A New Wind for Energy

INPEX

Annual Report 2021

For the period ended December 31, 2021

Basic management policy towards a net zero carbon society by 2050

As a pioneer in energy transformation (EX), INPEX will provide a stable supply of diverse and clean energy sources including oil and natural gas, hydrogen and renewable power.

Vision for around 2030

INPEX will transform net zero carbon from an ideal to reality.
Invest up to about 1 trillion JPY in the 5 net zero businesses and aim for these businesses to generate about 10% of operating cash flow by 2030

As a pioneer in energy transformation (EX), INPEX will seek to provide a stable supply of diverse and clean energy sources including oil and natural gas, hydrogen and renewable energy. Through these business activities, the company will promote initiatives towards the realization of a net zero carbon society and aim to increase the corporate value of the INPEX Group as a whole.

Our Mission

We are committed to contributing to the creation of a brighter future for society through our efforts to develop, produce and deliver energy in a sustainable way.

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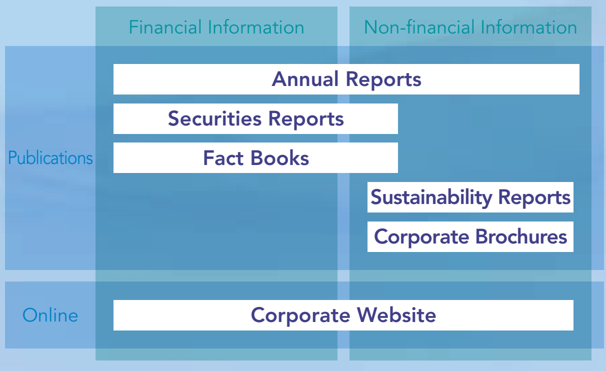
Communication Tool Map



Securities Reports (available in Japanese only)
▶ https://www.inpex.co.jp/ir/library/securities.html
Fact Books
▶ https://www.inpex.co.jp/english/ir/library/factbook.html
Sustainability Reports
▶ https://www.inpex.co.jp/english/csr/csr/
Corporate Brochures (available in Japanese only)
▶ https://www.inpex.co.jp/company/pdf/brochure.pdf
Corporate Website
▶ https://www.inpex.co.jp/english/

ABOUT OUR REPORTING

In editing this Annual Report, we have referred to documents such as the International Integrated Reporting Council's (IIRC) International Integrated Reporting Framework and the Guidance for Collaborative Value Creation issued by Japan's Ministry of Economy, Trade and Industry (METI), incorporating information with the aim of straightforwardly conveying our business activities within the reporting period from both financial and non-financial perspectives.

In this Annual Report we seek to more concretely present our vision, value creation process, strengths, initiatives towards a net zero carbon society, sustainability initiatives and other topics in line with INPEX Vision @2022, our Long-term Strategy and Medium-term Business Plan announced in February in 2022. This Annual Report is intended to function as a communication tool contributing to dialogue with our stakeholders.

DISCLAIMER

Information contained in this Annual Report is not an offer or a solicitation of an offer to buy or sell securities. You are requested to make investment decisions using your own judgment.

Although the Company has made sufficient effort to ensure the accuracy of information provided herein, the Company assumes no responsibility for any damages or liabilities including, but not limited to, those due to incorrect information or any other reason.

FORWARD-LOOKING STATEMENTS

This Annual Report includes forward-looking information that reflects the Company's plans and expectations. Such forward-looking information is based on the current assumptions and beliefs of the Company in light of the information currently available to it, and involves known and unknown risks, uncertainties and other factors. Such risks, uncertainties and other factors could cause the Company's actual results, performance, achievements or financial position to be materially different from any future results, performance, achievements or financial position expressed or implied by such forward-looking information. Such risks and uncertainties include, without limitations, fluctuations in the following:

- the price of and demand for crude oil and natural gas;
- exchange rates; and
- the costs associated with exploration, development, production and other related expenses.

The Company undertakes no obligation to publicly update or revise any information in this Annual Report (including forward-looking information).

NOTES REGARDING FIGURES

Financial figures in this Annual Report have been, in principle, rounded down. The "Project Overview by Core Business Areas" section (starting on page 62) describes, in principle, the operating situation as of March 31, 2022. Figures in parentheses denote negative amounts. The natural gas production volume for projects in production is not the volume at wellheads but corresponds to the gas volume sold to buyers. INPEX CORPORATION is listed on the Prime Market of the Tokyo Stock Exchange under the securities code 1605. The Company is also included in the Nikkei Stock Average (Nikkei 225) and the JPX-Nikkei Index 400 (JPX400).

A History of Value Creation

INPEX has developed as a company built around upstream businesses consisting of the exploration, development and production of oil and natural gas. Going forward, we are committed to contributing to the creation of a brighter future for society through the stable supply of diverse and clean energy sources, from oil and natural gas to hydrogen and renewable energy, while sustainably increasing our corporate value.

Teikoku Oil, Co., Ltd.

Founded in 1941

1950
Yabase Oil Field (deep zone development)

1959
Production starts at Kubiki Oil and Gas Field

1965
Production starts at Minami-Aga Oil Field

1962
Tokyo Line is completed

1970
Production starts at Higashi-Kashiwazaki Gas Field

1975
Production starts at Offshore D.R. Congo Oil Field

1980
Production starts at West Bakr Oil Field

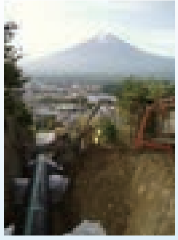
1984
Production starts at Minami-Nagaoka Gas Field and Offshore Iwaki Gas Field

1992
Launches an oil field reactivation project in Venezuela

From 1996
Expansion of domestic trunk pipelines Shin Tokyo Line Stage 1–3
Matsumoto, Iruma, Kofu Lines

2003
Production starts at Ohanet Gas Field

2004
Launches gas field development services in northeast Mexico



2006
Shizuoka Line is completed

1960 1970 1980 1990 2000

INPEX Corporation

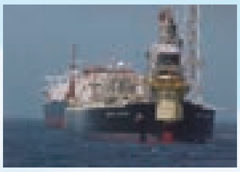
Founded in 1966

Production starts one after another in oil fields in Offshore Mahakam Block

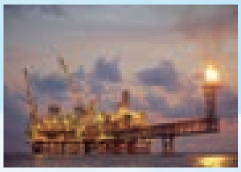
1972
Production starts at Attaka Field

1974
Production starts at Bekapai Field

1975
Production starts at Handil Field



1994
Production starts at Griffin oil fields

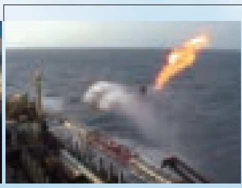


2004
Production starts at Bayu-Undan Gas-Condensate Field

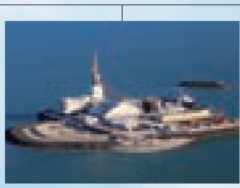
1970 1980 1990 2000

Oil and gas fields in various locations commences production

1984–1992
1984: Tambora Field (oil and gas)/ 1990: Tunu and Widuri Fields/ 1992: Belida Field



2000
Discovers Abadi Gas Field and Ichthys Gas-Condensate Field



2000
Discovers Kashagan Oil Field

2003
Acquires interest in ACG Oil Fields

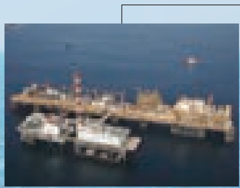
Changes in corporate name: 1966 North Sumatra Offshore Petroleum Exploration Co., Ltd. ▶1967 Japex Indonesia, Ltd. ▶1975 Indonesia Petroleum, Ltd. ▶2001 INPEX CORPORATION

Japan Oil Development Co., Ltd.

Established 1973

1980 1990 2000

Participates in development of Umm Shaif and Lower Zakum Oil Fields through acquisition of interest in ADMA Block



1982
Production starts at Upper Zakum Oil Field

1985
Production starts at Umm Al-Dalkh Oil Field

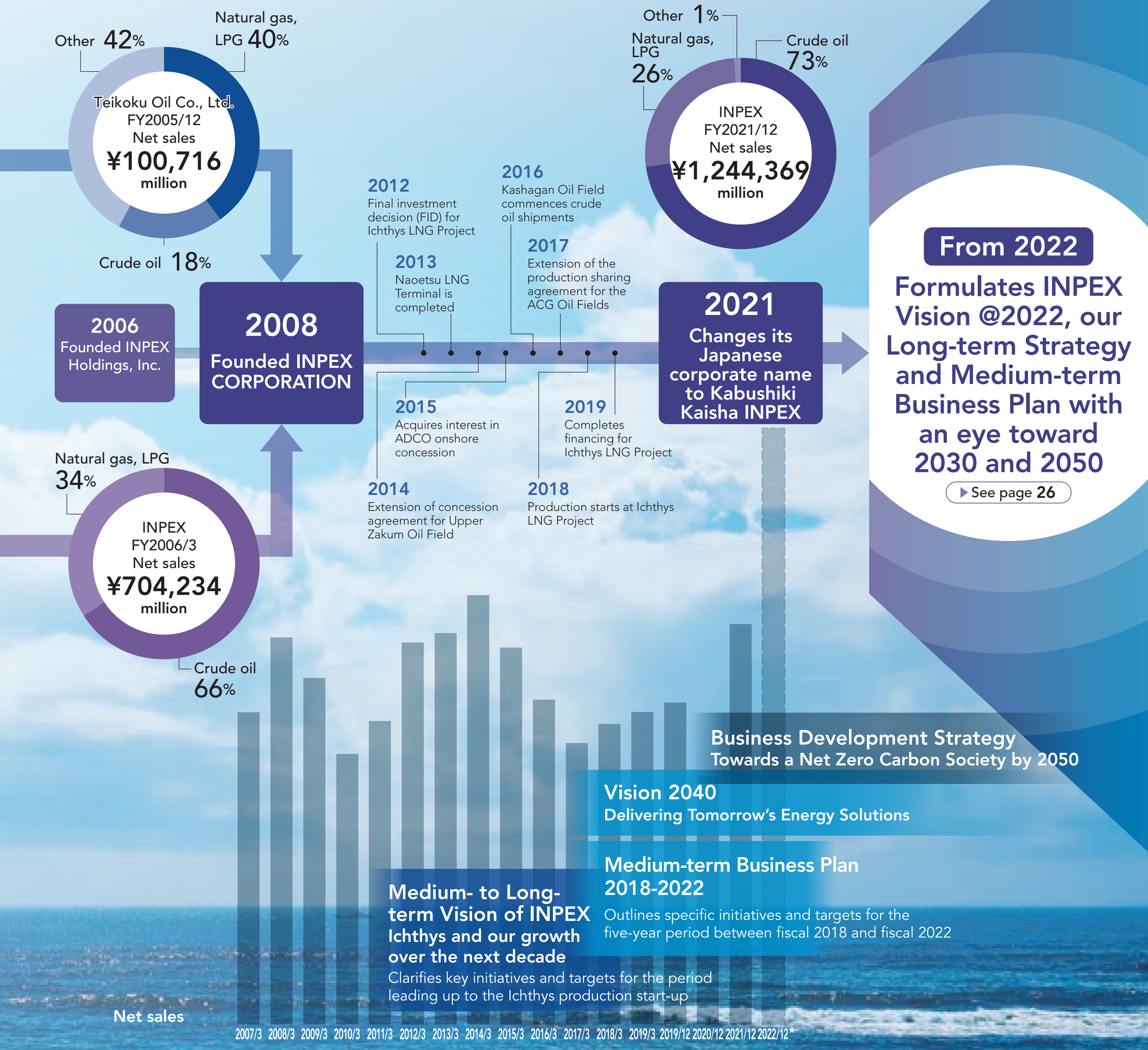
1987
Production starts at Satah Oil Field

2004
Japan Oil Development Co., Ltd. becomes a wholly owned subsidiary of INPEX

Energy Situation in Japan and Worldwide

Amidst the lingering impact of COVID-19 that surfaced in 2019, the world economy is at last showing signs of a gradual recovery. In line with this, and with demand for energy in fiscal 2021 also having been on track for recovery, it is widely thought that the current fiscal year will see an even greater increase in demand. In addition, over the medium- to long-term, we anticipate energy demand to increase continuously due to the expansion of the world's population and economic growth, mainly in emerging countries. For oil and natural gas, which account for the majority of energy needs, demand is expected to rise in line with global economic recovery, and we believe that, over the medium to long term, Asia will be a main driver behind demand that will continue to be firm. On the other hand, the 26th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP26) was held in 2021 to discuss the strengthening of efforts to achieve the long-term goal of limiting the average temperature increase from pre-industrial revolution levels to less than 2°C and further to 1.5°C in order to address climate change. In addition, major countries such as the EU nations, the U.K. and Japan have announced so-called "net zero targets" to reduce greenhouse gas emissions to effectively zero in 2050.

We believe that the urgency of addressing carbon neutrality will increase as these discussions toward a net zero carbon society progress. We will also work to advance steadily toward achieving our own climate change response targets, such as net zero carbon emissions on INPEX equity share basis by 2050, to contribute to realizing the Paris Agreement's climate change goals.



*As of May 11, 2022 earnings report

Value Creation Process

INPEX will proactively engage in energy structure reforms toward the realization of a net zero carbon society by 2050, while responding to the growing energy demands of Japan and the world and fulfilling the Company's responsibility for the development and stable supply of energy over the long term. By doing so, INPEX will contribute to a brighter future for society and sustainably increase its corporate value.

External Environment

Global Developments

- Rising geopolitical risk
- Increasing oil and gas prices
- Spread of COVID-19 continues
- Countries announcing net zero targets
- Government policy to increase Japan's independent development ratio of oil and natural gas (Over 50% in 2030 and over 60% in 2040)

Inputs

Human Capital
- Global and diverse personnel
- Number of employees: 3,189 (consolidated)

Social and Relationship Capital
- Good relationships with stakeholders in Japan and around the world

Natural Capital
- Crude oil, natural gas, air, water, land, natural energy

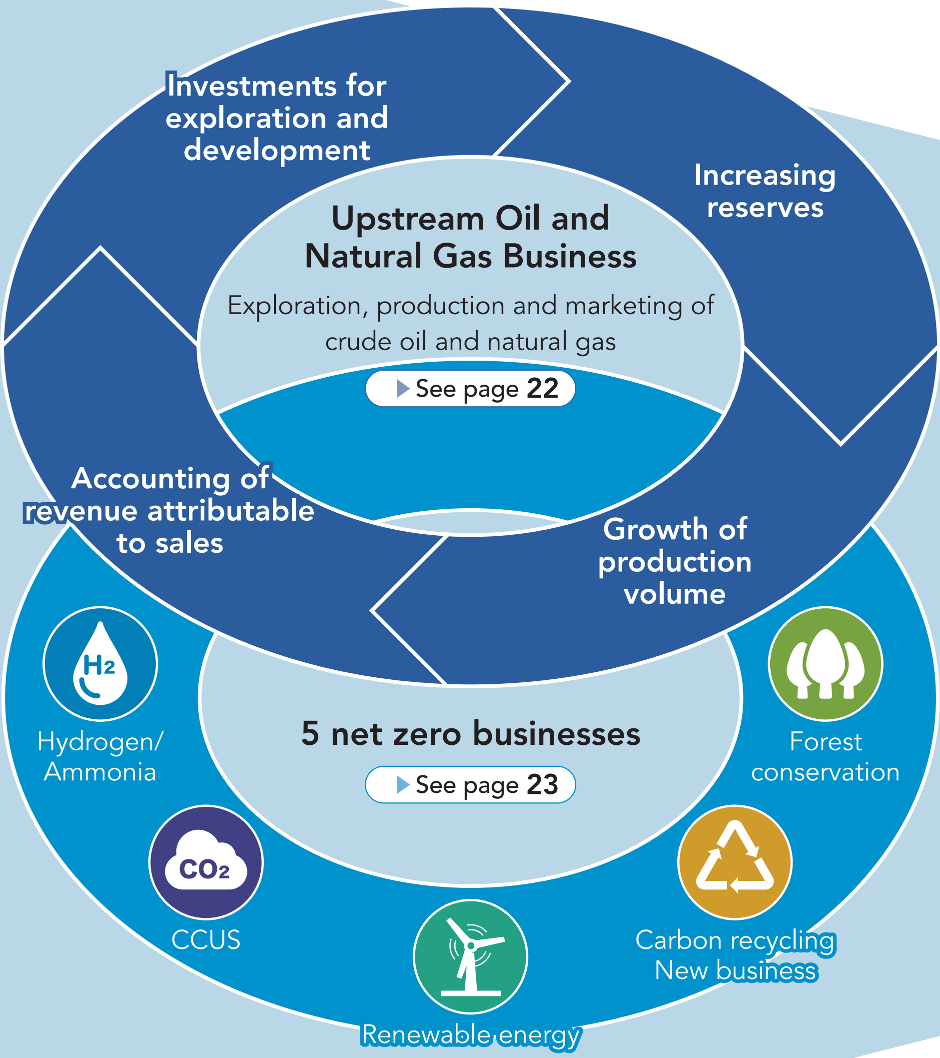
Financial Capital
- Equity ratio: 60.6%
- Net D/E ratio (Inclusive of Ichthys downstream IJV) 65.1%
- Long-term credit ratings (as of June 30, 2022)
  Moody's A2 (stable),
  S&P A– (stable),
  R&I AA– (stable),
  JCR AA+ (stable)

Manufactured Capital
- Production, manufacturing and supply facilities in Japan and around the world

Intellectual Capital
- R&D activity expenses ¥409 million
- Establishment of INPEX Research Hub for Energy Transformation (I-RHEX)

Note: Results for the fiscal year ended December 31, 2021

Business Processes



INPEX Vision @2022 Long-term Strategy and Medium-term Business Plan 2022–2024 See page 26

Sustainability Management Sustainability Material Issues See page 42

Corporate Governance See page 52

Risks

- Risk of disasters, accidents, system failures, etc.
- Risk of failure in exploration, development or production
- Risk of fluctuations in crude oil prices, natural gas prices, foreign exchange and interest rates
- Climate change risk
- Country risks, etc.

Opportunities

- Increasing importance of natural gas in energy transition
- Opportunities for a more resilient and cleaner upstream business
- Various changes toward a net zero carbon society (e.g., increasing demand for hydrogen, ammonia, CCUS and renewable energies)
- Opportunities to develop new businesses that respond to society's new needs

Outputs

Energy supply indispensable to people's livelihoods

Products

Note: Results for the fiscal year ended December 31, 2021

Oil

343.5 thousand barrels per day

Natural gas

1,251.3 million cubic feet per day

(Barrels of Oil Equivalent 240.8 thousand barrels per day)

Renewable energy

Power generated 396,390 MWh

Greenhouse gas emissions CO_2

Scope1	7,302 thousand tons- CO_2e
Scope2	136 thousand tons- CO_2e
Net carbon intensity	33 kg-CO_2e/boe

Outcomes

Economic Values

- Generation of free cash flow
- Shareholder returns
- Improvement of enterprise value/ shareholder value

Social Values

- Stable supply of energy to society
- Increase in Japan's independent development ratio of oil and natural gas
- Contribution to local communities and creation of employment opportunities
- Reduction of workplace injuries and prevention of major accidents

Environmental Values

- Expanding supply of natural gas as a cleaner source of energy
- Cleaner upstream operations through hydrogen/CCUS businesses
- Reduction of greenhouse gas emissions
- Conservation of biodiversity

Contribution to Achieving the SDGs*

*SDGs: Sustainable Development Goals

Message from the Representative Directors

Takayuki Ueda
Representative Director,
President and CEO

Toshiaki Kitamura
Representative Director
and Chairman

Proactive engagement in energy structure reforms to realize a net zero carbon society

In the fiscal year ended December 31, 2021, despite being weighed down by a gradual reduction in the scale of OPEC+ production cuts and slackened crude oil supply and demand due to the spread of a COVID-19 variant, oil prices remained on an upward trajectory due to factors such as the rise in oil demand as an alternative fuel for power generation caused by soaring natural gas prices worldwide and the accelerated normalization of economic activities. In this business environment, the Company achieved a V-shaped recovery from its fiscal 2020 loss, seeing its highest profit since its integration in 2008.

In recent years, major countries around the world have announced so-called "net-zero" targets to reduce greenhouse gas emissions, effectively to zero, by 2050. We see the various changes taking place in Japan and overseas toward a net zero carbon society as both a new challenge and an opportunity to take a further leap forward. In January last year, we formulated our Business Development Strategy—Towards a Net Zero Carbon Society by 2050 and have steadily promoted our efforts to that end. Subsequently, in February of this year, we formulated INPEX Vision @2022, our Long-term Strategy and Medium-term Business Plan, which consists of our long-term strategy for 2030 and 2050 and our Medium-term Business Plan for the three years covering 2022 to 2024, as concrete measures, targets and paths to promote both stable energy supply and energy transition initiatives for the immediate future.

Based on INPEX Vision @2022, in addition to making our upstream oil and natural gas business, our core business, cleaner and more resilient, in order to achieve our GHG emission reduction target to respond to climate change and to achieve our vision, we are accelerating efforts in our five net zero businesses including, CCS/CCUS, hydrogen, renewable energy, carbon recycling and new business opportunities, and forest conservation, making the most of our strengths, such as with the technologies and operational experience we have accumulated in Japan and overseas,.

Recently, the situation in Ukraine and other factors have increasingly given rise to uncertainty in the situation surrounding energy, both in and outside of Japan. Nonetheless, we will work to meet the energy demands of Japan and the world, and contribute to environmental conservation, economic and social development and more, by providing a stable supply of diverse energy both domestically and internationally, and in a cleaner form. No matter what the era, we will strive to maintain our role as a major player in the energy sector and aim to be a pioneer in energy transformation, proactively responding to changes that lead toward a net zero carbon society. We will also actively work to reform our energy structure toward the realization of a net zero carbon society in 2050. In tandem with this, at our global oil and gas production sites, which form our core business, we will strive to ensure a stable supply of energy by continuing production in a safe and stable manner, while putting in place a variety of ongoing measures to prevent the spread of COVID-19.

We would like to take this opportunity to ask for the continued and unwavering support and understanding of all our stakeholders.

Representative Director and Chairman
北村俊昭

Representative Director, President and CEO
上田隆之

Message from the President & CEO

Takayuki Ueda

Representative Director,
President and CEO

As a pioneer in energy transformation, we provide a clean and stable supply of energy essential to society.

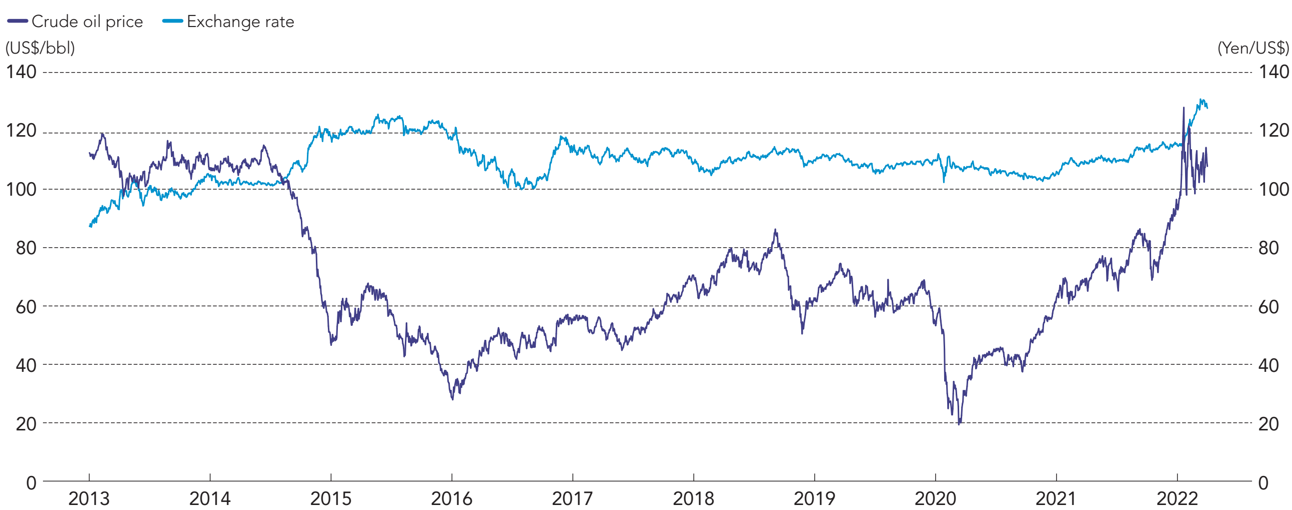
Around the world, the movement toward a net zero carbon society is gaining momentum. INPEX has announced INPEX Vision @2022, which consists of its long-term strategy for 2030 and 2050, as well as its three-year Medium-term Business Plan starting in 2022, in order to fulfill its responsibility to society in meeting diverse energy needs in Japan and abroad, and to seize the initiative on energy structure reform that leads to a net zero carbon society by 2050.

Overview of the fiscal year ended December 31, 2021

The global economy remained mired in uncertain circumstances due to COVID-19, while the price of crude oil rose

During this fiscal year, uncertain conditions persisted in the global economy due to the impact of COVID-19, although indications of a rebound could be seen on account of economic measures taken by countries around the world as well as the progress made in vaccination programs. Against this backdrop, the price of Brent crude oil, a benchmark index for the Group, started the period at US$51.09 per barrel. Although burdened by a gradual reduction in the scale of OPEC+ production cuts and easing crude oil supply and demand due to the spread of a COVID-19 variant, the price at the period end was US$77.78, having swung upward due to rising demand for oil as an alternative fuel for power generation due to factors such as soaring global natural gas prices and the accelerated normalization of economic activity. Meanwhile, regarding foreign exchange rates, which also affect our business performance, the dollar–to–yen rate started the fiscal year at the ¥103 level, and the yen depreciated to the ¥110 per dollar level in the first half of the year. Yen depreciation continued in the second half, and the year-end exchange rates (TTM) fell ¥11.50, to ¥115.02 per dollar from the end of the previous year, and the average exchange rate for the Group's net sales during the period was ¥110.11 per dollar, or ¥3.26 lower than in the previous year.

Brent crude oil price/Exchange rate



Note: Data for 2022 are through to the end of March.

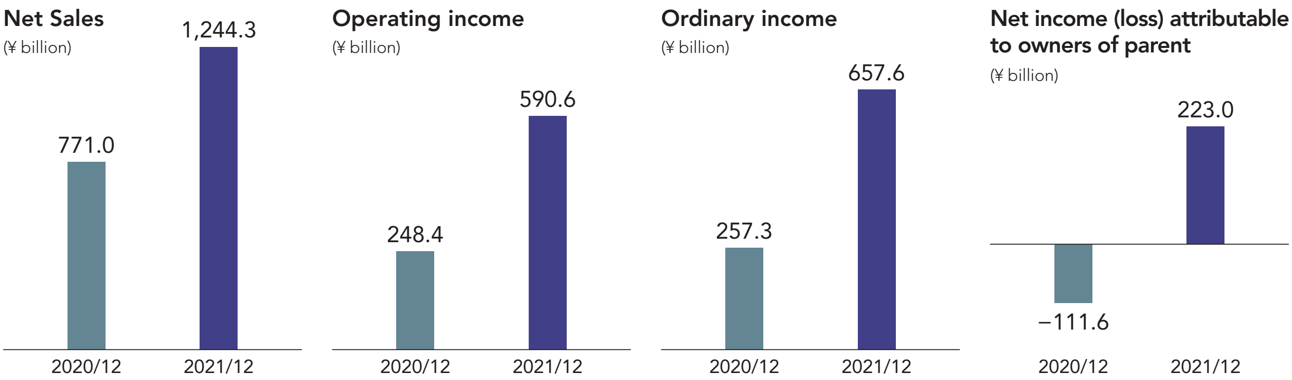
Bouncing back from loss with a V-shaped recovery, and the highest net profit since the 2008 business integration

As for the consolidated financial results for the fiscal year ended December 31, 2021, net sales rose 61.4% year on year, to ¥1,244.3 billion, operating income increased 137.7% to ¥590.6 billion, and ordinary income was up 155.6% to ¥657.6 billion. The result was that despite the posting of an impairment loss of ¥14.1 billion, net income attributable to owners of parent made a V-shaped recovery from a loss of ¥111.6 billion in the previous fiscal year, rising to ¥223.0 billion and marking the highest profit since our integration in 2008.

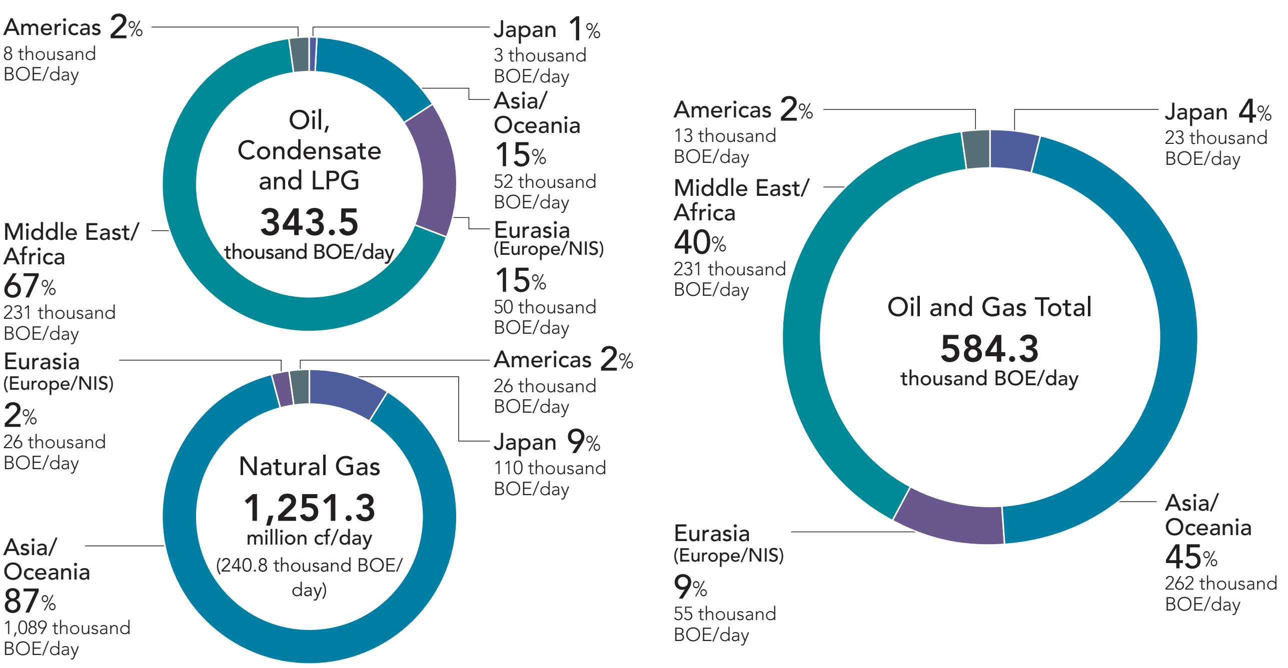
Regarding dividends, we paid out an annual dividend of ¥48 per share of common stock, an increase of ¥24 from the previous fiscal year.

For our net production volume (combining crude oil and natural gas in barrels of oil equivalent), the production volume per day for the fiscal year ended December 31, 2021 was approximately 584 thousand barrels. We intend to continue our focus not only on quantitative expansion but more on qualitative growth, such as in technological capabilities. In addition, proved reserves (combined crude oil and natural gas reserves in barrels of oil equivalent), a key source of our future earnings, are now at approximately 3.65 billion barrels.

Consolidated Financial Highlights



FY2021 Net Production



Management environment and background to the new corporate policy

Medium- to long-term business environment

The global economy is finally showing signs of a modest recovery, even as the effects of the 2019 COVID-19 outbreak linger and the situation in Ukraine and other global concerns continue to evolve dramatically. As a result of measures taken to prevent the spread of infections at production and operation sites of crude oil and natural gas around the world where we are engaged, stable production has continued. We also believe that future demand for oil and natural gas will trend higher in line with a global economic recovery, and we expect firm demand over the medium to long term, especially in Asia, due to a rising global population and economic growth, mainly in emerging countries. In addition, we recognize that oil and natural gas are indispensable energy sources for people's daily lives and economic activities in that they contribute to fuel supply, not only in times of peace, but also in emergencies. In Japan as well, the challenge is to increase the ratio of independently developed oil and natural gas to ensure a stable energy supply.

On the other hand, as global warming has become an issue of shared concern around the world, major countries such as those in the EU, the U.K., and Japan have announced "net zero targets" to essentially eliminate greenhouse gas emissions by 2050, and policies are being developed to simultaneously promote economic recovery after the impact of COVID-19 and to respond to climate change, while moving forward on plans to make social structures more energy efficient and cleaner. The Japanese government has declared its plans for carbon neutrality by 2050 and, having set greenhouse gas reduction targets, is greatly accelerating its efforts to become carbon neutral by promoting cleaner technologies such as hydrogen, ammonia, and CCUS* in the oil and natural gas sector and introducing renewable energies.

*CCUS: Carbon dioxide Capture, Utilization and Storage

Formulating a new management policy that takes into account the results of the previous Medium-term Business Plan

We consider various uncertainties, including the risk of sudden changes in crude oil prices, to be our key risks and recognize the importance of continuously bolstering our resiliency and efficiency (efficient investments and portfolios) while minimizing risk. As a company responsible for the stable supply of energy, it is our duty to maintain appropriate investment levels and to meet the energy needs of Japan and the world, mainly in the oil and gas business, which is our core business area. In addition to this, we are actively working on the development of various energy technologies and the utilization of our know-how to achieve net zero carbon in the future.

Based on this way of thinking, in May 2018 we formulated and promoted our Vision 2040 and the Medium-term Business Plan 2018–2022. As a result, we have strengthened our portfolio and improved production efficiency in the oil and gas business by, among other things, achieving stable operations with Ichthys, and we have made headway in our response to energy transitions, including renewable energy, by, among other things, acquiring offshore wind power generation projects in the Netherlands. In terms of financial performance, in the fiscal year ended December 31, 2021 we posted our highest net profits since our establishment, with cash flow from operations approaching ¥450 billion, while production volume in the second half of the fiscal year ended December 31, 2021 grew to a level of 640 thousand barrels per day (average annual production of 584 thousand barrels per day). With these business results, we have achieved much of the goals of our Medium-term Business Plan.

At the same time, we recognize that addressing climate change and moving toward a net zero carbon society is an important management issue. In January 2021 we announced our Business Development Strategy—Towards a Net Zero Carbon Society by 2050 to set climate change response targets and as a statement of our determination to challenge and promote new business areas, and in April 2021 we changed our Japanese company name to Kabushiki Kaisha INPEX. To reflect the specific business content in the 5 net zero businesses (for which our direction is indicated in our "Business Development Strategy,") as quickly as possible in the Medium-term Business Plan, and because the management targets in the previous 2018–2022 plan were largely achieved, as mentioned above, we have moved up the completion of the previous plan that was to have concluded in the fiscal year ending December 31, 2022. With that, in February 2022 we announced INPEX Vision @2022, our Long-term Strategy and Medium-term Business Plan 2022-2024.

Long-term Strategy and Medium-term Business Plan (INPEX Vision @2022)

We formulated our Long-term Strategy and Medium-term Business Plan "INPEX Vision @2022" while keeping in mind the current management environment and recent changes in social conditions. INPEX Vision @2022 is divided into two major parts: the first is our long-term strategy towards 2030 and 2050, and the second is our Medium-term Business Plan 2022–2024, which outlines specific goals and paths for the three years from 2022 to 2024 as a phase in our strategy roadmap for roughly the next 10 years until 2030.

Long-term Strategy

1 Basic management policy towards a net zero carbon society by 2050

First, in our Long-term Strategy, our vision for the long term is brought together as "basic management policy towards a net zero carbon society by 2050". As a pioneer in Energy Transformation (EX), INPEX aims to contribute to the stable supply of diverse and clean energy sources, from oil and natural gas to hydrogen and renewable power. Specifically, through our efforts in two business domains, namely, the 5 net zero businesses of (1) hydrogen and ammonia, (2) CCUS, (3) renewable energy, (4) carbon recycling and new business opportunities, and (5) forest conservation, and in the oil and gas business, we will tackle the challenge of achieving net zero carbon by 2050, growing into a dynamic, creative and diverse company that can achieve sustainable development.

❷ Vision for around 2030

As a specific path to 2030, during the nine years from 2022 to 2030, we will strengthen and expand the oil and gas business as a revenue base while moving forward to thoroughly make the business cleaner through the introduction of CCUS, etc., and secure cash flow from operations before exploration (including Ichthys downstream IJV) of roughly ¥5 trillion to ¥6 trillion*1. With stable cash flow, we will maintain a strong financial position and realize adequate shareholder returns while investing approximately ¥3.8 trillion to ¥4.4 trillion*1 in growth over the next nine years. For the 5 net zero businesses, we would like to allocate an investment amount of about ¥700 billion to ¥1 trillion*1, or roughly 20% of the total, to achieve commercialization and establish a position for ourselves as a major player.

In Niigata Prefecture, we will aim to construct a production demonstration plant for clean hydrogen and ammonia with utilization of CCUS targeting 2024 for the start of operations. At Ichthys, preparations are underway to implement CCS at the Ichthys LNG Project, with the aim of starting actual CO_2 injection operations in the late 2020s. Furthermore, in the field of renewable energies such as wind and geothermal power generation, our goal is to become a major player by accelerating business expansion in regions such as Europe and Indonesia. We will also promote the adoption of methanation in society and seek to participate in forest conservation projects that aim to absorb CO_2. Through these efforts, we aim to generate about 10% of operating cash flow*2 from the 5 net zero businesses by 2030.

*1 Estimate based on an assumed Brent crude oil price of US$60–70 per barrel
*2 Cash flow from operations before exploration (Includes Ichthys downstream IJV and differs from cash flows based on institutional accounting practice). Cash flow from renewable energy business is estimated based on equity operating cash flow.

On the other hand, for the oil and gas business, which is INPEX's revenue base, our basic strategy is to 1) select and concentrate on core business areas (regions), 2) shift to natural gas, and 3) make the business more resilient and cleaner.

Concerning our core business areas, we will concentrate resources, including funds and human capital, in the five regions of Australia, Abu Dhabi, Southeast Asia, Japan, and Europe, in the overall business, including the 5 net zero businesses, in pursuit of improving business efficiency and generating further synergies. By building a balanced portfolio, we aim to reduce net carbon intensity by 30% or more by 2030 compared to 2019. In addition, we will resolutely promote initiatives in the 5 net zero businesses and the oil and gas business, and will also pursue synergies between these two areas by making structural improvements in technology, marketing, Health, Safety and Environment (HSE) and human resources.

Ichthys LNG Project Onshore LNG Plant

Medium-term Business Plan 2022–2024

The three-year Medium-term Business Plan beginning in 2022 is intended to be a period of first steps toward realizing our long-term strategy "Vision for around 2030," and while being quick off the mark, we are positioning it as a time to gain further momentum.

❶ Oil and gas business

In the oil and gas business, our core business, we will continue to meet domestic and overseas energy demand and fulfill our responsibility for energy development and stable supply by making our business more resilient via portfolio optimization and reduction of production costs, and by making it cleaner. Through stable operations focused on our five core business areas (regions), we aim to achieve a net production level of over 700 thousand barrels per day by 2024. In addition, we seek to cut net carbon intensity by 10% or more from the 2019 level, by 2024.

❷ 5 net zero businesses

While aggressively pursuing business in renewable energy, we will also steadily move forward on demonstration tests and joint research projects in hydrogen, CCUS, and other fields, to strengthen our technological capabilities and accumulate business know-how, and prepare for full-scale business investment and commercialization in the future.

❸ Financial targets

The Company will generate stable and steady earnings and cash flow by conducting safe and stable operations at domestic and overseas projects in the oil and gas business, namely the Ichthys LNG Project and other projects.

On the other hand, given that the current business environment makes it difficult to predict oil prices among other factors, as key management indices for the fiscal year ending December 31, 2024, we aim to achieve net income attributable to owners of parent of (a) ¥170 billion or (b) ¥240 billion, premised on an average Brent crude oil price of (a) US$60 per barrel and (b) US$70 per barrel, respectively. In addition, we are targeting ROE of (a) about 6% and (b) about 8% and will continuously improve management efficiency by implementing share buybacks and other measures, along with striving tirelessly to enhance the resilience of our business. In addition, to ensure financial soundness, we will reduce debt, aiming for a net debt/equity ratio (including Ichthys downstream IJV) of 50% or less from the current level of about 65%.

❹ Cash allocation

Assuming a Brent crude oil price of US$60 per barrel and an exchange rate of ¥110/US$, we expect that the three-year cash flow from operations before exploration (including Ichthys downstream IJV) from 2022 to 2024 will be roughly ¥1.8 trillion, which will be allocated in the order of "debt reduction," "shareholder returns," and "investment for growth." We would like to allocate about ¥500 billion for debt reduction, about ¥200 billion for shareholder returns, and about ¥1.1 trillion for investment in growth. Regarding investment for growth, we would like to allocate approximately 20% to accelerate the 5 net zero businesses, with about ¥900 billion in the oil and gas business and about ¥200 billion in the 5 net zero businesses.

Under the assumption of a Brent crude oil price of US$70 per barrel and an exchange rate of 110/US$, we expect a further increase of about ¥300 billion in cash flow from operations before exploration (including Ichthys downstream IJV), which we intend to use strategically, by comprehensively considering the progress of our business strategy, shareholder returns, financial base and other factors.

❺ Shareholder returns

In the past, our policy was to have the dividend payout ratio 30% or higher, with stable dividends as a basis. Under our newly formulated Medium-term Business Plan, we are targeting a total payout ratio of over 40% and setting the minimum annual dividend per share at ¥30. While maintaining the basis for stable dividends, the Company's basic policy is to strengthen shareholder returns in accordance with growth in financial performance, including through implementation of share buybacks, considering the business environment, financial base, and management conditions, etc. Based on the above new returns policy, the Company plans to pay an annual dividend of ¥54 per share of common stock for the fiscal year ending December 31, 2022 (an interim dividend of ¥27 and a year-end dividend of ¥27). This is an increase of ¥6 from the actual dividend of ¥48 for the fiscal year ended December 31, 2021.

❻ Structural improvement

As part of our efforts to develop the technology infrastructure to realize net zero carbon, in April 2022 we established the INPEX Research Hub for Energy Transformation (I-RHEX) within the Technical Research Center, Technical Division. I-RHEX will serve as a resource center to apply oil and natural gas development technology to clean energy technology as well as to research and develop advanced technologies such as CCUS and low-cost hydrogen production. In tandem with leveraging INPEX's technical and human resources, I-RHEX will conduct joint research and technology development through partnerships with industry, academia, and government in pursuit of an "open resource" center that can contribute to advancing the Company's business and the energy transformation of society.

At the same time, as we move forward with energy transformation, we must also further evolve the way Group employees approach their work duties. Our marketing strategy seeks to reinforce our marketing capability to respond to an array of customer needs. We will work to strengthen ties with existing customers while cultivating new customers, such as those in carbon-neutral LNG, and engaging in the microgrid business, in addition to bolstering our existing wholesale electricity business and so on.

In addition, we will also advance initiatives to further improve HSE management, while for our human resources, our aim is to make INPEX Group "the best place to work." To that end we will introduce a job-centric HR system, expand upon development support measures, and promote workplace development such as through working from home and a flextime work system. Moreover, we will flexibly update the Company's organizational structure in line with the business environment and management strategy, taking measures such as newly establishing the Hydrogen & CCUS Development Division.

▶ Please see pages **26 to 37** for more on our Long-term Strategy and Medium-term Business Plan (INPEX Vision @2022)

Consolidated financial forecast for the fiscal year ending December 31, 2022

Assuming a crude oil price average of 85.00 US dollars per barrel and an exchange rate average of 120 Japanese yen against the US dollar for the full year, for the fiscal year ending December 31, 2022, we expect to generate net sales of 1,851.0 billion yen and a net income attributable to owners of parent of 300.0 billion yen. (as of May 11, 2022 earnings report)

Toward INPEX's sustainable growth

In November 2021, we updated our previous "CSR Principles" as the "Sustainability Principles" in order to convey our guidelines for promoting sustainability management, both internally and externally. The Sustainability Principles outlines INPEX's main principles for conducting its business, including the stable supply of clean energy sources, efforts to engage in energy transformation, thorough safety management for all personnel associated with INPEX business operations, creation of environmental value, and compliance with laws and regulations. In addition, the CSR Group of the Corporate Strategy & Planning Unit was reorganized into the Sustainability Group to serve as the linchpin for promoting sustainability within the Group. Today, companies are expected to pursue sustainable growth through their business, and at the same time, contribute to solving social and environmental sustainability issues. One of the 17 Sustainable Development Goals (SDGs) adopted at the UN Summit in 2015 is "Ensure access to affordable, reliable, sustainable and modern energy for all," and our aim is to ensure that all people in the world have access to sustainable and modern sources of energy. The "sustainability management" practiced by INPEX is meant to provide to society indispensable sources of energy that are cleaner, stable and efficient as an innovative pioneer that drives energy transformation, whatever the times may bring. This will, in turn, wholly contribute to achieving the SDGs.

The various changes in Japan and abroad encountered on the way to a net zero carbon society represent new challenges for the Group, but also are opportunities for us to make a further leap forward. In promoting INPEX Vision @2022 and providing differing forms of value to society and the environment, we are striving to achieve sustainable growth and greater corporate value for the INPEX Group. We would like to take this opportunity to ask for the continued and unwavering support and understanding of all our stakeholders.

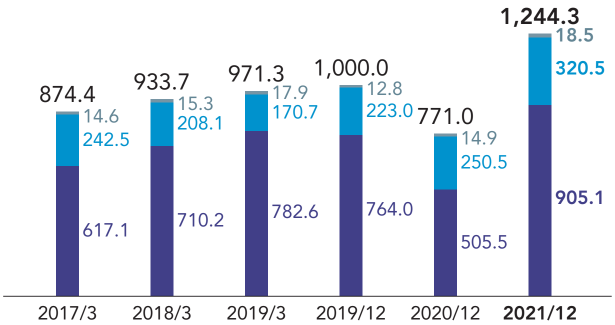
Financial and Operating Highlights (Five-Year Comparative Graphs)

INPEX has changed its fiscal year-end from March 31 to December 31, effective from fiscal 2019.
The fiscal year ended December 31, 2019 is a transitional, nine-month accounting period from April 1, 2019 to December 31, 2019.

Profitability Indices

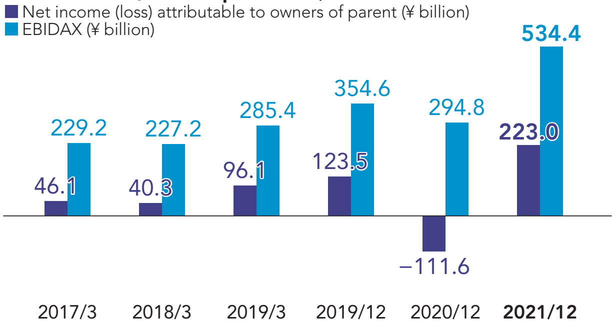
Net Sales

■ Crude oil (¥ billion) ■ Natural gas (¥ billion) ■ Other (¥ billion)



Net Income (Loss) Attributable to Owners of Parent, EBIDAX (Earnings before interest, depreciation and amortization, and exploration)

■ Net income (loss) attributable to owners of parent (¥ billion)
■ EBIDAX (¥ billion)

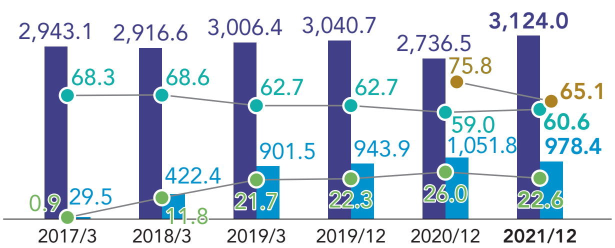


EBIDAX = Net income (including non-controlling interests) + Deferred tax + (1 – Tax rate) × (Interest expense – Interest income) + Foreign exchange gain and loss + Depreciation and amortization + Amortization of goodwill + Recovery of recoverable accounts under production sharing (capital expenditures) + Exploration expenses + Provision for exploration projects + Provision for allowance for recoverable accounts under production sharing – Gain on reversal of allowance for recoverable accounts under production sharing + Impairment loss

Stability Indices

Net Assets Excluding Non-Controlling Interests, Equity Ratio, Net Debt, Net Debt/Net Total Capital Employed, Net D/E Ratio

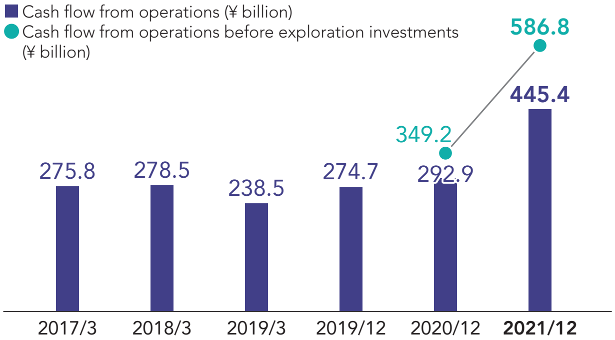
■ Net assets excluding non-controlling interests (¥ billion) ■ Net debt (¥ billion)
● Equity ratio (%) ● Net debt/Net total capital employed (%) ● Net D/E Ratio



- Net assets excluding non-controlling interests = Net assets – Noncontrolling interests
- Equity ratio = Net assets excluding non-controlling interests/Total assets
- Net debt = Interest-bearing debt – Cash and cash equivalents – Time deposits – Certificate of deposits – Public bonds and corporate bonds and other debt securities with determinable value – Long-term time deposits
- Net debt/Net total capital employed = Net debt/(Net assets + Net debt)
- Net D/E ratio includes Ichthys downstream Incorporated Joint Venture (Ichthys LNG Pty Ltd) and differs from institutional accounting basis. Data after FY2020 is disclosed.

Cash Flow from Operations, Cash flow from operations before exploration investments

■ Cash flow from operations (¥ billion)
● Cash flow from operations before exploration investments (¥ billion)

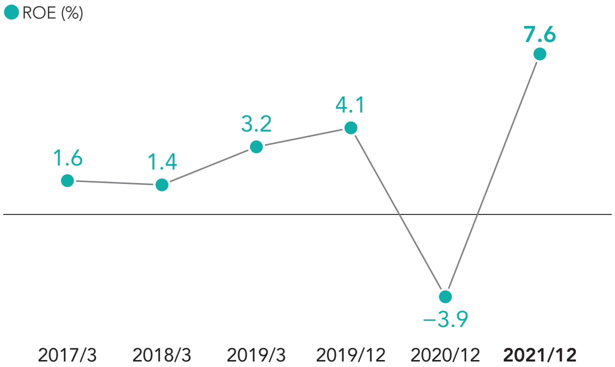


Cash flow from operations before exploration investments includes Ichthys downstream Incorporated Joint Venture (Ichthys LNG Pty Ltd) and differs from institutional accounting basis. Data after FY2020/12 is disclosed.

Efficiency Indices

Return on Equity (ROE)

● ROE (%)

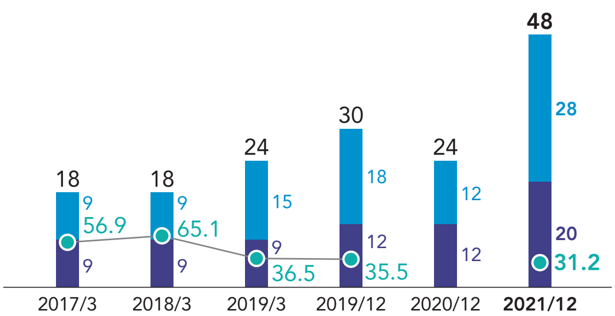


ROE = Net income attributable to owners of parent/Average of net assets excluding non-controlling interests at the beginning and end of the year

Performance Indices

Cash Dividend per Share, Payout Ratio

■ Cash dividend per share (2nd quarter end) (Yen)
■ Cash dividend per share (Fiscal year-end) (Yen) ● Payout ratio (%)

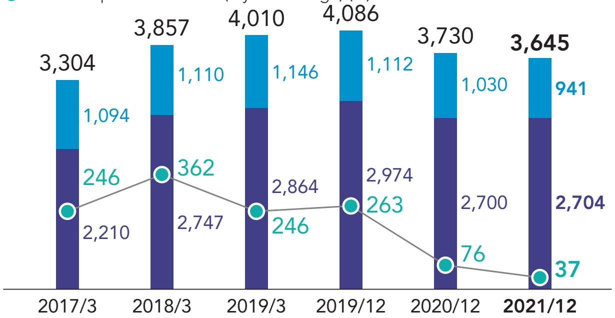


- No payout ratio is shown for the year ended 2020/12, as a net loss was recorded in this year.
- Total payout ratio for FY2021/12 is 61.9% as a result of implementation of ¥70.0 billion in share buybacks

Reserve/Production Indices

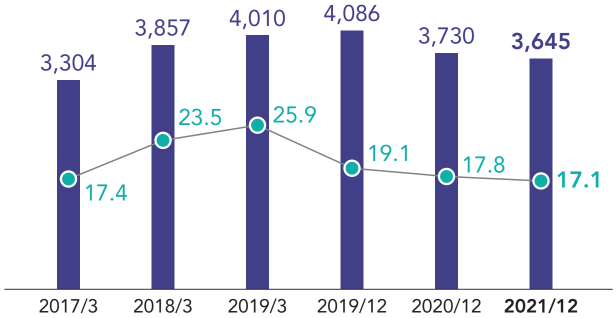
Net Proved Reserves (by product), Reserve Replacement Ratio (3-year average)

■ Crude oil (Million boe) ■ Natural gas (Million boe)
● Reserve replacement ratio (3-year average) (%)



Net Proved and Probable Reserves, Reserves-to-Production Ratio

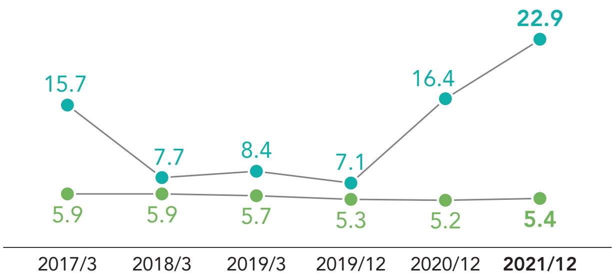
■ Probable reserves (Million boe) ● Proved reserves-to-production ratio (Years)



- The reserves cover most of INPEX group projects including the equity-method affiliates. The reserves of projects which are expected to be invested a large amount and affect the Group's future result materially are evaluated by DeGolyer & MacNaughton, and the others are done internally.
- The proved reserves are evaluated in accordance with SEC regulations.

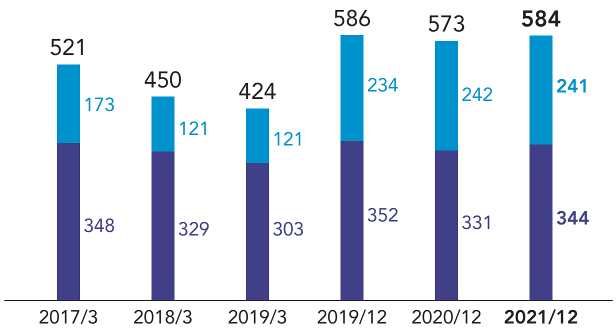
Average Expenses per BOE Produced, Exploration and Development Cost per BOE (3-year average)

● Average production cost per boe produced (Excluding royalty) (US$/boe)
● Exploration and development cost per boe (3-year average) (US$/boe)



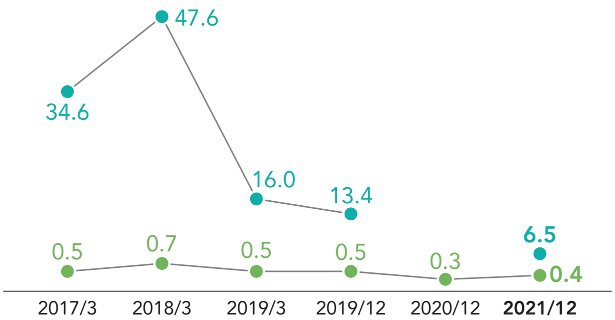
Net Production (by product, barrels of oil equivalents)

■ Crude oil (Thousand boed) ■ Natural gas (Thousand boed)



Price Earnings Ratio (PER), Price Book-Value Ratio (PBR)

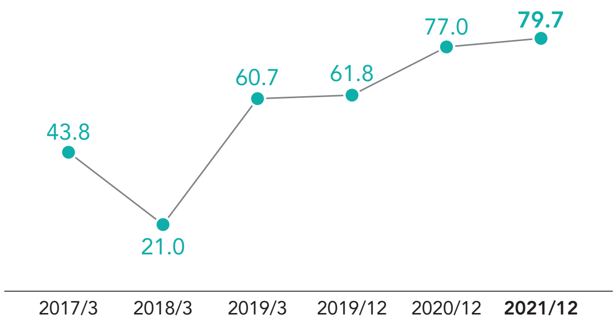
● PER (Times) ● PBR (Times)



No Price Earnings Ratio (PER) is shown for the year ended 2020/12, as a net loss was recorded in this year.

Exploration Success Ratio (3-year average)

● Exploration success ratio (3-year average) (%)



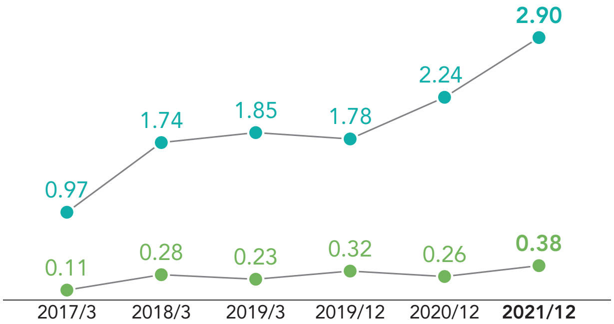
Sustainability Highlights

▶ Please refer to our **Sustainability Report 2022** for more information about our ESG performance data.

Sustainability Report ▶ **https://www.inpex.co.jp/english/csr/csr/**

LTIR, TRIR

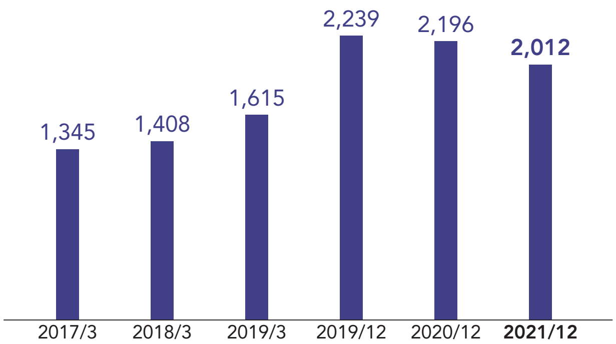
● LTIF ● TRIR



- LTIF (Lost Time Injury Frequency): Rate of injury resulting in fatalities or lost time per million hours worked.
- TRIR (Total Recordable Injury Rate): Rate of total fatalities, lost work day cases, restricted work day cases, and medical treatment cases per million hours worked.

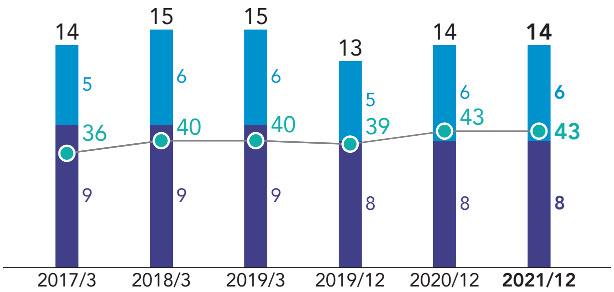
Social Investment

■ Social Investment (¥ million)



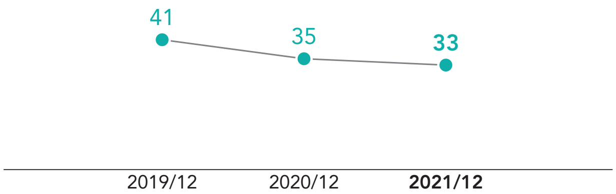
Number and Ratio of Directors

■ Directors (Inside) ■ Directors (Outside)
● Ratio of Directors (Outside)



Net Carbon Intensity

● Net Carbon Intensity (kg-CO_2e/boe)



2019/12 figures are for the period from January to December 2019 while the accounting period for the fiscal year ended December 31, 2019 is nine months from April to December 2019.

External Evaluation

INPEX has engaged in active dialogue with stakeholders through information disclosure and responded to external evaluations by third-party. The evaluations by external organizations and the major ESG Indexes for which INPEX has been selected as a component stock are shown below.

FTSE4Good Developed Index, FTSE4Good Japan Index

FTSE Blossom Japan, FTSE Blossom Japan Sector Index

MSCI ESG Leaders Indexes

THE INCLUSION OF INPEX CORPORATION (INPEX) IN ANY MSCI INDEX, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF INPEX BY MSCI OR ANY OF ITS AFFILIATES. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES.

MSCI Japan ESG Select Leaders Indexes
MSCI Japan Empowering Women Index (WIN)

S&P/JPX Carbon Efficient Index

CDP Climate Change 2021 score: A-

Selected as "Industry Mover 2022" in the S&P Global Sustainability Award 2022

Recognized as Environmentally Sustainable Company in Ministry of the Environment's ESG Finance Award Japan

INPEX Green Bond 1st Annual Report

(Period: October 2021–December 2021)

30 June 2022 INPEX CORPORATION

1. Annual report summary

INPEX has issued its inaugural INPEX Green Bond on 15 October 2021. It is designed to promote the reduction of CO_2 based on the "Business Development Strategy—Towards a Net Zero Carbon Society by 2050", which formulated a long-term management policy envisioning a net zero carbon society by 2050.

9.67 billion JPY of the 10.00 billion JPY from the INPEX Green Bond proceeds have been allocated to the following green projects that were verified against the Climate Bond Standard version 3.0 (CBSv3.0) and other technical standards set by the Climate Bond Initiative (CBI) by 31 December 2021.

All projects are under construction or in operation as originally planned or scheduled as of 31 December 2021 and have achieved environmental benefits (CO_2 reductions).

1) Green project

- Renewable energy: Business related to the development, construction, operation and refurbishment of renewable energy of wind, geothermal and solar

2) Verification criteria

- CBSv3.0 and the following technical standards
  - The Marine Renewable Energy Sector Eligibility Criteria of the Climate Bonds Standard (July 2020)
  - Geothermal Energy and the Climate bond Standard (version1.0)
- Green Bond Principles 2021 (GBP)
- Green Bond Guidelines 2020, Ministry of the Environment (GBGLs)

2. Allocation status

Table-1: INPEX Green Bond fund allocation (as of December 2021)

No.	Project category	Amount of funds allocated (Refinancing amount)	Amount of funds unallocated
1	INPEX Green Bond eligible projects	9.67 billion JPY (5.23 billion JPY)	0.33 billion JPY

*Unallocated amount (0.33 billion JPY) of funds is managed as cash deposits in accordance with the proceeds management procedures.

3. Project eligibility assessment results

INPEX has confirmed the continued compliance of the INPEX Green Projects listed in Table-1 against CBSv3.0 and the relevant technical standards (see section 1.2) by the INPEX Renewable Energy & New Business Division, the INPEX Corporate Strategy & Planning Division and the INPEX Finance & Accounting Division. The INPEX Green Projects that were eligible for fund allocation have been already qualified by a CBI approved verifier in a pre-issuance verification of the bonds.

4. Environmental benefit

Table-2: INPEX Green Bond environmental improvement benefits (Period: October 2021–December 2021)

No.	Project category	Facility capacity (for INPEX share)	Environmental improvement effects CO_2 Reductions
1	INPEX Green Bond eligible projects	415 MW (68.7 MW)	58,547 t-CO_2*

All projects are under construction or in operation as planned or scheduled as of 30 June 2022.

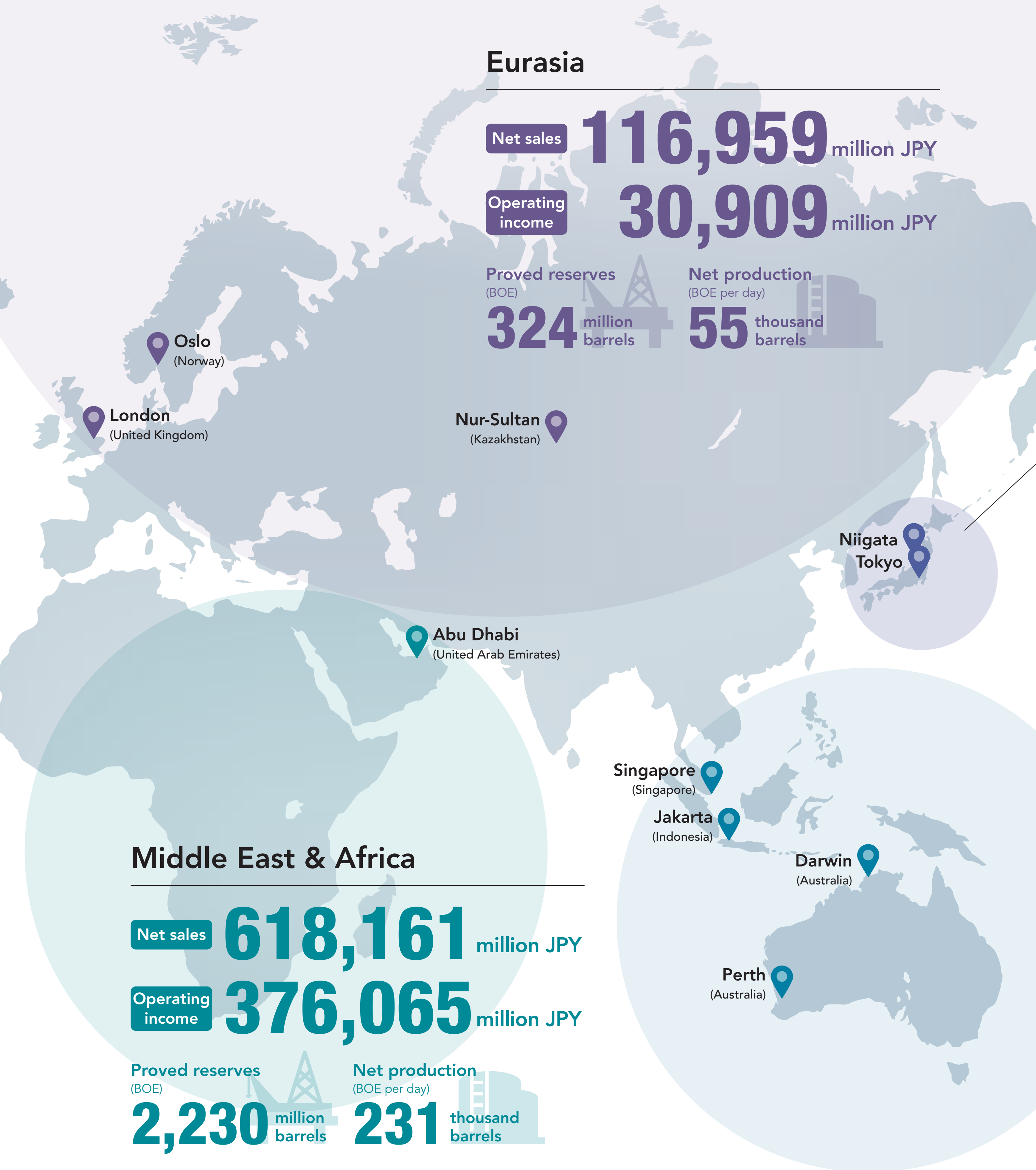
■ **Calculation method for environmental benefit:** Estimated calculation based on the actual power generation for the period October 2021–December 2021 (Calculated considering the period covered)

* : Estimated CO_2 reductions based on actual power generation from geothermal power
CO_2 Reduction = Actual power generation (MWh) x CO_2 Emission factor (t-CO_2 /MWh)
CO_2 Emission factor is calculated from the difference between the average CO_2 emission factor of the country where the project is operated and the CO_2 emission factor of the project.

5. Post-issuance verification

INPEX Green Bond has been confirmed that it conforms with CBSv3.0 and other related criteria by DNV Business Assurance Japan Co., Ltd., a CBI approved verifier, in accordance with the requirements of CBSv3.0. The result of the post-issuance verification by the CBI approved verifier is publicly available on our Annual Report.

Segment Overview (Fiscal year ended December 31, 2021)



Eurasia

Net sales 116,959 million JPY

Operating income 30,909 million JPY

Proved reserves (BOE) 324 million barrels

Net production (BOE per day) 55 thousand barrels

Middle East & Africa

Net sales 618,161 million JPY

Operating income 376,065 million JPY

Proved reserves (BOE) 2,230 million barrels

Net production (BOE per day) 231 thousand barrels

Key group company headquarters and offices in Japan and overseas

Note: Net Sales and operating income amounts are rounded down. Proved reserves is rounded off.

Americas

Net sales **24,240** million JPY

Operating income **10,276** million JPY

Proved reserves (BOE) **38** million barrels

Net production (BOE per day) **13** thousand barrels

Japan

Net sales **130,089** million JPY

Operating income **11,464** million JPY

Proved reserves (BOE) **130** million barrels

Net production (BOE per day) **23** thousand barrels

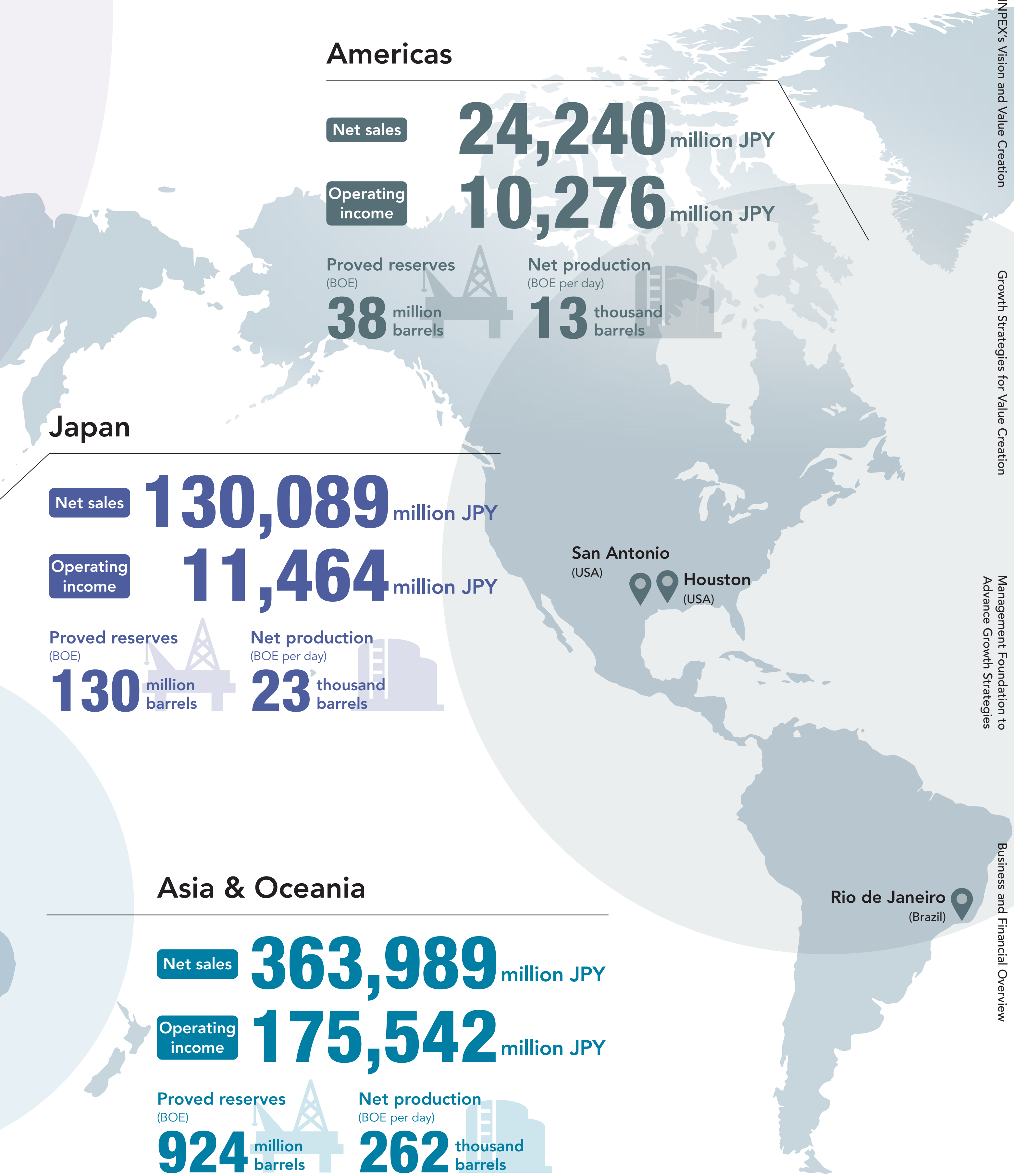
Asia & Oceania

Net sales **363,989** million JPY

Operating income **175,542** million JPY

Proved reserves (BOE) **924** million barrels

Net production (BOE per day) **262** thousand barrels



INPEX's Business

INPEX is developing its oil and gas business and its net zero businesses. In the oil and gas business, which is our core business, we will continue to fulfill our responsibilities for the development of sources of energy and their stable supply by promoting a more resilient and cleaner business. At the same time, in the 5 net zero businesses, we will expand each business at an accelerated pace and secure our position as a major and trusted player.

Oil and Gas Business

Our core business is the upstream oil and gas business, which involves finding and extracting crude oil and natural gas that exists underground.

The activities of the oil and gas business can be envisioned as the flow of a river. The upstream consists of the exploration and development of oil and natural gas. The midstream is where products are transported. The downstream refers to refining and sales to users.

We collect extensive information on the local legal systems and country risks related to areas in which oil and natural gas are expected to exist. We then apply and bid for mining rights and/or exploration and development rights and enter a contract for exploration and development.


Signing ceremony of a contract

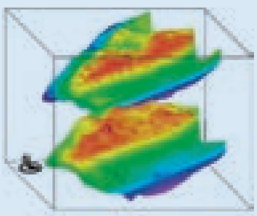
In addition to geological surveys, we utilize geophysical surveys conducted through satellite images and seismic waves to assess the potential subsurface accumulations of oil and natural gas. In areas thought to be promising we drill exploratory wells to confirm the presence of oil and gas.


Drilling rig

The processed oil and natural gas are sold to customers in Japan and overseas by tanker when marine transportation is required, or by pipeline when land transportation is necessary.


LNG tanker

When the presence of oil and natural gas has been confirmed, we drill appraisal wells to assess the extent of the oil and gas fields and to evaluate the amount of reserves, while also making judgments regarding the commercial viability.


Reservoir evaluation (image)

The extracted oil and natural gas are processed to separate and remove impurities so that they can be sold as products. Natural gas is also liquefied in the case of marine transportation.


LNG plant

After a final investment decision (FID) has been made, steps are taken to construct the facilities needed to produce and ship crude oil and natural gas. This includes facilities that separate resources into their liquid and gaseous states to remove impurities and pipelines to facilitate transportation.


Facility construction

Where do crude oil and natural gas come from?

Crude oil and natural gas are thought to originate from organic matter, such as the remains of once-living organisms that accumulated at the bottom of seas and lakes, that was then subjected to extreme heat and pressure underground (organic origin theory). Crude oil and natural gas that have formed deep underground are lower in weight than the water in the earth, allowing them to gradually rise to the surface over a long period of time. If the crude oil and natural gas encounter highly dense geological formations on the way to the surface, however, deposits form that become oil and gas fields.

Net Zero Businesses

Net zero businesses provide solutions that contribute to the reduction of greenhouse gas emissions toward the realization of a net zero carbon society.

Carbon Capture, Utilization and storage (CCUS) Business

In the CCS[1] business, CO_2 is separated and captured, placed in stable geological formations deep underground, and stored for a long period of time. In addition to CCS, in the CCUS[2] business the captured CO_2 is used to improve oil and natural gas recovery rates or to convert CO_2 into new products or energy.

Hydrogen and Ammonia Business

The hydrogen and ammonia business entails the production and supply of hydrogen and ammonia, energy sources that do not emit CO_2 when combusted.

Among these, the blue hydrogen project is a business that sells hydrogen produced from oil and natural gas, and stores the CO_2 emitted in the production process into the ground by CCS/CCUS.

The ammonia business converts hydrogen into ammonia for transportation and sale. Ammonia is easier to liquefy than hydrogen and has established transportation technology, making it promising as an energy carrier for hydrogen, and demand is also expected for its direct use as a fuel, including for mixed combustion with other fuels in thermal power plants.

Renewable Energy Business

The renewable energy business generates electricity using natural energy sources such as the wind, sun, and geothermal heat. Renewable energy emits significantly less CO_2 than thermal power generated by coal, oil, or LNG.

Carbon Recycling and New Business Opportunities

Carbon recycling refers to the reuse of CO_2 as a valuable resource using methanation, artificial photosynthesis and other technologies.

Methanation is a technology for synthesizing methane from CO_2 and hydrogen, which means it can produce methane as an energy source without increasing CO_2 emissions.

As for new business opportunities, we are engaged in research and development for the use of drones in facility inspections.

Forest Conservation

Forest conservation refers to projects that reduce CO_2 emissions or absorb CO_2 through forest conservation and afforestation. In addition, these projects are expected to have synergistic co-benefits such as preservation of precious biodiversity and water resources, reduction of soil erosion, alleviation of poverty and improvement of the livelihoods of local communities, and will broadly contribute to the SDGs advocated by the United Nations.

1 CCS: Carbon dioxide Capture and Storage
2 CCUS: Carbon dioxide Capture, Utilization and Storage

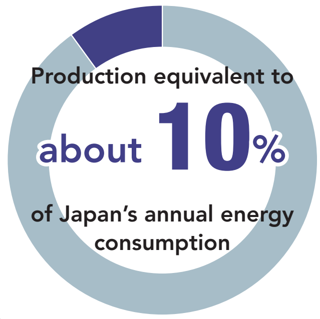
INPEX at a Glance

Leveraging our strengths, we will promote both our oil and gas business and net 5 zero businesses, while pursuing synergies between the two.

1

Stable energy supply to Japan and the world through our global business portfolio

We produce oil and natural gas on a daily basis in countries around the world on a scale equivalent to approximately 10% of Japan's annual energy consumption.



2

Our medium- to long-term strategy to realize energy transformation—INPEX Vision @2022

As a pioneer in energy transformation, we are committed to transforming net zero carbon from an aspiration to reality by providing a stable supply of diverse and clean energy sources, from oil and natural gas to hydrogen and renewable electricity.

3

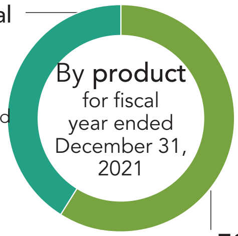
A corporate culture abounding with the spirit to tackle challenges and embodied by global human resources with diverse values

To sustain and strengthen responsible management as a global company, we believe it important to diversify our workforce and develop human resources that can share global values. To this end we promote a raft of HR policies that take a global perspective, and work to ensure diverse human talent in order to maximize organizational performance.

4

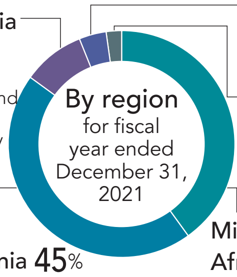
Exceptional technological acumen and a system of R&D work to realize net zero carbon

INPEX Research Hub for Energy Transformation (I-RHEX) was established in the Technical Research Center to promote research and development with the aim of diverting and applying oil and gas business technologies to clean energy technologies, as well as to acquire advanced technologies in the CCS/CCUS, hydrogen and other businesses.



Net production
volume for fiscal year ended December 31, 2021

584
thousand barrels per day



Related pages

INPEX Vision @2022
Long-term Strategy
Centaralize business portfolio by setting core business areas
See page 28

Project Overview by Core Business Areas
See page 62

2030
Reduce net carbon intensity by at least 30%

Aim to reduce net carbon intensity of greenhouse gas emissions (Scope 1 + 2) from operations by at least 30% in 2030, compared to 2019.

2050
Challenge for net zero

Aim to achieve net zero greenhouse gas emissions (Scope 1 + 2, INPEX equity share basis) from operations by 2050.

Related pages

INPEX Vision @2022
See page 26

Number of Group employees
3,189
(as of December 31, 2021)

Diverse human resource composition

Percentage of female employees in the entire Group, including overseas
Approx. **19.2%**
(611 employees)

Percentage of foreign employees in the entire Group, including overseas
Approx. **37.2%**
(1,185 people)

(As of December 31, 2021)

Related pages

Sustainability
Featured Content 2
Human Resource Development
See page 48

R&D activity expenses
¥409 million
(Results for the fiscal year ended December 31, 2021)

Number of partnerships with industry, academia, and government
Approx. **35**
(Fiscal year ended December 31, 2021, cumulative)

R&D employees attached to Technical Research Center
35 employees
(As of April 1, 2022)

Related pages

INPEX Vision @2022
Medium-term Business Plan 2022–2024
Initiatives towards Stronger Management Foundation
See page 36

INPEX Vision @2022

Long-term Strategy

Vision for 2030 and 2050

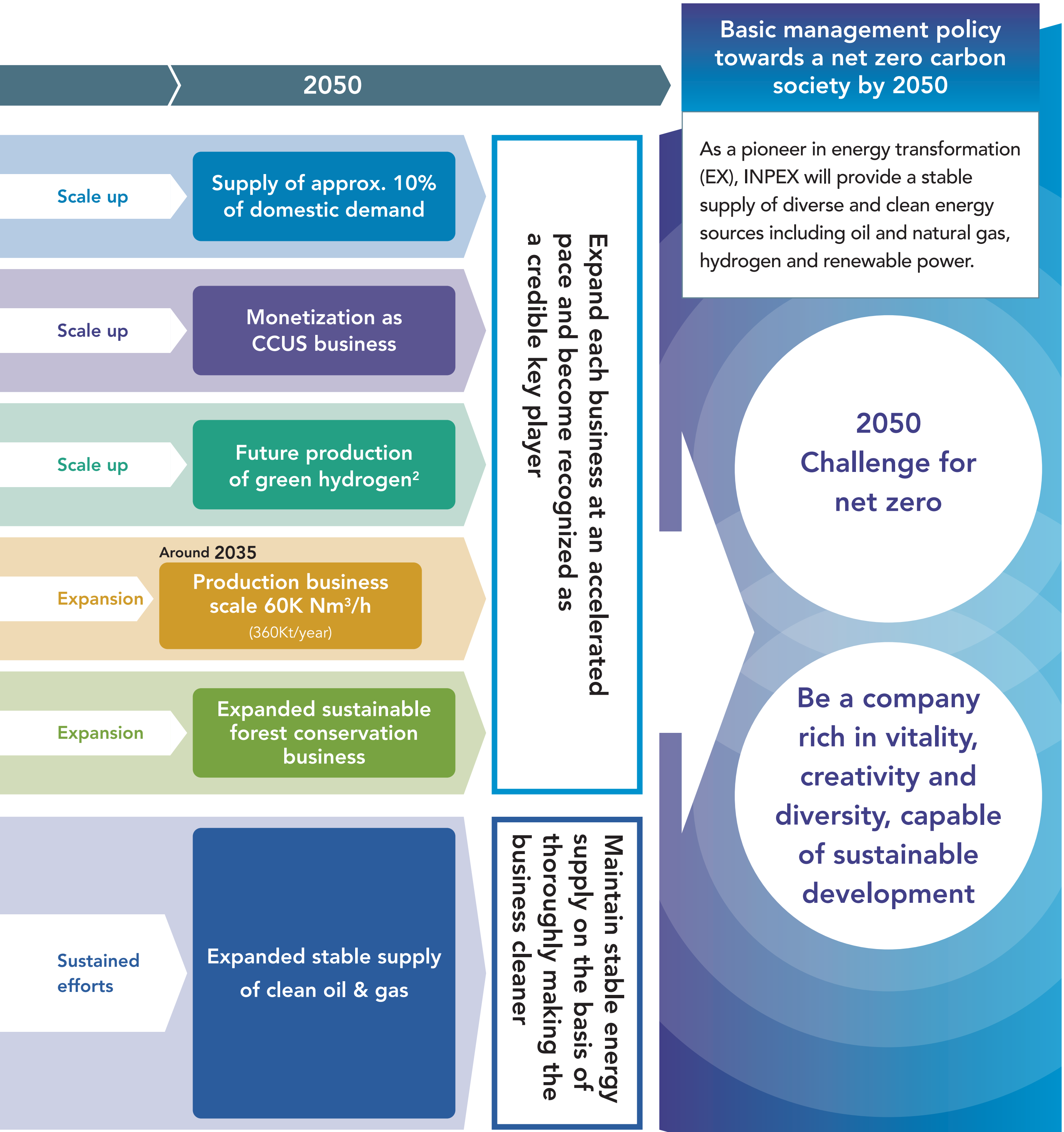
We are committed to transforming net zero carbon from an aspiration to reality by 2030, and then on toward a net zero carbon society by 2050. Oil and natural gas an essential energy source for economic and social activities, we will work to ensure their stable supply. Natural gas, for which demand is expected to be strong, especially in Asia, is a business that will be strengthened and expanded as a revenue base while moving to thoroughly make it cleaner

		Medium-term Business Plan		Around 2030 (Around 10% of operating CF[5])
5 net zero businesses Achieve commercialization and establish a strong position (Maximize use of government support and collaboration with industry, academia and government, etc.)	Hydrogen Ammonia	Kashiwazaki demonstration project 700t/year	Approx. 150 times	Commercialization of 3 or more projects 100Kt/year[1]
	CCUS	Kashiwazaki demonstration project, etc. 6Kt/year	Approx. 400 times	CO_2 injection 2.5MMt per year
	Renewable energy	Renewable power generating capacity 500MW	Approx. 2–4 times	Renewable power generating capacity 1–2GW
	Methanation	Domestic technology development business 400Nm³/h	Approx. 25 times	Production business scale 10K Nm³ /h (60Kt/year)
	Forest conservation	REDD+ project[3] 1.5MMt	Project participation	Carbon credit acquisition 2MMt per year
Oil & gas business Maintain and expand stable supply Strengthen and expand the business as a revenue base while making it cleaner through CCUS, etc.	Oil & gas	GHG intensity reduction by 10% or more	Making the business cleaner	GHG intensity reduction by 30% or more (vs. 2019)
		Investment ratio for gas business Approx. 50%	Gas shift	Investment ratio for gas business Approx. 70%
				Reinforced trading functions[4] LNG handling volume Approx. 10MMt

All figures based on INPEX equity portion

1: Ammonia volume shown in hydrogen equivalent
2: Hydrogen that is produced by splitting water using electricity generated from renewable energy
3: Concept defined at the 2010 United Nations Climate Change Conference that augments REDD (Reducing Emissions from Deforestation and forest Degradation) with the active prevention of forest degradation through forest management and enhancement of carbon stocks through forestation.

through the introduction of CCUS and other measures. In the 5 net zero businesses, we will aim to achieve commercialization and establish a strong position.



4: Inclusive of midstream and downstream business, etc.

5: Operating Cash flow before exploration (including Ichthys LNG Pty Ltd, the Ichthys Downstream Incorporated Joint Venture). Cash flow from renewable energy business is estimated based on equity operating cash flow.

Centralize business portfolio by setting core business areas

We have designated the five regions of Australia, Abu Dhabi, Southeast Asia, Japan, and Europe as our core business areas, expanding upon our previously established core business areas in the oil and gas business to include the new 5 net zero businesses. The Company will pursue synergies by leveraging business foundations such as existing business assets, networks, and technologies, while improving operational efficiency by focusing management resources.

Oil & gas · Hydrogen/Ammonia · CCUS · Wind · Geothermal · Methanation · Forest conservation

Europe

Oil & gas business:
Norway Business, etc.

Renewable energy:
Luchterduinen and Borssele III/IV offshore wind power generation projects (the Netherlands)

©Equinor

Abu Dhabi

Oil & gas business:
Zakum oil fields, Onshore Concession, etc.

Hydrogen/Ammonia:
Clean ammonia production joint study

CCUS:
CO_2EOR Pursuing in Abu Dhabi

Note: Icons on the map indicate that the company currently owns assets or has concrete plans.

Japan

Oil & gas business:
Minami-Nagaoka Gas Field, etc.

Hydrogen/Ammonia:
Integrated demonstration of hydrogen & ammonia production and usage
(Kashiwazaki City, NiigataPrefecture, Japan)

CCUS:
CO_2EOR demonstration at Minami-aga
(Niigata Prefecture, Japan)

Renewable energy:
Floating offshore wind power business
(Goto City, Nagasaki Prefecture, Japan)
Geothermal power generation business
(The Oyasu area Akita Prefecture, Japan)

Carbon recycling/New business:
Technical development of Methanation

Southeast Asia

Oil & gas business:
Abadi LNG Project (Indonesia), etc.

CCUS:
CCUS studies for Abadi LNG Project

Renewable energy:
Sarulla Geothermal Power Project, Muara Laboh Geothermal Power Project (Indonesia)

Forest conservation:
Rimba Raya Biodiversity Reserve REDD+ project (Indonesia)

Australia

Oil & gas business:
Ichthys LNG Project, etc

Hydrogen/Ammonia:
Pursuing opportunities in hydrogen business

CCUS:
Aiming to implement CCS at Ichthys LNG Project

Carbon recycling/New business:
Performance Validation of Artificial photosynthesis

Forest conservation:
Afforestation and savanna fire management

Targets initiatives in the 5 net zero businesses

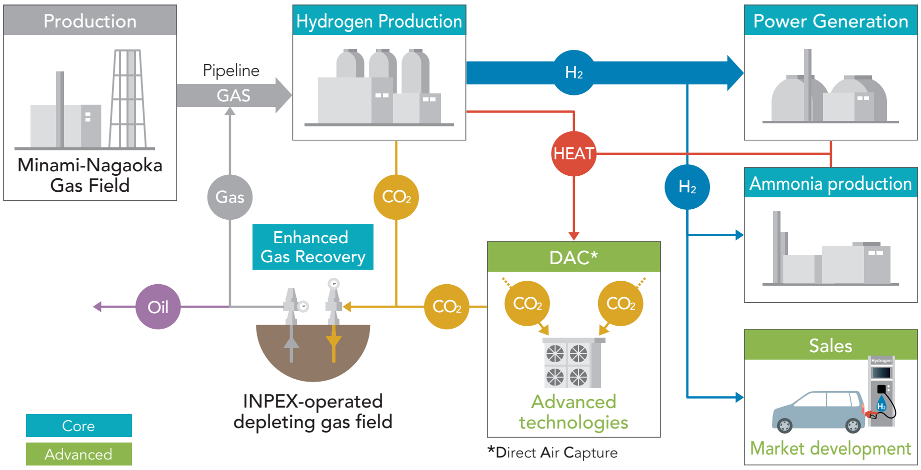
Hydrogen Ammonia — Develop a hydrogen business

Commercialize 3 or more projects by around 2030 and aim to produce and supply 100 thousand tons or more of hydrogen/ammonia per year

Integrated demonstration of hydrogen & ammonia production and usage in Kashiwazaki City, Niigata Prefecture, Japan

- Aim to construct a blue hydrogen[1] & ammonia production plant and start operations by 2024

1: Hydrogen that is produced by reforming natural resources such as natural gas, where CO_2 generated at the same time is captured and stored by CCUS



*Direct Air Capture

Commercialization of blue hydrogen project in Niigata Prefecture, Japan

- Based on the results of the initiative on the left, aim to construct a blue hydrogen production plant utilizing INPEX natural gas fields and existing infrastructure and produce hydrogen on a commercial scale by around 2030 (100 thousand ton scale[2])

2: Project based

Clean ammonia production in Abu Dhabi

- Aim to construct a clean ammonia plant with a large-scale production capacity in cooperation with ADNOC[3] and others and commence supply from the second half of the 2020s, based on the results of the joint study (ADNOC/JERA/JOGMEC) currently being implemented

3: Abu Dhabi National Oil Company

Clean hydrogen projects overseas (Australia, Abu Dhabi, Indonesia, etc.)

- Promote business expansion through feasibility studies and collaboration, aiming at large-scale project development overseas. Now pursuing opportunities in the hydrogen production, liquefaction, offloading and shipping business

CCUS — Reduce CO_2 emissions from oil & gas operations (CCUS)

Aim to become a leading company in the CCUS business by targeting an annual CO_2 injection volume of 2.5 million tons or more in around 2030 and promoting technical development and commercialization

CO_2EOR[1] demonstration at Minami-aga (Niigata Prefecture, Japan)

- Commence CO_2 injection tests by 2023 and establish CO_2EOR efficiency improvement technology[2] currently under development, aiming to expand CCUS technology in Japan and deploy CO_2EOR technology at oil fields overseas

1: Enhanced Oil Recovery
2: CO_2 foam EOR Technology

CO_2EOR scale up in Abu Dhabi

- Pursue technical evaluations to increase CCUS capacity of ADNOC Onshore CO_2EOR activities from the current 0.8 million tons per year with ADNOC

Promotion of CCS/CCUS business development in Japan and overseas

- Conduct surveys of suitable CCS/CCUS locations and technical development in Japan and overseas. Make full use of knowledge, experience and assets in the oil and natural gas sector with the aim of commercializing the CCS/CCUS business

CCS[3] implementation at Ichthys LNG Project (Australia)

- Introduce CCS to Ichthys in the late 2020s and begin injecting 2 million tons or more[4] of CO_2 per year as a first step
- Play a leading role towards the realization of a CCS hub project in Darwin, Australia

3: Carbon Capture and Storage
4: Project basis (INPEX equity equivalent: 1.3 million tons per year)

Ichthys gas-condensate field location
- Browse Basin, Australian North West Shelf
- Approximately 200 km offshore Western Australia

Renewable energy — Enhance and emphasize renewable energy initiatives

Aim to secure 1–2 gigawatts of installed capacity, mainly in the offshore wind and geothermal power generation business/ Become a key player by accelerating business expansion using assets acquired through M&A and other means as a platform

Wind power

Be a key player in the floating offshore wind power business

- Acquired shares of the Luchterduinen and Borssele III/IV offshore wind power generation projects in the Netherlands
- Join leading wind power generation businesses in Europe and other prospective areas and secure assets such as human resources to position Europe as a platform of the company's renewable energy business
- Consortium including INPEX selected as operator of floating offshore wind power project off Goto City, Nagasaki Prefecture, Japan in June 2021
- Aim to become a key player in the floating offshore wind power generation sector

Luchterduinen offshore wind farm

Geothermal

Aim for further expansion, mainly in Japan and Indonesia

- Promote geothermal development in Indonesia and consider further development of the Muara Laboh Geothermal Power Project, which the company joined in December 2021
- Decided to enter into the construction phase of the Oyasu Geothermal Power Project (Akita Pref.). Continue development toward start up in March 2027
- Pursue new projects in Japan and Indonesia in addition to continuing geothermal surveys at Amemasudake (Hokkaido)

Muara Laboh Geothermal Power Project

Technical development

- Pursue studies towards the practical application of various geothermal businesses such as next-generation geothermal development technologies, etc.

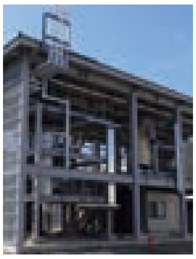
Carbon recycling/New business — Promote carbon recycling and cultivate new business opportunities

Promote the adoption of methanation in society and aim to supply about 60 thousand tons[1] of synthetic methane per year through INPEX's natural gas trunk pipeline network by 2030 while pursuing further development

1: Equivalent to approx. 200 thousand households

Methanation[2]

- Construct a larger scale plant of 400 Nm^3/h in Nagaoka City, Niigata Prefecture, based on practical usage of results from a past demonstration project[3], and commence production of synthetic methane in 2025 to be supplied to customers through INPEX gas pipelines
- In pursuit of further development, construct a 10 thousand Nm^3/h scale demonstration facility in Australia and aim to ship synthetic methane to Japan for supply to customers via gas pipelines in around 2030



Demonstration facility at the Koshijihara Plant

2: Production of hydrogen through electrolysis and conversion to CH_4 using high concentrations of CO_2 and CO_2 generated during natural gas production
3: Built and operated an 8Nm^3/h scale technology demonstration plant

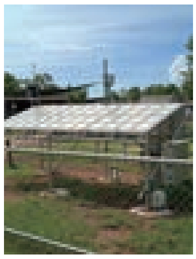
Methane pyrolysis

- Conduct R&D studies for future commercialization

Also developing new business opportunities in **the clean energy sector** through an entrepreneurship program and collaboration with startups, universities, etc.

Artificial photosynthesis[4]

- Now participating in the "Japan Technological Research Association of Artificial Photosynthetic Chemical Process (ARPChem)" of NEDO[5] and in charge of technical development for production of solar hydrogen through catalytic reaction
- Steadily implement R&D with aims to ultimately achieve 10% solar energy conversion efficiency and plan to evaluate practical application
- Performance validation conducted in Darwin, Australia, the location of the Ichthys onshore plant



Performance validation in Darwin, Australia

4: A technology to split hydrogen from oxygen in water using a photocatalyst installed on the surface of an artificial photosynthetic panel; the hydrogen is then used for fuel and raw materials, etc.
5: New Energy and Industrial Technology Development Organization

Drones

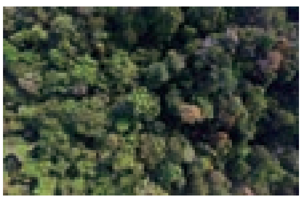
- In cooperation with Terra Drone Corp., a startup that we invest in, in view of the realization of the "INPEX-Terra Drone Intelligent Drone Plan", a plan that aims to realize various initiatives including automation of inspection of equipment utilizing air mobility, we are promoting R&D to utilize drones for inspection of our facilities.

Forest conservation — Promote forest conservation

Strengthen and expand projects aimed at CO_2 absorption through forest conservation, from supportive measures to project participation

Target business participation in forest conservation projects

- Aim to participate in projects in addition to acquiring credits from forest conservation projects mainly based on the leading REDD+ concept by utilizing INPEX's track record in carbon credit acquisition through supporting the Rimba Raya Biodiversity Reserve REDD+ Project and afforestation and savanna fire management at Ichthys



Forests of Rimba Raya Biodiversity Reserve REDD+ project area

Strengthen efforts to achieve net zero and Scope 3 reductions

- Stably secure about 2 million tons of forestation credits per year from leading forest conservation projects
- Complement initiatives towards net zero targets such as making the oil and natural gas business cleaner, implementing a natural gas shift and promoting CCUS, hydrogen and ammonia, renewable energy, carbon recycling, etc.
- Reduce Scope 3 through marketing carbon-neutral LNG and gas to customers

Orangutan conservation efforts (Currently building protection camp)

Targets and initiatives in the oil and gas business

In the oil and gas business, our core business, we aim to provide a stable supply of clean energy by promoting, in an integrated manner, selection and concentration on core business areas, a shift to natural gas, and making the business more resilient and cleaner.

Selection and concentration of core business areas

- **Improve business efficiency** by concentrating resources such as capital and human resources in core business areas
- **Consider all options including the sale of non-core assets** to build a well-balanced portfolio

Oil and gas

Aim to achieve a stable supply of clean energy by focusing on core business areas, implementing a shift to natural gas and promoting resilience and making the business cleaner in an integrated manner

Implementation of a shift to natural gas

- Raise the gas investment ratio from the current level of **around 50% to around 70%** to increase the gas ratio of the portfolio. Through these efforts, **contribute to raising Japan's independent development ratio**
- Expand the scale of the natural gas development business mainly in Asia and Oceania to meet demand and consider **feedstock supply for hydrogen and ammonia projects and business transformation** opportunities
- In the oil business development, carefully select projects with an emphasis on **early production, early cost recovery and GHG emissions intensity**

Making the business more resilient and cleaner

- Strengthen **the business framework to generate profit even at low oil prices** through cost reduction and portfolio management
- Aim to achieve **zero routine flaring** by 2030 and thoroughly **make projects cleaner** by introducing CCUS, utilizing forest credits, introducing electricity based on renewables and saving energy
- Promote the digitalization of operations to achieve **higher productivity and power saving** and **help make businesses cleaner and more resilient**

Australia (Ichthys etc.)

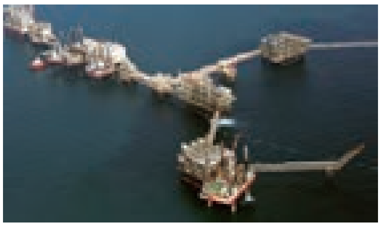
- At Ichthys, a core project, aim to further increase the current LNG production capacity by 2024 to build a framework capable of stably producing 9.3 million tons per year
- Accelerate participation in exploration activities in the vicinity of the Ichthys Field as well as development of discovered but undeveloped assets to further ensure a sustained production volume in the long term, and then aim to further increase production volume with a view to expand the Ichthys onshore production plant in around 2030

Ichthys onshore production plant

Abu Dhabi (Zakum oil fields, onshore oil fields etc.)

- Promote the expansion of production capacity and early commercialization based on Abu Dhabi's overall production capacity expansion plan (5 million BD* by 2030)
- Make existing businesses low carbon based on the UAE's 2050 net zero plan and ADNOC's target to decrease GHG emissions intensity by 25% by 2030
- At Onshore Block 4, pursue appraisal work on the multiple oil and gas columns discovered through drilling the first appraisal well and aim to commence production at an early stage while continuing exploration activities

* Barrels per Day



Offshore production facilities (Lower Zakum)

Southeast Asia (Abadi, etc.)

- As for the Abadi LNG Project in Indonesia, conduct a comprehensive study of measures such as the introduction of CCUS to make the project cleaner and further reduce costs, and promote the project as competitive and clean with the aim of commencing production in the early 2030s
- Pursue business opportunities in Vietnam, Malaysia and other countries in Southeast Asia to acquire more natural gas resources


Abadi LNG Project drilling ship

Japan

- Conduct natural gas exploration activities at offshore Shimane and Yamaguchi prefectures and Minami-Sekihara in 2022 and aim for the early development of natural gas resources based on the results of these activities
- Strengthen the resilience of the domestic natural gas trunk pipeline network by extending the New Tokyo Line, etc.
- Consider expanding facilities at the Naoetsu LNG Terminal in line with the promotion of gas marketing and hydrogen/ammonia projects


Naoetsu LNG Terminal

Europe

- Secure stable revenue using the newly acquired Norwegian assets as a platform and expand the business by promoting the development of discovered but undeveloped oil and gas fields and pursuing exploration opportunities in the vicinity
- Deepen knowledge of clean energy technologies from the supply of clean electricity to offshore production facilities through floating offshore wind power generation, etc.*

* Hywind Tampen Offshore Wind Power Generation (2022)

Rendering of Hywind Tampen as viewed from the platform, upon completion

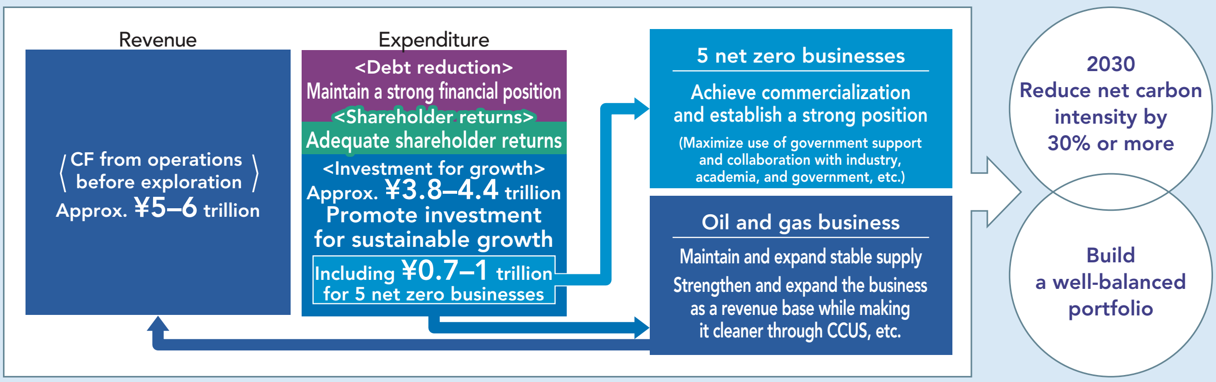
For project details, see Project Overview by Core Business Areas ▶ See page 62

Cash allocation Long-term Strategy: nine years between 2022 and 2030

INPEX will secure approximately 5 trillion to 6 trillion yen in cash flow from operations before exploration (including the Ichthys downstream IJV) over the nine years between 2022 to 2030, assuming a Brent crude oil price of 60 to 70 US dollars per barrel. Based on this cash flow, we will maintain a strong financial position and promote investments for sustainable growth, while providing adequate shareholder returns.

We will invest approximately 3.8 trillion to 4.4 trillion yen for growth over the nine years and allocate approximately 0.7 trillion to 1 trillion yen or about 20% of that investment to the 5 net zero businesses. Through investment in the 5 net zero businesses, we aim to achieve commercialization in these businesses and by 2030, grow them to generate about 10% of our cash flow from operations (cash flow from operations before exploration including the Ichthys downstream IJV; cash flow from the renewable energy business is estimated based on equity cash flow from operations).

Estimated cash allocation 2022–2030 (9 years)



*Includes Ichthys downstream IJV and differs from cash flows based on institutional accounting practice
*Estimate based on an assumed crude oil (Brent) price of US$60–70 per barrel

INPEX Vision @2022

Medium-term Business Plan 2022–2024

Positioning and Targets of Medium-term Business Plan 2022–2024

INPEX Vision @2022 consists of two parts: the Long-term Strategy and the Medium-term Business Plan 2022–2024. The Long-term Strategy outlines our basic policy toward a net zero carbon society in 2050, as well as our "Vision for around 2030," which will be an important milestone toward 2050, and the specific measures we will take to get there. The Medium-term Business Plan 2022–2024 spells out the specific policies and indicators to be taken in these initial three years, which will be an important first step toward realizing our vision of where we want to be around 2030.

Medium-term Business Plan 2018–2022 Overview

- Achieved stable operations at Ichthys and strengthened portfolio in the oil and gas business
- Significant progress madeon addressing energy transition, such as by entry into offshore wind power generation projects in the Netherlands

		Results for fiscal year ended December 31, 2021	Targets for FY 2022/12 under Medium-term Business Plan 2018–2022
Financial targets	Net sales (JPY)	1,244.3 billion	Around 1,300.0 billion
	Net income attributable to owners of parent (JPY)	223.0 billion	Around 150.0 billion
	Operating CF (based on institutional accounting practices) (JPY)	445.4 billion	Around 450.0 billion
	ROE	7.6%	5% or higher
Shareholder returns	Annual dividend/share	¥48	• Minimum dividend ¥24
	Dividend payout ratio	31.2% (Total payout ratio* 61.9%)	• In stages improve shareholder returns in line with the growth of the financial results • Dividend payout ratio of 30% or higher
Business targets	Net production volume (Barrels of Oil Equivalent, per day)	584 thousand barrels per day	700 thousand barrels per day
	Reserve Replacement Ratio (3-year average)	37%	Maintain 100% during period
	Production cost per barrel (excluding royalty)	US$5.4/barrel	Reduction toward US$5/barrel

* Including ¥70.0 billion in share buybacks

Positioning of Medium-term Business Plan 2022–2024

We will accelerate our efforts over the three-year period of our Medium-term Business Plan 2022–2024 to realize the vision of the Company around 2030, which is set forth in our Long-term Strategy.

Gaining momentum toward realizing our "Vision for around 2030"

5 net zero businesses
- Steadfastly implement demonstration and research activities
- Prepare for full-scale investment

Oil and gas business
- Safely and stably operate businesses
- Contribute to the stable supply of energy and secure revenue and cash flow

Strong management foundation
- Build a strong financial position to prepare for future investments and risks and improve stakeholder returns
- Strengthen R&D and reinforce organizational structure, etc.

Management targets

- Generate stable and solid revenue and cash flow through stable operations of Ichthys as well as other projects in Japan and around the world
- Secure financial soundness by pursuing debt reduction, to prepare necessary funds for expanding the 5 net zero businesses and oil and gas business

Index	Targets for FY 2024/12[1]	
	USD 60 basis[2]	USD 70 basis[2]
Net income attributable to owners of parent (JPY)	170 billion	240 billion
Operating CF before exploration[3] (JPY)	600 billion	700 billion
ROE[4]	Around 6.0%	Around 8.0%
Net debt/equity ratio[3]	50% or less	

Sensitivity on net income attributable to owners of parent by fluctuations of crude oil price and foreign exchange is disclosed at the time of the annual financial forecast announcements.
1: Exchange rate assumption: 110 JPY/USD 2: Brent oil price per barrel
3: Includes Ichthys downstream IJV and differs from cash flows based on institutional accounting practices
4: We will constantly work to enhance the resilience of our business as well as improve management efficiency through share buybacks and other measures.

Business targets

- Continue fulfilling our responsibility for the development and stable supply of energy by making our core oil and gas business more resilient and cleaner and respond to the energy needs of Japan and the world as a first step toward net zero carbon

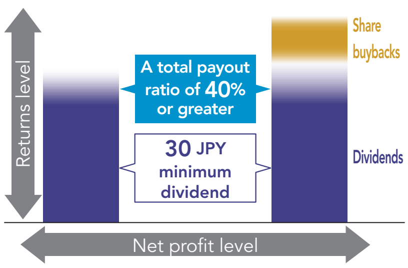
Index	Targets for FY 2024/12
Net production volume	Level exceeding 700 thousand BOED
Production cost per barrel	Reduction towards USD5/barrel or below
Net carbon intensity[1]	Reduction of 10% (4.1kg/boe[3]) or more over a 3-year period toward 2030 target[2]
Safety	Zero major accidents

1: Net carbon intensity = (equity share emissions volume (Scope 1+2) − offset)/net production volume
2: Reduction of 2019 net carbon intensity (41.1kg/BOE) by over 30%
3: Barrels of Oil Equivalent per Day

Shareholder returns

- Strengthen shareholder returns in line with growth in financial performance, while maintaining the basis for stable dividends

■ Aim for a **total payout ratio of 40%** or greater
■ **Implement share buybacks** based on business environment, financial position and management conditions, etc.
■ **Set minimum annual dividend per share of 30 JPY** even in case of short-term deterioration of business environment, etc.



Milestones by core business area

We have identified Australia, Abu Dhabi, Southeast Asia, Japan, and Europe as our five core business areas and will commit to ensure a stable supply of energy and to make our business more resilient and cleaner.

2022 | 2023 | 2024

■ Ensuring stable supply and making the business more resilient
■ Making the business cleaner

Australia

- **Ichthys** (2024): Raise LNG production capacity and build a framework to stably supply 9.3 million tons per year by 2024
- **Ichthys**: Accelerate participation in and development of the exploration blocks of surrounding areas and discovered assets and aim to further grow production volume with an eye toward the expansion of Ichthys around 2030
- **New business opportunities/Renewable energy business** (2024): Expand forest conservation by 2024
- **CO_2 reduction through CCS**: Implement appraisal well drilling and evaluation work toward conducting Ichthys CCS operations/ Play a leading role to realize a CCS hub project in Darwin, Australia
- **Reduce flaring, improve operational efficiency**: Introduce measures to minimize flaring during production and fuel gas consumption and promote low-carbon operations
- **New business/Renewable energy business**: Proactively participate in Australian renewable energy businesses/ Promote clean hydrogen projects

Abu Dhabi

- **Existing production assets**: Increase production capacity across all producing assets including Abu Dhabi Onshore Concession (to 2MM BD), Upper Zakum (to 1MM BD), Lower Zakum (to 450K BD) and Satah/Umm Al-Dalkh (to 45K BD)/ Further reduce production cost by optimizing personnel allocation and introducing new technologies (AI, DX, etc.)
- **Existing exploration and development assets**: At Onshore Block 4, work to assess the successful appraisal wells and proceed to commence production at an early stage
- **Make existing production assets cleaner**: Make operations cleaner in cooperation with ADNOC by supplying offshore facilities with clean power from onshore, etc./ In cooperation with ADNOC, increase CCUS capacity of Abu Dhabi Onshore Concession from the current 0.8 million tons per year
- **Clean ammonia and hydrogen business**: Implement joint study in cooperation with ADNOC/JERA/JOGMEC with an aim to commence production by the second half of the 2020s/Pursue clean hydrogen business opportunities

Southeast Asia

- **Abadi, Indonesia** (2023): Aim to obtain approval of the plan of development re-revision incorporating changes centered on making the project more economically resilient and cleaner from the Indonesian government and concerned parties in 2023
- **Gas exploration and asset acquisition**: Carry out exploration and M&A activities in Vietnam, Malaysia, etc. to acquire additional natural gas resources in Asia
- **Establish an Asian gas value chain**: Promote demand creation centered on trading and midstream and downstream investment
- **Tangguh CCUS** (2024): Final investment decision (FID) to commence injection in 2026 (Planned)
- **Create clean energy business opportunities in Asia with a focus on Indonesia**: Collaborate with governments and concerned parties on the selection of prospective CCS locations and development of legal frameworks/Invest in fuel switching and new fuel businesses to promote energy transition in Asian countries (natural gas, hydrogen and ammonia, biofuels, etc.)

Japan

- **Conduct gas exploration to supplement reserves** (2022): Exploratory drilling offshore Shimane and Yamaguchi prefectures and Minami-Sekihara
- **Strengthen supply resilience** (2024): Complete the 5th stage extension of the Shin Tokyo Line in the domestic gas pipeline network to enhance the resilience of the domestic supply system by 2024
- **Improve resistance to low oil prices through enhanced operational efficiency**: Reduce cost and improve technical capabilities by centralizing plants and conducting in-house maintenance, improve plant reliability through suitable management
- **Promote hydrogen and CCUS site demonstrations and commercialization** (2023): Commence CO_2 injection tests ➡ Establish CO_2EOR efficiency improvement technology to expand CCUS technology in Japan and deploy EOR technology at overseas oil fields
- **Promote hydrogen and CCUS site demonstrations and commercialization** (2024): Construct and commence operations at a blue hydrogen & ammonia demonstration plant in Kashiwazaki City, Niigata Prefecture
- **Take measures at production sites to make operations cleaner**: Save energy consumption, introduce carbon neutral power, implement zero flare measures, etc.
- **Conduct methanation site demonstrations**: Commence methanation production at Minami-Nagaoka in 2025, supply synthetic methane using INPEX's natural gas trunk pipeline network

Europe

- **Norway**: Secure stable revenue using the newly acquired Norwegian assets as a platform, promote the development of nearby discovered but undeveloped assets and pursue exploration opportunities in the vicinity
- **Hywind Tampen offshore wind farm** (2022): Commence power generation
- **Wisting Oil Field** (2022): Evaluate the introduction of hydropower from shore in the development plan (FID scheduled at the end of 2022)
- **Deepen knowledge of clean energy technologies**: Carry out gas exploration, expand gas assets/ Pursue opportunities to enter renewable, hydrogen and CCUS businesses in Europe, leveraging the London and Oslo offices

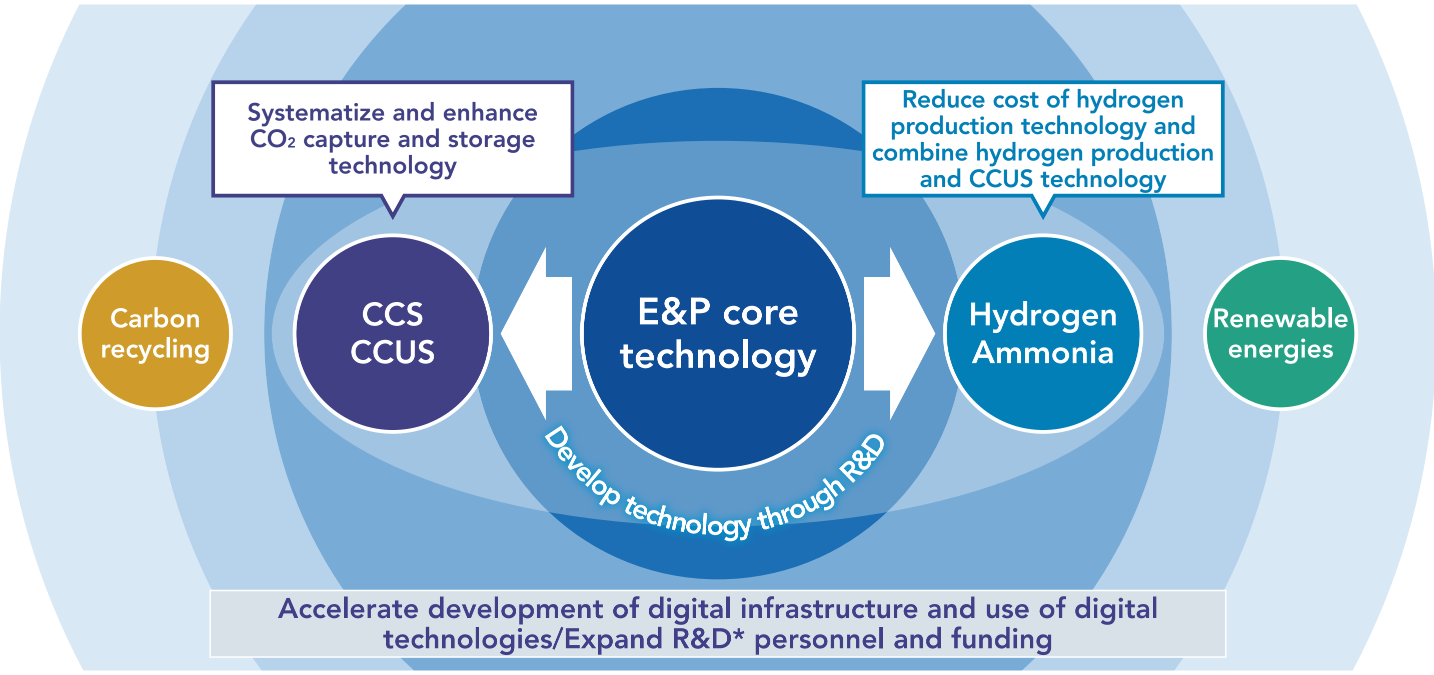
Others

- **Kashagan**: Evaluate and implement additional development with strong investment efficiency, increase production capacity to 450 thousand BD/Improve operational efficiency of facilities, increase production through additional development, and reduce unit costs through OPEX reduction, etc.
- **ACG**: Commence production of additional development project/ Maintain and reduce operational costs by optimizing personnel allocation, contracts, etc./ Accelerate crude oil production (early value creation), use surplus capacity effectively (draw in crude oil produced from other projects, etc.)
- **Iraq Block 10 (Eridu Oil Field)**: Submit and receive approval for development plan/ Promote measures aimed at early-stage production
- **Kashagan**: Promote GHG reduction based on GHG & Energy Management Strategy (GHG emissions reduction target)
- **ACG**: Promote GHG reduction based on ACG Life of Field Strategy (Plan to set a GHG emissions reduction target)
- **Eagle Ford**: Accelerate efforts as operator to make the business cleaner through continued flare reduction measures, etc.

Initiatives towards Stronger Management Foundation

We resolutely promote initiatives in the 5 net zero businesses and the oil and gas business and pursue synergies between these two areas by strengthening our management foundation in the four fields of technology, marketing, HSE, and human resources.

Strengthening technology



* Research & Development

Establishment of the INPEX Research Hub for Energy Transformation (I-RHEX)

As part of our efforts to develop a technical foundation to achieve net zero carbon emissions, we established a research hub called the INPEX Research Hub for Energy Transformation (I-RHEX) at our Technical Research Center on April 1, 2022. I-RHEX will work with speed on R&D in clean energy technology and focus on acquiring technologies needed for the promotion of businesses such as CCS and hydrogen/ammonia, which are essential to make the oil and gas business cleaner.

INPEX Technical Research Center where I-RHEX will be based

Message from I-RHEX Chief Lead

I-RHEX serves as an open hub for the application of oil and natural gas development technology to clean energy technology and for the R&D of advanced technologies such as CCUS and low-cost hydrogen production. I-RHEX seeks to accelerate INPEX's energy transformation and contribute to energy transformation in society at large through wide cooperation and collaboration with organizations such as companies, universities and research institutions, while capitalizing on technologies and human resources held by INPEX.

We will build a solid technical foundation for business development through basic, applied and demonstrative research in hydrogen, CCUS, renewable energies, carbon recycling and other fields.

Takeshi Yoshida
General Manager, Technical Research Center, Technical Division and Chief Lead, I-RHEX

Reinforcing marketing capabilities

INPEX strives to reinforce marketing capabilities responding to customer needs, make energy cleaner and diversify energy supply.

❶ Reinforce marketing capabilities responding to customer needs

- Reinforce relations and joint initiatives with existing customers and acquire business opportunities
- Cultivate new customers/areas of business
- Reinforce trading, transportation capabilities

❷ Make energy cleaner

- Promote fuel switching by expanding natural gas business
- Further expand carbon neutral products and marketing, expand carbon credit portfolio
- Prepare for future transportation, marketing and sales of ammonia and hydrogen

❸ Diversify energy supply

- Pursue new business models such as on-site methanation and hydrogen supply
- Consider developing new business on microgrids aimed at localized energy production and consumption and reinforcing resilience, and strengthening wholesale electricity business
- Establish a gas value chain in Asia through investment in midstream to downstream businesses such as LNG bunkering, receiving terminals, small lot distribution and power generation

Enhancing HSE

INPEX further enhances HSE management to achieve zero major accidents.

❶ Demonstrate HSE leadership through management involvement
❷ Contribute to low carbon operations through HSE management
❸ HSE risks are managed to ALARP
❹ Improve measures to prevent incidents
❺ Prevent process leaks
❻ Prepare against new threats*
❼ Address global environmental issues and create environmental value
❽ Build countermeasures against infectious diseases

* Geopolitical risks, cyberterrorism, large scale natural disasters, etc.

Strengthening human resources and organizational structure

Human resources Create a most rewarding company to work for

- Establish a system operation to foster a sense of satisfaction and conviction and a corporate culture that promotes this
- Enhance employee development support
- Create a workplace responsive to diversifying work styles and needs of well being

Organizational structure Flexibly update the company's organizational structure according to the business environment and management strategy

- Build a framework to execute business operations more efficiently and flexibly by restructuring the Hydrogen & CCUS Development Office into the Hydrogen & CCUS Development Division and reinforcing organizational structure and personnel
- Restructure the Eurasia, Middle East & Africa Projects Division as the Europe & Middle East Projects Division to reflect the positioning of Europe as a core business area

Please see the section on sustainability for our HSE and human resources strategies. ▶ See page 42

Cash Allocation

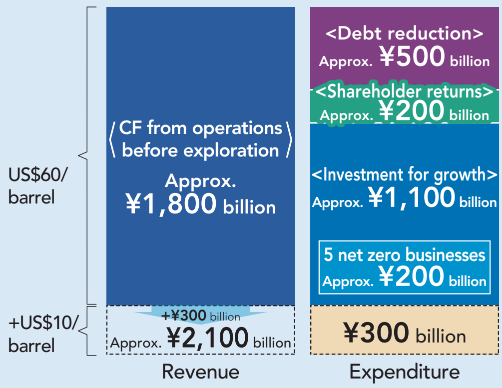
Medium-term Business Plan 2022–2024: 3 years between 2022 and 2024

Cash flow from operations before exploration (including the Ichthys downstream IJV) will be allocated to debt reduction, shareholder returns and investment for growth in that order.

Assuming a Brent crude oil price of 60 US dollars per barrel and an exchange rate of 110 Japanese yen against the US dollar, we will secure approximately 1,800 billion yen in cash flow from operations before exploration (including the Ichthys downstream IJV) over the three years between 2022 and 2024. We seek to reduce debt by approximately 500 billion yen, achieve a net debt level of approximately 1,500 billion yen (including the Ichthys downstream IJV), and aim for a net debt/equity ratio of 50% or less. Regarding shareholder returns, we aim for approximately 200 billion yen over three years, following our shareholder return policy of pursuing a total payout ratio of 40% or greater. We will invest 1,100 billion yen over three years for growth, allocating 900 billion yen of that amount to the oil and gas business and 200 billion yen to the 5 net zero businesses. The 5 net zero businesses will account for roughly 20% of the investment to reflect our intention to accelerate these businesses.

Under the assumption of a Brent crude oil price of 70 US dollars per barrel and an exchange rate of 110 Japanese yen against the US dollar, cash flow from operations before exploration (including the Ichthys downstream IJV) is expected to increase further by approximately 300 billion yen. This additional cash flow will be strategically used by comprehensively considering our business strategy progress, shareholder returns, financial position and other factors.

Expected cash allocation for 2022–2024 (3-year period)



* These figures include the Ichthys downstream IJV and differ from those based on institutional accounting practices.

Message from the Senior Vice President, Finance & Accounting

Daisuke Yamada
Director, Managing Executive Officer, Senior Vice President, Finance & Accounting

Overview of financial results for the fiscal year ended December 31, 2021

In the fiscal year ended December 31, 2021, our financial results included net sales of 1,244.3 billion yen, an operating income of 590.6 billion yen, an ordinary income of 657.6 billion yen and a net income attributable to owners of parent of 223.0 billion yen.

Our net income attributable to owners of parent reached a record high since our business integration in 2008, making a V-shaped recovery after a loss in fiscal 2020.

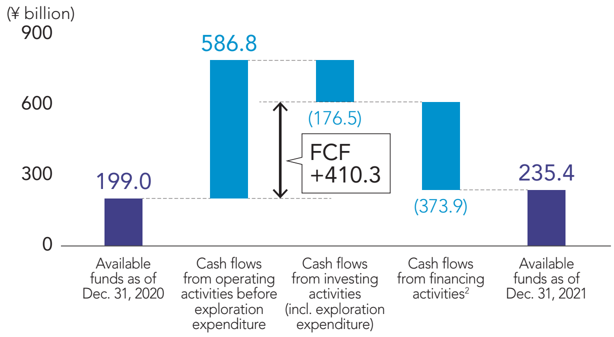
Consolidated financial results for the fiscal year ended December 31, 2021

	FY 2020/12 Results	FY 2021/12 Results
Net sales (JPY)	771.0 billion	1,244.3 billion
Operating income (JPY)	248.4 billion	590.6 billion
Ordinary income (JPY)	257.3 billion	657.6 billion
Net income (loss) attributable to owners of parent (JPY)	(111.6 billion)	223.0 billion

Cash flows for the fiscal year ended December 31, 2021

Regarding cash flows for the fiscal year ended December 31, 2021, including those from the Ichthys downstream IJV, we secured cash flows of 586.8 billion yen from operating activities before exploration expenditure in part because of the surge in oil prices. Cash flows from investing activities were 176.5 billion yen, with development and other relevant expenditures largely remaining at the same levels as in the previous fiscal year. We were therefore able to secure a free cash flow of 410.3 billion yen in the fiscal year ended December 31, 2021. Cash flows from financing activities were 373.9 billion yen due to repayments of borrowings and other factors.

Cash flows[1] for the fiscal year ended December 31, 2021



1. Cash flows include those from the Ichthys downstream IJV (Ichthys LNG Pty Ltd), an equity-method affiliate.
2. Including translation adjustments related to available funds

Consolidated financial forecast for the fiscal year ending December 2022 (as of May 11, 2022)

Assuming a crude oil price average of 85US dollars per barrel and an exchange rate average of 120 Japanese yen against the US dollar for the full year, we expect to generate net sales of 1,851.0 billion yen and a net income attributable to owners of parent of 300.0 billion yen, as outlined in our consolidated financial forecast for the fiscal year ending December 2022.

Regarding the impact on the financial results for the fiscal year ending December 31, 2022 from oil price and exchange rate fluctuations, we estimate as of the beginning of the fiscal year that a rise (fall) in the Brent crude oil price by 1 US dollar per barrel would result in an increase (decrease) of 6.0 billion yen in net income attributable to owners of parent. Likewise, regarding the impact of exchange rates, we estimate as of the beginning of the fiscal year that a ¥1 depreciation (appreciation) against the US dollar would result in an increase (decrease) of 2.8 billion yen in net income attributable to owners of parent.

Consolidated financial forecast for the fiscal year ending December 2022

	FY 2021/12 Results	FY 2022/12 Forecast
Net sales (JPY)	1,244.3 billion	1,851.0 billion
Operating income (JPY)	590.6 billion	924.0 billion
Ordinary income (JPY)	657.6 billion	1,042.0 billion
Net income (loss) attributable to owners of parent (JPY)	223.0 billion	300.0 billion

Investment expenditure forecast for the fiscal year ending December 2022

Based on a close analysis of investment effect, our development expenditure and schedule of investments in exploration project 404.0 billion yen in development expenditure, an approximately 2.2-fold increase from the figure recorded in the previous fiscal year, and 43.0 billion yen in exploration expenditure, an approximately 5.8-fold increase over the year before. Note that development expenditure includes an expenditure of 120.0 billion yen for the 5 net zero businesses.

Investment expenditure forecast for the fiscal year ending December 2022

	FY 2021/12 Results	FY 2022/12 Forecast[2]
Development expenditure and others[1] (JPY)	183.6 billion	404.0 billion
Exploration expenditure (JPY)	7.4 billion	43.0 billion
Other capital expenditure (JPY)	7.0 billion	9.0 billion
Exploration expenses and Provision for explorations[3] (JPY)	Exploration expenses 6.4 billion Provision for explorations 0.8 billion Total 7.2 billion	Exploration expenses 39.9 billion Allowance for explorations 3.5 billion Total 43.4 billion
(Non-controlling interests portion)[4] (JPY)	0 billion	26.0 billion

1. Includes Ichthys downstream and expenditures for acquisition of interests
2. Of the fiscal 2022 forecasts for development expenditure and others, 120.0 billion yen is attributable to expenditures for the 5 net zero businesses.
3. The portion related to exploration activities in items "Provision for allowance for recoverable accounts under production sharing" + "Provision for exploration projects," in the Statement of Income
4. Portion corresponding to capital increase from non-controlling interests, etc.

Financial strategy

INPEX will build a resilient financial base that can withstand low oil price environments over the period of the Medium-term Business Plan 2022–2024.

We will maintain a structure that supports stable business operations and can readily respond to investment opportunities for future growth, and will constantly monitor trends on borrowing balance, investment and shareholder returns and manage financial balance appropriately.

For financial discipline, our focus will be on flexibly controlling leverage with net debt/equity ratio (including the Ichthys downstream IJV) being between 65% to 50% (target at the end of the fiscal year ending December 2024) based on the market environment and trends on investment and shareholder returns.. We strive to maintain our current ratings (S&P A–, Moody's A2, R&I AA and JCR AA+) by securing 400.0 billion yen or more in liquidity on hand (cash and deposits + commitment line).

Our financing policy is to adhere to financial discipline, maintain long-term, stable procurement and promote further diversification of procurement methods toward our "Vision for around 2030." We will closely monitor the stance on oil and natural gas financing of major domestic and foreign financial institutions, raise the ratio of direct procurement (domestic and global bonds) to a reasonable level according to market trends and accelerate sustainable finance initiatives.

11-Year Financial Information

INPEX CORPORATION and Consolidated Subsidiaries

The translation of yen amounts into U.S. dollar amounts is included solely for convenience, as a matter of arithmetic computation only, at ¥115.02=US$1.00, the approximate exchange rate in effect as of December 31, 2021.

	Millions of yen				
	2012/3	2013/3	2014/3	2015/3	2016/3
Results of operations					
Net sales	¥ 1,186,732	¥ 1,216,533	¥ 1,334,626	¥ 1,171,227	¥ 1,009,564
Cost of sales	395,443	426,326	490,417	525,444	526,758
Gross profit	791,289	790,207	844,209	645,783	482,806
Operating income	709,358	693,448	733,610	534,886	390,139
Income before income taxes	767,039	718,146	750,078	540,023	328,887
Net income (loss) attributable to owners of parent	¥ 194,001	¥ 182,962	¥ 183,691	¥ 77,820	¥ 16,777
Financial position					
Current assets	¥ 908,702	¥ 1,106,504	¥ 1,140,204	¥ 1,342,410	¥ 984,345
Tangible fixed assets	383,698	584,541	951,779	1,497,622	1,752,615
Intangible assets	233,318	380,156	439,179	458,770	541,471
Investments and other assets	1,540,680	1,544,958	1,506,977	1,200,352	1,091,411
Total assets	3,066,398	3,616,159	4,038,139	4,499,154	4,369,842
Current liabilities	367,844	414,977	375,670	365,212	319,128
Long-term liabilities	384,361	530,198	666,432	845,238	871,911
Net assets	¥ 2,314,193	¥ 2,670,984	¥ 2,996,037	¥ 3,288,704	¥ 3,178,803
Cash flows					
Cash flows from operating activities	¥ 320,692	¥ 252,347	¥ 213,514	¥ 216,749	¥ 183,708
Cash flows from investing activities	(280,864)	(489,870)	(395,555)	(81,087)	(543,534)
Cash flows from financing activities	29,294	137,069	48,961	(4,178)	156,726
Cash and cash equivalents at end of the period	¥ 249,233	¥ 199,859	¥ 117,531	¥ 260,978	¥ 53,813
Per share data					
Net assets per share (Yen)	¥ 1,492.27*	¥ 1,699.10*	¥ 1,911.25*	¥ 2,099.95	¥ 2,008.34
Cash dividends per share (Yen)	17.50*	17.50*	18.00*	18.00	18.00
Earnings (loss) per share (EPS) (Yen)	¥ 132.84*	¥ 125.29*	¥ 125.78*	¥ 53.29	¥ 11.49

*Retrospectively adjusted for a stock split at a ratio of 1:400 of common stock on October 1, 2013.

	2012/3	2013/3	2014/3	2015/3	2016/3
Financial indicators					
Net debt/Net total capital employed[3] (%)	(60.7)%	(43.9)%	(31.9)%	(16.8)%	(8.1)%
Equity ratio[4] (%)	71.1	68.6	69.1	68.2	67.1
D/E ratio[5] (%)	14.6 %	19.2 %	20.9 %	22.1 %	25.3 %

Notes

1. Effective from the year ended December 31, 2019, the Company changed its consolidated fiscal year-end from March 31 to December 31. As a result of this change, the year ended December 31, 2019 was a period of nine months from April 1 to December 31, 2019.
2. The amounts in millions of yen and in thousands of U.S. dollars, as of and for the year ended March 31, 2019 and prior periods are rounded to the nearest unit. On the other hand, such amounts as of and for the year ended December 31, 2019 and onwards are rounded down and therefore the totals do not necessarily agree with the sum of the individual account balances for the corresponding period.

	Millions of yen					Millions of yen	Thousands of U.S. dollars
	2017/3	2018/3	2019/3[2]	2019/12[1,2]	2020/12	2021/12	2021/12
	¥ 874,423	¥ 933,702	¥ 971,389	¥ 1,000,005	¥ 771,046	¥ 1,244,369	$ 10,818,718
	453,847	498,039	413,300	424,702	439,852	568,921	4,946,278
	420,576	435,663	558,089	575,303	331,194	675,448	5,872,439
	336,453	357,363	474,282	498,641	248,471	590,657	5,135,254
	327,525	307,300	494,043	510,292	67,394	643,457	5,594,305
	¥ 46,168	¥ 40,363	¥ 96,106	¥ 123,550	¥ (111,699)	¥ 223,048	$ 1,939,210
	¥ 942,960	¥ 466,351	¥ 457,712	¥ 419,802	¥ 387,093	¥ 518,864	$ 4,511,076
	1,928,598	2,044,620	2,278,995	2,275,372	2,069,783	2,259,849	19,647,443
	521,253	541,503	520,213	535,330	441,837	446,660	3,883,324
	919,363	1,199,913	1,536,626	1,619,489	1,735,804	1,932,821	16,804,216
	4,312,174	4,252,387	4,793,546	4,849,995	4,634,518	5,158,196	44,846,078
	297,465	305,439	372,001	401,483	339,288	348,888	3,033,281
	807,166	788,079	1,163,961	1,151,334	1,293,890	1,462,897	12,718,631
	¥ 3,207,543	¥ 3,158,869	¥ 3,257,584	¥ 3,297,176	¥ 3,001,339	¥ 3,346,409	$ 29,094,148
	¥ 275,810	¥ 278,539	¥ 238,566	¥ 274,730	¥ 292,915	¥ 445,457	$ 3,872,865
	53,484	(351,908)	(682,006)	(288,740)	(417,189)	(130,727)	(1,136,558)
	(65,428)	34,742	405,185	(48,615)	126,747	(315,215)	(2,740,523)
	¥ 316,791	¥ 276,080	¥ 239,653	¥ 173,774	¥ 172,405	¥ 191,213	$ 1,662,432
	¥ 2,015.38	¥ 1,997.24	¥ 2,058.95	¥ 2,082.43	¥ 1,874.08	¥ 2,253.17	$ 19.59
	18.00	18.00	24.00	30.00	24.00	48.00	0.42
	¥ 31.61	¥ 27.64	¥ 65.81	¥ 84.61	¥ (76.50)	¥ 153.87	$ 1.34
	0.9 %	11.8 %	21.7 %	22.3 %	26.0 %	22.6 %	22.6 %
	68.3	68.6	62.7	62.7	59.0	60.6	60.6
	23.4 %	24.0 %	38.0 %	36.8 %	45.1 %	31.3 %	31.3 %

3. Net debt/Net total capital employed = Net debt / (Net assets + Net debt)
4. Equity ratio = Net assets excluding non-controlling interests/Total assets
5. D/E ratio = Interest-bearing debt/(Net assets – Non-controlling interests)

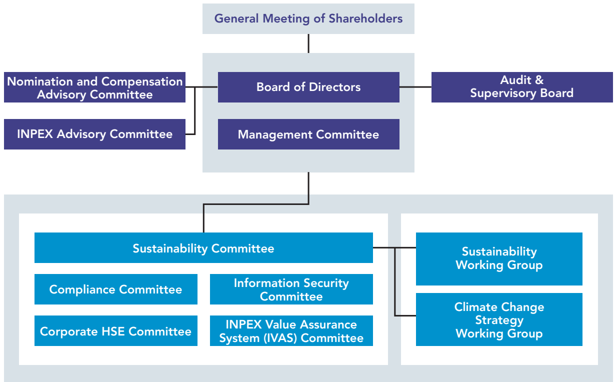
Sustainability

We engage in sustainability management aimed at achieving the sustainable development, production, and supply of energy, with a focus on the Material Issues that are most important to both our business and our stakeholders. We dedicate our efforts to sustainability and value creation throughout our value chain.

Leadership Organization

Chaired by the INPEX Representative Director, President & CEO, our Sustainability Committee was established to provide clear messaging on executive management's vision for sustainability, for deliberating on basic policies for sustainability, and to drive forward groupwide and systematic sustainability practices. The members include the Representative Directors, the head of the General Administration Division, and the head of the Corporate Strategy & Planning Division (Vice-Chair of the Sustainability Committee). The Chairs of the Compliance Committee and the Corporate HSE Committee also attend the meetings to facilitate collaboration with their respective committees. The Sustainability Committee convened two meetings in FY2021, and the matters deliberated upon were also discussed by the Executive Committee and the Board of Directors.

We have also created a groupwide consultation system supported by the Sustainability Working Group and the Climate Change Strategy Working Group, which are subdivisions of the Sustainability Committee comprising working-level members from various divisions.



Identification of Material Issues and Prioritization Process

In April 2012, we identified five of the seven core sustainability themes in ISO 26000 as areas of high importance for INPEX and our stakeholders—that is, our Material Issues.

We reviewed the Material Issues in May 2015, considering factors such as the impact of business activities on the progress of our key projects and changes to stakeholder priorities. As a result, we redefined the Material Issues by adding the sixth issue of 'Governance' and identified priority actions (Key Tasks) for each Material Issue area that have been incorporated into our PDCA cycle to enable continuous improvement. In FY2017, we reviewed and revised our Key Tasks through a four-step prioritization process (❶ Issue identification and gap analysis, ❷ Stakeholder dialogues, ❸ Issue prioritization, and ❹ management review), also incorporating the perspectives of the United Nations Sustainable Development Goals (SDGs). We most recently reviewed our Key Tasks in March 2022 following the issue of our Long-term Strategy and Medium-term Business Plan (INPEX Vision@2022) announced in the previous month. We will continue to review the Key Tasks on regular basis.

Identification of Material Issues and Prioritization Process

INPEX Key Tasks

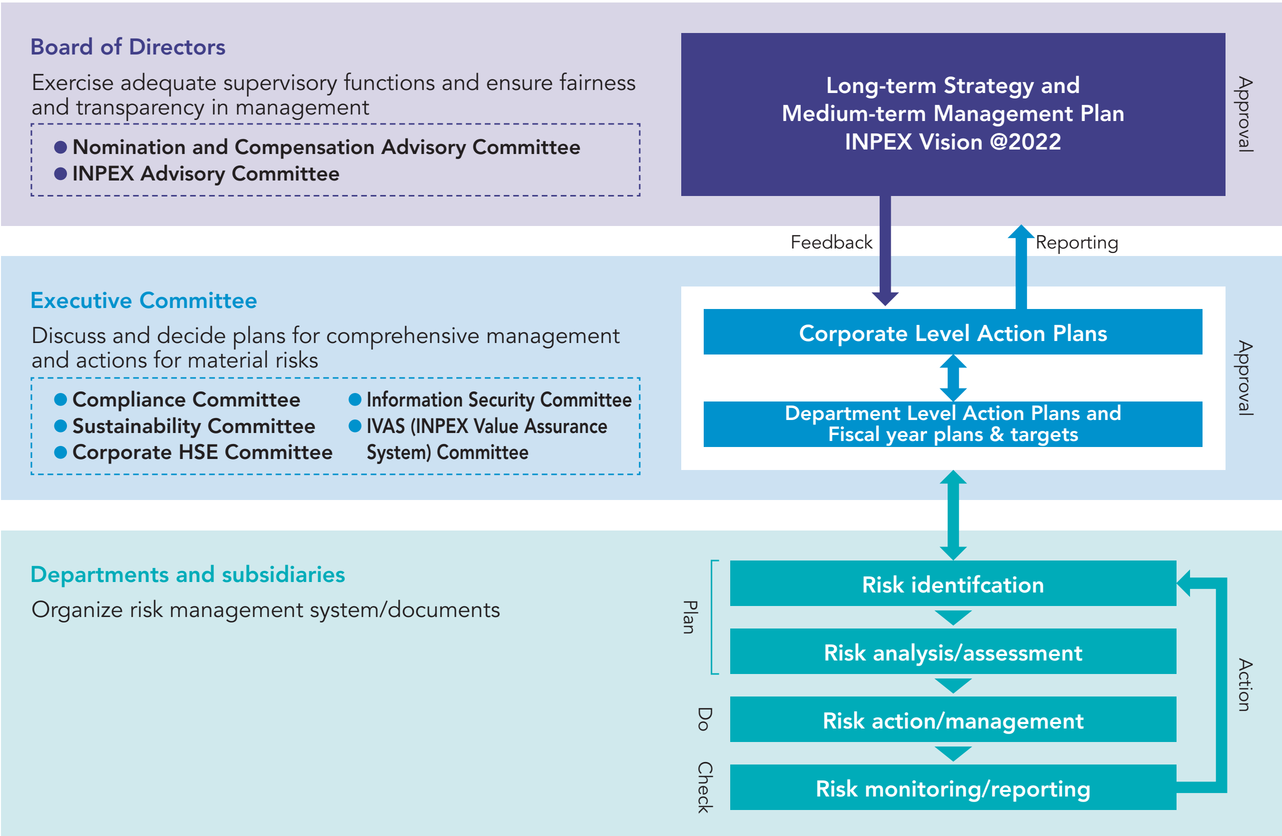
- Strengthen our governance structure
- Robust risk management system
- Respect for Human Rights
- Compliance with laws, prevention of bribery and corruption
- Supply chain risk management
- Prevention of major incidents
- Ensure occupational health and safety
- Water-related risk management and biodiversity conservation
- Manage impact on local and indigenous communities
- Contribute to local economies
- Pursue climate change goals and provide TCFD recommended disclosures
- Promote five net zero businesses
  - Hydrogen/Ammonia
  - CCUS
  - Renewable Energy
  - Methanation
  - Forest Conservation
- Cleaner oil & gas business and transition to natural gas
- Create a rewarding company for personnel

Risk Management

Our Policy

We strive to accurately identify and assess the complex and diverse risks inherent in the business environment and to implement risk prevention measures and systems needed to minimize those risks. For instance, our risk management system is intended to cover our action plans not only for large-scale natural disasters and pandemics, but also for risks related to changes in the business environment—such as economic and social conditions, laws and regulations—and other risk factors inherent in our business processes—that is, in the exploration, development, production, transportation, and sale of natural resources. We have implemented internal controls under Japan's Financial Instruments and Exchange Law (known as "J-SOX") based on the COSO framework. Each Project Division also performs risk management related to occupational health, safety and environment under the HSE Management System. Additionally, we analyze the impact of fluctuations in oil prices and foreign exchange rates and disclose this information at every financial result briefing.

Risk Management Structure



Major Business Risks

1. Characteristics and risks of the oil and natural gas development business
   (1) Risks of disasters, accidents, system failures, etc.
   (2) Risk of failure in exploration, development or production
   (3) Dependence of production volume on specific regions and mining areas
   (4) Risks related to contract deadlines, etc.
   (5) Risk of change in reserves of crude oil, condensate, LPG, and natural gas
   (6) Operatorship-related risks
   (7) Risks related to project partners
   (8) Risk attributable to a large capital investment and lengthy period of recovery of funds for the oil and natural gas development business
   (9) Risks related to future abandonment
2. Impact on financial results from fluctuations in crude oil prices, natural gas prices, foreign exchange rates, and interest rates
   (1) Impact on financial results from fluctuations in oil prices and natural gas prices
   (2) Impact on financial results from fluctuations in foreign exchange rates
   (3) Impact on financial results from fluctuations in interest rates
3. Climate-related risks
   (1) Policy and regulatory risks
   (2) Technology risks
   (3) Market risks
   (4) Physical risks
4. Country risks in overseas business

Financial Results ▶ https://www.inpex.co.jp/english/ir/library/presentation.html

▶ Please see pages 110 to 116 for more on Business Risks

Sustainability Material Issues: Targets and Achievements

Material Issues	Key Tasks	FY2021 Achievements	FY2022 Targets	Medium- to Long-Term Targets, Initiatives and Directions
Governance	Strengthen our governance structure	● Enhanced our corporate governance system through the proper operation of the Board of Directors and continued to evaluate the effectiveness of the Board of Directors and ran the PDCA cycle ● Responded to revisions of the Companies Act and the Corporate Governance Code, and to Tokyo Stock Exchange reforms	● Enhance the corporate governance system through appropriate operation of the Board of Directors, and continue to evaluate the effectiveness of the Board of Directors and run the PDCA cycle ● Regularly report to the Board of Directors on progress and action plans for INPEX projects (including Net Zero programs) ● Promote efforts to optimize the Board of Directors (in terms of diversity, size and composition) based on Nomination and Compensation Advisory Committee discussions of the vision for the INPEX Board of Directors	Improve the effectiveness of the Board of Directors, appropriately disclose information (including through dialogue with shareholders), cooperate with stakeholders, and continuously enhance corporate governance ● Strengthen the corporate governance structure, including enhancement of the supervisory role of the Board of Directors ● Deepen discussion by the Nomination and Compensation Advisory Committee toward achieving further diversity of the Board of Directors, and provide feedback on those discussions to the Board ● Enhance discussion on business strategies supporting INPEX Vision @2022, its associated Medium-term Business Plan, and anticipated future business development, and monitor the progress made
		● Discussed the nomination and remuneration of Directors with the appropriate involvement of the Nomination and Compensation Advisory Board ● Published a Director skill matrix ● Established a subcommittee comprising independent directors and external lawyers to review our executive compensation system ● Studied and formulated proposals by the subcommittee for re-forming the executive compensation system	● Optimize the number of Directors for more efficient discussions and agile decision-making ● Further enhance the Board of Directors' diversity based on the Directors skill matrix ● Introduce and implement a new system of executive compensation aligned with key goals of the Medium-term Business Plan	
		● Implemented global expansion of the tax governance structure	● Strengthen management of global tax risks arising out of overseas sites' operations and cross-border transactions, through appropriate management of the tax governance structure	
	Strengthen risk management system	● Held 10 IVAS Committee meetings ● Provided the Board of Directors with an executive summary of risk assessment results for major projects	● Hold IVAS Committee meetings as appropriate ● Provide the Board of Directors with monthly progress reports and action plans for INPEX projects (including Net Zero programs)	Continue implementing and monitoring measures to manage critical risks and issues identified by each division under the Medium-term Business Plan
		● Held two Information Security Committee meetings ● Held two training sessions on targeted email attacks ● Conducted an e-learning lesson on information security ● Monitored security and responded to issues through the internal security team	● Hold two Information Security Committee meetings ● Hold two training sessions on targeted email attacks ● Conduct an e-learning lesson on information security ● Monitor security and respond to issues through the internal security team	
		● Promoted Corporate headquarters-based business continuity management (BCM) activities for earthquake scenarios, and provided BCM education and training for employees ● Implemented and operated a COVID-19 crisis response system under the Corporate Crisis Management Team	● Promote Corporate headquarters-based BCM activities for earthquake scenarios and provide BCM training and education ● Update and revise as needed the headquarters business continuity plan (BCP) for virulent infectious disease scenarios, based on review of COVID-19 measures ● Continue operating the Corporate Crisis Management Team for COVID-19 and other pandemicrelated BCP teams, and develop and execute a plan for disbanding those teams after the pandemic subsides	
	Supply chain risk management	● Continued requirement for self-evaluation surveys (including questions on human rights and anti-bribery/anti-corruption (ABC) measures) by major domestic suppliers and contractors ● Continued risk assessment of major suppliers and contractors (including with regard to human rights and ABC measures), and improved the methods used for risk assessment ● Participated in Global Compact Network Japan's supply chain working group	● Publish our Supplier Code of Conduct ● Introduce CSR assessments and audits for major domestic suppliers and contractors ● Continue risk assessment of major suppliers and contractors, including with regard to human rights and ABC measures ● Continue participating in the supply chain working group of the Global Compact Network Japan	Strengthen supply chain risk assessment and compliance
Compliance	Respect human rights	● Published respective FY2020 Statements pursuant to the UK Modern Slavery Act and the Australian Modern Slavery Act ● Continued conducting human rights training for new employees ● Held a human rights seminar for major vendors conducted by an external instructor	● Publish respective FY2021 Statements pursuant to the UK Modern Slavery Act and the Australian Modern Slavery Act ● Continue conducting human rights training ● Review human rights due diligence questionnaire ● Conduct interview surveys with operating sites	● Fully comply with and appropriately response to the laws and regulations of the areas in which we operate, including ABC laws, judicial/administrative sanctions, international norms and ethics, and full respect for human rights ● Continue human rights due diligence
	Comply with laws, prevent bribery and corruption	● Facilitated thorough awareness of compliance and enhanced education and training programs (including harassment prevention training for non-managerial employees at domestic offices, and exchanges of insights and opinions with compliance teams in other companies) ● Bolstered global compliance systems (including continued operation of the INPEX Global Hotline, etc.) ● Widely disseminated and strengthened the implementation of ABC regulations (including continued implementation of training and due diligence activities) ● Continued to conduct ABC risk assessments at domestic and overseas offices	● Ensure thorough awareness of compliance and enhance education and training programs (including e-learning, compliance awareness surveys and training based on the survey results, and response to revisions of the Whistleblower Protection Act) ● Bolster global compliance systems (including continued operation of the INPEX Global Hotline, etc) ● Widely disseminate and strengthen the implementation of ABC regulations (including continued implementation of training and due diligence, etc.) ● Continue to conduct ABC risk assessments at domestic and overseas offices	
Climate Change	Pursue climate change goals and provide TCFD-recommended disclosures	● Achieved CDP Climate Change A- score for the second consecutive year ● Revised our Corporate Policy on Climate Change ● Set the goal for net zero carbon emissions by 2050 ● Formulated Guidelines for Climate Change Goals ● Formulated the Guidelines for Transactions and Management of VCUs[1]	● Continuously achieve a CDP Climate Change A- score ● Reduce net carbon intensity by 10% (4.1kg/boe) or more between 2022 and 2024 ● Set and manage annual targets of emissions intensity on a project basis ● Lay the groundwork for complying with ISSB[2] climate disclosure standards	● Reduce GHG emissions intensity by 30% or more by 2030 ● Achieve zero routine flaring by 2030 ● Maintain methane emissions intensity (methane emissions/natural gas production) at its current low level (approx. 0.1%)

Material Issues	Key Tasks	FY2021 Achievements	Targets to FY2023-24	Targets to FY2030
Climate Change	Advancing five net zero businesses	**Hydrogen/ammonia** ● Began study for the commercialization of a clean ammonia production project in Abu Dhabi ● Launched hydrogen and ammonia production demonstration project in Kashiwazaki, Niigata Prefecture	**Hydrogen/ammonia** ● Commence operation of the hydrogen and ammonia production demonstration project in Kashiwazaki, Niigata Prefecture in FY2024 ● Continue studying the commercialization potential of a clean ammonia production project in Abu Dhabi ● Consider and launch new projects in Japan and overseas	● Commercialize three or more projects ● Aim for hydrogen/ammonia production and supply of 100,000 tons/year or more
		CCUS ● Approved a development plan inclusive of a CCUS project for the Tangguh LNG project in Indonesia ● Initiated a joint study to launch a CO_2EOR pilot test at our Minami-aga Field Office	**CCUS** ● Begin injection testing in FY2023 for Minami-aga CO_2EOR pilot test ● Advance preparations for introducing CCS at Ichthys LNG ● Consider and launch new projects in Japan and overseas	● Achieve annual CO_2 injection volume of 2.5 million tons or more ● Become a leading company in CCUS by promoting technical development and commercialization
		Renewable energy ● Ensured stable operation of photovoltaic power generation facilities ● Joined the Muara Laboh Geothermal Power Plant project in Indonesia ● Propelled existing geothermal power generation business in Japan ● Continued environmental impact assessment and flow tests of all production and reinjection wells in the Oyasu region of Akita Prefecture ● Joined new offshore wind power project off Goto City, Nagasaki Prefecture, Japan ● Joined offshore wind power project in the Netherlands	**Renewable energy** ● Ensure stable operation of photovoltaic power generation facilities ● Carry out studies for stable operation and additional development at Muara Laboh Geothermal Power Plant project in Indonesia ● Continue development of Oyasu Geothermal Power Project (Akita) and geothermal surveys at Amemasudake (Hokkaido) ● Seek out other opportunities for new geothermal projects in Japan and overseas ● Move forward with development at offshore wind power project off Goto City, Nagasaki Prefecture, Japan ● Pursue development of promising offshore wind power projects in Japan and overseas toward large-scale commercialization of floating wind power generation	● Aim to secure 1-2 gigawatt-scale installed capacity, mainly in the offshore wind and geothermal power generation business ● Accelerate business expansion using assets acquired through M&A and other means as a platform
		Carbon recycling & new business ● Developed a drone-supported business concept with Terra Drone Corporation ● Verified the effectiveness of an artificial photosynthesis in Darwin, Australia ● Signed a membership agreement with innovation platform Plug and Play ● Began technical development toward the practical application of a methanation system at Nagaoka Field Office ● Launched INPEX Challengers Program to promote creation of internal start-ups	**Carbon recycling & new business** ● Employ drones in facility inspections ● Pursue further R&D in artificial photosynthesis ● Construct a plant for planned 2025 launch of synthetic methane production as the methanation technical development project ● Continue running the INPEX Challengers Program ● Development of other new business projects	● Promote the adoption of methanation in society ● Supply about 60,000 tons of synthetic methane annually via our pipeline network
		Forest conservation ● Acquired 1 million tons of VCUs from Indonesia's Rimba Raya Biodiversity Reserve REDD+ project, and started support for construction of orangutan conservation camp	**Forest conservation** ● Participate in and pursue development opportunities for forest conservation projects ● Acquire about 1.5 million tons of forestation credits per year from leading forest conservation projects	● Secure about 2 million tons of forestation credits per year from leading forest conservation projects by 2030 through project participation, development, etc.
	Cleaner oil & gas business and transition to natural gas	● Maintained stable and efficient production operations at Ichthys LNG ● Maintained a stable supply of natural gas and increased supply volume through the safe operation of gas fields, the Naoetsu LNG Terminal and the approximately 1,500-kilometer long, high-pressure gas pipeline network in Japan ● Engaged in activities to promote natural gas utilization ● Started commercial operation of local smart energy projects using gas cogeneration facilities ● Started sale of carbon neutral gas ● Continued to improve management of GHG emissions, including methane	● Australia: Aim to further increase the current LNG production capacity to build a framework capable of stably producing 9.3 million tons per year at Ichthys LNG ● Abu Dhabi: Aim to further reduce production cost by optimizing personnel allocation and introducing new technologies, and supply offshore facilities with clean power ● Norway: Commence power generation at Hywind Tampen, and evaluate the introduction of hydropower from shore in the Wisting Oil Field development plan ● Japan: Save energy consumption, introduce carbon neutral power, implement zero flare measures ● Further expand carbon neutral products and marketing	● Increase gas ratio of portfolio by raising gas investment ratio to about 70% ● Make our projects and operations cleaner by achieving zero routine flaring, introducing CCUS and renewable electricity, conserving energy, utilizing forestation credits, and other actions

Material Issues	Key Tasks	FY2021 Achievements	FY2022 Targets	Medium- to Long-Term Targets, Initiatives and Directions
HSE	Prevention of major incidents	● Enhanced the Corporate HSE Management System (revision/re-compilation of the system's various manuals to improve their conformance with our rules and standards). ● Improved HSE assurance and governance by conducting four Corporate HSE audits at operator sites in Japan and overseas ● Provided HSE technical support in 26 operations, and HSE leadership training that included a new seminar for HSE skill development covering areas of safety, health and environment ● Enhanced process safety and asset integrity management by conducting HSE reviews and providing technical support (bowtie analyses, safety case reviews, etc.) at operator projects, and by commencing measurement and monitoring of Tier 3 and Tier 4 leading indicators ● Thoroughly implemented serious incident management by reporting, investigating, and statistically analyzing serious/high-potential incidents, drawing lessons from them, and sharing our findings ● Reinforced emergency and crisis response capabilities by continuing to respond to COVID-19 through the Corporate Crisis Management Team, share information, and make improvements, and by carrying out three Corporate-level crisis response trainings that simulated crises in Japan and overseas	● Enhance the effectiveness of the Corporate HSE Management System: complete standardization of Corporate HSE Procedures and develop the next Corporate HSE Mid-term Plan ● Strengthen HSE assurance and governance: conduct three Corporate HSE audits ● Provide HSE technical support and foster HSE leaders: extend HSE technical support to renewable energy and other projects, and systematically provide HSE training ● Enhance process safety and asset integrity management: conduct HSE reviews, support safety case implementation, and prepare related policies ● Thoroughly implement serious incident management: report, investigate, and statistically analyze serious/high-potential incidents, draw lessons from them, and share our findings ● Reinforce emergency and crisis response capabilities: strengthen defenses against emerging threats such as cyberattacks and the increased severity of natural disasters, and the platforms for security/crisis management	● Achieve safe performance of high-risk operations and full prevention of serious accidents by thoroughly practicing the life-saving rules and strengthening process safety management ● Carry out actions that help improve HSE management (1) Senior executives demonstrate HSE leadership (2) Contribute to carbon-reduction projects through HSE management (3) Perform thorough risk management (4) Strengthen accident prevention efforts (5) Prevent leaks from facility processes (6) Prepare for emerging threats (7) Help to address global environmental challenges and create environmental value (8) Reinforce infection control measures ● Compliance of executive management, managers, and staff with processes established under the HSEMS ● Aim to achieve zero incidents and prevent major incidents by more firmly embedding the culture of the INPEX Value "Safety Number One"
	Securing occupational health and safety	● Strengthened HSE management at worksites by: analyzing HSE culture survey feedback to identify strengths/weaknesses of each division, and using the results to develop an action plan that will be incorporated in the next mid-term plan; and held annual HSE Forum ● Reduced the number of incidents by: revising the reporting/investigation standards; developing the reporting system and promoting its use; reporting, statistically analyzing, benchmarking, drawing lessons from incidents, and sharing the findings; and introducing incident management-related safety leading indicators ● Strengthened health management by: implementing measures against COVID-19; conducting a health performance survey; holding health-related seminars; revising the Corporate Health Management Standard; and drafting health risk register standards	● Strengthen HSE management at worksites: formulate/implement action plan based on the results of the HSE culture survey; reinforce coordination between Corporate and operator projects; and hold HSE Forum ● Reduce the number of incidents: issue incident bulletins; draw lessons from incidents; statistically analyze and benchmark incidents; strengthen incident cause investigation; and promote introduction of safety leading indicators ● Strengthen health management: maintain COVID-19 measures; assess state of occupational health management at operating sites; carry out health programs; and enhance health risk assessments	
	Biodiversity conservation & water risk assessment	● Executed and reviewed our Corporate Environmental Management Plan, including initiatives for biodiversity conservation and water management	● Execute and review our Corporate Environmental Management Plan, including initiatives for biodiversity conservation and water management	
		Conservation of biodiversity ● Updated the database of protected areas adjacent to domestic and overseas project sites ● Participated in forestation and biodiversity conservation activities at domestic projects (some activities were not held due to COVID-19 safety measures) ● Collected basic information on ecosystems, etc of peripheral areas of our domestic projects (Nagaoka, Joetsu, Kashiwazaki, Niigata) ● Surveyed the current situation of biodiversity at overseas projects (bird surveys & rare species surveys) ● Conducted biodiversity monitoring at overseas projects ● Considered the establishment of a biodiversity conservation policy	**Conservation of biodiversity** ● Update the database of protected areas adjacent to domestic and overseas project sites ● Participate in forestation and biodiversity conservation activities at domestic projects ● Conduct an ecosystem survey in peripheral areas of domestic projects (Nagaoka) ● Survey the current status of biodiversity at overseas projects ● Conduct biodiversity monitoring at overseas projects ● Establish the biodiversity conservation policy ● Consider revisions to biodiversity conservation targets and KPIs	
		Water management ● Updated water stress assessments in project areas ● Assessed the current state of water balance of our businesses and collected/ analyzed data on the volume of freshwater/seawater intake and use ● Considered the establishment of a water risk management policy ● Responded to the CDP water security questionnaire	**Water management** ● Update water stress assessments in project areas ● Assess the current state of water balance of our businesses and collect/analyze data on the volume of freshwater/seawater intake and use ● Consider revisions to water risk management targets and KPIs	
Local Communities	Conducting assessments and measures to reduce impact on local and indigenous communities	**Japan** ● Maintained positive relationships with stakeholders through continuous dialogue, including appropriate response to inquiries from local communities and publication of newsletters **Australia** ● Maintained positive relationships with government agencies, industry groups, and local stakeholders through more than 300 dialogues	**Japan** ● Maintain positive relationships with stakeholders through continuous dialogue, including appropriate response to inquiries from local communities and publication of newsletters **Australia** ● Maintain positive relationships with stakeholders and communities through proactive engagement	Contribute to regional development and the addressing of social issues through our business activities, while respecting human rights and the cultures and customs of the areas in which we operate ● Understand and respond to community needs through engagement with stakeholders in the areas in which we operate
	Contribution to local economies	**Global** ● Invested approximately 2 billion yen in social contribution initiatives **Australia** ● Continued to operate five programs through the Larrakia Ichthys LNG Foundation Trust; approved and launched four new programs for supporting elderly people ● Directly employed 36 Aboriginal and/or Torres Strait Islander people and indirectly employed 100 through contractors, as of the end of FY2021 ● Procured more than A$10 million of good/services from 17 Aboriginal and Torres Strait Islander businesses from 2019 to 2021 ● Achieved our Reconciliation Action Plan targets for employment and procurement	**Global** ● Continue investment in social contribution initiatives in response to the needs of the communities in which we operate **Australia** ● Achieve targets set in Reconciliation Action Plan 2019-2022, and develop the next plan for 2023-2025 ● Continue to implement our social contribution strategy	
Employees	Make INPEX the best place to work	**Global** ● Continued promoting INPEX Values, including by presenting the annual Values Awards and holding workshops **Japan** ● Continued implementation of our internal recruitment system (job board) ● Introduced a new scheme to facilitate internal side work ● Continued providing career consultation to young office workers and holding skill mapping interviews with young technical employees ● Expanded career consultation to older workers ● Implemented wellbeing workshops ● Held seminars on psychological safety ● Launched Breakthrough Leaders Program for fostering the next generation of managers ● Introduced online learning materials to enhance the English-language business communication skills of all employees ● Started coaching sessions for participants in the general manager training program ● Revised work-from-home arrangements ● Introduced "super flextime" system ● Held two rounds of workplace COVID-19 vaccinations ● Introduced team-building initiatives ● Encouraged employees to take annual paid leave ● Held health-related seminars ● Received certifications by the 2021 Health & Productivity Stock Selection Program, and the 2021 Certified Health & Productivity Management Organizations Recognition Program ● Constructed a new employee dormitory ● Continued measures based on our General Employer Action Plan to promote women's participation and advancement in the workplace ● Received Gold rating in the 2021 Pride Index and Best Practice Award from Work with Pride ● Developed policies for same-sex partners and their children to enjoy the same treatment as the family members of other employees ● Implemented unconscious bias training	**Global** ● Revise plans and measures for promoting INPEX Values ● Resume opportunities for overseas office employees to be assigned to our headquarters **Japan** ● Continue/improve the internal recruitment system (job board) ● Continue/improve the scheme facilitating internal side work ● Develop a comprehensive career development system, including career training and consultation ● Draw up measures for further building and instilling psychological safety in the workplace ● Establish a new leadership training program ● Establish a new training program for employees receiving promotions ● Launch Advanced Leaders Program to train candidates for general manager positions ● Create a system for managing employee self-directed learning ● Expand training, consultation, and other support for young employees in their first or second year on the job ● Establish a new leadership training program for female employees ● Continuously receive certifications by the Health & Productivity Stock Selection Program and the Certified Health & Productivity Management Organizations Recognition Program ● Expand occupational physician team ● Formulate policies to support patients with cancer/incurable disease ● Conduct a third round of workplace COVID-19 vaccinations ● Reduce the amount of overtime work (average of all employees) from FY2021 level ● Increase the rate of annual paid leave taken (average of all employees) from FY2021 level ● Continue measures based on our General Employer Action Plan to promote women's participation and advancement in the workplace ● Continuously receive Gold rating in the Pride Index from Work with Pride, and establish a support program with the assistance of LGBT experts ● Continue implementing unconscious bias training	● Implement programs and promote a corporate culture that cultivates employee satisfaction/ engagement ● Expand support for employee career development ● Create a workplace environment that supports diverse workstyles and employee wellbeing

1: Verified Carbon Units
2: International Sustainability Stanrdards Board

Climate Change Response

Message from the Director in Charge of Climate Change Response

In February 2022, INPEX announced its Long-term Strategy and Medium-term Business Plan (INPEX VISION @2022). This lays out the path to achieving the target of net-zero emissions by 2050 as announced in 2021.

Our basic policy for a net-zero carbon society by 2050 is summed up in the statement: "As a pioneer in energy transformation (EX), INPEX will provide a stable supply of diverse and clean energy sources, including oil and natural gas, hydrogen and renewable power." We aim to transform net-zero carbon from an ideal to reality by around 2030.

Specifically, we will accelerate expansion of five net-zero businesses: (1) hydrogen and ammonia; (2) carbon capture, usage and storage (CCUS); (3) renewable energy; (4) carbon recycling and new businesses; (5) forest conservation. At the same time, we will maintain a stable supply of oil and natural gas while exerting our utmost effort to make these products cleaner.

To balance the two social demands of a net-zero carbon society and the world's need for energy, we believe it is important to properly assess climate change risks and opportunities and to manage them appropriately.

INPEX VISION @2022 is also reflected in our Corporate Position on Climate Change (published December 2015, the latest revision made in March 2022), available on our website.

We will continue to work with urgency to achieve our climate change goals.

Kimihisa Kittaka
Director, Senior Managing Executive Officer, Senior Vice President, Corporate Strategy & Planning, Legal Affairs

Disclosure in line with TCFD Recommendations

Efforts in achieving climate change response goals The "Corporate Position on Climate Change" (issued in December 2015, last revised in January 2021) is available on our website.

INPEX's information disclosure related to climate change is in line with the TCFD Recommendations.

Please refer to our Sustainability Report 2022 for more details.

Overview of TCFD Recommendations			INPEX's disclosures
Governance Disclose the organization's governance in relation to climate-related risks and opportunities	1	Describe the board's oversight of climate-related risks and opportunities	● Governance System for Climate Change Response
	2	Describe management's role in assessing and managing climate-related risks and opportunities	● Message from Director in Charge of Climate Change Response ● Governance Framework for Climate Change Response
Strategy Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material	1	Describe the short-, medium- and long-term climate-related risks and opportunities the organization has identified	● Climate-related Risks and Opportunities
	2	Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy and financial planning	● Long-term Strategy and Medium-term Business Plan (INPEX Vision @2022)
	3	Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	● INPEX Low-Carbon Society Scenarios ● Assessment of Financial Impacts of Climate-related Risks ● Application of Internal Carbon Price
Risk management Disclose how the organization identifies, assesses and manages climate-related risks	1	Describe the organization's processes for identifying and assessing climate-related risks	● Assessing and Managing Climate-related Risks and Opportunities
	2	Describe the organization's processes for managing climate-related risks	● Assessing and Managing Climate-related Risks and Opportunities
	3	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management	● Risk Management System
Metrics and targets Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material	1	Disclose the metrics used by the organization to assess climate change-related risks and opportunities in line with its strategy and risk management process	● Managing GHG Emissions ● Climate Change Response and Directors' Compensation
	2	Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 GHG emissions, and the related risks	● ESG Performance Data: Climate Change <Target Management>
	3	Describe the targets used by the organization to manage climate change-related risks and opportunities and performance against targets	● Efforts in Setting and Achieving Climate Change Goals

Sustainability Report ▶ https://www.inpex.co.jp/english/csr/csr/

Climate Change Response Goals

INPEX has set three goals to help realize a net-zero carbon society in accordance with the objectives of the Paris Agreement.

The first goal is to achieve net-zero emissions by 2050 pursuant to the Paris Agreement. The second is to achieve a reduction of at least 30% in net carbon intensity (compared to 2019) by 2030 in the process of fulfilling the first goal. Scope 1+2 emissions, which are emissions from INPEX's business processes, come under these goals. The third goal is to cooperate with all relevant stakeholders across the value chain to reduce the Scope 3 emissions from combustion of the oil and gas we sell. In our 2022-2024 medium-term business plan, we have added the goal to reduce our emission intensity by 10% (4.1kg/boe) over three years in pursuit of our 2030 target.

Specific measures for achieving net-zero goals include: ① promotion of carbon capture utilization and storage (CCUS); ② bolstering renewable energy initiatives; ③ promotion of CO_2 absorption through forest conservation; ④ maintaining the intensity of methane emissions (methane emissions/natural gas production) at its current low level (about 0.1%); and ⑤ zero routine flaring. Details of these initiatives are set out in our Long-term Strategy and Medium-term Business Plan (INPEX VISION @2022) and INPEX's Current Initiatives based on the Corporate Position on Climate Change.

2050	2030	Scope 3 REDUCTION
NET ZERO[1] in absolute emissions (Scope 1+2) 1 on INPEX equity share basis	**30% OR MORE[2] reduction in net carbon intensity (Scope 1+2)** 2 in comparison with 2019	**Work together with all relevant stakeholders to address challenges across the value chain**

INPEX Emissions

Our net carbon intensity in 2021 was 33kg-CO_2e/boe, a reduction of 20% in comparison with 2019.

	2019	2020	2021
Scope1*3 (thousand tons CO_2e)	8,557	7,328	7,302
Scope2*3 (thousand tons CO_2e)	204	148	136
Net carbon intensity*4 (kg CO_2e/boe)	41	35	33
Methane emissions intensity*5 (%)	0.10	0.07	0.04

3 INPEX's equity share emissions
4 Net carbon intensity including offsets: ({Scope1 + Scope2} – offsets*6)/Production volume
5 Methane emissions intensity: Calculated as methane emissions/natural gas production (%), the formula used by the Oil and Gas Climate Initiative
6 The offsets include reduction contributions from renewable energy as well as CO_2 absorption through forest conservation. Contributions from renewable energy are calculated based on Guidelines for Measurement, Reporting and Verification of GHG Emission Reductions in JBIC's GREEN (the "J-MRV Guidelines")

Assessing and Managing Climate-related Risks and Opportunities

As a general rule, INPEX assesses and manages climate-related risks and opportunities in an annual cycle. Our overall response to climate change is handled by the Climate Change Strategy Group within the Corporate Strategy & Planning Division, Corporate Strategy & Planning Unit.

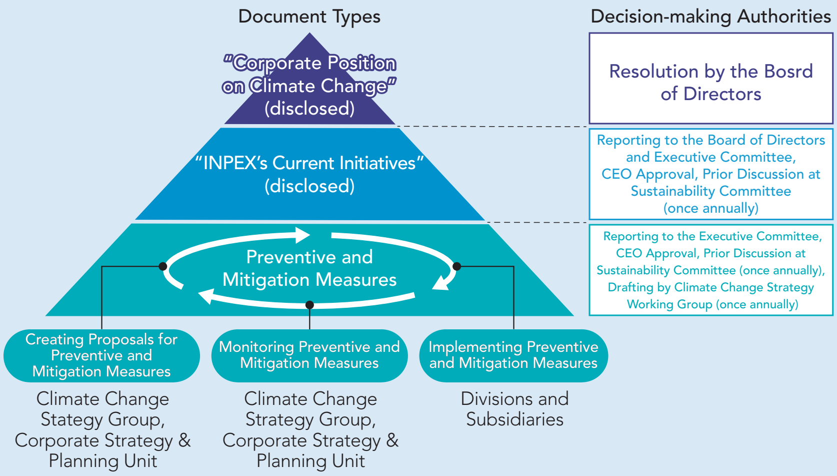
For climate-related risks, the Climate Change Strategy Working Group (WG), composed of some 30 members representing each of the divisions, conducts assessments and devises preventive and mitigation measures. These measures and their incorporation into annual plan are discussed in Sustainability Committee.

The process of risk assessment follows the procedure outlined in ISO31000 (2009), an international risk management standard. We update external and internal factors and share information regarding the company's status among WG members. We then identify risks and analyze their causes, preventive measures, mitigation measures, and residual risks. The residual risks are assessed using the Risk Assessment Matrix Based on TCFD Recommendations, created by INPEX.

As outlined in our Long-term Strategy and Medium-term Business Plan (INPEX Vision @2022), we take a company-wide approach to climate-related opportunities, with our Hydrogen & CCUS Development and Renewable Energy and New Business divisions at the core.

In addition, INPEX's Current Initiatives based on the Corporate Position on Climate Change includes initiatives related to the five net-zero businesses, the transition to natural gas, and making upstream operations cleaner. These initiatives are considered by the Sustainability Committee, approved by the CEO, and then reported to the Executive Committee and the Board of Directors.

Process of Assessing and Managing Climate-related Risks



Human Resource Development

Our Policy

As a company operating across the world, INPEX views workforce diversity and the development of a global workforce capable of sharing common values as important for strong, sustainable and responsible business management. To achieve these goals, our Human Resources (HR) division formulated the INPEX HR Vision, comprising four key components, as shown below. With these four pillars at the core, we are working to create an internationally competitive organization by applying a global perspective as we implement HR initiatives to attract and develop our personnel and improve team performance.

To further enhance efforts toward diversity—one of our INPEX Values—we communicate our basic policy on diversity and inclusion (D&I) to all stakeholders. Based on this policy, we promote D&I with the aim of becoming an organization where a diverse workforce—including women, people with disabilities, LGBTQ+, and foreign nationals—can feel comfortable and work actively. The company believes that promoting D&I through these initiatives will improve its organizational capabilities, broaden its appeal and enhance its reputation globally.

INPEX HR VISION

1 Talent Attraction and Engagement

Make INPEX the best place to work – "the employer of choice"
- Employee satisfaction and opportunity for growth
- Total Reward

2 Organization Effectiveness

Maximize team performance through HR Management Process
- Workforce planning and organization review
- Optimized staffing planning within the organization

3 Focus on People Development

Develop of future leaders and global workforce capability
- Development of future leaders
- Talent management cycle
- Diversified career development programs

4 HR Excellence

Support business strategy with worldclass functional expertise
- Effective, innovative, and trusted HR processes and systems
- Develop HR professionals
- Global collaboration and sharing best practices

Human Resource Development

INPEX's training curriculum is designed to help personnel develop the required skills and mindset to work in a large energy company and contribute to the business over the long term. Group training, practical training (primarily through overseas visits or appointments), and e-learning focused on developing business knowledge are the principal modes of delivery.

In FY2021, as part of job-level-based training, we strengthened our support for line management and conducted training sessions for all managers focusing on staff development, leadership and teambuilding to improve organizational capabilities. For younger employees, after taking adequate precautions against COVID-19, we resumed operational and practical training in the form of on-the-job experience at overseas offices and other onsite training abroad. The aim of these programs is to develop human resources capable of playing an active role at the global level.

For those who joined the company in FY2021, we combined face-to-face training with online sessions to help them adjust to the workplace as they learned the basics of working at INPEX. In doing so, we took steps to cultivate a sense of camaraderie among fellow recruits in a telework (work from home) setting, and regularly conducted pulse surveys to help with job adjustment throughout the year. For young employees performing technical work, the approach used is based on a medium-to-long-term vision and includes interviews using skill maps relating to the individual's specialist field, with the ultimate goal of cultivating the next generation of leaders.

Career support takes the form of career training for employees aged 30, 40, and 55, and is intended to help them develop career autonomy through techniques such as self-reflection and career experience inventory.

In 2021, we organized seminars to promote psychological safety throughout the company, with some of our employees taking the role of instructor. We believe that psychological safety encourages personal growth as well as transmission of new ideas at the team level to help build an innovative

Human Resource Development Curriculum

Flexibility — Adopting and acting on new ways of thinking

Agility — Making quick decisions and acting on them as the situation demands

Transparency — Fully sharing information about the organization's intentions, responsibilities, decision rationales, etc.

Advancing the individual

On-site training at other locations
- Training in Japan and overseas

Skills related to specialist fields
- Internal and external seminars
- On-the-job training
- Training for new graduates in technical fields

Business knowledge training

Globis Unlimited
- Business strategy
- Marketing
- Organization management
- Accounting
- Finance
- Critical thinking

EF English Live
- Improving English proficiency

Personal development system
Support for acquiring qualifications

Career training
- Life shift
- Career 50
- Career 40
- Career 30

Leadership training
- Leadership I
- Leadership II
- Leadership III
- Leadership AS

Training for promoted employees
- Newly appointed general managers
- Manager follow-up
- Newly appointed managers
- Before promotion to leader position

Support for younger employees
- Third-year follow-up training
- Second-year follow-up training
- First-year follow-up training
- Group training for new graduates
- Mentoring/supporter systems

Enhancing organizational capabilities

On selection basis
- ALP
- BLP
- Study overseas
- GSE overseas personnel development system
- Leadership training for women

D&I training
- Women's advancement
- Unconscious bias
- LGBT

Organizational culture reform
- Psychological security
- Well-being
- Communication

organization in which employees can exchange opinions in a free and uninhibited manner.

In FY2022, we introduced a job-based personnel system and simultaneously overhauled our training regime with an emphasis on autonomy and leadership. We abolished job-level training and initiated leadership training targeting a wide cross-section of employees. We have also continued to strengthen support for line management—the backbone of the organization—and encourage each employee to pursue career autonomy. For younger employees, there is an ongoing program during the first three years focused on acquiring the basic abilities needed to function in a work environment. In addition, we have introduced an e-learning system designed to strengthen fundamental skills and provide training tailored to each individual. The aim of these initiatives is to advance the individual and enhance organizational capabilities.

Developing Next-generation Leaders

In FY2021, we initiated the Breakthrough Leadership Program (BLP) under which selected individuals undergo training with aim to produce transformational leaders who will ultimately be responsible for managing the company in the future. Currently, about 20 are on the program. In FY2022, in addition to the BLP, we plan to also start the Advanced Leaders Program (ALP).

A program to develop leadership skills was also inaugurated in Australia during FY2021. Approximately 300 team leaders and managers participated in the three day training program aimed at instilling the qualities and behavioral attributes expected of leaders.

Breakthrough Leaders Program

- The program lasting up to five years is tailored to each selected individual, who are deliberately and strategically subjected to an intensive series of tough assignments (stretched tasks, leadership roles, new job areas etc,) over a short timeframe to accelerate their development.

HR Evaluation and Placement

INPEX aims to maximize performance across the organization by ensuring employees treat the organization's objectives—based on the objectives drawn up by each division—as their own. This is to achieve the highest level of employee motivation—by having each individual outline the specific processes leading to achievement of their own annual objectives—to reliably and efficiently realize the objectives of the organization as a whole.

An INPEX Values-based evaluation process is implemented at all sites, including Australia and Indonesia. One important assessment criterion used is the level to which INPEX Values are demonstrated in daily operations. The process enables employees with diverse backgrounds and values to go about their tasks with a shared understanding of the values expected of INPEX employees. It also encourages them not only to achieve their own individual goals, but to deliver results for the entire organization.

In addition, employees are given the opportunity once a year to state the kind of work they would like to do or to request a transfer. A new internal job posting scheme—designed to optimize job placement within the company while boosting employee motivation—was also introduced in FY2017, and in March 2021, INPEX established an internal side job system, providing opportunities for employees to take on new challenges across organizational or job-category lines. These are some of the initiatives adopted to revitalize the workplace while creating an environment that enables employees to carve out their own careers. Further, a job return program was introduced in April 2020 providing an opportunity to motivated employees who had resigned due to unavoidable personal reasons to return to their jobs.

Based on the findings of the Global Engagement Survey conducted from late 2019 through early 2020, we introduced a job-focused personnel system for senior management in April 2022. The system is designed to clarify the job roles of executives, define remuneration based on job responsibility, and address line-management succession planning and related training.

Internal job posting scheme

- For Job positions that are adequate for internal job postings, each divisions internally post job offers. And upon selection, suitable applicants are placed into the position.

Internal side job system

- A system that enables employees to work for other divisions part time during office hours, without transfers or secondment.

Job return program

- A program that enables motivated employees who had resigned due to unavoidable personal reasons to return to their jobs once the reason of resignation is resolved and subject to meeting certain conditions.

Job-focused personnel system

- Compared to the previous occupational ability based personnel system, which allocates work to individuals, job-focused personnel system links individuals to jobs. The system is designed to clarify the job roles and enables remuneration to be defined by job responsibility based on the right person in the right place. We built an INPEX version of the job-focused personnel system based on our vision, with an objective to further strengthen the organization, by removing any consideration on personal elements such as age, promoting recognition of each individual's roles and responsibilities, establishing a fair and convincing evaluation system, as well as to make full use of our existing strengths such as integrity and teamwork.

Promoting Diversity

Promoting the Advancement of Female Employees

INPEX is intent on creating an environment that enables women to demonstrate their abilities to the full. In Japan, we have drawn up a General Employer Action Plan based on the Act on the Promotion of Female Participation and Career Advancement in the Workplace. Among other things, this plan sets a target of hiring women to fill at least 25% of new graduate positions, a target that has been met over the four years from 2019 through 2022. Another example of this effort was the hosting in FY2021 of a seminar for managers on the subject of unconscious bias, to deepen their understanding of unintentional bias related to gender. In FY2022, INPEX's in-house newsletter featured articles on the advancement of women in the company's overseas offices timed to coincide with International Women's Day on March 8. Our goal is for women to fill 3% of management positions (as defined by INPEX's grading system) by end-March 2023. We will continue our positive-action drive with the aim of lifting this figure to 6% during FY2025 through more intensive mid-career recruitment of women capable of performing management roles.

Reflecting the efforts to empower women in management, INPEX has appointed one outside female director and one outside female auditor, and in March 2020, appointed a female executive officer promoted within the organization for the first time in the company's history.

LGBTQ+

To promote understanding towards LGBTQ+, the company has had an ongoing LGBT training program since FY2017, and in FY2018, held lectures for executives concerning LGBTQ+.

Efforts have also been under way to upgrade internal systems. In FY2020, employees were given the right to refuse requests to undertake business travel on the grounds that they are LGBT, and in FY2021, "family" was redefined to include same-sex partners and their children for the purpose of the company's benefit program. Employees are also encouraged to start using names that reflected their gender identity. In addition to an in-house LGBTQ+ consultation desk, we set up a consultation desk managed by outside professionals in FY2022. INPEX's continuing positive action in these areas has won it recognition for its pioneering efforts in the workplace. In FY2021, we received the Gold Award (the highest rating) in the PRIDE Index evaluating initiatives related to LGBT and sexual minorities, along with a Best Practice Award.

Promoting Work-life Balance

INPEX promotes work–life balance, aiming to create an environment where all employees can work and demonstrate their full potential in a way that befits their lifestyles. In line with this objective, we introduced work-from-home arrangements for office-based staff in April 2020. Core time was eliminated from the flextime work policy in April 2021. We continue to encourage employees to take consecutive days off during summer and to recommend dates for taking paid leave. These measures aim to give employees time for physical and mental refreshment.

To reduce overtime work, Wednesday is designated as a work–life balance day when employees are encouraged to go home early. If an employee's overtime continuously exceeds a certain number of hours, the supervisor and the HR Division will communicate with the employee to understand the situation, jointly identify problems and figure out solutions.

As a further measure to promote diversity and individuality, in FY2018, the company introduced a year-round casual business dress code to make the work environment even more motivating for employees.

Treating Health as a Management Issue

INPEX Group Health Statement

In September 2018, the INPEX Group Health Statement was released with the appointment of the President and CEO as Chief Health Officer. At the Health Management Committee of which members are INPEX, the labor union, health insurance union, and occupational physicians, we meet to identify employee health issues and consider relevant solutions.

The committee is focused on and regularly conducts measuring of effectiveness post the release of our INPEX health management strategy map, has issued INPEX seven healthy behaviors, and is prompting employees to actively improve lifestyle habits.

Also, a system is in place for employees to take leave at ease when they get sick by expanding initiatives such as the accumulated leave days and special sick leave days.

Mental Health Initiatives

INPEX conducts employee stress checks once a year to ascertain the mental and physical condition of each employee and analyze the organizational environment in order to effect changes designed to improve the workplace atmosphere. The checks allow us to monitor the mental health of employees at regular intervals, with a high 91% of employees completing the check in FY2021. For those with mental health issues, the primary physician, occupational physician, nurse, HR department and the individual's boss act in concert to provide follow-up care while the employee is on leave and after their return to work.

To prevent employees from feeling isolated during the drawn-out pandemic, we added the services of mental health counselors to provide consultation to employees stationed overseas and to accompanying family members.

In FY2021, we started conducting one-on-one meetings by HR employees and weekly pulse surveys for new graduates, while the system under which employees in training receive operational guidance and mental support from older workers—referred to as "mentors" for employees in their first year and as "supporters" for those in their second and third years—is now well established.

Respect for Human Rights

Our Policy

INPEX supports international standards such as the International Bill of Human Rights, the International Labor Standards of the International Labor Organization, the United Nations Guiding Principles on Business and Human Rights, and the principles of the United Nations Global Compact. In May 2017, we issued the INPEX Group Human Rights Policy to clearly define our commitment to respect human rights and provide a compass for fulfilling our responsibilities in this regard. In accordance with that policy, we implement measures to address the human rights of all stakeholders in each country and region where we operate, including stakeholders in our supply chains. Our Human Rights Policy prohibits all forced labor and child labor and affirms our respect for freedom of association and protection of the right to organize.

To comply with the United Kingdom Modern Slavery Act 2015, since FY2016 we have annually released a statement on our website to disclose the policies, systems and measures that we have in place for preventing slave labor and human trafficking within the Company and throughout the supply chain.

Embedding Human Rights into Our Approach

Our approach to human rights is outlined in the INPEX Group Human Rights Policy approved by our Board of Directors. The director in charge of compliance, who is appointed by the Board of Directors, chairs the Compliance Committee, and reports to the Board of Directors on human rights-related risks and performance.

The INPEX Group Human Rights Policy, Sustainability Principles, Business Principles, and Code of Conduct require all INPEX Group executives and employees not only to comply with laws and regulations but also to respect social norms and act with high moral values. Our Code of Conduct makes the following statements concerning human rights.

- We recognize that human rights are important rights that derive from the dignity of individuals, and we respect the human rights of individuals in relevant countries.
- We respect international human rights codes, and we are careful to avoid to be involved in any act that may infringe human rights.
- We do not discriminate based on factors such as race, skin color, gender, sexual orientation, gender identity, age, creed, religion, birth, nationality, disabilities, or educational background.
- We do not force employees to work against their will, and we do not cause children to work.

The Compliance Committee—which consists of directors and executive officers—is chaired by the director in charge of compliance, and meets regularly to ensure strict compliance with corporate ethics and the Code of Conduct. The General Administration Unit manages day-to-day responsibility for human rights and serves as the secretariat of the Compliance Committee. It also regularly holds liaison meetings of representatives from each business unit to promote the above-mentioned human rights initiatives, including the prevention of harassment.

Human Rights Due Diligence in Projects

For the projects in which INPEX serves as the operator, we manage social and environmental risks—including human rights-related risks—based on the IFC Performance Standards, which are a globally recognized benchmark for environmental and social risk management. Compliance with these standards within Ichthys LNG operations is monitored through regular reports and audits.

The set of standards includes IFC Performance Standard 2 – Labor and Working Conditions, which covers child labor, forced labor, working conditions, and grievance mechanisms.

For projects in which we participate as a non-operator, in 2020, we surveyed the operators of each project to confirm the status of their human rights initiatives.

Salient Human Rights Risks

INPEX invited an external human rights expert to conduct a human rights risk assessment on our operated projects. The key objectives of the assessment were as follows:

- Identify salient human rights risks
- Identify issues for human rights risk management

The assessment used the HRIA (Human Rights Impact Assessment) tool, which draws on RepRisk's database and documents from Verisk Maplecroft and other research organizations.

The salient human rights risks identified are:

- Child labor
- Forced labor
- Impact on cultural heritage and traditional culture
- Infringement on the rights of the local community
- Discrimination in recruitment and employment
- Environmental damage impacting local community

This assessment also analyzed management system controls, including the PDCA cycle and monitoring, as well as the ideal form of the INPEX Group Human Rights Policy.

In the first quarter of 2022, we conducted surveys and interviews at our sites in Japan and, for the first time, the USA. The survey in Japan showed improvement in the management of child or forced labor risks. The assessment in the USA considered salient human right risks and checked practices for managing those risks. While our assessments found no material risks, we nonetheless continue to enhance our human rights risk management.

Sustainability Report ▶ **https://www.inpex.co.jp/english/csr/csr/**

Corporate Governance

Management (As of end of March, 2022)

Directors

	Name	Title and Position	Term of office	Number of shares held	Career summary and concurrently held positions
	Toshiaki Kitamura Inside Director	Representative Director, Chairman	11 years and 9 months	63,046	April 1972 Joined Ministry of International Trade and Industry (currently Ministry of Economy, Trade and Industry) July 2002 Director-General, Trade and Economic Cooperation Bureau, METI July 2003 Director-General, Manufacturing Industries Bureau, METI June 2004 Director-General, Trade Policy Bureau, METI July 2006 Vice-Minister for International Affairs, METI November 2007 Advisor to Tokio Marine & Nichido Fire Insurance Co., Ltd. August 2009 Senior Executive Vice President, INPEX Corporation June 2010 Representative Director, President & CEO June 2018 Representative Director, Chairman (incumbent)
	Takayuki Ueda Inside Director	Representative Director, President & CEO	3 years and 9 months	29,246	April 1980 Joined Ministry of International Trade and Industry (currently Ministry of Economy, Trade and Industry) July 2010 Director-General, Minister's Secretariat August 2011 Director-General, Manufacturing Industries Bureau, METI September 2012 Director-General, Trade Policy Bureau, METI June 2013 Commissioner, Agency for Natural Resources and Energy July 2015 Vice-Minister for International Affairs, METI April 2017 Councilor (part-time), INPEX Corporation August 2017 Senior Executive Vice President June 2018 Representative Director, President & CEO (incumbent)
	Takahiko Ikeda Inside Director	Director, Senior Executive Vice President, Hydrogen & CCUS Development, HSE and Compliance	13 years and 6 months	46,890	April 1978 Joined Teikoku Oil Co., Ltd. March 2005 Director and General Manager, Production, Domestic Headquarters, Teikoku Oil Co., Ltd. June 2007 Managing Director, President of Domestic Operation Division and General Manager of Niigata District Department October 2008 Director, Managing Executive Officer, Senior Vice President of Domestic Projects, INPEX Corporation June 2014 Director, Managing Executive Officer, Senior Vice President of Gas Supply & Infrastructure Division April 2017 Director, Managing Executive Officer, Senior Vice President of Technical Headquarters June 2018 Director, Senior Managing Executive Offcer, Senior Vice President of Technical Headquarters and in charge of HSE and Compliance March 2020 Director, Senior Executive Vice President, Senior Vice President of Technical Headquarters, HSE and Compliance March 2021 Director, Senior Executive Vice President, Senior Vice President of Technical Headquarters, Hydrogen & CCUS Development Office, HSE and Compliance January 2022 Director, Senior Executive Vice President, Senior Vice President, Hydrogen & CCUS Development, HSE and Compliance (incumbent)
	Kenji Kawano Inside Director	Director, Senior Executive Vice President, Americas Projects Unit and Strategic Projects Office, Head of Overseas Projects	–	30,726	April 1980 Joined Teikoku Oil Co., Ltd. March 2006 General Manager, Business Development Department, International Project Division & Domestic Offshore Division. October 2008 Executive Officer, Vice President, Asia & Australasia, General Manager of Planning & Coordination Unit and Offshore Japan Unit of the Company June 2012 Managing Executive Officer, Senior Vice President, Asia & Australasia June 2019 Managing Executive Officer, Senior Vice President, Asia Projects March 2020 Senior Managing Executive Officer, Senior Vice President, Asia Projects January 2022 Senior Executive Vice President, Americas Projects Unit and Strategic Projects Office Head of Overseas Projects March 2022 Director, Senior Executive Vice President, Americas Projects Unit and Strategic Projects Office, Head of Overseas Projects (incumbent)
	Kimihisa Kittaka Inside Director	Director, Senior Managing Executive Officer, Senior Vice President, Corporate Strategy & Planning, Legal Affairs	5 years and 9 months	22,240	April 1981 Joined Ministry of International Trade and Industry (currently Ministry of Economy, Trade and Industry) October 2007 Director-General for Consumer Policy, METI July 2008 Director-General, Kyushu Bureau, METI November 2010 Joined INPEX Corporation June 2012 Executive Officer, Vice President of Corporate Strategy & Planning Division, General Manager of Corporate Strategy & Planning Unit, and Corporate Communication Unit June 2016 Director, Managing Executive Officer, Senior Vice President, Corporate Strategy & Planning June 2019 Director, Managing Executive Officer, Senior Vice President, Corporate Strategy & Planning, Legal Affairs January 2021 Director, Senior Managing Executive Officer, Senior Vice President, Corporate Strategy & Planning, Legal Affairs (incumbent)
	Nobuharu Sase Inside Director	Director, Senior Managing Executive Officer, Senior Vice President, General Administration	5 years and 9 months	45,754	April 1981 Joined Indonesia Petroleum, Ltd. (INPEX Corporation) October 2008 Vice President of General Administration Division, General Manager of Secretarial Unit June 2010 Executive Officer, Vice President of Oil & Gas Business Division No.1, General Manager, Oil Marketing Unit June 2016 Director, Managing Executive Officer, Senior Vice President, General Administration January 2022 Director, Senior Managing Executive Officer, Senior Vice President, General Administration (incumbent)
	Daisuke Yamada Inside Director	Director, Managing Executive Officer, Senior Vice President, Finance & Accounting	2 years	10,391	April 1984 Joined The Industrial Bank of Japan, Ltd. (currently Mizuho Bank, Ltd.) April 2011 Executive Officer, General Manager of Industry Research Division, Mizuho Corporate Bank, Ltd. April 2012 Executive Officer, General Manager of Industry Research Division, Mizuho Bank, Ltd. April 2013 Managing Executive Officer, Deputy in charge of Branch Banking Group, Mizuho Bank, Ltd. Managing Executive Officer in charge of Corporate Banking, Mizuho Corporate Bank, Ltd. July 2013 Managing Executive Officer in charge of Branch Banking Group, Mizuho Bank, Ltd. April 2014 Managing Executive Officer, Head of Corporate Banking Unit (Large Corporations), Mizuho Financial Group, Inc. April 2018 Senior Managing Executive Officer in charge of Digital Innovation, Mizuho Financial Group, Inc. (resigned in March 2019) May 2019 Councilor, INPEX Corporation June 2019 Managing Executive Officer, Vice President, Finance & Accounting, General Manager, Finance Unit, Finance & Accounting Division March 2020 Director, Managing Executive Officer, Senior Vice President, Finance & Accounting (incumbent)
	Jun Yanai Outside Director Independent Director	Director	5 years and 9 months	0	April 1973 Joined Mitsubishi Corporation April 2004 Senior Vice President, Senior Assistant to Group CEO, Energy Business Group, Mitsubishi Corporation April 2005 Senior Vice President, Division COO, Petroleum Business Division, Mitsubishi Corporation April 2008 Executive Vice President, Group COO, Energy Business Group, Mitsubishi Corporation April 2011 Executive Vice President, Group CEO, Energy Business Group, Mitsubishi Corporation April 2013 Senior Executive Vice President, Group CEO, Energy Business Group, Mitsubishi Corporation June 2013 Member of the Board, Senior Executive Vice President, Group CEO, Energy Business Group, Mitsubishi Corporation April 2014 Member of the Board, Senior Executive Vice President, Group CEO and CCO, Energy Business Group, Mitsubishi Corporation June 2016 Corporate Advisor, Mitsubishi Corporation (incumbent) June 2016 Director (Outside), INPEX Corporation (incumbent) (Concurrently held positions) Corporate Advisor, Mitsubishi Corporation Outside Director, Kintetsu World Express, Inc.
	Norinao Iio Outside Director Independent Director	Director	4 years and 9 months	0	June 1973 Joined Mitsui & Co., Ltd. April 2005 Managing Officer, Chief Operating Officer, Energy Business Unit, Mitsui & Co., Ltd. April 2008 Executive Managing Officer, Chief Operating Officer, Europe Middle East and Africa Unit, Mitsui & Co., Ltd. October 2008 Senior Executive Managing Officer, Chief Operating Officer, Europe Middle East and Africa Unit, Mitsui & Co., Ltd. June 2009 Representative Director, Senior Executive Managing Officer, Mitsui & Co., Ltd. August 2009 Representative Director, Senior Executive Managing Officer, Chief Compliance Officer, Mitsui & Co., Ltd. April 2010 Representative Director, Senior Executive Managing Officer, Mitsui & Co., Ltd. April 2011 Director, Mitsui & Co., Ltd. June 2011 Counselor, Mitsui & Co., Ltd. June 2017 Director (Outside), INPEX Corporation (incumbent)
	Atsuko Nishimura Outside Director Independent Director	Director	4 years and 9 months	0	April 1979 Joined Ministry of Foreign Affairs June 1997 Director, First Africa Division, Middle Eastern and African Affairs Bureau August 1999 Counselor/Minister, Permanent Mission of Japan to the United Nations June 2001 Minister, Embassy of Japan in Belgium September 2004 Professor, School of Law, Tohoku University June 2008 Administrative Vice President, Japan Foundation April 2012 Senior Councilor, Japan Oil, Gas and Metals National Corporation April 2014 Ambassador Extraordinary and Plenipotentiary to the Grand Duchy of Luxembourg July 2016 Ambassador Extraordinary and Plenipotentiary in charge of Women, Human Rights and Humanitarian Affairs June 2017 Director (Outside), INPEX Corporation (incumbent) (Concurrently held positions) Outside Director, TAISEI CORPORATION
	Tomoo Nishikawa Outside Director Independent Director	Director	2 years	0	April 1972 Joined the Ministry of Construction (currently the Ministry of Land, Infrastructure, Transport and Tourism) April 1977 Attorney at Law admitted to practice in Japan; joined Anderson Mori & Rabinowitz (currently Anderson Mori & Tomotsune), and later served as Partner June 1979 Completed a Master of Laws (LL.M.) at Harvard Law School August 1995 Partner, Komatsu, Koma & Nishikawa (currently Asahi Law Offices) October 1996 Member of House of Representatives (for one term, Kanagawa 3rd district) October 2002 Managing Partner, Sidley Austin Nishikawa Foreign Law Joint Enterprise November 2006 Auditor-Secretary, Tohoku University April 2008 Visiting Professor, Tohoku University January 2020 Partner, Sidley Austin Nishikawa Foreign Law Joint Enterprise March 2020 Director (Outside), INPEX Corporation (incumbent)
	Hideka Morimoto Outside Director Independent Director	Director	–	0	April 1981 Joined Environment Agency (currently Ministry of the Environment) September 1997 Private Secretary, Director General of Environment Agency February 2002 Private Secretary, Minister of the Environment July 2008 Director, General Affairs Division, Ministry's Secretariat July 2009 Director, Personnel Division, Ministry's Secretariat August 2011 Councilor, Cabinet Secretariat and Director, Cabinet Secretariat Nuclear Safety Regulation Organizational Reform Office September 2012 Deputy Director General, Nuclear Regulation Agency July 2014 Ministry's Secretariat, Ministry of the Environment July 2017 Administrative Vice-Minister, Ministry of the Environment (resigned in July 2019) April 2020 Professor, Faculty of Law, Waseda University (incumbent) June 2020 Chief Director, Institute for Promoting Sustainable Societies (incumbent) (Concurrently held positions) Outside Director, Takasago Thermal Engineering Co., Ltd.

	Attendance at Board of Directors meetings	A member of Nomination and Compensation Advisory Committee	Reason for appointment	Skill matrix								
				Corporate management	Global	Finance/ Accounting	Legal/ Risk management	Sustainability (ESG)	Technology/ DX	Energy	Sales/ Marketing	HR development/ Diversity
	100% (16/16)	○	Has abundant operational experience in the Company and also has insights regarding management in general of oil & natural gas development companies and global business management as well as administrative/operational matters.	●	●			●		●		●
	100% (16/16)	○	Has operational experience in the Company and also has insights regarding management in general of oil & natural gas development companies and global business management as well as administrative/operational matters.	●	●			●	●	●		
	100% (16/16)		Has abundant business experience in the Company as well as knowledge and experience about the business management and administrative/operational matters of oil & natural gas development and development of various clean energy such as hydrogen and CCUS.	●			●		●	●		●
	—		Has abundant business experience in the Company as well as knowledge and experience about the business management and administrative/operational matters of oil & natural gas development companies.		●				●	●		
	100% (16/16)		Has abundant operational experience in the Company and also has a wide range of knowledge and experience about business management and administrative/operational matters of oil & natural gas development companies and ESG.		●		●	●				
	100% (16/16)		Has abundant business experience in the Company as well as knowledge and experience about marketing and administrative/operational matters of oil & natural gas development companies.			●	●				●	●
	100% (16/16)		Has business experience in the Company as well as knowledge and experience about administrative/operational matters of oil & natural gas development companies.	●		●			●			
	100% (16/16)	○	Expected to provide supervision of the execution of business from an international perspective and the necessary comments and suggestions, etc. in the meetings of the Board of Directors, etc. primarily by utilizing his experience as a corporate executive and abundant experience and insight in the resource and energy industry.	●	●		●			●	●	
	100% (16/16)	○	Expected to provide supervision of the execution of business from an international perspective and the necessary comments and suggestions, etc. in the meetings of the Board of Directors, etc. primarily by utilizing his experience as a corporate executive and abundant experience and insight in the resource and energy industry.	●	●					●	●	
	100% (16/16)	○	Expected to provide supervision of the execution of business from a diverse and global perspective and the necessary comments and suggestions, etc. in the meetings of the Board of Directors, etc. by utilizing her abundant experience as a diplomat and extensive insight on international conditions, in addition to expert knowledge as a university professor.		●		●	●				●
	100% (16/16)		Expected to provide supervision of the execution of business from a diverse and global perspective and the necessary comments and suggestions, etc. in the meetings of the Board of Directors, etc. by utilizing his abundant experience and insight as an international attorney, in addition to knowledge in a variety of fields such as expert knowledge as a university professor.	●	●	●	●					●
	—		Expected to provide supervision of the execution of business from a sustainability (ESG) perspective and the necessary comments and suggestions, etc. in the meetings of the Board of Directors, etc. by utilizing his abundant experience and insight on the environment and energy policy developed through his career in the Ministry of the Environment, in addition to expert knowledge as a university professor.				●	●		●		●

Audit & Supervisory Board Members

	Name	Position	Term of office	Number of shares held	Career summary and concurrently held positions	Attendance at Audit & Supervisory Board meetings	Reason for appointment
	Noboru Himata Inside Director	Audit & Supervisory Board Member (full-time)	2 years and 9 months	18,300	April 1980 Joined The Industrial Bank of Japan, Ltd. (currently Mizuho Bank, Ltd.) June 2003 Joined INPEX Corporation June 2007 Executive Officer, in charge of accounting, INPEX Corporation October 2008 Executive Officer, Vice President of Finance & Accounting, General Manager of Finance Unit June 2018 Managing Executive Officer, Vice President, Finance & Accounting, General Manager of Finance Unit June 2019 Audit & Supervisory Board Member (full-time) (incumbent)	100% (16 out of 16)	Has abundant business experience in the Company as well as knowledge and experience about finance and accounting for oil & natural gas development companies.
	Hideyuki Toyama Outside Director Independent Director	Audit & Supervisory Board Member (full-time)	6 years and 9 months	0	April 1975 Joined Ministry of Finance July 2001 Director-General of Sapporo Regional Taxation Bureau, National Tax Agency (NTA) July 2003 Executive Secretary of the Administration Office, Cabinet Legislation Bureau (CLB) July 2005 Director-General of the Fourth Department, CLB October 2006 Director-General of the Third Department, CLB November 2012 Advisor, Aioi Nissay Dowa Insurance Co., Ltd. January 2013 Registered as attorney-at-law (incumbent) June 2015 Audit & Supervisory Board Member (full-time), INPEX Corporation (incumbent)	100% (16 out of 16)	Has extensive experience and broad range of insights in the field of finance and expertise and experience as a lawyer.
	Shinya Miyake Outside Director Independent Director	Audit & Supervisory Board Member (full-time)	2 years and 9 months	0	April 1987 Joined Export-Import Bank of Japan (currently Japan Bank for International Cooperation) October 2012 Senior Advisor for Global Environmental Affairs, Corporate Group, Japan Bank for International Cooperation November 2013 Director General, Nuclear & Renewable Energy Finance Department, Energy, Natural Resources and Environment Finance Group July 2014 Earned a Doctor of Social Science July 2015 Director General, New Energy & Power Finance Department I, Infrastructure and Environment Finance Group September 2016 Executive Managing Director, Japan Institute for Overseas Investment June 2017 Regional Executive Officer, Regional Head for the Americas, Japan Bank for International Cooperation (stationed in New York) June 2019 Audit & Supervisory Board Member (full-time), INPEX Corporation (incumbent)	100% (16 out of 16)	Has extensive experience and broad range of insights in the fields of international financing and finance.
	Mitsuru Akiyoshi Outside Director Independent Director	Audit & Supervisory Board Member	2 years and 9 months	0	April 1978 Joined Marubeni Corporation April 2007 Executive Officer, General Manager of Finance Department, Marubeni Corporation April 2009 Managing Executive Officer June 2010 Representative Director, Managing Executive Officer April 2012 Representative Director, Senior Managing Executive Officer April 2014 Representative Director, Senior Executive Vice President April 2018 Director, Senior Consultant June 2018 Consultant April 2019 Representative Director and President, MG Leasing Corporation (currently Mizuho Marubeni Leasing Corporation) June 2019 Audit & Supervisory Board Member, INPEX Corporation (incumbent) (Concurrently held positions) Senior Adviser, Mizuho Marubeni Leasing Corporation (appointed April, 2022) Outside Director, Concordia Financial Group, Ltd.	100% (16 out of 16)	Has extensive experience and broad range of insights in the fields of finance and management.
	Hiroko Kiba Outside Director Independent Director	Audit & Supervisory Board Member	2 years and 9 months	0	April 1987 Joined Tokyo Broadcasting System, Inc. (currently Tokyo Broadcasting System Television, Inc.) April 2001 Part-time Lecturer, Faculty of Education, Chiba University January 2007 Member of the Council for Regulatory Reform (PMO) July 2007 Member of the Ministry of Economy, Trade and Industry's Advisory Committee for Natural Resources and Energy (incumbent) February 2008 Member of the Education Rebuilding Council (PMO) March 2009 Member of the Ministry of Land, Infrastructure, Transport and Tourism's Council for Transport Policy April 2013 Visiting Professor, Chiba University (incumbent) January 2016 Police advisor for the Japan Coast Guard (incumbent) November 2017 Member of the Ministry of Health, Labour and Welfare's Medical Ethics Council (incumbent) February 2019 Member of the Ministry of Education, Culture, Sports, Science and Technology's Central Council of Education June 2019 Audit & Supervisory Board Member, INPEX Corporation (incumbent)	100% (16 out of 16)	Has a wide and diverse range of knowledge gained through her service as a member of the Advisory Committee for Natural Resources and Energy and the Industrial Structure Council, as well as abundant experience and insights as a freelance newscaster and a university professor.

Executive Officers

Name	Position	Title
Takayuki Ueda	President & CEO	
Takahiko Ikeda	Senior Executive Vice President	Senior Vice President, Hydrogen & CCUS Development, HSE and Compliance
Kenji Kawano	Senior Executive Vice President	Americas Projects Unit and Strategic Projects Office, Head of Overseas Projects
Kimihisa Kittaka	Senior Managing Executive Officer	Senior Vice President, Corporate Strategy & Planning, Legal Affairs
Nobuharu Sase	Senior Managing Executive Officer	Senior Vice President, General Administration
Hiroshi Fujii	Senior Managing Executive Officer	Senior Vice President, Abu Dhabi Projects
Daisuke Yamada	Managing Executive Officer	Senior Vice President, Finance & Accounting
Yoshiro Ishii	Managing Executive Officer	Senior Vice President, Renewable Energy & New Business
Toshiaki Takimoto	Managing Executive Officer	Senior Vice President, New Ventures & Global Exploration
Nobusuke Shimada	Managing Executive Officer	Senior Vice President, Asia Projects
Hitoshi Okawa	Managing Executive Officer	Senior Vice President, Oceania Projects General Manager, Perth Office, President Director Australia
Kazuyoshi Miura	Managing Executive Officer	Senior Vice President, Domestic Energy Supply & Marketing
Yuzo Sengoku	Managing Executive Officer	Senior Vice President, Europe & Middle East Projects
Yosuke Happo	Managing Executive Officer	Senior Vice President, Logistics & IMT
Hideki Kurimura	Managing Executive Officer	Senior Vice President, Technical Headquarters
Hiromi Sugiyama	Managing Executive Officer	Senior Vice President, Domestic Exploration & Production

Name	Position	Title
Koichi Ogino	Executive Officer	Vice President, Domestic Energy Supply & Marketing General Manager, Gas Supplying Unit Domestic Energy Supply & Marketing Division
Akihiro Watanabe	Executive Officer	Vice President, Asia Projects
Munehiro Hosono	Executive Officer	Vice President, Corporate Strategy & Planning General Manager, Corporate Communications Unit Corporate Strategy & Planning Division
Akio Kawamura	Executive Officer	Vice President, Finance & Accounting
Yukiyo Ikeda	Executive Officer	Vice President, Europe & Middle East Projects
Hiroshi Kato	Executive Officer	Senior Vice President, Global Energy Marketing
Shinichi Takada	Executive Officer	Vice President, Oceania Projects Vice President Ichthys Phase 2
Shoichi Kaganoi	Executive Officer	Vice President, Hydrogen & CCUS Development General Manager, Technical Development & Coordination Unit Hydrogen & CCUS Development Division
Tetsuhiro Murayama	Executive Officer	Vice President, Oceania Projects Deputy General Manager, Perth Office Senior Vice President Corporate
Wataru Nojiri	Executive Officer	General Manager, HSE Unit
Kei Fukui	Executive Officer	Vice President, General Administration General Manager, General Administration Unit General Administration Division
Koichi Okamoto	Executive Officer	Vice President, Global Energy Marketing
Masaru Miyanaga	Executive Officer	Vice President, Domestic Energy Supply & Marketing
Isao Takahashi	Executive Officer	Vice President, Abu Dhabi Projects General Manager, Abu Dhabi Office

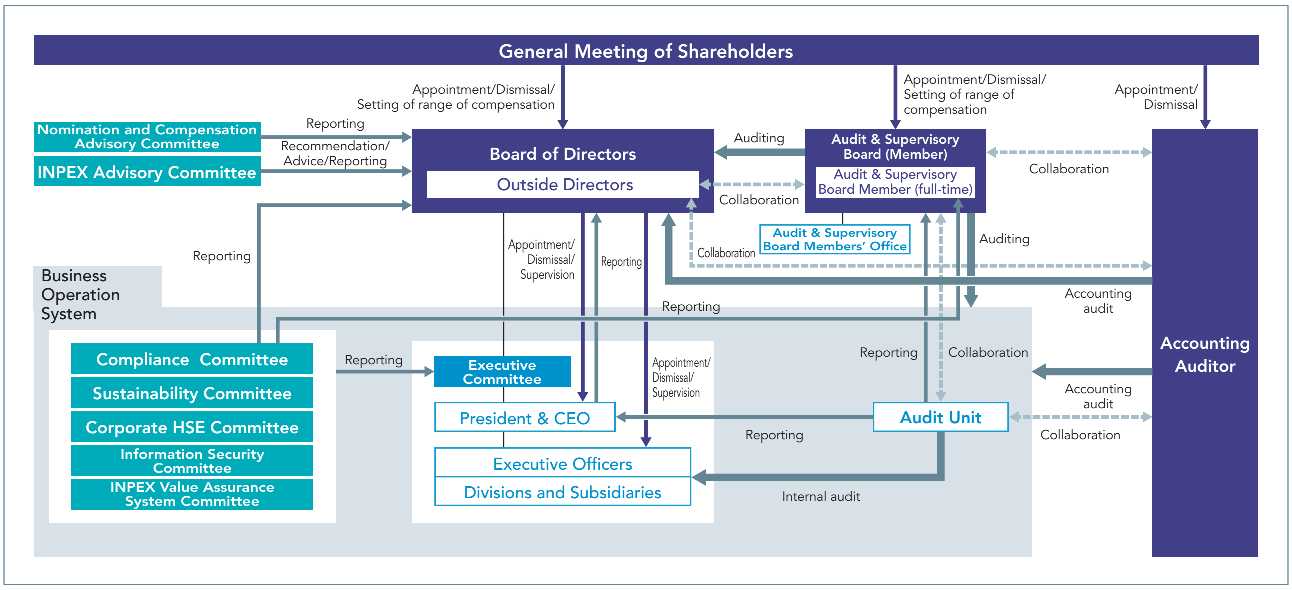
Overview of the Corporate Governance Structure

INPEX has adopted an Audit & Supervisory Board Member organizational structure, under which Audit & Supervisory Board members audit the execution of operations, which are in turn carried out by directors well versed in their field. In addition, the Company has introduced an Executive Officer System to pursue management with agility and efficiency. INPEX frequently engages in negotiations with the governments of oil-producing countries and overseas oil companies. This necessarily requires internal directors and executive officers who have knowledge, expertise and international experience relating to the Company's business and both a sound knowledge of the Company and their particular field of expertise. Internal directors, in principle, hold the concurrent position of executive officers. By adopting this concurrent organizational structure, the Company's Board of Directors is better placed to execute operations in an efficient manner. At the same time, this structure helps to ensure effective operating oversight. In addition to enhancing the transparency of management and bolstering the ability of the Board of Directors to carry out its supervisory function, INPEX has appointed five of its 12-member Board of Directors from outside the Company. Through this initiative, steps have been taken to ensure that management issues are considered and deliberated with a greater degree of objectivity from an independent standpoint. Moreover, four of the Company's five Audit & Supervisory Board members are also appointed from external sources. In addition to putting in place an Audit & Supervisory Board, INPEX has set up the Audit & Supervisory Board Members' Office and deployed dedicated staff and is reinforcing collaboration between Audit & Supervisory Board members and the Audit Unit, as well as independent auditors.

Overview of the Corporate Governance Structure

Organizational structure	Company with Audit & Supervisory Board Members
Directors	Number of directors as stipulated by the Articles of Incorporation............ up to 16 Number of directors (number of outside directors)................ 12 (5) Term of office .... 1 year
Audit & Supervisory Board members	Number of Audit & Supervisory Board members as stipulated by the Articles of Incorporation .... up to 5 Number of Audit & Supervisory Board members (number of outside Audit & Supervisory Board members) .... 5 (4) Term of office .... 4 years
Number of independent directors and auditors	9 (5 outside directors, 4 outside Audit & Supervisory Board members)
Other	Issuance of a Class A Stock to the Minister of Economy, Trade and Industry

Corporate Governance Framework



Corporate Governance Guidelines

The mission of the Company is to contribute to the creation of a brighter future for society through our efforts to develop, produce and deliver energy in a sustainable way. Through our business, we aim to become an integrated energy company that contributes to the community and makes it more agreeable and prosperous. Based on this mission, to achieve sustainable growth and increase corporate value over the medium to long term, the Company fulfills its social responsibilities in cooperation with its shareholders and other stakeholders, and works to enhance its corporate governance for the purpose of conducting transparent, fair, timely and decisive decision making. The INPEX Group made clear its basic views and policies on corporate governance and, with the aim of ensuring transparency and fairness in the Company's decision making, as well as realizing effective corporate governance by carrying out the proactive dissemination of information, formulated its Corporate Governance Guidelines. Please refer to our Web site for details.

▶ www.inpex.co.jp/english/company/governance.html

Overview of each Committee

Directors and the Board of Directors

The responsibilities of the Board of Directors shall be to fully exercise its supervisory function, secure fairness and transparency in management, and ensure sustainable growth and increase corporate value over the medium to long term through implementation of effective corporate governance, with recognition of its fiduciary responsibility to shareholders. The Company's Board of Directors comprises 12 members, five of whom are outside directors. In addition to a monthly meeting, the Board of Directors meets as necessary to discuss and determine matters concerning management strategy and important business execution, and to supervise the execution of duties by directors. The term of office for directors is set at one year. In addition to enhancing the ability of directors to respond to changes in the Company's global operating environment in a timely manner, this initiative helps to further clarify management responsibilities.

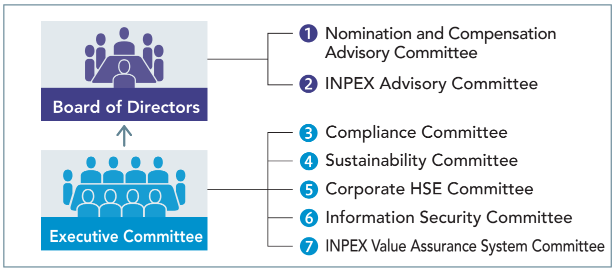
Audit & Supervisory Board Members and the Audit & Supervisory Board

The Audit & Supervisory Board is composed of five Audit & Supervisory Board members, four of which come from outside. In addition to attending meetings of the Board of Directors and the Executive Committee, the Audit & Supervisory Board members review the execution of business duties by directors and executive officers through reports from and interviews with related departments. Furthermore, the Audit & Supervisory Board members meet on a regular and as needed basis with the Independent Auditors to receive reports on audits from them and exchange views on key audit issues. The Audit & Supervisory Board members also exchange views with the internal audit department (Audit Unit) as it develops annual audit plans and receive quarterly reports on internal audits conducted by the Audit Unit. In addition, the full-time Audit & Supervisory Board members are informed by the Audit Unit about internal audits and the evaluation of internal controls, as necessary. To strengthen the auditing function and ensure effective corporate governance, the Audit & Supervisory Board Members' Office has been set up with full-time staff assigned to it. In this manner, efforts are being made to promote collaboration between the Audit & Supervisory Board members, the Audit Unit and the Independent Auditors. Moreover, we have constructed a system to strengthen the monitoring function through periodic meetings with representative directors and directors.

Executive Committee and Executive Officer System

From the perspective of increasing the speed of decision making related to the execution of business, we have established an Executive Committee. Meetings are held weekly and as necessary. At the Executive Committee, flexible decision making is conducted for resolutions not affiliated with the Board of Directors, and deliberation is held to contribute to decision making by the Board of Directors. We implemented an Executive Officer System to respond accurately and quickly to a rapidly changing management environment and the expansion of our business activities. The term of office for executive officers is set to one year, the same as for directors.

Internal Committees



To further enhance the efficacy of the corporate governance function, INPEX has set up ❶ the Nomination and Compensation Advisory Committee, ❷ the INPEX Advisory Committee, ❸ the Compliance Committee and ❹ the Sustainability Committee. In addition, the Company maintains ❺ the Corporate HSE Committee, ❻ the Information Security Committee and ❼ the INPEX Value Assurance System Committee to appropriately manage risks associated with business operations.

❶ Nomination and Compensation Advisory Committee

Number of meetings held in FY2021: 6

The Nomination and Compensation Advisory Committee was established in January 2017 with the aim of strengthening the functional independence and objectivity as well as accountability of the Board of Directors in connection with the nomination of and compensation paid to directors.

❷ INPEX Advisory Committee

Number of meetings held in FY2021: 1

The INPEX Advisory Committee was established in October 2012 with the aim of enhancing corporate value and the corporate governance function. Comprising external experts in a broad spectrum of fields, the committee provides the Board of Directors with multifaceted and objective advice and recommendations across a wide range of areas. Areas of discussion and advice include international political and economic conditions, an outlook of energy conditions and ways in which to bolster corporate governance.

❸ Compliance Committee

Number of meetings held in FY2021: 3

The Compliance Committee was established in April 2006 with the aim of promoting compliance initiatives across the entire Group. The committee formulates fundamental compliance policies applicable to the Group, deliberates on important matters and manages the manner in which compliance is practiced.

❹ Sustainability Committee

Number of meetings held in FY2021: 2

In April 2012, the INPEX Group established the CSR Committee with the aims of better fulfilling its corporate social responsibility and promoting activities that contribute to the sustainable development of society. The committee discusses basic policies regarding sustainability and important matters pertaining to sustainability implementation including corporate governance and climate change response.

❺ Corporate HSE Committee

Number of meetings held in FY2021: 8

In accordance with the HSE Management System, the Corporate HSE Committee was established in October 2007 to promote health, safety and environmental initiatives. In addition to formulating corporate HSE policies and priority targets for each period, the committee advances HSE activities across the organization.

❻ Information Security Committee

Number of meetings held in FY2021: 2

The Information Security Committee was established in November 2007 to consider and determine all appropriate measures necessary to maintain, manage and strengthen information security. The committee also takes steps to address any incident relating to information security and to put in place preventive measures.

❼ INPEX Value Assurance System Committee

Number of meetings held in FY2021: 11

The INPEX Value Assurance System Committee was established in May 2014 to contribute to the Company's decision-making process with respect to confirmation of the status of preparations in connection with important milestones of major projects in which INPEX participates, and to improve and promote the value of the projects.

Monitoring of Management by Outside Directors and Audit & Supervisory Board Members

● Outside Directors

Regarding the appointment of outside directors, we believe that it is important to comprehensively consider a variety of factors. These factors include the validity of business decisions and consideration of their effectiveness, expertise and objectiveness in the oversight function in addition to the perspective of independence. As corporate managers, academics or other specialists, the Company's five outside directors possess broad knowledge and many years of experience in such fields as resource/energy industry, finance and legal matters. One of the outside directors concurrently serves as advisor to Mitsubishi Corporation, which is a shareholder of the Company. As INPEX and Mitsubishi Corporation are engaged in business activities in the same fields, there is a possibility of conflicts of interest arising. Accordingly, the Company recognizes the necessity to pay particular attention to corporate governance. INPEX considers it important for all its directors, including the outside director who concurrently serves at Mitsubishi Corporation as mentioned above, to carry out their management duties while maintaining a high level of awareness at all times on matters including the obligation to prohibit competition under the Companies Act, the appropriate handling of transactions with conflicts of interest and the prevention of information leakage. The Company has therefore obtained pledges confirming these points from all directors including the outside director referred to above.

● Outside Audit & Supervisory Board Members

When appointing outside Audit & Supervisory Board members, we believe that it is important to comprehensively consider factors such as independence, efficacy in the oversight function and professionalism. Four of the Company's five Audit & Supervisory Board members are appointed from external sources. Audit & Supervisory Board members possess a rich knowledge and experience in the Company's business as well as in such fields as finance, legal affairs and management, which they use when performing auditing activities for the Company.

● Independence of Outside Directors and Outside Audit & Supervisory Board Members

The Company has reported all outside directors and outside Audit & Supervisory Board members as independent directors as defined by Tokyo Stock Exchange, Inc. As a part of efforts to comply with the Corporate Governance Code, INPEX has formulated independence standards for outside directors and outside Audit & Supervisory Board members taking into consideration the independence standards and qualifications for independent directors issued by the Tokyo Stock Exchange. The Company determines the independence of outside directors, including major shareholders and business partners that do not fall within the scope of these standards.

Independence Standards for Outside Directors and Outside Audit & Supervisory Board Members

The Company shall, based on the independence criteria set forth by the Tokyo Stock Exchange, determine that an Outside Director or an Outside Audit & Supervisory Board Member is independent from the Company if he or she falls under none of the following items.

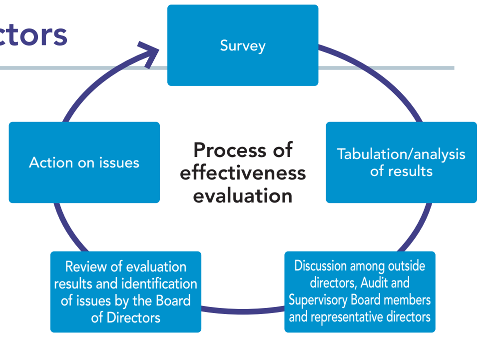
1. A major shareholder of the Company (who directly or indirectly holds 10% or more of the Company's voting rights) or an executive thereof
2. A person whose major business partner is the Company (*1) or an executive thereof
3. A major business partner of the Company (*2) or an executive thereof
4. A legal professional, accountant, or consultant who receives money or other properties of more than ¥10 million per year on average over the past three (3) years from the Company or its subsidiary, excluding compensation for Directors or Audit & Supervisory Board Members (if the person receiving such properties is an organization such as a legal entity or a partnership, a person who belongs to such organization)
5. An accounting auditor of the Company or its subsidiary (if such accounting auditor is an accounting firm, a person who belongs to such accounting firm)
6. A person who receives donations or subsidies of more than ¥10 million per year on average over the past three (3) years from the Company or its subsidiary (however, if the person receiving the donation or subsidies is an organization such as a legal entity or a partnership, a director or other officer managing the business of the organization to which the amount of such donations or subsidies exceeds the greater of ¥10 million per year or 30% of the total expenses per year of such organization, on average over the past three (3) years)
7. A person who fell under any of items 1 through 6 above in the past three (3) years
8. A relative within the second degree of kinship of a person who falls under any of (a) through (d) below (excluding persons who are not material (*3))
   (a) A person who falls under any of items 1 through 7 above
   (b) An executive of a subsidiary of the Company
   (c) A non-executive Director or an accounting advisor of a subsidiary of the Company (limited to cases where said Outside Audit & Supervisory Board Member is to be designated as an Independent Audit & Supervisory Board Member)
   (d) A person who fell under item (b) or (c) above or an executive of the Company in the most recent three (3) years (including a non-executive Director, if said Outside Audit & Supervisory Board Member is to be designated as an Independent Audit & Supervisory Board Member)
9. Other than each of the preceding items, a person who is substantially judged by the Company to possibly cause a conflict of interest with ordinary shareholders of the Company

*1 "A person whose major business partner is the Company" refers to a business partner whose business relationship with the Company may have an influence on decision-making of business, etc. of said business partner to the same extent as said business partner's parent company, subsidiary or affiliate. Specifically, this could be a so-called subcontractor whose consolidated net sales from transactions with the Company account for a considerable part of the said subcontractor's consolidated net sales, etc.

*2 "A major business partner of the Company" refers to a business partner whose business relationship with the Company may have an influence on decision-making of business, etc. of the Company to the same extent as the Company's parent company, subsidiary or affiliate. Specifically, this could be the counterparty in transactions with the Company whose consolidated net sales from the transactions account for a considerable part of the Company's consolidated net sales, or a supplier who provides merchandise and services which are essential to the business activities of the Company.

*3 Specifically, a "material" person is assumed to be an officer, general manager or equivalent of each company/business partner in case of the persons referred to in items 1 through 3, and a certified public accountant who belongs to each accounting firm or a lawyer who belongs to each law firm (including so-called associates) in case of the persons who belong to organizations referred to in items 4 and 5.

Evaluation of the Effectiveness of the Board of Directors



With the aims of regularly verifying that the Board of Directors is functioning appropriately and identifying issues to be resolved for continuous improvement, the Company undertakes an evaluation of the effectiveness of the Board of Directors each year, and discloses a summary of the evaluation results. Based on this policy, the seventh evaluation was conducted in fiscal 2021. The evaluation method and summary of the results are as follows. Based on these evaluation results, the Company will continue to strive to improve the effectiveness of the Board of Directors.

[Evaluation method]
1. Updates on issues identified last year and the effectiveness evaluation method for fiscal 2021 were discussed at a meeting with outside directors and Audit & Supervisory Board members.
2. The method of self-evaluation by the Board of Directors, which was validated by a third-party evaluation organization during the previous evaluation, was adopted.
3. To validate evaluation/analysis and improvement proposals, a policy of appointing a third-party evaluation organization about once every three years was confirmed.

Issues identified in FY2020
- Further enhance discussions on management strategies based on changes in the business environment
- Hold deeper discussions on the desired state of the Board of Directors
- Further revitalize discussions at Board of Directors meetings
- Secure opportunities for discussion on the desired state of governance in the Group

FY2021 evaluation results

Evaluation results

The overall effectiveness of the Board of Directors was confirmed to be sufficient, as in the previous fiscal year.
- Self-evaluation of each director and Audit & Supervisory Board member
- Composition, operation, roles and responsibilities of the Board of Directors
- Operation of the Nomination and Compensation Advisory Committee
- Improvement of the issues identified in the previous evaluation, etc.

[Evaluation highlights]
The evaluation appreciated the initiatives listed to the right and called for their continuation.
- Online briefings for part-time officers prior to Board of Directors meetings
- Discussion on topics that need to be discussed from medium- to long-term perspectives as agenda items
- Lectures and opinion exchange meetings for the Board of Directors by external experts, etc.

New issues
- Hold in-depth discussions on management strategy, including net zero business plans and progress
- Hold in-depth discussions on the desired state of the Board of Directors
- Further revitalize discussions at Board of Directors meetings
- Expand discussions on portfolio management

Based on the above evaluation results, the Company will continue to strive to improve the effectiveness of the Board of Directors.

Class A Stock

According to the stipulations of the Articles of Incorporation, INPEX issues a Class A Stock to the Minister of Economy, Trade and Industry. Unless otherwise provided by laws or ordinances, the Class A Stock does not possess voting rights at shareholders' meetings. However, it is possible for the holder of the Class A Stock to exercise veto rights for certain major corporate decisions. We believe the holding of Class A Stock by the Minister of Economy, Trade and Industry will help prevent any incidence of unusual management, allow INPEX to stably supply energy as a core company for Japan's oil & gas E&P and ensure that the Company does not incur any negative impact from a speculative acquisition or an attempt at management control through foreign capital. On this basis, INPEX's role is assured. Furthermore, we expect positive results in terms of external negotiation and credits as a national flagship company efficiently contributing to the stable supply of energy in Japan.

Director Compensation

Compensation for directors (excluding outside directors) consists of basic compensation, which is paid according to the duties of each director; bonuses, which serve as a short-term incentive; and stock-based remuneration, which gives a medium- to long-term incentive. Compensation for outside directors is limited to basic compensation only from the perspective of independence of their duties.

Bonuses as a short-term incentive is linked to the Company's net income attributable to owners of parent (hereinafter "net income") and cash flows from operating activities before exploration, which are our major financial indices, as well as a safety index (zero major accidents) that serves as a non-financial index. The amount of compensation is calculated based on the evaluation weights in the table on the right according to the degree of achievement of these targets, and the final amount of compensation fluctuates within the range of 0% to 200%.

KPIs used to calculate bonuses for directors (excluding outside directors)

Bonus KPI		Evaluation weight
Financial indices	Net income	45%
	Cash flows from operating activities before exploration	45%
Non-financial index	Safety index (zero major accidents)	10%

Stock-based remuneration as a medium- to long-term incentive is paid to directors (excluding outside directors and non-residents of Japan) and executive officers (excluding non-residents of Japan) (hereinafter collectively the "eligible directors and officers"). This remuneration system is called the Board Incentive Plan Trust, and it combines performance-based elements aimed at raising the awareness among the eligible directors and officers of their contribution to the Company's medium- to long-term business performance and enhancement of corporate value, and fixed elements aimed at strengthening the awareness among the eligible directors and officers of sharing interests with shareholders through the ownership of the Company's shares. The performance-based portion of the stock-based remuneration is linked to the Company's key financial indices set forth in the Medium-term Business Plan, namely, net income, cash flows from operating activities before exploration, ROE and total payout ratio, as well as to the production cost per barrel and net carbon intensity, which are our major non-financial indices. The amount of compensation is calculated based on the evaluation weights in the table below according to the degree of achievement of these targets, and the final amount of compensation fluctuates within the range of 0% to 200%. In the event that any of the eligible directors and officers commit a significantly improper or violating act, the Company may cancel or forfeit their right to receive the Company's shares or other forms of compensation under the system (malus) and demand the return of cash corresponding to the Company's shares or other forms of compensation already delivered to them (clawback).

KPIs used to calculate performance-linked stock-based remuneration for directors (excluding outside directors) and executive officers

Stock-based remuneration KPI		Evaluation weight
Financial indices	Net income	30%
	Cash flows from operating activities before exploration	30%
	ROE	10%
	Total payout ratio	10%
Non-financial indices	Production cost per barrel	10%
	Net carbon intensity	10%

Regarding the compensation for directors, the Nomination and Compensation Advisory Committee deliberates on major matters in accordance with the policy for determining the amount and calculation method of compensation, etc. for directors and the details of compensation, etc. for individual directors, and submits a report to the Board of Directors. Based on the report from the Committee, the Board of Directors decides on the compensation for directors within the limits and terms approved at the general meeting of shareholders. The amount of compensation to be paid to each director by type is decided by the Representative Director, President & CEO, who shall be entrusted to do so by a resolution of the Board of Directors, in accordance with the deliberation by the Nomination and Compensation Advisory Committee, a majority of whose members are outside officers, including independent outside directors.

Considering the external environment, social and economic trends, and other factors surrounding the Company, the Nomination and Compensation Advisory Committee will carefully deliberate on the appropriateness of the target values and calculation method for compensation and issue a report, based on which necessary adjustments may be made to the amount of compensation for each director by a resolution of the Board of Directors.

The adequacy of compensation for directors is verified by the Nomination and Compensation Advisory Committee after an external compensation research organization examines and analyzes the level of compensation for each position in a peer group of companies of the same size and similar industries.

The ratios of the basic compensation, bonuses and stock-based remuneration for inside directors are generally balanced to follow the principle that the higher the position held by a director is, the higher the weight of his or her performance-based compensation (bonuses and stock-based remuneration) is.

Compensation for Directors and Audit & Supervisory Board Members in FY2021

Classification	Total amount of compensation paid (millions of yen)	Total compensation by type (millions of yen)			Number of eligible directors and Audit & Supervisory Board members (persons)
		Basic compensation	Performance-based Compensation	Non-monetary Compensation	
			Bonus	Stock-based remuneration	
Directors (excluding outside directors)	536	384	140	11	8
Audit & Supervisory Board members (excluding outside Audit & Supervisory Board members)	31	31	–	–	1
Outside directors and outside Audit & Supervisory Board members	159	159	–	–	10

Notes:
1. The monthly basic compensation for directors was set to not more than 47 million yen (including monthly compensation for outside directors of not more than 6 million yen) at the 11th Ordinary General Meeting of Shareholders held on June 27, 2017. The number of directors as of the date of this resolution was 15 (including six outside directors). This amount was revised to an annual amount, including bonuses, of not more than 900 million yen (including an amount not more than 100 million yen for outside directors) at the 16th Ordinary General Meeting of Shareholders held on March 25, 2022. The number of directors as of the date of this resolution was 12 (including five outside directors).
2. The monthly basic compensation for Audit & Supervisory Board members was resolved to be not more than 10 million yen at the 13th Ordinary General Meeting of Shareholders held on June 25, 2019. The number of Audit & Supervisory Board members as of the date of this resolution was five. This amount was revised to an annual amount of not more than 140 million yen at the 16th Ordinary General Meeting of Shareholders held on March 25, 2022. The number of Audit & Supervisory Board members as of the date of this resolution was five.
3. The amount of bonus is the amount based on the resolution made at the 16th Ordinary General Meeting of Shareholders held on March 25, 2022 to pay a total amount of 140 million yen to eight directors in office at the end of the business year under review, excluding outside directors.
4. At the 12th Ordinary General Meeting of Shareholders held on June 26, 2018, it was resolved that a stock-based remuneration system be introduced for directors (excluding outside directors and non-residents of Japan) and executive officers (the BIP Trust). The number of directors (excluding outside directors and non-residents of Japan) as of the date of this resolution was seven. The amount of the stock-based remuneration presented above represents the fees incurred regarding the stock-based points granted during the business year under review concerning the BIP Trust for directors. At the 16th Ordinary General Meeting of Shareholders held on March 25, 2022, the maximum amount of money to be contributed per business year by the Company was revised to 434 million yen, and the maximum points granted per business year to those eligible for the system was revised to 806,000 points (equivalent to 806,000 shares of the Company). The number of directors (excluding outside directors and non-residents of Japan) as of the date of this resolution was seven.

Accounting Audit and Auditor Compensation

In accordance with the Companies Act and the Financial Instruments and Exchange Act, we accept accounting audits from Ernst & Young ShinNihon LLC. The amount of auditor compensation is determined in total based on the audit plan and the number of auditing dates, after obtaining approval from the Audit & Supervisory Board.

(1) Status of accounting audit

Name of CPA firm	Ernst & Young ShinNihon LLC
Cumulative accounting audit period	46 years
Name of CPAs conducting accounting audit	Hiroaki Kosugi, Satoshi Takahashi Takeshi Yoshida, Kentaro Moronuki
Accounting audit members	29 CPAs, 7 persons who passed an accounting exam, etc., and 43 others

(2) Compensation paid to the CPAs

Compensation for auditing services	¥353 million INPEX: 270 million; Consolidated subsidiaries: ¥82 million
Compensation for non-auditing services	¥17 million INPEX: ¥5 million; Consolidated subsidiaries: ¥12 million

(3) Compensation paid to the network firm (excluding (2))

Compensation for auditing services	¥132 million INPEX: —; Consolidated subsidiaries: ¥132 million
Compensation for non-auditing services	¥142 million INPEX: ¥10 million; Consolidated subsidiaries: ¥132 million

Internal & Outside Officer Roundtable

INPEX has evaluated the effectiveness of its Board of Directors on an ongoing basis since FY2015, and has taken action to enhance the Board's performance by responding to the issues identified in the process. The Company additionally issued the Long-term Strategy and Medium-term Business Plan (INPEX Vision @2022) this past February. Further to these activities, a roundtable discussion was held among internal and outside officers to examine the Board's effectiveness and its role in leading INPEX forward.

Topic 1 The Effectiveness of the INPEX Board of Directors

——Sase: Ms. Nishimura, Mr. Nishikawa, and Mr. Akiyoshi, you have served in your current positions for four, two, and three years, respectively. Based on what you've seen in that time, what are your impressions of our Board of Directors' composition, climate, and functioning? Also, has the Board changed in any way?

Nishimura: Diverse challenges have emerged during the several years that I have been a director. Energy companies have reached a turning point. Action needs to be taken on climate change. COVID-19 has had a severe impact on society and the economy. Geopolitical risks are growing. Because of the need to respond to these and other challenges, the Board of Directors has devoted considerable time in its meetings to the discussion of medium- and long-term strategies and ways to further enhance INPEX's competitiveness and enterprise value—more time than is given to discussion of specific projects.

Steps have been taken to improve how meetings are held to ensure those medium-to-long-range issues can be fully explored and the Board can perform more effectively. For instance, outside officers are given enhanced pre-meeting briefings, the agenda is streamlined, and information is shared in a more timely manner.

Another positive change is that the Board membership has been made more diverse. Five of the twelve directors and four of the five auditors are from outside the company. Having a Board made up of people with diverse insights has enabled us to have livelier, more meaningful discussions that incorporate many different perspectives. Also, efforts have been made to increase opportunities for outside Board members to visit operating sites in Japan and overseas. Facility tours and chats with local employees have helped us to better appreciate the importance of operatorship in major projects. And, when visiting Australia, we've been able to meet with government representatives and indigenous peoples, allowing us to directly hear the thoughts and expectations of local stakeholders. These opportunities have been very informative for us, so I hope that the Company will continue to provide them.

Nishikawa: My impression is that the executive leadership and secretariat have been working in many ways to enhance the Board's performance. Changes such as holding pre-meeting briefings and disclosing the content of Executive Committee meetings have made the Board meeting agenda more clear-cut and reduced the time it takes for executive officers to bring outside officers up to speed on each item. This means we can optimize Board meeting time for important deliberations. I also feel a solid system of support has been put in place, with the Company duly following up on points raised by outside officers and striving to make improvements where needed.

As for the Board's composition, I think it has been made sufficiently diverse through the Company's efforts, including another enhancement made earlier this year. Bringing together people with different backgrounds enables a wide range of insights to be shared in our discussions, and the executive team really strives to tune in to those insights. The result is each topic gets explored and examined from diverse angles. With regard to the ratio of members from outside, I think this should be tailored to INPEX'S standing as both a listed company and a key player in the implementation of Japan's energy policy.

Akiyoshi: I think that Board discussions have become more energized over the past three years. I'm extremely impressed by how the Board is proactive in engaging the outside directors in its discussions, and the eagerness with which the internal directors take part. I hope that INPEX will continue to cultivate a climate that encourages such open-minded discussion.

In terms of membership, I think that the Board's current size is a good size to enable meaningful discussion. As for its diversity, however, more work should be done to appoint people who can help the Company tackle the challenges outlined in INPEX Vision @2022.

I also hope that the Company will keep up its efforts to enhance the Board's understanding of various topics—particularly with regard to the technical knowledge needed to advance decarbonization—and continue to provide us with opportunities to exchange information and insights on the current state of the energy market, including global supply and demand.

Sase: We will maintain our commitment to deepening the Board's knowledge and understanding through actions such as the enhanced pre-meeting briefings, and hosting lectures by various experts. Further, after the pandemic subsides, we will provide the Board members opportunities for site visits in Japan and overseas.

Topic ❷ INPEX's Future, as Viewed through the Lens of the Business Environment

——**Kittaka:** **In February this year, INPEX set forth its Long-term Strategy and Medium-term Business Plan (INPEX Vision @2022, hereafter "the Vision"). Ms. Nishimura, Mr. Nishikawa, and Mr. Akiyoshi—as three of our outside officers, you were actively involved in the discussions to formulate the Vision. Please tell us your thoughts on the Vision, and the future of INPEX. Also, as the Vision comprehensively deals with sustainability, please share what you think about the sustainability of INPEX.**

Nishimura: The Board spent a large amount of time discussing the Vision, based on ample information provided to all directors and Audit & Supervisory Board members. The discussions that eventually led to the Vision's release this past February expanded on talks the Board had when hammering out the Business Development Strategy issued in 2021. I believe that the Vision provides a roadmap that will enable INPEX to surmount the energy market's growing instability and complexity. While the importance of maintaining a stable supply of energy is increasing, the trend toward decarbonization will continue over the medium and long term, and the movement toward greater ESG investment will likewise pick up steam. The Vision charts a course for INPEX to successfully navigate this setting and play a leading role in developing and stably supplying a clean, diverse mix of energy. That's the future that the Vision articulates for INPEX. It won't always be smooth sailing, but as the Company rapidly expands its business portfolio under the Vision, the Board will make even more concerted efforts to share information with executive management in a timely manner so that all business decisions will be grounded in a solid understanding of the Company's situation. Although it's only been a few months since it was unveiled, I feel INPEX is already ambitiously moving to bring 'a new wind' to the energy market by putting the Vision into action. For example, INPEX has carried out prudent organizational restructure and established a new technology center—the INPEX Research Hub for Energy Transformation (I-RHEX). This bold start has me very excited for INPEX's future.

As for the Company's sustainability, I think it will be largely underpinned by the efforts and achievements made toward the Vision's goal of sustainably supplying the energy needed by society. Of course, this commitment to sustainability is not limited to business—it encompasses ESG and all other aspects of the Company's operation. Therefore, this pursuit will require constant effort.

Nishikawa: The goal of achieving both a net zero carbon society and a stable energy supply is a daunting challenge for the whole world. Meanwhile, the business environment is plagued with growing uncertainty. In a setting like this, it is impossible for companies to make perfect business decisions. The most realistic approach, I think, is to build up an organization that can flexibly and agilely respond to the unexpected. As outside officers, our job is to help the Company construct this kind of organization, by making sure that corporate governance is functioning as intended. Of course, a company doesn't run solely on the efforts of its officers—it will be increasingly imperative for all employees to drive INPEX forward to success. For this to happen, the Company's leadership has to take certain actions, such as providing an adequate share of profits to employees. INPEX also needs to be a company where employees can experience the appeal and reward of being part of cutting-edge efforts to realize a net zero carbon society. I really want the Company to work together as one big team as it takes on the daunting challenge at hand.

Sase: **One of the Vision's aims is to lay the foundation to make INPEX "a most rewarding company to work for". I firmly recognize the importance of that aim and want to help lead our Company to achieve it.**

Akiyoshi: The realization of a stable energy supply and a net zero carbon society is a global sustainability challenge that INPEX is tackling head on. And it cannot be solved unless employee engagement is taken to a higher level. I believe the hiring and training of talent is intrinsically linked to INPEX's future and therefore a critical activity. I especially encourage the Company to get an early start on boosting its efforts for talent acquisition.

Nishimura: I also think securing outstanding talent is an important issue for INPEX. I currently teach at a university, so I have opportunities to interact with young people. They show a sense of ownership toward global challenges. Many of them want to be part of the efforts to solve those problems in some way or another. I think that INPEX should boldly showcase its standing as a company that can help the world to overcome global challenges and achieve the SDGs. I think the Vision will strongly appeal to younger generations, so I would like INPEX to more actively promote it outside the Company.

Nishikawa: I think that one effective way of developing our younger talent would be to provide them with regular opportunities to study and share insights with peers and mid-level workers at companies in other industries. A surprisingly large number of people know very little about industries outside their own, so I believe that learning about other domains would be a rich source of ideas that our employees could put to use in their jobs.

Kittaka: **It think that it's necessary for us as executive managers to proactively leverage INPEX's strengths in ways that foster employee solidarity. We need to have our outside officers provide their diverse insights to help us evolve the five net zero businesses into strengths.**

Akiyoshi: Within those five businesses, I especially see potential in hydrogen/ammonia and CCUS, as they are areas where INPEX can play to the strengths the Company has cultivated over the years.

Nishimura: INPEX's future will be largely decided by how we target our investments in the years ahead. To make the right choices, the Company needs to get a precise handle on the changing environment and view everything from a long-range perspective.

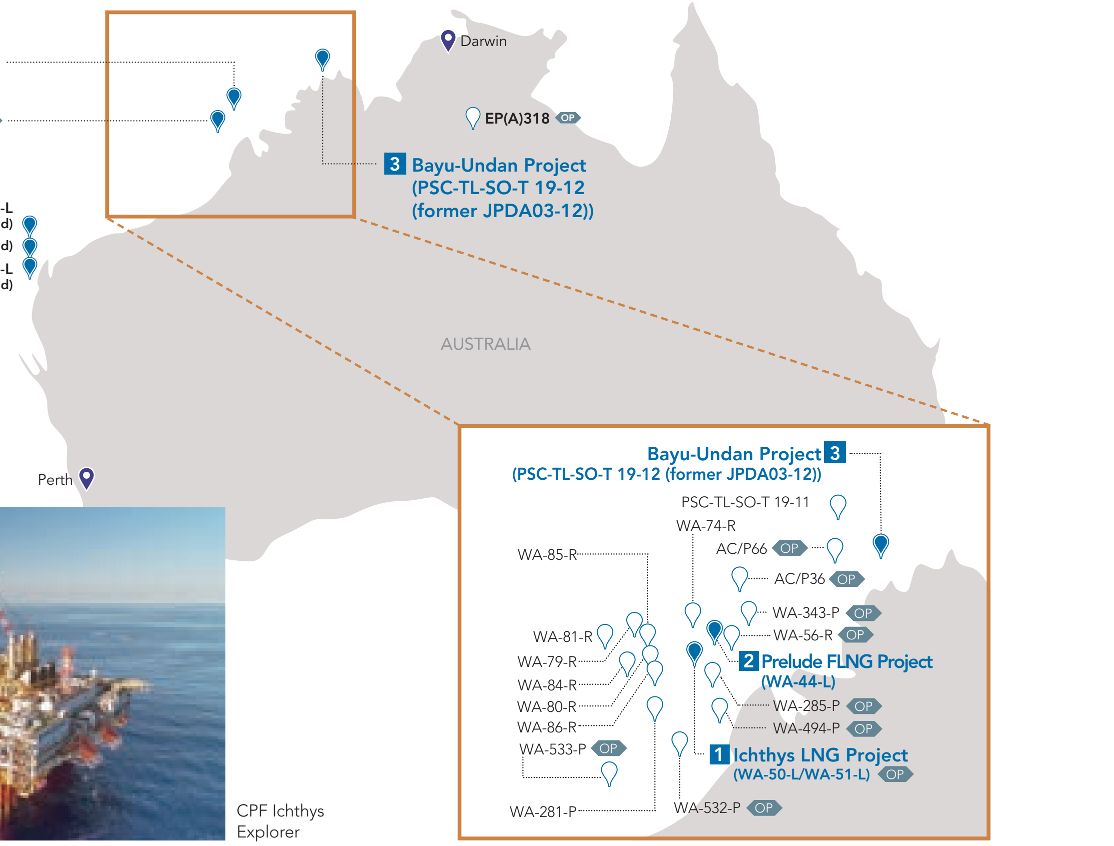
Nishikawa: Instead of trying to go it alone, INPEX should lead the energy industry and actively pursue collaboration with other businesses and academia.

Sase: **Thank you, everyone, for sharing your valuable insights today. Your inputs will help us in our efforts to further enhance the Board of Directors' performance and accelerate the implementation of INPEX Vision @2022.**

Project Overview by Core Business Areas

Australia

In the Oceania region, INPEX is the operator of Ichthys, a large-scale liquefied natural gas (LNG) project, and is actively involved in exploration projects, seeking further growth in the region.



CPF Ichthys Explorer

1 Ichthys LNG Project

In 1998, INPEX acquired an exploration permit in the block where the Ichthys Gas-Condensate Field is now located, and following development studies including exploration, evaluation, and front-end engineering design (FEED) work, INPEX announced its final investment decision (FID) in January 2012. Following the completion and commissioning of production facilities, INPEX commenced production in July 2018 and later began shipping condensate, LNG, and liquefied petroleum gas (LPG). Stable production has continued since the launch of production in 2018, and 117 LNG cargoes were shipped from the plant in 2021. Maintenance required for safe and stable operations will be conducted for approximately one month, from July to August 2022. Shipments of approximately 10 LNG cargoes per month are expected in fiscal 2022 as well. We are improving the production process to further increase the current annual LNG production capacity of 8.9 million tons and building a framework to stably supply 9.3 million tons per year by 2024.

Contract area (block)	Project status	Production capacity	Venture company (established)	Interest owned (*Operator)
WA-50-L/ WA-51-L	In production	LNG: Approximately 8.9 million tons per year LPG: Approximately 1.65 million tons per year Condensate: Approximately 100 thousand barrels per day (at peak)	INPEX Ichthys Pty Ltd (April 5, 2011)	INPEX Ichthys Pty Ltd* 66.245% TotalEnergies 26.000% CPC 2.625% Tokyo Gas 1.575% Osaka Gas 1.200% Kansai Electric Power 1.200% JERA 0.735% Toho Gas 0.420%

Introduction of CCS

While maintaining and expanding LNG production, INPEX addresses climate change by considering CCS projects for capture, underground injection and storage of the CO_2 emitted from our production operations. Specifically, we plan to drill appraisal wells in northern Australia for implementation of CCS. We will introduce CCS to Ichthys in the late-2020s and aim to start injection of 2 million tons of CO_2 per year as a first step.

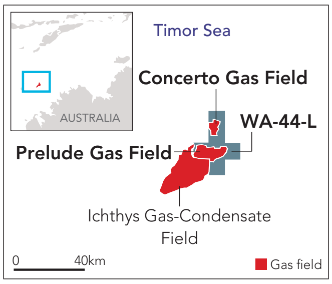
Surrounding exploration blocks

INPEX holds interests in 17 exploration blocks in the vicinity of the Ichthys Gas-Condensate Field and has discovered gas in several of these blocks. Expecting various synergies, including effectively using existing facilities, we will accelerate participation in exploration activities in the vicinity of the Ichthys Field as well as the development of discovered but undeveloped assets to further ensure a sustained production volume in the long term, and then aim to further expand production volume visualizing the expansion of Ichthys in around 2030.

Contract area (block)	Project status	Venture company (established)	Interest owned (*Operator)
WA-84-R/WA-85-R/ WA-86-R	Under exploration (blocks under appraisal on the discovery of gas and condensate)	INPEX Browse E&P Pty Ltd (October 21, 2013)	INPEX Browse E&P Pty Ltd 40% Santos* 60%
WA-56-R			INPEX Browse E&P Pty Ltd* 60% TotalEnergies 40%
WA-80-R			INPEX Browse E&P Pty Ltd 26.6064% Santos* 63.6299% Beach 9.7637%
WA-281-P			INPEX Browse E&P Pty Ltd 29.5% Santos* 70.5%
WA-74-R/WA-79-R/ WA-81-R/			INPEX Browse E&P Pty Ltd 40% Santos* 60%
WA-285-P	Under exploration		INPEX Browse E&P Pty Ltd* 62.245% TotalEnergies 30.000% CPC 2.625% Tokyo Gas 1.575% Osaka Gas 1.200% Kansai Electric Power 1.200% JERA 0.735% Toho Gas 0.420%
WA-494-P/ WA-532-P/ WA-533-P			INPEX Browse E&P Pty Ltd* 100%
WA-343-P			INPEX Browse E&P Pty Ltd* 100%
AC/P36			INPEX Browse E&P Pty Ltd* 50% Murphy 50%
AC/P66			INPEX Browse E&P Pty Ltd* 100%
EP(A)318		INPEX Oil & Gas Australia Pty Ltd (February 28, 2012)	

2 Prelude FLNG Project (WA-44-L)

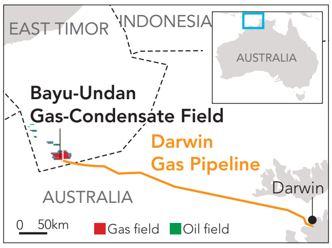
In June 2012, INPEX acquired a 17.5% interest in the Prelude FLNG (floating LNG) Project from Shell during the project's development stage. The Prelude FLNG Project involves the production of approximately 3.6 million tons per year of LNG, 400 thousand tons per year of LPG at peak and approximately 1.3 million tons of condensate per year at peak from the Prelude Gas Field located in Block WA-44-L, approximately 475 kilometers north-northeast of Broome, off the coast of Western Australia. Shell as the operator of the Prelude FLNG Project announced its final investment decision (FID) in May 2011. Following the completion and commissioning of production facilities, gas production from the wellhead commenced in December 2018. The first condensate cargo was shipped in March 2019 followed by the first LNG cargo in June 2019.



Contract area (block)	Project status	Production capacity	Venture company (established)	Interest owned (*Operator)
WA-44-L	In production	LNG: Approximately 3.6 million tons per year LPG: Approximately 400 thousand tons per year (at peak) Condensate: Approximately 1.3 million tons per year (at peak)	INPEX Oil & Gas Australia Pty Ltd (February 28, 2012)	INPEX Oil & Gas Australia 17.5% Shell* 67.5% KOGAS 10.0% OPIC 5.0%

3 Bayu-Undan Project (PSC-TL-SO-T 19-12 (former JPDA03-12))

In 1993, INPEX acquired an interest in the former JPDA03-12 contract area, which was jointly managed by Australia and East Timor. Exploration within this contract area resulted in the discovery of oil and gas fields. Of these, studies revealed that the Undan structure and the Bayu structure, located in the adjacent former JPDA03-13 contract area, were a single structure. The interest holders unitized both contract areas into one in 1999, which is now known as the Bayu-Undan Gas-Condensate Field and produces and ships condensate, LPG and LNG. As a result of the ratification of a maritime boundary treaty between Australia and East Timor, a new production sharing contract (PSCTL-SO-T 19-12) was bound with East Timor in 2019. As part of action on climate change, the project is considering a CCS project for capture, underground injection and storage of the CO_2 emitted from the Barossa Gas Field located in waters northwest of Australia and other oil and gas fields around it, by reusing the production facilities of the Bayu-Undan Gas-Condensate Field after the termination of production there, along with the Darwin LNG facilities.



Map includes provisional maritime boundaries

Contract area (block)	Project status	Production volume**	Venture company (established)	Interest owned (*Operator)
PSC-TL-SO-T 19-12	In production	Crude oil: 12 Kbbld Natural gas***: 456 MMcf/d LPG: 6 Kbbld	INPEX Sahul, Ltd. (March 30, 1993)	INPEX Sahul 19.2458049% Santos* 64.8404271% SK E&S 15.9137680%
Bayu-Undan Unit				INPEX Sahul 11.378120% Santos* 59.351675% SK E&S 9.0862320% Eni 10.985973% Tokyo Timor Sea Resources (JERA/Tokyo Gas) 9.1980000%

** Daily production volume on the basis of all fields and average rate of fiscal year ended December 31, 2021
*** Not the volume at wellheads but corresponds to the gas volume sold to buyers

Other projects

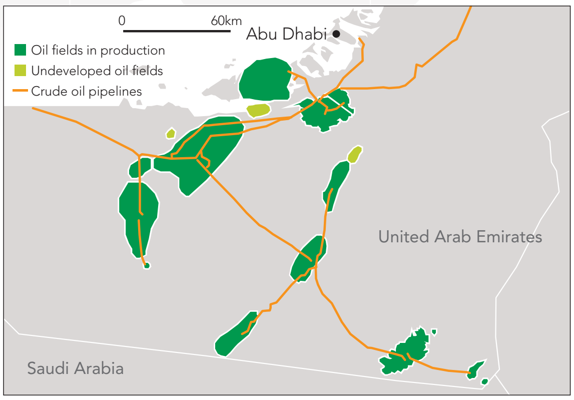
Contract area (block)	Project status	Venture company	Interest owned (*Operator)
WA-35-L & WA-55-L (Van Gogh Oil Field, Coniston Oil Field)	In production	INPEX Alpha, Ltd.	INPEX Alpha, Ltd. 47.499% Santos* 52.501%
WA-43-L (Ravensworth Oil Field)			INPEX Alpha, Ltd. 28.5% BHPBP* 39.999% Santos 31.501%
PSC-TL-SO-T 19-11	Under exploration	INPEX Offshore Timor-Leste, LTD.	INPEX Offshore Timor-Leste, LTD. 35.47% Eni* 40.53% Timor Gap 24%

Abu Dhabi

In Abu Dhabi in the United Arab Emirates, INPEX works on, in addition to exploration activities, further expanding production capacity through various production projects continuing steady production.

1 Abu Dhabi Onshore Concession

INPEX acquired a 5% interest in the ADCO Onshore Concession in Abu Dhabi in April 2015 following its participation in a bid. INPEX also concluded a 40-year agreement, effective January 1, 2015, with the Supreme Petroleum Council of the Emirate of Abu Dhabi and Abu Dhabi National Oil Company (ADNOC). The concession contains one of the world's largest deposits of oil. Stable production of crude oil is currently under way from twelve deposits, and plans are being considered to further increase the daily production capacity from its current two million barrels per day.

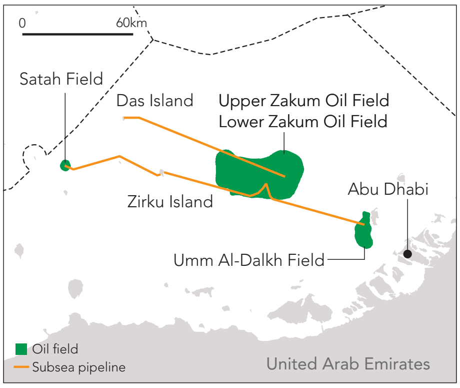


Oil processing facility

Contract area (block)	Project status	Venture company (established)	Interest owned
Abu Dhabi Onshore Block	In production	JODCO Onshore Limited (April 15, 2015)	JODCO 5% ADNOC 60% TotalEnergies 10% BP 10% CNPC 8% NPIC 4% GS 3%

2 Abu Dhabi Offshore Oil Fields

INPEX has been engaged in the development and production of oil fields offshore Abu Dhabi in the United Arab Emirates since 1973. In January 2014, we extended our concession agreement for the Upper Zakum Oil Field by 15 years. Subsequently, in November 2017, we agreed on the plan to increase the oil field's production capacity to one million barrels per day and extended our concession agreement by a further ten years. In February 2018, we newly acquired an interest in the Lower Zakum Oil Field concession and extended our existing concession agreements for the Satah and Umm Al-Dalkh Oil Fields by 25 years. INPEX is now engaged in the development and production of four oil fields offshore Abu Dhabi, namely the Upper Zakum Oil Field, which is one of the largest in the world, as well as the Lower Zakum, Satah, and Umm Al-Dalkh Oil Fields. The crude oil produced in the Upper Zakum, Satah and Umm Al-Dalkh Oil Fields is transported to Zirku Island, about 60 kilometers from the Upper Zakum Oil Field. There, the crude oil is processed before being stored and shipped as Upper Zakum Crude Oil. The crude oil produced in the Lower Zakum Oil Field is transported to Das Island, about 90 kilometers away, where it is processed before being stored and shipped as Das Crude Oil. INPEX was appointed as the asset leader of the Lower Zakum Oil Field concession by ADNOC. As asset leader, INPEX plays a leading role in advancing development and is working closely with ADNOC and its partners to lift the oil field's production capacity to 450 thousand barrels per day.

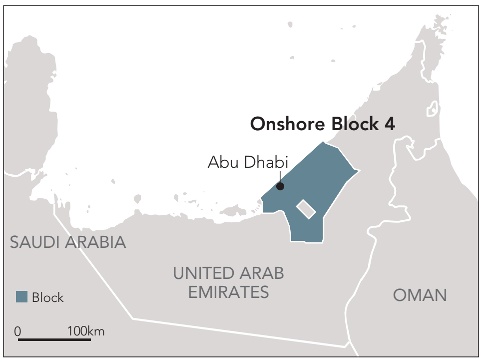


Zirku Island

Contract area (block)	Project status	Target production capacity	Venture company (established)	Interest owned
Lower Zakum Oil Field	In production	Approximately 450 thousand barrels per day	JODCO Lower Zakum Limited (January 25, 2018)	JODCO 10% ADNOC 60% Consortium of three Indian companies 10% CNPC 10% TotalEnergies 5% Eni 5%
Upper Zakum Oil Field		Approximately 1 million barrels per day	Japan Oil Development Co., Ltd. (JODCO) (February 22, 1973)	JODCO 12% ADNOC 60% ExxonMobil 28%
Satah Field/ Umm Al-Dalkh Oil Fields		Approximately 25 thousand barrels per day / Approximately 20 thousand barrels per day		JODCO 40% ADNOC 60%

3 Onshore Block 4

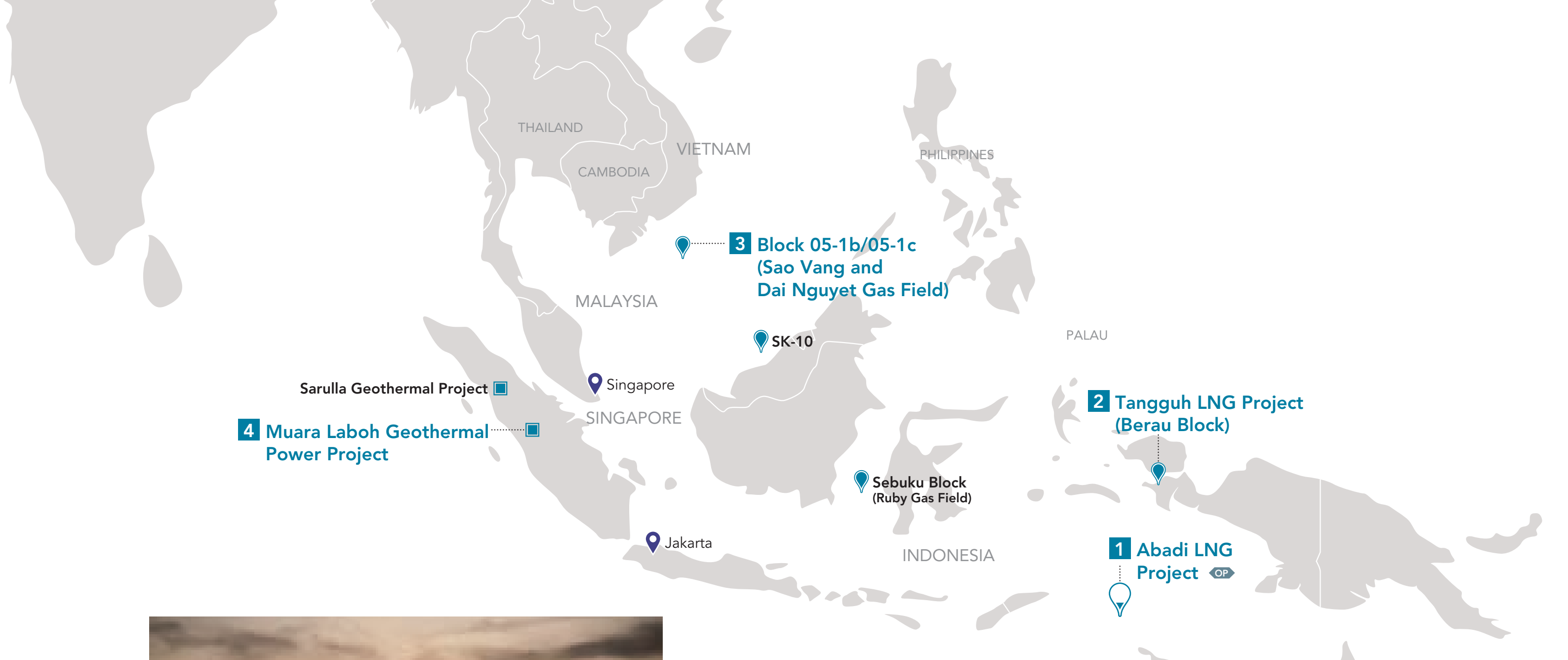
INPEX participated in the first-ever block bid round conducted by the Abu Dhabi National Oil Company (ADNOC) in Abu Dhabi in the United Arab Emirates in 2018 and was exclusively awarded Onshore Block 4 as the operator. After drilling exploratory wells from May to August 2021, we have discovered multiple oil and gas reservoirs. We aim to move to development and commence production at an early stage following appraisal activities.



Contract area (block)	Project status	Venture company (established)	Interest owned
Onshore Block 4	Under exploration	JODCO Exploration Limited (February 6, 2019)	JODCO 100%

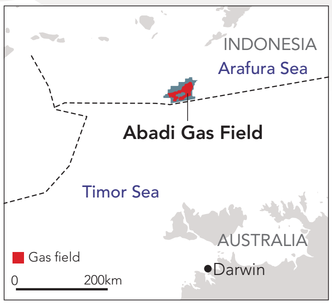
Southeast Asia

In Southeast Asia, INPEX focuses on Abadi, a large-scale LNG project, and other projects such as the Muara Laboh Geothermal Power Project.



Abadi LNG Project drilling ship

1 Abadi LNG Project

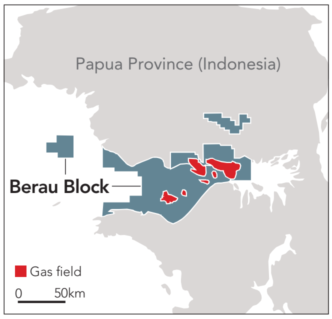


The Abadi LNG Project is based on an onshore LNG development scheme that INPEX as the operator is preparing for development alongside Shell in the Masela Block offshore Indonesia. The project is expected to produce approximately 9.5 million tons of LNG per year and up to approximately 35 thousand barrels of condensate per day. The project will also supply 150 million cubic feet of natural gas per day via pipeline to address local demand for natural gas. INPEX acquired a 100% interest in the Masela Block in November 1998 through an open bid conducted by the Indonesian authorities. INPEX subsequently conducted exploration activities as the operator, discovering the Abadi Gas Field through the first exploratory well drilled in 2000. Following exploration, evaluation activities and development studies, INPEX conducted Pre-FEED work from March to October 2018 based on an onshore LNG development scheme envisaging an annual LNG production capacity of 9.5 million tons. INPEX submitted a revised plan of development in June 2019 and received approval from the Indonesian authorities in July 2019. Alongside the approval of the revised development plan, the Indonesian authorities also approved an extension of the term of the Masela Block Production Sharing Contract (PSC) until 2055. Subsequently, detailed survey work in the planned construction site for the LNG plant and its surrounding areas was underway until it was suspended due to the impact of the COVID-19 pandemic. Considering the need to contribute to a net zero carbon society, INPEX is conducting a comprehensive study of measures such as the introduction of CCUS to make the project cleaner and further reduce costs and promote the project as a competitive and clean project with the aim of commencing production in the early 2030s.

Contract area (block)	Project status	Venture company (established)	Interest owned (*Operator)
Masela	Preparation for development	INPEX Masela, Ltd. (December 2, 1998)	INPEX Masela* 65%, Shell 35%

2 Tangguh LNG Project (Berau Block)

MI Berau B.V., jointly established by INPEX and Mitsubishi Corporation, acquired an interest in the Berau Block in October 2001. In October 2007, MI Berau Japan Ltd., also a joint venture with Mitsubishi Corporation, acquired a stake in KG Berau Petroleum Ltd., effectively increasing INPEX's interest in the Tangguh LNG Project to around 7.79%. In March 2005, Indonesian authorities approved an extension of the PSC and project development plans for the Tangguh LNG Project until 2035. Following development work, the first shipments of LNG began in July 2009. The final investment decision (FID) to expand the Tangguh LNG Project was made in July 2016. The Tangguh LNG expansion project will add a third LNG processing train, which is currently under construction, with production capacity of 3.8 million tons per annum, to the existing two trains with production capacity of 7.6 million tons per annum.

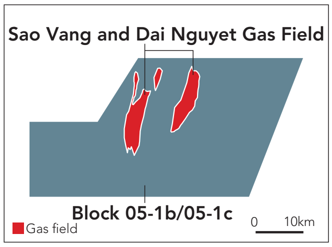


Contract area (block)	Project status	Production volume**	Venture company (established)	Interest owned (*Operator)
Berau	In production	Crude oil: 6 Kbbld Natural gas***: 1,114 MMcf/d	MI Berau B.V. (August 14, 2001)	MI Berau 22.856% BP* 48.0% Nippon Oil Exploration (Berau) 17.144% KG Berau 12.0%
Tangguh Unit				MI Berau 16.3% BP* 40.22% CNOOC 13.9% Nippon Oil Exploration (Berau) 12.23% KG Berau 8.56% LNG Japan 7.35% KG Wiriagar 1.44%

** Daily production volume on the basis of all fields and average rate of fiscal year ended December 31, 2021
*** Not the volume at wellheads but corresponds to the gas volume sold to buyers

3 Block 05-1b/05-1c (Sao Vang and Dai Nguyet Gas Field)

In 2004, INPEX acquired Blocks 05-1b and 05-1c, located 350 kilometers southeast of Ho Chi Minh City, Vietnam. In 2010, an exploration well was drilled in the Dai Nguyet (DN) structure leading to the discovery of gas and condensate accumulations. In 2014, another exploration well was drilled in the Sao Vang (SV) structure which also led to the discovery of gas and condensate accumulations. In 2017, a development plan for the SV/DN gas field was approved by the Vietnamese government, and sales of gas from the Sao Vang Gas Field commenced in November 2020. Development work will also continue on the Dai Nguyet Gas Field.



Contract area (block)	Project status	Production volume**	Venture company (established)	Interest owned (*Operator)
Block 05-1b/05-1c	In production	Natural gas: 1.5 billion m³ per year (expected) Crude oil and condensate: 2.8 million bbl per year (expected)	Teikoku Oil (Con Son) Co., Ltd. (October 29, 2004)	Teikoku Oil (Con Son) Co., Ltd. 36.92% Idemitsu Gas Production (Vietnam) Co., Ltd.* 43.08% Vietnam Oil and Gas Group (PetroVietnam) 20%

** Production on the basis of all fields

4 Muara Laboh Geothermal Power Project

INPEX joined the Muara Laboh Geothermal Power Project in December 2021. The Project is based in the Muara Laboh Geothermal Block in the Solok Selatan region in Indonesia's West Sumatra province, and is operated jointly by major European integrated energy company ENGIE, Sumitomo Corporation and PT Supreme Energy, a private Indonesian geothermal power generation business developer. The Muara Laboh Geothermal Power Plant is currently in commercial operation with a rated output of approximately 85 megawatts and produces a volume of electricity equivalent to what is consumed annually by approximately 420,000 households in Sumatra, Indonesia. Electricity generated by the plant using geothermal resources is planned to be marketed to Indonesian national power company PT PLN (Persero) over a 30-year period from the start of commercial operations in December 2019.

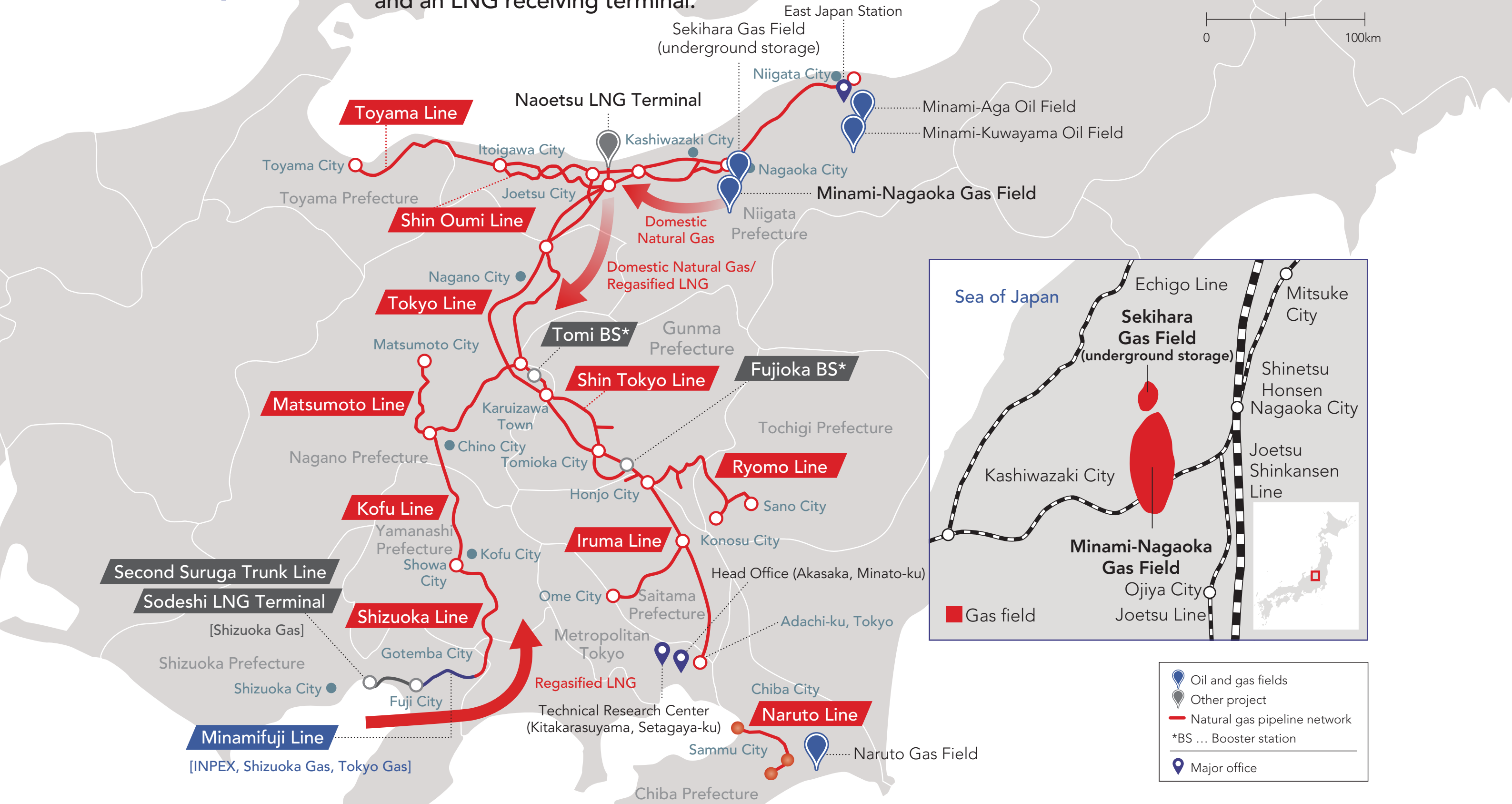
Contract area (block)	Project status	Venture company (established)	Interest owned (*Operator)
Muara Laboh Geothermal Power Project	In commercial operation	INPEX GEOTHERMAL, LTD. (May 26, 2021)	PT Supreme Energy Muara Laboh* (Share owned: INPEX GEOTHERMAL 30% Sumitomo Corporation 50% PT Supreme Energy 20%)

Other projects

Contract area (block)	Project status	Venture company	Interest owned (*Operator)
Sebuku Block	In production	INPEX South Makassar, Ltd.	INPEX South Makassar, Ltd. 15% Pearl Oil* 70% TotalEnergies 15%
SK-10	In production	JX Nippon Oil & Gas Exploration (Malaysia) Limited	JX Nippon Oil & Gas Exploration (Malaysia) Limited* 75% Petronas 25% Share in JX Nippon Oil & Gas Exploration (Malaysia) Limited 15%
Sarulla Geothermal Project	In commercial operation	INPEX Geothermal Sarulla, Ltd.	Sarulla Operations Ltd.* (Share owned: INPEX Geothermal Sarulla 18.2525% Kyushu Electric Power 25% Itochu 25% Medco Energy International 18.9925% Ormat Technologies 12.75%)

Japan

INPEX is active in the Minami-Nagaoka Gas Field in Niigata Prefecture, one of the largest of its kind in Japan and operates a natural gas pipeline extending approximately 1,500 kilometers and an LNG receiving terminal.



Domestic Natural Gas Business

In Japan, the natural gas produced from the INPEX-operated Minami-Nagaoka Gas Field (Niigata Prefecture), as well as the re-gasified LNG and other products received and manufactured at the Naoetsu LNG Terminal (Niigata Prefecture), which commenced operations in December 2013, is transported through a natural gas trunk pipeline network of approximately 1,500 kilometers stretching across the Kanto, Koshinetsu and Hokuriku regions, and sold to customers including city gas companies and large-scale plants located along the network.

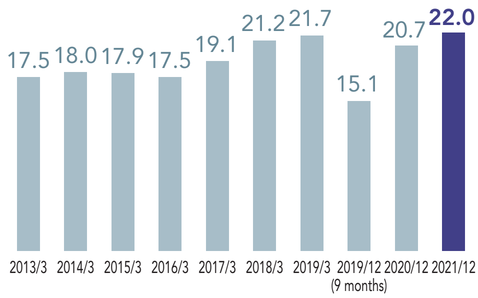
To improve resistance to low oil prices through enhanced operational efficiency, INPEX aims to reduce cost and improve technical capabilities by consolidating plants and conducting in-house maintenance, and raise plant operation rates through suitable management. In terms of domestic natural gas pipelines, the Company seeks to improve the resilience of the supply system in Japan by completing the Shin Tokyo Line extension by 2024.

INPEX has experienced steady growth in sales of natural gas volume due to efforts to expand its supply infrastructure, as well as the highly environmentally friendly attributes of natural gas. Natural gas is expected to be used for a wide variety of applications, not only as a fuel for thermal energy but also as a fuel for onsite power generation and co-generation, as well as a fuel for natural gas electric power plants and a raw material for chemical products.

In the Japanese energy market, INPEX faces challenging business conditions as competition continues to intensify. INPEX is focusing on developing its business to better address the diversifying needs of customers by implementing initiatives conducive to a net zero carbon society as well as measures to strengthen the Company's resilience. These include making proposals for the introduction of carbon neutral gas, onsite methanation and hydrogen supply, in addition to conversion from other fuels to gas. Efforts are also made to help city gas providers serving as gas wholesalers by supporting their initiatives to respond to local expectations and needs through our INPEX 4U Challenge Lab, and to promote the electric power sales business, including the microgrid business conducive to localized energy production and consumption and reinforcing resilience. At the Naruto Gas Field in Chiba Prefecture, natural gas is being produced from water-soluble gas fields. In addition, after extraction of the natural gas from underground water (brine water), the brine water is used to produce iodine, which is exported to Europe, the United States and elsewhere.

Natural Gas Sales Volume in Japan

Note: 41.86 MJ per 1 m (100 million Nm/year)

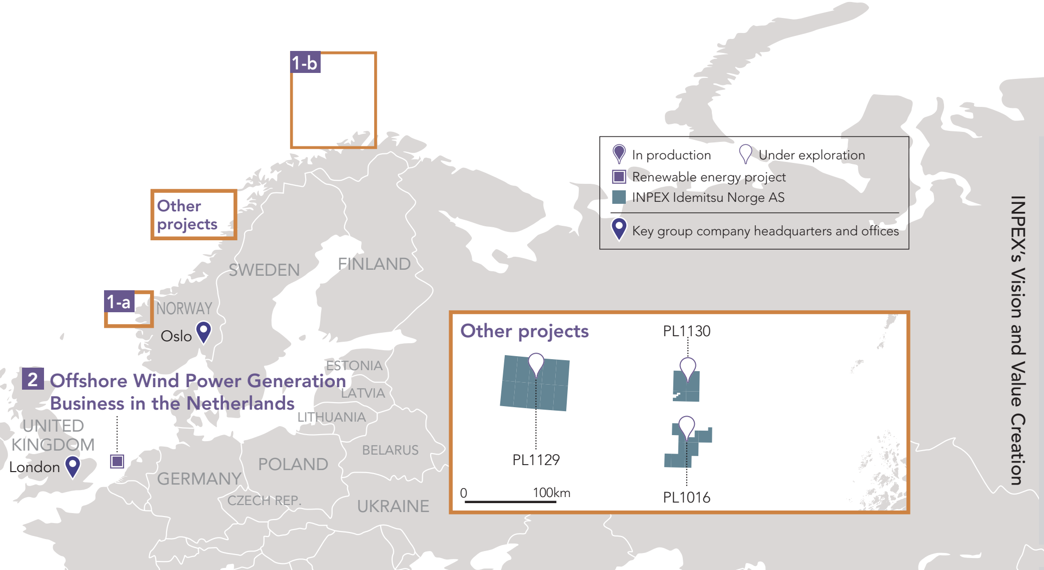


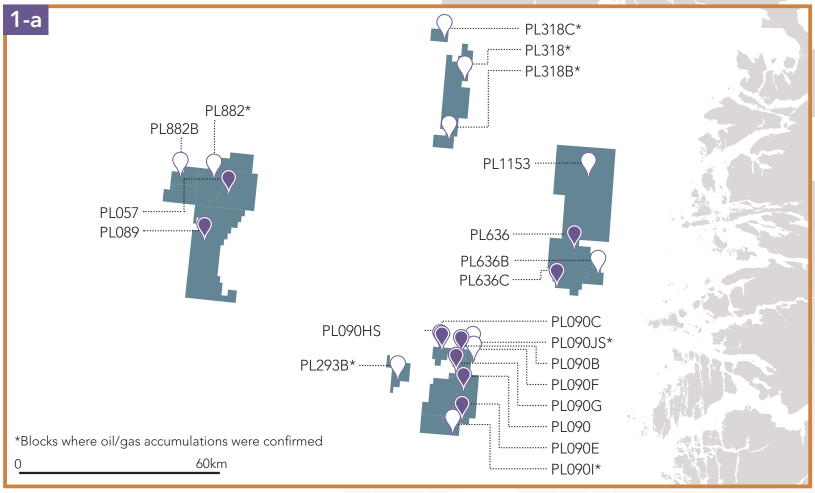
Domestic Exploration Projects

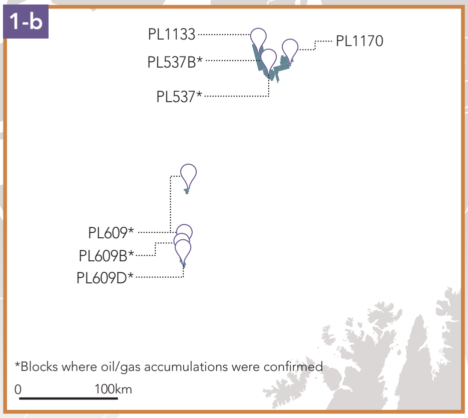
INPEX plans to explore natural gas in Minami-Sekihara (Niigata Prefecture) and offshore Shimane and Yamaguchi Prefectures in 2022. Exploratory drilling is expected to start in Minami-Sekihara in November 2022. The exploratory drilling in offshore Shimane and Yamaguchi Prefectures commenced in May 2022.

Europe

In Europe, our focus is placed on the upstream business in Norway and other areas, as well as wind power projects in the Netherlands.



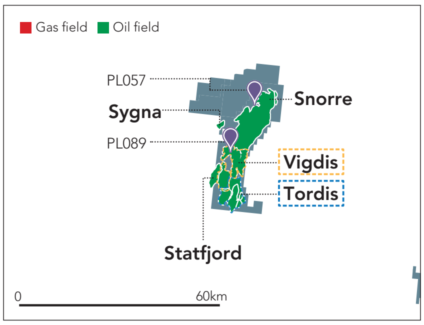


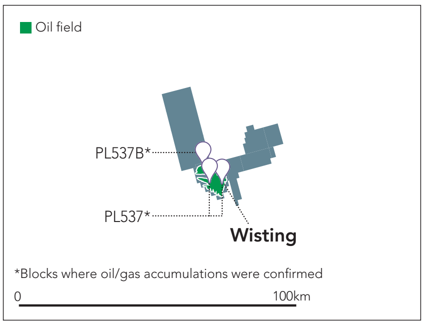


1 Snorre Project and others

In January 2022, INPEX acquired 50.5% of shares in Idemitsu Snorre Oil Development Co., Ltd. (new corporate name: INPEX Norway Co., Ltd.), which had been held by Idemitsu Kosan Co., Ltd. and Osaka Gas Summit Resources Co., Ltd. Through its wholly owned Norwegian subsidiary INPEX Idemitsu Norge AS (IIN), INPEX Norway currently owns 10 oil and gas assets in production, including the Snorre Project, as well as interests in multiple promising discovered but undeveloped oil and gas fields and exploration licenses. The new addition is expected to help optimize INPEX's upstream business portfolio.

The Snorre Project, IIN's flagship asset, is expected to draw approximately 35% of its entire power from the Hywind Tampen floating wind farm currently under construction. Furthermore, Wisting Oil Field development plan located in PL537 and 537b are considering reducing CO_2 emissions from oil and gas field production plants by using power from onshore hydropower generation.





Rendering of Hywind Tampen as viewed from the platform, upon completion

Contract area (block)	Project status	Venture company (established)	Interest owned (*Operator)
PL057	In production (Snorre)	INPEX Idemitsu Norge AS (September 25, 1989)	INPEX Idemitsu Norge AS 9.6% Equinor* 31.0% Petoro 30.0% Wintershall Dea 24.5% Vår 4.9%
PL089	In production (Snorre, Tordis, Vigdis, Statfjord Øst, Sygna)		INPEX Idemitsu Norge AS 9.6% Equinor* 41.5% Petoro 30.0% Vår 16.1% Wintershall Dea 2.8%
PL537, PL537B	Under exploration (blocks where oil/gas accumulations were confirmed)		INPEX Idemitsu Norge AS 10.0% Equinor* 35.0% Lundin 35.0% Petoro 20.0%

2 Offshore Wind Power Generation Business in the Netherlands

INPEX entered in December 2021 a stock transfer agreement with Diamond Generating Europe B.V. (DGE-NL), a Dutch registered, wholly owned second generation subsidiary of Mitsubishi Corporation, and, after approval by concerned parties, acquired a 50% stake in the Luchterduinen offshore wind farm in February 2022 and a 15% stake in the Borssele III/IV offshore wind farm in March 2022, both operating off the coast of the Netherlands. The Luchterduinen offshore wind farm is located 23 kilometers offshore Noordwijk and has been in commercial operation since September 2015 with an output scale of 129 megawatts produced by 43 3-megawatt units. The Borssele III/IV offshore wind farm is located 22 kilometers off the coast of Westkapelle and has been in commercial operation since January 2021 with an output scale of 731.5 megawatts produced by 77 9.5-megawatt units.

Luchterduinen Offshore Wind Farm

Contract area (block)	Project status	Venture company (established)	Shareholders
Luchterduinen (Q10)	In commercial operation	INPEX Renewable Energy Europe Limited (November 17, 2021)	INPEX Renewable Energy Europe Limited 50%　Eneco 50%
Borssele III/IV (B34)			INPEX Renewable Energy Europe Limited 15%　Eneco 10%　Shell 20%　Luxcara 10%　Partners Group 45%

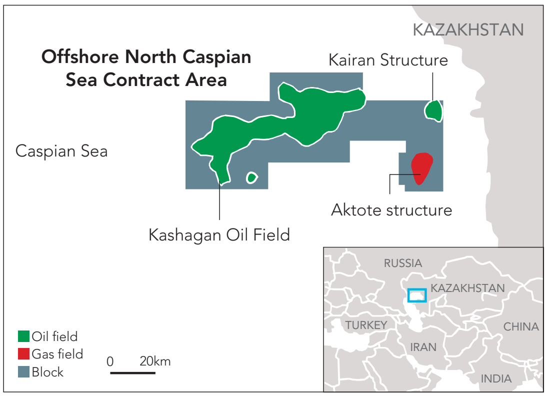
Other projects

Contract area (block)	Project status	Venture company	Interest owned (*Operator)
PL090, PL090E	In production (Fram)	INPEX Idemitsu Norge AS	INPEX Idemitsu Norge AS 15.0%　Equinor* 45.0%　Vår 25.0%　Neptune 15.0%
PL090B	In production (Byrding)		INPEX Idemitsu Norge AS 15.0%　Equinor* 70.0%　Neptune 15.0%
PL090G	In production (Fram H-Nord)		INPEX Idemitsu Norge AS 40.0%　Equinor* 45.0%　Neptune 15.0%
PL090C	In production (Vega)		INPEX Idemitsu Norge AS 15.0%　Wintershall Dea* 45.0%　Spirit 25.0%　Neptune 15.0%
PL636, PL636C	In production (Duva)		INPEX Idemitsu Norge AS 30.0%　Neptune* 30.0%　PGNiG 30.0%　Sval 10.0%
PL882, PL882B	Under exploration (blocks where oil/gas accumulations were confirmed)		INPEX Idemitsu Norge AS 20.0%　Neptune* 45.0%　Petrolia NOCO 20.0%　Concedo 15.0%
PL090I			INPEX Idemitsu Norge AS 15.0%　Equinor* 45.0%　Vår 25.0%　Neptune 15.0%
PL090JS			INPEX Idemitsu Norge AS 40.0%　Equinor* 40.0%　Neptune 15.0%　Wellesley 5.0%
PL293B			INPEX Idemitsu Norge AS 10.0%　Equinor* 51.0%　DNO 29.0%　Longboat 10.0%
PL318, PL318B, PL318C			INPEX Idemitsu Norge AS 20.0%　Equinor* 60.0%　Petoro 20.0%
PL609, PL609B, PL609D			INPEX Idemitsu Norge AS 15.0%　Lundin* 55.0%　Wintershall Dea 30.0%
PL090F	Under exploration		INPEX Idemitsu Norge AS 40.0%　Equinor* 45.0%　Neptune 15.0%
PL090HS			INPEX Idemitsu Norge AS 15.0%　Equinor* 45.0%　Spirit 25.0%　Neptune 15.0%
PL636B			INPEX Idemitsu Norge 30.0%　Neptune* 30.0%　PGNiG 30.0%　Sval 10.0%
PL1133			INPEX Idemitsu Norge 10.0%　Lundin* 35.0%　Equinor 35.0%　Petoro 20.0%
PL1153			INPEX Idemitsu Norge 30.0%　Aker BP* 40.0%　Wintershall Dea 30.0%
PL1170			INPEX Idemitsu Norge 10.0%　Lundin* 35.0%　Equinor 35.0%　Petoro 20.0%
PL1130		INPEX Norge AS	INPEX Norge AS* 60.0%　M Vest 20.0%　Wintershall Dea 20.0%
PL1016			INPEX Norge AS 40.0%　OMV* 60.0%
PL1129			INPEX Norge AS 30.0%　Wintershall Dea* 40.0%　Lundin 30.0%

Other Areas

Offshore North Caspian Sea Contract Area (Kashagan Oil Field and others)

In September 1998, INPEX acquired an interest in the Offshore North Caspian Sea Contract Area in Kazakhstan's territorial waters. The Kashagan Oil Field is located within this area in the Caspian Sea where the water reaches depths of 3–4 meters, approximately 75 kilometers southeast of Atyrau, Kazakhstan. The shipment of crude oil commenced in October 2016. INPEX and its partners have achieved the project's initial production volume target of 370 thousand barrels per day and are currently working to increase the daily production volume to 450 thousand barrels.

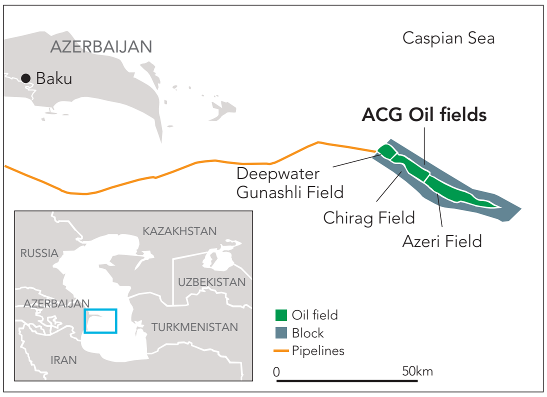



Offshore facility

Contract area (block)	Project status	Venture company (established)	Interest owned
Offshore North Caspian Sea	In production	INPEX North Caspian Sea, Ltd. (August 6, 1998)	INPEX North Caspian Sea 7.56% Shell 16.81% Eni 16.81% ExxonMobil 16.81% TotalEnergies 16.81% CNPC 8.33% KMG 16.87%

ACG Oil Fields

INPEX acquired an interest in the Azeri- Chirag-Deepwater Gunashli (ACG) Oil Fields in the south Caspian Sea offshore Azerbaijan in April 2003. At the ACG Oil Fields, oil is being produced at the Chirag, the Central Azeri, the West Azeri, the East Azeri, the Deepwater Gunashli and the West Chirag locations. In September 2021, cumulative crude oil production reached 4.0 billion barrels. INPEX and its partners are working on development to commence production with a new platform in 2023.



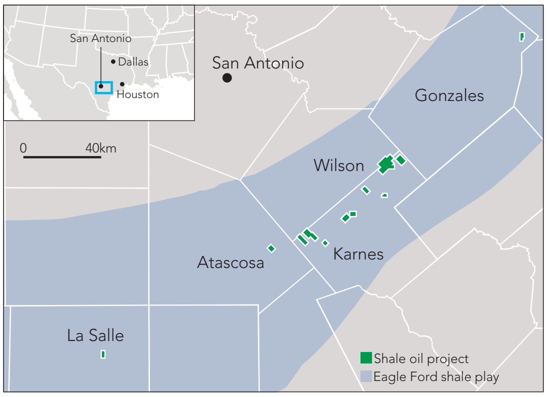

Offshore production facility

Contract area (block)	Project status	Production volume**	Venture company (established)	Interest owned (*Operator)
ACG	In production	Crude oil: 458 Kbbld	INPEX Southwest Caspian Sea, Ltd. (January 29, 1999)	INPEX Southwest Caspian Sea 9.31% BP* 30.37% MOL 9.57% SOCAR 25.00% Equinor 7.27% ExxonMobil 6.79% TPAO 5.73% Itochu 3.65% ONGC 2.31%

** Production volume on the basis of all fields and average rate of fiscal year ended December 31, 2021

Tight Oil Project (Eagle Ford shale play)

INPEX is steadily producing and marketing crude oil and gas in the Eagle Ford Shale Oil Project acquired in the State of Texas in the United States in April 2019. Most of the assets are located in Karnes County, Texas, considered to be a highly productive area for crude oil within the Eagle Ford shale play, which has long hosted a concentration of tight oil and shale gas development activity. INPEX is the operator of the project, with the exception of a portion of the assets.



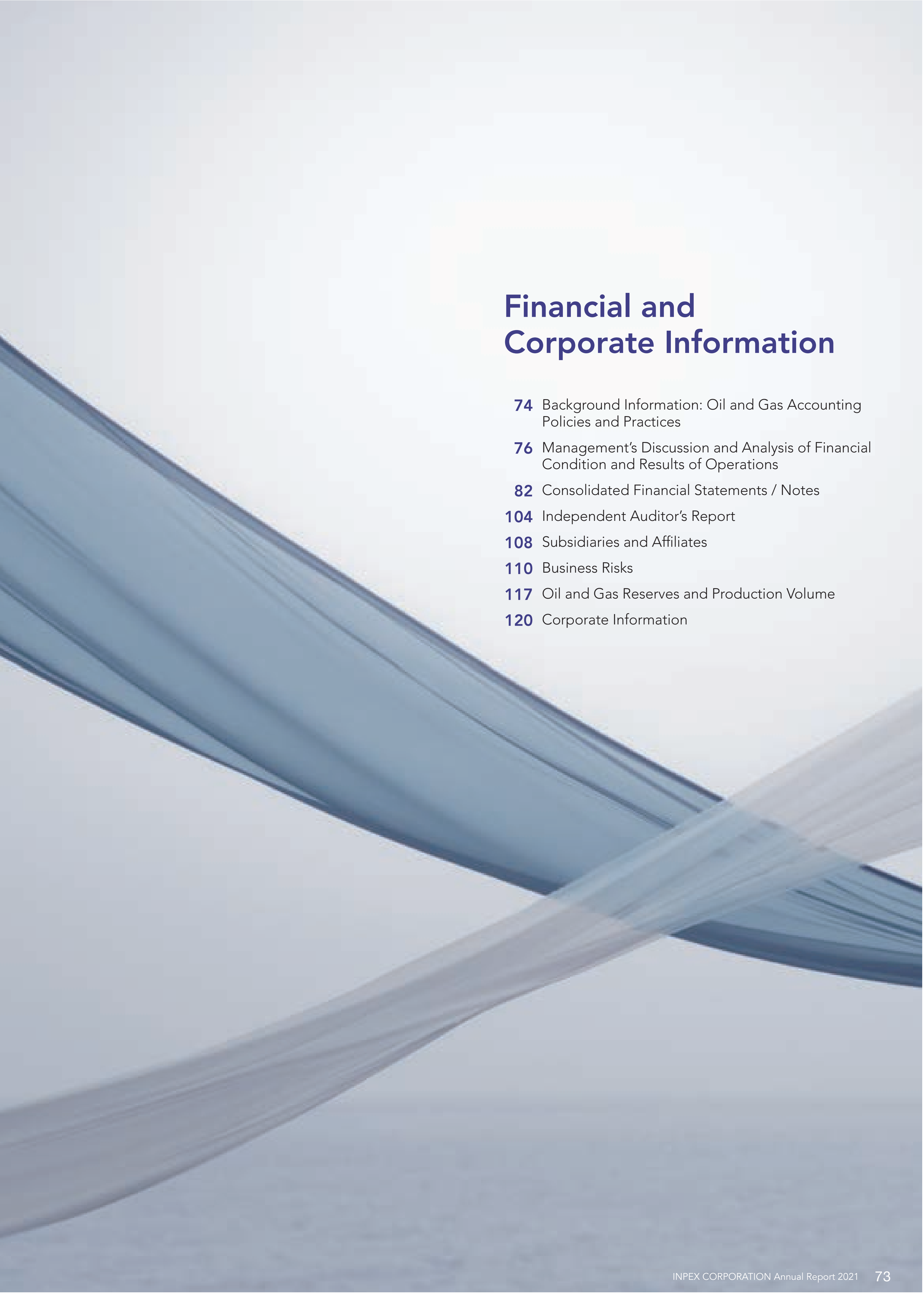
Drilling operations site

Contract area (block)	Project status	Production volume*	Venture company (established)	Interest owned
Eagle Ford shale play, southern Texas, US	In production	Crude oil: 6 Kbbld Natural gas: 10 MMcf/d	INPEX Eagle Ford, LLC (March 5, 2019)	With the exception of some areas, INPEX holds a 100% interest as the operator

* Production volume on the basis of all fields and average rate of fiscal year ended December 31, 2021

Other projects

Contract area (block)	Project status	Venture company	Interest owned (*Operator)
Keathley Canyon Blocks 874/875/918/919 (Lucius Oil Field, Hadrian North Oil Field)	In production	INPEX Americas, Inc.	INPEX Americas, Inc. 10.10769% Occidental* 63.81835% Other 26.07396%
Keathley Canyon Block 921/965 Walker Ridge Block 881/925	Under exploration	INPEX US Offshore, LLC	INPEX US Offshore 40% Occidental* 60%
BM-ES-23	Under exploration (blocks where oil/gas accumulations were confirmed)	INPEX Petróleo Santos Ltda.	INPEX Petróleo Santos 15% Petrobras* 65% PTTEP 20%
R1.4 Block 3 (Perdido)	Under exploration	INPEX E&P Mexico PB-03, S.A. de C.V.	INPEX E&P Mexico PB-03, S.A. de C.V. 33.3333% Chevron* 33.3334% Pemex 33.3333%
R2.4 Block 22 (Salina)		INPEX E&P Mexico, S.A. de C.V.	INPEX E&P Mexico, S.A. de C.V. 35% Chevron* 37.5% Pemex 27.5%
Block 10	Under exploration (blocks where oil/gas accumulations were confirmed)	INPEX South Iraq, Ltd.	INPEX South Iraq 40% Lukoil* 60%
Sakhalin 1	In production	Sakhalin Oil and Gas Development Co., Ltd. (SODECO)	SODECO 30% ExxonMobil* 30% ONGC 20% Rosneft 20% Share in SODECO 6.08%
Zapadno-Yaraktinsky Block/ Bolshetirsky Block		Japan South Sakha Oil Co., Ltd. (JASSOC)	JASSOC 49% INK* 51% Share in JASSOC 24.998%



Financial and Corporate Information

ACCOUNTING METHODS FOR TYPES OF AGREEMENTS

The oil and gas business generates the bulk of consolidated net sales revenues for the Company and its consolidated subsidiaries (the "Group"). Two types of agreements govern the Group's oil and gas operations. One is production sharing contracts (the "PSCs") and the other is concession agreements. The latter category also includes domestic mining rights, as well as overseas permits, licenses and lease agreements.

1. Production sharing contracts

Production sharing contract is an agreement by which one or several oil and gas development companies serve as contractors that undertake at their own expense exploration and development work on behalf of the governments of oil-producing countries or national oil companies and receive production from the projects as cost recovery and compensation.

■ Cost recovery and production sharing

The PSCs determine the allocation of oil and gas production among the host country's government (or related entity) and the contractors such as the Group. The allocation formula generally differs according to the terms of the individual PSC. In the case of PSC for major projects currently in production, total production volume is allocated quarterly between two portions.

(1) "Cost recovery portion": This is the oil and gas equivalent of costs incurred at the quarterly period under the PSCs with the governments of oil-producing countries. The equivalents are determined based on the current unit prices of crude oil and natural gas and allocated between the contractors alone. The quantity of oil and gas in the "cost recovery portion" decreases as unit prices increase, whereas that of the "equity portion" (explained below) rises.

If the actual production for the quarterly period is insufficient to cover the quantity of oil and gas equivalent calculated for the cost recovery portion, the latter is capped at actual production and any surplus amount is carried forward to the following quarterly period, as stipulated in the PSC.

(2) "Equity portion": This is any residual production after the cost recovery portion has been allocated. It is allocated between the host country's government and the contractors based on agreed percentages.

The calculation of items in the income statement based on the above PSC-related considerations is as follows:

- The Group records as net sales its share of total sales relating to the oil and gas production that is allocated to contractors under the PSCs.
- The Group books as cost of sales the portion of "Recoverable accounts under production sharing" that is recovered through the allocation of its share of the "cost recovery portion."

■ Recoverable costs under the PSCs

Exploration costs
The share of recoverable exploration costs incurred by the Group under the terms of the relevant PSC is capitalized within "Recoverable accounts under production sharing."

Development costs
The share of all development costs incurred by the Group that is recoverable under the terms of the relevant PSC is recorded within "Recoverable accounts under production sharing."

Production costs
Any operating costs incurred during the production phase that are recoverable under the relevant PSC are initially recorded within "Recoverable accounts under production sharing."

Administrative expenses
Any administrative expenses that are recoverable under the relevant PSC are recorded within "Recoverable accounts under production sharing."

As noted, in "Cost recovery and production sharing," these costs are recovered either as capital or operating expenditures.

■ Non-recoverable costs under the PSCs

Acquisition costs
Costs relating to the acquisition of rights (recorded as intangible assets under "Exploration and development rights") for any projects governed by the PSCs that are entirely in the exploration phase are expensed as incurred and amortized. Expenditures or costs relating to the acquisition of rights to projects already in the development or production phase are capitalized within "Exploration and development rights" and amortized based on the unit-of-production method. These amortization costs are recorded within "Depreciation and amortization." Cost recovery provisions in the PSCs do not generally cover these expenditures.

2. Concession agreements

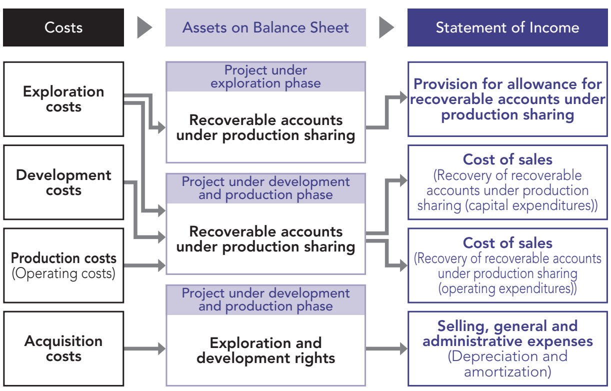
Concession agreement is an agreement or authorization (including mining rights awarded in Japan, as well as overseas permits, licenses and lease agreements) by which a government entity or a national oil company of the country directly awards mining rights to an oil company. The oil company makes its own investment in exploration and development and has the right of disposition of the oil and gas it extracts. Revenues are returned to the host country in the form of royalties, taxes, etc., on sales.

Acquisition costs
Costs relating to the acquisition of rights (recorded as intangible assets under "Mining rights") for projects governed by concession agreements are treated in the same way as projects governed by the PSCs, as described above.

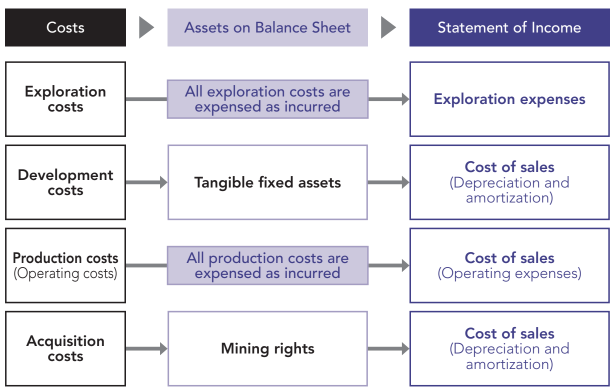
Exploration costs
The Group's share of exploration costs is expensed as incurred.

Development costs
The Group's share of any development costs related to mining facilities is capitalized within tangible fixed assets. The depreciation

Production sharing contracts



Concession agreements



of tangible fixed assets that are governed by concession agreements is computed primarily using the unit-of-production method for mining assets located outside Japan and the straight-line method for domestic facilities. These depreciation expenses are recorded within the cost of sales.

Production costs
The Group's share of operating costs that are incurred during the production phase is recorded within the cost of sales.

Administrative expenses
The Group's share of administrative expenses is expensed as incurred.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The Group's consolidated financial statements are prepared in conformity with Japanese GAAP. The preparation of these financial statements requires the application of estimates, judgments and assumptions that affect the reported values of assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses for the reporting period. Actual results may differ from the previously estimated or assumed values.

Accounting estimates pursuant to the preparation of the consolidated financial statements are deemed critical if the degree of uncertainty associated with such estimates is high, or if rational changes to such estimates could exert a material impact on the financial condition or operating results. Critical accounting policies and estimates relating to the financial presentation are outlined below.

■ Impairment loss on fixed assets

The Group groups mining area and other assets as a basic unit that generates cash inflows independently of other groups of assets. If any indication that an asset may be impaired exists, the Group shall estimate the future cash flows, and if the recoverable amount is lower than the carrying amount, the impairment loss is recognized. Although the Group estimates prices, foreign exchange rates, reserves and others based on reasonable assumptions, any changes in these assumptions could significantly affect future operating results.

■ Allowance for recoverable accounts under production sharing

Any expenditures made during the exploration, development and production phases of projects governed by the PSCs are capitalized within "Recoverable accounts under production sharing" if they are recoverable under the relevant PSC. An allowance equal to exploration costs is recorded within "Allowance for recoverable accounts under production sharing" to provide for potential losses from unsuccessful exploration. This allowance typically remains unchanged on the balance sheet until it exceeds the residual balance of exploration costs that previously had been capitalized within "Recoverable accounts under production sharing" during the exploration phase. Reflecting the uncertainty associated with oil and gas projects, an allowance is recorded within "Allowance for recoverable accounts under production sharing" to provide for probable losses on development activities, as individually estimated for each project. Although assessments and accounting estimates are made on a reasonable basis, actual operating results can change depending on the project status.

■ Unit-of-production method

Overseas mining facilities, mining rights and exploration and development rights that are acquired during the development and production phase are mainly depreciated or amortized based on the unit-of-production method. This approach requires the estimation of reserves. Although the Group believes that the assessment of reserves is done in an appropriate manner, any changes in these estimates could significantly affect future operating results.

■ Asset retirement obligations

Asset retirement obligations are recorded by a reasonable estimate of the present value of retirement costs incurred upon termination of the operation and production with respect to oil and gas production facilities, based on the oil and gas contracts or laws and regulations within the countries in which the Group operates or has working interests. Although the Group believes that such estimates of the present value of retirement costs are reasonable, changes to estimates of the present value of retirement costs which are caused by the factors such as changes to retirement plans, escalating prices of drilling equipment and materials and others could significantly affect future operating results.

■ Allowance for investments in exploration companies

An allowance is recorded to provide for probable losses on investments made by the Group in entities engaged in oil and gas activities, as estimated based on the net assets of such entities. Although the Group believes that the assessments and estimates relating to such investments are reasonable, changes in actual production volumes, prices or foreign exchange rates could significantly affect future operating results.

■ Provision for exploration projects

A provision for exploration projects is provided for future expenditures as of the fiscal year-end of consolidated subsidiaries at the exploration stage based on a schedule of investments in exploration. Although the Group believes that assessments relating to the schedule of investments are reasonable, changes to the schedule could significantly affect future operating results.

■ Provision for loss on business

A provision for loss on business is provided for future potential loss on crude oil and natural gas development, production and sales business individually estimated for each project. Although assessments and accounting estimates are made on a reasonable basis, actual operating results can change depending on the business status.

■ Deferred tax assets

Deferred tax assets reflect temporary differences (including net operating loss carry-forwards) arising mainly from the write-down of exploration expenditures, foreign taxes payable and excess of tax allowable depreciation. Valuation allowances are provided once it is judged that the non-realization of deferred tax assets has become the more probable outcome. The effect of foreign tax credits is taken into account in the calculation of such valuation allowances. The realization of deferred tax assets is principally dependent on the generation of sufficient taxable income, based on the available information. Adjustments to deferred tax assets could be required if future taxable income was lower than expected due to market conditions, foreign exchange rate fluctuations or poor operating performance.

■ Retirement benefits to employees

Retirement benefit obligation to employees are recognized at the net present value of future obligations as of the fiscal year-end, taking into account any periodic benefit costs that have arisen during the period. The calculation of retirement benefit obligations and retirement benefit expenses is based on various actuarial assumptions, including the discount rate, employee turnover and retirement rates, remuneration growth rates, and the long-term expected return on plan assets. Future operating results could be significantly affected by deviation between the base assumptions and actual results or the revision of such assumptions which were to generate actuarial gains or losses.

■ Goodwill

The excess cost over underlying net assets excluding non-controlling interests as fair value as of their dates of acquisition is accounted for as goodwill and amortized by the straight-line method over 20 years.

Management's Discussion and Analysis of Financial Condition and Results of Operations

BUSINESS ENVIRONMENT

During the year ended December 31, 2021, although the global economy continued to face an uncertain outlook due to the impact of the novel coronavirus (COVID-19), there were signs of a recovery due to economic measures taken by various countries and progress in vaccinations. Although the Japanese economy is also expected to recover and normalize with the gradual increase in socioeconomic activities after the lifting of the declaration of a state of emergency at the end of September, there are still concerns about the stagnation of economic activities due to the re-emergence of infectious diseases such as mutated strains.

Of the international crude oil price indices, which significantly influence the financial performance of the Group, Brent crude (on a near-term closing price basis), considered a benchmark index for crude oil, started the year ended December 31, 2021, at US$51.09 per barrel. Although the relaxation of the supply and demand for crude oil due to the gradual reduction in the scale of OPEC+ production cuts and the spread of the new coronavirus variant weighed on the situation, the demand for oil as an alternative fuel for power generation increased due to the sharp rise in global natural gas prices, and the acceleration of the normalization of economic activities, among other factors, caused the upward trend to continue, reaching US$77.78 as of December 31, 2021. The Group's average crude oil sales price for the year ended December 31, 2021, reflected this shift and rose to US$68.43 per barrel, up US$28.12 from the year ended December 31, 2020.

The foreign exchange market, another important factor that affects the business of the Group, began to trade at ¥103 level against the U.S. dollar. On first half of the year, Japanese Yen climbed to ¥110 level against the U.S. dollar due to the expectation of the world economy normalization after vaccination of COVID-19, and U.S. interest rate rise as FOMC suggested earlier rate hike.

The latter half of the year, the yen continued to climb to ¥115 level against the U.S. dollar due to the expectation of US rate hike acceleration, however, the yen turned back to ¥112 level due to the rising concern of COVID-19 Omicron variant. Finally, as of December 31, 2021, TTM closed at ¥115.02 against the U.S. dollar which turned out to be ¥11.50 lower than that as of December 31, 2020.

Reflecting these situations, the average sales exchange rate for the Group for the year ended December 31, 2021, was ¥110.11 against the U.S. dollar, which is ¥3.26 lower than that of the year ended December 31, 2020.

PERFORMANCE OVERVIEW

Net sales

Consolidated net sales for the year ended December 31, 2021, increased by ¥473.3 billion, or 61.4%, to ¥1,244.3 billion from ¥771.0 billion for the year ended December 31, 2020 due to an increase in sales price of crude oil.

Compared with the year ended December 31, 2020, net sales of crude oil increased by ¥399.6 billion, or 79.1%, to ¥905.1 billion from ¥505.5 billion, and net sales of natural gas increased by ¥69.9 billion, or 27.9%, to ¥320.5 billion from ¥250.5 billion.

Compared with the year ended December 31, 2020, sales volume of crude oil increased by 2,837 thousand barrels, or 2.4%, to 120,118 thousand barrels. Sales volume of natural gas decreased by 2,661 million cf, or 0.6%, to 464,805 million cf. Of this, sales volume of overseas natural gas decreased by 12,985 million cf, or 3.3%, to 377,068 million cf, and sales volume of domestic natural gas increased by 277 million m^3, or 13.3%, to 2,351 million m^3 (87,737 million cf).

Compared with the year ended December 31, 2020, the average sales price of overseas crude oil increased by US$28.12, or 69.8%, to US$68.43 per barrel. The average sales price of overseas natural gas increased by US$1.35, or 37.4%, to US$4.96 per thousand cf, and the average sales price of domestic natural gas decreased by ¥1.20, or 2.6%, to ¥45.73 per m^3.

The increase of ¥473.3 billion in net sales was mainly derived from the following factors: regarding net sales of crude oil and natural gas, an increase in sales volume contributing ¥25.0 billion to the increase, an increase in unit sales price contributing ¥411.6 billion to the increase, the depreciation of the Japanese yen against the U.S. dollar contributing ¥33.0 billion to the increase, and an increase in net sales excluding crude oil and natural gas of ¥3.6 billion.

Cost of sales

Cost of sales for the year ended December 31, 2021, increased by ¥129.0 billion, or 29.3%, to ¥568.9 billion from ¥439.8 billion for the year ended December 31, 2020.

Exploration expenses

Exploration expenses for the year ended December 31, 2021, decreased by ¥2.6 billion, or 29.0% to ¥6.4 billion from ¥9.0 billion for the year ended December 31, 2020. This was mainly due to a decrease in exploration activities in the Asia & Oceania region.

Selling, general and administrative expenses

Selling, general and administrative expenses for the year ended December 31, 2021, increased by ¥6.1 billion, or 10.4%, to ¥64.9 billion from ¥58.8 billion for the year ended December 31, 2020.

Depreciation and amortization

Depreciation and amortization for the year ended December 31, 2021, decreased by ¥1.4 billion, or 9.5%, to ¥13.4 billion from ¥14.8 billion for the year ended December 31, 2020. The Group records depreciation expenses for production facilities that are covered by concession agreements as cost of sales. In addition, under its accounting treatment of the PSCs, the Group records capital expenditures as "Recoverable accounts under production sharing" instead of capitalizing these costs within tangible fixed assets and depreciating them. Costs that are recovered in any given year based on the terms of the PSCs are included in the cost of sales.

Operating income

As a result of the above, operating income for the year ended December 31, 2021, increased by ¥342.1 billion, or 137.7%, to ¥590.6 billion from ¥248.4 billion for the year ended December 31, 2020.

Other income

Other income for the year ended December 31, 2021, increased by ¥48.4 billion, or 75.9%, to ¥112.2 billion from ¥63.8 billion for the year ended December 31, 2020. This was mainly due to posting equity in earnings of affiliates.

(Millions of yen, %)

	2020/12	2021/12	Change	Ratio
Net sales	¥ 771,046	¥1,244,369	¥ 473,322	61.4 %
Crude oil	505,517	905,199	399,682	79.1
Natural gas	250,592	320,575	69,983	27.9
Other	14,937	18,594	3,657	24.5
Cost of sales	439,852	568,921	129,068	29.3
Gross profit	331,194	675,448	344,254	103.9
Exploration expenses	9,074	6,445	(2,629)	(29.0)
Selling, general and administrative expenses	58,815	64,920	6,104	10.4
Depreciation and amortization	14,832	13,425	(1,406)	(9.5)
Operating income	248,471	590,657	342,186	137.7
Other income	63,803	112,246	48,442	75.9
Interest income	33,480	31,115	(2,365)	(7.1)
Dividend income	6,733	7,456	722	10.7
Equity in earnings of affiliates	—	38,834	38,834	—
Gain on reversal of allowance for recoverable accounts under production sharing	—	7,572	7,572	—
Other	23,588	27,268	3,679	15.6
Other expenses	244,880	59,446	(185,433)	(75.7)
Interest expense	19,092	13,747	(5,344)	(28.0)
Equity in losses of affiliates	12,999	—	(12,999)	(100.0)
Provision for allowance for recoverable accounts under production sharing	2,566	—	(2,566)	(100.0)
Provision for exploration projects	2	—	(2)	(100.0)
Foreign exchange loss	8,209	6,709	(1,499)	(18.3)
Loss on disposal of fixed assets	99	5,966	5,866	—
Impairment loss	189,940	14,170	(175,770)	(92.5)
Other	11,970	18,852	6,882	57.5
Income before income taxes	67,394	643,457	576,062	854.8
Income taxes	171,200	429,532	258,331	150.9
Net income (loss)	(103,806)	213,924	317,731	—
Net income (loss) attributable to non-controlling interests	7,893	(9,123)	(17,016)	—
Net income (loss) attributable to owners of parent	¥(111,699)	¥ 223,048	¥ 334,748	— %

Other expenses
Other expenses for the year ended December 31, 2021, decreased by ¥185.4 billion, or 75.7%, to ¥59.4 billion from ¥244.8 billion for the year ended December 31, 2020. This was mainly due to a decrease in impairment loss.

Income taxes
Total amount of current income taxes and deferred income taxes for the year ended December 31, 2021, increased by ¥258.3 billion, or 150.9%, to ¥429.5 billion from ¥171.2 billion for the year ended December 31, 2020. The Group pays the majority of its taxes outside Japan. In addition to the high corporate tax rates imposed in a number of regions, the Group is generally unable to deduct expenses incurred in Japan for such taxes. Despite the positive effects attributable to the application of the foreign tax credit system, this situation resulted in a high effective income tax rate.

Net income (loss) attributable to non-controlling interests
Net loss attributable to non-controlling interests for the year ended December 31, 2021, was ¥9.1 billion compared with ¥7.8 billion of net income attributable to non-controlling interests for the year ended December 31, 2020.

Net income (loss) attributable to owners of parent
As a result of the above, net income attributable to owners of parent for the year ended December 31, 2021, was ¥223.0 billion compared with ¥111.6 billion of net loss attributable to owners of parent for the year ended December 31, 2020.

FINANCIAL POSITION

Consolidated total assets as of December 31, 2021, increased by ¥523.6 billion, or 11.3%, to ¥5,158.1 billion from ¥4,634.5 billion as of December 31, 2020. Current assets increased by ¥131.7 billion, or 34.0%, to ¥518.8 billion from ¥387.0 billion as of December 31, 2020, due to increases in accounts receivable-trade and others. Fixed assets increased by ¥391.9 billion, or 9.2%, to ¥4,639.3 billion from ¥4,247.4 billion as of December 31, 2020, due to increases in tangible fixed assets, investments and other assets, and others.

Meanwhile, total liabilities increased by ¥178.6 billion, or 10.9%, to ¥1,811.7 billion from ¥1,633.1 billion as of December 31, 2020. Current liabilities increased by ¥9.5 billion, or 2.8%, to ¥348.8 billion from ¥339.2 billion as of December 31, 2020. Long-term liabilities increased by ¥169.0 billion, or 13.1%, to ¥1,462.8 billion from ¥1,293.8 billion as of December 31, 2020.

Net assets increased by ¥345.0 billion, or 11.5%, to ¥3,346.4 billion from ¥3,001.3 billion as of December 31, 2020. Total shareholders' equity increased by ¥113.3 billion, or 4.4%, to ¥2,680.6 billion from ¥2,567.2 billion as of December 31, 2020. Total accumulated other comprehensive income increased by ¥274.1 billion, or 162.0%, to ¥443.4 billion from ¥169.2 billion as of December 31, 2020. Non-controlling interests in net assets decreased by ¥42.4 billion, or 16.0%, to ¥222.3 billion from ¥264.7 billion as of December 31, 2020.

INVESTMENT AND FUNDING

■ Investments in upstream oil and gas projects

Continuous exploration for new reserves of crude oil and natural gas is essential for stable earnings of the Group. The information in this section on upstream oil and gas investments is based on the data reported by project operators relating to exploration expenditures, development expenditures and operating expenses. The Group's expenditure categories are defined as follows:

- Exploration expenditures include the costs of exploratory drilling and any geological or geophysical studies. The costs of local personnel and office operations and related administrative expenses are also included in this category if a project (or contract area) is in the exploration phase.
- Development expenditures include the costs of development drilling, any production facilities and acquisition of participating interests.
- Operating expenses include the costs of well operations, maintenance and the supervision of production activities. This category also includes the administrative expenses for the project (or contract area) if it contains a field in active production.
- Discrepancies exist between the standards stipulated in U.S. FASB Accounting Standards Codification Topic 932, "Extractive Industries—Oil and Gas (Topic 932)," and both the Group's definitions of exploration and development expenditures and the standards used in preparing the following tables. The following is a partial list of the discrepancies between the Group's accounting policies and Topic 932.
  - – Group expenditures relating to the PSC-governed joint ventures where the Group is not the operator are disclosed on a cash basis rather than an accrual basis as required by Topic 932.
  - – The tables below have been prepared based on the cost definitions used by operators in their reporting, which may not be consistent with Topic 932.
  - – Topic 932 requires that administrative costs not directly related to exploration and development activities be excluded from exploration and development expenditures, whereas such administrative costs are not necessarily excluded from those expenditures under the Group's accounting policies.

The table below shows the Group's exploration and development costs and other expenditures (excluding capitalized interest costs and asset retirement costs corresponding to asset retirement obligations capitalized under fixed assets) by segment for the years ended December 31, 2020 and 2021.

	(Millions of yen)					
Year ended December 31, 2020	Japan	Asia & Oceania	Eurasia (Europe & NIS)	Middle East & Africa	Americas	Total
INPEX CORPORATION and Consolidated Subsidiaries						
Exploration	¥ 930	¥ 3,961	¥ (589)	¥ 5,682	¥ 793	¥ 10,777
Development	2,061	62,262	24,617	52,386	13,532	154,860
Subtotal	2,992	66,223	24,027	58,069	14,325	165,638
Equity-method Affiliates						
Exploration	—	—	26	—	—	26
Development	—	1,470	1,653	917	—	4,042
Subtotal	—	1,470	1,680	917	—	4,069
Other capital expenditures*	2,706	12,546	—	—	—	15,252
Total	¥5,698	¥80,240	¥25,707	¥58,987	¥14,325	¥184,959

* Other capital expenditures include the construction costs of domestic gas infrastructure, the Group's share of investment in the Ichthys downstream entity (Ichthys LNG Pty Ltd, an equity-method affiliate) and others.

Year ended December 31, 2021	Japan	Asia & Oceania	Eurasia (Europe & NIS)	Middle East & Africa	Americas	Total
	(Millions of yen)					
INPEX CORPORATION and Consolidated Subsidiaries						
Exploration	¥ 488	¥ 1,183	¥ (587)	¥ 5,024	¥ 1,356	¥ 7,464
Development	4,446	83,220	25,335	46,840	12,002	171,844
Subtotal	4,934	84,403	24,747	51,864	13,359	179,309
Equity-method Affiliates						
Exploration	—	—	47	—	—	47
Development	—	1,255	1,394	2,900	—	5,549
Subtotal	—	1,255	1,441	2,900	—	5,596
Other capital expenditures*	5,978	12,273	—	—	—	18,251
Total	¥10,912	¥97,932	¥26,188	¥54,764	¥13,359	¥203,158

* Other capital expenditures include the construction costs of domestic gas infrastructure, the Group's share of investment in the Ichthys downstream entity (Ichthys LNG Pty Ltd, an equity-method affiliate) and others.

Total investments for the year ended December 31, 2021, increased by ¥18.1 billion, or 9.8%, to ¥203.1 billion (including ¥5.5 billion for exploration and development by equity-method affiliates) from ¥184.9 billion for the year ended December 31, 2020. This was mainly due to an increase in expenditures in the Asia & Oceania region.

The table below shows the Group's operating expenses by segment for the years ended December 31, 2020 and 2021.

	2020/12		2021/12	
	(Millions of yen, %)			
INPEX CORPORATION and Consolidated Subsidiaries				
Japan	¥ 10,931	9.6%	¥ 10,686	8.5%
Asia & Oceania	44,393	38.9	51,491	41.0
Eurasia (Europe & NIS)	14,285	12.5	13,733	10.9
Middle East & Africa	41,744	36.6	46,647	37.2
Americas	2,709	2.4	3,039	2.4
Subtotal	114,065	100.0	125,598	100.0
Equity-method Affiliates				
Asia & Oceania	2,972	49.7	3,123	50.9
Eurasia (Europe & NIS)	460	7.7	633	10.3
Middle East & Africa	2,548	42.6	2,381	38.8
Subtotal	5,981	100.0	6,138	100.0
Total	¥120,046	—%	¥131,737	—%

■ Analysis of recoverable accounts under production sharing

For upstream projects governed by the PSCs, the Group's share of costs arising during the exploration, development and production phases is capitalized under "Recoverable accounts under production sharing." The following table shows the changes in the balance of "Recoverable accounts under production sharing" during the years ended December 31, 2020 and 2021.

(Millions of yen)

		2020/12	2021/12
Balance at beginning of the year		¥568,377	¥575,544
Add:	Exploration costs	3,584	1,014
	Development costs	28,865	27,949
	Operating expenses	17,188	17,553
	Other	6,184	3,566
Less:	Cost recovery-capital expenditures	(34,691)	(62,236)
	Cost recovery-operating expenditures	(13,965)	(15,222)
Balance at end of the year		575,544	548,170
Allowance for recoverable accounts under production sharing at end of the year		¥ (69,441)	¥ (61,871)

The amount posted as "Cost recovery-operating expenditures" in recoverable accounts under production sharing is greater than that posted as operating expenses. Along with operating expenses, this is because a portion of the exploration and development costs, which are incurred and recoverable within the year, is included in the "Cost recovery-operating expenditures" account.

Exploration costs for the year ended December 31, 2021, decreased by ¥2.5 billion to ¥1.0 billion from ¥3.5 billion for the year ended December 31, 2020. This was mainly due to a decrease in exploration expenditures in the Middle East & Africa region.

Development costs for the year ended December 31, 2021, decreased by ¥0.9 billion to ¥27.9 billion from ¥28.8 billion for the year ended December 31, 2020. This was mainly due to a decrease in development expenditures in the Asia & Oceania region.

Operating expenses for the year ended December 31, 2021, increased by ¥0.3 billion to ¥17.5 billion from ¥17.1 billion for the year ended December 31, 2020. This was mainly due to an increase in operating expenses in the Asia & Oceania region and the Eurasia region.

Cost recovery for the year ended December 31, 2021, increased by ¥28.8 billion to ¥77.4 billion from ¥48.6 billion for the year ended December 31, 2020. This was mainly due to an increase in cost recovery in the Asia & Oceania region and the Eurasia region.

Allowance for recoverable accounts under production sharing as of December 31, 2021, decreased by ¥7.5 billion to ¥61.8 billion from ¥69.4 billion as of December 31, 2020. This was mainly due to production start-up in certain blocks.

■ Funding sources and liquidity

Oil and natural gas exploration and development projects, as well as the construction of natural gas infrastructure, require significant funding. The Group relies on cash flow on hand derived from internal reserves, together with external sources, to procure funds. The Group's basic policy is to utilize cash flow on hand and external equity financing to fund exploration projects and to utilize cash flow on hand, bank loans and issuance of bonds to fund development projects and the construction of natural gas infrastructure. Oil and natural gas development projects are primarily funded from long-term loans that the Company has secured from the Japan Bank for International Cooperation, Japanese commercial banks and others. Japan Oil, Gas and Metals National Corporation has provided guarantees for the principal on certain outstanding amounts of the Company's long-term loans. The Development Bank of Japan and Japanese commercial banks and others have provided long-term loans for the construction of domestic gas infrastructure. The Ichthys downstream entity (Ichthys LNG Pty Ltd, an equity-method affiliate), as the borrower, has utilized external loans from export credit agencies and commercial banks for project financing and others.

During the year ended December 31, 2021, the Company took out bank loans for development expenditures, etc., in addition to issuing the Group's first bonds (straight bonds and environmental loans), and diversifying funding. Additionally, the Company received financing from Japan Oil, Gas and Metals National Corporation for development expenditures and exploration expenditures, etc.

The Group's basic liquidity policy is to maintain sufficient cash flow on hand to provide for steep falls in oil and gas prices. In addition, the Group has concluded commitment line contracts with multiple financial institutions to secure the line of credit.

As of December 31, 2021, total amount of short-term borrowings and long-term debt was ¥1,150.2 billion, and total amount of cash and cash equivalents was ¥191.2 billion.

■ Cash flows

Cash flows for the years ended December 31, 2020 and 2021, are summarized as follows:

	(Millions of yen)	
	2020/12	2021/12
Net cash provided by (used in) operating activities	¥ 292,915	¥ 445,457
Net cash provided by (used in) investing activities	(417,189)	(130,727)
Net cash provided by (used in) financing activities	126,747	(315,215)
Cash and cash equivalents at end of the period	¥ 172,405	¥ 191,213

Net cash provided by (used in) operating activities
Net cash provided by operating activities for the year ended December 31, 2021, increased by ¥152.5 billion to ¥445.4 billion from ¥292.9 billion for the year ended December 31, 2020. This was mainly due to a combination effect of an increase in income before income taxes caused by increases in sales price of crude oil and others and a decrease in impairment loss (non-cash).

Net cash provided by (used in) investing activities
Net cash used in investing activities for the year ended December 31, 2021, decreased by ¥286.4 billion to ¥130.7 billion from ¥417.1 billion for the year ended December 31, 2020. This was mainly due to the absence of payments for purchases of long-term loans receivable.

Net cash provided by (used in) financing activities
Net cash used in financing activities for the year ended December 31, 2021, was ¥315.2 billion compared with ¥126.7 billion of net cash provided by financing activities for the year ended December 31, 2020. This was mainly due to decreases in short-term loans and proceeds from long-term debt.

Consolidated Balance Sheet

INPEX CORPORATION and Consolidated Subsidiaries
December 31, 2021

	Millions of yen		Thousands of U.S. dollars (Note 3)
ASSETS	2020/12	2021/12	2021/12
Current assets			
Cash and cash equivalents (Note 7)	¥ 172,405	¥ 191,213	$ 1,662,432
Time deposits	10,573	10,551	91,731
Accounts receivable-trade (Notes 5 and 7)	83,810	168,224	1,462,563
Inventories (Note 7)	34,299	47,817	415,727
Accounts receivable-other (Note 5)	40,748	42,309	367,840
Other (Note 7)	57,481	70,852	615,997
Less allowance for doubtful accounts	(12,225)	(12,104)	(105,233)
Total current assets	387,093	518,864	4,511,076
Tangible fixed assets			
Buildings and structures	402,332	407,253	3,540,714
Wells (Note 7)	651,938	764,382	6,645,644
Machinery, equipment and vehicles (Note 7)	1,679,940	1,994,327	17,338,958
Land (Note 7)	18,591	18,666	162,284
Construction in progress (Note 7)	385,405	292,836	2,545,957
Other	50,688	57,337	498,495
	3,188,897	3,534,804	30,732,081
Less accumulated depreciation and amortization	(1,119,114)	(1,274,954)	(11,084,628)
Total tangible fixed assets	2,069,783	2,259,849	19,647,443
Intangible assets			
Goodwill	35,445	29,550	256,911
Exploration and development rights	156,787	150,902	1,311,963
Mining rights	245,016	260,182	2,262,058
Other	4,587	6,025	52,382
Total intangible assets	441,837	446,660	3,883,324
Investments and other assets			
Recoverable accounts under production sharing	575,544	548,170	4,765,866
Less allowance for recoverable accounts under production sharing	(69,441)	(61,871)	(537,915)
	506,102	486,298	4,227,942
Investment securities (Notes 5, 6 and 7)	297,867	403,356	3,506,833
Long-term loans receivable (Note 7)	911,424	1,011,801	8,796,739
Deferred tax assets (Note 8)	10,237	21,713	188,775
Other (Note 7)	13,231	11,704	101,756
Less allowance for doubtful accounts	(600)	(652)	(5,668)
Less allowance for investments in exploration	(2,460)	(1,400)	(12,171)
Total investments and other assets	1,735,804	1,932,821	16,804,216
Total fixed assets	4,247,424	4,639,332	40,335,002
Total assets	¥ 4,634,518	¥ 5,158,196	$ 44,846,078

See accompanying notes to consolidated financial statements.

LIABILITIES AND NET ASSETS	Millions of yen 2020/12	Millions of yen 2021/12	Thousands of U.S. dollars (Note 3) 2021/12
Current liabilities			
Accounts payable-trade	¥ 15,090	¥ 14,888	$ 129,438
Short-term borrowings and current portion of long-term debt (Notes 5, 7 and 13)	175,133	80,493	699,817
Income taxes payable (Note 8)	12,676	51,350	446,444
Accounts payable-other	70,478	98,518	856,529
Provision for bonuses	1,415	1,386	12,050
Provision for bonuses to officers	54	200	1,738
Provision for loss on business	9,351	9,400	81,724
Provision for exploration projects	9,496	9,444	82,107
Asset retirement obligations (Note 17)	1,475	672	5,842
Other	44,116	82,533	717,553
Total current liabilities	339,288	348,888	3,033,281
Long-term liabilities			
Bonds payable (Note 13)	—	30,000	260,824
Long-term debt (Notes 5, 7, 12 and 13)	1,059,713	1,069,721	9,300,304
Deferred tax liabilities (Note 8)	32,594	81,192	705,894
Provision for stocks payment	71	100	869
Provision for special repair and maintenance	577	650	5,651
Liability for retirement benefits (Note 16)	8,158	7,048	61,276
Asset retirement obligations (Note 17)	172,147	258,339	2,246,035
Other	20,627	15,845	137,758
Total long-term liabilities	1,293,890	1,462,897	12,718,631
Total liabilities	1,633,178	1,811,786	15,751,921
Net assets (Note 10)			
Common stock	290,809	290,809	2,528,334
Authorized: 2020/12 — 3,600,000,001 shares			
2021/12 — 3,600,000,001 shares			
Issued: 2020/12 — 1,462,323,601 shares			
2021/12 — 1,462,323,601 shares			
Capital surplus	674,374	681,398	5,924,169
Retained earnings	1,607,524	1,783,841	15,508,963
Less: Treasury stock 2020/12 — 2,119,069 shares; 2021/12 — 75,805,993 shares	(5,428)	(75,425)	(655,755)
Total shareholders' equity	2,567,279	2,680,624	23,305,720
Unrealized holding gain (loss) on securities	2,091	2,640	22,952
Deferred gain (loss) on hedges	(54,054)	(16,171)	(140,592)
Translation adjustments	221,224	456,972	3,972,978
Total accumulated other comprehensive income	169,261	443,441	3,855,338
Non-controlling interests	264,798	222,344	1,933,089
Total net assets	3,001,339	3,346,409	29,094,148
Contingent liabilities (Note 19)			
Total liabilities and net assets	¥4,634,518	¥5,158,196	$44,846,078

Consolidated Statement of Income and Consolidated Statement of Comprehensive Income

Consolidated Statement of Income

INPEX CORPORATION and Consolidated Subsidiaries
For the year ended 2021

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2020/12	2021/12	2021/12
Net sales	¥ 771,046	¥1,244,369	$10,818,718
Cost of sales (Note 14)	439,852	568,921	4,946,278
Gross profit	331,194	675,448	5,872,439
Exploration expenses	9,074	6,445	56,033
Selling, general and administrative expenses (Notes 14 and 16)	58,815	64,920	564,423
Depreciation and amortization	14,832	13,425	116,718
Operating income	248,471	590,657	5,135,254
Other income			
Interest income	33,480	31,115	270,518
Dividend income	6,733	7,456	64,823
Equity in earnings of affiliates	—	38,834	337,628
Gain on reversal of allowance for recoverable accounts under production sharing	—	7,572	65,832
Other	23,588	27,268	237,071
Total other income	63,803	112,246	975,882
Other expenses			
Interest expense	19,092	13,747	119,518
Equity in losses of affiliates	12,999	—	—
Provision for allowance for recoverable accounts under production sharing	2,566	—	—
Provision for exploration projects	2	—	—
Foreign exchange loss	8,209	6,709	58,328
Loss on disposal of fixed assets	99	5,966	51,869
Impairment loss (Note 15)	189,940	14,170	123,195
Other	11,970	18,852	163,901
Total other expenses	244,880	59,446	516,831
Income before income taxes	67,394	643,457	5,594,305
Income taxes (Note 8)			
Current	184,127	395,437	3,437,984
Deferred	(12,926)	34,094	296,418
Total income taxes	171,200	429,532	3,734,411
Net income (loss)	(103,806)	213,924	1,859,885
Net income (loss) attributable to non-controlling interests	7,893	(9,123)	(79,316)
Net income (loss) attributable to owners of parent	¥(111,699)	¥ 223,048	$ 1,939,210

Consolidated Statement of Comprehensive Income

INPEX CORPORATION and Consolidated Subsidiaries
For the year ended 2021

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2020/12	2021/12	2021/12
Net income (loss)	¥(103,806)	¥213,924	$1,859,885
Other comprehensive income			
Unrealized holding gain (loss) on securities	(3,483)	564	4,903
Deferred gain (loss) on hedges	281	(807)	(7,016)
Translation adjustments	(109,917)	235,828	2,050,321
Share of other comprehensive income of affiliates accounted for by the equity-method	(39,904)	45,939	399,400
Total other comprehensive income (Note 9)	(153,024)	281,524	2,447,609
Comprehensive income	(256,830)	495,449	4,307,503
Total comprehensive income attributable to:			
Owners of parent	(260,426)	497,228	4,322,969
Non-controlling interests	¥ 3,596	¥ (1,778)	$ (15,458)

See accompanying notes to consolidated financial statements.

Consolidated Statement of Changes in Net Assets

INPEX CORPORATION and Consolidated Subsidiaries

	Millions of yen				
	Shareholders' equity				
For the year ended December 31, 2020	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of January 1, 2020	¥290,809	¥674,374	¥1,763,034	¥(5,432)	¥2,722,786
Change in ownership interest of parent arising from transactions with non-controlling shareholders					—
Cash dividends paid			(43,810)		(43,810)
Net income (loss) attributable to owners of parent			(111,699)		(111,699)
Purchase of treasury stock					—
Disposal of treasury stock				3	3
Net changes in items other than those in shareholders' equity					
Total changes during the period	—	—	(155,510)	3	(155,507)
Balance as of December 31, 2020	¥290,809	¥674,374	¥1,607,524	¥(5,428)	¥2,567,279

	Millions of yen					
	Accumulated other comprehensive income					
For the year ended December 31, 2020	Unrealized holding gain (loss) on securities	Deferred gain (loss) on hedges	Translation adjustments	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
Balance as of January 1, 2020	¥5,570	¥(18,128)	¥330,546	¥317,988	¥256,400	¥3,297,176
Change in ownership interest of parent arising from transactions with non-controlling shareholders						—
Cash dividends paid						(43,810)
Net income (loss) attributable to owners of parent						(111,699)
Purchase of treasury stock						—
Disposal of treasury stock						3
Net changes in items other than those in shareholders' equity	(3,479)	(35,926)	(109,322)	(148,727)	8,397	(140,329)
Total changes during the period	(3,479)	(35,926)	(109,322)	(148,727)	8,397	(295,836)
Balance as of December 31, 2020	¥2,091	¥(54,054)	¥221,224	¥169,261	¥264,798	¥3,001,339

	Millions of yen				
	Shareholders' equity				
For the year ended December 31, 2021	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of January 1, 2021	¥290,809	¥674,374	¥1,607,524	¥ (5,428)	¥2,567,279
Change in ownership interest of parent arising from transactions with non-controlling shareholders		7,024			7,024
Cash dividends paid			(46,731)		(46,731)
Net income (loss) attributable to owners of parent			223,048		223,048
Purchase of treasury stock				(69,999)	(69,999)
Disposal of treasury stock				3	3
Net changes in items other than those in shareholders' equity					
Total changes during the period	—	7,024	176,316	(69,996)	113,344
Balance as of December 31, 2021	¥290,809	¥681,398	¥1,783,841	¥(75,425)	¥2,680,624

	Millions of yen					
	Accumulated other comprehensive income					
For the year ended December 31, 2021	Unrealized holding gain (loss) on securities	Deferred gain (loss) on hedges	Translation adjustments	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
Balance as of January 1, 2021	¥2,091	¥(54,054)	¥221,224	¥169,261	¥264,798	¥3,001,339
Change in ownership interest of parent arising from transactions with non-controlling shareholders						7,024
Cash dividends paid						(46,731)
Net income (loss) attributable to owners of parent						223,048
Purchase of treasury stock						(69,999)
Disposal of treasury stock						3
Net changes in items other than those in shareholders' equity	548	37,882	235,748	274,179	(42,454)	231,725
Total changes during the period	548	37,882	235,748	274,179	(42,454)	345,070
Balance as of December 31, 2021	¥2,640	¥(16,171)	¥456,972	¥443,441	¥222,344	¥3,346,409

	Thousands of U.S. dollars (Note 3)				
	Shareholders' equity				
For the year ended December 31, 2021	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of January 1, 2021	$2,528,334	$5,863,102	$13,976,038	$(47,191)	$22,320,283
Change in ownership interest of parent arising from transactions with non-controlling shareholders		61,067			61,067
Cash dividends paid			(406,285)		(406,285)
Net income (loss) attributable to owners of parent			1,939,210		1,939,210
Purchase of treasury stock				(608,581)	(608,581)
Disposal of treasury stock				26	26
Net changes in items other than those in shareholders' equity					
Total changes during the period	—	61,067	1,532,916	(608,555)	985,428
Balance as of December 31, 2021	$2,528,334	$5,924,169	$15,508,963	$(655,755)	$23,305,720

	Thousands of U.S. dollars (Note 3)					
	Accumulated other comprehensive income					
For the year ended December 31, 2021	Unrealized holding gain (loss) on securities	Deferred gain (loss) on hedges	Translation adjustments	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
Balance as of January 1, 2021	$18,179	$(469,953)	$1,923,352	$1,471,578	$2,302,190	$26,094,061
Change in ownership interest of parent arising from transactions with non-controlling shareholders						61,067
Cash dividends paid						(406,285)
Net income (loss) attributable to owners of parent						1,939,210
Purchase of treasury stock						(608,581)
Disposal of treasury stock						26
Net changes in items other than those in shareholders' equity	4,764	329,351	2,049,626	2,383,750	(369,101)	2,014,649
Total changes during the period	4,764	329,351	2,049,626	2,383,750	(369,101)	3,000,086
Balance as of December 31, 2021	$22,952	$(140,592)	$3,972,978	$3,855,338	$1,933,089	$29,094,148

See accompanying notes to consolidated financial statements.

Consolidated Statement of Cash Flows

INPEX CORPORATION and Consolidated Subsidiaries
For the year ended 2021

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2020/12	2021/12	2021/12
Cash flows from operating activities			
Income before income taxes	¥ 67,394	¥ 643,457	$ 5,594,305
Depreciation and amortization	174,098	203,184	1,766,510
Impairment loss	189,940	14,170	123,195
Amortization of goodwill	6,760	6,856	59,607
Increase (decrease) in provision for allowance for recoverable accounts under production sharing	2,544	(7,570)	(65,814)
Increase (decrease) in provision for exploration projects	(1,907)	(814)	(7,077)
Increase (decrease) in other provisions	(777)	1,614	14,032
Increase (decrease) in liability for retirement benefits	186	(1,050)	(9,128)
Interest and dividend income	(40,214)	(38,571)	(335,341)
Interest expense	19,092	13,777	119,779
Foreign exchange loss (gain)	4,809	13,618	118,396
Equity in losses (earnings) of affiliates	12,999	(38,834)	(337,628)
Recovery of recoverable accounts under production sharing (capital expenditures)	34,691	62,236	541,088
Decrease (increase) in recoverable accounts under production sharing (operating expenditures)	(7,101)	(4,106)	(35,698)
Decrease (increase) in accounts receivable-trade	61,756	(83,689)	(727,603)
Decrease (increase) in inventories	6,507	(14,534)	(126,360)
Increase (decrease) in accounts payable-trade	(6,612)	(3,721)	(32,350)
Decrease (increase) in accounts receivable-other	9,972	(7,927)	(68,918)
Increase (decrease) in accounts payable-other	(21,458)	25,614	222,691
Increase (decrease) in advances received	(148)	6,237	54,225
Other	8,408	4,309	37,463
Subtotal	520,941	794,255	6,905,364
Interest and dividends received	9,568	15,404	133,924
Interest paid	(19,494)	(11,466)	(99,687)
Income taxes paid	(218,099)	(352,735)	(3,066,727)
Net cash provided by operating activities	292,915	445,457	3,872,865
Cash flows from investing activities			
Payments for time deposits	(64,283)	(17,784)	(154,616)
Proceeds from time deposits	53,408	18,906	164,371
Payments for purchases of tangible fixed assets	(129,745)	(140,470)	(1,221,265)
Proceeds from sales of tangible fixed assets	404	195	1,695
Payments for purchases of intangible assets	(3,380)	(2,762)	(24,013)
Payments for purchases of investment securities	(429)	(6,026)	(52,390)
Proceeds from sales and redemptions of investment securities	1,318	18,444	160,354
Investment in recoverable accounts under production sharing (capital expenditures)	(35,039)	(30,812)	(267,883)
Decrease (increase) in short-term loans receivable	543	333	2,895
Long-term loans made	(84,829)	(34,868)	(303,147)
Collection of long-term loans receivable	40,108	69,372	603,129
Payments for purchases of long-term loans receivable	(201,769)	—	—
Payments for acquisitions of participating interests	(5,760)	(7,736)	(67,257)
Other	12,266	2,481	21,570
Net cash used in investing activities	(417,189)	(130,727)	(1,136,558)
Cash flows from financing activities			
Increase (decrease) in short-term loans	92,107	(94,630)	(822,726)
Proceeds from issuance of bonds	—	30,000	260,824
Proceeds from long-term debt	238,564	66,313	576,534
Repayments of long-term debt	(158,903)	(157,405)	(1,368,501)
Proceeds from non-controlling interests for additional shares	8,900	6,455	56,120
Purchase of treasury stock	—	(69,999)	(608,581)
Purchase of treasury stock of subsidiaries	—	(35,479)	(308,459)
Cash dividends paid	(43,796)	(46,718)	(406,172)
Cash dividends paid to non-controlling interests	(4,098)	(3,548)	(30,846)
Other	(6,026)	(10,202)	(88,697)
Net cash provided by (used in) financing activities	126,747	(315,215)	(2,740,523)
Effect of exchange rate changes on cash and cash equivalents	(3,842)	19,293	167,736
Net increase (decrease) in cash and cash equivalents	(1,368)	18,807	163,510
Cash and cash equivalents at beginning of the period	173,774	172,405	1,498,913
Cash and cash equivalents at end of the period	¥ 172,405	¥ 191,213	$ 1,662,432

See accompanying notes to consolidated financial statements.

Notes

INPEX CORPORATION and Consolidated Subsidiaries

1. BASIS OF PRESENTATION

The Company is primarily engaged in the research, exploration, development and production of crude oil and natural gas.

The Company and its domestic subsidiaries maintain their accounting records and prepare their financial statements in accordance with accounting principles generally accepted in Japan.

When the financial statements of its foreign subsidiaries are prepared in accordance with International Financial Reporting Standards (IFRS) or the accounting principles generally accepted in the United States (U.S. GAAP), the Company uses them in the consolidated accounting procedures. However, there are certain accounts that must be adjusted in terms of materiality in order to record net income properly.

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Japan, which may differ in certain material respects from IFRS or U.S. GAAP, and are compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Act of Japan.

The Company has made certain reclassifications of the previous years' consolidated financial statements to conform to the presentation used for the year ended December 31, 2021.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Principles of consolidation and accounting for investments in affiliates

The accompanying consolidated financial statements include the accounts of the Company and companies controlled directly or indirectly by the Company. Companies over which the Company exercises significant influence in terms of their operating and financial policies are included in the consolidated financial statements on the equity method. All significant intercompany balances and transactions are eliminated in consolidation. Further, certain companies that do not have significant impact on the consolidated financial statements, are not consolidated or accounted for by the equity method.

The fiscal year-ends of consolidated subsidiaries are now the same as the consolidated fiscal year-end.

Goodwill is amortized by the straight-line method over 20 years.

(b) Cash equivalents

All highly liquid investments with a maturity of three months or less when purchased are considered cash equivalents, including short-term time deposits with original maturities of three months or less.

(c) Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into yen at the exchange rates prevailing at the balance sheet date. All revenues and expenses associated with foreign currencies are translated at the rates of exchange prevailing when such transactions were made. The resulting exchange gain or loss is credited or charged to income.

The assets and liability accounts of foreign subsidiaries are translated into yen at the exchange rates prevailing at the balance sheet date. The revenue and expense accounts of foreign subsidiaries are translated into yen at the average rates of exchange during the period. The components of net assets excluding non-controlling interests are translated at their historical exchange rates. The differences arising from the translation are presented as translation adjustments and non-controlling interests in the accompanying consolidated financial statements.

(d) Securities

In general, securities are classified into three categories: trading, held-to-maturity or other securities. Securities held by the Company and its subsidiaries are all classified as other securities. Other securities with a determinable market value are mainly stated at fair value with any changes in unrealized holding gain or loss, net of the applicable income taxes, included directly in net assets. Other securities without a determinable market value are stated at cost determined by the moving-average method. Cost of securities sold is determined by the moving- average method.

(e) Derivatives

Derivatives are stated at fair value.

(f) Inventories

Overseas inventories are carried mainly at cost, determined by the average cost method (balance sheet value is carried at the lower of cost or market). Domestic inventories are carried mainly at cost, determined by the moving-average method (balance sheet value is carried at the lower of cost or market).

(g) Allowance for doubtful accounts

Allowance for doubtful accounts is provided at an amount determined based on the historical experience of bad debt with respect to ordinary receivables, plus an estimate of uncollectible amounts determined by reference to specific doubtful receivables from customers experiencing financial difficulties.

(h) Allowance for recoverable accounts under production sharing

Allowance for recoverable accounts under production sharing is provided for probable losses on specific investments made under production sharing contracts.

(i) Allowance for investments in exploration

Allowance for investments in exploration is provided for future potential losses on investments in exploration companies at an estimated amount based on the net assets of the investees.

(j) Tangible fixed assets (except leased assets)

Depreciation of overseas mining facilities is mainly computed by the unit-of-production method.

For other tangible fixed assets, the straight-line method of depreciation is applied. Useful lives of fixed assets are based on the estimated useful lives of the respective assets.

(k) Intangible assets (except leased assets)

Exploration and development rights at the exploration stage are fully amortized in the consolidated fiscal year. Such rights at the production stage are amortized by the unit-of-production method. Mining rights are amortized mainly by the unit-of-production method.

Other intangible assets are mainly amortized by the straight-line method.

Software for internal use is amortized by the straight-line method over 5 years.

(l) Leased assets

Depreciation of leased assets for financing lease transactions whose ownership are not to be transferred

Depreciation of these assets is calculated based on the straight-line method over the lease period assuming no residual value.

(m) Provision for bonuses

Provision for bonuses to employees is provided at the expected payment amounts.

(n) Provision for bonuses to officers

Provision for bonuses to officers is provided at the expected payment amounts.

(o) Provision for loss on business

Provision for loss on business is provided for future potential losses on crude oil and natural gas development, production and sales business individually estimated for each project.

(p) Provision for exploration projects

Provision for exploration projects is provided for future expenditures as of December 31, 2021, of consolidated subsidiaries at the exploration stage based on a schedule of investments in exploration.

(q) Provision for stocks payment

Provision for stocks payment is provided to prepare for payments of stock benefits to directors and others under the share delivery rule. The amount is based on the expected stock benefit payable.

(r) Provision for special repair and maintenance

Provision for special repair and maintenance is provided for planned major repair and maintenance activities on tanks in certain subsidiaries at the amounts accumulated through the next activity.

(s) Accounting for retirement benefits

(Method of attributing expected retirement benefits to proper periods)

When calculating retirement benefit obligations, the benefit formula method is used for attributing expected retirement benefits to periods through December 31, 2021. Because certain subsidiaries are classified as small enterprises, a simplified method (the amount which would be required to be paid if all active employees voluntarily terminated their employment as of the balance sheet date) is applied for the calculation of the retirement benefit obligation for those subsidiaries.

(Method of recognizing for actuarial differences)

Actuarial gains and losses are charged or credited to income as incurred.

(t) Asset retirement obligations

Asset retirement obligations are recorded by a reasonable estimate of the present value of retirement costs incurred upon termination of the operation and production with respect to oil and gas production facilities, based on the oil and gas contracts or laws and regulations within the countries in which the Company operates or has working interests.

(u) Hedge accounting

(Hedge accounting)

The Company applies the deferred hedge accounting.

(Hedging instruments and hedged items)

[Currency related]

Hedging instruments:	Interest rate and currency swap transactions, and foreign exchange forwards
Hedged items:	Liabilities denominated in Japanese yen and interests in foreign subsidiaries

[Commodity related]

Hedging instruments:	Commodity swap transactions and commodity option transactions
Hedged items:	Sales proceeds from commodities

(Hedging policy)

Derivative transactions are limited to the scope of actual demand, and the Company does not engage in speculative derivative transactions.

(Assessment of the effectiveness of hedge accounting)

The Company performs hedge effectiveness assessment by verifying the relationship between the hedging instruments and the hedged items.

(v) Research and development expenses

Research and development expenses are charged to income as incurred.

(w) Income taxes

Deferred tax assets and liabilities are determined based on the differences between financial reporting and the tax bases of the assets and liabilities and are measured using the enacted tax rates and laws which will be in effect when the differences are expected to reverse.

(x) Applied principles and procedures of accounting when there are no specific provisions involved such as accounting standards

(Recoverable accounts under production sharing)

Cash investments made by the Company during exploration, development and production phases under a production sharing contract are recorded as "Recoverable accounts under production sharing" so long as they are recoverable under the terms of the relevant contract. When the Company receives crude oil and natural gas in accordance with the contract, an amount corresponding to the purchase costs of the products (i.e., a cost recovery portion of the investments) is released from this account.

(Accounting for concession agreements)

The Company mainly applies the accounting that recognizes an amount equivalent to the assets, liabilities, income and expenses of the Group's share.

(Additional Information)

The Company has applied "Accounting Standard for Accounting Policy Disclosures, Accounting Changes and Error Corrections" (ASBJ Statement No.24, March 31, 2020) to the consolidated financial statements for the year ended December 31, 2021, and accordingly disclosed information about applied principles and procedures of accounting when there are no specific provisions involved such as accounting standards.

(y) Standards issued but not effective

- "Accounting Standard for Revenue Recognition" (ASBJ Statement No.29, March 31, 2020)
- "Implementation Guidance on Accounting Standard for Revenue Recognition" (ASBJ Guidance No.30, March 26, 2021)
- "Implementation Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No.19 March 31, 2020)

(Overview)

These are comprehensive accounting standard and guidance about revenue recognition. Revenue is recognized using the following five steps.

1. Identify the contracts with a customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognize revenue when (or as) the entity satisfies a performance obligation

(Scheduled effective date)

The accounting standard and guidance are scheduled to take effect from the beginning of the year ending December 31, 2022.

(The impact of applying standards)

The impact of applying the "Accounting Standard for Revenue Recognition", etc. on the consolidated financial statements relates to changing gross or net presentation of a portion of sales transactions. The application of these standards is expected to have a minor impact on net sales, while there is expected to be no impact on the amounts of profit or loss for the period and retained earnings at the beginning of the period.

- "Accounting Standard for Fair Value Measurement" (ASBJ Statement No.30, July 4, 2019)
- "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No.31, June 17, 2021)
- "Accounting Standard for Measurement of Inventories" (ASBJ Statement No.9, July 4, 2019)
- "Accounting Standard for Financial Instruments" (ASBJ Statement No.10, July 4, 2019)
- "Implementation Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No.19, March 31, 2020)

(Overview)

To enhance comparability with international accounting standards, ASBJ developed "Accounting Standard for Fair Value Measurement" and "Implementation Guidance on Accounting Standard for Fair Value Measurement", and established some guidelines about fair value measurement. These apply to the following items.

· Financial instruments based on "Accounting Standard for Financial Instruments"

· Inventories held for trading based on "Accounting Standard for Measurement of Inventories"

In addition, ASBJ revised "Implementation Guidance on Disclosures about Fair Value of Financial Instruments", which requires the notes about breakdown of fair value of financial instruments.

(Scheduled effective date)

The accounting standard and guidance are scheduled to take effect from the beginning of the year ending December 31, 2022.

(The impact of applying standards)

No impact of applying the accounting standard and guidance on consolidated financial statements is expected.

3. U.S. DOLLAR AMOUNTS

The translation of yen amounts into U.S. dollar amounts is included solely for convenience, as a matter of arithmetic computation only, at ¥115.02=US$1.00, the approximate exchange rate in effect as of December 31, 2021. This translation should not be construed as a representation that yen have been, could have been, or could in the future be, converted into U.S. dollars at the above or any other rate.

4. SIGNIFICANT ACCOUNTING ESTIMATES

For the year ended December 31, 2020
Information regarding significant accounting estimates for the year ended December 31, 2020, is not described in accordance with the transitional treatment prescribed in Paragraph 11 of "Accounting Standard for Disclosure of Accounting Estimates" (ASBJ Statement No.31, March 31, 2020).

For the year ended December 31, 2021
(Evaluation of fixed assets (Ichthys LNG Project and Prelude FLNG Project))
(a) Amounts recorded in the consolidated financial statements as of December 31, 2021
(1) Ichthys LNG Project

	Millions of yen	Thousands of U.S. dollars
Tangible fixed assets	¥1,476,791	$12,839,427
Investment securities*	¥ 227,203	$ 1,975,334

* A balance of ¥227,203 million (US$1,975,334 thousand) in share of interest of associates for Ichthys LNG Pty Ltd, for which the Group holds 66.245% of interests is included in the ¥403,356 million (US$3,506,833 thousand) in investment securities in the consolidated balance sheet as of December 31, 2021. The major assets held by Ichthys LNG Pty Ltd are the fixed assets regarding to the Ichthys LNG Project, and the balance of fixed assets for Ichthys LNG Pty Ltd as of December 31, 2021 (amount obtained by multiplying by the Group's share) is ¥2,452,645 million (US$21,323,639 thousand).

(2) Prelude FLNG Project

	Millions of yen	Thousands of U.S. dollars
Tangible fixed assets	¥191,385	$1,663,928
Intangible assets	¥ 54,359	$ 472,604

(b) Information on the content of significant accounting estimates for identified items
(1) Calculation method of the amount
The Company groups mining area and other assets as a basic unit that generates cash inflows independently of other groups of assets. If any indication that an asset may be impaired exists, the Group shall estimate the future cash flows, and if the recoverable amount is lower than the carrying amount, the impairment loss is recognized.

The Company has deemed that, in the year ended December 31, 2021, there is no indication of impairment for fixed assets related to the Ichthys LNG Project and the Prelude FLNG Project as a result of the determination of indications of impairment that took into consideration the status of project operation, which includes future crude oil prices and reserves, and operating expenses and development expenses.

(2) Major assumptions used for significant accounting estimates
Reserves, future crude oil/natural gas prices, exchange rates, operating expenses, development expenses and discount rate were used as major assumptions for the determination of indications of impairment of fixed assets.

These estimates and assumptions are based on the best judgements made by the management taking into account various factors such as the impact of the spread of COVID-19 that were considered reasonable as of December 31, 2021.

(3) Effect to consolidated financial statements for the year ending December 31, 2022
If it is necessary to review major assumptions due to changes in future economic conditions, impairment loss on fixed assets may arise in the consolidated financial statements from the following fiscal year onward.

5. STATUS OF FINANCIAL INSTRUMENTS

(a) Policy regarding financial instruments
The Company raises funds for oil and natural gas development and construction of natural gas infrastructure primarily from cash flow on hand, bank loans and issuance of bonds. Oil and natural gas development projects are primarily funded from long-term loans that the Company has secured from the Japan Bank for International Cooperation, Japanese commercial banks and others. Japan Oil, Gas and Metals National Corporation has provided guarantees for the principal on certain outstanding amounts of the Company's long-term loans. The Development Bank of Japan and Japanese commercial banks and others have provided long-term loans for the construction of domestic gas infrastructure. The Company generally borrows loans with variable interest rates and issues bonds with fixed rates, while some loans are with a fixed interest rate depending on the nature of each project.

Regarding the financing policy, the Company manages funds in consideration of being low-risk and high-liquidity. The Company uses derivative transactions only to manage risks of forecasted transactions and portfolio assets, and does not engage in speculative derivative transactions.

(b) Details of financial instruments, associated risks and risk management
(Credit risk related to trade receivables)
Trade receivables such as accounts receivable-trade and accounts receivable-other are comprised mainly from sales of crude oil and natural gas. Main trading partners are national oil companies, major oil companies and others. In line with the criteria for trading and credit exposure management, the Company properly analyzes the status of trading partners for early detection and reduction of default risks.

(Fluctuation risks of market price related to securities)
For marketable securities and investment securities exposed to fluctuation risks of market price, analysis of market values is regularly reported to the Executive Committee. For shares of stock, the Company mainly holds shares of trading partners and others to establish close and smooth relationships for the purpose of maintaining a medium- to long-term stable business. A part of these shares is held for the purpose of investment.

(Fluctuation risks of interest rate related to short-term loans and long-term debt)
Loans are mainly used to fund oil and natural gas development projects and construction or expansion of domestic gas infrastructure and others. The borrowing period is determined considering the financial prospects of the project and useful lives of the facilities. Loans with variable interest rates are exposed to fluctuation risks of interest rate, however, the Company analyzes the impact of fluctuations in interest rate at the time of borrowing and on an annual basis, and leverages fixed-rate-loans as necessary considering the project statuses.

(Fluctuation risks of exchange rates related to assets and liabilities in foreign currencies)
As most of the Company's business is conducted overseas, the Company is exposed to fluctuation risks of exchange rates due to a large portion of monetary assets and liabilities held in foreign currencies such as cash and deposits, accounts receivables and loans required in overseas projects. For this reason, the Company endeavors to reduce fluctuation risks of exchange rates by maintaining the position between assets and liabilities in foreign currencies. In addition to planned expenditures in foreign currencies, the Company manages fluctuation risks of exchange rates through derivative transactions such as foreign exchange forwards and others as necessary.

(Fluctuation risks of commodity price related to sales of oil and natural gas)
Sales price of oil and natural gas is exposed to fluctuation risks of commodity price. The Company manages fluctuation risks of commodity price by conducting commodity swap transactions and commodity option transactions within the scope of actual demand, as necessary.

(Management of derivative transactions)
For the above derivative transactions, the Company follows its internal rules. Market values of these derivatives are regularly reported to the Executive Committee, and the Company only transacts with financial institutions with high credit ratings to reduce counterparty risks for the use of derivatives. Regarding the Group's hedge accounting, hedging instruments, hedged items, hedging policy and assessment of the effectiveness of hedge accounting are described in "(u) Hedge accounting" of "2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES"

(Management of liquidity risk related to financing)
The finance and accounting division controls cash management based on a monthly financing plan prepared by each project division and secures sufficient liquidity on hand to prepare for liquidity risk.

6. SECURITIES

(a) Information regarding other securities as of December 31, 2020 and 2021 is as follows:

	Millions of yen		
December 31, 2020	Acquisition cost	Carrying value	Unrealized gain (loss)
Securities with carrying values exceeding their acquisition costs			
Stock	¥ 2,863	¥ 4,399	¥ 1,536
Other	2,178	7,198	5,019
Subtotal	5,041	11,598	6,556
Securities with acquisition costs exceeding their carrying values			
Stock	30,385	26,810	(3,575)
Subtotal	30,385	26,810	(3,575)
Total	¥35,427	¥38,408	¥ 2,981

	Millions of yen			Thousands of U.S. dollars		
December 31, 2021	Acquisition cost	Carrying value	Unrealized gain (loss)	Acquisition cost	Carrying value	Unrealized gain (loss)
Securities with carrying values exceeding their acquisition costs						
Stock	¥15,193	¥18,307	¥3,113	$132,090	$159,163	$27,064
Subtotal	15,193	18,307	3,113	132,090	159,163	27,064
Securities with acquisition costs exceeding their carrying values						
Stock	8,526	8,476	(49)	74,126	73,691	(426)
Subtotal	8,526	8,476	(49)	74,126	73,691	(426)
Total	¥23,719	¥26,783	¥3,064	$206,216	$232,855	$26,638

(b) Information regarding sales of securities classified as other securities for the years ended December 31, 2020 and 2021.
Year ended December 31, 2020
None

	Millions of yen			Thousands of U.S. dollars		
Year ended December 31, 2021	Proceeds from sales	Gain on sales	Loss on sales	Proceeds from sales	Gain on sales	Loss on sales
Stock	¥10,728	¥ 862	¥2,981	$ 93,270	$ 7,494	$25,917
Other	7,713	5,535	—	67,057	48,122	—
Total	¥18,442	¥6,397	¥2,981	$160,337	$55,616	$25,917

(c) Components of securities for which it is extremely difficult to determine fair value as of December 31, 2020 and 2021 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2020/12	2021/12	2021/12
Unlisted securities	¥ 21,691	¥ 18,369	$ 159,702
Stocks of subsidiaries and affiliates	237,767	358,203	3,114,267
Total	¥259,458	¥376,572	$3,273,969

These securities are not included in (a) as they have no quoted market prices and it is extremely difficult to determine their fair value. For shares of exploration companies, an allowance for investments in exploration is provided at an estimated amount based on the financial position of the investees.

7. SHORT-TERM BORROWINGS AND LONG-TERM DEBT, ASEETS PLEDGED

(a) Short-term borrowings as of December 31, 2020 and 2021 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2020/12	2021/12	2021/12
Short-term borrowings from banks and others (Interest rate ranging from 0.503% to 4.498% and 3.103% at December 31, 2020 and 2021)	¥93,614	¥5,110	$44,427

(b) Long-term debt as of December 31, 2020 and 2021 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2020/12	2021/12	2021/12
Loans from banks and others, due through 2035 (Interest rates ranging from 0.035% to 2.589% and from 0.012% to 2.589% at December 31, 2020 and 2021)	¥1,141,233	¥1,145,103	$9,955,685
Less: Current portion	81,519	75,382	655,381
Amounts on the consolidated balance sheet	¥1,059,713	¥1,069,721	$9,300,304

(c) Assets pledged as of December 31, 2020 and 2021 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2020/12	2021/12	2021/12
Cash and cash equivalents	¥ 35,714	¥ 42,527	$ 369,735
Accounts receivable-trade	10,378	21,123	183,646
Inventories	15,338	17,625	153,234
Wells	231,086	235,846	2,050,478
Machinery, equipment and vehicles	1,067,388	1,116,249	9,704,825
Land	138	153	1,330
Construction in progress	55,495	109,499	951,999
Investment securities	144,009	239,475	2,082,029
Long-term loans receivable	722,546	835,109	7,260,554
Other	22,253	16,964	147,487
Total	¥2,304,349	¥2,634,575	$22,905,364

The above is mainly related to Ichthys LNG Project Finance, and includes others that are pledged as collateral for liabilities of affiliates.

(d) The aggregate maturities of long-term debt subsequent to December 31, 2021 are summarized as follows:

	Millions of yen	Thousands of U.S. dollars
1 year or less	¥ 75,382	$ 655,381
More than 1 year and up to 5 years	668,399	5,811,154
More than 5 years and up to 10 years	293,933	2,555,494
More than 10 years	107,388	933,646
Total	¥1,145,103	$9,955,685

8. INCOME TAXES

The Company and its domestic consolidated subsidiaries are subject to income taxes which, in the aggregate, resulted in a statutory tax rate of approximately 28.0% for the years ended December 31, 2020 and 2021.

(a) The effective tax rates reflected in the consolidated statement of income for the years ended December 31, 2020 and 2021 differ from the statutory tax rate for the following reasons:

	2020/12	2021/12
Statutory tax rate	28.0%	28.0%
Effect of:		
Permanently non-taxable expenses such as entertainment expenses	2.7	0.1
Permanently non-taxable income such as dividends income	(2.1)	(0.4)
Valuation allowance	47.2	2.0
Foreign taxes	142.7	31.1
Foreign tax credits	(3.2)	(4.4)
Adjustment of deducted amounts of foreign taxes	(38.5)	(4.4)
Amortization of goodwill	2.9	0.3
Differences of effective tax rates applied to tax effect accounting (domestic subsidiaries)	(24.2)	(0.8)
Differences of effective tax rates applied to tax effect accounting (foreign subsidiaries)	81.7	17.0
Retained earnings of certain subsidiaries	9.3	0.2
Reversal of translation adjustments	7.7	—
Other	(0.2)	(1.9)
Effective tax rates	254.0%	66.8%

(b) The significant components of deferred tax assets and liabilities as of December 31, 2020 and 2021 are described below.

	Millions of yen		Thousands of U.S. dollars
	2020/12	2021/12	2021/12
Deferred tax assets			
Exploration expenditures	¥ 53,622	¥ 51,190	$ 445,053
Loss on valuation of investment securities	4,059	1,086	9,441
Recoverable accounts under production sharing (foreign taxes)	2,821	4,078	35,454
Allowance for investments in exploration	688	392	3,408
Foreign taxes payable	14,782	9,801	85,211
Net operating loss carry-forwards*1	399,633	377,270	3,280,038
Accumulated depreciation	27,489	51,987	451,982
Liability for retirement benefits	2,632	2,364	20,552
Provision for loss on business	2,618	2,632	22,882
Translation differences of assets and liabilities denominated in foreign currencies	2,883	13,308	115,701
Asset retirement obligations	15,550	88,991	773,700
Allowance for doubtful accounts	3,613	3,641	31,655
Impairment loss	41,147	46,191	401,591
Other	56,319	56,493	491,158
Total gross deferred tax assets	627,864	709,429	6,167,875
Valuation allowance for net operating loss carry-forwards*1	(270,477)	(245,427)	(2,133,776)
Valuation allowance for total amount of deductible temporary difference and others	(181,883)	(196,735)	(1,710,441)
Total valuation allowance	(452,360)	(442,162)	(3,844,218)
Total deferred tax assets	175,504	267,267	2,323,656
Deferred tax liabilities			
Foreign taxes	(173,016)	(302,357)	(2,628,734)
Translation differences of assets and liabilities denominated in foreign currencies	(517)	(68)	(591)
Translation differences due to an application of purchase accounting method	(5,347)	(5,346)	(46,478)
Reserve for exploration	(3,650)	(3,199)	(27,812)
Unrealized holding gain on securities	(979)	(497)	(4,320)
Other	(14,350)	(15,277)	(132,820)
Total deferred tax liabilities	(197,861)	(326,746)	(2,840,775)
Net deferred tax assets (liabilities)	¥ (22,356)	¥ (59,479)	$ (517,118)

*1 Net operating loss carry-forwards and relevant deferred tax assets by expiration dates are as follows:

	Millions of yen				
December 31, 2020	1 year or less	More than 1 year and up to 5 years	More than 5 years and up to 10 years	More than 10 years *b	Total
Net operating loss carry-forwards*a	¥ 495	¥ 66,041	¥ 34,977	¥ 298,118	¥ 399,633
Valuation allowance	(479)	(27,264)	(20,102)	(222,630)	(270,477)
Deferred tax assets	¥ 16	¥ 38,776	¥ 14,874	¥ 75,488	¥ 129,156

	Millions of yen				
December 31, 2021	1 year or less	More than 1 year and up to 5 years	More than 5 years and up to 10 years	More than 10 years *b	Total
Net operating loss carry-forwards*a	¥1,512	¥ 65,258	¥ 27,241	¥ 283,257	¥ 377,270
Valuation allowance	(973)	(16,274)	(18,462)	(209,716)	(245,427)
Deferred tax assets	¥ 538	¥ 48,984	¥ 8,779	¥ 73,540	¥ 131,842

	Thousands of U.S. dollars				
December 31, 2021	1 year or less	More than 1 year and up to 5 years	More than 5 years and up to 10 years	More than 10 years *b	Total
Net operating loss carry-forwards*a	$13,145	$ 567,362	$ 236,837	$ 2,462,676	$ 3,280,038
Valuation allowance	(8,459)	(141,488)	(160,511)	(1,823,300)	(2,133,776)
Deferred tax assets	$ 4,677	$ 425,873	$ 76,325	$ 639,367	$ 1,146,252

*a Net operating loss carry-forwards is multiplied by statutory tax rate.
*b Including amounts with no expiration date under applicable laws and regulations.

9. COMPREHENSIVE INCOME

Amount of reclassification adjustments and income tax effects allocated to each component of other comprehensive income for the years ended December 31, 2020 and 2021 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2020/12	2021/12	2021/12
Unrealized holding gain (loss) on securities			
Amount recognized during the period	¥ (10,304)	¥ 5,317	$ 46,226
Amount of reclassification adjustments	6,378	(5,234)	(45,505)
Before income tax effect	(3,926)	82	712
Amount of income tax effect	442	481	4,181
	(3,483)	564	4,903
Deferred gain (loss) on hedges			
Amount recognized during the period	281	(5,662)	(49,226)
Amount of reclassification adjustments	—	4,792	41,662
Before income tax effect	281	(870)	(7,563)
Amount of income tax effect	—	62	539
	281	(807)	(7,016)
Translation adjustments			
Amount recognized during the period	(128,446)	235,828	2,050,321
Amount of reclassification adjustment	18,528	—	—
	(109,917)	235,828	2,050,321
Share of other comprehensive income of affiliates accounted for by the equity-method			
Amount recognized during the period	(49,668)	28,741	249,878
Amount of reclassification adjustments	9,763	17,198	149,521
	(39,904)	45,939	399,400
Total other comprehensive income	¥(153,024)	¥281,524	$2,447,609

10. NET ASSETS

The total number of the Company's shares issued consisted of 1,462,323,600 shares of common stock and 1 Class A stock as of December 31, 2021.

Class A stock has no voting rights at the common shareholders' meeting, but the ownership of Class A stock gives its holder a right of veto over certain important matters described below. However, requirements stipulated in the Articles of Incorporation need to be met in cases involving the exercise of the veto over the appointment or removal of directors, the disposition of all or a portion of material assets, and business integration;

- Appointment or removal of Directors
- Disposition of all or a portion of material assets
- Amendments to the Articles of Incorporation relating to the Company's business objectives and granting voting rights to any shares other than the common shares of the Company
- Business integration
- Capital reduction
- Company dissolution

Class A stock shareholder may request the Company to acquire Class A stock. Besides, the Company may also acquire Class A stock by a resolution of the meeting of the Board of Directors in case where Class A stock is transferred to a non-public entity.

The Company conducted a stock split at a ratio of 1:400 of common stock with October 1, 2013 as the effective date, but for Class A stock, no stock split was conducted. The Articles of Incorporation specifies that dividends of Class A stock are equivalent to dividends of a common stock prior to the stock split. The cash dividends of Class A stock for the year ended December 31, 2021 amounted to ¥19,200.

Under the Companies Act of Japan, 10% of the amount to be distributed as dividends from capital surplus (other than capital reserve) and retained earnings (other than legal reserve) should be transferred to capital reserve and legal reserve, respectively, up to the point where total amount of capital reserve and legal reserve equals 25% of the common stock account.

Distributions can be made at any time by a resolution of the meeting of shareholders, or the Board of Directors if certain conditions are met, but neither capital reserve nor legal reserve is available for distributions.

11. AMOUNTS PER SHARE

Amounts per share as of December 31, 2020 and 2021 are as follows:

	Yen		U.S. dollars
	2020/12	2021/12	2021/12
Net assets excluding non-controlling interests per share	¥1,874.08	¥2,253.17	$19.59
Cash dividends per share	24.00	48.00	0.42
Net income (loss) per share	¥ (76.50)	¥ 153.87	$ 1.34

Diluted net income per share is not presented because there are no dilutive potential of shares of common stock.

Net assets excluding non-controlling interests per share are computed based on the net assets excluding non-controlling interests and the number of shares of common stock outstanding at the year end.

Cash dividends per share represent the cash dividends proposed by the Board of Directors together with the interim cash dividends paid.

Net income (loss) per share is computed based on the net income available for distribution to shareholders of common stock and the average number of shares of common stock outstanding during the year.

For the purpose of computing net assets excluding non-controlling interests per share, the Company's shares held by "the Board Incentive Plan Trust*" recorded as treasury stock under shareholders' equity are included in the treasury stock to be deducted from the total number of shares issued at the end of the period. Additionally, in computing net income (loss) per share, above shares of the Company are included in the treasury stock to be deducted from the average number of shares during the period. The numbers of shares of treasury stock deducted from the total number of shares issued at the end of the period in computing net assets excluding non-controlling interests per share were 152,569 shares and 149,593 shares as of December 31, 2020 and 2021 respectively. The numbers of shares of treasury stock deducted from the average number of shares during the period in computing net income (loss) per share were 153,372 shares and 150,738 shares for the years ended December 31, 2020 and 2021 respectively.

* "The Board Incentive Plan Trust" is a share-based remuneration system under which a predetermined number of shares of the Company or the amount of money equivalent to the proceeds from the disposal of those shares are delivered or provided to the eligible Directors and Executive Officers of the Company according to their positions and other factors. The system was scheduled to cover the five calendar years from 2018 to 2023, but following the alterlation of the contract in May 2022, the system will be extended to 2025.

12. DERIVATIVE TRANSACTIONS

(a) Derivatives not subject to hedge accounting

Contract amounts, fair value and valuation gain (loss) regarding derivatives not subject to hedge accounting as of December 31, 2020 and 2021 are as follows:

(1) Currency related

	Millions of yen			
December 31, 2020	Contract amounts	More than 1 year	Fair value	Valuation gain (loss)
Foreign exchange forwards*				
Sell / CAD and Buy / USD	¥ 43,920	¥ —	¥ (314)	¥ (314)
Interest rate currency swaps*				
Receive / floating / USD and pay / fixed / JPY	¥124,293	¥72,464	¥2,770	¥2,770

	Millions of yen			
December 31, 2021	Contract amounts	More than 1 year	Fair value	Valuation gain (loss)
Foreign exchange forwards*				
Sell / CAD and Buy / USD	¥48,931	¥ —	¥ (551)	¥ (551)
Interest rate currency swaps*				
Receive / floating / USD and pay / fixed / JPY	¥80,514	¥34,506	¥(6,454)	¥(6,454)

December 31, 2021	Thousands of U.S. dollars Contract amounts	More than 1 year	Fair value	Valuation gain (loss)
Foreign exchange forwards* Sell / CAD and Buy / USD	$425,412	$ —	$ (4,790)	$ (4,790)
Interest rate currency swaps* Receive / floating / USD and pay / fixed / JPY	$700,000	$300,000	$(56,111)	$(56,111)

* Fair value is the price obtained from the counterparty financial institutions.

(2) Commodity related
There is no derivatives not subject to hedge accounting as of December 31, 2020.

December 31, 2021	Millions of yen Contract amounts	More than 1 year	Fair value	Valuation gain (loss)
Commodity swap transactions* Receive / fixed and pay / floating	¥2,615	¥ —	¥(130)	¥(130)
Commodity swap transactions* Receive / floating and pay / fixed	¥2,618	¥ —	¥ 127	¥ 127

December 31, 2021	Thousands of U.S. dollars Contract amounts	More than 1 year	Fair value	Valuation gain (loss)
Commodity swap transactions* Receive / fixed and pay / floating	$22,735	$ —	$(1,130)	$(1,130)
Commodity swap transactions* Receive / floating and pay / fixed	$22,761	$ —	$ 1,104	$ 1,104

* Fair value is the price obtained from forward quotations.

(b) Derivatives subject to hedge accounting
Contract amounts and fair value regarding derivatives not subject to hedge accounting as of December 31, 2020 and 2021 are as follows:
(1) Currency related

December 31, 2020	Principal items hedged	Millions of yen Contract amounts	More than 1 year	Fair value
Interest rate currency swaps* Receive / floating / USD and pay / fixed / JPY	Liabilities (JPY)	¥124,293	¥72,464	¥107

December 31, 2021	Principal items hedged	Millions of yen Contract amounts	More than 1 year	Fair value
Interest rate currency swaps* Receive / floating / USD and pay / fixed / JPY	Liabilities (JPY)	¥80,514	¥34,506	¥(369)

December 31, 2021	Principal items hedged	Thousands of U.S. dollars Contract amounts	More than 1 year	Fair value
Interest rate currency swaps* Receive / floating / USD and pay / fixed / JPY	Liabilities (JPY)	$700,000	$300,000	$(3,208)

* Fair value is the price obtained from the counterparty financial institutions.

(2) Commodity related
There are no derivatives subject to hedge accounting as of December 31, 2020.

December 31, 2021	Principal items hedged	Millions of yen Contract amounts	More than 1 year	Fair value
Commodity swap transactions* Receive / fixed and pay / floating	Sales proceeds from commodities	¥17,670	¥ —	¥ 313
Commodity option transactions* Buy / Put Sell / Call	Sales proceeds from commodities	24,355 ¥39,854	— ¥ —	1,020 ¥(1,384)

December 31, 2021	Principal items hedged	Thousands of U.S. dollars Contract amounts	More than 1 year	Fair value
Commodity swap transactions* Receive / fixed and pay / floating	Sales proceeds from commodities	$153,625	$ —	$ 2,721
Commodity option transactions* Buy / Put Sell / Call	Sales proceeds from commodities	211,745 $346,496	— $ —	8,868 $(12,032)

* Fair value is calculated based on the price obtained from forward quotations and the counterparty financial institutions.

13. OTHER FINANCIAL INSTRUMENTS

(a) The carrying value and estimated fair value of financial instruments excluding marketable securities and investment securities which are disclosed in Note 6.(a) and derivatives which are disclosed in Note 12 as of December 31, 2020 and 2021 are as shown below. The following summary also excludes cash and cash equivalents, time deposits, and accounts receivable—trade for which fair values approximate their carrying amounts.

	Millions of yen	
December 31, 2020	Carrying value	Estimated fair value
Long-term loans receivable	¥ 911,424	¥ 917,926
Short-term borrowings and current portion of long-term debt	175,133	174,600
Long-term debt	¥1,059,713	¥1,053,580

	Millions of yen		Thousands of U.S. dollars	
December 31, 2021	Carrying value	Estimated fair value	Carrying value	Estimated fair value
Long-term loans receivable	¥1,011,801	¥1,010,598	$8,796,739	$8,786,280
Short-term borrowings and current portion of long-term debt	80,493	80,032	699,817	695,809
Bonds payable	30,000	30,064	260,824	261,380
Long-term debt	¥1,069,721	¥1,062,062	$9,300,304	$9,233,715

(b) For other financial instruments, computation methods of estimated fair value are as shown below.

(Long-term loans receivable)

The estimated fair value of long-term loans receivable is calculated by applying a discount rate to the total of principal and interest. The discount rate is based on the assumed interest rate if a similar new loan is entered into.

(Short-term borrowings and current portion of long-term debt)

The estimated fair value of current portion of long-term debt is calculated by the same method as long-term debt. For short-term borrowings, the relevant carrying value is used since the item is settled in a short periods of time and its fair value is almost the same as the carrying value.

(Bonds payable)

The estimated fair value of bonds payable is based on the Reference Statistical Prices (Yields) for OTC Bond Transactions issued by the Japan Securities Dealers Association.

(Long-term debt)

The estimated fair value of long-term debt is calculated by applying a discount rate to the total of principal and interest. The discount rate is based on the assumed interest rate if a similar new loan is entered into.

14. RESEARCH AND DEVELOPMENT EXPENSES

Research and development expenses included in general and administrative expenses and cost of sales amounted to ¥483 million and ¥409 million (US$3,555 thousand) for the years ended December 31, 2020 and 2021, respectively.

15. IMPAIRMENT LOSS

For the year ended December 31, 2020

The Company groups mining area and other assets as a basic unit that generates cash inflows independently of other groups of assets. In light of the substantial decline in crude oil prices resulting from the COVID-19-induced reduction in global energy demand and other factors, the recoverable amount of these groups of assets was expected to decrease; therefore, the Company reduced the respective carrying amounts of the assets listed below to the recoverable amounts, posting the reductions as impairment loss.

Use	Location	Classification	Impairment loss Millions of yen
Assets related to Prelude FLNG Project	Commonwealth of Australia	Construction in progress	¥ 97,097
		Mining rights	31,965
		Subtotal	129,062
Assets related to Tight Oil Project (Eagle Ford)	Texas, United States	Wells	11,178
		Machinery, equipment and vehicles	1,595
		Mining rights	20,462
		Subtotal	33,235
Assets related to Lucius Oil Field	Gulf of Mexico, United States	Wells	3,553
		Machinery, equipment and vehicles	2,421
		Mining rights	12,719
		Subtotal	18,693
Other			8,948
Total			¥189,940

The recoverable amount of the assets related to Prelude FLNG Project, Tight Oil Project (Eagle Ford) and Lucius Oil Field is reasonably estimated by discounting the future cash flows at a rate of 7.9-10.7%.

For the year ended December 31, 2021
The Company groups mining area and other assets as a basic unit that generates cash inflows independently of other groups of assets. In light of the decline in forecasted production volume, the recoverble amount of this group of assets was expected to decrease; therefore, the Company reduced the respective carrying amounts of the assets listed below to recoverable amounts, posting the reductions as impairment loss.

Use	Location	Classification	Impairment loss	
			Millions of yen	Thousands of U.S. dollars
Assets related to Van Gogh Oil Field / Coniston Oil Field	Commonwealth of Australia	Wells	¥ 1,493	$ 12,980
		Machinery, equipment and vehicles	6,632	57,659
		Construction in progress	6,038	52,495
		Other	8	69
		Total	¥14,170	$123,195

The recoverable amount of the assets related to Van Gogh Oil Field and Coniston Oil Field is reasonably estimated by discounting the future cash flows at a rate of 11.5%.

16. RETIREMENT BENEFITS

Retirement benefits for the years ended December 31, 2020 and 2021 are as follows:

(a) Defined benefit plans

(1) Reconciliation of beginning and ending balances of the retirement benefit obligations (excluding plans included in (3))

	Millions of yen		Thousands of U.S. dollars
	2020/12	2021/12	2021/12
Balance at beginning of the period	¥23,413	¥23,267	$202,286
Service cost	1,176	1,174	10,206
Interest cost	91	117	1,017
Actuarial loss (gain)	(307)	(810)	(7,042)
Retirement benefits paid	(1,107)	(895)	(7,781)
Balance at end of the period	¥23,267	¥22,853	$198,687

(2) Reconciliation of beginning and ending balances of plan assets at fair value (excluding plans included in (3))

	Millions of yen		Thousands of U.S. dollars
	2020/12	2021/12	2021/12
Balance at beginning of the period	¥16,147	¥15,891	$138,158
Expected return on plan assets	270	273	2,373
Actuarial gain (loss)	(397)	479	4,164
Contributions to the plans	565	564	4,903
Retirement benefits paid	(694)	(622)	(5,407)
Balance at end of the period	¥15,891	¥16,585	$144,192

(3) Reconciliation of beginning and ending balances of liability for retirement benefits applying simplified methods

	Millions of yen		Thousands of U.S. dollars
	2020/12	2021/12	2021/12
Balance at beginning of the period	¥744	¥782	$6,798
Retirement benefit expenses	185	75	652
Retirement benefits paid	(65)	(33)	(286)
Contributions to the plans	(17)	(17)	(147)
Other	(64)	(26)	(226)
Balance at end of the period	¥782	¥780	$6,781

(4) Reconciliation between retirement benefit obligations and plan assets at fair value and liability for retirement benefits and asset for retirement benefits on the consolidated balance sheet

	Millions of yen		Thousands of U.S. dollars
	2020/12	2021/12	2021/12
Retirement benefit obligations (funded plans)	¥ 23,512	¥ 23,042	$ 200,330
Plan assets at fair value	(16,090)	(16,754)	(145,661)
	7,421	6,287	54,660
Retirement benefit obligations (unfunded plans)	737	760	6,607
Net liability (asset) on consolidated balance sheet	8,158	7,048	61,276
Liability for retirement benefits	8,158	7,048	61,276
Net liability (asset) on consolidated balance sheet	¥ 8,158	¥ 7,048	$ 61,276

* Including plans applying simplified methods.

(5) Details of retirement benefit expenses

	Millions of yen		Thousands of U.S. dollars
	2020/12	2021/12	2021/12
Service cost	¥1,176	¥ 1,174	$ 10,206
Interest cost	91	117	1,017
Expected return on plan assets	(270)	(273)	(2,373)
Amortization of actuarial loss (gain)	90	(1,289)	(11,206)
Retirement benefit expenses under simplified methods	185	75	652
Retirement benefit expenses for defined benefit plans	¥1,274	¥ (195)	$ (1,695)

(6) Plan assets (excluding plans applying simplified methods)

Components of plan assets	2020/12	2021/12
Stock	26%	29%
General accounts	45	44
Bonds	23	22
Other	6	5
Total	100%	100%

(7) Basis of measurement for long-term expected return rate on plan assets
The expected long-term return rate on plan assets is determined based on the current and expected future distribution of plan assets and the current and expected future long-term return rate on various assets of which plan assets are composed.

(8) Basis of the actuarial assumptions

	2020/12	2021/12
Discount rate	0.5%	0.6%
Long-term expected return rate on plan assets	1.8%	1.8%

(b) Defined contribution plans
The Group's contributions for defined contribution plans amounted to ¥2,147 million and ¥2,360 million (US$20,518 thousand) for the years ended December 31, 2020 and 2021, respectively.

17. ASSET RETIREMENT OBLIGATIONS

(a) Asset retirement obligations recognized in the consolidated balance sheet
The changes in asset retirement obligations for the years ended December 31, 2020 and 2021 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2020/12	2021/12	2021/12
Balance at beginning of the period	¥136,882	¥173,622	$1,509,494
New obligations	1,017	8,590	74,682
Accretion expenses	2,835	2,695	23,430
Obligations settled	(211)	(1,532)	(13,319)
Change in estimates *1	40,689	63,857	555,181
Other *2	(7,591)	11,780	102,416
Balance at end of the period	¥173,622	¥259,012	$2,251,886

*1 "Change in estimates" for the years ended December 31, 2020 mainly reflects the revised discount rate of certain subsidiaries.
"Change in estimates" for the years ended December 31, 2021 mainly reflects the amounts rocognized for the newly available information of certain subsidiaries.
*2 "Other" mainly includes the change due to fluctuations in foreign exchange rates.

(b) Asset retirement obligations other than those recognized in the consolidated balance sheet
Regarding domestic oil and natural gas production facilities and natural gas supply and marketing facilities, the Group has obligations to prevent mine pollution at abandoned well sites after the completion of the production under Mine Safety Act and restore sites to their original condition at the time of business termination in accordance with lease contracts.

The Group also has obligations to decommission mines with respect to certain overseas oil production facilities. However, the Group had not recognized retirement costs as of December 31, 2020, since the information about decommissioning work including the assets subject to the work based on the approval by the government of the oil-producing country had not been specified at that time.

For the year ended December 31, 2021, although the approval of the local government has not yet been obtained, the Group acquired certain information regarding the retirement costs, including the assets subject to work from the state-owned oil company.

As it is no longer considered difficult to estimate the retirement costs to be borne by the Group, the asset retirement obligation of ¥74,667 million (US$649,165 thousand) has been recorded as of December 31, 2021, by referring to the information. As a result, ¥14,857 million (US$129,168 thousand) of depreciation expenses was recorded in connection with the recognition of asset retirement obligations.

18. LEASES

Future minimum lease payments subsequent to December 31, 2021 for operating lease transactions are summarized as follows:

As Lessee

	Millions of yen	Thousands of U.S. dollars
2022	¥2,371	$20,613
2023 and thereafter	6,571	57,129
Total	¥8,943	$77,751

19. CONTINGENT LIABILITIES

As of December 31, 2021, the Company and its consolidated subsidiaries were contingently liable as guarantors of indebtedness of affiliates in the aggregate amount of ¥390,873 million (US$3,398,304 thousand).

20. SEGMENT INFORMATION

Segment information for the years ended December 31, 2020 and 2021

(a) Overview of reportable segments

The reportable segments for the Group's oil and natural gas development activities are composed of individual mining area and others for which separate financial information is available in order for the Board of Directors to make Group management decisions. Since the Group operates oil and natural gas businesses globally, the Group's reportable segments are the mining areas and others by geographical region, categorized in "Japan", "Asia & Oceania" (mainly Indonesia, Australia and East Timor), "Eurasia (Europe & NIS)" (mainly Azerbaijan and Kazakhstan), "Middle East & Africa" (mainly United Arab Emirates) and "Americas."

The Company produces oil and natural gas in each segment. In addition, the Company conducts purchasing and marketing activities for natural gas and petroleum products and others in "Japan" segment.

(b) Basis of measurement for sales, income (loss), assets and other items by reportable segment

Accounting policies for the reportable segments are substantially the same as those described in "Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES". Internal sales between segments are based on prices for third-party transactions.

(c) Information on sales, income (loss), assets and other items by reportable segment

	Millions of yen							
Year ended December 31, 2020	Japan	Asia & Oceania	Eurasia (Europe & NIS)	Middle East & Africa	Americas	Total	Adjustments*1	Consolidated*2
Sales to third parties	¥115,838	¥ 220,969	¥ 68,369	¥352,388	¥13,481	¥ 771,046	¥ —	¥ 771,046
Intercompany sales and transfers between segments	—	5,320	—	—	—	5,320	(5,320)	—
Total sales	115,838	226,290	68,369	352,388	13,481	776,367	(5,320)	771,046
Segment income (loss)	14,341	56,522	4,481	186,408	(2,128)	259,625	(11,154)	248,471
Segment assets	255,069	3,024,426	572,642	493,092	24,455	4,369,687	264,831	4,634,518
Other items								
Depreciation and amortization	15,075	100,812	6,923	42,476	7,938	173,227	871	174,098
Amortization of goodwill	—	—	—	—	(192)	(192)	6,952	6,760
Investment to affiliates accounted for by the equity-method	2,014	198,065	14,417	12,471	—	226,969	1,205	228,175
Increase of tangible fixed assets and intangible assets	¥ 4,990	¥ 118,840	¥ 5,909	¥ 46,589	¥ 7,783	¥ 184,113	¥ 938	¥ 185,052

Year ended December 31, 2021	Millions of yen Japan	Asia & Oceania	Eurasia (Europe & NIS)	Middle East & Africa	Americas	Total	Adjustments*1	Consolidated*2
Sales to third parties	¥130,089	¥ 354,919	¥116,959	¥618,161	¥24,240	¥1,244,369	¥ —	¥1,244,369
Intercompany sales and transfers between segments	—	9,070	—	—	—	9,070	(9,070)	—
Total sales	130,089	363,989	116,959	618,161	24,240	1,253,440	(9,070)	1,244,369
Segment income (loss)	11,464	175,542	30,909	376,065	10,276	604,259	(13,602)	590,657
Segment assets	262,201	3,394,010	570,860	623,136	38,546	4,888,755	269,440	5,158,196
Other items								
Depreciation and amortization	14,923	116,426	6,862	59,872	4,226	202,311	872	203,184
Amortization of goodwill	—	—	—	—	(96)	(96)	6,952	6,856
Investment to affiliates accounted for by the equity-method	2,277	307,749	18,359	18,375	—	346,761	1,502	348,264
Increase of tangible fixed assets and intangible assets	¥ 8,149	¥ 66,140	¥ 5,875	¥122,340	¥13,402	¥ 215,907	¥ 6,272	¥ 222,179

Year ended December 31 , 2021	Thousands of U.S. dollars Japan	Asia & Oceania	Eurasia (Europe & NIS)	Middle East & Africa	Americas	Total	Adjustments*1	Consolidated*2
Sales to third parties	$1,131,011	$ 3,085,715	$1,016,857	$5,374,378	$210,745	$10,818,718	$ —	$10,818,718
Intercompany sales and transfers between segments	—	78,855	—	—	—	78,855	(78,855)	—
Total sales	1,131,011	3,164,571	1,016,857	5,374,378	210,745	10,897,583	(78,855)	10,818,718
Segment income (loss)	99,669	1,526,186	268,727	3,269,561	89,340	5,253,512	(118,257)	5,135,254
Segment assets	2,279,612	29,507,998	4,963,136	5,417,631	335,124	42,503,521	2,342,549	44,846,078
Other items								
Depreciation and amortization	129,742	1,012,223	59,659	520,535	36,741	1,758,920	7,581	1,766,510
Amortization of goodwill	—	—	—	—	(834)	(834)	60,441	59,607
Investment to affiliates accounted for by the equity-method	19,796	2,675,612	159,615	159,754	—	3,014,788	13,058	3,027,856
Increase of tangible fixed assets and intangible assets	$ 70,848	$ 575,030	$ 51,078	$1,063,641	$116,518	$ 1,877,125	$ 54,529	$ 1,931,655

*1 Adjustments include elimination of inter-segment transactions and corporate incomes, expenses and assets that are not allocated to a reportable segment.
*2 Segment income is reconciled with operating income on the consolidated statement of income.

(d) Products and service information (Sales to third parties)

	Millions of yen 2020/12	2021/12	Thousands of U.S. dollars 2021/12
Crude oil	¥505,517	¥ 905,199	$ 7,869,926
Natural gas (excluding LPG)	247,854	313,684	2,727,212
LPG	2,737	6,891	59,911
Other	14,937	18,594	161,658
Total	¥771,046	¥1,244,369	$10,818,718

(e) Geographical information (Sales)

	Millions of yen 2020/12	2021/12	Thousands of U.S. dollars 2021/12
Japan	¥350,811	¥ 504,079	$ 4,382,533
Asia & Oceania (excluding China)	224,183	390,063	3,391,262
China	90,335	174,276	1,515,179
Other	105,716	175,950	1,529,733
Total	¥771,046	¥1,244,369	$10,818,718

*Sales are classified by country or region based on the geographical location of customers.

(Tangible fixed assets)

	Millions of yen		Thousands of U.S. dollars
	2020/12	2021/12	2021/12
Japan	¥ 224,534	¥ 216,442	$ 1,881,777
Australia	1,573,641	1,683,503	14,636,611
United Arab Emirates	251,290	326,453	2,838,228
Other	20,317	33,450	290,818
Total	¥2,069,783	¥2,259,849	$19,647,443

(f) Information by major customer
(Sales to major customer)

Year ended December 31, 2020	Millions of yen	Segment
Ichthys LNG Pty Ltd	¥121,521	Asia & Oceania

Year ended December 31, 2021	Millions of yen	Thousands of U.S. dollars	Segment
Ichthys LNG Pty Ltd	¥146,021	$1,269,527	Asia & Oceania

(g) Information on impairment loss from fixed assets

	Millions of yen		Thousands of U.S. dollars
	2020/12	2021/12	2021/12
Asia & Oceania	¥138,011	¥14,170	$123,195
Americas	51,929	—	—
Total	¥189,940	¥14,170	$123,195

(h) Information on unamortized balance of goodwill

	Millions of yen		Thousands of U.S. dollars
	2020/12	2021/12	2021/12
Americas*1	¥ (1,057)	¥ —	$ —
Eliminations and other*2	36,502	29,550	256,911
Total	¥35,445	¥29,550	$256,911

*1 This is the unamortized balance of negative goodwill acquired before April 1, 2010 and net amount of goodwill is stated on the balance sheet.
*2 This is the unamortized balance of goodwill not attributable to a reportable segment.

21. RELATED PARTY TRANSACTIONS

There are the following related party transactions for the years ended December 31, 2020 and 2021.

(a) Related Party Transactions
(1) Transactions with non-consolidated subsidiaries and affiliated companies
Year ended December 31, 2020

Name of related party	Location	Capital investment	Nature of operations	Voting interest	Description of the business relationship	Transaction detail	Amounts Millions of yen	Title of account	Amounts Millions of yen
Ichthys LNG Pty Ltd	Western Australia, Australia	US$4,506,860 thousand	Transportation, liquefaction and sales of oil and natural gas through pipeline in WA-50-L block in offshore Western Australia	Indirectly 66.245%	Capital subscription	Loans of funds*1	¥ 84,713	Current assets other (short-term loans receivable)	¥ 36,398
								Long-term loans receivable*2	906,852
						Interest Income*1	31,690	Current assets other (interest receivable)	1,043
						Sales of finished goods*3	121,521	Accounts receivable—trade	10,431
						Guarantee of liabilities*4	311,386	—	—
						Guarantee commission received*4	¥ 6,103	Current assets other (accrued revenue)	¥ 136

*1 The Company determines the interest rate on loans of funds based on market interest rates in a reasonable and appropriate manner.
The interest rate on certain loans of funds is zero.
*2 Long-term loans receivable includes increases by purchases of long-term loans receivable in the amount of ¥201,769 million.
*3 All transactions were conducted under general transactional conditions, which are the same as those used in transactions with independent third parties.
*4 Guarantee of liabilities are for securing loans from financial institutions, and the Company receives guarantee commissions based on the amount of the guarantees. In addition, "Amounts"of "Guarantee of liabilities" are guaranteed balances by the Company as of December 31, 2020.

Year ended December 31, 2021

Name of related party	Location	Capital investment	Nature of operations	Voting interest	Description of the business relationship	Transaction detail	Amounts		Title of account	Amounts	
							Millions of yen	Thousands of U.S. dollars		Millions of yen	Thousands of U.S. dollars
Ichthys LNG Pty Ltd	Western Australia, Australia	US$4,506,860 thousand	Transportation, liquefaction and sales of oil and natural gas through pipeline in WA-50-L block in offshore Western Australia	Indirectly 66.245%	Capital subscription	Collection of loans*1	¥ 69,294	$ 602,451	Current assets other (short-term loans receivable)	¥ 34,815	$ 302,686
									Long-term loans receivable	1,007,106	8,755,920
						Interest Income*1	26,054	226,517	Current assets other (interest receivable)	1,212	10,537
						Sales of finished goods*2	146,021	1,269,527	Accounts receivable-trade	21,114	183,568
						Guarantee of liabilities*3	356,450	3,099,026	—	—	—
						Guarantee commission received*3	¥ 3,180	$ 27,647	Current assets other (accrued revenue)	¥ 151	$ 1,312

*1 The Company determines the interest rate on loans of funds based on market interest rates in a reasonable and appropriate manner.
The interest rate on certain loans of funds is zero.
*2 All transactions were conducted under general transactional conditions, which are the same as those used in transactions with independent third parties.
*3 Guarantee of liabilities are for securing loans from financial institutions, and the Company receives guarantee commissions based on the amount of the guarantees. In addition, "Amounts"of "Guarantee of liabilities" are guaranteed balances by the Company as of December 31, 2021.

(2) Transactions with fellow subsidiaries and other affiliated companies
Year ended December 31, 2020

Name of related party	Location	Capital investment	Nature of operations	Voting interest	Description of the business relationship	Transaction detail	Amounts	Title of account	Amounts
							Millions of yen		Millions of yen
Japan Oil, Gas and Metals National Corporation	Minato-ku, Tokyo	¥1,069,100 million*1	Support for exploration and development of oil and others	None	Acceptance of debt guarantees	Acceptance of debt guarantees*2	¥132,764	—	¥ —
						Payment of guarantee fees*2	¥ 1,415	Current liabilities other (accrued expenses)	¥333

*1 The amount of "Capital investment" is as of September 30, 2020.
*2 Japan Oil, Gas and Metals National Corporation guarantees securing loans from financial institutions, and receives guarantee fees based on the amount of the guarantees. In addition, "Amounts" of "Acceptance of debt guarantees" are guaranteed balances by Japan Oil, Gas and Metals National Corporation as of December 31, 2020.

Year ended December 31, 2021

Name of related party	Location	Capital investment	Nature of operations	Voting interest	Description of the business relationship	Transaction detail	Amounts		Title of account	Amounts	
							Millions of yen	Thousands of U.S. dollars		Millions of yen	Thousands of U.S. dollars
Japan Oil, Gas and Metals National Corporation	Minato-ku, Tokyo	¥1,122,000 million*1	Support for exploration and development of oil and others	None	Acceptance of debt guarantees	Acceptance of debt guarantees*2	¥125,659	$1,092,496	—	¥ —	$ —
						Payment of guarantee fees*2	¥ 1,260	$ 10,954	Current liabilities other (accrued expenses)	¥310	$2,695

*1 The amount of "Capital investment" is as of December 27, 2021.
*2 Japan Oil, Gas and Metals National Corporation guarantees securing loans from financial institutions, and receives guarantee fees based on the amount of the guarantees. In addition, "Amounts" of "Acceptance of debt guarantees" are guaranteed balances by Japan Oil, Gas and Metals National Corporation as of December 31, 2021.

(b) Note related to the parent company or significant affiliated companies

The significant affiliated company for the years ended December 31, 2020 and 2021 is Ichthys LNG Pty Ltd. The summary of its financial information is as follows:

	Millions of yen		Thousands of U.S. dollars
	2020/12	2021/12	2021/12
Total current assets	¥ 143,769	¥ 134,475	$ 1,169,144
Total fixed assets	3,457,635	3,703,147	32,195,679
Total current liabilities	331,477	250,669	2,179,351
Total long-term liabilities	2,941,567	3,112,537	27,060,832
Total net assets	328,359	474,416	4,124,639
Net sales	417,581	597,490	5,194,661
Net income (loss) before income taxes	(31,983)	94,817	824,352
Net income (loss)	¥ (39,566)	¥ 56,545	$ 491,610

22. SIGNIFICANT SUBSEQUENT EVENTS

(a) Business Combination through Acquisition

On October 27, 2021, the Company concluded the agreement on transfer of 50.5% of shares in Idemitsu Snorre Oil Development Co., Ltd. with Idemitsu Kosan Co., Ltd. and Osaka Gas Summit Resources Co., Ltd. On January 31, 2022, the Company acquired shares in Idemitsu Snorre Oil Development Co., Ltd. after the approval of the government of Norway and other conditions were fulfilled.

Following the acquisition, Idemitsu Snorre Oil Development Co., Ltd. and Idemitsu Petroleum Norge AS which is a wholly owned subsidiary of Idemitsu Snorre Oil Development Co., Ltd. became subsidiaries of the Company because shares in Idemitsu Petroleum Norge AS are held indirectly by the Company.

(1) Outline of the business combination

i) Name and business details of the acquired company)

I. Name

Idemitsu Snorre Oil Development Co., Ltd.

Business details

Exploration, development, production and marketing of crude oil and natural gas in Norway through a subsidiary

II. Name

Idemitsu Petroleum Norge AS

Business details

Exploration, development, production and marketing of crude oil and natural gas in Norway

ii) Main reason for the business combination

The Company expects its core upstream business to become more resilient and its corporate value to further improve by strengthening its operational base in Norway.

Additionally, the Company determined that the business combination enables the Company to fulfill its two social responsibilities of providing a stable supply of energy while mounting a response to climate change, in addition to making its upstream business cleaner, by pursuing decarbonization efforts in Norway and around Europe.

iii) Date of the business combination

January 1, 2022 (deemed acquisition date)

January 31, 2022 (share acquisition date)

iv) Legal form of the business combination

Acquisition of shares in Idemitsu Snorre Oil Development Co., Ltd. for cash consideration

v) Company name after the business combination

I. INPEX Norway Co., Ltd. (corporate name changed from Idemitsu Snorre Oil Development Co., Ltd.)

II. INPEX Idemitsu Norge AS (corporate name changed from Idemitsu Petroleum Norge AS)

vi) Ratio of voting rights acquired

I. Idemitsu Snorre Oil Development Co., Ltd.

Ratio of voting rights after the acquisition

50.5%

II. Idemitsu Petroleum Norge AS

Ratio of voting rights after the acquisition

100% (of which indirectly owns 100%)

vii) Basis for determination of the acquiring company

The Company acquired shares in Idemitsu Snorre Oil Development Co., Ltd. for cash consideration.

(2) Amount and breakdown of the acquisition costs

Consideration for acquisition

Cash and cash equivalents ¥39,739 million (US$345,496 thousand)

Acquisition cost

¥39,739 million (US$345,496 thousand)

(3) Amount and breakdown of the main acquisition-related costs

Not yet determined.

(4) Amount of goodwill, reason for recognition, and method and period for amortization

Not yet determined.

(5) Amount and breakdown of assets received and liabilities assumed on the date of the business combination

Not yet determined.

(b) Cancellation of the Company's Own Shares

The Board of Directors of the Company, at its meeting held on January 24, 2022, resolved to cancel its own shares pursuant to the provisions of Article 178 of the Companies Act, and carried out the cancellation as follows.

(1) Type of shares cancelled

Common shares

(2) Total number of shares cancelled

75,656,433 shares (5.17% of total number of issued shares prior to the cancellation)

(3) Date of cancellation

February 8, 2022

(Reference)

· Total number of issued shares: 1,386,667,167 shares
· Total number of own shares: 0 shares

* The shares held by the BIP Trust (149,593 shares) are not included in the number of own shares.

Independent Auditor's Report

The Board of Directors
INPEX CORPORATION

Opinion

We have audited the accompanying consolidated financial statements of INPEX CORPORATION and its consolidated subsidiaries (the Group), which comprise the consolidated balance sheet as at December 31, 2021, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended, and notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December31, 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters.

Assessment for impairment indicators of fixed assets related to the Ichthys LNG project and the Prelude FLNG project	
Description of Key Audit Matter	Auditor's Response
INPEX CORPORATION recorded tangible fixed assets of 2,259,849 million yen and intangible assets of 446,660 million yen in the consolidated balance sheet as of 31 December 2021. As described in the notes to the consolidated financial statements (Significant Accounting Estimates), tangible fixed assets related to the Ichthys LNG project held through INPEX Holdings Australia Pty Ltd. ("IHA"), a consolidated subsidiary, amounted to 1,476,791 million yen. Also, in relation to the Ichthys LNG project, an equity method investment balance of 227,203 million yen in Ichthys LNG Pty Ltd ("ILNG"), which is an equity method affiliate, is recorded. The balance of tangible fixed assets held by ILNG included in this investment is 2,452,645 million yen (which is obtained by multiplying by 66.245%, which represents INPEX CORPORATION's equity interest). Further, INPEX CORPORATION recognized tangible fixed assets of 191,385 million yen and intangible assets of 54,359 million yen, respectively, related to the Prelude FLNG project through INPEX Oil & Gas Australia Pty Ltd. ("IOGA"), which is a subsidiary of INPEX CORPORATION. As a result of the assessment for the impairment indicators, given the operational status of the projects with consideration of future crude oil prices, reserves, operating expenses and development costs, INPEX CORPORATION assessed that no impairment indicators were identified for the Ichthys LNG project and the Prelude FLNG project. For the purposes of determining whether there are any impairment indicators, INPEX CORPORATION confirmed that there has been no significant deterioration in net cash flows.	We performed the following audit procedures to assess whether INPEX CORPORATION properly assessed the impairment indicators with respect to the significant projects in the production phase. - We evaluated management's assumptions for future crude oil prices by making comparisons with estimates published by external experts and estimates established by management for the previous fiscal year. - We discussed with management whether there are no significant changes to the operational status of the project, including reserves, operating expenses and development costs from the previous fiscal year, and inspected board minutes and other relevant documents. - We evaluated management's assumptions by comparing the estimates of reserves, operating expenses and development costs used in calculating net cash flows for the current fiscal year with those in the previous fiscal year. We performed the following additional procedures for the Ichthys LNG project and the Prelude FLNG project. - To assess management's assumptions regarding the reserves, operating expenses and development costs, we held related discussions with the management and inspected relevant documents. - We performed a sensitivity analysis for future crude oil prices and discount rates by applying our own assumptions calculated by our network firm's valuation specialists.

The key assumptions used in measuring net cash flows are future crude oil prices, reserves, operating expenses, development costs and discount rates. Among these assumptions, there is a high level of uncertainty in the estimates of future crude oil prices, reserves, operating expenses, and development costs, given that there is a long period of time from the exploration and development phase to the recovery of the investment via production and sales. Also, with respect to the estimation for the discount rate, a high level of expertise is required for selecting the calculation method and input data. Therefore, the assessment for impairment indicators of fixed assets of the projects held by INPEX CORPORATION requires significant judgment and estimations by management. Among these projects, the amount of fixed assets held by IHA, a consolidated subsidiary, accounts for 54% of total tangible and intangible assets. Furthermore, by also aggregating the amount of fixed assets held through ILNG, an equity method affiliate, the total amount is materially significant. Moreover, as the life of the project is over a long period of time, any changes in key assumptions such as in future crude oil prices have a significant impact on net cashflows. Therefore, the assessment for the impairment indicators of fixed assets related to the projects, including prerequisites for key assumptions, needs careful consideration. Additionally, for the Prelude FLNG project, although production has commenced, operational risks still remain, and significant amounts of fixed assets are booked. Also, given an impairment loss was recorded in the previous fiscal year, there is the possibility that additional impairment losses or impairment reversals may be recognized in the future due to changes in key assumptions. Based on the above, due to the significance from a materiality perspective and the specific risks derived from these projects, the assessment for impairment indicators of the Ichthys LNG project and the Prelude FLNG project are significant, and thus a key audit matter.	

Recognition of asset retirement obligations for certain overseas oil production facilities	
Description of Key Audit Matter	Auditor's Response
As described in the notes to the consolidated financial statements (Asset Retirement Obligations), INPEX CORPORATION recognized new asset retirement obligations of 74,667 million yen during the current fiscal year after acquiring information about disposal costs, including specific assets subject to the decommissioning work, from a state-owned oil company for a part of overseas oil production facilities for which estimating disposal costs was previously considered difficult. In addition, depreciation expenses that were recognized related to fixed assets as a result of recording the new asset retirement obligations amounted to 14,857 million yen. In the case of oil development projects, asset retirement obligations are calculated by reasonably estimating the costs of removing oil and natural gas production facilities and pipelines intended to be abandoned at the end of operations based on oil concession agreements and local laws and regulations with the costs discounted over the life of the contract agreement. However, asset retirement obligations are not recorded when the amount cannot be reasonably estimated.	To consider the accounting treatment of asset retirement obligations recorded during the current fiscal year, we mainly performed the following procedures. - To assess management's judgement that the asset retirement obligations can be reasonably estimated during this fiscal year, we discussed the background of acquiring the necessary information related to the disposal costs, including the specific assets. Also, we inspected the oil concession agreement, board minutes and related documents. - To assess management's assumptions regarding the timing of the asset disposal, which serves as the basis of the discount calculation, we considered the consistency with the contract term in the oil concession agreement. - We engaged internal experts in the evaluation of disposal costs to assess management's assumptions about the disposal costs per well unit, the number of wells and the scope of the disposal of the oil production facilities.

Regarding certain overseas oil production facilities for which asset retirement obligations were newly recorded during the current fiscal year, the corresponding asset retirement obligations had not previously been recorded in the consolidated balance sheet because they could not be estimated as the details of the disposal work, including specific assets , based on the approval of the local government had not been clearly established as there is a considerable period of time until the termination of the oil concession agreement. The determination that the asset retirement obligations, which had previously been considered difficult to reasonably estimate, could be now be reasonably estimated after obtaining certain information from the state-owned oil company in the current fiscal year needs careful consideration. In addition, in the case where there are certain information constraints, key assumptions used to calculate the asset retirement obligations, such as expenditures per well unit, the number of wells, the scope of oil production facilities to be abandoned, as well as the timing of the asset disposal are affected by the subjective judgment of management. As a result, management must exercise greater consideration of such uncertainties and technical expertise required regarding these key assumptions. Moreover, as it is a large-scale project, the amount of the asset retirement obligations recorded in the current fiscal year is materially significant. Based on the above, we considered the accounting treatment related to the recognition of asset retirement obligations for certain overseas oil production facilities for which related disposal costs had not been recorded previously to be a key audit matter given their materiality to the consolidated financial statements for the current fiscal year.	

Responsibilities of Management, Audit & Supervisory Board Members and the Audit & Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the consolidated financial statements is not expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on

the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with Audit & Supervisory Board Members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit & Supervisory Board Members and the Audit & Supervisory Board with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with Audit & Supervisory Board Members and the Audit & Supervisory Board, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended December 31, 2021 are presented solely for convenience. Our audit also included the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 3 to the consolidated financial statements.

Ernst & Young ShinNihon LLC
Tokyo, Japan

March 25, 2022

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Designated Engagement Partner
Certified Public Accountant

/s/ Satoshi Takahashi
Designated Engagement Partner
Certified Public Accountant

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Designated Engagement Partner
Certified Public Accountant

Subsidiaries and Affiliates

As of December 31, 2021

Consolidated Subsidiaries

Company name	Issued capital (Millions of yen)[*1]	Voting rights held by us (%)[*2]	Main business
INPEX Babar Selaru, Ltd.	10	51.01%	Exploration of oil and natural gas in the Babar Selaru Block in the eastern sea area, Indonesia
INPEX Masela, Ltd.	65,538	51.93%	Exploration and development of oil and natural gas in the Masela Block in the Arafura Sea, Indonesia
INPEX South Makassar, Ltd.	1,097	100.00%	Exploration, development, production and sales of oil and natural gas in the Sebuku Block in the Makassar Strait, Indonesia
INPEX Con Son Co., Ltd.	10	100.00%	Exploration and development, production and sales of oil and natural gas in Blocks 05-1b/ 05-1c in offshore southern Vietnam
INPEX Browse E&P Pty Ltd	431,150 (Thousands of U.S. dollars)	100.00% (100.00%)	Exploration of oil and natural gas in the WA-285-P Block and others, Australia
INPEX Browse, Ltd.	427,290	100.00%	Financing for oil and natural gas exploration, development, production and sales in the WA-285-P Block and others, Australia
INPEX Holdings Australia Pty Ltd	9,681,023 (Thousands of U.S. dollars)	100.00% (100.00%)	Financing for oil and natural gas exploration, development, production and sales and construction and operation of the LNG plant for the Ichthys LNG project, Australia
INPEX Ichthys Pty Ltd	804,456 (Thousands of U.S. dollars)	100.00% (100.00%)	Exploration, development, production and sales of oil and natural gas in the Ichthys Gas-Condensate Field (WA-50-L/ WA-51-L), Australia
INPEX Oil & Gas Australia Pty Ltd	1,011,000 (Thousands of U.S. dollars)	100.00%	Exploration and development, production and sales of oil and natural gas in the Prelude Gas Field (WA-44-L) and others, Australia
INPEX Sahul, Ltd.	4,600	100.00%	Exploration, development, production and sales of oil and natural gas in the PSC TL-SO-T 19-12 Block in East Timor
INPEX Alpha, Ltd.	8,014	100.00%	Exploration, development, production and sales of oil and natural gas in the WA-35-L Block and others, Australia
INPEX Southwest Caspian Sea, Ltd.	53,594	51.00%	Exploration, development, production and sales of oil in the ACG Oil Fields, Azerbaijan
INPEX North Caspian Sea, Ltd.	105,532	51.00%	Exploration, development, production and sales of oil in the Offshore North Caspian Sea Block, Kazakhstan
Japan Oil Development Co., Ltd.	5,532	100.00%	Exploration, development, production and sales of oil in the Upper Zakum, Satah and Umm Al Dalkh oil fields, Offshore Abu Dhabi, United Arab Emirates
JODCO Exploration Limited	50 (Thousands of U.S. dollars)	100.00%	Exploration of oil in onshore Block 4 in Abu Dhabi, United Arab Emirates
JODCO Onshore Limited	111 (Thousands of U.S. dollars)	65.76%	Exploration, development, production and sales of oil in ADCO Block in onshore Abu Dhabi, United Arab Emirates
JODCO Lower Zakum Limited	600,000 (Thousands of U.S. dollars)	100.00%	Exploration, development, production and sales of oil in the Lower Zakum Oil Field Offshore Abu Dhabi, United Arab Emirates
INPEX Americas, Inc.	19,793 (Thousands of U.S. dollars)	100.00%	Exploration, development, production and sales of oil and natural gas in the Lucius Oil Field and others, in the U.S. Gulf of Mexico
INPEX Eagle Ford, LLC	—	100.00%	Exploration, development, production and sales of oil in the Eagle Ford shale play in Texas, US
INPEX Gas British Columbia Ltd.	1,043,488 (Thousands of Canadian dollars)	45.09%	Exploration, development, production and sales of natural gas in the shale gas blocks of the Horn River, Cordova and Liard basins in British Columbia, Canada

Company name	Issued capital (Millions of yen)[*1]	Voting rights held by us (%)[*2]	Main business
INPEX Pipeline Co., Ltd.	100	100.00%	Natural gas transportation, pipeline operation, maintenance and management
Saitama Gas Co., Ltd.	60	62.67% (13.17%)	City gas sales
INPEX DLNGPL PTY Ltd	42,001 (Thousands of U.S. dollars)	100.00%	Investment in Darwin LNG Pty Ltd, which constructs and operates the undersea pipeline and LNG plant connecting the Bayu Undan Gas-Condensate Field and Darwin (Australia)
INPEX BTC Pipeline, Ltd.	63,800 (Thousands of U.S. dollars)	100.00%	Investment in the pipeline construction and management business that connects Baku (Azerbaijan), Tbilisi (Georgia) and Ceyhan (Turkey)
INPEX Trading, Ltd.	50	100.00%	Sales, agency and brokerage of crude oil and market research and sales planning in connection with oil and natural gas sales
INPEX Renewable Energy Europe Limited	1 (British Pound)	100.00%	Development and management of offshore wind power projects in Europe
INPEX GEOTHERMAL, LTD.	600	100.00%	Development and management of geothermal projects in Japan and overseas
INPEX Geothermal Sarulla, Ltd.	10	100.00%	Supply of business capital, etc. to geothermal power project in Sarulla Geothermal Field, Indonesia
INPEX FINANCIAL SERVICES SINGAPORE PTE. LTD.	3,706,000 (Thousands of U.S. dollars)	100.00%	The Group's intercompany finance operations and support for financial administration of projects

29 other subsidiaries

Equity-method affiliates

Company name	Issued capital (Millions of yen)[*1]	Voting rights held by us (%)[*2]	Main business
MI Berau B.V.	338,601 (Thousands of U.S. dollars)	44.00%	Exploration, development, production and sales of natural gas in the Berau Block and the Tangguh LNG Project, West Papua province, Indonesia
Ichthys LNG Pty Ltd	4,506,860 (Thousands of U.S. dollars)	66.25% (66.25%)	Laying and maintenance of undersea pipeline from the Ichthys Gas-Condensate Field to the Darwin Onshore LNG Plant in Australia, construction and operation of the LNG plant and sales of LNG, LPG and condensate.
Japan South Sakha Oil Co., Ltd.	7	25.00%	Supply of business capital for exploration, development, production and sales of oil in Zapadno-Yaraktinsky and Bolshetirsky blocks, Russia
PT Medco Geopower Sarulla	143,003 (Thousands of U.S. dollars)	49.00% (49.00%)	Supply of business capital, etc. to geothermal power project in Sarulla Geothermal Field, Indonesia
PT. Supreme Energy Sumatera	100 (Hundred millions of Rupiahs)	33.33% (33.33%)	Supply of business capital, etc. to geothermal power project in Muara Laboh Geothermal Block, Indonesia

15 other equity-method affiliates

*1 Values in the column labeled "Issued capital (Millions of yen)" are rounded to the nearest unit.
*2 Values in parentheses in the column labeled "Voting rights held by us (%)" indicate the ratio of indirectly held voting rights. These values are included in the total.

Business Risks

The following is a list of key items that can be considered potential risk factors relating to the business of INPEX CORPORATION, its subsidiaries and affiliates (the "Group"). From the standpoint of information disclosure to investors and shareholders, we proactively disclose matters that are not necessarily the business risks but that can be considered to have important effects on the investment decisions of investors. The following discussion does not completely cover all business risks relating to the Group's businesses.

Unless stated otherwise, forward-looking statements in the discussion are the judgment of the Group as of March 28, 2022 and are subject to change after such date due to various factors, including changes in social and economic circumstances.

I. MAJOR BUSINESS RISKS

1. CHARACTERISTICS OF AND RISKS ASSOCIATED WITH THE OIL AND NATURAL GAS DEVELOPMENT BUSINESS

(1) Risk of disasters, accidents, system failures, etc.

Oil and natural gas development entails the risk that operational accidents and disasters may occur in the process of exploration, development, production and transportation. Various information systems are used in operations. While safety measures are in place for these systems, there is the risk that operations may be suspended due to unforeseen failures of these systems caused by events such as natural disasters and cyberattacks. Should such an unforeseen failure of information systems, or an accident, disaster or other such incident occur, there is the risk that costs may be incurred, excluding compensation covered by insurance, due to infrastructural damage, as well as the risk of a major accident or disaster involving loss of life. In addition, a cost for recovery or opportunity loss from the interruption of operations could occur.

Furthermore, the spread of infectious diseases such as COVID-19 may lead to a shortage of employees required for operations and other necessities, difficulty in procuring materials, equipment and services as well as transportation of produced goods, instructions or orders from the governments of oil-producing countries to suspend operations, changes in the policies of partners in a joint business and other developments. Such events may fully or partly suspend or delay operations.

For its domestic natural gas business, the Company has continued to procure natural gas regasified from imported LNG as source gas since January 2010. Furthermore, the Company has manufactured regasified LNG from imported LNG at Naoetsu LNG Terminal from August 2013. An inability to procure natural gas regasified from imported LNG and other imported gas as source gas due to issues concerning suppliers or the Company's Naoetsu LNG Terminal, an inability to produce domestic gas due to issues in the domestic gas field, or compromised pipeline operations due to accidents or disasters along the pipeline network may interfere with the Company's ability to supply its customers. This could in turn have an adverse effect on the Company's domestic natural gas business.

With regard to environmental problems, there is a possibility of soil contamination, air pollution, and freshwater and seawater pollution. The Group has established a "Health, Safety and Environment Policy," and as a matter of course abides by the environmental laws, regulations, and standards of the countries in which we operate and give due consideration to the environment in the conduct of business, based on our independent guidelines. In the event of an operating accident or disaster which impacts the environment, there is the possibility of incurring a response or cost burden for recovery from that incident, of incurring obligation of payment for procedural costs, compensation or other cost related to the start of civil, criminal or government procedures, or of incurring loss from the interruption of operations. Furthermore, in the event of changes to or the strengthening of the environmental laws, regulations, and standards (including support measures for the promotion of new, renewable energies) of the countries in which we operate, it may be necessary for the Group to devise additional measures with an associated cost burden and it could affect on the financial results of the Group.

The Company strives to prevent accidents and incidents from happening to avoid these risks of disasters, accidents, system failures and other developments from materializing. However, risks are always present, and if they materialize, they may have a significantly adverse effect on the Group's results.

Although the Group maintains insurance against loss or damage in the natural course of its operations to a reasonable extent, insurance may not cover all damages. Also, such accidents or issues could result in administrative sanctions or damage the Group's credibility and reputation as an oil and natural gas development company, and could therefore have an adverse effect on future business activities.

(2) Risk of failure in exploration, development or production

Payment of compensation is ordinarily necessary to acquire participating interests. Also, surveying and exploratory drilling expenses (exploration expenses) become necessary at the time of exploration activities for the purpose of discovering resources. When resources are discovered, it is necessary to further invest in substantial development expenses according to various conditions, including the size of the recoverable reserves, development costs and details of agreements with oil-producing countries (including gas-producing countries; hereinafter the same shall apply).

There is, however, no guarantee of discovering resources on a scale that makes development and production feasible. The probability of such discoveries is considerably low despite various technological advances in recent years, and even when resources are discovered the scale of the reserves does not necessarily make commercial production feasible. For this reason, the Group conservatively recognizes expenses related to exploration investment in our consolidated financial statements. The Group maintains financial soundness by booking 100% as expenses in the case of concession agreements (including mining rights awarded in Japan as well as permits, licenses and leases awarded overseas) and by booking 100% of exploration project investment as allowances in the case of production sharing agreements. In addition, if there are impossibilities of recovery of investment in a development project, we also book the corresponding amount of investment in the development project as allowances while considering the recovery possibility of each project.

To increase recoverable reserve and production volumes, the Group plans to always take an interest in promising properties and plans to continue exploration investment. At the same time, we plan to invest in development projects, including the acquisition of interests in discovered undeveloped fields and producing fields, so as to maintain an overall balance between assets at the exploration, development, and production stages.

Although exploration and development (including the acquisition of interests) are necessary to secure the reserves essential to the Group's future sustainable business development, each type of investment involves technological and economic risks, and failed exploration or development could have an adverse effect on the results of the Group's operations.

(3) Dependence on specific geographical areas or assets for production volume

The Group engages in stable production of crude oil and natural gas in the Ichthys gas-condensate field (Australia), the onshore and offshore Abu Dhabi oil fields (United Arab Emirates), the Minami Nagaoka Gas Field (Japan) and so on. The areas in which the Group operates are spread broadly throughout Asia-Oceania (particularly Japan, Indonesia and Australia), the Middle East and Africa, Eurasia including the Caspian Sea area and the Americas. For fiscal 2021, however, the Asia and Oceania region accounted for about 45% of the Group's production volume and the Middle East and Africa region accounted for about 40%, with these two regions making up the vast majority of the Group's operations.

The Group currently relies heavily on specific geographical areas and assets for its production volume, and the occurrence of operational issues at these assets could have an adverse effect on the Group's operational results.

(4) Contract expiration dates

Expiration dates are often stipulated in the agreements related to participating interests, which form the basis of the Group's overseas business activities. Should an agreement in which an expiration date is stipulated not be extended, re-extended or renewed, or should the terms and conditions be less favorable (including a reduction in the proportion of the Group's interest) than those existing at the time of extension, re-extension or renewal, there could be an adverse effect on the Group's results. INPEX Group policy to work with our business partners toward the extension, re-extension or renewal of these agreements, should an existing agreement not be extended, re-extended or renewed as a result of agreement negotiations with the national petroleum company of an oil-producing country, or in the event of agreement terms and conditions (including a reduction in the Group's participating interest) that are more disadvantageous than the situation at the time of the extension, re-extension or renewal, this could have an adverse effect on the Group's business or results. Even should the agreements stipulating expiration dates be extended, re-extended or renewed, we anticipate that the remaining recoverable reserves at that time will have decreased due to production developments. Although the Group is striving to acquire interests that can substitute these properties, failure to acquire participating interests in oil and gas fields to fully substitute for these properties could have an adverse effect on the Group's results. In addition, the period for exploration in oil and gas fields currently under exploration is fixed by contracts, and in the case of fields where oil and/or gas reserves are found that are deemed to be commercialized, and the Company is unable to decide on the transition to the development stage by the expiration of the current contract, efforts will be made through negotiations with the government of the oil- or gas-producing country in question to have the periods extended. However, there remains the possibility that such negotiations may not be successfully concluded, in which event the Company would be forced to withdraw from operations in the oil or gas field concerned. Also, as a rule, when there has been a major breach of contract on the part of one party, it is customary for the other party to have the right to cancel the agreement before the expiration date. The agreements for properties in these principal geographical business areas contain similar provisions. The Group has never experienced early cancellation of an agreement due to breach of contract, and we do not anticipate such an occurrence in the future. Nevertheless, a major breach of contract on the part of a party to an agreement could result in cancellation of an agreement before the expiration date.

And in the overseas natural gas development and production activities, in many cases we are selling and supplying gas based on long-term sales and supply contracts in which expiration dates are stipulated. We plan to make efforts with partners to extend or re-extend the expiration date before the deadline stipulated in these contracts. Nevertheless, inability to extend the contracts, or the occurrence of cases in which extension is made but sales and supply volumes are reduced, could have an adverse effect on the Group's business or results.

(5) Crude oil, condensate, LPG and natural gas reserves

1) Proved reserves

INPEX CORPORATION (the "Company") commissioned DeGolyer and MacNaughton, an independent petroleum engineering consultant in the United States, to assess the main proved reserves of the Group of which projects with a significant amount of future development investment might materially affect future performance. An assessment of other projects was undertaken by the Company. The definition of proved reserves is based on the U.S. Securities and Exchange Commission's (SEC) Regulation S-X, Rule 4-10(a), which is widely known among U.S. investors. Regardless of whether the deterministic approach or probabilistic approach is used in evaluation, proved oil and gas reserves are estimated quantities that geological and engineering data demonstrate with reasonable certainty to be recoverable from known reservoirs under existing economic and operating conditions, from the date of evaluation through to the expiration date of the agreement granting operating rights (or in the event of evidence with a reasonable certainty of agreement, extension through to the expiration of the projected extension period). For definition as "proved reserves," operators must have a reasonable degree of certainty that the recovery of hydrocarbons has commenced or that the project will commence within an acceptable period of time. This definition is widely regarded as being conservative. Nevertheless, the strictness of the definition does not imply any guarantee of the production of total reserves during a future production period. In this context, when probabilistic methods are employed, there should be at least a 90% probability that the quantities actually recovered will equal or exceed the sum of estimated proved reserves.

For further details on proved reserves of crude oil, condensate, LPG and natural gas held by the Group, including equity-method, affiliates accounted please see the section "Oil and Gas Reserves and Production Volume" on P.115.

2) Possibility of changes in reserves

A reserve evaluation depends on the available geological and engineering data from oil and gas reservoirs, the maturity of development plans and a considerable number of assumptions, factors and variables including economic conditions as of the date such an estimate is made. Reserves may be revised in the future on the basis of geological and engineering data as well as development plans and information relating to changes in economic and other conditions made newly available through progress in production and operations. As a result, there is a possibility that reserves will be restated upwards or downwards. As to the reserves under a PSC, not only production, but also oil and gas prices, investments, recovery of investments due to contractual conditions and remuneration fees may affect the economic entitlement. This may cause reserves to increase or decrease. In this way, the assessed value of reserves could fluctuate because of various data, assumptions and changes of definition.

(6) Operatorship

In the oil and natural gas development business, companies frequently form business partnerships for the purpose of the dispersion of risk and financial burden. In such partnerships, one of the companies becomes the operator, which performs the actual work and bears the responsibility for operations on behalf of the partners. The companies other than the operator, as non-operators, participate in the business by providing a predetermined amount of funds and either carefully examining the exploration and development plan devised and implemented by the operator, or participating in some operations.

The Group intends to actively pursue operator projects, focusing on the large-scale Ichthys LNG and other projects taking into consideration the effective application of business resources as well as the balance between operator and non-operator projects, based on the Group's knowhow and technical capability, which has been acquired through considerable operational experience at each of the exploration, development and production stages. The Company has significant expertise as an operator in the development and production of crude oil and natural gas both in Japan and overseas as well as a wealth of know-how and knowledge accumulated over many years as a participant in LNG and other projects in such countries as Indonesia and Australia. In addition, we believe that by utilizing the services of specialized subcontractors and highly experienced external consultants, a practice similar to foreign oil companies including the majors, it will be possible to execute business appropriately as an operator including LNG projects.

Engaging in project coordination as an operator contributes to the expansion of opportunities in acreage acquisition through enhancement of technical capabilities and greater presence in oil-producing countries and the industry. At the same time, there are risks such as constraints on the recruitment of personnel with specialized operational skills and an increase in financial commitments. Inability to adequately cope with such risks could have an adverse effect on the Group's operational results.

(7) Project partners

In the oil and natural gas development business, as previously mentioned, several companies often engage in joint business for the purpose of dispersion of risk and financial burden. In such cases, the partners generally enter into a joint operating agreement among themselves to decide on the decision-making procedure for execution of the joint business, or to decide on an operator that conducts business on their behalf. A company that is a partner in one property in which the Group is engaged in joint business may become a competitor in the acquisition of other participating interests, even though the relationship with the partner may be good.

In undertaking the joint business, participants in principle bear a financial responsibility in proportion to their interest share. Any inability of a joint business partner to fulfill this financial responsibility may adversely affect the project.

(8) In the oil and natural gas development business the period from exploration to sales is highly capital intensive and funds cannot be recovered for a long time

Considerable time and expense is required for exploration activities. Even when promising resources are discovered through exploration, substantial expenses including production facility construction costs, and an extended period of time, are necessary at the development stage leading up to production. For this reason, a long period of 10 years or more is required from the time of exploration and development investment until the recovery of funds through production and sales. In particular, the large-scale LNG projects require a very large amount of investment, and the financing of these projects could be impacted by changes in the economic and financial environment. Following the discovery of resources, a delay in the development schedule or the loss of the economic viability of the properties during the development process leading up to production and the commencement of sales could have an adverse effect on the Group's operational results. Such delays or losses may occur due to changes in the business environment including a delay in the acquisition or modification of government approvals, the occurrence of unanticipated problems related to geological conditions, fluctuations in the price of oil or gas, fluctuations in foreign exchange rates, or escalating prices of equipment and materials. In the case of LNG projects, such delays or losses may occur due to an inability to complete such procedural requirements as FID owing to the lack of any long-term contractual agreement with prospective purchasers with respect to production.

(9) Risk in relation to mine abandonment

The Group books in its accounts, as an asset retirement obligation, the estimated present value of costs related to mine abandonment that will become necessary after finishing operation and production in oil and gas production facilities and the like in accordance with agreements with the authorities of oil-producing countries, applicable laws and regulations and the like. If it is later found that the estimated present value of those costs falls short due to a change in the procedures used for mine abandonment, a rise in expenses for procuring drilling materials and equipment or any other reason, the Group will be required to increase the amount of that asset retirement obligation, which could adversely affect the financial condition and results of operations of the Group.

2. EFFECTS OF FLUCTUATIONS IN CRUDE OIL PRICES, NATURAL GAS PRICES, FOREIGN EXCHANGE AND INTEREST RATES ON FINANCIAL RESULTS

(1) Effects of fluctuations in crude oil prices and natural gas prices on financial results

Crude oil prices and natural gas prices at our overseas businesses are largely determined by international market conditions. In addition, these prices fluctuate significantly due to the influence of a variety of factors including global and regional supply and demand (including a growing downward pressure on demand due to the shift towards a net zero carbon society), trends and conditions in the global economy (including the impact of the contraction of economic activity due to the global pandemic) and financial markets as well as trends in the policies of oil-producing countries and agreements between oil-producing countries on production volume and other matters. The vast majority of these factors are beyond the control of the Company. In this regard, INPEX is not in a position to accurately predict movements in future crude oil and natural gas prices. The Group's sales and profits are subject to the effects of such price fluctuations. A fluctuation of US$1 in the price of crude oil is expected to have a ¥6 billion impact on the Group for the year ending December 31, 2022, as estimated at the beginning of the fiscal period. Such effects are highly complex and are caused by the following factors.

1) Although a majority of natural gas selling prices in overseas businesses are linked to crude oil prices, they are not in direct proportion to crude oil prices.
2) Because sales and profits are determined on the basis of crude oil prices and natural gas prices at the time sales are booked, actual crude oil transaction prices and the average oil price during the accounting period do not necessarily correspond.

Moreover, although the Company is taking measures to reduce a portion of the risks associated with crude oil price fluctuations, these measures by no means cover all possible risks. As a result, the impact of fluctuations in crude oil prices cannot be completely eliminated.

Since the natural gas business in Japan uses domestically produced natural gas and imported LNG as feedstock, changes in the market price for LNG have an effect on feedstock prices and sales prices. There is also the possibility that changes in the competitive environment associated with electric power and gas system reforms will have an effect on natural gas sales prices and sales volumes.

Also, should the recovery of an amount invested in a business asset held by the Group be no longer expected—due to a decrease in profitability associated with changes in the business environment on the basis of changes in future market conditions— since the Group would reduce that business asset's book value to reflect the level of recoverability and the amount of that reduction would be deemed impairment loss, there is the possibility that there could be an adverse effect on the Group's results of operations.

(2) The effect of fluctuations in exchange rates on financial results

As most of the Group's business consists of E&P conducted overseas, associated revenues (sales) and expenditures (costs) are denominated in foreign currencies (primarily in U.S. dollars), and profit and loss is subject to the effects of the foreign exchange market. In the event of appreciation in the value of the yen, yen-denominated sales and profits decrease. Conversely, in the event of depreciation in the value of the yen, yen-denominated sales and profits increase.

On the other hand, when borrowing necessary funds, the Company borrows in foreign currencies. In the event of appreciation in the value of the yen, a foreign exchange gain on foreign-currency denominated borrowings is recorded as a result of fiscal year-end conversion; in the event of depreciation in the value of the yen, a foreign exchange loss is incurred. For this reason, the exchange risk associated with the above business is diminished and the impact of fluctuations in exchange rates on profit and loss tends to be mitigated. A ¥1 appreciation/depreciation against the U.S. dollar is expected to have a ¥2.8 billion impact on the Group for the year ending December 31, 2022. Moreover, although the Company is taking measures to reduce a portion of the risks associated with movements in foreign currency exchange rates, these measures by no means cover all possible risks. As a result, the impact of fluctuations in foreign currency exchange rates cannot be completely eliminated.

(3) The effect of fluctuations in interest rates on financial results

The Group raises some of the funds necessary for exploration and development operations through borrowing. Much of these borrowings are with variable-rates, long term borrowings based on the U.S. dollar six-month LIBOR rate. Accordingly, the Company's profits are subject to the influence of fluctuations in U.S. dollar interest rates. Furthermore, although the Group has devised methods to reduce a portion of interest rate risk, these methods do not cover all risks of interest rate fluctuation incurred by our Group and do not entirely remove the effect of fluctuations in interest rates.

3. CLIMATE CHANGE RISK

In order to achieve the goals of the Paris Agreement and amid growing interest in addressing climate change on a global scale, efforts are being made worldwide to reduce greenhouse gas (GHG) emissions, which are recognized as the cause of climate change and global warming. The Group identifies, assesses and manages climate change risks in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), and specifically recognizes the following risks. The potential for these climate change risks materializing is expected to grow over the medium to long term, and if they do, they could have an adverse effect on the Group's performance.

(1) Policy/regulatory risk

In the event that the countries and regions where the Group operates strengthen climate change actions based on the Paris Agreement or other accords, making changes or enhancements to environmental laws, regulations or standards, including carbon pricing systems such as emissions trading and carbon taxes, the Group would be required to implement additional measures and, in turn, incur financial commitments that could have an adverse effect on the Group's performance.

(2) Technical and market risk

If demand for the Group's oil and natural gas products declines as a result of accelerated progress in low-carbon related technologies and increased price competitiveness of low-carbon products, or due to a preference for low-carbon energy, this may have an adverse effect on the Group's business and performance.

(3) Physical risk

Acute risks due to extreme meteorological phenomena such as tropical cyclones and floods, and chronic risks such as rises in average temperature and sea levels over the long term may adversely affect the operations of the Group's facilities.

(4) Financing risk

If investors and financial institutions place more importance than in the past on direct and indirect GHG emissions from the Group's business as an evaluation item for climate change risk in investment and financing, the Group's financing and its related terms and conditions may be adversely affected.

4. OVERSEAS BUSINESS ACTIVITIES AND COUNTRY RISK

The Group engages in a large number of oil and natural gas development projects overseas. Because the Group's business activities, including the acquisition of participating interests, are conducted on the basis of contracts with the governments of oil-producing countries and other entities, steps taken by oil-producing countries to further tighten controls applicable to home country natural resources, suspension of operation due to conflicts and other factors, and other such changes in the political, economic, and social circumstances in such oil-producing countries or neighboring countries (including government involvement, stage of economic development, economic growth rate, capital reinvestment, resource allocation, restriction of economic activities by global community, government control of foreign exchange or foreign remittances, and the balance of international payments), the application of production ceilings in OPEC + member countries and changes in the legal system and taxation system of those countries (including the establishment or abolition of laws or regulations and changes in their interpretation or enforcement) as well as lawsuits could have a significant impact on the Group's business or results unless the impact is compensated by insurance.

Additionally, against the background of rising development costs and other changes in the business environment, the progress of oil and gas projects and the need to address environmental issues, the governments of oil-producing countries may seek to renegotiate the fiscal conditions including conditions of existing oil contracts related to participating interests. In the event that fiscal conditions of contracts are altered, this could have an adverse effect on the Group's business performance.

In order to respond to the risks listed in items 1 through 4 above, we have introduced guidelines for economic and risk evaluation we conduct on a per-project basis and are recognizing major risks.

When acquiring new projects in the upstream oil and natural gas business, the New Ventures & Global Exploration Division centrally analyzes and examines whether to take on new projects, and takes action against these risks in cooperation with related departments. For existing projects, the INPEX Value Assurance System (IVAS) Committee works as a cross-organizational mechanism mainly for technical evaluation at each project phase, such as exploration, evaluation and development. At the same time, we conduct economic and risk evaluation in principle at least once a year. For major projects, we report a summary of risk evaluation results to the Board of Directors each year. Regarding the renewable energy business and the hydrogen/CCUS business, the Renewable Energy & New Business Division and the Hydrogen & CCUS Development Division coordinate their respective businesses overall, conduct economic evaluation, and evaluate risks and take action against them. When acquiring new projects, the INPEX Value Assurance System (IVAS) Committee and external experts conduct verifications, and a summary of risk evaluation results is reported at Board of Directors Meetings for important projects.

We strive to actively manage risks related to our business in general through measures including formulating and maintaining an emergency/crisis response plan and conducting regular emergency response drills at ordinary times, to enhance our ability to respond to emergency situations caused by events such as major accidents and disasters. In addition, we have formulated a Business Continuity Plan (BCP) and review it as appropriate to prevent important operations from being interrupted. We have been implementing our BCP and taking necessary measures including working from home since 2020 due to the spread of COVID-19. At the same time, we have set up the Corporate Crisis Management Team to assess the state of the entire company including overseas offices.

Furthermore, the Information Security Committee meets both on a regular basis and as needed, taking action on information security on an organizational and systematic basis, as well as conducting education and training including prevention of information leakage.

To manage health, safety and environment (HSE) risk, we have introduced the HSE Management System (HSEMS) Manual to facilitate effective and consistent HSE management and improve HSE performance across the entire business.

To continuously improve the environment, security and occupational health and safety in energy development and production, we identify, analyze and evaluate HSE risks for each business site based on the HSE Risk Management Procedure established under the HSE Management System. We have a system in place for headquarters to continuously check the HSE risk management status, through such means as having the risk management status regularly reported to headquarters and holding workshops on a regular basis. We are also working on the company-wide management of security-related risks based on various guidelines and standards.

We conduct financial risk management regarding crude oil and natural gas prices, currency exchange rates, interest rates and securities prices by identifying their respective risks associated with fluctuations and establishing corresponding management and hedging methods.

To tackle climate change, we have set our goal of achieving net zero carbon emissions by 2050 in line with the Paris Agreement objectives. Towards this goal, the Group will actively promote five business pillars to offer solutions responding to the needs of society in an age of transformation towards a net zero carbon society. Specifically, we will (1) develop a hydrogen business, (2) reduce CO_2 emissions from the oil and gas business (promotion of CCUS, etc.), (3) enhance and emphasize renewable energy initiatives, (4) promote carbon recycling and cultivate new business opportunities and (5) promote forest conservation. By actively promoting these 5 net zero businesses, we will proactively respond to the shift towards a net zero carbon society and aim to be a pioneer of energy transformation.

We manage country risk by, among others, establishing guidelines for handling country risks in the countries where we operate, including setting a maximum target amount of accumulated investments in high-risk countries.

Furthermore, we have developed a mechanism to counter legal risk, where business divisions and management can receive appropriate legal guidance regarding matters such as important agreements and lawsuits.

Although we strive to manage risks and mitigate their impact by taking these countermeasures, they by no means cover all possible risks. As a result, the impact from individual events cannot be completely eliminated.

II. OTHER BUSINESS RISKS

1. PRODUCTION SHARING CONTRACTS

(1) Details of production sharing contracts

The Group has entered into production sharing contracts with countries including Indonesia and Caspian Sea area, and therefore holds numerous participating interests in those regions.

Production sharing contracts are agreements by which one or several oil companies serve as contractors that undertake at their own expense exploration and development work on behalf of the governments of oil-producing countries or national oil companies and receive production from the projects as cost recovery and compensation. That is to say, when exploration and development work results in the production of oil or natural gas, the contractors recover the exploration and development costs they incurred by means of a share in the production. The remaining production (crude oil and gas) is shared among the oil-producing country or national oil company and the contractors according to fixed allocation ratios. (The contactors' share of production after cost recovery is called "profit oil and gas.") On the other hand, in cases when exploration fails and expected production is not realized, the contractors are not to recover their invested funds.

(2) Accounting treatment of production sharing contracts

When a company in the Group owns participating interests under production sharing contracts, as mentioned above, in the role of contractor it invests technology and funds in the exploration and development of the property, recovers the invested costs from the production produced, and receives a share of the remaining production after recovery of invested costs as compensation.

Costs invested on the basis of production sharing contracts are recorded on the balance sheet as assets for which future recovery is anticipated under the item "Recoverable accounts under production sharing." After the start of production, recovered costs on the basis of those agreements are deducted from this balance sheet item.

As production received under production sharing contracts is divided into the cost recovery portion and the compensation portion, the method of calculating cost of sales is also distinctive. That is to say, the full amount of production received is temporarily charged to cost of sales as the cost of received production, and subsequently the amount of the compensation portion is calculated and this amount is booked as an adjustment item to cost of sales ("Free of charge production allocated"). Consequently, only the cost recovery portion of production after deduction of the compensation portion is booked as cost of sales.

2. RELATIONSHIP WITH THE JAPANESE GOVERNMENT

(1) The Company's relationship with the Japanese government

Although the government of Japan (the Minister of Economy, Trade and Industry) holds 19.97 of the Company's common shares issued (excluding treasury shares) and a Class A Stock as of March 28, 2022, the Company autonomously exercises business judgment as a private corporation. There is no relationship of control, such as through the dispatch of officers or other means between the Company and the Japanese government. Moreover, we believe that no such relationship will develop in the future. Furthermore, there is no concurrent posting or secondment to the Company of officers or employees from the Japanese government.

(2) Ownership and sale of the Company's shares by the Japanese government (the Minister of Economy, Trade and Industry)

The Ministry of Economy, Trade and Industry (METI) holds 19.97% of the Company's common shares issued (excluding treasury shares). METI succeeded to the shares that had been held by Japan National Oil Corporation (JNOC) following the dissolution of JNOC on April 1, 2005. With regard to the liquidation and disposition of the oil and gas upstream assets owned by JNOC, the Policy Regarding the Disposal of Oil and Gas Development-Related Assets Held by Japan National Oil Corporation (hereinafter, the "Report") was announced on March 18, 2003 by the Japan National Oil Corporation Asset Evaluation and Liquidation Deliberation Subcommittee of the Advisory Committee on Energy and Natural Resources, an advisory body of the Ministry of Economy, Trade and Industry. The Report describes the importance of appropriate timing in selling the shares on the market, taking into consideration enterprise value growth. In addition, METI may, in accordance with the Supplementary Provision Article 13 (1) 2 of the "Special Measures Act for Reconstruction Finance Keeping After the Great East Japan Earthquake" ("the Reconstruction Finance Keeping Act" (provisional translation, the same shall apply hereinafter)) enacted December 2, 2011, sell off the Company's shares in Japan or overseas after examining the possibility of disposal of the said shares based on a review of the holdings from the perspective of energy policy. This could have an impact on the market price of the Company's shares.

METI also holds one share of the Company's Class A Stock. As the holder of a Class A Stock, METI possesses veto rights over certain resolutions of the Company's general shareholders' meetings and meetings of the Board of Directors. For details on the Class A Stock, please refer to "4. CLASS A STOCK" on P.113.

3. TREATMENT OF SHARES OF THE GROUP'S PROJECT COMPANY OWNED BY JAPANESE GOVERNMENT AND JOGMEC

(1) Treatment of shares of the Group's project company previously owned by Japan National Oil Corporation (JNOC)

In the aforementioned Report, INPEX CORPORATION (prior to the integration with Teikoku Oil; reorganized on October 1, 2008) was identified as a company that should comprise part of a core company, and is expected to play a role in efficient realization of a stable supply of energy for Japan through the involvement by a national flagship company. In response to the Report, the Company (also, the Group since our acquirement of Teikoku Oil on October 1, 2008) has sought to promote efficient realization of a stable supply of energy for Japan while taking advantage of synergy with the efforts of active resource diplomacy on the part of the Japanese government, and has aimed to maximize shareholder value by engaging in highly transparent and efficient business operations.

As a result, with regard to the integration by means of transfer of shares held by JNOC proposed in the Report, INPEX CORPORATION and JNOC concluded the Basic Agreement Concerning the Integration of Assets Held by JNOC into INPEX CORPORATION of February 5, 2004 (hereinafter the "Basic Agreement") and a memorandum of understanding related to Basic Agreement (hereinafter "MOU"). On March 29, 2004, INPEX CORPORATION and JNOC entered into related contracts including the Basic Contract Concerning the Integration of Assets Held by JNOC into INPEX CORPORATION (hereinafter the "Basic Contract"), achieving the agreement on the details including the treatment of the project companies subject to the integration and shareholding ratios.

In 2004 INPEX CORPORATION accomplished the integration of Japan Oil Development Co., Ltd. (JODCO), INPEX Java Ltd. (disposal was completed on September 30, 2010) and INPEX ABK, Ltd. which are three of four companies covered by the Basic Agreement. Although INPEX Southwest Caspian Sea Ltd. (now INPEX Southwest Caspian Sea, Ltd.) would become a wholly owned subsidiary of INPEX CORPORATION by means of a share exchange and the procedures were undertaken, the share exchange contract was invalidated owing to failure to accomplish the terms and conditions of the share exchange contract and the planned share exchange was cancelled. Following the dissolution of JNOC on April 1, 2005, the Minister of Economy, Trade and Industry succeeded to the INPEX Southwest Caspian shares held by JNOC. The Company continues to study the possibility to acquire the shares. However, the METI's future treatment of these shares is undecided and, depending on the result of review in accordance with the Reconstruction Finance Keeping Act, acquisition of INPEX Southwest Caspian shares could be unavailable.

The treatment of Sakhalin Oil and Gas Development Co., Ltd. (hereinafter "SODECO"), INPEX Masela, Ltd., INPEX North Caspian Sea, Ltd., INPEX North Makassar, Ltd. (liquidation proceedings completed on December 19, 2008), and INPEX Offshore North Campos, Ltd. (following the acquisition of all shares in this company by private-sector shareholders, including INPEX CORPORATION, this company was sold to a third-party in October 2019), was agreed between INPEX CORPORATION and JNOC in the MOU of February 5, 2004. Regarding the treatment of shares of SODECO, refer to the following section "(2) Treatment of the shares of Sakhalin Oil and Gas Development (SODECO) owned by the Japanese government". With regard to the transfer to INPEX CORPORATION of the shares in the above project companies other than SODECO, it was decided that the shares are to be transferred for cash compensation as soon as prerequisites such as the consent of the oil-producing country and joint venture partners and the possibility of appropriate asset evaluations are in place. However, the transfer of shares held by JNOC in the above companies has not been decided and the shares in the above project companies were succeeded to by the Japan Oil Gas and Metals National Corporation (hereinafter "JOGMEC") on the dissolution of JNOC on April 1, 2005, except shares related to INPEX North Makassar, Ltd., to which the Minister of Economy, Trade and Industry succeeded. JOGMEC states in its "medium-term objective" and "medium-term plan" that the shares succeeded to from JNOC will be disposed of at an appropriate time and in an appropriate manner. However, the timing and manner of disposal for those shares in the above companies held by JOGMEC that have not been acquired by INPEX CORPORATION have not been decided, and it is possible that the Company will be unable to acquire these shares.

(2) Treatment of the shares of Sakhalin Oil and Gas Development (SODECO) owned by the Japanese government

The Japanese government (the Minister of Economy, Trade and Industry) owns 50% of the shares of SODECO. SODECO was established in 1995 to engage in an oil and natural gas exploration and development project located on the northeast continental shelf off Sakhalin Island. SODECO owns a 30.0% interest in the Sakhalin-1 Project. In October 2005, Phase 1 of this project started with the goal of advanced production of oil and natural gas. Furthermore, there is a plan for additional development operations (Phase 2) for the purpose of the full-scale production of natural gas. The Company holds 6.08% of SODECO shares issued and outstanding.

In the previously mentioned Report, SODECO, along with INPEX CORPORATION and JODCO, has been identified as a company that should comprise part of a core company in Japan's oil and natural gas upstream industry in the future.

Regarding the future of this project, we will take appropriate measures while considering the current international situation and trends in factors including the activities of the government.

4. CLASS A STOCK

(1) Overview of the classified share

1) Reason for the introduction

The Company was established as the holding company through a stock transfer between INPEX CORPORATION and Teikoku Oil Co., Ltd. on April 3, 2006. Along with this, a classified share originally issued by INPEX CORPORATION (prior to the merger) was transferred and at the same time the Company issued a classified share with the same effect (hereinafter the "Class A Stock") to the Minister of Economy, Trade and Industry. The classified share originally issued by INPEX CORPORATION was the minimally required and a highly transparent measure to eliminate the possibility of management control by foreign capital while not unreasonably impeding the efficiency and flexibility of management based on the concept in the Report discussed in the above section 3. "TREATMENT OF SHARES OF THE GROUP'S PROJECT COMPANY OWNED BY JAPANESE GOVERNMENT AND JOGMEC." INPEX CORPORATION is identified as a company that should comprise part of a core company for Japan's oil and gas upstream industry and is expected to play a role in efficient realization of a stable supply of energy for Japan as a national flagship company. On the basis of the concept of the Report, following a speculative acquisition or an attempt at management controlled by foreign capital, Class A Stock is designed and issued to be highly transparent while not unreasonably impeding the efficiency and flexibility of management and to keep the effects of any such speculative acquisition to the necessary minimum. At the same time, Class A Stock maintains the Company's role in the efficient implementation of a stable supply of energy for Japan as a core business, so that management is not conducted in a way contradictory to that role and no negative impact is felt.

2) Shareholders' meeting resolutions, dividends, distribution of residual assets, and redemption

Unless otherwise provided by laws or ordinances, the Class A Stock does not have any voting rights at the Company's general shareholders' meetings. With regard to cash dividends paid and the distribution of residual assets, the Company concluded a stock split at a ratio of 1:400 of common stock with October 1, 2013, as the effective date. For Class A Stock (unlisted) no stock split was conducted. The Articles of Incorporation specify that dividends of Class A Stock are equivalent to dividends of a common stock prior to the stock split. The Class A Stock will be redeemed by resolution of the Board of Directors of the Company if the holder of the Class A Stock requests redemption or if the Class A Stock is transferred to a party other than the government of Japan or an independent administrative body that is fully funded by the government of Japan.

3) Veto rights in the Articles of Incorporation

The Articles of Incorporation of the Company provide that an approval resolution of the meeting of the holder of the Class A Stock is necessary in addition to resolutions of the Company's general shareholders' meetings and resolutions of meetings of the Board of Directors for the decisions on certain important matters such as the appointment or removal of Directors, disposition of material assets, changes to the Articles of Incorporation, business integration, capital reduction or company dissolution in connection with the business of the Company. Accordingly, the Minister of Economy, Trade and Industry, as the holder of the Class A Stock, has veto rights over these important matters. With regard to the cases in which the Class A Stock veto rights are exercisable, please refer to "4) Criteria for the exercise of veto rights provided in the criteria for the exercise of the Class A Stock holder's voting rights", below.

4) Criteria for the exercise of veto rights provided in the criteria for the exercise of the Class A Stock holder's voting rights

Criteria concerning the exercise of the veto rights have been established in a Ministry of Economy, Trade and Industry Notice (No. 54, 2022) (hereinafter the "Notice"). The criteria stipulate the exercise of veto rights only in the following specific cases.

- When resolutions pertaining to appointment or removal of Directors and integration are not voted down and it is judged that the probability is high that the Company will engage in management inconsistent with the role that a core company should perform for efficient realization of a stable supply of energy to Japan.
- With regard to decisions related to the disposal of all or part of significant assets, when resolutions pertaining to disposition of material assets are not voted down and the objects of disposition are oil and natural gas exploration or production rights or rights similar thereto or shares or ownership interest in the Company's subsidiary whose principal assets are said rights and it is judged that the probability is high that the Company will engage in management inconsistent with the role that a core company should perform for efficient realization of a stable supply of energy to Japan.
- When resolutions pertaining to amendments to the Company's Articles of Incorporation relating to changes in the Company's business objectives, reduction in the amount of capital, or dissolution are not voted down and it is judged that the probability is high that the Company will engage in management inconsistent with the role that a core company should perform for efficient realization of a stable supply of energy to Japan.
- When resolutions pertaining to amendments to the Articles of Incorporation granting voting rights to any shares other than the common shares of the Company are not voted down and could have an effect on the exercise of the voting rights of the Class A Stock.

It is provided that the above criteria shall not be limited in the event that the Notice is changed in the light of energy policy.

(2) Risk in connection with the Class A Stock

Following a speculative acquisition or an attempt at management controlled by foreign capital, Class A Stock is designed and issued to be highly transparent while not unreasonably impeding the efficiency and flexibility of management and to keep the effects of any such speculative acquisition to the necessary minimum. At the same time, Class A Stock maintains the Company's role in the efficient implementation of a stable supply of energy for Japan as a core business, so that management is not conducted in a way contradictory to that role and no negative impact is felt. Nevertheless, the anticipated risks in connection with the Class A Stock include the following.

1) Possibility of conflict of interest between national policy and the Company and its common shareholders

It is conceivable that the Minister of Economy, Trade and Industry could exercise the veto rights in accordance with the above criteria provided in the Notice. As the said criteria have been provided from the standpoint of efficient realization of a stable supply of energy to Japan, it is possible that the exercise of the veto rights by the Minister of Economy, Trade and Industry could conflict with the interest of other shareholders who hold the Company's common shares. Also, it is possible that the said criteria could be changed in the light of energy policy.

2) Impact of the exercise of veto rights on the price of shares of common stock

As mentioned above, as the holder of the Class A Stock has the veto rights over certain important matters in connection with the business of the Company, the actual exercise of the veto rights over a certain matter could have an impact on the price of the Company's shares of common stock.

3) Impact on the Company's degree of freedom in business and business judgment

As the Minister of Economy, Trade and Industry holds the Class A Stock with the previously mentioned veto rights, the Company needs a resolution of the meeting of the holder of the Class A Stock concerning the above matters. For this reason, the Company's degree of freedom in management in those matters could be restricted by the judgment of the Minister of Economy, Trade and Industry. Also, attendant on the need for a resolution of the meeting of the holder of the Class A Stock concerning the above matters, a certain period of time is required for procedures such as the convening and holding of meetings and resolutions and for the processing of formal objections, if necessary.

5. CONCURRENTLY SERVING OUTSIDE DIRECTORS

The Board of Directors of the Company is currently composed of 12 members, five of whom are outside directors.

Two of the five outside directors have many years' experience and knowledge of the Company's business and are able to offer objective, professional advice regarding operations. For this reason, they were asked to join the Board of Directors to contribute to the development of the Company's business. One of the directors concurrently serves as an advisor of Mitsubishi Corporation (hereinafter "shareholder corporations").

At the same time, however, the shareholder corporations are involved in businesses that overlap with those of the Company. The Company therefore recognizes that it must pay particular attention to corporate governance to avoid conflicts of interest in connection with competition and other matters.

To this end, all Company directors, including the one outside director described above, are required to sign a written undertaking to carry out their duties as officers of the Company appropriately and with the highest regard for the importance of such matters as their obligations in connection with noncompetitive practices under the Japanese Companies Act, the proper manner for dealing with conflict of interest, and confidentiality.

Oil and Gas Reserves and Production Volume

1. Oil and Gas Reserves

Proved reserves

The following tables list the proved reserves of crude oil, condensate, LPG and natural gas of INPEX CORPORATION, its consolidated subsidiaries and equity-method affiliates (the "Group") on main projects. Disclosure contents for proved reserves are determined in accordance with the rules and regulations of the U.S. Financial Accounting Standards Board (the "FASB"), and are presented in accordance with the Accounting Standards Codification Topic 932 "Extractive Activities —Oil and Gas" ("Topic 932"). The Group's proved reserves as of December 31, 2021, were 2,704 million barrels for crude oil, condensate and LPG, and 5,118 billion cubic feet for natural gas, for a total of 3,645 million boe.

	Japan		Asia & Oceania		Eurasia (Europe & NIS)		Middle East & Africa		Americas		Total	
	Crude oil (MMbbl)	Gas (Bcf)	Crude oil (MMbbl)	Gas (Bcf)	Crude oil (MMbbl)	Gas (Bcf)	Crude oil (MMbbl)	Gas (Bcf)	Crude oil (MMbbl)	Gas (Bcf)	Crude oil (MMbbl)	Gas (Bcf)
Proved developed and undeveloped reserves												
INPEX CORPORATION and Consolidated Subsidiaries												
As of December 31, 2019	18	728	174	4,736	301	198	2,413	—	46	27	2,952	5,688
Extensions and discoveries	—	—	—	—	—	—	—	—	—	—	—	—
Acquisitions and sales	—	—	—	—	—	—	—	—	—	—	—	—
Revisions of previous estimates	(1)	(41)	(6)	(6)	30	26	(170)	—	(4)	2	(151)	(19)
Interim production	(1)	(40)	(16)	(371)	(17)	(9)	(81)	—	(3)	(19)	(118)	(440)
As of December 31, 2020	16	646	152	4,359	314	215	2,162	—	39	10	2,684	5,229
Equity-method affiliates												
As of December 31, 2019	—	—	2	324	15	—	5	—	—	—	22	324
Extensions and discoveries	—	—	—	—	—	—	—	—	—	—	—	—
Acquisitions and sales	—	—	—	—	—	—	—	—	—	—	—	—
Revisions of previous estimates	—	—	(0)	56	(2)	—	0	—	—	—	(2)	56
Interim production	—	—	(0)	(23)	(2)	—	(2)	—	—	—	(4)	(23)
As of December 31, 2020	—	—	2	357	11	—	4	—	—	—	16	357
Proved developed and undeveloped reserves												
As of December 31, 2020	16	646	154	4,715	324	215	2,166	—	39	10	2,700	5,586
INPEX CORPORATION and Consolidated Subsidiaries												
As of December 31, 2020	16	646	152	4,359	314	215	2,162	—	39	10	2,684	5,229
Extensions and discoveries	—	—	—	—	—	—	—	—	—	—	—	—
Acquisitions and sales	—	—	—	—	—	—	(6)	—	1	1	(5)	1
Revisions of previous estimates	0	4	(0)	1	(17)	(20)	149	—	(3)	21	129	6
Interim production	(1)	(40)	(19)	(377)	(16)	(10)	(83)	—	(3)	(9)	(121)	(436)
As of December 31, 2021	15	610	133	3,983	281	186	2,223	—	34	22	2,686	4,801
Equity-method affiliates												
As of December 31, 2020	—	—	2	357	11	—	4	—	—	—	16	357
Extensions and discoveries	—	—	—	—	—	—	—	—	—	—	—	—
Acquisitions and sales	—	—	—	—	—	—	—	—	—	—	—	—
Revisions of previous estimates	—	—	(0)	(18)	2	—	4	—	—	—	5	(18)
Interim production	—	—	(0)	(21)	(3)	—	(1)	—	—	—	(4)	(21)
As of December 31, 2021	—	—	1	318	10	—	7	—	—	—	18	318
Proved developed and undeveloped reserves												
As of December 31, 2021	15	610	134	4,300	291	186	2,230	—	34	22	2,704	5,118

	Japan Crude oil (MMbbl)	Japan Gas (Bcf)	Asia & Oceania Crude oil (MMbbl)	Asia & Oceania Gas (Bcf)	Eurasia Crude oil (MMbbl)	Eurasia Gas (Bcf)	Middle East & Africa Crude oil (MMbbl)	Middle East & Africa Gas (Bcf)	Americas Crude oil (MMbbl)	Americas Gas (Bcf)	Total Crude oil (MMbbl)	Total Gas (Bcf)
Proved developed reserves												
INPEX CORPORATION and Consolidated Subsidiaries												
As of December 31, 2021	14	564	109	2,663	224	186	1,603	—	13	14	1,964	3,426
Equity-method affiliates												
As of December 31, 2021	—	—	1	168	9	—	4	—	—	—	15	168
Proved undeveloped reserves												
INPEX CORPORATION and Consolidated Subsidiaries												
As of December 31, 2021	1	47	24	1,320	57	—	620	—	21	8	723	1,375
Equity-method affiliates												
As of December 31, 2021	—	—	0	150	0	—	3	—	—	—	3	150

Notes: 1. Based on SEC disclosure standards, the Group discloses proved reserves in each country containing 15% or more of its proved reserves. As of December 31, 2021, the Group held proved reserves in Australia of approximately 127 million barrels for crude oil and approximately 3,822 billion cubic feet for natural gas, for a total of approximately 833 million boe.
2. Proved reserves (as of December 31, 2021) of the following blocks and fields include the portion attributable to non-controlling interests.
Eurasia (Europe & NIS): ACG (49%), Kashagan (49%)
Middle East & Africa: Abu Dhabi Onshore Concession (34%)
3. MMbbl: Million barrels
4. Bcf: Billion cubic feet
5. Crude oil includes condensate and LPG
6. Oil and gas reserves are rounded to the nearest whole number.

Standardized measure of discounted future net cash flows and their changes relating to proved oil and gas reserves for the year ended December 31, 2021

Disclosure contents for the standardized measure of discounted future net cash flows and their changes relating to proved reserves for the year ended December 31, 2021 are determined in accordance with the rules and regulations of the FASB, and are presented in accordance with Topic 932.

In calculating the standardized measure of discounted future cash inflows, the arithmetic average of oil and gas prices at the first day of each month during the current fiscal year is applied to the estimated annual future production from proved reserves. Future development and production costs are estimated based upon the assumptions of constant oil and gas prices and the continuation of existing economic, operating and regulatory conditions. Future income tax expenses are calculated by applying the year-end statutory tax rates to estimated future pretax cash flows less the tax basis of the properties involved based upon laws and regulations already legislated at year-end. The discount is computed by applying a prescribed discount rate of 10% to the estimated future net cash flows.

The translation of U.S. dollar amounts into yen amounts is computed by applying the year-end exchange rates (TTM) of ¥103.52 and ¥115.02 to the U.S. dollar as of December 31, 2020 and December 31, 2021, respectively.

Since these figures are calculated in accordance with the rules set forth by the FASB, which have the following aspects, they do not represent the fair market value nor the Group's estimation for the present value of the cash flows of reserves of crude oil, condensate, LPG and natural gas.

- No economic value is attributed to potential reserves.
- A prescribed discount rate of 10% is applied.
- Oil and gas prices are subject to constant fluctuations despite the assumptions of constant oil and gas prices of Topic 932.

December 31, 2020	Millions of yen Total	Japan	Asia & Oceania	Eurasia (Europe & NIS)	Middle East & Africa	Americas
INPEX CORPORATION and Consolidated Subsidiaries						
Future cash inflows	¥13,620,229	¥ 789,800	¥ 2,157,411	¥1,190,377	¥ 9,328,481	¥ 154,159
Future production and development costs	(6,358,718)	(254,531)	(1,129,013)	(622,464)	(4,207,125)	(145,587)
Future income tax expenses	(4,941,757)	(174,850)	(74,682)	(108,183)	(4,583,545)	(498)
Future net cash flows	2,319,754	360,420	953,717	459,730	537,812	8,075
10% annual discount for estimated timing of cash flows	(1,128,715)	(190,828)	(359,024)	(236,386)	(332,935)	(9,542)
Standardized measure of discounted future net cash flows	1,191,039	169,591	594,693	223,344	204,877	(1,466)
Equity-method affiliates						
Future cash inflows	300,851	—	234,251	48,972	17,627	—
Future production and development costs	(127,026)	—	(92,956)	(16,355)	(17,715)	—
Future income tax expenses	(65,795)	—	(46,641)	(18,375)	(778)	—
Future net cash flows	108,030	—	94,654	14,242	(867)	—
10% annual discount for estimated timing of cash flows	(44,506)	—	(41,547)	(3,165)	206	—
Share of equity-method investees' standardized measure of discounted future net cash flows	63,523	—	53,107	11,077	(661)	—
Total consolidated and equity-method affiliates in standardized measure of discounted future net cash flows	¥ 1,254,562	¥ 169,591	¥ 647,800	¥ 234,421	¥ 204,216	¥ (1,466)

Notes: Reserves of the following blocks and fields include the portion attributable to non-controlling interests.
Eurasia (Europe & NIS): ACG (49%), Kashagan (49%)
Middle East & Africa: Abu Dhabi Onshore Concession (34%)
Amounts are basically rounded to the nearest million.

December 31, 2021	Millions of yen Total	Japan	Asia & Oceania	Eurasia (Europe & NIS)	Middle East & Africa	Americas
INPEX CORPORATION and Consolidated Subsidiaries						
Future cash inflows	¥23,355,208	¥ 833,868	¥ 2,912,521	¥2,046,648	¥ 17,309,448	¥ 252,724
Future production and development costs	(8,358,835)	(291,923)	(1,215,605)	(678,653)	(6,017,025)	(155,629)
Future income tax expenses	(10,924,329)	(174,799)	(157,632)	(313,955)	(10,268,763)	(9,180)
Future net cash flows	4,072,045	367,146	1,539,284	1,054,040	1,023,660	87,914
10% annual discount for estimated timing of cash flows	(1,972,952)	(201,968)	(546,145)	(536,240)	(655,271)	(33,328)
Standardized measure of discounted future net cash flows	2,099,093	165,178	993,138	517,801	368,389	54,586
Equity-method affiliates						
Future cash inflows	421,317	—	291,411	75,146	54,760	—
Future production and development costs	(144,212)	—	(101,817)	(17,926)	(24,470)	—
Future income tax expenses	(115,078)	—	(66,910)	(46,388)	(1,780)	—
Future net cash flows	162,027	—	122,684	10,833	28,510	—
10% annual discount for estimated timing of cash flows	(59,307)	—	(51,722)	(1,616)	(5,969)	—
Share of equity-method investees' standardized measure of discounted future net cash flows	102,721	—	70,963	9,217	22,541	—
Total consolidated and equity-method affiliates in standardized measure of discounted future net cash flows	¥ 2,201,813	¥ 165,178	¥ 1,064,101	¥ 527,018	¥ 390,930	¥ 54,586

Notes: Reserves of the following blocks and fields include the portion attributable to non-controlling interests.
Eurasia (Europe & NIS): ACG (49%), Kashagan (49%)
Middle East & Africa: Abu Dhabi Onshore Concession (34%)
Amounts are basically rounded to the nearest million.

	Millions of yen						
	Total	Japan	Asia & Oceania	Eurasia (Europe & NIS)	Middle East & Africa	Americas	Equity-method affiliates
INPEX CORPORATION and Consolidated Subsidiaries							
Standardized measure at beginning of the period, as of January 1, 2021	¥ 1,254,562	¥ 169,591	¥ 594,693	¥ 223,344	¥ 204,877	¥ (1,466)	¥ 63,523
Changes resulting from:							
Sales and transfers of oil and gas produced, net of production costs	(524,513)	(43,766)	(188,563)	(47,766)	(219,037)	(8,470)	(16,911)
Net changes in oil and gas prices and production costs	2,477,942	(5,781)	424,931	387,194	1,590,155	48,698	32,745
Development costs incurred	167,694	2,192	83,091	24,010	41,911	10,446	6,044
Changes in estimated future development costs	(29,253)	(7,179)	24,704	(2,112)	(58,365)	7,033	6,665
Revisions of previous quantity estimates	337,087	(4,080)	(20,024)	(35,015)	372,462	(324)	24,069
Accretion of discount	125,902	15,988	59,487	22,666	21,081	35	6,647
Net change in income taxes	(1,748,011)	19,373	(51,244)	(79,332)	(1,605,855)	(3,834)	(27,119)
Extensions, discoveries and improved recoveries	1,035	—	—	—	(1,599)	2,634	—
Other	139,369	18,840	66,064	24,811	22,760	(163)	7,057
Standardized measure at end of the period, as of December 31, 2021	¥ 2,201,813	¥ 165,178	¥ 993,138	¥ 517,801	¥ 368,389	¥54,586	¥102,721

Notes: Reserves of the following blocks and fields include the portion attributable to non-controlling interests.
Eurasia (Europe & NIS): ACG (49%), Kashagan (49%)
Middle East & Africa: Abu Dhabi Onshore Concession (34%)
Amounts are basically rounded to the nearest million.

2. Oil and Gas Production

The following tables list average daily production for crude oil, natural gas, and the total of crude oil and natural gas by region. The proportional interests in production by the equity-method affiliates are not broken down by geographical regions.

The Group's production for the year ended December 31, 2021, was 343.5 thousand barrels per day for crude oil, condensate and LPG, and 1,251.3 million cubic feet per day for natural gas, for a total of 584.3 thousand boed.

	2017/3	2018/3	2019/3	2019/12	2020/12	2021/12
Crude oil, condensate and LPG (Mbbld):						
Japan	3.5	3.7	3.5	3.1	3.0	2.9
Asia & Oceania	35.8	21.2	18.7	47.5	42.5	51.3
Eurasia (Europe & NIS)	29.6	37.5	40.7	41.0	46.4	43.2
Middle East & Africa	176.3	176.2	225.6	240.9	221.5	227.3
Americas	5.6	3.9	1.8	8.2	7.6	8.0
Subtotal	250.7	242.6	290.3	340.7	321.1	332.8
Proportional interests in production by equity-method affiliates	97.6	86.5	13.0	11.7	10.0	10.7
Total	348.3	329.1	303.3	352.4	331.1	343.5
Annual production (MMbbl)	127.1	120.1	110.7	96.9	121.2	125.4
Natural gas (MMcf/d):						
Japan	132.0	145.6	131.6	118.6	110.5	110.2
Asia & Oceania	614.8	326.9	346.5	958.6	1,012.8	1,031.7
Eurasia (Europe & NIS)	5.3	21.4	27.4	24.5	24.8	26.4
Middle East & Africa	—	—	—	—	0.0	—
Americas	116.5	107.7	89.8	63.5	52.7	25.8
Subtotal	868.6	601.6	595.3	1,165.2	1,200.9	1,194.1
Proportional interests in production by equity-method affiliates	54.1	48.1	53.8	61.2	63.7	57.2
Total	922.7	649.7	649.0	1,226.4	1,264.6	1,251.3
Annual production (Billions of cubic feet)	336.8	237.1	236.9	337.3	462.8	456.7
Crude oil and natural gas (Mboed):						
Japan	28.3	31.1	28.2	25.4	23.7	23.6
Asia & Oceania	152.5	82.7	84.4	231.9	238.4	251.5
Eurasia (Europe & NIS)	30.6	41.4	45.6	45.3	50.9	47.9
Middle East & Africa	176.3	176.2	225.6	240.9	221.5	227.3
Americas	26.5	23.5	18.1	20.0	17.4	13.0
Subtotal	414.1	354.9	401.8	563.5	552.0	563.3
Proportional interests in production by equity-method affiliates	107.2	95.0	22.5	22.6	21.4	20.9
Total	521.3	449.9	424.3	586.2	573.4	584.3
Annual production (MMboe)	190.3	164.2	154.9	161.2	209.9	213.3

Corporate Information (As of December 31, 2021)

Information Disclosure and Activities for Shareholders and Investors

INPEX undertakes the early delivery of convocation notices for its general meeting of shareholders to ensure that shareholders have sufficient time to consider agenda items at each Ordinary General Meeting of Shareholders. The Convocation Notice for INPEX's 16th Ordinary General Meeting of Shareholders held on March 25, 2022 was posted on the Company's Web site more than three weeks prior to the meeting on February 24, 2022. The Convocation Notice itself was dispatched on March 3, 2022. To facilitate the exercise of voting rights, INPEX implemented the exercise of voting rights via the Internet. The Company also adopted a platform for the electronic use of voting rights while posting copies of the convocation notice and other related documents, both in Japanese and English, on its Web site and TDnet (Timely Disclosure network).

Turning to the Company's IR activities, INPEX participates in events such as IR fairs for individual investors and meetings in a variety of venues virtually or in-person.

INPEX holds biannual meetings for analysts and institutional investors, either virtually or in-person, covering topics ranging from financial results to financial forecasts. Video archives are available on the IR section of the Company's Web site both in Japanese and in English.

INPEX undertakes overseas IR road shows in the regions including Europe, North America and Asia, while participating in conferences and engaging in one-on-one meetings in-person, by phone or online as necessary.

The Company's Web site (IR section: www.inpex.co.jp/english/ir/) features a host of IR tools including financial reports, financial results presentations and annual reports. Furthermore, efforts are made to disclose pertinent information such as the latest news releases, the Company's performance and financial position, as well as trends in crude oil prices, foreign currency exchange rates, the Company's share price and stock information.

Credit Rating (As of June 30, 2022)

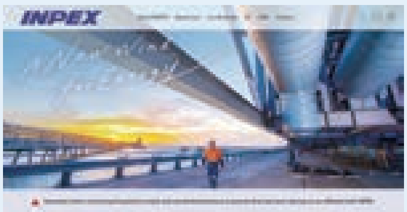
Credit Rating Agency	Long-Term Credit Ratings	Short-Term Credit Ratings
Moody's	A2 (stable)	—
Standard & Poor's	A– (stable)	A-2
Rating & Investment Information (R&I)	AA (stable)	a-1+
Rating & Japan Credit Rating Agency	AA+ (stable)	—

Status of Inclusion in Major Indexes (As of May 2022)

- Nikkei Stock Average (Nikkei 225)
- TOPIX
- JPX-Nikkei Index 400
- MSCI Japan Index
- MSCI World Energy Index
- FTSE4Good Developed Index/ FTSE4Good Japan Index
- FTSE Blossom Japan Index
- MSCI ESG Leaders Indexes/ MSCI Japan ESG Select Leaders Indexes/ MSCI Japan Empowering Women Index
- S&P/JPX Carbon Efficient Index
- STOXX Global ESG Leaders Index
- ECPI World ESG Equity/ ECPI Global Carbon Liquid/ ECPI Global Developed ESG Best in Class
- SOMPO Sustainability Index

Website Information

https://www.inpex.co.jp/english/



About INPEX

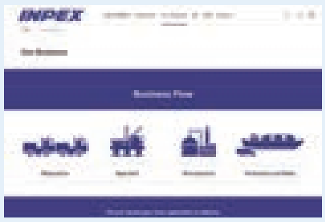
https://www.inpex.co.jp/english/company/

▶ INPEX Vision @2022

https://www.inpex.co.jp/english/company/midterm.html

Our Business

https://www.inpex.co.jp/english/business/



Corporate Data

Company Name INPEX CORPORATION

Established April 3, 2006

Capital ¥290,809,835,000

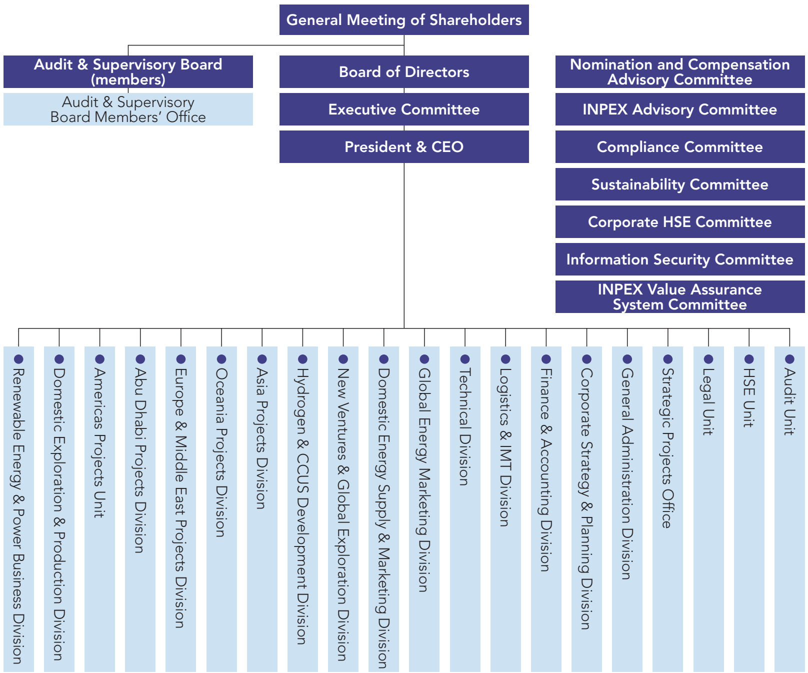
Company Headquarters Akasaka Biz Tower, 5-3-1 Akasaka, Minato-ku, Tokyo 107-6332, Japan

Number of Employees (Consolidated) 3,189

Main Business

Research, exploration, development, production and sales of oil, natural gas and other mineral resources, other related businesses and investment and lending to the companies engaged in these activities, etc.

Organization Chart (As of April 1, 2022)



Stock Data

Authorized Shares

3,600,000,000 common stocks
1 Class A Stock

Total Number of Shareholders and Issued Shares

Common Stock 136,935/1,462,323,600 shares[1]
Class A Stock[2] 1 shareholder (Minister of Economy, Trade and Industry) / 1 share

1. The total number of issued common shares as of February 8, 2022 is 1,386,667,167 shares, as 75,656,433 own shares have been cancelled on the same day.
2. The Company's Articles of Incorporation stipulate that certain major corporate decisions require a resolution by the holder of the Class A Stock in addition to the approval of the shareholders' meetings or the Board of Directors.

Major Shareholders (Common Stock)

Name	Number of common shares	Percentage of total common shares* (%)
Minister of Economy, Trade and Industry, Japan	276,922,800	19.97
The Master Trust Bank of Japan, Ltd. (Trust Account)	179,995,000	12.98
Custody Bank of Japan (Trust Account)	60,301,600	4.35
Japan Petroleum Exploration Co., Ltd.	53,446,600	3.85
ENEOS Holdings, Inc.	43,810,800	3.16
JAPAN SECURITIES FINANCE CO., LTD.	29,420,000	2.12
SMBC Nikko Securities Inc.	21,982,400	1.59
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	21,348,326	1.54
STATE STREET BANK WEST CLIENT - TREATY 505234	19,837,543	1.43
THE BANK OF NEW YORK MELLON 140051	18,871,100	1.36

*The shareholder ratio is calculated after subtracting treasury shares (75,656,400 shares). The shareholder ratio is rounded off to the nearest whole number.

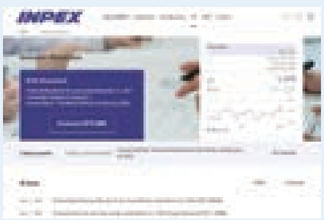
Shareholding by Shareholder Type

Shareholder type	Number of shareholders	Number of common shares	Percentage of total common shares[2] (%)
Financial Institutions (Including Trust Accounts)	73	340,173,947	23.26
Securities Companies	60	95,172,669	6.51
Other Domestic Corporations	887	145,059,176	9.92
Minister of Economy, Trade and Industry[1]	1	276,922,800	18.94
Foreign Corporations and Other	1,125	425,402,780	29.09
Individuals and Other	134,788	103,935,828	7.11
Treasury Shares	1	75,656,400	5.17

1. Excludes one Class A Stock
2. The shareholder ratio is rounded off to the nearest whole number.

IR

https://www.inpex.co.jp/english/ir/



CSR

https://www.inpex.co.jp/english/csr/

▶ Sustainability Report

https://www.inpex.co.jp/english/csr/csr/

Inquiries

For IR inquiries, as well as to offer comments and opinions about this report, please contact below.

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