



July 10, 2023

Company name: SUBARU CORPORATION
Representative: Atsushi Osaki, Representative Director, President and CEO
(Securities code: 7270; Tokyo Stock Exchange Prime Market)
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Notice Regarding Disposal of Own Shares as Restricted Stock Compensation

Subaru Corporation (the “Company”) hereby announces that its Board of Directors, pursuant to Article 370 of the Companies Act of Japan and Article 29 of the Articles of Incorporation (written resolution in lieu of a Board of Directors meeting), resolved to dispose of its own shares as stock compensation as follows (the “Disposal of Own Shares”).

1. Overview of Disposal

(1) Disposal date	August 7, 2023
(2) Class and number of shares to be disposed	88,909 shares of common stock of the Company
(3) Disposal price	¥2,674 per share
(4) Total value of share disposal	¥237,742,666
(5) Grantees of shares and number thereof; number of shares to be granted	The Company’s Directors (excluding Outside Directors) 7 persons, 39,408 shares (including 2 retiring officers, 5,856 shares) Corporate vice presidents 21 persons, 49,501 shares (including 2 retiring officers, 2,206 shares)
(6) Other	The Disposal of Own Shares is conditioned on the Securities Registration Statement taking effect in accordance with the Financial Instruments and Exchange Act.

2. Purpose and Reasons for Disposal

At its meeting held on March 3, 2022, the Company’s Board of Directors resolved to revise the Restricted Stock Compensation Plan (the “Plan”) introduced in 2017 for the Company’s Directors other than the Outside Directors and corporate vice presidents (collectively, the “Eligible Officers”) with the purpose of raising awareness of their contribution to the sustained improvement of the corporate value of the Company. Furthermore, at the 91st Annual General Meeting of Shareholders held on June 22, 2022, the shareholders approved an upper limit of 150,000 shares in the Company per year to be granted to Directors under the Plan.

Based on the Plan, after considering the purpose of the Plan, the Company's business performance, the scope and nature of the performance of duties of each of the Eligible Officers, and various other circumstances, as restricted stock compensation the Company has now decided to pay a total amount of ¥147,356,118 in the monetary compensation claim and grant 55,107 shares of the common stock of the Company by way of in-kind contribution of the said monetary compensation claim to 5 Eligible Directors and 19 corporate vice presidents. Furthermore, based on the Plan the Company has decided to pay a total amount of ¥90,386,548 in the monetary compensation claim and grant 33,802 shares of the common stock of the Company by way of in-kind contribution of the said monetary compensation claim after evaluating consolidated ROE and employee engagement (evaluation of employee satisfaction), which have been adopted as performance indicators, to 7 Eligible Directors and 16 corporate vice presidents (including retiring officers) as variable compensation (performance stock units), with the evaluation period being the fiscal year from April 1, 2022 to March 31, 2023.

Since the purpose of the Plan is to provide the management with incentives to achieve sustained improvement of the corporate value of the Company and to share more of that value with the Company's shareholders, the Transfer Restriction Period has been set as the period until the Eligible Officer loses all of his/her status as a director, auditor, officer, corporate vice president or employee of the Company.

For the Disposal of Own Shares, the Eligible Officers to whom the stock is scheduled to be granted will pay in all the said monetary compensation claim as property contributed in kind, and receive the common stock of the Company to be disposed of by the Company.

3. Overview of the Contract Regarding the Grant

The Company and each of the Eligible Officers will execute the Contract Regarding the Grant individually, and conditions relating to transfer restrictions are summarized below. However, no transfer restrictions or other conditions shall be set for Eligible Officers who have already retired as officers of the Company.

(1) Transfer Restriction Period

From the date on which the Eligible Officer acquires the granted shares until the date on which the Eligible Officer loses all of his/her status as a director, auditor, officer, corporate vice president or employee of the Company.

(2) Conditions for Cancellation of the transfer restrictions

The transfer restrictions for all of the granted shares held by the Eligible Officers will be cancelled at the expiration of the Transfer Restriction Period. Additionally, in cases where any one of the Eligible Officers loses all of his/her status as a director, auditor, officer, corporate vice president or employee of the Company during the Transfer Restriction Period, due to death, completion of his/her term of office or reaching of his/her retirement age, or any other legitimate reasons approved by the Board of Directors of the Company, the transfer restrictions on all the shares granted to the said one of the Eligible Officers shall be cancelled immediately after such his/her status is lost.

(3) The Company's acquisition of the shares at no cost

In cases where any one of the Eligible Officers loses all of his/her status as a director, auditor, officer, corporate vice president or employee of the Company during the Transfer Restriction Period, the Company shall naturally acquire at no cost all of the granted shares held by the said one of the Eligible Officers at the time of such lost. However, this shall not apply to cases where such losing of his/her status occurs due to death, completion of

his/her term of office or reaching of his/her retirement age, or other legitimate reasons approved by the Board of Directors of the Company.

(4) Administration of shares

To prevent the Eligible Officers from transferring, setting collateral rights for, or otherwise disposing of the granted shares during the Transfer Restriction Period, each of the Eligible Officers opens a dedicated account with Mizuho Securities Co., Ltd. for administration of the granted shares. To enforce the transfer restrictions, etc. on the granted shares, the Company enters into a contract with Mizuho Securities Co., Ltd. for the administration of the accounts of the granted shares held by the Eligible Officers. In addition, the Company has obtained consent from the Eligible Officers as to the details of the said transfer restrictions, etc.

(5) Treatment in the event of organizational restructuring, etc.

Prior to the expiration of the Transfer Restriction Period, if the General Meeting of Shareholders of the Company approves of any matters with regard to a merger contract under which the Company will become a dissolving company; an absorption-type split agreement or incorporation-type company split plan under which the Company will be a split company (but only if the Company, on the effective date of the company split, delivers to the Company's shareholders a whole or part of the consideration for the said company split that it acquired); a share exchange agreement or share transfer plan under which the Company will become the wholly owned subsidiary; or any other organizational restructuring, etc. set forth in the Contract Regarding the Grant (or, in cases where the approval at the General Meeting of Shareholders of the Company for the said organizational restructuring, etc. is not necessary, if the Board of Directors of the Company approves), based on a resolution of the Board of Directors, the transfer restrictions shall be cancelled immediately before the business day immediately prior to the effective date of the said organizational restructuring, etc., regarding the number of the granted shares that is reasonably calculated considering the period from the beginning of the Transfer Restriction Period to the approval date of the said organizational restructuring, etc.

4. Basis of calculating the amount to be paid in for the granted shares and other specific details

The Disposal of Own Shares shall be funded by the monetary compensation claim provided as a restricted stock compensation by the Company under the Plan. To eliminate arbitrariness in the disposal price, the average closing price of the Company's common stock on the Tokyo Stock Exchange over the one-month period up to the day immediately preceding July 10, 2023 (from June 10, 2023 through July 9, 2023) of ¥2,674 (with amounts less than ¥1 truncated here and elsewhere) was used as the disposal price. As the price is the average closing price of the adjacent period prior to the date of the resolution by the Board of Directors, which is believed to be reasonable price that appropriately reflects the corporate value of the Company.

Note that the divergence ratio from the closing price on the Tokyo Stock Exchange of ¥2,615.5 on the day immediately preceding the date of the resolution by the Board of Directors was 2.24% (Divergence figures have been rounded up at the three-digit level below the decimal here and elsewhere). The divergence ratio from the simple average value of ¥2,398 of the closing prices for the three-month period (from April 10, 2023 to July 9, 2023) was 11.51%, and the divergence ratio from the simple average value of ¥2,258 of the closing price for the six-month period (from January 10, 2023 to July 9, 2023) was 18.42%. Accordingly, pursuant to Guidelines Concerning Handling of Allotment of New Shares to Third Party, Etc. (Japan Securities Dealers Association as of April 1, 2010) the price is believed not to be particularly favorable to the share recipients.

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