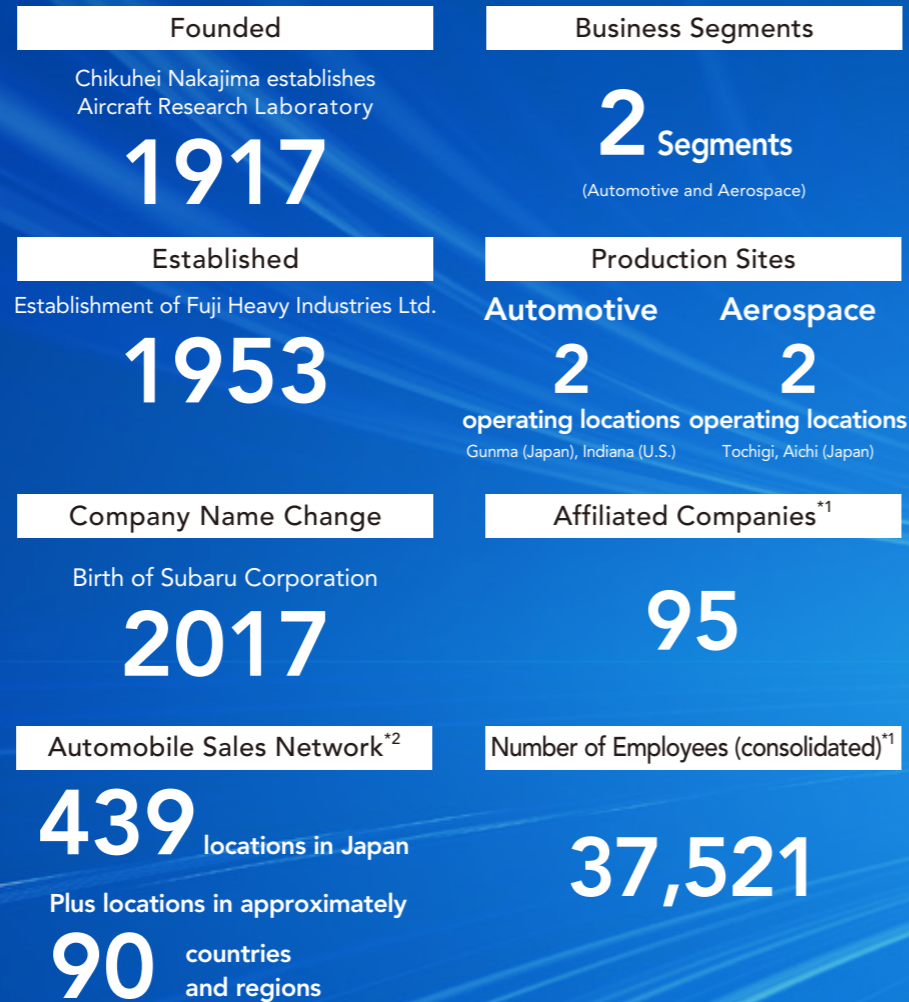


## At a Glance

### Our Path to Today



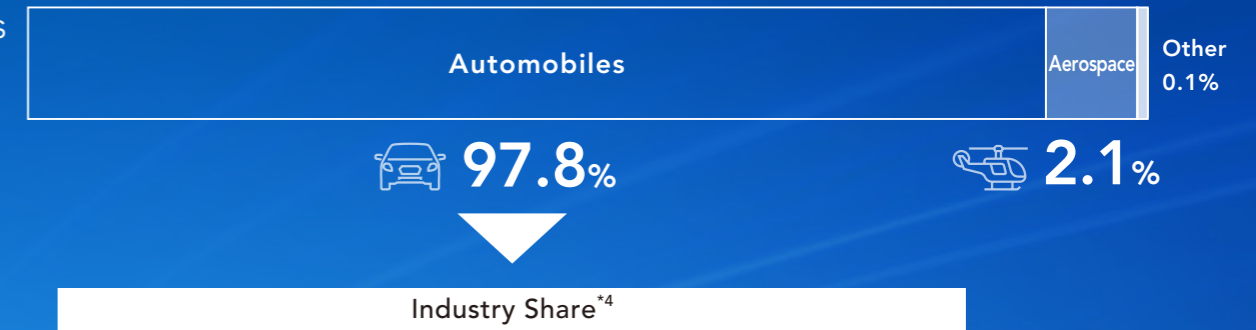
### Performance and Financial Soundness



<sup>\*1</sup> As of March 31, 2023  
<sup>\*2</sup> As of April 1, 2023  
<sup>\*3</sup> Figures for FYE March 2023

### Businesses

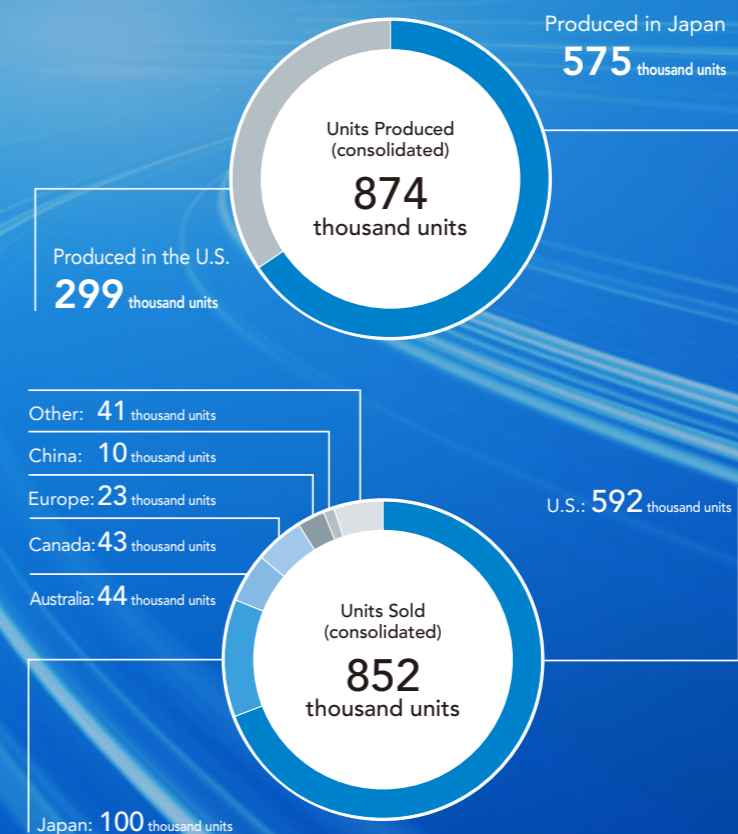
#### Composition of Sales



#### Industry Share<sup>\*4</sup>



#### Ratio by Region<sup>\*3</sup>



#### Automobile Category



<sup>\*4</sup> For 2022 (calendar year)

<sup>\*5</sup> Based on sales data from 2018 to 2022 (calendar years). Excludes OEM vehicles from other companies.

## Message from the CEO

In the age of the electrification, we will pursue the SUBARU-ness through “Monozukuri Innovation” and “Value Creation,” with the power of our human resources as the foundations of our Group.

### Atsushi Osaki

Representative Director,  
President and CEO

#### Profile

1988 Joined SUBARU

Worked in engine and transmission design

1998 Full-time labor union officer (leave of absence)

Served in SUBARU's Product & Portfolio Planning Division, Engineering Division, Quality Assurance Division, and other posts

2016 Vice President and Senior General Manager, Quality Assurance Division

2018 Senior Vice President, CQO (Chief Quality Officer) and Chief General Manager, Quality Assurance Division

2019 Executive Vice President, CQO (Chief Quality Officer) and Chief General Manager, Quality Assurance Division

2020 Executive Vice President, CQO (Chief Quality Officer), Chief General Manager, Quality Assurance Division and General Manager, Quality Assurance Management Office

2021 Director, Executive Vice President and

Chief General Manager, Manufacturing Division

Representative Director, President and CEO since June 2023



### My Resolve as New CEO

I will stand at the forefront of our transformation as we build the foundation of a SUBARU Group for the new era.

In June 2023, I was appointed the new Representative Director, President and CEO of SUBARU. My career has been mainly in engineering, from the design of automotive engines and transmissions, to manufacturing, product & portfolio planning quality assurance, and customer service. Looking back on my career so far, I am proud to say that I have consistently been involved in Monozukuri\*<sup>1</sup> and building relationships with customers. However, I also took leave of absence for about eight years to serve as a full-time SUBARU labor union officer, an experience that firmly impressed upon me that human resources are the driving force behind Monozukuri and innovation. This was also the time when I developed my creed: “Human resources are the foundation of everything.”

\*1 Manufacturing

SUBARU finds itself in a business environment changing at an unprecedented speed, especially with the rapid shift to EVs\*<sup>2</sup> in the U.S. market and the rise of emerging manufacturers, including those from other industries. This is truly a period of once-in-a-century profound transformation for the automotive industry. My mission as President and as a man with experience primarily in manufacturing and product planning at a time when car manufacturing is undergoing a profound shift from internal combustion engines to battery electric vehicles (BEVs), is to stand at the forefront of this great transformation, close to the field and the people who work in it, and build the foundation of a SUBARU Group for the new era as we march forward. In order to achieve this, I will strongly advance “Monozukuri Innovation” and “Value Creation,” aiming to become a world-leading company. We will focus our management resources on BEVs so that the SUBARU Group can secure high profit margins over the long term, even after 2030, when the BEV era is expected to begin in earnest. We will also continue to bring about major innovations in car-making so that we can compete with other manufacturers even in the BEV era, for which the future can be very uncertain.

\*2 Electric vehicle

## Review of the Mid-term Management Vision “STEP”

# We will move our efforts up to the next stage in order to reap the fruits of the reforms promoted in “STEP.”

Before discussing the Monozukuri transformation that is about to begin in earnest, I would like to first review our efforts in the “STEP” mid-term management vision, our management focus since 2018. Under “STEP,” we have engaged in priority initiatives toward corporate culture reforms, quality enhancement, and evolution of the SUBARU Difference.

With respect to corporate culture reforms, we have acted based on the slogan of “Change mindset, change behavior, change the company,” working to foster a mindset of reform by providing various opportunities for dialogue, with the aim of becoming a company open to new ideas. This has resulted in positive change, manifesting in spontaneously vibrant communication across departments. Since FYE March 2022, as the next step, we have focused on the growth of the individual, and have been advancing the priority initiatives to increase engagement so that each and every employee can experience growth and job satisfaction, as well as make sure that the growth of the individual drives the growth of the organization. As for quality enhancement, I have been at the forefront of reforms in my capacity as CQO (Chief Quality Officer). In my work toward this end, I have been encouraging thorough awareness and reinforced systems for each and every employee as a first priority from a trifecta of approaches: thorough implementation of a quality-first mindset and reinforcement of organizational efforts and structure, execution quality enhancement, and innate quality enhancement. Through these efforts, we have steadily reduced the number of recalls (including the number of vehicles affected) and total costs related to quality. Quality is the foundation of the SUBARU brand and is a duty that absolutely must not be shirked. Going forward, we will continue to step up our reforms as part of our unyielding efforts to deliver happiness to our customers through product development and Monozukuri with solid quality even in the age of the electric vehicle. With respect to evolution of the SUBARU Difference, we have worked toward “Monozukuri Innovation,” such as adjusting development and prototyping processes and promoting data linkage for traceability from production to after-sales service, in the interest of updating how we build SUBARU toward delivering enjoyment and peace of mind. In 2020, we announced at a technology meeting that we would aim for zero fatal traffic accidents by 2030<sup>3</sup> and contribute toward achieving a carbon-free society with SUBARU strengths and technological innovation. Toward this end, we have been strengthening technologies that support the values we provide, namely enjoyment and peace of mind.

We will continue to advance the corporate culture reforms and quality enhancement that we have been working on in “STEP” as the foundation of our reforms. Regarding evolution of the SUBARU Difference, we will evolve these efforts into the two pillars of “Monozukuri Innovation” and “Value Creation” in order to effect a major pivot to BEVs going forward.

These initiatives in “STEP” have resulted in strong evaluations by third parties, not only for our products but also for our company and brand. For example, our products have received high ratings from the American Customer Satisfaction Index (ACSI) and as an IIHS<sup>4</sup> Top Safety Pick+. Not



only that, but our community engagement activities through the Subaru Love Promise initiative at SOA<sup>5</sup> were also ranked No. 1 in the automotive category among Forbes' list of the best American brands that have a social impact. I feel that the greatest progress we have made in our “STEP” initiatives has been in improving the strengths of our products, company, and brand, as evidenced by the recognition we have received. The strong evaluations of our products, company, and brand not only from our customers but also from the general public at large is an important asset for us. We hope to continue to strengthen this relationship in the future.

<sup>3</sup>Zero fatal road accidents among occupants of SUBARU vehicles and people involved in collisions with SUBARU vehicles, including pedestrians and cyclists.

<sup>4</sup>IIHS: Insurance Institute for Highway Safety

<sup>5</sup>SOA: Subaru of America, Inc., our headquarters for dealerships in the United States

## The SUBARU Group Vision for 2030

# We will strive toward total global sales of 1.2 million-plus vehicles in 2030, and 50% of those from BEVs.

Today, I hold in my mind a clear image of what I want to make the SUBARU Group by around 2030. The appeal of SUBARU is that it is unique compared to other automakers, showing a solid orientation for the SUBARU brand. With this appeal, we are committed to always being a corporate group capable of creating value to bring genuine happiness to people, not just the customers buying our products, but all stakeholders. As the world shifts toward carbon neutrality, so too are our customers' preferences shifting toward environmental friendliness. Knowing this, we announced an update in August 2023 to our electrification plan targeting the year 2030.

In our updated plan, we will target 1.2 million-plus units sold worldwide in 2030, of which 600,000 will be BEVs, making up the entirety of the 50% share we aim to allocate to electric vehicles. This is up from the previous target of 40% for hybrid vehicles and BEVs combined. As for ensuring we have a production system to support our sales, we have already announced in May 2023 that we will increase the production capacity of our plants in Japan from 200,000 to 400,000 units. Furthermore, we have announced that we will begin production of next-generation HEVs equipped with the Toyota Hybrid System and BEVs in the U.S. By the end of 2028, four BEVs will be added to our four already-announced SUV models, for a total of eight BEV models in the lineup, and we will aim to sell 400,000 BEVs, sold, more than half of the total vehicles sold in the U.S.

To give some background on our decision to produce in the U.S. at this time, our initial plan for the production system was to start up a production line at our plants in Japan and expand this to the U.S. after cultivating a range of expertise in quality, cost, procurement, and other areas. The change of plan was not only due to the coincidental timing that we were coming to realize the direction of our reorganization plan within Japan, but also to the determination that we needed to overlap Japanese and U.S. production with an emphasis on speed, given the pace of the transition to BEVs in the U.S. and the need to address the U.S. IRA Act<sup>6</sup>. Though we are targeting 2027 and 2028, we will explore these and a wide range of potential timings for launching production in the U.S. in comprehensive consideration of the supply chain situation, battery supply, and other factors.

Our target for 2030 is to reach 1.2 million units of global production capacity across our U.S. and Japanese plants. However, during the transitional period to electrification, we will closely monitor regulatory and market trends, and as the launch of a dedicated BEV plant in Japan progresses, we will also make preparations for the launch of BEV production in the U.S. so that we can start up production at the appropriate time.

We will take on challenges based on the principles of flexibility and expandability, and once we can discern the market's full-fledged shift toward electrification, we will attack the market in one fell swoop.

In order to realize this series of production and development, we will make growth investments to the tune of approximately 1.5 trillion yen<sup>7</sup> by around 2030 so as to prevail in the age of electrification.

<sup>6</sup>IRA Act: Inflation Reduction Act

<sup>7</sup>Including the 250 billion yen investment quota for domestic production system reorganization announced in May 2021 (subject to change depending on battery investment method)

## We will aim to become a world-leading company by increasing our corporate competitiveness through steering the company toward EVs and “Monozukuri Innovation” and “Value Creation.”

Even if the world reaches carbon neutrality, we will remain unchanged in continuing to provide products and services that satisfy our customers and brings them happiness. Going forward, we will continue to engage in initiatives based on the two pillars of “Monozukuri Innovation” and “Value Creation,” and by overwhelmingly enhancing our corporate competitiveness as a manufacturing company, we aim to become a world-leading carmaker in the BEV era.

Allow me to continue with a detailed explanation of the two pillars of “Monozukuri Innovation” and “Value Creation.” The former is where we will carry out initiatives that integrate production, development, and the supply chain, including engagement from our suppliers. In the past, we referred to ourselves as “a group of craftsmen with a nimble, flexible approach,” which gave us strengths from close cooperation between and unity among our various departments. These strengths enabled us to introduce a variety of technologies such as all-wheel drive (AWD) and the EyeSight driver assistance system. However, as times have changed, customer preferences have changed, cars have become more complex. The need to respond to these changes led to rapid progress in the division of functions, especially in the areas of product development, production, and the supply chain.

My desire is to use “Monozukuri Innovation” to go back to basics and help build “one SUBARU” with the entire supply chain working together toward high-density manufacturing. Until now, our manufacturing has not necessarily been the most efficient method with respect to sales and development, with a growing number of parts to accommodate a rich model lineup. Looking ahead, we must alter the premise of our manufacturing to focus on how to make products simple and easy to produce, while keeping the customer's point of view in mind. This includes how to streamline production and how many parts and what specifications are necessary to achieve efficiency. Specifically, we will halve the development lead time, halve the number of parts, and halve production processes, resulting in half the time required for manufacturing through an agile approach to each traditional operation domain, where conception, design, and production were once divided up and carried out in waterfall-style management.

This is a major reform of manufacturing on a scale and level never seen before in the history of SUBARU, and it is an initiative that will fundamentally rebuild our automotive business. In making such a profound transformation that deviates so greatly from past practices, we may face tough barriers and resistance to change. However, SUBARU Group enjoys the benefit of having just the right size to carry out such a disruptive manufacturing innovation all at once. SUBARU has the strength to exert tremendous impetus when employees are oriented in a given direction, and because this is who we are, I am confident that we can speedily proceed with reforms in the situation we are in.

Not only that, but we have a great opportunity to build a new BEV plant in Oizumi from an unrestricted vacant lot, which we will harness to launch a new plant embodying our hopes and dreams as we reinforce our production system.

In the latter pillar of “Value Creation,” we will use SUBARU products as the core of an ever-expanding circle of value we provide to society and the future through efforts to build strong bonds between SUBARU, its customers, its retailers and its communities. This, we will achieve even in the age of the electric vehicle. “Value Creation” is intended to focus on the products at the core of these efforts, for which the most important thing is greater evolution of enjoyment and peace of mind, a major value we provide. Though some say that the era of the EV may lead to the loss of the SUBARU-ness, our horizontally-opposed engine design and symmetrical AWD are merely technological icons that express the SUBARU-ness, rather than the difference itself. In this new era, we are setting our discerning sights on elevating active and passive safety performance and rough-road capability to the next level. Looking ahead, we will build in new technologies toward electrification to further evolve the enjoyment and peace of mind we offer. Beyond this, we will pursue strong versatility to benefit our customers, such as a seamless and stress-free user experience. We will also provide further benefits through our “Retaining Value” and “Continuing to Deliver New-Car Feel” initiatives, which are based on our desire for customers to have long relationships with their SUBARUs while maintaining the value of their vehicles. The “Retaining Value” approach was born from the fact that many customers, mainly in the U.S., drive their cars for long periods of time due to an emotional attachment for their cars. Our approach is to create value even after a car’s purchase, for example by enhancing product performance through software updates.

Though the SUBARU Group’s future will be built on the “Monozukuri Innovation” and “Value Creation” I have discussed up to this point, this future is only possible through the power of human resources. In my career, I have seen many situations in which employees, both technical and administrative, are constantly pursuing the essence of Monozukuri through active discussions and repeated testing, and I have been a party to many of these situations myself. The driving force behind the successful and sustained creation of unique advanced technologies, such as the EyeSight driver assistance system, is human resources with unique ideas. That is why I can say with great conviction that “human resources are the foundation of everything.” In order to further enhance our competitiveness in Monozukuri, it is necessary to accelerate our efforts focused on “individual growth” a priority of the “STEP”, and to develop innovation leaders. It is my mission to lead the creation of a climate that empowers human resources with a wealth of ideas who will lead the new era.

### Toward Delivering Happiness to All

## Under our new management structure, we will work with employees to create a SUBARU Group for the new era.

The SUBARU Group has been strengthening corporate governance in the interest of greater corporate value over the medium to long term. The new management structure started in June 2023 will have two representative directors working in sync to steer management: myself, with experience mainly in manufacturing, and Deputy President Fumiaki Hayata, with experience in the North American and Japanese sales and management planning divisions. In addition, we have increased the share of independent outside directors to strengthen the board’s supervisory function. We are aware that in order to support sustainable growth from the aspect of corporate governance, it is a prerequisite that we provide a stronger external perspective and put in place a corporate governance structure that leads to improved business soundness and transparency.

As we take on the challenge of drastically transforming our manufacturing, it is our desire to be a SUBARU Group that can maintain sustainable growth and delivering happiness to not only our customers, but to all of our stakeholders.

It is a self-evident fact that the common denominator in both car and aircraft manufacturing is that if any critical element is missing, our product will not reach the customer. These critical elements are suppliers who supply tens of thousands of parts, colleagues involved in various development and manufacturing processes, and staff engaged in sales, after-sales service, and other administrative tasks who support the aforementioned processes. Naturally, defects or inappropriate behavior would also render a product non-viable. In 2017, I was serving as Chief Quality Officer. In response to the improprieties relating to final vehicle inspections that were uncovered at that time, I asked employees at each workplace if they could confidently say the work they were doing had earned the trust of our customers. I asked them because breaking this unspoken mutual understanding will never lead to the happiness of our customers. This is why it is so important for us to always be thinking about our customers’ happiness and to do our jobs in a way that earns their trust. Employees working in our factories and engineering departments are routinely told to act in a highly transparent manner toward local communities. We will continue to build relationships with local communities through our various corporate activities so that they will feel a sense of pride and peace of mind about SUBARU.

Under the new management structure, we will work alongside employees to create a SUBARU Group for the new era so that we can bring happiness to our customers and other stakeholders, while maintaining the broad direction of the SUBARU brand.

As we take these steps forward, I humbly ask for the ongoing support and understanding of all of our stakeholders.

## New Management Structure Policies

### Our Vision for 2030

On August 2, 2023, SUBARU presented its policies under the new management structure. In the report, we announced our target for 2030 of 1.2 million-plus units sold worldwide, of which BEVs will account for 50% of sales. We also announced our resolution to see our challenges through in the coming five years to 2028 with an eye to 2030.

The automotive industry finds itself in a once-in-a-century time of great upheaval, experiencing more disruptive and rapid changes than ever before. In this section, we will present SUBARU's actions toward achieving its vision for 2030 within this turbulent environment.



### Management Approach Messaging

In presenting our policies under the new management structure, we announced our vision for 2030 and our determination for 2028. Previously, our medium-term management approach has been formulated as the Mid-Term Management Vision, which would cover a period of three to five years, which has been periodically revised and published.

However, our business environment is experiencing disruptive and non-linear changes, including the rapid shift to BEVs in the U.S. market, major changes in the automotive industry, and the emergence of new manufacturers, including those from other industries. Our belief is that we must adapt to this rapid change in a more timely manner, mindful of flexibility and expandability. Based on this belief, we have altered our approach to the formulation and messaging of our approach to management. Now, we will be newly unbound from conventional methodologies, instead dynamically considering various measures while keeping a close eye on changes in the environment, and reporting on progress as appropriate. This is the substance of our new management structure policies, as announced.



### Steady STEPs for Steady Results

We are committed to providing SUBARU's unwavering value of "Enjoyment and Peace of Mind," pursuing the SUBARU Difference with not only functional values but also emotional values. Here, we have defined our vision for SUBARU as a company "Delivering Happiness to All." In 2018, we formulated our Mid-term Management Vision "STEP," which consists of the following three directives: become a brand that is "different" from others by enhancing distinctiveness; engage in business activities that resonate with customers by putting them center-stage, and; fulfill corporate social responsibilities by contributing to diversifying social needs. The directions set forth in STEP remain unchanged in our policies under the new management structure.

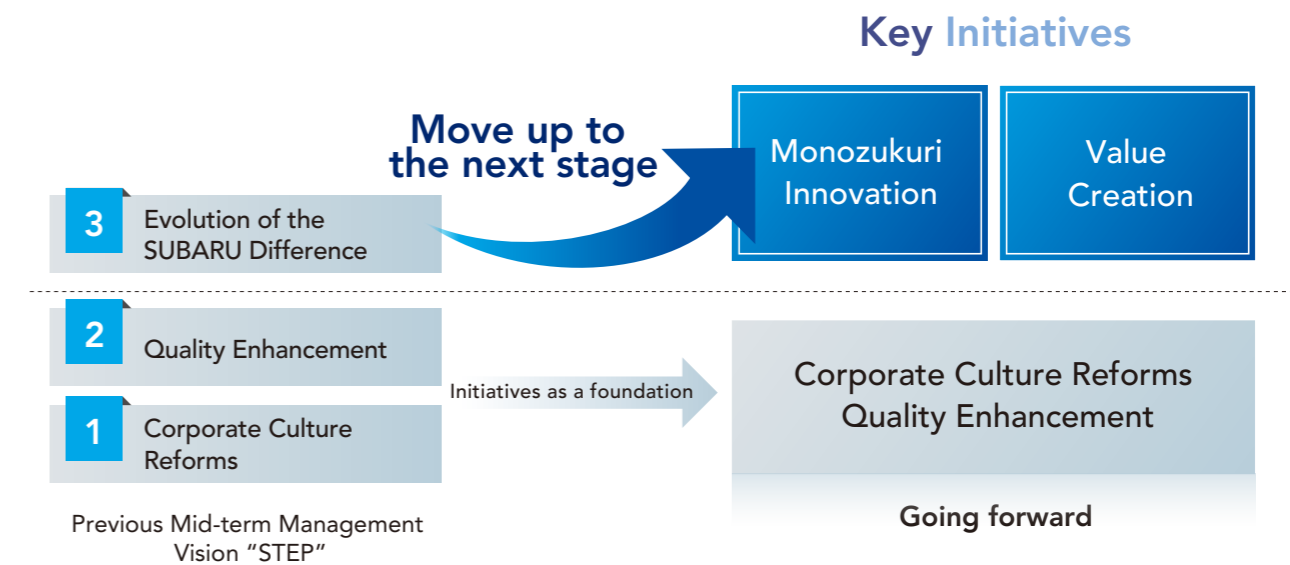
Our priority efforts as part of STEP—corporate culture reforms, quality enhancement, and evolution of the SUBARU Difference—have begun to yield steady results, evidenced by the recent high praise\* earned by SUBARU not only for its products, but also for its company and brand. We believe that this recognition of SUBARU as a company and brand, which comes not only from SUBARU owners and evaluating organizations, but also from a broad range of general customers is proof that our initiatives within STEP are moving in the right direction. Simultaneously, we consider this recognition we have received as a great asset for SUBARU.

\* Please refer to page 31 of this report for some of our product evaluations and page 27 for brand evaluations.

### Further Enhancing SUBARU's Competitiveness

Our efforts in the priority areas to date of corporate culture reforms and quality enhancement will remain unrelenting as we go forward. These are the foundations underlying SUBARU's sustainable growth, and we will continue our actions toward these as the basis for enhancing our competitiveness in our policies under the new management structure.

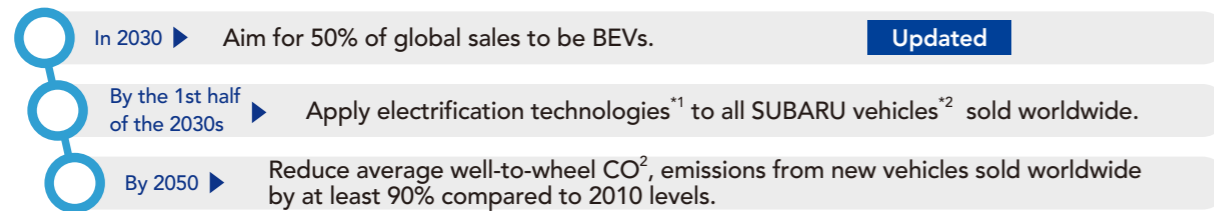
Furthermore, in order to continue to pursue our unwavering value statement of "Enjoyment and Peace of Mind" in the BEV era, we will step up our efforts under "Evolution of the SUBARU Difference," moving these up to the next stage in the form of two new initiatives: "Monozukuri Innovation" and "Value Creation." Both "Monozukuri Innovation" and "Value Creation" are Key Initiatives for our success and survival in the BEV era, and we will vigorously advance efforts in these areas to become a world-leading company.



## Substantial Revision to 2030 Target for BEVs Share of Sales

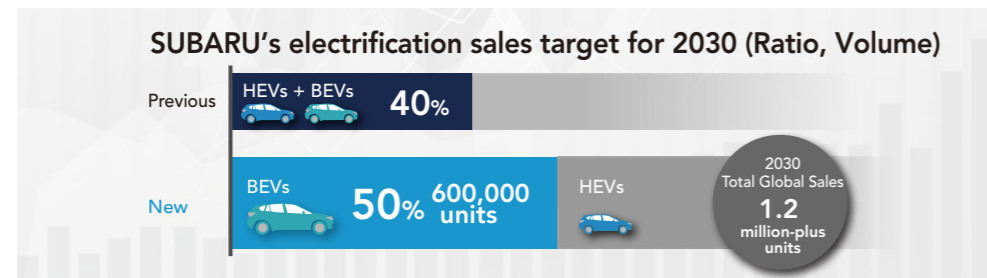
SUBARU aims to reduce its well-to-wheel CO<sub>2</sub> emissions by 90% or more from 2010 levels by 2050 in working to bring about a decarbonized society. To this end, we will apply electrification technology to all SUBARU vehicles sold worldwide by the early 2030s. Our milestone for 2030 had previously been to shift to electric vehicles comprising 40% or more of all vehicles sold worldwide, with BEVs and hybrid cars making up this 40%. However, within our policies under the new management structure, we have significantly raised this target to make 50% of SUBARU's total global sales be BEVs alone.

### CO<sub>2</sub> reduction roadmap



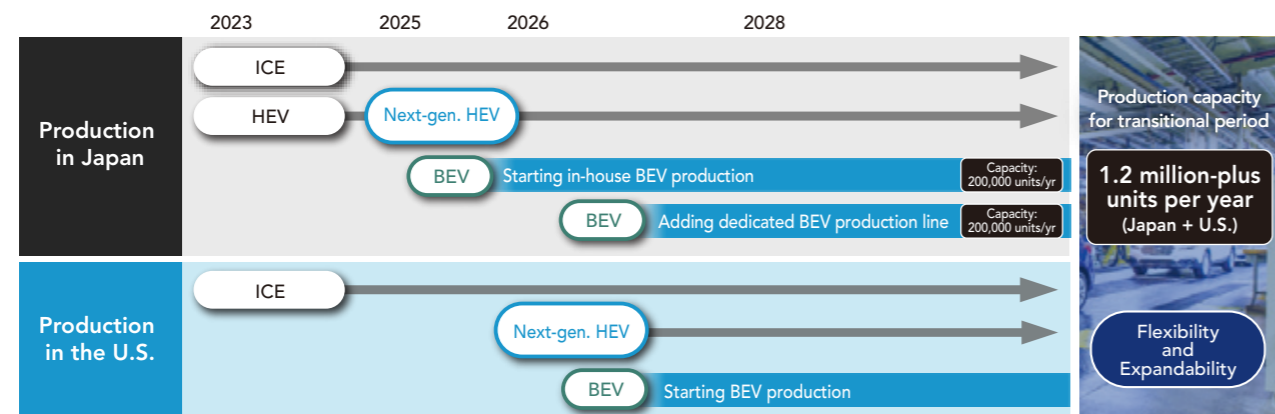
\*1 Refers to the technology used to foster the use of electricity for EVs, HEVs, and others.

\*2 Excluding models supplied by OEMs.



## Updated Production System Reorganization Plan

In conjunction with the aforementioned revisions, we have also updated the reorganization plan for our production system, which has been announced in stages since May 2022. Specifically, in addition to the announced reorganization of our domestic production system, we have decided to extend our production plans for next-generation HEVs equipped with the Toyota Hybrid System and BEVs. These vehicles, originally slated for production in Japan, will now also be manufactured in the U.S. As a result, our global factory production capacity will reach a level of 1.2 million units. In this transition period of the shift to electrification, while keeping a close eye on regulations and market trends, we will be flexible by taking advantage of the reorganization of our production in Japan and the U.S., and expand at once when the direction of the shift becomes clear. With this concept of flexibility and expandability at the core, we intend to navigate through these challenging times.



## Our Determination for 2028: Launch of "Monozukuri Innovation" and "Value Creation"

We have decided to significantly update our electrification sales target and production structure to support those sales toward 2030. In our pursuit of these visions, we are positioning the next five years up to 2028 as a very important period for us, and under the new management structure, we will work with strong determination on two key areas: "Monozukuri Innovation" and "Value Creation." In this transition period when internal combustion engine (ICE) vehicles are being replaced by battery electric vehicles (BEVs), we will strongly promote these key initiatives while updating our development process and product planning concurrently with our decision to update our production system by reorganizing our plants in Japan and overseas.

► Under the new management, SUBARU will pursue "Monozukuri Innovation" and "Value Creation" while restructuring all the way from the production structure to the development process and product planning.



Rather than simply advancing these initiatives, our goal is to become a world leading company in "Monozukuri" and "Value Creation," so that we do not fall behind in this era of profound transformation. We aim to achieve our "Monozukuri Innovation" and "Value Creation" at an early stage by shifting our focus and resources to battery electric vehicles. Our determination under the new management structure is to take on these challenges and see them through in the five years to 2028.

In addition to the four BEV SUVs already announced for launch by the end of 2026, we plan to launch four more models by the end of 2028. As a result, SUBARU will have a total of eight models in its BEV lineup by the end of 2028. With this BEV lineup, we aim to sell 400,000 BEVs in the U.S. in 2028. This will account for more than half of our total U.S. sales.

Monozukuri Innovation

Value Creation

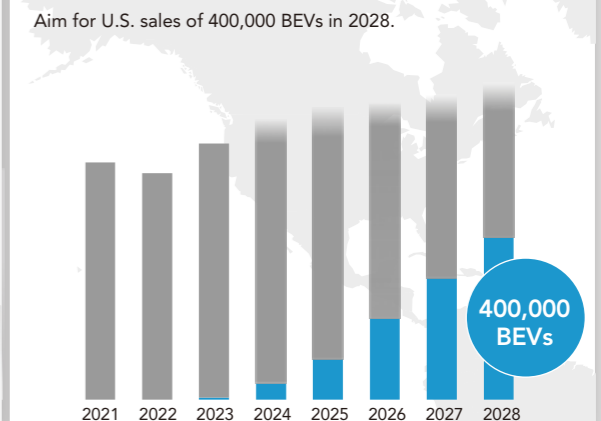
To become the world's leading company in "Monozukuri" and "Value Creation"

Aim to achieve this goal at an early stage by shifting our focus and resources to BEVs.

### Expansion of BEV Lineup



### BEV Sales in the U.S.

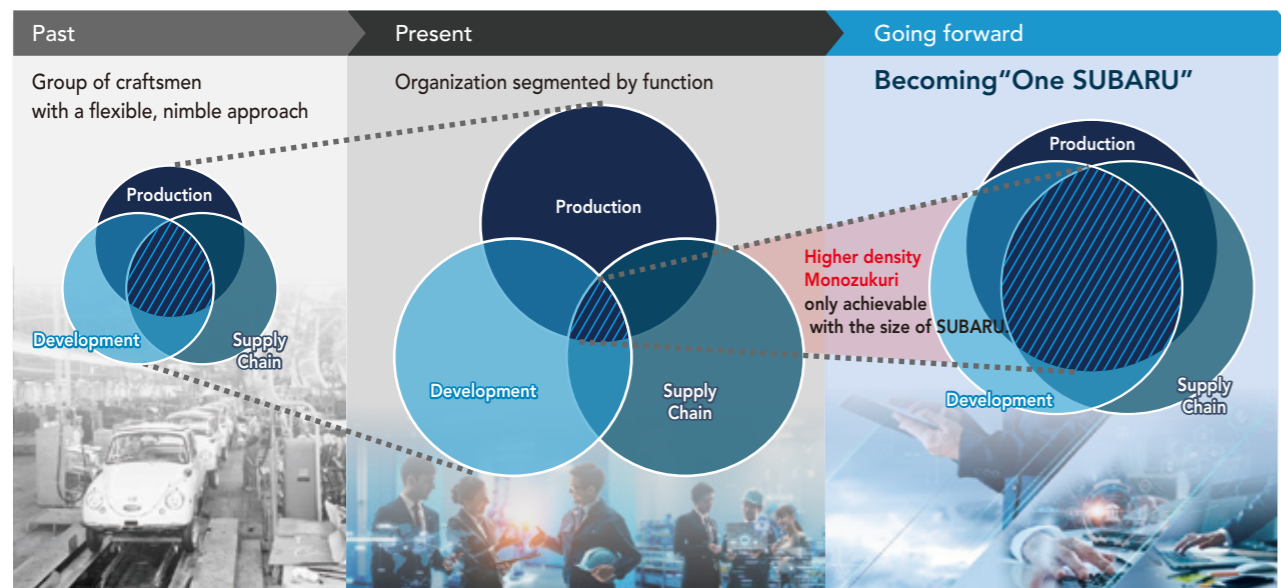


\* Incl. Solterra

## Monozukuri Innovation

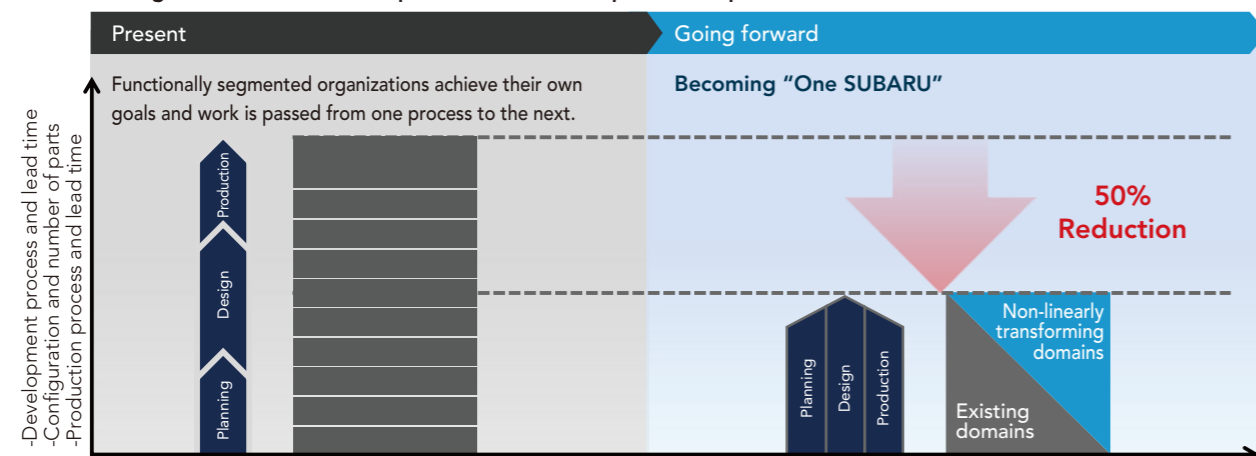
In the past, SUBARU has referred to itself as a group of craftsmen with a nimble, flexible, a group that introduced the world to technologies such as AWD and EyeSight. As the times have changed, so too have customer preferences changed and vehicles become more complex. This has resulted in a wide range of areas needing action, and subsequently a rapid division of work into the product development, production and supply chain areas, including specialization in individual areas and outsourcing of work to suppliers.

However, in this once-in-a-century period of profound transformation, we are facing a situation in which we must fight and outperform not only competitors within our own industry, but also competitors with completely new values from other industries. Through Monozukuri Innovation, we will promote high-density manufacturing by integrating our supply chain, including product development to production and the supply chain to create "one SUBARU," something that can only be achieved through nimbleness granted by our scale.



Based on this approach, we will strive to achieve world-leading monozukuri by cutting the development process and lead time in half, the number of configurations and parts in half, and the production process and lead time in half. In our current operations, each segmented function, such as product planning, design, and production, waits for the previous process to complete its work, and then passes the work on to the next process like a relay. Through our Monozukuri Innovation initiatives, we will make the process agile, which will lead to a 50% reduction in Monozukuri time. At the same time, by continuously advancing these initiatives, we will reduce the process and lead time for product development and production in existing domains and strengthen our ability to respond to domains experiencing non-linear transformation in this age of uncertainty.

- ▶ Achieve world-leading Monozukuri and Value Creation by cutting the product development process and lead time in half, the configuration and number of parts in half, and the production process and lead time in half.



## Value Creation

At SUBARU, making cars has always been about being close to our customers' lives. 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 our sales subsidiary Subaru of America (SOA) and its retailers are deeply committed. With SUBARU 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. This commitment will remain unchanged in the period of profound change or in the era of the electric car. We will further enhance the value of our products that are at the heart of this strong relationship between SUBARU, customers, retailers, and communities.

- ▶ SUBARU's monozukuri, which has always been centered on the lives of its customers, has long created memories in their hearts. This has evolved into the Subaru Love Promise, to which SUBARU, together with our retailers, is deeply committed.
- ▶ The Subaru Love Promise initiatives strongly connect SUBARU, its customers, its retailers and its communities, with SUBARU's unique monozukuri/ products at the core. SUBARU will protect and expand this as a source of value creation for society and the future.



An important factor in creating value in the BEV era is to further enhance "Enjoyment and Peace of Mind," the unwavering value that SUBARU offers to customers. We are sometimes asked whether SUBARU can maintain its strengths and the SUBARU Difference in the BEV era. As one of our answers, we believe that our long-cultivated AWD capability will be further enhanced by the precise control enabled by BEV technology, leading to further enhancement of our strengths; safety and peace of mind. In addition, we are pursuing new benefits for our customers, such as a seamless & stress-free user experience in the age of the BEV. We will also provide further benefits through our "Retaining Value" and "Continuing to Deliver New-Car Feel" initiatives, which are based on our desire for customers to have long relationships with their SUBARUs while maintaining the value of their vehicles. We intend to realize these visions with our technologies. Through our products and technologies, we believe that our customers can enjoy the unfading emotional value that comes from spending time with their SUBARU, such as "peace of mind," "stimulated desire for self-challenge," and their vehicles being "always up-to-date." As the shift to electrification progresses, SUBARU aims to become even closer to our customers' lives through these efforts.

- ▶ Further evolve "Enjoyment and Peace of Mind" in the BEV era.
- ▶ Enhance "seamless & stress-free" user experience with the latest technology in the BEV era.
- ▶ Pursue the SUBARU-unique initiatives of "Retaining Value" and "Continuing to Deliver New-Car Feel".



SUBARU will become even closer to our customers' lives.

# SUBARU's History of Value Creation

We have always been ahead of the curve in using products exemplifying the SUBARU difference to respond to customer needs based in the context of the times. This has created strong relationships with our customers. In particular, we believe that the driver's universal value of safety is an unshakable strength felt by our customers in our continuous refinement of all kinds of technologies.

Period	To 1950	1950s	1960s and 1970s	1980s	and 1990s	Since 2000
Customer needs based in historical context		<ul style="list-style-type: none"> <li>• Postwar reconstruction</li> <li>• National Car Concept</li> </ul>	<ul style="list-style-type: none"> <li>• Rapid economic growth</li> <li>• Motorization</li> </ul>	<ul style="list-style-type: none"> <li>• Leisure (skiing) boom</li> </ul>	<ul style="list-style-type: none"> <li>• Motorsports boom</li> </ul>	<ul style="list-style-type: none"> <li>• The 2008 'Lehman shock' economic downturn</li> <li>• Increasing safety awareness</li> <li>• Increasing environmental awareness</li> </ul>
SUBARU's value provided through car manufacturing						
Technology embodying our safety concept						
Products						

Category	Value
Mobility	
Safety performance	
Family mobility for all	
The SUBARU community	
An unpretentious, self-actualized style	

Year	Technology	Safety Type
1965	Began crash tests	Passive Safety
1966	Horizontally-opposed engine	Active Safety
1972	4WD/AWD	Active Safety
1989	Began stereo camera development	Preventive Safety
1999	ADA (Active Driving Assist)	Active Safety
2008	EyeSight	Active Safety
2016	SUBARU Global Platform	Active Safety, Passive Safety
2020	SUBARU STARLINK	Connected Safety

Year	Product
Pre-Subaru	Aircraft
1958	SUBARU 360
1966	SUBARU 1000
1972	Leone 4WD Estate Van
1977	Forester
1988	Established SUBARU Tecnica International Inc.
1989	Legacy
1992	Impreza
1995	Grand Wagon
1997	Forester
1997	Three-time World Rally Championship (WRC) winner
2012	SUBARU XV
2012	SUBARU BRZ
2014	Levorg
From 2008	Participated in the Nürburgring 24-hour race
2022	Solterra
From 2021	Participated in the Super Taikyu Series

Note: The information above is mainly about the Japanese 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-oriented approach to Monozukuri, we provide product value that embodies the SUBARU Difference, and by continuing to meet the various expectations of our customers who share these values, we will enhancing relationship with our customers. In order to achieve this, we are encouraging the growth of the individual and harnessing and aggregating the power of all employees, including innovation leaders and those who will support them to achieve the organization growth. In addition, we will aim to achieve both the sustainable growth of the SUBARU Group and the realization of an enjoyable and sustainable society.

Management Resources



# Delivering Happiness to All



The SUBARU Group's Unique Business Model  
Selection and concentration + Differentiation + Added value

- Work style changes
- Advancement of innovation in the auto industry
- Climate change
- Resource recycling
- Social Issues
- Traffic accidents
- Respect for human rights



- Financial capital
- Manufacturing capital
- Intellectual capital
- Human capital
- Social capital
- Natural capital

Achieving an Enjoyable and Sustainable Society  
Sustainable Growth of the SUBARU Group

## The SUBARU Group's Unique Business Model

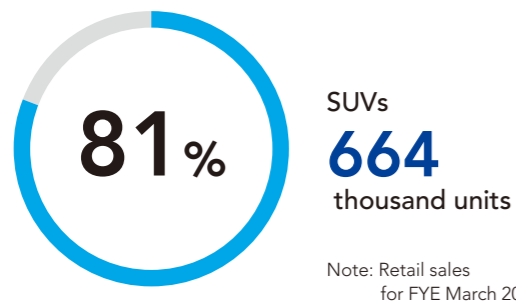
SUBARU is building a unique business model to achieve its vision of being a company "Delivering happiness to all." Instead of simply expanding our priorities in our business, products, markets, and development, we aim to achieve sustainable growth by selecting and concentrating our business resources in areas where we can best utilize the technologies and know-how that we have built up over the years as part of the human-oriented approach to Monozukuri which SUBARU has maintained throughout its history. In our automotive business, for example, we select and focus on specific areas to provide enhanced functional value in the form of vehicle safety, durability, and superior handling. This allows us to offer value to our customers in the form of Enjoyment and Peace of Mind. As a result of these efforts, our customers see SUBARU vehicles as more than just a means of transport—they are an essential part of our customers' lifestyles. We will continue to meet our customers' expectations and make efforts to enrich people's lives. This will allow us to deepen our relationships with our customers and enhance the value of the SUBARU brand.

### SUBARU's Selected Focus Areas

#### Business Focus Areas

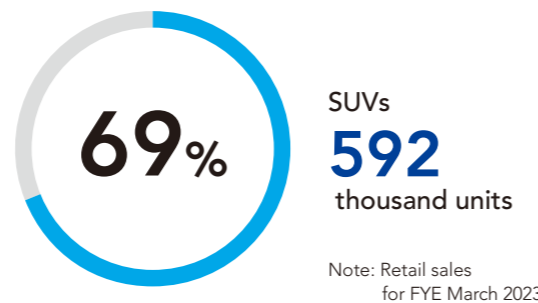


#### Product Focus



Development and production of minicars ended in 2012. We shifted our focus to the SUV category due to their versatility for both daily use and more active lifestyles, making them very well-suited to how SUBARU owners use their vehicles.

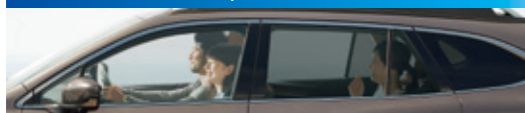
#### Market Focus



Growth by focusing on the U.S. market, which matches SUBARU's car-making and the lifestyles of our customers, and by gaining further affinity toward SUBARU's initiatives.


#### Development Focus

**Competitiveness**



We focus on Enjoyment and Peace of Mind.

**Collaboration**



We effectively utilize partnerships to jointly develop vehicles instead of developing everything in-house.

### Enhancing the Most Basic Functions of Our Vehicles to Provide "Enjoyment and Peace of Mind"

SUBARU, which has roots as an aircraft manufacturer, has constantly maintained a human-oriented approach to Monozukuri. Even in the midst of changing times, this approach has always been the core of our manufacturing philosophy, allowing us to create various unique and advanced technologies by continually taking on challenges that enrich the lives of our customers and society. Based on this human-oriented approach to Monozukuri, SUBARU will continue to enhance the basic functions of our vehicles—expanding our customers' freedom of movement—to provide customers with Enjoyment and Peace of Mind.

#### Ensuring driving safety from every perspective, from putting on your seat belt to unexpected situations

Ever since the SUBARU 360 popularized personal car ownership in Japan, the philosophy at SUBARU has been to give top priority to safety because people entrust their cars with their lives. The safety technologies that we continue to refine based on this philosophy are integrated into the concept of delivering All-Around Safety to customers whenever they ride in our vehicles, from when they put on their seat belts to unexpected situations. SUBARU's enhanced safety performance constantly receives the highest safety performance ratings from various third parties in and outside of Japan.



#### Development based on our customers' car use in the real world

At SUBARU, we place importance on being practical for our customers, which is why we build cars that match their lifestyles and changing needs. Examples include a touring wagon that combines a spacious luggage compartment with sporty driving performance, and a crossover SUV that combines off-road capability with everyday usability. Meticulous attention to materials, structure, and layout are factors that enhance the safety of the vehicle. This attention to detail enables us to make the frame thin and strong, which results in a high level of both driving visibility and passive safety performance.

Our vehicles are tested on our company's test track by taking into account various patterns of use by our customers. We also conduct numerous other tests in harsh environments around the world, including uphill driving, rough road handling, and towing. This allows us to collect a diverse array of performance data which we use to boost the reliability of our vehicles in the real world.



#### We aim for our cars to be easy to freely control for anyone in any environment

Unless the driver can control the car freely, they will not be able to drive with Enjoyment and Peace of Mind. The car must respond to the driver's control of the steering wheel without delay, move smoothly without any awkwardness, and never require steering adjustments when driving straight. This is the kind of car that SUBARU strives for when refining basic performance—a car that anyone can operate freely with peace of mind.

SUBARU does not have dedicated test drivers—that job is carried out by our engineers. Our engineers strive to achieve better basic performance by understanding the level of skills possessed by professional test drivers. This sharpens their ability to feel the difference between the ideal and reality, and theorize the mechanism behind that difference, which they can then reflect in the best possible design drawings.

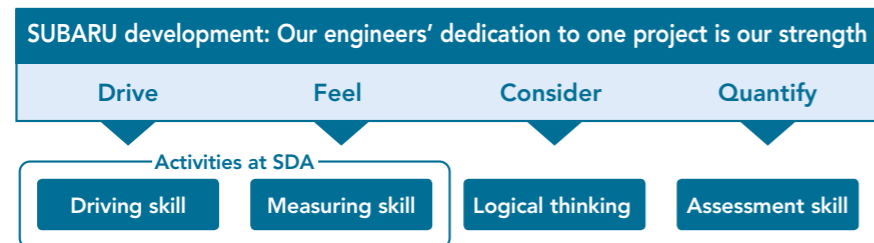
If our engineers cannot acquire the equipment they need to identify the source of any differences felt between the ideal and reality, they will create their own equipment to solve the problem. By constantly making cars informed not just by hard data, but also by sensory aspects, we are able to exceed the expectations of our customers while accumulating unique theoretical knowledge and know-how.



## People and Technologies for Pursuing Enjoyment and Peace of Mind

As aforementioned, SUBARU does not employ dedicated test drivers because our engineers assess all of our cars in the development stage. Our engineers want to deliver products that make our customers satisfied, so they drive our cars while assessing sensory qualities that are difficult to express numerically, such as Enjoyment and Peace of Mind. They then reflect their observations in the design drawings after studying their observations theoretically.

SUBARU's strength comes from having the same engineer handle the entire process of driving, feeling, considering, and quantifying instead of dividing it among multiple staff. The SUBARU Driving Academy (SDA) exists to further refine these skills to allow the creation of even better cars.



At SUBARU, we believe that we cannot build a car that is better than the driver's ability to evaluate it. However, clear sensory differences felt by the driver do not often show up in figures acquired using conventional measurement methods. Therefore, at the SDA, we produce engineers who have trained to elevate their driving skills and sharpen their senses. With these engineers deeply probing the mechanisms that give rise to these differences, we will broaden the domains where we can quantify the factors creating "Enjoyment and Peace of Mind" while driving, not only in hardware but in control software as well. By incorporating these elements into the development process, we create vehicles with the SUBARU Difference regardless of their particular model or power unit.



Kazuhiro Ito

Vehicle dynamics performance development Department

On the inception of the SDA, I became a member of its inaugural class. Prior to that, SUBARU had already offered training to obtain a license for test course driving, but I felt there was a need for systematic training to improve driving skills and evaluation abilities. So, when I heard that the SDA would be created, I was first in line to join the program.

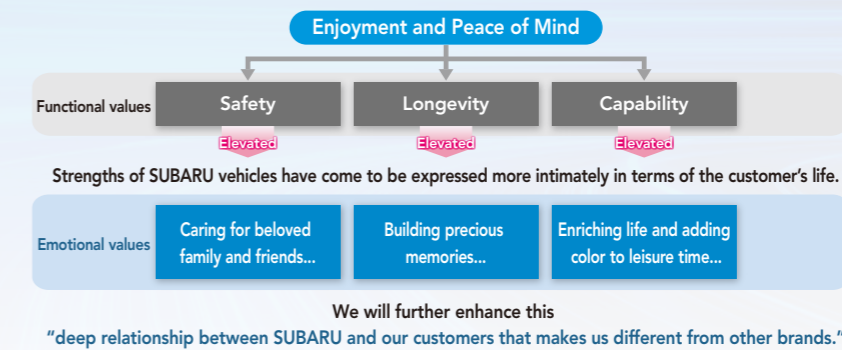
Today, I serve as an instructor, engaged in human resource development and the planning and operation of training programs. Since each person will sense different parts of how a car handles, the instructor rides with the driver during training to gain a thorough understanding of how the driver perceives the car and to provide explanations tailored to each individual. If we are able to identify the slightest differences in vehicle handling and performance, like why a certain car's comfort is better than another's when going over a bump, despite having equivalent measured values, then we can avoid being trapped by legacy measurement methods and deeply probe the mechanisms giving rise to these differences, identifying the true cause. Graduates organize their own training sessions and workshops in their own departments and have been helping to spread activities learned at the SDA all over the SUBARU Group.

In addition, SDA instructors play a central role in the development of race vehicles used in the Super Taikyu\* series of races that SUBARU competes in, with many young employees also involved in this development. The entire process of making a car to enter in a race is carried out at an unimaginable speed when viewed from the usual mass production perspective. At this breakneck speed, vehicle development must have an even greater clarity about the strengths and weaknesses of a vehicle's performance, including in the areas of driving, turning, and stopping. When I see colleagues tackling issues by bringing together insights from the respective specialized domains and actively exchanging opinions toward issue resolution, rather than taking on an issue alone, it gives me the distinct sense that this is precisely what we need in the future of vehicle development. Building a single car under the harsh conditions of racing and across departmental boundaries has led to the growth of each of our racing team members as engineers, and I believe this has also led to further improvements in the performance and quality of our mass-produced vehicles.

\* An endurance race where race cars are built to specific regulations and divided into classes for competition. Vehicles include production vehicles modified for racing.

## Enhancing Relationships with Customers —Creating the SUBARU Difference for our customers—

We at SUBARU have worked to enhance the functionality of our vehicles, including safety and longevity, as part of our efforts to provide value in the form of "Enjoyment and Peace of Mind." Our customers tell us about their lifestyles, experiences, and affinity using words that describe their SUBARU vehicle as a part of their lives. Safety is one area where SUBARU has worked to elevate functional value into emotional value in our customers' minds, and our customers express this value as caring for beloved family and friends.



In the priority market of the U.S., we see many social media posts featuring images and videos of SUBARU vehicles with family members, friends, and pets in front of gorgeous backdrops. This shows us that our customers recognize our vehicles as more than just a means of transportation - they are an integral part of our customers' lifestyles and aspirations. Many of our customers tell us that they feel attached to our vehicles, and they feel that SUBARU is appealing because it is different to its competitors. This "difference" is truly an asset to the SUBARU brand.

The deep relationship between SUBARU and our customers creates emotional value that makes us different from other brands, and we feel strongly that we must continue to enhance it. We hope the "Enjoyment and Peace of Mind" that the SUBARU Group provides allows our customers to experience greater joy, fulfillment and attachment to our vehicles. This includes driving experiences that offer "Enjoyment and Peace of Mind," active lifestyles, memorable experiences with loved ones, and a deeper relationship between retailer staff and customers. We will also respond to new expectations from our customers to build a virtuous cycle that further develops our relationships and enhances the SUBARU brand.



Subaru of America, Inc. (hereinafter, "SOA"), which is the local sales management company for the U.S., 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.

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



## Our goal of being More Than a Car Company®: SOA's Love Promise® Initiatives

### SOA Launches Programs with Love as the Keyword

In the United States, a key SUBARU Group market, SOA has been conducting its 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® campaign. Large discounts are the norm during the season, but the Share the Love® campaign 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 15 years from 2008 to 2023.



SUBARU and its participating retailers donated more than \$256 million to over 2,100 hometown charities.

### 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 15 years has grown into a more significant activity that makes use of community networks built through collaboration with more than 630 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\*<sup>1</sup> that SOA partnerships with, retailers independently support community and regional organizations.

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

\*1 SOA has partnerships with these four national charity partner beneficiaries: the ASPCA, 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®
<b>Activities to protect the Earth</b>	<b>Support for people battling illness</b>	<b>Support for those in need of housing and food</b>	<b>Support for education</b>	<b>Animal welfare</b>
<ul style="list-style-type: none"> <li>In response to the devastating wildfires that ravaged the North Pacific National Forest, worked in partnership with the National Forest Foundation to replant a total of 1,000,000 trees in California, Idaho, Oregon, and Washington</li> </ul>	<ul style="list-style-type: none"> <li>Donated more than 230,000 blankets</li> <li>Gifted 31,000 arts and crafts kits</li> <li>Thousands of messages of hope written by SUBARU retailers and customers</li> </ul>	<ul style="list-style-type: none"> <li>Donated 80 preproduction vehicles, worth 3 million U.S. dollars, to fire departments across the U.S. to be used for lifesaving extraction training</li> </ul>	<ul style="list-style-type: none"> <li>SUBARU and its retailers supported the educations of more than 300,000 students nationwide through a variety of partnerships, donations, and volunteer efforts</li> </ul>	<ul style="list-style-type: none"> <li>Donated over 51 million U.S. dollars, supporting the welfare of 420,000 animals</li> </ul>

- 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/>

### The Subaru Love Promise® Retailer of the Year Awards

The Subaru Love Promise® Retailer of the Year Awards are presented annually by SOA to retailers across the United States that are making a positive impact on their customers and communities.

In 2022, Adventure Subaru, a dealership in the city of Fayetteville in northwest Arkansas, was named Retailer of the Year, which is the most prestigious of the awards.



### Initiatives by Adventure Subaru, the 2022 Subaru Love Promise® Retailer of the Year

For the past 50 years, Adventure Subaru owner Don Nelms has built a reputation in Northwest Arkansas for treating customers with the utmost respect and service while also making an impact on the lives of the community through the many charities and organizations Adventure Subaru supports.



In the past 10 years alone, Adventure Subaru and Mr. Nelms have donated more than \$3.2 million dollars to more than 70 charities and initiatives in Northwest Arkansas. This includes Don's personal donation of 350 acres of land on the Buffalo National River to The Nature Conservancy of Arkansas. They have also helped many education-focused organizations in the area such as Apple Seeds, Single Parent Scholarship Fund of Northwest Arkansas, Ozark Literacy Council, and Champions for Kids. Their contributions have helped increase literacy rates, improve career opportunities, and give kids new pathways to succeed in school.

When Managing Partner Brent Baker took over operations in March 2020, at the beginning of the pandemic, Adventure Subaru and the world faced many challenges. During this difficult time, they remembered to put their customers first and implemented changes to better serve their customers and keep them safe by creating an at-home delivery service and providing test drives, as well as service department sanitation practices that continue to this day.

Subaru of America has awarded Adventure Subaru the 2022 Subaru Love Promise® Retailer of the Year for their commitment and dedication to their customers and outstanding contributions to making a difference in their community.

2022 Love Promise Retailer of The Year | Adventure Subaru  
<https://www.adventuresubaru.com/2022-love-promise-retailer-of-the-year.htm>

### U.S. Accolades for the SUBARU Brand

SOA 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.

Accolades and Awards  
<https://www.subaru.com/vehicles/accolades.html>



**Forbes BEST BRANDS**  
 SUBARU was named one of the top brands on Forbes'™ Best Brands for Social Impact 2023 list. SUBARU ranked No. 1 in the automotive category and No. 2 among the top 300 brands.

\*2 A leading global economic magazine based in the United States



**ACSI®**  
 SUBARU has received top rating in numerous categories in the American Customer Satisfaction Index (ACSI) survey for the automobile industry.

- Safety: Ranked 1st (3 years in a row)<sup>3</sup>
- Driving performance: Ranked 1st<sup>3</sup>
- Service quality: Ranked 1st<sup>3</sup>
- Endurance: Ranked 1st (2 years in a row)<sup>4</sup>
- Production quality: Ranked 1st (2 years in a row)<sup>4</sup>
- Satisfaction 1st<sup>3</sup>

<sup>3</sup> Compared to all other measured mass-market automotive companies in the 2022 American Customer Satisfaction Index (ACSI) surveys of customers rating their own automobile. ACSI® is a registered trademark of ACSI, LLC.

<sup>4</sup> Compared to all other measured mass-market automotive companies in the 2022 American Customer Satisfaction Index (ACSI) surveys of customers rating their own automobile. The #1 rating is shared with one other automotive company.