



| Briefing on the New Management Policy

SUBARU CORPORATION

Atsushi Osaki, Representative Director, President and CEO

August 2, 2023

Hello everyone, this is Atsushi Osaki.

Following the approval of our General Meeting of Shareholders on June 21, I became Representative Director and President of Subaru Corporation.

It has now been a month and a half since the new management team took office. Today I would like to talk about Subaru's new management policy.

1. Review of STEP Mid-Term Management Vision Efforts

- Maintain "Enjoyment and Peace of Mind" as the unwavering value that Subaru offers.
- Pursue the Subaru Difference, which provides emotional value as well as functional value.

STEP



I'd like to begin by reviewing our efforts under the "STEP" mid-term management vision.

In STEP, which proclaims "Enjoyment and Peace of Mind" as our unwavering value statement and "Delivering Happiness to All" as our vision, we declared that we would continue to pursue the "Subaru Difference," with the goal of providing customers with emotional value as well as functional value.

This direction will remain unchanged under the new management.

1. Review of STEP Mid-Term Management Vision Efforts

- Efforts focused on strengthening the mindset of employees and the organizational structure and systems, with quality enhancement as the top priority
- Monozukuri (manufacturing) Innovation underway with Subaru Manufacturing Revamp initiatives.



Through the STEP initiatives, "Quality First" and "The Subaru Difference" to meet the expectations of our customers have been embedded in the Subaru DNA.

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

* Zero fatal road accidents among occupants of Subaru vehicles and people involved in collisions with Subaru vehicles, including pedestrians and cyclists

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In "STEP," we have made quality enhancement a top priority, focusing our efforts on strengthening the awareness and mindset of employees as well as the organizational structure and systems, and we are making steady progress.

At the same time, with the goal of contributing to the realization of a carbon-neutral society and achieving our value statement of "Enjoyment and Peace of Mind," we have been advancing Monozukuri Innovation by revamping our Subaru manufacturing.

(Monozukuri: Manufacturing)

1. Review of STEP Mid-Term Management Vision Efforts

Accolades for Products

2022 American Customer Satisfaction Index



Rated #1 in Safety for three years in a row.^{*1}
Rated #1 in Drive Performance.^{*1}
Rated #1 in Service Quality.^{*1}
Rated #1 in Dependability for two years in a row.^{*1}
Rated #1 in Product Quality for two years in a row.^{*1}
Rated #1 in Satisfaction.^{*1}

IIHS TOP SAFETY PICK+



Since 2013, Subaru has received a cumulative total of 69 *IIHS TOP SAFETY PICK+* awards^{*2} as of February 2023, which is more than any other brand^{*3}.

Accolades for Company / Brand

Forbes Best Brands for Social Impact 2023



Subaru is recognized by Forbes as one of America's best brands for social impact.^{*4}

Axios Harris Poll 100 Reputation Rankings

Subaru has been ranked in the top 20 of the Axios Harris Poll 100 Reputation Rankings for three consecutive years (2021-2023).



^{*1}: Compared to all other measured mass-market automotive companies in the 2022 American Customer Satisfaction Index (ACSI®) surveys of customers rating their own automotive company's performance. The #1 rating in Dependability and Satisfaction is shared with one other automotive company. The #1 rating in Product Quality is shared with three other automotive companies. ACSI and its logo are registered trademarks of The American Customer Satisfaction Index, LLC.

^{*2}: Claim applies to U.S.-spec vehicles.

^{*3}: Based on research conducted by Subaru of America, Inc. and Subaru Canada, Inc.

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We now see that these efforts have resulted in building a reputation not only for our products, but also for our company and brand.

On the product side, we receive top ratings from independent organizations, such as #1 rankings in the American Customer Satisfaction Index (ACSI) and Top Safety Pick Plus (TSP+) awards from the Insurance Institute for Highway Safety (IIHS).

At the same time, our corporate and brand reputation has grown.

As a result of our commitment to corporate citizenship and social impact through the Subaru Love Promise initiatives in the U.S., Subaru has been recognized by Forbes as one of America's Best Brands for Social Impact, ranking #1 in the automotive category, and has been recognized among the top companies in the Axios Harris Poll 100 Reputation Rankings for three consecutive years.

We believe our strong corporate and brand reputation among the American people, along with these product accolades from our customers and independent organizations, demonstrate that our efforts through STEP are on the right track, and we value such recognition as a significant asset for Subaru.

2. Vision for 2030

- Electrification plan update
- Determination for 2028



However, our business environment is changing rapidly and non-linearly. We are seeing the rapid shift to electrification in the U.S., significant changes in the automotive industry, and the rise and growth of emerging manufacturers, including those in other industries.

People have been calling this a once-in-a-century period of profound transformation for some time now, but I see these non-linear changes and their speed in recent years as greater than ever before.

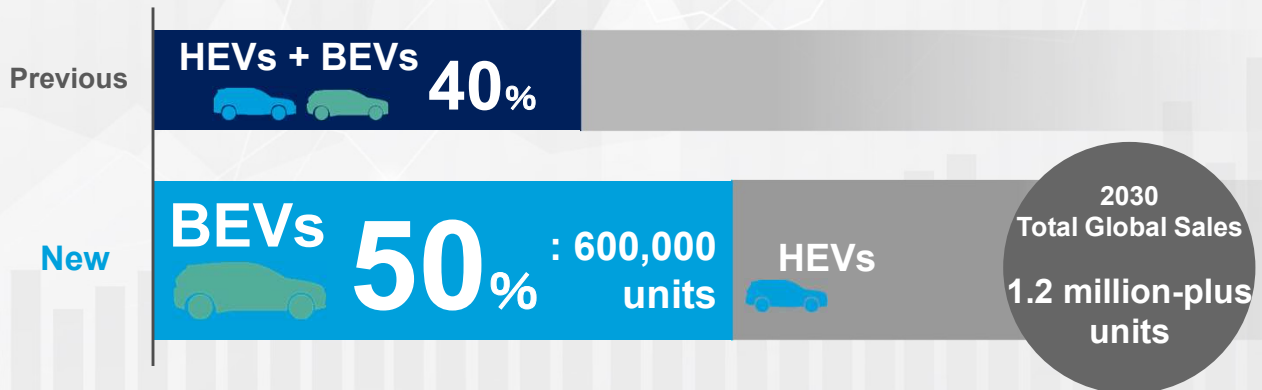
Today, I would like to talk about how we are addressing these major changes in the business environment from two perspectives.

The first is the update of our electrification plan, and the second is our determination for 2028, which will be a very important foundation for achieving our vision for 2030.

3. Electrification plan update

- Electrification sales target for 2030 raised to "50% of total global sales to be BEVs."

Subaru's electrification sales target for 2030 (Ratio, Volume)



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

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First, I'd like to talk about an update to our electrification plan. There are two key updates.

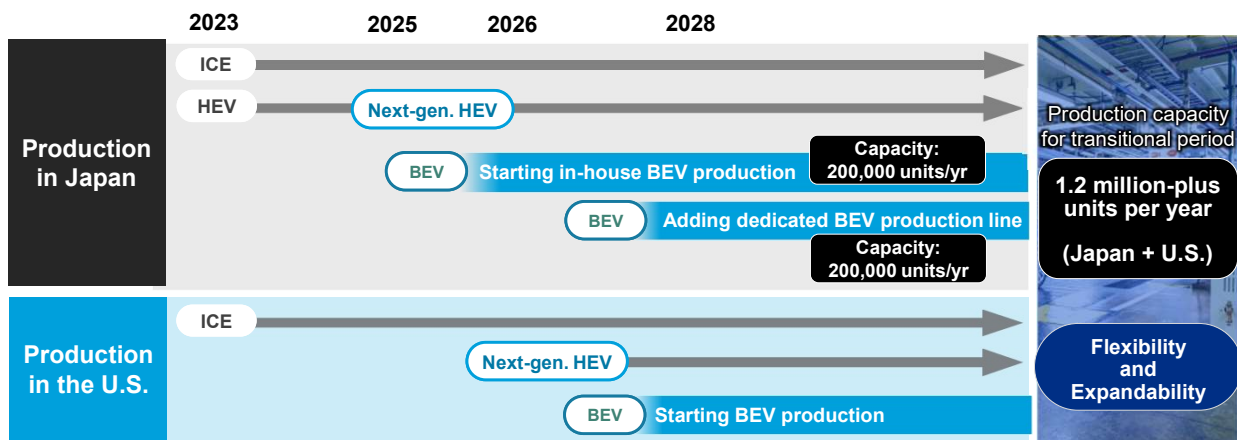
The first one is the electrification sales target for 2030.

Previously, the 2030 target was for HEVs and BEVs to account for at least 40% of our total global sales.

We have now raised the target to "50% of Subaru's total global sales to be BEVs," which will be achieved by selling 600,000 BEVs out of our total global sales of 1.2 million-plus Subaru vehicles.

3. Electrification plan update

- Respond to market changes by reorganizing the production structure based on the "flexibility and expandability" policy.
- Start production of BEVs and the next-generation HEVs in the U.S.



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

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The second update concerns the production structure.

As we announced in May 2023, total annual BEV production capacity in Japan is expected to be 400,000 units per year from 2028.

On the U.S. side, we plan to start U.S. production of BEVs as well as next-generation HEV models using TOYOTA Hybrid System (THS) technology.

With the addition of BEV production in the U.S., Subaru's total global production capacity will be at the level of 1.2 million units per year.

In this transition period of the shift to electrification, while keeping a close eye on regulations and market trends, we will be "flexible" by taking advantage of the reorganization of our production in Japan and the U.S., and "expand" at once when the direction of the shift becomes clear.

With this concept of "flexibility and expandability" at the core, we intend to navigate through these challenging times.

4. Determination for 2028

- Under the new management, Subaru will pursue **"Monozukuri* Innovation"** and **"Value Creation"** while restructuring all the way from the production structure to the development process and product planning.

New Management Initiatives

Development

Product

Production

- Monozukuri* Innovation
- Value Creation

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

* Monozukuri: Manufacturing

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As I just shared with you, we've decided to significantly update our electrification sales target and production structure to support those sales toward 2030.

In our pursuit of these visions, we are positioning the next five years up to 2028 as a very important period for us.

I would now like to talk about our "Determination to 2028".

As I will explain in more detail later, under this new management leadership, Subaru will pursue two key initiatives - "Monozukuri Innovation" and "Value Creation".

In this transition period when internal combustion engine (ICE) vehicles are being replaced by battery electric vehicles (BEVs), we will strongly promote these key initiatives while restructuring all key aspects of our monozukuri, from the production structure to the development process and product planning.

(Monozukuri: Manufacturing)

4. Determination for 2028

Monozukuri*
Innovation

**Value
Creation**

To become the world's leading company in
"Monozukuri"* and "Value Creation"

Aim to achieve this goal at an early stage by
shifting our focus and resources to BEVs.

* Monozukuri: Manufacturing

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



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With my engineering background, primarily in manufacturing and product planning, I see it as my "great mission" to lead the company's efforts in "Monozukuri Innovation" and "Value Creation".

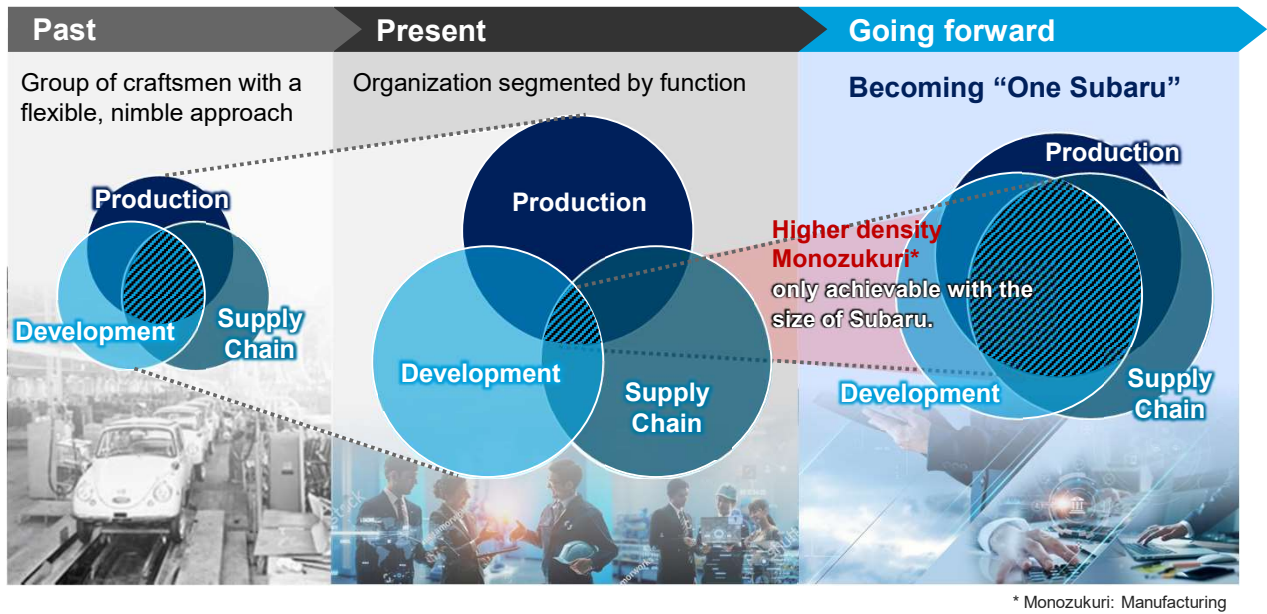
However, it is not just a matter of advancing these initiatives. Our goal is to become the world's leading company in "Monozukuri" and "Value Creation," so that we do not fall behind in this era of profound transformation.

We aim to achieve our "Monozukuri Innovation" and "Value Creation" at an early stage by shifting our focus and resources to battery electric vehicles.

Starting on the next page, I will discuss these two initiatives in more detail.

(Monozukuri: Manufacturing)

4. Determination for 2028 – “Monozukuri* Innovation”



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First, on "Monozukuri Innovation".

In the past, we referred to ourselves as "a group of craftsmen with a nimble, flexible approach" and introduced a variety of technologies such as all-wheel drive (AWD) and EyeSight.

As times have changed, customer preferences have changed, cars have become more complex, and the areas to be addressed have become more diverse. This has led to rapid progress in the division of functions, especially in the areas of product development, production and the supply chain, including specialization in individual areas and outsourcing of work to suppliers.

On the other hand, in this once-in-a-century period of profound transformation, we are now faced with a situation where we must compete and outperform not only our competitors in the same industry, but also those in other industries with an entirely new sense of value.

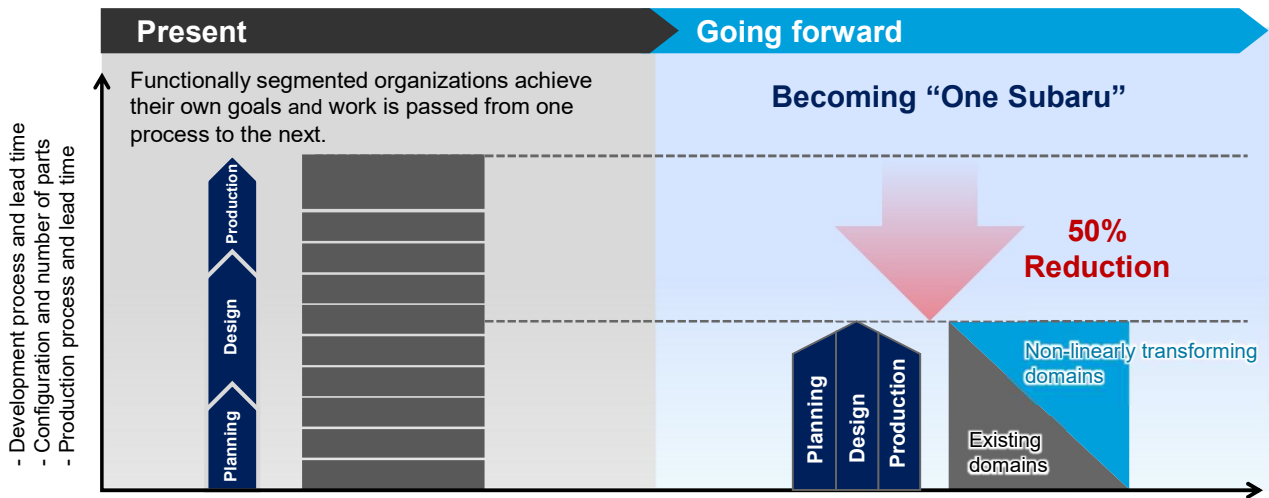
Through "Monozukuri Innovation," we will advance our own high-density monozukuri by becoming "One Subaru," encompassing all aspects from product development to production and the supply chain, which we intend to achieve by leveraging our corporate and operational scale.

(Monozukuri: Manufacturing)

4. Determination for 2028 – “Monozukuri* Innovation”

- Achieve world-leading Monozukuri* and Value Creation by cutting the product development process and lead time in half, the configuration and number of parts in half, and the production process and lead time in half.

* Monozukuri: Manufacturing



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

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Based on this approach, we will strive to achieve world-leading monozukuri by cutting the development process and lead time in half, the configuration and number of parts in half, and the production process and lead time in half.

In our current operations, each segmented function, such as product planning, design, and production, waits for the previous process to complete its work, and then passes the work on to the next process like a relay.

Through our Monozukuri Innovation initiatives, we will make the process agile, which will lead to a 50% reduction in Monozukuri time.

At the same time, by continuously advancing these initiatives, we will reduce the process and lead time for product development and production in existing domains and strengthen our ability to respond to "non-linearly transforming domains" in this age of uncertainty.

(Monozukuri: Manufacturing)

4. Determination for 2028 – “Value Creation”

- Subaru's monozukuri, which has always been centered on the lives of its customers, has long created memories in their hearts. This has evolved into the Subaru Love Promise, to which Subaru, together with our retailers, is deeply committed.
- The Subaru Love Promise initiatives strongly connect Subaru, its customers, its retailers and its communities, with Subaru's unique monozukuri / products at the core. Subaru will protect and expand this as a source of value creation for society and the future.

Subaru Love Promise
Strong people-to-people ties between Subaru, customers, retailers, and communities.

Communities in all over Subaru markets

Customers

Subaru

Retailers

Products

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

* Monozukuri: Manufacturing

Next, "Value Creation".

At Subaru, making cars has always been about being close to our customers' lives. Subaru cars have created memories for their owners, and our customers feel "love" for their cars and for Subaru.

In the U.S., "love" has evolved into the Subaru Love Promise, the philosophy and initiatives to which Subaru and our retailers are deeply committed.

With Subaru products at its core, the Subaru Love Promise creates a strong bond between Subaru, its customers, its retailers and its communities.

We believe this is a source of our value creation for society and the future, and we intend to protect and expand it.

This commitment will remain unchanged in the period of profound change or in the age of electrification.

We will further enhance the value of our products that are at the heart of this strong relationship between Subaru, customers, retailers and communities.

4. Determination for 2028 – “Value Creation”

- Further evolve “Enjoyment and Peace of Mind” in the BEV era.
- Enhance “seamless & stress-free” user experience with the latest technology in the BEV era.
- Pursue the Subaru-unique initiatives of “Retaining Value” and “Continuing to Deliver New-Car Feel”.



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An important factor in creating value in the BEV era is to further enhance “Enjoyment and Peace of Mind,” the unwavering value that Subaru offers to customers.

We are sometimes asked whether Subaru can maintain its strengths and “Subaru-ness” in the BEV era.

As one of our answers, we believe that our long-cultivated AWD capability will be further enhanced by the precise control enabled by BEV technology, leading to further enhancement of our strengths; safety and peace of mind.

In addition, we are pursuing new benefits for our customers, such as a seamless & stress-free user experience through the latest technologies.

We will also provide further benefits through our “Retaining Value” and “Continuing to Deliver New-Car Feel” initiatives, which are based on our desire for customers to have long relationships with their Subarus while maintaining the value of their vehicles.

We intend to realize these visions with our technologies.

Through these products and technologies, we believe that our customers can enjoy the unfading emotional value that comes from spending time with their Subarus, such as “peace of mind,” “stimulated desire for self-challenge,” and their vehicles being “always up-to-date.”

As the shift to electrification progresses, Subaru aims to become even closer to our customers' lives through these efforts.

4. Determination for 2028

Expansion of BEV Lineup

Introduce four additional BEV models by the end of 2028.

By the end of 2026: **4 SUVs*** *Incl. Solterra

By the end of 2028: **4 more models**

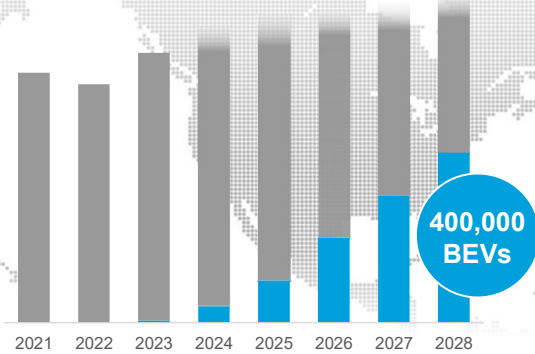
A total of 8 models in BEV lineup by the end of 2028



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

BEV Sales in the U.S.

Aim for U.S. sales of 400,000 BEVs in 2028.



400,000 BEVs

So far, I have talked about our "Monozukuri Innovation" and "Value Creation" initiatives. It's our determination to realize these goals in the next 5 years through 2028 under the new management.

We will strive to achieve world-leading monozukuri by 2028 to enhance our competitiveness.

At the same time, we will pursue value creation while offering our BEVs with world-leading competitiveness.

In addition to the four BEV SUVs already announced, we plan to launch four more models by the end of 2028.

As a result, Subaru will have a total of 8 models in its BEV lineup by the end of 2028.

With this BEV lineup, we aim to sell 400,000 BEVs in the U.S. in 2028. This will account for more than half of our total U.S. sales.

(Monozukuri: Manufacturing)

5. Cultivating people and organizations that drive innovation

- Accelerate individual growth along with organizational growth.
- Create a foundation for developing Innovation Leaders.
- Continue developing the mindset of each division/department to foster innovation in the organization.



In pursuing our Monozukuri Innovation and Value Creation initiatives, I am convinced that the driving force is none other than our "people".

It is my experience and conviction that the development of human resources is the source of our company's competitiveness, and I will ensure that we focus our company-wide efforts there.

Specifically, we will accelerate our efforts focused on "individual growth," a priority of the "STEP" medium-term management vision.

Beyond "individual growth," it is also our mission as management to further develop a corporate culture that fosters "innovation leaders" by creating a work environment and opportunities for them to play an active leadership role in driving innovation.

These Innovation Leaders, as they drive innovation across all functions and divisions and expand partners to collaborate with them inside and outside their workplaces, will lead the way in creating processes and technologies that will set the standard for the new era.

(Monozukuri: Manufacturing)

6. Financial and Capital Policy

While maintaining financial soundness (capital equity ratio of 50% or more) and financial stability (suitable net cash position)

Make aggressive growth investment to prevail in the age of electrification:

● **Electrification investment (production, development):**

Approximately **1.5 trillion yen** by around 2030
(including 250 billion yen already announced for domestic production reorganization.
This could vary significantly depending on our approach to battery investment.)

Ensure consistent shareholder returns with stronger focus on improving capital efficiency:

● **Pay stable and continuous dividends and flexibly repurchase shares** based on a comprehensive assessment of business performance, investment plans, and the business environment. (Aim for total return ratio of 30-50%)

"Industry-leading profit margins" remains a goal to be achieved when the initiatives are completed.



Finally, I would like to discuss our financial and capital policies.

While maintaining financial soundness and stability, we will make aggressive growth investments to prevail in the age of electrification.

The amount of investment in production and development for electrification that we have announced today is expected to be approximately 1.5 trillion yen by around 2030.

At the same time, we will implement "shareholder returns that are more conscious of improving capital efficiency."

As we pursue the "Monozukuri Innovation" and "Value Creation" initiatives I have discussed today, our goal of achieving industry-leading profit margins, as set out in our STEP mid-term management vision, remains unchanged.

(Monozukuri: Manufacturing)



Forward-looking statements including projections and future strategies mentioned in this presentation are based on currently available information and assumptions and are subject to risks and uncertainties. Actual results may vary materially as a result of various factors including, without limitation, economic conditions, market demand and fluctuations in foreign exchange rates. Investors are asked not to rely solely on the information in this presentation when they make their final investment decisions.

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

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This concludes my briefing on the new management policy.

We will navigate these uncertain times with the concept of "flexibility and expandability," and continue to deliver attractive and appealing Subaru products and services to our customers as we strive to pursue the "Monozukuri Innovation" and "Value Creation" initiatives.

I'd appreciate your continued support.

Thank you for your time today.

(Monozukuri: Manufacturing)