

New Medium-Term Management Plan (2022-2024)

Analyst Briefing and Q&A Minutes

Business Overall

Please tell us about the shareholder return policy under the new medium-term management plan and the balance between share buybacks and dividend payout ratios?

The company aims for a total return ratio of 40% in the cumulative period during the new medium-term management plan. We intend to provide stable and continuous dividends and implement flexible returns through share buybacks.

Please tell us what returns the growth strategy expenses are generating. It would deepen our understanding of your growth strategy efforts if you could disclose us periodic updates of the returns on past growth strategy expenses.

Returns on growth strategy expenses in the medium-term management plan have also been pointed out by the Management Committee and the Board of Directors. In reality, we are first conscious of creating value that meets market needs. Within the period of the current medium-term management plan, only existing businesses and the low-speed automated driving vehicles/ mobility services business have measurable performance indicators such as sales and profits. Otherwise, we are focused on creating value. Going forward, we will consider ways to disclose this information, including the returns on past growth strategy expenses.

How will the break-even point of sales change under the new medium-term management plan? How resilient will you be during the time of deteriorating external environment?

We will increase the stability and profitability of existing businesses. On the other hand, customers' purchasing behavior will also change in response to Carbon Neutrality and Digital Transformation. We think that the younger the generation, the more e-commerce friendly purchasing behavior will be, and we must promote the creation of new value. We will increase profitability and generate cash in existing businesses to be used for future growth. More emphasis will be placed on growth over stability. We are asking each base to be aware of our break-even-point management and we are making steady improvement. On the other hand, for the purpose of external disclosure, growth strategy expenses used for company-wide perspective are allocated to each base, making it difficult to see the break-even point, so we will devise a way to show this.

Marine Products Business

How does the marine CASE strategy change from the system supplier strategy? Will it change from the conventional profitable business style of shifting to selling larger outboard motors and improving the product and volume mixes.

CASE strategy is an extension of the system supplier strategy centered on large outboard motors. C stands for Connected to become a part of the system and to provide a sense of

security over the water. A stands for Autonomous to enjoy automated driving and comfortable marine leisure. Helm Master EX have already been introduced and achieve close to Level 3 in the autonomous driving. E pursues comfort. We are developing an engine/electric hybrid boat, which uses an engine when moving quickly and an electric motor when playing quietly. In other words, C, A, and E will be a single system, and this will be utilized in Shared world. We aim to increase the number of Shared customers and raise demand by utilizing C, A, and E for people unfamiliar with driving. The company is also looking to expand overseas in the future.

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