of each model. In addition, since aircraft are expected to operate for 30 to 40 years after manufacture, regular replacement of parts and production of spare parts are essential elements. These unique business characteristics have led to an extreme diversity of parts, and in some cases it takes several years to remanufacture the same part.

Confirmation meeting for improving productivity at manufacturing sites

Remanufacturing requires reconfirmation of manufacturing procedures and procurement of materials, and each part must be handled differently, which can easily lead to structural inefficiencies. To address these issues, we are working toward overall visualization of operations, as well as simplification and standardization of work to drastically improve workability. In addition, we have simplified the structure within the plant by optimizing the amount of parts and jig tools stored and their storage locations, and have built a system that enables more efficient supply of high-mix, small-lot parts to the manufacturing site, thereby achieving high production efficiency in terms of logistics.

Growth Strategy for the Commercial Aircraft Business

The commercial aircraft market is expected to see continued demand growth, and SUBARU is determined to seize this growth opportunity to further expand its business. In particular, to meet increasing demand for Boeing center wing boxes, we are accelerating measures to improve productivity, including employee training, quality control, and shortening of manufacturing cycles, in order to increase our competitiveness in terms of quality, delivery, and cost, and to strengthen our presence in the global market.

A Sustainable Aircraft Manufacturing System With 800 Partners

The aircraft industry is an advanced manufacturing field that handles about 100 times as many parts as the automobile industry, and its production system is supported by a multi-layered and extensive division of labor. Within this complex structure, the supply chain is a crucial strategic element in ensuring quality, delivery, and safety. Our Aerospace Company has established strong partnerships with approximately 800 business partners, all of whom we consider our co-value creators. SUBARU shares challenges with its business partners and works together toward their resolution to achieve sustainable and competitive growth.

As one example, in response to the growing labor shortage, we sponsor matching events in cooperation with the national and local governments, as well as local high schools and universities, to help secure young talent. This is not merely an effort to secure human resources, but also to enhance the sustainability of the entire industry through co-creation with local communities. Furthermore, in preparation for future production increases, we are working with our business partners to improve productivity and strengthen quality assurance systems, thereby raising the competitiveness of the industry as a whole. Under our One SUBARU philosophy, we will build a robust Monozukuri system involving the entire supply chain to accelerate global value creation in the aerospace field.

Matching event

SUBARU's Technological Development Supporting Aircraft Safety

Safety is an unwavering prerequisite for aircraft that soar through the skies. For aircraft manufacturers, safety is the very core of our social responsibility. As the global demand for aircraft grows and flight opportunities increase, preventing accidents and further improving safety are more important than ever. Analysis of past aviation accidents has shown that many of them were caused by human error. In particular, small aircraft such as helicopters are mostly operated using Visual Flight Rules*, which rely heavily on pilot judgment and skill in a complex flight environment.

To address these issues, SUBARU is actively developing technologies to reduce the burden on pilots and improve flight safety. For example, the development of support systems, such as obstacle detection systems, complement the pilot's visibility and reduce risk. We are also focusing on ensuring safety in case of contingencies, and are evolving analytical and test evaluation technologies to ensure the safety of passengers in the event of a falling aircraft. In evolving these technologies, we are also applying the knowledge we have gained in the development of Passive Safety technology in the Automotive Business Unit. We are developing technologies to further ensure safety, such as analyzing the effects of drop impact on occupants in fixed-wing aircraft and conducting full-scale drop tests using automobile crash test dummies. In order to continue to fulfill our responsibilities as an aircraft manufacturer, we will continue our efforts to prevent accidents and improve safety by combining our technologies and expertise.

Full-scale drop test using an automobile crash test dummy

* A method where the pilot flies the aircraft by visually determining the aircraft's position and attitude and the surrounding situation.

New Possibilities for Unmanned Aircraft Based on More Than 50 Years of Accumulated Technology

Since 1970, we have been engaged in the technological development and mass production of unmanned aircraft. To date, we have manufactured more than 800 craft in 20 models. Our remotely piloted observation system and flying forward reconnaissance system, both helicopter-based unmanned aircraft systems, were mass-produced and deployed in the Japan Ground Self-Defense Force as the first mission-oriented unmanned aircraft in the Japan Self-Defense Forces. In recent years, we have been conducting research and development of more advanced technologies to meet the increasing sophistication of functions required by the diversification of the Japan Self-Defense Forces' missions. As part of these efforts, on July 9, 2025, we delivered an experimental aircraft to the Acquisition, Technology & Logistics Agency for research on remotely operated support aircraft technology*.

Conventional unmanned aircraft generally fly based on a pre-set program and are controlled by a dedicated operator on the ground. Our newly developed experimental aircraft implements technology that automatically calculates, selects, and generates flight routes based on information acquired from other aircraft—manned and unmanned—and technology that enables the pilot of a manned aircraft in flight to control multiple unmanned aircraft while flying their own craft and engaging in their own mission. This technology is expected to dramatically improve independence and efficiency of operation for unmanned aircraft, opening up new possibilities for next-generation aviation operations. SUBARU will continue to contribute to the advancement of aircraft technology and the improvement of safety by leveraging our more than 50 years of experience and achievements in technology development in the field of unmanned aircraft.

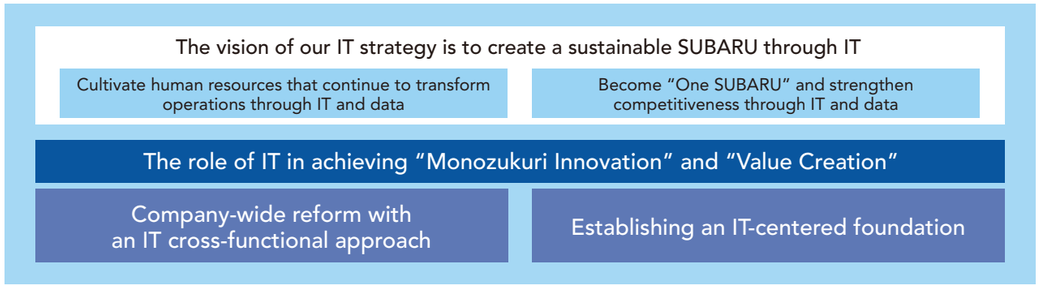
Experimental aircraft delivered to the Acquisition, Technology & Logistics Agency

* July 9, 2025: SUBARU Delivered an Experimental Aircraft to the Acquisition, Technology & Logistics Agency for Research on Remotely Operated Support Aircraft Technology
https://www.subaru.co.jp/news/2025_07_09_152748/ (in Japanese only)

IT and DX Strategies

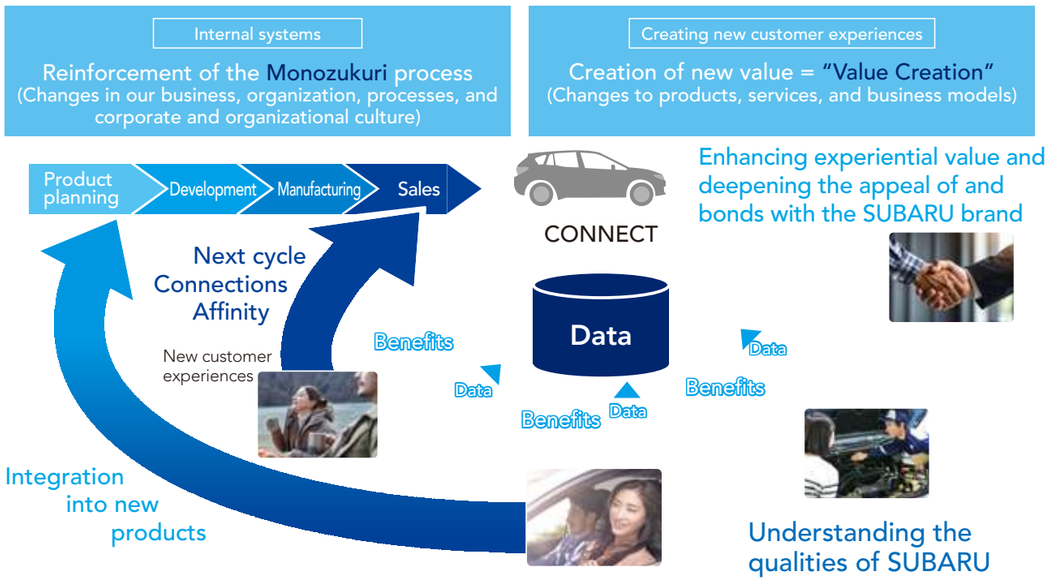
Basic Policy

In the automotive industry, which is facing a period of major transformation, SUBARU is working to meet customer expectations and enhance its corporate competitiveness by advancing efforts to achieve "Monozukuri Innovation" and "Value Creation," as outlined in the SUBARU New Management Policy. Amid the rapid advancement of IT and digital technologies across society, our IT strategy is driven by the vision of creating a sustainable SUBARU through IT. Based on this, we will use each of our initiatives to build the foundations of development, manufacturing, sales, and, while also driving transformation across the entire SUBARU Group through IT, creating the agility needed to keep pace with the times.

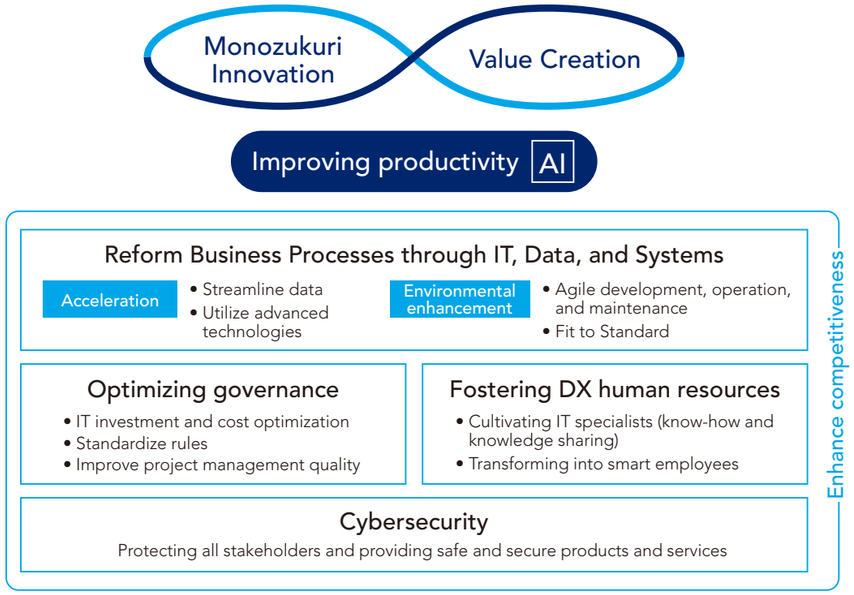


Strengthening the Connection Between the SUBARU Brand and Our Customers through IT

To strengthen the connection between the SUBARU brand and our customers, we are advancing the use of IT, data, and digital technologies with two main pillars: reinforcing the monozukuri process and creating new value. Previously, our systems and data were individually optimized by department, which hindered our ability to effectively utilize valuable data. To address this issue, we are building an environment that centers on data and enables collaboration with various business activities, aiming to create synergistic effects among our diverse initiatives toward achieving "Monozukuri Innovation" and "Value Creation". By effectively utilizing the accumulated data, we will enhance the entire monozukuri process, which is becoming more advanced and complex, particularly in electrification. At the same time, we are advancing efforts to provide customers with new experiential value, further deepening our connection with them.



Approach to Key Initiatives



Reform Business Processes through IT, Data, and Systems

In response to the rapid and non-linear transformation in the automotive industry, we are working on business process reform to simplify operations using IT and data, aiming to respond at a pace that far exceeds SUBARU's previous capabilities. We are promoting Company-wide reform through IT by streamlining data, utilizing advanced technologies to accelerate and simplify operations, and establishing a framework for agile development, operation, and maintenance. Additionally, by adopting the Fit to Standard approach, which leverages the best available technologies, we are quickly optimizing our operational environment.

Enhancing Corporate Foundations Through Optimized IT Governance and Stronger Cybersecurity

The scope of stakeholders we engage with continues to expand due to technological advancements and changes in business and work styles. From the "One SUBARU" perspective, we are working to optimize IT investments and costs, improve efficiency through rule standardization, enhance project management quality, and establish global IT governance centered around cybersecurity. This is so that our entire supply chain, including our bases, affiliates, and suppliers in Japan and overseas, can consistently carry out operations that earn the trust of all our stakeholders.

Cultivating Talent to Drive Reform through IT and Data in an Era of Transformation

To create and deliver new products and services in an era of transformation, it is essential to effectively utilize IT and digital technologies, particularly AI technologies. To achieve this, we are working to improve the engagement of our IT human resources, promote the use of generative AI and improve IT and DX literacy for all employees, develop specialized talent with advanced IT skills, and discover and nurture individuals capable of leading business improvements through the use of IT and data. We have positioned this series of measures as part of our "smart employee" strategy, emphasizing the cultivation of our human resources.

Risk Management

SUBARU has built a unique presence by thoroughly implementing "selection and concentration" and devoting its limited management resources to value creation that is uniquely SUBARU. With "Enjoyment and Peace of Mind" as the core driver of our value creation, we continue to evolve as a company that sincerely engages in vehicle manufacturing and brings smiles to the faces of our customers and society at large. Now, we are working hard to thrive in this once-in-a-century period of major transformation with the world's leading "Monozukuri" and "Value Creation."

In my role as Chief Risk Management Officer (CRMO), I will contribute to carrying out management strategies that provide defensive capabilities underpinning SUBARU's ambitions, viewing risk not merely as a threat but as a possibility for the future.

The business environment in 2025 is filled with unprecedented uncertainty. Geopolitical risks such as U.S. tariff policies, rapid changes in national laws and regulations to address climate change, and rising cybersecurity risks are key issues that will directly impact SUBARU's business activities.

We view these risks not as management constraints but as starting points for management; by enhancing our ability to respond proactively, we will link these to sustainable growth. For example, compliance with environmental regulations provides an opportunity to create new customer value as electrification technologies evolve. In addition, in addressing cybersecurity, an element supporting "Monozukuri" and "Value Creation," we aim to provide products and services that offer safety and peace of mind by both transforming Company-wide mindsets and taking technological measures.

Promoting compliance is the cornerstone of corporate trust and embodies SUBARU's customer-first spirit. We are constantly aware of the support of our stakeholders, and we emphasize not only compliance with rules, but also a proactive attitude of doing good deeds. What is necessary for this is to always act with consideration of what is the right thing to do. In order to make this take root in the company, we are promoting "Insightful Compliance" to foster a culture in which the work site makes its own judgments and reviews the rules flexibly and correctly according to the situation. This is an essential attitude for corporate integrity and responsibility in a rapidly changing social environment.

Based on this belief, we are committed to acting with transparency and thorough accountability in all areas of our business activities, including quality assurance, information security, and relationships with suppliers, in order to further strengthen our relationship of trust with society.

In order for SUBARU to continue to be a company "Delivering Happiness to All," we will work together as a unified company to promote risk management and compliance, and evolve beyond "defensive" aspects to also build an "offensive" foundation that supports SUBARU's ambitions.

Fumiaki Hayata
Representative Director, Executive Vice President
Chief Risk Management Officer (CRMO)

Our Approach

The SUBARU Group is undertaking risk management as one of its key priority management issues, not only to address emergency situations when they arise but also to deal with various risks that have a serious impact on daily corporate activities, as well as to minimize damage when risks emerge.

The automotive industry is ushering in a major transformation, which only occurs once in a hundred years. The SUBARU Group, which operates businesses globally, is aiming to enhance the resilience of its management infrastructure and ensure the sustainability of its businesses by quickly tackling changes in world affairs. At the same time, the Group must boost its measures to minimize its human, social, and economic losses. Amid this environment, it is essential to strategically promote risk management throughout the Group to conduct business activities. We therefore believe it is important to make the SUBARU Group resilient to risk enhance our corporate value resilient to risk to enhance our corporate value.

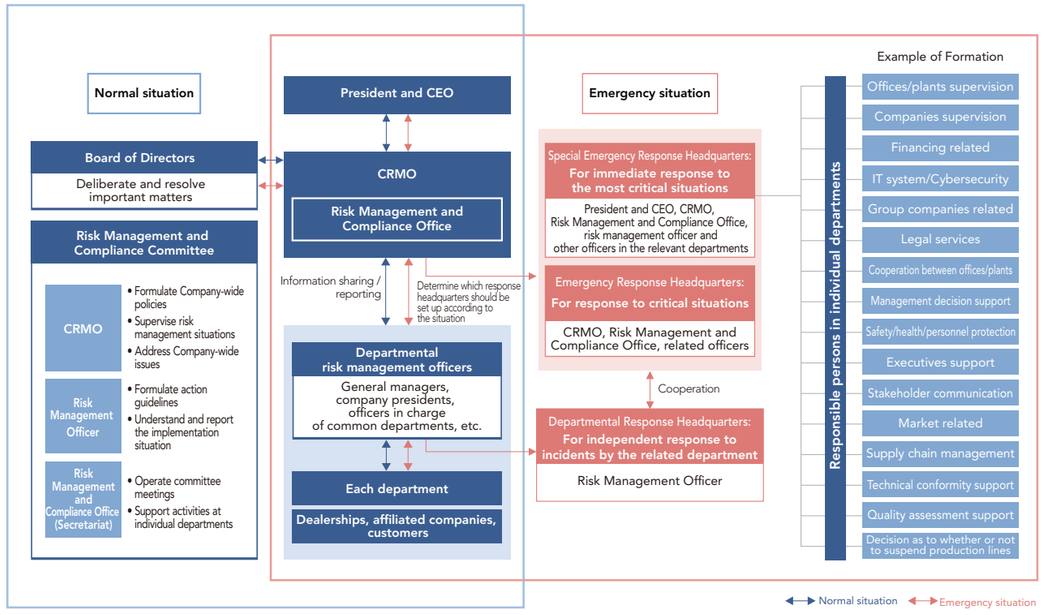
Management System

To prevent the emergence and expansion of risks to the SUBARU Group, the CRMO (Chief Risk Management Officer), appointed by the Board of Directors, leads the Company's risk management and compliance activities, reporting their status to the Board of Directors, where decisions are made on important matters after deliberation.

As a system to promote risk management, SUBARU has appointed risk management officers (job grade of Chief General Managers) for each department and established the Risk Management and Compliance Committee (RMCC). The RMCC is chaired by the CRMO, and its vice-chairperson is the executive officer in charge of the duties of the Risk Management Group, comprised of the Risk Management and Compliance Office and the Legal Department. At the RMCC, members deliberate, discuss, make decisions, and exchange/communicate information on important matters. Depending on the level of importance, matters are submitted to the Board of Directors.

The CRMO leads Group-wide efforts to enhance risk management with professional support from experts in corporate departments, such as the Risk Management and Compliance Office and the Legal Department. In this leadership role, the CRMO works closely with the Corporate Planning Department, which performs division-encompassing functions, as well as different divisions and companies. The Audit Department audits execution of tasks by each division and subsidiary in a planned manner.

Risk Management System



Risks Associated with Business Activities

At the SUBARU Group, we extract and identify key risks associated with our business activities and consider measures to combat them. Specifically, based on a Risk Map formulated through management-level discussions that take into account external changes and the current environment, in addition to important risks of each division, the following 20 risks have been identified as risks that have a significant impact on business activities in consideration of their frequency of occurrence and impact on business activities. These risks are reassessed on a regular basis as we work to strengthen risk management.

20 Risks Affecting Business Activities

Risks related to changes in the economic and financial environments

- Economic trends in major markets
- Financial market fluctuations
- Exchange rate fluctuations
- Change in raw material costs

Risk of regulations and events in various countries that impact other business activities

- Political, regulatory, and legal procedures in various countries that impact business activities
- Damage related to natural disasters
- Geopolitical and geoeconomic disasters (international conflicts, terrorism risk)
- Outbreak of infectious diseases, etc.

Risks related to industries and business activities

Focus on specific businesses and markets	Intellectual property infringement	Stakeholder communication
Changes in the demand and competitive environment in the market	Cybersecurity	Respect for human rights
Responsibility related to products, sales, and services	Compliance	Secure and train human resources
Supply chain disruptions	Legal proceedings, e.g., lawsuits	Climate change

Impact on business performance or financial standing

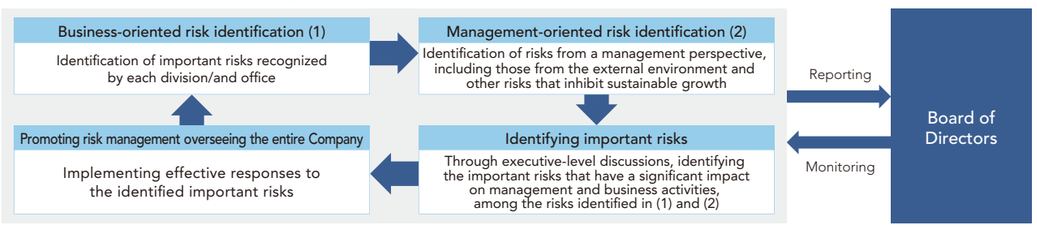
Initiatives in FYE March 2025

(1) Identifying/grasping risks that have a significant impact on management and strengthen risk management:
- Identified/grasped risks in line with the progress of the New Management Policy and strengthened risk management activities in line with priority issues
- Conducted cyber incident drills led by risk owners responsible for each risk area, thoroughly promoted fair trade with affiliated companies, and enhanced our business continuity plan (BCP) for natural disasters, and the RMCC regularly followed up on these efforts to improve their effectiveness

(2) Improving literacy:
- Conducted training to improve risk management methods and literacy for personnel in charge of risk management in each department

(3) Strengthening global risk management:
- Shared risk assessment status and risk mitigation measures with key overseas subsidiaries, and strengthened risk management in line with local laws, regulations, and culture

The SUBARU Group's Risk Management Cycle



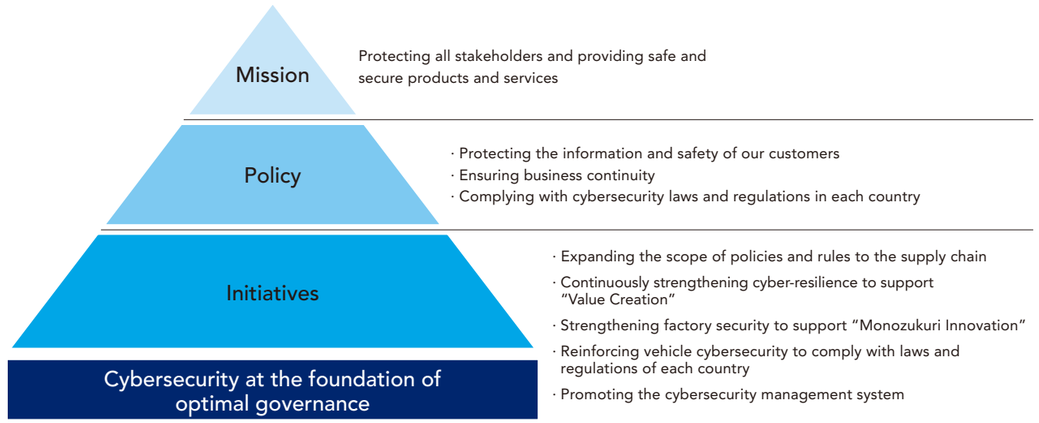
Response to U.S. Tariff Policy

Our Group is engaged in the automotive business with the U.S. as its main market. Under the U.S. tariff policy, finished vehicles imported from Japan mainly by our U.S. sales subsidiary and parts imported from certain countries for locally manufactured vehicles at our U.S. production bases are subject to tariffs. Therefore, in order to minimize the impact of the tariff policy, related departments at each business site and between Japan and the U.S. will work closely together as a unified Group to increase sales volume, improve the sales mix, curb sales incentives, cut costs, and reduce expenses, while securing profits by offering attractive new, uniquely-SUBARU products to customers.

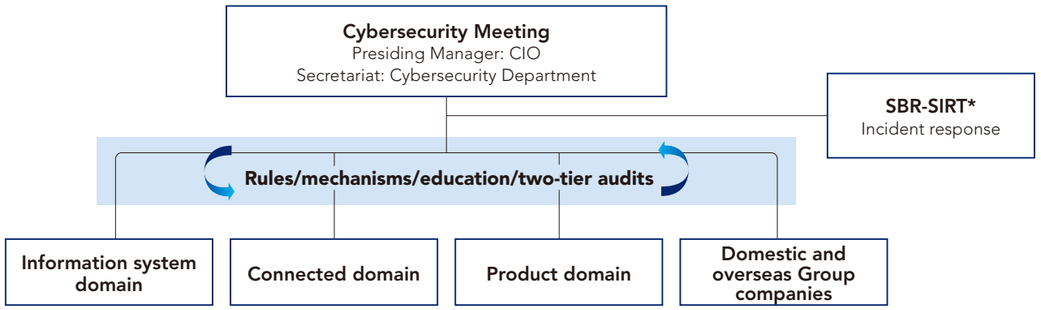
Response to Cybersecurity Risks

The Group considers cybersecurity to be one of the important management foundations to support the sustainable growth of the Group. Therefore, the Chief Information Officer (CIO) has been appointed by the Board of Directors to oversee cybersecurity activities, and is the presiding manager of the Cybersecurity Meeting, which promotes cybersecurity activities. In addition, to prevent security incidents and further strengthen cybersecurity measures, we are also taking technical measures and strengthening IT governance by incorporating the insights of outside security experts.

To bolster our security, based on the belief that cybersecurity is the foundation of optimal governance, we are taking actions to protect all stakeholders.



Cybersecurity Promotion System



* SUBARU Security Incident Response Team
Normal situation: Monitors security information for SUBARU's protected areas
Contingencies: Acts to quickly and appropriately protect and restore SUBARU's protected areas

For details on risks associated with business activities, please see pages 28 to 35 of the Annual Securities Report. (in Japanese only)
https://www.subaru.co.jp/ir/library/pdf/ms/ms_94.pdf

Compliance

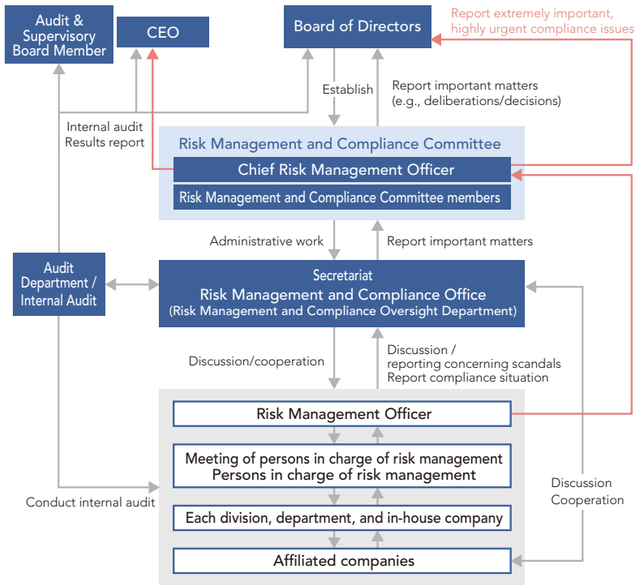
Our Approach

At SUBARU, compliance is positioned as one of our most important management issue. All officers and employees of the SUBARU Group are deeply ingrained with the commitment to adhere to the Compliance Manual, laws, internal regulations, and social ethics and norms, making it an integral part of their behavior at all levels. In the unlikely event of a violation of set standards, not only could the Company incur damages in accordance with legal regulations, but such incidents could erode the trust and confidence of customers, suppliers, clients, shareholders, and broader society. Through the establishment and operation of a compliance system and organization, as well as various training activities, we are working to ensure that all employees have a strong awareness that thorough compliance forms the foundation of our management, and that each and every employee thinks about compliance, engages in dialogue, and takes action to permeate "Insightful Compliance."

Management System

The SUBARU Group has established the RMCC as an organization to promote compliance, and the CRMO (Chief Risk Management Officer) appointed by the Board of Directors serves as the chairman of the committee and implements global and Group-wide initiatives. In addition, the committee is responsible for the formulation of various policies, etc., and deliberating and deciding on important compliance matters, such as the status of Group-wide compliance activities and the operation of the internal reporting system, as well as for information exchange and liaison.
The content of the committee's activities is deliberated and reported on at meetings of the Board of Directors, which oversees the RMCC. We also employ a PDCA cycle, with each department creating its own compliance program each fiscal year to enhance compliance. This involves consistent, structured independent actions for legal compliance management and to foster employee compliance awareness, as well as subsequent verification of compliance status.

Compliance System



Initiatives in FYE March 2025

(1) Clarifying laws and regulations to be complied with in all Company departments and Group companies in Japan:
- Promoted initiatives to clarify laws and regulations to be complied with in each department and increase transparency

(2) Strengthening the PDCA cycle of the global legal compliance system:
- Conducted autonomous assessments of the legal compliance system for the entire Group and implemented initiatives for an effective PDCA cycle

(3) Improving literacy:
- In response to growing social awareness of harassment, conducted ongoing video training and discussion-based training to foster ownership

(4) Providing multilingual support and improving reliability of the internal reporting system:
- Established the Internal Reporting Desk supporting English, Chinese, Portuguese, and Spanish to provide employees with an environment where they can report incidents with peace of mind, contributing to prevention and early detection of fraud

Compliance Hotline

When regular or temporary employees of the Company and its Group companies in Japan detect a problem related to compliance in the Group, they can consult with our Internal Reporting Desk by using the Compliance Hotline.

The Internal Reporting Desk is staffed by employees designated as engaged persons under the Whistleblower Protection Act, who investigate and respond to reports received by telephone, websites, mail, and other methods. We have also established a desk outside the Company staffed by external third-party specialists who have no conflict of interest to increase the hours in which service is available and to increase the confidentiality and security of those contacting the desk. Furthermore, we provide consultation services in four languages (English, Chinese, Portuguese, and Spanish) for foreign workers.

Through initiatives to raise awareness of this system, SUBARU has improved awareness of compliance and fostered an atmosphere where employees can consult even about trivial matters, resulting in many consultations received. In addition, since more than 80% of consultations are interpersonal relationship or labor-related, this system also contributes to corporate culture reforms as a desk for taking up and resolving workplace issues. We have also established internal reporting systems at our overseas Group companies.

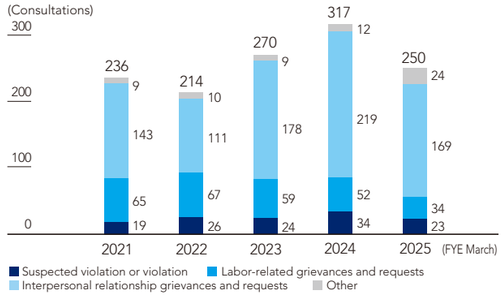
Consultations in FYE March 2025

Consultations: 250

Of which, compliance violation concerns and actual violations: 23

There were no serious compliance violations. In addition, four of the 23 consultations involved conduct that was identified as harassment, such as abuse of power, but there were no cases of violations of the Labor Standards Act. Although these cases did not constitute serious compliance violations, we confirmed the facts of the major cases and took corrective measures such as alerting the relevant parties and re-educating them on procedures and rules.

Breakdown of Compliance Hotline Consultations and Trend over Time



Contact for Business Partner (Supplier) Opinions and Consultation Services

We are taking actions to promote fair trade based on the Automobile Industry Fair Trade Guidelines. As part of this effort, we have established a consultation service for promoting fair trade for business partners in SUBARU's supply chain, with the aim of early detection, prevention, corrective measures, and preventing recurrence of compliance issues, to maintain a healthy supply chain and build the best possible partnerships with our business partners.

Since FYE March 2023, we have endorsed and cooperated with the supply chain human rights initiative, Japan Platform for Migrant Workers towards Responsible and Inclusive Society (JP-MIRAI), on the establishment of a consultation service for foreign workers in the supply chain in Japan. As background to this, our Purchasing Division took part in JP-MIRAI's "Consultation and Relief Pilot Project for Foreign Workers" in the aforementioned year. We also continue to participate in the "Cooperative Program for Companies Accepting Responsible Foreign Workers," which became fully operational in FY2023, targeting suppliers in the neighborhood.

Through these efforts, we will promote the establishment of consultation and relief services for workers throughout the SUBARU supply chain.

For other compliance information, including bribery prevention and tax policies, please visit our Sustainability Website.
https://www.subaru.co.jp/en/csr/governance/compliance.html

Respect for Human Rights

Our Approach

The SUBARU Group puts people first and engages in human-centered Monozukuri. SUBARU is working to embody its belief that respect for the rights and characteristics of individuals is an important management issue. The Group's Human Rights Policy established in April 2020 requires that we respect and adhere to the human rights stipulated in international norms such as the Universal Declaration of Human Rights, International Bill on Human Rights, and the ILO Declaration on Fundamental Principles and Rights at Work. It also applies to SUBARU and all its subsidiaries, as well as to suppliers and other stakeholders. The policy states that we do not tolerate any discrimination based on race, age, sex, gender identification or expression, sexual orientation, national origin, ethnicity, religion, creed, profession, disability, family relations, or any other status protected by applicable law.

This policy was formulated with full consideration to stakeholders' expectations, incorporating discussions with outside experts and overseas subsidiaries. It was officially established after agreement by the second meeting of the CSR Committee*1 for FYE March 2020 and reported to the Board of Directors in March 2020. This policy is run globally and appropriately, being ready to address future environmental changes.

*1 Renamed in FYE March 2022 from the CSR Committee to the Sustainability Committee.

Management System

To strengthen and advance its initiatives for human rights, we have appointed the Representative Director, President and CEO as a director who is responsible for leading the process of developing this policy and assigning resources as needed. Specifically, we formed the Human Rights Task Team comprised of management personnel including the general managers from the Human Resources Department, Investor Relations Department, Sustainability Promotion Department, Risk Management and Compliance Office, Global Purchasing Planning Department, the Gunma Plant General Administration Department, and the Aerospace Company Procurement Department. This team regularly examines human rights issues and their countermeasures and implements the plan-do-check-act (PDCA) cycle. The content of examinations within the team is annually reported and deliberated upon in the Sustainability Committee, chaired by the Representative Director, President and CEO. The details are then submitted and reported to the Board of Directors, which oversees the Sustainability Committee. At the Board, these details are monitored for their impact on the SUBARU Group's business and appropriately addressed.

Risks and Measures in Initiatives for Respect of Human Rights

At the SUBARU Group, we recognize that the area of respect for human rights presents risks related to industries and business activities. If the SUBARU Group or its suppliers or other affiliated parties engage in activities that violate regulations regarding labor environments and occupational health and safety, or activities constituting any kind of harassment, infringement of workers' rights and opportunities, or procurement that violates human rights, we believe that this is not just a violation of relevant laws and regulations. Beyond this, we believe that this could result in a loss of customer trust and confidence, lead to a damaged brand image due to flagging opinions and reputations in society, impede sales, lead to turnover in human resources, make it difficult to procure materials and funds, or other negative outcomes, which could have a significant impact on our business foundation and our business performance and financial position. The Group, based on the Human Rights Policy, carries out human rights due diligence to identify business-related human rights risks and formulates and implements measures to address them. Of these risks, we are steadily implementing measures to address those of particular importance to the Group, and we are continuously working to mitigate risks.

Human Rights Due Diligence

The Group carries out human rights due diligence in accordance with the procedures stipulated in the United Nations Guiding Principles on Business and Human Rights. Using the PDCA cycle, we are actively working on this together with our suppliers and suppliers, and the Human Rights Task Team regularly monitors the progress and issues, reporting the results to the Sustainability Committee and the Board of Directors once a year.

Achievements of Initiatives in FYE March 2025 and Future Issues

We re-examined the human rights risks and measures in the human resource domain that we identified in FYE March 2021 from the perspective of automobile manufacturing through a survey, including on-site inspections and interviews with relevant personnel by LRQA Sustainability Co., Ltd. at the Yajima and Oizumi Plants of the Gunma Plant. As a result, issues were identified from the perspective of automobile manufacturing in some cases of industrial accidents and forced labor among foreign workers. We will formulate new countermeasures in the interest of further improvement and more thorough preparedness, as well as continue to raise awareness about respect for human rights, and expand and continue verification of measures to mitigate risks.

Example measures implemented

	Key human rights risks	Example measures implemented	Achievements of initiatives in FYE March 2025	Future issues
Human resources domain	Harassment of workers	· Conducting harassment prevention workshops and training for management	· Conducted video-based harassment prevention education · Conducted harassment prevention awareness-raising lectures	· Preventing harassment and fostering greater awareness among employees
		· Operating a harassment consultation service · Early detection of risk issues using 360-degree evaluations for managers	· Informed employees about and encouraged use of consultation services and informed employees about the secretariat system · Identified high-risk individuals from evaluation results and conducted follow-ups with target workplaces	
	Forced labor among foreign workers	· Collaborating with supervisory bodies based on memorandums of understanding[2] regarding foreign trainee workers, and preventing misconduct and unfair treatment through regular audits	· Conducted regular audits every three months and workplace patrols every month, increasing opportunities for meetings with auditing bodies	· Enhancing collaboration with supervisory bodies and staffing agencies
		· Review of contracts and management methods with resident contractors on our premises (automobile manufacturing perspective)	—	—
	Infringement of rights of vulnerable people in local communities (automobile manufacturing perspective)	· Ensuring installation of sanitary boxes in women's restrooms at factories	· Confirmed installation and planned specification improvements (replacement). Measures completed at Gunma Main Plant (excluding some development units), Yajima Plant, Oizumi Plant	· Measures planned at the Kitamoto Plant of Gunma Plant and development units in FYE March 2026
Procurement domain	Human rights violations among suppliers	· Carrying out of supply chain human rights due diligence	· Continued to carry out suppliers CSR briefings and CSR surveys	· Improving the accuracy of supply chain and human rights due diligence
		· Building a supply chain grievance mechanism	· Maintained a worker consultation service via JP-MIRAI's collaborative program	· Establishing consultation and remediation services
	Responsible mineral procurement	· Human rights measures for conflict minerals (gold, tin, tantalum, and tungsten)	· Continued to implement conflict mineral surveys	· Continuing to gather information and prepare for compliance with new international laws and regulations
		· Human rights measures for non-conflict minerals	· Expanded cobalt surveys · Added new mica surveys	
	Harassment of suppliers	· Partnership Formation Oath (Japanese version only) · Compliance with the JAMA Voluntary Action Plan	· Implemented the provisions of the Oath · Conducting discussions on fair pricing with suppliers	· Promoting and increasing awareness of fair trade throughout the supply chain

2. SUBARU bears the cost of recruitment expenses (such as travel and training fees).

Respect for Human Rights in the Supply Chain

In accordance with the SUBARU Supplier CSR Guidelines, we have conducted surveys[3] in the form of a questionnaire regarding the status of our suppliers efforts to respect human rights and other issues since FYE March 2016, with the purpose of monitoring and evaluating the negative impact of human rights and other issues on our business partners. We are using survey results to actively promote efforts to respect human rights throughout the supply chain by supporting suppliers efforts to rectify issues and following up with them.

FYE March 2025 Questionnaire Survey (Excerpt from Human Rights/Labor Area) Conducted for 605 Companies (Response Rate: 100%)

Questionnaire	Description	FYE March 2025 Results
Supplier CSR check sheet	Survey on human rights and labor matters stipulated in the SUBARU Supplier CSR Guidelines, including discrimination, harassment, child labor, forced labor, wages, working hours, right of free association, health and safety, responsible procurement of raw materials, etc.	Identified four business partners that may have issues regarding human rights and/or labor Follow-up interviews confirmed no problems with initiative content
Employment of non-Japanese skilled workers in Japan (survey on employment of non-Japanese workers)	Confirmed wage levels, payment methods, working hours, Article 36 Agreement on overtime work and working on holidays (Labor Standards Act) in Japan, insurance, pensions, health checkups, living conditions, passport possession, Japanese language education, daily life guidance, and industrial accidents	Identified six business partners that may have issues Follow-up investigations with the six companies confirmed no problems with treatment regarding non-Japanese worker human rights and labor
Human rights initiatives	Determined presence of human rights due diligence at business partners and their supply chain, and conducted due diligence	Identified one business partner that may have issues Follow-up interviews confirmed no problems with initiative content

3. Surveys are conducted in areas such as human rights, labor, environment, and compliance. The following is an excerpt from the human rights survey. For details, please refer to information on supplier CSR briefings and CSR surveys on the CSR Procurement section of our Sustainability Website.

Sustainability Website

Respect for Human Rights https://www.subaru.co.jp/en/csr/social/human_rights.html
CSR Procurement https://www.subaru.co.jp/en/csr/social/procurement.html

Corporate Governance

Our Approach

SUBARU has articulated the vision "Delivering Happiness to All" and works on the enhancement of corporate governance as one of the top priorities of management, in order to gain the satisfaction and trust of all its stakeholders by achieving sustainable growth and improving its corporate value in the medium and long term.

<Vision>	Delivering Happiness to All
<Value statement>	"Enjoyment and Peace of Mind"
<Corporate statement>	We aim to be a compelling company with a strong market presence built upon our customer-first principle.

SUBARU clearly separates the function of decision making and the oversight of corporate management from that of the execution of business operations, and aims to realize effective corporate management by expediting decision making. In addition, SUBARU seeks to ensure proper decision making and the oversight of corporate management and the execution of business operations, as well as enhance its risk management system and compliance system through the monitoring of its management and operations and advice provided by outside officers. We also implement proper and timely disclosure of information in order to improve the transparency of management.

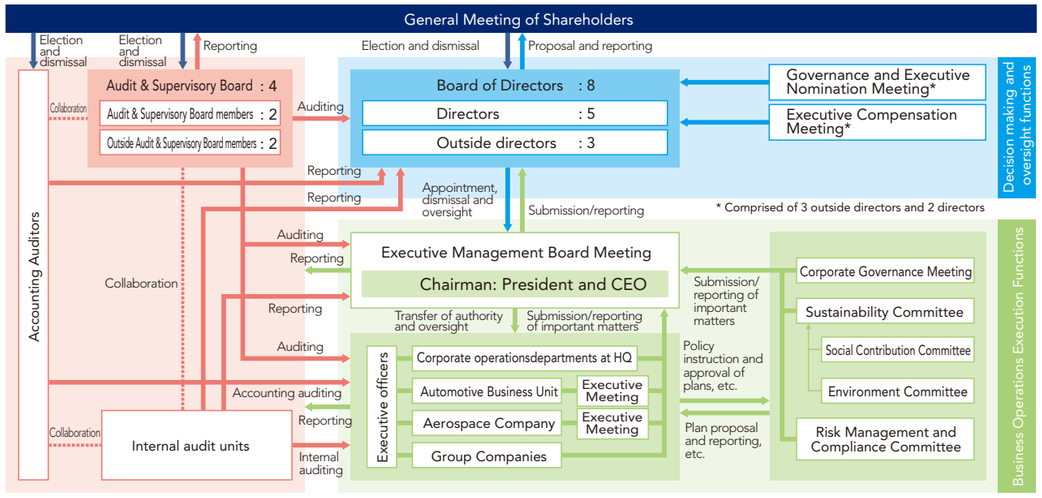
For information on corporate governance (general)
https://www.subaru.co.jp/en/ir/management/governance/

Corporate Governance Structure

SUBARU has adopted a corporate governance system with an Audit & Supervisory Board, in which Board of Directors performs decision making and oversight of execution of important business operations while paying attention to separation of supervision and execution, and at the Audit & Supervisory Board, Audit & Supervisory Board members discuss and make decisions regarding key matters pertaining to audits. This system is designed to ensure soundness and efficiency of operations by enhancing effectiveness of monitoring of business operation through the involvement of highly independent outside directors and outside Audit & Supervisory Board members.

At SUBARU, in order to enhance the practical governance structure based on our present organizational design, we have established two voluntary meetings: the Governance and Executive Nomination Meeting (consisting of five directors, of which three are independent outside directors) and the Executive Compensation Meeting (also consisting of five directors, of which three are independent outside directors).

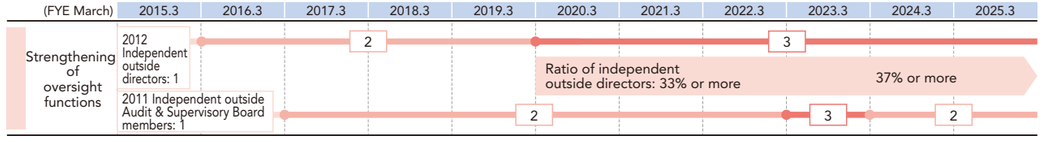
Regarding the system for the execution of business operations, we employ an executive officer system to delegate the business execution authorities of directors to corporate vice presidents so as to clearly separate management decision-making and oversight from business execution thus increase the speed of decision-making.



As a recent initiative, based on the results of the evaluation of the Board of Directors' effectiveness, we revised the rules of the Board of Directors to raise the threshold for matters requiring Board deliberation, with the aim of further expanding the time allocated for deliberation at Board meetings. Furthermore, to strengthen discussions on overall governance, we renamed the Executive Nomination Meeting the Governance and Executive Nomination Meeting. In addition, to enhance the objectivity and transparency of executive nominations and compensation, we added one outside Audit & Supervisory Board member as an observer to both the Governance and Executive Nomination Meeting and the Executive Compensation Meeting.

Board of Directors

The Board of Directors ensures fairness and transparency by performing the oversight function for overall management and makes the best decisions possible for the Company through appointment, evaluation and resolution regarding the compensation of its CEO and other management team members, the assessment of material risks faced by the Company and the development of measures to deal with such risks, and decisions on the execution of important business of the Company. The Board takes these actions in the interest of effective corporate governance, as well as sustainable growth and improvement of corporate value over the medium to long term.

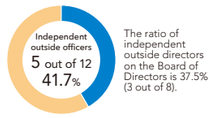


<Overview of Activities for FYE March 2025>
The Board of Directors is composed of eight directors, including three highly independent outside directors. In FYE March 2025, it held 13 meetings,* with Tomomi Nakamura, Chairman of the Board, presiding.

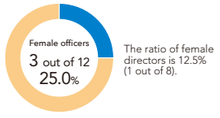
* In addition to the number of Board of Directors meetings held in the above table, one resolution was adopted in writing that was deemed to be a resolution of the Board of Directors in accordance with Article 370 of the Companies Act and the Articles of Incorporation.

<Main Items Deliberated>
- Determination of candidates for directors and Audit & Supervisory Board members, as well as the CEO and other members of the management team
- Matters pertaining to repurchase and cancellation of own shares
- Revision of the executive compensation system and the policy for determining details of the compensation for individual directors, and determination of delegating matters regarding the determination of compensation for individual directors and executive officers based on the executive compensation system to the Executive Compensation Meeting
- Discussions on reports related to medium- and long-term management issues, including the electrification strategy, IR/SR activities, the Sustainability Committee, and the Risk Management and Compliance Committee, etc.

Ratio of Independent Outside Officers on the Board of Directors



Ratio of Female Directors



Directors

Atsushi Osaki
Representative Director, President and CEO
Tenure: 4 years
Number of shares held: 40,133 shares

Fumiaki Hayata
Representative Director, Executive Vice President, CRMO
Tenure: 4 years
Number of shares held: 23,743 shares

Tomomi Nakamura
Director, Chairman
Tenure: 7 years
Number of shares held: 57,961 shares

Tetsuo Fujinuki
Director, Senior Managing Executive Officer, CTO
Tenure: 2 years
Number of shares held: 21,165 shares

Shinsuke Toda
Director, Managing Executive Officer, CFO
Tenure: Newly appointed
Number of shares held: 5,546 shares

Miwako Doi
Independent Outside Director
Tenure: 5 years
Number of shares held: 400 shares

Fuminao Hachiuma
Independent Outside Director
Tenure: 2 years
Number of shares held: 1,000 shares

Shigeru Yamashita
Independent Outside Director
Tenure: 1 year
Number of shares held: 3,000 shares

Audit & Supervisory Board Members

Hiromi Tsutsumi
Standing Audit & Supervisory Board Member
Tenure: 5 years
Number of shares held: 19,056 shares

Jinya Shoji
Standing Audit & Supervisory Board Member
Tenure: Newly appointed
Number of shares held: 19,542 shares

Yuri Furusawa
Independent Outside Audit & Supervisory Board Member
Tenure: 3 years
Number of shares held: 1,100 shares

Yasumasa Masuda
Independent Outside Audit & Supervisory Board Member
Tenure: 2 years
Number of shares held: 0 shares

Initiatives to Enhance the Effectiveness of the Board of Directors

SUBARU provides information and knowledge regarding its business activities that is necessary to oversee the corporate management on an ongoing basis to corporate officers. In addition, to constantly provide its outside officers with information related to its corporate statement, corporate culture, business environment, and other matters, the Company offers opportunities such as operations briefings by business divisions and key business site tours in Japan and abroad for deepening their understanding of the business. It also strives to enhance information sharing and opinion exchange among officers.

<Overview of Activities for FYE March 2025>

Management roundtable discussions

Management roundtable discussions are held approximately once every quarter. All directors and Audit & Supervisory Board members participate, with the discussions serving as a forum for sharing information and exchanging opinions among officers on important management themes. We provide outside officers with detailed information in advance on industry-wide trends, the status of SUBARU's business execution, background necessary for Board resolutions, and topics of interest under a rapidly changing business environment. This careful preparation fosters active and meaningful discussions at Board meetings. In FYE March 2025, three meetings were held.

<Main Discussion Topics>
- Approach to human resources strategy for realizing business strategies
- Progress in discussions on electrification strategy
- Concept of SUBARU's Board of Directors and governance
- Quality improvement initiatives
- Results of the effectiveness evaluation of the Board of Directors

U.S. Site Visits by Outside Directors and Outside Audit & Supervisory Board Members

At the annual U.S. Retailer Convention, we share upcoming product and sales strategies and present certificates of commendation. All outside directors and outside Audit & Supervisory Board members participated in the 2024 convention, which was attended by 2,169 people, experiencing firsthand the strong trust and enthusiasm that local retailers have for the SUBARU brand.

Through dialogue with executives of SOA, the U.S. sales headquarters, they also learned about the background and development of support activities represented by the "Love Promise," deepening their understanding of the strong relationships between SUBARU, its retailers, and customers. In addition, they visited U.S. sites, including SIA, one of our production bases, gaining a multifaceted understanding of U.S. operations across production, quality, and external affairs, which contributes to more constructive discussions at Board meetings.

In addition, SUBARU continuously provides its directors and Audit & Supervisory Board members with the information and knowledge regarding business activities that they need to fulfill their responsibilities to oversee and audit management.

Making a donation to a partner organization at the U.S. Retailer Convention

Dialogue with SOA executives

Executive Officer Training
https://www.subaru.co.jp/en/ir/management/governance/

Message from the Chairman of the Board of Directors

Leveraging our corporate culture that encourages free and open discussions, we work together with outside officers to enhance the effectiveness of the Board of Directors and strengthen corporate governance.

Tomomi Nakamura
Director, Chairman

Free and Open Discussions, a Feature of the Board

Occasionally, directors from other companies ask about our Board of Directors. In response, I explain that the Board fosters a highly free and open environment, with outside officers contributing actively and unreservedly. This openness and transparency is often admired by others.

SUBARU is by no means one of the largest companies in the automotive industry, and simply following the same path as others is not enough to remain competitive. We have faced numerous crises in the past, and each time, the entire Company has come together across divisions to overcome them. We view this as one of the defining characteristics deeply rooted in our corporate culture.

My office is adjacent to those of the President and Executive Vice President, and the doors are generally kept open at all times. We interact with each other on a daily basis, engaging in open and candid exchanges of opinions. As a result, even minor consultations or issues are shared naturally without the need to schedule formal meetings, creating an environment where information flows seamlessly.

In addition, our outside officers possess a deep understanding of B2C business and a precise grasp of the complexities unique to the automotive industry. Accordingly, while we provide outside officers with frequent and detailed information, they maintain an appropriate distance by focusing on monitoring well-considered proposals for execution.

The absence of barriers between internal and outside officers, between directors and Audit & Supervisory Board members, and between supervision and execution fosters natural, open exchanges of opinions and mutual understanding. We believe that this approach to the Board of Directors, deeply rooted in SUBARU's corporate culture, is a major strength and an important foundation for our sustainable growth going forward.

Initiatives in FYE March 2025 Focused on Enhancing Board Effectiveness

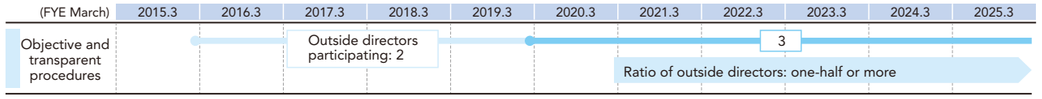
In FYE March 2025, we focused on addressing the key issue identified in the previous year's effectiveness evaluation of the Board: further bolstering the support system for outside directors. In particular, we prioritized timely information sharing, using occasions such as after Board meetings to provide information quickly and accurately. For example, following the April Board meeting, we promptly shared information on management's response to the additional U.S. tariffs implemented that month.

Moreover, requests from outside officers are handled earnestly, with the Board of Directors Secretariat ensuring a sincere and prompt response. I personally oversee the process, striving to provide feedback whenever possible before the next Board meeting. Outside officers have highly praised the process, noting its promptness and careful attention to each matter, and we are confident in the quality of our feedback system.

Enhancing the effectiveness of the Board requires bridging the information and perspective gaps between internal and outside officers. We are confident that these ongoing efforts will ultimately lead to an improvement in the quality of governance.

Governance and Executive Nomination Meeting

To ensure the fairness and transparency of decisions on executive appointment, and based on ample deliberation by its membership, a majority of which is independent outside directors, this meeting submits proposals to the Board of Directors regarding policies for the composition of the Board of Directors, the appointment or dismissal of the CEO and other top management members, and the nomination of candidates for directors and corporate Audit & Supervisory Board members. It also determines and makes proposals for appointment, dismissal, and nomination for the same.



<Overview of Activities for FYE March 2025>

The Executive Nomination Meeting* is composed of three highly independent outside directors (Miwako Doi, Fuminao Hachiuma, and Shigeru Yamashita) and two internal directors (Tomomi Nakamura and Atsushi Osaki). In FYE March 2025, it was held six times, with Tomomi Nakamura, Chairman of the Board, presiding.

<Main Items Deliberated>

- Development of CEO and other executive human resources through discussions of respective succession plans, implementation of 360-degree evaluations of executives, the skills matrix for executives, and other means
- Improvement of transparency of the officer evaluation process by sharing their performance results
- Deliberations regarding the Company's officer structure, personnel matters, the division of duties as well as executive appointment proposals for major subsidiaries, and others

Ratio of Independent Outside Directors on the Executive Nomination Meeting

* At the Board of Directors meeting held on May 20, 2025, it was resolved to rename the Executive Nomination Meeting the Governance and Executive Nomination Meeting to strengthen discussions on overall governance. At the same time, in order to enhance the objectivity and transparency of this meeting, one outside Audit & Supervisory Board member was added as an observer.

CEO Succession Plan

SUBARU recognizes that decision making regarding top management changes (e.g., the CEO) and successor selection may have a critical influence on corporate value. Therefore, in order to ensure a successful succession at the right timing, we invest substantial time and resources to carefully develop and implement succession plans.

In order to hand over the business to the right person, the Board of Directors, as part of its essential duties, develops succession plans that can convince all stakeholder groups. To ensure objectivity and transparency in the process for deciding on the replacement and selection of the CEO, the Board of Directors appropriately supervises the preparation of proposals by the current CEO through discussions at the Governance and Executive Nomination Meeting.

To be able to implement succession plans appropriately, the CEO begins to prepare for selection and development of their successor candidates independently upon assuming office. Key processes for this purpose include providing information on candidates to outside directors on an ongoing basis, particularly by enabling the directors to monitor the candidates in person continuously in day-to-day business settings, as a measure to ensure appropriate and timely evaluation and selection down the road.

The Board of Directors and the Governance and Executive Nomination Meeting meet on a regular basis to review the list of essential qualities and skills required of the CEO, which may include removing and adding items, in consideration of perception of current trends, changes in the business environment surrounding the Company, and the future direction of the Group's business strategies.

To ensure the objectivity of the successor selection process and increase the effectiveness of its supervision by the Board of Directors and the Governance and Executive Nomination Meeting, it is important to establish a clear vision of the ideal CEO, which serves as a reference point for outside directors and others in their decision-making. To this end, SUBARU discloses two sets of criteria: "Abilities required of the SUBARU Group's CEO" and "Five key qualities required of the SUBARU Group's CEO." These criteria serve as a guide for evaluating candidates in light of quality, competency, experience, track record, specialized expertise, personality, and other factors, which have been discussed and decided on by the Board of Directors and the Governance and Executive Nomination Meeting.

Abilities Required of the SUBARU Group's CEO

The SUBARU Group's CEO must be able to: properly understand the business environment surrounding SUBARU, its corporate culture and philosophy, business growth stages, and medium- to long-term management strategies and challenges; facilitate collaboration appropriately with various stakeholders; and lead all executives and employees to work together to maximize corporate value.

Five key qualities required of the SUBARU Group's CEO	1. Integrity	2. Broad perspective	3. Character
	4. Tireless spirit or revolutionary leadership skills		5. Person of action

Director and Audit & Supervisory Board Member Skills for Sustainable Growth

In order to further strengthen and improve the effectiveness of the Board of Directors' supervisory function, each year the Governance and Executive Nomination Meeting deliberates regarding a review of the skills that the Board of Directors should possess, taking into consideration the environment in which the Company is operating.

We have selected "business management (executive experience)," "promotion of business strategies," and "strengthening of management infrastructure" as the three skill areas that the Board of Directors should possess in order to overcome this once-in-a-century period of transformation in the automotive industry and achieve sustainable growth beyond it. Furthermore, we have identified the specialized skills required to effectively advance "promotion of business strategies" and "strengthening of management infrastructure." Against this skill foundation, the Board of Directors monitors the steady execution of "Monozukuri Innovation" and "Value Creation," as set forth in the policies under the New Management Policy announced in August 2023.

Director/Audit & Supervisory Board Member Skills Matrix

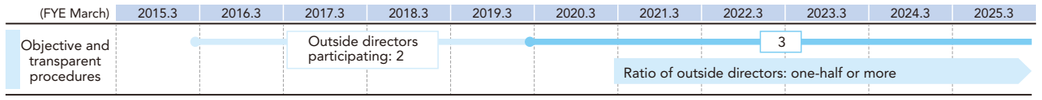
Background for skill selection	Three Skill Areas	Required Specialized Skills
Overcoming a once-in-a-century period of transformation / Achieving sustainable growth	Experience, insight, and leadership required for making important strategic decisions	Business management (executive experience)
	Promotion of business strategies: Accelerate responses to major transformation	Technology/development
		Manufacturing/purchase
		Sales/marketing
		Global
		IT/digital
	Strengthening of management infrastructure: Support the Company's sustainable growth	Human capital/labor
		Business administration/financial affairs/accounting
		Legal affairs/compliance/risk management

	Name	Title at the Company	Business management (executive experience)	Promotion of business strategies					Strengthening of management infrastructure		
				Technology/ development	Manufacturing/ purchase	Sales/ marketing	Global	IT/ digital	Human capital/ labor	Business administration/ financial affairs/ accounting	Legal affairs/ compliance/risk management
Directors	Atsushi Osaki	Representative Director, President (CEO)	●	●	●				●	●	●
Directors	Fumiaki Hayata	Representative Director, Executive Vice President (CRMO)			●	●	●			●	
Directors	Tomomi Nakamura	Director, Chairman	●			●	●		●	●	
Directors	Tetsuo Fujinuki	Director, Senior Managing Executive Officer (CTO)		●				●			
Directors	Shinsuke Toda	Director, Managing Executive Officer (CFO)				●	●			●	
Directors	Miwako Doi	Independent Outside Director		●				●			●
Directors	Fuminao Hachiuma	Independent Outside Director	●			●	●		●	●	
Directors	Shigeru Yamashita	Independent Outside Director	●			●	●		●	●	
Audit & Supervisory Board Members	Hiromi Tsutsumi	Standing Audit & Supervisory Board Member				●			●		
Audit & Supervisory Board Members	Jinya Shoji	Standing Audit & Supervisory Board Member				●	●		●	●	
Audit & Supervisory Board Members	Yuri Furusawa	Independent Outside Audit & Supervisory Board Member					●		●		●
Audit & Supervisory Board Members	Yasumasa Masuda	Independent Outside Audit & Supervisory Board Member					●			●	

Note: The list above does not cover the entire scope of knowledge held by the directors and Audit & Supervisory Board members.

Executive Compensation Meeting

To ensure objectivity and transparency in decisions on compensation for directors, the Executive Compensation Meeting, as a voluntary meeting and on the basis of delegation by the Board of Directors, determines individual compensation amounts per director and other issues after ample deliberation. Where matters concern the executive compensation system in general, such as its revision, the Board of Directors deliberates on proposals approved by the Executive Compensation Meeting and decides on them by resolution.



<Overview of Activities for FYE March 2025>

The Executive Compensation Meeting is composed of three highly independent outside directors (Miwako Doi, Fuminao Hachiuma, and Shigeru Yamashita) and two internal directors (Tomomi Nakamura and Atsushi Osaki).*
In FYE March 2025, it was held five times, with Tomomi Nakamura, Chairman of the Board, presiding.

<Main Items Deliberated>

- Consideration of executive compensation levels using external survey data, incentive design, etc.
- Determination of individual performance-linked compensation amounts for directors (excluding outside directors) and executive officers based on their evaluations
- Determination of individual base amounts, etc. for restricted stock compensation

Ratio of Independent Outside Directors on the Executive Compensation Meeting

* From FYE March 2026, one outside Audit & Supervisory Board member was added as an observer to enhance the objectivity and transparency of this meeting.

Executive Compensation System

Overview of Executive Compensation System

Basic compensation

Directors and executive officers receive the Fixed Monetary Compensation monthly as basic compensation. The amount for individual executive officers is determined based on their positions, taking into consideration elements such as the business environment.

Annual Performance-Linked Bonuses (Short-Term Incentive)

We have set up a compensation table more closely linking compensation to annual performance the higher the rank, based on the KPI of consolidated profit before tax for the fiscal year under review. Based on this table, cash compensation is paid at a certain time of each year. For senior managing executive officers, managing executive officers, and executive officers, specific amounts will be determined after taking into consideration annual performance and level of contribution to human resource development. Such compensation will not be paid to outside directors.

Restricted Stock Compensation (Medium-and Long-Term Incentive)

- Fixed compensation-type RS: Shares of the Company's common stock are granted at a certain time each year at an amount equivalent to a base amount determined in consideration of the Company's business performance, responsibilities of each director and executive officer, and other factors.
- Variable compensation-type restricted stock compensation (PSUs): Units (one unit = one share) are granted at a certain time each year at an amount equivalent to a base amount determined in consideration of the Company's business performance, responsibilities of each director and executive officer, and other factors. After an evaluation period, shares of the Company's common stock are granted at an amount equivalent to the number of units multiplied by a payout ratio determined in accordance with achievement levels for each performance indicator target.

Restricted stock compensation cannot be transferred while in office, and the transfer restrictions are lifted upon resignation. Such compensation will not be paid to outside directors. In addition, in the event that a Director engages in certain acts of misconduct and/or certain events occur by the day on which three years elapse after the expiration of the restricted transfer period, the Board of Directors, based on a resolution taking into account the deliberation and decision at the Executive Compensation Meeting, may demand the director return all or part of the said shares in common stock or pay the equivalent fair value of the said shares (clawback).

Breakdown of Director Compensation by Type

The Company shall appropriately determine the proportion of compensation by type for directors, excluding outside directors, in reference to the compensation levels and compensation mix of companies of a similar scale to the Company or industry peers obtained through an external research company, and in consideration of factors such as the Company's overall salary level and social situations. The following proportions are used as general benchmarks.

	Breakdown				Rate	
	Basic compensation	Annual performance-linked bonuses	Restricted stock compensation		President	Average for directors other than the president
			PSU	RS		
Fixed monetary compensation	●				1	1
Performance-linked compensation		●	●		1	0.9
Non-monetary compensation			●	●	0.7	0.6

Compensation System for Directors (Representative Director, President and CEO)

Fixed portion	Short-term incentives	Medium- and long-term incentives	
Basic compensation	Annual performance-linked bonuses	Restricted stock compensation	
		Variable compensation type (PSU)	Fixed compensation type (RS)
Composition* 1	0.5	0.5	0.2

* The ratio of annual performance-linked bonuses and restricted stock compensation (variable/fixed compensation types) are indexed to a basic compensation of 1.

The Company appropriately reviews the compensation level and compensation mix in consideration of the Company's business environment, as well as the situation of companies of a similar scale to the Company or industry peers, and other circumstances based on reports from the Executive Compensation Meeting.

Matters Concerning the Policy for Determining Details of Compensation for Individual Directors

To ensure fairness and transparency in the process of determining executive compensation, the Executive Compensation Meeting consists of a majority of independent outside directors. In addition, from FYE March 2026, one outside Audit & Supervisory Board member has been added as an observer.

The Executive Compensation Meeting, by a resolution by the General Meeting of Shareholders and the Board of Directors, delegated authority by the Board of Directors to determine specific amounts of basic compensation, annual performance- linked bonus, restricted stock compensation, etc. for Directors, and their payment schedule, following sufficient deliberation by its members including independent outside directors. For restricted stock units, the number of shares allotted to individual directors is determined by the resolution of the Board of Directors based on the standard amount decided by the Executive Compensation Meeting.

With regard to revisions of the executive compensation system and other matters pertaining to compensation overall, the Board of Directors deliberates and makes decision taking into consideration the content of proposal approved by the Executive Compensation Meeting.

Matters Concerning Performance-linked Compensation, in FYE March 2025

The Executive Compensation Meeting, delegated by the Board of Directors, determines the annual performance-linked compensation to be paid to each director by setting a compensation table that is more closely linked to annual performance the higher the rank, based on actual pre-tax income for FYE March 2025. The following shows the amount of the annual performance-linked bonuses for FYE March 2025 and the actual results related to the KPIs used for PSUs.

Performance indicator (KPI)	Results
Consolidated profit before tax	448.5 billion yen
ROE	12.8%
Relative TSR (Compared to the TOPIX growth rate including dividends)	86.4%
Employee engagement score improvement points	+2 points

Total Compensation for Directors and Audit & Supervisory Board Members for FYE March 2025 (Millions of yen)

Category		Basic compensation (Paid in fixed monthly installments)	Annual performance-linked bonuses	Restricted stock compensation		Total
				PSU	RS	
Directors: 9	Internal directors: 5	230	260	61	61	612
	Outside directors: 4	39	—	—	—	39
Audit & Supervisory Board Members: 4	Internal Audit & Supervisory Board members: 2	71	—	—	—	71
	Outside Audit & Supervisory Board members: 2	26	—	—	—	26
Total: 13		366	260	61	61	748

1. Figures in the above table include one outside director who resigned before the last day of FYE March 2025. At the end of FYE March 2025, there were eight directors, including three outside directors, and four Audit & Supervisory Board members, including two outside Audit & Supervisory Board members.
2. Total amounts in the above table represent the amounts recorded as expenses at the end of FYE March 2025 and include contingent compensation (such as PSUs and phantom stock granted to non-residents in Japan).
3. The amounts for PSUs and phantom stock are calculated based on the closing price of the Company's common stock on the Tokyo Stock Exchange Prime Market as of March 31, 2025, and the stock price at the time of grant will be applied for the actual payment.

Auditing by Audit & Supervisory Board Members

In addition to attending important meetings such as the Board of Directors, the Company's Audit & Supervisory Board members engage in activities that include exchanging opinions with executive officers and communicating individually with the directors and Audit & Supervisory Board members of Group companies. Through these efforts, they gather extensive information on business execution, including the development and operational status of internal controls across the Group, as well as verify their effectiveness. Additionally, necessary advice and recommendations are provided based on the observations obtained from these audit activities.

<Overview of Activities in FYE March 2025>

Major Activities of the Audit & Supervisory Board Members

- **Confirming management monitoring and execution**
  Each Audit & Supervisory Board member attended important meetings, including those of the Board of Directors, Executive Management Board Meeting, and Risk Management and Compliance Committee. When in attendance, they monitored management decision-making processes, sought explanations as necessary (including through opportunities other than those meetings), and actively expressed their opinions.
- **Communication with directors, executive officers, and others, and confirmation of internal control status at various business establishments, including Group companies**
  Through exchanges of opinions with directors, executive officers, and others, as well as visits to and inspections of major business establishments and Group companies, and collaboration with the directors and corporate auditors of Group companies, the corporate auditors confirmed the status of business execution, including the development and operation of the Group's internal controls. Through regular meetings with the Legal Department, Risk Management and Compliance Office, and Internal Audit Department, they confirmed the status of risk management practices across the Group.
- **Cooperation in the three-party audit system**
  Audit & Supervisory Board members conducted regular reporting sessions with the Internal Audit Department and accounting auditors, facilitating information sharing and exchanges of opinions that fostered close cooperation in the three-party audit system. By implementing coordinated audit activities, they carried out mutual verification of the effectiveness of internal controls across the Group.

Audit & Supervisory Board Number of Meetings Held: 12

The Audit & Supervisory Board is composed of four members, including two highly independent outside members, and was chaired by Standing Audit & Supervisory Board Member Yoichi Kato.

Independent Outside Audit & Supervisory Board Member	
Yuri Furusawa Appointed June 2022	Ms. Yuri Furusawa has held key positions in the Ministry of Land, Infrastructure, Transport and Tourism, and has been involved in the promotion of workstyle reform, active participation by women and diversity in the Cabinet Secretariat. She also has experience in overseas business development in the private sector, giving her a broad perspective and a high level of insight. Significant concurrent position: Outside Director, Kubota Corporation
Yasumasa Masuda Appointed June 2023	Mr. Yasumasa Masuda has served as CFO at Astellas Pharma Inc. and has deep insight in overall management with focus on financing and accounting. He has also served as Independent Non-Executive at Deloitte Tohmatsu LLC and Outside Director and Chairman of the Audit Committee at Olympus Corporation, giving him a broad perspective and a high level of insight.

<Main Resolutions and Deliberations>

(Main Resolutions)
- Audit policy, audit plan, and allocation of audit responsibilities for the fiscal year
- Consent to agenda items for the General Meeting of Shareholders (appointment of Audit & Supervisory Board members)
- Preparation of audit reports
- Evaluation, appointment, and dismissal of accounting auditors
- Consent to the audit fee for the accounting auditor

(Main matters for reporting and sharing)
- Reports on the results of visiting audit of the Company's business establishments and affiliated companies as well as observations
- Sharing of information regarding important matters of the Company's Executive Management Board Meeting, Executive Meeting, etc. by Standing Audit & Supervisory Board Member with outside Audit & Supervisory Board Members
- Reports from the responsible departments on risk management issues internally and in the industry that require special care from a preventive audit perspective

Opinions of individual Audit & Supervisory Board members expressed at the meeting of Audit & Supervisory Board are presented to involved officers, etc. as needed to assist them in forming appropriate executive decisions.

Internal Audit, Internal Control, and Internal Control Related to Financial Reporting
https://www.subaru.co.jp/en/ir/management/governance/

Dialogue with Shareholders and Investors

SUBARU strives to build long-term relationships of trust with our shareholders, investors, and analysts through constructive dialogue in order to contribute to sustainable growth and medium to long-term enhancement of corporate value. We will deepen mutual understanding through proactive dialogue, such as financial results briefings by the CEO and CFO and overseas presentation events (North America, Europe, and Asia), as well as business and technology briefings by management, and regularly report the content of dialogue with shareholders and investors and issues raised to the Board of Directors and relevant departments for further disclosure and enhanced dialogue.

<FYE March 2025 Dialogue Results>

Results of Dialogue with Shareholders and Investors

Dialogue events	FYE March 2024	FYE March 2025	Major participants*
Financial results briefings	4 times	4 times	President and CEO; Executive Vice President; Senior Managing Executive Officer and CFO; Senior Managing Executive Officer and Chief General Manager of Corporate Planning Division
Small meetings	9 times	6 times	President and CEO; Executive Vice President; Senior Managing Executive Officer and CFO; Managing Executive Officer in charge of Investor Relations
Securities houses' conferences	6 times	8 times	Senior Managing Executive Officer and CFO; Managing Executive Officer in charge of Investor Relations; Investor Relations Department members
Product/technical briefings, factory tours	3 times	6 times	President and CEO; Senior Managing Executive Officer and CTO; Managing Executive Officer, Chief General Manager of the Engineering Division and Chief General Manager of the Technical Research Center; Managing Executive Officer, Chief General Manager of the Monozukuri Division and Gunma Plant; Engineering Division, Product Business Division, Monozukuri Division, Investor Relations Department members, etc.

Individual dialogue	FYE March 2024	FYE March 2025	Major participants*
Dialogue with investors/shareholders (of which, dialogue with overseas investors/shareholders)	211 times (114 times)	248 times (176 times)	President and CEO; Senior Managing Executive Officer and CFO; Managing Executive Officer in charge of Investor Relations; Investor Relations Department members, etc.
Dialogue with analysts	87 times	87 times	Managing Executive Officer in charge of Investor Relations; Investor Relations Department members

* Major participants' positions are as of the event in question.

Major Topics in Dialogue

Business performance-related matters	U.S. market conditions, pricing policies, improvement in productivity, etc.
Initiatives for electrification	The Subaru Difference in BEVs/HEVs, profitability of BEVs/HEVs, outlook of responses to environmental restrictions, amount and timing of investments, etc.
ESG-related matters	Carbon neutrality, human capital management, and further strengthening of governance, etc.
Progress in the New Management Policy	
Optimum fund level and shareholder returns	

Providing Feedback Internally

Feedback gathered through dialogues, including shareholders' and investors' opinions and requests, is regularly and appropriately reported to management and relevant executive officers in major meetings, and, based on the content, subsequently reported to the Board of Directors.

Providing Feedback to Management	Times held	Description
Implementation reports on overseas presentation events	3	Reports on interests, opinions, requests, etc. of overseas institutional investors as well as the direction of future IR activities Reports on the trend of revisions to criteria for exercising voting rights as well as opinions, requests, etc. to the Company from ESG perspectives
Reports on shareholder relations (SR) engagement activities	1	Reports on major topics in IR activities, including institutional investor trends and stock price
Reports on quarterly investor relations (IR) activity status	4	Reports on shareholder voting outcome analyses
Reports on general meetings of shareholders voting rights exercise results analyses	1	Reports on shareholder composition and institutional investors' shareholding trends
Other	As required	Periodic reports on shareholder composition and institutional investor holdings, as appropriate

Roundtable Discussion with Outside Directors

We carry out objective monitoring in rapidly changing business environments to support the sustainable growth of the SUBARU Group.

Amid what is being called a once-in-a-century transformation of the automotive industry, and influenced by factors such as U.S. tariff policies, the business environment surrounding SUBARU has become increasingly uncertain. Three outside directors, each with extensive knowledge and experience in corporate management, discussed specific initiatives and challenges aimed at enhancing the effectiveness of the Board of Directors, strengthening corporate governance, developing human resources, and increasing corporate value, taking into account structural changes in the industry, including electrification, and a complex and evolving business environment.

Reflections on tenure as outside directors and on SUBARU's distinctive characteristics

Looking back on your tenure, how do you view the attributes of the Company and the Board of Directors?

Doi: I am now in my sixth year as an outside director, and at the time of my appointment, it was right in the midst of the COVID-19 pandemic. I believe one of the Company's strengths is its ability to respond as a united team, from top management to the front lines, in the face of difficult situations. The processes from procurement through manufacturing and logistics to delivering products to our customers are long and complex. Nonetheless, strong cross-functional collaboration ensures effective responses throughout.

I also deeply appreciate the Company's commitment to sharing information openly with outside directors and outside Audit & Supervisory Board members, even in critical situations.

Hachiuma: I am in my third year as an outside director, having begun my duties at the same time as President Osaki assumed office. In addition to the industry's transition toward electrification and recent external changes, such as the U.S. imposition of additional tariffs, I feel that, although SUBARU is a company with Audit & Supervisory Board, management is strongly aware of and actively implementing the separation of oversight and execution required by Japan's Corporate Governance Code—for example, by separating the roles of Board Chair and top executives.

Yamashita: I am in my second year as an outside director. Immediately after my appointment, I spent about two months receiving detailed, direct explanations from department heads about their operations and challenges, while also actively visiting each plant of both the Automotive Business Unit and the Aerospace Company. By observing operations firsthand and receiving thorough explanations from department heads, I was able to deepen my understanding of the Company's overall business.

Miwako Doi
Appointed June 2020

As a researcher and supervisor in the field of information technology at Toshiba Corporation, Ms. Miwako Doi has accumulated vast experience and made many achievements in this field over many years. In addition, she has been appointed to governmental advisory bodies, owing to her high level of expertise and extensive experience and knowledge. She also provides valuable recommendations regarding the creation of new innovations in the Company's management, technology development, and IT risks.

Significant concurrent position: Auditor, National Institute of Information and Communications Technology (NICT) (part-time)
Outside Director, NGK Spark Plug Co., Ltd.

The Board of Directors consists of eight members, giving the impression of a compact structure relative to the size of the Company. I feel that communication is highly transparent and discussions are conducted openly.

Doi: As members of the Board of Directors, we are expected to monitor business execution appropriately and ensure that the Company stays on the right course. On the other hand, it is not enough for outside directors to simply observe from a third-party perspective without offering solutions. At the Company, constructive discussions are held through the exchange of opinions among internal and outside directors, as well as between directors and Audit & Supervisory Board members.

Hachiuma: I believe this is one of the defining characteristics of SUBARU's Board of Directors. The Audit & Supervisory Board members also demonstrate a strong sense of responsibility and high engagement, and constructive, spirited discussions take place not only at the Board of Directors but also in committees such as the Risk Management and Compliance Committee. While both parties share the same goals, it is natural that differences in roles and perspectives lead to varying viewpoints. It is highly positive that healthy discussions are conducted from such diverse perspectives.

Yamashita: Exactly. In addition to Board of Directors meetings, we also hold lunch meetings with the Audit & Supervisory Board members. The discussions are so lively and participants exchange ideas so actively that one hour is never enough. Constructive discussions take place through the free exchange of opinions, making these sessions extremely valuable.

Initiatives to enhance the effectiveness of the Board of Directors

Please share your thoughts and opinions on the initiatives for FYE March 2025 aimed at further enhancing the effectiveness of the Board of Directors.

Hachiuma: As the pace of business execution accelerates, a key challenge is bridging the information gap between internal and outside parties. Prior briefings for the Board of Directors, together with management roundtable discussions, play a vital role in this regard.

Yamashita: Employee engagement was also a topic at the management roundtable discussions. Although the score increased by two points in 2024, it remains below a satisfactory level.

In response, the Human Resources Department has taken action, including training for all managers and managerial candidates, totaling approximately 4,000 participants. I was very interested, so I also attended the training as an observer. While the content was valuable, the opportunity to see operations on site firsthand greatly helps bridge the information gap, and I hope to continue this practice in the future.

Doi: We also held individual meetings between the outside directors and the President, during which I exchanged views on topics centered on promoting female participation. While I had frequent opportunities to speak with the President in meetings, there had been few chances for in-depth one-on-one discussions, making this a particularly valuable experience. The conversation was so engaging that it lasted well over an hour.

Yamashita: After every Board meeting, we always receive additional briefings on recent business execution. I have heard that, at some companies, the opinions of outside directors are not given much weight, but that is not the case at SUBARU. Management listens carefully—not just hearing us out, but following up with concrete actions—which I find extremely positive.

Doi: Last year, I visited major sites in the United States, including manufacturing and sales locations, as well as the retailer convention held in Las Vegas.

Seeing the operations firsthand allowed me to experience the strong passion behind initiatives such as Love Promise and to appreciate the strength of the SUBARU brand in the U.S. market. It was an extremely meaningful experience.

Hachiuma: Indeed, the level of passion there is truly overwhelming. While we undertake various initiatives, some aspects can still be difficult to fully grasp. In such cases, we receive direct explanations from the executives, and having open access to on-site operations further deepens our understanding through communication with people on the ground. I believe the support system, led by the Board of Directors Secretariat, is well established and provides a strong foundation for understanding.

Fuminao Hachiuma
Appointed June 2023

Mr. Fuminao Hachiuma has abundant experience and insights acquired through his involvement in management in a broad range of fields including overseas business at Ajinomoto Co., Inc. and its group companies as well as promotion of strengthening of corporate governance and management reform of J-OIL MILLS, INC. as Representative Director and President. He also provides constructive recommendations on the Company's overall management and global governance.
Significant concurrent position: Outside Director, Seven & i Holdings Co., Ltd.
Outside Audit & Supervisory Board Member, YKK AP Inc.

Although off-site meetings and the support framework are strong, more can still be done to make the most of limited opportunities and extend discussion time amid rapidly changing business conditions. One step in this regard—revising the rules of the Board of Directors and raising the threshold for matters requiring Board deliberation—will help ensure more time for deliberation and discussion at the Board, and I look forward to seeing its impact in the future.

Please share this year's initiatives aimed at further strengthening the function of the Executive Nomination Meeting.

Doi: Restructuring the Executive Nomination Meeting as the Governance and Executive Nomination Meeting represented a significant change. Even individual and detailed issues that were difficult to address under the previous format can now be discussed in depth within this new framework.
Hachiuma: I understand that with the addition of "Governance," the meeting's role as a forum for discussing the Company's governance structure has been strengthened. This is not merely a matter of system design, but an important issue that is deeply connected to the organization and its human resources. It is also closely related to the perspective of human capital.
Doi: In the past, it was common to formulate a medium-term management plan and then appoint executives to drive the business in line with that plan. However, today the pace of environmental change is extremely rapid, making it difficult to advance the business strictly according to the medium-term management plan. Within this context, I hope to engage in in-depth discussions on human resources at the Governance and Executive Nomination Meeting, guided by the SUBARU Group's vision and value statement.
Hachiuma: At the Executive Nomination Meeting, discussions cover not only the succession plan but also future human resource allocation and development plans. There have even been cases of bold and strategic cross-functional rotations that go beyond conventional frameworks. I see this as a strong demonstration of the Company's commitment to developing its management team. I also view the establishment of a CHRO, aimed at creating sustainable corporate competitiveness, as a strong statement of the Company's commitment to seriously addressing this area.
Doi: Human resource allocation and governance are closely linked. As a member of the Executive Nomination Meeting, I feel a greater sense of reassurance with the addition of topics related to governance. Not only at the Board of Directors, but also in this additional forum, we now have a venue to hold meaningful, effective discussions, and I am grateful for this structural change.
Hachiuma: We have also recently made a change to allow an outside Audit & Supervisory Board member to participate as an observer. We expect this will enable discussions from an even more diverse range of perspectives.

What role should the Board of Directors play in the automotive industry's uncertain business environment?

Yamashita: In a rapidly changing environment where the right course of action is often unclear, companies are still required to make investment decisions. Delaying decisions can sometimes pose an even greater risk, so it is essential to make them while maintaining proper accountability. As an outside director, it is necessary to face risks while reviewing factors such as investment payback periods and internal rates of return (IRR). I am also a shareholder myself. If I am not convinced myself, I cannot properly explain matters to shareholders, so I raise these points for discussion.
Hachiuma: Amid increasingly large fluctuations in the business environment, it is extremely important for the Company to carefully determine its strategic direction. To do so, I feel that introspective discussions are necessary, including redefining the essence of what makes SUBARU unique.

We evaluate the impact and likelihood of risks using a risk map. The Board of Directors decides on major risks, while the executive divisions manage the others. As an outside director, I am able to raise points precisely because of my external perspective, and I believe this perspective makes a meaningful contribution to discussions.

I also recognize that, as the direction of electrification becomes clearer, a key future challenge will be managing the uncertainty over whether the related investments will genuinely yield returns.

On SUBARU's sustainable growth and enhancement of corporate value

From an objective standpoint, what factors do you believe will enable SUBARU to remain competitive going forward?

Doi: In the New Management Policy announced in August 2023, we shared an update on our electrification plans. At that time, however, CTO Fujinuki's statements and expressions during Board meetings suggested he was grappling with how to preserve the essence of the Subaru Difference in BEV development. However, at a certain point, I sensed that CTO Fujinuki and the members of the engineering units began to gain confidence in their ability to develop BEVs that preserve the essence of the Subaru Difference. I believe that this very confidence serves as a solid foundation for continuing to uphold the core of the SUBARU brand: "Enjoyment and Peace of Mind."
Hachiuma: During the COVID-19 pandemic, it was often said that challenges reveal true strength. I, however, believe that facing strong challenges can also help build and strengthen that resilience. Looking back on its history, SUBARU has overcome numerous challenges, and the management team, drawing on that experience and confidence, continues to support the Company today. Another strength of SUBARU is its large and loyal fan base, particularly in North America and other key regions. I believe that by continuing to meet the expectations of its fans, even in challenging external environments, SUBARU can grow into an even stronger company.
Yamashita: When I watched the SUPER GT races at Fuji Speedway, where SUBARU fields cars, I was truly amazed by the large number of SUBARU fans in the stands. I was able to experience the fans' passion firsthand, which I found extremely encouraging. It is essential to develop products that do not disappoint such devoted supporters, and it is the employees on the front lines who make this possible.
For this reason, I strongly believe it is crucial to create an environment where employees can take pride in working for SUBARU and find fulfillment in their work.

Shigeru Yamashita
Appointed June 2024

Mr. Shigeru Yamashita has abundant experience and insight acquired through his involvement in management in a broad range of fields including overseas operations at Pigeon Corporation and its group companies and, once he was appointed the representative director of the company, he strived to promote management reform, strengthen corporate governance, and led initiatives for maximizing corporate values. He also provides valuable insights on SUBARU's overall management, as well as on safety and corporate culture, drawing on his deep understanding of corporate social responsibility.
Significant concurrent positions: None

Finally, please share a message for our stakeholders.

Doi: I believe that SUBARU is steadily overcoming the technical challenges necessary to deliver "Enjoyment and Peace of Mind," which serve as the foundation of trust for our customers, employees, investors, and other stakeholders. As a human interface specialist, I believe I can contribute to enhancing customer satisfaction and creating a work environment in which employees can thrive. As an outside director, I am committed to fully supporting these initiatives.
Hachiuma: As a manufacturer with such strong brand power, I believe it is important to consider how we can further enhance this strength going forward. To this end, I will closely monitor whether initiatives such as "Monozukuri Innovation" and "Value Creation" are advancing in a consistent and aligned direction. Even amid challenging circumstances, the executive team has responded boldly and without hesitation, and I have great respect for this approach. From the perspective of an outside director, I will continue to approach my role earnestly, ensuring that management decisions are sound and well-founded.
Yamashita: I believe the role of the Board of Directors is to enhance the Company's medium- and long-term corporate value, which consists of two components: social value and economic value. Social value refers to whether SUBARU is an indispensable presence in society, with its technological capabilities and long-standing trust serving as the foundation. It is important to maintain this value even in the BEV era, and SUBARU has already achieved a high level of brand trust in the U.S. market. Economic value is the present value of future cash flows, with the accumulation of know-how and improvements in capital efficiency serving as key factors. At the Board of Directors, we analyze not only profits and losses but also financial indicators, supporting the enhancement of corporate value from both perspectives.

Evaluation Results of the Effectiveness of the Board of Directors

The Board of Directors every year conducts analysis and evaluation on the effectiveness of the Board of Directors ("BoD") in accordance with Article 23 of the Corporate Governance Guideline, and reviews and implements improvement measures for the issues identified.

In FYE March 2025, aiming to apply the results of the evaluations toward enhancing the BoD's functions, the Board confirmed efforts to address issues recognized by FYE March 2024, reorganized the evaluation items on the survey and implemented interviews with certain directors, and assessed and analyzed the reasons and underlying factors behind differences in the recognition of issues. The results of this process are reported below.

Methods of Evaluation and Analysis

Process period and method	December 2024 to February 2025 Self-evaluation questionnaire survey prepared by a third-party body and interviews
Eligible participants	Survey: Directors (8) and Audit & Supervisory Board members (4) for a total of 12 respondents Interviewees: Chair of the BoD, Representative Director and President, Representative Director and Deputy President, and independent outside directors (3) for a total of 6 interviewees
Process	1. Third-party body conducts anonymous self-evaluation questionnaire survey of directors and Audit & Supervisory Board members 2. Third-party body conducts interviews with the chair of the BoD, Representative Director and President, Representative Director and Deputy President, and independent outside directors 3. Third-party body aggregates and analyzes survey responses and interviews 4. BoD verifies and discusses reports received from third-party body
Evaluation items on the survey	(a) BoD roles and functions (b) BoD composition (c) BoD operation (d) BoD support system (e) BoD culture and communication (f) BoD risk management and internal control (g) Executive Nomination Meeting and Executive Compensation Meeting operation (h) Shareholder dialogue (i) Continued BoD improvements

Survey question Items

Evaluation Items	
(a) BoD roles and functions	Recognition of the roles and functions of the BoD
	Delegation of authority to execution
	Reporting system
	Supervision of corporate management
(b) BoD composition	Size of the BoD
	Composition of the BoD (ratio of inside to outside directors)
	Composition of the BoD (diversity and expertise)
(c) BoD operation	Frequency, length, and time allocation of meetings
	Relevance of agenda items
	Timing of proposals and discussions
	Quality and quantity of documents
	Timing of document distribution
	Prior explanation
	Content of explanations and reports
	Discussions by the BoD
	Leadership by the Chair
(d) BoD support system	Environment and systems for the provision of information
	Provision of information to outside officers
	Training of outside officers
	Training of inside officers

Evaluation Items	
(e) BoD culture and communication	Diverse values
	Stakeholder perspectives
	Directors and business divisions
	Inside and outside directors
	Directors and Audit & Supervisory Board members
(f) BoD risk management and internal control	Risk management
	Group governance
	Internal control and compliance
(g) Executive Nomination Meeting and Executive Compensation Meeting operation	
(h) Shareholder dialogue	Supervision of proper disclosure of information to shareholders and investors
	Sharing the views of shareholders and investors
	Enhancing dialogue with shareholders and investors
(i) Continued BoD improvements	Status of improvements based on the previous fiscal year's effectiveness evaluation

Evaluation Results

1. General evaluation

The evaluation confirmed that the Company's BoD is effective in general.

2. Characteristics of the Company's BoD

Item	Outline
BoD conducive to free and open discussion	It has a culture in which the members, irrespective of internal or outside, respect each other and engage in constructive and transparent discussions in an environment with a high degree of psychological safety.
BoD with high awareness of shareholder dialogue	Contents of dialogue with shareholders and investors are fed back to the BoD on a regular basis and it constantly engages in discussions for further enhancing the dialogue.

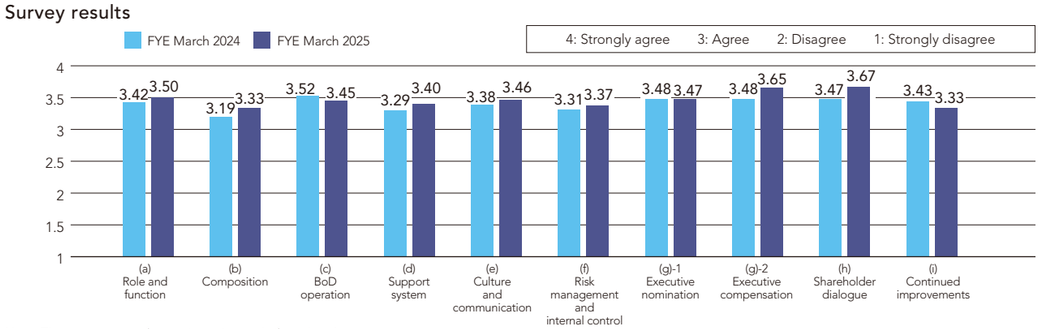
3. Status of responses to issues pointed out in FYE March 2024

Item	Outline	Assessment
Further bolstering the support system for independent outside directors	The Company offered opportunities for outside directors to visit important business bases and other sites to deepen their understanding of the business and grasp market trends. It also worked to enhance opportunities for them to have dialogue with top executives and Audit & Supervisory Board members.	Improvement
Sharing awareness regarding key agenda items related to medium to long-term strategies and the approach to monitoring	There were enhanced discussions as a result of flexible utilization of the Management Roundtable Discussions, which further deepened deliberations regarding the essence of governance. We will further improve agenda setting corresponding to the progress in management strategies among other measures.	Improvements still in progress
Further strengthening of the functions of the Executive Nomination Meeting	The BoD engaged in discussions for further evolving the nurturing and selection process of CEO and other officers. It also began discussing detailed evaluation specifying individuals, indicating steady evolution of the process. The topic for future discussions is the visualization of the full picture of the nurturing plan for CEO as well as other top management and next-generation management layer.	Improvements still in progress

4. Issues discussed and reviewed at the Management Roundtable Discussions in FYE March 2025 to further enhance the effectiveness of the BoD

Item	Outline
Roles required of the BoD in an uncertain business environment	The Company is driving forward the management and business strategies under the banner of "Aiming to become the world's leading company in Monozukuri and Value Creation" to continue to thrive in a competitive landscape in the future by overcoming the once-in-a-century transformation of the automobile industry. The BoD is sought to appropriately monitor the implementation of strategies by the execution side and make appropriate judgment regarding risks. To this end, it needs to increase the time spent on discussions and other such measures to improve the operations of the meeting.
Clarification of roles of various meeting bodies and enhancement of discussions	To enhance the discussion time by utilizing the limited opportunities, we need to redefine the roles of the BoD, Executive Nomination Meeting, Executive Compensation Meeting, and off-site meetings including Management Roundtable Discussions and change the meeting operations to meet that objective and further strengthen sharing of management information, which is the base of discussions, especially for outside officers.
Further strengthening of monitoring framework throughout the Group	Aim to enhance opportunities to discuss strengthening of management structure and monitoring framework that oversee the entire Group.

Survey results



Note: The survey uses a four-point rating scale from 1 to 4.

Consolidated Ten-Year Financial Summary

SUBARU CORPORATION and its consolidated subsidiaries
Years ended March 31

J-GAAP

		'16/3	'17/3	'18/3	'19/3
Operating Results (For the year)					
Net sales[1]	(Millions of yen)	3,232,258	3,325,992	3,232,695	3,160,514
Operating income	(Millions of yen)	565,589	410,810	379,447	195,529
Income before income taxes	(Millions of yen)	619,003	394,695	297,340	195,838
Net income attributable to owners of parent	(Millions of yen)	436,654	282,354	220,354	147,812
Capital expenditures	(Millions of yen)	135,658	158,497	141,353	113,479
Depreciation/amortization[2,3]	(Millions of yen)	72,938	85,653	102,102	102,749
R&D expenses	(Millions of yen)	102,373	114,215	121,084	102,719
Financial Position (At year-end)					
Net assets	(Millions of yen)	1,349,411	1,464,888	1,561,023	1,612,825
Shareholders' equity	(Millions of yen)	1,343,732	1,458,664	1,552,844	1,605,291
Total assets[4]	(Millions of yen)	2,592,410	2,762,321	2,866,474	2,982,725
Financial Indicators					
Operating margin	(%)	17.5	12.4	11.7	6.2
Ratio of shareholders' equity to total assets[5]	(%)	51.8	52.8	54.2	53.8
Return on equity (ROE)	(%)	36.9	20.2	14.6	9.4
Cash Flows					
Net cash provided by (used in) operating activities	(Millions of yen)	614,256	345,442	366,298	174,006
Net cash provided by (used in) investing activities	(Millions of yen)	(255,676)	(254,252)	(150,711)	(158,327)
Free cash flow	(Millions of yen)	358,580	91,190	215,587	15,679
Net cash provided by (used in) financing activities	(Millions of yen)	(126,190)	(189,044)	(170,937)	(96,617)
Per Share					
Net income attributable to owners of parent (EPS)	(Yen)	559.54	365.77	287.40	192.78
Book value per share (BPS)	(Yen)	1,721.90	1,902.56	2,025.31	2,093.60
Shareholder Returns					
Dividends	(Yen)	144	144	144	144
Repurchase of treasury stock	(Millions of yen)	—	52,734	—	—
Total return ratio	(%)	25.7	57.8	50.1	74.7
Other Information					
Non-consolidated exchange rate	(Yen to the U.S. dollar)	121	108	111	111
Number of shares issued	(Thousands of shares)	782,865	769,175	769,175	769,175
Number of shareholders	(Persons)	79,594	76,471	132,570	133,879
Number of employees	(non-consolidated) (Persons)	14,234	14,708	14,879	15,274
Number of employees	(consolidated) (Persons)	31,151	32,599	33,544	34,200
Number of Units					
Consolidated automobile unit sales[6]	(Thousand units)	958	1,065	1,067	1,000
Vehicle unit production	(Thousand units)	951	1,056	1,050	989
Domestic	(Thousand units)	715	721	701	617
Overseas[7]	(Thousand units)	236	335	349	372

IFRS

		'19/3	'20/3	'21/3	'22/3	'23/3	'24/3	'25/3
Operating Results (For the year)								
Revenue	(Millions of yen)	3,156,150	3,344,109	2,830,210	2,744,520	3,774,468	4,702,947	4,685,763
Operating income	(Millions of yen)	181,724	210,319	102,468	90,452	267,483	468,198	405,308
Profit before tax	(Millions of yen)	186,026	207,656	113,954	106,972	278,366	532,574	448,507
Profit for the period attributable to owners of parent	(Millions of yen)	141,418	152,587	76,510	70,007	200,431	385,084	338,062
Capital expenditures	(Millions of yen)	114,022	126,002	86,193	86,143	122,840	167,495	176,144
Depreciation/amortization[3]	(Millions of yen)	187,077	192,742	206,317	224,055	239,806	217,780	232,541
R&D expenditures	(Millions of yen)	102,719	118,735	101,626	113,752	107,780	113,508	142,448
Financial Position (At year-end)								
Total equity	(Millions of yen)	1,689,899	1,720,123	1,786,383	1,901,019	2,109,947	2,565,394	2,715,708
Equity attributable to owners of parent	(Millions of yen)	1,682,248	1,712,881	1,777,735	1,890,789	2,100,973	2,563,204	2,714,517
Total assets	(Millions of yen)	3,180,597	3,293,908	3,411,712	3,543,753	3,944,150	4,814,149	5,088,246
Financial Indicators								
Operating margin	(%)	5.8	6.3	3.6	3.3	7.1	10.0	8.6
Ratio of equity attributable to owners of parent to total assets	(%)	52.9	52.0	52.1	53.4	53.3	53.2	53.3
Ratio of profit to equity attributable to owers of parent (ROE)	(%)	8.5	9.0	4.4	3.8	10.0	16.5	12.8
Cash Flows								
Net cash provided by (used in) operating activities	(Millions of yen)	250,732	210,134	289,376	195,651	503,759	767,665	492,136
Net cash provided by (used in) investing activities	(Millions of yen)	(190,119)	(25,844)	(272,174)	(179,723)	(336,813)	(703,699)	(404,077)
Free cash flow	(Millions of yen)	60,613	184,290	17,202	15,928	166,946	63,966	88,059
Net cash provided by (used in) financing activities	(Millions of yen)	(141,551)	(15,818)	13,966	(98,502)	(122,307)	(66,469)	(187,320)
Per Share								
Profit for the period attributable to owners of parent (EPS)	(Yen)	184.44	198.99	99.77	91.28	261.33	509.2	458.0
Equity attributable to owners of parent (BPS)	(Yen)	2,193.97	2,233.76	2,318.17	2,465.41	2,739.27	3,409.45	3,713.26
Shareholder Returns								
Dividends	(Yen)	144	100	56	56	76	106	115
Repurchase of treasury stock	(Millions of yen)	—	—	—	—	40,000	60,000	50,000[5]
Total return ratio	(%)	78.1	50.3	56.2	61.4	49.1	36.3	39.9[5]
Other Information								
Non-consolidated exchange rate	(Yen to the U.S. dollar)	111	109	106	112	135	144	152
Number of shares issued	(Thousands of shares)	769,175	769,175	769,175	769,175	769,175	753,901	733,057
Number of shareholders	(Persons)	133,879	145,289	142,890	147,507	139,908	121,965	127,221
Number of employees	(Persons)	15,274	15,806	16,478	16,961	17,228	17,347	17,885
Number of employees	(Persons)	34,200	35,034	36,070	36,910	37,521	37,693	37,866
Number of Units								
Consolidated automobile unit sales[6]	(Thousand units)	1,001	1,034	860	734	852	976	936
Vehicle unit production	(Thousand units)	989	1,031	810	727	874	970	946
Domestic	(Thousand units)	617	664	525	455	575	602	602
Overseas[7]	(Thousand units)	372	367	285	272	299	368	345

Note: The SUBARU Group has voluntarily applied IFRS since the first quarter of FYE March 2020.
1. Change of accounting policy effective from FYE March 2019 (deduction of sales incentives from net sales); retroactively applied to the figures for FYE March 2018.
2. Accompanying a change in accounting policy effective from FYE March 2019, change of depreciation method for certain tangible fixed assets of the Company and its major domestic consolidated subsidiaries from the declining-balance method to the straight-line method.
3. Total amount of property, plant and equipment and intangible assets.
4. Partial Amendments to Accounting Standard for Tax Effect Accounting have been applied from FYE March 2019, and retrospectively applied to the figures for FYE March 2018.
5. Including the completion of matters pertaining to "Notice Regarding Repurchase and Cancellation of Own Shares" released August 7, 2025.
6. Automobile unit sales of SUBARU CORPORATION and its consolidated subsidiaries.
7. U.S. production base Subaru of Indiana Automotive, Inc.

Financial Information

Please visit the SUBARU website for details about financial information.
https://www.subaru.co.jp/en/ir/library/

Corporate Data

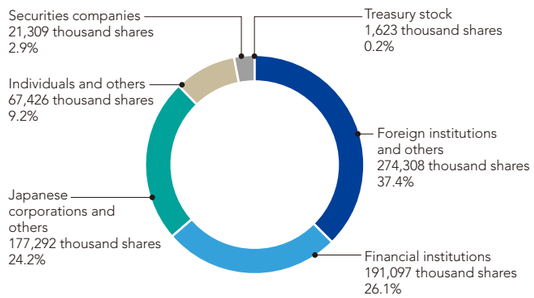
Corporate Data (As of March 31, 2025)

Company Name	SUBARU CORPORATION
Established	July 15, 1953
Paid-In Capital	153,795 million yen
Fiscal Year-End	March 31
Accounting Auditors	KPMG AZSA LLC
Main Businesses	Automotive: The manufacture, sale, and repair of passenger cars and their components Aerospace: The manufacture, sale, and repair of airplanes, aerospace-related machinery, and their components
Head Office	Ebisu Subaru Bldg. 1-20-8, Ebisu, Shibuya-ku, Tokyo, Japan
Number of Affiliates	89 (82 subsidiaries, 6 affiliated companies, and 1 other affiliated company)
Number of Employees	17,885 (consolidated: 37,866) (excluding executive officers, advisors, and transferred employees)
Website Addresses	Corporate website: https://www.subaru.co.jp/en/ Investor information website: https://www.subaru.co.jp/en/ir/

Stock Information (As of March 31, 2025)

Common Stock Authorized	1,500,000,000 shares
Common Stock Issued	733,057,473 shares
Number of Shareholders	127,221
Number of Shares per Trading Unit	100 shares
Stock Exchange Listing	Tokyo Stock Exchange (Prime Market)
Securities Code	7270
Transfer Agent and Account Management Institution of Special Accounts	Mizuho Trust & Banking Co., Ltd. 3–3, Marunouchi 1-chome, Chiyoda–ku, Tokyo 100–8241, Japan Tel: 0120-288-324 (toll free in Japan)

Breakdown of Shareholders



Note: Number of shares held are rounded down to the nearest thousand shares.

Major Shareholders

Name		Number of Shares Held (in thousands)	Percentage of Total Shares Held
Toyota Motor Corporation	1 Toyota-Cho, Toyota City, Aichi Prefecture, Japan	153,600	21.00
The Master Trust Bank of Japan, Ltd. (Trust account)	Akasaka Intercity AIR, 1-8-1 Akasaka, Minato-ku, Tokyo, Japan	108,052	14.77
Custody Bank of Japan, Ltd. (Trust account)	1-8-12 Harumi, Chuo-ku, Tokyo, Japan	35,009	4.79
STATE STREET BANK AND TRUST COMPANY 505001	ONE COGRESS STREET, SUITE 1, BOSTON, MASSACHUSETTS	18,014	2.46
STATE STREET BANK WEST CLIENT - TREATY 505234	1776 HERITAGE DRIVE, NORTH QUINCY, MA 02171, U.S.A.	12,685	1.73
NSL DTT CLIENT ACCOUNT 1	10 MARINA BOULEVARD, 36-01 MARINA BAY FINANCIAL CENTRE TOWER-2 SINGAPORE, 018983	11,418	1.56
Mizuho Bank, Ltd.	1-5-5 Otemachi, Chiyoda-ku, Tokyo, Japan	10,078	1.38
GOVERNMENT OF NORWAY	BANKPLASSEN 2, 0107 OSLO 1 OSLO 0107 NO	8,784	1.20
JP MORGAN CHASE BANK 385781	25 BANK STREET, CANARY WHARF, LONDON, E14 5JP, UNITED KINGDOM	8,230	1.13
BNYM AS AGT/CLTS 10 PERCENT	240 GREENWICH STREET, NEW YORK, NEW YORK 10286 U.S.A.	7,724	1.06

Notes: 1. Number of shares held are rounded down to the nearest thousand shares.
2. The percentage of total shares held is calculated based on the number of shares excluding treasury stock of 1,623,478 shares.

SUBARU CORPORATION

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