



Note: The following is an English translation of the Japanese-language original.

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[Information]

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## **Announcement Regarding the Publication of FAQs on the Impact of the Escalating Tensions in the Middle East on JAPEX's Business Performance**

Japan Petroleum Exploration Co., Ltd. (JAPEX) has disclosed on April 17, 2026, "Impact of the Escalating Tensions in the Middle East on JAPEX's Performance" (hereinafter the "Disclosure"). As JAPEX has received inquiries from many stakeholders after the Disclosure, major questions and answers are provided as follows.

[FAQ]

**Q1: The Disclosure states that JAPEX has purchased substitute LNG for two cargoes of Middle Eastern one in the first quarter of fiscal year 2026 (by switching from term contracts to spot contracts). Is there any possibility that additionally make alternative procurements in the second quarter and beyond?**

A1: JAPEX has no plans to purchase Middle Eastern LNG in the second quarter. While we plan to procure several cargoes of Middle Eastern LNG in the second half of the year, the need for alternative procurement has not yet been determined. JAPEX will continue to take the necessary measures in response to developments.

**Q2: JAPEX mentioned plans to purchase several cargoes of Middle Eastern LNG in the second half of the year. Could you please specify the exact number of cargoes? Additionally, will these cargoes also be considered as alternative procurement?**

A2: As this inquiry relates to our LNG procurement strategy, JAPEX refrains from disclosing detailed figures. JAPEX will determine need for alternative procurement after carefully assessing future conditions. While prioritizing stable supply to our customers, JAPEX will strive to minimize the impact on our business performance by conserving LNG inventory through efficient operations and optimizing volumes of alternative procurement.

**Q3: Please tell us the cost impact per vessel (level of cost increase) resulting from alternative procurement.**

A3: JAPEX is currently analyzing the details of the cost increase per vessel resulting from alternative procurement, but it could reach several billion yen per vessel. In general, a \$1/MMBTU increase in the JKM (Japan Korea Marker), which is the benchmark price for spot LNG procurement, will result in a raise of LNG purchase price by approximately \$3–3.5 million for one vessel (60,000–70,000 tons ≈ 3–3.5 million MMBTU capacity). The current JKM (approximately \$20/MMBTU) significantly exceeds the February preliminary figure for the JLC (Japan Liquefied Natural Gas Cocktail), which represents the average LNG import price in Japan (\$10.59/MMBTU). JAPEX recognize that the procurement environment remains unfavorable.

**Q4: JAPEX mentioned that there is no concern that natural gas or electricity supplies will be disrupted by implementing alternative procurement measures. Is there no risk that alternative procurement will become unavailable?**

A4: Supply constraints via the Strait of Hormuz and Qatar's declaration of force majeure have led to a global tightening of the LNG supply-demand balance, with spot prices remaining high, particularly in the near term. JAPEX recognize that competition among buyers in Europe and Asia to secure LNG from the United States and Australia, which serve as substitute supply sources, is the background to this situation. However, should the situation in the Middle East deteriorate further or the Strait of Hormuz blockade be prolonged, it is anticipated that global economic activity will stagnate due to high oil prices and other factors, leading to a decline in LNG demand. Consequently, JAPEX consider it unlikely that sourcing substitute supplies in the quantities our customers require will be physically difficult.

**Q5: I would like to confirm the impact on stock levels should the LNG procured as a replacement and the LNG under the originally scheduled term contract arrive at the same time. Is there any risk that a surplus will arise if the volume of procurement doubles?**

A5: In the event of duplicate deliveries, we generally plan to adjust our stock levels by reselling one of the LNG cargos.

**Q6: How is the escalating tension in the Middle East affecting the Garraf oil field project in Iraq?**

A6: Under a service contract with the Iraqi government, Japex Garraf has provided the financial resources necessary for the development of the Garraf oil field and other related activities, and recovers these funds by receiving an equivalent amount of crude oil. Currently, production operations and shipments from the oil field have been suspended, resulting in delays in the recovery of these funds. Should this situation persist for an extended period, JAPEX will consider necessary measures to secure the company's working capital.

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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