



[Explanatory Material]

# Financial Results

for the Nine Months Ended December 31, 2021

---

February 9, 2022

**Japan Petroleum Exploration Co., Ltd.**

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

# Contents

---

**I . Financial Highlights**

**II . Financial Results for the Nine Months Ended December 31, 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 February 10, 2022.

---

## **I . Financial Highlights**

**II . Financial Results for the Nine Months Ended December 31, 2021**

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

# Financial Highlights

## ■ 1-3Q FY3/22 Results (Year-on-Year)

(Billion Yen)	1-3Q FY3/21 (a)	1-3Q FY3/22 (a)	Change	
<b>Operating profit</b>	(4.4)	<b>11.6</b>	+16.0	-
<b>Ordinary profit</b>	(2.9)	<b>24.5</b>	+27.4	-
<b>Profit attributable to owners of parent</b>	(3.7)	<b>(85.0)</b>	(81.2)	-

- Operating profit :
  - ✓ E&P: Increase in profit of domestic sales and diluted bitumen sales due to a rise of crude oil prices
- Extraordinary losses :
  - ✓ 43.6 bn. JPY of loss on transfer of interests of shale gas project in Canada, 94.3 bn. JPY of loss on sale of shares of subsidiaries of oil sands project in Canada, 39.8 bn. JPY of gain on sale of investment securities

## ■ FY3/22 Forecasts Revision (vs. Nov. 9 Forecasts)

(Billion Yen)	Nov. 9, 2021 (f)	Feb. 9, 2022 (f)	Change	
<b>Operating profit</b>	16.6	<b>16.1</b>	(0.5)	(3%)
<b>Ordinary profit</b>	28.3	<b>31.9</b>	+3.5	+13%
<b>Profit attributable to owners of parent</b>	(69.8)	<b>(39.0)</b>	+30.8	-

- Operating profit:
  - ✓ E&P-domestic: Increase in sales price of crude oil due to a rise of crude oil prices
  - ✓ E&P-domestic, I/U: Increase in the sales price of domestic natural gas and electricity due to soaring LNG spot prices and JLC price
  - ✓ I/U: Increase in the cost by the procurement of an alternative LNG cargo in the spot market in response to the production problems at an LNG supplier
- Extraordinary income:
  - ✓ 29.3 bn. JPY of gain on forgiveness of debts related to shale gas project in Canada to be recorded in 4Q

---

I . Financial Highlights

**II . Financial Results for the Nine Months Ended December 31, 2021**

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

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

Net sales : Million Yen		1-3Q FY3/21 (a)		1-3Q FY3/22 (a)		Change			
		Sales volume	Net sales	Sales volume	Net sales	Sales volume		Net sales	
E&P Business	-	-	54,123	-	54,560	-	-	+437	+1%

## Breakdown

Crude oil	Thousand KL	1,447	38,122	421	22,241	(1,026)	(71%)	(15,881)	(42%)
Crude oil - Japan		211	5,990	218	11,073	+6	+3%	[1] +5,083	+85%
Crude oil - Overseas* <sup>1</sup>		204	5,225	184	10,158	(20)	(10%)	[2] +4,932	+94%
Purchased crude oil		1,032	26,907	19	1,009	[3] (1,012)	(98%)	(25,897)	(96%)
Diluted bitumen* <sup>2</sup>		937	14,071	959	31,121	+21	+2%	[4] +17,050	+121%
Natural Gas - Overseas* <sup>3</sup>	Million M3	340	1,929	129	1,197	(211)	(62%)	(731)	(38%)

## 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 price of diluted bitumen from the Hangingstone Lease in Canada

※Due to the transfer of interest, overseas crude oil and natural gas sales related to JML are recorded for the three months from January to March 2021.

※Due to the sale of JACOS's shares, diluted bitumen sales are recorded for the eight months from January to August 2021.

\*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.,(JML) and Japex (U.S.) Corp.)

# I/U Business Sales (Year-on-Year)

Net sales : Million Yen		1-3Q FY3/21 (a)		1-3Q FY3/22 (a)		Change			
		Sales volume	Net sales	Sales volume	Net sales	Sales volume		Net sales	
Infrastructure & Utility Business	-	-	67,691	-	<b>79,165</b>	-	-	+11,473	+17%

## Breakdown

Natural Gas - Japan	Million M3	813	36,658	<b>727</b>	<b>36,135</b>	[1]	(85)	(11%)	(522)	(1%)
- Produced in Japan		355	-	<b>368</b>	-	+13	+4%	-	-	
LNG	Thousand Ton	213	11,059	<b>217</b>	<b>16,822</b>	+3	+2%	[2]	+5,763	+52%
Electricity	Million kWh	2,080	16,654	<b>2,241</b>	<b>22,656</b>	[3]	+160	+8%	+6,001	+36%
Other*	-	-	3,319	-	<b>3,550</b>	-	-	+231	+7%	

## Main factors for change

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

[2] Increase in sales price

[3] Increase in sales volume of electricity due to the Fukushima Natural Gas Power Plant operation for the full reporting period, and increase in sales price

\* Including net sales from commissioned regasification of LNG

# FY3/22 Results (Year-on-Year)

Million Yen	1-3Q FY3/21 (a)	1-3Q FY3/22 (a)	Change	
Net sales	150,099	<b>171,364</b>	+21,264	+14%
Gross profit	18,741	<b>34,511</b>	+15,769	+84%
Operating profit	(4,448)	<b>11,649</b>	+16,097	-
Ordinary profit	(2,948)	<b>24,533</b>	+27,482	-
Profit attributable to owners of parent	(3,776)	<b>(85,057)</b>	(81,280)	-

## Oil Price, Exchange Rate and Sales Price

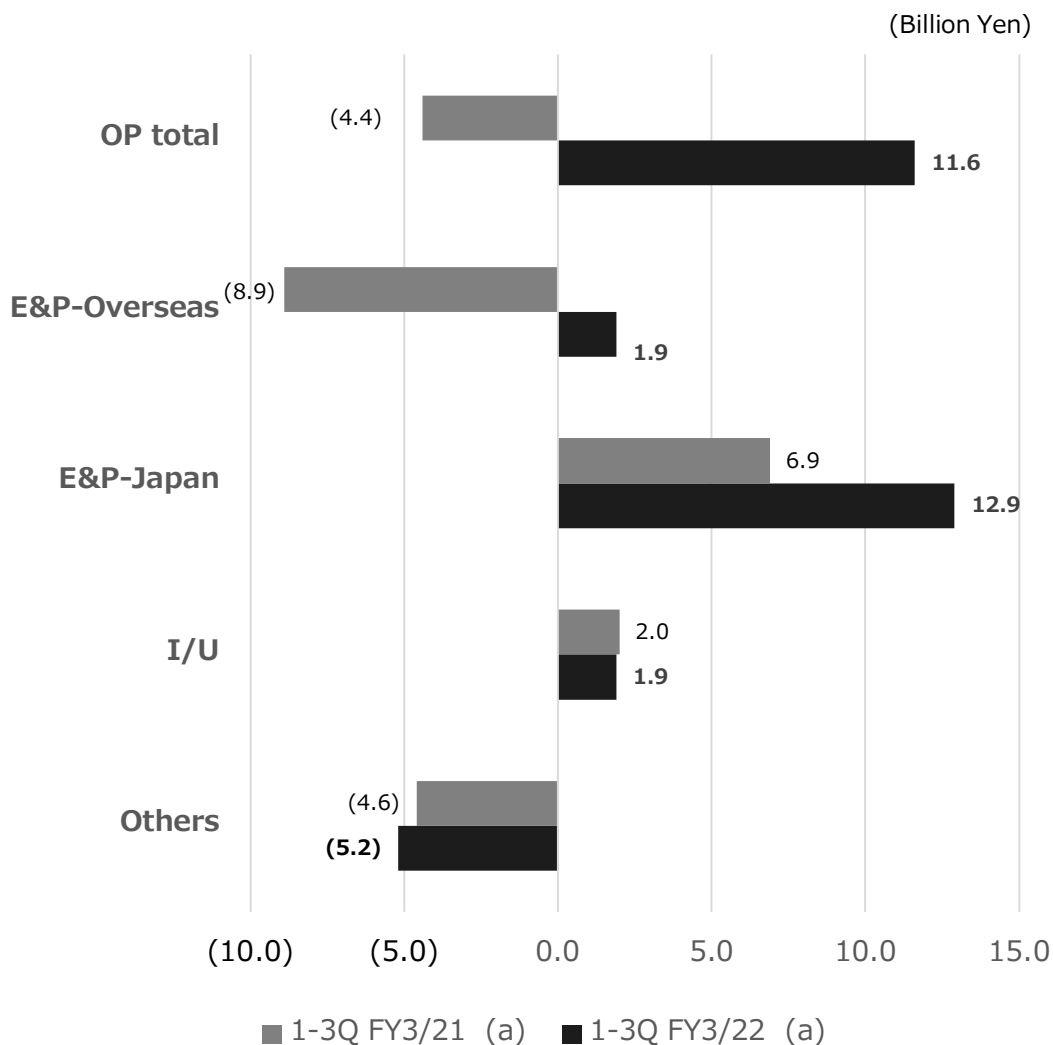
		1-3Q FY3/21 (a)	1-3Q FY3/22 (a)	Change
WTI	USD/bbl	40.08	<b>64.06</b>	+23.98
Crude oil price (CIF)	USD/bbl	40.35	<b>70.28</b>	+29.93
Exchange rate	JPY/USD	106.69	<b>109.96</b>	+3.27
JACOS Diluted bitumen <sup>*1</sup>	USD/bbl	22.50	<b>46.90</b>	+24.40
JML Natural gas <sup>*2</sup>	CAD/mcf	2.03	<b>2.96</b>	+0.93

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

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



# Operating Profit (Year-on-Year)



## E&P Business

**Overseas : + 10.8 bn. (8.9 bn.) → 1.9 bn.**

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

**Domestic : + 5.9 bn. 6.9 bn. → 12.9 bn.**

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

## I/U Business

**(0.0) bn. 2.0 bn. → 1.9 bn.**

- Increase in sales volume of electricity due to the Fukushima Natural Gas Power Plant operation for the full reporting period
- Absence of marginal gain on spot LNG procurement incurred in FY21/3

## Others \*

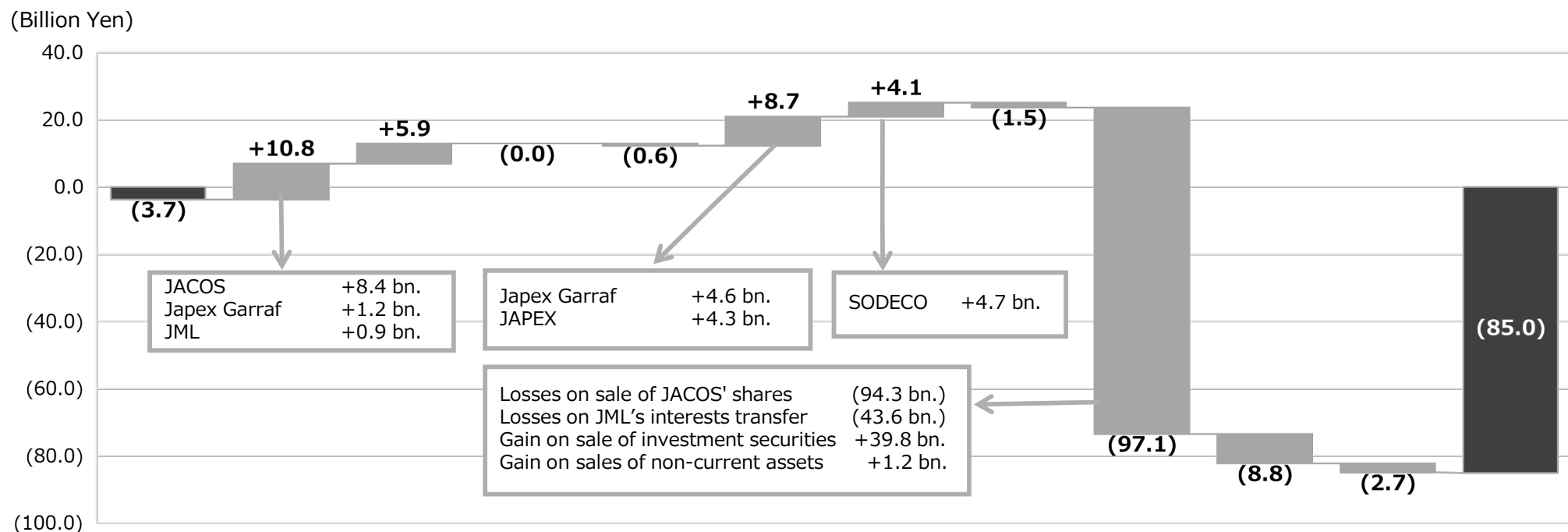
**(0.6 bn.) (4.6 bn.) → (5.2 bn.)**

- 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

# Analysis of Net Income change (Year-on-Year)



Net income	Operating profit* +16.0 bn.					Non-operating income +11.3 bn.			Extraordinary income	Income taxes	Profit attributable to non-controlling interest	Net income FY3/22 1-3Q (a)
	FY3/21 1-3Q (a)	E&P overseas	E&P Japan	I/U	Others	Foreign exchange gains and loss	Equity on earnings	Others				
FY3/21(a) 1-3Q	(8.9)	6.9	2.0	(4.6)	(3.6)	5.3	(0.1)	(0.0)	1.8	(1.0)		
FY3/22(a) 1-3Q	1.9	12.9	1.9	(5.2)	5.1	9.4	(1.6)	(97.1)	10.7	1.7		

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

---

I . Financial Highlights

II . Financial Results for the Nine Months Ended December 31, 2021

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

# E&P Business Sales Forecasts (vs Nov. 9 Forecasts)

Net sales : Million Yen		Previous (f) Nov. 9, 2021		Revised (f) Feb. 9, 2022		Change			
		Sales volume	Net sales	Sales volume	Net sales	Sales volume		Net sales	
E&P Business	-	-	72,690	-	<b>66,469</b>	-	-	(6,220)	(9%)

## Breakdown

Crude oil	Thousand KL	816	40,393	<b>661</b>	<b>34,109</b>	(154)	(19%)	(6,283)	(16%)	
Crude oil - Japan		286	13,923	<b>288</b>	<b>14,578</b>	+1	+1%	+654	+5%	
Crude oil - overseas <sup>*1</sup>		505	25,261	<b>348</b>	<b>18,247</b>	<b>[1]</b>	(156)	(31%)	(7,013)	(28%)
Purchased crude oil		24	1,208	<b>25</b>	<b>1,284</b>	+0	+2%	+75	+6%	
Diluted bitumen <sup>*2</sup>		959	31,121	<b>959</b>	<b>31,121</b>	-	-	-	-	
Natural Gas - Overseas <sup>*3</sup>	Million M3	129	1,175	<b>130</b>	<b>1,237</b>	+0	+0%	+62	+5%	

## Main factors for change

[1] Decrease in sales volume of crude oil from Garraf Oil Field in Iraq

\*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 Nov. 9 Forecasts)

Net sales : Million Yen		Previous (f) Nov. 9, 2021		Revised (f) Feb. 9, 2022		Change			
		Sales volume	Net sales	Sales volume	Net sales	Sales volume		Net sales	
Infrastructure & Utility Business	-	-	112,602	-	<b>116,300</b>	-	-	+3,697	+3%

## Breakdown

Natural Gas - Japan	Million M3	1,042	54,075	<b>1,049</b>	<b>56,871</b>	+7	+1%	<b>[1]</b>	+2,796	+5%
- Produced in Japan		502	-	<b>515</b>	-	+12	+3%		-	-
LNG	Thousand Ton	293	22,397	<b>295</b>	<b>22,132</b>	+1	+0%		(264)	(1%)
Electricity	Million kWh	3,111	31,370	<b>3,000</b>	<b>32,391</b>	(110)	(4%)	<b>[2]</b>	+1,021	+3%
Others*	-	-	4,759	-	<b>4,904</b>	-	-		+144	+3%

## Main factors for change

[1]-[2] Increase in sales price of natural gas (Japan) and electricity due to soaring LNG market price and JLC price

\* Including net sales from commissioned regasification of LNG

# FY3/22 Forecasts (vs Nov. 9 Forecasts)

Million Yen	Previous (f) Nov. 9, 2021	Revised (f) Feb. 9, 2022	Change	
Net sales	235,098	<b>235,749</b>	+650	+0%
Gross profit	46,935	<b>46,498</b>	(437)	(1%)
Operating profit	16,669	<b>16,168</b>	(500)	(3%)
Ordinary profit	28,390	<b>31,972</b>	+3,581	+13%
Profit attributable to owners of parent	(69,847)	<b>(39,029)</b>	+30,817	-

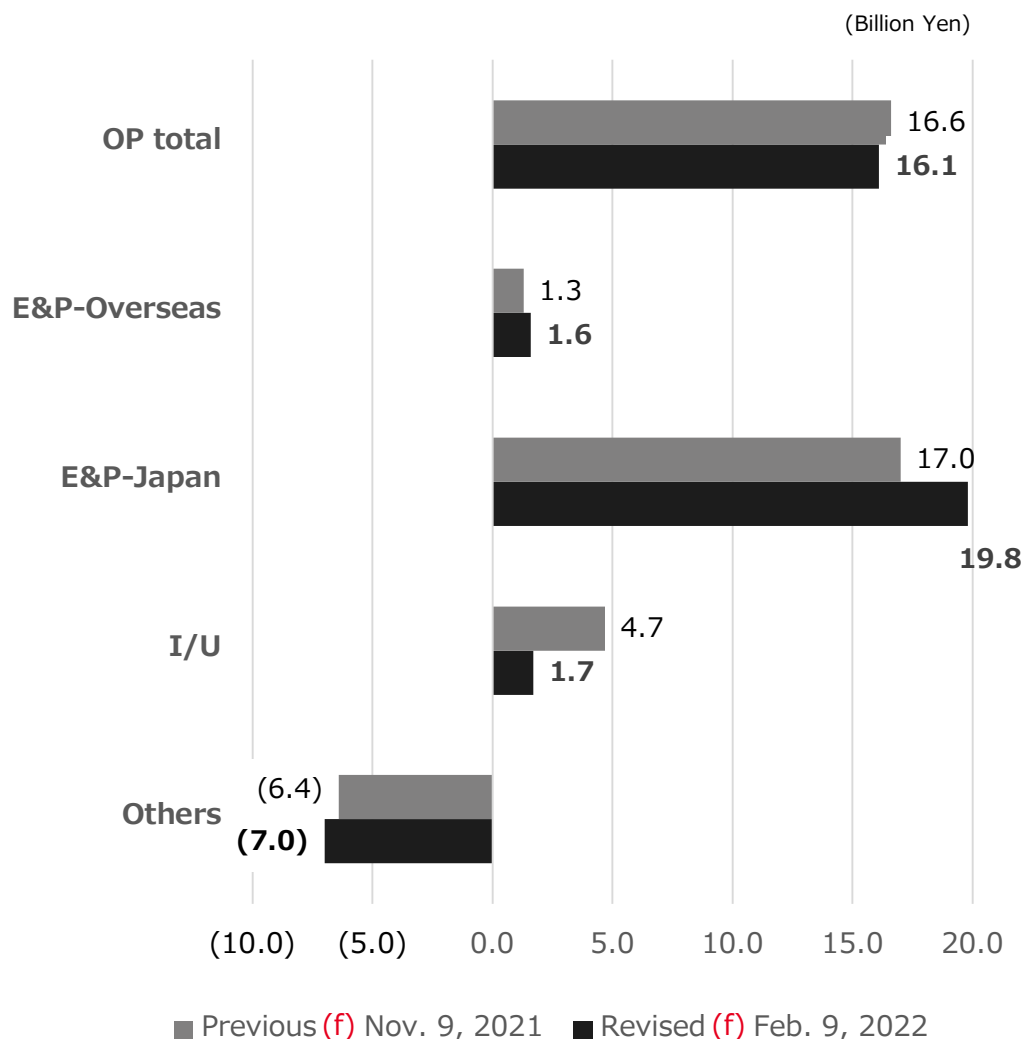
## Oil Price, Exchange Rate and Sales Price

		Previous (f) Nov. 9, 2021	Revised (f) Feb. 9, 2022	Change
WTI	USD/bbl	64.06	<b>64.06</b>	-
Crude oil price (CIF)	USD/bbl	68.60	<b>70.21</b>	+1.61
Exchange rate	JPY/USD	108.60	<b>109.97</b>	+1.37
JACOS Diluted bitumen <sup>*1</sup>	USD/bbl	46.90	<b>46.90</b>	-
JML Natural gas <sup>*2</sup>	CAD/mcf	2.96	<b>2.96</b>	-

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

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

# Operating Profit (vs Nov. 9 Forecasts)



## E&P Business

**Overseas : +0.2 bn. 1.3 bn. → 1.6 bn.**

**Domestic : +2.8 bn. 17.0 bn. → 19.8 bn.**

- Increase in sales price of crude oil (Japan) due to a rise of crude oil prices
- Increase in sales price\* of natural gas (Japan) due to a rise of JLC price

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

## I/U Business

**(2.9 bn.) 4.7 bn. → 1.7 bn.**

- Increase in sales price of natural gas (Japan) and electricity due to a rise of JLC price
- Increase in the cost due to an alternative LNG cargo procurement in the LNG spot market

## Others\*

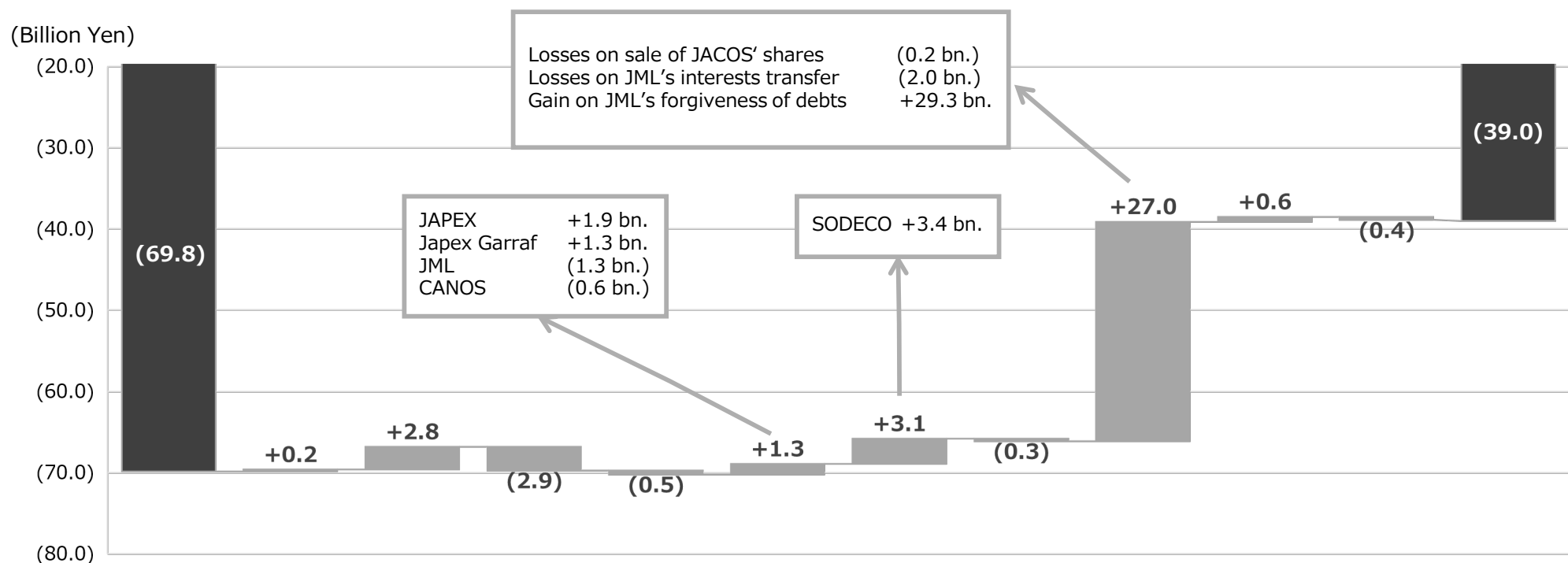
**(0.5 bn.) (6.4 bn.) → (7.0 bn.)**

- 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

# Analysis of Net Income change (vs Nov. 9 Forecasts)



FY3/22 (f) Nov. 9	Operating profit* (0.5) bn.				Non-operating income 4.0 bn.			Extraordinary income	Income taxes	Profit attributable to non- controlling interest	FY3/22 (f) Feb. 9
	E&P overseas	E&P Japan	I/U	Others	Foreign exchange gains and loss	Equity on earnings	Others				
FY3/22 (f) Nov. 9	1.3	17.0	4.7	(6.4)	2.6	10.6	(1.5)	(96.0)	1.1	1.0	
FY3/22 (f) Feb. 9	1.6	19.8	1.7	(7.0)	3.9	13.7	(1.9)	(68.9)	0.5	1.5	

\* 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	
<b>E&amp;P Business</b>	-	-	97,482	-	<b>66,469</b>	-	-	(31,012)	(32%)

## Breakdown

<b>Crude oil</b>		2,313	72,916	<b>661</b>	<b>34,109</b>	(1,651)	(71%)	(38,806)	(53%)
<b>Crude oil - Japan</b>		287	8,835	<b>288</b>	<b>14,578</b>	+0	+0%	<b>[1]</b> +5,742	+65%
<b>Crude oil - overseas<sup>*1</sup></b>	Thousand KL	538	18,268	<b>348</b>	<b>18,247</b>	<b>[2]</b> (190)	(35%)	(21)	(0%)
<b>Purchased crude oil</b>		1,486	45,812	<b>25</b>	<b>1,284</b>	<b>[3]</b> (1,461)	(98%)	(44,528)	(97%)
<b>Diluted bitumen<sup>*2</sup></b>		1,319	21,695	<b>959</b>	<b>31,121</b>	(360)	(27%)	<b>[4]</b> +9,426	+43%
<b>Natural Gas - Overseas<sup>*3</sup></b>	Million M3	470	2,870	<b>130</b>	<b>1,237</b>	<b>[5]</b> (340)	(72%)	(1,632)	(57%)

## Main factors for change

- [1] Increase in sales price
- [2] Decrease in sales volume of crude oil from Garraf Oil Field in Iraq, increase in sales price
- [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 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	-	<b>116,300</b>	-	-	+14,998	+15%

## Breakdown

Natural Gas - Japan	Million M3	1,183	51,291	<b>1,049</b>	<b>56,871</b>	[1]	(133)	(11%)	+5,579	+11%
- Produced in Japan		528	-	<b>515</b>	-	(12)	(2%)	-	-	
LNG	Thousand Ton	284	15,591	<b>295</b>	<b>22,132</b>	+10	+4%	[2]	+6,540	+42%
Electricity	Million kWh	3,016	30,087	<b>3,000</b>	<b>32,391</b>	(16)	(1%)	[3]	+2,304	+8%
Others*	-	-	4,331	-	<b>4,904</b>	-	-	+573	+13%	

## Main factors for change

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

[2]-[3] Increase in sales price

\* 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	<b>235,749</b>	(4,328)	(2%)
Gross profit	36,534	<b>46,498</b>	+9,963	+27%
Operating profit	4,192	<b>16,168</b>	+11,975	+286%
Ordinary profit	10,001	<b>31,972</b>	+21,970	+220%
Profit attributable to owners of parent	(2,725)	<b>(39,029)</b>	(36,304)	-

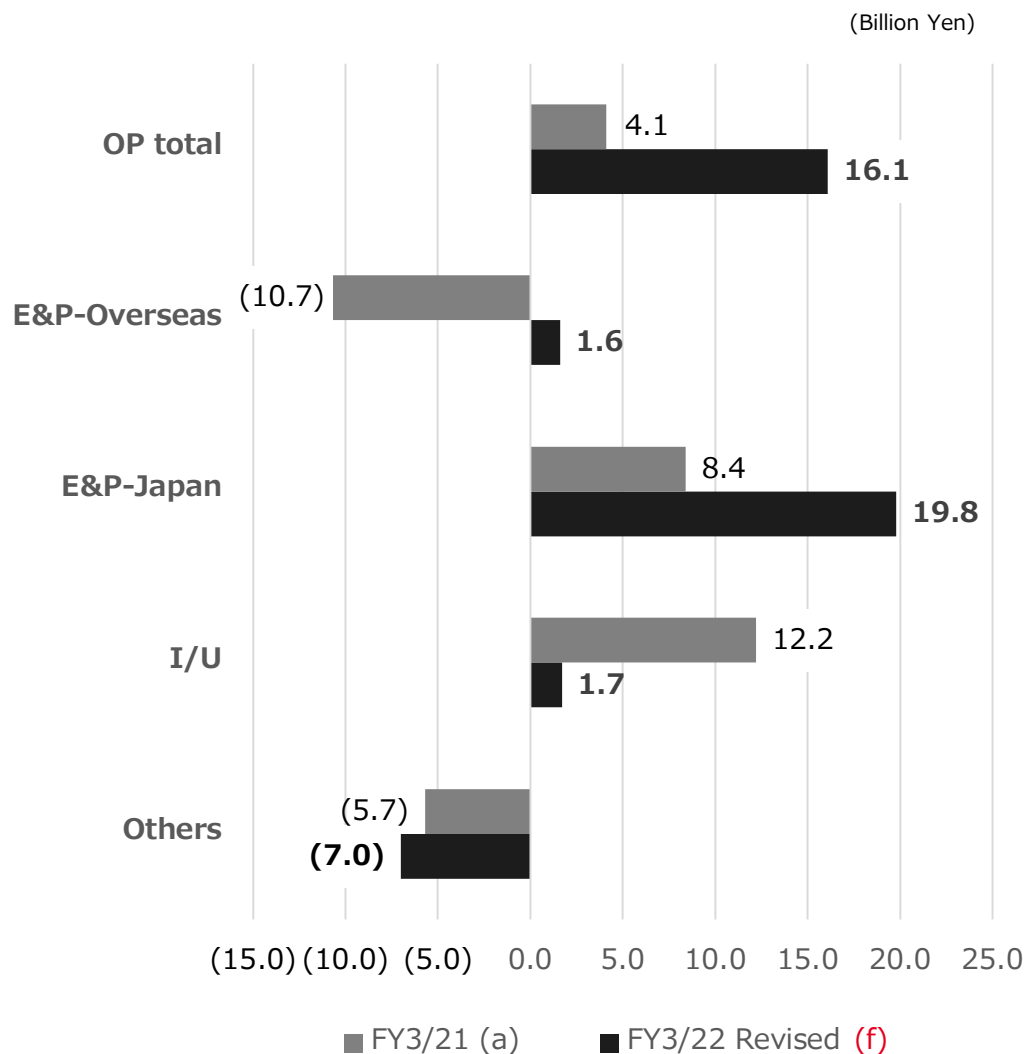
## Oil Price, Exchange Rate and Sales Price

		FY3/21 (a)	FY3/22 Revised (f)	Change
WTI	USD/bbl	40.87	<b>64.06</b>	+23.19
Crude oil price (CIF)	USD/bbl	42.91	<b>70.21</b>	+27.30
Exchange rate	JPY/USD	105.86	<b>109.97</b>	+4.11
JACOS Diluted bitumen <sup>*1</sup>	USD/bbl	25.06	<b>46.90</b>	+21.84
JML Natural gas <sup>*2</sup>	CAD/mcf	2.14	<b>2.96</b>	+0.82

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

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

# Operating Profit Forecasts (Year-on-Year)



## E&P Business

**Overseas : +12.3 bn. (10.7 bn.) → 1.6 bn.**

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

**Domestic : +11.3 bn. 8.4 bn. → 19.8 bn.**

- Increase in sales price of crude oil due to a rise of crude oil prices
- Increase in sales price\* of natural gas produced in Japan due to a rise of JLC price

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

## I/U Business

**(10.5 bn.) 12.2 bn. → 1.7 bn.**

- Reversal of transient gains due to the hike in the JEPX spot market price incurred in FY3/21
- Increase in the cost due to an alternative LNG cargo procurement in the LNG spot market

## Others\*

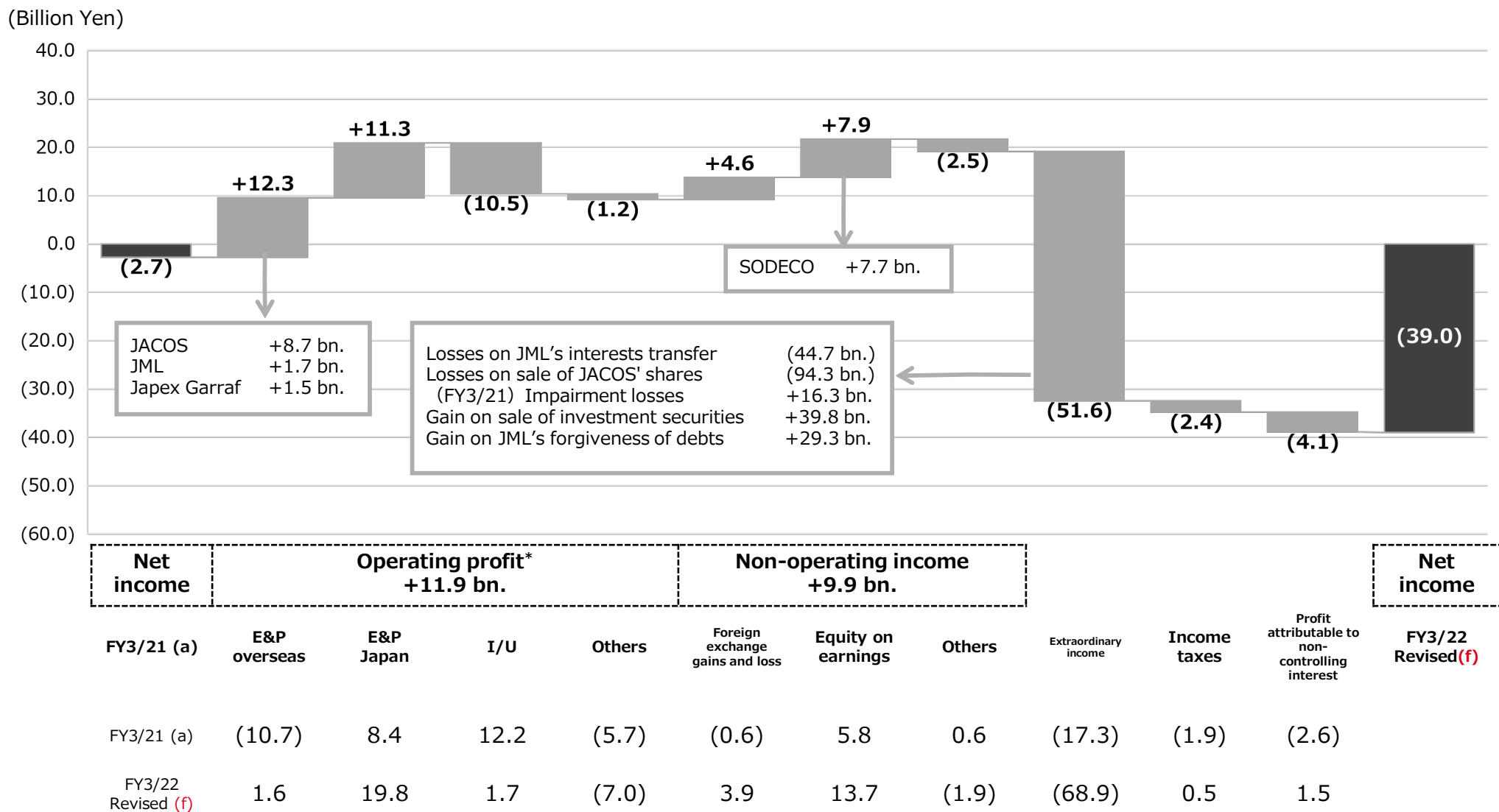
**(1.2 bn.) (5.7 bn.) → (7.0 bn.)**

- 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

# Analysis of Change in Net Income Forecasts (Year-on-Year)



\* 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	
			Nov.9	Feb.9
<b>Cash flows from operating activities</b>		<b>43,263</b>	<b>20,955</b>	<b>9,969</b>
Depreciation		22,599	17,667	17,776
Recovery of recoverable accounts		15,196	20,912	13,593
<b>Cash flows from investing activities</b>		<b>(6,453)</b>	<b>50,408</b>	<b>44,038</b>
Purchase of property, plant and equipment		(15,153)	(16,621)	△16,434
Payments of recoverable accounts		(14,971)	(26,462)	△26,630
<b>Cash flows from financing activities</b>		<b>(15,626)</b>	<b>(70,265)</b>	<b>△70,266</b>
<b>Cash and cash equivalents at end of period</b>		<b>157,963</b>	<b>159,061</b>	<b>141,704</b>

Interest-bearing debt* <sup>1</sup>	118,710	52,905	23,117
EBITDA* <sup>2</sup>	37,150	50,417	52,984
Debt-to-EBITDA ratio	3.2	1.1	0.4

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

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

# 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. IR Materials**
- 8. Glossary**

## Appendix

# 1. Net Sales - E&P Business

	Million Yen	FY3/21 (a)			FY3/22 (a)				FY3/22 (f)		
		3Q	1-3Q	Full year	1Q	2Q	3Q	1-3Q	4Q	Full year	
										Nov. 9	Feb. 9
Sales		16,576	54,123	97,482	16,796	33,024	4,739	54,560	11,909	72,690	66,469
Sales volume of Crude oil (Thousand KL)		321	1,447	2,313	114	230	76	421	240	816	661
Net sales		9,670	38,122	72,916	5,556	11,938	4,746	22,241	11,868	40,393	34,109
Sales volume of Crude oil - Japan (Thousand KL)		72	211	287	85	69	63	218	70	286	288
Net sales		2,263	5,990	8,835	3,927	3,537	3,607	11,073	3,504	13,923	14,578
Sales volume of Crude oil - overseas *1 (Thousand KL)		17	204	538	22	154	7	184	164	505	348
Net sales		524	5,225	18,268	1,312	8,045	800	10,158	8,089	25,261	18,247
Sales volume of Purchased crude oil (Thousand KL)		231	1,032	1,486	6	6	5	19	5	24	25
Net sales		6,882	26,907	45,812	316	354	338	1,009	274	1,208	1,284
Sales volume of Diluted bitumen (Thousand KL)		324	937	1,319	351	608	-	959	-	959	959
Net sales *2		6,313	14,071	21,695	10,058	21,063	-	31,121	-	31,121	31,121
Sales volume of Natural gas -overseas *3 (Million M3)		111	340	470	128	0	0	129	0	129	130
Net sales		592	1,929	2,870	1,181	22	(7)	1,197	40	1,175	1,237
WTI (USD/bbl)		41.02	40.08	40.87	58.10	66.07	69.85	64.06	-	64.38	64.06
Crude oil price (CIF) (USD/bbl) *4		44.51	40.35	42.91	64.25	71.31	77.30	70.28	70.00	68.28	70.21
Exchange rate (JPY/USD) *4		105.46	106.69	105.86	108.43	109.96	111.69	109.96	110.00	108.12	109.97
Diluted bitumen *2 (USD/bbl)		29.77	22.50	25.06	40.99	49.75	51.26	46.90	-	46.84	46.90
JML natural gas *5 (CAD/mcf)		1.89	2.03	2.14	2.96	-	-	2.96	-	2.96	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 (a)			FY3/22 (a)				FY3/22 (f)		
		3Q	1-3Q	Full year	1Q	2Q	3Q	1-3Q	4Q	Full year	
										Nov. 9	Feb. 9
Sales		23,709	67,691	101,301	23,009	23,372	32,782	79,165	37,135	112,602	116,300
Sales volume of Natural gas – Japan (Million M3)		292	813	1,183	233	222	271	727	322	1,042	1,049
Net sales		11,599	36,658	51,291	10,709	10,529	14,897	36,135	20,736	54,075	56,871
Sales volume of Natural gas produced in Japan (Million M3)		139	355	528	123	109	135	368	146	502	515
Sales volume of LNG (Thousand ton)		118	213	284	52	44	120	217	77	293	295
Net sales		4,583	11,059	15,591	4,397	3,788	8,636	16,822	5,309	22,397	22,132
Sales volume of Electricity (Million kWh)		806	2,080	3,016	765	840	635	2,241	759	3,111	3,000
Net sales		6,612	16,654	30,087	7,163	7,834	7,658	22,656	9,735	31,370	32,391
Others*		914	3,319	4,331	739	1,220	1,590	3,550	1,354	4,759	4,904

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

# Appendix

## 2. Financial Results

	Million Yen	FY3/21 (a)			FY3/22 (a)				FY3/22 (f)		
		3Q	1-3Q	Full year	1Q	2Q	3Q	1-3Q	4Q	Full year	
										Nov. 9	Feb. 9
<b>Net sales</b>		<b>51,972</b>	<b>150,099</b>	<b>240,078</b>	<b>50,083</b>	<b>68,424</b>	<b>52,856</b>	<b>171,364</b>	<b>64,384</b>	<b>235,098</b>	<b>235,749</b>
E&P Business		16,576	54,123	97,482	16,796	33,024	4,739	54,560	11,909	72,690	66,469
Infrastructure/Utility Business		23,709	67,691	101,301	23,009	23,372	32,782	79,165	37,135	112,602	116,300
Others		11,687	28,284	41,294	10,277	12,026	15,334	37,638	15,340	49,804	52,978
Cost of sales		42,116	131,358	203,543	38,904	53,818	44,130	136,853	52,397	188,163	189,251
<b>Gross profit</b>		<b>9,856</b>	<b>18,741</b>	<b>36,534</b>	<b>11,179</b>	<b>14,605</b>	<b>8,726</b>	<b>34,511</b>	<b>11,986</b>	<b>46,935</b>	<b>46,498</b>
Exploration expenses		319	706	989	132	120	101	353	64	474	418
SG&A expenses		7,713	22,483	31,352	7,647	8,344	6,516	22,508	7,402	29,791	29,910
<b>Operating profit</b>		<b>1,823</b>	<b>(4,448)</b>	<b>4,192</b>	<b>3,400</b>	<b>6,140</b>	<b>2,108</b>	<b>11,649</b>	<b>4,519</b>	<b>16,669</b>	<b>16,168</b>
Non-operation income		<b>2,065</b>	<b>1,499</b>	<b>5,809</b>	<b>7,091</b>	<b>2,718</b>	<b>3,075</b>	<b>12,884</b>	<b>2,919</b>	<b>11,721</b>	<b>15,803</b>
Interest income		36	371	412	37	50	76	164	67	220	231
Interest expenses		(379)	(2,162)	(2,529)	(322)	(982)	59	(1,246)	(12)	(1,297)	(1,258)
Dividend income		107	1,439	2,823	48	2,138	68	2,255	1,072	3,393	3,327
Share of profit of entities accounted for using equity method		1,945	5,312	5,808	3,549	2,921	2,995	9,466	4,264	10,619	13,730
Provision for overseas investment		85	256	342	92	85	85	263	(10)	253	253
Foreign exchange gains and loss		319	(3,652)	(639)	3,851	89	1,158	5,100	(1,112)	2,668	3,987
Other		(49)	(66)	(408)	(165)	(1,584)	(1,368)	(3,118)	(1,349)	(4,135)	(4,468)
<b>Ordinary profit</b>		<b>3,889</b>	<b>(2,948)</b>	<b>10,001</b>	<b>10,491</b>	<b>8,858</b>	<b>5,183</b>	<b>24,533</b>	<b>7,438</b>	<b>28,390</b>	<b>31,972</b>
Extraordinary income		(6)	(21)	(17,324)	(1)	(138,663)	41,526	(97,138)	28,205	(96,004)	(68,933)
Profit before income taxes		3,882	(2,970)	(7,322)	10,489	(129,805)	46,710	(72,604)	35,643	(67,613)	(36,961)
Income taxes		1,223	1,860	(1,923)	2,832	(3,316)	11,227	10,743	(10,175)	1,170	567
Profit attributable to non-controlling interests		(539)	(1,054)	(2,673)	550	294	864	1,708	(207)	1,063	1,500
<b>Profit attributable to owners of parent</b>		<b>3,198</b>	<b>(3,776)</b>	<b>(2,725)</b>	<b>7,106</b>	<b>(126,782)</b>	<b>34,619</b>	<b>(85,057)</b>	<b>46,027</b>	<b>(69,847)</b>	<b>(39,029)</b>

# Appendix

## 3. Segment Profit

Million Yen		FY3/21(a)			FY3/22 (a)				FY3/22 (f)			
		3Q	1-3Q	Full year	1Q	2Q	3Q	1-3Q	4Q	Full year		
										Nov. 9	Feb. 9	
Japan	Operating profit	4,426	9,775	21,988	6,122	4,811	4,223	15,158	7,024	22,547	22,182	
	Share of profit (loss) of entities accounted for using equity method	351	536	(319)	19	103	(73)	49	17	32	66	
North America	Operating profit (loss)	(554)	(8,046)	(9,374)	(1,146)	2,883	(34)	1,702	41	1,631	1,743	
	Share of profit of entities accounted for using equity method	-	-	-	-	-	-	-	-	-	-	
Europe	Operating loss	(35)	(97)	(132)	(47)	(34)	(27)	(108)	(43)	(173)	(152)	
	Share of profit of entities accounted for using equity method	-	-	-	-	-	-	-	-	-	-	
Middle East	Operating profit	23	241	165	537	676	243	1,457	263	1,645	1,720	
	Share of loss of entities accounted for using equity method	(2)	(5)	(10)	(3)	(2)	(2)	(8)	(5)	(14)	(14)	
Others*1	Operating profit	-	-	-	-	-	-	-	-	-	-	
	Share of profit of entities accounted for using equity method	1,596	4,781	6,138	3,534	2,820	3,071	9,425	4,252	10,601	13,678	
Adjustments and Eliminations*2		(2,037)	(6,320)	(8,453)	(2,066)	(2,198)	(2,296)	(6,560)	(2,766)	(8,982)	(9,326)	
Amounts on consolidated statement of income*3		Operating profit (loss)	1,823	(4,448)	4,192	3,400	6,140	2,108	11,649	4,519	16,669	16,168

\*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	FY3/21 (a)	45.10	28.54	41.02	42.77	-	40.87
		FY3/22 (f)	<b>58.10</b> <sup>*1</sup>	<b>66.07</b> <sup>*1</sup>	<b>69.85</b> <sup>*1</sup>	-	-	<b>64.06</b>
Crude oil price (CIF) <sup>*2</sup>	USD/bbl	FY3/21(a)	-	44.41	33.34	44.51	49.99	42.91
		FY3/22 (f)	-	<b>64.25</b> <sup>*1</sup>	<b>71.31</b> <sup>*1</sup>	<b>77.30</b> <sup>*1</sup>	<b>70.00</b>	<b>70.21</b>
Exchange rate <sup>*2</sup>	JPY/USD	FY3/21(a)	-	108.04	106.88	105.46	104.03	105.86
		FY3/22 (f)	-	<b>108.43</b> <sup>*1</sup>	<b>109.96</b> <sup>*1</sup>	<b>111.69</b> <sup>*1</sup>	<b>110.00</b>	<b>109.97</b>

### Sales Price

JACOS Diluted bitumen <sup>*3</sup>	USD/bbl	FY3/21(a)	22.30	11.29	29.77	31.25	-	25.06
		FY3/22 (f)	<b>40.99</b> <sup>*1</sup>	<b>49.75</b> <sup>*1</sup>	<b>51.26</b> <sup>*1</sup>	-	-	<b>46.90</b>
JML Natural gas <sup>*4</sup>	CAD/mcf	FY3/21(a)	2.36	1.85	1.89	2.43	-	2.14
		FY3/22 (f)	<b>2.96</b> <sup>*1</sup>	-	-	-	-	<b>2.96</b>

\*1 Actuals

\*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 Limited (Excl. Royalty)

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

## 5. Sensitivities Analysis on FY3/22 Forecasts Basis

	FY3/22 4Q Assumptions	Fluctuation	Impacts on profit (Million Yen)		Main factors for change positive factor “+” / negative factor “( )”
			Operating profit	Profit attributable to owners of parent	
Crude oil price	<b>Crude oil price (CIF) USD 70.00/bbl</b>	Increase by 1USD/bbl	<b>30</b>	<b>20</b>	+ Sales of oil and gas (Increase in LNG procurement cost)
Exchange rate	<b>JPY 110.00/USD</b>	1 weaker JPY against USD	<b>30</b>	<b>5</b>	+ 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 may 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 3Q and after

- ✓ Japan : Established Carbon Reduction Project Office in Domestic E&P Project Division to strengthen carbon-neutral measures in domestic oil and gas fields in October
- ✓ United States : Acquired additional tight oil assets in January

### 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
  - Conducting an additional development at Katakai oil and gas field in Niigata
  - Studying measures to reduce GHG emissions from oil and gas field operations to achieve carbon-neutral, as well as investigating CO<sub>2</sub> storage capacity.
- Overseas: Participating in the projects of crude oil and natural gas development and production / Considering acquisition of new assets and interests

#### [Major overseas E&P projects]

Segment	Project Title (operator)	Project company (JAPEX's share)	Interest (JAPEX net)	Status	Gross Production volume (Average of Jan-Sep 2021)
Europe	UK North Sea: Seagull Project (Neptune E&P UK Limited)	JAPEX UK E&P Ltd.(100%)	15% (15%)	Development* <sup>1</sup>	-
Middle East	Iraq: Garraff Project (PETRONAS Carigali Iraq Holding B.V.)	Japex Garraf Ltd. (55%)	30% (16.5%)	Production/Development* <sup>2</sup>	Approx. 80,000bbl/d* <sup>3</sup>
Others	Indonesia: Kangean Project (Kangean Energy Indonesia Ltd.)	Energi Mega Pratama Inc.(25%)	100% (25%)	Production	4,690,000m <sup>3</sup> /d Approx. 29,000 boe/d
Others	Russia: Sakhalin 1 Project (Exxon Neftegas Ltd.)	Sakhalin Oil and Gas Development Co., Ltd.(15.29%)	30% (4.59%)	Production/Development	Undisclosed

\*1 : Production commencement is scheduled at early 2023.

\*2 : The timing of achieving production target of 230,000 bbl/d is unforeseeable due to Covid-19 pandemic situation and other factors.

\*3 : Average of Jan-Dec 2021, due to the change in consolidated interim period

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

### Updates on 3Q and after

- ✓ Incorporated the first project of PHOTON Sustainable PV Investment Limited Partnership, in December
- ✓ Participated in the Northern Vietnam LNG terminal project, in January

### Current Status

- ✓ Gas Supply: Stable supply of natural gas and LNG through our domestic gas supply network / Expanding gas sales volume including in response to demands 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
- ✓ Overseas LNG Mid-to-downstream projects : Considering participation in projects to develop and operate supply infrastructure such as LNG terminals, mainly in Southeast Asia, where the demand for natural gas is expected to grow.
- ✓ Electricity: Stable supply of electricity with lower environmental impact generated by the power plants in operation /Participating in renewable energy development and investment projects and considering new projects

【Power plants in which we participate】

Type	Power plant (operator)	Share	Location	Capacity	Status
Natural gas fired	Fukushima Natural Gas Power Plant (Fukushima Gas Power Co., Ltd.)	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.)	20%	Tomakomai City, Hokkaido	13,000kW	In operation
Renewable Energy -Biomass	Chofu Biomass Power Plant (Chofu Bio-Power LLC)	39.9%	Shimonoseki City, Yamaguchi	74,950kW (to be determined)	In development
Renewable Energy -Biomass	Abashiri Biomass 2 <sup>nd</sup> / 3 <sup>rd</sup> Power Plant (Abashiri Biomass 2 <sup>nd</sup> / 3 <sup>rd</sup> Power Plant LLC.)	94.3%	Abashiri City, Hokkaido	total of 19,800kW (to be determined)	In development

【Participation in renewable energy investment funds】

- PHOTON sustainable PV investment limited partnership(Established in September 2021 to invest in PV power projects in Japan across the development and operation phases, with a 5-year investment period and a 15-year operational period.)

【Power projects under consideration and participation】

- Consortium to study large-scale offshore wind power : Akita Central Offshore Wind Power Generation Project, Offshore Wind Power Generation Project off Yuza Town

## 6. Overview: New Business (Creation of environmentally friendly businesses)

### Updates on 3Q and after

- ✓ Agreed with PETRONAS on a CCS joint study in Malaysia, in January

### Current Status

- Studying for 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
  - Consideration of regional and inter-industrial collaboration in combination with CCS/CCUS, such as the realization of carbon recycling

#### [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(domestic)
  - Feasibility study on a carbon recycling project with the sector-coupling in Tomakomai
  - Feasibility study on CO<sub>2</sub>-IOR at the Higashi-Niigata gas field (Joint study with Mitsubishi Gas Chemical Company, Inc., based on the collaboration with CO<sub>2</sub> emitted from their Niigata Plant)
  - Joint technical study with JFE Engineering Co., Ltd. on CO<sub>2</sub> transport and supply infrastructure
- Business feasibility study and review in progress(overseas)
  - Joint study on feasibility evaluation of CCUS project using Joint Crediting Mechanism at Sukowati oil field, Indonesia (with Pertamina and LEMIGAS)
  - CCS joint study in Malaysia (with PETRONAS)



## 7. IR Materials

Please visit our website for the integrated report and IR materials.

➤ **Integrated Report2021**

[https://www.japex.co.jp/ir/uploads/JAPEX\\_IR2021\\_e.pdf](https://www.japex.co.jp/ir/uploads/JAPEX_IR2021_e.pdf)



➤ **IR Materials**

IR Library

<https://www.japex.co.jp/en/ir/library/>

- Financial Results

<https://www.japex.co.jp/en/ir/library/result/>

- Explanatory Materials

<https://www.japex.co.jp/en/ir/library/explanatory/>

➤ **Financial Information**

<https://www.japex.co.jp/en/ir/figure/>

- 10-year performance and financial data (Excel format)

[https://www.japex.co.jp/ir/uploads/JAPEX\\_10yearFinancialData\\_e.xlsx](https://www.japex.co.jp/ir/uploads/JAPEX_10yearFinancialData_e.xlsx)

## 8. 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*	Japan 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

Note: \*JACOS has been excluded from the scope of consolidation, as all shares held by the Group were sold during the second quarter of FY3/22.

# Cautionary Statement

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

This document is not intended to invite investment.

Copyright: All information contained herein is protected by copyright, and may not be copied or reproduced without prior consent of JAPEX.

## 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.

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

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