

# **Business Results for The First Quarter of Fiscal Year 2026 Institutional Investor and Analyst Briefing and Q&A Minutes**

Date/Time: May 15, 2026 (Fri.) from 16:30 to 17:10

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## **Questioner A**

### **How do you evaluate the company's first quarter results versus your original forecast and please provide a summary of the situation in key markets for the motorcycle business.**

Sales growth exceeded our forecast, and on top of that, R&D and SG&A expenses were lower than what we planned for, while foreign exchange rates worked in our favor. In the motorcycle business, Indonesia and India outperformed expectations, but demand in Indonesia in particular grew beyond what we anticipated due to delays in rolling out the Opsen Tax (surcharge tax). Thailand and the Philippines also surpassed our forecast.

### **Can we expect this level of profitability in the motorcycle business to continue going forward?**

Potential risks going forward include implementation of the Opsen Tax in Indonesia and the introduction of ICE regulations in Vietnam. On the other hand, sales of premium segment models in the Philippines and Thailand are strong, and we see the demand growth in Brazil as a promising future opportunity.

### **The market statistics for outboard motors do not seem very optimistic—what is the immediate situation like?**

Outboard motor sales in the first quarter were largely in line with expectations, and retail sales were at a level similar to last year. As outboard motors are products largely targeting high-income customers, we expect demand to remain resilient even in a market environment with high interest rates and elevated inflation. We will continue to monitor sales conditions while controlling expenses to secure profits.

## **Questioner B**

### **To what degree is the situation in the Middle East playing a part in the rise of raw material prices?**

Raw material market conditions have been deteriorating since last year, regardless of the current situation in the Middle East, and we expect the pressure to raise prices will continue from the second quarter onward, particularly with petroleum-derived materials and aluminum. We will mitigate these

impacts through cost reductions, price pass-throughs, controlling spending, and other measures. In terms of production risks, we are maintaining supply systems in each region by coordinating with suppliers and there are currently no major risks materializing.

**How will the changes to the conditions for levying tariffs on steel and aluminum in the U.S. impact the business?**

Regarding U.S. tariffs, the reduction of the tariff rate from 15% to 10% in February and the exclusion of outboard motors and motorcycles from steel and aluminum tariffs from April onward represent upside developments for us. However, inventory levels and other factors are at play, so the actual impact of these changes is expected to materialize from the latter half of the second quarter.

**Questioner C**

**To what extent did one-off factors or timing shifts in expenses affect first quarter results?**

For one-off factors in the first quarter, there has been no significant increase in costs compared to last year. As for timing shifts in expenses, while we expect our R&D costs for the full fiscal year to be higher, spending is currently trending slightly lower than projected. We anticipate expenses to rise going forward and will scrutinize the details as we move into the second quarter.

**Questioner D**

**Amid increasing uncertainty among global economies due to the tensions in the Middle East, how do you see the motorcycle business in ASEAN markets being affected?**

When the U.S. introduced tariffs, we were concerned about a potential slowdown in sales due to a global economic slump, but in reality, we have not seen a noteworthy decline in sales. In ASEAN markets, motorcycles are firmly established as a means of daily transportation, and we expect demand to remain robust. While there are risks with fuel prices and supply routes stemming from the situation in the Middle East, it is possible that positive influences on demand may arise, such as car users shifting to riding motorcycles instead. Therefore, at this time, we believe the impact on our sales will be limited.

**Please share the current conditions of the business in India following the GST tax reduction as well as the situation with financing.**

Although we struggled in the first half of last year due to financing conditions, the Diwali season coincided with the GST tax reduction and demand bounced back strongly. This momentum continued into the first quarter. Going forward, we aim to further drive sales growth under the current market environment by promoting our premium segment offerings. On the financing side, approval rates have eased as the economy has improved and conditions are better.

## **Questioner E**

### **What is the status of price increases for outboard motors in the U.S.?**

We raised prices for outboard motors starting in January. We will continue to respond flexibly in light of market conditions going forward.

### **I'd like to hear what the direction is for your structural reforms in the OLV business.**

Products under the OLV business include ATVs, ROVs, and LSMs. We are currently examining how to prioritize and allocate resources among these products, as well as how to improve the profitability of our factories in the U.S. manufacturing them.

### **What are the latest demand trends by horsepower segment for outboard motors in the U.S.?**

Against the backdrop of high interest rates and inflation, we saw demand shift from larger models to smaller and mid-range models since last year. However, since this year began, demand for these models has not grown as much as we projected and remains at around last year's level. While wholesale shipments overall are progressing as anticipated, there is uncertainty regarding future retail trends and we need to carefully monitor market developments.

## **Questioner F**

### **What effects have your structural reforms in the U.S. had and what are the factors behind your strong performance in the first quarter?**

The U.S. structural reforms are progressing steadily in line with the expected impacts on our profits and losses. In the first quarter, profits increased both year-on-year and against targets. This was driven not only by strong sales but also by reining in R&D and SG&A spending. Going forward, we will strategically manage R&D spending to support future growth.

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