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Analyst Session for FY25 Q3 Financial Results
Q&A

Date/Time : February 12, 2026, 19:00-19:45

Speakers :

Ivan Espinosa, Representative Executive Officer, President & CEO

Jeremie Papin, Executive Officer, CFO

Questions and Answers

Question 1:
Regarding the full-year net income forecast, it shows a large net loss. Could you explain what assumptions are included in this forecast?

Answer1:
Papin
For the fourth quarter net loss outlook, we announced that full-year operating profit would decline to ¥60 billion, which implies an operating loss of ¥50 billion in Q4. Non-operating items will result in approximately ¥30 billion in non-operating expenses, including higher financing costs, negative foreign exchange effects, particularly from derivatives. In addition, Q4 typically includes seasonal tax adjustments. Last year this amounted to about ¥160 billion, and this year we expect tax-related expenses in the triple-digit billion yen range. We also factored in costs related to Re:Nissan. Altogether, we expect a net loss of ¥400 billion in Q4. Most impairment losses associated with structural reforms are expected to be recognized in FY2025.

Question 2:
In the revised full-year forecast, incentives/pricing deteriorated by ¥57 billion versus the previous outlook. What are the main drivers?

Answer2:
Espinosa
In the U.S., we are taking measures aligned with market trends, including the launch of "Nissan One" to strengthen dealer engagement. This has increased spending, but momentum is building. Our retail-first strategy is working, and fleet volumes will be gradually reduced. Cost management remains essential.

Papin

We decided to increase marketing spending in Q4, which affects incentives and pricing actions. The increase is not only from incentives but also from higher marketing expenses, including in Japan and the U.S. As for incentives, the main increase from the previous outlook is in Mexico. We continue to be the market leader there, and it is one of our most profitable markets. We are allocating more Mexico-produced vehicles to the local market rather than exporting them to the U.S., which results in slightly higher incentives.

Question 3:

Beyond the Rogue, what is your hybrid strategy for the U.S. market?

Answer 3:

Espinosa

After the Rogue, we plan to refresh our upper-segment models (C-segment and above). These models will be produced in the U.S., avoiding tariff impacts and enhancing competitiveness.

Question 4:

Your initial target for exports from China was 100,000 units. Could you update us on your plans for exports from China?

Answer 4:

Espinosa

We remain on track to achieve the previously announced target of 100,000 units. Candidate export models include the Frontier Pro plug-in hybrid, the N7, and the NX8.

Question 5:

How should we think about the profit contribution of China exports to Nissan’s operating profit?

Answer 5:

Papin

Production is handled by a 50:50 JV, but exports are conducted through a separate export JV, in which we have a 60% share. Profits are recognized in the receiving markets, so sales in those markets will contribute to our consolidated operating profit.

Question 6:

When will the benefits from variable-cost reductions begin to materialize?

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Answer 6:
Papin
In terms of ideas and potential, we are well above the JPY250 million target. The focus now is on execution. The benefits will gradually contribute to earnings, likely becoming more visible in FY2026, aligned with model-year updates and full model changes.

Question 7:
Tariff costs in Q3 were around ¥80 billion, but they are expected to fall to ¥40 billion in Q4. What is behind this? Also, what is your view on tariff costs for next fiscal year?

Answer 7:
Papin
We expect next year's tariff burden to be between ¥200 billion and ¥250 billion, assuming a 25% tariff rate on Mexico. If the rate were reduced from 25% to 15%, it would ease the full-year impact by around ¥60 billion. Also, tariff costs will decrease in Q4 due to lower import volumes.

Question 8:
How much fixed-cost reduction do you expect in FY2025? Additionally, how much fixed cost reduction do you anticipate next year?

Answer 8:
Papin
For FY2025, we project a full-year fixed cost reduction of approximately 200 billion yen, with around 40 billion yen expected to be recognized in the fourth quarter. Our target is to achieve a total fixed cost reduction of 250 billion yen by the end of FY2026. Looking ahead to the next fiscal year, we are committed to further improving efficiency and effectiveness, and we will continue to set higher targets for cost reduction.

Question 9:
How do you view the U.S. market? Hybrid market competition is intensifying, while ICE models appear to offer opportunities for volume and profit growth.

Answer 9:
Espinosa
Indeed, demand for ICE vehicles is rising. For example, we are considering extending the life of certain D-segment gasoline models. We are also exploring the introduction of larger-displacement

models, which previously were harder to launch due to regulations. These are attractive for customers and highly profitable for us.

Question 10:
Regarding next fiscal year, excluding one-off factors this year, you appear to be starting from an operating loss of roughly ¥120 billion. How do you view next year's outlook? Also, R&D and capex forecasts have changed—is this temporary or structural?

Answer 10:
Espinosa
These changes are structural. For capex, we have eliminated non-essential investments and reviewed investments for plants undergoing rationalization. R&D projects are progressing as planned. We have reduced costs by shortening development lead times and optimizing work to lower-cost development centers. Japan is also cost-competitive thanks to FX tailwinds. We are optimizing development through a reassessment of global workload distribution. As for FY2026, while it is still early, we now see the possibility of returning to profitability even under current tariff conditions. We are currently preparing the business plan for next year and will share details once ready.

End