



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

November 25, 2024

Company Name: Japan Petroleum Exploration Co., Ltd. (JAPEX)
Securities Code: 1662 (Prime Market of the Tokyo Stock Exchange)
Representative: YAMASHITA Michiro, Representative Director and President
Inquiries: Corporate Communication Office
TEL: +81-3-6268-7111

Notice Concerning Disposal of Own Shares through Third-Party Allotment

Japan Petroleum Exploration Co., Ltd. (JAPEX) hereby announces that its Board of Directors, at a meeting held today, resolved to dispose of own shares through third-party allotment as follows.

1. Overview of Disposal of Own Shares

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|--|---|
| (1) Date of disposal | February 25, 2025 |
| (2) Class and number of shares to be disposed of | 472,500 shares of common stock (Note) |
| (3) Disposal price | 1,090 yen per share |
| (4) Total value of disposal | 515,025,000 yen (Note) |
| (5) Method of disposal | By way of third-party allotment |
| (6) Scheduled allottee | JAPEX Employees Stock Ownership Association |
| (7) Other | The disposal of own shares is subject to the effectiveness of the securities registration statement filed under the Financial Instruments and Exchange Act. |

Note) JAPEX Employees Stock Ownership Association (hereinafter the “Association”) will hold a promotion for the JAPEX group’s employees (hereinafter the “Employees”) to invite prospective members to join the Association with a sufficient notice period, following a resolution at its Board of Directors’ meeting to be held today. Accordingly, the number of shares to be disposed of (number of shares to be offered) and the total amount to be disposed of (total amount to be paid in) will be determined after completion of the promotion. The number of shares to be disposed of (number of shares to be offered) and the total amount to be disposed of (total amount to be paid in) will be announced as soon as fixed following the determination of eligible number of persons.

2. Purpose of the disposal and reason

Today, JAPEX decided to introduce an incentive plan (hereinafter the “Scheme”) that provides common stocks of JAPEX (hereinafter the “Stock”) to the member of the Association (hereinafter the “Members”) as a special incentive to the Employees with the aim of improving Employees’ motivation with regard to JAPEX’s medium-to long-term shareholder value. For an overview of the Scheme, please see the press release “Introduction of “Special Incentive Scheme (Disposal of Own Shares)”” dated today.

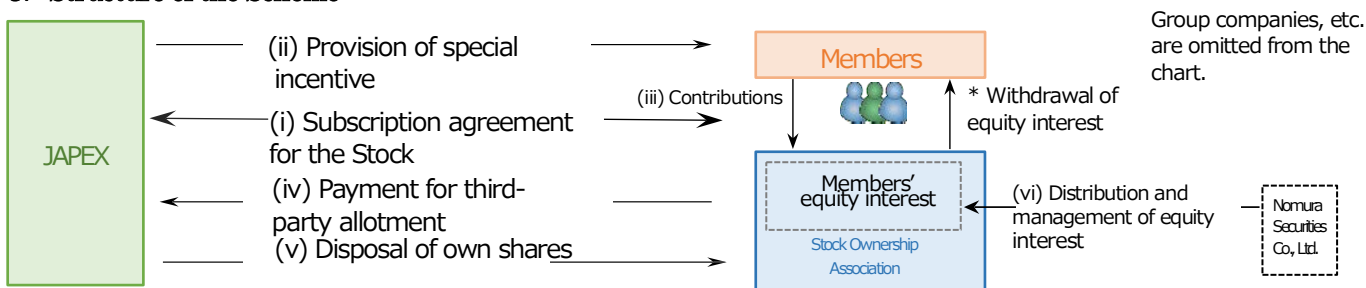
The Scheme involves granting special incentive to the Members and the disposal of own shares to the Association through the contribution of these special incentive (hereinafter the “Disposal of Own Shares”) and will be carried out through third-party allotment. The number of shares to be disposed of will be determined at a later date as stated in the note in 1. Overview of Disposal of Own Shares, but planned to dispose of up to 472,500 shares to the Association. The special incentive to the Members is a monetary payment and not a monetary claim. In addition, there is no monetary contribution by the Members.

The scale of dilution (all figures have been rounded off to the nearest hundredth) is as follows.

| | | |
|--|-------------|-------|
| Number of issued shares (September 30, 2024) | 257,000,380 | 0.18% |
| Total number of voting rights (September 30, 2024) | 2,558,310 | 0.18% |

Note) The “Number of issued shares” and “Total number of voting rights” reflect the results of the stock split (5 shares per share of common stock) implemented on October 1, 2024, and stated the numbers, which reported from the shareholder register administrator as of September 30, 2024, multiplied by the split ratio of 5.

3. Structure of the Scheme



- (i) JAPEX enters into a stock subscription agreement for disposal and subscription of own shares with the Association.
 - (ii) JAPEX provides a special incentive to Members.
 - (iii) Members contribute the provided special incentive to the Association .
 - (iv) The Association collects the special incentive contributed by Members and pays for the third-party allotment of shares.
 - (v) JAPEX disposes of own shares to the Association.
 - (vi) The Stock allotted are distributed to and managed for Members’ equity interest in the Association by Nomura Securities Co., Ltd., to which the Association entrusts the stock administration.
- * Members may withdraw the Stock allotted arbitrarily to brokerage accounts in their individual names.

4. Basis of Calculation and Specific Details of the Disposal Price

The purpose of the Disposal of Own Shares is to introduce the Scheme. The disposal price is 1,090 yen, which is the closing price of the Stock on the TSE Prime Market on November 22, 2024 (the business day immediately prior to the date of the resolution by the Board of Directors). This is the market price immediately prior to the date of the resolution by the Board of Directors, and we believe it to be reasonable.

The deviation rates (rounded to third decimal places) from the average closing prices of the Stock on the TSE Prime Market for this price (However, the closing prices on the day before the effective date of the 5-for-1 stock split carried out on October 1, 2024, are the prices after adjustment of the such stock split) are as follows.

| Period | Average closing price (rounded down to the nearest yen) | Deviation rate |
|---|---|----------------|
| 1 month (October 23, 2024 to November 22, 2024) | 1,114 yen | (2.15)% |
| 3 months (August 23, 2024 to November 22, 2024) | 1,113 yen | (2.07)% |
| 6 months (May 23, 2024 to November 22, 2024) | 1,180 yen | (7.63)% |

At the meeting of the Board of Directors held on the date of submission of this securities registration statement (November 25, 2024), all four Audit & Supervisory Board Members (including two outside Audit & Supervisory Board Members) expressed the opinion that the Disposal of Own Shares is being

conducted to introduce the Scheme and that the disposal price is not particularly favorable to the person to whom the shares will be disposed of because it is the closing price on the business day immediately prior to the date of the Board of Directors' meeting, and expressed the opinion that such a judgment is appropriate.

5. Procedures under the Corporate Code of Conduct

Since the Disposal of Own Shares (i) has a dilution rate of less than 25% and (ii) does not involve a change of the controlling shareholder, it is not necessary to obtain an opinion from an independent third-party and to confirm the intention of shareholders as stipulated in Article 432 of the Securities Listing Regulations prescribed by the TSE.

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