Focusing on Frontline Capabilities to Take SUBARU's Value Creation to the Next Level

Changing Business Environment and Fundamental Approach to Management

Since I assumed the role of President in 2023, our business environment has changed significantly and at a faster rate than anticipated. Amid a number of concurrent factors, including various policy trends in the U.S., rising geopolitical risks, and soaring raw material and labor costs, these changes can be described as non-linear.

In this environment, I am resolute in my focus as CEO on flexibility and expandability. Respond flexibly to change and expand our efforts in areas where the direction is clear: this is our fundamental approach as we step into the next stage of growth.

On the other hand, disciplined control is essential to ensure that these initiatives based on flexibility and expandability lead to solid value creation rather than devolving into ad hoc responses. We will continue, through disciplined control, to uphold "Enjoyment and Peace of Mind," the essence of the value we deliver to customers, and the management principle of remaining an organization trusted by society—even as the means and technologies used to realize them evolve over time.

Move forward with flexibility and expandability, while staying true to our core principles through discipline: I believe this very stance is a prerequisite for sustainable growth in these highly uncertain times.

Message from the CEO



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

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SUBARU Management Policy 2025 and Current Performance

In August 2023, after becoming President, I established “Monozukuri Innovation” and “Value Creation” as the two pillars of the SUBARU New Management Policy. In this once-in-a-century period of profound transformation, competition, including from other industries, is fiercer than ever before and we must rebuild our unique competitiveness from the ground up, independent of scale. At the same time, there are limits to a structure that generates revenue solely at the point of new vehicle sales, and we are also being called upon to shift to a structure that creates value from long-term relationships with customers. To address these management issues, I have advanced Monozukuri Innovation and Value Creation with conviction, viewing them not as separate initiatives but as a single, interconnected strategy that follows naturally from our management resources and corporate culture.

Over the past three years, we have transformed our traditional processes and mindsets throughout SUBARU and thoroughly pursued flexibility. As I visit our workplaces, I have gained a strong sense that collaboration across traditional boundaries is advancing in areas such as development, production, and sales, unlocking previously untapped potential. In November 2025, based on the progress we had seen through these initiatives and rapid changes in the external environment, we announced SUBARU Management Policy 2025, a further evolution of the New Management Policy.

In FYE March 2026, we continued to face challenges in our performance, significantly affected by external factors such as U.S. tariffs. My perspective is that the future remains highly uncertain. Meanwhile, our structural reforms and value creation efforts to date have made solid progress, and we are entering a new stage in building the foundation for our next phase of growth.

In the U.S., our main market, competition is intensifying, but we believe we still have ample room to grow. By steadily strengthening the competitiveness of our existing lineup and expanding our product offerings to fill gaps in market segments, age groups, and sales regions, we will secure a 5% share of the U.S. market and ensure room for further growth beyond that.

In our electrification strategy, we continue to position BEVs as one of the major solutions to realizing a carbon-neutral society, and we are steadily advancing the launch of four BEV models in our alliance with Toyota Motor Corporation and the development of fundamental BEV technologies. Meanwhile, in light of the projected pace of BEV market adoption, we have revised the timing of the launch of our in-house-developed BEVs. This embodies our focus on “flexibility”: carefully assessing market and technological developments while waiting until the last possible moment to make decisions. Precisely because of the technological assets we have accumulated through our development work to date, we believe we can make full use of the additional time gained by holding off on a decision to refine our products, assess advances in battery technology, and strengthen cost competitiveness.

Monozukuri Innovation

I believe we are able to seriously advance Monozukuri Innovation because our strength lies not in our scale, but in the close connections we maintain with the front lines. Since becoming President, I have visited our worksites time and again, reaffirming my conviction that the answers lie in the field. Each individual has tremendous potential, and when that potential is brought together across departmental and functional boundaries, it gives rise to one new form of value after another. The agility created by our scale is the true source of our unique competitiveness.

One example of tangible results from these strengths is the launch of a mixed production line for BEVs and ICE vehicles at our Yajima Plant in Japan. When I was given an explanation of each initiative actually being implemented in the field, I was surprised by the high standards required for each process. The production line is being reconfigured to make maximum use of existing equipment, processes, and space, with development and production working as one to overcome challenges. The process was more dynamic than I had anticipated, once again making me realize the magnitude of SUBARU’s potential.

Another emblematic example is the entirely different approach to car making that we established by taking on the challenge of developing BEVs in-house. We took on the challenge of agile development using the “Obeya” (large-room) approach, flexibly responding to circumstances without setting a fixed schedule in advance while pursuing the shortest possible development process, and succeeded in bringing products with strong fundamentals to life at a speed that overturned



Site visit at the SIA plant



Site visit at the Gunma Plant

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On-site visit highlighting agile development

conventional wisdom about development. At the same time, diverse technological assets related to the development process, digital utilization, and BEVs are being created, and these are beginning to flow back to the development of ICE vehicles.

Even as technology evolves, our approach remains consistent. Although software is becoming increasingly important, the value we provide cannot be discussed in terms of software alone. The essence lies, first and foremost, in the basic hardware performance of driving, turning, and stopping, and only with solid hardware can software maximize that value. EyeSight is the fruit of this philosophy, and beyond the accumulation of our technologies lies the value of "Enjoyment and Peace of Mind" that customers experience in their lives. Even as we flexibly adopt new approaches, our commitment to continually refining the essence of this value will never change.

Evolution of Value Creation

At the heart of our concept of Value Creation is the idea of continuing to deepen the relationships we have built with our customers over the long term and nurturing value together that extends beyond the moment of new vehicle sales. At SUBARU, we are evolving our business model based on the concept of creating a long-term cycle of trust with customers—a "loyalty loop" that extends from the purchase of a new vehicle through after-sales service to the next purchase. While products remain the starting point, we will create value through our relationships with customers. I believe that strengthening this structure is the most important theme that will determine the SUBARU Group's competitiveness going forward.

This approach is also reflected in our organizational structure. We integrated functions that serve as customer touchpoints, including quality assurance, customer service, and the parts and accessories business, and established the new Customer First Innovation Division in April 2025. This represents an evolution toward a structure that goes beyond responding to problems, connecting customer touchpoints and continuously creating new value while building trust, and is a core initiative in our business model going forward.

Supporting this are the expansion of our technological foundations, including connected services that continuously enhance the customer experience, and the refinement of our brand rooted in empathy. We will expand globally the circle of initiatives that foster a sense of shared values with local communities, as exemplified by the Subaru Love Promise®, which our U.S. sales subsidiary carries out together with its retailers. We believe that continuing to refine our products, customer experiences, and brand with a consistent approach is at the heart of Value Creation that is uniquely SUBARU. Creating value from our customer relationships themselves and expanding that circle worldwide—this expandability is the driving force that will shape our next phase of growth.

The Power of People and Organizations to Support Growth

In steadily implementing our growth strategy, the most important foundation is our human resources. By unlocking the potential of each individual who creates value in the field and supporting them in taking on challenges on their own initiative, we will strengthen the execution capabilities of the organization as a whole. During FYE March 2026, we linked goals at every level—from officers to departments, sections, and individuals—to corporate performance and strengthened mechanisms to ensure that each individual's efforts reliably translate into business results. At the same time, we are progressively expanding the CXO structure, which addresses management issues across functions, and strengthening its role in linking decision-making and execution across departmental boundaries. By enabling talent with diverse experience and perspectives to demonstrate their capabilities and combining their individual strengths into greater organizational strength, we will reinforce the organizational foundation that allows us to continue responding to a rapidly changing business environment. We also believe that advancing DX and IT is important to further enhance and maximize the capabilities of our people and organizations. By making our operations more sophisticated and efficient, we will also develop an environment in which each employee can create greater added value.

Disciplined Control: Governance and Risk Management

Governance and risk management systems provide the discipline needed to ensure that initiatives pursued with flexibility and expandability do not devolve into ad hoc decision-making but instead lead to genuine value creation. In FYE March 2026, SUBARU transitioned to a company with an audit and supervisory committee to balance decision-making that keeps pace with change with enhanced oversight functions. While delegating authority for execution, the Board of Directors has shifted to a structure focused on discussions of important topics, more clearly separating the roles of oversight and execution. We will further enhance the effectiveness of the Board of Directors through site visits by outside directors and candid dialogue on SUBARU's unique approach to

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management, while also fully reflecting in the Board's discussions the insights gained through constructive engagement with shareholders and investors.

In risk management, we leverage our agility by deferring decisions until as late as possible, particularly when uncertainty is high, and making them only after carefully assessing the risks. This management stance, which emphasizes profitability and quality rather than simply increasing scale, serves as a powerful risk hedge in its own right. In addition, in conjunction with the transition to a company with an audit and supervisory committee, we further strengthened the governance framework for executive management. We integrated the corporate governance promotion function and the risk management and compliance function, both within the Secretarial Office, and established the new Governance Risk Management Department in June 2026. By viewing risk and governance in a cross-functional and integrated manner and breaking down barriers between areas, we will simultaneously improve responsiveness to change and the effectiveness of our controls.

Disciplined control is a management practice that does not end once a system is established, but must be continually deepened in response to changes in the environment. It is precisely in these highly uncertain times that I believe such continual reassessment will form the foundation for flexibility and expandability.

Toward Sustained Enhancement of Corporate Value

Our aim is to link value creation initiatives to sustained enhancement of corporate value. To achieve this, we will pursue improved capital efficiency over the medium to long term, while taking as our basic approach a balanced allocation of capital among three elements: financial soundness and stability, growth investment, and shareholder returns. Amid growing interest in management that is conscious of the cost of capital and stock price, I have become keenly aware, through dialogue with shareholders and investors, of expectations for improved capital efficiency. In FYE March 2026, we have reviewed certain aspects of our capital policy in order to further enhance its effectiveness. Rather than pursuing growth in scale, we will steadily advance toward securing industry-leading profitability by refining SUBARU's unique strengths and focusing on profitability.

We will curb excessive cash accumulation and allocate capital effectively while maintaining a sound financial base. In particular, I believe it is important to review growth investments in a disciplined, agile, and flexible manner based on a calm assessment of changes in the business environment. One example is our decision to reallocate the development resources we have accumulated to date to next-generation ICE and HEV products in conjunction with the revised timing for mass production of BEVs developed in-house.

With regard to shareholder returns, we will center our policy on dividend on equity (DOE)-based dividends, supplemented by agile measures in response to business performance and market conditions, thereby meeting the expectations of our shareholders and investors. Based on this approach, in FYE March 2026 we decided to repurchase and cancel up to 150 billion yen of our own shares. We will enhance corporate value over the medium to long term by achieving both improved capital efficiency and value creation. We will ensure this progress through dialogue with shareholders and investors.

To Our Stakeholders

More than ever, we are embracing the concept of "One SUBARU." A culture of bringing together our strengths across organizational and regional boundaries—including development, production, and sales—to pursue value creation is steadily taking root. We will foster value in our relationships with all those connected through SUBARU, including customers, retailers, business partners, local communities, employees, shareholders, and investors. This sense of unity is the foundation that will support our future growth.

We will also achieve a "society with kindness and empathy" set out in SUBARU Management Policy 2025 by further evolving this "One SUBARU" concept. The concept of contributing to society through business itself has steadily become an integral part of the SUBARU Group and is being incorporated into our daily operations and decision-making. We believe that cultivating relationships that lead even people who do not use cars to think that SUBARU is a great brand is itself part of value creation.

The structural reforms and value creation efforts we have been making to date are beginning to show steady results. Even amid continued uncertainty about the future, we will draw on the wisdom and a spirit of challenge emerging in the field to move forward with flexibility and expandability, with discipline as the anchor of our management. We will further hone SUBARU's unique strengths and build an even stronger foundation for the next stage of growth. Going forward, we will meet the expectations of our stakeholders while addressing the enhancement of corporate value and sustainable value creation over the medium to long term.



One SUBARU

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



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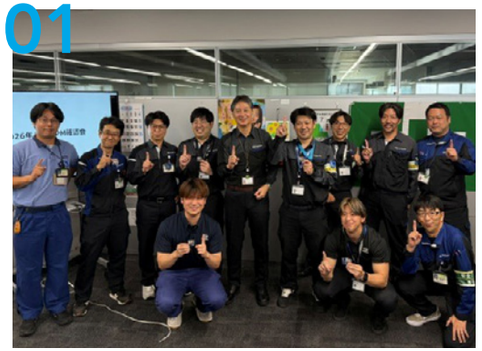
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One SUBARU

01



Monozukuri Supported by Cross-Functional Collaboration

At SUBARU, our desire is to deliver ever better cars to our customers. This commitment is shared by all SUBARU Group employees. However, this cannot be achieved by an individual or a single department alone. Automobiles are made up of many parts, and many departments are involved in their development and production. Making ever better cars requires collaboration across departments and organizations by bringing together diverse expertise and knowledge.

One such example is the bumper, which serves as the "face" of a car. At workplaces involved with bumpers, initiatives to pool knowledge across departmental and organizational boundaries are gaining momentum. One catalyst was an idea raised by younger employees. Their supervisors and coworkers embraced this insight—"Could getting to know one another better and drawing on each other's knowledge lead to making better cars?"—and the initiative expanded across the entire bumper system.

There are currently around 130 participants from 11 departments sharing their work and examples of improvements. Participants have also commented that it changed the way they thought, that it led to a framework for cross-departmental collaboration, and that it inspired them to realize they are working alongside many colleagues to make cars.

Although departments have different roles and perspectives, they pool their knowledge and experience and work together toward a common goal. The accumulation of these efforts underpins SUBARU's Monozukuri.

02



Creating Customer Experience Value Through Japan–U.S. and Cross-Functional Collaboration

The relevant departments in Japan and at SOA work together toward a common goal to always provide each customer with the best possible level of "Enjoyment and Peace of Mind." Members from a wide range of fields, including engineering and product development, sales, service, quality, IT, connected vehicle service, marketing, and customer advocacy, engage in ongoing discussion and verification based on Voice of the Customer and Voice of the Vehicle.

In this initiative, with a customer-focused perspective as the foundation and issues and needs identified in the field as the starting point, relevant departments—including engineering, sales, service, and quality—work as one to drive efforts from idea generation through planning and implementation. By using "Voice" from the vehicle in the form of data, combined with Voice of the Customer, and by utilizing the strengths of each department alongside this, we aim to improve products and services and create new experiential value. We also involve retailers, which are at the forefront of sales, from the planning stage. By working with them to verify and improve initiatives, we quickly incorporate insights from the field and customer reactions, leading to products and services that better reflect real-world needs.

A defining feature of these initiatives is that diverse members in Japan and the U.S., from development through sales and service to retailers, collaborate across organizational and regional boundaries. By working together as one, the SUBARU Group is creating value while staying close to customers.

03



Corporate Culture Reforms Integrate Divisions to Build Greater Synergies

While reviewing its organizational framework, SUBARU is working as one with a "customer first" philosophy. In April 2025, SUBARU integrated its Quality Assurance Division, Customer Service Division, and Parts & Accessories Division, which were primarily responsible for after-sales operations, to establish the Customer First Innovation Division. These divisions were integrated in order to combine the expertise each has cultivated in quality assurance, service, and parts and accessories, and operate the value chain by harnessing the full capabilities of the new division. We view the various customer touchpoints as connected and use customer feedback and data across organizational boundaries to improve quality, resolve issues quickly, and provide valuable services, aiming to further enhance both customer experience value and quality.

To this end, we are fostering a culture that accelerates collaboration among sites located in multiple prefectures across Japan and characterized by differing organizational cultures. One such initiative is Wakuwaku* Salon, a corporate culture reform activity led by proactive young employees. Through this activity, workers in customer-facing roles deepen their understanding of Monozukuri by touring manufacturing sites, while workers at manufacturing sites gain a customer perspective by learning how customers actually use their vehicles. Through this mutual understanding, insights and ideas for improvement are spreading across the value chain, intra-division unity is growing, and a foundation is being laid for value creation through the integration of knowledge.

Going forward, we will continue to deepen collaboration across organizational boundaries to deliver the best possible "Enjoyment and Peace of Mind" to each and every one of our customers and deliver happiness to more people.

* "Wakuwaku" is a Japanese word used to describe the feeling of being excited, inspired, and looking forward to what's next.

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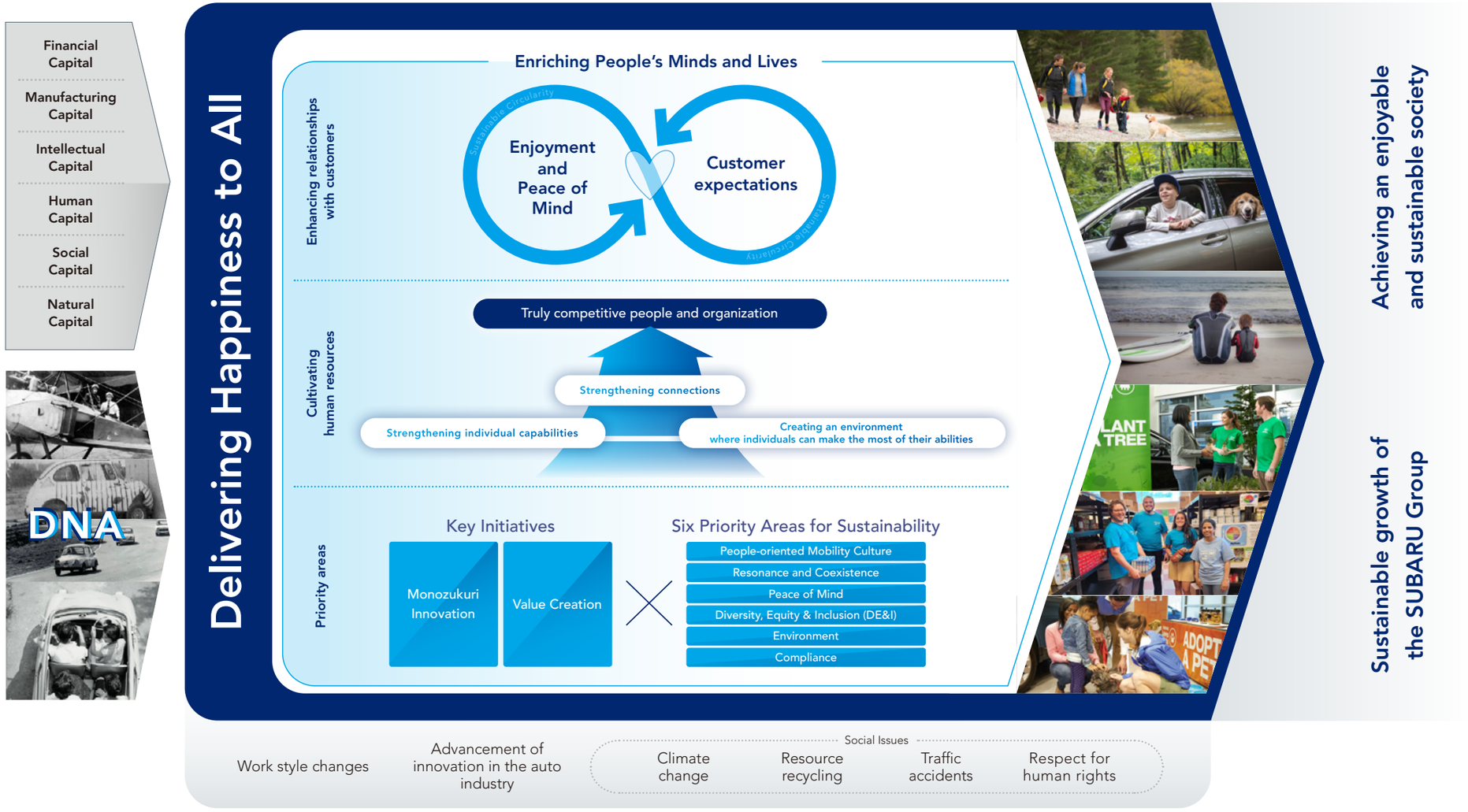
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Value Creation Process

At SUBARU, we hope to enrich the lives and minds of all people connected to our Group, with a vision of becoming a company "Delivering Happiness to All." With our DNA as an aircraft manufacturer and based on our human-centered approach to "Monozukuri", we are committed to nurturing relationships with our customers by staying close to them and continuing to deliver "Enjoyment and Peace of Mind" through our products. Our people are both the foundation and the driving force behind this value creation. By enabling each employee to fully demonstrate their capabilities and combining their strengths to create greater value, we will contribute to the sustainable growth of the SUBARU Group and the realization of an enjoyable and sustainable society.



SUBARU's Cultivated Strengths

Universal Philosophy	• Human-centered Monozukuri
Building Trust	• Enhancing Relationships with Customers
Most Important Market	• Business Foundation in the U.S. Market

Human-centered Car Making

SUBARU has defined its value statement for customers as "Enjoyment and Peace of Mind." Peace of mind is not achieved through safety performance alone; it requires trust in the brand. As for enjoyment, we believe it is built on this peace of mind and encompasses not only the joy of driving but also mobility itself and life in general with a car.

Continuing to provide "Enjoyment and Peace of Mind" in every era is SUBARU's unwavering promise, and the evolution of safety technologies forms the foundation of this promise.

SUBARU's car making begins with the philosophy of focusing on people and pursuing safety. This idea has its roots in the safety philosophy cultivated by SUBARU's predecessor as an aircraft manufacturer—a philosophy that forms part of SUBARU's DNA. This commitment to rigorously refining designs to prevent accidents has been consistently carried forward in today's car making, leading to rational structures and controls that protect people in every situation.

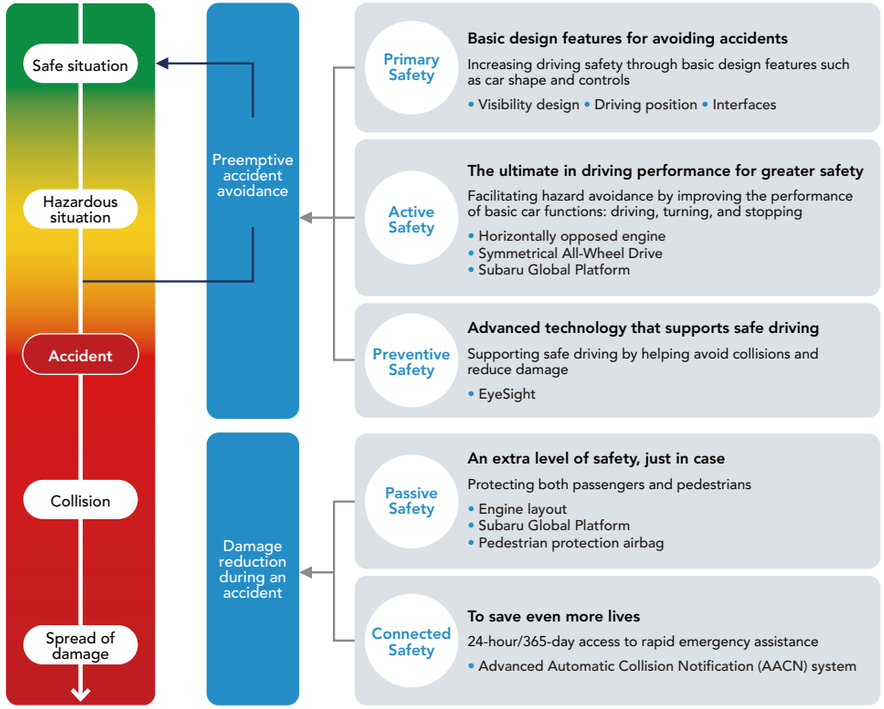
Evolution of the All-Around Safety Philosophy

SUBARU recognized the importance of Passive Safety early on and, even before safety was generally valued as an attribute of automobiles, undertook pioneering initiatives such as voluntarily beginning frontal collision tests in 1965. Even before the concept of Passive Safety was widely recognized, SUBARU regarded protecting people as the essence of car making, and its engineers independently researched vehicle body structures and the effects of collisions on the human body, laying the foundation for SUBARU's safety today through successive challenges and improvements.

Since then, under the safety concept of protecting everyone—not only drivers but also passengers and pedestrians—we have continued to develop Passive Safety technologies to address various accident scenarios, including rollovers and rear-end collisions. Building on these efforts, we have evolved this approach into the philosophy of All-Around Safety, which encompasses Preventive Safety to prevent accidents, Passive Safety to mitigate damage in the event of an accident, and post-accident response.

Currently, SUBARU is working to enhance safety value centered on this All-Around Safety philosophy, which consists of five areas: Primary Safety, Active Safety, Preventive Safety, Passive Safety, and Connected Safety. Basic vehicle design features that create a driving environment with good visibility and ease of use while reducing fatigue, allowing drivers to concentrate on driving, together with refinements to basic performance of driving, turning, and stopping, are also important elements supporting safety. At SUBARU, driving is more than just a source of enjoyment. We regard it as part of safety performance, enabling safe hazard avoidance and stable vehicle behavior under various road and weather conditions.

SUBARU's All-Around Safety



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Embodiment of Our Safety Concept

The safety technologies we have refined over many years have given this philosophy concrete form as tangible value. In addition to efforts to improve basic vehicle performance, SUBARU has been developing driver assistance systems using stereo cameras and radar for more than 30 years, leading to the development of EyeSight and other advanced safety technologies.

EyeSight uses stereo cameras to constantly monitor the road ahead and can measure distances in a manner similar to human vision. It delivers superior recognition capabilities with wide viewing angles and long detection ranges, identifying vehicles, pedestrians, and lane markings, and even recognizing brake lamps using color images. The software uses this information and the vehicle's operating state to determine the appropriate controls and coordinate the operation of the vehicle's units, helping to avoid collisions and mitigate damage. In recent years, sensing performance has been enhanced through a combination of stereo cameras offering a significantly wider field of view, a wide-angle single lens camera, an electric brake booster, and four front and rear radars, helping avoid collisions in a wider variety of situations, including at intersections and in other locations with poor visibility.

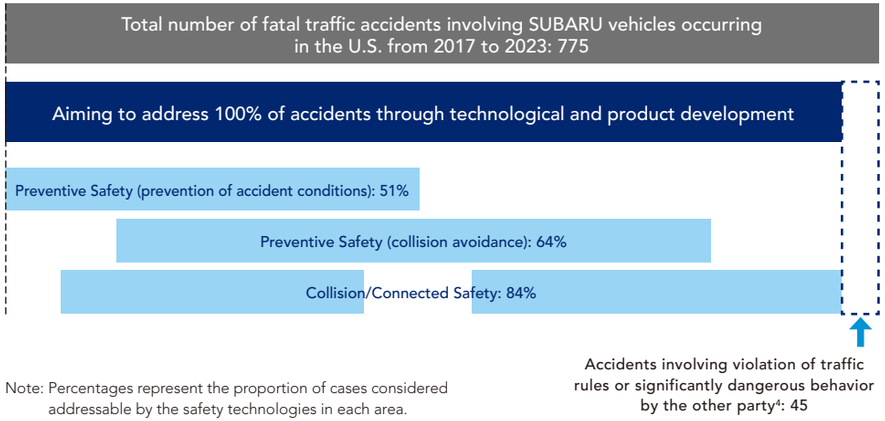
In this way, SUBARU has continued to evolve its safety value by consistently embodying the safety concept embedded in its DNA across everything from basic performance to advanced safety technologies.

Initiatives to Reduce Traffic Accidents

SUBARU is confronting the social challenge of reducing traffic accidents overall and is advancing efforts aiming for zero fatal traffic accidents in 2030[1], building on its long-standing safety philosophy and All-Around Safety efforts. These efforts are being advanced under "pursuing activities that stay close to customers and always provide peace of mind," a priority theme within Peace of Mind, one of the Six Priority Areas for Sustainability, and are positioned as ongoing efforts to continue enhancing safety value.

Based on the All-Around Safety approach we have cultivated, we identify issues through analysis of actual accident data and cases and pursue initiatives to prevent accidents and mitigate damage. We conduct investigations into actual accidents, primarily in the U.S. and Japanese markets. In the U.S. market in particular, the number of fatal accidents per million vehicles sold is three to four times that in the Japanese market, showing a more severe traffic environment. Accordingly, using FARS[2] data, we analyze the factors contributing to all 775 fatal accidents[3] involving SUBARU vehicles from 2017 through 2023, taking police reports and other information into account. We are also advancing collaborative research with the University of Michigan and Gunma University School of Medicine to analyze injuries that resulted in fatalities. In this analysis, we categorize the causes at each stage leading up to an accident in line with SUBARU's All-Around Safety philosophy and identify the priority issues to be addressed. We then identify functions that can effectively mitigate or eliminate the causes, develop the technologies necessary to realize them, and roll them out sequentially across models.

However, accidents have diverse causes, and some challenges cannot be resolved through technology alone, such as another vehicle crossing the center line, disregarding traffic signals, or driving the wrong way. Given this reality, SUBARU continues to take on the challenge of reducing traffic accidents through the evolution of All-Around Safety, while also advancing vehicle technology, promoting the wider adoption of vehicles with high safety performance, and improving road safety across society.



Note: Percentages represent the proportion of cases considered addressable by the safety technologies in each area.

Facing these challenges, it is essential to continuously evolve sensing, control, software, and other technologies to further enhance safety value. SUBARU is setting the direction for future-oriented technology development and advancing initiatives to take All-Around Safety to the next stage.

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. 775 fatal accidents refer to 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
4. 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.

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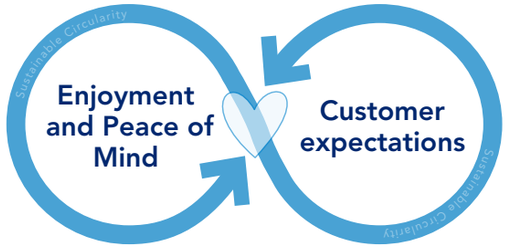
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Enhancing Relationships with Customers



The SUBARU Group's strength lies in the deep connections it forges with customers. Beginning with customers' attachment to their SUBARU vehicles, these connections extend to relationships between customers and retailers, among customers themselves, and with local communities. The resonance generated through these connections accumulates over time, forming relationships of trust that are unique to SUBARU. In this section, we will introduce how the SUBARU Group views its relationships with customers and how the expansion of these relationships leads to value creation.

SUBARU has defined its value statement for customers as "Enjoyment and Peace of Mind." Peace of mind is supported not only by vehicle safety as a function, but also by the trust customers place in the brand through product quality, experiences at retailers, and our efforts to address social issues. As for enjoyment, we believe it extends beyond the experience of driving and transportation, to include life with a car and sharing a sense of resonance with one another.

With this value statement in mind, employees throughout the SUBARU Group carry out their daily activities while continually asking themselves whether they are a presence that resonates with customers and earns their affinity. These ongoing efforts further deepen our relationships with customers, and the expansion of those relationships extends into society.

The Starting Point of Our Relationships with Customers

Over the years, we have fostered relationships with our customers focused on our products. SUBARU, which has its roots in the aircraft business, believes that the most important basic performance of a car is safety. In the development of aircraft, safety has been the top priority, and together with pilots (users), we have pursued performance in line with pilot feedback and expectations. This philosophy of Monozukuri that considers the user has been carried forward into SUBARU's car making and continues to guide us today.



Launched in 1958, the SUBARU 360 was a mass-produced minicar accommodating four adults. More than simply providing a means of transportation, it offered the enjoyment of going out with the family. By combining weight reduction and performance through the use of aircraft technology, SUBARU pioneered the motorization of Japan by turning automobiles, which at the time were still out of reach, into products that were accessible to people.



Since then, we have created new value unique to SUBARU in each era, as exemplified by the Leone, the first mass-produced AWD passenger car in Japan; the Legacy, which led the station wagon boom; the Outback and Forester, which pioneered the crossover SUV category; and the EyeSight driver assist system.

SUBARU's Value Among Customers

As times have changed, the value customers seek in cars and their preferences have become increasingly diverse. In this environment, SUBARU has continued to stay close to its customers, seeking to understand how they use their vehicles in the real world and what they expect from them, while refining the products and technologies that respond to those expectations. In doing so, we have built up resonance and trust grounded in each customer's own experience.

Through these accumulated efforts, SUBARU has come to be recognized as an important presence in customers' lives. Customers have come to describe SUBARU not only in terms of the functional value of its vehicles, but also as a brand that reflects their feelings of care for family and friends and stays close to them in moments of important memories. The resonance generated through life and experiences with SUBARU has expanded into value that enriches customers' lives and leisure time.

In addition, survey results have long shown that many customers choose SUBARU through word of mouth from family members, friends, and acquaintances. In recent years, customers have shared their own experiences and feelings through social media and other channels, generating new resonance. Through the expansion of this resonance, we believe SUBARU has become an even more cherished presence in the hearts of our customers.

The Voice of Customers as a Driving Force

In a variety of everyday situations, the SUBARU Group's employees encounter the strong resonance and attachment that customers feel toward SUBARU. In conversations with people they have just met or in the course of daily interactions, employees often find that customers voluntarily share stories about their SUBARU vehicles and experiences, giving them a real sense of the depth of the connections customers have with SUBARU.

For the SUBARU Group, customer feedback is more than just an evaluation; it is an important driving force toward the next stage of value creation. Each employee takes to heart the feelings and expectations behind this feedback and reflects them in product development, services, and a wide range of initiatives. As this cycle continues, our connections with customers become even stronger, and the expansion of these relationships leads to further value creation.

SUBARU's Cultivated Strengths

▼ Some Situations SUBARU Employees Have Come Across



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

Value Co-Creation Through Expanding Relationships

Building on the expansion of these customer relationships, the SUBARU Group has evolved the very way it creates value. Relationships with customers that begin with our products extend to retailers and local communities, and value is co-created with the involvement of diverse stakeholders. For the SUBARU Group, value creation does not end within its relationships with customers; rather, it deepens as those relationships expand into society. The experiences and resonance of each customer connect with the people around them and with local communities, giving rise to new connections and value. Based on this concept, the SUBARU Group is promoting initiatives where customers, retailers, and local communities work together to create value from their respective perspectives. One example of this is the Subaru Love Promise® in the U.S.

Message from SOA Leadership

"To always be More Than a Car Company®"



Yoichi Hori
Chairman and CEO
Subaru of America, Inc.

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

The Subaru Love Promise® is our vision to show love and respect to all people at every interaction with Subaru. Here in the U.S., we put those values into action every day alongside our retailers.

At the core of that commitment are our five H.E.A.R.T. values: Honesty, Empathy, Appreciation, Respect, and Trust. These values shape not only how we serve our customers, but also how our team members support one another and how we show up for the communities where we live and work.

We don't do this because we have to. We do it because these are the values Subaru has always held dear. They're simply who we are. It's about deepening those connections through what we do every day. That's what keeps Subaru More Than a Car Company®.

SUBARU's Unique Customer Relationships

A distinctive feature of SUBARU's customer relationships is that they deepen as connections expand among customers themselves and into local communities. Specific initiatives that begin with customer relationships built through our products and expand to retailers and local communities, and how these relationships accumulate as social capital, are presented in the Social Capital section of this report.

Business Foundation Cultivated in the U.S. Market

The strengths of the SUBARU Group's business in the U.S. extend beyond the individual enhancement of products, prices, sales networks, and brand activities. Beginning with the distinctive SUBARU product values of safety, quality, and driving performance, we have built trust and resonance through customers' vehicle ownership experiences, interactions with retailers, and engagement with local communities. These accumulated relationships underpin our business foundation in the U.S. market.

A Cycle That Begins with Products and Enhances Value Through Relationships with Customers and Retailers

Direction for Reinvestment

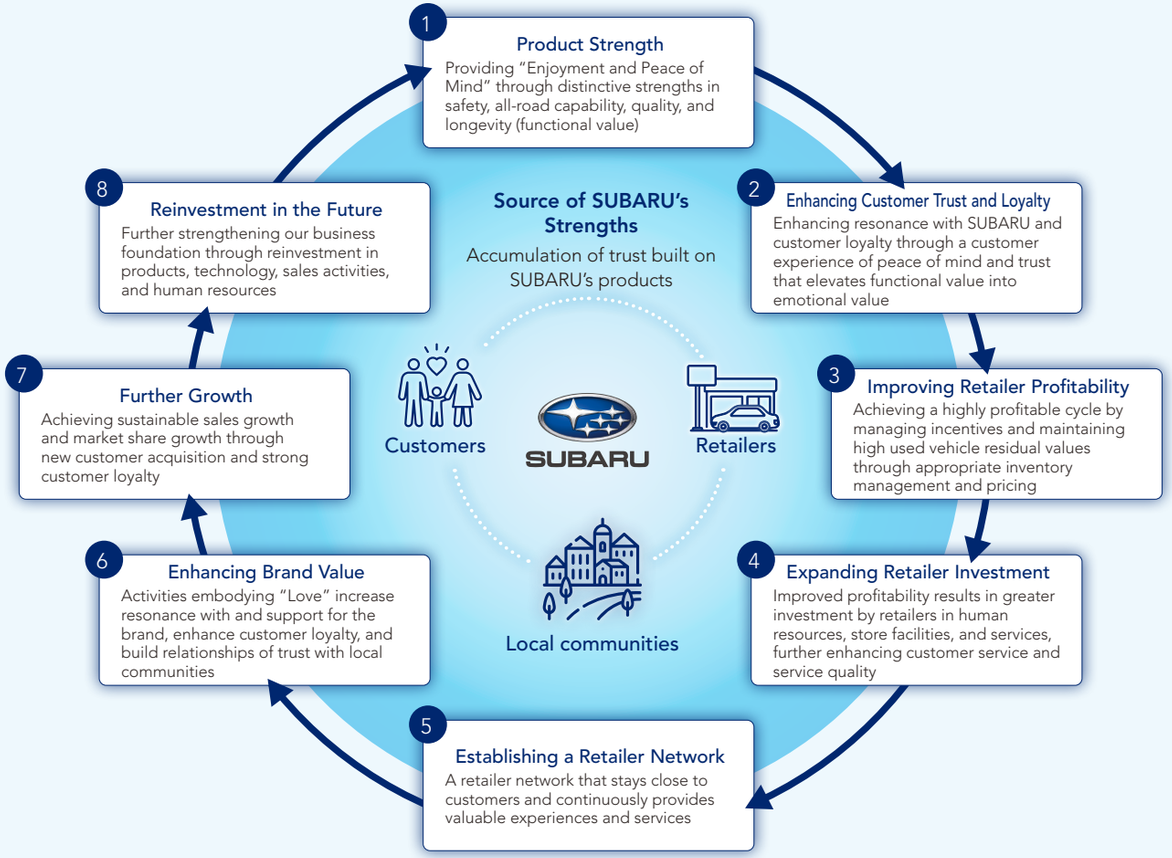
- Investment in people and organizations
- → Development of next-generation products and technologies
- → Evolution of functional value and safety performance
- → Further enhancing brand activities and customer engagement

Business Results

- Acquisition of new customers who resonate with SUBARU
- Growth in sales and market share
- Boost in market presence
- → Ensuring sustainable profitability

Proof of Brand Strength

- Resonance with "Love"
- High customer satisfaction
- High loyalty
- External recognition (e.g., J.D. Power, IIHS, Consumer Reports, Forbes)



Value Created by Our Customer Base

- Peace of mind when driving
- → The enjoyment of driving
- → Expansion of the circle of resonance through customers sharing the value of their experiences with one another on social media and other channels
- → Referrals from family and friends
- → Long-term ownership and repeat purchasing

Elements Supporting Retailer Profitability

- Strong consumer demand
- Appropriate inventory management
- Appropriate pricing
- Management of incentives
- → Maintenance of high residual value for used vehicles

Value Created by Retailer Investment

- Improved profitability
- → Improved showrooms and service facilities
- → Enhanced customer service and service quality
- → Enhanced convenience at customer touchpoints
- → Strengthened customer ties with local communities

Accumulated relationships of trust with customers, retailers, and local communities support a sustainable business foundation in the U.S. market

The SUBARU of Today and the SUBARU of Tomorrow

Value Creation in an Era of Change

The SUBARU Group finds itself in a drastically changing business environment. In addition to technological innovation and changes in the market environment, customer values and social issues are becoming more diverse, and we have entered an era in which it is difficult to foresee the future. Even in this environment, SUBARU is committed to sustainable value creation centered on the value it provides to customers, "Enjoyment and Peace of Mind."

In SUBARU Management Policy 2025, announced in November 2025, we reviewed the initiatives pursued under the SUBARU New Management Policy announced in 2023 and set out the progress achieved over the past two years and the direction for future value creation. This section uses the above information as a basis for providing an overview of SUBARU's current position and its business strategy going forward.

SUBARU Management Policy 2025

https://www.subaru.co.jp/en/outline/about/policy/index.html

SUBARU: Striving to Be a Compelling Company with a Strong Presence

SUBARU's value proposition centers on "Enjoyment and Peace of Mind." Through our unwavering, earnest, and sincere dedication, we have long been committed to enhancing our technology and services to deliver these core values. Driven by our desire to remain close to our customers throughout their lives, SUBARU vehicles have evolved beyond serving merely as a means of transportation to become part of customers' experiences and memories. These accumulated efforts have fostered deep resonance and trust, leading many customers to say "I love SUBARU" rather than just "I like SUBARU." The Subaru Love Promise® initiative in the U.S. demonstrates the SUBARU difference, going beyond product value to foster long-term relationships with customers, retailers, and local communities.

We will deepen our relationships with society and our customers, further strengthen our presence, and strive to become an organization that is indispensable to people, communities, and society as a whole.

The Core Objective of the New Management Policy

To uphold and achieve our high ideals, strengthening our business competitiveness is vital. At the same time, in an uncertain business environment, adaptability in responding to changes in the market and customer needs is more important than ever. To achieve this, it has been critical for us to move beyond simply extending conventional development and production and shift to Monozukuri that enables us to swiftly reassess products and production systems with change as an assumed condition.

Under the new management structure, our declaration that we would steer our focus toward BEVs for the time being reflected our aim of advancing "Monozukuri Innovation" and enhancing our competitiveness by taking on the unknown field of BEVs. Over the past two years, we have thoroughly pursued flexibility in product development and production while transforming traditional processes and shifting employee mindsets. Although the market is changing even faster than we initially expected, we are confident in our strengthened capability to respond swiftly and accurately to whatever changes may arise going forward.

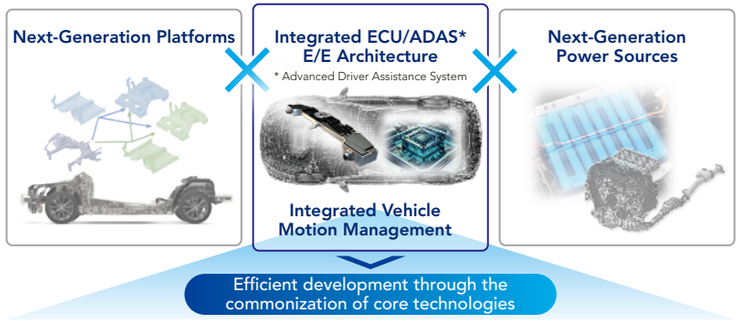
In this section, we present these initiatives as an overview of our business strategy; the forms of capital that support this strategy—including technology, Monozukuri, and human resources—are discussed in detail in the capital sections that follow.

Monozukuri Innovation

Thorough Pursuit of Flexibility—Development

At the heart of the Monozukuri Innovation we have advanced under the New Management Policy is the thorough pursuit of flexibility.

With respect to development, we are thoroughly streamlining processes starting with the expansion of our Integrated ECU that we have been advancing through BEV development. The Integrated ECU serves as the foundation for "Enjoyment and Peace of Mind" by coordinating the next-generation EyeSight, equipped with in-house developed AI, and vehicle motion control, including AWD, to perform integrated vehicle motion management. By commonizing the electrical/electronic (E/E) architecture centered on the Integrated ECU across BEV and ICE/HEV vehicles, we will significantly enhance development efficiency. Additionally, we have been advancing our next-generation vehicle platforms for BEVs and existing ICE/HEV models, designed with expandability through combinations of multiple platforms in mind. This approach is expected to enable an expanded product lineup across multiple segments. Regarding next-generation power sources, besides BEVs, we are advancing the development of new engines specifically optimized for electrification.



People and Organizations Supporting Change

With respect to the people and organizations supporting change, in our BEV development, we adopted agile development leveraging the "Obeya" (large-room) approach. This has allowed us to flexibly respond to situations, pursuing the shortest possible development process without setting a fixed schedule in advance. We will apply the speed, flexible thinking, and courage to take on challenges gained through this process to the development of ICE vehicles as well, and work to achieve industry-leading development lead times. To make this innovation genuine, the "power of the gemba" (the actual worksite), where proactive, self-driven thinking and action are essential, is critical. Therefore, we have also been working to change the mindsets and behaviors of each and every employee. The attitude of "try first," "make adjustments along the way," and "try and take on challenges repeatedly without fear of failure" is now steadily taking root at SUBARU's worksites.

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Thorough Pursuit of Flexibility—Production

On the production side, while SUBARU has been able to achieve efficient production through high operating rates, the addition of BEVs as a new element has posed challenges that could potentially affect our strengths in mixed-model and bridge production. To address these, our manufacturing engineers are now joining the "Obeya" (large-room) activities, working to further evolve both design and manufacturing engineering. We will produce BEVs and ICE/HEV models on mixed-model production lines. In bridge production, we will enhance collaboration across facilities in Japan and the U.S., as well as among individual production lines. This will increase our ability to address global demand fluctuations and maximize the operating rates of facilities and human resources. Moreover, we are advancing logistics reforms and challenging ourselves to achieve flexibility in the supply chain spanning Japan and the U.S.

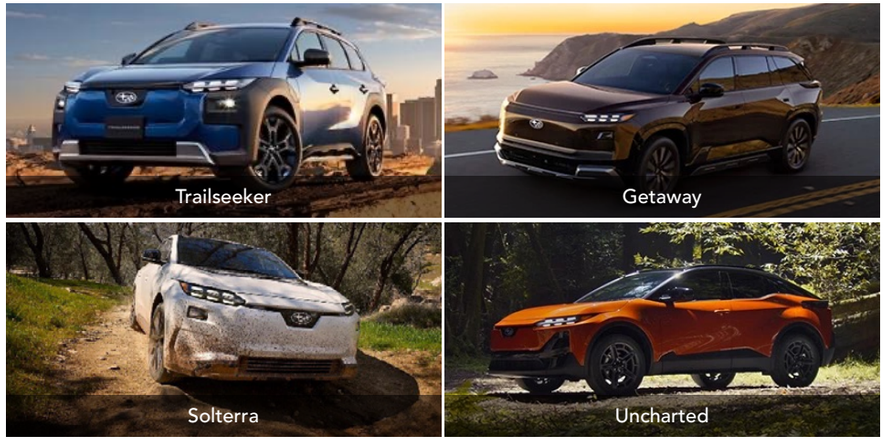
Through the challenges we have taken on over the past two years, SUBARU is laying the foundation to respond flexibly and swiftly to a rapidly changing market environment for our product lines, spanning BEVs, HEVs, and ICE vehicles. Going forward, we will embed "Monozukuri Innovation" throughout the Group to drive the expansion of our product lineup centered on next-generation technologies.

Flexibility and Expandability of the Product Lineup

At a time when the future is difficult to foresee, it is important to closely monitor regulatory and market trends and assess how conditions are changing, then expand rapidly once the direction becomes clear. SUBARU is advancing initiatives in both product development and its production system, based on the concepts of flexibility and expandability.



In the medium to long term, our view remains unchanged that BEVs are an important option for achieving a carbon-neutral society and will eventually play a central role. At the same time, in the early stages of the transition to BEVs, it is important to roll out products flexibly while assessing factors such as the pace of market growth, regulations, infrastructure development, and customer needs. For its product rollout in the early stage of the transition to BEVs, SUBARU plans to leverage joint development with Toyota Motor Corporation to offer four BEV models by the end of 2026. As we assess how the market develops, we will ensure that customers have options and accumulate technology and expertise in BEV development through joint development that leverages the strengths and expertise of both companies, thereby supporting future product rollouts and strengthening our development capabilities.



World Premier of All-New Battery Electric Vehicle Subaru Getaway
https://www.subaru.co.jp/news-en/2026_04_02_153653/

Subaru Unveils New Trailseeker (in Japanese only)
https://www.subaru.co.jp/news/2026_04_09_145609/

World Premier of All-New Battery Electric Vehicle Subaru Uncharted
https://www.subaru.co.jp/news-en/2025_07_18_170516/

In this early stage of the transition to BEVs, we also regard HEVs as an extremely important option. Based on the Toyota Hybrid System, SUBARU is developing a uniquely SUBARU next-generation hybrid system and is expanding it to its mainstay models.

In Japan, following the Crosstrek and Forester, we announced a Levorg Layback model equipped with the next-generation hybrid system in July 2026. As a result, we have expanded the number of models equipped with this next-generation hybrid to three models. We are also expanding our HEV lineup globally, including by offering HEV versions of the 2026 Crosstrek and 2027 Forester Wilderness in the U.S.

Among many choices, the final decision is, ultimately, made by the customer. That is why SUBARU will provide a wide range of options—including BEVs and ICE vehicles such as HEVs—and respond flexibly to changes in the market environment and customer needs. We believe that this product flexibility and expandability will be a key competitive edge for SUBARU to remain the preferred choice for customers in an era of change.

Continuous Evolution at the New Oizumi Plant

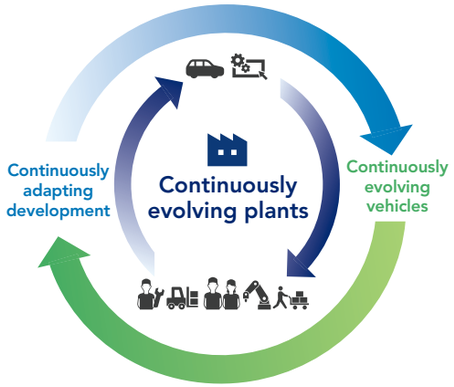
SUBARU is building the new Oizumi Plant as a core hub for continuing to advance "Monozukuri Innovation" efforts like those described in this section over the long term.

The new Oizumi Plant is more than just a home for new production capacity. As technology evolves and products continue to change in response to shifts in the market environment, we view the plant as a new arena for taking on the challenge of simultaneously transforming both what we make and where we make it. We aim not only for the plant to be state of the art when production begins, but also for it to continue evolving thereafter.

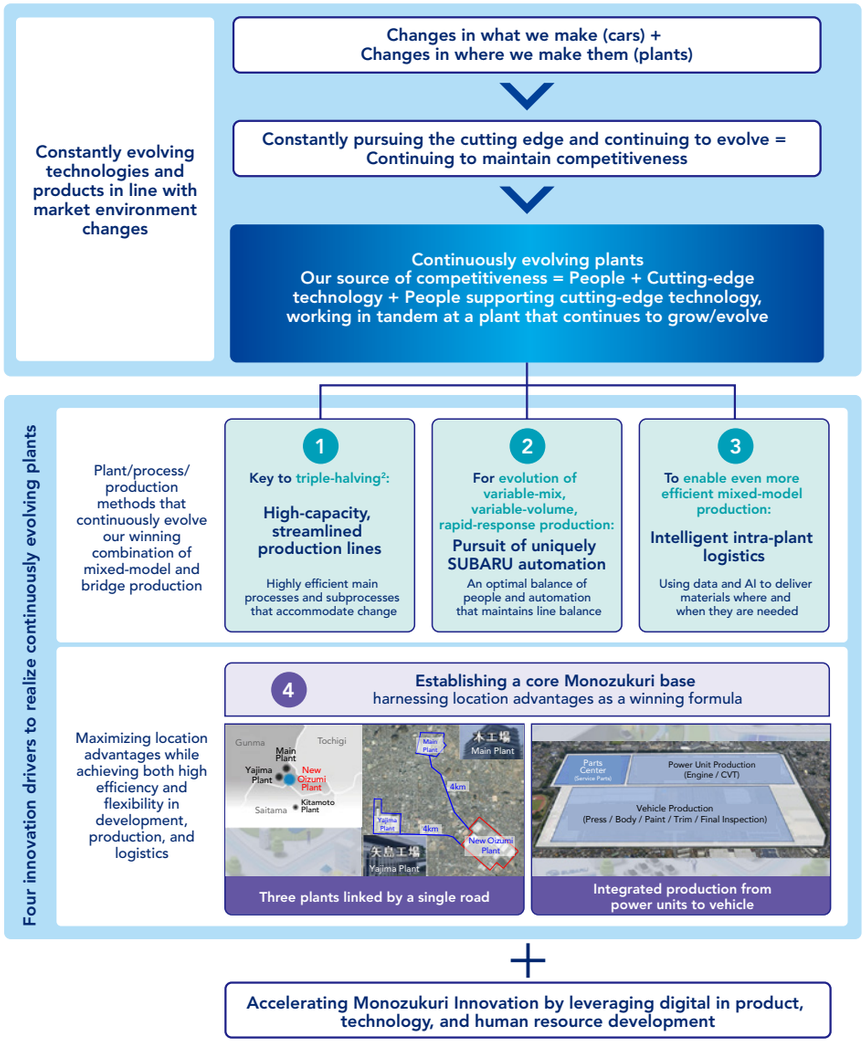
By combining the SUBARU Group's established strengths in mixed-model and bridge production with the flexibility unique to a plant built from the ground up, the latest production technologies, and the utilization of digital technologies and AI, we aim to establish a production system that can flexibly adapt to change. We will further advance Monozukuri Innovation by enabling the latest technologies and the people who support them to evolve and grow in tandem. To achieve this goal, we will focus on four innovation drivers: high-capacity, streamlined production lines, pursuit of uniquely SUBARU automation[1], intelligent intra-plant logistics, and establishing a core Monozukuri base harnessing location advantages as a winning formula. In addition, we will accelerate Monozukuri Innovation by leveraging digital technologies in product, technology, and human resource development.

In particular, in establishing a core Monozukuri base, we will make the most of the locational advantages of the Main Plant, Yajima Plant, and Oizumi Plant, which are located close to one another in Gunma Prefecture, while establishing at the new Oizumi Plant an end-to-end production system from power units to vehicles. Through this approach, we will combine greater efficiency with flexibility in development, production, and logistics, thereby strengthening the competitiveness of Monozukuri as a whole.

The new Oizumi Plant is not intended to replace existing plants; rather, it will serve as a starting point for further evolving the SUBARU Group's strengths in Monozukuri and enhancing the competitiveness of the production system as a whole. By responding flexibly to changes in customer needs and power units and thereby expanding our product lineup, strengthening our cost competitiveness, and expanding our revenue foundation, we will help strengthen the resilience of our business foundation.



New Plant Concept



1. Replacing routine tasks previously performed by people with machines or systems to improve efficiency and quality

2. 50% reduction in production processes/development lead times/configuration and number of parts

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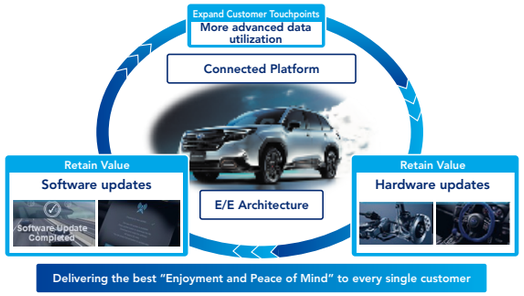
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Value Creation: Evolution of "Enjoyment and Peace of Mind"

The flexibility we have enhanced through "Monozukuri Innovation" also supports the "Value Creation" the SUBARU Group aims to achieve.

SUBARU customers are unique in that they tend to own their vehicles for a long time. It is becoming more common for one SUBARU to be passed from parent to child, continuing the family's journeys together. There are also long-lasting and strong bonds between SUBARU and its retailers and customers. This connection is reflected not only in high satisfaction with our services and retailers, but also in the strong connections we make through our Love Promise® activities, a unique SUBARU strength. That is why we strive to continue delivering the best "Enjoyment and Peace of Mind" to every single customer, not just through the cars we build, but throughout the many years they spend with their SUBARU.

The technological foundation that enables this aim is SUBARU's connected platform and E/E architecture. By leveraging connected technologies, we will expand our customer touchpoints and enhance our use of data on vehicle conditions, customer feedback, and experiences, enabling us to provide value tailored to each individual. By leveraging E/E architecture, we will advance functional enhancements that integrate technology and services, including OTA software updates after purchase and hardware updates at retailers.



Driving the SUBARU Difference

Even amid uncertainty about the market outlook, to ensure that customers continue to choose SUBARU regardless of whether they opt for a BEV or an ICE vehicle, it is important to "drive the SUBARU Difference" and further strengthen our presence.

However, we are not seeking to become a premium brand. Rather, our goal is to be a brand that stands by our customers throughout their lives, and our brand strategy focuses on further highlighting the identity of SUBARU that resonates with, and is trusted by, our customers. At the 2025 Japan Mobility Show, we presented our approach to enhancing brand value by highlighting the symbolic experiential worlds of Performance and Adventure that represent customers' affinity for the SUBARU brand. These two worlds might appear different at first glance, but in communities and events where SUBARU owners and fans gather, they coexist with mutual respect. The coexistence of these diverse forms of resonance is also part of what makes SUBARU unique, and at their core is our enduring value proposition of "Enjoyment and Peace of Mind," rooted in our sincere, steadfast pursuit of these core values. By highlighting the worlds of Performance and Adventure, we will further refine "Enjoyment and Peace of Mind" and strengthen the brand's presence.

Strengthening Resilience in Our Business Foundation

The Monozukuri Innovation and Value Creation initiatives we have discussed so far extend beyond simply adapting to change. By linking these initiatives to enhanced product strength, brand strength, cost competitiveness, and profitability, SUBARU is strengthening the resilience of its business foundation to overcome the challenging business environment.

SUBARU Management Policy 2025 refers to the launch of our "Cost Innovation 20-30" initiative to reduce costs by around 200 billion yen in order to counteract the impact of U.S. tariff measures. In this project, by working closely with our suppliers from the early design stages of new vehicle development and fully leveraging the outcomes of Monozukuri Innovation, we are taking on an unprecedented challenge in cost transformation that goes beyond conventional boundaries. At the same time, we will aim to achieve global sales of 1.2 million-plus units by expanding our product lineup and pursuing a brand strategy to meet diverse needs, while also working to expand value chain profit by growing the post-purchase side of the value proposition. Expanding value chain profit is an initiative to generate value and profits while broadening customer touchpoints even after purchase. The recently announced plan to enter the vehicle financing business in the North American market around 2030 is a major pillar of these initiatives. However, rather than limiting ourselves to direct earnings from vehicle financing, we aim to use financing as a starting point for combining after-sales service with a variety of other services and thereby provide value that supports customers throughout their vehicle ownership experience.

We will also optimally allocate growth investments by reviewing their composition and priorities in light of changes in the market environment and customer needs. Please see the Financial Capital section of this report for details.

Building on the flexibility cultivated through Monozukuri Innovation and the value proposition refined through Value Creation, the SUBARU Group will strengthen its management infrastructure while turning changes in the business environment into growth opportunities. Even in rapidly changing times, we will strive for sustainable value creation with the aim of ensuring SUBARU is always the preferred choice for customers.

Amid a challenging business environment, we will strive to strengthen the resilience of our business foundation and expand profitability.

Unprecedented cost innovation

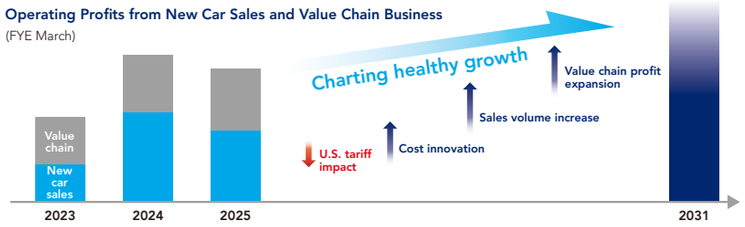
- Driving cost innovation to counteract U.S. tariff impact (Aiming for an annual cost reduction at the 200 billion yen level by 2030)
- Launched and advancing the Group-wide project "Cost Innovation 20-30"

Expanding the revenue foundation

- Pursue global sales goal of 1.2 million-plus units (Targeting achievement in the first half of the 2030s)
- Expand value chain profit

Operating Profits from New Car Sales and Value Chain Business

(FYE March)



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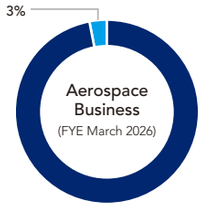
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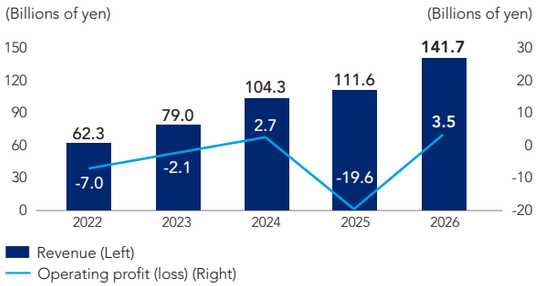
Aerospace Business

SUBARU's Aerospace Business traces its roots to the Aircraft Research Laboratory, established in 1917 and which later evolved into Nakajima Aircraft. Building on Monozukuri expertise and a commitment to quality passed down for more than 100 years, SUBARU has developed its operations around three main pillars—commercial aircraft, defense, and helicopters—and plays a role in Japan's aerospace industry by handling the full range of activities for a wide variety of aircraft, from development and production through operational support. The core of our strategy is to strengthen our human resources and production infrastructure in advance and steadily increase supply capacity to ensure that we capture the growth opportunity presented by growing demand for aircraft.

Revenue Contribution Ratio

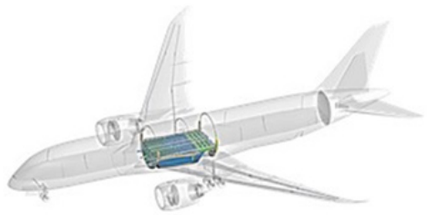


Revenue (FYE March)



Commercial Aircraft 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, a critical structural component where the left and right wings are integrated with the front and rear fuselage and which bears the loads of the entire aircraft. Since the center wing also contains the aircraft's fuel, it must meet stringent requirements for strength and fluid tightness. By manufacturing these center wing boxes with advanced design and assembly technologies, we have earned high ratings from Boeing.



Center wing box



Center wing box manufactured at the Handa Plant

The Handa Plant, located in Handa City, Aichi Prefecture, is one of the world's few production centers specializing in center wing boxes for large aircraft, 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 Japan Maritime Self-Defense Force and the C-2 transport aircraft for the Japan Air Self-Defense Force. This plant has cumulatively manufactured center wing boxes for more than 3,000 aircraft.

Global air passenger demand is expected to grow by an average of about 4% annually.* As the movement of people and goods increases, demand is expected to grow further for the 787 and 777X programs in which SUBARU participates. To ensure that we capture these growth opportunities, it is important to secure supply capacity that keeps pace with demand growth. We are therefore strengthening supply capacity in terms of both human resources and production infrastructure.

On the human resources side, in addition to passing on the technical expertise and skills cultivated through the development and production of center wing boxes and other components, we are developing the talent who will lead the next generation and enhancing their expertise. On the production infrastructure side, we are pursuing capital investment and improvements in quality and cost competitiveness, while also developing technologies aimed at fundamentally improving the efficiency of production processes through automation and digital technologies.

Through these efforts, we will ensure high quality and establish a stable supply system, leading to sustainable business growth. We will also continue to build a robust supply system that can flexibly respond to demand fluctuations and changes in the supply chain environment.

Going forward, we intend to continue our active participation in international joint development projects, including the development of commercial aircraft, by leveraging the technologies and expertise cultivated as a major partner of Boeing.

* Source: "Worldwide Market Forecast 2026-2045" (Japan Aircraft Development Corporation)



Boeing 787

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Defense Business

For half a century, the SUBARU Group has provided comprehensive support for Japan Air Self-Defense Force and Japan Maritime Self-Defense Force training aircraft programs, as well as Japan Ground Self-Defense Force utility helicopters, including aircraft manufacturing, scheduled maintenance, overhaul, spare parts supply, and training. We also participate in the development of major defense aircraft systems in Japan, including 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 engaged in the research and development of future systems.

SUBARU will reliably deliver aircraft to the Japan Self-Defense Forces on schedule and provide comprehensive support for their activities through operational support, maintenance, parts supply, educational support, and other services.



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

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. Our manufacturing will proceed as planned in accordance with Japan's Defense Buildup Program.

The SUBARU BELL 412EPX is expected to be widely used 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. 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.

Our manufacturing and maintenance infrastructure in Japan covers not only the manufacture and sale of aircraft, but also after-sales support, including the supply of parts and scheduled maintenance.

By leveraging our expertise accumulated over many years in helicopter production and steadily meeting expected replacement demand, we will continuously support safe and reliable flight operations for our customers.



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



SUBARU BELL 412EPX

Message from the Company President

"Always supporting the skies of tomorrow on a foundation of trust"



Yoshihiro Saito
Executive Officer
President of Aerospace Company

The aerospace industry is an essential part of the social infrastructure that supports the movement of people and goods. Against the backdrop of growing global demand for mobility, the commercial aircraft sector is expected to see demand for approximately 40,000 passenger aircraft* over the next 20 years. Even at full capacity, our current production line could not meet this demand. By leveraging the strengths we have cultivated over many years—our technology, human resources, production infrastructure, and expertise—we aim to seize this growth opportunity, achieve sustainable growth while pursuing every possibility, and remain a company that continues to earn the trust of our customers.

Our work ultimately serves not only the customers with whom we do business directly, but also the many people and society at large that depend on aircraft. By reliably continuing to meet customers' expectations, we support safe, comfortable air travel and the connection between people and the world. We believe that contributing to the development of society through these efforts is the purpose of the Aerospace Business. Our mission is to continue contributing to global industry and society through aircraft.

When we look up at the sky, we see our technology and products at work in the aircraft flying overhead. This realization gives us the strength to continue honing our technologies and taking on the challenge of creating new value. Our people are at the heart of that growth and value creation. New ideas and innovations emerge when each individual takes the initiative to learn, take on challenges, deepen their expertise, and share knowledge with colleagues.

All of this rests on corporate activities conducted with integrity and with due regard for safety, health, quality, and compliance. By steadfastly adhering to the fundamentals and continuing to live up to the trust our customers place in us, we will grow with our colleagues, move forward alongside our customers, and deliver "Enjoyment and Peace of Mind" to the people beyond them. The Aerospace Company will continue to support future air mobility and the development of society, with trust as its foundation.

* Source "Worldwide Market Forecast 2026-2045" (Japan Aircraft Development Corporation)

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Six Priority Areas for Sustainability

The SUBARU Group's Sustainability

The SUBARU Group has defined the Six Priority Areas for Sustainability as key issues under the SUBARU Global Sustainability Policy to achieve its vision of becoming a company "Delivering Happiness to All." We will promote sustainability while sharing our commitment across the Group and globally, and further evolve the value we provide to customers, "Enjoyment and Peace of Mind." Through these initiatives, we will deepen our relationships with customers and other stakeholders as we aim to achieve sustainable growth and enhance corporate value while also realizing an enjoyable and sustainable society.

SUBARU Global Sustainability Policy

https://www.subaru.co.jp/en/csr/subaru_csr/philosophy.html

Promotion System

SUBARU positions sustainability as a key management issue and convenes the Sustainability Committee twice a year to advance related initiatives. The Representative Director and President serves as chair, and all executive officers participate as committee members.

The Sustainability Committee discusses policies for addressing key issues and the Six Priority Areas for Sustainability, while also checking and reviewing the plan-do-check-act (PDCA) status of each committee and department. In FYE March 2026, the Sustainability Committee reviewed progress in the Six Priority Areas for Sustainability and discussed ways to enhance related information disclosures. The results of discussions and deliberations are submitted to and reported to the Board of Directors, and sustainability initiatives are promoted under the Board's supervision.



Main Topics Discussed by the Sustainability Committee in FYE March 2026

- Progress in the Six Priority Areas for Sustainability
- Consideration of enhancing sustainability-related information disclosure
- Revision of internal rules to strengthen the Sustainability Promotion System

Identification Process for the Six Priority Areas for Sustainability

Previously, the SUBARU Group had promoted initiatives in the Six Priority Areas for CSR: People-oriented Car Culture, Resonance and Coexistence, Peace of Mind, Diversity, Environment, and Compliance.

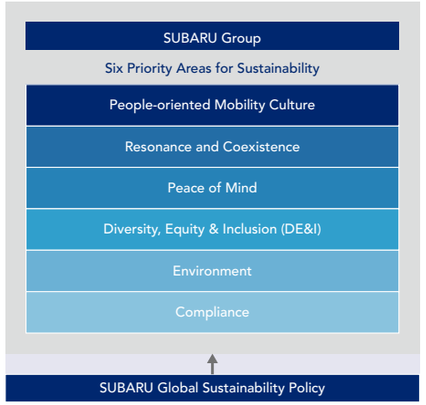
To select the priority areas, the SUBARU Group identified 41 topics for which social needs were high, conducted a questionnaire among experts and investors in North America and Japan, and then conducted an assessment based on the results. As a result, the SUBARU Group identified the Six Priority Areas for CSR from two perspectives: areas in which we can engage the community by leveraging our business strengths and areas related to the demands of society.

Subsequently, we have evolved the Six Priority Areas for CSR into the Six Priority Areas for Sustainability in response to the changing social environment and shifting mindsets toward sustainability. To contribute to the sustainability of society and the SUBARU Group, we have gone beyond CSR perspectives to further leverage SUBARU's values and strengths.

This evolution also updated our People-oriented Car Culture to a People-oriented Mobility Culture, while Diversity was updated to Diversity, Equity & Inclusion (DE&I).

"People-oriented Mobility Culture" represents the diversity of the SUBARU Group's products and services, including those of the Aerospace Business. We will provide mobility value based on SUBARU's DNA in response to changing times and aim to become a company whose presence and appeal differentiate us from our competitors. Furthermore, "Diversity, Equity & Inclusion (DE&I)" is our basic approach to developing our organization to maximize the diverse individuality of our workforce and create comfortable workplace environments. By providing an environment where all employees have fair opportunities, we will promote innovation based on different perspectives and values and bring together the strengths of diverse individuals to realize SUBARU's unique and sustainable value creation.

The SUBARU Group shares its values and direction on sustainability with all employees across the Group and around the world, based on the SUBARU Global Sustainability Policy. Through initiatives based on the Six Priority Areas for Sustainability, we will strive to become a company "Delivering Happiness to All" and achieve sustainable value creation.



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Vision for the Six Priority Areas for Sustainability and the SUBARU Group's Initiatives Connected to Priority Themes

The SUBARU Group has set targets and key performance indicators (KPIs) for Peace of Mind, Diversity, Equity & Inclusion (DE&I), Environment, and Compliance within the Six Priority Areas for Sustainability and is promoting medium- to long-term initiatives accordingly. Separate targets and KPIs have not been set for People-oriented Mobility Culture and Resonance and Coexistence, since they have been positioned as cross-cutting areas to be realized through initiatives in the other priority areas.

Six Priority Areas	Vision	Priority Theme	Target	KPI	Initiatives
People-oriented Mobility Culture	Offer unfading emotional value from spending time with SUBARU and become a company that enriches people's lives and minds as a partner	Offer mobility services and experiences that provide "Enjoyment and Peace of Mind"	—	—	Page 15, Enhancing Relationships with Customers Page 18, The SUBARU of Today and the SUBARU of Tomorrow Page 41, Social Capital
Resonance and Coexistence	Broaden the circle of person-to-person communication and become a company that widely resonates and coexists with society	Offer mobility services and experiences that provide "Enjoyment and Peace of Mind" Promotion of activities that lead to solutions to issues faced by local communities	—	—	
Peace of Mind	Become a company that provides the utmost peace of mind to all stakeholders.	Be close to customers and pursue activities that always offer peace of mind	Aim for zero fatal traffic accidents[1] in 2030	Ratio of fatal traffic accidents[2] avoidable with SUBARU's latest technologies introduced into the market	Page 28, Intellectual Capital
Diversity, Equity & Inclusion (DE&I)	Continuously create innovation and values through spontaneous networking of the individual with the organization	Develop an organization where diverse individuals can demonstrate their abilities and work together respecting each other	FYE March 2029: 70% engagement score	Employee attitudes survey (SUBARU) Engagement score	Page 33, Human Capital
			FYE March 2031: 100 female managers	Number of female managers (SUBARU)	
			FYE March 2031: 3.0% employment rate of people with disabilities	Employment rate of people with disabilities (total of SUBARU, SLS[3], and SBC[4])	
Environment	Cherish and protect the environment—the earth, the sky and nature—through Group-wide activities	Mitigating climate change (Achieve carbon neutrality in the entire life cycle)	Aim for 50% of total vehicle sales to be BEVs beyond 2030	BEV sales ratio	Page 46, Natural Capital
			Apply electrification technologies[5] to all SUBARU vehicles[6] produced and sold by the early 2030s	EV sales ratio	
			Reduce Scope 1 and 2 emissions by 60% by FYE March 2036, compared with FYE March 2017 (total volume basis)	CO_2 emissions versus the base year	
		Realizing a circular economy (Aim for zero environmental impact from resource extraction and disposal)	Pursue research and development targeting the use of recycled materials[7] for more than 25% of the plastic used in new models[6] by 2030	Use rate of recycled plastics	
			Reduce the total amount of waste by 1% annually versus BAU emissions[8]	Total waste	
			Achieve zero emissions at production plants[9] in Japan and overseas (zero landfill waste either directly or indirectly)	Landfill waste	
		Coexistence with nature (Aim for net zero impact on the natural environment)	Properly manage impact on the natural environment at business sites (air, water quality, noise, vibration, and odor)	Violations of statutory standards/ voluntary standards	
			Expand protected areas reducing impact on the natural environment caused by business activities	Number of protected areas according to management level	
Compliance	Act in good faith and become a company that is trusted by and resonates with society.	Permeating "Insightful Compliance"	Maintain zero serious compliance violations[10]	Employee ethics	Page 58, Corporate Governance
				Supplier CSR Survey	

1. Aim for zero fatal traffic accidents among occupants of Subaru vehicles and people involved in collisions with Subaru vehicles, including pedestrians and cyclists 2. Excluding accidents involving violation of traffic rules or significant dangerous behavior by the other party, etc.
3. SUBARU Living Service Co., Ltd. 4. SUBARU BLOOM Co., Ltd. 5. Refers to the technology used to foster the use of electricity for BEVs, HEVs, and others. 6. Excluding models supplied by OEMs. 7. Including material recycling and chemical recycling.
8. Emissions under the current policy without further action (business-as-usual) 9. SUBARU: Gunma Plant, Tokyo Office, Aerospace Company; Consolidated subsidiaries: Fuji Machinery Co., Ltd., Kiryu Kogyo Co., Ltd., Ichitan Co., Ltd., Subaru Logistics Co., Ltd., Yusoki Kogyo K.K., Subaru of Indiana Automotive, Inc. 10. Compliance violations that could shake the foundations of SUBARU's business

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