



**Notice of Convocation of
the 95th Ordinary General Meeting of Shareholders**

SUBARU CORPORATION

Please note that the following is an unofficial English translation of Japanese original text of the Notice of Convocation of the 95th Ordinary General Meeting of Shareholders of Subaru Corporation. The Company provides this translation for reference and convenience purposes only and without any warranty as to its accuracy or otherwise. In the event of any discrepancy between this translation and the Japanese original, the latter shall prevail.

CEO's message

Firstly, I would like to express my sincere gratitude for your support.

The fiscal year under review was marked by the impact of various external factors. Operating profit amounted to 40.1 billion yen, as we faced an approximately 300 billion yen impact from additional U.S. tariffs, exchange rate fluctuations, and soaring raw material costs, compounded by the recording of significant one-time expenses related to environmental credits and battery electric vehicles (BEVs) following significant changes of U.S. environmental regulations. It should be noted that currently foreseeable BEV-related expenses peaked in the fiscal year under review, and we have now substantially completed their recognition.

Meanwhile, although we were not able to fully offset the impact of tariffs and soaring raw material costs, we generated results through swift collaboration across development, production, and sales. It was a year in which we were once again able to confirm our ability to adapt to changes in the business environment and to respond with flexibility and agility.

In November 2025, we formulated and announced the "SUBARU Management Policy 2025," which outlines our medium- to long-term approach as a roadmap to strengthen the resilience of our business foundation and to remain a Compelling Company with a Strong Market Presence.

Through the thorough pursuit of flexibility in "Monozukuri", value creation, and driving the Subaru difference to further strengthen our brand's presence, we communicated our commitment to further strengthening our presence and become an indispensable company for people, communities, and society as a whole.

Looking ahead to the next fiscal year, while we expect an uplift in performance driven by a reduction in tariff impacts and lower environmental costs compared with the current fiscal year, we also anticipate downside risks exceeding 130 billion yen due to rising raw material costs, unfavorable trends in precious metal markets, and the impact of the situation in the Middle East. Despite these challenges, the coming fiscal year will be a year in which we steadily translate the outcomes of initiatives based on the "SUBARU Management Policy 2025" into earnings.

In addition, the next fiscal year will mark the point at which our new product lineup comes fully into place, including ICE/HEV models such as the Forester and Crosstrek, which we have been enhancing since 2025, as well as BEVs developed through our alliance with Toyota Motor Corporation.

In addition to expanding our product lineup, we will more agilely proceed with the optimization of our grade mix to capture customer demand, as well as the allocation of products across markets.

Through these efforts, we aim to maintain solid sales in our core U.S. market, where competition is currently intensifying, while further expanding sales in global markets such as Japan and Canada, targeting operating profit of 150 billion yen.

Regarding returns to our shareholders, in line with the shareholder return policy, we would like to provide a year-end dividend of 58.5 yen per share, resulting in an annual dividend of 115.5 yen per share. In addition, as announced on May 15, 2026, we will conduct a purchase of treasury stock of 150 billion yen. We forecast an annual dividend of 116 yen per share for the fiscal year ending March 31, 2027. We appreciate your understanding.

Thank you again for your continued support.

Atsushi Osaki
Representative Director, President and CEO



(Securities Code: 7270)

June 3, 2026

(Start date of electronic provision measures: May 27, 2026)

SUBARU CORPORATION

1-20-8, Ebisu, Shibuya-ku, Tokyo, Japan

Notice of Convocation of the 95th Ordinary General Meeting of Shareholders

To our Shareholders:

You are cordially invited to attend the 95th Ordinary General Meeting of Shareholders of Subaru Corporation (the “Company”), to be held as set forth below.

Upon convening the General Meeting of Shareholders, the Company has taken measures for the electronic provision of information contained in the reference documents for the General Meeting of Shareholders, etc. (matters subject to measures for the electronic provision of information) and it is posted as “Notice of Convocation of the 95th Ordinary General Meeting of Shareholders” on each of the following websites on the internet. Please access any of those websites to view the information.

Company Website

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

Tokyo Stock Exchange Website (TSE Listed Company Information Service)

<https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show>

On the above-mentioned Tokyo Stock Exchange website, search by the issue name (company name) “SUBARU CORPORATION” or the securities code “7270,” and select “Basic information” and then “Documents for public inspection/PR information” to view the information.

Shareholders who are not attending the meeting in person may exercise their voting rights in advance via the Internet or in writing and they are kindly requested to do so by 6:00 p.m. on Tuesday, June 23, 2026, after reviewing the reference documents for the General Meeting of Shareholders described below.

Sincerely,
Atsushi Osaki,
Representative Director, President and CEO

1 Date	10 a.m., Wednesday, June 24, 2026 (Reception will start at 9 a.m.)
2 Venue	Ebisu Subaru Building, 1-20-8, Ebisu, Shibuya-ku, Tokyo, Japan EVENT SPACE EBiS303, Event Hall on the third floor
3 Purposes	<p>Matters for Reporting</p> <ol style="list-style-type: none"> 1. Business report, consolidated financial statements, and reporting of results of audits on consolidated financial statements by Accounting Auditors and the Audit & Supervisory Board for the 95th fiscal period (April 1, 2025 to March 31, 2026) 2. Report on non-consolidated financial statements for the 95th fiscal period (April 1, 2025 to March 31, 2026) <p>Matters for Resolution</p> <p>Proposal No. 1: Approval of the Proposed Appropriation of Retained Earnings</p> <p>Proposal No. 2: Partial Amendment to the Articles of Incorporation</p> <p>Proposal No. 3: Election of Seven (7) Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)</p> <p>Proposal No. 4: Election of Four (4) Directors Who Are Audit and Supervisory Committee Members</p> <p>Proposal No. 5: Determination of Amount of Compensation for Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)</p> <p>Proposal No. 6: Determination of Amount of Compensation for Directors Who</p>

	<p>Are Members of the Audit and Supervisory Committee</p> <p>Proposal No. 7: Determination of Amount and Details of Restricted Stock Compensation, Etc. for Directors (Excluding Outside Directors and Directors Who Are Audit and Supervisory Committee Members)</p>
<p>4 Exercise of Voting Rights</p>	<p>[Exercise of Voting Rights by Mail] Please indicate your vote for or against each of the proposals on the enclosed voting form, and return the form to the Company so that it arrives no later than 6:00 p.m., Tuesday, June 23, 2026(Japan time).</p> <p>[Exercise of Voting Rights via the Internet] Please access the “Website for the exercise of voting rights (https://soukai.mizuho-tb.co.jp/)” designated by the Company. This site is provided in Japanese only. Once on the site, please enter the Voting Code and the Password provided on the right-hand side of the enclosed voting form and follow the instructions on screen to complete your vote for or against each of the proposals no later than 6:00 p.m., Tuesday, June 23, 2026 (Japan time).</p> <p>[Matters for Acknowledgment] In case that there is no indication of approval or disapproval for each proposal on the returned Voting Form, the vote will be regarded as having indicated approval for proposals. In case the voting rights are exercised in duplicate via the form and on internet, exercise of voting rights on the internet will be deemed to be the effective vote. In case the voting right is exercised multiple times via the internet, the last exercise shall be deemed to be the effective vote.</p> <p>[To Institutional Investors] An electronic voting platform is available as a method for exercising a vote right.</p>
<p>5 Other Matters Concerning General Meeting of Shareholders</p>	<p>Among the matters subject to measures for the electronic provision of information, the following matters are not stated in the documents delivered to shareholders who requested them in accordance with relevant laws and regulations and the provisions of Article 15 of the Articles of Incorporation of the Company.</p> <p>[1] “Main Businesses,” “Major Places of Business, Etc.,” “Main Lenders,” “Basic Approach to Corporate Governance,” “Summary of Company Organizational Bodies and Key Meetings,” “Policy and Procedures on Nomination of Candidates for Directors and Audit & Supervisory Board Members,” “Board of Directors and related Organizational Bodies and activities of Audit & Supervisory Board, etc.,” “Outside Directors and Audit & Supervisory Board Members,” “Summary of Contract for Limitation of Liability,” “Summary of Directors and Officers Liability Insurance,” “Summary of Evaluation of the Effectiveness of the Board of Directors,” “Information on Shares Issued by the Company,” “Information on Shares Held by the Company,” “Company Framework and Policies” and “Accounting Auditors” of Business Report</p> <p>[2] “Consolidated Statements of Financial Position,” “Consolidated Statements of Income,” “Consolidated Statement of Changes in Equity” and “Notes to Consolidated Financial Statements” of Consolidated Financial Statements</p> <p>[3] “Non-consolidated Balance Sheet,” “Non-consolidated Statements of Income,” “Statement of Changes in Net Assets” and “Notes to Non-consolidated Financial Statements” of Non-consolidated Financial Statements</p> <p>[4] “Accounting Audit Report on Consolidated Financial Statements,” “Accounting Audit Report on Non-consolidated Financial Statements” and “Audit & Supervisory Board’s Report” of Audit Report</p> <p>Upon preparation of Audit Report, Audit & Supervisory Board Members audited the [1], [2] and [3] above, and the Accounting Auditors audited the [2] and [3] above.</p> <p>In case amendments are made to the matters subject to measures for the electronic provision of information, details of the amendments will be posted on the websites given on the previous page.</p>

[To Institutional Investors]

[ICJ, Inc.’s electronic voting platform is available as a method for exercising a voting right.]

Deadline for exercising voting rights: 6 p.m., Tuesday, June 23, 2026

REFERENCE DOCUMENTS FOR THE EXERCISE OF VOTING RIGHTS

Proposal No. 1: Approval of the Proposed Appropriation of Retained Earnings

As for the appropriation of surplus for the year under review, it is proposed as follows.

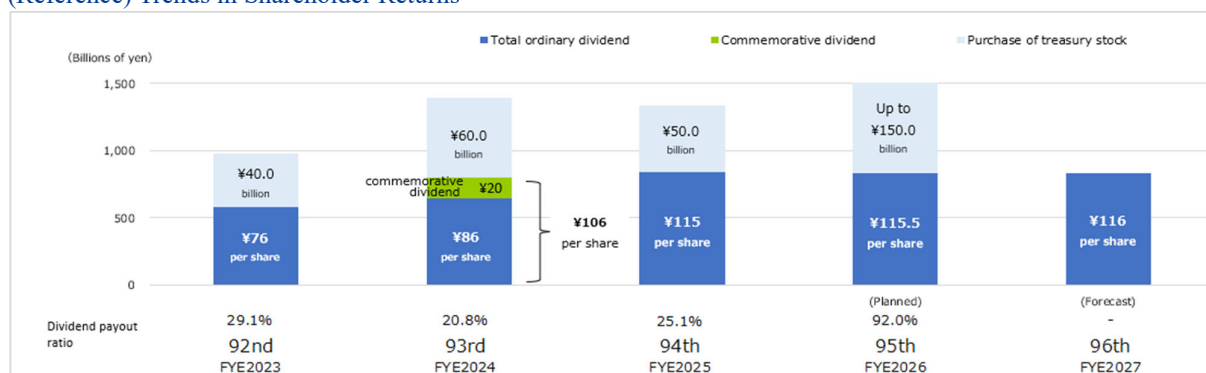
The Company recognizes that the interests of shareholders as one of the most important issues facing management and, while keeping in mind improvements in capital efficiency over the medium to long term, has positioned dividends as the basis for shareholder returns after a comprehensive assessment of such factors as business performance, investment plans, and the business environment, and aims to pay a progressive dividend, setting a DOE (ratio of equity attributable to owners of parent to total assets) of 3.5%. We will increase dividends depending on business performance and market conditions, and take a flexible approach to share repurchases.

Further, as the Company aims for progressive dividend, ratio of equity attributable to owners of parent to total assets, the base for DOE, excludes other components of capital that significantly fluctuates due to the impact of foreign exchange and other factors.

The Company would like to propose dividends for the 95th fiscal period as presented in its most recent forecast in the manner described below, taking into account the financial results for the fiscal year under review and future business development.

1. Type of Dividend	Cash
2. The Matters Regarding the Assignment of the Dividend Property to Shareholders and the Total Amount Thereof	<p>¥58.5 per share of the Company's common stock</p> <p>Total dividends: ¥41,875,959,879</p> <p>The total annual dividend for the year under review would be ¥115.5 per share including the paid interim dividend of ¥57 per share</p>
3. Effective Date	June 25, 2026

(Reference) Trends in Shareholder Returns



*Regarding the purchase of treasury stock stated for the 95th fiscal year (planned), the amount presented is the total stock purchase value of up to 150 billion yen, as resolved at the Board of Directors meeting held on May 15, 2026.

Proposal No. 2: Partial Amendment to the Articles of Incorporation

We hereby propose to partially amend the Articles of Incorporation, as follows.

1. Reasons for the Proposal

The Company will transition to a company with an Audit and Supervisory Committee in order to strengthen the monitoring functions of the Board of Directors and further enhance the transparency of management.

Accordingly, the Company proposes to establish new provisions related to Directors who are Audit and Supervisory Committee Members and Directors who are not Audit and Supervisory Committee Members and the Audit and Supervisory Committee, to delete provisions related to the Audit and Supervisory Board, etc., and to make any other changes necessary in connection with the transition to a company with an Audit and Supervisory Committee, and to establish supplementary provisions as transitional measures following the deletion of provisions related to exemption of liabilities for Audit and Supervisory Board Members.

In addition, the Company proposes to establish new provisions to the effect that decisions on execution of important business may be delegated to Directors with the aim of realizing prompt decision-making and agile and flexible business execution, premised on the oversight functions of the Board of Directors, and to establish new provisions to the effect that the Board of Directors may pass resolutions for dividends of surplus, etc. from the perspective of facilitating a more agile approach to shareholder returns.

Other revisions made necessary by the various amendments above will be conducted, including adjustments to wording and article numbering

2. Details of Amendments

The details of the amendments are as follows.

Changes to the Articles of Incorporation in this Proposal shall take effect at the conclusion of this Ordinary General Meeting of Shareholders.

(Underlines indicate amendments)

Current Articles of Incorporation	Proposed amendments
Chapter 1, General Provisions	Chapter 1, General Provisions
Article 1 - Article 4 (Text Omitted)	Article 1 - Article 4 (Unchanged)
Chapter 2, Shares	Chapter 2, Shares
Article 5 - Article 6 (Text Omitted)	Article 5 - Article 6 (Unchanged)
Article 7 (Shareholder Register Administrator)	Article 7 (Shareholder Register Administrator)
<p>The Company will establish a shareholder register administrator. The shareholder register administrator and its place of operation will be determined by a resolution of the Board of Directors and will be publicly announced.</p>	<p>The Company will establish a shareholder register administrator. The shareholder register administrator and its place of operation will be determined by the Board of <u>Directors or a Director who has been delegated by a resolution of the Board of Directors</u> and will be publicly announced.</p>
<p>Preparing and maintaining the register of shareholders, the register of share purchase warrants and other matters related to the register of shareholders and the register of share purchase warrants will be delegated to the shareholder register administrator and will not be handled by the Company.</p>	<p>Preparing and maintaining the register of shareholders, the register of share purchase warrants and other matters related to the register of shareholders and the register of share purchase warrants will be delegated to the shareholder register administrator and will not be handled by the Company.</p>
Article 8 - Article 10 (Text Omitted)	Article 8 - Article 10 (Unchanged)
Article 11 (Regulations for Handling of Shares)	Article 11 (Regulations for Handling of Shares)
<p>Handling and fees related to the Company's shares will be as provided in the Regulations for Handling Shares, which shall be decided <u>by the</u> Board of Directors, as well as in laws and regulations or these Articles of Incorporation.</p>	<p>Handling and fees related to the Company's shares will be as provided in the Regulations for Handling Shares, which shall be decided by the Board of Directors <u>or a Director who has been delegated by the Board of Directors</u>, as well as in laws and regulations or these Articles of Incorporation.</p>

Chapter 3, General Meeting of Shareholders

Article 12 (Ordinary Meetings, Extraordinary Meetings and Convocation)

The Company will have two types of General Meeting of Shareholders, an Annual General Meeting of Shareholders and an Extraordinary General Meeting of Shareholders.

An Annual General Meeting will be held in June every year, and an Extraordinary General Meeting will be held whenever necessary.

Article 13 - Article 18 (Text Omitted)

Chapter 4, Directors and the Board of Directors

Article 19 (Board of Directors)

The Company shall establish a Board of Directors.

Article 20 (Number and Appointment)

The Company will have no more than 15 Directors, who will be appointed at the General Meeting of Shareholders.

The above resolution for appointment of auditors shall be passed by a majority vote in the presence of shareholders with one-third (1/3) or more of voting rights of shareholders who can exercise their voting rights.

Cumulative voting shall not apply for the appointment of a Director.

(New)

Article 21 (Term of Office)

The term of office for a Director shall be until the conclusion of the Annual General Meeting of Shareholders for the last business year that will terminate within 1 year after appointment.

Chapter 3, General Meeting of Shareholders

Article 12 (Ordinary Meetings, Extraordinary Meetings and Convocation)

The Company will have two types of General Meeting of Shareholders, an Annual General Meeting of Shareholders and an Extraordinary General Meeting of Shareholders.

An Annual General Meeting will be held in June every year, and an Extraordinary General Meeting will be held as necessary.

Article 13 - Article 18 (Unchanged)

Chapter 4, Directors and the Board of Directors

(Deleted)

Article 19 (Number of Directors)

The Company shall have not more than 15 Directors.

2. No more than 5 of the above Directors shall be Audit and Supervisory Committee Members.

Article 20 (Appointment of Directors of the Board)

Directors shall be appointed by a resolution of the General Meeting of Shareholders, with Directors who are Audit and Supervisory Committee Members being distinguished from other Directors.

2. The above resolution for appointment of auditors shall be passed by a majority vote in the presence of shareholders with one-third (1/3) or more of voting rights of shareholders who can exercise their voting rights.

3. Cumulative voting shall not apply for the appointment of a Director.

Article 21 (Term of Office of Directors of the Board)

The term of office for a Director (excluding those who are Audit and Supervisory Committee members) shall expire at the conclusion of the Annual General Meeting of Shareholders for the last business year that will terminate within 1 year after appointment.

2. The term of office for a Director who is an Audit and Supervisory Committee member shall expire at the conclusion of the Annual General Meeting of Shareholders for the last business year that will terminate within 2 years after appointment.

3. The term of office for a Director who is an Audit and Supervisory Committee member who has been appointed to replace an Audit and Supervisory Committee member who resigned before the maturity of their term shall be until the expiry of the term of office for the resigned Audit and Supervisory Committee member.

Article 22 (Representative Directors)

Directors who are to represent the Company shall be selected from among the Directors of the Company by a resolution of the Board of Directors.

(New)

(New)

Article 23 (Remuneration, etc.)

Remuneration, bonus and other financial benefits to be received by Directors from the Company as consideration for the performance of their duties ("Remuneration, etc.") shall be decided by a resolution at the General Meeting of Shareholders.

Article 22 (Representative Directors and Directors with Special Titles)

Directors who are to represent the Company shall be selected from among the Directors of the Company (excluding those who are Audit and Supervisory Committee Members) by a resolution of the Board of Directors.

2. The Board of Directors may select one Chairman and other Directors with Special Titles from among the Directors of the Company (excluding those who are Audit and Supervisory Committee Members) by a resolution of the Board of Directors.

Article 23 (Board of Directors)

The Company shall establish a Board of Directors.

2. Notices to convene a meeting of the Board of Directors must be given to each Director at least 4 days prior to the date of such meeting. However, in case of emergency, such period may be shortened.

In the event that the consent of all of the Directorshas been obtained, a meeting of the Board of Directors can be held without convocation procedures.

3. The Company may deem that a resolution was passed for a certain proposal to be resolved by the Board of Directors if all Directors (but limited to the Directors who may participate in the voting for such proposal) give consent to such proposal in writing or through electromagnetic records.

4. In addition to the two paragraphs above, any laws and regulations and these Articles of Incorporation, matters relating to the Board of Directors shall be in accordance with the Regulations of the Board of Directors, which shall be decided upon by the Board of Directors.

Article 24 (Delegation of Decisions on Execution of Important Business)

In accordance with the provisions of Article 399-13, Paragraph 6 of the Companies Act, the Company may, by resolution of the Board of Directors, delegate all or part of decisions on the execution of important business (excluding the matters set out in the respective items of Paragraph 5 of the same article) to Directors.

Article 25 (Remuneration for Directors)

Remuneration, bonus and other financial benefits to be received by Directors from the Company as consideration for the performance of their duties shall be distinguished between Directors who are Audit and Supervisory Committee Members and other Directors, and shall be decided by a resolution at the General Meeting of Shareholders.

Article 24 (Exemption of Liabilities for Directors)

The Company may exempt Directors (including former Directors) from their liabilities for compensation of damages under Article 423, Section 1 of the Corporate Law to the extent permitted by laws and regulations by a resolution of the Board of Directors in accordance with the provisions of Article 426, Section 1 of the Corporate Law.

The Company may execute an agreement limiting liability for compensation of damages under Article 423, Section 1 of the Companies Act between Directors (excluding Executive Directors or managers and other employees of the Company or its subsidiaries) pursuant to Article 427, Section 1 of the Companies Act. However, the maximum liability for damages pursuant to such agreements shall be the amount prescribed in Article 425, Paragraph 1 of the Act.

(New)

Article 25 (Regulations of the Board of Directors)

In addition to any laws and regulations and these Articles of Incorporation, matters relating to the Board of Directors shall be in accordance with the Regulations of the Board of Directors, which shall be decided upon by the Board of Directors.

Article 26 (Convener and Chairman)

A Director nominated in advance by a resolution of the Board of Directors shall convene the General Meeting of Shareholders and shall act as the chairman therein, unless otherwise specifically stipulated in laws or regulations. In the event the said Director is unable to do so due to accidents or other reasons, other Directors will act in place of the said Director, in accordance with the order decided upon in advance by a resolution of the Board of Directors.

Article 27 (Notices of Convocation)

Notices to convene a meeting of the Board of Directors must be given to each Director and each Audit & Supervisory Board Member at least 4 days prior to the date of such meeting. However, in case of emergency, such period may be shortened. In the event that the consent of all of the Directors and Audit & Supervisory Board Members has been obtained, a meeting of the Board of Directors can be held without convocation procedures.

Article 28 (Resolution Method)

A resolution of the Board of Directors shall be passed by a majority of the Directors present at the meeting at which a majority of the Directors who may participate in the voting are present.

Article 26 (Exemption of Liabilities for Directors)

The Company may exempt Directors (including former Directors) from their liabilities for compensation of damages under Article 423, Section 1 of the Companies Act to the extent permitted by laws and regulations by a resolution of the Board of Directors in accordance with the provisions of Article 426, Section 1 of the Companies Law.

Article 27 (Agreements Limiting Liabilities for Directors)

The Company may execute an agreement limiting liability for compensation under Article 423, Section 1 of the Companies Act between Directors (excluding Executive Directors or Executive Officers or managers and other employees of the Company or its subsidiaries) pursuant to Article 427, Section 1 of the Companies Act. However, the maximum liability for damages under such agreements shall be the minimum liability amount as provided by applicable laws and regulations.

(Deleted)

(Deleted)

(Deleted)

(Deleted)

Article 29 (Omission of Resolution)

The Company may deem that a resolution was passed for a certain proposal to be resolved by the Board of Directors if all Directors (but limited to the Directors who may participate in the voting for such proposal) give consent to such proposal in writing or through electromagnetic records. However, this may not apply if any Audit & Supervisory Board Member expresses their objection thereto.

(Deleted)

Article 30 (Minutes)

A summary of the process of proceedings of the meeting of the Board of Directors, the result thereof and other matters stipulated by laws and regulations, shall be stated or recorded in the minutes, and the Directors and Audit & Supervisory Board Members who attended the meeting shall affix their names and seals, or sign electronically thereto. The minutes of the meeting shall be maintained at the head office for 10 years.

(Deleted)

Article 31 (Executive Officers)

The Board of Directors may elect Executive Officers by its resolution and assign and have them execute the Company's business.

(Deleted)

The Board of Directors may appoint one President and other senior executive officers from among the Executive Officers of the Company by a resolution of the Board of Directors.

Chapter 5. Audit & Supervisory Board Members and the Audit & Supervisory Board

(Deleted)

Article 32 (Establishment of Audit & Supervisory Board Members and Audit & Supervisory Board)

The Company shall establish Audit & Supervisory Board Members and an Audit & Supervisory Board.

(Deleted)

Article 33 (Number and Appointment)

The Company will have no more than 5 Audit & Supervisory Board Members, who will be appointed at the General Meeting of Shareholders.

(Deleted)

The above resolution for appointment shall be passed by a majority vote in the presence of shareholders with one-third (1/3) or more of voting rights of shareholders who can exercise their voting rights.

Article 34 (Term of Office)

(Deleted)

The term of office for an Audit & Supervisory Board Member shall be until the conclusion of the Annual General Meeting of Shareholders for the last business year that will terminate within 4 years after appointment.

The term of office for an Audit & Supervisory Board Member appointed to replace an Audit & Supervisory Board Member who resigned before maturity of his term will be until the expiry of the term of office for the resigned Audit & Supervisory Board Member.

Article 35 (Standing Audit & Supervisory Board Member)

(Deleted)

The Audit & Supervisory Board will elect a Standing Audit & Supervisory Board Member by its resolution.

Article 36 (Remuneration, etc.)

(Deleted)

Remuneration, etc. of Audit & Supervisory Board Members shall be decided by a resolution of the General Meeting of Shareholders.

Article 37 (Exemption for Audit & Supervisory Board Members)

(Deleted)

The Company may exempt Audit & Supervisory Board Members (including former Audit & Supervisory Board Members) from their liabilities for compensation of damages under Article 423, Section 1 of the Companies Act to the extent permitted by laws and regulations by a resolution of the Board of Directors in accordance with the provisions of Article 426, Section 1 of the Corporate Law.

The Company may execute an agreement limiting liability for compensation of damages under Article 423, Section 1 of the Corporate Law between corporate auditors pursuant to Article 427, Section 1 of the Companies Act. However, the maximum liability for damages pursuant to such agreements shall be the amount prescribed in Article 425, Paragraph 1 of the Act.

Article 38 (Regulations of the Audit & Supervisory Board)

(Deleted)

In addition to any laws and regulations and these Articles of Incorporation, matters relating to the Audit & Supervisory Board shall be in accordance with the Regulations of the Audit & Supervisory Board, which shall be decided upon by the Audit & Supervisory Board.

Article 39 (Notices of Convocation)

(Deleted)

Notices to convene a meeting of the Audit & Supervisory Board must be given to each Audit & Supervisory Board Member at least 4 days prior to the date of such meeting. However, in case of emergency, such period may be shortened.

In the event that the consent of all of the Audit & Supervisory Board Members has been obtained, a meeting of the Audit & Supervisory Board can be held without convocation procedures.

Article 40 (Resolution Method)

(Deleted)

Unless otherwise prescribed by any laws or regulations, a resolution of the Audit & Supervisory Board shall be passed by a majority of the Audit & Supervisory Board Members.

Article 41 (Minutes)

(Deleted)

A summary of the process of proceedings of the meeting of the Audit & Supervisory Board, the result thereof and other matters stipulated by laws and regulations, shall be stated or recorded in the minutes, and the Audit & Supervisory Board Members who attended the meeting shall affix their names and seals, or sign electronically thereto. The minutes of the meeting shall be maintained at the head office for 10 years.

(New)

(New)

(New)

Chapter 6, Accounting Auditors

Article 42 (Establishment of Accounting Auditors)

The Company shall establish Accounting Auditors.

Article 43 (Term of Office)

The Accounting Auditors shall be appointed at the General Meeting of Shareholders.

Article 44 (Term of Office)

The term of office for Accounting Auditors shall be until the closing of the Annual General Meeting of Shareholders for the last business year that will terminate within 1 year after appointment.

If it is not resolved otherwise in the Annual General Meeting of Shareholders under the preceding paragraph, the Accounting Auditors shall be deemed reappointed at that Annual General Meeting of Shareholders.

Chapter 5, Audit and Supervisory Committee

Article 28 (Audit and Supervisory Committee)

The Company shall establish an Audit and Supervisory Committee.

2. Notices to convene a meeting of the Audit and

Supervisory Committee must be given to each Audit and Supervisory Committee Member at least 4 days prior to the date of such meeting. However, in case of emergency, such period may be shortened.

In the event that the consent of all of the Audit and Supervisory Committee Members has been obtained, a meeting of the Audit and Supervisory Committee can be held without convocation procedures.

3. In addition to the paragraph above, any laws and

regulations and these Articles of Incorporation, matters relating to the Audit and Supervisory Committee shall be in accordance with the Regulations of the Audit and Supervisory Committee, which shall be decided upon by the Audit and Supervisory Committee.

Article 29 (Standing Audit and Supervisory Committee Member)

The Audit and Supervisory Committee may elect a Standing Audit and Supervisory Committee Member by its resolution.

Chapter 6, Accounting Auditors

Article 30 (Establishment of Accounting Auditors)

The Company shall establish Accounting Auditors.

Article 31 (Appointment of Accounting Auditors)

The Accounting Auditors shall be appointed at the General Meeting of Shareholders.

Article 32 (Term of Office of Accounting Auditors)

The term of office for Accounting Auditors shall expire at the closing of the Annual General Meeting of Shareholders for the last business year that will terminate within 1 year after appointment.

2. If it is not resolved otherwise in the Annual General

Meeting of Shareholders under the preceding paragraph, the Accounting Auditors shall be deemed reappointed at that Annual General Meeting of Shareholders.

Chapter 7, Accounts

Article 45 (Business Year)

The business year of the Company shall be from the first day of April through the last day of March next year.

Article 46 (Term End Distribution)

The Company shall distribute dividends of surplus to the shareholders or the registered share pledgees listed or recorded in the final registers of shareholders as of March 31 every year, based on a resolution of the General Meeting of Shareholders ("Term End Distribution").

Article 47 (Interim Dividend)

In accordance with the provisions of Article 454, Paragraph 5 of the Companies Act, the Company may distribute dividends of surplus to the shareholders or the registered share pledgees listed or recorded in the final registers of shareholders as of September 30 every year, based on a resolution of the Board of Directors ("Interim Dividend").

Article 48 (Limitation Period)

In the event that amounts concerning the Year-end Dividend or Interim Dividend are not received after 3 years have passed from the date when payment thereof becomes payable, the Company is exempted from its payment obligation.

(New)

(New)

Chapter 7, Accounts

Article 33 (Business Year)

The business year of the Company shall be from the first day of April through the last day of March next year.

Article 34 (Dividends from Surplus, etc.)

The Company shall distribute dividends of surplus to the shareholders or the registered share pledgees listed or recorded in the final registers of shareholders as of March 31 every year.

2. The Company may distribute dividends of surplus to the shareholders or the registered share pledgees listed or recorded in the final registers of shareholders as of September 30 every year.

3. The Company may, unless otherwise stipulated by laws and regulations, make decisions in accordance with the matters in each item of Article 459, Paragraph 1 of the Companies Act by a resolution of the Board of Directors.

4. Unpaid dividends of surplus shall bear no interest.

(Deleted)

Article 35 (Limitation Period)

In the event that amounts concerning the surplus are not received after 3 years have passed from the date when payment thereof becomes payable, the Company is exempted from its payment obligation.

(Supplementary Provisions)

Article 1 (Transitional Measures Related to Exemption of Liabilities for Audit & Supervisory Board Members)

In accordance with Article 426, Section 1 of the Companies Act, the Company may exempt, to the extent permitted by laws and regulations, Audit & Supervisory Board Members (including former Audit & Supervisory Board Members) from their liabilities for compensation of damages arising from neglect of their duties occurring before the partial amendment of the Articles of Incorporation was resolved by the 95th Ordinary General Meeting of Shareholders and came into effect, by means of a resolution of the Board of Directors.

(New)

Article 2 (Transitional Measures Related to Agreements Limiting Liabilities for Audit & Supervisory Board Members)

The agreements limiting liabilities for the compensation of damages under Article 423, Paragraph 1 of the Companies Act for the actions of Audit & Supervisory Board Members (including former Audit & Supervisory Board Members) prior to the conclusion of the 95th Ordinary General Meeting of Shareholders, shall be governed by the provisions of Article 37 of the Articles of Incorporation prior to the amendments thereof by resolution of the same Ordinary General Meeting of Shareholders.

Proposal No. 3: Election of Seven (7) Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)

The terms of office of all eight (8) Directors will expire at the conclusion of this Ordinary General Meeting of Shareholders.

If Proposal No.2, “Partial Amendment to the Articles of Incorporation,” is approved without amendment at this Ordinary General Meeting of Shareholders, the Company will transition to a company with an audit and supervisory committee and therefore proposes the election of seven (7) Directors after the transition (excluding Directors who are Audit and Supervisory Committee Members).

The validity of the resolution related to the proposal shall be conditional on the coming into effect of the resolution related to Proposal No.2, “Partial Amendment to the Articles of Incorporation.”


The Company nominates as the candidates for Directors individuals who have abundant experience, superior abilities and knowledge, and high expertise appropriate for a Director of the Company in order to realize our vision, effective corporate governance, sustainable growth, and corporate value improvement for the medium and long term. To ensure fairness and transparency in decisions on executive appointments, the Governance and Executive Nomination Meeting, in accordance with inquiries from Board of Directors, submits to the Board of Directors proposals on the nomination of officers sufficiently deliberated on and approved by its members, a majority of which is accounted for by independent Outside Directors. These personnel matters are decided by resolution of the Board of Directors. The policy and procedures above were also used to determine candidates for Director (excluding Directors who are Audit and Supervisory Committee Members) in this proposal.

Candidates for Director (excluding Directors who are Audit and Supervisory Committee Members) are as follows:


No.	Name	Current title in the company	Attendance at the Board of Directors meetings for the year	Tenure as Director
1	Candidate for reelection Fumiaki Hayata Male	Representative Director, Chairman	13 of 13 meetings (100%)	5 years
2	Candidate for reelection Atsushi Osaki Male	Representative Director, President	13 of 13 meetings (100%)	5 years
3	Candidate for reelection Tetsuo Fujinuki Male	Director, Senior Managing Executive Officer	13 of 13 meetings (100%)	3 years
4	Candidate for reelection Shinsuke Toda Male	Director, Senior Managing Executive Officer	10 of 10 meetings (100%)	1 year
5	Candidate for reelection Outside Independent Fuminao Hachiuma Male	Independent Outside Director	13 of 13 meetings (100%)	3 years
6	Candidate for reelection Outside Independent Shigeru Yamashita Male	Independent Outside Director	13 of 13 meetings (100%)	2 years
7	New candidate Outside Independent Kayako Omura Female	-	-	-

Notes:

- The candidates have no special interest relationships with the Company.
- Mr. Toda’s attendance at Board of Directors meetings during the year under review covers only his attendance at Board of Directors meetings held after his appointment on June 25, 2025.
- Each candidate other than the new candidate is currently a Director of the Board, and the Company has entered into a directors and officers liability insurance contract with an insurance company, under which these candidates are included in the list of insured persons. The insurance policy covers compensation for damages and legal expenses to be borne by the insured in cases when they receive a claim for damages as a result of their wrongful acts conducted in their capacity as directors and officers. However, there are certain liabilities that are not covered under the policy, such as those arising from actions performed knowing that it is a violation of law. The insurance premiums are fully borne by the Company, and the insured persons are not required to pay the premiums in real terms. When their appointment is approved, each of the candidates will be included in the list of insured persons under the insurance contract. The insurance contract will expire in the middle of each candidate’s term of office, and the Company intends to renew the contract with similar terms and conditions.
- The name of Kayako Omura in her family register is Kayako Miyazawa.


No.	Name (Date of Birth)	Biography, Posts and Main Fields of Responsibilities in the Company, Significant Positions Concurrently Held, Reasons for Nominating the Candidates for Directors, and Attendance at the Board of Directors Meetings during the Year under Review	Number of the Company's Shares Held
1	 <p>Fumiaki Hayata (March 18, 1964)</p> <p>Candidate for reelection</p> <p>Male</p>	<p>Apr. 1986 Joined the Company</p> <p>Apr. 2007 General Manager, Purchasing Planning Department, Subaru Purchasing Division</p> <p>Apr. 2015 Vice President, Senior General Manager, Subaru Overseas Sales & Marketing Division 1 General Manager, North America Sales & Marketing Department</p> <p>Apr. 2017 Managing Executive Officer, General Manager, Corporate Planning Dept.</p> <p>Apr. 2019 Managing Executive Officer, Chief General Manager, Corporate Planning Department</p> <p>Apr. 2020 Senior Managing Executive Officer, Chief General Manager, Overseas Sales & Marketing Division 1 Chairman and CEO, Subaru of Indiana Automotive, Inc. (SIA)</p> <p>Jun. 2021 Director, Senior Managing Executive Officer, Chief General Manager, Overseas Sales & Marketing Division 1 Chairman and CEO, Subaru of Indiana Automotive, Inc. (SIA)</p> <p>Apr. 2023 Director, Senior Managing Executive Officer</p> <p>Jun. 2023 Representative Director, Executive Vice President,</p> <p>Apr. 2025 Representative Director, Executive Vice President, and Chief Risk Management Officer (CRMO)</p> <p>Apr. 2026 Representative Director, Chairman, and Chief Risk Management Officer (CRMO; to the present)</p> <p><i>(Main fields of responsibilities in the Company)</i> Secretarial Office, Human Resources and General Affairs Division</p> <p><i>(Significant positions concurrently held)</i> Not applicable</p> <p><i>(Reasons for nominating the candidate for Director of the Board)</i> Mr. Fumiaki Hayata has abundant experience and knowledge acquired through extensive service at the Company and the Group companies mainly in procurement, sales and marketing, corporate planning, and overseas business areas. In June 2023, he was appointed Representative Director and Executive Vice President, and has been engaged in strengthening of the cost and procurement fields that support Monozukuri Innovation promoted by the Company as well as implementation of human capital management. In order to realize sustainable growth of the Group, we are nominating him once again to serve as Director, expecting him, in his new role as Representative Director and Chairman, and Chairman of the Board of Directors, to supervise management considering interests of all stakeholders and properly implement strengthening of risk management and corporate governance.</p> <p><i>(Attendance at the Board of Directors meetings during the year under review)</i> 13 of 13 meetings (100%)</p>	32,207 shares

Note: In addition to the Board of Directors meetings held in the above table, one resolution was adopted in writing that was deemed to be a resolution of the Board of Directors in accordance with Article 370 of the Companies Act and the Articles of Incorporation of the Company.


No.	Name (Date of Birth)	Biography, Posts and Main Fields of Responsibilities in the Company, Significant Positions Concurrently Held, Reasons for Nominating the Candidates for Directors, and Attendance at the Board of Directors Meetings during the Year under Review	Number of the Company's Shares Held
2	 <p>Atsushi Osaki (April 19, 1962)</p> <p>Candidate for reelection</p> <p>Male</p>	<p>Apr. 1988 Joined the Company</p> <p>Apr. 2007 General Manager, Subaru Product & Portfolio Planning Division</p> <p>Jun. 2011 General Manager, Engineering Administration Department Subaru Engineering Division</p> <p>Apr. 2016 Vice President, Senior General Manager, Subaru Quality Assurance Division</p> <p>Apr. 2017 Vice President, Chief General Manager, Subaru Quality Assurance Division</p> <p>Apr. 2018 Managing Executive Officer, Chief General Manager, Subaru Quality Assurance Division and CQO</p> <p>Jan. 2019 Managing Executive Officer Chief General Manager, Quality Assurance Division Chief General Manager Customer Service Division and CQO</p> <p>Apr. 2019 Executive Vice President Chief General Manager, Quality Assurance Division and CQO</p> <p>Apr. 2020 Executive Vice President Chief General Manager, Quality Assurance Division and CQO</p> <p>Apr. 2021 Director of Total Quality Management Office Senior Managing Executive Officer Chief General Manager, Subaru Manufacturing Division</p> <p>Jun. 2021 Director, Senior Managing Executive Officer, Chief General Manager, Subaru Manufacturing Division</p> <p>Apr. 2023 Director, Senior Managing Executive Officer</p> <p>Jun. 2023 Representative Director President and CEO (to the present)</p> <p style="text-align: right;">[Continued to the next page]</p>	53,954 shares

No.	Name (Date of Birth)	Biography, Posts and Main Fields of Responsibilities in the Company, Significant Positions Concurrently Held, Reasons for Nominating the Candidates for Directors, and Attendance at the Board of Directors Meetings during the Year under Review	Number of the Company's Shares Held
2	<p>Atsushi Osaki (April 19, 1962)</p> <p>Candidate for reelection</p> <p>Male</p>	<p>[Continued from the previous page]</p> <p><u>(Main fields of responsibilities in the Company)</u></p> <p>-</p> <p><u>(Significant positions concurrently held)</u></p> <p>Director, Subaru of Indiana Automotive, Inc. (SIA) Director, Subaru of America, Inc. (SOA)</p> <p><u>(Reasons for nominating the candidate for Director of the Board)</u></p> <p>Mr. Atsushi Osaki has abundant experience and knowledge acquired through extensive service at the Company and the Group companies mainly in the fields of technology, product planning, quality, customer service and manufacturing areas. After assuming the post of Representative Director, President and CEO in June 2023, he formulated the new management policy to respond to the once-in-a-century transformation in the automobile industry with flexibility and expandability. In that he declared that the Company's aim is to be a world-leading company in Monozukuri Innovation and Value Creation and has been spearheading the reform and pursuing initiatives for building the SUBARU Group's foundation for a new era by leading the reforms from the front. In order to realize the Group's sustainable growth, we are nominating him to serve as Director again, strongly expecting him to supervise management considering interests of all stakeholders and demonstrate leadership to achieve the vision of a company delivering happiness to all.</p> <p><u>(Attendance at the Board of Directors meetings during the year under review)</u></p> <p>13 of 13 meetings (100%)</p>	

Note: In addition to the Board of Directors meetings held in the above table, one resolution was adopted in writing that was deemed to be a resolution of the Board of Directors in accordance with Article 370 of the Companies Act and the Articles of Incorporation of the Company.

No.	Name (Date of Birth)	Biography, Posts and Main Fields of Responsibilities in the Company, Significant Positions Concurrently Held, Reasons for Nominating the Candidates for Directors, and Attendance at the Board of Directors Meetings during the Year under Review	Number of the Company's Shares Held
3	 <p>Tetsuo Fujinuki (August 30, 1963)</p> <p>Candidate for reelection</p> <p>Male</p>	<p>Apr. 1986 Joined the Company</p> <p>Jan. 2010 Deputy General Manager, 1st Vehicle Research & Experiment Department, Subaru Engineering Division 1</p> <p>Apr. 2019 Vice President, Senior General Manager, Engineering Division 1</p> <p>Aug. 2019 Vice President, Chief General Manager, Engineering Management Division, Senior General Manager, Engineering Division 1, Chief General Manager, Technical Research Center</p> <p>Apr. 2020 Vice President and CTO, Chief General Manager, Engineering Management Division, Chief General Manager, Technical Research Center</p> <p>Apr. 2021 Managing Executive Officer and CTO, Chief General Manager, Engineering Division, Chief General Manager, Technical Research Center</p> <p>Apr. 2023 Senior Managing Executive Officer and CTO</p> <p>Jun. 2023 Director, Senior Managing Executive Officer and CTO</p> <p>Feb. 2026 Director, Senior Managing Executive Officer and CTO Officer in charge of Certification (to the present)</p> <p><i>(Main fields of responsibilities in the Company)</i> Engineering Division, Technical Research Center, Product and Business Management Division</p> <p><i>(Significant positions concurrently held)</i> Not applicable</p> <p><i>(Reasons for nominating the candidate for Director of the Board)</i> Mr. Tetsuo Fujinuki has been serving as CTO since 2020, and has abundant experience and knowledge acquired through extensive service at the Company and the Group companies mainly in technology. In order to realize sustainable growth of the Group, we are nominating him once again to serve as Director, expecting him to supervise management considering interests of all stakeholders and properly plan the overall manufacturing strategy primarily for future technologies, manufacturing, and procurement.</p> <p><i>(Attendance at the Board of Directors meetings during the year under review)</i> 13 of 13 meetings (100%)</p>	28,366 shares

Note: In addition to the Board of Directors meetings held in the above table, one resolution was adopted in writing that was deemed to be a resolution of the Board of Directors in accordance with Article 370 of the Companies Act and the Articles of Incorporation of the Company.


No.	Name (Date of Birth)	Biography, Posts and Main Fields of Responsibilities in the Company, Significant Positions Concurrently Held, Reasons for Nominating the Candidates for Directors, and Attendance at the Board of Directors Meetings during the Year under Review	Number of the Company's Shares Held
4	 <p>Shinsuke Toda (July 16, 1966)</p> <p>Candidate for reelection</p> <p>Male</p>	<p>Apr. 1990 Joined The Industrial Bank of Japan, Ltd.</p> <p>Apr. 2015 General Manager, Europe Division, Mizuho Bank, Ltd.</p> <p>Oct. 2015 General Manager, Europe Division, Mizuho Financial Group, Inc.</p> <p>Apr. 2018 General Manager, Global Corporate Coordination Department, Mizuho Financial Group, Inc.</p> <p> General Manager, Global Corporate Coordination Department, Mizuho Bank, Ltd.</p> <p>Apr. 2019 Executive Officer Deputy Head of the Europe, Middle East and Africa, Mizuho Bank, Ltd.</p> <p>Apr. 2020 Managing Executive Officer Deputy Head of the Europe, Middle East and Africa, Mizuho Bank, Ltd.</p> <p>May 2020 Managing Executive Officer Head of the Europe, Middle East and Africa, Mizuho Financial Group, Inc.</p> <p> Managing Executive Officer Head of the Europe, Middle East and Africa, Mizuho Bank, Ltd.</p> <p>Jul. 2021 Group Executive Officer CEO for Europe, Middle East and Africa, Mizuho Financial Group, Inc.</p> <p> Managing Executive Officer CEO for Europe, Middle East and Africa, Mizuho Bank, Ltd.</p> <p>May 2023 Managing Executive Officer Senior General Manager, Overseas Sales & Marketing Division 2 Senior General Manager, Corporate Planning Division, the Company</p> <p>Apr. 2025 Managing Executive Officer & CFO (Chief Financial Officer), the Company President, Subaru Finance Co., Ltd. (to the present)</p> <p>Jun. 2025 Director, Managing Executive Officer and CFO, the Company (to the present)</p> <p><u>(Main fields of responsibilities in the Company)</u> Finance & Accounting Department, Corporate Communications Department, Investor Relations Department</p> <p><u>(Significant positions concurrently held)</u> President, Subaru Finance Co., Ltd. Director, Subaru of Indiana Automotive, Inc. (SIA) Director, Subaru of America, Inc. (SOA)</p> <p><u>(Reasons for nominating the candidate for Director of the Board)</u> Mr. Shinsuke Toda served in key positions at a financial institution. After joining the Company, he accumulated experience mainly in the overseas business. In addition to the abundant experience and broad knowledge, Mr. Toda also has a non-insider viewpoint. In order to realize sustainable growth of the Group, we are nominating him once again to serve as a Director, expecting him to supervise management considering interests of all stakeholders and promote financial and capital policies as well as investment for growth appropriate for the entire SUBARU Group.</p>	10,848 shares

[Continued to the next page]

		[Continued from the previous page]	
		<u>(Attendance at the Board of Directors meetings during the year under review)</u>	
		10 of 10 meetings (100%)	


Notes:

1. Mr. Toda's attendance at Board of Directors meetings during the year under review covers only his attendance at Board of Directors meetings held after his appointment on June 25, 2025.
2. In addition to the Board of Directors meetings held in the above table, one resolution was adopted in writing that was deemed to be a resolution of the Board of Directors in accordance with Article 370 of the Companies Act and the Articles of Incorporation of the Company.

No.	Name (Date of Birth)	Biography, Posts and Main Fields of Responsibilities in the Company, Significant Positions Concurrently Held, Reasons for Nominating the Candidates for Directors, and Attendance at the Board of Directors Meetings during the Year under Review	Number of the Company's Shares Held
5	 <p>Fuminao Hachiuma (December 8, 1959)</p> <p>Candidate for reelection</p> <p>Outside Independent</p> <p>Male</p>	<p>Apr. 1983 Joined Ajinomoto Co., Inc. Jul. 1998 President, PT AJINOMOTO SALES INDONESIA Jul. 2008 Director and Vice President, America Ajinomoto, Inc. Jun. 2013 Executive Officer, Ajinomoto Co., Inc. Jun. 2015 Managing Executive Officer, Ajinomoto Co., Inc. Jun. 2015 Representative Director, President, J-OIL MILLS, INC. Jun. 2016 Representative Director, President, J-OIL MILLS, INC. Apr. 2022 Director, J-OIL MILLS, INC. Jun. 2022 Retired from Director, J-OIL MILLS, INC. Jun. 2023 Outside Director, the Company (to the present)</p> <p><u>(Significant positions concurrently held)</u> Outside Director, Seven & i Holdings Co., Ltd. Outside Audit & Supervisory Board Member, YKK AP Inc.</p> <p><u>(Reasons for nominating the candidate as an Outside Director and outline of expected roles)</u> Mr. Fuminao Hachiuma has abundant experience and insights acquired through his involvement in management in a broad range of fields including overseas business at Ajinomoto Co., Inc. and its group companies as well as promotion of strengthening of corporate governance and management reform of J-OIL MILLS, INC. as Representative Director and President. Since his appointment as independent Outside Director in June 2023, he has presented honest opinions regarding the Company's management. Particularly in the fiscal year under review, he provided comments on the importance of risk management in an increasingly challenging business environment for the Company. We expect him to continue to provide sufficient advice and supervision regarding management in general from an independent position as Outside Director of the Company, and thus proposed him again as a candidate for Outside Director.</p> <p><u>(Attendance at the Board of Directors meetings during the year under review)</u> 13 of 13 meetings (100%)</p>	1,000 shares

Notes:

- In addition to the Board of Directors meetings held in the above table, one resolution was adopted in writing that was deemed to be a resolution of the Board of Directors in accordance with Article 370 of the Companies Act and the Articles of Incorporation of the Company.
- To allow the Company's Directors and Audit & Supervisory Board Members to fulfill the roles expected of them, the Company's Articles of Incorporation provide that the Company may conclude a contract with its Directors (excluding those who are executive Directors, managers or other employees of the Company or its subsidiaries) to limit their liabilities for compensation of damages under Article 423, Paragraph 1 of the Companies Act. If Proposal No.2, "Partial Amendment to the Articles of Incorporation," is approved without amendment at this Ordinary General Meeting of Shareholders, a similar provision shall be maintained. Based on this provision, the Company has concluded a contract for limitation of liability with Mr. Fuminao Hachiuma, which limits his liability for compensation of damages to the amount stipulated in Article 425, Paragraph 1 of the Companies Act. If his reelection as Director is approved in this Annual General Meeting of Shareholders, the Company intends to continue the contract for limitation of liability concluded between him and the Company.
- The Company designates Mr. Fuminao Hachiuma as Independent Director as set forth by the Tokyo Stock Exchange. If his reelection is approved in this Annual General Meeting of Shareholders, the Company will continue the designation. The candidate meets the criteria for independence of outside officers set forth by the Tokyo Stock Exchange and the criteria for independence of outside officers set forth by the Company.
- In June 2023, Mr. Fuminao Hachiuma was appointed Outside Audit & Supervisory Board Member at YKK AP Inc., which received a warning in March 2026 from the Japan Fair Trade Commission for violations of the Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors. This was issued in relation to YKK AP Inc. and its subsidiaries YKK AP Okinawa Inc. and RYUKYU YKK AP INDUSTRY CO., LTD. having subcontractors store molds, etc. required for the manufacture of some of its parts, etc., without compensation despite not issuing orders for parts, etc. manufactured using such molds, etc. for long periods of time. While he had regularly been making various proposals from the viewpoint of legal compliance at YKK AP Inc.'s Board of Directors meetings as an Audit & Supervisory Board Member, since the incident came to light he has also been making efforts to formulate measures to prevent the recurrence of such an incident in the YKK AP Group, including YKK AP Inc. and the above subsidiaries, to inform all employees of the measure and to strengthen employee education through deliberations at the Board of Directors meetings of YKK AP Inc.

No.	Name (Date of Birth)	Biography, Posts and Main Fields of Responsibilities in the Company, Significant Positions Concurrently Held, Reasons for Nominating the Candidates for Directors, and Attendance at the Board of Directors Meetings during the Year under Review	Number of the Company's Shares Held
6	 <p>Shigeru Yamashita (February 14, 1958)</p> <p>Candidate for reelection</p> <p>Outside Independent</p> <p>Male</p>	<p>Mar. 1981 Joined Pigeon Corporation</p> <p>Feb. 1997 President and Representative Director, Pigeon Industries (Thailand) Co., Ltd.</p> <p>Jul. 2004 President and Representative Director, Lansinoh Laboratories, Inc.</p> <p>Apr. 2007 Managing Officer, Overseas Business Division Manager, Pigeon Corporation</p> <p>Apr. 2009 Director, Overseas Business Division Manager, Pigeon Corporation</p> <p>Apr. 2011 Managing Executive Officer in charge of Personnel and General Affairs Division, Overseas Business Division, China Business Division, Pigeon Corporation</p> <p>Apr. 2012 Director, Managing Executive Officer, Overseas Business Division Manager, Pigeon Corporation</p> <p>Apr. 2013 President and CEO, Pigeon Corporation</p> <p>Apr. 2019 Chairman of the Board, Pigeon Corporation</p> <p>Mar. 2023 Retired as Chairman of the Board, Pigeon Corporation</p> <p>Jun. 2024 Outside Director, Subaru Corporation (to the present)</p> <p><u>(Significant positions concurrently held)</u> Not applicable</p> <p><u>(Reasons for nominating the candidate as an Outside Director and outline of expected roles)</u> Mr. Shigeru Yamashita has abundant experience and knowledge acquired through his involvement in management in a broad range of fields including overseas business at Pigeon Corporation and its group companies and, once he was appointed the Representative Director of the company, he strived to promote management reform, strengthen corporate governance, and led initiatives for maximizing corporate values. Since his appointment as independent Outside Director in June 2024 and independent Outside Director in June of the fiscal year under review, he has presented honest opinions regarding the Company's management in general based on his deep insight regarding social responsibilities of businesses. Particularly in the fiscal year under review, he provided comments on the need to further promote management that is conscious of the cost of capital. We expect him to continue to provide sufficient advice and supervision regarding management in general from an independent position as Outside Director of the Company, and thus proposed him again as a candidate for Outside Director.</p> <p><u>(Attendance at the Board of Directors meetings during the year under review)</u> 13 of 13 meetings (100%)</p>	3,000 shares

Notes:

- In addition to these Board of Directors meetings, one resolution was adopted in writing that was deemed to be a resolution of the Board of Directors in accordance with Article 370 of the Companies Act and the Articles of Incorporation of the Company.
- To allow the Company's Directors and Audit & Supervisory Board Members to fulfill the roles expected of them, the Company's Articles of Incorporation provide that the Company may conclude a contract with its Directors (excluding those who are executive Directors, managers or other employees of the Company or its subsidiaries) to limit their liabilities for compensation of damages under Article 423, Paragraph 1 of the Companies Act. If Proposal No.2, "Partial Amendment to the Articles of Incorporation," is approved without amendment at this Ordinary General Meeting of Shareholders, a similar provision shall be maintained. Based on this provision, the Company has concluded a contract for limitation of liability with Mr. Shigeru Yamashita, which limits his liability for compensation of damages to the amount stipulated in Article 425, Paragraph 1 of the Companies Act. If his reelection as Director is approved in this Annual General Meeting of Shareholders, the Company intends to continue the contract for limitation of liability concluded between him and the Company.
- The Company designates Mr. Shigeru Yamashita as Independent Director as set forth by the Tokyo Stock Exchange. If his reelection is approved in this Annual General Meeting of Shareholders, the Company will continue the designation. The candidate meets the criteria for independence of outside officers set forth by the Tokyo Stock Exchange and the criteria for independence of outside officers set forth by the Company.

No.	Name (Date of Birth)	Biography, Posts and Main Fields of Responsibilities in the Company, Significant Positions Concurrently Held, Reasons for Nominating the Candidates for Directors, and Attendance at the Board of Directors Meetings during the Year under Review	Number of the Company's Shares Held
7	 <p>Kayako Omura (November 1, 1960)</p> <p>New candidate</p> <p>Outside</p> <p>Independent</p> <p>Female</p>	<p>Apr. 1986 Joined Kobe Steel, Ltd.</p> <p>Apr. 1995 Sabbatical to study abroad at Uppsala University in Sweden</p> <p>Oct. 2001 Joined IBM Japan, Ltd.</p> <p>Jun. 2008 Part-time lecturer, Department of Industrial and Systems Engineering, Faculty of Science and Engineering, Chuo University</p> <p>Jan. 2009 Manager in charge of Planning, Cloud Computing Business, IBM Japan, Ltd.</p> <p>Jan. 2013 General Manager of Planning Department, Financial Business Division, IBM Japan, Ltd.</p> <p>Apr. 2014 Representative Director and Vice President, OB Kogyo, Ltd.</p> <p>Apr. 2017 Representative Director and President, OB Kogyo, Ltd.</p> <p>Apr. 2025 Advisor, Mabuchi OB Gear System Co., Ltd.</p> <p>Mar. 2026 Outside Director, MonotaRO Co., Ltd. (to the present)</p> <p><u>(Significant positions concurrently held)</u> Outside Director, MonotaRO Co., Ltd.</p> <p><u>(Reasons for nominating the candidate for Director of the Board)</u> Ms. Kayako Omura researched information systems technology on the front line of production at Kobe Steel, Ltd. and IBM Japan, Ltd., and was involved in strategic consulting services centered on manufacturing. She subsequently went on to drive steady growth at OB Kogyo, Ltd. (now Mabuchi OB Gear System Co., Ltd.), where she served as Representative Director and President. She has extensive experience of both IT and digital technology as well as management in manufacturing, and a high level of specialist knowledge and insight. Taking the above into account, we are nominating her as a candidate for Outside Director, expecting her to provide sufficient advice and supervision regarding management in general from an independent standpoint, mainly in the areas of IT and digital technology.</p> <p><u>(Attendance at the Board of Directors meetings during the year under review)</u> -</p>	- shares

Notes:

1. To allow the Company's Directors and Audit & Supervisory Board Members to fulfill the roles expected of them, the Company's Articles of Incorporation provide that the Company may conclude a contract with its Directors (excluding those who are executive Directors, managers or other employees of the Company or its subsidiaries) to limit their liabilities for compensation of damages under Article 423, Paragraph 1 of the Companies Act. If Proposal No.2, "Partial Amendment to the Articles of Incorporation," is approved without amendment at this Ordinary General Meeting of Shareholders, a similar provision shall be maintained. Based on this provision, if Ms. Kayako Omura is elected Director in this Ordinary General Meeting of Shareholders, the Company will conclude a contract for limitation of liability with her which limits her liability for compensation of damages to the amount stipulated in Article 425, Paragraph 1 of the Companies Act.
2. If her election is approved in this Ordinary General Meeting of Shareholders, the Company will designate Ms. Kayako Omura as Independent Director as set forth by the Tokyo Stock Exchange. The candidate meets the criteria for independence of outside officers set forth by the Tokyo Stock Exchange and the criteria for independence of outside officers set forth by the Company.
3. The name of Kayako Omura in her family register is Kayako Miyazawa.

Proposal No. 4:	Election of Four (4) Directors Who Are Audit and Supervisory Committee Members
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If Proposal No.2, “Partial Amendment to the Articles of Incorporation,” is approved without amendment at this Ordinary General Meeting of Shareholders, the Company will transition to a company with an audit and supervisory committee and therefore proposes the election of four (4) Directors who are Audit and Supervisory Committee Members.

The proposal has been approved by the Audit & Supervisory Board. Also, the validity of the resolution related to the proposal shall be conditional on the coming into effect of the resolution related to Proposal No.2, “Partial Amendment to the Articles of Incorporation.”


Candidates for Directors who are Audit and Supervisory Committee Members in this proposal were nominated after comprehensively taking into account their relevant experience, competency, and knowledge, and high ethics that value the fairness required for the position. Moreover, to ensure fairness and transparency in decisions on executive appointments, the Governance and Executive Nomination Meeting, in accordance with inquiries from Board of Directors, submits to the Board of Directors proposals on the nomination of Audit and Supervisory Committee Members that have been sufficiently deliberated on and approved by its Members, a majority of which is accounted for independent Outside Directors. These personnel matters are decided by resolution of the Board of Directors.

Candidates for Director who are Audit and Supervisory Committee Members are as follows.

No.	Name	Current title in the company	Attendance at the Board of Directors meetings for the year	Attendance at meetings of the Audit & Supervisory Board for the year	Tenure as Audit & Supervisory Board Member
1	New candidate Jinya Shoji Male	Standing Audit & Supervisory Board Member	10 of 10 meetings (100%)	10 of 10 meetings (100%)	1 year
2	New candidate Outside Independent Yuri Furusawa Female	Outside Audit & Supervisory Board Members	13 of 13 meetings (100%)	12 of 12 meetings (100%)	4 years
3	New candidate Outside Independent Yasumasa Masuda Male	Outside Audit & Supervisory Board Members	13 of 13 meetings (100%)	12 of 12 meetings (100%)	3 years
4	New candidate Outside Independent Yukiko Mitsuhashi Female	-	-	-	-

Notes:

- The candidates have no special interest relationships with the Company.
- Mr. Jinya Shoji’s attendance at Audit & Supervisory Board meetings during the year under review covers only his attendance at Audit & Supervisory Board meetings held after his appointment on June 25, 2025.
- Each candidate other than new candidates is currently an Audit & Supervisory Board Member of the Company, and the Company has entered into a directors and officers liability insurance contract with an insurance company, under which these candidates are included in the list of insured persons. The insurance policy covers compensation for damages and legal expenses to be borne by the insured in cases when they receive a claim for damages as a result of their wrongful acts conducted in their capacity as directors and officers. However, there are certain liabilities that are not covered under the policy, such as those arising from actions performed knowing that it is a violation of law. The insurance premiums are fully borne by the Company, and the insured persons are not required to pay the premiums in real terms. When their appointment is approved, each of the candidates will be included in the list of insured persons under the insurance contract. The insurance contract will expire in the middle of each candidate’s term of office, and the Company intends to renew the contract with similar terms and conditions.

	Name (Date of Birth)	Biography, Posts in the Company, Significant Positions Concurrently Held, and Reasons for nominating the candidate for Directors Who Audit and Supervisory Committee Members	Number of the Company's Shares Held
1	 Jinya Shoji (December 31, 1963) New candidate Male	<p>Apr. 1988 Joined the Company</p> <p>Apr. 2009 General Manager, Human Resources Department</p> <p>Jun. 2011 Seconded to SOA Sales and Marketing Vice President, SOA</p> <p>Apr. 2016 Senior General Manager, Subaru Global Marketing Division, the Company</p> <p>Apr. 2017 Executive Officer Chief General Manager, Global Marketing Division, the Company</p> <p>Apr. 2018 Executive Officer Senior General Manager, Overseas Sales & Marketing Division 1, the Company Executive Vice President, SOA</p> <p>Apr. 2020 Managing Executive Officer Senior General Manager, Overseas Sales & Marketing Division 1, the Company Executive Vice President, SOA</p> <p>Apr. 2021 Managing Executive Officer Chief General Manager, Overseas Sales & Marketing Division 2, the Company</p> <p>Apr. 2022 Managing Executive Officer Chief General Manager, Overseas Sales & Marketing Division 2 Chief General Manager, Parts & Accessories Division</p> <p>Apr. 2025 Managing Executive Officer</p> <p>Jun. 2025 Standing Audit & Supervisory Board Member (to the present)</p> <p><i>(Significant positions concurrently held)</i> Not applicable</p> <p><i>(Reasons for nominating the candidate for Directors Who are Audit and Supervisory Committee Members)</i> Mr. Jinya Shoji has abundant experience and knowledge in wide-ranging fields acquired through extensive service at the Company and the Group companies mainly in human resources, marketing, and overseas business. In addition, as a Managing Executive Officer, he was long engaged in overall overseas sales and marketing including that of North America, the Group's mainstay market. He was appointed Standing Audit & Supervisory Board Member in June 2025, and has conducted audits from a viewpoint that combines breadth with expertise. Based on Mr. Shoji's background and the wide range of experience described above, we judge that he will appropriately perform his role and execute his duties as a Director who is an Audit and Supervisory Committee Member, and therefore nominate him as a candidate for Director who is an Audit and Supervisory Committee Member.</p> <p><i>(Attendance at the Audit & Supervisory Board meetings)</i> 10 of 10 meetings (100%)</p>	20,764 shares


Notes:

- Mr. Shoji's attendance at Audit & Supervisory Board meetings during the year under review covers only his attendance at Audit & Supervisory Board meetings held after his appointment on June 25, 2025.
- To allow the Company's Audit & Supervisory Board Members to fulfill the roles expected of them, the Company's Articles of Incorporation provide that the Company may conclude a contract with its Audit & Supervisory Board Members to limit their liabilities for compensation of damages under Article 423, Paragraph 1 of the Companies Act. Based on this provision, the Company has concluded a contract for limitation of liability with Mr. Jinya Shoji which limits his liability for compensation of damages to the amount stipulated in Article 425, Paragraph 1 of the Companies Act. If Proposal No.2, "Partial Amendment to the Articles of Incorporation," is approved without amendment at this Ordinary General Meeting of Shareholders, the contracts between the Company and its Directors (excluding those who are Executive Directors, managers or other employees of the Company or its subsidiaries) to limit their liabilities for compensation of damages under Article 423, Paragraph 1 of the Companies Act will be maintained, and if Mr. Jinya Shoji's election as Director who is an Audit and Supervisory Committee Member is approved at this Ordinary General Meeting of Shareholders, the Company intends to conclude a contract for limitation of liability with him which limits his liability for compensation of damages to the amount stipulated in Article 425, Paragraph 1 of the Companies Act.

	Name (Date of Birth)	Biography, Posts in the Company, Significant Positions Concurrently Held, and Reasons for nominating the candidate for Directors Who are Audit and Supervisory Committee Members	Number of the Company's Shares Held
2	 <p>Yuri Furusawa (July 22, 1963)</p> <p>New candidate</p> <p>Outside</p> <p>Independent</p> <p>Female</p>	<p>Apr. 1986 Joined Ministry of Transport</p> <p>Dec. 2000 Administrator at the Organisation for Economic Co-operation and Development (OECD)</p> <p>Jul. 2004 Director for International Policy Planning, International Policy Planning Unit, Ministry of Land, Infrastructure and Transport</p> <p>Jul. 2006 Director for International Affairs and Crisis Management Division, Administration Department, Japan Coast Guard</p> <p>Jul. 2008 Counsellor, Cabinet Secretariat (Assistant to Assistant Chief Cabinet Secretary)</p> <p>Aug. 2011 Deputy General Manager of International Sales Department, Shiseido Company, Limited</p> <p>Jul. 2014 Deputy Director-General for International Affairs, Minister's Secretariat, Ministry of Land, Infrastructure, Transport and Tourism</p> <p>Sep. 2015 Deputy Director-General, Japan Tourism Agency</p> <p>Jun. 2016 Councillor, Cabinet Secretariat, Cabinet Bureau of Personnel Affairs</p> <p>Jul. 2019 Attached to the Minister's Secretariat, Ministry of Land, Infrastructure, Transport and Tourism</p> <p>Jul. 2019 Retired from Ministry of Land, Infrastructure, Transport and Tourism</p> <p>Jun. 2022 Audit & Supervisory Board Member of Subaru Corporation (to the present)</p> <p><i>(Significant positions concurrently held)</i> Outside Director of Kubota Corporation</p> <p><i>(Reasons for nominating the candidate for Directors Who are Audit and Supervisory Committee Members)</i> Ms. Yuri Furusawa has a broad perspective and a high level of insight she gained through holding key positions in the Ministry of Land, Infrastructure, Transport and Tourism, and having been involved in the promotion of workstyle reform, active participation by women and diversity in the Cabinet Secretariat, as well as in the overseas business development in the private sector. She was appointed Outside Audit & Supervisory Board Member in June 2022, and has conducted audits from a viewpoint that combines breadth with expertise. Based on this track record, going forward the Company expects her to contribute to ensuring fair and proper decisions and the soundness of management as an Audit and Supervisory Committee Member working from a standpoint independent of business execution, and although she has no experience of direct involvement in corporate management other than as an Outside officer, we are nominating her as a candidate for Outside Director who is an Audit and Supervisory Committee Member.</p> <p><i>(Attendance at the Audit & Supervisory Board meetings)</i> 12 of 12 meetings (100%)</p>	1,500 shares


Notes:

- To allow the Company's Audit & Supervisory Board Members to fulfill the roles expected of them, the Company's Articles of Incorporation provide that the Company may conclude a contract with its Audit & Supervisory Board Members to limit their liabilities for compensation of damages under Article 423, Paragraph 1 of the Companies Act. Based on this provision, the Company has concluded a contract for limitation of liability with Ms. Yuri Furusawa which limits her liability for compensation of damages to the amount stipulated in Article 425, Paragraph 1 of the Companies Act. If Proposal No.2, "Partial Amendment to the Articles of Incorporation," is approved without amendment at this Ordinary General Meeting of Shareholders, the contracts between the Company and its Directors (excluding those who are Executive Directors, managers or other employees of the Company or its subsidiaries) to limit their liabilities for compensation of damages under Article 423, Paragraph 1 of the Companies Act will be maintained, and if Ms. Yuri Furusawa's election as Director who is an Audit and Supervisory Committee Member is approved at this Ordinary General Meeting of Shareholders, the Company intends to conclude a contract for limitation of liability with her which limits her liability for compensation of damages to the amount stipulated in Article 425, Paragraph 1 of the Companies Act.
- The Company designates Ms. Yuri Furusawa as Independent Director as set forth by the Tokyo Stock Exchange. If her election as Director who is an Audit and Supervisory Committee Member is approved in this Annual General Meeting of Shareholders, the Company will continue the designation. The candidate meets the criteria for independence of outside officers set forth by the Tokyo Stock Exchange and the criteria for independence of outside officers set forth by the Company.

	Name (Date of Birth)	Biography, Posts in the Company, Significant Positions Concurrently Held, and Reasons for nominating the candidate for Directors Who are Audit and Supervisory Committee Members	Number of the Company's Shares Held
3	 <p>Yasumasa Masuda (February 27, 1957)</p> <p>New candidate</p> <p>Outside</p> <p>Independent</p> <p>Male</p>	<p>Apr. 1980 Joined Fujisawa Pharmaceutical Co., Ltd. (currently Astellas Pharma Inc.)</p> <p>Jun. 2008 Corporate Executive, Vice President, Corporate Finance & Control, Astellas Pharma Inc.</p> <p>Jun. 2011 Corporate Executive, Vice President, Corporate Finance & Control, and Chief Financial Officer, Astellas Pharma Inc.</p> <p>Apr. 2012 Corporate Executive, Vice President and Chief Financial Officer, Astellas Pharma Inc.</p> <p>Jun. 2012 Senior Corporate Executive, Senior Vice President and Chief Financial Officer, Astellas Pharma Inc.</p> <p>Apr. 2017 Senior Corporate Executive, Senior Vice President and Assistant to President, Astellas Pharma Inc.</p> <p>Jun. 2017 Independent Non-Executive, Deloitte Touche Tohmatsu LLC</p> <p>Jun. 2018 Independent Non-Executive, Deloitte Tohmatsu LLC</p> <p>Jun. 2018 Outside Director, Olympus Corporation</p> <p>Jun. 2021 Outside Director, Chairperson of the Audit Committee, Olympus Corporation</p> <p>Jun. 2023 Audit & Supervisory Board Member of Subaru Corporation (to the present)</p> <p>Jun. 2024 Resigned from Olympus Corporation</p> <p><i>(Significant positions concurrently held)</i> Not applicable</p> <p><i>(Reasons for nominating the candidate for Directors Who are Audit and Supervisory Committee Members)</i> Mr. Yasumasa Masuda has experience in important roles such as Vice President, Corporate Finance & Control, and CFO of Astellas Pharma Inc., and has a deep knowledge of management in general with a particular focus on finance and accounting. He has also previously served as an Independent Non-Executive at the Deloitte Tohmatsu Group and as Outside Director and Chairperson of the Audit Committee at Olympus Corporation, and has a broad perspective and a high level of insight. He was appointed Outside Audit & Supervisory Board Member in June 2023, and has conducted audits from a viewpoint that combines breadth with expertise. Based on this track record, going forward the Company expects him to contribute to ensuring fair and proper decisions and the soundness of management as an Audit and Supervisory Committee Member working from a standpoint independent of business execution, and we are nominating him as a candidate for Outside Director who is an Audit and Supervisory Committee Member.</p> <p><i>(Attendance at the Audit & Supervisory Board meetings)</i> 12 of 12 meetings (100%)</p>	- shares

Notes:

- To allow the Company's Audit & Supervisory Board Members to fulfill the roles expected of them, the Company's Articles of Incorporation provide that the Company may conclude a contract with its Audit & Supervisory Board Members to limit their liabilities for compensation of damages under Article 423, Paragraph 1 of the Companies Act. Based on this provision, the Company has concluded a contract for limitation of liability with Mr. Yasumasa Masuda which limits his liability for compensation of damages to the amount stipulated in Article 425, Paragraph 1 of the Companies Act. If Proposal No.2, "Partial Amendment to the Articles of Incorporation," is approved without amendment at this Ordinary General Meeting of Shareholders, the contracts between the Company and its Directors (excluding those who are Executive Directors, managers or other employees of the Company or its subsidiaries) to limit their liabilities for compensation of damages under Article 423, Paragraph 1 of the Companies Act will be maintained, and if Mr. Yasumasa Masuda's election as Director who is an Audit and Supervisory Committee Member is approved at this Ordinary General Meeting of Shareholders, the Company intends to conclude a contract for limitation of liability with him which limits his liability for compensation of damages to the amount stipulated in Article 425, Paragraph 1 of the Companies Act.
- The Company designates Mr. Yasumasa Masuda as Independent Director as set forth by the Tokyo Stock Exchange. If his election as Director who is an Audit and Supervisory Committee Member is approved in this Annual General Meeting of Shareholders, the Company will continue the designation. The candidate meets the criteria for independence of outside officers set forth by the Tokyo Stock Exchange and the criteria for independence of outside officers set forth by the Company.

	Name (Date of Birth)	Biography, Posts in the Company, Significant Positions Concurrently Held, and Reasons for nominating the candidate for Directors Who are Audit and Supervisory Committee Members	Number of the Company's Shares Held
4	 Yukiko Mitsuhashi (June 12, 1966) New candidate Outside Independent Female	Apr. 1989 Joined Central Japan Railway Company Apr. 2000 Registered as attorney at law in Japan Apr. 2000 Joined Blakemore & Mitsuki Nov. 2002 Joined Ashurst Tokyo Jan. 2010 Joined City-Yuwa Partners Jun. 2015 Outside Director, AOI Pro. Inc. (resigned in 2022) Jun. 2016 Outside Director, PUNCH INDUSTRY CO., LTD. (resigned in 2022) Jul. 2020 Senior Partner and attorney at law, Atsumi & Sakai (to the present) Sep. 2022 Outside Audit & Supervisory Board Members, Archem Co., Ltd. (resigned in 2026) Jun. 2023 Outside Audit & Supervisory Board Member, ANA HOLDINGS INC. (to the present) <u>(Significant positions concurrently held)</u> Senior Partner and attorney at law, Atsumi & Sakai Outside Audit & Supervisory Board Member, ANA HOLDINGS INC. <u>(Reasons for nominating the candidate for Directors Who are Audit and Supervisory Committee Members)</u> Ms. Yukiko Mitsuhashi has specialist knowledge and extensive experience of the law in general as an attorney at law, with a particular focus on corporate legal affairs. As well as providing neutral and objective advice as a legal expert, and auditing and supervising the execution of business by Directors from an independent standpoint, she is expected to contribute to the functions of the Board of Directors, and so although she has no experience of direct involvement in corporate management other than as an Outside officer, we are nominating her as a new candidate for Outside Director who is an Audit and Supervisory Committee Member. <u>(Attendance at the Audit & Supervisory Board meetings)</u> -	- shares

Notes:

1. To allow the Company's Directors and Audit & Supervisory Board Members to fulfill the roles expected of them, the Company's Articles of Incorporation provide that the Company may conclude a contract with its Directors (excluding those who are executive Directors, managers or other employees of the Company or its subsidiaries) to limit their liabilities for compensation of damages under Article 423, Paragraph 1 of the Companies Act. If Proposal No.2, "Partial Amendment to the Articles of Incorporation," is approved without amendment at this Ordinary General Meeting of Shareholders, a similar provision shall be maintained. Based on this provision, if Ms. Yukiko Mitsuhashi is elected Director who is an Audit and Supervisory Committee Member in this Ordinary General Meeting of Shareholders, the Company will conclude a contract for limitation of liability with her which limits her liability for compensation of damages to the amount stipulated in Article 425, Paragraph 1 of the Companies Act.
2. If her election as Director who is an Audit and Supervisory Committee Member is approved in this Ordinary General Meeting of Shareholders, the Company will designate Ms. Yukiko Mitsuhashi as Independent Director as set forth by the Tokyo Stock Exchange. The candidate meets the criteria for independence of outside officers set forth by the Tokyo Stock Exchange and the criteria for independence of outside officers set forth by the Company.

(Reference) Structure of the Board of Directors after approval of Proposals No. 2 to 4

If Proposals No.2 through No.4 are approved without amendment and their respective resolutions come into effect, the structure of the Board of Directors is expected to be as follows. The total of 11 Directors will include six independent Outside Directors (54.5%), and the total six members of the Governance and Executive Nomination Meeting and the Executive Compensation Meeting will include four independent Outside Directors (66.7%). Three of the total 11 Directors will be females (27.3%).

- Notes: 1. ◎ and ○ indicate attendance of the chairman and other members, respectively.
2. The list below does not cover the entire scope of knowledge held by the Directors.

	Name	Title at the Company	Gender	Total years of service	Board of Directors	Audit and Supervisory Committee	Governance and Executive Nomination Committee	Executive Compensation Committee	Reasons for selection
									Experience, insight, and leadership required for making important strategic decisions
									Definition of experience
									Experience of serving as top management of a listed company
									Business management (executive experience)
Directors	Fumiaki Hayata	Representative Director, Chairman (CRMO)	Male	5 years	◎		○	○	
	Atsushi Osaki	Representative Director, President (CEO)	Male	5 years	○		○	○	●
	Tetsuo Fujinuki	Director, Senior Managing Executive Officer (CTO)	Male	3 years	○				
	Shinsuke Toda	Director, Managing Executive Officer (CFO)	Male	1 year	○				
	Fuminao Hachiuma	Independent Outside Director	Male	3 years	○		○	○	●
	Shigeru Yamashita	Independent Outside Director	Male	2 years	○		◎	◎	●
	Kayako Omura	Independent Outside Director	Female	New candidate	○		○	○	
Directors Who are Audit and Supervisory Committee Members	Jinya Shoji	Standing Director (Audit and Supervisory Committee Member)	Male	1 year	○	○			
	Yuri Furusawa	Independent Outside Director (Audit and Supervisory Committee Member)	Female	4 years	○	○	○		
	Yasumasa Masuda	Independent Outside Director (Audit and Supervisory Committee Member)	Male	3 years	○	○		○	
	Yukiko Mitsuhashi	Independent Outside Director (Audit and Supervisory Committee Member)	Female	New candidate	○	○			

* The Company plans to change the name of the current “Governance and Executive Nomination Meeting” to the “Governance and Executive Nomination Committee,” and the name of the current “Executive Compensation Meeting” to the “Executive Compensation Committee,” effective June 24, 2026.

Promotion of business strategies for accelerating responses to major transformation					Strengthening of management infrastructure that supports the Company's sustainable growth		
Experience and track record as an officer in charge of each business division					Knowledge, experience, and competency as an officer in charge of a field or employee with experience in highly specialized operations		
Promotion of business strategies					Strengthening of management infrastructure		
Technology/ development	Manufacturing/ purchase	Sales/marketing	Global	IT/digital	Human capital/ labor	Business administration/ financial/ accounting	Legal affairs/ compliance/ risk management
	●	●	●			●	●
●	●				●	●	●
●				●			
		●	●			●	
		●	●		●	●	
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							●

Proposal No. 5:

Determination of Amount of Compensation for Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)

The 85th Ordinary General Meeting of Shareholders held on June 28, 2016, approved the amount of compensation, etc. to be paid to Directors of the Company for one year to be within 1,200 million yen (including 200 million yen for Outside Directors), and it has been unchanged to date.

In this meeting, the Company proposes to transition to a company with an audit and supervisory committee, conditional upon the approval without amendment of Proposal No.2, “Partial Amendment to the Articles of Incorporation.” Accordingly, after taking into account continuity with previous compensation levels for Directors and levels of performance, the Company proposes to set the amount of compensation for Directors (excluding Directors who are Audit and Supervisory Committee Members) to the current amount of compensation for Directors, which is within 1,200 million yen annually (including 200 million yen for Outside Directors).

This proposal is considered appropriate because it takes a comprehensive view of the performance of the Company, the executive compensation plan and payment levels, the current number of executives, and trends, etc. going forward, and was determined based in part on the advice of the Executive Compensation Meeting, a majority of the members of which is accounted for by independent Outside Directors.

Moreover, if Proposal No. 3, “Election of Seven (7) Directors (Excluding Directors Who Are Audit and Supervisory Committee Members),” is approved without amendment, the number of Directors (excluding Directors who are Audit and Supervisory Committee Members) related to this proposal will be seven. In addition, the validity of the resolution related to the proposal shall be conditional on the coming into effect of the resolution related to Proposal No. 2, “Partial Amendment to the Articles of Incorporation.”

Proposal No. 6: Determination of Amount of Compensation for Directors Who Are Audit and Supervisory Committee Members

At the 93rd Ordinary General Meeting of Shareholders held on June 19, 2024, the Company received approval to “set the amount of compensation to its Audit & Supervisory Board Members at 200 million yen or less a year,” and it has been unchanged to date.

In this meeting, the Company proposes to transition to a company with an audit and supervisory committee, conditional upon the approval without amendment of Proposal No.2, “Partial Amendment to the Articles of Incorporation.”

Accordingly, the Company proposes to set the amount of compensation for Directors who are Audit and Supervisory Committee Members to the current amount of compensation for Audit & Supervisory Board Members, which is 200 million yen or less a year.

This proposal is considered appropriate because it takes a comprehensive view of the performance of the Company, the executive compensation plan and payment levels, the current number of executives, and trends, etc. going forward, and was determined based in part on the advice of the Executive Compensation Meeting, a majority of the Members of which is accounted for by independent Outside Directors.

If Proposal No. 4, “Election of Four (4) Directors who are Audit and Supervisory Committee Members,” is approved without amendment, the number of Directors who are Audit and Supervisory Committee Members related to this proposal will be four. In addition, the validity of the resolution related to the proposal shall be conditional on the coming into effect of the resolution related to Proposal No. 2, “Partial Amendment to the Articles of Incorporation.”

Proposal No. 7: Determination of Amount and Details of Restricted Stock Compensation, Etc. for Directors (Excluding Outside Directors and Directors Who are Audit and Supervisory Committee Members)

1. Determination of Amount and Details of Restricted Stock Compensation, Etc. for Directors (Excluding Outside Directors and Directors Who are Audit and Supervisory Committee Members)

Approval for the adoption of restricted stock compensation plan for Directors (excluding Outside Directors) of the Company was given by the 86th Ordinary General Meeting of Shareholders held on June 23, 2017. At the 91st Ordinary General Meeting of Shareholders held on June 22, 2022, the Company received approval to revise the plan to “add variable compensation (PSU*), in which the number of shares granted to Directors is linked to the degree of achievement of target business performance,” and at the 93rd Ordinary General Meeting of Shareholders held on June 19, 2024, the Company also received approval to adopt clawback provisions under the plan with the aim of improving compensation governance, and to change the base amount of the paid-in amount per share. Both have been unchanged to date.

In this meeting, the Company proposes to transition to a company with an audit and supervisory committee, conditional upon the approval without amendment of Proposal No.2, “Partial Amendment to the Articles of Incorporation.” Accordingly, the Company proposes to set the total amount of monetary compensation paid for the granting of restricted stock units to Directors (excluding Outside Directors and Directors who are Audit and Supervisory Committee Members, collectively “Eligible Officers”) to within the limits of compensation for Directors (excluding Directors who are Audit and Supervisory Committee Members; if Proposal No.5 “Determination of Amount of Compensation for Directors (Excluding Directors Who Are Audit and Supervisory Committee Members) is approved without amendment, within 1,200 million yen annually, (including 200 million yen for Outside Directors)), at the 200 million yen that is the current total amount of monetary compensation paid to Directors.

The Company also proposes to set the details, etc. of the restricted stock compensation plan for Eligible Officers to those described in “2. Details of Compensation and Other Matters under the Stock Compensation Plan” below, in the same way as for the details, etc. of the current restricted stock compensation plan for Directors.

This proposal is considered appropriate because it takes a comprehensive view of the performance of the Company, the executive compensation plan and payment levels, the current number of executives, and trends, etc. going forward, and was determined based in part on the advice of the Executive Compensation Meeting, a majority of the Members of which is accounted for by independent Outside Directors.

Moreover, if Proposal No.3, “Election of Seven (7) Directors (Excluding Directors Who Are Audit and Supervisory Committee Members),” is approved without amendment, the number of Directors (excluding Directors who are Audit and Supervisory Committee Members) related to this proposal will be seven (including three Outside Directors), with four of the seven being Eligible Officers.

In addition, the validity of the resolution related to the proposal shall be conditional on the coming into effect of the resolution related to Proposal No.2, “Partial Amendment to the Articles of Incorporation.”

*: Performance Share Unit

2. Details of Compensation and Other Matters under the Stock Compensation Plan

(1) Persons to whom the plan applies	Directors of the Company (excluding Outside Directors, Directors who are Audit and Supervisory Committee Members, and non-resident officers; collectively “Eligible Officers”)	
(2) Total amount of monetary compensation to be paid for granting stock compensation	Total amount of up to 200 million yen per year. If Proposal No.5 “Determination of Amount of Compensation for Directors (Excluding Directors Who Are Audit and Supervisory Committee Members) is approved without amendment, with compensation for Directors (excluding Directors who are Audit and Supervisory Committee Members) determined to be within 1,200 million yen annually, (including 200 million yen for Outside Directors), the Company intends to pay monetary compensation for the granting of stock compensation within those limits.	
(3) Upper limit on the number of the Company’s shares granted to Eligible Officers	The total number of shares in fixed compensation (RS*) and variable compensation (PSU) shall not exceed 150,000 shares annually. Based on a resolution of the Board of Directors, Eligible Officers shall wholly contribute monetary compensation claim in the form of properties contributed in kind, and shall receive shares of the Company’s common stock through issuance or disposal. The paid-in amount per share will be determined by the Board of Directors based on the closing price of the Company’s common stock on the Tokyo Stock Exchange on the day immediately preceding the date of the resolution of the Board of Directors.	
(4) Method of calculation of the number of the Company’s shares,	Fixed compensation (RS)	Shares of the Company’s common stock that are equivalent to a standard amount determined by taking into consideration the Company’s business performance, the scope of responsibilities of Eligible Officers, and various other circumstances at a certain time of the year shall be granted.

<p>etc. granted to Eligible Officers</p>	<p>Variable compensation (PSU)</p>	<p>At a certain time of the year, the Company shall grant a number of units (1 unit = 1 share) that are equivalent to a standard amount determined by taking into consideration the Company’s performance, the scope of responsibilities for each Eligible Officer, etc., and various other circumstances. After the business results for the evaluation period are determined, shares of the Company’s common stock shall be granted in a number calculated by multiplying the number of units by a payment ratio that is determined in conjunction with the degree to which the business performance indicator targets have been achieved.</p> <p>In principle, shares shall not be granted to those who have resigned as Directors prior to the expiration of the evaluation period. However, in the event of retirement due to death or in the event that Executive Compensation Committee recognizes valid reasons for granting shares, the Executive Compensation Committee may determine a reasonable rate of payment (50% to 100%).</p> <p>(Note) The evaluation period shall be the single fiscal year that includes the date on which units are granted.</p> <p>(Note) Performance indicators shall be set as quantitative (financial) and qualitative (non-financial) indicators, and shall be reviewed in conjunction with the update of the medium-term management plan and management targets.</p>
<p>(5) Restricted transfer period</p>	<p>The period shall be from the date of grant until his/her retirement as Director. However, if he/she continues to serve as an Executive Officer after retiring as a Director, the restricted transfer period shall be extended until he/she retires from such Executive Officer’s position.</p>	
<p>(6) Clawback provisions</p>	<p>In the event of a Director engaging in certain acts of misconduct and certain events occur by the day on which three years elapse after the expiration of the restricted transfer period, the Board of Directors, based on a resolution taking into account the deliberation and decision at the Executive Compensation Committee, may demand the said Director return all or part of the said shares in common stock or pay the equivalent fair value of the said shares.</p>	

*1: Restricted Stock

*2: The Company plans to change the name of the “Executive Compensation Meeting” to the “Executive Compensation Committee,” effective June 24, 2026.

3. Restricted Transfer Agreement Regarding the Shares of the Company's Stock to Be Granted to Eligible Officers

When issuing or disposing of shares of the Company's common stock under the stock compensation plan, the Company and the Director shall enter into a restricted stock allotment agreement (hereafter, "Allotment Agreement") that generally includes the following details.

- (1) Eligible Officers shall not transfer the shares of the Company's common stock allocated to them under the Allotment Agreement (hereafter, "Allotted Shares"), use them to create a security interest, or otherwise dispose of them (hereafter, restrictions on transfer) during the period until they retire from office as Director (hereafter, the "Restricted Transfer Period").
- (2) In principle, restrictions on transfer shall be lifted at the expiration of the Restricted Transfer Period on condition that the Director continues to hold the position of Director during the period of execution of duties (from the date of issuance of shares or grant of units until the conclusion of the Ordinary General Meeting of Shareholders for the fiscal year that includes the said date).
- (3) If a Director resigns before the expiration of the period of execution of duties, the Company shall naturally acquire the Allotted Shares without compensation, except in the case of resignation due to death or in the case where the resignation is justified by a resolution of the Board of Directors.
- (4) In the event of misconduct committed by an Eligible Officer during the Restricted Transfer Period or within three years after lifting of the restriction, or in the event of the discovery of a material error in their track record based on which shares were granted, the Company, based on deliberation and decision at the Executive Compensation Committee, and with the approval by the Board of Directors shall acquire all or part of the Allotted Shares without compensation, as determined by the Executive Compensation Committee. Or, the Company shall demand the said Eligible Officer pay an amount equivalent to the fair value of the said shares.
- (5) Notwithstanding the provisions of (1) above, in the event that a merger agreement in which the Company becomes a defunct company, a share exchange agreement or share transfer plan in which the Company becomes a wholly owned subsidiary, or other matters related to organizational restructuring, etc. is approved at a General Meeting of Shareholders of the Company, etc. during the period of execution of duties, the Company shall, by a resolution of the Board of Directors, lift the restriction on transfer of the Allotted Shares, the number of which shall be reasonably determined based on the period from the date on which the period of execution of duties begins to the date of approval of such organizational restructuring, etc., prior to the effective date of the said organizational restructuring, etc.
- (6) In the provision stipulated in (5) above, the Company shall naturally acquire without compensation the Allotted Shares for which the restriction on transfer has not yet been lifted as of the time immediately after the lifting of the restriction on transfer in accordance with the provision stipulated in (5) above.

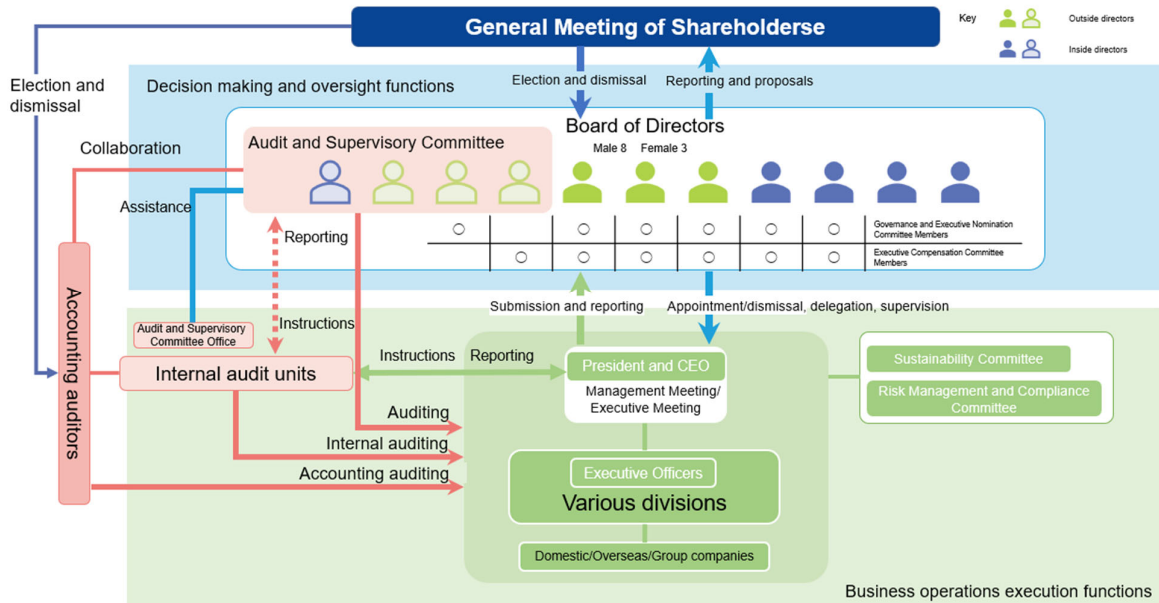
(Reference) Transition to a company with an audit and supervisory committee

In this meeting, the Company proposes to transition to a company with an audit and supervisory committee, conditional upon the approval without amendment of Proposal No. 2, “Partial Amendment to the Articles of Incorporation.” The individual proposals from Proposal No. 2 to Proposal No. 7 are all related to this transition, so as we introduce these proposals, we will provide an explanation of the purpose of the transition to a company with an audit and supervisory committee and an overview of the transition process.

◆ Purpose

To achieve sustainable growth in the uncertain and rapidly changing business environment of the automotive industry, the Company has been moving forward with the “SUBARU Management Policy 2025” that it announced in November 2025. To ensure the steady implementation of this policy, the Company is further promoting the delegation of authority for business execution to operating departments to accelerate decision-making processes. At the same time, the Company seeks to enhance its corporate value over the medium to long term by enriching deliberations at Board of Directors meetings and further strengthening the Board’s supervisory functions. Based on these objectives, the Company has decided to transition to a company with an audit and supervisory committee.

◆ Corporate governance structure after transition



*The Company plans to change the name of the current “Governance and Executive Nomination Meeting” to the “Governance and Executive Nomination Committee,” and the name of the current “Executive Compensation Meeting” to the “Executive Compensation Committee,” effective June 24, 2026.

◆ Relationship between transition and proposals

	Company with an audit & supervisory board (current structure)	
Body that changes	Audit & Supervisory Board	
Election of executives	Directors and Audit & Supervisory Board Members elected	
Term of office	Directors: 1 year	
	Audit & Supervisory Board Member: 4 years	
Decisions on execution of important business	Cannot be delegated to Board of Directors	
Composition of executives	Directors: 8 (including 3 Outside Directors)	
	Audit & Supervisory Board Member: 4 (including 2 Outside Directors)	
Executive remuneration	Monetary compensation	Directors (including Outside Directors): Up to ¥1,200 million annually (of which an amount of up to ¥200 million is for Outside Directors)
		Audit & Supervisory Board Members: up to ¥200 million annually
	Stock compensation	Directors (excluding Outside Directors)
		Restricted stock compensation · Up to ¥200 million annually (monetary compensation to be paid for grants of stock compensation within the limits stated above) · Up to 150,000 shares of common stock of the Company (total of fixed compensation (RS) and variable compensation (PSU))



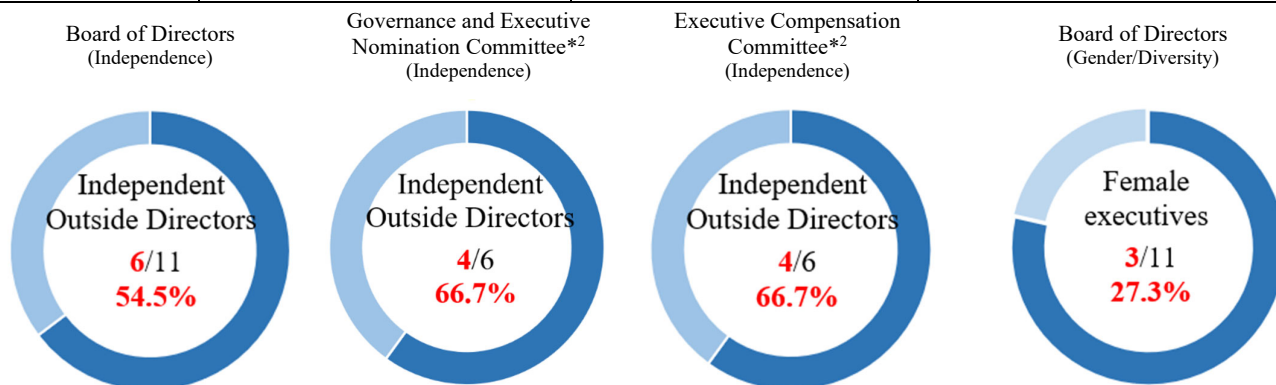
	Company with an audit and supervisory committee (after transition)	Corresponding proposal	
	Audit and Supervisory Committee	Proposal No. 2	
	Elections of Directors who are Audit and Supervisory Committee Members are distinguished from those of other Directors		
	Directors (excluding Directors who are Audit and Supervisory Committee Members): 1 year		
	Directors who are Audit and Supervisory Committee Members: 2 years		
	Excluding statutory items, all or part may be delegated to Directors (excluding Directors who are Audit and Supervisory Committee Members)		
	Directors: 11 (including 6 Outside Directors)	Proposal No. 3	
	Directors (excluding Directors who are Audit and Supervisory Committee Members): 7 (including 3 Outside Directors)		
	Directors who are Audit and Supervisory Committee Member: 4 (including 3 Outside Directors)	Proposal No. 4	
Executive remuneration	Monetary compensation	Directors (excluding Directors who are Audit and Supervisory Committee Members): Up to ¥1,200 million annually (of which an amount of up to ¥200 million is for Outside Directors)	Proposal No. 5
		Directors who are Audit and Supervisory Committee Members: up to ¥200 million annually	Proposal No. 6
Executive remuneration	Stock compensation	Directors (excluding Outside Directors and Directors who are Audit and Supervisory Committee Members)	Proposal No. 7
		Restricted stock compensation · Up to ¥200 million annually (monetary compensation to be paid for grants of stock compensation within the limits stated above) · Up to 150,000 shares of common stock of the Company (total of fixed compensation (RS) and variable compensation (PSU))	

(Reference) Data on Corporate Governance Code

Matters concerning responsibilities of the Board of Directors, etc.

(Page for reference)

Principle 4-2 [1]	Sound incentivization of Director compensation	Proportion of performance compensation	0.9 to 1 of basic compensation
		Proportion of restricted stock units	0.6 to 0.7 of basic compensation
Principle 4-8	Effective use of independent Outside Directors	Proportion of independent Outside Directors	6/11 (54.5%)* ¹
Principle 4-10 [1]	Establishment of an independent Executive Nomination Meeting	Proportion of independent Outside Directors	4/6 (66.7%)* ¹
	Establishment of an independent Executive Compensation Meeting	Proportion of independent Outside Directors	4/6 (66.7%)* ¹
Principle 4-11	Prerequisites for ensuring the effectiveness of the Board of Directors	Proportion of female Directors	3/11 (27.3%)* ¹
		Evaluation of the Effectiveness of the Board of Directors	Implemented every year since FYE2016



The criteria for determining the independence of Outside Officers are posted on the Company’s website on the Internet. Please refer to the attachment at the end of the “Corporate Governance Guidelines.”

https://www.subaru.co.jp/en/outline/pdf/governance_guideline_e.pdf

Other matters

(Page for reference)

Principle 1-4	Cross-shareholdings	Details of cross- shareholdings	3 issues, 8,150 million yen* ³
Principle 2-4 [1]	Ensure diversity in the appointment of core personnel, etc.	Number of female managers	50* ³
		Number of non-Japanese managers	3* ³
		Number of managers employed in mid- career	256* ³
Principle 2-5	Whistle blowing	Number of cases reported to the whistle blowing system	315 cases* ³

*1. After approval of Proposal No. 2 and Proposal No. 4

*2. The Company plans to change the name of the current “Governance and Executive Nomination Meeting” to the “Governance and Executive Nomination Committee,” and the name of the current “Executive Compensation Meeting” to the “Executive Compensation Committee,” effective June 24, 2026.

*3. as of March 31, 2026

Report on non-consolidated financial statements for the 95th fiscal period
(April 1, 2025 to March 31, 2026)

1 Matters concerning the status of SUBARU GROUP

(1) Progress and Results

The operating environment surrounding the SUBARU Group during the consolidated fiscal year underwent significant changes, including the impact of additional U.S. tariffs and changes in environmental regulations, while geopolitical risks such as the deteriorating situation in the Middle East became increasingly apparent.

Under such circumstances, Subaru Corporation (the “Company”) has continued to refine its unwavering value proposition of “Enjoyment and Peace of Mind,” while promoting initiatives aimed at realizing the “SUBARU Management Policy 2025” announced on November 10, 2025, in order to overcome this challenging business environment.

In the current consolidated fiscal year, revenue increased by 99.2 billion yen (2.1%) year on year to 4,785.0 billion yen, primarily owing to improvements in price & mixture, which offset the negative impact of lower unit sales and the 2-yen appreciation of the Japanese yen against the U.S. dollar.

Operating profit also declined by 365.2 billion yen (90.1%) year on year to 40.1 billion yen, profit before tax fell by 341.0 billion yen (76.0%) to 107.5 billion yen, and profit for the year attributable to owners of parent decreased by 247.2 billion yen (73.1%) to 90.8 billion yen on a year on year basis mainly due to the impact of additional U.S. tariffs, in addition to the above reasons.

	Amount of money (Millions of Yen)	Change (%)
Revenue	4,784,965	2.1
Operating profit	40,120	(90.1)
Profit before tax	107,469	(76.0)
Profit for the year attributable to owners of parent	90,842	(73.1)



Forester “Premium S:HEV EX”



Trailseeker “ET-HS”

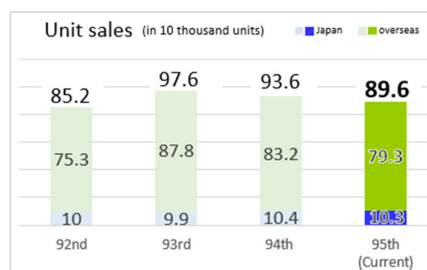
(Automobile Division)

In the fiscal year under review, the Company temporarily shut down production lines at the Yajima Plant due to construction work in preparation for in-house production of BEVs. This resulted in production in Japan decreasing by 77,000 units (12.8%) year on year, to 525,000 units. Overseas production came to 355,000 units, increasing by 11,000 units (3.1%) year on year. This resulted in a decrease in combined domestic and overseas production of 66,000 units (7.0%) year on year to 880,000 units.

Domestic unit sales totaled 103,000, a similar level to the previous fiscal year, declining by 1,000 units (1.4%). Despite strong sales of the Forester, overseas unit sales decreased by 39,000 units (4.7%) year on year to 793,000 units. This was due to the temporary shutdown of production lines at one of the domestic plants and delays caused by the impact of the increasingly tense Middle East situation on the operation of cargo vessels bound for overseas markets. Combined domestic and overseas unit sales declined by 41,000 units (4.3%) year on year to 896,000 units.

Revenue increased by 69.3 billion yen (1.5%) year on year to 4,638.3 billion yen, primarily owing to efforts to improve price & mixture, which offset the negative impact on revenue of lower unit sales and foreign exchange. Segment profit decreased by 388.3 billion yen (92.4%) year on year to 32.1 billion yen, owing to the impact of additional U.S. tariffs, as well as the expenses related to environmental regulatory credits and associated losses, and the recording of BEV-related expenses.

	Unit sales (in 10 thousand units)	Change (in 10 thousand units)	Change (%)
Total in Japan	10.3	(0.1)	(1.4)
Passenger cars	8.7	(0.4)	(4.3)
Minicars	1.6	0.2	18.8
Total Overseas	79.3	(3.9)	(4.7)
North America	70.8	(2.4)	(3.2)
Europe	2.3	(0.0)	(0.1)
Australia	3.1	(1.2)	(28.1)
China	0.2	(0.1)	(24.7)
Other regions	2.9	(0.3)	(8.3)
Total	89.6	(4.1)	(4.3)



CROSTREK "Limited"



Outback "Wilderness" (U.S. market model)

(Reference) Subaru Forester Won Japan Car of the Year

The Subaru Forester, which was launched in April 2025, has been named of 2025-2026 Japan Car of the Year. The all-new Forester has been highly regarded for its bold and stately proportioned exterior design, the next-generation hybrid system that achieves a superior balance between driving performance and environmental performance, and high safety features. As a result, by December 2025, cumulative orders of Forester had exceeded 30,000 units, surpassing the initial sales plan.



(Aerospace Division)

Revenue rose 30.1 billion yen (27.0%) year on year to 141.7 billion yen owing primarily to increases in the number of center wing boxes delivered in the commercial business. Segment profit increased by 3.5 billion yen year on year to 23.1 billion yen.



Boeing 787 Dreamliner

(Other Businesses)

Revenue decreased by 0.2 billion yen year on year (3.7%) to 5.0 billion yen. Segment profit decreased by 1.0 billion yen (1.9%) to 3.6 billion yen.

■By Business Segment

(In Japanese yen in million except for percentage change from the previous year)

	Revenue				Segment Profit			
	94th FYE2025	95th FYE2026 (Current)	Change	Percentage Change	94th FYE2025	95th FYE2026 (Current)	Change	Percentage Change
Automobile	4,569,035	4,638,342	69,307	1.5	420,410	32,086	(388,324)	(92.4)
Aerospace	111,584	141,667	30,083	27.0	(19,642)	3,500	23,142	—
Other	5,144	4,956	(188)	(3.7)	3,687	3,616	(71)	(1.9)
Adjustments	—	—	—	—	853	918	65	7.6
Total	4,685,763	4,784,965	99,202	2.1	405,308	40,120	(365,188)	(90.1)

- Notes: 1. Revenue is the revenue from external customers.
 2. Adjustment to segment profit refers to the elimination of intersegment transactions.
 3. Other segment includes real estate leasing business, etc.

(2) Status of Assets and Profit/Loss

Category		92nd FYE2023	93rd FYE2024	94th FYE2025	95th (current) FYE2026
Revenue	(Millions of yen)	3,774,468	4,702,947	4,685,763	4,784,965
Operating profit	(Millions of yen)	267,483	468,198	405,308	40,120
Profit for the period attributable to owners of parent	(Millions of yen)	200,431	385,084	338,062	90,842
Ratio of operating profit to revenue	(%)	7.1	10.0	8.6	0.8
Profit for the year attributable to owners of parent for the period per share, basic	(Yen)	261.33	509.20	458.03	125.50
Total assets	(Millions of yen)	3,944,150	4,814,149	5,088,246	5,492,301
Total equity	(Millions of yen)	2,109,947	2,565,394	2,715,708	2,781,661
Ratio of equity attributable to owners of parent to total assets	(%)	53.3	53.2	53.3	50.6
Equity attributable to owners of parent per share	(Yen)	2,739.27	3,409.45	3,713.26	3,886.35
Ratio of profit to equity attributable to owners of parent (ROE)	(%)	10.0	16.5	12.8	3.3
Price earnings ratio (PER)	(Times)	8.09	6.77	5.77	19.79
Price book-value ratio (PBR)	(Times)	0.8	1.0	0.7	0.6
Operating activities	(Millions of yen)	503,759	767,665	492,136	358,227
Investing activities	(Millions of yen)	(336,813)	(703,699)	(404,077)	(114,650)
Financing activities	(Millions of yen)	(122,307)	(66,469)	(187,320)	(217,816)
Cash and cash equivalents	(Millions of yen)	979,529	1,048,000	941,460	1,005,334

Note: Profit for the year attributable to owners of parent for the period per share, basic is calculated based on the average number of shares during the period, and basic share attributable to owners of parent is calculated based on the number of shares issued at the end of the period, excluding treasury stock.

(3) Issues That Must Be Addressed

<Vision, value statement, corporate statement>

The Subaru Group, under its corporate statement of “We aim to be a compelling company with a strong market presence built upon our customer-first principle,” will evolve the value it offers, which is Enjoyment and Peace of Mind, towards achieving our vision of becoming a “company delivering happiness to all.” At the same time, along with growing the Automobile Division and Aerospace Division as an attractive global brand, we will strive for the sustainable growth of the Subaru Group and the realization of an enjoyable and sustainable society by seeking empathy from its customers, retailers, local communities and all other stakeholders with respect to our business activities.



<SUBARU New Management Policy and SUBARU Management Policy 2025>

Following the shift to a new management structure in 2023, the Group announced the SUBARU New Management Policy (“New Management Policy”), based on which we have been pursuing initiatives aimed at making it a world leader in Monozukuri and Value Creation. Furthermore, we have worked to improve the timeliness with which we react to recent and discontinuous changes in the automobile industry that have been occurring more rapidly than ever, with a focus on the concepts of flexibility and expandability. In the “SUBARU Management Policy 2025” that was announced in November 2025, not only did we clarify the progress and the evolution of initiatives after taking into account changes in the business environment in accordance with the New Management Policy, but we also indicated our direction going forward.

<“SUBARU Management Policy 2025”>

(Becoming “a Compelling Company with a Strong Market Presence”)

The Subaru Group has long been committed enhancing its technology and services with sincerity to deliver “Enjoyment and Peace of Mind.” 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.” 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. We extend this spirit to society through our Love Promise activities, where customers work hand in hand with retailers to make a positive impact in local communities.

Such sincere aspirations and efforts to make the world a better place suggest that Subaru Group’s mission is not simply 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 worldwide situation remains uncertain and the influence of a single company may be limited, the Subaru Group, as a brand recognized in the U.S. for its positive social impact, will continue striving to further strengthen its presence and become an indispensable company for people, communities, and society as a whole.

(Core objective of the New Management Policy)

To uphold and achieve our high ideals, strengthening our business competitiveness is vital. Amid increasing uncertainty, adaptability in responding to change is essential, and to achieve this it has been necessary to adopt an approach that transforms our previous development and production processes.

Under the New Management Policy, we have steered our focus toward BEVs*1, aiming to drive Monozukuri 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 both our processes and employee mindsets. Although the market is changing even faster than we initially expected, we are confident in our strengthened capability to respond flexibly to the changes that could arise going forward.

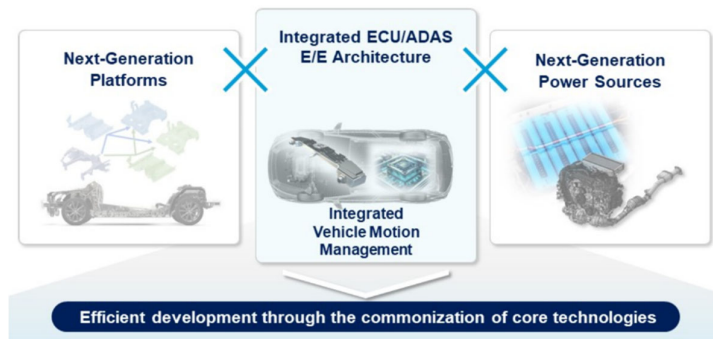
*1: Battery Electric Vehicle

[1] Thorough pursuit of flexibility in “Monozukuri Innovation” (thorough maximization of development efficiency)

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 the Group has driven forward over the past two years of BEV development.

The integrated ECU*2 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*3 centered on the integrated ECU across BEV and ICE/HEV*4 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 working on the development of new engines specifically optimized for electrification.

These innovations, combined with enhanced development efficiency, form the core of our Monozukuri Innovation.



*2: ECU (Electronic Control Unit) that integrates control functions of next-generation EyeSight and AWD systems for Subaru vehicles.

*3: Electrical and electronic composition of a vehicle. Refers to the structural design of a system in which ECUs and other components are connected via a harness.

*4: Internal Combustion Engine

(People and organizations driving behavior)

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. The speed, flexible thinking, and courage to take on new challenges that we cultivated through 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), expressed in the form of proactive, self-driven thinking and action, is essential. To achieve this, we have worked to transform 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 becoming established at our worksites.

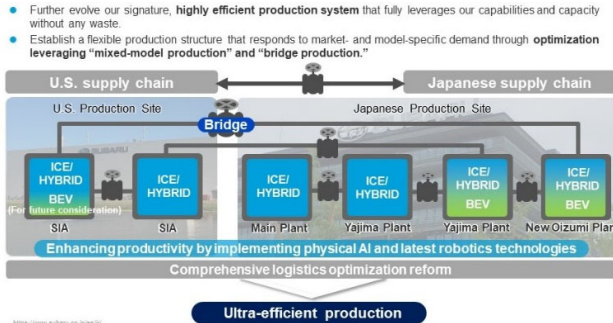
To meet the needs of our diverse customers, we must continue to change ourselves. That’s why we are breaking down existing rules and conventions that act as constraints, enabling the workplace to think and act independently in any situation. We are building organization and systems to fully unleash everyone’s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



(Ultra efficient production)

In the past, the Subaru Group was 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



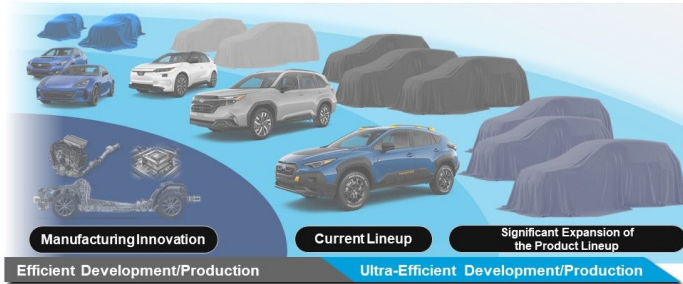
enhance collaboration across facilities in Japan and the U.S., as well as among individual production lines. This will allow us to flexibly respond to global demand fluctuations, with the aim of maximizing the operating rates of facilities and human resources. Moreover, we are advancing logistics reforms 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 also keeping the implementation of innovative physical AI technology in sight as part of our strategy.

(Significant expansion of the product lineup)

So that the capabilities developed through the accumulation of these various challenges penetrate every corner of the Company, enabling us to respond flexibly and swiftly to rapidly changing market environments, whether it involves BEVs, HEVs*5, or ICE vehicles, we are moving forward with Monozukuri Innovation initiatives. By further accelerating such 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 before.



*5: Hybrid Electric Vehicle

[2] Value Creation

Many Subaru customers keep their vehicles for years, and it is becoming more common for one vehicle to be passed to another owner to continue a journey that touches on multiple lives. 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 bonds such as those nurtured through our Love Promise activities, which are unique strengths that set Subaru apart.

This is why the Subaru Group seeks to continue to deliver “Enjoyment and Peace of Mind” to every single customer for many years after their purchase.

Evolution of “Enjoyment and Peace of Mind”

The technological foundation that generates this value is Subaru’s connected platform and E/E architecture.

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



Moreover, collaboration between these technologies and our retailer network allows us to enhance the ownership experience through hardware updates performed by our retailers, in addition to OTA*6 software updates after purchase.

By expanding functional capabilities through the unification of technologies and services under our “Retain Value” initiatives in this way, we will continue to provide value that only Subaru can achieve.

The Company collaborated with AMD and onsemi in the semiconductor space during the development of next-generation EyeSight and the integrated ECU, and in March 2026, we announced a collaboration with Infineon Technologies on the design of a microcontroller unit to be incorporated into the integrated ECU for next-generation Subaru vehicles.

By moving forward with technology development while appropriately combining knowledge from inside and outside the Company, we aim to enhance both the speed and quality of technological advances, and enhance the value that we provide.

*6: Over-The-Air. Mechanism that uses telecommunications to remotely update vehicle software

[3] Driving the Subaru Difference

As discussed earlier, the market outlook remains highly uncertain, but even in such times, we want customers to continue choosing Subaru, whether it is 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. Our brand strategy focuses on further highlighting the identity of Subaru that resonates with our customers.



The two symbolic, experiential worlds of Performance and Adventure that represent the spirit of Subaru may, on the surface, 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. At first glance these worlds might appear separate, yet in communities and events where Subaru owners and fans gather, they coexist with mutual respect.

The background to this is our mission of delivering “Enjoyment and Peace of Mind” with sincerity, integrity, and unwavering persistence in seeking and embodying the fundamental essence of these core values. Our approach is to elevate the Subaru brand itself by highlighting the two realms of Performance and Adventure, positioned at opposite ends with Subaru at the center, founded on our continued pursuit of delivering “Enjoyment and Peace of Mind.”

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

[4] Strengthening the resilience of our business foundation

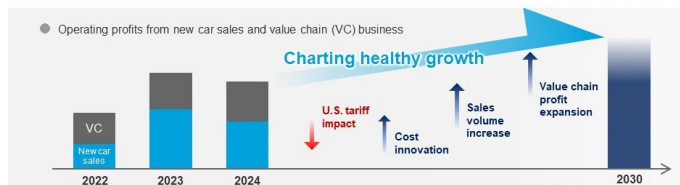
Despite the current challenging business environment, Subaru has united as one team to overcome adversity.

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 Monozukuri Innovation, 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. Furthermore, through our brand strategy and our “Retain Value” initiative, we will enhance profits across the entire value chain.

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

- | | |
|--|---|
| <p>Unprecedented cost innovation</p> <ul style="list-style-type: none"> ■ 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” | <p>Expanding the revenue foundation</p> <ul style="list-style-type: none"> ■ Pursue global sales goal of 1.2 million-plus units (Targeting achievement in the first half of the 2030s) ■ Expand value chain profit |
|--|---|



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

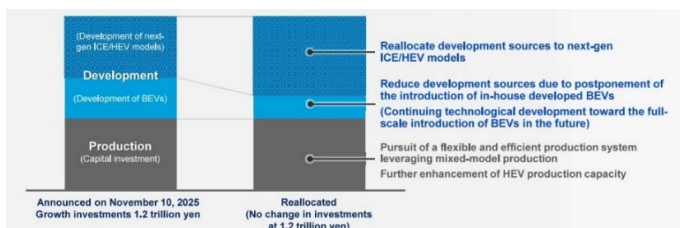
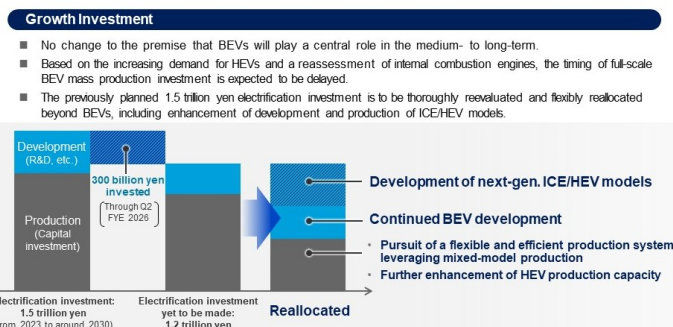
(Investment strategy to support future growth)

There has been no change in our basic view that 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 scrutinize and review the previously planned 1.5 trillion yen electrification investment.

Specifically, to expand our product lineup in response to diverse customer needs, we will further strengthen R&D for next-generation ICEs, including HEV models, while continuing our existing R&D efforts for BEVs. Although overall R&D spending is expected to increase, we will leverage the technologies and expertise we have cultivated through our Monozukuri Innovation initiatives to achieve more efficient development, and restrain any substantial increase in investment levels.

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

Based on this, 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 growth investment years.



At the financial results briefing held on May 15, 2026, we announced that we have delayed the timing at which we initially expected to introduce the BEV that we developed in-house, and we have reallocated the resources that we had put on developing mass production for the in-house BEV to

ICE/HEV-related products. There has been no change in the total amount of 1.2 trillion yen in growth investments, but we will flexibly reconfigure the investment domains as we execute those plans. For details please refer to “Presentation of Consolidated Financial Results for FYE 2026” on our corporate website. (<https://www.subaru.co.jp/en/ir/library/results.html>)

The business environment remains highly uncertain, and it is becoming increasingly important to respond to risks related to the maintenance of corporate value, such as by strengthening cybersecurity measures and the resilience of the supply chain.

By steadily promoting the management of these and other risks, the Subaru Group is working to increase corporate value through the building of infrastructure that is resilient to risk.

In terms of governance structures to support such initiatives, we have repeatedly considered conceptual frameworks for balancing the effectiveness of oversight functions with speed of management. As a result, to ensure the steady implementation of the SUBARU Management Policy 2025, in order to achieve sustainable growth in the uncertain and rapidly changing business environment of the automotive industry, the Company is further promoting the delegation of authority for business execution to operating departments to accelerate decision-making processes. At the same time, the Company seeks to enhance its corporate value over the medium to long term by enriching deliberations at Board of Directors meetings and further strengthening the Board’s supervisory functions. Based on these objectives, the Company has decided to transition to a company with an audit and supervisory committee.

<Initiatives for realizing a carbon-free society>

In order to contribute to a decarbonized society, Subaru has set long-term goals (a long-term vision) to be achieved by 2050 and medium-term goals (milestones), related to the product (Scope 3) and plants and offices phases (Scope 1 and 2). It reviews these goals on an ongoing basis in response to rapid and discontinuous changes in the business environment.

With regard to products (Scope 3), taking into account changes in the business environment, such as heightened demand for hybrid vehicles and the reevaluation of ICEs, we believe that the point at which BEVs will account for 50% of sales will not come until beyond 2030. As part of medium- to long-term initiatives to achieve carbon neutrality, we are looking to the BEV business to become a mainstay of our operations in the future. In addition to continuing research and development on BEVs, we will also strengthen R&D on next-generation ICEs, including hybrids, in order to expand our product lineup in response to diverse customer needs.

<Human capital management>

The Subaru Group aims to become a world leader in Monozukuri and Value Creation. We recognize that it is people who will be responsible for achieving this and who are the driving force of sustainable corporate competitiveness. We have designated our ideal state of people and organizations as being “truly competitive people and organizations” that make flexible and swift responses possible in a rapidly changing business environment, and we are committed to human capital management to achieve this goal.

Our definition of “truly competitive people and organization” is a state in which the following four elements are mutually functioning at a high level: each individual is able to demonstrate their abilities to the maximum; results are rapidly achieved by focusing on core business functions; people can transcend organizational barriers to achieve overall optimization; the presence of a culture that encourages ambition and support. To achieve this, we are focusing on initiatives for individual growth and organizational growth, centered on the themes of encouraging autonomy and continuing to develop a supportive culture, since FY2025 we have been focusing on the additional theme of strengthening connections.

Currently, we are seeing a rising trend in workplaces that are using AI and other advanced technology for initiatives to transform business processes and improve productivity, and taking on new challenges that spontaneously involve those around them. Our perception is that various initiatives related to establishing systems, developing human resources, and performing the organizational culture have generated a certain level of results, and going forward we will continue to accelerate this trend by driving further advances in skills envelopment and fostering improvements in the organizational culture.

On the other hand, we believe that in order for a company to grow sustainably in an uncertain business environment it is essential that every employee explores change through a variety of concepts and continues to take on challenges. However, there are differences in perception between individuals and organizations, and this is an issue in the context of moving forward with the transformation of the Company as a whole. As we work to resolve these issues, we will focus on strengthening connections in order to link the signs of spontaneous change dotted around the Company into a surge that will lead to a greater transformation of the entire organization. We will link management strategy to individual duties, deepen collaboration between organizations based on individual connections, generate small challenges, and cultivate them in concert with those around us. It is this state of “connection” that we will instill throughout the Company. From 2024 to 2025, we conducted large-scale training for around 4,000 leaders throughout the Company, aiming to teach them methods for transcending organizational boundaries and strengthening organizational capabilities. In addition, from FYE2027 onward we plan to introduce the SUBARU Movement Index as a mechanism for visualizing and supporting initiatives and activities aimed at addressing challenges that are generated throughout the Company, and will continue to push forward with initiatives aimed at transforming the Company as a whole.

<Management conscious of cost of capital and stock price>

The Company believes that it is essential to implement management that is conscious of cost of capital and stock price for its sustainable growth. The cost of capital (WACC* on a CAPM basis) has recently been moving around the mid-7% level against the backdrop of increases in domestic interest rates. On the other hand, ROE remained at 3.3% in the fiscal year ended March 31, 2026, mainly due to the impact of additional tariffs in the U.S., as well as the recognition of BEV-related expenses and expenses related to environmental regulatory credits and associated losses. The business environment in which the Company operates is in a state of significant flux, but we continue to aim for the long term targets that we set with an eye on 2030, which are industry-leading profitability and ROE of 10% or higher. By responding with agility to these changes in the business environment and steadily executing SUBARU Management Policy 2025, we will work to achieve these goals.

With regard to the 1.5 trillion yen of growth investments that we disclosed previously, we will make flexible revisions to the details of these investments while keeping a close eye on changes in the business environment. Moreover, after having made a comprehensive assessment of investment plans for future growth, recent business performance, the share price level and other factors, we concluded that it is important to increase capital efficiency further, and accordingly announced a repurchase of up to 150 billion yen on May 15, 2026. We seek to achieve sustainable growth by making capital allocations in accordance with our capital policy of balancing financial soundness and stability, growth investments, and shareholder returns.

With regard to the PER of the Company based on the consolidated earnings forecast for the fiscal year ending March 2027, it has recently been trading at around 14 times, which is low in comparison with the average PER of companies listed on the Prime Market. Going forward, we will continue to communicate information on our vision, strategy, and strengths, expand opportunities for dialogue, thus opening the way to winning the understanding and empathy of stakeholders and raising their expectations of the Company.

(Reference) Sustainability of Subaru Group

As it moves toward realizing its vision of becoming a company “delivering happiness to all,” the members of the Subaru Group has been working together globally to share awareness and promote sustainability based on the SUBARU Global Sustainability Policy by incorporating an approach that is aligned with the Six Priority Areas for Sustainability. It endeavors to realize both the sustainable growth of the SUBARU Group and an enjoyable and sustainable society by further evolving the value statement of “Enjoyment and Peace of Mind” to deepen the relationship with customers and other stakeholders.

◆ Six Priority Areas for Sustainability

Six Priority Areas	Vision	Priority Themes
People-oriented Mobility Culture	Offer unfading emotional value from spending time with SUBARU and become a company that enriches people’s lives and minds as a partner	Offer mobility services and experiences that provide “Enjoyment and Peace of Mind”
Resonance and Coexistence	Broaden the circle of person-to-person communication and become a company that widely resonates and coexists with society	- Offering mobility service and experiences that provide “Enjoyment and Peace of Mind” - Promotion of activities that lead to solutions to issues faced by local communities
Peace of Mind	Become a company that provides the utmost peace of mind to all stakeholders	Be close to customers and pursue activities that always offer peace of mind
Diversity, Equity & Inclusion (DE&I)	Continuously create innovation and values through spontaneous networking of the individual with the organization	Develop an organization where diverse individuals can demonstrate their abilities and work together respecting each other
Environment	Cherish and protect the global environment – the earth, the sky and nature– through Group-wide activities	- Mitigating climate change (Achieve carbon neutrality in the entire life cycle) - Realizing a circular economy (Aim for zero environmental impact from resource extraction and disposal) - Coexistence with nature (Aim for net zero impact on the natural environment)
Compliance	Act in good faith and become a company that is trusted by and resonates with society	Permeating “Insightful Compliance”

(4) Employees (as of March 31, 2026)

[1] SUBARU Group

By Business Segment	Number of employees (persons)		Change from end of previous fiscal year (persons)	
Automobile Division	34,404	(7,655)	-431	(-51)
Aerospace Division	2,836	(899)	91	(96)
Other Businesses	302	(399)	16	(-27)
Total	37,542	(8,953)	-324	(18)

Note: Number of employees refers to number of workers. Average annual number of contingent workers (seasonal staffs, casual workers, part-time workers, secondees from external parties, support staffs, guest engineers) is shown in brackets.

[2] Company

	Number of employees (persons)	Change from end of previous fiscal year (persons)	Average age	Average years of service
Male	16,458	-21	40.3	15.8
Female	1,490	84	37.3	14.3
Total	17,948	63	40.0	15.7

By Business Segment	Number of employees (persons)		Change from end of previous fiscal year (persons)	
Automobile Division	15,757	(5,670)	-17	(33)
Aerospace Division	2,191	(741)	80	(93)
Total	17,948	(6,411)	63	(126)

Note: Number of employees refers to number of workers. Average annual number of contingent workers (seasonal staffs, casual workers, part-time workers, secondees from external parties, support staffs, guest engineers) is shown in brackets.

(Reference) Securing diversity

In the Subaru Group, innovation is created by diverse individuals working together to demonstrate their abilities, which we believe leads to the sustainable creation of value that is uniquely Subaru. As a foundation for realizing this goal, we are building an organization that maximizes the diversity of individuality and unique abilities that everyone possesses, not only in terms of gender, nationality, and age, but also in terms of values, lifestyle, career, and work style.

<Indicators and targets>

Indicator	Target	Results	
		94th (fiscal year ended March 31, 2025)	95th (fiscal year ended March 31, 2026)
Employee engagement indicator (SUBARU parent)	2028: 70%	51%	54%
Number of female managers (SUBARU parent)	2030: 100	42 (as of March 31, 2025)	50 (as of March 31, 2026)
Employment rate of people with disabilities (total for three companies: SUBARU, SLS, and SBC)	2030: 3.0%	2.59% (as of June 2024)	2.60% (as of June 2025)

The Company conducts an employee attitudes survey every year, the results of which are incorporated into personnel policies and corporate culture reform efforts, as well as being used to identify issues and formulate countermeasures in each workplace. The engagement score that is calculated from the survey is used as a KPI for the evaluation of the Company’s initiatives, and improvement points in the employee engagement indicator are also used as a qualitative (non-financial) evaluation for executive compensation. For the fiscal year ended March 31, 2026, the employee engagement indicator was 54%, an improvement of three percentage points over the fiscal year ended March 31, 2025. We will continue to strengthen these efforts with the aim of realizing “truly competitive people and organizations.”

We believe that the ideas of diversity, equity and inclusion, and securing diversity, which are set out in the Six Priority Areas for Sustainability, are important for the creation of innovation. As we work to develop an organization where diverse individuals can demonstrate their abilities and work together in mutual respect, we have set targets for the number of female managers and the employment rate of people with disabilities.

The number of female managers as of March 31, 2026, was 50 out of a total of 1,151 (4.3%), and as of April 2026, after transfers and new promotions, this had increased to 53 female managers out of a total of 1,183 (4.5%). The Company will continue to position women’s empowerment as an important theme for sustainable corporate growth. It has set targets for the number of female employees in managerial posts at 100 or more by 2030 and will promote initiatives in a company-wide effort. As of June 2025, the employment rate of people with disabilities was 2.60% (368 persons with disabilities).

Going forward, the Subaru Group will continue in its efforts to create comfortable workplaces and environments in which employees with disabilities can shine through their work.

(5) Main Businesses (as of March 31, 2026)

By Business Segment	Main Products
Automobile Division	Outback, Levorg, Layback, WRX, Forester, Solterra, Uncharted, Trailseeker, ASCENT, Impreza, Crosstrek, SUBARU BRZ, REX, Justy, Chiffon, Stella, Pleo Plus, Sambar
Aerospace Division	Airplane, aerospace related machinery and components
Other Businesses	Real estate leasing

(6) Major Places of Business, Etc. (as of March 31, 2026)

[1] Company

Name	Address
Head Office	Shibuya-ku, Tokyo
Tokyo Office	Mitaka-shi, Tokyo
Gunma Plant	Ota-shi, Gunma; Oizumi-machi, Oura-gun, Gunma; Kitamoto-shi, Saitama
Utsunomiya Plant	Utsunomiya-shi, Tochigi; Handa-shi, Aichi
SUBARU Test & Development Center	Sano-shi, Tochigi; Bifuka-cho, Nakagawa-gun, Hokkaido

[2] Domestic Subsidiaries/Overseas Subsidiaries

Please refer to “(8) Status of Principal Subsidiaries, Etc.”

(7) Main Lenders (as of March 31, 2026)

Lender	Amount of Borrowings (Million yen)
Mizuho Bank, Ltd.	70,500
Sumitomo Mitsui Banking Corporation	38,500
Shinkin Central Bank	15,000
Sumitomo Mitsui Trust Bank, Limited	34,500
The Gunma Bank, Ltd.	15,000
MUFG Bank, Ltd.	19,000

(8) Status of Principal Subsidiaries, Etc. (as of March 31, 2026)

[1] Status of principal subsidiaries

Name	Address	Capital Stock	Holding Ratio of Voting Rights	Main Businesses
Fuji Machinery Co., Ltd.	Gunma	480 million yen	100.0%	Manufacture and sales of automotive parts
Ichitan Co., Ltd.	Gunma	480 million yen	100.0%	Manufacture and sales of automotive parts
Kiryu Kogyo Co., Ltd.	Gunma	400 million yen	100.0%	Manufacturing of repair parts for Subaru cars, Subaru vehicle rust prevention works, manufacture of Subaru custom- build cars, etc.
Subaru Logistics Co., Ltd.	Gunma	96 million yen	100.0%	Shipping, land freight and warehousing of Subaru vehicles, etc.
H. B. C. Co., Ltd.	Kanagawa	490 million yen	68.0%	Storing and shipping of Subaru vehicles
Hokkaido Subaru Inc.	Hokkaido	98 million yen	100.0%	Sales of Subaru vehicles and components

[Translation for Reference and Convenience Purposes Only]

Subaru Tohoku Co., Ltd.	Miyagi	80 million yen	100.0%	Sales of Subaru vehicles and components
Niigata Subaru Inc.	Niigata	100 million yen	100.0%	Sales of Subaru vehicles and components
Kanagawa Subaru Inc.	Kanagawa	100 million yen	100.0%	Sales of Subaru vehicles and components
Chiba Subaru Inc.	Chiba	100 million yen	100.0%	Sales of Subaru vehicles and components
Tokyo Subaru Inc.	Tokyo	100 million yen	100.0%	Sales of Subaru vehicles and components
Nagoya Subaru Inc.	Aichi	100 million yen	100.0%	Sales of Subaru vehicles and components
Osaka Subaru Inc.	Osaka	100 million yen	100.0%	Sales of Subaru vehicles and components
Subaru Chu Shikoku Co., Ltd.	Hiroshima	92 million yen	100.0%	Sales of Subaru vehicles and components
Fukuoka Subaru Inc.	Fukuoka	50 million yen	100.0%	Sales of Subaru vehicles and components
Subaru Finance Co., Ltd.	Tokyo	2,000 million yen	100.0%	Leasing and rental of Subaru vehicles; credit and financing related to Subaru vehicles
Subaru USA Holdings Inc.	US	USD 869,757,000	100.0%	Provision of corporate services to US subsidiaries
Subaru of Indiana Automotive, Inc. (SIA)	US	USD 794,045,000	100.0%	Purchasing of production parts for Subaru vehicles, sales of completed vehicles to Subaru of America Inc. (SOA) and others
Subaru of America, Inc. (SOA)	US	USD 241,000	100.0%	Sales of Subaru manufactured vehicles, Subaru of Indiana Automotive, Inc. (SIA) manufactured vehicles and parts
North America Subaru Inc. (NASI)	US	USD 5,000	100.0%	Technical investigation for Subaru manufactured vehicles, Subaru of Indiana Automotive, Inc. (SIA) manufactured vehicles in North America market, automobile related regulatory compliance in the US

Name	Address	Capital Stock	Holding Ratio of Voting Rights	Main Businesses
Subaru Canada, Inc. (SCI)	Canada	CND 30,000,000	100.0%	Sales of Subaru manufactured vehicles, Subaru of Indiana Automotive, Inc. (SIA) manufactured vehicles and parts
Subaru Europe N. V./S. A. (SE)	Belgium	EUR 87,504,000	100.0%	Sales of Subaru vehicles and components
Subaru of China Ltd. (SOC)	China	CNY 187,354,000	100.0%	Sales of Subaru vehicles and components
Yusoki Kogyo K. K.	Aichi	100 million yen	100.0%	Manufacture and sales of aircraft parts to Subaru
Fuji Aircraft Maintenance Co., Ltd.	Tokyo	30 million yen	100.0%	Inspection, service and maintenance of aircrafts
Subaru Kohsan Co., Ltd.	Tokyo	675 million yen	100.0%	Rental and management of real estate

Notes:

1. As of end of March 2026, there are 62 consolidated subsidiaries including the above 26 companies, and six equity method affiliates.
2. On April 1, 2025, Miyagi Subaru Motors Co. changed its name to Subaru Tohoku Co., Ltd., as a result of a merger between the five sales subsidiaries in the Tohoku region.
3. On April 1, 2025, Hiroshima Subaru Inc. changed its name to Subaru Chu Shikoku Co., Ltd., as a result of a merger between the five sales subsidiaries in the Chubu and Shikoku regions.

[2] Other

In 2005, the Company agreed to sign a business alliance agreement with Toyota Motor Corporation and has been strengthening the alliance in stages. As of the end of March 2026, Toyota held 153,600,000 shares (21.46% of the common stock issued [excluding treasury shares] by the Company) in the Company. Similarly, the Company owned 44,868,000 shares in Toyota.

Since 2012, we have been manufacturing the sports cars “SUBARU BRZ” and “Toyota 86 (current GR86)” jointly developed with Toyota at our Main Plant. In addition, the Company receives OEM vehicle supplies from Daihatsu Motor Co, Ltd., a subsidiary of Toyota, which contributes to focusing our limited resources on development of models with higher profitability.

Moreover, under the shared slogan of creating “ever-better cars,” the two companies together developed the “SOLTERRA” BEV, an electric vehicle that combines Toyota’s electrification technologies and the Company’s AWD technology through the enhancement of the business and capital tie-up in 2019, and we introduced this model to the market in 2022. In 2026 we launched the “Uncharted” and the “Trailseeker,” and have announced that the “Getaway” will be introduced to the market at the end of 2026. The Trailseeker is being manufactured at our Yajima Plant.

Going forward, the two companies will bring together their respective strengths by, for instance, expanding the use of the Toyota Hybrid System in Subaru models and cooperating in the domain of connected vehicles, and effectively leverage the business and capital alliance.



Uncharted (U.S. model)



Getaway (U.S. model)

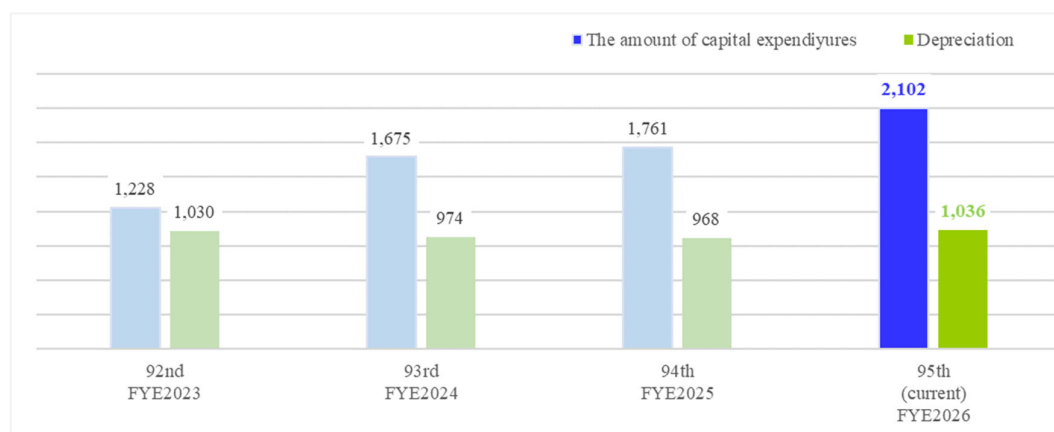
(9) Capital Expenditures

The amount of capital expenditures incurred by the Group during the current fiscal year was 210.2 billion yen. The main purposes of use include production, R&D or marketing in the Automotive Business Unit. Capital expenditures by business segment are stated below.

By Business Segment	Amount of Expenditures (in million yen)	Descriptions of Facilities	Funding Method
Automobile Division	203,635	Automobile production, R&D, and selling facilities	Own funds and borrowing
Aerospace Division	6,073	Aircraft production facilities	Same as above
Other Businesses	537	Welfare facilities, etc.	Same as above
Total	210,245	-	-

Notes:

- The above amounts do not include consumption tax, etc.
- There was no retirement or sale of important facilities, except for the retirement or sale of ordinary facilities for replacement purposes.
- In addition to the above, the Automobile Division invested 49.5 billion yen to acquire business assets such as vehicles for lease.
- Capital expenditures by business segment.
The Automobile Division incurred capital expenditures of 121.6 billion yen, most of which was invested in production facilities for new products, R&D facilities, and improvement of quality and work environment of the Company. Furthermore, in Subaru of Indiana Automotive Inc. (SIA), the division incurred capital expenditures of 63.6 billion yen, a major part of which was invested in the production facilities for new products and improvement of quality and work environment.
The Aerospace Division incurred capital expenditures of 6.0 billion yen, which was mainly invested to strengthen the production foundation and improvement of workplace environment at Subaru Corporation.



(10) Status of Fund Procurement

- The Company took out long-term loans totaling 45.5 billion yen in the fiscal year under review.
- The Company has entered into a commitment line agreement totaling 301.0 billion yen.

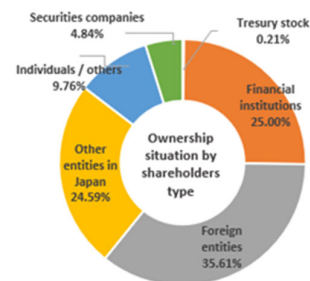
2 Information on Shares Issued by the Company (as of March 31, 2026)

(1) **Common Stock Authorized:** 1,500,000,000 shares

(2) **Common Stock Issued:** 717,335,273 shares *¹
(including 1,506,899 treasury shares)

(3) **Number of Shareholders:** 139,671 persons (up 12,450, or 9.8%)

(4) **Major Shareholders (top 10)**



Name of shareholder	Number of shares held (in thousands)* ²	Percentage of total shares held (%)* ³
Toyota Motor Corporation	153,600	21.46
The Master Trust Bank of Japan, Ltd. (trust account)	106,524	14.88
Custody Bank of Japan, Ltd. (trust account)	31,701	4.43
STATE STREET BANK AND TRUST COMPANY 505001	13,490	1.88
JP Morgan Securities Japan Co., Ltd.	10,857	1.52
Mizuho Bank, Ltd.	10,078	1.41
JP MORGAN CHASE BANK 385781	8,211	1.15
NSL DTT CLIENT ACCOUNT 1	7,544	1.05
THE BANK OF NEW YORK MELLON 140042	7,340	1.03
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	7,156	1.00

Notes:

- The common stock issued decreased by 15,722,200 shares (2.1%) compared to the end of the previous fiscal year due to the cancellation of treasury stock on January 20, 2026.
- Number of shares held is rounded off to the nearest thousand shares.
- The percentage of total shares held is calculated based on the number of shares excluding treasury stock of 1,506,899 shares.

(5) Status of the Company's Shares Granted to Directors as Consideration for the Execution of Duties in the Fiscal Period Under Review

The Company grants restricted stock units to Directors (excluding Outside Directors; hereinafter the same shall apply) for the purpose of providing them an incentive for sustained improvement of the Company's corporate value and further value sharing with the shareholders, and provides monetary compensation for that (hereinafter, "Restricted Stock Compensation Plan"). Based on the resolution of the Board of Directors, Directors shall wholly contribute the monetary compensation claim paid as above in the form of properties contributed in kind, and shall, in return, receive shares of the Company's common stock through issuance or disposal. In addition, for the issuance or disposal of shares of the Company's common stock, the Company and eligible Directors shall enter into a restricted stock allotment agreement that includes provisions such as the one to restrict the transfer of the shares for the period starting from the date of allotment through the date the Director retires from the position (however, if the Director is consecutively appointed the Company's Executive Officer after retiring from the Director's position, the period through the date of retirement as Executive Officer).

Details of stock units that the Company has granted under the Restricted Stock Compensation Plan are as follows.

Category	Number of shares	Grantees
Directors (excluding Outside Directors)	45,807	6
Outside Directors	-	-
Audit & Supervisory Board Members	-	-

Notes:

- * Figures in the above table include one inside Director who resigned before the last day of the fiscal period under review

3 Information on Shares Held by the Company (as of March 31, 2026)

(1) Basic Policy Regarding Cross-shareholdings

The Company holds discussions with the companies whose shares it holds as cross-shareholdings and the Board of Directors every year measures the benefits of holding them quantitatively using dividend payout ratio and capital cost using WACC and compares and verifies them. Based on the result, it continues with the cross-shareholdings only when it judges that they would qualitatively contribute to the medium- to long-term management and business strategies.

Based on the above policy, the Company has steadily reduced the number of listed stocks held as cross-shareholding. As a result, 60 issues held at the end of March 2015 decreased to 3 issues at the end of March 2026. At this point, the Company judges that retaining cross-shareholdings in the three issues for the reason described in (2) below, and it will continue to hold discussions with these companies at least once a year and the Board of Directors will evaluate and examine the cross-shareholdings every year and judge whether or not to retain them.

(2) All Stocks Held Primarily for Strategic Purposes

Issues	94th	95th (Current)	Purpose of holding, impact of holding and reason for increase in number of shares	Does it own Subaru shares?
	Number of shares			
	Amount reported on the balance sheet (Millions of yen)			
The Gunma Bank, Ltd.	2,850,468	2,850,468	The Gunma Bank, a local bank of the area where the Company's main factory resides, is supporting not only the Company but also local supplier sites in Japan and abroad through its financial services. As the bank has been the Company's important partner, the Company will continue to hold the bank's shares to promote fair and smooth financial transactions.	Yes
	3,510	5,879		
Mizuho Financial Group, Inc.	372,097	372,097	The Mizuho Financial Group firms have been supporting the Company with financial transactions and other services. In particular, the Mizuho Bank has long been the Company's most important financial partner, providing support in a broad area of management. The Company will continue to hold the group's shares to promote fair and smooth transactions.	Yes
	1,507	2,265		
Dynamic Map Platform Co., Ltd.	10,000	10,000	The Company carries out research and pioneering development of autonomous driving and advanced driver assistance using high-precision 3D maps for automated driving offered by Dynamic Map Platform Co., Ltd. The Company will continue to hold the company's shares to promote smooth transactions.	No
	15	6		

Notes:

1. Mizuho Bank, Ltd., a subsidiary of Mizuho Financial Group, Inc., holds shares in the Company.
2. The Company does not have investment shareholdings purely for investment purposes.

4 Directors and Audit & Supervisory Board Members

(1) Basic Approach to Corporate Governance

The Company aims to become a company “Delivering happiness to all,” its vision, and is striving to strengthen corporate governance as one of the most important challenges for management in order to obtain the satisfaction and trust of all stakeholders through achievement of sustainable growth and improvement of medium- and long-term corporate value.

We aim to achieve efficient management by clearly separating management decision-making and oversight from business execution and increasing the speed of decision-making. Furthermore, through monitoring of business operations and advice provided by outside officers, we ensure appropriate management decision-making, oversight and business execution, and work to improve the systems for managing risks and ensuring compliance. To increase management transparency, we provide timely and appropriate disclosure of information.

(2) Summary of Company Organizational Bodies and Key Meetings

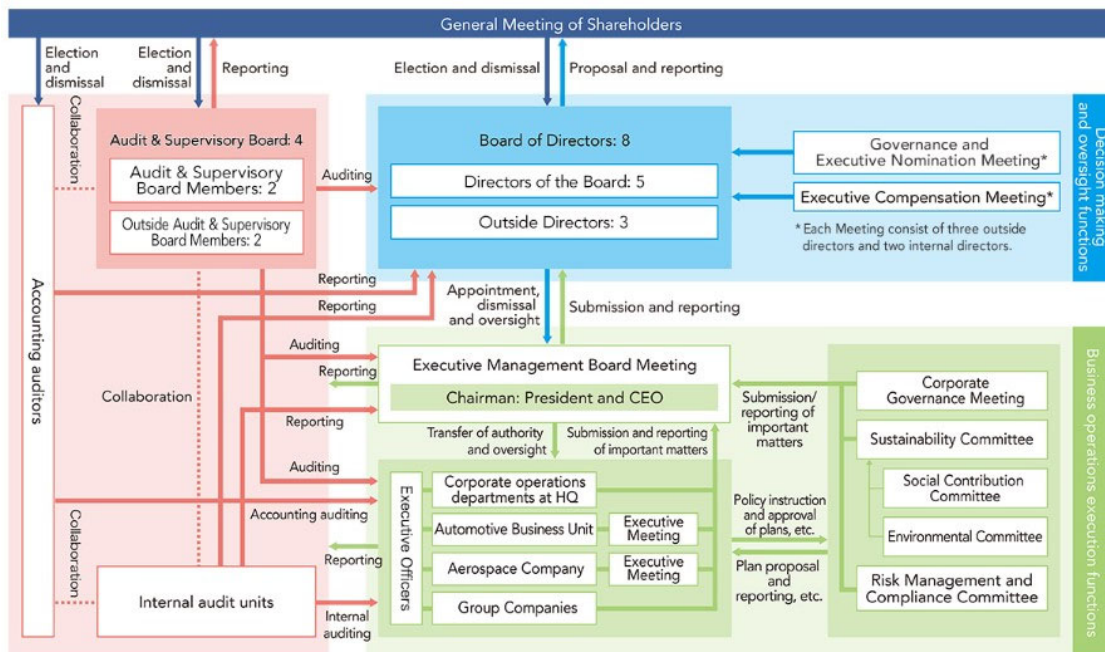
We have adopted an Audit & Supervisory Board system as a corporate governance system, in which Board of Directors performs decision making and oversight of execution of important business operations while paying attention to separation of supervision and execution, and at the Audit & Supervisory Board, Audit & Supervisory Board Members discuss and make decisions regarding key matters pertaining to audit.

The Board of Directors was comprised of eight members at the end of March 2026, of whom three were highly independent Outside Directors . The Audit & Supervisory Board is composed of four members, two of whom are highly independent outside Audit & Supervisory Board Members. This system is designed to ensure soundness and efficiency of operations by enhancing effectiveness of monitoring of business operation through the involvement of highly independent Outside Directors and outside Audit & Supervisory Board Members.

Regarding the system for the execution of business operations, we employ an executive officer system to delegate the business execution authorities of Directors to Executive Officers so as to clearly separate management decision-making and oversight from business execution.

By transitioning to a company with an audit and supervisory committee, we seek to clarify the system aspects of this structure, in line with a policy of further strengthening the oversight functions of the Board of Directors. As well as speeding up decision-making, the intent is to enhance the effectiveness of the oversight functions of the Board of Directors.

(Reference) Corporate Governance Structure Diagram



(3) Policy and Procedures on Nomination of Candidates for Directors and Audit & Supervisory Board Members

The Company believes it is important that the composition and scale of the Board of Directors strike the right balance of knowledge, experience, and ability required to it as a whole in order to contribute to the Company's sustainable growth and improvement of medium- to long-term corporate values.

We also make it a policy to ensure substantial diversity of the composition of the Board of Directors by taking into consideration gender and internationalization.

As for the nomination policy for candidates of Directors, internal Director candidates are nominated based on comprehensive evaluation and judgment of experience, knowledge, and expertise in light of requirements for officers derived from the Company's corporate statement and management strategy. Multiple candidates for Outside Directors are nominated from business executives and experts taking into account their experience, knowledge, and expertise. The number of Directors is no more than 15 persons for internal and Outside Directors combined, as set forth by the Articles of Incorporation.

With the goal of enhancing the effectiveness of the oversight functions of the Board of Directors, the Company has established the Governance and Executive Nomination Meeting as an advisory body to the Board of Directors.

To ensure fairness and transparency in decisions on executive appointments, the Governance and Executive Nomination Meeting, a majority of whose members are independent Outside Directors, sufficiently deliberates the nomination of candidates for Directors and Audit & Supervisory Board Members, in accordance with inquiries from Board of Directors.

The Governance and Executive Nomination Meeting deliberates each individual's biography, positions concurrently held, their knowledge, the role they are expected to play in the Company, and other reasons for their nomination, and briefs the Board of Directors.

Draft proposals for candidates that have been deliberated by the Governance and Executive Nomination Meeting are reported to the Board of Directors, where the ultimate decision is made by a resolution.

The meeting nominates Audit & Supervisory Board Member candidates after considering what is required to fulfill their responsibilities, which includes experience, competence, knowledge, and high ethical standards that value fairness.

The consent of the Audit & Supervisory Board is obtained for nominations of candidates for Audit & Supervisory Board Members, in accordance with the provisions of the Companies Act.

(4) Name of Directors and Audit & Supervisory Board Members (as of March 31, 2026)

Title	Name	Main fields of responsibilities in the Company	Significant positions concurrently held
Director, Chairman [Chairman of the Board] [Chairman of the Governance and Executive Nomination Meeting] [Chairman of the Executive Compensation Meeting]	Tomomi Nakamura	-	Chairman, Society of Japanese Aerospace Companies
Representative Director, President [Member of the Governance and Executive Nomination Meeting] [Member of the Executive Compensation Meeting]	Atsushi Osaki	CEO (Chief Executive Officer)	Director, Subaru of Indiana Automotive, Inc. (SIA) Director, Subaru of America, Inc. (SOA)
Representative Director, Executive Vice President	Fumiaki Hayata	CRMO (Chief Risk Management Officer), Secretarial Office, Human Resources Dept. Cost, Procurement	-
Director, Senior Managing Executive Officer	Tetsuo Fujinuki	CTO (Chief Technology Officer) CTO Strategy Office, Engineering Division, Technical Research Center, Product and Business Management Division	Director, Subaru Tecnica International Inc. (retired in March 2026)
Director, Managing Executive Officer	Shinsuke Toda	CFO (Chief Financial Officer), Finance & Accounting Dept., Corporate Communications Dept., Investor Relations Dept.	President, Subaru Finance Co., Ltd. Director, Subaru of Indiana Automotive, Inc. (SIA) Director, Subaru of America, Inc. (SOA)
Outside Directors (independent) [Member of the Governance and Executive Nomination Meeting] [Member of the Executive Compensation Meeting]	Miwako Doi	-	Auditor, National Institute of Information and Communications Technology (part-time) Outside Director, Niterra Co., Ltd.
Outside Directors (independent) [Member of the Governance and Executive Nomination Meeting] [Member of the Executive Compensation Meeting]	Fuminao Hachiuma	-	Outside Director, Seven & i Holdings Co., Ltd. Outside Audit & Supervisory Board Member, YKK AP Inc.
Outside Directors (independent) [Member of the Governance and Executive Nomination Meeting] [Member of the Executive Compensation Meeting]	Shigeru Yamashita	-	-
Standing Audit & Supervisory Board Member [Chairman of the Audit & Supervisory Board]	Hiromi Tsutsumi	-	Audit & Supervisory Board Member, Osaka Subaru Inc. (retired in March 2026)

Title	Name	Main fields of responsibilities in the Company	Significant positions concurrently held
Standing Audit & Supervisory Board Member	Jinya Shoji	-	-
Independent Outside Audit & Supervisory Board Member	Yuri Furusawa	-	Outside Director, Kubota Corporation
Independent Outside Audit & Supervisory Board Member	Yasumasa Masuda	-	-

Notes:

1. Director Shinsuke Toda, and Audit & Supervisory Board Member Jinya Shoji were elected and appointed at the 94th Ordinary General Meeting of Shareholders held on June 25, 2025.
2. Directors Miwako Doi, Fuminao Hachiuma, and Shigeru Yamashita are Outside Directors as prescribed in Article 2, Item 15 of the Companies Act. The Company has no significant transaction with National Institute of Information and Communications Technology, for which Ms. Miwako Doi concurrently serves as auditor, as well as Niterra Co., Ltd., for which she concurrently serves as Outside Director. The Company has no significant transaction with Seven & i Holdings Co., Ltd., for which Mr. Fuminao Hachiuma concurrently serves as Outside Director, as well as YKK AP Inc., for which he concurrently serves as Outside Audit & Supervisory Board Member.
3. Audit & Supervisory Board Members Yuri Furusawa and Yasumasa Masuda are outside Audit & Supervisory Board Member as prescribed in Article 2, Item 16 of the Companies Act. The Company has no significant transaction with Kubota Corporation, for which Ms. Yuri Furusawa concurrently served as Outside Director.
4. Audit & Supervisory Board Member Yuri Furusawa has held key positions in the Ministry of Land, Infrastructure, Transport and Tourism, and has been involved in the promotion of workstyle reform, active participation by women and diversity in the Cabinet Secretariat, and has significant knowledge in these areas.
5. Audit & Supervisory Board Member Yasumasa Masuda served as Senior Corporate Executive and CFO of Astellas Pharma Inc. and Independent Non-Executive of Deloitte Tohmatsu LLC, and has significant knowledge in finance and accounting.
6. The Company has reported Directors Miwako Doi, Fuminao Hachiuma, and Shigeru Yamashita as well as Audit & Supervisory Board Members Yuri Furusawa and Yasumasa Masuda as independent officers to the Tokyo Stock Exchange. The candidates meet the criteria for independence of outside officers set forth by the Tokyo Stock Exchange and the criteria for independence of outside officers set forth by the Company.
7. Changes in positions and key responsibilities of the Directors as of April 1, 2026 are shown below.

Name	Positions and key responsibilities in the Company	
	Before change	After change
Tomomi Nakamura	<Position, etc.> Chairman of the Board of Directors <Key responsibilities> -	<Position, etc.> Director <Key responsibilities> -
Fumiaki Hayata	<Position, etc.> Representative Director, Executive Vice President <Key responsibilities> - CRMO (Chief Risk Management Officer) Secretarial Office, Human Resources Dept., Cost, Procurement	<Position, etc.> Representative Director, Chairman <Key responsibilities> - CRMO (Chief Risk Management Officer) Secretarial Office, Human Resources & General Administration Division
Tetsuo Fujinuki	<Position, etc.> Director, Senior Managing Executive Officer <Key responsibilities> - CTO (Chief Technology Officer) CTO Strategy Office, Engineering Division, Technical Research Center, Product and Business Management Division	<Position, etc.> Director, Senior Managing Executive Officer <Key responsibilities> - CTO (Chief Technology Officer) Engineering Division, Technical Research Center, Product & Portfolio Innovation Division

(5) Activities of the Board of Directors and Accompanying Meeting Bodies as Well as Audit & Supervisory Board, Etc.

◆ Board of Directors

The Board of Directors is comprised of eight members including three highly independent Outside Directors. Chaired by Director and Chairman Tomomi Nakamura, it met 13 times* during the fiscal year under review.

* In addition to these Board of Directors meetings, one resolution was adopted in writing that was deemed to be a resolution of the Board of Directors in accordance with Article 370 of the Companies Act and the Articles of Incorporation of the Company.

<Main themes of deliberations during the fiscal year under review>

- Determination of candidates for Directors and Audit & Supervisory Board Members, as well as the CEO and other members of the management team
- Matters pertaining to repurchase and cancellation of own shares
- Revision of the executive compensation system and the policy for determining details of the compensation for individual Directors, and delegating matters regarding the determination of compensation, etc. for individual Directors and Executive Officers based on the executive compensation system to the Executive Compensation Meeting
- Discussions on reports related to medium- and long-term management issues, including the EV strategy, IR/SR activities, the Sustainability Committee, and the Risk Management and Compliance Committee
- Discussions on initiatives for realizing management conscious of cost of capital and stock price
- Discussions on ideal state of the Board of Directors in terms of speeding up management decision-making and strengthening oversight functions, as well as revisions to standards for deliberation to achieve the same
- Discussions concerning changes in organizational design that would lead to improvements of corporate value of the Company
- Formulation of the SUBARU Management Policy 2025

◆ Initiatives for improving effectiveness of the Board of Directors

In order to improve the effectiveness of the management oversight functions of the Board of Directors, the Company provides information and knowledge regarding its business activities that is necessary to oversee corporate management on an ongoing basis to Directors and Audit & Supervisory Board Members.

In order to deepen understanding of the Company's management statement, corporate culture, and business environment, business divisions submit reports to outside officers, and opportunities are created for outside officers to tour key business sites in Japan and overseas.

Furthermore, the Company works to establish an environment that facilitates free and open discussion by explaining the content of the agenda for meetings of the Board of Directors in advance to Outside Directors and Outside Audit & Supervisory Board Members, and by encouraging the mutual sharing information and the exchange of opinions among officers.

◆ Management Roundtable Discussions

Management roundtable discussions are held with the objective of enhancing deliberations by the Board of Directors, and are attended by Directors and Audit & Supervisory Board Members (12 persons).

This is a non-statutory meeting for officers to mutually share information and exchange opinions on important business themes.

Four such meetings were held during the fiscal year under review.

<Main themes of discussions during the fiscal year under review>

- Our future vision
- SUBARU's aerospace business
- Result of the evaluation of effectiveness of the Board of Directors
- The concept of the Company's Board of Directors and governance
- Investment plans for the new Oizumi Plant project, and progress made

◆ Governance and Executive Nomination Meeting

The Governance and Executive Nomination Meeting is comprised of three highly independent Outside Directors (Miwako Doi, Fuminao Hachiuma, and Shigeru Yamashita) and two internal Directors (Tomomi Nakamura and Atsushi Osaki). As an advisory body to the Board of Directors, it deliberates and submits reports on important matters concerning officer appointments and governance.

Chaired by Director and Chairman Tomomi Nakamura, it met nine times during the fiscal year under review.

In addition, one Audit & Supervisory Board Member (Yuri Furusawa) attended as an observer.

<Main themes of deliberations during the fiscal year under review>

- Consideration of successor planning for the management team, including the CEO
- Human resource development through the implementation of 360-degree evaluation of officers using the skills matrix for executives including non-Director Executive Officers
- Improving the transparency of the officer evaluation process by sharing performance results of Executive Officers
- Reports on the Company's officer structure, personnel matters and the division of duties, as well as on executive appointment proposals for major subsidiaries, and other matters
- Discussions on which organizational design should be selected to contribute to improvements in corporate value over the medium to long term, achieved through deliberations on the concept of a distinctively Subaru corporate governance, and discussion of the Board of Directors concept after changes in organizational design, including delegation of decisions on execution of important business

◆ Executive Compensation Meeting

The Executive Compensation Meeting is comprised of three highly independent Outside Directors (Miwako Doi, Fuminao Hachiuma, and Shigeru Yamashita) and two internal Directors (Tomomi Nakamura and Atsushi Osaki), and deliberates and submits reports on matters concerning Director and Executive Officer compensation.

Chaired by Director and Chairman Tomomi Nakamura, it met eight times during the fiscal year under review. In addition, one Audit & Supervisory Board Member (Yasumasa Masuda) attended as an observer.

<Main themes of deliberations during the fiscal year under review>

- Consideration of executive compensation levels and reasonableness of performance-linked compensation using external survey data
- Determination of individual performance-linked compensation amounts for Directors (excluding Outside Directors) and Executive Officers based on their evaluation results
- Considered compensation for Outside Directors after taking into account changes in organizational design
- Determination of individual base amounts, etc., for restricted stock compensation

◆ Audit & Supervisory Board

The Audit & Supervisory Board is comprised of four Audit & Supervisory Board Members, including two highly independent Outside Audit & Supervisory Board Members. It deliberates and checks audit policy and implementation status.

Chaired by Standing Audit & Supervisory Board Member Hiromi Tsutsumi, the board met 12 times during the fiscal year under review.

<Main resolutions and discussions in the fiscal year under review>

(Main matters for resolution)

- Audit policy, audit plan, and division of audit duties for the fiscal year under review
- Consent to agenda items for the General Meeting of Shareholders (appointment of Audit & Supervisory Board Members)
- Preparation of the audit report
- Evaluation and selection / dismissal of the Accounting Auditor
- Consent to the audit fee for the Accounting Auditor

(Main matters for reporting and sharing)

- Sharing of the results of visiting audit of the Company's business establishments and affiliated companies as well as observations
- Sharing of information regarding important matters of the Company's Executive Management Board Meeting, Executive Meeting, etc. by Standing Audit & Supervisory Board Member with outside Audit & Supervisory Board Members
- Reports on risk management issues internally and in the industry that require special care from a preventive audit perspective

Opinions of individual Audit & Supervisory Board Members expressed at the meeting of Audit & Supervisory Board are presented to involved officers, etc. as needed to contribute to their forming appropriate executive decisions.

(6) Outside Directors and Audit & Supervisory Board Members

Title	Name	Key activities and summary of duties performed in their expected roles
Outside Director	Miwako Doi	Attended all 13 Board of Directors meetings (attendance rate: 100%). Ms. Doi fulfilled her role by providing advice from a specialist viewpoint to the Company's management, based on her high expertise and knowledge, given her abundant experience and outstanding track record mainly as a researcher and supervisor in the area of information technology. During the fiscal year under review, Ms. Doi provided constructive comments especially regarding technology development and IT risks. She also served as a member of the Governance and Executive Nomination Meeting and Executive Compensation Meetings.
Outside Director	Fuminao Hachiuma	Attended all 13 Board of Directors meetings (attendance rate: 100%). As a president and representative director of a manufacturing and sales company in the food industry, he was involved in corporate management in both a supervisory and executional capacity and engaged in strengthening of corporate governance and promotion of management reform. Mr. Hachiuma fulfilled his role by providing advice from a specialist viewpoint to the Company's management, based on this extensive experience and wide-ranging knowledge of business management. During the fiscal year under review, with the Company facing an increasingly intense business environment, Mr. Hachiuma provided constructive comments especially regarding risk management. He also served as a member of the Governance and Executive Nomination Meeting and Executive Compensation Meetings.
Outside Director	Shigeru Yamashita	Attended all 13 Board of Directors meetings (attendance rate: 100%). As a president and representative director of a manufacturing and sales company in the childcare and nursing care product industry, he was involved in corporate management in both a supervisory and executional capacity and engaged in strengthening of corporate governance and promoted initiatives for management reform. Mr. Yamashita fulfilled his role by providing advice from a specialist viewpoint to the Company's management, based on this extensive experience and wide-ranging knowledge of business management. During the fiscal year under review, Mr. Yamashita provided comments especially regarding the need to further promote management that is conscious of the cost of capital. He also served as a member of the Governance and Executive Nomination Meeting and Executive Compensation Meetings.
Outside Audit & Supervisory Board Member	Yuri Furusawa	Attended all 13 Board of Directors meetings (attendance rate: 100%) and all 12 Audit & Supervisory Board meetings (attendance rate: 100%). Ms. Furusawa provided comments as needed based on broad perspective and a high level of insight she gained through wide-ranging governmental experience from holding key positions in the Ministry of Land, Infrastructure, Transport and Tourism, and having been involved in the promotion of workstyle reform, active participation by women and diversity in the Cabinet Secretariat, as well as from her involvement in the overseas business development in at a private-sector company. During the fiscal year under review she attended meetings of the Governance and Executive Nomination Meeting and Risk Management and Compliance Committee as an observer, assessing the status of oversight functions and business execution from an objective and neutral standpoint, while paying attention to matters of objectivity and transparency.
Outside Audit & Supervisory Board Member	Yasumasa Masuda	Attended all 13 Board of Directors meetings (attendance rate: 100%) and all 12 Audit & Supervisory Board meetings (attendance rate: 100%). He has extensive experience and broad insight as a corporate manager, which he gained through holding key positions such as CFO at listed companies, and in particular provided comments as appropriate, based on a sufficient knowledge of finance and accounting. During the fiscal year under review he attended meetings of the Executive Compensation Meeting and Risk Management and Compliance Committee as an observer, assessing the status of oversight functions and business execution from an objective and neutral standpoint, while paying attention to matters of objectivity and transparency.

Note: In addition to the number of Board of Directors meetings held in the above table, one resolution was adopted in writing that was deemed to be a resolution of the Board of Directors in accordance with Article 370 of the Companies Act and the Company's Articles of Incorporation.

(7) Summary of Contract for Limitation of Liability

The Company has executed a contract for limitation of damages under Article 423, Paragraph 1 of the Companies Act pursuant to the provisions of Article 427, Paragraph 1 of the act with its Directors (excluding those who are executive Directors, managers or other employees of the Company or its subsidiaries) and Audit & Supervisory Board Members. The maximum liability for damages pursuant to such contract shall be the amount prescribed in Article 425, Paragraph 1 of the Act.

(8) Summary of Directors and Officers Liability Insurance

The Company has executed a Directors and officers liability insurance policy under which Directors, Audit & Supervisory Board Members, Executive Officers, officers dispatched to other companies, and major employees under the Companies Act of the Company are the insured parties with an insurance company, as set forth in Article 430-3, Paragraph 1 of the Companies Act. The insurance policy covers compensation for damages and legal expenses to be borne by the insured in cases when they receive a claim for damages as a result of their wrongful acts conducted in their capacity as Directors and officers. However, to ensure appropriate execution of duties by Directors and officers, there are certain liabilities that are not covered under the policy, such as those arising from actions performed in knowing violation of law. The premiums are fully paid by the Company, and there are no premiums actually paid by the insured.

(9) Policy and Procedure for Determination of Compensation for Directors

[1] Matters concerning the policy for determining details of compensation for Individual Directors

The Company deliberated and decided on the proposal of the policy for determining details of compensation for individual Directors approved by the Executive Compensation Meeting at the Board of Directors meeting held on March 6, 2026. The Board of Directors has judged that the content of the compensation for individual Directors for the fiscal year under review adheres to the determination policy (including the determination policy that was revised by a decision of the Board of Directors on March 3, 2026, to the extent applicable to the fiscal year under review), as the Executive Compensation Meeting has been delegated by the Board of Directors to decide the details of the compensation, and has been decided after sufficient deliberations by the meeting members including Outside Directors.

Below is the summary of the decision policy regarding the content of compensation, etc. for individual Directors.

1. Basic policy

As a basic policy, compensation for Directors of the Company is determined in view of the following items:

- (1) Compensation is at a level commensurate with the roles and responsibilities of Directors and is appropriate, fair, and balanced.
- (2) The compensation structure is determined by giving consideration to providing motivation for sustained improvement in corporate performance and corporate value and securing excellent human resources.
Specifically, compensation for Directors, excluding Outside Directors, will consist of base compensation, annual performance-linked bonus, and compensation in restricted stock (for non-residents, phantom stock, instead of restricted stock). For Outside Directors, the Company pays only basic compensation in view of their roles of fulfilling monitoring and oversight functions of corporate management from an independent position. The total amount of compensation for individual Directors and the levels of each compensation item are set for every position depending on difference in responsibility by utilizing the research data compiled by outside specialized agencies.

2. Policy for determining the amount of monetary compensation excluding performance-linked compensation (hereinafter, the “Fixed Monetary Compensation”), performance-linked compensation, and non-monetary compensation (including the policy for determining the timing or conditions for granting such compensation)

- (1) Policy for the Fixed Monetary Compensation
Directors receive the Fixed Monetary Compensation monthly as basic compensation. The amount for individual Directors is determined based on their positions, taking into consideration elements such as the business environment.
- (2) Policy for Performance-linked Compensation
Directors, excluding Outside Directors, shall receive annual performance-linked bonus by cash at a certain time of the year. The specific amount is determined according to a compensation table by position prepared based on the consolidated profit before tax for the current fiscal year as a key performance indicator (KPI).
In addition, in order to facilitate the achievement of the Group’s medium- and long-term strategy targets, a portion of the restricted stock compensation to be granted as non-monetary compensation (see (3) below) will be set as Performance Share Units (hereafter, “PSUs”), in which the number of shares granted is linked to the degree to which target business results are achieved. To set KPIs for PSUs, the Company will adopt consolidated return on equity (ROE), a key financial indicator in the mid-term strategy, and total shareholder return (relative TSR, compared to the TOPIX growth rate including dividends), which contributes to improvement in corporate value in the medium to long term, as financial indicators as well as employee engagement as a non-financial indicator.
The Board of Directors at its meeting deliberate and decide annual performance-linked bonus and KPIs for PSUs and composition ratio of each KPI in response to changes in the environment based on the proposal approved by the Executive Compensation Meeting.
- (3) Policy for Non-monetary Compensation
The Company grants restricted stock units to Directors (excluding Outside Directors) for the purpose of strengthening the incentive for sustained improvement of the Company’s corporate value and further value sharing with the shareholders.
A portion of the restricted stock compensation shall be granted as fixed compensation and the remainder as variable compensation, both of which shall be prohibited from being transferred during the term of office and the restriction on transfer shall be lifted upon retirement.
Restricted stock compensation in the form of fixed compensation (RS) shall be granted as shares of the Company’s common stock that are equivalent to a standard amount determined by taking into consideration the Company’s business performance, the scope of each Director’s responsibilities, and various other circumstances at a certain time of the year.
At a certain time of the year, the Company shall grant restricted stock compensation in the form of variable compensation (PSU) in a number of units (1 unit = 1 share) that are equivalent to a standard amount determined by taking into consideration the Company’s performance, the scope of each Director’s responsibilities, and various other circumstances. After the evaluation period (the single fiscal year that includes the date on which units are granted), shares of the Company’s common stock shall be granted in a number calculated by multiplying the number of units by a payment ratio that is determined in conjunction with the degree to which the target business performance indicators have been achieved. However, a Director who retires after the end of the evaluation but before the shares have been granted may, through their own choice, have the shares converted and be paid an equivalent amount in cash.
The total number of shares of the Company’s common stock to be allocated to Directors as restricted stock

compensation as part of RS and PSUs shall be limited to 150,000 shares per year. In addition, the Company and Directors shall enter into a restricted stock allotment agreement that includes an overview and provisions that state (1) Directors shall not, for a set period of time period during his/her term of office as an officer of the Company, transfer, create a security interest on, or otherwise dispose of the shares of the Company's common stock that have been allotted to them, and (2) the Company may acquire the said shares of its common stock without compensation if certain events occur. In the event of a Director engaging in certain acts of misconduct and certain events occur by the day on which three years elapse after the expiration of the restricted transfer period, the Board of Directors, based on a resolution taking into account the deliberation and decision at the Executive Compensation Meeting, may demand he/she return all or part of the said shares in common stock or pay the equivalent fair value of the said shares (clawback).

Compensation for a Director who is a non-resident at the time of granting shares will be paid in the form of a phantom stock equivalent to the said stock compensation instead of restricted stock compensation, thereby being treated in accordance with the restricted stock allotment agreement.

3. Policy for determining the proportion of the Fixed Monetary Compensation, performance-linked compensation, and non-monetary compensation to the total amount of compensation, etc. for individual Directors

The Company shall appropriately determine the proportion of compensation by type of Directors excluding Outside Directors in reference to the compensation levels and compensation mix of companies of a similar scale to the Company or industry peers obtained through an external research company, and in consideration of factors such as the Company's overall salary level and social situations. The following proportions are generally used as rough standards (for performance-linked compensation, the proportions are those of the base amount).

	Breakdown				Rate	
	Basic compensation	Annual performance-linked bonuses	Restricted stock compensation		President	Average of Directors other than the President
			RS	PSU		
Fixed Monetary Compensation	●				1	1
Performance-linked Compensation		●		●	1*1	0.9*2
Non-monetary Compensation			●	●	0.7*1	0.6*2

The Company shall appropriately review the compensation level and compensation mix in consideration of the Company's business environment, as well as the situation of companies of a similar scale to the Company or industry peers, and other circumstances based on the contents of the proposal approved by the Executive Compensation Meeting.

4. Matters concerning the determination of details of compensation, etc. for individual Directors

To ensure fairness and transparency of the executive compensation determination process, the Board of Directors shall establish the Executive Compensation Meeting, a voluntary committee which is structured so that the majority of its members are independent Outside Directors. The chairman of the Executive Compensation Meeting shall be appointed by a resolution of the Board of Directors.

The Executive Compensation Meeting, by a resolution by the General Meeting of Shareholders and that by the Board of Directors, is delegated by the Board of Directors to determine specific amounts of basic compensation, annual performance-linked bonus, restricted stock compensation, etc. for Directors, and their payment schedule, following sufficient deliberation by its members including independent Outside Directors. For restricted stock units, the number of shares allotted to individual Directors is determined by the resolution of the Board of Directors based on the standard amount decided by the Executive Compensation Meeting.

With regard to revisions of the executive compensation system and other matters pertaining to compensation overall, the Board of Directors deliberates and makes decision taking into consideration the content of proposal approved by the Executive Compensation Meeting.

*1: Performance-linked compensation and non-monetary compensation each include 0.5 of restricted stock compensation (PSU).

*2: Performance-linked compensation and non-monetary compensation each include 0.3 of restricted stock compensation (PSU).

[2] Matters concerning the resolutions of the General Meetings of Shareholders on compensation, etc. for Directors and Audit & Supervisory Board Members

By a resolution passed at the 85th Ordinary General Meeting of Shareholders, held on June 28, 2016, the maximum total amount of annual compensation, etc., for Directors is 1.2 billion yen (including 200 million yen for Outside Directors). The number of Directors was eight (including two Outside Directors) at the end of the meeting. By a resolution passed at the 93rd Ordinary General Meeting of Shareholders on June 19, 2024, the total amount of monetary compensation related to restricted stock units is required to be within the above maximum total and up to 200 million yen annually. The number of Directors (excluding Outside Directors and non-resident Directors) was five at the end of the meeting.

By a resolution passed at the 93rd Ordinary General Meeting of Shareholders, held on June 19, 2024, the maximum total amount of annual compensation, etc., for Audit & Supervisory Board Members is 200 million yen. The number of Audit & Supervisory Board Members was four at the end of the meeting.

[3] Status of the activities of Executive Compensation Meeting

The Company has set up an Executive Compensation Meeting, a voluntary committee, in order to enhance the effective governance structure based on the existing organizational design (the details of its authority are described in the above [1] 4).

To ensure fairness and transparency of the executive compensation determination process, the Executive Compensation Meeting shall, by a resolution of the Board of Directors, be structured so that the majority of its members are Outside Directors, and its chairman shall be appointed by a resolution of the Board of Directors. Please refer to “(5) Activities of the Board of Directors and Accompanying Meeting Bodies as Well as Audit & Supervisory Board, Etc.” in the Notice of Convocation of the 95th Ordinary General Meeting of Shareholders (available on our website and the TSE website) for the status of the activities of the Executive Compensation Meeting during the fiscal year under review.

[4] Total compensation for Directors and Audit & Supervisory Board Members for the fiscal period

Category		Total compensation (millions of yen)				
		Basic compensation (paid in fixed monthly installments)	Annual performance- linked bonuses	Restricted stock compensation		
				PSU	RS	
Directors (9)	Inside Directors (6)	233	67	60	61	421
	Outside Directors (3)	40	-	-	-	40
Audit & Supervisory Board Members (5)	Inside Audit & Supervisory Board Members (3)	73	-	-	-	73
	Outside Audit & Supervisory Board Members (2)	26	-	-	-	26
Total (14)		372	67	60	61	560

Notes:

- Figures in the above table include one Outside Director and one Audit & Supervisory Board Member who resigned before the last day of the fiscal period under review. At the end of the period, there were eight Directors, including three Outside Directors, and four Audit & Supervisory Board Members, including two outside Audit & Supervisory Board Members.
- The total amount of the above indicates the amount recorded as an expense at the end of the period and includes undetermined compensation (phantom stock granted to non-residents, PSU, etc.).
- The amounts of phantom stock and PSU were calculated using the closing price of the shares in the Company’s common stock on Prime Market of the Tokyo Stock Exchange on March 31, 2026. When they are granted in reality, the Company will apply the share price as of the issuance.

[5] Matters regarding performance-linked remuneration

The table below shows the results of key performance indicators (KPIs) used to calculate the annual performance-linked bonus amounts and the number of PSUs granted corresponding to the financial results for the fiscal year under review. (The calculation method is as described in [1] 2 (2) above.)

The Company decides the annual performance-linked bonuses for individual Directors based on the consolidated profit before tax by setting a compensation table in which the higher his/her position is, the more closely his/her compensation is linked to annual performance.

In addition, in order to facilitate the achievement of the Group’s medium- and long-term strategy targets, the Company has adopted the Performance Share Units (PSU), in which the number of shares granted is linked to the degree of achievement of the targets for key financial indicator (ROE and relative TSR [compared to the TOPIX growth rate including dividends]) and non-financial indicator (employee engagement), for a portion of the restricted stock compensation to be granted as non-monetary compensation. Annual performance-linked bonuses and restricted stock compensation are not granted to Outside Directors in view of their roles of fulfilling monitoring and oversight functions of corporate management from an independent position.

Performance indicators(KPI)	Results
Consolidated profit before tax	107.5 billion yen
ROE	3.3%
Relative TSR (compared to the TOPIX growth rate including dividends)	61.7%
Employee engagement indicator improvement points	Up 3 points

[6] Details of non-monetary compensation

Details of the Restricted Stock Compensation Plan and the grant status of the restricted stock units are provided in “(5) Status of the Company’s Shares Granted to Directors as Consideration for the Execution of Duties in the Fiscal Period Under Review,” under “2 Information on Shares Issued by the Company,” in the Notice of Convocation of the 95th Ordinary General Meeting of Shareholders (available on our website and the TSE website) and the above [1] 2 (3).

(10) Evaluation Results of the Effectiveness of the Board of Directors

The Board of Directors every year conducts analysis and evaluation on the effectiveness of the Board of Directors (“BoD”) in accordance with Article 23 of the Corporate Governance Guideline, and reviews and implements improvement measures for the issues identified.

In the fiscal year ended March 31, 2026, aiming to apply the results of the evaluations toward enhancing the BoD’s functions, the BoD confirmed efforts to address issues recognized by the previous fiscal year, reorganized the evaluation items on the survey and implemented interviews with certain Directors and Audit & Supervisory Board Members, and assessed and analyzed the reasons and underlying factors behind differences in the recognition of issues.

[1] Methods of evaluation and analysis

1. Timing: December 2025 — January 2026
2. Methods: Self-evaluation questionnaire survey and interviews conducted by a third-party body
 - Survey respondents: Eight Directors and four Audit & Supervisory Board Members for a total of 12 respondents
 - Interviewees: Chairman of the BoD; Representative Director, President; Outside Directors (3 persons); Outside Audit & Supervisory Board Members (2 persons): Total of seven persons
3. Process
 - BoD secretariat conducts and analyzes anonymous self-evaluation questionnaire survey of Directors and Audit & Supervisory Board Members
 - Based on the results of the questionnaire, a third-party body conducts and evaluates interviews with the Chairman of the BoD, the Representative Director, President, Outside Directors, and Outside Audit & Supervisory Board Members
 - Reports prepared by the third-party body and the secretariat to the BoD are validated and discussed at Management Roundtable Discussions and meetings of the BoD
4. Evaluation items on the survey (self-evaluated using a 4-point scale, and free-answer questions)

(i) BoD roles and functions	(vi) BoD risk management and internal control
(ii) BoD composition	(vii) Governance and Executive Nomination Meeting and Executive Compensation Meeting operation
(iii) BoD operation	(viii) Shareholder dialogue
(iv) BoD support system	(ix) Continued BoD improvements
(v) BoD culture and communication	

[2] Evaluation results

Based on the third-party body’s report detailing its aggregation and analysis, the BoD discussed and confirmed the following points.

1. General evaluation
The evaluation confirmed that the Company’s BoD is effective.
2. Characteristics of the Company’s BoD

Item	Summary
Support by the BoD for execution based on strong relationships of trust between supervision and execution	During a time in which the business environment was changing rapidly due to such factors as tariff policies in the key market of the U.S. and the sudden slowdown of the EV market, the strong relationships of trust between supervision and execution demonstrated the former acting as a support function for the decision-making of the latter.
BoD conducive to free and open discussion	Based on mutual understanding and relationships of trust between outside and internal officers, a culture of free, open, constructive, and transparent discussion has been fostered.
BoD with high awareness of shareholder dialogue	Information obtained through dialogue with shareholders and investors is reported periodically and consistently to the BoD, and is an important element of its supervision and decision-making.

3. Status of responses to the issues pointed out in the previous fiscal year

Item	Summary
Roles required of the BoD in an uncertain business environment (improvements still in progress)	The BoD made progress in improving management of meetings by seeking to deeper discussions of major risks and important management issues to be monitored intensively. In addition, the transition to a company with an audit and supervisory committee is expected to lead to further enhancements to the setting of agenda items.
Further strengthening of monitoring structure throughout the Group (improvements still in progress)	Looking ahead to the transition to organizational audits, it is expected that there will be a further deepening of discussions between Directors and Audit & Supervisory Board Members, such as the aligning of perceptions with regard to the ideal state of Group governance structure and the timeline for its realization. Going forward, on the assumption that the transition to a company with an audit and supervisory committee will take place, we expect a further deepening of discussions on the best approach to monitoring the big picture for the Group as a whole.
Clarification of roles of various meeting bodies (improved)	The Company has taken the issues raised in the effectiveness evaluation of the previous fiscal year seriously, and measures for improvement have been steadily executed. Specifically, the BoD moved forward in such areas as participation of Audit & Supervisory Board Members as observers in the Governance and Executive Nomination Meeting and the Executive Compensation Meeting, enhanced consideration of governance-related agenda items in advance, provision of important meeting information to outside officers, and greater opportunities for dialogue with Executive Officers.

4. Overview of the Management Roundtable Discussions for further enhancement of the effectiveness of the BoD

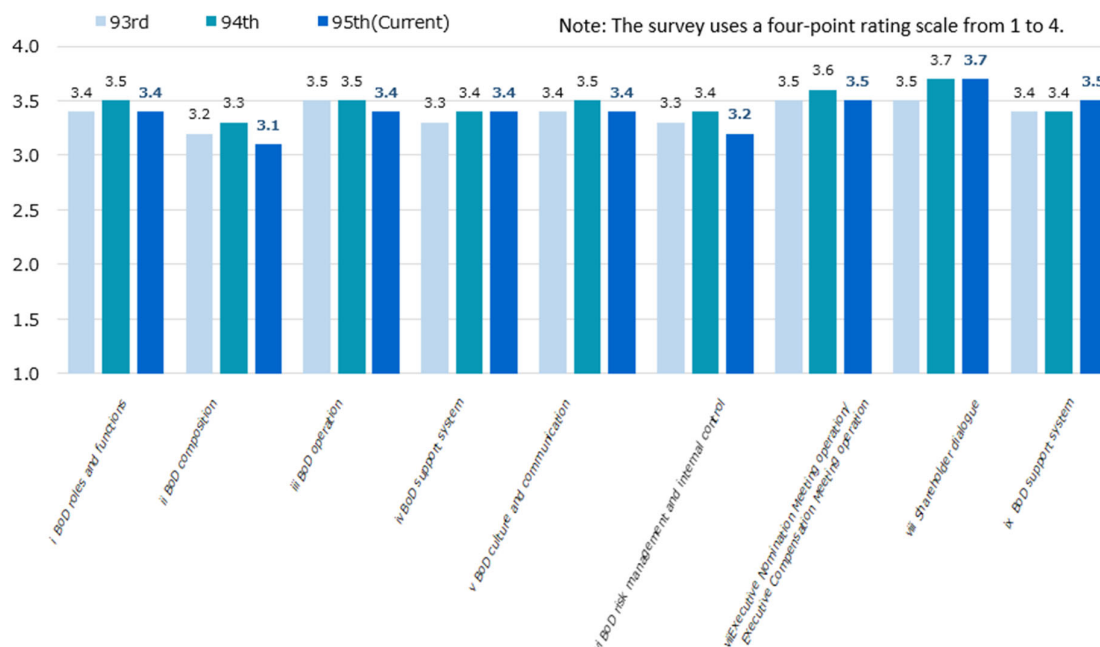
The Management Roundtable Discussions were centered on the following points based on the results of the third-party evaluation and the issues pointed out in the evaluation.

Item	Summary
Forming of consensus with regard to role of the BoD	<p>With regard to items that should be monitored by the BoD, and their scope, the importance of committing to more in-depth considerations was confirmed.</p> <p>In addition, the decision has been made to clarify the role of the BoD, as it seeks to become a monitoring board, in a company with an audit and supervisory committee, and also to enhance discussions in the BoD and Management Roundtable Discussions on important medium- to long-term themes, including the ideal form of involvement by Outside Directors.</p>
Further enhancements to the setting of agenda items	<p>From the perspective of making effective use of the limited time of the BoD, we reconfirmed the importance of setting agenda items to establish what the BoD should actually be discussing, including the management of standards for deliberation, the use of written resolutions, and the expansion of free and open discussion.</p> <p>Another point that was shared was the necessity of seeking to install mechanisms for leveraging to a greater extent the knowledge and experience of outside officers when considering and setting agenda items for the year, and establishing related processes.</p>
Considering the ideal composition of the BoD	<p>From the perspective of increasing our ability to respond to risks in the external environment, we confirmed that there is potential for the BoD as a whole to engage in strategic consideration of the question of “What sort of knowledge do we want to supplement, and how do we want to supplement it?” There was shared recognition that, rather than assigning human resources in all directions, there should be focused supplementation of knowledge that is aligned with the characteristics of the Company’s business and management priorities. The necessity of continuously enhancing discussions of board succession by the BoD and the Governance and Executive Nomination Meeting was also demonstrated.</p>

(Reference) Survey question items

Evaluation item						
i.	BoD roles and functions	Recognition of the roles and functions of the BoD	v.	BoD culture and communication	Diverse values	
		Delegation of authority to execution			Stakeholder perspectives	
		Reporting system			Directors and business divisions	
		Supervision of corporate management			Inside and Outside Directors	
ii.	BoD composition	Size of the BoD	vi.	BoD risk management and internal control	Directors and Audit & Supervisory Board Members	
		BoD composition (proportion of inside and Outside Directors)			Risk management	
iii.	BoD operation	Composition of the BoD (diversity and expertise)	vii.	viii.	Shareholder dialogue	Group governance
		Frequency, length, and time allocation of meetings				Internal control and compliance
		Relevance of agenda items				
		Timing of proposals and discussions	ix.		Continued BoD improvements	Status of improvements based on the previous fiscal year's effectiveness evaluation
		Quality and quantity of documents				
		Timing of document distribution				
		Prior explanation				
		Content of explanations and reports				
		Discussions by the BoD				
		Leadership by the Chair				
iv.	BoD support system	Environment and systems for the provision of information	ix.	Continued BoD improvements	Status of improvements based on the previous fiscal year's effectiveness evaluation	
		Provision of information to outside officers				
		Training of outside officers				
		Training of inside officers				

(Reference) Survey results



*Please refer to the Company's website for its Corporate Governance Guidelines.
https://www.subaru.co.jp/en/outline/pdf/governance_guideline_e.pdf

5 Company Framework and Policies

Framework for ensuring conformity of performance of duties by the Directors to the laws and the Articles of Incorporation, and other frameworks for ensuring appropriateness of the Company's business as well as appropriateness of business of the corporate group comprising of the Company and its subsidiaries (as of March 31, 2026)

1. Framework to ensure that the performance of duties by the Directors comply with the laws and Articles of Incorporation

The following framework has been established as a preventative measure against illegal acts by Directors.

- (1) Directors shall establish a framework for effective supervision of performance of duties by other Directors and effective audits by the Audit & Supervisory Board Members, through activities such as attendance of various meetings, review of approval forms, and receiving business reports from Executive Officers and employees by the Directors and Audit & Supervisory Board Members.
- (2) Establish rules regarding compliance and a framework for ensuring that Directors comply with laws, the Articles of Incorporation, and internal and other rules.
- (3) Establish whistle blowing system (Compliance Hotline) as internal reporting framework where violation of laws/the Articles of Incorporation by Directors in performing their duties have been identified by Executive Officers/employees.
- (4) Conduct compliance-related trainings by external experts for Directors as necessary.
- (5) A Director who identifies violation of laws/the Articles of Incorporation by another Director shall immediately report such violation to the Audit & Supervisory Board and Board of Directors, and implement corrective measures.

2. Establishment of other systems prescribed by the applicable Ordinance of the Ministry of Justice as systems necessary to ensure the properness of operations of the Company and the business of the corporate group comprising of the company and its subsidiaries

(1) Structure concerning storage and management of information related to performance of duties of Directors

Establish internal rules on storage and management of information related to performance of duties by Directors, including minutes of the Board of Directors, approval forms, and other documents, and appropriately store and manage such information in accordance with such rules and laws.

(2) Rules and other frameworks on management of risk of loss

- i. The Company shall work out rules regarding risk management and establish rules, manuals and guidelines corresponding to the business of each division to prevent risks from materializing or increasing.
- ii. Business-related risks shall be scrutinized by the Directors and Executive Officers in accordance with certain approval rules, along with management by each division/company and company-wide management by involved divisions led by the Corporate Planning Department.
- iii. Establish a company-wide emergency communication network to ensure prompt response to emergencies and prevent spreading of losses.
- iv. To promote risk management, establish the Risk Management and Compliance Committee to deliberate/discuss, decide, and exchange/communicate information on significant matters pertaining to risk management.

(3) Framework to ensure efficient performance of duties by Directors

- i. An executive officer system shall be implemented to delegate the business execution authorities of Directors to Executive Officers. Chief Operating Officer (COO), or CEO if there is no COO, shall supervise the business execution. Chief Executive Officer (CEO) shall supervise the overall management.
- ii. Directors shall supervise the business execution of Executive Officers and employees by attending meetings and receiving regular business reports.
- iii. Discuss projects to be deliberated at the Board of Directors meeting in advance at Executive Management Board Meetings (a preliminary consultation body for the Board of Directors to deliberate on company-wide business projects) and Executive Meetings (decision making body for each executive unit) to clarify issues for efficient deliberation at the Board of Directors meeting.

- iv. Board of Directors shall establish the medium- to long-term management goals, promote sharing of such goals, and periodically review the progress.
- v. Board of Directors shall periodically conduct self-evaluation and analysis, to ensure effective performance of roles and obligations of the Directors both in terms of decision making and supervision over business execution.

(4) System to ensure conformity of execution of operations of Executive Officers and employees with laws and articles of incorporation

- i. Establish rules on compliance and a framework to ensure that executive Directors and employees comply with laws, the Articles of incorporation and internal rules.
- ii. To promote compliance, establish the Risk Management and Compliance Committee to deliberate/discuss, decide, and exchange/communicate information on significant compliance matters.
- iii. Structured education shall be conducted for executive Directors and employees, such as compliance lectures, to promote compliance awareness.
- iv. Establish a whistle blowing system (Compliance Hotline) as an internal reporting framework in case Executive Officer or employees identify wrongdoing, etc. for early detection and correction of wrongdoing, etc.
- v. Establish the independent Audit Department as an internal audit entity.

(5) Framework for securing appropriateness of business in corporate group

In order to enhance the Group's brand value and its overall potential through sound operation of group subsidiaries, establish rules on subsidiary management, and manage/support subsidiaries mainly through the Company's department in charge of management of business or management of each subsidiary pursuant to such rules.

- i. Framework for reporting matters regarding execution of duty by a Director of a subsidiary to the said company
The Company shall receive regular reports from its subsidiaries on business performance, financial status, and other significant matters and as needed on required matters pursuant to the rules on subsidiary management.
- ii. Framework regarding rules for risk management of loss incurred by subsidiaries and other matters
The Company shall have its subsidiaries establish rules on risk management, other internal rules, manuals, guidelines, etc. corresponding to the nature, scale, etc. of each subsidiary's business and build risk management systems to prevent risks from materializing or increasing.
- iii. Framework to ensure efficient performance of duties by Directors of subsidiaries
The Company shall ensure efficiency of performance of duties by Directors of subsidiaries by receiving business reports from subsidiaries pursuant to the rules on subsidiary management, and conducting preliminary discussions on business for significant matters, etc.
- iv. Framework to ensure conformity of execution of operations of Directors and employees of subsidiaries with laws and articles of incorporation
 - The Company shall seek subsidiaries to carry out periodic inspection regarding the establishment and status of the framework for compliance with laws, the Articles of Incorporation, and internal rules as well as reports on the results of such inspections, and shall verify the results at the Company's Risk Management and Compliance Committee.
 - The Company shall establish a whistle blowing system (Compliance Hotline) as an internal reporting framework for itself or subsidiaries in case Executive Officers or employees identify illegal business acts, etc. and make efforts for early detection and correction of wrongdoing, etc.
- v. Other frameworks for securing appropriateness of business in corporate group
 - The Company shall establish the Audit Department as an organization that performs internal audits, and perform periodic business audits for subsidiaries and affiliated companies, and extraordinary audits for necessary matters as required.
 - The Company shall periodically convene Audit & Supervisory Board Members of domestic subsidiaries and affiliated companies and exchange opinions with the Company's Audit & Supervisory Board Members to enhance their audit functions.
 - The Company shall concurrently appoint Executive Officers and employees as Audit & Supervisory Board Members of some of the domestic subsidiaries and affiliated companies to enhance the audit function.
 - Overseas subsidiaries are to comply with the local laws, and follow a framework pursuant to this policy to the extent possible depending on the prevailing situations and conditions of the respective countries.

(6) Matters concerning an employee where Audit & Supervisory Board Members request for an employee to support his/her duties

In response to request by Audit & Supervisory Board Members, one or more staffs shall be allocated from the Company's employees to support the duties of the Audit & Supervisory Board Members.

(7) Matters related to securing independence of the employee from Directors and effectiveness of instruction to the employee from Audit & Supervisory Board Members

- i. In case such supporting staff is to be concurrently appointed to a position involving business execution, Directors and executive units shall not intervene with the staff's performance of tasks supporting the Audit & Supervisory Board Members; ensure the staff's independence from Directors; and notify the Company's officers and employees that such supporting staff is to follow the instructions and orders of the Audit & Supervisory Board Members.
- ii. Appointment of such supporting staff shall require consent by the Audit & Supervisory Board.

(8) Framework for reporting by Directors, Executive Officers, and employees of the Company and its subsidiaries to the Company's Audit & Supervisory Board Members; frameworks for other reports to the Company's Audit & Supervisory Board Members; and the framework for securing effective audit by the Company's Audit & Supervisory Board Members

- i. A system shall be established to ensure that the Company's Audit & Supervisory Board Members can receive periodic reports on performance of duties from the Directors, Executive Officers and employees of the Company or its subsidiaries.
- ii. A system shall be established to ensure that the Company's Audit & Supervisory Board Members can collect information on the status of performance of obligations relating to each business division, etc. by the Directors, Executive Officers and employees of the Company and its subsidiaries.
- iii. Directors of the Company or its subsidiaries shall report to the Company's Audit & Supervisory Board Members where matters that may cause significant damages to the Company, material violation of laws/the Articles of Incorporation, or other material compliance matters occur.
- iv. Audit & Supervisory Board Members of the Company may attend the Risk Management and Compliance Committee, which is an organizational body that deliberates/discusses, determines, and exchanges/communicates information on, important matters regarding risk management and compliance.
- v. The Company and its subsidiary's Representative Directors, Directors, or Accounting Auditors shall attend meetings to exchange opinions held by the Company's Audit & Supervisory Board Member at the request of such Audit & Supervisory Board Member.
- vi. A framework shall be established to ensure that the person reporting to the Company's Audit & Supervisory Board Members shall not receive disadvantageous treatment for the reason of making the report.
- vii. A framework shall be established with respect to procedures for advance payment or repayment of expenses arising from performance of duties of Audit & Supervisory Board Members and processing or repayment of other expenses arising from performance of such duties, to enable smooth processing in accordance with the invoice, etc. from the Audit & Supervisory Board Members.

At the Company, Chief Risk Management Officer (CRMO) is leading the corporate group-wide efforts to enhance risk management, working closely with Corporate Planning Department, which performs division-encompassing functions, and different divisions and companies, with professional support from company-wide shared corporate operations departments such as Risk Management & Compliance Office and Legal Department. The Audit Department audits execution of tasks by each division and subsidiary in a planned manner.

Summary of operation of framework for securing appropriateness of business

1. Situation of efforts to enhance compliance

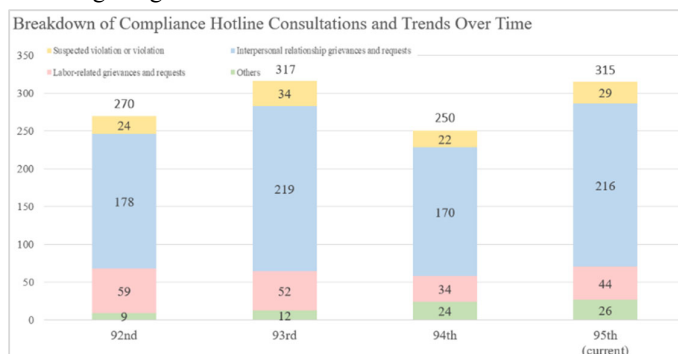
To ensure all executives and employees of the Group comply with laws and regulations, the Articles of Incorporation, and internal rules, and act in accord with social ethics and norms, the Company is working to maintain and enhance the group-wide compliance system by establishing the Corporate Code of Conduct, Conduct Guidelines, and other rules, while setting up and operating various committees.

As a concrete framework for promoting compliance, the Risk Management and Compliance Committee, headed by the CRMO appointed by the Board of Directors, deliberates, discusses, decides, and exchanges/communicates information on significant compliance matters such as formulation of various policies, status of company-wide compliance activities, and operation status of the whistle blowing system. The Company and its subsidiaries appropriately and proactively operate their respective whistle blowing systems for the early detection and resolution of problems that cannot be grasped with reporting lines of regular operations and keep in check the occurrence of problems with the purpose of improving self-cleaning and effectiveness of compliance.

The Risk Management & Compliance Office manages these company-wide activities and works to promote compliance awareness throughout the Group including officers, by creating and providing Compliance Manual and other tools and conducting trainings in cooperation with relevant departments.

<Key efforts to enhance the compliance management system>

- Clarifying laws and regulations with which all SUBARU divisions and Japanese Group companies comply: We clarify laws and regulations which each division and company should comply with, thereby improving transparency.
- Reinforcement of implementation of PDCA cycle of global compliance system: We autonomously evaluate the compliance system throughout the Group and carry out initiatives for implementing effective PDCA cycle.
- Improvement of literacy: With the increase in social awareness regarding harassment, we have been implementing ongoing video-based and discussion-based training to encourage employees to develop a sense of ownership towards the issue. Together with this, we are conducting periodic dissemination of information with the objective of making compliance seem more familiar, and raising awareness of it during every-day duties.
- Multiple language service for the whistle blowing system and improvement in trustworthiness: We have developed an environment where employees feel at ease utilizing the whistle blowing system by making the service available also in English, Chinese, Portuguese, and Spanish. This is also contributing to prevention and early detection of wrongdoings.



2. Risk management

The Company stipulates rules regarding risk management to appropriately manage the risks of the entire Group. As for business risks, the Directors and Executive Officers verify the contents in accordance with the rules for the Board of Directors and various meetings, and for approvals. In addition to appointing in each division a risk management officer of General Manager level for normal times, an emergency task force tailored to the situation is set up in times of emergency. It has also established the Risk Management and Compliance Committee, headed by the CRMO, who is appointed by the Board of Directors, to formulate the risk management policy and the risk map for the entire group, based on which it also promotes risk control activities. Moreover, the Company also has developed the Safety Confirmation System and other means based on the Emergency Response Basic Manual as the company-wide emergency contact system in preparation for information sharing in the event of a disaster.

<Key efforts regarding enhancement of risk management system>

- To increase the probability of realizing the SUBARU Management Policy 2025 that was announced on November 10, 2025, we are implementing risk management activities for the entire company, using a risk map that defines priority issues as a compass.

- In a move toward reducing key risks faced by the SUBARU Group, risk owners are working on such initiatives as strengthening our response capabilities by establishing, enhancing, and implementing training for a company-wide BCP system that assumes a major earthquake, and in addition to existing initiatives, enhancing our cyber risk response structure by appointing a Chief Information Security Officer (CISO) and establishing a Cybersecurity Committee. These are followed up periodically by the Risk Management and Compliance Committee.
- The Company is conducting trainings to improve risk management methods and risk management literacy of employees in charge of promoting risk management activities at various departments.
- It is promoting global risk management activities with enhanced collaboration with key subsidiaries overseas.

3. Securing efficient performance of duties

The Company decides the fields of responsibilities of Directors, the scope of responsibility of business execution of Executive Officers (scope of delegation of authority to execution), and CxOs including CEO at the Board of Directors meetings. We position the president and other executive roles as Executive Officers, rather than as Directors, to further clarify the roles and responsibilities assigned to Directors and Executive Officers.

Directors supervise the status of the businesses and accelerate their business execution by attending various meetings and receiving business reports from Executive Officers on a regular basis. Significant matters that need to be submitted to the Board of Directors are discussed in depth at the Executive Management Board Meeting and Executive Meeting to sort out discussion points and direction so as to clarify the points that should be discussed intensively at the Board of Directors meeting. Deeper and efficient discussions at the Board of Directors meeting are being promoted by, for example, early distribution of meeting materials and providing preliminary explanations when necessary.

The Company carries out the Evaluation of the Effectiveness of the Board of Directors targeting Directors and Audit & Supervisory Board Members using a questionnaire and interviews once a year and discloses the result. Based on the result of the effectiveness evaluation, the Board of Directors incorporates items identified as future issues in the agenda of the Board of Directors for the next fiscal year and the board members discuss them and work on solving them.

Documents regarding performance of duties by the Directors and other information is being stored and managed appropriately in accordance with the internal rules.

4. Securing appropriateness of business by the corporate group comprising of the Company and its subsidiaries

The Company appoints Executive Officers and employees of the Company to concurrently work as Directors or Audit & Supervisory Board Members of subsidiaries to enhance the audit and supervisory functions. The Company receives periodic and ad hoc reporting from subsidiaries and has discussions where necessary. Issues that have significant impact on the Company are reported to the Executive Management Board Meeting.

In accordance with the Company-wide Subsidiary Management Rules, the subsidiaries' projects are divided into those requiring preliminary discussions with the Company and those to be determined at the discretion of subsidiaries, and the Company confirms the information communication routes from subsidiaries to the Company. Further, the Company constantly confirms the status of establishment of rules at subsidiaries.

To further reinforce these operations, departments responsible for business management, which support business operation and establishment of management foundation at subsidiaries, voluntarily carry out administration of company organization of the subsidiaries.

Furthermore, the Company's internal audit division performs business audits for the Company and its subsidiaries in accordance with the Company-wide Internal Audit Rules. Their results are reported at the Board of Directors meeting semi-annually and at the Joint Meeting consisting of Executive Officers quarterly, and corrective measures are implemented where necessary.

5. Securing effectiveness of Audit & Supervisory Board Members' audit

The Company has formulated rules to ensure the effectiveness of Audit & Supervisory Board Members' audit (e.g., Standards for Audit & Supervisory Board Members' Audit), developed a whistle blowing system, and established a framework where the Audit & Supervisory Board Members can gather information from Directors and employees in a timely and appropriate manner in case of matters that may cause significant damages to the Company, significant violation of laws/the Articles of Incorporation, or other significant compliance matters. In addition, the framework ensures smooth performance of Audit & Supervisory Board Members' duties by assigning employees independent of Directors to support duties of Audit & Supervisory Board Members and making them known to all employees.

The Company's Audit & Supervisory Board Members attend important meetings including the Board of

Directors, Executive Management Board Meeting, and Risk Management and Compliance Committee meetings, and state their opinions as necessary. In addition, interviews are conducted with Directors and Executive Officers both periodically and as appropriate, and on-site audits of key offices and subsidiaries are performed to confirm the status of establishment and operation of the internal control system.

Moreover, the Audit & Supervisory Board Members receive regular reports including the operational status of the whistle blowing system from the internal audit division, legal division, and Risk Management & Compliance Office, and reports on subsidiaries are received as necessary from departments in charge of managing the subsidiaries.

The Company also promotes close mutual collaboration under the three-pillar audit system by holding meetings to exchange opinions with Audit & Supervisory Board Members of core subsidiaries and having information and opinion exchange with Accounting Auditors on a regular basis and whenever appropriate and with the internal audit division as necessary.

The Company has also established a framework that can smoothly process invoices from the Audit & Supervisory Board Members for expenses arising from performance of their duties.

6 Accounting Auditors

(1) Accounting Auditors: KPMG AZSA LLC

(2) Accounting Auditor Compensation

Category	Audit fees (million yen)	Non-audit fees (million yen)
Company	277	—
The Company's subsidiaries	18	2
Total	295	2

Notes:

1. As the Audit Agreement between the Company and Accounting Auditors makes no distinction between the amounts of fees for audits under the Companies Act and audits under the Financial Instruments and Exchange Act, audit fees under the Financial Instruments and Exchange Act are included in the amount of Audit fees of the Company in the above table.
2. Of the Company's important subsidiaries, the foreign subsidiaries receive audits by a certified accounting or auditing company other than the Company's Accounting Auditors (including those who possess equivalent certifications overseas).

(3) Reason for Agreement on Accounting Auditors Compensation by Audit & Supervisory Board

The Audit & Supervisory Board scrutinized the Accounting Auditors' explanation of the contents of the audit including the planned number of days required for the accounting audit for the current fiscal period; review and assessment of the audit for the previous fiscal period; reasonableness of progress in audit by the Accounting Auditors, and the grounds for calculation of quotes underlying the compensation, and agreed to the amount of compensation for the Accounting Auditors.

(4) Non-Audit Services

Non-audit services for consolidated subsidiaries in the fiscal year under review consisted of agreed-upon procedures.

(5) Policy on Dismissal or Refusal of Reappointment of Accounting Auditors

The Audit & Supervisory Board shall dismiss Accounting Auditors in case any of the events prescribed in the Items in Article 340, Paragraph 1 occur, and determine the agenda concerning dismissal or refusal of reappointment of accounting auditors, and the Board of Directors will propose such agenda to the meeting of shareholders pursuant to such decision.

[Translation for Reference and Convenience Purposes Only]

Consolidated financial statements
Consolidated statement of financial position

(Unit: Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Assets		
Current assets		
Cash and cash equivalents	941,460	1,005,334
Trade and other receivables	411,723	476,322
Inventories	667,391	801,377
Income taxes receivable	17,633	62,645
Other financial assets	1,019,469	877,671
Other current assets	133,372	151,056
Subtotal	3,191,048	3,374,405
Assets held for sale	172	—
Total current assets	3,191,220	3,374,405
Non-current assets		
Property, plant and equipment	1,061,846	1,221,752
Intangible assets and goodwill	316,535	265,936
Investment property	21,742	22,839
Investments accounted for using equity method	5,410	5,617
Other financial assets	145,386	192,614
Other non-current assets	243,444	305,931
Deferred tax assets	102,663	103,207
Total non-current assets	1,897,026	2,117,896
Total assets	5,088,246	5,492,301

[Translation for Reference and Convenience Purposes Only]

(Unit: Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	425,778	541,727
Financing liabilities	47,000	47,200
Other financial liabilities	56,747	85,286
Income taxes payable	51,829	7,649
Provisions	194,287	289,983
Other current liabilities	486,822	557,213
Total current liabilities	1,262,463	1,529,058
Non-current liabilities		
Financing liabilities	352,500	337,300
Other financial liabilities	105,263	123,139
Employee benefits	66,661	69,991
Provisions	184,038	191,041
Other non-current liabilities	401,473	459,439
Deferred tax liabilities	140	672
Total non-current liabilities	1,110,075	1,181,582
Total Liabilities	2,372,538	2,710,640
Equity		
Equity attributable to owners of parent		
Capital stock	153,795	153,795
Capital surplus	160,430	160,430
Treasury stock	(4,649)	(4,751)
Retained earnings	2,106,478	2,067,283
Other components of equity	298,463	403,650
Total equity attributable to owners of parent	2,714,517	2,780,407
Non-controlling interests	1,191	1,254
Total equity	2,715,708	2,781,661
Total liabilities and equity	5,088,246	5,492,301

[Translation for Reference and Convenience Purposes Only]

Consolidated statement of income

	(Unit: Millions of yen)	
	For the year ended March 31, 2025	For the year ended March 31, 2026
Revenue	4,685,763	4,784,965
Cost of sales	(3,705,419)	(4,065,478)
Gross profit	980,344	719,487
Selling, general and administrative expenses	(420,738)	(373,610)
Research and development expenses	(142,448)	(169,424)
Other income	4,526	5,798
Other expenses	(16,386)	(142,297)
Share of profit (loss) of investments accounted for using equity method	10	166
Operating profit	405,308	40,120
Finance income	89,969	81,375
Finance costs	(46,770)	(14,026)
Profit before tax	448,507	107,469
Income tax expense	(110,355)	(16,564)
Profit for the year	338,152	90,905
Profit for the year attributable to		
Owners of parent	338,062	90,842
Non-controlling interests	90	63
Profit for the year	338,152	90,905
Profit for the year per share attributable to owners of parent		
Basic (yen)	458.03	125.50
Diluted (yen)	458.00	125.49

[Translation for Reference and Convenience Purposes Only]

Consolidated Financial Statements

Consolidated Statement of Changes in Equity
For the fiscal year ended March 31, 2026

(Unit: Millions of yen)

	Equity attributable to owners of parent						Non-controlling interest s	Total capital
	Capital stock	Capital surplus	Treasury stock	Retained earnings	Other components of equity	Total		
Balance at the beginning of the year	153,795	160,430	(4,649)	2,106,478	298,463	2,714,517	1,191	2,715,708
Comprehensive income								
Profit for the year	—	—	—	90,842	—	90,842	63	90,905
Other comprehensive income (after deduction of tax)	—	—	—	—	115,148	115,148	—	115,148
Comprehensive income total	—	—	—	90,842	115,148	205,990	63	206,053
Transfer to retained earnings	—	—	—	9,961	(9,961)	—	—	—
Transactions with owners								
Dividends paid	—	—	—	(90,387)	—	(90,387)	—	(90,387)
Purchase of treasury stock	—	—	(50,005)	—	—	(50,005)	—	(50,005)
Disposal of treasury stock	—	(46)	338	—	—	292	—	292
Cancellation of treasury stock	—	(49,565)	49,565	—	—	—	—	—
Transfer from retained earnings to capital surplus	—	49,611	—	(49,611)	—	—	—	—
Changes in ownership interest in subsidiaries	—	—	—	—	—	—	—	—
Total transactions with owners	—	—	(102)	(139,998)	—	(140,100)	—	(140,100)
Balance at the end of the year	153,795	160,430	(4,751)	2,067,283	403,650	2,780,407	1,254	2,781,661

[Translation for Reference and Convenience Purposes Only]

Notes to Consolidated Financial Statements

(Basis of Preparing Consolidated Financial Statements)

1. Accounting standards of consolidated financial statements

The Group prepares its consolidated financial statements in conformity with International Financial Reporting Standards (“IFRS”) in accordance with Article 120-1 of the Ordinance of Companies Accounting. The Group omits some disclosure items and notes required by IFRS in accordance with the second sentence of Article 120-1 of the Ordinance of Companies Accounting.

2. The scope of consolidation and application of the equity method

(1) Consolidated subsidiaries: 62

Domestic 39 Fuji Machinery Co., Ltd., Ichitan Co., Ltd., Tokyo Subaru Inc., and 36 others

Overseas 23 Subaru USA Holdings Inc., Subaru of Indiana Automotive, Inc., Subaru of America, Inc., and 20 others

(2) Companies accounted for using the equity method: 6

Domestic 4 Nishino Machine Industries Ltd., and 3 others

Overseas 2 Subaru of Taiwan, Ltd., and 1 company

3. Changes in the scope of consolidation and application of equity method

(1) Consolidated subsidiaries

Added FINGER ONE, LLC

Excluded AOMORI SUBARU MOTORS CO., IWATE SUBARU MOTORS CO., AKITA SUBARU MOTORS CO., YAMAGATA SUBARU CO., FUKUSHIMA SUBARU MOTORS CO., SANIN SUBARU INC, OKAYAMA SUBARU MOTORS CO., YAMAGUCHI SUBARU CO., LTD, HIGASHISHIKOKU SUBARU CO., SHIKOKU SUBARU CO., LTD

(Reason for exclusion)

From the current fiscal year, five sales subsidiaries in the Tohoku region and five sales subsidiaries in the Chugoku-Shikoku region, previously consolidated subsidiaries of the Company, were dissolved through absorption-type mergers, with MIYAGI SUBARU MOTORS CO. and HIROSHIMA SUBARU INC., serving as the surviving companies. Accordingly, these subsidiaries were excluded from the scope of consolidation. In addition, MIYAGI SUBARU MOTORS CO. and HIROSHIMA SUBARU INC., the surviving companies of the mergers, have changed their corporate names to SUBARU TOHOKU CO. and SUBARU CHUSHIKOKU CO. respectively.

(2) Companies accounted for using the equity method

Added -

Excluded -

4. Accounting policies

(1) Financial instruments

1. Valuation standards and methods for financial assets

(i) Initial recognition and measurement

The Group classifies financial assets as financial assets measured at fair value through profit or loss, financial assets measured at fair value through other comprehensive income, or financial assets subsequently measured at amortized cost.

The Group initially recognizes trade receivables on the date when they are originated. All other financial instruments are initially recognized when the Group becomes a party to the contractual provision of the financial instrument.

If financial assets are classified as financial assets measured at fair value through profit or loss, they are initially measured at their fair value, unless they are initially measured at their fair value plus transaction costs that are directly attributable to the transaction of the financial asset. Trade receivables that do not contain a significant financing component are initially measured at the transaction price.

Financial assets are classified as financial assets measured at amortized cost if both of the following conditions are met:

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- A financial asset is held within a business model whose objective is to hold the asset in order to collect the contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Investments in debt instruments are classified as financial assets measured at fair value through other comprehensive income if both of the following conditions are met:

- The financial asset is held within the Group's business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

When any of the above-mentioned conditions is not met for financial assets except for equity instruments, the financial assets are classified as financial assets measured at fair value through profit or loss.

Equity instruments may be designated as financial assets measured at fair value through other comprehensive income on an individual basis, except for equity instruments held for trading purposes. The designation has been applied continuously. Equity instruments that are not designated as such are classified as financial assets measured at fair value through profit or loss.

(ii) Subsequent measurement

Financial assets are subsequently measured based on the classification of the asset as follows.

Financial assets measured at amortized cost are using the effective interest method.

Changes in the fair value of financial assets measured at fair value through profit or loss are recognized in profit or loss.

Changes in the fair value of debt instruments measured at fair value through other comprehensive income are recognized in other comprehensive income, except for interest income, exchange gain and loss, and impairment loss recognized in profit and loss. Gains or losses on derecognition are recognized in profit or loss.

Meanwhile, changes in the fair value of equity instruments measured at fair value through other comprehensive income are recognized in other comprehensive income. The dividend from relevant financial assets is recognized in profit or loss as part of the financial income for the period. The cumulative amount recognized in other comprehensive income is not reclassified to profit or loss but to retained earnings when the financial asset is derecognized, or the fair value of the asset declines significantly.

(iii) Impairment of financial assets

For impairment of financial assets measured at amortized cost, debt instruments measured at fair value through other comprehensive income, lease receivables, and contract assets, expected credit losses are recognized as a loss allowance.

The Group determines, at the end of each reporting period, whether the credit risk on the asset has increased significantly since initial recognition. When the credit risk has not increased significantly since initial recognition, an amount equal to 12-month expected credit losses is measured as the loss allowance. When the credit risk has increased significantly since initial recognition, an amount equal to lifetime expected credit losses is recognized as the loss allowance.

However, for trade receivables, lease receivables and contract assets, the loss allowance is always measured at an amount equal to the lifetime expected credit losses.

Expected credit losses of financial instruments are estimated using the following methods:

- An unbiased and probability-weighted amount determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information about past events, current conditions and forecasts of future economic conditions that is available without undue cost or effort at the reporting date.

The amounts of these measurements are recognized in profit or loss.

If the amount measured as expected credit losses decreases after recognition of impairment loss, the decreased amount is reversed and recognized in profit or loss.

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(iv) Derecognition of financial assets

The Group derecognizes its financial assets only if the contractual rights to receive the cash flows from the financial assets expire, or if the entity transfers substantially all the risks and rewards of ownership of the financial assets.

2. Financial liabilities

(i) Initial recognition and measurement

The Group classifies financial liabilities as either financial liabilities measured at fair value through profit or loss, or financial liabilities measured at amortized costs. The Group determines the classification at initial recognition. The Group recognizes financial liabilities when the Group becomes a party to the contractual provisions of the instruments. All the financial liabilities are initially measured at fair value. However, financial liabilities measured at amortized cost are measured at their fair value less transaction costs that are directly attributable to the transaction.

(ii) Subsequent measurement

Financial liabilities are subsequently measured according to the classification as follows.

Financial liabilities held for trading and derivatives are included in financial liabilities measured at fair value through profit or loss. They are subsequently measured at fair value, and changes in the fair value are recognized in profit or loss for the period.

Financial liabilities measured at amortized cost are subsequently measured at amortized cost using the effective interest method.

Amortization using the effective interest method and gains and losses on derecognition are recognized in profit or loss as part of financial income for the period.

(iii) Derecognition of financial liabilities

The Group derecognizes financial liabilities when they are extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expires.

3. Derivatives and hedge accounting

The Group enters forward exchange contracts to fix cash flows related to the recognized financial assets and liabilities and future transaction. Interest rate swaps are used to fix cash flows of interest payable related to the borrowings. There are no derivatives stated above to which hedge accounting is applied.

(2) Valuation standards and methods for inventories

Inventories are measured at the lower of acquisition cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated cost of completion and estimated selling expenses. The acquisition cost is generally calculated using the cost method based on the moving average method and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

(3) Valuation standards, valuation methods and depreciation methods for property, plant and equipment

Property, plant, and equipment is measured based on the cost model and stated at acquisition cost less accumulated depreciation and impairment losses. The acquisition cost includes costs directly attributable to the acquisition of the asset, costs related to disassembly, retirement and site restoration, as well as borrowing costs to be capitalized.

Depreciation of assets other than land and construction in progress is mainly calculated on the straight-line method over the estimated useful lives of the assets. The estimated useful lives of major assets are as follows;

- Buildings and structures: 2 to 60 years
- Machinery and vehicles: 2 to 20 years
- Tools, furniture and fixtures: 2 to 20 years

The estimated useful lives, residual values, and depreciation methods are reviewed at the end of each fiscal year, and if there are any changes made, those changes are applied prospectively as changes in an accounting estimate.

(4) Valuation standards, valuation methods and amortization methods for intangible assets and goodwill

1. Goodwill

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The Group measures goodwill as the fair value of consideration transferred including the recognized amount of any non-controlling interests in the acquiree at the acquisition date, less the net recognized amount (usually fair value) of the identifiable assets acquired and liabilities assumed at the acquisition date.

Goodwill is not amortized. Instead, it is evaluated for impairment annually and if any indication of potential impairment exists.

Any impairment loss for goodwill is recognized in profit or loss and is not reversed in subsequent periods.

Goodwill is recorded at acquisition cost less any accumulated impairment losses.

2. Capitalized development cost

Expenditures related to research activities in order to gain new scientific and technical knowledge are recognized as expenses as incurred. Development expenditure is capitalized as intangible assets only when the cost can be measured reliably, there is a technical and commercial feasibility of completing the development, it is probable that the outcome will generate a future economic benefit, and the Group has intention, ability and sufficient resources to use or sell the outcome of the development and to complete the development.

The estimated useful lives of capitalized development cost that is amortized using the straight-line method are as follows.

- Capitalized development cost: 2 to 5 years

3. Other intangible assets

The Group applies the cost method in measuring separately acquired intangible assets, which are recorded at acquisition cost at initial recognition.

After initial recognition, intangible assets excluding goodwill are amortized using the straight-line method over their estimated useful lives and are recorded at acquisition cost less accumulated amortization and impairment losses. Estimated useful lives of major intangible assets are as follows. The Group has no intangible assets with indefinite useful lives.

- Software: 2 to 10 years

The estimated useful lives, residual values, and amortization methods are reviewed at the end of each fiscal year, and if there are any changes made, those changes are applied prospectively as changes in accounting estimates.

(5) Valuation standards, valuation methods and depreciation methods for lease assets

At the inception of the lease contract, the Group assesses whether an arrangement is a lease or contains a lease.

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group makes an assessment applying the criteria of IFRS 16.

Lease as a lessee

The Group recognizes a right-of-use asset and a lease liability at the inception of the lease.

A right-of-use asset is measured at acquisition cost at the inception of the lease. After the commencement date, a right-of-use asset is measured by using the cost model at acquisition cost less accumulated depreciation and impairment losses. A right-of-use asset is amortized from the date of inception to the end of estimated useful life of the underlying leased asset if the ownership of the underlying assets is transferred to lessee until the end of the lease term or if acquisition cost of right-of-use asset reflects the exercise of a purchase option. Otherwise, a right-of-use asset is amortized from the date of inception to the earlier of the end of the estimated useful life of the right-of-use asset or the end of the lease term.

A lease liability is measured at the present value of the lease payments that are not paid at the date of inception.

After the commencement date, the carrying amount of the lease liability is increased to reflect interest on the lease liability and decreased the lease payments made. Lease liabilities are re-measured and carrying amounts of right-of-use assets are revised or the change is recognized in profit or loss if the Group reviews lease liabilities or if the modification is not accounted for as a separate lease.

As for short-term leases or leases for which the underlying asset is of low value, the Group applies IFRS 16.5, 6, and recognizes lease payments as an expense using the straight-line method over the lease term.

Lease as a lessor

Lease transactions are classified as finance leases if all the risks and rewards incidental to ownership of underlying assets are substantially transferred, and all other leases are classified as operating leases.

A receivable from customer held under a finance lease is initially recognized at the amount of the gross investment in the lease discounted at the interest rate implicit in the lease and included in Trade and other

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receivables in the consolidated statements of financial position.

An underlying asset subject to an operating lease is recognized in the consolidated statements of financial position, and lease payments from operating leases are recognized as revenue over the lease term.

(6) Investment property

Investment property is held to earn rentals or for benefit from increase in value of the property or both. Investment property is measured by using the cost model and is recorded at acquisition cost less accumulated depreciation and impairment losses. Depreciation of an investment property other than land and construction in progress is recognized on a straight-line basis over the estimated useful lives of the asset. The estimated useful lives of major assets are as follows;

- Buildings and structures: 2 to 50 years

(7) Impairment

At the end of each fiscal year, the Group assesses the carrying amounts of non-financial assets other than inventory and deferred tax assets to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated. Recoverable amounts of goodwill and intangible assets that are not yet ready for use are estimated at the same time every year.

The recoverable amount of an individual asset or cash-generating units is the higher of value in use or fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects the time value of money and the risks specific to the asset. Assets not assessed individually in test of impairment are integrated into the smallest cash-generating unit that generates cash inflows which are largely independent of cash inflows from other assets or a group of assets. Cash generating units of goodwill are determined based on the units managed for the purpose of internal reporting and are within the scope of business segments before aggregation. The goodwill acquired in a business combination is allocated to each of the cash generating units that is expected to benefit from the synergies of the combination.

Corporate assets in the Group do not generate cash inflows independently. If there is any indication that corporate assets may be impaired, the Group performs an impairment test based on the recoverable amount of the cash generating unit to which corporate asset belongs. When the carrying amount of an asset or a cash-generating unit exceeds the recoverable amount, an impairment loss is recognized in profit or loss. An impairment loss for a cash-generating unit is recognized by first reducing the carrying amount of any goodwill allocated to the cash-generating unit, and then reducing proportionally the carrying amount of other assets in the unit.

An impairment loss for goodwill is not reversed. The Group assesses whether there is any indication that an impairment loss recognized in prior years for an asset other than goodwill may no longer exist or may have decreased at the end of each fiscal year. An impairment loss is reversed when there has been a change in the estimates used to determine an asset's recoverable amount. Impairment losses are reversed up to the amount not exceeding the carrying amount (net of depreciation) that would have been determined if no impairment losses had been recognized in prior years.

(8) Employee benefits

1. Short-term employee benefits

For short-term employee benefits including salaries, bonuses and paid annual leave, when the employees render related services, the amounts expected to be paid in exchange for those services are recognized as expenses.

2. Retirement benefit plans

The Group sponsors a defined benefit plan and a defined contribution plan as retirement benefit plans for employees.

(a) Defined contribution plans

For defined contribution plans, when the employees render related services, the contribution payables to the defined contribution plan are recognized as expenses.

(b) Defined benefit plans

The Group has adopted lump-sum payment on retirement and defined benefit pension plans as defined benefit plans. The present value of defined benefit obligations related current service costs and past service costs are determined using the projected unit credit method.

The discount rates are determined by reference to market yields at the end of the reporting period on high quality corporate bonds which have maturities corresponding to the future settlements of benefits in each year.

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The net defined benefit liability (asset) is determined as the present value of the defined benefit obligation less the fair value of the plan assets. Net interest on the net defined benefit liability (asset) is recognized in profit or loss as financial expenses. The Group recognizes the difference arising from remeasurement of present value of the defined benefit obligation and the fair value of the plan asset in other comprehensive income when it is incurred and reclassifies it immediately to retained earnings from other components of equity.

The Group recognizes any past service cost as an expense at the earlier of the following dates.

- (i) when the plan amendment or curtailment occurs; and
- (ii) when related restructuring costs are recognized

(9) Revenue

1. Revenue from contracts with customer

The Group identifies a performance obligation in a contract with a customer and recognizes as revenue the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to the customer. If variable consideration is included in the consideration promised in a contract with a customer, some or all of an amount of variable consideration is included in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

Revenue is recognized at a point in time or over time in accordance with satisfaction of a performance obligation in a contract with a customer.

With regard to revenue from the sale of cars, performance obligations are principally considered to be fulfilled at the time of delivery of the cars, at which point customers obtain control of the cars and revenue is recognized. In addition, revenue is measured at the transaction price promised in contracts with customers, net of discounts rebates, and other consideration payable to customers, including amounts arising from paid supply transactions.

In automobile business, fare-paying extended warranty service is provided for the products as an option in addition to normal warranty. The revenue from the extended warranty service is recognized over time in accordance with the progress of the performance obligation.

2. Revenue from financial lease

When the Group is the manufacturer or dealer lessor, sales revenue, cost of sales and selling profit or loss for a portion identified as sale of products are recognized in profit or loss at the inception of the leases. Finance income from financial leases is recognized based on a pattern reflecting a constant rate of return on the net investment in the lease of the Group.

3. Revenue from operating leases

Revenue from operating leases is recognized on a straight-line basis over the lease term.

4. Interest income

Interest income is recognized using the effective interest method

5. Dividend income

Dividend income is recognized when the right to receive the payment is established.

(10) Provisions

Provisions are recognized when the Group has present legal or constructive obligations as a result of past events, it is probable that outflows of resources embodying economic benefits will be required to settle the obligations, and reliable estimates can be made of the amount of the obligations. Where the effect of the time value of money is material, the amount of a provision is measured at the discounted present value of the estimated future cash flow using a pre-tax rate that reflects the time value of money and the risks specific to the liability. The unwinding of the discount due to the passage of time is recognized as finance costs.

1. Asset retirement obligation

A provision for asset retirement obligation is recognized mainly for the estimated cost of restoring the leased site at the end of the lease term.

2. Provision for product warranties

The Group provides product warranties based on the terms and conditions of warranties granted at the time of

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product sales, as well as free repair services on an individual basis in accordance with the notification to the competent authority.

The coverage of product warranties based on the terms and conditions of warranties is determined by the duration, mileage, cause of defects, and other factors in accordance with the terms and conditions of warranties in each country.

The Group recognize estimated warranty costs for the product warranties when products are sold to customers based on the terms and conditions of warranties. The estimated warranty costs are recorded based on the best estimates of future occurrences, which are based on the past repair experience and past sales volume for the total cost of repairing or replacing parts due to defects occurring within the warranty period.

The estimated expenses related to the warranty items in accordance with notifications to the competent authority are recognized as provision for product warranties when it is probable that outflows of resources embodying economic benefits will be required, and reliable estimates can be made of the amount of the obligations. The estimated expenses are recorded based on the best estimate of the repair cost per unit, which is calculated based on past experience with product defects, and the number of units subject to repair, which is calculated based on past experience with product defects.

3. Provision for losses on construction contracts

The provision for losses on uncompleted construction contracts in the Aerospace segment is recorded when substantial losses on the contracts are anticipated at the fiscal year end and such losses can be reasonably estimated.

4. Provision for environmental measures

The provision for environmental measures is recorded for the estimated expenses for complying with environmental regulations at the end of the fiscal year.

The provision includes expected future outflows of economic benefits to be borne by the Group, arising from the relaxation of environmental regulations and regulatory frameworks following changes in electric vehicles related policies in the United States. The provision is recognized when a present obligation arises from past events as of the reporting date, the related outflows are unavoidable, and the amount can be reliably estimated.

(11) Government grants

Government grants are recognized at fair value when there is a reasonable assurance that the Group will comply with the conditions attaching to them and the grants will be received. Grants related to expenses are recognized as revenue in the same fiscal year as the related expenses are incurred. Grants related to the acquisition of assets are deducted from the cost of acquisition of the respective assets.

Government grants intended to compensate for expenses are recognized in profit or loss as deductions from cost of sales in the same period in which the related expenses are incurred.

(12) Other principle matters for preparation of the consolidated financial statements

1. Unit of amount

Unit of amount is displayed by rounded off.

2. Application of Group Tax Sharing system

Group Tax Sharing system is applied.

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(Revenue recognition)

(1) Disaggregation of revenue

The Group has adopted “IFRS 15 Revenue from Contracts with Customers” and recognizes revenue based on the following five step approach.

- Step 1: Identify the contracts with a customer
- Step 2: Identify the performance obligations in the contracts
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to performance obligations
- Step 5: Recognize revenue when performance obligations are satisfied

The automotive segment is mainly engaged in manufacturing and sales of automobiles as well as providing services such as maintenance.

For sale of vehicles, revenue is recognized primarily at the time of delivery of the product as we consider that upon delivery the customer obtains control of the product and the performance obligation is satisfied. Maintenance and other service revenue are recognized over time. Payment for the sale of a product is generally made within 30 days of the transfer of control of the product to the customer.

The contract with the customer for the sale of the product includes a clause that guarantees that the product complies with the agreed specifications and the Group recognizes the provision for product warranty for the costs related to that warranty. For details of the provision for product warranty, please refer to "(Basis of Preparing Consolidated Financial Statements) 4. Accounting policies (10) Provisions 2. Provision for product warranties".

The aerospace segment has contracts with customers. Revenue from contract construction is recognized based on the progress of performance obligations. The progress is measured by an input method based on the costs incurred. Payments for contracts are generally made in stages based on the contracts with customers.

The Group's business segment is classified into three categories: automotive, aerospace, and others. Revenue is broken down by region based on the location of the customer. The relationship between these disaggregated revenues and the revenue of each reportable segment is as follows:

For the fiscal year ended March 31, 2026

	(Unit: Millions of yen)			
	Automotive	Aerospace	Others *3	Total
Revenue from contracts with customers				
Japan	618,082	71,759	1,493	691,334
North America	3,706,061	69,906	25	3,775,992
Europe	105,787	2	—	105,789
Asia	25,310	—	2	25,312
Others	173,454	—	3	173,457
Total	4,628,694	141,667	1,523	4,771,884
Revenue arising from other sources *2	9,648	—	3,433	13,081
Total	4,638,342	141,667	4,956	4,784,965

(Note)

- 1) The amounts mentioned above reflect elimination of internal transactions.
- 2) Revenue recognized from other sources includes lease revenue of products that are accounted for in accordance with "IFRS 16 Leases", etc.
- 3) Other segment includes real estate leasing business, etc.

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(2) Contract balances

The balances of receivables, contract assets and contract liabilities arising from contracts with customers as of March 31, 2026 is as follows:

	(Unit: Millions of yen)
	As of March 31, 2026
Receivables included in Trade and other receivables	133,362
Contract assets included in Trade and other receivables	33,191
Contract liabilities included in other current liabilities	242,397
Contract liabilities included in other non-current liabilities	412,400

The contract assets mainly relate to the Group's right to the consideration for the work of contracts for aircraft production and periodic repairs in the aerospace business that have been recognized based on measurement of progress. Contract assets are transferred to receivables when all deliveries of such construction are completed. The contract liability mainly relates to advance consideration for extended warranty services and other items in the Automotive business, and to contracts with defense industries in the aerospace business for which revenue is recognized upon completion of aircraft production and periodic repairs.

Of the revenues recognized in the consolidated fiscal year ended March 31, 2026, the amount included in the contract liability balance at the beginning of the consolidated fiscal year was 146,106 million yen. The amount of revenue recognized from performance obligations satisfied (or partially satisfied) in past periods is immaterial.

(3) Transaction price allocated to the remaining performance obligations

Breakdown of the aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) and revenue expected to be recognized for each period are as follows:

There are no significant amounts that are not included in the transaction price among the consideration arising from contracts with customers. In addition, as a practical expedient, transactions whose expected contract periods are equal to or less than one year on an individual basis are not included in the following breakdown calculation.

	(Unit: Millions of yen)
	As of March 31, 2026
Within 1 year	372,106
Over 1 year	918,404
Total	1,290,510

(4) Assets recognized from the costs to obtain or fulfil a contract with a customer

The Group has no material incremental costs incurred to obtain or fulfil a contract with a customer that should be recognized as assets.

(Accounting estimates)

Items for which the amount was recorded in the consolidated financial statements for the current fiscal year based on accounting estimates, and which may have a significant impact on the consolidated financial statements for the following fiscal year, are as follows.

Deferred tax assets	103,207million yen
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Deferred tax assets are recognized to the extent that it is probable that taxable income will be earned against which the future deductible temporary differences can be utilized. Deferred tax liabilities are recognized in principle for all taxable temporary differences.

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The calculation of deferred tax assets may be affected by changes in uncertain economic conditions and other factors, and the timing and amount of actual taxable income may differ from the estimates. This could cause a significant impact on the amount of deferred tax assets in the consolidated financial statements for the following fiscal year.

Provision for product warranties	301,407million yen
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The method of calculating the provision for product warranties and the major assumptions used in the calculation are described in (Basis of Preparing Consolidated Financial Statements), 4. Accounting policies, (10) Provisions, 2. Provision for product warranties.

We believe that we have made sufficient provisions for the warranty costs that we expect to be incurred based on currently available information. However, since the calculation of the provision for product warranties involves the estimate of the warranty costs that would be incurred over multiple years in the future, the actual warranty costs may deviate from the estimates. This could cause the necessity of recording additional provisions for product warranties, and a significant impact on the consolidated financial statements.

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(Consolidated Statements of Financial Position)

1. The allowances for assets are as follows:

The allowance for doubtful trade receivables and other receivables	346million yen
The allowance for doubtful other financial assets (non-current)	368million yen

2. Accumulated depreciation and accumulated impairment losses of property, plant and equipment 1,653,960million yen

3. 7,475 million yen from national subsidies, etc. has been directly deducted from the amount of property, plant and equipment reported on the consolidated balance sheet.

4. Assets pledged as collateral and collateralized loans

(1) Assets pledged as collateral	
Property, plant and equipment:	3,904million yen
(2) Collateralized loans	
Other non-current liabilities:	1,386 million yen

5. Contingent Liabilities

(1) Guarantees provided by the Group to its business partners	
Customers of Subaru Canada Inc.:	22,930million yen
The guarantor company contracted with Subaru of America, Inc.:	11,515million yen
Employees:	1,240million yen
<u>Total</u>	<u>35,685million yen</u>

- (2) Other Contingencies

Based on the modified agreement between the U.S. subsidiary of Takata Co., Ltd. and the National Highway Traffic Safety Administration (NHTSA) of the United States dated May 4, 2016, Notification "Extended schedule of the recalls of airbag inflators manufactured by Takata Co., Ltd." released by the Ministry of Land, Infrastructure, Transport and Tourism (MLIT) of Japan dated May 27, 2016, and recall policies in other regions including China and Australia in consideration of the request by the U.S. and Japanese authorities, expenses for extension of recall for airbag inflators manufactured by Takata are accrued to the extent that the amount can be reasonably estimated. There is a possibility that additional accrual may be required due to events in the future.

6. The unexecuted balance of overdraft facilities and lending commitments at a consolidated subsidiary (Subaru Finance Co., Ltd.) was as follows:

Total overdraft facilities and lending commitments:	5,300million yen
Less amounts currently executed:	1,618million yen
<u>Unexecuted balance</u>	<u>3,682 million yen</u>

7. Inventories and the provision for loss on construction contracts (provision in current liabilities) for which losses are expected are presented in gross amounts without offsetting. Of inventories related to construction contracts for which losses are expected, the amount corresponding to the provision for loss on construction contracts (provision in current liabilities) is 3,310 million yen (all work in process).

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(Consolidated Income Statement)

Loss on U.S. vehicle environmental control

Following the relaxation of vehicle environmental controls in the United States, the Group reviewed the recoverability of its assets and reassessed its outlook for future measures during the current fiscal year, resulting in the recognition as losses on other expenses of 120,574 million yen.

The loss includes impairment losses recognized on environmental credits and development assets related to electric vehicles, for which future economic benefits are no longer expected. These intangible assets are grouped by treating each individual asset as cash-generating units. Given that the assets are not readily saleable and no future cash flows are expected, their recoverable amounts were determined to be zero and losses of 31,986 million yen and 14,306 million yen, respectively, were recognized for the current fiscal year.

In addition, provisions of 74,282 million yen were recognized in the current fiscal year for contracts related to environmental regulatory compliance and the execution of the electrification strategies, to the extent that the unavoidable costs of meeting the obligations under such contracts exceed the expected economic benefits.

The outflow of economic benefits is expected to occur within one year from the end of the current fiscal year.

(Consolidated Statement of Changes in Net Assets)

1. Matters related to the type and total issued and outstanding stock, and type and number of treasury stock

Type of Stock	Number of shares as at beginning of the consolidated fiscal year (shares)	Number of shares increased during the consolidated fiscal year (shares)	Number of shares reduced during the consolidated fiscal year (shares)	Number of shares as at end of the consolidated fiscal year (shares)
Issued shares				
Common stock *1	733,057,473	—	15,722,200	717,335,273
Treasury stock				
Common stock *2	2,023,478	15,724,009	15,840,588	1,906,899

(Note)

1) Decrease of 15,722,200 shares of Common stock was due to cancellation of Treasury Stock.

2) Increase of 15,724,009 shares of Treasury stock was mainly due to purchase of Treasury Stock.

Decrease of 15,840,588 shares of Treasury stock was mainly due to cancellation of Treasury stock.

2. Dividends

(1) Dividend payout

Resolution	Type of stock	Total amount of dividends (yen)	Dividend per share (yen)	Record date	Effective date
'The 94th Ordinary General Meeting of Shareholders on June 25, 2025	Common stock	49,006	67.0	March 31, 2025	June 26, 2025
'The Board of Directors Meeting on November 10, 2025 *	Common stock	41,381	57.0	September 30, 2025	December 10, 2025

[Translation for Reference and Convenience Purposes Only]

(2) Of dividends whose criteria date belongs to the current consolidated fiscal year, those in which the effective date of the dividend is the following consolidated fiscal year

Resolution	Type of stock	Total amount of dividends (yen)	Source for dividend	Dividend per share (yen)	Record date	Effective date
'The 95th Ordinary General Meeting of Shareholders on June 24, 2026	Common stock	41,876	Retained earnings	58.5	March 31, 2026	June 25, 2026

(Financial instruments)

1. Summary of Financial Instruments Status

(1) Risk Management

The Group's business activities are affected by the business environment and the financial market environment. Financial instruments held or assumed during the course of the business activities are subject to inherent risks. The risks include (1) credit risk, (2) market risk and (3) liquidity risk. The Group establishes an internal management system and implements crisis management to minimize the impact on the Group's financial condition and business performance using financial instruments. Specifically, the Group manages those risks according to the following methods.

(2) Credit Risk

Credit risk is the risk that a party to a financial instrument defaults on its contractual obligations and causes a financial loss for the Group. The Group's trade receivables, lease receivables, contract assets and other receivables are exposed to the credit risk of customers and counterparties. Also, bonds and other securities held to manage surplus funds are exposed to the credit risk of the issuers. In addition, Derivative transactions conducted by the Group for the purpose of hedging foreign exchange and interest rate risks as well as banking transactions are exposed to the credit risk of the financial institutions that are counterparties to the transactions.

(3) Market Risk

The Group hedges foreign currency fluctuation risks of trade receivables and payables denominated in foreign currencies that are identified by currency and by month by using, in principle, forward exchange contracts and currency options.

Depending on the exchange rate situation, forward exchange contracts and other transactions are used against the net position of trade receivables and trade payables denominated in foreign currencies for a maximum of six months.

(4) Liquidity Risk

The Group raises funds by borrowings from financial institutions and corporate bonds. The Group is exposed to a risk that the Group would not be able to repay liabilities on the due date in the event of disruptions of financial system and financial markets or a significant reduction of credit rating by rating agencies.

In order to ensure liquidity and stability, the Group has sufficient cash and cash equivalents as well as maintains liquidity that satisfies the level of cash required by entering into commitment line agreements with major financial institutions.

[Translation for Reference and Convenience Purposes Only]

2. Fair Value of Financial Instruments

Amount on the consolidated statement of financial position and fair value on March 31, 2026 are as follows.

(Unit: Millions of yen)

	Amount on the consolidated statement of financial position	Fair Value
Trade and other receivables		
Operating loans	197,268	195,418
Lease receivables	11,355	11,860
Account receivables and other receivables *1	267,699	—
Other financial assets		
Debt instruments measured at fair value	327,852	327,852
Equity instruments	215,558	215,558
Derivatives	72	72
Other *1&*4	526,803	—
Financing liabilities		
Borrowings	305,000	288,664
Bonds	79,500	73,099
Trade and other payables *1	541,727	—
Other financial liabilities		
Derivatives	4,307	4,307
Other *1&*3	38,136	—

(Note)

- 1) Disclosure of fair value is omitted because the fair values approximate their carrying amounts.
- 2) The table does not include cash and cash equivalents due to their fair values approximate their respective carrying amounts.
- 3) Lease liabilities (165,982 million yen on the consolidated statement of financial position) are not included in "Other financial liabilities".
- 4) "Other" included in "Other financial assets" mainly consists of time deposits.

[Translation for Reference and Convenience Purposes Only]

3. Breakdown of fair value of financial instruments by level

(1) Valuation techniques used to calculate fair value

The Group uses a three-level hierarchy system when measuring fair value. The following is a description of the three levels of hierarchy:

Level 1: Quoted prices in active markets for identical assets or liabilities that the Group has the ability to access as of the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly or indirectly

Level 3: Unobservable inputs for the assets or liabilities

(2) Method and assumptions of Fair Value Measurement

The fair values of assets and liabilities are determined based on relevant market information using an appropriate valuation method.

The measurement methods and assumptions used in the measurement of assets and liabilities are as follows:

(Cash and cash equivalents, Trade and other receivables, Trade and other payables)

Cash and cash equivalents, Trade and other receivables, and Trade and other payables are measured at amortized cost. Lease receivables are measured in accordance with "IFRS 16 Leases".

The fair value of operating loans and lease receivables is calculated based on the present value of the receivables discounted by the interest rate, taking into account the maturity period and credit risk, for each receivable classified by a certain period. Therefore, fair value measurements are classified as Level 3 because credit risks are not observable.

The fair values of financial assets other than lease receivables and operating loans approximate their carrying amounts of those financial assets due to their short-term maturities.

(Other debt instruments)

Debt instruments (instruments measured at fair value) consist mainly of government bonds, corporate bonds, investment trust and investments in partnerships, etc.

The fair value of government bonds and investment trust with an active market is measured by using quoted market prices. Fair value measurement for government bonds and investment trust is classified as Level 1.

The fair value of corporate bonds is measured based on the proprietary pricing models provided by financial institutions using observable inputs in the market such as credit ratings and discount rates. Fair value of corporate bonds is classified as Level 2.

The fair value of investments in partnerships is measured based on the estimated fair value of the partnership assets and the Company's shares of such fair value. Fair value measurement for investments in partnerships is classified as Level 3 because it uses unobservable inputs.

Other debt instruments are reported as other financial assets (current) and other financial assets (non-current).

(Equity instruments)

Equity instruments consist mainly of stock.

The fair value of equity instruments with an active market is measured by using quoted market prices.

Fair value measurement for equity instruments with an active market is classified as Level 1.

As a general rule, the fair value of equity instruments with no active market is measured mainly by using the comparable company valuation method and other appropriate valuation methods. Fair value measurement for equity instruments with no active market is classified as Level 3.

Equity instruments are reported as other financial assets (current) or other financial assets (non-current).

Such fair value measurements are conducted in accordance with the Group accounting policy approved by the appropriate person of authority and based upon valuation methods determined by an accountant of the Group.

(Financing liabilities)

Financing liabilities are measured at amortized cost.

The fair value of financing liabilities is measured by discounting future cash flows using interest rates currently available for liabilities of similar terms and remaining maturities. Fair value measurement for financing liabilities is mainly classified as Level 2.

(Derivatives)

Derivatives consist mainly of foreign currency forward exchange contracts, and interest rate swap agreements.

[Translation for Reference and Convenience Purposes Only]

The fair values of derivatives are measured based on observable inputs such as foreign exchange rates and quoted prices obtained from the financial institutions. Fair value measurements for these derivatives are classified as Level 2.

Derivatives are reported as other financial assets (current) or other financial liabilities (current).

(Other financial liabilities)

Other financial liabilities other than derivatives mainly include liabilities related to chargeable subcontracting. Liabilities related to chargeable subcontracting are measured at amortized cost and lease liabilities are measured in accordance with "IFRS 16 Leases".

The fair value of other financial liabilities approximates their carrying amounts.

(3) Financial assets and liabilities recognized in the consolidated statement of financial position at fair value
Financial assets and liabilities recognized in the consolidated statement of financial position at fair value in the current year are as follows.

	(Unit: Millions of yen)			
	Level 1	Level 2	Level 3	Total
Other financial assets				
Financial assets measured at fair value through profit or loss:				
Derivatives	—	72	—	72
Debt instruments	58,206	82	4,292	62,580
Total	58,206	154	4,292	62,652
Financial assets measured at fair value through other comprehensive income:				
Equity instruments	206,645	—	8,913	215,558
Debt instruments	108,295	156,977	—	265,272
Total	314,940	156,977	8,913	480,830
Total	373,146	157,131	13,205	543,482
Other financial liabilities:				
Financial liabilities measured at fair value through profit or loss:				
Derivatives				
Total	—	4,307	—	4,307
	—	4,307	—	4,307

The Group recognizes the transfers between the levels of the fair value hierarchy at the end of the day on which an event or change in conditions that causes the transfer has occurred.

There were no material transfers between the levels.

[Translation for Reference and Convenience Purposes Only]

(4) Reconciliation of financial instruments classified in Level 3

The following is a reconciliation of the beginning to ending balances for Level 3 assets and liabilities measured at fair value on a recurring basis.

	(Unit: Millions of yen)	
	For the fiscal year ended March 31, 2026	
	Equity instruments	Debt instruments
Beginning balance	8,590	3,018
Total gains or losses:		
Profit or loss	—	550
Other comprehensive income	323	—
Purchases	—	724
Sales	—	—
Exchange differences on translating foreign operations	—	—
Ending Balance	8,913	4,292
Unrealized gains or losses included in profit or loss on assets held on March 31, 2026	—	533

(Note)

- 1) Gains or losses included in profit or loss for the consolidated fiscal years ended March 31, 2026 is included in finance income and finance costs in the consolidated statements of income.
- 2) Gains or losses included in other comprehensive income for the consolidated fiscal years ended March 31, 2026 is included in net changes in revaluation of equity instruments designated as measured at fair value through other comprehensive income in the consolidated statements of comprehensive income.
- 3) Unrealized gains and losses on assets held at the end of the current fiscal year included in net gains or losses on debt instruments are included in "Financial income" in the consolidated statement of income.

[Translation for Reference and Convenience Purposes Only]

(5) Financial Assets and Financial Liabilities that are not measured at fair value
The carrying amounts and fair values of financial assets and financial liabilities that are not measured at fair value as of March 31, 2026 is as follows:

	(Unit: Millions of yen)	
	As of March 31, 2026	
	Carrying amount	Fair value
Trade and other receivables		
Operating loans	197,268	195,418
Lease receivables	11,355	11,860
Account receivables and other receivables*1	267,699	—
Other financial asset*1&2	526,803	—
Financing liabilities		
Borrowings	305,000	288,664
Bonds payables	79,500	73,099
Trade and other payables*1	541,727	—
Other financial liabilities*1&3	38,136	—

(Notes)

- 1) Disclosure of fair value is omitted because the fair values approximate their carrying amounts.
- 2) Items disclosed in “(3) Financial Assets and Financial Liabilities that are measured at fair value” are not included.
- 3) Other financial liabilities do not include derivatives of 4,307 million yen and lease liabilities of 165,982 million yen.
- 4) The table does not include cash and cash equivalents due to their fair values approximate their respective carrying amounts.

[Translation for Reference and Convenience Purposes Only]

(Investment property)

1. Summary of investment properties

The Company and certain consolidated subsidiaries own rental office buildings and rental commercial facilities in Saitama prefecture and other locations.

2. Fair Value of Investment property

(Unit: Millions of yen)

Carrying Amount	Fair Value
22,839	40,760

(Notes)

- 1) Carrying amount represents acquisition cost less accumulated depreciation and accumulated impairment losses.
- 2) Fair values of certain main investment and rental properties are estimated by third party real-estate appraisers (including those adjusted internally using indicators and other measures). Fair values of remaining properties are estimated by the Group based principally on land assessment value that are used to calculate property taxes.

(Per Share Information)

1. Net assets per share attributable to owners of parent 3,886.35yen
2. Income per share attributable to owners of parent
 - Basic 125.50yen
 - Diluted 125.49yen

(Significant Subsequent Event)

Acquisition and cancellation of the Company's treasury stock

The Company resolved, at a meeting of its Board of Directors held on May 15, 2026, the matters concerning the acquisition of treasury stock pursuant to the provisions of Article 156 of the Companies Act, as applied by replacing the relevant terms pursuant to the provisions of Article 165, Paragraph 3 and the matters concerning the cancellation of treasury stock in accordance with Article 178 of the Act.

1. Reason for conducting acquisition and cancellation of treasury stock

The company acquires and cancels its treasury stock for the purpose of improving efficiency of its capital structure.

2. Details of the share acquisition

- (1) Type of stock to be acquired: Company's common stock
- (2) Total number of shares to be acquired: 80 million shares (upper limit)
 - Ratio of total number of issued shares (excluding treasury stock): 11.2%
- (3) Total share acquisition cost: 150,000 million yen (upper limit)
- (4) Acquisition period: From May 18, 2026 to March 16, 2027 (Estimated)
- (5) Acquisition method: Purchase on Tokyo Stock Exchange
 - Market purchases based on a discretionary trading contract regarding acquisition of treasury stock.

3. Details of the share cancellation

- (1) Type of stock to be cancelled: Company's common stock
- (2) Total number of shares to be cancelled: 80 million shares
 - (All treasury stock acquired pursuant to 2. above)
- (3) Scheduled date of the cancellation: March 23, 2027

[Translation for Reference and Convenience Purposes Only]

[Reference]

Consolidated statement of cash flows

(Unit: Millions of yen)

	For the year ended March 31, 2025	For the year ended March 31, 2026
Net cash provided by (used in) operating activities	492,136	358,227
Net cash provided by (used in) investing activities	(404,077)	(114,650)
Net cash provided by (used in) financing activities	(187,320)	(217,816)
Effect of exchange rate changes on cash and cash equivalents	(7,279)	38,113
Net increase (decrease) in cash and cash equivalents	(106,540)	63,874
Cash and cash equivalents at beginning of the year	1,048,000	941,460
Cash and cash equivalents at end of the year	941,460	1,005,334

[Translation for Reference and Convenience Purposes Only]

Non-consolidated financial statements
Non-consolidated balance sheet

(Unit: Millions of yen)

	As of March 31, 2025	As of March 31, 2026
ASSETS		
I Current assets		
Cash and deposits	1,427,544	1,254,762
Accounts receivable-trade	301,605	322,667
Securities	19,987	29,978
Merchandise and finished goods	59,896	91,719
Work in process	75,628	88,492
Raw materials and supplies	75,418	94,374
Advance payments-trade	51,974	65,839
Prepaid expenses	8,823	9,315
Short-term loans receivable to subsidiaries and affiliates	55,835	55,943
Current portion of long-term loans receivable from subsidiaries and affiliates	9,000	14,000
Deposits paid	26,506	27,745
Accounts receivable-other	53,639	91,385
Other	55,513	58,490
Total current assets	2,221,368	2,204,709
II Non-current assets		
1. Property, plant and equipment		
Buildings, net	181,334	183,752
Structures, net	22,323	23,989
Machinery and equipment, net	126,208	164,241
Vehicles, net	3,890	4,261
Tools, furniture and fixtures, net	12,220	16,151
Land	83,028	91,373
Construction in progress	61,016	80,459
Other, net	13,017	14,474
Total property, plant and equipment	503,036	578,700
2. Intangible assets		
Software	43,017	44,125
Other	76,943	43,777
Total intangible assets	119,960	87,902
3. Investments and other assets		
Investment securities	8,692	13,088
Stocks of subsidiaries and affiliates	263,951	288,653
Investments in capital of subsidiaries and affiliates	8,723	8,541
Long-term loans receivable	2	1
Long-term loans receivable from subsidiaries and affiliates	49,500	51,500
Claims provable in bankruptcy, claims provable in rehabilitation and other	0	0
Prepaid pension costs	3,192	4,037
Deferred tax assets	101,340	117,417
Other	10,296	36,372
Allowance for doubtful accounts	(5)	(5)
Total investments and other assets	445,691	519,604
Total non-current assets	1,068,687	1,186,206
Total assets	3,290,055	3,390,915

[Translation for Reference and Convenience Purposes Only]

(Unit: Millions of yen)

	As of March 31, 2025	As of March 31, 2026
LIABILITIES		
I Current liabilities		
Notes payable-trade	316	—
Accounts payable-trade	260,430	287,571
Electronically recorded obligations-operating	37,323	30,925
Current portion of long-term loans payable	37,000	40,500
Current portion of bonds payable	10,000	6,700
Lease obligations	3,199	3,419
Accounts payable-other	40,322	22,826
Accrued expenses	77,960	77,231
Income taxes payable	30,201	—
Advances received	45,432	70,187
Deposits received	500,907	646,038
Provision for bonuses	22,206	19,478
Provision for product warranties	92,864	123,759
Provision for vehicle environmental control	14,424	83,743
Provision for loss on construction contracts	22,629	17,543
Provision for environmental measures	17	—
Other	11,826	40,061
Total current liabilities	1,207,056	1,469,981
II Non-current liabilities		
Bonds payable	93,000	72,800
Long-term loans payable	259,500	264,500
Lease obligations	9,314	10,326
Provision for product warranties	123,426	145,947
Provision for vehicle environmental control	45,206	24,519
Asset retirement obligations	16	16
Other	1,841	24,208
Total non-current liabilities	532,303	542,316
Total liabilities	1,739,359	2,012,297
NET ASSETS		
I Shareholders' equity		
Capital stock	153,795	153,795
Capital surplus		
Legal capital surplus	160,071	160,071
Total capital surplus	160,071	160,071
Retained earnings		
Legal retained earnings	7,901	7,901
Other retained earnings		
Reserve for reduction entry of land	1,341	1,323
General reserve	35,335	35,335
Retained earnings brought forward	1,160,467	969,131
Total retained earnings	1,205,044	1,013,690
Treasury stock	(4,649)	(4,751)
Total shareholders' equity	1,514,261	1,322,805
II Valuation and translation adjustments		
Valuation difference on available-for-sale securities	36,435	55,813
Total valuation and translation adjustments	36,435	55,813
Total net assets	1,550,696	1,378,618
Total liabilities and net assets	3,290,055	3,390,915

[Translation for Reference and Convenience Purposes Only]

Non-consolidated statement of income

(Unit: Millions of yen)

	For the year ended March 31, 2025	For the year ended March 31, 2026
I Net sales	2,726,000	2,495,303
II Cost of sales	2,125,648	2,216,254
Gross profit	600,352	279,049
III Selling, general and administrative expenses	321,266	277,598
Operating income	279,086	1,451
IV Non-operating income		
Interest income	51,753	43,063
Interest on securities	25	255
Dividends income	113,603	16,032
Foreign exchange income	—	20,609
Real estate rent	2,616	2,640
Gain on valuation of derivatives	14,384	—
Other	5,133	6,350
Total non-operating income	187,514	88,949
V Non-operating expenses		
Interest expenses	30,744	27,540
Depreciation	4,631	5,381
Foreign exchange losses	32,706	—
Loss on valuation of derivatives	—	6,937
Other	11,811	10,862
Total non-operating expenses	79,892	50,720
Ordinary income	386,708	39,680
VI Extraordinary income		
Gain on extinguishment of tie-in shares	2,821	—
Gain on sale of non-current assets	97	97
Gain on sale of investment securities	9	—
National subsidies	12	343
Total extraordinary income	2,939	440
VII Extraordinary loss		
Loss on sale and retirement of non-current assets	6,828	7,425
Loss on tax purpose reduction entry of non-current assets	12	343
Loss on sale of shares of subsidiaries and associates	2,319	—
Loss on U.S. vehicle environmental controls	—	106,268
Other	33	40
Total extraordinary losses	9,192	114,076
Income (loss) before income taxes	380,455	(73,956)
Total income taxes	55,440	(22,600)
Income tax-current	70,299	2,346
Income taxes-deferred	(14,859)	(24,946)
Net income (loss)	325,015	(51,356)

[Translation for Reference and Convenience Purposes Only]

Non-consolidated Financial Statements

Non-consolidated Statements of Changes in Net Assets
For the fiscal year ended March 31, 2026

(Unit: Millions of yen)

	Shareholders' equity								
	Capital stock	Capital surplus			Legal retained earnings	Retained earnings			
		Legal capital surplus	Other capital surplus	Total capital surplus		Other retained earnings			Total retained earnings
						Provision of reserve for tax purpose reduction entry of land	General reserve	Retained earnings brought forward	
Balance at the beginning of the year	153,795	160,071	—	160,071	7,901	1,341	35,335	1,160,467	1,205,044
Changes of items during the year									
Reversal of reserve for tax purpose reduction entry of land	—	—	—	—	—	(18)	—	18	—
Dividends from surplus	—	—	—	—	—	—	—	(90,387)	(90,387)
Net income (loss)	—	—	—	—	—	—	—	(51,356)	(51,356)
Purchase of treasury stock	—	—	—	—	—	—	—	—	—
Disposal of treasury stock	—	—	(46)	(46)	—	—	—	—	—
Cancellation of treasury stock	—	—	(49,565)	(49,565)	—	—	—	—	—
Transfer from retained earnings to capital surplus	—	—	49,611	49,611	—	—	—	(49,611)	(49,611)
Net changes of items other than shareholders' equity	—	—	—	—	—	—	—	—	—
Total changes of items during the year	—	—	—	—	—	(18)	—	(191,336)	(191,354)
Balance at the end of the year	153,795	160,071	—	160,071	7,901	1,323	35,335	969,131	1,013,690

[Translation for Reference and Convenience Purposes Only]

(Unit: Millions of yen)

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at the beginning of the year	(4,649)	1,514,261	36,435	36,435	1,550,696
Changes of items during the year					
Reversal of reserve for tax purpose reduction entry of land	—	—	—	—	—
Dividends from surplus	—	(90,387)	—	—	(90,387)
Net income (loss)	—	(51,356)	—	—	(51,356)
Purchase of treasury stock	(50,005)	(50,005)	—	—	(50,005)
Disposal of treasury stock	338	292	—	—	292
Cancellation of treasury stock	49,565	—	—	—	—
Transfer to capital surplus from retained earnings	—	—	—	—	—
Net changes of items other than shareholders' equity	—	—	19,378	19,378	19,378
Total changes of items during the year	(102)	(191,456)	19,378	19,378	(172,078)
Balance at the end of the year	(4,751)	1,322,805	55,813	55,813	1,378,618

[Translation for Reference and Convenience Purposes Only]

Notes to Non-consolidated Financial Statements

(Significant accounting policies)

1. Valuation standards and methods for securities

- (1) Held-to-maturity debt securities are stated using the amortized cost method. (straight-line method).
- (2) Shares of subsidiaries and associates are stated at cost, as determined by the moving-average method.
- (3) Available-for-sale securities for which fair values are available:

Fair value method based on the market price etc. at the end of the accounting period

(Unrealized holding gains and losses included as a separate component of net assets until realized; and the cost of sold securities is determined by the moving-average method).

Non-marketable securities: Mainly moving-average cost method.

2. Valuation standards and methods for investments in equity

Moving-average cost method.

In addition, investment in the union is evaluated by taking in the equivalent amount to the ownership in equity based on the latest available financial statements.

3. Valuation standards and methods for derivatives transactions: Fair value method

4. Valuation standards and methods for inventory

- (1) Merchandise and finished goods: Mainly with moving-average cost method.

(Book value on the balance sheet is measured based on the lower of cost or market value.)

- (2) Work in process, raw materials and supplies: Mainly with FIFO cost method.

(Book value on the balance sheet is measured based on the lower of cost or market value.)

5. Depreciation Method of Fixed Assets

- (1) Property, plant and equipment (excluding lease assets): Straight-line method is mainly applied.

Primary period of depreciation are as follows:

Buildings:	8 to 50 years
Structures:	7 to 50 years
Machinery and equipment:	4 to 10 years
Vehicles:	3 to 7 years
Tools, furniture, and fixtures:	2 to 10 years

- (2) Intangible assets (excluding leased assets): Straight-line method is applied.

Computer software used internally by the Company is amortized by the straight-line method over the relevant economic useful lives of 3 or 5 years.

- (3) Leased assets

For leased assets under finance lease transactions in which the ownership is transferred to the lessee:

··· The leased assets are depreciated by the same method as used for other property, plant and equipment owned by the Company.

For leased assets under finance lease transactions in which the ownership is not transferred to the lessee:

··· The leased assets are depreciated by the straight-line method over the leased period and the residual value is zero.

[Translation for Reference and Convenience Purposes Only]

6. Standards for provisions

- (1) Allowance for doubtful accounts ... Allowance for doubtful accounts is provided based on the amount calculated from the historical ratio of bad debt for ordinary receivables, and estimated amounts of uncollectible accounts for specific overdue receivables. Specific allowances are provided for the estimated amounts considered to be unrecoverable after reviewing individual recoverability of certain doubtful accounts such as claims provable in bankruptcy.
- (2) Provision for bonuses ... Employees' bonuses are recognized as expenses for the period in which those are incurred.
- (3) Provision for product warranties ... In order to prepare for future repair costs for products sold, the total of the following amounts has been recorded.
1. According to the terms and conditions of the warranties, estimated cost calculated based on the past experience and the future warranties estimation.
 2. Estimated amount calculated as recall related costs based on notification to the competent authority.
- (4) Provision for vehicle environmental control In provision for expenses to comply with vehicle environmental regulations, the estimated amount to be incurred at the end of the current fiscal year is recorded.
- (5) Provision for loss on construction contracts ... The provision for losses on uncompleted construction of contracts in the Aerospace segment is provided when substantial losses on the contracts are anticipated at the fiscal year end for the next fiscal year and beyond and such losses can be reasonably estimated.
- (6) Provision for environmental measures ... In provision for expenses for the purpose of environmental countermeasure construction, etc, the estimated amount to be incurred at the end of the current fiscal year is recorded
- The provision includes future expenditures to be borne based on environmental regulations and regulatory frameworks. Provisions are recognized when such expenditures give rise to a present obligation resulting from past events, are unavoidable as of the reporting date, and can be reasonably estimated.
- (7) Provision for retirement benefits or prepaid pension costs ... Net defined benefit liability (assets) for employees is provided based on the estimated amounts of projected pension and severance obligation and plan assets at the end of the fiscal year.
1. In determining retirement benefit obligations, the plan's benefit formula is used for attributing expected benefit to periods.
 2. Unrecognized prior service cost is being amortized on the straight-line method over a period (16 years) that is shorter than the average remaining service period of the eligible employees.
 3. Unrecognized net actuarial cost is amortized from the following fiscal year on the straight-line method over a period (16 years) that is shorter than the average remaining service period of the eligible employees.

7. Basis for recognition of revenues and expenses

The Group identifies a performance obligation in a contract with a customer and recognizes as revenue the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to the customer. If variable consideration is included in the consideration promised in a contract with a customer, some or all of an amount of variable consideration is included in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

Revenue is recognized at a point in time or over a certain period in accordance with satisfaction of a performance obligation in a contract with a customer.

In case of the automobile segment, with regard to revenue from the sale of cars, performance obligations are principally considered to be fulfilled at the time of delivery of the cars, at which point customers obtain control of the cars and revenue is recognized. In addition, revenue is measured at the consideration promised in contracts with customers, net of consideration payable to customers arising from consideration-payable transactions.

In case of the aerospace segment, the Company has contracting agreements with a customer. Revenue from construction contracts is recognized based on the progress of performance obligations and the progress is measured by using the input method based on costs incurred and other methods. The payment for contracted work is generally made in stages based on the contract with the customer.

[Translation for Reference and Convenience Purposes Only]

8. Standard for Japanese yen conversion for significant foreign currency-denominated assets or liabilities
Monetary assets and liabilities denominated in foreign currencies are translated into Japanese yen at the exchange rates prevailing at each balance sheet date with the resulting gain or loss included in the statement of income of each period.

9. Other principle matters for preparation of the statements

(1) Method for accounting for retirement benefits

Accounting method for unrecognized actuarial differences and unrecognized prior service costs are different from accounting methods used for these items in the consolidated financial statements.

(2) Unit of amount

Unit of amount is displayed by rounded off.

(3) Application of consolidated taxation system

Group Tax Sharing system is applied.

(Revenue Recognition)

Notes have been omitted since the information that provides the basis for understanding revenue from contracts with customers is presented in the "Notes to Consolidated Financial Statements (Revenue Recognition)".

(Accounting estimates)

Items for which the amount was recorded in the non-consolidated financial statements for the current fiscal year based on accounting estimates, and which may have a significant impact on the non-consolidated financial statements for the following fiscal year, are as follows.

Deferred tax assets	117,417million yen
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Deferred tax assets are recognized based on the estimated timing and amount of taxable income based on future business plans. However, since the calculation of deferred tax assets may be affected by changes in uncertain economic conditions and other factors, and the timing and amount of actual taxable income may differ from the estimates. This could cause a significant impact on the amount of deferred tax assets in the non-consolidated financial statements for the following fiscal year.

Provision for product warranties	269,706million yen
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The Company provides product warranties based on the terms and conditions of warranties granted at the time of product sales, as well as free repair services on an individual basis in accordance with the notification to the competent authorities.

The coverage of product warranties based on the terms and conditions of warranties is determined by the duration, mileage, cause of defects, and other factors in accordance with the terms and conditions of warranties of each country.

The Company recognize estimated warranty costs for the product warranties when the products are sold to customers, based on the terms and conditions of warranties. The estimated warranty costs are recorded based on the best estimates of future occurrences, which are based on the past repair experience and past sales volume for the total cost of repairing or replacing parts due to defects occurring within the warranty period.

The estimated expenses related to the warranty items in accordance with notifications to the competent authority are recognized as provision for product warranties when it is probable that payment will be required, and reasonable estimates can be made of the amount of the obligations. The estimated expenses are recorded based on the best estimate of the repair cost per unit, which is calculated based on past experience with product defects, and the number of units subject to repair, which is calculated based on past experience with product defects.

We believe that we have made sufficient provisions for the warranty costs that we expect to be incurred based on currently available information. However, since the calculation of the provision for product warranties involves the estimate of the warranty costs that would be incurred over multiple years in the future, the actual warranty costs may deviate from the estimates. This could cause the necessity of recording additional provisions for product warranties, and a significant impact on the non-consolidated financial statements.

[Translation for Reference and Convenience Purposes Only]

(Balance Sheet)

1. Accumulated depreciation of property, plant and equipment 736,303 million yen
2. 6,874 million yen from national subsidies, etc. has been directly deducted from the amount of property, plant and equipment reported on the balance sheet.
3. Assets pledged as collateral and secured obligations
There were no assets pledged as collateral at the end of the fiscal year.
In addition, 33 million yen of land has been pledged as collateral for 1,327 million yen of received-guarantee deposited, etc. of affiliates.
4. Monetary claims and obligations to affiliates

Short-term monetary claims to affiliates	342,937	million yen
Short-term monetary obligations to affiliates	723,219	million yen
Long-term monetary claims to affiliates	52,403	million yen
5. Contingent liability
 - (1) Guarantee obligations for transactions with financial institutions related to residual value guarantees under automobile lease agreements, etc.

Subaru of America, Inc.	67,069	million yen
Employees	1,240	million yen
<u>Subaru Kohsan Co., Ltd.</u>	<u>848</u>	<u>million yen</u>
Total	69,157	million yen
 - (2) Other contingent liabilities
Based on the modified agreement between the U.S. subsidiary of Takata Co., Ltd. and the National Highway Traffic Safety Administration (NHTSA) of the United States dated May 4, 2016, Notification “Extended schedule of the recalls of airbag inflators manufactured by Takata Co., Ltd.” released by the Ministry of Land, Infrastructure, Transport and Tourism (MLIT) of Japan dated May 27, 2016, and recall policies in other regions including China and Australia in consideration of the request by the U.S. and Japanese authorities, expenses for extension of recall for airbag inflators manufactured by Takata are accrued to the extent that the amount can be reasonably estimated. There is a possibility that additional accrual may be required due to events in the future.
6. Inventory and the provision for loss on construction contracts for which losses are expected in gross amounts without offsetting. Of the inventory related to construction contracts for which losses are expected, the amount corresponding to provision for loss on construction is 3,310 million yen (all work in process).

[Translation for Reference and Convenience Purposes Only]

(Income Statement)

1. Cost of Sales

"Cost of sales" includes 5,086 million yen of reversal for loss on construction contracts.

2. Transactions with affiliates

Operating Transactions	Net sales	2,055,005million yen
	Purchase amount	570,604million yen
	Other transactions	42,259million yen
Non-Operating Transactions	Income	20,708million yen
	Expenses	27,561million yen

3. Loss on U.S. vehicle environmental control

Following the relaxation of vehicle environmental controls in the United States, the Company reviewed the recoverability of its assets and reassessed its outlook for future measures during the current fiscal year, resulting in the recognition as loss on U.S. vehicle environmental control of 106,268 million yen.

The loss includes impairment losses recognized on environmental credits for which future economic benefits are no longer expected. This intangible asset is grouped at the individual asset level as cash-generating units. Given that the asset is not readily saleable and no future cash flows are expected, its recoverable amount was determined to be zero and loss of 31,986 million yen was recognized during the current fiscal year.

In addition, in light of the easing of environmental regulations, provisions of 74,282 million yen were recognized in the current fiscal year for expected future outflows of economic benefits to be borne by the Company in fulfilling contracts related to environmental regulatory compliance and the execution of the electrification strategies.

(Statement of Changes in Net Assets)

Type and number of treasury stock at the end of the fiscal year

Common stock 1,506,899 shares

[Translation for Reference and Convenience Purposes Only]

(Accounting for Deferred Tax)

1. Main sources of deferred tax assets and liabilities

As of March 31, 2026

(Unit: Millions of yen)

Deferred tax assets	
Provision for product warranties	84,688
Provision for vehicle environmental control	34,102
Impairment loss of fixed assets	12,121
Valuation loss on investment securities	10,233
Amount exceeding the limit for provision for retirement benefits	7,492
Provision for bonuses	6,116
Provision for loss on construction contracts	5,526
Accrued expenses	4,997
Depreciation of fixed assets, etc.	2,539
Inventory	1,332
Carry-forward creditable foreign tax	992
Amount exceeding the limit for allowance for doubtful accounts	837
Deferred expenses	217
Business tax payable	161
Other	5,895
<hr/>	
Subtotal deferred tax assets	177,248
Valuation allowance	(31,068)
<hr/>	
Total deferred tax assets	146,180
Deferred tax liabilities	
Valuation difference on available-for-sale securities	(25,547)
Income taxes receivable	(1,615)
Prepaid pension cost	(955)
Reserve for reduction entry	(606)
Other	(40)
<hr/>	
Total deferred tax liabilities	(28,763)
<hr/>	
Net deferred tax assets	117,417

2. Breakdown of primary items causing the difference between statutory effective tax rate and rate of income taxes after application of accounting for deferred tax

As the Company recorded a loss before income taxes for the current fiscal year, the related note was omitted.

3. The accounting treatment of income taxes, local income taxes and tax effect accounting

The company applied the Group Tax Sharing system. And the company accounts for the accounting treatment and disclosure of income taxes and local income taxes and tax effect accounting in accordance with “Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing system” ASBJ PITF No.42, August 12, 2021).

4. Adjustment of deferred tax assets and deferred tax liabilities due to the change in the income tax rate

In accordance with amendments to tax laws, deferred tax assets and deferred tax liabilities related to temporary differences expected to reverse in the following fiscal year or later have been calculated using a statutory effective tax rate changed from 30.5% to 31.4%. Consequently, deferred tax assets (net of deferred tax liabilities) for the current fiscal year increased by 2,323 million yen, while deferred income taxes decreased by 2,323 million yen.

[Translation for Reference and Convenience Purposes Only]

(Transactions with Related Parties)

1. Parent company and major shareholders, etc.

Status	Name of Company, etc.	Ratio of voting rights holding (held)	Relationship with related party	Contents of transaction	Amount of transaction	Account titles	Balance at the end of the fiscal year
Other related company	TOYOTA MOTOR CORPORATION	(Held) Direct: 21%	Business and capital alliance, Counterparties for the purchase and sales of vehicles Joint development of vehicles	Sales of products, etc.	98,063	Accounts receivable	3,815
						Unearned revenue	36,379
				Purchase of products, etc.	184,882	Accounts payable	41,139

2. Consolidated subsidiaries and related companies, etc.

(Unit: Millions of yen)

Status	Name of Company, etc.	Ratio of voting rights holding (held)	Relationship with related party	Contents of transaction	Amount of transaction	Account titles	Balance at the end of the fiscal year
Subsidiary	Subaru Finance Co., Ltd.	Direct: 100%	Credit and financing related to SUBARU vehicles and leasing and rental of SUBARU vehicles	Loans receivable *1	701,715	Loans receivable	121,443
				Repayment of loans *1	694,607		
Subsidiary	Subaru of America, Inc.	Direct: 100%	Sales of SUBARU vehicles and components; Concurrent appointment of corporate officers	Sales of products, etc.	1,088,641	Accounts receivable	88,758
				Purchase of products	214,435	Accounts payable	11,316
				Acceptance of surplus fund *2	355,375	Deposit	412,585
				Interest expenses	14,442		
			Guarantees *3	67,069			
Subsidiary	Subaru of Indiana Automotive, Inc.	Direct: 100%	Purchasing of production parts for SUBARU vehicles, sales of completed vehicles to Subaru of America, Inc. (SOA) and others; Concurrent appointment of corporate officers	Sales of products	318,423	Accounts receivable	49,265
				Acceptance of surplus fund *2	229,010	Deposit	223,530
				Interest expenses	10,062		
Subsidiary	Subaru Canada Inc.	Direct: 100%	Sales of SUBARU vehicles and components; Concurrent appointment of corporate officers	Sales of products	201,508	Accounts receivable	38,100

[Translation for Reference and Convenience Purposes Only]

Transaction terms and policies for determination of transaction terms

(Note)

- 1) Loans to Subaru Finance Co., Ltd. are determined considering the market rate. No collaterals are received.
- 2) Acceptance of surplus funds is a transaction related to the CMS (Cash Management System) operated by the Group. The transaction amount is the average balance during the term. Interest expenses are determined considering market interest rates.
- 3) Guarantees are provided for obligations related to transactions with financial institution for residual value guarantees under automobile lease agreements of Subaru of America, Inc.

(Per Share Information)

1. Net assets per share	1,925.91 yen
2. Net loss per share	
Basic	(70.91) yen
Diluted	— yen

(Note)

Diluted earnings per share for this fiscal year are not shown even though there are potential shares, because a basic loss per share is reported for the fiscal year.

(Significant subsequent Event)

Acquisition and cancellation of the Company's treasury stock

The Company resolved, at a meeting of its Board of Directors held on May 15, 2026, the matters concerning the acquisition of treasury stock pursuant to the provisions of Article 156 of the Companies Act, as applied by replacing the relevant terms pursuant to the provisions of Article 165, Paragraph 3 and the matters concerning the cancellation of treasury stock in accordance with Article 178 of the Act.

1. Reason for conducting acquisition and cancellation of treasury stock

The company acquires and cancels its treasury stock for the purpose of improving efficiency of its capital structure.

2. Details of the share acquisition

- | | |
|---|---|
| (1) Type of stock to be acquired: | Company's common stock |
| (2) Total number of shares to be acquired: | 80 million shares (upper limit) |
| Ratio of total number of issued shares
(excluding treasury stock): | 11.2% |
| (3) Total share acquisition cost: | 150,000 million yen (upper limit) |
| (4) Acquisition period: | From May 18, 2026 to March 16, 2027 (Estimated) |
| (5) Acquisition method: | Purchase on Tokyo Stock Exchange |
- Market purchases based on a discretionary trading contract regarding acquisition of treasury stock.

3. Details of the share cancellation

- | | |
|---|---|
| (1) Type of stock to be cancelled: | Company's common stock |
| (2) Total number of shares to be cancelled: | 80 million shares
(All treasury stock acquired pursuant to 2. above) |
| (3) Scheduled date of the cancellation: | March 23, 2027 |

Independent Auditor's Report

May 15, 2026

To the Board of Directors of SUBARU CORPORATION:

KPMG AZSA LLC
Tokyo Office, Japan

Kenji Tanaka
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Takashi Hasumi
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Shuji Yasuzaki
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Opinion

We have audited the consolidated financial statements, which comprise the consolidated statement of financial position, the consolidated statement of income, the consolidated statement of changes in equity and the related notes of SUBARU CORPORATION (“the Company”) and its consolidated subsidiaries (collectively referred to as “the Group”), as of March 31, 2026 and for the year from April 1, 2025 to March 31, 2026 in accordance with Article 444-4 of the Companies Act.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position and the results of operations of the Group for the period, for which the consolidated financial statements were prepared, in accordance with the second sentence of Article 120-1 of the Regulation on Corporate Accounting that prescribes some omissions of disclosure items required under International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements of public interest entities in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The other information comprises the business report and its supplementary schedules. Management is responsible for the preparation and presentation of the other information. Corporate auditors and the board of corporate auditors are responsible for overseeing the Directors' performance of their duties with regard to the design, implementation and maintenance of the reporting process for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and Corporate Auditors and the Board of Corporate Auditors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the second sentence of Article 120-1 of the Regulation on Corporate Accounting that prescribes some omissions of disclosure items required under International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with the second sentence of Article 120-1 of the Regulation on Corporate Accounting that prescribes some omissions of disclosure items required under International Financial Reporting Standards.

Corporate auditors and the board of corporate auditors are responsible for overseeing the Directors' performance of their duties with regard to the design, implementation and maintenance of the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with the second sentence of Article 120-1 of the Regulation on Corporate Accounting that prescribes some omissions of disclosure items required under International Financial Reporting Standards, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purpose of the group audit. We remain solely responsible for our audit opinion.

We communicate with corporate auditors and the board of corporate auditors regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide corporate auditors and the board of corporate auditors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

[Translation for Reference and Convenience Purposes Only]

Interest required to be disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Company and its subsidiaries which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Reader of Independent Auditor's Report:

The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Companies Act for the conveniences of the reader.

Independent Auditor's Report

May 15, 2026

To the Board of Directors of SUBARU CORPORATION:

KPMG AZSA LLC
Tokyo Office, Japan

Kenji Tanaka
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Takashi Hasumi
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Shuji Yasuzaki
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Opinion

We have audited the financial statements, which comprise the balance sheet, the statement of income, the statement of changes in net assets and the related notes, and the accompanying supplementary schedules (“the financial statements and the accompanying supplementary schedules”) of SUBARU CORPORATION (“the Company”) as of March 31, 2026 and for the year from April 1, 2025 to March 31, 2026 in accordance with Article 436-2-1 of the Companies Act.

In our opinion, the financial statements and the accompanying supplementary schedules referred to above present fairly, in all material respects, the financial position and the results of operations of the Company for the period, for which the financial statements and the accompanying supplementary schedules were prepared, in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements and the Accompanying Supplementary Schedules* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements of public interest entities in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The other information comprises the business report and its supplementary schedules. Management is responsible for the preparation and presentation of the other information. Corporate auditors and the board of corporate auditors are responsible for overseeing the Directors' performance of their duties with regard to the design, implementation and maintenance of the reporting process for the other information.

Our opinion on the financial statements and the accompanying supplementary schedules does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements and the accompanying supplementary schedules, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the accompanying supplementary schedules or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

[Translation for Reference and Convenience Purposes Only]

Responsibilities of Management and Corporate Auditors and the Board of Corporate Auditors for the Financial Statements and the Accompanying Supplementary Schedules

Management is responsible for the preparation and fair presentation of the financial statements and the accompanying supplementary schedules in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements and the accompanying supplementary schedules that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the accompanying supplementary schedules, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

Corporate auditors and the board of corporate auditors are responsible for overseeing the Directors' performance of their duties with regard to the design, implementation and maintenance of the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements and the Accompanying Supplementary Schedules

Our objectives are to obtain reasonable assurance about whether the financial statements and the accompanying supplementary schedules as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements and the accompanying supplementary schedules.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements and the accompanying supplementary schedules, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the accompanying supplementary schedules or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the financial statements and the accompanying supplementary schedules are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the financial statements and the accompanying supplementary schedules, including the disclosures, and whether the financial statements and the accompanying supplementary schedules represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with corporate auditors and the board of corporate auditors regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide corporate auditors and the board of corporate auditors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

[Translation for Reference and Convenience Purposes Only]

Notes to the Reader of Independent Auditor's Report:

This is an English translation of the Independent Auditor's Report as required by the Companies Act of Japan for the conveniences of the reader.

Audit & Supervisory Board's Report

Audit Report

The Audit & Supervisory Board has prepared this Audit Report by analyzing the Audit Report prepared by the Audit & Supervisory Board Members concerning the performance of duties by the Directors for the 95th fiscal period between April 1, 2025 and March 31, 2026, and report as follows.

1. The Audit & Supervisory Board Members, and the Methods and Contents of Audit by the Audit & Supervisory Board
 - (1) The Audit & Supervisory Board determined the audit policy and allocation of duties, received reports on the status and results of audits from each Audit & Supervisory Board Member, received reports on the status of performance of duties from Directors, etc., and accounting auditors, and requested explanation where necessary.
 - (2) In accordance with the standards for audit by Audit & Supervisory Board Members prescribed by the Audit & Supervisory Board, each Audit & Supervisory Board Member attempted to communicate with the Directors, internal control division and other employees, etc., following the audit policy and allocation of duties, etc., strove to gather information and establish audit environment, and performed the audit using the following methods.
 - (i) Participated in board of Directors' meetings and other important meetings, received reports from the Directors and employees, etc., on the status of performance of their duties, requesting explanations where necessary, inspected important approval documents, etc., and examined the status of the business and assets at the headquarters and major offices. With respect to subsidiaries, the Audit & Supervisory Board Members sought communication and exchange of information with the Directors and corporate auditors, etc., of the subsidiaries, and received reports on business from the subsidiaries where necessary.
 - (ii) With respect to the content of the board of Directors' resolution concerning the establishment of the system prescribed in Article 100, Paragraphs 1 and 3 of the Enforcement Rule for the Company Act as necessary for securing the system to ensure that the performance of duties by the Directors described in the Business report comply with the laws and articles of incorporation and appropriateness of the business of the corporate group comprising of the stock company and its subsidiaries, as well as the status of the system established based on the resolution of the board of Directors' meeting (internal control system), the Corporate Auditors received periodic reports on the status of establishment and operation of such system, requested explanation and stated our opinions where necessary.
 - (iii) We monitored and reviewed that the accounting auditors maintained independence and performed appropriate audits and received reports from the accounting auditors on the status of performance of their duties, and requested explanation where necessary. We also received a notice from the Accounting Auditors that the "system to secure appropriate performance of duties" (matters listed in the Items of Article 131 of Company Calculation Rules) were established in accordance with the "Quality Control Standards for Audit" (October 28, 2005 Business Accounting Council), etc. and requested explanation where necessary.

Based on the above methods, we reviewed the Business Report and its supporting documents, Non-consolidated Financial Statements (Non-consolidated Balance Sheet, Non-consolidated Statements of Comprehensive Income, Non-consolidated Statement of Changes in Net Assets, and Notes to Non-consolidated Financial Statements) and their supporting documents as well as Consolidated Financial Statements (Consolidated Statement of Financial Position, Consolidated Statements of Comprehensive Income, Consolidated Statement of Changes in Equity, and Notes to Consolidated Financial Statements).

2. Audit Results

- (1) Audit Result for the Business Report, etc.
 - (i) The business report and its supporting documents correctly represent the status of the Company in accordance with the laws and the Articles of Incorporation.
 - (ii) There were no unlawful acts or material facts in violation of laws or the Articles of Incorporation in relation to the performance of duties of the Directors.
 - (iii) We acknowledge that the resolutions of the Board of Directors with respect to the internal control system are appropriate. We have found no matters to point out for the description of Business Report and the execution of duties by Directors with respect to the internal control systems.
- (2) Audit Results for the Non-consolidated Financial Statements and Supporting Documents
The methods and results of the audit by the accounting auditors KPMG AZSA LLC were appropriate.
- (3) Audit Results for Consolidated Financial Statements
The methods and results of the audit by the accounting auditors KPMG AZSA LLC were appropriate.

May 15, 2026

SUBARU CORPORATION Audit & Supervisory Board

Standing Audit & Supervisory Board Member	Hiromi Tsutsumi
Standing Audit & Supervisory Board Member	Jinya Shoji
Outside Audit & Supervisory Board Member	Yuri Furusawa
Outside Audit & Supervisory Board Member	Yasumasa Masuda