



**Note:** This material is an English translation of the Japanese-language original.

# **Explanatory Material of Financial Results**

**for the Nine Months Ended December 31, 2020**

February 8, 2021

Japan Petroleum Exploration Co., Ltd.

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Note) This material also serves as the presentation material for the financial results briefing to be held for securities analysts on February 9, 2021.

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# I . Financial Highlights

# Financial Highlights

## ■ FY3/21 1-3Q Results (Year-on-Year)

(Billion Yen)	FY3/20 1-3Q (a)	FY3/21 1-3Q (a)	Change	
Operating profit (loss)	11.5	-4.4	-15.9	-
Ordinary profit (loss)	19.8	-2.9	-22.7	-

### Main factors for change

**E&P business** : Profit declined due to a significant drop in crude oil prices and a decline in sales volume by COVID-19 pandemic.

**I/U Business** : Profit increased due to a start of electricity sales with the operation commencement of the Fukushima Natural Gas Power Plant\*.

**Non-operating income** : Profit decreased due mainly to the turnaround from foreign exchange gains to foreign exchange losses, and deterioration in equity in earnings of associated companies.

## ■ FY3/21 Full Year Forecast Revision (vs. Nov.10 Forecasts)

(Billion Yen)	Nov. 10, 2020 (f)	Feb. 8, 2021 (f)	Change	
Operating profit (loss)	-5.3	5.1	+10.5	-
Ordinary profit (loss)	-2.4	9.1	+11.6	-

### Main factors for change

**E&P business** : Improvement in profit by increase in sales price of diluted bitumen and domestic oil and gas, based on the upward revision on the crude oil price assumption

**I/U Business** : Increase in sales price of electricity due mainly to the hike in the Japan Electric Power Exchange (JEPX) spot market price

**Non-operating income** : Decrease in foreign exchange loss etc.

Note) \*Operated by Fukushima Gas Power Co., Ltd., which is invested by 5 companies as partners, including JAPEX



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## **II. Financial Results**

**for the Nine Months Ended December 31, 2020**

# E&P Business Sales for 1-3Q FY3/21 (Year-on-Year)

Net sales : Million Yen		FY3/20 1-3Q(a)		FY3/21 1-3Q(a)		Change				
		Sales volume	Net sales	Sales volume	Net sales	Sales volume		Net sales		
E&P Business	-	-	<b>145,277</b>	-	<b>54,123</b>	-	-	①	<b>-91,154</b>	-63%

## Breakdown

Crude oil	Thousand KL	<b>2,323</b>	<b>108,049</b>	<b>1,447</b>	<b>38,122</b>	<b>-875</b>	-38%	<b>-69,926</b>	-65%
Crude oil - Japan		225	10,992	211	5,990	-14	-6%	-5,002	-46%
Crude oil - overseas*1		944	43,189	204	5,225	②	-740 -78%	-37,964	-88%
Purchased crude oil		1,153	53,866	1,032	26,907	③	-120 -10%	-26,959	-50%
Diluted bitumen*2		<b>1,290</b>	<b>35,674</b>	<b>937</b>	<b>14,071</b>	④	<b>-352</b> -27%	<b>-21,602</b>	-61%
Natural Gas - Overseas*3	Million M3	<b>319</b>	<b>1,554</b>	<b>340</b>	<b>1,929</b>	<b>+21</b>	+7%	<b>+374</b>	+24%

## Main factors for change

- ① Decrease in sales volume and price of crude oil (overseas), purchased crude oil and diluted bitumen
- ② Decrease in sales volume and price of crude oil from Garraf Oil Field in Iraq
- ③ Decrease in sales volume and price of purchased crude oil from SODECO
- ④ Decrease in sales price and volume due to the reduction in production of diluted bitumen at the Hangingstone Lease in Canada

\*1 Including the amounts of 3 overseas subsidiaries (Japex Garraf Ltd., JAPEX Montney Ltd. and Japex (U.S.) Corp.)

\*2 Royalty is excluded in the net sales and price of diluted bitumen

\*3 Including the volume of 2 overseas subsidiaries (JAPEX Montney Ltd. and Japex (U.S.) Corp.)

# I/U Business Sales for 1-3Q FY3/21 (Year-on-Year)

Net sales : Million Yen		FY3/20 1-3Q(a)		FY3/21 1-3Q(a)		Change				
		Sales volume	Net sales	Sales volume	Net sales	Sales volume		Net sales		
Infrastructure / Utility Business	-	-	<b>61,263</b>	-	<b>67,691</b>	-	-	①	<b>+6,428</b>	+11%

## Breakdown

Natural Gas - Japan	Million M3	<b>857</b>	<b>44,316</b>	<b>813</b>	<b>36,658</b>	②	<b>-43</b>	-5%	<b>-7,658</b>	-17%
- Produced in Japan		419	-	355	-	-63	-15%	-	-	
LNG	Thousand Ton	<b>205</b>	<b>14,402</b>	<b>213</b>	<b>11,059</b>	<b>+7</b>	+4%	③	<b>-3,342</b>	-23%
Electricity	Million kWh	<b>2</b>	<b>95</b>	<b>2,080</b>	<b>16,654</b>	④	<b>+2,078</b>	+87,046%	<b>+16,559</b>	+17,373%
Others*1	-	-	<b>2,449</b>	-	<b>3,319</b>	-	-		<b>+870</b>	+36%

## Main factors for change

- ① Increase in electricity sales volume and revenue of commissioned regasification of LNG
- ② Decrease in sales price, decrease in sales volume mainly due to the economic stagnation by COVID-19
- ③ Decrease in sales price
- ④ Increase in electricity sales volume due to the commercial operation commencement of the Fukushima Natural Gas Power Plant

\*1 Including the revenue from contracted transportation of natural gas and commissioned regasification of LNG

# 1-3Q FY3/21 Results (Year-on-Year)

Million Yen	FY3/20 1-3Q (a)	FY3/21 1-3Q (a)	Change	
Net sales	<b>247,819</b>	<b>150,099</b>	<b>-97,719</b>	-39%
Gross profit	<b>35,157</b>	<b>18,741</b>	<b>-16,416</b>	-47%
Operating profit (loss)	<b>11,533</b>	<b>-4,448</b>	<b>-15,981</b>	- %
Ordinary profit (loss)	<b>19,849</b>	<b>-2,948</b>	<b>-22,798</b>	- %
Profit (loss) attributable to owners of parent	<b>16,556</b>	<b>-3,776</b>	<b>-20,332</b>	- %

## Oil Price, Exchange Rate and Sales Price

		FY3/20 1-3Q (a)	FY3/21 1-3Q (a)	Change
WTI	USD/bbl	<b>57.15</b>	<b>40.08</b>	<b>-17.07</b>
Crude oil price (CIF)		<b>67.62</b>	<b>40.35</b>	<b>-27.27</b>
Exchange rate	JPY/USD	<b>109.10</b>	<b>106.69</b>	<b>-2.41</b>
JACOS Diluted bitumen <sup>*1</sup>	USD/bbl	<b>40.72</b>	<b>22.50</b>	<b>-18.23</b>
JML Natural gas <sup>*2</sup>	CAD/mcf	<b>1.68</b>	<b>2.03</b>	<b>+0.35</b>

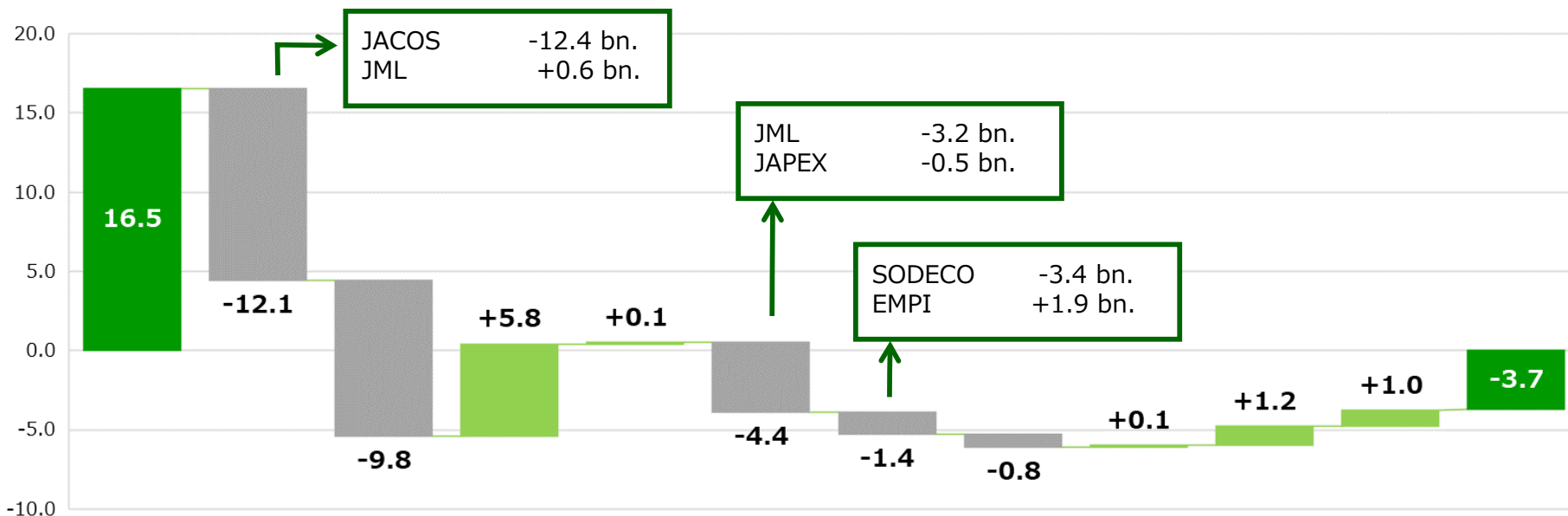
\*1 Diluted bitumen sales price of Japan Canada Oil Sands Ltd. (Excl. Royalty)

\*2 Natural gas sales price of JAPEX Montney Ltd. (Excl. Royalty)



# Analysis of 1-3Q FY3/21 Net Income Result (Year-on-Year)

Billion Yen



Net income	Operating profit (loss)* -15.9 bn.					Non-operating income (loss) -6.8 bn.					Net income
	1-3Q FY3/20 (a)	E&P overseas	E&P Japan	I/U	Others	Foreign exchange gains and loss	Equity earnings	Others	Extraordinary income	Income taxes	
1-3Q FY3/20(a)	3.2	16.8	-3.7	-4.7	0.8	6.7	0.6	-0.1	3.1	0.0	
1-3Q FY3/21(a)	-8.9	6.9	2.0	-4.6	-3.6	5.3	-0.1	-0.0	1.8	-1.0	

\* The amounts in the operating income breakdown by business segment are the figures for the Group's internal management

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# **III. Revised Financial Forecasts**

## **for the Fiscal Year Ending March 31, 2021**

# E&P Business Sales Forecasts for FY3/21 (vs Nov. 10 Forecasts)

Net sales : Million Yen		Previous <sup>(f)</sup> Nov. 10, 2020		Revised <sup>(f)</sup> Feb. 8, 2021		Change				
		Sales volume	Net sales	Sales volume	Net sales	Sales volume		Net sales		
E&P Business	-	-	<b>76,872</b>	-	<b>88,082</b>	-	-	①	<b>+11,210</b>	+15%

## Breakdown

Crude oil	Thousand KL	<b>2,117</b>	<b>53,840</b>	<b>2,331</b>	<b>63,547</b>	<b>+214</b>	+10%	<b>+9,706</b>	+18%	
Crude oil - Japan		301	8,176	292	8,528	-8	-3%	+351	+4%	
Crude oil - overseas* <sup>1</sup>		548	13,280	545	14,719	-2	-0%	②	<b>+1,439</b>	+11%
Purchased crude oil		1,266	32,384	1,493	40,299	③	<b>+226</b>	+18%	<b>+7,915</b>	+24%
Diluted bitumen* <sup>2</sup>		<b>1,303</b>	<b>20,142</b>	<b>1,330</b>	<b>21,650</b>	④	<b>+26</b>	+2%	<b>+1,508</b>	+8%
Natural Gas - Overseas* <sup>3</sup>	Million M3	<b>489</b>	<b>2,889</b>	<b>476</b>	<b>2,885</b>	<b>-12</b>	-3%	<b>-4</b>	-0%	

## Main factors for change

- ① Increase in sales volume and price of purchased crude oil, increase in sales price of crude oil (overseas)
- ② Increase in sales price of crude oil from Garraf Oil Field in Iraq
- ③ Increase in sales volume and price of purchased crude oil from SODECO
- ④ Increase in sales price and volume of diluted bitumen from the Hangingstone Lease in Canada

\*1 Including the amounts of 3 overseas subsidiaries (Japex Garraf Ltd., JAPEX Montney Ltd. and Japex (U.S.) Corp.)

\*2 Royalty is excluded in the net sales and price of diluted bitumen

\*3 Including the volume of 2 overseas subsidiaries (JAPEX Montney Ltd., and Japex (U.S.) Corp.)

# I/U Business Sales Forecasts for FY3/21 (vs Nov. 10 Forecasts)

Net sales : Million Yen		Previous <sup>(f)</sup> Nov. 10, 2020		Revised <sup>(f)</sup> Feb. 8, 2021		Change				
		Sales volume	Net sales	Sales volume	Net sales	Sales volume		Net sales		
Infrastructure / Utility Business	-	-	<b>93,454</b>	-	<b>100,265</b>	-	-	①	<b>+6,810</b>	+7%

## Breakdown

Natural Gas - Japan	Million M3	<b>1,115</b>	<b>49,262</b>	<b>1,150</b>	<b>50,216</b>	<b>+35</b>	+3%	<b>+954</b>	+2%	
- Produced in Japan		489	-	508	-	+19	+4%	-	-	
LNG	Thousand Ton	<b>284</b>	<b>16,055</b>	<b>284</b>	<b>15,902</b>	<b>+0</b>	+0%	<b>-152</b>	-1%	
Electricity	Million kWh	<b>2,955</b>	<b>23,474</b>	<b>2,995</b>	<b>29,580</b>	<b>+39</b>	+1%	②	<b>+6,106</b>	+26%
Others*1	-	-	<b>4,662</b>	-	<b>4,565</b>	-	-		<b>-96</b>	-2%

## Main factors for change

- ① Increase in electricity sales price
- ② Increase in sales price due to the hike in the JEPX spot market price after the end of 2020

\*1 Including the revenue from contracted transportation of natural gas and commissioned regasification of LNG

## FY3/21 Forecasts (vs Nov. 10 Forecasts)

Million Yen	Previous(f) Nov.10,2020	Revised(f) Feb.8,2021	Change	
Net sales	<b>208,075</b>	<b>227,826</b>	<b>+19,750</b>	+10%
Gross profit	<b>26,805</b>	<b>36,871</b>	<b>+10,066</b>	+38%
Operating profit (loss)	<b>-5,378</b>	<b>5,157</b>	<b>+10,536</b>	-%
Ordinary profit (loss)	<b>-2,462</b>	<b>9,191</b>	<b>+11,654</b>	-%
Profit (loss) attributable to owners of parent	<b>-1,900</b>	<b>7,472</b>	<b>+9,372</b>	-%

### Oil Price, Exchange Rate and Sales Price

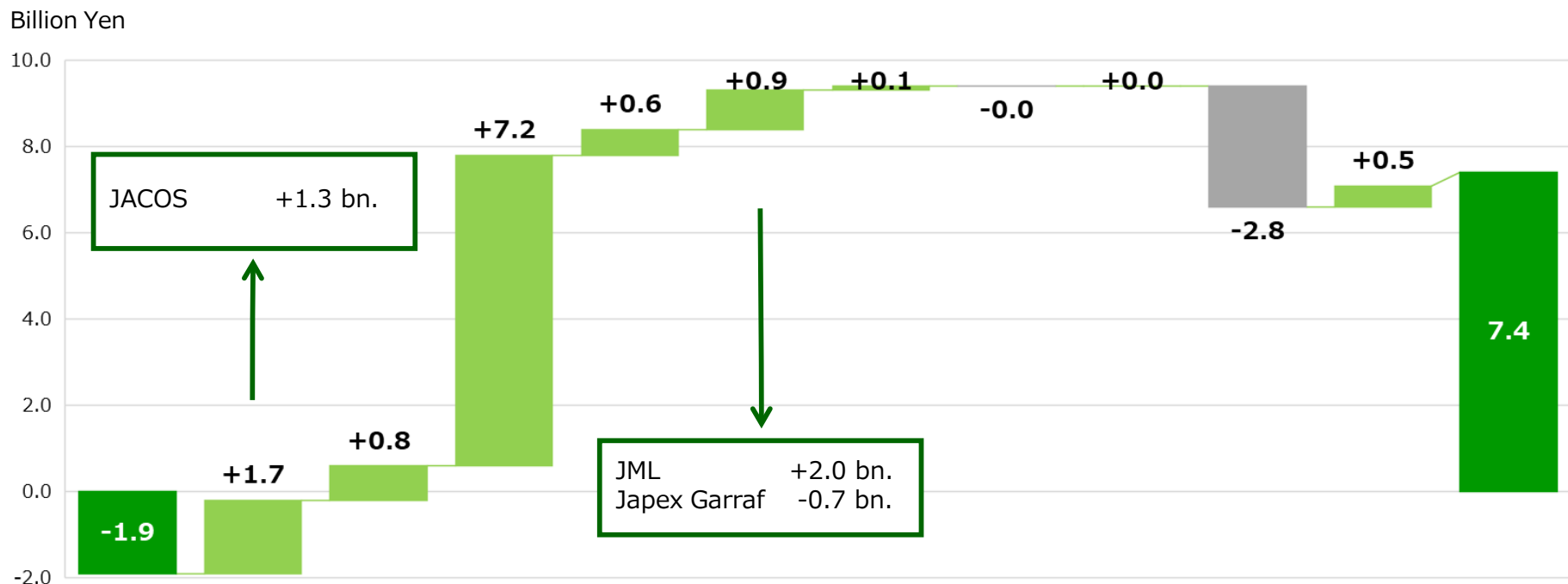
		Previous(f) Nov.10,2020	Revised(f) Feb.8,2021	Change
WTI	USD/bbl	<b>39.08</b>	<b>40.84</b>	<b>+1.76</b>
Crude oil price (CIF)		<b>39.14</b>	<b>41.64</b>	<b>+2.50</b>
Exchange rate	JPY/USD	<b>106.65</b>	<b>106.18</b>	<b>-0.47</b>
JACOS Diluted bitumen* <sup>1</sup>	USD/bbl	<b>23.18</b>	<b>25.00</b>	<b>+1.83</b>
JML Natural gas* <sup>2</sup>	CAD/mcf	<b>2.09</b>	<b>2.12</b>	<b>+0.03</b>

\*1 Diluted bitumen sales price of Japan Canada Oil Sands Ltd. (Excl. Royalty)

\*2 Natural gas sales price of JAPEX Montney Ltd. (Excl. Royalty)



# Analysis of FY3/21 Net Income Forecasts (vs Nov. 10 Forecasts)



Net income	Operating profit (loss) * +10.5 bn.					Non-operating income (loss) +1.1 bn.				Income taxes	Profit attributable to non-controlling interest	Net income
	FY3/21 (f) Nov. 10	E&P overseas	E&P Japan	I/U	Others	Foreign exchange gains and loss	Equity on earnings	Others	Extraordinary income			
FY3/21 (f) Nov. 10	-11.7	7.6	5.2	-6.4	-2.5	5.1	0.3	-0.0	0.2	-0.8		
FY3/21 (f) Feb. 8	-10.0	8.5	12.4	-5.8	-1.5	5.2	0.3	-0.0	3.0	-1.3		

\* The amounts in the operating income breakdown by business segment are the figures for the Group's internal management

# E&P Business Sales Forecasts for FY3/21 (Year-on-Year)

Net sales : Million Yen		FY3/20(a)		FY3/21 Revised(f) Feb. 8, 2021		Change				
		Sales volume	Net sales	Sales volume	Net sales	Sales volume		Net sales		
E&P Business	-	-	<b>175,443</b>	-	<b>88,082</b>	-	-	①	<b>-87,360</b>	-50%

## Breakdown

Crude oil		<b>2,924</b>	<b>128,152</b>	<b>2,331</b>	<b>63,547</b>	<b>-592</b>	-20%	<b>-64,605</b>	-50%		
Crude oil - Japan		304	14,800	292	8,528	-11	-4%	-6,272	-42%		
Crude oil - overseas*1	Thousand KL	1,123	45,372	545	14,719	②	-577	-51%	-30,653	-68%	
Purchased crude oil		1,496	67,979	1,493	40,299		-3	-0%	③	-27,679	-41%
Diluted bitumen*2		<b>1,639</b>	<b>45,025</b>	<b>1,330</b>	<b>21,650</b>	④	<b>-309</b>	-19%	<b>-23,375</b>	-52%	
Natural Gas - Overseas*3	Million M3	<b>431</b>	<b>2,265</b>	<b>476</b>	<b>2,885</b>	<b>+45</b>	+10%	<b>+620</b>	+27%		

## Main factors for change

- ① Decrease in sales volume and price of crude oil (overseas) and diluted bitumen, decrease in sales price of purchased crude oil
- ② Decrease in sales volume and price of crude oil from Garraf Oil Field in Iraq
- ③ Decrease in sales price of purchased crude oil from SODECO
- ④ Decrease in sales price and volume due to the reduction in production of diluted bitumen at the Hangingstone Lease in Canada

\*1 Include the amounts of 3 overseas subsidiaries (Japex Garraf Ltd., JAPEX Montney Ltd. and Japex (U.S.) Corp.)

\*2 Royalty is excluded in the net sales and price of diluted bitumen

\*3 Include the volume of 2 overseas subsidiaries (JAPEX Montney Ltd., and Japex (U.S.) Corp.)



# I/U Business Sales Forecasts for FY3/21 (Year-on-Year)

Net sales : Million Yen		FY3/20(a)		FY3/21 Revised <sup>(f)</sup> Feb. 8, 2021		Change				
		Sales volume	Net sales	Sales volume	Net sales	Sales volume		Net sales		
Infrastructure / Utility Business	-	-	<b>88,688</b>	-	<b>100,265</b>	-	-	①	<b>+11,576</b>	+13%

## Breakdown

Natural Gas - Japan	Million M3	<b>1,268</b>	<b>64,965</b>	<b>1,150</b>	<b>50,216</b>	②	<b>-118</b>	-9%	<b>-14,749</b>	-23%
- Produced in Japan		582	-	508	-	-73	-13%	-	-	
LNG	Thousand Ton	<b>273</b>	<b>19,395</b>	<b>284</b>	<b>15,902</b>	<b>+11</b>	+4%	③	<b>-3,492</b>	-18%
Electricity	Million kWh	<b>110</b>	<b>974</b>	<b>2,995</b>	<b>29,580</b>	④	<b>+2,885</b>	+2,619%	<b>+28,606</b>	+2,937%
Others*1	-	-	<b>3,353</b>	-	<b>4,565</b>	-	-		<b>+1,211</b>	+36%

## Main factors for change

- ① Increase in electricity sales volume
- ② Decrease in sales price, decrease in sales volume mainly due to the economic stagnation by COVID-19
- ③ Decrease in sales price
- ④ Increase in electricity sales volume due to the commercial operation commencement of the Fukushima Natural Gas Power Plant

\*1 Including the revenue from contracted transportation of natural gas and commissioned regasification of LNG



## FY3/21 Forecasts (Year-on-Year)

Million Yen	FY3/20(a)	FY3/21 Revised(f) Feb. 8, 2021	Change	
Net sales	<b>318,822</b>	<b>227,826</b>	<b>-90,996</b>	-29%
Gross profit	<b>47,042</b>	<b>36,871</b>	<b>-10,170</b>	-22%
Operating profit	<b>14,283</b>	<b>5,157</b>	<b>-9,125</b>	-64%
Ordinary profit	<b>32,635</b>	<b>9,191</b>	<b>-23,443</b>	-72%
Profit attributable to owners of parent	<b>26,815</b>	<b>7,472</b>	<b>-19,342</b>	-72%

### Oil Price, Exchange Rate and Sales Price

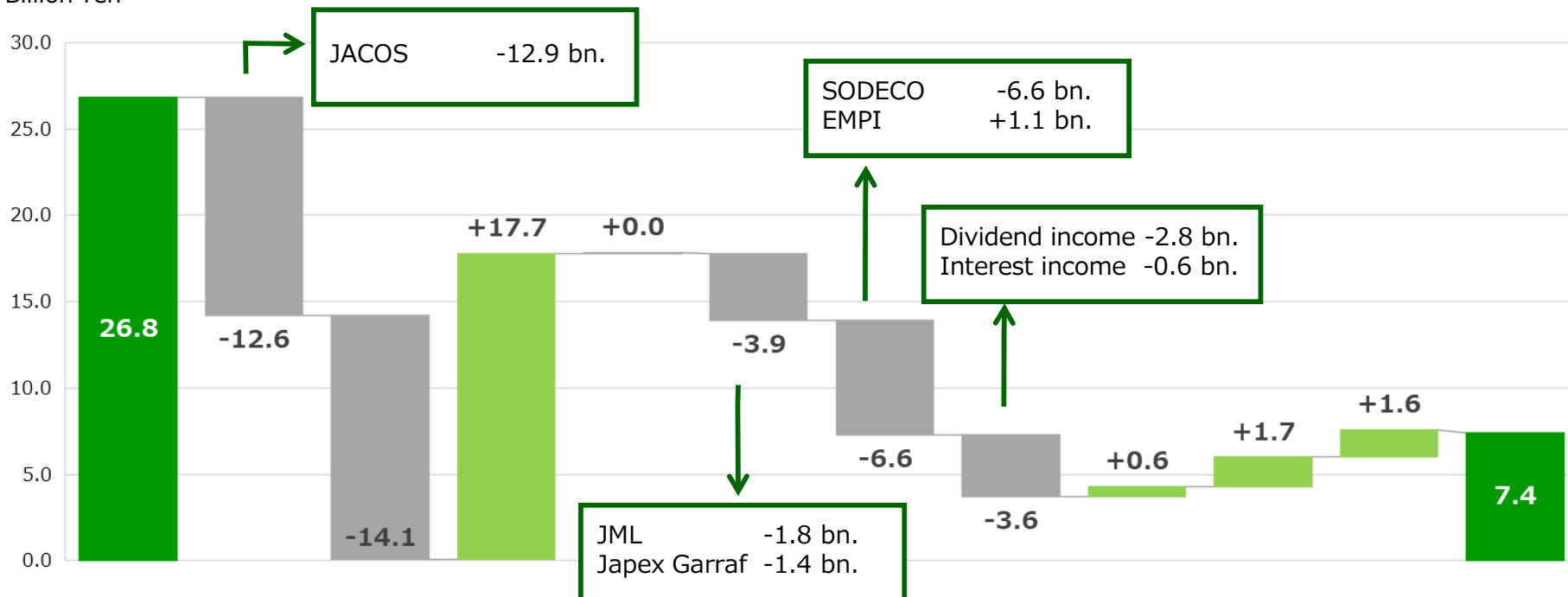
		FY3/20(a)	FY3/21 Revised(f) Feb. 8, 2021	Change
WTI	USD/bbl	<b>57.14</b>	<b>40.84</b>	<b>-16.30</b>
Crude oil price (CIF)		<b>68.11</b>	<b>41.64</b>	<b>-26.47</b>
Exchange rate	JPY/USD	<b>109.15</b>	<b>106.18</b>	<b>-2.97</b>
JACOS Diluted bitumen * <sup>1</sup>	USD/bbl	<b>39.85</b>	<b>25.00</b>	<b>-14.84</b>
JML Natural gas * <sup>2</sup>	CAD/mcf	<b>1.77</b>	<b>2.12</b>	<b>+0.35</b>

\*1 Diluted bitumen sales price of Japan Canada Oil Sands Ltd. (Excl. Royalty)

\*2 Natural gas sales price of JAPEX Montney Ltd. (Excl. Royalty)

# Analysis of FY3/21 Net Income Forecasts (Year-on-Year)

Billion Yen



Net income	Operating profit (loss)* -9.1 bn.				Non-operating income (loss) -14.3 bn.				Extraordinary income	Income taxes	Profit attributable to non-controlling interest	Net income
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FY3/20 (a)	E&P overseas	E&P Japan	I/U	Others	Foreign exchange gains and loss	Equity on earnings	Others	Extraordinary income	Income taxes	Profit attributable to non-controlling interest	FY3/21(f) Feb. 8
FY3/21(a)	2.6	22.6	-5.2	-5.7	2.4	11.9	3.9	-0.7	4.7	0.2	
FY3/21(f) Feb. 8	-10.0	8.5	12.4	-5.8	-1.5	5.2	0.3	-0.0	3.0	-1.3	

\* The amounts in the operating income breakdown by business segment are the figures for the Group's internal management

# Cash Flows and Debt

Million Yen	FY3/20 (a)	FY3/21 (f)	
	Full year 1Q-4Q	Full year 1Q-4Q	
		Nov. 10	Feb. 8
<b>Cash flows from operating activities</b>	<b>69,895</b>	<b>25,450</b>	<b>35,506</b>
Depreciation	25,190	22,201	22,017
Recoverable cost (Recovery)	41,040	10,667	12,004
<b>Cash flows from investing activities</b>	<b>-18,701</b>	<b>-29,855</b>	<b>-25,911</b>
Purchase of property, plant and equipment	-7,566	-15,997	-15,729
Recoverable cost (Payments)	-30,226	-16,175	-15,195
<b>Cash flows from financing activities</b>	<b>-13,743</b>	<b>-13,049</b>	<b>-12,896</b>

Interest-bearing debt*1	140,848	125,111	125,111
EBITDA*2	58,295	25,002	36,541
Debt-to-EBITDA ratio	2.4	5.0	3.4

\*1 Interest-bearing debt includes lease obligations, retirement benefit liabilities and contingent liabilities

\*2 EBITDA is the total of operating profit, depreciation, interest and dividends received on investment cash flow

## Special instruction on the revised forecast dated Feb.8

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The Company is currently reexamining its medium- to long-term projections for the business environment and oil prices, and reevaluating the Group's main assets. Depending on revision of the plans in each projects, changes in oil price assumptions, or other factors, there are possibilities to recognize impairment losses on some of our assets in Japan and overseas. Should any impact be recognized on its business performance, the Company will disclose it as soon as it is determined.

# Appendix

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- 1. Net Sales**
- 2. Financial Results**
- 3. Segment Profit**
- 4. Price Assumptions for FY3/21 Forecasts**
- 5. Sensitivities Analysis on FY3/21 Forecasts Basis**
- 6. Main Business and Major Assets**
- 7. Glossary**

# 1. Net Sales - E&P Business

Million Yen	FY3/20(a)			FY3/21(a)				FY3/21(f)		
	3Q	1Q-3Q	Full year 1Q-4Q	1Q	2Q	3Q	1Q-3Q	4Q	Full year	
									Nov. 10	Feb. 8
Sales	51,859	145,277	175,443	22,904	14,642	16,576	54,123	33,959	76,872	88,082
Sales volume of Crude oil (Thousand KL)	853	2,323	2,924	687	438	321	1,447	884	2,117	2,331
Net sales	39,146	108,049	128,152	15,936	12,515	9,670	38,122	25,424	53,840	63,547
Sales volume of Crude oil - Japan (Thousand KL)	77	225	304	60	78	72	211	81	301	292
Net sales	3,621	10,992	14,800	1,800	1,926	2,263	5,990	2,537	8,176	8,528
Sales volume of Crude oil - overseas*1 (Thousand KL)	314	944	1,123	168	18	17	204	341	548	545
Net sales	14,470	43,189	45,372	4,393	307	524	5,225	9,493	13,280	14,719
Sales volume of Purchased crude oil (Thousand KL)	460	1,153	1,496	458	341	231	1,032	461	1,266	1,493
Net sales	21,054	53,866	67,979	9,742	10,281	6,882	26,907	13,392	32,384	40,299
Sales volume of Diluted bitumen (Thousand KL)	452	1,290	1,639	410	203	324	937	392	1,303	1,330
Net sales*2	12,288	35,674	45,025	6,258	1,499	6,313	14,071	7,578	20,142	21,650
Sales volume of Natural gas - overseas*3 (Million M3)	106	319	431	111	118	111	340	135	489	476
Net sales	424	1,554	2,265	709	627	592	1,929	956	2,889	2,885
WTI (USD/bbl)	56.50	57.15	57.14	46.17	27.94	41.02	40.08	42.66	39.08	40.84
Crude oil price (CIF) (USD/bbl) *4	64.72	67.62	68.11	44.41	33.34	44.51	40.35	45.00	39.14	41.64
Exchange rate (JPY/USD) *4	107.71	109.10	109.15	108.04	106.88	105.46	106.69	105.00	106.65	106.18
Diluted bitumen*2 (USD/bbl)	39.83	40.72	39.85	22.30	11.29	29.77	22.50	31.04	23.18	25.00
JML natural gas*5 (CAD/mcf)	1.41	1.68	1.77	2.36	1.85	1.89	2.03	2.35	2.09	2.12

\*1 Including the amounts of 3 overseas subsidiaries (Japex Garraf Ltd., JAPEX Montney Ltd. and Japex (U.S.) Corp.)

\*2 Royalty is excluded in the net sales and price of diluted bitumen

\*3 Including the volume of 2 overseas subsidiaries (JAPEX Montney Ltd., and Japex (U.S.) Corp.)

\*4 Domestic sales price average of crude oil referring to crude oil (CIF) price and its conversion exchange rate

\*5 Gas sales price of JAPEX Montney Ltd. (Excl. Royalty)

# 1. Net Sales – I/U Business

Million Yen	FY3/20(a)			FY3/21(a)				FY3/21(f)		
	3Q	1Q-3Q	Full year 1Q-4Q	1Q	2Q	3Q	1Q-3Q	4Q	Full year	
									Nov. 10	Feb. 8
Sales	20,959	61,263	88,688	20,997	22,985	23,709	67,691	32,573	93,454	100,265
Sales volume of Natural gas – Japan (Million M3)	323	857	1,268	248	271	292	813	336	1,115	1,150
Net sales	16,083	44,316	64,965	12,798	12,260	11,599	36,658	13,558	49,262	50,216
Sales volume of Natural gas Produced in Japan (Million M3)	149	419	582	109	106	139	355	152	489	508
Sales volume of LNG (Thousand ton)	56	205	273	53	41	118	213	71	284	284
Net sales	4,082	14,402	19,395	3,597	2,878	4,583	11,059	4,843	16,055	15,902
Sales volume of Electricity (Million kWh)	0	2	110	448	826	806	2,080	914	2,955	2,995
Net sales	23	95	974	3,493	6,548	6,612	16,654	12,926	23,474	29,580
Others*1	769	2,449	3,353	1,108	1,297	914	3,319	1,245	4,662	4,565

\*1 Including the revenue from contracted transportation of natural gas and commissioned regasification of LNG

## 2. Financial Results

Million Yen	FY3/20(a)			FY3/21(a)				FY3/21(f)		
	3Q	1Q-3Q	Full year 1Q-4Q	1Q	2Q	3Q	1Q-3Q	4Q	Full year	
									Nov. 10	Feb. 8
<b>Net sales</b>	<b>85,472</b>	<b>247,819</b>	<b>318,822</b>	<b>51,018</b>	<b>47,108</b>	<b>51,972</b>	<b>150,099</b>	<b>77,726</b>	<b>208,075</b>	<b>227,826</b>
E&P Business	51,859	145,277	175,443	22,904	14,642	16,576	54,123	33,959	76,872	88,082
Infrastructure/Utility Business	20,959	61,263	88,688	20,997	22,985	23,709	67,691	32,573	93,454	100,265
Others	12,653	41,278	54,690	7,116	9,480	11,687	28,284	11,193	37,748	39,478
Cost of sales	73,417	212,661	271,780	48,619	40,623	42,116	131,358	59,595	181,270	190,954
<b>Gross profit</b>	<b>12,055</b>	<b>35,157</b>	<b>47,042</b>	<b>2,399</b>	<b>6,485</b>	<b>9,856</b>	<b>18,741</b>	<b>18,130</b>	<b>26,805</b>	<b>36,871</b>
Exploration expenses	358	716	893	206	180	319	706	278	1,004	985
SG&A expenses	7,893	22,907	31,864	7,443	7,325	7,713	22,483	8,245	31,178	30,728
<b>Operating profit</b>	<b>3,803</b>	<b>11,533</b>	<b>14,283</b>	<b>-5,250</b>	<b>-1,021</b>	<b>1,823</b>	<b>-4,448</b>	<b>9,606</b>	<b>-5,378</b>	<b>5,157</b>
Non-operation income	<b>2,410</b>	<b>8,316</b>	<b>18,351</b>	<b>-4,325</b>	<b>3,759</b>	<b>2,065</b>	<b>1,499</b>	<b>2,534</b>	<b>2,915</b>	<b>4,033</b>
Interest income	261	846	1,096	216	117	36	371	42	410	413
Interest expenses	-1,052	-3,486	-4,641	-972	-809	-379	-2,162	-400	-2,574	-2,562
Dividend income	1,337	2,996	5,618	49	1,283	107	1,439	1,286	2,726	2,725
Share of profit of entities accounted for using equity method	2,391	6,796	11,960	2,116	1,250	1,945	5,312	-15	5,112	5,297
Provision for overseas investment	85	256	342	85	85	85	256	85	342	342
Foreign exchange gains and loss	-654	829	2,425	-5,809	1,837	319	-3,652	2,083	-2,553	-1,569
Other	41	76	1,550	-10	-6	-49	-66	-546	-547	-613
<b>Ordinary profit</b>	<b>6,213</b>	<b>19,849</b>	<b>32,635</b>	<b>-9,575</b>	<b>2,737</b>	<b>3,889</b>	<b>-2,948</b>	<b>12,140</b>	<b>-2,462</b>	<b>9,191</b>
Extraordinary income	-144	-163	-731	-3	-11	-6	-21	-15	-39	-37
Profit before income taxes	6,068	19,686	31,903	-9,578	2,725	3,882	-2,970	12,124	-2,501	9,154
Income taxes	1,593	3,105	4,788	173	463	1,223	1,860	1,220	243	3,080
Profit attributable to non-controlling interests	-10	24	299	-215	-298	-539	-1,054	-344	-844	-1,398
<b>Profit attributable to owners of parent</b>	<b>4,486</b>	<b>16,556</b>	<b>26,815</b>	<b>-9,536</b>	<b>2,561</b>	<b>3,198</b>	<b>-3,776</b>	<b>11,248</b>	<b>-1,900</b>	<b>7,472</b>





# 3. Segment Profit

Million Yen		FY3/20 (a)			FY3/21 (a)				FY3/21 (f)		
		3Q	1Q-3Q	Full year 1Q-4Q	1Q	2Q	3Q	1Q-3Q	4Q	Full year	
										Nov. 10	Feb. 8
Japan	Operating profit	4,604	13,793	18,834	790	4,558	4,426	9,775	12,495	13,878	22,270
	Share of profit (loss) of entities accounted for using equity method	19	101	152	157	27	351	536	-920	145	-384
North America	Operating profit (loss)	1,004	3,792	3,422	-4,223	-3,268	-554	-8,046	-546	-10,374	-8,593
	Share of profit of entities accounted for using equity method	-	-	-	-	-	-	-	-	-	-
Europe	Operating loss	-25	-110	-164	-42	-18	-35	-97	-35	-149	-133
	Share of profit of entities accounted for using equity method	-	-	-	-	-	-	-	-	-	-
Middle East	Operating profit (loss)	358	425	612	301	-83	23	241	-25	101	215
	Share of loss of entities accounted for using equity method	-4	-5	-8	-2	0	-2	-5	-4	-4	-9
Others*1	Operating loss	-	-1	-1	-	-	-	-	-	-	-
	Share of profit of entities accounted for using equity method	2,375	6,700	11,816	1,961	1,223	1,596	4,781	909	4,971	5,691
Adjustments and eliminations		-2,138	-6,365	-8,419	-2,075	-2,207	-2,037	-6,320	-2,281	-8,833	-8,601
Amounts on consolidated statement of income		3,803	11,533	14,283	-5,250	-1,021	1,823	-4,448	9,606	-5,378	5,157

\*1 Include the Sakhalin Oil and Gas Development Co., Ltd., Energi Mega Pratama Inc., etc.

\*2 Mainly intersegment elimination and corporate expense.

Furthermore, Corporate expense represents mainly general and administrative expenses and experiment and research expense that are not allocated to reporting segments.

\*3 Segment profit (loss) is reconciled to operating profit in the consolidated statements of income.

## 4. Price Assumptions for FY3/21 Forecasts

			2020				2021	Full year
			Jan.-Mar.	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.	Jan.-Mar.	
WTI	USD/bbl	Nov. 10	46.17	27.94	40.84	36.67	-	39.08
		Feb. 8	<b>45.10*</b>	<b>28.54*</b>	<b>41.02*</b>	<b>42.66</b>	-	<b>40.84</b>
Crude oil price (CIF)**	USD/bbl	Nov. 10	-	44.41	33.34	40.00	40.00	39.14
		Feb. 8	-	<b>44.41*</b>	<b>33.34*</b>	<b>44.51*</b>	<b>45.00</b>	<b>41.64</b>
Exchange rate	JPY/USD	Nov. 10	-	108.04	106.88	106.00	106.00	106.65
		Feb. 8	-	<b>108.04*</b>	<b>106.88*</b>	<b>105.46*</b>	<b>105.00</b>	<b>106.18</b>

### Sales Price

JACOS Diluted bitumen***	USD/bbl	Nov. 10	22.30	11.29	30.21	24.56	-	23.18
		Feb. 8	<b>22.30*</b>	<b>11.29*</b>	<b>29.77*</b>	<b>31.04</b>	-	<b>25.00</b>
JML Natural gas****	CAD/mcf	Nov. 10	2.36	1.85	1.84	2.28	-	2.09
		Feb. 8	<b>2.36*</b>	<b>1.85*</b>	<b>1.89*</b>	<b>2.35</b>	-	<b>2.12</b>

\* Actual

\*\* Domestic sales price average of crude oil referring to crude oil (CIF) price and its conversion exchange rate

\*\*\* Diluted bitumen sales price of Japan Canada Oil Sands Ltd. (Excl. Royalty)

\*\*\*\* Natural Gas sales price of JAPEX Montney Ltd. (Excl. Royalty)

## 5. Sensitivities Analysis on FY3/21 Forecasts Basis

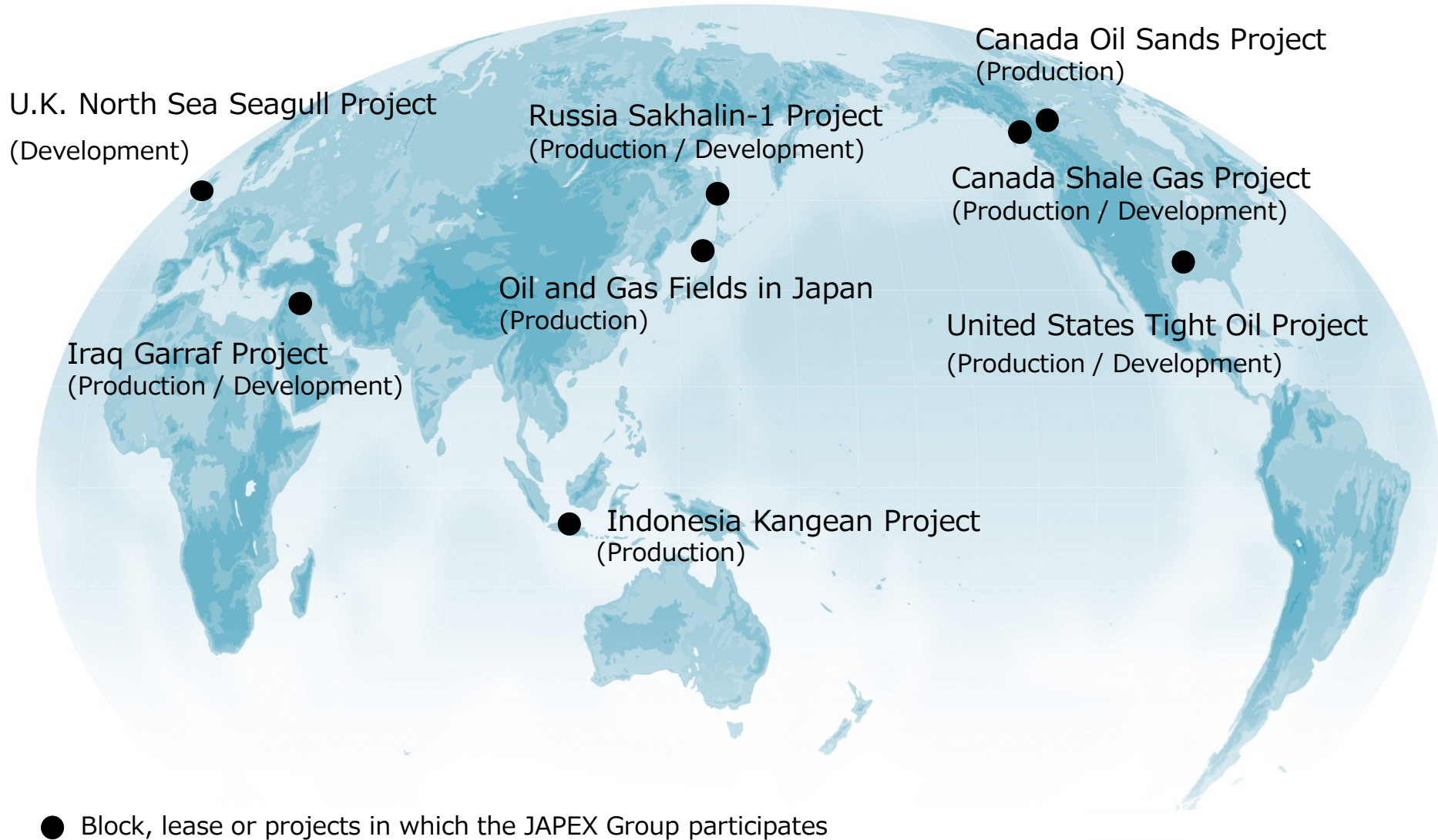
### Impacts on profit for the period of 4Q FY3/21

	FY3/21 4Q Assumptions	Fluctuation	Impacts on profit (Million Yen)		Main factors for change Increase factor “+” / Decrease factor “( )”
			Operating profit	Profit attributable to owners of parent	
Crude oil price	<b>Crude oil price (CIF) USD 45.00/bbl</b>	Increase by 1USD/bbl	<b>40</b>	<b>30</b>	+ Sales of oil and gas (Increase in LNG procurement cost)
Exchange rate	<b>105.00 JPY/USD</b>	1 weaker JPY against USD	<b>50</b>	<b>10</b>	+ Sales of oil and gas (Increase in LNG procurement cost)

**[Assumption]**

- Changes in equity method investment gain are not included in the above amount.
  - In addition to the impact of exchange rate fluctuations shown on the above, translation adjustments of foreign-currency-denominated receivables and payables also occur.
- Actual profits are influenced by various other factors besides crude oil prices and exchange rates.

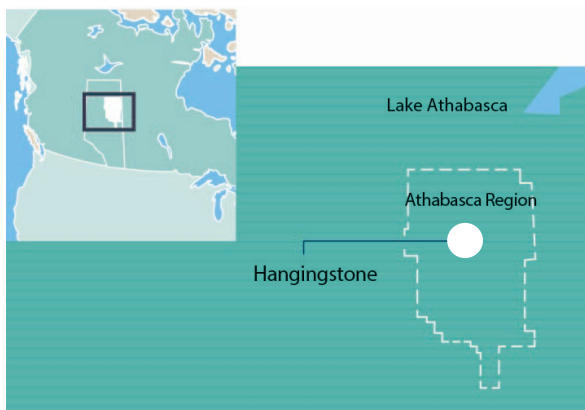
## 6. E&P Business - Major E&P Projects



# E&P Business - North America

## Canada Oil Sands Project

<b>Project company</b>	<b>Canada Oil Sands Co., Ltd. (CANOS)</b> JAPEX's share 94.58% <b>Overseas subsidiary :</b> <b>Japan Canada Oil Sands Ltd. (JACOS)</b>
<b>Block</b>	Hangingsstone Leases (Operator)
<b>Interest</b>	75% (JAPEX net 70.935%)
<b>Status</b>	<b>Production</b> Continuing flexible operation in line with market conditions with 20,000bbl/d level bitumen production
<b>Gross production rate</b>	19,000bbl/d as average of Jan.-Sep. 2020



## Canada Shale Gas Project

<b>Project company</b>	<b>JAPEX Montney Ltd. (JML)</b> JAPEX's share 55%
<b>Block</b>	North Montney Area
<b>Interest</b>	10% (JAPEX net 5.5% )
<b>Status</b>	<b>Production/Development</b> Executing the development plan prioritizing the area with high economics. Working on to maximize the value and economics of the project.
<b>Operator</b>	Petronas Energy Canada Ltd.
<b>Gross production rate</b>	12,470,000M <sup>3</sup> /d, (Approx 73,000boe/d) as average of Jan.-Sep. 2020



# E&P Business - Europe/Middle East

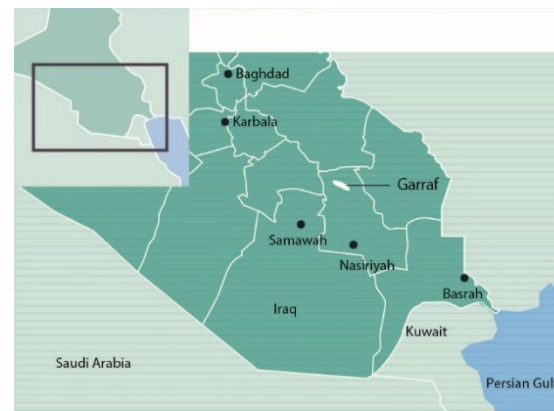
## U.K. North Sea Seagull Project

<b>Project company</b>	<b>JAPEX UK E&amp;P Ltd.</b> JAPEX's share 100%
<b>Block</b>	Seagull Field
<b>Interest</b>	15% (JAPEX Net 15%)
<b>Status</b>	Development Development work in progress to commencement production at the end of 2021(Timing of achievement is unforeseeable under Covid-19 pandemic situation)
<b>Operator</b>	Neptune E&P UK Limited



## Iraq Garraf Project

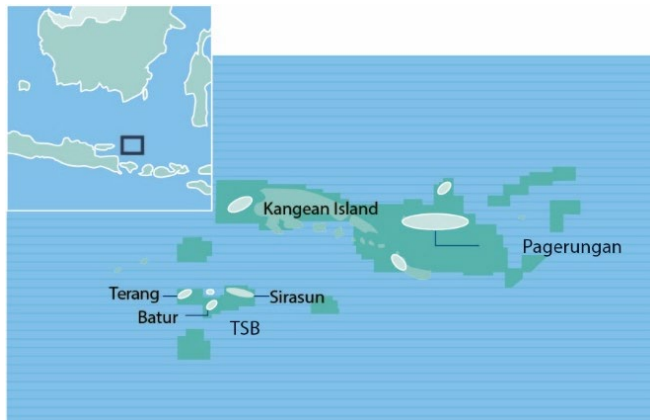
<b>Project company</b>	<b>Japex Garraf Ltd.</b> JAPEX's share 55%
<b>Field</b>	Garraf Oil Field
<b>Interest</b>	30% (JAPEX Net 16.5%)
<b>Status</b>	Production* and Development toward Plateau production target of 230,000 bbl/d**  * Resumed production from mid-July 2020 after suspension of operations since mid-March 2020 **Reviewing the development plan in response to Covid-19 pandemic situation
<b>Operator</b>	PETRONAS Carigali Iraq Holding B.V. (PCIHBV)
<b>Gross production rate</b>	Approx. 60,000bbl/d (Average for Jan.-Sep. 2020, excl.126 days of production suspension period)



# E&P Business - Other Areas

## Indonesia Kangean Project

<b>Project company</b>	<b>Energi Mega Pratama Inc.</b> JAPEX's share 25% 2 other affiliates
<b>Block</b>	Kangean Block
<b>Interest</b>	100% (JAPEX net 25%)
<b>Status</b>	Production
<b>Operator</b>	Kangean Energy Indonesia Ltd.
<b>Gross production rate</b>	5,180,000M <sup>3</sup> /d (Approx. 32,000boe/d) as average of Jan.- Sep. 2020



## Russia Sakhalin-1 Project

<b>Project company</b>	<b>Sakhalin Oil and Gas Development Co., Ltd. (SODECO)</b> JAPEX's share 15.29%
<b>Block</b>	Chayvo, Odoptu and Arkutun-Dagi Fields
<b>Interest</b>	30% (JAPEX net 4.59%)
<b>Status</b>	Development/ Production
<b>Operator</b>	Exxon Neftegas Ltd.



# E&P Business – Japan | I/U Business

## E&P Business – Oil and Gas Fields in Japan

- **Operating 10 oil and gas fields in Japan**
  - Started crude oil production from shallow reservoir of the Yufutsu Oil and Gas Field in Hokkaido in June 2020
- **Efforts to maintain and increase domestic oil and gas production volume and reserves**
  - Considering developments around the existing fields to maintain and increase the short-term production volume and reserves
  - Considering additional E&P potential leveraging national surveys aiming to increase reserves over the mid-long term

## I/U Business - Domestic Natural Gas Supply

- **Supplying domestic-produced natural gas along with LNG by our domestic natural gas supply network**
  - Total length over 800 km of high-pressure gas pipeline network mainly consisting of Niigata-Sendai Gas Pipeline
  - LNG handling sites such as the Yufutsu LNG Receiving Terminal in Hokkaido, the Soma LNG Terminal at Fukushima, and Nihonkai LNG Co., Ltd. Niigata Terminal in Niigata
  - LNG satellite system for supplying LNG in liquid form, utilizing various methods such as tank trucks, tanks on the rail, and coastal vessel
- **Commissioned works concerning the fuel LNG of the Fukushima Natural Gas Power Plant\*<sup>1</sup> such as receiving, storing, regasifying LNG, and supplying the regasified LNG to the power plant**

## I/U Business – Electric Power

- **Fukushima Natural Gas Power Plant : in commercial operation (No.1: April 2020, No.2: August 2020)**
- **Renewable energy : Running two mega solar projects in Hokkaido, and examining development projects and business participation opportunities, particularly in biomass power generation and large-scale offshore wind power**
  - **Currently ongoing projects of renewable energy**
    - Biomass
      - ✓ Chofu Biomass Power Generation Project : Participating in the feasibility study in December 2020
    - Participating in consortiums to study to realize large-scale offshore wind power generation projects
      - ✓ A project at Noshiro-town, Mitane-town, Oga-town offshore in Akita Prefecture (North Akita)
      - ✓ A project at Akita central sea offshore
      - ✓ A project offshore Yuza-town, Yamagata Prefecture

\*1 Executing operation and management work by Fukushima Gas Power Co., Ltd., invested 5 companies including JAPEX.



# New Business Development

## Next-generation Technology Development

### ■ Methane hydrate development

- Participating in offshore production test of sand-layer type methane hydrate, as a member of Japan Methane Hydrate Operating Co., Ltd.

### ■ Deep-sea mineral resources survey

- Participating in “Developing Innovative Technologies for Exploration of Deep Sea Resources” led by JAMSTEC, which is one of the Cross-ministerial Strategic Innovation Promotion Program (SIP) Phase 2 of Cabinet Office, as a member of the Research and Development Partnership for Next-Generation Technology of Marine Resources Survey (J-MARES)

## New Business Model Development

### ■ CCS / CCUS

- CCS demonstration project in the Tomakomai area conducted by Japan CCS Co., Ltd.(JCCS): Conducting monitoring after completing 300,000 tons (cumulative amount) of CO<sub>2</sub> injection
- Participating in “Research and development of CO<sub>2</sub> storage technology for safe CCS implementation” of NEDO’s CCS demonstration project, as a member of the Geological Carbon dioxide Storage Technology Research Association

### ■ Considering new business opportunities, utilizing environmental technologies such as hydrogen and carbon recycling

- Established the “Environmental Business Promotion Dept.,” a division dedicated to the creation of environmental technology-related businesses in January 2021
- Participating in “Niigata Carbon Neutral base and Hydrogen Utilization Promotion Council” and the “Niigata Port Carbon Neutral Port Study Group” in January 2021

## New Business Seeds

### ■ Creating new LNG midstream and downstream businesses in Japan and overseas

- LNG bunkering :
  - ✓ Considering the gradual introduction based on timing of replacing vessels, which are routed our domestic bases such as Hokkaido, Tohoku, and Niigata area
- Implementation of LNG fueled trucks : Launched study groups at Hokkaido and Tohoku region
- Aiming to participate in LNG related businesses, including LNG receiving terminal, satellite station, and container filling equipment in overseas

### ■ Development of new energy source and supply

- Build a value chain for sustainable aviation fuel (SAF) utilizing used cooking oil as feedstock : Continuing a feasibility study

### ■ Solution development in the field adjacent to existing business

- Considering the opportunities for development and marketing projects with our group companies and others
  - ✓ Sales expansion of an oil absorption fiber “Abura Kuraudo,” and joint development of the hot spring monitoring system “Oyureco” with Geophysical Surveying Co., Ltd.

# 7. Glossary

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## ■ Abbreviations

BOE(D)	Barrels of Oil Equivalent (per Day)
CCS	Carbon dioxide Capture and Storage
CCUS	Carbon dioxide Capture, Utilization and Storage
CIF	Cost, Insurance and Freight
FID	Final Investment Decision
GHG	Greenhouse Gas
HSE	Health, Safety and Environment
JCC	Japan Crude Cocktail
MH	Methane Hydrate
RRR	Reserve Replacement Ratio
SAF	Sustainable Aviation Fuel
WTI	West Texas Intermediate

## ■ Main Subsidiaries and Affiliates

JACOS	Japex Canada Oil Sands Limited	Canada / Oil Sands Project
Japex Garraf	Japex Garraf Ltd.	Iraq / Garraf Project
JML	JAPEX Montney Ltd.	Canada / Shale Gas Project
SODECO	Sakhalin Oil & Gas Development Co., Ltd.	Russia / Sakhalin-1 Project
EMPI	Energi Mega Pratama Inc.	Indonesia / Kangean Project
DGN	Diamond Gas Netherlands B.V.	Malaysia LNG Project 3 (Tiga)
FGP	Fukushima Gas Power Co., Ltd.	Natural gas-fired electric power generation Business

# Cautionary Statement

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This document contains future outlooks such as plans, forecasts, strategies, and others which are not historical fact and these are made by the management's judgement based on the obtainable information at the time of the disclosure. Actual results may significantly differ from those future outlooks due to various factors.

This document is not intended to invite investment.

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Note: Abbreviations used herein are as follows:

(a) = Actual results

(f) = Forecasts

FY = Fiscal Year (FY3/21, for instance, means 12 months ending March 31, 2021)

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