

Date and time: Friday, February 13, 2026, 11:00-12:00 (web conference)

Attendance: 48 attendees (institutional investors and analysts)

Key Questions and Answers:

Q1: Compared with the previous forecast, cash flows show a decrease of approximately ¥160 billion in cash flows from investing activities due to the acquisition of Verdad and an increase of approximately ¥54 billion in cash flows from financing activities due to borrowings, while cash and cash equivalents at end of period decreased by ¥100 billion. We understand that all of these effects are attributable to Verdad. Is it correct to understand that total assets increased by ¥54 billion?

A1: That is correct. However, Peoria, which has a December fiscal year-end, is scheduled to raise borrowings in February 2026. Since this trade will fall into the first quarter of the following fiscal year, the borrowing may not be recorded as a liability in our consolidated financial statements due to timing differences. In that case, cash and cash equivalents may be approximately ¥9.9 billion, reflecting a reduction of ¥54.0 billion from the current forecast of ¥63.9 billion.

Q2: With respect to the contribution to profit from Verdad in FY2026, you indicated at the time of the December announcement last year that operating profit of ¥20 billion was expected, based on the assumption of US\$60/bbl and ¥140/US\$. Please provide any quantitative updates, if available.

A2: We are currently working toward a closing at the end of February 2026, and there are no quantitative updates.

Q3: Please tell us whether the approximately US\$1.3 billion acquisition price for Verdad, as previously disclosed, includes goodwill.

A3: With respect to the accounting treatment, detailed discussions with the local auditors are expected to commence after the closing. Based on our current understanding, we believe that no goodwill will be recognized.

Q4: You indicated that part of the acquisition price for Verdad will be funded through borrowings. Please give us an indication of how significant the financial burden is expected to be.

A4: Assuming borrowings of ¥54 billion, this is a rough estimate, but we expect the interest expense to be in the range of the high ¥1 billion level to approximately ¥2 billion.

Q5: Is it correct to understand that Verdad will repay its borrowings and make additional investments within the scope of its operating cash flow?

A5 : That is correct.

Q6: Please provide your profit outlook for the existing U.S. businesses other than Verdad.

A6: With respect to the existing U.S. tight oil development project, we expect both production and sales volumes to decline by approximately 40% in the next fiscal year. As fixed costs will remain, we believe that the impact on operating profit will be a decline of more than 40%.

Q7: The decline is sharp. How do you address this going forward?

A7: While the decline in the existing business is recently sharp, we expect long-tail production to continue. We intend to continue the business as long as it remains profitable.

Q8: What are the reasons for the upward revision to derivative gains and losses in the third-quarter forecast?

A8: This was attributable to LNG book-out transactions. We conducted transactions to sell surplus LNG cargoes back to the seller before Japan Korea Marker (JKM) prices declined fully, which resulted in an increase in gain on valuation of derivatives in the third-quarter results.

Q9: Is there any contribution to profit from rare earths?

A9: We recognize that progress in the pilot tests for the exploration, mining, etc. of rare-earth mud in the Minamitorishima waters, one of the Cross-ministerial Strategic Innovation Promotion Program (SIP) of the Cabinet Office, has had some impact on our share price, given that we are a shareholder of new Horizon Ocean Research & Technology Co., Ltd. However, there is no direct impact on our profit. While our subsidiaries may undertake part of the research and development work, even in that case, the impact on our consolidated results is immaterial in the short to medium term.

Q10: Please explain the reasons why you have participated in the DJ Basin through the acquisition of Verdad and your regional strategy.

A10: We have been exploring the acquisition of interests primarily in areas such as Eagle Ford where we have expertise. However, due to differences in price expectations between sellers and buyers as well as competitive bidding, we were unable to execute the acquisitions as desired. As a result, we looked beyond the hottest areas and continued to explore potential projects. Although the acquisition of Verdad is large in terms of purchase price size, the future scope for development and upside potential are expected, and Verdad is of a scale that enables us to act as the operator. We therefore decided to make the investment.

Q11: Does the acquisition of U.S. assets reflect your intention to acquire oil-rich assets, and what is the reasons for it?

A11: While we prioritize oil-rich assets in the short to medium term to emphasize the contribution to profit, we regard gas as an important resource from a medium- to long-term perspective.

Q12: Please explain whether the acquisition of Verdad will affect your shareholder return policy.

A12: While Verdad will become one of our major business platforms, operating cash flow for the time being will be allocated to additional development and the repayment of borrowings; therefore, funds for dividends will not increase immediately. From the perspective of sustainable profit expansion beyond 2030, we recognize that we are in a phase of continuing investments primarily in E&P, as well as in I/U and CN. Accordingly, we do not consider it is the right time to change our shareholder return policy.

Q13: Please explain the main factors for change in the results outlook for the next fiscal year, excluding the impact of Verdad.

A13: With respect to operating profit, in E&P-Overseas, the completion of the sale of JUK in July 2025 will result in the absence of its contribution to profit in the next fiscal year (approximately ¥2.5 billion in operating profit for six months in the current fiscal year). Garraf will not change materially. In Norway, production will approximately triple to around 1,600boe/d in the next fiscal year due to the start of production at Verdande; however, the impact on profit and loss will be limited. In E&P-Japan, operating profit is expected to be worsened by natural declines at domestic oil and gas fields, as well as an increase in the exploration expenses off the coast of Hidaka. In I/U, electricity sales volumes are expected to decline due to a prolonged periodic inspection period at power plants, as well as interruption of power transmission caused by power grid construction on the interconnection line between Tohoku and Tokyo.

With respect to non-operating income, foreign exchange gains (approximately ¥3.6 billion expected in the current fiscal year) are not expected in the forecast for the next fiscal year. In addition, as part of LNG derivative gains and losses will be realized by the end of March, the corresponding amount will decrease in the next fiscal year. Equity method profit and loss is expected to be supported by contributions from the Freeport project.

Q14: Please tell us the level of the year-end dividend and the timing at which it will be determined.

A14: Dividend forecasts are not revised as of the first and third quarters unless something unusual happens. We determine the interim dividend based on results through the second quarter, and the year-end dividend after full-year results are finalized, taking into consideration factors including the results. The amount of the year-end dividend will be decided based on the basic policy of a minimum annual dividend of ¥40 per share and a dividend payout ratio of 30%. If net income for the current fiscal year comes in at ¥45 billion as expected, the annual dividend level would be approximately ¥52 to ¥53 per share.

Q15: What are the key points in the final investment decision for the Tomakomai CCS?

A15: One of the requirements for the final investment decision is to confirm, through the exploratory drilling currently underway, the existence of a reservoir with the capacity to store approximately 2.0 to 2.5 million tons of CO₂ annually for around 20 years. In addition, it is necessary to consider whether the CO₂ value chain can be established based on the storage fee presented by us, after incorporating the obligations of storage operators under the CCS Business Act, etc. into costs. Furthermore, once all conditions such as the structuring of financing are met, the final investment decision will be made in alignment with the investment decisions of CO₂ emitters.

Q16: What is the status of the Iraq / Garraf Project aimed at achieving production of 230,000 bbl/d?

A16: While we aim to achieve 230,000 bbl/d at an early stage, production limits remain in place. Production has been recently flat at 180,000 bbl/d. Although we are not in a position to comment on how the Iraqi government's production limits may evolve, under the current circumstances, we expect similar production and sales volumes in the next fiscal year.

Q17: What is the impact of the foreign exchange gap on the Middle East segment's operating profit forecast of ¥3.2 billion for the current fiscal year?

A17: In the current forecast, the exchange rate assumption for January to March has been changed to a weaker yen, from ¥140/US\$ to ¥150/US\$. As a result, the foreign exchange gap related to cost recovery, which was negative in the previous forecast, has turned positive in the current forecast.

Cautionary Statement

This document contains future outlooks such as plans, forecasts, strategies, and others which are not historical fact and these are made by the management's judgement based on the obtainable information at the time of the disclosure. Actual results may significantly differ from those future outlooks due to various factors.
This document is not intended to invite investment.

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