Consolidated Financial Results for the Six Months Ended September 30, 2021
<under Japanese GAAP>

November 9, 2021

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

Company name: Japan Petroleum Exploration Co., Ltd.
Listing: Tokyo Stock Exchange, First Section
Securities code: 1662
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Scheduled date to commence dividend payments: December 13, 2021
Scheduled date to file Quarterly Report: November 10, 2021
Presentation of supplementary material on quarterly financial results: Yes
Holding of quarterly 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 six months ended September 30, 2021
(April 1, 2021 – September 30, 2021)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Six months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2021	118,507	20.8	9,540	–	19,349	–	(119,676)	–
September 30, 2020	98,127	(39.6)	(6,271)	–	(6,837)	–	(6,975)	–

Note: Comprehensive income: Six months ended September 30, 2021: (110,004) million yen (– %)
Six months ended September 30, 2020: (15,014) million yen (– %)

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2021	(2,096.81)	–
September 30, 2020	(122.08)	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2021	449,044	321,208	64.8
As of March 31, 2021	624,786	434,492	64.0

Reference: Equity As of September 30, 2021: 290,857 million yen As of March 31, 2021: 400,171 million yen

2. Cash dividends

	Annual dividends				
	First quarter	Second quarter	Third quarter	Fiscal year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2021	–	25.00	–	25.00	50.00
Fiscal year ending March 31, 2022	–	25.00			
Fiscal year ending March 31, 2022 (Forecasts)			–	25.00	50.00

Note: Revisions to the latest forecasts of cash dividends: None

3. Consolidated financial forecasts for the fiscal year ending March 31, 2022 (April 1, 2021 – March 31, 2022)

(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, 2022	235,098	(2.1)	16,669	297.6	28,390	183.9	(69,847)	–	(1,230.53)

Note: Revisions to the consolidated financial forecasts most recently announced: Yes

* Notes

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

New inclusion: –

Exclusion: one company (Japan Canada Oil Sands Limited)

Note: For details, please refer to "(3) Notes to consolidated financial statements (Changes in significant subsidiaries during the six months under review)" of "2. Consolidated financial statements and significant notes thereto" on page 9 of the attached material.

(2) Application of specific accounting for preparing quarterly consolidated financial statements: Yes

Note: For details, please refer to "(3) Notes to consolidated financial statements (Application of specific accounting for preparing quarterly consolidated financial statements)" of "2. Consolidated financial statements and significant notes thereto" on page 9 of the attached material.

(3) 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 "(3) Notes to consolidated financial statements (Changes in accounting policies)" of "2. Consolidated financial statements and significant notes thereto" on pages 9-10 of the attached material.

(4) Number of issued shares (common shares)

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

As of September 30, 2021	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 September 30, 2021	78,382 shares
As of March 31, 2021	79,982 shares

c. Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2021	57,075,423 shares
Six months ended September 30, 2020	57,137,826 shares

* Quarterly financial results reports are exempt from quarterly review conducted 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 our company and on certain assumptions deemed to be reasonable. As such, they do not constitute guarantees by our 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 "(3) Explanation of consolidated financial forecasts and other forward-looking statements" of "1. Qualitative information regarding settlement of accounts for the six months ended September 30, 2021" on page 4 of the attached material to the quarterly financial results report.

(Attached Material)

1. Qualitative information regarding settlement of accounts for the six months ended September 30, 2021

(1) Explanation of operating results

During the six months ended September 30, 2021, net sales was ¥118,507 million, an increase of ¥20,380 million (+20.8%) year on year. Gross profit was ¥25,784 million, an increase of ¥16,900 million (+190.2%) 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 and an increase in the electricity sales volume from the Fukushima Natural Gas Power Plant accompanying it operating for the full reporting period, 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 ¥252 million, a decrease of ¥134 million (-34.8%) year on year. Selling, general and administrative expenses was ¥15,991 million, an increase of ¥1,222 million (+8.3%) year on year. As a result, operating profit improved by ¥15,812 million year on year to ¥9,540 million (operating loss of ¥6,271 million in the same period of the previous fiscal year).

Ordinary profit improved by ¥26,187 million year on year to ¥19,349 million (ordinary loss of ¥6,837 million in the same period of the previous fiscal 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 ¥112,462 million to ¥119,315 million compared with the same period of the previous fiscal 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. Loss attributable to owners of parent deteriorated by ¥112,700 million to ¥119,676 million compared with the same period of the previous fiscal year.

Below is a breakdown of net sales.

(i) E&P Business
Net sales from the E&P Business came to ¥49,820 million, an increase of ¥12,273 million (+32.7%) year on year, mainly due to higher sales prices of crude oil, natural gas (overseas) and diluted bitumen, despite a decrease in most of the crude oil purchase and sales due to the impact of the net presentation.

(ii) Infrastructure/Utility Business
Net sales from the Infrastructure/Utility Business came to ¥46,382 million, an increase of ¥2,400 million (+5.5%) year on year. This was mainly the result of an increase in the electricity sales volume due to the Fukushima Natural Gas Power Plant operating for the full reporting period, despite the decrease from a lower sales price and 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 ¥22,303 million, an increase of ¥5,706 million (+34.4%) year on year.

(2) Explanation of financial position

At the end of the second quarter, total assets decreased by ¥175,742 million from the previous fiscal year-end to ¥449,044 million.

Current assets decreased by ¥48,840 million from the previous fiscal year-end. This was mainly due to decreases in cash and deposits, and notes and accounts receivable - trade. Non-current assets decreased by ¥126,901 million from the previous fiscal year-end. This was due mainly to 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 due to a rise in market values in investment securities, and an increase in recoverable accounts included in other under investments and other assets.

Liabilities decreased by ¥62,458 million from the previous fiscal year-end to ¥127,835 million.

Current liabilities decreased by ¥11,867 million from the previous fiscal year-end. This was due mainly to the decrease in current portion of long-term borrowings included in other because of JAPEX fulfilling its guarantee obligation for consolidated subsidiary JML's borrowings. Also, regarding this borrowing, the amount of the subrogation payment received from the guarantor was transferred to reimbursement obligation. Non-current liabilities decreased by ¥50,591 million from the previous fiscal year-end. This was mainly due to the decrease of long-term borrowings by fulfilling guarantee obligation of JACOS's borrowings, despite an increase in deferred tax liabilities resulting from the above-mentioned rise in market values of investment securities.

Net assets decreased by ¥113,283 million from the previous fiscal year-end to ¥321,208 million.

The main factor was a decrease in retained earnings, despite an increase in valuation difference on available-for-sale securities.

(3) Explanation of consolidated financial forecasts and other forward-looking statements

The consolidated financial forecasts for the fiscal year ending March 31, 2022 have been revised from the forecasts announced on August 10, 2021.
Please refer to the "Notice of Financial Forecasts Revision" released on November 9, 2021, the same day of this report.

2. Consolidated financial statements and significant notes thereto

(1) Consolidated quarterly balance sheet

(Millions of yen)

	As of March 31, 2021	As of September 30, 2021
Assets		
Current assets		
Cash and deposits	162,368	102,098
Notes and accounts receivable - trade	39,519	–
Notes and accounts receivable - trade, and contract assets	–	31,500
Securities	3,030	3,060
Merchandise and finished goods	4,297	3,552
Work in process	140	171
Raw materials and supplies	8,001	10,274
Other	3,715	21,574
Allowance for doubtful accounts	(38)	(37)
Total current assets	221,034	172,193
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	157,841	38,686
Other, net	108,903	65,030
Total property, plant and equipment	266,745	103,717
Intangible assets		
Other	6,129	5,910
Total intangible assets	6,129	5,910
Investments and other assets		
Investment securities	105,070	123,266
Other	26,224	44,184
Allowance for doubtful accounts	(44)	(44)
Allowance for overseas investment loss	(373)	(185)
Total investments and other assets	130,877	167,222
Total non-current assets	403,752	276,850
Total assets	624,786	449,044

(Millions of yen)

	As of March 31, 2021	As of September 30, 2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	21,546	20,201
Short-term borrowings	–	10,100
Reimbursement obligations	–	47,066
Provisions	1,528	1,528
Other	80,702	13,013
Total current liabilities	103,776	91,909
Non-current liabilities		
Long-term borrowings	50,180	770
Deferred tax liabilities	7,919	9,716
Retirement benefit liability	3,545	3,442
Provisions	971	420
Asset retirement obligations	21,262	18,996
Other	2,637	2,581
Total non-current liabilities	86,517	35,926
Total liabilities	190,294	127,835
Net assets		
Shareholders’ equity		
Share capital	14,288	14,288
Capital surplus	–	2,607
Retained earnings	344,438	223,333
Treasury shares	(151)	(149)
Total shareholders’ equity	358,575	240,081
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	44,228	53,249
Deferred gains or losses on hedges	(488)	(832)
Foreign currency translation adjustment	(3,810)	(3,189)
Remeasurements of defined benefit plans	1,667	1,548
Total accumulated other comprehensive income	41,596	50,776
Non-controlling interests	34,320	30,350
Total net assets	434,492	321,208
Total liabilities and net assets	624,786	449,044

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

Consolidated quarterly statement of income

(Millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Net sales	98,127	118,507
Cost of sales	89,242	92,722
Gross profit	8,884	25,784
Exploration expenses	387	252
Selling, general and administrative expenses	14,769	15,991
Operating profit (loss)	(6,271)	9,540
Non-operating income		
Interest income	334	87
Dividend income	1,332	2,186
Share of profit of entities accounted for using equity method	3,366	6,470
Foreign exchange gains	–	3,941
Other	431	450
Total non-operating income	5,465	13,137
Non-operating expenses		
Interest expenses	1,782	1,305
Late charges	–	1,087
Foreign exchange losses	3,971	–
Other	277	934
Total non-operating expenses	6,031	3,327
Ordinary profit (loss)	(6,837)	19,349
Extraordinary income		
Gain on sale of non-current assets	–	16
Total extraordinary income	–	16
Extraordinary losses		
Loss on retirement of non-current assets	14	4
Loss on sale of shares of subsidiaries	–	94,122
Loss on transfer of interests	–	44,281
Other	0	272
Total extraordinary losses	15	138,681
Loss before income taxes	(6,852)	(119,315)
Income taxes	636	(484)
Loss	(7,489)	(118,831)
Profit (loss) attributable to non-controlling interests	(514)	844
Loss attributable to owners of parent	(6,975)	(119,676)

Consolidated quarterly statement of comprehensive income

(Millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Loss	(7,489)	(118,831)
Other comprehensive income		
Valuation difference on available-for-sale securities	(3,536)	9,023
Deferred gains or losses on hedges	(183)	(224)
Foreign currency translation adjustment	(2,245)	205
Remeasurements of defined benefit plans, net of tax	(85)	(118)
Share of other comprehensive income of entities accounted for using equity method	(1,472)	(58)
Total other comprehensive income	(7,524)	8,827
Comprehensive income	(15,014)	(110,004)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(14,417)	(110,496)
Comprehensive income attributable to non-controlling interests	(597)	491

(3) Notes to quarterly consolidated financial statements

(Notes on premise of going concern)

No item to report.

(Notes on significant changes in the amount of shareholders' equity)

No item to report.

(Changes in significant subsidiaries during the six months under review)

Japan Canada Oil Sands Limited has been excluded from the scope of consolidation because all held shares of the said company were sold during the second quarter of the fiscal year under review.
It is considered certain that this change in the scope of consolidation has significant effects on the consolidated financial statements for the fiscal year under review in which the second quarter falls, and a decrease in total assets in the consolidated balance sheet, a decrease in net sales in the consolidated statement of income, etc. are expected.

(Application of specific accounting for preparing quarterly consolidated financial statements)

Deferral accounting of cost variance

Cost variance arising from seasonal changes in production level is deferred as current assets (other) and current liabilities (other) because such variance is expected to be almost completely eliminated by the end of the cost accounting period.

Calculation of taxes

For the taxes, JAPEX and some of its consolidated subsidiaries compute first by reasonably estimating the effective tax rate after applying tax effect accounting against profit before income taxes for the fiscal year including the second quarter, and next by multiplying the quarterly profit before income taxes by such estimated effective tax rate.
However, in cases where the calculation of taxes using such estimated effective tax rate yields a result that is not reasonable to a significant extent, the effective statutory tax rate is used.
Note that income taxes - deferred is included in income taxes.

(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 first quarter of this fiscal year, we concluded to recognize 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.
The JAPEX Group conducts the "E&P Business," the "Infrastructure/Utility Business," and "Other businesses" in the four reportable segments provided in the segment information: "Japan," "North America," "Europe" and "Middle East."
In the E&P Business, exploration, development, production, provision of production services, and sales of crude oil and natural gas are conducted at business locations in Japan and overseas. It is judged that in these sales, legal ownership and physical possession of assets, as well as significant risks and economic rewards associated with ownership of assets, are transferred, and the right to receive consideration for delivered products is obtained, at the time the products are delivered to clients. Thus, revenue is recognized at that time. As for provision of production services, when control over goods or services is transferred to clients over time, revenue is recognized according to progress in the satisfaction of performance obligations. For measurement of progress, the output approach based on production volume is used.
In the Infrastructure/Utility Business, sales of gases (natural gas and LNG) and electricity are conducted at business locations in Japan. It is judged that in these sales, legal ownership and physical possession of assets, as well as significant risks and economic rewards associated with ownership of assets, are transferred, and the right to receive consideration for delivered products is obtained, at the time the products are delivered to clients. Thus, revenue is recognized at that time.
In the Other businesses, contract services (drilling and geological surveys, etc.) and sales of oil products, etc. are conducted at business locations in Japan. As for contract services, when control over goods or services is transferred to clients over time, revenue is recognized according to progress in the satisfaction of performance obligations. For measurement of progress, the input approach based on incurred costs is used. It is judged that in sales of oil products, etc., legal ownership and physical possession of assets, as well as significant risks and economic rewards associated with ownership of assets, are transferred, and the right to receive consideration for delivered products is obtained, at the time the products are delivered to clients. Thus, revenue is recognized at that time.

In identification of performance obligations, it is examined whether the JAPEX Group acts as a principal or an agent. If the nature of its promise is a performance obligation to provide the specified goods or services itself, as a principal it presents revenue at the gross amount of consideration in its consolidated statement of income. If the nature is a performance obligation to make arrangements so that these goods or services are provided by other parties, as an agent it presents revenue at the amount of commissions or fees, or the net amount of consideration, in its consolidated statement of income.
Revenue is recognized based on the transaction price under contracts with clients. If a contract contains multiple performance obligations, the transaction price is allocated to each performance obligation at a ratio of standalone selling price. Since consideration for transactions is usually paid within one year after the satisfaction of performance obligations, such consideration does not include any significant financial component.
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 first quarter of the current fiscal year was added to or deducted from the opening balance of retained earnings of the first quarter of the current fiscal year, 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 first quarter of the current fiscal year, by applying the method provided for in paragraph 86 of the Accounting Standard for Revenue Recognition.
Consequently, for the six months ended September 30, 2021, net sales decreased by ¥36,919 million, cost of sales decreased by ¥36,895 million, and selling, general and administrative expenses decreased by ¥24 million. 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 quarterly consolidated balance sheet as of the end of the first quarter of the current fiscal year. 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. Furthermore, the information on disaggregation of revenue from contracts with clients during the first six months of the previous fiscal year has not been disclosed as allowed by the transitional treatment provided for in paragraph 28-15 of the Accounting Standard for Quarterly Financial Reporting.

Application of Accounting Standard for Fair Value Measurement, Etc.

We concluded to apply the “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019) and relevant ASBJ regulations from the beginning of the first quarter of this fiscal year. And we decided to apply 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 second quarter, although the number of new COVID-19 cases decreased considerably in Japan, the infections tended to spread again in certain countries and regions. As such the specific dissipation of the COVID-19 pandemic 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.

The Garraf Oil Field in the southern part of the Republic of Iraq, which had temporarily suspended its development and production operation due to the impact of COVID-19, resumed its production operation from July last year. However, due to restrictions on transfer and other factors, the additional development was delayed and therefore, the increase in production volume to a scale of 230,000 barrels a day, which was expected at the end of last year, will be delayed to later years. 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.

At present, despite the trend of rising crude oil prices in the short term that reflects the policy of the production reduction measure maintained by OPEC Plus, globally soaring LNG prices, and other factors, we consider that the prolonging of the effects of the COVID-19 pandemic and the global movement toward decarbonization could give rise to the possibility of irreversible structural changes in various areas such as energy demand and environmental concerns, which could suppress the demand for fossil fuels for some considerable time. Moreover, there have been calls to focus on a "green recovery" while undertaking the global economic recovery from the COVID-19 pandemic, which could further accelerate the growing tide of decarbonization. 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)

Previously, concerning JAPEX's consolidated subsidiary, Japex Garraf Ltd., whose closing date is December 31, the quarterly consolidated financial statements for the relevant period were prepared using the quarterly financial statements for the same quarterly accounting period of said subsidiary as a basis and making necessary adjustments for major transactions that occurred between said subsidiary's closing date and the consolidated closing date. However, said subsidiary has changed to the method of performing provisional closing on the consolidated closing date in order to offer more appropriate understanding of business information and disclosure of quarterly consolidated financial statements.

(Significant subsequent events)

Sale of investment securities

Based on the resolution on the writing of its Board of Director's meetings on November 5, 2021, JAPEX sold part of its investment securities on November 8. As a result of the sale, JAPEX expects to book a gain on sales of investment securities (extraordinary income).

(1) Reasons for sale of investment securities

Since the establishment of North Sumatra Offshore Petroleum Exploration Co., Ltd., the precursor to INPEX CORPORATION (hereinafter "INPEX"), JAPEX holds a certain percentage of the shares of INPEX as a strategic shareholding in order to facilitate collaboration and other business relationships in Japan and overseas.

On the other hand, we evaluate qualitatively and quantitatively the rationality of strategic shareholdings, and reduce its holdings when we judge that the rationality has diminished. As a result of reviewing the level of our holdings of the INPEX's shares from the perspective of asset efficiency and other factors, we have decided to reduce the ratio of such holdings.

(2) Details of the sale of investment securities

1. Stock name of sale:	INPEX CORPORATION
2. Date of sale:	November 8, 2021
3. Number of shares sold:	53,446,600 shares
4. Value of sale	50,560 million yen
5. Gain on sales of investment securities:	39,826 million yen

Repurchase and cancellation of own shares

JAPEX's Board of Directors resolved the repurchase of its own shares in accordance with the provisions of Article 156 of the Companies Act as applied pursuant to Article 165, Paragraph 3 of the same Act and the cancelation of part of the own shares in accordance with the provisions of Article 178 of the Companies Act on November 9, 2021.

(1) Reasons for the repurchase and cancellation of its own shares

We will allocate a part of the proceeds from the sale of common shares of INPEX sold on November 8, 2021, and repurchase the own shares, in order to return the proceeds to shareholders and improve capital efficiency. In addition, all of the own shares to be repurchased this time will be cancelled in order to increase shareholder profits through a decrease in the total number of shares issued.

(2) Details of resolution of Board of Directors for repurchase of own shares

1. Types of shares to be repurchased:	Common shares
2. Total number of shares to be repurchased:	Up to 3 million shares (5.25% of the total number of outstanding shares excluding treasury shares)
3. Total value of shares to be repurchased:	Up to 8 billion yen
4. Repurchase period:	From November 10, 2021 to November 9, 2022
5. Repurchase method:	Market purchases based on the discretionary dealing contract regarding repurchase of own shares

(2) Details of resolution of Board of Directors for cancellation of own shares

1. Types of shares to be cancelled:	Common shares
2. Total number of shares to be cancelled:	All of the shares repurchased as stated in (2) above
3. Scheduled date of cancellation:	November 30, 2022

3. Supplemental information

Status of production and sales

(1) Production

		Six months ended September 30, 2020 (April 1, 2020 – September 30, 2020)	Six months ended September 30, 2021 (April 1, 2021 – September 30, 2021)	(Reference) Fiscal year ended March 31, 2021 (April 1, 2020 – March 31, 2021)
E&P Business	Crude oil (kl)	369,134 (218,172)	468,284 (327,049)	849,859 (541,855)
	Natural gas (thousand m^3)	482,305 (231,341)	371,479 (129,984)	1,032,521 (473,685)
	Bitumen (kl)	393,973 (393,973)	656,377 (656,377)	889,315 (889,315)
Infrastructure/ Utility Business	LNG (t)	3,012	1,717	3,341
	Electricity (thousand kWh)	1,028,039	1,430,044	2,543,189

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

		Six months ended September 30, 2020 (April 1, 2020 – September 30, 2020)		Six months ended September 30, 2021 (April 1, 2021 – September 30, 2021)		(Reference) Fiscal year ended March 31, 2021 (April 1, 2020 – March 31, 2021)	
		Sales volume	Net sales (Millions of yen)	Sales volume	Net sales (Millions of yen)	Sales volume	Net sales (Millions of yen)
E&P Business	Crude oil (kl)	1,126,289	28,452	345,053	17,494	2,313,521	72,916
	Diluted bitumen (kl)	613,749	7,757	959,777	31,121	1,319,808	21,695
	Natural gas (overseas) (thousand m^3)	229,406	1,336	128,747	1,204	470,510	2,870
	Subtotal		37,547		49,820		97,482
Infrastructure/Utility Business	Natural gas (Japan) (thousand m^3)	520,790	25,059	455,915	21,238	1,183,102	51,291
	LNG (t)	94,968	6,475	96,960	8,186	284,216	15,591
	Electricity (thousand kWh)	1,274,132	10,042	1,605,817	14,998	3,016,755	30,087
	Others		2,405		1,960		4,331
	Subtotal		43,982		46,382		101,301
Other businesses	Contract Services		3,447		3,394		7,633
	Oil products /merchandise		12,254		17,853		31,931
	Others		895		1,055		1,729
	Subtotal		16,597		22,303		41,294
Total			98,127		118,507		240,078

Notes:
1. "Crude oil" includes crude oil that the JAPEX Group produces 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 our 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.
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.