



[Explanatory Material]

Financial Results

for the Three Months Ended June 30, 2021

August 10, 2021
Japan Petroleum Exploration Co., Ltd.

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

Contents

I . Financial Highlights

II . Financial Results for the Three Months Ended June 30, 2021

III . Revised Financial Forecasts for the fiscal year ending March 31, 2022

Note) This material also serves as the presentation material for the financial results briefing for the institutional investors and analysts to be held on August 11, 2021.

I . Financial Highlights

II . Financial Results for the Three Months Ended June 30, 2021

III . Revised Financial Forecasts for the fiscal year ending March 31, 2022

Financial Highlights

■ 1Q FY3/22 Results (Year-on-Year)

(Billion Yen)	FY3/21 1Q (a)	FY3/22 1Q (a)	Change	
Operating profit	(5.2)	3.4	+8.6	-
Ordinary profit	(9.5)	10.4	+20.0	-
Profit attributable to owners of parent	(9.5)	7.1	+16.6	-

- E&P business : Increase in profit of domestic sales and diluted bitumen sales due to a rise of crude oil prices
- I/U Business : Increase in profit due to an increase of the sales volume of electricity by operating for the full reporting period in Fukushima Natural Gas Power Plant* and marginal gain on LNG procurement
- Non-operating income : Increase in profit due to the recognition of foreign exchange gains and an increase in share of profit of entities accounted for using equity method

■ FY3/22 Forecast Revision (vs. May 13 Forecasts)

(Billion Yen)	May 13, 2021 (f)	Aug 10, 2021 (f)	Change	
Operating profit	8.2	11.8	+3.6	+45%
Ordinary profit	15.7	26.1	+10.4	+66%
Profit attributable to owners of parent	(28.3)	(114.0)	(85.7)	-

- E&P business : Improvement in profit of domestic sales due to a rise in oil price assumption
- I/U Business : Decrease in marginal gain on LNG procurement
- Non-operating income : Increase in foreign exchange gains and share of profit of entities accounted for using equity method
- Extraordinary losses : Recognition of losses on sale of subsidiary shares due to the exit from the oil sands project in Canada

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

Impacts of the decision on Canada 2 projects

■ Impact on financial results (recording of extraordinary losses)

Shale gas project in Canada - Sale of interest

Subsidiary: JAPEX Montney Ltd. (JML)

Accounts	period		(Billion yen)
Loss on sale of interest	2Q FY3/22	Consolidated	Approx. 43.7 *

Provision for allowance for doubtful accounts of subsidiaries	FY3/21	Non-consolidated	17.1
Provision for loss on guarantees	FY3/21	Non-consolidated	22.8

*Approx. 497 million Canadian dollars, valued at the exchange rate as of June 30, 2021

Oil sand project in Canada - Sale of subsidiary shares

Subsidiary: Japan Canada Oil Sands Limited (JACOS)

Accounts	period		(Billion yen)
Loss on sale of subsidiary shares	2Q FY3/22	Consolidated	Approx. 90.0

Loss on valuation of subsidiary shares	2Q FY3/22	Non-consolidated	Approx. 80.0
Provision for loss on guarantees	2Q FY3/22	Non-consolidated	Approx. 10.0

■ Impact on Consolidated B/S and Reserves/Production Volume

- At the end of FY2022, the following balances related to consolidated subsidiaries JML and JACOS are expected to decrease, and the following effects on reserves and production are also expected to occur.

Reference data: Ending balances or volumes as of March 2021

	JML	JACOS
PP&E	54.2 bn.	121.2 bn.
Long-term borrowings incl. current portion	55.7 bn.	55.6 bn.

	JML	JACOS
Net Proved Reserves	70 MMBOE	83 MMBOE
Net Production Volume	9 MBOED	17 MBOED

BOE: Barrels of oil equivalent / BOED: Barrels of oil equivalent per day

(Reference Disclosures)

- "Ending our Promotion of the Oil Sands Project in Canada, the Change in Subsidiary, the Recognition of Extraordinary Losses, and the Voluntary Return of Executive Compensation", on July 29, 2021
- "Sale of Shale Gas Project Interest in Canada and Recording of Extraordinary Loss Related to the Project" on May 13, 2021
- "Notice Regarding Recording of Provision of Allowance for Doubtful Accounts in Extraordinary Loss in Non-consolidated Financial Results", on March 10, 2021

I . Financial Highlights

II . Financial Results for the Three Months Ended June 30, 2021

III . Revised Financial Forecasts for the fiscal year ending March 31, 2022

E&P Business (Year-on-Year)

Net sales : Million Yen		1Q FY3/21 (a)		1Q FY3/22 (a)		Change			
		Sales volume	Net sales	Sales volume	Net sales	Sales volume		Net sales	
E&P Business	-	-	22,904	-	16,796	-	-	(6,108)	(27%)

Breakdown

Crude oil	Thousand KL	687	15,936	114	5,556	(572)	(83%)	(10,380)	(65%)	
Crude oil - Japan		60	1,800	85	3,927	[1]	+25	+42%	+2,127	+118%
Crude oil - Overseas* ¹		168	4,393	22	1,312	[2]	(146)	(87%)	(3,081)	(70%)
Purchased crude oil		458	9,742	6	316	[3]	(451)	(99%)	(9,426)	(97%)
Diluted bitumen* ²		410	6,258	351	10,058	(59)	(14%)	[4]	+3,800	+61%
Natural Gas - Overseas* ³	Million M3	111	709	128	1,181	+16	+15%	[5]	+471	+66%

Main factors for change

- [1] Increase in sales price and volume
- [2] Decrease in sales volume of crude oil from Garraf Oil Field in Iraq
- [3] Decrease in sales volume of purchased crude oil from SODECO due to application of the "Accounting Standard for Revenue Recognition"
- [4] Increase in sales price of diluted bitumen from the Hangingstone Lease in Canada
- [5] Increase in sales price of shale gas 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 (Year-on-Year)

Net sales : Million Yen		1Q FY3/21 (a)		1Q FY3/22 (a)		Change			
		Sales volume	Net sales	Sales volume	Net sales	Sales volume		Net sales	
Infrastructure & Utility Business	-	-	20,997	-	23,009	-	-	+2,012	+10%

Breakdown

Natural Gas - Japan	Million M3	248	12,798	233	10,709	[1]	(15)	(6%)	(2,088)	(16%)
- Produced in Japan		109	-	123	-	+13	+13%	-	-	
LNG	Thousand Ton	53	3,597	52	4,397	△0	(2%)	+800	+22%	
Electricity	Million kWh	448	3,493	765	7,163	[2]	+316	+71%	+3,670	+105%
Other*	-	-	1,108	-	739	-	-	(369)	(33%)	

Main factors for change

[1] Decrease in sales volume and sales price

[2] Increase in sales volume and price of electricity due to the Fukushima Natural Gas Power Plant operating for the full reporting period

* Including net sales from commissioned regasification of LNG

FY3/22 Results (Year-on-Year)

Million Yen	1Q FY3/21 (a)	1Q FY3/22 (a)	Change	
Net sales	51,018	50,083	(935)	(2%)
Gross profit	2,399	11,179	+8,779	+366%
Operating profit	(5,250)	3,400	+8,650	-
Ordinary profit	(9,575)	10,491	+20,066	-
Profit attributable to owners of parent	(9,536)	7,106	+16,642	-

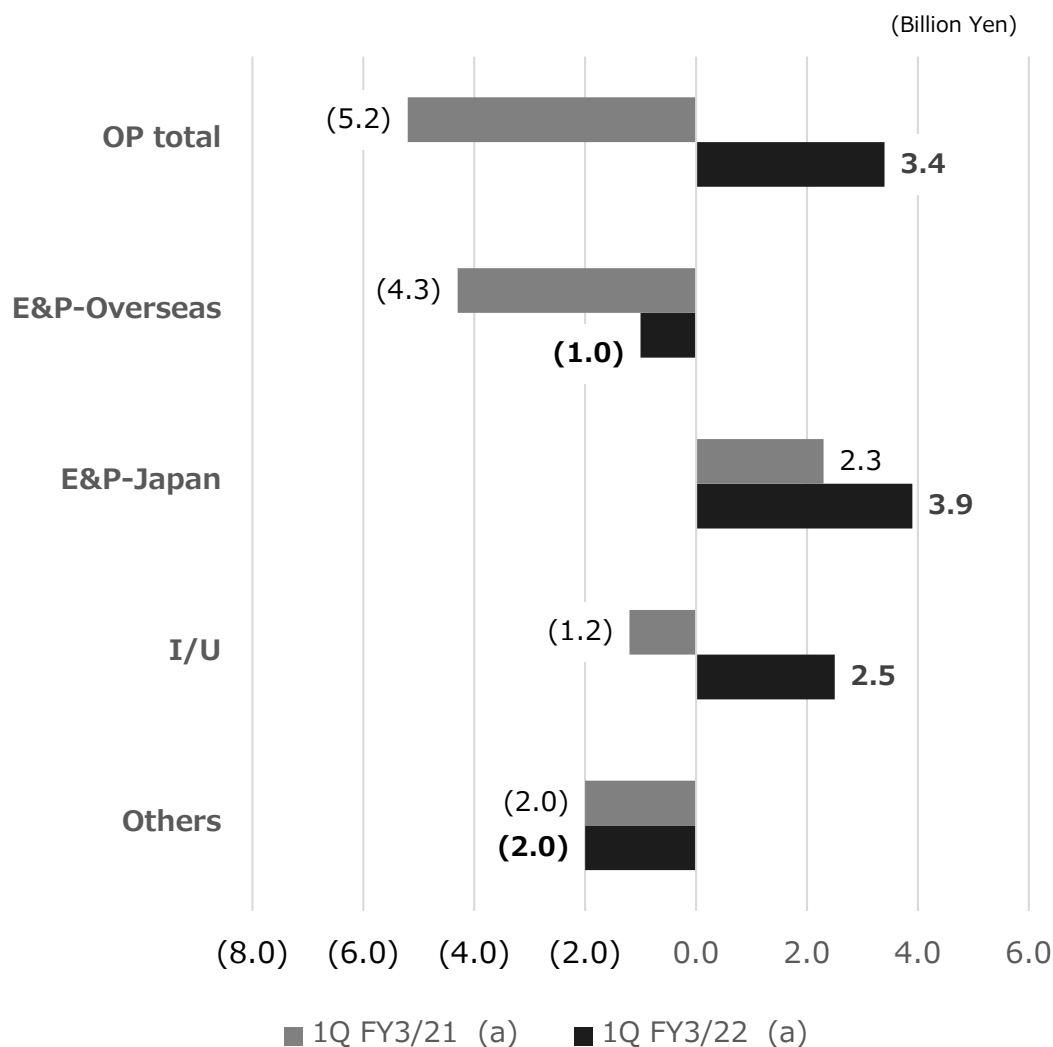
Oil Price, Exchange Rate and Sales Price

		1Q FY3/21 (a)	1Q FY3/22 (a)	Change
WTI	USD/bbl	45.10	58.10	+13.00
Crude oil price (CIF)	USD/bbl	44.41	64.25	+19.84
Exchange rate	JPY/USD	108.04	108.43	+0.39
JACOS Diluted bitumen ^{*1}	USD/bbl	22.30	40.99	+18.69
JML Natural gas ^{*2}	CAD/mcf	2.36	2.96	+0.60

*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 : + 3.3 bn. (4.3 bn.) → (1.0 bn.)

- Improvement in diluted bitumen sales due to a rise of crude oil prices

Domestic : + 1.5 bn. 2.3 bn. → 3.9 bn.

- Increase in profit due to a rise of crude oil prices

I/U Business

+3.8 bn. (1.2 bn.) → 2.5 bn.

- Increase in sales volume of electricity due to the Fukushima Natural Gas Power Plant operating for the full reporting period
- Increase in marginal gain on LNG procurement

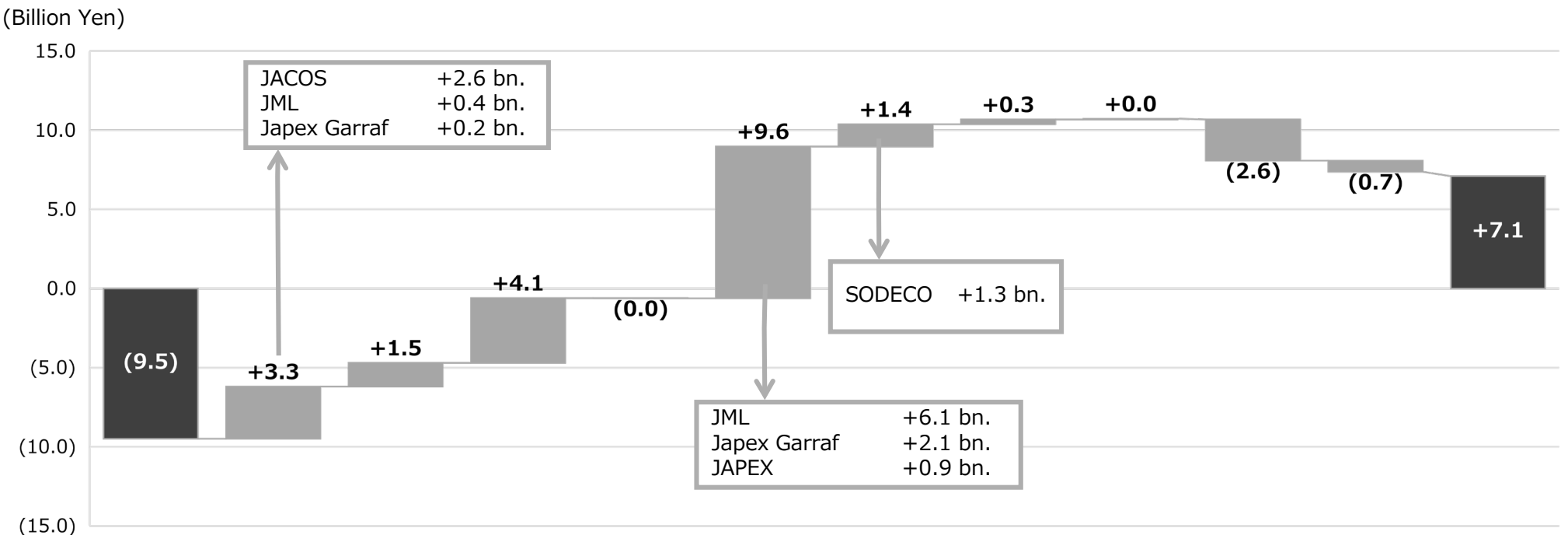
Others *

(2.0 bn.) → (2.0 bn.)

- * Operating income (contracting, oil 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* +8.6 bn.				Non-operating income +11.4 bn.			Extraordinary income	Income taxes	Profit attributable to non-controlling interest	Net income FY3/22 1Q (a)
	FY3/21 1Q (a)	E&P overseas	E&P Japan	I/U	Others	Foreign exchange gains and loss	Equity on earnings				
FY3/21(a) 1Q	(4.3)	2.3	(1.2)	(2.0)	(5.8)	2.1	(0.6)	(0)	0.1	(0.2)	
FY3/22(a) 1Q	(1.0)	3.9	2.5	(2.0)	3.8	3.5	(0.3)	(0)	2.8	0.5	

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

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E&P Business Sales Forecasts (vs Initial Forecasts)

Net sales : Million Yen		Initial (f) May 13, 2021		Revised (f) Aug. 10, 2021		Change			
		Sales volume	Net sales	Sales volume	Net sales	Sales volume		Net sales	
E&P Business	-	-	70,034	-	71,444	-	-	+1,409	+2%

Breakdown

Crude oil	Thousand KL	818	32,397	822	40,027	+4	+1%	+7,630	+24%
Crude oil - Japan		281	11,405	285	13,628	+3	+1%	[1] +2,223	+19%
Crude oil - overseas ^{*1}		512	19,928	513	25,217	+0	+0%	[2] +5,288	+27%
Purchased crude oil		24	1,063	24	1,181	(0)	(1%)	+118	+11%
Diluted bitumen ^{*2}		1,444	36,661	949	30,211	[3] (494)	(34%)	(6,450)	(18%)
Natural Gas - Overseas ^{*3}	Million M3	127	975	130	1,205	+2	+2%	+229	+24%

Main factors for change

[1] Increase in sales price

[2] Increase in sales price of crude oil from Garraf Oil Field in Iraq

[3] Decrease in sales volume for September onwards due to the exit of the oil sands project 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 (vs Initial Forecasts)

Net sales : Million Yen		Initial (f) May 13, 2021		Revised (f) Aug. 10, 2021		Change			
		Sales volume	Net sales	Sales volume	Net sales	Sales volume		Net sales	
Infrastructure & Utility Business	-	-	101,706	-	108,899	-	-	+7,193	+7%

Breakdown

Natural Gas - Japan	Million M3	1,018	48,194	1,026	51,510	+7	+1%	[1]	+3,316	+7%
- Produced in Japan		491	-	491	-	+0	(0%)		-	-
LNG	Thousand Ton	310	20,061	301	21,487	(8)	(3%)	[2]	+1,425	+7%
Electricity	Million kWh	3,154	28,944	3,164	31,038	+9	+0%	[3]	+2,093	+7%
Others*	-	-	4,505	-	4,863	-	-		+357	+8%

Main factors for change

[1]-[3] Increase in sales price due to review of LNG price assumption

* Including net sales from commissioned regasification of LNG

FY3/22 Forecasts (vs Initial Forecasts)

Million Yen	Initial (f) May 13, 2021	Revised (f) Aug. 10, 2021	Change	
Net sales	211,153	220,789	+9,635	+5%
Gross profit	40,038	42,141	+2,103	+5%
Operating profit	8,215	11,894	+3,678	+45%
Ordinary profit	15,740	26,159	+10,418	+66%
Profit attributable to owners of parent	(28,317)	(114,021)	(85,704)	-

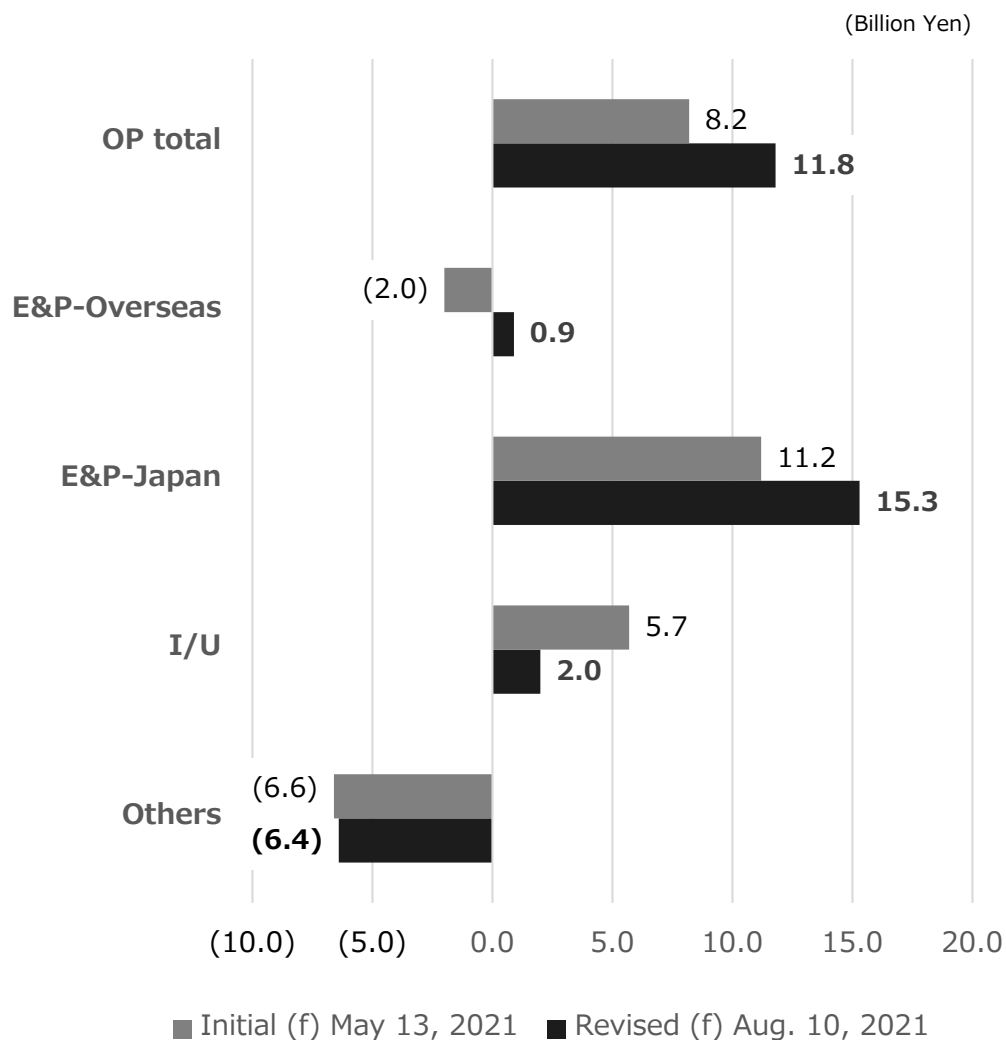
Oil Price, Exchange Rate and Sales Price

		Initial (f) May 13, 2021	Revised (f) Aug. 10, 2021	Change
WTI	USD/bbl	54.74	64.38	+9.64
Crude oil price (CIF)	USD/bbl	60.00	68.28	+8.28
Exchange rate	JPY/USD	105.00	108.12	+3.12
JACOS Diluted bitumen ^{*1}	USD/bbl	38.44	46.84	+8.40
JML Natural gas ^{*2}	CAD/mcf	2.68	2.96	+0.28

*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 (vs Initial Forecasts)



E&P Business

Overseas : +3.0 bn. (2.0 bn.) → 0.9 bn.

- Improvement in diluted bitumen sales due to a rise of crude oil prices

Domestic : +4.1 bn. 11.2 bn. → 15.3 bn.

- Increase in profit due to a rise of crude oil prices
- Increase in the sales unit price* of natural gas related to domestic gas

* Internal transaction price from E&P Business to I/U Business for the internal control

I/U Business

(3.7 bn.) 5.7 bn. → 2.0 bn.

- Decrease in marginal gain on LNG procurement

Others*

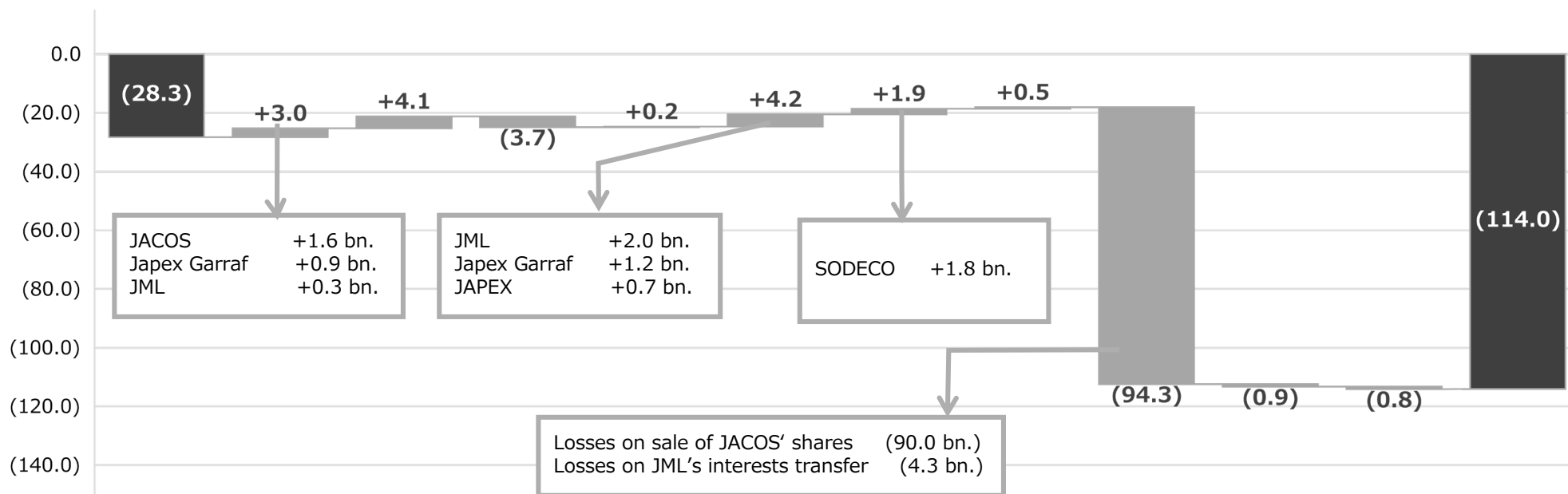
+0.2 bn. (6.6 bn.) → (6.4 bn.)

- Decrease in G&A expenses
- * Operating income (contracting, oil 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 (vs Initial Forecasts)

(Billion Yen)



FY3/22 (f) May 13	Operating profit* +3.6 bn.				Non-operating income +6.7 bn.			Extraordinary income	Income taxes	Profit attributable to non- controlling interest	FY3/22 (f) Aug. 10
	E&P overseas	E&P Japan	I/U	Others	Foreign exchange gains and loss	Equity on earnings	Others				
FY3/22 (f) May 13	(2.0)	11.2	5.7	(6.6)	-	8.2	(6.0)	(39.4)	4.5	0	
FY3/22 (f) Aug. 10	0.9	15.3	2.0	(6.4)	4.2	10.1	(1.0)	(133.7)	5.4	0.8	

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

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

Net sales : Million Yen		FY3/21 (a)		FY3/22 Revised (f)		Change			
		Sales volume	Net sales	Sales volume	Net sales	Sales volume		Net sales	
E&P Business	-	-	97,482	-	71,444	-	-	(26,038)	(27%)

Breakdown

Crude oil		2,313	72,916	822	40,027	(1,490)	(64%)	(32,889)	(45%)
Crude oil - Japan		287	8,835	285	13,628	(2)	(1%)	[1] +4,793	+54%
Crude oil - overseas^{*1}	Thousand KL	538	18,268	513	25,217	(25)	(5%)	[2] +6,948	+38%
Purchased crude oil		1,486	45,812	24	1,181	[3] (1,462)	(98%)	(44,631)	(97%)
Diluted bitumen^{*2}		1,319	21,695	949	30,211	(370)	(28%)	[4] +8,516	+39%
Natural Gas - Overseas^{*3}	Million M3	470	2,870	130	1,205	[5] (340)	(72%)	(1,665)	(58%)

Main factors for change

- [1] Increase in sales price
- [2] Increase in sales price of crude oil from Garraf Oil Field in Iraq
- [3] Decrease in sales volume of purchased crude oil from SODECO due to application of the "Accounting Standard for Revenue Recognition"
- [4] Increase in sales volume of diluted bitumen at the Hangingstone Lease in Canada
- [5] 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 (Year-on-Year)

Net sales : Million Yen		FY3/21 (a)		FY3/22 Revised (f)		Change			
		Sales volume	Net sales	Sales volume	Net sales	Sales volume		Net sales	
Infrastructure & Utility Business	-	-	101,301	-	108,899	-	-	+7,598	+8%

Breakdown

Natural Gas - Japan	Million M3	1,183	51,291	1,026	51,510	[1]	(156)	(13%)	+218	+0%
- Produced in Japan		528	-	491	-	(36)	(7%)	-	-	
LNG	Thousand Ton	284	15,591	301	21,487	[2]	+17	+6%	+5,895	+38%
Electricity	Million kWh	3,016	30,087	3,164	31,038	[3]	+147	+5%	+951	+3%
Others*	-	-	4,331	-	4,863	-	-	+531	+12%	

Main factors for change

[1] Decrease in sales volume due to application of the "Accounting Standard for Revenue Recognition", and sales volume related to the commissioning of the Fukushima Natural Gas Power Plant in the FY3/21 / Increase in sales price

[2] Increase in sales volume and price

[3] Increase in sales volume of electricity due to the Fukushima Natural Gas Power Plant operating for the full reporting period

* Including net sales from commissioned regasification of LNG

FY3/22 Forecasts (Year-on-Year)

Million Yen	FY3/21 (a)	FY3/22 Revised (f)	Change	
Net sales	240,078	220,789	(19,288)	(8%)
Gross profit	36,534	42,141	5,606	+15%
Operating profit	4,192	11,894	7,701	+184%
Ordinary profit	10,001	26,159	16,157	+162%
Profit attributable to owners of parent	(2,725)	(114,021)	(111,295)	-

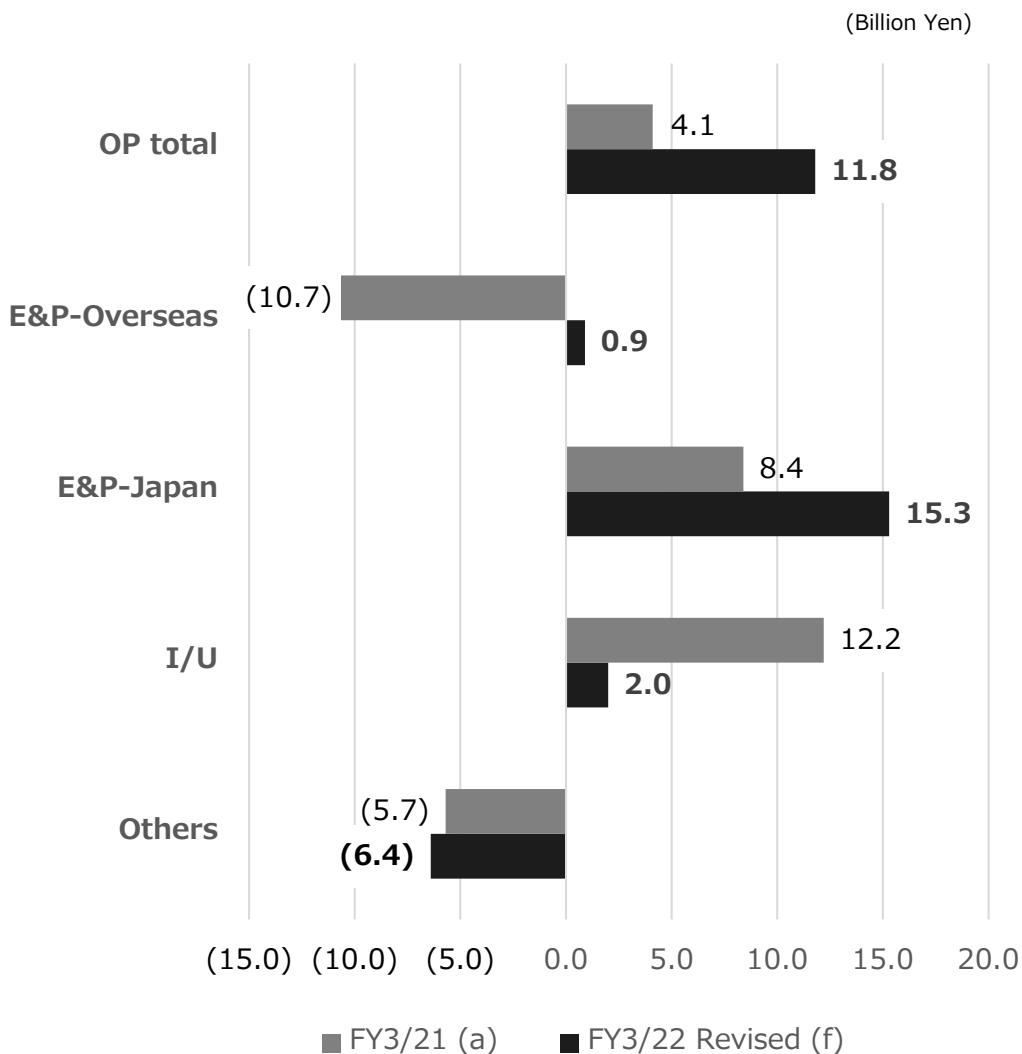
Oil Price, Exchange Rate and Sales Price

		FY3/21 (a)	FY3/22 Revised (f)	Change
WTI	USD/bbl	40.87	64.38	+23.51
Crude oil price (CIF)	USD/bbl	42.91	68.28	+25.37
Exchange rate	JPY/USD	105.86	108.12	+2.26
JACOS Diluted bitumen ^{*1}	USD/bbl	25.06	46.84	+21.78
JML Natural gas ^{*2}	CAD/mcf	2.14	2.96	+0.82

*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 : +11.6 bn. (10.7 bn.) → 0.9 bn.

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

Domestic : +6.9 bn. 8.4 bn. → 15.3 bn.

- Increase in profit due to a rise of crude oil prices
- Increase in the sales unit price* of natural gas related to domestic gas

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

I/U Business

(10.2 bn.) 12.2 bn. → 2.0 bn.

- Reversal of transient gains due to the hike in the JEPX spot market price in FY3/21
- Decrease in marginal gain on LNG procurement

Others*

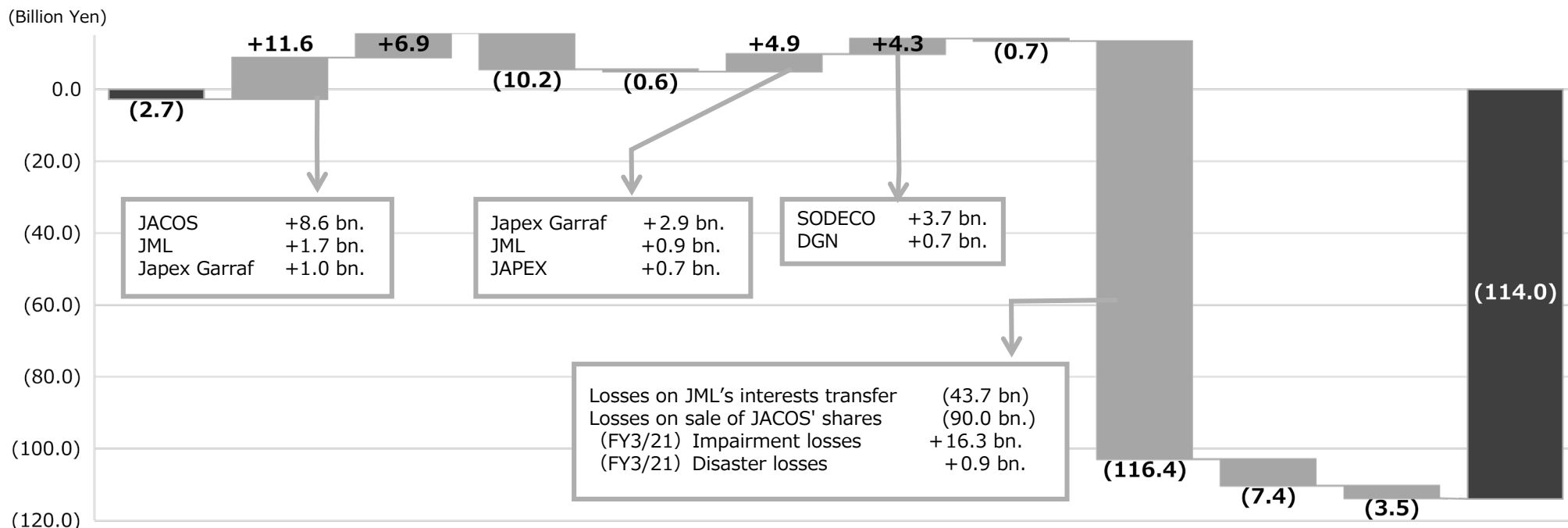
(0.6 bn.) (5.7 bn.) → (6.4 bn.)

- Decrease in profit of contract services and others

* Operating income (contracting, oil 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)



FY3/21 (a)	Operating profit* +7.7 bn.				Non-operating income +8.4 bn.			Extraordinary income	Income taxes	Profit attributable to non-controlling interest	FY3/22 Revised (f)
	Net income	E&P overseas	E&P Japan	I/U	Others	Foreign exchange gains and loss	Equity on earnings				
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 Revised (f)	0.9	15.3	2.0	(6.4)	4.2	10.1	(1.0)	(133.7)	5.4	0.8	

* 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	FY3/21 (a)	FY3/22 (f)	
		Full year	Full year	
			May 13	Aug.10
Cash flows from operating activities		43,263	34,919	28,608
Depreciation		22,599	21,001	17,034
Recoverable cost (Recovery)		15,196	17,972	22,031
Cash flows from investing activities		(6,453)	(22,304)	9,629
Purchase of property, plant and equipment		(15,153)	(13,959)	(14,223)
Recoverable cost (Payments)		(14,971)	(22,863)	(23,417)
Cash flows from financing activities		(15,626)	(40,158)	(82,142)
Cash and cash equivalents at end of period		157,963	130,420	114,059

Interest-bearing debt*1	118,710	82,500	64,858
EBITDA*2	37,150	40,870	44,705
Debt-to-EBITDA ratio	3.2	2.0	1.5

*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**

Appendix

1. Net Sales - E&P Business

	Million Yen	FY3/21		FY3/22		
		1Q	Full year	1Q (a)	Full year (f)	
					5.13	8.10
Sales		22,904	97,482	16,796	70,034	71,444
Sales volume of Crude oil (Thousand KL)		687	2,313	114	818	822
Net sales		15,936	72,916	5,556	32,397	40,027
Sales volume of Crude oil - Japan (Thousand KL)		60	287	85	281	285
Net sales		1,800	8,835	3,927	11,405	13,628
Sales volume of Crude oil - overseas *1 (Thousand KL)		168	538	22	512	513
Net sales		4,393	18,268	1,312	19,928	25,217
Sales volume of Purchased crude oil (Thousand KL)		458	1,486	6	24	24
Net sales		9,742	45,812	316	1,063	1,181
Sales volume of Diluted bitumen (Thousand KL)		410	1,319	351	1,444	949
Net sales *2		6,258	21,695	10,058	36,661	30,211
Sales volume of Natural gas -overseas *3 (Million M3)		111	470	128	127	130
Net sales		709	2,870	1,181	975	1,205
WTI (USD/bbl)		45.10	40.87	58.10	54.74	64.38
Crude oil price (CIF) (USD/bbl) *4		44.41	42.91	64.25	60.00	68.28
Exchange rate (JPY/USD) *4		108.04	105.86	108.43	105.00	108.12
Diluted bitumen *2 (USD/bbl)		22.30	25.06	40.99	38.44	46.84
JML natural gas *5 (CAD/mcf)		2.36	2.14	2.96	2.68	2.96

*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.)

*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)

Appendix

1. Net Sales - I/U Business

	Million Yen	FY3/21		FY3/22		
		1Q	Full year	1Q (a)	Full year (f)	
					5.13	8.10
Sales		20,997	101,301	23,009	101,706	108,899
Sales volume of Natural gas – Japan (Million M3)		248	1,183	233	1,018	1,026
Net sales		12,798	51,291	10,709	48,194	51,510
Sales volume of Natural gas produced in Japan (Million M3)		109	528	123	491	491
Sales volume of LNG (Thousand ton)		53	284	52	310	301
Net sales		3,597	15,591	4,397	20,061	21,487
Sales volume of Electricity (Million kWh)		448	3,016	765	3,154	3,164
Net sales		3,493	30,087	7,163	28,944	31,038
Others*		1,108	4,331	739	4,505	4,863

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

2. Financial Results

	Million Yen	FY3/21		FY3/22		
		1Q	Full year	1Q (a)	Full year (f)	
					5.13	8.10
Net sales		51,018	240,078	50,083	211,153	220,789
E&P Business		22,904	97,482	16,796	70,034	71,444
Infrastructure/Utility Business		20,997	101,301	23,009	101,706	108,899
Others		7,116	41,294	10,277	39,412	40,445
Cost of sales		48,619	203,543	38,904	171,115	178,647
Gross profit		2,399	36,534	11,179	40,038	42,141
Exploration expenses		206	989	132	784	680
SG&A expenses		7,443	31,352	7,647	31,037	29,566
Operating profit		(5,250)	4,192	3,400	8,215	11,894
Non-operation income		(4,325)	5,809	7,091	7,525	14,265
Interest income		216	412	37	160	172
Interest expenses		(972)	(2,529)	(322)	(868)	(824)
Dividend income		49	2,823	48	2,994	3,635
Share of profit of entities accounted for using equity method		2,116	5,808	3,549	8,210	10,129
Provision for overseas investment		85	342	92	246	253
Foreign exchange gains and loss		(5,809)	(639)	3,851	-	4,274
Other		(10)	(408)	(165)	(3,218)	(3,376)
Ordinary profit		(9,575)	10,001	10,491	15,740	26,159
Extraordinary income		(3)	(17,324)	(1)	(39,460)	(133,795)
Profit before income taxes		(9,578)	(7,322)	10,489	(23,719)	(107,636)
Income taxes		173	(1,923)	2,832	4,586	5,487
Profit attributable to non-controlling interests		(215)	(2,673)	550	10	897
Profit attributable to owners of parent		(9,536)	(2,725)	7,106	(28,317)	(114,021)

Appendix

3. Segment Profit

		Million Yen		FY3/21		FY3/22	
				1Q	Full year	1Q (a)	Full year (f)
		5.13	8.10				
Japan	Operating profit	790	21,988	6,122	17,964	18,403	
	Share of profit of entities accounted for using equity method	157	(319)	19	(214)	(214)	
North America	Operating profit	(4,223)	(9,374)	(1,146)	(828)	1,279	
	Share of profit of entities accounted for using equity method	-	-	-	-	-	
Europe	Operating loss	(42)	(132)	(47)	(196)	(219)	
	Share of profit of entities accounted for using equity method	-	-	-	-	-	
Middle East	Operating profit (loss)	301	165	537	336	1,255	
	Share of profit of entities accounted for using equity method	(2)	(10)	(3)	(11)	(10)	
Others*1	Operating profit	-	-	-	-	-	
	Share of profit of entities accounted for using equity method	1,961	6,138	3,534	8,436	10,354	
Adjustments and Eliminations*2		(2,075)	(8,453)	(2,066)	(9,060)	(8,825)	
Amounts on consolidated statement of income*3	Operating profit	(5,250)	4,192	3,400	8,215	11,894	

*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

Market Price			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
		Revised (f) Aug. 10	58.10 ^{*1}	66.06	71.49	-	-	64.38
Crude oil price (CIF) ^{*2}	USD/bbl	2020 (a)	-	44.41	33.34	44.51	49.99	42.91
		Revised (f) Aug. 10	-	64.25 ^{*1}	70.00	70.00	70.00	68.28
Exchange rate ^{*2}	JPY/USD	2020 (a)	-	108.04	106.88	105.46	104.03	105.86
		Revised (f) Aug. 10	-	108.43 ^{*1}	108.00	108.00	108.00	108.12

Sales Price

JACOS Diluted bitumen ^{*3}	USD/bbl	2020 (a)	22.30	11.29	29.77	31.25	-	25.06
		Revised (f) Aug. 10	40.99 ^{*1}	49.74	51.23	-	-	46.84
JML Natural gas ^{*4}	CAD/mcf	2020 (a)	2.36	1.85	1.89	2.43	-	2.14
		Revised (f) Aug. 10	2.96 ^{*1}	-	-	-	-	2.96

*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 2Q-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	Crude oil price (CIF) USD 70.00/bbl	Increase by 1USD/bbl	140	100	+ Sales of oil and gas (Increase in LNG procurement cost)
Exchange rate	JPY 108.00/USD	1 weaker JPY against USD	210	100	+ Sales of oil and gas (Increase in LNG procurement cost)

【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. Overview: E&P Business (Japan/Overseas)

Updates on 1Q and after

- ✓ Japan: Decided the additional development at Katakai oil and gas field in Niigata Prefecture in April.
- ✓ Canada: Decided to sell our interest of the of the Shale Gas Project in May. *All procedures of this sale has completed by July.
- ✓ Canada: Decided to end our promotion of the the Oil Sand Sands Project in July.

Current Status

- Japan: Producing oil and natural gas at a total of 10 fields in Hokkaido, Akita, Yamagata and Niigata Prefectures / Considering the measures to increase production at existing oil and gas fields
- Overseas: Participating in the projects of crude oil and natural gas development and production / Considering new assets and interests acquisition

[Major overseas E&P projects]

Segment	Project Title (operator)	Project company (JAPEX's share)	Interest (JAPEX net)	Status	Gross Production volume (1Q average)
North America	Canada: Oil Sands Project (Japan Canada Oil Sands Limited)	Canada Oil Sands Co., Ltd. (94.58%)	75% (70.935%)	Production* ¹	Approx. 24,000bbl/d
North America	Canada: Shale gas project (Petronas Energy Canada Ltd.)	JAPEX Montney Ltd.(55%)	10% (5.5%)	Production/Development* ²	14,300,000M3/d Approx. 84,000boe/d
Europe	UK North Sea: Seagull Project (Neptune E&P UK Limited)	JAPEX UK E&P Ltd.(100%)	15% (15%)	Development* ³	-
Middle East	Iraq: Garraff Project (PETRONAS Carigali Iraq Holding B.V.)	Japex Garraf Ltd. (55%)	30% (16.5%)	Production/Development* ⁴	Approx. 70,000bbl/d
Other Areas	Indonesia: Kangean Project (Kangean Energy Indonesia Ltd.)	Energi Mega Pratama Inc.(25%)	100% (25%)	Production	4,960,000M3/d Approx. 32,000boe/d
Other Areas	Russia: Sakhalin 1 Project (Exxon Neftegas Ltd.)	Sakhalin Oil and Gas Development Co., Ltd.(15.29%)	30% (4.59%)	Production/Development	Undisclosed

*1 : Decided to sell JACOS shares on July 29, 2021 / *2 : Decided to sell all working interests on May 13, 2021

*3 : Production commencement is scheduled at the end of 2021 (Timing of achievement is unforeseeable due to COVID-19 pandemic situation)

*4 : The timing of achieving production target of 230,000 bbl/d is unforeseeable due to Covid-19 pandemic situation.

6. Overview: I/U Business (Gas Supply and Electricity)

Updates on 1Q and after

- ✓ Participated in the public offering for the selection of business operators for offshore wind power generation off the coast of Noshiro City, Mitane Town and Oga City, Akita Prefecture in May.
- ✓ JAPEX and Yamagata Gas signed a natural gas-based energy service provider agreement with Boehringer Ingelheim Pharmaceuticals in June.

Current Status

- Gas Supply: Stable supply of natural gas and LNG through our domestic gas supply network / Promoting gas sales expansion including response to demand for fuel conversion
 - Soma LNG terminal in Fukushima Prefecture: Engaging the contract work of LNG vaporization and delivery of power generation fuel to the adjacent Fukushima natural gas power plant
- Electricity: Stable supply of electricity with low environmental impact generated by the power plants in operation / Considering new renewable energy projects

[Power generation projects]

Type	Power plant (operator)	Share	Location	Capacity	Status
Natural gas fired	Fukushima Natural Gas Power Plant (Fukushima Gas Power Co., Ltd.) *1	33%	Shinchi Town, Soma County, Fukushima	1,180,000kW	In operation
Renewable Energy - Solar	Mega solar power generation at Japex Hokkaido District Office	100%	Tomakomai City, Hokkaido	1,800kW	In operation
Renewable Energy - Solar	Yufutsu Solar Power Plant (Solar Power Tomakomai Co., Ltd.) *2	20%	Tomakomai City, Hokkaido	13,000kW	In operation

*1 Operated and managed by Fukushima Gas Power Co., Ltd., invested 5 companies including JAPEX.

*2 Joint venture with Sumitomo Corporation Group

[Projects under consideration]

- Under consideration for commercialization: Chofu Biomass Power Project
- Participating in the consortium: Noshiro, Mitane, and Oga offshore wind power generation project, Akita Central Offshore Wind Power Generation Project, Offshore Wind Power Generation Project off Yuza Town

6. Overview: New Business (environmentally friendly)

Updates on 1Q and after

- ✓ Formulated “JAPEX2050” for the realization of a carbon-neutral society in 2050 in May.
- ✓ Agreed with Mitsubishi Gas Chemical Company, Inc. to conduct a joint study on the feasibility of CO2 utilization business around Niigata area in May.
- ✓ Agreed for joint feasibility study of CCUS project using joint crediting mechanism at Sukowati oil field in Indonesia in June.
- ✓ Started joint study regarding energy transportation and supply infrastructure with JFE Engineering to realize a carbon-neutral society in June.

Current Status

- Studying early practical application and commercialization of CCS (Carbon Dioxide Capture and Storage)/CCUS (Carbon Dioxide Capture, Utilization, and Storage)
- Considering collaboration and participation in carbon neutral businesses, with the potential for collaboration with CCS/CCUS

[Ongoing demonstration tests and study projects]

- Demonstration test in progress
 - Large-scale CCS demonstration test in Tomakomai City (JAPEX has invested and served technical supports for the operator, Japan CCS Co., Ltd.)
- Business feasibility study and review in progress
 - Feasibility study on a carbon recycling project based in the Tomakomai Area
 - Feasibility study on CO2-IOR at the Higashi-Niigata gas field (Joint study with Mitsubishi Gas Chemical Company, Inc., based on the collaboration with CO2 emitted from their Niigata Plant)
 - Joint Study on Feasibility Evaluation of CCUS Project Utilizing Bilateral Credits in Sukowati Oil Field, Indonesia (With Pertamina and LEMIGAS)

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
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.

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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)

- Figures in parentheses in "Operating profit," "Ordinary profit," "Share of profit of entities accounted for using equity method," and "Profit attributable to owners of parent" represent losses in each category.

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