Financial Results for FYE 2026
Analyst Briefing Q&A

May 15, 2026
SUBARU CORPORATION

Q：Please provide a breakdown of the 150.0 billion yen decrease in major expenses included in the operating profit forecast for FYE2027, an overview of what has been incorporated in terms of the impact of the situation in the Middle East, as well as the key risks and opportunities in achieving the forecast.

A：In terms of the major expenses driving that reduction, they include BEV-related expenses of 57.8 billion yen, U.S. tariff impacts of 62.0 billion yen, and environmental-related costs of 30.0 billion yen. BEV-related expenses and environmental-related costs peaked in the previous fiscal year, and we understand that they have now been largely recognized. These expenses will decline this fiscal year. The negative impact of the Middle East situation is expected to be slightly more than 20.0 billion yen, which has already been incorporated into the 130.0 billion yen negative impact from raw material costs and market conditions. The risk factors are raw material costs and a deterioration in market conditions, but the negative impact of 130.0 billion yen is calculated on the assumption that current cost levels and market conditions will continue throughout the fiscal year. On the other hand, opportunities include improvements in profitability of vehicle sales and cost innovation initiatives (Cost Innovation 20-30), as well as growth in value chain profit. From this fiscal year, we will start reflecting the positive outcomes of the measures described in SUBARU Management Policy 2025 in our results.

Q：Why is the impact of raw material costs and market conditions in the FYE2027 forecast at a higher level compared with other companies?

A：Part of this reflects the assumption that the current elevated price levels will continue throughout the year, and that is making the impact look larger. Also, the 130.0 billion yen in raw material costs and market conditions includes not only the impact of higher market prices for precious metals, naphtha, copper, aluminum, and steel, but also increases in supplier labor costs, foreign exchange impacts at the time of procurement, and higher logistics costs. So there is 50 to 60 billion yen of impact coming from factors other than raw materials. Taking all of that into account, we do not perceive the overall level as unusual.

Q：I would like to hear your assessment of the sales situation in the U.S. market and the momentum toward achieving your target market share of 4.2% in CY 2026.

A：Customers who buy Subaru vehicles tend not to be significantly affected by changes in the economic environment, and demand has been resilient. On the other hand, incentive-based competition in the U.S. market is becoming increasingly intense against the backdrop of ongoing inflation and interest rates remaining at high levels, and we heve been affected to some extent. Despite this environment, we are aiming to achieve a market share of 4.2% in CY 2026. We have also made this the year for building a foundation on which to achieve a market share of 5% over the medium to long term, and annual sales of 800,000 units. In terms of momentum, the response from customers to the new models that we launched last fiscal year has been very strong, and we will convert this steadily into sales. While rolling out such measures as "Love Promise," we are also making solid progress with initiatives to expand sales, and we believe we are well positioned to achieve our targets. We will respond flexibly to incentives by monitoring competitor trends and maintaining an appropriate balance with pricing, with the aim of achieve both volume growth and profitability.

Q ：Is there potential to further maximize profitability by revising regional allocation?

A ：We recognize that allocations aimed at maximizing both unit sales and profitability are important. It is precisely because Subaru is the scale that it is that we can execute such strategies nimbly and quickly. This is one of our strengths, and we will continue to pursue it. As part of this effort, we have restructured our sales organization and integrated the previous regional framework, putting in place a structure that enables more agile operations. We are also leveraging the strengths of our mixed-model production by flexibly revising models, grades, specifications, and destination markets on a monthly basis.

Q ：I would like to know more about the backdrop to reallocating resources to ICE/HEV models while maintaining total growth investments at 1.2 trillion yen.

A ：Over the medium to long term, there has been no change in our view that BEVs are an important option for achieving carbon neutrality. Although we have seen some changes in BEV demand recently, we will maintain a certain level of development resources for core technologies such as batteries and e-Axles with a view to future demand growth. Based on this, we are reallocating resources to ICE/HEV models. ICE/HEV models are an important driver of sustainable growth, and we will allocate an appropriate level of resources to enhance development quality and expand the model lineup.

Q ：What impact will this reallocation of resources to ICE/HEV models have on development going forward?

A ：In addition to reallocating resources, by leveraging to ICE/HEV models the technology assets and development processes cultivated during BEV development, we aim to raise development efficiency and expand the model lineup.

Q ：I would like to ask about factors behind the deterioration of sales volume & mixture in the profit forecast for this fiscal year, as well as your approach to improving profits going forward.

A ：We will steadily execute a variety of measures, to maximize profit. The competitive environment in the U.S. market is becoming increasingly intense against the backdrop of ongoing inflation and high interest rates, but we will address this by emphasizing our brand. The deterioration in sales volume & mixture is based on a policy of controlling incentives while making steady progress in sales, without assuming a significant increase in unit sales. Also, mixed-model production is just about to start on the BEV production line, and production is expected to reach full capacity by the end of this fiscal year, which constrains our ability to expand production. We will work to increase unit profit by improving the mix, including by expanding the production of high value-added models.

Q：Please explain the background to the share repurchase announced today, and also the impact of significant changes in environmental regulations and other positive factors on your approach to share repurchases and cash allocation.

A：We decided to implement the share repurchase not only to improve capital efficiency ,but also to meet the expectations of shareholders and investors in achieving "industry-leading profitability" and "ROE of 10% or higher" toward 2030. Share repurchases are based on a comprehensive assessment of cash levels, business performance, investment plans, market conditions, and other factors. Please note that the definition of net cash as "net cash equivalent to 2.5 months of revenue" includes time deposits.

Q：Please share with us the path to raising operating profit to 400 billion yen or more over the medium term, and which of the measures announced in SUBARU Management Policy 2025 do you expect to contribute in the near term.

A：In SUBARU Management Policy 2025, we outlined three key initiatives to adress tariff impacts; (1) expanding sales through new product offerings, (2) Cost Innovation 20-30, and (3) growth in value chain profit. To address profit contribution in the short-term, we are pushing forward with Cost Innovation 20-30 ahead of schedule. Originally, the main thrust was to incorporate cost reduction strategies at the initial stages of new product development, but in order to achieve profit contributions more quickly the entire company is working on cost reduction efforts for vehicles in mass production. Specifically, through Ease of Production (EP) activities aimed at enhancing productivity among our suppliers, we will work to improve such issues as manufacturability, large numbers of products, and excess quality, and to link these improvements to cost reduction. In terms of growth in value chain profit, as well as expanding accessories-related revenues, we are taking steps to expand the platform for connected services, mainly in the U.S. and implementing measures to increase subscription-based revenue. We are also working to provide new value through the utilization of customer vehicle data, and the profit contribution from such initiatives has been factored into forecast for this fiscal year.

Q：What is the outlook for growth in value chain profit, and when do you expect to see step-change growth?

A：Our basic approach is to steadily build up value chain profit on an ongoing basis, aiming at increases of around 15 billion yen per year. Recently, we have been making progress with connected services, mainly in the U.S. market, and we are advancing initiatives to grow subscription income. Going forward, as next-generation products are introduced from the latter half of the 2020s into the 2030s, we expect further growth in profit. For this fiscal year, we expect that the increase in profit will be driven mainly by accessories and related products.

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