

August 6, 2020

**Recognition of Impairment Losses, Differences between Consolidated  
Financial Forecasts and Actual Financial Results for the Six Months Ended  
June 30, 2020 and Revision of Consolidated Financial Forecasts for the Fiscal  
Year Ending December 31, 2020**

Tokyo, Japan - [INPEX CORPORATION](http://www.inpex.com) (INPEX) announced today the differences between its consolidated financial forecasts for the six months ended June 30, 2020 announced on May 12, 2020 and the actual results announced today in the “Consolidated Financial Results for the Six Months ended June 30, 2020.” In addition, INPEX also revised its consolidated financial forecasts for the fiscal year ending December 31, 2020 announced on May 12, 2020.

**1. Differences between consolidated financial forecasts and actual financial results for the six months ended June 30, 2020 (From January 1, 2020 to June 30, 2020)**

	Net sales	Operating income	Ordinary income	Net income attributable to owners of parent	Net income per share
Previous forecasts (May 12, 2020): A	Millions of yen 408,000	Millions of yen 133,000	Millions of yen 145,000	Millions of yen 35,000	Yen 23.97
Actual results: B	391,683	123,799	149,276	△120,799	△82.73
Increase (decrease): B-A	△16,317	△9,201	4,276	△155,799	
Percentage (%) change	△4.0	△6.9	2.9	—	
Reference: Consolidated financial results for the six months ended September 30, 2019	575,269	280,715	271,104	69,487	47.59

**2. Revision of consolidated financial forecasts for the year ending December 31, 2020  
(January 1, 2020 –December 31, 2020)**

	Net sales	Operating income	Ordinary income	Net income attributable to owners of parent	Net income per share
Previous forecasts (May12, 2020): A	Millions of yen 710,000	Millions of yen 172,000	Millions of yen 163,000	Millions of yen 10,000	Yen 6.85
Revised forecasts: B	730,000	203,000	200,000	△136,000	△93.14
Increase (decrease): B-A	20,000	31,000	37,000	△146,000	
Percentage (%) change	2.8	18.0	22.7	—	
Reference: Consolidated financial results for the year ended December 31, 2019	1,000,005	498,641	511,088	123,550	84.61

Note: Due to the change in the Company's fiscal year-end from March 31 to December 31, the consolidated accounting period of the Company and its subsidiaries with provisional settlements of accounts for the fiscal year ended December 31, 2019 is the nine-month period between April 1 and December 31, 2019. Meanwhile, the accounting period (for the same fiscal year) of subsidiaries with a December 31 fiscal year-end is the twelve-month period between January 1 and December 31, 2019. "Subsidiaries with provisional settlements of accounts" refers to subsidiaries with December 31 fiscal year-ends that provisionally settled their accounts on March 31 due to their relatively large impact on the consolidated financial results.

**3. Reasons for the differences and revisions**

As for the consolidated financial results for the six months ended June 30, 2020 (hereinafter "2Q FY2020"), due to the substantial decline in crude oil prices resulting from the COVID-19-induced reduction in global energy demand and other factors, INPEX revaluated the assets of the INPEX Group and recognized impairment losses of 192.4 billion yen (with a net income impact of approximately 162.7 billion yen after incorporating tax effect) as outlined in section 4 (Recognized impairment losses) below. This in part caused the actual financial results for 2Q FY2020 to fall below the forecasts announced on May 12, 2020.

INPEX also revised its consolidated financial forecasts for the year ending December 31, 2020 to minus 136 billion yen in net income attributable to owners of parent, down 146 billion yen compared to the previous forecast. This revised forecast incorporates the actual financial results for 2Q FY2020 and reflects the impairment losses recognized in 2Q FY2020, despite positive factors due in part to revised crude oil price assumptions for the second half of FY2020.

#### Crude oil price and exchange rate assumptions

	Previous forecasts (May 12, 2020)	Revised forecasts (August 6, 2020)
Crude oil price (Brent)	1st half (assumed): US\$ 40.4/bbl 2nd half (assumed): US\$ 30.0/bbl Full year average (assumed): US\$ 35.2/bbl	1st half (actual): US\$ 42.1/bbl 2nd half (assumed): US\$ 40.0/bbl Full year average (assumed): US\$ 41.1/bbl
Exchange rate (US\$/JPY)	1st half (assumed): ¥109.5/US\$ 2nd half (assumed): ¥110.0/US\$ Full year average (assumed): ¥109.7/US\$	1st half (actual): ¥108.3/US\$ 2nd half (assumed): ¥105.0/US\$ Full year average (assumed): ¥106.6/US\$

Note: Forecasts above are based on information that is currently available and reflect uncertainties. The final results may differ from the forecasts due to changes in business conditions including oil and natural gas price levels, production and sales plans, project development schedules, government regulations and financial and tax schemes, etc.

#### 4. Recognized impairment losses

##### (1) Breakdown of recognized impairment losses (in billions of yen)

Assets	Recognized Impairment losses
Prelude FLNG Project <sup>*1</sup>	130.8
Tight Oil Project (Eagle Ford) <sup>*2</sup>	33.6
Lucius Oil Field <sup>*3</sup>	18.9
Bayu Undan Project <sup>*4</sup>	8.9
Total amount	192.4
Impact on net income attributable to owners of the parent $\Delta$ 162.7	

\*1 INPEX is a participant through INPEX Oil & Gas Australia Pty Ltd., a subsidiary. The project produces, liquefies and ships hydrocarbons using a floating liquefied natural gas (FLNG) facility. Shipment of condensate and LNG commenced in 2019.

\*2 INPEX is a participant through INPEX Eagle Ford, LLC, a subsidiary. The project involves developing and producing shale oil as operator.

\*3 INPEX is a participant through INPEX Americas, Inc., a subsidiary. Production of crude oil and natural gas commenced in 2015.

\*4 INPEX is a participant through INPEX Sahul., Ltd., a subsidiary. Production and shipment of condensate and LPG commenced in 2004. Production and shipment of LNG commenced in 2006.

##### (2) Circumstances and reasons behind the impairment losses

Impairment tests were conducted on the business assets listed above in light of the deteriorating business environment due to the decline in oil prices and other factors. These tests determined that the assets' recoverable amounts fell below their book values. As a result, the assets' book values were reduced to equal their recoverable amounts, and the reductions were recognized as impairment losses.

## **5. Dividend forecast**

There is no change to the dividend forecast announced on May 12, 2020. INPEX expects the annual dividend for the current fiscal year to amount to 24 yen per common stock (12-yen interim dividend and 12-yen year-end dividend).

## **6. Progress on cost reduction efforts**

As announced on May 12, 2020, INPEX's basic policy in response to the decline in oil prices is to reduce investment in overall development and exploration groupwide in fiscal year 2020 by over 20 percent and over 40 percent, respectively, compared to initial forecasts. The company has made sufficient progress so far to expect to reduce investment in overall development and exploration by over 30 percent and over 50 percent, respectively, and will continue its cost reduction efforts.

## **7. Impact of COVID-19 on INPEX's operational sites and sustaining stable supplies**

INPEX continues to maintain a stable supply of energy from its crude oil and natural gas production operations around the world, while strengthening its countermeasures against the spread of COVID-19. The INPEX-operated Ichthys LNG Project in Australia instituted measures to prevent infection at an early stage by adopting special shifts including isolation periods, monitoring and regulating access to work sites and imposing restrictions and requirements on LNG vessel operations. At the Minami-Nagaoka Gas Field and Naoetsu LNG Terminal in Japan, stable operations and energy supply are being steadfastly maintained through various initiatives including site access restrictions and securing backup personnel to mitigate workforce shortages due to infection. These initiatives are all based on prioritizing the health and safety of employees and contractors.

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