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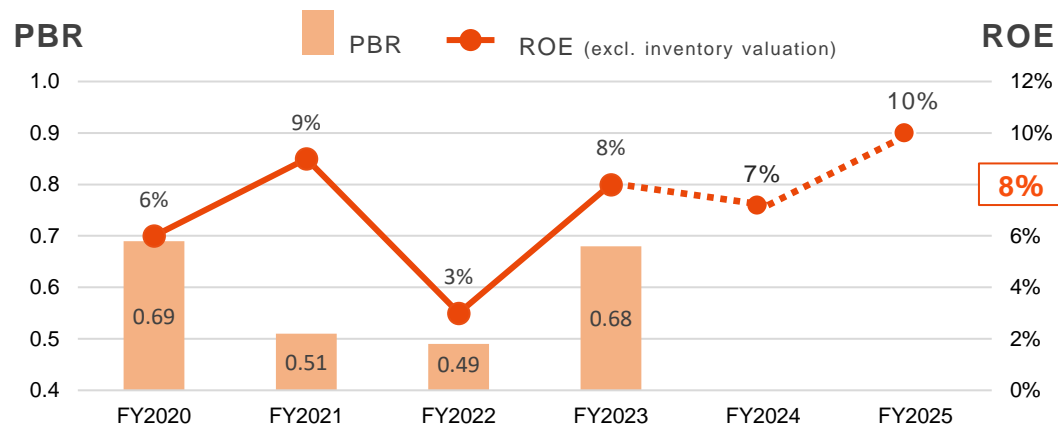
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May 14, 2024

# Progress of Initiatives Aimed at Enhancing Corporate Value

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## ➤ Trends of PBR and ROE



Cost of equity is around 8% on CAPM basis

$$PBR = 1 + \frac{\text{Equity Spread (ROE - Cost of Equity)}}{\text{Cost of Equity - Expected Growth Rate}}$$

### Tasks for enhancing PBR

- Current equity spread has greatly improved, however, it is difficult to say we are generating stable “R” due to tax expense impact.
- It is urgent to **continuously generate equity spread (especially enhancement of “R” in ROE)**.
- Reduction of equity cost and enhancement of expected growth rate through realization of appropriate capital structure and dialogue with the market and information disclosure are important tasks too.



**Strive to generate equity spread by enhancing ROE (improve profitability by executing 3<sup>rd</sup> Mid-Term Mgmt. Plan and pursue optimal capital structure) and execute initiatives based on dialogue with the market**

## ➤ Future Initiatives

### Improving ROE

#### Enhance profitability

- Lower UCL (4%)
- Business Process Re-engineering
- Stable petroleum products margins
- Start-up of Goi Thermal Power Plant
- Improvement in High Performance Materials segment profit

### Improving ROE

#### Execution of optimal capital structure

- Based on improved financial strength, execute flexible shareholder returns
- Continue to pursue optimal capital structure by implementing balance sheet management

### Lowering Cost of Equity

#### Enhance disclosure and engagement

- Continue setting engagement opportunities between Outside Directors and investors (at the request of investors, our Outside Directors participated in ESG Briefing Session from FY2023)
- Continue disclosing initiatives for governance enhancement

### Improving Expected Growth Rate

#### Advance initiatives for energy transition + Enhance information disclosure

- ➔ Planning to hold briefing sessions for investors on CCS/CCUS and renewable energy in FY2024



**Enhancing corporate value through JX Advanced Metals IPO**

## Cautionary Statement Regarding Forward-Looking Statements

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This notice contains certain forward-looking statements, however, actual results may differ materially from those reflected in any forward-looking statement, due to various factors, including but not limited to, the following:

- (1) macroeconomic conditions and changes in the competitive environment in the energy, resources and materials industries;
- (2) changes in laws and regulations; and
- (3) risks related to litigation and other legal proceedings.