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Annual Securities Report

(Report pursuant to Article 24, Paragraph 1 of the Financial Instruments and Exchange Act)

Fiscal year	From: April 1, 2025
(The 56th term)	To: March 31, 2026

Japan Petroleum Exploration Co., Ltd.

1-7-12 Marunouchi, Chiyoda-ku, Tokyo

(E00041)

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Document title	Annual Securities Report
Clause of stipulation	Article 24, paragraph 1 of the Financial Instruments and Exchange Act
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Filing date	June 19, 2026
Fiscal year	The 56th term (April 1, 2025 to March 31, 2026)
Company name	Japan Petroleum Exploration Co., Ltd.
Company name in English	Japan Petroleum Exploration Co., Ltd.
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Section 1 Company Information

Item 1. Overview of Company

1. Key Financial Data

(1) Consolidated financial data

Fiscal year		52nd	53rd	54th	55th	56th
Fiscal year ended		March 31, 2022	March 31, 2023	March 31, 2024	March 31, 2025	March 31, 2026
Net sales	(Millions of yen)	249,140	336,492	325,863	389,082	340,336
Ordinary profit	(Millions of yen)	43,674	83,130	68,808	64,221	61,556
Profit (loss) attributable to owners of parent	(Millions of yen)	(30,988)	67,394	53,661	81,153	53,427
Comprehensive income	(Millions of yen)	(18,992)	68,436	108,087	51,939	114,794
Net assets	(Millions of yen)	402,770	457,169	537,574	557,257	658,897
Total assets	(Millions of yen)	471,941	568,180	660,928	681,598	862,470
Net assets per share	(Yen)	1,335.97	1,569.84	1,906.49	2,062.21	2,451.33
Basic earnings (loss) per share	(Yen)	(109.13)	247.33	198.89	314.91	208.74
Diluted earnings per share	(Yen)	–	–	–	–	-
Equity ratio	(%)	78.7	74.9	76.2	77.4	72.8
Return on equity	(%)	–	16.9	11.5	15.7	9.2
Price-earnings ratio	(Times)	–	3.61	6.90	3.69	12.49
Net cash provided by (used in) operating activities	(Millions of yen)	(1,052)	104,581	90,564	130,766	102,976
Net cash provided by (used in) investing activities	(Millions of yen)	52,067	(52,723)	(99,659)	(107,076)	(200,494)
Net cash provided by (used in) financing activities	(Millions of yen)	(70,939)	(14,506)	(28,596)	(38,671)	6,007
Cash and cash equivalents at the end of the period	(Millions of yen)	144,513	186,166	152,598	140,931	49,954
Number of employees [Separately, the average number of temporary employees]	(Persons)	1,634 [443]	1,617 [482]	1,641 [494]	1,653 [516]	1,670 [497]

Notes: 1. The amounts of diluted earnings per share are not stated since there were no dilutive shares, and basic losses per share were recorded for the 52nd term.

2. For the 52nd term, the figures of return on equity and price-earnings ratio are not stated since losses attributable to owners of parent were recorded.

3. JAPEX conducted a 5-for-1 stock split of its common stock on October 1, 2024. Net assets per share and basic earnings (loss) per share were calculated assuming that the stock split was conducted at the beginning of the 52nd term.

(2) Financial data of reporting company

Fiscal year		52nd	53rd	54th	55th	56th
Fiscal year ended		March 31, 2022	March 31, 2023	March 31, 2024	March 31, 2025	March 31, 2026
Net sales	(Millions of yen)	133,642	233,160	190,114	206,952	190,487
Ordinary profit	(Millions of yen)	39,018	67,169	54,808	41,413	35,505
Profit (Loss)	(Millions of yen)	(20,003)	58,769	46,872	73,856	37,923
Share capital	(Millions of yen)	14,288	14,288	14,288	14,288	14,288
Number of issued shares	(Thousand shares)	57,154	54,300	54,300	257,000	257,000
Net assets	(Millions of yen)	337,872	381,522	449,211	450,954	540,669
Total assets	(Millions of yen)	423,049	492,716	552,910	556,615	716,950
Net assets per share	(Yen)	1,214.59	1,407.15	1,699.57	1,762.14	2,112.00
Dividends per share [Interim dividend per share of the above]	(Yen)	50.0 [25.0]	370.0 [150.0]	300.0 [125.0]	155.0 [125.0]	65.0 [20.0]
Basic earnings (loss) per share	(Yen)	(70.44)	215.68	173.73	286.59	148.17
Diluted earnings per share	(Yen)	–	–	–	–	-
Equity ratio	(%)	79.9	77.4	81.2	81.0	75.4
Return on equity	(%)	–	16.3	11.3	16.4	7.6
Price-earnings ratio	(Times)	–	4.14	7.90	4.06	17.60
Dividend payout ratio	(%)	–	34.3	34.5	19.2	43.9
Number of employees [Separately, the average number of temporary employees]	(Persons)	965 [205]	954 [220]	979 [217]	972 [231]	993 [226]
Total shareholder return	(%)	127.5	237.7	368.9	331.4	698.8
[Comparative index: TOPIX (mining industry) Total Return Index by industry]	(%)	[188.6]	[203.5]	[348.3]	[326.0]	[759.7]
Highest stock price	(Yen)	3,045	5,230	6,960	1,269 [7,440]	2,819
Lowest stock price	(Yen)	1,714	2,443	4,105	1,021 [4,925]	893

Notes: 1. The amounts of diluted earnings per share are not stated since there were no dilutive shares, and basic losses per share were recorded for the 52nd term.

2. For the 52nd term of reporting company, the figures of return on equity, price-earnings ratio, and dividend payout ratio are not stated since losses were recorded.

3. JAPEX conducted a 5-for-1 stock split of its common stock on October 1, 2024. Net assets per share, basic earnings (loss) per share, and total shareholder return were calculated assuming that the stock split was conducted at the beginning of the 52nd term. The dividend of ¥155 per share for the 55th term is the total of the interim dividend of ¥125 per share before the stock split and the year-end dividend of ¥30 per share after the stock split. On the assumption that the stock split had been conducted at the beginning of the 55th term, interim dividend would have been ¥25 per share and annual dividends would have been ¥55 per share.

4. The year-end dividend per share of ¥45 of the annual dividends per share of ¥65 for the 56th term is subject to approval by a resolution of the Ordinary General Meeting of Shareholders to be held on June 23, 2026.
5. The highest and lowest stock prices were recorded on the First Section of the Tokyo Stock Exchange on or before April 3, 2022, and on the Prime Market of the Tokyo Stock Exchange on and after April 4, 2022. The stock prices for the 55th term are the highest and lowest stock prices after the stock split, and the stock prices in square brackets are the highest and lowest stock prices before the stock split.

2. History

In December 1955, Japan Petroleum Exploration Co., Ltd. was founded as a special company under the Law of Japan Petroleum Exploration Co., Ltd. In October 1967, when Japan Petroleum Development Corporation (JPDC) was founded, this special company was dissolved with all of its goodwill invested into JPDC. The business activities of this special company were continued as a division of JPDC. This form of business operation was implemented as a three-year time-limited measure as set forth in the Supplementary Provisions of the Japan Petroleum Development Corporation Law. Accordingly, in April 1970, the above division separated from JPDC to be reorganized as Japan Petroleum Exploration Co., Ltd. (hereinafter referred to as "JAPEX" or the "Company"), which is a private company under the Commercial Law.

Thus, although JAPEX was established in April 1970, the start of its business dates back to December 1955, when the above special company was founded. For this reason, the following history starts from December 1955.

Dec. 1955	Founded as a special company under the name of Japan Petroleum Exploration Co., Ltd, the predecessor of JAPEX (hereinafter referred to as the "Predecessor Company"), with the government's contribution exceeding 50% (56% at the foundation)
Mar. 1958	Discovered the Mitsuke Oil Field in Niigata Prefecture
Jul. 1958	Discovered the Sarukawa Oil Field in Akita Prefecture
Jun. 1959	Discovered the Higashi-Niigata Gas Field in Niigata Prefecture
Dec. 1960	Discovered the Katakai Gas Field in Niigata Prefecture
Jun. 1962	Established JAPEX SKS Corporation (currently a consolidated subsidiary of JAPEX)
Feb. 1966	Established North Sumatra Offshore Petroleum Exploration Co., Ltd. (currently INPEX CORPORATION)
Oct. 1967	Dissolved and integrated into Japan Petroleum Development Corporation (JPDC) as its division upon the foundation of JPDC
Apr. 1968	Discovered the Yoshii Gas Field in Niigata Prefecture
Apr. 1970	Separated from JPDC and reorganized as a private company, Japan Petroleum Exploration Co., Ltd. (with JPDC succeeding the government's equity stake in the Predecessor Company)
May 1971	Established Japex Offshore Ltd. (currently a consolidated subsidiary of JAPEX) (Note 1)
Oct. 1971	Established SK ENGINEERING CO., LTD. (currently a consolidated subsidiary of JAPEX)
Jun. 1976	Discovered the Yurihara Oil and Gas Field in Akita Prefecture
Apr. 1983	Established JGI, Inc. (currently a consolidated subsidiary of JAPEX) (Note 2)
Mar. 1989	Discovered the Yufutsu Oil and Gas Field in Hokkaido Prefecture
Mar. 1996	Completed construction of the Niigata-Sendai Gas Pipeline with a total length of 251 km, capable of supplying natural gas to an extensive area
Oct. 2003	Established Shirone Gas Co., Ltd. (currently a consolidated subsidiary of JAPEX) (Note 3)
Dec. 2003	Listed on the First Section of the Tokyo Stock Exchange
Mar. 2010	Established Japex Garraf Ltd. (currently a consolidated subsidiary of JAPEX) (Note 4)
Apr. 2015	Established Fukushima Gas Power Co., Ltd. (currently an equity-method associate of JAPEX)
Mar. 2018	Commenced operation of the Soma LNG Terminal in Fukushima Prefecture
Apr. 2020	Commenced sale of electricity generated by Fukushima Gas Power Co., Ltd. (Note 5)
Apr. 2022	Transferred from the First Section to the Prime Market of the Tokyo Stock Exchange (TSE) in response to the restructuring of TSE's market segments
Jul. 2024	Acquired equity stake in JAPEX Norge AS (currently a consolidated subsidiary of JAPEX)
Nov. 2025	Acquired equity stake in EMP Gebang Ltd. (currently an equity-method associate of JAPEX) (Note 6)
Feb. 2026	Acquired equity interests in Verdad Resources Intermediate Holdings LLC (currently a consolidated subsidiary of JAPEX) (Note 7)

Notes:
1. Japex Offshore Ltd. discovered the Aga-oki Oil and Gas Field and the Iwafune-oki Oil and Gas Field both in Niigata Prefecture in March 1972 and in June 1983, respectively.
2. JAPEX entrusts a major portion of its geophysical exploration work to JGI, Inc.
3. Shirone Gas Co., Ltd. commenced general gas utility services in April 2004.
4. Japex Garraf Ltd. commenced production at the Garraf Oil Field in August 2013.
5. Fukushima Gas Power Co., Ltd. started the commercial operation of Unit No. 1 and Unit No.2 of the Fukushima Natural Gas Power Plant in April and August, respectively, in 2020.
6. JAPEX acquired a 50% stake in EMP Gebang Ltd., a subsidiary of Energi Mega Persada Tbk. (EMP), which holds 100% of the working interest in Indonesia's Gebang PSC block ("Gebang"), in November 2025.
7. JAPEX acquired all equity interests in Verdad Resources Intermediate Holdings LLC, which holds tight oil and gas assets in Colorado and Wyoming, the U.S., through Peoria Resources Acquisition Company, LLC, managed by Peoria Resources LLC, an overseas consolidated subsidiary, in February 2026.

3. Description of Business

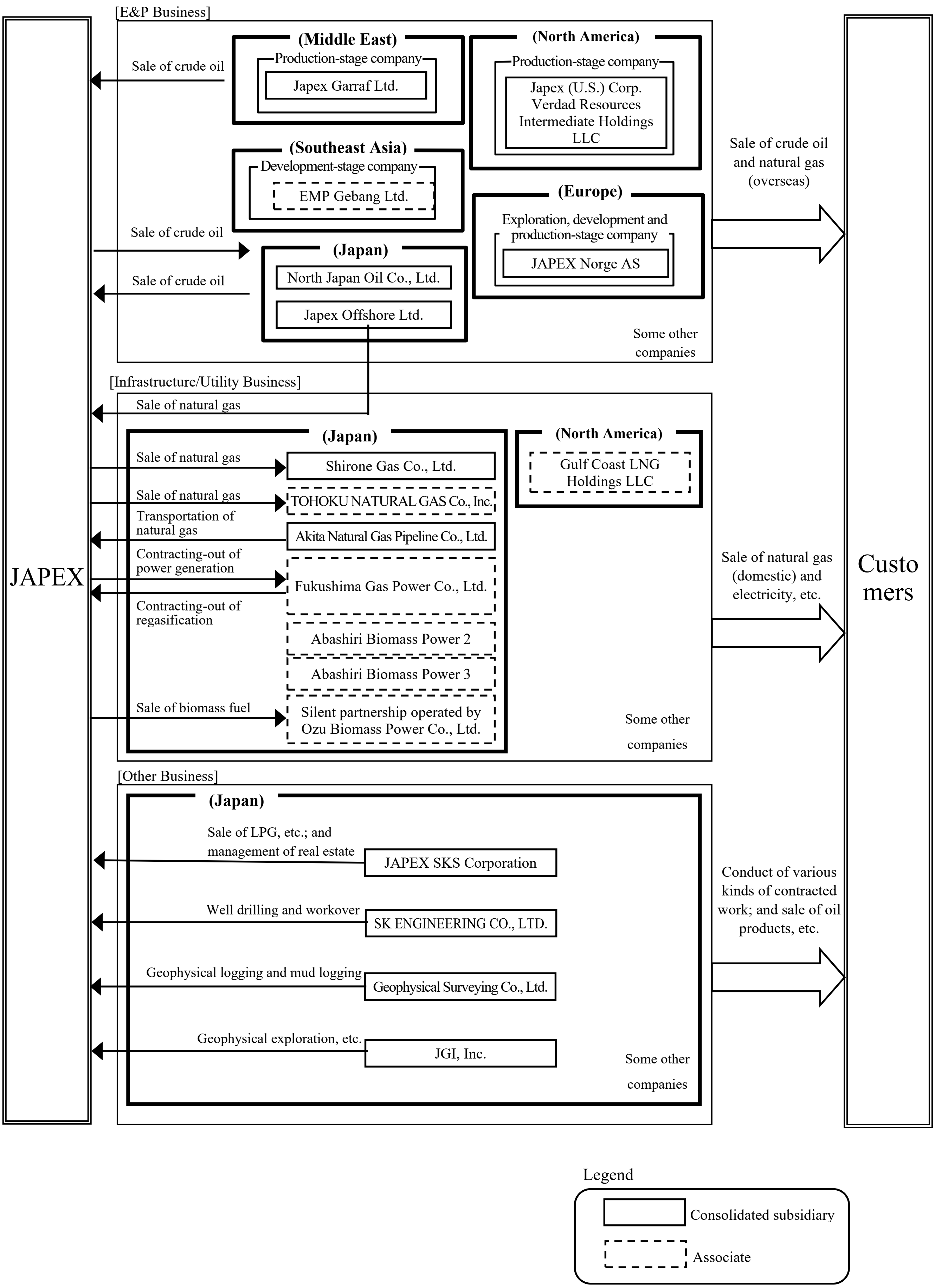
As of March 31, 2026, the JAPEX Group comprises JAPEX, 32 subsidiaries, and 19 associates. Our main business categories are the "E&P Business," the "Infrastructure/Utility Business," and "Other Businesses." In addition to its business activities in Japan, the JAPEX Group is conducting business overseas through its project companies established based on their business locations. The JAPEX Group diversifies risks by promoting projects in a joint venture with other companies when conducting exploration and development of crude oil and natural gas fields overseas.

The JAPEX Group consists of segments by business location. The description of business in each business segment and the positioning of JAPEX, the subsidiaries, and the associates are as follows:

Business Segment	Description of Business
Japan	(1) E&P Business JAPEX and its consolidated subsidiary, Japex Offshore Ltd., produce crude oil and natural gas in Japan. In addition, the consolidated subsidiary, North Japan Oil Co., Ltd., purchases and sells JAPEX's crude oil.
	(2) Infrastructure/Utility Business In addition to the domestic natural gas produced by the JAPEX Group, JAPEX regasifies imported LNG at the Soma LNG Terminal and Nihonkai LNG Co., Ltd.'s Niigata LNG Terminal. This gas is supplied to customers in regions along JAPEX's own gas pipeline network spanning over 800 km in length. The consolidated subsidiary Shirone Gas Co., Ltd. and the associate TOHOKU NATURAL GAS Co., Inc. sell gas received from JAPEX's wholesale supply. The consolidated subsidiary Akita Natural Gas Pipeline Co., Ltd. transports the natural gas that JAPEX sells in Akita Prefecture. In Hokkaido Prefecture, JAPEX receives LNG from coastal vessels and tank trucks at the Yufutsu LNG Receiving Terminal and sells the regasified LNG and domestic natural gas to customers in the prefecture. In addition, JAPEX and some of its consolidated subsidiaries and associates supply LNG via a satellite system using tank trucks and tank containers to meet demand for natural gas in areas outside of its pipeline network. Also, JAPEX provides gas transportation services using its pipeline network to gas transportation service customers. An associate, Fukushima Gas Power Co., Ltd. (hereinafter referred to as "FGP"), conducts power generation business at the Fukushima Natural Gas Power Plant, which is adjacent to the Soma LNG Terminal. JAPEX commissions FGP to generate electricity and sells electricity mainly to other retail electricity providers. In addition, JAPEX is also contracted by FGP to regasify LNG used as fuel for the power plant. To stably procure the necessary LNG for the Gas Business and Electric Power Business, JAPEX strives to diversify its suppliers and contract terms. In addition, JAPEX is engaged in the development of renewable energy and the storage battery business.. JAPEX's associates, Abashiri Biomass Power 2 LLC. and Abashiri Biomass Power 3 LLC., operate biomass power generation using domestic wood chips made in Hokkaido Prefecture as fuel. The silent partnership operated by Ozu Biomass Power Co., Ltd., an associate of JAPEX, conducts biomass power generation using fuel supplied by JAPEX.
	(3) Other Businesses The consolidated subsidiary SK ENGINEERING CO., LTD. is contracted by JAPEX and other companies for well drilling and workover operations. The consolidated subsidiary Geophysical Surveying Co., Ltd. is contracted by JAPEX and other companies to conduct geophysical logging and mud logging related to well drilling and workover operations. Mud logging refers to recording the results of surveys and analyses of mud that is circulated in wells during drilling and cuttings that are brought to the surface by the mud. The consolidated subsidiary, JGI, Inc., is contracted by JAPEX and other companies to conduct geophysical exploration. The consolidated subsidiary, JAPEX SKS Corporation, manufactures and sells oil products.

North America	(1) E&P Business The consolidated subsidiary Japex (U.S.) Corp. develops and produces tight oil in Texas and Oklahoma, the U.S. The consolidated subsidiary Verdad Resources Intermediate Holdings LLC develops and produces tight oil and gas in Colorado and Wyoming, the U.S.
	(2) Infrastructure/Utility Business JAPEX's associate Gulf Coast LNG Holdings LLC participates in the "Freeport LNG Project" in Texas, the U.S..
Europe	E&P Business The consolidated subsidiary JAPEX Norge AS explores, develops, and produces crude oil and natural gas in the offshore blocks of Norway.
Middle East	E&P Business The consolidated subsidiary, Japex Garraf Ltd., produces crude oil in the Garraf Oil Field in the Republic of Iraq.
Other	E&P Business JAPEX also has business segments in Southeast Asia (including EMP Gebang Ltd., an associate in the development stage) and Russia (including Sakhalin Oil and Gas Development Co., Ltd., an associate).

The following chart summarizes the structure of JAPEX Group's businesses. In this chart, business segments are in parentheses while descriptions of businesses are in square brackets.



4. Subsidiaries and Associates

Company name	Address	Share capital or capital contribution (Millions of yen)	Main businesses	JAPEX's stake and percentage of voting rights held		Description of relationship
				Stake (%)	Percentage of voting rights held (%)	
(Consolidated subsidiaries)						
Akita Natural Gas Pipeline Co., Ltd.	Akita City, Akita	250	Transportation of natural gas by pipeline in Akita Prefecture	100.00	–	Transporting JAPEX's natural gas. Interlocking officers: Yes
SK ENGINEERING CO., LTD.	Chiyoda-ku, Tokyo	300	Provision of contracted well drilling and engineering services	100.00	–	Conducting a contracted-out part of JAPEX's well drilling work. Receiving a loan from JAPEX for part of its business funds. Interlocking officers: Yes
JAPEX SKS Corporation	Minato-ku, Tokyo	90	Manufacture and sale of oil products; real estate management; and insurance agency	100.00	–	Purchasing crude oil and natural gas from JAPEX. Also selling products such as LPG to JAPEX and managing the real estate of JAPEX. Interlocking officers: Yes
North Japan Oil Co., Ltd.	Sakata City, Yamagata	80	Sale of crude oil, recycling of waste oil, and contracted transportation of crude oil	100.00	–	Purchasing crude oil from JAPEX. Also conducting contracted transportation of JAPEX's crude oil. Interlocking officers: Yes
Shirone Gas Co., Ltd. (Note 1)	Tsubame City, Niigata	3,000	Production, supply, and sale of gas in Tsubame City and Niigata City, Niigata Prefecture	100.00	–	Purchasing JAPEX's natural gas to supply it as city gas. Interlocking officers: Yes
Japex Pipeline Ltd.	Nagaoka City, Niigata	80	Pipeline maintenance and management	100.00	–	Conducting maintenance and management work for JAPEX's main gas pipelines. Interlocking officers: Yes
JGI, Inc. (Note 1)	Bunkyo-ku, Tokyo	2,100	Conduct of contracted geophysical exploration work and development of geophysical exploration technology	100.00	–	Conducting geophysical exploration work contracted out by JAPEX. Interlocking officers: Yes
Geophysical Surveying Co., Ltd.	Chiyoda-ku, Tokyo	446	Conduct of contracted geophysical logging and mud-logging work	100.00	–	Conducting contracted geophysical logging and mud-logging work for JAPEX's well drilling work. Interlocking officers: Yes

Company name	Address	Share capital or capital contribution (Millions of yen)	Main businesses	JAPEX's stake and percentage of voting rights held		Description of relationship
				Stake (%)	Percentage of voting rights held (%)	
North Japan Security Service Co., Ltd.	Niigata City, Niigata	30	Industrial safety services, security services	89.42	–	Providing security services to JAPEX Group companies, including JAPEX and Japex Offshore Ltd. Interlocking officers: Yes
Japex Offshore Ltd. (Note 1)	Chiyoda-ku, Tokyo	5,963	Exploration, development, and production of petroleum resources on the continental shelf of the Sea of Japan	70.61	–	Selling crude oil and natural gas to JAPEX. Interlocking officers: Yes
GEOSYS, Inc. (Note 3)	Bunkyo-ku, Tokyo	49	Conduct of contracted geophysical exploration work; and sale of geophysical exploration equipment	57.82 (57.82)	–	Providing business support to the subsidiary JGI, Inc. Interlocking officers: Yes
Japex Garraf Ltd. (Note 1)	Chiyoda-ku, Tokyo	20,930	Exploration, development, and production of petroleum resources in the Garraf Oil Field, Iraq	55.00	–	Selling crude oil to JAPEX. Interlocking officers: Yes
Japex (U.S.) Corp. (Notes 1 and 5)	Texas, the U.S.	246,413 (thousand US dollars)	Exploration, development, and production of petroleum resources in the U.S.	100.00	–	Receiving loans from JAPEX for part of its business funds. Interlocking officers: Yes
Peoria Resources, LLC (Notes 1 and 3)	Texas, the U.S.	800,000 (thousand US dollars)	Exploration, development, and production of petroleum resources in the U.S.	99.88 (99.88)	–	Interlocking officers: Yes
Verdad Resources Intermediate Holdings LLC (Notes 1 and 3)	Texas, the U.S.	1,031,632 (thousand US dollars)	Exploration, development, and production of petroleum resources in the U.S.	99.88 (99.88)	–	Interlocking officers: No
JAPEX Norge AS	Stavanger, Norway	6,786 (thousand Norwegian krone)	Exploration, development, and production of petroleum resources in the territorial waters of Norway	100.00	–	Receiving debt guarantees from JAPEX for a portion of the obligations related to its business. Interlocking officers: Yes
JAPEX Insurance Ltd. (Note 1)	Hamilton, Bermuda	3,500	Underwriting reinsurance of non-life insurance of the JAPEX Group	100.00	–	Underwriting a part of the insurance for JAPEX and the subsidiary Japex Offshore Ltd. Interlocking officers: Yes
Nine other companies						

Company name	Address	Share capital or capital contribution (Millions of yen)	Main businesses	JAPEX's stake and percentage of voting rights held		Description of relationship
				Stake (%)	Percentage of voting rights held (%)	
(Equity-method associate) TOHOKU NATURAL GAS Co., Inc.	Sendai City, Miyagi	300	Purchase and sale of natural gas in the Tohoku region	45.00	–	Purchasing natural gas from JAPEX. Interlocking officers: Yes
TELNITE CO., LTD.	Chiyoda-ku, Tokyo	98	Manufacture and sale of drilling fluid chemicals; and provision of mud services	47.00	–	Selling drilling fluid chemicals to JAPEX. Also providing contracted mud services for JAPEX's well drilling work. Interlocking officers: Yes
Fukushima Gas Power Co., Ltd.	Chiyoda-ku, Tokyo	537	Operation and contract work of a power generation business using a natural gas power plant	33.30	–	Conducting the contracted operation of power generation for JAPEX, namely converting LNG to electricity. Also, contracting-out the regasification of LNG to JAPEX. Having its debt obligation collateralized by JAPEX's assets. Interlocking officers: Yes
Sakhalin Oil and Gas Development Co., Ltd. (Note 4)	Minato-ku, Tokyo	22,592	Exploration, development, and production of petroleum resources on Sakhalin Island and its land shelf in the Russian Federation	15.29	–	Receiving debt guarantees from JAPEX for some of its borrowings. Interlocking officers: Yes
Abashiri Biomass Power 2 LLC.	Abashiri City, Hokkaido	1,297	Biomass power generation business using domestic wood chips	33.80	–	Receiving debt guarantees from JAPEX for some of its borrowings. Interlocking officers: Yes
Abashiri Biomass Power 3 LLC.	Abashiri City, Hokkaido	1,238	Biomass power generation business using domestic wood chips	33.80	–	Receiving debt guarantees from JAPEX for some of its borrowings. Interlocking officers: Yes
Silent partnership operated by Ozu Biomass Power Co., Ltd. (Note 2)	Ozu City, Ehime	21,349	Biomass power generation business using wood pellets	– [28.28]	–	Receiving a supply of wood pellets from JAPEX. Also receiving debt guarantees from JAPEX for some of its borrowings used for its projects. Interlocking officers: No

Company name	Address	Share capital or capital contribution (Millions of yen)	Main businesses	JAPEX's stake and percentage of voting rights held		Description of relationship
				Stake (%)	Percentage of voting rights held (%)	
Gulf Coast LNG Holdings LLC (Notes 3 and 4)	Texas, the U.S.	–	Participation in the Freeport LNG Project in Texas, the U.S.	15.00 (15.00)	–	Interlocking officers: Yes
Blue Spruce Operating LLC (Notes 3)	Wyoming, the U.S.	66,315 (thousand US dollars)	Consideration of the separation and capture of CO_2 and the sale of natural gas and helium in Wyoming, the U.S.	40.00 (40.00)	–	Interlocking officers: Yes
EMP Gebang Ltd.	North Sumatra, Republic of Indonesia	16 (US dollars)	Exploration, development, and production of petroleum resources in the northern coast of Sumatra, Republic of Indonesia	50.00	–	Receiving a loan from JAPEX for part of its business funds. Interlocking officers: Yes

Notes: 1. The company is a specified subsidiary.

2. The figure inside the square brackets under "Percentage of voting rights held" represents the percentage held by parties who are closely related to or aligned with JAPEX and is excluded from the above percentage.
3. The figure inside the parentheses under "Percentage of voting rights held" represents the percentage of indirectly held voting rights and is included in the above percentage.
4. The company is considered to be an associate because JAPEX has a substantial influence thereon despite having a stake therein that is less than 20%.
5. The amount of sales of Japex (U.S.) Corp. (excluding intercompany sales) exceeded 10% of the amount of consolidated net sales of JAPEX. Information on profit or loss, etc. represents consolidated figures including its 13 subsidiaries and associates.

Information on profit or loss, etc. (Millions of yen):

(1) Net sales	52,377
(2) Ordinary profit	17,673
(3) Profit	13,796
(4) Net assets	225,508
(5) Total assets	354,534

Item 2. Overview of Business

1. Management Policy, Business Environment, and Issues to be Addressed

Please note that any forward-looking statements in the following discussion are based on the judgement of JAPEX Group's management as of the end of the fiscal year under review, and actual results may differ materially from the statements due to various factors.

(1) Basic management policies of JAPEX

As a company focusing mainly on the exploration, development, production, and distribution of oil and natural gas, with the mission of contributing to stable supply of energy in Japan through securing reserves and expanding production, the JAPEX Group has established its business foundation by continuously discovering new oil and gas reserves, since its foundation in 1955.

As JAPEX Group's supply volume increases, its social responsibility for the stable supply of energy is growing. Meanwhile, it has become crucial for the JAPEX Group to build a new business model based on, among other things, irreversible changes in the energy supply and demand structure driven by the progress in global decarbonization. Therefore, JAPEX aims to develop as a company with market competitiveness whilst adapting to changes in its business environment. Our corporate vision is as follows:

Contribute to society through a stable supply of energy and address social issues towards the Sustainable Development Goals

- Explore, develop, produce, and distribute crude oil and natural gas at home and abroad.
- Further strengthen the natural gas supply chain, built on our domestic infrastructure, by combining the electric power supply business.
- Contribute to resolving energy and climate change-related challenges towards a sustainable society through developing and commercializing new technologies, drawing on our expertise.
- Achieve sustainable growth and maximize corporate value, while placing top priority on maintaining trust with all stakeholders.

(2) Medium- to long-term management strategies and issues to be addressed

In April 2026, JAPEX formulated and announced "JAPEX Management Plan 2026–2035: Building Core Assets toward 2035" (hereinafter referred to as the "Management Plan 2026–2035"), which sets forth its medium- to long-term growth strategy with a view toward 2035.

Outlines of the Management Plan 2026–2035 are as follows:

1) External environment and our view on JAPEX's current situation

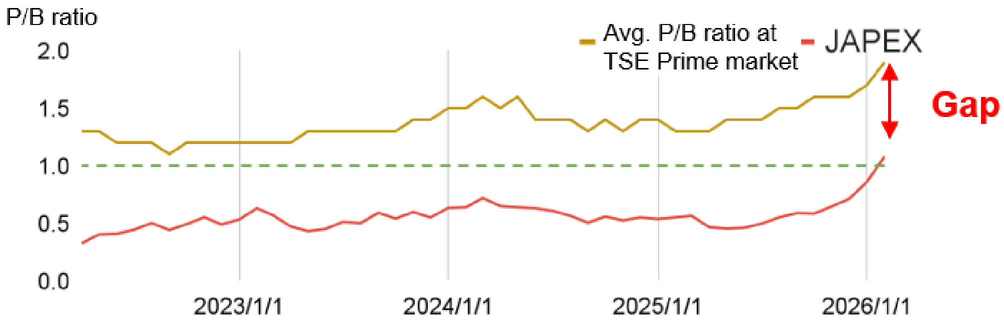
(External environment)

- Renewed awareness of the importance of energy security and oil/natural gas, due to rising geopolitical risks.
- The goal of net-zero emissions maintained but being fine-tuned to a more pragmatic approach for the transition timing and process.
- Upward trend in oil/natural gas demand backed by economic growth in emerging/developing countries, as well as the expected increase in electricity demand with the spread of AI.
- CCUS adoption anticipated to grow to a certain extent as a key enabling technology for decarbonization.

(Note) CCUS is the abbreviation of Carbon dioxide, Capture, Utilization, and Storage. The term CCUS is used to include CCS (Carbon dioxide Capture and Storage), a technology that captures emitted CO_2 and stores it underground. Note that the term "CCS" may be used, when using "CCS" as a proper noun, or in cases where it does not include the effective utilization of CO_2.

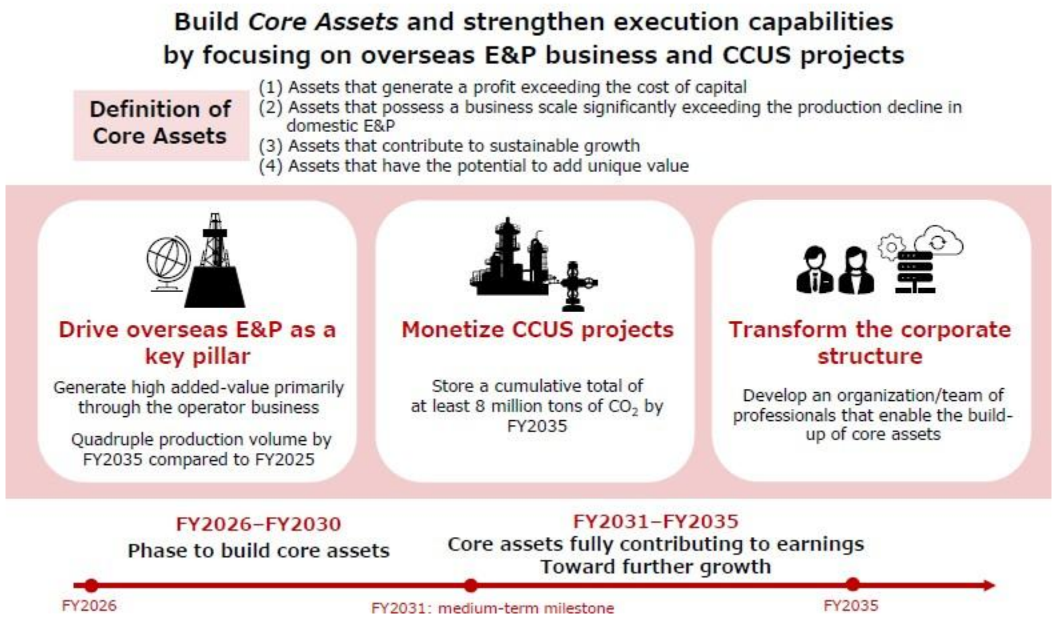
(JAPEX's current situation)

- P/B ratio trending above 1x, but the gap remains against the TSE Prime average as of the end of March 2026.
- Recognizing the cause as skepticism towards our ability to ensure sustainable growth.



2) Basic policy

- Position the period between FY2026 and FY2030 as a phase to build core assets by concentrating on overseas E&P and CCUS, and the period between FY2031 and FY2035 as a phase when the core assets will fully contribute to earnings.
- To steadily implement the basic policy, strengthen our execution capabilities by enhancing human capital, transforming organizational culture, and driving DX as part of corporate transformation.

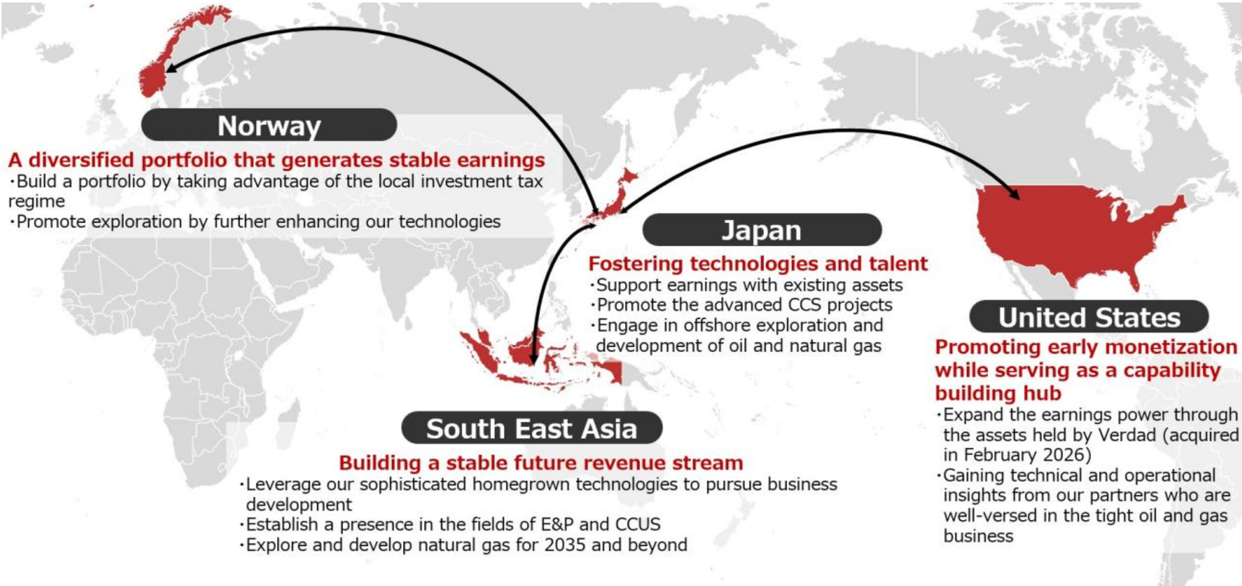


3) Business strategy

- We will focus management resources on the four areas where we can leverage our strengths and build core assets to grow earnings while diversifying development timelines and risks.

(JAPEX's strengths)

- Comprehensive technical capabilities in E&P
  - Technical prowess mainly in expertise in exploration, geophysical surveys, and reservoirs, which we have accumulated in geologically challenging domestic E&P operations
- Pioneer in domestic CCUS projects
  - Leading track record and expertise in domestic CCUS projects and relationships of trust with stakeholders
- Portfolio management
  - Rigorous management of portfolio
  - Decisive action on portfolio replacement



4) Management goals

- We aim for profit growth to achieve a profit of ¥100.0 billion by FY2035 by building core assets with growth investments of ¥1,500.0 billion through steady implementation of the business strategy.
- In efforts to address climate change, we have set a new target of cumulative CO_2 storage volume of 8 million tons or more in FY2035 in the Management Plan 2026–2035, as a target of CO_2 reduction contribution to society through CCUS, while upholding the basic principles of contributing to a net-zero society based on the premise of ensuring a stable supply of oil and natural gas under the "JAPEX2050: Toward a Carbon-Neutral Society" formulated in May 2021.

(Billions of yen, unless otherwise noted)

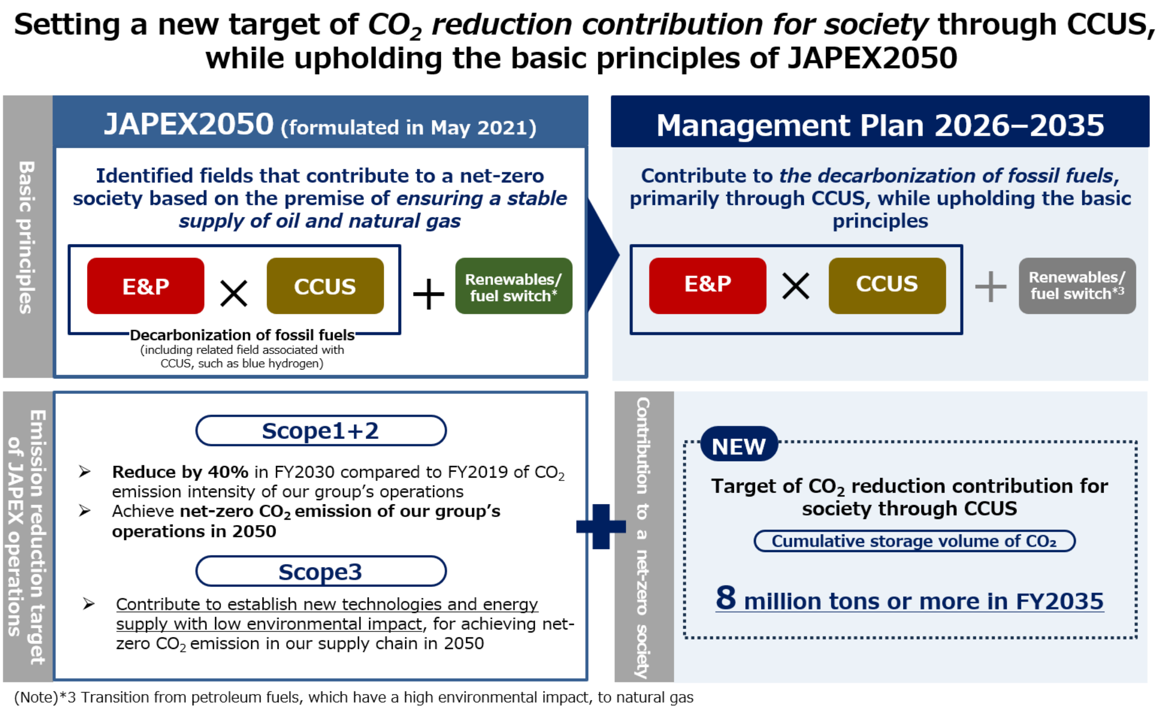
	FY2031	FY2035
Assumption	Crude oil price: USD70.00/bbl*1 Exchange rate: JPY140.00/USD	
ROE	10% or more	12% or more
ROIC	8% or more	10% or more
Profit attributable to owners of parent	75.0	100.0
Business profit after tax	80.0	120.0
Business profit by business field (after tax)	Domestic E&P: 10.0 Overseas E&P: 40.0 CN: 20.0 I/U: 20.0 Others: (10.0)	Domestic E&P: 5.0 Overseas E&P: 75.0 CN: 25.0 I/U: 25.0 Others: (10.0)
Growth investments (total from FY2026)	900.0	1,500.0
Debt-to-EBITDA ratio	Below 3x even under the conditions of crude oil price=USD50.00/bbl and exchange rate=JPY110.00/USD	

(Note) *1 Internal assumption based on the IEA's forecast (USD75-80/bbl) from the "World Energy Outlook 2025 Stated Policies Scenario (STEPS)"

(Targets for production volume and CO_2 storage volume)

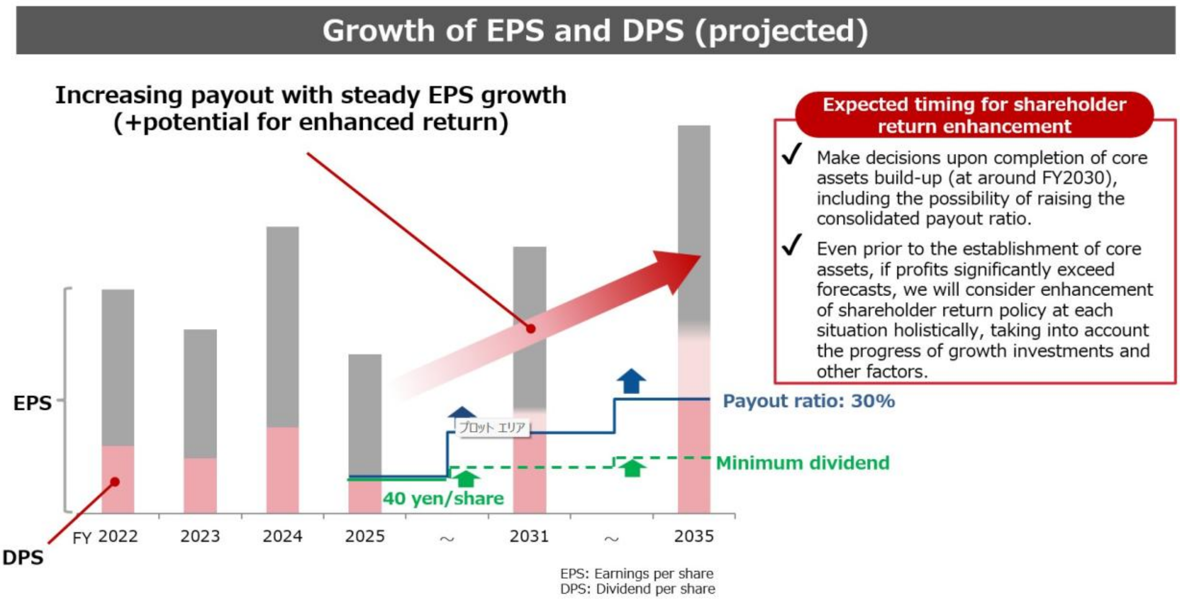
	FY2031	FY2035
Production volume*2	100,000 boe/d	180,000 boe/d
CO_2 storage volume	Begin CO_2 storage at 1.5 to 2.0 million tons per year	8 million tons or more (cumulative)

(Note) *2 Consolidated subsidiaries include non-controlling interests; the production volume of equity-method associates is represented in gross.



5) Return to shareholders

- We aim to steadily increase the amount of dividends through profit growth by achieving management goals, while maintaining the current dividend policy of consolidated payout ratio of 30% and minimum dividend of ¥40 per share for the time being.
- As for timing for shareholder return enhancement, we plan to make decisions upon completion of core assets build-up (at around FY2030), including the possibility of raising the consolidated payout ratio. Even prior to the establishment of core assets, if profits significantly exceed forecasts, we will consider enhancement of shareholder return policy at each situation holistically, taking into account the progress of growth investments and other factors.



"JAPEX Management Plan 2026–2035: Building Core Assets toward 2035" :
https://www.japex.co.jp/en/news/uploads/pdf/JAPEX20260422_ManagementPlan_e.pdf
"JAPEX2050: Toward a Carbon-Neutral Society":
https://www.japex.co.jp/ir/uploads/pdf/JAPEX20210513_JAPEX2050_Presentation_e.pdf

By steadily implementing the Management Plan 2026–2035, JAPEX aims to both ensure a stable supply of oil and natural gas with overseas E&P as the core and contribute to the realization of a carbon-neutral society in 2050, thereby further increasing corporate value.

Please note that any forward-looking statements for the Management Plan 2026–2035 in (2) Medium- to long-term management strategies and issues to be addressed in the Item 2 are based on the judgement of JAPEX Group’s management as of the announcement of the Management Plan 2026–2035, and actual results may differ materially from the statements due to various factors.

2. Views and Initiatives on Sustainability

Please note that any forward-looking statements in the following discussion are based on JAPEX's judgement as of the filing date of this Annual Securities Report.

(1) Sustainability in general

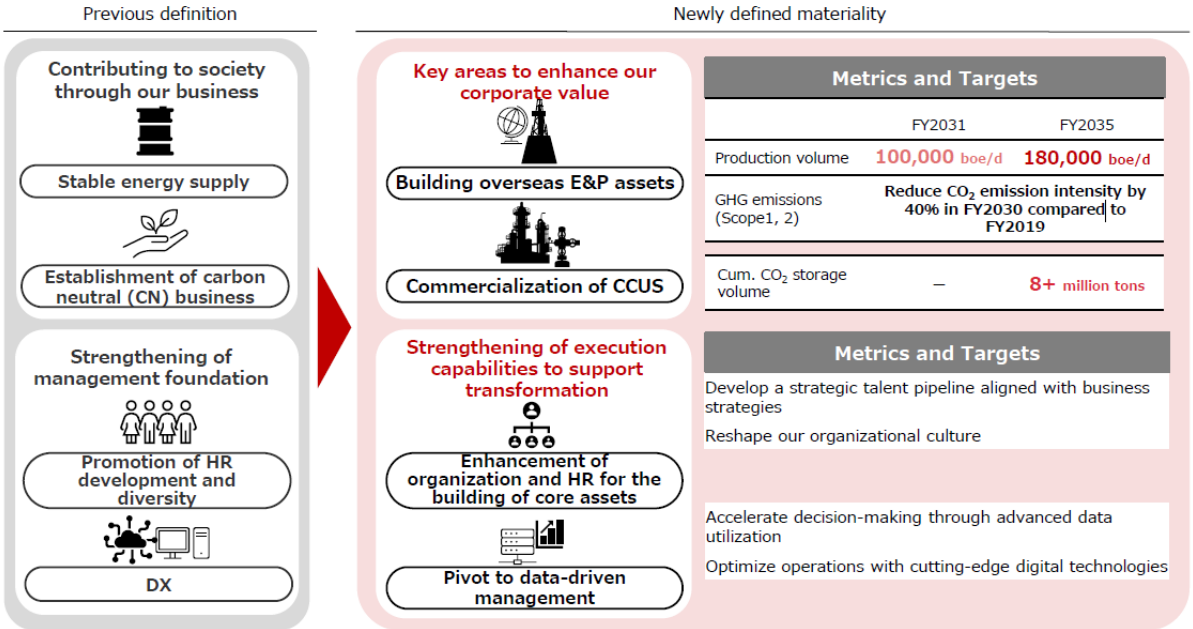
Basic views and initiatives

JAPEX believes that our mission is to provide a stable supply of energy and that our business activities themselves are a form of CSR. Based on this recognition, we have formulated a policy on CSR and sustainability activities, significant challenges, and action plans. The Sustainability Committee reviews the achievement progress every year and sets goals.

In formulating the Management Plan 2026–2035, we have redefined material issues as "significant challenges to our growth strategy," as opposed to the previous definition of "challenges that should be addressed now, based on their role of connecting the core CSR themes with the management plan."
Among those with high financial implications in the Management Plan 2026–2035, we have identified more specific issues centering around the key areas to enhance our corporate value.

Material issues

- Building overseas E&P assets
- Commercialization of CCUS
- Enhancement of organization and HR for the building of core assets
- Pivot to data-driven management



Governance

We have implemented a system for appropriate decision-making under the supervision of the Board of Directors. The Sustainability Committee has been established to deliberate on medium- to long-term management issues related to achieving sustainable growth and accompanying sustainability-related matters. Matters deliberated by the Sustainability Committee are properly reported to the Board of Directors, and key decisions are made by the Board of Directors.
The Sustainability Committee is chaired by the President, and its members are officers from each department. Full-time Audit & Supervisory Board Members attend the Sustainability Committee meetings as observers.

Committee	Chair	Number of meetings (FY2025)	Main items deliberated
Sustainability Committee	President	15 meetings	• Formulation and review of management plans • Basic policy about sustainability, including the Code of Ethics and Conduct • Key matters related to environment, social, and governance (ESG) • Establishment and review of the core CSR themes and CSR action plans • Disclosure of sustainability information to external parties, including integrated reports

Note: For the status of activities of the Board of Directors, including sustainability, please refer to "Item 4. Information about Reporting Company, 4. Corporate Governance, (1) Overview of corporate governance."

When we decide investments, the Investment Evaluation Committee assesses risks from diversified viewpoints, including ESG and geopolitics, in addition to the economic efficiency of investment projects, and based on the assessments, the Executive Committee and the Board of Directors make reasonable judgements, considering risks and opportunities. In addition, the status of ESG-related activities is reported to the Board of Directors annually.

We specify ESG and sustainability skills in the skills matrix, which lists the knowledge, experience, and skills of each of our Directors and Audit & Supervisory Board Members.

Risk management

JAPEX has established the Risk Management Committee to manage key company-wide risks, including those related to sustainability (Integrated Risk Management).

Committee	Chair	Number of meetings (FY2025)	Main items deliberated
Risk Management Committee	President	1 meeting / 3 months	• Matters related to company-wide risks (identification and assessment) • Managing progress and addressing issues of major projects during the implementation and operation stage • Inspecting cases of compliance violations

In the Integrated Risk Management, we formulated a risk matrix to identify and assess company-wide risks. Each business division identifies risks based on factors such as the content and regions of the business and related regulations, then conducts a quantitative assessment of each risk from the perspectives of probability and impact. The assessment of the risks is reported to the Board of Directors annually after being deliberated by the Risk Management Committee. Those positioned as major risks are disclosed in "3. Business and Other Risks" below.

Among the risks identified by the Risk Management Committee, management issues recognized as needing long-term attention are discussed by the Sustainability Committee, which deals with "JAPEX2050: Toward a Carbon-Neutral Society" (hereinafter referred to as "JAPEX2050"), management plans, and ESG, to decide the direction of future actions. Furthermore, the Sustainability Committee assesses and manages JAPEX's business portfolio, including sustainability-related opportunities, as part of the process of formulating and monitoring the progress of management plans.

For the management of risks and opportunities related to climate change, please refer to "(2) Climate change, *Risk management*" below.

(2) Climate change

JAPEX positions climate change response as one of its management priorities. Aiming to contribute to global initiatives on climate change and the government's goal of achieving carbon neutrality by 2050, the entire JAPEX Group, including subsidiaries and associates, is working to transform its business portfolio by reducing GHG emissions and developing CCUS and other new technologies.

Governance

We have implemented a system for appropriate decision-making under the supervision of the Board of Directors.
Key matters for business execution, including risks and opportunities of climate change, are deliberated at the Executive Committee and various other committees before being resolved by or reported to the Board of Directors. Key matters for execution, including climate change response and other medium- to long-term policies and plans, are subject to resolution by the Board of Directors. JAPEX2050 and the Management Plan 2026–2035 were both decisions made by the Board of Directors. In addition, the progress toward GHG emission reduction targets, ESG external evaluation results, ESG activity status, and other such information are reported annually to the Board of Directors.
Climate change response is also addressed by the Sustainability Committee, Risk Management Committee, and Investment Evaluation Committee in addition to the Executive Committee. We have created a PDCA cycle for climate change response through deliberations at and reports to various committees, as well as data collaboration and integrated management among business divisions and various committees.
We link executive compensation to the achievement of company-wide climate initiative targets to strengthen climate action governance.

Strategy

Because of the business characteristics of handling fossil resources, JAPEX has positioned climate change response as one of its management priorities. We conduct scenario analyses to evaluate the medium- to long-term impact that climate change will have on JAPEX's business. For the analyses, we used multiple scenarios including the NZE scenario* published by the International Energy Agency (IEA) and utilized the analysis results for the formulation of the Management Plan 2026–2035 following the deliberation by the Sustainability Committee.
We have evaluated the percentage of investment allocated to risk assets and opportunities on an ongoing basis from the perspective of climate change and aim to formulate a sustainable business portfolio even under the NZE scenario with the most stringent conditions.

* Net Zero Emissions by 2050 Scenario

Risk management

JAPEX manages climate change risks within its integrated risk management, which is a process for identifying and assessing company-wide risks, as described in "(1) Sustainability in general, *Risk management*" above. In addition, the Sustainability Committee manages JAPEX's business portfolio, including opportunities in climate change during the formulation and progress management of management plans.

The risks and opportunities related to climate change are summarized through the aforementioned process as follows:

Risks related to climate change

Risk classification		Term*1	Impact	Impact level*2	Measures
Transition risks	Policy and regulation	Long term	Increased additional costs due to environmental laws and regulations, including carbon taxes	Medium	• Reduce GHG emissions based on the net-zero target by 2050. • Assess transition risks at the investment stage using methods such as internal carbon pricing. • Transition to a sustainable business portfolio based on the results of scenario analyses.
	Market and technology	Long term	Sluggish sales prices resulting from decreased demand for oil and natural gas amid the transition to a decarbonized society	Medium	
	Reputation	Medium term	Difficulties in funding for the E&P Business and concluding non-life insurance contracts, due to global decarbonization trends	High	
Physical risks	Acute	Medium term	Impact of extreme weather conditions on our land and sea facilities, among other impacts	Low to medium	As a result of assessing weather disaster risks using a hazard map and other tools, the estimated impact is limited.
	Chronic	Medium term	Impact of sea level rise on our land and sea facilities, and the impact of dried-up water resources, among other impacts	Low	As a result of assessing the risks of sea level rise using scientific data and other sources, the estimated impact is limited.

Opportunities related to climate change

Opportunity classification		Term*1	Impact level*2	JAPEX2050	Specific progress
Resource efficiency	Adopt more efficient production and distribution processes.	Long term	Medium	Use CCUS along with other decarbonization technologies at our production sites.	• Advanced the Dry Piney project in the U.S. • Commenced CO_2 injection test at Sukowati Oil Field, Indonesia (with Pertamina and LEMIGAS).
Product and service	Develop and expand products and services with lower emissions.	Long term	High	Implement and commercialize CCUS promptly.	• Commissioned studies in the Tomakomai and Higashi-Niigata areas and Sarawak, Malaysia, where JAPEX, in collaboration with other companies, submitted proposals for public solicitations regarding the "Engineering Design Work for Advanced CCS Projects." • Signed a joint study agreement for a Feasibility Assessment on BECCS in South Sumatra, Indonesia. • Commenced FEED for onshore terminal and receiving jetty topside of the CCS project in Sarawak, Malaysia. • Considered underground storage of associated CO_2 at domestic fields. • Commenced exploratory drilling off the coast of Tomakomai, Hokkaido Prefecture, pursuant to the CCS Business Act
		Medium term	Medium	Participate in projects of LNG supply infrastructure development.	• Participated in the Freeport LNG Project in Texas, the U.S..
		Medium term	Low	Expand energy supply with low environmental impact and service areas through businesses such as commissioned projects that utilize existing infrastructure.	• Expanded sales of carbon-neutral LNG in Japan.

*1. "Medium term" indicates five years or shorter, and "Long term" indicates longer than five years.

*2. "High" indicates ¥5.0 billion or more, "Medium" indicates ¥1.0 billion or more and less than ¥5.0 billion, and "Low" indicates less than ¥1.0 billion.

Metrics and targets

We have established a net-zero target by 2050 and a FY2030 target as a milestone for GHG emissions (Scope 1+2) in our own operations as described below. The following targets are set based on the opportunities related to climate change, including the implementation and commercialization of CCUS.

• 2050: Achieve net zero

• FY2030: Reduce GHG emissions (Scope 1+2) of emissions intensity (GHG emissions intensity*) in our operations by 40% compared to FY2019

* CO_2 emissions (ton-CO_2) per 1 terajoule (TJ) of energy supplied by JAPEX

In addition, regarding emissions in our own supply chain (Scope 3), we established qualitative targets where we aim to strengthen business fields that contribute to emission reductions.

As presented in the following table, GHG emissions intensity for FY2025 was reduced by 23% from FY2019, also being reduced compared to the previous fiscal year. The main reasons for the reduction in GHG emissions were that GHG emissions decreased (decreased intensity numerator) due to, among other things, the implementation of emissions reduction measures at our production sites, the introduction of renewable energy sources (including the purchase of non-fossil certificates), and the reduction in emission factors of electric power companies.

Changes in Scope 1+2 Emission Intensity

Target	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
GHG emission intensity (ton-CO_2/TJ)	3.97	3.44	3.20	3.56	3.38	3.11	3.07
Reduction rate from base year (%)	–	(13)%	(19)%	(11)%	(15)%	(22)%	(23)%

* GHG emissions (Scope 1+2) have been certified by a third party to improve reliability since FY2020. The figures of GHG emission intensity and reduction rate from the base year for FY2025 are, however, provisional because they are under verification by a third party on the date of filing of this Annual Securities Report.

(3) Conservation of biodiversity and ecosystems

JAPEX has established policies for the conservation of biodiversity and ecosystems in the JAPEX HSE Policy and is committed to biodiversity conservation in its business activities in Japan and abroad.

We have performed the LEAP analysis with priority on the E&P field by reference to the framework of the Taskforce on Nature-related Financial Disclosures (TNFD) to identify short-term nature-related risks and opportunities. Additionally, in FY2025, we identified and evaluated medium- to long-term nature-related risks and opportunities associated with our business activities through scenario analyses.

Note: LEAP analysis is a comprehensive evaluation process for managing nature-related risks and opportunities, focusing on the state of the natural environment and ecosystems of the biomes and regions where a business operates. “LEAP” refers to the four phases of “Locate,” “Evaluate,” “Assess,” and “Prepare.”

(4) Human capital

Governance

The Sustainability Committee deliberates on initiatives related to human capital as important management matters and properly reports to the Board of Directors. The Sustainability Committee and the Board of Directors discussed, among other topics, each policy stated in the “*Strategy*” section below.

Strategy

[Basic policy for human capital strategy]

To achieve the build-up of core assets by focusing on overseas E&P Business and CCUS projects set forth by the Management Plan 2026–2035, JAPEX will closely align its management strategy and human capital strategy and be strongly committed to executing them. Specifically, by advancing two initiatives of securing key personnel who lead the build-up of core assets and transforming organizational culture as the twin pillars of strategy, we aim to transform ourselves into “an organization/team of professionals that enable the build-up of core assets,” which will become execution capabilities required to support transformation.

[Human capital strategy]
(a) Securing key personnel
We will identify and systematically develop key personnel who lead the build-up of core assets and develop a talent pipeline that consistently nurtures key personnel.

(b) Transformation of organizational culture
We will pursue two initiatives—strategically developing the culture by backcasting from the desired state and enhancing engagement as a catalyst for changes—as the twin pillars.

[Build-up of the foundation for advancing human capital strategy]
In accordance with the “Human Resources Development Policy” and the “Internal Environment Development Policy,” we will work to establish organizational environment and operate systems as the foundation for advancing human capital strategy as follows.

• Realization of a fulfilling workplace with employee well-being
(c) Promotion of Diversity, Equity & Inclusion (DE&I)
We have formulated the “JAPEX Diversity, Equity & Inclusion (DE&I) Policy” in an effort to realize an organizational culture where each and every diverse employee can play their active role and grow their careers by fully demonstrating their inherent capabilities.

(d) Promotion of health management
We have established the “JAPEX Health Management Declaration” to promote health management under a system managed by the President and pursue various initiatives to maintain and improve employees’ health.

• Personnel system to promote transformation
(e) Role grading system
We have introduced a “role grading system,” a personnel system centered around roles, to reward human resources who have taken on the challenge of creation and change.

• Human resource development
(f) Human resource development linked to the role grading system
We have been working on systematic human resource development by defining the expected roles of each grade and necessary mindsets and skill sets to act and establishing an education system to acquire such mindsets and skill sets.

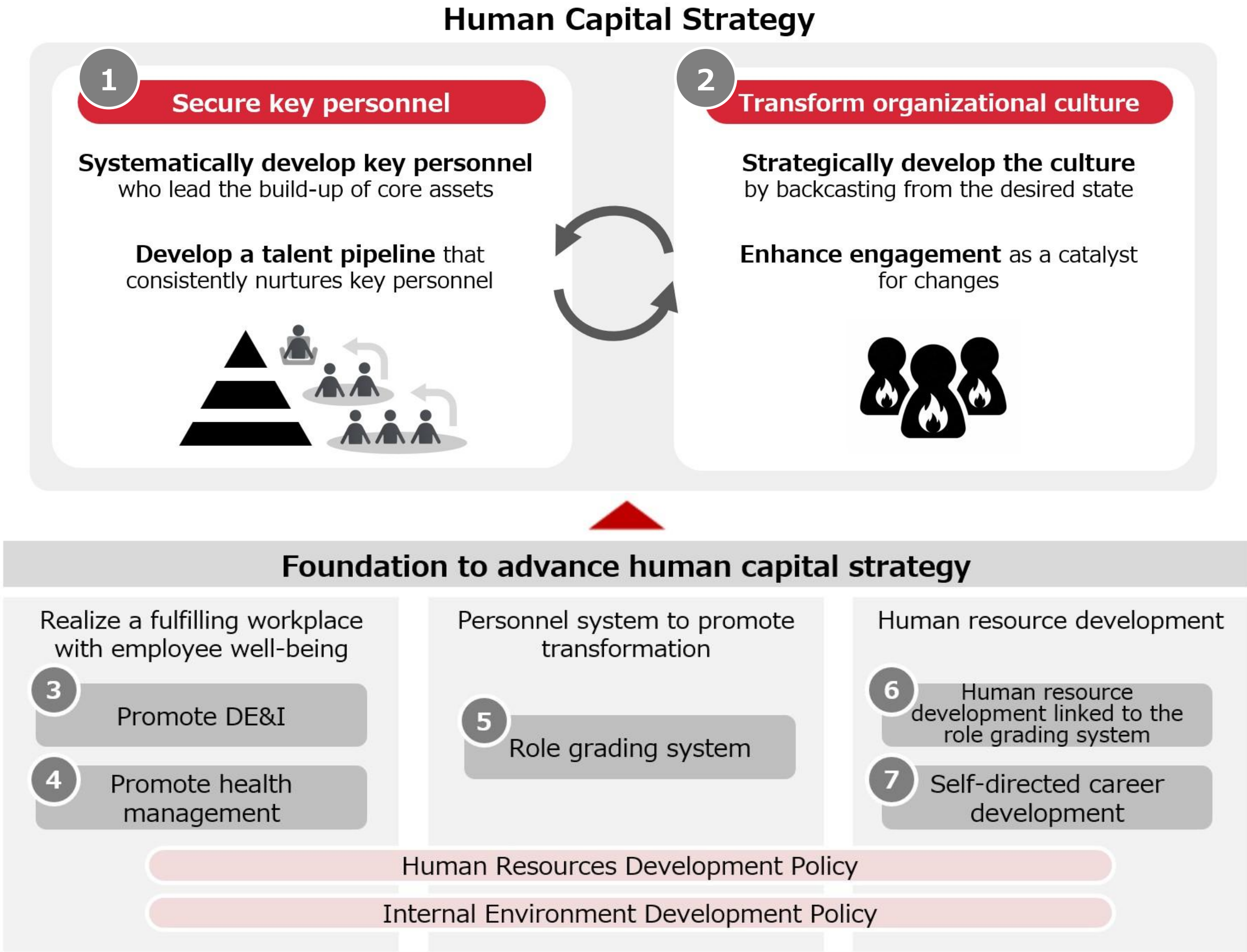
(g) Support for self-directed career development
We have established systems and training programs to support employees’ career development so that each and every employee can design their career autonomously.

By pursuing the human capital strategies stated above and the build-up of the foundation to advance them in an integrated manner, we will build an environment where diverse employees can make the most of their abilities and continue to grow with the company. Through this transformation into “an organization/team of professionals that enable the build-up of core assets,” we will strongly drive the achievement of goals under the Management Plan 2026–2035.

Human Resources Development Policy and the Internal Environment Development Policy
https://www.japex.co.jp/en/sustainability/social/hrdevelopment/

JAPEX Diversity, Equity & Inclusion (DE&I) Policy
https://www.japex.co.jp/en/sustainability/social/diversity/

JAPEX Health Management Declaration
https://www.japex.co.jp/en/sustainability/social/healthmgmt/



Metrics and targets

(a) Securing key personnel

Under the Management Plan 2026–2035, JAPEX has positioned "enhancement of organization and HR for the building of core assets" as one of the materiality issues. As metrics and targets to achieve this, we aim to systematically develop key personnel who lead the build-up of core assets mainly in overseas E&P and CCUS projects and build a talent pipeline that consistently nurtures key personnel. Specifically, to systematically develop key personnel, we begin by defining the requirements for key personnel and then identify talent with great potential. Additionally, we push forward initiatives to deepen the global talent pool with key personnel potential, such as training programs that provide opportunities to gain practical experience abroad and improve necessary skills including language skills, improvements in treatment of expatriate employees, and proactive recruitment of globally-minded talent.

(b) Transformation of organizational culture

Under the Management Plan 2026–2035, JAPEX has positioned "enhancement of organization and HR for the building of core assets" as one of the materiality issues. As metrics and targets to achieve this, we aim to rebuild an organizational culture essential to business transformation. Specifically, we clarify the desired organizational culture and ideal person we are looking for and aim to realize them.

Furthermore, we continue to work to enhance engagement in individual organizations as an important catalyst for changes in organizational culture. As part of this initiative, we have conducted a company-wide engagement survey since FY2023. Each of our departments formulates and implements action plans for improvement based on the survey results. We also implement company-wide measures including those to share information and revitalize communications. As such, we are advancing our initiatives with the combination of department-based and company-wide efforts. Thanks to the combined effect of these initiatives, the scores of the engagement survey have steadily improved, with the third survey in FY2025 rising to 55.3 points, up from 49.5 points in the first survey and 53.7 points in the second survey. Henceforth, we will conduct such surveys regularly, aiming to further improve company-wide engagement.

* The score of the engagement survey represents a deviation value compared with other companies using the same service provided by the Link and Motivation Inc., with 50.0 set as the average.

(c) Promotion of Diversity, Equity & Inclusion (DE&I)

Under the DE&I Policy, JAPEX has set the following five target items. For the actual results for FY2025, we achieved the long-term targets (ii) to (v) as in the past years.

We believe that this was the result of our efforts to promote the understanding of the childcare leave system and encourage employees to take such leave through the holding of an internal briefing on the system and the enhancing of follow-up of individual cases.

Although the target of the promotion of female employees to management positions was not achieved in FY2025, the number of female employees in such positions has been trending higher, driven by efforts to increase the percentage of female managers including dispatch to training programs for female employees, and holding of one-on-one interviews and roundtable discussions.

In order to continue working toward achieving these targets, we will precisely understand needs within the company through, among other means, an in-house questionnaire and continue to take appropriate measures to maintain and improve the result figures.

(i) Target and results of the promotion of female employees to management positions

Target	FY2023	FY2024	FY2025
25 or more persons by FY2025	18	19	23

(ii) Target and results of the percentage of female new graduates hired

Target	FY2023	FY2024	FY2025
30% or more every year by FY2025	35.0%	33.3%	33.3%

(iii) Target and results of the percentage of mid-career hires in management positions

Target	FY2023	FY2024	FY2025
Maintain 20% or more until the end of FY2025	29.0%	27.1%	26.7%

(iv) Target and results of the percentage of mid-career hires to total hires

Target	FY2023	FY2024	FY2025
50% or more every year by FY2025	62.7%	51.5%	51.5%

(v) Target and results of the percentage of male employees taking childcare leave

Target	FY2023	FY2024	FY2025
80% or more by the end of FY2025	60.0%	100.0%	84.2%

Following the completion of the previous action plan in FY2025, which was developed in FY2021 pursuant to the Act on Promotion of Women’s Participation and Advancement in the Workplace, we have formulated a new action plan toward FY2030. In efforts to secure diverse perspectives and excellent talent that will drive business transformation and create innovation for achieving the Management Plan 2026–2035, JAPEX has been working on active recruitment of women and their promotion to managerial positions, alongside the enhancement of measures to support balancing work and childcare including those to encourage male employees to take childcare leave. Aiming to establish an environment where all employees can make the most of their capabilities as independent professionals, we have formulated the following action plan.

<table>
<tr><th>Targets</th><th>Reasons for setting the targets</th><th>Specific initiatives</th></tr>
<tr><td>(1) Increase the percentage of female new graduates to 30% or more every year (Continued)</td><td>• We have achieved the target every year from FY2021 to FY2025, resulting in increases in the number of female employees and the percentage of female employees among full-time employees. Based on our analysis that this measure contributes to the build-up of “a pipeline for promoting female employees to management positions,” which we had intended to establish when setting this target, we have determined to maintain this target.</td><td>• Actively approach female students, particularly those majoring in science, during recruitment.</td></tr>
<tr><td>(2) Increase the percentage of female manager candidates (assistant manager level) to 20% by the end of the plan period (New)</td><td>• Despite an increase in the number of female managers, we did not meet the target through our efforts up to FY2025.
• One reason is that there were a small number of female manager candidates from the outset. Given this, we have set a new target to ensure that the percentage of female manager candidates does not fall below 20%, a share of female employees in the total workforce.</td><td rowspan="2">• Provide necessary training for selected female employees.
• Encourage interaction with others both inside and outside the company, and create opportunities to interact with role models.
• Enhance training for those in management positions to further promote a shift in their mindset.</td></tr>
<tr><td>(3) Increase the percentage of female managers to 10% or more by the end of the plan period (Continued/Revised)</td><td>• We have maintained this target to promote female employees to management positions.
• We have revised the metric for the target. This is because we determined that using the percentage of female managers, rather than our previous numerical metric (the number of female managers), is more effective for complying with disclosure requirements for ratio under the amended law and monitoring the progress.</td></tr>
<tr><td>(4) Increase the percentage of male employees taking childcare leave to 100% every year (Revised)</td><td>• We have maintained this target to enhance our support for balancing work and childcare. Based on the results up to date and their importance, we have raised our target level.</td><td>• Consider and implement measures including establishing JAPEX’s own system that exceeds legal requirements, and expanding opportunities to explain this system, with a view to developing an environment that supports dual-earner and co-parenting families.</td></tr>
</table>

As for mid-career hires, we have consistently met our target set for the percentage of mid-career hires to full-time employees and managers. Based on this, we determined that initiatives for promoting mid-career hiring and providing support to new mid-hires after joining the company have made some progress and have become established within the organization, and decided not to set uniform, specific targets.

(d) Promotion of health management

JAPEX has formulated the JAPEX Health Management Strategy Map that visualizes our health management strategy as a story, by identifying management issues to be solved through health management as well as health issues that help solve the identified management issues. Regarding “lifestyle-related diseases,” “mental health,” and “women’s health” as three priority issues, we are working on various measures to maintain and improve employees’ health. In FY2025, JAPEX was selected for the “KENKO Investment for Health Stock Selection” for the third consecutive year as a company that implements outstanding health & productivity management, and was also recognized as one of the “White 500 Outstanding Organizations of KENKO Investment for Health.”

(e) Role grading system

• Basic principles for designing the system

To secure talent required to achieve the Management Plan 2026–2035, we have set a compensation level that we can demonstrate our competitiveness in attracting talent from the external labor market. In addition, we established a grading system that selects the most suitable talent based on the expected role regardless of age, and a differentiated compensation system that appropriately rewards employees in accordance with the significance of their roles and their achievement, aiming to contribute to enhancing employee engagement. To foster a culture where diverse ideas and insights come together and innovation is driven through collaboration, the new evaluation system places emphasis not only on fulfilling one's own role but also on contributing positively to the growth and motivation of one's subordinates and colleagues and thereby inspiring those around them, alongside enhancing organizational engagement.

• Components of salary

JAPEX's salary is mainly composed of a monthly salary and bonuses and provided under a differentiated compensation system that appropriately rewards employees in accordance with the significance of their roles and their achievement, in line with the basic principles.

Monthly salary is determined according to the base salary table for each role grade. Salary increases or decreases are implemented based on the demonstration of employees' behaviors expected for each role grade (process evaluation).

Bonus is determined based on consolidated profit for the previous fiscal year, taking into account past performance and payment record. Bonus increases or decreases are implemented based on the achievement of performance goals expected for each role grade, which are cascaded down from organizational goals (output evaluation).

• Salary increase (base pay increase)

In FY2025, JAPEX has raised base pay following the previous fiscal year, to reflect recent price increases, strengthen our competitiveness in the market, and raise employees' motivation*. In FY2026, we will implement a uniform fixed-amount increase to reflect rising prices and a differentiated base pay increase based on the levels of role demonstration by employees in line with basic principles.

* For the rate of increase, please refer to "Item 4. Information about Reporting Company, 5. Employees."

(f) Human resource development linked to the role grading system

JAPEX is working on systematic human resource development by defining the expected roles of each grade and necessary mindsets and skill sets to act and establishing an education system to acquire such mindsets and skill sets. Specifically, we fundamentally reviewed our previous education system that focused on career stage and introduced training to foster understanding of the roles of each grade and learning paths corresponding to each role grade.

(g) Support for self-directed career development

JAPEX provides opportunities that lead to self-directed career development. These include opportunities to broaden career horizons, such as the expansion of internal open recruitment system, the introduction of the internal dual-role system, the provision of support for study at domestic and overseas graduate schools as well as study abroad, and the implementation of career design training.

We have also established systems and frameworks that support self-directed career development. These include provision of career development guidelines, promotion of one-on-one meetings, subsidies for the costs to acquire certifications for reskilling, the establishment of career consultation desk, and utilization of the talent management system (a system that allows employees to internally share information on job descriptions and work experience across departments, and a career consulting system where employees mutually disclose their careers).

For initiatives related to human capital, each company within the JAPEX Group implements specific measures individually, so describing the initiatives of the entire JAPEX Group as a whole is not feasible. Please note that the description is basically about the reporting company's initiatives and policies.

Risk management

JAPEX manages risks related to human capital within its integrated risk management, which is a process for identifying and assessing company-wide risks. For details, please refer to "(1) Sustainability in general, *Risk management*" above.

(5) Respect for Human Rights

Human Rights Policy

Based on the United Nations Guiding Principles on Business and Human Rights, the JAPEX Group has established its "Human Rights Policy," as a policy incorporating more specific details taking into account our commitment to respecting human rights, which was presented in the "JAPEX Group Code of Ethics and Conduct." The purposes of the policy are to clearly show JAPEX Group's intention to respect human rights and to promote understanding of our human rights initiatives among JAPEX Group's officers and employees, as well as its stakeholders, by specifying human rights issues related to our business activities.

JAPEX Group's Human Rights Policy
https://www.japex.co.jp/en/sustainability/social/humanrights/

Human rights promotion system

The Sustainability Committee, which is chaired by the President, deliberates on important matters related to human rights and reports on the identification and evaluation of human rights risks and response measures. Matters deliberated by the Sustainability Committee are reported to the Board of Directors as appropriate, and important matters are resolved by the Board.

Human rights due diligence

Based on the United Nations Guiding Principles on Business and Human Rights, we have established a Human Rights Due Diligence process to identify, prevent, and mitigate adverse human rights impacts that are linked to our business activities. We strive to avoid causing or contributing to adverse human rights impacts throughout our value chain.

We have evaluated human rights impacts related to our business activities and identified 11 human rights issues, such as forced labor and child labor.

In FY2025, we conducted a questionnaire survey on human rights risk management with transaction partners and assessed their human rights due diligence frameworks and responsiveness to human rights issues. The survey revealed that, although transaction partners have implemented certain risk mitigation measures to human rights issues overall, only slightly more than 60% of transaction partners have formulated human rights policies, indicating a delay in establishing the required systems. We will continue to monitor their implementation going forward, including progress in addressing the identified issues.

Grievance mechanisms

To appropriately address human rights concerns, the JAPEX Group has established a reporting and consulting desk available for all stakeholders (both inside and outside the company) involved in our business activities. As internal systems, we have set a reporting and consulting desk for compliance matters and a consulting desk for harassment issues. For external stakeholders, we accept reports through the "Engagement and Remedy Platform" operated by the Japan Center for Engagement and Remedy on Business and Human Rights (JaCER). By accepting reports through a third-party organization, we strive to respond in a fair and transparent manner, and we aim to address human rights issues appropriately.

Furthermore, we ensure the anonymity of individuals who submit reports and the confidentiality of the contents of reports.

Education

We held training programs to foster understanding of "corporate responsibility to respect human rights" and the "Human Rights Policy" among officers and employees (including advisors, contract employees, and part-time employees), with 1,343 participants (participation rate: 94%).

(6) Procurement policy

In working on solving social issues toward the realization of a sustainable society, we have established the CSR Procurement Policy, which defines our efforts on CSR elements in JAPEX Group's procurement activities. In addition, by illustrating specific actions in the CSR Procurement Guideline to promote CSR procurement activities in concert with JAPEX Group's transaction partners, we ask them to understand and cooperate with the Policy to build a better partnership.

CSR Procurement Policy and Guidelines
https://www.japex.co.jp/en/sustainability/social/procurement/

3. Business and Other Risks

(1) JAPEX's risk management system

The following risk information includes major items that may have an impact on JAPEX Group's operating results and financial position. Recognizing the possibility of the occurrence of these risks, we strive to avoid their occurrence and to take appropriate measures in the event of their occurrence.

JAPEX manages risks through the Risk Management Committee and other various internal committees. For further information, please refer to "2. Views and Initiatives on Sustainability, (1) Sustainability in general, *Risk management*" above, and "Item 4. Information about Reporting Company, 4. Corporate Governance, (1) Overview of corporate governance, 3) Other matters regarding corporate governance (Status of development of risk management system)" below.

(2) Approach to identifying major risks

JAPEX assesses and manages major risks from the perspective of probability and impact. Probability is assessed based on the likelihood of occurrence or the frequency of occurrence, and impact is assessed based on the amount of financial impact. We classify the business and other risks into three categories. Details of each category are as follows.

Risks related to the external environment	:	Risks mainly arise from fluctuations in the external environment and involve factors that are beyond the company's management and control regarding their occurrence
Risks related to business activities	:	Risks that are inherent in JAPEX's business and have a direct impact on performance
Risks related to business foundation	:	Risks related to common systems that support JAPEX's entire management, regardless of specific business

We have assessed risk items included in the three categories, based on the two axes of probability and impact. Risk items that we identified as major risks are presented in the following risk map and stated in "(3) Details of risks."

All those risk items are determined as major risks through discussions at the Risk Management Committee and reports at the Board of Directors' Meetings. The operating results and financial position of the JAPEX Group may be affected by risk items that are not listed below. This section contains forward-looking statements based on the judgment of JAPEX's management as of the filing date.

Risk Map

Impact \ Probability	Low		High
High	3-1 Information security risks	2-3 Investment risks in new projects and new businesses	1-1 Price fluctuation risks 1-2 Exchange rate fluctuation risks 1-3 Country risks 1-4 Climate change-related risks 2-1 Business-specific risks 2-2 Partner risks
	3-2 Non-compliance risks	1-6 Risks related to large-scale disasters and pandemics 1-7 Risks related to specific laws and regulations 3-3 Risks related to JAPEX's shares held by the government	1-5 Demand fluctuation risks
Low			

: 1. Risks related to the external environment
: 2. Risks related to business activities
: 3. Risks related to business foundation

(3) Details of risks

Our risk recognition of risk items listed on the risk map above and their respective countermeasures are as follows. Although these countermeasures are effective in mitigating risks, they do not entirely eliminate them.

1. Risks related to the external environment

1-1 Price fluctuation risks

(Crude oil, natural gas, etc.)

Risk recognition	The JAPEX Group is engaged in the E&P Business and the Infrastructure/Utility Business in Japan and overseas. The net sales and operating profit of these businesses are significantly affected by price fluctuations in crude oil, natural gas, etc. Our operating profit for the fiscal year ending March 31, 2027, is estimated to increase (decrease) by ¥760 million when the oil price increases (decreases) by US$1 per barrel (announced in the Financial Results Explanatory Material for the fiscal year ended March 31, 2026). This increase or decrease includes the impact of changes in the procurement cost of LNG, which is linked to the price of crude oil, and resulting changes in sales prices of domestic natural gas and electricity. However, actual operating profit will be affected by a variety of factors other than those mentioned above. If the carrying amount of business assets at that point in time is not expected to be recovered from future cash flows due to a reduction in the estimated medium- to long-term sales prices of crude oil, natural gas, etc., an impairment loss will be recorded for the assets. This may have an impact on JAPEX Group’s operating results and financial position.
Countermeasures	The Sustainability Committee and the Risk Management Committee monitor the medium- to long-term impact of price fluctuations in crude oil, natural gas, etc. on JAPEX’s business. We review our business portfolio as appropriate by implementing measures such as incorporating assets that are resilient to price fluctuations in crude oil, natural gas, etc. Additionally, we utilize some derivative transactions to mitigate risks related to price fluctuation in crude oil, natural gas, etc.

1-2 Exchange rate fluctuation risks

(Exchange rate)

Risk recognition	Fluctuations in the exchange rate between the US dollar and Japanese yen have an impact on net sales and operating profit, etc., because the JAPEX Group sells crude oil and natural gas produced in Japan in yen-denominated terms that refer to the customs clearance price (CIF price) of crude oil and LNG. Such fluctuations will also affect the domestic sales prices of natural gas made from imported LNG and electricity fueled by imported LNG, and will affect the purchase prices as well. Our operating profit for the fiscal year ending March 31, 2027, is estimated to increase (decrease) by ¥470 million when the exchange rate moves toward the depreciation (appreciation) of the yen by ¥1/US dollar (announced in the Financial Results Explanatory Material for the fiscal year ended March 31, 2026).
Countermeasures	We continuously monitor trends in exchange rates and utilize some derivative transactions to mitigate impact of exchange rate fluctuations on business performance.

1-3 Country risks

(Country risks)

Risk recognition	Overseas businesses generally face country risk. A part of our overseas E&P Business is conducted in regions with relatively high country risk, such as Iraq and Russia. Uncertainties and changes in the business environment, including political, economic, and social turmoil (including significant deterioration in public safety), changes in legislation, taxation systems, or policies in these countries may adversely affect the smooth execution of JAPEX Group's overseas business and operating results. We have announced the expected impact of escalating Middle East tensions on earnings forecast for the fiscal year ending March 31, 2027, in the Financial Results Explanatory Material for the fiscal year ended March 31, 2026. JAPEX expects LNG procurement costs to increase due to alternative procurement. For the Garraf Oil Field in Iraq, in which the JAPEX Group holds an interest, we assume that the suspension of production and shipments will continue throughout the full year, as the timing for resuming operation is unforeseeable at the time of the announcement.
Countermeasures	When making investment decisions, JAPEX carefully assesses whether the anticipated risks fall within its acceptable range. After final investment decision, we monitor each country's political and economic situation through continuous dialogue with stakeholders including the authorities, thereby striving to identify risks at the early stages and mitigate the impact. We have been working to diversify our sources of LNG procurement and reduce our dependence on specific production regions. Following the recent escalating tensions in the Middle East, we have further accelerated these efforts. For the operation of the Garraf Oil Field, we continue to gather and analyze local information.

1-4 Climate change-related risks

(Climate change)

Risk recognition	Following the adoption of the Paris Agreement, efforts have been made worldwide to reduce greenhouse gas emissions, which are considered to be the cause of climate change and global warming. There is a possibility that JAPEX's business value may be damaged due to a slump in sales prices stemming from a decrease in demand for oil and natural gas accompanying the transition to a decarbonized society. In addition, affected by global trends toward decarbonization, it may be difficult to secure funding for investments in the E&P Business from financial institutions and the like, as well as to conclude non-life insurance contracts.
Countermeasures	JAPEX has identified risks and opportunities related to climate change based on the TCFD recommendations and been pushing forward necessary initiatives. For details of the climate change-related risks, please refer to "2. Views and Initiatives on Sustainability, (2) Climate change, Risk management."

1-5 Demand fluctuation risks

(Natural gas)

Risk recognition	JAPEX Group's operating results may be adversely affected due to a possible decrease in demand for natural gas. Such a demand decline may be caused by various factors related to our domestic Infrastructure/Utility Business. These include a failure to develop new demand and a decline in the current handling volume of natural gas (including the volume of transportation service for third parties), against the backdrop of a decrease in population reflecting the declining birthrate and aging population, a decline in the utilization rate of consumers' facilities, and intensifying competition with peer companies.
Countermeasures	JAPEX has been engaged in the development of demand by utilizing existing natural gas pipelines, extending pipelines to meet expected demand in surrounding areas, and supplying LNG via a satellite system using tank trucks and others. To deliver services tailored to customers' needs, we provide comprehensive energy solutions not limited to natural gas supply, including area-wide energy supply to industrial parks for multiple customers, and solutions such as carbon offset products.

1-6 Risks related to large-scale disasters and pandemics

(Large-scale disasters and pandemics, etc.)

Risk recognition	JAPEX Group's operation (well drilling, production and transportation of crude oil and natural gas, and storage, regasification, and transportation of LNG, etc.) involves risks such as facility malfunctions, accidents caused by human error, large-scale disasters including earthquakes, and pandemics, etc. If any of these occur, they could lead to human and property damage and a suspension of oil and gas field operations. In addition to direct damage, it could result in secondary damage such as loss of income due to interruption of sales, compensation for damage to customers to whom JAPEX is obligated to supply, compensation for damage due to environmental pollution of soil, air, water, and ocean, administrative punishment, and loss of public trust.
Countermeasures	The JAPEX Group works to ensure the integrity of facilities and maintain safety systems during normal operations, while designing facilities and preparing operation manuals based on assessments of HSE risks. Moreover, we have developed emergency response measures, including Business Continuity Plans (BCPs), to prepare for large-scale disasters such as earthquakes and pandemics. At major business locations, we regularly conduct emergency drills for operation sites and fields, large-scale urban disasters, and employee safety confirmation. Based on the results of these efforts, we work to improve the methods of response to emergencies. We also reinforce our disaster prevention systems by conducting drills in cooperation with the JAPEX Group companies and local disaster prevention organizations. As part of countermeasures to the above-mentioned risks, we take measures such as concluding non-life insurance contracts. Additionally, we conduct training on process safety and other training required to maintain our safety systems.

1-7 Risks related to specific laws and regulations

(Specific laws and regulations)

Risk recognition	Due to its characteristics, JAPEX Group's business is affected by various laws and regulations, including the Mining Act, the Mine Safety Act, the High Pressure Gas Safety Act, the Gas Business Act, the Electricity Business Act, and the Act on Carbon Dioxide Storage Business (CCS Business Act). If these laws and regulations are revised, or new laws and regulations are introduced in the future, they may have an adverse effect on our operating results due to additional obligations to be borne, intensified competition, or increased costs associated with the response.
Countermeasures	We continue to collect information on laws and regulations applicable to JAPEX Group's business, through monitoring a range of councils and exchanging views with industry associations. We appropriately monitor significant risks at the Risk Management Committee, in an effort to identify risks and reduce their impact.

2. Risks related to business activities

2-1 Business-specific risks

(E&P Business)

Risk recognition	The general characteristics of JAPEX Group's E&P Business include the following investment-related risks. These risks may cause investment losses due to an inability to recover invested costs, or may adversely affect JAPEX Group's operating results and financial position. (a) Risks due to long investment payback period The E&P Business requires long-term, substantial investments from the exploration phase to the development and production phase and a considerable amount of time to recover the investment. Due to these characteristics of the business, there is a possibility of changes in the business environment, delays in development schedules, and increases in investment, before the investment is recovered. (b) Risks related to exploration investment During the exploration phase, we assess the amount of resources by conducting geological surveys, geophysical exploration, exploratory drilling, and the like. However, because of geological uncertainty, there is a possibility that we may not necessarily find the initially expected amount of resources. (c) Risks related to development investment During the development phase, we strive to make rational final investment decisions. However, subsequent potential risks remain, including changes in equipment specifications, price hikes in materials and equipment and services, delays in schedule such as government approval procedures, and new geological problems. (d) Risks related to reserves and production volume To ensure the sustainable development of the E&P Business, it is necessary to compensate for and expand reserves and production, which will decrease in line with production activities, through exploration and development efforts. If these efforts do not progress as planned, there is a possibility that the amount of reserves and production may decrease in the future. Reserves are evaluated based on geological and engineering data and economic conditions available at the time of evaluation, and the evaluation may be revised due to factors including new data to be obtained in the future and changes in economic conditions. For details of reserves, please refer to "4. Management's Discussion and Analysis of Financial Position, Operating Results and Cash Flows, (1) Overview of operating results, etc., (d) Reserves of the JAPEX Group." (e) Risks related to future well abandonment and field decommissioning Well abandonment and field decommissioning costs after the end of production may exceed the initially estimated amount, owing to factors such as changes in plans for well abandonment and field decommissioning in the future, tightening of regulations, and soaring prices of materials and equipment. JAPEX records the costs in relation to well abandonments and field decommissioning after the end of production as asset retirement obligations. For details of asset retirement obligations, please refer to "Item 5. Financial Information, 1. Consolidated Financial Statements, etc., (1) Consolidated financial statements, Notes to consolidated financial statements (Asset retirement obligations)."
Countermeasures	When making investment decisions, we carefully assess whether the above-mentioned risks fall within our acceptable range at the Investment Evaluation Committee, taking into account JAPEX's business strategy. From the perspective of risk diversification, we consider the optimization of contract types and joint ventures with other companies as appropriate. Even after investment decision, the Risk Management Committee conducts regular monitoring to identify signs of the above risks and makes flexible decisions including the replacement and sales of assets, thereby increasing certainty in investment recovery. We estimate costs related to future well abandonment and field decommissioning reasonably in consideration of factors such as changes in laws and regulations, trends in materials and equipment prices, and technological advancements.

2-2 Partner risks
(Partner risks)

Risk recognition	When a large amount of investment is required to carry out the business, or when there are high risks in terms of technology, etc., we engage in joint business with other companies as partners, rather than acting alone, in order to diversify funds and risks. In making decisions regarding joint ventures, each partner is generally granted voting rights according to the amount of interest held, and JAPEX may have no controlling authority in joint ventures in which it holds only a minor share. As a result, our intentions are not necessarily reflected in business decision-making, etc., and if such decisions are made in a manner that is not in line with our interests, we may not be able to obtain expected profits. In addition, if some partners withdraw from projects, the smooth operation of the projects may be interfered with. On the other hand, even when JAPEX takes the lead in projects as an operator, decisions on important matters including business plans and budgets may require approvals by partner companies, and disagreements with partners may lead to delays and slowdowns in decision-making. Moreover, regardless of how we participate in projects, our financial burden may increase in the event of failure by partners to fulfill their funding obligations due to a deterioration of financial conditions.
Countermeasures	To reduce partner risks in joint ventures, JAPEX carefully assesses whether risks fall within its acceptable range by evaluating the technological capabilities, management track records, financial foundations, and governance and compliance status of potential partner companies at the time of participation. Following entry into joint ventures, we strive to promote mutual understanding and enhance cooperation with partners by creating opportunities for dialogue through attendance at regular joint venture meetings, making technical proposals, and other efforts. If concerns arise regarding partner's financial foundation, we consider a wide range of countermeasures, such as reviewing the proportion of investment and cost-sharing in the joint venture and exploring alternative partners.

2-3 Investment risks in new projects and new businesses
(Establishment of new projects and new businesses)

Risk recognition	In April 2026, JAPEX announced the Management Plan 2026–2035, which sets forth its medium- to long-term growth strategy with a view toward 2035. In the Management Plan 2026–2035, we position the period between FY2026 and FY2030 as a phase to build core assets by concentrating on overseas E&P and CCUS, and the period between FY2031 and FY2035 as a phase when the core assets will fully contribute to earnings. However, if these efforts do not lead to the acquisition of new projects or the establishment of new businesses, it may adversely affect JAPEX Group's operating results.
Countermeasures	In the Management Plan 2026–2035, JAPEX has defined the four material issues including "building overseas E&P assets" and "commercialization of CCUS" and set a policy to put our priority on these issues. In the overseas E&P Business, we consider new projects and new businesses with a focus on the areas where we can leverage our strengths (the U.S., Norway, and Southeast Asia). In April 2026, we reorganized the Overseas Business Division to strengthen our structure so that we can make prioritized allocation of resource with an awareness of long-term and company-wide optimization. In the U.S. and Norway, we have appointed external talent with abundant business experience in the region to executive positions at the local subsidiaries. Regarding CCUS, the Carbon Neutral Committee chaired by the President manages progress in structuring projects in Japan and abroad and promotes inter-divisional collaboration. As for domestic CCS, we have been working on its commercialization through a dedicated Division. We have also been striving to systematically develop key personnel who lead the build-up of core assets and develop a talent pipeline that consistently nurtures key personnel. The Investment Evaluation Committee deliberates the appropriateness of investment in new projects and businesses based on business strategies and risk assessments. After final investment decision, the Risk Management Committee monitors risks related to such projects and businesses. Meanwhile, the Sustainability Committee is responsible for managing progress in the Management Plan 2026–2035 as a whole.

3. Risks related to business foundation

3-1 Information security risks

(Information security)

Risk recognition	While digital technology is essential for our business activities, risks related to information security surrounding the JAPEX Group are increasing as cyberattack methods become more diversified and sophisticated. In the event that cyberattacks, etc. result in system failures or data breaches, they may cause damages, such as suspension of oil and gas production operations and incurrence of legal expenses, as well as indirect losses, such as loss of public trust, which may adversely affect JAPEX Group's operating results.
Countermeasures	In line with the Information Security Basic Policy, JAPEX has established a management system, including the Information Security Committee chaired by the Chief Information Security Officer, and has been striving to enhance governance throughout the JAPEX Group. While taking multi-layered prevention measures for cyberattacks, we put in place a system for the continuous monitoring of our systems and conduct a vulnerability assessment regularly. As measures for unexpected situations such as information security accidents or system failures, we have established an incident response framework centered on the Computer Security Incident Response Team (CSIRT) and developed Business Continuity Plans (BCPs), while implementing training. In addition, we have been working on the improvement of information security literacy through regular education and training programs for employees and officers, alongside training in targeted phishing emails.

3-2 Non-compliance risks

(Compliance)

Risk recognition	Laws and regulations relevant to JAPEX Group's business include general laws and regulations, such as the Companies Act, the Financial Instruments and Exchange Act, the Anti-Monopoly Act, the Labor Standards Act, tax-related laws, environment-related laws, information security-related laws, and anti-bribery laws, as well as those specific to our businesses including the Mining Act, the Gas Business Act, and the like. If these laws and regulations are not properly complied with, it may cause damages such as incurrence of fines and legal expenses, as well as indirect losses such as loss of public trust, which may adversely affect JAPEX Group's operating results.
Countermeasures	The JAPEX Group has formulated the JAPEX Group Code of Ethics and Conduct, the Compliance Manual, and a booklet of commentaries on compliance case studies. In this way, we strive to promote thorough compliance and ensure that our actions are always guided by corporate ethics. These documents are updated on an-as needed basis, with the latest versions distributed to all employees. In addition, we conduct compliance training for new hires and employees in specific departments. Moreover, we have established an internal reporting desk based on the Rule for Handling Reports and Consultations on Compliance and communicated it, to build an internal reporting system and protect whistleblowers.

(Unfair transactions)

Risk recognition	If unfair transactions such as bribery or giving benefits to anti-social forces are made in the course of JAPEX Group's businesses, we may be subject to penalties and suffer losses such as loss of public trust, which may adversely affect JAPEX Group's operating results.
Countermeasures	We have established the Anti-Bribery Guidelines that stipulate such matters as the development of a system for ensuring strict compliance with anti-bribery laws and the clarification of internal authorization procedures. In line with these guidelines, we implement periodic self-checks, anti-bribery training for employees, and other measures to prevent bribery incidents in an effective manner.

3-3 Risks related to JAPEX's shares held by the government

(JAPEX's shares held by the government)

Risk recognition	In December 2003, JAPEX listed its shares on the First Section of the Tokyo Stock Exchange (at the time) through a secondary offering of some of the shares held by the then Japan National Oil Corporation (JNOC, at the time). As a result, the percentage of shares held by the JNOC declined from 65.74% to 49.94%. With the abolition of JNOC, the remaining shares of JAPEX held by JNOC were transferred to the government (Minister of Economy, Trade and Industry) on April 1, 2005, and then an equivalent of 15.94% of the shares were sold with a transfer date of June 15, 2007. As a result, the percentage of shares held by the Minister was reduced to 34.00%. The percentage of shares held by the Minister as of March 31, 2026 came in at 37.84% due mainly to the subsequent acquisition of treasury shares by JAPEX. The shares held by the Minister may be sold in the future, and the timing, method, and quantity of such sales may have an impact on JAPEX's stock price and credit rating.
Countermeasures	JAPEX is committed to engaging in regular dialogue and information exchange with shareholders through vigorous IR and PR activities to promote long-term and stable shareholding. We also strive for the sustained enhancement of corporate value and the expansion of shareholder returns, through the build-up of core assets by focusing on the overseas E&P Business and CCUS projects, as well as the improvement of capital efficiency, to achieve the goals under the Management Plan 2026–2035.

4. Management’s Discussion and Analysis of Financial Position, Operating Results, and Cash Flows

(1) Overview of operating results, etc.

The overview of the financial position, operating results, and cash flows (hereinafter referred to as “operating results, etc.”) of the JAPEX Group (JAPEX, consolidated subsidiaries, and equity-method associates of JAPEX) for the fiscal year ended March 31, 2026, is as follows.

1) Overviews of financial position and operating results

In the fiscal year ended March 31, 2026, the Japanese economy remained on a moderate recovery trend, driven by improvements in employment and income conditions and the effects of various policy measures, despite concerns that continued price increases and the impact of U.S. trade policy might put downward pressure on the Japanese economy.

The Japan Crude Cocktail (JCC) price stood in the upper $70s range per barrel at the beginning of the fiscal year and trended downward in the first half of the fiscal year amid concerns over a global economic slowdown caused by U.S. tariff policies as well as the easing of production cuts by oil-producing countries. Subsequently, although the JCC price rose temporarily in the middle of the fiscal year, it fell again toward the second half of the year due to growing signs of easing in global oil supply-demand, reaching the mid-$60 range in February. It then rebounded sharply due to oil supply disruptions associated with escalating tensions in the Middle East, and reached the upper $60 range toward the end of the fiscal year.

In the currency exchange market, the yen started the fiscal year hovering around the upper ¥140/US$ level and temporarily strengthened during the first half of the fiscal year but subsequently depreciated toward the end of the fiscal year, standing at the upper ¥150/US$ level at fiscal year-end.

In the domestic natural gas market, rising awareness of cost containment due to soaring prices led to a decline in gas demand. In addition, ongoing competition in the overall energy industry continued, making the market environment challenging for the JAPEX Group. Furthermore, in the domestic electricity market, spot market prices on the Japan Electric Power Exchange (JEPX) remained at the same level as the previous fiscal year, as fuel import prices remained relatively stable.

Under these circumstances, based on JAPEX2050, which outlines our policy on how to respond to the trend toward decarbonization, JAPEX has been working to strengthen profitability and to build a business foundation with a view to 2030 and beyond in accordance with “JAPEX Management Plan 2022–2030” formulated in March 2022.

Consequently, JAPEX has achieved its key targets for FY2026 ahead of schedule in terms of profit levels and shareholder returns. However, from the perspective of building business assets that contribute to sustainable growth, it remains a work in progress.

Furthermore, in the global energy landscape, while decarbonization targets remain in place, the importance of stable supply of energy is being reaffirmed, and a more realistic transition is being sought. In addition, capital markets are placing even stronger demands on management that is conscious of the cost of capital.”

In light of our current situation and changes in the external environment, JAPEX has determined that a new management plan is essential to build a resilient portfolio and strengthen our execution capabilities. Accordingly, we announced the Management Plan 2026–2035 in April 2026.

The JAPEX Group continues to aim to further enhance its corporate value by steadily implementing the Management Plan 2026-2035.

During the fiscal year, net sales were ¥340,336 million, a decrease of ¥48,745 million (−12.5%) year on year. Gross profit was ¥76,741 million, a decrease of ¥22,416 million (−22.6%) year on year. Main factors behind the year-on-year decrease for net sales and gross profit include a decrease in the selling prices of crude oil and natural gas, and a decrease in sales volume for LNG.

Exploration expenses were ¥1,965 million, a decrease of ¥1,206 million (−38.0%) year on year. Selling, general and administrative expenses were ¥35,860 million, an increase of ¥1,888 million (+5.6%) year on year. As a result, operating profit was ¥38,915 million, a decrease of ¥23,097 million (−37.2%) year on year.

Ordinary profit was ¥61,556 million, a decrease of ¥2,664 million (−4.1%) year on year, mainly because the decrease in operating profit could not be fully offset, despite an increase in non-operating profit, including turnarounds from a share of loss of entities accounted for using equity method to a share of profit and from foreign exchange losses to foreign exchange gains.

Profit before income taxes decreased by ¥45,056 million (−41.5%) year on year to ¥63,557 million, mainly due to the absence of gain on sale of investment securities recorded in the previous fiscal year. Profit attributable to owners of parent decreased by ¥27,725 million (−34.2%) year on year to ¥53,427 million.

The breakdown of net sales is as follows.
(i) E&P Business
Net sales from the E&P Business came to ¥109,257 million, a decrease of ¥19,755 million (−15.3%) year on year, mainly due to the decline in crude oil prices.
(ii) Infrastructure/Utility Business
Net sales from the Infrastructure/Utility Business came to ¥172,349 million, a decrease of ¥16,829 million (−8.9%) year on year. This was mainly the result of a decrease in sales volume for LNG.
(iii) Other Businesses
Net sales from Other Businesses, such as contract services (drilling and geological surveys, etc.), sales of oil products, including liquefied petroleum gas (LPG), fuel oil, as well as other subcontracted tasks, came to ¥58,730 million, a decrease of ¥12,160 million (−17.2%) year on year.

The summary of performance by segment (before elimination of intersegment transactions) is as follows.
Japan
Net sales in the Japan segment are mainly composed of crude oil, natural gas (including LNG), electricity, contract services, oil products, and others. In the fiscal year under review, net sales came to ¥248,194 million, a decrease of ¥31,711 million (−11.3%) year on year, mainly due to the decrease in sales volume for LNG. Segment profit decreased by ¥14,115 million (−31.4%) year on year to ¥30,869 million, mainly due to a decrease in crude oil prices and deterioration in the sales balance for crude oil and natural gas (including LNG) resulting from the yen's appreciation compared with the previous fiscal year.

North America
Net sales in the North America segment are mainly composed of crude oil and natural gas. In the fiscal year under review, net sales came to ¥52,377 million, a decrease of ¥3,328 million (−6.0%) year on year, mainly due to a decrease in the selling prices of crude oil. Segment profit, like net sales, decreased by ¥4,017 million (−19.0%) year on year to ¥17,082 million, mainly due to a decrease in the selling prices of crude oil.

Europe
Net sales in the Europe segment are mainly composed of crude oil and natural gas. In the fiscal year under review, net sales came to ¥8,072 million, a decrease of ¥11,109 million (−57.9%) year on year, mainly due to the decrease in sales volume for crude oil and natural gas resulting from the transfer of all shares of JAPEX UK E&P LIMITED held by JAPEX. Segment profit decreased by ¥3,966 million (−70.9%) year on year to ¥1,626 million.

Middle East
Net sales in the Middle East segment are composed of crude oil. In the fiscal year under review, net sales came to ¥31,692 million, a decrease of ¥2,619 million (−7.6%) year on year, mainly due to a decrease in the selling prices of crude oil. Segment profit decreased by ¥1,186 million (−28.6%) year on year to ¥2,968 million.

Total assets at the end of the fiscal year under review increased by ¥180,871 million from the previous fiscal year-end to ¥862,470 million.
Current assets decreased by ¥75,479 million from the previous fiscal year end. This was mainly due to decreases in cash and deposits, and securities. Non-current assets increased by ¥256,350 million from the previous fiscal year-end. This was mainly due to an increase in property, plant and equipment resulting from the inclusion of Verdad Resources Intermediate Holdings LLC in the scope of consolidation following the acquisition of all its equity interests, as well as an increase in investment securities due to a rise in market value.

Liabilities increased by ¥79,231 million from the previous fiscal year-end to ¥203,572 million.
Current liabilities increased by ¥40,139 million from the previous fiscal year-end. This was mainly due to an increase in accounts payable – other. Non-current liabilities increased by ¥39,092 million from the previous fiscal year-end. This was mainly due to increases in deferred tax liabilities and asset retirement obligations.

Net assets increased by ¥101,640 million from the previous fiscal year-end to ¥658,897 million.
This was mainly due to increases in retained earnings and valuation difference on available-for-sale securities.

2) Overview of cash flows for the fiscal year under review

As of March 31, 2026, cash and cash equivalents (hereinafter referred to as “cash”) decreased by ¥90,977 million compared to the end of the previous fiscal year to ¥49,954 million. The summary of cash flows for each activity is as follows.

(Cash flows from operating activities)

Net cash provided by operating activities amounted to ¥102,976 million. This was mainly due to profit before income taxes of ¥63,557 million and depreciation of ¥47,050 million.

(Cash flows from investing activities)

Net cash used in investing activities amounted to ¥200,494 million. Cash was mainly used for the purchase of shares of subsidiaries resulting in change in scope of consolidation of ¥157,706 million and the purchase of property, plant and equipment of ¥28,630 million.

(Cash flows from financing activities)

Net cash provided by financing activities was ¥6,007 million. Cash was mainly provided by net increase in commercial paper of ¥19,979 million, while cash was used for dividends paid of ¥12,839 million.

3) Status of production, orders received, and sales

(i) Status of production

The status of production performance by segment for the fiscal year under review is as follows.

- Japan

		Fiscal year ended March 31, 2026	YoY (%)
E&P Business	Crude oil (thousand bbl)	1,428	(3.3)
	Natural gas (million cf)	14,969	(11.4)
Infrastructure/Utility Business	Electricity (million kWh)	2,852	(7.3)

- North America

		Fiscal year ended March 31, 2026	YoY (%)
E&P Business	Crude oil (thousand bbl)	5,479	5.2
	Natural gas (million cf)	3,930	15.6
Infrastructure/Utility Business	Electricity (million kWh)	–	–

- Europe

		Fiscal year ended March 31, 2026	YoY (%)
E&P Business	Crude oil (thousand bbl)	807	(33.0)
	Natural gas (million cf)	1,264	(35.1)
Infrastructure/Utility Business	Electricity (million kWh)	–	–

- Middle East

		Fiscal year ended March 31, 2026	YoY (%)
E&P Business	Crude oil (thousand bbl)	3,026	23.0
	Natural gas (million cf)	–	–
Infrastructure/Utility Business	Electricity (million kWh)	–	–

(ii) Status of orders received

JAPEX and its consolidated subsidiaries do not engage in make-to-order production.

(iii) Status of sales

The status of sales performance by segment for the fiscal year under review is as follows.

- Japan

		Fiscal year ended March 31, 2026		YoY (%)	
		Sales volume	Amount (Millions of yen)	Sales volume	Amount
E&P Business	Crude oil (thousand bbl)	1,542	17,114	(2.0)	(13.6)
	Natural gas (overseas) (million cf)	–	–	–	–
Subtotal			17,114		(13.6)
Infrastructure/Utility Business	Natural gas (domestic) (million cf)	32,770	73,345	(0.9)	(5.4)
	LNG (t)	231,386	23,112	(45.2)	(47.5)
	Electricity (million kWh)	3,361	48,460	1.5	(5.7)
	Biomass fuel (t)	732,870	21,625	114.2	112.6
	Other		5,804		(4.6)
Subtotal			172,349		(8.9)
Other Businesses	Contract services		10,807		26.1
	Oil products/merchandise		45,441		(23.8)
	Other		2,481		(8.8)
Subtotal			58,730		(17.2)
Total			248,194		(11.3)

- North America

		Fiscal year ended March 31, 2026		YoY (%)	
		Sales volume	Amount (Millions of yen)	Sales volume	Amount
E&P Business	Crude oil (thousand bbl)	5,505	50,511	4.8	(7.5)
	Natural gas (overseas) (million cf)	3,951	1,866	17.5	73.4
	Subtotal		52,377		(6.0)
Infrastructure/Utility Business	Natural gas (domestic) (million cf)	–	–	–	–
	LNG (t)	–	–	–	–
	Electricity (million kWh)	–	–	–	–
	Biomass fuel (t)	–	–	–	–
	Other		–		–
	Subtotal		–		–
Other Businesses	Contract services		–		–
	Oil products/merchandise		–		–
	Other		–		–
	Subtotal		–		–
Total			52,377		(6.0)

- Europe

		Fiscal year ended March 31, 2026		YoY (%)	
		Sales volume	Amount (Millions of yen)	Sales volume	Amount
E&P Business	Crude oil (thousand bbl)	566	5,648	(55.7)	(63.9)
	Natural gas (overseas) (million cf)	1,281	2,423	(36.6)	(31.2)
	Subtotal		8,072		(57.9)
Infrastructure/Utility Business	Natural gas (domestic) (million cf)	–	–	–	–
	LNG (t)	–	–	–	–
	Electricity (million kWh)	–	–	–	–
	Biomass fuel (t)	–	–	–	–
	Other		–		–
	Subtotal		–		–
Other Businesses	Contract services		–		–
	Oil products/merchandise		–		–
	Other		–		–
	Subtotal		–		–
Total			8,072		(57.9)

- Middle East

		Fiscal year ended March 31, 2026		YoY (%)	
		Sales volume	Amount (Millions of yen)	Sales volume	Amount
E&P Business	Crude oil (thousand bbl)	3,038	31,692	5.4	(7.6)
	Natural gas (overseas) (million cf)	–	–	–	–
	Subtotal		31,692		(7.6)
Infrastructure/Utility Business	Natural gas (domestic) (million cf)	–	–	–	–
	LNG (t)	–	–	–	–
	Electricity (million kWh)	–	–	–	–
	Biomass fuel (t)	–	–	–	–
	Other		–		–
	Subtotal		–		–
Other Businesses	Contract services		–		–
	Oil products/merchandise		–		–
	Other		–		–
	Subtotal		–		–
Total			31,692		(7.6)

Notes: 1. Intersegment transactions are offset and eliminated.
2. “Crude oil” in the E&P Business includes both that produced by the JAPEX Group from its own fields and that purchased from other companies.
3. “Natural gas (domestic)” in the Infrastructure/Utility Business refers to gas supplied in Japan via pipeline and comprises the total of natural gas produced in Japan and regasified LNG. Natural gas (domestic) is classified under the Infrastructure/Utility Business, since both natural gas produced in Japan and regasified LNG are sold together by JAPEX’s supply network, which consists of the natural gas fields in Japan and the LNG terminals that vaporize gas linked by our pipeline network.
4. “Other” in the Infrastructure/Utility Business includes contracted transportation of natural gas and contracted regasification of LNG used as power plant fuel. Biomass fuel sales, which had been counted as “Others” until the previous fiscal year, have become an independent item due to the increased materiality of the amount.
5. Under Other Businesses, “Oil products/merchandise” includes liquefied petroleum gas (LPG), fuel oil, gas oil, and kerosene, and “Others” includes other subcontracted tasks.
6. From the fiscal year under review, we have changed the unit of measurement for crude oil from kL to thousand bbl; for natural gas from thousand m^3 to million cf; and for electricity from thousand kWh to million kWh.

4) Reserves of the JAPEX Group

The table below shows proved reserves held by the reporting company and its consolidated subsidiaries as of March 31, 2026, as well as proved reserves held by equity-method associates equivalent to the reporting company's stake in such associates as of that date.

Proved reserves	JAPEX and consolidated subsidiaries						Equity-method associates of JAPEX		Total	
	Domestic		Overseas		Subtotal					
	Crude oil (Thousand bbl)	Gas (Million cf)	Crude oil (Thousand bbl)	Gas (Million cf)	Crude oil (Thousand bbl)	Gas (Million cf)	Crude oil (Thousand bbl)	Gas (Million cf)	Crude oil (Thousand bbl)	Gas (Million cf)
As of March 31, 2025	8,400	246,739	56,708	32,412	65,108	279,151	48	11,113	65,156	290,264
Increase due to expansion or discovery	5	11	–	–	5	11	–	–	5	11
Change due to revision of evaluation from the previous fiscal year	4,901	37,584	1,187	923	6,089	38,507	(0)	(9)	6,089	38,498
Change due to acquisition and/or divestiture	–	–	96,710	230,302	96,710	230,302	(7)	31,404	96,704	261,705
Decrease due to production	(1,456)	(16,193)	(9,324)	(5,123)	(10,780)	(21,316)	(2)	(115)	(10,782)	(21,431)
As of March 31, 2026	11,851	268,141	145,281	258,515	157,132	526,655	39	42,392	157,171	569,048

Notes: 1. Proved reserves held by the following consolidated subsidiaries include reserves attributable to non-controlling interests. (Figures in parentheses are non-controlling interests' percentage.)

Domestic: Japex Offshore Ltd. (29.39%)

Overseas: Peoria Resources, LLC (0.12%), Japex Garraf Ltd. (45.00%)

2. Reserves of consolidated subsidiaries and equity-method associates whose balance sheet dates differ from the consolidated balance sheet date are accounted for on the basis of the entity's respective fiscal year-end.
3. At the Board of Directors' Meeting held on December 18, 2025, JAPEX resolved to acquire the entire equity interests in Verdad Resources Intermediate Holdings LLC ("VRIH"), which holds tight oil and gas assets in Colorado and Wyoming, the U.S., through Peoria Resources Acquisition Company, LLC, an entity managed by Peoria Resources, LLC, a consolidated subsidiary of JAPEX. The acquisition of all its equity interests was completed on February 26, 2026 (local time).
   Accordingly, VRIH's reserves as of February 28, 2026 have been included in the "Change due to acquisition and/or divestiture" category under the "Overseas" section of "JAPEX and consolidated subsidiaries" in the above table.
4. From the fiscal year under review, we have changed the unit of measurement for crude oil from thousand kL to thousand bbl, and for natural gas from million m^3 to million cf.

Proved reserves in the above table represent the quantity of oil and gas under surface conditions that are estimated to be economically and operationally extractable from known oil and gas reservoirs at the time of evaluation based on geological and engineering data. The figures do not include the past production volumes or resource quantities related to undiscovered deposits.

As for the definitions of reserves, the Petroleum Resources Management System (PRMS), which was established in 2007 by four organizations, namely the Society of Petroleum Engineers (SPE), the World Petroleum Council (WPC), the American Association of Petroleum Geologists (AAPG), and the Society of Petroleum Evaluation Engineers (SPEE), has been widely accepted as an international standard.
The figures presented in the tables above are based on JAPEX's own evaluations in accordance with the PRMS' definition of "proved reserves," which was revised in 2018. The figures do not include reserves corresponding to "probable reserves" or "possible reserves," i.e., reserves that have higher uncertainty regarding future extractability than proved reserves under the PRMS. Further, under the same definitions, projects for which commercial development plans have not been finalized (even if the existence of resource deposits has been confirmed) are separately classified from reserves as "contingent resources." Accordingly, the figures presented in this table do not include JAPEX Group's contingent resources in areas lacking finalized development plans.
The definition of proved reserves used by the U.S. Securities and Exchange Commission (SEC) is also widely accepted among US investors, and it is fundamentally similar to that of the PRMS.

JAPEX discloses the figures based on its own judgment in accordance with the PRMS' definition of proved reserves.
Regarding the reserves held by overseas project companies, we disclose the figures based on the economic shares specified in the contracts among each project company and authorities such as the local government.
In addition, Ryder Scott Company, L.P. has been contracted by JAPEX to conduct a third-party assessment and appraisal of the validity of JAPEX's evaluation and judgement for the quantity equivalent to around 72% of the proved reserves of JAPEX and its consolidated subsidiaries in Japan as of March 31, 2026 (the quantity is hereinafter referred to as "[1]") as in the above table. Regarding the overseas reserves, reserves held by Japex (U.S.) Corp. and Peoria Resources, LLC (including its subsidiaries) are assessed by third parties. The sum total of domestic and overseas quantity is equivalent to around 82% of the total proved reserves as of March 31, 2026 (the quantity is hereinafter referred to as "[2]") as in the above table. The figures of proved reserves obtained by JAPEX's own evaluation are substantially consistent with those obtained by the third-party assessments, and the reasonableness of such evaluation has been supported through third-party appraisals. Accordingly, we believe that our own evaluation figures are appropriate.

Reserves are inherently a projection of future production volumes shrouded in uncertainty. Nevertheless, JAPEX strives to ensure accurate evaluations based on currently available scientific evidence, including geological and engineering data. Despite these efforts, the quantity may be revised upward or downward according to review based on new data to be obtained in the future, changes in economic conditions, and changes in the internationally accepted definitions for reserves.

[1] Natural gas is calculated on the basis of 1BOE = 5.8Mscf.
[2] Same as [1].

(2) Management’s discussion and analysis of operating results, etc.

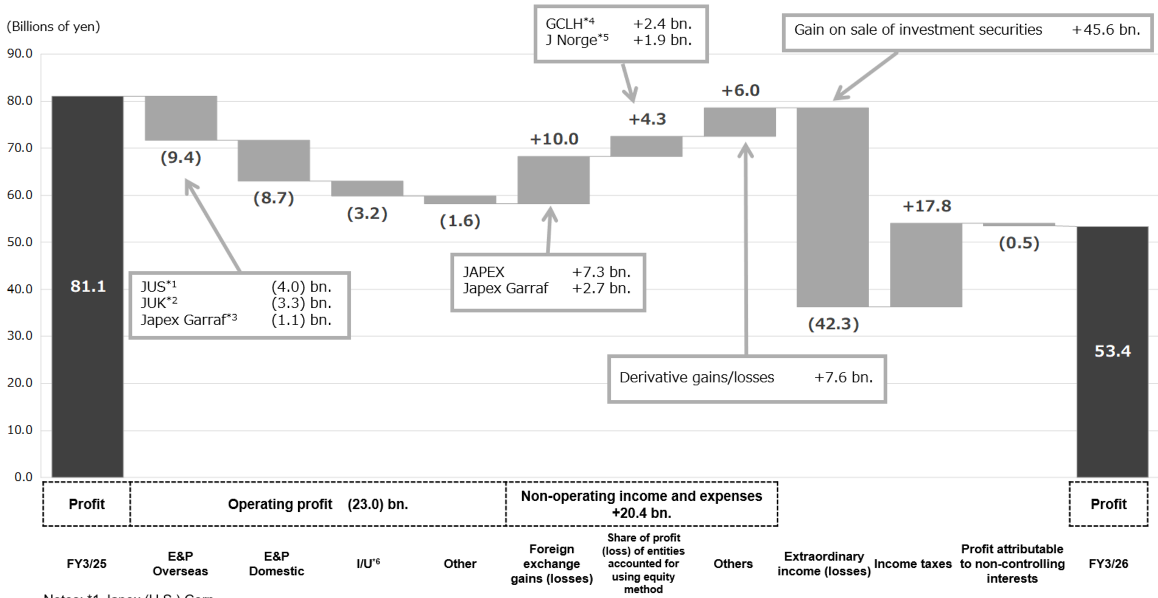
Management's recognition, analysis, and discussion regarding the status of JAPEX Group’s operating results, etc. from the management’s perspective are as follows.

Please note that any forward-looking statements in the following discussion are based on the judgement of JAPEX Group’s management as of the end of the fiscal year under review.

1) Recognition, analysis, and discussion of financial position and operating results

Profit attributable to owners of parent of the JAPEX Group for the fiscal year under review decreased by ¥27.7 billion year on year to ¥53.4 billion, as shown in Chart 1, “Main factors for changes in profit for the fiscal year under review (YoY).” The main factors for changes are analyzed for each line-item profit as follows.

Chart 1: Main factors for changes in profit for the fiscal year under review (YoY)



Notes: *1 Japex (U.S.) Corp.
*2 JAPEX UK E&P Ltd.
*3 Japex Garraf Ltd.
*4 Gulf Coast LNG Holdings LLC
*5 JAPEX Norge AS
*6 Infrastructure/Utility

Chart 2: Results of crude oil price and exchange rate (YoY)

			Upper: from January 2024 to March 2025 Lower: from January 2025 to March 2026					Full year
			Jan.-Mar.	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.	Jan.-Mar.	
WTI	USD/bbl	FY3/25	77.06	80.73	75.19	70.35	–	75.83
		FY3/26	71.46	63.87	65.03	59.23	–	64.90
Crude oil CIF (JCC)	USD/bbl	FY3/25	–	85.95	87.61	80.49	77.61	82.66
		FY3/26	–	77.85	71.17	72.66	67.19	71.89
Exchange rate	JPY/USD	FY3/25	–	152.39	156.02	147.62	155.06	152.83
		FY3/26	–	147.22	145.83	150.47	156.07	149.85

(Operating profit: –¥23.0 billion)

The main factors behind the ¥23.0 billion decrease in operating profit include decreases in sales volumes for crude oil, natural gas, and LNG in Japan, as well as lower selling prices of crude oil and natural gas in Japan and overseas resulting from the decline in crude oil prices and the appreciation of the Japanese yen compared with the previous fiscal year, as shown in Chart 2, “Results of crude oil price and exchange rate (YoY).”

(a) Overseas E&P Business

The overseas E&P Business mainly covers Japex (U.S.) Corp. in the North America segment, JAPEX UK E&P Ltd. and JAPEX Norge AS in the Europe segment, and Japex Garraf Ltd. in the Middle East segment.

A year-on-year decrease of ¥9.4 billion in operating profit of the overseas E&P Business was mainly attributable to a decrease of ¥4.0 billion in operating profit at Japex (U.S.) Corp. due to lower crude oil selling prices, and a ¥3.3 billion decrease in operating profit at JAPEX UK E&P Ltd. resulting from the transfer in July 2025 of all shares of the company held by JAPEX.

(b) Domestic E&P Business

The domestic E&P Business mainly covers production and sales activities of crude oil and natural gas, included in the Japan segment, conducted by JAPEX and its consolidated subsidiary, Japex Offshore Ltd. While the classification of crude oil (domestic) represents the sales to customers outside of the JAPEX Group, natural gas (domestic) represents the deemed sales from transactions with the Infrastructure/Utility Business set for internal management purposes.

The domestic E&P Business recorded an operating profit decrease of ¥8.7 billion mainly due to lower sales volumes and lower selling prices of crude oil and natural gas.

(c) Infrastructure/Utility Business

The Infrastructure/Utility Business mainly covers the sale of natural gas (domestic natural gas and regasified LNG) to customers in regions along JAPEX's own gas pipeline network and the sale of LNG via a satellite supply system using tank trucks to meet demand for natural gas in the areas outside of its pipeline network, as well as the sale of electricity.

The Infrastructure/Utility Business recorded a year-on-year operating profit decrease of ¥3.2 billion. This was mainly due to a decrease in sales volume for LNG.

Ordinary profit for the fiscal year under review was ¥61.5 billion, a decrease of ¥2.6 billion (–4.1%) year on year. The decrease of ¥2.6 billion was due mainly to a decrease in operating profit as mentioned above and a net increase in non-operating income and expenses of ¥20.4 billion, as shown in Chart 1, "Main factors for changes in profit for the fiscal year under review (YoY)."

Non-operating income and expenses: +¥20.4 billion

A year-on-year increase of ¥10.0 billion in foreign exchange gains and losses was mainly because of these losses regarding foreign currency-denominated receivables and foreign currency deposits of JAPEX and Japex Garraf Ltd. turned into foreign exchange gains.

A year-on-year increase of ¥4.3 billion in share of profit of entities accounted for the using equity method was attributable to the full-year contribution to earnings from Gulf Coast LNG Holdings LLC, which has participated in the Freeport LNG Project in Texas, the U.S., and in which JAPEX acquired an equity interest in June 2024, as well as the absence of losses recorded by JAPEX Norge AS in the previous fiscal year.

JAPEX Norge AS was included in the scope of consolidation during the previous fiscal year as JAPEX acquired additional shares in the company with the deemed acquisition date of July 1, 2024. Therefore, the share of profit of entities accounted for using the equity method included earnings of JAPEX Norge AS from January 1, 2024, to June 30, 2024.

A net year-on-year increase of ¥6.0 billion in other non-operating income and expenses was mainly attributable to the recording of gain on valuation of derivatives and gain on derivatives.

Profit before income taxes for the fiscal year under review decreased by ¥45.0 billion year on year to ¥63.5 billion. As shown in Chart 1, "Main factors for changes in profit for the fiscal year under review (YoY)," the ¥45.0 billion decrease was due to the decrease in ordinary profit as mentioned above and the decrease in extraordinary income of ¥42.3 billion. The decrease in extraordinary income of ¥42.3 billion was mainly attributable to the absence of gain on sale of investment securities that had been recorded in the previous fiscal year.

Profit attributable to owners of parent for the fiscal year under review amounted to ¥53.4 billion, a year-on-year decrease of ¥27.7 billion. As shown in Chart 1 "Main factors for changes in profit for the fiscal year under review (YoY)," the main factors behind the decrease of ¥27.7 billion were the above-mentioned decrease in profit before income taxes, an increase of ¥17.8 billion in profit due to a decrease in income taxes, and a decrease in profit of ¥0.5 billion due to an increase in profit (loss)

attributable to non-controlling interests.
The amount of total income taxes, representing the sum of “income taxes – current” and “income taxes – deferred,” for the fiscal year under review was ¥7.8 billion (a decrease of ¥17.8 billion year on year). The decrease in total income taxes was due mainly to a decrease income taxes resulting from the above-mentioned decrease in profit before income taxes. The amount of profit (loss) attributable to non-controlling interests was ¥2.2 billion for the fiscal year under review (an increase of ¥0.5 billion year on year). This was due mainly to an increase in profit of Japex Garraf Ltd. for the fiscal year under review.

2) Analysis and discussion of cash flow, capital resources, and liquidity of funds

Basic policy

Under the Management Plan 2026–2035, the JAPEX Group aims to maintain our financial soundness while securing the funds necessary for business continuity and new investments, such that its interest-bearing debt-to-EBITDA ratio remains below 3.0x even under an environment where crude oil prices are US$50 per barrel and the exchange rate is ¥110/US$.
Chart 3 “Trends in the interest-bearing debt-to-EBITDA ratio” shows the change in the ratio from the previous fiscal year to the fiscal year under review. We have achieved not only “interest-bearing debt-to-EBITDA ratio < 3.0x,” but also “interest-bearing debt-to-EBITDA ratio < 2.0x”, which had served as the financial discipline guideline under the previous management plan.

Chart 3: Trends in the interest-bearing debt-to-EBITDA ratio

(Billions of yen, unless otherwise noted)	FY3/25	FY3/26
Interest-bearing debt*1	14.9	37.1
EBITDA*2	125.3	95.5
Interest-bearing debt-to-EBITDA ratio (x)	0.1	0.4

*1 Interest-bearing debt includes lease obligations, retirement benefit liability and contingent liabilities.
*2 EBITDA is the sum of operating profit, depreciation, and interest and dividends received in cash flows from investing activities.

Funding methodology

The JAPEX Group efficiently uses internal funds, commercial paper, loans from banks, etc. to secure necessary funds to meet the fund demand. In addition, to diversify its financing methods, JAPEX completed an issuance registration for corporate bonds during the fiscal year under review.
JAPEX Group’s working capital, etc., is primarily procured using internal funds and the issuance of commercial paper. With respect to internal funds, the JAPEX Group seeks to improve funding efficiency and secure liquidity of funding through CMS (cash management systems) and cash pooling agreements with financial institutions. We present the borrowings by the agreement offset by deposits in our reporting.
Borrowings under such agreements are presented on a net basis against deposits. The net amount of such offset as of March 31, 2026 was ¥17.9 billion.
Foreign currencies for transactions such as the purchase of LNG are exposed to foreign currency fluctuation risk. The JAPEX Group mitigates such risk by utilizing foreign exchange forward contracts.
Furthermore, we have entered into loan commitment agreements with multiple banks to ensure sufficient liquidity.

Funding use and allocation

(a) Consolidated financial position and funds allocation policy

The JAPEX Group has planned to allocate ¥1,500.0 billion to growth investments in fields such as E&P, Carbon Neutral Infrastructure/Utility, and ¥190.0 billion or more to shareholder returns, on a cumulative basis over 10 years from FY2026 to FY2035, as shown in Chart 4 "Allocation Policy under the Management Plan 2026–2035."

The sources of funds for this capital allocation plan are expected to be primarily ¥1,500.0 billion in operating cash flow generated through continued reinvestment in large-scale projects. In addition, the JAPEX Group plans to secure funding through the utilization of cash on hand, borrowings, and asset replacement.

Chart 4: Allocation Policy under the Management Plan 2026–2035

		JAPEX2022–2030		JAPEX2026–2035	
(billion yen)		FY2026	FY2030	FY2031	FY2035
Growth investments (cum.)		275.0	450.0	900.0	1,500.0
	E&P	145.0	230.0	590.0	1,160.0
	CN	20.0	50.0	270.0	300.0
	I/U	110.0	170.0	40.0	40.0
Shareholder returns (cum.)		25.0	50.0	100.0 or more	190.0 or more

(b) Approach for funds on hand

While the E&P Business, in particular, requires a large amount of investment funds, it usually takes a long time from the start of the business to recover the investment. During this time, the business is exposed to the risk of changes in the business environment. In light of such business characteristics, we have managed funds properly through methods such as preparing financial plans, in order to secure the liquidity on hand necessary for the smooth business operation.

3) Significant accounting estimates and assumptions

JAPEX Group's consolidated financial statements are prepared based on accounting principles generally accepted in Japan. The management of the JAPEX Group prepares these consolidated financial statements based on its estimates, which affect assets and liabilities on the balance sheet date, and the amounts and disclosure of revenues and expenses during the reporting period within the range of certain accounting principles. Although the appropriateness of these estimates is continuously assessed based on past results and circumstances and reviewed, when necessary, they may differ from actual results due to uncertainties inherent in estimates.

JAPEX Group's highly uncertain accounting estimates for the fiscal year under review include those for the recoverability of deferred tax assets. The recoverability of deferred tax assets is largely dependent on estimates of future revenue and cash flow generated from JAPEX Group's main business activities. Especially this item receives a direct influence from market conditions, such as crude oil prices and foreign exchange, and estimates of reserves.

The above-mentioned significant accounting estimates and assumptions used for the preparation of the consolidated financial statements, among other matters, are as stated in "Item 5. Financial Information, 1 Consolidated Financial Statements, etc., (1) Consolidated financial statements, Notes to consolidated financial statements, (Significant accounting estimates)."

5. Material Contracts

E&P Business

Contracting party	Outline of contracts	
Japan Petroleum Exploration Co., Ltd. (Reporting company) Japex Offshore Ltd. (Consolidated subsidiary) MITSUBISHI GAS CHEMICAL COMPANY, INC.	Contract date	February 23, 1983
	Contract period	February 9, 1983, to the end of joint development
	Contract details	An agreement on a joint business regarding exploration, development, and production of oil and natural gas in the Iwafune-oki area in Niigata Prefecture Ratio of working interests of each company is as follows: Japan Petroleum Exploration Co., Ltd. ····················46.667% Japex Offshore Ltd.··33.333% MITSUBISHI GAS CHEMICAL COMPANY, INC.····20.000%
Japex Garraf Ltd. (Consolidated subsidiaries) Iraq Dhi Qar Oil Company PETRONAS (Malaysia's state-owned oil company) North Oil Company (Iraq)	Contract date	January 18, 2010 As of March 31, 2010, contractual rights and obligations were transferred from the reporting company.
	Contract period	20 years from February 2010
	Contract details	Service agreement for development and production in the Garraf Oil Field in the Republic of Iraq (*) (*) Service agreement for development and production: Under this contract format, an oil development company invests the required funds and technology to conduct development. Also, the oil development company may recover invested funds from a certain ratio of produced crude oil and natural gas and receive rewards in accordance with the amount of rewards per predetermined production. Ratio of capital participation of each contractor is as follows: PETRONAS ··45% Japex Garraf Ltd.···30% North Oil Company (Iraq) ··································25%
Peoria Resources Acquisition Company, LLC (Consolidated subsidiary) Verdad Resources Feeder LLC	Contract date	December 19, 2025
	Contract details	A share purchase agreement with Verdad Resources Feeder LLC to acquire all equity interests in Verdad Resources Intermediate Holdings LLC, which holds tight oil and gas assets in Colorado and Wyoming, the U.S.

6. Research and Development Activities

The JAPEX Group has been considering entry into the fields of next-generation technologies and new businesses. In addition to topics directly linked to businesses, we choose specific themes in technical domains such as exploration (geology), geophysical exploration and production as well as in environmental business fields where such technologies are applicable. Subsequently we conduct research, development, and studies on such themes.

Research activities and R&D expenses by segment for the fiscal year under review are as follows:

Japan

Research issues	Purpose	Researcher (Research system)	R&D expenses (Millions of yen)
Development of AI-based noise reduction methods	To enhance the accuracy of seismic data analysis and advance imaging technologies by developing novel AI-based noise reduction techniques	JGI, Inc.	83
Research for optimization of spatiotemporal monitoring	To aggregate technical knowledge on monitoring operations, examine various fundamental technologies on data acquisition, and develop an efficient method and workflow of analyzing large-volume data	JGI, Inc.	61
Research for selected and focused exploration method	To establish the optimized technology for each research object through fusion between the existing method and new element technologies	JGI, Inc.	44
Development of full-waveform inversion technology	To enhance core technologies by accumulating know-how of a data analysis method through the collection of information on state-of-the-art technologies and utilization of provided codes	JGI, Inc.	36
Research for seismic data analysis technology	To improve the quality of seismic data analysis results and streamline analysis workflows through research and examination on basic technologies for seismic data analyses	JGI, Inc.	30
Others	–	Japan Petroleum Exploration Co., Ltd. JGI, Inc. GEOSYS, Inc.	93
Total			349

Item 3. Information about Facilities

1. Overview of Capital Expenditures

During the fiscal year under review, JAPEX made capital investment (after elimination of intersegment transactions) of ¥30,286 million, which corresponds to the total amount of property, plant and equipment and intangible assets acquired.

In the Japan segment, capital investment of ¥5,839 million was made mainly for the construction of JAPEX Tomakomai Battery Energy Storage System.

In the North America segment, capital investment of ¥10,970 million was made, which mainly consists of the development expenditure for tight oil joint development projects in the states of Texas, Oklahoma, and Wyoming.

In the Europe segment, capital investment of ¥13,476 million was made, which mainly consists of the development expenditure for offshore blocks of Norway.

No capital investment was made in the Middle East and Other segments.

The other capital expenditure for the fiscal year under review includes the expenditure of ¥28,465 million for the development and other projects at the Garraf Oil Field in Iraq in the Middle East segment, which was recorded as payments of recoverable accounts.

2. Major Facilities (Facilities by Office)

Major facilities of the JAPEX Group by segment are as follows:

(1) Japan

(a) Reporting company

Office (Location)	Description of facilities	Carrying amount (Millions of yen)						Number of employees (Persons)
		Buildings and structures	Machinery, equipment and vehicles	Land (Area: m²)	Wells	Other	Total	
Soma LNG Terminal, Domestic Development Project Division (Soma County, Fukushima)	Manufacturing facilities Offices	7,927	6,397	4,794 (306,811)	–	469	19,588	88 [5]
General Mining Office (Note 3) and others, Domestic Development Project Division (Nagaoka City, Niigata and others)	Production facilities Gas supply facilities Offices	17,407	2,452	3,770 (1,519,709)	5,454	1,169	30,254	377 [128]
Tokyo Head Office and others (Chiyoda-ku, Tokyo, and Mihama-ku, Chiba City, Chiba)	Research facilities Welfare facilities Other	895	366	709 (30,061)	–	812	2,784	528 [93]

Notes: 1. The carrying amounts shown in the table are those after the write-off of the impairment losses.

2. JAPEX reviewed classification of offices along with reorganization implemented in July 2025.

3. JAPEX is renting a part of the gas pipeline used in the district for which the General Mining Office, Domestic Development Project Division, operates, and this part is not included in the table.

(b) Domestic subsidiaries

Company name	Office (Location)	Description of facilities	Carrying amount (Millions of yen)						Number of employees (Persons)
			Buildings and structures	Machinery, equipment, and vehicles	Land (Area: m²)	Wells	Other	Total	
Japex Offshore Ltd.	Head Office Niigata District Office (Chiyoda-ku, Tokyo and Kita-ku, Niigata City, Niigata)	Production facilities Offices	0	0	542 (177,329)	0	0	543	33 [29]
Shirone Gas Co., Ltd.	Head Office (Tsubame City, Niigata)	Gas supply facilities, etc.	75	2,094	515 (14,124)	–	77	2,762	39 [11]
JGI, Inc.	Ranzan Research Center (Ranzanmachi, Hiki County, Saitama)	Geophysical exploration equipment	204	18	317 (4,847)	–	256	797	12 [15]
	Head Office (Bunkyo-ku, Tokyo)	Computing equipment	25	0	–	–	201	226	60 [31]
JAPEX SKS Corporation	Head office and branches (Minato-ku, Tokyo, Tomakomai City, Hokkaido, and Mitsuke City, Niigata)	Production facilities, etc.	100	329	229 (2,475)	–	22	682	86 [71]
SK ENGINEERING CO., LTD.	Head office and branches (Chiyoda-ku, Tokyo, Tomakomai City, Hokkaido, Akita City, Akita, and Nagaoka City, Niigata)	Drilling equipment Material yards	0	2,206	300 (9,920)	–	11	2,519	69 [41]

Note: The carrying amounts shown in the table are those after the write-off of the impairment losses.

(2) North America

Overseas subsidiaries

Company name	Office (Location)	Description of facilities	Carrying amount (Millions of yen)							Number of employees (Persons)
			Buildings and structures	Machinery, equipment, and vehicles	Land (Area: m^2)	Wells	Mineral resources	Other	Total	
Japex (U.S.) Corp.	Head Office (Houston, Texas, the U.S.)	Production facilities, etc.	11,018	–	–	98,059	173,370	3,003	285,452	28 [1]

(3) Europe

Overseas subsidiaries

Company name	Office (Location)	Description of facilities	Carrying amount (Millions of yen)						Number of employees (Persons)
			Buildings and structures	Machinery, equipment, and vehicles	Land (Area: m^2)	Wells	Other	Total	
JAPEX Norge AS	Head Office (Stavanger, Norway)	Production facilities, etc.	2,291	–	–	2,048	156	4,497	16 [–]

Notes: 1. The above figures represent carrying amounts after deducting the depreciation expenses at the end of the fiscal year under review.

2. The figures in the square brackets represent the number of temporary employees, which is not included in the number above.

3. For overseas subsidiaries whose closing dates are different from the consolidated closing date, carrying amounts for the fiscal year of each company are presented.

4. The status of facilities of Japex (U.S.) Corp. represents the figures consolidating its subsidiaries.

3. Planned Addition, Retirement, and Other Changes of Facilities

The following describes the status and plans for the addition, expansion, acquisition, and renovation of major facilities as of March 31, 2026.

(1) Japan

Company name Office name	Location	Description of facilities	Estimated amount of expenditures (Millions of yen)		Funding method	Commenced To be completed	Increase in capacity after completion
			Total amount	Amount already paid			
Soma LNG Terminal, Domestic Development Project Division, Japan Petroleum Exploration Co., Ltd.	Soma County, Fukushima	Gas supply facilities	1,200	607	Self-financing	December 2024 to December 2026	7 skids for LNG tank trucks
Tokyo Head Office and others, Japan Petroleum Exploration Co., Ltd.	Tomakomai City, Hokkaido	Storage battery facilities and substation	6,100	1,258	Self-financing	October 2025 to H2 2027	Output: 20MW/106.9MWh
Tokyo Head Office and others, Japan Petroleum Exploration Co., Ltd.	Chiyoda-ku, Tokyo	Head office	2,400	–	Self-financing	February 2027 to August 2028	–
Tokyo Head Office and others, Japan Petroleum Exploration Co., Ltd.	Tomakomai City, Hokkaido	Substation of Tomakomai CCS Project	2,200	–	Self-financing	June 2026 to March 2030	–

Note: JAPEX reviewed classification of offices along with reorganization implemented in July 2025.

(2) North America

Company name Office name	Location	Description of facilities	Estimated amount of expenditures (Millions of dollars)		Funding method	Commenced To be completed	Increase in capacity after completion
			Total amount	Amount already paid			
Japex (U.S.) Corp.	Colorado and Wyoming, the U.S.	Wells and production facilities, etc.	185	–	Self-financing	March 2026 to December 2026	About 5,800 barrels per day (crude oil equivalent)(Note 1)

Notes: 1. In the table, the production capacity for which the company holds interests is shown.

2. The status and plans for the addition, expansion, acquisition, and renovation of major facilities of Japex (U.S.) Corp. include the figures for its consolidated subsidiaries.

Item 4. Information about Reporting Company

1. Company's Shares, etc.

(1) Total number of shares

1) Total number of shares

Class	Total number of shares authorized to be issued (Shares)
Common stock	600,000,000
Total	600,000,000

2) Issued shares

Class	Number of shares issued as of the end of the period (Shares) (March 31, 2026)	Number of shares issued as of filing date (Shares) (June 19, 2026)	Name of financial instruments exchange on which securities are listed, or authorized financial instruments business association to which securities are registered	Description
Common stock	257,000,380	257,000,380	Tokyo Stock Exchange Prime Market	The number of shares constituting one unit is 100 shares
Total	257,000,380	257,000,380	–	–

(2) Share acquisition rights

1) Stock option plans

Not applicable.

2) Shareholder rights plans

Not applicable.

3) Share acquisition rights for other uses

Not applicable.

(3) Exercises of moving strike convertible bonds, etc.

Not applicable.

(4) Changes in the number of issued shares, share capital and legal capital surplus

Date	Changes in the total number of issued shares (Shares)	Balance of the total number of issued shares (Shares)	Changes in share capital (Millions of yen)	Balance of share capital (Millions of yen)	Changes in legal capital surplus (Millions of yen)	Balance of legal capital surplus (Millions of yen)
September 30, 2022 (Note 1)	(2,854,700)	54,300,076	–	14,288	–	–
September 30, 2024 (Note 1)	(2,900,000)	51,400,076	–	14,288	–	–
October 1, 2024 (Note 2)	205,600,304	257,000,380	–	14,288	–	–

Notes: 1. The decrease in the number of shares is a result of the cancellation of treasury shares.

2. The increase in the number of shares is a result of a 5-for-1 stock split.

(5) Shareholding by shareholder category

As of March 31, 2026

Category	Status of shares (one unit of shares: 100 shares)								Number of shares of less than one unit (Shares)
	National and local governments	Financial institutions	Financial service providers	Other corporations	Foreign investors, etc.		Individuals and others	Total	
					Non-individuals	Individuals			
Number of shareholders (Persons)	14	23	44	553	279	265	81,227	82,405	–
Share ownership (Units)	1,010,411	365,443	51,843	172,491	603,895	1,079	358,745	2,563,907	609,680
Percentage of shareholdings (%)	39.41	14.25	2.02	6.73	23.56	0.04	13.99	100.00	–

Note: Of 242,778 treasury shares, 2,427 units are included in the "Individuals and others" column, while 78 shares are included in the "Number of shares of less than one unit" column. 7,582 units of JAPEX shares held by the Custody Bank of Japan, Ltd. (Trust Account E) as trust assets of the Board Benefit Trust are not included in treasury shares but are included in "Financial institutions."

(6) Major shareholders

As of March 31, 2026

Name	Address	Number of shares held (Shares)	Shareholding ratio (excluding treasury shares) (%)
Minister of Economy, Trade and Industry	1-3-1 Kasumigaseki, Chiyoda-ku, Tokyo	97,163,620	37.84
The Master Trust Bank of Japan, Ltd. (Trust Account)	Akasaka Intercity AIR, 1-8-1 Akasaka, Minato-ku, Tokyo	21,703,900	8.45
STATE STREET BANK AND TRUST COMPANY 505223 (Standing proxy: Settlement & Clearing Services Dept., Mizuho Bank, Ltd.)	P.O. BOX 351 BOSTON MASSACHUSETTS 02101 U.S.A. (Shinagawa Intercity Tower A, 2-15-1 Konan, Minato-ku, Tokyo)	6,763,476	2.63
Custody Bank of Japan, Ltd. (Trust Account)	1-8-12 Harumi, Chuo-ku, Tokyo	6,213,600	2.42
STATE STREET BANK AND TRUST COMPANY 505001 (Standing proxy: Settlement & Clearing Services Dept., Mizuho Bank, Ltd.)	ONE CONGRESS STREET, SUITE 1, BOSTON, MASSACHUSETTS (Shinagawa Intercity Tower A, 2-15-1 Konan, Minato-ku, Tokyo)	5,881,223	2.29
JFE Engineering Corporation	2-2-3 Uchisaiwaicho, Chiyoda-ku, Tokyo	4,620,060	1.80
INPEX CORPORATION	5-3-1 Akasaka, Minato-ku, Tokyo	3,565,265	1.39
STATE STREET BANK AND TRUST COMPANY 505103 (Standing proxy: Settlement & Clearing Services Dept., Mizuho Bank, Ltd.)	ONE CONGRESS STREET, SUITE 1, BOSTON, MASSACHUSETTS (Shinagawa Intercity Tower A, 2-15-1 Konan, Minato-ku, Tokyo)	3,111,987	1.21
Marubeni-Itochu Steel Inc.	2-2-1 Yaesu, Chuo-ku, Tokyo	2,367,220	0.92
BNP PARIBAS LUXEMBOURG/2S/JASDEC/JANUS HENDERSON HORIZON FUND (Standing proxy: Tokyo Branch, The Hongkong and Shanghai Banking Corporation Limited)	33 RUE DE GASPERICH, L-5826 HOWALD-HESPERANGE, LUXEMBOURG (3-11-1 Nihonbashi, Chuo-ku, Tokyo)	2,271,900	0.88
Total	–	153,662,251	59.85

(7) Voting rights

1) Issued shares

As of March 31, 2026

Category	Number of shares (Shares)		Number of voting rights	Description
Shares without voting rights		–	–	–
Shares with restricted voting rights (treasury shares, etc.)		–	–	–
Shares with restricted voting rights (other)		–	–	–
Shares with full voting rights (treasury shares, etc.)	Common stock	242,700	–	–
Shares with full voting rights (other)	Common stock	256,148,000	2,561,480	–
Shares of less than one unit	Common stock	609,680	–	–
Number of issued shares		257,000,380	–	–
Total number of voting rights		–	2,561,480	–

Notes: 1. The number of “Shares with full voting rights (other)” of common stock includes 758,200 shares of JAPEX (7,582 voting rights) held by the Custody Bank of Japan, Ltd. (Trust Account E) as trust assets of the Board Benefit Trust.

2. The number of “Shares of less than one unit” of common stock includes 78 treasury shares held by JAPEX.

2) Treasury shares

As of March 31, 2026

Name of the shareholder	Address of the shareholder	Number of shares held in own name (Shares)	Number of shares held in others’ names (Shares)	Total number of shares held (Shares)	Shareholding ratio (%)
Japan Petroleum Exploration Co., Ltd.	1-7-12 Marunouchi, Chiyoda-ku, Tokyo	242,700	–	242,700	0.09
Total	–	242,700	–	242,700	0.09

Note: 758,200 shares of JAPEX held by the Custody Bank of Japan, Ltd. (Trust Account E) as trust assets of the Board Benefit Trust are not included in treasury shares.

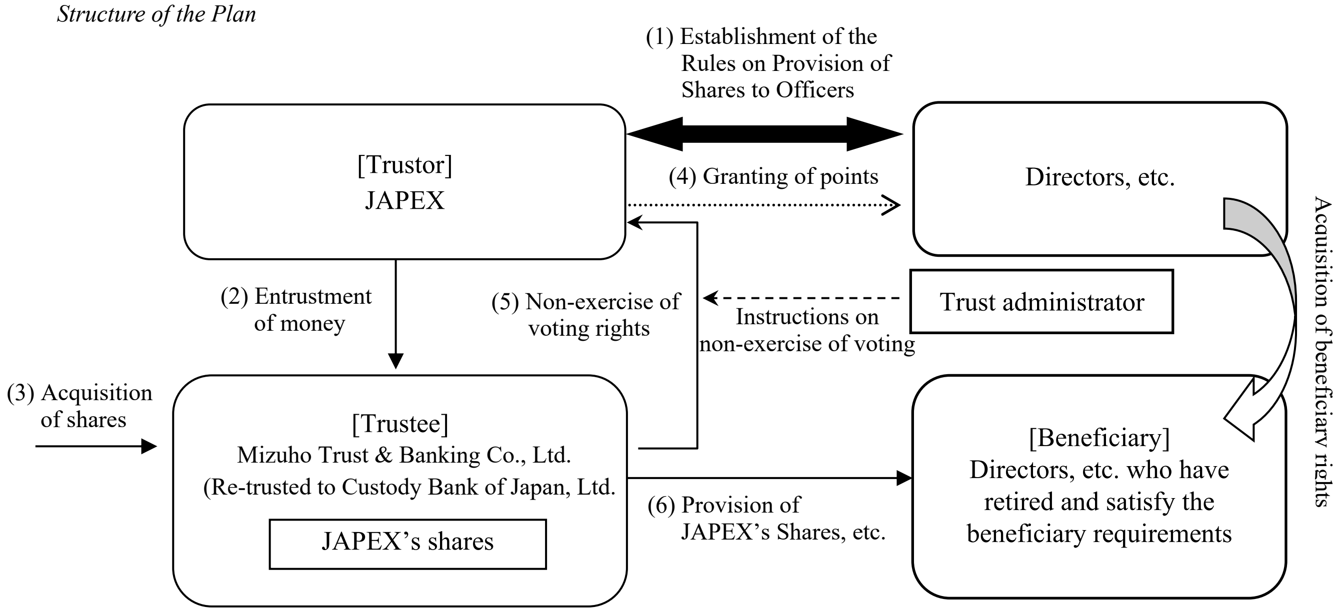
(8) Share ownership plan for Directors and other Officers and employees

1) Overview of the share ownership plan for Directors and other Officers

In accordance with the resolution of the 50th Ordinary General Meeting of Shareholders held on June 26, 2020, JAPEX has introduced a “Board Benefit Trust (BBT)” (hereinafter referred to as the “Plan”), a performance-based stock compensation plan for Directors (excluding Outside Directors) and Executive Officers who do not concurrently serve as Directors (hereinafter referred to as “Directors, etc.”).

We partially revised the Plan at the 54th Ordinary General Meeting of Shareholders held on June 26, 2024. The revision aims to increase the ratio of performance-based compensation to total compensation to ensure the Plan functions as a proper incentive to enhance JAPEX’s medium- to long-term corporate value and further share value with shareholders.

Structure of the Plan



(1) JAPEX obtained approval for officer compensation regarding the Plan at the General Meeting of Shareholders and established the Rules on Provision of Shares to Officers within the approved framework.

(2) JAPEX will entrust money within the scope of the resolution approved at the General Meeting of Shareholders mentioned in (1).

(3) The Trust will acquire JAPEX’s shares through the stock market on which JAPEX’s shares are listed, or by way of subscribing to a disposition of JAPEX’s treasury shares, using the money entrusted as in (2) above as the funds.

(4) JAPEX will grant points to Directors, etc. in accordance with the Rules on Provision of Shares to Officers.

(5) The Trust will not exercise voting rights of JAPEX’s shares held in the Trust in accordance with the instructions of the trust administrator, who is independent from JAPEX.

(6) The Trust will provide those individuals who retire from office as Directors, etc. and fulfill the beneficiary eligibility requirements stipulated in the Rules on Provision of Shares to Officers (hereinafter referred to as the “Beneficiaries”) with JAPEX’s shares, according to the number of points granted to the relevant Beneficiary. However, if a Director, etc. fulfills the requirements stipulated in the Rules on Provision of Shares to Officers, JAPEX will provide the Director, etc. with money equivalent to the fair value of JAPEX’s common stock.

(Note) Pursuant to the Rules on Provision of Shares to Officers, JAPEX may confiscate part or all of the points granted to any Director, etc. as resolved at a meeting of the Board of Directors if such Director, etc. is dismissed or causes significant damage to JAPEX’s or JAPEX Group’s business due to his/her execution of duties (so-called malus clause).

2) Total number/amount of shares to be delivered to Directors and other Officers

The upper limit number of points to be granted to Directors, etc. is 227,000 points per fiscal year and 1,135,000 points for each applied period (five fiscal years). Therefore, the upper limit amount of money to be contributed to the Trust during the applied period shall be the amount deemed necessary to acquire 1,135,000 shares.

3) Beneficiaries of the Plan

Beneficiaries are the retired Directors, etc., who satisfy the conditions in the Rules on Provision of Shares to Officers.

2. Acquisition and Disposal of Treasury Shares

Class of Shares, etc.: Acquisition of common stock under Article 155, item 7 of the Companies Act

(1) Acquisition by resolution of the General Meeting of Shareholders

Not applicable.

(2) Acquisition by resolution of the Board of Directors

Not applicable.

(3) Acquisition not based on the resolution of the General Meeting of Shareholders or the Board of Directors' Meeting

Category	Number of shares (Shares)	Total amount (Yen)
Treasury shares acquired during the fiscal year under review	98	176,060
Treasury shares acquired during the period from April 1, 2026, until the filing date of this Annual Securities Report	60	112,980

Note: The number of treasury shares acquired during the period from April 1, 2026, until the filing date of this Annual Securities Report does not include shares of less than one unit purchased during the period from June 1, 2026, to the filing date of this Annual Securities Report.

(4) Disposal of acquired treasury shares and the number of treasury shares held

Category	Fiscal year under review		From April 1, 2026, until the filing date of this Annual Securities Report	
	Number of shares (Shares)	Total amount of disposal (Yen)	Number of shares (Shares)	Total amount of disposal (Yen)
Acquired treasury shares for which subscribers were solicited	–	–	–	–
Acquired treasury shares that were cancelled	–	–	–	–
Acquired treasury shares that were transferred for merger, share exchange, share issuance, and company split	–	–	–	–
Other (disposal of treasury shares through a third-party allotment)	–	–	–	–
Treasury shares held	242,778	–	242,838	–

Notes: 1. The number of shares held during the period from April 1, 2026, until the filing date of this Annual Securities Report does not include shares of less than one unit purchased during the period from June 1, 2026, to the filing date of this Annual Securities Report.

2. The treasury shares held during the fiscal year under review and those held from April 1, 2026, until the filing date of this Annual Securities Report do not include 758,200 shares of JAPEX held by the Custody Bank of Japan, Ltd. (Trust Account E) as trust assets of the Board Benefit Trust.

3. Dividend Policy

We aim to sustainably increase corporate value through proactive investment using retained earnings and expansion of our business base, thereby sharing the fruits of our efforts with our shareholders. JAPEX's basic policy for profit distribution is to pay dividends in line with business results for each fiscal year with a target consolidated dividend payout ratio of 30%, while striving to maintain an annual dividend of ¥40 per share even in the event of a temporary downturn in business performance due to factors such as changes in the business environment. (However, in the year when profit attributable to owners of parent fluctuates significantly due to extraordinary income or loss or other exceptional factors, the amount of dividend will be determined in consideration of such fluctuations.)

Based on the above policy, JAPEX intends to pay annual dividend of ¥65 per share (including interim dividend of ¥20 per share) for the fiscal year under review.

Pursuant to Article 454, paragraph 5 of the Companies Act, our Articles of Incorporation stipulate that JAPEX may, by a resolution of the Board of Directors, pay an interim dividend on September 30 of each year as the record date. JAPEX pays dividends twice a year as dividends of surplus: an interim dividend and a year-end dividend. The amount of the interim dividend is resolved at the meeting of the Board of Directors, and the year-end dividend at a General Meeting of Shareholders.

Dividends of surplus for the fiscal year under review are as follows:

Date of resolution	Total amount of dividends (Millions of yen)	Dividend per share (Yen)
Resolution at the Board of Directors' Meeting held on November 12, 2025	5,135	20
Resolution at the Ordinary General Meeting of Shareholders to be held on June 23, 2026	11,554	45

4. Corporate Governance

(1) Overview of corporate governance

1) Basic views on corporate governance

Contributing to society through a stable energy supply and addressing social issues toward realizing the Sustainable Development Goals is the corporate vision of JAPEX. In order to achieve the corporate vision and to maximize our corporate value in a medium- and long-term perspective, efficient and transparent corporate management and the building of mutual trust relationships with our stakeholders, including shareholders, through ensuring our accountability are required, and corporate governance is one of our important topics as the foundation.

2) Outline of corporate governance structure and reasons for adopting such a structure

Outline of corporate governance

At JAPEX, Directors and Executive Officers, who are appointed and assigned duties by the Representative Directors and the Board of Directors, serve as operating officers. The Board of Directors and Audit & Supervisory Board Members, along with the Audit & Supervisory Board that is comprised of all Audit & Supervisory Board Members, are responsible for supervising the execution of their duties. (Company with an Audit & Supervisory Board)

A Board of Directors' Meeting is held regularly once a month. Decisions on important business execution are left to the Board. It also serves supervisory functions as it receives business execution reports from Directors or Executive Officers.

In addition, in order to strengthen the supervisory functions of the Board of Directors, JAPEX appointed five insightful and independent Outside Directors as of June 19, 2026 (filing date of this Annual Securities Report). We actively listen to their opinions and advice on the meeting agenda and deliberations, which are highly independent from management and are essential to invigorate discussions at the Board of Directors' Meeting. JAPEX has submitted a proposal "Election of Eleven (11) Directors" as an agenda item to be resolved at the Ordinary General Meeting of Shareholders to be held on June 23, 2026. Even if the resolution is approved at the meeting, the number of JAPEX's Outside Directors will remain unchanged.

From the standpoint of accelerating the speed of decision-making, we hold the Executive Committee, composed of Directors and other officers of JAPEX, to make decisions on matters not covered by the decision-making standard of the Board of Directors and to hold a discussion to assist the decision-making in the Board of Directors. The Executive Committee is held twice a month in principle, with extraordinary meetings held as needed.

The Nomination and Compensation Committee has been established under the Board of Directors, with a view toward strengthening the supervisory function of the Board of Directors, by further ensuring transparency and objectivity of the procedures for making decisions concerning the nomination and compensation of Directors.

The status of activities of the Board of Directors and the Nomination and Compensation Committee for the fiscal year ended March 31, 2026, is as follows:

Organs	Number of Meetings and Details of Discussions	Attendance by Directors and Members
Board of Directors	• 13 meetings were held for the fiscal year under review. • Pursuant to the provisions of the Companies Act, the following matters were discussed: matters regarding the general meeting of shareholders, matters regarding the settlement of accounts, matters regarding officers, matters regarding participation in specific projects and loans to relevant subsidiaries, and so forth. • The Board of Directors received general reports on sustainability topics, including management plans, HSE (health, safety, and environment), personnel strategies, and health management, as well as reports on the above topics as specific items for discussion, and then discussed matters such as the status of efforts. • The Board of Directors received regular reports of production and sales of gas and other energies in Japan and progress in projects, and then discussed matters such as the status of efforts. • In addition to the foregoing, the Board of Directors received reports of specific items for discussion, including DX (digital transformation) and the internal reporting system, and then discussed matters such as the status of efforts.	• Persons attended 13 out of 13 meetings: FUJITA Masahiro, YAMASHITA Michiro, NAKAJIMA Toshiaki, FUNATSU Jiro, YAMASHITA Yukari (Note 1), KITAI Kumiko (Note 1) (Note 2), SUGIYAMA Yoshikuni (Note 1) • Persons attended 10 out of 10 meetings: YAMADA Tomomi, NAKANO Masanori, KAKIGI Koji (Note 1), WADA Masaki (Note 1) • Persons attended 3 out of 3 meetings: ISHII Yoshitaka (Note 3), TEZUKA Kazuhiko (Note 3), ITO Tetsuo (Note 1) (Note 3), KAWASAKI Hideichi (Note 1) (Note 3)
Nomination and Compensation Committee	• Five meetings were held for the fiscal year under review. • The committee discussed matters regarding officers (election of Directors and Audit & Supervisory Board Members to be proposed to the general meeting of shareholders and election of Executive Officers, compensation and bonuses for Directors, the skill matrix, officers' share ownership plan, and so forth).	• Persons attended 5 out of 5 meetings: FUJITA Masahiro, YAMASHITA Michiro, YAMASHITA Yukari (Chair since June 2025) (Note 1) • Persons attended 4 out of 4 meetings: KITAI Kumiko (Note 1) (Note 2), SUGIYAMA Yoshikuni (Note 1) • Persons attended 1 out of 1 meeting: ITO Tetsuo (Chair until June 2025) (Note 1) (Note 3), KAWASAKI Hideichi (Note 1) (Note 3)

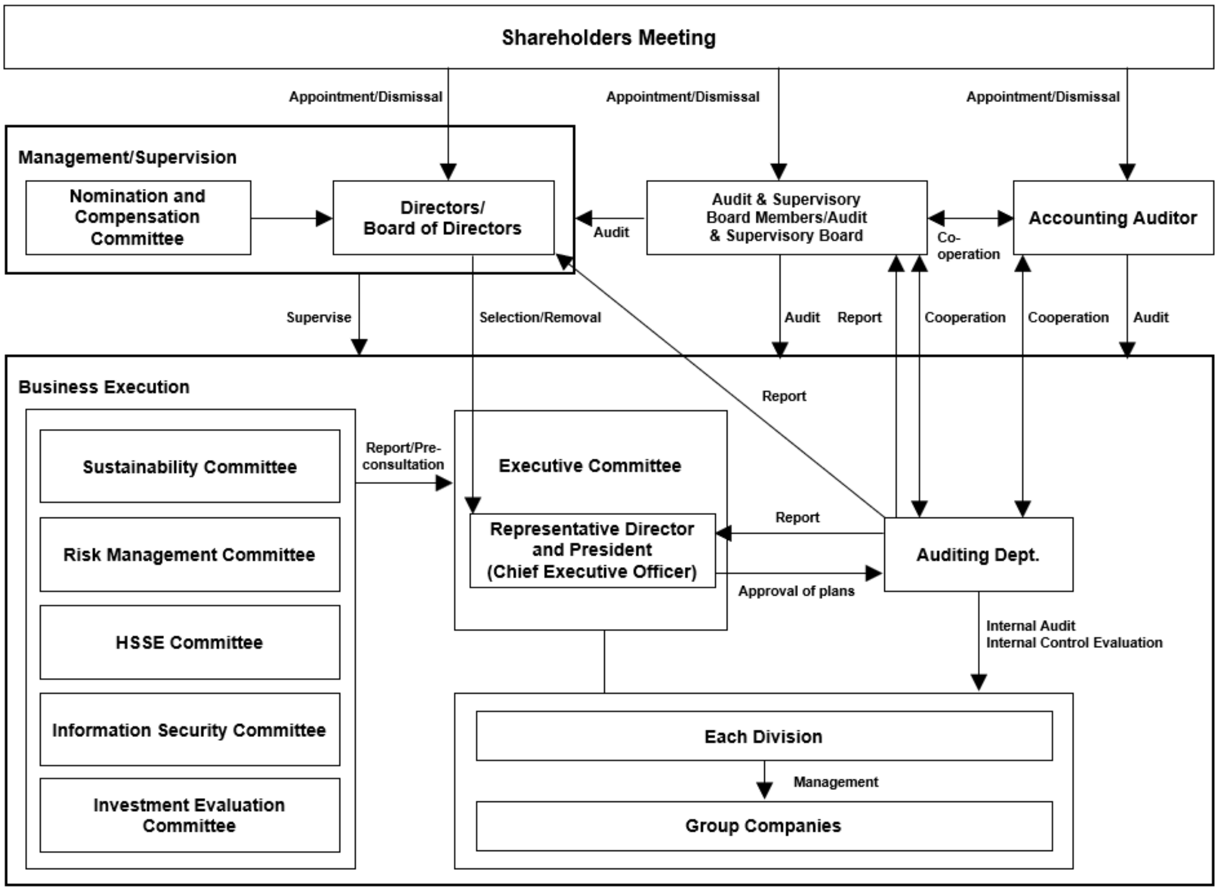
Notes: 1. YAMASHITA Yukari, KITAI Kumiko, SUGIYAMA Yoshikuni, KAKIGI Koji, WADA Masaki, ITO Tetsuo, and KAWASAKI Hideichi are the Outside Directors as defined under Article 2, item 15 of the Companies Act.

2. Director KITAI Kumiko is scheduled to retire on June 23, 2026

3. Directors ISHII Yoshitaka, TEZUKA Kazuhiko, ITO Tetsuo, and KAWASAKI Hideichi retired on June 25, 2025.

In addition to the above structure, risk is managed by the Risk Management Committee and other internal committees of JAPEX. For details, please refer to 3) Other matters regarding corporate governance (Status of development of risk management system).

Corporate Governance Structure



Reasons for adopting the current corporate governance structure

As stated above, JAPEX has put in place a structure where Outside Directors comment on and supervise the corporate management by operating officers from an independent standpoint, and audits on Directors' performance of duties are conducted by Audit & Supervisory Board Members, along with the Audit & Supervisory Board. Such a structure has been working well and fully ensures objective and appropriate decision-making. Therefore, we believe that JAPEX is capable of strengthening its corporate governance by adopting a corporate structure of a company with an audit & supervisory board.

3) Other matters regarding corporate governance

Development of the internal control system

At JAPEX, the Risk Management Committee and the Auditing Dept. take initiative to continue efforts to monitor and develop a system to ensure appropriate business operations. JAPEX develops such a system required by the Companies Act and the Regulations for Enforcement of the Companies Act in accordance with the following policies.

(i) Systems to ensure that the execution of duties by JAPEX's Directors and employees complies with laws and regulations and the Articles of Incorporation

To ensure that the execution of duties by Directors and employees of JAPEX conforms to laws and regulations and the Articles of Incorporation, JAPEX establishes the JAPEX Group Code of Ethics and Conduct and develops a system to ensure compliance and thoroughness with the code.

Likewise, JAPEX makes its Directors and employees to follow laws and regulations and the Articles of Incorporation in the performance of their duties by establishing the Risk Management Committee chaired by the President, which deliberates important compliance-related matters and manages the status of implementation, as well as by ensuring thorough awareness of compliance through internal training. At the same time, JAPEX organizes an internal reporting system with internal and external contact points for reporting and consultation that are independent from the company organization.

In addition, each department manages the execution of its duties following own business regulations and manuals, and the internal audit department, which is controlled directly by the President, audits the systems and execution status of various management activities and reports the results to the President, the Board of Directors and the Audit & Supervisory Board.

Further, to secure the reliability of financial reporting, JAPEX organizes and properly operates an internal control system for financial reporting, and the internal audit department independently evaluates the effectiveness of the system and reports the results to the President, the Board of Directors, and the Audit & Supervisory Board.

(ii) Systems concerning the retention and management of information on the execution of duties by Directors

JAPEX retains the minutes of Board of Directors Meetings, requests for management approval, various contracts, and other major documents that indicate the execution status of operations. The details of the system are stipulated by the document handling regulations.

(iii) Regulations and other systems relating to managing risks of loss

JAPEX reviews the credit management regulations, market risk management and derivative trading regulations, and other emergency response procedures, and, where necessary, prepares manuals and other documents from the perspective of risk management.

At the same time, the Risk Management Committee evaluates and manages cross-company risks.

(iv) Systems to ensure that Directors execute their duties efficiently

The Board of Directors meets monthly in principle to conduct swift decision-making on agenda items on which the Executive Committee has deliberated in advance. The Board of Directors also ensures efficient execution by delegating authority in accordance with the decisions and authorization regulations.

(v) Systems to ensure appropriate business activities in the business group comprised of JAPEX and its subsidiaries

Through the JAPEX Group Code of Ethics and Conduct and the its management plan, JAPEX sets forth the common direction and goals to be pursued by the JAPEX Group as its management policy, and the entire JAPEX Group works together to achieve them.

Likewise, the JAPEX Group makes efficient decisions and executes duties appropriately in a timely manner. JAPEX appropriately operates group management agreements, etc., so that it can consult with and receive reports on important matters from its subsidiaries in advance. In addition, in accordance with the Subsidiary and Associate Management Regulations, JAPEX's departments in charge of managing subsidiaries and associates and corporate divisions, etc., support the subsidiaries in the development and operation of internal control systems, as well as risk management to ensure appropriate operations of the entire JAPEX Group.

Our subsidiaries establish and operate a system similar to our system that is stipulated in the preceding four items, depending on the type of business, size, and other attributes. Our subsidiaries' Directors report to JAPEX on the status of execution of their duties regularly or as needed.

Furthermore, JAPEX's internal reporting system applies to subsidiaries, and our internal audit department audits subsidiaries as necessary.

(vi) Matters relating to employees who assist in the duties of the Audit & Supervisory Board

At the request of its Audit & Supervisory Board, JAPEX appoints one or more employees as Audit & Supervisory Board office members.

(vii) Matters relating to the independence of the employees set forth in the preceding item from the Directors

Personnel-related decisions on the relevant employees, including appointment and transfer, are subject to the prior agreement of the Audit & Supervisory Board.

(viii) Matters relating to ensuring the effectiveness of instructions given by Audit & Supervisory Board Members to the relevant employees

The employees appointed by the Audit & Supervisory Board office perform their duties in accordance with the instructions of the Audit & Supervisory Board, and operating departments cooperate with such employees in the performance of their duties.

(ix) Systems for our Directors and employees and subsidiaries' Directors to report to the Audit & Supervisory Board Members

(a) Our Directors make monthly business reports at Board of Directors Meetings and circulate requests for management approval to Audit & Supervisory Board Members (Note). In addition, the Director or employee must immediately report to the Audit & Supervisory Board Member if he/she discovers any facts that may cause significant damage to JAPEX.

(b) Our subsidiaries' Director, Audit & Supervisory Board Member, or employee must report to the Audit & Supervisory Board Member when he/she discovers any fact that may cause significant damage to JAPEX. The same also applies to matters deemed necessary in connection with the performance of duties.

Note: Specifically, the full-time Audit & Supervisory Board Members receive requests for management approval in accordance with the segregation of duties among Audit & Supervisory Board Members.

(x) Systems to ensure that persons who made a report as set forth in the preceding item are not treated disadvantageously due to such reporting

Applicable to JAPEX and its subsidiaries, the handling procedures for such reporting stipulate that no person who made a report as set forth in the preceding item is subjected to any disadvantageous treatment for such reporting.

(xi) Matters relating to policies concerning the procedure for advance payment or reimbursement of expenses that arise in the execution of duties by Audit & Supervisory Board Members, or other expenses or obligations that arise in such execution of duties

Audit & Supervisory Board Members may request prepayment, reimbursement, or other payment in case it is necessary to execute their duties by writing with the reason, amount, and other details. Based on the writing, JAPEX makes advance payments or reimbursements.

(xii) Other systems to ensure effective audits of Audit & Supervisory Board Members

JAPEX ensures that the Audit & Supervisory Board Members have opportunities to exchange opinions with the Representative Directors and the Accounting Auditor to enhance cooperation and information sharing.

Likewise, the Audit & Supervisory Board Members cooperate with the internal audit department through periodic exchanges of opinions to improve the effectiveness of the audits.

(Status of development of risk management system)

In order to adequately operate the internal control system, we have set up various internal committees and developed a system for risk management. For information on risk management by the Risk Management Committee and the Sustainability Committee, please refer to "Item 2. Overview of Business, 2. Views and Initiatives on Sustainability, (1) Sustainability in general, *Risk management*" above. JAPEX has also established specialized committees, the Information Security Committee and the Health, Safety, Security and Environment (HSSE) Committee, to deliberate important issues concerning information security and occupational health and safety, respectively.

Deliberation results and verification results obtained by these internal committees are reported to the Executive Committee and the Board of Directors as needed before they discuss related matters.

(System to ensure appropriate business activities in subsidiaries)

The Auditing Dept. conducts internal audits on our subsidiaries based on an annual audit plan to ensure the appropriateness of their business activities. Audit results are reported to the President, as well as to the Board of Directors, Audit & Supervisory Board Members, and the Audit & Supervisory Board, and corrective actions are taken as needed.

The Auditing Dept. evaluates the development and operating status of subsidiaries' overall internal control for financial reporting, and the evaluation results are utilized in internal control audits conducted by the Accounting Auditor, and are reported to the Board of Directors, Audit & Supervisory Board Members, and the Audit & Supervisory Board.

In accordance with subsidiary and associate management regulations, JAPEX concludes a group management agreement with relevant companies to monitor their corporate management. JAPEX also conducts audits on our major subsidiaries by full-time Audit & Supervisory Board Members and the Auditing Dept.

(Analysis and evaluation of the overall effectiveness of the Board of Directors)

JAPEX conducts an annual evaluation of the overall effectiveness of the Board of Directors through questionnaires completed by all Directors and Audit & Supervisory Board Members, as well as other methods, in order to periodically verify whether the Board is fulfilling its roles and contributing to the enhancement of medium- to long-term corporate value, and to continuously implement improvement initiatives based on such verification. The outline of the effectiveness evaluation for FY2025 is as follows:

(i) Evaluation method

In FY2025, JAPEX reviewed its evaluation process, schedule, and questionnaire content in order to promote a more systematic PDCA cycle that contributes to ensuring the effectiveness of the Board of Directors and enhancing medium- to long-term corporate value.

At the Board of Directors' Meeting held in December 2025, discussions were conducted regarding the evaluation policy, as well as the content and structure of the questionnaire prepared by the secretariat. Thereafter, an anonymous questionnaire survey was conducted from December 2025 through January 2026. The questionnaire included multiple-choice questions covering areas such as Board operations, roles and responsibilities of the Board, and the effectiveness of nomination and compensation, as well as free-text fields for each item, enabling the collection of a broad range of opinions on issues and potential improvements.

Subsequently, the secretariat aggregated and analyzed the responses, and the Board of Directors held discussions on the results and the policy for initiatives in the following fiscal year at its meeting in March 2026.

(ii) Key initiatives in FY2025

The following are the main initiatives implemented in FY2025 in response to key issues identified in the effectiveness evaluation for FY2024.

Effectiveness of nomination and compensation

- The Nomination and Compensation Committee held discussions on policies for the appointment of Executive Officers with the participation of all Outside Directors. After receiving consultation from the Committee, the Board of Directors resolved the Executive Officer Appointment Criteria.
- An opinion exchange meeting was held between outside officers and Associate Executive Officers to strengthen outside officers' involvement in the appointment process.

Board operations

- JAPEX developed a "Board Portal" using an internal digital information-sharing platform to improve the speed of document distribution and enhance the searchability of past materials and minutes.
- The evaluation process, schedule, and questionnaire content for the Board effectiveness evaluation were also reviewed.

(iii) Results of the FY2025 evaluation

As a result of the FY2025 effectiveness evaluation questionnaire, it was concluded that the Board of Directors of JAPEX is sufficiently effective, as active questioning and opinion exchanges—primarily led by outside officers—are taking place, and an environment has been established in which each member can freely express opinions under appropriate meeting management. In addition, the following issues were identified from free-form responses in the questionnaire with a view to further enhancing governance.

Roles and responsibilities of the Board of Directors

- While appropriate discussions are being held on the new management plan, further discussion on growth strategies, including optimal allocation of management resources, and ongoing monitoring of execution in response to changes in the business environment remain as continuing issues.
- Although engagement with shareholders and investors is being actively conducted and disclosure is appropriately implemented, further refinement of engagement methods and better incorporation of feedback obtained through such dialogue into management are desirable.

Effectiveness of nomination and compensation

- Initiatives such as ensuring the participation of all Outside Directors in Nomination and Compensation Committee meetings, as appropriate to the agenda items, have led to deeper and more constructive discussions. JAPEX is also expected to continue appropriately applying the Executive Officer appointment criteria established in FY2025.

Board operations

- Further enhancement of information infrastructure and opportunities for dialogue to enable outside officers to provide more effective advice and oversight is desirable.
- The “Board Portal” has improved the speed of information provision and operational efficiency of the Board, while also enhancing accessibility through centralized information management; further qualitative enhancement and establishment of this platform are expected.
- While progress has been made in establishing a PDCA cycle, including a review of the evaluation schedule, continued reviews are required to further enhance mechanisms for objective verification of effectiveness.

(iv) Future initiatives

Based on the issues identified in the FY2025 evaluation, JAPEX will focus on the following initiatives to further enhance governance and improve effectiveness.

Roles and responsibilities of the Board of Directors

- Setting key themes to be discussed at the Board of Directors’ Meetings throughout the fiscal year (already implemented in the FY2025 evaluation process)
- Deepening discussions on management strategy, including appropriate review of the new management plan
- Strengthening feedback from dialogue with capital markets

Effectiveness of nomination and compensation

- Appropriate operation of the Executive Officer appointment process based on the Executive Officer Appointment Criteria

Board operations

- Enhancing information provision to outside officers and maintaining opportunities for dialogue between internal and outside officers
- Optimizing information provision to deepen Board deliberations
- Continuous review of the methodology for evaluating Board effectiveness

Based on the results of this evaluation, JAPEX will further enhance the functions of its Board of Directors.

(Outline of the limited liability agreement)

JAPEX amended the Articles of Incorporation at the General Meeting of Shareholders as of June 2015, enacted the new article related to the limited liability agreement with Outside Directors and Outside Audit & Supervisory Board Members, and each Outside Director and Outside Audit & Supervisory Board Member executed the agreement based on the above article. The outline of the limited liability agreement is as follows:

(i) The limited liability agreement with Outside Directors

In the case where Outside Director(s) is(are) liable for damages which have arisen to JAPEX under paragraph 1, Article 423 of the Companies Act, given his/her performance of duties are made faithfully and without any gross negligence, he/she should be liable for damages to JAPEX within the limit of minimum amount as stipulated in each item of paragraph 1, Article 425 of the Companies Act and should automatically be exempted from any liabilities beyond the minimum amount by JAPEX.

(ii) The limited liability agreement with Outside Audit & Supervisory Board Members

In the case where Outside Audit & Supervisory Board Member(s) is(are) liable for damages which have arisen to JAPEX under paragraph 1, Article 423 of the Companies Act, given his/her performance of duties are made faithfully and without any gross negligence, he/she should be liable for damages to JAPEX within the limit of minimum amount as stipulated in each item of paragraph 1, Article 425 of the Companies Act and should automatically be exempted from any liabilities beyond the minimum amount by JAPEX.

(Outline of Directors' and Officers' liability insurance contract)

JAPEX has concluded a Directors' and Officers' liability insurance contract as stipulated in Article 430-3, paragraph 1 of the Companies Act with an insurance company. The insureds bear no responsibility for payment of the insurance premiums.

i) Scope of the persons insured

• JAPEX's Directors, Audit & Supervisory Board Members, Executive Officers, Associate Executive Officers, Fellows, and management employees, including those who have already retired or resigned

• Officers and management employees of JAPEX's subsidiaries, etc., including those who have already retired or resigned

Notes: 1. Persons with high expertise in JAPEX's specific professional fields have been appointed as Fellows to support corporate management (JAPEX has one Fellow as of March 31, 2026).

2. Management employees of JAPEX's associates overseas are not covered by the insurance contract.

ii) Outline of the insurance contract

This insurance contract covers compensation for damages borne by the insured persons (third-party damage suit and shareholder derivative suit) in the event of claims made against them for actions taken (or inaction) in their roles as officers of JAPEX and JAPEX's subsidiaries, etc., during the coverage period.

Overseas, this insurance contract covers compensation for the first claimed damages borne by the insured persons of JAPEX and JAPEX's subsidiaries and associations covered by the insurance contract during the coverage period due to their unjust behavior.

Provided, however, that there are certain exemptions. For example, the damage caused as a result of any conduct in violation of laws and regulations or the damage covered by other forms of insurance shall not be covered.

4) Quorum of Directors

The Articles of Incorporation of JAPEX stipulate that the number of Directors is to be 18 or fewer.

5) Requirement for the adoption of resolutions for electing Directors

Our Articles of Incorporation stipulate that the Directors of JAPEX shall be elected by a majority vote of all eligible shareholders present at a General Meeting of Shareholders, which shall have attendance of shareholders holding, in aggregate, not less than one third (1/3) of the total voting rights of all eligible shareholders.

The Articles of Incorporation also stipulate that cumulative voting shall not be used for the resolution to elect Directors.

6) Decision-making body of interim dividends

Pursuant to Article 454, paragraph 5 of the Companies Act, our Articles of Incorporation stipulate that JAPEX may, by a resolution of the Board of Directors, pay an interim dividend on September 30 of each year as the record date. This is intended to return profits to shareholders in a flexible manner.

7) Decision-making body for the purchase of treasury shares

Pursuant to Article 165, paragraph 2 of the Companies Act, our Articles of Incorporation stipulate that, upon resolution of the Board of Directors, JAPEX may acquire its treasury shares by trading in the market etc. as stipulated in paragraph 1 of the same article. This is to facilitate the purchase of treasury shares with flexibility.

8) Requirement for the adoption of a special resolution of the General Meeting of Shareholders

Our Articles of Incorporation stipulate that resolutions under Article 309, paragraph 2 of the Companies Act shall only be adopted by two thirds (2/3) or more of the votes of the shareholders at a General Meeting of Shareholders which shall have attendance of shareholders holding, in aggregate, not less than one third (1/3) of the total eligible voting rights. This is intended to facilitate the smooth operations of the General Meeting of Shareholders.

Overview of the measures to prevent large-scale acquisition of our company's shares (Takeover Defense Measures)

(1) Basic policy regarding the person controlling decisions relative to policies for our finances and business

JAPEX considers that the person controlling our financial and business policy decisions should fully understand the content of our finances and business and the source of our corporate value, and is eligible to protect and enhance corporate value and ultimately the shareholders' common interests in a continuing and sustainable manner.

JAPEX believes that the decision on an acquisition proposal associated with the transfer of corporate control should ultimately be made based on the general decision of our shareholders. Furthermore, JAPEX does not disapprove of large-scale share acquisition that contributes to our corporate value and ultimately the shareholders' common interests.

Nevertheless, among large-scale share acquisitions, there are many that do not contribute to the corporate value and the shareholders' common interests, in light of their purpose, including such that cause a clear infringement on the corporate value and the shareholders' common interests, such that has the risk of a de facto coercion against the shareholders to sell their shares, such that does not provide sufficient time and/or information for the Board of Directors and the shareholders consideration of the content of the large-scale share acquisition or for the Board of Directors to propose an alternative plan, and such that require consultation and negotiation with the acquirer to draw out a more favorable condition than the conditions presented from the acquirer.

The large-scale share acquirer should understand the source of our corporate value, described in (2)1 below, not to mention the content of JAPEX's finances and business, and unless he or she protects and enhances them over medium to long term, our corporate value and ultimately the shareholders' common interests will be damaged.

JAPEX considers such a large-scale acquirer that does not contribute to our corporate value and the shareholders' common interests inappropriate as the controlling person to determine the policies of our finances and business, and thus consider necessary to protect our corporate value and ultimately the shareholders' common interests by taking essential and substantial measures against such attempts.

(2) Special undertakings that contribute to the source of our corporate value and to the realization of the basic policy

1. Source of our corporate value

JAPEX has developed its business, focusing on improving the self-sufficiency of oil and natural gas since its foundation in 1955. Starting out with zero reserves, JAPEX has established its current business base by compounding discoveries of new oil and gas fields one after another, and is operating the businesses of exploration, development, production, and distribution of oil and natural gas resources as its core business.

The source of our corporate value lies in our business model where we conduct exploration, development, and distributing in integrated manner, upon our ownership of oil and natural gas interests, while providing, in Japan, a stable supply of gas using infrastructure such as pipelines and LNG terminals and supplying electricity from natural gas-fired power generation and renewable energy sources. As such, JAPEX conducts businesses with a highly public nature, as well as taking on a crucially important responsibility in terms of maintaining and ensuring a stable supply and safe operation as an enterprise involved in the supply of energy, which is comparable to the bloodstream of industrial activity and civic life. Moreover, to contribute to the realization of a carbon-neutral society, JAPEX is working toward the early commercialization of CCS and CCUS, mainly utilizing E&P technologies.

This business model is backed with JAPEX's 1) advanced exploration technology for oil and natural gas, 2) comprehensive technological capabilities such as oil and gas field development technology and operation know how both in and out of Japan, 3) construction of a strong infrastructure such as natural gas transport pipelines and LNG terminals in Japan, and 4) trust relationships with our stakeholders including customer, stockholder and community, based on the buildup of a stable, long-term supply record due to the aforementioned network.

It is not uncommon for it to take more than 10 years to reach the production stage from exploration of a new oil or gas field in the E&P Business. In addition, in order to contribute to the realization of a carbon-neutral society, it is required to develop business with a long-term perspective and contribute to society through consideration for the protection of the global environment. Also, in the view of today's international energy situation, in which the global competition with regard to the securement of energy resources is intensifying, efforts for improvement of corporate technology and know-how, securing human resources, and the further enrichment of trust relationships with each stakeholder are essential for the continuing growth of the business and enhancement of our corporate value. This, we believe, is still what brings the future maintenance and improvement of our corporate value and thus of the common interest of our stockholders.

2. Undertakings for the improvement of corporate value

In May 2021, JAPEX announced JAPEX2050, which outlines its responsibilities and challenges toward the realization of a carbon-neutral society, as well as its future initiatives and the direction of its business development.

In addition, in March 2022, JAPEX formulated the "JAPEX Management Plan 2022–2030" in order to respond promptly and flexibly to changes in the business environment, including global decarbonization trends. Under this plan, JAPEX has been working to strengthen profitability and to build a business foundation with a view to growth 2030 and beyond.

In recent years, in the global energy landscape, while decarbonization targets remain in place, the importance of stable supply of energy is being reaffirmed, and a more realistic transition is being sought. Furthermore, capital markets are placing even stronger demands on management that is mindful of the cost of capital.

Against this backdrop, JAPEX has determined that a new management plan was essential to build a resilient portfolio and strengthen its execution capabilities. Accordingly, in April 2026, JAPEX announced the "JAPEX Management Plan 2026–2035: Building Core Assets toward 2035."

JAPEX continues to aim to further enhance its corporate value by steadily implementing the Plan.

3. Fortification of Corporate Governance

JAPEX plans to implement the above measures and intends to acquire and improve our corporate value and consequently the common interest of our shareholders. Furthermore, we believe that our path to sustainable growth over the long term lies in efficient and transparent management and building relationships of trust by fulfilling our accountability to shareholders and other stakeholders. To this end, we are striving to enhance corporate governance.

First of all, Directors or Executive Officers, who are appointed and assigned duties by the Representative Directors and Board of Directors, serve as JAPEX's operating officers. The Board of Directors and Audit & Supervisory Board Members (along with the Audit & Supervisory Board that is comprised of all Audit & Supervisory Board Members) assume the role of supervising the execution of their duties.

In addition, in order to strengthen the supervisory function of the Board of Directors, JAPEX has appointed five Outside Directors who are highly independent and have deep insight. The Outside Directors contribute to vigorous discussion at meetings of the Board of Directors by actively providing comments on proposals and deliberations. In addition, with a view to providing sufficient information to Outside Directors, thereby helping them perform their role appropriately, JAPEX has arrangements in place including liaison meetings for Outside Directors and Outside Audit & Supervisory Board Members for providing preliminary briefing to Outside Directors and Outside Audit & Supervisory Board Members on proposals for the Board of Directors, as well as for exchanging information and opinions among them.

All Audit & Supervisory Board Members attend the Board of Directors' Meeting, and the full-time Audit & Supervisory Board Members also attend the other important meetings as well as exchange opinions with Directors who execute business operations or Executive Officers as appropriate, thus serving in the supervisory function. Furthermore, as an internal audit, the Auditing Dept. evaluates the systems and execution of various management activities of JAPEX from the viewpoint of legality and rationality, and provides suggestions and advice for improvement and rationalization to the subject departments as necessary.

Furthermore, the Nomination and Compensation Committee has been established under the Board of Directors, with a view toward strengthening the supervisory function of the Board of Directors, by further ensuring the transparency and objectivity of the procedures for making decisions concerning the nomination and compensation of Directors.

On the other hand, concerning the internal control, the Auditing Dept., as the main actor, is continuing its inspection and development of the framework to ensure due business operation.

Furthermore, in addition to such corporate governance in management mechanisms, we anticipate attaining the optimal business execution appropriately, through improved transparency of management brought by IR activities such as results briefings and enrichment of the website.

(3) Undertakings based on the basic policy to prevent inappropriate persons from controlling decisions regarding our financial and business policies (the "Plan")

1. Purpose of the Plan

The Plan has been adopted according to the Basic Policy described above (1) for the purpose of ensuring and improving our corporate value and the common interests of our shareholders.

The Board of Directors, as set forth in the Basic Policy, considers a person who performs the large-scale acquisition of JAPEX share certificates, etc., without contributing to our corporate value and/or the common interests of our shareholders, inappropriate for making financial and business policy decisions regarding JAPEX. The Plan aims to prevent the control of our financial and business policies by such inappropriate persons and deter large-scale acquisitions that are detrimental to our corporate value and/or the common interests of our shareholders. At the same time, the Plan shall allow JAPEX's Board of Directors to ensure the necessary information and time required to propose an alternative plan to our shareholders or for our shareholders to sufficiently judge whether such a large-scale acquisition of JAPEX share certificates, etc., is acceptable and/or allow negotiation and other measures to be taken on behalf of our shareholders.

2. Overview of the Plan

The Plan determines the necessary procedure for achieving the aforementioned purpose, such as demanding the prior provision of information from the acquirer, upon the emergence of a person who intends to acquire 20% or more of JAPEX share certificates, etc.

In case the decision of not implementing the Plan has been made by the Board of Directors based on the procedures of the Plan, the acquirer shall be authorized to make a large-scale acquisition of JAPEX share certificates, etc., only after such a board decision.

In case the acquirer does not comply with the procedure set forth in the Plan or the intended large-scale acquisition of JAPEX share certificates, etc., has a risk of impairing our corporate value and/or the common interest of our shareholders and if the predetermined requirements for the implementation of the Plan are satisfied, JAPEX shall allot share options without contribution regarding those with exercise conditions in which the exercise of rights by the acquirer is, in principle, impermissible or with acquisition clauses where JAPEX may, in principle, acquire share options from persons other than the acquirer in exchange for JAPEX shares and shall implement any other reasonable measures that could be taken under the laws and regulations and JAPEX's Articles of Incorporation.

In the event that the allotment of share options without contribution is executed according to the Plan, and associated by its execution or acquisition by JAPEX, when JAPEX shares are issued to all shareholders except for the acquirer, the percentage of voting rights the acquirer holds may be diluted up to a maximum of approximately 50%.

With regard to the decision whether to implement or not implement the allotment of share options without contribution, or to acquire, according to the Plan, in order to eliminate the arbitrary decision of the Board of Directors, it shall undergo the objective decision of the Independent Committee constituted only of Outside Director etc., who are independent from JAPEX's Board of Directors pursuant to the Independent Committee Provision.

The following persons are members of the Independent Committee.

YAMASHITA Yukari, Outside Director, JAPEX
WADA Masaki, Outside Director, JAPEX
KAWAKITA Chikara, Outside Audit & Supervisory Board Member, JAPEX

Moreover, in the event that the allotment of share options without contribution is implemented according to the Plan, the Board of Directors shall, in principle, convoke a general meeting of the shareholders to confirm the decision of the shareholders concerning said implementation of the allotment of share options without contribution.

We aim to ensure transparency of the process of these procedures through the timely disclosure of appropriate information to our shareholders.

The effective period of the Plan shall be until the close of the Ordinary General Meeting of the Shareholders regarding the latest fiscal year ending within three years after the close of the Ordinary General Meeting of the Shareholders, which is the same as the delegation period of the authority to decide the matters concerning the allotment of the Share Options without contribution in the

Plan to be in accordance with the resolution of the 53rd Ordinary General Meeting of the Shareholders held on June 27, 2023. However, even before the expiration of the effective period, if a resolution to abolish the Plan is made by the Board of Directors, the Plan shall be abolished at that point in time.

Details of the Plan is available on our website. Please refer to our news release "Renewal of the Measures to Prevent Large-scale Acquisition of Our Company Shares (Takeover Defense Measures)" issued on May 12, 2023.

(URL: https://www.japex.co.jp/en/news/uploads/pdf/JAPEX20230512_TDM_Update_e.pdf)

(4) Decision and its reason of the Board of Directors concerning the Plan

1. The Plan must be in accordance with the Basic Policy
   The Plan is a framework in accord with the Basic Policy that ensures our corporate value and consequently the common interest of our shareholders, by enabling the decision-making of shareholders concerning the acceptance of the Acquisition, or ensuring the information and time necessary for the proposal of an alternative plan by the Board of Directors, and/or enabling negotiation or other communication with the Acquirer on behalf of the shareholders, in the event of Acquisition of JAPEX share certificates, etc.
2. The Plan must not harm the common interest of our shareholders and must not serve the purpose of retaining the position of our corporate officers.
   JAPEX considers the Plan to be not detrimental to the common interest of our shareholders and that it does not serve the purpose of retaining the position of our corporate officers for the following reasons:

   1) That the Plan satisfies the guiding requirements of the takeover defense measure:
   The Plan satisfies the three principles (1) the principle of protecting and enhancing corporate value and shareholders' common interests; (2) the principle of prior disclosure and shareholders' will; and (3) the principle of ensuring the necessity and reasonableness of defensive measures, set forth in the Guidelines Regarding Takeover Defense for the Purposes of Protection and Enhancement of Corporate Value and the Shareholders' Common Interests announced by the Ministry of Economy, Trade and Industry and the Ministry of Justice on May 27, 2005.

   2) That the Plan respects the decision of the shareholders:
   The introduction of the Plan was tabled and discussed at the 38th Ordinary General Meeting of Shareholders held on June 25, 2008, to confirm the intention of shareholders and was approved at the meeting. So were the updates of the Plan at the following Ordinary General Meetings of Shareholders: the 41st meeting held on June 24, 2011; the 44th meeting held on June 25, 2014; the 47th meeting held on June 28, 2017; the 50th meeting held on June 26, 2020; and the 53rd meeting held on June 27, 2023.
   And the Board of Directors made it clear that JAPEX holds a General Meeting of Shareholders to hear shareholders' decisions regarding the implementation of the Plan for certain cases depicted in the Plan.
   In addition, the Plan contains a sunset provision that stipulates an effective period of approximately three years. Alongside, even before the expiration of the effective period, if a resolution abolishing the Plan is made by the Board of Directors, the Plan shall be abolished at that time. In that context, the intention of our shareholders will be reflected in the prevalence of the Plan.

   3) Respect for the decision of the Outsider Directors and Outside Audit & Supervisory Board Members and information disclosure
   The practical decisions on the operations of the Plan are executed by the Independent Committee, which only consists of Outside Directors and Outside Audit & Supervisory Board Members who are independent.
   Furthermore, the overview of the decision is to be disclosed to our shareholders, ensuring the framework for a transparent operation of the Plan to serve the corporate value and the common interest of our shareholders.

   4) Establishment of reasonable objective requirements
   The Plan shall not be implemented if it does not meet the reasonable objective requirements, ensuring the framework to prevent the arbitrary implementation by the Board of Directors.

5) Hearing opinions from third-party experts

When an acquirer emerges, the Independent Committee may receive advice from financial advisors, certified public accountants, lawyers, certified tax accountants, consultants, and other experts at the expense of JAPEX. This creates a mechanism for securing the fairness and objectivity of the decisions given by the Independent Committee to a stronger degree.

6) That the takeover defense measure is not a dead-hand or slow-hand type measure

A large-scale purchaser of JAPEX share certificates, etc., can appoint Directors of their own designation in a general meeting of the shareholders and abolish this Plan through the Board of Directors constituted of such Directors.

Therefore, the Plan is not a dead-hand type takeover defense measure (a takeover defense measure of which implementation cannot be deterred even with the replacement of over half of the constituting members of the Board of Directors). Furthermore, the assumption of Directors at JAPEX does not employ the staggered system, which does not make the Plan a slow-hand type takeover defense measure (a takeover measure of which implementation takes time to deter due to the impossibility of an all-together replacement of the constituting members of the Board of Directors).

(2) Directors and Senior Management

1) List of Directors and Senior Management

i) Directors and senior management of JAPEX as of June 19, 2026 (filing date of this Annual Securities Report) are as follows:

Male: 13, Female: 2 (percentage of females among Directors and Audit & Supervisory Board Members: 13.3%)

Position	Name	Date of birth	Business experience	Term of office	Number of shares held (Shares)
Representative Director Chairman	FUJITA Masahiro	Nov. 12, 1954	Apr. 1977 Joined the Ministry of International Trade and Industry Jul. 2008 Director-General, Trade and Economic Corporation Bureau, the Ministry of Economy, Trade and Industry Nov. 2010 Executive Officer, Sumitomo Corporation Jun. 2018 Representative Director, Executive Vice President, Sumitomo Corporation Apr. 2019 Representative Director, Assistant to President and CEO, Sumitomo Corporation Jun. 2019 Representative Director, Executive Vice President, JAPEX Oct. 2019 Representative Director, President & CEO, JAPEX Oct. 2019 Chairman, JAPEX Montney Ltd. Oct. 2019 Representative Director, President, JAPEX Offshore Ltd. Nov. 2019 Representative Director, President, JAPEX Garraf Ltd. Apr. 2024 Representative Director, Chairman, JAPEX (to present)	Note 3	90,478
Representative Director President Chief Executive Officer	YAMASHITA Michiro	Oct. 27, 1959	Apr. 1982 Joined JAPEX Jun. 2005 General Manager of Corporate Planning Dept. Apr. 2010 Vice President of Environment and Innovative Technology Projects Division Jun. 2011 Vice President of Environment and Innovative Technology Projects Division Jun. 2013 Executive Officer Jun. 2016 Managing Executive Officer Jun. 2018 Director, Managing Executive Officer Apr. 2022 Director, Senior Managing Executive Officer Mar. 2024 Representative Director, President, JAPEX Garraf Ltd. (to present) Apr. 2024 Representative Director, President & CEO, JAPEX (to present) Apr. 2024 Representative Director, President, JAPEX Offshore Ltd. (to present)	Note 3	56,593
Director Executive Vice President President of Corporate Strategy Division and in charge of Legal Office	NAKAJIMA Toshiaki	May 1, 1962	Apr. 1986 Joined JAPEX Jun. 2010 General Manager of Corporate Planning Dept. Jun. 2011 General Manager of Corporate Strategy Dept. Jun. 2019 Executive Officer Jun. 2021 Managing Executive Officer Jun. 2022 Director, Managing Executive Officer Apr. 2025 Director, Senior Managing Executive Officer, President of Corporate Strategy Division Apr. 2026 Director, Executive Vice President, President of Corporate Strategy Division (to present)	Note 3	33,734
Director Senior Managing Executive Officer President of Overseas Business Division	YAMADA Tomomi	Dec. 4, 1962	Apr. 1985 Joined JAPEX Jun. 2011 General Manager of Reservoir Engineering Dept., Technical Division Jul. 2013 General Manager of Iraq Project Dept., Middle East, Africa, & Europe Project Division Jun. 2020 Vice President of Middle East, Asia, & Europe Project Division and Advisor to President of Technical Division Oct. 2021 Vice President of Overseas Project Management Division and Advisor to President of Technical Division Apr. 2022 Executive Officer, Vice President of Overseas Business Division II, and Advisor to President of Technical Division Apr. 2023 Managing Executive Officer and President of Overseas Business Division II Jun. 2025 Director, Managing Executive Officer and President of Overseas Business Division II Apr. 2026 Director, Senior Managing Executive Officer, and President of Overseas Business Division (to present)	Note 3	32,600

Position	Name	Date of birth	Business experience	Term of office	Number of shares held (Shares)
Director Managing Executive Officer In charge of Administration Dept. and Human Resources Dept.	FUNATSU Jiro	Aug. 4, 1964	Apr. 1988 Joined JAPEX Jun. 2012 General Manager of Administration Dept., Hokkaido District Office, Domestic Project Division Jun. 2013 General Manager of Administration Dept. Jun. 2018 General Manager of Administration & Legal Dept. Jul. 2020 General Manager of Human Resources Dept. Apr. 2023 Executive Officer Apr. 2024 Managing Executive Officer Jun. 2024 Director, Managing Executive Officer (to present)	Note 3	20,309
Director Managing Executive Officer President of Domestic Development Project Division	NAKANO Masanori	Mar. 20, 1965	Apr. 1987 Joined JAPEX Jun. 2014 General Manager of Advanced Technology Laboratory, Research Center, Technical Division Feb. 2016 General Manager of Innovative Technology Development Dept., Environment and Innovative Technology Projects Division Jun. 2019 General Manager of Environmental Technology Dept., Technical Division Jun. 2020 General Manager of Exploration & Development Dept., Domestic E&P Project Division Jun. 2021 Vice General Manager of Soma District Office Apr. 2022 Executive Officer and General Manager of Soma District Office Apr. 2023 Executive Officer and General Manager of Nagaoka District Office Apr. 2025 Managing Executive Officer and General Manager of Nagaoka District Office Jun. 2025 Director, Managing Executive Officer and General Manager of Nagaoka District Office Jul. 2025 Director, Managing Executive Officer, and President of Domestic Development Project Division (to present)	Note 3	20,415
Director	YAMASHITA Yukari	Oct. 23, 1959	Oct. 1985 Joined The Institute of Energy Economics, Japan Jun. 2011 Board Member, Unit Manager of Global Environment & Sustainable Development Unit, The Institute of Energy Economics, Japan Jul. 2011 Board Member, Director in charge of the Energy Data and Modelling Center, The Institute of Energy Economics, Japan Jun. 2019 Director, JAPEX (to present) Jun. 2020 Managing Director in charge of the Energy Data and Modelling Center, The Institute of Energy Economics, Japan (to present)	Note 3	-
Director	KITAI Kumiko	Oct. 29, 1952	Apr. 1976 Joined Ministry of Labor Jul. 1999 Deputy Governor, Shizuoka Prefecture Aug. 2005 Director General, Employment Environment and Equal Employment, Children and Families Bureau, Ministry of Health, Labor and Welfare Sep. 2006 Director-General of Secretariat, Central Labour Relations Commission Aug. 2007 Executive Director, Japan Industrial Safety and Health Association Apr. 2012 Attorney registered at Daini Tokyo Bar Association (to present) Jul. 2014 Attorney, Kachidoki Law Office (to present) Jun. 2022 Director, JAPEX (to present)	Note 3	-

Position	Name	Date of birth	Business experience	Term of office	Number of shares held (Shares)
Director	SUGIYAMA Yoshikuni	Oct. 11, 1954	Apr. 1978 Joined The Yomiuri Shimbun Jun. 2010 Director, Tokyo Head Office, The Yomiuri Shimbun Jun. 2011 Director, Yomiuri Shimbun Holdings (to present) Jun. 2011 Managing Director, Tokyo Head Office, The Yomiuri Shimbun Jun. 2012 Senior Managing Director, The Yomiuri Shimbun Tokyo Head Office Jun. 2014 Representative Director, President, The Yomiuri Shimbun Seibu Head Office Jun. 2015 Representative Director, President, The Yomiuri Shimbun Osaka Head Office Jun. 2019 Board Director, Nippon Television Holdings, Inc. Jun. 2020 Representative Director, President, Nippon Television Holdings, Inc. Jun. 2022 Director, JAPEX (to present) Jun. 2022 Representative Director, Chairman, Nippon Television Holdings, Inc. (to present)	Note 3	-
Director	KAKIGI Koji	May 3, 1953	Apr. 1977 Joined Kawasaki Steel Corporation (later JFE Steel Corporation) Apr. 2007 Managing Executive Officer, JFE Steel Corporation Apr. 2010 Senior Managing Executive Officer, JFE Steel Corporation Apr. 2012 Vice President, JFE Steel Corporation Apr. 2015 President and CEO, JFE Steel Corporation Jun. 2015 Representative Director, JFE Holdings, Inc. Apr. 2019 Representative Director, President and CEO, JFE Holdings, Inc. Jun. 2025 Director, JAPEX (to present)	Note 3	-
Director	WADA Masaki	Dec. 21, 1961	Apr. 1987 Appointed as prosecutor Jul. 2014 Chief Public Prosecutor of Hakodate District Public Prosecutors Office Jan. 2017 Director-General of the Immigration Bureau, Ministry of Justice Jan. 2019 Director of Trial Department, Supreme Public Prosecutors Office May 2020 Director-General of Public Security Intelligence Agency Jan. 2023 Superintending Prosecutor of Hiroshima High District Public Prosecutors Office Mar. 2025 Registered as attorney (Daiichi Tokyo Bar Association) (to present) Mar. 2025 Attorney, HANZOMON SOGO LAW OFFICE Jun. 2025 Director, JAPEX (to present) Apr. 2026 Attorney at Wada Law Office (to present)	Note 3	-
Audit & Supervisory Board Member (full-time)	TAKAHATA Shinichi	Jun. 24, 1961	Apr. 1984 Joined JAPEX Feb. 2016 General Manager of Technical Planning & Coordination Dept., Technical Division Jun. 2019 Executive Officer, Vice President of Technical Division Jun. 2020 Executive Officer, General Manager of Nagaoka District Office Apr. 2023 Commissioned Advisor, Assistant of the executive in charge of Corporate Strategy Dept. Jun. 2024 Audit & Supervisory Board Member (full-time) (to present)	Note 4	13,500
Audit & Supervisory Board Member (full-time)	ASAI Masaru	Jan. 27, 1964	Apr. 1982 Joined JAPEX Feb. 2020 General Manager of Media & Investor Relations Dept. Jun. 2020 General Manager of Corporate Communication Office Apr. 2023 Advisor to President of Power Business Division Apr. 2024 Commissioned Advisor, Assistant of President of Power Business Division Jun. 2025 Audit & Supervisory Board Member (full-time) (to present)	Note 4	1,700
Audit & Supervisory Board Member	KAWAKITA Chikara	Oct. 15, 1954	Apr. 1977 Joined the Ministry of Finance Jul. 2010 Commissioner, National Tax Agency Oct. 2012 Professor, Graduate School of Law, Hitotsubashi University Jun. 2013 Outside Director, ITOCHU Corporation Oct. 2014 Deputy Chairperson, General Insurance Rating Organization of Japan Jun. 2019 Outside Audit & Supervisory Committee member, KONAMI GROUP CORPORATION Jun. 2022 Outside Audit & Supervisory Board Member, JAPEX (to present)	Note 5	-

Position	Name	Date of birth	Business experience	Term of office	Number of shares held (Shares)
Audit & Supervisory Board Member	KATO Yoshitaka	Sep. 17, 1951	Nov. 1974 Joined Tetsuzo Ota Audit Office (later Ernst & Young ShinNihon LLC) Sep. 1978 Registered as certified public accountant (to present) May 1998 Representative Partner, Ota Showa Audit Corporation (later Ernst & Young ShinNihon LLC) Jun. 2006 Managing Executive Partner, Ernst & Young ShinNihon Audit Corporation (later Ernst & Young ShinNihon LLC) Aug. 2008 Chairman and CEO, ShinNihon LLC (later Ernst & Young ShinNihon LLC) Jun. 2015 Outside Corporate Auditor, Sumitomo Chemical Company, Limited Jun. 2015 Outside Corporate Auditor, Mitsui Fudosan Co., Ltd. Jun. 2016 Outside Audit & Supervisory Board Member, SUMITOMO CORPORATION Jun. 2024 Outside Audit & Supervisory Board Member, JAPEX (to present) Jun. 2025 Outside Director, Audit & Supervisory Committee Member, Sumitomo Chemical Company, Limited (to present)	Note 6	-
			Total		269,329

Notes:
1. Directors YAMASHITA Yukari, KITAI Kumiko, SUGIYAMA Yoshikuni, KAKIGI Koji, and WADA Masaki are the Outside Directors as defined under Article 2, item 15 of the Companies Act.
2. Audit & Supervisory Board Members KAWAKITA Chikara and KATO Yoshitaka are the Outside Audit & Supervisory Board Members as defined under Article 2, item 16 of the Companies Act.
3. The terms of office shall expire at the conclusion of the Ordinary General Meeting of Shareholders for the last fiscal year ending within one year after the election on June 25, 2025.
4. The terms of office shall expire at the conclusion of the Ordinary General Meeting of Shareholders for the last fiscal year ending within four years after the election on June 25, 2025.
5. The terms of office shall expire at the conclusion of the Ordinary General Meeting of Shareholders for the last fiscal year ending within four years after the election on June 28, 2022.
6. The terms of office shall expire at the conclusion of the Ordinary General Meeting of Shareholders for the last fiscal year ending within four years after the election on June 26, 2024.
7. The number of JAPEX's shares held by each officer includes the number of shares to be delivered after his/her retirement under the share-based compensation plan.
8. Director YAMASHITA Yukari is registered as NIWA Yukari in the family register. YAMASHITA has been used in her career.
9. TAKANO Osamu was appointed by JAPEX as a Fellow as of April 1, 2023. Fellows support the management with a high degree of expertise in specialized fields.
10. JAPEX has introduced an Executive Officer System.
    Executive Officers who are not concurrently serving as Directors are as follows:

Managing Executive Officer	President of Marketing & Sales Division, in charge of Procurement Dept.	NAGAHAMA Yasushi
Managing Executive Officer	In charge of LNG Marketing & Procurement Dept.	OHAMA Tadashi
Managing Executive Officer	President of Power Business Division	YASUI Akira
Executive Officer	President of Technical Division, in charge of HSE Dept.	TAKAHASHI Toshihiro
Executive Officer	Vice President of Domestic Development Project Division	SUDA Akira

Executive Officer	In charge of Finance & Accounting Dept.	NISHIMURA Yutaka
Executive Officer	Vice President of Overseas Business Division (in charge of Americas Business)	TAKETANI Atsushi
Executive Officer	Vice President of Marketing & Sales Division	OYAMA Takashi
Executive Officer	Vice President of Domestic Development Project Division, General Manager of General Mining Office of Domestic Development Project Division	HINO Tomoyuki
Executive Officer	Vice President of Overseas Business Division (in charge of Europe & Middle East Business)	SHIBUTA Tetsuji
Executive Officer	JAPEX SKS Corporation Representative Director and President	IZUMI Takashi
Executive Officer	Vice President of Overseas Business Division (in charge of Asia Business)	KANNO Satoshi
Executive Officer	President of Japan Carbon Neutral Division	WADA Dai

11. The skill matrix of Directors and Audit & Supervisory Board Members is as follows:

Name	Position	Corporate management	Financial affairs, accounting, and tax affairs	Legal affairs and risk management	ESG and sustainability	Knowledge about energy industry	Global business	Technology and DX
FUJITA Masahiro	Representative Director and Chairman	✓		✓	✓	✓	✓	
YAMASHITA Michiro	Representative Director President Chief Executive Officer	✓	✓	✓	✓	✓	✓	
NAKAJIMA Toshiaki	Director		✓	✓	✓	✓		✓
YAMADA Tomomi	Director					✓	✓	✓
FUNATSU Jiro	Director			✓	✓	✓		
NAKANO Masanori	Director	✓				✓		✓
YAMASHITA Yukari	Outside Director				✓	✓	✓	✓
KITAI Kumiko	Outside Director			✓	✓			
SUGIYAMA Yoshikuni	Outside Director	✓		✓	✓	✓		
KAKIGI Koji	Outside Director	✓		✓	✓	✓	✓	
WADA Masaki	Outside Director			✓	✓			
TAKAHATA Shinichi	Audit & Supervisory Board Member (full-time)					✓	✓	✓
ASAI Masaru	Audit & Supervisory Board Member (full-time)		✓	✓		✓		
KAWAKITA Chikara	Outside Audit & Supervisory Board Member	✓	✓	✓				
KATO Yoshitaka	Outside Audit & Supervisory Board Member	✓	✓	✓				

ii) JAPEX has submitted proposals “Election of Eleven (11) Directors” and “Election of Two (2) Audit & Supervisory Board Members” as agenda items to be resolved at the Ordinary General Meeting of Shareholders to be held on June 23, 2026. If the resolutions are approved at the meeting, the Directors and senior management of JAPEX and their terms of office will be as follows. The positions and other attributes of the officers listed in the table below show the details, including matters to be resolved (position and other attributes) at the Board of Directors’ Meeting to be held immediately after the said Ordinary General Meeting of Shareholders.

Male: 13, Female: 2 (percentage of females among Directors and Audit & Supervisory Board Members: 13.3%)

Position	Name	Date of birth	Business experience	Term of office	Number of shares held (Shares)
Representative Director Chairman	FUJITA Masahiro	Nov. 12, 1954	Apr. 1977 Joined the Ministry of International Trade and Industry Jul. 2008 Director-General, Trade and Economic Corporation Bureau, the Ministry of Economy, Trade and Industry Nov. 2010 Executive Officer, Sumitomo Corporation Jun. 2018 Representative Director, Executive Vice President, Sumitomo Corporation Apr. 2019 Representative Director, Assistant to President and CEO, Sumitomo Corporation Jun. 2019 Representative Director, Executive Vice President, JAPEX Oct. 2019 Representative Director, President & CEO, JAPEX Oct. 2019 Chairman, JAPEX Montney Ltd. Oct. 2019 Representative Director, President, JAPEX Offshore Ltd. Nov. 2019 Representative Director, President, JAPEX Garraf Ltd. Apr. 2024 Representative Director, Chairman, JAPEX (to present)	Note 3	90,478
Representative Director President Chief Executive Officer	YAMASHITA Michiro	Oct. 27, 1959	Apr. 1982 Joined JAPEX Jun. 2005 General Manager of Corporate Planning Dept. Apr. 2010 Vice President of Environment and Innovative Technology Projects Division Jun. 2011 Vice President of Environment and Innovative Technology Projects Division Jun. 2013 Executive Officer Jun. 2016 Managing Executive Officer Jun. 2018 Director, Managing Executive Officer Apr. 2022 Director, Senior Managing Executive Officer Mar. 2024 Representative Director, President, JAPEX Garraf Ltd. (to present) Apr. 2024 Representative Director, President & CEO, JAPEX (to present) Apr. 2024 Representative Director, President, JAPEX Offshore Ltd. (to present)	Note 3	56,593
Representative Director Executive Vice President President of Corporate Strategy Division	NAKAJIMA Toshiaki	May 1, 1962	Apr. 1986 Joined JAPEX Jun. 2010 General Manager of Corporate Planning Dept. Jun. 2011 General Manager of Corporate Strategy Dept. Jun. 2019 Executive Officer Jun. 2021 Managing Executive Officer Jun. 2022 Director, Managing Executive Officer Apr. 2025 Director, Senior Managing Executive Officer, President of Corporate Strategy Division Apr. 2026 Director, Executive Vice President, President of Corporate Strategy Division Jun. 2026 Representative Director, Executive Vice President, President of Corporate Strategy Division (to present)	Note 3	33,734

Position	Name	Date of birth	Business experience	Term of office	Number of shares held (Shares)
Director Senior Managing Executive Officer President of Overseas Business Division	YAMADA Tomomi	Dec. 4, 1962	Apr. 1985 Joined JAPEX Jun. 2011 General Manager of Reservoir Engineering Dept., Technical Division Jul. 2013 General Manager of Iraq Project Dept., Middle East, Africa, & Europe Project Division Jun. 2020 Vice President of Middle East, Asia, & Europe Project Division and Advisor to President of Technical Division Oct. 2021 Vice President of Overseas Project Management Division and Advisor to President of Technical Division Apr. 2022 Executive Officer, Vice President of Overseas Business Division II, and Advisor to President of Technical Division Apr. 2023 Managing Executive Officer and President of Overseas Business Division II Jun. 2025 Director, Managing Executive Officer and President of Overseas Business Division II Apr. 2026 Director, Senior Managing Executive Officer, and President of Overseas Business Division (to present)	Note 3	32,600
Director Managing Executive Officer In charge of Administration Dept. and Human Resources Dept.	FUNATSU Jiro	Aug. 4, 1964	Apr. 1988 Joined JAPEX Jun. 2012 General Manager of Administration Dept., Hokkaido District Office, Domestic Project Division Jun. 2013 General Manager of Administration Dept. Jun. 2018 General Manager of Administration & Legal Dept. Jul. 2020 General Manager of Human Resources Dept. Apr. 2023 Executive Officer Apr. 2024 Managing Executive Officer Jun. 2024 Director, Managing Executive Officer (to present)	Note 3	20,309
Director Managing Executive Officer President of Domestic Development Project Division	NAKANO Masanori	Mar. 20, 1965	Apr. 1987 Joined JAPEX Jun. 2014 General Manager of Advanced Technology Laboratory, Research Center, Technical Division Feb. 2016 General Manager of Innovative Technology Development Dept., Environment and Innovative Technology Projects Division Jun. 2019 General Manager of Environmental Technology Dept., Technical Division Jun. 2020 General Manager of Exploration & Development Dept., Domestic E&P Project Division Jun. 2021 Vice General Manager of Soma District Office Apr. 2022 Executive Officer and General Manager of Soma District Office Apr. 2023 Executive Officer and General Manager of Nagaoka District Office Apr. 2025 Managing Executive Officer and General Manager of Nagaoka District Office Jun. 2025 Director, Managing Executive Officer and General Manager of Nagaoka District Office Jul. 2025 Director, Managing Executive Officer, and President of Domestic Development Project Division (to present)	Note 3	20,415
Director	YAMASHITA Yukari	Oct. 23, 1959	Oct. 1985 Joined The Institute of Energy Economics, Japan Jun. 2011 Board Member, Unit Manager of Global Environment & Sustainable Development Unit, The Institute of Energy Economics, Japan Jul. 2011 Board Member, Director in charge of the Energy Data and Modelling Center, The Institute of Energy Economics, Japan Jun. 2019 Director, JAPEX (to present) Jun. 2020 Managing Director in charge of the Energy Data and Modelling Center, The Institute of Energy Economics, Japan (to present)	Note 3	-

Position	Name	Date of birth	Business experience	Term of office	Number of shares held (Shares)
Director	SUGIYAMA Yoshikuni	Oct. 11, 1954	Apr. 1978 Joined The Yomiuri Shimbun Jun. 2010 Director, Tokyo Head Office, The Yomiuri Shimbun Jun. 2011 Director, Yomiuri Shimbun Holdings (to present) Jun. 2011 Managing Director, Tokyo Head Office, The Yomiuri Shimbun Jun. 2012 Senior Managing Director, The Yomiuri Shimbun Tokyo Head Office Jun. 2014 Representative Director, President, The Yomiuri Shimbun Seibu Head Office Jun. 2015 Representative Director, President, The Yomiuri Shimbun Osaka Head Office Jun. 2019 Board Director, Nippon Television Holdings, Inc. Jun. 2020 Representative Director, President, Nippon Television Holdings, Inc. Jun. 2022 Director, JAPEX (to present) Jun. 2022 Representative Director, Chairman, Nippon Television Holdings, Inc. (to present)	Note 3	-
Director	KAKIGI Koji	May 3, 1953	Apr. 1977 Joined Kawasaki Steel Corporation (later JFE Steel Corporation) Apr. 2007 Managing Executive Officer, JFE Steel Corporation Apr. 2010 Senior Managing Executive Officer, JFE Steel Corporation Apr. 2012 Vice President, JFE Steel Corporation Apr. 2015 President and CEO, JFE Steel Corporation Jun. 2015 Representative Director, JFE Holdings, Inc. Apr. 2019 Representative Director, President and CEO, JFE Holdings, Inc. Jun. 2025 Director, JAPEX (to present)	Note 3	-
Director	WADA Masaki	Dec. 21, 1961	Apr. 1987 Appointed as prosecutor Jul. 2014 Chief Public Prosecutor of Hakodate District Public Prosecutors Office Jan. 2017 Director-General of the Immigration Bureau, Ministry of Justice Jan. 2019 Director of Trial Department, Supreme Public Prosecutors Office May 2020 Director-General of Public Security Intelligence Agency Jan. 2023 Superintending Prosecutor of Hiroshima High District Public Prosecutors Office Mar. 2025 Registered as attorney (Daiichi Tokyo Bar Association) (to present) Mar. 2025 Attorney, HANZOMON SOGO LAW OFFICE Jun. 2025 Director, JAPEX (to present) Apr. 2026 Attorney at Wada Law Office (to present)	Note 3	-
Director	MIMURA Akiko	Apr. 16, 1957	Apr. 1983 Appointed judge Apr. 1998 Judicial Research Official at Supreme Court Apr. 2008 Presiding Judge at Tokyo District Court Aug. 2014 President at Sendai Family Court Jun. 2015 President at Yokohama Family Court Feb. 2016 Commissioner of Japan Fair Trade Commission Apr. 2026 Recorded attorney (Daiichi Tokyo Bar Association) (to present) Apr. 2026 Of Counsel/Special Advisor at Abe, Ikubo & Katayama (to present)	Note 3	-
Audit & Supervisory Board Member (full-time)	ASAI Masaru	Jan. 27, 1964	Apr. 1982 Joined JAPEX Feb. 2020 General Manager of Media & Investor Relations Dept. Jun. 2020 General Manager of Corporate Communication Office Apr. 2023 Advisor to President of Power Business Division Apr. 2024 Commissioned Advisor, Assistant of President of Power Business Division Jun. 2025 Audit & Supervisory Board Member (full-time) (to present)	Note 4	1,700

Position	Name	Date of birth	Business experience	Term of office	Number of shares held (Shares)
Audit & Supervisory Board Member (full-time)	YOSHIDA Kosei	Jul.30, 1963	Apr. 1988 Joined JAPEX Jun. 2012 Chief Representative of London Representative Office, Middle East, Africa, & Europe Project Division Jun. 2016 General Manager of Business Development Dept., Middle East, Africa, & Europe Project Division Jun. 2019 Advisor to President of Middle East, Africa, & Europe Project Division Jun. 2020 Assistant of President of Overseas Project Management Division Jun. 2021 Vice President of Overseas Project Management Division Apr. 2022 Chief Representative of Aberdeen Representative Office, Overseas Business Division I Apr. 2023 Advisor to President of Overseas Business Division I, Advisor to President of Technical Division Apr. 2025 Commissioned Advisor, Assistant of President of Overseas Business Division II, Assistant of President of Technical Division Apr. 2026 Commissioned Advisor, Assistant of President of Overseas Business Division, Assistant of President of Technical Division (to present)	Note 4	-
Audit & Supervisory Board Member	KAWAKITA Chikara	Oct. 15, 1954	Apr. 1977 Joined the Ministry of Finance Jul. 2010 Commissioner, National Tax Agency Oct. 2012 Professor, Graduate School of Law, Hitotsubashi University Jun. 2013 Outside Director, ITOCHU Corporation Oct. 2014 Deputy Chairperson, General Insurance Rating Organization of Japan Jun. 2019 Outside Audit & Supervisory Committee member, KONAMI GROUP CORPORATION Jun. 2022 Outside Audit & Supervisory Board Member, JAPEX (to present)	Note 5	-
Audit & Supervisory Board Member	KATO Yoshitaka	Sep. 17, 1951	Nov. 1974 Joined Tetsuzo Ota Audit Office (later Ernst & Young ShinNihon LLC) Sep. 1978 Registered as certified public accountant (to present) May 1998 Representative Partner, Ota Showa Audit Corporation (later Ernst & Young ShinNihon LLC) Jun. 2006 Managing Executive Partner, Ernst & Young ShinNihon Audit Corporation (later Ernst & Young ShinNihon LLC) Aug. 2008 Chairman and CEO, ShinNihon LLC (later Ernst & Young ShinNihon LLC) Jun. 2015 Outside Corporate Auditor, Sumitomo Chemical Company, Limited Jun. 2015 Outside Corporate Auditor, Mitsui Fudosan Co., Ltd. Jun. 2016 Outside Audit & Supervisory Board Member, SUMITOMO CORPORATION Jun. 2024 Outside Audit & Supervisory Board Member, JAPEX (to present) Jun. 2025 Outside Director, Audit & Supervisory Committee Member, Sumitomo Chemical Company, Limited (to present)	Note 6	-
Total					255,829

Notes:
1. Directors YAMASHITA Yukari, SUGIYAMA Yoshikuni, KAKIGI Koji, WADA Masaki, and MIMURA Akiko are the Outside Directors as defined under Article 2, item 15 of the Companies Act.
2. Audit & Supervisory Board Members KAWAKITA Chikara and KATO Yoshitaka are the Outside Audit & Supervisory Board Members as defined under Article 2, item 16 of the Companies Act.
3. The terms of office shall expire at the conclusion of the Ordinary General Meeting of Shareholders for the last fiscal year ending within one year after the election on June 23, 2026.
4. The terms of office shall expire at the conclusion of the Ordinary General Meeting of Shareholders for the last fiscal year ending within four years after the election on June 25, 2025.
5. The terms of office shall expire at the conclusion of the Ordinary General Meeting of Shareholders for the last fiscal year ending within four years after the election on June 23, 2026.
6. The terms of office shall expire at the conclusion of the Ordinary General Meeting of Shareholders for the last fiscal year ending within four years after the election on June 26, 2024.
7. The number of JAPEX's shares held by each officer includes the number of shares to be delivered after his/her retirement

under the share-based compensation plan.

8. Director YAMASHITA Yukari is registered as NIWA Yukari in the family register. YAMASHITA has been used in her career.
9. TAKANO Osamu was appointed by JAPEX as a Fellow as of April 1, 2023. Fellows support the management with a high degree of expertise in specialized fields.
10. JAPEX has introduced an Executive Officer System.
    Executive Officers who are not concurrently serving as Directors are as follows:

Managing Executive Officer	President of Marketing & Sales Division, in charge of Procurement Dept.	NAGAHAMA Yasushi
Managing Executive Officer	In charge of LNG Marketing & Procurement Dept.	OHAMA Tadashi
Managing Executive Officer	President of Power Business Division	YASUI Akira
Executive Officer	President of Technical Division, in charge of HSE Dept.	TAKAHASHI Toshihiro
Executive Officer	Vice President of Domestic Development Project Division	SUDA Akira
Executive Officer	In charge of Finance & Accounting Dept.	NISHIMURA Yutaka
Executive Officer	Vice President of Overseas Business Division (in charge of Americas Business)	TAKETANI Atsushi
Executive Officer	Vice President of Marketing & Sales Division	OYAMA Takashi
Executive Officer	Vice President of Domestic Development Project Division, General Manager of General Mining Office of Domestic Development Project Division	HINO Tomoyuki
Executive Officer	Vice President of Overseas Business Division (in charge of Europe & Middle East Business)	SHIBUTA Tetsuji
Executive Officer	JAPEX SKS Corporation Representative Director and President	IZUMI Takashi
Executive Officer	Vice President of Overseas Business Division (in charge of Asia Business)	KANNO Satoshi
Executive Officer	President of Japan Carbon Neutral Division	WADA Dai

11. The skill matrix of Directors and Audit & Supervisory Board Members is as follows:

Name	Position	Corporate management	Financial affairs, accounting, and tax affairs	Legal affairs and risk management	Human resources strategy and diversity	ESG and sustainability	Knowledge about energy industry	Global business	Technology and DX
FUJITA Masahiro	Representative Director and Chairman	✓		✓	✓	✓	✓	✓	
YAMASHITA Michiro	Representative Director President Chief Executive Officer	✓	✓	✓	✓	✓	✓	✓	
NAKAJIMA Toshiaki	Director	✓	✓	✓		✓	✓		✓
YAMADA Tomomi	Director						✓	✓	✓
FUNATSU Jiro	Director			✓	✓	✓	✓		
NAKANO Masanori	Director	✓					✓		✓
YAMASHITA Yukari	Outside Director				✓	✓	✓	✓	✓
SUGIYAMA Yoshikuni	Outside Director	✓		✓	✓	✓	✓		
KAKIGI Koji	Outside Director	✓		✓	✓	✓	✓	✓	
WADA Masaki	Outside Director			✓		✓			
MIMURA Akiko	Outside Director			✓	✓	✓			
ASAI Masaru	Audit & Supervisory Board Member (full-time)		✓	✓			✓		
YOSHIDA Kosei	Audit & Supervisory Board Member (full-time)						✓	✓	✓
KAWAKITA Chikara	Outside Audit & Supervisory Board Member	✓	✓	✓					
KATO Yoshitaka	Outside Audit & Supervisory Board Member	✓	✓	✓					

12. The reasons for the selection of each area in the skill matrix for Directors and Audit & Supervisory Board Members are as follows:

Skill area	Reason for selection
Corporate management	The knowledge and skills in corporate management are essential to decide on and execute management policies from a broad perspective and to oversee their implementation in order to address the challenging management issue of balancing a stable energy supply with a realistic transition to a decarbonized society in a rapidly changing business environment.
Financial affairs, accounting, and tax affairs	Knowledge and skills in financial affairs, accounting, and tax affairs are essential to decide on financial and capital strategies that realize the business strategies set forth in the management plan and to ensure governance in financial affairs, accounting, and tax affairs.
Legal affairs and risk management	Knowledge and skills in legal affairs and risk management are essential to ensure compliance, including compliance with laws and regulations as a foundation of management, accurately identify management risks, and implement appropriate countermeasures.
Human resources strategy and diversity	Knowledge and skills in human resources strategy, including human capital management, and diversity are essential to implement a human resources strategy aligned with the management plan, including securing talent for key positions critical to business strategy and building the diverse talent base that underpins them, as human resources are essential for the realization of the management plan.
ESG and sustainability	Knowledge and skills related to ESG and sustainability management are essential to reflect materiality, a key issue of our growth strategy, in our business policies, as we believe that, as a company whose mission is to ensure a stable energy supply, our business activities themselves directly link to solving social issues, including the contribution to a net-zero society through the decarbonization of fossil fuels with a focus on CCUS.
Knowledge about energy industry	Knowledge and skills related to a broad range of energy industries including electric power and CCUS in addition to oil and natural gas are essential to deliver the strategies of our diverse energy businesses, including the E&P Business (exploration, development, and production of oil and natural gas), Infrastructure/Utility Business (natural gas and LNG supply as well as power supply), and Carbon Neutral Business (such as CCUS).
Global business	Knowledge and skills in global business, including geopolitical risks and energy policies in each country, are essential to advance the E&P and Carbon Neutral Businesses globally, with the U.S., Norway, and Southeast Asia as key overseas regions.
Technology and DX	Knowledge in technology and DX is essential to drive business strategies supported by technical knowledge of various energy such as technologies related to the E&P and the Carbon Neutral Businesses including CCUS and to promote DX to achieve value creation aligned with the business strategies.

2) Outside Officers

(The number of Officers)

The number of JAPEX's Outside Directors as of June 19, 2026 (filing date of this Annual Securities Report) is five, and the number of its Outside Audit & Supervisory Board Members is two. Noted that the number and structure of outside officers will remain unchanged after the Ordinary General Meeting of Shareholders to be held on June 23, 2026.

(Personal, capital, material business relationships, or any other conflicts of interest with JAPEX)

The personal, capital, material business relationships or any other conflicts of interest with JAPEX as of June 19, 2026 (filing date of this Annual Securities Report) are as follows:

JAPEX has entered into business transactions with The Institute of Energy Economics, Japan, where Outside Director YAMASHITA Yukari serves as a Managing Director. However, considering the scale and the nature of the transactions, the decision-making of JAPEX will not be significantly affected. In addition, no relationships exist that may raise a conflict of interest with our other general shareholders.

JFE Engineering Corporation, a subsidiary of JFE Holdings, Inc., where Outside Director KAKIGI Koji served as Representative Director from June 2015 to April 2024, is a major shareholder of JAPEX with a shareholding ratio of 1.80% as of March 31, 2026. JAPEX places orders for construction work and other services with JFE Engineering Corporation, but the total annual payments made by JAPEX to JFE Engineering Corporation accounted for less than 1% of JFE Engineering Corporation's net sales. Given that about two years have passed since he retired from his position as Director of JFE Holdings, Inc., and considering both the shareholding ratio and the transaction volume as of March 31, 2026, with JFE Engineering Corporation, the decision-making of JAPEX will not be significantly affected. In addition, no relationships exist that may raise a conflict of interest with our other general shareholders.

Outside Audit & Supervisory Board Member KATO Yoshitaka served as Chairman and CEO at an audit firm serving as the Accounting Auditor (currently Ernst & Young ShinNihon LLC), but he has never been directly involved in accounting audits of JAPEX and about 12 years have passed since he retired from the audit firm in June 2014. In addition, the amount of fees paid by the JAPEX Group to the audit firm for FY2025 totaled ¥123 million, which is less than 1% of the firm's net sales. Therefore, the audit firm does not economically depend on the JAPEX Group. Considering the scale and the nature of the relationships with KATO and the audit firm, the decision-making of JAPEX will not be significantly affected. In addition, no relationships exist that may raise a conflict of interest with our other general shareholders.

All the Outside Directors and Outside Audit & Supervisory Board Members, including the ones above, do not have conflicts of interest with JAPEX.

The personal, capital, material business relationships or any other conflicts of interest with JAPEX after the Ordinary General Meeting of Shareholders to be held on June 23, 2026, will be as follows.

JAPEX has entered into business transactions with The Institute of Energy Economics, Japan, where Outside Director YAMASHITA Yukari serves as a Managing Director. However, considering the scale and the nature of the transactions, the decision-making of JAPEX will not be significantly affected. In addition, no relationships exist that may raise a conflict of interest with our other general shareholders.

JFE Engineering Corporation, a subsidiary of JFE Holdings, Inc., where Outside Director KAKIGI Koji served as Representative Director from June 2015 to April 2024, is a major shareholder of JAPEX with a shareholding ratio of 1.80% as of March 31, 2026. JAPEX places orders for construction work and other services with JFE Engineering Corporation, but the total annual payments made by JAPEX to JFE Engineering Corporation accounted for less than 1% of JFE Engineering Corporation's net sales. Given that about two years have passed since he retired from his position as Director of JFE Holdings, Inc., and considering both the shareholding ratio and the transaction volume as of March 31, 2026, with JFE Engineering Corporation, the decision-making of JAPEX will not be significantly affected. In addition, no relationships exist that may raise a conflict of interest with our other general shareholders.

Outside Audit & Supervisory Board Member KATO Yoshitaka served as Chairman and CEO at an audit firm serving as the Accounting Auditor (currently Ernst & Young ShinNihon LLC), but he has never been directly involved in accounting audits of JAPEX and about 12 years have passed since he retired from the audit firm in June 2014. In addition, the amount of fees paid by the JAPEX Group to the audit firm for FY2025 totaled ¥123 million, which is less than 1% of the firm's net sales.

Therefore, the audit firm does not economically depend on the JAPEX Group. Considering the scale and the nature of the relationships with KATO and the audit firm, the decision-making of JAPEX will not be significantly affected. In addition, no relationships exist that may raise a conflict of interest with our other general shareholders.
All the Outside Directors and Outside Audit & Supervisory Board Members, including the ones above, do not have conflicts of interest with JAPEX.

(Functions and roles to be played in corporate governance and criteria or policies concerning independence)
We believe that, by appointing Outside Directors, the supervisory functions of the Board of Directors will be strengthened. We also believe that, by letting the Outside Directors and Outside Audit & Supervisory Board Members actively comment on and give advice on the meeting agenda, deliberations, and other matters from an independent standpoint from management, we can invigorate discussion at the meeting of the Board of Directors.
JAPEX nominates Outside Directors and Outside Audit & Supervisory Board Members who have experience as a corporate manager at a private firm, and persons with legal expertise, among others, because such persons can provide supervision and wide-ranging proposals to our management based on their abundant experience and deep insight. In addition to meeting the independence criteria stipulated by the Tokyo Stock Exchange, JAPEX regards a person as independent if the person does not meet any of the following conditions:

i) An executive of a company that provides products or services to JAPEX and for which the amount paid by JAPEX exceeds 2% of the consolidated net sales of the company in any of the last three fiscal years
ii) An executive of a company in which JAPEX's borrowings account for more than 2% of the consolidated total assets of JAPEX in any of the last three fiscal years
iii) An executive of a company to which JAPEX provides products or services and whose payments to JAPEX exceed 2% of the consolidated net sales of JAPEX in any of the last three fiscal years
iv) A person who has received compensation exceeding ¥10 million per year from JAPEX as a consultant, accounting expert, or legal expert in any of the last three years, in addition to officer compensation (in the case of an organization such as a corporation or association, a person who belongs to such organization)
v) A relative within the second degree of kinship of a person who falls under any of (1) through (4) below:
    (1) A person listed in i) to iv) above
    (2) An executive of a subsidiary of JAPEX
    (3) A director who is not an executive of a subsidiary of JAPEX (limited to cases where an Outside Audit & Supervisory Board Member is designated as an independent officer)
    (4) A person who fell into (2) or (3) above, or was an executive of JAPEX (including a director who is not an executive if an Outside Audit & Supervisory Board Member is designated as an independent officer) in the past three years

(Our stance on the appointment)

We believe the current appointment of Outside Directors and Outside Audit & Supervisory Board Members as of June 19, 2026 (filing date of this Annual Securities Report) is reasonable from a standpoint of governance, such as the number and structure of Directors and Audit & Supervisory Board Members.

The reasons for the appointment are as follows:

	Name	Reasons for Appointment
Outside Director	YAMASHITA Yukari	She has extensive insight through her experience as a researcher at the institute, which conducts surveys and research on energy economics as well as energy and environmental policies. We expect to receive valuable proposals that would help JAPEX grow steadily for a long time. Therefore, we have appointed her as an Outside Director.
	KITAI Kumiko	She has deep insight that comes from abundant experience of working at government offices in the field of labor administration and extensive knowledge on labor and other laws. We expect her to provide supervision over and proposals to our corporate management from a legal expert perspective. Therefore, we have appointed her as an Outside Director.
	SUGIYAMA Yoshikuni	He has deep insight and abundant corporate management experience gained at a newspaper company and other media businesses. We expect him to provide supervision over our corporate management from an objective and neutral standpoint, as well as wide-ranging proposals that would help JAPEX grow sustainably and enhance its corporate value in the medium to long run. Therefore, we have appointed him as an Outside Director.
	KAKIGI Koji	He has broad insight into overall corporate management, cultivated through his extensive executive experience at globally operating companies in industries such as steel manufacturing. We expect him to provide us with valuable proposals in addressing various business challenges JAPEX faces, based on his extensive experience. Therefore, we have appointed him as an Outside Director.
	WADA Masaki	He has extensive knowledge and experience as a legal and risk management specialist, gained through his many years of service in the legal profession. We expect him to accurately identify business challenges JAPEX faces, and pose questions that contribute to reasonable and appropriate decision-making. Therefore, we have appointed him as an Outside Director.
Outside Audit & Supervisory Board Member	KAWAKITA Chikara	Based on his abundant experience and deep insight in policy execution at the Ministry of Finance and as a professor at a graduate school, we consider him capable of conducting audits appropriately from an objective standpoint, independent from our management team engaged in JAPEX's business execution. Therefore, we have appointed him as an Outside Audit & Supervisory Board Member.
	KATO Yoshitaka	Based on his specialist knowledge and extensive experience in finance, accounting, taxation, and risk management through his organizational management as Chairman and CEO of an audit firm and his many years of work as a certified public accountant, we consider him capable of conducting audits appropriately from an objective standpoint, independent from our management team engaged in JAPEX's business execution. Therefore, we have appointed him as an Outside Audit & Supervisory Board Member.

We believe the appointment of Outside Directors and Outside Audit & Supervisory Board Members after the Ordinary General Meeting of Shareholders to be held on June 23, 2026 is also reasonable from a standpoint of governance such as the number and structure of Directors and Audit & Supervisory Board Members.

The reasons for the appointment are as follows:

	Name	Reasons for Appointment
Outside Director	YAMASHITA Yukari	She has extensive insight through her experience as a researcher at the institute, which conducts surveys and research on energy economics as well as energy and environmental policies. We expect to receive valuable proposals that would help JAPEX grow steadily for a long time. Therefore, we have appointed her as an Outside Director.
	SUGIYAMA Yoshikuni	He has deep insight and abundant corporate management experience gained at a newspaper company and other media businesses. We expect him to provide supervision over our corporate management from an objective and neutral standpoint, as well as wide-ranging proposals that would help JAPEX grow sustainably and enhance its corporate value in the medium to long run. Therefore, we have appointed him as an Outside Director.
	KAKIGI Koji	He has broad insight into overall corporate management, cultivated through his extensive executive experience at globally operating companies in industries such as steel manufacturing. We expect him to provide us with valuable proposals in addressing various business challenges JAPEX faces, based on his extensive experience. Therefore, we have appointed him as an Outside Director.
	WADA Masaki	He has extensive knowledge and experience as a legal and risk management specialist, gained through his many years of service in the legal profession. We expect him to accurately identify business challenges JAPEX faces, and pose questions that contribute to reasonable and appropriate decision-making. Therefore, we have appointed him as an Outside Director.
	MIMURA Akiko	She has extensive knowledge and experience as a legal and risk management specialist, gained through her many years of service as a court judge and commissioner of Japan Fair Trade Commission. We expect her to supervise and provide wide-ranging proposals for JAPEX management from the viewpoint of a legal and risk management expert. Therefore, we have appointed her as an Outside Director.
Outside Audit & Supervisory Board Member	KAWAKITA Chikara	Based on his abundant experience and deep insight in policy execution at the Ministry of Finance and as a professor at a graduate school, we consider him capable of conducting audits appropriately from an objective standpoint, independent from our management team engaged in JAPEX's business execution. Therefore, we have appointed him as an Outside Audit & Supervisory Board Member.
	KATO Yoshitaka	Based on his specialist knowledge and extensive experience in finance, accounting, taxation, and risk management through his organizational management as Chairman and CEO of an audit firm and his many years of work as a certified public accountant, we consider him capable of conducting audits appropriately from an objective standpoint, independent from our management team engaged in JAPEX's business execution. Therefore, we have appointed him as an Outside Audit & Supervisory Board Member.

3) Mutual cooperation between Outside Directors or Outside Audit & Supervisory Board Members in supervision or audits and internal audits, audits by Audit & Supervisory Board Members and accounting audits, and relationship with the internal control division

Together with Audit & Supervisory Board Members, Outside Directors are pre-informed of audit plans and receive briefings on auditing results upon receiving the auditor's reports from the Accounting Auditor. In addition, the Outside Officer Liaison Meeting has been set up as a place for outside officers to be pre-informed of the meeting agenda at the Board of Directors' Meetings and to provide and exchange information.

Outside Audit & Supervisory Board Members are pre-informed of audit plans and receive briefings on auditing results upon receiving the auditor's reports from the Accounting Auditor as members of the Audit & Supervisory Board. Reports on internal audits conducted by the Auditing Dept. and the Internal Control Report prepared by the department are submitted to the Audit & Supervisory Board and explained by the department.

(3) Audits

1) Audits by Audit & Supervisory Board Members

(Structure and members)

The number of Audit & Supervisory Board Members is four, two of whom are Outside Audit & Supervisory Board Members as of June 19, 2026 (the filing date of this Annual Securities Report). Each member exercises auditing authority independently based on the auditing policy, and the Audit & Supervisory Board determines the audit policy and the division of duties among the members.

Audit & Supervisory Board Members KAWAKITA Chikara and KATO Yoshitaka both have considerable knowledge of finance and accounting. While KAWAKITA acquired such knowledge from his experience in policy execution at the Ministry of Finance, KATO acquired it from his long-term work experience as a certified public accountant. Audit & Supervisory Board Members KAWAKITA Chikara and KATO Yoshitaka both will remain in their positions as Audit & Supervisory Board Members of JAPEX after the Ordinary General Meeting of Shareholders to be held on June 23, 2026.

In addition, JAPEX has submitted a proposal “Election of Two (2) Corporate Auditors” as an agenda item to be resolved at the Ordinary General Meeting of Shareholders to be held on June 23, 2026. Even if the resolution is approved at the meeting, the number of JAPEX’s Audit & Supervisory Board Members and Outside Audit & Supervisory Board Members will remain unchanged.

(Activities)

All Audit & Supervisory Board Members attend the Board of Directors and the Outside Officer Liaison Meeting, and full-time Audit & Supervisory Board Members attend the Executive Committee and other important management meetings to perform the function of management supervision by exchanging opinions as necessary with Directors and Executive Officers responsible for business execution.

The Audit & Supervisory Board is held once a month, in principle. During the fiscal year under review, 12 meetings of the Audit & Supervisory Board were held. The attendance rate of each Audit & Supervisory Board Member is as follows:

Title	Name	Attendance rate for the Audit & Supervisory Board during the fiscal year under review
Audit & Supervisory Board Member (full-time)	MOTOYAMA Yoshihiko	100% (2/2)
	TAKAHATA Shinichi	100% (12/12)
	ASAI Masaru	100% (10/10)
Outside Audit & Supervisory Board Member	KAWAKITA Chikara	100% (12/12)
	KATO Yoshitaka	100% (12/12)

The Audit & Supervisory Board resolved, reported, deliberated on, and discussed the following matters throughout the fiscal year under review.

Twelve matters were resolved, which included audit plans of Audit & Supervisory Board Members (audit policies, the contents and methods of interim and year-end audits, and so forth), agreement on the selection of the Accounting Auditor and the determination of audit fees, and preparation of an audit report of Audit & Supervisory Board and notification of the contents thereof.

Thirty-two matters were reported, which included key audit matters reviewed, audit results, assessment results of the Accounting Auditor, and the audit progress as of the first and third quarters, semi-annual review results, and annual accounting audit results by the Accounting Auditor.

Two matters were deliberated on and discussed, which included business reports and compensation for Audit & Supervisory Board Members.

2) Internal audits

Internal audits of JAPEX are conducted by the Auditing Dept. under the direct management of the President. The Auditing Dept. has been assigned nine staff members to conduct internal audits, and they assess the systems and status of implementation of various management activities in light of the lawfulness and reasonableness and provide guidance and advice to improve or rationalize audited matters, as necessary.

Internal audits are conducted following the annual plan in order, and the Auditing Dept. reports the results of each audit to the President and shares them with officers in charge of the audited matters and full-time Audit & Supervisory Board Members.

The Auditing Dept. also evaluates the internal control for financial reporting pursuant to the Financial Instruments and Exchange Act by having nine staff members engage in that evaluation. The evaluation results are utilized in internal control audits conducted by the Accounting Auditor and are reported to the Audit & Supervisory Board and the Board of Directors.

3) Accounting audits

(Matters concerning the audit firm)

Ernst & Young ShinNihon LLC. was the audit firm that conducted audits on the financial statements and internal control for the fiscal year under review, and the continuous audit period is 51 years. Certified public accountants who executed the audit duties are as follows:

Name: YAMAZAKI Kazuhiko, MORONUKI Kentaro, OTSUKI Masahiro

Composition of assistants to the audit engagement: 7 certified public accountants and 26 other individuals

(Policy and reasons for appointing the audit firm)

JAPEX's Audit & Supervisory Board has formulated "Standards for Appointment of Accounting Auditor." Specifically, the Board makes a decision on such appointment based on the comprehensive consideration after conducting an interview with the audit firm to examine and confirm 1) outline of the audit firm; 2) system for conducting audits, etc.; and 3) estimated audit fee, and exchanging opinions and coordinating with execution division.

Based on the above standard, JAPEX has reappointed Ernst & Young ShinNihon LLC.

When the Accounting Auditor has breached or contravened laws or regulations such as the Companies Act, has neglected their duties, or has engaged in conduct unbecoming as an Accounting Auditor, or when considered necessary by the Audit & Supervisory Board, the Board decides the content of proposal on dismissal or non-reappointment of the Accounting Auditor. Based on such a decision, the Board of Directors submits the proposal to a General Meeting of Shareholders.

If the Accounting Auditor falls under any of the items of Article 340, paragraph 1 of the Companies Act, the Audit & Supervisory Board dismisses the Accounting Auditor with the consent of all Audit & Supervisory Board Members. In such a case, an Audit & Supervisory Board Member designated by the Audit & Supervisory Board shall report the dismissal of the Accounting Auditor and the reason for it at the first General Meeting of Shareholders convened after the dismissal.

(Evaluation of audit firm by Audit & Supervisory Board and its members)

The Audit & Supervisory Board has formulated the "Standards for Evaluation of Accounting Auditor" consisting of seven evaluation items: 1) quality control of the audit firm; 2) auditing team; 3) audit fee, etc.; 4) communication with Audit & Supervisory Board Members; 5) Relationship with management, etc.; 6) group audit; and 7) fraud risk. The evaluation was conducted on auditing certified public accountants, etc., for each of the items above and concluded that the audit firm satisfied all the standards.

4) Details of audit fees, etc.

(a) Audit fees paid to auditing certified public accountants, etc.

(Millions of Yen)

Category	Previous fiscal year		Fiscal year under review	
	Fees for audit certification services	Fees for non-audit services	Fees for audit certification services	Fees for non-audit services
Reporting company	93	8	96	–
Consolidated subsidiaries	24	0	27	–
Total	118	9	123	–

Previous fiscal year

Non-audit services provided to JAPEX include a study on laws concerning Health, Safety and Environment (HSE) and support for response to human rights issues.

Non-audit services provided to consolidated subsidiaries include services for income and expenditure statements for the gas transportation service.

Fiscal year under review

No non-audit services were provided to JAPEX.

No non-audit services were provided to consolidated subsidiaries.

(b) Audit fees paid to the same network (Ernst & Young LLC.) to which auditing certified public accountants, etc., belong (excluding fees specified in (a) above)

(Millions of Yen)Category	Previous fiscal year		Fiscal year under review	
	Fees for audit certification services	Fees for non-audit services	Fees for audit certification services	Fees for non-audit services
Reporting company	5	–	3	–
Consolidated subsidiaries	96	7	92	1
Total	101	7	96	1

Previous fiscal year

No non-audit services were provided to JAPEX.

Non-audit services provided to consolidated subsidiaries include tax-related advice and instruction to JAPEX UK E&P Ltd. and JAPEX Norge AS.

Fiscal year under review

No non-audit services were provided to JAPEX.

Non-audit services provided to consolidated subsidiaries include advice and instruction regarding the capital increase for JAPEX Norge AS.

(c) Details of fees for other significant audit certification services

Previous fiscal year

Not applicable.

Fiscal year under review

Not applicable.

(d) Policy for determining audit fees

Audit fees paid by JAPEX to an auditing certified public accountant, etc., are determined based on the number of days required for the audit and other factors.

(e) Reasons for the Audit & Supervisory Board's consent to fees for the Accounting Auditor

The Audit & Supervisory Board, after receiving the necessary documents and reports from relevant departments of JAPEX and the Accounting Auditor, assessed and deliberated whether the audit plans of the Accounting Auditor, the status of the performance of duties by the Accounting Auditor, and the calculation basis for the estimation of audit fees were appropriate. Consequently, the Audit & Supervisory Board concluded that the amount was appropriate and consented to the amount of fees to be paid to the Accounting Auditor in accordance with Article 399, paragraph 1 of the Companies Act.

(4) Compensation for Directors and other Officers

1) Policy for determining the compensation amount for Directors and other officers, or the calculation method thereof

(a) Compensation for Directors

Compensation for Directors is determined based on the policy for determining the compensation of directors set by the Board of Directors after deliberation by the Nomination and Compensation Committee. In determining the details of compensation for each Director for the fiscal year under review, the Nomination and Compensation Committee deliberated on the draft based on the determination policy. The Board of Directors, therefore, judged that the details were in line with the determination policy, with respect for the Committee's deliberation results. The policy for determining the compensation of directors is outlined below.

Basic policy	• Regarding the compensation of directors, the compensation structure can function as an incentive to sustainably enhance corporate value. When deciding the compensation of individual directors, our basic policy is to set an appropriate level in consideration of the roles aligned with their position. • Specifically, the compensation of directors (excluding outside directors) comprises base compensation and performance-linked compensation (bonuses and share-based compensation). Compensation for outside directors is only base compensation, considering their duty of supervising management.
Policy for determining base compensation (monetary compensation)	• Base compensation of JAPEX's directors is fixed monthly monetary compensation and is decided in comprehensive consideration of their position, balance with market standard and employees' salaries, number of years of service, and more.
Policy for determining performance-linked, or non-monetary compensation	• Of performance-linked compensation, bonuses are paid at certain times every year based on consolidated net income as an indicator measuring their contribution to results for the corresponding fiscal year. Specifics are decided in comprehensive consideration of their position, dividends, the level of employee bonuses, their contributions as directors to corporate management in each fiscal year, past results, payment record, and more. Individual Director's contribution to JAPEX's management is measured based on the achievement of previously set annual goals and business plans (including GHG reduction target), human resource management, leadership, and execution ability, in addition to the aforementioned contribution to business performance. • Of performance-linked compensation, share-based compensation is based on the Rules on Provision of Shares to Officers approved by the Board of Directors within the limit approved at the General Meeting of Shareholders. JAPEX shares are equivalent to the number of points provided in line with their positions and performance (using a total return ratio as a general rule as an indicator of performance evaluation based on JAPEX's recognition that returning profits to shareholders is an important management issue) and a monetary amount equivalent to the market price of said shares is provided as a general rule to directors upon retirement.
Policy concerning the ratio of compensation	• We aim for the ratio of performance-linked compensation (bonuses and share-based compensation) to total compensation to be around 30% at standard amounts. To ensure the compensation system can better function as an incentive to sustainably enhance corporate value, we will consider revising the ratio as appropriate.
Matters on the determination of compensation	• Regarding individual compensation, the Representative Director and President is entrusted with the specific details based on a resolution by the Board of Directors. That authority enables the allocation of bonuses based on each director's base compensation and the director's contribution to corporate management. It also enables the setting of the specific timing of the payment. • Calculation methods for base compensation and bonuses are deliberated in advance at the Nomination and Compensation Committee. The Representative Director and President must decide the method with respect to the results of the deliberations. • The provision of points in share-based compensation is reported in advance to the Nomination and Compensation Committee.

(b) Compensation for Audit & Supervisory Board Members

Compensation for Audit & Supervisory Board Members is determined after consulting with Audit & Supervisory Board Members, and within the limit approved at a General Meeting of Shareholders.

(c) Details of non-monetary performance-linked compensation

JAPEX has introduced a share-based compensation plan (Board Benefit Trust) for Directors (excluding Outside Directors) and Executive Officers who do not concurrently serve as Directors.

Board Benefit Trust

<table>
<tr><td rowspan="4">Outline of Board Benefit Trust</td><td>Outline of the Plan</td><td>The Plan is a share-based compensation plan under which JAPEX's shares are acquired through a trust (the "Trust"), using money contributed by JAPEX as financial funds, and Directors, etc., are provided with JAPEX's shares and an amount of money equivalent to the market value of JAPEX's shares ("JAPEX's Shares, etc.") through the Trust, in accordance with the Rules on Provision of Shares to Officers.</td></tr>
<tr><td>Persons eligible for the Plan</td><td>Directors (excluding Outside Directors) and Executive Officers who do not concurrently serve as Directors</td></tr>
<tr><td>Timing of provision</td><td>Upon retirement from office</td></tr>
<tr><td>Number of shares to be provided</td><td>The number of points shall be calculated in accordance with the Rules on Provision of Shares to Officers based on position, JAPEX's business performance, etc. Such points shall be accumulated.
The number of shares to be provided shall be decided upon retirement. (1 point = 1 share)
• A total shareholder return ratio (target value: 30%) shall be used as an indicator of performance evaluation, with a range of fluctuation from 0% to 120%, assuming that the payment ratio at the target value is 100%.
• A total shareholder return ratio shall be calculated using consolidated profit of a relevant fiscal year, excluding extraordinary income/losses and other temporary factors.</td></tr>
</table>

(d) Policy on determining payment ratios of performance-linked and non-performance-linked compensation

The policy is the same as (a) above.

(e) Indicators used for performance-linked compensation, reasons why we use them, and how we decide on the amount of the performance-linked compensation

Performance-linked compensation is composed of bonuses and share-based compensation. For bonuses, consolidated profit is used as an indicator to measure contribution to business performance for the corresponding fiscal year. For share-based compensation, a total shareholder return ratio is used as an indicator of performance evaluation, as JAPEX recognizes that returning profits to shareholders is an important management issue. By setting these indicators, we aim to raise awareness among Directors, etc., of improving business performance for the corresponding fiscal year, as well as to motivate them to contribute to the improvement of the business performance and corporate value of JAPEX over the medium and long term and the improvement of profit distribution to shareholders. The amount of performance-linked compensation is decided in accordance with the policy for determining compensation for Directors described in (a) above.

(f) Target and actual figures of indicators used for performance-linked compensation

Of performance-linked compensation, the specific target for the indicator used for bonuses (consolidated profit) has not been set, as our business performance is often affected by external factors such as fluctuations of crude oil and natural gas prices as well as foreign exchange rates, and therefore it is difficult to set right figure that works as an incentive. For the fiscal year under review, JAPEX posted consolidated profit of ¥53,427 million. The indicator for the fiscal year under review used for share-based compensation was the total shareholder return ratio. The target for the fiscal year under review was 30% as stated in (c) above, and the actual total return ratio for the fiscal year under review was 31.24%.

(g) Policy on determination of compensation amount by position or the calculation method thereof

As described in the policy for determining compensation for Directors in (a) above, our basic policy for deciding the compensation amount for Directors is to set it at an appropriate level in consideration of their roles and others according to their position.

(h) Summary of resolutions related to compensation at General Meetings of Shareholders

i) The following was resolved on monetary compensation for Directors at the General Meeting of Shareholders. The number of Directors upon the conclusion of the same meeting is 11, including five Outside Directors.

Date of the General Meeting of Shareholders' resolution	June 26, 2024, at the 54th Ordinary General Meeting of Shareholders
Resolution summary	Up to ¥50 million per month (of which up to ¥6 million per month is for Outside Directors) Note: The amount does not include the portion of employees' salaries for Directors who concurrently serve as employees.

ii) JAPEX has introduced Board Benefit Trust as share-based compensation for Directors in accordance with the resolution of the 50th Ordinary General Meeting of Shareholders held on June 26, 2020. The following was then resolved at another Ordinary General Meeting of Shareholders. The number of Directors (excluding Outside Directors) upon the conclusion of the same meeting is six.

Date of the General Meeting of Shareholders' resolution	June 26, 2024, at the 54th Ordinary General Meeting of Shareholders
Resolution summary	The maximum number of points to be granted per fiscal year was revised to 45,400 points. In addition, taking into consideration the impact of stock price fluctuations on the number of shares to be acquired by the Trust, no upper limit shall be established on the amount of money to be contributed by the Company to the Trust. The amount of money to be contributed to the Trust every five fiscal year for the Trust to acquire the shares shall be an amount deemed necessary for acquiring 227,000 points (equivalent to 227,000 shares to be granted to persons eligible for the Plan; however, in the event of a stock split, etc., reasonable adjustments will be made to the maximum number of points, etc., in accordance with such ratio, etc.).

iii) The following was resolved on compensation for Audit & Supervisory Board Members at the General Meeting of Shareholders. There were four Audit & Supervisory Board Members upon the conclusion of the same meeting.

Date of the General Meeting of Shareholders' resolution	June 24, 2015, at the 45th Ordinary General Meeting of Shareholders
Resolution summary	Up to ¥8 million per month

(i) Name of the person responsible for deciding on the compensation amount, the calculation method thereof, and details and scope of his/her discretion

Under (a) above, regarding individual compensation of Directors for the fiscal year under review, the Board of Directors delegated the Representative Director and President YAMASHITA Michiro to decide the amount of base compensation, allocation of bonuses based on contribution to corporate management, and the specific timing of the payment for each Director. The reason for the delegation is that the Representative Director and President is in the best position to evaluate each Director, while taking into account the comprehensive business performance of JAPEX and other factors. Before finally deciding on the delegated matters, their adequacy, etc., was verified by the Nomination and Compensation Committee.

(j) Activities of the Board of Directors and the Committee in deciding on compensation amount, etc.

Compensation for Directors and other officers for the fiscal year under review is decided after going through deliberation at the Nomination and Compensation Committee, which is then followed by deliberation and resolution by the Board of Directors. The following are activities for the fiscal year under review:

Board of Directors

Date of meeting	Description
June 25, 2025	• Resolution on the determination of the compensation amount for Directors and allocation of bonuses for Directors
December 18, 2025	• Resolution on partial revision to the Rules on Provision of Shares to Officers (clarification of the timing to start granting shares to Executive Officers upon their assumption of office of Directors)
March 26, 2026	• Resolution on partial revision to the Rules on Provision of Shares to Officers (clarification of the definition of an indicator of performance evaluation in the share-based compensation plan)

Nomination and Compensation Committee

Date of meeting	Description
May 8, 2025	• Deliberation on the determination of the compensation amount of Directors and the payment of bonuses for Directors
March 26, 2026	• Deliberation on compensation for Executive Officers, etc. (policy on revision)

2) Total amount of compensation by position, type of compensation, and number of recipients

Position	Total amount of consolidated compensation (Millions of yen)	Total amount of each type of compensation (Millions of yen)			Number of recipients (Persons)
		Base compensation	Bonus	Share-based compensation	
Directors (excluding Outside Directors)	344	226	68	48	8
Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members)	50	50	–	–	3
Outside officers	84	84	–	–	9

Notes: 1. The above number of recipients includes four Directors and one Audit & Supervisory Board Member who retired upon the conclusion of the 55th Ordinary General Meeting of Shareholders held on June 25, 2025.

2. The above amount comprises the amount paid or allocated for base compensation, provision for bonuses, and provision equivalent to money provided based on the acquired points under share-based compensation that were provided during the fiscal year.

(5) Shareholdings

1) Standards for and views on the classification of investment shares

JAPEX classifies shares of companies we have determined to be necessary to promote smooth business execution and to maintain good business relationships for the purpose of achieving sustainable growth and enhancing medium- to long-term corporate value as “investment shares held for purposes other than pure investment (strategic shareholdings)” separately from investment shares held for pure investment purposes.

2) Investment shares held for purposes other than pure investment

i) Shareholding policy, method of verification of the rationale for shareholdings, and details of verification by the Board of Directors, etc., of the appropriateness of shareholdings of individual issues

To verify the reasonableness of these shareholdings, the Board of Directors performs a qualitative evaluation related to the appropriateness of the purpose of holding for each issue and a quantitative evaluation on whether the benefits and risks from each holding are commensurate with JAPEX’s cost of capital every year. If we determine that it has become less reasonable to hold certain issues based on these evaluations, we reduce the number of those shareholdings.

ii) Number of issues and carrying amount

	Number of issues	Total balance sheet amount (Millions of yen)
Unlisted shares	18	1,481
Shares other than unlisted shares	4	138,447

(Issues whose number of shares increased during the fiscal year under review)

	Number of issues	Total acquisition price related to the increase in the number of shares (Millions of yen)	Reasons for the increase
Unlisted shares	–	–	–
Shares other than unlisted shares	–	–	–

(Issues whose number of shares decreased during the fiscal year under review)

	Number of issues	Total sales price related to the decrease in the number of shares (Millions of yen)
Unlisted shares	2	10
Shares other than unlisted shares	–	–

iii) Numbers of specified investment shares and deemed holding investment shares by issue, and their balance sheet amount

Specified investment shares

Issue	Fiscal year under review Number of shares (Shares) Total balance sheet amount (Millions of yen)	Previous fiscal year Number of shares (Shares) Total balance sheet amount (Millions of yen)	Purpose of holding, outlines of business collaboration, quantitative effect of holding, and the reason for the increase in the number of shares	Holding of JAPEX's shares
INPEX CORPORATION	26,723,300	26,723,300	Since JAPEX took the initiative in establishing North Sumatra Offshore Petroleum Exploration Co., Ltd., the precursor to INPEX CORPORATION (hereinafter referred to as "INPEX") in 1966, JAPEX has held a certain number of its shares since then, although its management was separated from ours later. INPEX places its upstream oil and gas business as its core business, and jointly promotes part of its overseas projects with JAPEX. JAPEX, therefore, holds INPEX's shares to facilitate the business relationship. Because the quantitative effect of the shareholding involves trade secrets, etc., it is difficult to disclose such information. However, JAPEX has conducted a qualitative assessment on the appropriateness of the purposes of holding as well as a quantitative assessment on benefits and risks associated with the holding, and concluded that the shareholding was reasonable.	Yes
	125,011	54,983		
Nitto Boseki Co., Ltd.	660,000	660,000	The company is an important customer along the JAPEX's natural gas pipeline, and JAPEX holds its shares to maintain a favorable trading relationship. Because the quantitative effect of the shareholding involves trade secrets, etc., it is difficult to disclose such information. However, JAPEX has conducted a qualitative assessment on the appropriateness of the purposes of holding as well as a quantitative assessment on benefits and risks associated with the holding, and concluded that the shareholding was reasonable.	No
	12,368	2,745		
MITSUBISHI GAS CHEMICAL COMPANY, INC.	163,770	163,770	The company and JAPEX jointly conduct business at JAPEX Group's major oil and gas fields, including the Iwafune-oki Oil and Gas Field and the Higashi-Niigata Gas Field. JAPEX holds its shares to facilitate business relationships as well as to maintain favorable trading relationships. Because the quantitative effect of the shareholding involves trade secrets, etc., it is difficult to disclose such information. However, JAPEX has conducted a qualitative assessment on the appropriateness of the purposes of holding as well as a quantitative assessment on benefits and risks associated with the holding, and concluded that the shareholding was reasonable.	Yes
	588	380		

Hokkaido Gas Co., Ltd.	550,000	550,000	The company is an important customer for our sale of natural gas in Hokkaido Prefecture, and JAPEX holds its share to maintain favorable trading relationship. Because the quantitative effect of the shareholding involves trade secrets, etc., it is difficult to disclose such information. However, JAPEX has conducted a qualitative assessment on the appropriateness of the purposes of holding as well as a quantitative assessment on benefits and risks associated with the holding, and concluded that the shareholding was reasonable.	Yes
	479	278		

Note: The Board of Directors verified the reasonableness of these shareholdings at its meeting held in December 2025.

JAPEX does not have deemed holdings of investment shares.

3) Investment shares held for pure investment purposes

Category	Fiscal year under review		Previous fiscal year	
	Number of issues	Total balance sheet amount (Millions of yen)	Number of issues	Total balance sheet amount (Millions of yen)
Unlisted shares	–	–	–	–
Shares other than unlisted shares	3	1,796	3	138

Category	Fiscal year under review		
	Total of dividends received (Millions of yen)	Total of gain (loss) on sale (Millions of yen)	Total of valuation gain (loss) (Millions of yen)
Unlisted shares	–	–	–
Shares other than unlisted shares	5	13	1,213

4) Investment shares reclassified from held for purposes other than pure investment to held for pure investment in the past five fiscal years

Issue	Number of shares (Shares)	Total balance sheet amount (Millions of yen)	Fiscal year in which the change was made	Reason for the change and policy on holding or selling shares after the change
PowerX, Inc.	358,000	1,655	2025	JAPEX had held its shares for the purpose of exploring various potential applications of storage batteries. As this intended goal was achieved, the purpose of holding was changed to pure investment purposes. JAPEX will make decisions as necessary as to whether to sell or continue holding the shares, considering future stock price trends and market conditions.

5. Employees

(1) Basic policy on human resources strategy

For details of JAPEX's human resources strategy, please refer to "Item 2. Overview of Business, 2. Views and Initiatives on Sustainability, (4) Human capital" above.

(2) Employees

1) Information about consolidated companies

As of March 31, 2026

Segment	Number of employees (Persons)
Japan	1,190 [415]
North America	28 [1]
Europe	16 [–]
Middle East	1 [–]
Total for reportable segments	1,235 [416]
Other	– [–]
Corporate (company-wide)	435 [81]
Total	1,670 [497]

Notes: 1. The number of employees represents the number of regular employees, which excludes the number of temporary employees provided inside the square brackets.

2. "Other" represents business segments other than the reportable segments and includes locations such as Southeast Asia.

3. The number of employees provided under "Corporate (company-wide)" represents the number of employees belonging to the administration divisions that cannot be classified to any specific segment.

2) Information about Reporting Company

As of March 31, 2026

Number of employees (Persons)	Average age (Years old)	Average length of service (Years)	Average annual salary (Yen)	Year-on-year change in average annual salary (%)
993 [226]	39.81	14.08	10,606,937	2.83

Segment	Number of employees (Persons)
Japan	558 [145]
North America	– [–]
Europe	– [–]
Middle East	– [–]
Total for reportable segments	558 [145]
Other	– [–]
Corporate (company-wide)	435 [81]
Total	993 [226]

Notes: 1. The number of employees represents the number of regular employees, which excludes the number of temporary employees provided inside the square brackets.

2. Persons seconded to JAPEX from outside JAPEX are excluded from the calculations of average age, average length of service, and average annual salary.

3. Average annual salary includes bonuses and extra wages.

4. "Other" represents business segments other than the reportable segments and includes locations such as Southeast Asia.

5. The number of employees provided under "Corporate (company-wide)" represents the number of employees belonging to the administration divisions that cannot be classified to any specific segment.

3) Labor union

Employees of JAPEX have a union called JEC RENGO *Sekiyu Kaihatsu Rodokumiai* (JAPEX Labor Union), and the number of union members is 695 (including those seconded to outside JAPEX from JAPEX) as of March 31, 2026.

Labor-management relations have remained favorable, and there are no special matters to be noted as to the relationship with the labor union.

4) Percentage of female employees among employees in managerial positions, percentage of male employees taking childcare leave, and wage variance between male and female workers

	Reporting company	Consolidated subsidiary		
		JAPEX SKS Corporation (Note 3)	North Japan Security Service Co., Ltd. (Note 4)	SK ENGINEERING CO., LTD. (Note 5)
Percentage of female employees among employees in managerial positions (Note 1)	8.1%	4.3%	–	2.9%
Percentage of male employees taking childcare leave (Note 2)	84.2%	–	100.0%	66.7%
Wage variance between male and female workers (Note 1)	All workers: 69.6% Of which regular employees: 69.7% Of which non-regular employees: 57.8%	All workers: 48.8% Of which regular employees: 82.9% Of which non-regular employees: 42.3%	–	All workers: 81.8% Of which regular employees: 84.0% Of which non-regular employees: 17.9%

Notes: 1. The percentage was calculated pursuant to the provisions of the Act on the Promotion of Women's Active Engagement in Professional Life (Act No. 64 of 2015). With regard to wage variance between male and female workers, JAPEX adheres to the principle of equal pay for equal work, and no difference exists in treatment between male and female workers in the same grade level. The main factor contributing to the gender pay gap is the low percentage of female managers (8.1%). JAPEX continues efforts toward narrowing the gender pay gap by sustaining various initiatives to increase the percentage of female managers.

2. The percentage was calculated pursuant to the provisions of Article 71-6, item (i) of the Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Ordinance of the Ministry of Labor No. 25 of 1991) as prescribed by the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Act No. 76 of 1991).

3. JAPEX SKS Corporation, which is a consolidated subsidiary that is required to publicize certain matters based on its choice, publicized the percentage of female managers and wage variance between male and female workers pursuant to the provisions of the Act on the Promotion of Women's Active Engagement in Professional Life (Act No. 64 of 2015).

4. North Japan Security Service Co., Ltd., which is a consolidated subsidiary that is required to publicize certain matters based on its choice, publicized the percentage of male employees taking childcare leave pursuant to the provisions of the Act on the Promotion of Women's Active Engagement in Professional Life (Act No. 64 of 2015).

5. SK ENGINEERING CO., LTD., which is a consolidated subsidiary that is required to publicize certain matters based on its choice, publicized the percentage of female managers, the percentage of male employees taking childcare leave, and wage variance between male and female workers pursuant to the provisions of the Act on the Promotion of Women's Active Engagement in Professional Life (Act No. 64 of 2015).

Item 5. Financial Information

1. Basis for Preparation of Consolidated Financial Statements and Non-consolidated Financial Statements

(1) The consolidated financial statements of JAPEX are prepared in accordance with the Regulation on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements (Ministry of Finance Order No. 28 of 1976).

(2) The non-consolidated financial statements of JAPEX are prepared in accordance with the Regulation on the Terminology, Forms, and Preparation Methods of Financial Statements (Ministry of Finance Order No. 59 of 1963; hereinafter referred to as the “Regulation on Financial Statements, etc.”).

JAPEX falls under the company allowed to file specified financial statements and prepares its non-consolidated financial statements pursuant to the provisions of Article 127 of the Regulation on Financial Statements, etc.

2. Audit Certificate

Pursuant to the provisions set forth in Article 193-2, paragraph 1 of the Financial Instruments and Exchange Act, JAPEX’s consolidated and non-consolidated financial statements for the fiscal year from April 1, 2025, to March 31, 2026, have been audited by Ernst & Young ShinNihon LLC.

3. Special Measures to Ensure the Appropriateness of Consolidated Financial Statements, etc.

JAPEX has taken special measures to ensure the appropriateness of the consolidated financial statements, etc. Specifically, JAPEX has joined the Financial Accounting Standards Foundation and has participated in seminars held by the foundation in order to understand accounting standards properly and establish a system that allows JAPEX to adapt to changes in accounting standards appropriately.

1 Consolidated Financial Statements, etc.

(1) Consolidated financial statements

1) Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Assets		
Current assets		
Cash and deposits	118,358	*5 54,259
Notes and accounts receivable - trade	*1 ,*2 43,441	*1, *2, *5 39,324
Contract assets	1,115	956
Securities	24,000	3,000
Merchandise and finished goods	3,368	3,880
Work in process	62	27
Raw materials and supplies	14,332	14,073
Other	26,222	40,102
Allowance for doubtful accounts	(63)	(265)
Total current assets	230,838	155,359
Non-current assets		
Property, plant and equipment		
Buildings and structures	*3 207,305	*3 203,929
Accumulated depreciation	(158,665)	(163,342)
Buildings and structures, net	48,640	40,587
Wells	249,702	257,619
Accumulated depreciation	(127,492)	(152,594)
Wells, net	122,209	105,025
Machinery, equipment and vehicles	*3 159,827	*3 156,868
Accumulated depreciation	(138,075)	(142,405)
Machinery, equipment and vehicles, net	21,751	14,462
Mineral resources	6,074	*5 173,370
Accumulated depreciation	(1,436)	–
Mineral resources, net	4,637	173,370
Land	11,346	11,340
Construction in progress	16,568	*5 25,789
Other	*3 21,943	*3 22,488
Accumulated depreciation	(19,508)	(19,673)
Other, net	2,435	2,815
Total property, plant and equipment	227,590	373,390
Intangible assets	5,095	5,537
Investments and other assets		
Investment securities	*4, *5 180,280	*4, *5 274,024
Long-term loans receivable	1,136	8,174
Deferred tax assets	943	838
Retirement benefit asset	4,086	5,199
Other	31,664	39,985
Allowance for doubtful accounts	(38)	(38)
Total investments and other assets	218,074	328,183
Total non-current assets	450,760	707,111
Total assets	681,598	862,470

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Liabilities		
Current liabilities		
Notes and accounts payable - trade	11,150	3,398
Accounts payable - other	18,705	51,525
Income taxes payable	11,943	3,103
Contract liabilities	94	110
Provisions	154	484
Other	7,102	30,670
Total current liabilities	49,152	89,291
Non-current liabilities		
Deferred tax liabilities	33,134	60,292
Retirement benefit liability	3,288	3,315
Asset retirement obligations	34,311	40,139
Provisions	328	345
Other	4,126	10,187
Total non-current liabilities	75,188	114,280
Total liabilities	124,340	203,572
Net assets		
Shareholders' equity		
Share capital	14,288	14,288
Retained earnings	445,499	486,089
Treasury shares	(997)	(925)
Total shareholders' equity	458,791	499,452
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	36,630	94,349
Deferred gains or losses on hedges	11,513	19,666
Foreign currency translation adjustment	18,795	11,418
Remeasurements of defined benefit plans	2,014	2,650
Total accumulated other comprehensive income	68,953	128,084
Non-controlling interests	29,512	31,359
Total net assets	557,257	658,897
Total liabilities and net assets	681,598	862,470

2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income

Consolidated Statement of Income

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Net sales	*1 389,082	*1 340,336
Cost of sales	*2, *3 289,924	*2, *3 263,595
Gross profit	99,157	76,741
Exploration expenses	3,172	1,965
Selling, general and administrative expenses	*4, *5 33,972	*4, *5 35,860
Operating profit	62,012	38,915
Non-operating income		
Interest income	2,492	2,283
Dividend income	4,610	2,866
Share of profit of entities accounted for using equity method	–	4,114
Foreign exchange gains	–	8,201
Gain on valuation of derivatives	–	4,823
Gain on derivatives	–	4,413
Other	840	1,184
Total non-operating income	7,944	27,887
Non-operating expenses		
Interest expenses	2,646	560
Share of loss of entities accounted for using equity method	252	–
Foreign exchange losses	1,812	–
Loss on derivatives	–	1,556
Commitment fees	304	920
Loss on investments in silent partnerships	–	692
Other	719	1,516
Total non-operating expenses	5,735	5,246
Ordinary profit	64,221	61,556
Extraordinary income		
Gain on sale of investment securities	45,698	–
Gain on sale of shares of subsidiaries	–	862
Gain on sale of shares of associates	–	664
Subsidy income	–	382
Gain on transfer of interests	–	2,992
Other	141	165
Total extraordinary income	45,840	5,067
Extraordinary losses		
Loss on retirement of non-current assets	*6 321	*6 29
Impairment losses	950	*7 2,185
Loss on step acquisitions	175	–
Loss on sale of shares of subsidiaries	–	467
Loss on tax purpose reduction entry of non-current assets	–	382
Other	–	0
Total extraordinary losses	1,447	3,065
Profit before income taxes	108,614	63,557
Income taxes - current	15,619	5,431
Income taxes - deferred	10,147	2,462
Total income taxes	25,766	7,894
Profit	82,848	55,663
Profit attributable to non-controlling interests	1,694	2,235
Profit attributable to owners of parent	81,153	53,427

Consolidated Statement of Comprehensive Income

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Profit	82,848	55,663
Other comprehensive income		
Valuation difference on available-for-sale securities	(48,056)	57,712
Deferred gains or losses on hedges	1,887	6,163
Foreign currency translation adjustment	14,213	(10,357)
Remeasurements of defined benefit plans, net of tax	424	636
Share of other comprehensive income of entities accounted for using equity method	621	4,975
Total other comprehensive income	* (30,908)	* 59,130
Comprehensive income	51,939	114,794
Comprehensive income attributable to:		
Owners of parent	50,244	112,559
Non-controlling interests	1,695	2,235

3) Consolidated Statement of Changes in Equity

Fiscal year ended March 31, 2025 (April 1, 2024 – March 31, 2025)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	14,288	–	397,846	(8,094)	404,040
Changes during period					
Dividends of surplus			(15,673)		(15,673)
Profit attributable to owners of parent			81,153		81,153
Purchase of treasury shares				(11,029)	(11,029)
Disposal of treasury shares		(37)		338	301
Cancellation of treasury shares		(17,788)		17,788	–
Transfer from retained earnings to capital surplus		17,825	(17,825)		–
Net changes in items other than shareholders' equity					
Total changes during period	–	–	47,653	7,096	54,750
Balance at end of period	14,288	–	445,499	(997)	458,791

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasure-ments of defined benefit plans	Total accumulated other comprehen-sive income		
Balance at beginning of period	84,686	8,704	4,881	1,589	99,862	33,671	537,574
Changes during period							
Dividends of surplus							(15,673)
Profit attributable to owners of parent							81,153
Purchase of treasury shares							(11,029)
Disposal of treasury shares							301
Cancellation of treasury shares							–
Transfer from retained earnings to capital surplus							–
Net changes in items other than shareholders' equity	(48,056)	2,808	13,913	424	(30,909)	(4,158)	(35,067)
Total changes during period	(48,056)	2,808	13,913	424	(30,909)	(4,158)	19,682
Balance at end of period	36,630	11,513	18,795	2,014	68,953	29,512	557,257

Fiscal year ended March 31, 2026 (April 1, 2025 – March 31, 2026)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	14,288	–	445,499	(997)	458,791
Changes during period					
Dividends of surplus			(12,837)		(12,837)
Profit attributable to owners of parent			53,427		53,427
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares				72	72
Cancellation of treasury shares					–
Transfer from retained earnings to capital surplus					–
Net changes in items other than shareholders' equity					
Total changes during period	–	–	40,589	71	40,661
Balance at end of period	14,288	–	486,089	(925)	499,452

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasure-ments of defined benefit plans	Total accumulated other comprehen-sive income		
Balance at beginning of period	36,630	11,513	18,795	2,014	68,953	29,512	557,257
Changes during period							
Dividends of surplus							(12,837)
Profit attributable to owners of parent							53,427
Purchase of treasury shares							(0)
Disposal of treasury shares							72
Cancellation of treasury shares							–
Transfer from retained earnings to capital surplus							–
Net changes in items other than shareholders' equity	57,719	8,152	(7,377)	636	59,131	1,846	60,978
Total changes during period	57,719	8,152	(7,377)	636	59,131	1,846	101,640
Balance at end of period	94,349	19,666	11,418	2,650	128,084	31,359	658,897

4) Consolidated Statement of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Cash flows from operating activities		
Profit before income taxes	108,614	63,557
Depreciation	49,906	47,050
Impairment losses	950	2,185
Loss on retirement of property, plant and equipment	321	29
Decrease (increase) in retirement benefit asset	(723)	(1,112)
Increase (decrease) in allowance for overseas investment loss	(163)	–
Interest and dividend income	(7,103)	(5,149)
Interest expenses	2,646	560
Foreign exchange losses (gains)	1,383	(6,072)
Loss (gain) on sale of short-term and long-term investment securities	(45,698)	(1,072)
Loss (gain) on valuation of derivatives	–	(4,823)
Share of loss (profit) of entities accounted for using equity method	252	(4,114)
Gain on transfer of interests	–	(2,992)
Recovery of recoverable accounts	25,767	25,658
Decrease (increase) in trade receivables	(2,001)	6,170
Decrease (increase) in inventories	4,922	(988)
Increase (decrease) in trade payables	122	8,255
Decrease (increase) in accounts receivable - other	(7,755)	3,636
Increase (decrease) in accrued consumption taxes	1,423	(1,149)
Decrease (increase) in guarantee deposits	–	(9,204)
Other, net	3,265	(650)
Subtotal	136,131	119,773
Subsidies received	–	382
Income taxes refund (paid)	(5,364)	(17,180)
Net cash provided by (used in) operating activities	130,766	102,976

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Cash flows from investing activities		
Payments into time deposits	(18,185)	(7,222)
Proceeds from withdrawal of time deposits	28,073	10,887
Purchase of property, plant and equipment	(90,531)	(28,630)
Proceeds from sale of property, plant and equipment	63	206
Purchase of intangible assets	(316)	(613)
Payments for asset retirement obligations	(28)	(399)
Purchase of investment securities	(69,859)	(8,464)
Proceeds from sale and redemption of investment securities	51,511	286
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(69)	*2 (157,706)
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	3,036	*3 16,917
Payments of recoverable accounts	(24,004)	(28,465)
Loan advances	(313)	(6,860)
Interest and dividends received	13,415	9,549
Other, net	130	19
Net cash provided by (used in) investing activities	(107,076)	(200,494)
Cash flows from financing activities		
Proceeds from short-term borrowings	25,000	30,150
Repayments of short-term borrowings	(27,927)	(30,000)
Repayments of long-term borrowings	(250)	–
Purchase of treasury shares	(11,029)	(0)
Dividends paid	(15,671)	(12,839)
Dividends paid to non-controlling interests	(5,854)	(328)
Interest paid	(2,647)	(681)
Repayments of lease liabilities	(291)	(310)
Net increase (decrease) in commercial papers	–	19,979
Other, net	–	37
Net cash provided by (used in) financing activities	(38,671)	6,007
Effect of exchange rate change on cash and cash equivalents	3,313	534
Net increase (decrease) in cash and cash equivalents	(11,667)	(90,977)
Cash and cash equivalents at beginning of period	152,598	140,931
Cash and cash equivalents at end of period	*1 140,931	*1 49,954

Notes to consolidated financial statements

(Significant accounting policies for the preparation of consolidated financial statements)

1. The scope of consolidation

(1) Number of consolidated subsidiaries: 26

Names of major consolidated subsidiaries

Japex (U.S.) Corp., Verdad Resources Intermediate Holdings LLC, JAPEX Norge AS, and Japex Garraf Ltd.

Newly established Peoria Resources, LLC and five other companies, as well as newly acquired Verdad Resources Intermediate Holdings LLC and four other companies, were included in the scope of consolidation.

JAPEX UK E&P LIMITED and Japex Energy Co., Ltd. were excluded from the scope of consolidation as JAPEX transferred all of its shares held in these companies.

(2) Names of major unconsolidated subsidiaries

Major unconsolidated subsidiaries

Fukushima Phoenix Power Co., Ltd. and Japex Green Energy Co., Ltd.

(Reason for exclusion from the scope of consolidation)

These unconsolidated subsidiaries have been excluded from the scope of consolidation because they are all small in scale, and have no material impact on consolidated financial statements in terms of the total amount of items such as total assets, net sales, profit or loss (amount proportionate to JAPEX's equity interests), and retained earnings (amount proportionate to JAPEX's equity interests).

2. Application of the equity method

(1) Number of unconsolidated subsidiaries accounted for using the equity method: 0

(2) Number of associates accounted for using the equity method: 10

Names of major associates accounted for using the equity method

Sakhalin Oil and Gas Development Co., Ltd., Fukushima Gas Power Co., Ltd., and Gulf Coast LNG Holdings LLC

EMP Gebang Ltd. was included in the scope of entities accounted for using the equity method as JAPEX acquired its shares.

Energi Mega Pratama Inc. and two other companies were excluded from the scope of entities accounted for using the equity method as JAPEX transferred all of its shares held in Energi Mega Pratama Inc.

(3) Certain unconsolidated subsidiaries (Fukushima Phoenix Power Co., Ltd., Japex Green Energy Co., Ltd., etc.) and associates (DAIWA Exploration & Consulting Co., Ltd., Joban Kyodo Gas Co., Ltd., etc.) were excluded from the scope of entities accounted for using the equity method because such exclusion had no material impact on JAPEX's consolidated financial statements in terms of profit or loss (amount proportionate to JAPEX's equity interests), retained earnings (amount proportionate to JAPEX's equity interests), etc., and they were immaterial as a whole.

(4) Entities accounted for using the equity method whose closing dates are different from the consolidated closing date are accounted for on the basis of their respective closing dates.

(5) Any difference between the cost and the underlying net equity at fair value of investments in entities accounted for using the equity method is amortized by the straight-line method over a period not exceeding 20 years, except for minor accounts that are amortized at one time as incurred.

3. Fiscal years of consolidated subsidiaries

The balance sheet date of Japex (U.S.) Corp., Japex Garraf Ltd., and 13 other consolidated subsidiaries is December 31. For Japex Garraf Ltd., the financial statements are based on a provisional settlement of accounts as of the consolidated balance sheet date.

The financial statements of Japex (U.S.) Corp. and 13 other consolidated subsidiaries, as of their balance sheet dates, are used in preparing the consolidated financial statements. The necessary adjustments have been made to the consolidated financial statements for any significant transactions that occurred between January 1 and the consolidated balance sheet date of March 31.

4. Accounting policies

(1) Accounting policy for measuring significant assets

1) Securities

Held-to-maturity debt securities

Stated at amortized cost.

Available-for-sale securities

Available-for-sale securities other than shares, etc., without market price

Stated at fair value based primarily on the market price at the fiscal year-end. Unrealized gains and losses are recognized directly in net assets, and the cost of securities sold is determined using the moving-average method.

Shares, etc., without market price

Stated at cost using the moving-average method.

Investments in limited partnerships and silent partnerships are recorded by adjusting the amount of equity interest in the net assets of the partnerships to “investment securities.”

2) Derivatives

Stated at fair value.

3) Inventories

Stated at cost (a method in which the carrying amount is written down based on any decline in profitability).

Merchandise and finished goods

Stated mainly by the first-in, first-out method.

Raw materials and supplies

Stated mainly by the moving-average method.

(2) Accounting policy for depreciation/amortization of significant assets

1) Property, plant and equipment (excluding leased assets)

Buildings (excluding attached facilities) acquired on or after April 1, 1998, facilities attached to buildings and structures of certain domestic consolidated subsidiaries acquired on or after April 1, 2016, Sendai Gas Pipelines, Shiroishi-Koriyama Gas Pipelines, Soma-Iwanuma Gas Pipelines, assets of the Hokkaido District Office and Soma LNG Terminal of JAPEX, and property, plant and equipment items held by three domestic consolidated subsidiaries are depreciated by the straight-line method.

Other property, plant and equipment items are depreciated by the declining-balance method.

Property, plant and equipment items held by three foreign consolidated subsidiaries are depreciated by the unit of production method.

The principal useful lives are as follows:

Buildings and structures: 2 to 60 years

Wells: 3 years

Machinery, equipment and vehicles: 2 to 22 years

2) Intangible assets (excluding leased assets)

Amortized by the straight-line method.

Capitalized computer software costs are amortized by the straight-line method over a period of 5 years, which is the period available for internal use.

Intangible assets of one foreign consolidated subsidiary are mainly amortized by the unit of production method.

3) Leased assets

Finance leases, which do not transfer ownership of the leased assets to the lessee

Leased assets are depreciated by the straight-line method over the lease terms with no residual value.

(3) Accounting policies for significant provisions

Allowance for doubtful accounts

To provide for potential credit losses on receivables, the allowance for doubtful accounts is recorded at the amount determined based on the historical experience of bad debt with respect to ordinary receivables, plus an estimate of uncollectible amounts determined by reference to specific doubtful receivables from customers which are experiencing financial difficulties.

(4) Accounting treatment of retirement benefits

1) Method of attributing expected benefit to periods

In calculating retirement benefit obligations, JAPEX uses the benefit formula basis to attribute expected retirement benefits to periods up to the end of the fiscal year under review.

2) Accounting treatment of actuarial gains and losses and prior service costs

Prior service costs are amortized as incurred by the straight-line method over a certain period (10 years), which is shorter than the average remaining service years of the employees.

Actuarial gains and losses are amortized in the following year in which the gains or losses are recognized by the straight-line method over a certain period (10 years), which is shorter than the average remaining service years of the employees.

3) Application of simplified method for smaller enterprises

Certain consolidated subsidiaries apply the simplified method for calculating retirement benefit expenses and liabilities based on the assumption that the benefits payable, which are calculated as if all eligible employees voluntarily terminated their employment at fiscal year-end, approximate the retirement benefit obligation at year's end.

(5) Accounting policies for significant revenues and expenses

JAPEX and its consolidated subsidiaries conduct the "E&P Business," the "Infrastructure/Utility Business," and "Other Businesses" in the four reportable segments provided in the segment information: "Japan," "North America," "Europe," and "Middle East."

With regard to revenues from contracts with customers of JAPEX and its consolidated subsidiaries, the main performance obligations in key businesses and the timing at which these obligations are typically satisfied (i.e., when revenues are typically recognized) are as follows.

1) E&P Business

In the E&P Business, exploration, development, production, production services, and sales of crude oil and natural gas are conducted at business locations in Japan and overseas. It is determined that in these sales, legal ownership and physical possession of assets, as well as significant risks and economic rewards associated with ownership of assets, are transferred, and the right to receive consideration for delivered products is obtained at the time the products are delivered to customers. Thus, revenue is recognized at that time. As for production services, when control over goods or services is transferred to customers over a certain period of time, revenue is recognized according to progress in the satisfaction of performance obligations. Progress is measured using the output approach based on production volume.

2) Infrastructure/Utility Business

In the Infrastructure/Utility Business, sales of gases (natural gas and LNG), electricity, and biomass fuel are conducted at business locations in Japan. It is determined that in these sales, legal ownership and physical possession of assets, as well as significant risks and economic rewards associated with ownership of assets, are transferred, and the right to receive consideration for delivered products is obtained at the time the products are delivered to customers. Thus, revenue is recognized at that time.

3) Other Businesses

In Other Businesses, contract services (drilling and geological surveys, etc.) and sales of oil products are conducted at business locations in Japan. As for contract services, when control over goods or services is transferred to customers over a certain period of time, revenue is recognized according to progress in the satisfaction of performance obligations. For measurement of progress, the input approach based on incurred costs is used. It is determined that in sales of oil products, etc., legal ownership and physical possession of assets, as well as significant risks and economic rewards associated with ownership of assets, are transferred, and the right to receive consideration for delivered products is obtained, at the time the products are delivered to customers. Thus, revenue is recognized at that time.

For all businesses, in assessing performance obligations, it is examined whether the JAPEX Group acts as a principal or an agent. If the nature of its promise is a performance obligation to provide the specified goods or services itself, as a principal, it presents revenue at the gross amount of consideration in its consolidated statement of income. If the nature is a performance obligation to make arrangements so that these goods or services are provided by other parties, as an agent, it presents revenue at the amount of commissions or fees, or the net amount of consideration, in its consolidated statement of income.

Revenue is recognized based on the transaction price under contracts with customers. If a contract contains multiple performance obligations, the transaction price is allocated to each performance obligation at a ratio of the standalone selling price. Since consideration for transactions is usually paid within one year after the satisfaction of performance obligations, such consideration does not include any significant financing component.

(6) Accounting policy for translating significant foreign currency assets and liabilities into yen

Monetary receivables and payables denominated in foreign currencies are translated into yen at the spot exchange rate on the consolidated balance sheet date, and the resulting translation adjustments are presented as foreign exchange gains or losses. Meanwhile, assets, liabilities, revenues, and expenses of foreign consolidated subsidiaries, etc., are translated into yen at the spot exchange rate on their respective balance sheet dates, and the resulting translation adjustments are included in foreign currency translation adjustment under net assets.

(7) Significant hedge accounting

1) Hedge accounting method

Deferral hedge accounting is adopted for hedge transactions. Foreign exchange forward contracts are accounted for using the allocation method if they meet certain criteria.

2) Hedging instruments and hedged items

Hedging instruments: Foreign exchange forward contracts, crude oil swaps, and LNG swaps

Hedged items: Accounts payable - trade, accounts payable - other, proceeds from sale of crude oil, and proceeds from sale of LNG

3) Hedging policy

To avoid future foreign currency fluctuation risk associated with foreign currency transactions, as well as oil and LNG price fluctuation risk, the JAPEX Group enters into hedge transactions only in connection with the relevant assets, liabilities, and forecast transactions.

4) Method of assessing the effectiveness of hedges

The JAPEX Group assesses whether the critical terms of the hedging instruments and hedged items are closely aligned, and the hedge transactions are effective in offsetting the price fluctuation, etc., at the inception of the hedge and on an ongoing basis.

Forward exchange contracts accounted for using the allocation method are not subject to the assessment of hedge effectiveness.

(8) Amortization method and amortization period of goodwill

Goodwill is amortized using the straight-line method over the period its effects are expected to extend, not exceeding 20 years.

(9) Scope of cash and cash equivalents in the consolidated statement of cash flows

Cash and cash equivalents in the consolidated statement of cash flows consist of cash on hand, readily available deposits and highly liquid short-term investments with maturities of three months or less from the acquisition date that are exposed to an insignificant risk of changes in value.

(10) Other significant matters for the preparation of consolidated financial statements

1) Accounting treatment of recoverable accounts

Investments made under a development and production service contract are included in recoverable accounts. These investments are recovered by receiving a portion of the crude oil production based on the contract, which is eventually sold to the customers.

In addition, an amount corresponding to the recovered investments at the time of sale is recorded as cost of sales.

2) Accounting treatment of mineral resources

Expenditures required to acquire reserves and interests are recorded as mineral resources under property, plant and equipment.

Mineral resources are depreciated using the unit-of-production method, and the depreciation is recorded in cost of sales.

(Significant accounting estimates)

Recoverability of deferred tax assets

(1) Amounts recorded in the consolidated financial statements for the fiscal years ended March 31, 2026

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Deferred tax assets	29,171	23,873

Note: The amount is before offset with deferred tax liabilities.

(2) Information about significant accounting estimates on identified items

1) Calculation method

JAPEX reviews the recoverability of deferred tax assets in accordance with the “Implementation Guidance on Recoverability of Deferred Tax Assets.”

As of March 31, 2026, deductible temporary differences that are deemed recoverable and net tax loss carried forward are recognized as deferred tax assets as a result of the scheduling of temporary differences based on the estimated amount of taxable income before adding or subtracting temporary differences for a reasonably estimable future period.

In addition, consolidated subsidiaries recognize deferred tax assets in accordance with the respective accounting standards they apply.

2) Major assumptions used for significant accounting estimates

The recoverability of deferred tax assets is largely dependent on estimates of future taxable income. JAPEX and its consolidated subsidiaries estimate the timing and amount of future taxable income in accordance with the tax laws of the respective countries. The assumptions underlying these estimates, such as sales prices and purchase prices, sales volume, and foreign exchange rates, are incorporated into the business plans approved by management.

The factors affecting the above assumptions include global developments, such as the Russia-Ukraine conflict and the Middle East situation. We believe that various structural changes brought about by the progress on global decarbonization could be a risk factor for future demand for fossil fuels.

Taking into consideration the impact of such business conditions on the future business environment, JAPEX has calculated the amount of deferred tax assets to the extent that it is probable that taxable income will be available against which the deductible temporary differences and net tax loss carried forward can be utilized.

3) Effects on the consolidated financial statements for the year ending March 31, 2027

Any changes in the above assumptions may affect taxable income and increase or decrease the amount of deferred tax assets recorded by JAPEX and its consolidated subsidiaries.

The amount of deferred tax assets may also increase or decrease as a result of reexamining the reasonably estimable future period due to changes in the above assumptions in order to examine the recoverability using taxable income based on future profitability and tax planning estimates for deductible temporary differences and net tax loss carried forward for consolidated subsidiaries.

(Accounting standards and related guidance issued but not yet adopted)

- Accounting Standard for Leases (ASBJ Statement No. 34 issued on September 13, 2024, by the Accounting Standards Board of Japan)
- Implementation Guidance on Accounting Standard for Leases (ASBJ Guidance No. 33 issued on September 13, 2024, by the Accounting Standards Board of Japan) and other relevant ASBJ guidance.

(1) Overview

In an effort to promote consistency between Japanese and international standards, the Accounting Standards Board of Japan (ASBJ) has conducted reviews with reference to international accounting standards, aiming to develop accounting standards for leases that require lessees to recognize assets and liabilities for all leases. While the newly issued Accounting Standard for Leases and other relevant ASBJ guidance are based on the single accounting model of IFRS 16 as a basic policy, they incorporate only the key provisions, rather than all provisions of IFRS 16, seeking to be a simple and highly practical standard that does not require adjustment in principle, when IFRS 16 is applied to non-consolidated financial statements.

Similarly to IFRS 16, a single accounting model is applied for cost allocation, requiring the lessee to recognize depreciation charges for the right-of-use assets and the amount equivalent to interest on the lease liabilities for all leases, regardless of whether the lease is a finance lease or an operating lease.

(2) Scheduled date of application

The accounting standard and other relevant ASBJ guidance will be applied from the beginning of the fiscal year ending March 31, 2028.

(3) Impact of the application of the accounting standard and other relevant ASBJ guidance

The impact of the application of the Accounting Standard for Leases and other relevant ASBJ guidance on the consolidated financial statements is currently under assessment.

- Accounting Standard for Subsequent Events (ASBJ Statement No. 41 issued on January 9, 2026, by the Accounting Standards Board of Japan)
- Implementation Guidance on Accounting Standard for Subsequent Events (ASBJ Guidance No. 35 issued on January 9, 2026, by the Accounting Standards Board of Japan)

(1) Overview

The Accounting Standard for Subsequent Events and other relevant ASBJ guidance were developed with the priority objective of establishing comprehensive accounting standards addressing the definition, accounting treatment, disclosure, and other matters relating to subsequent events. The standards were developed under the basic policy of transferring to the Accounting Standards Board of Japan, in principle without change, the accounting-related content presented in the Japanese Institute of Certified Public Accountants' Auditing and Assurance Standards Committee, Auditing Standards Statement No. 560, Practical Guidelines No. 1, "Audit Treatment of Subsequent Events." They revise certain wording, clarify the subsequent-event evaluation period, and newly require notes concerning approval for the publication of financial statements, among other provisions.

(2) Scheduled date of application

The accounting standard and other relevant ASBJ guidance will be applied from the beginning of the fiscal year ending March 31, 2028.

(Changes in presentation)

(Consolidated balance sheet)

"Mineral resources," which was included in "Other" under "Property, plant and equipment" in the previous fiscal year, is separately presented from the fiscal year under review because of its increased materiality of the amount. To reflect this change in presentation, the consolidated financial statements for the previous fiscal year have been reclassified.

Accordingly, "Other" of ¥28,017 million, "Accumulated depreciation" of ¥(20,944) million, and "Other, net" of ¥7,073 million, which had been presented under "Property, plant and equipment" in the consolidated balance sheet for the previous fiscal year, have been reclassified as "Mineral resources" of ¥6,074 million, "Accumulated depreciation" of ¥(1,436) million, "Mineral resources, net" of ¥4,637 million, "Other" of ¥21,943 million, "Accumulated depreciation" of ¥(19,508) million, and "Other, net" of ¥2,435 million.

"Accounts payable - other," which was included in "Other" under "Current liabilities" in the previous fiscal year, is separately presented from the fiscal year under review because of its increased materiality of the amount. To reflect this change in presentation, the consolidated financial statements for the previous fiscal year have been reclassified.

Accordingly, "Other" totaling ¥25,808 million presented under "Current liabilities" in the consolidated balance sheet for the previous fiscal year has been reclassified as "Accounts payable - other" of ¥18,705 million and "Other" of ¥7,102 million.

(Additional information)

(Share-based compensation plan)

JAPEX, based on the resolution of the 50th Ordinary General Meeting of Shareholders held on June 26, 2020, has introduced a "Board Benefit Trust (BBT)" (hereinafter referred to as the "Plan"), a performance-linked share-based compensation plan for JAPEX's Directors (excluding Outside Directors) and Executive Officers who do not concurrently serve as Directors (hereinafter collectively referred to as "Directors, etc."). The Plan aims to better clarify the linkage between compensation for Directors, etc., and the business performance and share value of JAPEX in order to further motivate Directors, etc., to contribute to the improvement of the business performance and corporate value of JAPEX over the medium and long term.

(1) Overview of the transaction

Under the Plan, Directors, etc. are provided with JAPEX's shares and an amount of money equivalent to the market value of JAPEX's shares (hereinafter referred to as the "Company's Shares, etc.") through the trust established based on the Plan, in accordance with the Rules on Provision of Shares to Officers established by JAPEX.

The Directors, etc., shall receive JAPEX's Shares, etc., upon their retirement from office, in principle.

(2) JAPEX's shares remaining in the trust

JAPEX's shares remaining in the trust are recorded as treasury shares under net assets at the carrying amount in the trust (except for incidental costs). The carrying amounts and the numbers of shares of the treasury shares as of March 31, 2025, and 2026 were ¥699 million and 845,000 shares, and ¥627 million and 758,000 shares, respectively.

(Transfer of gas manufacturing, sales, and gas pipeline business in Hokkaido Prefecture)

On December 3, 2025, JAPEX's Board of Directors resolved to transfer its gas manufacturing, sales, and gas pipeline business in Hokkaido Prefecture (hereinafter collectively referred to as the "Business") to Hokkaido Electric Power Co., Inc. (HEPCO), and signed a business transfer agreement on the same day.

1. Reason for the Business transfer

JAPEX has consistently provided a stable supply of natural gas from the Yufutsu Oil and Gas Field and LNG received at the LNG terminal to consumers in Hokkaido Prefecture via gas pipelines and tank trucks. As part of our efforts to strengthen profitability and build a medium- to long-term business foundation, JAPEX reviewed its business portfolio, and has decided to transfer the Business. JAPEX will continue production operation at the Yufutsu Oil and Gas Field, the base for our E&P operation in Hokkaido Prefecture, and will supply natural gas to the transferee, HEPCO.

2. Outline of the business transfer

(1) Outline of the business

The gas manufacturing and sales business involves the sale of natural gas via gas pipelines and the sale of LNG received at the LNG receiving terminal via tank trucks. The gas pipeline business provides commissioned transportation services of natural gas using the gas pipelines owned within Hokkaido Prefecture.

(2) Transfer price

¥31.0 billion

(3) Transfer schedule

The transfer is scheduled to take place in the fiscal year ending March 2027.

(Acquisition of the equity interest in Verdad Resources Intermediate Holdings LLC)

1. Outline of the acquisition

(1) Name of the acquired company and details of its business

Name of the acquired company: Verdad Resources Intermediate Holdings LLC (hereinafter referred to as "VRIH")

Details of business: Exploration, development, and production of oil and natural gas in the U.S.

(2) Main reasons for the acquisition

To further expand the E&P Business in the U.S. and pursue sustainable profitability through the acquisition of the entire equity interest of VRIH, which holds tight oil and gas assets in Colorado and Wyoming, U.S.

(3) Date of the acquisition

February 26, 2026

(4) Ratio of voting rights held after the acquisition

100%

2. Period of the acquired company's financial results included in the consolidated financial statements

In the fiscal year under review, only the balance sheet of the acquired company has been consolidated, as the acquisition date (February 26, 2026) is less than three months before the end of the fiscal year. The consolidated statement of income does not include the financial results of the acquired company.

3. Acquisition cost of the acquired company and breakdown by type of consideration

Consideration for acquisition (cash)	US$1,040 million
Acquisition cost	US$1,040 million

4. Amount of assets accepted and liabilities assumed as of the acquisition date, and their main breakdown

Current assets:	US$126 million
Non-current assets:	US$1,199 million
Total assets:	US$1,326 million
Current liabilities:	US$205 million
Non-current liabilities:	US$79 million
Total liabilities:	US$285 million

Note: All equity interests in VRIH were acquired by Peoria Resources Acquisition Company, LLC, a consolidated subsidiary of JAPEX, and the accounting treatment for this acquisition is accounted for as an asset acquisition in accordance with the provisions of "Business Combinations" (ASC 805) under U.S. GAAP.

(Impacts of tensions in the Middle East)

Escalating tensions in the Middle East may affect the Company's financial position, operating results, and cash flows, with rising crude oil prices and a weaker yen potentially contributing to higher sales and profits, while cost increases due to unplanned spot LNG procurement and the suspension of production operations at the Garraf Oil Field in Iraq may negatively affect profits.

In addition, the supply of chemicals and other materials used in the production operations of domestic oil and gas fields is becoming tight. If this situation persists, it could further increase operating costs.

(Consolidated balance sheet)

*1 Notes and accounts receivable - trade includes accounts receivable from construction contracts.

*2 Notes and accounts receivable - trade include the following receivables arising from contracts with customers.

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Notes receivable - trade	131	3
Accounts receivable - trade	43,120	38,963

The above accounts receivable - trade includes accounts receivable from construction contracts.

*3. The amount deducted from the acquisition costs of property, plant and equipment due to government subsidies received, etc., is as follows:

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Buildings and structures	42	42
Machinery, equipment and vehicles	4,874	5,269
Other	198	198

*4 Investments in unconsolidated subsidiaries and associates are as follows:

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Investment securities (equity securities)	79,172	80,049
[of which, investment in jointly controlled entities]	[–]	[1,528]
Investment securities (investments in capital)	9,920	11,885
Investment securities (corporate bonds)	4,344	4,808

*5 Pledged assets and secured liabilities

(1) Assets pledged as collateral and secured liabilities of the consolidated companies

Assets pledged as collateral are as follows:

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Cash and deposits	–	5,269
Notes and accounts receivable - trade	–	10,636
Mineral resources	–	173,370
Construction in progress	–	13,540
Other	–	4,662
Total	–	207,480

The secured liabilities consist of long-term borrowings from financial institutions by Peoria Resources Acquisition Company, LLC (hereinafter referred to as “Peoria”), a consolidated subsidiary of JAPEX, to fund the acquisition of equity interests in Verdad Resources Intermediate Holdings LLC. As these borrowings were executed after the closing date of Peoria, the borrower, such liabilities are not recognized in the consolidated balance sheet for the fiscal year ended March 31, 2026.

(2) Assets pledged as collateral for borrowings of subsidiaries and associates

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Investment securities	4,599	5,185

In addition to the assets pledged as collateral above, investment securities valued at ¥210 million and ¥955 million, which have been reduced due to application of the equity method on the consolidated balance sheet, were pledged as collateral as of March 31, 2026, and 2025, respectively.

6. Liabilities for guarantees

JAPEX provides guarantees for borrowings and other obligations from financial institutions to the following subsidiaries and associates.

(Millions of yen)

As of March 31, 2025		As of March 31, 2026	
Ozu Biomass Power Co., Ltd.	6,853	Ozu Biomass Power Co., Ltd.	5,368
Abashiri Biomass Power 2 LLC.	1,708	Sakhalin Oil and Gas Development Co., Ltd.	3,668
Abashiri Biomass Power 3 LLC.	1,626	Abashiri Biomass Power 2 LLC.	1,576
Kumamoto Mirai LNG Co., Ltd.	12	Abashiri Biomass Power 3 LLC.	1,491
Employees (borrowings for housing funds)	8	Kumamoto Mirai LNG Co., Ltd.	5
Total	10,208	Total	12,111

7. JAPEX and certain consolidated subsidiaries (JAPEX SKS Corporation, SK ENGINEERING CO., LTD., JGI, Inc., and Japex (U.S.) Corp.) have entered into overdraft agreements and loan commitment agreements with three banks (five banks in the previous fiscal year) to facilitate efficient procurement of working capital. The unused balances of these agreements as of March 31, 2025 and 2026 are as follows:

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Total overdraft limit and commitment line	93,618	89,564
Executed borrowings	–	–
Unused balance	93,618	89,564

(Consolidated statement of income)

*1 Revenue from contracts with customers

Revenue from contracts with customers is not disclosed separately from other sources of revenue in net sales. Revenue from contracts with customers in net sales is as presented in "Notes to consolidated financial statements, (Revenue recognition), 1. Information on disaggregation of revenue from contracts with customers."

*2 Inventories at the end of the period are stated after write-downs due to a decline in profitability, and the cost of sales includes the following valuation loss of inventories.

(Millions of yen)

Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
3,228	1,277

*3 Provision for loss on construction contracts included in cost of sales

(Millions of yen)

Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
12	223

*4 The breakdown of major expense items and the amount of selling, general and administrative expenses is as follows:

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Personnel expenses	12,793	14,490
[of which, retirement benefit expenses]	[430]	[485]
Subcontracting construction expenses	3,809	3,053

*5 Total amount of research and development expenses included in general and administrative expenses

(Millions of yen)

Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
388	349

*6 The components of loss on retirement of non-current assets are as follows:

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Machinery, equipment and vehicles	6	19
Construction in progress	306	–
Other	7	9
Total	321	29

*7 Impairment losses

For the fiscal year ended March 31, 2026, the JAPEX Group recognized impairment losses on the following asset groups.

(Millions of yen)

Applications	Location	Impairment losses	
		Type	Amount
A portion of business assets related to Norwegian territorial waters	Blocks in the territorial waters of Norway	Buildings and structures	904
		Wells	1,281
	Total		2,185

For business assets, the JAPEX Group generally treats production fields and similar facilities as the smallest units capable of generating independent cash flows, with idle assets grouped on an individual property basis.

For a portion of the business assets related to Norwegian territorial waters, following a review of reserves, as well as development and operating costs, the JAPEX Group calculated future cash flows and, as a result, reduced the carrying amount of the assets to their recoverable amount. The resulting decrease was recorded as an impairment loss under extraordinary losses.

The recoverable amount is measured based on value in use, with future cash flows discounted at a rate of 6%.

(Consolidated statement of comprehensive income)

* Reclassification adjustments and income taxes, and tax effects relating to other comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Valuation difference on available-for-sale securities		
Gains (losses) arising during the year	(17,365)	81,229
Reclassification adjustments	(48,613)	(19)
Before income taxes and tax effects	(65,979)	81,210
Income tax and tax effects	17,923	(23,497)
Valuation difference on available-for-sale securities	(48,056)	57,712
Deferred gains or losses on hedges		
Gains (losses) arising during the year	3,280	9,030
Reclassification adjustments	(502)	(936)
Adjustment for asset acquisition cost	(669)	73
Before income taxes and tax effects	2,108	8,167
Income tax and tax effects	(220)	(2,003)
Deferred gains or losses on hedges	1,887	6,163
Foreign currency translation adjustment		
Gains (losses) arising during the year	16,326	(8,107)
Reclassification adjustments	–	(4,362)
Before income taxes and tax effects	16,326	(12,470)
Income tax and tax effects	(2,113)	2,113
Foreign currency translation adjustment	14,213	(10,357)
Remeasurements of defined benefit plans, net of tax		
Gains (losses) arising during the year	946	1,159
Reclassification adjustments	(388)	(371)
Before income taxes and tax effects	558	788
Income tax and tax effects	(133)	(151)
Remeasurements of defined benefit plans, net of tax	424	636
Share of other comprehensive income of entities accounted for using equity method		
Gains (losses) arising during the year	902	2,288
Reclassification adjustments	(127)	2,929
Adjustment for asset acquisition cost	(153)	(241)
Share of other comprehensive income of entities accounted for using equity method	621	4,975
Total other comprehensive income	(30,908)	59,130

(Consolidated statement of changes in equity)

Fiscal year ended March 31, 2025 (April 1, 2024 – March 31, 2025)

1. Class and total number of issued shares and class and number of treasury shares

	Number of shares at the beginning of the fiscal year (Shares)	Increase (Shares)	Decrease (Shares)	Number of shares at the end of the fiscal year (Shares)
Issued shares				
Common stock	54,300,076	205,600,304	2,900,000	257,000,380
Total	54,300,076	205,600,304	2,900,000	257,000,380
Treasury shares				
Common stock	1,438,286	2,823,744	3,174,050	1,087,980
Total	1,438,286	2,823,744	3,174,050	1,087,980

Notes: 1. JAPEX conducted a 5-for-1 stock split of shares of common stock on October 1, 2024.
2. The increase of 205,600,304 shares in total issued shares of common stock comprises an increase due to the stock split.
3. The decrease of 2,900,000 shares in total issued shares of common stock comprises a decrease due to the cancellation of treasury shares (before the stock split) by the resolution of the Board of Directors.
4. The increase of 2,823,744 shares in treasury shares of common stock comprises an increase of 1,627,000 shares (before the stock split) due to the acquisition of treasury shares by resolution of the Board of Directors, an increase of 647,944 shares due to the stock split, and an increase of 548,800 shares (after the stock split) due to the purchase of JAPEX's shares through the Board Benefit Trust (BBT).
5. The decrease of 3,174,050 shares in treasury shares of common stock comprises a decrease of 2,900,000 shares (before the stock split) due to the cancellation of treasury shares by resolution of the Board of Directors, a decrease of 3,300 shares (before the stock split) due to the provision of shares through the Board Benefit Trust (BBT), and a decrease of 270,750 shares (after the stock split) due to the disposal of treasury shares to the Employee Stock Ownership Association.
6. The number of treasury shares of common stock includes shares held by the Board Benefit Trust (BBT) (62,600 shares at the beginning of the fiscal year ended March 31, 2025, and 845,300 shares at the end of the fiscal year ended March 31, 2025).

2. Dividends

(1) Cash dividends paid

Resolution	Class of shares	Total dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 26, 2024	Common stock	9,261	175	March 31, 2024	June 27, 2024
Meeting of the Board of Directors held on November 13, 2024	Common stock	6,412	125	September 30, 2024	December 12, 2024

Notes: 1. JAPEX conducted a 5-for-1 stock split of shares of common stock on October 1, 2024. The amounts shown for the dividends per share are the amounts before the stock split.
2. The total amount of the dividend at the Ordinary General Meeting of Shareholders held on June 26, 2024, includes a dividend of ¥10 million for shares held by the Board Benefit Trust (BBT).
3. The total amount of the dividend at the meeting of the Board of Directors held on November 13, 2024, includes a dividend of ¥7 million for shares held by the Board Benefit Trust (BBT).

(2) Dividend payments whose record date is in the fiscal year under review but whose effective date is in the following fiscal year

Resolution	Class of shares	Total dividends (Millions of yen)	Source of dividends	Dividends per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 25, 2025	Common stock	7,702	Retained earnings	30	March 31, 2025	June 26, 2025

Note: The total amount of the dividend at the Ordinary General Meeting of Shareholders held on June 25, 2025, includes a dividend of ¥25 million for shares held by the Board Benefit Trust (BBT).

Fiscal year ended March 31, 2026 (April 1, 2025 – March 31, 2026)

1. Class and total number of issued shares and class and number of treasury shares

	Number of shares at the beginning of the fiscal year (Shares)	Increase (Shares)	Decrease (Shares)	Number of shares at the end of the fiscal year (Shares)
Issued shares				
Common stock	257,000,380	–	–	257,000,380
Total	257,000,380	–	–	257,000,380
Treasury shares				
Common stock	1,087,980	98	87,100	1,000,978
Total	1,087,980	98	87,100	1,000,978

Notes: 1. The increase of 98 shares in treasury shares of common stock comprises an increase due to the purchase of shares less than one unit.
2. The decrease of 87,100 shares in treasury shares of common stock comprises a decrease due to the provision of shares through the Board Benefit Trust (BBT).
3. The number of treasury shares of common stock includes shares held by the Board Benefit Trust (BBT) (845,300 shares at the beginning of the fiscal year ended March 31, 2026, and 758,200 shares at the end of the fiscal year ended March 31, 2026).

2. Dividends

(1) Cash dividends paid

Resolution	Class of shares	Total dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 25, 2025	Common stock	7,702	30	March 31, 2025	June 26, 2025
Meeting of the Board of Directors held on November 12, 2025	Common stock	5,135	20	September 30, 2025	December 12, 2025

Notes: 1. The total amount of the dividend at the Ordinary General Meeting of Shareholders held on June 25, 2025, includes a dividend of ¥25 million for shares held by the Board Benefit Trust (BBT).
2. The total amount of the dividend at the meeting of the Board of Directors held on November 12, 2025, includes a dividend of ¥15 million for shares held by the Board Benefit Trust (BBT).

(2) Dividend payments whose record date is in the fiscal year under review but whose effective date is in the following fiscal year

Resolution	Class of shares	Total dividends (Millions of yen)	Source of dividends	Dividends per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders to be held on June 23, 2026	Common stock	11,554	Retained earnings	45	March 31, 2026	June 24, 2026

Notes: 1. The dividend payment shown above has been submitted as an agenda item to the Ordinary General Meeting of Shareholders to be held on June 23, 2026.
2. The total amount of the dividend to be resolved at the Ordinary General Meeting of Shareholders to be held on June 23, 2026, includes a dividend of ¥34 million for shares held by the Board Benefit Trust (BBT).

(Consolidated statement of cash flows)

*1 Reconciliation of cash and cash equivalents at end of period and the amount recorded in the consolidated balance sheet

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Cash and deposits	118,358	54,259
Time deposits with maturity over three months	(11,424)	(7,304)
Short-term investments, etc. having maturities within three months from the acquisition date		
(Securities) Money management fund and others	4,000	3,000
(Securities) Negotiable certificates of deposits	20,000	–
(Other) Repurchase agreement	9,996	–
Cash and cash equivalents	140,931	49,954

*2 Main components of assets and liabilities of a company that became a consolidated subsidiary due to the acquisition of equity interests during the fiscal year ended March 31, 2026

The components of assets and liabilities at the time Verdad Resources Intermediate Holdings LLC (hereinafter referred to as “VRIH”) became a consolidated subsidiary due to the acquisition of equity interests, and the reconciliation between the acquisition cost of VRIH equity interests and payments for the acquisition of VRIH, net, are as follows:

	(Millions of yen)
Current assets	19,749
Non-current assets	187,858
Current liabilities	(32,132)
Non-current liabilities	(12,499)
Acquisition cost of VRIH equity interests	162,976
Cash and cash equivalents of VRIH	(5,269)
Payments for acquisition of VRIH, net	157,706

*3 Main components of assets and liabilities of companies that ceased to be consolidated subsidiaries due to the sale of shares during the fiscal year ended March 31, 2026

The components of assets and liabilities at the time JAPEX UK E&P LIMITED (hereinafter referred to as “JUK”) ceased to be a consolidated subsidiary due to the sale of shares, and the reconciliation between the sale price of JUK shares and proceeds from the sale, are as follows:

	(Millions of yen)
Current assets	4,747
Non-current assets	25,258
Current liabilities	(1,701)
Non-current liabilities	(4,641)
Foreign currency translation adjustment	(2,517)
Other	678
Gain on sale of shares	862
Sale price of JUK shares	22,686
Advances received	(3,036)
Other	(181)
Cash and cash equivalents of JUK	(2,315)
Proceeds from sale, net	17,153

The components of assets and liabilities at the time Japex Energy Co., Ltd. (hereinafter referred to as “JPE”) ceased to be a consolidated subsidiary due to the sale of shares, and the reconciliation between the sale price of JPE shares and payments for the sale, are as follows:

	(Millions of yen)
Current assets	7,151
Non-current assets	147
Current liabilities	(6,285)
Non-current liabilities	(360)
Non-controlling interests	(97)
Other	13
Loss on sale of shares	(467)
Sale price of JPE shares	101
Other	(13)
Cash and cash equivalents of JPE	(324)
Payments for sale, net	(236)

(Leases)

Operating lease transactions

(As lessee)

Future lease payments

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Due within one year	895	507
Due after one year	31	335
Total	926	843

(Financial instruments)

1. Information about financial instruments

(1) Policy for measures relating to financial instruments

JAPEX Group's policy is to manage operating funds while ensuring funding liquidity and controlling risks. The JAPEX Group raises necessary funds mainly through funds on hand and bank loans. The JAPEX Group does not enter into derivative transactions for trading or speculative purposes but uses them to hedge the following risks.

(2) Description of financial instruments and related risk and risk management

Operating receivables such as notes and accounts receivable - trade are exposed to customers' credit risk. The JAPEX Group works to prevent bad debts by monitoring credit conditions, etc., of transaction partners on a timely basis in accordance with internal credit management rules.

Securities and investment securities mainly consist of equity securities of partner companies, and for those exposed to market fluctuation risk, fair value evaluation is reported to the directors on a regular basis in accordance with the internal regulations. Investment securities mainly consist of equity securities of INPEX CORPORATION recorded at ¥125,011 million and ¥54,983 million as of March 31, 2026, and 2025, representing 45.6% and 30.5% of total investment securities, respectively.

Loans receivable are mainly loans to its subsidiaries for their operating capital and are exposed to credit risk. The JAPEX Group manages the credit risk appropriately by monitoring the collection status of the loans receivable.

Notes and accounts payable - trade and accounts payable - other are due within one year. Accounts payable - trade and others relating to LNG purchase are exposed to foreign currency fluctuation risk, which is hedged primarily through foreign exchange forward contracts.

When foreign currency is procured for overseas business investment and other purposes, it is exposed to foreign currency fluctuation risk, which is hedged primarily through foreign exchange forward contracts.

Derivative transactions include the aforementioned foreign exchange forward contracts as well as commodity swap transactions and other transactions to reduce crude oil and natural gas price fluctuation risk. Implementation and management of derivative transactions are based on internal regulations that prescribe authorization and transaction limits, and the department responsible for transactions executes transactions after obtaining approval from the person responsible for authorization. The JAPEX Group enters into transactions only with creditworthy financial institutions, etc., to mitigate counterparty risk. Details of hedge accounting, such as hedging instruments and hedged items, hedging policy, and the method for assessing hedge effectiveness, are described above in "Significant hedge accounting" of "Accounting policies."

Liquidity risk associated with financing is managed mainly by preparing monthly financial plans.

(3) Supplementary information on the fair value of financial instruments

As the calculation of fair values of financial instruments includes variable factors, those values may vary if different assumptions are applied.

Also, for the contract amount and other figures related to derivative transactions described in the "Notes to consolidated financial statements, (Derivative transactions)," the contract amount itself does not indicate market risk related to derivative transactions.

2. Fair value of financial instruments

Consolidated balance sheet amount, fair value, and the difference are as follows. “Cash and deposits,” “Notes and accounts receivable - trade,” “Securities,” “Notes and accounts payable - trade,” “Accounts payable - other,” and “Income taxes payable” are omitted as they are cash, and settled within a short period of term and their fair values approximate their carrying amounts.

As of March 31, 2025

(Millions of yen)

	Consolidated balance sheet amount	Fair value	Difference
(1) Investment securities (*1, *2)	62,998	63,282	283
(2) Long-term loans receivable	1,136	1,136	–
Total assets	64,135	64,419	283
Derivative transactions (*3)	46	46	–

(*1) Investments in partnerships and other similar entities for which equity interests are reported on a net basis on the consolidated balance sheet are not included in “(1) Investment securities.” The consolidated balance sheet amount of these investments is ¥33,889 million.

(*2) Shares without market value are not included in “(1) Investment securities.” The consolidated balance sheet amount of such financial instruments is as follows:

Category	As of March 31, 2025 (Millions of yen)
Unlisted equity securities	83,392

(*3) Receivables and payables arising from derivative transactions are presented on a net basis.

As of March 31, 2026

(Millions of yen)

	Consolidated balance sheet amount	Fair value	Difference
(1) Investment securities (*1, *2)	145,173	144,588	(585)
(2) Long-term loans receivable	8,174	8,174	–
Total assets	153,348	152,762	(585)
Derivative transactions (*3)	5,918	5,918	–

(*1) Investments in partnerships and other similar entities for which equity interests are reported on a net basis on the consolidated balance sheet are not included in “(1) Investment securities.” The consolidated balance sheet amount of these investments is ¥44,973 million.

(*2) Shares without market value are not included in “(1) Investment securities.” The consolidated balance sheet amount of such financial instruments is as follows:

Category	As of March 31, 2026 (Millions of yen)
Unlisted equity securities	83,877

(*3) Receivables and payables arising from derivative transactions are presented on a net basis.

Note 1: Redemption schedule of monetary receivables and securities with maturities after the consolidated closing date

As of March 31, 2025

(Millions of yen)

	Due within one year	Due after one year through five years	Due after five years through ten years	Due after ten years
Cash and deposits	118,356	–	–	–
Notes and accounts receivable - trade	43,441	–	–	–
Securities and investment securities				
Held-to-maturity debt securities				
Corporate bonds	–	–	–	4,967
Available-for-sale securities with maturities				
(1) Debt securities (corporate bonds)	–	–	–	119
(2) Other	21,000	–	–	–
Long-term loans receivable	–	443	534	158
Total	182,798	443	534	5,246

As of March 31, 2026

(Millions of yen)

	Due within one year	Due after one year through five years	Due after five years through ten years	Due after ten years
Cash and deposits	54,257	–	–	–
Notes and accounts receivable - trade	39,324	–	–	–
Securities and investment securities				
Held-to-maturity debt securities				
Corporate bonds	–	–	–	4,808
Available-for-sale securities with maturities				
(1) Debt securities (corporate bonds)	–	–	–	113
(2) Other	–	–	–	–
Long-term loans receivable	–	446	7,674	52
Total	93,582	446	7,674	4,975

3. Breakdown of financial instruments by level within the fair value hierarchy

Fair values of financial instruments are categorized into the following three levels according to the observability and materiality of inputs used in the measurement of fair values.

Level 1: Fair value measured using observable inputs, i.e., quoted prices in active markets for assets or liabilities being measured.

Level 2: Fair value measured using observable inputs other than Level 1 inputs.

Level 3: Fair value measured using unobservable inputs.

If multiple inputs are used that are significant to the fair value measurement, the fair value measurement is categorized in its entirety in the level of the lowest level input that is significant to the entire measurement.

(1) Financial instruments recorded at fair value in the consolidated balance sheet

As of March 31, 2025

(Millions of yen)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities				
Equity securities	58,526	–	–	58,526
Debt securities (corporate bonds)	–	119	–	119
Derivative transactions				
Currency-related transactions	–	–	–	–
Commodity-related transactions	–	193	–	193
Total assets	58,526	313	–	58,840
Derivative transactions				
Currency-related transactions	–	76	–	76
Commodity-related transactions	–	70	–	70
Total liabilities	–	146	–	146

As of March 31, 2026

(Millions of yen)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities				
Equity securities	140,244	–	–	140,244
Debt securities (corporate bonds)	–	113	–	113
Derivative transactions				
Currency-related transactions	–	58	–	58
Commodity-related transactions	–	11,394	–	11,394
Total assets	140,244	11,566	–	151,811
Derivative transactions				
Currency-related transactions	–	–	–	–
Commodity-related transactions	–	5,533	–	5,533
Total liabilities	–	5,533	–	5,533

(2) Financial instruments other than those recorded at fair value in the consolidated balance sheet

As of March 31, 2025

(Millions of yen)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Held-to-maturity debt securities				
Corporate bonds	–	–	4,618	4,618
Available-for-sale securities				
Equity securities	–	16	–	16
Long-term loans receivable	–	1,136	–	1,136
Total assets	–	1,153	4,618	5,772

As of March 31, 2026

(Millions of yen)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Held-to-maturity debt securities				
Corporate bonds	–	–	4,211	4,211
Available-for-sale securities				
Equity securities	–	18	–	18
Long-term loans receivable	–	8,174	–	8,174
Total assets	–	8,192	4,211	12,404

Note: Explanation of valuation techniques and inputs used in the fair value measurement

Investment securities

Listed shares are valued using quoted prices. As listed shares are traded in active markets, their fair value is classified as Level 1.

The fair value of shares other than listed shares is classified as Level 2 because they are traded infrequently in the public market and not considered to have quoted prices in active markets.

The fair value of debt securities (corporate bonds) is measured based on quotes, etc., provided by financial institutions, and is classified as Level 2.

The fair value of held-to-maturity debt securities is measured using the discounted cash flow method based on future cash flows from debt securities and appropriate benchmarks such as the market rate of return. As unobservable inputs have a significant effect on the fair value measurement, it is classified as Level 3.

Long-term loans receivable

The fair value of long-term loans receivable is measured using the discounted cash flow method based on future cash flows and appropriate benchmarks such as the market rate of return, and is classified as Level 2.

Derivative transactions

The fair value of derivative transactions is measured based on quotes, etc., provided by financial institutions, and is classified as Level 2.

Securities

1. Held-to-maturity debt securities

As of March 31, 2025

(Millions of yen)

	Consolidated balance sheet amount	Fair value	Unrealized gain (loss))
Securities whose fair value exceeds their consolidated balance sheet amount	4,344	4,618	273
Securities whose fair value does not exceed their consolidated balance sheet amount	–	–	–
Total	4,344	4,618	273

As of March 31, 2026

(Millions of yen)

	Consolidated balance sheet amount	Fair value	Unrealized gain (loss)
Securities whose fair value exceeds their consolidated balance sheet amount	–	–	–
Securities whose fair value does not exceed their consolidated balance sheet amount	4,808	4,211	(597)
Total	4,808	4,211	(597)

2. Available-for-sale securities

As of March 31, 2025

(Millions of yen)

	Type	Consolidated balance sheet amount	Acquisition cost	Unrealized gain (loss)
Securities whose consolidated balance sheet amount exceeds their acquisition cost	(1) Equity securities	58,526	7,123	51,402
	(2) Debt securities			
	1) Corporate bonds	119	114	5
	2) Other debt securities	–	–	–
	(3) Other	–	–	–
	Subtotal	58,646	7,238	51,408
Securities whose consolidated balance sheet amount does not exceed their acquisition cost	(1) Equity securities	6	6	–
	(2) Debt securities			
	1) Corporate bonds	–	–	–
	2) Other debt securities	–	–	–
	(3) Other	24,000	24,000	–
	Subtotal	24,006	24,006	–
Total		82,653	31,245	51,408

As of March 31, 2026

(Millions of yen)

	Type	Consolidated balance sheet amount	Acquisition cost	Unrealized gain (loss)
Securities whose consolidated balance sheet amount exceeds their acquisition cost	(1) Equity securities	140,244	7,621	132,623
	(2) Debt securities			
	1) Corporate bonds	20	20	0
	2) Other debt securities	–	–	–
	(3) Other	–	–	–
	Subtotal	140,264	7,641	132,623
Securities whose consolidated balance sheet amount does not exceed their acquisition cost	(1) Equity securities	6	6	–
	(2) Debt securities			
	1) Corporate bonds	93	100	(6)
	2) Other debt securities	–	–	–
	(3) Other	3,000	3,000	–
	Subtotal	3,100	3,106	(6)
Total		143,365	10,747	132,617

3. Available-for-sale securities sold

Fiscal year ended March 31, 2025 (April 1, 2024 – March 31, 2025)

(Millions of yen)

Type	Sales amount	Total gain on sale	Total loss on sale
(1) Equity securities	51,066	45,698	–
(2) Debt securities			
1) Corporate bonds	–	–	–
2) Other debt securities	–	–	–
(3) Other	–	–	–
Total	51,066	45,698	–

Fiscal year ended March 31, 2026 (April 1, 2025 – March 31, 2026)

(Millions of yen)

Type	Sales amount	Total gain on sale	Total loss on sale
(1) Equity securities	17	13	–
(2) Debt securities			
1) Corporate bonds	–	–	–
2) Other debt securities	–	–	–
(3) Other	–	–	–
Total	17	13	–

4. Securities for which impairment losses were recognized

No impairment losses were recognized on securities in the fiscal year ended March 31, 2025.

During the fiscal year ended March 31, 2026, impairment losses of ¥370 million were recognized on securities (¥8 million for shares classified as available-for-sale securities and ¥362 million for shares of associates).

In recognizing impairment losses, all securities whose fair value at the fiscal year-end has fallen by 50% or more from their acquisition cost are impaired. For securities whose fair value has fallen by approximately 30% to 50%, impairment losses are recognized for the amount considered necessary after taking recoverability and other factors into account.

(Derivative transactions)

1. Derivative transactions for which hedge accounting is not applied

(1) Commodity-related transactions

As of March 31, 2025

Not applicable.

As of March 31, 2026

(Millions of yen)

Category	Type of transaction	Contract amount, etc.	Contract amount, etc. due after one year.	Fair value	Valuation gain (loss)
Market transactions	LNG swap contracts	4,428	–	(5,177)	(5,177)
	Electricity futures transactions	1,000	–	(142)	(142)
Transactions other than market transactions	LNG transactions	13,084	9,032	10,143	10,143
Total		18,512	9,032	4,823	4,823

2. Derivative transactions for which hedge accounting is applied

(1) Currency-related transactions

As of March 31, 2025

(Millions of yen)

Hedge accounting method	Type of transaction	Major hedged items	Contract amount, etc.	Contract amount, etc. due after one year	Fair value
General treatment	Foreign exchange forward contracts				
	Buying				
	US dollar	Accounts payable - trade	6,604	–	(75)
	US dollar	Accounts payable - other	51	–	(0)
Total			6,656	–	(76)

As of March 31, 2026

(Millions of yen)

Hedge accounting method	Type of transaction	Major hedged items	Contract amount, etc.	Contract amount, etc. due after one year	Fair value
General treatment	Foreign exchange forward contracts				
	Buying				
	US dollar	Accounts payable - trade	2,967	–	58
	US dollar	Accounts payable - other	21	–	0
Total			2,989	–	58

(2) Commodity-related transactions

As of March 31, 2025

(Millions of yen)

Hedge accounting method	Type of transaction	Major hedged items	Contract amount, etc.	Contract amount, etc. due after one year	Fair value
General treatment	Crude oil swap contracts Receive fixed rates and pay floating rates	Proceeds from sale of crude oil	17,914	2,050	122
Total			17,914	2,050	122

As of March 31, 2026

(Millions of yen)

Hedge accounting method	Type of transaction	Major hedged items	Contract amount, etc.	Contract amount, etc. due after one year	Fair value
General treatment	Crude oil swap contracts Receive fixed rates and pay floating rates	Proceeds from sale of crude oil	11,571	1,298	1,064
	LNG swap contracts Receive floating rates and pay fixed rates	Payment for purchase of LNG	7,853	–	(26)
Total			19,424	1,298	1,037

(Retirement benefits)

1. Overview of retirement benefit plans adopted

JAPEX and its domestic consolidated subsidiaries have defined benefit plans, i.e., defined benefit corporate pension plans and lump-sum retirement payment plans.

Certain domestic consolidated subsidiaries participate in the Smaller Enterprise Retirement Allowance Mutual Aid System and calculate retirement benefit liabilities and retirement benefit expenses using the simplified method.

2. Defined benefit plans

(1) Reconciliation between retirement benefit obligations at the beginning of the period and the end of the period (excluding plans applying the simplified method shown in (3))

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Retirement benefit obligations at beginning of period	14,086	12,166
Service costs	801	711
Interest costs	122	226
Actuarial gains and losses	(1,368)	45
Retirement benefits paid	(1,475)	(1,440)
Retirement benefit obligations at end of period	12,166	11,710

(2) Reconciliation between plan assets at the beginning of the period and the end of the period (excluding plans applying the simplified method shown in (3))

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Plan assets at beginning of period	15,229	14,277
Expected return on plan assets	152	142
Actuarial gains and losses	(421)	1,205
Contributions from employer	425	419
Retirement benefits paid	(1,108)	(1,083)
Plan assets at end of period	14,277	14,963

(3) Reconciliation between retirement benefit liabilities of plans applying the simplified method at the beginning of the period and the end of the period

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Retirement benefit liability at beginning of period	1,195	1,313
Retirement benefit expenses	310	310
Retirement benefits paid	(118)	(107)
Contributions to plans	(74)	(75)
Decrease due to change in scope of consolidation	–	(73)
Retirement benefit liability at end of period	1,313	1,368

(4) Reconciliation between retirement benefit obligations and plan assets at the end of the period and retirement benefit liability and retirement benefit asset on the consolidated balance sheets

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Funded retirement benefit obligations	10,191	9,763
Plan assets	(14,277)	(14,963)
	(4,086)	(5,199)
Unfunded retirement benefit obligations	3,288	3,315
Net retirement benefit liability (asset) on consolidated balance sheet	(798)	(1,884)
Retirement benefit liability	3,288	3,315
Retirement benefit asset	(4,086)	(5,199)
Net retirement benefit liability (asset) on consolidated balance sheet	(798)	(1,884)

(5) Breakdown of retirement benefit expenses

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Service costs	801	711
Interest costs	122	226
Expected return on plan assets	(152)	(142)
Amortization of actuarial gains and losses	(388)	(371)
Retirement benefit expenses calculated by simplified method	310	310
Retirement benefit expenses on defined benefit plans	693	735

(6) Remeasurements of defined retirement benefit, net of tax

The breakdown of items (before income taxes and tax effects) recorded in remeasurements of defined retirement benefit, net of tax, is as follows:

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Actuarial gains and losses	558	788
Total	558	788

(7) Remeasurements of defined retirement benefit

The breakdown of items (before income taxes and tax effects) recorded in remeasurements of defined retirement benefit is as follows:

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Unrecognized actuarial gains and losses	2,941	3,729
Total	2,941	3,729

(8) Plan assets

1) Breakdown of plan assets

The percentage of various assets to total plan assets by main category is as follows:

	As of March 31, 2025	As of March 31, 2026
Debt securities	52%	52%
Equity securities	39%	39%
Cash and deposits	3%	4%
Other	6%	6%
Total	100%	100%

2) Determination of the long-term expected rate of return

In order to determine the long-term expected rate of return on plan assets, the JAPEX Group considers the current and expected allocation of plan assets and the current and expected long-term rate of return from various assets constituting plan assets.

(9) Actuarial assumptions

Main actuarial assumptions (weighted averages)

	As of March 31, 2025	As of March 31, 2026
Discount rate	2.0%	2.0%
Long-term expected rate of return	1.0%	1.0%

(Tax effect accounting)

1. Significant components of deferred tax assets and liabilities

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Deferred tax assets		
Net tax loss carried forward (Note 2)	26,689	11,905
Retirement benefit liability	1,177	1,025
Depreciation on non-current assets	3,794	3,610
Assets retirement obligations	10,812	12,548
Impairment losses on non-current assets	2,258	2,254
Investment securities	1,300	1,483
Foreign tax credit carried forward	4,486	5,745
Other	7,137	5,599
Subtotal deferred tax assets	57,656	44,172
Valuation allowance for net tax loss carried forward (Note 2)	(9,022)	(1,473)
Valuation allowance for total of deductible temporary differences	(19,462)	(18,825)
Subtotal valuation allowance (Note 1)	(28,485)	(20,298)
Total deferred tax assets	29,171	23,873
Deferred tax liabilities		
Reserve for mine prospecting	(9,366)	(9,454)
Valuation difference on available-for-sale securities	(14,789)	(38,289)
Reserve for tax purpose reduction entry of non-current assets	(177)	(167)
Undistributed earnings	(1,399)	(1,037)
Foreign currency translation adjustment	(2,113)	–
Retirement benefit asset	(927)	(1,164)
Depreciation of foreign subsidiaries, etc.	(25,700)	(13,588)
Deferred gains or losses on hedges	(4,405)	(7,396)
Investment securities	(320)	(8,026)
Other	(2,163)	(4,203)
Total deferred tax liabilities	(61,362)	(83,327)
Net deferred tax liabilities	(32,190)	(59,453)

(Changes in presentation)

"Investment securities," which was included in "Other" under deferred tax liabilities in the previous fiscal year, is separately presented from the fiscal year under review because of its increased materiality of the amount. To reflect this change in presentation, the note for the previous fiscal year has been reclassified.

Accordingly, "Other" of ¥(2,483) million presented under deferred tax liabilities in the previous fiscal year has been reclassified as "Investment securities" of ¥(320) million and "Other" of ¥(2,163) million.

Notes: 1. The change in valuation allowance is mainly due to a decrease in net tax loss carried forward at the JAPEX Group level.

2. Net tax loss carried forward and breakdown of deferred tax assets thereof by expiration dates

As of March 31, 2025

(Millions of yen)

	Expire in one year or less	Expire after one year through five years	Expire after five years through ten years	Expire after ten years/No expiration date	Total
Net tax loss carried forward (a)	–	106	15,861	10,721	26,689
Valuation allowance	–	–	(8,951)	(71)	(9,022)
Deferred tax assets	–	106	6,909	10,649	(b) 17,666

(a) Net tax loss carried forward is calculated by multiplying the effective statutory tax rate.

(b) Deferred tax assets of ¥17,666 million are recognized for net tax loss carried forward of ¥26,689 million (calculated by multiplying the effective statutory tax rate). Valuation allowance has not been recognized for the part of net tax loss carried forward that is expected to be recoverable from the estimated taxable income in the future.

As of March 31, 2026

(Millions of yen)

	Expire in one year or less	Expire after one year through five years	Expire after five years through ten years	Expire after ten years/No expiration date	Total
Net tax loss carried forward (c)	18	6	6,239	5,641	11,905
Valuation allowance	–	–	(1,403)	(70)	(1,473)
Deferred tax assets	18	6	4,835	5,571	(d) 10,431

(c) Net tax loss carried forward is calculated by multiplying the effective statutory tax rate.

(d) Deferred tax assets of ¥10,431 million are recognized for net tax loss carried forward of ¥11,905 million (calculated by multiplying the effective statutory tax rate). Valuation allowance has not been recognized for the part of net tax loss carried forward that is expected to be recoverable from the estimated taxable income in the future.

2. Reconciliation of the effective tax rates reflected in the consolidated statement of income and the effective statutory tax rates

(%)

	As of March 31, 2025	As of March 31, 2026
Effective statutory tax rate	28.0	28.0
(Adjustments)		
Income not taxable permanently for income tax purposes (e.g., dividend income)	(0.2)	(2.9)
Expenses not deductible permanently for income tax purposes (e.g., entertainment expenses)	0.2	0.8
Consolidation adjustment items related to the application of the equity method	0.3	(0.6)
Change in valuation allowance	(7.5)	(12.8)
Tax rate differences with consolidated subsidiaries	1.4	(2.8)
Taxation differences with foreign subsidiaries	1.7	(0.9)
Consolidation adjustment items	0.2	1.1
Tax credit	(0.4)	(0.6)
Other	(0.0)	3.1
Actual effective tax rate after applying tax effect accounting	23.7	12.4

(Business combinations)

Business divestitures

(Transfer of shares in JAPEX UK E&P LIMITED)

1. Overview of business divestiture

(1) Name of recipient company

Ithaca Energy (UK) Limited

(2) Content of divested business

Exploration, development, and production of petroleum resources in the UK North Sea, advanced by JAPEX UK E&P LIMITED (hereinafter referred to as "JUK"), in which JAPEX holds 100% of the shares

(3) Main reason for the business divestiture

The Seagull field (located in the central UK North Sea, around 230km east offshore Aberdeen, Northeast Scotland), in which JAPEX holds a 15% interest through JUK, had been producing crude oil and natural gas at a rate of approximately 30,000 barrels of oil equivalent per day since November 2023.

JAPEX has been working diligently to improve the profitability of the Seagull field of which investment amount has increased due to the revision of the development plan, etc., caused by the impact of COVID-19 compared to the final investment decision in 2019.

However, the introduction of the Energy Profits Levy (EPL) and the increase in tax rates by the UK government in respect of oil and gas projects in the UK have led to a further increase in the sense of uncertainty about the business environment in the UK. As a result, JAPEX evaluated that it would be difficult to maintain and expand the profitability of the Seagull field, and JAPEX transferred all of its JUK shares to Ithaca Energy (UK) Limited.

(4) Business divestiture date

July 7, 2025

(5) Other details regarding the transaction, including legal form

Share transfer with consideration received solely in the form of cash and other assets

2. Overview of accounting treatment implemented

(1) Amount of gain or loss on transfer

Gain on sale of shares of subsidiaries: ¥862 million

(2) Appropriate book values of assets and liabilities related to the transferred business and main breakdown

	(Millions of yen)
Current assets	4,747
Non-current assets	25,258
Total assets	30,005
Current liabilities	1,701
Non-current liabilities	4,641
Total liabilities	6,342

(3) Accounting treatment

The difference between the sale price of the transferred shares and their consolidated book value is recorded as "Gain on sale of shares of subsidiaries" under extraordinary income.

3. Name of reportable segments that included the divested business

Europe segment

4. Approximate amount of profit or loss related to the divested business recorded in the consolidated statement of income for the fiscal year under review

	(Millions of yen)
Net sales	6,057
Operating profit	2,426

(Transfer of shares in Japex Energy Co., Ltd.)

1. Overview of business divestiture

(1) Name of recipient company

Astomos Energy Corporation

(2) Content of divested business

Purchase and sales of LNG, oil products, etc. conducted by Japex Energy Co., Ltd. (hereinafter referred to as “JPE”), in which JAPEX holds 90% of the shares

(3) Main reason for the business divestiture

In a bid to strengthen profitability and build a medium- to long-term business foundation while contributing to realizing a carbon-neutral society under the JAPEX Management Plan 2022-2030, the medium- to long-term management plan for the period FY2022 to FY2030 formulated in March 2022, JAPEX has transferred all shares JAPEX holds in JPE to Astomos Energy Corporation as part of a review of its business portfolio.

(4) Business divestiture date

December 25, 2025

(5) Other details regarding the transaction, including legal form

Share transfer with consideration received solely in the form of cash and other assets

2. Summary of accounting treatment implemented

(1) Amount of gain or loss on transfer

Loss on sale of shares of subsidiaries: ¥467 million

(2) Appropriate book value of assets and liabilities related to the transferred business and main breakdown

	(Millions of yen)
Current assets	7,151
Non-current assets	147
Total assets	7,299
Current liabilities	6,285
Non-current liabilities	360
Total liabilities	6,645

(3) Accounting treatment

The difference between the sale price of the transferred shares and their consolidated book value is recorded as “Loss on sale of shares of subsidiaries” under extraordinary losses.

3. Reportable segments that included the divested business

Japan segment

4. Approximate amount of profit or loss related to the divested business recorded in the consolidated statement of income for the fiscal year under review

	(Millions of yen)
Net sales	39,521
Operating profit	260

(Asset retirement obligations)

1. Asset retirement obligations recognized in the consolidated balance sheets

   Asset retirement obligations recognized by the JAPEX Group are determined based on the estimated costs of decommissioning oil and natural gas wells and production facilities in accordance with laws, land lease contracts, etc., for wells and production facilities in Japan and overseas, and the appropriate discount rates.

   The JAPEX Group estimates the periods in which the obligations are paid out to be approximately 2 to 35 years from the acquisition of assets. This estimate is reasonably made based on the plans for decommissioning wells and facilities or the estimated producing lives of fields if no such plan exists. Discount rates applied are −0.217% to 3.713% for domestic obligations and 3.088% to 7.173% for overseas.

   Although the future costs to be incurred upon decommissioning and the timing when the obligations are incurred are based on JAPEX Group's best estimate, uncertainty exists regarding both the amount and timing of incurring these costs.

   Changes in the balance of asset retirement obligations are as follows:

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Balance at beginning of period	24,687	34,327
Increase due to acquisition of new assets	271	963
Increase due to change in estimate (Note 1)	7,858	6,519
Change in scope of consolidation (Note 2)	1,016	(935)
Accretion expense	269	422
Decrease due to fulfillment of asset retirement obligations	(28)	(368)
Foreign currency translation adjustment	252	110
Balance at end of period	34,327	41,039

Notes: 1. Major components of "Increase due to change in estimate" are as follows:

In the previous fiscal year, regarding asset retirement obligations recorded for well abandonment costs and facility removal costs at domestic oil and gas fields, etc. (hereinafter referred to as "removal costs, etc."), the estimate of the removal costs, etc. required at the end of the projects was changed as a result of obtaining new information concerning the sharp rise in prices of materials and equipment and labor costs. The increase of ¥6,871 million due to the estimate change was added to the asset retirement obligations balance before the change.

Furthermore, due to said changes in the estimate, operating profit for the previous fiscal year decreased by ¥6,427 million, and ordinary profit and profit before income taxes both decreased by ¥6,750 million.

In the fiscal year under review, regarding asset retirement obligations recorded as the removal costs, etc. in domestic oil and gas fields, etc., the estimate of the removal costs, etc. required at the end of the projects was changed as a result of obtaining new information concerning the sharp rise in prices of materials and equipment and labor costs, as well as revising the timing of removal. The increase of ¥6,172 million due to the estimate change was added to the asset retirement obligations balance before the change.

Furthermore, due to said changes in the estimate, operating profit for the fiscal year under review decreased by ¥5,823 million, and ordinary profit and profit before income taxes both decreased by ¥6,138 million.

2. The "Change in scope of consolidation" for the previous fiscal year is the increase due to the inclusion of JAPEX Norge AS, whose shares were additionally acquired by JAPEX, in the scope of consolidation. The "Change in scope of consolidation" for the fiscal year under review is the net decrease resulting from the exclusion of JAPEX UK E&P LIMITED, whose shares were all sold by JAPEX, from the scope of consolidation, despite an increase due to the inclusion of Verdad Resources Intermediate Holdings LLC, whose entire equity interests were acquired by JAPEX, in the scope of consolidation.

2. Asset retirement obligations other than those recognized in the consolidated balance sheets

   The JAPEX Group has obligations to restore sites to their original condition in accordance with laws, land lease contracts, etc., regarding oil and natural gas production facilities. However, maintaining and ensuring a stable supply of natural gas in the Infrastructure/Utility Business, which is JAPEX Group's primary business operation, is of high public interest; therefore, even after completion of production activities, the JAPEX Group plans to continue to use some of the assets held for the purpose of producing and selling oil and gas on a permanent basis in order to fulfill the responsibilities as a supplier for users of natural gas by holistically integrating these assets. Thus, the JAPEX

Group does not recognize the relevant asset retirement obligations since it is impossible at this point to estimate asset retirement obligations on a reasonable basis as of March 31, 2026.

(Revenue recognition)

1. Information on disaggregation of revenue from contracts with customers
   Fiscal year ended March 31, 2025 (April 1, 2024 – March 31, 2025)

(Millions of yen)

		Reportable segment				
		Japan	North America	Europe	Middle East	Total
E&P Business	Crude oil	19,813	55,205	15,660	34,311	124,991
	Natural gas (overseas)	–	1,076	3,520	–	4,597
	Subtotal	19,813	56,281	19,181	34,311	129,588
Infrastructure/Utility Business	Natural gas (Japan)	73,802	–	–	–	73,802
	LNG	40,938	–	–	–	40,938
	Electricity	51,395	–	–	–	51,395
	Biomass fuel	10,170	–	–	–	10,170
	Other	6,084	–	–	–	6,084
	Subtotal	182,391	–	–	–	182,391
Other Businesses	Contract services	8,572	–	–	–	8,572
	Oil products/merchandise	59,598	–	–	–	59,598
	Other	2,365	–	–	–	2,365
	Subtotal	70,536	–	–	–	70,536
Revenue from contracts with customers		272,741	56,281	19,181	34,311	382,516
Revenue from other sources		7,141	(575)	–	–	6,565
Net sales to outside customers		279,883	55,705	19,181	34,311	389,082

Fiscal year ended March 31, 2026 (April 1, 2025 – March 31, 2026)

(Millions of yen)

		Reportable segment				
		Japan	North America	Europe	Middle East	Total
E&P Business	Crude oil	17,114	49,212	5,648	31,692	103,667
	Natural gas (overseas)	–	1,866	2,423	–	4,289
	Subtotal	17,114	51,078	8,072	31,692	107,957
Infrastructure/Utility Business	Natural gas (Japan)	69,419	–	–	–	69,419
	LNG	21,289	–	–	–	21,289
	Electricity	48,460	–	–	–	48,460
	Biomass fuel	21,625				21,625
	Other	5,804	–	–	–	5,804
	Subtotal	166,599	–	–	–	166,599
Other Businesses	Contract services	10,807	–	–	–	10,807
	Oil products/merchandise	45,441	–	–	–	45,441
	Other	2,220	–	–	–	2,220
	Subtotal	58,470	–	–	–	58,470
Revenue from contracts with customers		242,184	51,078	8,072	31,692	333,027
Revenue from other sources		6,010	1,299	–	–	7,309
Net sales to outside customers		248,194	52,377	8,072	31,692	340,336

2. Information that provides the basis for understanding revenue from contracts with customers

Information that provides the basis for understanding revenue is as presented in “Notes to consolidated financial statements, ***Significant accounting policies for the preparation of consolidated financial statements***, 4. Accounting policies, (5) Accounting policies for significant revenues and expenses.”

3. Information on the relationship between satisfaction of performance obligations under contracts with customers and cash flows generated from such contracts, and the amount and timing of revenue expected to be recognized in the following fiscal year onward, based on contracts with customers' existing as of March 31, 2026

(1) Balances, etc., of contract assets and contract liabilities

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Receivables from contracts with customers at beginning of period	40,099	43,252
Receivables from contracts with customers at end of period	43,252	38,966
Contract assets at beginning of period	820	1,115
Contract assets at end of period	1,115	956
Contract liabilities at beginning of period	115	94
Contract liabilities at end of period	94	110

Contract assets consist primarily of unbilled receivables from construction contracts. Contract liabilities are mainly related to advances received from customers for construction contracts.

During the fiscal year ended March 31, 2026, the JAPEX Group recognized an immaterial amount of revenue, which was previously included in contract liabilities as of the beginning of the period. The revenue the JAPEX Group recognized related to performance obligations that were satisfied, or partially satisfied, in previous periods was immaterial.

(2) Transaction price allocated to the remaining performance obligations

The following table summarizes the aggregate transaction price allocated to the remaining performance obligations in construction contracts, etc., and the period over which revenue is expected to be recognized. The JAPEX Group has applied the practical expedient to exclude the transactions for contracts with an original expected duration of one year or less and the variable consideration allocated to unsatisfied performance obligations for long-term sales contracts, etc.

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
One year or less	23	10,247
Over one year	51	–
Total	74	10,247

4. Note to provision for loss on construction contracts

The amount of provision for loss on construction contracts included in cost of sales is presented in "Notes to consolidated financial statements, (Consolidated statement of income)."

(Segment information, etc.)

Segment information

1. Summary of reportable segments

JAPEX Group's reportable segments are those for which separated financial information is available and which are periodically examined by the Board of Directors to determine allocation of managerial resources and assess business performance, among components of the JAPEX Group.

In addition to business activities in Japan, the JAPEX Group has developed business activities overseas through project companies established at each business location.

Therefore, the JAPEX Group consists of segments by business location and considers "Japan," "North America," "Europe" and "Middle East" as reportable segments.

"Japan" consists of business activities such as exploration, development, and production of crude oil and natural gas, and sale of crude oil as the E&P Business in Japan; sale of natural gas and LNG, generation and sale of electric power, sale of biomass fuel, and contract services for transportation of natural gas, etc. as the Infrastructure/Utility Business; and manufacturing, purchase, sale and transportation of oil products, contract services for well drilling work, etc. as Other Businesses.

"North America" consists of business activities such as exploration, development, production, sale, etc. of crude oil and natural gas as the E&P Business in North America.

"Europe" consists of business activities such as exploration, development, production, sale, etc. of crude oil and natural gas as the E&P Business in Europe.

"Middle East" consists of business activities such as development, production, sale, etc. of crude oil as the E&P Business in the Middle East.

2. Method for calculating net sales, profit (loss), assets and other items by reportable segment

The accounting methods applied to the reportable segments are generally the same as those described in "***Significant accounting policies for the preparation of consolidated financial statements***." Segment profit is based on operating profit. Intersegment revenue and transfers are based on prevailing market prices.

3. Information regarding net sales, profit (loss), assets and other items by reportable segment

Fiscal year ended March 31, 2025 (April 1, 2024 – March 31, 2025)

(Millions of yen)

	Reportable segment					Others (Note 1)	Total	Adjustment (Note 2)	Amount on the consolidated financial statements (Note 3)
	Japan	North America	Europe	Middle East	Total				
Net sales									
Net sales to outside customers	279,883	55,705	19,181	34,311	389,082	–	389,082	–	389,082
Intersegment sales or transfers	21	–	–	–	21	–	21	(21)	–
Total	279,905	55,705	19,181	34,311	389,104	–	389,104	(21)	389,082
Segment profit	44,985	21,100	5,593	4,154	75,834	–	75,834	(13,821)	62,012
Segment assets	67,199	129,762	32,154	20,552	249,669	–	249,669	431,928	681,598
Other items									
Depreciation	16,538	25,562	7,152	293	49,546	–	49,546	359	49,906
Share of profit (loss) of entities accounted for using equity method	162	899	(1,920)	–	(858)	605	(252)	–	(252)
Investments in entities accounted for using equity method	7,769	65,404	–	–	73,174	7,532	80,707	–	80,707
Increase in property, plant and equipment and intangible assets (Note 4)	8,024	65,605	4,420	–	78,050	–	78,050	116	78,167

Fiscal year ended March 31, 2026 (April 1, 2025 – March 31, 2026)

(Millions of yen)

	Reportable segment					Others (Note 1)	Total	Adjustment (Note 2)	Amount on the consolidated financial statements (Note 3)
	Japan	North America	Europe	Middle East	Total				
Net sales									
Net sales to outside customers	248,194	52,377	8,072	31,692	340,336	–	340,336	–	340,336
Intersegment sales or transfers	–	–	–	–	–	–	–	–	–
Total	248,194	52,377	8,072	31,692	340,336	–	340,336	–	340,336
Segment profit	30,869	17,082	1,626	2,968	52,547	–	52,547	(13,632)	38,915
Segment assets	61,617	301,277	12,738	23,065	398,698	–	398,698	463,771	862,470
Other items									
Depreciation	16,705	25,415	4,253	293	46,667	–	46,667	382	47,050
Share of profit (loss) of entities accounted for using equity method	193	2,931	–	–	3,124	990	4,114	–	4,114
Investments in entities accounted for using equity method	7,769	71,036	–	–	78,806	8,193	87,000	–	87,000
Increase in property, plant and equipment and intangible assets (Note 4)	5,839	10,970	13,476	0	30,286	–	30,286	318	30,605

Notes: 1. The "Others" category represents operating segments that are not included in reportable segments, and includes Russia, etc.

2. Major components of adjustment are as follows:

(1) Segment profit

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Elimination of intersegment transactions	2	499
Corporate expenses*	(13,824)	(14,131)
Total	(13,821)	(13,632)

* Corporate expenses are mainly general and administrative expenses and experimentation and research expenses, all of which are not attributable to the reportable segments.

(2) Segment assets

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Elimination of intersegment transactions	(6)	(5)
Corporate assets*1	2,166	2,185
Other assets*2	429,768	461,591
Total	431,928	463,771

*1. Corporate assets are mainly assets for management by the headquarters that do not belong to the reportable segments.

*2. Assets allocated to segments are property, plant and equipment; intangible assets; and recoverable accounts included in investments and other assets, whereas other assets are assets other than property, plant and equipment, intangible assets, and recoverable accounts that are not allocated to segments.

3. Segment profit is adjusted to operating profit in the consolidated statement of income.

4. Increase in property, plant and equipment and intangible assets does not include an increase associated with newly consolidated subsidiaries.

Related information

Fiscal year ended March 31, 2025 (April 1, 2024 – March 31, 2025)

1. Information by product and service

(Millions of yen)

	E&P Business		Infrastructure/Utility Business				
	Crude oil	Natural gas (overseas)	Natural gas (Japan)	LNG	Electricity	Biomass fuel	Other
Net sales to outside customers	124,415	4,597	77,538	43,990	51,395	10,170	6,084

	Other Businesses			Total
	Contract services	Oil products/ merchandise	Other	
Net sales to outside customers	8,572	59,598	2,720	389,082

2. Information by geographical area

(1) Net sales

(Millions of yen)

Japan	US	Iraq	Other	Total
279,839	55,705	34,338	19,198	389,082

Note: Net sales are classified into countries or regions based on the place where products, etc., were delivered and the location where services were rendered.

(2) Property, plant and equipment

(Millions of yen)

Japan	US	UK	Other	Total
68,405	127,029	29,131	3,022	227,590

Fiscal year ended March 31, 2026 (April 1, 2025 – March 31, 2026)

1. Information by product and service

(Millions of yen)

	E&P Business		Infrastructure/Utility Business				
	Crude oil	Natural gas (overseas)	Natural gas (Japan)	LNG	Electricity	Biomass fuel	Other
Net sales to outside customers	104,967	4,289	73,345	23,112	48,460	21,625	5,804

	Other Businesses			Total
	Contract services	Oil products/ merchandise	Other	
Net sales to outside customers	10,807	45,441	2,481	340,336

2. Information by geographical area

(1) Net sales

(Millions of yen)

Japan	US	Iraq	Other	Total
248,138	52,377	31,747	8,072	340,336

Note: Net sales are classified into countries or regions based on the place where products, etc., were delivered and the location where services were rendered.

(2) Property, plant and equipment

(Millions of yen)

Japan	US	UK	Other	Total
62,605	298,753	–	12,032	373,390

Information on impairment losses on non-current assets by reportable segment

Fiscal year ended March 31, 2025 (April 1, 2024 – March 31, 2025)

(Millions of yen)

Japan	North America	Europe	Middle East	Other	Corporate and elimination	Total
242	–	708	–	–	–	950

Fiscal year ended March 31, 2026 (April 1, 2025 – March 31, 2026)

(Millions of yen)

Japan	North America	Europe	Middle East	Other	Corporate and elimination	Total
–	–	2,185	–	–	–	2,185

Information on amortization and unamortized balance of goodwill by reportable segment

Fiscal year ended March 31, 2025 (April 1, 2024 – March 31, 2025)

Not applicable.

Fiscal year ended March 31, 2026 (April 1, 2025 – March 31, 2026)

(Millions of yen)

	Japan	North America	Europe	Middle East	Other	Corporate and elimination	Total
Amortization during period	–	–	5	–	–	–	5
Balance at end of period	–	–	706	–	–	–	706

Information on gain on bargain purchase by reportable segment

Fiscal year ended March 31, 2025 (April 1, 2024 – March 31, 2025)

(Millions of yen)

Japan	North America	Europe	Middle East	Other	Corporate and elimination	Total
–	–	80	–	–	–	80

Since the fair value of net assets exceeded the acquisition cost at the time of the business combination, the difference was recognized as gain on bargain purchase.

Fiscal year ended March 31, 2026 (April 1, 2025 – March 31, 2026)

Not applicable.

Information on related parties

1. Related party transactions

Transactions between the company submitting consolidated financial statements and related parties

Unconsolidated subsidiaries and associates of the company submitting consolidated financial statements

Fiscal year ended March 31, 2025 (April 1, 2024 – March 31, 2025)

Type	Names of company, etc.	Location	Share capital or capital contribution (Millions of yen)	Description of business	Percentage of voting rights holding (held) (%)	Relationship with related party	Description of transaction	Transaction amount (Millions of yen)	Account title	Balance at end of period (Millions of yen)
Associate	Fukushima Gas Power Co., Ltd.	Chiyoda-ku, Tokyo	537	Operation and contract work of power generation business using a natural gas power plant	(Ownership) Direct 33.30	Outsourcing of power generation operations Contract work of LNG regasification operations Pledge of collateral Interlocking officers	Pledge of collateral (Note 1)	27,925	–	–
Associate	Ozu Biomass Power Co., Ltd.	Ozu City, Ehime	21,349	Biomass power generation business using wood pellets	(Ownership) Direct 28.28	Supply of wood pellets Contribution of funds	Debt guarantees (Note 2)	6,853	–	–

Note: Terms and conditions of transactions and policies on determination thereof, etc.

(1) JAPEX provides Fukushima Gas Power Co., Ltd. with certificates of FGP shares and corporate bonds held by JAPEX as collateral for its borrowings from financial institutions. The transaction amount is the balance of borrowings corresponding to assets pledged as collateral as of the end of the period.

(2) JAPEX provides debt guarantees to Ozu Biomass Power Co., Ltd. for its borrowings used for its projects. The transaction amount is the balance of debt guarantees as of the end of the period.

Fiscal year ended March 31, 2026 (April 1, 2025 – March 31, 2026)

Type	Names of company, etc.	Location	Share capital or capital contribution (Millions of yen)	Description of business	Percentage of voting rights holding (held) (%)	Relationship with related party	Description of transaction	Transaction amount (Millions of yen)	Account title	Balance at end of period (Millions of yen)
Associate	Fukushima Gas Power Co., Ltd.	Chiyoda-ku, Tokyo	537	Operation and contract work of power generation business using a natural gas power plant	(Ownership) Direct 33.30	Outsourcing of power generation operations Contract work of LNG regasification operations Pledge of collateral Interlocking officers	Pledge of collateral (Note)	25,441	–	–

Note: Terms and conditions of transactions and policies on determination thereof, etc.

JAPEX provides FGP with certificates of FGP shares and corporate bonds held by JAPEX as collateral for its borrowings from financial institutions. The transaction amount is the balance of borrowings corresponding to assets pledged as collateral as of the end of the period.

2. Notes on the parent company or material associates

(1) Information on the parent company

Not applicable.

(2) Summarized financial information on material associates

Not applicable for the fiscal year ended March 31, 2026.

(Per Share Information)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Net assets per share	¥2,062.21	¥2,451.33
Basic earnings per share	¥314.91	¥208.74

Notes: 1. Diluted earnings per share are not presented, since there are no dilutive shares.

2. JAPEX conducted a 5-for-1 stock split of shares of common stock on October 1, 2024. Basic earnings per share were calculated assuming that the stock split had been conducted at the beginning of the fiscal year ended March 31, 2025.

3. The shares of JAPEX held by the Board Benefit Trust (BBT) are included in the treasury shares that are deducted from the total number of issued shares at the fiscal year end when calculating net assets per share (845,300 shares in the fiscal year ended March 31, 2025, and 758,200 shares in the fiscal year ended March 31, 2026).

Moreover, they are also included in the treasury shares that are deducted when calculating the average number of shares during the period in order to calculate basic earnings per share (482,251 shares in the fiscal year ended March 31, 2025, and 806,335 shares in the fiscal year ended March 31, 2026).

4. The basis for calculation of basic earnings per share is as follows:

(Millions of yen, unless otherwise noted)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Profit attributable to owners of parent	81,153	53,427
Amount not attributable to common shareholders	–	–
Profit attributable to owners of parent related to common stock	81,153	53,427
Average number of common shares outstanding during the period (Thousands of shares)	257,705	255,951

(Significant subsequent events)

Borrowing of funds

Peoria Resources Acquisition Company, LLC, a consolidated subsidiary of JAPEX, borrowed funds under a reserve-based lending agreement secured by proved reserves to partially finance the acquisition of equity interests in Verdad Resources Intermediate Holdings LLC.

Summary of the borrowing	Syndicated loan for which Wells Fargo Bank, National Association acts as the agent
Amount of borrowings	US$361 million
Borrowing rate	Base rate + spread
Date of borrowing	February 26, 2026
Maturity date	February 26, 2030

5) Annexed Consolidated Detailed Schedules

Schedule of corporate bonds

Not applicable.

Schedule of borrowings, etc.

(Millions of yen, unless otherwise noted)

Category	Balance at beginning of period	Balance at end of period	Average interest rate (%)	Borrowing period
Short-term borrowings	–	–	–	–
Current portion of long-term borrowings	–	–	–	–
Current portion of lease obligations	300	349	4.53	–
Long-term borrowings, less current portion	–	–	–	–
Lease obligations, less current portion	1,182	1,386	4.39	2027 to 2033
Other interest-bearing debt Commercial paper (current portion)	–	19,988	1.05	–
Total	1,482	21,725	–	–

Notes: 1. "Average interest rate" indicates the weighted average interest rate on the balance of borrowings, etc. at the end of the period.

2. The average interest rate is not presented for lease obligations that are recorded on the consolidated balance sheets at the amount before deduction of the amount equivalent to interest included in the aggregate lease payments, but is presented only for those accounted for using the principal method.

3. The scheduled repayment amounts of lease obligations (excluding current portion) for five years after the consolidated balance sheet dates are as follows.

(Millions of yen)

	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years
Lease obligations	313	297	277	268

Schedule of asset retirement obligations

(Millions of yen)

Category	Balance at beginning of current period	Increase during current period	Decrease during current period	Balance at end of current period
Under the Mine Safety Act	17,411	5,584	683	22,312
Under the provisions of local laws and contracts with regard to oil and natural gas production facilities overseas	5,119	3,644	3,289	5,474
Under the Act on Prevention of Marine Pollution and Maritime Disaster	8,860	1,342	–	10,203
Under the provision of land lease contracts and other	2,936	199	87	3,048
Total	34,327	10,771	4,059	41,039

(2) Other

Quarterly information for the fiscal year ended March 31, 2026

(Millions of yen, unless otherwise noted)

(Cumulative period)	First three months	First six months	First nine months	Fiscal year under review
Net sales	82,844	168,140	260,318	340,336
Profit before income taxes	20,807	33,949	50,466	63,557
Profit attributable to owners of parent	15,714	27,055	39,779	53,427
Basic earnings per share (Yen)	61.41	105.72	155.43	208.74

(*Three-month period*)	First quarter	Second quarter	Third quarter	Fourth quarter
Basic earnings per share (Yen)	61.41	44.31	49.71	53.32

Note: Although JAPEX prepares quarterly financial information for the first quarter (first three months) and third quarter (first nine months) in accordance with the rules stipulated by the financial instruments exchanges, such quarterly financial information has not been subject to interim review.

2. Non-consolidated Financial Statements, etc.

(1) Non-consolidated Financial Statements

1) Balance sheet

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Assets		
Current assets		
Cash and deposits	57,684	68,407
Accounts receivable – trade	*4 18,227	*4 17,304
Securities	21,000	–
Investments in leases	2	2
Merchandise and finished goods	3,238	3,742
Raw materials and supplies	12,991	12,240
Advance payments to suppliers	2,789	4,086
Prepaid expenses	1,022	1,427
Accrued revenue	*4 324	*4 334
Short-term loans receivable	9,997	–
Short-term loans receivable from subsidiaries and associates	19,951	40,334
Accounts receivable – other	*4 6,321	*4 5,556
Advances paid	*4 699	*4 563
Other	*4 1,043	*4 17,052
Allowance for doubtful accounts	(0)	(262)
Total current assets	155,292	170,789
Non-current assets		
Property, plant and equipment		
Buildings	8,559	8,167
Structures	*1 20,259	*1 18,063
Wells	7,505	5,454
Machinery and equipment	*1 12,193	*1 9,216
Vessels	0	0
Vehicles	0	0
Tools, furniture and fixtures	*1 1,363	*1 1,311
Land	9,280	9,274
Leased assets	104	108
Construction in progress	430	2,086
Total property, plant and equipment	59,698	53,682
Intangible assets		
Leasehold interests in land	143	143
Software	559	553
Other	163	374
Total intangible assets	866	1,071
Investments and other assets		
Investment securities	*2 90,189	*2 180,489
Shares of subsidiaries and associates	*2 189,424	*2 252,005
Long-term loans receivable from subsidiaries and associates	48,324	40,863
Long-term prepaid expenses	2,398	2,165
Prepaid pension costs	881	1,174
Other	*4 9,645	*4 14,729
Allowance for doubtful accounts	(19)	(20)
Allowance for overseas investment loss	(86)	–
Total investments and other assets	340,758	491,407
Total non-current assets	401,322	546,161
Total assets	556,615	716,950

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Liabilities		
Current liabilities		
Accounts payable – trade	*4 4,356	*4 2,731
Commercial papers	–	19,988
Lease liabilities	208	208
Accounts payable – other	*4 7,152	*4 678
Accrued expenses	*4 5,878	*4 8,973
Income taxes payable	9,120	189
Advances received	3,039	–
Deposits received	257	216
Deposits received from subsidiaries and associates	28,589	56,695
Provision for bonuses for directors (and other officers)	66	68
Provision for loss on disaster	25	178
Provision for loss on construction contracts	–	220
Asset retirement obligations	16	900
Other	*4 351	*4 6,717
Total current liabilities	59,062	97,768
Non-current liabilities		
Lease liabilities	1,012	834
Deferred tax liabilities	18,962	42,656
Provision for retirement benefits	1,711	1,651
Provision for share awards	144	158
Provision for loss on disaster	25	–
Asset retirement obligations	24,641	29,240
Other	100	*4 3,972
Total non-current liabilities	46,599	78,513
Total liabilities	105,661	176,281
Net assets		
Shareholders' equity		
Share capital	14,288	14,288
Retained earnings		
Legal retained earnings	3,572	3,572
Other retained earnings		
Reserve for mine prospecting	22,811	23,111
Reserve for tax purpose reduction entry of non-current assets	437	411
Reserve for exploration	47,246	47,246
General reserve	121,600	121,600
Retained earnings brought forward	194,602	219,413
Total retained earnings	390,269	415,354
Treasury shares	(997)	(925)
Total shareholders' equity	403,560	428,718
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	36,618	94,337
Deferred gains or losses on hedges	10,775	17,613
Total valuation and translation adjustments	47,394	111,951
Total net assets	450,954	540,669
Total liabilities and net assets	556,615	716,950

2) Statement of income

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Net sales	*1 206,952	*1 190,487
Cost of sales	*1 148,574	*1 144,394
Gross profit	58,378	46,092
Exploration expenses	*1 2,941	*1 1,776
Selling, general and administrative expenses	*1, *2 27,173	*1, *2 27,655
Operating profit	28,263	16,660
Non-operating income		
Interest income	*1 4,191	*1 3,168
Dividend income	*1 13,616	*1 4,889
Reversal of allowance for overseas investment loss	2,466	86
Foreign exchange gains	–	6,209
Gain on derivatives	–	4,413
Gain on valuation of derivatives	–	4,823
Other	*1 614	*1 1,278
Total non-operating income	20,889	24,868
Non-operating expenses		
Interest expenses	*1 2,626	*1 935
Loss on valuation of shares of subsidiaries and associates	2,631	370
Foreign exchange losses	1,169	–
Loss on derivatives	–	1,556
Commitment fees	288	920
Loss on investments in silent partnerships	101	907
Other	*1 921	*1 1,333
Total non-operating expenses	7,739	6,024
Ordinary profit	41,413	35,505
Extraordinary income		
Gain on sale of investment securities	45,698	–
Gain on sale of shares of subsidiaries	–	4,875
Subsidy income	–	382
Other	61	696
Total extraordinary income	45,759	5,954
Extraordinary losses		
Loss on retirement of non-current assets	317	8
Impairment losses	242	–
Loss on sale of shares of subsidiaries	–	136
Loss on tax purpose reduction entry of non-current assets	–	382
Other	–	0
Total extraordinary losses	559	528
Profit before income taxes	86,613	40,931
Income taxes – current	11,854	5,597
Income taxes – deferred	901	(2,589)
Total income taxes	12,756	3,007
Profit	73,856	37,923

3) Statement of Changes in Equity

Fiscal year ended March 31, 2025 (April 1, 2024 – March 31, 2025)

(Millions of yen)

	Shareholders' equity								
		Capital surplus	Retained earnings						
				Other retained earnings					
	Share capital	Other capital surplus	Legal retained earnings	Reserve for mine prospecting	Reserve for tax purpose reduction entry of non-current assets	Reserve for exploration	General reserve	Retained earnings brought forward	Total retained earnings
Balance at beginning of period	14,288	–	3,572	22,400	467	47,246	121,600	154,625	349,911
Changes during period									
Provision of reserve for mine prospecting				4,211				(4,211)	–
Reversal of reserve for mine prospecting				(3,800)				3,800	–
Provision of reserve for tax purpose reduction entry of non-current assets					(5)			5	–
Reversal of reserve for tax purpose reduction entry of non-current assets					(25)			25	–
Dividends of surplus								(15,673)	(15,673)
Profit (loss)								73,856	73,856
Purchase of treasury shares									–
Disposal of treasury shares		(37)							–
Cancellation of treasury shares		(17,788)							–
Transfer from retained earnings to capital surplus		17,825						(17,825)	(17,825)
Net changes in items other than shareholders' equity									
Total changes during period	–	–	–	411	(30)	–	–	39,976	40,357
Balance at end of period	14,288	–	3,572	22,811	437	47,246	121,600	194,602	390,269

	Shareholders' equity		Valuation and translation adjustments			Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance at beginning of period	(8,094)	356,105	84,679	8,425	93,105	449,211
Changes during period						
Provision of reserve for mine prospecting		–				–
Reversal of reserve for mine prospecting		–				–
Provision of reserve for tax purpose reduction entry of non-current assets		–				–
Reversal of reserve for tax purpose reduction entry of non-current assets		–				–
Dividends of surplus		(15,673)				(15,673)
Profit (loss)		73,856				73,856
Purchase of treasury shares	(11,029)	(11,029)				(11,029)
Disposal of treasury shares	338	301				301
Cancellation of treasury shares	17,788	–				–
Transfer from retained earnings to capital surplus		–				–
Net changes in items other than shareholders' equity			(48,061)	2,350	(45,711)	(45,711)
Total changes during period	7,096	47,454	(48,061)	2,350	(45,711)	1,742
Balance at end of period	(997)	403,560	36,618	10,775	47,394	450,954

Fiscal year ended March 31, 2026 (April 1, 2025 – March 31, 2026)

(Millions of yen)

	Shareholders' equity								
	Share capital	Capital surplus	Retained earnings						
		Other capital surplus	Legal retained earnings	Other retained earnings					Total retained earnings
				Reserve for mine prospecting	Reserve for tax purpose reduction entry of non-current assets	Reserve for exploration	General reserve	Retained earnings brought forward	
Balance at beginning of period	14,288	–	3,572	22,811	437	47,246	121,600	194,602	390,269
Changes during period									
Provision of reserve for mine prospecting				3,800				(3,800)	–
Reversal of reserve for mine prospecting				(3,500)				3,500	–
Provision of reserve for tax purpose reduction entry of non-current assets									–
Reversal of reserve for tax purpose reduction entry of non-current assets					(25)			25	–
Dividends of surplus								(12,837)	(12,837)
Profit (loss)								37,923	37,923
Purchase of treasury shares									–
Disposal of treasury shares									–
Cancellation of treasury shares									–
Transfer from retained earnings to capital surplus									–
Net changes in items other than shareholders' equity									
Total changes during period	–	–	–	300	(25)	–	–	24,810	25,085
Balance at end of period	14,288	–	3,572	23,111	411	47,246	121,600	219,413	415,354

	Shareholders' equity		Valuation and translation adjustments			Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance at beginning of period	(997)	403,560	36,618	10,775	47,394	450,954
Changes during period						
Provision of reserve for mine prospecting		–				–
Reversal of reserve for mine prospecting		–				–
Provision of reserve for tax purpose reduction entry of non-current assets		–				–
Reversal of reserve for tax purpose reduction entry of non-current assets		–				–
Dividends of surplus		(12,837)				(12,837)
Profit (loss)		37,923				37,923
Purchase of treasury shares	(0)	(0)				(0)
Disposal of treasury shares	72	72				72
Cancellation of treasury shares		–				–
Transfer from retained earnings to capital surplus		–				–
Net changes in items other than shareholders' equity			57,719	6,837	64,557	64,557
Total changes during period	71	25,157	57,719	6,837	64,557	89,715
Balance at end of period	(925)	428,718	94,337	17,613	111,951	540,669

Notes to non-consolidated financial statements

(Significant accounting policies)

1. Accounting policy for measuring assets

(1) Securities

・Held-to-maturity debt securities	Stated at amortized cost
・Shares of subsidiaries and associates	Stated at cost using the moving average method
・Available-for-sale securities	
Available-for-sale securities other than shares, etc., without market price	Stated at fair value based primarily on market price at the fiscal year-end. Unrealized gains or losses are recognized directly in net assets, and the cost of securities sold is determined using the moving-average method.
Shares, etc., without market price	Stated at cost using the moving average method Investments in limited investment partnerships and silent partnerships are recorded by adding or subtracting the amount of equity interest in the net assets of the partnerships to/from "investment securities."

(2) Derivatives	Stated at fair value.
(3) Inventories	Stated at cost (a method in which the carrying amount is written down based on any decline in profitability).
・Merchandise and finished goods	Stated by the first-in, first-out method.
・Raw materials and supplies	Stated by the moving average method.

2. Accounting policy for depreciation/amortization of non-current assets

(1) Property, plant and equipment (excluding leased assets)	Sendai Gas Pipelines, Shiroishi-Koriyama Gas Pipelines, Soma-Iwanuma Gas Pipelines, assets of the Hokkaido District Office and Soma LNG Terminal, and buildings (excluding attached facilities) acquired on or after April 1, 1998, are depreciated by the straight-line method. Other assets are depreciated by the declining-balance method. The principal useful lives are summarized as follows: Buildings: 2 to 50 years Structures: 2 to 60 years Wells: 3 years Machinery and equipment: 2 to 17 years
(2) Intangible assets (excluding leased assets)	Amortized by the straight-line method. Capitalized computer software costs are amortized by the straight-line method over a period of 5 years, which is the period available for internal use.
(3) Leased assets	Finance leases, which do not transfer ownership of the leased assets to the lessee Leased assets are depreciated by the straight-line method over the lease terms with no residual value.

3. Accounting policies for provisions

(1) Allowance for doubtful accounts	To provide for potential credit losses on receivables, the allowance for doubtful accounts is recorded at the amount determined based on the historical experience of bad debt with respect to ordinary receivables, plus an estimate of uncollectible amounts determined by reference to specific doubtful receivables from customers who are experiencing financial difficulties.

(2) Provision for bonuses for directors (and other officers)	To provide for the payment of bonuses to directors and other officers, the provision for bonuses for directors (and other officers) is recorded at the estimated amount of payment at the end of the fiscal year under review.
(3) Provision for retirement benefits	To provide for the payment of retirement benefits to employees, etc., the provision for retirement benefits is recorded at the estimated amount of retirement benefit obligations and plan assets at the end of the fiscal year under review. In calculating retirement benefit obligations, JAPEX uses the benefit formula basis to attribute expected retirement benefits to periods up to the end of the fiscal year under review. Prior service costs are amortized as incurred by the straight-line method over a certain period (10 years), which is shorter than the average remaining service years of the employees. Actuarial gains and losses are amortized in the following year in which the gains or losses are recognized by the straight-line method over a certain period (10 years), which is shorter than the average remaining service years of the employees.
(4) Allowance for overseas investment loss	The allowance for overseas investment loss is recorded at the amount determined based on the investees' financial position and other relevant factors for possible losses arising from investments in the exploration and development of overseas natural resources.
(5) Provision for share awards	To provide for the payment of JAPEX's shares, etc. to directors (excluding outside directors) and executive officers who do not concurrently serve as directors, the provision for share award is recorded at the estimated amount of share awards at the end of the fiscal year under review, in accordance with the Rules on Provision of Shares to Officers.
(6) Provision for loss on disaster	The provision for loss on disaster is recorded at the estimated amount of payment for restoration expenses accompanying disasters.
(7) Provision for loss on construction contracts	To provide for future losses on construction contracts, the provision is recorded at the estimated amount of losses on construction contracts outstanding at the end of the fiscal year for which losses are expected to be incurred and the amount of such losses can be reasonably estimated.

4. Accounting policies for revenues and expenses

JAPEX conducts the "E&P Business," the "Infrastructure/Utility Business," and "Other Businesses" at business locations in Japan.

With regard to revenues from contracts with customers of JAPEX, the main performance obligations in key businesses and the timing at which these obligations are typically satisfied (i.e., when revenues are typically recognized) are as follows.

(1) E&P Business

In the E&P Business, exploration, development, production, and sales of crude oil and natural gas are conducted at business locations in Japan. It is determined that in these sales, legal ownership and physical possession of assets, as well as significant risks and economic rewards associated with ownership of assets, are transferred, and the right to receive consideration for delivered products is obtained at the time the products are delivered to customers. Thus, revenue is recognized at that time.

(2) Infrastructure/Utility Business

In the Infrastructure/Utility Business, sales of gases (natural gas and LNG), electricity, and biomass fuel are conducted at business locations in Japan. It is determined that in these sales, legal ownership and physical possession of assets, as well as significant risks and economic rewards associated with ownership of assets, are transferred, and the right to receive consideration for delivered products is obtained at the time the products are delivered to customers. Thus, revenue is recognized at that time.

(3) Other Businesses

In Other Businesses, contract services (drilling, etc.) and sales of oil products, etc., are conducted at business locations in Japan. As for contract services, when control over goods or services is transferred to customers over a certain period of time, revenue is recognized according to progress in the satisfaction of performance obligations. For measurement of progress, the input approach based on incurred costs is used. It is determined that in sales of oil products, etc., legal ownership and physical possession of assets, as well as significant risks and economic rewards associated with ownership of assets, are transferred, and the right to receive consideration for delivered products is obtained, at the time the products are delivered to customers. Thus, revenue is recognized at that time.

For all businesses, in assessing performance obligations, it is examined whether JAPEX acts as a principal or an agent. If the nature of its promise is a performance obligation to provide the specified goods or services itself, as a principal, it presents revenue at the gross amount of consideration in its statement of income. If the nature is a performance obligation to make arrangements so that these goods or services are provided by other parties, as an agent, it presents revenue at the amount of commissions or fees, or the net amount of consideration, in its statement of income.

Revenue is recognized based on the transaction price under contracts with customers. If a contract contains multiple performance obligations, the transaction price is allocated to each performance obligation at a ratio of the standalone selling price. Since consideration for transactions is usually paid within one year after the satisfaction of performance obligations, such consideration does not include any significant financing component.

5. Accounting policy for translating foreign currency-denominated assets and liabilities into yen

Monetary receivables and payables denominated in foreign currencies are translated into yen at the spot exchange rate on the balance sheet date, and the resulting translation adjustments are presented as foreign exchange gains or losses.

6. Hedge accounting

(1) Hedge accounting method	Deferral hedge accounting is adopted for hedge transactions. Foreign exchange forward contracts are accounted for using the allocation method if they meet certain criteria.
(2) Hedging instruments and hedged items	Hedging instruments: Foreign exchange forward contracts and LNG swaps Hedged items: Accounts payable - trade and proceeds from sale of LNG
(3) Hedging policy	To avoid future foreign currency fluctuation risk associated with foreign currency transactions, etc., JAPEX enters into hedge transactions only in connection with the relevant assets, liabilities and forecast transactions.
(4) Method of assessing the effectiveness of hedges	JAPEX assesses whether the critical terms of the hedging instruments and hedged items are closely aligned, and the hedge transactions are effective in offsetting the price fluctuation, etc., at the inception of the hedge and on an ongoing basis. Forward exchange contracts accounted for using the allocation method are not subject to the assessment of hedge effectiveness.

(Significant accounting estimates)

Recoverability of deferred tax assets

(1) Amounts recorded in the non-consolidated financial statements for the fiscal years ended March 31, 2025 and 2026

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Deferred tax assets	9,648	12,540

Note: The amount is before netting out with deferred tax liabilities.

(2) Information about significant accounting estimates on identified items

The method of calculating the amount in (1) is the same as that described in "Notes to consolidated financial statements, (Significant accounting estimates), *Recoverability of deferred tax assets*."

(Changes in presentation)

(Statement of income)

"Commitment fees" and "Loss on investments in silent partnerships," which were included in "Other" under "Non-operating expenses" in the previous fiscal year, are separately presented from the fiscal year under review because of their increased materiality of the amount. In addition, "Administrative expenses of inactive oil and gas field," which was presented separately under "Non-operating expenses" in the previous fiscal year, is included in "Other" from the fiscal year under review due to its decreased materiality of the amount. To reflect these changes in presentation, the non-consolidated financial statements for the previous fiscal year have been reclassified.

Accordingly, ¥397 million presented as "Administrative expenses of inactive oil and gas field" and ¥914 million presented as "Other" under "Non-operating expenses" in the statement of income for the previous fiscal year have been reclassified as ¥288 million of "Commitment fees," ¥101 million of "Loss on investments in silent partnerships," and ¥921 million of "Other."

(Changes in accounting estimates)

(Changes in asset retirement obligations estimates)

Regarding asset retirement obligations recorded for well abandonment costs and facility removal costs at domestic oil and gas fields, etc. (hereinafter referred to as "removal costs, etc."), the estimate of the removal costs, etc. required at the end of the projects was changed in the fiscal year under review as a result of obtaining new information concerning the sharp rise in prices of materials and equipment and labor costs, as well as revising the timing of removal. The increase of ¥5,456 million due to the estimate change was added to the asset retirement obligations balance before the change.

Furthermore, due to said changes in the estimate, operating profit for the fiscal year ended March 31, 2026, decreased by ¥5,107 million, and ordinary profit and profit before income taxes both decreased by ¥5,422 million.

(Additional information)

(Share-based compensation plan)

This information is not presented as the same information is disclosed in the "Notes to consolidated financial statements, (Additional information)."

(Transfer of gas manufacturing, sales, and gas pipeline business in Hokkaido Prefecture)

This information is not presented as the same information is disclosed in the "Notes to consolidated financial statements, (Additional information)."

(Impacts of tensions in the Middle East)

This information is not presented as the same information is disclosed in the "Notes to consolidated financial statements, (Additional information)."

(Balance sheet)

*1. During the fiscal year under review, the Company recorded a reduction entry of ¥382 million for machinery and equipment due to the receipt of government subsidies.

The following table summarizes the amount of accumulated reduction entry of property, plant and equipment due to the receipt of government subsidies.

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Structures	42	42
Machinery and equipment	4,759	5,142
Tools, furniture and fixtures	198	198

*2. The following assets were pledged as collateral for borrowings of subsidiaries and associates.

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Investment securities	4,967	4,808
Shares of subsidiaries and associates	586	586

3. Liabilities for guarantees

(Millions of yen)

As of March 31, 2025		As of March 31, 2026	
(1) Liabilities for guarantees for borrowings and other obligations from financial institutions			
Ozu Biomass Power Co., Ltd.	6,853	Ozu Biomass Power Co., Ltd.	5,368
Abashiri Biomass Power 2 LLC.	1,708	Sakhalin Oil and Gas Development Co., Ltd.	3,668
Abashiri Biomass Power 3 LLC.	1,626	Abashiri Biomass Power 2 LLC.	1,576
Kumamoto Mirai LNG Co., Ltd.	12	Abashiri Biomass Power 3 LLC.	1,491
Employees (borrowings for housing funds)	8	Kumamoto Mirai LNG Co., Ltd.	5
(2) Guarantees for secondary decommissioning liabilities			
	–	JAPEX Norge AS	1,111
(3) Guarantee for the use of gas pipelines			
	–	JAPEX Norge AS	698
Total	10,208	Total	13,921

*4. Monetary receivables from and payables to subsidiaries and associates (excluding those presented separately)

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Short-term receivables	8,197	5,389
Long-term receivables	130	130
Short-term payables	2,316	2,494
Long-term payables	–	3,851

5. JAPEX has entered into overdraft agreements and loan commitment agreements with three banks to facilitate efficient procurement of working capital. The unused balances of these agreements as of March 31, 2025 and 2026 are as follows:

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Total overdraft limit and commitment line	88,528	84,982
Executed borrowings	–	–
Unused balance	88,528	84,982

(Statement of income)

*1. Transactions with subsidiaries and associates

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Volume of operating transactions		
Net sales	43,942	42,879
Purchases	14,347	13,970
Volume of other transactions	14,341	5,781

*2. Selling expenses for the fiscal years ended March 31, 2025, and 2026, roughly account for 49% and 49% of SG&A expenses, respectively, while general and administrative expenses account for 51% and 51%, respectively.

The breakdown of major expenses for items and the amount of selling, general and administrative expenses is as follows:

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Compensation for directors and other officers	372	363
Salaries for employees, etc.	8,011	8,533
Retirement benefit expenses	278	313
Freight costs	3,068	3,184
Cost of outsourcing construction work	3,913	3,592
Depreciation	2,763	2,600

(Securities)

Shares of subsidiaries and associates

Fiscal year ended March 31, 2025

With regard to the shares of subsidiaries and associates (balance sheet amounts are ¥165,669 million and ¥23,754 million, respectively), JAPEX does not disclose their fair value because of the lack of quoted market prices.

Fiscal year ended March 31, 2026

With regard to the shares of subsidiaries and associates (balance sheet amounts are ¥230,593 million and ¥21,411 million, respectively), JAPEX does not disclose their fair value because of the lack of quoted market prices.

(Tax effect accounting)

1. Significant components of deferred tax assets and liabilities

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Deferred tax assets		
Net tax loss carried forward	12,100	5,981
Provision for retirement benefits	657	477
Depreciation on non-current asset	3,678	3,514
Investment securities and shares of subsidiaries and associates	1,972	2,083
Asset retirement obligations	7,183	8,773
Impairment losses on non-current assets	2,119	2,116
Other	2,192	2,292
Subtotal deferred tax assets	29,904	25,239
Valuation allowance for net tax loss carried forward	(8,912)	(1,177)
Valuation allowance for total of deductible temporary differences	(11,342)	(11,521)
Total valuation allowance	(20,255)	(12,698)
Total deferred tax assets	9,648	12,540
Deferred tax liabilities		
Reserve for mine prospecting	(8,921)	(9,101)
Reserve for tax purpose reduction entry of non-current assets	(177)	(167)
Valuation difference on available-for-sale securities	(14,787)	(38,289)
Deferred gains or losses on hedges	(4,388)	(7,231)
Other	(336)	(406)
Total deferred tax liabilities	(28,611)	(55,197)
Deferred tax liabilities, net	(18,962)	(42,656)

(Changes in presentation)

"Shares of subsidiaries" and "Shares of associates" (temporary differences arising from the group taxation system, deemed dividends, etc.), which were included in "Other" under deferred tax assets in the previous fiscal year, are included in "Investment securities and shares of subsidiaries and associates" from the fiscal year under review to enhance clarity of presentation. To reflect this change in presentation, the note for the previous fiscal year has been reclassified.

Accordingly, ¥912 million presented as "Investment securities and shares of subsidiaries and associates" and ¥3,227 million presented as "Other" under deferred tax assets in the previous fiscal year have been reclassified as ¥1,972 million of "Investment securities and shares of subsidiaries and associates" and ¥2,192 million of "Other," respectively.

2. Reconciliation of the effective tax rates reflected in the statement of income and the effective statutory tax rates

(%)

	As of March 31, 2025	As of March 31, 2026
Effective statutory tax rate	28.0	28.0
(Adjustments)		
Income not taxable for income tax purposes (e.g., dividend income)	(3.4)	(1.7)
Expenses not deductible for income tax purposes (e.g., entertainment expenses)	0.1	0.1
Special deduction for exploration expenses for new mineral deposits	–	(0.8)
Change in valuation allowance	(10.3)	(18.5)
Tax credit	(0.4)	(0.7)
Other	0.7	0.9
Actual effective tax rate after applying tax effect accounting	14.7	7.3

(Revenue recognition)

Information that provides the basis for understanding revenue from contracts with customers is as presented in the "Notes to non-consolidated financial statements, (Significant accounting policies), 4. Accounting policies for revenues and expenses" in the financial statements.

(Business combinations)

Business divestitures

This information is not presented as the same information is disclosed in the "Notes to consolidated financial statements, (Business combinations)."

(Significant subsequent events)

Not applicable.

4) Annexed Detailed Schedules

Schedule of total property, plant and equipment

(Millions of yen)

Category	Type of assets	Balance at beginning of period	Increase during period	Decrease during period	Depreciation/ amortization during period	Balance at end of period	Accumulated depreciation/ amortization
Property, plant and equipment	Buildings	8,559	169	37	524	8,167	15,422
	Structures	20,259	996	9	3,183	18,063	134,218
	Wells	7,505	3,139	166	5,023	5,454	77,707
	Machinery and equipment	12,193	3,316	388	5,905	9,216	111,976
	Vessels	0	–	–	–	0	24
	Vehicles	0	–	0	0	0	16
	Tools, furniture and fixtures	1,363	429	2	478	1,311	11,234
	Land	9,280	–	6	–	9,274	–
	Leased assets	104	31	1	26	108	3,583
	Construction in progress	430	4,358	2,703	–	2,086	–
	Total	59,698	12,441	3,315	15,142	53,682	354,182
Intangible assets	Leasehold interests in land	143	–	–	–	143	–
	Software	559	251	62	195	553	410
	Other	163	477	251	14	374	125
	Total	866	729	314	209	1,071	536

Schedule of allowances and provisions

(Millions of yen)

Account title	Balance at beginning of period	Increase during period	Decrease during period	Balance at end of period
Allowance for doubtful accounts	20	262	–	282
Allowance for overseas investment loss	86	–	86	–
Provision for bonuses for directors (and other officers)	66	68	66	68
Provision for loss on disaster	50	152	25	178
Provision for loss on construction contracts	–	220	–	220
Provision for share awards	144	123	109	158

(2) Components of major assets and liabilities

This information is not presented as JAPEX prepares the consolidated financial statements.

(3) Other

Not applicable.

Item 6. Outline of Share-related Administration of Reporting Company

Fiscal year	From April 1 to March 31
Ordinary General Meeting of Shareholders	June
Record date	March 31
Record date of dividends of surplus	September 30 March 31
Number of shares constituting one unit	100 shares
Purchase of shares of less than one unit	
Handling office	(Special account) Stock Transfer Agency Department, Head Office, Mizuho Trust & Banking Co., Ltd. 1-3-3 Marunouchi, Chiyoda-ku, Tokyo, Japan
Transfer agent	(Special account) Mizuho Trust & Banking Co., Ltd. 1-3-3 Marunouchi, Chiyoda-ku, Tokyo, Japan
Forwarding office	――――――
Purchase fee	Amounts equivalent to fees determined by the share handling regulations of JAPEX in relation to entrustment of the purchase and sale of securities
Method of public notice	Public notice shall be given electronically; provided, however, that in the event that JAPEX is unable to give electronic public notice due to an accident or other unavoidable reason, public notice shall be given by publication in The Nihon Keizai Shimbun published in Tokyo. JAPEX will give public notice on the following URL: https://www.japex.co.jp/
Special benefits for shareholders	Not applicable.

Note: Provisions regarding rights pertaining to shares of less than one unit

The Articles of Incorporation of JAPEX have the following provisions regarding rights pertaining to shares of less than one unit:

Article 9 (Rights Pertaining to Shares of Less than One Unit (*tangen*))

Any Company shareholder holding less than one unit (*tangen*) shall be unable to exercise any rights other than those set out below:

1. Rights stipulated in the items of Article 189, paragraph 2 of the Companies Act
2. Rights of pre-emption in respect of issues of shares or grants of share acquisition rights, in proportion to their shareholdings.

Item 7. Reference Information of Reporting Company

1. Information about Parent of Reporting Company

JAPEX does not have any company or entity as its parent.

2. Other Reference Information

From the beginning of the fiscal year under review until the filing date of this Annual Securities Report, JAPEX has filed the following documents:

(1) Annual Securities Report, attachments thereto, and Confirmation Letter

Filed for the 55th term ended March 31, 2025 (from April 1, 2024 to March 31, 2025) with the Director-General of the Kanto Local Finance Bureau on June 23, 2025.

(2) Internal Control Report and attachments thereto

Filed with the Director-General of the Kanto Local Finance Bureau on June 23, 2025.

(3) Semi-annual Securities Report and Confirmation Letter

Filed for the six months ended September 30, 2025 (from April 1 to September 30, 2025) of the 56th term ended March 31, 2026, with the Director-General of the Kanto Local Finance Bureau on November 12, 2025.

(4) Extraordinary Reports

Filed the Extraordinary Report pursuant to Article 19, paragraph 2, item 3 (Changes in specified subsidiaries) of the Cabinet Office Order on Disclosure of Corporate Affairs with the Director-General of the Kanto Local Finance Bureau on April 4, 2025.

Filed the Extraordinary Report pursuant to Article 19, paragraph 2, item 3 (Changes in specified subsidiaries) of the Cabinet Office Order on Disclosure of Corporate Affairs with the Director-General of the Kanto Local Finance Bureau on May 29, 2025.

Filed the Extraordinary Report pursuant to Article 19, paragraph 2, item 9-2 (Result of exercise of voting rights at a general meeting of shareholders) of the Cabinet Office Order on Disclosure of Corporate Affairs with the Director-General of the Kanto Local Finance Bureau on July 4, 2025.

Filed the Extraordinary Report pursuant to Article 19, paragraph 2, item 12 and item 19 (Event which may have a significant effect on the financial position, operating results and cash flow status of the Company and its consolidated companies) of the Cabinet Office Order on Disclosure of Corporate Affairs with the Director-General of the Kanto Local Finance Bureau on December 3, 2025.

Filed the Extraordinary Report pursuant to Article 19, paragraph 2, item 3 (Changes in specified subsidiaries) and item 16-2 (Decision by a consolidated subsidiary to acquire a subsidiary) of the Cabinet Office Order on Disclosure of Corporate Affairs with the Director-General of the Kanto Local Finance Bureau on December 19, 2025.

(5) Shelf Registration Statement (Shares, Corporate Bonds, etc.) and attachments thereto

Filed with the Director-General of the Kanto Local Finance Bureau on March 19, 2026.

(6) Amendment Reports of the Annual Securities Reports, attachments thereto, and Confirmation Letters

Filed for the 54th term ended March 31, 2024 (from April 1, 2023 to March 31, 2024) with the Director-General of the Kanto Local Finance Bureau on July 11, 2025.

Filed for the 55th term ended March 31, 2025 (from April 1, 2024 to March 31, 2025) with the Director-General of the Kanto Local Finance Bureau on July 11, 2025.

(7) Amendment Report of the Extraordinary Report

Filed the Amendment Report pertaining to the Extraordinary Report filed on December 3, 2025 (Event which may have a significant effect on the financial position, operating results and cash flow status of the Company and its consolidated companies) with the Director-General of the Kanto Local Finance Bureau on May 25, 2026.

(8) Amended Shelf Registration Statement

Filed with the Director-General of the Kanto Local Finance Bureau on May 25, 2026.

Section 2 Information of the Reporting Company’s Guarantor, etc.

Not applicable.

(TRANSLATION ONLY)

Independent Auditor's Report and Internal Control Audit Report

June 19, 2026

The Board of Directors

Japan Petroleum Exploration Co., Ltd.

Ernst & Young ShinNihon LLC

Tokyo Office

YAMAZAKI Kazuhiko
Designated and Engagement Partner
Certified Public Accountant

MORONUKI Kentaro
Designated and Engagement Partner
Certified Public Accountant

OTSUKI Masahiro
Designated and Engagement Partner
Certified Public Accountant

<Audit of Consolidated Financial Statements>

Opinion

Pursuant to the provisions of Article 193-2, paragraph 1 of the Financial Instruments and Exchange Act, we have audited the consolidated financial statements of Japan Petroleum Exploration Co., Ltd. (the "Company") and its consolidated subsidiaries (collectively, the "Group") provided in the Financial Information section in the Company's Annual Securities Report, namely, the consolidated balance sheet as of March 31, 2026, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the fiscal year from April 1, 2025 to March 31, 2026, and the significant accounting policies for the preparation of consolidated financial statements and other notes and the annexed consolidated detailed schedules.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2026, and its consolidated financial performance and consolidated cash flows for the fiscal year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, including those applicable to audits of financial statements of public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Recoverability of Deferred Tax Assets	
Key Audit Matters and the Reasoning	Auditor’s Response
As described in “Notes to consolidated financial statements, (Significant accounting estimates),” the Group recorded deferred tax assets before offsetting deferred tax liabilities of ¥23,873 million as of March 31, 2026. Of the item above, the Company submitting consolidated financial statements recorded deferred tax assets of ¥12,540 million including ¥4,804 million recognized for some part of net tax loss carried forward. As a result of performing the scheduling of deductible temporary differences based on the estimated taxable income before adding/deducting temporary differences over the reasonably estimable period as of the end of the current fiscal year, the Group recorded its deferred tax assets for the recoverable deductible temporary differences and net tax loss carried forward. The recoverability of deferred tax assets largely depends on the estimation of future taxable income. Selling prices and volumes are used as primary assumptions for estimating the timing and amount of future taxable income. E&P Business and Infrastructure/Utility Business are primary businesses of the Company. These primary assumptions are significantly affected by irreversible structural changes and decarbonization trends in various areas such as energy supply-demand balance and environmental issues. These estimates largely depend on business plans and also impact the determination of reasonably estimable periods of future taxable income according to corporate classifications based on the Implementation Guidance on Recoverability of Deferred Tax Assets (ASBJ Guidance No.26). Such estimates entail uncertainties under which management has difficulty making decisions and providing evidence. In addition, deferred tax assets have significance in terms of amount. Taking these matters into consideration, we determined that recoverability of deferred tax assets of the Company is a key audit matter.	For the purpose of considering the recoverability of deferred tax assets of the Company, we examined the appropriateness of the corporate judgments and reasonably estimable periods of future taxable income relating to corporate classifications based on the Implementation Guidance on Recoverability of Deferred Tax Assets (ASBJ Guidance No.26). We also discussed with management how management had reflected the business environment, such as the decarbonization trends, the global situation, and trends in the domestic economy, in a medium-term management plan. Especially, we discussed with management how the uncertainties arising from the current escalating tensions in the Middle East had been incorporated into the estimation of future taxable income. Furthermore, to consider the appropriateness of the estimation of future taxable income, we mainly performed the procedures below: – We compared the actual sales volumes with the estimates formulated in the past to assess the effectiveness of the estimation processes determined by management. – We considered the consistency between the estimates of future taxable income and the medium-term management plan approved by management, and discussed with management when there was a gap therebetween. – We compared crude oil and natural gas prices, the basis of selling prices, with estimated prices announced by external research firms, and discussed with management the impact of the global situation, such as that in the Middle East, on the prices of crude oil and natural gas. – To assess the uncertainties in the estimation of future taxable income, we examined the impact of incorporating certain risks we specified into the medium-term management plan, which forms the basis for the estimation of future taxable income. – We compared sales volumes with past results for each major product and merchandise, such as crude oil, natural gas, and electricity, and considered the consistency between production amounts and the results of reserve assessment for crude oil and natural gas. In addition to the above, when the scheduling of deductible temporary differences and taxable temporary differences at the end of the fiscal year was based on management’s judgment, we considered the consistency with the medium-term management plan, and discussed with management such matters.

Appropriateness of the accounting treatment applied to the acquisition of the equity interest of Verdad Resources Intermediate Holdings LLC	
Key Audit Matters and the Reasoning	Auditor's Response
As described in the "Notes to consolidated financial statements (Additional information)," in February 2026, the Company acquired the entire equity interest of Verdad Resources Intermediate Holdings LLC (VRIH), which holds tight oil and gas assets in the U.S., through Peoria Resources Acquisition Company, LLC (AcquCo), a consolidated subsidiary of the Company. AcquCo applies U.S. GAAP, under which this acquisition was accounted for as an asset acquisition. The accounting treatment differs depending on whether the transaction qualifies as a business acquisition or an asset acquisition. If the transaction qualifies as a business acquisition, the consideration transferred shall be allocated to identifiable assets and liabilities measured at fair value, and goodwill shall be recognized. Meanwhile, if the transaction qualifies as an asset acquisition, the consideration transferred shall be allocated to individual assets on a relative fair value basis, and no goodwill should be recognized. Especially, in the determination of whether the acquired assets and liabilities meets the definition of a business in ASC 805, Business Combinations, under U.S. GAAP, a high level of professional judgment is required. The outcome of this judgment has a material impact on the nature and amounts of the assets and liabilities recognized in the consolidated financial statements. For the reasons stated above, we determined that the appropriateness of the accounting treatment applied to the acquisition of the U.S. tight oil and gas assets was a key audit matter, as it was one of the matters of most significance in our audit of the consolidated financial statements for the current fiscal year.	To consider the appropriateness of the judgement made by the Company that this transaction constitutes an asset acquisition under U.S. GAAP, we mainly performed the audit procedures below: – We reviewed the Membership Interest Purchase Agreement and related materials, and understood the acquisition targets, transaction terms, and actual transaction details. – We examined whether the transaction constitutes an asset acquisition, not a business acquisition, in light of ASC 805 Business Combinations under U.S. GAAP. Especially, we assessed whether substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets according to ASC 805-10-55-5A. To consider the appropriateness of the fair value of the gross assets acquired to the extent necessary to achieve the objective of this assessment, we mainly performed the audit procedures below: (1) We compared crude oil and natural gas prices, the basis of selling prices, with estimated prices announced by external research firms. (2) We compared production amounts of crude oil and natural gas with a reserve assessment report prepared by experts. (3) We considered the appropriateness of the models used by the Company in the measurement of the fair value, and considered the consistency between the data used by the Company in the calculation of a discount rate with external information. – In this assessment, we discussed with the component audit team involved with the constituent entity located in the U.S., obtained audit evidence, including the results of analysis performed by this component audit team on the target assets for acquisition and other relevant information, and examined the contents of such audit evidence. – Based on the results of the above assessment, we examined the appropriateness of the accounting treatment adopted by AcquCo, and considered the appropriateness of the related notes of the Company.

Other Information

The other information consists of the information included in the annual securities report, other than the consolidated financial statements, the non-consolidated financial statements, and our auditor's reports thereon. Management is responsible for the preparation and disclosure of the other information. The Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operations of the reporting process about the other information. Our opinion on the consolidated financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated, and to pay attention to whether there are any other indications of material errors in the other information aside from such material inconsistency.

If we conclude that there is a material misstatement of this other information based on the work we have performed, we are required to

report that fact.
We have nothing to report in this regard.

Responsibilities of Management, the Audit & Supervisory Board Members and the Audit & Supervisory Board for the Consolidated Financial Statements
Management is responsible for preparing and fairly presenting these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.
In preparing the consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the consolidated financial statements with the assumption of the Group's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.
The Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operations of the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements
Our responsibilities are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion on the consolidated financial statements based on our audit from an independent standpoint. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.
In accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. The procedures selected or applied depend on the auditor's judgement. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, although the purpose of the audit of the consolidated financial statements is not to express an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used by the management and their method of application, as well as the reasonableness of accounting estimates made by the management and related notes thereto.
- Conclude on the appropriateness of management's use of the going concern basis for preparing the consolidated financial statements. And, based on the audit evidence obtained, determine whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related notes to the consolidated financial statements or, if such notes are inadequate, to express a qualified opinion with exceptions on the consolidated financial statements. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the overall presentation of the consolidated financial statements and the notes thereto are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure and content of the consolidated financial statements, including the notes thereto, and whether the consolidated financial statements represent the underlying transactions and accounting events in a manner that achieves fair presentation.
- Plan and conduct the audit of consolidated financial statements to obtain sufficient and appropriate audit evidence regarding the financial information of the Group that provides a basis for the expression of an opinion on the consolidated financial statements. We are responsible for the direction, supervision and inspection of the audit of consolidated financial statements. We remain solely responsible for our audit opinion.

We communicate with the Audit & Supervisory Board Members and the Audit & Supervisory Board regarding the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit, and other matters required by auditing standards.
We also provide the Audit & Supervisory Board Members and the Audit & Supervisory Board with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the financial statements in Japan, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied to reduce threats to an acceptable level.
Of the matters communicated with the Audit & Supervisory Board Members and the Audit & Supervisory Board, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period as key audit matters in

our auditor's report and describe the matters in our auditor's report. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

<Audit of Internal Control>

Opinion

Pursuant to Article 193-2, paragraph 2 of the Financial Instruments and Exchange Act, we have audited the Internal Control Report of Japan Petroleum Exploration Co., Ltd. as of March 31, 2026.

In our opinion, the accompanying Internal Control Report, in which Japan Petroleum Exploration Co., Ltd. states that internal control over financial reporting was effective as of March 31, 2026, presents fairly, in all material respects, the assessment of internal control over financial reporting, in accordance with standards for assessment of internal control over financial reporting generally accepted in Japan.

Basis for Opinion

We conducted our internal control audit in accordance with auditing standards for internal control over financial reporting generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Internal Control Audit section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, including those applicable to audits of financial statements of public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management, the Audit & Supervisory Board Members and the Audit & Supervisory Board for the Internal Control Report

Management is responsible for designing and operating effective internal control over financial reporting, and for preparing and fairly presenting its report on internal control in accordance with standards for assessment of internal control over financial reporting generally accepted in Japan.

The Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing and verifying the design and operating effectiveness of internal control over financial reporting.

Internal control over financial reporting may not fully prevent or detect misstatements in financial reporting.

Auditor’s Responsibilities for the Internal Control Audit

Our responsibilities are to obtain reasonable assurance about whether the Internal Control Report is free from material misstatement and to issue an internal control audit report that includes our opinion on the Internal Control Report based on our internal control audit from an independent standpoint.

In accordance with auditing standards for internal control over financial reporting generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Perform audit procedures to obtain audit evidence for the assessment results for internal control over financial reporting in the Internal Control Report. Internal control audit procedures selected and applied depend on the auditor’s judgment, taking into account the significance of effects on the reliability of financial reporting.
- Evaluate the overall presentation of the Internal Control Report, including the appropriateness of the scope, procedures and results of management’s assessments of internal control over financial reporting.
- Plan and conduct the audit of internal control to obtain sufficient and appropriate audit evidence about the results of the assessments of internal control over financial reporting in the Internal Control Report. We are responsible for the direction, supervision and inspection of the audit of the Internal Control Report. We remain solely responsible for our audit opinion.

We communicate with the Audit & Supervisory Board Members and the Audit & Supervisory Board regarding the scope and timing of the planned internal control audit, results thereof, significant deficiencies in internal control to be disclosed that we identify during our audit and those that were remediated, and other matters required by auditing standards for internal control.

We also provide the Audit & Supervisory Board Members and the Audit & Supervisory Board with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the financial statements in Japan, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied to reduce threats to an acceptable level.

<Fee-related Information>

The fees for the audits of the financial statements of the Company and its subsidiaries and other services provided by us and other EY member firms are presented in “4. Corporate Governance, (3) Audits” included in “Information about Reporting Company.”

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes: 1. The original of the above Independent Auditor's Report is kept separately by the Company (the reporting company of the Annual Securities Report).
2. The associated XBRL data are not included in the scope of the audit.

(TRANSLATION ONLY)

Independent Auditor's Report

June 19, 2026

The Board of Directors

Japan Petroleum Exploration Co., Ltd.

Ernst & Young ShinNihon LLC

Tokyo Office

YAMAZAKI Kazuhiko
Designated and Engagement Partner
Certified Public Accountant

MORONUKI Kentaro
Designated and Engagement Partner
Certified Public Accountant

OTSUKI Masahiro
Designated and Engagement Partner
Certified Public Accountant

<Audit of Non-consolidated Financial Statements>

Opinion

Pursuant to the provisions of Article 193-2, paragraph 1 of the Financial Instruments and Exchange Act, we have audited the non-consolidated financial statements of Japan Petroleum Exploration Co., Ltd. (the "Company") provided in the "Financial Information" section in the Company's Annual Securities Report, namely, the non-consolidated balance sheet as of March 31, 2026, and the non-consolidated statement of income and non-consolidated statement of changes in equity and the significant accounting policies for the 56th fiscal year from April 1, 2025 to March 31, 2026, and the related notes and the annexed detailed schedules.

In our opinion, the accompanying non-consolidated financial statements present fairly, in all material respects, the financial position of the Company as of March 31, 2026, and its financial performance for the fiscal year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Non-consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the non-consolidated financial statements in Japan, including those applicable to audits of financial statements of public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the non-consolidated financial statements of the current period. These matters were addressed in the context of our audit of the non-consolidated financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters.

Recoverability of Deferred Tax Assets

As described in "Notes to non-consolidated financial statements, (Significant accounting estimates)," the Company recorded deferred tax assets before offsetting deferred tax liabilities of ¥12,540 million as of March 31, 2026. Of the item above, the Company recorded deferred tax assets of ¥4,804 million for some part of net tax loss carried forward. The statement is omitted because the details are the same as those of the key audit matters (Recoverability of Deferred Tax Assets) described in the auditor's report for the consolidated financial statements.

Other Information

The other information consists of the information included in the annual securities report, other than the consolidated financial statements, the non-consolidated financial statements, and our auditor's reports thereon. Management is responsible for the preparation and disclosure of the other information. The Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operations of the reporting process about the other information.
Our opinion on the non-consolidated financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.
In connection with our audit of the non-consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the non-consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated, and to pay attention to whether there are any other indications of material errors in the other information aside from such material inconsistency.
If we conclude that there is a material misstatement of this other information based on the work we have performed, we are required to report that fact.
We have nothing to report in this regard.

Responsibilities of Management, the Audit & Supervisory Board Members and the Audit & Supervisory Board for the Non-Consolidated Financial Statements

Management is responsible for preparing and fairly presenting non-consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines necessary to enable the preparation and fair presentation of the non-consolidated financial statements that are free from material misstatement, whether due to fraud or error.
In preparing the non-consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the non-consolidated financial statements with the assumption of the Company's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.
The Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operations of the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Non-consolidated Financial Statements

Our responsibilities are to obtain reasonable assurance about whether the non-consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion on the non-consolidated financial statements based on our audit from an independent standpoint. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these non-consolidated financial statements.
In accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the non-consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. The procedures selected or applied depend on the auditor's judgement. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, although the purpose of the audit of the non-consolidated financial statements is not to express an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used by the management and their method of application, as well as the reasonableness of accounting estimates made by the management and related notes thereto.
- Conclude on the appropriateness of management's use of the going concern basis for preparing the non-consolidated financial statements. And, based on the audit evidence obtained, determine whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty

exists, we are required to draw attention in our auditor's report to the related notes to the non-consolidated financial statements or, if such notes are inadequate, to express a qualified opinion with exceptions on the non-consolidated financial statements. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate whether the overall presentation of the non-consolidated financial statements and the notes thereto are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure and content of the non-consolidated financial statements, including the notes thereto, and whether the non-consolidated financial statements represent the underlying transactions and accounting events in a manner that achieves fair presentation.

We communicate with the Audit & Supervisory Board Members and the Audit & Supervisory Board regarding the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit, and other matters required by auditing standards.

We also provide the Audit & Supervisory Board Members and the Audit & Supervisory Board with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the financial statements in Japan, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied to reduce threats to an acceptable level.

Of the matters communicated with the Audit & Supervisory Board Members and the Audit & Supervisory Board, we determine those matters that were of most significance in the audit of the non-consolidated financial statements for the current fiscal year as key audit matters in our auditor's report and describe the matters in our auditor's report. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

<Fee-related Information>

The fees-related information is presented in the auditor's report for the consolidated financial statements.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its engagement partners do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes 1. The original of the above Independent Auditor's Report is kept separately by the Company (the reporting company of the Annual Securities Report).

2. The associated XBRL data are not included in the scope of the audit.

(TRANSLATION ONLY)

Cover

Document title	Confirmation Letter
Clause of stipulation	Article 24-4-2, paragraph 1 of the Financial Instruments and Exchange Act
Place of filing	Director-General of the Kanto Local Finance Bureau
Filing date	June 19, 2026
Company name	Japan Petroleum Exploration Co., Ltd.
Company name in English	Japan Petroleum Exploration Co., Ltd.
Title and name of representative	YAMASHITA Michiro, Representative Director and President
Title and name of Chief Financial Officer	Not applicable.
Address of registered headquarters	1-7-12 Marunouchi, Chiyoda-ku, Tokyo
Place for public inspection	Tokyo Stock Exchange, Inc. (2-1 Nihombashi Kabutocho, Chuo-ku, Tokyo)

1. Matters Related to Adequacy of Statements Contained in the Annual Securities Report

YAMASHITA Michiro, Representative Director and President of Japan Petroleum Exploration Co., Ltd., has confirmed that this Annual Securities Report for the 56th term (from April 1, 2025 to March 31, 2026) is adequately stated under the Financial Instruments and Exchange Act of Japan.

2. Special Notes

There are no special matters to be noted.

(TRANSLATION ONLY)

Cover

Document title	Internal Control Report
Clause of stipulation	Article 24-4-4, paragraph 1 of the Financial Instruments and Exchange Act
Place of filing	Director-General of the Kanto Local Finance Bureau
Filing date	June 19, 2026
Company name	Japan Petroleum Exploration Co., Ltd.
Company name in English	Japan Petroleum Exploration Co., Ltd.
Title and name of representative	YAMASHITA Michiro, Representative Director and President
Title and name of Chief Financial Officer	Not applicable.
Address of registered headquarters	1-7-12 Marunouchi, Chiyoda-ku, Tokyo
Place for public inspection	Tokyo Stock Exchange, Inc. (2-1 Nihombashi Kabutocho, Chuo-ku, Tokyo)

(TRANSLATION ONLY)

1. Matters Related to the Basic Framework for Internal Control over Financial Reporting

YAMASHITA Michiro, Representative Director and President of Japan Petroleum Exploration Co., Ltd. ("JAPEX") is responsible for the design and operating effectiveness of internal control over financial reporting of JAPEX, and designed and operated internal control over financial reporting in accordance with the basic framework for internal control set forth in the "On the Revision of the Standards and Practice Standards for Management Assessment and Audit concerning Internal Control Over Financial Reporting (Council Opinions)" published by the Business Accounting Council.

Note that internal control over financial reporting aims at achieving its objectives to a reasonable extent given that all individual components of internal control are integrated and function as a whole.

Therefore, due to its inherent limitations, internal control over financial reporting may not operate effectively due to misjudgments, carelessness or collusion among two or more individuals or may not necessarily respond to unexpected changes in internal or external environments when controls were designed for non-routine transactions. As a result, internal control over financial reporting may not fully prevent or detect misstatements in financial reporting.

2. Matters Related to Scope of Assessment, Record Date, and Assessment Procedures

YAMASHITA Michiro, Representative Director and President of JAPEX determined the required scope of assessment of internal control over financial reporting from the perspective of quantitative and qualitative impacts on the reliability of financial reporting and likelihood of material misstatement and assessed the effectiveness of internal control over financial reporting, in accordance with assessment standards for internal control over financial reporting generally accepted in Japan with a record date of March 31, 2026.

For company-level controls and period-end financial reporting processes, a total of 10 companies, including JAPEX and its consolidated subsidiaries and equity-method associates, were assessed for the effectiveness of internal control over financial reporting. Other consolidated subsidiaries and equity-method associates were not included in the scope of assessment of company-level controls as they were deemed not to have a material impact on financial reporting.

He assessed the design and operation of company-level controls and period-end financial reporting processes, as well as the degree of impact they have on process-level controls by performing procedures such as inquiries to concerned parties and verification of records after appropriately understanding and analyzing the internal controls to be assessed as a whole.

The business activities conducted by JAPEX and its consolidated subsidiaries and equity-method associates as a whole are mainly categorized into the "E&P Business," the "Infrastructure/Utility Business," and "Other Businesses." They are engaged in the sale of crude oil, natural gas, LNG (liquefied natural gas), oil products, electricity and other products and the provision of contract services to customers utilizing their production, manufacturing, transport, and other facilities, and therefore, the impact of our business activities on financial reporting is considered to be proportional to their net sales.

Given that the evaluation of company-level internal controls was determined to be effective, it was deemed appropriate to select significant locations or business units in the descending order of net sales until the total reached approximately two-thirds of consolidated net sales. As a result, JAPEX, Japex Garraf Ltd., and Japex (U.S.) Corp. were included in the scope of assessment.

Regarding the scope of the assessment of process-level controls of the significant locations or business units, all business processes related to the accounts that are closely associated with our business activities, namely, net sales, accounts receivable – trade, recoverable accounts, and property, plant and equipment, were included in the scope of assessment. Additionally, the following business processes that have a significant impact on JAPEX's business activities were added to the scope of assessment individually.

- Business processes that account for a large portion of the cost of sales of JAPEX's products for sale or those processes with large transaction amount, which are related to the cost of sales and accounts payable - trade of LNG that are affected by fluctuations in oil price and exchange rates, among other factors
- Business processes relating to electricity futures trading involving derivative transactions
- Business processes relating to JAPEX's significant accounts involving estimates and management's judgment that have a material quantitative impact, namely, business processes relating to raw material valuation of LNG inventories, valuation of securities, allowance for overseas investment loss, asset retirement obligations, and taxes and tax effects of JAPEX.
- Business processes relating to the inclusion of Verdad Resources Intermediate Holdings LLC in the consolidated accounting of JAPEX, considering the impact of an increase in property, plant and equipment on the consolidated financial statements following the acquisition of the entire equity interest of the said company

For the business processes included in the scope of assessment, he identified key controls that would have a material impact on the reliability of financial reporting after analyzing the individual business processes, and assessed the effectiveness of internal control by assessing the design and operation of internal control with regard to the key controls through such means as inspection of relevant documents, inquiries to appropriate responsible persons and staff in charge, observation of business operations, and verification of records on the performance of internal controls.

3. Matters Related to the Results of the Assessment

As a result of performing the assessment procedures described above, YAMASHITA Michiro, Representative Director and President of JAPEX concluded that internal control over financial reporting of JAPEX as of March 31, 2026 was effective.

4. Supplementary Matters

Not applicable.

5. Special Notes

Not applicable.