



SUBARU Management Policy 2025

SUBARU CORPORATION

Atsushi Osaki, Representative Director, President & CEO

November 10th, 2025

<https://www.subaru.co.jp/en/ir/>

Good afternoon, everyone. I'm Atsushi Osaki from Subaru.

Since we announced our “New Management Policy,” the business environment has undergone significant changes over the past two years, and uncertainty about the future continues.

Today, I'd like to share how we plan to address these challenges from a medium- to long-term perspective.

**The Bond with Customers Built on
Our Commitment to Deliver
“Enjoyment and Peace of Mind”**



<https://www.subaru.co.jp/en/ir/>

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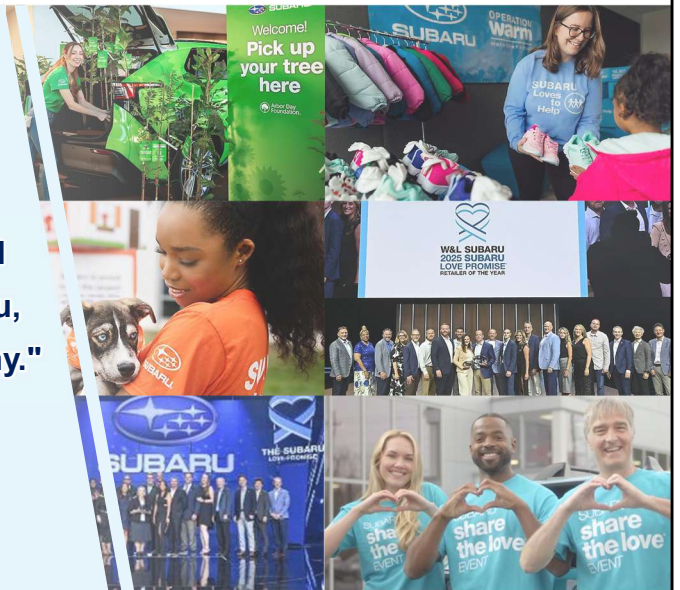
At Subaru, our value proposition centers on “Enjoyment and Peace of Mind.”

Through our unwavering, earnest, and sincere dedication, we have long been committed to enhancing our technology and services to deliver these core values.

We want to be a partner who accompanies our customers throughout their lives, extending beyond simply providing transportation to deeply connecting with their experiences and memories.

It is this connection that has led many customers to say, “I love Subaru,” rather than just, “I like Subaru.”

Joining with those in our Subaru family and the communities connected through Subaru, we aspire to nurture "a society with empathy."



In the U.S., the “Enjoyment and Peace of Mind” infused into our car-making has matured into profound feelings and bonds of LOVE and TRUST.

This spirit is embraced and embodied in our Love Promise activities, where customers gathered through their connection to Subaru vehicles, our retailers, and our distributor Subaru of America, work hand in hand to make a positive impact in local communities.

The Love Promise has now evolved from these feelings and bonds into a commitment to extend these heartfelt connections beyond our customers and into local communities and broader society.

Such sincere aspirations and efforts to make the world a better place have led us to realize that Subaru’s mission is not merely to manufacture and sell vehicles, but to move forward with our customers and retailers to help nurture “a society with kindness and empathy.”

While the world remains uncertain and the influence of a single company may be limited, Subaru, as a brand recognized in the U.S. for its positive social impact, will continue striving to strengthen its presence and become an indispensable company for people, communities, and society as a whole.

2023.8 New Management Policy



Thorough Pursuit of Flexibility in Manufacturing Innovation

- Innovation in Development and Production
- Process and Mindset Transformation

To uphold and achieve our high ideals, strengthening our business competitiveness is vital.

At the same time, amid increasing uncertainty, adaptability in responding to change is essential.

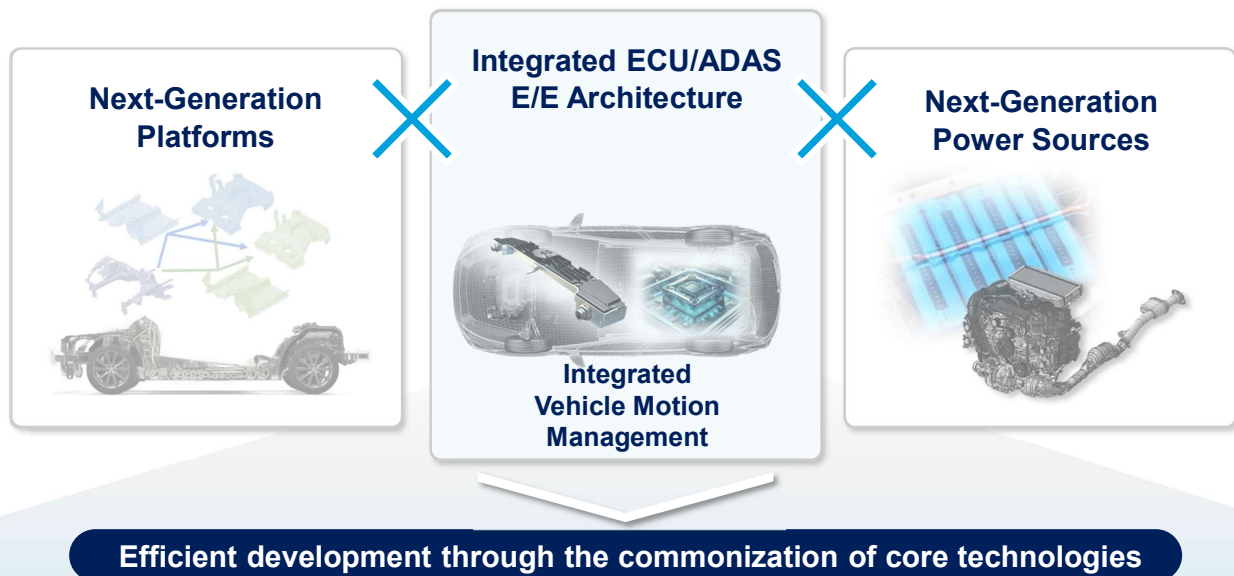
To achieve this, it has been critical for us to adopt an innovative approach that fundamentally transforms our development and production processes.

Under our New Management Policy, we declared that we are steering our focus toward BEVs, aiming to drive manufacturing innovation and enhance our competitiveness by taking on the challenge of this unknown field.

This has been the core objective of the New Management Policy.

Over the past two years, we have thoroughly pursued flexibility in product development and production by transforming our traditional processes and shifting employee mindsets.

Although the market is changing even faster than we initially expected, we are confident in our strengthened capability to respond flexibly to whatever changes may arise going forward.



The key to flexibility lies in the thorough maximization of development efficiency.

A central factor in this is the expansion of the Integrated ECU, which we have advanced over the past two years of our BEV development.

The Integrated ECU serves as the foundation for "Enjoyment and Peace of Mind" by coordinating the next-generation EyeSight, equipped with in-house developed AI, and vehicle motion control, including AWD, to perform integrated vehicle motion management.

By commonizing the E/E architecture centered on the Integrated ECU across BEV and ICE/HEV vehicles, we will significantly enhance development efficiency.

Additionally, we have been advancing our next-generation vehicle platforms for BEVs and existing ICE/HEV models, designed with expandability through combinations of multiple platforms in mind. This approach is expected to enable an expanded product lineup across multiple segments.

Regarding next-generation power sources, besides BEVs, we are advancing the development of new engines specifically optimized for electrification.

Although details of these technological innovations cannot be disclosed at this stage, these innovations, combined with enhanced development efficiency, form the core of our Manufacturing Innovation.



Our pursuit extends beyond just technological innovation and development efficiency.

In our BEV development, we adopted agile development leveraging the “Obeya” approach. This allowed us to flexibly respond to situations, pursuing the shortest possible development process without setting a fixed schedule in advance.

The speed, flexible thinking, and courage to take on new challenges that we gained from this experience are being applied to the development of ICE/HEV models as well.

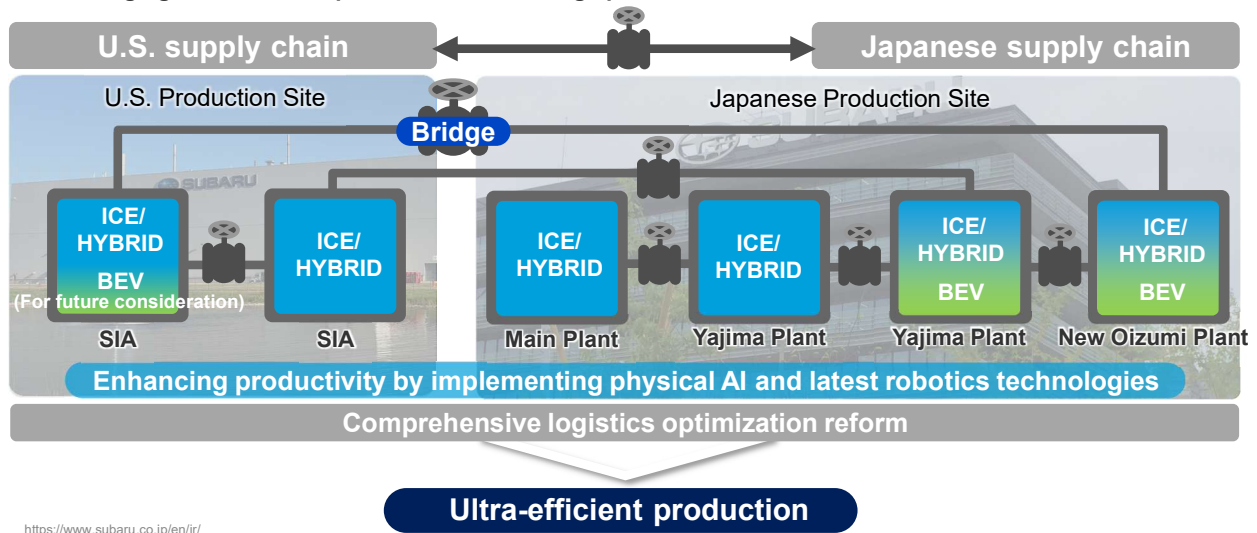
We will continue to strive to achieve industry-leading process innovations by repeating this process.

To make this innovation genuine, the "power of the gemba" (the actual worksite), where proactive, self-driven thinking and action are essential, is critical. To achieve this, we have thoroughly changed each individual's mindset. The attitude of "try first," "make adjustments along the way," and "try and take on challenges repeatedly without fear of failure" is now steadily taking root at Subaru's worksites.

To meet the needs of our diverse customers, we must continue to change ourselves. That's why we are breaking down existing rules and conventions that act as constraints, enabling the workplace to think and act independently in any situation. We are transforming our organization and systems to fully unleash everyone's potential.

Thorough Pursuit of Flexibility - Production

- Further evolve our signature, **highly efficient production system** that fully leverages our capabilities and capacity without any waste.
- Establish a flexible production structure that responds to market- and model-specific demand through **optimization leveraging “mixed-model production” and “bridge production.”**



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Next is the production aspect.

While Subaru has been able to achieve efficient production through high operating rates, the addition of BEVs as a new element has posed challenges that could potentially affect our strengths in mixed-model and bridge production. To address these, our manufacturing engineers are now joining the "Obeya" activities, driving further evolution in both design and manufacturing engineering.

We will produce BEVs and ICE/HEV models on mixed-model production lines. In bridge production, we will enhance collaboration across facilities in Japan and the U.S., as well as among individual production lines. This will allow us to flexibly respond to global demand fluctuations and maximize the operating rates of facilities and human resources.

Moreover, we are advancing logistics reforms and challenging ourselves to achieve flexibility in the supply chain spanning Japan and the U.S.

Amid this rapidly changing business environment, we will strive to realize super-efficient production by strengthening cost competitiveness while keeping the implementation of innovative physical AI technology in sight as part of our strategy.



Through the accumulation of the various initiatives discussed so far, we have significantly strengthened our capabilities over the past two years.

Moving forward, we will extend this strength throughout the entire company, enabling us to respond flexibly and swiftly to rapidly changing market environments, whether it involves BEVs, hybrids, or ICE vehicles.

By accelerating our Manufacturing Innovation initiatives, with next-generation technologies at the core, we plan to significantly expand our product lineup, allowing us to better meet increasingly diverse market demands and customer needs than ever before.



From here, I will talk about Subaru's pursuit of Value Creation.

Many Subaru customers keep their vehicles for years, and it's becoming more common for one Subaru to be passed from parent to child, continuing the family's journeys together.

Subaru, its retailers, and customers maintain long-lasting relationships. This connection is reflected not only in high satisfaction with our services and retailers, but also in the strong bonds such as those built through our Love Promise activities, which are unique strengths that set Subaru apart.

That's why we strive to continue delivering the best Enjoyment and Peace of Mind to every single customer, not just through the cars we build, but throughout the many years they spend with their Subaru.



The technological foundation that enables this aim is Subaru's connected platform and E/E architecture.

Connected services expand our touchpoints with customers, and through advanced data utilization, we can stay more closely attuned to the vehicle's condition as well as our customers' voices and experiences.

In addition, collaboration between these technologies and our retailer network allows us to enhance the ownership experience, not only through OTA software updates after purchase but also through hardware updates performed by our retailers.

By expanding functional capabilities through the unification of technologies and services under our “Retain Value” initiatives, Subaru will continue to deliver the best “Enjoyment and Peace of Mind” to every single customer. This is something only Subaru can achieve, thanks to our deep and lasting connections among our customers, retailers, and products—connections that are uniquely special to Subaru.



As discussed earlier, the market outlook remains highly uncertain.

Even in such times, we want customers to continue choosing Subaru, whether it's a BEV, hybrid, or gasoline model.

This is why we believe it is essential to drive the Subaru Difference and further strengthen our brand's presence.

However, we are not seeking to become a premium brand.

Rather, our goal is to be a brand that stands by our customers throughout their lives, and our brand strategy focuses on further highlighting the identity of Subaru that resonates with, and is trusted by, our customers.

At this year's Japan Mobility Show, we brought this concept of "Driving the Subaru Difference" to life through two symbolic experiential worlds that represent the spirit of Subaru: Performance and Adventure.



On the surface, Performance and Adventure may seem like opposites.

Those drawn to Performance are people who deeply understand and appreciate technology, while those attracted to Adventure cherish time spent in nature and with family.

These worlds might appear separate, yet in communities and events where Subaru owners and fans gather, they coexist with mutual respect.

When we see this, we are reminded that Subaru is a brand that embraces many different forms of love.

And at the heart of both worlds lies something unchanging: our pursuit to deliver “Enjoyment and Peace of Mind” with sincerity, integrity, and unwavering persistence in seeking and embodying the fundamental essence of these core values.

At this year’s Japan Mobility Show, we showcased the STI and Wilderness models as icons of the Performance and Adventure worlds.

However, our true aim goes beyond simply featuring these worlds. It is to elevate the Subaru brand itself by highlighting these two realms, positioned at opposite ends with Subaru at the center, founded on our continued pursuit of delivering "Enjoyment and Peace of Mind."

Meanwhile, we will also carry this Subaru brand worldview across every touchpoint with customers, from accessories and merchandise to motorsports and fan events, offering a consistent customer experience with the aim of building it as a strong revenue foundation as well.

Strengthening Resilience in Our Business Foundation

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

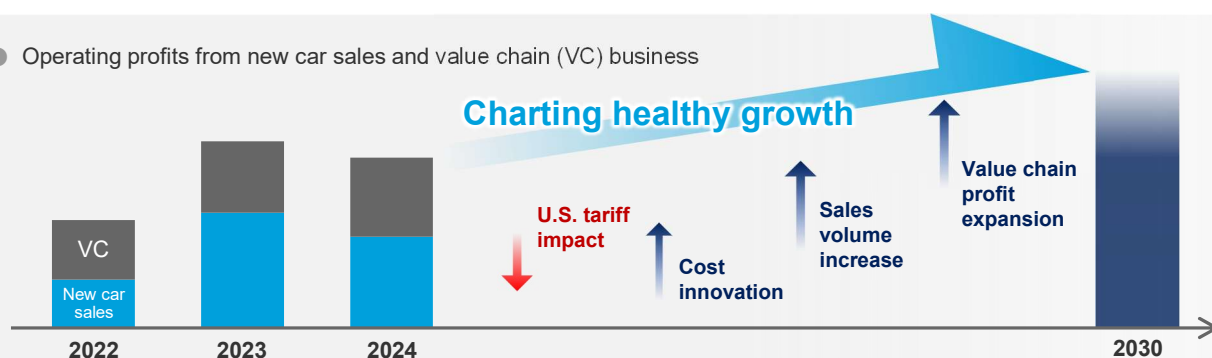
Unprecedented cost innovation

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

Expanding the revenue foundation

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

● Operating profits from new car sales and value chain (VC) business



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Finally, let me discuss our approach to strengthening the resilience of our business foundation.

Amid today's challenging business environment, Subaru is united as one team to overcome adversity.

To counteract the impact of U.S. tariffs, we have launched a company-wide cost reform initiative called "Cost Innovation 20-30," aiming to achieve annual cost reductions at the level of 200 billion yen.

In this project, by working closely with our suppliers from the early design stages of new vehicle development and fully leveraging the outcomes of our manufacturing innovations, we are taking on an unprecedented challenge in cost transformation that goes beyond conventional boundaries.

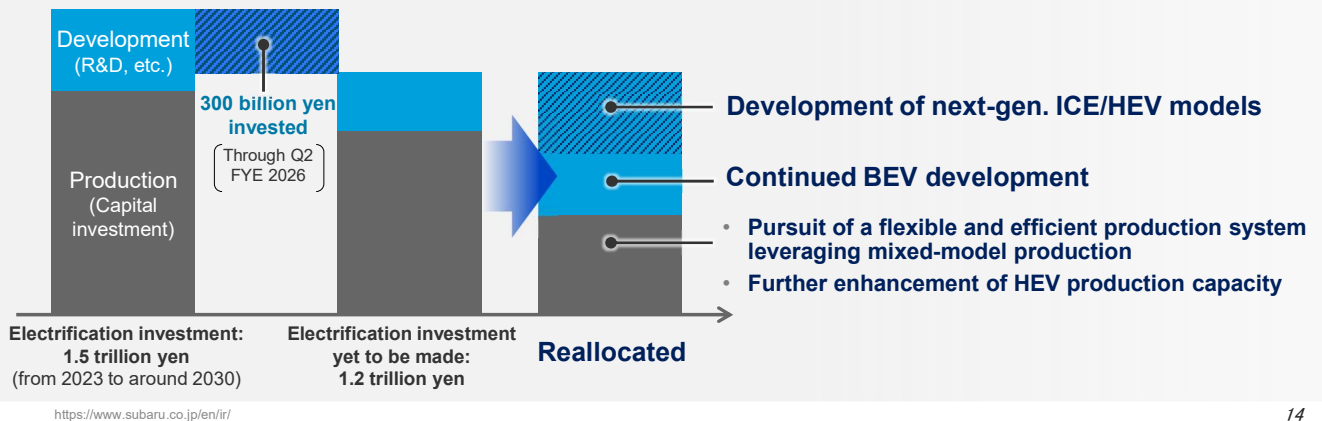
At the same time, we will strengthen our revenue foundation.

By significantly expanding our product lineup to meet the diverse needs of customers, we aim to achieve a global sales goal at the level of 1.2 million units annually in the first half of the 2030s. In parallel, through our brand strategy and our "Retain Value" initiative, we are enhancing profits across the entire value chain.

Through these collective efforts, Subaru will continue to strive for industry-leading profitability.

Growth Investment

- No change to the premise that BEVs will play a central role in the medium- to long-term.
- Based on the increasing demand for HEVs and a reassessment of internal combustion engines, the timing of full-scale BEV mass production investment is expected to be delayed.
- The previously planned 1.5 trillion yen electrification investment is to be thoroughly reevaluated and flexibly reallocated beyond BEVs, including enhancement of development and production of ICE/HEV models.



Next, let me talk about our investment strategy to support future growth.

Our basic premise remains unchanged: BEVs will play a central role in the medium to long term. However, considering the increasing demand for HEVs and the reassessment of internal combustion engines, we believe it is appropriate to delay the timing of full-scale investment in BEV mass production. Consequently, we have decided to thoroughly reevaluate and reallocate the previously planned 1.5 trillion yen electrification investment to include enhanced development and production of next-generation ICE and HEV models, beyond just BEVs.

Specifically, to expand our product lineup in response to diverse customer needs, we will strengthen R&D for next-generation ICE/HEV models, while continuing our ongoing R&D efforts for BEVs as well. Although overall R&D spending is expected to increase, we will leverage the technologies and expertise we have cultivated through our Manufacturing Innovation initiatives to achieve more efficient development. This approach will enable us to effectively manage and restrain any substantial increase in investment levels.

In terms of production, we will pursue a flexible and efficient manufacturing framework through mixed-model production, while carefully assessing the timing of capacity expansion and scale growth.

Based on the above, the total investment will remain essentially at the originally planned level, with optimized allocation to ensure our investments contribute directly to business growth in the coming years.

Thank you



That concludes my presentation. Thank you.