

Consolidated Financial Results for the Nine Months Ended December 31, 2024 <under Japanese GAAP>

February 12, 2025

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

Company name: Japan Petroleum Exploration Co., Ltd.
 Listing: Prime Market, Tokyo Stock Exchange
 Securities code: 1662
 URL: <https://www.japex.co.jp/en/>
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 Scheduled date to commence dividend payments: –
 Presentation of supplementary material on financial results: Yes
 Holding of financial results presentation meeting (for institutional investors and analysts): Yes

(Millions of yen with fractional amounts discarded, unless otherwise noted)

1. Consolidated financial results for the nine months ended December 31, 2024
 (April 1, 2024 – December 31, 2024)

(1) Consolidated operating results (cumulative) (Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended								
December 31, 2024	274,820	19.5	44,510	11.6	46,810	(2.8)	74,440	103.9
December 31, 2023	229,938	2.1	39,868	2.9	48,162	(16.8)	36,515	(15.6)

Note: Comprehensive income: Nine months ended December 31, 2024: 20,336 million yen ((69.8)%)
 Nine months ended December 31, 2023: 67,257 million yen (40.5%)

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
December 31, 2024	288.14	–
December 31, 2023	134.79	–

Note: JAPEX conducted a 5-for-1 stock split of shares of common stock on October 1, 2024. Basic earnings per share were calculated assuming that the share split was conducted at the beginning of the previous fiscal year.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2024	652,612	531,029	75.9
As of March 31, 2024	660,928	537,574	76.2

Reference: Equity As of December 31, 2024: 495,456 million yen As of March 31, 2024: 503,902 million yen

2. Cash dividends

	Annual dividends				
	First quarter	Second quarter	Third quarter	Fiscal year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2024	–	125.00	–	175.00	300.00
Fiscal year ending March 31, 2025	–	125.00	–		
Fiscal year ending March 31, 2025 (Forecast)				25.00	–

Notes: 1. Revisions to the latest forecasts of cash dividends: None
2. JAPEX conducted a 5-for-1 stock split of shares of common stock on October 1, 2024. The year-end dividend per share for the fiscal year ending March 31, 2025 (forecast) is stated after considering the effect of such the stock split, and the total annual dividend is expressed as “-.” If the stock split is not considered, the year-end dividend for the fiscal year ending March 31, 2025 (forecast) will be 125.00 yen, and the total annual dividend will be 250.00 yen.

3. Consolidated financial forecasts for the fiscal year ending March 31, 2025 (April 1, 2024 – March 31, 2025) (Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending March 31, 2025	383,400	17.7	63,700	15.3	66,800	(2.9)	87,000	62.1	337.57

Notes: 1. Revisions to the consolidated financial forecasts most recently announced: Yes
2. JAPEX conducted a 5-for-1 stock split of shares of common stock on October 1, 2024. Basic earnings per share in the consolidated earnings forecast for the fiscal year ending March 2025 takes into account the impact of the stock split.

* Notes

(1) Significant changes in the scope of consolidation during the nine months under review: Yes

New inclusion: one company (JAPEX Norge AS)

Exclusion: –

Note: For details, please refer to “(3) Notes to quarterly consolidated financial statements (Changes in the scope of consolidation or the scope of application of the equity method)” of “2. Quarterly consolidated financial statements and significant notes thereto” on page 10 of the attached material.

(2) Application of specific accounting for preparing quarterly consolidated financial statements: Yes

Note: For details, please refer to “(3) Notes to quarterly consolidated financial statements (Notes to specific accounting for preparing quarterly consolidated financial statements)” of “2. Quarterly consolidated financial statements and significant notes thereto” on page 10 of the attached material.

(3) Changes in accounting policies, changes in accounting estimates, and restatement

- Changes in accounting policies due to revisions to accounting standards and other regulations: None
- Changes in accounting policies due to other reasons: None
- Changes in accounting estimates: None
- Restatement: None

(4) Number of issued shares (common shares)

- Total number of issued shares at the end of the period (including treasury shares)
 - As of December 31, 2024 257,000,380 shares
 - As of March 31, 2024 271,500,380 shares
- Number of treasury shares at the end of the period
 - As of December 31, 2024 1,358,730 shares
 - As of March 31, 2024 7,191,430 shares
- Average number of shares during the period (cumulative from the beginning of the fiscal year)
 - Nine months ended December 31, 2024 258,346,327 shares
 - Nine months ended December 31, 2023 270,915,713 shares

Note: JAPEX conducted a 5-for-1 stock split of shares of common stock on October 1, 2024. Total number of issued shares at the end of the period, number of treasury shares at the end of the period and average number of shares during the period were calculated assuming that the share split was conducted at the beginning of the previous fiscal year.

* Review of the Japanese-language originals of the attached quarterly consolidated financial statements by certified public accountants or an audit corporation: None

* Proper use of financial forecasts, and other special matters

The forward-looking statements, including the financial forecasts shown in this document are based on information currently available to our company and on certain assumptions deemed to be reasonable. As such, they do not constitute guarantees by our company of future performance. Actual performance and other results may differ materially from these forecasts due to various factors.

For the suppositions that form the assumptions for financial forecasts and cautions concerning the use thereof, please refer to “(3) Explanation of consolidated financial forecasts and other forward-looking statements” of “1. Overview of operating results and others” on page 5 of the attached material to the quarterly financial results report.

(Attached Material)

1. Overview of operating results and others

(1) Overview of operating results for the nine months ended December 31, 2024

During the nine months ended December 31, 2024, net sales was ¥274,820 million, an increase of ¥44,881 million (+19.5%) year on year. Gross profit was ¥71,167 million, an increase of ¥8,422 million (+13.4%) year on year. Main factors behind the year-on-year increase for net sales and increase for gross profit include the growth of sales volume for crude oil in North America and Europe, and an increase in sales volume for LNG.

Exploration expenses was ¥2,535 million, an increase of ¥517 million (+25.6%) year on year. Selling, general and administrative expenses was ¥24,121 million, an increase of ¥3,262 million (+15.6%) year on year. As a result, operating profit was ¥44,510 million, an increase of ¥4,642 million (+11.6%) year on year.

Ordinary profit was ¥46,810 million, a decrease of ¥1,351 million (-2.8%) year on year, mainly due to a reversal from a share of profit of entities accounted for using equity method to a share of loss, and a decrease in foreign exchange gains.

Profit before income taxes increased by ¥44,607 million year on year to ¥92,748 million, mainly due to the recording of gain on sale of investment securities as extraordinary income. Profit attributable to owners of parent increased by ¥37,924 million year on year to ¥74,440 million.

Below is a breakdown of net sales.

(i) E&P Business

Net sales from the E&P Business came to ¥95,739 million, an increase of ¥22,898 million (+31.4%) year on year, mainly due to the growth of sales volume for crude oil in North America and Europe.

(ii) Infrastructure/Utility Business

Net sales from the Infrastructure/Utility Business came to ¥129,146 million, an increase of ¥18,432 million (+16.6%) year on year. This was mainly the result of an increase in sales volume for LNG.

(iii) Other Businesses

Net sales from other businesses, such as the contract services (drilling and geological surveys, etc.), sale of oil products, including liquefied petroleum gas (LPG), fuel oil and the like, as well as other subcontracted tasks, came to ¥49,933 million, an increase of ¥3,550 million (+7.7%) year on year.

(2) Overview of financial position for the nine months ended December 31, 2024

Total assets at the end of the third quarter decreased by ¥8,316 million from the previous fiscal year-end to ¥652,612 million.

Current assets decreased by ¥3,931 million from the previous fiscal year-end. This was mainly due to a decrease in cash and deposits, despite increases in notes and accounts receivable - trade, and contract assets, and securities. Non-current assets decreased by ¥4,385 million from the previous fiscal year-end. This was mainly due to a decrease in investment securities resulting from the sale of a portion of strategic shareholdings and a decrease resulting from the recovery of recoverable accounts included in other under investments and other assets, despite an increase resulting from the purchase of property, plant and equipment.

Liabilities decreased by ¥1,771 million from the previous fiscal year-end to ¥121,582 million.

Current liabilities increased by ¥16,246 million from the previous fiscal year-end. This was due mainly to increases in notes and accounts payable - trade, and income taxes payable. Non-current liabilities decreased by ¥18,018 million from the previous fiscal year-end. This was mainly due to a decrease in deferred tax liabilities related to the mark-to-market valuation of the said shares, resulting from the aforementioned sale of investment securities.

Net assets decreased by ¥6,544 million from the previous fiscal year-end to ¥531,029 million. This was mainly due to a decrease in valuation difference on available-for-sale securities, despite an increase in retained earnings.

(3) Explanation of consolidated financial forecasts and other forward-looking statements

The consolidated financial forecasts for the fiscal year ending March 31, 2025 have been revised from the forecasts announced on November 13, 2024.

Please refer to the “Notice of Financial Forecasts Revision” disclosed on February 12, 2025, the same day of this report.

2. Quarterly consolidated financial statements and significant notes thereto

(1) Quarterly consolidated balance sheet

(Millions of yen)

	As of March 31, 2024	As of December 31, 2024
Assets		
Current assets		
Cash and deposits	169,997	114,547
Notes and accounts receivable - trade, and contract assets	41,610	54,978
Securities	3,000	33,000
Merchandise and finished goods	2,602	3,478
Work in process	40	307
Raw materials and supplies	19,885	19,763
Other	12,684	19,817
Allowance for doubtful accounts	(53)	(55)
Total current assets	249,768	245,836
Non-current assets		
Property, plant and equipment		
Wells, net	70,826	98,884
Other, net	105,474	103,109
Total property, plant and equipment	176,300	201,994
Intangible assets	5,265	4,877
Investments and other assets		
Investment securities	180,415	163,901
Other	49,389	36,041
Allowance for doubtful accounts	(47)	(40)
Allowance for overseas investment loss	(163)	-
Total investments and other assets	229,593	199,903
Total non-current assets	411,160	406,775
Total assets	660,928	652,612

(Millions of yen)

	As of March 31, 2024	As of December 31, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	9,520	17,513
Short-term borrowings	–	2,856
Income taxes payable	5,309	11,938
Provisions	286	103
Other	33,978	32,929
Total current liabilities	49,095	65,342
Non-current liabilities		
Deferred tax liabilities	41,739	23,981
Retirement benefit liability	3,414	3,452
Provisions	306	337
Asset retirement obligations	24,687	24,672
Other	4,110	3,796
Total non-current liabilities	74,258	56,240
Total liabilities	123,354	121,582
Net assets		
Shareholders' equity		
Share capital	14,288	14,288
Retained earnings	397,846	438,824
Treasury shares	(8,094)	(1,329)
Total shareholders' equity	404,040	451,783
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	84,686	36,592
Deferred gains or losses on hedges	8,704	9,810
Foreign currency translation adjustment	4,881	(4,124)
Remeasurements of defined benefit plans	1,589	1,394
Total accumulated other comprehensive income	99,862	43,672
Non-controlling interests	33,671	35,573
Total net assets	537,574	531,029
Total liabilities and net assets	660,928	652,612

(2) Quarterly consolidated statement of income and Quarterly consolidated statement of comprehensive income
Quarterly consolidated statement of income

(Millions of yen)

	Nine months ended December 31, 2023	Nine months ended December 31, 2024
Net sales	229,938	274,820
Cost of sales	167,193	203,652
Gross profit	62,745	71,167
Exploration expenses	2,018	2,535
Selling, general and administrative expenses	20,858	24,121
Operating profit	39,868	44,510
Non-operating income		
Interest income	1,544	1,919
Dividend income	2,106	2,399
Share of profit of entities accounted for using equity method	1,516	-
Foreign exchange gains	3,248	1,873
Other	823	492
Total non-operating income	9,239	6,685
Non-operating expenses		
Interest expenses	220	2,006
Commitment fees	240	218
Provision for loss on disaster	217	-
Share of loss of entities accounted for using equity method	-	1,880
Other	267	280
Total non-operating expenses	945	4,385
Ordinary profit	48,162	46,810
Extraordinary income		
Gain on sale of non-current assets	0	0
Gain on bargain purchase	-	421
Gain on sale of investment securities	-	45,698
Total extraordinary income	0	46,120
Extraordinary losses		
Loss on retirement of non-current assets	21	7
Loss on step acquisitions	-	175
Total extraordinary losses	21	182
Profit before income taxes	48,141	92,748
Income taxes	9,569	16,223
Profit	38,572	76,525
Profit attributable to non-controlling interests	2,056	2,085
Profit attributable to owners of parent	36,515	74,440

Quarterly consolidated statement of comprehensive income

(Millions of yen)

	Nine months ended December 31, 2023	Nine months ended December 31, 2024
Profit	38,572	76,525
Other comprehensive income		
Valuation difference on available-for-sale securities	20,833	(48,094)
Deferred gains or losses on hedges	(1,711)	62
Foreign currency translation adjustment	9,759	(9,021)
Remeasurements of defined benefit plans, net of tax	(171)	(194)
Share of other comprehensive income of entities accounted for using equity method	(24)	1,059
Total other comprehensive income	28,685	(56,188)
Comprehensive income	67,257	20,336
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	65,201	18,250
Comprehensive income attributable to non-controlling interests	2,055	2,085

(3) Notes to quarterly consolidated financial statements

(Changes in the scope of consolidation or the scope of application of the equity method)

(i) Significant changes in the scope of consolidation

During the second quarter, we acquired additional shares of Longboat JAPEX Norge AS, which was an equity-method affiliate. Therefore, we have changed its name to JAPEX Norge AS and included it in the scope of consolidation.

(ii) Significant changes in the scope of application of the equity method

During the first quarter, the silent partnership of which operator is Ozu Biomass Power Co., Ltd., an affiliate of JAPEX, became an equity method affiliate due to the increased material significance, and Gulf Coast LNG Holdings LLC became an equity method affiliate because JAPEX acquired interest in that company.

During the second quarter, we acquired additional shares of Longboat JAPEX Norge AS, which was an equity-method affiliate, and included it in the scope of consolidation. Therefore, we have excluded it from the scope of application of the equity method.

(Notes to specific accounting for preparing quarterly consolidated financial statements)

Deferral accounting of cost variance

Cost variance arising from seasonal changes in production level is deferred as current liabilities (other) because such variance is expected to be almost completely eliminated by the end of the cost accounting period.

Calculation of taxes

For the taxes, JAPEX and some of its consolidated subsidiaries compute first by reasonably estimating the effective tax rate after applying tax effect accounting against profit before income taxes for the fiscal year including the third quarter, and next by multiplying the quarterly profit before income taxes by such estimated effective tax rate.

However, in cases where the calculation of taxes using such estimated effective tax rate yields a result that is not reasonable to a significant extent, the effective statutory tax rate is used.

Note that income taxes - deferred is included in income taxes.

(Notes to segment information, etc.)

I Nine months ended December 31, 2023

Information regarding net sales and profit (loss) by reportable segment

(Millions of yen)

	Reportable segment					Others	Total	Adjustment (Note) 1	Amount on the quarterly consolidated statement of income (Note) 2
	Japan	North America	Europe	Middle East	Total				
Net sales									
Net sales to outside clients	171,079	23,427	–	35,432	229,938	–	229,938	–	229,938
Intersegment sales or transfers	–	–	–	–	–	–	–	–	–
Total	171,079	23,427	–	35,432	229,938	–	229,938	–	229,938
Segment profit (loss)	35,954	8,929	(360)	4,230	48,753	–	48,753	(8,885)	39,868

Notes: 1. The segment profit (loss) adjustment of ¥(8,885) million includes intersegment eliminations of ¥1 million and corporate expenses that are not allocated to any reportable segments of ¥(8,886) million. Corporate expenses are mainly general and administrative expenses and experimentation and research expenses, all of which are not attributable to the reportable segments.

2. Segment profit (loss) was adjusted to operating profit in the quarterly consolidated statement of income.

II Nine months ended December 31, 2024

Information regarding net sales and profit by reportable segment

(Millions of yen)

	Reportable segment					Others	Total	Adjustment (Note) 1	Amount on the quarterly consolidated statement of income (Note) 2
	Japan	North America	Europe	Middle East	Total				
Net sales									
Net sales to outside clients	193,806	37,878	9,719	33,415	274,820	–	274,820	–	274,820
Intersegment sales or transfers	19	–	–	–	19	–	19	(19)	–
Total	193,825	37,878	9,719	33,415	274,839	–	274,839	(19)	274,820
Segment profit	33,000	14,789	2,933	3,484	54,207	–	54,207	(9,697)	44,510

Notes: 1. The segment profit adjustment of ¥(9,697) million includes intersegment eliminations of ¥0 million and corporate expenses that are not allocated to any reportable segments of ¥(9,697) million. Corporate expenses are mainly general and administrative expenses and experimentation and research expenses, all of which are not attributable to the reportable segments.

2. Segment profit was adjusted to operating profit in the quarterly consolidated statement of income.

(Notes on significant changes in the amount of shareholders' equity)

JAPEX's Board of Directors resolved at a meeting held on November 10, 2023 on matters related to the repurchase of own shares, and by December 31, 2024, JAPEX had acquired 15,000,000 treasury shares. As a result, treasury shares increased by ¥10,437 million during the nine months ended December 31, 2024. In addition, JAPEX's Board of Directors resolved at a meeting held on November 10, 2023, on matters related to the cancellation of treasury shares, and resolved at a meeting held on September 26, 2024, on matters related to a partial change to the cancellation. JAPEX cancelled 14,500,000 treasury shares on September 30, 2024. As a result, retained earnings and treasury shares decreased by ¥17,788 million each, during the nine months ended December 31, 2024. JAPEX conducted a 5-for-1 stock split of shares of common stock on October 1, 2024. The number of shares shown above is the number of shares after the stock split.

(Notes on premise of going concern)

No item to report.

(Notes to quarterly consolidated statement of cash flows)

Quarterly consolidated statement of cash flows for the nine months ended December 31, 2024 is not prepared. Depreciation (including amortization related to intangible assets, etc. excluding goodwill) for the nine months ended December 31, 2023 and 2024 is as follows.

	(Millions of yen)	
	Nine months ended December 31, 2023 (April 1, 2023 – December 31, 2023)	Nine months ended December 31, 2024 (April 1, 2024 – December 31, 2024)
Depreciation	18,706	29,078

3. Supplemental information

Status of production and sales

(1) Production

		Nine months ended December 31, 2023 (April 1, 2023 – December 31, 2023)	Nine months ended December 31, 2024 (April 1, 2024 – December 31, 2024)	(Reference) Fiscal year ended March 31, 2024 (April 1, 2023 – March 31, 2024)
E&P Business	Crude oil (kL)	820,921 (652,620)	1,210,856 (1,037,148)	1,143,923 (911,914)
	Natural gas (thousand m ³)	393,415 (45,925)	454,190 (108,677)	554,757 (70,533)
Infrastructure/ Utility Business	Electricity (thousand kWh)	2,284,202	2,162,484	3,085,392

Note: The figures in parentheses represent overseas production and are included in the total.

(2) Sales

		Nine months ended December 31, 2023 (April 1, 2023 – December 31, 2023)		Nine months ended December 31, 2024 (April 1, 2024 – December 31, 2024)		(Reference) Fiscal year ended March 31, 2024 (April 1, 2023 – March 31, 2024)	
		Sales volume	Net sales (Millions of yen)	Sales volume	Net sales (Millions of yen)	Sales volume	Net sales (Millions of yen)
E&P Business	Crude oil (kL)	1,000,433	72,350	1,368,195	93,156	1,240,742	87,808
	Natural gas (overseas) (thousand m ³)	42,723	490	108,937	2,583	65,950	1,002
	Subtotal		72,841		95,739		88,810
Infrastructure/ Utility Business	Natural gas (Japan) (thousand m ³)	646,318	55,741	642,353	53,242	955,826	81,487
	LNG (t)	99,611	10,193	306,796	29,959	275,149	30,190
	Electricity (thousand kWh)	2,641,776	40,059	2,296,392	35,894	3,548,750	53,272
	Others		4,719		10,049		7,197
	Subtotal		110,714		129,146		172,147
Other Businesses	Contract services		4,837		6,377		6,395
	Oil products/ merchandise		39,028		41,645		55,423
	Others		2,517		1,911		3,087
	Subtotal		46,383		49,933		64,905
Total			229,938		274,820		325,863

- Notes: 1. “Crude oil” of the E&P Business includes crude oil that the JAPEX Group produced in oil fields and the crude oil purchased from other companies.
2. “Natural gas (Japan)” of the Infrastructure/Utility Business refers to gas supplied in Japan via pipeline and comprises the total of natural gas produced in Japan and regasified LNG. Natural gas (Japan) is classified under the Infrastructure/Utility Business, since both natural gas produced in Japan and LNG vaporized gas are sold together by our company’s supply network, which consists of the natural gas fields in Japan and the LNG terminals that vaporize gas linked by pipeline networks.
3. “Others” of the Infrastructure/Utility Business includes commissioned transportation of natural gas and contracted vaporization of LNG used for power plant fuel, etc.
4. Under the Other Businesses, “Oil products/merchandise” includes liquefied petroleum gas (LPG), fuel oil, gas oil and kerosene, and “Others” includes other subcontracted tasks.