Financial Results for the 3rd Quarter of FYE 2026
Analyst Briefing Q&A

February 6, 2026
SUBARU CORPORATION

Q ：What is your assessment of operating profit in Q3 (three months), and what was the background to the downward revisions to forecasts for the full year?

A ：In the third quarter we saw an intensification of the competitive environment, with demand for the key U.S. market as a whole falling below previous-year levels and sales incentives rising across the industry, but we controlled sales incentives to $2,100 per unit, down $50 Y/Y, and achieved a certain level of results while maintaining the brand that is SUBARU's strength. On the other hand, there was a negative impact on profit of about 60.0 billion yen caused by special factors: the increased impact of additional tariffs in the U.S., the impairment of environmental regulation credits held following the proposed changes to U.S. environmental regulations, and the weakening of the yen towards the end of the fiscal year.
With regard to full-year forecasts, although we worked together as a team to achieve the initial operating profit target of 200.0 billion yen despite the remaining uncertainties in the business environment, after factoring in the greater-than-expected increase in special factors in the third quarter, we issued a revision. With regard to the outlook for the next fiscal year, the absence of those special factors will present a significant opportunity, and an increase in profits is expected.

Q ：What is the outlook of the profit for the next fiscal year? How do tariffs and costs related to environmental regulations impact the profit?

A ：The impact of tariffs, during the period when a 27.5% tariff was imposed on completed vehicles this fiscal year, was about 110.0 billion yen. However, assuming that the tariff will be 15% next fiscal year, the impact is expected to be roughly halved.
As a current estimate of costs related to environmental regulation for next year, it is expected to be significantly lower than this year's projected 45.0 billion yen. On the production and sales side, since construction at the Yajima Plant for in-house BEV production has been completed, both production and sales volumes are expected to increase next fiscal year.
In terms of risks, although at this point in time there has been no impact on production, we are concerned about increases in semiconductor procurement costs. In addition, the prices of precious metals are currently falling, but we have to watch carefully because there is a risk that they could go up sharply in the future.

Q ：Why does your shipment plan for the fourth quarter show such a significant increase? Is this the effect of the transfer of production sites for the new Outback and Forester in Japan and the U.S.? Also, what do you expect from retail sales trends from February onward?

A ：Taking into account that completion of construction at the Yajima Plant for in-house BEV production and the beginning of production of the Forester, which has been transferred from Japan to our SIA plant in the U.S., we are forecasting an increase in production and shipments in the fourth quarter. In terms of retail sales in the U.S., we expect a contribution from the introduction of the new Outback. Although the competitive environment is challenging, we will work to capture demand while exerting appropriate control of sales incentives.

Q ：What are the objectives and expected effects of swapping production locations for Forester and Outback in Japan and the U.S.?

A ：We made a decision on this swapping of production location after considering how to operate our five production lines in Japan and the U.S. most efficiently. Because the Forester shares many parts with the Crosstrek that is already in production at SIA, we expect there to be efficiency and quality advantages to manufacturing the two models on the same site. By manufacturing the Outback in Japan, we are building a globally optimized production system that takes into account trends in demand, and other factors.

Q ：What is the outlook for retail sales in the U.S. market in 2026?

A ：In 2026, we are aiming to achieve a market share of 4.2% compared to the 3.9% of 2025. We are starting to see signs of caution in the purchasing behavior of customers against the backdrop of uncertainty about the U.S. economy, so affordability is becoming increasingly important. In addition, the trend of customers requesting financial support is getting stronger even among those segments that have cash reserves. As for ourselves, Crosstrek and Forester have been ranked highly by external bodies. With the addition of the Outback, which will have a full-fledged launch in the near future, we will have an attractive product lineup to propose to customers. Going forward, we will continue to raise brand value through customer-oriented marketing, maintain the soundness of the business by controlling sales incentives even in a challenging business environment, and aim to hit our market share targets for 2026.

Q ：What is sales momentum like for HEVs?

A ：About 30% of total unit sales for the Forester in the U.S. were HEVs, but in the most recent month that has reached about 50%. In January, the Forester was ranked in the top ten in the U.S. SUV category, which we take to mean that HEV sales made a significant contribution.

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