

## Financial Results for the 3rd Quarter of FYE 2025 Analyst Briefing Q&A

February 7, 2025  
SUBARU CORPORATION

**Q** : Please provide a summary of operating profit for the first nine months of the fiscal year.

**A** : Incentives are on a rising trend as a result of the increasingly competitive environment and persistently high interest rates in the U.S., but things are proceeding more or less according to plan. We recognize that the difference from the consensus is caused mainly by accounting issues, and full-year forecasts reflect the impact of yen depreciation on exchange rates and other factors.

**Q** : What will be the impact on shipments of suspending operations for around six months on one of the two production lines at Yajima Plant? You forecast that retail sales for CY 2025 in the U.S. market will exceed previous-year levels, but do you plan to adjust shipments to other markets? Also, is there any change to future plans for product introductions due to this suspension?

**A** : Annual production capacity per line is approximately 200,000 units, so a suspension of around six months would mean that the capacity falls roughly to 100,000 units. We are currently considering measures to recover the impact by utilizing the capacities of other production lines, but it would be difficult to offset the impact completely. Taking into account the inventory level and the plant operations, we are planning 675,000 units in retail sales for CY 2025 in the U.S. We are still considering retail unit sales forecasts for markets other than the U.S. As for our product introduction schedule, there is no change due to this suspension.

**Q** : How much production capacity does SIA have? Would it be possible to mitigate the impact of suspending operations on one production line of Yajima Plant for six months by increasing production at SIA?

**A** : SIA has production capacity of approximately 400,000 units at maximum output. We will work to minimize the impact by tailoring our response to trends in demand for models that can be manufactured at SIA.

**Q** : What is the reason for planning incentives per vehicle of \$2,250 in the U.S. in the Q4 after an actual figure for the Q3 of \$2,150?

**A** : Given that interest rates have not fallen as we assumed and that there are no signs of easing in the competitive environment, we are planning an additional \$100 per vehicle.

Q : What do you expect for the profitability and unit sales of Forester with next generation HEV in the U.S. market?

A : To narrow the gap in the profitability between HEV and ICE, we will aim to implement appropriate pricing and incentive controls. Because we have not yet launched the product, we plan to finalize unit sales plan for Forester HEV while watching markets trends.

Q : Despite the increasingly competitive environment in the U.S. market, you have kept incentives to lower levels in the industry. Is it feasible to achieve a market share of 5% while still maintaining profitability going forward?

A : Despite the impact of COVID-19 and the semiconductor supply shortage, our sales momentum has been strong, and as of the end of January 2025 we had recorded thirty consecutive months of year-on-year growth. We have not shown a timeline for achieving a market share of 5% in the U.S., but we aim to grow our business while also introducing HEV going forward.

Q : At the previous results meeting, you mentioned that you expected expenses related to environmental regulations to increase by 10 billion yen this fiscal year relative to the previous fiscal year. Based on recent trends, has there been any change in that view? What is the outlook for the next fiscal year and beyond?

A : The provision of allowance for environmental regulations came to approximately 28.8 billion yen last fiscal year. It is not expected to increase significantly this fiscal year. As for the next fiscal year onward, we are currently scrutinizing trends in environmental regulations and their impact going forward.

Q : The change in the shareholder return policy seems to be weighted very heavily toward dividends. Given that once dividends have been increased, it will be very difficult to reduce them again, should we interpret this decision as being based on a high degree of confidence in the future?

A : The business environment is uncertain, but this revised policy incorporates our intention to steadfastly deliver shareholder returns while also strengthening our financial base. Over the past two years we have implemented shareholder returns by combining dividends with share repurchases, but some thought that our position on dividends was difficult to understand. In a new policy, we position dividends as the basis of shareholder returns, based on the premise of aiming for stable and progressive dividends. Because the dividend payout ratio will decline in the event that profitability improves, our policy in such circumstances will be to address this mainly through share repurchases.

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