FINANCIAL POLICY / QUANTITATIVE TARGETS

Basic Financial Policy

In order to continuously improve corporate value, increase returns (profit) that exceed the cost of capital and increase the ability to generate cash flow (CF).

ROIC (net income basis) > WACC (weighted average cost of capital) ← Evaluation of return (profit) based on cost of capital

≪Main consolidated KPIs≫

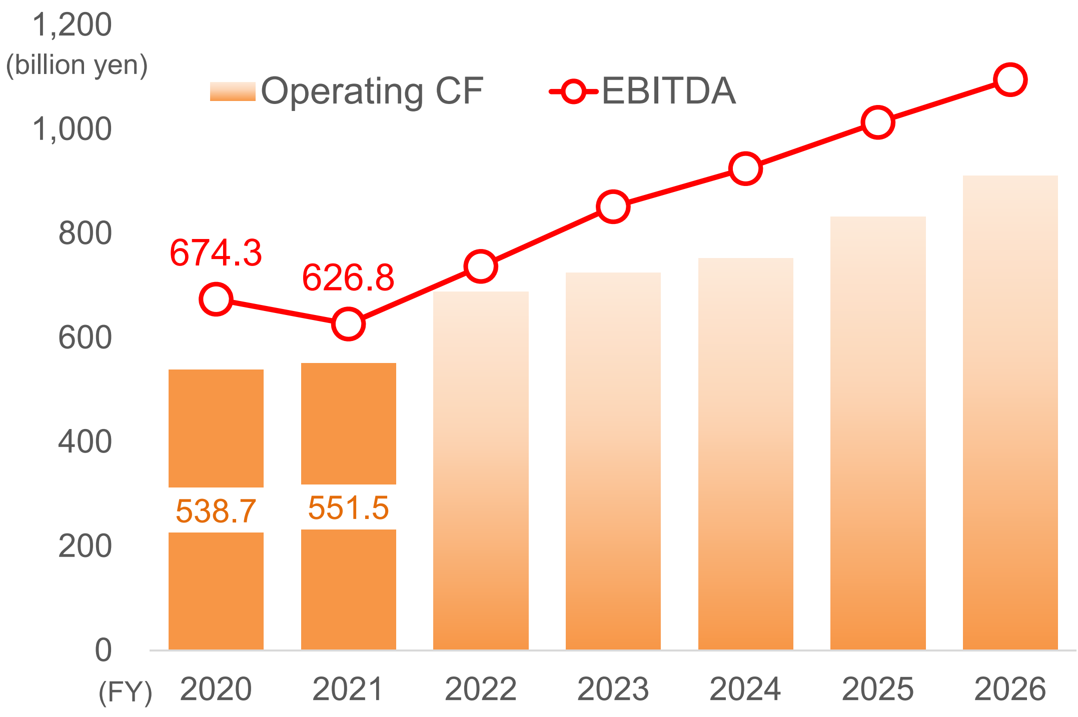
Quantitative expansion of finance	Free CF level	EPS growth rate
Financial quality improvement	ROE	ROIC spread
Ensuring financial soundness	Debt/EBITDA ratio	

Quantitative Expansion of Finance (EBITDA / Operating CF)

■ EBITDA / Operating CF plan (consolidated)

【Until 2025】 EBITDA 1 trillion yen or more

Operating CF 800 billion yen or more

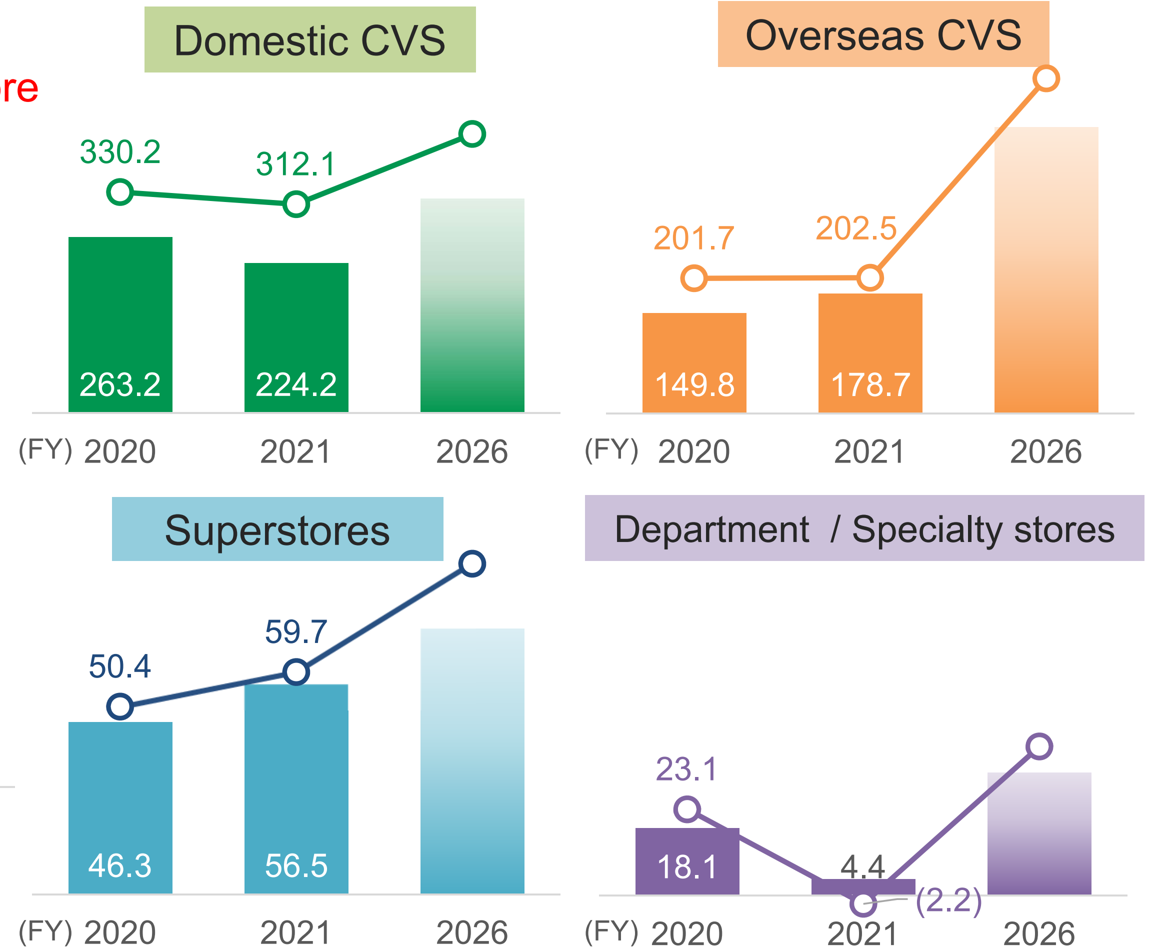


* Exchange rate: 1 $ = 107 yen (FY2022), 1 $ = 105 yen (FY2023-26) / 1 yuan = ¥ 16 (FY2022-26)

* Operating CF: Management accounting figures based on NOPAT

■ Planning by segment (Bars: Operating CF / Lines: EBITDA)

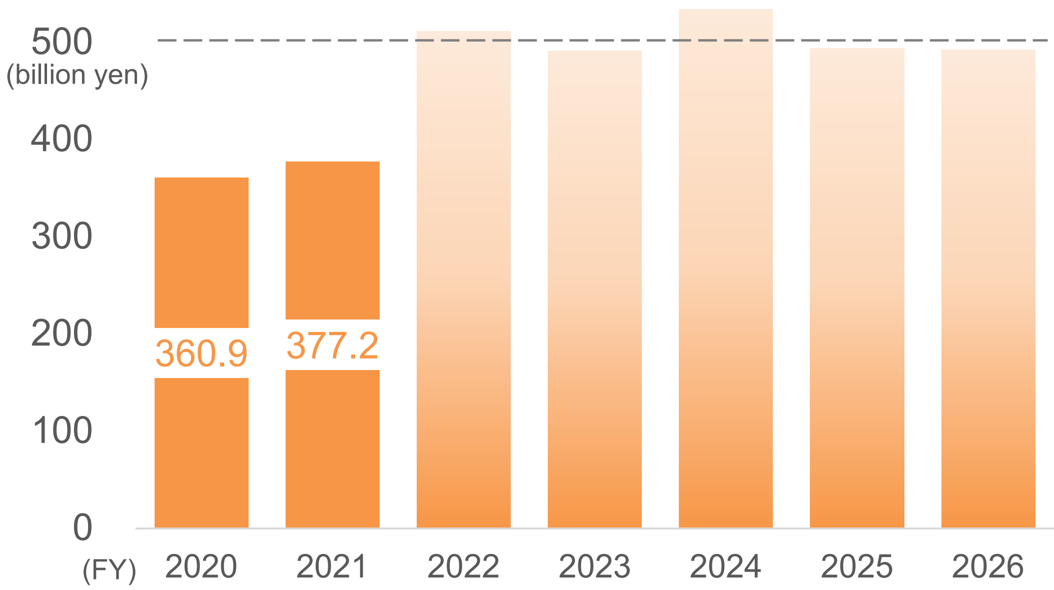
Unit: billion yen



Resource Allocation for Growth (Capital Expenditures / Free CF)

■ Capital expenditures plan (consolidated)

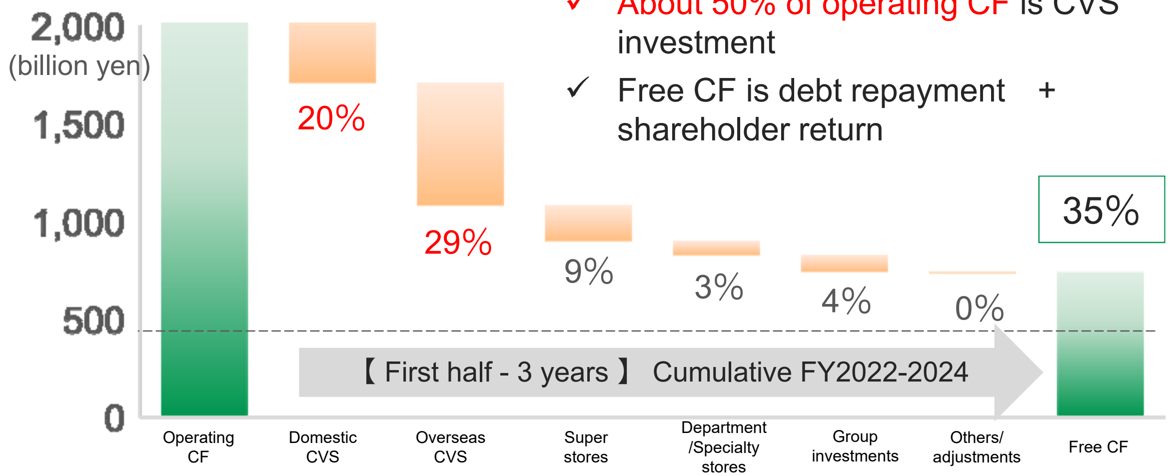
- ✓ Continue proactive investment in US-Japan CVS business
- ✓ Investment based on Group strategy
- ✓ Environmental investment to be about 125 billion yen in 5 years (about 5% of the total)



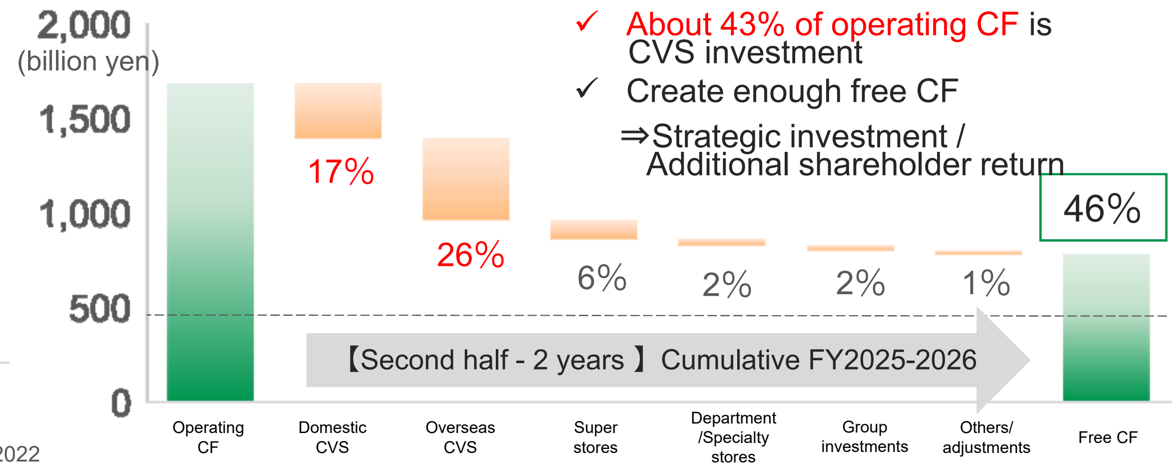
* Excluding investment in the acquisition of Speedway in FY2022

■ Resource allocation from operating CF (excluding financial services business)

- ✓ About 50% of operating CF is CVS investment
- ✓ Free CF is debt repayment + shareholder return

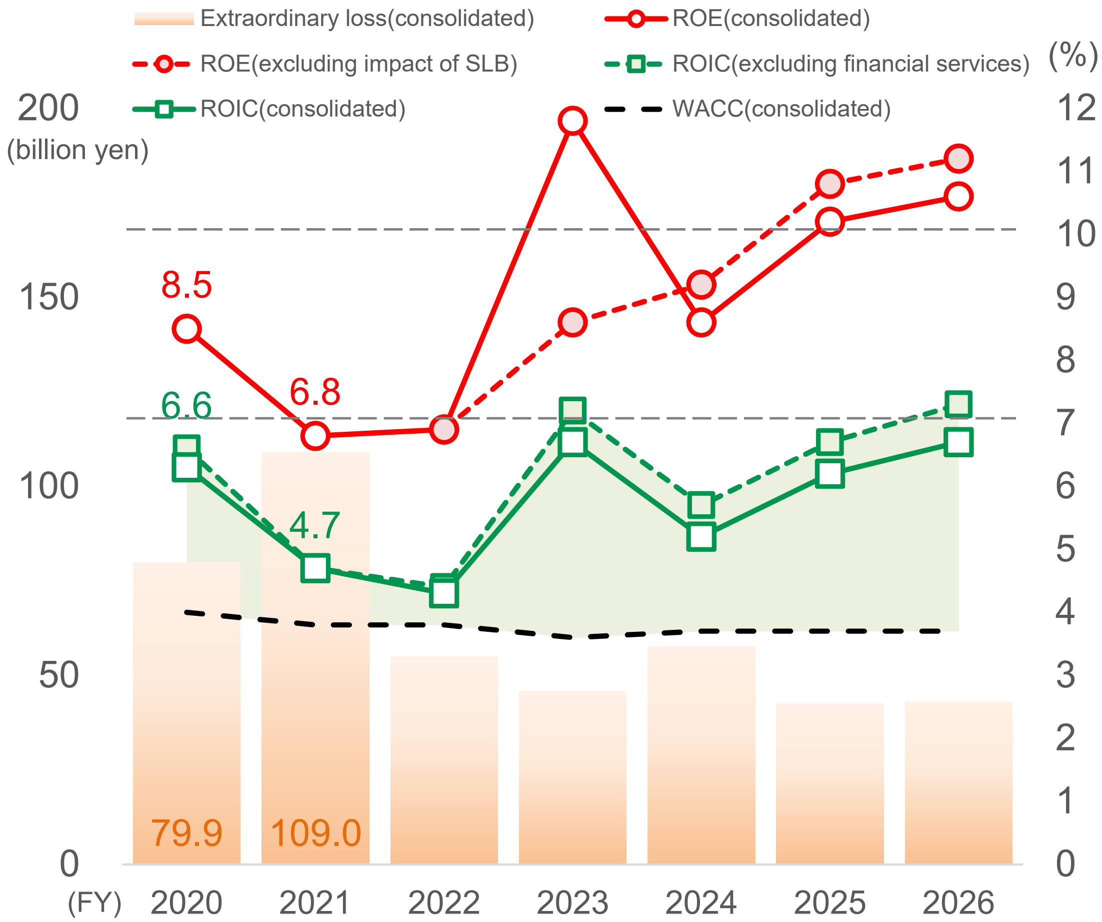


- ✓ About 43% of operating CF is CVS investment
- ✓ Create enough free CF
  ⇒Strategic investment / Additional shareholder return



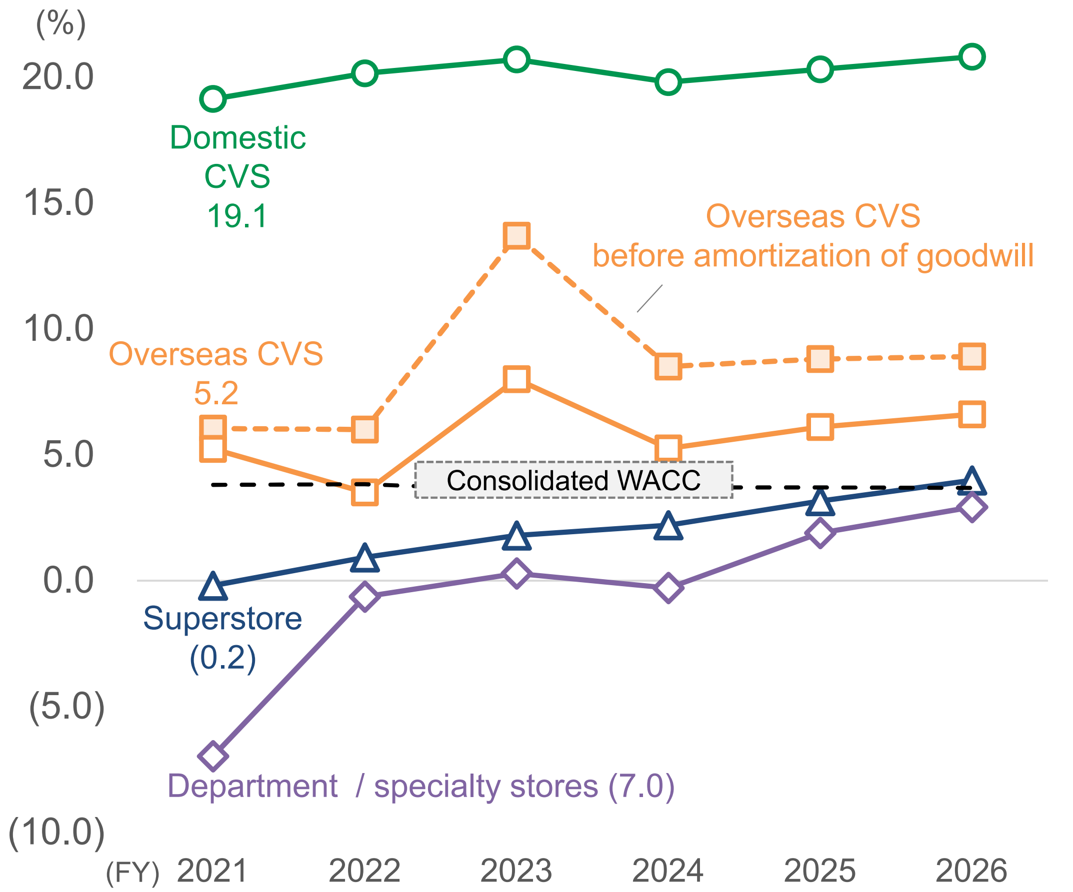
Improvement of Financial Quality
(Investment Efficiency and Cchanges in Extraordinary Losses)

■ ROE/ROIC/Extraordinary loss plan



■ ROIC by segment

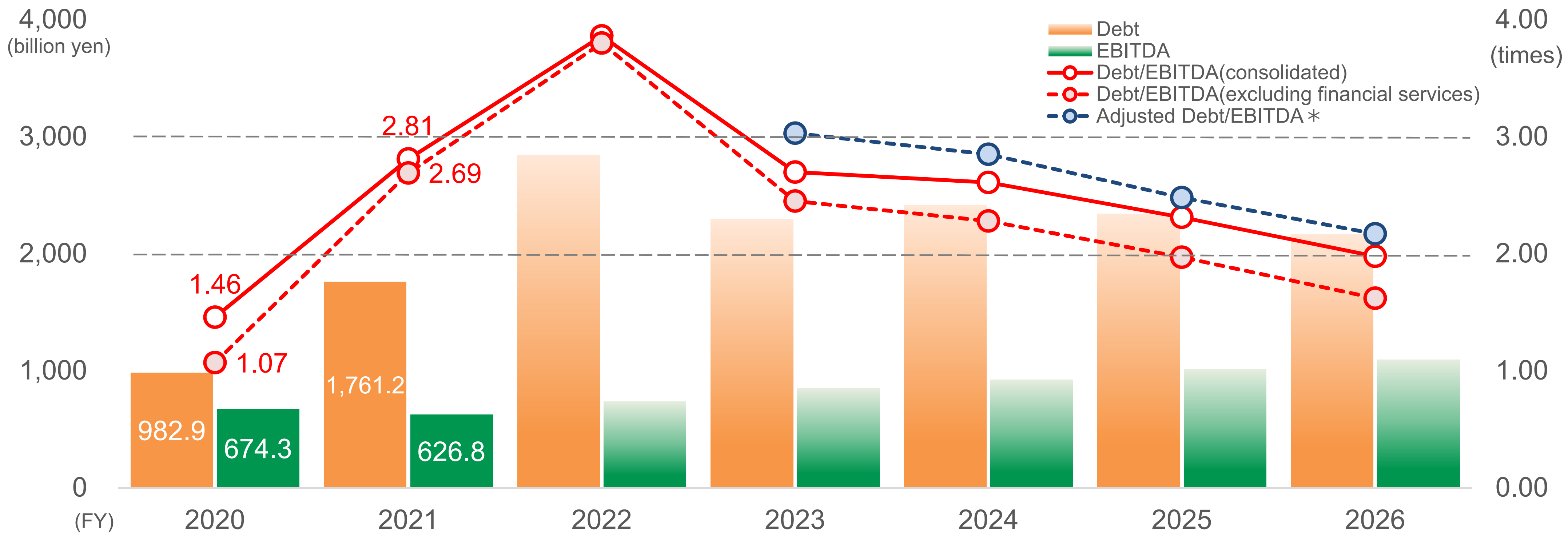
* Management accounting base figures adjusted for intra-group capital and fund transactions



Improvement of Financial Soundness (Debt / EBITDA Ratio)

■ Debt / EBITDA ratio plan (consolidated)

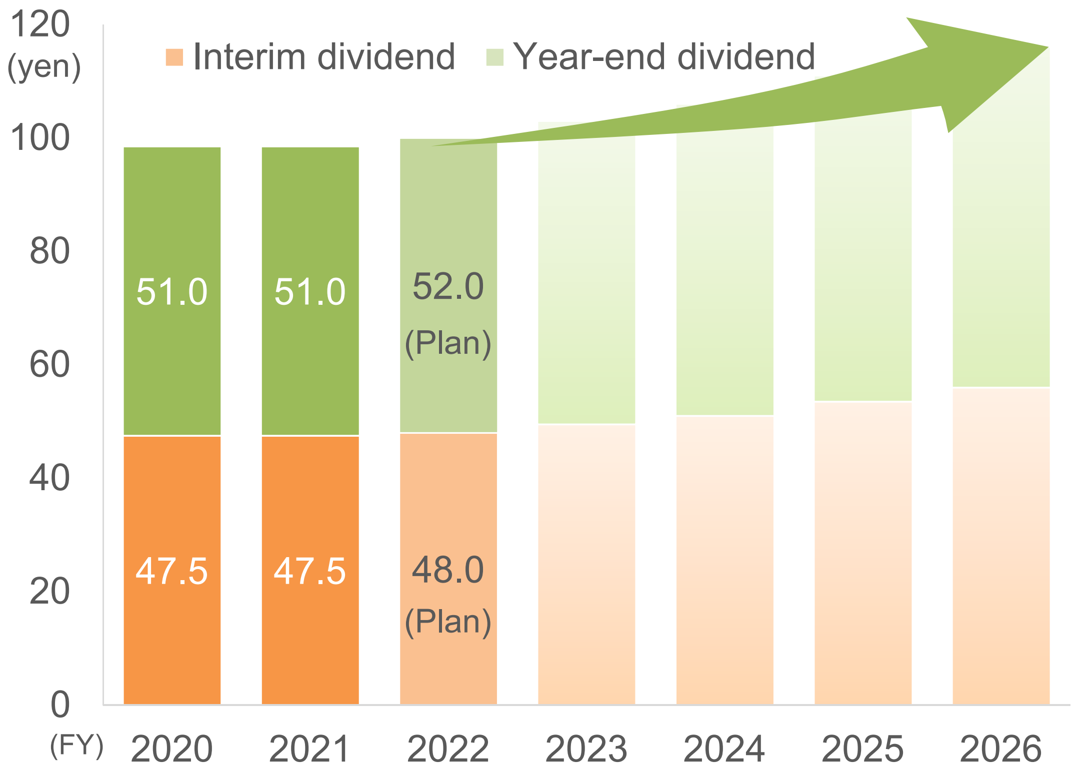
- ✓ For the time being, priority is given to reducing debt
- ✓ FY2025 target: less than 2.0 times (consolidated) / less than 2.2 times (consolidated after adjustment)

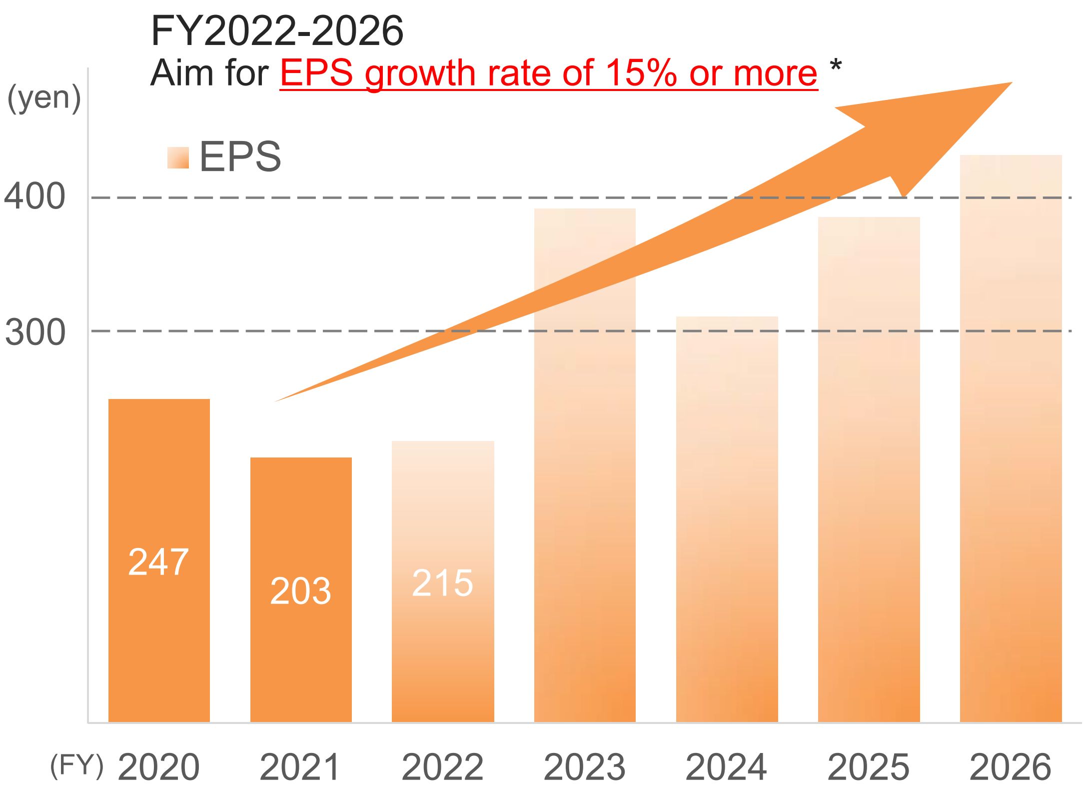


* Adjusted Debt / EBITDA ... Excluding financial services business, Net Debt / EBITDAR management accounting figures
(Net Debt: Debt + on-balance lease – cash and deposit and other adjustment)

Shareholder Return

Based on the stable and continuous improvement of dividends per share, implement flexible shareholder returns taking into account the level of free CF and stock prices.





* Estimated by CAGR (Compound Annual Growth Rate) for FY2021.

* FY2023 figures include SLB impact on Speedway.

Consolidated Financial Numerical Targets

	FY2021 results	FY2026 targets
EBITDA	626.8 billion yen	1 trillion yen or more
Operating CF (excluding financial services) *1	456.7 billion yen	800 billon yen or more
Free CF level (excluding financial services) *2	132 billion yen	400 billion yen or more
ROE	6.8 %	10 % or more
ROIC (excluding financial services) *3	4.7 %	7 % or more
Debt/EBITDA ratio	2.8 times	Less than 2.0 times
Adjusted Debt/EBITDA ratio	-	Less than 2.2 times
EPS growth rate (CAGR)	-	15 % or more

* 1 Management accounting figures based on NOPAT excluding the financial services business.
* 2 Management accounting base figures excluding financial services business. M&A is calculated by excluding it from investment CF as a strategic investment.
* 3 ROIC: Calculated as {net income + interest expense x (1-effective tax rate)} / {equity capital + debt (average at the beginning and end of the period)}.