A New Wind for Energy

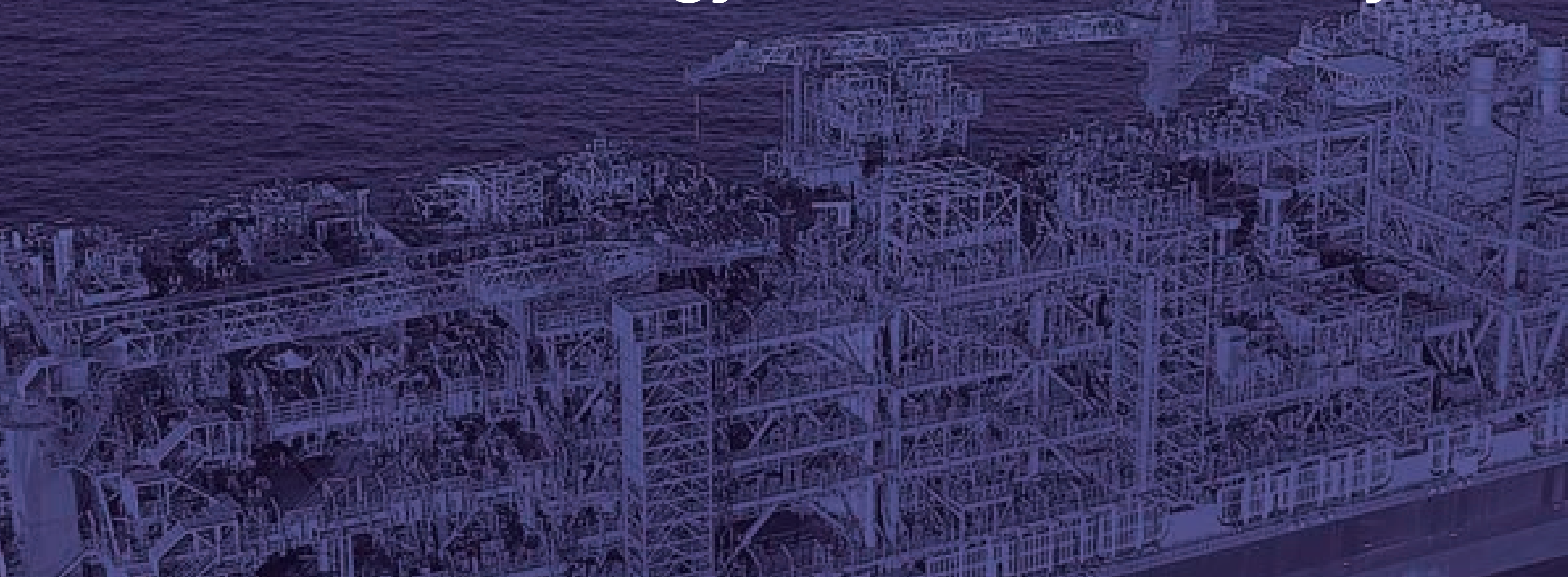
INPEX

Integrated Report 2022

For the period ended
December 31, 2022

Our Mission

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



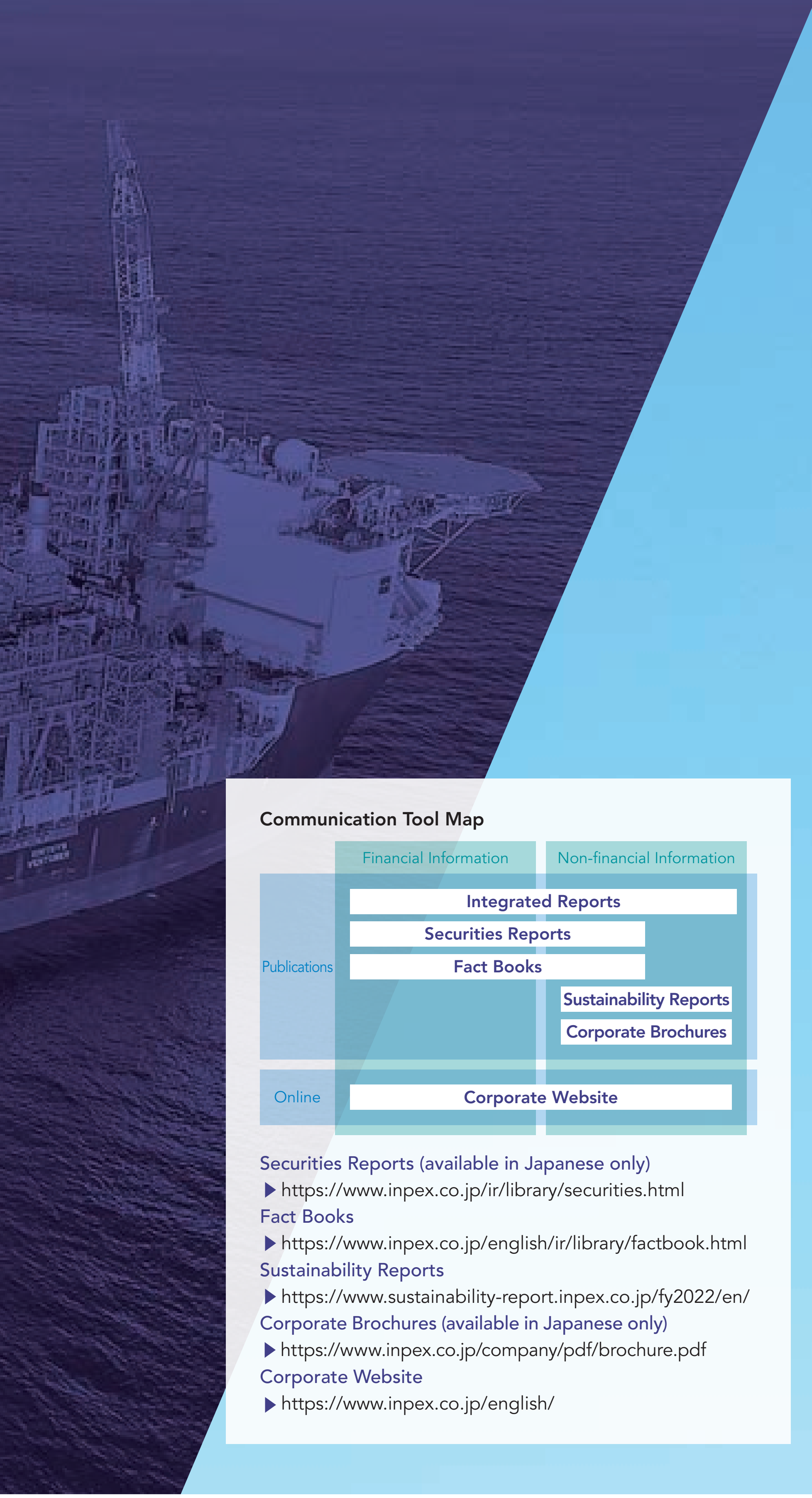
Basic management policy towards a net zero carbon society by 2050

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

Vision for around 2030

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

CONTENTS



ABOUT OUR REPORTING

In editing this Integrated Report, we have referred to documents such as the International Integrated Reporting Council's (IIRC) International Integrated Reporting Framework and the Guidance for Collaborative Value Creation issued by Japan's Ministry of Economy, Trade and Industry (METI), incorporating information with the aim of straightforwardly conveying our business activities within the reporting period from both financial and non-financial perspectives. This Integrated Report reflects our perception of the business environment, including the Russia-Ukraine situation and transition to a net-zero carbon society, while taking into account our management policy, the first year's progress of the Medium-term Business Plan, our human capital management, climate change response and other factors in the context of that perception.

We will continue working to enhance the information covered by our Integrated Report as a communication tool contributing to dialogue with our stakeholders.

DISCLAIMER

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

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

FORWARD-LOOKING STATEMENTS

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

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

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

NOTES REGARDING FIGURES

Financial figures in this Integrated Report have been, in principle, rounded down. The "Project Overview by Core Business Areas" section (starting on page 38) describes, in principle, the operating situation as of March 31, 2022. Figures in parentheses denote negative amounts. The natural gas production volume for projects in production is not the volume at wellheads but corresponds to the gas volume sold to buyers. INPEX CORPORATION is listed on the Prime Market of the Tokyo Stock Exchange under the securities code 1605. The Company is also included in the Nikkei Stock Average (Nikkei 225) and the JPX-Nikkei Index 400 (JPX400).

International Accounting Standards (IAS) 12 "Income Taxes" (amended in May 2021) has been applied to some foreign consolidated subsidiaries and foreign equity-method affiliates of the INPEX Group from the first quarter of the fiscal year ending December 31, 2023. As for the quarterly securities report etc. during the fiscal year ending December 31, 2023, since the amendments are applied to the fiscal year beginning on or after January 1, 2023, INPEX has retrospectively recognized the cumulative impact by revising the retained earnings at the beginning of the reference period (fiscal year ended December 31, 2022), and has revised subsequent profits and losses based on the amendments. As this Integrated Report is for the fiscal year ended December 31, 2022, such amendments to the financial figures are not required under statutory accounting, however for reader' convenience, revised figures after the application of the amendments are shown throughout this Integrated Report.

This report is unaudited.

Communication Tool Map

	Financial Information	Non-financial Information
Publications	Integrated Reports	Integrated Reports
	Securities Reports	
	Fact Books	
		Sustainability Reports
		Corporate Brochures
Online	Corporate Website	Corporate Website

Securities Reports (available in Japanese only)
▶ https://www.inpex.co.jp/ir/library/securities.html

Fact Books
▶ https://www.inpex.co.jp/english/ir/library/factbook.html

Sustainability Reports
▶ https://www.sustainability-report.inpex.co.jp/fy2022/en/

Corporate Brochures (available in Japanese only)
▶ https://www.inpex.co.jp/company/pdf/brochure.pdf

Corporate Website
▶ https://www.inpex.co.jp/english/

A History of Value Creation

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

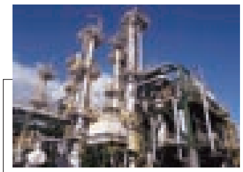
Teikoku Oil, Co., Ltd.

Founded in 1941

1950
Yabase Oil Field (deep zone development)

1962
Tokyo Line is completed

1970
Production starts at Higashi-Kashiwazaki Gas Field



1984
Production starts at Minami-Nagaoka Gas Field

1959
Production starts at Kubiki Oil and Gas Field

1965
Production starts at Minami-Aga Oil Field

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

1980
Production starts at West Bakr Oil Field

1984
Production starts at Offshore Iwaki Gas Field

1992
Launches an oil field reactivation project in Venezuela

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

2003
Production starts at Ohanet Gas Field

2004
Launches gas field development services in northeast Mexico

2006
Shizuoka Line is completed

1960 1970 1980 1990 2000

Teikoku Oil Co., Ltd.
FY2005/12
Net sales
¥100.7 billion

Other 42%
Natural gas, LPG 40%
Crude oil 18%

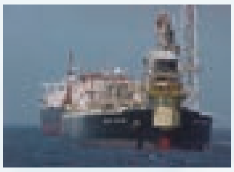
2006
Founded INPEX Holdings, Inc.

2008
Founded INPEX CORPORATION

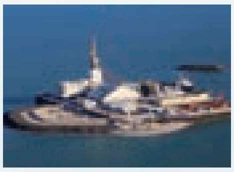
INPEX Corporation

Founded in 1966

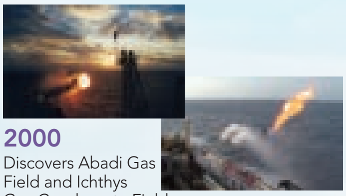
1970 1980 1990 2000



1994
Production starts at Griffin oil fields

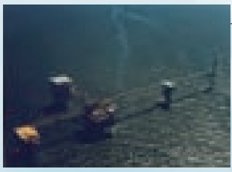


2000
Discovers Kashagan Oil Field



2000
Discovers Abadi Gas Field and Ichthys Gas-Condensate Field

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



1972
Production starts at Attaka Field

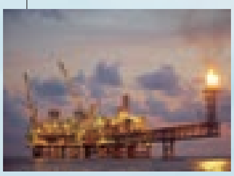
1974
Production starts at Bekapai Field

1975
Production starts at Handil Field

2003
Acquires interest in ACG Oil Fields

Oil and gas fields in various locations commences production

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



2004
Production starts at Bayu-Undan Gas-Condensate Field

INPEX
FY2006/3
Net sales
¥704.2 billion

Natural gas, LPG 34%
Crude oil 66%

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

Japan Oil Development Co., Ltd.

Established 1973

1980 1990 2000

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

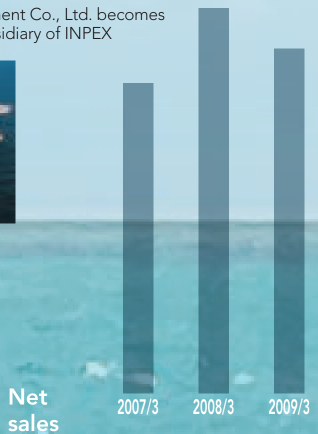
Participates in development of Umm Shaif and Lower Zakum Oil Fields through acquisition of interest in ADMA Block

1982
Production starts at Upper Zakum Oil Field

1985
Production starts at Umm Al-Dalkh Oil Field

1987
Production starts at Satah Oil Field

Background of Integration On October 1, 2008, three companies—INPEX Holdings, Inc., INPEX CORPORATION and Teikoku Oil Co., Ltd.—were integrated to form a new company, INPEX CORPORATION with the goal of establishing an internationally competitive management foundation and achieving sustainable growth in corporate value by building a balanced asset portfolio, further strengthening its sound financial base and bringing together technical capabilities for resource development.



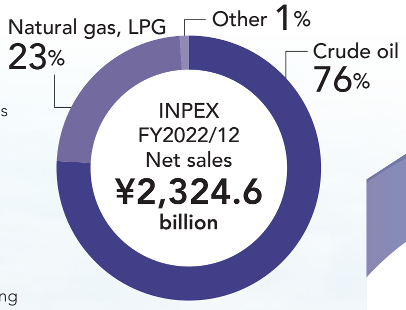
Energy Situation in Japan and Worldwide

In 2022, the world economy had been on a modest recovery track from the slowdown associated with the impact of COVID-19 until it was hit by a series of challenges triggered by the crisis in Ukraine, including threats to the security situation, strategic use of natural resources and energy in international relations, and a tightening energy market leading to soaring oil and natural gas prices. Furthermore, the Japanese yen significantly weakened due to factors such as interest rate hikes in the US and other countries.

We expect that energy demand will continue to trend upward over the medium to long term, driven mainly by the expansion of the world's population and economic growth in emerging countries. In particular, demand for oil and natural gas is also expected to trend upward in line with the world economy's recovery and growth, creating robust demand especially in Asia.

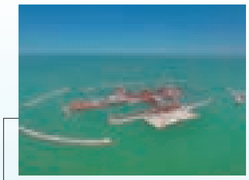
A continued challenge for Japan is to improve its independent development ratio of oil and natural gas. The Japanese government raised its target independent development ratio of oil and natural gas to 50% or more in 2030 and 60% or more in 2040 in its Sixth Strategic Energy Plan approved in 2021.

On the other hand, since COP26 in 2021, efforts have been strengthened to achieve the long-term goal of limiting the average temperature increase from pre-industrial revolution levels to less than 2°C and further to 1.5°C in order to address climate change. In addition, countries such as the EU nations and the UK have announced so-called "net zero targets" to reduce greenhouse gas emissions to effectively zero in 2050. The Japanese government has also declared its plans for carbon neutrality by 2050 and set greenhouse gas reduction targets. We believe that the urgency of addressing carbon neutrality will increase as these discussions toward a net zero carbon society progress.



2012
Final investment decision (FID) for Ichthys LNG Project

2013
Naoetsu LNG Terminal is completed



2016
Kashagan Oil Field commences crude oil shipments

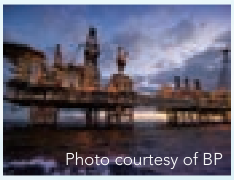


Photo courtesy of BP

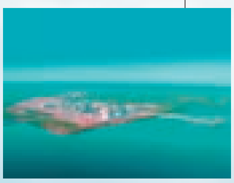
2017
Extension of the production sharing agreement for the ACG Oil Fields

2010

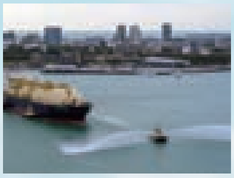
2021
Changes its Japanese corporate name to Kabushiki Kaisha INPEX

2014
Extension of concession agreement for Upper Zakum Oil Field

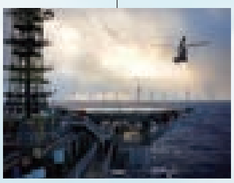
2015
Acquires interest in ADCO onshore concession



2018
Production starts at Ichthys LNG Project



2019
Ichthys LNG Project ships its 100th LNG cargo

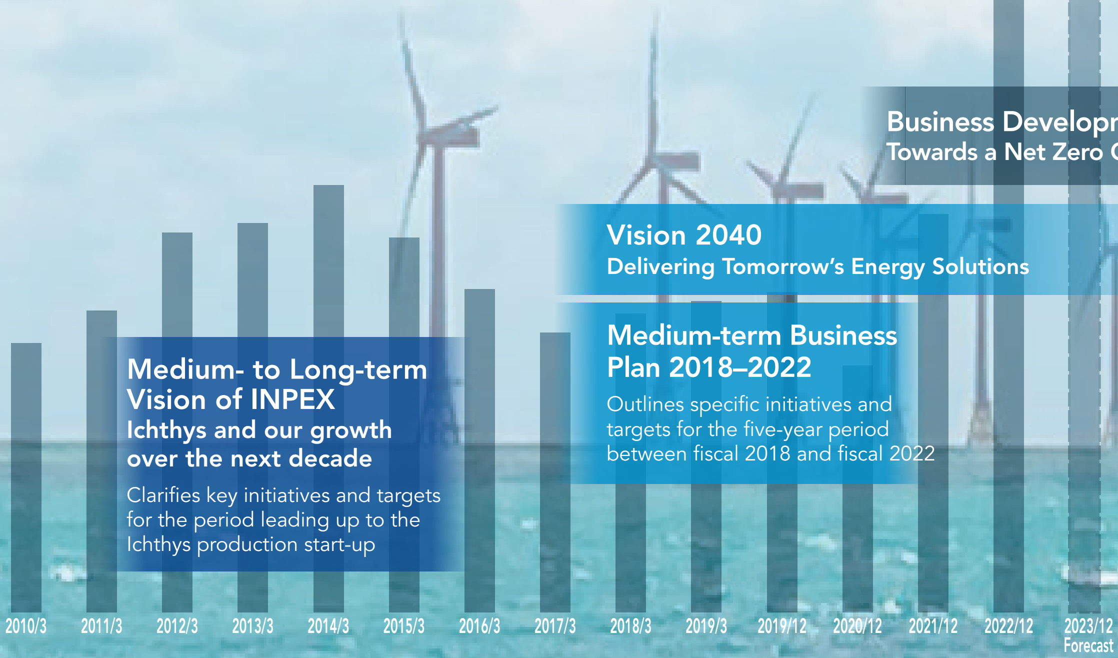

©Equinor

2021
Acquires Snorre Oil Field, etc. in Norway

From 2022

Formulates INPEX Vision @2022, our Long-term Strategy and Medium-term Business Plan with an eye toward 2030 and 2050

See page 26



Business Development Strategy
Towards a Net Zero Carbon Society by 2050

Vision 2040
Delivering Tomorrow's Energy Solutions

Medium-term Business Plan 2018–2022
Outlines specific initiatives and targets for the five-year period between fiscal 2018 and fiscal 2022

Medium- to Long-term Vision of INPEX
Ichthys and our growth over the next decade
Clarifies key initiatives and targets for the period leading up to the Ichthys production start-up

INPEX's Business

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

Oil and Gas Business

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

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

1. Acquisition of Blocks

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


Signing ceremony of a contract

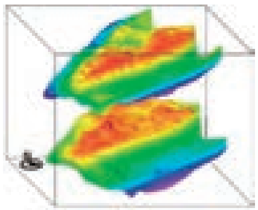
2. Exploration


Drilling rig

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

3. Appraisal

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


Reservoir evaluation (image)

4. Development


Facility construction

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

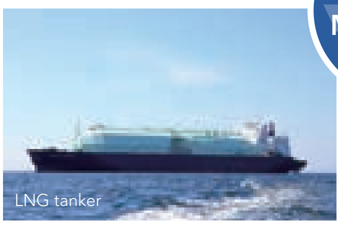
5. Production

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


LNG plant

6. Marketing

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


LNG tanker

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

5 Net Zero Businesses

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

Carbon Capture, Utilization and Storage (CCUS) Business

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

Hydrogen and Ammonia Business

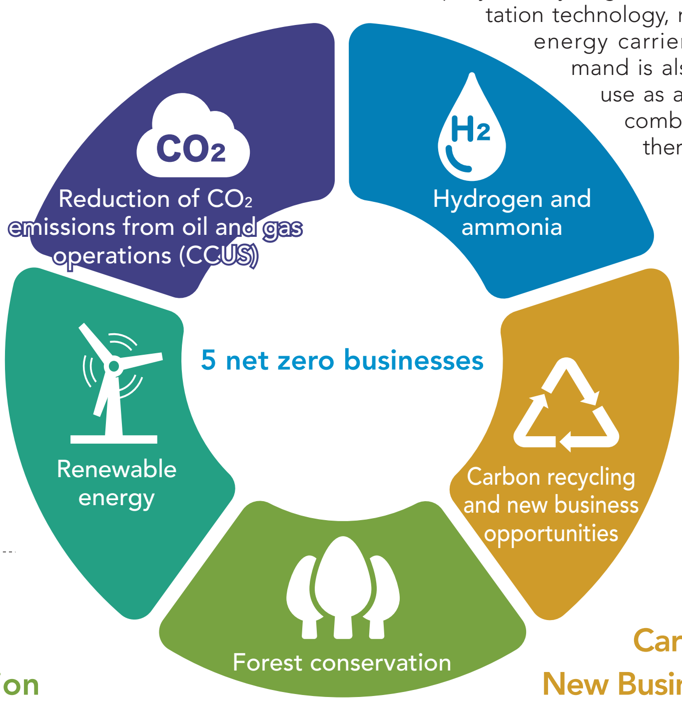
The hydrogen and ammonia business entails the production and supply of hydrogen and ammonia, energy sources that do not emit CO_2 when combusted.

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

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

Renewable Energy Business

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



Forest Conservation

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

Carbon Recycling and New Business Opportunities

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

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

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

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

Value Creation Process

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

External Environment

Global Developments

- Rising geopolitical risk
- Increasing oil and gas prices
- Spread of COVID-19 continues
- Countries announcing net zero targets
- Government policy to increase Japan's independent development ratio of oil and natural gas
- Trilemma in which the resolution of three challenges is sought at the same time
  - Increased awareness of the importance of energy security (Security)
  - Attention focused on equitable access to energy (Affordability)
  - Acceleration of energy transition (Sustainability)

Inputs

Human Capital

- Global and diverse personnel
- Number of employees: 3,364 (consolidated)

Social and Relationship Capital

- Good relationships with stakeholders in Japan and around the world

Natural Capital

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

Financial Capital

- Equity ratio: 60.1%
- Net D/E ratio (Inclusive of Ichthys downstream IJV): 46%
- Long-term credit ratings: (as of June 30, 2023)
  Moody's A2 (stable),
  S&P A– (positive),
  R&I AA (stable),
  JCR AA+ (stable)

Manufactured Capital

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

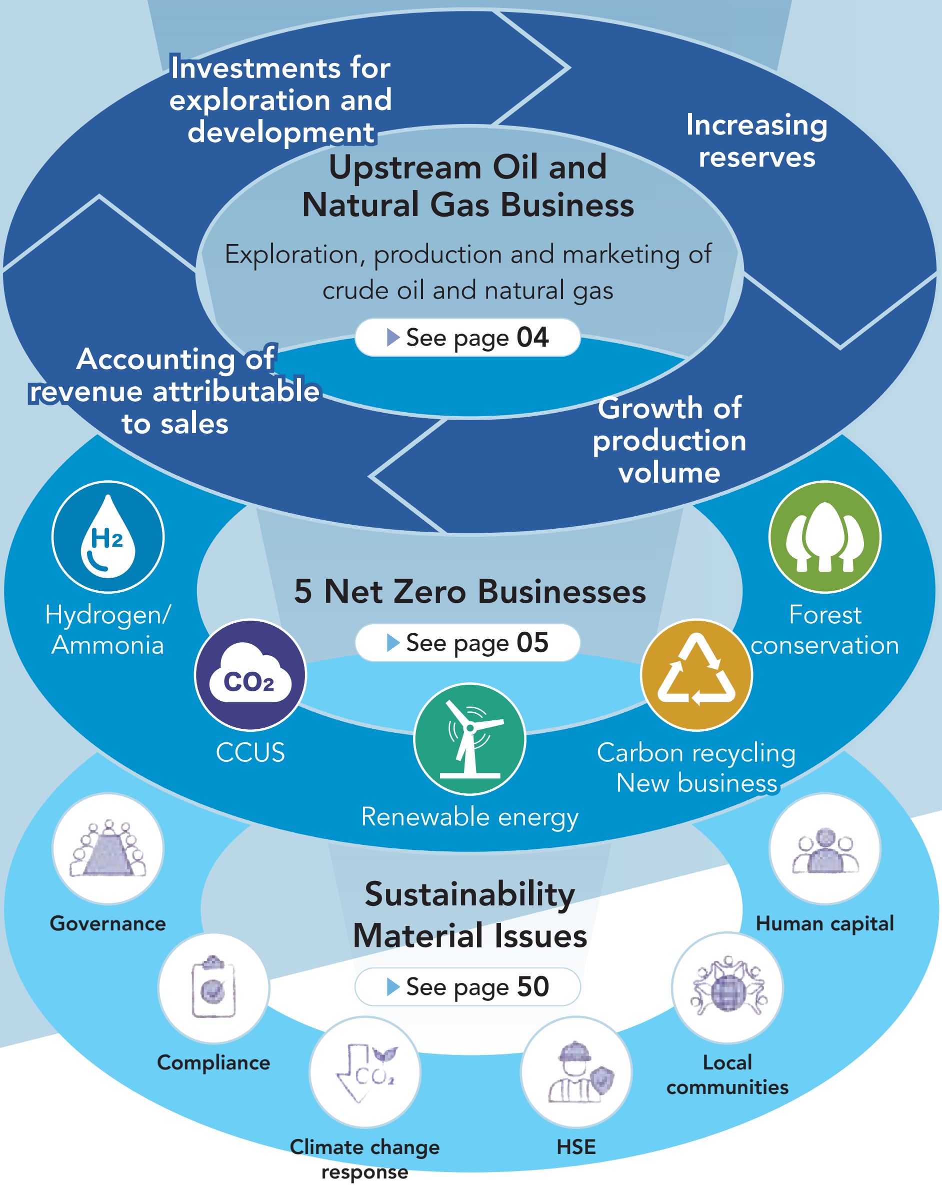
Intellectual Capital

- R&D activity expenses: ¥1.91 billion
- Establishment of INPEX Research Hub for Energy Transformation (I-RHEX)

Business Processes

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

See page 26



Note: Results for the fiscal year ended December 31, 2022

Our Mission

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

Risks

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

Opportunities

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

Outputs

Energy supply indispensable to people's livelihoods

Products

Oil

390.3 thousand barrels per day

Natural gas

1,211.5 million cubic feet per day

(Barrels of Oil Equivalent 231.8 thousand barrels per day)

Renewable energy

Power generated 744,259 MWh

Greenhouse gas emissions CO_2

Scope1 6,839 thousand tons- CO_2e

Scope2 69 thousand tons- CO_2e

Net carbon intensity 28 kg-CO_2e/BOE

Outcomes

Economic Values

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

Social Values

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

Environmental Values

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

Contribution to Achieving the SDGs*

*SDGs: Sustainable Development Goals

Basic management policy towards a net zero carbon society by 2050

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

Vision for around 2030

INPEX will transform net zero carbon from an ideal to reality.

Invest up to about 1 trillion JPY in the 5 net zero businesses and aim for these businesses to generate about 10% of operating cash flow by 2030

Message from the Representative Directors

Toshiaki Kitamura
Representative Director and Chairman

Takayuki Ueda
Representative Director, President and CEO

Accelerating our growth strategy to turn the rapidly changing business environment into an opportunity

In the fiscal year ended December 31, 2022, net sales hit an all-time high, surpassing 2 trillion Japanese yen on the back of higher oil prices, a weaker Japanese yen and other external factors. Ordinary income and net income both reached record-high levels. This performance was not fueled simply by these external factors, but also by our ability to maintain stable operations at sites such as the Ichthys LNG Project even during the COVID-19 pandemic.

The energy industry is currently facing the trilemma of having to simultaneously address the challenges of security, affordability and sustainability. Against the backdrop of rising crude oil and gas prices, tight supply and other conditions triggered by Russia's invasion of Ukraine, we are seeing a growing emphasis on ensuring energy security and affordability, meaning equitable access that would enable all people worldwide to secure stable energy, both in terms of volume and price. At the same time, there are ongoing debates on the need to accelerate the energy transition to help achieve sustainability of the global environment. How we address these three challenges has become a key focus of the international community. Many more people are also starting to realize that natural gas and especially LNG will play an important role in the energy transition.

The most important things we can do to turn these changes into business opportunities for our company based on our long-term vision are: (1) firmly understand market trends and keep up with the market, (2) accelerate our response to the energy transition and (3) refer back to our mission of providing a stable supply of energy as we meet the needs of our customers by steadily supplying energy, including oil and natural gas.

In February 2022, we formulated our Long-term Strategy and Medium-term Business Plan (INPEX Vision @2022) that includes specific initiatives, goals and strategies for promoting the stable supply of energy and energy transition initiatives at the same time. We will continue to monitor trends in market demand and pursue much cleaner upstream oil and natural gas operations as our core business. We will also accelerate our efforts in our 5 net zero businesses (hydrogen and ammonia, CCS/CCUS, renewable energy, carbon recycling and new business and forest conservation). In other words, we will do our utmost to turn the rapidly changing energy business environment into a business opportunity for INPEX.

Domestic and international circumstances surrounding energy remain uncertain, but we aim to utilize our capital and technological strengths to become a pioneer in the field of energy transformation, as expressed in the identity that spells out our company name—Innovative Pioneer of Energy Transformation (EX).

We will continue to help create a net zero carbon society through the two-pronged pursuit of ensuring a stable supply of diverse, clean energy not limited to oil and natural gas but including hydrogen and renewable energy, and addressing climate change in a responsible manner.

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

Representative Director and Chairman

北村俊昭

Representative Director, President and CEO

上田隆之

Message from the President & CEO

Takayuki Ueda

Representative Director,
President and CEO

To maintain a leading role in any era. We will implement both stable energy supply and climate change response.

Amid the rapid changes in the global energy business environment, INPEX is steadily advancing the three-year Medium-term Business Plan outlined in INPEX Vision @2022 and continues to take on the challenge of expanding its business opportunities.

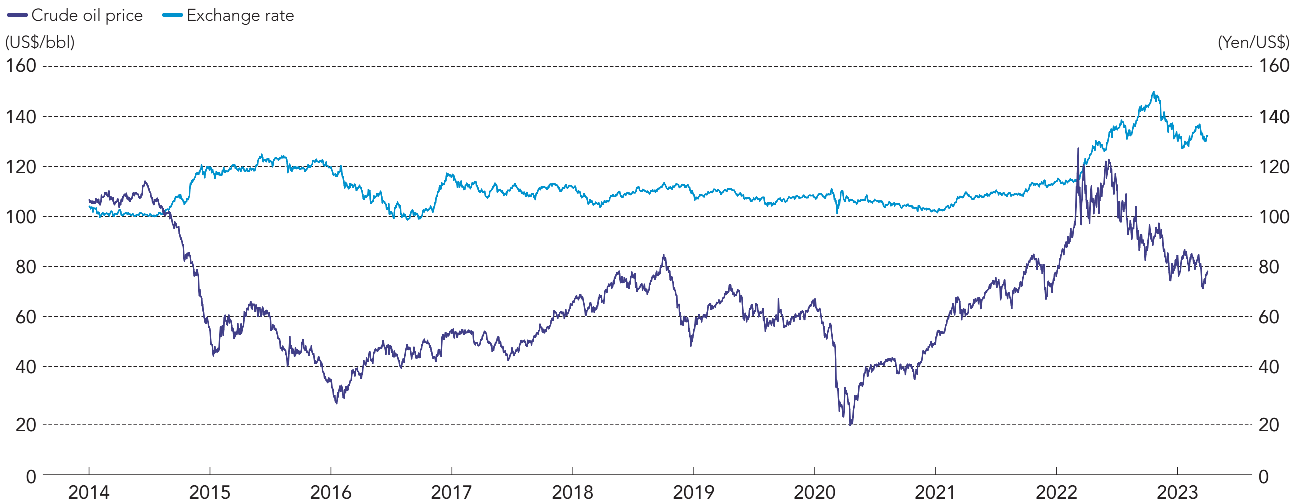
Overview of the fiscal year ended December 31, 2022

International crude oil prices rose sharply, and the Japanese yen continued to weaken

In the fiscal year ended December 31, 2022 (fiscal 2022), Japan's economic outlook remained uncertain as the conflict between Russia and Ukraine intensified, but we began to see a recovery trend as people grew accustomed to living with the pandemic. However, the downturn in the global economy that has accompanied further monetary tightening around the world does pose a risk to the Japanese economy, and many people remain concerned about the impact of factors such as inflation and supply disruptions on economic activities. Against this backdrop, looking at international crude oil prices and foreign exchange rates, which influence the performance of the INPEX Group, the price of Brent crude oil increased considerably to approximately 99 US dollars per barrel over the period due to factors including the Russia-Ukraine conflict. The average exchange rate stood at 131 Japanese yen against the US dollar due in part to the increase in US interest rates, which represented a significant year-on-year depreciation in the Japanese yen.

The price of Brent crude oil, which started the period at 78.98 US dollars per barrel, rose above 120 US dollars in the first half of the year. This was due to economic sanctions imposed on Russia primarily by the EU following Russia's invasion of Ukraine in February and moves by major Western nations to ban imports of Russian crude oil and natural gas. However, due to forecasts that the resurgence of COVID-19 in China and concerns that an economic downturn primarily in the US and Europe and

Brent crude oil price/ Exchange rate



Note: Data for 2023 are through to the end of March.

other factors would cause global crude oil demand to shrink, the Brent crude oil price declined, closing the fiscal year at 85.91 US dollars per barrel. The INPEX Group's average crude oil sales price rose 29.28 US dollars from the previous year to 97.71 US dollars per barrel.

Meanwhile, the exchange rate started the period at the 115 Japanese yen level against the US dollar. The yen subsequently depreciated to the 136 Japanese yen level against the US dollar on the back of soaring resource prices following Russia's invasion of Ukraine and rising US interest rates in the face of global inflationary pressures. The continued divergence of US-Japan financial policies in the second half resulted in a weaker yen, which further depreciated to the 150 Japanese yen level against the US dollar at one point. However, the interest rate differential between Japan and the US started to shrink towards the end of the year and the yen started to appreciate as concerns over inflation in the US diminished and the Bank of Japan decided to widen its target band for long-term interest rates. As a result, the year-end exchange rate (TTM) decreased by 17.68 Japanese yen year on year to 132.70 Japanese yen against the US dollar. The average exchange rate for the Group's net sales during the period stood at 131.73 Japanese yen against the US dollar, 21.62 Japanese yen lower than in the previous year.

Steady promotion of initiatives in the first year of the Medium-term Business Plan

Our INPEX Vision @2022 is divided into two major parts: our Long-term Strategy towards 2030 and 2050 and our Medium-term Business Plan 2022–2024. We are currently implementing the basic policies guided by that Vision, which involve continuing to make our upstream oil and natural gas business thoroughly cleaner to fulfill our role of ensuring the stable supply of energy, while also proactively engaging in our 5 net zero businesses. In fiscal 2022, the first year of the Medium-term Business Plan, we steadily implemented initiatives in both our oil and gas business and our 5 net zero businesses including (1) hydrogen and ammonia, (2) reduction of CO_2 emissions from oil and gas operations (CCUS), (3) renewable energy, (4) carbon recycling and new business opportunities and (5) forest conservation.

In the oil and gas business, we safely completed our planned shutdown maintenance at the INPEX Group's flagship Ichthys LNG Project in Australia on schedule and continued stable operations. As a result, we shipped 112 LNG cargoes over the year and the Ichthys LNG Project contributed 310.0 billion yen to INPEX's net income attributable to owners of parent in fiscal 2022. In Abu Dhabi, we pursued our existing crude oil development and production plans at offshore and onshore oil fields and continued stable production, while also studying opportunities to further expand production capacity. We maintained stable production at various projects in Norway, including the Snorre oil field. As part of our Abadi LNG Project in Indonesia, we conducted a comprehensive study on the introduction of CCS and other measures to make the project cleaner and promote the project as a competitive and sustainable project aligned to the energy transition. Following discussions with the Indonesian government on amending our revised plan of development (POD), we submitted an updated POD in April 2023. We are now working towards reaching a final investment decision (FID) in the latter half of the 2020s and starting production in the early 2030s.

We are also making steady progress on initiatives relating to our 5 net zero businesses. In addition to reaching FID on our blue hydrogen and ammonia production demonstration project in Niigata Prefecture, Japan, in the renewable energy business we also acquired several geothermal power generation projects in Indonesia and an offshore wind power generation project in Europe. Regarding CCS, we won a joint bid with Total Energies and Woodside Energy to acquire a GHG storage assessment permit off the northwestern coast of Australia for which we will continue to carry out evaluation and appraisal work. We aim to utilize this acreage to store GHG emitted from the Ichthys LNG Project and are also considering developing the acreage into a future CCUS hub. Regarding our methanation business, we are conducting engineering, procurement and construction (EPC) work for our demonstration plant as part of our aim to start supplying e-methane through INPEX pipelines in fiscal 2025. Finally, in terms of forest conservation, we are working towards acquiring 1.5 million tons of carbon credits in fiscal 2024.

Note: Please refer to page 26 to 29 for more information on the Long-term Strategy and Medium-term Business Plan 2022–2024 and page 34 to 49 for our initiatives in the oil and gas business and our 5 net zero businesses.

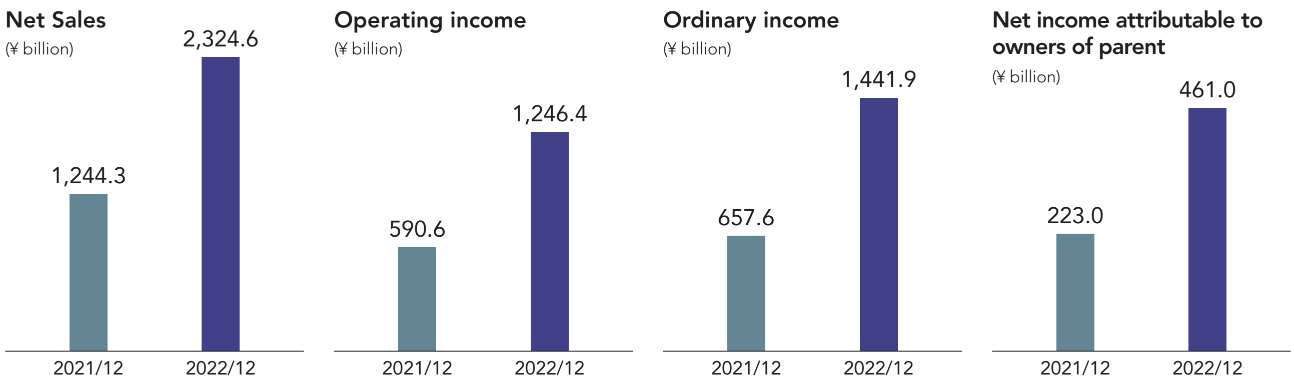
Continued safe and stable operations to achieve a record profit for the second consecutive year

In fiscal 2022, crude oil and natural gas production operations in which the INPEX Group is involved, including the Ichthys LNG Project, continued to proceed safely and stably for the most part worldwide. Also, external factors had a positive influence on our performance, where crude oil and natural gas sales prices increased and the Japanese yen depreciated. As a result of these developments, net sales for fiscal 2022 increased by 86.8 percent year on year to 2,324.6 billion Japanese yen, operating income increased by 111.0 percent to 1,246.4 billion Japanese yen and ordinary income expanded by 119.3 percent to 1,441.9 billion Japanese yen. Accordingly, net income attributable to owners of parent increased by 106.7 percent to 461.0 billion Japanese yen. This was the second consecutive year in which INPEX posted a record profit since the company's integration in 2008.

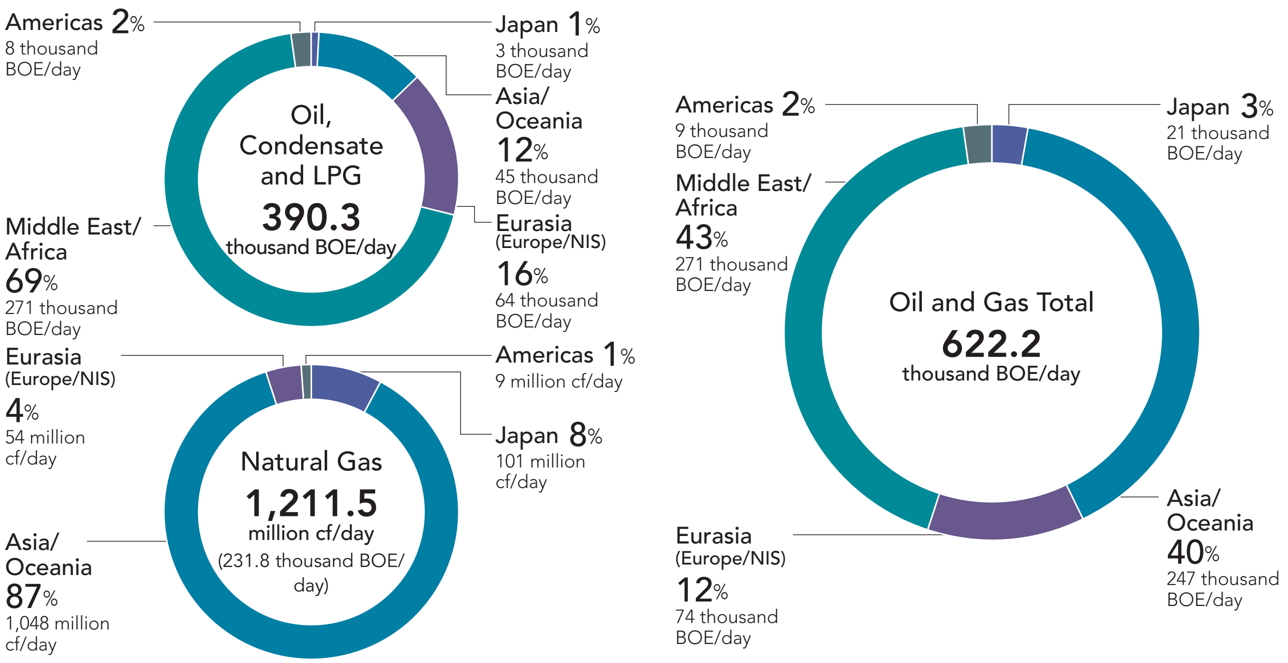
We increased our annual dividend per share of common stock by 14 yen year on year to a record 62 yen. We also strengthened shareholder returns through share buybacks totaling approximately 120.0 billion Japanese yen during the period, resulting in a total payout ratio of 44.1 percent.

Our net production volume (combining crude oil and natural gas in barrels of oil equivalent) stood at approximately 622 thousand barrels per day in fiscal 2022. We intend to continue focusing on quantitative expansion while strengthening our focus on qualitative growth, including a shift to natural gas. In addition, proved reserves (combined crude oil and natural gas reserves in barrels of oil equivalent), a key source of our future earnings, now amount to approximately 3.74 billion barrels.

Consolidated Financial Highlights



FY2022 Net Production



Ichthys LNG Project LNG tanker

Our group vision in a changing business environment

Dramatic changes in the energy landscape for both Japan and the world

The energy business environment is changing dramatically against the backdrop of the conflict between Russia and Ukraine, climate change issues and other factors. I believe there are three key points to these changes.

First, the challenge facing the world is shifting from a rapid energy transition that simply seeks to eliminate fossil fuels to finding a realistic solution to the energy trilemma, namely the need to address the sometimes conflicting issues of (1) energy security, (2) energy affordability that offers equitable access to affordable and clean energy and (3) energy sustainability through the realization of a sustainable global environment. In light of advancing climate change, the need to develop initiatives for carbon neutrality (energy sustainability) remains as urgent as ever. However, given the increasingly tight energy supply and rapid rise in energy prices, the challenge facing the world today is how to realize energy transition while balancing energy security and energy affordability (ensuring energy access for people worldwide in terms of volume and price), both of which tend to conflict with decarbonization.

Second, the world is becoming increasingly aware of the fact that both fossil fuels and new energy sources including renewables will play a part in the energy transition process, and that natural gas and LNG in particular will play a central role in the process. These global developments dovetail with the INPEX Group's quest to accelerate the expansion of its 5 net zero businesses toward 2050, to promote the shift to natural gas and to pursue cleaner and more resilient upstream oil and natural gas operations, which make up our core business.

The third point relates to changes in the energy supply chain. Players are looking to construct or plan new LNG liquefaction and export facilities and natural gas pipelines in Europe, the United States, the Middle East and other parts of the world. In other words, global supply chains are being restructured in response to geopolitical risk.

Against this backdrop of dramatic change, the INPEX Group is engaging in active dialogue with institutional investors and other stakeholders, in Japan and other countries, to share our outlook for the energy-related business environment and to explain that INPEX's strategic direction is in step with the changing environment. We are pleased to see that our efforts are being recognized and appreciated. The biggest challenge for the INPEX Group going forward will be how to transform these changes in our environment into fresh business opportunities.

How to turn the changes in our business environment into business opportunities

There are three key themes that we must pursue to turn the industry's changing environment into business opportunities.

The first involves gaining a firm understanding of market trends and needs. In other words, how to supply optimal energy at the speed the market demands. Regarding LNG, which is widely considered as a form of energy supporting the transition, we are working to build a production framework at the Ichthys LNG Project that will enable us to stably increase capacity from the current 8.9 million tons per year to 9.3 million tons per year. Over the long term, we will accelerate our participation in exploration activities in the vicinity of the Ichthys Field as well as the development of discovered but undeveloped assets to further ensure a sustained production volume, and then aim to further expand production volume visualizing the expansion of Ichthys in around 2030. With regard to hydrogen and ammonia, it is important to fully understand when future demand is likely to develop and what action needs to be taken now. Naturally, we do not want to fall behind other companies, so it is important to constantly monitor market trends and identify future demand.

The second point relates to our CCS initiatives, which form part of our net zero commitment. Currently, there is a general global consensus that CCS is a realistic technology that can help achieve both net zero carbon emissions and a stable energy supply. We believe CCS could prove to be a game changer in energy transformation, and INPEX is aiming to become a leading company in this field. INPEX has been granted a GHG assessment permit for acreage off the northwestern coast of Australia, which is a potential CCS site. We will proceed with evaluation and appraisal work with the aim of utilizing the acreage for CCS activities supporting the Ichthys LNG Project. We will also study and evaluate the possibility of the subsurface storage of residual CO_2 generated by the blue hydrogen and ammonia production demonstration project in Niigata Prefecture, Japan. Both projects will enable us to gain extensive knowledge of CCS and accelerate our net zero carbon efforts.

The third point involves relating back to our Group's mission of providing a stable supply of energy as we strive to stably produce key sources of conventional energy, namely crude oil and natural gas, and supply energy in ways that meet the needs of our customers more closely than ever. We will continue to champion the INPEX Value of "Safety Number One" and to achieve stable, accident-free production operations at each of our projects. On the trading front, in 2022 we signed a 20-year LNG offtake agreement for approximately 1 million tons/year with Venture Global LNG of the United States to expand our LNG supply capacity and diversify our supply sources. For INPEX to be an even more reliable partner for customers at critical moments, we will continue to build frameworks to help us fulfill our mission to society of providing a stable supply of energy, even when various factors combine to tighten the global market.

Technological capabilities are key

Technological capabilities are key when it comes to achieving energy transformation and aiming for sustainable growth. In the past, our technology development focused on integrating the world's various existing technologies and linking them to our operations. Today, we are very much aware of the need to focus on researching and developing previously unexplored technologies in net zero and other fields. In April 2022, we established the INPEX Research Hub for Energy Transformation, or I-RHEX for short, within our Technology Division's Technical Research Center as part of our initiative to establish fundamental research facilities to help achieve a net zero carbon society. We intend to grow I-RHEX as an open platform for R&D applying oil and natural gas development technologies to clean energy technologies and the development of advanced technologies, such as CCUS and low-cost hydrogen production. We want I-RHEX to contribute to society's energy transformation by cooperating and forming alliances with a wide range of companies, universities, research institutes and other organizations. We will also promote the use of digital technology and establish the appropriate foundations for a digital energy company, so that we can create and provide fresh added value to stakeholders in Japan and other countries.

Consolidated forecasts for fiscal 2023 (based on as of May 10, 2023 earnings report)

Assuming a crude oil price average of 80.00 US dollars per barrel (down 19 US dollars year on year) and an exchange rate average of 130 Japanese yen against the US dollar for the full year (appreciation of roughly 1 yen), we expect to generate net sales of 1,994.0 billion Japanese yen, a net income attributable to owners of parent of 300.0 billion yen and cash flow from operations before exploration of approximately 860.0 billion yen in fiscal 2023.

Regarding shareholder returns, under the Medium-term Business Plan 2022–2024, we are targeting a total payout ratio of 40 percent or greater and setting a minimum annual dividend per share of 30 yen. The Company's basic policy is to maintain stable dividends, while also strengthening shareholder returns in line with growth in financial performance through share buybacks and other means after considering the business environment, our financial base, management conditions and other factors. Based on the above policy, INPEX plans to increase the annual dividend per share of common stock by 2 yen to 64 yen in fiscal 2023. We will continue to offer appropriate dividends based on our shareholder returns policy, the underlying business environment and other factors.

Achieving sustainable growth

Coexisting with local communities

The INPEX Group has positioned the five regions of Australia, Abu Dhabi, Southeast Asia, Japan and Europe as core business areas and is seeking to concentrate its management resources in these areas to improve business efficiency. We believe the ability to operate smoothly in each area does not depend simply on the pursuit of business efficiency, but more precisely on having local communities recognize and appreciate the values that INPEX offers and obtaining a social license to operate. To mark the 50th anniversary of our subsidiary Japan Oil Development Co., Ltd. (JODCO), we held our Board of Directors meeting in Abu Dhabi in January 2023. This was only the second time that an INPEX board meeting has been held outside Japan following a similar meeting in Darwin, Australia in 2019. These initiatives present a great opportunity to promote mutual understanding by conveying the INPEX Group's stance to local governments and other organizations and enabling our outside directors and others to learn about local initiatives.

The INPEX Group also pursues various support activities to promote harmony with local communities in Japan and other countries. In recent years, we have made a cumulative donation equivalent to three million US dollars in humanitarian assistance for Ukraine via the Japanese Red Cross Society. We also provided a total of one million Australian dollars in relief funds to help alleviate large-scale flood damage caused by cyclones in Western Australia and the Northern Territory, dispatched helicopters to rescue victims and matched donations made by employees. We also contributed relief funds for the 2023 Turkey-Syria earthquakes. The INPEX Group will strive to do everything in its power in times of emergency to build bonds of trust with local communities.

Ensuring that INPEX continues to maintain a leading role in any era

The INPEX Group's Sustainability Principles outline our main principles for conducting business, including the stable supply of clean energy, efforts to engage in energy transformation, thorough safety management for all personnel associated with INPEX business operations and compliance with laws and regulations. We place particular importance on health, safety and the environment (HSE) because of the nature of our business, in which stable operations based on the "Safety Number One" principle enhance the sustainability of our company. We recognize the importance of creating a corporate culture that can generate further innovation in a changing environment. As such, the whole Group strives to become the most rewarding place to work by expanding the job-focused HR system and career-development support as well as working from home, flextime work and other systems. Our officers and employees are working together to steadily resolve issues with regards to various management themes, such as further strengthening our financial base and ensuring thorough compliance.

To epitomize our namesake commitment to serve as an Innovative Pioneer of Energy Transformation (EX), INPEX seeks to fulfill its commitment to society by ensuring the stable and efficient supply of essential energy in increasingly clean forms. We also strive to play a leading role in the supply of energy, from oil and natural gas to hydrogen and renewable energy, in any era, and we are determined to continue to serve as a leading energy provider. In the second year of the current Medium-term Business Plan, we will seek to further strengthen our business frameworks to build a value chain in our 5 net zero businesses as well as in the oil and gas business. The INPEX Group will continue to work together to achieve the INPEX Vision @2022. I would like to ask for the continued support of all our stakeholders as we undertake this important challenge.

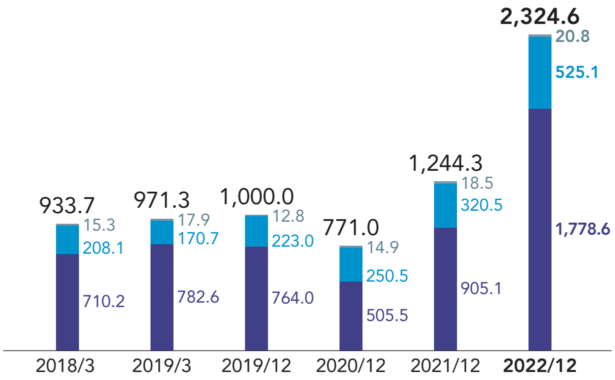
Financial and Operating Highlights (Five-Year Comparative Graphs)

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

Profitability Indices

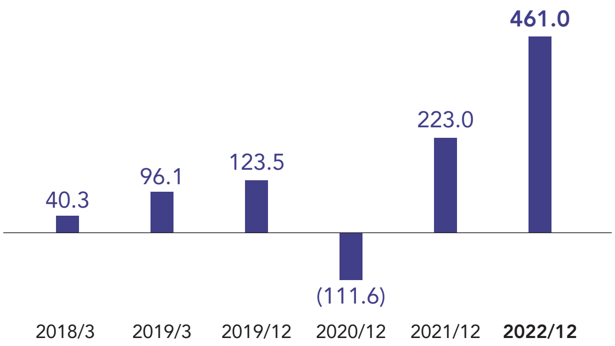
Net Sales

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



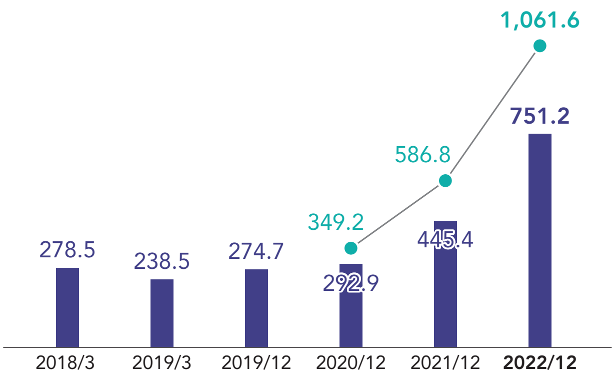
Net Income (Loss) Attributable to Owners of Parent

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



Cash Flow from Operations

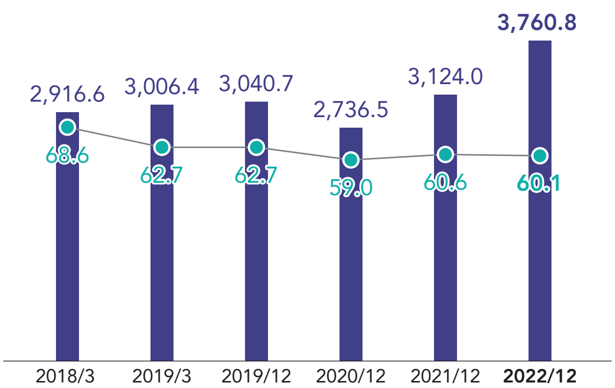
■ Cash flow from operations (¥ billion)
● Cash flow from operations before exploration investments (including Ichthys downstream IJV) (¥ billion)[1]



Stability Indices

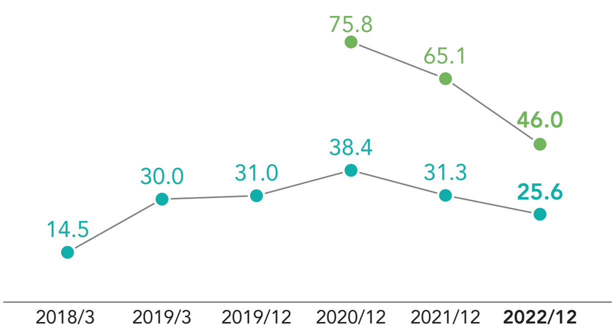
Net Assets Excluding Non-Controlling Interests, Equity Ratio

■ Net assets excluding non-controlling interests (¥ billion)
● Equity ratio (%)



Net D/E Ratio

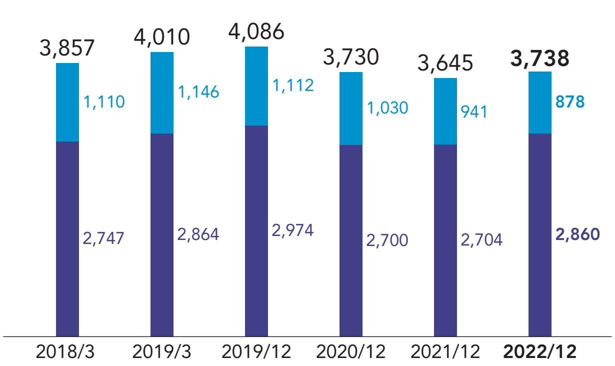
● Net D/E ratio (based on institutional accounting practices) (%)
● Net D/E ratio (including Ichthys downstream IJV) (%)[2]



Reserve/Production Indices

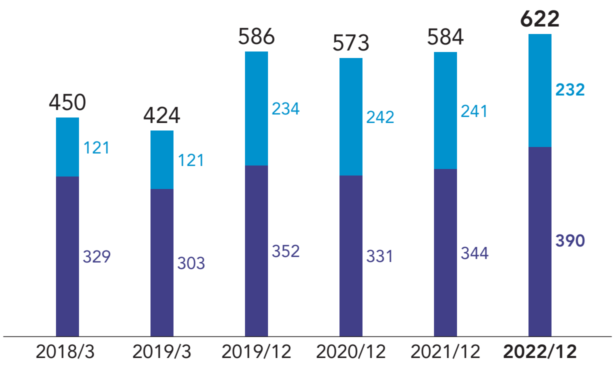
Net Proved Reserves[3]

■ Crude oil (Million BOE)
■ Natural gas (Million BOE)



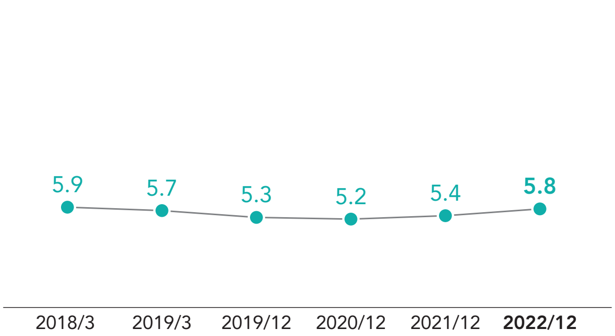
Net Production (barrels of oil equivalents)

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



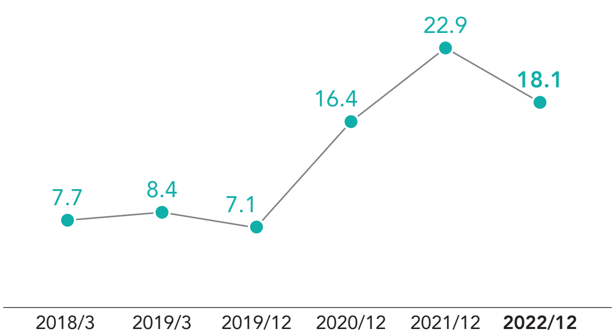
Average Production Cost per BOE Produced

● Average production cost per BOE produced (Excluding royalty) (US$/BOE)[4]



Exploration and Development Cost per BOE (3-year average)

● Exploration and development cost per BOE (3-year average) (US$/BOE)[5]

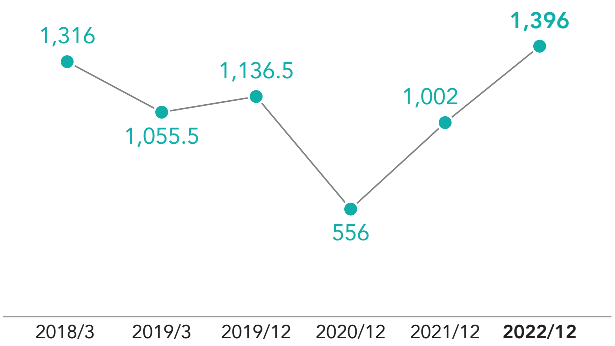


Notes:
1. Cash flow from operations before exploration investments includes Ichthys downstream Incorporated Joint Venture (Ichthys LNG Pty Ltd) and differs from institutional accounting basis. Data after FY2020/12 is disclosed.
2. Net D/E ratio (including Ichthys downstream IJV) includes Ichthys downstream IJV (Ichthys LNG Pty Ltd) and differs from figures based on institutional accounting practices. Data after FY2020/12 is disclosed.
3. The proved reserves are evaluated in accordance with SEC regulations. The reserves cover most of INPEX group projects including the equity-method affiliates. The reserves of projects which are expected to be invested a large amount and affect the Group's future result materially are evaluated by DeGolyer & MacNaughton, and the others are done internally.
4. Average expenses per BOE produced is the production cost per barrel of oil equivalent produced during the year.
5. Exploration and development cost per BOE is calculated by dividing the sum of exploration and development costs and interest acquisition costs by the increase in proved reserves.

Performance Indices

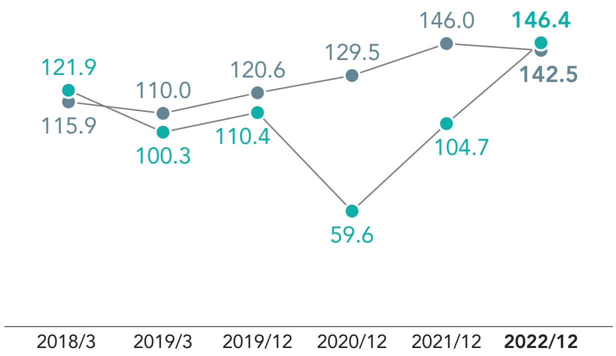
Share Price

● Year-end share price (Tokyo Stock Exchange closing price) (Yen)



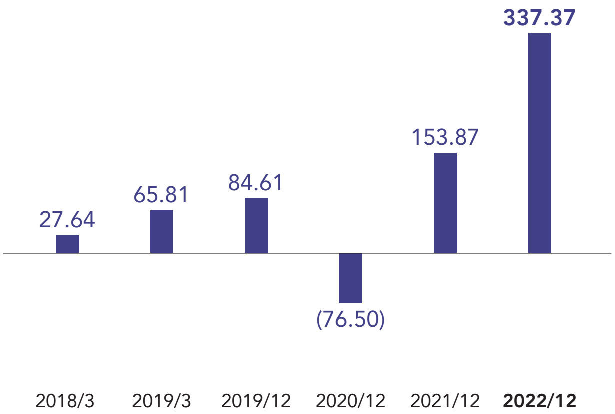
Total Shareholder Return (TSR)

● TSR (%)[6]
● TOPIX (including dividends) (%)



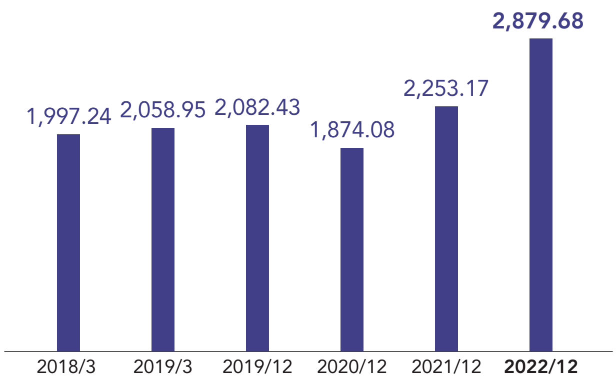
Earnings (Loss) per Share (EPS)

■ EPS (Yen/share)[7]



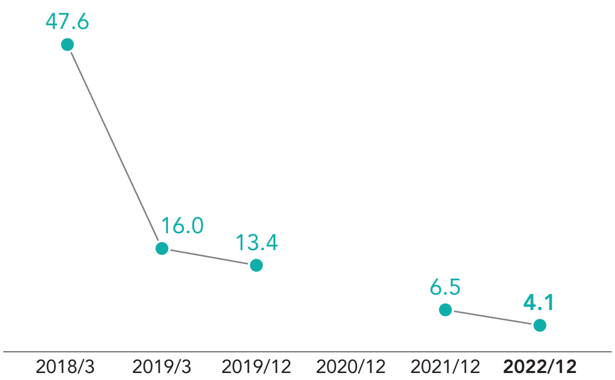
Book Value per Share (BPS)

■ BPS (Yen/share)[8]



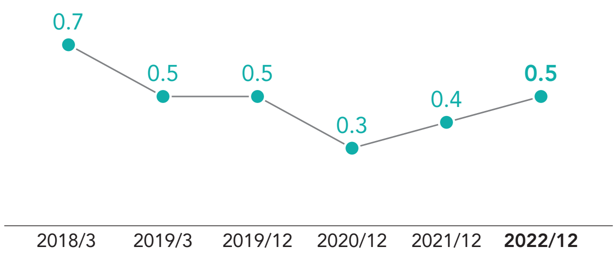
Price Earnings Ratio (PER)

● PER (Times)[9]

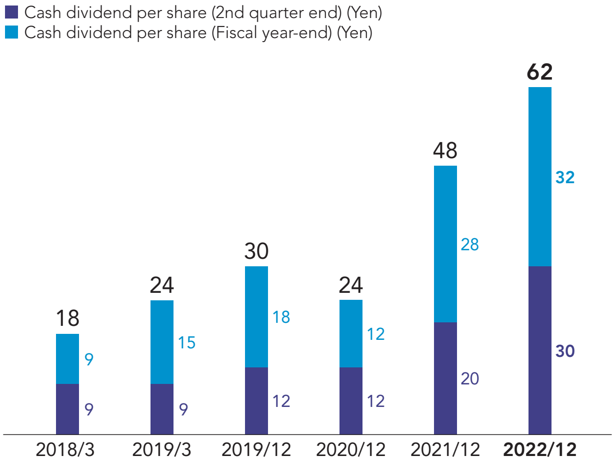


Price Book-Value Ratio (PBR)

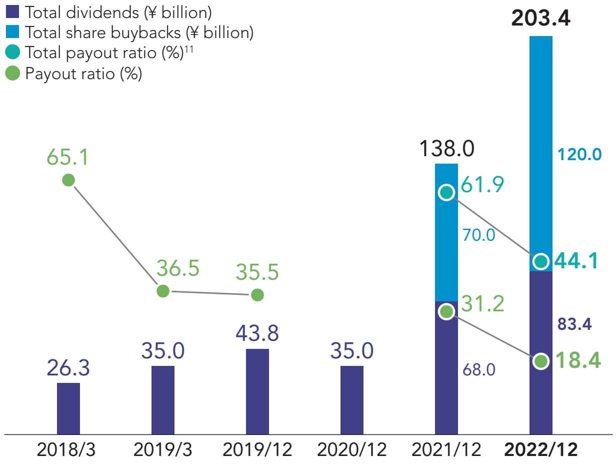
● PBR (Times)[10]



Cash Dividend per Share (DPS)

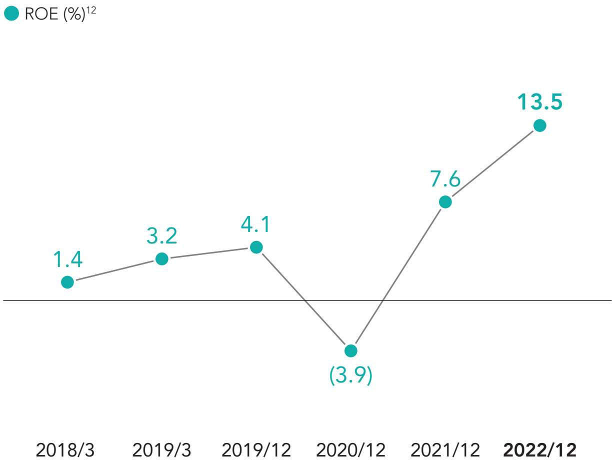


Total Dividends, Total Share Buybacks, Total Payout Ratio, Payout Ratio

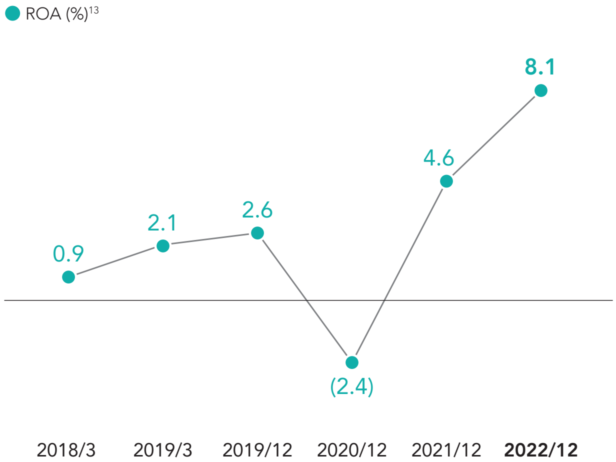


Efficiency Indices

Return on Equity (ROE)



Return on Assets (ROA)



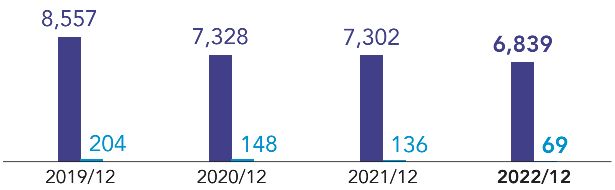
Notes:
6. Total shareholder return (TSR) is the return on the closing price of our common stock on the First Section of the Tokyo Stock Exchange in FY2017/3.
7. Earnings (loss) per share (EPS) are calculated by dividing the net income (loss) attributable to owners of parent by the average number of shares during the year.
8. Book value per share (BPS) is calculated by dividing the year-end net assets (excluding year-end non-controlling interests and year-end net assets related to Class A stock) by the year-end number of common shares outstanding (excluding the year-end number of treasury shares).
9. Price earnings ratio (PER) is calculated by dividing the year-end share price by earnings (loss) per share. No price earnings ratio (PER) is shown for FY2020/12, as a net loss was recorded in this year.
10. Price book-value ratio (PBR) is calculated by dividing the year-end share price by the book value per share.
11. Total payout ratio has been disclosed since FY2021/12. No payout ratio is shown for FY2020/12, as a net loss was recorded in this year.
12. Return on equity (ROE) is calculated by dividing the net income (loss) attributable to owners of parent by the average of net assets excluding non-controlling interests at the beginning and end of the year.
13. Return on assets (ROA) is calculated by dividing the net income (loss) attributable to owners of parent by the average of total assets at the beginning and end of the year.

Sustainability Highlights

Environment

Greenhouse Gas Emissions

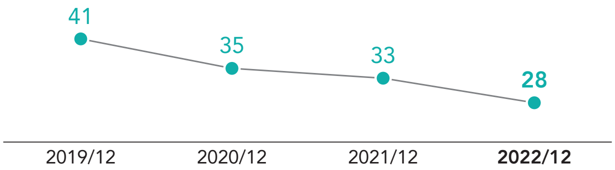
■ Scope 1 emissions (thousand tons-CO_2e)
■ Scope 2 emissions (thousand tons-CO_2e)
Boundary: Equity share[1]



• Scope 1 emissions are direct emissions from sources that the Company owns or controls. Scope 2 emissions are indirect emissions associated with the electricity, steam, heat, and cooling that the Company purchases and consumes.

Net Carbon Intensity

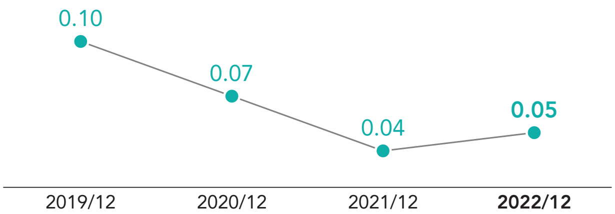
● Net carbon intensity (kg-CO_2e/BOE)
Boundary: Equity share[1]



• Net carbon intensity includes offsets. Intensity indicates the volume of GHG emitted per unit of consolidated production of oil and natural gas (converted to calorific values).

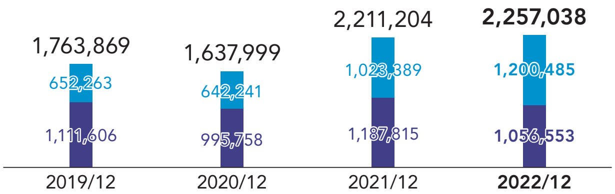
Methane Emissions Intensity

● Methane emissions intensity (%)
Boundary: Operational control[2]



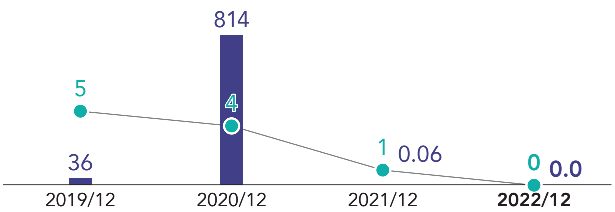
Freshwater Consumption

■ Domestic freshwater consumption (m^3)
■ Overseas freshwater consumption (m^3)
Boundary: Operational control[2]



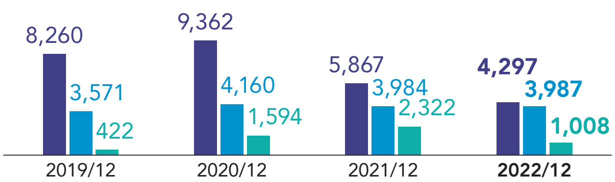
Oil Spills

■ Quantity of spills (bbl) ● Number of spills (cases)
Boundary: Operational control[2]



VOC/NOx/SOx Emissions to the Atmosphere

Emissions (tons) ■ VOC ■ NOx ■ SOx
Boundary: Operational control[2]



• Domestic VOC emissions are calculated using the "PRTR Release and Transfer Calculation Manual for Oil Refineries and Oil Storage Depots, etc." published by the Petroleum Association of Japan. Overseas VOC emissions are calculated in accordance with the laws and regulations of each country.

External Evaluation

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

FTSE4Good Developed Index, FTSE4Good Japan Index	FTSE Blossom Japan, FTSE Blossom Japan Sector Index	MSCI ESG Leaders Indexes	MSCI Japan ESG Select Leaders Indexes
S&P/JPX Carbon Efficient Index	CDP Climate Change 2022 score: A-	Selected as "Yearbook Member" in the S&P Global Sustainability Award 2023	Special award as an Environmentally Sustainable Company in the Ministry of the Environment's ESG Finance Award Japan

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

2023 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX

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

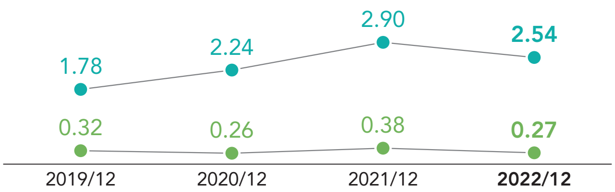
Sustainability Report ▶ **https://www.sustainability-report.inpex.co.jp/fy2022/en/**

Society

LTIR, TRIR

● LTIR ● TRIR

Boundary: Operational control[2]

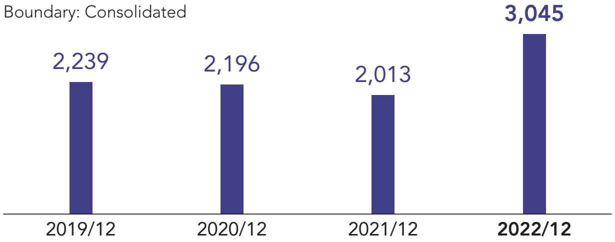


- LTIF (Lost Time Injury Frequency): Rate of injury resulting in fatalities or lost time per million hours worked.
- TRIR (Total Recordable Injury Rate): Rate of total fatalities, lost work day cases, restricted work day cases, and medical treatment cases per million hours worked.

Social Investment

■ Social investment (million JPY)

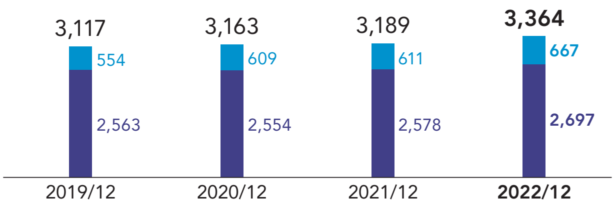
Boundary: Consolidated



Number of Employees by Gender

■ Male (persons) ■ Female (persons)

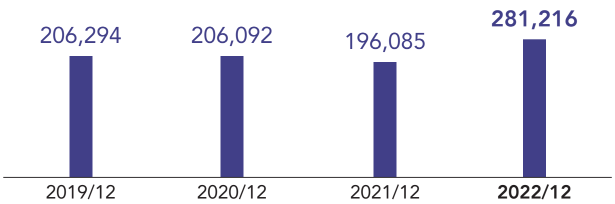
Boundary: Consolidated



Training Cost per Employee

■ Training Cost per Employee (JPY)

Boundary: Unconsolidated + Australia

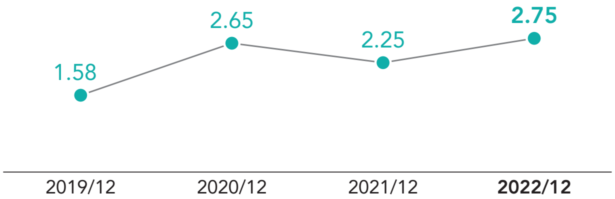


- Australia, which is included in the boundary, refers to the employees of subsidiaries in Australia.

Unconsolidated Staff Turnover Rate

● Unconsolidated staff turnover rate (%)

Boundary: Unconsolidated



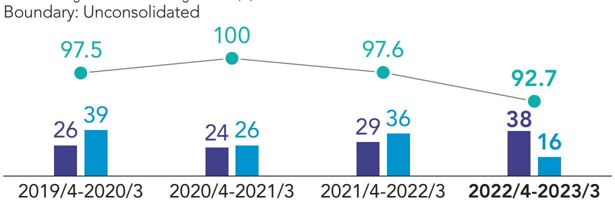
- Calculated based on the number of voluntary resignees.

Number and Percentage of Employees Taking advantage of Parental Leave System by Gender

■ Male employees taking parental leave (persons) ■ Female employees taking parental leave (persons)

● Percentage of those returning to work (%)

Boundary: Unconsolidated



- The data is a cumulative number. From 2022, the data represents the number of first-time acquirers during the year in line with the method used to calculate the acquisition rate.
- The rate of employees returning to work is calculated by dividing the number of employees who have returned by the number expected to return for each fiscal year, multiplied by 100.

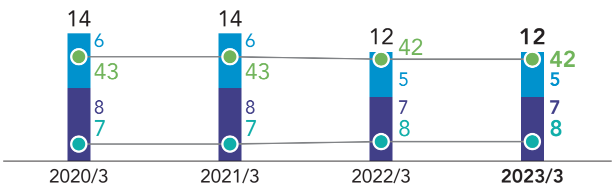
Governance

Number of Directors

■ Directors (inside) ■ Directors (outside)

● Percentage of female directors (%) ● Percentage of outside directors (%)

Boundary: Consolidated



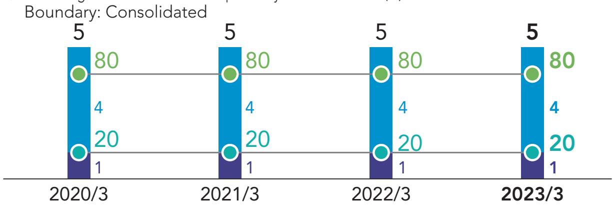
Number of Audit & Supervisory Board Members

■ Audit & Supervisory Board members (inside) ■ Audit & Supervisory Board members (outside)

● Percentage of female Audit & Supervisory Board members (%)

● Percentage of outside Audit & Supervisory Board members (%)

Boundary: Consolidated



- The number of Directors and Audit & Supervisory Board Members is for those elected at the ordinary general meeting of shareholders held in March of each year.

Notes:

1. The total amount of emissions corresponding to the net economic share of each production project.
2. These data are reported on an operational control basis, including headquarters, Technical Research Center, overseas offices and operational organizations in Japan and overseas.

INPEX Strengths

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

Relevant material sustainability issues

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

We produce oil and natural gas on a daily basis in countries around the world on a scale equivalent to approximately 10% of Japan's annual energy consumption. This production volume is the largest among Japanese companies, and, internationally, is second only to the output of major oil companies, so we play a part in ensuring a stable supply.

Climate Change

Local Communities

2 Exceptional technological capabilities and R&D structure for achieving net zero carbon

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

Climate Change

Human Capital

3 Global human resources with diverse values

To sustain and strengthen responsible management as a global company, we believe it is important to diversify our workforce and develop human resources that can share global values.

To achieve this aim, we promote a range of HR policies from a global perspective and maximize organizational performance by ensuring the diversity of our talent pool.

Human Capital

Governance

4 Strong financial position and rising cash flow

We generate stable and solid revenues and cash flow through the stable operation of Ichthys and other domestic and international projects. We appropriately control our financial balance by constantly monitoring outstanding borrowings, investments and returns to build a resilient financial base that can withstand a low-oil-price environment.

Governance

5 Close partnerships with gas- and oil-producing nations and support from the Japanese government

We have built long-term relationships with governments and other stakeholders in various countries, and we will pursue synergies by leveraging this network for our 5 net zero businesses as well. We use financial support from JOGMEC, JBIC, NEXI and other organizations to promote oil and natural gas upstream projects. We also help develop policy frameworks and provide other assistance for the sectors of our 5 net zero businesses and promote the prompt and efficient development of those businesses by utilizing subsidies from NEDO, JOGMEC and others in an appropriate manner.

Local Communities

Climate Change

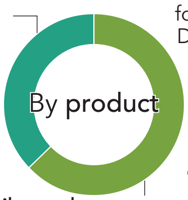
Production equivalent to

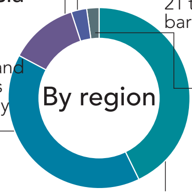
about **10%**

of Japan's annual energy consumption

Net production volume for fiscal year ended December 31, 2022

622 thousand barrels per day





Related pages

Centaralize Business Portfolio by Setting Core Business Areas

▶ See page 36

Project Overview by Core Business Areas

▶ See page 38

R&D activity expenses
(Results for the fiscal year ended December 31, 2022)
¥1.91 billion

Number of partnerships with industry, academia, and government
(Fiscal year ended December 31, 2022, cumulative)
Approx. 40

R&D employees attached to Technical Research Center
(As of December 31, 2022)
38 employees

Related pages

Initiatives towards Stronger Management Foundation

▶ See page 32

Number of Group employees
(Results for the fiscal year ended December 31, 2022)
3,364

Diverse human resource composition
(As of December 31, 2022)

Percentage of female employees in the entire Group, including overseas	Approx. 19.8% (667 employees)
Percentage of foreign employees in the entire Group, including overseas	Approx. 39.9% (1,343 people)

Related pages

Sustainability Featured Content 1 Human Resources Strategy

▶ See page 56

Net D/E ratio
(Result for the fiscal year ended December 31, 2022)
46%
Including Ichthys downstream IJV

Cash flow from operations before exploration
(Result for the fiscal year ended December 31, 2022)
¥1,061.6 billion
Including Ichthys downstream IJV

Related pages

Message from Senior Vice President of Corporate Strategy & Planning

▶ See page 30

Message from the Senior Vice President, Finance & Accounting

▶ See page 80

Related pages

Centaralize Business Portfolio by Setting Core Business Areas

▶ See page 36

Project Overview by Core Business Areas

▶ See page 38

Board meeting held in Abu Dhabi

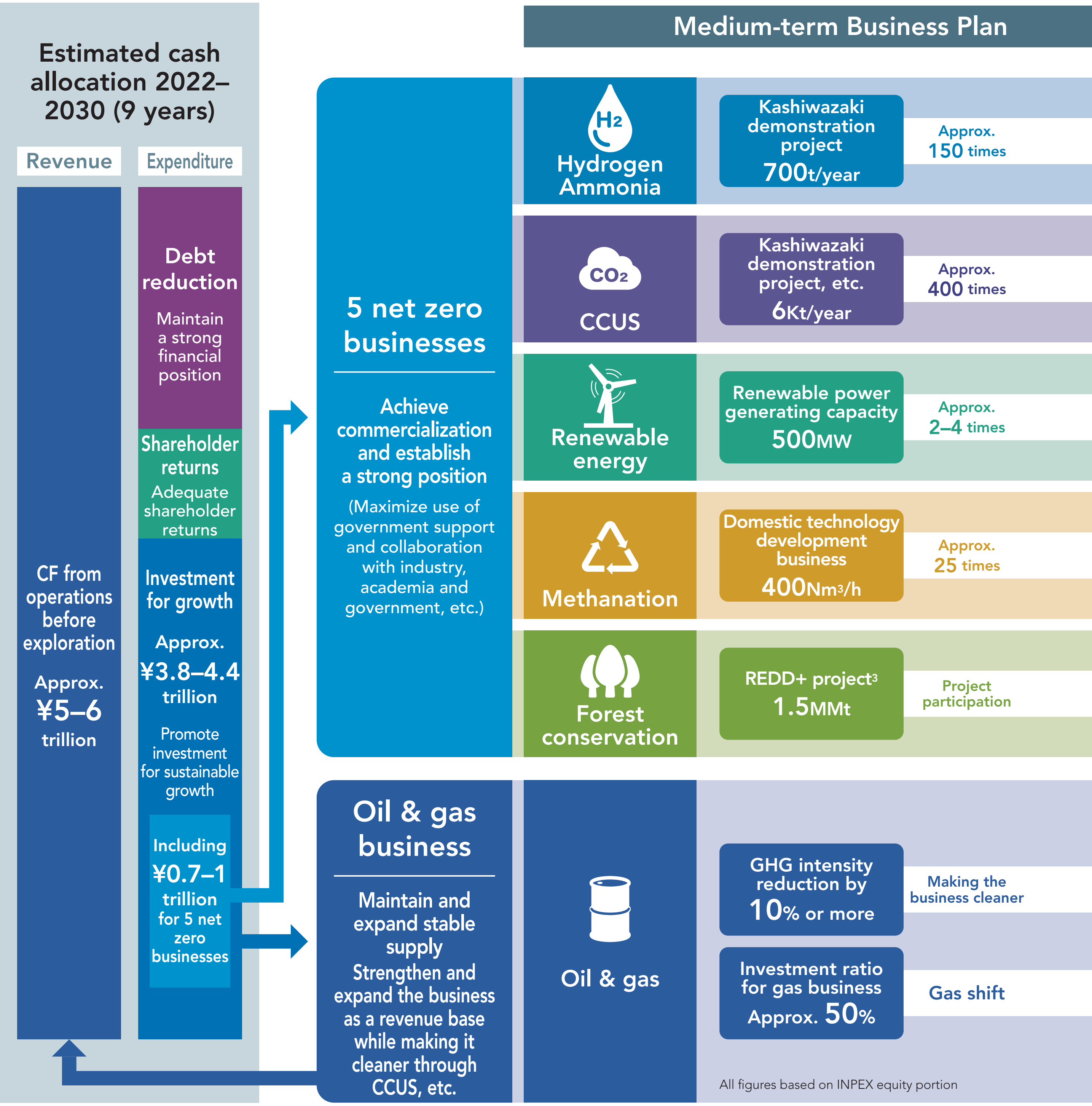
▶ See page 73

INPEX Vision @2022

Long-term Strategy

Vision for 2030 and 2050

We are committed to transforming net zero carbon from an aspiration to reality by 2030, and then on toward a net zero carbon society by 2050. Oil and natural gas being an essential energy source for economic and social activities, we will work to ensure their stable supply. Natural gas, for which demand is expected to be strong, especially in Asia, is a business that will be strengthened and expanded as a revenue base while moving to thoroughly make it cleaner through the introduction of CCUS and other measures. In the 5 net zero businesses, we will aim to achieve commercialization and establish a strong position.



1: Ammonia volume shown in hydrogen equivalent

2: Hydrogen that is produced by splitting water using electricity generated from renewable energy

3: Concept defined at the 2010 United Nations Climate Change Conference that augments REDD (Reducing Emissions from Deforestation and forest Degradation) with the active prevention of forest degradation through forest management and enhancement of carbon stocks through forestation.

Basic management policy towards a net zero carbon society by 2050

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

Around 2030		2050
Around 10% of operating CF[5]		
Commercialization of 3 or more projects 100Kt/year[1]	Scale up	Supply of approx. 10% of domestic demand
CO_2 injection 2.5MMt per year	Scale up	Monetization as CCUS business
Renewable power generating capacity 1–2GW	Scale up	Future production of green hydrogen[2]
Production business scale 10K Nm³ /h (60Kt/year)	Expansion	Around 2035 Production business scale 60K Nm³/h (360Kt/year)
Carbon credit acquisition 2MMt per year	Expansion	Expanded sustainable forest conservation business
GHG intensity reduction by 30% or more (vs. 2019) Investment ratio for gas business Approx. 70% Reinforced trading functions[4] LNG handling volume Approx. 10MMt	Sustained efforts	Expanded stable supply of clean oil & gas

Expand each business at an accelerated pace and become recognized as a credible key player

Maintain stable energy supply on the basis of thoroughly making the business cleaner

2050 Challenge for net zero

Be a company rich in vitality, creativity and diversity, capable of sustainable development

4: Inclusive of midstream and downstream business, etc.

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

INPEX Vision @2022

Medium-term Business Plan 2022–2024

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

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

Fiscal year ended March 31, 2013 to fiscal year ended March 31, 2018

INPEX Medium- to Long-term Vision Ichthys and our growth beyond

- Preparing to start production at the Ichthys LNG Project after making the final investment decision (FID) in 2012 (2012–2018)
- Completed the Naoetsu LNG Terminal (2013), completed the Toyama Line in Japan (2016)
- Joined the Sarulla Geothermal Project (2015)
- Acquired interests in the Lower Zakum Oil Field and extended interests in the Satah and Umm Al-Dalkh Oil Fields (2018)

Fiscal year ended March 31, 2019 to fiscal year ended December 31, 2021

Vision 2040/Medium-term Business Plan 2018–2022

- Started production at the Ichthys LNG Project (2018)
- Agreed to acquire stakes in offshore wind power generation projects in the Netherlands (2021)
- Achieved then-record profits of 223.0 billion yen (2021)
- Paid a then-record dividend of 48 yen per share (2021)
- Conducted INPEX's first share buyback (2021)

Positioning of Medium-term Business Plan 2022–2024

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

Gaining momentum toward realizing our Vision for around 2030

5 net zero businesses

- Steadfastly implement demonstration and research activities
- Prepare for full-scale investment

Oil and gas business

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

Strong management foundation

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

Fiscal Year Ended December 31, 2022: Progress on Management and Business Targets

- In the fiscal year ended December 31, 2022 (fiscal 2022), we continued stable operations at Ichthys, worked to increase production capacity in Abu Dhabi and sold some upstream business assets to optimize our portfolio. In addition, we acquired a geothermal power generation project in Indonesia and offshore wind power generation projects, etc. in Europe, and won a bid for a CCS permit in Australia. Through these and other projects, we pressed ahead with energy transition initiatives and made steady progress towards achieving our management targets.
- In fiscal 2023, in addition to our oil and gas business, we will consider how to build a value chain in our 5 net zero businesses and seek to further strengthen our business structure as we strive to achieve INPEX Vision @2022.

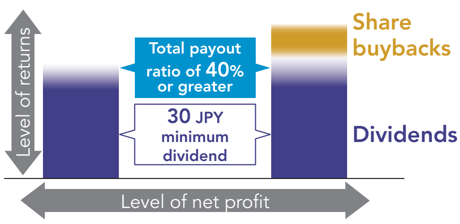
		Fiscal 2021 (Actual)	Fiscal 2022 (Actual)	Fiscal 2023 (Financial Forecasts) (as of May 10, 2023 earnings report)	Fiscal 2024 (Target)	
Conditions	Brent crude oil price (USD/barrel)	70.95	99.00	80.00	60	70
	Exchange rate (JPY/USD)	109.90	131.60	130.00	110	110
Management targets	Income attributable to owners of parent (JPY)	223.0 billion	461.0 billion	300.0 billion	170.0 billion	240.0 billion
	CF from operations before exploration*[1] (JPY)	586.8 billion	1,061.6 billion	Around 860.0 billion	600.0 billion	700.0 billion
	ROE	7.6%	13.5%	Around 8%	Around 6.0%	Around 8.0%
	Net D/E ratio[1]	65%	46%	Around 35%	50% or less	50% or less
Business targets	Net production volume (barrels of oil equivalent per day)	584 thousand barrels	622 thousand barrels	633 thousand barrels	Level exceeding 700 thousand boed	
	Production cost per barrel, excl. royalties	USD 5.4/barrel	USD 5.8/barrel	USD 5.7/barrel	Reduction towards USD 5.0/barrel	
	Net carbon intensity[2]	33 kg/BOE	28 kg/BOE (provisional)	Reduction by at least two-thirds of fiscal 2024 target	Reduction of 10% (4.1 kg/BOE) or more over a 3-year period toward 2030 target[3]	
	Safety	Zero major accidents	Zero major accidents	Zero major accidents	Zero major accidents[4]	

1. Includes Ichthys downstream IJV and differs from cash flows based on institutional accounting practices
2. Net carbon intensity = (equity share emissions volume (Scope 1+2) − offset)/(net production volume of upstream oil and gas business + power generation volume of renewable energy business)
3. 2030 target: reduction of 30% or more in net carbon intensity from 2019 level (41.1kg/BOE)
4. Major accidents: fatalities, major leakages, serious injuries in operator business

Shareholder Returns

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

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



Milestones by Core Business Area

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

2022 | 2023 | 2024

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

Australia

- **Ichthys** (2023): Raise LNG production capacity and build a framework to stably supply 9.3 million tons per year by 2024 (aim for achievement one year ahead of schedule in 2023)
- **Ichthys**: Accelerate participation in and development of the exploration blocks of surrounding areas and discovered assets and aim to further grow production volume with an eye toward the expansion of Ichthys around 2030
- **New business opportunities/Renewable energy business** (2024): Expand forest conservation by 2024
- **CO_2 reduction through CCS**: Acquired GHG assessment permit (G-7-AP)/ Implement appraisal well drilling and evaluation work toward conducting Ichthys CCS operations/ Play a leading role to realize a CCUS hub project in Darwin, Australia
- **Reduce flaring, improve operational efficiency**: Introduce measures to minimize flaring during production and fuel gas consumption and promote low-carbon operations
- **New business/Renewable energy business**: Proactively participate in Australian renewable energy businesses/ Promote clean hydrogen projects

Abu Dhabi

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

Southeast Asia

- **Abadi, Indonesia** (2023): Submitted updated plan of development to Indonesian government for introduction of CCS, aim to obtain approval in 2023
- **Gas exploration and asset acquisition**: Promote exploration and M&A activities in Vietnam, Malaysia, etc. to acquire additional natural gas resources in Asia
- **Establish an Asian gas value chain**: Promote demand creation centered on trading and midstream and downstream investment
- **Tangguh CCUS** (2023–2024): Plan to implement EPC following FID on CCUS project
- **Create clean energy business opportunities**: Collaborate with governments and concerned parties on the selection of prospective CCS locations and development of legal frameworks/ Invest in fuel switching and new fuel businesses to promote energy transition in Asian countries (natural gas, hydrogen and ammonia, biofuels, etc.)

Japan

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

Europe

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

Others

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

Message from the Senior Vice President of Corporate Strategy & Planning

We will promote and pursue both our oil and gas business and 5 net zero businesses.

The conflict between Russia and Ukraine heightened concerns over the stable supply of energy in 2022.
This also increased the world's awareness of the importance of simultaneously and realistically addressing the three themes of stable energy supply, energy affordability and the energy transition towards net zero.
INPEX Vision @2022, which we formulated in February 2022, incorporates targets for the two-pronged pursuit of both our oil and gas business and our 5 net zero businesses. Our vision has helped us respond to recent changes in our business environment, and we will continue to follow its management parameters going forward.

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

Investment policy

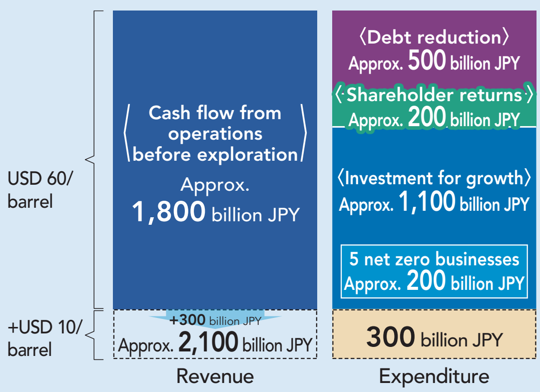
When acquiring new projects in the upstream oil and gas business, the New Ventures & Global Exploration Division analyzes and evaluates whether to take on new projects and addresses risks in cooperation with associated departments. For existing projects, the INPEX Value Assurance System (IVAS) Committee works as a cross-organizational mechanism mainly on technical evaluations at each project phase, such as exploration, evaluation and development. At the same time, we conduct economic and risk evaluations at least once a year as a matter of principle. For major projects, we provide a summary of risk evaluation results to the Board of Directors each year.

Regarding our renewable energy, hydrogen, CCUS and other 5 net zero businesses, the Renewable Energy & New Business Division and the Hydrogen & CCUS Development Division coordinate their respective businesses overall, conduct economic evaluations and evaluate relevant risks to mitigate them. When acquiring new projects, the INPEX Value Assurance System (IVAS) Committee and external experts conduct verifications, and a summary of risk evaluation results is reported at Board of Directors meetings for important projects.

Expected cash allocation for the three-year Medium-term Business Plan period

Cash flow from operations before exploration will be allocated in the following order of priority: (1) debt reduction, (2) shareholder returns and (3) investment for growth. We expect roughly 20 percent of investment for growth to be channeled into our 5 net zero businesses.

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



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

Cash allocations for the fiscal year ended December 31, 2022 and the fiscal year ending December 31, 2023

In the fiscal year ended December 31, 2022 (fiscal 2022), cash flow from operations before exploration stood at 1,061.6 billion Japanese yen thanks to external factors including higher oil prices supporting our oil and gas business, and our steadfast promotion of safe and stable production operations. Given the uncertainty of our future business environment and our desire to ensure greater flexibility in our management strategy, we focused on measures such as reducing interest-bearing debt to a greater extent than originally planned. Combined with factors such as an increase in cash and deposits, etc. at the end of the period, we were able to increase the allocation of funds to reduce interest-bearing debt and other purposes to 525.1 billion Japanese yen, which is roughly 320.1 billion Japanese yen more than initially expected. We allocated 200.4 billion Japanese yen to shareholder returns in the form of dividends and share buybacks. We allocated 336.1 billion Japanese yen to investment for growth. That total was 93.9 billion Japanese yen less than initially expected owing to some disciplined investment decisions and delays in the timing of cash payments to investment projects.

As of the earnings report for fiscal 2022 (on February 9, 2023), forecasted cash flow from operations before exploration for fiscal 2023 is expected to decrease by roughly 260 billion Japanese yen year on year to approximately 800 billion Japanese yen due to our somewhat conservate assumptions for oil prices and foreign exchange rates. During fiscal 2023, we expect to allocate roughly 190 billion Japanese yen to debt reduction, etc. and at least 110 billion Japanese yen to shareholder returns to reflect the policy indicated in the Medium-term Business Plan policy of achieving a total payout ratio of 40 percent or more. We expect to allocate approximately 500 billion Japanese yen to investment for growth. That represents a year-on-year increase of 160 billion Japanese yen resulting from an expected increase in oil and gas investment primarily in the Oceania region and the delayed timing of investment projects from the previous year. As of the earnings report for the first quarter of fiscal 2023 (on May 10, 2022), forecasted cash flow from operations before exploration for fiscal 2023 is expected to increase by roughly 60 billion Japanese compared to the previous forecast to approximately 860 billion Japanese yen due to higher oil prices and a weaker yen. The increase will be used strategically and comprehensively considering business strategy progress, shareholder returns and financial base, etc.

Fiscal 2022 investment results

In our oil and gas business, we conducted exploration activities off the coast of Shimane and Yamaguchi Prefectures in Japan and in Norway, Abu Dhabi and other countries. We invested in the upkeep and maintenance of existing facilities and the expansion of production capacity. We also divested our interests in the Lucius Oil Field in the U.S. Gulf of Mexico as well as in Angola Block 14.

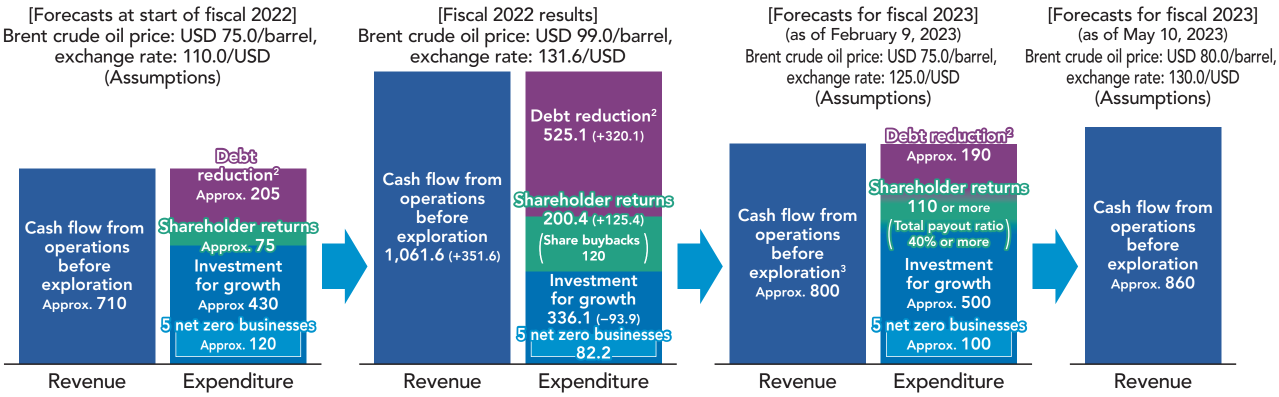
With regard to our 5 net zero businesses, we acquired additional shares in the Muara Laboh Geothermal Power Project and joined the Rantau Dedap and other geothermal power projects in Indonesia. We also acquired stakes in the Luchterduinen and Borssele III/IV offshore wind farms in Europe, among other acquisitions.

Fiscal 2023 investment plans
(as of February 9, 2023)

In our oil and gas business, we plan to conduct exploration activities in the vicinity of the Ichthys Field and in Abu Dhabi, Iraq, the Gulf of Mexico and other areas. We will also invest in the upkeep and maintenance of our existing facilities and the expansion of production capacity. In January 2023, we divested from all tight oil development and production in Texas in the United States.

We are considering various opportunities for our 5 net zero businesses and plan to allocate approximately 100 billion Japanese yen to this field. In March 2023, we acquired a 16.7 percent stake in the Moray East Wind Farm operating off the coast of Scotland in the United Kingdom.

Fiscal 2022 and fiscal 2023 allocation of cash flow from operations before exploration[1] (Billion JPY)



1. Cash flow includes that from the downstream IJV (Ichthys LNG Pty Ltd), an equity-method affiliate.
2. Includes incremental cash and deposits, etc.
3. Amount after deducting roughly 8 billion Japanese yen in R&D expenses for the blue hydrogen and ammonia demonstration plant in Kashiwazaki City, Niigata Prefecture, methanation and other efforts.

Fiscal 2022 and fiscal 2023 shareholder returns

In fiscal 2022, we paid a dividend of 62 yen per share, which represented an increase of 14 yen compared to the previous year and a record dividend for the company. We also implemented a share buyback on the scale of 120.0 billion yen. The total payout ratio was 44.1 percent.

In fiscal 2023, while we expect sales and income to decline year on year, we plan to pay an annual dividend of 64 yen per share, which would represent another record payout, to further strengthen shareholder returns. We will also consider additional returns depending on the business environment and other factors in line with our commitment to a total payout ratio of 40 percent or greater declared in the shareholder return policy in the Medium-term Business Plan.

Fiscal 2022 shareholder returns (results)
Total payout ratio: **44.1%**

Annual dividend (year on year)
62 JPY/share +14 JPY

Share buybacks
120.0 billion JPY +50.0 billion JPY

Fiscal 2023 shareholder returns (forecast)
Total payout ratio: **40%** or greater

Annual dividend
64 JPY/share +2 JPY

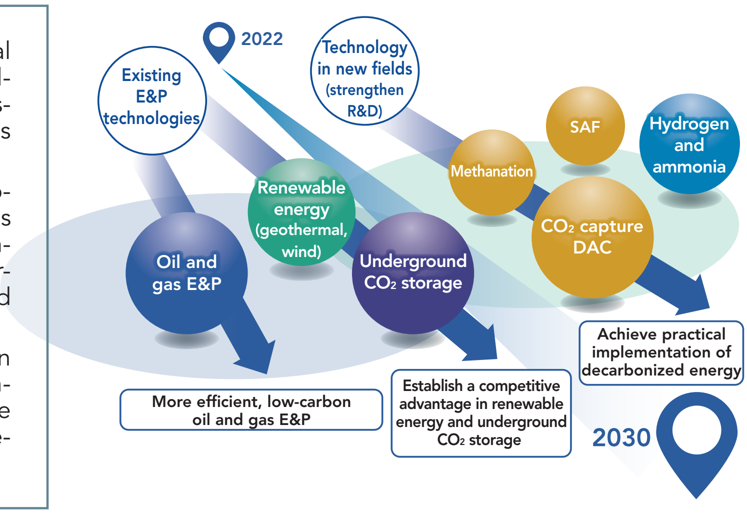
Shareholder returns for this fiscal year will be determined based on our shareholder returns policy outlined in INPEX Vision@2022 after assessing the year-end forecasts etc. in the second quarter of fiscal 2023.

Building a Stronger Management Foundation

We will strengthen our management foundation in four fields that are crucial as we forge ahead in the 5 net zero businesses and the oil and gas business. In those four fields, we will pursue the following: strengthening technology to be applied to making the oil and gas business cleaner and to the 5 net zero businesses, reinforcing marketing capabilities in line with customer needs, enhancing HSE to achieve safe operations and strengthening human resources and organizational structure as the bases of organizational performance.

Strengthening Technology

1. We will further improve the technological prowess of our oil and natural gas development to reduce costs, make the industry cleaner, promote a shift to natural gas and encourage early development.
2. We will adapt and develop the technologies cultivated through oil and natural gas development to the technologically compatible fields of underground CO_2 storage, geothermal power generation and offshore wind power generation.
3. We will test and verify decarbonization technologies such as hydrogen and ammonia as well as methanation and explore and develop innovative and practical decarbonization technologies.



To further promote these efforts, we will work to strengthen the INPEX Research Hub for Energy Transformation, or I-RHEX for short, enhance our digital infrastructure and bolster the capabilities of our human resources.

R&D Themes

Oil and Natural Gas Business

Case 1: Using machine learning in subsurface assessments

Recent advances in technology have made it possible to obtain a substantial amount of relatively high-quality information, such as physical exploration data and well data related to underground areas where oil and gas reservoirs exist. However, the information we can acquire from underground is still limited and a great deal of labor and costs are expended on improving the accuracy of underground evaluation and reducing uncertainty. We are developing subsurface evaluation methods to improve the accuracy and efficiency of subsurface evaluation using machine learning, which has shown remarkable development in recent years.

Case 2: Technology for enhanced oil recovery using carbon dioxide (CO_2-EOR)

CO_2 enhanced oil recovery (CO_2-EOR), which involves the injection of CO_2 into oil reservoirs to increase oil recovery, is attracting attention due to its potential contribution to resolving environmental issues through the storage of CO_2 underground.

However, CO_2 is a lighter and faster flowing substance than oil, so it sometimes only penetrates the highly permeable zones of the oil reservoir, leaving large amounts of oil behind underground. We are using CO_2 foam technology to overcome this weakness and are researching and developing a special technology to recover underground oil more efficiently by mixing CO_2 and water to create foam that is less likely to collapse even in the severe reservoir environment with high temperatures and pressure.

Case 3: Reducing costs and building resilience of natural gas development projects

Generally speaking, natural gas development projects, especially the construction of LNG terminals and associated projects, require large-scale investment and the plants can take many years to construct. We leverage the experience we have gained through developing and operating the Ichthys LNG Project to help bring projects to fruition more swiftly and at a lower cost. This involves considering the use of new technologies in such ways as applying pre-designed modular plants from individual process licensors and EPC contractors and utilizing subsea equipment, which has advanced remarkably in recent years, to simplify offshore facilities.

Case 4: Using AI-land technical data platform to manage big data for exploration and development

The AI-land technical platform, a system for managing technical data on the INPEX cloud, has been operational since 2021. At the core of the AI-land platform is the geographic information system (GIS), which collects and stores underground data such as seismic exploration data (1 petabyte) and well data (4 terabytes).

Such initiatives as the visualization of geospatial data by overlaying the AI-land maps of well and seismic exploration data with maps of CCS and CO_2 emission sources data can be applied to our 5 net zero business and are contributing to creating new synergies.

5 Net Zero Businesses

Case 1: Carbon dioxide Capture and Storage (CCS)

Carbon dioxide Capture and Storage technology (CCS) involves injecting CO_2 into the ground.

For the effective storage of CO_2 underground, a suitable distribution of both permeable and impermeable rocks is necessary. One such example is a combination of sandstone that enables the injection of CO_2 and mudstone that seals the injected CO_2 and prevents leakage to the surface. These combinations are similar to the conditions required for the formation of oil and natural gas, so we can use the geological and geophysical exploration expertise that we have cultivated in our oil and natural gas exploration and development business to help select appropriate CO_2 injection sites. We are currently conducting evaluations in Japan and overseas to select appropriate injection sites.

Case 2: Hydrogen and ammonia

One initiative in our hydrogen and ammonia business has involved building a blue hydrogen* and ammonia production demonstration plant in Kashiwazaki City, Niigata Prefecture, which we plan to start operating in 2025.

INPEX is also examining sites for the construction of a large-scale clean ammonia production plant in Abu Dhabi, UAE. We will explore transportation and storage technologies, both essential elements of the hydrogen supply chain, as a technical challenge for I-RHEX.

* Blue hydrogen is a type of clean hydrogen produced through the steam reforming of natural gas, combined with the capture and underground storage of CO_2 produced during the process, and it contributes to preventing global warming.

Case 3: Methanation

Methanation is a technology involving the reaction of CO_2 and hydrogen to synthesize methane, the main component of city gas. Synthetic methane can be supplied to customers through existing gas infrastructure so it can help promote the decarbonization of society, including areas where electrification is difficult, without incurring large infrastructure costs.

From 2017 to 2021, INPEX undertook basic technical development of CO_2 methanation at INPEX's Koshijihara Plant, Nagaoka City, Niigata Prefecture. The plant has been conducting a technology development project for the practical application of methanation at a rate of 400Nm^3-CO_2/h since 2021.

Case 4: Decarbonization technology

Compressors and power generators driven by gas turbines or gas engines have conventionally been employed in many oil and natural gas production facilities. The technologies for capturing CO_2 from exhaust gas from gas combustion facilities are important to facilitate clean oil and gas production going forward, so we are constantly evaluating such aspects as whether its use would be suitable in existing facilities.

We are also conducting research and development on direct air capture (DAC) and other technologies for capturing CO_2 from the atmosphere, sustainable aviation fuel (SAF) manufacturing processes and other fields.

Reinforcing Marketing Capabilities

❶ Reinforce marketing capabilities responding to customer needs | ❷ Make energy cleaner | ❸ Diversify energy supply

Fiscal 2022 initiatives	● Strengthened relationships with existing customers, acquired new customers, diversified sales methods ● Expanded LNG trading volume to further stabilize supply ● Expanded sales of carbon offset products ● Prepared to develop LNG bunkering business to strengthen midstream and downstream businesses
Fiscal 2023 strategy	● Expand cooperation with existing customers, secure business opportunities with new customers, pursue new sales methods ● Expand transportation functions ● Strengthen sales of carbon offset products and expand carbon credit portfolio ● Establish business in the gas value chain (LNG bunkering, biofuels, etc.)

Enhancing HSE

INPEX seeks to further enhance HSE management to achieve zero major accidents.

Fiscal 2022 initiatives	●Formulated our corporate HSE medium-term plan in line with INPEX Vision@2022 business goals ●Formulated our commitments on environmental management for disclosure in conjunction with our revised Health, Safety and Environmental Policy.
Fiscal 2023 strategy	● Improve measures to prevent accidents implement HSE management in our 5 net zero businesses ● Further improve process safety management through systematic programs ● Address global environmental issues and create environmental value, ● Prepare for new threats ● Strengthen health management and infectious disease control ● Demonstrate HSE leadership and improve the effectiveness of HSEMS ● Improve HSE competence and secure human resources ● Implement HSE management in our 5 net zero businesses

Strengthening Human Resources and Organizational Structure

Human resources: Create a most rewarding company to work for | Organizational structure: Flexibly update the company's organizational structure according to the business environment and management strategy

Fiscal 2022 initiatives	● Introduced a job-focused HR system for senior management ● Secured human resources by expanding mid-career recruitment quotas ● Implemented the third round of COVID-19 vaccinations in the workplace and expanded the occupational physician team at the head office ● Introduced a self-nomination and selection-basis leadership development program ● Introduced a one-on-one communication system ● Acquired continuous certification as an outstanding health and productivity management organization (Health & Productivity Stock Selection and White 500 programs)
Fiscal 2023 strategies	● Formulate personnel strategy proposals in line with business strategies ● Introduce role-based personnel systems for general employees and those under re-employment contracts ● Further expand the use and scope of internal job-posting scheme ● Actively recruit diverse human resources such as women, researchers, and highly skilled specialists (also introduce referral recruitment) ● Renew welfare systems (introduce cafeteria plan) ● Formulate and implement health management measures to ensure continuous certification as an outstanding health and productivity management organization ● Resume head office training programs for overseas local employees that had been suspended due to COVID-19

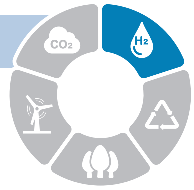
Target Initiatives in the 5 Net Zero Businesses

To realize our Vision for around 2030, we will steadily promote demonstration tests and research in our 5 net zero businesses and prepare for full-scale investment.

Risks
- Risk of disasters, accidents, system failures, etc.
- Risk of business failure
- Country risk, etc.

Opportunities
- Various changes towards a net zero carbon society (increased demand for hydrogen, ammonia, CCUS, renewable energy etc.)
- Opportunities to develop new businesses that meet the new needs of society, etc.

Hydrogen Ammonia — Develop a hydrogen business



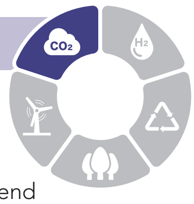
Fiscal 2024 Targets/ Priority Measures

Quantitative target: **Kashiwazaki demonstration project: 700 tons per year (2025 forecast)**

Priority measures:
- Conduct well drilling for CCUS
- Design above-ground equipment, order major equipment and carry out construction work

[Fiscal 2022 achievements]
- Implemented final investment decision (FID) for well drilling and construction of above-ground facilities for an integrated demonstration test of blue hydrogen and ammonia production and utilization in Kashiwazaki City, Niigata Prefecture
- Initiated feasibility study with Australian energy provider AGL Energy for green hydrogen production projects in South Australia and New South Wales

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



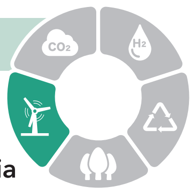
Fiscal 2024 Targets/ Priority Measures

Quantitative target: **Kashiwazaki demonstration project, etc.: 6,000 tons per year (2025 forecast)**

Priority measures:
- Start CO_2 injection tests at the CO_2EOR demonstration in Minami-aga, Niigata Prefecture, by end 2023, seek to establish EOR efficiency-improvement technology currently under development, aim to expand CCUS technology in Japan and deploy EOR technology in overseas oil fields.
- Based on the Long-Term CCS Roadmap formulated by the Japanese government, promote surveys and studies with partner companies on CCS in Japan with the aim of commercializing them as advanced CCS businesses.
- Recording of 3D seismic exploration data in the Bonaparte CCS Project in Australia planned to start in 2023; proceed with evaluation and preparation work to start drilling. Study CCS injection facilities, etc.
- Advance discussions on the development of specific CCS projects in Thailand together with PTTEP and JGC Holdings. Pursue detailed discussions to develop a CCS project in Sarawak with PETROS, a Sarawak state-owned company in Malaysia.

[Fiscal 2022 achievements]
- Won bid for offshore GHG assessment permit (G-7-AP) in the Northern Territory of Australia
- Commenced discussions with PTTEP and JGC Holdings to develop CCS projects in Thailand
- Completed drilling of two wells for CO_2EOR demonstration tests in Minami-aga, Niigata Prefecture

Renewable energy — Enhance and emphasize renewable energy initiatives



Fiscal 2024 Targets/ Priority Measures

Qualitative target:
- **Wind Power: Be a key player in the floating offshore wind power business**
- **Geothermal Power: Aim for further expansion, mainly in Japan and Indonesia**

Quantitative target: **Renewable power generating capacity of 500MW**

Priority measures:
- **Wind Power:** Progress development of offshore wind power business, and construction for floating offshore wind power project offshore Goto City, ensure stable operations and expand business at European wind power projects, generate business opportunities in Southeast Asia, Australia and the United States
- **Geothermal Power:** Carry out additional development at Muara Laboh Geothermal Power Project in Indonesia, progress construction for Oyasu Geothermal Power Project, progress exploration of geothermal energy in other regions, including Indonesia and Japan

[Fiscal 2022 achievements]
- **Wind Power:** Joined Luchterduinen and Borssele III/IV offshore wind power projects in the Netherlands, established the London office of INPEX Renewable Energy Europe Limited, a subsidiary in the UK in charge of wind farms in Europe, which was established in November 2021, and began work through this office, began construction for floating offshore wind power project off Goto City, Nagasaki Prefecture
- **Geothermal Power:** Acquired new concessions at Muara Laboh Geothermal Power Project in Indonesia, opened Jakarta office of INPEX Geothermal, Ltd., made FID for Oyasu Geothermal Power Project, Akita Prefecture

Carbon Recycling and New Business Opportunities

Promote carbon recycling and cultivate new business opportunities

Fiscal 2024 Targets/ Priority Measures

Quantitative target: **Domestic technology development business of 400Nm³/h**

Priority measures:
- Commence production of synthetic methane during fiscal 2025 in Nagaoka City, Niigata Prefecture and aim to commence supply via our pipeline network
- Conduct engineering, procurement and construction works for the methanation demonstration facility

[Fiscal 2022 achievements]
- Conducted engineering works for the construction of the methanation demonstration facility of 400Nm³/h in Nagaoka City, Niigata Prefecture
- Conducted a study for large scale demonstration facility of 10 thousand Nm³/h in Australia etc.

Forest conservation

Promote forest conservation

Fiscal 2024 Targets/ Priority Measures

Qualitative target: **Strengthen and expand businesses aimed at reducing CO_2 emissions through forest conservation**

Quantitative target: **REDD+ project: 1.5 million tons**

Priority measures:
- Acquire carbon credits from Rimba Raya REDD+ and support project
- Procure high-quality credits from forest conservation projects based on highly reliable certification systems

[Fiscal 2022 achievements]
- Started cooperating with ANZ Bank and Qantas Airways on carbon farming and biomass fuel business in Australia

Targets and initiatives in the oil and gas business

Risks
- Risk of disasters, accidents, system failures, etc.
- Risk of failure in exploration, development and production
- Risk of fluctuations in resource prices, foreign exchange rates, interest rates, etc.
- Risks relating to climate change (increased costs due to changes in policies and regulations, decreased demand for oil and natural gas products, etc.)
- Country risk, etc.

Opportunities
- Increased importance of natural gas in energy transition
- Opportunities to make oil and natural gas upstream businesses cleaner and more resilient etc.

Fiscal 2024 targets/ priority measures

Qualitative targets:
- **Safely and stably operate business**
- **Contribute to stable energy supply, secure new revenue and cash flow**

Quantitative targets:
- **Net production of over 700 thousand barrels per day**
- **Reduce production costs to under 5 US dollars per barrel**
- **Zero major accidents**

Priority measures
- Core area selection and concentration
- Natural gas shift
- Resilience and cleaner operations

[Fiscal 2022 achievements]
- Safely completed Australia Ichthys LNG Project's planned shutdown maintenance as scheduled; shipping 112 LNG cargos per year
- Proceeded with existing development plans in Abu Dhabi and considered further production increases
- Implemented smooth production activities in Norway projects
- Conducted a comprehensive study on cleaner production, including the introduction of CCS at Abadi LNG in Indonesia, and continued negotiations with the government and related organizations on re-revising the development plan
- Sold the Lucius Oil Field and Angola Block 14

For project details, see Project Overview by Core Business Areas ▶ See page 38

Centralize Business Portfolio by Setting Core Business Areas

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

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

Europe

Oil & gas business:
Norway Business, etc.

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

The Moray East offshore wind power generation projects (The UK)

Abu Dhabi

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

Hydrogen/Ammonia:
Clean ammonia production joint study

CCUS:
CO_2EOR Pursuing in Abu Dhabi

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

Japan

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

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

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

Renewable energy:
Floating offshore wind power business (Goto City, Nagasaki Prefecture, Japan)

Geothermal power generation business (The Oyasu area Akita Prefecture, Japan)

Carbon recycling/New business:
Technical development of Methanation etc.

Southeast Asia

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

CCUS:
CCUS studies for Abadi LNG Project

Renewable energy:
Muara Laboh Geothermal Power Project, Rantau Dedap Geothermal Power project(Indonesia), etc.

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

Australia

Oil & gas business:
Ichthys LNG Project, etc

Hydrogen/Ammonia:
Pursuing opportunities in hydrogen business

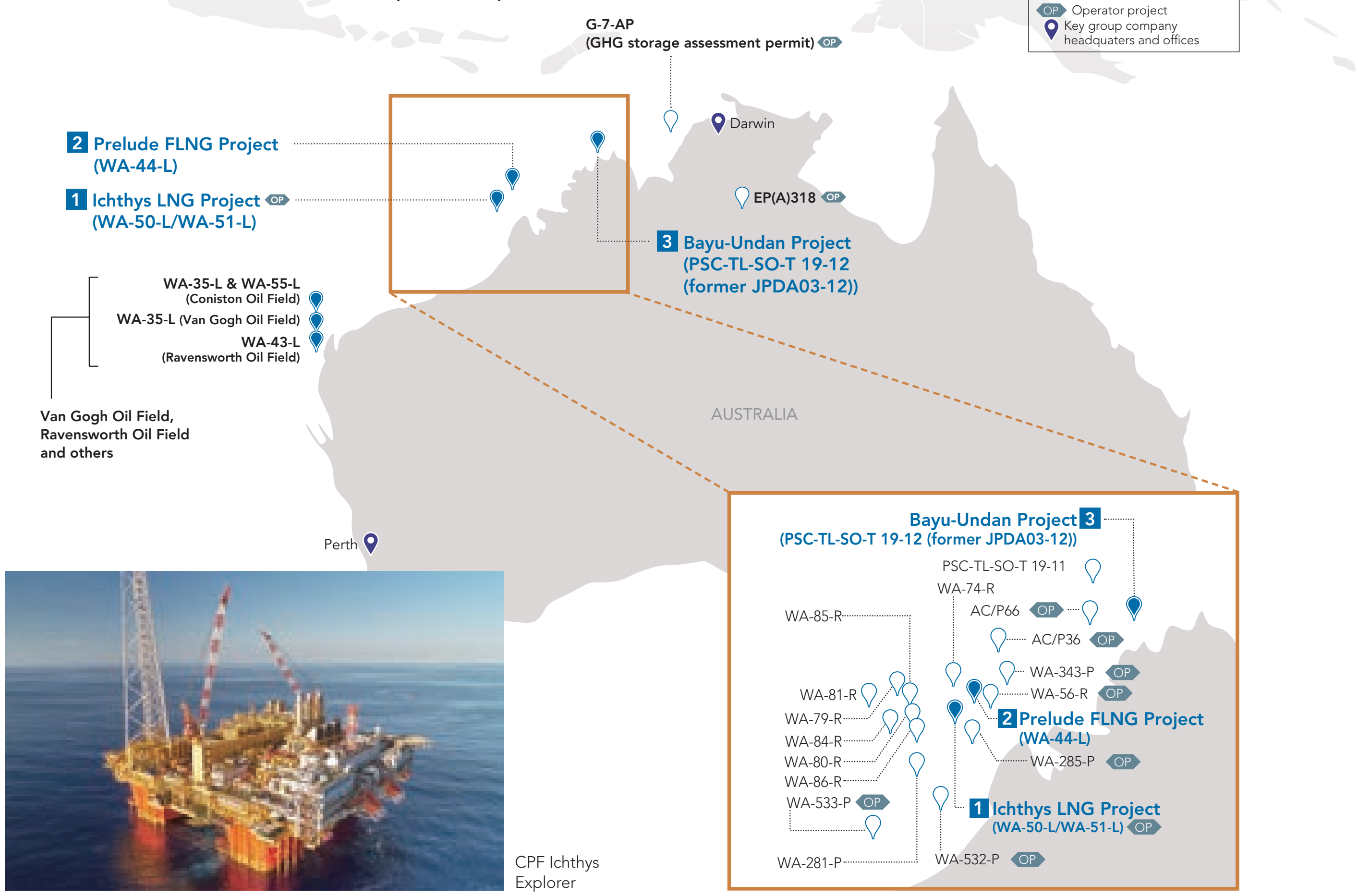
CCUS:
Ichthys LNG Project CCS under consideration and preparation etc.

Forest conservation:
Afforestation and savanna fire management

Project Overview by Core Business Areas

Australia

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



CPF Ichthys Explorer

1 Ichthys LNG Project

In 1998, INPEX acquired an exploration permit in the block where the Ichthys Gas-Condensate Field is now located, and following development studies including exploration, evaluation, and front-end engineering design (FEED) work, INPEX announced its final investment decision (FID) in January 2012. Following the completion and commissioning of production facilities, INPEX commenced production in July 2018 and later began shipping condensate, LNG and liquefied petroleum gas (LPG). Stable production has continued since the launch of production in 2018, and 117 LNG cargoes were shipped from the plant in 2021 and 112 LNG cargoes in 2022. There are no plans for any large-scale shutdown maintenance in 2023, so assuming that operations proceed smoothly, we expect to ship around 11 LNG cargos per month . Also, in 2023, we aim to further increase the current annual LNG production capacity of 8.9 million tons and build a framework to stably supply 9.3 million tons per year as set forth in our Medium-term Business Plan one year ahead of schedule.

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

Introduction of CCS

While maintaining and expanding LNG production, INPEX addresses climate change by considering CCS projects for the capture, underground injection and storage of CO_2 emitted from our production operations. In August 2022, we were awarded a GHG storage assessment permit (title G-7-AP) located off the northwestern coast of the Northern Territory, Australia. Going forward, we intend to conduct evaluation and appraisal work in the block and assess the feasibility of introducing CCS in the late 2020s. We will introduce CCS to Ichthys in the late 2020s and aim to start injection of 2 million tons or more of CO_2 per year as a first step.

Contract area (block)	Project status	Venture company	Interest owned (*Operator)
G-7-AP (GHG storage assessment permit)	Under evaluation	INPEX Browse E&P Pty Ltd (October 21, 2013)	*INPEX Browse E&P Pty Ltd 53% TotalEnergies CCS Australia 26% Woodside Energy 21%

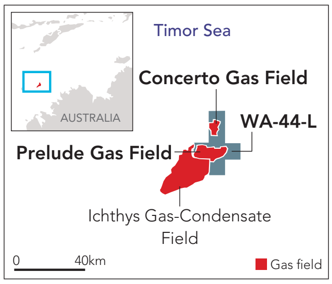
Surrounding exploration blocks

INPEX holds interests in 16 exploration blocks in the vicinity of the Ichthys Gas-Condensate Field and has discovered gas in several of these blocks. Expecting various synergies, including effectively using existing facilities, we will accelerate participation in exploration activities in the vicinity of the Ichthys Field as well as the development of discovered but undeveloped assets to further ensure a sustained production volume in the long term, and then aim to further expand production volume visualizing the expansion of Ichthys in around 2030.

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

2 Prelude FLNG Project (WA-44-L)

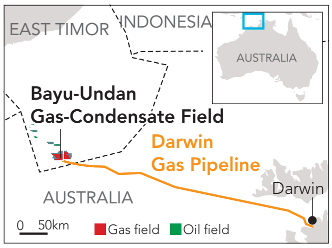
In June 2012, INPEX acquired a 17.5% interest in the Prelude FLNG (floating LNG) Project from Shell during the project's development stage. The Prelude FLNG Project involves the production of approximately 3.6 million tons per year of LNG, 400 thousand tons per year of LPG at peak and approximately 1.3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



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

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

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



Map includes provisional maritime boundaries

Contract area (block)	Project status	Production volume**	Venture company (established)	Interest owned (*Operator)
Bayu-Undan Unit	In production	Crude oil: 5 Kbbld Natural gas***: 99 MMcf/d LPG: 2 Kbbld	INPEX Sahul, Ltd. (March 30, 1993)	INPEX Sahul 11.378120% Santos* 43.437907% SK E&S 25.000000% Eni 10.985973% Tokyo Timor Sea Resources (JERA/Tokyo Gas) 9.1980000%

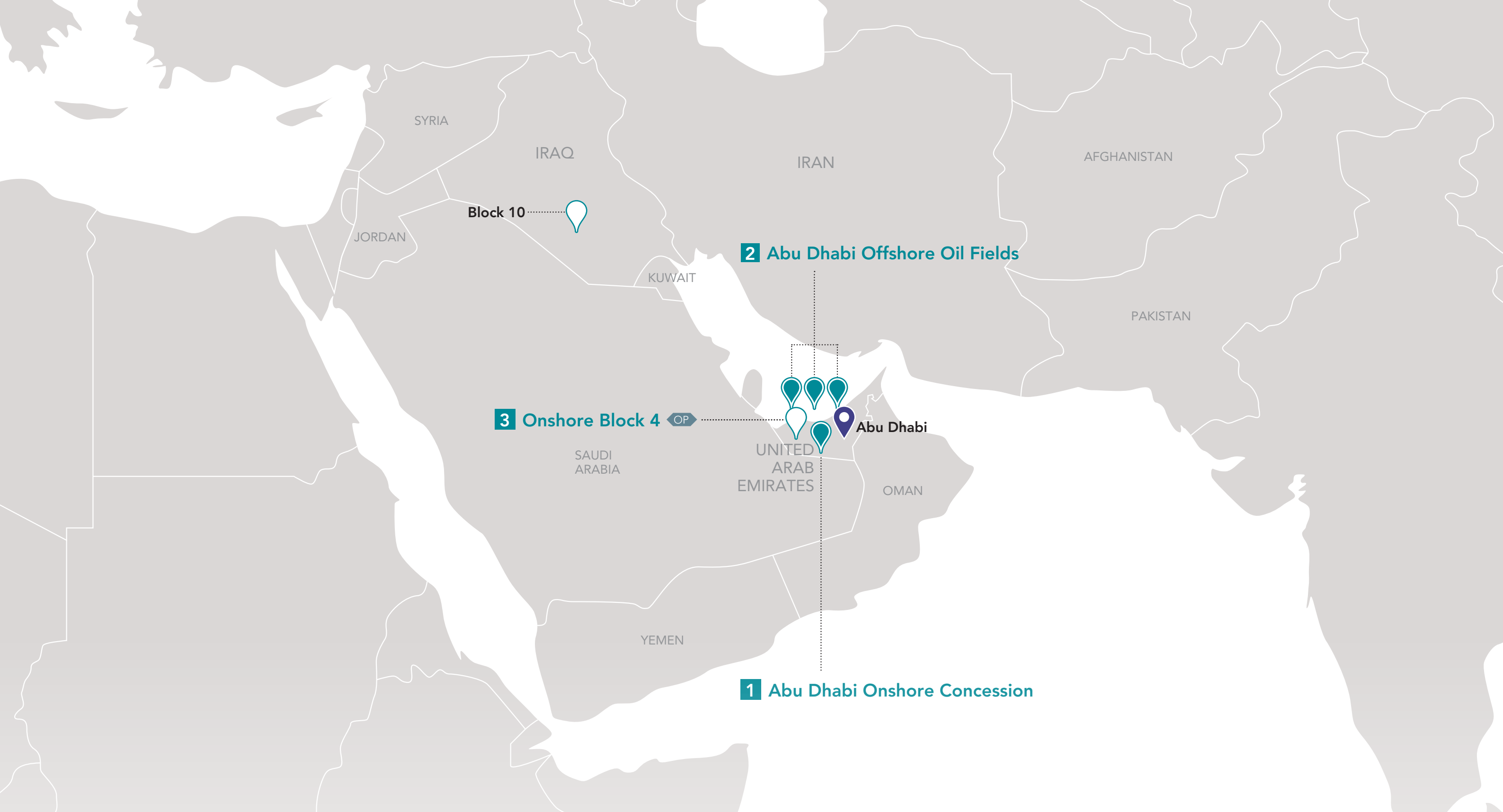
** Daily production volume on the basis of all fields and average rate of fiscal year ended December 31, 2022
*** Not the volume at wellheads but corresponds to the gas volume sold to buyers

Other projects

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

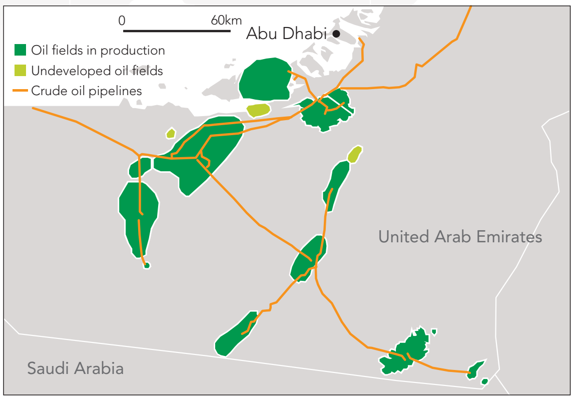
Abu Dhabi

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



1 Abu Dhabi Onshore Concession

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

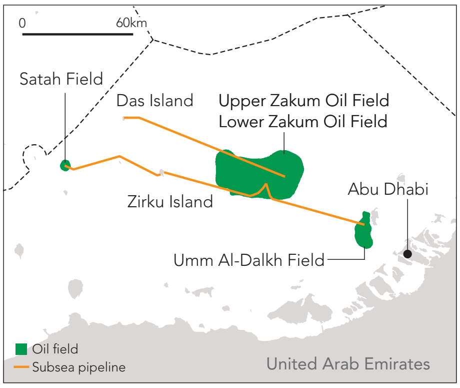


Oil processing facility

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

2 Abu Dhabi Offshore Oil Fields

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

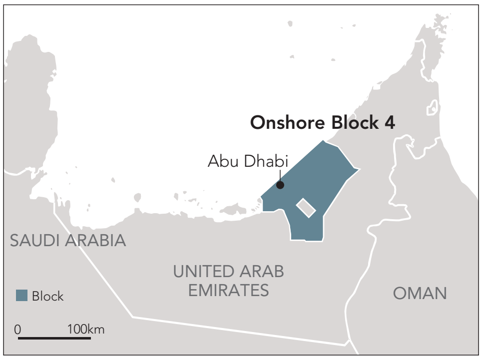



Zirku Island

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

3 Onshore Block 4

INPEX participated in the first-ever block bid round conducted by the Abu Dhabi National Oil Company (ADNOC) in Abu Dhabi in the United Arab Emirates in 2018 and was exclusively awarded Onshore Block 4 as the operator. After drilling exploratory wells from May to August 2021, we have discovered multiple oil and gas reservoirs. Currently appraisal work is underway aiming for early-stage development and production commencement.

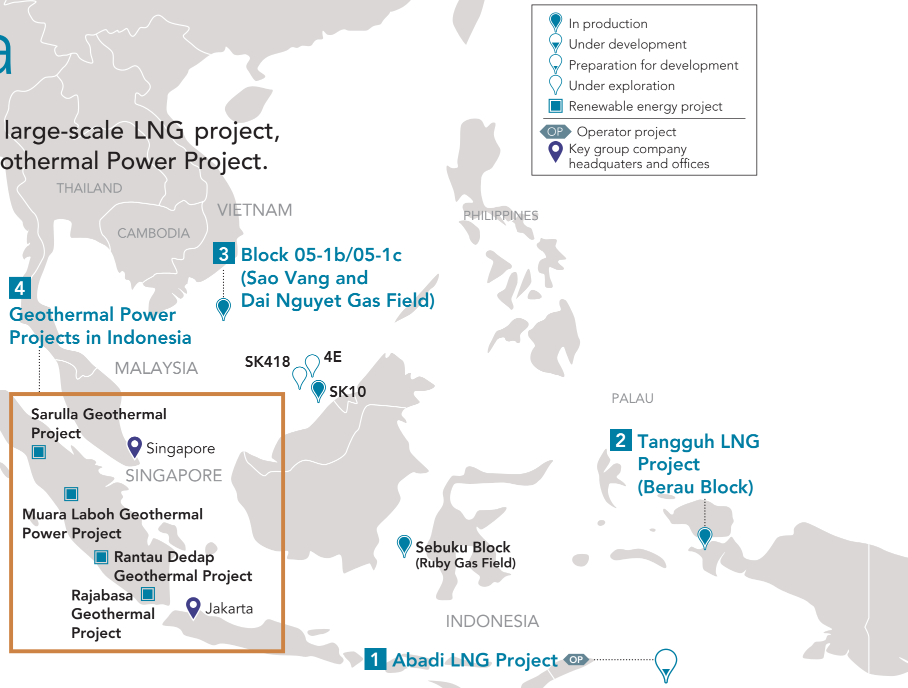


Contract area (block)	Project status	Venture company (established)	Venture company (established)
Onshore Block 4	Under exploration	JODCO Exploration Limited (February 6, 2019)	JODCO 100%

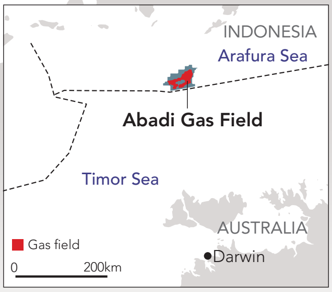
Southeast Asia

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

Abadi LNG Project drilling ship



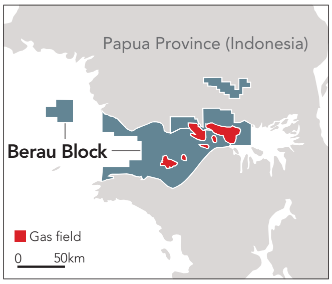
1 Abadi LNG Project



The Abadi LNG Project is based on an onshore LNG development scheme that INPEX as the operator is preparing for development in the Masela Block offshore Indonesia. The project is expected to produce approximately 9.5 million tons of LNG per year and up to approximately 35 thousand barrels of condensate per day. The project will also supply 150 million cubic feet of natural gas per day via pipeline to address local demand for natural gas. INPEX acquired a 100% interest in the Masela Block in November 1998 through an open bid conducted by the Indonesian authorities. INPEX subsequently conducted exploration activities as the operator, discovering the Abadi Gas Field through the first exploratory well drilled in 2000. Following exploration, evaluation activities and development studies, INPEX conducted Pre-FEED work from March to October 2018 based on an onshore LNG development scheme envisaging an annual LNG production capacity of 9.5 million tons. INPEX submitted a revised plan of development in June 2019 and received approval from the Indonesian authorities in July 2019. Alongside the approval of the revised development plan, the Indonesian authorities also approved an extension of the term of the Masela Block Production Sharing Contract (PSC) until 2055. Detailed survey work in the planned construction site for the LNG plant and its surrounding areas had been underway until it was suspended due to the impact of the COVID-19 pandemic. Subsequently, considering the need to contribute to a net zero carbon society and aspiring to make the project cleaner and more competitive amid energy transition, INPEX has been consulting with the Indonesian authorities on a revised development plan introducing CCS and submitted that plan to the authorities in April 2023. INPEX is currently working toward making the FID in the latter half of the 2020s and commencing production in the early 2030s.

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

2 Tangguh LNG Project (Berau Block)



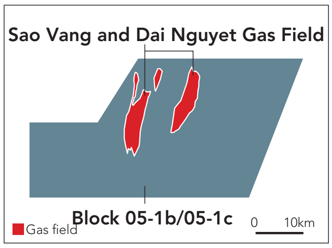
MI Berau B.V., jointly established by INPEX and Mitsubishi Corporation, acquired an interest in the Berau Block in October 2001. In October 2007, MI Berau Japan Ltd., also a joint venture with Mitsubishi Corporation, acquired a stake in KG Berau Petroleum Ltd., effectively increasing INPEX's interest in the Tangguh LNG Project to around 7.79%. In March 2005, Indonesian authorities approved an extension of the PSC and project development plans for the Tangguh LNG Project until 2035. Following development work, the first shipments of LNG began in July 2009. The FID to expand the Tangguh LNG Project was made in July 2016. The Tangguh LNG expansion project will add a third LNG processing train, which is currently under construction, with production capacity of 3.8 million tons per annum, to the existing two trains with production capacity of 7.6 million tons per annum. In addition, CCUS is planned to be introduced in accordance with the development plan approved by SKK Migas in 2021, and this is expected to make the LNG plant one of the cleanest in the world in terms of greenhouse gas emissions. The project also obtained government approval in December 2022 to extend the term of the PSC by 20 years to 2055.

Contract area (block)	Project status	Production volume**	Venture company (established)	Interest owned (*Operator)
Berau	In production	Crude oil: 6 Kbbld Natural gas***: 1,145 MMcf/d	MI Berau B.V. (August 14, 2001)	MI Berau 22.856% BP* 48.0% Nippon Oil Exploration (Berau) 17.144% KG Berau 12.0%
Tangguh Unit				MI Berau 16.3% BP* 40.22% CNOOC 13.9% Nippon Oil Exploration (Berau) 12.23% KG Berau 8.56% LNG Japan 7.35% KG Wiriagar 1.44%

** Daily production volume on the basis of all fields and average rate of fiscal year ended December 31, 2022
*** Not the volume at wellheads but corresponds to the gas volume sold to buyers

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

In 2004, INPEX acquired Blocks 05-1b and 05-1c, located 350 kilometers southeast of Ho Chi Minh City, Vietnam. In 2010, an exploration well was drilled in the Dai Nguyet (DN) structure leading to the discovery of gas and condensate accumulations. In 2014, another exploration well was drilled in the Sao Vang (SV) structure, which also led to the discovery of gas and condensate accumulations. In 2017, a development plan for the SV/DN gas field was approved by the Vietnamese government, and production commenced at the Sao Vang Gas Field in 2020, followed by the Dai Nguyet Gas Field in 2022.

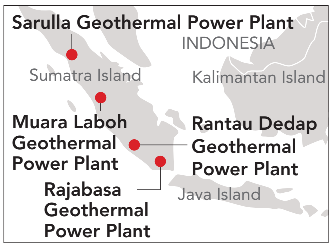


Contract area (block)	Project status	Production volume**	Venture company (established)	Interest owned (*Operator)
Block 05-1b/05-1c	In production	Natural gas: 1.5 billion m³ per year (expected) Crude oil and condensate: 2.8 million bbl per year (expected)	Teikoku Oil (Con Son) Co., Ltd. (October 29,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

** Production on the basis of all fields

4 Geothermal Power Projects in Indonesia

In geothermal power generation, the thermal energy of underground magma is used to create steam to power turbines and generate power. INPEX has joined four geothermal power projects (Muara Laboh, Rantau Dedap, Sarulla and Rajabasa) located on Sumatra Island, Indonesia. Among these, the Muara Laboh Geothermal Power Project, Rantau Dedap Geothermal Power Project and Sarulla Geothermal Power Project, are in commercial operation. Combined, these projects provide a generation capacity of approximately 513 megawatts, an output equivalent to what is consumed annually by the approximately 2.9 million households in Sumatra, Indonesia. Electricity generated by the plants using geothermal resources is planned to be marketed to Indonesian national power company PT PLN (Persero) over the period of about 30 years from the start of commercial operation. For the Rajabasa Geothermal Power Project, which is still in the exploration stage, surface and geophysical surveys have indicated a certain potential for geothermal resources. If sufficient geothermal resources are located through exploration activities to warrant the development of the Project, this is expected to contribute to the further expansion of INPEX's geothermal business in Indonesia.



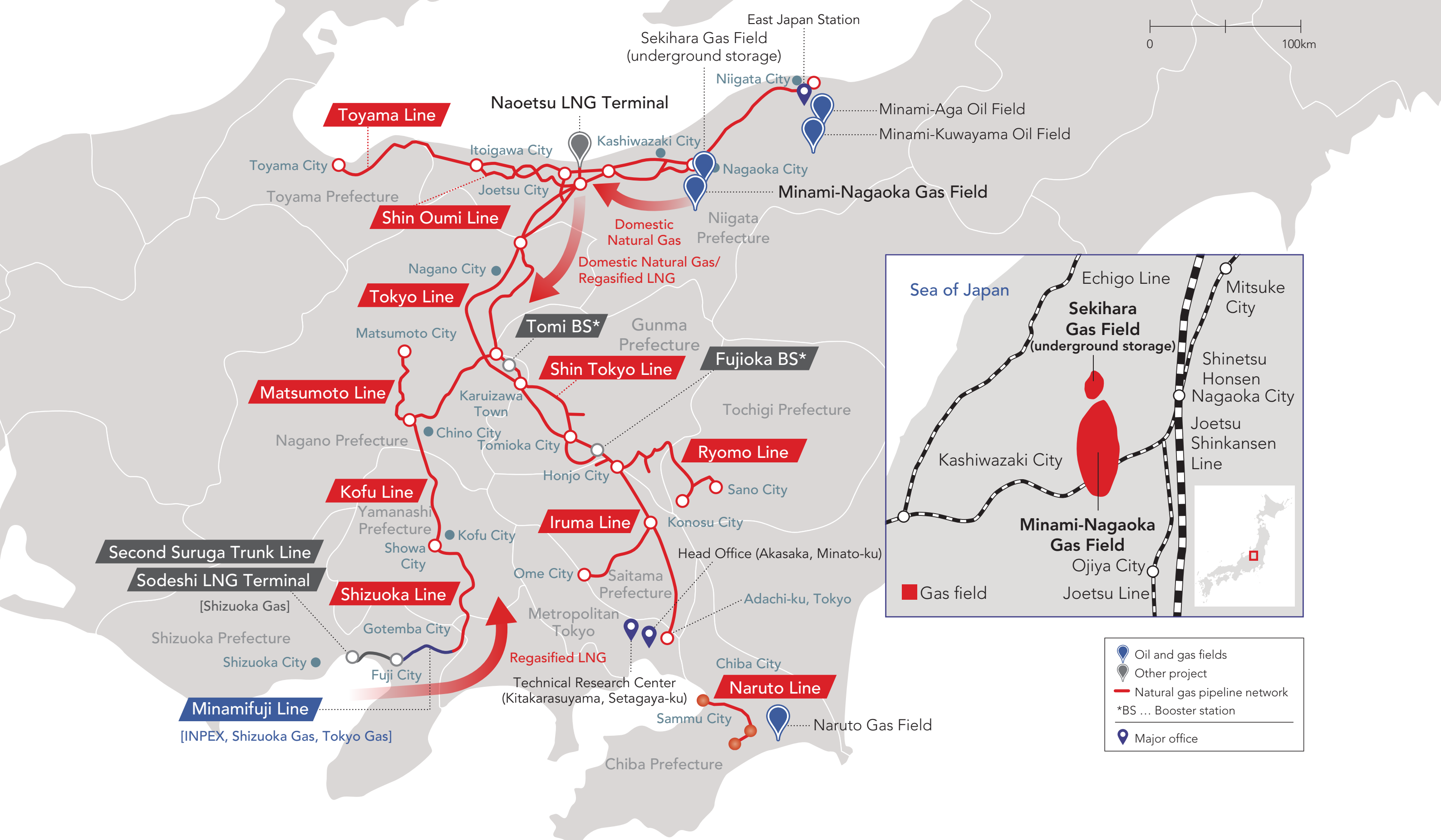
Contract area (block)	Project status	Venture company (established)	Generation capacity	Interest owned (*Operator)
Muara Laboh Geothermal Power Project	In commercial operation	INPEX GEOTHERMAL, LTD. (May 26, 2021)	85 MW	PT Supreme Energy Muara Laboh* (Share owned: INPEX GEOTHERMAL 30% Sumitomo Corporation 50% PT Supreme Energy 20%)
Rantau Dedap Geothermal Power Project			98.4 MW	PT Supreme Energy Rantau Dedap* (Share owned: INPEX GEOTHERMAL 27.4% Marubeni 27.4% Tohoku Electric Power 20.0% PT Supreme Energy 25.2%)
Sarulla Geothermal Power Project		INPEX Geothermal Sarulla, Ltd. (April 1, 2014)	330 MW	Sarulla Operations Ltd.* (Share owned: INPEX Geothermal Sarulla 18.2525% Kyushu Electric Power 25% Itochu 25% Medco Energy International 18.9925% Ormat Technologies 12.75%)
Rajabasa Geothermal Power Project	Under exploration	INPEX GEOTHERMAL, LTD. (May 26, 2021)	–	PT Supreme Energy Rajabasa* (Share owned: INPEX GEOTHERMAL 31.50% Other 68.50%)

Other projects

Country	Contract area (block)	Project status	Venture company	Interest owned (*Operator)
Indonesia	Sebuku Block	In production	INPEX South Makassar, Ltd.	INPEX South Makassar 13.5% Pearl Oil* 63% TotalEnergies 13.5%
Malaysia	SK10		JX Nippon Oil & Gas Exploration (Malaysia) Limited	JX Nippon Oil & Gas Exploration (Malaysia) Limited* 75% PETRONAS Carigali 25% INPEX's share in JX Nippon Oil & Gas Exploration (Malaysia) Limited 15%
Malaysia	4E	Under exploration	INPEX Malaysia E&P 4E Sdn. Bhd.	INPEX Malaysia E&P 4E Sdn. Bhd.* 52.5% PETRONAS Carigali 40.0% PETROS 7.5%
Malaysia	SK418		INPEX Malaysia E&P SK418 Sdn. Bhd.	INPEX Malaysia E&P 4E Sdn. Bhd. 40.0% PETRONAS Carigali* 52.5% PETROS 7.5%

Japan

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



Domestic Natural Gas Business

In Japan, INPEX began natural gas exploration, development and production activities in the 1950s and has continued production at the Minami-Nagaoka Gas Field (Nagaoka City, Niigata Prefecture), one of the largest of its kind in Japan, since 1984. In 2013, INPEX commenced operation of the Naoetsu LNG Terminal (Joetsu City, Niigata Prefecture), an LNG receiving terminal where the received LNG is re-gasified and then transported, combined with natural gas produced at the Minami-Nagaoka Gas Field, to city gas companies and industrial customers through a natural gas trunk pipeline network stretching approximately 1,500 kilometers across the Kanto, Koshinetsu and Hokuriku regions. Further, in October 2018, the Naoetsu LNG Terminal began receiving LNG from the Ichthys LNG Project, which INPEX operates for LNG production in Australia, starting with the first LNG cargo shipped from the Project. This has served to further strengthen INPEX's natural gas supply capacity and stable supply framework, enabling INPEX to play a role in the global gas value chain that links overseas gas sources and the Japanese gas market.

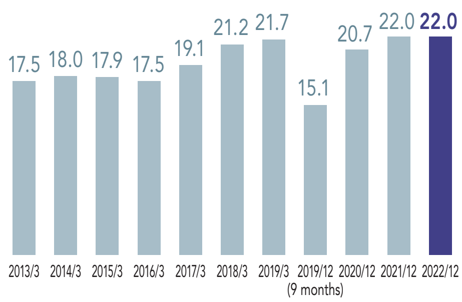
In the Japanese market, customers now have diverse needs, including those for solutions to deal with soaring energy prices, initiatives conducive to a net zero carbon society and measures to strengthen their resilience. INPEX addresses such needs by making proposals for the introduction of carbon neutral gas and the installation of photovoltaic power generation facilities with future onsite methanation and hydrogen supply in mind, in addition to conversion from other fuels to gas. Efforts are also made to help city gas providers serving as gas wholesalers by supporting their initiatives to respond to local expectations and needs through our INPEX 4U Challenge Lab, and to promote the electric power sales business, including the microgrid business conducive to localized energy production and consumption and reinforcing resilience. At the Naruto Gas Field in Chiba Prefecture, natural gas is being produced from water-soluble gas fields. In addition, after extraction of the natural gas from underground water (brine water), the brine water is used to produce iodine, which is exported to Europe, the United States and elsewhere.

LNG tanker entering the Naoetsu LNG Terminal

Natural Gas Sales Volume in Japan

Note: 41.86 MJ per 1 m

(100 million Nm/year)



Domestic Exploration Projects

INPEX commenced exploratory onshore drilling operations at a location north of the INPEX-operated Minami-Nagaoka Gas Field (Nagaoka City, Niigata Prefecture) in December 2022 and plans to continue drilling until around July 2023.

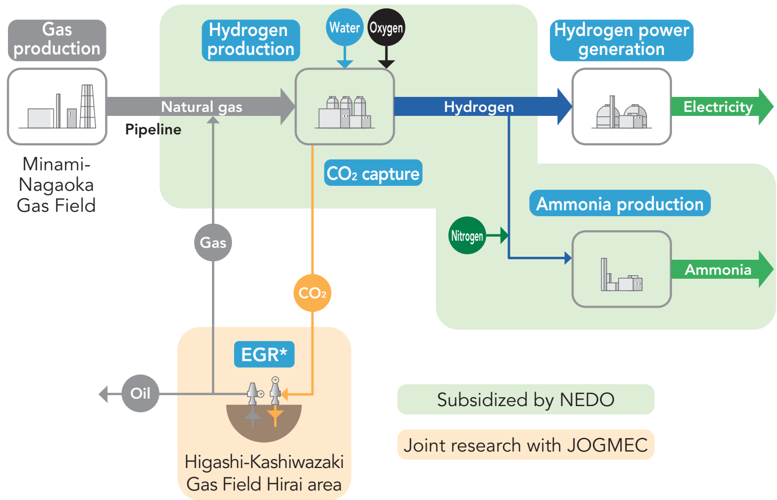
The aim of this drilling is to determine the extent of oil and natural gas deposits at the location.

Integrated Demonstration of Hydrogen and Ammonia Production and Usage in Kashiwazaki City, Niigata Prefecture

In October 2022, INPEX made a FID on drilling operations and the construction of facilities associated with a demonstration blue hydrogen and ammonia project to be implemented at the Higashi-Kashiwazaki Gas Field in the Hirai area of Kashiwazaki City, Niigata Prefecture, Japan.

The project is expected to involve the transportation of natural gas produced at the INPEX-operated gas field in Niigata Prefecture to the Hirai area using an existing pipeline, and the production of 700 tons of blue hydrogen per year from that natural gas at a hydrogen production facility to be newly constructed in the area. A portion of this hydrogen will be used to produce blue ammonia, and the remaining hydrogen will be utilized for power generation. The CO_2 generated during the production of hydrogen will be separated, pressurized and injected in a subsurface gas reservoir in the Hirai area of the Higashi-Kashiwazaki Gas Field, where gas production has already been terminated, as a Carbon dioxide Capture, Utilization and Storage (CCUS) initiative, thereby ensuring the production of blue hydrogen and ammonia and contributing to the low carbon movement. INPEX plans to oversee the safety of the CO_2 injection procedure as well as monitor its effects.

This will be Japan's first demonstration project integrating blue hydrogen and ammonia production and usage, and one of the few in the world that have taken FID on the construction of an actual production plant, where most of the blue hydrogen and ammonia production projects currently remain in the conceptual or planning stages. It is also an important project from the perspective of Japan's energy security as it will produce clean energy from domestically sourced gas.

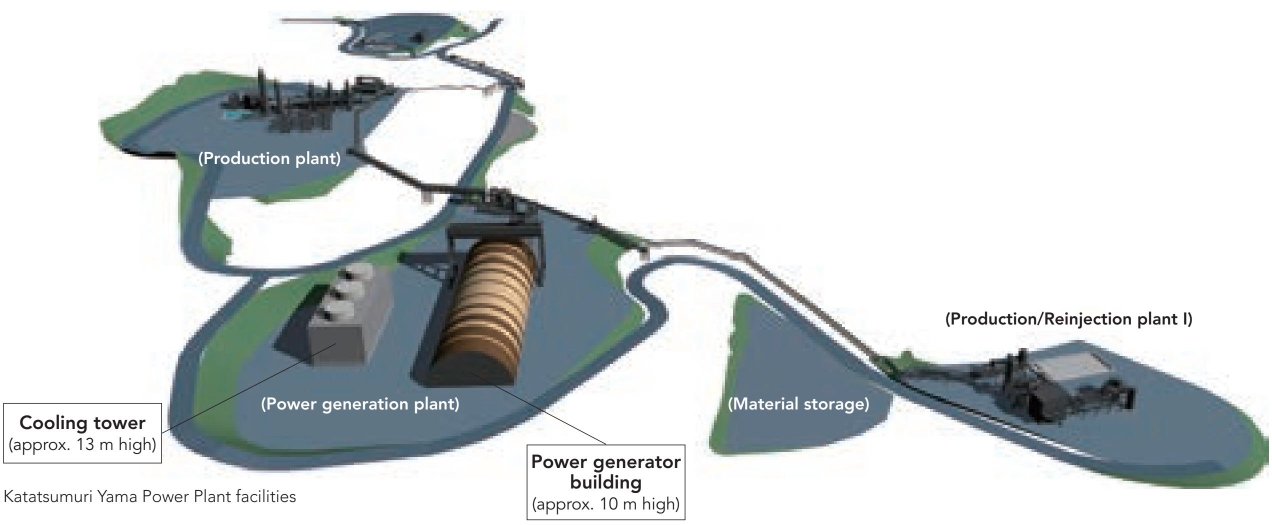


Hirai hydrogen demonstration project

* EGR: Enhanced gas recovery

Geothermal Power Plant in Yuzawa City, Akita Prefecture

In June 2022, INPEX, Idemitsu Kosan Co.,Ltd. and Mitsui Oil Exploration Co., Ltd. decided to enter into the construction phase of a geothermal power plant (Katatsumuri Yama Power Plant, output: 14,990 kW) in the Oyasu district of Yuzawa City, Akita Prefecture. The power plant will be built halfway up Katatsumuri Yama mountain and is scheduled to commence operations in March 2027.



Katatsumuri Yama Power Plant facilities

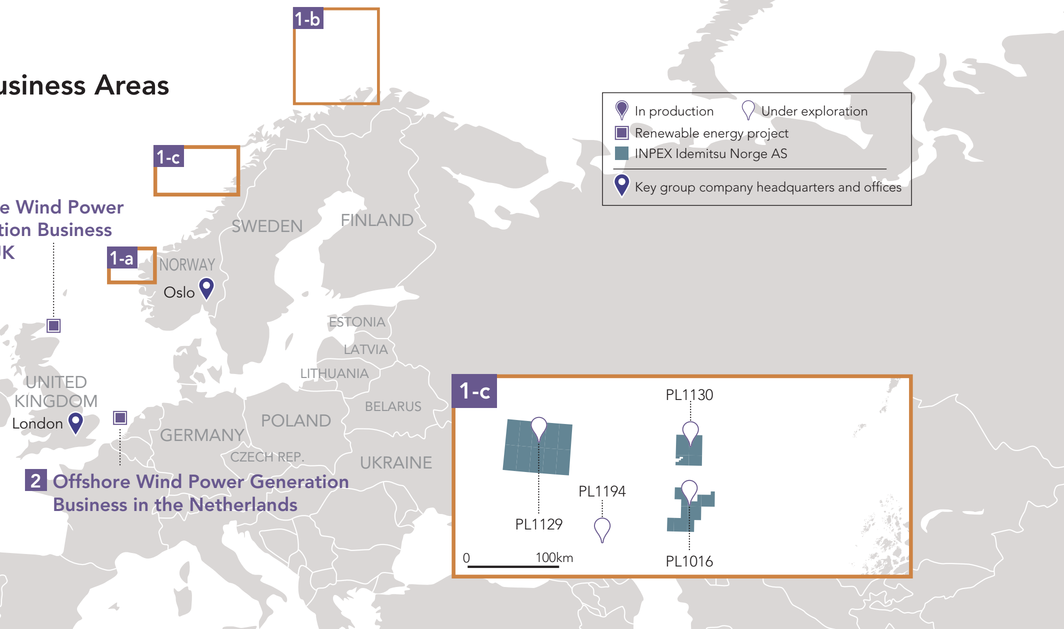
Goto City Offshore Wind Power Generation Project in Nagasaki Prefecture

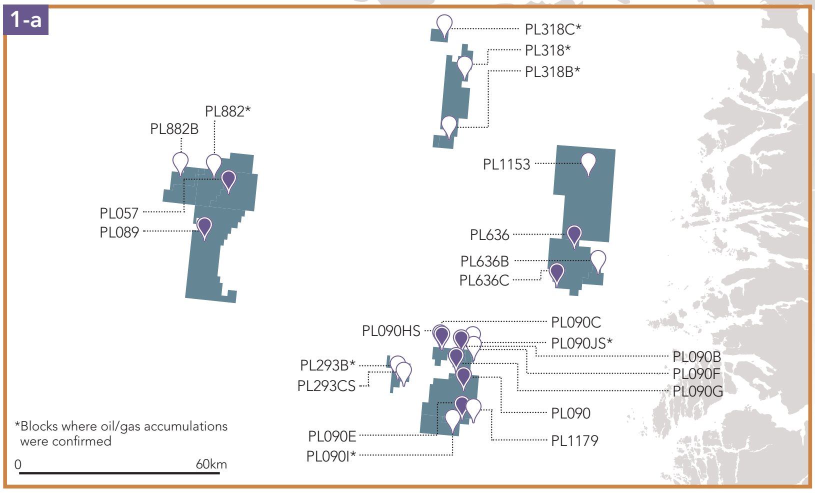
A consortium led by TODA CORPORATION and in which INPEX participates was selected as the business operator of a floating offshore wind power project off the coast of Goto City, Nagasaki Prefecture in June 2021. This is the first time for INPEX to be involved in an offshore wind power project in Japan, and construction is in progress toward the targeted commencement of commercial operation in 2024.

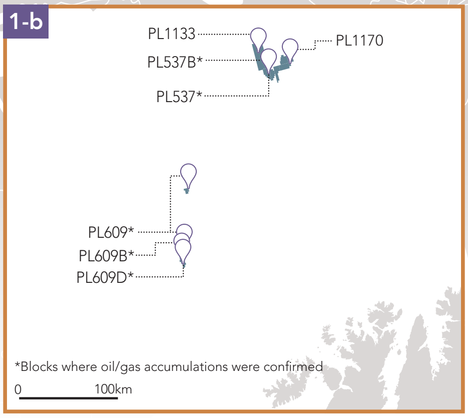
Project Overview by Core Business Areas

Europe

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

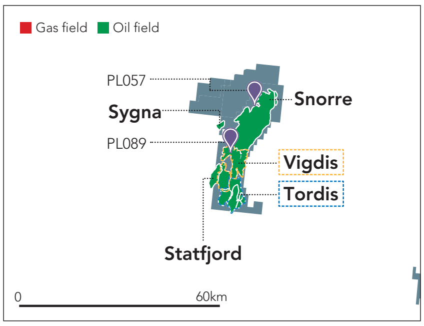






1 Snorre and Other Projects in Norway

In January 2022, INPEX acquired 50.5% of shares in Idemitsu Snorre Oil Development Co., Ltd. (new corporate name: INPEX Norway Co., Ltd.), which had been held by Idemitsu Kosan Co., Ltd. and Osaka Gas Summit Resources Co., Ltd. Through its wholly owned Norwegian subsidiary INPEX Idemitsu Norge AS (IIN), INPEX Norway currently owns 10 oil and gas assets in production, including the Snorre Project, as well as interests in multiple promising discovered but undeveloped oil and gas fields and exploration licenses. The new addition is expected to help optimize INPEX's upstream business portfolio. The Snorre Project, IIN's flagship asset, is drawing approximately 35% of the electricity required for the production operations from the Hywind Tampen floating wind farm.



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

Contract area (block)	Project status	Venture company (established)	Interest owned (*Operator)
PL057	In production (Snorre)	INPEX Idemitsu Norge AS (September 25, 1989)	INPEX Idemitsu Norge AS 9.6% Equinor* 31.0% Petoro 30.0% Wintershall Dea 24.5% Vår 4.9%
PL089	In production (Snorre, Tordis, Vigdis, Statfjord Øst, Sygna)		INPEX Idemitsu Norge AS 9.6% Equinor* 41.5% Petoro 30.0% Vår 16.1% Wintershall Dea 2.8%

2 Offshore Wind Power Generation Business in the Netherlands

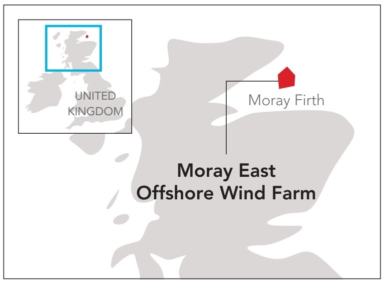
INPEX entered in December 2021 a stock transfer agreement with Diamond Generating Europe B.V. (DGE-NL), a Dutch registered, wholly owned second generation subsidiary of Mitsubishi Corporation, and, after approval by concerned parties, acquired a 50% stake in the Luchterduinen offshore wind farm in February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


Luchterduinen Offshore Wind Farm

Contract area (block)	Project status	Venture company (established)	Shareholders
Luchterduinen (Q10)	In commercial operation	INPEX Renewable Energy Europe Limited (November 17, 2021)	INPEX Renewable Energy Europe Limited 50% Eneco 50%
Borssele III/IV (B34)			INPEX Renewable Energy Europe Limited 15% Eneco 10% Shell 20% Luxcara 10% Partners Group 25% Swiss Life Asset Managers 20%

3 Offshore Wind Power Generation Business in the UK

In March 2023, INPEX acquired a 16.7% stake in the Moray East Offshore Wind Farm, which is currently in operation in the Moray Firth, approximately 22 kilometers off the coast Scotland in the UK. The acquisition was enabled through an agreement between INPEX Renewable Energy Europe Limited (INPEX Renewable) and Diamond Generating Europe Limited (DGE), a subsidiary of Mitsubishi Corporation registered in the UK, to transfer stock in Diamond Generating Europe Investments Limited (DGI) from DGE to INPEX Renewable, which was established in the UK to promote INPEX's renewable energy business in Europe. The Moray East offshore wind farm has been in commercial operation since April 2022 with an output scale of 950 megawatts produced by 100 9.5-megawatt units.



Contract area (block)	Project status	Venture company (established)	Shareholders
Moray East Offshore Wind Farm	In commercial operation	INPEX Renewable Energy Europe Limited (November 17, 2021)	Ocean Winds 56.6% China Three Gorges Corporation 10% DGL* 33.4%**

* Diamond Green Limited (intermediate holding company invested in by DGI)
** DGI has a 16.7% stake

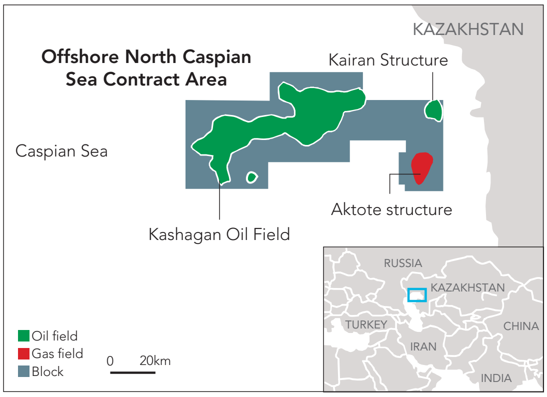
Other projects

Country	Contract area (block)	Project status	Venture company	Interest owned (*Operator)
Norway	PL090, PL090E	In production (Fram)	INPEX Idemitsu Norge AS	INPEX Idemitsu Norge AS 15% Equinor* 45% Vår 25% Neptune 15%
	PL090B	In production (Byrding)		INPEX Idemitsu Norge AS 15% Equinor* 70% Neptune 15%
	PL090G	In production (Fram H-Nord)		INPEX Idemitsu Norge AS 40% Equinor* 45% Neptune 15%
	PL090C	In production (Vega)		INPEX Idemitsu Norge AS 15% Wintershall Dea* 45% Spirit 25% Neptune 15%
	PL636, PL636B, PL636C	In production (Duva), under exploration		INPEX Idemitsu Norge AS 30% Neptune* 30% PGNiG 30% Sval 10%
	PL537, PL537B	Development scenario studies ongoing (Wisting)		INPEX Idemitsu Norge AS 10% Equinor* 35% Lundin 35% Petoro 20%
	PL882, PL882B	Under development study (Dugong), under exploration		INPEX Idemitsu Norge AS 20% Neptune* 45% Petrolia NOCO 20% Concedo 15%
	PL090I	Under development study (Blasto), under exploration		INPEX Idemitsu Norge AS 15% Equinor* 45% Vår 25% Neptune 15%
	PL090JS	Under development study (Grosbeak)		INPEX Idemitsu Norge AS 40% Equinor* 40% Neptune 15% Wellesley 5%
	PL293B, PL293CS	Under development study (Kveikje, etc.), under exploration		INPEX Idemitsu Norge AS 10% Equinor* 51% DNO 29% Longboat 10%
	PL318, PL318B, PL318C	Under development study (Peon)		INPEX Idemitsu Norge AS 20% Equinor* 60% Petoro 20%
	PL609, PL609B, PL609D	Under development study (Alta, Neiden)		INPEX Idemitsu Norge AS 15% Lundin* 55% Wintershall Dea 30%
	PL090F	Under exploration		INPEX Idemitsu Norge AS 40% Equinor* 45% Other 15%
	PL090HS			INPEX Idemitsu Norge AS 15% Equinor* 45% Other 40%
	PL1133			INPEX Idemitsu Norge AS 10% Lundin* 35% Other 55%
	PL1153			INPEX Idemitsu Norge AS 30% Aker BP* 40% Other 30%
	PL1170			INPEX Idemitsu Norge AS 10% Lundin* 35% Other 55%
	PL1130			INPEX Idemitsu Norge AS 60% INPEX Idemitsu Norge AS* Other 40%
	PL1016			INPEX Idemitsu Norge AS 40% OMV* 60%
	PL1129			INPEX Idemitsu Norge AS 30% Wintershall Dea* 40% Lundin 30%
	PL1179			INPEX Idemitsu Norge AS 15% Equinor Energy AS* 45% Vår Energi ASA 25% Neptune Energy Norge AS 15%
	PL1194			INPEX Idemitsu Norge AS 30% OOMV (Norge) AS* 40% Vår Energi ASA 30%

Other Areas

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

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

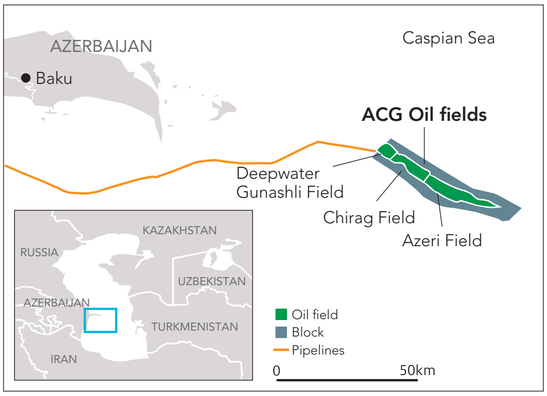


Offshore facility

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

2 ACG Oil Fields

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



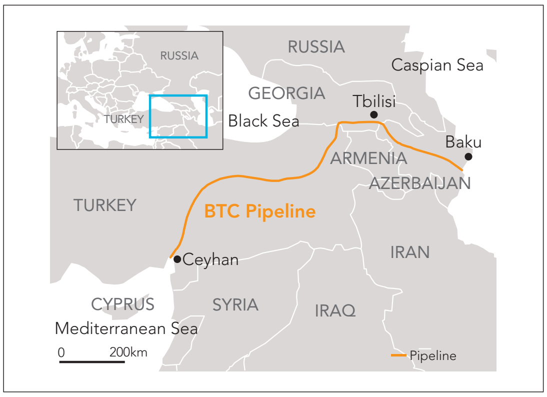
Offshore production facility

Contract area (block)	Project status	Production volume**	Venture company (established)	Interest owned (*Operator)
ACG	In production	Crude oil: 415 Kbbld	INPEX Southwest Caspian Sea, Ltd. (January 29, 1999)	INPEX Southwest Caspian Sea 9.31% BP* 30.37% MOL 9.57% SOCAR 25.00% Equinor 7.27% ExxonMobil 6.79% TPAO 5.73% Itochu 3.65% ONGC 2.31%

** Production volume on the basis of all fields and average rate of fiscal year ended December 31, 2022

3 BTC Pipeline Project

Stretching approximately 1,770 kilometers from Baku on Azerbaijan's Caspian coast to Ceyhan in Turkey, the BTC pipeline has been used to transport crude oil since its commencement of full-scale operation in June 2006. With a transport capacity of 1.20 million barrels per day, the pipeline mainly transports crude oil produced in the ACG Oil Fields in Azerbaijan.




Shipping terminal

Contract area (block)	Venture company (established)	Interest owned (*Operator)
BTC Pipeline Project	INPEX BTC Pipeline, Ltd. (October 16, 2002)	INPEX BTC Pipeline 2.5% BP* 30.1% Azerbaijan (BTC) Limited 25% MOL 8.9% Equinor 8.71% TPAO 6.53% Eni 5% TotalEnergies 5% Itochu 3.4% ExxonMobil 2.5% ONGC 2.36%

Other projects

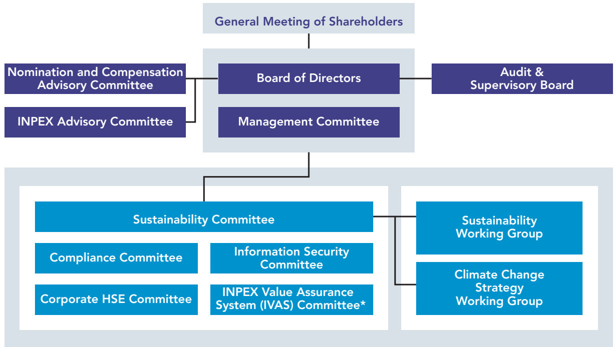
Country	Contract area (block)	Project status	Venture company	Interest owned (*Operator)
Brazil	BM-ES-23	Under exploration (blocks where oil/gas accumulations were confirmed)	INPEX Petróleo Santos Ltda.	INPEX Petróleo Santos 15% Petrobras* 65% PTTEP 20%
Mexico	R2.4 Block 22 (Salina)	Under exploration	INPEX E&P Mexico, S.A. de C.V.	INPEX Petróleo Santos 35% Chevron* 37.5% Pemex 27.5%
Iraq	Block 10	Under exploration (blocks where oil/gas accumulations were confirmed)	INPEX South Iraq, Ltd.	INPEX South Iraq 40% Lukoil* 60%
Russia	Sakhalin 1	In production	Sakhalin Oil and Gas Development Co., Ltd. (SODECO)	*SMNG-Shelf and other (INPEX's share in SODECO 6.08%)
Russia	Zapadno-Yaraktinsky Block/ Bolshetirsky Block		Japan South Sakha Oil Co., Ltd. (JASSOC)	JASSOC 49% INK* 51% Share in JASSOC 24.998%

Sustainability

INPEX's basic approach to sustainability management is to promote both a stable supply of energy and energy transition initiatives, and address climate change and other sustainability issues through our business and value chains. Our sustainability management activities focus on the issues of greatest importance to our business and our stakeholders—our Material Issues.

Sustainability Governance Structure

Chaired by the INPEX Representative Director, President & CEO, our Sustainability Committee was established to clearly communicate our executive management's vision for sustainability, discuss basic policies for sustainability, and promote Group-wide and systematic sustainability practices. The members include Representative Directors, the head of the General Administration Division, and the head of the Corporate Strategy & Planning Division (Vice-chair of the Sustainability Committee). The Chairs of our Compliance Committee and Corporate HSE Committee also attend the meetings to facilitate collaboration with their respective committees. The Sustainability Committee met twice in FY2022, and the matters addressed at those meetings were also discussed at Executive Committee and Board of Director meetings. Under the Sustainability Committee, we have established a Sustainability Working Group and Climate Change Strategy Working Group, which each comprise operational-level members from various divisions to support Group-wide, cross-sectional consultation.



* INPEX Value Assurance System: A committee that supports INPEX's project promotion and value enhancement decision-making process

United Nations Global Compact

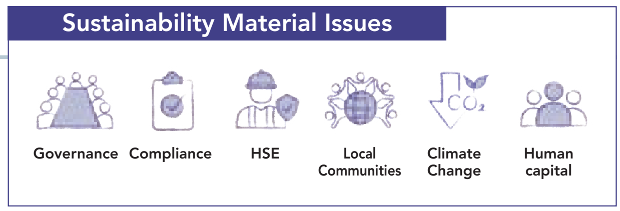
We have been a signatory to the United Nations Global Compact since 2011 and declared our support for its Ten Principles in the four areas of human rights, labor, the environment, and anti-corruption. Since 2012, we have been participating in activities of the various sustainability-related subcommittees set up by the Global Compact Network Japan.

Engaging with Industry Associations

To support our business and sustainability objectives, INPEX is an active member of the International Association of Oil & Gas Producers (IOGP), Australian Petroleum Production & Exploration Association (APPEA), and Ipieca. Within Japan, we are members of the Japan Petroleum Development Association, Japan Natural Gas Association and Japan Gas Association to ensure the sound development of the industry and a stable energy supply. Other initiatives in which we participate include the Extractive Industries Transparency Initiative (EITI) and Challenge Zero (Challenge Net Zero Carbon Innovation), an initiative led by the Japan Business Federation (Keidanren).

Sustainability Material Issues

We have identified six of the seven core sustainability themes in ISO 26000 as areas of high importance for INPEX and our stakeholders, and these form our Material Issues. Our materiality assessments are conducted on the basis of double materiality, whereby we identify and prioritize issues that may have a significant impact not only on our sustainability as a business, but also on external stakeholders or the environment. We have also identified priority actions (Key Tasks) for each Material Issue area and embedded these Key Tasks into our PDCA cycle to enable continuous improvement. In 2017, we reviewed and revised each Key Task through a four-step prioritization process (1. Issue identification and gap analysis; 2. Stakeholder dialogue; 3. Issue prioritization; and 4. Management review). This review also incorporated the perspective of the United Nations Sustainable Development Goals (SDGs). In March 2022,



we reviewed our Key Tasks based on conversations with major stakeholders that had been conducted together with the announcement of our Long-term Strategy and Medium-term Business Plan (INPEX Vision @2022) previous month. Our Material Issues and Key Tasks are reviewed annually through engagement with internal and external stakeholders. The results are approved by the Sustainability Committee chaired by the Representative Director, President & CEO and reported to the Board of Directors.

▶ Please see pages **52 to 55** for more on Targets and Achievements of Sustainability Material Issues

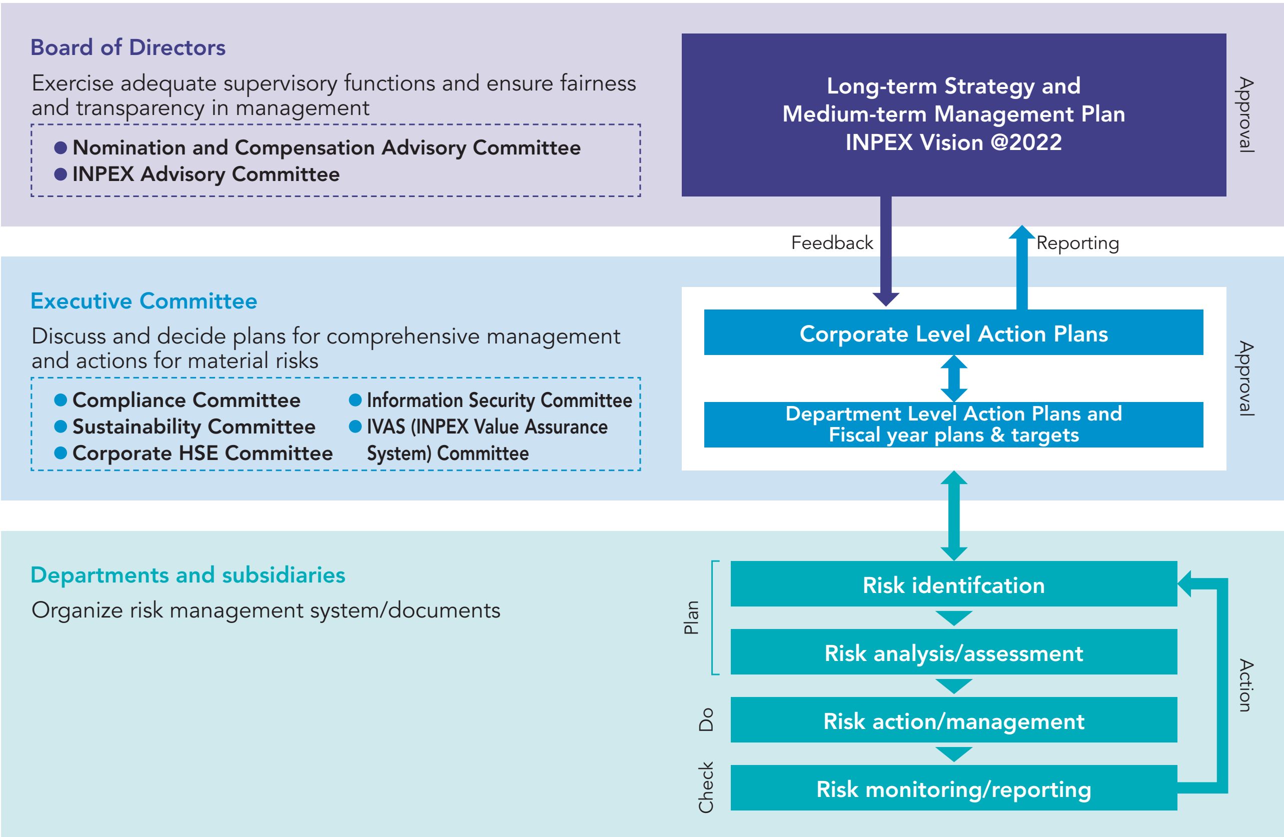
Risk Management

Our Policy

We are committed to accurately identifying and assessing the complex and diverse risks inherent in our business environment and establishing appropriate risk prevention and mitigation measures and systems to manage these risks. In addition to preparing for large-scale natural disasters and epidemics, we also address risks related in the business environment—such as changes to economic and social conditions or laws and regulations—as well as risks that exist in each process of our business, including in the areas of exploration, production, transportation, and sales. We have established internal controls under Japan's Financial Instruments and Exchange Act—known as "J-SOX"—based on the COSO* framework, and each business division also conducts risk management related to occupational health, safety, and environmental protection under our HSE Management System. Additionally, we analyze the impact of fluctuations in oil prices and foreign exchange rates on our net income and disclose this information at every financial result briefing.

*COSO: The Committee of Sponsoring Organization of the Treadway Commission

Risk Management Structure



Major Business Risks

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

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

▶ Please see pages 94 to 100 for more on Business Risks

Sustainability Material Issues: Targets and Achievements

Material issues	Key tasks	FY 2022 achievements
Governance	Improvement of our governance structure	● Enhanced our corporate governance structure through appropriate operation of the Board of Directors, and evaluated the effectiveness of the Board of Directors and continued the PDCA cycle ● Responded to revisions of the Companies Act and the Corporate Governance Code, and to Tokyo Stock Exchange reforms
		● Published a skill matrix for Directors ● Introduced and implemented a new system of officer compensation aligned with key goals of the Medium-term Business Plan ● Discussed the nomination and compensation of Directors with the appropriate involvement of the Nomination and Compensation Advisory Committee
		● Strengthened management of global tax risks, arising out of overseas sites' operations and cross-border transactions, through appropriate operation of the tax governance structure
	Improvement of our risk management structure	● Held 10 INPEX Value Assurance System (IVAS) Committee meetings ● Provided the Board of Directors with an executive summary of risk assessment results for major projects
		● Held two Information Security Committee meetings ● Held two training sessions on targeted email attacks ● Conducted an e-learning lesson on information security ● Conducted a security assessment of operating systems
		● Promoted head office-based business continuity management (BCM) activities for earthquake scenarios, and provided BCM education and training for employees ● Implemented and operated a COVID-19 crisis response structure under the Corporate Crisis Management Team
	Supply chain risk management	● Published Supplier Code of Conduct ● Continued self-assessment surveys (including questions on human rights and anti-bribery and anti-corruption (ABC) measures) by major domestic suppliers and contractors ● Continued risk assessment of major suppliers and contractors (including with regard to human rights and ABC measures), and improved the methods used for risk assessment ● Participated in the supply chain subcommittee of the Global Compact Network Japan
Compliance	Respect for human rights	● Published respective FY2021 statements pursuant to the United Kingdom Modern Slavery Act 2015 and the Australian Modern Slavery Act ● Continued to conduct human rights training ● Continued risk assessment of major suppliers and contractors (including with regard to human rights), and improved the methods used for risk assessment, together with the procurement departments and departments responsible for sustainability
	Compliance with laws and prevention of bribery and corruption	● Ensured awareness of compliance and enhanced education and training programs (e-learning lessons, compliance awareness surveys and training based on the survey results, response to revisions of the Whistleblower Protection Act, etc.) ● Bolstered global compliance structures (continued operation of the INPEX Global Hotline, etc.) ● Ensured awareness and enhanced operation of ABC regulations (continued training, due diligence, risk assessments of ABC practices at domestic and overseas offices, etc.)
Climate change	Promotion of climate change response goals and disclosures based on TCFD recommendations	● Continued to achieve a CDP Climate Change A- score ● Reduced net carbon intensity in FY2022 to 28kg-CO2e/BOE ● Achieved methane emissions intensity (methane emissions / natural gas production) of 0.05%, which was below our target of about 0.1%
	Promotion of five net zero businesses	FY2022 achievements **Hydrogen and ammonia** ● Made final investment decision (FID) for drilling wells and constructing aboveground facilities for the integrated verification trial of hydrogen and ammonia production and use in Kashiwazaki City, Niigata Prefecture, Japan. ● Conducted joint research on commercial feasibility of clean ammonia production in Abu Dhabi ● Currently working with a local power generator in Australia to conduct a study on hydrogen export and hydrogen-based methanation **CCUS** ● Began well drilling for a CO_2 EOR verification trial in the Minamiaga Field Office and completed work in January 2023 ● Awarded rights to operate G7-AP offshore GHG assessment block in Northern Territory, Australia ● Participated in the CCS Long-Term Roadmap Study Group, organized by the Ministry of Economy, Trade and Industry, and in developing a framework for commercialization of CCS in Japan **Renewable energy** Wind power generation ● Joined Luchterduinen and Borssele III/IV offshore wind power projects in the Netherlands ● Established the London office of INPEX Renewable Energy Europe Limited, a subsidiary in the United Kingdom in charge of wind farms in Europe, which was established in November 2021, and began work through this office ● Began construction for floating offshore wind power project off Goto City, Nagasaki Prefecture, Japan Geothermal power generation ● Acquired new concessions at Muara Laboh Geothermal Power Project in Indonesia ● Opened Jakarta office of INPEX Geothermal, Ltd. ● Made FID for Oyasu Geothermal Power Project, Akita Prefecture, Japan

FY2023 targets	Medium- to long-term targets, initiatives, and directions
● Enhance the corporate governance structure through appropriate operation of the Board of Directors, and evaluate the effectiveness of the Board of Directors and continue the PDCA cycle ● Respond to revisions of the Companies Act and the Corporate Governance Code, and to Tokyo Stock Exchange reforms ● Build relationships between the Board of Directors and local stakeholders, such as partners and local communities (including holding Board of Directors meetings in countries in which we operate)	● Strengthen the corporate governance structure, including enhancement of the supervisory role of the Board of Directors ● Continue to deepen discussions by the Nomination and Compensation Advisory Committee toward achieving further diversity of the Board of Directors, and provide feedback on those discussions to the Board ● Enhance discussions on management strategies based on INPEX Vision @2022, its associated Medium-term Business Plan, and anticipated future business development, and monitor the progress made
● Publish a skill matrix for Directors and Audit & Supervisory Board Members ● Enhance training, etc. for newly appointed officers ● Discuss the nomination and compensation of Directors with the appropriate involvement of the Nomination and Compensation Advisory Committee	
● Assess state of tax compliance in each country through centralized management of tax information	
● Hold 25 IVAS Committee meetings ● Provide the Board of Directors with an executive summary of risk assessment results for major projects	● Continue to monitor mitigation/management plans for material risks and issues identified by each division under the Medium-term Business Plan and their implementation
● Hold two Information Security Committee meetings ● Hold two training sessions on targeted email attacks ● Conduct an e-learning lesson on information security ● Conduct a security assessment of operating systems	
● Promote head office-based BCM activities for earthquake scenarios, and provide BCM education and training for employees ● Revise the head office business continuity plan (BCP) for infectious disease scenarios based on examination and assessment of COVID-19 responses	
● Continue self-assessment surveys (including questions on human rights and ABC measures) by major domestic suppliers and contractors ● Continue risk assessment of major suppliers and contractors (including with regard to human rights and ABC measures), and improve the methods used for risk assessment ● Participate in the supply chain subcommittee of the Global Compact Network Japan	● Strengthen supply chain risk assessment and compliance
● Publish respective FY2022 statements pursuant to the United Kingdom Modern Slavery Act 2015 and the Australian Modern Slavery Act ● Continue to conduct human rights training ● Improve the methods used for risk assessment of major suppliers and contractors (including with regard to human rights)	● Fully comply with and appropriately respond to the laws and regulations, including ABC laws, of the areas in which we operate, judicial/administrative sanctions, international norms and ethics, and full respect for human rights ● Continue human rights due diligence
● Ensure awareness of compliance and enhance education and training programs (e-learning lessons, officer training, compliance assessments, etc.) ● Bolster global compliance structures (continued operation of the INPEX Global Hotline, etc.) ● Ensure awareness and enhance operation of ABC regulations (continued training, due diligence, risk assessments of ABC practices at domestic and overseas offices, etc.)	
● Continue to achieve a CDP Climate Change A- score ● Reduce net carbon intensity by 10% (4.1kg-CO_2e/BOE) or more between FY2022 and FY2024 ● Check details of emissions reduction measures in individual projects for achieving the FY2030 target for net carbon intensity	● Reduce net carbon intensity by 30% or more by FY2030 ● Achieve zero routine flaring by FY2030 ● Maintain methane emissions intensity (methane emissions / natural gas production) at its current low level (about 0.1%)

Targets to FY2024	Targets to FY2030
Hydrogen and ammonia ● We are currently procuring materials and equipment for ground preparation, CO_2 injection, production, and observation well drilling for the hydrogen and ammonia production demonstration project in Kashiwazaki City, Niigata Prefecture, Japan. Our plan is to begin operations in 2025. ● Continue to study the commercialization potential of a clean ammonia production project in Abu Dhabi ● Consider and launch new projects in Japan and overseas	● Commercialize three or more projects ● Aim for hydrogen and ammonia production and supply of 100,000 tons/year or more
CCUS ● Conduct injection testing in FY2023 for a CO_2 EOR verification trial in the Minamiaga Field Office and consider moving to the next phase ● Consider and launch new projects in Japan and overseas ● Progress assessments and other preparations to introduce CCS at Ichthys LNG	● Achieve annual CO_2 injection volume of 2.5 million tons or more ● Become a leading company in CCUS by promoting technical development and commercialization
Renewable energy Wind power generation ● Progress development of offshore wind power business, and construction for floating offshore wind power project offshore Goto City, Nagasaki Prefecture, Japan ● Ensure stable operations and expand business at European wind power projects ● Generate business opportunities in Southeast Asia, Australia, and the United States Geothermal power generation ● Carry out additional development at Muara Laboh Geothermal Power Project in Indonesia ● Progress construction for Oyasu Geothermal Power Project ● Progress exploration of geothermal energy in other regions, including Indonesia and Japan	● Secure 1–2 gigawatt-scale installed capacity, mainly in the offshore wind and geothermal power generation business ● Accelerate business expansion using assets acquired through M&A and other means as a platform

Material issues	Key tasks	FY 2022 achievements
Climate change	Promotion of five net zero businesses	FY2022 achievements **Carbon recycling and new business** ● Moved to EPC (engineering, procurement, and construction) work for methanation technical development project ● Considered large-scale methanation facilities in Australia, etc. ● Entered and won first prize, together with the University of Tokyo, in an international competition for artificial photosynthesis ● Invested in CarbonOrO Holding, a company developing CO_2 capture technologies ● Conducted several test flights using drones to inspect our facilities **Forest conservation** ● Continued support for Indonesia's Rimba Raya Biodiversity Reserve REDD+ project ● Created a forestation credit screening form (improved the process)
	Cleaner oil and gas business and transition to natural gas	● **Australia:** Adopted measures to minimize flaring during production and fuel gas consumption at the Ichthys LNG Project, and promoted low-carbon operations ● **Abu Dhabi:** In addition to starting to use clean power at some onshore facilities, worked with the Abu Dhabi National Oil Company to adopt clean power, including using onshore clean power to supply offshore facility power needs ● **Norway:** Commence power generation at the Hywind Tampen floating wind farm ● Expanded the volume of carbon neutral gas sold
HSE	Prevention of major incidents	● Reduced the number of incidents by: issuing incident bulletins; drawing lessons from incidents; statistically analyzing and benchmarking incidents; strengthening incident cause investigation; promoting the introduction of safety leading indicators; and conducting interviews with contractors and developing safety moments in relation to Life-saving Rules (LSRs) to expand activities to not only operational organizations but to contractors, domestic subsidiaries, INPEX Technical Research Center, and Akasaka Head Office as well ● Enhanced process safety and asset integrity management by conducting HSE reviews and providing technical support (bowtie analyses, safety case reviews, etc.) at operator projects, and by commencing measurement and monitoring of Tier 3 and Tier 4 leading indicators
	Securing of occupational health and safety	● Strengthened HSE management at worksites by: formulating/implementing an action plan based on the results of the HSE culture survey; reinforcing coordination between corporate divisions and operator projects; and holding an HSE Forum to share good practices and issues ● Strengthened health management by: driving the creation of a health management activities platform; and developing COVID-19 Risk Screening for Overseas Travelers to review risks for traveling on business trips as a response to COVID-19
	Biodiversity conservation and water risk management	**Biodiversity conservation** ● Established and published our biodiversity conservation policy and commitment ● Continued biodiversity conservation activities and monitoring by: conducting a survey of biodiversity in Japan, etc. ● Updated the database of protected areas for project areas **Water risk management** ● Established and published our water risk management policy and commitment ● Updated water stress assessments in project areas ● Assessed the current state of water balance and aggregated/analyzed data on the volume of freshwater/seawater intake and use in our projects
Local communities	Implementation of assessments of impact on local and indigenous communities and measures to reduce impact	**Japan** ● Maintained positive relationships with stakeholders through continuous dialogue, including appropriate response to inquiries from local communities and publication of newsletters **Australia** ● Maintained positive relationships with government agencies, industry groups, and local stakeholders through more than 300 dialogues
	Contribution to local economies	**Global** ● Invested approximately 30 billion yen in social contribution initiatives **Australia** ● Achieved targets set in Reconciliation Action Plan (RAP) 2019–2022 , and develop the next plan for RAP 2023–2025 ● Directly employed 49 Aboriginal and/or Torres Strait Islander people and indirectly employed about 100 people on average through contractors, as of the end of FY2022 ● Procured more than A$ 13 million of goods/services from 23 Aboriginal and/or Torres Strait Islander businesses from FY2019–FY2022
Human capital	Making INPEX the best place to work	**Global** ● Considered new measures for INPEX Values **Japan** ● Adopted a job-focused personnel system for executives ● Secured human resources by increasing recruitment of mid-career employees ● Held third round of workplace COVID-19 vaccinations and expanded the headquarters occupational physician team

FY2023 targets	Medium- to long-term targets, initiatives, and directions
Targets to FY2024	**Targets to FY2030**
Carbon recycling and new business ● Construct a plant for planned 2025 launch of synthetic methane production as a methanation technical development project ● Pursue further R&D in artificial photosynthesis ● Use drones to inspect our facilities	● Promote the adoption of methanation in society ● Supply about 60,000 tons of synthetic methane annually via our pipeline network
Forest conservation ● Participate in and pursue development opportunities for forest conservation projects ● Acquire about 1.5 million tons of forestation credits per year from leading forest conservation projects	● Secure about 2 million tons of forestation credits per year from forest conservation projects by FY2030 through project participation, development, etc.
● **Australia:** Aim to further increase the current LNG production capacity to build a structure capable of stably producing 9.3 million tons per year at the Ichthys LNG Project ● **Abu Dhabi:** Aim to further reduce production costs by optimizing personnel allocation and introducing new technologies, and supply offshore facilities with clean power ● **Norway:** Promotion of low-carbon business by starting power generation at the Hywind Tampen floating wind farm and power provision to the Snorre oil field and the pursuit of the potential for reducing CO_2 emissions from oil and gas production plants by using power supplied from onshore hydroelectric power generation ● Expanded the volume of carbon neutral gas sold	● Increase gas ratio of portfolio by raising gas investment ratio to about 70% ● Make our projects cleaner by achieving zero routine flaring, introducing carbon capture, usage, and storage and renewable electricity, conserving energy, utilizing forestation credits, etc.
● Strengthen incident prevention efforts by: issuing incident bulletins; drawing lessons from incidents; and promoting LSRs, other internal campaigns, and the introduction of safety leading indicators ● Further improve process safety management through systemic programs by: conducting HSE reviews and providing technical support (bowtie analyses, safety case reviews, etc.) at operator projects and commencing measurement and monitoring of Tier 3 and Tier 4 leading indicators) ● Implement HSE risk management and HSE management for the five net zero businesses	● Ensure compliance with LSRs for safety in high-risk operations, strengthen process safety management, and completely eliminate major incidents ● Carry out actions that help improve HSE management (1) Senior management executives demonstrate HSE leadership (2) Contribute to carbon-reduction projects through HSE management (3) Perform thorough risk management (4) Strengthen incident prevention efforts (5) Prevent leaks from facility processes (6) Prepare for emerging threats (7) Help to address global environmental challenges and create environmental value (8) Reinforce infection control measures
● Demonstrate HSE leadership by: implementing an action plan based on the results of the HSE culture survey; reinforcing coordination between corporate divisions and operator projects; and holding an HSE Forum ● Strengthen health management by: standardizing health management activities; strengthening mental health management; and standardizing infectious disease management	
Biodiversity conservation ● Identify risks and opportunities related to biodiversity ● Consider establishing targets and making disclosures in compliance with requirements such as the Taskforce on Nature-related Financial Disclosures (TNFD) ● Implement biodiversity conservation initiatives in project areas	
Water risk management ● Identify risks and opportunities related to water risk management ● Consider implementing initiatives and making disclosures in compliance with requirements such as the TNFD ● Carefully examine water balance , and identify issues, in project areas	
Japan ● Maintain positive relationships with stakeholders through continuous dialogue, including appropriate response to inquiries from local communities and publication of newsletters **Australia** ● Maintain positive relationships with stakeholders through proactive dialogue	● Contribute to local development and the addressing of social issues through our business activities, while respecting human rights and the cultures and customs of the areas in which we operate ● Understand and respond to community needs through dialogue with stakeholders in the areas in which we operate
Global ● Continue investment in social contribution initiatives in response to the needs of the local communities in which we operate **Australia** ● Achieve targets set in RAP 2023–2025 ● Continue to implement our social contribution strategy	
Global ● Promote INPEX Values ● Resume opportunities for overseas office employees to be assigned to our headquarters **Japan** ● Adopt a job-focused HR system and talent management system for regular employees and employees working under reemployment contracts ● Employ diverse human resources, including women, researchers, and highly specialized individuals ● Overhaul the employee benefit program (introduce Cafeteria Plan)	● Implement programs and establish a corporate culture that cultivates employee satisfaction and engagement ● Expand support for employee career development ● Create a workplace environment that supports needs for diverse workstyles and employee well-being

Human Resources Strategy

Message from the Director in Charge of Human Resources

At INPEX, we implement various HR initiatives to make INPEX an excellent place to work, using the INPEX HR Vision and the INPEX Values as our guiding principles. We believe it is important to have HR policies and initiatives promoting flexible workstyles so that employees can make the most of their abilities irrespective of age, gender, nationality and other factors. Moreover, our priority lies in creating a workplace environment that promotes psychological safety and encourages the uninhibited exchange of opinions and ideas.

To achieve the Long-term Strategy and Medium-term Business Plan set forth in INPEX Vision @2022, we will need to further strengthen our organizational capabilities by encouraging each employee to pursue career autonomy. INPEX will further promote human resources development and investment in human capital.

Nobuharu Sase
Director, Senior Managing Executive Officer, Senior Vice President, General Administration

Our Policy

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

Our recruitment approach follows our Business Principles and Code of Conduct specifying there will be no discrimination on the basis of race, skin color, gender, sexual orientation, gender identity, or age. Remuneration at INPEX is based on the principle of "equal pay for equal work." For general personnel, remuneration is tied to demonstrated ability, and for executives, it is based on job grade—and in both cases, without regard to gender.

Human Resource Development

Our training curriculum is designed to help employees develop the required skills and mindset to work in a large energy company and continue to contribute to our business over the long term. Group training, practical training (primarily through overseas visits or appointments), selective training to develop next-generation leaders, and e-learning focused on developing business knowledge are the principal modes of delivery. In FY2022, we overhauled our training regime with an emphasis on autonomy and leadership. Besides commencing leadership training for a wide range of employees so that everyone can demonstrate leadership, we also encourage each employee to pursue career autonomy, such as by strengthening support for line managers, who form the backbone of the organization.

Human Resource Development Curriculum

Flexibility
Adopting and acting on new ways of thinking

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

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

Advancing the individual

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

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

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

EF English Live
- Improving English proficiency

Personal development system
Support for acquiring qualifications

Career training
Career Development Seminars·Workshop (WS)
Career 50WS
Career 40WS
Career 30WS
Life Shift/Life Plan

Leadership training
Leadership I
Leadership II
Leadership III
Leadership IV

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

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

Enhancing organizational capabilities

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

D&I training
Women's advancement
Unconscious bias
LGBT

Organizational culture reform
Psychological security
Well-being
Communication

Developing Next-generation Leaders

In FY2021, we launched our Breakthrough Leadership Program (BLP)[1], a selective leadership development program for young employees. Additionally, in FY 2022, we launched the Advanced Leaders Program (ALP)[2] for executives. Both programs are designed to nurture transformational leaders (candidates for future executive roles) who will ultimately be responsible for managing the Company. Both programs are optional and selected from the employees who wish to take up the challenge.

In Australia, a leadership development program was launched in FY2022. Approximately 300 team leaders and managers have participated in the three-day training program aimed at instilling the qualities and behavioral attributes expected of leaders.

1 Breakthrough Leadership Program (BLP): A program lasting up to five years and tailored based on the experiences of each selected employee to accelerate their development by strategically and deliberately subjecting them to an intensive series of tough assignments (including more sophisticated tasks, leadership positions, and jobs at different departments) over a short time frame.
2 Advanced Leaders Program (ALP): A program that aims to develop leaders with strong foundations and rich ideas through participation in management and business programs in Japan and overseas and engagement with other companies to learn the latest information, trends and problem-solving skills.

Our Recruitment Approach

INPEX is developing both its oil and gas business and its 5 net zero businesses and is actively recruiting both new graduates and mid-career professionals. Our mid-career hires are primarily highly skilled engineers and experts with extensive knowledge and experience in the 5 net zero business fields that our existing workforce would be hard pressed to acquire. We have also established a scheme enabling employees to undertake assignments in new business areas through internal job postings and an internal side job system.

HR Evaluation and Assignment

We strive to maximize performance across the organization by ensuring employees treat the organization's objectives—based on objectives established at the division level—as their own. We aim to inspire the highest level of employee motivation by having each individual outline the specific processes leading to achievement of their own annual objectives, thereby reliably and efficiently contributing to the objectives of the organization as a whole. Employees review their objectives annually, and their degree of achievement of these objectives is reflected in their individual performance evaluation.

An evaluation process based on the INPEX Values—the common values for all our executives and employees—is implemented at all sites, including in Australia and Indonesia.

One important criterion in the evaluation is the level to which INPEX Values are demonstrated in daily operations. This encourages employees with diverse backgrounds and values to share and be aware of the values they should have as INPEX employees and to work together to achieve results not only as individuals, but also as an organization. Employees are additionally given the opportunity once a year to state the kind of work they would like to do or to request a transfer. We also have an internal job posting scheme designed to optimize job assignment from within the Company while boosting employee motivation. In FY2022, out of 16 applications under the job posting scheme in head office, 11 employees were approved for transfers.

We also established an internal side job system in FY2021, providing opportunities for employees to take on new challenges across organizational or job-category lines. The above are some of the initiatives adopted to revitalize the workplace while creating an environment that enables employees to carve out their own careers. Concurrently, we run a return-to-work program to welcome back motivated employees who had resigned from the Company due to unavoidable personal reasons.

Global Engagement Survey

We conducted a global engagement survey in 2019 on all employees around the world and identified challenges in the areas of human resources allocation and deployment, compensation and recognition and productivity in the work environment. Based on the findings of the survey, we introduced a new job-based HR system for managerial employees and are promoting improvement initiatives by providing employees with thorough feedback on performance evaluation.

In FY2022, we introduced a new job-based HR system for managerial employees designed to clarify job descriptions, define a compensation system based on job responsibilities and implement line-management succession planning and associated training.

In addition, INPEX conducts employee stress checks and work engagement surveys once a year. We ascertain the mental and physical condition of each employee and analyze the state of their department to effect changes designed to create a workplace where all employees can thrive. After the survey, we provide feedback to each department and utilize our findings to improve the overall workplace environment.

Promotion of Diversity

Promotion of the Advancement of Female Employees

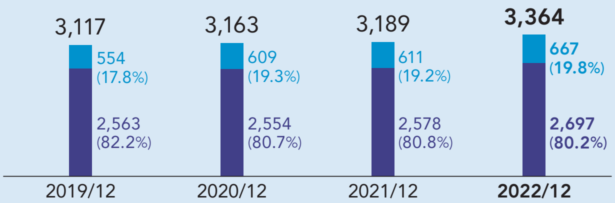
In line with our basic policy on diversity and inclusion D&I (Diversity & Inclusion), we are intent on creating an environment that enables women to demonstrate their abilities to the full. In Japan, we have drawn up a General Employer Action Plan based on the Act on the Promotion of Women's Active Engagement in Professional Life. Among other things, this plan sets a target of hiring women to fill at least 25% of new graduate positions, a target that has been met each year over the five years from FY2019 to FY2023. Another example of our efforts was our hosting in FY2021 and FY2022 of a seminar for all executives and employees on the subject of unconscious bias, to deepen their understanding of unintentional bias related to gender, encourage greater workplace diversity, and promote the establishment of a foundation for advancing the role of women within the Company. Our target was for women to fill 3% of management positions (as defined by our grading system in INPEX*) by March 31, 2023. As of that date, we had achieved that target, with women filling 3.7% of management positions. Going forward, we aim to lift this figure to 6% during FY2025 through more intensive mid-career recruitment of women capable of performing management roles. In promoting or appointing employees, we evaluate employees who are temporarily restricted in their work duties due to life events in an appropriate manner so as to not impede career advancement.

In this way, women have become increasingly active in all job categories in recent years, but we observe the level of women's involvement is still uneven across job categories and the percentage of females in senior management positions remains low. We therefore continue in our efforts to advance the role of women at the Company. Besides appointing one female Outside Director and one female Outside Auditor, we are steadily making progress, including the appointment of a female Executive Officer promoted from within the organization for the first time in our history in March 2020.

*Non-Consolidated employees including seconded employees but excluding the employees who are temporary transfer to INPEX

Number of Overall Employees and the ratio by Gender

■ Male (persons) ■ Female (persons)
Boundary: Consolidated



LGBTQ+

Within the Group, the term "diversity" refers to all differences related to people or businesses, including sexual orientation and gender identity.

To promote understanding towards LGBTQ+ matters, we have conducted an ongoing in-house training program since FY2017, and in FY2018, held lectures for executives concerning LGBTQ+ matters. Efforts have also been under way to upgrade internal systems. In FY2020, employees were given the right to refuse requests to undertake business travel on the grounds that they are LGBTQ+, and in FY2021, "family" was redefined to include same-sex partners and their children under the Company's benefit program. Employees are also encouraged to start using names (including pronouns and titles) that reflect their gender identity. In addition to an in-house LGBTQ+ consultation desk, we set up a second consultation desk managed by outside experts in FY2022. Our continuing positive action in these areas has won us recognition in Japan for our pioneering efforts in the workplace. For two consecutive years, in FY2021 and FY2022, we received the Gold Award (the highest rating) in the PRIDE Index, Japan's first index evaluating initiatives related to LGBTQ+ and sexual minorities.

work with Pride Gold 2022

Employment of Foreign Nationals

We actively employ foreign nationals as we believe that diversity brings vitality to the workplace. To achieve inclusion—which means to build workplace environments and interpersonal relationships that contribute to business through mutual respect and recognition—we provide relocation support services for foreign nationals, in particular those who normally use English in their daily work, to minimize the challenges they may experience living and working in Japan. In addition, we prepare intranet postings and documents in both Japanese and English, and offer weekly Japanese-language lessons with an external teacher.

Efforts to Engage Older Workers

In FY2019, we started career training for employees aged 30, 40, and 50 years to understand the importance of career development and learn to design their own course for future success and growth, using techniques such as self-reflection and career experience inventory. Since FY2022, we also offer career consultation by qualified personnel to employees aged 55 years to support the autonomous career development of our senior employees.

In FY2019, we set up INPEX Solutions as a fully owned subsidiary within the Group. INPEX Solutions functions as a think tank for the Group, conducting surveys and research as well as providing support in consulting and talent development. Many retired Group employees transfer to this company where they can make use of their expertise, such as by passing on the know-how they have accumulated during their career, or in exploring new business opportunities for the Company.

Support for Childcare and Nursing Care

We support work–life balance for employees who are either parenting or providing care to family members, and have created a comprehensive support framework. Examples include: in Japan, payment of full salary for the first five days of childcare leave; payment of 20% of salary during childcare or nursing-care leave, which is above the legal requirement in Japan; and payment of salary during sick/injured childcare leave or nursing-care leave for up to five days per eligible child, which is also above the legal requirement. Moreover, employees may take leave during working hours regardless of the reason.

This includes flextime without core time, as well as work-from-home arrangements, which have now become well established. The scheme offers a high degree of flexibility, allowing employees with childcare or nursing-care responsibilities to work at different times of the day and for shorter periods by combining the shortened work hours program with flextime.

On top of these system-related initiatives, effort has also focused on shaping positive attitudes through an ongoing training program for supervisors with staff who are raising children, to ensure proper follow-up care by supervisors. We also encourage male employees to participate in parenting and post information on our intranet that explains the benefits of childcare leave for male employees and how the system works. As a result of these efforts, the percentage of males taking childcare leave is on an increasing trend. We seek to establish an environment that supports childcare leave and promote its understanding by measures such as holding in-house briefings in accordance with the revision of the Child Care and Family Care Leave Law as well as extending the eligibility of special leave for spouse's childbirth (three days of paid leave) to cover the period before and after the expected due date and not just after childbirth.

Schemes to remotivate employees returning to work from childcare leave include discussion meetings prior to resuming work to help alleviate anxiety being faced by returning employees, and allowing employees interested in improving their skills while on leave to use the personal development program. Those who return to work prior to their child's first birthday may take two 30-minute nursing breaks per day, with pay, up to the day before the child turns one year old.

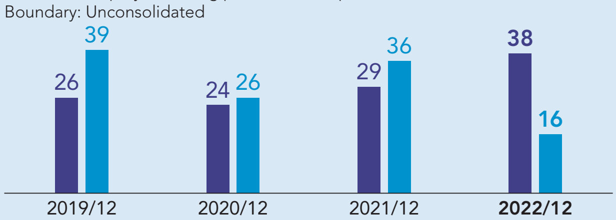
To assist employees raising children, there are childcare support arrangements for children up to the age of three. In addition, we have an agreement with a company-led nursery school to give enrollment priority to the children of company employees, and we have also signed up with a childcare service provider.

In recognition of these initiatives, the Tokyo Labor Bureau of the Ministry of Health, Labour and Welfare rated INPEX highly over the FY2018–2020 period as a company that supports its employees to balance work with child-rearing, awarding us the next-generation certification known as Kurumin for a fourth time.

We also support a balance of work and nursing-care responsibilities by flexibly applying rules relating to nursing-care leave for those with elderly parents, even if they are not officially certified care recipients.

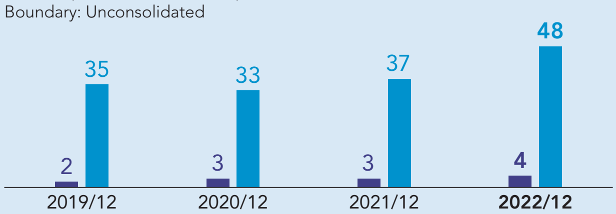
Number of Employees Taking Advantage of Parental Leave System by Gender

■ Male employees taking parental leave (persons)
■ Female employees taking parental leave (persons)
Boundary: Unconsolidated



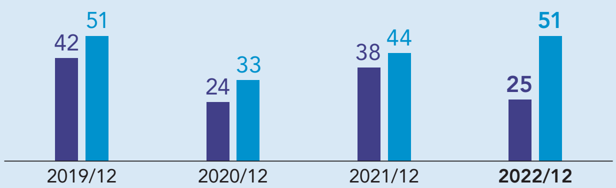
Number of Employees Taking Advantage of Shortened Working Hours for Childcare, and Flextime Work System

■ Male (persons) ■ Female (persons)
Boundary: Unconsolidated



Number of Employees Taking Child Healthcare Leave

■ Male (persons) ■ Female (persons)
Boundary: Unconsolidated



Notes:
1. The data is for the period between April to March of the following year.
2. From 2022, the data represents the number of first-time acquirers during the year in line with the method used to calculate the acquisition rate.

Climate Change Response

Message from the Officer in Charge of Climate Change Response

In February 2022, INPEX launched its Long-term Strategy and Medium-term Business Plan (INPEX Vision @2022). This lays out our path to achieving the target of net zero emissions by 2050 as announced in 2021. We have additionally set a goal to reduce net carbon intensity by 10% (4.1 kg-CO_2e/BOE) or more over the three years from 2022 as a quantitative target in our Medium-term Business Plan.

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

Specifically, we will accelerate expansion of the five net zero businesses: (1) hydrogen and ammonia; (2) reduce CO_2 emissions from oil & gas operations (CCUS); (3) renewable energy; (4) carbon recycling and new businesses; and (5) forest conservation. At the same time, we will maintain a stable supply in our oil and gas business while taking great steps to make the business cleaner.

INPEX Vision @2022 is also reflected in our Corporate Position on Climate Change (revised March 2022), and the progress of our initiatives for responding to climate change and the five net zero businesses as outlined in the vision is included in INPEX's Current Initiatives*.

* Please see INPEX website for more on Corporate Position on Climate Change and INPEX's Current Initiatives

Kimihisa Kittaka
Director, Senior Managing Executive Officer, Senior Vice President in charge of Corporate Strategy & Planning

Disclosure in line with TCFD Recommendations

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

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

Please refer to our Sustainability Report for more details.

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

Sustainability Report ▶ https://www.sustainability-report.inpex.co.jp/fy2022/en/

Our Policy

In January 2021, INPEX defined its goals for addressing climate change to meet the objectives of the Paris Agreement, establishing a corporate target of net zero emissions by 2050 (Scope 1 and 2). This will require a reduction in net carbon intensity of at least 30% by 2030.

Our disclosures related to climate change response are in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). We continue to expand the oversight and involvement of our Board of Directors in the governance of our climate change response. In designing business strategies, we assess our ability to respond to multiple scenarios, including the scenarios outlined by the International Energy Agency (IEA) World Energy Outlook (WEO) and the Institute of Energy Economics, Japan (IEEJ) as we evaluate our business portfolio. We also reference the Net Zero Emissions by 2050 Scenario (NZE)* in the IEA WEO.

We maintain an annual assessment structure to assess climate change risks and opportunities and implement measures derived through that process. Our program to manage GHG emissions involves promoting initiatives to achieve our climate change response goals and monitoring our progress.

* Net Zero Emissions by 2050 Scenario (NZE): An IEA scenario that shows a pathway for the global energy sector to achieve net zero CO_2 emissions by 2050

Climate Change Response Goals and Efforts to Achieve Them

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

The first goal is to achieve net zero emissions by 2050 pursuant to the Paris Agreement. The second is to achieve a reduction of at least 30% in net carbon intensity (compared to 2019) by 2030 in the process of fulfilling the first goal. Scope 1 and 2 emissions, which are emissions from our business processes, come under these goals. The third goal is to cooperate with all relevant stakeholders across the value chain to reduce the Scope 3 emissions from combustion of the oil and gas we sell.

In our 2022–2024 Medium-term Business Plan, we added one further goal to reduce our net carbon intensity by 10% (4.1 kg-CO_2e/BOE) over that three-year timeframe, in pursuit of our 2030 target. In FY2022, the first year of this plan, we managed to reduce our net carbon intensity to 28 kg-CO_2-e/BOE.

In addition to promoting our five net zero businesses and moving towards cleaner upstream businesses, specific measures we plan to take to achieving our net zero goals include: maintaining methane emissions intensity (methane emissions/natural gas production) at its current low level (about 0.1%); and zero routine flaring.

Details of these initiatives are set out in our Long-term Strategy and Medium-term Business Plan (INPEX Vision @2022) and INPEX's Current Initiatives based on the Corporate Position on Climate Change.

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

INPEX Emissions

		2019	2020	2021	2022
Scope1[3]	(thousand tons CO_2e)	8,557	7,328	7,302	6,839
Scope2[3]	(thousand tons CO_2e)	204	148	136	69
Net carbon intensity[4]	(kg CO_2e/BOE)	41	35	33	28
Methane emissions intensity[5]	(%)	0.10	0.07	0.04	0.05

3: INPEX's equity share emissions
4: Net carbon intensity: ({Scope1 + Scope2} - offsets*[6])/(Net production of oil and natural gas upstream business + Electricity generated from renewable energy business)
5: Methane emissions intensity: Calculated as methane emissions/natural gas production (%), the formula used by the Oil and Gas Climate Initiative
6: Offsets include the amount absorbed through forest conservation and the amount contributed to reduction through renewable energy projects where the environmental value of said projects are considered to be attributable to INPEX. Contributions from renewable energy are calculated based on Guidelines for Measurement, Reporting and Verification of GHG Emission Reductions in JBIC's GREEN (the "J-MRV Guidelines")

Aggregation, Analysis, and Reporting of GHG Emissions

The GHG emissions from each office are regularly aggregated, analyzed, and reported in accordance with procedures based on host country systems as well as international guidelines. We also obtain third-party assurance of our environmental data to ensure the reliability of our GHG emissions reporting.

Efforts to Reduce GHG Emissions

In our operator projects in Japan and overseas, depending on the situation at each site, we carry out energy-saving activities to reduce GHG emissions, avoid continuous flaring and venting during routine operations, and reduce fugitive methane emissions.

In our domestic exploration and development operations, through our membership in the Japan Petroleum Development Association, we participate in the Keidanren Carbon Neutrality Action Plan, a voluntary emissions reduction initiative of the Japan Business Federation (Keidanren). In FY2021, we reexamined our targets for reducing emissions by FY2030.

Efforts to Reduce Flaring*

We have set a goal of zero routine flaring in our operator projects by 2030. To reach this goal, since FY2021 relevant departments across the Company have been working together to study measures to reduce flaring.

In Japan, as part of our research and development of flaring reduction measures, we are studying the introduction of initiatives to reduce atmospheric CO_2 emissions by fixing carbon in the flare gases through the use of methane pyrolysis technology.

*Flaring: The act of incinerating and detoxifying excess hydrocarbon gas produced by crude oil drilling facilities and gas processing facilities, instead of releasing it to the atmosphere

Efforts to Reduce Fugitive Methane Emissions

Our target is to maintain our methane emissions intensity at its current low level (about 0.1%). In FY2022, our methane emissions intensity was 0.05, which is below our target level.

To manage and reduce methane emissions, we have been aggregating and reporting data on fugitive methane emissions based on international methods since FY2018. In FY2019, we conducted methane leak inspections at the applicable points of equipment and facilities at our projects in Japan. We also established a structure for data aggregation and reporting. In FY2020, we brought in a laser methane detector to conduct leak inspections at almost all applicable points and took measures for any points where fugitive emissions were detected.

For our overseas projects, in FY2022 we carried out methane leak inspections through the leak detection and repair (LDAR) program using infrared cameras at the Ichthys LNG central processing facility (CPF) and floating production, storage, and offloading (FPSO) facility.

We are considering implementing similar inspections at other overseas projects and will continue to take further action to reduce fugitive methane emissions.

We will also continue to enhance our methane emissions management in light of international initiatives and trends related to the Measurement, Reporting, and Verification (MRV) framework and methane emissions management.

INPEX's Approach to Procuring and Utilizing Carbon Credits

For our carbon offsets on GHG emissions, we use carbon credits certified under highly trusted domestic and international schemes, which we receive in return for support and participation in forest conservation projects. We also track the latest developments in the carbon credit market such as initiatives in Japan and overseas and assess the medium- and long-term performance of our projects. Through these efforts, we work to procure high-quality credits.

We select and use carbon credits certified under the following schemes:

VCS (Verified Carbon Standard)

Verification standard established by Verra, an international body for setting carbon offset standards

Verified Carbon Standard
A VERRA STANDARD

JCM

Japanese Government-led bilateral credit program for reduction and removal of GHG emissions in cooperation with developing countries, with both sides sharing the benefits of reduction and removal

JCM THE JOINT CREDITING MECHANISM

J-Credit

Scheme designed to certify the amount of GHG emissions reduced and removed in Japan, with credits certified by the Japanese Government

Supply Chain Emission Reduction Initiatives—Towards Scope 3 Reduction

Promoting the Sale of Carbon-neutral Products

We promote the sale of carbon-neutral products to our customers and the total GHG emission reduction through the sales of such products so far is more than 2 million tons of CO_2 equivalent. Carbon-neutral products comprise LNG, natural gas, or LPG products sold by INPEX for which the GHG emissions produced across the life cycle—from extraction through transportation and combustion—are offset by the equivalent volume of carbon credits, resulting in net zero GHG emissions. By supplying these carbon-neutral products, we contribute to our customers' efforts to reduce their supply chain carbon footprints.

Efforts to Reduce Contractor and Supplier Emissions

We encourage our contractors and suppliers to reduce their GHG emissions. Our Supplier Code of Conduct sets out specific expectations for these business partners to undertake voluntary environmental initiatives, such as improving energy efficiency and other measures to reduce GHG emissions. The INPEX Health, Safety and Environmental (HSE) Policy also states that we will "pursue every effort to reduce Greenhouse Gas (GHG) emissions and adhere to the GHG emissions management process." In line with our efforts to reduce emissions across the supply chain, our contractor and supplier agreements include a clause requiring compliance with our HSE Policy.

The INPEX Low-carbon Society Scenarios

In considering the outlook for the business environment, including energy demand and supply toward a low-carbon society by 2050*, we refer to the Stated Policies Scenario (STEPS), the Announced Pledges Scenario (APS), and the NZE Scenario of the IEA WEO as well as the Reference Scenario and Advanced Technologies Scenario of the IEEJ.

Our Long-term Strategy and Medium-term Business Plan (INPEX Vision @2022) was developed utilizing these scenarios, and going forward, we will continue to use scenario reviews to quickly identify changes in the business environment and review management strategies and plans in line with social trends.

* The IEA WEO sets out a panoramic view of the international energy scene through 2050

Key Referenced Scenarios

IEA World Energy Outlook (WEO)	Stated Policy Scenario (STEPS)
	Announced Pledges Scenario (APS)
	Net Zero Emissions by 2050 Scenario (NZE)
Institute of Energy Economics, Japan (IEEJ)	Reference Scenario
	Advanced Technologies Scenario

Assessment of Financial Impact of Climate-related Risks

We use two methods to assess the potential financial impact of climate-related risks.

The first method is an economic assessment of projects using our internal carbon price. This assessment forms our base case. The reason we use this is because more than 130 countries have already declared net zero targets by 2050, and we expect a growing number of countries to introduce carbon pricing as they bolster efforts to tackle climate change. We review our internal carbon price each year with reference to the carbon prices in the IEA WEO STEPS. Starting in FY2023, we reflect the IEA WEO carbon price forecast and reference relevant policy cost forecast if there is a carbon price system in the country in which we operate; and if not, we reference variable prices linked to the STEPS EU prices (2030: US$90/t$CO_2$-e; 2040: US$98/tCO_2-e; 2050: US$113/t$CO_2$-e).

Our second method is to assess the financial impact on our business portfolio. This is an assessment of the financial impact of the market risks to our portfolio resulting from the oil and carbon prices in the IEA WEO APS and NZE. Changes in the oil and carbon prices shown in the IEA WEO APS and NZE are applied to the net present value (NPV) calculation for the project, and the percentage of change from the NPV for the base case is calculated as the impact on our portfolio. Despite difficulties in formulating assumptions, we have adopted this as one of the methods to assess the financial impact on our portfolio. We will continue to refine the implementation standards for this method and to improve the competitiveness of our portfolio as we factor in changes in the business environment.

Two methods to assess the potential financial impact

	Assessment using internal carbon price	Assessment under various scenarios
Financial impact assessment method	Financial impact assessment of carbon pricing policies on projects	Financial impact assessment based on oil and carbon prices under the following scenarios; ■ Announced Pledges Scenario (APS) ■ Net Zero Emissions by 2050 Scenario (NZE)
Metric	IRR based on internal carbon price (base case)	The percentage of change from NPV based on application of the relevant index price (sensitivity analysis)
Status	Adopted as base case since FY2021	Implemented since FY2018; NZE scenario added from FY2022

Environmental Management

We recognize the importance of addressing the increasingly diverse global environmental issues connected to our business activities, including climate change, biodiversity, and water and waste management. We have therefore included initiatives to address such issues and to create environmental value as HSE management enhancements in our INPEX Vision @2022.

With this in mind, in December 2022, we revised our HSE Policy and established new policies and commitments on biodiversity conservation, water management, and waste management.

In this way, in addition to our traditional management initiatives to avoid, mitigate, or compensate for negative impacts on the environment surrounding our projects, we can contribute to the creation of environmental value by working to promote a net positive approach to biodiversity and help create a circular economy through appropriate management of waste.

Policy and Commitments on Biodiversity Conservation

Our Policy	We identify biodiversity related risks and opportunities in our businesses and actively promote initiatives for the conservation and sustainable use of biodiversity based on the mitigation hierarchy[1].
Commitments	**1. Identify biodiversity related risks and opportunities** ■ We will identify risks and opportunities for biodiversity in our business and promote initiatives for sustainable use. ■ We will promote disclosure of information on biodiversity conservation activities. **2. Set Exclusion Zones for our businesses** ■ We will not operate our businesses inside UNESCO World Natural Heritage site boundaries. **3. Develop Net Positive Approaches** ■ For our businesses located in critical habitats[2], we will develop and implement Biodiversity Action Plans (BAP), including creating net positive impact. **4. Enhance Biodiversity Conservation Activities** ■ For new businesses, we will identify impacts on biodiversity and develop and implement measures to avoid or reduce impacts based on the mitigation hierarchy. ■ For existing businesses, we will reduce negative impacts on biodiversity to the extent possible and promote initiatives to create positive impacts on biodiversity.

1 Mitigation Hierarchy: Order of priority to avoid, reduce or minimize development impacts and then taking compensatory measures for remaining impacts
2 Critical Habitat: Areas of high biodiversity value as defined in IFC Performance Standard 6

● Biodiversity Conservation

The type and degree of impact that our operations have on biodiversity differ depending on the scale, activities, or location of each project. Accordingly, the biodiversity conservation efforts required for each project also differ. Therefore, we assess the importance of biodiversity in the areas in which we operate, and the risks and impacts on biodiversity that each project brings. We then apply a mitigation hierarchy to plan strategies for avoiding, mitigating, and compensating for those risks and impacts, and to conserve biodiversity, in environmentally sensitive areas that are particularly important (protected areas, critical habitats of threatened species, forests, mangroves, coral reefs, wetlands, and tidal flats, etc.).

Environmental monitoring programs are conducted at/around the Ichthys LNG onshore processing plant site

Activities to Conserve Biodiversity at Ichthys LNG Project

The Ichthys LNG onshore processing plant is located in Darwin Harbour, where extensive mangrove forests along the coast provide breeding and feeding grounds for fish and sea turtles. To protect this rich biodiversity, Ichthys LNG has continued to comprehensively monitor effluent quality, seawater quality, and growing conditions for mangrove forests, and other natural vegetation. We further contribute to biodiversity conservation around the plant by providing grants to marine research projects such as long-term dolphin and dugong studies in the Northern Territory.

● Identification of Risks and Opportunities Related to Biodiversity

In line with the LEAP approach of the TNFD framework* beta release, we are assembling nature-related information—such as on ecosystem points of contact, endangered species, and water stress—for the areas around our domestic operations. Going forward, we will use the results of these efforts to assess the relationships between our business operations and nature in terms of impact and dependence. We will also consider nature-related risks and opportunities for the Group.

* TNFD framework: A framework established by the Taskforce on Nature-related Financial Disclosures (TNFD) to assess nature-related risks and opportunities, and to disclose that information. The LEAP approach is one process proposed in the framework for systematically assessing nature-related risk and opportunities. The LEAP approach involves four phases: (1) Locate your interface with nature; (2) Evaluate your dependencies and impacts; (3) Assess your risks and opportunities; and (4) Prepare to respond to nature-related risks and opportunities, and report to investors.

Avoidance and Mitigation of, and Compensation for, Impacts to Protected Areas

Since FY2019, we have been enhancing our geographical information system (GIS) with information on protected areas obtained from the World Database on Protected Areas (WDPA), and animal and plant species that fall under the International Union for Conservation of Nature (IUCN) Red List categories. Information is updated annually for the following purposes:

- Confirmation if our operator projects operate in any protected area
- Initial screening of potential impacts of new projects to protected areas
- Planning for biodiversity conservation activities in existing projects

Promotion of a Net Positive Approach

To better understand the present situation of our nature-related efforts and identify further actions, we have looked to the World Business Council for Sustainable Development (WBCSD) practitioner's guide: "*What does nature-positive mean for business?*". Using the guide, we have identified areas in which we are making particular progress, such as developing and issuing our commitments on biodiversity and water, and applying a mitigation hierarchy to avoid, mitigate, and compensate for our impacts on biodiversity. In the future, we will consider nature-related impacts and dependences in terms of the value chain and implement initiatives that contribute to net positive impacts.

Policy and Commitments on Water Management

Our Policy	We strive to understand the impact of our business on water resources and sustainability in local communities and promote efforts on impact mitigation and value creation on local water sustainability.
Commitments	**1. Identify water-related risks in areas around operational sites** ■ We strive to understand the water-related risks at operating sites using international risk assessment tools. ■ We will develop and implement additional measures based on mitigation hierarchy for areas evaluated as high water-related risk areas. **2. Restrict freshwater intake in high water stress* areas** We will limit freshwater intake where significant impact is expected on local water resources as a result of freshwater intake by our operating sites. **3. Implement appropriate water management (water intake, usage, and drainage)** ■ We will strive to understand the status of water usage (water intake, drainage, usage) at our operating sites and promote 3R (reuse, reduce, recycle). ■ We will implement appropriate treatment and wastewater management for produced water and other associated wastewater. **4. Collaborate with stakeholders** ■ We will collaborate with stakeholders to promote sustainable use of local water resources.

* Water stress: The amount of water resources available per person, used as an index for assessing the scarcity of water supply versus demand

Water Risk Assessment and Identification of High-Water Stress Areas

Each year, we confirm if our operator project sites in Japan and overseas are located in high water stress areas by using Aqueduct, a water risk mapping tool developed by the World Resources Institute(WRI). We have confirmed that, as of December 31, 2022, water stress levels are not high in our operator project sites, and there are no expectations of increased project costs as a result of water shortages.

Since local water risks are influenced by various factors and change over time, going forward we will continue to identify water risks, and if we find water risk to be too high, we will plan and implement additional measures according to the mitigation hierarchy.

Efficient Use of Freshwater Resources

As one of the resources we utilize in our business operations, we recognize freshwater intake to be a major issue in our water management. We have been working to reduce our impact on water resources by managing the water intake of our operator projects in Japan and overseas, and the discharge of produced water arising from oil and natural gas production. Our operator project sites use tap water, industrial water, and groundwater as coolants. In FY2022, the volume of freshwater used across the Group totaled 2,257 thousand cubic meters.

In addition to using groundwater for normal cooling and drilling operations in Japan, we also use it for melting snow in winter. We are also taking action to reduce our freshwater consumption, including by adopting a circulating system for cooling water, and equipping snow-melting systems with automatic start and shutoff mechanisms.

At the Ichthys LNG onshore processing plant, we conduct investigations into freshwater use with the aim of reducing consumption. The findings of these investigations are being used to study the feasibility of cost-effective approaches for reducing freshwater consumption by reusing water, such as treated wastewater from processing as well as wastewater and condensed steam from power generation facilities.

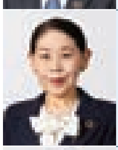
Wastewater Management

Produced water from our oil and natural gas projects is reinjected underground or discharged as wastewater after being confirmed to comply with the effluent standards in local and international guidelines. In FY2022, 60% of the total produced water (approximately 1.33 million cubic meters) was reinjected, while the remainder was discharged into rivers or seas after being appropriately treated.

Corporate Governance

Management (As of April 1, 2023)

Directors

	Name	Title and Position	Term of office	Number of shares held	Career summary and concurrently held positions
	Toshiaki Kitamura Inside Director	Representative Director, Chairman	12 years and 9 months	64,784	April 1972 Joined Ministry of International Trade and Industry (currently Ministry of Economy, Trade and Industry) July 2002 Director-General, Trade and Economic Cooperation Bureau, METI July 2003 Director-General, Manufacturing Industries Bureau, METI June 2004 Director-General, Trade Policy Bureau, METI July 2006 Vice-Minister for International Affairs, METI November 2007 Advisor to Tokio Marine & Nichido Fire Insurance Co., Ltd. August 2009 Senior Executive Vice President, INPEX Corporation June 2010 Representative Director, President & CEO June 2018 Representative Director, Chairman (incumbent)
	Takayuki Ueda Inside Director	Representative Director, President & CEO	4 years and 9 months	31,076	April 1980 Joined Ministry of International Trade and Industry (currently Ministry of Economy, Trade and Industry) July 2010 Director-General, Minister's Secretariat August 2011 Director-General, Manufacturing Industries Bureau, METI September 2012 Director-General, Trade Policy Bureau, METI June 2013 Commissioner, Agency for Natural Resources and Energy July 2015 Vice-Minister for International Affairs, METI April 2017 Councilor (part-time), INPEX Corporation August 2017 Senior Executive Vice President June 2018 Representative Director, President & CEO (incumbent)
	Kenji Kawano Inside Director	Director, Senior Executive Vice President, Renewable Energy & New Business, Americas Projects Unit and Strategic Projects Office, Compliance, Head of Overseas Projects	1 year	37,463	April 1980 Joined Teikoku Oil Co., Ltd. March 2006 General Manager, Business Development Department, International Project Division & Domestic Offshore Division. October 2008 Executive Officer, Vice President, Asia & Australasia, General Manager of Planning & Coordination Unit and Offshore Japan Unit of the Company June 2012 Managing Executive Officer, Senior Vice President, Asia & Australasia March 2020 Senior Managing Executive Officer, Senior Vice President, Asia Projects January 2022 Senior Executive Vice President, Americas Projects Unit and Strategic Projects Office Head of Overseas Projects March 2022 Director, Senior Executive Vice President, Americas Projects Unit and Strategic Projects Office, Head of Overseas Projects January 2023 Director, Senior Executive Vice President, Renewable Energy & New Business, Americas Projects Unit and Strategic Projects Office, Head of Overseas Projects March 2023 Director, Senior Executive Vice President, Renewable Energy & New Business, Americas Projects Unit and Strategic Projects Office, Compliance, Head of Overseas Projects (incumbent)
	Kimihisa Kittaka Inside Director	Director, Senior Managing Executive Officer, Senior Vice President, Corporate Strategy & Planning, Legal Affairs	6 years and 9 months	25,743	April 1981 Joined Ministry of International Trade and Industry (currently Ministry of Economy, Trade and Industry) October 2007 Director-General for Consumer Policy, METI July 2008 Director-General, Kyushu Bureau, METI November 2010 Joined INPEX Corporation June 2012 Executive Officer, Vice President of Corporate Strategy & Planning Division, General Manager of Corporate Strategy & Planning Unit, and Corporate Communication Unit June 2016 Director, Managing Executive Officer, Senior Vice President, Corporate Strategy & Planning June 2019 Director, Managing Executive Officer, Senior Vice President, Corporate Strategy & Planning, Legal Affairs January 2021 Director, Senior Managing Executive Officer, Senior Vice President, Corporate Strategy & Planning, Legal Affairs (incumbent)
	Nobuharu Sase Inside Director	Director, Senior Managing Executive Officer, Senior Vice President, General Administration	6 years and 9 months	49,384	April 1981 Joined Indonesia Petroleum, Ltd. (INPEX Corporation) October 2008 Vice President of General Administration Division, General Manager of Secretarial Unit June 2010 Executive Officer, Vice President of Oil & Gas Business Division No.1, General Manager, Oil Marketing Unit June 2016 Director, Managing Executive Officer, Senior Vice President, General Administration January 2022 Director, Senior Managing Executive Officer, Senior Vice President, General Administration (incumbent)
	Daisuke Yamada Inside Director	Director, Managing Executive Officer, Senior Vice President, Finance & Accounting	3 years	17,477	April 1984 Joined The Industrial Bank of Japan, Ltd. (currently Mizuho Bank, Ltd.) April 2011 Executive Officer, General Manager of Industry Research Division, Mizuho Corporate Bank, Ltd. April 2013 Managing Executive Officer, Deputy in charge of Branch Banking Group, Mizuho Bank, Ltd. Managing Executive Officer in charge of Corporate Banking, Mizuho Corporate Bank, Ltd. July 2013 Managing Executive Officer in charge of Branch Banking Group, Mizuho Bank, Ltd. April 2014 Managing Executive Officer, Head of Corporate Banking Unit (Large Corporations), Mizuho Financial Group, Inc. April 2018 Senior Managing Executive Officer in charge of Digital Innovation, Mizuho Financial Group, Inc. (resigned in March 2019) May 2019 Councilor, INPEX Corporation June 2019 Managing Executive Officer, Vice President, Finance & Accounting, General Manager, Finance Unit, Finance & Accounting Division March 2020 Director, Managing Executive Officer, Senior Vice President, Finance & Accounting (incumbent)
	Toshiaki Takimoto Inside Director	Director, Managing Executive Officer, Senior Vice President, Hydrogen & CCUS Development	–	20,669	April 1987 Joined Teikoku Oil Co., Ltd. January 2004 General Manager, Caracas Office October 2008 Senior Coordinator, South America Unit, America & Africa Project Division June 2013 General Manager, London Office June 2016 General Manager, Global Exploration Unit, New Ventures Division June 2018 Executive Officer, Vice President, The Americas & Africa June 2019 Managing Executive Officer, Senior Vice President, New Ventures & Global Exploration March 2023 Director, Managing Executive Officer, Senior Vice President, Hydrogen & CCUS Development (incumbent)
	Jun Yanai Outside Director Independent Director	Director	6 years and 9 months	0	April 1973 Joined Mitsubishi Corporation April 2004 Senior Vice President, Senior Assistant to Group CEO, Energy Business Group, Mitsubishi Corporation April 2005 Senior Vice President, Division COO, Petroleum Business Division, Mitsubishi Corporation April 2008 Executive Vice President, Group COO, Energy Business Group, Mitsubishi Corporation April 2011 Executive Vice President, Group CEO, Energy Business Group, Mitsubishi Corporation April 2013 Senior Executive Vice President, Group CEO, Energy Business Group, Mitsubishi Corporation June 2013 Member of the Board, Senior Executive Vice President, Group CEO, Energy Business Group, Mitsubishi Corporation April 2014 Member of the Board, Senior Executive Vice President, Group CEO and CCO, Energy Business Group, Mitsubishi Corporation June 2016 Corporate Advisor, Mitsubishi Corporation (incumbent) June 2016 Director (Outside), INPEX Corporation (incumbent)
	Norinao Iio Outside Director Independent Director	Director	5 years and 9 months	0	June 1973 Joined Mitsui & Co., Ltd. April 2005 Managing Officer, Chief Operating Officer, Energy Business Unit, Mitsui & Co., Ltd. April 2008 Executive Managing Officer, Chief Operating Officer, Europe Middle East and Africa Unit, Mitsui & Co., Ltd. October 2008 Senior Executive Managing Officer, Chief Operating Officer, Europe Middle East and Africa Unit, Mitsui & Co., Ltd. June 2009 Representative Director, Senior Executive Managing Officer, Mitsui & Co., Ltd. August 2009 Representative Director, Senior Executive Managing Officer, Chief Compliance Officer, Mitsui & Co., Ltd. April 2010 Representative Director, Senior Executive Managing Officer, Mitsui & Co., Ltd. April 2011 Director, Mitsui & Co., Ltd. June 2011 Counselor, Mitsui & Co., Ltd. June 2017 Director (Outside), INPEX Corporation (incumbent)
	Atsuko Nishimura Outside Director Independent Director	Director	5 years and 9 months	0	April 1979 Joined Ministry of Foreign Affairs June 1997 Director, First Africa Division, Middle Eastern and African Affairs Bureau August 1999 Counselor/Minister, Permanent Mission of Japan to the United Nations June 2001 Minister, Embassy of Japan in Belgium September 2004 Professor, School of Law, Tohoku University June 2008 Administrative Vice President, Japan Foundation April 2012 Senior Councilor, Japan Oil, Gas and Metals National Corporation April 2014 Ambassador Extraordinary and Plenipotentiary to the Grand Duchy of Luxembourg July 2016 Ambassador Extraordinary and Plenipotentiary in charge of Women, Human Rights and Humanitarian Affairs June 2017 Director (Outside), INPEX Corporation (incumbent) (Concurrently held positions) Outside Director, TAISEI CORPORATION
	Tomoo Nishikawa Outside Director Independent Director	Director	3 years	0	April 1972 Joined the Ministry of Construction (currently the Ministry of Land, Infrastructure, Transport and Tourism) April 1977 Attorney at Law admitted to practice in Japan; joined Anderson Mori & Rabinowitz (currently Anderson Mori & Tomotsune), and later served as Partner June 1979 Completed a Master of Laws (LL.M.) at Harvard Law School August 1995 Partner, Komatsu, Koma & Nishikawa (currently Asahi Law Offices) October 1996 Member of House of Representatives (for one term, Kanagawa 3rd district) October 2002 Managing Partner, Sidley Austin Nishikawa Foreign Law Joint Enterprise November 2006 Auditor-Secretary, Tohoku University April 2008 Visiting Professor, Tohoku University January 2020 Partner, Sidley Austin Nishikawa Foreign Law Joint Enterprise March 2020 Director (Outside), INPEX Corporation (incumbent)
	Hideka Morimoto Outside Director Independent Director	Director	1 year	0	April 1981 Joined Environment Agency (currently Ministry of the Environment) September 1997 Private Secretary, Director General of Environment Agency February 2002 Private Secretary, Minister of the Environment July 2008 Director, General Affairs Division, Ministry's Secretariat July 2009 Director, Personnel Division, Ministry's Secretariat August 2011 Councilor, Cabinet Secretariat and Director, Cabinet Secretariat Nuclear Safety Regulation Organizational Reform Office September 2012 Deputy Director General, Nuclear Regulation Agency July 2014 Ministry's Secretariat, Ministry of the Environment July 2017 Administrative Vice-Minister, Ministry of the Environment (resigned in July 2019) April 2020 Professor, Faculty of Law, Waseda University (incumbent) June 2020 Chief Director, Institute for Promoting Sustainable Societies (incumbent) March 2022 Director (Outside), INPEX Corporation (incumbent) (Concurrently held positions) Outside Director, Takasago Thermal Engineering Co., Ltd.

	Attendance at Board of Directors meetings	A member of Nomination and Compensation Advisory Committee	Reason for appointment	Skill matrix								
				Corporate management	Global	Finance/ Accounting	Legal/ Risk management	Sustainability (ESG)	Technology/ DX	Energy	Sales/ Marketing	HR development/ Diversity
	100% (15/15)	○	Has abundant operational experience in the Company and also has insights regarding management in general of oil & natural gas development companies and global business management as well as administrative/operational matters.	●	●			●		●		●
	100% (15/15)	○	Has operational experience in the Company and also has insights regarding management in general of oil & natural gas development companies and global business management as well as administrative/operational matters.	●	●			●	●	●		
	100% (12/12)		Has abundant business experience in the Company as well as knowledge and experience about the business management and administrative/operational matters of oil & natural gas development companies.	●	●				●	●		
	100% (15/15)		Has abundant operational experience in the Company and also has a wide range of knowledge and experience about business management and administrative/operational matters of oil & natural gas development companies and ESG.		●		●	●				
	100% (15/15)		Has abundant business experience in the Company as well as knowledge and experience about marketing and administrative/operational matters of oil & natural gas development companies.			●	●				●	●
	100% (15/15)		Has abundant business experience in the Company as well as knowledge and experience about administrative/operational matters of oil & natural gas development companies.	●		●			●			
	—		Has abundant business experience in the Company as well as knowledge and experience about the business management and administrative/operational matters of oil & natural gas development and development of various clean energy such as hydrogen and CCUS.		●				●	●		
	100% (15/15)	○	Expected to provide supervision of the execution of business from an international perspective and the necessary comments and suggestions, etc. in the meetings of the Board of Directors, etc. primarily by utilizing his experience as a corporate executive and abundant experience and insight in the resource and energy industry.	●	●		●			●	●	
	100% (15/15)	○	Expected to provide supervision of the execution of business from an international perspective and the necessary comments and suggestions, etc. in the meetings of the Board of Directors, etc. primarily by utilizing his experience as a corporate executive and abundant experience and insight in the resource and energy industry.	●	●					●	●	
	100% (15/15)	○	Expected to provide supervision of the execution of business from a diverse and global perspective and the necessary comments and suggestions, etc. in the meetings of the Board of Directors, etc. by utilizing her abundant experience as a diplomat and extensive insight on international conditions, in addition to expert knowledge as a university professor.		●		●	●				●
	100% (15/15)		Expected to provide supervision of the execution of business from a diverse and global perspective and the necessary comments and suggestions, etc. in the meetings of the Board of Directors, etc. by utilizing his abundant experience and insight as an international attorney, in addition to knowledge in a variety of fields such as expert knowledge as a university professor.	●	●	●	●					●
	100% (12/12)		Expected to provide supervision of the execution of business from a sustainability (ESG) perspective and the necessary comments and suggestions, etc. in the meetings of the Board of Directors, etc. by utilizing his abundant experience and insight on the environment and energy policy developed through his career in the Ministry of the Environment, in addition to expert knowledge as a university professor.				●	●		●		●

Audit & Supervisory Board Members

	Name	Position	Term of office	Number of shares held	Career summary and concurrently held positions	Attendance at Board of Directors meetings	Attendance at Audit & Supervisory Board meetings	Reason for appointment
	Akio Kawamura Inside	Audit & Supervisory Board Member (full-time)	–	12,181	April 1987 Joined Indonesia Petroleum, Ltd. (INPEX Corporation) June 2010 General Manager, Secretarial Unit, General Administration Division June 2018 General Manager, Accounting Unit 1, Finance & Accounting Division March 2020 Executive Officer, Vice President, Finance & Accounting General Manager, Accounting Unit 1, Finance & Accounting Division April 2021 Executive Officer, Vice President, Finance & Accounting March 2023 Audit & Supervisory Board Member (incumbent)	—	—	Has abundant business experience in the Company as well as knowledge and experience about administration, finance and accounting for oil & natural gas development companies.
	Toshiya Tone Outside Independent	Audit & Supervisory Board Member (full-time)	–	0	April 1984 Joined Ministry of Finance July 2012 Deputy Commissioner (Planning, Information System Management, Liquor Tax and Industry), National Tax Agency June 2013 Regional Commissioner, Sendai Regional Taxation Bureau July 2014 Deputy Director General, Office for the Promotion of Regulatory Reform, Cabinet Office July 2017 Regional Commissioner, Kantoshinetsu Regional Taxation Bureau July 2018 Deputy Director-General for Cybersecurity and Information Technology Management, Ministry of Finance July 2019 Director-General for Policy Planning, Ministry of Land, Infrastructure, Transport and Tourism (resigned in July 2020) November 2020 Executive Advisor, NEC Corporation (resigned in March 2023) March 2023 Audit & Supervisory Board Member (outside) (incumbent)	—	—	Has extensive experience and a broad range of insights in the fields of finance and taxation.
	Kenichi Aso Outside Independent	Audit & Supervisory Board Member (full-time)	–	0	March 1997 Joined The Export-Import Bank of Japan (currently Japan Bank for International Cooperation) October 2014 Chief Representative of Representative Office in Beijing June 2016 Director General, Credit Department, Credit Assessment and Systems Group June 2017 Director General, Oil and Natural Gas Department, Energy and Natural Resources Group June 2018 Resident Executive Officer, Regional Head for the Asia-Pacific June 2021 Managing Executive Officer, Global Head of Industry Finance Group, Director General of Marine and Aviation Finance Department January 2022 Managing Executive Officer, Global Head of Industry Finance Group (resigned in March 2023) March 2023 Audit & Supervisory Board Member (outside) (incumbent)	—	—	Has extensive experience and a broad range of insights in the field of international financing and finance.
	Mitsuru Akiyoshi Outside Independent	Audit & Supervisory Board Member	3 years and 9 months	0	April 1978 Joined Marubeni Corporation April 2007 Executive Officer, General Manager of Finance Department, Marubeni Corporation April 2009 Managing Executive Officer June 2010 Representative Director, Managing Executive Officer April 2012 Representative Director, Senior Managing Executive Officer April 2014 Representative Director, Senior Executive Vice President April 2018 Director, Senior Consultant June 2018 Consultant April 2019 Representative Director and President, MG Leasing Corporation (currently Mizuho Marubeni Leasing Corporation) June 2019 Audit & Supervisory Board Member, INPEX Corporation (incumbent) April 2022 Senior Adviser, Mizuho Marubeni Leasing Corporation (incumbent) (Concurrently held positions) Outside Director, Concordia Financial Group, Ltd.	100% (15/15)	100% (19/19)	Has extensive experience and broad range of insights in the fields of finance and management.
	Hiroko Kiba Outside Independent	Audit & Supervisory Board Member	3 years and 9 months	0	April 1987 Joined Tokyo Broadcasting System, Inc. (currently Tokyo Broadcasting System Television, Inc.) April 2001 Part-time Lecturer, Faculty of Education, Chiba University January 2007 Member of the Council for Regulatory Reform (PMO) July 2007 Member of the Ministry of Economy, Trade and Industry's Advisory Committee for Natural Resources and Energy (incumbent) February 2008 Member of the Education Rebuilding Council (PMO) March 2009 Member of the Ministry of Land, Infrastructure, Transport and Tourism's Council for Transport Policy April 2013 Visiting Professor, Chiba University (incumbent) January 2016 Policy advisor for the Japan Coast Guard (incumbent) November 2017 Member of the Ministry of Health, Labour and Welfare's Medical Ethics Council (incumbent) February 2019 Member of the Ministry of Education, Culture, Sports, Science and Technology's Central Council of Education June 2019 Audit & Supervisory Board Member, INPEX Corporation (incumbent) November 2022 Member, Advisory Committee on Corporate Sound Water Cycle Efforts, Prime Minister's Office of Japan (incumbent) (Concurrently held position) Outside Director, Central Japan Railway Company	100% (15/15)	100% (19/19)	Has a wide and diverse range of knowledge gained through her service as a member of the Advisory Committee for Natural Resources and Energy and the Council for Transport Policy, as well as abundant experience and insights as a freelance newscaster and university instructor.

Executive Officers (As of April 1, 2023)

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

Name	Position	Title
Munehiro Hosono	Executive Officer	Vice President, Europe & Middle East Projects
Yukiyo Ikeda	Executive Officer	Vice President, Europe & Middle East Projects Managing Director, INPEX Idemitsu Norge AS
Shinichi Takada	Executive Officer	Vice President, Oceania Projects, Perth Office Senior Vice President Development
Shoichi Kaganoi	Executive Officer	Vice President, Hydrogen & CCUS Development General Manager, Technical Development & Coordination Unit, Hydrogen & CCUS Development Division
Tetsuhiro Murayama	Executive Officer	Vice President, Oceania Projects General Manager, Perth Office President Director, Australia
Wataru Nojiri	Executive Officer	General Manager, HSE Unit
Kei Fukui	Executive Officer	Vice President, General Administration General Manager, General Administration Unit, General Administration Division
Koichi Okamoto	Executive Officer	Vice President, Global Energy Marketing
Masaru Miyanaga	Executive Officer	Vice President, Domestic Energy Supply & Marketing
Isao Takahashi	Executive Officer	Vice President, Abu Dhabi Projects General Manager, Abu Dhabi Office
Kenji Hasegawa	Executive Officer	Vice President, Corporate Strategy & Planning, General Manager, Corporate Strategy & Planning Unit, Corporate Strategy & Planning Division
Koji Ochiai	Executive Officer	Vice President, Europe & Middle East Projects, Deputy Managing Director, INPEX Idemitsu Norge AS
Yoshiro Konda	Executive Officer	Vice President, Renewable Energy & New Business Managing Director, INPEX Renewable Energy Europe Ltd.

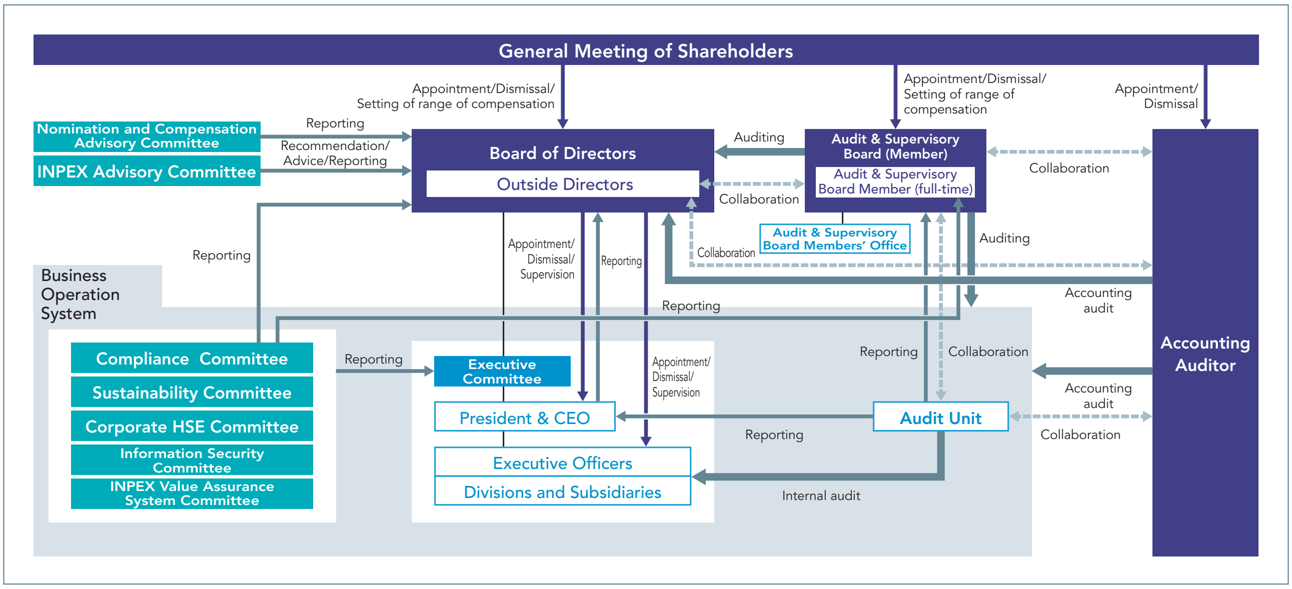
Overview of the Corporate Governance Structure

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

Overview of the Corporate Governance Structure

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

Corporate Governance Framework



Corporate Governance Guidelines

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

Overview of Each Committee

Directors and the Board of Directors

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

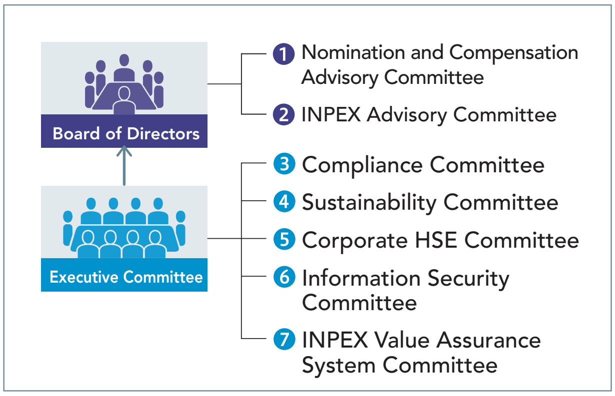
Audit & Supervisory Board Members and the Audit & Supervisory Board

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

Executive Committee and Executive Officer System

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

Internal Committees



To further enhance the efficacy of the corporate governance function, INPEX has set up 1 the Nomination and Compensation Advisory Committee, 2 the INPEX Advisory Committee, 3 the Compliance Committee and 4 the Sustainability Committee. In addition, the Company maintains 5 the Corporate HSE Committee, 6 the Information Security Committee and 7 the INPEX Value Assurance System Committee to appropriately manage risks associated with business operations.

1 Nomination and Compensation Advisory Committee

Number of meetings held in FY2022: 5

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

2 INPEX Advisory Committee

Number of meetings held in FY2022: 2

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

3 Compliance Committee

Number of meetings held in FY2022: 6

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

4 Sustainability Committee

Number of meetings held in FY2022: 2

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

5 Corporate HSE Committee

Number of meetings held in FY2022: 9

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

6 Information Security Committee

Number of meetings held in FY2022: 2

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

7 INPEX Value Assurance System Committee

Number of meetings held in FY2022: 25

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

Examples of discussions held by internal committees

● Sustainability Committee

Discussed matters including the basic policy and measures for climate change action, the assessment of climate-related risks and opportunities and the endorsement of the Small and Medium Enterprise Agency's Declaration of Partnership Building.

● Corporate HSE Committee

Discussed matters including the revision of the Health, Safety and Environment Policy, establishment of commitment to environmental management, establishment of a Corporate HSE Mid-term Plan in line with INPEX Vision @2022 and establishment of corporate HSE key objectives/programs for fiscal 2023.

● Information Security Committee

Discussed matters including the approval of plans for information security activities, reports on associated activities, improvement of information security regulations and reports on measures to increase information security awareness.

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

● Outside Directors

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

● Outside Audit & Supervisory Board Members

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

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

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

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

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

1. A major shareholder of the Company (who directly or indirectly holds 10% or more of the Company's voting rights) or an executive thereof
2. A person whose major business partner is the Company (*1) or an executive thereof
3. A major business partner of the Company (*2) or an executive thereof
4. A legal professional, accountant, or consultant who receives money or other properties of more than ¥10 million per year on average over the past three (3) years from the Company or its subsidiary, excluding compensation for Directors or Audit & Supervisory Board Members (if the person receiving such properties is an organization such as a legal entity or a partnership, a person who belongs to such organization)
5. An accounting auditor of the Company or its subsidiary (if such accounting auditor is an accounting firm, a person who belongs to such accounting firm)

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

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

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

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

Support System for Outside Directors and Outside Audit & Supervisory Board Members

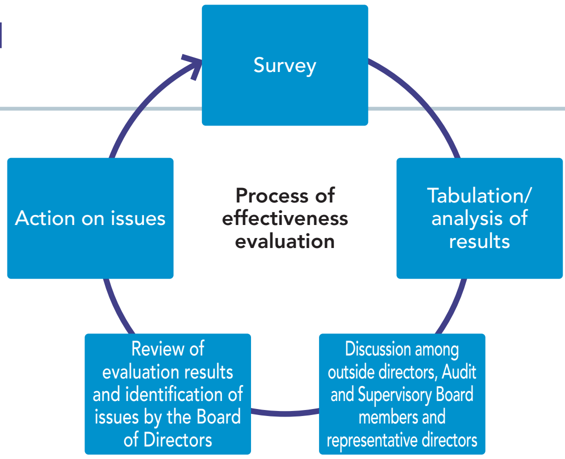
To support outside directors in their exercise of supervision over management, the Company ensures that they receive materials to be used at Board of Directors meetings at least three days in advance as a rule, and that they are briefed on important matters on the agenda before meetings.

The Company has also assigned four dedicated audit assistants to the Audit & Supervisory Board Members' Office, an organization that supports Audit & Supervisory Board members, including outside members. These assistants perform their duties as instructed by Audit & Supervisory Board members.

Moreover, the Company regularly organizes meetings of outside directors, Audit & Supervisory Board members and representative directors several times a year as opportunities for them to broadly exchange opinions on important management topics.

Evaluation of the Effectiveness of the Board of Directors

With the aims of regularly verifying that the Board of Directors is functioning appropriately and identifying issues to be resolved for continuous improvement, the Company undertakes an evaluation of the effectiveness of the Board of Directors each year, and discloses a summary of the evaluation results. Based on this policy, the eighth evaluation was conducted in fiscal 2022. The evaluation method and summary of the results are as follows. Based on these evaluation results, the Company will continue to strive to improve the effectiveness of the Board of Directors.



[Evaluation method] ❶ Updates on issues identified in the previous effectiveness evaluation and the effectiveness evaluation method for the current fiscal year were discussed at a meeting with outside directors and Audit & Supervisory Board members.
❷ The method of self-evaluation by the Board of Directors, which was validated by a third-party evaluation organization during fiscal 2020 evaluation, was adopted.

Issues identified in Fiscal 2021

- Hold deeper discussions on management strategy, including plans for each net zero business and their progress
- Hold deeper discussions on the desired state of the Board of Directors
- Further revitalize discussions at Board of Directors meetings
- Enhance discussions on portfolio management

Fiscal 2022 evaluation results

Evaluation results

The overall effectiveness of the Board of Directors was confirmed to be sufficient, as in the previous fiscal year.

- Self-evaluation of each director and Audit & Supervisory Board member
- Composition, operation, roles and responsibilities of the Board of Directors
- Operation of the Nomination and Compensation Advisory Committee
- Improvement of the issues identified in the previous evaluation, etc.

[Evaluation highlights]
The evaluation appreciated the initiatives listed to the right and called for their continuation.

- Online briefings for part-time officers prior to Board of Directors meetings
- Expanded briefings on background information in discussions on new issues
- Lectures and opinion exchange meetings for the Board of Directors by external experts, etc.

New issues

- Expand discussions on management strategy
- Further revitalize discussions at Board of Directors meetings
- Hold in-depth discussions on the desired state of the Board of Directors
- Continue strengthening portfolio management

Discussions at Board of Directors Meetings

The following activities were conducted in fiscal 2022 in light of the results of the fiscal 2021 evaluation of the effectiveness of the Board of Directors and other factors.

Hold in-depth discussions on management strategy including planned initiatives and progress of each of the 5 net zero businesses

- Heard updates on developments and action plans of each business at monthly Board meetings; heard and discussed matters on which notable progress was made as individual agenda items
- Held focused discussions on key managerial issues and topics that need to be addressed from medium- to long-term perspectives as matters for deliberation
- Appropriately grasped government policy trends in Japan and abroad that have a large impact on business and incorporated them into discussions on management strategy

Further revitalize discussions at Board of Directors meetings

- Made clear the key points of contention of agenda items through pre-meeting online briefings and disclosure of the content of related discussions at Executive Committee meetings, and secured appropriate deliberation time for each item
- Ensured that the Board members are informed of the latest oil price and exchange rate trends and definitions of industry terminology, and fostered a better understanding of individual and new topics among Board members, including part-time officers, through appropriate briefings on the origins of those topics and other background information
- Organized a lecture by an expert on Middle East affairs and held an opinion exchange meeting between the expert and Board members

Hold in-depth discussions on the desired state of the Board of Directors

- Deepened discussions at the Nomination and Compensation Advisory Committee on greater diversity in Board membership, as well as on the appropriate Board size and composition, and shared the results with the Board of Directors

Expand discussions on portfolio management

- Appropriately monitored trends of changes in the business environment and secured opportunities for timely discussions on the optimization of INPEX's overall portfolio
- Held a Board meeting in Abu Dhabi, one of our core business areas, to deepen the understanding of business among the Board members, including part-time officers, and to help them build relationships with local stakeholders, such as partners and communities

[Board meeting held in Abu Dhabi]

INPEX held a meeting of its Board of Directors on January 24, 2023, in Abu Dhabi in the United Arab Emirates (UAE) to highlight its commitment to the UAE over the next 50 years. INPEX is engaged in the development and production of crude oil in the UAE through Japan Oil Development, Co., Ltd. (JODCO), a wholly owned subsidiary that is commemorating the 50th anniversary of its establishment in 2023.

The Board of Directors discussed INPEX's future business strategies in the UAE for the next 50 years in addition to initiatives on enhancing low-carbon crude oil production in Abu Dhabi, developing a clean energy business based on hydrogen and ammonia, and strengthening social contribution activities aimed at bolstering ties between Japan and the UAE, the host country of the 28th session of the Conference of the Parties (COP28) to the United Nations Framework Convention on Climate Change (UNFCCC).

The directors also exchanged opinions with H.E. Dr. Sultan Ahmed Al Jaber, UAE Minister of Industry and Advanced Technology and Managing Director & Group CEO of ADNOC, who is planned to chair COP28. He expressed his appreciation for INPEX's commitment to the UAE's energy sector and his desire to strengthen the partnership between ADNOC and INPEX in decarbonization, hydrogen and low-carbon and clean energy solutions to support the energy transition and advance progressive climate action.

Class A Stock

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

Director Compensation

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

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

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

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

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

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

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

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

Compensation for Directors and Audit & Supervisory Board Members in FY2022

Classification	Total amount of compensation paid (millions of yen)	Total compensation by type (millions of yen)			Number of eligible directors and Audit & Supervisory Board members (persons)
		Basic compensation	Bonus	Stock-based remuneration	
Directors (excluding outside directors)	525	368	119	37	9
Audit & Supervisory Board members (excluding outside Audit & Supervisory Board members)	33	33	–	–	1
Outside directors and outside Audit & Supervisory Board members	165	165	–	–	11

Notes:
1. The above table includes four directors (including two outside directors) who resigned at the conclusion the 16th Ordinary General Meeting of Shareholders held on March 25, 2022.
2. The basic compensation for directors was resolved to be an annual amount, including bonuses, of not more than 900 million yen (including an amount not more than 100 million yen for outside directors) at the 16th Ordinary General Meeting of Shareholders held on March 25, 2022. The number of directors as of the date of this resolution was 12 (including five outside directors).
3. The basic compensation for Audit & Supervisory Board members was resolved to be an annual amount of not more than 140 million yen at the 16th Ordinary General Meeting of Shareholders held on March 25, 2022. The number of Audit & Supervisory Board members as of the date of this resolution was five.
4. Bonuses and stock-based remuneration are regarded as performance-based compensation. Stock-based remuneration is also regarded as non-monetary compensation.
5. At the 12th Ordinary General Meeting of Shareholders held on June 26, 2018, it was resolved that a stock-based remuneration system be introduced for directors and executive officers (the BIP Trust). The amount of the stock-based remuneration presented in the table represents the fees incurred regarding the stock-based points granted during the business year under review concerning the BIP Trust for directors. At the 16th Ordinary General Meeting of Shareholders held on March 25, 2022, the maximum amount of money to be contributed per business year by the Company was revised to 434 million yen, and the maximum points granted per business year to those eligible for the system was revised to 806,000 points (equivalent to 806,000 shares of the Company). The number of directors (excluding outside directors and non-residents of Japan) as of the date of this resolution was seven.

of Directors, in accordance with the deliberation by the Nomination and Compensation Advisory Committee, a majority of whose members are outside officers, including independent outside directors.

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

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

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

Accounting Audit and Auditor Compensation

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

(1) Status of accounting audit

Name of CPA firm	Ernst & Young ShinNihon LLC
Cumulative accounting audit period	47 years
Name of CPAs conducting accounting audit	Kazuhiko Yamazaki, Satoshi Takahashi, Mikio Shimizu, Kentaro Moronuki
Accounting audit members	33 CPAs, 5 persons who passed an accounting exam, etc., and 30 others

(2) Compensation paid to the CPAs

Compensation for auditing services	¥440 million INPEX: 352 million; Consolidated subsidiaries: ¥88 million
Compensation for non-auditing services	¥11 million INPEX: ¥3 million; Consolidated subsidiaries: ¥7 million

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

Compensation for auditing services	¥150 million INPEX: —; Consolidated subsidiaries: ¥150 million
Compensation for non-auditing services	¥146 million INPEX: ¥3 million; Consolidated subsidiaries: ¥143 million

Policy Concerning Cross-shareholdings

For the purpose of achieving sustainable growth and increasing corporate value over the medium to long term, when it is deemed necessary to hold shares in corporations in order to maintain good relationships, and to promote business smoothly and generate business opportunities, the Company will hold shares in such corporations to the extent necessary.

Each year, the Company will, at the Board of Directors meeting, assess whether or not to hold each individual cross-shareholding, specifically examining whether the purpose is appropriate and whether the benefits and risks from each holding accord with the Company's cost of capital. As a result of the assessment, if it is determined that the necessity of any cross-shareholdings has decreased, such cross-shareholdings will be reduced.

With respect to the voting rights as to the cross-shareholdings, the Company will determine the matters to be confirmed for each proposal to shareholders, such as appropriation of surplus, election and compensation of officers and company reorganization. Decisions whether or not to approve proposals will be made after full consideration of the appropriateness of the proposals and whether they will contribute to the purpose of the cross-shareholdings and the sustainable growth and increased corporate value over the medium to long term of the companies invested in.

Cross-shareholdings (excluding deemed holdings of equity securities)

Shares other than unlisted shares	End of fiscal 2019	End of fiscal 2020	End of fiscal 2021	End of fiscal 2022
Number of issues	18	15	10	8
Total carrying amount on balance sheet	36,584 million JPY	23,368 million JPY	22,866 million JPY	11,953 million JPY

Unlisted shares	End of fiscal 2019	End of fiscal 2020	End of fiscal 2021	End of fiscal 2022
Number of issues	31	31	31	31
Total carrying amount on balance sheet	15,158 million JPY	14,980 million JPY	11,136 million JPY	10,938 million JPY

Roundtable with Outside Officers

Masako Takahashi,
Manager, Climate Change Strategy group, Corporate Strategy & Planning Unit

Yuko Mori,
Deputy Manager, PR group. Corporate Strategy & Planning Unit

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

Hideka Morimoto,
Director (Outside)

Hiroko Kiba,
Audit & Supervisory Board Member (Outside)

We recently held a roundtable inviting some of our outside officers and senior managers of relevant business functions to discuss the Company's progress over the past year to addressing the key sustainability issues and initiatives set out in our long-term strategy and medium-term business plan, INPEX Vision @2022. Participants also touched on the sustainability trends and challenges in their respective areas.

Q1 Evaluation of INPEX's Energy Transition Initiatives

——**Kittaka** It has been just over a year since INPEX announced its Long-term Strategy and Medium-term Business Plan (INPEX Vision @2022). From your perspective as outside officers, what is your impression of the progress that has been made to date?

Morimoto Although last year was only the first year of INPEX Vision @2022, I believe the Company has already achieved steady progress across its oil and gas business and five net zero businesses. Despite unsettled conditions worldwide resulting from the situation in Ukraine, we were able to achieve stable operations at each of our projects, including Ichthys LNG. We have been able to fulfill our important role in the stable supply of energy.

We have also spent much time at Board of Directors meetings discussing our five net zero businesses, and I believe we are boldly progressing in this space with many exciting new initiatives, such as launching an integrated hydrogen and ammonia demonstration project in Kashiwazaki City, Niigata Prefecture— which, if successful, we hope will have broader application in society.

Of course, we need to set up initiatives across all five net zero business areas, but carbon capture and storage (CCS) and carbon capture, usage, and storage (CCUS), as well as hydrogen/ammonia, are the areas expected to be particularly synergistic with our own technologies and knowledge.

Back in January this year, we held a meeting of the Board of Directors in Abu Dhabi, the United Arab Emirates (UAE), where INPEX is developing and producing oil and clean energy such as hydrogen and ammonia. During an opinion exchange, the UAE Minister of Industry and Advanced Technology, Sultan Ahmed Al Jaber, expressed hopes to continue deepening and strengthening partnerships with INPEX in the areas of energy transition, decarbonization, hydrogen, and clean energy development. I feel this meeting in Abu Dhabi was an opportunity to further strengthen ties between our two countries by new opportunities to partner in our net zero businesses in addition to the existing areas of oil and natural gas.

Kiba In 2022, the situation in Ukraine caused widespread anxiety across Japan in relation to energy supply. I think both the Company and its employees should be proud of the fact that we were able to deliver stable supplies of oil and natural gas under such circumstances. I did have above thought during my visit Abu Dhabi.

This past year, we have also been extremely active in our five net zero businesses. The demonstration project Mr. Morimoto mentioned earlier is just one example of how we can fulfil our social responsibility by becoming a leading company in the hydrogen and ammonia field.

What we should be mindful of going forward is how we communicate these initiatives to our various stakeholders. In particular, I think it is important we actively share INPEX Vision @2022 with our employees to ensure they understand and support our mindset. It is only when all employees work together with a can-do attitude that we can move along the path to success.

We also need to make the public aware of INPEX Vision @2022 and its associated initiatives to enhance our corporate value.

Since January this year, we have provided support for the television program "Promise with the Earth – Sceneries Engraved in the Heart*1", which showcases the beauty of nature across Japan, and the various environmental conservation activities being undertaken across the country. I believe this program has great value for us. Sponsorship of such a quality program will increase our visibility and improve our corporate image. Going forward, I would like to see more programs that highlight our position on different matters, including our plans for future engagement with nature.

Kittaka Climate change response is one of the pillars of our business; however, discussions within the company tend to be biased towards risks that need to be addressed to maintain stable supply from our upstream business operations. For this reason, we have appointed Mr. Morimoto to our Board of Directors, where we can discuss climate change strategies based on his deep knowledge of this field. In discussions with our Executive Officers, he has been a driving force in treating our climate change response through our five net zero businesses as a profit-making opportunity. His encouragement is very reassuring as we continue to promote initiatives in this area over the coming year.

Likewise, our Executive Officers have really appreciated Ms Kiba's support in providing consistent guidance on the importance of communication with stakeholders, including employees. This began with discussions about two years ago that led to the creation of our current INPEX Vision @2022. I feel there is a growing awareness in the company, including among top management, that we need to be more proactive in communicating both internally and externally.

I believe all of our outside officers truly embody their roles to promote change to our Executive Officers, through Board of Directors meetings and other discussions. I look forward to your continuing support.

Q2 Disclosure and Communication of INPEX's Non-financial Information

——**Kittaka** The two main ways we disclose information is through our Integrated Report and Sustainability Report, coupled with use of our online resources. In communicating non-financial information, such as our climate change response, we need to carefully choose our words while taking third-party evaluations into consideration. What advice do you have in terms of information disclosure and communication?

Morimoto With our Integrated Report and other INPEX reports being based on INPEX Vision @2022, I think we are clearly conveying our future vision to stakeholders. Since the disclosure of information on climate change response in Japan has become legally binding this year—as in the case of mandatory disclosure in annual securities reports—individual companies will be asked how they respond to climate change. Such disclosures will enable not only investors and financial institutions, but employees as well, to understand the current and future situation at their companies. Accordingly, the work of our public relations and investors relations (IR) functions will become increasingly important.

New trends in areas such as circular economy*2 and biodiversity are also beginning to emerge. For example, disclosures on biodiversity are now mandatory for companies operating in France, so it is possible we will see a similar trend in Japan before long. There is more work to be done going forward, but I believe the company is well prepared for this so long as we keep up our current efforts.

Kiba I suspect there will be increasingly more work for us all as the number of areas in which we can create value as a company increases, such as in water management or biodiversity conservation. However, I think we should also be more proactive in highlighting the positive aspects of our business.

My message to my colleagues all along has been that, regardless of the medium, whether reports or advertising, our efforts are pointless if we are unable to convey our meaning to others. Specifically, I want technical language to be rephrased into language that anyone can understand. When disclosing information on power generation capacity, alongside the actual units, I suggested we also include expressions that convey a sense of scale to the general public, such as "enough energy to meet the demands of such-and-such prefecture". I am glad to say that each of my suggestions was quickly adopted. I think a particular strength of the Company is its willingness to consider new ideas and to respond promptly and flexibly.

Morimoto Something I understand only too well in my work as a university professor is, as Ms. Kiba says, "the importance of conveying rather than communicating information." One-way communication does not work.

Kittaka Thank you for your various perspectives. We will definitely continue to work diligently to disclose information on our climate change response. On the other hand, we are being required lately to disclose information that is rather difficult to quantify, such as our investment plans for the coming 20 to 30 years. We have to be careful in our conversations to ensure people understand the reason for such challenging disclosures.

As Ms. Kiba also mentioned, lately we have been using our website as needed to post information that we want our stakeholders to know, even for small matters. We need to continue such communications while considering the perspectives of all stakeholders.

Two of our employees, Ms. Takahashi and Ms. Mori, are with us today. As they are both engaged in information disclosure and communications related to climate change response and public relations (PR), I would like to ask them for their thoughts about what has been said so far.

Takahashi Since climate change response is a company-wide effort, I think smooth communication with all internal divisions is important. For example, discussions related to climate change include extensive use of Western languages and abbreviations, so when talking to other divisions, we try to carefully explain the topics while avoiding such words and abbreviations. In addition, in terms of the five net zero businesses we are currently promoting, we not only communicate externally, but we are also working hard on measures that raise awareness internally, such as videos and internal newsletters.

Meanwhile, the required content and depth of information required for disclosures to the outside world varies widely, and to be honest, it is unlimited. At such times, we go back to the beginning and ask ourselves who the information is for and what is the purpose. Disclosure rules for climate change response are currently moving toward global standardization. We will be sure to support any changes that are efficient and effective for both the parties making the disclosures and the parties receiving them.

Mori We consider that the mission of our public relations activities is to promote a deep understanding of our business and the direction our company for both internally and externally. To that end, we actively engage in public relations on a daily basis through various medias including our website and social media. However, since outline of energy industry is not broadly well-known to public and often includes technical terms and specialized topics that are commonly used within the company, we often find that it is difficult for the audience to comprehend. Therefore, we make an effort to use plain language as much as possible and take care to use expressions that allow the readers to correctly understand what we are saying and to convey that information properly.

We also want INPEX employees and employees of INPEX Group companies to feel a sense of affinity with our PR and advertising activities. This is why we consider it important to conduct surveys on PR and advertising activities and reflect the opinions of our stakeholders.

Kiba Listening to you two today, I am confident that there is nothing to worry about. From what you describe, I can see you are closely considering your employees, who are important stakeholders, in your initiatives.

Kittaka I also believe information from employees like Mr. Takahashi and Mr. Mori, who are close to the frontline and know the Company better than anyone, will resonate with many people. Thank you all again for sharing your various insights today. We will endeavor to have many more opportunities like this for active exchanges of ideas between our Executive Officers and outside officers.

We will also continue our work to expand our range of information disclosures and accelerate initiatives for INPEX Vision @2022.

*1 Broadcast on the Fuji Network across the Kanto area and Niigata Prefecture, Japan.

*2 Circular economy: A socioeconomic system that maximizes efficient and circular use of resources (including use of recycled materials) and effective use of stock (including product sharing and secondary distribution) across the full market lifecycle

Message from the Senior Vice President, Finance & Accounting

INPEX achieved a record-high profit in the fiscal year ended December 31, 2022, due in part to the impact of soaring crude oil prices. Our net debt/equity ratio came in below 50% as we further strengthened our financial base. We will continue to flexibly manage leverage based on factors including the market environment, future investments and shareholder returns.

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

Overview of financial results for the fiscal year ended December 31, 2022

In the fiscal year ended December 31, 2022 (fiscal 2022), we recorded a net income attributable to owners of parent of 461.0 billion yen, which represented a record high for the second consecutive year.

In addition to the rise in crude oil prices and the depreciation in the Japanese yen, the safe and stable operation and production at the Ichthys LNG Project and other projects also contributed to the significant increase in profit.

Consolidated financial results for fiscal 2022

	Fiscal 2021 results	Fiscal 2022 results
Net sales (JPY)	1,244.3 billion	2,324.6 billion
Operating income (JPY)	590.6 billion	1,246.4 billion
Ordinary income (JPY)	657.6 billion	1,441.9 billion
Net income attributable to owners of parent (JPY)	223.0 billion	461.0 billion

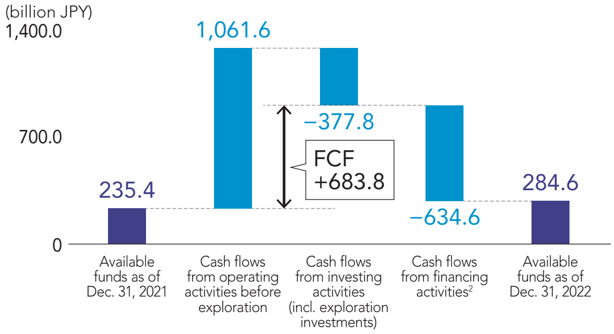
Cash flows for fiscal 2022

Regarding cash flows for fiscal 2022, including those from the Ichthys downstream IJV, we secured cash flows from operating activities before exploration investments of 1,061.6 billion Japanese yen as a result of stable operations, high oil prices and the depreciation in the Japanese yen.

Net cash used in investing activities totaled 377.8 billion Japanese yen as a result of disciplined investment decisions and other factors such as delays in the timing of cash payments for investment projects.

Net cash used in financing activities totaled 634.6 billion Japanese yen as a result of repayments of borrowings, share buybacks dividend payments and other outflows.

Cash flows[1] for fiscal 2022



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

Consolidated financial forecasts for fiscal 2023 (as of May 10, 2022)

Assuming a crude oil price average of 80.0 US dollars per barrel and an exchange rate average of 130.0 Japanese yen against the US dollar for the full year, we expect to generate net sales of 1,994.0 billion Japanese yen and a net income attributable to owners of parent of 300.0 billion Japanese yen, as outlined in our consolidated financial forecasts for fiscal 2023.

Regarding the impact on the financial results for fiscal 2023 from oil price and exchange rate fluctuations, we estimate as of the beginning of the fiscal year that a rise (fall) in the Brent crude oil price by 1 US dollar per barrel would result in an increase (decrease) of 6.0 billion Japanese yen in net income attributable to owners of parent. Likewise, regarding the impact of exchange rates, we estimate as of the beginning of the fiscal year that a 1 Japanese yen depreciation (appreciation) against the US dollar would result in an increase (decrease) of 3.2 billion Japanese yen in net income attributable to owners of parent.

Consolidated financial forecasts for fiscal 2023

	Fiscal 2022 results	Fiscal 2023 results
Net sales (JPY)	2,324.6 billion	1,994.0 billion
Operating income (JPY)	1,246.4 billion	984.0 billion
Ordinary income (JPY)	1,441.9 billion	1,077.0 billion
Net income attributable to owners of parent (JPY)	461.0 billion	300.0 billion

Financial strategy

INPEX will build a resilient financial base that can withstand low oil price environments over the period of the Medium-term Business Plan 2022–2024. We will maintain a structure that supports stable business operations and can readily respond to investment opportunities for future growth, and will constantly monitor trends on borrowing balance, investment and shareholder returns and manage financial balance appropriately.

As for financial discipline, our focus will be on flexibly managing leverage based on the market environment and trends on investment and shareholder returns. We strive to maintain our current ratings by securing 400.0 billion Japanese yen or more in liquidity on hand (cash and deposits + commitment line).

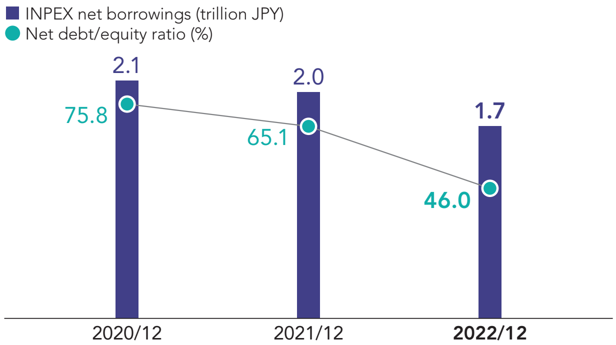
In the Medium-term Business Plan 2022–2024, we are targeting a net debt/equity ratio (including the Ichthys downstream IJV) of 50% or less in fiscal 2024. In fiscal 2022, the net debt/equity ratio (including the Ichthys downstream IJV) came in below 50% as a result of our efforts to reduce interest-bearing debt.

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

Long-term credit ratings (as of June 30, 2023)

Moody's	A2	(stable)
S&P	A-	(positive)
R&I	AA	(stable)
JCR	AA+	(stable)

Approximate net borrowings and net debt/equity ratio (including the Ichthys downstream IJV)



Segment Overview (Fiscal year ended December 31, 2022)

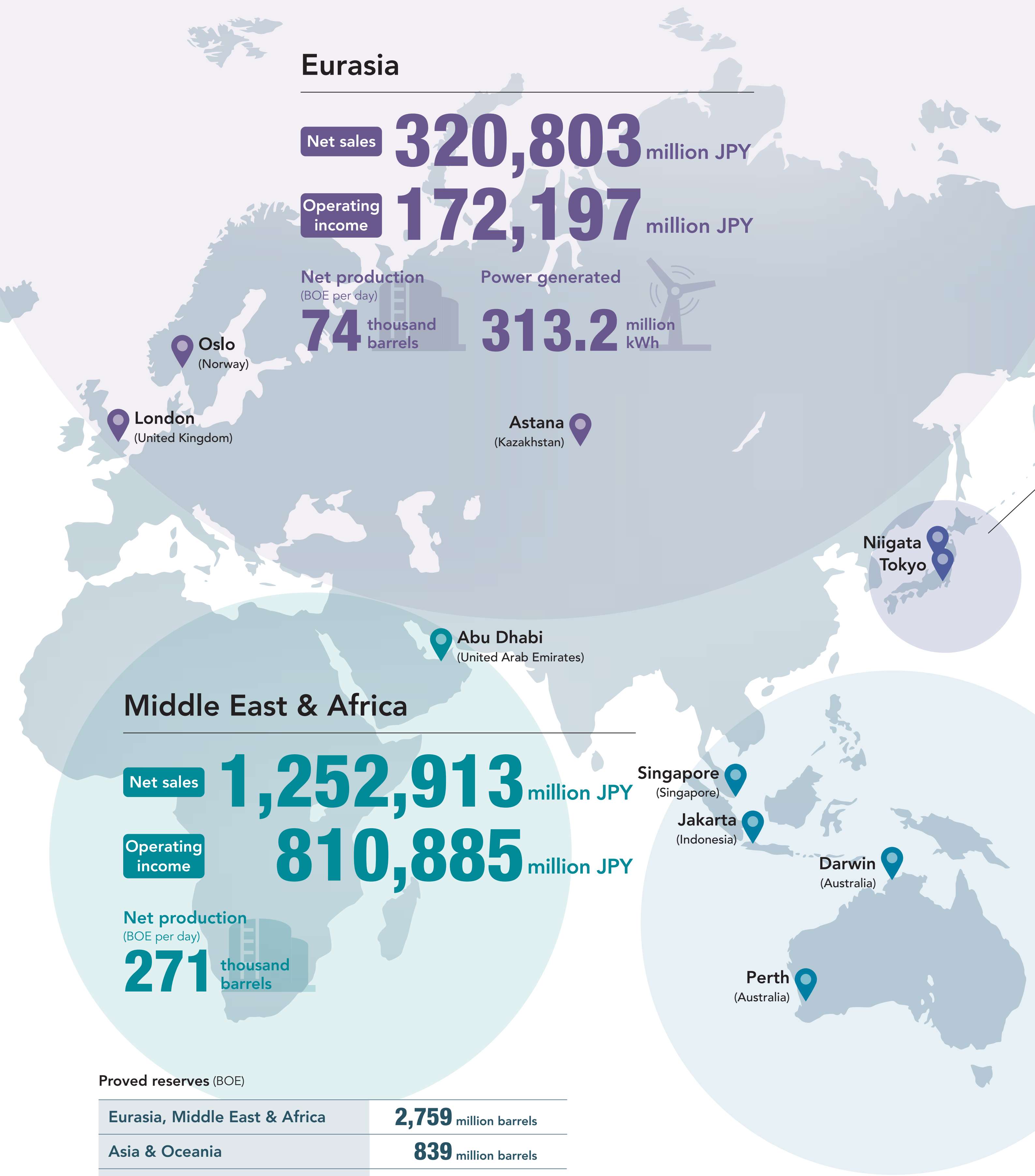
Eurasia

Net sales 320,803 million JPY

Operating income 172,197 million JPY

Net production (BOE per day) 74 thousand barrels

Power generated 313.2 million kWh



Middle East & Africa

Net sales 1,252,913 million JPY

Operating income 810,885 million JPY

Net production (BOE per day) 271 thousand barrels

Proved reserves (BOE)

Eurasia, Middle East & Africa	2,759 million barrels
Asia & Oceania	839 million barrels
Japan	128 million barrels
Americas	12 million barrels

Key group company headquarters and offices in Japan and overseas

Americas

Net sales **33,712** million JPY

Operating income **16,371** million JPY

Net production
(BOE per day)
9 thousand barrels

Houston
(USA)

Japan

Net sales **207,082** million JPY

Operating income **-13,081** million JPY

Net production
(BOE per day)
21 thousand barrels

Power generated
199.3 million kWh

Asia & Oceania

Net sales **527,587** million JPY

Operating income **277,597** million JPY

Net production
(BOE per day)
247 thousand barrels

Power generated
425.4 million kWh

Note: Net Sales and operating income amounts are rounded down. Proved reserves is rounded off.
Reportable segments have been changed from the first quarter of the fiscal year ending December 2023.

11-Year Financial Information

INPEX CORPORATION and Consolidated Subsidiaries

The translation of yen amounts into U.S. dollar amounts is included solely for convenience, as a matter of arithmetic computation only, at ¥132.70=US$1.00, the approximate exchange rate in effect as of December 31, 2022.

	Millions of yen				
	2013/3	2014/3	2015/3	2016/3	2017/3
Results of operations					
Net sales	¥ 1,216,533	¥ 1,334,625	¥ 1,171,226	¥ 1,009,564	¥ 874,423
Cost of sales	426,326	490,416	525,443	526,757	453,846
Gross profit	790,206	844,209	645,782	482,806	420,576
Operating income	693,447	733,610	534,886	390,139	336,452
Income before income taxes	718,146	750,077	540,022	328,887	327,525
Net income (loss) attributable to owners of parent	¥ 182,961	¥ 183,690	¥ 77,820	¥ 16,777	¥ 46,168
Financial position					
Current assets	¥ 1,106,504	¥ 1,140,204	¥ 1,342,409	¥ 984,345	¥ 942,960
Tangible fixed assets	584,541	951,779	1,497,621	1,752,614	1,928,597
Intangible assets	380,155	439,178	458,769	541,471	521,253
Investments and other assets	1,544,957	1,506,977	1,200,352	1,091,410	919,362
Total assets	3,616,158	4,038,139	4,499,153	4,369,841	4,312,174
Current liabilities	414,976	375,670	365,212	319,127	297,465
Long-term liabilities	530,198	666,432	845,238	871,911	807,166
Net assets	¥ 2,670,983	¥ 2,996,036	¥ 3,288,703	¥ 3,178,803	¥ 3,207,542
Cash flows					
Cash flows from operating activities	¥ 252,346	¥ 213,513	¥ 216,749	¥ 183,707	¥ 275,810
Cash flows from investing activities	(489,870)	(395,555)	(81,086)	(543,534)	53,483
Cash flows from financing activities	137,069	48,961	(4,177)	156,726	(65,428)
Cash and cash equivalents at end of the period	¥ 199,858	¥ 117,530	¥ 260,978	¥ 53,813	¥ 316,790
Per share data[2]					
Net assets per share[3] (Yen)	¥ 1,699.10	¥ 1,911.25	¥ 2,099.95	¥ 2,008.34	¥ 2,015.38
Cash dividends per share (Yen)	17.50	18.00	18.00	18.00	18.00
Earnings (loss) per share[4] (EPS) (Yen)	¥ 125.29	¥ 125.78	¥ 53.29	¥ 11.49	¥ 31.61
Financial indicators					
Equity ratio (based on institutional accounting practices)[5] (%)	68.6 %	69.1 %	68.2 %	67.1 %	68.3 %
Net D/E ratio (based on institutional accounting practices)[6] (%)	(32.9)	(26.0)	(15.4)	(8.2)	1.0
Net D/E ratio (including Ichthys downstream IJV)[7] (%)	—	—	—	—	—

Notes

1. Effective from the year ended December 31, 2019, the Company changed its consolidated fiscal year-end from March 31 to December 31. As a result of this change, the year ended December 31, 2019 was a period of nine months from April 1 to December 31, 2019.
2. The amounts for the years ended March 31, 2013 and 2014 are retrospectively adjusted for a stock split at a ratio of 1:400 of common stock on October 1, 2013.
3. Net assets per share = (Year-end net assets − Year-end non-controlling interests − Year-end net assets applicable to Class A stock)/(Year-end number of common shares issued − Year-end number of treasury shares)

Millions of yen					Millions of yen	Thousands of U.S. dollars
2018/3	2019/3	2019/12[1]	2020/12	2021/12	2022/12	2022/12
¥ 933,701	¥ 971,388	¥ 1,000,005	¥ 771,046	¥ 1,244,369	¥ 2,324,660	$ 17,518,161
498,039	413,300	424,702	439,852	568,921	943,414	7,109,374
435,662	558,088	575,303	331,194	675,448	1,381,245	10,408,779
357,363	474,281	498,641	248,471	590,657	1,246,408	9,392,675
307,299	494,042	510,292	67,394	643,457	1,416,196	10,672,162
¥ 40,362	¥ 96,106	¥ 123,550	¥ (111,699)	¥ 223,048	¥ 461,069	$ 3,474,521
¥ 466,350	¥ 457,711	¥ 419,802	¥ 387,093	¥ 518,864	¥ 729,401	$ 5,496,616
2,044,619	2,278,994	2,275,372	2,069,783	2,259,849	2,473,118	18,636,910
541,502	520,213	535,330	441,837	446,660	482,704	3,637,558
1,199,913	1,536,625	1,619,489	1,735,804	1,932,821	2,574,629	19,401,876
4,252,386	4,793,545	4,849,995	4,634,518	5,158,196	6,259,853	47,172,969
305,439	372,000	401,483	339,288	348,888	526,740	3,969,404
788,078	1,163,961	1,151,334	1,293,890	1,462,897	1,710,742	12,891,801
¥ 3,158,868	¥ 3,257,584	¥ 3,297,176	¥ 3,001,339	¥ 3,346,409	¥ 4,022,370	$ 30,311,755
¥ 278,539	¥ 238,566	¥ 274,730	¥ 292,915	¥ 445,457	¥ 751,284	$ 5,661,522
(351,908)	(682,005)	(288,740)	(417,189)	(130,727)	(525,574)	(3,960,617)
34,742	405,184	(48,615)	126,747	(315,215)	(241,928)	(1,823,119)
¥ 276,079	¥ 239,652	¥ 173,774	¥ 172,405	¥ 191,213	¥ 211,656	$ 1,594,996
¥ 1,997.24	¥ 2,058.95	¥ 2,082.43	¥ 1,874.08	¥ 2,253.17	¥ 2,879.68	$ 21.70
18.00	24.00	30.00	24.00	48.00	62.00	0.47
¥ 27.64	¥ 65.81	¥ 84.61	¥ (76.50)	¥ 153.87	¥ 337.37	$ 2.54
68.6 %	62.7 %	62.7 %	59.0 %	60.6 %	60.1 %	60.1 %
14.5	30.0	31.0	38.4	31.3	25.6	25.6
—	—	—	75.8 %	65.1 %	46.0 %	46.0 %

4. Earnings (loss) per share (EPS) = Net income (loss) attributable to owners of parent/Average number of shares during the period
5. Equity ratio = Net assets excluding non-controlling interests/Total assets
6. Net D/E ratio (based on institutional accounting practices) = (Interest-bearing debt − Cash and deposits)/Net assets excluding non-controlling interests
7. Net D/E ratio (including Ichthys downstream IJV) includes Ichthys downstream Incorporated Joint Venture (Ichthys LNG Pty Ltd) and differs from figures based on institutional accounting practices. Data after the year ended December 31, 2020 is disclosed.

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

BUSINESS ENVIRONMENT

During the year ended December 31, 2022, the Japanese economy was on a path to recovery from the impact of the novel coronavirus (COVID-19), but from February, the economic outlook became uncertain because of rising tensions due to the Ukraine conflict. Since then, the economy has shown a moderate recovery and is expected to further improve as society learns to coexist with COVID-19. Even so, the global economic downturn poses a risk to Japan's economy as global monetary tightening continues. Furthermore, the impact of inflation and supply disruptions on economic activities continues to be a concern.

Of the international crude oil price indices, which significantly influence the financial performance of the Group, Brent crude (on a near-term closing price basis), considered a benchmark index for crude oil, started the year ended December 31, 2022 at US$78.98 per barrel. The crude oil price moved above US$120 in the first half of the year due to the imposing of economic sanctions against Russia, mainly by the EU, after the Russian invasion of Ukraine in February, and moves by major Western countries to ban imports of Russian energy products. However, the price declined in the second half of the year, reaching US$85.91 at the end of the year ended December 31, 2022, due to global decline in demand for crude oil caused by concerns over the reemergence of a new type of coronavirus infection in China and economic recession mainly in the U.S. and Europe. The Group's average crude oil sales price for the year ended December 31, 2022 reflected this shift and rose to US$97.71 per barrel, up US$29.28 from the year ended December 31, 2021.

The foreign exchange market, another important factor that affects the business of the Group, began to trade at ¥115 level against the U.S. dollar. On the first half of the year Japanese Yen climbed to ¥136 level against the U.S. dollar as a result of the sharp increase in resource prices caused by the Russian invasion of Ukraine and increased U.S. interest rates accompanying the worldwide advance of inflation. The latter half of the year, continued differences in U.S. and Japan monetary policy resulted in appreciation of the U.S. dollar against the yen, reaching the ¥150 level at one point. However, awareness of a decreasing gap between U.S. and Japanese interest rates resulting from decreased concern over U.S. inflation and the Bank of Japan's decision to widen the range of permissible fluctuation in long-term interest rates led foreign exchange markets to transition to appreciation of the yen towards the end of the year, with TTM closing at ¥132.70 against the U.S. dollar, ¥17.68 less than that as of December 31, 2021. Reflecting these situations, the average exchange rate of the Japanese yen against the U.S. dollar on consolidated net sales depreciated by ¥21.62 to ¥131.73 per U.S. dollar from the year ended December 31, 2021.

PERFORMANCE OVERVIEW

Net sales

Consolidated net sales for the year ended December 31, 2022 increased by ¥1,080.2 billion, or 86.8%, to ¥2,324.6 billion from ¥1,244.3 billion for the year ended December 31, 2021 due to an increase in sales price of crude oil and natural gas.

Compared with the year ended December 31, 2021, net sales of crude oil increased by ¥873.4 billion, or 96.5%, to ¥1,778.6 billion from ¥905.1 billion, and net sales of natural gas increased by ¥204.5 billion, or 63.8%, to ¥525.1 billion from ¥320.5 billion.

Compared with the year ended December 31, 2021, sales volume of crude oil increased by 17,998 thousand barrels, or 15.0%, to 138,116 thousand barrels. Sales volume of natural gas decreased by 22,389 million cf, or 4.8%, to 442,416 million cf. Sales volume of overseas natural gas decreased by 16,777 million cf, or 4.4%, to 360,291 million cf, and sales volume of domestic natural gas decreased by 150 million m^3, or 6.4%, to 2,201 million m^3 (82,125 million cf).

Compared with the year ended December 31, 2021, the average sales price of overseas crude oil increased by US$29.28, or 42.8%, to US$97.71 per barrel. The average sales price of overseas natural gas increased by US$2.21, or 44.6%, to US$7.17 per thousand cf, and the average sales price of domestic natural gas increased by ¥37.0, or 80.9%, to ¥82.73 per m^3.

The increase of ¥1,080.2 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 ¥113.6 billion to the increase, an increase in unit sales price contributing ¥616.9 billion to the increase, the depreciation of the Japanese yen against the U.S. dollar contributing ¥347.3 billion to the increase, and an increase in net sales excluding crude oil and natural gas of ¥2.2 billion.

Cost of sales

Cost of sales for the year ended December 31, 2022 increased by ¥374.4 billion, or 65.8%, to ¥943.4 billion from ¥568.9 billion for the year ended December 31, 2021.

Exploration expenses

Exploration expenses for the year ended December 31, 2022 increased by ¥22.7 billion, or 353.1% to ¥29.2 billion from ¥6.4 billion for the year ended December 31, 2021. This was mainly due to an increase in exploration activities in Japan.

Selling, general and administrative expenses

Selling, general and administrative expenses for the year ended December 31, 2022 increased by ¥25.8 billion, or 39.8%, to ¥90.7 billion from ¥64.9 billion for the year ended December 31, 2021.

Depreciation and amortization

Depreciation and amortization for the year ended December 31, 2022 increased by ¥1.4 billion, or 10.8%, to ¥14.8 billion from ¥13.4 billion for the year ended December 31, 2021. The Group records depreciation expenses for production facilities that are covered by concession agreements as cost of sales. In addition, under its accounting treatment of the PSCs, the Group records capital expenditures as "Recoverable accounts under production sharing" instead of capitalizing these costs within tangible fixed assets and depreciating them. Costs that are recovered in any given year based on the terms of the PSCs are included in the cost of sales.

Operating income

As a result of the above, operating income for the year ended December 31, 2022 increased by ¥655.7 billion, or 111.0%, to ¥1,246.4 billion from ¥590.6 billion for the year ended December 31, 2021.

Other income

Other income for the year ended December 31, 2022 increased by ¥223.3 billion, or 199.0%, to ¥335.6 billion from ¥112.2 billion for the year ended December 31, 2021. This was mainly due to an increase in equity in earnings of affiliates.

Other expenses

Other expenses for the year ended December 31, 2022 increased by ¥106.4 billion, or 179.0%, to ¥165.8 billion from ¥59.4 billion for the year ended December 31, 2021. This was mainly due to posting modification loss on financial assets.

(Millions of yen, %)

	2021/12	2022/12	Change	% Change
Net sales	¥1,244,369	¥2,324,660	¥1,080,290	86.8%
Crude oil	905,199	1,778,662	873,463	96.5
Natural gas	320,575	525,145	204,569	63.8
Other	18,594	20,851	2,257	12.1
Cost of sales	568,921	943,414	374,493	65.8
Gross profit	675,448	1,381,245	705,797	104.5
Exploration expenses	6,445	29,202	22,757	353.1
Selling, general and administrative expenses	64,920	90,752	25,832	39.8
Depreciation and amortization	13,425	14,881	1,455	10.8
Operating income	590,657	1,246,408	655,750	111.0
Other income	112,246	335,638	223,392	199.0
Interest income	31,115	64,687	33,572	107.9
Dividend income	7,456	9,499	2,043	27.4
Equity in earnings of affiliates	38,834	165,684	126,850	326.6
Gain on reversal of allowance for recoverable accounts under production sharing	7,572	7,396	(175)	(2.3)
Foreign exchange gain	—	30,375	30,375	—
Other	27,268	57,995	30,726	112.7
Other expenses	59,446	165,850	106,404	179.0
Interest expense	13,747	32,378	18,630	135.5
Foreign exchange loss	6,709	—	(6,709)	(100.0)
Modification loss on financial assets	—	85,483	85,483	—
Impairment loss	14,170	25,799	11,629	82.1
Other	24,819	22,190	(2,629)	(10.6)
Income before income taxes	643,457	1,416,196	772,739	120.1
Income taxes	429,532	951,506	521,974	121.5
Net income	213,924	464,689	250,765	117.2
Net income (loss) attributable to non-controlling interests	(9,123)	3,620	12,744	—
Net income attributable to owners of parent	¥ 223,048	¥ 461,069	¥ 238,020	106.7%

Income taxes
Total amount of current income taxes and deferred income taxes for the year ended December 31, 2022 increased by ¥521.9 billion, or 121.5%, to ¥951.5 billion from ¥429.5 billion for the year ended December 31, 2021. The Group pays the majority of its taxes outside Japan. In addition to the high corporate tax rates imposed in a number of regions, the Group is generally unable to deduct expenses incurred in Japan for such taxes. Despite the positive effects attributable to the application of the foreign tax credit system, this situation resulted in a high effective income tax rate.

Net income (loss) attributable to non-controlling interests
Net income attributable to non-controlling interests for the year ended December 31, 2022 was ¥3.6 billion compared with ¥9.1 billion of net loss attributable to non-controlling interests for the year ended December 31, 2021.

Net income attributable to owners of parent
As a result of the above, net income attributable to owners of parent for the year ended December 31, 2022 increased by ¥238.0 billion, or 106.7%, to ¥461.0 billion from ¥223.0 billion for the year ended December 31, 2021.

FINANCIAL POSITION

Consolidated total assets as of December 31, 2022 increased by ¥1,101.6 billion, or 21.4%, to ¥6,259.8 billion from ¥5,158.1 billion as of December 31, 2021. Current assets increased by ¥210.5 billion, or 40.6%, to ¥729.4 billion from ¥518.8 billion as of December 31, 2021, due to an increase in accounts receivable-trade and contract assets, posting of securities, and others. Fixed assets increased by ¥891.1 billion, or 19.2%, to ¥5,530.4 billion from ¥4,639.3 billion as of December 31, 2021, due to increases in tangible fixed assets, investments and other assets, and others.

Meanwhile, total liabilities increased by ¥425.6 billion, or 23.5%, to ¥2,237.4 billion from ¥1,811.7 billion as of December 31, 2021. Current liabilities increased by ¥177.8 billion, or 51.0%, to ¥526.7 billion from ¥348.8 billion as of December 31, 2021. Long-term liabilities increased by ¥247.8 billion, or 16.9%, to ¥1,710.7 billion from ¥1,462.8 billion as of December 31, 2021.

Net assets increased by ¥675.9 billion, or 20.2%, to ¥4,022.3 billion from ¥3,346.4 billion as of December 31, 2021. Total shareholders' equity increased by ¥227.6 billion, or 8.5%, to ¥2,908.2 billion from ¥2,680.6 billion as of December 31, 2021. Total accumulated other comprehensive income increased by ¥409.1 billion, or 92.3%, to ¥852.5 billion from ¥443.4 billion as of December 31, 2021. Non-controlling interests in net assets increased by ¥39.1 billion, or 17.6%, to ¥261.5 billion from ¥222.3 billion as of December 31, 2021.

INVESTMENT AND FUNDING

Investments in upstream oil and gas projects

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

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

The table below shows the Group's exploration and development costs and other expenditures (excluding capitalized interest costs and asset retirement costs corresponding to asset retirement obligations capitalized under fixed assets) by segment for the years ended December 31, 2021 and 2022.

(Millions of yen)

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

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

(Millions of yen)

Year ended December 31, 2022	Japan	Asia & Oceania	Eurasia (Europe & NIS)	Middle East & Africa	Americas	Total
INPEX CORPORATION and Consolidated Subsidiaries						
Exploration	¥11,428	¥ 2,193	¥ 6,178	¥10,164	¥ 489	¥ 30,454
Development	8,599	93,432	73,715	60,992	21,419	258,158
Subtotal	20,027	95,626	79,893	71,157	21,908	288,613
Equity-method affiliates						
Exploration	—	—	182	—	—	182
Development	—	1,930	1,530	2,175	—	5,636
Subtotal	—	1,930	1,713	2,175	—	5,819
Other capital expenditures*	5,075	39,892	44,043	—	—	89,012
Total	¥25,103	¥137,449	¥125,650	¥73,332	¥21,908	¥383,444

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

Total investments for the year ended December 31, 2022 increased by ¥180.2 billion, or 88.7%, to ¥383.4 billion (including ¥5.8 billion for exploration and development by equity-method affiliates) from ¥203.1 billion for the year ended December 31, 2021. This was mainly due to an increase in expenditures in the Eurasia region.

The table below shows the Group's operating expenses by segment for the years ended December 31, 2021 and 2022.

(Millions of yen, %)

	2021/12		2022/12	
INPEX CORPORATION and Consolidated Subsidiaries				
Japan	¥ 10,686	8.5%	¥ 12,262	7.2%
Asia & Oceania	51,491	41.0	69,127	40.8
Eurasia (Europe & NIS)	13,733	10.9	34,963	20.6
Middle East & Africa	46,647	37.2	47,554	28.1
Americas	3,039	2.4	5,646	3.3
Subtotal	125,598	100.0	169,554	100.0
Equity-method affiliates				
Asia & Oceania	3,123	50.9	5,428	52.8
Eurasia (Europe & NIS)	633	10.3	1,870	18.2
Middle East & Africa	2,381	38.8	2,975	29.0
Subtotal	6,138	100.0	10,274	100.0
Total	¥131,737	—%	¥179,828	—%

■ Analysis of recoverable accounts under production sharing

For upstream projects governed by the PSCs, the Group's share of costs arising during the exploration, development and production phases is capitalized under "Recoverable accounts under production sharing." The following table shows the changes in the balance of "Recoverable accounts under production sharing" during the years ended December 31, 2021 and 2022.

(Millions of yen)

		2021/12	2022/12
Balance at beginning of the period		¥575,544	¥548,170
Add:	Exploration costs	1,014	1,234
	Development costs	27,949	33,608
	Operating expenses	17,553	22,399
	Other	3,566	6,694
Less:	Cost recovery-capital expenditures	(62,236)	(70,781)
	Cost recovery-operating expenditures	(15,222)	(19,182)
	Other	—	(601)
Balance at end of the period		548,170	521,541
Allowance for recoverable accounts under production sharing at end of the period		¥ (61,871)	¥ (53,873)

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

Exploration costs for the year ended December 31, 2022 increased by ¥0.2 billion to ¥1.2 billion from ¥1.0 billion for the year ended December 31, 2021. This was mainly due to an increase in exploration expenditures in the Middle East & Africa region.

Development costs for the year ended December 31, 2022 increased by ¥5.6 billion to ¥33.6 billion from ¥27.9 billion for the year ended December 31, 2021. This was mainly due to an increase in development expenditures in the Asia & Oceania region and the Eurasia region.

Operating expenses for the year ended December 31, 2022 increased by ¥4.8 billion to ¥22.3 billion from ¥17.5 billion for the year ended December 31, 2021. This was mainly due to an increase in operating expenses in the Eurasia region.

Cost recovery for the year ended December 31, 2022 increased by ¥13.1 billion to ¥90.5 billion from ¥77.4 billion for the year ended December 31, 2021. This was mainly due to an increase in cost recovery in the Asia & Oceania region and the Eurasia region.

Allowance for recoverable accounts under production sharing as of December 31, 2022 decreased by ¥7.9 billion to ¥53.8 billion from ¥61.8 billion as of December 31, 2021. This was mainly due to the stable operation in a certain project.

Funding sources and liquidity

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

During the year ended December 31, 2022, the Company carried out funding aimed at development expenditures, etc., while also working on reducing interest-bearing liabilities in line with our medium-term business plan. Additionally, the Company received financing from Japan Organization for Metals and Energy Security for development expenditures, exploration expenditures, etc.

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

As of December 31, 2022, total amount of short-term borrowings and long-term debt was ¥1,240.2 billion, and total amount of cash and cash equivalents was ¥211.6 billion.

Cash flows

Cash flows for the years ended December 31, 2021 and 2022 are summarized as follows:

(Millions of yen)

	2021/12	2022/12
Net cash provided by (used in) operating activities	¥ 445,457	¥ 751,284
Net cash provided by (used in) investing activities	(130,727)	(525,574)
Net cash provided by (used in) financing activities	(315,215)	(241,928)
Cash and cash equivalents at end of the period	¥ 191,213	¥ 211,656

Net cash provided by (used in) operating activities

Net cash provided by operating activities for the year ended December 31, 2022 increased by ¥305.8 billion to ¥751.2 billion from ¥445.4 billion for the year ended December 31, 2021. This was mainly due to an increase in income before income taxes as a result of an increase in sales prices, despite an increase in income taxes paid.

Net cash provided by (used in) investing activities

Net cash used in investing activities for the year ended December 31, 2022 increased by ¥394.8 billion to ¥525.5 billion from ¥130.7 billion for the year ended December 31, 2021. This was mainly due to increases in long-term loans made and payments for purchases of investment securities.

Net cash provided by (used in) financing activities

Net cash used in financing activities for the year ended December 31, 2022 was ¥241.9 billion, decreased by ¥73.2 billion from ¥315.2 billion for the year ended December 31, 2021. This was mainly due to an increase in proceeds from long-term debt, despite increases in repayments of long-term debt and purchase of treasury stock.

INPEX Green Bond 1st Annual Report

(Period: January 2022–December 2022)

30 June 2023 INPEX CORPORATION

1. Annual report summary

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

9.95 billion JPY of the 10.00 billion JPY from the INPEX Green Bond proceeds have been allocated to the following green projects that were verified against the Climate Bond Standard version 3.0 (CBSv3.0) and other technical standards set by the Climate Bond Initiative (CBI) by 31 December 2022.

All projects are under construction or in operation as originally planned or scheduled as of 31 December 2022 and have achieved environmental benefits (CO_2 reductions).

1) Green project

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

2) Verification criteria

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

2. Allocation status

Table-1: INPEX Green Bond fund allocation (as of December 2022)

No.	Project category	Amount of funds allocated (Refinancing amount)	Amount of funds unallocated
1	INPEX Green Bond eligible projects	9.95 billion JPY (5.23 billion JPY)	0.05 billion JPY

*Unallocated amount (0.05 billion JPY) of funds is managed as cash deposits in accordance with the proceeds management procedures.

3. Project eligibility assessment results

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

4. Environmental benefit

Table-2: INPEX Green Bond environmental improvement benefits (Period: January 2022–December 2022)

No.	Project category	Facility capacity (for INPEX share)	Environmental improvement effects CO_2 Reductions
1	INPEX Green Bond eligible projects	415 MW (68.7 MW)	53,398 t-CO_2*

All projects are under construction or in operation as planned or scheduled as of 31 December 2022.

■ **Calculation method for environmental benefit:** Estimated calculation based on the actual power generation for the period January 2022–December 2022 (Calculated considering the period covered)

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

5. Post-issuance verification

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

Subsidiaries and Affiliates

As of December 31, 2022

Consolidated Subsidiaries

Company name	Issued capital (Millions of yen)[*1]	Voting rights held by us (%)[*2]	Main business
INPEX Masela, Ltd.	67,036	51.93%	Exploration and development of oil and natural gas in the Masela Block in the Arafura Sea, Indonesia
INPEX South Makassar, Ltd.	1,097	100.00%	Exploration, development, production and sales of oil and natural gas in the Sebuku Block in the Makassar Strait, Indonesia
INPEX Con Son Co., Ltd.	10	100.00%	Exploration, development, production and sales of oil and natural gas in Blocks 05-1b/ 05-1c in offshore southern Vietnam
INPEX Browse E&P Pty Ltd	453,150 (Thousands of U.S. dollars)	100.00% (100.00%)	Exploration of oil and natural gas in the WA-285-P Block and others, Australia
INPEX Browse, Ltd.	428,940	100.00%	Supply of business capital, etc. to oil and natural gas exploration, development, production and sales in the WA-285-P Block and others, Australia
INPEX Holdings Australia Pty Ltd	9,683,023 (Thousands of U.S. dollars)	100.00% (100.00%)	Supply of business capital, etc. to oil and natural gas exploration, development, production and sales and construction and operation of the LNG plant for the Ichthys LNG project, Australia
INPEX Ichthys Pty Ltd	804,456 (Thousands of U.S. dollars)	100.00% (100.00%)	Exploration, development, production and sales of oil and natural gas in the Ichthys Gas-Condensate Field (WA-50-L/ WA-51-L), Australia
INPEX Oil & Gas Australia Pty Ltd	1,011,000 (Thousands of U.S. dollars)	100.00%	Exploration and development, production and sales of oil and natural gas in the Prelude Gas Field (WA-44-L) and others, Australia
INPEX Sahul, Ltd.	4,600	100.00%	Exploration, development, production and sales of oil and natural gas in the PSC TL-SO-T 19-12 Block in East Timor
INPEX Alpha, Ltd.	8,014	100.00%	Exploration, development, production and sales of oil and natural gas in the WA-35-L Block and others, Australia
INPEX Southwest Caspian Sea, Ltd.	53,594	51.00%	Exploration, development, production and sales of oil in the ACG Oil Fields, Azerbaijan
INPEX North Caspian Sea, Ltd.	113,897	51.00%	Exploration, development, production and sales of oil in the Offshore North Caspian Sea Block, Kazakhstan
INPEX Norway Co., Ltd.	100	50.51%	Supply of business capital, etc. to oil exploration, development, production and sales in the Snorre Oil Field and others, the Kingdom of Norway
INPEX Idemitsu Norge AS	727,900 (Thousands of Norwegian kroner)	100.00% (100.00%)	Exploration, development, production and sales of oil in the Snorre Oil Field and others, the Kingdom of Norway
Japan Oil Development Co., Ltd.	5,532	100.00%	Exploration, development, production and sales of oil in the Upper Zakum, Satah and Umm Al Dalkh oil fields, Offshore Abu Dhabi, United Arab Emirates
JODCO Exploration Limited	61,224 (Thousands of U.S. dollars)	51.00%	Exploration of oil in onshore Block 4 in Abu Dhabi, United Arab Emirates
JODCO Onshore Limited	111 (Thousands of U.S. dollars)	65.76%	Exploration, development, production and sales of oil in ADCO Block in onshore Abu Dhabi, United Arab Emirates
JODCO Lower Zakum Limited	600,000 (Thousands of U.S. dollars)	100.00%	Exploration, development, production and sales of oil in the Lower Zakum Oil Field Offshore Abu Dhabi, United Arab Emirates
INPEX Americas, Inc.	19,793 (Thousands of U.S. dollars)	100.00%	Supply of business capital, etc. to oil and natural gas exploration, development, production and sales in the U.S. and others
INPEX Gas British Columbia Ltd.	1,043,488 (Thousands of Canadian dollars)	45.09%	Exploration, development, production and sales of natural gas in the shale gas blocks of the Horn River, Cordova and Liard basins in British Columbia, Canada

Company name	Issued capital (Millions of yen)*1	Voting rights held by us (%)*2	Main business
INPEX Pipeline Co., Ltd.	100	100.00%	Natural gas transportation, pipeline operation, maintenance and management
Saitama Gas Co., Ltd.	60	62.67% (13.17%)	Supply and sale of city gas
INPEX DLNGPL PTY Ltd	42,001 (Thousands of U.S. dollars)	100.00%	Investment in Darwin LNG Pty Ltd, which constructs and operates the undersea pipeline and LNG plant connecting the Bayu Undan Gas-Condensate Field and Darwin (Australia)
INPEX BTC Pipeline, Ltd.	63,800 (Thousands of U.S. dollars)	100.00%	Investment in the pipeline construction and management business that connects Baku (Azerbaijan), Tbilisi (Georgia) and Ceyhan (Turkey)
INPEX Renewable Energy Europe Limited	296,078 (Thousands of British Pounds)	100.00%	Development and management of offshore wind power projects in Europe
INPEX GEOTHERMAL, LTD.	4,800	100.00%	Development and management of geothermal projects in Japan and overseas
INPEX Geothermal Sarulla, Ltd.	10	100.00%	Supply of business capital, etc. to geothermal power project in Sarulla Geothermal Field, Indonesia
INPEX FINANCIAL SERVICES SINGAPORE PTE. LTD.	2,826,000 (Thousands of U.S. dollars)	100.00%	The Group's intercompany finance operations and support for financial administration of projects

38 other subsidiaries

Equity-method affiliates

Company name	Issued capital (Millions of yen)*1	Voting rights held by us (%)*2	Main business
MI Berau B.V.	338,601 (Thousands of U.S. dollars)	44.00%	Exploration, development, production and sales of natural gas in the Berau Block and the Tangguh LNG Project, West Papua province, Indonesia
Ichthys LNG Pty Ltd	4,506,860 (Thousands of U.S. dollars)	66.25% (66.25%)	Laying and maintenance of undersea pipeline from the Ichthys Gas-Condensate Field to the Darwin Onshore LNG Plant in Australia, construction and operation of the LNG plant and sales of LNG, LPG and condensate.
Japan South Sakha Oil Co., Ltd.	7	25.00%	Supply of business capital for exploration, development, production and sales of oil in Zapadno-Yaraktinsky and Bolshetirsky blocks, Russia
PT Medco Geopower Sarulla	143,003 (Thousands of U.S. dollars)	49.00% (49.00%)	Supply of business capital, etc. to geothermal power project in Sarulla Geothermal Field, Indonesia
PT. Supreme Energy Sumatera	100 (Hundred millions of Rupiahs)	33.33% (33.33%)	Supply of business capital, etc. to geothermal power project in Muara Laboh Geothermal Block, Indonesia
PT Supreme Energy Rantau Dedap	107,956 (Thousands of U.S. dollars)	27.40% (27.40%)	Development and management of geothermal power project in the Rantau Dedap Geothermal Block, Indonesia

16 other equity-method affiliates

*1 Values in the column labeled "Issued capital (Millions of yen)" are rounded to the nearest unit.
*2 Values in parentheses in the column labeled "Voting rights held by us (%)" indicate the ratio of indirectly held voting rights. These values are included in the total.

Business Risks

The following is a list of key items that can be considered potential risk factors relating to the business of INPEX CORPORATION, its subsidiaries and affiliates (the "Group"). From the standpoint of information disclosure to investors and shareholders, we proactively disclose matters that are not necessarily the business risks but that can be considered to have important effects on the investment decisions of investors. The following discussion does not completely cover all business risks relating to the Group's businesses.

Unless stated otherwise, forward-looking statements in the discussion are the judgment of the Group as of March 29, 2023 and are subject to change after such date due to various factors, including changes in social and economic circumstances.

I. MAJOR BUSINESS RISKS

1. CHARACTERISTICS OF AND RISKS ASSOCIATED WITH THE OIL AND NATURAL GAS DEVELOPMENT BUSINESS

(1) Risk of disasters, accidents, system failures, etc.

Oil and natural gas development entails the risk that operational accidents and disasters may occur in the process of exploration, development, production and transportation. Various information systems are used in operations. While safety measures are in place for these systems, there is the risk that operations may be suspended due to unforeseen failures of these systems caused by events such as natural disasters and cyberattacks. Should such an unforeseen failure of information systems, or an accident, disaster or other such incident occur, there is the risk that costs may be incurred, excluding compensation covered by insurance, due to infrastructural damage, as well as the risk of a major accident or disaster involving loss of life. In addition, a cost for recovery or opportunity loss from the interruption of operations could occur.

Furthermore, labor disputes in projects that the Group is involved in or the spread of infectious diseases such as COVID-19 may lead to a shortage of employees required for operations and other necessities, difficulty in procuring materials, equipment and services as well as transportation of produced goods, instructions or orders from the governments of oil-producing countries to suspend operations, changes in the policies of partners in a joint business and other developments. Such events may fully or partly suspend or delay operations.

For its domestic natural gas business, the Company has continued to procure natural gas regasified from imported LNG as source gas since January 2010. Furthermore, the Company has manufactured regasified LNG from imported LNG at Naoetsu LNG Terminal from August 2013. An inability to procure natural gas regasified from imported LNG and other imported gas as source gas due to issues concerning suppliers or the Company's Naoetsu LNG Terminal, an inability to produce domestic gas due to issues in the domestic gas field, or compromised pipeline operations due to accidents or disasters along the pipeline network may interfere with the Company's ability to supply its customers. This could in turn have an adverse effect on the Company's domestic natural gas business.

With regard to environmental problems, there is a possibility of soil contamination, air pollution, and freshwater and seawater pollution. The Group has established a "Health, Safety and Environment Policy," and as a matter of course abides by the environmental laws, regulations, and standards of the countries in which we operate and give due consideration to the environment in the conduct of business, based on our independent guidelines. In the event of an operating accident or disaster which impacts the environment, there is the possibility of incurring a response or cost burden for recovery from that incident, of incurring obligation of payment for procedural costs, compensation or other cost related to the start of civil, criminal or government procedures, or of incurring loss from the interruption of operations. Furthermore, in the event of changes to or the strengthening of the environmental laws, regulations, and standards (including support measures for the promotion of new, renewable energies) of the countries in which we operate, it may be necessary for the Group to devise additional measures with an associated cost burden and it could affect on the financial results of the Group.

The Company strives to prevent accidents and incidents from happening to avoid these risks of disasters, accidents, system failures and other developments from materializing. However, risks are always present, and if they materialize, they may have a significantly adverse effect on the Group's results.

Although the Group maintains insurance against loss or damage in the natural course of its operations to a reasonable extent, insurance may not cover all damages. Also, such accidents or issues could result in administrative sanctions or damage the Group's credibility and reputation as an oil and natural gas development company, and could therefore have an adverse effect on future business activities.

(2) Risk of failure in exploration, development or production

Payment of compensation is ordinarily necessary to acquire participating interests. Also, surveying and exploratory drilling expenses (exploration expenses) become necessary at the time of exploration activities for the purpose of discovering resources. When resources are discovered, it is necessary to further invest in substantial development expenses according to various conditions, including the size of the recoverable reserves, development costs and details of agreements with oil-producing countries (including gas-producing countries; hereinafter the same shall apply).

There is, however, no guarantee of discovering resources on a scale that makes development and production feasible. The probability of such discoveries is considerably low despite various technological advances in recent years, and even when resources are discovered the scale of the reserves does not necessarily make commercial production feasible. For this reason, the Group conservatively recognizes expenses related to exploration investment in our consolidated financial statements. The Group maintains financial soundness by booking 100% as expenses in the case of concession agreements (including mining rights awarded in Japan as well as permits, licenses and leases awarded overseas) and by booking 100% of exploration project investment as allowances in the case of production sharing agreements. In addition, if there are impossibilities of recovery of investment in a development project, we also book the corresponding amount of investment in the development project as allowances while considering the recovery possibility of each project.

To increase recoverable reserve and production volumes, the Group plans to always take an interest in promising properties and plans to continue exploration investment. At the same time, we plan to invest in development projects, including the acquisition of interests in discovered undeveloped fields and producing fields, so as to maintain an overall balance between assets at the exploration, development, and production stages.

Although exploration and development (including the acquisition of interests) are necessary to secure the reserves essential to the Group's future sustainable business development, each type of investment involves technological and economic risks, and failed exploration or development could have an adverse effect on the results of the Group's operations.

(3) Dependence on specific geographical areas or assets for production volume

The Group engages in stable production of crude oil and natural gas in the Ichthys gas-condensate field (Australia), the onshore and offshore Abu Dhabi oil fields (United Arab Emirates), the Minami Nagaoka Gas Field (Japan) and so on. The areas in which the Group operates are spread broadly throughout Asia-Oceania (particularly Japan, Indonesia and Australia), the Middle East and Africa, Eurasia including the Caspian Sea area and the Americas. For fiscal 2022, however, the Asia and Oceania region accounted for about 40% of the Group's production volume and the Middle East and Africa region accounted for about 43%, with these two regions making up the vast majority of the Group's operations.

The Group currently relies heavily on specific geographical areas and assets for its production volume, and the occurrence of operational issues at these assets could have an adverse effect on the Group's operational results.

(4) Contract expiration dates

Expiration dates are often stipulated in the agreements related to participating interests, which form the basis of the Group's overseas business activities. Should an agreement in which an expiration date is stipulated not be extended, re-extended or renewed, or should the terms and conditions be less favorable (including a reduction in the proportion of the Group's interest) than those existing at the time of extension, re-extension or renewal, there could be an adverse effect on the Group's results. INPEX Group policy to work with our business partners toward the extension, re-extension or renewal of these agreements, should an existing agreement not be extended, re-extended or renewed as a result of agreement negotiations with the national petroleum company of an oil-producing country, or in the event of agreement terms and conditions (including a reduction in the Group's participating interest) that are more disadvantageous than the situation at the time of the extension, re-extension or renewal, this could have an adverse effect on the Group's business or results. Even should the agreements stipulating expiration dates be extended, re-extended or renewed, we anticipate that the remaining recoverable reserves at that time will have decreased due to production developments. Although the Group is striving to acquire interests that can substitute these properties, failure to acquire participating interests in oil and gas fields to fully substitute for these properties could have an adverse effect on the Group's results. In addition, the period for exploration in oil and gas fields currently under exploration is fixed by contracts, and in the case of fields where oil and/or gas reserves are found that are deemed to be commercialized, and the Company is unable to decide on the transition to the development stage by the expiration of the current contract, efforts will be made through negotiations with the government of the oil- or gas-producing country in question to have the periods extended. However, there remains the possibility that such negotiations may not be successfully concluded, in which event the Company would be forced to withdraw from operations in the oil or gas field concerned. Also, as a rule, when there has been a major breach of contract on the part of one party, it is customary for the other party to have the right to cancel the agreement before the expiration date. The agreements for properties in these principal geographical business areas contain similar provisions. The Group has never experienced early cancellation of an agreement due to breach of contract, and we do not anticipate such an occurrence in the future. Nevertheless, a major breach of contract on the part of a party to an agreement could result in cancellation of an agreement before the expiration date.

And in natural gas development and production activities, in many cases we are selling and supplying gas based on long-term sales and supply contracts in which expiration dates are stipulated. We plan to make efforts with partners to extend or re-extend the expiration date before the deadline stipulated in these contracts. Nevertheless, inability to extend the contracts, or the occurrence of cases in which extension is made but sales and supply volumes are reduced, could have an adverse effect on the Group's business or results. Furthermore, the Company may need to purchase or procure additional natural gas from a third party due to events such as changes in the sales terms during the sales or supply contract period, full or partial suspension or delay of project operations or unexpected changes in demand. This could have an effect on the Group's business or results.

(5) Crude oil, condensate, LPG and natural gas reserves

1) Proved reserves

INPEX CORPORATION (the "Company") commissioned DeGolyer and MacNaughton, an independent petroleum engineering consultant in the United States, to assess the main proved reserves of the Group of which projects with a significant amount of future development investment might materially affect future performance. An assessment of other projects was undertaken by the Company. The definition of proved reserves is based on the U.S. Securities and Exchange Commission's (SEC) Regulation S-X, Rule 4-10(a), which is widely known among U.S. investors. Regardless of whether the deterministic approach or probabilistic approach is used in evaluation, proved oil and gas reserves are estimated quantities that geological and engineering data demonstrate with reasonable certainty to be recoverable from known reservoirs under existing economic and operating conditions, from the date of evaluation through to the expiration date of the agreement granting operating rights (or in the event of evidence with a reasonable certainty of agreement, extension through to the expiration of the projected extension period). For definition as "proved reserves," operators must have a reasonable degree of certainty that the recovery of hydrocarbons has commenced or that the project will commence within an acceptable period of time. This definition is widely regarded as being conservative. Nevertheless, the strictness of the definition does not imply any guarantee of the production of total reserves during a future production period. In this context, when probabilistic methods are employed, there should be at least a 90% probability that the quantities actually recovered will equal or exceed the sum of estimated proved reserves.

For further details on proved reserves of crude oil, condensate, LPG and natural gas held by the Group, including equity-method, affiliates accounted please see the section "Oil and Gas Reserves and Production Volume" on P.101.

2) Possibility of changes in reserves

A reserve evaluation depends on the available geological and engineering data from oil and gas reservoirs, the maturity of development plans and a considerable number of assumptions, factors and variables including economic conditions as of the date such an estimate is made. Reserves may be revised in the future on the basis of geological and engineering data as well as development plans and information relating to changes in economic and other conditions made newly available through progress in production and operations. As a result, there is a possibility that reserves will be restated upwards or downwards. As to the reserves under a PSC, not only production, but also oil and gas prices, investments, recovery of investments due to contractual conditions and remuneration fees may affect the economic entitlement. This may cause reserves to increase or decrease. In this way, the assessed value of reserves could fluctuate because of various data, assumptions and changes of definition.

(6) Operatorship

In the oil and natural gas development business, companies frequently form business partnerships for the purpose of the dispersion of risk and financial burden. In such partnerships, one of the companies becomes the operator, which performs the actual work and bears the responsibility for operations on behalf of the partners. The companies other than the operator, as non-operators, participate in the business by providing a predetermined amount of funds and either carefully examining the exploration and development plan devised and implemented by the operator, or participating in some operations.

The Group intends to actively pursue operator projects, focusing on the large-scale Ichthys LNG and other projects taking into consideration the effective application of business resources as well as the balance between operator and non-operator projects, based on the Group's knowhow and technical capability, which has been acquired through considerable operational experience at each of the exploration, development and production stages. The Company has significant expertise as an operator in the development and production of crude oil and natural gas both in Japan and overseas as well as a wealth of know-how and knowledge accumulated over many years as a participant in LNG and other projects in such countries as Indonesia and Australia. In addition, we believe that by utilizing the services of specialized subcontractors and highly experienced external consultants, a practice similar to foreign oil companies including the majors, it will be possible to execute business appropriately as an operator including LNG projects.

Engaging in project coordination as an operator contributes to the expansion of opportunities in acreage acquisition through enhancement of technical capabilities and greater presence in oil-producing countries and the industry. At the same time, there are risks such as constraints on the recruitment of personnel with specialized operational skills and an increase in financial commitments. Inability to adequately cope with such risks could have an adverse effect on the Group's operational results.

(7) Project partners

In the oil and natural gas development business, as previously mentioned, several companies often engage in joint business for the purpose of dispersion of risk and financial burden. In such cases, the partners generally enter into a joint operating agreement among themselves to decide on the decision-making procedure for execution of the joint business, or to decide on an operator that conducts business on their behalf. A company that is a partner in one property in which the Group is engaged in joint business may become a competitor in the acquisition of other participating interests, even though the relationship with the partner may be good.

In undertaking the joint business, participants in principle bear a financial responsibility in proportion to their interest share. Any inability of a joint business partner to fulfill this financial responsibility may adversely affect the project.

(8) In the oil and natural gas development business the period from exploration to sales is highly capital intensive and funds cannot be recovered for a long time

Considerable time and expense is required for exploration activities. Even when promising resources are discovered through exploration, substantial expenses including production facility construction costs, and an extended period of time, are necessary at the development stage leading up to production. For this reason, a long period of 10 years or more is required from the time of exploration and development investment until the recovery of funds through production and sales. In particular, the large-scale LNG projects require a very large amount of investment, and the financing of these projects could be impacted by changes in the economic and financial environment. Following the discovery of resources, a delay in the development schedule or the loss of the economic viability of the properties during the development process leading up to production and the commencement of sales could have an adverse effect on the Group's operational results. Such delays or losses may occur due to changes in the business environment including a delay in the acquisition or modification of government approvals, the occurrence of unanticipated problems related to geological conditions, fluctuations in the price of oil or gas, fluctuations in foreign exchange rates, or escalating prices of equipment and materials. In the case of LNG projects, such delays or losses may occur due to an inability to complete such procedural requirements as FID owing to the lack of any long-term contractual agreement with prospective purchasers with respect to production.

(9) Risk in relation to mine abandonment

The Group books in its accounts, as an asset retirement obligation, the estimated present value of costs related to mine abandonment that will become necessary after finishing operation and production in oil and gas production facilities and the like in accordance with agreements with the authorities of oil-producing countries, applicable laws and regulations and the like. If it is later found that the estimated present value of those costs falls short due to a change in the procedures used for mine abandonment, a rise in expenses for procuring drilling materials and equipment or any other reason, the Group will be required to increase the amount of that asset retirement obligation, which could adversely affect the financial condition and results of operations of the Group.

2. EFFECTS OF FLUCTUATIONS IN CRUDE OIL PRICES, NATURAL GAS PRICES, FOREIGN EXCHANGE AND INTEREST RATES ON FINANCIAL RESULTS

(1) Effects of fluctuations in crude oil prices and natural gas prices on financial results

Crude oil prices and natural gas prices at our overseas businesses are largely determined by international market conditions. In addition, these prices fluctuate significantly due to the influence of a variety of factors including global and regional supply and demand (including a growing downward pressure on demand due to the shift towards a net zero carbon society), trends and conditions in the global economy (including the impact of the contraction of economic activity due to the global pandemic) and financial markets as well as trends in the policies of oil-producing countries and agreements between oil-producing countries on production volume and other matters. The vast majority of these factors are beyond the control of the Company. In this regard, INPEX is not in a position to accurately predict movements in future crude oil and natural gas prices. The Group's sales and profits are subject to the effects of such price fluctuations. A fluctuation of US$1 in the price of crude oil is expected to have a ¥6 billion impact on the Group for the year ending December 31, 2023, as estimated at the beginning of the fiscal period. Such effects are highly complex and are caused by the following factors.

1) Although a majority of natural gas selling prices in overseas businesses are linked to crude oil prices, they are not in direct proportion to crude oil prices.
2) Because sales and profits are determined on the basis of crude oil prices and natural gas prices at the time sales are booked, actual crude oil transaction prices and the average oil price during the accounting period do not necessarily correspond.

Moreover, although the Company is taking measures to reduce a portion of the risks associated with crude oil price fluctuations, these measures by no means cover all possible risks. As a result, the impact of fluctuations in crude oil prices cannot be completely eliminated.

Since the natural gas business in Japan uses domestically produced natural gas and imported LNG as feedstock, changes in the market price for LNG have an effect on feedstock prices and sales prices. There is also the possibility that changes in the competitive environment associated with electric power and gas system reforms will have an effect on natural gas sales prices and sales volumes.

Also, should the recovery of an amount invested in a business asset held by the Group be no longer expected—due to a decrease in profitability associated with changes in the business environment on the basis of changes in future market conditions— since the Group would reduce that business asset's book value to reflect the level of recoverability and the amount of that reduction would be deemed impairment loss, there is the possibility that there could be an adverse effect on the Group's results of operations.

(2) The effect of fluctuations in exchange rates on financial results

As most of the Group's business consists of E&P conducted overseas, associated revenues (sales) and expenditures (costs) are denominated in foreign currencies (primarily in U.S. dollars), and profit and loss is subject to the effects of the foreign exchange market. In the event of appreciation in the value of the yen, yen-denominated sales and profits decrease. Conversely, in the event of depreciation in the value of the yen, yen-denominated sales and profits increase.

On the other hand, when borrowing necessary funds, the Company borrows in foreign currencies. In the event of appreciation in the value of the yen, a foreign exchange gain on foreign-currency denominated borrowings is recorded as a result of fiscal year-end conversion; in the event of depreciation in the value of the yen, a foreign exchange loss is incurred. For this reason, the exchange risk associated with the above business is diminished and the impact of fluctuations in exchange rates on profit and loss tends to be mitigated. A ¥1 appreciation/depreciation against the U.S. dollar is expected to have a ¥3.2 billion impact on the Group for the year ending December 31, 2023. Moreover, although the Company is taking measures to reduce a portion of the risks associated with movements in foreign currency exchange rates, these measures by no means cover all possible risks. As a result, the impact of fluctuations in foreign currency exchange rates cannot be completely eliminated.

(3) The effect of fluctuations in interest rates on financial results

The Group raises some of its business capital through borrowing. Much of these borrowings are variable-rate long term borrowings in U.S. dollars. Accordingly, the Company's profits are subject to the influence of fluctuations in U.S. dollar interest rates. Furthermore, although the Group has devised methods to reduce a portion of interest rate risk, these methods do not cover all risks of interest rate fluctuation incurred by our Group and do not entirely remove the effect of fluctuations in interest rates.

3. CLIMATE CHANGE RISK

In order to achieve the goals of the Paris Agreement and amid growing interest in addressing climate change on a global scale, efforts are being made worldwide to reduce greenhouse gas (GHG) emissions, which are recognized as the cause of climate change and global warming. The Group identifies, assesses and manages climate change risks in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), and specifically recognizes the following risks. The potential for these climate change risks materializing is expected to grow over the medium to long term, and if they do, they could have an adverse effect on the Group's performance.

(1) Policy/regulatory risk

In the event that the countries and regions where the Group operates strengthen climate change actions based on the Paris Agreement or other accords, making changes or enhancements to environmental laws, regulations or standards, including carbon pricing systems such as emissions trading and carbon taxes, the Group would be required to implement additional measures and, in turn, incur financial commitments that could have an adverse effect on the Group's performance.

(2) Technical and market risk

If demand for the Group's oil and natural gas products declines as a result of accelerated progress in low-carbon related technologies and increased price competitiveness of low-carbon products, or due to a preference for low-carbon energy, this may have an adverse effect on the Group's business and performance.

(3) Financing risk

If investors and financial institutions place more importance than in the past on direct and indirect GHG emissions from the Group's business as an evaluation item for climate change risk in investment and financing, the Group's financing and its related terms and conditions may be adversely affected.

(4) Physical risk

Acute risks due to extreme meteorological phenomena such as tropical cyclones and floods, and chronic risks such as rises in average temperature and sea levels over the long term may adversely affect the operations of the Group's facilities.

4. OVERSEAS BUSINESS ACTIVITIES AND COUNTRY RISK

The Group engages in a large number of oil and natural gas development projects overseas. Because the Group's business activities, including the acquisition of participating interests, are conducted on the basis of contracts with the governments of oil-producing countries and other entities, steps taken by oil-producing countries to further tighten controls applicable to home country natural resources, suspension of operation due to conflicts and other factors and other such changes in the political, economic and social circumstances in such oil-producing countries or neighboring countries (including international disputes, government involvement, stage of economic development, economic growth rate, capital reinvestment, resource allocation, restriction of economic activities by global community, government control of foreign exchange or foreign remittances and the balance of international payments), the application of production ceilings in OPEC+ member countries and changes in the legal system and taxation system of those countries (including the establishment or abolition of laws or regulations and changes in their interpretation or enforcement) as well as lawsuits could have a significant impact on the Group's business or results unless the impact is compensated by insurance.

Additionally, against the background of rising development costs and other changes in the business environment, the progress of oil and gas projects and the need to address environmental issues, the governments of oil-producing countries may seek to renegotiate the fiscal conditions including conditions of existing oil contracts related to participating interests. In the event that fiscal conditions of contracts are altered, this could have an adverse effect on the Group's business performance.

In order to respond to the risks listed in items 1 through 4 above, we have introduced guidelines for economic and risk evaluation we conduct on a per-project basis and are recognizing major risks.

When acquiring new projects in the upstream oil and natural gas business, the New Ventures & Global Exploration Division centrally analyzes and examines whether to take on new projects, and takes action against these risks in cooperation with related departments. For existing projects, the INPEX Value Assurance System (IVAS) Committee works as a cross-organizational mechanism mainly for technical evaluation at each project phase, such as exploration, evaluation and development. At the same time, we conduct economic and risk evaluation in principle at least once a year. For major projects, we report a summary of risk evaluation results to the Board of Directors each year. Regarding the renewable energy business and the hydrogen/CCUS business, the Renewable Energy & New Business Division and the Hydrogen & CCUS Development Division coordinate their respective businesses overall, conduct economic evaluation, and evaluate risks and take action against them. When acquiring new projects, the INPEX Value Assurance System (IVAS) Committee and external experts conduct verifications, and a summary of risk evaluation results is reported at Board of Directors Meetings for important projects.

We strive to actively manage risks related to our business in general through measures including formulating and maintaining an emergency/crisis response plan and conducting regular emergency response drills at ordinary times, to enhance our ability to respond to emergency situations caused by events such as major accidents and disasters. In addition, we have formulated a Business Continuity Plan (BCP) and review it as appropriate to prevent important operations from being interrupted. We have been implementing our BCP and taking necessary measures including working from home since 2020 due to the spread of COVID-19. At the same time, we have set up the Corporate Crisis Management Team to assess the state of the entire company including overseas offices.

Furthermore, the Information Security Committee meets both on a regular basis and as needed, taking action on information security on an organizational and systematic basis, as well as conducting education and training including prevention of information leakage.

To manage health, safety and environment (HSE) risk, we strive to continuously improve health and safety, process safety and environmental conservation in our business activities by identifying, analyzing and evaluating HSE risks for each business site based on the HSE Risk Management Procedure established under the HSE Management System. While establishing and implementing measures to address risks, we monitor HSE risks by ensuring that headquarters regularly receives and reviews risk management status reports. We are also working on the company-wide management of security-related risks based on the relevant guidelines and standards. For non-operator projects as well, we are increasing our involvement in their HSE management according to the risks of each project.

We conduct financial risk management regarding crude oil and natural gas prices, currency exchange rates, interest rates and securities prices by identifying their respective risks associated with fluctuations and establishing corresponding management and hedging methods.

To tackle climate change, we have set our goal of achieving net zero carbon emissions by 2050 in line with the Paris Agreement objectives. Towards this goal, the Group will actively promote five business pillars to offer solutions responding to the needs of society in an age of transformation towards a net zero carbon society. Specifically, we will (1) develop a hydrogen business, (2) reduce CO_2 emissions from the oil and gas business (promotion of CCUS, etc.), (3) enhance and emphasize renewable energy initiatives, (4) promote carbon recycling and cultivate new business opportunities and (5) promote forest conservation. By actively promoting these 5 net zero businesses, we will proactively respond to the shift towards a net zero carbon society and aim to be a pioneer of energy transformation.

We manage country risk by, among others, establishing guidelines for handling country risks in the countries where we operate, including setting a maximum target amount of accumulated investments in high-risk countries.

Furthermore, we have developed a mechanism to counter legal risk by establishing the Legal Unit as an independent organization that can provide appropriate legal guidance to business divisions and management regarding matters such as important agreements and lawsuits. Legal support services have also been expanded for operations in Japan and abroad.

Although we strive to manage risks and mitigate their impact by taking these countermeasures, they by no means cover all possible risks. As a result, the impact from individual events cannot be completely eliminated.

II. OTHER BUSINESS RISKS

1. PRODUCTION SHARING CONTRACTS

(1) Details of production sharing contracts

The Group has entered into production sharing contracts with countries including Indonesia and Caspian Sea area, and therefore holds numerous participating interests in those regions.

Production sharing contracts are agreements by which one or several oil companies serve as contractors that undertake at their own expense exploration and development work on behalf of the governments of oil-producing countries or national oil companies and receive production from the projects as cost recovery and compensation. That is to say, when exploration and development work results in the production of oil or natural gas, the contractors recover the exploration and development costs they incurred by means of a share in the production. The remaining production (crude oil and gas) is shared among the oil-producing country or national oil company and the contractors according to fixed allocation ratios. (The contactors' share of production after cost recovery is called "profit oil and gas.") On the other hand, in cases when exploration fails and expected production is not realized, the contractors are not to recover their invested funds.

(2) Accounting treatment of production sharing contracts

When a company in the Group owns participating interests under production sharing contracts, as mentioned above, in the role of contractor it invests technology and funds in the exploration and development of the property, recovers the invested costs from the production produced, and receives a share of the remaining production after recovery of invested costs as compensation.

Costs invested on the basis of production sharing contracts are recorded on the balance sheet as assets for which future recovery is anticipated under the item "Recoverable accounts under production sharing." After the start of production, recovered costs on the basis of those agreements are deducted from this balance sheet item.

As production received under production sharing contracts is divided into the cost recovery portion and the compensation portion, the method of calculating cost of sales is also distinctive. That is to say, the full amount of production received is temporarily charged to cost of sales as the cost of received production, and subsequently the amount of the compensation portion is calculated and this amount is booked as an adjustment item to cost of sales ("Free of charge production allocated"). Consequently, only the cost recovery portion of production after deduction of the compensation portion is booked as cost of sales.

2. RELATIONSHIP WITH THE JAPANESE GOVERNMENT

(1) The Company's relationship with the Japanese government

Although the government of Japan (the Minister of Economy, Trade and Industry) holds 21.19 of the Company's common shares issued (excluding treasury shares) and a Class A Stock as of March 29, 2023, the Company autonomously exercises business judgment as a private corporation. There is no relationship of control, such as through the dispatch of officers or other means between the Company and the Japanese government. Moreover, we believe that no such relationship will develop in the future. Furthermore, there is no concurrent posting or secondment to the Company of officers or employees from the Japanese government.

(2) Ownership and sale of the Company's shares by the Japanese government (the Minister of Economy, Trade and Industry)

The Ministry of Economy, Trade and Industry (METI) holds 21.19% of the Company's common shares issued (excluding treasury shares). METI succeeded to the shares that had been held by Japan National Oil Corporation (JNOC) following the dissolution of JNOC on April 1, 2005. With regard to the liquidation and disposition of the oil and gas upstream assets owned by JNOC, the Policy Regarding the Disposal of Oil and Gas Development-Related Assets Held by Japan National Oil Corporation (hereinafter, the "Report") was announced on March 18, 2003 by the Japan National Oil Corporation Asset Evaluation and Liquidation Deliberation Subcommittee of the Advisory Committee on Energy and Natural Resources, an advisory body of the Ministry of Economy, Trade and Industry. The Report describes the importance of appropriate timing in selling the shares on the market, taking into consideration enterprise value growth. In addition, METI may, in accordance with the Supplementary Provision Article 13 (1) 2 of the "Special Measures Act for Reconstruction Finance Keeping After the Great East Japan Earthquake" ("the Reconstruction Finance Keeping Act" (provisional translation, the same shall apply hereinafter)) enacted December 2, 2011, sell off the Company's shares in Japan or overseas after examining the possibility of disposal of the said shares based on a review of the holdings from the perspective of energy policy. This could have an impact on the market price of the Company's shares.

METI also holds one share of the Company's Class A Stock. As the holder of a Class A Stock, METI possesses veto rights over certain resolutions of the Company's general shareholders' meetings and meetings of the Board of Directors. For details on the Class A Stock, please refer to "4. CLASS A STOCK" on P.99.

3. TREATMENT OF SHARES OF THE GROUP'S PROJECT COMPANY OWNED BY JAPANESE GOVERNMENT AND JOGMEC

(1) Treatment of shares of the Group's project company previously owned by Japan National Oil Corporation (JNOC)

In the aforementioned Report, INPEX CORPORATION (prior to the integration with Teikoku Oil; reorganized on October 1, 2008) was identified as a company that should comprise part of a core company, and is expected to play a role in efficient realization of a stable supply of energy for Japan through the involvement by a national flagship company. In response to the Report, the Company (also, the Group since our acquirement of Teikoku Oil on October 1, 2008) has sought to promote efficient realization of a stable supply of energy for Japan while taking advantage of synergy with the efforts of active resource diplomacy on the part of the Japanese government, and has aimed to maximize shareholder value by engaging in highly transparent and efficient business operations.

As a result, with regard to the integration by means of transfer of shares held by JNOC proposed in the Report, INPEX CORPORATION and JNOC concluded the Basic Agreement Concerning the Integration of Assets Held by JNOC into INPEX CORPORATION of February 5, 2004 (hereinafter the "Basic Agreement") and a memorandum of understanding related to Basic Agreement (hereinafter "MOU"). On March 29, 2004, INPEX CORPORATION and JNOC entered into related contracts including the Basic Contract Concerning the Integration of Assets Held by JNOC into INPEX CORPORATION (hereinafter the "Basic Contract"), achieving the agreement on the details including the treatment of the project companies subject to the integration and shareholding ratios.

In 2004 INPEX CORPORATION accomplished the integration of Japan Oil Development Co., Ltd. (JODCO), INPEX Java Ltd. (disposal was completed on September 30, 2010) and INPEX ABK, Ltd. which are three of four companies covered by the Basic Agreement. Although INPEX Southwest Caspian Sea Ltd. (now INPEX Southwest Caspian Sea, Ltd.) would become a wholly owned subsidiary of INPEX CORPORATION by means of a share exchange and the procedures were undertaken, the share exchange contract was invalidated owing to failure to accomplish the terms and conditions of the share exchange contract and the planned share exchange was cancelled. Following the dissolution of JNOC on April 1, 2005, the Minister of Economy, Trade and Industry succeeded to the INPEX Southwest Caspian shares held by JNOC. The Company continues to study the possibility to acquire the shares. However, the METI's future treatment of these shares is undecided and, depending on the result of review in accordance with the Reconstruction Finance Keeping Act, acquisition of INPEX Southwest Caspian shares could be unavailable.

The treatment of Sakhalin Oil and Gas Development Co., Ltd. (hereinafter "SODECO"), INPEX Masela, Ltd., INPEX North Caspian Sea, Ltd., INPEX North Makassar, Ltd. (liquidation proceedings completed on December 19, 2008), and INPEX Offshore North Campos, Ltd. (following the acquisition of all shares in this company by private-sector shareholders, including INPEX CORPORATION, this company was sold to a third-party in October 2019), was agreed between INPEX CORPORATION and JNOC in the MOU of February 5, 2004. Regarding the treatment of shares of SODECO, refer to the following section "(2) Treatment of the shares of Sakhalin Oil and Gas Development (SODECO) owned by the Japanese government". With regard to the transfer to INPEX CORPORATION of the shares in the above project companies other than SODECO, it was decided that the shares are to be transferred for cash compensation as soon as prerequisites such as the consent of the oil-producing country and joint venture partners and the possibility of appropriate asset evaluations are in place. However, the transfer of shares held by JNOC in the above companies has not been decided and the shares in the above project companies were succeeded to by the Japan Organization for Metals and Energy Security (hereinafter "JOGMEC") on the dissolution of JNOC on April 1, 2005, except shares related to INPEX North Makassar, Ltd., to which the Minister of Economy, Trade and Industry succeeded. JOGMEC states in its "medium-term objective" and "medium-term plan" that the shares succeeded to from JNOC will be disposed of at an appropriate time and in an appropriate manner. However, the timing and manner of disposal for those shares in the above companies held by JOGMEC that have not been acquired by INPEX CORPORATION have not been decided, and it is possible that the Company will be unable to acquire these shares.

(2) Treatment of the shares of Sakhalin Oil and Gas Development (SODECO) owned by the Japanese government

The Japanese government (the Minister of Economy, Trade and Industry) owns 50% of the shares of SODECO. SODECO was established in 1995 to engage in an oil and natural gas exploration and development project located on the northeast continental shelf off Sakhalin Island. The Company holds 6.08% of SODECO shares issued and outstanding.

Regarding the future of this project, we will take appropriate measures while considering the current international situation and trends in factors including the activities of the government.

4. CLASS A STOCK

(1) Overview of the classified share

1) Reason for the introduction

The Company was established as the holding company through a stock transfer between INPEX CORPORATION and Teikoku Oil Co., Ltd. on April 3, 2006. Along with this, a classified share originally issued by INPEX CORPORATION (prior to the merger) was transferred and at the same time the Company issued a classified share with the same effect (hereinafter the "Class A Stock") to the Minister of Economy, Trade and Industry. The classified share originally issued by INPEX CORPORATION was the minimally required and a highly transparent measure to eliminate the possibility of management control by foreign capital while not unreasonably impeding the efficiency and flexibility of management based on the concept in the Report discussed in the above section 3. "TREATMENT OF SHARES OF THE GROUP'S PROJECT COMPANY OWNED BY JAPANESE GOVERNMENT AND JOGMEC." INPEX CORPORATION is identified as a company that should comprise part of a core company for Japan's oil and gas upstream industry and is expected to play a role in efficient realization of a stable supply of energy for Japan as a national flagship company. On the basis of the concept of the Report, following a speculative acquisition or an attempt at management controlled by foreign capital, Class A Stock is designed and issued to be highly transparent while not unreasonably impeding the efficiency and flexibility of management and to keep the effects of any such speculative acquisition to the necessary minimum. At the same time, Class A Stock maintains the Company's role in the efficient implementation of a stable supply of energy for Japan as a core business, so that management is not conducted in a way contradictory to that role and no negative impact is felt.

2) Shareholders' meeting resolutions, dividends, distribution of residual assets, and redemption

Unless otherwise provided by laws or ordinances, the Class A Stock does not have any voting rights at the Company's general shareholders' meetings. With regard to cash dividends paid and the distribution of residual assets, the Company concluded a stock split at a ratio of 1:400 of common stock with October 1, 2013, as the effective date. For Class A Stock (unlisted) no stock split was conducted. The Articles of Incorporation specify that dividends of Class A Stock are equivalent to dividends of a common stock prior to the stock split. The Class A Stock will be redeemed by resolution of the Board of Directors of the Company if the holder of the Class A Stock requests redemption or if the

Class A Stock is transferred to a party other than the government of Japan or an independent administrative body that is fully funded by the government of Japan.

3) Veto rights in the Articles of Incorporation

The Articles of Incorporation of the Company provide that an approval resolution of the meeting of the holder of the Class A Stock is necessary in addition to resolutions of the Company's general shareholders' meetings and resolutions of meetings of the Board of Directors for the decisions on certain important matters such as the appointment or removal of Directors, disposition of material assets, changes to the Articles of Incorporation, business integration, capital reduction or company dissolution in connection with the business of the Company. Accordingly, the Minister of Economy, Trade and Industry, as the holder of the Class A Stock, has veto rights over these important matters. With regard to the cases in which the Class A Stock veto rights are exercisable, please refer to "4) Criteria for the exercise of veto rights provided in the criteria for the exercise of the Class A Stock holder's voting rights", below.

4) Criteria for the exercise of veto rights provided in the criteria for the exercise of the Class A Stock holder's voting rights

Criteria concerning the exercise of the veto rights have been established in a Ministry of Economy, Trade and Industry Notice (No. 54, 2022) (hereinafter the "Notice"). The criteria stipulate the exercise of veto rights only in the following specific cases.

- When resolutions pertaining to appointment or removal of Directors and integration are not voted down and it is judged that the probability is high that the Company will engage in management inconsistent with the role that a core company should perform for efficient realization of a stable supply of energy to Japan.
- With regard to decisions related to the disposal of all or part of significant assets, when resolutions pertaining to disposition of material assets are not voted down and the objects of disposition are oil and natural gas exploration or production rights or rights similar thereto or shares or ownership interest in the Company's subsidiary whose principal assets are said rights and it is judged that the probability is high that the Company will engage in management inconsistent with the role that a core company should perform for efficient realization of a stable supply of energy to Japan.
- When resolutions pertaining to amendments to the Company's Articles of Incorporation relating to changes in the Company's business objectives, reduction in the amount of capital, or dissolution are not voted down and it is judged that the probability is high that the Company will engage in management inconsistent with the role that a core company should perform for efficient realization of a stable supply of energy to Japan.
- When resolutions pertaining to amendments to the Articles of Incorporation granting voting rights to any shares other than the common shares of the Company are not voted down and could have an effect on the exercise of the voting rights of the Class A Stock.

It is provided that the above criteria shall not be limited in the event that the Notice is changed in the light of energy policy.

(2) Risk in connection with the Class A Stock

Following a speculative acquisition or an attempt at management controlled by foreign capital, Class A Stock is designed and issued to be highly transparent while not unreasonably impeding the efficiency and flexibility of management and to keep the effects of any such speculative acquisition to the necessary minimum. At the same time, Class A Stock maintains the Company's role in the efficient implementation of a stable supply of energy for Japan as a core business, so that management is not conducted in a way contradictory to that role and no negative impact is felt. Nevertheless, the anticipated risks in connection with the Class A Stock include the following.

1) Possibility of conflict of interest between national policy and the Company and its common shareholders

It is conceivable that the Minister of Economy, Trade and Industry could exercise the veto rights in accordance with the above criteria provided in the Notice. As the said criteria have been provided from the standpoint of efficient realization of a stable supply of energy to Japan, it is possible that the exercise of the veto rights by the Minister of Economy, Trade and Industry could conflict with the interest of other shareholders who hold the Company's common shares. Also, it is possible that the said criteria could be changed in the light of energy policy.

2) Impact of the exercise of veto rights on the price of shares of common stock

As mentioned above, as the holder of the Class A Stock has the veto rights over certain important matters in connection with the business of the Company, the actual exercise of the veto rights over a certain matter could have an impact on the price of the Company's shares of common stock.

3) Impact on the Company's degree of freedom in business and business judgment

As the Minister of Economy, Trade and Industry holds the Class A Stock with the previously mentioned veto rights, the Company needs a resolution of the meeting of the holder of the Class A Stock concerning the above matters. For this reason, the Company's degree of freedom in management in those matters could be restricted by the judgment of the Minister of Economy, Trade and Industry. Also, attendant on the need for a resolution of the meeting of the holder of the Class A Stock concerning the above matters, a certain period of time is required for procedures such as the convening and holding of meetings and resolutions and for the processing of formal objections, if necessary.

5. CONCURRENTLY SERVING OUTSIDE DIRECTORS

The Board of Directors of the Company is currently composed of 12 members, five of whom are outside directors.

Two of the five outside directors have many years' experience and knowledge of the Company's business and are able to offer objective, professional advice regarding operations. For this reason, they were asked to join the Board of Directors to contribute to the development of the Company's business. One of the directors concurrently serves as an advisor of Mitsubishi Corporation (hereinafter "shareholder corporations").

At the same time, however, the shareholder corporations are involved in businesses that overlap with those of the Company. The Company therefore recognizes that it must pay particular attention to corporate governance to avoid conflicts of interest in connection with competition and other matters.

To this end, all Company directors, including the one outside director described above, are required to sign a written undertaking to carry out their duties as officers of the Company appropriately and with the highest regard for the importance of such matters as their obligations in connection with noncompetitive practices under the Japanese Companies Act, the proper manner for dealing with conflict of interest, and confidentiality.

Oil and Gas Reserves and Production Volume

1. Oil and Gas Reserves

Proved reserves

The following tables list the proved reserves of crude oil, condensate, LPG and natural gas of INPEX CORPORATION, its consolidated subsidiaries and equity-method affiliates (the "Group") on main projects. Disclosure contents for proved reserves are determined in accordance with the rules and regulations of the U.S. Financial Accounting Standards Board (the "FASB"), and are presented in accordance with the Accounting Standards Codification Topic 932 "Extractive Activities —Oil and Gas" ("Topic 932"). The Group's proved reserves as of December 31, 2022, were 2,860 million barrels for crude oil, condensate and LPG, and 4,740 billion cubic feet for natural gas, for a total of 3,738 million boe.

	Japan		Asia & Oceania		Eurasia, Middle East & Africa		Americas		Total	
	Crude oil (MMbbl)	Gas (Bcf)	Crude oil (MMbbl)	Gas (Bcf)	Crude oil (MMbbl)	Gas (Bcf)	Crude oil (MMbbl)	Gas (Bcf)	Crude oil (MMbbl)	Gas (Bcf)
Proved developed and undeveloped reserves										
INPEX CORPORATION and Consolidated Subsidiaries										
As of December 31, 2020	16	646	152	4,359	2,476	215	39	10	2,684	5,229
Extensions and discoveries	—	—	—	—	—	—	—	—	—	—
Acquisitions and sales	—	—	—	—	(6)	—	1	1	(5)	1
Revisions of previous estimates	0	4	(0)	1	133	(20)	(3)	21	129	6
Interim production	(1)	(40)	(19)	(377)	(99)	(10)	(3)	(9)	(121)	(436)
As of December 31, 2021	15	610	133	3,983	2,504	186	34	22	2,686	4,801
Equity-method affiliates	—	—	—	—	—	—	—	—	—	—
As of December 31, 2020	—	—	2	357	15	—	—	—	16	357
Extensions and discoveries	—	—	—	—	—	—	—	—	—	—
Acquisitions and sales	—	—	—	—	—	—	—	—	—	—
Revisions of previous estimates	—	—	(0)	(18)	6	—	—	—	5	(18)
Interim production	—	—	(0)	(21)	(4)	—	—	—	(4)	(21)
As of December 31, 2021	—	—	1	318	17	—	—	—	18	318
Proved developed and undeveloped reserves										
As of December 31, 2021	15	610	134	4,300	2,520	186	34	22	2,704	5,118
INPEX CORPORATION and Consolidated Subsidiaries										
As of December 31, 2021	15	610	133	3,983	2,504	186	34	22	2,686	4,801
Extensions and discoveries	—	—	—	—	—	—	—	—	—	—
Acquisitions and sales	—	—	—	—	45	53	(3)	(2)	42	51
Revisions of previous estimates	1	27	(3)	10	283	(3)	(18)	(5)	263	30
Interim production	(1)	(37)	(16)	(362)	(118)	(12)	(3)	(3)	(138)	(414)
As of December 31, 2022	15	600	114	3,632	2,714	223	10	12	2,853	4,467
Equity-method affiliates										
As of December 31, 2021	—	—	1	318	17	—	—	—	18	318
Extensions and discoveries	—	—	—	—	—	—	—	—	—	—
Acquisitions and sales	—	—	—	—	(6)	—	—	—	(6)	—
Revisions of previous estimates	—	—	(0)	(24)	(2)	—	—	—	(2)	(24)
Interim production	—	—	(0)	(21)	(3)	—	—	—	(3)	(21)
As of December 31, 2022	—	—	1	273	6	—	—	—	7	273
Proved developed and undeveloped reserves										
As of December 31, 2022	15	600	115	3,905	2,719	223	10	12	2,860	4,740
Proved developed reserves										
INPEX CORPORATION and Consolidated Subsidiaries										
As of December 31, 2022	15	591	110	2,839	1,730	223	9	12	1,865	3,665
Equity-method affiliates										
As of December 31, 2022	—	—	1	214	5	—	—	—	6	214
Proved undeveloped reserves										
INPEX CORPORATION and Consolidated Subsidiaries										
As of December 31, 2022	0	9	4	793	983	—	0	0	988	802
Equity-method affiliates										
As of December 31, 2022	—	—	0	59	1	—	—	—	1	59

Notes: 1. Based on SEC disclosure standards, the Group discloses proved reserves in each country containing 15% or more of its proved reserves. As of December 31, 2022, the Group held proved reserves in Australia of approximately 109 million barrels for crude oil and approximately 3,494 billion cubic feet for natural gas, for a total of approximately 758 million BOE.
2. Proved reserves (as of December 31, 2022) of the following blocks and fields include the portion attributable to non-controlling interests. Eurasia, Middle East & Africa: ACG (49.00%), Kashagan (49.00%), Snorre, etc. (49.49%), Abu Dhabi Onshore Concession (34.24%)
3. MMbbl: Million barrels
4. Bcf: Billion cubic feet
5. Crude oil includes condensate and LPG
6. Oil and gas reserves are rounded to the nearest whole number.
7. Eurasia and Middle East & Africa are combined.

Standardized measure of discounted future net cash flows and their changes relating to proved oil and gas reserves for the year ended December 31, 2022

Disclosure contents for the standardized measure of discounted future net cash flows and their changes relating to proved reserves for the year ended December 31, 2022 are determined in accordance with the rules and regulations of the FASB, and are presented in accordance with Topic 932.

In calculating the standardized measure of discounted future cash inflows, the arithmetic average of oil and gas prices at the first day of each month during the current fiscal year is applied to the estimated annual future production from proved reserves. Future development and production costs are estimated based upon the assumptions of constant oil and gas prices and the continuation of existing economic, operating and regulatory conditions. Future income tax expenses are calculated by applying the year-end statutory tax rates to estimated future pretax cash flows less the tax basis of the properties involved based upon laws and regulations already legislated at year-end. The discount is computed by applying a prescribed discount rate of 10% to the estimated future net cash flows.

The translation of U.S. dollar amounts into yen amounts is computed by applying the year-end exchange rates (TTM) of ¥115.02 and ¥132.70 to the U.S. dollar as of December 31, 2021 and December 31, 2022, respectively.

Since these figures are calculated in accordance with the rules set forth by the FASB, which have the following aspects, they do not represent the fair market value nor the Group's estimation for the present value of the cash flows of reserves of crude oil, condensate, LPG and natural gas.

- No economic value is attributed to potential reserves.
- A prescribed discount rate of 10% is applied.
- Oil and gas prices are subject to constant fluctuations despite the assumptions of constant oil and gas prices of Topic 932.

	Millions of yen				
December 31, 2021	Total	Japan	Asia & Oceania	Eurasia, Middle East & Africa	Americas
INPEX CORPORATION and Consolidated Subsidiaries					
Future cash inflows	¥ 23,355,208	¥ 833,868	¥ 2,912,521	¥ 19,356,096	¥ 252,724
Future production and development costs	(8,358,835)	(291,923)	(1,215,605)	(6,695,678)	(155,629)
Future income tax expenses	(10,924,329)	(174,799)	(157,632)	(10,582,717)	(9,180)
Future net cash flows	4,072,045	367,146	1,539,284	2,077,701	87,914
10% annual discount for estimated timing of cash flows	(1,972,952)	(201,968)	(546,145)	(1,191,511)	(33,328)
Standardized measure of discounted future net cash flows	2,099,093	165,178	993,138	886,190	54,586
Equity-method affiliates					
Future cash inflows	421,317	—	291,411	129,907	—
Future production and development costs	(144,212)	—	(101,817)	(42,395)	—
Future income tax expenses	(115,078)	—	(66,910)	(48,168)	—
Future net cash flows	162,027	—	122,684	39,343	—
10% annual discount for estimated timing of cash flows	(59,307)	—	(51,722)	(7,585)	—
Share of equity-method investees' standardized measure of discounted future net cash flows	102,721	—	70,963	31,758	—
Total consolidated and equity-method affiliates in standardized measure of discounted future net cash flows	¥ 2,201,813	¥ 165,178	¥ 1,064,101	¥ 917,948	¥ 54,586

Notes: 1. Reserves of the following blocks and fields include the portion attributable to non-controlling interests.
Eurasia, Middle East & Africa: ACG (49.00%), Kashagan (49.00%), Abu Dhabi Onshore Concession (34.24%)
2. Amounts are basically rounded to the nearest million.
3. Eurasia and Middle East & Africa are combined.

	Millions of yen				
December 31, 2022	Total	Japan	Asia & Oceania	Eurasia, Middle East & Africa	Americas
INPEX CORPORATION and Consolidated Subsidiaries					
Future cash inflows	¥ 40,247,501	¥1,356,592	¥ 4,084,837	¥ 34,694,585	¥ 111,488
Future production and development costs	(12,123,550)	(370,071)	(1,255,646)	(10,445,402)	(52,431)
Future income tax expenses	(21,996,683)	(301,187)	(746,640)	(20,943,860)	(4,996)
Future net cash flows	6,127,269	685,334	2,082,551	3,305,324	54,061
10% annual discount for estimated timing of cash flows	(2,867,983)	(395,319)	(633,382)	(1,821,683)	(17,599)
Standardized measure of discounted future net cash flows	3,259,286	290,014	1,449,169	1,483,641	36,462
Equity-method affiliates					
Future cash inflows	494,544	—	436,632	57,912	—
Future production and development costs	(103,176)	—	(89,726)	(13,450)	—
Future income tax expenses	(148,026)	—	(112,762)	(35,265)	—
Future net cash flows	243,342	—	234,145	9,198	—
10% annual discount for estimated timing of cash flows	(92,012)	—	(90,243)	(1,769)	—
Share of equity-method investees' standardized measure of discounted future net cash flows	151,330	—	143,902	7,429	—
Total consolidated and equity-method affiliates in standardized measure of discounted future net cash flows	¥ 3,410,616	¥ 290,014	¥ 1,593,071	¥ 1,491,069	¥ 36,462

Notes: 1. Reserves of the following blocks and fields include the portion attributable to non-controlling interests.
Eurasia, Middle East & Africa: ACG (49.00%), Kashagan (49.00%), Snorre, etc. (49.49%), Abu Dhabi Onshore Concession (34.24%)
2. Amounts are basically rounded to the nearest million.
3. Eurasia and Middle East & Africa are combined.

	Millions of yen					
	Total	Japan	Asia & Oceania	Eurasia, Middle East & Africa	Americas	Equity-method affiliates
INPEX CORPORATION and Consolidated Subsidiaries						
Standardized measure at beginning of the period, as of January 1, 2022	¥ 2,201,813	¥165,178	¥ 993,138	¥ 886,190	¥ 54,586	¥102,721
Changes resulting from:	—	—	—	—	—	—
Sales and transfers of oil and gas produced, net of production costs	(958,803)	(41,350)	(292,301)	(571,804)	(25,816)	(27,532)
Net changes in oil and gas prices and production costs	3,197,151	151,548	743,519	2,127,071	70,376	104,638
Development costs incurred	208,492	3,119	97,728	83,749	19,386	4,511
Changes in estimated future development costs	(39,882)	(397)	(24,807)	(36,918)	22,170	69
Revisions of previous quantity estimates	1,830,684	1,179	(7,105)	1,988,006	(111,841)	(39,556)
Accretion of discount	221,261	16,433	98,603	92,395	4,830	8,999
Net change in income taxes	(3,602,874)	(31,086)	(312,264)	(3,262,579)	2,685	370
Extensions, discoveries and improved recoveries	14,328	—	—	41,313	(8,305)	(18,680)
Other	338,446	25,390	152,658	136,218	8,391	15,789
Standardized measure at end of the period, as of December 31, 2022	¥ 3,410,616	¥290,014	¥1,449,169	¥ 1,483,641	¥ 36,462	¥151,330

Notes: 1. Reserves of the following blocks and fields include the portion attributable to non-controlling interests.
Eurasia, Middle East & Africa: ACG (49.00%), Kashagan (49.00%), Snorre, etc. (49.49%), Abu Dhabi Onshore Concession (34.24%)
2. Amounts are basically rounded to the nearest million.
3. Eurasia and Middle East & Africa are combined.

2. Oil and Gas Production

The following tables show the Group's production by segment for the year ended December 31, 2022.

	2018/3	2019/3	2019/12	2020/12	2021/12	2022/12
Oil (Thousand bbl/day):						
Japan	3.7	3.5	3.1	3.0	2.9	2.6
Asia & Oceania	21.4	18.9	47.7	42.7	51.6	45.3
Eurasia (Europe & NIS)	41.5	46.5	47.7	51.9	50.1	64.2
Middle East & Africa	257.2	231.2	244.6	225.8	230.9	270.6
Americas	5.4	3.2	9.2	7.7	8.1	7.5
Total	329.1	303.3	352.4	331.1	343.5	390.3
Natural gas (MMcf/day):						
Japan	145.6	131.6	118.6	110.5	110.2	100.9
Asia & Oceania	374.9	400.1	1,019.7	1,076.5	1,088.9	1,048.3
Eurasia (Europe & NIS)	21.4	27.4	24.5	24.8	26.4	53.7
Middle East & Africa	—	—	—	—	—	—
Americas	107.8	89.9	63.6	52.7	25.8	8.6
Total	649.7	649.0	1,226.4	1,264.6	1,251.3	1,211.5
Crude oil and natural gas (Thousand BOE/day):						
Japan	31.1	28.2	25.4	23.7	23.6	21.0
Asia & Oceania	91.4	94.1	243.0	250.0	261.9	247.4
Eurasia (Europe & NIS)	45.3	51.3	52.1	56.3	54.8	73.8
Middle East & Africa	257.2	231.2	244.6	225.8	230.9	270.6
Americas	24.9	19.5	21.0	17.5	13.0	9.4
Total	449.9	424.3	586.2	573.4	584.3	622.2

Notes: 1. LPG produced outside Japan is included in crude oil.
2. The above production volumes include proportional interests in production by equity-method affiliates.
3. The production volume under the production sharing contracts entered into by the INPEX Group corresponds to the net economic take of the Group.

Corporate Information (As of December 31, 2022)

Information Disclosure and Activities for Shareholders and Investors

INPEX IR Activities
INPEX is committed to timely and appropriate disclosure of information to shareholders and investors and to close communication with them. Feedback received from shareholders and investors is regularly reported to management as part of our efforts to enhance corporate value.

Overview of IR Activities
INPEX is eager to resume face-to-face IR activities, such as overseas road shows and facility tours for institutional investors, analysts and individual investors that had been partially downscaled or suspended since 2020 to prevent the spread of COVID-19. INPEX's spokespersons include the Representative Director and Chairman; Representative Director, President and CEO; Senior Vice President, Corporate Strategy & Planning; and Senior Vice President, Finance & Accounting. Our Corporate Communications Unit is in charge of practical matters related to IR activities.

Over the last three fiscal years, the following meetings were held to actively exchange views on INPEX's Long-term Strategy and Medium-term Business Plan, financial forecasts, cash allocation, shareholder returns, the situation of Ichthys and other projects, climate change actions, corporate governance, and other topics. Opinions and concerns raised by shareholders and investors through such dialogue have been fed back to INPEX's management and Board of Directors. They will receive such feedback about four times a year from the fiscal year ending December 31, 2023 (fiscal 2023), onward.

Activities	Events in fiscal 2020	Events in fiscal 2021	Events in fiscal 2022
One-on-one meetings with Japanese institutional investors and analysts	121	140	128
One-on-one meetings with overseas institutional investors and analysts	54	89	100
Financial results briefings for institutional investors and analysts (live streaming provided since 2022 with Japanese-English simultaneous interpretation)	3	2	2
Overseas road shows	1	0	1
Conferences organized by securities companies	1	5	5
Briefings for individual investors	3	2	5

General Meetings of Shareholders
The Notice of the 17th Ordinary General Meeting of Shareholders, which included information on how to access the materials for the meeting, was mailed to shareholders on March 6, 2023, three weeks before the Ordinary General Meeting (For shareholders who requested delivery of documents, Material of the 17th Ordinary General Meeting of Shareholders was mailed). Prior to the dispatch of the above materials, the electronic convocation of this General Meeting of Shareholders were posted on the Company's website on February 27. In addition, the proceedings of the Ordinary General Meeting of Shareholders were streamed live via the internet.

	Fiscal 2020 results	Fiscal 2021 results	Fiscal 2022 results
Total number of shareholders	108,717	136,935	220,536
Number of attending shareholders at general meeting	127	130	205

Credit Rating (As of June 30, 2023)

Credit Rating Agency	Long-Term Credit Ratings	Short-Term Credit Ratings
Moody's	A2 (stable)	—
Standard & Poor's	A- (positive)	A-2

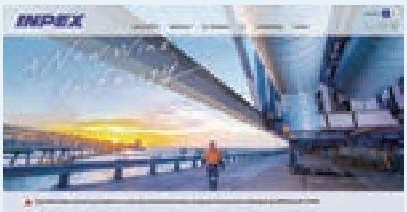
Credit Rating Agency	Long-Term Credit Ratings	Short-Term Credit Ratings
Rating & Investment Information (R&I)	AA (stable)	a-1+
Rating & Japan Credit Rating Agency	AA+ (stable)	—

Status of Inclusion in Major Indexes (As of June 2023)

- Nikkei Stock Average (Nikkei 225)
- TOPIX
- JPX-Nikkei Index 400
- MSCI Japan Index
- MSCI World Energy Index
- FTSE4Good Developed Index/FTSE4Good Japan Index
- FTSE Blossom Japan Index/FTSE Blossom Japan Sector Relative Index
- MSCI ESG Leaders Indexes/MSCI Japan ESG Select Leaders Indexes
- S&P/JPX Carbon Efficient Index
- STOXX Global ESG Leaders Index
- ECPI World ESG Equity/ ECPI Global Carbon Liquid/ ECPI Global Developed ESG Best in Class
- SOMPO Sustainability Index
- iSTOXX MUTB Japan Platinum Career 150 Index

Website Information

https://www.inpex.co.jp/english/



About INPEX

https://www.inpex.co.jp/english/company/

▶ INPEX Vision @2022

https://www.inpex.co.jp/english/company/midterm.html

Our Business

https://www.inpex.co.jp/english/business/

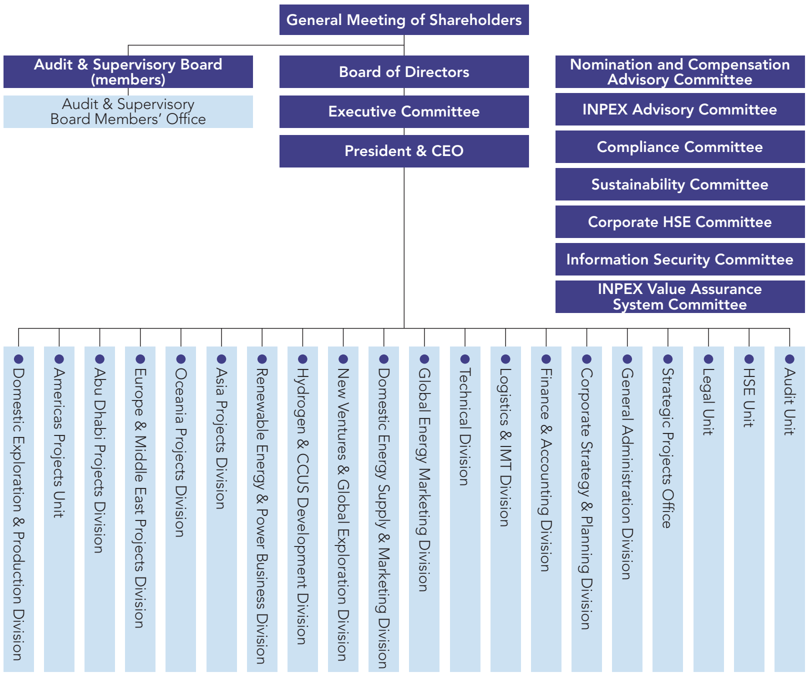
Corporate Data

Company Name	INPEX CORPORATION
Established	April 3, 2006
Capital	¥290,809,835,000
Company Headquarters	Akasaka Biz Tower, 5-3-1 Akasaka, Minato-ku, Tokyo 107-6332, Japan
Number of Employees (Consolidated)	3,364

Main Business

Research, exploration, development, production and sales of oil, natural gas and other mineral resources, other related businesses and investment and lending to the companies engaged in these activities, etc.

Organization Chart (As of June 30, 2023)



Stock Data

Authorized Shares

3,600,000,000 common stocks

1 Class A Stock

Total Number of Shareholders and Issued Shares

Common Stock 220,536/1,386,667,167 shares

Class A Stock* 1 shareholder (Minister of Economy, Trade and Industry) / 1 share

*The Company's Articles of Incorporation stipulate that certain major corporate decisions require a resolution by the holder of the Class A Stock in addition to the approval of the shareholders' meetings or the Board of Directors.

Major Shareholders (Common Stock)

Name	Number of common shares	Percentage of total common shares* (%)
Minister of Economy, Trade and Industry	276,922,800	21.19
The Master Trust Bank of Japan, Ltd. (Trust Account)	180,179,600	13.79
Custody Bank of Japan (Trust Account)	67,459,000	5.16
Japan Petroleum Exploration Co., Ltd.	53,446,600	4.09
JAPAN SECURITIES FINANCE CO., LTD.	33,129,400	2.53
SMBC Nikko Securities Inc.	28,050,100	2.15
STATE STREET BANK WEST CLIENT - TREATY 505234	19,864,543	1.52
CEP LUX - ORBIS SICAV	19,805,492	1.52
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	19,331,456	1.48
JPMorgan Securities Japan Co., Ltd.	17,116,156	1.31

*The shareholder ratio is calculated after subtracting treasury shares (79,762,500 shares). The shareholder ratio is rounded off to the nearest whole number.

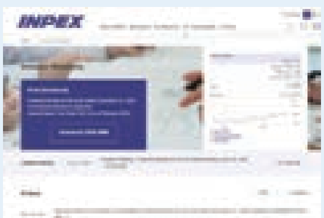
Shareholding by Shareholder Type

Shareholder type	Number of shareholders	Number of common shares	Percentage of total common shares[2] (%)
Financial Institutions (Including Trust Accounts)	84	319,860,263	23.07
Securities Companies	68	83,571,492	6.03
Other Domestic Corporations	1,173	89,660,634	6.47
Minister of Economy, Trade and Industry[1]	1	276,922,800	19.97
Foreign Corporations	1,338	414,660,817	29.90
Individuals and Other	217,871	122,228,661	8.81
Treasury Shares	1	79,762,500	5.75

1. Excludes one Class A Stock
2. The shareholder ratio is rounded off to the nearest whole number.

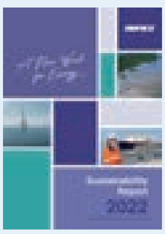
IR

https://www.inpex.co.jp/english/ir/



Sustainability

https://www.sustainability-report.inpex.co.jp/fy2022/en/



▶ Sustainability Report

Inquiries

For IR inquiries, as well as to offer comments and opinions about this report, please contact below.

Corporate Strategy & Planning Division
Corporate Communications Unit
Investor Relations Group
Web site:
www.inpex.co.jp/english/ir/inquiries.html

Akasaka Biz Tower
5-3-1 Akasaka, Minato-ku, Tokyo 107-6332, Japan
https://www.inpex.co.jp/english

This Report was printed using environmentally conscious methods and vegetable oil-based ink.