Consolidated Financial Statements
For the year ended December 31, 2024

INPEX CORPORATION

Independent Auditor's Report

The Board of Directors
INPEX CORPORATION

The Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of INPEX CORPORATION and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2024, and the consolidated statements of profit or loss, comprehensive income, changes in equity, 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 December 31, 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards.

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.

Impairment assessment for non-financial assets related to the Ichthys LNG project	
Description of Key Audit Matter	**Auditor's Response**
INPEX CORPORATION (the "Company") recorded oil and gas assets of 3,855,226 million yen in the consolidated balance sheet as of December 31, 2024. As described in Note 4 to the consolidated financial statements "Critical accounting estimates and judgments," oil and gas assets related to the Ichthys LNG project held through INPEX Holdings Australia Pty Ltd. ("IHA"), a consolidated subsidiary, amounted to 1,846,315 million yen. Also, investments accounted for using equity method of 708,238 million yen in Ichthys LNG Pty Ltd ("ILNG"), a joint venture, were recorded. The balance of oil and gas assets held by ILNG included in investment in ILNG is 3,160,960 million yen (which is calculated based on the Company's equity interest of 67.82%). As a result of the assessment for impairment indicators during the fiscal year, given the increase in costs, including inflation, the Company assessed that there were impairment indicators identified for non-financial assets related to the Ichthys LNG Project.	We performed the following audit procedures to verify the impairment assessment for non-financial assets related to the Ichthys LNG project. - We evaluated management's assumptions for future crude oil prices by making comparisons with estimates prepared by external energy-related market research organizations and estimates established by management for the previous fiscal year. - We discussed the operational status of the project, including reserves, operating expenses and development costs, with management and inspected board minutes and other relevant documents. - We evaluated management's assumptions for the estimates of reserves, operating expenses, development costs and internal carbon pricing used in measuring value in use by discussion with management whether the increase in costs, including inflation, has been taken into consideration, and by making comparisons with estimates in the previous fiscal year. - We verified future crude oil prices and discount rates by assigning our network firm's valuation specialists. - We assessed the suitability, capabilities, and objectivity of the internal experts the management utilized for estimating reserves. In previous years, the Company had received certification from external experts for the reserves estimated by the internal experts. We evaluated management's assumptions by comparing the production results for the year ended December 31, 2024, with the production estimates made in the previous fiscal year. - We examined the impact on recoverable amounts by conducting our own sensitivity analysis, incorporating reasonable potential changes and certain stress factors based on available information regarding operating expenses and development costs.

Therefore, the Company conducted an impairment test but did not record an impairment loss because the value in use of the assets exceeded their book value. The key assumptions used in measuring recoverable value are future crude oil prices, reserves, operating expenses, development costs, internal carbon pricing, and discount rates. Among these assumptions, there is a high level of uncertainty in the estimates of future crude oil prices, reserves, operating expenses, development costs and internal carbon pricing, 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, and there is a possibility that low-carbon energy preferences will increase with the transition to a net-zero. 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 impairment assessment for non-financial assets of the projects held by the Company requires significant judgment and estimations by management. The amount of oil and gas assets held by IHA, a consolidated subsidiary, accounts for 47% of the balance of oil and gas assets in the consolidated statement of financial position. Furthermore, by also aggregating the amount of investment in ILNG, which is accounted for using equity method, the total amount related to the Ichthys LNG project 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. Therefore, the impairment assessment of non-financial assets related to the projects, including prerequisites for key assumptions, requires careful consideration. Based on the above, due to the significance from a materiality perspective and the specific risks derived from these projects, the impairment assessment of non-financial assets related to the Ichthys LNG project is significant, and thus a key audit matter.	

Other Information

The other information comprises the information included in the disclosure document that contains audited consolidated financial statements but does not include the consolidated financial statements and our auditor's report thereon.

We have concluded that the other information does not exist. Accordingly, we have not performed any work related to the other information.

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 IFRS Accounting Standards, 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 IFRS Accounting Standards, 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 IFRS Accounting Standards.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review 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 consolidated 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, actions taken to eliminate threats or safeguards applied to reduce threats to an acceptable level.

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.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended December 31, 2024 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 2 to the consolidated financial statements.

Fee-related Information

The fees for the audits of the financial statements of INPEX CORPORATION and its subsidiaries and other services provided by us and other EY member firms for the year ended December 31, 2024 are 622 million yen and 173 million yen, respectively.

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.

Ernst & Young ShinNihon LLC
Tokyo, Japan

April 25, 2025

Kazuhiko Yamazaki
Designated Engagement Partner
Certified Public Accountant

Satoshi Takahashi
Designated Engagement Partner
Certified Public Accountant

Mikio Shimizu
Designated Engagement Partner
Certified Public Accountant

Kentaro Moronuki
Designated Engagement Partner
Certified Public Accountant

Consolidated Financial Statements

1. Consolidated Statement of Financial Position

	Notes	(Millions of Yen)		(Millions of U.S. dollars)
		As of December 31, 2023	As of December 31, 2024	As of December 31, 2024
Assets				
Current assets				
Cash and cash equivalents	8, 31	201,149	241,675	1,527
Trade and other receivables	9, 31	232,017	267,476	1,691
Inventories	10	69,856	67,241	425
Income taxes receivable		10,640	6,982	44
Loans receivable	31	42,350	45,659	288
Other financial assets	31	227,068	166,400	1,052
Other current assets		37,992	57,430	363
Subtotal		821,075	852,865	5,392
Assets held for sale	11	17,341	17,341	109
Total current assets		838,417	870,206	5,501
Non-current assets				
Oil and gas assets	12, 15, 16	3,601,558	3,855,226	24,373
Other property, plant and equipment	13, 15	25,481	28,864	182
Goodwill	14, 16	20,471	20,515	129
Intangible assets	14	9,033	17,015	107
Investments accounted for using equity method	16, 34	751,903	948,075	5,994
Loans receivable	31	1,306,529	1,433,298	9,061
Other financial assets	31	95,890	123,557	781
Asset for retirement benefits	20	896	904	5
Deferred tax assets	17	72,977	64,555	408
Other non-current assets		16,316	18,644	117
Total non-current assets		5,901,058	6,510,656	41,162
Total assets		6,739,476	7,380,863	46,664

	Notes	(Millions of Yen) As of December 31, 2023	As of December 31, 2024	(Millions of U.S. dollars) As of December 31, 2024
Liabilities and equity				
Liabilities				
Current liabilities				
Trade and other payables	18, 31	207,913	192,576	1,217
Bonds and borrowings	19, 31, 36	161,059	193,847	1,225
Other financial liabilities	15, 31, 36	40,808	54,951	347
Income taxes payable		131,721	63,960	404
Asset retirement obligations	21	19,018	15,277	96
Other current liabilities		11,690	13,050	82
Total current liabilities		572,212	533,663	3,373
Non-current liabilities				
Bonds and borrowings	19, 31, 36	895,923	870,064	5,500
Other financial liabilities	15, 31, 36	66,025	62,950	397
Liability for retirement benefits	20	803	1,321	8
Asset retirement obligations	21	369,483	381,660	2,412
Deferred tax liabilities	17	332,940	388,217	2,454
Other non-current liabilities		3,054	5,151	32
Total non-current liabilities		1,668,230	1,709,366	10,807
Total liabilities		2,240,442	2,243,029	14,181
Equity				
Common stock	22	290,809	290,809	1,838
Capital surplus	22	679,131	458,254	2,897
Retained earnings	22	2,746,530	3,073,530	19,431
Treasury stock	22	(221,330)	(131,235)	(829)
Other components of equity	22	713,959	1,130,446	7,147
Total equity attributable to owners of parent		4,209,101	4,821,805	30,484
Non-controlling interests		289,932	316,027	1,998
Total equity		4,499,033	5,137,833	32,482
Total liabilities and equity		6,739,476	7,380,863	46,664

2. Consolidated Statement of Profit or Loss

	Notes	(Millions of yen) For the year ended December 31, 2023	(Millions of yen) For the year ended December 31, 2024	(Millions of U.S. dollars) For the year ended December 31, 2024
Revenue	7, 25	2,164,516	2,265,837	14,325
Cost of sales		(848,080)	(915,310)	(5,786)
Gross profit		1,316,435	1,350,527	8,538
Exploration expenses	7	(25,901)	(53,350)	(337)
Selling, general and administrative expenses	26	(95,747)	(134,512)	(850)
Other operating income	27	25,094	35,832	226
Other operating expenses	27	(124,081)	(31,537)	(199)
Share of profit (loss) of investments accounted for using equity method	7, 34	18,389	104,831	662
Operating profit		1,114,189	1,271,789	8,040
Finance income	7, 28	217,310	149,491	945
Finance costs	7, 28	(78,116)	(122,469)	(774)
Profit before tax		1,253,384	1,298,811	8,211
Income tax expense	7, 17	(920,807)	(864,573)	(5,466)
Profit		332,576	434,238	2,745
Profit (loss) attributable to				
Owners of parent	7	321,708	427,344	2,701
Non-controlling interests		10,867	6,894	43
Profit		332,576	434,238	2,745
Earnings per share				(U.S. dollars)
Basic earnings per share (Yen)	30	248.55	345.31	2.18
Diluted earnings per share (Yen)	30	248.38	345.07	2.18

3. Consolidated Statement of Comprehensive Income

	Notes	(Millions of yen) For the year ended December 31, 2023	(Millions of yen) For the year ended December 31, 2024	(Millions of U.S. dollars) For the year ended December 31, 2024
Profit		332,576	434,238	2,745
Other comprehensive income				
Items that will not be reclassified to profit or loss				
Exchange differences on translation of foreign operations	29	–	(17,709)	(111)
Financial assets measured at fair value through other comprehensive income	29	2,460	(2,309)	(14)
Remeasurement gains (losses) on defined benefit plans	29	(1,406)	(183)	(1)
Total items that will not be reclassified to profit or loss		1,054	(20,201)	(127)
Items that may be reclassified subsequently to profit or loss				
Cash flow hedges	29	337	(2,376)	(15)
Exchange differences on translation of foreign operations	29	285,720	477,352	3,017
Financial assets measured at fair value through other comprehensive income	29	(209)	(130)	(0)
Share of other comprehensive income of investments accounted for using equity method	29, 34	(2,533)	(10,785)	(68)
Total items that may be reclassified subsequently to profit or loss		283,315	464,059	2,933
Total other comprehensive income		284,369	443,857	2,806
Comprehensive income		616,945	878,096	5,551
Comprehensive income attributable to				
Owners of parent		591,848	842,911	5,329
Non-controlling interests		25,096	35,184	222
Comprehensive income		616,945	878,096	5,551

4. Consolidated Statement of Changes in Equity

(Millions of yen)

	Notes	Equity attributable to owners of parent					
						Other components of equity	
		Common stock	Capital surplus	Retained earnings	Treasury stock	Exchange differences on translation of foreign operations	Cash flow hedges
As of January 1, 2023		290,809	679,113	2,521,998	(121,358)	423,504	32,421
Profit		–	–	321,708	–	–	–
Other comprehensive income		–	–	–	–	271,491	(2,196)
Total comprehensive income		–	–	321,708	–	271,491	(2,196)
Purchase of treasury stock	22	–	–	–	(99,999)	–	–
Disposal of treasury stock	22	–	(28)	–	28	–	–
Dividends	23	–	–	(90,176)	–	–	–
Changes in ownership interest in subsidiaries		–	(159)	–	–	–	–
Share-based payment transactions	24	–	205	–	–	–	–
Transfer from other components of equity to retained earnings		–	–	(7,000)	–	–	–
Total transactions with owners		–	18	(97,176)	(99,971)	–	–
As of December 31, 2023		290,809	679,131	2,746,530	(221,330)	694,996	30,224

	Notes	Equity attributable to owners of parent					
		Other components of equity					
		Financial assets measured at fair value through other comprehen-sive income	Remeasure-ment gains (losses) on defined benefit plans	Total	Total	Non-controlling interests	Total
As of January 1, 2023		(19,107)	–	436,818	3,807,381	261,178	4,068,560
Profit		–	–	–	321,708	10,867	332,576
Other comprehensive income		2,251	(1,406)	270,140	270,140	14,229	284,369
Total comprehensive income		2,251	(1,406)	270,140	591,848	25,096	616,945
Purchase of treasury stock	22	–	–	–	(99,999)	–	(99,999)
Disposal of treasury stock	22	–	–	–	–	–	–
Dividends	23	–	–	–	(90,176)	(8,294)	(98,471)
Changes in ownership interest in subsidiaries		–	–	–	(159)	11,952	11,792
Share-based payment transactions	24	–	–	–	205	–	205
Transfer from other components of equity to retained earnings		5,594	1,406	7,000	–	–	–
Total transactions with owners		5,594	1,406	7,000	(190,129)	3,657	(186,472)
As of December 31, 2023		(11,261)	–	713,959	4,209,101	289,932	4,499,033

(Millions of yen)

	Notes	Equity attributable to owners of parent					
						Other components of equity	
		Common stock	Capital surplus	Retained earnings	Treasury stock	Exchange differences on translation of foreign operations	Cash flow hedges
As of January 1, 2024		290,809	679,131	2,746,530	(221,330)	694,996	30,224
Profit		—	—	427,344	—	—	—
Other comprehensive income		—	—	—	—	431,352	(13,162)
Total comprehensive income		—	—	427,344	—	431,352	(13,162)
Purchase of treasury stock	22	—	—	—	(130,000)	—	—
Disposal of treasury stock	22	—	(95)	—	95	—	—
Cancellation of treasury stock	22	—	(219,999)	—	219,999	—	—
Dividends	23	—	—	(100,278)	—	—	—
Changes in ownership interest in subsidiaries		—	(983)	—	—	855	—
Disposal of subsidiaries		—	—	—	—	—	—
Share-based payment transactions	24	—	200	—	—	—	—
Transfer from other components of equity to retained earnings		—	—	(64)	—	—	—
Total transactions with owners		—	(220,877)	(100,343)	90,094	855	—
As of December 31, 2024		290,809	458,254	3,073,530	(131,235)	1,127,203	17,062

	Notes	Equity attributable to owners of parent					
		Other components of equity					
		Financial assets measured at fair value through other comprehen-sive income	Remeasure-ment gains (losses) on defined benefit plans	Total	Total	Non-controlling interests	Total
As of January 1, 2024		(11,261)	—	713,959	4,209,101	289,932	4,499,033
Profit		—	—	—	427,344	6,894	434,238
Other comprehensive income		(2,440)	(183)	415,566	415,566	28,290	443,857
Total comprehensive income		(2,440)	(183)	415,566	842,911	35,184	878,096
Purchase of treasury stock	22	—	—	—	(130,000)	—	(130,000)
Disposal of treasury stock	22	—	—	—	—	—	—
Cancellation of treasury stock	22	—	—	—	—	—	—
Dividends	23	—	—	—	(100,278)	(16,087)	(116,365)
Changes in ownership interest in subsidiaries		—	—	855	(128)	7,266	7,138
Disposal of subsidiaries		—	—	—	—	(268)	(268)
Share-based payment transactions	24	—	—	—	200	—	200
Transfer from other components of equity to retained earnings		(118)	183	64	—	—	—
Total transactions with owners		(118)	183	919	(230,206)	(9,089)	(239,295)
As of December 31, 2024		(13,820)	—	1,130,446	4,821,805	316,027	5,137,833

(Millions of U.S. dollars)

	Notes	Equity attributable to owners of parent					
						Other components of equity	
		Common stock	Capital surplus	Retained earnings	Treasury stock	Exchange differences on translation of foreign operations	Cash flow hedges
As of January 1, 2024		1,838	4,293	17,364	(1,399)	4,393	191
Profit		—	—	2,701	—	—	—
Other comprehensive income		—	—	—	—	2,727	(83)
Total comprehensive income		—	—	2,701	—	2,727	(83)
Purchase of treasury stock	22	—	—	—	(821)	—	—
Disposal of treasury stock	22	—	(0)	—	0	—	—
Cancellation of treasury stock	22	—	(1,390)	—	1,390	—	—
Dividends	23	—	—	(633)	—	—	—
Changes in ownership interest in subsidiaries		—	(6)	—	—	5	—
Disposal of subsidiaries		—	—	—	—	—	—
Share-based payment transactions	24	—	1	—	—	—	—
Transfer from other components of equity to retained earnings		—	—	(0)	—	—	—
Total transactions with owners		—	(1,396)	(634)	569	5	—
As of December 31, 2024		1,838	2,897	19,431	(829)	7,126	107

	Notes	Equity attributable to owners of parent					
		Other components of equity					
		Financial assets measured at fair value through other comprehensive income	Remeasurement gains (losses) on defined benefit plans	Total	Total	Non-controlling interests	Total
As of January 1, 2024		(71)	—	4,513	26,611	1,833	28,444
Profit		—	—	—	2,701	43	2,745
Other comprehensive income		(15)	(1)	2,627	2,627	178	2,806
Total comprehensive income		(15)	(1)	2,627	5,329	222	5,551
Purchase of treasury stock	22	—	—	—	(821)	—	(821)
Disposal of treasury stock	22	—	—	—	—	—	—
Cancellation of treasury stock	22	—	—	—	—	—	—
Dividends	23	—	—	—	(633)	(101)	(735)
Changes in ownership interest in subsidiaries		—	—	5	(0)	45	45
Disposal of subsidiaries		—	—	—	—	(1)	(1)
Share-based payment transactions	24	—	—	—	1	—	1
Transfer from other components of equity to retained earnings		(0)	1	0	—	—	—
Total transactions with owners		(0)	1	5	(1,455)	(57)	(1,512)
As of December 31, 2024		(87)	—	7,147	30,484	1,998	32,482

5. Consolidated Statement of Cash Flows

		(Millions of yen)		(Millions of U.S. dollars)
	Notes	For the year ended December 31, 2023	For the year ended December 31, 2024	For the year ended December 31, 2024
Cash flows from operating activities				
Profit before tax		1,253,384	1,298,811	8,211
Depreciation and amortization		319,608	359,230	2,271
Impairment loss	16	100,890	21,704	137
Increase (decrease) in asset retirement obligations		9,597	(2,515)	(15)
Finance costs (income)	28	(139,194)	(27,021)	(170)
Foreign exchange loss (gain)		(12,437)	(7,043)	(44)
Share of loss (profit) of investments accounted for using equity method		(18,389)	(104,831)	(662)
Decrease (increase) in inventories		4,204	718	4
Decrease (increase) in trade and other receivables		75,828	(17,795)	(112)
Increase (decrease) in trade and other payables		(28,888)	(15,571)	(98)
Other operating activities		6,243	16,869	106
Subtotal		1,570,847	1,522,554	9,626
Interest received		107,978	120,453	761
Dividends received		9,079	21,424	135
Interest paid		(63,059)	(58,938)	(372)
Income taxes paid		(836,716)	(950,756)	(6,010)
Net cash provided by (used in) operating activities		788,130	654,737	4,139
Cash flows from investing activities				
Payments into time deposits		(38,145)	(180,689)	(1,142)
Proceeds from withdrawal of time deposits		26,831	223,306	1,411
Payments for acquisition of exploration and evaluation assets		(47,985)	(47,678)	(301)
Payments for acquisition of development and production assets		(202,665)	(244,404)	(1,545)
Payments for purchases of other property, plant and equipment		(1,484)	(8,979)	(56)
Payments for purchases of investments		(432,325)	(293,284)	(1,854)
Proceeds from sale and redemption of investments		312,727	315,499	1,994
Payments for purchases of investments accounted for using equity method		(76,549)	(23,916)	(151)
Payments for acquisition of businesses	6	−	(40,907)	(258)
Net decrease (increase) in short-term loans receivable		(1,999)	1,531	9
Long-term loans made		(4,027)	(76,629)	(484)
Collection of long-term loans receivable		152,153	93,379	590
Other investing activities		(6,645)	(7,628)	(48)
Net cash provided by (used in) investing activities		(320,116)	(290,401)	(1,836)

	Notes	(Millions of yen) For the year ended December 31, 2023	For the year ended December 31, 2024	(Millions of U.S. dollars) For the year ended December 31, 2024
Cash flows from financing activities				
Net increase (decrease) in commercial papers	36	－	79,980	505
Net increase (decrease) in short-term borrowings	36	20,121	(23,230)	(146)
Proceeds from long-term borrowings	36	102,895	75	0
Repayments of long-term borrowings	36	(403,599)	(143,405)	(906)
Repayments of lease liabilities	15, 36	(20,119)	(24,160)	(152)
Purchase of treasury stock		(99,999)	(130,000)	(821)
Cash dividends paid	23	(90,147)	(100,248)	(633)
Capital contribution from non-controlling interests		11,792	7,138	45
Cash dividends paid to non-controlling interests		(8,294)	(16,087)	(101)
Other financing activities		80	0	0
Net cash provided by (used in) financing activities		(487,272)	(349,937)	(2,212)
Net increase (decrease) in cash and cash equivalents		(19,258)	14,398	91
Cash and cash equivalents at beginning of the year	8	208,238	201,149	1,271
Effect of exchange rate changes on cash and cash equivalents		12,169	26,126	165
Cash and cash equivalents at end of the year	8	201,149	241,675	1,527

Notes to Consolidated Financial Statements

1. Reporting entity

INPEX CORPORATION (hereinafter the "Company") is a corporation domiciled in Japan. The location of the Company's registered head office and principal place of business is disclosed on the Company's website (https://www.inpex.com/). The consolidated financial statements, with the balance sheet date of December 31, 2024, comprise the financial statements of the Company and its subsidiaries (hereinafter the "Group") as well as its interests in affiliates, joint operations and joint ventures. The principal businesses of the Group are the survey, exploration, development, production, and sale of oil, natural gas, and other mineral resources as well as business incidental and related to this business and investments and loans to companies engaged in these businesses.

2. Basis of preparation

(1) Compliance with IFRS Accounting Standards (hereinafter "IFRS")

The consolidated financial statements of the Group have been prepared in accordance with IFRS as issued by the International Accounting Standards Board. The Group meets the requirements for a "specified company complying with designated international accounting standards" as set forth in Article 1-2 of the Regulation on Terminology, Forms and Preparation Methods of Consolidated Financial Statements (Ministry of Finance Order No. 28 of 1976), and accordingly the Group has adopted the provisions of Article 312 of the same Regulation.
The consolidated financial statements were authorized for issue by the Company's Representative Director, President & CEO, Takayuki Ueda, on April 25, 2025.

(2) Functional currency and presentation currency

The consolidated financial statements of the Group have been presented in Japanese yen, which is also the Company's functional currency, and amounts have been rounded down to the nearest million yen, except where otherwise indicated. The translation of yen amounts into U.S. dollar amounts is included solely for convenience, as a matter of arithmetic computation only, at ¥158.17=U.S.$1.00, the approximate exchange rate in effect as of December 31, 2024. 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.

3. Material accounting policies

The material accounting policies adopted in the preparation of the consolidated financial statements are shown below. These policies will continue to apply to all fiscal years presented unless otherwise indicated.

(1) Basis of consolidation

[1] Subsidiaries

Subsidiaries are all entities that are controlled by the Company. The Company controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.
The financial statements of a subsidiary are adjusted as necessary when the accounting policies of a subsidiary differ from those adopted by the Group.
Comprehensive income of subsidiaries is attributed to the owners of the parent company and the non-controlling interest, even if the non-controlling interest results in a negative balance.
Transactions involving changes in the parent company's interest in a subsidiary that do not involve a loss of control are accounted for as equity transactions. The difference between adjustments for non-controlling interests and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the parent company.
When the Company loses control over a subsidiary, the gain or loss on disposal is calculated as the difference between the sum of the fair value of the consideration received and the fair value of the residual interest and the carrying amount of the assets (including goodwill), liabilities, and non-controlling interests of the subsidiary at the time control is lost, and it is recognized in profit or loss.

[2] Affiliates

Affiliates are entities over which the Group has significant influence, but not control or joint control, over their financial and operating policies.
Investments in interests in affiliates are accounted for using equity method and initially are recognized at acquisition cost at the time of acquisition. Thereafter, the Group's interest in the profit or loss and other comprehensive income of the affiliates is recognized and the investment amount is adjusted.
The financial statements of affiliates are adjusted as necessary when the accounting policies of an affiliate differ from those adopted by the Group.

[3] Joint arrangements

Joint arrangements are arrangements that require the unanimous consent of the parties sharing control over decisions regarding relevant activities. Joint arrangements are classified as either joint ventures or joint operations based on the rights and obligations of parties having joint control.
Joint ventures are joint arrangements where the parties with joint control of the arrangement have the rights to the net assets of the arrangement. Joint ventures are accounted for using equity method. The accounting policies of joint ventures are adjusted as necessary to be consistent with those adopted by the Group.
Joint operations are joint arrangements whereby the parties who have joint control of the arrangement have rights to the assets and obligations to the liabilities relating to the contractual arrangement. For investments in joint operations, only the Group's share of the assets, liabilities, revenue, and expenses of such joint operations is recognized. Significant intercompany transactions and receivables and payables are eliminated in proportion to the Group's ownership percentage.

[4] Business combinations and goodwill

Business combinations are accounted for using the acquisition method.
If the initial accounting is not completed by the end of the period in which the business combination occurred, the business combination is accounted for using provisional amounts, and the provisional amounts are adjusted in the measurement period within one year of the acquisition date.
Acquisition cost is measured as the sum of the consideration transferred and measured at fair value at the acquisition date, and the amount of any non-controlling interest in the acquiree.
The non-controlling interest in the acquiree is measured for each business combination at either fair value or an amount equal to the non-controlling interest's share of the fair value of the acquiree's identifiable net assets.
When the Group acquires a business, it classifies and designates the assets acquired and liabilities assumed based on terms of the contract, economic conditions, and related terms and conditions at the acquisition date. In addition, acquired identifiable assets and assumed liabilities are, in principle, measured at fair value at the acquisition date.
Goodwill is measured as the excess of the aggregate of the consideration transferred and the amount recognized as non-controlling interest over the net amount of identifiable assets acquired and liabilities assumed.
For the purpose of impairment testing, goodwill is allocated to each of the cash-generating units, or group of cash-generating units expected to benefit from synergies of the business combination.
After initial recognition, goodwill acquired in a business combination is not amortized but is carried at acquisition cost less accumulated impairment losses. Impairment testing is performed at the end of the fiscal year and whenever there is an indication of impairment.
Goodwill relating to affiliates and joint ventures included in the carrying amount of the investments accounted for using equity method is tested for impairment as a single asset without separating the goodwill from those investments. The Group assesses whether there is any objective evidence that an investment in an affiliate or joint venture is impaired. If any objective evidence of impairment exists, the Company performs an impairment test by comparing the recoverable amount (the higher of value in use and the fair value less costs of disposal, or FVLCD) of the investment to its carrying amount. Any impairment losses recognized in prior periods are reversed to the extent that the recoverable amount of the investment subsequently increases only when there has been a change in the estimates used for determining the recoverable amount of the investment, since the last impairment losses were recorded.

(2) Foreign currency translation

[1] Translation of foreign currency transactions

Transactions in currencies other than the functional currency (foreign currencies) are converted into the functional currency at the exchange rate on the transaction date.
Monetary items denominated in foreign currencies are retranslated into the functional currency at the exchange rate at the end of the fiscal year. Non-monetary items denominated in foreign currencies are translated into the functional currency using the exchange rate at the transaction date for those measured at acquisition cost, and using the exchange rate at the date of calculation of the relevant fair value for those measured at fair value.
Exchange differences arising from translation or settlement are recognized in profit or loss. However, exchange differences arising from financial assets measured through other comprehensive income and cash flow hedges are recognized in other comprehensive income.

[2] Translation of foreign operations

Assets and liabilities of foreign operations are translated into Japanese yen at the exchange rate at the end of the fiscal year. Revenue and expenses are translated into Japanese yen using the average exchange rate for the fiscal year, unless the exchange rate has fluctuated significantly during the fiscal year. Translation differences arising from the translation of financial statements of foreign operations are recognized in other comprehensive income. As described in "(18) Income taxes," income tax expenses related to items recognized in other comprehensive income are also recognized in other comprehensive income. Accordingly, income tax expenses related to translation differences arising from the translation of financial statements of foreign operations are recognized in other comprehensive income.
These amounts recognized in other comprehensive income are recognized in profit or loss when all or part of a foreign operation is disposed of. However, for the portion of income tax expenses recognized in other comprehensive income that relates to exchange differences on translation of foreign operations that were deemed to be zero on the transition date to IFRS, these amounts remain in other comprehensive income and are directly transferred to retained earnings upon the disposal of all or part of the foreign operation.
For transactions involving changes in ownership interest in a subsidiary that do not result in a loss of control, the exchange differences of the subsidiary are reallocated through equity between the equity attributable to owners of parent and the non-controlling interest in the subsidiary.

(3) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with a maturity of three months or less from the acquisition date that are readily convertible to cash and subject to an insignificant risk of changes in value.

(4) Financial instruments

[1] Financial assets (excluding derivatives)

(i) Initial recognition and measurement

The Group recognizes financial assets on the contract date when it has become a party to the contractual provisions of the financial instruments.
At the time of initial recognition, all financial assets are measured at fair value, or if not classified as financial assets measured at fair value through profit or loss, at such fair value plus transaction costs directly attributable to the acquisition of the financial asset. Transaction costs directly attributable to the acquisition of financial assets measured at fair value through profit or loss are recognized in profit or loss.

(ii) Classification

(a) Debt financial assets

<u>Financial assets measured at amortized cost</u>
Financial assets are classified as financial assets measured at amortized cost when both of the following conditions are met:

- The financial asset is held within a business model whose objective is to hold the asset in order to collect the contractual cash flows.
- The contractual terms of the financial asset give rise on given dates to cash flows that are solely payments of principal and interest on principal amounts outstanding.

<u>Financial assets measured at FVOCI</u>
Financial assets are classified as financial assets measured at fair value through other comprehensive income (FVOCI) when both of the following conditions are met:

- The financial asset is held within a business model whose objective is achieved by both collecting and selling the contractual cash flows.
- The contractual terms of the financial asset give rise on given dates to cash flows that are solely payments of principal and interest on principal amounts outstanding.

Financial assets measured at FVPL
Financial assets that are not classified as any of the above are classified as financial assets measured at fair value through profit or loss (FVPL).

(b) Equity financial assets
Financial assets measured at FVOCI
Financial assets designated at initial recognition as those for which changes in fair value are recognized through other comprehensive income are classified as financial assets measured at FVOCI.

Financial assets measured at FVPL
Financial assets other than financial assets measured at FVOCI are classified as financial assets measured at FVPL.

(iii) Subsequent measurement

(a) Financial assets measured at amortized cost
Financial assets measured at amortized cost are measured at amortized cost using the effective interest method.

(b) Financial assets measured at FVOCI
Debt financial assets measured at FVOCI
Changes in the fair value of debt financial assets measured at FVOCI are recognized in other comprehensive income until the financial assets are derecognized, except for reversals of impairment losses or impairment losses and foreign exchange gains and losses. When the financial assets are derecognized, previously recognized other comprehensive income is reclassified to profit or loss.

Equity financial assets measured at FVOCI
Changes in fair value of equity financial instruments measured at FVOCI are recognized in other comprehensive income. When the financial assets are derecognized, previously recognized other comprehensive income is reclassified directly to retained earnings. Dividends from the financial assets are recognized as profit or loss unless they are clearly a partial recovery of investment cost.

(c) Financial assets measured at FVPL
Financial assets measured at FVPL are measured at fair value after initial recognition, and changes in fair value are recognized in profit or loss.

(iv) Impairment of financial assets

The Group recognizes allowance for doubtful accounts for expected credit losses on debt financial assets measured at FVOCI and financial assets measured at amortized cost.
The Group assesses at the end of each fiscal year whether the credit risk of the financial assets has significantly increased since initial recognition. If it is determined that the credit risk of the financial instruments has not significantly increased since initial recognition, the allowance for doubtful accounts for financial instruments is measured at an amount equal to the expected credit loss for 12 months. If it is determined that the credit risk of the financial instruments has significantly increased since initial recognition, the allowance for doubtful accounts for financial instruments is measured at an amount equal to the expected credit loss for the entire period.
However, for trade receivables, the allowance for doubtful accounts is always measured at an amount equal to the expected credit loss for the entire period, notwithstanding the above. Furthermore, when there is an evidence of credit impairment of financial assets, such as a significant deterioration in the financial condition of the debtor or a breach of contract, including payment default or delinquency by the debtor, the effective interest method is applied to the amortized cost less the allowance for doubtful accounts calculated.
Expected credit losses are estimated using the method that reflects the following:

- An unbiased, probability-weighted amount calculated by evaluating a range of possible outcomes
- Time value of money
- Reasonable and supportable information about past events, current conditions, and projected future economic conditions that is available without undue expense or effort at the reporting date

The provision of allowance for doubtful accounts for financial assets or reversal of allowance for doubtful accounts when reducing allowance for doubtful accounts is included in “Finance costs” or “Finance income” in the consolidated statement of profit or loss and recognized in profit or loss.

(v) Derecognition

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or when the Group transfers the financial asset and transfers almost all the risks and economic value of ownership of the financial asset.

[2] Financial liabilities (excluding derivatives)

(i) Initial recognition and measurement

The Group recognizes financial liabilities on the contract date when it has become a party to the contractual provisions of the financial instruments.
All financial liabilities are measured at fair value at initial recognition, except for financial liabilities measured at amortized cost, which are measured at fair value less directly attributable transaction costs.

(ii) Classification

<u>Financial liabilities measured at amortized cost</u>
Financial liabilities other than financial liabilities measured at FVPL are classified as financial liabilities measured at amortized cost.

(iii) Subsequent measurement

Financial liabilities measured at amortized cost are measured using the effective interest method.
Financial liabilities measured at FVPL are measured at fair value, and changes in fair value are recognized in profit or loss.

(iv) Derecognition

Financial liabilities are derecognized when contractual obligations are discharged, cancelled or expired.

[3] Derivatives and hedge accounting

The Group uses foreign exchange forward contracts, interest rate and currency swaps, commodity swaps, and commodity options to hedge foreign currency risk, interest rate risk, and commodity price fluctuation risk. As described in "(15) Provisions" and "31. Financial instruments (1)Financial risk management [3]Market risk (ii)Interest rate risk," the Group uses derivative transactions, such as interest rate swaps, to mitigate the impact of changes in asset retirement obligations on the consolidated statement of profit or loss.
These derivatives are initially recognized at fair value on the date the derivative contract is entered into, and related transaction costs are recognized as expenses incurred. Remeasurements after initial recognition are also made at fair value, with changes in fair value recognized in profit or loss, except when designated as hedging instruments for cash flow hedges (hedges against exposure to changes in cash flows attributable to specific risks associated with recognized assets or liabilities or highly probably forecast transactions and that could affect profit or loss).
Transactions that meet the criteria for hedge accounting are classified and accounted for as follows:

(i) Fair value hedges

Changes in the fair value of derivatives that are hedging instruments are recognized in profit or loss. Changes in the fair value of the hedged item attributable to the hedged risk are adjusted to the carrying amount of the hedged item and recognized in profit or loss.

(ii) Cash flow hedges

The effective portion of gain or loss on the hedging instrument is recognized in other comprehensive income, and the ineffective portion is recognized immediately in profit or loss. Amounts related to hedging instruments recorded in other comprehensive income are reclassified to profit or loss when the hedged transaction affects profit or loss. When the hedged item results in the recognition of a non-financial asset or non-financial liability, the amounts recognized in other comprehensive income are treated as an adjustment to the original carrying amount of the non-financial asset or non-financial liability.
The Group discontinues the application of hedge accounting prospectively when the hedging instrument no longer meets the criteria for hedge accounting, is expired, sold, terminated or exercised, or when the hedge designation is no longer appropriate.

[4] Fair value of financial instruments

Financial instruments measured at fair value are calculated using various valuation techniques and inputs. The calculated fair value is classified into the following three levels according to the observability of the inputs to the valuation techniques used to measure fair value.

Level 1: Market value of identical assets or liabilities in active markets
Level 2: Fair value measured using directly or indirectly observable inputs other than Level 1
Level 3: Fair value measured using valuation techniques that include unobservable inputs

[5] Finance income and finance costs

Finance income consists of interest income, dividend income, gains on derivatives (excluding gains on hedging instruments recognized in other comprehensive income), etc. Interest income is recognized as incurred using the effective interest method.
Finance costs consist of interest expenses, losses on derivatives (excluding losses on hedging instruments recognized in other comprehensive income), etc.

(5) Inventories

Inventories are stated at the lower of acquisition cost and net realizable value. Acquisition cost is primarily calculated based on the weighted average cost method and includes purchase cost, fabrication costs, and all costs incurred to bring the property to its current location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(6) Oil and gas assets

[1] Exploration, evaluation and development costs

The Group accounts for oil and natural gas exploration and evaluation payments using the successful efforts method. All expenditures directly related to concession acquisition costs, exploration wells, and appraisal wells are recognized as oil and gas assets (exploration and evaluation assets) and charged to exploration expenses if subsequently determined to be dry holes and to impairment losses if the prospect of commercial profitability is impaired. In addition, other exploration project costs incurred during the exploration stage, such as geological and geophysical costs and other than the exploration and evaluation wells, are charged to exploration expenses as incurred.
When the technical feasibility and viability of oil and natural gas extraction can be demonstrated, impairment tests are performed, and assets are transferred from oil and gas assets (exploration and evaluation assets) to oil and gas assets (development and production assets). The technical feasibility and viability of extraction is established when the final investment decision is made or when the development plan is approved by the government of the oil-producing country, whichever is later.
Development wells and related production equipment are recognized as oil and gas assets (development and production assets). These capitalized costs are depreciated using the unit-of-production method based on the total quantity of proved and probable reserves, from the inception of production. Reserves used in the unit-of-production method are calculated based on the Petroleum Resource Management System (PRMS), and the acquisition cost of qualifying oil and gas assets when calculating the depreciation rate using the unit-of-production method includes the capital expenditures planned to access proved undeveloped reserves or probable reserves. The future oil price forecasts used in calculating the reserves are based on the average price of oil and gas at the beginning of the month during the period, similar to the average price in the U.S. Securities and Exchange Commission's Regulation S-X, Rule 4-10(a).
The acquisition cost of property, plant and equipment comprises costs directly attributable to the acquisition of an item, costs of dismantling and removing the item and restoring the site on which it is located, and capitalized borrowing costs for long-term projects if capitalization criteria are met.
Expenditures relating to major maintenance and repair include the cost of replacing an asset or part of an asset, inspection costs and overhaul (detailed inspection) costs. Among the major inspection costs, the expenditures that qualify for recognition as property, plant and equipment are capitalized and depreciated over the period until the next inspection.

[2] Sales and distribution related assets

Oil and gas assets (sales and distribution related assets) recognized are primarily domestic pipelines used to deliver natural gas to customers, which are depreciated on a straight-line basis over their estimated useful lives.
The useful lives of major assets depreciated on a straight-line basis are as follows:
- Natural gas pipeline: 30 years

The depreciation method, estimated useful lives and residual values of oil and gas assets (sales and distribution related assets) are reviewed at the end of each fiscal year.

(7) Other property, plant and equipment

For property, plant and equipment, the cost model is applied for measurement after initial recognition, and property, plant and equipment are presented at cost less any accumulated depreciation and accumulated impairment losses.
Subsequent expenditures incurred after acquisition are accounted for either by including them in the asset's carrying amount or by recognizing them as a separate asset, as appropriate, only when it is probable that future economic benefits will flow to the Group and the amount can be measured reliably. Subsequent expenditures not included in cost are recognized in profit or loss as incurred.
Depreciation of property, plant and equipment other than land is calculated based on the depreciable amount, which is the cost of each part of an item of property, plant and equipment, less its residual value, over the estimated useful life of each item, mainly using the straight-line method.
The estimated useful lives of property, plant and equipment are summarized below:
- Buildings and structures: 2-60 years
- Machinery, equipment and vehicles: 2-22 years
The depreciation method, estimated useful lives and residual values of property, plant and equipment are reviewed at the end of each fiscal year.

(8) Goodwill and intangible assets

[1] Goodwill

The measurement of goodwill at initial recognition is described in "(1) Basis of consolidation, [4] Business combinations and goodwill." Goodwill is carried at cost less accumulated impairment losses.

[2] Intangible assets

For intangible assets, the cost model is applied for measurement, and the amount is carried at cost less any accumulated amortization and accumulated impairment losses.
Intangible assets with finite useful lives are primarily amortized using the straight-line method over their respective estimated useful lives.
The estimated useful lives of major intangible assets are summarized below:
- Software: 5 years
Estimated useful lives and amortization methods are reviewed at the end of each fiscal year.

(9) Leases

The Group leases mainly drilling rigs for the development, production, and sale of oil and gas, fixed-term land leases for field and business offices, land leases for domestic trunk pipelines, fixed-term charter vessels for transportation of raw materials and products, and offices.
Lease liabilities under lease transactions are measured as the discounted present value of total lease payments outstanding as of the commencement date of the lease. Variable lease payment amounts except for the amount that are determined in accordance with an index or rate do not constitute lease payments included in the measurement of the lease liability, but variable lease payments that are determined to be substantially fixed are included in the measurement of the lease liability.
Right-of-use assets are initially measured in the amount calculated by adjusting the initially measured amount of lease liabilities with initial direct costs, advance lease payments, etc. and adding any costs incurred to fulfill restoration obligations arising from the lease contract. Right-of-use assets are depreciated by the straight-line method over the lease term. The lease term is determined as the non-cancelable term of the lease plus the period during which it is reasonably certain that the option to extend the lease will be exercised or the option to terminate the lease will not be exercised.
Lease payments are allocated to finance costs and the repayment portion of the outstanding lease liabilities in a way that the constant rate of interest is applied to the outstanding lease liability. Finance costs are presented separately from depreciation associated with the right-of-use assets in the consolidated statement of profit or loss.
The determination of whether a contract is a lease or contains a lease, even if it does not legally take the form of a lease, is based on the judgement as to whether the substance of the contract at the date of commencement of the lease, i.e., performance of the contract is dependent on the use of a specific asset or group of assets and whether the contract transfers the right to use such assets.
The Group recognizes 100% of the right-of-use assets and lease liabilities if the Group is the operator and is deemed to have the sole right to direct the manner and purpose of use of the underlying asset. The Group recognizes right-of-use assets and lease liabilities in proportion to its share of equity interest if the Group is the operator and the joint operation (including all parties to the joint operation agreement) is deemed to have the right to control the use of specific assets and all parties to the agreement have a legal obligation to make payments to third-party suppliers. If the Group is not the operator, the right-of-use assets and lease liabilities are recognized based on the specific relationship to the liability as primary obligor in each joint operation agreement and in accordance with the situation.
Lease payments related to leases with a lease term of 12 months or less are recognized as expenses on a straight-line basis over the lease term or another regular basis. Regarding the components of the contract, for certain leases the Group applies the practical expedient of accounting for each lease component and related non-lease components as a single lease component, without distinguishing the non-lease component from the lease component. Applicable leases are those where the underlying assets are other than buildings, vessels (for transportation purposes), facilities (FPSO*1, FSO*2), and drilling rigs.

*1 Floating production storage and offloading (FPSO) facility. A ship-type facility that produces crude oil and natural gas offshore, stores the produced crude oil in tanks in the FPSO, and directly offloads the crude oil to crude oil tankers.

*2 Floating storage and offloading (FSO) facility. A facility that only stores and offloads oil and natural gas offshore without having production facilities.

(10) Impairment of non-financial assets

For the Group’s non-financial assets excluding inventories and deferred tax assets, the Group determines at the end of each fiscal year whether there is any indication that an asset or cash-generating unit (or group of units) to which the asset belongs may be impaired. If any such indication of impairment exists, an impairment test is performed. Goodwill impairment testing is performed at the end of the fiscal year and whenever there is an indication of impairment.
The recoverable amount is the higher of the value in use or the fair value less costs of disposal. In calculating value in use, estimated future cash flows are discounted to present value using a pre-tax discount rate that reflects the time value of money and the inherent risks of the asset. If it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.
The cash-generating unit for assets other than goodwill is the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or groups of assets. The cash-generating unit or group of cash-generating units for goodwill is determined based on the unit by which the goodwill is managed for internal reporting purposes.
If the carrying amount of an asset or a cash-generating unit exceeds the recoverable amount, an impairment loss is recognized in profit or loss.
For previously recognized impairment losses on assets other than goodwill, the Group determines at the end of each fiscal year whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there is an indication of impairment reversal, there has been a change in the estimates used to determine the recoverable amount, and the recoverable amount exceeds the carrying amount. An impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. Impairment losses related to goodwill are not reversible.

(11) Determination of estimate of oil and natural gas reserves

Oil and natural gas reserves, used for depreciation and the consideration of impairment as well as the estimation of the timing of payment period for restoration costs and purification costs to be incurred on the cessation of operations, are estimated based on information obtained from qualified professionals. Details of such estimation are described in "4. Critical accounting estimates and judgments: (Reserves)".

(12) Non-current assets or disposal groups held for sale and discontinued operations

A non-current asset or disposal group is classified as held for sale when: its carrying amount is expected to be recovered principally through a sale transaction rather than through continuing use; management of the Group is committed to sell the asset; the sale is highly probable, will occur within one year; and the asset is available for immediate sale.
A non-current asset or disposal group held for sale is measured at the lower of the carrying amount and FVLCD and is not depreciated or amortized.
Non-current assets and disposal groups that have already been disposed of or that are classified as held for sale are recognized as discontinued operations when they meet any of the following: - separate major line of business or geographical area of operations; part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; and subsidiary acquired exclusively with a view to resale.

(13) Employee benefits

[1] Post-employment benefits

(i) Defined benefit plans

Defined benefit plans are post-employment benefit plans other than defined contribution plans. The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their services in the current and prior periods and by discounting that amount to present value. The fair value of any plan assets is then deducted from that amount.
Net interest expense on the net defined benefit liability (asset) is calculated by multiplying the net defined benefit liability (asset) by the discount rate and recorded as employee benefit expenses. The discount rate is the market yield at the end of the fiscal year for high quality corporate bonds with maturity dates approximating the terms of the Group's obligations.
When a plan is changed or curtailed, the change in the present value of the defined benefit obligation due to a change in benefit that relates to past service of employees is recognized immediately in profit or loss.
The Group immediately recognizes all adjustments by remeasurements arising from defined benefit plans in other comprehensive income and immediately transfers them to retained earnings.

(ii) Defined contribution plans

Defined contribution plans are post-employment benefit plans in which the employer contributes a certain amount of contributions to an independent entity and the Group has no legal or constructive obligation to pay further contributions. Contributions to defined contribution plans are recognized in profit or loss in the period in which the employee renders service.

[2] Short-term employee benefits

Short-term employee benefits are not discounted, but are recognized in profit or loss when the related services are rendered.
Bonuses and paid leave costs are recognized as liabilities in the amount estimated to be paid under those plans when the Group has a legal or constructive obligation to pay such amounts and a reliable estimate can be made.

(14) Stock-based compensation

The Company has adopted a Board Incentive Plan (BIP) Trust for equity-settled executive compensation as a stock-based remuneration system for its Directors and Executive Officers (excluding Outside Directors and non-residents of Japan; hereinafter referred to as "Directors, etc."). The compensation for received services is measured at the fair value of the Company shares as of the grant date, and is considered as expenses during the right vesting period. The same amount thereof is considered as an increase in equity.

(15) Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and reliable estimates can be made of the amount of the obligation.
Provisions are measured at the present value of the expenditures expected to be required to settle the obligations using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligations. The increase in the provision due to the passage of time is recognized as interest expense.
If the carrying amount of the corresponding asset retirement costs is zero in the increase (decrease) in asset retirement obligations that occurs at the end of the fiscal year due to a change in the discount rate, etc., the increase or decrease is recognized immediately in profit or loss and presented as cost of sales in the consolidated statement of profit or loss. As described in “(4) Financial instruments, [3] Derivatives and hedge accounting” and “31. Financial instruments (1)Financial risk management [3]Market risk (ii)Interest rate risk,” the Group uses derivative transactions, such as interest rate swaps, to mitigate the impact of changes in asset retirement obligations on the consolidated statement of profit or loss.
In addition, when the Group can expect to be reimbursed for part or all of the expenditure required to settle the provision, such compensation is recognized as a separate asset only if it is virtually certain that the compensation will be received.
When a provision and a reimbursement from an external party are recognized in the same fiscal year, they are presented net in the consolidated statement of profit or loss.
Asset retirement obligations related to domestic oil and natural gas production facilities, etc. are recognized when the Group is obligated to prevent mining pollution of well sites after the end of mining as stipulated by the Mine Safety Act and when costs to be borne at the end of operations can be reasonably estimated. Asset retirement obligations related to overseas oil and natural gas production facilities, etc. are recognized when the Group is obligated to abandon the production facilities, etc. such as removal of such production facilities, etc. in accordance with oil contracts with the governments of oil-producing countries, local laws and regulations, etc., and when costs to be borne at the end of operations can be reasonably estimated.
Obligations that are probable at the end of the fiscal year, but cannot be confirmed whether or not they are obligations as of the end of the fiscal year or do not meet the recognition criteria of provisions are disclosed as contingent liabilities in “21. Asset retirement obligations” and “38. Contingent liabilities.”

(16) Equity

The issue price of common stock issued by the Company is recorded in common stock capital and capital surplus, and costs directly attributable to the issuance (net of tax) are deducted from capital surplus.
When treasury stock is reacquired, the consideration paid including any direct transaction costs, net of tax, is recognized as a deduction from equity. When treasury stock is sold, the difference between the carrying amount and the consideration received is recognized as capital surplus.

(17) Revenue recognition

The Group recognizes revenue based on the following five steps related to contracts with customers, excluding interest and dividend income, etc. recognized in accordance with IFRS 9 “Financial Instruments.”

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

The Group conducts exploration, development, production and marketing of crude oil and natural gas (including LPG; the same applies hereinafter).
For sales of these products, it is concluded that the legal ownership rights and physical rights of possession, as well as material risks and economic value associated with ownership of the products, are transferred to the customer, and the Company obtains the right to receive consideration for the products from the customer, primarily at the time when control of the products is transferred to the customer, namely in the case of crude oil and natural gas the time of delivery of the products to the customer or the time when control is transferred to the customer based on trade terms prescribed in Incoterms or other materials. Revenue is recognized at this time. Revenue is recognized based on the transaction price prescribed in the contract with the customer. Because the transaction price is received within one year following delivery of the products, it does not contain significant financing components.
In revenue from the production of crude oil and natural gas, for which the Group shares a participating interest with other companies, there are cases when the quantity actually delivered does not match the quantity which corresponds to the participating interest held by the Group due to circumstances of vessel assignments or other matters. In such cases, the Group recognizes revenue based on the quantity that was actually delivered, and any significant difference between the quantity actually delivered and the quantity which corresponds to the participating interest held by the Group is adjusted with the other company that shares participating interest by means of the actual crude oil and natural gas that is delivered in or after the following fiscal year. In the event that the Group has received a delivery that exceeds the participating interest held by the Group, the cost of sales for the quantity that is above the quantity equivalent to the participating interest is also included in the fiscal year when the related revenue is recognized, and at the same time a

liability to the other company which shares a participating interest is recorded. In the event that the Group has received a delivery that is less than the participating interest held by the Group, the cost of sales for the quantity that is below the quantity equivalent to the participating interest is recorded in the fiscal year when delivery and the related revenue is recognized, and at the same time an asset due from the other company which shares a participating interest is recorded.

(18) Income taxes

The Group's income tax expense includes, in addition to income taxes, taxes levied on current year profits calculated according to the rules established by the taxation authorities, such as petroleum resources taxes. Royalty payments based on production volume are not included in income tax expense.
Income tax expense consists of current income tax expense and deferred income tax expense. These are recognized in profit or loss, except for the taxes which arise from business combinations or recognized in either other comprehensive income or directly in equity.
Current income tax expense is calculated at the amount paid to or refunded from tax authorities using the tax rates enacted or substantively enacted as of the end of the fiscal year.
Deferred income tax expense is calculated based on temporary differences arising from the difference between the carrying amount of assets and liabilities for accounting purposes and the related tax basis amounts at the end of the fiscal year.
Deferred tax assets are recognized for deductible temporary differences, net operating loss carryforwards, and tax credit carryforwards, to the extent that it is probably that taxable income will be available against which they can be recovered.
Deferred tax assets are recognized for deductible temporary differences on investments in subsidiaries, affiliates, and joint ventures only if it is probable that sufficient taxable income will be available against which the benefits of the temporary differences can be utilized and it is probable that the temporary differences will reverse in the foreseeable future.
Deferred tax assets are reviewed each fiscal year and reduced to the extent that it is no longer probable that the tax benefits will be realized.
Deferred tax liabilities are recognized for all taxable temporary differences with the following exceptions:

- Taxable temporary differences arising from initial recognition of goodwill
- Temporary differences arising from initial recognition of an asset or liability in a transaction that is not a business combination and neither affects accounting profit nor taxable income for tax purposes, and that do not give rise at the time of transaction to taxable and deductible temporary differences in equal amounts.
- Taxable temporary differences related to investments in subsidiaries, affiliates, and joint ventures where the timing of reversal is controllable and it is more likely than not that the temporary differences will not reverse within a foreseeable period of time

Deferred tax assets and liabilities are measured at the tax rates expected to be applied in the period in which the asset is realized or the liability is settled based on the tax rates enacted or substantively enacted at the end of the fiscal year.
Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and current tax liabilities and when they are levied by the same tax authority on the same taxable entity, or when intending to settle the net amount of current tax liabilities and current tax assets of separate taxable entities or simultaneously realize assets and settle liabilities. In addition, for particular transactions recognizing the same amount of assets and liabilities from a single transaction, the Company recognizes deferred tax liabilities and deferred tax assets for the taxable temporary differences pertaining to recognized assets and the deductible temporary differences pertaining to recognized liabilities, respectively.
The Company and some subsidiaries apply the Japanese Group Relief System.

(19) Borrowing cost

Borrowing costs directly attributable to the acquisition, construction, or production of qualifying assets, that is, assets requiring a substantial period of time to get ready for their intended use or sale, are added to the acquisition cost of those assets until such time as the assets are substantively ready for their intended use or sale.
All borrowing costs other than the above are recognized in profit or loss in the period in which they are incurred.

(20) Earnings per share

Basic earnings per share is calculated by dividing profit (loss) attributable to common shareholders of the parent company by the weighted-average number of shares of common stock outstanding adjusted for treasury stock during the period. Diluted earnings per share is calculated by adjusting for the effect of dilutive potential shares.

4. Critical accounting estimates and judgments

The preparation of the consolidated financial statements in accordance with IFRS requires management to make judgments, estimates, and assumptions that affect the application of accounting policies and the amounts of assets, liabilities, revenues, and expenses. Actual results may differ from these estimates.
Estimates and underlying assumptions are reviewed on an ongoing basis. The effect of a revision of an accounting estimate is recognized in the accounting period in which the estimate is revised and in future periods thereafter. Estimates and underlying assumptions that involve significant risks that could lead to material adjustments to the carrying amounts of assets and liabilities in the next fiscal year are as follows:

(Impacts of climate change)
The Group takes into account the impacts of climate change and the transition to net zero when preparing the consolidated financial statements. The Group has set a goal to achieve net-zero emissions by 2050 in line with the Paris Agreement objectives, contributing to the realization of a low-carbon society. On the other hand, oil and natural gas continue to be indispensable energy sources for economic and social activities, and its mission is to ensure their stable supply. The Group recognizes that natural gas, which is expected to continue to have strong demand, especially in Asia, will continue to be a source of revenue, and the Group is promoting the oil and natural gas business, lower-carbon solutions, and power-related business fields as core business areas.
The impacts of climate change and the transition to net zero are significant across all of the Group's core business areas — oil and natural gas business, lower-carbon solutions, and power-related business fields. To assess these impacts, the Group is analyzing the business environment of long-term future energy demand and customer trends, etc., by referring to multiple scenarios such as the Stated Policies Scenario (IEA-STEPS) of the International Energy Agency's (IEA) World Energy Outlook (WEO), and we use this information to formulate management strategies and decisions.
The purposes of scenario analysis are to quickly identify future policy trends and the possibility of changes in the business environment based on the assumption that these scenarios will be realized, and to reflect these in management strategies and plans. It differs from judgments and assumptions based on the latest available reliable information reflected in accounting estimates. Therefore, even if scenario analysis shows indications of impairment or increased provisions for assets of each project of the Group, the Group does not believe these indications should be immediately reflected in the consolidated financial statements. In addition to the scenario analysis results, accounting estimates are reasonably estimated based on comprehensive consideration of the Group's strategy, the policies of each country, the analysis results of external organizations, and the unique circumstances of each project, etc. However, changes to the Group's strategy for future climate change risks and changes in the global decarbonization trend may have a significant impact on these.

(Future oil price forecasts and internal carbon pricing)
Future crude oil and natural gas prices are mainly determined by international market conditions and are subject to significant fluctuations due to the influence of various factors such as international and regional supply and demand and the global economy. Oil prices used in accounting estimates are determined by management's best estimates and judgments based on reports issued by several external organizations. In very long-term forecasts for oil prices, the Group considers scenarios issued by the IEA, etc., while in the medium- to long-term, the Group takes into account upside factors such as price hikes due to the Russia-Ukraine situation, etc. and current strong energy demand, etc. The outlook for medium- to long-term oil prices as of December 31, 2024 is estimated to be U.S.$70 per barrel (Brent crude oil price, excluding the impact of inflation) for fiscal year 2028 and beyond. Since the sales price of natural gas handled by the Group is also largely linked to crude oil prices, emphasis is placed on this oil price outlook in the determination of indications of impairment and impairment testing of the Group's non-financial assets. In addition, estimated future cash flows used to calculate value in use of non-financial assets for each project incorporate internal carbon pricing (hereinafter "ICP"), and in Australian projects where a carbon pricing system exists, the Group refers to price forecasts of several outside experts, etc. and uses AU$81/t$CO_2$e for 2030, AU$93/tCO_2e for 2040, and AU$116/t$CO_2$e for 2050 (excluding the impact of inflation). In other countries and regions, where a carbon pricing system exists, the Group refers to its estimated price based on price forecasts of several outside experts, etc., and in areas where a carbon pricing system does not exist, the Group refers to the variable price linked to the South Korea price of IEA-STEPS. In the previous fiscal year, in the absence of a carbon pricing system, the Group referred to the variable price linked to the EU price under IEA-STEPS. However, considering that the currently discussed GX-ETS framework in Japan is conceptually closer to the existing South Korean ETS system, the Group has changed its reference to the variable price linked to the South Korea price of IEA-STEPS. With the transition to net zero, the increased preference for low-carbon energy will necessitate a review of key assumptions, such as a decline in crude oil and natural gas prices, or an increase in ICP, and impairment losses may be recorded for oil and gas assets, goodwill, and investments accounted for using equity method.

(Reserves)
The Group's oil and gas assets (development and production assets) are depreciated using the unit-of-production method based on the total quantity of proved and probable reserves, and the reserves used in the unit-of-production method are calculated based on the Petroleum Resource Management System (PRMS). The future oil price forecasts used in calculating the reserves are based on the average price of oil and gas at the beginning of the month during the period, similar to the average price in the U.S. Securities and Exchange Commission's Regulation S-X, Rule 4-10(a). Estimates of the reserves depend 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 estimates are made. These estimates 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 production sharing contract, not only production, but also oil and gas prices, invested capital, recovery of invested capital due to contractual conditions and remuneration fees may affect the economic entitlement. This may cause reserves to increase or decrease. The presuppositions related to these assumptions, factors and variables are determined based on management's best estimates and judgments.
Estimates of these reserves also impact impairment testing for oil and gas assets (development and production assets) totaling ¥3,494,902 million recognized as of December 31, 2024 and impairment testing in (1) "Impairment of non-financial assets." Assumptions used in the estimates of reserves are impacted by economic conditions such as the transition to net zero, and if risks materialize that could lead to a downward revision of reserves, such as a decline in oil prices or a rise in ICP, depreciation may accelerate or impairment losses may occur.

The estimates made by management based on the above analysis that have significant impact on the amounts reported in the consolidated financial statements are as follows:

(1) Impairment of non-financial assets

The Group uses future crude oil prices, reserves, operating expenses, development expenses, ICP and discount rates as major assumptions for the determination of indications of impairment of non-financial assets and impairment testing. Primarily due to a decline in the short-term outlook for crude oil prices and production volume, the Prelude FLNG project recorded an impairment loss of ¥14,713 million for the year ended December 31, 2024. In addition, significant non-financial assets recorded in the consolidated statement of financial position include those related to the Ichthys LNG Project, with oil and gas assets (development and production assets) amounting to ¥1,846,315 million, and investments accounted for using equity method amounting to ¥708,238 million as of December 31, 2024. Investments accounted for using equity method represent the balance of investment in Ichthys LNG Pty Ltd, in which the Group holds a 67.82% interest. The major assets held by Ichthys LNG Pty Ltd are oil and gas assets related to the downstream business of the Ichthys LNG Project, and the balance of oil and gas assets for Ichthys LNG Pty Ltd as of December 31, 2024 (amount obtained by multiplying by the Group's share) is ¥3,160,960 million.
A determination of indications of impairment was performed in the year ended December 31,2024, taking into account key assumptions and project operating conditions, etc., and although indications of impairment were recognized for non-financial assets related to the Ichthys LNG Project due to cost increases associated with inflation, etc., no impairment losses were recognized because the value in use exceeded the carrying amount.
This item is related to "12. Oil and gas assets," "16. Impairment of non-financial assets," and "34. Investments accounted for using equity method."

(2) Asset retirement obligations

Asset retirement obligations for future removal and abandonment of domestic and overseas oil and natural gas production facilities, etc. are recorded in the amount of ¥396,937 million as of December 31, 2024, based on reasonable estimates of the number of productive years or the number of years until completion of the contract period and the cost of removal and abandonment at the end of operations. As of December 31, 2024, the Group does not recognize a reduction in the number of productive years due to stricter regulations in various countries concerning climate change, etc. However, depending on future policies and laws and regulations of various governments concerning climate change, the Group's asset retirement obligations may increase in the future due to early production shutdowns of its oil and gas assets, increase in assets to be removed, changes in abandonment methods, and revision of the discount rate, etc. Asset retirement obligations have not been recognized for the natural gas pipeline, which serves as a domestic gas sales and distribution related facility, because reliable estimates could not be made as of December 31, 2024 (Please refer to "21. Asset retirement obligations"). However, asset retirement obligations may be recorded if changes in the business environment, etc. are identified that would make it possible to determine a business termination date.
This item is related to "21. Asset retirement obligations."

5. Standards and interpretations that have been issued but not yet adopted by the Group

Among the newly established or amended standards and interpretations issued by the date of approval of the consolidated financial statements, the main ones that have not been early adopted by the Group are as follows.
The impact of the application of these standards on the consolidated financial statements is still under review.

Standards and interpretations	Mandatory application period (effective date)	Scheduled date of application by the Group	Summary of new standards, interpretations and amendments
IFRS 18 Presentation and Disclosure in Financial Statements	January 1, 2027	FY2027	A new standard that replaces IAS 1, which is the current accounting standard on presentation and disclosure in financial statements

6. Business combination

For the year ended December 31, 2023
None

For the year ended December 31, 2024
The Group is involved in the upstream business of the Ichthys LNG Project via its wholly-owned subsidiary, INPEX Ichthys Pty Ltd, and conducts the joint operations in which it holds a 66.245% interest in the Ichthys Gas-Condensate Field (WA-50-L/WA-51-L) in Western Australia, Australia as an operator. In addition, the Group is involved in the downstream business of the same project via its joint venture, Ichthys LNG Pty Ltd, and owns gas pipelines and liquefication facilities, and conducts the liquefication and marketing business.
The Group acquired the participating interests (1.575%) held by Tokyo Gas Co., Ltd. (hereinafter “Tokyo Gas”) in the Ichthys LNG Project, etc. (hereinafter “the Projects”) through Tokyo Gas Australian project subsidiaries on March 28, 2024. Of the total consideration paid, ¥40,907 million pertains to the upstream business interest classified as a business combination. In addition, regarding the downstream business, the Group acquired shares of Ichthys LNG Pty Ltd and assumed loans receivables to the same company. Please refer to “31. Financial instruments” for the loans receivable.
This agreement results from the October 2022 decision by Tokyo Gas to sell the shares in its Australian project subsidiary that holds participating interests in the Projects, to MidOcean Energy Holdings Pty Ltd. In accordance with the relevant Joint Operating Agreements and Shareholders’ Agreement, Tokyo Gas notified the proposed sale to the Projects’ participating interest holders whereupon the Group exercised its pre-emptive rights under the respective Joint Operating Agreements and Shareholders’ Agreement to acquire Tokyo Gas’s participating interest in the Projects.
The Ichthys LNG Project is a highly competitive one that is expected to generate stable revenue over the long term. This acquisition of an additional participating interest in the Projects is aligned to the pursuit of its business targets and pathways outlined in “Long-term Strategy and Medium-term Business Plan (INPEX Vision @2022)”, and will contribute to energy security in Japan and Asia-Pacific region.
The consideration paid and fair value of main assets acquired at the time of acquisition are shown below. Note that no goodwill or negative goodwill has been generated.
The Group had applied provisional accounting treatment, as the adjustment and allocation of consideration paid had not been completed as of June 30, 2024, but the amounts have been finalized as of December 31, 2024. There is no change from the initial provisional amounts.

	(Millions of yen)
Fair value of the consideration paid (Cash and cash equivalents)	40,907
Total	40,907
Assets acquired	
Oil and gas assets	40,907
Total assets acquired	40,907
Total net assets	40,907

7. Operating segments

(1) Overview of reportable segments

The operating segments of the Group are components of the Group for which discrete financial information is available and regularly reviewed by the Board of Directors to make decisions about allocation of managerial resources and to assess their performance. Operating segments are not aggregated in determining reportable segments.
In addition, as the main business of the Group is the global exploration, development, production and sales of oil and natural gas, and loans and investments in companies engaged in such activities, namely the oil and natural gas business (hereinafter "Oil & Gas"), the Group classifies the reportable segments as "Oil & Gas Japan" and "Oil & Gas Overseas," and the "Oil & Gas Overseas" segment is further classified as "Ichthys Project," which is a major operator project of the Group, and "Other Projects," which is comprised of other overseas projects. The "Other" category consists of businesses that are not included in the reportable segments, including the five net-zero businesses.
Effective from the year ended December 31, 2024, certain businesses previously included in the "Other" category have been reclassified under the "Oil & Gas Japan" reportable segment because of organizational restructuring on October 1, 2024. The segment information for the year ended December 31, 2023 has also been restated to reflect this change.
The reportable segments and other category are as follows:

<table>
<tr><th colspan="2">Reportable segments, etc.</th><th>Main business and project name</th></tr>
<tr><td colspan="2">Oil & Gas Japan</td><td>Minami-Nagaoka Gas Field, Naoetsu LNG Terminal, etc.</td></tr>
<tr><td rowspan="2">Oil & Gas Overseas</td><td>Ichthys Project</td><td>Ichthys LNG Project in Australia and exploration of surrounding area</td></tr>
<tr><td>Other Projects</td><td>Projects in Australia (excluding the Ichthys LNG Project), Southeast Asia, Europe, Abu Dhabi, and other areas</td></tr>
<tr><td colspan="2">Other</td><td>Five net-zero businesses, crude oil sales agency and brokerage business, etc.</td></tr>
</table>

(2) Revenue and performance by segment

Accounting policies for the reportable segments are substantially the same as those described in "3. Material accounting policies." The Group's foreign exchange gains and losses are not allocated to reportable segments, certain exceptions aside, because they are managed on a Group-wide basis.
Reportable segment profit is presented in profit attributable to owners of parent of the consolidated statement of profit or loss. Intersegment transactions are carried out at arm's length price.
Revenue, profit and other items of the Group by reportable segment are as follows:

For the year ended December 31, 2023

(Millions of yen)

	Reportable segments			Other *1	Total	Adjustments *2	Consolidated
	Oil & Gas Japan	Oil & Gas Overseas					
		Ichthys Project	Other Projects				
Revenue							
Revenue from external customers	246,940	373,173	1,528,264	16,138	2,164,516	—	2,164,516
Intersegment revenue	—	20,446	—	8,693	29,140	(29,140)	—
Total	246,940	393,619	1,528,264	24,832	2,193,657	(29,140)	2,164,516
Exploration expenses	(7,112)	(8,976)	(9,811)	—	(25,901)	—	(25,901)
Share of profit (loss) of investments accounted for using equity method	—	39,219	6,614	(27,444)	18,389	—	18,389
Finance income	12	191,271	22,772	1,710	215,766	1,544	217,310
Finance costs	(846)	(29,437)	(44,757)	(2,474)	(77,516)	(600)	(78,116)
Income tax expense	(15,831)	(87,610)	(796,261)	(3,599)	(903,303)	(17,504)	(920,807)
Segment profit (loss)	42,425	309,898	746	(16,716)	336,354	(14,645)	321,708
(Other items)							
Depreciation and amortization	19,905	128,596	168,547	341	317,390	2,218	319,608
Impairment loss *3	—	—	100,890	—	100,890	—	100,890
Investments for exploration and development, etc. *4	10,975	104,254	142,527	77,357	335,115	—	335,115

Notes:
1. The “Other” category consists of the operating segments that are not included in the reportable segments, and includes the five net-zero businesses, etc.
2. “Adjustments” are as follows:
   (1) Adjustments of segment profit (loss) include corporate profit (loss) of ¥(14,949) million that is not allocated to reportable segments or the “Other” category and elimination of intersegment transactions of ¥303 million. Corporate profit (loss) mainly consists of foreign exchange gains (losses) of ¥(2,738) million managed on a Group-wide basis and ¥(17,504) million as the portion of the amount of the income tax expense of the parent and the financial subsidiary attributable to all companies.
   (2) Adjustments of depreciation and amortization are depreciation and amortization that are not allocated to any reportable segment or the “Other” category.
3. “Impairment loss” consists of impairment loss on oil and gas assets, and impairment loss on investments accounted for using equity method is included in share of profit (loss) of investments accounted for using equity method. Please refer to “16. Impairment of non-financial assets” for details.
4. “Investments for exploration and development, etc.” consists of mainly payments for acquisition of exploration and evaluation assets and development and production assets within oil and gas assets and the total amount incurred during the fiscal year for payments to acquire shares to participate and make additional investments in projects such as oil, natural gas, and renewable energy. The amount corresponding to the Group’s investment stake in Ichthys LNG Pty Ltd, which is a joint venture, is included in this amount.

For the year ended December 31, 2024

(Millions of yen)

	Reportable segments			Other *1	Total	Adjustments *2	Consolidated
	Oil & Gas Japan	Oil & Gas Overseas					
		Ichthys Project	Other Projects				
Revenue							
Revenue from external customers	216,953	373,263	1,657,921	17,699	2,265,837	—	2,265,837
Intersegment revenue	—	21,924	—	7,026	28,951	(28,951)	—
Total	216,953	395,187	1,657,921	24,726	2,294,789	(28,951)	2,265,837
Exploration expenses	(1,803)	(42,790)	(8,756)	—	(53,350)	—	(53,350)
Share of profit (loss) of investments accounted for using equity method	—	93,257	14,213	(2,639)	104,831	—	104,831
Finance income	3	116,745	26,220	2,524	145,493	3,997	149,491
Finance costs	(893)	(58,600)	(54,689)	(4,785)	(118,969)	(3,499)	(122,469)
Income tax expense	(5,365)	(46,982)	(810,736)	2,574	(860,509)	(4,063)	(864,573)
Segment profit (loss)	13,663	248,239	165,711	(14,545)	413,069	14,274	427,344
(Other items)							
Depreciation and amortization	18,920	130,331	206,619	490	356,361	2,868	359,230
Impairment loss *3	—	1,954	19,749	—	21,704	—	21,704
Investments for exploration and development, etc. *4	14,325	210,262	177,777	8,314	410,680	—	410,680

Notes:
1. The “Other” category consists of the operating segments that are not included in the reportable segments, and includes the five net-zero businesses, etc.
2. “Adjustments” are as follows:
   (1) Adjustments of segment profit (loss) include corporate profit (loss) of ¥14,311 million that is not allocated to reportable segments or the “Other” category and elimination of intersegment transactions of ¥(36) million. Corporate profit (loss) mainly consists of foreign exchange gains (losses) of ¥13,968 million managed on a Group-wide basis and ¥(4,063) million as the portion of the amount of the income tax expense of the parent and the financial subsidiary attributable to all companies.
   (2) Adjustments of depreciation and amortization are depreciation and amortization that are not allocated to any reportable segment or the “Other” category.
3. “Impairment loss” consists of impairment loss on oil and gas assets. Please refer to “16. Impairment of non-financial assets” for details.
4. “Investments for exploration and development, etc.” consists of mainly payments for acquisition of exploration and evaluation assets and development and production assets within oil and gas assets and the total amount incurred during the fiscal year for payments to acquire shares to participate and make additional investments in projects such as oil, natural gas, and renewable energy. The amount corresponding to the Group’s investment stake in Ichthys LNG Pty Ltd, which is a joint venture, is included in this amount.

(3) Information on products and services

Revenue to external customers by product and service is in “25. Revenue.”

(4) Information by region

The breakdown of revenue from external customers by region is as follows:

(Millions of yen)

	For the year ended December 31, 2023	For the year ended December 31, 2024
Japan	779,292	722,010
China	341,128	452,507
Thailand	225,288	207,252
Asia	406,359	478,166
Europe	290,688	274,691
Other	121,758	131,210
Total	2,164,516	2,265,837

Notes:
1. Revenues are classified by country or region based on the final destination and customer.
2. The main countries and regions associated with the regional classifications other than Japan, China, and Thailand are as follows:
   (1) Asia: Singapore and others
   (2) Europe: Italy and others
   (3) Other: Australia and others

The breakdown of non-current assets by region is as follows:

(Millions of yen)

	As of December 31, 2023	As of December 31, 2024
Japan	294,472	296,188
Australia	1,942,500	2,088,258
Europe & NIS region	674,439	700,598
United Arab Emirates	586,359	660,697
Other	175,088	194,521
Total	3,672,860	3,940,265

Notes:
1. Non-current assets are based on the location of the assets and consist of oil and gas assets, other property, plant and equipment, goodwill, intangible assets, and other non-current assets.
2. The main countries and regions associated with the regional classifications other than Japan, Australia, and United Arab Emirates are as follows:
   (1) Europe & NIS region: Kazakhstan, Azerbaijan, Norway and others
   (2) Other: Vietnam, Indonesia and others
3. In Kazakhstan in the European and NIS region, non-current assets were ¥453,121 million as of December 31, 2023 and ¥475,712 million as of December 31, 2024.

(5) Information on major customers

(Millions of yen)

Customer	Related reportable segment	Revenue	
		For the year ended December 31, 2023	For the year ended December 31, 2024
Ichthys LNG Pty Ltd	Oil & Gas Overseas – Ichthys Project	228,313	222,523

Note: This represents revenue from the sale of natural gas from INPEX Ichthys Pty Ltd to Ichthys LNG Pty Ltd, which is a joint venture.

8. Cash and cash equivalents

The breakdown of cash and cash equivalents is as follows:

(Millions of yen)

	As of December 31, 2023	As of December 31, 2024
Cash and demand deposits	95,088	139,754
Short-term investments	71,619	78,195
Time deposits with deposit terms of three months or less	34,442	23,725
Cash and cash equivalents in the consolidated statement of financial position	201,149	241,675

Short-term investments held by the Group mainly consist of money market funds. Money market funds constitute highly liquid investments in the short term and are subject to insignificant value fluctuation risk.
The balance of “Cash and cash equivalents” in the consolidated statement of financial position and the balance of “Cash and cash equivalents” in the consolidated statement of cash flows as of December 31, 2023 and December 31, 2024 are the same.

9. Trade and other receivables

The breakdown of trade and other receivables is as follows:

(Millions of yen)

	As of December 31, 2023	As of December 31, 2024
Notes and accounts receivable-trade	195,577	244,755
Accounts receivable-other	50,355	38,240
Allowance for doubtful accounts	(13,915)	(15,519)
Total	232,017	267,476

Trade and other receivables are categorized as financial assets measured at amortized cost.

10. Inventories

The breakdown of inventories is as follows:

(Millions of yen)

	As of December 31, 2023	As of December 31, 2024
Merchandise and finished goods	21,679	24,994
Work in process	259	808
Raw materials and supplies	47,917	41,439
Total	69,856	67,241

Inventories recognized as expenses during the period amounted to ¥837,849 million and ¥917,051 million for the years ended December 31, 2023 and December 31, 2024, respectively.

11. Disposal group held for sale

The breakdown of assets classified as a disposal group held for sale is as follows:

(Millions of yen)

	As of December 31, 2023	As of December 31, 2024
Investments accounted for using equity method	17,341	17,341
Total assets	17,341	17,341

As of December 31, 2023
The investment accounted for using equity method in Japan South Sakha Oil Co., Ltd., an affiliate in the "Oil & Gas Overseas - Other Projects" segment, was classified as a disposal group held for sale due to the decision to sell shares of that company and because the potential to sell the shares was determined to be highly probable.
The disposal group is measured at its carrying amount, as the fair value less costs of disposal exceeds the carrying amount.

As of December 31, 2024
Regarding investments accounted for using equity method in Japan South Sakha Oil Co., Ltd., which was classified as a disposal group held for sale as of December 31, 2023, the Company has completed the sales of a portion of the shares held as of December 31, 2024 by the approval date of the consolidated financial statements, in accordance with the stock transfer agreement. The remaining shares are scheduled to be sold in the future.

12. Oil and gas assets

Changes in acquisition cost, accumulated depreciation and impairment losses of oil and gas assets are as follows:

(Millions of yen)

Acquisition cost	Exploration and evaluation assets	Development and production assets	Sales and distribution related assets	Total
As of January 1, 2023	182,565	4,861,208	345,297	5,389,071
Acquisitions	48,012	201,884	1,338	251,236
Disposals	—	(4,537)	(1,288)	(5,826)
Expensed as exploration expenses	(14,805)	—	—	(14,805)
Exchange differences on translation of foreign operations	11,803	319,427	499	331,730
Other *	—	8,205	2	8,207
As of December 31, 2023	227,575	5,386,188	345,849	5,959,614
Acquisitions	47,649	237,799	7,842	293,292
Acquisition through business combination	—	40,907	—	40,907
Disposals	(4,522)	(14,589)	(54)	(19,166)
Expensed as exploration expenses	(38,233)	—	—	(38,233)
Exchange differences on translation of foreign operations	22,862	573,624	895	597,382
Other *	(717)	(40,396)	7,847	(33,266)
As of December 31, 2024	254,614	6,183,533	362,380	6,800,528

Note: "Other" includes the impact of changes in estimates of asset retirement obligations and lease liabilities.

(Millions of yen)

Accumulated depreciation and impairment losses	Exploration and evaluation assets	Development and production assets	Sales and distribution related assets	Total
As of January 1, 2023	(29,167)	(1,615,738)	(203,656)	(1,848,563)
Depreciation *1	—	(303,670)	(7,446)	(311,117)
Impairment loss *2	(106)	(100,783)	—	(100,890)
Disposals	—	2,992	1,274	4,266
Exchange differences on translation of foreign operations	(1,413)	(101,992)	—	(103,406)
Other	—	1,738	(83)	1,655
As of December 31, 2023	(30,688)	(2,117,455)	(209,911)	(2,358,055)
Depreciation *1	—	(346,782)	(7,854)	(354,636)
Impairment loss *2	(5,707)	(15,996)	—	(21,704)
Disposals	—	10,632	47	10,680
Exchange differences on translation of foreign operations	(2,341)	(220,836)	(310)	(223,488)
Other	—	1,807	94	1,902
As of December 31, 2024	(38,736)	(2,688,631)	(217,934)	(2,945,302)

Notes: 1. "Depreciation" is included in "Cost of sales" in the consolidated statement of profit or loss.
2. Please refer to "16. Impairment of non-financial assets" for details of impairment losses.

Carrying amount of oil and gas assets is as follows:

(Millions of yen)

Carrying amount	Exploration and evaluation assets	Development and production assets	Sales and distribution related assets	Total
As of January 1, 2023	153,397	3,245,469	141,640	3,540,507
As of December 31, 2023	196,887	3,268,733	135,937	3,601,558
As of December 31, 2024	215,877	3,494,902	144,446	3,855,226

Amounts of oil and gas assets under construction included and recognized in the carrying amounts above were ¥521,135 million as of December 31, 2023 and ¥445,854 million as of December 31, 2024.
Please refer to "37. Commitments" for commitments related to acquisition of oil and gas assets.

13. Other property, plant and equipment

Changes in acquisition cost, accumulated depreciation and impairment losses of other property, plant and equipment are as follows:

(Millions of yen)

Acquisition cost	Buildings and structures	Machinery, equipment and vehicles	Land	Construction in progress	Other	Total
As of January 1, 2023	26,272	12,834	5,715	2,476	5,925	53,224
Acquisitions	789	390	－	733	302	2,215
Disposals	(410)	(225)	(39)	－	(157)	(832)
Transfer from construction in progress	－	41	221	(262)	－	－
Exchange differences on translation of foreign operations	344	－	－	40	78	464
Other	604	－	－	(869)	4	(260)
As of December 31, 2023	27,600	13,040	5,897	2,119	6,153	54,811
Acquisitions	233	848	－	6,182	283	7,549
Disposals	(564)	(113)	(261)	－	(208)	(1,147)
Transfer from construction in progress	7,428	125	－	(8,045)	491	－
Exchange differences on translation of foreign operations	677	1	－	9	146	835
Other	487	－	－	－	△2	484
As of December 31, 2024	35,864	13,902	5,635	265	6,864	62,533

(Millions of yen)

Accumulated depreciation and impairment losses	Buildings and structures	Machinery, equipment and vehicles	Land	Construction in progress	Other	Total
As of January 1, 2023	(11,288)	(9,957)	－	－	(4,587)	(25,834)
Depreciation *	(2,735)	(622)	－	－	(327)	(3,685)
Disposals	316	213	－	－	92	623
Exchange differences on translation of foreign operations	(139)	－	－	－	(65)	(205)
Other	(329)	1	－	－	99	(228)
As of December 31, 2023	(14,176)	(10,365)	－	－	(4,789)	(29,330)
Depreciation *	(2,929)	(694)	－	－	(396)	(4,019)
Disposals	382	110	－	－	181	674
Exchange differences on translation of foreign operations	(322)	－	－	－	(115)	(439)
Other	－	(553)	－	－	－	(553)
As of December 31, 2024	(17,046)	(11,503)	－	－	(5,119)	(33,668)

Note: “Depreciation” is included in “Selling, general and administrative expenses” in the consolidated statement of profit or loss.

Carrying amount of other property, plant and equipment is as follows:

(Millions of yen)

Carrying amount	Buildings and structures	Machinery, equipment and vehicles	Land	Construction in progress	Other	Total
As of January 1, 2023	14,983	2,876	5,715	2,476	1,338	27,390
As of December 31, 2023	13,424	2,675	5,897	2,119	1,364	25,481
As of December 31, 2024	18,818	2,399	5,635	265	1,745	28,864

Please refer to “37. Commitments” for commitments related to acquisition of other property, plant and equipment.

14. Goodwill and intangible assets

Changes in acquisition cost, accumulated depreciation and impairment losses of goodwill and intangible assets are as follows:

(Millions of yen)

Acquisition cost	Goodwill	Intangible assets		
		Software	Other	Total
As of January 1, 2023	19,706	21,399	9,608	31,007
Acquisitions	—	1,125	2,733	3,859
Disposals	—	(381)	(438)	(820)
Exchange differences on translation of foreign operations	764	604	158	762
Other	—	—	48	48
As of December 31, 2023	20,471	22,747	12,110	34,857
Acquisitions	—	1,031	8,036	9,068
Disposals	—	(202)	(126)	(329)
Exchange differences on translation of foreign operations	44	1,115	622	1,737
Other	—	1	45	47
As of December 31, 2024	20,515	24,693	20,688	45,381

(Millions of yen)

Accumulated amortization and impairment losses	Goodwill	Intangible assets		
		Software	Other	Total
As of January 1, 2023	–	(18,971)	(5,261)	(24,232)
Amortization *	–	(865)	(246)	(1,111)
Disposals	–	192	25	218
Exchange differences on translation of foreign operations	–	(556)	(141)	(698)
As of December 31, 2023	–	(20,200)	(5,624)	(25,824)
Amortization *	–	(888)	(827)	(1,716)
Disposals	–	193	46	239
Exchange differences on translation of foreign operations	–	(1,025)	(40)	(1,065)
As of December 31, 2024	–	(21,921)	(6,445)	(28,366)

Note: "Amortization" is included in "Cost of sales" and "Selling, general and administrative expenses" in the consolidated statement of profit or loss.

Carrying amount of goodwill and intangible assets is as follows:

(Millions of yen)

Carrying amount	Goodwill	Intangible assets		
		Software	Other	Total
As of January 1, 2023	19,706	2,428	4,346	6,775
As of December 31, 2023	20,471	2,547	6,485	9,033
As of December 31, 2024	20,515	2,771	14,243	17,015

Please refer to "37. Commitments" for commitments related to acquisition of intangible assets.

15. Leases

The Group leases mainly drilling rigs for the development, production, and sale of oil and gas, fixed-term land leases for field and business offices, land leases for domestic trunk pipelines, fixed-term charter vessels for transportation of raw materials and products, and offices.

The breakdown of lease-related expenses is as follows:

(Millions of yen)

	For the year ended December 31, 2023	For the year ended December 31, 2024
Depreciation associated with right-of-use assets		
Oil and gas assets		
Development and production assets	17,354	25,745
Sales and distribution related assets	1,297	1,386
Subtotal	18,651	27,131
Other property, plant and equipment		
Buildings and structures	2,308	2,458
Total	20,959	29,590
Interest expense on lease liabilities	1,485	1,546
Expense for short-term leases	1	7,290
Total	1,486	8,837

The breakdown of the carrying amount of right-of-use assets included in oil and gas assets and other property, plant and equipment is as follows:

(Millions of yen)

	For the year ended December 31, 2023	For the year ended December 31, 2024
Right-of-use assets		
Oil and gas assets		
Development and production assets	53,939	37,811
Sales and distribution related assets	23,450	22,333
Subtotal	77,389	60,144
Other property, plant and equipment		
Buildings and structures	6,936	5,320
Total	84,326	65,465

The total increase in right-of-use assets through new acquisition during the years ended December 31, 2023 and December 31, 2024 were ¥3,994 million and ¥2,713 million, respectively.
The total cash outflow related to leases during the years ended December 31, 2023 and December 31, 2024 were ¥20,119 million and ¥31,451 million, respectively.
The total future cash outflow related to lease contracts that have not yet commenced during the years ended December 31, 2023 and December 31, 2024 were ¥71,562 million and 79,813 million, respectively.
Please refer to “31. Financial instruments” for the maturity analysis of lease liabilities. Lease liabilities are recorded in “Other financial liabilities” in the consolidated statement of financial position.

16. Impairment of non-financial assets

(1) Impairment loss

The breakdown of impairment losses by segment is as follows:

(Millions of yen)

	For the year ended December 31, 2023			For the year ended December 31, 2024		
	Oil and gas assets		Investments accounted for using equity method	Oil and gas assets		Investments accounted for using equity method
	Exploration and evaluation assets	Development and production assets		Exploration and evaluation assets	Development and production assets	
Oil & Gas Japan	—	—	—	—	—	—
Oil & Gas Overseas - Ichthys Project	—	—	—	1,954	—	—
Oil & Gas Overseas - Other Projects	106	100,783	—	3,752	15,996	—
Other	—	—	27,807	—	—	—
Total	106	100,783	27,807	5,707	15,996	—

In the consolidated statement of profit or loss, impairment losses on oil and gas assets are recorded in “Other operating expenses,” and impairment losses on investments accounted for using equity method are recorded in “Share of profit (loss) of investments accounted for using equity method.”

For the year ended December 31, 2023
Regarding the Prelude FLNG project of the “Oil & Gas Overseas – Other Projects” segment, an impairment test was conducted due to confirmed indications of impairment mainly as a result of changes in the external environment, etc. including a tightening of environmental regulations in Australia, etc., the carrying amount of the oil and gas assets related to the project was reduced to the recoverable amount, and an impairment loss of ¥81,898 million was recorded. The recoverable amount of ¥208,822 million is measured by value in use, which is calculated by discounting future cash flows to present value using a pre-tax discount rate of 12.9%.
An impairment loss of ¥27,807 million was recorded after conducting an impairment test for a portion of investments accounted for using equity method related to the five net-zero businesses included in the “Other” category.

For the year ended December 31, 2024
Regarding the Prelude FLNG project of the “Oil & Gas Overseas – Other Projects” segment, an impairment test was conducted due to confirmed indications of impairment as a result of the decline in the short-term outlook for crude oil prices and production volume. As a result, the carrying amount of oil and gas assets related to the project was reduced to its recoverable amount, and an impairment loss of ¥14,713 million was recorded. The recoverable amount of ¥181,375 million is measured by value in use, which is calculated by discounting future cash flows to present value using a pre-tax discount rate of 11.6%. Please refer to “4. Critical accounting estimates and judgments (1) Impairment of non-financial assets” for key assumptions related to the impairment loss.

(2) Impairment of goodwill

Goodwill arising from business combinations is allocated to the cash-generating unit or group of cash-generating units that will derive synergies generated by the business combination at the acquisition date.
The breakdown of the carrying amount of goodwill by segment and, by the cash-generating unit or by group of cash-generating units is as follows:

(Millions of yen)

Reportable segment	Cash generating unit or group of cash generating units	As of December 31, 2023	As of December 31, 2024
Oil & Gas Overseas – Other Projects	INPEX Idemitsu Norge AS	20,471	20,515

In the years ended December 31, 2023 and December 31, 2024, the recoverable amount for impairment testing was calculated based on value in use. Value in use is calculated by discounting the estimated future cash flows over the probable productive years based on the total quantity of proved and probable reserves in mining areas held to present value based on the pre-tax weighted average cost of capital of the relevant cash-generating unit or group of cash-generating units. Key assumptions in estimating cash flows are reserves and future oil prices. Please refer to “4. Critical accounting estimates and judgments” for details. The post-tax discount rate used in the calculation was 4.9% (5.9% in the year ended December 31, 2023). The pre-tax discount rate was 6.0% (47.7% in the year ended December 31, 2023) due to characteristics such as high tax rates and future cash flows, etc. in the regions where the cash-generating unit or group of cash-generating units operates.
Although there is a risk of impairment if the key assumptions used for impairment testing change, value in use is well above the carrying amount of the cash-generating unit or group of cash-generating units, and it is considered unlikely that value in use would be less than the carrying amount even if the key assumptions used for impairment testing changed within a reasonably foreseeable range.

17. Income taxes

(1) Deferred tax assets and deferred tax liabilities

The breakdown of deferred tax assets and deferred tax liabilities by major cause of occurrence is as follows:

(Millions of yen)

	Consolidated statement of financial position	
	As of December 31, 2023	As of December 31, 2024
Deferred tax assets		
Net operating loss carry-forwards	46,578	37,238
Excess depreciation	30,248	41,936
Liability for retirement benefits	2,805	2,787
Translation differences of assets and liabilities denominated in foreign currencies	5,619	3,134
Asset retirement obligations	90,450	88,514
Impairment loss	36,270	43,061
Lease liabilities	24,092	17,810
Other *	33,247	60,265
Total	269,312	294,747
Deferred tax liabilities		
Foreign taxes	(466,062)	(548,426)
Valuation differences due to an application of the purchase method	(12,046)	(10,469)
Financial assets measured at FVOCI	(4,291)	(4,826)
Right-of-use assets	(14,571)	(14,018)
Other	(32,303)	(40,668)
Total	(529,274)	(618,409)
Net amount	(259,962)	(323,661)

Note: “Other” of deferred tax assets as of December 31, 2024 is mainly due to the temporary differences related to investments on subsidiaries.

(Millions of yen)

	Consolidated statement of profit or loss	
	For the year ended December 31, 2023	For the year ended December 31, 2024
Deferred tax assets		
Net operating loss carry-forwards	(45,998)	(13,142)
Excess depreciation	3,017	8,288
Liability for retirement benefits	(172)	(724)
Translation differences of assets and liabilities denominated in foreign currencies	(121)	(2,782)
Asset retirement obligations	7,455	(6,579)
Impairment loss	23,112	3,217
Lease liabilities	(1,569)	(7,416)
Other	(20,200)	17,926
Total	(34,475)	(1,213)
Deferred tax liabilities		
Foreign taxes	(56,902)	(32,980)
Valuation differences due to an application of the purchase method	656	1,596
Financial assets measured at FVOCI	—	—
Right-of-use assets	2,229	1,527
Other	(3,420)	(4,278)
Total	(57,437)	(34,134)
Net amount	(91,912)	(35,347)

Net changes in deferred tax assets and deferred tax liabilities are as follows:

(Millions of yen)

	For the year ended December 31, 2023	For the year ended December 31, 2024
At beginning of the year	(157,014)	(259,962)
Amount recorded in deferred tax expense	(91,912)	(35,347)
Amount recorded in other comprehensive income	(2,014)	(798)
Other *	(9,020)	(27,553)
At end of the year	(259,962)	(323,661)

Note: "Other" is mainly due to exchange differences.

The deferred tax assets and deferred tax liabilities recorded in the consolidated statement of financial position are as follows:

(Millions of yen)

	As of December 31, 2023	As of December 31, 2024
Deferred tax assets	72,977	64,555
Deferred tax liabilities	(332,940)	(388,217)
Net amount	(259,962)	(323,661)

Deferred tax assets as of December 31, 2023 and December 31, 2024 attributable to taxable entities that incurred losses during the years ended December 31, 2023 and December 31, 2024 were ¥48,465 million and ¥33,076 million, respectively. The Group determines the recoverability of deferred tax assets for deductible temporary differences by considering taxable income and tax planning based on future earning capacity attributable to reserves, etc.

The amount of deductible temporary differences and net operating loss carryforwards before tax impacts for which no deferred tax assets are recognized are as follows:

(Millions of yen)

	As of December 31, 2023	As of December 31, 2024
Deductible temporary differences	559,027	638,529
Net operating loss carryforwards	752,266	778,908
Total	1,311,294	1,417,438

Net operating loss carryforwards for which no deferred tax assets are recognized will expire as follows:

(Millions of yen)

	As of December 31, 2023	As of December 31, 2024
1 year or less	1,619	9,998
More than 1 year and up to 5 years	27,558	4,677
More than 5 years and up to 10 years	44,556	80,383
More than 10 years	89,203	48,847
Not due to be carried forward	589,329	635,003
Total	752,266	778,908

(2) Income tax expense

The breakdown of income tax expense is as follows:

(Millions of yen)

	For the year ended December 31, 2023	For the year ended December 31, 2024
Current tax expense	828,895	829,225
Deferred tax expense		
Occurrence and reversal of temporary differences, etc.	96,510	62,594
Change in tax rate	(2,112)	9,921
Write-downs and reversals of write-downs of deferred tax assets	(2,484)	(37,168)
Total	920,807	864,573

Current tax expense includes the amount of previously unrecognized tax losses, tax credits, or benefits arising from temporary differences in prior periods. The decrease in current tax expense associated with this during the years ended December 31, 2023 and December 31, 2024 were ¥2,707 million and ¥27,651 million, respectively.

Factors in the difference between the statutory tax rate and average actual tax rate are as follows:

(%)

	For the year ended December 31, 2023	For the year ended December 31, 2024
Statutory tax rate	28.0	28.0
Changes in unrecognized deferred tax assets	0.3	(3.1)
Foreign tax	33.8	34.8
Foreign tax credit	(4.4)	(4.3)
Adjustment for deductible foreign taxes	(4.7)	(4.5)
Differences of effective tax rates applied to tax effect accounting (foreign subsidiaries)	20.0	20.3
Share of profit (loss) of investments accounted for using equity method	(0.4)	(2.3)
Effect of subsidiary reorganization	—	(3.0)
Other	0.9	0.7
Average actual tax rate	73.5	66.6

The Group applies the amendments to IAS 12, “Income Taxes,” issued on May 23, 2023. These amendments temporarily exempt the recognition and disclosure of deferred taxes for taxes arising from the Pillar Two model rules (hereinafter “Pillar Two income taxes”) issued by the Organisation for Economic Co-operation and Development (OECD.) The amendments also require new disclosures regarding Pillar Two exposures.
The Group has applied this exception and has not recognized or disclosed deferred taxes related to Pillar Two income taxes.
Pillar Two legislation has been enacted in some countries or regions where the Group operates, and this legislation has been applied from the year ended December 31, 2024. The Group does not recognize current tax expense based on the Pillar Two income taxes.
In addition, the legislation will be applied from the following fiscal year in some countries, including Japan where the Company is located. The Group performed an assessment of the potential exposure to Pillar Two income taxes. This assessment is based on the financial statements of the Group’s constituent companies. Most countries or regions where the Group operates have transitional safe harbor relief, and countries or regions where transitional safe harbor relief does not apply have an effective Pillar Two tax rate that exceeds 15%. The Group does not expect any potential exposure to Pillar Two income taxes.

18. Trade and other payables

The breakdown of trade and other payables is as follows:

(Millions of yen)

	As of December 31, 2023	As of December 31, 2024
Accounts payable-trade	35,527	49,383
Accounts payable-other	124,264	100,636
Accrued expenses	48,121	42,557
Total	207,913	192,576

Trade and other payables are categorized as financial liabilities measured at amortized cost.

19. Bonds and borrowings

The breakdown of borrowings is as follows:

(Millions of yen)

	As of December 31, 2023	As of December 31, 2024	Average interest rate (%)*1	Maturity *2
Current liabilities				
Commercial papers	–	79,980	–	–
Short-term borrowings	27,358	6,230	6.9	–
Current portion of long-term borrowings	133,700	107,635	4.8	–
Total	161,059	193,847		
Non-current liabilities				
Long-term borrowings	865,923	840,064	4.7	2026 to 2036
Total	865,923	840,064		

Notes: 1. "Average interest rate" is calculated using the weighted average rate of the outstanding balance as of December 31, 2024.
2. "Maturity" is the maturity of the outstanding balance as of December 31, 2024.

The breakdown of bonds payable is as follows:

(Millions of yen)

Company name	Bond name	Date of issue	As of December 31, 2023	As of December 31, 2024	Interest rate (%)	Collateral	Maturity
INPEX CORPORATION	1st, unsecured bond (with inter-bond pari passu clause)	March 16, 2021	10,000	10,000	0.08	Unsecured	March 16, 2026
INPEX CORPORATION	2nd, unsecured bond (with inter-bond pari passu clause)	March 16, 2021	10,000	10,000	0.30	Unsecured	March 14, 2031
INPEX CORPORATION	3rd, unsecured bond (with inter-bond pari passu clause) (Green Bonds)	October 15, 2021	10,000	10,000	0.25	Unsecured	October 15, 2031
Total			30,000	30,000			

Bonds and borrowings are categorized as financial liabilities measured at amortized cost. Please refer to "31. Financial instruments" for the breakdown of bonds and borrowings by maturity date and fair value.

20. Employee benefits

The Company has defined benefit plans consisting of a lump-sum retirement payment plan and a defined benefit corporate pension plan, as well as a defined contribution pension plan. In addition, a retirement benefit trust has been established for the defined benefit corporate pension plan and lump-sum retirement payment plan.
Also, certain subsidiaries have defined contribution pension plans, defined benefit corporate pension plans, lump-sum retirement payment plans, and other plans.

(1) Defined benefit plans

[1] Reconciliation between defined benefit plan obligations and plan assets and liability for retirement benefits and asset for retirement benefits on the consolidated statement of financial position

The relationship between defined benefit plan obligations and plan assets at the end of the year and liability for retirement benefits and asset for retirement benefits on the consolidated statement of financial position is as follows:

(Millions of yen)

	As of December 31, 2023	As of December 31, 2024
Defined benefit plan obligations for funded plans	23,512	22,956
Plan assets	(28,018)	(30,280)
Defined benefit plan obligations for unfunded plans	803	1,321
Impact of asset ceiling	3,609	6,419
Net of defined benefit liabilities and assets recognized in the consolidated statement of financial position	(93)	416
Liability for retirement benefits	803	1,321
Asset for retirement benefits	(896)	(904)
Net of defined benefit liabilities and plan assets recognized in the consolidated statement of financial position	(93)	416

[2] Reconciliation of present value of defined benefit plan obligations

Changes in the present value of defined benefit plan obligations are as follows:

(Millions of yen)

	For the year ended December 31, 2023	For the year ended December 31, 2024
Present value of defined benefit plan obligations at beginning of the year	24,647	24,315
Service cost	1,350	1,779
Interest cost	417	465
Remeasurements		
Actuarial difference arising from change in demographic assumptions	—	111
Actuarial difference arising from change in financial assumptions	(707)	(958)
Actuarial difference arising from revision of actual results	16	135
Benefit payments	(1,527)	(1,535)
Past service cost	45	—
Exchange differences on translation of foreign operations	156	52
Other	(81)	(88)
Present value of defined benefit plan obligations at end of the year	24,315	24,277

The weighted average duration of defined benefit plan obligations as of December 31, 2023 and December 31, 2024 is 12.7 years and 12.2 years, respectively.

[3] Reconciliation of fair value of plan assets

Changes in fair value of plan assets are as follows:

(Millions of yen)

	For the year ended December 31, 2023	For the year ended December 31, 2024
Fair value of plan assets at beginning of the year	25,691	28,018
Interest income	425	522
Remeasurements		
Return on plan assets	1,162	1,209
Contributions to the plans	1,692	1,592
Benefit payments	(1,006)	(957)
Exchange differences on translation of foreign operations	101	1
Other	(48)	(107)
Fair value of plan assets at end of the year	28,018	30,280

The Group plans to contribute premiums of ¥1,498 million for the year ending December 31, 2025.

[4] Itemized breakdown of plan assets

The breakdown of plan assets by major item is as follows:

(Millions of yen)

	As of December 31, 2023			As of December 31, 2024		
	With an active market	Without an active market	Total	With an active market	Without an active market	Total
Equity investments (domestic)	1,149	2,472	3,621	1,270	2,947	4,217
Equity investments (foreign)	347	2,329	2,676	398	2,502	2,900
Bonds (foreign)	—	7,306	7,306	—	7,526	7,526
Alternative assets *	—	7,216	7,216	—	8,550	8,550
Life insurance general account	—	5,994	5,994	—	5,885	5,885
Other	—	1,201	1,201	—	1,200	1,200
Total	1,497	26,521	28,018	1,668	28,612	30,280

Note: “Alternative assets” include commodities, multi-asset management, etc.

The purpose of the Company’s pension fund is to secure a rate of return sufficient to maintain a sound pension plan in the future over the long term, while considering medium-term downside risks so as to ensure that pension benefits and other lump-sum payments to pensioners (including future pensioners) continue into the future. The basic policy in managing the plan assets is to formulate a basic portfolio with an optimal combination of assets for the future and to strive to maintain asset allocation based on this while considering rebalancing the portfolio as necessary.
In accordance with the Defined Benefit Corporate Pension Act, the amount of contributions is regularly reviewed such as by recalculating contributions every three years, so as to maintain a financial balance in the future.
In addition to this, the Company may contribute marketable stocks or cash to a retirement benefit trust to compensate for underfunding in retirement benefit accounting and maintain soundness of pension funding.

[5] Impact of asset ceiling

When a defined benefit plan is overfunded, the defined benefit asset recognized in the consolidated statement of financial position is the present value of the available future economic benefits in the form of returns from the defined benefit plan and reductions in future contributions, which is the asset ceiling.
The changes in the impact of asset ceiling are as follows:

(Millions of yen)

	For the year ended December 31, 2023	For the year ended December 31, 2024
Impact at beginning of the year	–	3,609
Remeasurements		
Change in impact of asset ceiling	3,609	2,809
Impact at end of the year	3,609	6,419

[6] Principal actuarial assumptions

The main assumptions used in actuarial calculations are as follows:

	As of December 31, 2023	As of December 31, 2024
Discount rate (%)	1.7	2.2

[7] Sensitivity analysis

The impact on the present value of defined benefit plan obligations when the discount rate used in actuarial calculations changes by 0.5% is as follows:

(Millions of yen)

	As of December 31, 2023	As of December 31, 2024
When the discount rate increases by 0.5%	(1,206)	(1,075)
When the discount rate decreases by 0.5%	1,225	1,147

(2) Defined contribution plans

The amounts recognized as expenses in relation to defined contribution plans during the years ended December 31, 2023 and December 31, 2024 were ¥5,485 million and ¥6,963 million, respectively.

(3) Employee benefit expenses

The total employee benefit expenses included in “Cost of sales” and “Selling, general and administrative expenses” in the consolidated statement of profit or loss for the years ended December 31, 2023 and December 31, 2024 were ¥41,929 million and ¥46,997 million, respectively.

21. Asset retirement obligations

Asset retirement obligations relate to the Group’s obligation to prevent mining pollution of well sites after the end of mining as stipulated by the Mine Safety Act with respect to oil and natural gas production facilities, etc., and the Group’s obligation to abandon overseas oil and natural gas production facilities, etc. such as removal of such production facilities, etc. in accordance with oil contracts with the governments of oil-producing countries, local laws and regulations, etc.

Changes in asset retirement obligations are as follows:

(Millions of yen)

	For the year ended December 31, 2024
At beginning of the year	388,502
Increase during the period	6,682
Accretion expenses	15,183
Obligations settled	(10,510)
Change in estimates *	(32,435)
Exchange differences on translation of foreign operations	28,173
Other increase (decrease)	1,341
At end of the year	396,937

Note: The change in estimates was mainly due to the fact that some subsidiaries revised their discount rates.

The breakdown of asset retirement obligations in the consolidated statement of financial position is as follows:

(Millions of yen)

	For the year ended December 31, 2024
Current liabilities	15,277
Non-current liabilities	381,660
Total	396,937

The estimated period until fulfillment of the obligations constitutes either the number of productive years or the number of years until completion of the contract period (from within 1 year to 46 years), and the discount rate used in the calculation is between 0.4% and 5.3%.
For such obligations, the timing of expenditures may be unknown or may be several decades in the future. In addition, such obligations are subject to the impact of shortening the estimated time to fulfill the obligations depending on future policies and laws and regulations of each government regarding climate change, changes in work methods for mine abandonment, and rising prices of drilling equipment and materials, among other factors.
Regarding its natural gas pipeline, which serves as a domestic gas sales and distribution related facility, the Company has obligations to restore sites to their original condition upon business termination in accordance with lease contracts. The natural gas pipeline is currently being utilized as supply infrastructure with a high level of public significance and plans call for its very prolonged period of use as supply infrastructure with a high level of public significance on an ongoing basis. Therefore, it is not possible to determine a date of business termination as of December 31, 2024. In addition, there are no reliable fundamental quantitative figures such as discount rates for the relevant period due to plans calling for its very prolonged period of use. Based on the aforementioned, asset retirement obligations have not been recognized given that it is not possible to come up with reliable estimates with respect to such obligations.
The Company continues to check the business environment each fiscal year so that it will be possible to record asset retirement obligations in the event that changes in the business environment that would make it possible to determine a business termination date have been identified.

22. Equity and other equity items

(1) Capital management

The Company seeks to develop and maintain an optimal capital structure in order to achieve medium- to long-term group strategies and maximize corporate value.
The indicators the Company focuses on for capital management purposes are the ratio of equity attributable to owners of parent and net debt equity ratio (net D/E ratio). The target for these indicators is reported to and monitored by management on a continuous basis. The indicators as of December 31, 2023 and December 31, 2024 are as follows:

(%)

	As of December 31, 2023	As of December 31, 2024
Ratio of equity attributable to owners of parent *1	62.5	65.3
Net D/E ratio *2	20.3	17.1

Notes: 1. Total equity attributable to owners of parent / total assets
2. (Interest-bearing debts – cash and cash equivalents) / total equity attributable to owners of parent

The Company is not subject to any particular significant capital requirements (other than general rules such as the Companies Act of Japan (hereinafter the “Companies Act”)).

(2) Number of shares authorized and total number of shares issued

The number of shares authorized and total number of shares issued are as follows:

(Shares)

	Common Stock		Class A Stock	
	Number of shares authorized	Total number of shares issued	Number of shares authorized	Total number of shares issued
As of January 1, 2023	3,600,000,000	1,386,667,167	1	1
Increase (decrease) during the period	–	–	–	–
As of December 31, 2023	3,600,000,000	1,386,667,167	1	1
Increase (decrease) during the period *	–	(127,531,100)	–	–
As of December 31, 2024	3,600,000,000	1,259,136,067	1	1

Note: The changes in the total number of shares of common stock issued in the year ended December 31, 2024 were due to a decrease of 127,531,100 shares resulting from the cancellation of treasury stock.

The shares issued by the Company have no par value, and all outstanding shares have been fully paid.
The common stock is standard stock with no restrictions on the rights of shareholders. The number of shares constituting a unit is 100 shares, and each share unit has one voting right.
Class A stock has no voting rights, except as otherwise provided by law. Dividends of surplus or interim dividends for Class A stock shall be paid in an amount calculated by multiplying the amount of dividends of surplus or interim dividends for one share of common stock by 400. Class A stock shareholders have the right to claim distribution of residual assets in the amount calculated by multiplying the amount of residual assets to be distributed for each common stock of the Company by 400.
Approval of the holder of the Class A Stock is necessary in addition to resolutions of the general shareholders‘ meetings and resolutions s of the Board of Directors for 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 such important matters.
Such veto rights can be exercised only when it is judged to be highly probable that the Company will be managed in a manner which is inconsistent with the role it should play as a principal company for efficient achievement of a stable supply of energy to Japan, if :

[1] resolutions for the appointment or removal of Directors and integration are not rejected;
[2] resolutions pertaining to disposition of material assets are not rejected and the dispositions concern oil and natural gas exploration and production rights or other similar rights, or shares or ownership interests in a subsidiary whose main assets are such rights;
[3] resolutions on 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 rejected;
[4] resolutions on amendments to the Articles of Incorporation granting voting rights to any shares other than the common shares of the Company are not rejected and could have an effect on the exercise of the voting rights of the Class A Stock.

(3) Treasury stock

The number of treasury stock is as follows:

(Shares)

	For the year ended December 31, 2023	For the year ended December 31, 2024
Total number of treasury stock:		
Common stock		
At beginning of the year	80,672,863	128,422,706
Increase (decrease) during the period *	47,749,843	(66,886,467)
At end of the year	128,422,706	61,536,239

Note: The main factors for the changes in the number of treasury stock during the year ended December 31, 2023 were an increase of 47,768,600 shares due to the purchase of treasury stock by resolution of the Board of Directors and a decrease of 18,803 shares due to delivery of the Company's stock by the Board Incentive Plan (BIP) Trust for remuneration for directors (and other officers).
The main factors for the changes in the number of treasury stock during the year ended December 31, 2024 were an increase of 60,708,200 shares due to the purchase of treasury stock by resolution of the Board of Directors and a decrease of 127,531,100 shares due to the cancellation of treasury stock by resolution of the Board of Directors and a decrease of 63,710 shares due to delivery of the Company's stock by the Board Incentive Plan (BIP) Trust for remuneration for directors (and other officers).

(4) Capital surplus

The Companies Act stipulates that at least one-half of the payment or delivery of issuance of shares shall be incorporated in common stock, and the remainder shall be incorporated into additional paid-in capital included in capital surplus. In addition, under the Companies Act, additional paid-in capital may also be incorporated into common stock by resolution of the General Meeting of Shareholders.

(5) Retained earnings

The Companies Act provides that 10% of distributions of retained earnings shall be accumulated as additional paid-in capital or as legal reserves until the aggregate amount of the additional paid-in capital and the legal reserve equals 25% of common stock. The accumulated legal reserve can be used to cover losses. In addition, the legal reserve may be reversed by resolution of the General Meeting of Shareholders.

(6) Other components of equity

[1] Exchange differences on translation of foreign operations
Exchange differences arise from the consolidation of financial statements of foreign operations prepared in currencies other than Japanese yen, which is the presentation currency of the Group's consolidated financial statements.

[2] Cash flow hedges
This is the effective portion of the change of the hedging instrument in cash flow hedges.

[3] Financial assets measured at FVOCI
These are the changes in fair value of financial assets measured at FVOCI.

[4] Remeasurement gains (losses) on defined benefit plans
The effect of differences between the actuarial assumptions at the beginning of the year and actual experience, and the effect of changes in actuarial assumptions. These are recognized in other comprehensive income as incurred and transferred immediately from accumulated other comprehensive income to retained earnings.

23. Dividends

Dividends paid are as follows:

For the year ended December 31, 2023

Resolutions	Type of share	Cash dividends paid (Millions of yen)	Cash dividends per share (Yen)	Record date	Effective date
March 28, 2023 Ordinary General Meeting of Shareholders	Common stock	41,820	32	December 31,2022	March 29, 2023
	Class A Stock	0	12,800	December 31,2022	March 29, 2023
August 9, 2023 Board of Directors Meeting	Common stock	48,355	37	June 30, 2023	September 1, 2023
	Class A Stock	0	14,800	June 30, 2023	September 1, 2023

Notes:
1. The total amount of dividends (common stock) resolved at the Ordinary General Meeting of Shareholders on March 28, 2023 include dividends of ¥29 million for shares held by the Board Incentive Plan (BIP) Trust for remuneration for directors (and other officers).
2. The total amount of dividends (common stock) resolved at the Board of Directors Meeting on August 9, 2023 include dividends of ¥33 million for shares held by the Board Incentive Plan (BIP) Trust for remuneration for directors (and other officers).

For the year ended December 31, 2024

Resolutions	Type of share	Cash dividends paid (Millions of yen)	Cash dividends per share (Yen)	Record date	Effective date
March 26, 2024 Ordinary General Meeting of Shareholders	Common stock	46,588	37	December 31, 2023	March 27, 2024
	Class A Stock	0	14,800	December 31, 2023	March 27, 2024
August 8, 2024 Board of Directors Meeting	Common stock	53,690	43	June 30, 2024	September 2, 2024
	Class A Stock	0	17,200	June 30, 2024	September 2, 2024

Notes:
1. The total amount of dividends (common stock) resolved at the Ordinary General Meeting of Shareholders on March 26, 2024 include dividends of ¥32 million for shares held by the Board Incentive Plan (BIP) Trust for remuneration for directors (and other officers).
2. The total amount of dividends (common stock) resolved at the Board of Directors Meeting on August 8, 2024 include dividends of ¥35 million for shares held by the Board Incentive Plan (BIP) Trust for remuneration for directors (and other officers).

Dividends whose effective dates are in the year ending December 31, 2025 are as follows:

For the year ended December 31, 2024

Resolutions	Type of share	Cash dividends paid (Millions of yen)	Cash dividends per share (Yen)	Record date	Effective date
March 28, 2025 Ordinary General Meeting of Shareholders	Common stock	51,532	43	December 31, 2024	March 31, 2025
	Class A Stock	0	17,200	December 31, 2024	March 31, 2025

Note: The total amount of dividends (common stock) include dividends of ¥35 million for shares held by the Board Incentive Plan (BIP) Trust for remuneration for directors (and other officers).

24. Share-based remuneration transactions

(1) Details of share-based remuneration plans

In 2018, the Company introduced a stock-based remuneration system for Directors, etc. with the aim of increasing the incentive for Directors, etc. to contribute to the medium- to long-term improvement of the corporate value of the Company by making clear the link between the remuneration of Directors, etc. and the Company's stock price. In the introduction of the System, a structure called "the Board Incentive Plan Trust" shall be adopted.

(1) Outline of the System
"The Board Incentive Plan Trust" is a system in which shares of the Company acquired by the trust and an amount of money equivalent to the proceeds from the disposal of shares of the Company are delivered and provided to the Directors, etc. in general at the time of their retirement, according to their positions and other factors. This system is accounted for as equity-settled share-based compensation.

(2) Shares of the Company that remain in the trust
Shares of the Company that remain in the trust are recorded as treasury stock in the consolidated statement of financial position with the carrying value of the trust. The carrying amounts and number of treasury stock as of December 31, 2023 and December 31, 2024 were ¥1,330 million and 891,560 shares and ¥1,235 million and 827,850 shares, respectively.

(2) Number of granted points and fair value

The compensation for received services is measured at the fair value of the Company shares as of the grant date, and is considered as expenses during the right vesting period. The same amount thereof is considered as an increase in equity. The fair value of points granted during the years ended December 31, 2023 and December 31, 2024 approximates the share price on the date of grant, so the share price on the date of grant is used. Expenses recorded in relation to share-based remuneration plans during the years ended December 31, 2023 and December 31, 2024 were ¥205 million and ¥200 million, respectively.

The number of points granted during the period and the fair value per point at the measurement date are as follows:

	For the year ended December 31, 2023	For the year ended December 31, 2024
Number of points granted during the period	116,546	130,734
Fair value per point (Yen)	1,767	1,533

25. Revenue

(1) Disaggregation of revenue

The main products and their relationship to revenue for each reportable segment are as follows:
The change in reportable segments has been made from the year ended December 31, 2024 and revenue for the year ended December 31, 2023 has also been restated to reflect this change.

For the year ended December 31, 2023

(Millions of yen)

	Reportable segment			Other	Total
	Oil & Gas Japan	Oil & Gas Overseas			
		Ichthys Project	Other Projects		
Crude oil	4,539	144,859	1,448,005	14,192	1,611,597
Natural gas (excluding LPG)	221,189	228,313	77,040	181	526,724
LPG	—	—	2,968	4,978	7,947
Other	20,048	—	250	125	20,424
Revenue from contracts with customers	245,777	373,173	1,528,264	19,478	2,166,694
Other revenue *	1,162	—	—	(3,339)	(2,177)
Revenue from external customers	246,940	373,173	1,528,264	16,138	2,164,516

Note: "Other revenue" mainly includes grants, rental income in accordance with IFRS 16 "Leases," and gains or losses on hedges arising from derivative transactions in accordance with IFRS 9 "Financial Instruments."

For the year ended December 31, 2024

(Millions of yen)

	Reportable segment			Other	Total
	Oil & Gas Japan	Oil & Gas Overseas			
		Ichthys Project	Other Projects		
Crude oil	3,725	150,739	1,544,937	12,059	1,711,461
Natural gas (excluding LPG)	193,154	222,523	109,591	283	525,553
LPG	—	—	3,199	4,253	7,452
Other	20,447	—	193	237	20,877
Revenue from contracts with customers	217,327	373,263	1,657,921	16,833	2,265,345
Other revenue *	(373)	—	—	865	492
Revenue from external customers	216,953	373,263	1,657,921	17,699	2,265,837

Note: "Other revenue" mainly includes grants, rental income in accordance with IFRS 16 "Leases," and gains or losses arising from derivative transactions in accordance with IFRS 9 "Financial Instruments." These derivative transactions are conducted to mitigate price fluctuation risks associated with certain crude oil sales transactions. Since the gains or losses from these transactions are settled on a net basis, the net amount of derivative gains or losses is included in revenue.

(2) Contract balance

	As of January 1, 2023	As of December 31, 2023	As of December 31, 2024
			(Millions of yen)
Receivables from contracts with customers			
Notes and accounts receivable-trade	250,752	195,577	244,755
Contract liabilities	6,143	5,337	6,002

Contract liabilities are mainly advances received in advance of performance under a contract and utilised upon recognition of revenue. The amounts of revenue recognized that were included in the contract liability balance at the beginning of the year for the years ended December 31, 2023 and December 31, 2024 were ¥1,876 million and ¥288 million, respectively.
The amount of revenue (e.g., change in transaction price) recognized in the year ended December 31, 2024 from performance obligations satisfied in prior periods is not material.
In the consolidated statement of financial position, notes and accounts receivable-trade are included in "Trade and other receivables," and contract liabilities are included in "Other current liabilities."

(3) Transaction price allocated to remaining performance obligations

The Group applies the practical expedient in IFRS 15 "Revenue from Contracts with Customers," paragraph 121 in respect of the transaction price allocated to remaining performance obligations, and does not disclose information regarding remaining performance obligations with an original expected duration of one year or less.
The total transaction price allocated to remaining performance obligations and the periods over which revenue is expected to be recognized are as follows, and these performance obligations are primarily related to long-term supply contracts for natural gas.

(Millions of yen)

	As of December 31, 2023	As of December 31, 2024
1 year or less	98,649	87,977
More than 1 year and up to 5 years	253,041	168,350
More than 5 years	190,561	130,480
Total	542,253	386,809

26. Selling, general and administrative expenses

The breakdown of selling, general and administrative expenses is as follows:

(Millions of yen)

	For the year ended December 31, 2023	For the year ended December 31, 2024
Employee costs	34,542	39,841
Depreciation and amortization	12,277	13,076
Research and development expenses	3,559	35,663
Taxes and dues	7,366	7,305
Transportation costs	16,549	16,209
Other	21,452	22,415
Total	95,747	134,512

Total research and development expenses charged to cost of sales and general and administrative expenses during the years ended December 31, 2023 and December 31, 2024 were ¥3,564 million and ¥35,673 million, respectively.

27. Other operating income and other operating expenses

The breakdown of other operating income is as follows:

(Millions of yen)

	For the year ended December 31, 2023	For the year ended December 31, 2024
Gain on transfer of participating interests	—	15,497
Foreign exchange gain	—	7,434
Other	25,094	12,900
Total	25,094	35,832

The breakdown of other operating expenses is as follows:

(Millions of yen)

	For the year ended December 31, 2023	For the year ended December 31, 2024
Impairment loss *	100,890	21,704
Foreign exchange loss	10,796	—
Other	12,395	9,833
Total	124,081	31,537

Note: "Impairment loss" consists of impairment loss on oil and gas assets and does not include impairment loss on investments accounted for using equity method. Please refer to "16. Impairment of non-financial assets" for details.

28.Finance income and finance costs

The breakdown of finance income is as follows:

(Millions of yen)

	For the year ended December 31, 2023	For the year ended December 31, 2024
Interest income		
Financial assets measured at amortized cost	94,413	120,022
Debt financial assets measured at FVOCI	1,095	4,615
Dividend income		
Equity financial assets measured at FVOCI	4,283	5,720
Gain on subsequent measurement of financial assets *	116,507	14,813
Other	1,011	4,319
Total	217,310	149,491

Note: In the "Oil & Gas Overseas - Ichthys Project" segment, the gain arising from changes in terms of financial assets measured at amortized cost without derecognition and revisions to the estimated future cash flows is recorded as "Gain on subsequent measurement of financial assets" in accordance with IFRS 9 "Financial Instruments."

The breakdown of finance costs is as follows:

(Millions of yen)

	For the year ended December 31, 2023	For the year ended December 31, 2024
Interest expense		
Financial liabilities measured at amortized cost	62,052	77,631
Asset retirement obligations	12,126	14,881
Loss on valuation of derivatives *	581	21,849
Other	3,355	8,106
Total	78,116	122,469

Note: As described in "31. Financial instruments (1)Financial risk management [3]Market risk (ii)Interest rate risk," the Group uses derivative transactions, such as interest rate swaps, to mitigate the impact related to changes in asset retirement obligations on the consolidated statement of profit or loss resulting from changes in asset retirement obligations, and includes valuation losses on such derivative instruments.

29.Other comprehensive income

Amounts recognized during the period and reclassification adjustments to profit or loss for each item in other comprehensive income and the impact of income taxes are as follows:

(Millions of yen)

	For the year ended December 31, 2023	For the year ended December 31, 2024
Financial assets measured at FVOCI		
Amount recognized during the period	4,617	(936)
Amount of reclassification adjustments	(45)	—
Amount of income taxes	(2,321)	(1,503)
Net of taxes	2,251	(2,440)
Remeasurement gains (losses) on defined benefit plans		
Amount recognized during the period	(1,755)	(888)
Amount of income taxes	349	705
Net of taxes	(1,406)	(183)
Cash flow hedges		
Amount recognized during the period	(6,229)	(4,007)
Amount of reclassification adjustments	6,610	1,630
Amount of income taxes	(42)	—
Net of taxes	337	(2,376)
Exchange differences on translation of foreign operations		
Amount recognized during the period	282,472	514,117
Amount of reclassification adjustments	3,247	(4,473)
Amount of income taxes *	—	(50,000)
Net of taxes	285,720	459,643
Share of other comprehensive income of investments accounted for using equity method		
Amount recognized during the period	21,214	13,462
Amount of reclassification adjustments	(23,748)	(24,247)
Net of taxes	(2,533)	(10,785)
Total other comprehensive income	284,369	443,857

Note: Income taxes on “Exchange differences on translation of foreign operations” pertains to income tax expense related to translation adjustments arising from the translation of financial statements of foreign operations, as described in “3. Material accounting policies, (2) Foreign currency translation, [2] Translation of foreign operations.” Among these, the portion related to exchange differences on translation of foreign operations that were deemed zero on the IFRS transition date constitutes an item that will not be reclassified to profit or loss, amounting to ¥(17,709) million for the year ended December 31, 2024.

30.Earnings per share

Basic and diluted earnings per share are calculated based on the following:

	For the year ended December 31, 2023	For the year ended December 31, 2024
Profit attributable to owners of parent (Millions of yen)	321,708	427,344
Profit not attributable to common stock of parent		
Dividends on Class A stock (Millions of yen)	(0)	(0)
Profit used to calculate basic earnings per share (Millions of yen)	321,708	427,344
Profit adjustments (Millions of yen)	–	—
Profit used to calculate diluted earnings per share (Millions of yen)	321,708	427,344
Average number of shares of common stock during the period (Shares)	1,294,325,142	1,237,578,149
Effect of dilutive potential shares of common stock		
Board Incentive Plan Trust (Shares)	897,292	848,454
Average number of dilutive shares (Shares)	1,295,222,434	1,238,426,603
Basic earnings per share (Yen)	248.55	345.31
Diluted earnings per share (Yen)	248.38	345.07

Note: The Company's shares (common stock) held by the Board Incentive Plan Trust are recognized as treasury stock, and thus the number of shares is deducted from the average number of shares of common stock during the period when calculating basic earnings per share and diluted earnings per share.

31. Financial instruments

(1) Financial risk management

The Group raises funds for the acquisition and development of oil, natural gas, renewable energy, and other projects as well as the construction of natural gas infrastructure primarily from cash flow on hand, bank loans and issuance of bonds. The development financing of oil and natural gas projects is primarily funded from long-term loans that the Group has secured from Japan Bank for International Cooperation, Japanese commercial banks and others. Japan Organization for Metals and Energy Security has provided guarantees for the principal on certain outstanding amounts of the Group's long-term loans, as appropriate. Development Bank of Japan Inc., Japanese commercial banks and others have provided long-term loans for the construction of domestic gas infrastructure. Funding for the acquisition and development of renewable energy projects, etc. is also procured through project financing and green financing. The Group generally borrows loans from banks with variable interest rates and issues bonds with fixed rates, while some loans are with a fixed interest rate based on appropriate judgments, depending on the nature of each project, market trends, and other factors.
Regarding the financing policy, the Group manages funds in consideration of being low-risk and high-liquidity. The Group uses derivative transactions only to hedge and manage risks of forecasted transactions and portfolio assets, and does not engage in speculative derivative transactions.

[1] Credit risk

Trade receivables such as notes and 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.
There is no significant credit risk exposure to specific counterparties, and there is no excessive concentration of credit risk that requires special management.
The carrying amount of financial assets shown in the consolidated financial statements is the maximum exposure to credit risk of the Group's financial assets. With respect to debt guarantees, the balance of debt guarantees listed in "38. Contingent liabilities" is the maximum exposure of the Group's credit risk.
Regarding exposure to these credit risks, there are no properties held as collateral or other credit enhancements.

The Group calculates allowance for doubtful accounts by classifying them into trade receivables and non-trade receivables.
If it is determined that all or part of any debt cannot be collected or collection is extremely difficult, the debt will be deemed to be in default.
In addition, if it is determined that the cause of a payment delay is not due to temporary funding needs but to serious financial difficulties of the debtor, and the collectability of the debt is judged to be of particular concern, credit impairment is considered to have occurred.

The expected credit loss is the present value of the difference between the contractual cash flows that the Group should receive under the contract and the cash flows that the Group expects to receive. Under the basic approach, if the credit risk of a financial asset has increased significantly since initial recognition, the allowance for doubtful accounts for the financial asset is measured at an amount equal to the lifetime expected credit loss, and if the credit risk has not increased significantly, it is measured at an amount equal to 12 months of the expected credit loss.
Notwithstanding the above, for trade receivables that do not contain significant financing components, the

allowance for doubtful accounts is measured at an amount equal to the expected credit loss for the entire period (simplified approach), but no allowance for doubtful accounts is recorded taking into consideration historical performance rates.

Changes in allowance for doubtful accounts are as follows:

(Millions of yen)

	Measured at an amount equal to 12-month expected credit loss	Measured at an amount equal to the expected credit loss for the entire period			Total
		Financial assets that are not credit impaired	Credit-impaired financial assets	Trade receivables	
As of January 1, 2023	–	–	13,645	—	13,645
Recognition	–	–	954	—	954
Amounts utilized (purposeful use)	–	–	—	—	—
Unused amounts reversed	–	–	—	—	—
As of December 31, 2023	–	–	14,600	—	14,600
Recognition	–	–	1,619	—	1,619
Amounts utilized (purposeful use)	–	–	—	—	—
Unused amounts reversed	–	–	—	—	—
As of December 31, 2024	–	–	16,220	—	16,220

No allowance for doubtful accounts recorded at an amount equal to the 12-month expected credit loss. In the year ended December 31, 2023, no collection activities are ongoing for financial assets that have been directly depreciated.

Expected credit losses on financial assets are evaluated individually, taking into account past credit loss performance and forecasts of future economic conditions. The carrying amounts of financial assets subject to allowance for doubtful accounts are as follows, and the credit risk ratings of financial assets within the same category are generally the same.

(Millions of yen)

	Measured at an amount equal to 12-month expected credit loss	Measured at an amount equal to the expected credit loss for the entire period			Total
		Financial assets that are not credit impaired	Credit-impaired financial assets	Trade receivables	
As of December 31, 2023	1,618,618	—	14,600	232,017	1,865,237
As of December 31, 2024	1,716,282	—	16,220	267,476	1,999,979

There were no significant changes in the carrying amounts in aggregate that would affect the change in allowance for doubtful accounts for the years ended December 31, 2023 and December 31, 2024.

[2] Liquidity risk

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.

The balances of financial liabilities by maturity are as follows:

As of December 31, 2023

(Millions of yen)

	Carrying amount	Contractual amount	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
Non-derivative financial liabilities						
Bonds and borrowings	1,056,982	1,253,019	212,147	621,049	292,759	127,063
Lease liabilities	88,465	111,413	24,460	38,123	16,338	32,490
Other	225,368	225,368	225,257	21	—	90
Derivative financial liabilities						
Currency derivatives	846	846	830	15	—	—
Commodity derivatives	66	66	66	—	—	—
Total	1,371,730	1,590,714	462,762	659,210	309,097	159,644

As of December 31, 2024

(Millions of yen)

	Carrying amount	Contractual amount	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
Non-derivative financial liabilities						
Bonds and borrowings	1,063,912	1,246,739	237,239	688,844	219,877	100,778
Lease liabilities	73,568	95,415	20,344	28,902	14,319	31,849
Other	206,639	206,639	205,882	666	—	90
Derivative financial liabilities						
Currency derivatives	9,476	9,476	9,476	—	—	—
Interest rate derivatives	20,794	20,794	13,084	7,709	—	—
Total	1,374,390	1,579,065	486,026	726,123	234,197	132,718

[3] Market risk

(i) Foreign exchange risk

Many of the Group's companies operate overseas, and the functional currency of each company is determined based on the currency of the primary economic environment in which the company operates. Therefore, the Group's foreign exchange risk arises from transactions denominated in currencies other than the functional currency of each company. The Group strives to reduce foreign exchange risk by taking into account the balance of assets and liabilities denominated in currencies other than the functional currency of each company, balancing them across the Group. In addition, the Group hedges foreign exchange risks of receivables and payables denominated in currencies other than the functional currency of each company and scheduled transactions that are expected to occur in the future by using forward exchange contracts and other derivative transactions, taking into account that foreign exchange risks arising from these may be offset in the future.

Regarding financial instruments held by the Group at the end of each fiscal year, if the yen depreciates 1% against the U.S. dollar, the impact on "Profit before tax" in the consolidated statement of profit or loss is as follows. The effects of translating financial instruments denominated in the functional currencies and the assets, liabilities, income and expenses of foreign operations into Japanese yen are not included. In addition, it is assumed that other fluctuation factors remain constant.

(Millions of yen)

	As of December 31, 2023	As of December 31, 2024
Profit before tax	473	(423)

(ii) Interest rate risk

The Group is exposed to interest rate risk arising from variable rate loans and borrowings primarily related to oil, natural gas, renewable energy and other business, and increases in interest rate levels may have a negative impact on the Group's operating results. The Group regularly analyzes the impact of interest rate fluctuations and provides measures to reduce interest rate risk, including derivative transactions such as interest rate swaps. However, the provided measures do not cover all of the interest rate risks of the Group and do not completely eliminate the impact of interest rate fluctuations.

Regarding financial instruments affected by interest rate fluctuations held by the Group at the end of each fiscal year, if the interest rate increases by 1%, the impact on "Profit before tax" in the consolidated statement of profit or loss is as follows. It is assumed that other variable factors remain constant. This includes the values of interest rate swaps and other items aimed at mitigating the impact of changes in asset retirement obligations on the consolidated statement of profit or loss, as described in "3. Material accounting policies, (4) Financial instruments, [3] Derivatives and hedge accounting," "3. Material accounting policies, (15) Provisions," and "28. Finance income and finance costs." Changes in asset retirement obligations recognized at the end of the fiscal year due to a change in the discount rate, etc. are immediately recognized in profit or loss if the carrying amount of the corresponding asset retirement costs is zero, and are presented as cost of sales in the consolidated statement of profit or loss. In addition, even if the change is recorded as an adjustment to the asset retirement costs that has a carrying value, if it is determined that the related deferred tax asset is not recoverable, an income tax expense related to the taxable temporary differences is recognized immediately in relation to the increase or decrease. Gains and losses on these derivatives are recorded under finance income and finance costs, thereby reducing fluctuations in profit attributable to owners of parent.

(Millions of yen)

	As of December 31, 2023	As of December 31, 2024
Profit before tax	5,182	(15,773)

(iii) Fluctuation risks of commodity price

Sales price of oil and natural gas is exposed to fluctuation risks of commodity price. The Group hedges fluctuation risks of commodity price by conducting derivative transactions, such as commodity swaps and options, within the scope of actual demand, as necessary.
Although derivative transactions, such as commodity swaps and options, are subject to risk of commodity price fluctuations, such risk is offset by risk of commodity price fluctuations associated with applicable physical goods. As such, there was a limited impact on “Profit before tax” in the consolidated statement of profit or loss.

(iv) Fluctuation risks of market price related to securities

For marketable securities and investment securities held by the Group and exposed to fluctuation risks of market price, analysis of stock prices and other information 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. Regarding bonds, the Group mainly holds bonds with short maturities, taking into consideration medium- to long-term capital expenditure projections and market price fluctuation risk.
The Group’s exposure to market price fluctuation risk (carrying amount) is as follows:

(Millions of yen)

	As of December 31, 2023	As of December 31, 2024
Marketable equity financial instruments	23,836	24,969

The impact on “Financial assets measured at FVOCI” in the consolidated statement of comprehensive income when there is a 10% decrease in the market price of equity financial instruments held by the Group at the end of each fiscal year is as follows. It is assumed that other variable factors remain constant.

(Millions of yen)

	As of December 31, 2023	As of December 31, 2024
Other comprehensive income, before tax	(2,383)	(2,496)

(2) Derivative financial instruments and hedge accounting

The Group uses interest rate and currency swaps, foreign exchange forward contracts, commodity swaps, and commodity options to hedge foreign currency risk, interest rate risk, and commodity price fluctuation risk.
Execution and management of the above derivative transactions are carried out in accordance with internal rules, and for derivatives exposed to market price fluctuation risk, the monthly transaction status including market value is regularly reported to the Executive Committee. The use of derivatives is limited to transactions generally with highly rated financial institutions so as to reduce counterparty risk. In addition, derivative transactions are limited to the scope of actual demand, and the Group does not engage in speculative derivative transactions.

Derivative assets and derivative liabilities are recorded in “Other financial assets” and “Other financial liabilities” in the consolidated statement of financial position, respectively.

[1] Currency related

Foreign exchange forward contracts and interest rate and currency swaps used to hedge foreign currency exchange risk and interest rate risk are designated as cash flow hedges. In the years ended December 31, 2023 and December 31, 2024, hedge ineffectiveness has not occurred.

[2] Commodity related

Commodity swaps used to hedge fluctuation risks of commodity price are designated as cash flow hedges. Because the conditions between the hedged item and the hedging instrument do not completely match, the differences in the conditions may result in hedge ineffectiveness. In the years ended December 31, 2023 and December 31, 2024, hedge ineffectiveness has not been material.

The details of the hedging instrument are as follows:

As of December 31, 2023

(Millions of yen)

	Contract amounts	More than 1 year	Fair value		Average price or average rate	
			Assets	Liabilities		
Currency related						
Foreign exchange forwards						
Sell / USD and Buy / AUD	32,684	–	–	265	0.69	USD / AUD

As of December 31, 2024

(Millions of yen)

	Contract amounts	More than 1 year	Fair value		Average price or average rate	
			Assets	Liabilities		
Currency related						
Foreign exchange forwards						
Sell / USD and Buy / AUD	104,570	43,401	183	4,113	0.65	USD / AUD
Commodity related						
Commodity swap						
Receive / floating and pay / fixed	5,668	—	270	—	14.31	USD / MMBtu

Accumulated other comprehensive income related to cash flow hedges is as follows. There is no accumulated other comprehensive income related to cash flow hedges arising from hedging relationships for which hedge accounting has been discontinued.

(Millions of yen)

	As of December 31, 2023	As of December 31, 2024
Currency related		
Foreign exchange forwards	(185)	(2,750)
Interest-rate-related		
Interest rate swaps	31,358	22,263
Commodity related		
Commodity swaps	(947)	(2,449)
Total	30,224	17,062

The impact (before tax) of applying hedge accounting on the consolidated statement of profit or loss and consolidated statement of comprehensive income is as follows:

(Millions of yen)

	For the year ended December 31, 2023		For the year ended December 31, 2024	
	Change in value of hedging instruments recognized in other comprehensive income	Amount reclassified from accumulated other comprehensive income related to cash flow hedges to profit or loss	Change in value of hedging instruments recognized in other comprehensive income	Amount reclassified from accumulated other comprehensive income related to cash flow hedges to profit or loss
Currency related				
Foreign exchange forwards	(967)	850	(3,828)	1,263
Interest rate currency swaps	(15)	267	—	—
Commodity related				
Commodity swaps	(5,247)	5,492	(178)	366
Total	(6,229)	6,610	(4,007)	1,630

Currency-related reclassification adjustments are included in "Other operating income" and "Other operating expenses" in the consolidated statement of profit or loss. Commodity-related reclassification adjustments are included in "Revenue" and "Cost of sales" in the consolidated statement of profit or loss.
No reclassification adjustments were made due to discontinuation of hedging activities.

(3) Fair value of financial instruments

Fair value measurements for financial instruments measured at fair value are categorized from Level 1 to Level 3 according to the observability and materiality of inputs used in the measurement.

Level 1: Market value of identical assets or liabilities in active markets
Level 2: Fair value calculated using directly or indirectly observable inputs other than Level 1
Level 3: Fair value calculated using valuation techniques that include unobservable inputs

[1] Fair value calculation method
The method for calculating the fair value of financial instruments is as follows:

(Cash and cash equivalents, trade and other receivables, and trade and other payables)
Since these items are settled in a short period of time and their fair value is almost the same as the carrying value, the relevant carrying value is used.

(Loans receivable)
For short-term loans receivable, the relevant carrying value is used since the item is settled in a short period of time and its fair value is almost the same as the carrying value.
The fair value of long-term loans receivable is calculated using the discounted present value method based on the interest rate that would be applicable to a new similar loan for the total amount of principal and interest. This valuation technique uses the discount rate as a significant unobservable input and is categorized as Level 3.

(Other financial assets and other financial liabilities)
The fair values of listed stocks, national government bonds and listed investment trusts are determined based on quoted market prices at the end of the fiscal year and categorized as Level 1.
Bonds payable are categorized as Level 2 because their fair value is calculated based on prices quoted by financial institutions, etc., which are not considered quoted prices in active markets.
The fair value of unlisted stocks is calculated using the comparable multiple valuation method. This valuation technique uses illiquidity discounts as significant unobservable inputs and is categorized as Level 3.
Among derivatives, the fair values of currency-related transactions and interest-rate-related transactions are determined based on prices quoted by counterparty financial institutions, and the fair values of commodity-related transactions are determined based on futures market prices. Since neither of these are considered quoted prices in active markets, they are categorized as Level 2.

(Bonds and borrowings)
For short-term borrowings and commercial papers, the relevant carrying value is used since the item is settled in a short period of time and its fair value is almost the same as the carrying value.
The fair value of bonds payable is calculated based on Reference Statistical Prices (Yields) for OTC Bond Transactions issued by Japan Securities Dealers Association. The fair value of long-term borrowings is calculated using the discounted present value method based on the interest rate that would be applicable to a new similar loan for the total amount of principal and interest. Both are categorized as Level 2 because the fair values are calculated using observable market data.

The Group recognizes transfers between levels of these assets and liabilities at the end of each quarter.

[2] Financial instruments measured at amortized cost

The carrying amounts and fair values of financial instruments measured at amortized cost are as follows. Items whose carrying amount and fair value approximate or are equal to each other due to short term to maturity or settlement are not included.

(Millions of yen)

	As of December 31, 2023		As of December 31, 2024	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets measured at amortized cost				
Loans receivable *				
Long-term loans receivable	1,306,529	1,306,529	1,432,799	1,432,799
Total	1,306,529	1,306,529	1,432,799	1,432,799
Financial liabilities measured at amortized cost				
Bonds and long-term borrowings				
Bonds payable	30,000	29,239	30,000	28,837
Long-term borrowings	999,623	986,830	947,700	931,745
Total	1,029,623	1,016,069	977,700	960,582

Note: "Loans receivable" include loans receivable to Ichthys LNG Pty Ltd, which is a joint venture, and the carrying amounts as of December 31, 2023 and December 31, 2024 were ¥1,333,010 million and ¥1,467,403 million, respectively. Of these, the carrying amounts of long-term loans receivable were ¥1,293,985 million as of December 31, 2023 and ¥1,422,845 million as of December 31, 2024. As described in "6. Business combination," during the year ended December 31, 2024, the Group acquired a 1.575% participating interest in the Ichthys LNG Project held by Tokyo Gas through its Australian project subsidiary, and the amount above includes the portion of loans assumed to Ichthys LNG Pty Ltd in connection with this transaction.

[3] Financial instruments measured at fair value

The fair value hierarchy of financial instruments measured at fair value are as follows:

As of December 31, 2023

(Millions of yen)

	Level 1	Level 2	Level 3	Total
Financial assets measured at FVPL				
Other financial assets				
Derivative assets	ー	8,162	ー	8,162
Financial assets measured at FVOCI				
Other financial assets				
Stock	13,054	ー	21,220	34,274
Bonds	120,871	20,251	ー	141,122
Other	10,782	ー	ー	10,782
Total	144,707	28,413	21,220	194,342
Financial liabilities measured at FVPL				
Other financial liabilities				
Derivative liabilities	ー	913	ー	913
Total	ー	913	ー	913

As of December 31, 2024

(Millions of yen)

	Level 1	Level 2	Level 3	Total
Financial assets measured at FVPL				
Other financial assets				
Derivative assets	ー	6,988	ー	6,988
Financial assets measured at FVOCI				
Other financial assets				
Stock	14,804	ー	20,673	35,478
Bonds	135,104	34,813	ー	169,918
Other	10,164	ー	ー	10,164
Total	160,074	41,802	20,673	222,550
Financial liabilities measured at FVPL				
Other financial liabilities				
Derivative liabilities	ー	30,270	ー	30,270
Total	ー	30,270	ー	30,270

There were no significant transfers in fair value between Levels 1 and 2 for the years ended December 31, 2023 and December 31, 2024.

[4] Valuation process

For financial instruments categorized as Level 3, an outside valuation expert or appropriate valuation person in charge conducts a valuation and analysis of the valuation results in accordance with the valuation policy and procedures approved by the head of Business Administration. The valuation results are reviewed and approved by the head of Business Administration.

[5] Quantitative information about financial instruments categorized as Level 3

Quantitative information about financial instruments categorized as Level 3 (equity financial assets measured at FVOCI) are as follows:

As of December 31, 2023

Category	Valuation technique	Unobservable inputs	Range
Financial assets measured at FVOCI	Comparable company analysis method	Illiquidity discount	30%

As of December 31, 2024

Category	Valuation technique	Unobservable inputs	Range
Financial assets measured at FVOCI	Comparable company analysis method	Illiquidity discount	30%

Fair value increases (decreases) due to a decrease (an increase) in the illiquidity discount. The expected increase or decrease in fair value if unobservable inputs were changed to reasonably possible alternative assumptions is not material.

[6] Change in financial instruments categorized as Level 3

Changes in financial instruments categorized as Level 3 (equity financial assets measured at FVOCI) from the beginning of the year to the end of the year are as follows:

(Millions of yen)

	For the year ended December 31, 2023	For the year ended December 31, 2024
At beginning of the year	17,204	21,220
Gains or losses recognized in other comprehensive income	3,326	(287)
Purchases	801	500
Sales	(112)	(499)
Other	―	(259)
At end of the year	21,220	20,673

Gains and losses recognized in other comprehensive income are recorded in “Financial assets measured at FVOCI” in the consolidated statement of comprehensive income.

(4) Equity financial assets measured at FVOCI

The Group designates shares held mainly for the purpose of maintaining good business relationships, promoting smooth business operations and creating business opportunities as equity financial assets measured at FVOCI.
The main marketable bond names and fair values of equity financial assets measured at FVOCI are as follows:

(Millions of yen)

Bond name	As of December 31, 2023	As of December 31, 2024
Japan Petroleum Exploration Co., Ltd.	7,472	8,093
Tokyo Gas Co., Ltd.	3,687	4,977
JGC Holdings Corporation	1,125	909

Equity financial assets measured at FVOCI that do not have quoted prices in active markets primarily comprised investments in oil and natural gas-related businesses. As of December 31, 2023 and December 31, 2024, the carrying amounts were ¥21,220 million and ¥20,673 million, respectively.

To improve asset efficiency and review business relationships, the Group derecognizes certain equity financial assets measured at FVOCI by selling them, etc.
The fair value at the time of derecognition, the cumulative gain (loss), and the dividend income for each fiscal year are as follows:

(Millions of yen)

For the year ended December 31, 2023			For the year ended December 31, 2024		
Fair value	Cumulative gain (loss)	Dividend income	Fair value	Cumulative gain (loss)	Dividend income
8,383	(3,590)	360	759	143	—

When equity financial assets measured at FVOCI are derecognized, the cumulative gain (loss) recognized in other comprehensive income is transferred to retained earnings. Cumulative gain (loss), net of tax, of other comprehensive income transferred to retained earnings during the years ended December 31, 2023 and December 31, 2024 were ¥(5,594) million and ¥118 million, respectively.

(5) Transfer of financial instruments

The Group engages in unsecured bond lending transactions for a portion of the bonds it holds. In unsecured bond lending transactions, the Group has the right to receive interest equivalents generated from the bonds and bears the risk of price fluctuations of the bonds and counterparty risk. These bonds do not meet the criteria for derecognition of financial assets, and therefore, they remain recognized. These bonds are recorded as “Other financial assets” in the consolidated statement of financial position amounting to ¥46,430 million for the year ended December 31, 2024.

32. Pledged assets

The Group pledges assets as collateral under the loan agreements in relation to the project finance agreement in which Ichthys LNG Pty Ltd, which is a joint venture, is the borrower. The assets of the Group pledged as collateral are as follows:

(Millions of yen)

	As of December 31, 2023	As of December 31, 2024
Cash and cash equivalents	27,171	32,902
Trade and other receivables	23,348	28,955
Inventories	23,740	17,598
Other current assets	1,729	10,836
Oil and gas assets	1,676,625	1,843,915
Intangible assets	2,072	10,692
Investments accounted for using equity method	533,304	708,238
Loans receivable (non-current)	1,145,513	1,300,103
Other non-current assets	2,505	2,698
Total	3,436,010	3,955,941

For the financial liabilities of Ichthys LNG Pty Ltd, including borrowings based on the project finance agreement, please refer to the company’s condensed financial statements in “34. Investments accounted for using equity method.”

Assets pledged by the Group as collateral for loan agreements other than the project finance agreement are as follows:

(Millions of yen)

	As of December 31, 2023	As of December 31, 2024
Cash and cash equivalents	1,651	2,745
Other financial assets (current)	183	160
Investments accounted for using equity method	31,607	35,573
Loans receivable (non-current)	5,112	5,267
Other financial assets (non-current)	—	1,123
Total	38,554	44,870

33. Material subsidiaries and joint operations

(1) Major subsidiaries

Number of subsidiaries as of December 31, 2024: 73

Names of major subsidiaries:
INPEX JAPAN, LTD, Japan Oil Development Co., Ltd., INPEX Alpha, Ltd., INPEX Sahul, Ltd., INPEX Southwest Caspian Sea, Ltd., JODCO Onshore Limited, JODCO Lower Zakum Limited, INPEX North Caspian Sea, Ltd., INPEX Browse, Ltd., INPEX Holdings Australia Pty Ltd, INPEX Ichthys Pty Ltd, INPEX Oil & Gas Australia Pty Ltd, INPEX MASELA, Ltd., INPEX FINANCIAL SERVICES SINGAPORE PTE. LTD., INPEX Norway Co., Ltd., and INPEX Idemitsu Norge AS

(2) Subsidiaries with material non-controlling interests

The Group does not have subsidiaries with material non-controlling interests.

(3) Joint operations

The Group is involved in the upstream oil and natural gas business via its wholly-owned INPEX Ichthys Pty Ltd, with a 67.82% interest in the Ichthys Gas-Condensate Field (WA-50-L/WA-51-L) in Western Australia, Australia as an operator via the same company, and it conducts joint operations with TotalEnergies and other companies.

34. Investments accounted for using equity method

(1) Investment in affiliates

There are no affiliates that are individually material to the Group. Carrying amounts of investments in individually immaterial affiliates are as follows:

(Millions of yen)

	As of December 31, 2023	As of December 31, 2024
Total carrying amount	27,690	26,926

The share of comprehensive income for individually immaterial affiliates is as follows:

(Millions of yen)

	For the year ended December 31, 2023	For the year ended December 31, 2024
Share of profit	29	189
Share of other comprehensive income	256	(828)
Share of comprehensive income	285	(639)

(2) Investment in joint ventures

[1] Material joint ventures
Joint ventures that are material to the Group are as follows:

Name	Main business	Location	Major business location	Group ownership percentage (%)	
				As of December 31, 2023	As of December 31, 2024
Ichthys LNG Pty Ltd	Transportation, liquefaction and sales of oil and natural gas through pipeline in WA-50-L block in offshore Western Australia	Western Australia, Australia	Western Australia, Australia	66.245	67.82

The Company owns the majority of voting rights in Ichthys LNG Pty Ltd through its subsidiary INPEX Holdings Australia Pty Ltd. However, since the shareholders agreement between INPEX Holdings Australia Pty Ltd and TotalEnergies EP Ichthys Holdings stipulates that both parties’ affirmative votes are required for important resolutions, Ichthys LNG Pty Ltd is considered to be a joint venture accounted for equity method.

The condensed financial statements of Ichthys LNG Pty Ltd are as follows:

(Millions of yen)

	As of December 31, 2023	As of December 31, 2024
Current assets	181,515	190,843
Cash and cash equivalents	56,705	70,447
Non-current assets	4,327,813	4,682,335
Total assets	4,509,328	4,873,178
Current liabilities	329,796	390,668
Financial liabilities (excluding trade and other payables and provisions) *1	256,507	334,138
Non-current liabilities	3,253,100	3,322,959
Financial liabilities (excluding trade and other payables and provisions) *1	2,984,451	2,981,486
Total liabilities	3,582,896	3,713,628
Total equity	926,432	1,159,550
Group’s share of total equity	613,715	786,406
Consolidation adjustments *2	(80,410)	(78,168)
Carrying amount of investments	533,304	708,238

Notes:
1. “Financial liabilities” include borrowings corresponding to loans receivable from the Group. For the loans receivable, please refer to “31. Financial instruments, (3) Fair value of financial instruments, [2] Financial instruments measured at amortized cost.” In addition, the loans receivable include loans receivable under the project finance agreement, and the Group has pledged assets as collateral for the loan agreements. For assets pledged by the Group as collateral, please refer to “32. Pledged assets.”
2. “Consolidation adjustments” mainly consist of adjustments, etc. for borrowing costs capitalized by Ichthys LNG Pty Ltd.

(Millions of yen)

	For the year ended December 31, 2023	For the year ended December 31, 2024
Revenue	1,000,838	947,941
Depreciation and amortization	(120,664)	(130,885)
Interest income	8,786	8,740
Interest expense	(338,740)	(169,002)
Income tax expense	(43,385)	(58,754)
Profit	59,203	139,023
Other comprehensive income	(5,839)	(9,089)
Comprehensive income	53,364	129,934
Dividends received by the Group	—	—

Under the project finance agreement, Ichthys LNG Pty Ltd can return funds to shareholders in the form of repayment of subordinated loans or dividends only if conditions such as sufficiency of funds available after repayment of principal and interest are met. Repayment of subordinated loans is expected to accelerate after full repayment of the project finance agreement.

[2] Individually immaterial joint ventures

Carrying amounts of investments in individually immaterial joint ventures are as follows:

(Millions of yen)

	As of December 31, 2023	As of December 31, 2024
Total carrying amount	190,909	212,910

The share of comprehensive income for individually immaterial joint ventures is as follows:

(Millions of yen)

	For the year ended December 31, 2023	For the year ended December 31, 2024
Share of profit	(20,859)	11,384
Share of other comprehensive income	1,078	(3,739)
Share of comprehensive income	(19,780)	7,645

Impairment losses were recognized for a portion of investment in joint ventures in the amounts of ¥27,807 million for the year ended December 31, 2023, and recorded in "Share of profit (loss) of investments accounted for using equity method" in the consolidated statement of profit or loss. In addition, such impairment losses are included in "Share of profit" in the table above.

35. Related parties

(1) Related party transactions

Related party transactions with the Group are as follows. Transactions between the Company and its subsidiaries are not disclosed, as they are eliminated in the consolidated financial statements.

For the year ended December 31, 2023

(Millions of yen)

<table>
<tr><th>Classification</th><th>Name</th><th>Description of related party transaction</th><th>Transaction amounts</th><th>Outstanding amounts</th></tr>
<tr><td rowspan="5">Joint ventures (including subsidiaries of joint ventures)</td><td rowspan="5">Ichthys LNG Pty Ltd</td><td>Collection of loans *1</td><td>149,179</td><td rowspan="2">1,333,010</td></tr>
<tr><td>Gain on subsequent measurement of financial assets *2</td><td>116,507</td></tr>
<tr><td>Interest received *1</td><td>73,224</td><td>4,393</td></tr>
<tr><td>Guarantee of liabilities *3</td><td>74,407</td><td>–</td></tr>
<tr><td>Sale of finished goods *4</td><td>228,313</td><td>21,731</td></tr>
<tr><td rowspan="2">Other (companies in which the majority of voting rights are held by shareholders with significant influence, etc.)</td><td rowspan="2">Japan Organization for Metals and Energy Security</td><td>Acceptance of debt guarantees *5</td><td>102,464</td><td>–</td></tr>
<tr><td>Payment of guarantee fees *5</td><td>1,065</td><td>267</td></tr>
</table>

Notes:
1. The Company determines the interest rate based on its market interest rates in a reasonable and appropriate manner.
2. The gain arising from changes in terms of financial assets measured at amortized cost without derecognition and revisions to the estimated future cash flows is recorded as "Gain on subsequent measurement of financial assets" in accordance with IFRS 9 "Financial Instruments."
3. "Guarantee of liabilities" is for securing loans from financial institutions, and the amounts are guaranteed balances by the Company as of December 31, 2023.
4. "Sales of finished goods" were conducted under general transactional conditions, which are the same as those used in transactions with independent third parties.
5. "Acceptance of debt guarantees" is for loans from financial institutions that have been guaranteed, and the Company pays guarantee fees based on the amount of the guarantees. In addition, the amounts are guaranteed balances by Japan Organization for Metals and Energy Security as of December 31, 2023.

For the year ended December 31, 2024

(Millions of yen)

Classification	Name	Description of related party transaction	Transaction amounts	Outstanding amounts
Joint ventures (including subsidiaries of joint ventures)	Ichthys LNG Pty Ltd	Loans of funds *1	74,283	1,467,403
		Collection of loans *1	86,908	
		Gain on subsequent measurement of financial assets *2	14,813	
		Interest received *1	98,924	4,059
		Guarantee of liabilities *3	108,022	—
		Sale of finished goods *4	222,523	28,955
Other (companies in which the majority of voting rights are held by shareholders with significant influence, etc.)	Japan Organization for Metals and Energy Security	Acceptance of debt guarantees *5	89,761	—
		Payment of guarantee fees *5	884	179

Notes:
1. The Company determines the interest rate on loans of funds based on market interest rates in a reasonable and appropriate manner. As described in "6. Business combination," during the year ended December 31, 2024, the Group acquired a 1.575% participating interest in the Ichthys LNG Project held by Tokyo Gas through its Australian project subsidiary, and the amount above includes the portion of loans assumed to Ichthys LNG Pty Ltd in connection with this transaction.
2. The gain arising from changes in terms of financial assets measured at amortized cost without derecognition and revisions to the estimated future cash flows is recorded as "Gain on subsequent measurement of financial assets" in accordance with IFRS 9 "Financial Instruments."
3. "Guarantee of liabilities" is for securing loans from financial institutions, and the amounts are guaranteed balances by the Company as of December 31, 2024.
4. "Sales of finished goods" were conducted under general transactional conditions, which are the same as those used in transactions with independent third parties.
5. "Acceptance of debt guarantees" is for loans from financial institutions that have been guaranteed, and the Company pays guarantee fees based on the amount of the guarantees. In addition, the amounts are guaranteed balances by Japan Organization for Metals and Energy Security as of December 31, 2024.

(2) Compensation for key management personnel

Compensation paid to key management personnel of the Company is as follows:

(Millions of yen)

	For the year ended December 31, 2023	For the year ended December 31, 2024
Compensation and bonuses	693	587
Stock-based compensation	52	48
Total	746	635

36. Cash flow information

The changes in liabilities arising from financial activities are as follows:

For the year ended December 31, 2023

(Millions of yen)

	As of January 1, 2023	Changes with cash flows	Changes without cash flows			As of December 31, 2023
			Exchange differences on translation of foreign operations	New leases	Other *	
Short-term borrowings	5,556	20,121	1,681	—	—	27,358
Long-term borrowings	1,234,692	(300,704)	65,636	—	—	999,623
Bonds payable	30,000	—	—	—	—	30,000
Lease liabilities	89,224	(20,119)	4,641	4,084	10,635	88,465
Total	1,359,472	(300,703)	71,958	4,084	10,635	1,145,448

Note: "Other" includes the impact, etc. of changes in estimates of lease liabilities.

For the year ended December 31, 2024

(Millions of yen)

	As of January 1, 2024	Changes with cash flows	Changes without cash flows			As of December 31, 2024
			Exchange differences on translation of foreign operations	New leases	Other *	
Short-term borrowings	27,358	(23,230)	2,102	—	—	6,230
Commercial papers	—	79,980	—	—	—	79,980
Long-term borrowings	999,623	(143,330)	91,406	—	—	947,700
Bonds payable	30,000	—	—	—	—	30,000
Lease liabilities	88,465	(24,160)	7,226	1,199	835	73,568
Total	1,145,448	(110,740)	100,736	1,199	835	1,137,480

Note: “Other” includes the impact, etc. of changes in estimates of lease liabilities.

37. Commitments

Significant contractual commitments to acquire oil and gas assets, other property, plant and equipment and intangible assets are as follows:

(Millions of yen)

	As of December 31, 2023	As of December 31, 2024
Oil and gas assets	345,352	322,941
Other property, plant and equipment	6,242	83
Intangible assets	30	68
Total	351,624	323,093

The Company and certain subsidiaries have entered into purchase agreements for LNG and other products. The balances of purchase agreements for the years ended December 31, 2023 and December 31, 2024 were ¥934,169 million and ¥1,006,181 million, respectively. The Company calculates balances of purchase agreements based on supply volumes and supply unit pricing specified in contracts already in effect, but when supply volumes and supply unit pricing include variable factors, the Company uses its best estimates.

In addition, the Group has subordinated loan agreements with Ichthys LNG Pty Ltd, which is a joint venture. The amounts of subordinated loan facility for the years ended December 31, 2023 and December 31, 2024 were ¥1,347,802 million and ¥1,503,186 million, respectively. The loan disbursement balances of subordinated loan facility for the years ended December 31, 2023 and December 31, 2024 were ¥1,138,872 million and ¥1,297,742 million, respectively.

38. Contingent liabilities

The Company guarantees transactions between joint ventures and financial institutions. The amounts guaranteed for the years ended December 31, 2023 and December 31, 2024 were ¥112,071 million and ¥145,123 million, respectively. The above amounts include guaranteed balances to Ichthys LNG Pty Ltd, which is a joint venture. For details, please refer to “35. Related parties.”

In December 2022, the ecology department of the Atyrau region, Republic of Kazakhstan issued notification regarding violation of administrative directive for breach of environmental laws and regulations to North Caspian Operating Company N.V. (hereinafter the “Operator”), which serves as the operator of the Republic of Kazakhstan Offshore North Caspian Sea Contract Area project, for which the Group subsidiary, INPEX North Caspian Sea, Ltd. (Company ownership stake: 51%), holds 7.56% participating interest.
The Operator contested the aforementioned notification regarding violation of administrative directive and accordingly filed a lawsuit with the administrative court in the city of Astana, Republic of Kazakhstan. The court acknowledged the Operator’s assertions in June 2023 and accordingly dismissed the claims brought by the authorities in the court’s first-instance judgment. On February 27, 2024, however, the court overturned the first-instance judgment and issued a second-instance judgment recognizing the authorities’ claims. The Operator appealed the case to the supreme court. The case is pending in the supreme court as of the approval date of the consolidated financial statements.
Furthermore, INPEX North Caspian Sea, Ltd. has carried out a process of arbitration together with other project partners relating to cost recovery, etc. in the production sharing contract entered into with the Republic of Kazakhstan.
In regard to this arbitration process, INPEX North Caspian Sea, Ltd. received a Statement of Claim (petition for arbitration) from the Republic of Kazakhstan in early April 2024, and as of the approval date of the consolidated financial statements, the arbitration process is still ongoing.
Whereas the Group could potentially become subject to financial burden associated with developments arising with respect to the aforementioned litigation and arbitration, it is difficult to estimate the quantitative impact thereof.

39. Subsequent events

None