

# CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2024



**MITSUMI OIL EXPLORATION CO.,LTD.**

Please note that the accompanying consolidated financial statements and notes are translation of the original Japanese document prepared in accordance with the provision set forth in the Companies Act of Japan and applicable regulations and in accordance with the accounting principles generally accepted in Japan and is only for reference purpose. In the event of any differences between this translated consolidated financial statements and the original Japanese document, the original Japanese document shall prevail.

# Consolidated Balance Sheet

March 31, 2024

ASSETS	Millions of yen		Thousands of U.S. dollars (Note 1)
	March 31, 2024	March 31, 2023	March 31, 2024
<b>Current assets</b>			
Cash and cash equivalents	¥440,930	¥427,701	\$2,912,159
Receivables-trade (Note 7)	2,769	1,663	18,291
Inventories	346	585	2,287
Other current assets	3,702	6,160	24,448
<b>Total current assets</b>	<b>447,747</b>	<b>436,110</b>	<b>2,957,185</b>
<b>Investments and other assets</b>			
Investments in securities (Note 7)	76,686	81,009	506,481
Deferred tax assets	600	-	3,961
Other assets	610	866	4,028
<b>Total investments and other assets</b>	<b>77,896</b>	<b>81,875</b>	<b>514,470</b>
<b>Property and equipment (Note 3)</b>			
Buildings and structures	665	780	4,394
Wells	5,721	3,967	37,784
Machinery and equipment	2,250	2,844	14,861
Land	7	7	46
Construction in progress	3,817	2,960	25,208
Other	45	66	297
<b>Total property and equipment</b>	<b>12,505</b>	<b>10,625</b>	<b>82,590</b>
<b>Intangible assets</b>			
Mineral rights	2,176	2,309	14,372
Exploration expenditures	20,017	17,961	132,204
Allowance for exploration expenditures	(21,314)	(19,226)	(140,769)
Other	99	131	656
<b>Total intangible assets</b>	<b>979</b>	<b>1,175</b>	<b>6,463</b>
<b>Total assets</b>	<b>¥539,127</b>	<b>¥529,784</b>	<b>\$3,560,709</b>

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# Consolidated Balance Sheet

March 31, 2024

	Millions of yen		Thousands of U.S. dollars (Note 1)
	March 31, 2024	March 31, 2023	March 31, 2024
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
Accounts payable (Note 7)	¥1,707	¥3,721	\$11,272
Income taxes payable	4,752	1,907	31,387
Accrued expenses	4,428	1,016	29,242
Deposits received (Note 7)	199	187	1,313
Derivative liabilities	40	5	262
Asset retirement obligations (Note 2(q), 4)	43,997	16,352	290,585
Other current liabilities	205	404	1,354
<b>Total current liabilities</b>	<b>55,328</b>	<b>23,592</b>	<b>365,416</b>
<b>Long-term liabilities</b>			
Deferred tax liabilities	568	244	3,749
Asset retirement obligations (Note 2(q), 4)	30,330	122,939	200,316
Other long-term liabilities	508	689	3,355
<b>Total long-term liabilities</b>	<b>31,405</b>	<b>123,871</b>	<b>207,420</b>
<b>Total liabilities</b>	<b>86,733</b>	<b>147,463</b>	<b>572,835</b>
<b>Contingent liabilities (Note 6)</b>			
<b>Equity (Note 5)</b>			
Common stock	33,133	33,133	218,832
Shares authorized for both 2024 and 2023: 80,000,000			
Shares outstanding for both 2024 and 2023: 66,266,800			
Retained earnings	377,004	314,407	2,489,952
<b>Total</b>	<b>410,137</b>	<b>347,541</b>	<b>2,708,784</b>
<b>Accumulated other comprehensive income</b>			
Unrealized gains on available-for-sale securities	8,439	8,636	55,739
Deferred gains (losses) on hedges	(1)	(1)	(10)
Foreign currency translation adjustments	26,761	20,682	176,746
<b>Total</b>	<b>35,199</b>	<b>29,317</b>	<b>232,476</b>
<b>Noncontrolling interests</b>	<b>7,058</b>	<b>5,464</b>	<b>46,613</b>
<b>Total equity</b>	<b>452,394</b>	<b>382,321</b>	<b>2,987,873</b>
<b>Total liabilities and equity</b>	<b>¥539,127</b>	<b>¥529,784</b>	<b>\$3,560,709</b>

See notes to consolidated financial statements.

## Consolidated Statement of Income

Year ended March 31, 2024

	Millions of yen		Thousands of U.S. dollars (Note 1)
	Year ended March 31, 2024	Year ended March 31, 2023	Year ended March 31, 2024
Net sales	¥20,804	¥23,502	\$137,405
Cost of sales	4,957	7,900	32,738
Gross profit	15,848	15,603	104,667
Selling, general, and administrative expenses	5,535	4,556	36,553
Operating income	10,313	11,047	68,114
Other income (expenses)			
Interest and dividend income	8,342	4,809	55,095
Equity in earnings (losses) of associated companies	(2,658)	9,988	(17,552)
Foreign exchange gain (loss)	784	2,463	5,177
Gain (loss) on write-off of asset retirement obligation of fully depreciated assets related to change in accounting estimate (Note 2(q))	56,457	(13,782)	372,873
Gain on sales of investments in securities	5,915	4,854	39,067
Provision for exploration expenditure	(2,913)	(820)	(19,240)
Gain on liquidation of subsidiaries and associated companies	-	438	-
Impairment loss	-	(834)	-
Other - net	(4,436)	485	(29,297)
Other income (expenses) - net	61,491	7,602	406,122
Income before income taxes	71,804	18,649	474,236
Income taxes			
Current	8,119	3,370	53,620
Deferred	(276)	8	(1,824)
Total income taxes	7,842	3,378	51,796
Net income	63,962	15,271	422,440
Net income attributable to noncontrolling interests	1,365	597	9,016
Net income attributable to owners of the parent	¥62,596	¥14,674	\$413,423
	Yen		U.S. dollars (Note 1)
	Year ended March 31, 2024	Year ended March 31, 2023	Year ended March 31, 2024
Per share of common stock			
Net income	¥944.61	¥221.43	\$6.24
Cash dividends applicable to the year	-	-	-

See notes to consolidated financial statements.

# Consolidated Statement of Changes in Equity

Year ended March 31, 2024

	Millions of yen						
	Common stock	Retained earnings	Unrealized gains (losses) on available-for-sale securities	Deferred gains (losses) on hedges	Foreign currency translation adjustments	Noncontrolling interests	Total equity
BALANCE, March 31, 2022	¥33,133	¥299,733	¥13,630	¥359	¥12,175	¥4,866	¥363,897
Changes in scope of consolidation					(527)		(527)
Net income		14,674					14,674
Net changes of items other than shareholders' equity			(4,994)	(360)	9,034	597	4,277
Net change in the year	-	14,674	(4,994)	(360)	8,507	597	18,424
BALANCE, March 31, 2023	¥33,133	¥314,407	¥8,636	(¥1)	¥20,682	¥5,464	¥382,321
Net income		62,596					62,596
Net changes of items other than shareholders' equity			(196)	(0)	6,079	1,594	7,476
Net change in the year	-	62,596	(196)	(0)	6,079	1,594	70,073
BALANCE, March 31, 2024	¥33,133	¥377,004	¥8,439	(¥1)	¥26,761	¥7,058	¥452,394

	Thousands of U.S. dollars (Note 1)						
	Common stock	Retained earnings	Unrealized gains (losses) on available-for-sale securities	Deferred gains (losses) on hedges	Foreign currency translation adjustments	Noncontrolling interests	Total equity
BALANCE, March 31, 2023	\$218,832	\$2,076,528	\$57,037	(\$9)	\$136,599	\$36,084	\$2,525,072
Net income		413,423					413,423
Net changes of items other than shareholders' equity			(1,297)	(0)	40,147	10,529	49,378
Net change in the year	-	413,423	(1,297)	(0)	40,147	10,529	462,802
BALANCE, March 31, 2024	\$218,832	\$2,489,952	\$55,739	(\$10)	\$176,746	\$46,613	\$2,987,873

See notes to consolidated financial statements.

# Notes to Consolidated Financial Statements

Year ended March 31, 2024

## 1. Basis of Presenting Consolidated Financial Statements

The accompanying consolidated financial statements have been prepared from the accounts maintained by Mitsui Oil Exploration Co., Ltd. ("MOECO"), in accordance with the provisions set forth in the Companies Act of Japan and applicable regulations (the "Companies Act") and in accordance with the accounting principles generally accepted in Japan. The information provided in the notes to the consolidated financial statements is limited to that required by the Companies Act. The consolidated statement of cash flows is presented herein, although the preparation of such statement is not required under the Companies Act.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to MOECO's consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. In addition, certain reclassifications have been made in the 2022 consolidated financial statements to conform to the classifications used in 2023.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which MOECO is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥151.41= US\$1, the rate of exchange on March 31, 2024. The translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

Statement of comprehensive income is not required as a part of the basic financial statements under the Companies Act of Japan and applicable regulations and, accordingly, is not presented herein.

## 2. Summary of Significant Accounting Policies

### a) Principles of consolidation and accounting for investments in affiliates

The accompanying consolidated financial statements include the accounts of MOECO, 13 subsidiaries (together, the "Group"), and 6 affiliates. The 13 subsidiaries are Moeco Thailand Co., Ltd., Moeco Cambodia Co., Ltd., Moeco Vietnam Petroleum Co., Ltd., Moeco Southwest Vietnam Petroleum Co., Ltd., Moeco Libya Co., Ltd., Geothermal Ventures Japan GK, Siam Moeco Ltd., MOECO International B.V., MOECO OIL (SARAWAK) SDN.BHD., MOECO Southwest Vietnam Pipeline B.V., MOECO Sakakemang B.V., MOECO Southeast Jambi B.V., and MOECO South Sakakemang B.V. The 6 affiliates are Mitsui E&P Middle East B.V., Orange Energy Limited, Mitsui E&P UK Ltd., Erawan2 FSO Bahamas Ltd., Mitsui E&P Argentina S.A., and Iwate Geothermal Power Co., Ltd., and are accounted for by the equity method. Under the control and influence concepts, those companies in which MOECO, directly or indirectly, is able to exercise control over operations are fully consolidated, and those companies over which the Group has the ability to exercise significant influence are accounted for by the equity method. For the year ended March 31, 2024, Geothermal Ventures Japan GK, which was established in April 2023, is included in the scope of consolidation, and Mitsui E&P Brasil Ltda. was excluded from the scope of an affiliate and accounted for by the equity method due to company dissolution resolved. As the closing date of December 31 for certain subsidiaries and affiliates differed from the consolidated closing date, necessary adjustments have been made to the financial statements of those companies to reflect any significant transactions made between MOECO's closing date and those of the consolidated subsidiaries.

The excess of cost over the underlying net assets, excluding noncontrolling interests at fair value, as of their dates of acquisition, is accounted for as goodwill and amortized over 20 years by the straight-line method.

All significant intercompany balances and transactions are eliminated in consolidation.

### b) Cash equivalents

Cash equivalents are short-term investments that are readily convertible into cash and that are exposed to insignificant risk of changes in value. Cash equivalents include time deposits that

represent short-term investments, all of which mature or become due within six months of the date of acquisition.

**c) Inventories**

Inventories are stated at the lower of cost determined by the retail method, or net selling value.

**d) Marketable and Investment securities**

Depending on management's intent, marketable and investment securities are classified and accounted for as follows:

Marketable available-for-sale securities are reported at fair value with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity.

Nonmarketable available-for-sale securities are stated at cost determined by the moving-average method.

For other-than-temporary declines in fair value, investment securities are reduced to net realizable value by a charge to income.

**e) Property and equipment**

Property and equipment are stated at cost. Depreciation is mainly calculated by the straight-line method over the estimated useful lives of the respective assets.

**f) Mineral rights**

Mineral rights are carried at cost, less accumulated amortization, which is calculated by the straight-line method over the duration of the petroleum production period, mainly fixed within a contract with the government.

**g) Allowance for exploration expenditures**

The costs that have been invested in exploration activities, such as geological and geophysical expenses, drilling, and other administration, are capitalized as exploration expenditures in intangible assets. An allowance for exploration expenditures is provided for future possible loss on exploration expenditures in the case of failure in exploration considering the possibility of recovery of exploration expenditures as there is a fairly low probability of success of exploration before approval for development by oil-producing countries. Moreover, an allowance for exploration expenditures that is incurred before the decision to transition to development has occurred is maintained until commencement of selling and realization of profitability for activities that are still in the development stage because of uncertainties.

Furthermore, an allowance for exploration expenditures is also provided for mineral rights, which includes a signature bonus and so on, associated with the conclusion of a contract with the government.

**h) Long-lived assets**

The Group reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset or asset group may not be recoverable. An impairment loss is recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss is measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

**i) Liability for retirement benefits**

Liability for retirement benefits is based on benefit reserves and plan assets in the actuarial report at the consolidated balance sheet date.

**j) Income taxes**

The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted tax laws to the temporary differences.

**k) Foreign currency transactions**

All short-term and long-term monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rates at the consolidated balance sheet date. The foreign exchange gains and losses from translation are recognized in the consolidated statement of income.

**l) Foreign currency financial statements**

The assets, liabilities, revenue, and expense accounts of overseas subsidiaries are translated into yen at the exchange rates of their balance sheet dates, and the differences arising from the translation are presented as "Foreign currency translation adjustments" in equity.

Differences arising from such translation are divided into "Foreign currency translation adjustments" and "Noncontrolling interests" in a separate component of equity.

**m) Derivatives**

The Group uses derivative financial instruments to manage its exposures to fluctuations in foreign exchange rates and commodity prices. Derivatives are stated at fair value and realized gains and losses on derivative transactions are recognized in the consolidated statement of income.

**n) Per share information**

Net income per share attributable to owners of the parent is calculated by dividing profit attributable to owners of the parent by the weighted-average number of common stock outstanding during the reporting period.

Cash dividends per share presented in the accompanying consolidated statement of income are dividends applicable to the respective years, including dividends to be paid after the end of the year.

**o) Hedge activities**

Hedging activities are accounted for on a deferred basis.

**p) Accounting estimates**

The accounting item in the consolidated financial statements that is based on the accounting estimates and may significantly affect the consolidated financial statements in subsequent year is as follows:

Asset retirement obligation of ¥74,327 million (\$490,901 thousand)

**q) Change in accounting estimates**

For the year ended March 31, 2024, the Group has changed the accounting estimate of expenses related to the removal cost of some facilities producing crude oil and natural gas due to fluctuations in the unit cost of each process of the removal of facilities in Thailand. Due to this change in accounting estimate, the Group revised asset retirement obligations and deducted ¥57,076 million (\$376,962 thousand) from the amount of the liability for asset retirement obligations. Also, gross profit and operating income respectively increased by ¥2.6 million (\$17.2 thousand) and income before income taxes increased by ¥56,459 million (\$372,890 thousand). Meanwhile, the Group recorded the decrease in depreciation for changes in estimate for asset retirement obligations of depreciated asset in previous years of ¥56,457 million (\$372,873 thousand) as "Gain (loss) on write-off of asset retirement obligation of fully depreciated assets related to change in accounting estimate".

This change in accounting estimate will result in a decrease to income before income taxes of ¥538 million (\$3,555 thousand) in subsequent years.

### 3. Accumulated Depreciation and Impairment

Accumulated depreciation and impairment of property and equipment for the years ended March 31, 2024 and 2023, were as follows:

	Millions of yen		Thousands of U.S. dollars
	March 31, 2024	March 31, 2023	March 31, 2024
Accumulated depreciation and impairment of property and equipment	¥89,063	¥87,576	\$588,226

### 4. Asset Retirement Obligations

The Group has estimated expenses to remove some facilities producing crude oil and natural gas in Thailand and recorded asset retirement obligations, which are expected to be incurred at the time of termination of the projects in the Gulf of Thailand. The discount rate is the distribution rate of U.S. Treasury Bills.

The changes in asset retirement obligations for the years ended March 31, 2024 and 2023, were as follows:

	Millions of yen		Thousands of U.S. dollars
	Year ended March 31, 2024	Year ended March 31, 2023	Year ended March 31, 2024
Balance at beginning of year	¥139,291	¥119,241	\$919,956
Additional provisions associated with acquisition of property and equipment	964	33	6,365
The decrease associated with disposition of property and equipment	(26,896)	(6,334)	(177,638)
The (decrease) increase associated with change of estimate	(57,076)	14,528	(376,962)
Adjustment associated with passage of time	500	446	3,304
Foreign currency translation adjustments	17,545	11,377	115,876
Balance at end of year	¥74,327	¥139,291	\$490,901

## 5. Equity

Japanese companies are subject to the Companies Act. The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account charged upon the payment of such dividends until the total aggregate amount of legal reserve and additional paid-in capital equals 25% of the amount of common stock.

## 6. Contingent Liabilities

On March 31, 2024, MOECO had the following contingent liabilities:

### (1) Guarantees of indebtedness of an affiliated company

MOECO provides guarantees to the financial institutions in relation to the borrowing of MOECO's affiliated company amounting to ¥110 million (\$726 thousand).

Mitsui & Co., Ltd. (the "Parent") provides guarantees to the financial institutions in relation to the borrowing of MOECO's affiliated company and MOECO guarantees its equity interest percentages of the affiliated company to the Parent amounting to ¥29,711 million (\$196,231 thousand).

### (2) Revolving guarantees of contract performance bond of an affiliated company

The Parent provides revolving guarantees to the operator in relation to the contract performance of MOECO's affiliated company and MOECO guarantees its equity interest percentages of the affiliated company to the Parent amounting to a maximum limit of ¥3,580 million (\$23,646 thousand).

The financial institutions provide revolving guarantees to the operator in relation to the contract performance of MOECO's affiliated company and MOECO guarantees its equity interest percentages of the affiliated company to the financial institutions amounting to a maximum limit of ¥818 million (\$5,400 thousand).

## 7. Financial Instruments and Related Disclosures

### (1) Policy for financial instruments

The Group emphasizes capital safety and liquidity in its fund management. Cash surpluses, if any, are invested in time deposits and short-term investments. Fund procurement is mainly operated by bank loans. Derivatives are not used for speculative purposes, but to manage exposure to financial risks.

### (2) Nature and extent of risks arising from financial instruments and risk management

Receivables, such as trade accounts, are exposed to customer credit risk. The Group manages credit risk from receivables on the basis of internal guidelines.

Securities mainly consist of equity securities. Marketable and investment securities are managed by monitoring market values and financial position of issuers on a regular basis.

Debt loans are short-term debt incurred as temporary bridging funds and long-term debt for projects related development and production.

Derivatives include commodity contracts for sale of oil and condensate, which are used to manage exposure to market risks from changes in sales price. The Group limits the counterparties to these contracts to major financial institutions and manages its credit risk at a low level.

### (3) Fair values of financial instruments

For the year ended March 31, 2024, the consolidated balance sheet amount, fair values of financial instruments are as follows: Investments in equity instruments that do not have a quoted market price in an active market are not included in the following table. The fair values of cash and cash equivalents, income taxes payable, and accrued expenses are not disclosed because their maturities are short and the carrying values approximate fair value.

#### (a) Fair values of financial instruments

March 31, 2024	Millions of yen		
	Carrying amount	Fair value	Unrealized gain
Receivables-trade	¥2,769	¥2,769	-
Marketable securities and investment securities	8,592	8,592	-
Accounts payable	(1,707)	(1,707)	-
Deposits received	(199)	(199)	-
Derivatives	(40)	(40)	-
Total	¥9,416	¥9,416	-

March 31, 2023	Millions of yen		
	Carrying amount	Fair value	Unrealized gain
Receivables-trade	¥1,663	¥1,663	-
Marketable securities and investment securities	8,901	8,901	-
Accounts payable	(3,721)	(3,721)	-
Deposits received	(187)	(187)	-
Derivatives	(5)	(5)	-
Total	¥6,651	¥6,651	-

March 31, 2024	Thousands of U.S. dollars		
	Carrying amount	Fair value	Unrealized gain
Receivables-trade	\$18,291	\$18,291	-
Marketable securities and investment securities	56,750	56,750	-
Accounts payable	(11,272)	(11,272)	-
Deposits received	(1,313)	(1,313)	-
Derivatives	(262)	(262)	-
Total	\$62,192	\$62,192	-

#### (b) Financial instruments whose fair value cannot be reliably determined

	Carrying amount		
	Millions of yen		Thousands of U.S. dollars
	March 31, 2024	March 31, 2023	March 31, 2024
Unlisted shares	¥68,094	¥72,108	\$449,732

## 8. Significant Non-cash Transactions

	Millions of yen		Thousands of U.S. dollars
	Year ended March 31, 2024	Year ended March 31, 2023	Year ended March 31, 2024
Asset retirement obligations	(¥56,112)	¥14,561	(\$370,597)