CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2025

MITSUI ENERGY DEVELOPMENT CO., LTD.

Consolidated Balance Sheet

March 31, 2025

	Millions of yen		Thousands of U.S. dollars (Note 1)
ASSETS	March 31, 2025	March 31, 2024	March 31, 2025
Current assets			
Cash and cash equivalents	¥419,355	¥440,930	$2,804,674
Receivables-trade (Note 7)	2,145	2,769	14,346
Inventories	207	346	1,387
Derivative assets	24	-	162
Other current assets	12,459	3,702	83,324
Total current assets	434,190	447,747	2,903,893
Investments and other assets			
Investments in securities (Note 7)	82,209	76,686	549,816
Deferred tax assets	202	600	1,349
Other assets	990	610	6,620
Total investments and other assets	83,400	77,896	557,785
Property and equipment (Note 3)			
Buildings and structures	677	665	4,528
Wells	6,334	5,721	42,365
Machinery and equipment	3,407	2,250	22,790
Land	7	7	47
Construction in progress	30,928	3,817	206,851
Other	70	45	468
Total property and equipment	41,424	12,505	277,049
Intangible assets			
Mineral rights	2,116	2,176	14,153
Exploration expenditures	4,993	20,017	33,397
Allowance for exploration expenditures	(6,027)	(21,314)	(40,311)
Other	62	99	417
Total intangible assets	1,145	979	7,656
Total assets	¥560,159	¥539,127	$3,746,383

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Consolidated Balance Sheet

March 31, 2025

	Millions of yen		Thousands of U.S. dollars (Note 1)
LIABILITIES AND EQUITY	March 31, 2025	March 31, 2024	March 31, 2025
Current liabilities			
Accounts payable (Note 7)	¥6,503	¥1,707	$43,492
Income taxes payable	2,069	4,752	13,836
Accrued expenses	2,603	4,428	17,411
Deposits received (Note 7)	174	199	1,164
Derivative liabilities	-	40	-
Asset retirement obligations (Note 2(q), 4)	7,775	43,997	51,998
Other current liabilities	274	205	1,830
Total current liabilities	19,397	55,328	129,732
Long-term liabilities			
Long-term debt (Note 7)	17,757	-	118,761
Deferred tax liabilities	633	568	4,235
Asset retirement obligations (Note 2(q), 4)	34,904	30,330	233,442
Other long-term liabilities	292	508	1,955
Total long-term liabilities	53,587	31,405	358,393
Total liabilities	72,984	86,733	488,125
Contingent liabilities (Note 6)			
Equity (Note 5)			
Common stock	33,133	33,133	221,598
Shares authorized for both 2025 and 2024: 80,000,000			
Shares outstanding for both 2025 and 2024: 66,266,800			
Retained earnings	401,071	377,004	2,682,392
Total	434,205	410,137	2,903,990
Accumulated other comprehensive income			
Unrealized gains on available-for-sale securities	2,613	8,439	17,473
Deferred gains (losses) on hedges	(1)	(1)	(10)
Foreign currency translation adjustments	36,096	26,761	241,410
Total	38,707	35,199	258,873
Noncontrolling interests	14,264	7,058	95,395
Total equity	487,175	452,394	3,258,258
Total liabilities and equity	¥560,159	¥539,127	$3,746,383

See notes to consolidated financial statements.

Consolidated Statement of Income

Year ended March 31, 2025

	Millions of yen		Thousands of U.S. dollars (Note 1)
	Year ended March 31, 2025	Year ended March 31, 2024	Year ended March 31, 2025
Net sales	¥23,885	¥20,804	$159,746
Cost of sales	7,613	4,957	50,914
Gross profit	16,273	15,848	108,832
Selling, general, and administrative expenses	4,481	5,535	29,971
Operating income	11,792	10,313	78,862
Other income (expenses)			
Interest and dividend income	4,352	8,342	29,107
Interest expense	(252)	-	(1,683)
Equity in earnings (losses) of associated companies	4,913	(2,658)	32,856
Foreign exchange gain (loss)	(397)	784	(2,654)
Gain (loss) on write-off of asset retirement obligation of fully depreciated assets related to change in accounting estimate (Note 2(q))	(11,409)	56,457	(76,304)
Gain on sales of investments in securities	4,896	5,915	32,746
Provision for exploration expenditure	(858)	(2,913)	(5,738)
Reversal of provision for exploration expenditure	16,017	-	107,123
Other - net	(176)	(4,436)	(1,178)
Other income (expenses) - net	17,086	61,491	114,275
Income before income taxes	28,878	71,804	193,137
Income taxes			
Current	(2,859)	8,119	(19,123)
Deferred	464	(276)	3,101
Total income taxes	(2,396)	7,842	(16,022)
Net income	31,273	63,962	209,159
Net income attributable to noncontrolling interests	7,206	1,365	48,193
Net income attributable to owners of the parent	¥24,068	¥62,596	$160,966

	Yen		U.S. dollars (Note 1)
Per share of common stock	Year ended March 31, 2025	Year ended March 31, 2024	Year ended March 31, 2025
Net income	¥363.19	¥944.61	$2.43
Cash dividends applicable to the year	-	-	-

See notes to consolidated financial statements.

Consolidated Statement of Changes in Equity

Year ended March 31, 2025

	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, 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)		6,079	1,594	7,476
Net change in the year	-	62,596	(196)	-	6,079	1,594	70,073
BALANCE, March 31, 2024	¥33,133	¥377,004	¥8,439	(¥1)	¥26,761	¥7,058	¥452,394
Net income		24,068					24,068
Net changes of items other than shareholders' equity			(5,827)		9,334	7,206	10,713
Net change in the year	-	24,068	(5,827)	-	9,334	7,206	34,781
BALANCE, March 31, 2025	¥33,133	¥401,071	¥2,613	(¥1)	¥36,096	¥14,264	¥487,175

	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, 2024	$221,598	$2,521,426	$56,444	($10)	$178,981	$47,202	$3,025,641
Net income		160,966					160,966
Net changes of items other than shareholders' equity			(38,971)		62,429	48,193	71,651
Net change in the year	-	160,966	(38,971)	-	62,429	48,193	232,617
BALANCE, March 31, 2025	$221,598	$2,682,392	$17,473	($10)	$241,410	$95,395	$3,258,258

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Year ended March 31, 2025

1. Basis of Presenting Consolidated Financial Statements

The accompanying consolidated financial statements have been prepared from the accounts maintained by Mitsui Energy Development 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 2023 consolidated financial statements to conform to the classifications used in 2024.

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 ¥149.52= US$1, the rate of exchange on March 31, 2025. 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, 12 subsidiaries (together, the “Group”), and 6 affiliates. The 12 subsidiaries are Moeco Thailand 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, 2025, Moeco Cambodia Co., Ltd. was excluded from the scope of consolidation due to being regarded as in the process of liquidation in substance. 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.

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 ¥42,679 million ($285,440 thousand)

q) Change in accounting estimates

For the year ended March 31, 2025, 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 added ¥11,989 million ($80,184 thousand) to the amount of the liability for asset retirement obligations. Also, gross profit and operating income respectively increased by ¥0.2 million ($1.0 thousand) and income before income taxes decreased by ¥ 11,409 million ($76,303 thousand). Meanwhile, the Group recorded the increase in depreciation for changes in estimate for asset retirement obligations of depreciated asset in previous years of ¥11,409 million ($76,304 thousand) as “Gain (loss) on write-off of asset retirement obligation of fully depreciated assets related to change in accounting estimate”.

If the unit cost of facility removal is revised in the future, such revision may have a significant impact on the consolidated financial statement for the subsequent fiscal years.

3. Accumulated Depreciation and Impairment

Accumulated depreciation and impairment of property and equipment for the years ended March 31, 2025 and 2024, were as follows:

	Millions of yen		Thousands of U.S. dollars
	March 31, 2025	March 31, 2024	March 31, 2025
Accumulated depreciation and impairment of property and equipment	¥93,059	¥89,063	$622,384

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, 2025 and 2024, were as follows:

	Millions of yen		Thousands of U.S. dollars
	Year ended March 31, 2025	Year ended March 31, 2024	Year ended March 31, 2025
Balance at beginning of year	¥74,327	¥139,291	$497,106
Additional provisions associated with acquisition of property and equipment	1,252	964	8,370
The decrease associated with disposition of property and equipment	(47,148)	(26,896)	(315,329)
The (decrease) increase associated with change of estimate	11,989	(57,076)	80,184
Adjustment associated with passage of time	521	500	3,483
Foreign currency translation adjustments	1,738	17,545	11,626
Balance at end of year	¥42,679	¥74,327	$285,440

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, 2025, 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 ¥8,889 million ($59,453 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 ¥22,705 million ($151,854 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 ¥2,822 million ($18,871 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 ¥763 million ($5,100 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 to 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, 2025, the consolidated balance sheet amount and 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

	Millions of yen		
March 31, 2025	Carrying amount	Fair value	Unrealized gain
Receivables-trade	¥2,145	¥2,145	-
Marketable securities and investment securities	2,667	2,667	-
Accounts payable	(6,503)	(6,503)	-
Deposits received	(174)	(174)	-
Derivatives	24	24	-
Total	¥(1,841)	¥(1,841)	-

	Millions of yen		
March 31, 2024	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	-

	Thousands of U.S. dollars		
March 31, 2025	Carrying amount	Fair value	Unrealized gain
Receivables-trade	$14,346	$14,346	-
Marketable securities and investment securities	17,834	17,834	-
Accounts payable	(43,492)	(43,492)	-
Deposits received	(1,164)	(1,164)	-
Derivatives	162	162	-
Total	$(12,315)	$(12,315)	-

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

	Carrying amount		
	Millions of yen		Thousands of U.S. dollars
	March 31, 2025	March 31, 2024	March 31, 2025
Unlisted shares	¥79,734	¥68,094	$533,268

8. Other Information

Following the final investment decision for the Vietnam Block B gas field development, the exploration expenditures totaling ¥15,649 million ($104,662 thousand) were reclassified to construction in progress, and the allowance for exploration expenditures totaling ¥16,017 million ($107,123 thousand) was reversed.

9. Significant Non-cash Transactions

	Millions of yen		Thousands of U.S. dollars
	Year ended March 31, 2025	Year ended March 31, 2024	Year ended March 31, 2025
Asset retirement obligations	¥13,241	(¥56,112)	$88,554