



[Explanatory Material]

# Financial Results

for the Nine Months Ended December 31, 2022

February 10, 2023

**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.

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**I . Financial Highlights**

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

**III . Revised Financial Forecasts for the fiscal year ending March 31, 2023**

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 13, 2023.

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## **I . Financial Highlights**

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

**III . Revised Financial Forecasts for the fiscal year ending March 31, 2023**

# Financial Highlights

## 1-3Q FY3/23 Results (Year-on-Year)

(Billion Yen)	1-3Q FY3/22 (a)	1-3Q FY3/23 (a)	Change
Operating profit	11.6	<b>38.7</b>	+27.0
Ordinary profit	24.5	<b>57.8</b>	+33.3
Profit attributable to owners of parent	(85.0)	<b>43.2</b>	+128.3

- **Operating profit** : Increase due to rise in sales prices of crude oil, natural gas and electricity, etc
- **Ordinary profit** : Increase due to gains on derivatives LNG transactions etc.
- **Profit/Loss attributable to owners of parent** : Increase in profit due to the absence of extraordinary losses (in FY3/22) resulting from ending our participation in two projects in Canada

## FY3/23 Forecasts Revision (vs Nov.10 Forecasts)

(Billion Yen)	Nov. 10, 2022 (f)	Feb. 10, 2023 (f)	Change
Operating profit	45.2	<b>61.2</b>	+16.0
Ordinary profit	66.9	<b>78.9</b>	+12.0
Profit attributable to owners of parent	53.0	<b>60.0</b>	+7.0

- **Operating profit** : Expect increase in profit due to an improvement in the sales of crude oil, natural gas and electricity
- **Ordinary profit** : Expect decrease in foreign exchange gains

## Shareholders Return

- Revised FY3/23 year-end dividends forecasts to 180.0 yen per share (Annual total 330 yen)

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**III . Revised Financial Forecasts for the fiscal year ending March 31, 2023**

# FY3/23 Results (Year-on-Year)

Million Yen	1-3Q FY3/22 (a)	1-3Q FY3/23 (a)	Change	
Net sales	171,364	<b>225,105</b>	+53,740	+31%
Gross profit	34,511	<b>63,888</b>	+29,377	+85%
Operating profit	11,649	<b>38,742</b>	+27,093	+233%
Ordinary profit	24,533	<b>57,878</b>	+33,345	+136%
Profit attributable to owners of parent	(85,057)	<b>43,286</b>	+128,344	-%

## Oil Price, Exchange Rate and Sales Price

		1-3Q FY3/22 (a)	1-3Q FY3/23 (a)	Change
WTI*	USD/bbl	64.06	<b>98.27</b>	+34.21
Crude oil price (CIF)	USD/bbl	70.28	<b>106.81</b>	+36.53
Exchange rate	JPY/USD	109.96	<b>132.69</b>	+22.73

\*1-3Q FY3/23 is the WTI average for JACOS's diluted bitumen sales (8 months from January to August 2021)

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

Net sales : Million Yen		1-3Q FY3/22 (a)		1-3Q FY3/23 (a)		Change			
		Sales volume	Net sales	Sales volume	Net sales	Sales volume		Net sales	
E&P Business	-	-	54,560	-	<b>35,902</b>	-	-	(18,657)	(34%)

## Breakdown

Crude oil	Thousand KL	421	22,241	<b>402</b>	<b>35,672</b>	(18)	(4%)	+13,431	+60%
Crude oil - Japan		218	11,073	<b>173</b>	<b>15,964</b>	(44)	(20%)	<b>[1]</b> +4,891	+44%
Crude oil - Overseas <sup>*1</sup>		184	10,158	<b>213</b>	<b>18,283</b>	<b>[2]</b> +29	+16%	+8,125	+80%
Purchased crude oil		19	1,009	<b>15</b>	<b>1,424</b>	(4)	(22%)	+414	+41%
Diluted bitumen <sup>*2</sup>		959	31,121	-	-	<b>[3]</b> (959)	-	(31,121)	-
Natural Gas - Overseas <sup>*3</sup>	Million M3	129	1,197	<b>5</b>	<b>230</b>	<b>[4]</b> (124)	(96%)	(967)	(81%)

## Main factors for change

- [1] Increase in sales price
- [2] Increase in sales price, increase in sales volume of tight oil in United States
- [3] Absence of sales volume of diluted bitumen due to the interests transfer of the Hangingstone Lease in Canada
- [4] Decrease in sales volume due to the interests transfer of the shale gas project in Canada

\*1 1-3Q FY3/22 includes the amounts of 3 overseas subsidiaries (Japex Garraf Ltd., JAPEX Montney Ltd. and Japex (U.S.) Corp.) and 1-3Q FY3/23 includes the amounts of 2 overseas subsidiaries (Japex Garraf Ltd., and Japex (U.S.) Corp.)

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

\*3 1-3Q FY3/22 includes the volume of 2 overseas subsidiaries (JAPEX Montney Ltd., and Japex (U.S.) Corp.) and 1-3Q FY3/23 includes the volume of Japex (U.S.) Corp.

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

Net sales : Million Yen		1-3Q FY3/22 (a)		1-3Q FY3/23 (a)		Change			
		Sales volume	Net sales	Sales volume	Net sales	Sales volume		Net sales	
Infrastructure & Utility Business	-	-	79,165	-	<b>141,748</b>	-	-	+62,583	+79%

## Breakdown

Natural Gas - Japan	Million M3	727	36,135	<b>692</b>	<b>62,625</b>	(35)	(5%)	<b>[1]</b> +26,490	+73%
- Produced in Japan		368	-	<b>324</b>	-	(44)	(12%)	-	-
LNG	Thousand Ton	217	16,822	<b>213</b>	<b>34,877</b>	(4)	(2%)	<b>[2]</b> +18,055	+107%
Electricity	Million kWh	2,241	22,656	<b>2,146</b>	<b>40,843</b>	(94)	(4%)	<b>[3]</b> +18,187	+80%
Other*	-	-	3,550	-	<b>3,400</b>	-	-	(149)	(4%)

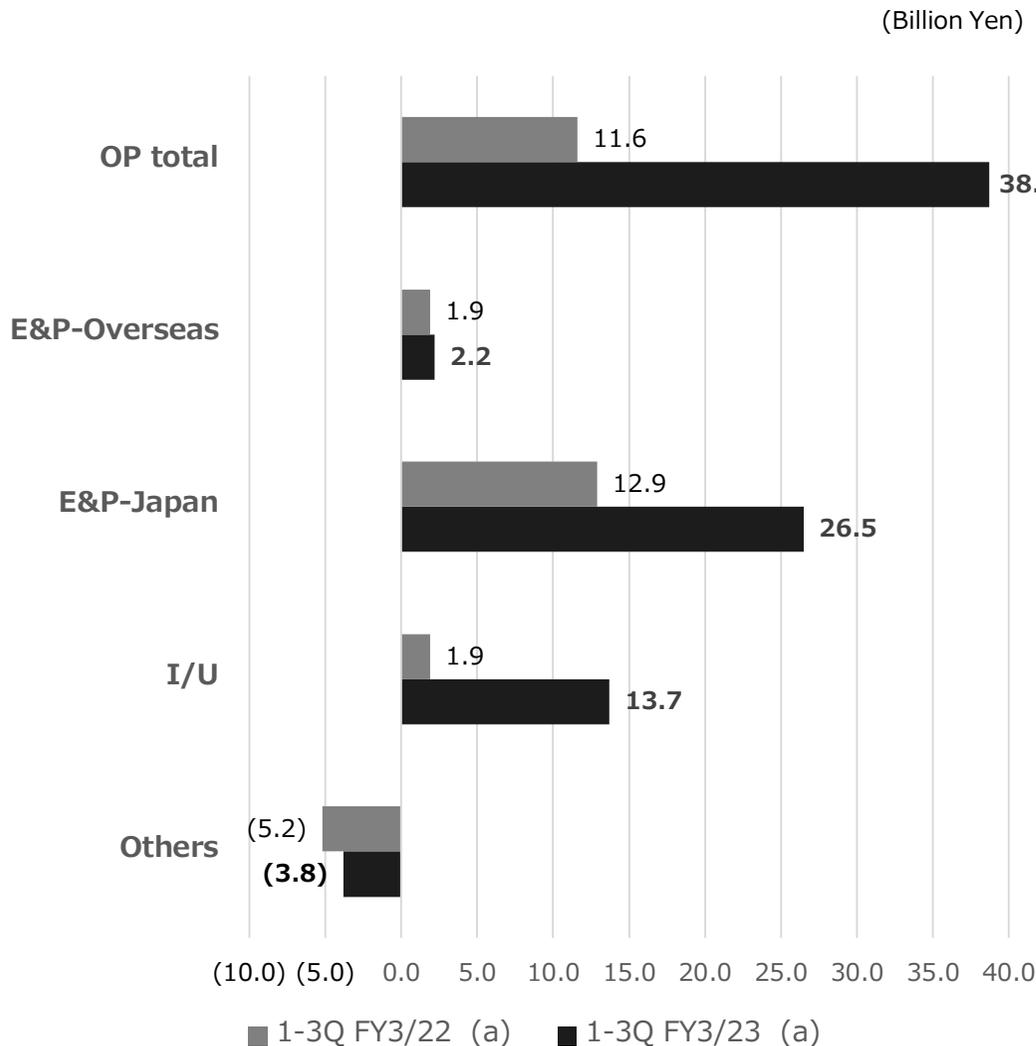
## Main factors for change

[1]-[2] Increase in sales price of domestic natural gas and LNG due to soaring JLC price

[3] Increase in sales price

\* Including net sales from commissioned regasification of LNG

# Operating Profit (Year-on-Year)



## E&P Business

**Overseas : +0.3 bn. 1.9 bn. → 2.2 bn.**

- Increase in sales volume and sales price of tight oil in United States
- Absence of sales volume of diluted bitumen

**Domestic : +13.6 bn. 12.9 bn. → 26.5 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 Infrastructure/Utilities Business for the internal control

## I/U Business

**+11.7 bn. 1.9 bn. → 13.7 bn.**

- Increase in marginal gain on LNG procurement
- Increase in sales price of electricity

## Others \*

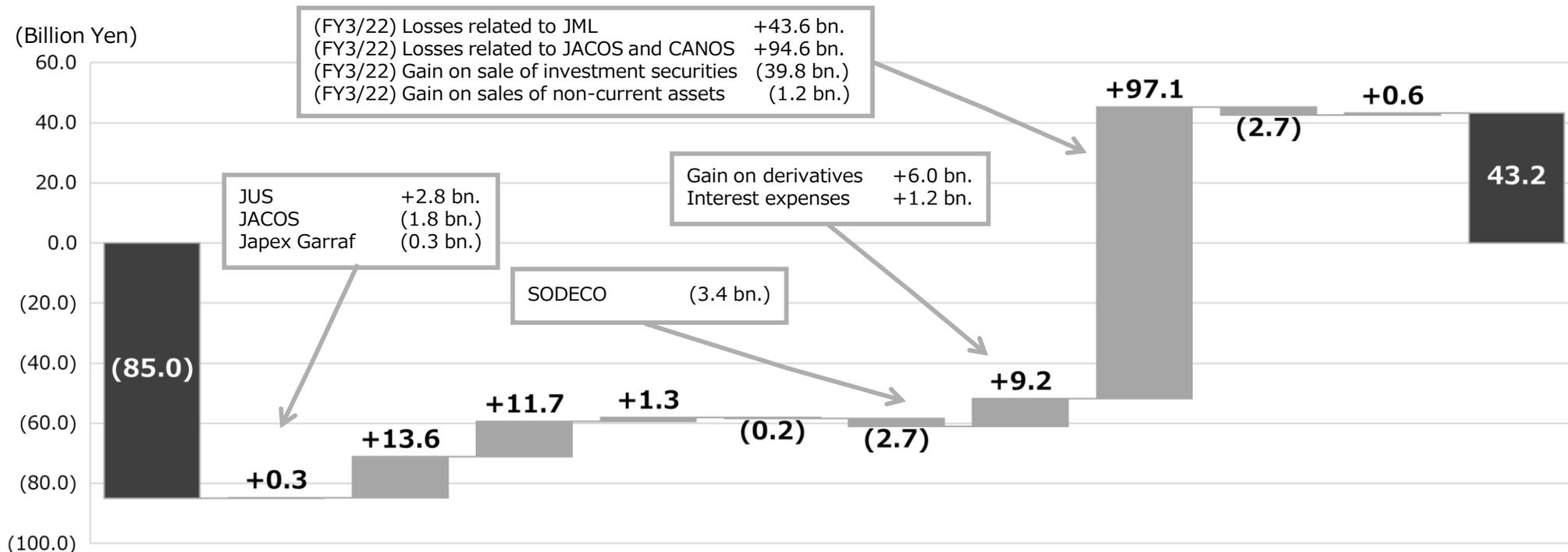
**+1.3 bn. (5.2 bn.) → (3.8 bn.)**

- Increase in profit of contract services and others

\* Operating income (contracting, oil products and commodities, and others) that does not belong to the above business units, excluding the headquarters administrative expenses

Note) 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* +27.0 bn.				Non-operating income +6.2 bn.			Extraordinary income	Income taxes	Profit attributable to non-controlling interest	Net income FY3/23 1-3Q (a)
	FY3/22 1-3Q (a)	E&P overseas	E&P Japan	I/U	Others	Foreign exchange gains and loss	Equity on earnings				
FY3/22 1-3Q (a)	1.9	12.9	1.9	(5.2)	5.1	9.4	(1.6)	(97.1)	10.7	1.7	(85.0)
FY3/23 1-3Q (a)	2.2	26.5	13.7	(3.8)	4.8	6.7	7.5	(0.0)	13.4	1.0	43.2

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

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## **I . Financial Highlights**

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

## **III . Revised Financial Forecasts for the fiscal year ending March 31, 2023**

# FY3/23 Forecasts (vs Nov. 10 Forecasts)

Million Yen	Previous (f) Nov. 10, 2022	Revised (f) Feb. 10, 2023	Change	
Net sales	304,563	<b>326,679</b>	+22,116	+7%
Gross profit	77,174	<b>95,779</b>	+18,605	+24%
Operating profit	45,242	<b>61,250</b>	+16,008	+35%
Ordinary profit	66,951	<b>78,964</b>	+12,013	+18%
Profit attributable to owners of parent	53,000	<b>60,000</b>	+7,000	+13%

## Oil Price and Exchange Rate

		Previous (f) Nov. 10, 2022	Revised (f) Feb. 10, 2023	Change
WTI	USD/bbl	94.33	<b>94.42</b>	+0.09
Crude oil price (CIF)	USD/bbl	93.04	<b>96.24</b>	+3.20
Exchange rate	JPY/USD	128.59	<b>132.13</b>	+3.54

# E&P Business Sales Forecasts (vs Nov. 10 Forecasts)

Net sales : Million Yen		Previous (f) Nov. 10, 2022		Revised (f) Feb. 10, 2023		Change			
		Sales volume	Net sales	Sales volume	Net sales	Sales volume		Net sales	
E&P Business	-	-	51,167	-	<b>53,471</b>	-	-	+2,304	+5%

## Breakdown

Crude oil	Thousand KL	703	50,853	<b>700</b>	<b>53,101</b>	(2)	(0%)	+2,248	+4%
Crude oil - Japan		242	19,250	<b>243</b>	<b>20,452</b>	+1	+0%	<b>[1]</b> +1,201	+6%
Crude oil - overseas <sup>*1</sup>		439	29,896	<b>436</b>	<b>30,872</b>	(3)	(1%)	<b>[2]</b> +976	+3%
Purchased crude oil		20	1,706	<b>20</b>	<b>1,776</b>	(0)	(2%)	+70	+4%
Natural Gas - Overseas <sup>*2</sup>	Million M3	13	314	<b>12</b>	<b>370</b>	(1)	(9%)	+55	+18%

## Main factors for change

[1] Increase in sales price

[2] Increase in sales price of tight oil in United States

\*1 Includes the amounts of 2 overseas subsidiaries (Japex Garraf Ltd., and Japex (U.S.) Corp.)

\*2 Includes the volume of Japex (U.S.) Corp.

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

Net sales : Million Yen		Previous (f) Feb. 10, 2022		Revised (f) Feb. 10, 2023		Change			
		Sales volume	Net sales	Sales volume	Net sales	Sales volume		Net sales	
Infrastructure & Utility Business	-	-	191,034	-	<b>208,087</b>	-	-	+17,052	+9%

## Breakdown

Natural Gas - Japan	Million M3	1,012	89,894	<b>999</b>	<b>97,084</b>	(12)	(1%)	<b>[1]</b>	+7,190	+8%
- Produced in Japan		483	-	<b>470</b>	-	(12)	(3%)		-	-
LNG	Thousand Ton	349	41,804	<b>344</b>	<b>48,752</b>	(5)	(1%)	<b>[2]</b>	+6,948	+17%
Electricity	Million kWh	3,031	53,304	<b>2,925</b>	<b>56,467</b>	(106)	(3%)	<b>[3]</b>	+3,163	+6%
Others*	-	-	6,032	-	<b>5,781</b>	-	-		(250)	(4%)

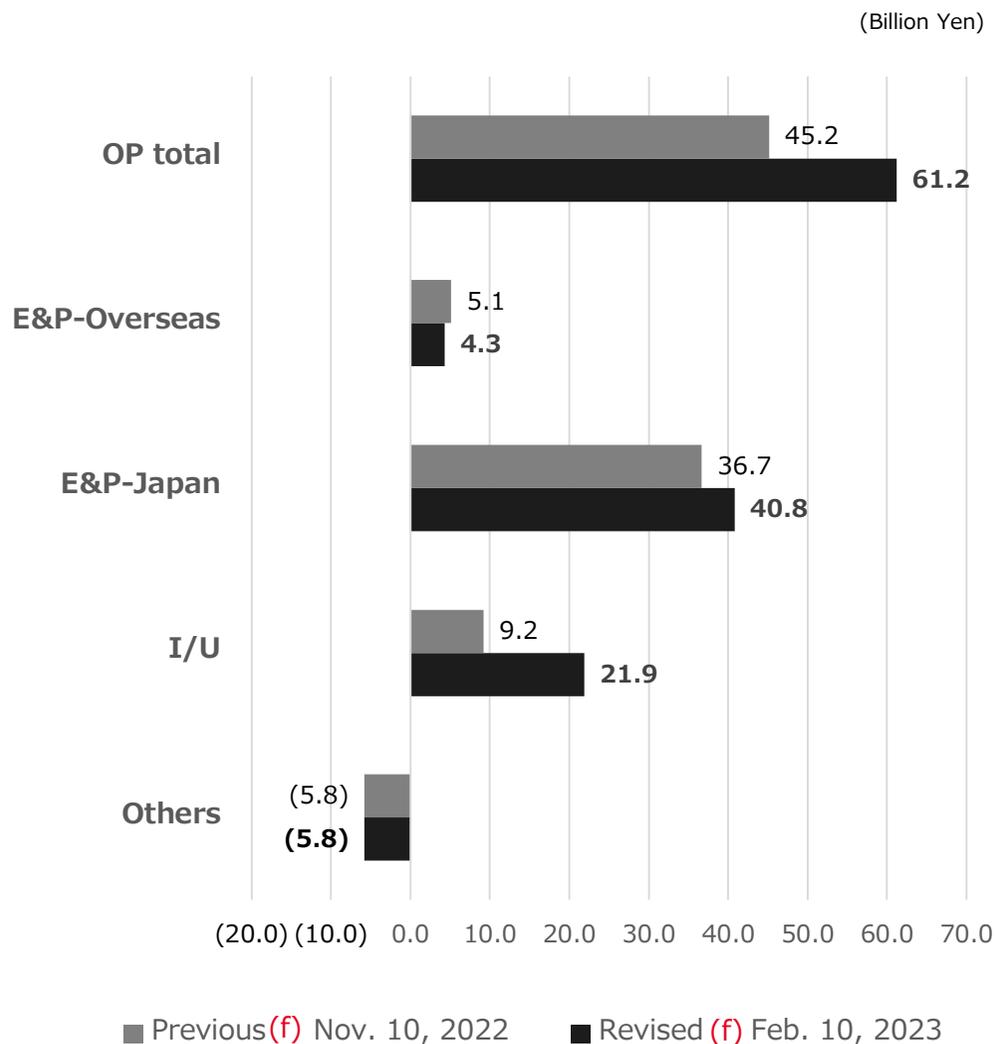
## Main factors for change

[1]-[2] Increase in sales price of domestic natural gas and LNG due to soaring JLC price

[3] Increase in sales price

\* Including net sales from commissioned regasification of LNG

# Operating Profit Forecasts



## E&P Business

**Overseas : (0.7) bn.      5.1 bn. → 4.3 bn.**

- Increased in operating expenses from Japex Garraf Ltd.

**Domestic : +4.0 bn.      36.7 bn. → 40.8 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 Infrastructure/Utilities Business for the internal control

## I/U Business

**+12.6 bn.      9.2 bn. → 21.9 bn.**

- Increase in marginal gain on LNG procurement due to a rise of JLC price
- Absence of additional cost (5 billion yen) prepared for the possibility of LNG spot procurement, which was incorporated in the previous forecast

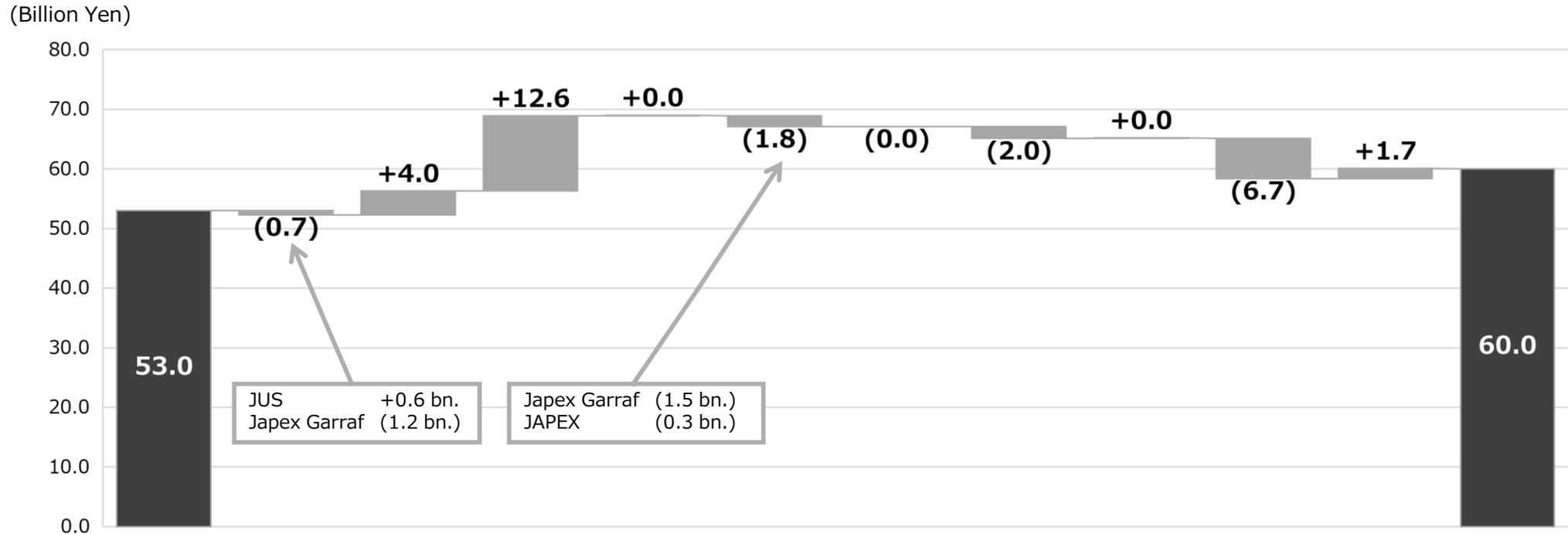
## Others\*

**+0.0 bn.      (5.8 bn.) → (5.8 bn.)**

- \* Operating income (contracting, oil products and commodities, and others) that does not belong to the above business units, excluding the headquarters administrative expenses

Note) 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



Net income	Operating profit* +16.0 bn.				Non-operating income (3.9 bn.)			Extraordinary income	Income taxes	Profit attributable to non-controlling interest	Net income	
	FY3/23 (f) Nov. 10	E&P overseas	E&P Japan	I/U	Others	Foreign exchange gains and loss	Equity on earnings					Others
FY3/23 (f) Nov. 10	53.0	5.1	36.7	9.2	(5.8)	6.0	6.3	9.2	(0.0)	11.0	2.8	53.0
FY3/23 (f) Feb. 10	60.0	4.3	40.8	21.9	(5.8)	4.1	6.2	7.2	(0.0)	17.8	1.1	60.0

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

# FY3/23 Forecasts

Million Yen	FY3/22 (a)	FY3/23 Revised (f)	Change	
Net sales	249,140	<b>326,679</b>	+77,538	+31%
Gross profit	49,903	<b>95,779</b>	+45,876	+92%
Operating profit	19,809	<b>61,250</b>	+41,441	+209%
Ordinary profit	43,674	<b>78,964</b>	+35,290	+81%
Profit (loss) attributable to owners of parent	(30,988)	<b>60,000</b>	+90,988	-

## Oil Price and Exchange Rate

		FY3/22 (a)	FY3/23 Revised (f)	Change
WTI*	USD/bbl	64.06	<b>94.42</b>	+30.36
Crude oil price (CIF)	USD/bbl	73.28	<b>96.24</b>	+22.96
Exchange rate	JPY/USD	111.20	<b>132.13</b>	+20.93

\*FY3/22 is the WTI average for JACOS's diluted bitumen sales (8 months from January to August 2021)

# E&P Business Sales Forecasts

Net sales : Million Yen		FY3/22 (a)		FY3/23 Revised (f)		Change			
		Sales volume	Net sales	Sales volume	Net sales	Sales volume		Net sales	
E&P Business	-	-	73,422	-	<b>53,471</b>	-	-	(19,950)	(27%)

## Breakdown

Crude oil	Thousand KL	669	41,056	<b>700</b>	<b>53,101</b>	+30	+5%	+12,044	+29%
Crude oil - Japan		286	15,570	<b>243</b>	<b>20,452</b>	(43)	(15%)	<b>[1]</b> +4,881	+31%
Crude oil - overseas <sup>*1</sup>		357	24,105	<b>436</b>	<b>30,872</b>	<b>[2]</b> +79	+22%	+6,767	+28%
Purchased crude oil		25	1,381	<b>20</b>	<b>1,776</b>	(5)	(20%)	+395	+29%
Diluted bitumen <sup>*2</sup>		959	31,121	-	-	<b>[3]</b> (959)	-	(31,121)	-
Natural Gas - Overseas <sup>*3</sup>	Million M3	130	1,244	<b>12</b>	<b>370</b>	<b>[4]</b> (118)	(91%)	(873)	(70%)

## Main factors for change

[1] Increase in sales price

[2] Increase in sales volume and sales price of tight oil in United States

[3] Absence of sales volume of diluted bitumen due to the interests transfer of the Hangingstone Lease in Canada

[4] Decrease in sales volume due to the interests transfer of the Canadian shale gas project

\*1 FY3/22 includes the amounts of 3 overseas subsidiaries (Japex Garraf Ltd., JAPEX Montney Ltd. and Japex (U.S.) Corp.) and FY3/23 includes the amounts of 2 overseas subsidiaries (Japex Garraf Ltd., and Japex (U.S.) Corp.)

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

\*3 FY3/22 includes the volume of 2 overseas subsidiaries (JAPEX Montney Ltd., and Japex (U.S.) Corp.) and FY3/23 includes the volume of Japex (U.S.) Corp.

# I/U Business Sales Forecasts

Net sales : Million Yen		FY3/22 (a)		FY3/23 Revised (f)		Change			
		Sales volume	Net sales	Sales volume	Net sales	Sales volume		Net sales	
Infrastructure & Utility Business	-	-	119,845	-	<b>208,087</b>	-	-	+88,242	+74%

## Breakdown

Natural Gas - Japan	Million M3	1,061	58,024	<b>999</b>	<b>97,084</b>	(61)	(6%)	<b>[1]</b> +39,060	+67%
- Produced in Japan		527	-	<b>470</b>	-	(56)	(11%)	-	-
LNG	Thousand Ton	295	22,596	<b>344</b>	<b>48,752</b>	<b>[2]</b> +48	+16%	+26,156	+116%
Electricity	Million kWh	3,023	34,320	<b>2,925</b>	<b>56,467</b>	(98)	(3%)	<b>[3]</b> +22,146	+65%
Others*	-	-	4,903	-	<b>5,781</b>	-	-	+878	+18%

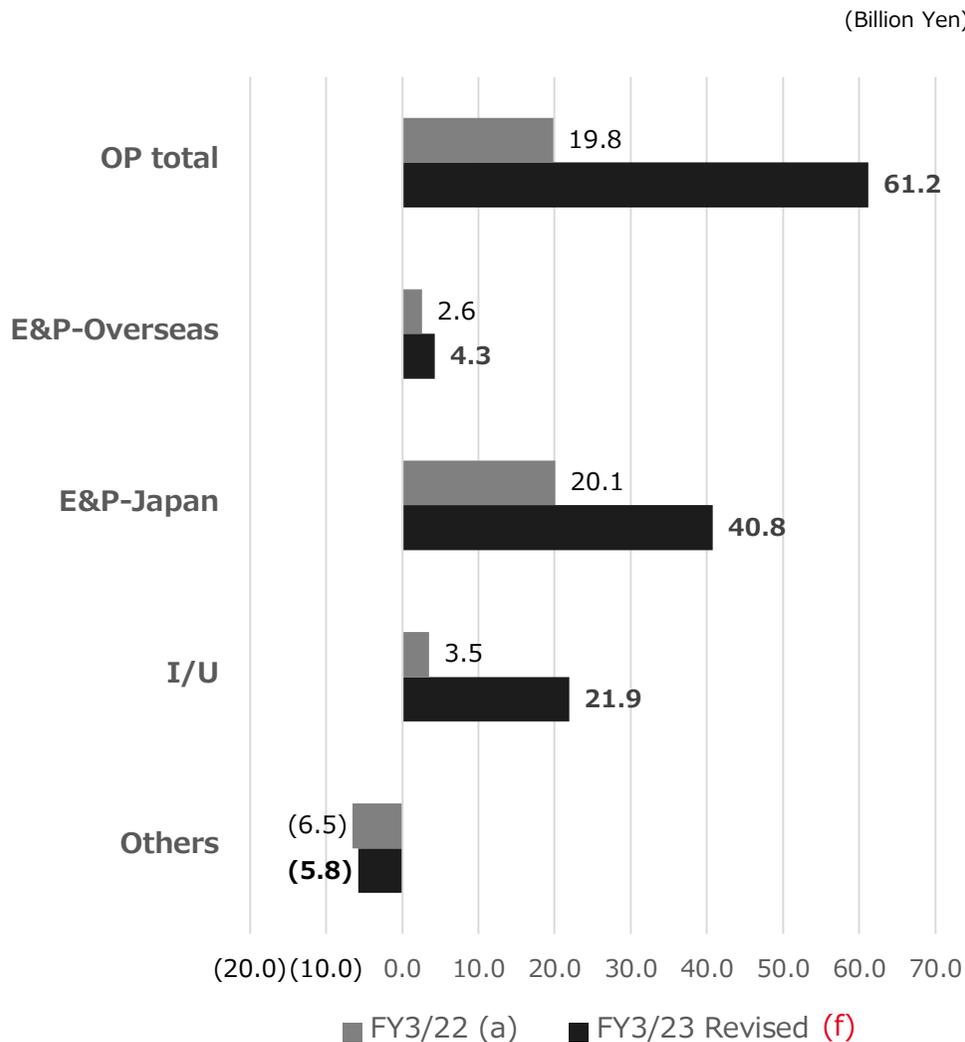
## Main factors for change

[1]-[2] Increase in sales price of domestic natural gas and LNG due to soaring JLC price ,and increase in sales volume of LNG

[3] Increase in sales price

\* Including net sales from commissioned regasification of LNG

# Operating Profit Forecasts



## E&P Business

**Overseas : +1.6 bn.      2.6 bn. → 4.3 bn.**

- Increase in sales volume and les price of tight oil in United States
- Absence of sales volume of diluted bitumen

**Domestic : +20.6 bn.      20.1 bn. → 40.8 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 Infrastructure/Utilities Business for the internal control

## I/U Business

**+18.3 bn.      3.5 bn. → 21.9 bn.**

- Increase in marginal gain on LNG procurement, etc.
  - ✓ Absence of temporary factor (Increase in the cost due to the procurement of alternative LNG cargo from the LNG spot market)

- Increase in sales price of electricity

## Others\*

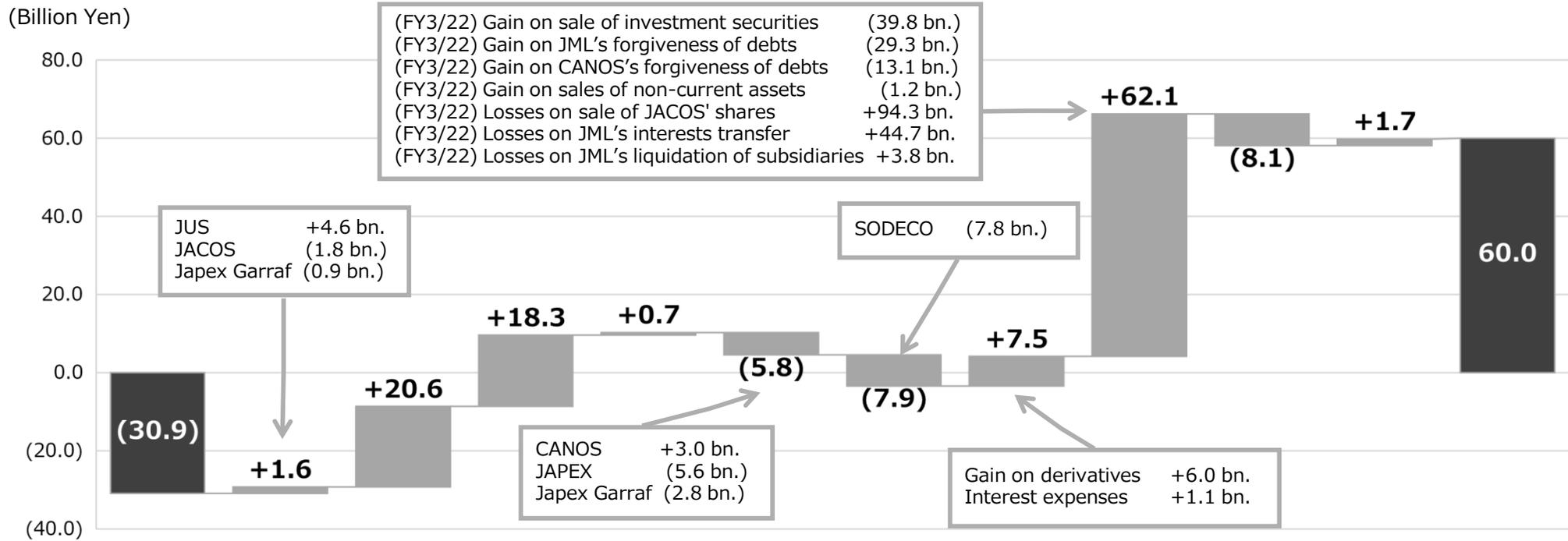
**+0.7 bn.      (6.5 bn.) → (5.8 bn.)**

- Increase in profit of contract services and others

\* Operating income (contracting, oil products and commodities, and others) that does not belong to the above business units, excluding the headquarters administrative expenses

Note) 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



FY3/22 (a)	Operating profit* +41.4 bn.				Non-operating income (6.1 bn.)			Extraordinary income	Income taxes	Profit attributable to non-controlling interest	FY3/23 Revised (f)
	Net income	E&P overseas	E&P Japan	I/U	Others	Foreign exchange gains and loss	Equity on earnings				
	(30.9)	2.6	20.1	3.5	(6.5)	10.0	14.2	(0.3)	(62.1)	9.6	2.8
FY3/23 Revised (f)	60.0	4.3	40.8	21.9	(5.8)	4.1	6.2	7.2	(0.0)	17.8	1.1

Note) 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	FY3/23 (f)		
		FY3/22 (a)	Full year	
			Nov.10	Feb.10
<b>Cash flows from operating activities</b>	<b>(1,052)</b>	<b>86,200</b>	<b>94,329</b>	
Depreciation	17,721	13,351	13,529	
Recovery of recoverable accounts	17,780	18,286	17,269	
<b>Cash flows from investing activities</b>	<b>52,067</b>	<b>(56,130)</b>	<b>(50,644)</b>	
Purchase of property, plant and equipment	(16,278)	(39,850)	(36,118)	
Payments of recoverable accounts	(23,244)	(32,252)	(31,734)	
<b>Cash flows from financing activities</b>	<b>(70,939)</b>	<b>(14,526)</b>	<b>(14,504)</b>	
<b>Cash and cash equivalents at end of period</b>	<b>144,513</b>	<b>160,056</b>	<b>173,693</b>	

Interest-bearing debt*1	6,156	10,457	10,457
EBITDA*2	57,391	70,914	87,603
Debt-to-EBITDA ratio	0.1	0.1	0.1

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

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

# Appendix

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- 1. Net Sales**
- 2. Financial Results**
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# 1. Net Sales - E&P

	Million Yen	FY3/22 (a)			FY3/23						
		3Q	1-3Q	Full year	1Q	2Q	3Q	1-3Q	4Q	Full year (f)	
										11.10	2.10
Sales		4,739	54,560	73,422	7,266	6,876	21,760	35,902	17,568	51,167	53,471
Sales volume of Crude oil (Thousand KL)		76	421	669	79	62	260	402	298	703	700
Net sales		4,746	22,241	41,056	7,251	6,850	21,570	35,672	17,429	50,853	53,101
Sales volume of Crude oil - Japan (Thousand KL)		63	218	286	67	49	57	173	69	242	243
Net sales		3,607	11,073	15,570	5,640	4,855	5,468	15,964	4,487	19,250	20,452
Sales volume of Crude oil - overseas *1 (Thousand KL)		7	184	357	7	7	199	213	223	439	436
Net sales		800	10,158	24,105	1,192	1,458	15,632	18,283	12,588	29,896	30,872
Sales volume of Purchased crude oil (Thousand KL)		5	19	25	5	5	4	15	5	20	20
Net sales		338	1,009	1,381	418	536	469	1,424	352	1,706	1,776
Sales volume of Diluted bitumen (Thousand KL)		-	959	959	-	-	-	-	-	-	-
Net sales *2		-	31,121	31,121	-	-	-	-	-	-	-
Sales volume of Natural gas -overseas *3 (Million M3)		0	129	130	0	0	3	5	6	13	12
Net sales		(7)	1,197	1,244	14	25	189	230	140	314	370
WTI (USD/bbl)		69.85	64.06	64.06	94.41	108.65	91.76	98.27	82.85	94.33	94.42
Crude oil price (CIF) (USD/bbl) *4		77.30	70.28	73.28	101.55	115.31	105.93	106.81	70.00	93.04	96.24
Exchange rate (JPY/USD) *4		111.69	109.96	111.20	122.50	133.58	143.32	132.69	130.00	128.59	132.13
Diluted bitumen *2 (USD/bbl)		51.26	46.90	46.90	-	-	-	-	-	-	-
JML natural gas *5 (CAD/mcf)		-	-	2.96	-	-	-	-	-	-	-

\*1 FY3/22 include the amounts of 3 overseas subsidiaries (Japex Garraf Ltd., JAPEX Montney Ltd. and Japex (U.S.) Corp.), FY3/23 includes the amounts of 2 overseas subsidiaries (Japex Garraf Ltd., and Japex (U.S.) Corp.)

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

\*3 FY3/22 include the volume of 2 overseas subsidiaries (JAPEX Montney Ltd., and Japex (U.S.) Corp.), FY3/23 includes the volume of Japex (U.S.) Corp.

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

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

# 1. Net Sales - I/U

	Million Yen	FY3/22 (a)			FY3/23						
		3Q	1-3Q	Full year	1Q	2Q	3Q	1-3Q	4Q	Full year (f)	
										11.10	2.10
Sales		32,782	79,165	119,845	36,009	40,770	64,968	141,748	66,338	191,034	208,087
Sales volume of Natural gas – Japan (Million M3)		271	727	1,061	231	214	245	692	307	1,012	999
Net sales		14,897	36,135	58,024	17,923	18,043	26,659	62,625	34,458	89,894	97,084
Sales volume of Natural gas produced in Japan (Million M3)		135	368	527	109	101	112	324	146	483	470
Sales volume of LNG (Thousand ton)		120	217	295	49	44	119	213	130	349	344
Net sales		8,636	16,822	22,596	6,062	7,424	21,391	34,877	13,875	41,804	48,752
Sales volume of Electricity (Million kWh)		635	2,241	3,023	665	787	693	2,146	778	3,031	2,925
Net sales		7,658	22,656	34,320	10,986	14,265	15,591	40,843	15,624	53,304	56,467
Others*		1,590	3,550	4,903	1,037	1,037	1,326	3,400	2,380	6,032	5,781

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

## 2. Financial Results

	Million Yen	FY3/22 (a)			FY3/23						
		3Q	1-3Q	Full year	1Q	2Q	3Q	1-3Q	4Q	Full year (f)	
										11.10	2.10
<b>Net sales</b>		<b>52,856</b>	<b>171,364</b>	<b>249,140</b>	<b>58,617</b>	<b>62,091</b>	<b>104,396</b>	<b>225,105</b>	<b>101,574</b>	<b>304,563</b>	<b>326,679</b>
E&P Business		4,739	54,560	73,422	7,266	6,876	21,760	35,902	17,569	51,167	53,471
Infrastructure/Utility Business		32,782	79,165	119,845	36,009	40,770	64,968	141,748	66,338	191,034	208,087
Others		15,334	37,638	55,872	15,341	14,444	17,667	47,454	17,666	62,360	65,120
Cost of sales		44,130	136,853	199,237	41,920	44,807	74,488	161,216	69,683	227,388	230,899
<b>Gross profit</b>		<b>8,726</b>	<b>34,511</b>	<b>49,903</b>	<b>16,696</b>	<b>17,283</b>	<b>29,907</b>	<b>63,888</b>	<b>31,891</b>	<b>77,174</b>	<b>95,779</b>
Exploration expenses		101	353	359	97	1,042	860	2,000	1,425	3,057	3,425
SG&A expenses		6,516	22,508	29,734	6,788	6,746	9,609	23,145	7,957	28,875	31,103
<b>Operating profit</b>		<b>2,108</b>	<b>11,649</b>	<b>19,809</b>	<b>9,810</b>	<b>9,494</b>	<b>19,438</b>	<b>38,742</b>	<b>22,508</b>	<b>45,242</b>	<b>61,250</b>
Non-operation income		<b>3,075</b>	<b>12,884</b>	<b>23,864</b>	<b>12,789</b>	<b>10,989</b>	<b>(4,643)</b>	<b>19,136</b>	<b>(1,422)</b>	<b>21,709</b>	<b>17,714</b>
Interest income		76	164	266	149	257	342	749	246	775	995
Interest expenses		59	(1,246)	(1,187)	(1)	(1)	-	(3)	(6)	(28)	(9)
Dividend income		68	2,255	4,049	47	1,603	67	1,719	1,754	3,510	3,473
Share of profit of entities accounted for using equity method		2,995	9,466	14,226	5,988	696	49	6,734	(452)	6,348	6,282
Provision for overseas investment		85	263	66	-	-	(44)	(44)	(3)	(83)	(47)
Foreign exchange gains and loss		1,158	5,100	10,002	6,748	2,428	(4,312)	4,864	(669)	6,086	4,195
Other		(1,368)	(3,118)	(3,559)	(142)	6,004	(744)	5,117	(2,292)	5,100	2,825
<b>Ordinary profit</b>		<b>5,183</b>	<b>24,533</b>	<b>43,674</b>	<b>22,600</b>	<b>20,483</b>	<b>14,794</b>	<b>57,878</b>	<b>21,086</b>	<b>66,951</b>	<b>78,964</b>
Extraordinary income		41,526	(97,138)	(62,175)	(1)	(14)	(11)	(27)	(9)	(71)	(36)
Profit before income taxes		46,710	(72,604)	(18,501)	22,598	20,469	14,783	57,851	21,076	66,880	78,928
Income taxes		11,227	10,743	9,652	5,304	3,665	4,520	13,490	4,323	11,026	17,814
Profit attributable to non-controlling interests		864	1,708	2,835	1,653	1,013	(1,593)	1,074	39	2,853	1,114
<b>Profit (loss) attributable to owners of parent</b>		<b>34,619</b>	<b>(85,057)</b>	<b>(30,988)</b>	<b>15,640</b>	<b>15,790</b>	<b>11,856</b>	<b>43,286</b>	<b>16,713</b>	<b>53,000</b>	<b>60,000</b>

# 3. Segment Profit

Million Yen		FY3/22 (a)			FY3/23							
		3Q	1-3Q	Full year	1Q	2Q	3Q	1-3Q	4Q	Full year (f)		
										11.10	2.10	
Japan	Operating profit	4,223	15,158	24,739	11,472	11,215	19,702	42,391	23,052	48,557	65,443	
	Share of profit (loss) of entities accounted for using equity method	(73)	49	(47)	291	24	124	440	(80)	509	359	
North America	Operating profit (loss)	(34)	1,702	1,789	227	320	2,370	2,918	1,912	4,206	4,831	
	Share of profit of entities accounted for using equity method	-	-	-	-	-	-	-	-	-	-	
Europe	Operating loss	(27)	(108)	(151)	(33)	(55)	(29)	(118)	(55)	(187)	(173)	
	Share of profit of entities accounted for using equity method	-	-	-	-	-	-	-	-	-	-	
Middle East	Operating profit	243	1,457	2,644	522	611	(8)	1,125	568	2,952	1,693	
	Share of loss of entities accounted for using equity method	(2)	(8)	(13)	(3)	(3)	(2)	(9)	2	(28)	(6)	
Others*1	Operating profit	-	-	-	-	-	-	-	-	-	-	
	Share of profit of entities accounted for using equity method	3,071	9,425	14,287	5,699	675	(72)	6,303	(373)	5,868	5,929	
Adjustments and Eliminations*2		(2,296)	(6,560)	(9,213)	(2,378)	(2,598)	(2,596)	(7,574)	(2,969)	(10,286)	(10,543)	
Amounts on consolidated statement of income*3		Operating profit (loss)	2,108	11,649	19,809	9,810	9,494	19,438	38,742	22,508	45,242	61,250

\*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 FY3/23 Forecasts

Market Price			Upper: from January 2021 to March 2022					Full year
			Lower: from January 2022 to March 2023					
			Jan.-Mar.	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.	Jan.-Mar.	
Crude oil price (CIF) <sup>*3</sup>	USD/bbl	2021 (a)	-	64.25	71.31	77.30	82.70	73.28
		Revised (f) Feb.10	-	<b>101.55</b> <sup>*1</sup>	<b>115.31</b> <sup>*1</sup>	<b>105.93</b> <sup>*1</sup>	<b>70.00</b>	<b>96.24</b>
WTI <sup>*2</sup>	USD/bbl	2021 (a)	58.10	66.07	69.85	-	-	64.06
		Revised (f) Feb.10	<b>94.41</b> <sup>*1</sup>	<b>108.65</b> <sup>*1</sup>	<b>91.76</b> <sup>*1</sup>	<b>82.85</b> <sup>*1</sup>	-	<b>94.42</b>
JLC price	JPY/Ton	2021 (a)	-	47,544	58,141	79,284	88,184	68,288
		Revised (f) Feb.10	-	<b>101,863</b> <sup>*1</sup>	<b>143,821</b> <sup>*1</sup>	<b>131,646</b>	<b>92,267</b>	<b>118,649</b>
Exchange rate <sup>*3</sup>	JPY/USD	2021 (a)	-	108.43	109.96	111.69	114.52	111.20
		Revised (f) Feb.10	-	<b>122.50</b> <sup>*1</sup>	<b>133.58</b> <sup>*1</sup>	<b>143.32</b> <sup>*1</sup>	<b>130.00</b>	<b>132.13</b>

\*1 Actual

\*2 FY3/22 is the WTI average for JACOS's diluted bitumen sales (8 months from January to August 2021)

\*3 Domestic sales price average of crude oil referring to crude oil (CIF) price and its conversion exchange rate

## 5. Sensitivities Analysis on FY3/23 Forecasts Basis

	FY3/23 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) 4Q : USD 70.00/bbl</b>	Increase by 1USD/bbl	<b>11</b>	<b>6</b>	+ Sales of oil and gas (Increase in LNG procurement cost)
Exchange rate	<b>JPY 130.00/USD</b>	1 weaker JPY against USD	<b>110</b>	<b>60</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.
- Translation adjustments of foreign-currency-denominated receivables and payables may occur, in addition to the impact of exchange rate fluctuations shown on the above.
- Actual profits are influenced by various other factors besides crude oil prices and exchange rates.

## 6. Business Overview ① 3Q of FY3/23 and onwards

### E&P Field

- Japan: Producing oil and gas at 10 fields in Hokkaido, Akita, Yamagata, and Niigata / considering measures to increase production at existing fields
    - Proceeding an additional development around Katakai oil and gas field in Niigata
    - Considering measures for carbon neutrality including reduction of GHG emissions from field operations, investigation of CO<sub>2</sub> storage capacity
  - Overseas: Participating in the projects of crude oil and natural gas development / Considering new interests acquisition
- Japan: Drilling the 1<sup>st</sup> well as the additional development of Katakai gas field in Niigata.  
\*Production of the first well is scheduled to begin in the second half of 2023, and the second well drilling is scheduled in mid-2023 or later.
- Overseas: UK North Sea Seagull Project (Scheduled to start production in mid-2023), US Tight Oil Development (In production/development), Iraq Garraf oil field (In production/development)

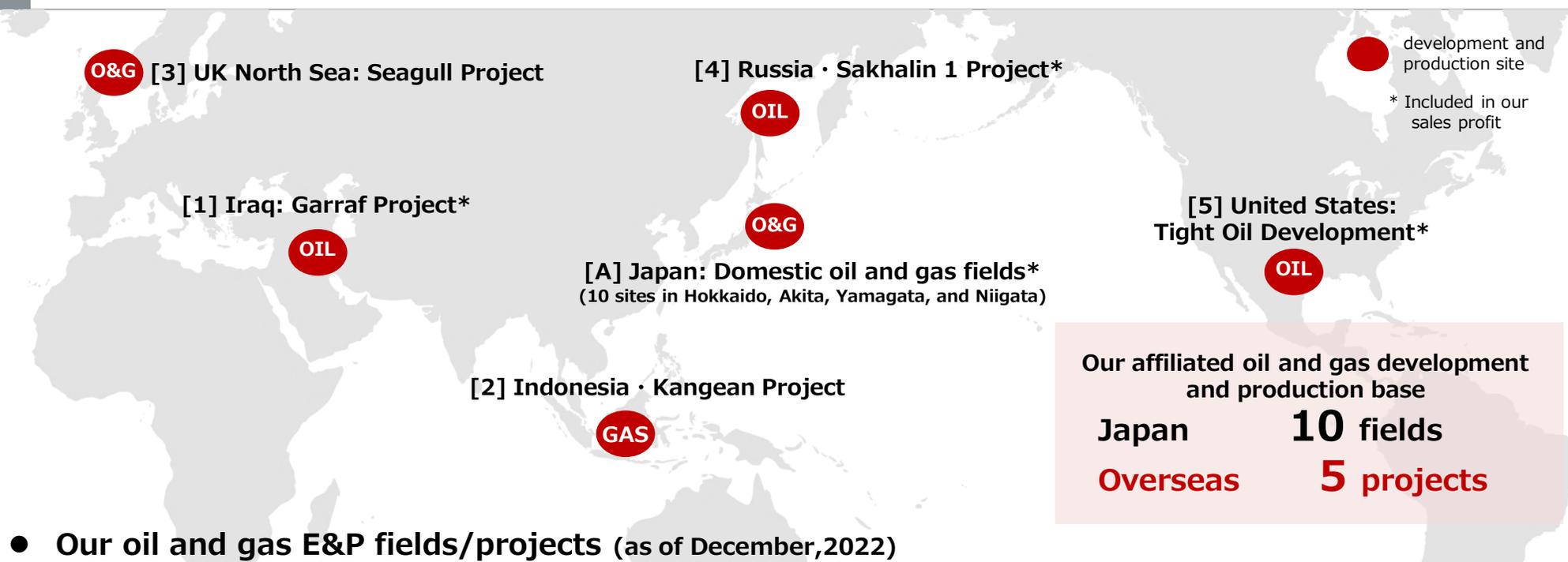
### I/U Field

- Domestic gas supply: Stably supplying natural gas and LNG by our supply network / Expanding sales volume including demands for fuel conversion
    - Soma LNG terminal: Engaging the contract work of LNG vaporization and delivery of power generation fuel to the adjacent Fukushima Natural Gas Power Plant
  - Overseas LNG Supply Infrastructure: Considering participation in projects to develop and operate supply infrastructure such as LNG terminals, mainly in Southeast Asia, where natural gas demands are growing demands
  - Electricity: Stably supplying electricity as a energy source with lower environmental impact generated by the power plants in operation / Participating in renewable energy development as well as considering participation to new projects
- Started commercial operation of the Abashiri Biomass 2nd Power Plant in Oct.  
\*3rd Power Plant is under construction (scheduled to commence commercial operation in Feb. 2023)
- (Under construction)Tahara Biomass Power Plant in Aichi, Ozu Biomass Power Plant in Ehime, Chofu Biomass Power Plant in Yamaguchi.
- Signed basic agreement regarding LNG supply to MOL Group ferries in Oarai, Ibaraki Prefecture (Jan. 2023)

### CN Field

- Conducting study towards early adaptation and commercialization of CCS (Carbon dioxide Capture and Storage)/CCUS (Carbon dioxide Capture, Utilization, and Storage)
  - Considering cooperation and participation in carbon-neutral businesses, with the potential collaboration with CCS/CCUS
    - Seeking regional and inter-industrial collaboration in combination with CCS/CCUS, such as the realization of carbon recycling
- (Under consideration in Japan) Feasibility studies are underway in the Tomakomai area in Hokkaido and the Niigata East Port area.
- (Under consideration overseas) Participating in feasibility studies in Indonesia and Malaysia.
- Invested in a venture capital fund "ANRI-GREEN No.1" specializing for climate change and environmental issues in Dec.

## 6. Business Overview ② E&P Field



### ● Our oil and gas E&P fields/projects (as of December, 2022)

No.	Oil and gas field/Project title (Operator)	Interest Share (JAPEX's net)	Production type	Status	Production Volume*1
A	Japan: Domestic oil and gas fields (Total of 10 locations in Hokkaido, Akita, Yamagata, and Niigata)	Differ by interest	Crude oil/ natural gas	In production/ Additional development	Undisclosed
1	Iraq: Garraff Project (PETRONAS Carigali Iraq Holding B.V.)	30% (16.5%)	Crude oil	In production/ Additional Development	Approx. 133,000bbl*2
2	Indonesia: Kangean Project (Kangean Energy Indonesia Ltd.)	100% (25%)	Natural gas	In production	Approx. 3,640,000m <sup>3</sup> (Approx. 22,000boed)
3	UK North Sea: Seagull Project (Neptune E&P UK Limited)	15% (15%)	Crude oil/ natural gas	In development	-
4	Russia: Sakhalin-1 Project (Sakhalin-1 Limited Liability Company: S1LLC)	30% (4.59%)*3	Crude oil	In production/ development	Undisclosed
5	North America: Tight Oil Development (Marathon Oil Corporation, EOG Resources Inc., etc.)	Differ by interest	Crude oil	In production/ development	Undisclosed

\*1: Average daily Production for cumulative 2Q FY2022 (Jan.-Sep. 2022 for overseas projects) / \*2: Average daily production Apr.-Dec. 2022

\*3: Pursuant to Government of the Russian Federation order on November 2022, Sakhalin Oil and Gas Development Co., Ltd. (SODECO) was approved to subscribe for 30% equity of the S1LLC.

## 6. Business Overview ③ I/U Field - Gas Supply

### Features of JAPEX's domestic gas supply network

High-pressure gas pipeline network over **800** km total

**2** LNG terminals for ocean-going carriers

Capable to supply from Sea of Japan and Pacific Ocean

#### ● Domestic gas supply

- Domestic produced gas and regasified LNG supply via pipelines
- Receive, storage, regasify, and deliver LNG
- LNG satellite system: tank trucks, tank containers on rail, domestic vessels)
- Third-party or consignment use of our gas pipelines and LNG terminals etc.

#### ● Respond to diversification of domestic gas supply

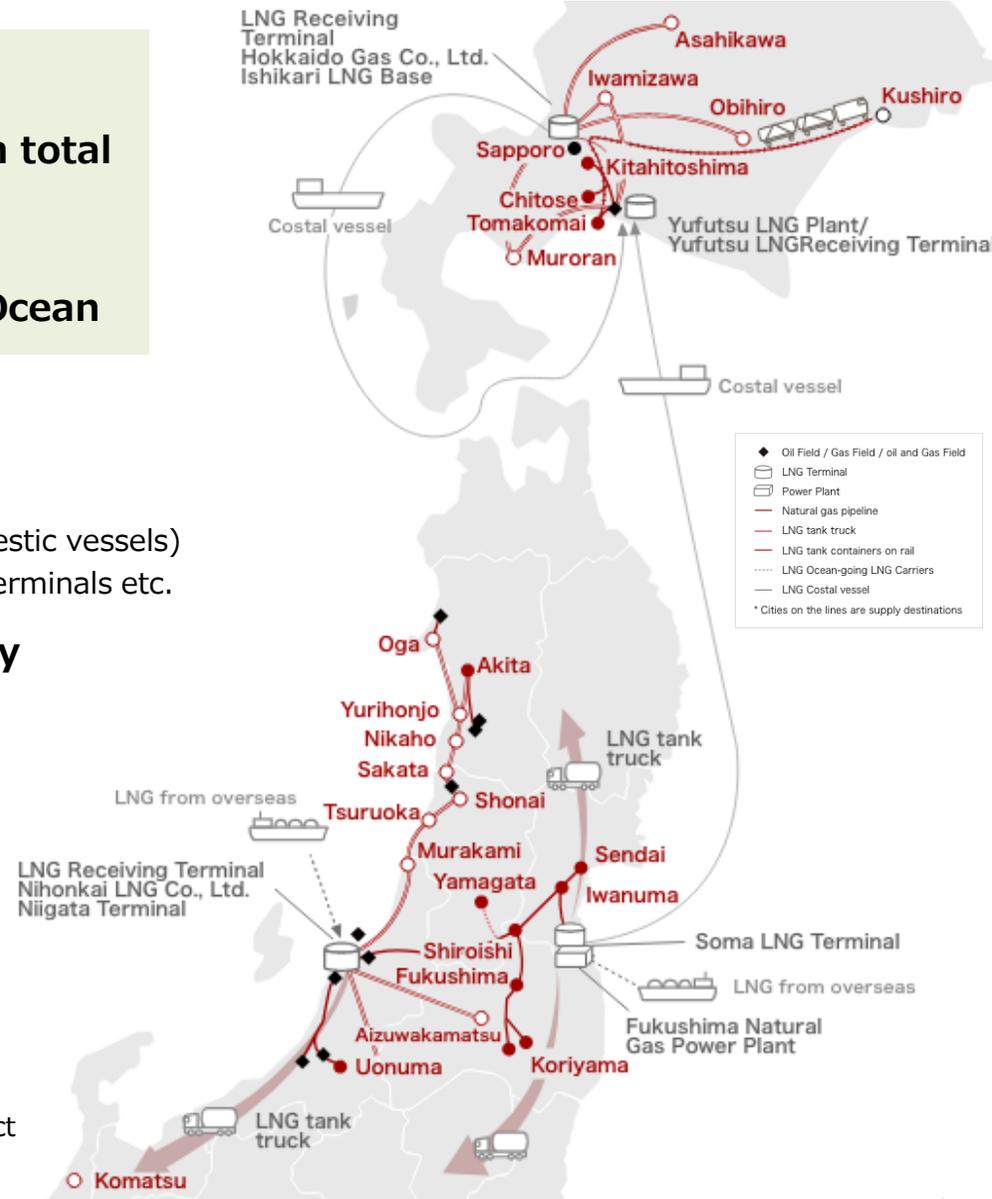
- Support fuel switching to natural gas from other fossil fuels
- Propose and provide energy services in cooperation with city gas suppliers

#### ● LNG procurement

- Procure competitive LNG with a combination of term and spot contracts

#### ● Overseas LNG supply infrastructure

- Launch new projects or other process mainly in Southeast Asia with stronger demands for gas
  - ✓ Ongoing feasibility study: Northern Vietnam LNG terminal project



## 6. Business Overview ④ I/U Field - Electricity

JAPEX's joining power plants are

**Total 7 sites**      **Total output 1,389,550kW**  
 (Renewable energy 6 sites      Renewable energy 209,550kW)

[1] Abashiri Biomass Power Plant No.2&3 **BIO**

[2] Mega solar power generation at JAPEX Hokkaido District Office\*

**PV**

**PV**

[3] Yufutsu Solar Power Plant



### ● Power plants in development and operation (as of the end of October 2022)

No.	Name	Location	Type	Capacity (kW)	Share	Status
A	Fukushima Natural Gas Power Plant	Shinchi Town, Fukushima	Natural gas (LNG)	1,180,000	33%	In operation
1	Abashiri Biomass No.2&3 Power Plants	Abashiri City, Hokkaido	Biomass (wood chip)	19,800	33.8%	In operation(No.2) In construction(No.3)
2	Mega solar power generation at JAPEX Hokkaido District Office	Tomakomai City, Hokkaido	PV	1,800	100%	In operation
3	Yufutsu Solar Power Plant	Tomakomai City, Hokkaido	PV	13,000	20%	In operation
4	Tahara Biomass Power Plant	Tahara City, Aichi	Biomass (wood pellets)	50,000	39.9%	In construction
5	Ozu Biomass Power Plant	Ozu City, Ehime	Biomass (wood pellet)	50,000	35%	In construction
6	Chofu Biomass Power Plant	Shimonoseki City, Yamaguchi	Biomass (wood pellet)	74,950	39.9%	In construction

[A] Fukushima Natural Gas Power Plant

**LNG**



### ● Other renewable energy project

- PHOTON Sustainable Solar Investment Limited Partnership (funding up to 10 billion yen in PV generation projects including non-FIT projects; 50% of our investment ratio)

[4] Tahara Biomass Power Plant

[5] Ozu Biomass Power Plant **BIO**

**BIO**

**BIO**

**BIO**

[6] Chofu Biomass Power Plant

Gas power plant

Renewable power plant

\* Included in our sales profit

## 6. Business Overview ⑤ CN Field

### ● Required factors to realize a hub & cluster CCS/CCUS

#### Verification and Establishment of Technology

- Survey of suitable sites for CO<sub>2</sub> storage and amounts that can be stored
- CO<sub>2</sub> capture and transportation technology
- CO<sub>2</sub> indention and storage technology
  - Including stored CO<sub>2</sub> monitoring

+

#### Inter-company and Cross-industry Collaboration

- Collection of CO<sub>2</sub> from emitting sites
- CO<sub>2</sub> transportation network construction
  - Transportation to utilization destinations and collection surpluses
- Underground storage of surplus CO<sub>2</sub>

+

#### Examination and Development of Legal Systems, etc.

- Legal system for CO<sub>2</sub> underground storage
- Appropriate system of CO<sub>2</sub> transportation infrastructures with publicness
- CO<sub>2</sub> trading system
  - Including collaboration with overseas CO<sub>2</sub> trading

### ● Ongoing CCS/CCUS initiatives to promote/participate in (as of the end of October, 2022)

#### **Japan** Realize hub & cluster model by FY2030

- **Consideration in JAPEX**
  - ✓ Examination of CO<sub>2</sub> storage capacity in our oil and gas fields, etc.
  - ✓ Study of re-injection of associated CO<sub>2</sub> from our oil and gas field operations
- **Feasibility study with companies/cross-industry**
  - ✓ Feasibility study of CCUS project in Tomakomai area with Idemitsu Kosan and Hokkaido Electric Power Company.
  - ✓ Feasibility study on carbon recycling business utilizing inter-industry collaboration in the Tomakomai area with Deloitte Tohmatsu Consulting as a NEDO-commissioned project
  - ✓ Feasibility study of a business in the Niigata area that makes effective use of CO<sub>2</sub> with Mitsubishi Gas Chemical
  - ✓ Feasibility Study for a Hub & Cluster Type CCUS Project in Niigata East Port Area (FY2022 Publicly solicited project by JOGMEC)

#### **Overseas** Early profit earning in advanced countries & consideration in emerging countries

- **Consideration in JAPEX**
  - ✓ Consideration for participation in CCS/CCUS projects in North America, Europe and other systematically advanced areas
- **Feasibility study on companies/cross-industry**
  - ✓ Joint feasibility study of a CCUS project in Indonesia's Sukowati oil field utilizing bilateral credits with Pertamina Group and Remigas
  - ✓ Joint CCS study in Malaysia: Investigation of suitable sites and technical evaluations for CO<sub>2</sub> underground storage (with PETRONAS, JGC CORPORATION, and Kawasaki Kisen Kaisha, Ltd., and works by 3 Japanese companies are adopted as a subsidy project by the Japanese government)

#### **Common**

- **Technical and other related study**
  - ✓ Study on technical issues of energy transportation infrastructure for the realization of a CN society with JFE Engineering

# 7. Integrated Report and IR Materials

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

## Integrated Report

### ◆ Integrated Report



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

**The latest issue**  
(Integrated Report 2022, published in September 2022)  
is available directly via the following link

[https://www.japex.co.jp/en/ir/uploads/pdf/JAPEX\\_IR2022\\_e.pdf](https://www.japex.co.jp/en/ir/uploads/pdf/JAPEX_IR2022_e.pdf)

## Disclosure Materials Archive

- ◆ Financial Results
- ◆ Explanatory Materials

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

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

## Performance information, etc.

- ◆ Financial highlights for 5 years  
\* Past 10 years' CVS data is also available
- ◆ Shareholder Returns (Dividends)

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

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

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

# 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
E&P	Exploration and Production
FID	Final Investment Decision
GHG	Greenhouse Gas
HSE	Health, Safety and Environment
JCC	Japan Crude Cocktail
JEPX	Japan Electric Power Exchange
MH	Methane Hydrate
RRR	Reserve Replacement Ratio
WTI	West Texas Intermediate

## ● Main Subsidiaries and Affiliates

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

# Cautionary Statement

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

This document is not intended to invite investment.

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## Note:

- Abbreviations used herein are as follows:
  - (a) = Actual results
  - (f) = Forecasts
  - FY = Fiscal Year (FY3/22, for instance, means 12 months ending March 31, 2022)
- 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:

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