Financial Results for the 1st Quarter of FYE 2026
Analyst Briefing Q&A

August 7, 2025
SUBARU CORPORATION

Q ：Please provide a summary of Q1 (3 months) results.

A ：The year-on-year increase in production to 247 thousand units contributed to results, together with our success in controlling incentives in the U.S. market to a lower-than-expected $1,750 per vehicle. In addition, about 20% of the vehicles imported into the U.S. from Japan went through customs before the additional tariffs were imposed, so the impact of the additional tariffs was limited.

Q ：Please give us your opinion on the reasonableness of the full-year operating profit forecast of 200.0 billion yen, and the likelihood of you hitting that target.

A ：From the second half onward we will be affected by the production constraints at the Yajima Plant, which will be caused by construction work in preparation for BEV production. In terms of sales, incentives in the U.S. market are trending up for the whole industry, but we will work to control these while keeping an eye on the competitive environment.
Since we announced our results for the previous fiscal year in May, we have been sharing a sense of urgency within the company, and we have worked together as one team to make steady progress on such initiatives as building up sales and production volumes, improving the sales mix, and reducing costs. This fiscal year we plan to launch one new model after the other. We will continue to get a firm hold on opportunities, while working towards achieving our plans.

Q ：What will be the impact on earnings of additional tariff measures in the U.S.?

A ：Assuming that tariffs on automobiles are reduced to 15% on September 1, the full-year impact is projected to be approximately 210.0 billion yen.

Q ：What will be the impact on earnings of the relaxation of environmental regulations in the U.S. market, for this fiscal year and the next?

A ：There is a move towards relaxing environmental regulations, but because the approach to use when accounting for credits has not yet been determined, and for other reasons, we are unable to quantify the positive impacts of regulatory easing at this point in time. If this easing of regulation continues next year, we expect to see a reduction in costs.

Q ：What is your perception of demand in the U.S. market at the moment? Also, how is feedback from the front line of sales, and what is the likelihood of achieving your CY retail sales target?

A ：Demand was volatile in Q1, but overall demand was strong in July and our retail sales results were good. We hope this strength will continue going forward. As for our retail sales forecast for CY 2025, although some temporary production constraints will arise as a result of construction work at the Yajima Plant in preparation for BEV production, we will strive to achieve our target from the beginning of the year, which is unchanged at 675 thousand units.

Q：In response to the relaxation of environmental regulation in the U.S., do you have any intention of increasing HEVs and ICE vehicles as a proportion of sales to improve profitability? Also, is there a risk that BEV-related investments could impact earnings?

A：We launched the Forester HEV in Japan and the U.S. this spring, and in the U.S. the HEV accounted for 30% of total Forester orders, while orders in Japan exceeded our forecast for the whole year. We expect HEV demand to grow further going forward, and we will increase transaxle production capacity to deal with this. Because incentives for HEVs are lower than those for ICE vehicles, we expect higher sales of HEVs to lead to greater control of incentives and so to further increase in profits.

With regard to ICE vehicles, because the highly profitable models of Ascent and Outback have been showing signs of aging, we are at the phase of promoting sell-through by strengthening incentives, and these sales will not be likely to expand in the short term. Recently there has been a move towards the relaxation of environmental regulations, but we are continuing with the development of BEVs with an eye on the possibility that regulations will be strengthened again in the future. On the other hand, at the Yajima Plant, a flexible approach is being taken based on the assumption of mixed production with ICE vehicles, while at the Oizumi Plant, mixed production is also being considered as part of efforts to build a production system aligned with market changes. At this point in time, we do not expect that investments in BEVs will have a significant effect on earnings.

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