

Japan Organization for Metals and Energy Security (Incorporated Administrative Agency)
(Account for Oil, Natural Gas, etc.)

<https://www.jogmec.go.jp/>

1. Summary of operations implemented using FILP funds

In order to fulfill the private stockpiling obligations based on Articles 5 and 10 of the Oil Stockpiling Act, when two or more oil refiners, etc. and petroleum gas importers jointly establish a stockpiling company and install oil and petroleum gas storage facilities, financing will be provided for up to 80% of the funds necessary to acquire the storage facilities in question.

2. Amount of lending under FILP

(Unit: billion yen)

FY2023 FILP	Estimated outstanding amount of FILP lending at the end of FY2022
0.1	2.4

3. Estimated policy cost analysis of the project

(1) Policy cost (Unit: billion yen)

Category	FY2022	FY2023	Fluctuation
1. Government expenditure (subsidies, etc.)	-	0.0	+0.0
2. Government revenue (payments to the government, etc.)*	-	-	-
3. Opportunity cost of capital investments, etc.	-	-	-
Total (1+2+3=policy cost(A))	-	0.0	+0
Analysis period (years)	-year	14 years	14 years

(2) Breakdown of policy cost by the time of the provision of funds (Unit: billion yen)

Category	FY2022	FY2023	Fluctuation
(A) Policy cost (previously cited)	-	0.0	+0.0
1) Opportunity cost of capital investments, etc. provided before the beginning of the analysis period	-	-	-
2) Policy cost expected to be newly accrued during the analysis period	-	0.0	+0.0
Government expenditure (subsidies, etc.)	-	0.0	+0.0
Government revenue (payments to the government, etc.)*	-	-	-
Opportunity cost of surplus, etc.	-	-	-
Opportunity cost of capital investments, etc.	-	-	-

(3) Year-to-Year comparison analysis

(Computing any fluctuation from previous year)

(Unit: billion yen)

Policy cost		FY2022	FY2023	Simple fluctuation
		Simple comparison (before adjustment)	-	0.0
Past year comparison (after adjustment)	1) Adjusting initial years (Analysis results after adjusting initial year to that for FY2023 analysis)	/	/	/
	2) Adjusting assumed interest rates (Analysis results of re-estimation using assumed interest rate for FY2022)	/	/	/
				Real fluctuation (2-1)

Excluded from the previous fiscal year's analysis

(4) Breakdown of policy cost by causative factor (Unit: billion yen)

(A) Policy cost in FY2023 (previously cited)	0.0
1) Prepayments	-
2) Loan losses	-
3) Others (including profit spread)	0.0

(5) Sensitivity analysis (cases where assumptions change)

(Unit: billion yen)

(A) Policy cost (previously cited)	Case of assumed interest rate + 1%	Fluctuation			
			1. Government expenditure (subsidies, etc.)	2. Government revenue (payments to the government, etc.)*	3. Opportunity cost of capital investments, etc.
0.0	0.0	-0.0	-0.0	-	-

(A) Policy cost (previously cited)	Case of a 1% increase in operating expenses	Fluctuation			
			1. Government expenditure (subsidies, etc.)	2. Government revenue (payments to the government, etc.)*	3. Opportunity cost of capital investments, etc.
0.0	0.0	+0.0	+0.0	-	-

(Note) Components in each column may not add up to the total because of rounding.

* Government revenue (payments to the government, etc.) is booked as a negative amount. Example: -10 b. yen for 10 b. yen in payments to government, etc.

4. Outline of estimation and project prospect employed in the analysis

- 1) Target of estimation: Joint oil/petroleum gas stockpiling facility development financing projects, out of the projects of Japan Organization for Metals and Energy Security (Account for Oil, Natural Gas, etc.)
- 2) Target public projects for estimation: Joint oil/petroleum gas stockpiling facility development financing projects
- 3) Scale of target projects for estimation: Loan balance at the end of FY2021 was 2.8 billion yen, no loans in FY2022, and scheduled loan amount for FY2023 was 0.1 billion yen.
- 4) Analysis period: Longest debt recovery period of 14 years from FY2023 to FY2036.
- 5) The recovery schedule for new loans is prepared based on the recovery schedule for existing loans.
- 6) Prepayments and loan write-offs have not arisen from the start of the financing project in 1977 till the present, and are not anticipated to arise as adequate debt protection efforts are being made.

FY	Result				Estimated 2022	Planned 2023	Assumptions for calculation 2024-2036
	2018	2019	2020	2021			
Prepayment ratio	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	each FY 0.00%
Loan write-off ratio	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	each FY 0.00%

5. Reasons for granting of subsidies, mechanism and underlying laws

1) Reasons for granting of subsidies, rules and underlying laws

In accordance with Article 46 of the Incorporated Administrative Agency Act, the Corporation receives subsidies from the special account for energy for necessary costs related to the joint oil/petroleum gas stockpiling facility development financing projects.

(Act on General Rules for Independent Administrative Agencies)

Article 46: The Government may, within the limits of the budget, grant to Independent Administrative Agencies an amount corresponding to all or part of the required expenses as a revenue source.

2) Underlying law for payments to the national treasury

Payment to the national treasury is stipulated under Article 13, Paragraph 2 of the Act on Japan Organization for Metals and Energy Security.

(Act on Japan Organization for Metals and Energy Security)

Article 13: The Corporation allocate funds approved by the Minister of Economy, Trade and Industry equivalent to the amount of reserves (if such exist) provided for in Article 44, Paragraph 1, of the Act for development implemented as provided for in Article 44, Paragraph 1 or 2, relevant to the final project year of the medium-term target period provided for in Article 29, Paragraph 2, Item 1, of the Act (hereinafter referred to as "medium-term target period") in an account relating to the operations described in the Article 12, Paragraph 1, Items 1-3, to the financing of operations provided for in Article 11 based on the stipulations of the approved medium-term plan of Article 30, Paragraph 1, of the Act (the plan subsequent to revision in the event that revision has been authorized as provided for in the latter section of the Paragraph 1) for the medium-term target period subsequent to said medium-term target period.

2 The Corporation shall pay to the National Treasury the balance of any surplus that remains after deducting funds approved in the preceding paragraph from funds equivalent to the amount of reserves provided for in the same paragraph.

6. Special remarks

1) The analysis of policy cost only covers such costs included in the account for Oil, Natural Gas, etc. subject to the fiscal investment and loan program.

2) The Japan Oil, Gas and Metals National Corporation was established on February 29, 2004 through the merger between the Metal Mining Agency of Japan and the Japan National Oil Corporation under the "Reorganization and Rationalization Plan for Special Public Corporations," "The Act on Abolition of both the Japan National Oil Corporation Act and the Metal Mining Agency of Japan Act," and "Act Concerning Japan Oil, Gas and Metals National Corporation." And the Japan Oil, Gas and Metals National Corporation took over the business of the Japan National Oil Corporation. The name of the organization was changed to "Japan Organization for Metals and Energy Security (JOGMEC)" with effect from November 14, 2022, pursuant to the "Act of Partial Revision of the Act on the Rationalization etc. of Energy Use and Other Acts in Order to Establish Stable Energy Supply and Demand Structure" and the "Act on Japan Organization for Metals and Energy Security."

3) With the revision to the "Act on the Japan Oil, Gas and Metals National Corporation, Independent Administrative Agency," the Oil and Natural Gas account was changed to Oil, Natural Gas, etc. account in FY2012.

(Reference) Outcome and social and economic benefits of operations

1) Financing results (Joint oil/petroleum gas stockpiling facility development financing)

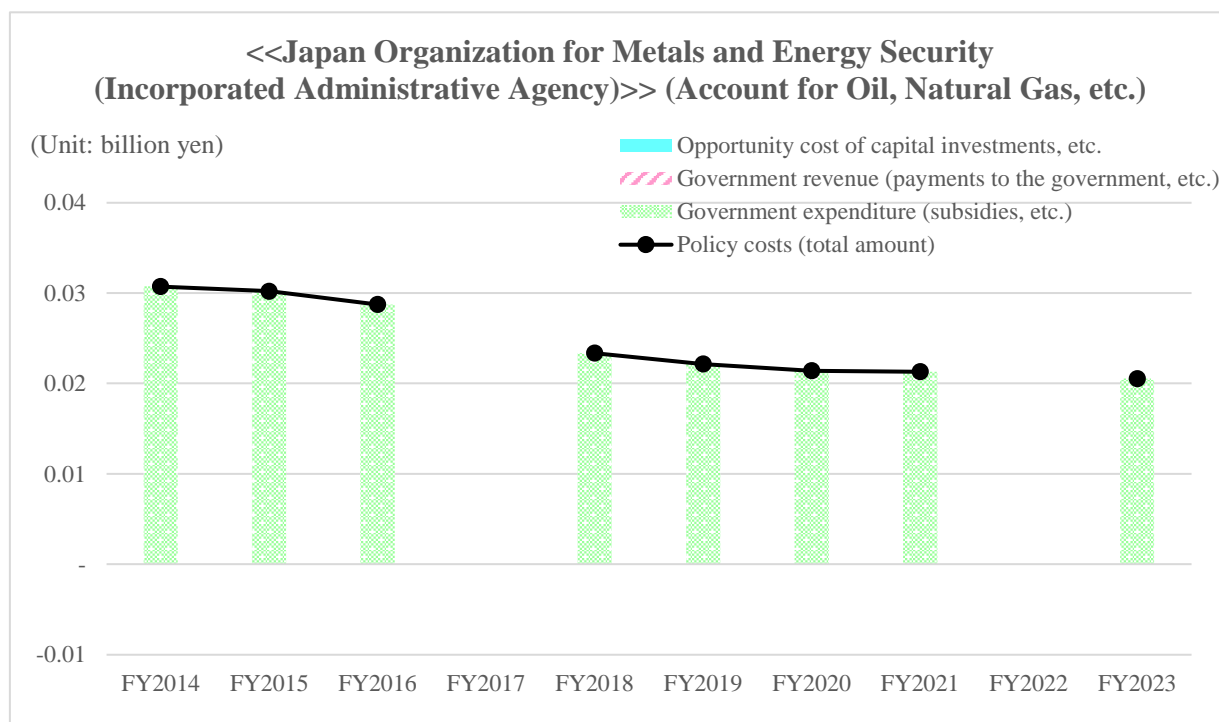
- Cumulative loan amount until FY2021: 73.4 billion yen
- Loan balance at the end of FY2021: 2.8 billion yen
- Loan amount in FY2022: None

2) Main policy objectives and socio-economic benefits

- Oita L.P.G. Joint Stockpiling Co., Ltd., which was the target for financing in the FY2023 plans, has stockpiled an amount of petroleum gas equal to approximately eight days' worth of the petroleum gas demand in Japan. Through the implementation of the target financing projects, it is able to continue stockpiling approximately eight days' worth of petroleum gas. This is projected to have an asset value of about 20.6 billion yen when propane/butane CIF price is estimated to be 95,721 yen/t (Ministry of Finance Trade Statistics, final reported value of propane/butane CIF price in November 2022).
- Economic activities are expected to come to a standstill when oil/petroleum gas supply is interrupted. However, effectively releasing stockpiled oil and petroleum gas can alleviate the impact on the economy, and is anticipated to generate an economic effect above the asset value.

Overview of policy cost analysis results

[Changes in policy costs]



Note: Policy costs for each fiscal year differ in assumptions including interest rates applied to estimates.

(Unit: billion yen)

	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Policy costs (total amount)	0.0	0.0	0.0	/	0.0	0.0	0.0	0.0	/	0.0
Government expenditure (subsidies, etc.)	0.0	0.0	0.0	/	0.0	0.0	0.0	0.0	/	0.0
Government revenue (payments to the government, etc.)	-	-	-	/	-	-	-	-	/	-
Opportunity cost of capital investments, etc.	-	-	-	/	-	-	-	-	/	-

【Explanation of policy cost trends】

- Policy cost is generated by administrative expenses recorded under "government expenditures (subsidies, etc.)" (personnel and administrative expenses related to joint oil/petroleum gas stockpiling facility development financing projects), and is generally trending between 0.02 to 0.03 billion yen.

【FILP agency's self-assessment of policy cost analysis results (FY2023)】

- With regard to the policy cost analysis for this fiscal year, long-term cash flows, etc. related to joint oil/petroleum gas stockpiling facility development financing projects were estimated and policy cost calculated in accordance with the established prerequisites.

Joint oil/petroleum gas stockpiling facility development financing is aligned with the oil/petroleum gas stockpiling policy, and sufficient collateral is required for the disbursement of loans. Based on financial evaluations and collateral re-evaluations conducted every fiscal period, and including the analysis results, it is assessed that there are no problems with repayment certainty and that financial soundness is secured.

- Based on the sensitivity analysis (assumed interest rate + 1% and administrative expenses + 1% case), the impact of finances is assessed to be minor.

(Reference) Financial Statements

Balance Sheet (Account for Oil, Natural Gas, etc.)

(Unit: million yen)

Item	End of FY2021 (Result)	End of FY2022 (Estimated)	End of FY2023 (Planned)	Item	End of FY2021 (Result)	End of FY2022 (Estimated)	End of FY2023 (Planned)
(Assets)				(Liabilities and net assets)			
Current assets	636,379	522,104	909,323	Current liabilities	514,232	531,322	1,394,849
Cash and bank deposits	51,803	44,989	41,074	Debt from operational grants	10,825	-	-
Securities	171,630	27,233	34,592	Current portion of long-term borrowings	86,375	81,483	561,483
Accounts receivable	1,213	-	-	Loans from private stockpiling financing projects	318,695	449,198	832,977
Inventory assets	88,853	-	-	Accounts payable	9,976	-	-
Accounts receivable	3,466	-	-	Accrued payments	4,131	-	-
Accrued income	99	58	49	Accrued expenses	0	0	108
Contra-accounts for provision for bonuses	223	243	247	Unpaid consumption tax, etc.	124	398	34
Loans to affiliated companies	383	383	383	Advances received	83,800	-	-
Loans to private stockpiling financing projects	318,695	449,198	832,977	Provisions			
Other current assets	14	0	-	Provision for bonuses	223	242	247
Fixed assets	1,024,910	1,185,310	1,703,281	Other current liabilities	82	-	-
Tangible fixed assets	13,540	11,323	9,038	Fixed liabilities	7,886	6,925	6,151
Buildings	2,504	2,292	2,090	Contra-accounts for assets	2,732	2,284	1,754
Structures	114	101	94	Long-term borrowings	2,367	1,984	1,701
Machinery and equipment	616	998	692	Provisions			
Ships	6,551	4,910	3,270	Provision for retirement benefits	2,458	2,424	2,541
Vehicles and transportation equipment	10	6	4	Long-term debts	329	232	156
Tools furniture and fixtures	525	377	251	(Total liabilities)	522,118	538,247	1,401,001
Land	2,638	2,638	2,638	Capital			
Construction in progress	582	-	-	Government investment	749,741	795,541	844,096
Intangible fixed assets	223	182	146	Capital surplus	1,642	-72	-1,786
Investment and other assets	1,011,146	1,173,805	1,694,097	Capital surplus	11,473	11,473	11,473
Long-term deposits	5,541	100	7,941	Other administrative costs accumulated	-9,831	-11,545	-13,259
Investment securities	47,568	57,991	50,618	Amount equivalent to accumulated depreciation cost(-)	-8,463	-10,177	-11,891
Affiliated companies stock	953,196	1,111,290	1,631,280	Amount equivalent to accumulated impairment loss(-)	-2	-2	-2
Long-term loans to affiliated companies	2,367	1,984	1,701	Amount equivalent to accumulated net gains or losses on sale or disposal(-)	-1,365	-1,366	-1,366
Contra-accounts for provision for retirement benefits	2,458	2,424	2,541	Deficit carried forward			
Security deposit and guarantee	15	15	15	Unappropriated loss for the current year	-185,112	-199,241	-203,655
				(Of this, gross profit or loss(-))	(- 16,266)	(- 14,129)	(- 4,414)
				Valuation and translation adjustments	572,899	572,939	572,949
				Affiliated companies stock valuation differences	572,949	572,949	572,949
				Valuation difference on securities	- 50	- 10	0
				(Total net assets)	1,139,171	1,169,167	1,211,604
Total assets	1,661,289	1,707,414	2,612,605	Total liabilities and net assets	1,661,289	1,707,414	2,612,605

Notes 1. The balance sheet includes amounts for projects other than those subject to the policy cost analysis.

2.Components may not add up to the total because of rounding.

Income Statement (Account for Oil, Natural Gas, etc.)

(Unit: million yen)

Item	FY2021 (Result)	FY2022 (Estimated)	FY2023 (Planned)	Item	FY2021 (Result)	FY2022 (Estimated)	FY2023 (Planned)
Ordinary expenses	138,734	255,645	120,142	Ordinary income	122,467	241,516	118,208
Operating expenses	72,650	78,078	50,767	Income from operational grants	15,272	27,519	26,079
Commission expenses	64,572	176,561	68,070	Operational income	10,333	5,480	6,517
General and administrative expenses	932	995	1,060	Revenues from subsidies, etc.	12,930	30,649	16,218
Finance expenses	12	11	246	Trustee income	62,272	175,181	67,842
Miscellaneous losses	568	-	-	Gains on reversal of allowance for losses on guarantee obligations	17,677	-	-
Temporary losses	64	1	2,480	Financial revenues	78	183	82
Loss on retirement of fixed assets	64	1	-	Income regarding contra-accounts for provision for bonuses	223	243	247
Payments to the government	-	-	2,480	Income regarding contra-accounts for provision for retirement benefits	164	321	396
Net loss	-16,266	-14,129	-4,414	Reversal of contra-accounts for assets funded by operational grants	533	475	525
Gross loss	-16,266	-14,129	-4,414	Reversal of contra-accounts for assets funded by subsidies	5	5	5
				Miscellaneous income	2,980	1,460	297
				Temporary profits	65	1	-
				Gain on sales of fixed assets	1	-	-
				Reversal of contra-accounts for assets funded by operational grants	64	1	-
				Reversal of contra-accounts for assets funded by subsidies	0	0	-
Total	122,532	241,517	118,208	Total	122,532	241,517	118,208

Notes 1. The income statement includes amounts for projects other than those subject to the policy cost analysis.

2.Components may not add up to the total because of rounding.