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

November 10, 2025
SUBARU CORPORATION

Q：Please provide a summary of results for the first half (6 months).

A：In the domestic market, HEVs contributed to the increase in sales volume. In the U.S., amid a highly competitive environment, we kept incentives at low levels compared to the industry as a whole, and achieved higher sales than for the same period of the previous year. The improvement in price & mixture also contributed to the increase in profit. On the other hand, there was a significant impact from changes in the external environment not only the strengthening of the yen and the deterioration in material cost, etc., but also from the additional tariffs imposed by the U.S. Within that, the impact of additional tariffs for the first half as a whole was 154.4 billion yen, but because nearly all sales in the U.S. during the three-month period of Q2 were subject to the 25% additional tariff, the effect was significant.

Q：What is the cause of the planned difference in the impact of U.S. automotive tariffs in the second half compared to the first half?

A：The automotive tariff was reduced to 15% on September 16, so the effect in the second half is expected to be smaller in relative terms.

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

A：In terms of tariffs, the reduction in the automotive tariff will ease the impact a little in the second half, but there are still many uncertainties at this point in time, including the procedure for tariff deductions for components, and the scope of components affected by steel and aluminum tariffs, so we are monitoring the situation carefully. On the other hand, the recent shift in the exchange rate towards a weaker yen represents an opportunity. Given the impact of production constraints caused by construction at the Yajima Plant, increases in R&D expenses, and the increasingly competitive environment, there is little reason to be optimistic about meeting the 200 billion yen operating profit target, but the entire company will work together as one to get there.

Q：What is the planned timing for the resumption of operations at the Yajima Plant production lines that are currently under construction?　Will operations ramp up immediately to full capacity after the restart?

A：The construction will be completed before the end of the year, and after that we will begin trial production of BEVs. We will ramp only after confirming that there are no problems in production and other processes, and that we can manufacture to a normal cycle.

Q：What is your view on overall demand for the U.S. market and the state of retail sales recently?

A：There have been differences in how individual companies have used incentives and other sales policies in response to the impact of additional U.S. tariffs, etc., from the second quarter onward. We increased incentives a little from September onward, but we have kept them at low levels compared to the industry as a whole. We expect this situation to continue in the second half, but overall demand should remain relatively firm, and we continue to see strong demand for SUBARU. We will continue to observe the situation closely.

Q：What do you expect the breakdown by powertrain to look like by 2030?

A：We are jointly developing four BEV models with Toyota, and continuing on from the Solterra, which we have already launched into the market, we will gradually release the remaining three. In addition, we are working on the development of our own BEV, which will be an important pillar of our electrification strategy going forward. On the other hand, as well as working to optimize the cost and functionality of ICE products, we are moving forward with the development of new engines designed with a focus on compatibility with HEV systems. To prepare for the future, we will steadily nurture both ICE and BEV power sources.

Q：What are your perspective on E/E architecture? Also, while the long-term premise that BEVs will remain the core of your strategy is unchanged, you are advancing R&D for next-generation ICE/HEV models in order to expand your product lineup in response to diverse customer needs, but this is likely to increase the burden imposed by development. Please share with us any details of initiatives that you are implementing to enhance development efficiency.

A：We believe that the E/E architecture just announced will be a key driver of our future success. As well as relentlessly refining the basic functionality of driving, turning and stopping, we will achieve integrated vehicle motion management by linking and coordinating our strengths in ADAS, centered on Eyesight. We believe this is the path to victory. As for the burden of development, we will commit management resources in our areas of strength to create technology through internal development. The results thus generated will be commonalized for use in both BEV and ICE vehicles, raising development efficiency.

Q：An expansion in the number of models will be a critical element part of achieving your target of global sales of 1.2+ million by the early 2030s. Please give us some additional information on product concepts, timelines, and targeted segments.

A：Our current product lineup consists primarily of SUVs in the C/D segments, but we are exploring from various perspectives whether we should broaden the range of models or whether we should broaden the range of prices. The C/D segments represent a very large market in the U.S., and we believe that there are still areas within those segments that we have not yet entered. For example, we see the possibility of capturing further volume by offering models with different body styles, entry-level models at lower prices, and premium models offering advanced features. Basically, our intention is to accelerate expansion from the second half of the 2020s, and complete this by the first half of the 2030s in order to establish a production scale of 1.2 million units.

Q ：What initiatives do you have for the value chain as a whole in relation to expanding profitability going forward?

A ：When the number of vehicles in operation increases as a result of growth in unit sales, this leads to growth in value chain profit. Also, the trend for the automotive industry as a whole is toward steadily capturing peripheral profits in areas other than the sale of new cars, and we too are taking steps in that direction. As a means of achieving this, we have established a lineup of accessories under the STI and Wilderness brands to prevent profits from flowing outside the Group. Moreover, many of our customers own their vehicles for long periods of time, but we believe there is significant potential to provide a variety of services during that ownership period. For example, we want to leverage the strong connection between customers and dealers, which of course includes software updates after purchase, to provide dealer-exclusive services, such as hardware updates.

Q ：Please share details and plans for your cost innovation initiatives.

A ：Basically, our primary objective is to reduce direct material costs. We believe the key point in terms of achieving dramatic innovation in the cost structure will be steadily incorporating initiatives to reduce costs right from the planning stage of the new platform development and vehicle development in which we are currently engaged. For cost reductions, it is more effective to work on the system as a whole rather than at the level of individual components. We are conducting trials to adopt simpler systems that maintain the same level of functionality, as well as cooperation with suppliers to achieve this. We will also incorporate the results of BEV development that we have generated over the past two years. I hope you will understand that the effects of these cost-reduction initiatives will emerge as we expand the number of models going forward.

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