

## Consolidated Financial Results for the Fiscal Year Ended March 31, 2022 <under Japanese GAAP>

May 13, 2022

Note: The following report is a summary of the Japanese-language original.

Company name: Japan Petroleum Exploration Co., Ltd.  
 Listing: Prime Market, Tokyo Stock Exchange  
 Securities code: 1662  
 URL: <https://www.japex.co.jp/>  
 Representative: FUJITA Masahiro, Representative Director and President  
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 Scheduled date of ordinary general shareholders' meeting: June 28, 2022  
 Scheduled date to commence dividend payments: June 29, 2022  
 Scheduled date to file Securities Report: June 28, 2022  
 Presentation of supplementary material on financial results: Yes  
 Holding of financial results presentation meeting (for institutional investors and analysts): Yes

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

### 1. Consolidated financial results for the fiscal year ended March 31, 2022 (April 1, 2021 – March 31, 2022)

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

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2022	249,140	3.8	19,809	372.5	43,674	336.7	(30,988)	–
March 31, 2021	240,078	(24.7)	4,192	(70.6)	10,001	(69.4)	(2,725)	–

Note: Comprehensive income: FY2022/3: (18,992) million yen (– %) FY2021/3: (1,574) million yen (– %)

Fiscal year ended	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
	Yen	Yen	%	%	%
March 31, 2022	(545.64)	–	(8.0)	8.0	8.0
March 31, 2021	(47.73)	–	(0.7)	1.6	1.7

Reference: Equity in earnings (losses) of affiliates: FY2022/3: 14,226 million yen FY2021/3: 5,808 million yen

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2022	471,941	402,770	78.7	6,679.85
As of March 31, 2021	624,786	434,492	64.0	7,011.36

Reference: Equity As of March 31, 2022: 371,638 million yen As of March 31, 2021: 400,171 million yen

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2022	(1,052)	52,067	(70,939)	144,513
March 31, 2021	43,263	(6,453)	(15,626)	157,963

2. Cash dividends

	Annual dividends					Total annual cash dividends	Dividend payout ratio (consolidated)	Ratio of dividends to net assets (consolidated)
	First quarter	Second quarter	Third quarter	Fiscal year-end	Annual			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2021	–	25.00	–	25.00	50.00	2,857	–	0.7
Fiscal year ended March 31, 2022	–	25.00	–	25.00	50.00	2,821	–	0.7
Fiscal year ending March 31, 2023 (Forecast)	–	70.00	–	70.00	140.00		29.9	

3. Consolidated financial forecasts for the fiscal year ending March 31, 2023 (April 1, 2022 – March 31, 2023)  
(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending March 31, 2023	244,344	(1.9)	20,916	5.6	28,758	(34.2)	25,590	–	468.67

\* Notes

- (1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in the change in scope of consolidation): Yes

New inclusion: –

Exclusion: two companies (Japan Canada Oil Sands Limited, JAPEX Montney Ltd.)

- (2) Changes in accounting policies, changes in accounting estimates, and restatement

a. Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

b. Changes in accounting policies due to other reasons: None

c. Changes in accounting estimates: None

d. Restatement: None

Note: For details, please refer to “(5) Notes to consolidated financial statements (Changes in accounting policies)” of “3. Consolidated financial statements and significant notes thereto” on page 18 of the attached material.

- (3) Number of issued shares (common shares)

a. Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2022

57,154,776 shares

As of March 31, 2021

57,154,776 shares

b. Number of treasury shares at the end of the period

As of March 31, 2022

1,518,982 shares

As of March 31, 2021

79,982 shares

c. Average number of shares during the period

Fiscal year ended March 31, 2022

56,794,126 shares

Fiscal year ended March 31, 2021

57,106,407 shares

**Reference: Summary of non-consolidated results**

Non-consolidated financial results for the fiscal year ended March 31, 2022  
(April 1, 2021 – March 31, 2022)

## (1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2022	133,642	(21.0)	13,407	7.5	39,018	58.9	(20,003)	–
March 31, 2021	169,195	(22.1)	12,475	58.0	24,549	(17.4)	(26,664)	–

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
March 31, 2022	(352.20)	–
March 31, 2021	(466.92)	–

## (2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2022	423,049	337,872	79.9	6,072.94
As of March 31, 2021	467,262	362,065	77.5	6,343.70

Reference: Equity As of March 31, 2022: 337,872 million yen As of March 31, 2021: 362,065 million yen

\* Financial results reports are not required to be audited by certified public accountants or an audit corporation.

\* Proper use of financial forecasts, and other special matters

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

For the suppositions that form the assumptions for financial forecasts and cautions concerning the use thereof, please refer to the section of “(4) Future outlook” of “1. Overview of operating results and others” on page 7 of the attached material to the financial results report.

(Attached Material)

## 1. Overview of operating results and others

### (1) Overview of operating results for the fiscal year under review

In the fiscal year ended March 31, 2022, the Japanese economy remained under difficult circumstances due to the impact of the new coronavirus infection (COVID-19), and although temporarily there were signs of a recovery in consumer spending and industrial production, the recovery trend was weak and uncertain.

The Japan Crude Cocktail (JCC) price was in an upward trend from the upper \$60s per barrel at the beginning of the fiscal year against the backdrop of accelerated normalization of economic activities. Since February, the price has been soaring due to concerns over crude oil and natural gas supply from Russia as the situation in Ukraine became more strained, and it was in the lower \$90s per barrel by the end of the fiscal year.

In the currency exchange market, the yen was in the upper ¥100/US\$ level at the beginning of the fiscal year, but the yen depreciation trend strengthened going into the second half of the fiscal year, and was around the mid ¥110 level at the end of the fiscal year. As a result, the JAPEX Group's average oil sales price for the fiscal year rose compared to the previous fiscal year.

On the other hand, the JAPEX Group continued to face a severe domestic market environment with respect to natural gas sales. In addition to competition with prices of other oil products, that was due to continuing competition in the entire energy industry driven by the full retail liberalization of electricity and gas.

Under such circumstances, although the JAPEX Group has been promoting business based on "Long-Term Vision 2030 and Mid-Term Business Plan 2018-2022" announced in May 2018, the business environment surrounding the JAPEX Group has been undergoing significant changes, such as the further acceleration of global decarbonization among others, and it has become necessary to respond to these changes quickly and flexibly. For this reason, during the fiscal year ended March 31, 2022, in May 2021, we formulated and announced "JAPEX 2050," which outlines the responsibilities and challenges we must take in order to achieve global net-zero CO2 emissions by 2050, and the direction for JAPEX's future actions and business development, and then in March 2022, we formulated and announced the "JAPEX Management Plan 2022-2030," which is based on the basic policy of improving profitability and building a business foundation for 2030 and beyond. Based on these plans, we will continue to promote our business diligently.

During the fiscal year, net sales was ¥249,140 million, an increase of ¥9,062 million (+3.8%) year on year. Gross profit was ¥49,903 million, an increase of ¥13,368 million (+36.6%) year on year. Main factors behind the year-on-year increase for net sales and increase for gross profit were improvements in sales of crude oil in Japan and diluted bitumen due to a rise in crude oil prices, despite a decrease in revenue due to the net presentation of most of the crude oil purchase and sales following the application of the Accounting Standard for Revenue Recognition.

Exploration expenses was ¥359 million, a decrease of ¥629 million (-63.6%) year on year. Selling, general and administrative expenses was ¥29,734 million, a decrease of ¥1,618 million (-5.2%) year on year. As a result, operating profit was ¥19,809 million, an increase of ¥15,616 million (+372.5%) year on year.

Ordinary profit was ¥43,674 million, an increase of ¥33,672 million (+336.7%) year on year, due mainly to the turnaround from foreign exchange losses to foreign exchange gains and an increase in share of profit of entities accounted for using equity method.

Loss before income taxes deteriorated by ¥11,178 million to ¥18,501 million year on year, mainly due to the recording of loss on sale of shares of subsidiaries resulting from the transfer of all the shares in Japan Canada Oil Sands Limited (JACOS), a consolidated subsidiary that promotes the oil sands project in Canada, and loss on transfer of interests resulting from the transfer of JAPEX Montney Ltd. (JML)'s interest in the shale gas project of North Montney Area in British Columbia, Canada, despite the recording of gain on sale of investment securities due to the sale of a portion of strategic shareholdings. Loss attributable to owners of parent deteriorated by ¥28,262 million to ¥30,988 million year on year.

Below is a breakdown of net sales.

(i) E&P Business

Net sales from the E&P Business came to ¥73,422 million, a decrease of ¥24,059 million (-24.7%) year on year, mainly due to a decrease in most of the crude oil purchase and sales due to the impact of the net presentation, despite higher sales prices of crude oil and diluted bitumen.

(ii) Infrastructure/Utility Business

Net sales from the Infrastructure/Utility Business came to ¥119,845 million, an increase of ¥18,543 million (+18.3%) year on year. This was mainly the result of higher sales prices of natural gas (Japan), liquefied natural gas (LNG), and electricity, despite reduced sales volume for natural gas (Japan).

(iii) Other Businesses

Net sales from other businesses, such as the contract services (drilling and geological surveys, etc.), sale of oil products, including liquefied petroleum gas (LPG), fuel oil and the like, as well as other subcontracted tasks, came to ¥55,872 million, an increase of ¥14,578 million (+35.3%) year on year.

Below is a summary of performance by segment (before elimination of intersegment transactions).

(1) Japan

Net sales in the Japan segment are mainly composed of crude oil and natural gas (including LNG), electricity, contract services, oil products and the like. During the fiscal year under review, net sales came to ¥192,669 million, a decrease of ¥20,649 million (-9.7%) year on year, due to a change of presentation from a gross basis to a net basis for transactions in which our role was agent, following the application of the Accounting Standard for Revenue Recognition, despite higher sales prices of crude oil, natural gas, electric power, etc. Segment profit increased by ¥2,751 million (+12.5%) year on year to ¥24,739 million, due to improvements in sales of crude oil and natural gas.

(2) North America

Net sales in the North America segment are mainly composed of crude oil and natural gas (including diluted bitumen). In the fiscal year under review, net sales came to ¥33,814 million, an increase of ¥7,748 million (+29.7%) year on year due mainly to an improvement in sales prices of diluted bitumen in JACOS Hangingstone leases. Segment profit increased ¥11,163 million year on year to ¥1,789 million (compared with a segment loss of ¥9,374 million in the previous fiscal year).

(3) Europe

In the Europe segment, exploration activities have been conducted in the UK North Sea block located offshore Aberdeen. In the fiscal year under review, there was segment loss of ¥151 million (compared to segment loss of ¥132 million in the previous fiscal year).

(4) Middle East

Net sales from the Middle East segment are composed of crude oil. In the fiscal year under review, net sales came to ¥22,657 million, an increase of ¥5,907 million (+35.3%) year on year, due mainly to a higher sales price. Segment profit came to ¥2,644 million, an increase of ¥2,479 million year on year.

## **(2) Overview of financial position for the fiscal year under review**

Total assets at the end of this fiscal year decreased by ¥152,845 million from the previous fiscal year-end to ¥471,941 million.

Current assets increased by ¥5,885 million from the previous fiscal year-end. This was mainly due to increases in notes and accounts receivable - trade and income taxes refund receivable included in other, despite a decrease in cash and deposits. Non-current assets decreased by ¥158,730 million from the previous fiscal year-end. This was mainly due to a reversal of deferred tax assets and a decrease in property, plant and equipment resulting from excluding JACOS from consolidation by the sale of all the shares of JACOS, despite an increase in recovery accounts included in other under investments and other assets.

Liabilities decreased by ¥121,123 million from the previous fiscal year-end to ¥69,171 million.

Current liabilities decreased by ¥78,534 million from the previous fiscal year-end. This was due mainly to the decrease in current portion of long-term borrowings because of fulfilling its guarantee obligation for consolidated subsidiary JML's borrowings. Non-current liabilities decreased by ¥42,588 million from the previous fiscal year-end. This was mainly due to the decrease in long-term borrowings by fulfilling guarantee obligation of JACOS's borrowings.

Net assets decreased by ¥31,721 million from the previous fiscal year-end to ¥402,770 million. The main factor was a decrease in retained earnings.

## **(3) Overview of cash flows for the fiscal year under review**

As of March 31, 2022, cash and cash equivalents (hereinafter "net cash") decreased by ¥13,449 million compared to the end of the previous fiscal year to ¥144,513 million. Below is a summary of cash flows for each activity.

(Cash flows from operating activities)

Net cash used in operating activities amounted to ¥1,052 million. This was mainly due to loss before income taxes of ¥18,501 million, loss on sale of short-term and long-term investment securities of ¥53,579 million, and gain on forgiveness of debt of ¥42,462 million.

(Cash flows from investing activities)

Net cash provided by investing activities amounted to ¥52,067 million. Net cash was mainly used in payments of recoverable accounts of ¥23,244 million, while net cash was mainly provided by proceeds from sale and redemption of investment securities of ¥53,062 million and of proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation of ¥29,382 million.

(Cash flows from financing activities)

Net cash used in financing activities was ¥70,939 million. Net cash was mainly used in repayments of long-term borrowings of ¥59,703 million.

**Reference: Trend of cash flow indicators**

Fiscal years ended March 31	2018	2019	2020	2021	2022
Equity ratio (%)	60.8	63.6	64.2	64.0	78.7
Equity ratio on mark-to-market basis (%)	19.8	20.9	16.2	18.8	30.3
Interest-bearing debt to cash flow ratio (years)	2.8	4.3	1.8	2.6	—
Interest coverage ratio (times)	28.4	8.0	14.8	14.9	—

Equity ratio: Equity/Total assets

Equity ratio on mark-to-market basis: Total market capitalization/Total assets

Interest-bearing debt to cash flow ratio: Interest-bearing debt/Cash flows

Interest coverage ratio: Cash flow/Interest paid

Notes:

\*1. The “Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28, February 16, 2018) and relevant Guidances have been applied from the beginning of the fiscal year ended March 31, 2019. Accordingly, with regard to “Reference: Trend of cash flow indicators” for the fiscal year ended March 31, 2018, the indicators represent those after this accounting standard, etc. was applied retrospectively.

\*2. The above indicators are calculated based on consolidated financial figures.

\*3. Total market capitalization is calculated based on the number of shares outstanding (excluding treasury shares).

\*4. Cash flow here is cash flows from operating activities.

\*5. Interest-bearing debt is all debt subject to interest payments within liabilities (excluding lease obligations) shown on the consolidated balance sheet.

\*6. The interest-bearing debt to cash flow ratio and the interest coverage ratio for the fiscal year ended March 2022 are omitted since the cash flows from operating activities were negative.

**(4) Future outlook**

The latest financial forecasts are based on a JCC price of \$70 per barrel for the whole fiscal year, and an exchange rate of ¥110/\$ for the whole fiscal year. Actual non-consolidated results for the fiscal year under review came to \$73.28 per barrel and ¥111.20/\$.

Net sales for the fiscal year ending March 31, 2023 is expected to decrease by ¥4,796 million (-1.9%) from the fiscal year under review to ¥244,344 million. This is because the factors for increased net sales, mainly due to the expected increase in sales volume of overseas crude oil and higher sales prices of natural gas (in Japan), are outweighed by factors for decreased net sales, including the elimination of diluted bitumen sales due to the transfer of all the shares of JACOS.

Operating profit is expected to increase by ¥1,107 million (+5.6%) to ¥20,916 million from the fiscal year under review, mainly due to the rise in the sales prices of natural gas (in Japan) and an improvement in the balance of sales revenue due to an expected decrease in the cost of LNG procurement.

Ordinary profit is expected to decrease by ¥14,915 million (-34.2%) from the fiscal year under review to ¥28,758 million. This mainly reflects a decrease in share of profit of entities accounted for using equity method, and the absence of foreign exchange gains recorded in the fiscal year under review.

Profit attributable to owners of parent is expected to increase by ¥56,578 million from the fiscal year under review to ¥25,590 million, due to the absence of loss on sale of shares of subsidiaries and loss on transfer of interests, which were recorded in the fiscal year under review.

Through an investment stake in Sakhalin Oil and Gas Development Co., Ltd. (SODECO), we are participating in the Sakhalin-1 Project, a crude oil and natural gas development project off the coast of Sakhalin Island, Russia. ExxonMobil of the US, the operator of the Sakhalin-1 Project, announced its intention to withdraw from the project on March 1, 2022. Currently, crude oil and natural gas production and operation of the project are continuing, although some of the business activities are restricted due to the economic sanctions against Russia. If these conditions are prolonged, the above forecasts may change.

**(5) Basic Policy on Profit Distribution and Dividends for the Current and Next Fiscal Years**

While our basic policy has always been to maintain long-term stable dividends, the specific amount of dividends has been determined based on comprehensive consideration of each fiscal year’s profit situation, capital needs, and other factors. As announced in the “Notice Regarding the Change in Dividend Policy” on March 28, 2022, from the fiscal year ending March 31, 2023, we will make an effort to increase shareholders return through paying dividends based on a target consolidated dividend payout ratio of 30% and aiming to

sustainably increase corporate value through proactive investment using retained earnings and expansion of the business base. In addition, we will strive to maintain the annual dividends of ¥50 per share even in the event of a temporary downturn in business performance due to factors such as changes in the business environment. (However, in the year when profit attributable to owners of parent fluctuates significantly due to extraordinary income or loss or other exceptional factors, the amount of dividend will be determined in consideration of such fluctuations.)

Based on the above policy, we intend to pay a year-end dividend of ¥25 per share for the fiscal year under review (ended March 31, 2022). Combined with the interim dividend, the annual dividend will be ¥50 per share. For the next fiscal year ending March 31, 2023, we intend to pay the dividends of ¥140 per share (including an interim dividend of ¥70 per share).



## **2. Basic rationale for selecting the accounting standard**

The JAPEX Group currently has a policy to prepare the consolidated financial statements based on the generally accepted accounting standards in Japan (Japanese GAAP), giving consideration to the possibility of comparing the consolidated financial statements between terms.

Concerning the adoption of International Financial Reporting Standards (IFRS), the JAPEX Group intends to respond appropriately giving due consideration to the situation in Japan and overseas.

### 3. Consolidated financial statements and significant notes thereto

#### (1) Consolidated balance sheet

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	162,368	147,241
Notes and accounts receivable - trade	39,519	47,158
Contract assets	–	405
Securities	3,030	3,030
Merchandise and finished goods	4,297	2,143
Work in process	140	29
Raw materials and supplies	8,001	12,503
Other	3,715	14,458
Allowance for doubtful accounts	(38)	(51)
Total current assets	221,034	226,920
Non-current assets		
Property, plant and equipment		
Buildings and structures	327,422	178,766
Accumulated depreciation	(169,580)	(141,557)
Buildings and structures, net	157,841	37,208
Wells	119,329	75,314
Accumulated depreciation	(94,363)	(73,388)
Wells, net	24,965	1,925
Machinery, equipment and vehicles	145,143	146,470
Accumulated depreciation	(117,309)	(122,216)
Machinery, equipment and vehicles, net	27,834	24,253
Land	12,385	11,536
Construction in progress	34,537	14,797
Other	36,783	20,945
Accumulated depreciation	(27,603)	(17,829)
Other, net	9,180	3,116
Total property, plant and equipment	266,745	92,837
Intangible assets		
Other	6,129	5,802
Total intangible assets	6,129	5,802
Investments and other assets		
Investment securities	105,070	108,910
Long-term loans receivable	48	49
Deferred tax assets	7,940	3,709
Retirement benefit asset	2,384	2,319
Other	15,850	31,734
Allowance for doubtful accounts	(44)	(45)
Allowance for overseas investment loss	(373)	(297)
Total investments and other assets	130,877	146,380
Total non-current assets	403,752	245,021
<b>Total assets</b>	<b>624,786</b>	<b>471,941</b>

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	21,546	11,479
Current portion of long-term borrowings	62,175	260
Contract liabilities	–	258
Provision for loss on disaster	913	1,841
Other	19,142	11,402
Total current liabilities	103,776	25,241
Non-current liabilities		
Long-term borrowings	50,180	510
Deferred tax liabilities	7,919	16,867
Retirement benefit liability	3,545	3,376
Asset retirement obligations	21,262	19,539
Other	3,609	3,636
Total non-current liabilities	86,517	43,929
Total liabilities	190,294	69,171
<b>Net assets</b>		
Shareholders' equity		
Share capital	14,288	14,288
Capital surplus	–	2,607
Retained earnings	344,438	310,592
Treasury shares	(151)	(3,886)
Total shareholders' equity	358,575	323,602
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	44,228	48,346
Deferred gains or losses on hedges	(488)	(1,862)
Foreign currency translation adjustment	(3,810)	89
Remeasurements of defined benefit plans	1,667	1,464
Total accumulated other comprehensive income	41,596	48,036
Non-controlling interests	34,320	31,131
Total net assets	434,492	402,770
Total liabilities and net assets	624,786	471,941

**(2) Consolidated statement of income and Consolidated statement of comprehensive income**  
**Consolidated statement of income**

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Net sales	240,078	249,140
Cost of sales	203,543	199,237
Gross profit	36,534	49,903
Exploration expenses	989	359
Selling, general and administrative expenses	*1, *2 31,352	*1, *2 29,734
Operating profit	4,192	19,809
Non-operating income		
Interest income	412	266
Dividend income	2,823	4,049
Share of profit of entities accounted for using equity method	5,808	14,226
Foreign exchange gains	–	10,002
Other	846	1,535
Total non-operating income	9,891	30,080
Non-operating expenses		
Interest expenses	2,529	1,187
Late charges	–	3,335
Foreign exchange losses	639	–
Other	912	1,693
Total non-operating expenses	4,081	6,215
Ordinary profit	10,001	43,674
Extraordinary income		
Gain on sale of non-current assets	11	1,307
Gain on sale of investment securities	–	39,826
Gain on forgiveness of debts	–	42,462
Total extraordinary income	11	83,596
Extraordinary losses		
Loss on retirement of non-current assets	30	46
Impairment losses	*3 16,351	–
Loss on disaster	*4 948	*4 1,416
Loss on sale of shares of subsidiaries	–	94,373
Loss on transfer of interests	–	44,724
Loss on liquidation of subsidiaries	–	3,889
Other	5	1,321
Total extraordinary losses	17,335	145,772
Loss before income taxes	(7,322)	(18,501)
Income taxes - current	4,941	2,855
Income taxes - deferred	(6,864)	6,797
Total income taxes	(1,923)	9,652
Loss	(5,399)	(28,153)
Profit (loss) attributable to non-controlling interests	(2,673)	2,835
Loss attributable to owners of parent	(2,725)	(30,988)

## Consolidated statement of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Loss	(5,399)	(28,153)
Other comprehensive income		
Valuation difference on available-for-sale securities	11,160	4,121
Deferred gains or losses on hedges	125	(1,718)
Foreign currency translation adjustment	(7,853)	6,412
Remeasurements of defined benefit plans, net of tax	910	(202)
Share of other comprehensive income of entities accounted for using equity method	(517)	547
Total other comprehensive income	3,825	9,161
Comprehensive income	(1,574)	(18,992)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,375	(24,548)
Comprehensive income attributable to non-controlling interests	(2,949)	5,556

### (3) Consolidated statement of changes in equity

Fiscal year ended March 31, 2021 (April 1, 2020 – March 31, 2021)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	14,288	–	350,934	(11)	365,212
Changes during period					
Dividends of surplus			(2,857)		(2,857)
Loss attributable to owners of parent			(2,725)		(2,725)
Change in ownership interest of parent due to transactions with non-controlling interests					–
Change in scope of consolidation			(0)		(0)
Change in scope of equity method			(911)		(911)
Purchase of treasury shares				(140)	(140)
Disposal of treasury shares					–
Net changes in items other than shareholders' equity					
Total changes during period	–	–	(6,495)	(140)	(6,636)
Balance at end of period	14,288	–	344,438	(151)	358,575

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	33,061	181	3,494	756	37,494	37,450	440,157
Changes during period							
Dividends of surplus							(2,857)
Loss attributable to owners of parent							(2,725)
Change in ownership interest of parent due to transactions with non-controlling interests							–
Change in scope of consolidation							(0)
Change in scope of equity method							(911)
Purchase of treasury shares							(140)
Disposal of treasury shares							–
Net changes in items other than shareholders' equity	11,167	(670)	(7,305)	910	4,101	(3,130)	971
Total changes during period	11,167	(670)	(7,305)	910	4,101	(3,130)	(5,665)
Balance at end of period	44,228	(488)	(3,810)	1,667	41,596	34,320	434,492

Fiscal year ended March 31, 2022 (April 1, 2021 – March 31, 2022)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	14,288	–	344,438	(151)	358,575
Changes during period					
Dividends of surplus			(2,857)		(2,857)
Loss attributable to owners of parent			(30,988)		(30,988)
Change in ownership interest of parent due to transactions with non-controlling interests		2,607			2,607
Change in scope of consolidation					–
Change in scope of equity method					–
Purchase of treasury shares				(3,737)	(3,737)
Disposal of treasury shares				2	2
Net changes in items other than shareholders' equity					
Total changes during period	–	2,607	(33,846)	(3,734)	(34,973)
Balance at end of period	14,288	2,607	310,592	(3,886)	323,602

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	44,228	(488)	(3,810)	1,667	41,596	34,320	434,492
Changes during period							
Dividends of surplus							(2,857)
Loss attributable to owners of parent							(30,988)
Change in ownership interest of parent due to transactions with non-controlling interests							2,607
Change in scope of consolidation							–
Change in scope of equity method							–
Purchase of treasury shares							(3,737)
Disposal of treasury shares							2
Net changes in items other than shareholders' equity	4,117	(1,374)	3,900	(202)	6,440	(3,189)	3,251
Total changes during period	4,117	(1,374)	3,900	(202)	6,440	(3,189)	(31,721)
Balance at end of period	48,346	(1,862)	89	1,464	48,036	31,131	402,770

#### (4) Consolidated statement of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from operating activities		
Loss before income taxes	(7,322)	(18,501)
Depreciation	22,599	17,721
Impairment losses	16,351	–
Loss on retirement of property, plant and equipment	30	45
Loss (gain) on valuation of short-term and long-term investment securities	12	–
Increase (decrease) in allowance for doubtful accounts	6	15
Decrease (increase) in retirement benefit asset	(1,413)	64
Increase (decrease) in retirement benefit liability	16	(168)
Increase (decrease) in allowance for overseas investment loss	(342)	(75)
Interest and dividend income	(3,235)	(4,316)
Interest expenses	2,529	1,187
Foreign exchange losses (gains)	(7)	(9,911)
Loss (gain) on sale of short-term and long-term investment securities	–	53,579
Loss (gain) on liquidation of subsidiaries	–	3,899
Share of loss (profit) of entities accounted for using equity method	(5,808)	(14,226)
Loss on transfer of interests	–	44,724
Recovery of recoverable accounts	15,196	17,780
Gain on forgiveness of debt	–	(42,462)
Decrease (increase) in trade receivables	(12,188)	(12,410)
Decrease (increase) in inventories	4,003	(2,737)
Increase (decrease) in trade payables	10,211	(9,422)
Increase (decrease) in accrued consumption taxes	2,219	(2,360)
Other, net	3,490	(16,697)
Subtotal	46,348	5,726
Income taxes refund (paid)	(3,085)	(6,778)
Net cash provided by (used in) operating activities	43,263	(1,052)



(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
<b>Cash flows from investing activities</b>		
Payments into time deposits	(28,281)	(41,247)
Proceeds from withdrawal of time deposits	46,446	44,920
Proceeds from sale and redemption of securities	–	30
Purchase of property, plant and equipment	(15,153)	(16,278)
Proceeds from sale of property, plant and equipment	21	2,248
Purchase of intangible assets	(416)	(290)
Payments for asset retirement obligations	(114)	(128)
Purchase of investment securities	(6,806)	(11,827)
Proceeds from sale and redemption of investment securities	–	53,062
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	–	29,382
Payments of recoverable accounts	(14,971)	(23,244)
Loan advances	(26)	(6,721)
Proceeds from collection of loans receivable	22	24
Interest and dividends received	10,358	19,860
Proceeds from dividends of residual property	–	6
Proceeds from capital reduction of investments	3,068	75
Proceeds from transfer of interests	–	2,701
Other, net	(598)	(507)
Net cash provided by (used in) investing activities	(6,453)	52,067
<b>Cash flows from financing activities</b>		
Proceeds from short-term borrowings	75,079	20,900
Repayments of short-term borrowings	(77,813)	(20,900)
Repayments of long-term borrowings	(6,470)	(59,703)
Purchase of treasury shares	(140)	(3,737)
Dividends paid	(2,858)	(2,857)
Dividends paid to non-controlling interests	(180)	(2,085)
Interest paid	(2,908)	(674)
Repayments of lease liabilities	(335)	(255)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	–	(1,626)
Net cash provided by (used in) financing activities	(15,626)	(70,939)
Effect of exchange rate change on cash and cash equivalents	(1,479)	6,475
Net increase (decrease) in cash and cash equivalents	19,703	(13,449)
Cash and cash equivalents at beginning of period	138,259	157,963
Cash and cash equivalents at end of period	* 157,963	* 144,513

## (5) Notes to consolidated financial statements

(Notes on premise of going concern)

No item to report.

(Changes in accounting policies)

*Application of Accounting Standard for Revenue Recognition, Etc.*

As the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and relevant revised ASBJ regulations were applied from the beginning of the fiscal year under review, we have recognized the revenue at the time the control of promised goods or services is transferred to the client, at the amount expected to be received upon the exchange of said goods or services. As a result, we have changed the method of recognizing revenue to a net basis for certain purchase and sale transactions of crude oil, natural gas, etc., where we previously recognized revenue on a gross basis, after determining its role (as principal or agent) in the provision of goods or services to customers.

The application of the Accounting Standard for Revenue Recognition and relevant revised ASBJ regulations is subject to the transitional treatment provided for in the proviso to paragraph 84 of the Accounting Standard for Revenue Recognition. The cumulative effect of the retrospective application, assuming the new accounting policy had been applied to periods prior to the beginning of the fiscal year under review was added to or deducted from the opening balance of retained earnings of the fiscal year under review, and thus the new accounting policy was applied from such opening balance; provided, however, that the new accounting policy was not retrospectively applied to contracts for which nearly all the revenue amounts had been recognized according to the previous treatment in periods prior to the beginning of the fiscal year under review, by applying the method provided for in paragraph 86 of the Accounting Standard for Revenue Recognition.

Consequently, for the fiscal year under review, net sales decreased ¥61,966 million, cost of sales decreased ¥61,906 million, and selling, general and administrative expenses decreased ¥59 million compared with those before the adoption of the Accounting Standard for Revenue Recognition. There was no effect on operating profit, ordinary profit, and loss before income taxes. In addition, there was also no effect on the opening balance of retained earnings of the current fiscal year.

Due to the application of the Accounting Standard for Revenue Recognition and relevant revised ASBJ regulations, “notes and accounts receivable - trade” under current assets of the consolidated balance sheet as of the end of the previous fiscal year has been included in “notes and accounts receivable - trade” and “contract assets” under current assets from the consolidated balance sheet as of the end of the fiscal year under review, and “other” under current liabilities of the consolidated balance sheet as of the end of the previous fiscal year has been included in “contract liabilities” and “other” under current liabilities from the consolidated balance sheet as of the end of the fiscal year under review. In accordance with the transitional treatment provided for in paragraph 89-2 of the Accounting Standard for Revenue Recognition, figures for the previous fiscal year have not been restated in accordance with the new approach to presentation.

*Application of Accounting Standard for Fair Value Measurement, Etc.*

We have applied the “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019) and relevant ASBJ regulations from the beginning of the fiscal year under review. And we have applied new accounting policies stipulated in the Accounting Standard for Fair Value Measurement and relevant ASBJ regulations prospectively in accordance with the transitional treatment provided for in paragraph 19 of the Accounting Standard for Fair Value Measurement and paragraph 44-2 of the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019). There was no effect of this application on the consolidated financial statements.

(Additional information)

*Accounting estimates in connection with the spread of novel coronavirus disease (COVID-19)*

At the end of the fiscal year under review, the specific dissipation of the COVID-19 pandemic still remains uncertain, and the impact on economic activities in Japan and overseas has continued. Although the timing COVID-19 dissipates is still unknown and difficult to be predicted, we expect that the situation will gradually recover as time goes by.

In the Garraf Oil Field in the southern part of the Republic of Iraq, the additional development was delayed due to restrictions on transfer and other factors caused by the impact of COVID-19, and the increase in production volume to a scale of 230,000 barrels a day, which was expected at the end of 2020, had its timeline for achievement pushed backward. Also, production commencement from UK North Sea’s Seagull field, which was scheduled for the end of this year, has been delayed to early 2023 as a result of revising the development plan, which considers the impact of COVID-19 and others.

Although the current economic sanctions against Russia and the turmoil in the energy market have kept crude oil and natural gas prices high globally, we believe that various structural changes brought about by the prolonged effects of the COVID-19 pandemic and progress on global decarbonization could be a risk factor for future demand for fossil fuels. In light of the changes in the business environment surrounding our company and the trend of rising global carbon prices, our projection for the medium- to long-term oil price is set at \$50 per barrel.

Should assumptions change under such circumstances, we have options involving recoverability of deferred tax assets with respect to accounting estimates of high uncertainty. The estimate change resulting from the above-mentioned hypothetical fluctuations may impact taxable income for the JAPEX Group including its consolidated subsidiaries, and the amount of deferred tax assets recorded may increase or decrease.

*Changes to fiscal year of consolidated subsidiaries*

The consolidated financial statements of Japex Garraf Ltd., a consolidated subsidiary of JAPEX whose closing date is December 31, were previously prepared based on the last day of the consolidated subsidiary's fiscal year in the event that there was a difference of less than three months between the last day of the consolidated subsidiary's fiscal year and the consolidated closing date. However, said subsidiary has changed the method of performing provisional closing on the consolidated closing date effective from the current consolidated fiscal year in order to offer more appropriate understanding of business information and disclosure of consolidated financial statements.

(Consolidated balance sheet)  
Contingent liabilities

(Millions of yen)

	As of March 31, 2021		As of March 31, 2022
(1) Liabilities for guarantees on borrowings to financial institutions			
Employees (borrowings for housing funds)	38	Kumamoto Mirai LNG Co., Ltd.	31
Kumamoto Mirai LNG Co., Ltd.	38	Employees (borrowings for housing funds)	22
Greenland Petroleum Exploration Co., Ltd.	19	Greenland Petroleum Exploration Co., Ltd.	20
(2) Guarantees on liabilities related to production facilities			
Kangean Energy Indonesia Ltd.	736	Kangean Energy Indonesia Ltd.	116
Total	832	Total	191

(Consolidated statement of income)

\*1. Below is a breakdown of major expense items and amount of selling, general and administrative expenses:

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Personnel expenses	11,225	11,248
(of the above, retirement benefit expenses)	564	560
Freight costs	7,093	5,130
Depreciation	4,333	4,162

\*2. Total amount of research and development expenses included in general and administrative expenses

(Millions of yen)

Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
190	179

\*3. Impairment losses

In the fiscal year ended March 31, 2021, the JAPEX Group recognized impairment losses on the asset groups as shown below.

Use	Location	Impairment losses	
		Type	Amount (Millions of yen)
Business assets related to Yufutsu oil and gas field	Tomakomai City, Hokkaido and others	Buildings and structures	1,598
		Machinery, equipment and vehicles	3,466
		Land	3,780
		Other	2,326
	Total		11,172
Business assets related to Iwafune-oki oil and gas field	Tainai City, Niigata and others	Machinery, equipment and vehicles	3,821
		Other	824
	Total		4,645
Other			533

The JAPEX Group deems a production facility, etc. as the minimum unit that generates largely independent cash flows for business assets, and groups assets at the level of individual property for idle assets.

As for business assets related to the Yufutsu oil and gas field, the carrying value of business assets for production operation was written off to the recoverable amount, and the write-off was recorded as impairment losses under extraordinary losses, based on review of future cash flows with a downward revision in the crude oil price forecast.

In addition, the recoverable amount of this asset group is mainly measured at value in use, which is recorded at the memorandum value as the future cash flows are expected to be negative.

As for business assets related to the Iwafune-oki oil and gas field, the carrying value of business assets for production operation was written off to the recoverable amount, and the write-off was recorded as impairment losses under extraordinary losses, based on review of future cash flows with an increase in asset retirement obligations due to a change in the estimate for expenses related

to the future withdrawal of the Iwafune-oki offshore platform and well abandonment.  
The recoverable amount for this asset group is measured from its value in use, then calculated by discounting future cash flows at 8%.

\*4. Losses on disaster

Fiscal year ended March 31, 2021 (April 1, 2020 – March 31, 2021)

The JAPEX Group recorded losses due to damage caused by the earthquake that occurred off the coast of Fukushima Prefecture in February 2021. Losses on disaster of ¥948 million includes provision for loss on disaster of ¥913 million.

Fiscal year ended March 31, 2022 (April 1, 2021 – March 31, 2022)

The JAPEX Group recorded losses due to damage caused by the earthquake that occurred off the coast of Fukushima Prefecture in March 2022. Losses on disaster of ¥1,416 million includes provision for loss on disaster of ¥970 million.

(Consolidated statement of changes in equity)

Fiscal year ended March 31, 2021 (April 1, 2020 – March 31, 2021)

1. Class and total number of issued shares and class and number of treasury shares

	Number of shares at the beginning of the fiscal year (shares)	Increase (shares)	Decrease (shares)	Number of shares at the end of the fiscal year (shares)
Issued shares				
Common shares	57,154,776	–	–	57,154,776
Total	57,154,776	–	–	57,154,776
Treasury shares				
Common shares	2,303	77,679	–	79,982
Total	2,303	77,679	–	79,982

Notes: 1. The increase of 77,679 shares in treasury shares of common stock comprises an increase of 79 shares due to purchases of shares less than one unit and an increase of 77,600 shares due to an acquisition of the Company's shares by the Board Benefit Trust (BBT).

2. The number of treasury shares of common stock at the end of the fiscal year ended March 31, 2021 includes 77,600 shares held by the Board Benefit Trust (BBT).

2. Dividends

(1) Cash dividends paid

Resolution	Class of shares	Total dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 26, 2020	Common shares	1,428	25	March 31, 2020	June 29, 2020
Meeting of the Board of Directors held on November 10, 2020	Common shares	1,428	25	September 30, 2020	December 14, 2020

Note: The total amount of the dividend at the meeting of the Board of Directors held on November 10, 2020 includes a dividend of ¥1 million for shares held by the Board Benefit Trust (BBT).

(2) Dividends payments whose record date is in the fiscal year under review but whose effective date is in the following fiscal year

Resolution	Class of shares	Total dividends (Millions of yen)	Resource of dividends	Dividends per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 25, 2021	Common shares	1,428	Retained earnings	25	March 31, 2021	June 28, 2021

Note: The total amount of the dividend at the Ordinary General Meeting of Shareholders held on June 25, 2021 includes a dividend of ¥1 million for shares held by the Board Benefit Trust (BBT).

Fiscal year ended March 31, 2022 (April 1, 2021 – March 31, 2022)

1. Class and total number of issued shares and class and number of treasury shares

	Number of shares at the beginning of the fiscal year (shares)	Increase (shares)	Decrease (shares)	Number of shares at the end of the fiscal year (shares)
Issued shares				
Common shares	57,154,776	–	–	57,154,776
Total	57,154,776	–	–	57,154,776
Treasury shares				
Common shares	79,982	1,440,600	1,600	1,518,982
Total	79,982	1,440,600	1,600	1,518,982

Notes: 1. The increase of 1,440,600 shares in treasury shares of common stock comprises an increase due to the purchase of treasury shares by resolution of the Board of Directors.  
2. The decrease of 1,600 shares in treasury shares of common stock comprises a decrease due to the provision of shares through the Board Benefit Trust (BBT).  
3. The number of treasury shares of common stock includes shares held by the Board Benefit Trust (BBT) (77,600 shares at the beginning of the fiscal year ended March 31, 2022 and 76,000 shares at the end of the fiscal year ended March 31, 2022).  
4. The Board of Directors resolved at its meeting held on November 9, 2021 to cancel treasury shares in accordance with the provisions of Article 178 of the Companies Act. However, the cancellation procedures were not completed for the following treasury shares by the end of the fiscal year ended March 31, 2022.  
Carrying value ¥3,737 million  
Class of shares Common shares  
Number of shares 1,440,600 shares

2. Dividends

(1) Cash dividends paid

Resolution	Class of shares	Total dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 25, 2021	Common shares	1,428	25	March 31, 2021	June 28, 2021
Meeting of the Board of Directors held on November 9, 2021	Common shares	1,428	25	September 30, 2021	December 13, 2021

Notes: 1. The total amount of the dividend at the Ordinary General Meeting of Shareholders held on June 25, 2021 includes a dividend of ¥1 million for shares held by the Board Benefit Trust (BBT).  
2. The total amount of the dividend at the meeting of the Board of Directors held on November 9, 2021 includes a dividend of ¥1 million for shares held by the Board Benefit Trust (BBT).

(2) Dividends payments whose record date is in the fiscal year under review but whose effective date is in the following fiscal year

Resolution	Class of shares	Total dividends (Millions of yen)	Resource of dividends	Dividends per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 28, 2022	Common shares	1,392	Retained earnings	25	March 31, 2022	June 29, 2022

Note: The total amount of the dividend at the Ordinary General Meeting of Shareholders held on June 28, 2022 includes a dividend of ¥1 million for shares held by the Board Benefit Trust (BBT).

(Consolidated statement of cash flows)

\* Reconciliation of cash and cash equivalents at end of period and the amount recorded in the consolidated balance sheet

	(Millions of yen)	
	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash and deposits	162,368	147,241
Time deposits with maturity over three months	(7,405)	(5,727)
Short-term investments, etc. having maturities within three months from the acquisition date		
(Securities) Money management fund and others	3,000	3,000
Cash and cash equivalents	157,963	144,513



(Segment information, etc.)

[Segment information]

1. Summary of reportable segments

The JAPEX Group's reportable segments are segments for which separated financial information is available and which are periodically examined by the Board of Directors to determine allocation of managerial resources and assess business performance, among components of the JAPEX Group.

In addition to business activities in Japan, the JAPEX Group has developed business activities overseas through a project company established at each business location.

Therefore, the JAPEX Group consists of segments by business location and considers "Japan," "North America," "Europe" and "Middle East" as reportable segments.

"Japan" consists of business activities such as exploration, development, and production for crude oil and natural gas, and sales of crude oil as the E&P Business in Japan; sales of natural gas and LNG, contract services for transportation of natural gas, and generation and sales of electric power, etc. as the Infrastructure/Utility Business; and manufacturing, purchase, sale and transportation of oil products, contract services for well drilling work, etc. as the Other Businesses.

"North America" consists of business activities such as exploration, development, production, purchase, sale, etc. for crude oil, natural gas and bitumen (extra-heavy oil extracted from oil sands) as E&P Business in North America.

"Europe" consists of business activities such as development of crude oil and natural gas as E&P Business in Europe.

"Middle East" consists of business activities such as development, production, sale, etc. of crude oil and natural gas as E&P Business in the Middle East.

2. Method for calculating net sales, profit (loss), assets and other items by reportable segment

The method for accounting for reported operating segments is basically the same as the description in "Material matters that serve as the basis for preparing consolidated financial statements" of the latest securities report submitted on June 28, 2021 (Japanese only). Profit of reportable segments is the figure based on operating profit. Intersegment revenue and transfers are based on prevailing market prices.

As described in "Changes in accounting policies," we have applied the Accounting Standard for Revenue Recognition and relevant revised ASBJ regulations from the beginning of the fiscal year ended March 31, 2022, and have changed accounting treatment for revenue recognition. Accordingly, we have changed the method of calculating profit or loss of operating segments.

3. Information regarding net sales, profit (loss), assets and other items by reportable segment

Fiscal year ended March 31, 2021 (April 1, 2020 – March 31, 2021)

(Millions of yen)

	Reportable segment					Others (Note) 1	Total	Adjustment (Note) 2	Amount on the consolidated financial statements (Note) 3
	Japan	North America	Europe	Middle East	Total				
Net sales									
Net sales to outside clients	213,308	26,065	–	703	240,078	–	240,078	–	240,078
Intersegment sales or transfers	11	–	–	16,045	16,056	–	16,056	(16,056)	–
Total	213,319	26,065	–	16,749	256,134	–	256,134	(16,056)	240,078
Segment profit (loss)	21,988	(9,374)	(132)	165	12,645	–	12,645	(8,453)	4,192
Segment assets	79,397	180,230	7,968	13,211	280,808	–	280,808	343,978	624,786
Other items									
Depreciation	12,595	9,590	0	192	22,378	–	22,378	221	22,599
Share of profit (loss) of entities accounted for using equity method	(319)	–	–	(10)	(329)	6,138	5,808	–	5,808
Investments in entities accounted for using equity method	679	–	–	286	966	17,121	18,087	–	18,087
Increase in property, plant and equipment and intangible assets	4,961	7,456	2,104	–	14,522	–	14,522	149	14,672

Fiscal year ended March 31, 2022 (April 1, 2021 – March 31, 2022)

(Millions of yen)

	Reportable segment					Others (Note) 1	Total	Adjustment (Note) 2	Amount on the consolidated financial statements (Note) 3
	Japan	North America	Europe	Middle East	Total				
Net sales									
Net sales to outside clients	192,669	33,814	–	22,657	249,140	–	249,140	–	249,140
Intersegment sales or transfers	–	–	–	–	–	–	–	–	–
Total	192,669	33,814	–	22,657	249,140	–	249,140	–	249,140
Segment profit (loss)	24,739	1,789	(151)	2,644	29,022	–	29,022	(9,213)	19,809
Segment assets	75,607	4,631	13,885	18,308	112,433	–	112,433	359,508	471,941
Other items									
Depreciation	10,203	6,901	–	366	17,471	–	17,471	250	17,721
Share of profit (loss) of entities accounted for using equity method	(47)	–	–	(13)	(61)	14,287	14,226	–	14,226
Investments in entities accounted for using equity method	679	–	–	286	966	10,603	11,569	–	11,569
Increase in property, plant and equipment and intangible assets	6,109	3,000	4,532	–	13,643	–	13,643	243	13,886

Notes: 1. The “Others” category represents operating segments that are not included in reportable segments, and includes Russia, etc.

2. Major components of adjustment are as follows:

(1) Segment profit (loss)

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Elimination of intersegment transactions	14	4
Corporate expenses *	(8,467)	(9,218)
Total	(8,453)	(9,213)

\* Corporate expenses are mainly general and administrative expenses and experimentation and research expenses, all of which are not attributable to the reportable segments.

(2) Segment assets

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Elimination of intersegment transactions	(586)	(12)
Corporate assets *1	3,208	2,239
Other assets *2	341,355	357,280
Total	343,978	359,508

\*1. Corporate assets are mainly assets for management by the headquarters that do not belong to the reportable segments.

\*2. Assets allocated to segments are recoverable accounts included in property, plant and equipment, intangible assets, and investments and other assets, whereas other assets are assets other than property, plant and equipment, intangible assets, and recoverable accounts that are not allocated to segments.

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

4. Due to the change in the accounting treatment for revenue recognition, and compared with the figures obtained by the previous treatment, net sales of “Japan” for the fiscal year ended March 31, 2022 decreased by ¥82,149 million. In addition, there is no impact on the segment profit.

[Related information]

Fiscal year ended March 31, 2021 (April 1, 2020 – March 31, 2021)

1. Information by product or service

(Millions of yen)

	E&P Business			Infrastructure/Utility Business			
	Crude oil	Diluted bitumen	Natural gas (overseas)	Natural gas (Japan)	LNG	Electricity	Others
Net sales to outside clients	72,916	21,695	2,870	51,291	15,591	30,087	4,331

	Other businesses			Total
	Contract services	Oil products/merchandise	Others	
Net sales to outside clients	7,633	31,931	1,729	240,078

2. Information by geographical area

(1) Net sales

(Millions of yen)

Japan	Canada	Russia	Iraq	Others	Total
152,325	25,745	44,918	16,768	320	240,078

Note Net sales are classified into countries or regions based on the place where products, etc. were delivered and the location where services were rendered.

(2) Property, plant and equipment

(Millions of yen)

Japan	Canada	UK	Others	Total
81,422	175,541	7,968	1,812	266,745

3. Information by major client

This information is not presented as there are no clients that account for 10% or more of net sales on the consolidated statement of income among net sales to external clients.

Fiscal year ended March 31, 2022 (April 1, 2021 – March 31, 2022)

1. Information by product or service

(Millions of yen)

	E&P Business			Infrastructure/Utility Business			
	Crude oil	Diluted bitumen	Natural gas (overseas)	Natural gas (Japan)	LNG	Electricity	Others
Net sales to outside clients	41,056	31,121	1,244	58,024	22,596	34,320	4,903

	Other businesses			Total
	Contract services	Oil products/merchandise	Others	
Net sales to outside clients	6,395	47,354	2,122	249,140

2. Information by geographical area

(1) Net sales

(Millions of yen)

Japan	Canada	Russia	Iraq	Others	Total
192,592	32,835	57	22,671	984	249,140

Note Net sales are classified into countries or regions based on the place where products, etc. were delivered and the location where services were rendered.

(2) Property, plant and equipment

(Millions of yen)

Japan	Canada	UK	Others	Total
76,753	–	13,885	2,198	92,837

3. Information by major client

This information is not presented as there are no clients that account for 10% or more of net sales on the consolidated statement of income among net sales to external clients.

[Information on impairment losses on non-current assets by reportable segment]

Fiscal year ended March 31, 2021 (April 1, 2020 – March 31, 2021)

(Millions of yen)

Japan	North America	Europe	Middle East	Others	Corporate and elimination	Total
16,351	–	–	–	–	–	16,351

Fiscal year ended March 31, 2022 (April 1, 2021 – March 31, 2022)

No item to report.

[Information on amortization and unamortized balance of goodwill by reportable segment]

Fiscal year ended March 31, 2021 (April 1, 2020 – March 31, 2021)

No item to report.

Fiscal year ended March 31, 2022 (April 1, 2021 – March 31, 2022)

No item to report.

[Information on gain on bargain purchase by reportable segment]

Fiscal year ended March 31, 2021 (April 1, 2020 – March 31, 2021)

No item to report.

Fiscal year ended March 31, 2022 (April 1, 2021 – March 31, 2022)

No item to report.

(Per share information)

	Fiscal year ended March 31, 2021 (April 1, 2020 – March 31, 2021)	Fiscal year ended March 31, 2022 (April 1, 2021 – March 31, 2022)
Net assets per share	¥7,011.36	¥6,679.85
Basic loss per share	¥47.73	¥545.64

- Notes
1. Diluted earnings per share is not presented, since basic loss per share was recorded and there is no dilutive share.
  2. The Company's shares held by the Board Benefit Trust (BBT) are included in the treasury shares that are deducted from the total number of issued shares at the fiscal year end when calculating net assets per share (77,600 shares in the fiscal year ended March 31, 2021, and 76,000 shares in the fiscal year ended March 31, 2022).  
Moreover, they are also included in the treasury shares that are deducted when calculating the average number of shares during the period in order to calculate basic loss per share (46,021 shares in the fiscal year ended March 31, 2021, and 76,486 shares in the fiscal year ended March 31, 2022).
  3. The basis for calculation of basic loss per share is as follows:

	Fiscal year ended March 31, 2021 (April 1, 2020 – March 31, 2021)	Fiscal year ended March 31, 2022 (April 1, 2021 – March 31, 2022)
Loss attributable to owners of parent (Millions of yen)	2,725	30,988
Amounts not attributable to common shareholders (Millions of yen)	–	–
Loss attributable to owners of parent related to common shares (Millions of yen)	2,725	30,988
Average number of shares during the period (Thousands of shares)	57,106	56,794

(Significant subsequent events)

No item to report.

## 4. Others

### Status of production and sales

#### 1. Production

		Fiscal year ended March 31, 2021 (April 1, 2020 – March 31, 2021)	Fiscal year ended March 31, 2022 (April 1, 2021 – March 31, 2022)
E&P Business	Crude oil (kl)	849,859 (541,855)	806,390 (525,392)
	Natural gas (thousand m <sup>3</sup> )	1,032,521 (473,685)	674,588 (132,025)
	Bitumen (kl)	889,315 (889,315)	656,377 (656,377)
Infrastructure/ Utility Business	LNG (t)	3,341	2,136
	Electricity (thousand kWh)	2,543,189	2,655,529

- Notes: 1. The figures in parentheses represent overseas production and are included in the total.  
2. Part of the natural gas production volume is used as a feedstock for LNG.  
3. Bitumen is a type of extra-heavy oil extracted from oil sands.

#### 2. Sales

		Fiscal year ended March 31, 2021 (April 1, 2020 – March 31, 2021)		Fiscal year ended March 31, 2022 (April 1, 2021 – March 31, 2022)	
		Sales volume	Net sales (Millions of yen)	Sales volume	Net sales (Millions of yen)
E&P Business	Crude oil (kl)	2,313,521	72,916	669,926	41,056
	Diluted bitumen (kl)	1,319,808	21,695	959,777	31,121
	Natural gas (overseas) (thousand m <sup>3</sup> )	470,510	2,870	130,214	1,244
	Subtotal		97,482		73,422
Infrastruc- ture/Utility Business	Natural gas (Japan) (thousand m <sup>3</sup> )	1,183,102	51,291	1,061,244	58,024
	LNG (t)	284,216	15,591	295,536	22,596
	Electricity (thousand kWh)	3,016,755	30,087	3,023,294	34,320
	Others		4,331		4,903
	Subtotal		101,301		119,845
Other businesses	Contract services		7,633		6,395
	Oil products /merchandise		31,931		47,354
	Others		1,729		2,122
	Subtotal		41,294		55,872
Total			240,078		249,140

- Notes: 1. "Crude oil" includes crude oil that the JAPEX Group produced in oil fields and the crude oil purchased from other companies.  
2. Diluted bitumen is bitumen diluted by ultra-light crude oil for pipeline transportation.

3. “Natural gas (Japan)” of the Infrastructure/Utility Business refers to gas supplied in Japan via pipeline and comprises the total of natural gas produced in Japan and regasified LNG. Natural gas (Japan) is classified under the Infrastructure/Utility Business, since both natural gas produced in Japan and LNG vaporized gas are sold together by the Company’s supply network, which consists of the natural gas fields in Japan and the LNG terminals that vaporize gas linked by a pipeline network.
4. “Others” of the Infrastructure/Utility Business includes commissioned transportation of natural gas and contracted vaporization of LNG used for power plant fuel, etc.
5. Under the Other businesses, “Oil products/merchandise” includes liquefied petroleum gas (LPG), fuel oil, gas oil and kerosene, and “Others” includes other subcontracted tasks.
6. Monetary amounts in the table do not include consumption taxes.