



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

May 30, 2024

Company Name: Japan Petroleum Exploration Co., Ltd. (JAPEX)  
Securities Code: 1662 (Prime of the Tokyo Stock Exchange)  
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## **Participation in the Freeport LNG Project in Texas, U.S.A.**

Japan Petroleum Exploration Co., Ltd. (JAPEX) announces that its Board of Directors approved a resolution to participate in the “Freeport LNG Project” (hereinafter “the project”) in Texas, U.S.A., through the acquisition of a 15% equity interest in Gulf Coast LNG Holdings LLC (GCLH), a sub-subsubsidiary of JERA Co., Inc. (JERA), today.

### **1. Outline of the project**

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The project liquefies natural gas procured from the U.S. gas market at the liquefied natural gas (hereinafter “LNG”) production facilities near Freeport, Texas, U.S.A., and exports it outside the U.S.A. The operating company for the project is Freeport LNG Development, L.P. (FLNG).

JAPEX and JERA have agreed that JAPEX will acquire a 15% equity interest in GCLH from JERA Americas Inc. (JERA Americas) through JAPEX’s overseas consolidated subsidiary, JAPEX (U.S.) Corp. (JUS). In addition to the operation of liquefaction and processing facilities already in service (three trains in total, with an annual production capacity of approximately 15.45 million tons), the project will also develop new LNG business, including plans for the expansion of the fourth train.

#### **(2) Acquisition Amount**

The consideration for the acquisition of a 15% equity interest in GCLH by JUS is approximately US\$380 million, and closing of the purchase agreement is expected in June 2024.

After completion of the acquisition, JUS will apply the equity method to GCLH.

### **2. Reasons for the participation in the project**

In the “JAPEX Management Plan 2022-2030” formulated in March 2022, JAPEX has set the expansion of profits in the Infrastructure/Utilities (I/U) field as one of priority goals in order to establish a profit structure that is less susceptible to changes in the external environment, such as oil price fluctuations. As part of this effort, JAPEX has been studying the possibility of entering into overseas LNG supply infrastructure projects.

Through JAPEX’s participation in the project, JAPEX intend to secure long-term stable cash flow in the U.S.A, where country risk is low, and to further expand our earnings through future facility expansion.

**3. Outline of the counterparty of the acquisition of the equity interest**

(1) Corporate Name	JERA Americas Inc.	
(2) Head Office	Texas, U.S.A.	
(3) Representative	Chief Executive Officer, Steve O'Rourke	
(4) Business Activities	Integration of power generation and fuel business in the U.S.A.	
(5) Capital	0USD	
(6) Date of Establishment	August 5, 2004	
(7) Shareholder	JERA Americas Holdings Inc.	100%
(8) 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.

※JERA Americas is a privately held U.S. company, and based on the confidentiality agreement with JERA Americas, “Net Assets” and “Total Assets” are not disclosed.

**4. Outline of the counterparty of the equity interest to be acquired in connection with the acquisition of the equity interest of 3.**

(1) Corporate Name	Gulf Coast LNG Holdings LLC	
(2) Head Office	Texas, U.S.A.	
(3) Representative	Chief Executive Officer of JERA Americas Inc., Steve O'Rourke	
(4) Business Activities	Ownership of FLNG interests	
(5) Date of Establishment	January 6, 2022	
(6) Shareholder	JERA Americas Inc.	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.

※GCLH is a privately held U.S. SPC, and “Capital” and “Operating results and financial position of the company for the past three years” are not disclosed due to confidentiality obligations with related parties of GCLH's investments.

**5. Outline of the subsidiary**

Corporate Name	JAPEX (U.S.) Corp.
Head Office	Texas, U.S.A.
Representative	President, Tetsuo Fukuhara
Business Activities	Exploration, development and production of petroleum resources in the United States
Capital	USD 191 million

**6. Schedule**

(1) Date of Board of Directors' resolution	May 30, 2024
(2) Execution of Sales and Purchase Agreement (SPA)	June 10, 2024 (schedule)

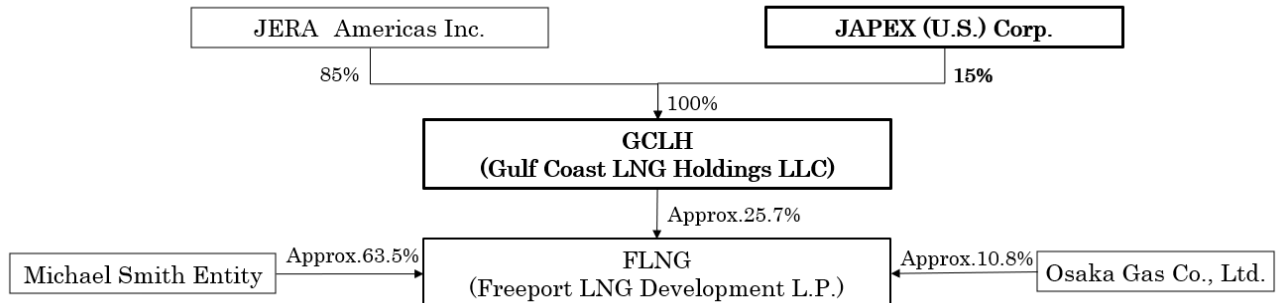
## 7. Outlook

The impact of this transaction on the consolidated financial results for the full fiscal year ending March 31, 2025, is currently under scrutiny and will be promptly announced if any matter requiring disclosure arises in the future.

The equity-method investment income from the project is expected to be approximately more than one billion yen per year for the time being, and on and after the 2030s, it is expected to be approximately several billions of yen per year, subject to the realization of the plans for the expansion of the fourth train.

〈Appendix〉

(1) Business Structure



(2) Consolidated financial forecasts for FY 2024 (Announced on May 14, 2024) and Consolidated financial results for FY 2023

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Forecast for FY2025/3	379,400	52,400	55,500	42,800
Results for FY2024/3	325,863	55,247	68,808	53,661

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