Financial results 2Q FY2026
Questions and answers in the briefing session for analysts

November 10, 2026
Suzuki Motor Corporation

(Consolidated financial results and forecast)

Q1: How do you evaluate your business performance in 2Q (July-September), and were there any one-time factors?

A. At the operating profit level, there were no significant one-time factors in 2Q comparable to the ¥12.8 billion gain on the sale of the SMT plant recorded in 1Q. On the non-operating side, however, we recorded valuation losses of just under ¥10 billion on TB Investment Limited Partnership and over ¥20 billion on marketable securities held by Maruti Suzuki.

Second-quarter operating profit declined by ¥0.8 billion year-on-year, mainly due to a larger impact from rising raw material prices, which increased to negative ¥88.6 billion. Despite this, we limited the decline through lower sales incentives in India and an improved sales mix driven by new product launches.

Q2: What assumptions have been made for raw material price impacts in 2Q, and how is the impact divided between Suzuki and Maruti Suzuki?

A. We have revised the full-year impact of raw material price increases to negative ¥270 billion. With negative ¥151 billion already recorded in the first half, we assume approximately negative ¥120 billion in the second half.

Of the full-year impact, around 30% relates to steel, aluminum, and resins used in vehicle production, while precious metals account for about 10%. Tight supply-demand conditions for copper, driven partly by increased AI-related investments, are also contributing factors. Approximately 10% represents foreign exchange impacts on procured parts purchased by our suppliers in India. Semiconductor-related impacts remain limited. The reduction in the second-half impact compared with the first half is mainly due to an expected moderation in year-on-year increases in precious metal prices.

Of the negative ¥151 billion impact in the first half, Suzuki accounted for negative ¥30.9 billion and Maruti Suzuki for negative ¥112.2 billion. Visibility for the second half remains limited, and there is still a possibility of further upside risk in raw material costs. We believe the uncertain raw material environment is likely to continue for at least the next two years, making rapid adaptation to change increasingly important.

Q3: What is your approach to price increases amid rising raw material costs?

A. We do not intend to pass on higher raw material costs through price increases alone. Our first priority is to improve profitability through cost reduction efforts and by enhancing customer satisfaction through better sales communication and services. We will then carefully assess market conditions and gradually pass on a portion of higher costs to customers at acceptable levels.

In India, we implemented cumulative price increases of approximately 1% in June, August, and September in order not to disrupt sales momentum following the GST revision. At the same time, we are working on reducing material usage and utilizing alternative materials, aiming to strengthen profitability through both price optimization and efficiency improvements.

Q4: What were the main factors behind the increase in fixed costs? Also, what was the impact of the earthquake near the Chita Peninsula?

A. Of the ¥36.6 billion increase in fixed costs during the first half, labor costs accounted for negative ¥20.4 billion. In addition, quality-related expenses, including recall costs for Spacia and Hustler incurred in the second quarter, increased by negative ¥11.9 billion.

Other factors included negative ¥16.4 billion in costs associated with the launch of new production lines in India during the 2Q. However, these were largely offset by lower standalone Suzuki expenses and the ¥12.8 billion gain on the sale of the SMT plant recorded in the 1Q.

As for the earthquake that occurred near the Chita Peninsula in the early hours of November 8, there has been no impact on Suzuki or its suppliers, and production operations continue as normal.

(India Automobile business)

Q5: What are the latest demand trends and sales outlook for the Indian market?

A. The Indian passenger vehicle market grew 28% year-on-year in the first half and continues to show strong momentum. Growth has been slightly stronger in rural areas than in urban areas, while SUVs remain the fastest-growing segment.

Against this backdrop, Maruti Suzuki's sales increased significantly to 535 thousand units in the 1Q (133% year-on-year) and 565 thousand units in the 2Q (138% year-on-year). Growth has been supported by the new Victoris SUV launched in September last year and increased production capacity from the Kharkhoda plant. The first and second production lines at Kharkhoda are now operational and producing SUVs, contributing to an expansion of our market share in the SUV market, which had previously been a challenge. We expect these demand trends to continue.

At the same time, we will continue to closely monitor the potential impact of insufficient rainfall caused by El Niño on rural demand during the winter season and beyond.

Q6: How do you view actual demand conditions in India and the current order backlog?

A. As of the end of October, order backlog stood at 245 thousand units, up 38% year-on-year, while dealer inventory declined to 12 days from 19 days a year earlier.

Some market observers point to a slowdown in retail demand based on vehicle registration data. However, we believe this is largely due to differences in the timing of Diwali between last year and this year. Last year, Diwali fell in October, concentrating retail sales in that month, whereas this year Diwali was on November 7, resulting in sales being spread over a longer period. As a result, demand may appear weaker when viewed over a limited time frame. We continue to view underlying demand as solid.

Q7: What are the competitiveness and profitability of CNG vehicles?

A. Compared with gasoline vehicles, CNG vehicles offer approximately 30% lower running costs due to both lower fuel prices and better fuel efficiency. We expanded our CNG lineup ahead of competitors, which has contributed to our strong market share.

We are also enhancing product competitiveness through measures such as underfloor CNG tank packaging and the introduction of automatic transmission variants. Profitability of CNG vehicles is higher than that of conventional gasoline vehicles.

Q8: How much room remains for future production expansion, and how do you view supply capacity? What options do you have if production volumes cannot be increased and market share declines?

A. Our priority is to secure stable production within existing capacity while maintaining quality and safety. Some suppliers are currently operating 24 hours a day, seven days a week, but our immediate objective is to establish a sustainable operating structure, including 24-hour, six-day operations this year and approximately 20-hour, six-day operations next year, while building a production system capable of supporting annual output of 2.9 million units.

Rather than pursuing volume growth at the expense of quality, we are focused on developing human resources and strengthening operational foundations to support sustainable capacity expansion.

Looking further ahead, we will consider additional production lines at the Kharkhoda plant and a new plant in Gujarat. However, our approach remains one of phased growth with quality and safety as top priorities. We believe it may be necessary to accept temporary periods of consolidation in production growth as part of building a robust manufacturing base. In the short term, we may also adjust export volumes if necessary. We are not pursuing market share for its own sake but are committed to steady and sustainable growth.

Q9: Operating margin in India has declined from around 8% last fiscal year to the 5% range this fiscal year. How do you plan to restore profitability?

A. In response to rising raw material costs, we have implemented cumulative price increases of approximately 1% during the first half and believe additional measures may be required in the second half.

However, relying solely on price increases would take time. Therefore, we aim to improve profitability more quickly by combining price actions with initiatives consistent with Suzuki's "Sho-Sho-Kei-Tan-Bi (Smaller, Fewer, Lighter, Shorter, and Beauty)" philosophy, including reducing material usage and improving fixed-cost absorption through higher production and sales volumes.

(Others)

Q10: What opportunities do you see in value-chain earnings?

A. Until now, value-chain initiatives have largely been managed independently by each country operation. To systematically organize Suzuki's approach to services and value-chain businesses and strengthen global competitiveness, we established the Global Financial Services Division in

April 2026. We are also building the organization by recruiting personnel with expertise in financial services.

Our objective is not only to support new vehicle sales but also to enhance convenience and peace of mind throughout the ownership experience, thereby improving customer retention and vehicle replacement purchases.

Currently, business models vary significantly by country depending on historical and dealer network characteristics. For example, in Indonesia we support financing directly through a captive finance company, while in India we provide financial services through partnerships with approximately 50 financial institutions. In the used-car business, Maruti Suzuki operates under the “True Value” brand.

Going forward, we will develop the optimal combination of value-chain businesses in each market based on local business practices and historical backgrounds, rather than imposing a uniform model globally. We expect tangible results to begin emerging around next fiscal year.

As discussed in our medium-term management plan, enhancing profitability across the entire value chain is a key priority. Looking toward 2030 and beyond, we aim to develop the value chain into a major earnings pillar. While we are not disclosing numerical targets at this stage, we intend to provide further details once preparations have been completed.

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