



Consolidated Financial Results for the Three Months ended March 31, 2023 [Japanese GAAP]

May 10, 2023

Note: The following report is an English translation of the Japanese-language original.

Company name : **INPEX CORPORATION** Stock Exchange on which the Company is listed : Tokyo Stock Exchange
Code number : 1605 URL <https://www.inpex.co.jp>
Representative : Takayuki Ueda, President
Contact person : Yoshihiro Wakita, General Manager, Corporate Communications Unit
TEL +81-3-5572-0233
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Scheduled date of payment of cash dividends : –
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Meeting of quarterly financial results presentation : None

(Amounts less than one million yen are rounded off)

1. Consolidated Financial Results for the Three Months ended March 31, 2023 (January 1, 2023 - March 31, 2023)

(1) Consolidated operating results

(Figures in % represent the changes from the corresponding period of the previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
For the three months ended								
March 31, 2023	578,476	19.2	306,300	34.1	367,995	32.4	151,475	61.2
March 31, 2022	485,391	–	228,408	–	277,996	–	93,968	–

(Note): Consolidated comprehensive income: for the three months ended March 31, 2023, ¥170,405 million; [(37.1)%]
for the three months ended March 31, 2022, ¥271,123 million; [–%]

	Net income per share-basic	Net income per share-diluted
For the three months ended	Yen	Yen
March 31, 2023	115.98	–
March 31, 2022	67.77	–

(Notes): 1. In the third quarter ended September 30, 2022, the Company finalized the tentative accounting treatment of the business combinations. As a result, the figures for the three months ended March 31, 2022 reflect the finalization of the tentative accounting treatment.
2. The figures for the three months ended March 31, 2022 were adjusted retrospectively according to the changes in accounting policies, and the figures after retrospective application are presented. The changes from the corresponding period of the previous fiscal year are not shown.

(2) Consolidated financial position

	Total assets	Net assets	Net assets excluding non-controlling interests as a percentage of total assets
	Millions of Yen	Millions of Yen	%
As of March 31, 2023	6,312,568	4,161,753	61.8
As of December 31, 2022	6,259,853	4,022,370	60.1

(Reference): Net assets excluding non-controlling interests: as of March 31, 2023, ¥3,900,146 million
as of December 31, 2022, ¥3,760,852 million

(Note): The figures as of December 31, 2022 were adjusted retrospectively according to the changes in accounting policies, and the figures after retrospective application are presented.

2. Dividends

	Cash dividends per share				
	At 1st quarter end	At 2nd quarter end	At 3rd quarter end	At fiscal year end	Total
	Yen	Yen	Yen	Yen	Yen
For the year ended December 31, 2022	—	30.00	—	32.00	62.00
For the year ending December 31, 2023	—				
For the year ending December 31, 2023 (forecast)		32.00	—	32.00	64.00

(Notes): 1. Changes in projected dividends for the year ending December 31, 2023 from the previous forecast: None

2. “Dividends” as stated above refer to common stock. For information regarding Class A stock (not listed), please refer to Exhibit “Dividends of Class A stock.”

3. Forecasts for Consolidated Financial Results for the year ending December 31, 2023 (January 1, 2023 - December 31, 2023)

(Figures in % represent the changes from the corresponding period of the previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen
For the six months ending June 30, 2023	1,071,000	(2.5)	551,000	(5.7)	630,000	0.6	218,000	18.4	166.92
For the year ending December 31, 2023	1,994,000	(14.2)	984,000	(21.1)	1,077,000	(25.3)	300,000	(34.9)	229.71

(Notes): 1. Changes in forecasts for consolidated financial results for the year ending December 31, 2023 from the previous forecast: Yes

2. In the third quarter ended September 30, 2022, the Company finalized the tentative accounting treatment of the business combinations. As a result, the changes from the corresponding period of the previous fiscal year presented are for the comparison with the figures for the corresponding period of the previous fiscal year that reflect the finalization of the tentative accounting treatment.

3. The changes from the previous fiscal year and the changes from the corresponding period of the previous fiscal year were adjusted retrospectively according to the changes in accounting policies, and the changes presented are for the comparison with the figures for the previous fiscal year and the figures for the corresponding period of the previous fiscal year after retrospective application.

Notes

- (1) Significant changes in scope of consolidation : None
(Changes in the specified subsidiaries during the period due to change in scope of consolidation)
- (2) Adoption of accounting treatments which are exceptional for quarterly consolidated financial statements : None
- (3) Changes in accounting policies, accounting estimates and restatement of corrections
1. Changes in accounting policies resulting from the revision of the accounting standards and other regulations : Yes
 2. Other changes in accounting policies : None
 3. Changes in accounting estimates : None
 4. Restatement of corrections : None
- (Note): Please refer to “2. Consolidated Financial Statements and Principal Notes (3) Notes to Consolidated Financial Statements (Changes in Accounting Policies)” on page 9 for further information.
- (4) Number of shares issued (Common stock)
1. Number of shares issued at the end of the period : 1,386,667,167 shares as of March 31, 2023
(including treasury stock): 1,386,667,167 shares as of December 31, 2022
 2. Number of treasury stock at the end of the period: 80,667,273 shares as of March 31, 2023
80,672,863 shares as of December 31, 2022
 3. Average number of shares: 1,305,995,701 shares for the three months ended March 31, 2023
1,386,518,175 shares for the three months ended March 31, 2022

(Note): The shares held by “the Board Incentive Plan Trust” are included in number of treasury stock at end of period.
(As of March 31, 2023: 904,773 shares As of December 31, 2022: 910,363 shares)

*This quarterly earnings report is not subject to audit by certified public accountants or audit firms.

*Explanation regarding the appropriate use of estimated consolidated financial results

The aforementioned forecasts are based on the currently available information and contain many uncertainties. The final results might be significantly different from the aforementioned 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. Regarding the forecasts, please refer to “1. Qualitative Information / Financial Statements (3) Explanation regarding future forecast information such as Forecasts for Consolidated Financial Results” on page 4.

Exhibit:

Dividends of Class A stock

	Cash dividends per share				
	At 1st quarter end	At 2nd quarter end	At 3rd quarter end	At fiscal year end	Total
	Yen	Yen	Yen	Yen	Yen
For the year ended December 31, 2022	–	12,000.00	–	12,800.00	24,800.00
For the year ending December 31, 2023	–				
For the year ending December 31, 2023 (forecast)		12,800.00	–	12,800.00	25,600.00

(Note): The Company conducted a stock split at a ratio of 1:400 of common stock effective October 1, 2013. However, for Class A stock (not listed), no stock split was implemented. The article specifying that dividends of Class A stock are equivalent to dividends of common stock prior to the stock split is included in the Articles of Incorporation.

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1. Qualitative Information/Financial Statements

In the third quarter ended September 30, 2022, the tentative accounting treatment of the business combinations was finalized, and in the comparative analysis with the three months ended March 31, 2022, the figures reflect the significant revision of the initial allocation of acquisition costs due to the finalization of the tentative accounting treatment. Please refer to “2. Consolidated Financial Statements and Principal Notes (3) Notes to Consolidated Financial Statements (Business Combinations)” for further information.

In addition, the changes in accounting policies have been made from the first quarter ended March 31, 2023, and the figures after retrospective application are used in the comparative analysis with the three months ended March 31, 2022 and the year ended December 31, 2022. Please refer to “2. Consolidated Financial Statements and Principal Notes (3) Notes to Consolidated Financial Statements (Changes in Accounting Policies)” for further information.

Furthermore, the change in reportable segments has been made from the first quarter ended March 31, 2023, and the figures reflect the revision of the method of calculation for a portion of the sales volume and average sales price in the comparative analysis with the three months ended March 31, 2022.

(1) Explanation on Consolidated Financial Results

Net sales for the three months ended March 31, 2023 increased by ¥93.0 billion, or 19.2%, to ¥578.4 billion from the corresponding period of the previous fiscal year due to the depreciation in the average exchange rate of the Japanese yen against the U.S. dollar during the period. Net sales of crude oil increased by ¥44.1 billion, or 12.4%, to ¥399.6 billion, and net sales of natural gas increased by ¥49.8 billion, or 40.2%, to ¥173.7 billion. Sales volume of crude oil increased by 1,502 thousand barrels, or 4.3%, to 36,677 thousand barrels, and sales volume of natural gas increased by 2,456 million cf, or 2.0%, to 128,241 million cf. Sales volume of overseas natural gas increased by 8,932 million cf, or 9.6%, to 102,132 million cf, and sales volume of domestic natural gas decreased by 173 million m³, or 19.9%, to 697 million m³ (26,011 million cf). The average sales price of overseas crude oil decreased by US\$4.72, or 5.4%, to US\$82.20 per barrel. The average sales price of overseas natural gas increased by US\$0.67, or 11.1%, to US\$6.73 per thousand cf, and the average sales price of domestic natural gas increased by ¥44.91, or 68.3%, to ¥110.67 per m³. The average exchange rate of the Japanese yen against the U.S. dollar on consolidated net sales depreciated by ¥16.57, or 14.3%, to ¥132.60 per U.S. dollar.

The increase of ¥93.0 billion in net sales was mainly derived from the following factors: regarding net sales of crude oil and natural gas, an increase in sales volume contributing ¥22.8 billion to the increase, an increase in unit sales price contributing ¥8.2 billion to the increase, the depreciation in the average exchange rate of the Japanese yen against the U.S. dollar contributing ¥62.9 billion to the increase, and a decrease in net sales excluding crude oil and natural gas of ¥0.9 billion.

Meanwhile, cost of sales increased by ¥10.2 billion, or 4.5%, to ¥235.5 billion. Exploration expenses decreased by ¥0.4 billion, or 7.5%, to ¥5.9 billion. Selling, general and administrative expenses increased by ¥5.4 billion, or 21.8%, to ¥30.5 billion. As a result, operating income increased by ¥77.8 billion, or 34.1%, to ¥306.3 billion.

Other income increased by ¥17.9 billion, or 29.4%, to ¥78.8 billion due to an increase in equity in earnings of affiliates and others. Other expenses increased by ¥5.8 billion, or 51.4%, to ¥17.1 billion. As a result, ordinary income increased by ¥89.9 billion, or 32.4%, to ¥367.9 billion.

Income taxes increased by ¥32.4 billion, or 17.6%, to ¥216.8 billion, and net loss attributable to non-controlling interests was ¥0.3 billion. As a result of the above effects, net income attributable to owners of parent increased by ¥57.5 billion, or 61.2%, to ¥151.4 billion.

Financial results by segment are as follows:

The changes in segment income and reportable segments have been made from the first quarter ended March 31, 2023, and the figures based on the changed segment income and reportable segments are used in the comparative analysis with the three months ended March 31, 2022. Please refer to “2. Consolidated Financial Statements and Principal Notes (3) Notes to Consolidated Financial Statements (Segment Information and Others)” for further information.

1) Oil & Gas Japan

Net sales increased by ¥17.1 billion, or 27.2%, to ¥79.9 billion due to an increase in sales price of natural gas. Net income attributable to owners of parent increased by ¥16.2 billion to ¥17.2 billion.

2) Oil & Gas Overseas - Ichthys Project

Net sales increased by ¥4.7 billion, or 5.0%, to ¥99.1 billion due to an increase in sales price of natural gas and the depreciation of the Japanese yen against the U.S. dollar. Net income attributable to owners of parent increased by ¥13.7 billion, or 17.8%, to ¥90.8 billion.

3) Oil & Gas Overseas - Other Projects

Net sales increased by ¥66.4 billion, or 20.5%, to ¥390.7 billion due to an increase in sales volume and the depreciation of the Japanese yen against the U.S. dollar. Net income attributable to owners of parent increased by ¥24.9 billion, or 155.4%, to ¥41.0 billion.

(2) Explanation on Consolidated Financial Position

Total assets as of March 31, 2023 increased by ¥52.7 billion to ¥6,312.5 billion from ¥6,259.8 billion as of December 31, 2022. Current assets increased by ¥51.2 billion to ¥780.6 billion due to an increase in securities and others. Fixed assets increased by ¥1.4 billion to ¥5,531.8 billion due to an increase in investments and other assets, and others. Meanwhile, total liabilities decreased by ¥86.6 billion to ¥2,150.8 billion from ¥2,237.4 billion as of December 31, 2022. Current liabilities increased by ¥260.7 billion to ¥787.4 billion, and long-term liabilities decreased by ¥347.4 billion to ¥1,363.3 billion. Net assets increased by ¥139.3 billion to ¥4,161.7 billion. Total shareholders' equity increased by ¥118.9 billion to ¥3,027.2 billion. Total accumulated other comprehensive income increased by ¥20.3 billion to ¥872.8 billion, and non-controlling interests in net assets increased by ¥89 million to ¥261.6 billion.

(3) Explanation Regarding Future Forecast Information Such as Forecasts for Consolidated Financial Results

The Company revised its consolidated financial forecasts for the six months ending June 30, 2023 and the year ending December 31, 2023 due to factors including the upturn in crude oil prices and the depreciation of the Japanese yen against the U.S. dollar in the three months ended March 31, 2023 and the revision of its crude oil price and exchange rate assumptions for the year.

1. Forecasts for consolidated financial results for the six months ending June 30, 2023

(Millions of yen)

	Net sales	Operating income	Ordinary income	Net income attributable to owners of parent
Previous Forecasts: A	1,013,000	507,000	596,000	199,000
Revised Forecasts: B	1,071,000	551,000	630,000	218,000
Increase (Decrease): B-A	58,000	44,000	34,000	19,000
Percentage change (%)	5.7	8.7	5.7	9.5

2. Forecasts for consolidated financial results for the year ending December 31, 2023

(Millions of yen)

	Net sales	Operating income	Ordinary income	Net income attributable to owners of parent
Previous Forecasts: A	1,885,000	892,000	1,005,000	270,000
Revised Forecasts: B	1,994,000	984,000	1,077,000	300,000
Increase (Decrease): B-A	109,000	92,000	72,000	30,000
Percentage change (%)	5.8	10.3	7.2	11.1

The above forecasts are calculated based on the following assumptions:

	Previous Forecasts	Revised Forecasts
Crude oil price (Brent)	First Half average: US\$77.5/bbl	First Half average: US\$81.1/bbl
	Second Half average: US\$72.5/bbl	Second Half average: US\$79.0/bbl
	- 3rd quarter average: US\$75.0/bbl	- 3rd quarter average: US\$80.0/bbl
	- 4th quarter average: US\$70.0/bbl	- 4th quarter average: US\$77.9/bbl
	Full Year average: US\$75.0/bbl	Full Year average: US\$80.0/bbl
Exchange rate	First Half average: ¥125.0/US\$	First Half average: ¥131.2/US\$
	Second Half average: ¥125.0/US\$	Second Half average: ¥128.8/US\$
	Full Year average: ¥125.0/US\$	Full Year average: ¥130.0/US\$

Note: Crude oil prices at which the Company sells products vary depending on crude oil type and differ from Brent crude oil prices. Crude oil price differences are determined by the quality of each crude oil type, etc., and are also affected by market conditions.

2. Consolidated Financial Statements and Principal Notes

(1) Consolidated Balance Sheet

(Millions of yen)

Accounts	As of December 31, 2022	As of March 31, 2023
(Assets)		
Current assets		
Cash and deposits	227,829	197,571
Accounts receivable-trade and contract assets	252,938	198,480
Securities	58,152	178,094
Inventories	68,154	68,238
Other	135,346	151,407
Less allowance for doubtful accounts	(13,020)	(13,103)
Total current assets	729,401	780,689
Fixed assets		
Tangible fixed assets		
Buildings and structures, net	157,137	160,710
Wells, net	340,259	340,648
Machinery, equipment and vehicles, net	1,583,141	1,567,901
Land	18,178	18,186
Construction in progress	339,787	331,057
Other, net	34,615	32,502
Total tangible fixed assets	2,473,118	2,451,007
Intangible assets		
Goodwill	40,332	37,394
Other	442,371	433,515
Total intangible assets	482,704	470,909
Investments and other assets		
Investment securities	742,914	812,260
Long-term loans receivable	1,279,383	1,245,642
Recoverable accounts under production sharing	521,541	512,367
Other	87,205	96,800
Less allowance for doubtful accounts	(690)	(695)
Less allowance for recoverable accounts under production sharing	(53,873)	(54,258)
Less allowance for investments in exploration	(1,852)	(2,153)
Total investments and other assets	2,574,629	2,609,962
Total fixed assets	5,530,452	5,531,879
Total assets	6,259,853	6,312,568

(Millions of yen)

Accounts	As of December 31, 2022	As of March 31, 2023
(Liabilities)		
Current liabilities		
Accounts payable-trade	47,183	30,588
Short-term loans	75,878	349,557
Commercial papers	–	50,000
Income taxes payable	126,675	103,423
Provision for bonuses	1,458	–
Provision for bonuses to officers	130	30
Provision for loss on business	8,631	8,384
Provision for exploration projects	3,391	4,343
Asset retirement obligations	15,504	16,530
Other	247,887	224,629
Total current liabilities	526,740	787,488
Long-term liabilities		
Bonds payable	30,000	30,000
Long-term debt	1,164,369	786,456
Provision for stocks payment	245	278
Provision for special repair and maintenance	705	734
Liability for retirement benefits	689	1,996
Asset retirement obligations	303,159	305,643
Other	211,572	238,219
Total long-term liabilities	1,710,742	1,363,326
Total liabilities	2,237,483	2,150,815
(Net assets)		
Shareholders' equity		
Common stock	290,809	290,809
Capital surplus	683,382	684,496
Retained earnings	2,055,459	2,173,307
Treasury stock	(121,358)	(121,349)
Total shareholders' equity	2,908,293	3,027,264
Accumulated other comprehensive income		
Unrealized holding gain (loss) on securities	4,147	5,258
Deferred gain (loss) on hedges	32,421	30,184
Translation adjustments	815,989	837,438
Total accumulated other comprehensive income	852,558	872,882
Non-controlling interests	261,517	261,607
Total net assets	4,022,370	4,161,753
Total liabilities and net assets	6,259,853	6,312,568

(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income

Consolidated Statement of Income

(Millions of yen)

Accounts	For the three months ended March 31, 2022	For the three months ended March 31, 2023
Net sales	485,391	578,476
Cost of sales	225,392	235,598
Gross profit	259,998	342,877
Exploration expenses	6,479	5,992
Selling, general and administrative expenses	25,109	30,584
Operating income	228,408	306,300
Other income		
Interest income	8,784	21,462
Dividend income	6,471	362
Equity in earnings of affiliates	34,387	51,911
Gain on reversal of allowance for recoverable accounts under production sharing	2,989	–
Foreign exchange gain	–	2,551
Other	8,283	2,561
Total other income	60,916	78,850
Other expenses		
Interest expense	3,777	13,764
Provision for allowance for recoverable accounts under production sharing	–	385
Foreign exchange loss	3,929	–
Other	3,621	3,005
Total other expenses	11,329	17,156
Ordinary income	277,996	367,995
Income before income taxes	277,996	367,995
Income taxes	184,365	216,857
Net income	93,630	151,137
Net loss attributable to non-controlling interests	(338)	(338)
Net income attributable to owners of parent	93,968	151,475

Consolidated Statement of Comprehensive Income

(Millions of yen)

Accounts	For the three months ended March 31, 2022	For the three months ended March 31, 2023
Net income	93,630	151,137
Other comprehensive income		
Unrealized holding gain (loss) on securities	1,308	1,111
Deferred gain (loss) on hedges	(9,449)	226
Translation adjustments	159,653	19,623
Share of other comprehensive income of affiliates accounted for by the equity-method	25,980	(1,692)
Total other comprehensive income	177,492	19,268
Comprehensive income	271,123	170,405
Total comprehensive income attributable to		
Owners of parent	266,772	171,799
Non-controlling interests	4,350	(1,393)

(3) Notes to Consolidated Financial Statements

(Conditions or events that indicate there could be substantial doubt about the Company's ability to continue as a going concern)

For the three months ended March 31, 2023 (January 1, 2023 through March 31, 2023):

None

(Note on significant changes in shareholders' equity)

For the three months ended March 31, 2023 (January 1, 2023 through March 31, 2023):

None

(Changes in Accounting Policies)

(International Accounting Standards (IAS) 12 "Income Taxes" (amended in May 2021))

Some of the Group's foreign consolidated subsidiaries and foreign equity-method affiliates have applied IAS 12 "Income Taxes" (amended in May 2021) from the first quarter ended March 31, 2023.

Due to the amendments, for transactions, such as for leases and decommissioning obligations, that give rise to equal taxable and deductible temporary differences at the time of the transaction, it is clarified that a company should recognize deferred tax liabilities and deferred tax assets arising from those differences. The amendments have been applied retrospectively and were reflected in the consolidated financial statements for the corresponding period of the previous fiscal year and for the previous fiscal year.

As a result of this change, and compared with the figures before the retrospective application, in the consolidated balance sheet as of December 31, 2022, investment securities decreased by ¥2,451 million, deferred tax liabilities included in other under long-term liabilities increased by ¥13,540 million, retained earnings decreased by ¥10,983 million and translation adjustments decreased by ¥5,008 million. In the consolidated statement of income for the three months ended March 31, 2022, equity in earnings of affiliates increased by ¥36 million and income taxes increased by ¥201 million, compared with the figures before the retrospective allocation. In addition, because the cumulative effect was reflected in net assets as of the beginning of the year ended December 31, 2022, retained earnings as of the beginning of the previous fiscal year decreased by ¥33,776 million.

(Additional Information)

(Application of practical solution on the accounting and disclosure under the group tax sharing system)

The Company and certain domestic consolidated subsidiaries have transitioned from the non-consolidated tax payment system to the group tax sharing system from the first quarter ended March 31, 2023. In accordance with the transition, the accounting treatment and disclosure of corporate tax, local tax and tax effect accounting are based on "Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System" (Accounting Standards Board of Japan ("ASBJ") Practical Issues Task Force No.42, August 12, 2021).

(Segment Information and Others)

(Segment information)

I. Information on changes in reportable segments and others

The reportable 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. Following the significant reclassifications to the business portfolio based on the Medium-term Business Plan announced in 2022 and the accompanying changes of the evaluation and analysis indicators used by the Board of Directors, the Group made corresponding changes in segment income and reportable segments.

Segment income was previously reconciled with operating income on the consolidated statement of income. However, because net income attributable to owners of parent is a management target in the Medium-term Business Plan and it is used as an indicator by the Board of Directors to make decisions about allocation of managerial resources and assess performance, the reconciliation was changed and segment income is reconciled with net income attributable to owners of parent on the consolidated statement of income from the first quarter ended March 31, 2023 in order to conduct evaluations and analyses that are more in line with actual conditions. 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 (“Oil & Gas”), the Group had previously used reportable segments by region. However, due to significant reclassifications to the business portfolio, the addition of initiatives for the five net-zero businesses to the Long-term Strategy, and other factors, the reportable segments have been classified as “Oil & Gas Japan” and “Oil & Gas Overseas” from the first quarter ended March 31, 2023. 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 the operating segments that are not included in the reportable segments, including the five net-zero businesses.

The reportable segments and other category after the changes are as follows.

Reportable segments, etc.		Main business and project name
Oil & Gas Japan		Minami-Nagaoka Gas Field, Naoetsu LNG Terminal
Oil & Gas Overseas	Ichthys Project	Ichthys LNG Project in Australia and exploration of surrounding area
	Other Projects	Projects in Australia (excluding the Ichthys LNG Project), Southeast Asia, Europe, Abu Dhabi, and other areas
Other		Five net-zero businesses, transportation and sales business, civil engineering business, etc.

The segment information disclosed for the three months ended March 31, 2022 has been prepared based on the categories after the changes. In addition, the changes in accounting policies have been made from the first quarter ended March 31, 2023, and the figures after retrospective application are used in the three months ended March 31, 2022.

II. For the three months ended March 31, 2022 (January 1, 2022 through March 31, 2022)

1. Information on sales and income (loss) by reportable segment

(Millions of yen)

	Reportable segments			Other *1	Total	Adjustments *2	Consolidated *3
	Oil & Gas Japan	Oil & Gas Overseas					
		Ichthys Project	Other Projects				
Net sales							
Sales to third parties	62,849	94,346	324,311	3,883	485,391	–	485,391
Intercompany sales and transfers between segments	594	7,950	–	1,513	10,058	(10,058)	–
Total	63,443	102,297	324,311	5,396	495,449	(10,058)	485,391
Segment income (loss)	1,040	77,159	16,058	1,917	96,175	(2,207)	93,968

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 of segment income (loss) of ¥(2,207) million consist of elimination of inter-segment transactions of ¥(1,538) million and corporate expenses of ¥(669) million that are not allocated to reportable segments or the “Other” category. Corporate expenses are mainly amortization of goodwill and general administrative expenses that are not allocated to a reportable segment and “Other” category.

3. Segment income (loss) is reconciled with net income attributable to owners of parent on the consolidated statement of income.

2. Information on impairment loss from fixed assets, goodwill and other items by reportable segment

(Significant change in goodwill)

In “Oil & Gas Overseas - Other Projects” segment, the Group included INPEX Norway Co., Ltd. and INPEX Idemitsu Norge AS in the scope of consolidation. As a result, goodwill in the segment increased by ¥20,461 million for the three months ended March 31, 2022.

III. For the three months ended March 31, 2023 (January 1, 2023 through March 31, 2023)

1. Information on sales and income (loss) by reportable segment

(Millions of yen)

	Reportable segments			Other *1	Total	Adjustments *2	Consolidated *3
	Oil & Gas Japan	Oil & Gas Overseas					
		Ichthys Project	Other Projects				
Net sales							
Sales to third parties	79,964	99,110	390,780	8,620	578,476	–	578,476
Intercompany sales and transfers between segments	1,782	5,810	–	2,556	10,150	(10,150)	–
Total	81,747	104,921	390,780	11,177	588,626	(10,150)	578,476
Segment income (loss)	17,241	90,859	41,013	629	149,743	1,732	151,475

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 of segment income (loss) of ¥1,732 million consist of elimination of inter-segment transactions of ¥2,518 million and corporate expenses of ¥(786) million that are not allocated to reportable segments or the “Other” category. Corporate expenses are mainly amortization of goodwill and general administrative expenses that are not allocated to a reportable segment and “Other” category.

3. Segment income (loss) is reconciled with net income attributable to owners of parent on the consolidated statement of income.

2. Information on impairment loss from fixed assets, goodwill and other items by reportable segment

None

(Business Combinations)

(Business combination through acquisition)

Significant revision of initial allocation of acquisition cost in comparative information

Although tentative accounting treatment was applied for the first quarter ended March 31, 2022 regarding the business combination with Idemitsu Snorre Oil Development Co., Ltd. (current corporate name: INPEX Norway Co., Ltd.) and Idemitsu Petroleum Norge AS (current corporate name: INPEX Idemitsu Norge AS) executed on January 31, 2022 (deemed acquisition date: January 1, 2022), the tentative accounting treatment was finalized in the third quarter ended September 30, 2022.

Following the finalization of the tentative accounting treatment, comparative information included in the consolidated financial statements for the three months ended March 31, 2023, reflects the significant revision of initial allocation of acquisition cost. As a result, for the consolidated statement of income for the three months ended March 31, 2022, cost of sales decreased by ¥161 million, selling, general and administrative expenses increased by ¥67 million and income taxes decreased by ¥63 million. Accordingly, gross profit increased by ¥161 million, operating income, ordinary income and income before income taxes each increased by ¥93 million, net income increased by ¥157 million, net loss attributable to non-controlling interests decreased by ¥111 million and net income attributable to owners of parent increased by ¥46 million.

(Significant Subsequent Events)

None

3. Supplementary Information

(1) Production, Orders Received and Sales Performance

The change in reportable segments has been made from the first quarter ended March 31, 2023, and the figures disclosed for the three months ended March 31, 2022 have been prepared based on the categories after the change.

1) Actual production

The following table shows actual production by segment:

Segment		Category	For the three months ended March 31, 2022	For the three months ended March 31, 2023	
Oil & Gas Japan		Crude oil	0.3 MMbbls (2.8 Mbbls per day)	0.3 MMbbls (2.8 Mbbls per day)	
		Natural gas	9.6 Bcf (106.6 MMcf per day)	9.2 Bcf (101.8 MMcf per day)	
		Subtotal	2.1 MMboe (22.9 Mboe per day)	1.9 MMboe (21.4 Mboe per day)	
		Iodine	142.4t	141.6t	
		Electric power generation	56.6 million kWh	50.3 million kWh	
Oil & Gas Overseas	Ichthys Project	Crude oil	3.7 MMbbls (40.6 Mbbls per day)	3.3 MMbbls (37.1 Mbbls per day)	
		Natural gas	93.7 Bcf (1,041.4 MMcf per day)	92.7 Bcf (1,029.9 MMcf per day)	
		Subtotal	21.9 MMboe (243.3 Mboe per day)	21.2 MMboe (235.6 Mboe per day)	
	Other Projects	Crude oil	31.2 MMbbls (347.0 Mbbls per day)	32.4 MMbbls (359.7 Mbbls per day)	
		Natural gas	18.1 Bcf (201.4 MMcf per day)	24.5 Bcf (272.4 MMcf per day)	
		Subtotal	34.5 MMboe (383.6 Mboe per day)	36.9 MMboe (410.0 Mboe per day)	
		Sulfur	28.8 Mtons	36.1 Mtons	
	Other		Electric power generation	95.1 million kWh	320.9 million kWh
	Total		Crude oil	35.1 MMbbls (390.4 Mbbls per day)	36.0 MMbbls (399.7 Mbbls per day)
			Natural gas	121.4 Bcf (1,349.4 MMcf per day)	126.4 Bcf (1,404.2 MMcf per day)
Subtotal			58.5 MMboe (649.9 Mboe per day)	60.0 MMboe (667.0 Mboe per day)	
Iodine			142.4t	141.6t	
Sulfur			28.8 Mtons	36.1 Mtons	
Electric power generation			151.8 million kWh	371.1 million kWh	

Notes: 1. The volume of LPG produced overseas is included in "Crude oil."

2. A portion of crude oil and natural gas production volume is consumed as fuel to generate electricity.

3. The production by the Company's affiliates accounted for by the equity method is included in the figures above.

4. The production volume of crude oil and natural gas under the production sharing contracts entered into by the Group corresponds to the net economic take of the Group. Figures calculated by multiplying the gross production volume by the Company's interest share are 36.0 MMbbls (400.5 Mbbls per day) of crude oil, 124.2 Bcf (1,380.5 MMcf per day) of natural gas, and in total 59.9 MMboe (665.3 Mboe per day) for the three months ended March 31, 2022, and 37.8 MMbbls (420.1 Mbbls per day) of crude oil, 129.3 Bcf (1,436.1 MMcf per day) of natural gas, and in total 62.4 MMboe (693.1 Mboe per day) for the three months ended March 31, 2023.

5. "Boe" means barrels of oil equivalent.

6. "Iodine" is refined by other company on consignment.

7. Figures are rounded to the first decimal place.

2) Orders received

Disclosure on this information is omitted because the amount of orders received is accounted for a minor portion of total sales.

3) Actual sales

The following table shows sales by segment:

(Millions of yen)

Segment		Category	For the three months ended March 31, 2022		For the three months ended March 31, 2023	
			Sales volume	Net sales	Sales volume	Net sales
Oil & Gas Japan		Crude oil	131 Mbbls	1,470	122 Mbbls	1,304
		Natural gas (excluding LPG)	32,478 MMcf	57,224	26,011 MMcf	77,133
		LPG	1 Mbbls	5	–	–
		Other		4,148		1,526
		Subtotal		62,849		79,964
Oil & Gas Overseas	Ichthys Project	Crude oil	3,921 Mbbls	47,536	3,403 Mbbls	37,191
		Natural gas (excluding LPG)	79,288 MMcf	46,810	84,449 MMcf	61,918
		Subtotal		94,346		99,110
	Other Projects	Crude oil	31,123 Mbbls	305,237	33,153 Mbbls	358,592
		Natural gas (excluding LPG)	13,911 MMcf	18,370	17,683 MMcf	29,383
		LPG	35 Mbbls	269	441 Mbbls	2,747
		Other		434		56
Subtotal		324,311		390,780		
Other		Crude oil	–	1,245	–	2,570
		Natural gas (excluding LPG)	108 MMcf	432	99 MMcf	548
		LPG	–	815	–	2,042
		Other		1,389		3,458
		Subtotal		3,883		8,620
Total		Crude oil	35,176 Mbbls	355,489	36,677 Mbbls	399,658
		Natural gas (excluding LPG)	125,785 MMcf	122,838	128,241 MMcf	168,984
		LPG	35 Mbbls	1,090	441 Mbbls	4,790
		Other		5,972		5,042
		Total		485,391		578,476