

Date and time: Thursday, April 23, 2026 - 16:00-17:00 (in-person and online hybrid conference)

Attendance: 62 attendees (institutional investors and analysts)

Key Questions and Answers:

Q1: Please let us know the degree of contribution of the U.S. business in the Overseas E&P Business.

A1: The U.S. business accounts for about 70% of our production volume target of 100,000 boe/d in FY2031, breaking down into about 50,000 boe/d from the assets held by Verdad and about 20,000 boe/d from newly acquired assets, in our estimation. In addition, we expect that 130,000–140,000 boe/d of our production volume target of 180,000 boe/d in FY2035 would be generated by the U.S. business. NOPAT (business profit after tax) targets are 40.0 billion yen in FY2031 and 75.0 billion yen in FY2035, of which we estimate about 60% and 70% respectively would be generated in the U.S.

Q2: Please let us know about the likelihood of achieving the targets in the Carbon Neutral (CN) Business.

A2: We bear the Tomakomai CCS business and U.S. Dry Piney Project (BSO) in mind. Under some assumptions, NOPAT is estimated at the levels of 20.0 billion yen in FY2031 and 25.0 billion yen in FY2035, with growth investments of 270.0 billion yen in FY2031 and 300.0 billion yen in FY2035 on a cumulative basis. These figures I believe are reasonable, provided that Final Investment Decision is made.

Q3: Please let us know the breakdown of FY2035 growth investment target (1,500.0 billion yen on a cumulative basis) into the existing assets and newly acquired assets.

A3: In our estimation, the total amount of growth investments in the Overseas E&P Business is 1,100.0 billion yen in FY2035, breaking down into 600.0 billion yen in the U.S., slightly higher than 200.0 billion yen in Norway, and slightly higher than 200.0 billion yen in the South East Asia. In the U.S., we expect 200.0 billion yen to be invested in additional development for the assets held by Verdad and 400.0 billion yen in new assets. In Norway, the growth investment amount is higher in the first half of the management plan period due to the necessity of rapidly building a portfolio to achieve 10,000–20,000 boe/d at an early stage. In the South East Asia, the investment amount is expected to increase in the latter half of the management plan period, assuming that natural gas and other assets are gradually accumulated.

Q4: Upon completion of core assets build-up by FY2031, will shareholder returns be enhanced?

A4: FY2031 production volume target of 100,000 boe/d factoring in growth investments must be achieved. Assuming that this target is achieved, we will review the policy of shareholder returns in around FY2030, taking into consideration factors such as our financial situation and business performance outlook at that time and investment opportunities.

Q5: Please let us confirm the segment-specific breakdown of business profit after tax in FY2025 (as a starting point) toward the target of 80.0 billion yen in FY2031.

A5: NOPAT is currently about 20.0 billion yen in the E&P Business, which breaks down into slightly higher than 10.0 billion yen in the Infrastructure & Utility (I/U) Business and about 10.0 billion yen in SG&A expenses, totaling at about 19.0 billion yen to 20.0 billion yen.

Q6: Please let us confirm the segment-specific ROIC as of now and during the management plan period.

A6: We do not intend to disclose segment-specific ROIC at this point, and therefore please let us show the degree of group-wide ROIC improvement. Nonetheless, we use ROIC for the management of each business within the Company. By explaining the group-wide profitability improvement processes, we would like to earn the trust of investors.

Q7: How do you understand the unique shareholding structure where the government (the Minister of Economy, Trade and Industry) maintains a high investment ratio?

A7: The government holds about 38% of the shares, and we think the ratio should not rise any further. At this point, it is difficult to buy back our own shares. Meanwhile, considering recently growing importance of energy security, asking the government to lower the shareholding ratio is inconsistent. Basically, we intend to maintain the current shareholding structure in the near term.

Q8: Since the enactment of the CCS Business Act in FY2024, clear legislation has been awaited. How do you understand the progress of legislation on CCUS in Japan in the new management plan?

A8: The CCS Business Act is planned to be fully effective by May 23, 2026, and the development of ministerial ordinance and public comments are currently underway. Furthermore, detailed guidelines, including monitoring obligations at operating companies, are expected to be discussed and finalized at a council of the Ministry of Economy, Trade and Industry around this summer.

Through the exploratory drilling currently in progress in Tomakomai, we conduct technological verification for the annual storage capacity of 1.5 million to 2.0 million tons and the shielding, aiming for the FID by the end of FY2026. Key to the FID lies in “confirming geological potentials,” “calculating engineering, procurement, and construction (EPC) cost and setting the prices that can be recovered,” and “budget allocations and support systems being finalized by the government.”

Q9: Operating cash flow for FY2026–2035 is set to be 1.5 trillion yen, versus 830.0 billion yen for FY2026–FY2031. After deduction, growth of four-year operating cash flow from FY2032 seems limited considering profit and production volume. Are there any special factors?

A9: Cash flow generated in the Overseas E&P Business generally increases in proportion to production volume growth. The reason that cash flow growth in the latter half seems slight is this. One is a decline in the Domestic E&P Business, and the other is the moderate profit growth of the CN and I/U Businesses lowering overall growth rate. All in all, it does not mean growth will be sluggish in the latter half of the management plan period.

Q10: Let us know the factors behind the increase in the business profit target in the I/U Business.

A10: There are two major factors behind the increase. The first factor is that depreciation of the Soma LNG terminal and Fukushima Natural Gas Power Plant will be completed largely during the new management plan period, which would boost profit in terms of accounting. The second factor is that we expect profit contribution from the storage battery business from around 2030.

Q11: The Overseas E&P Business relies heavily on the U.S. Please let us know your view as to how the portfolio is designed, including other projects.

A11: Given expectation for early revenue contributions, the U.S. serves as a major contributor in the first half of the management plan period but is not the only contributor. We divide the roles by area, such as Indonesia (promoting long-term profit generating projects) and Norway (participating as a non-operator). Going forward, we continue to explore the projects that satisfy the four definitions of Core Assets, irrespective of the area and asset type.

Q12: Can I regard achieving production volume of 100,000 boe/d as one indicator (trigger) of shareholder return enhancement?

A12: As you understand, net profit and ROE are affected by external factors such as market situations and higher EPC cost, but production volume is the indicator that we can achieve through management efforts. We think achieving 100,000 boe/d is an important indication for revising our shareholder return policy.

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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