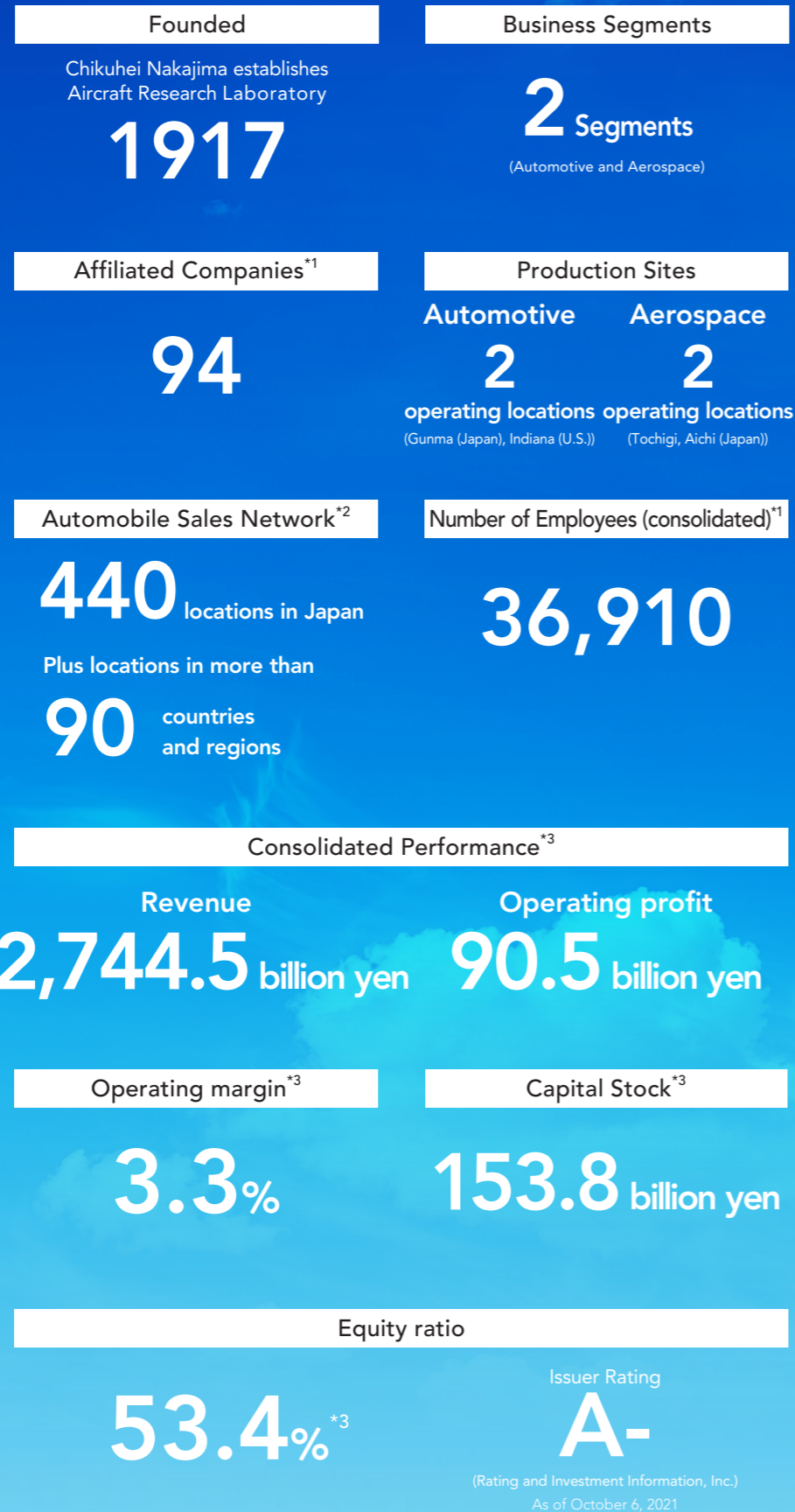


## At a Glance

### Our Path to Today



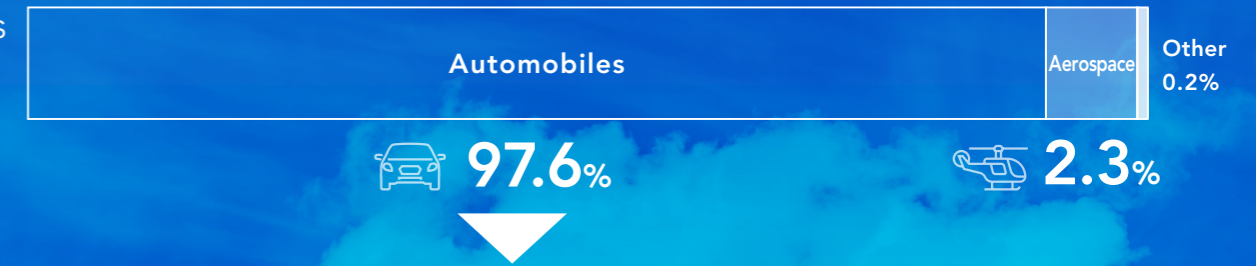
### Performance and Financial Soundness



\*1 As of March 31, 2022  
 \*2 As of April 1, 2022  
 \*3 Figures for FYE March 2022

### Businesses

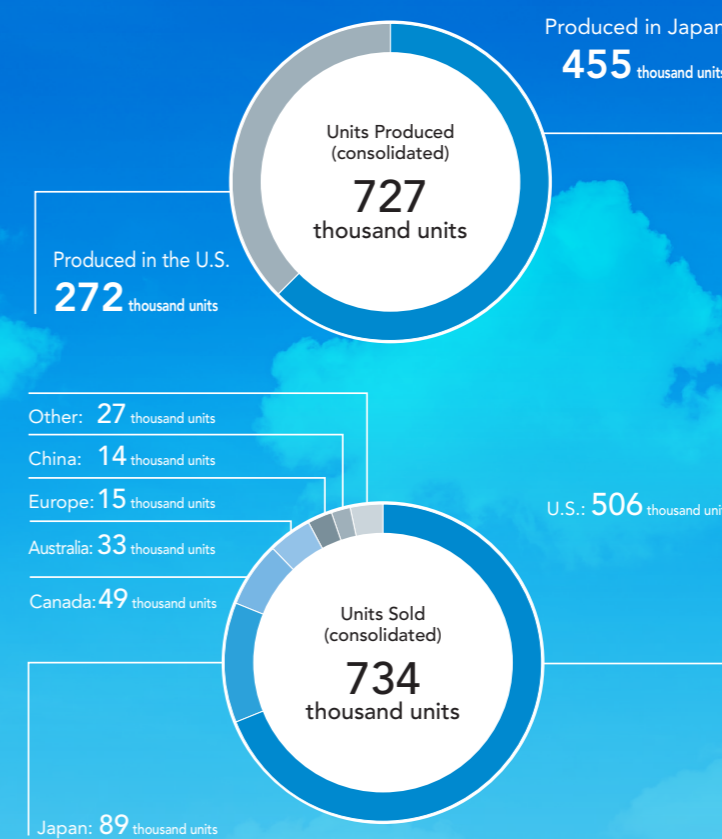
#### Composition of Sales



#### Industry Share<sup>\*4</sup>



#### Ratio by Region<sup>\*3</sup>



#### Automobile Category



\*4 For 2021 (calendar year)

\*5 Based on sales data from 2018 to 2021 (calendar years). Excludes OEM vehicles from other companies.

## Message from the CEO

SUBARU will make steady progress towards becoming a company “Delivering happiness to all,” enriching people’s lives and minds as a partner to our customers and society.

### Tomomi Nakamura

Representative Director, President and CEO

#### Profile

1982 Joined SUBARU and worked in the Japan Sales and Marketing Division, Global Marketing Division, and other units  
 2011 Vice President, Senior General Manager of Strategy Development Division and General Manager of Corporate Planning Department  
 2014 Senior Vice President, Chief General Manager of SUBARU Overseas Sales & Marketing Division 1, Chairman of SOA\*  
 2016 Executive Vice President, Chief General Manager of SUBARU Overseas Sales & Marketing Division 1, Chairman of SOA  
 Representative Director, President and CEO since June 2018  
 \* Subaru of America, Inc.



#### Current Economic Conditions and Performance Outlook for FYE March 2023

*The unified SUBARU Group will work hard to deliver as many cars as possible to our customers.*

More than two years have passed since the global outbreak of COVID-19. During this time, we at the SUBARU Group have taken a variety of actions to maintain our business activities while simultaneously protecting the health and safety of employees and their families. This includes shifting to a new normal for work arrangements, such as bolstering our IT infrastructure and abolishing mandatory core hours in the flex-time system. We also held online Premiere events of new vehicles, to create more opportunities for customers to directly come into contact with the value SUBARU provides. I commend these efforts that we have made to flexibly respond to changes in the environment and improve productivity and operational quality. Meanwhile, the aftershocks from the spread of COVID-19 continue to affect us in the short term. Adjustments to production at our plants have been unprecedented, driven by the impact from the shortage of

semiconductors throughout the year and supply chain stagnation due to the resurgence of COVID-19 in Southeast Asia and other regions.

With further impact from sharp rises in energy and raw material prices, in connection with the situation between Russia and Ukraine that emerged at the end of FYE March 2022, the balance between supply and demand remains uncertain.

Amid these circumstances, with extensive cooperation from our suppliers, we made advances in our BCP<sup>\*1</sup> efforts on the procurement side in FYE March 2022, expanding the scope of monitoring the degree of risk impact. On the manufacturing side, we have also made various efforts, such as flexibly adjusting production plans, in order to produce as many cars as possible despite parts supply constraints. On the sales side, we have been able to further bolster what was already a highly efficient sales operation by utilizing our “pipeline” inventory of units before they arrive at retailers. However in FYE March 2022, consolidated sales and profits declined, due to the decrease in automobiles sales volume resulting from reduced production by constraints on the parts supply, and to soaring raw material prices.

For our FYE March 2023 performance forecast, we aim to achieve 3,500 billion yen in revenue, up 27.5% year on year, and 200 billion yen in operating income, up 121.1% year on year. Thanks to strong demand, especially in the North American market, we expect to sell 940,000 units and will take on the challenge of producing 1 million units.

With continuing challenges in semiconductor supply, we see our performance through the first quarter of FYE March 2023 as largely in line with our plan. We believe it is important to make steady progress with a positive attitude, while maintaining a sense of urgency through the second half of the fiscal year. In July 2022, I attended the retailers' conference, in which all SUBARU retailers in the United States took part. Each and every local retailer there said to me, "More Cars!". It made me feel strongly that we have to satisfy those expectations as quickly as possible. Internally, I have also conveyed the message that we will work together relentlessly as a Group to produce and sell as many cars as possible, and we will work to restore our performance to the level of FYE March 2020, which was just before the COVID-19 pandemic.

\*1 BCP: Business continuity plan

### Progress in the Mid-term Management Vision "STEP"

*I am seeing steady progress in the priority initiatives set forth in "STEP."*

In May 2021, around three years after the mid-term management vision "STEP" was announced just following my appointment as President in 2018, we made a report to our stakeholders about our progress to date and our policy for initiatives going forward. This offered us an opportunity to integrate the several principles present at the time.

Our corporate statement is "We aim to be a compelling company with a strong market presence built upon our customer-first principle." With "Enjoyment and Peace of Mind" as the value the SUBARU Group provides to our customers, we will evolve the the SUBARU difference that is unwavering amid changing times and changing external environments, enhancing the strength of our brand. The phrase "Delivering happiness to all" was announced when we changed our company name from Fuji Heavy Industries Ltd. to SUBARU CORPORATION, and we learned it from our customers' behavior. Taking this opportunity, we defined this term as our "Vision".



With regard to the three priority initiatives in "STEP"—corporate culture reforms, quality enhancement, and evolution of the SUBARU difference—we are making steady progress thanks to continued actions as a unified Group under the slogan of "change mindset, change actions, change the company."

One of the most important topics here is quality enhancement, a persistent reform that we are pursuing first and foremost. Specifically, in January 2021, we established the "FAST"<sup>2</sup> quality improvement team in North America to quickly resolve any defects that may have occurred there. Furthermore, as part of efforts to prevent recurrence of improprieties relating to final vehicle inspections at the Gunma Plant, we have been establishing new final vehicle inspection buildings independent from production lines. One of the three new final inspection buildings has launched its operations as of August 2022. In addition, we will speed up our quality improvement by establishing "QA (Quality Assurance) Lab" to enhance our ability to investigate defects, and by strengthening parts traceability.

Although there is a trend toward improvement, such as a decrease in the number of defects and recalls on a global basis, our perception is that we have yet to show results to our customers and dealerships. For us, high quality is at the very root of the SUBARU brand, and is a source of added value. We will continue to push forward with further reforms, including the development of new technologies, so that we can show our customers and retailers real results.

\*2 FAST: Fast Action & Solution Team

### Contributions to Building a Decarbonized Society

*As we evolve the SUBARU difference, we will accelerate activities towards electrification based on our roadmap.*

Regarding environmental measures for sustainable growth, at the SUBARU technology briefing held in January 2020, we announced our commitment to "contribute to building a decarbonized society through our distinctive and technological innovations," and we are accelerating our efforts in our "CO<sub>2</sub> Reduction Roadmap". We have defined SUBARU's position in the era of electrification as "smart follower," as we have long been engaged in research and product development related to vehicle electrification technologies. Especially in the past year or two, market trends have changed rapidly, and we feel that U.S. retailers and our most valued customers are also rapidly becoming more interested in climate change issues and electric vehicles.

Deciding that the time was finally right, in May 2022, we launched our first global BEV<sup>3</sup>, the SOLTERRA. The SOLTERRA was jointly developed with Toyota Motor Corporation. The entire team, working together with a passion to build a better car, tackled its development by engaging in a number of frank, uncompromising discussions until they built a car that would satisfy. We have faced the opinion of many that with the coming of the electrification era, SUBARU difference could be lost. However, this vehicle has received many positive assessments from customers and automotive journalists in Japan and overseas, who say that the SUBARU difference is still present, even in a BEV.

This experience has given us confidence that we can make a car with the evolved SUBARU difference even in the era of electrification.



SUBARU's accumulated knowledge in all-wheel drive (AWD) has a strong affinity with electric motors, facilitating a further evolution of driving stability and reliability. Doing this without loss of SUBARU's core competencies, such as quality and safety, allows us to demonstrate the SUBARU difference even in BEVs. We will keep taking market feedback seriously, linking it to our future electrification strategy.

In parallel with these efforts, we have begun to strategically restructure our domestic production, so that we can respond to the market's transition to BEVs. We are targeting the launch of in-house production of BEVs at the Yajima Plant around 2025, and the additional launch of dedicated BEV production line at the Oizumi Plant in 2027 or later. At both of these plants, we will establish a high-efficiency, flexible production system. For this series of reorganizations, we plan to invest approximately 250 billion yen over the next five years.

While accelerating electrification, we also look for other ways of contributing to a decarbonized society, through internal combustion engines. Since March 2022, we participate in a Japanese racing series "Super Taikyu Series 2022", with a racing vehicle that runs on carbon-neutral fuel, produced by synthesizing components derived from carbon dioxide, hydrogen, biomass, etc.

\*3 BEV: Battery electric vehicle

*Reforming Corporate Culture and Cultivating Talent,  
the Driving Forces for Growth*

*We will link the growth of the individual to the growth  
of the organization and enhance employee engagement.*

In this once-in-a-century period of revolutionary change in the automotive industry, our human resources are the key to turn environmental change into opportunity, and to carry out activities to carefully nurture relationships with our customers. Our organizational culture has undoubtedly changed over the past several years, and in order to encourage the growth of our human resources, we believe it is necessary to move to the next stage of our various measures toward corporate culture reforms, a priority initiative in "STEP," and link the growth of the individual to the growth of the organization.

In the last three years, we have increased opportunities for employee growth and behavioral change through various dialogue sessions aimed at sharing management issues and promoting understanding of the external business environment. With more employees voluntarily raising proposals, I feel an improvement in quality of the dialogues year by year. In FYE March 2023, the Human Resources Department and Corporate Planning Department will work together to accelerate efforts to boost the reforms.

In addition, more and more employees are raising thoughtful, considered proposals to their managers and senior executives. Regarding the strategic restructuring of our domestic production mentioned above, a group of young managers who are in line to lead SUBARU around 2025 to 2027 formed a team and constantly submitted proposals and held bi-weekly discussions with senior executives, helping guide the process to the public announcement in May 2022. A new virtuous cycle is emerging, that not only the traditional "top-down" way to propel measures, but also the growth of individuals who think and act autonomously, is changing corporate culture to increase company value.

We feel that employee engagement has improved with the introduction of a new personnel system in FYE March 2022, encouraging employees to independently develop their own careers and take on challenges. In order to overcome rapidly changing times, it is important to think independently. We will keep expanding the circle of revolutionaries who want to change our company, by supporting and motivating the employees who act to change.

In addition, after active discussions with outside directors, we revised the compensation system for internal

directors and executive officers to further motivate them to contribute to the achievement of priority initiatives set forth in "STEP" and to the enhancement of business performance and corporate value over the medium to long term. Specifically, we have decided to incorporate employee engagement (employee satisfaction evaluation) as a new non-financial evaluation indicator in the executive compensation system. More than ever, employees and senior executive management will work together to achieve sustainable growth for the SUBARU Group.

*Toward Delivering Happiness to All*

*We will further deepen our relationships with customers,  
to achieve an enjoyable and sustainable society.*

In our Vision for 2025 within "STEP," we declare that we will "Become a brand that is 'different' from others by enhancing distinctiveness." In line with this vision, we will further deepen this relationship between SUBARU and our customers that makes us different from other brands. We do this because we see this relationship as an asset for the SUBARU Group and the SUBARU brand.

This vision of "Delivering happiness to all" is more than just a catchy slogan. When I look at pictures and videos posted on social media by SUBARU customers, I am always moved by the great number of smiling customers with their cars. In these social media posts, as well as in sales and after-sales service, we can see the distinctiveness and true strength of the SUBARU brand as told by our customers.

Also, especially in the U.S., our customers are noteworthy in that they have a high level of awareness about society and global resources, along with an interest in the safety and reliability of SUBARU vehicles. For customers who want to help those in need and to do more for society and the environment, SOA<sup>\*4</sup> and its retailers have been working since 2008 to meet their needs, providing a range of support for local communities through the Love Campaign for over 14 years.

We will continue to provide "Enjoyment and Peace of Mind" through our various efforts to enrich people's lives and minds, working to be a partner to our customers and society at large. With our aim to become a company delivering happiness to people, society, and even the Earth, we will strive for the sustainable growth of the SUBARU Group and the achievement of an enjoyable and sustainable society.

We look forward to the continued support of our stakeholders as we build the future of the SUBARU Group.

\*4 SOA: Subaru of America Inc.



*TOMOHI. NAKAMURA*

Representative Director of the Board, President and CEO

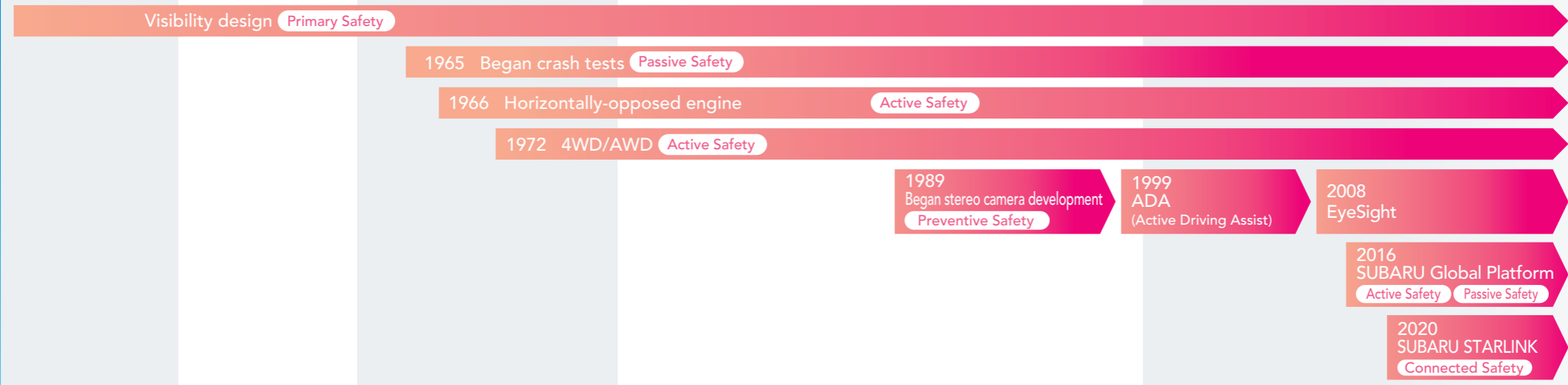
# SUBARU's History of Value Creation

We have always been ahead of the curve in using products exemplifying the SUBARU difference to respond to customer needs based in the context of the times. This has created strong relationships with our customers. In particular, we believe that the driver's universal value of safety is an unshakable strength felt by our customers in our continuous refinement of all kinds of technologies.

Period	To 1950	1950s	1960s and 1970s	1980s	and 1990s	Since 2000
Customer needs based in historical context		<ul style="list-style-type: none"> <li>• Postwar reconstruction</li> <li>• National Car Concept</li> </ul>	<ul style="list-style-type: none"> <li>• Rapid economic growth</li> <li>• Motorization</li> </ul>	<ul style="list-style-type: none"> <li>• Leisure (skiing) boom</li> </ul>	<ul style="list-style-type: none"> <li>• Motorsports boom</li> </ul>	<ul style="list-style-type: none"> <li>• The 2008 'Lehman shock' economic downturn</li> <li>• Increasing safety awareness</li> <li>• Increasing environmental awareness</li> </ul>
SUBARU's value provided through car manufacturing						
Technology embodying our safety concept						
Products						

Category	To 1950	1950s	1960s and 1970s	1980s	and 1990s	Since 2000
Mobility						
Safety performance						
Technology embodying our safety concept						
Products						



Note: The information above is mainly about the Japanese market.

<p>Pre-Subaru Aircraft</p>	<p>1958 SUBARU 360</p>	<p>1966 SUBARU 1000</p>	<p>1989 Legacy</p>	<p>1992 Impreza</p>	<p>1995 Grand Wagon</p>	<p>1997 Forester</p>	<p>1997 Three-time World Rally Championship (WRC) winner</p>	<p>1988 Established SUBARU Tecnica International Inc.</p>	<p>2012 SUBARU XV</p>	<p>2012 SUBARU BRZ</p>	<p>2014 Levorg</p>	<p>2022 SOLTERRA</p>
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### Value Creation Process

With its DNA as an aircraft manufacturer, SUBARU continues to practice the human-oriented approach to Mono-zukuri, where it places top priority on safety. We hope to enrich people’s lives and minds by providing product value that embodies the SUBARU difference in pursuit of safety and rough-road capability, and by continuing to meet the various expectations of our customers who share these values. Toward achieving our vision of becoming a company “Delivering happiness to all,” we will link the growth of the individual (our employees) to the growth of the organization, further evolve “Enjoyment and Peace of Mind,” the value we provide, deepen our relationships with customers, and achieve both sustainable growth for the SUBARU Group and the realization of a sustainable society.



Work style changes

Advancement of innovation in the auto industry

Climate change

Resource recycling

Social Issues

Traffic accidents

Respect for human rights