Manufacturing Capital

The SUBARU Group concentrates vehicle production in two countries—Japan and the U.S.—and delivers vehicles to customers in approximately 90 countries and regions worldwide. Automobile manufacturing requires large-scale production facilities and a broad supply chain, but the SUBARU Group has long regarded maximizing the use of limited management resources and achieving high production efficiency as the fundamental approach to Monozukuri underpinning our competitiveness and profitability.

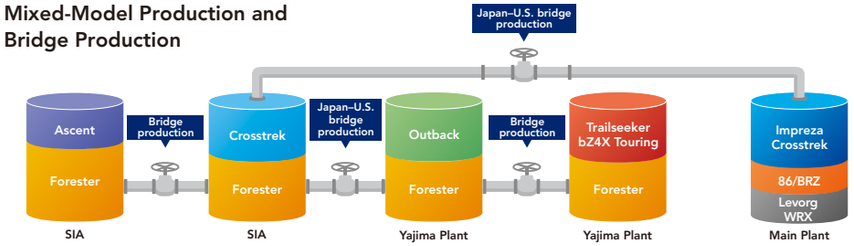
Even amid significant changes in market conditions and customer needs, we deliver the vehicles customers need in a timely manner and without waste. For this reason, we are committed to ultra-efficient production to maximize our ability to respond to demand fluctuations.

Variable-Mix, Variable-Volume, Rapid-Response Production to Achieve Ultra-Efficient Production

The fundamental concept underpinning the ultra-efficient production we aim to achieve is variable-mix, variable-volume, rapid-response production. This approach aims to deliver vehicles to customers without waste and with short lead times, even if the models and volumes of vehicles produced change. Under this approach, the SUBARU Group has spent many years honing mixed-model and bridge production to make maximum use of our five production lines in Japan and the U.S. and maintain high operating rates at each line.

Flexible production technologies such as these, combined with our expertise, are unique strengths that SUBARU has cultivated over its long history. We believe that further deepening these strengths will be the driving force behind achieving sustainable growth even in an era of change.

Mixed-Model Production and Bridge Production



Mixed-Model Production

This is a system for continuously manufacturing multiple vehicle models and vehicles with different specifications on the same production line. We employ mixed-model production on all five lines at our production sites in Japan and the U.S., achieving efficient operation of our production equipment. Our expertise in producing a diverse range of vehicles—from minicars and standard passenger cars to OEM vehicles for other automakers—on the same line forms the foundation of our ability to respond to increasingly diverse future market needs amid the coexistence of ICE vehicles, HEVs, and BEVs.

Bridge Production

This system enables the same vehicle model to be produced at multiple plants and on multiple lines, allowing production allocation to be shifted flexibly. Even when temporary demand fluctuations arise due to factors such as changes in market needs and production-line upgrades, this makes it possible to optimize production across Japan and the U.S. and maintain the required production capacity.

Japan: Gunma Plant
(Ota City and Oizumi Town, Gunma Prefecture and Kitamoto City, Saitama Prefecture)

Main Plant: Levorg, Layback, Crosstrek, Impreza, BRZ, WRX
Yajima Plant: Outback, Forester, Trailseeker
Oizumi Plant: Manufactures engines and transmissions
Kitamoto Plant: Manufactures transaxles for next-generation hybrid systems

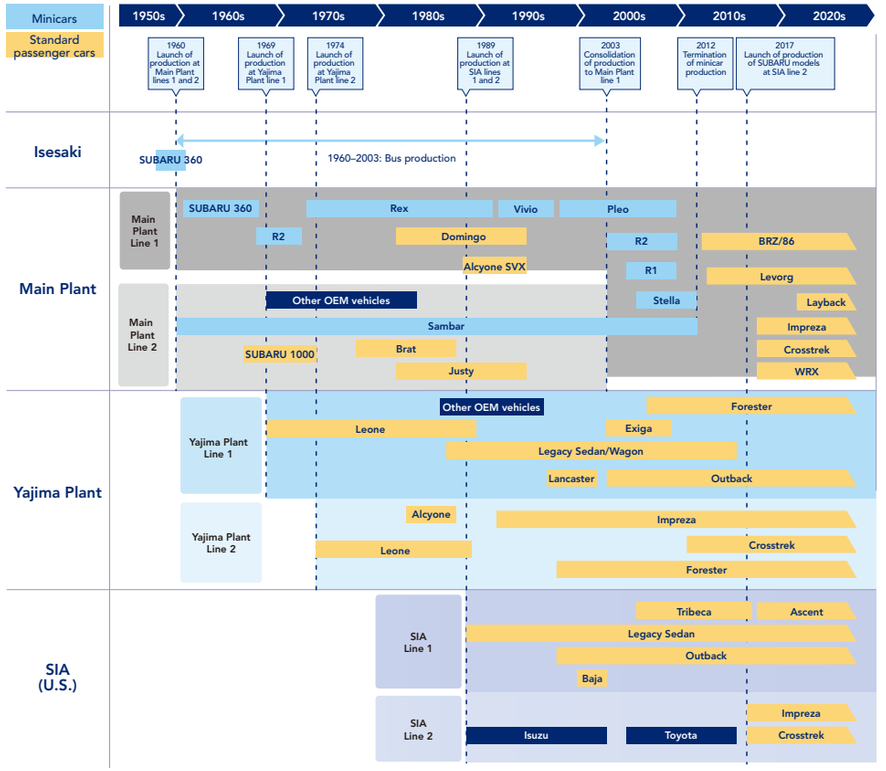


U.S.: Subaru of Indiana Automotive, Inc. (SIA)
(Lafayette, Indiana)

SIA: Forester, Crosstrek, Ascent



History of Mixed-Model Production



Manufacturing Capital

Reaching Ultra-Efficient Production

Further Evolution of Mixed-Model Production, Starting with BEV Production

As an initiative symbolizing the evolution of mixed-model production, we completed the reconfiguration of one of the two production lines at the Yajima Plant of the Gunma Plant in February 2026. The distinguishing feature of this line is that it expands the scope of mixed-model production along two axes: producing vehicles with different powertrains and vehicles with different Monozukuri philosophies on the same line. Through this initiative, we are further enhancing our ability to respond to demand fluctuations and building a next-generation Monozukuri foundation capable of efficiently producing a diverse range of products.

Specifically, in addition to the Trailseeker and bZ4X Touring BEVs jointly developed with Toyota Motor Corporation, we produce the Forester, our mainstay ICE SUV, on the same line. As such, producing vehicles with different powertrains, vehicle structures, design philosophies, and other characteristics on a single line requires sophisticated process design. For example, the platform structures that form the framework of BEVs and ICE vehicles differ significantly. Vehicles independently developed by SUBARU and those jointly developed with Toyota Motor also differ in their platforms, component configurations, process sequences, and other aspects due to differences in body design philosophies. The challenge of this mixed-model production initiative was accommodating these different characteristics and production requirements on a single production line, rather than separating them into individually optimized dedicated processes.

By leveraging the expertise in mixed-model production that we have cultivated over many years to optimize equipment and processes, we have built a production framework that can accommodate these differences within a single production system and achieve high production efficiency.

Examples of Initiatives on the Yajima Plant Mixed-Model Production Line



Battery Module Installation Process

BEV-dedicated processes, including this one, and processes specific to ICE vehicles are not in operation when the other vehicle type is being produced. By devising process configurations and promoting automation, we are working to reduce excess labor hours. This is one of many initiatives to ensure production efficiency on a mixed-model production line.

Rear Suspension Module Installation Process

This is a process where Toyota Motor and SUBARU differ in their approaches to Monozukuri, including process sequencing. By incorporating different process sequences for models developed independently by SUBARU and jointly developed models on the same line, we have achieved mixed-model production of vehicles reflecting different approaches to Monozukuri.



Using Bridge Production to Build a Production System Resilient to Change

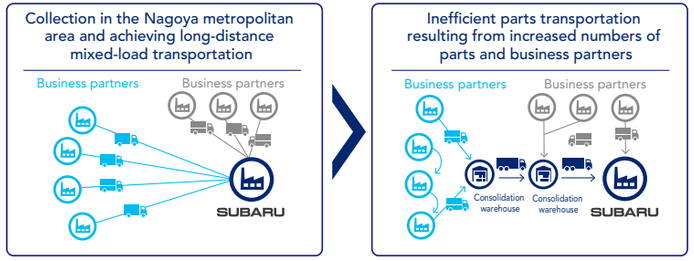
In 2025, the SUBARU Group reviewed the allocation of models produced at our sites in Japan and the U.S. and moved forward with a realignment aimed at improving production efficiency and responsiveness to changes in the external environment, including transferring production of Forester vehicles for the U.S. market to SIA and consolidating Outback production in Japan. This review of production models established a system under which the Forester, our highest-volume model, can be produced on multiple production lines in Japan and the U.S., depending on the destination market. Furthermore, beginning in fall 2026, we will further strengthen bridge production by establishing a system under which Forester vehicles for the U.S. market—our most important market—can be produced at the Yajima Plant in addition to SIA, where they are currently produced. This will enable us to select production locations more flexibly than ever before, in response to shifts in profitability and demand trends caused by changes in the external environment.

SUBARU's unique strength is its flexibility to select the optimal allocation of production in response to changing conditions, enabling us to pursue high utilization rates and efficiency without relying on scale. By further enhancing our production capabilities across Japan and the U.S., we will build a production system resilient to fluctuations and achieve sustained improvement in profitability.

Supporting the Evolution of Mixed-Model Production Through Logistics

In pursuit of ultra-efficient production, we have made ongoing efforts to improve logistics as well. At the Kitamoto Plant, which was renovated in 2024, we are improving work efficiency through measures such as upgrades to truck ports and loading/unloading areas. In addition, in April 2025, we established the position of Chief Logistics Officer (CLO) and created the new Logistics Division. By consolidating the logistics functions previously tied to the procurement, production, and sales teams and eliminating duplication and delays within the horizontal supply chain, we aim to create lean, simple logistics uniquely suited to our scale.

One initiative to make this vision a reality is logistics reform at the Yajima Plant in conjunction with BEV production. With the start of production of BEVs jointly developed with Toyota Motor, new suppliers in the Nagoya metropolitan area, joined our network, creating challenges such as longer transport distances for parts and lower load factors. To address these issues, in collaboration with Seino Transportation, which operates a nationwide transport and delivery network, we are establishing consolidation warehouses in the Nagoya metropolitan area and near our plants and building a system that combines high-volume, low-frequency trunk transportation with low-volume, high-frequency supply synchronized with production. We will also support the evolution of mixed-model production from a logistics perspective.





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Message from the CTO

We will evolve the value of mobility from a mere means of transportation into something that expands the range of actions and choices available to people and enriches their lives.

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

At SUBARU, our desire is to create a society in which everyone—including those who feel anxious about driving in their daily lives and the elderly—can expand their possibilities without constraints on mobility. Peace of mind with respect to mobility inspires people to take new actions and pursue new challenges, broadening the scope of their activities—making this a reality is SUBARU's mission.

Furthermore, SUBARU not only supports mobility but also values the experiences that lie beyond it. We also seek to create value beyond mobility, including enjoyable experiences and memories, connections with new communities, and extended healthy lifespans. As CTO, my desire is for SUBARU to always stay close to the expectations and desires of our customers and continue providing "Enjoyment and Peace of Mind" as a reliable partner. By realizing these through our technology and products, we hope to become indispensable to each and every customer and remain a partner that enriches their lives.

Rather than being solely technology-driven, we have pursued vehicle development rooted in challenges faced in real-world traffic environments. Based on the insights gained in this way, our engineers themselves apply the process of driving, feeling, considering, and quantifying even to areas that are difficult to express numerically, such as enjoyment and peace of mind—quantifying the differences in sensory qualities they perceive by drilling down to the underlying mechanisms, and translating the results into designs for vehicle behavior and controls. This design expertise, cultivated through this approach, is the SUBARU Group's intellectual capital and the core of our technological foundation and development capabilities.

SUBARU's Development Philosophy

SUBARU values an approach to development that is attuned to human senses, refined under actual usage conditions, and optimized across the vehicle as a whole. To meet customers' expectations—to travel without worry, to continue their daily mobility with ease, to visit places they want to go and enjoy new experiences, and to keep driving with peace of mind for years to come—we will refine the basic performance of driving, turning, and stopping and enhance our development capabilities to rapidly translate the value they seek into products. Furthermore, by continuing to refine product value even after our products reach the market, we will further evolve "Enjoyment and Peace of Mind" so that it earns trust over the long term.

Human Resources and Development System That Create "Enjoyment and Peace of Mind"

The strength of our human resources and organization underpins the development capabilities needed to deliver "Enjoyment and Peace of Mind." To realize the value we want to deliver to customers, we are establishing a system for cross-disciplinary design and verification from the early stages of development, while developing an organization in which each engineer not only enhances their own expertise but also works across departmental and disciplinary boundaries to build value into the vehicle as a whole. On that basis, we retain responsibility in-house for core technologies in competitive fields, while collaborating with suppliers and partners from the early stages of development and optimizing the vehicle as a total system, thereby achieving both quality and development speed. Furthermore, by bringing key technologies in-house and accumulating core design expertise internally, we are continuously enhancing product strength.

Under this framework, rather than piecemeal enhancement of areas such as safety, driving performance, usability, and connectivity, we are improving overall mobility experience quality by integrating these elements with one another. For example, in the area of safety, we deliver performance that enables people to travel with peace of mind by optimizing the EyeSight preventive safety and passive safety technologies across the vehicle as a whole. Our strength lies in developing products that integrate technologies and functions across different areas to realize the value of the vehicle as a whole. Going forward, we will continue to leverage these development capabilities to improve profitability and achieve sustainable growth.

Automotive Industry Environment

The automotive industry is currently undergoing a major transformation. In addition to the rise of emerging manufacturers and intensifying technological competition, customers' preferences and values are becoming increasingly diverse, fundamentally changing the assumptions underlying conventional automobile manufacturing. Moreover, policy trends in countries around the world, including approaches to electrification and environmental regulations, are becoming increasingly complex, and established automakers such as SUBARU are once again facing a situation in which

the international competitiveness of Monozukuri is being tested.

In this environment, vehicle development itself is evolving from hardware-centric development to a software-integrated focus, while designs that pursue overall optimization on a vehicle level rather than individual optimizations are becoming increasingly important. Moreover, as changes in markets and demand accelerate, rapid decision-making and the ability to respond flexibly from product planning through development and launch are becoming factors that determine competitiveness. While responding to these changes, it is important to further strengthen our development capabilities to rapidly bring distinctive SUBARU products to life.

Establishing Flexible Product Creation Capabilities Through Agile Development

Under SUBARU Management Policy 2025, we have set out the thorough pursuit of flexibility in "Monozukuri Innovation" as our approach to enhancing competitiveness. One way we are putting this into practice is by introducing and implementing agile development, with the aim of improving development speed and product realization capabilities and establishing a development system capable of dynamically adapting even to highly uncertain business environments.

We have introduced this agile development approach on a full scale, starting with BEV development. Under a cross-functional structure based on the "Obeya" (large-room) approach, we are pursuing the shortest possible process through swift decision-making and flexible execution, while advancing the establishment of an efficient development process and the cultivation of human resources capable of thinking and acting autonomously.

Advances in digital development also play an important role in enabling agile development to shorten development times while ensuring high quality. While simulation technologies that model physical phenomena to predict performance are widely used, driving feel—including the sense of reassurance and comfort while driving—relates to human perception and has been difficult to reproduce fully in a digital environment. In vehicle body development, we focused on how forces are transmitted to determine driving feel, which skilled engineers had traditionally perceived through evaluations of actual vehicles, and developed proprietary technology to analyze the underlying physical phenomena. This has enabled us to visualize energy transfer within the vehicle body, which had been difficult to capture, and reproduce tacit knowledge of driving feel development in a digital environment.

We have advanced digital development technologies across a wide range of areas, including Passive Safety, vehicle dynamics, and noise and vibration. Turning knowledge in areas that had been difficult to reproduce in a digital environment into an asset marked a major turning point. By transforming individual engineers' tacit knowledge into corporate assets that can be used across the organization and passed on to future generations, we are enhancing the overall vehicle from the early stages of development, both shortening development times and further improving product competitiveness.

Through these initiatives, progress has been made in establishing a development foundation in terms of technology, processes, and human resources, enabling us to flexibly determine the timing of development in response to demand trends while making maximum use of the technological assets we have cultivated. Currently, we are utilizing this flexibility to defer investment in BEV development in light of market conditions. Conversely, by strengthening our development foundation, we are enabling product launches in a significantly shorter period than under the conventional development process when demand rises—in other words, a "vertical ramp-up" (rapid launch of mass production).

Furthermore, we are also leveraging the approaches and human resources cultivated through agile development in the development of ICE vehicles. Members with experience in agile development are leading these efforts, enabling them to think freely beyond conventional frameworks and make swift decisions, thereby advancing product development that can respond promptly to increasingly diverse market needs and sustainably strengthening our competitiveness.

Evolution of Safety Technology and Its Implementation in Next-Generation Vehicles

We have identified issues based on analysis of actual accident data and cases and have advanced our technologies in the areas of Preventive Safety and Passive Safety. Through consistent initiatives spanning the identification of such issues, technology development, and deployment in vehicles, we are enhancing safety performance across the vehicle as a whole.

Evolution of Passive Safety Technology

SUBARU has been working to enhance its Passive Safety technology, aiming to protect everyone—including vehicle occupants, pedestrians, and cyclists—in the event of a collision. For occupant protection, the Subaru Global Platform, designed to efficiently absorb shock from collisions, is combined with a cabin structure using high-strength materials to provide protection in collisions from all directions—not only the front, but also the sides and rear. In addition, by enhancing safety equipment, including knee airbags and seat cushion airbags, we are improving protective performance in accordance with occupants' physiques and collision conditions.



We have also focused on protecting pedestrians and cyclists and, in addition to impact-absorbing vehicle body structures, have continued to enhance and deploy pedestrian protection airbags. Furthermore, the sixth-generation Forester (Japanese market specification), announced in April 2025, was the first vehicle in the world to feature a pedestrian protection airbag that also protects cyclists, which extends coverage to the cyclist head impact area. Through this innovation, SUBARU is working to improve safety for pedestrians and cyclists.

Based on the concept of mutual safety, which aims to mitigate damage to both vehicles involved in any accident, we are also further enhancing safety performance by optimizing structural design and using computer simulations to identify worst-case scenarios among conceivable

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collision patterns and implement countermeasures. Through these initiatives, we enhance overall vehicle safety performance and have earned high ratings in safety performance assessments conducted by third-party organizations.

In May 2026, the Forester for the Japanese market achieved the highest score in the overall assessment, which includes collision safety performance, preventive safety performance, and an automatic emergency call system, in the Japan New Car Assessment Program (JNCAP) conducted by the Ministry of Land, Infrastructure, Transport and Tourism and the National Agency for Automotive Safety and Victims' Aid (NASVA), and received the JNCAP Best Award. These positive evaluations have been earned by optimizing safety performance across the entire vehicle from the development stage and advancing technologies in an integrated manner.

Accumulated Preventive Safety Technology

For many years, SUBARU has advanced Preventive Safety technologies centered on EyeSight and worked to improve accident prevention performance by enhancing its capabilities to recognize the vehicle's surroundings, make decisions, and control the vehicle. Rather than simply equipping vehicles with technology, we have integrated these technologies into the design of the vehicle as a whole and offered them at prices affordable to many customers, thereby promoting the widespread adoption of advanced safety technologies, with an emphasis on contributing to the reduction of traffic accidents in the real world.

The stereo cameras at the core of EyeSight use two cameras, much like human eyes, to capture objects in three dimensions, enabling the system to accurately obtain more information than radar about their distance, shape, and movement and to more accurately recognize vehicles, pedestrians, road geometry, and more. We have been developing this technology for more than 35 years, making continual improvements through repeated accident analysis and verification under real-world driving conditions. As a result, since this technology was first implemented in 2008 in Japan, cumulative global sales have reached approximately 8.5 million units as of June 2026.

Furthermore, we are overlaying AI technology on this three-dimensional recognition data to improve the accuracy of object identification and situational understanding in complex traffic environments. By combining distance information from stereo cameras with AI's recognition capabilities, we enable stable recognition and decision-making even in diverse environments, such as snow-covered roads, rainy weather, and intersections.

In addition, the software supporting these recognition, decision-making, and control functions is developed in-house, with our engineers constantly collecting data and conducting verification and refinements in a range of real-world environments around the world to achieve control that feels natural without driver unease. This ongoing in-house refinement of the entire process, from recognition through control, underpins EyeSight's competitiveness.

Such safety technologies are supported by a vertically integrated development system in which we design everything in-house, from semiconductors and software to integrated vehicle control.

Vertically Integrated Development System Supporting Hardware-Software Integration

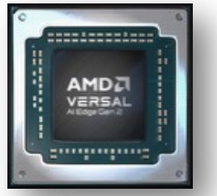
Vehicle manufacturing is transitioning to an era of functional enhancements through software. To address this, we are building a framework that enables us to design everything in-house, end to end, from semiconductors and software to integrated control of the entire vehicle.

Background and Objectives for Entering the Semiconductor Domain

As noted above, we have prioritized delivering advanced safety technologies to a wider range of customers. To carry this approach forward into the next generation, it is essential to balance further improvements in safety performance with cost competitiveness.

At the same time, the more advanced EyeSight's recognition, decision-making, and control become, the more information the semiconductors supporting these functions must be able to rapidly process. Generally, such advances tend to lead to increases in circuit scale, power consumption, and cost. Conventionally, automakers have purchased general-purpose semiconductors from manufacturers and developed only the software running on these products. These specifications have included many unnecessary functions, imposing constraints on performance, cost, and the pace of evolution.

To address these challenges, we are involved in semiconductor development from the planning and design stages through joint development with their manufacturers and are working to optimize specifications. Because we can take an integrated view of everything from semiconductor circuit design at the soft IP level, through the software that runs on it, to integrated vehicle control achieved by coordinating multiple ECUs, we can identify the functions truly needed in our vehicles and pursue the optimal balance of performance, power consumption, and cost. Through these initiatives, we are optimizing the semiconductor as part of the overall system that supports the evolution of EyeSight, rather than as a stand-alone component.



Versal™ AI Edge Series Gen 2

Design Capabilities That Extend to Semiconductor Functional Safety

Further enhancing EyeSight's performance requires computing power capable of processing more information faster and more accurately. For next-generation EyeSight, we have adopted the

Intellectual Capital

Versal™ AI Edge Series Gen 2 SoC (System on a Chip) from global semiconductor leader AMD, and are designing and customizing in-house the core section dedicated to stereo-camera recognition processing and AI inference processing as circuitry specifically for SUBARU.



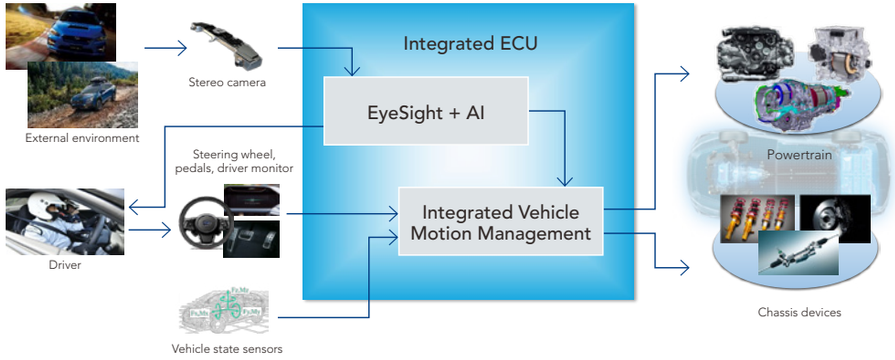
Also, in November 2025, we obtained ASIL-C certification for this in-house-developed circuitry under ISO 26262, the international standard for automotive functional safety, from a third-party certification body. ASIL-C indicates a high safety level required even for critical functions involving human life, such as collision avoidance and emergency braking, and this case marks the first time a Japanese automaker has obtained ASIL certification in the semiconductor field.*

Traditionally, functional safety certification for automotive semiconductors has been generally obtained by semiconductor manufacturers. The fact that we, as a finished car manufacturer, obtained this certification indicates that we have established the entire process in-house, from semiconductor design through to demonstrating its safety in accordance with international standards. With this system in place, we are advancing the evolution of advanced safety technologies responsible for recognition, decision-making, and control on our own initiative and at our own pace, without relying on semiconductor manufacturers' development cycles.

* Based on results certified by SGS Japan Inc. as of November 21, 2025.

Evolution of Vehicle-Wide Control

The key to translating these initiatives in the semiconductor field into vehicle value is the Integrated ECU. The Integrated ECU is responsible for coordinating EyeSight's recognition of the external environment and AI-based decisions with electric power unit control and vehicle motion control to achieve optimal behavior for the vehicle as a whole. Going forward, with the Integrated ECU at the core, we will expand vertically integrated development that takes an end-to-end view of everything from semiconductors to vehicle control, thereby achieving both development speed and cost competitiveness and further evolving SUBARU's distinctive "Enjoyment and Peace of Mind."



E/E Platform Supporting Integrated Control and a Mechanism for Continuous Evolution

The E/E platform provides the foundation for applying, to maximum effect across the vehicle as a whole, our strength in designing and customizing everything from semiconductors to software in-house. Under the E/E platform, we will develop integrated control of the entire vehicle, establishing a system that enables recognition results to be optimized as overall vehicle behavior. Under this framework, we will coordinate EyeSight's recognition of the external environment with vehicle motion control to achieve more natural control without driver unease and support ongoing software-driven functional enhancements. Greater flexibility in drive control and the expansion of the scope of control enabled by software are making optimization of vehicle behavior itself even more important, and we believe this is an area where we can demonstrate our strengths.

Furthermore, by using feedback from retailers and customers in addition to vehicle data obtained through connected technologies, we will quickly identify issues encountered in actual use and incorporate the findings into development. This series of mechanisms makes it possible to continue enhancing the value of vehicles not only during development but also after they reach the market, and based on these mechanisms, we aim to ultimately advance toward optimization tailored to each customer's usage environment.

Connecting to Customer Experience Value

While the individual functions of today's automobiles have become increasingly sophisticated, there is still room for further evolution in integrating recognition, decision-making, and control to optimize overall vehicle behavior. In particular, in areas such as controls that feel natural to the driver and anticipatory optimization of vehicle behavior, small differences can have a significant impact on the value of the experience. Greater peace of mind while driving, reduced fatigue, and the ability to drive in a range of environments expand the range of customer activities and foster trust in and attachment to the brand, supporting repeat purchases and long-term customer relationships. Optimization of vehicle behavior is central to product competitiveness. By continuing to refine this area, we will further advance safety performance, differentiate the product experience, and build a foundation for sustainable value creation.

The SUBARU Group's intellectual capital lies in the technologies it has built up over many years and the design capabilities of engineers who continue to refine them in real-world traffic environments. As CTO, I will further advance these capabilities and deliver "Enjoyment and Peace of Mind" to as many customers as possible, thereby encouraging people to take action and embrace challenges while achieving both a reduction in traffic accidents and enhancement of corporate value.

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Intellectual Property Supporting Value Creation

Basic Intellectual Property Policy

Amid rapid changes in the business environment, we revised the Basic Intellectual Property Policy in June 2025 to achieve sustainable growth and enhance corporate value over the medium to long term.

1. We will strengthen efforts to plan and implement initiatives utilizing intellectual property to support the resolution of various issues related to management strategies, business activities, and product development.
2. To protect and enhance the SUBARU brand, we will strengthen efforts to create intellectual property through "Monozukuri Innovation" and "Value Creation" and appropriately manage our intellectual property portfolio.
3. We respect the intellectual property rights of others and will thoroughly conduct patent clearance activities in product development to avoid infringement of third-party intellectual property rights.
4. To protect customers from illegal counterfeit products and imitation activities and enable them to use our products and services with confidence, we will strengthen initiatives aimed at their eradication.

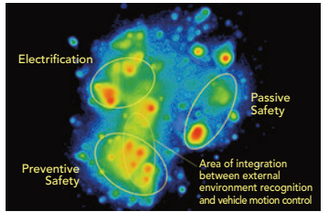
Formulation of Intellectual Property Strategies

Based on the above policy, we have formulated intellectual property strategies to strategically build and utilize an intellectual property portfolio directly linked to addressing SUBARU's issues, in order to establish a competitive advantage and maximize the value of intellectual property.

Taking into account differences in business characteristics and business environments, we devise intellectual property strategies tailored to the Automotive Business and Aerospace Business. For the Automotive Business, the CTO and the heads of divisions responsible for areas such as planning, development, and manufacturing participate in formulating and implementing strategies at the Intellectual Property Strategy Committee. For the Aerospace Business, the president of the Aerospace Company participates in strategy formulation and implementation at the Intellectual Property Strategy Committee.

Status of the Intellectual Property (Patent) Portfolio

We have continually advanced Preventive Safety and Passive Safety as technologies to enhance safety performance and have built a patent portfolio centered on achievements gained through technology development. Furthermore, based on the premise that BEVs will play a central role in the medium to long term, we are also strengthening our electrification patent portfolio centered on achievements gained through technology development for in-house-developed BEVs.



A text mining-based heat map showing patent count density, focusing on priority areas for patents held.
(Prepared by SUBARU using VALUENEX's VALUENEX Radar software)

Topics Patent Portfolio for Technologies Integrating External Environment Recognition and Vehicle Motion Control

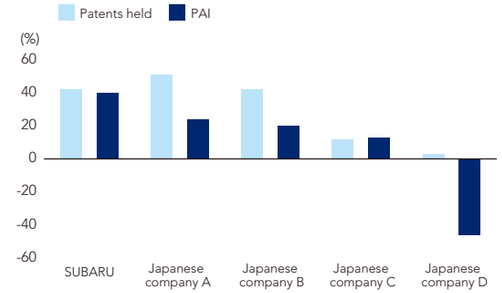
SUBARU has filed patent applications for development results related to technology integrating external environment recognition and vehicle motion control, an aspect of vehicle performance that customers experience every day.

The growth rates in the number of patents held and PAI* over the last five years are among the highest compared with Japanese automakers, and we have built a high-quality patent portfolio that helps us demonstrate our strengths in this technology field. We will continue to convert technologies that support value creation into intellectual property.

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

Technologies Integrating External Environment Recognition and Vehicle Motion Control

Change in Patents Held and PAI (Percent Change at End of 2025 vs. End of 2020)



Third-Party Evaluations

SUBARU was named one of the Clarivate Top 100 Global Innovators 2026, its first inclusion among the world's 100 most innovative companies and organizations as evaluated by Clarivate Plc, a U.K.-based information services company. Evaluation for inclusion in the Clarivate Top 100 Global Innovators is based on patents held by companies and organizations worldwide using Clarivate's proprietary patent research and analysis platform across four dimensions: influence, success, rarity, and investment. This new accolade for SUBARU was earned based on high ratings in influence and success, while its Advanced Driver Assistance System (ADAS) was highly rated in terms of technologies.



Subaru Named to Clarivate Top 100 Global Innovators 2026

https://www.subaru.co.jp/news-en/2026_01_22_112235/

For details on intellectual capital, please see the Sustainability Website.

https://www.subaru.co.jp/en/csr/governance/risk/ip.html

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Message from the CHRO

Harnessing connections to turn diverse ambitions into true competitiveness

Hideyuki Kusabuka Executive Officer, CHRO (Chief Human Resources Officer)

Our business environment continues to change at an unprecedented pace. In an era of uncertainty in future outlooks, we believe that the power of people and organizations—that is, the ability to adapt flexibly to change and continue creating new value—is an important form of management capital that can determine a company's future. In particular, for SUBARU, a relatively small company within our industry, maximizing and combining each individual's expertise, experience, and commitment to strengthen human capital will be key to sustainable growth and enhancing corporate value. For SUBARU, which is committed to human-centered Monozukuri, unlocking this power means building a strong business foundation.

Based on this approach, we will continue to pursue the realization of "truly competitive people and organization," which we have set forth as the desired state of our human capital management, and the four defined elements of that concept. This is because we believe that these four elements must function mutually at a high level to realize SUBARU Management Policy 2025 and provide strong support for sustainable growth beyond it.

Over the past year, workplace-led ambitions have steadily increased and are gradually beginning to yield results and organizational change. Alongside these developments, both the engagement score and the scores in all categories of the employee attitudes survey have improved for two consecutive years. It is encouraging to see the ongoing progress even in a business environment of future uncertainty, and we are witnessing a steady increase in both workplaces stepping up to take on challenges and employees seeking to improve the status quo, even if only slightly.

The reality, however, is that such changes in awareness and ambitions within each workplace have not naturally spread throughout the Company. SUBARU has long had a saying: "First person to speak up loses." People who courageously took steps forward were blocked by organizational barriers and decision-making structures, unable to gain support or empathy from those around them, and gradually lost momentum. This saying emerged from the field to describe such a situation. By dismantling this structure in which such ambitions went unrewarded and fully unleashing people's passion, we will ensure that success stories do not remain isolated initiatives by a select few, but spread throughout the Company. That is the role I believe I must fulfill as CHRO.

I am convinced that the foundation of our competitiveness—and the key to achieving this—comes from human resources who enjoy taking on challenges, as well as connections. Through building my career across various departments, I have come to recognize that many of my colleagues are driven by a desire to make SUBARU better and deliver greater value to customers. I believe that the history we have built by continually refining our efforts to deliver "Enjoyment and Peace of Mind" to customers has cultivated an environment in which diverse individuals can work toward a common goal. In addition, our relatively small size within the industry means that people are close to one another and can easily connect with colleagues who share the same aspirations. That is why, once an ambition emerges and is recognized, it spreads quickly, and when those who share that ambition come together, they can exert great strength. I believe that we can make being small a strength rather than a constraint.

To turn these strengths into solid competitiveness, we are strengthening initiatives to make ambitions visible, support them, and connect them. Mechanisms such as the SUBARU Movement Index (SMI) ensure that people who take on challenges do not go unnoticed, connecting them with colleagues who share their aspirations, and supporting them across the Company. Although this initiative was only launched in FYE March 2027, new collaboration is already emerging and efforts to take on challenges are beginning to spread. We will continue to strengthen mechanisms that connect people with people, organizations with organizations, and ambitions with ambitions, as well as systems that celebrate ambitions and reward achievements. In doing so, we will build an organization where one individual's courageous first step inspires people to empower one another and combine their respective strengths to produce even greater results.

Since assuming the role of CHRO last year, my role and responsibility in decision-making concerning people and organizations have grown even greater. We have also steadily put in place a framework that enables management to act more decisively and swiftly on the "focus on people" approach that we have long valued. Precisely because we live in a time where the right course of action is unclear, rather than stand still, we in management will accelerate the creation of frameworks that support investment in our people and efforts to take on challenges, while sharing the mindset of "try first, learn, and improve."

We will transform steadily sprouting and expanding ambitions into a swell of momentum across the entire SUBARU Group. And we will channel that swell into the realization of SUBARU Management Policy 2025 and sustainable enhancement of corporate value.

Human Capital

Overview of Human Capital Management

Guided by our human-centered Monozukuri, we have continued to refine the distinctive value that defines SUBARU. In the process, to respond to business expansion and technological advancement, we divided functions by area of specialization and built an organization designed to deepen expertise in each area, thereby driving growth.

However, as the pace of environmental change increases, the ability to act in an agile and flexible manner across the Company is essential. The key to enhancing our ability to adapt to change, as a company with limited management resources, is to build an organization that can continue creating value by combining the knowledge of diverse human resources. People are the driving force behind this, and how effectively we can translate investments in people and the organization into growth will determine our competitiveness.

Based on this understanding, we have defined the organizational capabilities required to maintain growth in an era of change as four elements toward achieving our ideal state of "truly competitive people and organization."

Truly competitive people and organization

Each individual's abilities are maximally demonstrated

We believe that creating an environment in which the abilities nurtured from the diverse personalities, values, experiences, and backgrounds of employees can be fully demonstrated creates innovation and enables the sustainable creation of uniquely SUBARU value.

Results are rapidly achieved by focusing on core business functions

Building on the optimal placement of talent and a focus on core work made as efficient as possible through AI and other means, we aim to create an organization that can make decisions and act swiftly by transforming work practices so they are unconstrained by precedent.

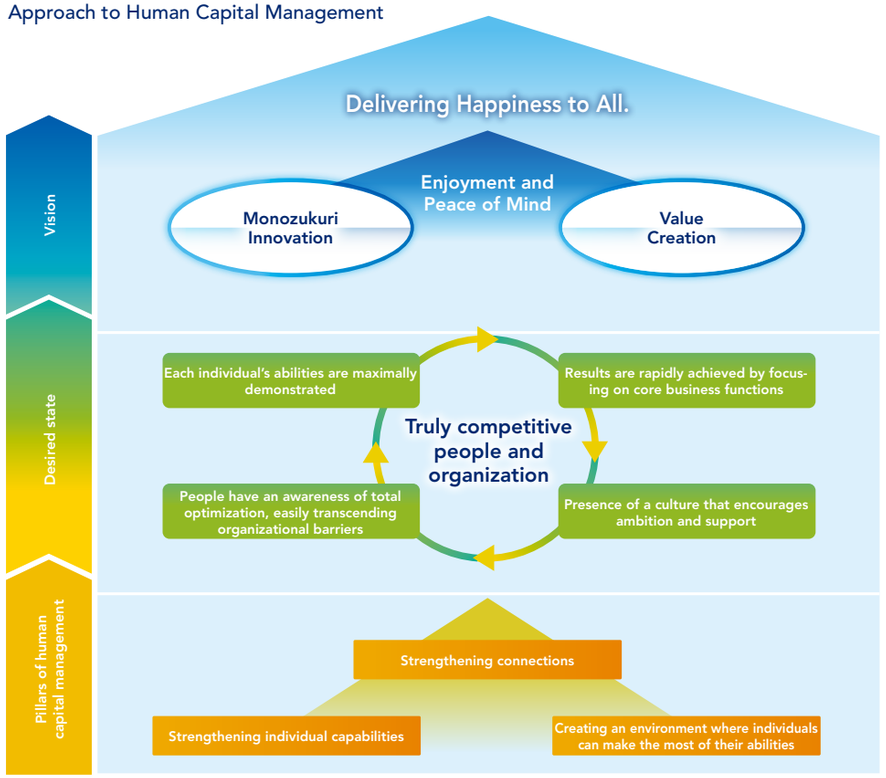
People have an awareness of total optimization, easily transcending organizational barriers

We will strengthen initiatives to learn about SUBARU as a whole and other departments, encouraging employees to take ownership of Company-wide issues in realizing SUBARU Management Policy 2025. Through these efforts, we aim to bring together the strengths of diverse human resources in flexible collaboration across departmental boundaries to create value.

Presence of a culture that encourages ambition and support

We aim to foster a culture in which each individual is encouraged to take on further challenges, colleagues connect with one another, and the entire organization provides support and works alongside them, thereby enabling human resources with a strong drive to take on challenges to lead the entire Company.

Approach to Human Capital Management



The four elements that make up "truly competitive people and organization" are not independent goals. Even if only one element is enhanced, it will not function sufficiently unless the other elements are also enhanced; only when all four elements are enhanced simultaneously will it be possible to respond flexibly and swiftly to changes in the environment.

Based on this thinking, we redefined the three pillars of our human capital management. The first two are "strengthening individual capabilities," which links each employee's autonomy to reliable growth, and "creating an environment where individuals can make the most of their abilities," which removes constraints and hesitation that impede the exercise of those abilities. With these two axes as the foundation, we have established the priority theme of "strengthening connections," which brings together the strengths they generate and amplifies them further through a culture of collaboration and ambition.

Through these three axes, we will transform the power of our people and organization into sustainable value creation, leading to the realization of SUBARU Management Policy 2025 and to growth beyond it.

Human Capital

Current State and Signs of Change

Employee Attitudes Survey and Engagement Score

Since FYE March 2018, we have conducted an employee attitudes survey each year. For sustainable growth, we strive to understand each employee's honest thoughts about the Company, including their daily work, organizational culture, and work environment, and to address people-related and organization-related issues. Survey results are used to promote personnel policies, as well as to identify issues and formulate countermeasures at each workplace.

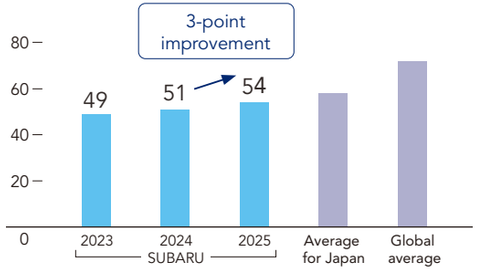
The employee engagement score calculated from survey results is positioned as one of our key management indicators to evaluate SUBARU's efforts. Our target score has been set as 70% by 2028. Since FYE March 2023, the amount (points) of improvement in the engagement score has been used as a qualitative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

2025 Employee Attitudes Survey

Eligible respondents	Eligible respondents: 20,094 Respondents: 18,884
Response rate	94%
Survey period	October 10, 2025–October 30, 2025
Question content	Multiple-choice questions: 16 categories 84 questions Free-answer questions: 2 questions

Employee Engagement Score

Calculated as the average of the rate of positive responses measured in five questions covering "Are you motivated to contribute and loyal to the Company and willing to make a voluntary effort?"



The engagement score calculated from the FYE March 2026 survey was 54% (response rate: 94%). Since FYE March 2024, the score has continued to show statistically significant improvement, and all survey question categories have also improved for two consecutive years. Although we have yet to reach our target score, we view this result not simply as an increase in satisfaction, but as a sign that each workplace is identifying issues on its own and beginning to take action toward change.

On the other hand, the positive response rate related to management strategy and business processes remains low despite improvement, and the gap with the average for Japan remains large. In particular, there have been many requests for improvements related to organizational barriers and the speed of business operations, which we recognize as issues requiring focused attention.

Growth Challenges

Analysis of issues identified through free-answer comments in the employee attitudes survey and workplace interviews revealed a need at many workplaces to address organizational barriers and slow decision-making.

Reasons for Barriers and Speed Issues

- As the business expanded and technologies grew more advanced, greater functional specialization established a reliable operating structure; however, goals became fragmented, fostering an unconscious tendency to prioritize one's own department.
- While an approach to work that emphasizes a high degree of certainty is one of SUBARU's strengths, amid accelerating change in the business environment, interdepartmental coordination and decision-making can take time.

Underlying Issue: Functionally Segmented Operating Structure Preventing Connections with Colleagues

- In some situations, even when people want to take on the challenge of changing the way work and organizations are structured, it is difficult to naturally connect with potential collaborators, colleagues with necessary insights, or decision-makers.
- As a result, those striving for change become isolated and exhausted, and their ambitions come to a halt.

The issues identified by the FYE March 2026 survey underscored the continued importance of "strengthening connections," which we have promoted as a priority theme since FYE March 2025. We will link signs of steady change in workplaces to a Company-wide swell of momentum and take strong action toward "truly competitive people and organization."

Topics Strengthening Human Capital Management Globally

Even in North America, our most important market, each subsidiary conducts an employee attitudes survey using an external organization and works to identify issues and make improvements. Among these, SOA, Inc., which handles sales operations, achieved an engagement score of 87 points* in FYE March 2026 (response rate: 81%), well above the external benchmark in the same survey. Going forward, we will continue to promote Group-wide sharing of perspectives on issues and initiatives to accelerate human capital management.

* The calculation method differs from that of SUBARU's engagement score.

SOA's Main Initiatives in Human Resources	Initiative Impact
• Providing ongoing training on respect for diversity and inclusion • Strengthening communication between organizational levels • Manager-led optimization of workloads	• Greater trust in senior management and supervisors • A more facilitative workplace environment

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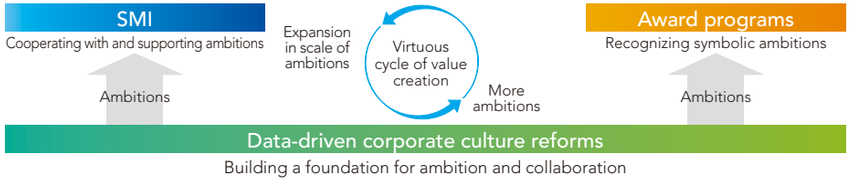
Strengthening Connections: Interconnecting Power We Have Created for Further Growth

To generate intensive collaboration across organizational boundaries while leveraging the advanced and diverse expertise cultivated through the division of labor, we have positioned "strengthening connections" as a key pillar of human capital management.

We are pursuing initiatives to enhance competitiveness by strengthening the following four kinds of connections in an integrated manner.

Connecting with management Understanding the role one's own work plays in realizing SUBARU Management Policy 2025 and taking independent action	**Connecting with the organization** Strengthening coordination and collaboration across departments and creating a foundation for agile and flexible action
Connecting with people Creating an environment and opportunities for colleagues to find one another and encouraging them to take the first step toward action	**Connecting with ambitions** Spreading ambitions arising throughout the Company and nurturing them into greater value

Mechanisms for Transforming Stronger Connections into Competitiveness



SUBARU Movement Index (SMI): Supporting Ambitions and Collaboration to Create a Company-Wide Swell

The SMI is an initiative at the core of strengthening connections. It is a platform that seeks to address the structural issue of employees being unable to see others' aspirations or find collaborators by making ambitions emerging in workplaces visible and sharing them with employees across SUBARU. By supporting connections across individual and organizational boundaries through the SMI, we aim to promote collaboration and spread a culture that encourages ambition throughout the Company.

Under the SMI, we will certify workplace-driven projects that contribute to Company-wide corporate culture reforms and productivity improvements, track the rate of employee participation relative to activity targets and the activity members' perceived level of support, and calculate the index periodically. The SMI is used to visualize whether ambitions are developing beyond the confines of individual people or workplaces into an organization-wide movement, helping these activities grow and supporting further collaboration.

We have currently certified six projects and continue to provide regular updates on the process of each ambitious endeavor. There have already been cases in which information sharing has fostered collaboration among employees who previously had no connection with one another, leading to the expansion of operational improvement activities.

In FYE March 2027, which we have designated as the launch phase, we will seek to gain Company-wide awareness of the platform for visualizing ambitions while advancing the development of a growth support model for certified projects in preparation for the following fiscal year.

By using the SMI to bring new ambitions and connections to the entire Company, we will create an organization where diverse human resources can take on challenges, collaborate, and transform the power of human resources into value.

Award Program: Inspiring New Ambitions Through Recognition

We recognize those who have led transformation through proactive challenges and confer a range of internal awards to show what the concept of "truly competitive people and organization" looks like in practice.



President's Award ceremony

Among these, the President's Award is a Company-wide event that recognizes symbolic achievements and the processes of taking on challenges toward realizing SUBARU Management Policy 2025, strengthening the SUBARU brand, and becoming "One SUBARU." The ceremony is streamed online, not only enhancing recipients' pride and sense of unity, but also breaking down the reservations and hesitation of employees with respect to taking on challenges, and motivating them to take the first step toward new ambitions.

A range of other recognition programs are also in place, including presentation events that recognize outstanding examples of operational improvements, primarily at manufacturing sites, and awards at the division level. Going forward, we will continue to position awards as an important opportunity to advance human capital management and further develop the program to accelerate the spread of recognition and ambition throughout the Company.

The New Corporate Culture Transformation Office: Implementing Data-Driven Corporate Culture Reforms

The autonomous and sustainable growth of individual workplaces is essential to achieve strong connections across SUBARU, due to their key role in this effort. In April 2026, we established the Corporate Culture Transformation Office within the Human Resources & General Administration Division as the organization responsible for driving this effort. By establishing an independent organization to perform the corporate culture reform activities previously handled by part of the Human Resources Department, we are accelerating human capital management across the Company.

Data-driven corporate culture reforms are at the core of initiatives led by the Corporate Culture Transformation Office. By concurrently pursuing both "establishing and visualizing the process by which workplaces become more vibrant" and "creating workplaces where employees can engage with data, accurately understand current conditions, and implement solutions to issues," we aim to build a sustainable growth cycle. As one step toward achieving this, we are working to implement a system that will make it easy to compare employee attitudes survey results over time and across departments. We will create an environment that enables each workplace to promptly understand its current state and formulate and implement countermeasures.

The Engineering Division launched this initiative ahead of the rest of SUBARU beginning in FYE March 2026, and an improvement cycle has taken root there where each workplace independently cycles through current state assessment and corresponding actions. The positive impact from this initiative is clear in the division's improved engagement score and greater workplace vitality. In light of these results, we have now completed the rollout to the Monozukuri Division and other organizations, and will continue to consider expanding the initiative Company-wide based on the achievements to date.

In addition, human resources units previously focused on promoting measures common across the Company. Now, the Corporate Culture Transformation Office provides ongoing support for each workplace's proactive improvement efforts, thereby encouraging independent workplace improvements. The Corporate Culture Transformation Office will visualize the achievements of each workplace and strengthen the sharing and broader application of knowledge across workplaces to make "strengthening connections" a reality through both initiatives and systems.

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Strengthening Individual Capabilities: Developing and Expanding Programs That Respond to Employee Motivation and Build on Their Strengths

The source of the power that "strengthening connections" brings together and amplifies lies in each individual's ability to demonstrate their capabilities. For this reason, we believe that strengthening individual capabilities will be the starting point for significantly enhancing our competitiveness.

Under the concept of moving from equality to equity, we provide support tailored to each employee's motivations, abilities, and career aspirations. By enhancing opportunities to pursue self-directed upskilling and take on challenges for growth, while establishing a system that appropriately evaluates and rewards achievements and demonstrated capabilities, we will empower employees to thrive.

Cultivation Fund: Cultivating Individual Skills and Harnessing Them as Organizational Strengths

This fund enables employees to independently seek out learning opportunities that will enhance their organization's competitiveness. Employees can receive full funding for the associated training expenses for approved opportunities. Since its introduction in June 2024, total financial support provided has exceeded 18 million yen. By supporting highly motivated individuals and developing professionals, we will drive transformation.

The Choko-Job (Internal Gig) Program: Creating Opportunities to Put Skills to Use

Newly introduced in FYE March 2027, this program lets employees apply to use part of their working hours to participate in tasks or projects in other departments, while continuing to perform their duties in their own departments. We aim to create new interactions across departments while fostering each individual's self-directed career development.

Open-Call Job Rotation: Enhancing Organizational Competitiveness Through Individual Capabilities

Based on the belief that the optimal placement of talent is essential to effectively leveraging individual capabilities, this system supports each employee in bringing their own career visions to fruition. In the five years since introduction of this system, approximately 400 employees have gained new career opportunities. In addition to strengthening individual capabilities through career support, the system also strengthens the organization through benefits from mobility of human resources.

Specialist System: Rewarding Globally Competitive Skills and Achievements

This system was introduced in FYE March 2022 so that engineers who possess exceptionally advanced expertise and technical capabilities and serve as a source of the Company's competitiveness can be certified as specialists and appropriately assessed and rewarded. Certification is conducted through reviews each fiscal year, and the system helps enhance engineers' motivation and career development by encouraging further contributions at SUBARU and the development of the next generation.

Creating an Environment Where Individuals Can Make the Most of Their Abilities: Building a Foundation for Transforming Diverse Individual Capabilities into Organizational Capabilities

SUBARU 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 promoting initiatives to ensure that each employee can confidently demonstrate their diverse individuality and unique abilities to the fullest, including sharing our desired direction, enhancing job satisfaction, and improving productivity.

Streaming Unedited Labor-Management Consultation Videos: Building a Shared Understanding of Management Challenges

The Company's labor-management consultations focus on substantive discussions aimed at the Company's sustainable growth, and video footage of the proceedings is streamed to all SUBARU employees in full, without editing. During the spring labor-management negotiations in March 2025, a total of five discussions were streamed in 31 videos, which received more than 150,000 cumulative views. By conveying the energy of these dialogues with a high degree of transparency, we are helping to build trust with management and foster an accurate understanding of the business environment and the Company's initiatives.

Building Plants Workers Prefer and Communities Value

Based on the belief that enhancing the appeal of our plants as manufacturing sites is essential to the stable and sustainable growth of our business, we launched a project to advance a combination of initiatives, including further improving the safety and comfort of employees working at our plants, enhancing their pride in their work and sense of growth, and undertaking activities aimed at co-creation with local communities. Through these initiatives, we aim to create plants that people will continue to love and prefer for years to come.

Enhancing AI Utilization: Selection and Concentration of Operations

To create greater value with limited management resources, the Corporate Planning Division, the Human Resources & General Administration Division, and the IT Strategy Division are collaborating to promote Company-wide use of AI. Training for all executives and managers was completed as of the end of September 2026. By utilizing AI as a foundation to support each individual in demonstrating their abilities, we are working to create an environment in which they can focus on work with greater added value.

Creating a Diverse Organization: Promoting Active Roles for Female Employees

At SUBARU, we believe that promoting active roles for female employees is an important part of empowering diverse human resources, and we are advancing initiatives from four perspectives: 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.

Number of female managers	
KPI in 2030:	100
As of June 2026:	53
Female associate managers and equivalent:	164

For details on DE&I initiatives, including promoting active roles for female employees, please see the Sustainability Website.

https://www.subaru.co.jp/en/csr/social/resources/diversity.html

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We will support agile management from a financial perspective and aim to achieve sustainable growth and maximize corporate value.

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

Maximizing Corporate Value

The SUBARU Group has grown by establishing a unique position, centered on a solid sales base and strong brand in the U.S. market. We have also leveraged our compact corporate scale to demonstrate the agility to respond swiftly to change in all activities, from development and manufacturing to sales, and pursued strategies that differ from those of major automakers. One example is how relevant departments across the Company work in close collaboration to optimize supply and demand by flexibly revising production and shipment plans in response to changes in market demand, thereby achieving high plant utilization rates and sales efficiency.

Meanwhile, in the current business environment, U.S. tariff policy and environmental regulations are changing rapidly and affecting our business foundation. To continue growing even under these circumstances, I believe it is essential that we further refine our strengths and make our business foundation even more resilient. In SUBARU Management Policy 2025, announced in November 2025, we presented three initiatives aimed at strengthening the resilience of our business foundation: (1) "Cost Innovation 20-30," which targets cost reductions of around 200 billion yen; (2) achieving global sales of 1.2 million-plus units in the first half of the 2030s; and (3) expanding value chain profit. I am confident that all of these can be achieved by leveraging the agility we possess and working together as a united SUBARU.

I recognize that the role I must play as CFO is very important in maximizing corporate value. With a focus on improving capital efficiency, I will execute capital policy in an agile manner, help strengthen the resilience of our business foundation from a financial perspective, and contribute to maximizing corporate value.

Review of Performance in FYE March 2026 and Outlook for FYE March 2027

Review of Performance in FYE March 2026

Production volume and units sold were lower than in the previous fiscal year due to temporary production constraints at plants in Japan associated with preparatory construction work for the launch of in-house BEV production, as well as the impact of escalating tensions in the Middle East on transport vessel operations. Meanwhile, the Forester earned high praise from customers, particularly in the U.S., Japanese, and Canadian markets, and achieved strong sales.

FYE March 2026	Results	YoY Change
Units produced	880 thousand units	-7.0%
Units sold (consolidated)	896 thousand units	-4.3%
Revenue	4,785 billion yen	+2.1%
Operating profit	40.1 billion yen	-90.1%
Profit for the period attributable to owners of parent	90.8 billion yen	-73.1%

In terms of profit, additional U.S. tariffs, exchange rate fluctuations, soaring raw material prices, and other factors reduced profit by around 300 billion yen. Together with the recognition of impairment losses and related expenses associated with environmental regulatory credits and BEVs, these factors brought profit below the previous fiscal year's level. However, recognition of BEV-related expenses that can be anticipated at present has largely been completed, with FYE March 2026 marking the peak.

Outlook for FYE March 2027

While major cost items such as the impact of additional U.S. tariffs and impairment losses related to environmental regulatory credits and BEVs are expected to decrease significantly year on year, we anticipate at least 130 billion yen in downside risk to earnings from new external factors, including further increases in raw material prices, deteriorating precious metals market conditions, and the impact of the situation in the Middle East.

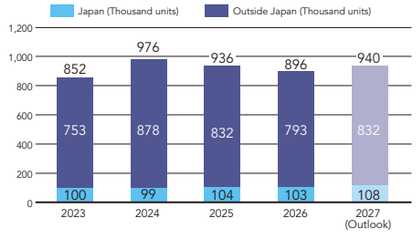
Outlook for FYE March 2027		YoY Change
Units produced	900 thousand units	+2.3%
Units sold (consolidated)	940 thousand units	+4.9%
Revenue	5,200 billion yen	+8.7%
Operating profit	150 billion yen	+273.9%
Profit for the period attributable to owners of parent	130 billion yen	+43.1%

Meanwhile, on the sales side, we are aiming for sales volume of 940,000 units, up 44,000 year on year, by increasing sales of our ICE product lineup, expanded since last fiscal year to include Forester and Crosstrek HEV models, and of our BEVs jointly developed with Toyota Motor Corporation. We will also seek to maximize profits by optimizing the grade mix and flexibly allocating vehicles among markets to accurately meet customer demand. In non-sales areas, we will steadily translate the results of initiatives set out in SUBARU Management Policy 2025, including cost innovation and the expansion of value chain profit, into earnings. By advancing these initiatives, we aim to achieve operating profit of 150 billion yen.

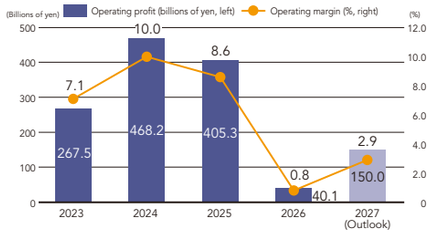
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Units Sold (Consolidated)



Operating Profit / Operating Margin (FYE March)



Capital Policy That Captures Change and Drives Growth

In our "Action to Implement Management That Is Conscious of Cost of Capital and Stock Price" document, we have stated that we aim to achieve industry-leading profitability and return on equity (ROE) of 10% or more as targets with an eye to 2030. Meanwhile, as mentioned above, the SUBARU Group's business environment is undergoing successive changes, while market trends continue to evolve on a daily basis. In this highly uncertain environment, it is important to accurately grasp changes and make decisions quickly based on the concept of "flexibility and expandability". To provide financial support for agile management in a manner unique to SUBARU, we aim through our capital policy to allocate capital in a balanced manner among growth investment, shareholder returns, and financial soundness and stability, while accurately assessing changes in the business environment and keeping medium- to long-term improvements in capital efficiency in mind. By executing this capital policy, we will achieve sustainable growth and aim to maximize corporate value.

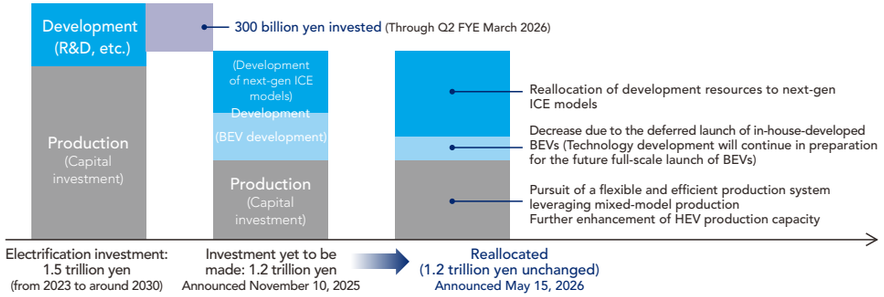


Growth Investment

As market needs diversify and technological innovation advances rapidly, including in electrification and evolving intelligence, automotive manufacturers are required to build up their competitiveness while achieving sustainable growth. However, given SUBARU's scale, it is not realistic for us to fund a broad range of investments entirely on our own. Therefore, it is vital that we accurately identify the areas where we can demonstrate our unique strengths and those where we should leverage collaboration with partner companies, and allocate our limited management resources to where they can be used most effectively. Identifying which areas should receive growth investment to drive future earnings growth and enhance corporate value, and making the necessary decisions, is a major management challenge, and I believe the CFO plays an extremely important role in achieving these goals. In addition, the automotive industry is subject to rapid changes in market conditions and policy trends, making it difficult to precisely forecast the future structure of demand. That is precisely why it is important to continuously review the composition and priorities of growth investments while accurately grasping changes in the external environment and turn those changes into growth opportunities, and I believe that determining the appropriate course of action is also an important role the CFO must fulfill.

In 2023, we announced growth investment totaling 1.5 trillion yen for electrification. This plan was formulated on the assumption that BEVs would account for 50% of our global sales in 2030. However, our outlook based on current conditions is that, against the backdrop of eased environmental regulations and other factors, the timing of full-scale expansion of BEV demand in the U.S. market will be later than initially anticipated, while demand for ICE vehicles, including HEVs, will remain firm for the time being. In response to these changes in circumstances, we announced revisions to our growth investment plan in November 2025 and May 2026. These revisions, while maintaining total investment through 2030, are intended to better align with market needs and maximize the benefits of investments for future growth by optimizing development resources and investment allocation.

Agile Review of Growth Investment Areas



In development, we will reallocate resources for the mass-production development of in-house-developed BEVs to next-generation ICE models. For BEV development, we introduced agile development to establish a nimble, cross-functional development system and established a process for assessing and verifying vehicle performance using digital technologies. Together, these measures have created a foundation for significantly shorter development times. By extending this foundation to next-generation ICE models as well, we will efficiently enhance our product lineup. We will also meet near-term demand for BEVs with models jointly developed with Toyota Motor Corporation, thereby limiting excessive investment burdens. At the same time, our view that BEVs are an important option for achieving a carbon-neutral society remains unchanged, and we will continue technological development toward the full-scale launch of our in-house-developed BEVs. In production, rather than fixing production models and capacity by trying to anticipate future demand too far in advance, we will work to establish a flexible and efficient production system through mixed-model production.

Financial Capital

In February 2026, we began in-house production of BEVs for global markets for the first time at the Yajima Plant in Japan, and are currently conducting mixed-model production with ICE vehicles. In addition, at the new Oizumi Plant, which is scheduled to begin operations in 2027 or later, we will work to establish an optimal production line, with a view to launching the plant with a mixed-model production system for ICE vehicles and BEVs. Meanwhile, in response to recent growth in global demand for HEVs, we will expand production capacity at the Kitamoto Plant, which manufactures transaxles for HEVs, to just under 300,000 units per year in 2027 and respond effectively to growing demand.

Going forward, in a highly uncertain business environment, we will continue to emphasize the concepts of "flexibility and expandability," rigorously pursue efficient investments through selection and concentration, and aim to achieve sustainable growth and enhance corporate value.

Shareholder Returns

In the May 2026 announcement of financial results for the fourth quarter of FYE March 2026, we presented a revision to our shareholder returns policy. Our policy of providing shareholder returns primarily through dividends based on a dividend on equity (DOE) ratio of 3.5% remains unchanged. The key change is to increase dividends and flexibly repurchase treasury stock in response to business performance and market conditions, with a view to improving capital efficiency over the medium to long term. In line with this policy, for shareholder returns in FYE March 2026, in addition to paying dividends of 115.5 yen per share for the year based on a DOE of 3.5%, we decided to repurchase up to 150 billion yen of treasury stock. Regarding shareholder returns for FYE March 2027, based on a DOE of 3.5%, we expect to pay dividends of 116 yen per share for the fiscal year. Going forward, in line with this policy, we will continue to make proactive efforts to deliver shareholder returns that meet our shareholders' expectations.

Change to Returns Policy

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

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

→

With a view to **improving capital efficiency over the medium to long term,** 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%*
- **Increase dividends and flexibly repurchase treasury stock** according to business performance and market conditions

* Excludes "other components of equity," which fluctuate due to factors such as foreign exchange rate changes. DOE = total annual dividends / (equity attributable to owners of parent - other components of equity)

Financial Soundness and Stability

We have created value that is uniquely SUBARU by making maximum use of our limited management resources, narrowing our focus to specific markets and car models, and concentrating on areas where we can demonstrate our strengths. As mentioned above, the business environment surrounding the SUBARU Group is changing at a dizzying pace, but even under these circumstances, we intend to further hone our strengths and grow together with our stakeholders. Achieving this requires building a financial base that supports the stabilization of business activities, future growth investment, and shareholder returns. 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. However, even in a time of change and future uncertainty, we believe that financial soundness and stability play an important role in enabling us to seize growth opportunities and make flexible, swift decisions. On the other hand, allowing capital to remain idle due to excessive emphasis on financial soundness could lead to lower capital efficiency. Until now, the SUBARU Group has maintained a net cash position exceeding 1 trillion yen, including time deposits, and we recognize that this was somewhat higher than the level of financial stability we had previously assumed.

In light of these circumstances, our May 2026 announcement of financial results for the fourth quarter of FYE March 2026 included a new policy to manage cash holdings, targeting an upper limit of net cash equivalent to 2.5 months of sales. This new policy is aimed at improving capital efficiency over the medium to long term. Although it is difficult to set a uniform cash level in a highly uncertain business environment, we will aim to stabilize our financial base while curbing excessive cash accumulation. In addition, as the recent rise in interest rates has increased the importance of limiting funding costs, we have established a commitment line agreement with a term-out option as a framework that allows us to raise necessary funds in a timely and flexible manner. Through these efforts, we will work to stabilize our financial base in response to changing times.

As part of the initiatives to expand value chain profit set out in SUBARU Management Policy 2025, we have also recently announced a plan to enter the vehicle financing business in the North American market around 2030. In this new venture, we intend to use vehicle financing as a launchpad to expand customer touchpoints, increasing revenue opportunities throughout customers' vehicle ownership experience and encouraging repeat SUBARU purchases. Expanding our business domains will result in new elements added to our financial structure. As CFO, I will work to accurately assess changes in our business structure and take appropriate measures to ensure optimal financial soundness and stability.

Further Enhancement of Messaging and Dialogue

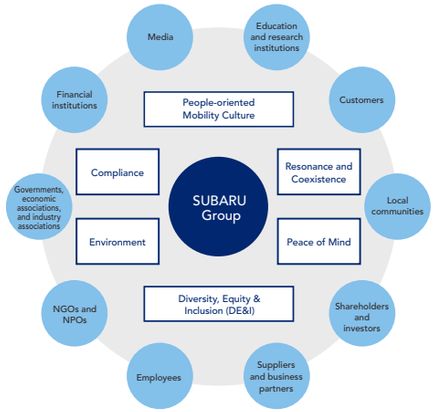
SUBARU places importance on dialogue with shareholders and investors all over the world, from both financial and non-financial perspectives. Going forward, we will further enhance our messaging and dialogue and build a broader base of stakeholders who share the SUBARU Group's approach to medium- to long-term growth. To this end, we will enhance our messaging and dialogue to deepen stakeholders' understanding of the progress of each initiative set out in SUBARU Management Policy 2025 to strengthen the resilience of our business foundation, as well as to deepen understanding of our strengths that underpin these initiatives. Specifically, we will make both qualitative improvements, including in messaging and dialogue through business strategy briefings and technology briefings, and quantitative improvements, such as by creating opportunities for touchpoints through a variety of means in person and online. We hope that this two-pronged approach to enhancing messaging and dialogue will deepen investors' understanding of our strengths and strategies and raise investors' expectations for sustainable growth.

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

Social Capital

The SUBARU Group views its connections with customers and other stakeholders as an important management resource, positioning them as social capital. Relationships that begin with our products have extended and deepened among customers, retailers, and local communities, forming networks involving diverse stakeholders.

These relationships go beyond mere points of contact or transactions. They accumulate as lasting connections built on affinity and trust, forming a foundation for value creation through our business activities. The following representative initiatives in the U.S. and Japan illustrate how connections with society become social capital.



U.S.: Connections with Society Fostered Through the Love Promise®

The Subaru Love Promise® is our vision to show love and respect to all people at every interaction with Subaru and work with our retailers to build a better society. Guided by this vision, we are promoting value co-creation involving diverse stakeholders, starting with our relationships with customers and extending our connections to retailers and local communities.

Underlying these initiatives is the strong attachment and affinity customers feel for their cars. In the U.S., we have built relationships that go beyond customers' assessments of our products, as exemplified by the expression "I love my Subaru." Reflecting these customer sentiments and values, the Love Campaign was launched in 2008 with love as the keyword. One representative initiative is the Share the Love Event®, through which the SUBARU Group makes donations to organizations chosen by customers, translating their sentiments into action for society.

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

The Love Campaign, which began as a sales promotion initiative, has fostered new relationships involving retailers and local communities through years of sustained efforts. Today, the Love Campaign has evolved into the Love Promise®, and we are building relationships under a shared commitment with more than 640 participating retailers. Focusing on five areas of interest to customers—environment, health, education, pets, and community—we support not only SOA's partner organizations but also local organizations chosen independently by each retailer. This creates diverse touchpoints connecting customers, retailers, and local communities. The expansion of activities rooted in our connections with customers is deepening our relationships with all three groups.

Love Promise® Initiatives in Five Areas

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

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

Creating Hubs That Connect Customers and Local Communities

In the U.S., we are also introducing a new store design that redefines our retailer network as hubs connecting customers and local communities. This initiative expands the role of retailers beyond their conventional function, positioning them as places for building customer relationships and strengthening community connections.

In addition to product experiences and service provision, this concept expands customer touchpoints in both quality and quantity through spaces designed to encourage interaction among visitors and with the local community. By positioning stores as community hubs, we aim to build lasting customer relationships and foster loyalty. These initiatives embody the Love Promise® and strengthen value creation based on connections among customers, retailers, and local communities.









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Communities Growing Through Customer Leadership

In addition to these corporate initiatives, a movement is emerging in the U.S. in which customers themselves take the lead in expanding connections. The SUBARU Group supports these activities and views the networks of relationships fostered by customers as part of its social capital.

Fostering Customer Relationships: Creating Shared Experiences Through SubieEvents

Events bringing together SUBARU owners and fans have long been held across the U.S., fostering interaction among customers and connections with local communities. In 2024, the SUBARU Group returned as title sponsor of events for owners and fans held in six cities across the U.S., further deepening its relationships with these customer-led communities. Thousands of SUBARU vehicles and their owners gather at each venue, where diverse programs, including test drives and driving experiences with the latest models and technical seminars, naturally encourage interaction among participants. These events also include initiatives with local organizations linked to Love Promise® activities and adoption opportunities for rescue dogs and cats. These open gatherings expand connections among customers and with local communities, strengthening SUBARU's role in bringing people together.

Subaru Ambassadors Program

Subaru Ambassadors are customers with a deep affinity and attachment to SUBARU who voluntarily share and promote its value. They share their everyday experiences and sentiments in their own words and foster connections centered on SUBARU within diverse communities by supporting Love Promise® activities and participating in events. Rather than one-way communication from SUBARU, customers' voices and activities based on their own experiences inspire affinity, which in turn creates new connections. These customer-led connections are an important part of the SUBARU Group's social capital.

U.S.: SIA, a Production Base Deeply Rooted in the Local Community

In addition to our relationships with customers and retailers, the relationships of trust we have built with local communities through our production sites are also an important part of the SUBARU Group's social capital. With long-standing roots in the Lafayette, Indiana community, Subaru of Indiana Automotive (SIA) has built lasting partnerships with public institutions and NPOs that support community functions such as education, welfare, and environmental conservation. SIA's community activities go beyond individual social contributions. Each is integrated into the functions that support the local community, forming social capital centered on the production base. Employees' affinity for these activities and voluntary participation help build even wider connections.

Foundations Supporting Life and Safety

SIA has consistently participated in blood donation activities for Versiti Blood Center of Indiana since 1991 and is now the center's largest corporate donor in the state. SIA also supports the training infrastructure for local lifesaving and emergency response services by opening its test track for police emergency vehicle training and providing vehicles that have completed their original use to local fire departments for rescue training.

Foundations for Nurturing the Next Generation

As title sponsor of Greater Lafayette Commerce's initiative to develop the area's next generation of workers, SIA provides approximately 5,000 schoolchildren with opportunities to experience manufacturing and technology each year. It also plays a role in developing the people who will support local manufacturing, including by opening its test track for a Monozukuri competition in which more than 200 high school students from eight schools race vehicles they have built themselves.

Foundations Supporting Daily Life and Welfare

The SIA Foundation supports NPOs throughout Indiana through matching gifts, in which the foundation matches employees' donations, and grants of up to U.S.$15,000. In 2025, grants totaling U.S.$329,144 were awarded to 37 organizations working in the arts and culture, education, and health and welfare. Since its establishment in 1997, the foundation has fostered connections with local communities through more than U.S.$3.6 million in grants.

Foundations for Protecting Nature Alongside Community

As annual sponsor, SIA continues to support the 17-acre Peter's Mill Landing, managed by NICHES Land Trust. Together with tree-planting activities in collaboration with Tree Lafayette, this contributes to conserving the local natural environment and passing it on to future generations.





Through these ongoing activities, SIA functions as part of the local infrastructure. Its long-standing involvement in the community provides a foundation for stable business operations.

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

SUBARU places top priority on safety in its human-centered Monozukuri. Extending our commitment to protecting life beyond cars, we are promoting the Cherishing Every Life Project[1] to protect what matters to customers and local communities.

By protecting people and nature cherished by customers, retailers, and SUBARU, we aim to foster bonds that go beyond those between seller and buyer, becoming a partner that enriches customers' lives. In FYE March 2026, we continued activities with lifeguards across Japan and national park conservation activities while undertaking initiatives more closely aligned with customers and local communities.

Human Life

The goal to be "free from drowning" pursued by the Japan Lifesaving Association[2] (JLA) resonates with us, and we support its activities as a JLA official partner. Since 2020, we have continued to provide SUBARU Lifesaver Cars[3] for lifesaving activities such as local community patrols, safety education, and beach patrols, providing a cumulative total of over 200 cars over seven years. Our dealerships work with local lifesaving associations to organize workshops throughout Japan with JLA instructors to teach how to give cardiopulmonary resuscitation and how to operate an automated external defibrillator (AED).

Other activities include sponsorship of the All Japan Life Saving Championships[4] and, in July 2026, holding SUBARU DAY: Canoe Slalom Ocean Safety as part of our support for JLA's 2026 Water Safety Campaign. The event offered opportunities to learn about the importance of protecting life from water-related and traffic accidents. We continue our efforts to deepen relationships with customers, local communities, and partners.

Natural Life

We have partnered with the Shiretoko Nature Foundation, the Natural Parks Foundation[5], which manages Japan's national parks, and the Yakushima Environmental and Cultural Foundation to promote activities that pass on natural environments emblematic of Japan to future generations.

We provide vehicles to partner organizations working in national parks, undertake environmental conservation activities involving employees, and communicate the attractions of nature.

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.

Through these activities, we build lasting relationships with local communities and partner organizations, deepening our relationships of trust with society.

Locally Rooted Activities Expanding Nationwide

Dealerships across Japan are also expanding their own initiatives in collaboration with local partners, addressing the issues and characteristics of each region.

Initiatives reflect each region's challenges and the natural and cultural assets it seeks to protect. These include restoring disaster-prevention forests lost in the earthquake in Tohoku, conserving forests on Mt. Takao in Tokyo, and revitalizing Mt. Rokko in cooperation with the Kobe Parks and Greenery Association in the Kinki region. These efforts have also developed into activities that help address community issues, such as supporting children's cafeterias and food banks.

In FYE March 2026, the combined number of activities for employees and customers reached 328, an increase of 59 from the previous fiscal year. Activities for customers in particular increased by 30 to 123, demonstrating the steady expansion of activities connecting customers, local communities, and dealerships.

Going forward, we will build on our activities to date and expand into areas more closely aligned with customers, evolving these efforts into initiatives that unite customers, local communities, dealerships, and SUBARU in protecting the future.

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 provided for use in the period from July 1 to August 31, 2026
4. One of the largest lifesaving competitions in Japan, where lifesavers from all over Japan compete in lifesaving skills and teamwork
5. Cooperation with Nasu Heisei-no-mori Forest in Nikko National Park, the Kamikochi area of the Chubusangaku National Park, and the Daisen area of the Daisen-Oki National Park








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Japan: Production Sites Deeply Rooted in Local Communities—Gunma Plant

The Gunma Plant is made up of several factories located in close proximity in and around Ota City, Gunma Prefecture, and is the heart of SUBARU's vehicle manufacturing. For more than half a century, guided by our human-centered Monozukuri, we have shared the "Enjoyment and Peace of Mind" we deliver to customers with our local communities. The shared understanding fostered through vehicle manufacturing has spread to local governments, educational institutions, suppliers, and residents, creating a circle of coexistence rooted in the community.

Opening Monozukuri to the Community and Nurturing the Next Generation

We offer factory tours throughout the year, opening our vehicle manufacturing operations to a wide range of visitors, including elementary school students. In FYE March 2026, we held more than 650 tours. In November 2025, we also held the Subagaku Festival fan event at the Main Plant, welcoming approximately 2,600 local residents and SUBARU fans from across Japan. A diverse range of programs allowed visitors to experience Monozukuri with all five senses, including a junior mechanic experience in SUBARU coveralls, a demonstration of the disassembly and assembly of a horizontally opposed engine, and upcycling workshops using offcuts from manufacturing processes. We also provide opportunities for children and students of all ages to experience the enjoyment and skills of Monozukuri through workplace experience and career education for junior and senior high school students, outreach classes at technical high schools, National Skills Competition[1] experiences for high school students, and joint research with Gunma University and Maebashi Institute of Technology. Working with local educational institutions, we are developing the people who will carry Monozukuri into the next generation.

Building Community Ties Through Corporate Sports

Our baseball team, founded in 1953, and our track and field team[2], which began activities in 1998, have grown with the support of their local communities. At the Intercity Baseball Tournament, approximately 12,000 supporters traveled from Gunma to Tokyo Dome to cheer on the team (at the first match of the 96th tournament in 2025[3]). At the New Year Ekiden, local residents line up along the course route on New Year's Day, waving SUBARU flags to encourage the runners. In return, our athletes contribute to communities through a variety of sports and cultural activities. These include athletics and baseball clinics and talks at elementary, junior high, and high schools in and outside Gunma Prefecture, as well as appearances as guest runners at marathons in various locations. In FYE March 2026, these activities totaled more than 60. These reciprocal ties of support connect SUBARU and Gunma deeply in everyday life.

Supporting Communities and Nature Together with Local Governments and Residents

Under the comprehensive partnership agreement[4] signed with Ota City in December 2025, we are working together to address local issues, including disaster assistance, traffic safety, and traffic congestion. We support safety and peace of mind in the community through traffic safety activities on school routes and long-standing blood donation drives at our factories. In April 2018, we acquired the naming rights to Gunma Prefectural Akagi Forest Park, naming it "SUBARU Friendship Forest Akagi," and supported the conservation and maintenance of the prefectural forest through FYE March 2026. In addition, the SUBARU Community Exchange Association, established in 2015 by SUBARU and our business partners, continues to conduct community cleanups and environmental beautification activities. Together with residents of Ota City and the surrounding area, it aims to promote local development and create a comfortable place to live. Through these activities over many years, we have built trust with local communities and contributed to their sustainable development.

The Gunma Plant continues to move forward as a member of the local community. The relationships of trust built with local communities through these long-standing activities provide an important foundation for securing human resources and ensuring business continuity.

1. Held annually since 1963, the National Skills Competition for young technicians (in principle, up to 23 years old) across Japan aims to give them goals to strive for through skills competitions and raise public awareness of the importance of technical skills.
2. For details on our activities, please see the SUBARU website. https://www.subaru.co.jp/sports/ (in Japanese only)
3. As of August 31, 2025
4. December 2025: SUBARU Signs a Comprehensive Partnership Agreement with Ota City for Community Co-Creation https://www.subaru.co.jp/topic/2025_12_11_113917/ (in Japanese only)

These ongoing efforts have built trust with local communities and strong partnerships with retailers, which are reflected in high brand loyalty. In the U.S. in particular, we also receive high external ratings for customer satisfaction and brand strength. Building long-term relationships with customers helps improve the quality of our sales activities and generate ongoing demand. The SUBARU Group regards these accumulated relationships as social capital that provides a foundation for sustainable business growth.






Social Capital

U.S. Accolades for the SUBARU Brand

The social capital accumulated through our programs, including Love Promise® initiatives with retailers and customers, has helped to enhance the SUBARU brand, as reflected in high rankings in U.S. consumer brand evaluations for all industries and in U.S. customer satisfaction surveys.

Ranked Among the Top Three in Forbes[1] "Best Brands for Social Impact" for the Fourth Consecutive Year

In the 2026 Best Brands for Social Impact published by U.S.-based Forbes magazine, SUBARU was ranked among the top three out of more than 5,500 brands overall for the fourth consecutive year, and ranked first in the automotive category for the fourth consecutive year.

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



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Recognized by S&P Global Mobility[2] for Highest Overall Loyalty to Dealer

SUBARU was recognized for the Highest Overall Loyalty to Dealer in S&P Global Mobility's Automotive Loyalty Awards. The award is based on the percentage of customers who purchase or lease another SUBARU vehicle from the same retailer when replacing their vehicle. It demonstrates the strength of the trust and ongoing relationships between customers and the retailer network. SUBARU has received this award for two consecutive years, providing data-backed evidence of high loyalty between customers and the retailer network.

2. Based on S&P Global Mobility U.S. loyalty analysis for the 2025 award year, SUBARU had the greatest percentage of owners who returned to market and purchased or leased another SUBARU vehicle from the same dealer for the 2025 award year (October 2024–September 2025)



Topics The Subaru Love Promise® Retailer of the Year Awards

W&L SUBARU 2025 SUBARU LOVE PROMISE® RETAILER OF THE YEAR

These awards recognize retailers that embody the values of the Love Promise® through activities that make a positive impact on their communities throughout the year. In 2025, W&L Subaru in Northumberland, Pennsylvania, was named Retailer of the Year, the most prestigious of the awards.

Initiatives by W&L Subaru, the 2025 Subaru Love Promise® Retailer of the Year

Since opening in 1972, W&L Subaru has remained rooted in its community, with a focus on taking care of people and meeting challenges with a positive outlook.

Guided by the values of the Subaru Love Promise®, the company continues to make donations and provide support. Over the last five years, W&L Subaru has donated more than U.S. $800,000 to local charities and causes, building trust within the community through activities such as partnerships with children's hospitals and local facilities. By continuing these activities, the company has built positive relationships with its local community.

The long-term customer relationships cultivated in this way lead not only to repeat visits and purchases but also to new customers through word of mouth, supporting the retailer's sustainable growth. Furthermore, as each employee takes the initiative to deepen connections with customers and the community, W&L Subaru creates a virtuous cycle of community trust and business growth.

In recognition of these efforts and achievements, W&L Subaru was named the Subaru Love Promise® Retailer of the Year in 2025. This example illustrates how the trust built with customers and local communities becomes social capital that contributes to corporate value creation.



Congratulations to W&L Subaru, the 2025 Subaru Love Promise® Retailer of the Year - YouTube
https://www.youtube.com/watch?v=yJkjB0RCimk&t=25s

Natural Capital

In its Environmental Policies, SUBARU states that our fields of business are "the earth, the sky and nature" and positions protection of the global environment as a key theme supporting the future of society and SUBARU. Furthermore, the SUBARU Group has also designated the Environment as one of our Six Priority Areas for Sustainability.

The SUBARU Group's vision for the environment is to "Cherish and protect the global environment—the earth, the sky and nature—through Group-wide activities." To achieve this vision, we are advancing initiatives under the priority themes of mitigating climate change, realizing a circular economy, and coexistence with nature. Through these initiatives, we will bring our environmental impact as close to zero as possible while contributing to environmental conservation and restoration.

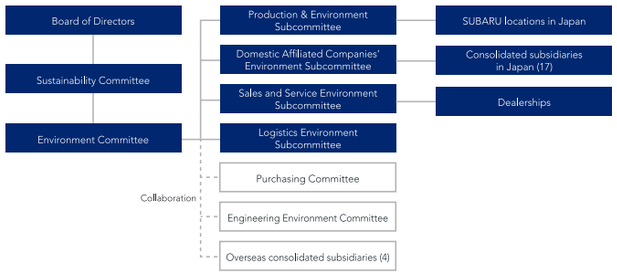
For more detailed information on our initiatives, please refer to the Sustainability Website.
https://www.subaru.co.jp/en/csr/environment/

Environmental Management Framework

The SUBARU Group has established a cross-organizational environmental management framework centered on two pillars, the Environment Committee and the environmental management system (EMS). Leveraging this structure, we promote various environmental management activities across the entire SUBARU Group, including formulating medium- to long-term environmental targets and implementing measures to achieve them, ensuring compliance with environmental laws and regulations, and aggregating environmental performance data.

Environment Committee

SUBARU has established the Environment Committee to discuss important environmental matters and evaluate progress on medium- and long-term policies and targets. The Environment Committee is chaired by the Executive Officer in charge of sustainability appointed by the Board of Directors. Proposals based on discussions held by the Environment Committee are submitted to the Sustainability Committee, and important matters are discussed and reported at the Board of Directors, which supervises the Sustainability Committee. We have also established four subcommittees under the Environment Committee and work with the Purchasing Committee, Engineering Environment Committee, and consolidated subsidiaries outside Japan to advance environmental initiatives across the Group.



Environmental Management System

The SUBARU Group has established an EMS in cooperation with its sites, consolidated subsidiaries in and outside Japan, dealerships in Japan, and business partners. The latest status of our EMS is shown below.

Certifications	Target		
ISO 14001	SUBARU CORPORATION[1]	Fuji Machinery Co., Ltd.[1]	Kiryu Kogyo Co., Ltd.[1]
	Yusoki Kogyo K.K.[1]	Subaru Logistics Co., Ltd.[1]	
	FAS Corporation[1]	Ichitan Co., Ltd.	
	Subaru of Indiana Automotive, Inc.	Subaru of America, Inc.	
	Subaru Canada, Inc.	Business Partners[2]	
ISO 50001	Subaru of Indiana Automotive, Inc.		
Eco-Action 21	21 dealerships in Japan[3], business partners[2]		

1. Companies covered by ISO 14001 group certification
2. Business partners obtain ISO 14001 or Eco-Action 21 certification or conduct self-certification assessment. EMS based on self-certification, in which business partners are deemed to have passed if they answer "yes" or "not applicable" to 43 or more of the 47 items in the SUBARU-drafted voluntary assessment report based on our EMS, and answer "yes" to all three items related to legal compliance
3. Reflects the management integration of dealerships effective April 1, 2026

Environment Action Plan 2030

In FYE March 2026, the SUBARU Group defined a desired state for each of its three priority themes and revised Environment Action Plan 2030, which sets medium-term targets for achieving these desired states. The timing of our electrification targets has been revised from "2030" to "sometime after 2030." By steadily implementing Environment Action Plan 2030, we aim to realize our vision to "Cherish and protect the global environment—the earth, the sky and nature—through Group-wide activities."

Environment Action Plan 2030

Priority Theme	Environment Action Plan 2030
Mitigating Climate Change	Aim to make BEVs account for 50% of SUBARU's global sales beyond 2030
	Apply electrification technologies[1] to all SUBARU vehicles[2] produced and sold by the early 2030s
	Reduce Scope 1 and 2 CO_2 emissions by 60% by FYE March 2036, compared with FYE March 2017 (total volume basis)
Realizing a Circular Economy	Pursue research and development targeting the use of recycled materials[3] for more than 25% of the plastic used in new models by 2030
	Reduce total amount of waste by 1% annually versus BAU[4] emissions
	Achieve zero emissions[5] at production plants[6] in Japan and overseas (zero landfill waste either directly or indirectly)
Coexistence with Nature	Properly manage impact on the natural environment at business sites (air, water quality, noise, vibration, and odor)
	Expand protected areas reducing impact on the natural environment caused by business activities

1. Refers to the technology used to foster the use of electricity for BEVs, HEVs, and others
2. Excluding models supplied by OEMs
3. Including material recycling and chemical recycling
4. Emissions under the current policy without further action (business-as-usual)
5. Final disposal amount (total amount of direct landfill waste + landfill waste after intermediate processing) less than 0.5% of the total amount of waste (total amount of valuable resources + industrial waste + specially controlled industrial waste + general business-related waste)
6. 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.

Mitigating Climate Change

The SUBARU Group positions its response to climate change as an important management issue. As approximately 80% of the SUBARU Group's CO_2 emissions (Scope 1, 2, and 3) originate from the use of sold products, we are working to reduce emissions by advancing electrification and utilizing carbon-neutral fuels, among other measures. We also believe that reducing the SUBARU Group's own CO_2 emissions from business activities (Scope 1 and 2) will help advance decarbonization across the entire value chain, including suppliers and dealerships.

Based on this approach, the SUBARU Group has set long-term goals and medium-term goals toward their achievement, aiming for carbon neutrality in 2050. We will contribute to a decarbonized society by reducing CO_2 emissions from both products and business activities.

Strategy

Toward achieving carbon neutrality in 2050, the SUBARU Group is reviewing its medium-term goals and initiatives in light of changes in the business environment.

For products (Scope 3), there is no change to our view that BEVs will play a central role in the medium to long term. However, given the pace of BEV adoption and uncertainty surrounding market conditions and regulatory trends, we now expect to achieve a BEV share of 50% of total global vehicle sales sometime after 2030. We are continuing BEV research and development and advancing product electrification by flexibly reviewing investment areas while maintaining total growth investment of 1.2 trillion yen.

For plants and offices (Scope 1 and 2), we are advancing decarbonization through both more efficient Monozukuri and the conversion of energy. In addition to improving development and production efficiency, we are systematically advancing initiatives toward our goal of reducing Scope 1 and 2 emissions by 60% compared with FYE March 2017 (total volume basis) by FYE March 2036 through energy-saving measures, the use of renewable energy, and studies on hydrogen utilization.

Measures Considering Risks/Opportunities in Each Scenario

SUBARU continuously assesses climate change-related risks and opportunities. With reference to policy trends in various countries related to the regulation of fuel economy and scenarios published by the International Energy Agency and other organizations, we have developed our own scenario assuming carbon neutrality in 2050 (the 1.5°C scenario). We then analyze the impact of climate change on business activities and consider medium- and long-term goals and business strategies and formulate measures based on the anticipated risks and opportunities.

For example, we analyze the effects on product strategy under cases where the adoption of electrified vehicles progresses rapidly and where it progresses relatively slowly. We also continuously assess and monitor the impact of physical risks, such as the increasing severity of natural disasters, on production activities and water resources.[1]

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, HEVs, 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 business partners and assessing the risk of water-related disasters

1. In FYE March 2024, we conducted a water risk assessment using the World Resources Institute (WRI) Aqueduct Water Risk Atlas and WWF-DEG Water Risk Filter, confirming that water risk is generally below moderate, consistent with past surveys.

Risk Management

To address transition risks in policy and regulation, technology, markets, and other areas, dedicated departments gather and analyze information and assess the impact on future business. Particularly important matters are deliberated on and approved by the Board of Directors following discussion at the Executive Meeting.

For physical risks, such as risks to operations arising from natural disasters, the Risk Management & Compliance Office plays a pivotal role in establishing relevant regulations and strengthening the crisis management framework as part of our business continuity plan (BCP) system. We have established a framework for centrally managing information from across the Group and responding promptly and appropriately in an emergency.

Long- and Medium-Term Goals

The SUBARU Group has set long- and medium-term goals for products (Scope 3) and for plants, offices, etc. (Scope 1 and 2), and is advancing initiatives toward a decarbonized society.

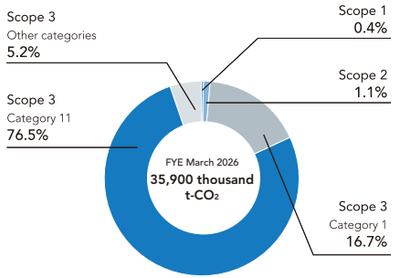
Category	Target Year	Goal
Products (Scope 3)	2050	Reduce average well-to-wheel CO_2 emissions from new vehicles (in operation) by 90% or more compared to 2010 levels
	Early 2030s	Apply electrification technologies to all SUBARU vehicles produced and sold worldwide
	Beyond 2030	Aim for 50% of global sales 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)

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.

Natural Capital

Achievements and Main Initiatives

For FYE March 2026, the SUBARU Group reported total CO_2 emissions (Scope 1, 2, and 3) of 35,900 thousand t-CO_2. Out of the total amount, 98.5% is related to Scope 3, the majority of which stems from the use of sold products.



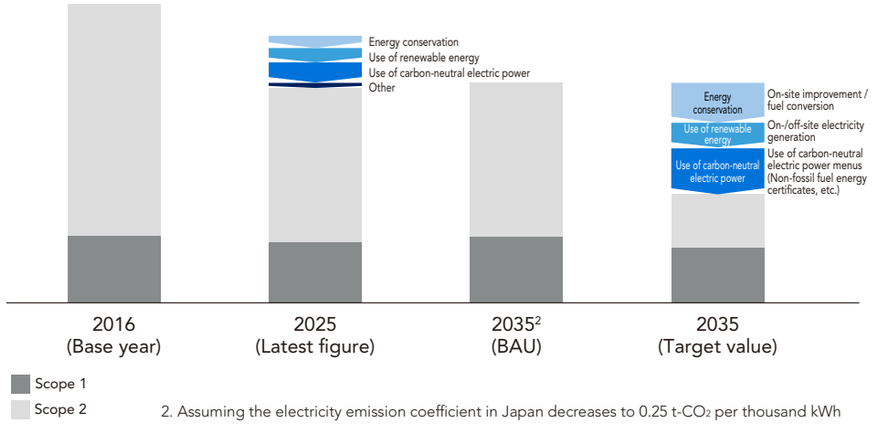
Scope 3 Initiatives

In FYE March 2026, EVs accounted for 16.6% of total global sales. BEVs accounted for 1.7%. Our main initiatives included launching sales of the Forester and Crosstrek, equipped with our unique next-generation hybrid system with high fuel efficiency, primarily in the North American and Japanese markets. We also began introducing the Uncharted and Trailseeker to expand our BEV lineup.

Scope 1 and 2 Initiatives

CO_2 emissions in FYE March 2026 were 550 thousand t-CO_2 based on market standards, a reduction of 20% compared with FYE March 2017. Furthermore, renewable energy sources accounted for 12.3% of the Group's total energy use and 25.7% of total electricity use.

Main initiatives included expanding the installation of solar power generation facilities at plants and other sites and the use of renewable energy through off-site corporate power purchase agreements, as well as increasing the use of carbon-neutral electricity at manufacturing sites and offices. We also promoted the switch to CO_2-free electricity at dealerships in Japan, completing the switch to 100% of electricity use at consolidated dealerships by FYE March 2026. In parallel, we are reducing CO_2 emissions from business activities through energy-saving measures and fuel conversion.



2. Assuming the electricity emission coefficient in Japan decreases to 0.25 t-CO_2 per thousand kWh

Realizing a Circular Economy

The SUBARU Group is working to realize a circular economy in order to conduct sustainable business activities while making effective use of finite resources.

To reduce dependence on newly extracted resources, we have set medium-term goals for expanding the use of recycled materials and reducing waste, and are promoting zero-emission activities at production sites in and outside Japan. Through these efforts, we aim to promote resource circulation and reduce environmental impact.

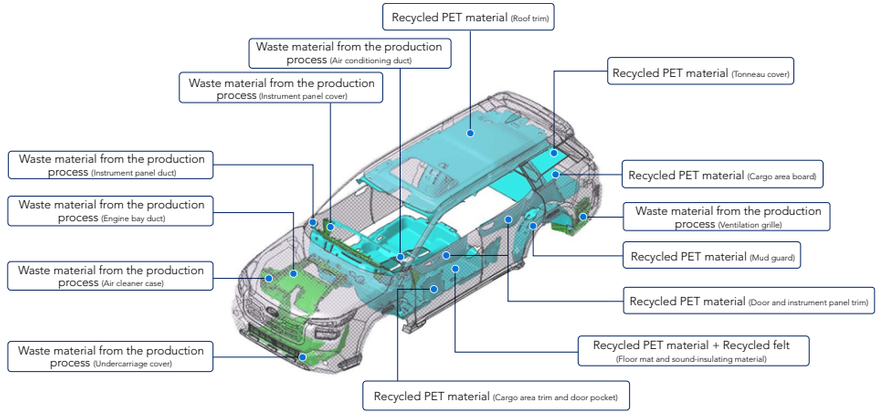
Goal

As an interim target, we are pursuing research and development targeting the use of recycled materials for at least 25% of the plastic used in new models by 2030. To achieve this, we are working to establish quality standards for recycled plastics and a raw material recovery scheme. For waste generated by the SUBARU Group, we have set goals to reduce total waste by 1% each year compared with business-as-usual (BAU) levels and achieve zero emissions at production plants in and outside Japan. Through these initiatives, we are reducing total waste and the amount of final disposal.

Achievements and Main Initiatives

SUBARU considers recyclability from the product design stage and actively incorporates recycled materials, including recycled plastics used in vehicles. In the new Outback launched in the U.S. in 2025, we significantly expanded the parts using recycled materials compared with the previous model.

In our business activities, we are also working to reduce total waste and maintain zero emissions at production plants in and outside Japan. By reusing and recycling waste material and by-products generated in production processes, we aim to promote resource recycling and reduce the amount of final disposal.



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Design for Recycling

SUBARU incorporates recyclability into its automobile design process to make effective use of limited resources. In addition to providing a structure for easy disassembly and separation using an easy-to-disassemble wiring harness layout and visibility-oriented material identification, we use easy-to-recycle materials for parts in the interest of recycling.



Topics Recycling Used Uniforms into Automotive Sound-Insulating Material

To make effective use of resources generated through business activities and day-to-day operations, SUBARU is promoting reuse and recycling initiatives in which employees actively participate.

In March 2026, we began collecting and recycling uniforms discarded as part of a uniform update at the Main Plant in Ota City, subsequently expanding the initiative to the Oizumi, Yajima, and Kitamoto Plants. By May 2026, we had collected 3.5 tons of uniforms. The collected uniforms are cut and processed into fibers, then made into felt and recycled into automotive sound-insulating material. Going forward, we plan to use some of the sound-insulating material recycled from the collected uniforms in the vehicles we produce.

Coexistence with Nature

In its Environmental Policies, SUBARU states that our fields of business are "the earth, the sky and nature" and promotes efforts aimed at coexistence with nature. The natural environment is an important foundation supporting the SUBARU Group's business activities and value creation.

The SUBARU Group instituted the SUBARU Guidelines on Biodiversity in April 2019 to guide its biodiversity conservation 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 Declaration of Biodiversity by Keidanren and Action Policy. They help promote consideration for the natural environment and conservation activities in our business operations in and outside Japan.

Goal

To achieve coexistence with nature, the SUBARU Group has set goals to appropriately manage environmental impacts on the natural environment at business sites (air, water quality, noise, vibration, and odor) and expand protected areas to reduce the impact of business activities on the natural environment.

Achievements and Main Initiatives

To minimize the impact of business activities on the natural environment, the SUBARU Group gives top priority to compliance with environmental laws and regulations and appropriately manages environmental impacts relating to air, water quality, noise, vibration, and odor. Each site works to prevent environmental risks by setting strict voluntary standards, conducting regular monitoring, and implementing equipment-related measures.

We are also undertaking conservation activities, primarily in the regions where we operate, toward coexistence with nature. At the Bifuka Proving Ground of the SUBARU Research and Experiment Center in Bifuka, Hokkaido, we maintain forest management and conservation activities in cooperation with the local community in approximately 115 hectares of forest on the premises. Together with town-owned forests, the forest within the proving ground has held international SGEC-FM forest certification since FYE March 2020. In FYE March 2025, we conducted a literature survey, identifying approximately 1,280 species of wild flora and fauna that are likely to inhabit or grow in the surrounding area. Each site also engages in locally rooted environmental conservation, including ecosystem-conscious planting management based on the Landscaping Guidelines.


A tree-planting event at the Bifuka Proving Ground


A beautiful Matsuyama Marsh landscape

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