

Date and time: Thursday, November 13, 2025, 11:00–11:55 (both offline and online)

Attendance: 39 attendees (institutional investors and analysts)

Main Questions and Answers:

Q1: In relation to the U.S. tight oil development project, what are the reasons for the decline in cost of sales compared to the previous forecast?

A1: There are two main reasons for the decline in cost of sales of JAPEX (U.S.) Corp. (“JUS”). One is that because the actual operating cost was lower than previously forecasted, it further reduced the forecasted cost of sales. The other reason is that we revised our forecast to reflect lower-than-expected depreciation expenses caused by a delay in part of capital investment in a project under development that started production and sales in January 2025.

Q2: Please tell us the timing and rate of decline in production in the U.S. tight oil development project.

A2: The production level is expected to decline by about 40% in the next fiscal year. Cost of sales is also expected to decrease, but not as much as the decline in production due to fixed costs.

Q3: Regarding the acquisition of assets in the United States, what have you done so far to acquire operatorship? And, please explain the reasons why you have not yet secured new projects up to now.

A3: In the United States, we place a high priority on acquiring assets at “fair value.” However, we are also aware of the fact that it is difficult to acquire assets based on an overly conservative assumption. Therefore, we are pursuing asset acquisition based on the fair assessment of the assets’ upside potential. Amid a decline in West Texas Intermediate (WTI) from US\$70 to US\$60, there is a gap between expected asset values of sellers and buyers. We recognize that although this gap makes it difficult to close asset deals, the M&A market itself has been active. For this reason, we have not changed our policy to continue to acquire assets at fair value.

Q4: Please tell us in detail about reserve funds recorded on the balance sheet to prepare for future M&As.

A4: Cash and deposits as of September 30, 2025, amounted to ¥150 billion on a consolidated basis. Of which, about ¥50 billion is the necessary working capital for JAPEX and Japex Garraf Ltd., and the remaining ¥100 billion or so can be used as funds to prepare for future M&As. While we are currently exploring M&A opportunities of around US\$300 million, we are capable of pursuing M&As with a slightly larger deal size.

Q5: Please explain the reasons why you have not acquired new working interest in tight oil development projects.

A5: One of the reasons behind this is the gap between expected asset values of sellers and buyers. In addition, due to the high liquidity of the U.S. market, there are some funds that securitize cash flows generated by tight oil assets and sell such securities. In the face of declining long-term interest rates in the United States, a surge in their activity also resulted in intensifying competition. However, as we are getting close to securing new projects, we will pursue the acquisition of quality assets that can withstand the possible prolongation of lower oil prices, or methods of financing the acquisition of such assets.

Q6: When will Verdande and Alve Nord Oil and Gas Fields in Norway start contributing to profit?

A6: In early October, JAPEX Norge AS (“J Norge”) completed an asset swap in which J Norge transferred its exploration assets and received development assets. We have received a report that production at Verdande, one of the development assets, will begin shortly. While the current production volume of J Norge totals around 500 boe/d, Verdande is expected to make a contribution of approximately 1,500 boe/d to an increase in production throughout the next fiscal year. At the same time, we expect an operating profit of several million U.S. dollars in the next fiscal year. Meanwhile, production at Alve Nord, the other development asset, is projected to start in 2027.

Q7: What is the future outlook of the battery energy storage system project? Is the Tomakomai Battery Energy Storage System ready for grid connection?

A7: Compared to the Mihama Battery Energy Storage System, which is a pilot project with an output of approximately 2 MW and a capacity of approximately 6 MWh, the JAPEX Tomakomai Battery Energy Storage System is a full-fledged battery energy storage system with an output of 20 MW and a capacity of 106 MWh. In the supply and demand adjustment market, the value of regulating capabilities has currently been persistently high against a backdrop of the lack of bidding capacity. We see this situation as a big business opportunity. We succeeded in grid connection of the Tomakomai Battery Energy Storage System and aim to start its operation in fall 2027. We are seeking to expand our investment to acquire further projects. However, the value of regulating capabilities may greatly fluctuate depending on future electricity demand, progress of resuming nuclear power plants, and the spread of renewable energy. Therefore, we will expand the business taking risks into account.

Q8: Please tell us your forecast of foreign exchange gains or losses based on the assumption that the current exchange rate remains unchanged until the end of this fiscal year.

A8: We did not consider foreign exchange gains or losses in the full-year results forecast because we prepared the forecast for the second half of this fiscal year based on the assumption of ¥140/U.S. dollar. However, if the current exchange rate remains unchanged, we expect to post foreign exchange gains of around ¥3 billion.

Q9: Are foreign exchange gains or losses included in your dividend calculation basis?

A9: Yes, it is included in our dividend calculation basis.

Q10: What strengths does JAPEX have that help it pursue the E&P business in North America?

A10: We build our business portfolio from the perspective of identifying suitable areas for each project. Our first choice is the United States because of its active, and highly liquid M&A market, followed by Indonesia and Norway. In Indonesia, there is strong momentum and potential for the re-entry of foreign companies. Meanwhile, despite its high tax rate, financing is readily available in Norway thanks to the government's generous tax incentives, and the market is also highly liquid in the country. For these reasons, we would like to narrow down the list of potential project locations to these countries. In line with this approach, in addition to the establishment of Peoria Resources LLC ("Peoria") in the United States, we place J Norge at the core of the portfolio for projects in Norway. In the tight oil projects in North America, it is difficult to acquire assets at fair value without the ability to assess their upside potential. Although we have insight in conventional projects, we currently do not have enough expertise in tight oil projects. Therefore, we will build our business portfolio, while compensating for the lack of such expertise by bringing in American investors at Peoria.

Q11: While an industry peer has reportedly purchased a new drilling rig, what is JAPEX's approach to the domestic E&P business?

A11: JAPEX has continued to put in place its drilling rig fleet under the initiative of its subsidiary, SK ENGINEERING CO., LTD. In addition to exploration and development in Japan and contracting of well drilling in geothermal projects, we are planning to drill wells in CCS projects in the future. For the domestic E&P business, we are always thinking how much oil or gas has been produced or reserved by Katakai Gas Field and other fields, or how much we can increase their production or reserves. Although we have not brought up the domestic E&P business as a topic as often as we have done for the overseas E&P business, Japan remains one of our top priority regions.

Q12: What are potential factors for changes in net profit from this fiscal year to the next fiscal year?

A12: As I mentioned before, production of tight oil is expected to continue declining in the next fiscal year. JUS has two equity-method affiliates aside from the E&P business. We expect profit of Gulf Coast LNG Holdings LLC ("GCLH"; the Freeport LNG project) for the next fiscal year to be on par with this fiscal year. In the meantime, while we aim to make a final investment decision for Blue Spruce Operating LLC ("BSO"; Dry Piney project) within this fiscal year, BSO is projected to have no impact on profit or loss for the next fiscal year. In Indonesia, we are scheduled to complete the procedures for the sale of shares in Energi Mega Pratama Inc. (EMPI) that owns Kangean block and the acquisition of shares in EMP Gebang (EMPG) that owns Gebang block by the

end of the month. However, Gebang block is expected to have no impact on profit or loss for the next fiscal year as the block is still under development. In addition, while exploratory drilling for the CCS project will start in Tomakomai, it is not likely to affect profit or loss as we expect net sales and cost of sales to be roughly the same amount. With respect to LNG-related non-operating income and expenses specific to this fiscal year, we recorded approximately ¥1.7 billion in gain on valuation of derivatives through book-out transactions in the first quarter, which will be realized by the end of this fiscal year. In the second quarter, a loss on derivatives of ¥1.2 billion was realized and recorded for hedging derivatives involved in cancelled LNG cargos. If the impact of OPEC+'s easing of production limits extends to our Garraf project, we expect our production to get close to the contractual plateau production of 230,000 bbl/d. However, there is nothing concrete at this point.

Q13: Please tell us updates on the Sakhalin 1 Project, if any.

A13: While Sakhalin Oil and Gas Development Co., Ltd. ("SODECO") had held working interest in the Sakhalin 1 Project, a Russian limited liability company took over the operatorship of the project. In acquiring a stake in the new company, we are continuing to discuss conditions for provision of materials and equipment and cooperation on the lifting of sanctions, among other issues. Since the idea of the Sakhalin 1 Project being an important asset for Japan remains unchanged, we are coordinating the issues in cooperation with the Japanese government and other shareholders of SODECO.

Q14: I have an impression that JAPEX's management is constrained by the Minister of Economy, Trade and Industry, a major shareholder of JAPEX. Is there anything you can say about the Minister's shareholding?

A14: While the Minister of Economy, Trade and Industry currently holds approximately 38% shares in JAPEX, we do not particularly feel any constraint on management.

Q15: Do you think it would be better not to increase the shareholding of the Minister of Economy, Trade and Industry any further?

A15: The Minister's shareholding ratio rose to approximately 38% through the share buybacks carried out in the past. There is some truth in the argument that we want to avoid a further increase in the shareholding.

Cautionary Statement

This document contains future outlooks such as plans, forecasts, strategies, and others which are not historical fact and these are made by the management's judgement based on the obtainable information at the time of the disclosure.

Actual results may significantly differ from those future outlooks due to various factors.

This document is not intended to invite investment.

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.