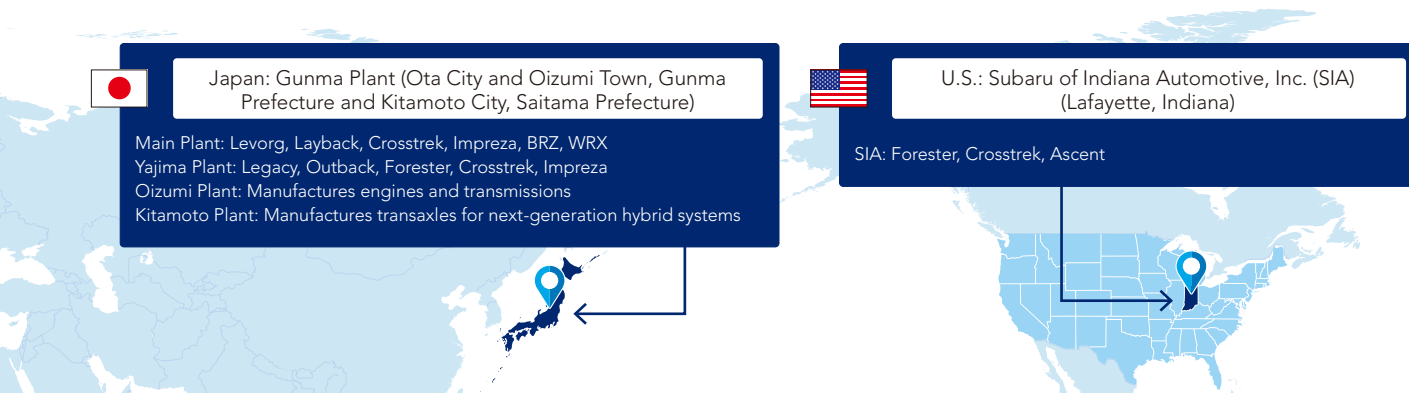


Manufacturing capital



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

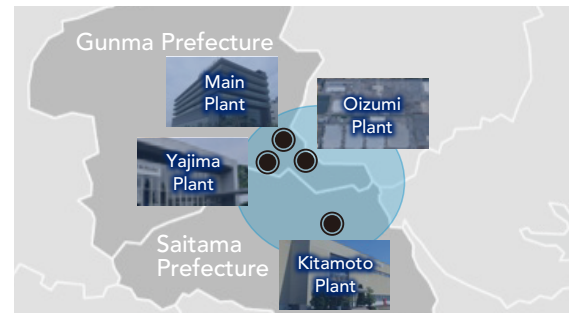
The Gunma Plant consists of four plants: the Main Plant and Yajima Plant in Ota City, Gunma Prefecture; the Oizumi Plant in Oizumi Town, also in Gunma; and the Kitamoto Plant in Kitamoto City, Saitama Prefecture. Production of finished vehicles is carried out on one production line at the Main Plant 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.

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.



Employees check activity status on the activity board

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

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.



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

■ 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 2030¹ 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 system² 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.

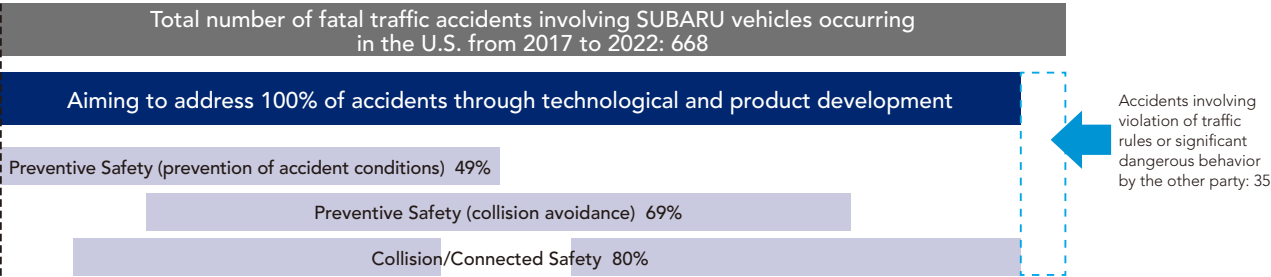
As an example, seat belt use is mandatory for all seats in Japan. There, the seat belt use rate for both drivers and front seat passengers exceeds 96%. However, the use rate for rear seat passengers is 45.5% on local roads and 79.7% on highways, which is lower than the rate for drivers and front seat 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 roads³. 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 JNCAP¹ in Japan, IIHS² and U.S. NCAP³ in the U.S., Euro NCAP⁴ in Europe, and ANCAP⁵ 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		(U.S.-specification models only) IIHS, U.S.	2025 TSP+ Award
2025 models of the Forester (excluding the Wilderness) and Ascent		(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)		U.S. NCAP, U.S.	Overall Safety Rating: Five Stars
Crosstrek, Impreza, and Forester		Euro NCAP, Europe	2024 Five-star rating
Crosstrek, Impreza, and Forester		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

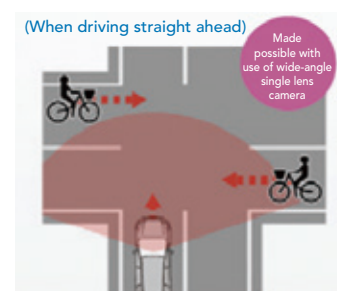
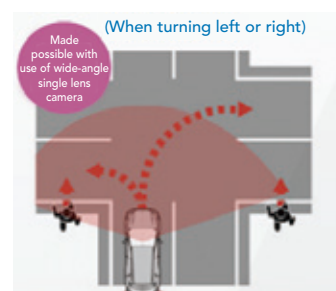
The EyeSight system was launched in 2008, achieving a world first in using solely stereo camera technology to enable pre-crash braking and adaptive cruise control. EyeSight version 2 was announced in 2010 with an enhanced pre-crash braking system that provides support until the vehicle comes to a full 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.

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.

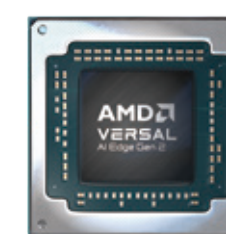
In April 2024, SUBARU announced the adoption of Versal™ AI Edge Series Gen 2 from AMD as the SoC to be used in the Next-Generation AI-powered EyeSight under development at SUBARU Lab, and that SUBARU would begin collaborating with AMD on circuit design to optimize the SoC*1 in order to achieve cutting-edge 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 onsemi² 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/)

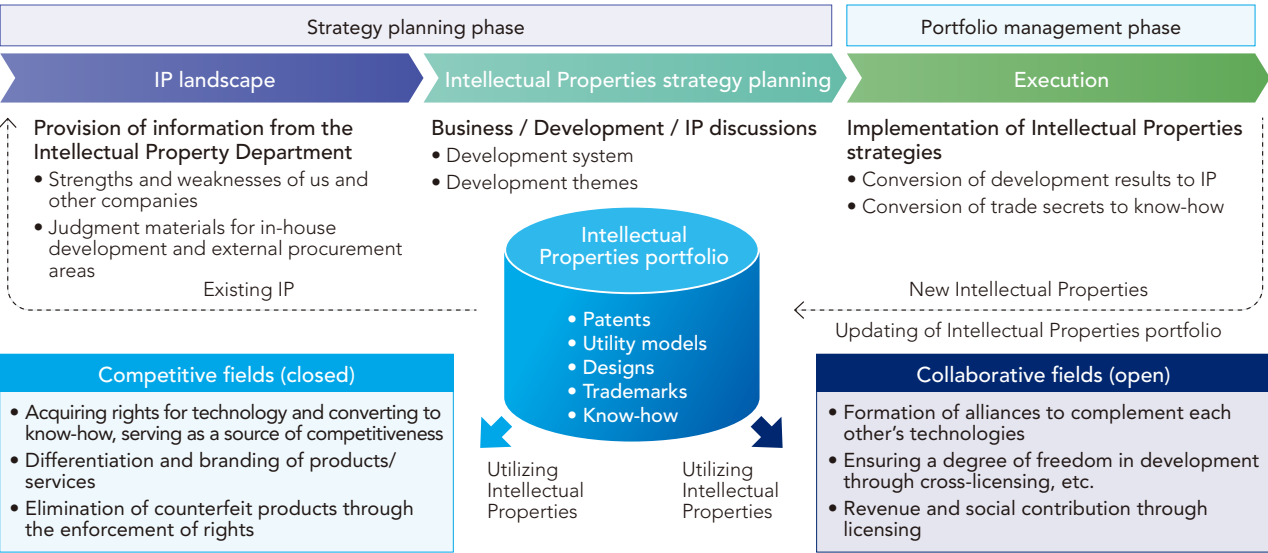
Initiatives for Strategic Creation and Strategic Utilization of Intellectual Properties

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.



Strategy Planning

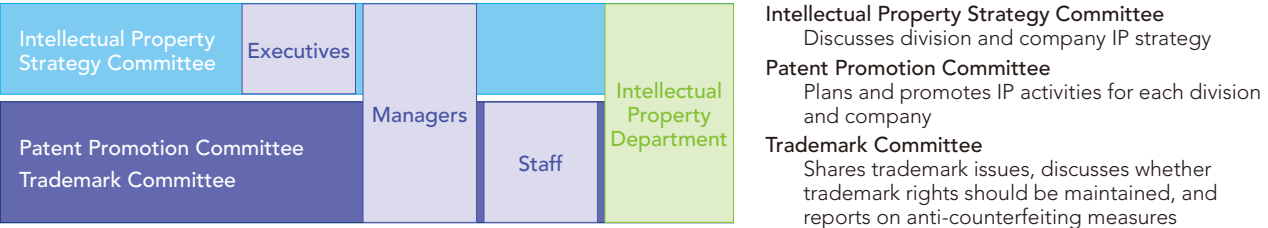
We develop intellectual property strategies based on how business issues can be solved through intellectual property and analysis of technology trends (IP landscape). The results of our activities gained from strategy implementation are reflected in our intellectual property portfolio and utilized.



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



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.

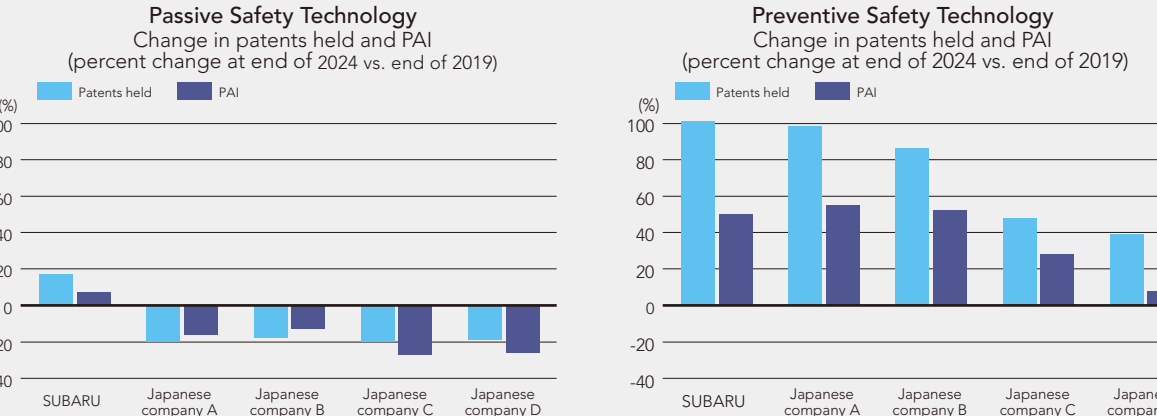


TOPIC Patent Portfolio for Passive and Preventive Safety Technologies

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



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

Message from the CHRO

We will advance uniquely SUBARU human capital management, maximizing the power of our human resources cultivating seeds of ambition in the workplace into SUBARU-wide movements to be the world's leading company.

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

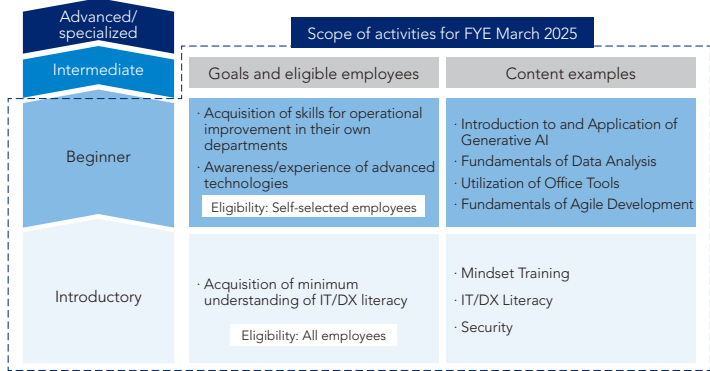
In order to convert the power of human resources who think and act on their own initiative into a source of corporate competitiveness, it is essential to create an environment that empowers every employee. We are working to continue developing a supportive culture so that we create an organization that 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

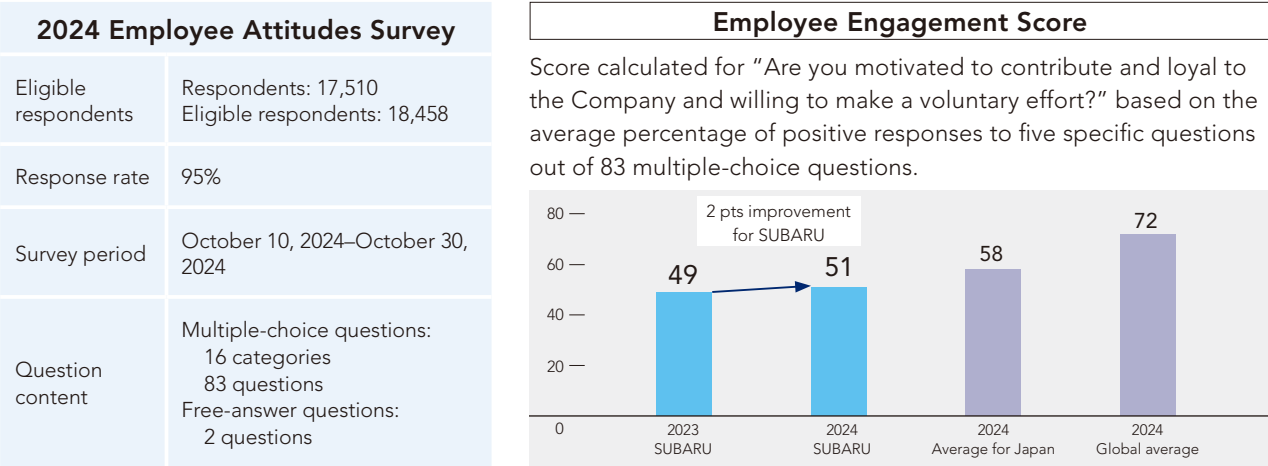
Toward Further Growth

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.



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

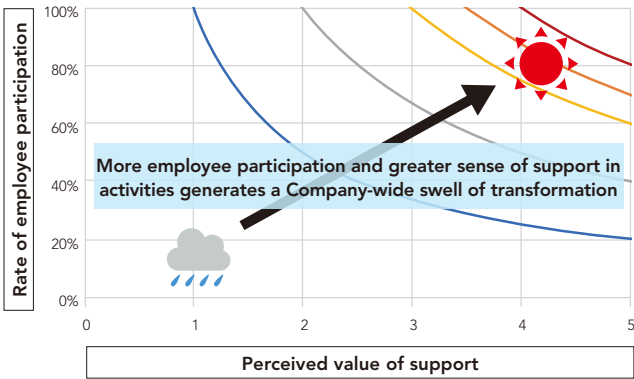
By capturing the signs of ambition scattered throughout the Company and providing support, we will turn small ambitions into a Company-wide swell. We are a relatively compact company within our industry and have an environment that facilitates the internal spread of ambitions. For us, when the realization 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

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%

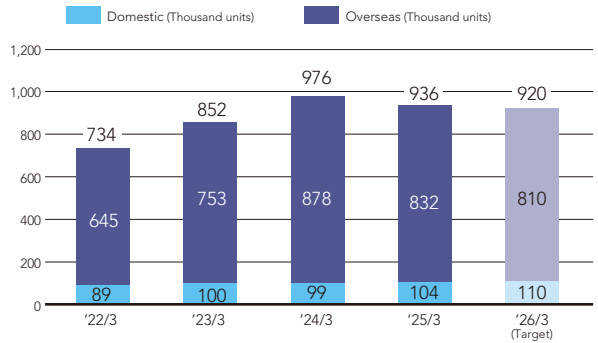
Outlook for FYE March 2026

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.

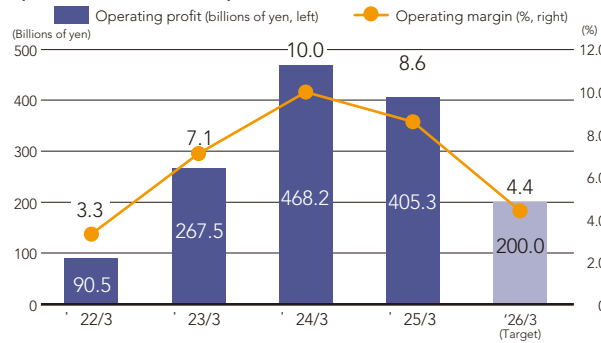
Later, after agreements were reached in U.S.-Japan tariff negotiations in July 2025, we made an August 7 announcement of our full-year financial forecast as part of the first quarter results announcement for FYE March 2026, targeting full-year operating profit of 200 billion yen. Although the tariff 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 opportunities in addition 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



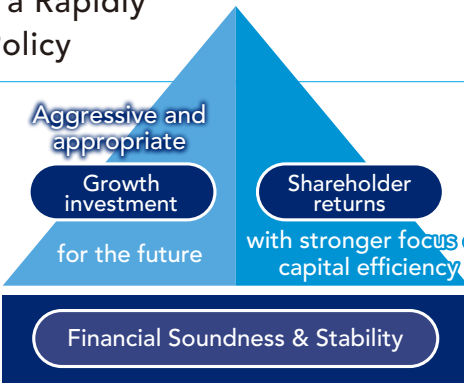
Operating Profit / Operating Margin



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 Price¹⁾” 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.

Shareholder Returns

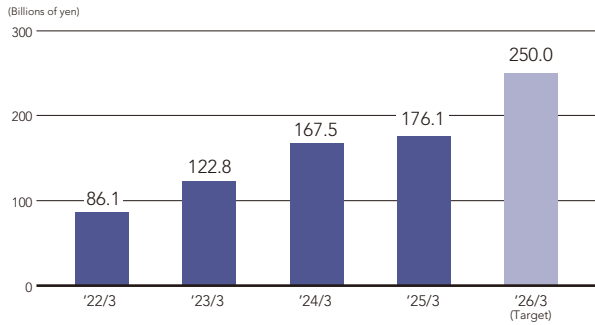
In the February 7, 2025 announcement of financial results for the third quarter of FYE March 2025, the Company also announced a revision to its shareholder returns policy. Under the new policy, based on management's decision to reward shareholders more aggressively in light of the current share price 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

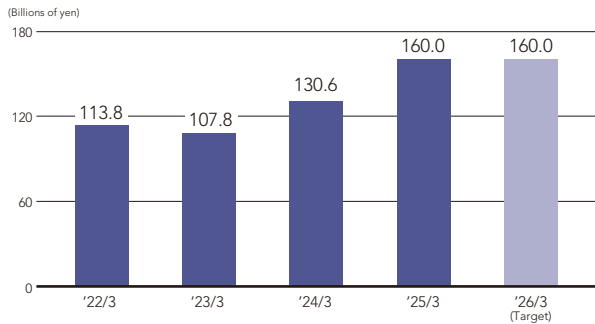
- Based on comprehensive assessment of business performance, investment plans, and the business environment,
- Position dividends as the basis for shareholder returns and aim for progressive dividends by setting **DOE at 3.5%**².
 - Target **total returns ratio of 40%** or more
 - Implement share buybacks 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)

Capital Investment



R&D Expenditures



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.

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 dialogue⁴ 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.

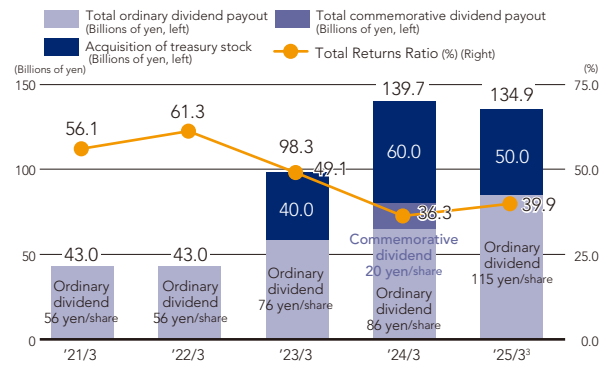
Amidst growing uncertainty in the automotive industry as a whole, we are promoting a uniquely SUBARU strategic stance based on the concept of flexibility and expandability, in which we make agile management decisions while accurately grasping changes in the environment. In order to further improve our 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.

Total Dividend Payout / Dividend per Share / Total Return Ratio

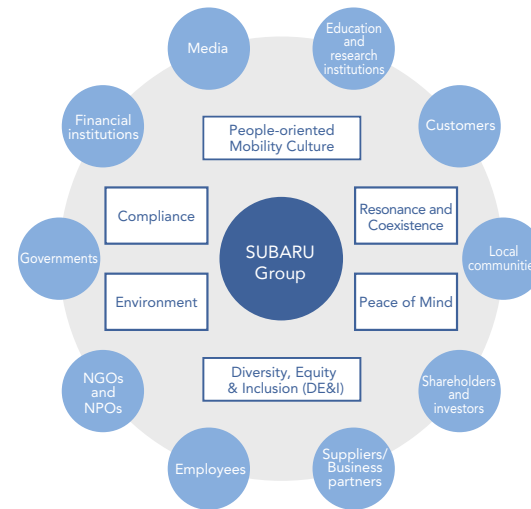


Please visit the SUBARU website for details about financial information.

<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 activities¹ 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 Association² (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 Championships⁴ 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 Foundation⁵, 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-Okii 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 club¹. 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 Championship². 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 times³, 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.

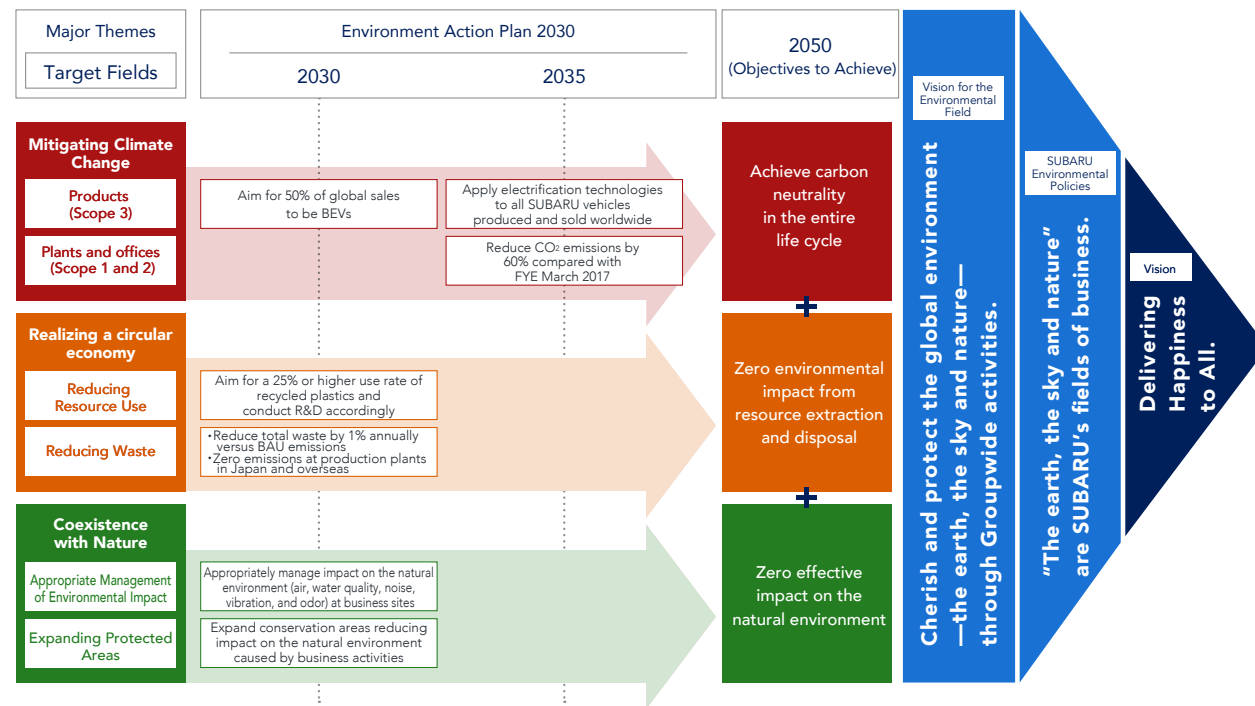
Creating Learning Opportunities for Children — Carbon Neutral Dispatch Class at an Elementary School in Miyagi Prefecture —

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

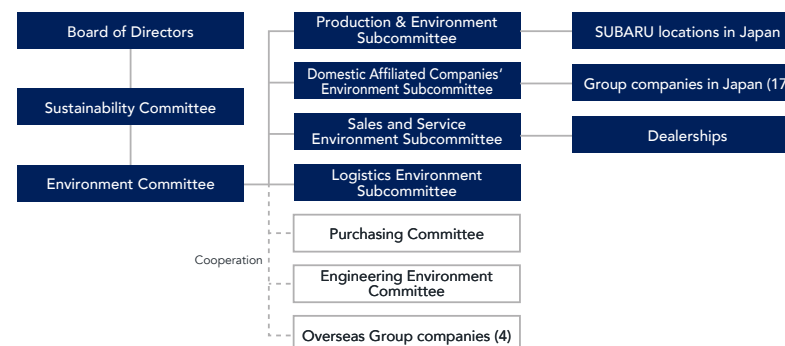
In order to realize our vision for the environment, the Group has formulated the Environment Action Plan 2030, a medium-term environmental plan, in response to environmental issues, with 2050 as the long-term goal and 2030 as the medium-term goal. We have newly revised this plan to set three priority 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.

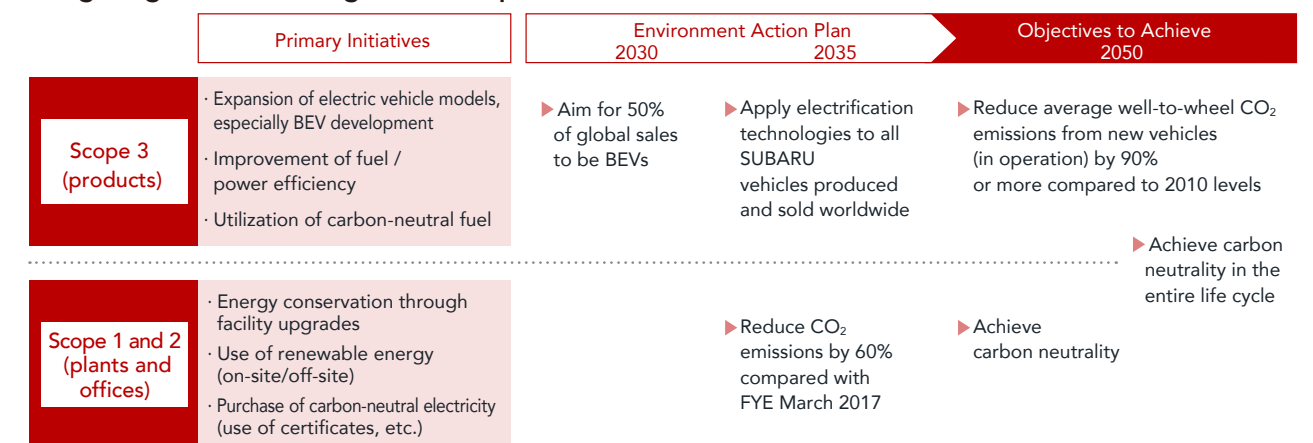


Mitigating Climate Change

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 CO₂ emissions during product use, ultimately contributing to the mitigation of climate change. Although CO₂ emissions directly attributable to our Group’s business activities (Scope 1 and 2) account for only a small percentage of total CO₂ emissions, it is important for us to take the lead in initiatives to reduce direct CO₂ 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 CO₂ 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 CO₂ emissions reductions in each area. These efforts are ultimately overseen by the Environment Committee.

Strategy

To reduce CO₂ emissions during product utilization, which accounts for approximately 80% of total CO₂ 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 CO₂ 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 CO₂ 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 CO₂ emissions produced by the generation of electricity to be used by EVs and other vehicles.
2. Reduce total CO₂ 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-CO₂ 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

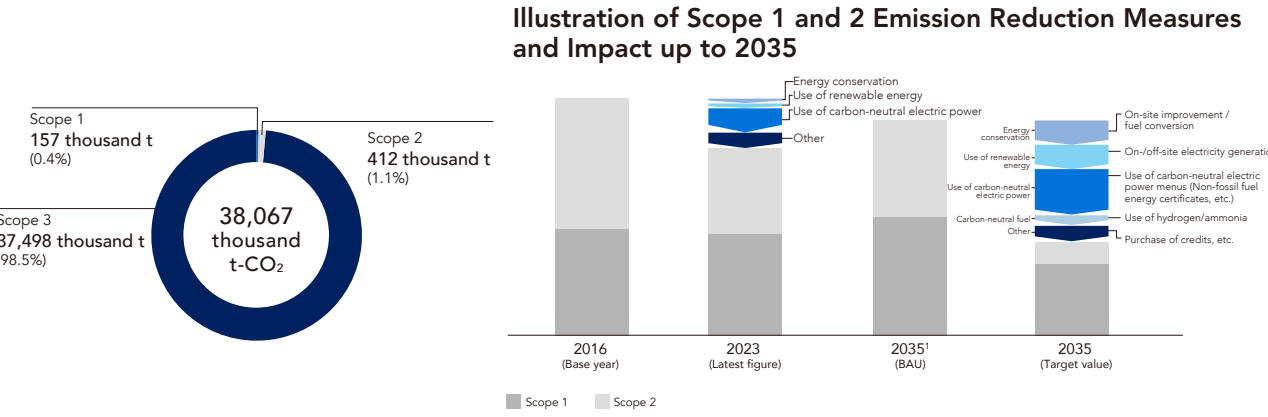
In order to reduce CO₂ emissions during product use, which accounts for the majority of SUBARU’s total CO₂ emissions, we are progressing with the application of electric technologies to the vehicles we sell. In FYE March 2025, EVs accounted for 7.9% of our global sales volume, and BEVs accounted for 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.



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 PPA⁵ 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 CO₂ 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 society⁶ 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.

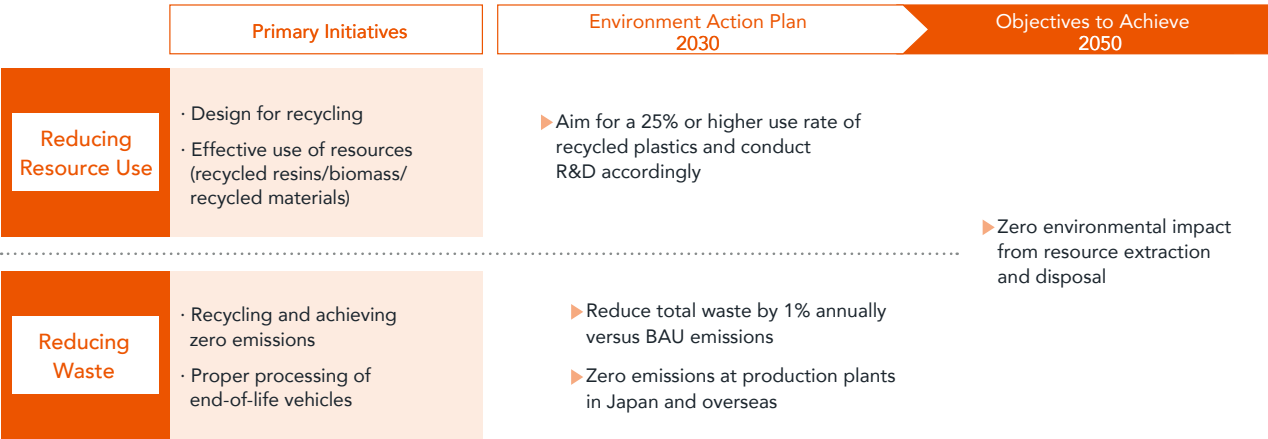
Management System

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

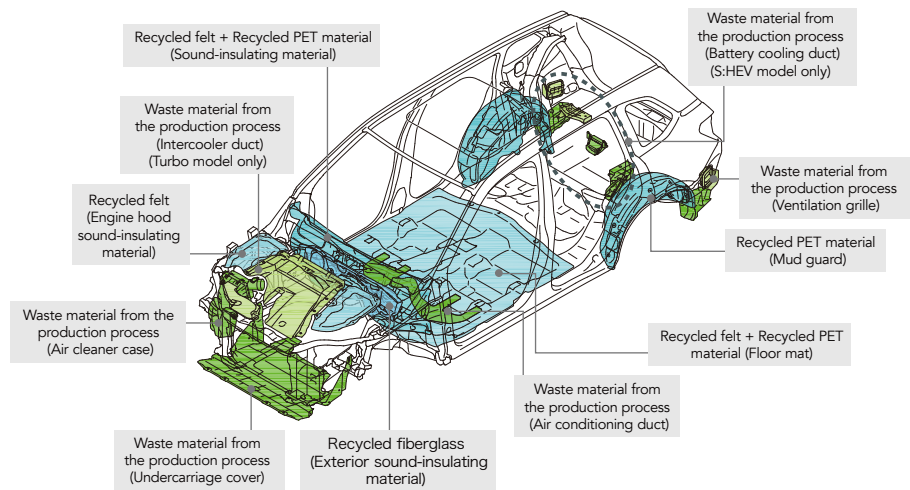


Recycle-Friendly Vehicle Manufacture

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.

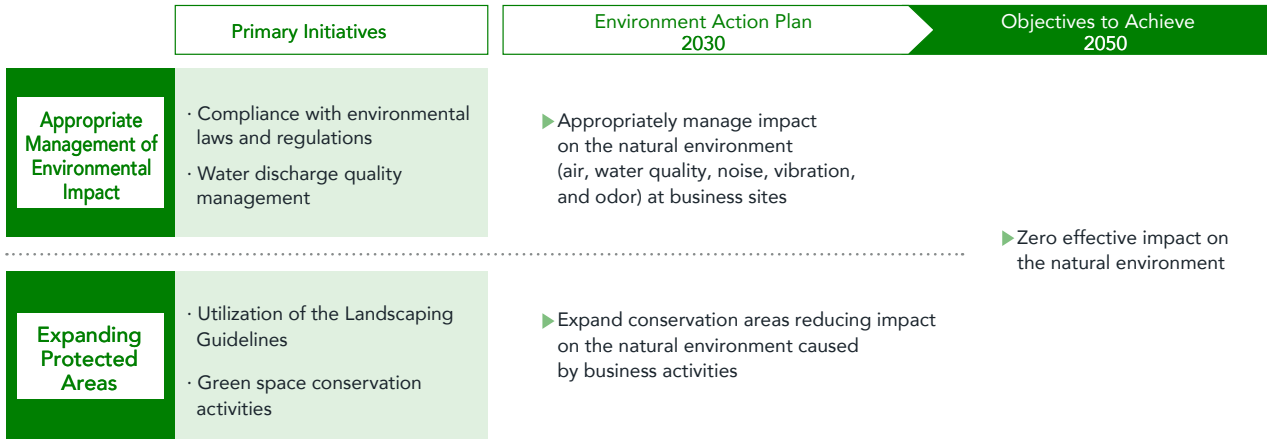
Management System

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



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.

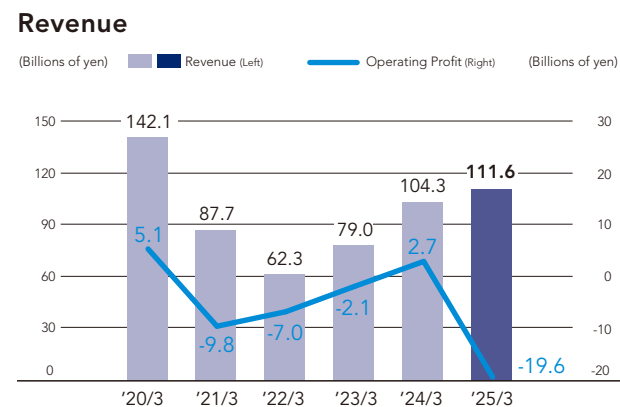
Landscaping Guidelines We have formulated the Landscaping Guidelines to establish ourselves in a community and conduct business activities while being loved by community members and to plant greenery in a way that does not negatively impact local biodiversity. Under these guidelines, we practice business 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.





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.



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.

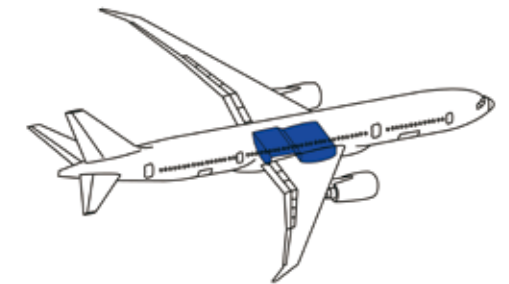


The T-5 Japan Maritime Self-Defense Force training aircraft

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.

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.



Confirmation meeting for improving productivity at manufacturing sites

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.



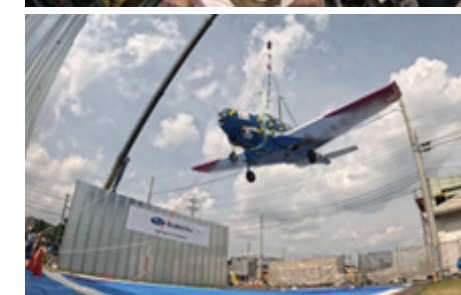
Matching event

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.

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



Full-scale drop test using an automobile crash test dummy

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)