

# Implementing ROIC-Focused Management



To improve the earning capacity of each business and establish a robust business portfolio, we have been pursuing ROIC-focused management since FY2022.3. This has produced results. Under the Medium-Term Management Plan 2026, we will improve corporate value by increasing capital efficiency while investing in the carbon neutrality field and taking other measures to develop businesses for the future. To this end, we will take an asset-light approach to management, identifying sources for the generation of value in each area and maximizing the value of the assets we hold.

## Progress through FY2025.3

Since introducing ROIC as a management indicator in the Medium-term Management Plan 2023, which outlines our action policy from FY2022.3 to FY2024.3, we have been working to improve ROIC while keeping in mind capital costs (WACC).

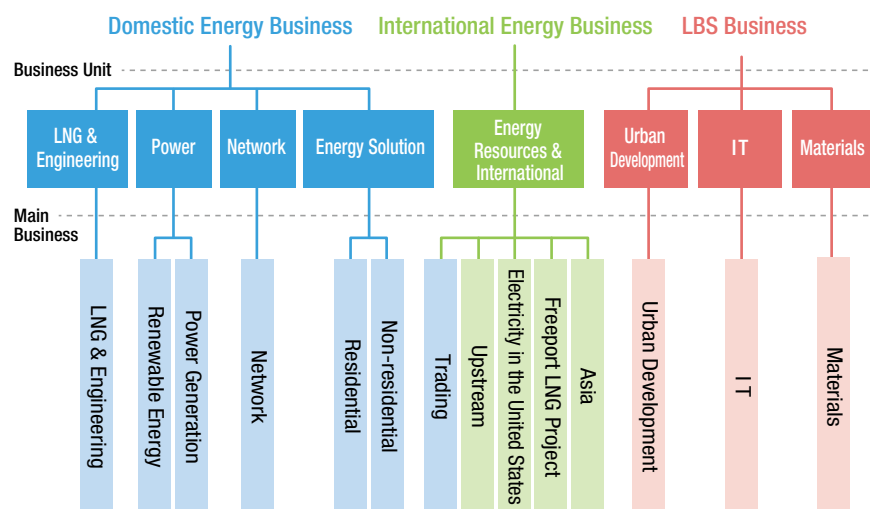
In FY2025.3, each business unit autonomously and swiftly implemented initiatives to improve asset efficiency, such as deciding to sell a U.S. thermal power plant to promote replacement with more efficient assets, promoting the sale of cross-shareholdings, and continuing to promote maximization of off-take of renewable energy in Japan. In terms of profits, we were able to achieve our management targets as planned, thanks in part to the favorable performance of our domestic electricity business. We are making steady progress toward achieving our targets for FY2027.3.

## Challenges and Future Strategies

In light of changes in the business environment, such as the accelerating carbon neutral trend and soaring energy prices, we need to increase capital efficiency and improve corporate value, while making investments in renewable energy and e-methane to prepare for a carbon-neutral future.

Necessary continued measures to achieve this include expanding profits by increasing the value of existing businesses and assets, taking advantage of our strengths developed in existing businesses and working on new businesses that enable value increase, and selling or moving off-balance sheet businesses and assets of lower capital efficiency.

## Business Units and Main Business



## Main Initiatives and FY2027.3 Targets by Segment

	Main initiatives	FY2025.3 result	FY2026.3 forecast	FY2027.3 target
<b>Domestic Energy Business</b>	<ul style="list-style-type: none"> <li>Expansion of service areas and improvement of asset efficiency in the marketer business</li> <li>Gas business development outside the Kansai region and improvement of productivity</li> <li>Feedstock cost reduction and LNG sales profit increase through the optimization of LNG trading</li> <li>Electricity value chain enhancement and expansion</li> <li>Investment efficiency improvement for renewable energy business (e.g., moving assets off-balance sheet, evolving finance schemes)</li> <li>Appropriate sale of cross-shareholdings by re-examining the significance of each stock holding</li> </ul>	4.2%	3.6%	4.0%
<b>International Energy Business</b>	<ul style="list-style-type: none"> <li>Production expansion of shale gas as a key transition fuel</li> <li>Promote replacement of assets (e.g., electricity business in the United States)</li> </ul>	7.5%	7.4%	7.0%
<b>Life &amp; Business Solutions (LBS) Business</b>	<ul style="list-style-type: none"> <li>Growth in property development, IT, and materials by leveraging our strengths in each field</li> <li>Asset efficiency enhancement initiatives, such as private REIT business</li> </ul>	5.3%	5.6%	5.5%
<b>Overall</b>		5.4%	5.1%	Approx. 5.0%