



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

December 18, 2025

Company Name: Japan Petroleum Exploration Co., Ltd. (JAPEX)
Securities Code: 1662 (Prime of the Tokyo Stock Exchange)
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Notice Regarding Acquisition of Tight Oil and Gas Assets in the U.S. through Acquisition of the Entire Equity Interest in Verdad Resources Intermediate Holdings LLC and Change in Status of Consolidated Subsidiary (Sub-subsidiary)

Japan Petroleum Exploration Co., Ltd. (JAPEX) announces that its Board of Directors resolved to acquire the entire equity interest in Verdad Resources Intermediate Holdings LLC (VRIH), which holds tight oil and gas assets in the U.S., through Peoria Resources Acquisition Company, LLC (AcquCo) managed by Peoria Resources LLC (Peoria), an overseas subsidiary, thereby making VRIH a consolidated subsidiary (sub-subsidiary) today. The assets include those VRIH acts as the operator. JAPEX will engage in the E&P business in the U.S. as the operator through Peoria and AcquCo.

1. Acquisition of Tight Oil and Gas Assets through the Acquisition of Equity Interest in Verdad Resources Intermediate Holdings LLC

1) Reasons and Purpose for the Acquisition

JAPEX participates in tight oil development in the U.S. as a non-operator through its overseas consolidated subsidiary, Japex (U.S.) Corp. To further expand E&P business in the U.S. and pursue sustainable profitability, JAPEX has established Peoria to acquire and manage operator assets that enable it to advance projects proactively and strategically, and has deliberated extensively.

JAPEX has now decided to acquire, through AcquCo, the entire interest in VRIH, which holds tight oil and gas assets in Colorado and Wyoming, U.S., from Verdad Resources Feeder LLC (VRFL). We plan to promptly conclude the Membership Interest Purchase Agreement with VRFL and proceed with the necessary procedures. With this acquisition, JAPEX, through Peoria and AcquCo, will develop and produce tight oil and gas as the operator.

The current production volume of the tight oil and gas asset acquired is approximately 35,000 boed (net, with 70% being light crude oil and NGL). Through future additional development, production is expected to increase to approximately 50,000 boed (same as above) around 2030.

JAPEX, Peoria and AcquCo will continue to pursue further business expansion and profit sustainability in the U.S. through the acquisition of operator assets.

2) Acquisition Price

Approximately US\$1.3 billion

(Planned to be funded by JAPEX's own funds and borrowings)

3) Outline of the counterparty to the equity interest acquisition

(1) Corporate Name	Verdad Resources Feeder LLC	
(2) Head Office	Texas, U.S.A	
(3) Representative	Co-Chief Executive Officer Philip Davis Co-Chief Executive Officer Arthur Beecherl	
(4) Business Activities	Exploration, development, and production of oil and natural gas in the U.S.	
(5) Date of Establishment	March 20, 2019	
(6) Net Asset	US\$966,231 thousand	
(7) Total Asset	US\$1,593,722 thousand	
(8) Shareholder	Verdad Resources Holdings LLC 100%	
(9) Relationship between the listed company and the company concerned	Capital Relationships	Not applicable.
	Personal Relationships	Not applicable.
	Business Relationships	Not applicable.
	Related Party Status	Not applicable.

*: LLC has no concept of share capital and does not recognize the amount of capital contributions as share capital.

4) Outline of the equity interest acquisition

(1) Corporate Name	Verdad Resources Intermediate Holdings LLC			
(2) Head Office	Texas, U.S.A			
(3) Representative	Co-Chief Executive Officer Philip Davis Co-Chief Executive Officer Arthur Beecherl			
(4) Business Activities	Exploration, development, and production of oil and natural gas in the U.S.			
(5) Date of Establishment	May 5, 2017			
(6) Shareholder	Verdad Resources Feeder LLC		100%	
(7) Relationship between the listed company and the company concerned	Capital Relationships		Not applicable.	
	Personal Relationships		Not applicable.	
	Business Relationships		Not applicable.	
	Related Party Status		Not applicable.	
(8)Operating results and financial position for the past three years in U.S. GAAP (US\$ in '000s)				
Fiscal year ended	Dec 31, 2022		Dec 31, 2023	Dec 31, 2024
	Period from Jan 1,2022 through Sep 28, 2022	Period from Sep 29, 2022 through Dec 31,2022		
Net assets	905,849		987,332	966,231
Total assets	1,252,663		1,468,014	1,593,722
Revenue	451,616	118,715	662,180	825,034
Operating income	317,073	65,518	319,001	341,264

*: LLC has no concept of share capital and does not recognize the amount of capital contributions as share capital.

For the 2022 fiscal year results, due to capital restructuring, the period is shown separately.

5) Overview of the subsidiary acquiring the equity interest

(1) Corporate Name	Peoria Resources Acquisition Company, LLC
(2) Head Office	Texas, U.S.A
(3) Representative	Chief Executive Officer Greg West

	Chief Technical Officer David Kita
(4) Business Activities	Exploration, development, and production of oil and natural gas in the U.S.

*: LLC has no concept of share capital and does not recognize the amount of capital contributions as share capital.

6) Number of interests to be acquired

(1) Number of interests held before acquisition	0%
(2) Number of interests acquired	All interests (100%)
(3) Number of interests held after acquisition	All interests (100%)

7) Schedule

(1) Date of resolution by the Board of Directors	December 18, 2025
(2) Date of contract	December 18, 2025 (Scheduled for local time)
(3) Date of the Interest Transfer	End of February 2026 (Schedule)

2. Outlook

Upon completion of the agreed closing procedures, JAPEX plans to acquire VRIH's equity interest around the end of February 2026. As Peoria has fiscal year ending in December, there will be no impact on JAPEX's consolidated results for the fiscal year ending March 2026. The acquisition of tight oil and gas assets through the acquisition of VRIH's equity interest is expected to contribute approximately 20 billion yen to operating profit in the fiscal year ending March 2027. Furthermore, through the additional development of the assets acquired this time, JAPEX will strive to further enhance profit levels.

(Reference) Outline of the tight oil and gas assets

1 Operator Assets

Location	Colorado and Wyoming, U.S.A Denver-Julesburg (DJ) Basin
Formation to be developed	Niobrara Formation, Codell Formation
Main Products	Light oil, NGL, and Natural Gas
Mining area	Approximately 125,000 acres (Gross)

2 Non-Operator Assets

Location	Colorado and Wyoming, U.S.A Denver-Julesburg (DJ) Basin
Formation to be developed	Niobrara Formation, Codell Formation
Main Products	Light oil, NGL, and Natural Gas
Mining area	Approximately 127,000 acres (Gross)

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