



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

Financial Results

for the Fiscal Year Ended March 31, 2021

May 13, 2021

Japan Petroleum Exploration Co., Ltd.

Contents

I. Financial Highlights and Business Progress

II. Future Direction of JAPEX's Business

III. Financial Results

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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 May 14, 2021.

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Introduction: Change of Crude Oil Price Assumption

[May 2018]

60USD/bbl of crude oil (JCC) price assumption for the Medium-term Business Plan 2018-2022

(Base of the ROE target more than 5% in FY2022 and the economic evaluation of business in the medium to long term)

Recent Business Environment

- Occur the irreversible structural changes in various areas such as energy demand and environmental issues, due to the prolonged effects of COVID-19 pandemic and global decarbonization.
 - Considered the possibilities to remain demands for fossil fuels low for a while.
- Stimulating Green Recovery will be the mainstream when recovering global economics from COVID-19 pandemic.
 - Recognized a probability for further acceleration of the decarbonization trend.

[March 2021]

Lowered to **50USD/bbl of the crude oil (JCC) price assumption for Medium-to-long term**

Decided based on the outlook changes in our business environment and global trends for rising carbon prices.

Revaluated of the JAPEX group's assets based on the revised oil price assumption

- FY2020: Recorded Impairment losses of 16.3 billion yen on domestic business assets

Shed unprofitable projects to improve capital efficiency

- FY2021: Decided to sell all ownership interests of the shale gas project in Canada (expected to recognize a loss of 39.4 billion yen on the interests transfer)

Financial Highlights

(Billion Yen)		FY3/20 (a)	FY3/21 (a)	FY3/22 (f)
Operating profit		14.2	4.1	8.2
Ordinary profit		32.6	10.0	15.7
Profit (loss) attributable to owners of parent		26.8	(2.7)	(28.3)
Crude oil price (CIF)	USD/bbl	68.11	42.91	60.00
Cash dividends per share (full-year)	JPY	¥50.0	¥50.0	¥50.0

FY3/21 (FY2020) Results

- E&P Business: Profit declined due to a significant drop in crude oil prices and a decline in sales volume by COVID-19 pandemic
- Infrastructure/Utility Business: Profit increased due to a start of electricity sales with the operation commencement of the Fukushima Natural Gas Power Plant*
- Extraordinary loss: Impairment losses on domestic business assets, provision for disaster losses, and others

FY3/22 (FY2021) Forecasts

- E&P Business: Improvement in profit mainly in diluted bitumen sales due to higher oil price outlook
- Infrastructure/Utility Business: Expecting marginal gain on LNG procurement despite the absence of one-time factors such as the impact of the Japan Electric Power Exchange (JEPX) price hiked in FY3/21
- Extraordinary losses: Loss on transfer of interests in the shale gas project in Canada

Dividend Policy

- FY3/21 annual dividend (result): 50.0JPY per share (Interim and year-end dividend of ¥25.0 respectively)
- FY3/22 annual dividend (forecast): 50.0JPY per share, based on the basic policy of maintaining stable dividends

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

Long-term Vision and Medium-term Business Plan

Long-term Vision 2030

“Growth to the Comprehensive Energy Company Utilizing Oil and Gas E&P and its Supply Basis”

Target Realize E&P and Non-E&P profit composition ratio to 6:4 in 2030

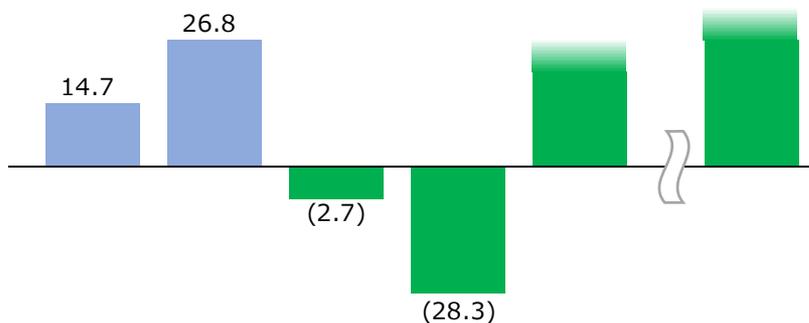
*Sum of Operating profit and equity method investment income

Medium-term Business Plan 2018-2022

Improve financial position and diversify business as the first five years to realize the Long-term Vision

Target Achieve ROE of 5% or more in FY2022 *Under assumed JCC price of USD60/bbl

Profit attributable to owners of parent (Billion Yen)



		FY2018	FY2019	FY2020	FY2021	FY2022	FY2030
ROE		3.5%	6.5%	-	-	5% or more	
Ordinary profit	bn.	12.5	32.6	10.0	15.7		
Extraordinary income	bn.	0.5	(0.7)	(17.3) ①	(39.4) ②		
Net income	bn.	14.7	26.8	(2.7)	(28.3)		

【Major Occurrences in FY2020 and FY2021】

- ① **Business assets revaluation**
 - Recorded an impairment losses of 16.3 billion yen on business assets in domestic oil and gas fields under extraordinary losses
- ② **Decision to sell all ownership interest of the shale gas project in Canada**
 - Expected to recognize 39.4 billion yen of loss on transfer of interest under extraordinary losses

Due to the above one-time losses, net loss is expected for both FY2020 results and FY2021 forecasts

FY2020 Progress to the Medium-Term Target

E&P Business

Maintain "RRR*¹ > 1"

Target and Progress

- Decreased proved reserves mainly due to lowered oil price assumption
- Undertaking to consider additional development and new exploration in Japan, new overseas interests acquisition, and to optimize our business portfolio

Infrastructure/Utility Business

Promote Energy Supply with a Low Environmental Impact

Target and Progress

- 1.48 million tons (LNG equivalent) of transaction to the 1.6 million tons of the target
- 3.0 billion kWh of sales volume to the 2.8 billion kWh of the electricity sales target

New Business Development

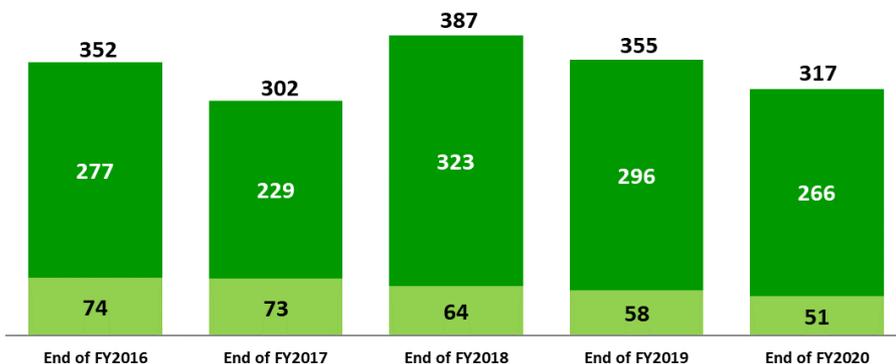
Generate New Business with Environmentally Friendly

Target and Progress

- Promoting demonstration of CCS/CCUS technology for practical use
- Examining new business models for LNG supply as new business seeds

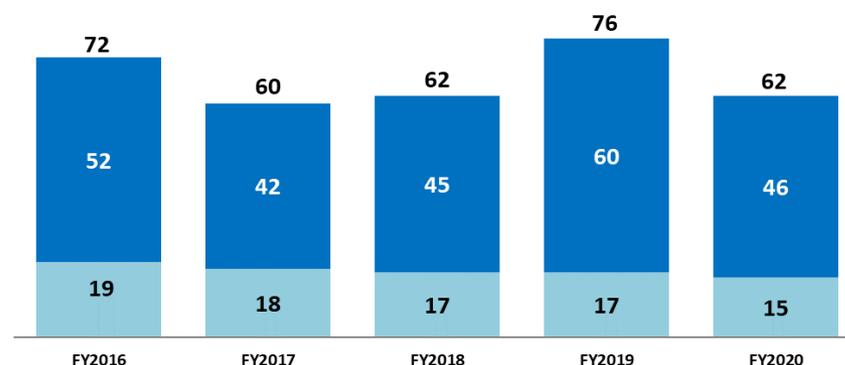
Proved reserves (MMBOE*²)

■ Domestic ■ Overseas



Production volume (MBOED*³)

■ Domestic ■ Overseas



*1 Reserve Replacement Ratio

*2 Barrels of Oil Equivalent

*3 Barrels of Oil Equivalent per Day

FY2020 Progress and FY2021 Outlook on Main Projects

■ Business development : □ Growth investment / ● Related to demonstration or examination phase : ○ Growth investment

FY2020 result

FY2021 outlook

E&P

[Maintain and Increase Domestic Production]

- Started production in Yufutsu shallow reservoir in Hokkaido (June 2020)

[Overseas Projects with Profitability Improving]

- U.K. North Sea Seagull Project: Development
- Iraq Garraf Project: Ongoing development work to increase production
 - Timing of production commencement is unforeseeable under Covid-19 pandemic.

[Maintain and Increase Domestic Production]

- Decided additional development around Katakai Gas Field in Niigata (April 2021)

[Business Portfolio Examination]

- Decided to sell all ownership interests in the shale gas project in Canada (May 2021)

On-going

- **In Japan:** Pursuing to maintain and increase production volume and reserves in medium-to-long term
- **Overseas:** Examining new interests acquisition

I/U*

[Business Foundation Against Oil Price Volatility]

- Full-scale commercial operation of Fukushima Natural Gas Power Plant (August 2020)

[Renewable Energy Development]

- Chofu Biomass Power Generation Project: Participating in the feasibility study (November 2020)
- Participating in 3 study consortiums of large-scale offshore wind power generation business in Japan

The Renewable Energy Development

- Proceeding stably the examinations of ongoing projects aiming for the final investment decision

On-going

- Developing new clients and increasing sale volume of natural gas/Competitive-price LNG procurement
- Examining new opportunities to participate in or acquire the renewable energy development projects

New Buz

[New Business Seeds Identification]

- Joining 2 local commissions studying the carbon neutral industry settled by Niigata Prefecture and MLIT/METI (January 2021)
- Began a contracted feasibility study aiming to realize carbon recycling businesses in Tomakomai, Hokkaido (March 2021)
- Participated in study groups on new LNG supply models

Reorganizing the Efforts to date and Setting New Targets in Line with "JAPEX 2050", Which is Our Direction toward a Carbon-neutral Society

* Infrastructure/Utility

ESG Initiatives

	FY2020 Result	FY2021 Outlook (Planned timing)
Environment	<p>[Contribution to the Low-carbonization]</p> <ul style="list-style-type: none"> ✓ Established Environment Business Promotion Dept. as a dedicated organization promoting environmentally-friendly businesses (January 2021) 	<p>[Response to the TCFD*¹ Recommendations]</p> <ul style="list-style-type: none"> ✓ Established Risk Management Committee: Consolidated the existing risk management systems comprehensively including risks of climate change related (April 2021) ✓ Set GHG emission target and monitoring system (May 2021) ✓ Introduce third-party evaluation for disclosed information
Social	<p>[Stable Energy Supply/Contribution to Society]</p> <ul style="list-style-type: none"> ✓ Full-scale commercial operation of Fukushima Natural Gas Power Plant (August 2020) <p>[Contribution to Society]</p> <ul style="list-style-type: none"> ✓ Donated oil adsorption fiber "Abura Kuraudo" for Mauritius oil spill (August 2020) <p>[Developing a Rewarding Work Environment]</p> <ul style="list-style-type: none"> ✓ Established the "JAPEX Health Management Declaration (October 2020) ✓ Named "the Certified Health & Productivity Management Outstanding Organizations Recognition Program" for 5 Years in a Row (March 2021) ✓ Recognized the Certification "Eruboshi" (March 2021) 	<p>[Developing a Rewarding Work Environment]</p> <ul style="list-style-type: none"> ✓ Official Introduction of the work-from-home system (April 2021) ✓ Strengthen our efforts to respect human rights based on international rules and others
Governance	<p>[Strengthen Corporate Governance Structure]</p> <ul style="list-style-type: none"> ✓ The number of outside directors from 3 to 4 (June 2020) ✓ Changed the term of Directors from 2 to 1 year (June 2020) ✓ Revised remuneration plan for Directors (June 2020) <p>[Promotion of Compliance]</p> <ul style="list-style-type: none"> ✓ Participated in UN Global Compact (May 2020) <p>[Risk Management]</p> <ul style="list-style-type: none"> ✓ Strengthened BCP*² structure under COVID-19 pandemic 	<p>[Strengthen Corporate Governance Structure]</p> <ul style="list-style-type: none"> ✓ Established Sustainability Committee: Integrated and strengthened the existing meeting bodies for discussion of medium-term business plan and ESG related matters (April 2021)

*1 Task Force on Climate-related Financial Disclosures, *2 Business Continuity Plan

Financial Position and Fund Allocation Policy

FY2022 target

- Reduce interest-bearing debt by approx. ¥ 100 to ¥ 120 bn.
- Place equal weight on E&P and non-E&P in terms of facilitation of growth investment, under the financial discipline of the Debt-to-EBITDA ratio at less than 2.0 times
- Further enhance shareholder returns over the mid-to-long term, in line with a basic policy of securing a long-term stable stream of dividends

Consolidated Financial Position

	FY2019	FY2020
Cash and deposit ^{*1}	¥ 119.9bn.	¥ 129.4bn.
Investment Securities	¥ 88.9bn.	¥ 105.0bn.
Interest-bearing debt ^{*2}	¥ 140.8bn.	¥ 118.7bn.
EBITDA ^{*3}	¥ 58.2bn.	¥ 37.1bn.
Debt-to-EBITDA ratio	Approx.2.4	Approx.3.2

Fund Allocation Policy for the FY2019-2022, results and outlook

FY2019-2022 policy	Allocation		FY2019-2020 cumulative investment results		FY2021-2022 outlook
① Improve the profitability of existing projects	Approx. ¥ 60 bn.	→	Approx. ¥ 20 bn.	→	
② Reduce interest-bearing debt	Approx. ¥ 55 bn.	→	Approx. ¥ 20 bn.	→	Follow the initial policy
③ Facilitate growth investment	Approx. ¥ 65 bn.	→	Approx. ¥ 10 bn.	→	
④ Stable streamline of dividends and enhance shareholders return	¥ 9 bn. or more ^{*4}	→	¥ 50.0 per share of annual dividend (Increased 10.0 yen from initial forecast)	→	Continue stable payout of dividends (Planned ¥ 50.0 per share of dividend in FY2021)
⑤ Verify the propriety of its cross-shareholdings	-	→	Partially sold	→	Continue to verify

^{*1} Cash and deposits and investment in existing projects do not include remaining funds set aside for the Garraf Project (FY2019 approx. ¥40.1 bn. / FY2020 approx.32.9 bn.) as well as additional investment to be allocated to achieve the daily production of 230,000 barrels.

^{*2} Interest-bearing debt includes lease obligations, retirement benefit liabilities and contingent liabilities.

^{*3} EBITDA is the total of operating income, depreciation and interest and dividends received on investment cash flow

^{*4} Funds to be allocated for shareholder returns are based on the premise that amount of dividends being paid remain unchanged from the dividend forecasts for FY2019 annual dividends. (¥ 40.0 or more per share of annual dividends)

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Review of Current Medium-term Business Plan

Medium-term Business Plan 2018 - 2022 (formulated in May 2018)

Revaluation of the existing businesses due to change of business environment

- ✓ Lowered our medium-to-long term crude oil price assumptions (revised JCC 60 to 50 USD/bbl)
 - Based on the outlook changes in our business environment and upward trend in carbon prices

Revaluated major business assets and divested the unprofitable project to improve the capital efficiency

Recorded Impairment losses on domestic business assets in FY2020

Decision to sell all ownership interest of Shale Gas project in Canada in May 2021

Creating environmentally friendly businesses for a sustainable society

- ✓ Established Renewable Energy Business Dept.
- ✓ Established Environmental Business Promotion Dept. and New Business Promotion Dept. for investigation of new environmentally friendly businesses.

Clear requirement to companies to achieve the Net-zero in 2050 by the Governmental direction and others

Formulation of "JAPEX2050" toward the realization of a carbon-neutral society in May 2021

The business environment surrounding JAPEX has changed significantly compared to the time formulated the current medium-term business plan

Planning to revise the Medium-term business plan within FY2021

Outline of "JAPEX 2050" -1

Specified JAPEX's target and focused contribution areas toward 2050

GHG Emission Reduction Target

Scope1+2

- **Reduce by 40%** in FY2030 compared to FY2019 of CO₂ emission intensity of the JAPEX group's operations
- Achieve the **net-zero CO₂ emission of our group's operation in 2050**

Scope3

- **Contribute to establish new technologies and energy supply with low environmental impact**, for achieving the net-zero CO₂ emission in our supply chain

Contribution Areas for Net-zero

CCS/CCUS

- **Realize and commercialize CCS/CCUS technologies**
- Enter the business areas related to CCS/CCUS, such as blue hydrogen, methanation, and natural gas-fired power plants with CCS

Renewable Energy

- **BECCS** (Biomass power generation with CCS/CCUS that enables negative emissions)
- **Offshore wind power generation** to leverage our E&P experience and expertise

Stable Supply of Oil and Natural Gas

Natural Gas Use Promotion

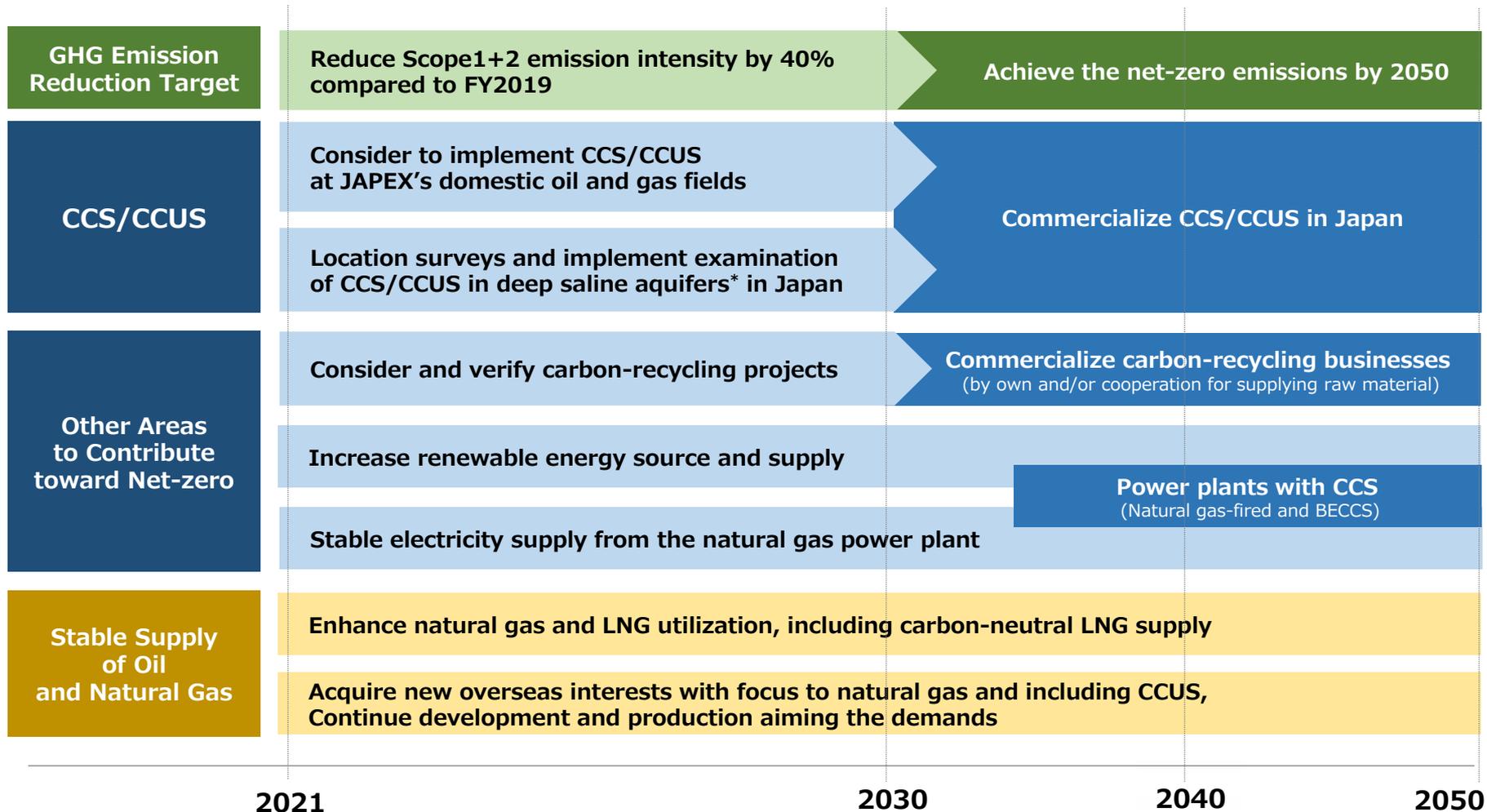
- Respond to the **demand for fuel switching** from other fossil fuel such as coal and heavy oil
- Strengthen our responses for meeting various future demands to LNG

Interest Acquisition and Development

- **Recognize that oil and natural gas will remain as one of the major energy sources**
- Focus on the acquisition of oil and gas interests, as well as its development and production continuously

Outline of "JAPEX 2050" -2: Roadmap toward 2050

Reduce Scope1+2 emission intensity and implement CCS/CCUS in 2030



* Sandstone layer in deep underground that includes ancient sea water (salt water) which are not suitable for drinking. Its geographical distributions are broader compared to oil and natural gas reservoirs, and CO2 storage capacity is anticipated.

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E&P Business Sales (Year-on-Year)

Net sales : Million Yen		FY3/20(a)		FY3/21(a)		Change			
		Sales volume	Net sales	Sales volume	Net sales	Sales volume	Net sales		
E&P Business	-	-	175,443	-	97,482	-	-	① (77,960)	(44%)

Breakdown

Crude oil	Thousand KL	2,924	128,152	2,313	72,916	(610)	(21%)	(55,235)	(43%)
Crude oil - Japan		304	14,800	287	8,835	(16)	(5%)	(5,965)	(40%)
Crude oil - overseas* ¹		1,123	45,372	538	18,268	② (584)	(52%)	(27,104)	(60%)
Purchased crude oil		1,496	67,979	1,486	45,812	(9)	(1%)	③ (22,166)	(33%)
Diluted bitumen* ²		1,639	45,025	1,319	21,695	④ (319)	(20%)	(23,330)	(52%)
Natural Gas - Overseas* ³	Million M3	431	2,265	470	2,870	+39	+9%	+605	+27%

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 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 (Year-on-Year)

Net sales : Million Yen		FY3/20(a)		FY3/21(a)		Change			
		Sales volume	Net sales	Sales volume	Net sales	Sales volume	Net sales		
Infrastructure / Utility Business	-	-	88,688	-	101,301	-	-	① +12,612	+14%

Breakdown

Natural Gas	Million M3	1,268	64,965	1,183	51,291	② (85)	(7%)	(13,674)	(21%)
- Japan		582	-	528	-	(54)	(9%)	-	-
- Produced in Japan									
LNG	Thousand Ton	273	19,395	284	15,591	+10	+4%	③ (3,803)	(20%)
Electricity	Million kWh	110	974	3,016	30,087	④ +2,906	+2,638%	+29,113	+2,989%
Others* ¹	-	-	3,353	-	4,331	-	-	+977	+29%

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

FY3/21 Results (Year-on-Year)

Million Yen	FY3/20(a)	FY3/21(a)	Change	
Net sales	318,822	240,078	(78,744)	(25%)
Gross profit	47,042	36,534	(10,507)	(22%)
Operating profit	14,283	4,192	(10,091)	(71%)
Ordinary profit	32,635	10,001	(22,633)	(69%)
Profit attributable to owners of parent (loss)	26,815	(2,725)	(29,541)	-

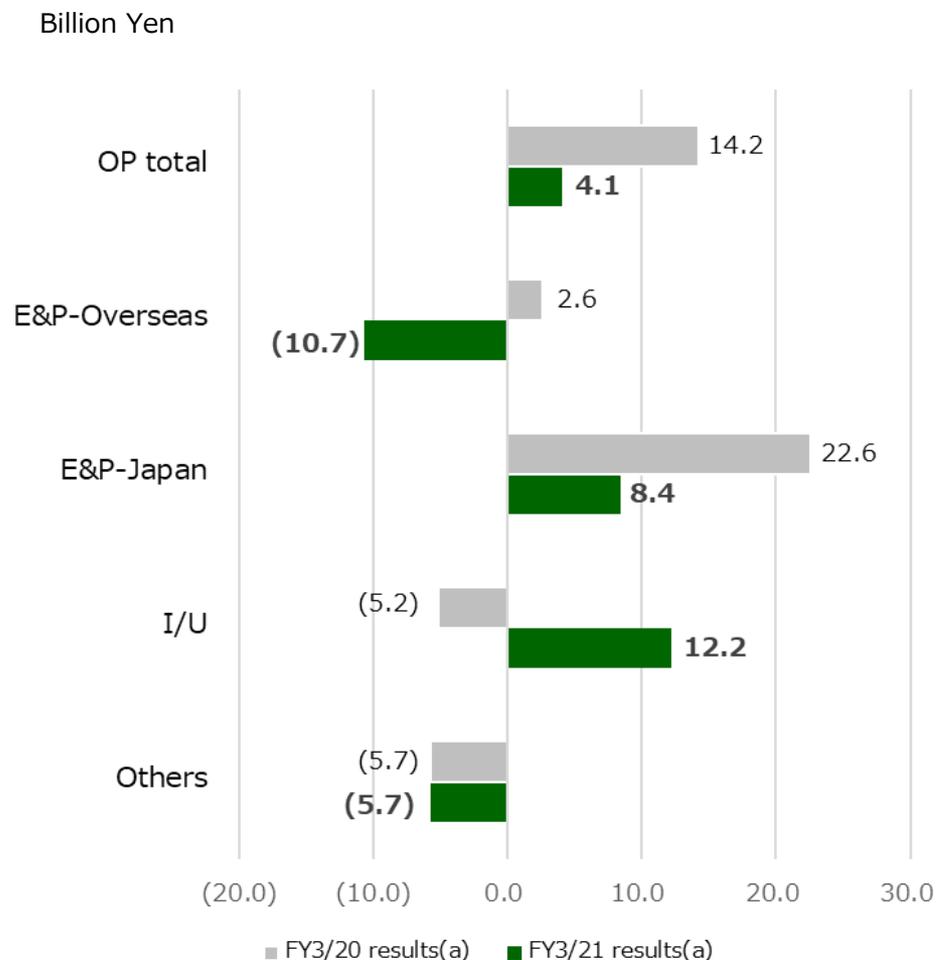
Oil Price, Exchange Rate and Sales Price

		FY3/20(a)	FY3/21(a)	Change
WTI	USD/bbl	57.14	40.87	(16.27)
Crude oil price (CIF)	USD/bbl	68.11	42.91	(25.20)
Exchange rate	JPY/USD	109.15	105.86	(3.29)
JACOS Diluted bitumen ^{*1}	USD/bbl	39.85	25.06	(14.79)
JML Natural gas ^{*2}	CAD/mcf	1.77	2.14	+0.37

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

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

Operating Profit Result (Year-on-Year)



E&P Business

Overseas : (13.3 bn.) 2.6 bn. → (10.7 bn.)

- Decrease in profit of diluted bitumen sales due to falling crude oil prices and deteriorated WCS differential

Domestic : (14.2 bn.) 22.6 bn. → 8.4 bn.

- Decrease in profit due to falling crude oil prices
- Decrease in sales volume due to natural decline in production and decline in price* for domestic gas

* Internal transaction price from E&P Business to Infrastructure/Utilities Business for the relevant internal control

Infrastructure/Utility Business

+17.4 bn. (5.2 bn.) → 12.2 bn.

- Increase in electricity sales volume due to the commercial operation commencement of the Fukushima Natural Gas Power Plant and increase in revenue of commissioned regasification of LNG
- Increase in marginal gain on procurement of LNG for gas business and power generation fuel
- Recording of one-time gains due to the hike in the JEPX spot market price

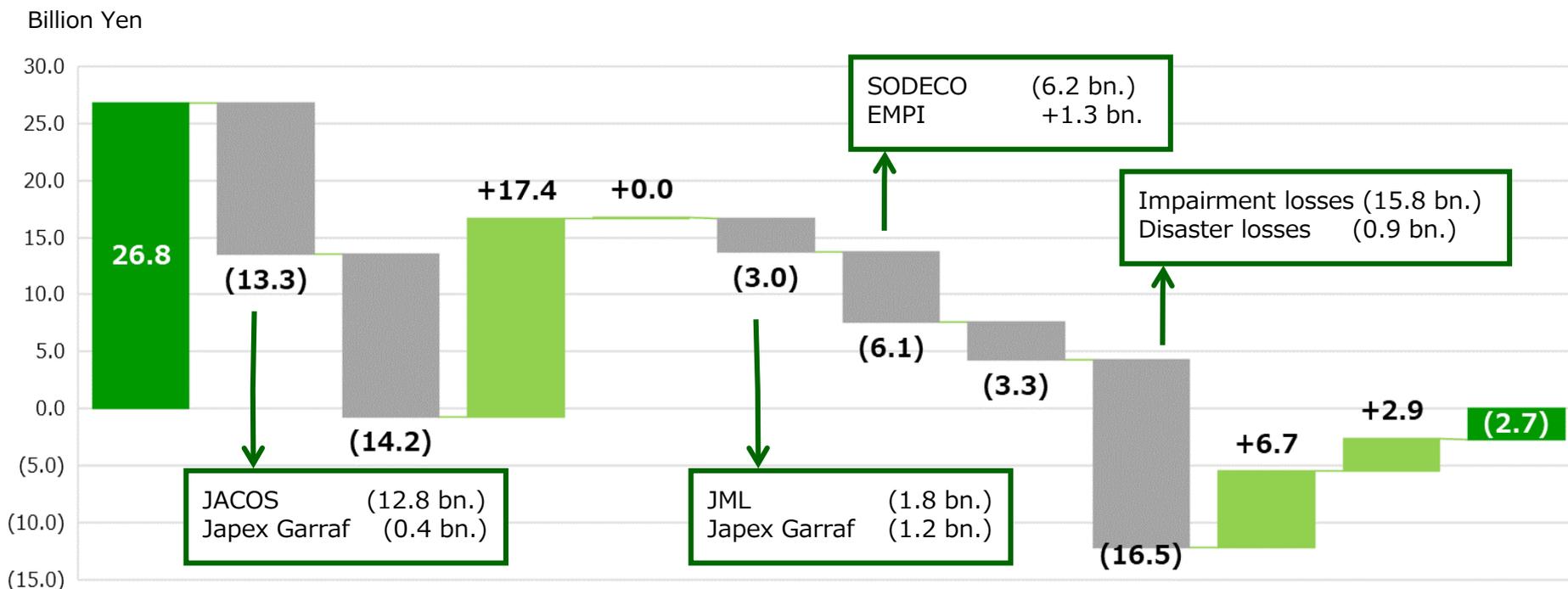
Others*

(5.7 bn.) → (5.7 bn.)

*Operating income (contracting, petroleum products and commodities, and others) not belonging to the above business units, less headquarters administrative expenses

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

Net Income Result (Year-on-Year)



Net income	Operating profit (loss)* (10.0 bn.)				Non-operating income (loss) (12.5 bn.)				Extraordinary income	Income taxes	Profit attributable to non-controlling interest	Net income
	FY3/20 (a)	E&P overseas	E&P Japan	I/U	Others	Foreign exchange gains and loss	Equity on earnings	Others				
FY3/20(a)	26.8	2.6	22.6	(5.2)	(5.7)	2.4	11.9	3.9	(0.7)	4.7	0.2	26.8
FY3/21(a)	(2.7)	(10.7)	8.4	12.2	(5.7)	(0.6)	5.8	0.6	(17.3)	(1.9)	(2.6)	(2.7)

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E&P Business Sales Forecasts

Net sales : Million Yen		FY3/21(a)		FY3/22(f)		Change			
		Sales volume	Net sales	Sales volume	Net sales	Sales volume		Net sales	
E&P Business	-	-	97,482	-	70,034	-	-	① (27,447)	(28%)

Breakdown

Crude oil	Thousand KL	2,313	72,916	818	32,397	(1,494)	(65%)	(40,519)	(56%)
Crude oil - Japan		287	8,835	281	11,405	(6)	(2%)	+2,570	+29%
Crude oil - overseas* ¹		538	18,268	512	19,928	(26)	(5%)	+1,660	+9%
Purchased crude oil		1,486	45,812	24	1,063	② (1,462)	(98%)	(44,749)	(98%)
Diluted bitumen* ²		1,319	21,695	1,444	36,661	③ +124	+9%	+14,966	+69%
Natural Gas - Overseas* ³	Million M3	470	2,870	127	975	④ (342)	(73%)	(1,894)	(66%)

Main factors for change

- ① Decrease in sales volume due to a reevaluation of the criteria for recording net sales resulting from the application of the "Accounting Standard for Revenue Recognition", and increase in sales price
- ② Decrease in sales volume of purchased crude oil from SODECO due to application of the "Accounting Standard for Revenue Recognition"
- ③ Increase in sales price, improvement in WCS differential, and increase in sales volume due to the reduction in production of diluted bitumen in FY3/21 at the Hangingstone Lease in Canada
- ④ Decrease in sales volume due to the interests transfer of the Canadian shale gas project

*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

Net sales : Million Yen		FY3/21(a)		FY3/22(f)		Change			
		Sales volume	Net sales	Sales volume	Net sales	Sales volume	Net sales		
Infrastructure/Utility Business	-	-	101,301	-	101,706	-	-	+405	+0%

Breakdown

Natural Gas	Million M3	1,183	51,291	1,018	48,194	① (164)	(14%)	(3,097)	(6%)
- Japan									
- Produced in Japan		528	-	491	-	(36)	(7%)	-	-
LNG	Thousand Ton	284	15,591	310	20,061	② +25	+9%	+4,470	+29%
Electricity	Million kWh	3,016	30,087	3,154	28,944	③ +138	+5%	(1,142)	(4%)
Others ^{*1}	-	-	4,331	-	4,505	-	-	+174	+4%

Main factors for change

- ① Decrease in sales volume due to application of the "Accounting Standard for Revenue Recognition", and sales volume for the commissioning of the Fukushima Natural Gas Power Plant in the FY3/21
- ② Increase in sales volume and sales price
- ③ Despite the increase in electricity sales volume due to the year round operation of the Fukushima Natural Gas Power Plant, sales are expected to decline due to the absence of one-time gains from the hike in the JEPX spot market price in FY3/21

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

FY3/22 Forecasts

Million Yen	FY3/21 (a)	FY3/22 (f)	Change	
Net sales	240,078	211,153	(28,924)	(12%)
Gross profit	36,534	40,038	+3,503	+10%
Operating profit	4,192	8,215	+4,023	+96%
Ordinary profit	10,001	15,740	+5,739	+57%
Profit attributable to owners of parent (loss)	(2,725)	(28,317)	(25,591)	-

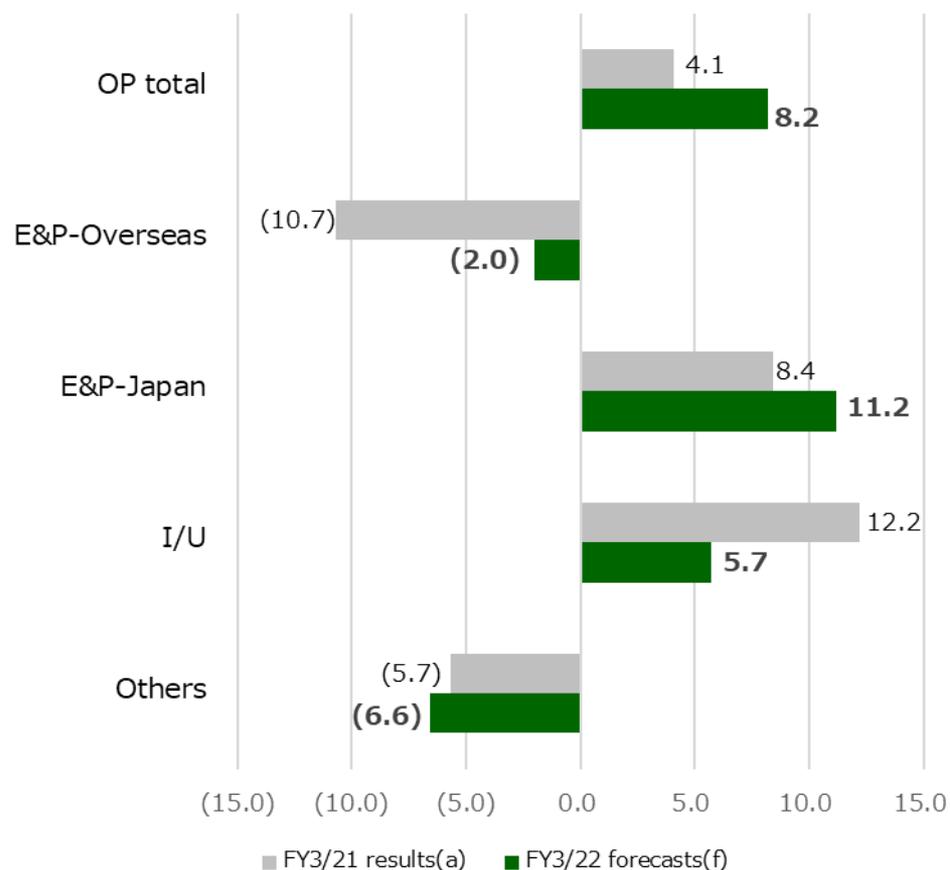
Oil Price, Exchange Rate and Sales Price

		FY3/21(a)	FY3/22(f)	Change
WTI	USD/bbl	40.87	54.74	+13.87
Crude oil price (CIF)	USD/bbl	42.91	60.00	+17.09
Exchange rate	JPY/USD	105.86	105.00	(0.86)
JACOS Diluted bitumen ^{*1}	USD/bbl	25.06	38.44	+13.38
JML Natural gas ^{*2}	CAD/mcf	2.14	2.68	+0.54

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

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

Operation Profit Forecasts



E&P Business

Overseas: +8.6 bn. (10.7 bn.) → (2.0 bn.)

- Improvement in the diluted bitumen sales due to a rise of crude oil prices and WCS differential

Domestic: +2.8 bn. 8.4 bn. → 11.2 bn.

- Decrease in profit due to falling crude oil prices

Infrastructure/Utility Business

(6.5 bn.) 12.2 bn. → 5.7 bn.

- Absence of one-time gains due to the hike in the JEPX spot market price in FY3/21
- Decrease in marginal gain on procurement of LNG for gas business and power generation fuel
- Increase in electricity sales volume due to the year round operation of the Fukushima Natural Gas Power Plant

Others*

(0.9 bn.) (5.7 bn.) → (6.6 bn.)

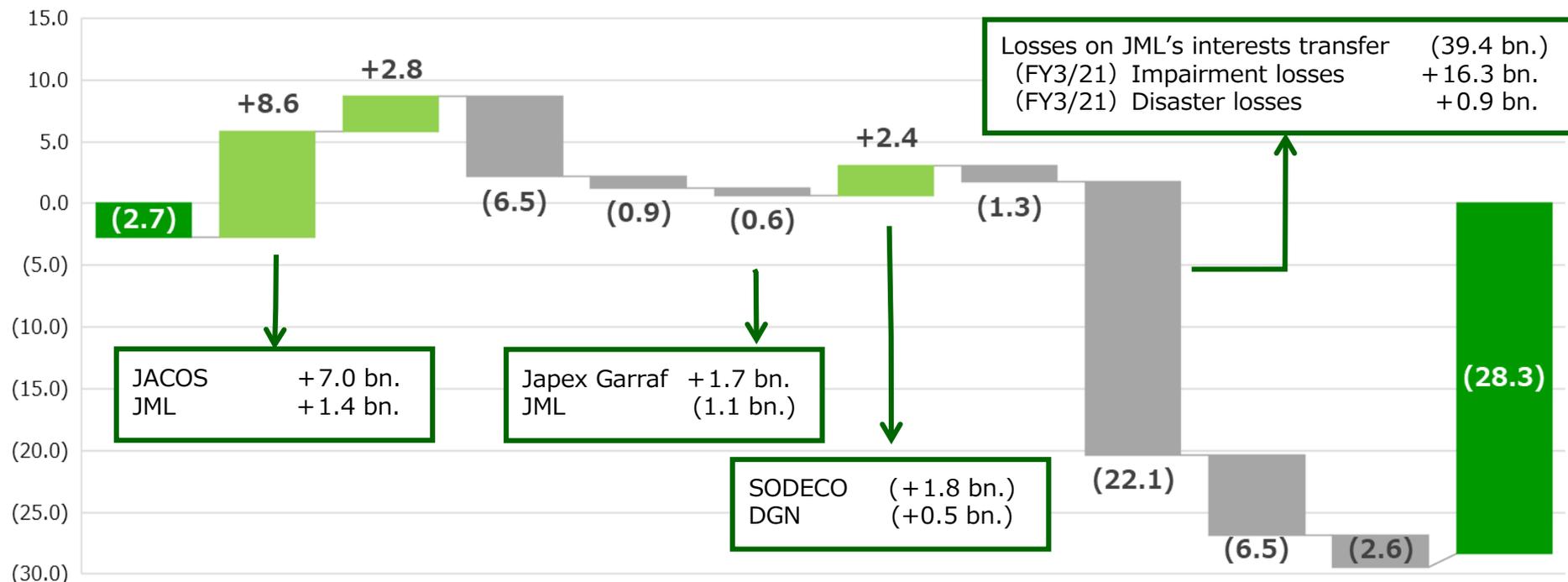
- Decrease in profit of contract services, and others

* Operating income (contracting, petroleum products and commodities, and others) not belonging to the above business units, less headquarters administrative expenses

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

Net Income Forecasts

Billion Yen



Net income	Operating profit (loss)* +4.0 bn.					Non-operating income (loss) +1.7 bn.			Extraordinary income	Income taxes	Profit attributable to non-controlling interest	Net income FY3/22(f)
	FY3/21 (a)	E&P overseas	E&P Japan	I/U	Others	Foreign exchange gains and loss	Equity on earnings	Others				
FY3/21(a)	(10.7)	8.4	12.2	(5.7)	0.6	5.8	0.6	(17.3)	(1.9)	(2.6)		
FY3/22(f)	(2.0)	11.2	5.7	(6.6)	0.0	8.2	(0.6)	(39.4)	4.5	0.0		

Cash Flows and Debt

Million Yen	FY3/20(a)	FY3/21(a)	FY3/22(f)
	Full year	Full year	Full year
			May 13
Cash flows from operating activities	69,895	43,263	34,919
Depreciation	25,190	22,599	21,001
Recoverable cost (Recovery)	41,040	15,196	17,972
Cash flows from investing activities	(18,701)	(6,453)	(22,304)
Purchase of property, plant and equipment	(7,566)	(15,153)	(13,959)
Recoverable cost (Payments)	(30,226)	(14,971)	(22,863)
Cash flows from financing activities	(13,743)	(15,626)	(40,158)

Interest-bearing debt* ¹	140,848	118,710	82,500
EBITDA* ²	58,295	37,150	40,870
Debt-to-EBITDA ratio	2.4	3.2	2.0

*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

Appendix

- 1. Net Sales**
- 2. Financial Results**
- 3. Segment Profit**
- 4. Price Assumptions for FY3/22 Forecasts**
- 5. Sensitivities Analysis on FY3/22 Forecasts Basis**
- 6. Main Business and Major Assets**
- 7. Glossary**

1. Net Sales - E&P Business

	Million Yen	FY3/20(a)	FY3/21(a)				FY3/22(f)	
		Full year	1Q	2Q	3Q	4Q	Full year 1Q-4Q	Full year 5.13
Sales		175,443	22,904	14,642	16,576	43,358	97,482	70,034
Sales volume of Crude oil (Thousand KL)		2,924	687	438	321	865	2,313	818
Net sales		128,152	15,936	12,515	9,670	34,793	72,916	32,397
Sales volume of Crude oil - Japan (Thousand KL)		304	60	78	72	76	287	281
Net sales		14,800	1,800	1,926	2,263	2,845	8,835	11,405
Sales volume of Crude oil - overseas *1 (Thousand KL)		1,123	168	18	17	334	538	512
Net sales		45,372	4,393	307	524	13,042	18,268	19,928
Sales volume of Purchased crude oil (Thousand KL)		1,496	458	341	231	454	1,486	24
Net sales		67,979	9,742	10,281	6,882	18,905	45,812	1,063
Sales volume of Diluted bitumen (Thousand KL)		1,639	410	203	324	381	1,319	1,444
Net sales *2		45,025	6,258	1,499	6,313	7,623	21,695	36,661
Sales volume of Natural gas -overseas *3 (Million M3)		431	111	118	111	129	470	127
Net sales		2,265	709	627	592	941	2,870	975
WTI (USD/bbl)		57.14	46.17	27.94	41.02	42.77	40.87	54.74
Crude oil price (CIF) (USD/bbl) *4		68.11	44.41	33.34	44.51	49.99	42.91	60.00
Exchange rate (JPY/USD) *4		109.15	108.04	106.88	105.46	104.03	105.86	105.00
Diluted bitumen *2 (USD/bbl)		39.85	22.30	11.29	29.77	31.25	25.06	38.44
JML natural gas *5 (CAD/mcf)		1.77	2.36	1.85	1.89	2.43	2.14	2.68

*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	FY3/21(a)						FY3/22(f)
		FY3/20(a) Full year	1Q	2Q	3Q	4Q	Full year 1Q-4Q	Full year
								5.13
Sales	88,688	20,997	22,985	23,709	33,609	101,301	101,706	
Sales volume of Natural gas – Japan (Million M3)	1,268	248	271	292	369	1,183	1,018	
Net sales	64,965	12,798	12,260	11,599	14,633	51,291	48,194	
Sales volume of Natural gas Produced in Japan (Million M3)	582	109	106	139	172	528	491	
Sales volume of LNG (Thousand ton)	273	53	41	118	70	284	310	
Net sales	19,395	3,597	2,878	4,583	4,531	15,591	20,061	
Sales volume of Electricity (Million kWh)	110	448	825	806	935	3,016	3,154	
Net sales	974	3,493	6,548	6,612	13,432	30,087	28,944	
Others*1	3,353	1,108	1,297	914	1,011	4,331	4,505	

*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)					FY3/22(f)
		Full year	1Q	2Q	3Q	4Q	Full year 1Q-4Q	Full year
								5.13
Net sales		318,822	51,018	47,108	51,972	89,978	240,078	211,153
E&P Business		175,443	22,904	14,642	16,576	43,358	97,482	70,034
Infrastructure/Utility Business		88,688	20,997	22,985	23,709	33,609	101,301	101,706
Others		54,690	7,116	9,480	11,687	13,009	41,294	39,412
Cost of sales		271,780	48,619	40,623	42,116	72,184	203,543	171,115
Gross profit		47,042	2,399	6,485	9,856	17,793	36,534	40,038
Exploration expenses		893	206	180	319	283	989	784
SG&A expenses		31,864	7,443	7,325	7,713	8,869	31,352	31,037
Operating profit		14,283	(5,250)	(1,021)	1,823	8,640	4,192	8,215
Non-operation income		18,351	(4,325)	3,759	2,065	4,309	5,809	7,525
Interest income		1,096	216	117	36	40	412	160
Interest expenses		(4,641)	(972)	(809)	(379)	(366)	(2,529)	(868)
Dividend income		5,618	49	1,283	107	1,384	2,823	2,994
Share of profit of entities accounted for using equity method		11,960	2,116	1,250	1,945	495	5,808	8,210
Provision for overseas investment		342	85	85	85	85	342	246
Foreign exchange gains and loss		2,425	(5,809)	1,837	319	3,012	(639)	-
Other		1,550	(10)	(6)	(49)	(341)	(408)	(3,218)
Ordinary profit		32,635	(9,575)	2,737	3,889	12,950	10,001	15,740
Extraordinary income		(731)	(3)	(11)	(6)	(17,302)	(17,324)	(39,460)
Profit before income taxes		31,903	(9,578)	2,725	3,882	(4,352)	(7,322)	(23,719)
Income taxes		4,788	173	463	1,223	(3,783)	(1,923)	4,586
Profit attributable to non-controlling interests		299	(215)	(298)	(539)	(1,619)	(2,673)	10
Profit attributable to owners of parent		26,815	(9,536)	2,561	3,198	1,050	(2,725)	(28,317)

3. Segment Profit

		Million Yen	FY3/20(a)		FY3/21(a)				FY3/22(f)
			Full year	1Q	2Q	3Q	4Q	Full year 1Q-4Q	Full year
									5.13
Japan	Operating profit	18,834	790	4,558	4,426	12,212	21,988	17,964	
	Share of profit (loss) of entities accounted for using equity method	152	157	27	351	(856)	(319)	(214)	
North America	Operating profit (loss)	3,422	(4,223)	(3,268)	(554)	(1,327)	(9,374)	(828)	
	Share of profit of entities accounted for using equity method	-	-	-	-	-	-	-	
Europe	Operating loss	(164)	(42)	(18)	(35)	(35)	(132)	(196)	
	Share of profit of entities accounted for using equity method	-	-	-	-	-	-	-	
Middle East	Operating profit (loss)	612	301	(83)	23	(76)	165	336	
	Share of loss of entities accounted for using equity method	(8)	(2)	0	(2)	(4)	(10)	(11)	
Others* ¹	Operating loss	(1)	-	-	-	-	-	-	
	Share of profit of entities accounted for using equity method	11,816	1,961	1,223	1,596	1,357	6,138	8,436	
Adjustments and Eliminations* ²		(8,419)	(2,075)	(2,207)	(2,037)	(2,132)	(8,453)	(9,060)	
Amounts on consolidated statement of income* ³		Operating profit (loss)	14,283	(5,250)	(1,021)	1,823	8,640	4,192	8,215

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

*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 FY3/22 Forecasts

			Upper: from January 2020 to March 2021					Full year
			Lower: from January 2021 to March 2022					
			Jan.-Mar.	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.	Jan.-Mar.	
WTI	USD/bbl	2020 (a)	45.10	28.54	41.02	42.77	-	40.87
		2021 (f)	54.00 ^{*1}	55.00	55.00	55.00	-	54.74
Crude oil price (CIF) ^{*2}	USD/bbl	2020 (a)	-	44.41	33.34	44.51	49.99	42.91
		2021 (f)	-	60.00	60.00	60.00	60.00	60.00
Exchange rate ^{*2}	JPY/USD	2020 (a)	-	108.04	106.88	105.46	104.03	105.86
		2021 (f)	-	105.00	105.00	105.00	105.00	105.00

Sales Price

JACOS Diluted bitumen ^{*3}	USD/bbl	2020 (a)	22.30	11.29	29.77	31.25	-	25.06
		2021 (f)	39.06	38.24	38.19	38.23	-	38.44
JML Natural gas ^{*4}	CAD/mcf	2020 (a)	2.36	1.85	1.89	2.43	-	2.14
		2021 (f)	2.68	-	-	-	-	2.68

*1 Actual

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

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

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

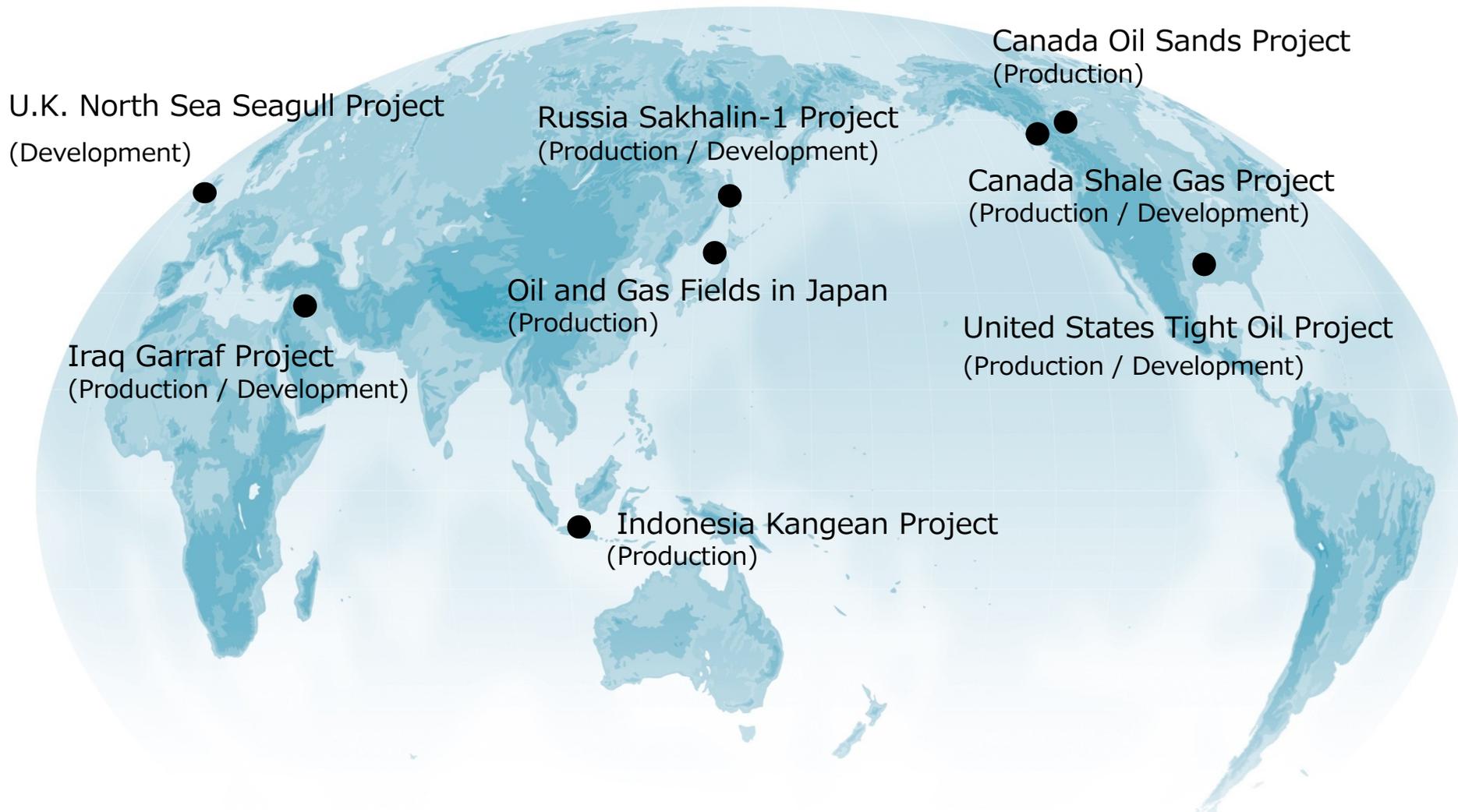
5. Sensitivities Analysis on FY3/22 Forecasts Basis

	FY3/22 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	Crude oil price (CIF) USD 60.00/bbl	Increase by 1USD/bbl	560	450	+ Sales of oil and gas (Increase in LNG procurement cost)
	WTI USD 55.00/bbl		380	350	+ Sales of diluted bitumen
Exchange rate	JPY 105.00/USD	1 weaker JPY against USD	220	110	+ Sales of oil and gas (Increase in LNG procurement cost)
Natural gas price in Canada	CAD 2.68/mcf JPY 80.00/CAD	Increase by 1CAD/mcf	(280)	(260)	(Increase in operation cost of the Hangingstone lease)

[Assumptions]

- 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

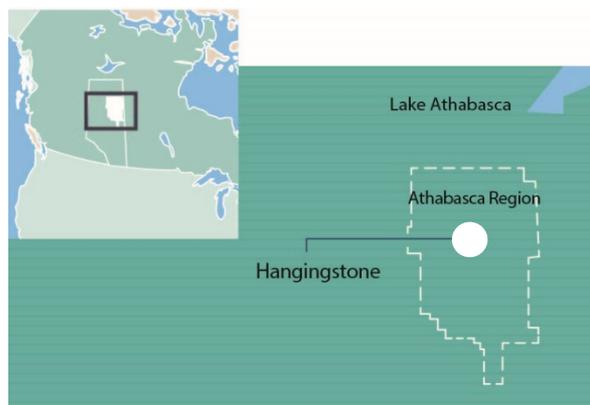


● Block, lease or projects in which the JAPEX Group participates

6. E&P Business - North America

Canada Oil Sands Project

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



Canada Shale Gas Project

Project company	JAPEX Montney Ltd. (JML) JAPEX's share 55%
Block	North Montney Area
Interest	10% (JAPEX net 5.5%)
Status	Production/Development *JAPEX decided to sell all its ownership interest to the operator in May 2021
Operator	Petronas Energy Canada Ltd.
Gross production rate	12,880,000M ³ /d, (Approx. 75,000boe/d) as average for Jan.-Dec. 2020



6. E&P Business - Europe/Middle East

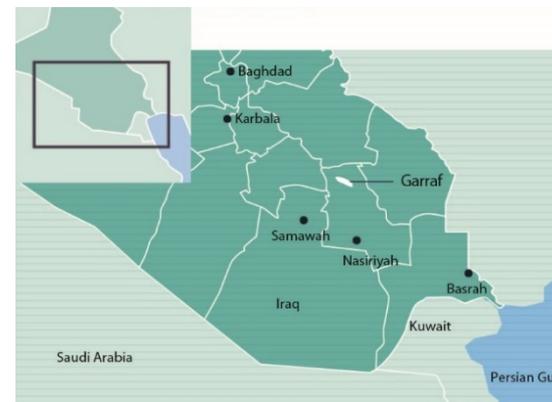
U.K. North Sea Seagull Project

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



Iraq Garraf Project

Project company	Japex Garraf Ltd. JAPEX's share 55%
Field	Garraf Oil Field
Interest	30% (JAPEX Net 16.5%)
Status	Production*1 and Development toward Plateau production target of 230,000 bbl/d*2 *1 Resumed production from mid-July 2020 after suspension of operations since mid-March 2020 *2 Reviewing the development plan in response to Covid-19 pandemic situation
Operator	PETRONAS Carigali Iraq Holding B.V. (PCIHBV)
Gross production rate	Approx. 56,000bbl/d (Average for Jan.-Dec. 2020, excl.126 days of production suspension period)



6. E&P Business - Other Areas

Indonesia Kangean Project

Project company	Energi Mega Pratama Inc. JAPEX's share 25% 2 other affiliates
Block	Kangean Block
Interest	100% (JAPEX net 25%)
Status	Production
Operator	Kangean Energy Indonesia Ltd.
Gross production rate	5,210,000M ³ /d (Approx. 32,000boe/d) as average for Jan.- Dec. 2020



Russia Sakhalin-1 Project

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



6. 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*¹ 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 2 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.

6. 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 CO₂ injection
- Participating in “Research and development of CO₂ 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
- Started a feasibility study of the carbon recycling project with the sector-coupling in Tomakomai with the Deloitte Tohmatsu Consulting LLC, as a commissioned project of NEDO's Feasibility Study on Carbon Recycling Business Utilizing Inter-industrial Collaboration in Complexes, and others in March 2021

New Business Seeds

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

- Considering the new applications of LNG: LNG bunkering, and others
- Aiming to participate in LNG related businesses, including LNG receiving terminal, satellite station, and container filling equipment in overseas

7. Glossary

■ 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
JML	JAPEX Montney Ltd.	Canada / Shale Gas Project
Japex Garraf	Japex Garraf Ltd.	Iraq / Garraf Project
EMPI	Energi Mega Pratama Inc.	Indonesia / Kangean Project
SODECO	Sakhalin Oil & Gas Development Co., Ltd.	Russia / Sakhalin-1 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

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 (FY3/22, for instance, means 12 months ending March 31, 2022)

Any inquiries about the information contained herein or other Investor Relations questions are requested to be directed to:

Corporate Communication Office
Japan Petroleum Exploration Co., Ltd. (JAPEX)
Tokyo, JAPAN
TEL: +81-3-6268-7111