



## Consolidated Financial Results for the Six Months ended June 30, 2023 [Japanese GAAP]

August 9, 2023

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

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Scheduled date of payment of cash dividends : September 1, 2023

Preparation of supplementary explanatory materials : Yes

Meeting of quarterly financial results presentation : Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded off)

### 1. Consolidated Financial Results for the Six Months ended June 30, 2023 (January 1, 2023 - June 30, 2023)

#### (1) Consolidated operating results

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

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
For the six months ended June 30, 2023	1,078,789	(1.8)	570,534	(2.4)	696,485	11.2	254,255	38.1
June 30, 2022	1,098,476	—	584,548	—	626,327	—	184,144	—

(Note): Consolidated comprehensive income: for the six months ended June 30, 2023, ¥543,874 million; [(20.6)%]  
for the six months ended June 30, 2022, ¥684,627 million; [-%]

	Net income per share-basic	Net income per share-diluted
For the six months ended June 30, 2023	Yen 194.68	Yen —
June 30, 2022	132.83	—

(Notes): 1. In the third quarter ended September 30, 2022, the Company finalized the tentative accounting treatment of the business combinations. As a result, the figures for the six months ended June 30, 2022 reflect the finalization of the tentative accounting treatment.

2. The figures for the six months ended June 30, 2022 were adjusted retrospectively according to the changes in accounting policies, and the figures after retrospective application are presented. The changes from the corresponding period of the previous fiscal year are not shown.

#### (2) Consolidated financial position

	Total assets	Net assets	Net assets excluding non-controlling interests as a percentage of total assets
	Millions of Yen	Millions of Yen	%
As of June 30, 2023	6,864,727	4,535,685	62.2
As of December 31, 2022	6,259,853	4,022,370	60.1

(Reference): Net assets excluding non-controlling interests: as of June 30, 2023, ¥4,270,206 million  
as of December 31, 2022, ¥3,760,852 million

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

## 2. Dividends

	Cash dividends per share				
	At 1st quarter end	At 2nd quarter end	At 3rd quarter end	At fiscal year end	Total
	Yen	Yen	Yen	Yen	Yen
For the year ended December 31, 2022	–	30.00	–	32.00	62.00
For the year ending December 31, 2023	–	37.00			
For the year ending December 31, 2023 (forecast)			–	37.00	74.00

- (Notes): 1. Changes in projected dividends for the year ending December 31, 2023 from the previous forecast: Yes  
2. “Dividends” as stated above refer to common stock. For information regarding Class A stock (not listed), please refer to Exhibit “Dividends of Class A stock.”  
3. For information regarding revision of dividend forecast, please refer to the press release “Notice Concerning Interim Dividend and Revision to Year-end Dividend Forecast” issued today (August 9, 2023).

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

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

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen
For the year ending December 31, 2023	2,031,000	(12.6)	1,009,000	(19.0)	1,151,000	(20.2)	320,000	(30.6)	245.02

- (Notes): 1. Changes in forecasts for consolidated financial results for the year ending December 31, 2023 from the previous forecast: Yes  
2. The changes from the previous fiscal year were adjusted retrospectively according to the changes in accounting policies, and the changes presented are for the comparison with the figures for the previous fiscal year after retrospective application.

### Notes

(1) Significant changes in scope of consolidation : None  
(Changes in the specified subsidiaries during the period due to change in scope of consolidation)

(2) Adoption of accounting treatments which are exceptional for quarterly consolidated financial statements : None

(3) Changes in accounting policies, accounting estimates and restatement of corrections

1. Changes in accounting policies resulting from the revision of the accounting standards and other regulations : Yes  
2. Other changes in accounting policies : None  
3. Changes in accounting estimates : None  
4. Restatement of corrections : None

(Note): Please refer to “2. Consolidated Financial Statements and Principal Notes (4) Notes to Consolidated Financial Statements (Changes in Accounting Policies)” on page 11 for further information.

(4) Number of shares issued (Common stock)

1. Number of shares issued at the end of the period (including treasury stock): 1,386,667,167 shares as of June 30, 2023  
1,386,667,167 shares as of December 31, 2022  
2. Number of treasury stock at the end of the period: 80,654,673 shares as of June 30, 2023  
80,672,863 shares as of December 31, 2022  
3. Average number of shares: 1,306,002,898 shares for the six months ended June 30, 2023  
1,386,326,951 shares for the six months ended June 30, 2022

(Note): The shares held by “the Board Incentive Plan Trust” are included in number of treasury stock at end of period.  
(As of June 30, 2023: 892,173 shares As of December 31, 2022: 910,363 shares)

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

### \*Explanation regarding the appropriate use of estimated consolidated financial results

The aforementioned forecasts are based on the currently available information and contain many uncertainties. The final results might be significantly different from the aforementioned forecasts due to changes in business conditions including oil and natural gas price levels, production and sales plans, project development schedules, government regulations and financial and tax schemes. Regarding the forecasts, please refer to “1. Qualitative Information / Financial Statements (3) Explanation regarding future forecast information such as Forecasts for Consolidated Financial Results” on page 4.

Exhibit:

Dividends of Class A stock

	Cash dividends per share				
	At 1st quarter end	At 2nd quarter end	At 3rd quarter end	At fiscal year end	Total
	Yen	Yen	Yen	Yen	Yen
For the year ended December 31, 2022	–	12,000.00	–	12,800.00	24,800.00
For the year ending December 31, 2023	–	14,800.00			
For the year ending December 31, 2023 (forecast)			–	14,800.00	29,600.00

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

2. For information regarding revision of dividend forecast, please refer to the press release “Notice Concerning Interim Dividend and Revision to Year-end Dividend Forecast” issued today (August 9, 2023).

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## 1. Qualitative Information/Financial Statements

In the third quarter ended September 30, 2022, the tentative accounting treatment of the business combinations was finalized, and in the comparative analysis with the six months ended June 30, 2022, the figures reflect the significant revision of the initial allocation of acquisition costs due to the finalization of the tentative accounting treatment. Please refer to “2. Consolidated Financial Statements and Principal Notes (4) Notes to Consolidated Financial Statements (Business Combinations)” for further information.

In addition, the changes in accounting policies have been made from the first quarter ended March 31, 2023, and the figures after retrospective application are used in the comparative analysis with the six months ended June 30, 2022 and the year ended December 31, 2022. Please refer to “2. Consolidated Financial Statements and Principal Notes (4) Notes to Consolidated Financial Statements (Changes in Accounting Policies)” for further information.

Furthermore, the change in reportable segments has been made from the first quarter ended March 31, 2023, and the figures reflect the revision of the method of calculation for a portion of the sales volume and average sales price in the comparative analysis with the six months ended June 30, 2022.

### (1) Explanation on Consolidated Financial Results

Net sales for the six months ended June 30, 2023 decreased by ¥19.6 billion, or 1.8%, to ¥1,078.7 billion from the corresponding period of the previous fiscal year due to a decrease in sales price of crude oil despite the depreciation in the average exchange rate of the Japanese yen against the U.S. dollar during the period. Net sales of crude oil decreased by ¥76.9 billion, or 9.1%, to ¥766.3 billion, and net sales of natural gas increased by ¥57.7 billion, or 23.6%, to ¥302.3 billion. Sales volume of crude oil decreased by 1,255 thousand barrels, or 1.8%, to 69,701 thousand barrels, and sales volume of natural gas increased by 10,795 million cf, or 4.5%, to 249,555 million cf. Sales volume of overseas natural gas increased by 15,854 million cf, or 8.6%, to 201,045 million cf, and sales volume of domestic natural gas decreased by 135 million m<sup>3</sup>, or 9.5%, to 1,295 million m<sup>3</sup> (48,338 million cf). The average sales price of overseas crude oil decreased by US\$14.85, or 15.4%, to US\$81.44 per barrel. The average sales price of overseas natural gas decreased by US\$0.06, or 1.0%, to US\$6.02 per thousand cf, and the average sales price of domestic natural gas increased by ¥30.36, or 42.3%, to ¥102.18 per m<sup>3</sup>. The average exchange rate of the Japanese yen against the U.S. dollar on consolidated net sales depreciated by ¥11.71, or 9.5%, to ¥134.96 per U.S. dollar.

The decrease of ¥19.6 billion in net sales was mainly derived from the following factors: regarding net sales of crude oil and natural gas, a decrease in sales volume pushing sales down of ¥9.3 billion, a decrease in unit sales price pushing sales down of ¥92.8 billion, the depreciation in the average exchange rate of the Japanese yen against the U.S. dollar contributing ¥83.0 billion to the increase, and a decrease in net sales excluding crude oil and natural gas of ¥0.5 billion.

Meanwhile, cost of sales decreased by ¥8.2 billion, or 1.8%, to ¥439.0 billion. Exploration expenses decreased by ¥2.0 billion, or 15.3%, to ¥11.3 billion. Selling, general and administrative expenses increased by ¥4.6 billion, or 8.7%, to ¥57.8 billion. As a result, operating income decreased by ¥14.0 billion, or 2.4%, to ¥570.5 billion.

Other income increased by ¥20.5 billion, or 14.3%, to ¥163.8 billion. Other expenses decreased by ¥63.6 billion, or 62.7%, to ¥37.8 billion mainly due to the absence of the modification loss on financial assets and others. As a result, ordinary income increased by ¥70.1 billion, or 11.2%, to ¥696.4 billion.

Income taxes increased by ¥1.1 billion, or 0.3%, to ¥446.7 billion, and net loss attributable to non-controlling interests was ¥4.4 billion. As a result of the above effects, net income attributable to owners of parent increased by ¥70.1 billion, or 38.1%, to ¥254.2 billion.

Financial results by segment are as follows:

The changes in segment income and reportable segments have been made from the first quarter ended March 31, 2023, and the figures based on the changed segment income and reportable segments are used in the comparative analysis with the six months ended June 30, 2022. Please refer to “2. Consolidated Financial Statements and Principal Notes (4) Notes to Consolidated Financial Statements (Segment Information and Others)” for further information.

1) Oil & Gas Japan

Net sales increased by ¥26.9 billion, or 24.1%, to ¥138.5 billion due to an increase in sales price of natural gas. Net income attributable to owners of parent increased by ¥15.7 billion, or 123.1%, to ¥28.4 billion.

2) Oil & Gas Overseas - Ichthys Project

Net sales decreased by ¥3.3 billion, or 1.8%, to ¥183.9 billion due to a decrease in sales price of crude oil. Net income attributable to owners of parent increased by ¥31.4 billion, or 25.9%, to ¥152.9 billion mainly due to the absence of modification loss on financial assets and others.

3) Oil & Gas Overseas - Other Projects

Net sales decreased by ¥47.9 billion, or 6.1%, to ¥742.2 billion due to a decrease in sales price of crude oil. Net income attributable to owners of parent increased by ¥14.6 billion, or 23.6%, to ¥76.4 billion due to a decrease in income taxes and others.

(2) Explanation on Consolidated Financial Position

Total assets as of June 30, 2023 increased by ¥604.8 billion to ¥6,864.7 billion from ¥6,259.8 billion as of December 31, 2022.

Current assets increased by ¥177.7 billion to ¥907.2 billion due to an increase in securities and others. Fixed assets increased by ¥427.0 billion to ¥5,957.5 billion due to increases in tangible fixed assets, investments and other assets, and others.

Meanwhile, total liabilities increased by ¥91.5 billion to ¥2,329.0 billion from ¥2,237.4 billion as of December 31, 2022. Current liabilities increased by ¥226.6 billion to ¥753.3 billion, and long-term liabilities decreased by ¥135.0 billion to ¥1,575.6 billion.

Net assets increased by ¥513.3 billion to ¥4,535.6 billion. Total shareholders' equity increased by ¥220.7 billion to ¥3,129.0 billion. Total accumulated other comprehensive income increased by ¥288.6 billion to ¥1,141.2 billion and non-controlling interests in net assets increased by ¥3.9 billion to ¥265.4 billion.

Cash and cash equivalents as of June 30, 2023 totaled ¥154.8 billion reflecting a net decrease of ¥56.8 billion, from ¥211.6 billion as of January 1, 2023.

The status of cash flows from operating, investing, and financing activities and their factors during the six months ended June 30, 2023 are as follows:

1) Cash flows from operating activities

Net cash provided by operating activities amounted to ¥432.3 billion, up ¥21.3 billion year on year. This was mainly due to a decrease in trade receivables and a decrease in equity in losses (earnings) of affiliates, which is a non-cash item, despite the posting of modification gain on financial assets and others, and the absence of the modification loss on financial assets and others, which are non-cash items.

2) Cash flows from investing activities

Net cash used in investing activities amounted to ¥367.2 billion, down ¥16.4 billion year on year. This was mainly due to a decrease in long-term loans made despite an increase in payments for purchases of securities.

3) Cash flows from financing activities

Net cash used in financing activities amounted to ¥120.0 billion compared with ¥12.1 billion of net cash provided for the corresponding period of the previous fiscal year. This was mainly due to an increase in repayments of long-term debt.

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

The Company revised the consolidated financial forecasts for the year ending December 31, 2023 as follows from the forecasts that were announced on May 10, 2023 as a result of revising the exchange rate assumptions for the year due to the trend of the weakening yen, taking into consideration the upturn in results for the six months ended June 30, 2023, and other factors.

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

(Millions of yen)

	Net sales	Operating income	Ordinary income	Net income attributable to owners of parent
Previous Forecasts: A	1,994,000	984,000	1,077,000	300,000
Revised Forecasts: B	2,031,000	1,009,000	1,151,000	320,000
Increase (Decrease): B-A	37,000	25,000	74,000	20,000
Percentage change (%)	1.9	2.5	6.9	6.7

The above forecasts are calculated based on the following assumptions:

	Previous Forecasts	Revised Forecasts
Crude oil price (Brent)	First Half average: US\$81.1/bbl	First Half average (actual): US\$79.9/bbl
	Second Half average: US\$79.0/bbl	Second Half average: US\$80.1/bbl
	- 3rd quarter average: US\$80.0/bbl	- 3rd quarter average: US\$80.0/bbl
	- 4th quarter average: US\$77.9/bbl	- 4th quarter average: US\$80.2/bbl
	Full Year average: US\$80.0/bbl	Full Year average: US\$80.0/bbl
Exchange rate	First Half average: ¥131.2/US\$	First Half average (actual): ¥135.0/US\$
	Second Half average: ¥128.8/US\$	Second Half average: ¥135.0/US\$
	Full Year average: ¥130.0/US\$	Full Year average: ¥135.0/US\$

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

## 2. Consolidated Financial Statements and Principal Notes

### (1) Consolidated Balance Sheet

(Millions of yen)

Accounts	As of December 31, 2022	As of June 30, 2023
(Assets)		
Current assets		
Cash and deposits	227,829	170,256
Accounts receivable-trade and contract assets	252,938	202,399
Securities	58,152	326,044
Inventories	68,154	72,312
Other	135,346	150,415
Less allowance for doubtful accounts	(13,020)	(14,226)
Total current assets	729,401	907,201
Fixed assets		
Tangible fixed assets		
Buildings and structures, net	157,137	158,100
Wells, net	340,259	348,790
Machinery, equipment and vehicles, net	1,583,141	1,656,953
Land	18,178	18,202
Construction in progress	339,787	391,708
Other, net	34,615	31,501
Total tangible fixed assets	2,473,118	2,605,256
Intangible assets		
Goodwill	40,332	35,895
Other	442,371	449,442
Total intangible assets	482,704	485,338
Investments and other assets		
Investment securities	742,914	893,294
Long-term loans receivable	1,279,383	1,399,541
Recoverable accounts under production sharing	521,541	503,493
Other	87,205	128,324
Less allowance for doubtful accounts	(690)	(763)
Less allowance for recoverable accounts under production sharing	(53,873)	(54,728)
Less allowance for investments in exploration	(1,852)	(2,230)
Total investments and other assets	2,574,629	2,866,931
Total fixed assets	5,530,452	5,957,526
Total assets	6,259,853	6,864,727

(Millions of yen)

Accounts	As of December 31, 2022	As of June 30, 2023
(Liabilities)		
Current liabilities		
Accounts payable-trade	47,183	35,334
Short-term loans	75,878	242,119
Commercial papers	–	88,000
Income taxes payable	126,675	121,729
Provision for bonuses	1,458	–
Provision for bonuses to officers	130	60
Provision for loss on business	8,631	8,492
Provision for exploration projects	3,391	4,192
Asset retirement obligations	15,504	15,971
Other	247,887	237,498
Total current liabilities	526,740	753,398
Long-term liabilities		
Bonds payable	30,000	30,000
Long-term debt	1,164,369	922,026
Provision for stocks payment	245	312
Provision for special repair and maintenance	705	762
Liability for retirement benefits	689	2,093
Asset retirement obligations	303,159	330,953
Other	211,572	289,495
Total long-term liabilities	1,710,742	1,575,643
Total liabilities	2,237,483	2,329,041
(Net assets)		
Shareholders' equity		
Common stock	290,809	290,809
Capital surplus	683,382	683,434
Retained earnings	2,055,459	2,276,087
Treasury stock	(121,358)	(121,330)
Total shareholders' equity	2,908,293	3,129,001
Accumulated other comprehensive income		
Unrealized holding gain (loss) on securities	4,147	3,448
Deferred gain (loss) on hedges	32,421	35,285
Translation adjustments	815,989	1,102,471
Total accumulated other comprehensive income	852,558	1,141,205
Non-controlling interests	261,517	265,479
Total net assets	4,022,370	4,535,685
Total liabilities and net assets	6,259,853	6,864,727

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

## Consolidated Statement of Income

(Millions of yen)

Accounts	For the six months ended June 30, 2022	For the six months ended June 30, 2023
Net sales	1,098,476	1,078,789
Cost of sales	447,324	439,095
Gross profit	651,151	639,694
Exploration expenses	13,385	11,335
Selling, general and administrative expenses	53,218	57,824
Operating income	584,548	570,534
Other income		
Interest income	16,513	44,348
Dividend income	8,373	4,036
Equity in earnings of affiliates	101,449	8,734
Gain on reversal of allowance for recoverable accounts under production sharing	6,779	–
Foreign exchange gain	–	6,203
Modification gain on financial assets and others	–	92,783
Other	10,153	7,720
Total other income	143,269	163,828
Other expenses		
Interest expense	9,934	27,972
Provision for allowance for recoverable accounts under production sharing	–	855
Foreign exchange loss	1,257	–
Modification loss on financial assets and others	80,010	–
Other	10,287	9,048
Total other expenses	101,490	37,877
Ordinary income	626,327	696,485
Income before income taxes	626,327	696,485
Income taxes	445,595	446,725
Net income	180,731	249,760
Net loss attributable to non-controlling interests	(3,412)	(4,495)
Net income attributable to owners of parent	184,144	254,255

Consolidated Statement of Comprehensive Income

(Millions of yen)

Accounts	For the six months ended June 30, 2022	For the six months ended June 30, 2023
Net income	180,731	249,760
Other comprehensive income		
Unrealized holding gain (loss) on securities	4,680	(699)
Deferred gain (loss) on hedges	(6,061)	(1,336)
Translation adjustments	458,585	280,738
Share of other comprehensive income of affiliates accounted for by the equity-method	46,690	15,411
Total other comprehensive income	503,895	294,114
Comprehensive income	684,627	543,874
Total comprehensive income attributable to		
Owners of parent	678,445	542,902
Non-controlling interests	6,181	972

## (3) Consolidated Statement of Cash Flows

(Millions of yen)

Accounts	For the six months ended June 30, 2022	For the six months ended June 30, 2023
Cash flows from operating activities		
Income before income taxes	626,327	696,485
Depreciation and amortization	140,955	123,859
Amortization of goodwill	4,466	4,424
Increase (decrease) in provision for allowance for recoverable accounts under production sharing	(6,779)	855
Increase (decrease) in provision for exploration projects	169	478
Increase (decrease) in other provisions	4,838	113
Increase (decrease) in liability for retirement benefits	(444)	1,401
Decrease (increase) in asset for retirement benefits	–	(1,938)
Interest and dividend income	(24,887)	(48,385)
Interest expense	9,971	28,004
Foreign exchange loss (gain)	14,988	466
Equity in losses (earnings) of affiliates	(101,449)	(8,734)
Modification loss on financial assets and others	80,010	–
Modification gain on financial assets and others	–	(92,783)
Recovery of recoverable accounts under production sharing (capital expenditures)	41,713	40,111
Increase in recoverable accounts under production sharing (operating expenditures)	(3,942)	(4,676)
Decrease (increase) in trade receivables	(49,578)	58,654
Decrease (increase) in inventories	(6,393)	(1,946)
Increase (decrease) in trade payables	473	(13,681)
Other	21,649	17,149
Subtotal	752,089	799,857
Interest and dividends received	14,711	56,060
Interest paid	(5,628)	(24,853)
Income taxes paid	(350,121)	(398,690)
Net cash provided by operating activities	411,051	432,374

(Millions of yen)

Accounts	For the six months ended June 30, 2022	For the six months ended June 30, 2023
Cash flows from investing activities		
Payments for time deposits	(2,465)	(2,793)
Proceeds from time deposits	13,548	5,501
Payments for long-term time deposits	–	(23,623)
Proceeds from long-term time deposits	–	3,374
Payments for purchases of tangible fixed assets	(81,885)	(84,899)
Proceeds from sales of tangible fixed assets	142	163
Payments for purchases of intangible assets	(1,182)	(1,244)
Payments for purchases of securities	–	(267,974)
Proceeds from sales and redemptions of securities	–	26,977
Payments for purchases of investment securities	(71,198)	(104,327)
Proceeds from sales and redemptions of investment securities	3,523	7,481
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(31,410)	–
Investment in recoverable accounts under production sharing (capital expenditures)	(17,748)	(17,465)
Decrease (increase) in short-term loans receivable	474	(6,586)
Long-term loans made	(306,674)	(1,271)
Collection of long-term loans receivable	96,559	86,205
Other	14,609	13,246
Net cash used in investing activities	(383,708)	(367,236)
Cash flows from financing activities		
Increase (decrease) in commercial papers	–	88,000
Increase (decrease) in short-term loans	(1,050)	20,121
Proceeds from long-term debt	113,851	102,906
Repayments of long-term debt	(72,937)	(286,797)
Proceeds from non-controlling interests for additional shares	2,781	7,709
Cash dividends paid	(38,809)	(41,803)
Cash dividends paid to non-controlling interests	(3,121)	(4,667)
Other	11,449	(5,473)
Net cash provided by (used in) financing activities	12,164	(120,005)
Effect of exchange rate changes on cash and cash equivalents	37,943	(1,944)
Net increase (decrease) in cash and cash equivalents	77,451	(56,811)
Cash and cash equivalents at beginning of the period	191,213	211,656
Cash and cash equivalents at end of the period	268,665	154,844

(4) Notes to Consolidated Financial Statements

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

For the six months ended June 30, 2023 (January 1, 2023 through June 30, 2023):

None

(Note on significant changes in shareholders' equity)

For the six months ended June 30, 2023 (January 1, 2023 through June 30, 2023):

None

(Changes in Accounting Policies)

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

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

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

As a result of this change, and compared with the figures before the retrospective application, in the consolidated balance sheet as of December 31, 2022, investment securities decreased by ¥2,451 million, deferred tax liabilities included in other under long-term liabilities increased by ¥13,540 million, retained earnings decreased by ¥10,983 million and translation adjustments decreased by ¥5,008 million. In the consolidated statement of income for the six months ended June 30, 2022, equity in earnings of affiliates increased by ¥78 million and income taxes increased by ¥452 million, compared with the figures before the retrospective allocation. In addition, because the cumulative effect was reflected in net assets as of the beginning of the year ended December 31, 2022, retained earnings as of the beginning of the previous fiscal year decreased by ¥33,776 million.

(Additional Information)

(Modification gain and loss on financial assets and others)

In accordance with International Financial Reporting Standards (IFRS) 9 "Financial Instruments" implemented to foreign consolidated subsidiaries, the gain or loss was recognized mainly due to modification of financial assets that do not result in derecognition, revisions to estimated future cash flows of financial assets, and other factors.

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

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

(Segment Information and Others)

(Segment information)

I. Information on changes in reportable segments and others

The reportable segments of the Group are components of the Group for which discrete financial information is available and regularly reviewed by the Board of Directors to make decisions about allocation of managerial resources and to assess their performance. Following the significant reclassifications to the business portfolio based on the Medium-term Business Plan announced in 2022 and the accompanying changes of the evaluation and analysis indicators used by the Board of Directors, the Group made corresponding changes in segment income and reportable segments.

Segment income was previously reconciled with operating income on the consolidated statement of income. However, because net income attributable to owners of parent is a management target in the Medium-term Business Plan and it is used as an indicator by the Board of Directors to make decisions about allocation of managerial resources and assess performance, the reconciliation was changed and segment income is reconciled with net income attributable to owners of parent on the consolidated statement of income from the first quarter ended March 31, 2023 in order to conduct evaluations and analyses that are more in line with actual conditions. In addition, as the main business of the Group is the global exploration, development, production and sales of oil and natural gas, and loans and investments in companies engaged in such activities, namely the oil and natural gas business (“Oil & Gas”), the Group had previously used reportable segments by region. However, due to significant reclassifications to the business portfolio, the addition of initiatives for the five net-zero businesses to the Long-term Strategy, and other factors, the reportable segments have been classified as “Oil & Gas Japan” and “Oil & Gas Overseas” from the first quarter ended March 31, 2023. The “Oil & Gas Overseas” segment is further classified as “Ichthys Project,” which is a major operator project of the Group, and “Other Projects,” which is comprised of other overseas projects. The “Other” category consists of the operating segments that are not included in the reportable segments, including the five net-zero businesses.

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

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

The segment information disclosed for the six months ended June 30, 2022 has been prepared based on the categories after the changes. In addition, the changes in accounting policies have been made from the first quarter ended March 31, 2023, and the figures after retrospective application are used in the six months ended June 30, 2022.

II. For the six months ended June 30, 2022 (January 1, 2022 through June 30, 2022)

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

(Millions of yen)

	Reportable segments			Other *1	Total	Adjustments *2	Consolidated *3
	Oil & Gas Japan	Oil & Gas Overseas					
		Ichthys Project	Other Projects				
Net sales							
Sales to third parties	111,610	187,282	790,254	9,328	1,098,476	–	1,098,476
Intercompany sales and transfers between segments	2,529	13,678	–	2,891	19,098	(19,098)	–
Total	114,139	200,960	790,254	12,219	1,117,574	(19,098)	1,098,476
Segment income (loss)	12,767	121,526	61,862	1,305	197,461	(13,317)	184,144

Notes: 1. The “Other” category consists of the operating segments that are not included in the reportable segments, and includes the five net-zero businesses, etc.

2. Adjustments of segment income (loss) of ¥(13,317) million consist of elimination of inter-segment transactions of ¥348 million and corporate expenses of ¥(13,665) million that are not allocated to reportable segments or the “Other” category. Corporate expenses are mainly amortization of goodwill and general administrative expenses that are not allocated to a reportable segment and “Other” category.

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

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

(Significant change in goodwill)

In “Oil & Gas Overseas - Other Projects” segment, the Group included INPEX Norway Co., Ltd. and INPEX Idemitsu Norge AS in the scope of consolidation. As a result, goodwill in the segment increased by ¥19,293 million for the six months ended June 30, 2022.

III. For the six months ended June 30, 2023 (January 1, 2023 through June 30, 2023)

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

(Millions of yen)

	Reportable segments			Other *1	Total	Adjustments *2	Consolidated *3
	Oil & Gas Japan	Oil & Gas Overseas					
		Ichthys Project	Other Projects				
Net sales							
Sales to third parties	138,553	183,930	742,281	14,024	1,078,789	–	1,078,789
Intercompany sales and transfers between segments	3,234	9,280	–	4,146	16,661	(16,661)	–
Total	141,787	193,210	742,281	18,171	1,095,451	(16,661)	1,078,789
Segment income (loss)	28,484	152,997	76,481	2,692	260,655	(6,400)	254,255

Notes: 1. The “Other” category consists of the operating segments that are not included in the reportable segments, and includes the five net-zero businesses, etc.

2. Adjustments of segment income (loss) of ¥(6,400) million consist of elimination of inter-segment transactions of ¥48 million and corporate expenses of ¥(6,448) million that are not allocated to reportable segments or the “Other” category. Corporate expenses are mainly amortization of goodwill and general administrative expenses that are not allocated to a reportable segment and “Other” category.

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

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

None

(Business Combinations)

(Business combination through acquisition)

Significant revision of initial allocation of acquisition cost in comparative information

Although tentative accounting treatment was applied for the first quarter ended March 31, 2022 regarding the business

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

Following the finalization of the tentative accounting treatment, comparative information included in the consolidated financial statements for the six months ended June 30, 2023, reflects the significant revision of initial allocation of acquisition cost.

As a result, for the consolidated statement of income for the six months ended June 30, 2022, cost of sales decreased by ¥212 million, selling, general and administrative expenses increased by ¥157 million and income taxes decreased by ¥217 million.

Accordingly, gross profit increased by ¥212 million, operating income, ordinary income and income before income taxes each increased by ¥54 million, net income increased by ¥272 million, net loss attributable to non-controlling interests decreased by ¥214 million and net income attributable to owners of parent increased by ¥57 million.

(Significant Subsequent Events)

(Acquisition and cancellation of the Company's own shares)

The Board of Directors of the Company resolved at a meeting held on August 9, 2023 for the Company to acquire its own shares pursuant to Article 156, as applied pursuant to paragraph 3, Article 165, of the Companies Act, and to cancel its own shares pursuant to Article 178 of the same act.

1. Reasons for acquisition and cancellation of own shares

To improve capital efficiency and enhance shareholder returns.

2. Details of the acquisition

- |  |  |
|--|--|
| (1) Type of shares to be acquired:         | Common shares  |
| (2) Total number of shares to be acquired: | Up to 80 million shares<br>(6.12% of total number of issued shares excluding own shares) |
| (3) Total cost of acquisition:             | Up to 100.0 billion yen  |
| (4) Period of acquisition:                 | From August 10, 2023 to December 29, 2023  |
| (5) Method of acquisition:                 | Market purchases on the Tokyo Stock Exchange   |

3. Details of the cancellation

- |   |  |
|---|--|
| (1) Type of shares to be cancelled:         | Common shares  |
| (2) Total number of shares to be cancelled: | The total number of all own shares acquired in the acquisition process described above (2.) and own shares held as of August 9, 2023 (79,762,500 shares) |
| (3) Scheduled date of cancellation          | January 31, 2024   |

(Reference) Total number of issued common shares and own shares held as of June 30, 2023

Total number of issued shares (excluding own shares): 1,306,904,667 shares

Total number of own shares: 79,762,500 shares

Note: The shares held by the Board Incentive Plan Trust (892,173 shares) are not included in the number of own shares.

### 3. Supplementary Information

#### (1) Production, Orders Received and Sales Performance

The change in reportable segments has been made from the first quarter ended March 31, 2023, and the figures disclosed for the six months ended June 30, 2022 have been prepared based on the categories after the change.

##### 1) Actual production

The following table shows actual production by segment:

Segment		Category	For the six months ended June 30, 2022	For the six months ended June 30, 2023
Oil & Gas Japan		Crude oil	0.5 MMbbls (2.7 Mbbls per day)	0.5 MMbbls (2.6 Mbbls per day)
		Natural gas	18.8 Bcf (103.9 MMcf per day)	17.6 Bcf (97.1 MMcf per day)
		Subtotal	3.9 MMboe (21.7 Mboe per day)	3.7 MMboe (20.3 Mboe per day)
		Iodine	286.2t	281.3t
		Electric power generation	111.5 million kWh	103.0 million kWh
Oil & Gas Overseas	Ichthys Project	Crude oil	7.0 MMbbls (38.9 Mbbls per day)	6.4 MMbbls (35.1 Mbbls per day)
		Natural gas	181.8 Bcf (1,004.6 MMcf per day)	178.7 Bcf (987.3 MMcf per day)
		Subtotal	42.4 MMboe (234.2 Mboe per day)	40.8 MMboe (225.2 Mboe per day)
	Other Projects	Crude oil	64.3 MMbbls (355.2 Mbbls per day)	63.5 MMbbls (350.6 Mbbls per day)
		Natural gas	42.7 Bcf (236.0 MMcf per day)	50.6 Bcf (279.7 MMcf per day)
		Subtotal	72.0 MMboe (398.0 Mboe per day)	72.7 MMboe (401.7 Mboe per day)
		Sulfur	49.3 Mtons	64.5 Mtons
	Other		Electric power generation	208.8 million kWh
Total		Crude oil	71.8 MMbbls (396.7 Mbbls per day)	70.3 MMbbls (388.4 Mbbls per day)
		Natural gas	243.3 Bcf (1,344.4 MMcf per day)	246.9 Bcf (1,364.1 MMcf per day)
		Subtotal	118.4 MMboe (653.9 Mboe per day)	117.1 MMboe (647.2 Mboe per day)
		Iodine	286.2t	281.3t
		Sulfur	49.3 Mtons	64.5 Mtons
		Electric power generation	320.3 million kWh	826.8 million kWh

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

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

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

4. The production volume of crude oil and natural gas under the production sharing contracts entered into by the Group corresponds to the net economic take of the Group. Figures calculated by multiplying the gross production volume by the Company's interest share are 77.2 MMbbls (426.8 Mbbls per day) of crude oil, 248.2 Bcf (1,371.1 MMcf per day) of natural gas, and in total 124.6 MMboe (688.3 Mboe per day) for the six months ended June 30, 2022, and 74.0 MMbbls (408.7 Mbbls per day) of crude oil, 251.5 Bcf (1,389.8 MMcf per day) of natural gas, and in total 121.9 MMboe (673.2 Mboe per day) for the six months ended June 30, 2023.

5. "Boe" means barrels of oil equivalent.

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

7. Figures are rounded to the first decimal place.

2) Orders received

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

3) Actual sales

The following table shows sales by segment:

(Millions of yen)

Segment		Category	For the six months ended June 30, 2022		For the six months ended June 30, 2023		
			Sales volume	Net sales	Sales volume	Net sales	
Oil & Gas Japan		Crude oil	252 Mbbls	3,272	239 Mbbls	2,529	
		Natural gas (excluding LPG)	53,384 MMcf	102,736	48,338 MMcf	132,348	
		LPG	1 Mbbls	5	–	–	
		Other		5,595		3,675	
		Subtotal		111,610		138,553	
Oil & Gas Overseas	Ichthys Project	Crude oil	6,706 Mbbls	88,706	6,237 Mbbls	69,281	
		Natural gas (excluding LPG)	155,269 MMcf	98,575	165,355 MMcf	114,648	
		Subtotal		187,282		183,930	
	Other Projects	Crude oil	63,998 Mbbls	748,498	63,226 Mbbls	690,808	
		Natural gas (excluding LPG)	29,922 MMcf	40,351	35,690 MMcf	48,547	
		LPG	34 Mbbls	262	441 Mbbls	2,801	
		Other		1,141		124	
		Subtotal		790,254		742,281	
	Other		Crude oil	–	2,730	–	3,683
			Natural gas (excluding LPG)	184 MMcf	740	172 MMcf	964
LPG			–	1,930	–	3,058	
Other				3,927		6,318	
Subtotal				9,328		14,024	
Total		Crude oil	70,956 Mbbls	843,207	69,701 Mbbls	766,301	
		Natural gas (excluding LPG)	238,760 MMcf	242,404	249,555 MMcf	296,508	
		LPG	34 Mbbls	2,199	441 Mbbls	5,860	
		Other		10,664		10,118	
		Total		1,098,476		1,078,789	