



Consolidated Financial Results for the year ended December 31, 2021 [Japanese GAAP]

February 9, 2022

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

Company name : **INPEX CORPORATION** Stock Exchange on which the Company is listed : Tokyo Stock Exchange
 Code number : 1605 URL <https://www.inpex.co.jp>
 Representative : Takayuki Ueda, President
 Contact person : Munehiro Hosono, General Manager, Corporate Communications Unit
 TEL+81-3-5572-0233

Scheduled date of ordinary general meeting of shareholders : March 25, 2022
 Scheduled date of filing Financial Report : March 28, 2022
 Scheduled date of payment of cash dividends : March 28, 2022
 Preparation of supplementary explanatory materials : Yes
 Meeting of financial results presentation : Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded off)

1. Consolidated Financial Results for the year ended December 31, 2021 (January 1, 2021 - December 31, 2021)

(1) Consolidated operating results

(Figures in % represent the changes from 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 year ended December 31, 2021	1,244,369	61.4	590,657	137.7	657,627	155.6	223,048	—
December 31, 2020	771,046	—	248,471	—	257,335	—	(111,699)	—

(Note): Consolidated comprehensive income: for the year ended December 31, 2021, ¥495,449 million; (—%)
 for the year ended December 31, 2020, ¥(256,830) million; (—%)

	Net income per share-basic	Net income per share-diluted	Net income as a percentage of net assets excluding non-controlling interests	Ordinary income as a percentage of total assets	Operating income as a percentage of net sales
For the year ended December 31, 2021	Yen 153.87	Yen —	% 7.6	% 13.4	% 47.5
December 31, 2020	(76.50)	—	(3.9)	5.4	32.2

(Reference): Equity in earnings (losses) of affiliates: for the year ended December 31, 2021, ¥38,834 million
 for the year ended December 31, 2020, ¥(12,999) million

(Note): The Company changed its consolidated fiscal year-end from March 31 to December 31, effective from the year ended December 31, 2019. As a result, the year ended December 31, 2020 (January 1, 2020 to December 31, 2020) differs from the year ended December 31, 2019 (April 1, 2019 to December 31, 2019). Therefore, percentage data for changes between the year ended December 31, 2019 and the year ended December 31, 2020 have not been provided.

(2) Consolidated financial position

	Total assets	Net assets	Net assets excluding non-controlling interests as a percentage of total assets	Net assets excluding non-controlling interests per share
	Millions of yen	Millions of yen	%	Yen
As of December 31, 2021	5,158,196	3,346,409	60.6	2,253.17
As of December 31, 2020	4,634,518	3,001,339	59.0	1,874.08

(Reference): Net assets excluding non-controlling interests: as of December 31, 2021, ¥ 3,124,065 million
as of December 31, 2020, ¥ 2,736,541 million

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of the year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
For the year ended December 31, 2021	445,457	(130,727)	(315,215)	191,213
December 31, 2020	292,915	(417,189)	126,747	172,405

2. Dividends

	Cash dividends per share					Total cash dividends (Annual)	Payout ratio (Consolidated)	Cash dividends as a percentage of net assets (Consolidated)
	At 1st quarter end	At 2nd quarter end	At 3rd quarter end	At fiscal year end	Total			
For the year ended December 31, 2020	Yen —	Yen 12.00	Yen —	Yen 12.00	Yen 24.00	Millions of yen 35,048	% —	% 1.3
December 31, 2021	—	20.00	—	28.00	48.00	68,033	31.2	2.1
For the year ending December 31, 2022 (forecast)	—	27.00	—	27.00	54.00		30.0	

(Note): "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. Forecasted Consolidated Operating Results for the year ending December 31, 2022 (January 1, 2022 - December 31, 2022)

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

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
For the six months ending June 30, 2022	820,000	64.5	394,000	76.2	466,000	112.0	150,000	188.6	108.18
For the year ending December 31, 2022	1,541,000	23.8	716,000	21.2	824,000	25.3	250,000	12.1	180.31

*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) 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 : None
2. Other changes in accounting policies : None
3. Changes in accounting estimates : None
4. Restatement of corrections : None

(3) Number of shares issued (Common stock)

1. Number of shares issued at the end of the period 1,462,323,600 shares as of December 31, 2021
(including treasury stock): 1,462,323,600 shares as of December 31, 2020
2. Number of treasury stock at the end of the period: 75,805,993 shares as of December 31, 2021
2,119,069 shares as of December 31, 2020
3. Average number of shares: 1,449,617,608 shares for the year ended December 31, 2021
1,460,203,728 shares for the year ended December 31, 2020

(Note): The shares held by "the Board Incentive Plan Trust" are included in number of treasury stock at the end of the period.
(As of December 31, 2021: 149,593 shares As of December 31, 2020: 152,569 shares)

(Reference) Non-Consolidated Financial Results

1. Financial results for the year ended December 31, 2021 (January 1, 2021 - December 31, 2021)

(1) Operating results

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

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
For the year ended								
December 31, 2021	154,773	21.2	8,001	—	12,937	—	12,604	—
December 31, 2020	127,676	—	(3,772)	—	(134,321)	—	(130,660)	—

	Net income per share-basic	Net income per share-diluted
	Yen	Yen
For the year ended		
December 31, 2021	8.69	—
December 31, 2020	(89.48)	—

(Note): The Company changed its non-consolidated fiscal year-end from March 31 to December 31, effective from the year ended December 31, 2019. As a result, the year ended December 31, 2020 (January 1, 2020 to December 31, 2020) differs from the year ended December 31, 2019 (April 1, 2019 to December 31, 2019). Therefore, percentage data for changes between the year ended December 31, 2019 and the year ended December 31, 2020 have not been provided.

(2) Financial position

	Total assets	Net assets	Net assets as a percentage of total assets	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of December 31, 2021	2,992,505	2,074,857	69.3	1,496.45
As of December 31, 2020	3,122,776	2,180,198	69.8	1,493.08

(Reference): Net assets: as of December 31, 2021, ¥ 2,074,857 million
as of December 31, 2020, ¥ 2,180,198 million

<Reason for differences with the non-consolidated results for the year ended December 31, 2020>

The Company recorded ¥161,547 million loss on valuation of shares of subsidiaries and affiliates at the end of the year ended December 31, 2020.

This and other factors made the operating income, ordinary income and net income as of the year ended December 31, 2021 differ from previous fiscal year.

*This financial 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 “3. Forecasted Consolidated Operating Results for the year ending December 31, 2022” 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. (4) Outlook for the Next Period” on page 5.

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
For the year ended	Yen	Yen	Yen	Yen	Yen
December 31, 2020	—	4,800.00	—	4,800.00	9,600.00
December 31, 2021	—	8,000.00	—	11,200.00	19,200.00
For the year ending December 31, 2022 (forecast)	—	10,800.00	—	10,800.00	21,600.00

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

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1. Summary of Operating Results and other

(1) Summary of Consolidated Operating Results

During the year ended December 31, 2021, although the global economy continued to face an uncertain outlook due to the impact of the novel coronavirus (COVID-19), there were signs of a recovery due to economic measures taken by various countries and progress in vaccinations. Although the Japanese economy is also expected to recover and normalize with the gradual increase in socioeconomic activities after the lifting of the declaration of a state of emergency at the end of September, there are still concerns about the stagnation of economic activities due to the reemergence of infectious diseases such as mutated strains.

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 fiscal year at US\$51.09 per barrel. Although the relaxation of the supply and demand for crude oil due to the gradual reduction in the scale of OPEC+ production cuts and the spread of the new coronavirus variant weighed on the situation, the demand for oil as an alternative fuel for power generation increased due to the sharp rise in global natural gas prices, and the acceleration of the normalization of economic activities, among other factors, caused the upward trend to continue, reaching US\$77.78 at the end of the fiscal year. The Group's average crude oil sales price for the fiscal year ended December 31, 2021 reflected this shift and rose to US\$68.43 per barrel, up US\$28.12 from the previous fiscal year.

The foreign exchange market, another important factor that affects the business of the Group, began to trade at ¥103 level against the U.S. dollar. On first half of the year, Japanese Yen climbed to ¥110 level against the U.S. dollar due to the expectation of the world economy normalization after vaccination of COVID-19, and U.S. interest rate rise as FOMC suggested earlier rate hike. The latter half of the year, the yen continued to climb to ¥115 level against the U.S. dollar due to the expectation of US rate hike acceleration, however, the yen turned back to ¥112 level due to the rising concern of COVID-19 Omicron variant. Finally, at the end of this period, TTM closed at ¥115.02 against the U.S. dollar which turned out to be ¥11.50 lower than that of the fiscal year end of December, 2020.

Reflecting these situations, the average sales exchange rate for the Group for this fiscal year was ¥110.11 against the U.S. dollar, which is ¥3.26 lower than that of the previous fiscal year.

Consolidated net sales for the year ended December 31, 2021 increased by ¥473.3 billion, or 61.4%, to ¥1,244.3 billion from the previous fiscal year due to an increase in sales price of crude oil.

Net sales of crude oil increased by ¥399.6 billion, or 79.1%, to ¥905.1 billion, and net sales of natural gas increased by ¥69.9 billion, or 27.9%, to ¥320.5 billion.

Sales volume of crude oil increased by 2,837 thousand barrels, or 2.4%, to 120,118 thousand barrels. Sales volume of natural gas decreased by 2,661 million cf, or 0.6%, to 464,805 million cf. Sales volume of overseas natural gas decreased by 12,985 million cf, or 3.3%, to 377,068 million cf, and sales volume of domestic natural gas increased by 277 million m³, or 13.3%, to 2,351 million m³ (87,737 million cf).

The average sales price of overseas crude oil increased by US\$28.12, or 69.8%, to US\$68.43 per barrel. The average sales price of overseas natural gas increased by US\$1.35, or 37.4%, to US\$4.96 per thousand cf, and the average sales price of domestic natural gas decreased by ¥1.20, or 2.6%, to ¥45.73 per m³. The average exchange rate of the Japanese yen against the U.S. dollar on consolidated net sales depreciated by ¥3.26, or 3.1%, to ¥110.11 per U.S. dollar from the previous fiscal year.

The increase of ¥473.3 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 ¥25.0 billion to the increase, an increase in unit sales price contributing ¥411.6 billion to the increase, the depreciation of the Japanese yen against the U.S. dollar contributing ¥33.0 billion to the increase, and an increase in net sales excluding crude oil and natural gas of ¥3.6 billion.

Cost of sales for the year ended December 31, 2021 increased by ¥129.0 billion, or 29.3%, to ¥568.9 billion. Exploration expenses decreased by ¥2.6 billion, or 29.0% to ¥6.4 billion. Selling, general and administrative expenses increased by ¥4.6 billion, or 6.4%, to ¥78.3 billion. As a result, operating income increased by ¥342.1 billion, or 137.7%, to ¥590.6 billion.

Other income increased by ¥48.4 billion, or 75.9% to ¥112.2 billion due to posting equity in earnings of affiliates and others. Other expenses decreased by ¥9.6 billion, or 17.6% to ¥45.2 billion. As a result, ordinary income increased by ¥400.2 billion, or 155.6%, to ¥657.6 billion.

Extraordinary loss was ¥14.1 billion as a result of posting impairment loss for certain projects due to the decline in forecasted production volume and others. Total amount of current income taxes and deferred income taxes increased by ¥258.3 billion, or 150.9%, to ¥429.5 billion, and net loss attributable to non-controlling interests was ¥9.1 billion. As a result of the above effects, net income attributable to owners of parent for the year ended December 31, 2021 was ¥223.0 billion compared with ¥111.6 billion of net loss attributable to owners of parent for the previous fiscal year.

Financial results by segment are as follows:

1) Japan

Net sales increased by ¥14.2 billion, or 12.3%, to ¥130.0 billion due to an increase in sales volume of natural gas.

Operating income decreased by ¥2.8 billion, or 20.1%, to ¥11.4 billion due to an increase in cost of sales.

2) Asia & Oceania

Net sales increased by ¥133.9 billion, or 60.6%, to ¥354.9 billion due to an increase in sales prices of crude oil and natural gas.

Operating income increased by ¥119.0 billion, or 210.6%, to ¥175.5 billion.

3) Eurasia (Europe & NIS)

Net sales increased by ¥48.5 billion, or 71.1%, to ¥116.9 billion due to an increase in sales price of crude oil.

Operating income increased by ¥26.4 billion, or 589.7%, to ¥30.9 billion.

4) Middle East & Africa

Net sales increased by ¥265.7 billion, or 75.4%, to ¥618.1 billion due to an increase in sales prices of crude oil.

Operating income increased by ¥189.6 billion, or 101.7%, to ¥376.0 billion.

5) Americas

Net sales increased by ¥10.7 billion, or 79.8%, to ¥24.2 billion due to an increase in sales prices of crude oil.

Operating income was ¥10.2 billion compared with ¥2.1 billion of operating loss for the previous fiscal year.

(2) Summary of Consolidated Financial Position

Consolidated total assets as of December 31, 2021 increased by ¥523.6 billion to ¥5,158.1 billion from ¥4,634.5 billion as of December 31, 2020. Current assets increased by ¥131.7 billion to ¥518.8 billion due to increases in accounts receivable-trade and others. Fixed assets increased by ¥391.9 billion to ¥4,639.3 billion due to increases in tangible fixed assets, investments, other assets, and others.

Meanwhile, total liabilities increased by ¥178.6 billion to ¥1,811.7 billion from ¥1,633.1 billion as of December 31, 2020. Current liabilities increased by ¥9.5 billion to ¥348.8 billion and long-term liabilities increased by ¥169.0 billion to ¥1,462.8 billion.

Net assets increased by ¥345.0 billion, to ¥3,346.4 billion from ¥3,001.3 billion as of December 31, 2020. Total shareholders' equity increased by ¥113.3 billion, to ¥2,680.6 billion. Total accumulated other comprehensive income increased by ¥274.1 billion to ¥443.4 billion and non-controlling interests in net assets decreased by ¥42.4 billion to ¥222.3 billion.

(3) Summary of Cash Flows

As for consolidated cash flows for the year ended December 31, 2021, net cash provided by operating activities increased by ¥152.5 billion to ¥445.4 billion due mainly to a combination effect of an increase in income before income taxes caused by increases in sales price of crude oil and others and a decrease in impairment loss (non-cash).

Net cash used in investing activities decreased by ¥286.4 billion to ¥130.7 billion due mainly to the absence of payments for purchases of long-term loans receivable and others.

Net cash used in financing activities was ¥315.2 billion compared with ¥126.7 billion of net cash provided by financing activities for the previous fiscal year due mainly to decreases in short-term loans and proceeds from long-term debt.

After totaling ¥19.2 billion of the effect of exchange rate changes on cash and cash equivalents, the increase in cash and cash equivalents for the year ended December 31, 2021 amounted to ¥18.8 billion. Cash and cash equivalents as of December 31, 2021 totaled ¥191.2 billion reflecting the above net increase of ¥18.8 billion, from ¥172.4 billion as of December 31, 2020.

(4) Outlook for the Next Period

(Billions of yen)

	Fiscal Year Ended December, 2021 (Actual)	Fiscal Year Ending December, 2022 (Forecasts)	Year-on-Year Increase/Decrease
Net Sales	1,244.3	1,541.0	23.8%
Operating Income	590.6	716.0	21.2%
Ordinary Income	657.6	824.0	25.3%
Net income attributable to owners of parent	223.0	250.0	12.1%

As for the Company's financial outlook for the year ending December 31, 2022, net sales for the six months ending June 30, 2022 are expected to increase 64.5% year-on-year to ¥820.0 billion, and net sales for the year ending December 31, 2022 are expected to increase 23.8% year-on-year to ¥1,541.0 billion. Operating income for the six months ending June 30, 2022 is expected to increase 76.2% year-on-year to ¥394.0 billion, while operating income for the year ending December 31, 2022 is expected to increase 21.2% year-on-year to ¥716.0 billion.

Ordinary income for the six months ending June 30, 2022 is expected to increase 112.0% year-on-year to ¥466.0 billion, and ordinary income for the year ending December 31, 2022 is expected to increase 25.3% year-on-year to ¥824.0 billion. Net income attributable to owners of parent for the six months ending June 30, 2022 is expected to increase 188.6% year on year to ¥150.0 billion, and net income attributable to owners of parent for the year ending December 31, 2022 is expected to increase 12.1% year-on-year to ¥250.0 billion.

Net sales for the year ending December 31, 2022 are expected to increase due to (forecasted) higher crude oil prices and an increase in production volume. Operating income for the year ending December 31, 2022 is also expected to increase despite an increase in exploration expenses. Ordinary income for the year ending December 31, 2022 is also expected to increase due mainly to an increase in equity in earnings of affiliates and other factors. Net income attributable to owners of parent for the year ending December 31, 2022 is expected to increase year-on-year, despite an increase in taxes associated with the expected increase in income and other factors. The above forecasts are based on an average crude oil price assumption of US\$85.0 per barrel (Brent) for the first quarter of 2022, an average of US\$75.0 per barrel (Brent) for the second quarter of 2022, an average of US\$75.0 per barrel (Brent) for the third quarter of 2022, an average of US\$65.0 per barrel (Brent) for the fourth quarter of 2022, and consequently an average of US\$75.0 per barrel (Brent) for the year ending December 31, 2022. The average exchange rate assumption for the year ending December 31, 2022 is ¥110 to the U.S. dollar.

(5) Dividend policy and Dividends for the year ended December 31, 2021 and for the year ending December 31, 2022

In its shareholder return policy outlined in the Medium-term Business Plan 2018-2022 announced in May 2018, the Company had set a basic principle of maintaining stable dividend payouts and enhance shareholder returns in stages during the period covered by the Business Plan in accordance with the improvement in the Company's financial performance, with the payout ratio set at 30 percent or higher.

In accordance with the policy stated above, the Company has set the year-end dividend at ¥28 per common stock for the year ended December 31, 2021. Combined with the mid-term dividend of ¥20 per common stock, the planned total dividends for the year ended December 31, 2021 are ¥48 per common stock. The Company has also set the year-end dividend at ¥11,200 per Class A stock for the year ended December 31, 2021. Combined with the mid-term dividend of ¥8,000 per Class A stock (unlisted), the planned total dividends for the year ended December 31, 2021 are ¥19,200 per Class A stock.

Based on the shareholder return policy outlined in the INPEX Vision @2022, Medium-term Business Plan 2022-2024 newly announced today, the Company will, in principle, maintain stable dividend payouts during the period covered by the medium-term business plan from fiscal year 2022 to fiscal year 2024 with a total payout ratio of around 40 percent or greater, and a minimum annual dividend per share of 30 yen. During this period, the Company will also strive to strengthen shareholder returns through means including share buybacks based on the Company's business environment, financial base and management conditions, etc. In accordance with the new policy stated above, for the year ending December 31, 2022, the Company expects mid-term and year-end dividends of ¥27 each, bringing the total dividends to ¥54 per common stock. The Company expects mid-term and year-end dividends of ¥10,800 each, bringing the total dividend to ¥21,600 per Class A stock.

The Company conducted a stock split at a ratio of 1:400 of common stock effective October 1, 2013. However, for Class A stock, no stock split was implemented. The article, which outlines that Class A stock dividends are equivalent to common stock dividends prior to the stock split, is specified in the Articles of Incorporation.

2. Basic Rationale for Selection of Accounting Standards

The Group has been analyzing the differences between International Financial Reporting Standards (IFRS) and accounting principles generally accepted in Japan. The Group will take into consideration the domestic and international situations for appropriate adoption of the IFRS in the future.

3. Consolidated Financial Statements and Principal Notes

(1) Consolidated Balance Sheet

(Millions of yen)

Accounts	As of December 31, 2020	As of December 31, 2021
(Assets)		
Current assets		
Cash and deposits	※2 182,978	※2 201,765
Accounts receivable-trade	※2 83,810	※2 168,224
Inventories	※2 34,299	※2 47,817
Accounts receivable-other	40,748	42,309
Other	※2 57,481	※2 70,852
Less allowance for doubtful accounts	(12,225)	(12,104)
Total current assets	387,093	518,864
Fixed assets		
Tangible fixed assets		
Buildings and structures, net	168,002	163,165
Wells, net	265,337	345,946
Machinery, equipment and vehicles, net	1,207,911	1,418,656
Land	18,591	18,666
Construction in progress	385,405	292,836
Other, net	24,533	20,578
Total tangible fixed assets	※1,※2 2,069,783	※1,※2 2,259,849
Intangible assets		
Goodwill	35,445	29,550
Exploration and development rights	156,787	150,902
Mining rights	245,016	260,182
Other	4,587	6,025
Total intangible assets	441,837	446,660
Investments and other assets		
Investment securities	※2 297,867	※2 403,356
Long-term loans receivable	※2 911,424	※2 1,011,801
Recoverable accounts under production sharing	575,544	548,170
Deferred tax assets	10,237	21,713
Other	※2 13,231	※2 11,704
Less allowance for doubtful accounts	(600)	(652)
Less allowance for recoverable accounts under production sharing	(69,441)	(61,871)
Less allowance for investments in exploration	(2,460)	(1,400)
Total investments and other assets	1,735,804	1,932,821
Total fixed assets	4,247,424	4,639,332
Total assets	4,634,518	5,158,196

(Millions of yen)

Accounts	As of December 31, 2020	As of December 31, 2021
(Liabilities)		
Current liabilities		
Accounts payable-trade	15,090	14,888
Short-term loans	175,133	80,493
Income taxes payable	12,676	51,350
Accounts payable-other	70,478	98,518
Provision for bonuses	1,415	1,386
Provision for bonuses to officers	54	200
Provision for loss on business	9,351	9,400
Provision for exploration projects	9,496	9,444
Asset retirement obligations	1,475	672
Other	44,116	82,533
Total current liabilities	339,288	348,888
Long-term liabilities		
Bonds payable	—	30,000
Long-term debt	1,059,713	1,069,721
Deferred tax liabilities	32,594	81,192
Provision for stocks payment	71	100
Provision for special repair and maintenance	577	650
Liability for retirement benefits	8,158	7,048
Asset retirement obligations	172,147	258,339
Other	20,627	15,845
Total long-term liabilities	1,293,890	1,462,897
Total liabilities	1,633,178	1,811,786
(Net assets)		
Shareholders' equity		
Common stock	290,809	290,809
Capital surplus	674,374	681,398
Retained earnings	1,607,524	1,783,841
Treasury stock	(5,428)	(75,425)
Total shareholders' equity	2,567,279	2,680,624
Accumulated other comprehensive income		
Unrealized holding gain (loss) on securities	2,091	2,640
Deferred gain (loss) on hedges	(54,054)	(16,171)
Translation adjustments	221,224	456,972
Total accumulated other comprehensive income	169,261	443,441
Non-controlling interests	264,798	222,344
Total net assets	3,001,339	3,346,409
Total liabilities and net assets	4,634,518	5,158,196

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

Consolidated Statement of Income

(Millions of yen)

Accounts	For the year ended December 31, 2020	For the year ended December 31, 2021
Net sales	771,046	1,244,369
Cost of sales	439,852	568,921
Gross profit	331,194	675,448
Exploration expenses	9,074	6,445
Selling, general and administrative expenses	73,648	78,346
Operating income	248,471	590,657
Other income		
Interest income	33,480	31,115
Dividend income	6,733	7,456
Equity in earnings of affiliates	—	38,834
Gain on reversal of allowance for recoverable accounts under production sharing	—	7,572
Other	23,588	27,268
Total other income	63,803	112,246
Other expenses		
Interest expense	19,092	13,747
Equity in losses of affiliates	12,999	—
Provision for allowance for recoverable accounts under production sharing	2,566	—
Provision for exploration projects	2	—
Foreign exchange loss	8,209	6,709
Loss on disposal of fixed assets	99	5,966
Other	11,970	18,852
Total other expenses	54,939	45,276
Ordinary income	257,335	657,627
Extraordinary loss		
Impairment loss	※1 189,940	※1 14,170
Total extraordinary loss	189,940	14,170
Income before income taxes	67,394	643,457
Income taxes-current	184,127	395,437
Income taxes-deferred	(12,926)	34,094
Total income taxes	171,200	429,532
Net income (loss)	(103,806)	213,924
Net income (loss) attributable to non-controlling interests	7,893	(9,123)
Net income (loss) attributable to owners of parent	(111,699)	223,048

Consolidated Statement of Comprehensive Income

(Millions of yen)

Accounts	For the year ended December 31, 2020	For the year ended December 31, 2021
Net income (loss)	(103,806)	213,924
Other comprehensive income		
Unrealized holding gain (loss) on securities	(3,483)	564
Deferred gain (loss) on hedging instruments	281	(807)
Translation adjustments	(109,917)	235,828
Share of other comprehensive income of affiliates accounted for by the equity method	(39,904)	45,939
Total other comprehensive income	(153,024)	281,524
Comprehensive income	(256,830)	495,449
Total comprehensive income attributable to		
Owners of parent	(260,426)	497,228
Non-controlling interests	3,596	(1,778)

(3) Consolidated Statement of Changes in Net Assets
For the year ended December 31, 2020

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the period	290,809	674,374	1,763,034	(5,432)	2,722,786
Changes during the period					
Change in ownership interest of parent arising from transactions with non-controlling shareholders					—
Cash dividends paid			(43,810)		(43,810)
Net income (loss) attributable to owners of parent			(111,699)		(111,699)
Purchase of treasury stock					—
Disposal of treasury stock				3	3
Net changes in items other than those in shareholders' equity					
Total changes during the period	—	—	(155,510)	3	(155,507)
Balance at the end of the period	290,809	674,374	1,607,524	(5,428)	2,567,279

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Unrealized holding gain (loss) on securities	Deferred gain (loss) on hedges	Translation adjustments	Total accumulated other comprehensive income		
Balance at the beginning of the period	5,570	(18,128)	330,546	317,988	256,400	3,297,176
Changes during the period						
Change in ownership interest of parent arising from transactions with non-controlling shareholders						—
Cash dividends paid						(43,810)
Net income (loss) attributable to owners of parent						(111,699)
Purchase of treasury stock						—
Disposal of treasury stock						3
Net changes in items other than those in shareholders' equity	(3,479)	(35,926)	(109,322)	(148,727)	8,397	(140,329)
Total changes during the period	(3,479)	(35,926)	(109,322)	(148,727)	8,397	(295,836)
Balance at the end of the period	2,091	(54,054)	221,224	169,261	264,798	3,001,339

For the year ended December 31, 2021

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the period	290,809	674,374	1,607,524	(5,428)	2,567,279
Changes during the period					
Change in ownership interest of parent arising from transactions with non-controlling shareholders		7,024			7,024
Cash dividends paid			(46,731)		(46,731)
Net income (loss) attributable to owners of parent			223,048		223,048
Purchase of treasury stock				(69,999)	(69,999)
Disposal of treasury stock				3	3
Net changes in items other than those in shareholders' equity					
Total changes during the period	—	7,024	176,316	(69,996)	113,344
Balance at the end of the period	290,809	681,398	1,783,841	(75,425)	2,680,624

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Unrealized holding gain (loss) on securities	Deferred gain (loss) on hedges	Translation adjustments	Total accumulated other comprehensive income		
Balance at the beginning of the period	2,091	(54,054)	221,224	169,261	264,798	3,001,339
Changes during the period						
Change in ownership interest of parent arising from transactions with non-controlling shareholders						7,024
Cash dividends paid						(46,731)
Net income (loss) attributable to owners of parent						223,048
Purchase of treasury stock						(69,999)
Disposal of treasury stock						3
Net changes in items other than those in shareholders' equity	548	37,882	235,748	274,179	(42,454)	231,725
Total changes during the period	548	37,882	235,748	274,179	(42,454)	345,070
Balance at the end of the period	2,640	(16,171)	456,972	443,441	222,344	3,346,409

(4) Consolidated Statement of Cash Flows

(Millions of yen)

Accounts	For the year ended December 31, 2020	For the year ended December 31, 2021
Cash flows from operating activities		
Income before income taxes	67,394	643,457
Depreciation and amortization	174,098	203,184
Impairment loss	189,940	14,170
Amortization of goodwill	6,760	6,856
Increase (decrease) in provision for allowance for recoverable accounts under production sharing	2,544	(7,570)
Increase (decrease) in provision for exploration projects	(1,907)	(814)
Increase (decrease) in other provisions	(777)	1,614
Increase (decrease) in liability for retirement benefits	186	(1,050)
Interest and dividend income	(40,214)	(38,571)
Interest expense	19,092	13,777
Foreign exchange loss (gain)	4,809	13,618
Equity in losses (earnings) of affiliates	12,999	(38,834)
Recovery of recoverable accounts under production sharing (capital expenditures)	34,691	62,236
Decrease (increase) in recoverable accounts under production sharing (operating expenditures)	(7,101)	(4,106)
Decrease (increase) in accounts receivable-trade	61,756	(83,689)
Decrease (increase) in inventories	6,507	(14,534)
Increase (decrease) in accounts payable-trade	(6,612)	(3,721)
Decrease (increase) in accounts receivable-other	9,972	(7,927)
Increase (decrease) in accounts payable-other	(21,458)	25,614
Increase (decrease) in advances received	(148)	6,237
Other	8,408	4,309
Subtotal	520,941	794,255
Interest and dividends received	9,568	15,404
Interest paid	(19,494)	(11,466)
Income taxes paid	(218,099)	(352,735)
Net cash provided by operating activities	292,915	445,457

(Millions of yen)

Accounts	For the year ended December 31, 2020	For the year ended December 31, 2021
Cash flows from investing activities		
Payments for time deposits	(64,283)	(17,784)
Proceeds from time deposits	53,408	18,906
Payments for purchases of tangible fixed assets	(129,745)	(140,470)
Proceeds from sales of tangible fixed assets	404	195
Payments for purchases of intangible assets	(3,380)	(2,762)
Payments for purchases of investment securities	(429)	(6,026)
Proceeds from sales and redemptions of investment securities	1,318	18,444
Investment in recoverable accounts under production sharing (capital expenditures)	(35,039)	(30,812)
Decrease (increase) in short-term loans receivable	543	333
Long-term loans made	(84,829)	(34,868)
Collection of long-term loans receivable	40,108	69,372
Payments for purchases of long-term loans receivable	(201,769)	—
Payments for acquisitions of participating interests	(5,760)	(7,736)
Other	12,266	2,481
Net cash used in investing activities	(417,189)	(130,727)
Cash flows from financing activities		
Increase (decrease) in short-term loans	92,107	(94,630)
Proceeds from issuance of bonds	—	30,000
Proceeds from long-term debt	238,564	66,313
Repayments of long-term debt	(158,903)	(157,405)
Proceeds from non-controlling interests for additional shares	8,900	6,455
Purchase of treasury stock	—	(69,999)
Purchase of treasury stock of subsidiaries	—	(35,479)
Cash dividends paid	(43,796)	(46,718)
Cash dividends paid to non-controlling interests	(4,098)	(3,548)
Other	(6,026)	(10,202)
Net cash provided by (used in) financing activities	126,747	(315,215)
Effect of exchange rate changes on cash and cash equivalents	(3,842)	19,293
Net increase (decrease) in cash and cash equivalents	(1,368)	18,807
Cash and cash equivalents at beginning of the period	173,774	172,405
Cash and cash equivalents at end of the period	※1 172,405	※1 191,213

(5) 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)
None

(Changes in the Presentation)

(Consolidated Statement of Income)

“Gurantee commission received”, previously presented separately in other income, is included in “Other” since it has become less significant.

As a result, ¥6,650 million which was recorded as “Gurantee commission received” in other income on the consolidated statement of income in the previous fiscal year is reclassified as “Other”.

“Loss on valuation of investment securities”, previously presented separately in other expenses, is included in “Other” since it has become less significant.

“Loss on disposal of fixed assets”, previously included in “Other” in other expenses, is presented separately since it has become more significant.

As a result, ¥5,514 million which was recorded as “Other” in other expenses on the consolidated statement of income in the previous fiscal year is reclassified as ¥11,970 million of “Other”, which includes ¥6,556 million of “Loss on valuation of investment securities”, and ¥99 million of “Loss on disposal of fixed assets”.

(Consolidated Statement of Cash Flows)

“Loss (gain) on sales of investment securities”, previously presented separately in cash flows from operating activities, is included in “Other” since it has become less significant.

As a result, ¥6,556 million which was recorded as “Loss (gain) on sales of investment securities” in cash flows from operating activities on the consolidated statement of cash flows in the previous fiscal year is reclassified as “Other”.

(Consolidated Balance Sheet)

*1 Accumulated depreciation of tangible fixed assets

	As of December 31, 2020	As of December 31, 2021
Accumulated depreciation of tangible fixed assets	¥1,119,114 million	¥1,274,954 million

*2 Assets provided as collateral and collateral-backed debt are as follows:

Collateralized Assets

	As of December 31, 2020	As of December 31, 2021
	Millions of yen	Millions of yen
Cash and deposits	35,714	42,527
Accounts receivable-trade	10,378	21,123
Inventories	15,338	17,625
Wells	231,086	235,846
Machinery, equipment and vehicles	1,067,388	1,116,249
Land	138	153
Construction in progress	55,495	109,499
Investment securities	144,009	239,475
Long-term loans receivable	722,546	835,109
Other	22,253	16,964
Total	2,304,349	2,634,575

The above is mainly related to the Ichthys LNG Project Finance, and includes others that are pledged as collateral for liabilities of affiliates.

3 Contingent liabilities

(1) The Company and its consolidated subsidiaries are contingently liable as guarantors of indebtedness of the following companies:

	As of December 31, 2020		As of December 31, 2021
	Millions of yen		Millions of yen
Ichthys LNG Pty Ltd	311,386	Ichthys LNG Pty Ltd	356,450
Tangguh Trustee*	31,142	Tangguh Trustee*	33,345
Oceanic Breeze LNG Transport S.A.	755	Oceanic Breeze LNG Transport S.A.	839
Japan Canada Oil Sands Limited	1,397	Canada Oil Sands Co., Ltd.	234
Employees (housing loans)	9	Employees (housing loans)	4
	344,690		390,873

* Debt for investment funds of Tangguh LNG project through MI Berau B.V. and MI Berau Japan Ltd.

(The aforementioned debt includes the amount (¥29,985 million and ¥33,345 million as of December 31, 2020 and 2021, respectively) for the construction of Train-3, based on the Company's participating interest as the guarantor of indebtedness.)

(Consolidated Statement of Income)

*1 Impairment loss

For the year ended December 31, 2020

The Company groups mining area and other assets as a basic unit that generates cash inflows independently of other groups of assets. In light of the substantial decline in crude oil prices resulting from the COVID-19-induced reduction in global energy demand and other factors, the recoverable amount of these groups of assets expected to decrease, the Company reduced the respective carrying amounts of the assets listed below to recoverable amounts, posting the reductions as impairment loss.

Use	Location	Classification	Impairment loss (Millions of yen)
Assets related to Prelude FLNG Project	Commonwealth of Australia	Construction in progress	97,097
		Mining rights	31,965
		Subtotal	129,062
Assets related to Tight Oil Project (Eagle Ford)	Texas, United States	Wells	11,178
		Machinery, equipment and vehicles	1,595
		Mining rights	20,462
		Subtotal	33,235
Assets related to Lucius Oil Field	Gulf of Mexico, United States	Wells	3,553
		Machinery, equipment and vehicles	2,421
		Mining rights	12,719
		Subtotal	18,693
Other			8,948
Total			189,940

The recoverable amount of the assets related to Prelude FLNG Project, Tight Oil Project (Eagle Ford) and Lucius Oil Field is reasonably estimated by discounting the future cash flows at a rate of 7.9-10.7%.

For the year ended December 31, 2021

The Company groups mining area and other assets as a basic unit that generates cash inflows independently of other groups of assets. In light of the decline in forecasted production volume and others, the recoverable amount of this group of assets expected to decrease, the Company reduced the respective carrying amounts of the assets listed below to recoverable amounts, posting the reductions as impairment loss.

Use	Location	Classification	Impairment loss (Millions of yen)
Assets related to Van Gogh Oil Field / Coniston Oil Field	Commonwealth of Australia	Wells	1,493
		Machinery, equipment and vehicles	6,632
		Construction in progress	6,038
		Other	8
		Total	14,170

The recoverable amount of the assets related to Van Gogh Oil Field and Coniston Oil Field is reasonably estimated by discounting the future cash flows at a rate of 11.5%.

(Consolidated Statement of Changes in Net Assets)

For the year ended December 31, 2020

1. Type and number of shares issued and treasury stock

(Shares)

	Balance as of January 1, 2020	Increase	Decrease	Balance as of December 31, 2020
Number of shares				
Common stock	1,462,323,600	—	—	1,462,323,600
Class A stock	1	—	—	1
Total	1,462,323,601	—	—	1,462,323,601
Treasury stock				
Common stock	2,121,916	—	2,847	2,119,069
Total	2,121,916	—	2,847	2,119,069

(Note): 1. The decrease of 2,847 shares in treasury stock of common stock was due to delivery of the Company's shares by the Board Incentive Plan Trust (the BIP Trust).

2. The number of treasury shares of common stock includes shares of the Company held by the BIP Trust (as of January 1, 2020: 155,416 shares and as of December 31, 2020: 152,569 shares).

2. Share subscription rights

None

3. Dividends

(1) Cash dividends paid

Resolution	Type of share	Cash dividends paid (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
Ordinary general meeting of shareholders March 25, 2020	Common stock	26,286	18	December 31, 2019	March 26, 2020
	Class A stock	0	7,200	December 31, 2019	March 26, 2020
Board of directors' meeting August 6, 2020	Common stock	17,524	12	June 30, 2020	September 1, 2020
	Class A stock	0	4,800	June 30, 2020	September 1, 2020

(Note): 1. Total dividend as determined by the resolution of Ordinary general meeting of shareholders on March 25, 2020, includes ¥2 million of dividends on the Company's shares held by the BIP Trust.

2. Total dividend as determined by the resolution of Board of Directors' meeting on August 6, 2020 includes ¥1 million of dividends on the Company's shares held by the BIP Trust.

(2) Dividends, whose record date was in the year ended December 31, 2020, and whose effective date will be in the next fiscal year

Resolution	Type of share	Source of dividends	Cash dividends paid (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
Ordinary general meeting of shareholders March 25, 2021	Common stock	Retained earnings	17,524	12	December 31, 2020	March 26, 2021
	Class A stock	Retained earnings	0	4,800	December 31, 2020	March 26, 2021

(Note): Total dividend as determined by the resolution of Ordinary general meeting of shareholders on March 25, 2021 includes ¥1 million of dividends on the Company's shares held by the BIP Trust.

For the year ended December 31, 2021

1. Type and number of shares issued and treasury stock

(Shares)

	Balance as of January 1, 2021	Increase	Decrease	Balance as of December 31, 2021
Number of shares				
Common stock	1,462,323,600	—	—	1,462,323,600
Class A stock	1	—	—	1
Total	1,462,323,601	—	—	1,462,323,601
Treasury stock				
Common stock	2,119,069	73,689,900	2,976	75,805,993
Total	2,119,069	73,689,900	2,976	75,805,993

(Note): 1. The increase of 73,689,900 shares in treasury stock of common stock was due to acquisition of the Company's own shares based on the resolution by the Board of Directors' meeting.

2. The decrease of 2,976 shares in treasury stock of common stock was due to delivery of the Company's shares by the Board Incentive Plan Trust (the BIP Trust).

3. The number of treasury shares of common stock includes shares of the Company held by the BIP Trust (as of January 1, 2021: 152,569 shares and as of December 31, 2021: 149,593 shares).

2. Share subscription rights

None

3. Dividends

(1) Cash dividends paid

Resolution	Type of share	Cash dividends paid (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
Ordinary general meeting of shareholders March 25, 2021	Common stock	17,524	12	December 31, 2020	March 26, 2021
	Class A stock	0	4,800	December 31, 2020	March 26, 2021
Board of directors' meeting August 10, 2021	Common stock	29,207	20	June 30, 2021	September 1, 2021
	Class A stock	0	8,000	June 30, 2021	September 1, 2021

(Note): 1. Total dividend as determined by the resolution of Ordinary general meeting of shareholders on March 25, 2021 includes ¥1 million of dividends on the Company's shares held by the BIP Trust.

2. Total dividend as determined by the resolution of Board of Directors' meeting on August 10, 2021 includes ¥2 million of dividends on the Company's shares held by the BIP Trust.

(2) Dividends, whose record date was in the year ended December 31, 2021, and whose effective date will be in the next fiscal year

Resolution	Type of share	Source of dividends	Cash dividends paid (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
Ordinary general meeting of shareholders March 25, 2022	Common stock	Retained earnings	38,826	28	December 31, 2021	March 28, 2022
	Class A stock	Retained earnings	0	11,200	December 31, 2021	March 28, 2022

(Note): Total dividend as determined by the resolution of Ordinary general meeting of shareholders on March 25, 2022 includes ¥4 million of dividends on the Company's shares held by the BIP Trust.

(Consolidated Statement of Cash Flows)

*1 Cash and cash equivalents at the end of the period are reconciled to the account reported in the consolidated balance sheet as follows:

	For the year ended December 31, 2020	For the year ended December 31, 2021
	Millions of yen	Millions of yen
Cash and deposits	182,978	201,765
Time deposits for more than three months and others	(10,573)	(10,551)
Cash and cash equivalents	172,405	191,213

(Segment Information and Others)

(Segment information)

1. Overview of reportable segments

The reportable segments for the Group's oil and natural gas development activities are composed of individual mining area and others for which separate financial information is available in order for the Board of Directors to make Group management decisions. Since the Group operates oil and natural gas businesses globally, the Group's reportable segments are the mining areas and others by geographical region, categorized in "Japan", "Asia & Oceania" (mainly Indonesia, Australia and East Timor), "Eurasia (Europe & NIS)" (mainly Azerbaijan and Kazakhstan), "Middle East & Africa" (mainly UAE) and "Americas".

The Company produces oil and natural gas in each segment. In addition, the Company conducts purchasing and marketing activities for natural gas and petroleum products and others in "Japan" segment.

2. Basis of measurement of sales and income (loss), assets, and other items by reportable segment

Accounting policies for the reportable segments are substantially the same as the accounting policies adopted for preparing the consolidated financial statements.

Internal sales between segments are based on prices for third-party transactions.

3. Information on sales and income (loss), assets, and other items by reportable segment

For the year ended December 31, 2020 (January 1, 2020 through December 31, 2020)

(Millions of yen)

	Reportable segments						Adjustments *1	Consolidated *2
	Japan	Asia & Oceania	Eurasia (Europe & NIS)	Middle East & Africa	Americas	Total		
Net sales								
(1) Sales to third parties	115,838	220,969	68,369	352,388	13,481	771,046	—	771,046
(2) Intercompany sales and transfers between segments	—	5,320	—	—	—	5,320	(5,320)	—
Total	115,838	226,290	68,369	352,388	13,481	776,367	(5,320)	771,046
Segment income (loss)	14,341	56,522	4,481	186,408	(2,128)	259,625	(11,154)	248,471
Segment assets	255,069	3,024,426	572,642	493,092	24,455	4,369,687	264,831	4,634,518
Other items								
Depreciation and amortization	15,075	100,812	6,923	42,476	7,938	173,227	871	174,098
Amortization of goodwill	—	—	—	—	(192)	(192)	6,952	6,760
Investment to affiliates accounted for by the equity method	2,014	198,065	14,417	12,471	—	226,969	1,205	228,175
Increase of tangible fixed assets and intangible assets	4,990	118,840	5,909	46,589	7,783	184,113	938	185,052

Note: 1. (1) Adjustments of segment income (loss) of ¥(11,154) million are corporate expenses. Corporate expenses are mainly amortization of goodwill and general administrative expenses that are not allocated to a reportable segment.

(2) Adjustments of segment assets of ¥264,831 million include elimination of inter-segment transactions of ¥(483) million and corporate assets of ¥265,314 million. Corporate assets are mainly goodwill, cash and deposits, investment securities and assets concerned with the administrative divisions that are not allocated to a reportable segment.

(3) Adjustments of depreciation and amortization of ¥871 million consist mainly of depreciation of corporate assets.

(4) Adjustments of amortization of goodwill of ¥6,952 million consist of amortization of goodwill not attributable to a reportable segment.

(5) Adjustments of investment to affiliates accounted for by the equity method of ¥1,205 million consist of investment to affiliates accounted for by the equity method not attributable to a reportable segment.

(6) Adjustments of increase of tangible fixed assets and intangible assets of ¥938 million consist mainly of capital expenditure to corporate assets.

2. Segment income (loss) is reconciled with operating income on the consolidated statement of income.

For the year ended December 31, 2021 (January 1, 2021 through December 31, 2021)

(Millions of yen)

	Reportable segments						Adjustments *1	Consolidated *2
	Japan	Asia & Oceania	Eurasia (Europe & NIS)	Middle East & Africa	Americas	Total		
Net sales								
(1) Sales to third parties	130,089	354,919	116,959	618,161	24,240	1,244,369	—	1,244,369
(2) Intercompany sales and transfers between segments	—	9,070	—	—	—	9,070	(9,070)	—
Total	130,089	363,989	116,959	618,161	24,240	1,253,440	(9,070)	1,244,369
Segment income (loss)	11,464	175,542	30,909	376,065	10,276	604,259	(13,602)	590,657
Segment assets	262,201	3,394,010	570,860	623,136	38,546	4,888,755	269,440	5,158,196
Other items								
Depreciation and amortization	14,923	116,426	6,862	59,872	4,226	202,311	872	203,184
Amortization of goodwill	—	—	—	—	(96)	(96)	6,952	6,856
Investment to affiliates accounted for by the equity method	2,277	307,749	18,359	18,375	—	346,761	1,502	348,264
Increase of tangible fixed assets and intangible assets	8,149	66,140	5,875	122,340	13,402	215,907	6,272	222,179

- Note: 1. (1) Adjustments of segment income (loss) of ¥(13,602) million are corporate expenses. Corporate expenses are mainly amortization of goodwill and general administrative expenses that are not allocated to a reportable segment.
- (2) Adjustments of segment assets of ¥269,440 million consist mainly of corporate assets of ¥269,440 million. Corporate assets are mainly goodwill, cash and deposits, investment securities and assets concerned with the administrative divisions that are not allocated to a reportable segment.
- (3) Adjustments of depreciation and amortization of ¥872 million consist mainly of depreciation of corporate assets.
- (4) Adjustments of amortization of goodwill of ¥6,952 million consist of amortization of goodwill not attributable to a reportable segment.
- (5) Adjustments of investment to affiliates accounted for by the equity method of ¥1,502 million consist of investment to affiliates accounted for by the equity method not attributable to a reportable segment.
- (6) Adjustments of increase of tangible fixed assets and intangible assets of ¥6,272 million consist mainly of capital expenditure to corporate assets.
2. Segment income (loss) is reconciled with operating income on the consolidated statement of income.

(Relative information)

For the year ended December 31, 2020 (January 1, 2020 through December 31, 2020)

1. Products and service information

(Millions of yen)

	Crude oil	Natural gas (excluding LPG)	LPG	Other	Total
Sales to third parties	505,517	247,854	2,737	14,937	771,046

2. Geographical information

(1) Sales

(Millions of yen)

Japan	Asia & Oceania (excluding China)	China	Other	Total
350,811	224,183	90,335	105,716	771,046

Note: Sales by geographical area is determined based upon the final destination and customer.

(2) Tangible fixed assets

(Millions of yen)

Japan	Australia	UAE	Other	Total
224,534	1,573,641	251,290	20,317	2,069,783

3. Information by major customer

(Millions of yen)

Customer	Sales	Relative reportable segment
Ichthys LNG Pty Ltd	121,521	Asia & Oceania

For the year ended December 31, 2021 (January 1, 2021 through December 31, 2021)

1. Products and service information

(Millions of yen)

	Crude oil	Natural gas (excluding LPG)	LPG	Other	Total
Sales to third parties	905,199	313,684	6,891	18,594	1,244,369

2. Geographical information

(1) Sales

(Millions of yen)

Japan	Asia & Oceania (excluding China)	China	Other	Total
504,079	390,063	174,276	175,950	1,244,369

Note: Sales by geographical area is determined based upon the final destination and customer.

(2) Tangible fixed assets

(Millions of yen)

Japan	Australia	UAE	Other	Total
216,442	1,683,503	326,453	33,450	2,259,849

3. Information by major customer

(Millions of yen)

Customer	Sales	Relative reportable segment
Ichthys LNG Pty Ltd	146,021	Asia & Oceania

(Information on impairment loss from fixed assets by reportable segment)

For the year ended December 31, 2020 (January 1, 2020 through December 31, 2020)

(Millions of yen)

	Reportable segments						Eliminations and other	Total
	Japan	Asia & Oceania	Eurasia (Europe & NIS)	Middle East & Africa	Americas	Total		
Impairment loss	—	138,011	—	—	51,929	189,940	—	189,940

For the year ended December 31, 2021 (January 1, 2021 through December 31, 2021)

(Millions of yen)

	Reportable segments						Eliminations and other	Total
	Japan	Asia & Oceania	Eurasia (Europe & NIS)	Middle East & Africa	Americas	Total		
Impairment loss	—	14,170	—	—	—	14,170	—	14,170

(Information on amortization of goodwill and unamortized balance by reportable segment)

For the year ended December 31, 2020 (January 1, 2020 through December 31, 2020)

(Millions of yen)

	Reportable segments						Eliminations and other *2	Total
	Japan	Asia & Oceania	Eurasia (Europe & NIS)	Middle East & Africa	Americas *1	Total		
Balance as of December 31, 2020	—	—	—	—	(1,057)	(1,057)	36,502	35,445

Note: 1. This is the unamortized balance of negative goodwill acquired before April 1, 2010 and net amount of goodwill is stated on the balance sheet.

2. This is the unamortized balance of goodwill not attributable to a reportable segment.

3. Please refer to “Segment information” regarding to the amounts of amortization of goodwill.

For the year ended December 31, 2021 (January 1, 2021 through December 31, 2021)

(Millions of yen)

	Reportable segments						Eliminations and other *1	Total
	Japan	Asia & Oceania	Eurasia (Europe & NIS)	Middle East & Africa	Americas	Total		
Balance as of December 31, 2021	—	—	—	—	—	—	29,550	29,550

Note: 1. This is the unamortized balance of goodwill not attributable to a reportable segment.

2. Please refer to “Segment information” regarding to the amounts of amortization of goodwill.

(Information on negative goodwill by reportable segment)

None

(Per Share Information)

Net assets excluding non-controlling interests per share, net income (loss) per share and the calculation basis are as follows:

	For the year ended December 31, 2020	For the year ended December 31, 2021
(1) Net assets excluding non-controlling interests per share	¥1,874.08	¥2,253.17

	For the year ended December 31, 2020	For the year ended December 31, 2021
(2) Net income (loss) per share	¥(76.50)	¥153.87
(Calculation basis)		
Net income (loss) attributable to owners of parent (Millions of yen)	(111,699)	223,048
Amount not attributable to common shareholders (Millions of yen)	(0)	0
[of which Net income (loss) attributable to owners of parent related to Class A stock (Millions of yen)]	[(0)]	[0]
Net income (loss) attributable to owners of parent related to common shareholders (Millions of yen)	(111,699)	223,048
Average number of common stock (shares)	1,460,203,728	1,449,617,608

(Note): 1. Diluted net income per share is not presented because there is no dilutive potential of shares of common stock.

2. For the purpose of computing net assets excluding non-controlling interests per share, the Company's shares held by the Board Incentive Plan Trust recorded as treasury stock under shareholders' equity are included in the treasury stock to be deducted from the total number of shares issued at the end of the period. Additionally, in computing net income (loss) per share, above shares of the Company are included in the treasury stock to be deducted from the average number of shares during the period. The numbers of shares of treasury stock deducted from the total number of shares issued at the end of the period in computing net assets excluding non-controlling interests per share were 152,569 shares and 149,593 shares as of December 31, 2020 and 2021 respectively. The numbers of shares of treasury stock deducted from the average number of shares during the period in computing net income (loss) per share were 153,372 shares and 150,738 shares for the year ended December 31, 2021 and 2021 respectively.

(Significant Subsequent Events)

I. Business Combination through Acquisition

On October 27, 2021, the Company concluded the agreement on transfer of 50.5% of shares in Idemitsu Snorre Oil Development Co., Ltd. with Idemitsu Kosan Co., Ltd. and Osaka Gas Summit Resources Co., Ltd. On January 31, 2022, the Company acquired shares in Idemitsu Snorre Oil Development Co., Ltd. after the approval of the government of Norway and other conditions were fulfilled.

Following the acquisition, Idemitsu Snorre Oil Development Co., Ltd. and Idemitsu Petroleum Norge AS which is a wholly owned subsidiary of Idemitsu Snorre Oil Development Co., Ltd. became subsidiaries of the Company because shares in Idemitsu Petroleum Norge AS are held indirectly by the Company.

1. Outline of the business combination

(a) Name and business details of the acquired company

- i. Name Idemitsu Snorre Oil Development Co., Ltd.
Business details Exploration, development, production and marketing of crude oil and natural gas in Norway through a subsidiary
- ii. Name Idemitsu Petroleum Norge AS
Business details Exploration, development, production and marketing of crude oil and natural gas in Norway

(b) Main reason for the business combination

The Company expects its core upstream business to become more resilient and its corporate value to further improve by strengthening its operational base in Norway.

Additionally, the Company determined that the business combination enables the Company to fulfill its two social responsibilities of providing a stable supply of energy while mounting a response to climate change, in addition to making its upstream business cleaner, by pursuing decarbonization efforts in Norway and around Europe.

(c) Date of the business combination

January 1, 2022 (deemed acquisition date)

January 31, 2022 (share acquisition date)

(d) Legal form of the business combination

Acquisition of shares in Idemitsu Snorre Oil Development Co., Ltd. for cash consideration

(e) Company name after the business combination

- i. INPEX Norway Co., Ltd. (corporate name changed from Idemitsu Snorre Oil Development Co., Ltd.)
- ii. INPEX Idemitsu Norge AS (corporate name changed from Idemitsu Petroleum Norge AS)

(f) Ratio of voting rights acquired

- i. Idemitsu Snorre Oil Development Co., Ltd. 50.5%
- ii. Idemitsu Petroleum Norge AS 100% (of which indirectly owns 100%)

(g) Basis for determination of the acquiring company

The Company acquired shares in Idemitsu Snorre Oil Development Co., Ltd. for cash consideration.

2. Amount and breakdown of the acquisition costs

Consideration for acquisition	Cash and deposits	¥39,739 million
<hr/>		
Acquisition cost		¥39,739 million

3. Amount and breakdown of the main acquisition-related costs

Not yet determined.

4. Amount of goodwill, reason for recognition, and method and period for amortization

Not yet determined.

5. Amount and breakdown of assets received and liabilities assumed on the date of the business combination

Not yet determined.

II. Cancellation of the Company's Own Shares

The Board of Directors of the Company, at its meeting held on January 24, 2022, resolved to cancel its own shares pursuant to the provisions of Article 178 of the Companies Act, and carried out the cancellation as follows.

1. Type of shares cancelled: Common shares
2. Total number of shares cancelled: 75,656,433 shares
(5.17% of total number of issued shares prior to the cancellation)
3. Date of cancellation: February 8, 2022

(Reference) Number of shares after the cancellation

- Total number of issued shares: 1,386,667,167 shares
- Total number of own shares: 0 shares

Note: The shares held by the Board Incentive Plan Trust (149,593 shares) are not included in the number of own shares.

4. Non-Consolidated Financial Statements and Principal Notes

(1) Non-Consolidated Balance Sheet

(Millions of yen)

Accounts	As of December 31, 2020	As of December 31, 2021
(Assets)		
Current assets		
Cash and deposits	431	445
Accounts receivable-trade	16,552	27,161
Finished goods	1,906	6,988
Work in process and partly-finished construction	100	288
Raw materials and supplies	6,001	10,652
Advance payments-trade	702	1,596
Prepaid expenses	1,042	1,178
Short-term loans receivable from subsidiaries and affiliates	171,686	181,468
Deposit paid in subsidiaries and affiliates	582,236	549,116
Other	26,890	28,548
Allowance for doubtful accounts	(44,479)	(49,184)
Total current assets	763,070	758,260
Fixed assets		
Tangible fixed assets		
Buildings, net	13,762	15,677
Structures, net	147,800	141,420
Wells, net	64	455
Machinery and equipment, net	44,048	41,352
Vehicles, net	23	16
Tools, furniture and fixtures, net	876	784
Land	16,396	16,456
Leased assets, net	136	190
Construction in progress	1,763	2,704
Total tangible fixed assets	224,872	219,058
Intangible assets		
Goodwill	36,502	29,550
Mining right	5	5
Software	1,114	1,309
Other	3,323	4,526
Total intangible assets	40,945	35,391

(Millions of yen)

Accounts	As of December 31, 2020	As of December 31, 2021
Investments and other assets		
Investment securities	53,389	37,930
Investments in stock of subsidiaries and affiliates	2,021,540	1,910,324
Long-term loans receivable from subsidiaries and affiliates	117,124	121,240
Long-term prepaid expenses	118	190
Deferred tax assets	4,343	8,992
Other	8,247	8,117
Allowance for doubtful accounts	(600)	(652)
Allowance for investments in exploration	(110,276)	(106,348)
Total investments and other assets	2,093,887	1,979,794
Total fixed assets	2,359,705	2,234,245
Total assets	3,122,776	2,992,505
(Liabilities)		
Current liabilities		
Accounts payable-trade	753	3,549
Short-term debt	89,027	—
Current portion of long-term debt	45,839	36,180
Lease obligations	26	24
Accounts payable-other	14,927	15,586
Accrued expenses	2,501	2,359
Income taxes payable	685	1,587
Advances received	—	0
Deposits payable	820	14,743
Deposits received from subsidiaries and affiliates	4,952	7,502
Accrued bonuses	1,200	1,168
Accrued bonuses to officers	54	200
Provision for loss on business	9,351	9,400
Asset retirement obligations	1,171	27
Other	437	961
Total current liabilities	171,747	93,293

(Millions of yen)

Accounts	As of December 31, 2020	As of December 31, 2021
Long-term liabilities		
Bonds payable	—	30,000
Long-term debt	708,084	724,981
Lease obligations	118	180
Deferred tax liabilities	1,063	1,181
Accrued retirement benefits to employees	7,375	6,268
Provision for stocks payment	71	100
Provision for loss on business of subsidiaries and affiliates	15,212	16,365
Provision for loss on guarantees of subsidiaries and affiliates	34,891	39,798
Asset retirement obligations	3,816	5,118
Other	195	358
Total long-term liabilities	770,829	824,354
Total liabilities	942,577	917,648
(Net assets)		
Shareholders' equity		
Common stock	290,809	290,809
Capital surplus		
Legal capital surplus	1,023,802	1,023,802
Total capital surplus	1,023,802	1,023,802
Retained earnings		
Other retained earnings		
Reserve for advanced depreciation of non-current assets	2,105	2,105
Reserve for special depreciation	1,418	—
Mine prospecting reserve	8,204	8,108
Retained earnings brought forward	857,477	824,864
Total retained earnings	869,205	835,078
Treasury stock	(5,428)	(75,425)
Total shareholders' equity	2,178,389	2,074,265
Valuation, translation adjustments and others		
Unrealized holding gain on securities	2,001	2,566
Unrealized gain (loss) from hedging instruments	(192)	(1,974)
Total valuation, translation adjustments and others	1,808	591
Total net assets	2,180,198	2,074,857
Total liabilities and net assets	3,122,776	2,992,505

(2) Non-Consolidated Statement of Income

(Millions of yen)

Accounts	For the year ended December 31, 2020	For the year ended December 31, 2021
Net sales	127,676	154,773
Cost of sales	99,570	111,387
Gross profit	28,106	43,385
Exploration expenses	486	134
Selling, general and administrative expenses	31,392	35,249
Operating income (loss)	(3,772)	8,001
Other income		
Interest Income	13,069	9,248
Dividend income	32,476	24,888
Gain on sales of investment securities	—	6,397
Gain on sales of stocks of subsidiaries and affiliates	—	5,715
Guarantee commission received	9,043	4,679
Foreign exchange gain	366	472
Other	3,923	3,707
Total other income	58,879	55,110
Other expenses		
Interest expenses	12,347	8,176
Loss on valuation of shares of subsidiaries and affiliates	161,547	19,948
Provision of allowance for doubtful accounts	—	5,246
Provision of allowance for investment loss in exploration	392	551
Provision for loss on business of subsidiaries and affiliates	—	1,179
Provision for loss on guarantees of subsidiaries and affiliates	6,496	4,881
Other	8,645	10,191
Total other expenses	189,428	50,174
Ordinary income (loss)	(134,321)	12,937
Income (loss) before income taxes	(134,321)	12,937
Income taxes-current	2,057	4,382
Income taxes-deferred	(5,719)	(4,049)
Total income taxes	(3,661)	333
Net income (loss)	(130,660)	12,604

(3) Non-Consolidated Statement of Changes in Net Assets
For the year ended December 31, 2020

(Millions of yen)

	Shareholders' equity						
	Common stock	Capital Surplus		Retained earnings			
		Legal capital surplus	Total capital surplus	Other retained earnings			
				Reserve for advanced depreciation of non-current assets	Reserve for special depreciation	Mine prospecting reserve	Retained earnings brought forward
Balance at the beginning of the period	290,809	1,023,802	1,023,802	2,105	1,418	8,057	1,032,095
Changes during the period							
Reversal of reserve for special depreciation					—		—
Provision of mine prospecting reserve						495	(495)
Reversal of mine prospecting reserve						(349)	349
Cash dividends paid							(43,810)
Net income (loss)							(130,660)
Purchase of treasury stock							
Disposal of treasury stock							
Other changes in items other than those in shareholders' equity(net)							
Total changes during the period	—	—	—	—	—	146	(174,617)
Balance at the end of the period	290,809	1,023,802	1,023,802	2,105	1,418	8,204	857,477

	Shareholders' equity			Valuation, translation adjustments and others			Total net assets
	Retained earnings	Treasury stock	Total Shareholders' equity	Unrealized holding gain on securities	Unrealized gain(loss) from hedging instruments	Total valuation, translation adjustments and others	
	Total retained earnings						
Balance at the beginning of the period	1,043,677	(5,432)	2,352,857	5,484	(192)	5,292	2,358,149
Changes during the period							
Reversal of reserve for special depreciation	—		—				—
Provision of mine prospecting reserve	—		—				—
Reversal of mine prospecting reserve	—		—				—
Cash dividends paid	(43,810)		(43,810)				(43,810)
Net income (loss)	(130,660)		(130,660)				(130,660)
Purchase of treasury stock		—	—				—
Disposal of treasury stock		3	3				3
Other changes in items other than those in shareholders' equity(net)				(3,483)	—	(3,483)	(3,483)
Total changes during the period	(174,471)	3	(174,467)	(3,483)	—	(3,483)	(177,951)
Balance at the end of the period	869,205	(5,428)	2,178,389	2,001	(192)	1,808	2,180,198

For the year ended December 31, 2021

(Millions of yen)

	Shareholders' equity						
	Common stock	Capital Surplus		Retained earnings			
		Legal capital surplus	Total capital surplus	Other retained earnings			
				Reserve for advanced depreciation of non-current assets	Reserve for special depreciation	Mine prospecting reserve	Retained earnings brought forward
Balance at the beginning of the period	290,809	1,023,802	1,023,802	2,105	1,418	8,204	857,477
Changes during the period							
Reversal of reserve for special depreciation					(1,418)		1,418
Provision of mine prospecting reserve						—	—
Reversal of mine prospecting reserve						(95)	95
Cash dividends paid							(46,731)
Net income (loss)							12,604
Purchase of treasury stock							
Disposal of treasury stock							
Other changes in items other than those in shareholders' equity(net)							
Total changes during the period	—	—	—	—	(1,418)	(95)	(32,613)
Balance at the end of the period	290,809	1,023,802	1,023,802	2,105	—	8,108	824,864

	Shareholders' equity			Valuation, translation adjustments and others			Total net assets
	Retained earnings	Treasury stock	Total Shareholders' equity	Unrealized holding gain on securities	Unrealized gain(loss) from hedging instruments	Total valuation, translation adjustments and others	
	Total retained earnings						
Balance at the beginning of the period	869,205	(5,428)	2,178,389	2,001	(192)	1,808	2,180,198
Changes during the period							
Reversal of reserve for special depreciation	—		—				—
Provision of mine prospecting reserve	—		—				—
Reversal of mine prospecting reserve	—		—				—
Cash dividends paid	(46,731)		(46,731)				(46,731)
Net income (loss)	12,604		12,604				12,604
Purchase of treasury stock		(69,999)	(69,999)				(69,999)
Disposal of treasury stock		3	3				3
Other changes in items other than those in shareholders' equity(net)				564	(1,782)	(1,217)	(1,217)
Total changes during the period	(34,127)	(69,996)	(104,123)	564	(1,782)	(1,217)	(105,341)
Balance at the end of the period	835,078	(75,425)	2,074,265	2,566	(1,974)	591	2,074,857

(4) Notes to Non-Consolidated Financial Statements

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

None

5. Other

(1) Production, Orders Received and Sales Performance

1) Actual production

The following table shows actual production by segment:

Segment	Category	For the year ended December 31, 2020	For the year ended December 31, 2021
Japan	Crude oil	1.1 MMbbls (3.0 Mbbls per day)	1.1 MMbbls (2.9 Mbbls per day)
	Natural gas	40.5 Bcf (110.5 MMcf per day)	40.2 Bcf (110.2 MMcf per day)
	Subtotal	8.7 MMboe (23.7 Mboe per day)	8.6 MMboe (23.6 Mboe per day)
	Iodine	559.0 tons	556.5 tons
	Electric power generation	174.1 million kWh	207.6 million kWh
Asia & Oceania	Crude oil	15.6 MMbbls (42.7 Mbbls per day)	18.8 MMbbls (51.6 Mbbls per day)
	Natural gas	394.0 Bcf (1,076.5 MMcf per day)	397.5 Bcf (1,088.9 MMcf per day)
	Subtotal	91.5 MMboe (250.0 Mboe per day)	95.6 MMboe (261.9 Mboe per day)
	Electric power generation	372.9 million kWh	392.4 million kWh
Eurasia (Europe & NIS)	Crude oil	19.0 MMbbls (51.9 Mbbls per day)	18.3 MMbbls (50.1 Mbbls per day)
	Natural gas	9.1 Bcf (24.8 MMcf per day)	9.6 Bcf (26.4 MMcf per day)
	Subtotal	20.6 MMboe (56.3 Mboe per day)	20.0 MMboe (54.8 Mboe per day)
	Sulfur	88.3 Mtons	94.0 Mtons
Middle East & Africa	Crude oil	82.7 MMbbls (225.8 Mbbls per day)	84.3 MMbbls (230.9 Mbbls per day)
Americas	Crude oil	2.8 MMbbls (7.7 Mbbls per day)	2.9 MMbbls (8.1 Mbbls per day)
	Natural gas	19.3 Bcf (52.7 MMcf per day)	9.4 Bcf (25.8 MMcf per day)
	Subtotal	6.4 MMboe (17.5 Mboe per day)	4.8 MMboe (13.0 Mboe per day)
Total	Crude oil	121.2 MMbbls (331.1 Mbbls per day)	125.4 MMbbls (343.5 Mbbls per day)
	Natural gas	462.8 Bcf (1,264.6 MMcf per day)	456.7 Bcf (1,251.3 MMcf per day)
	Subtotal	209.9 MMboe (573.4 Mboe per day)	213.3 MMboe (584.3 Mboe per day)
	Iodine	559.0 tons	556.5 tons
	Electric power generation	547.0 million kWh	600.0 million kWh
	Sulfur	88.3 Mtons	94.0 Mtons

Note: 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 131.1 MMbbls (358.3 Mbbls per day) of crude oil, 472.1 Bcf (1,290.0 MMcf per day) of natural gas, and in total 221.5 MMboe (605.1 Mboe per day) for the year ended December 31, 2020, and 136.1 MMbbls (373.0 Mbbls per day) of crude oil, 472.9 Bcf (1,295.7 MMcf per day) of natural gas, and in total 226.8 MMboe (621.5 Mboe per day) for the year ended December 31, 2021.

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 year ended December 31, 2020		For the year ended December 31, 2021	
		Sales volume	Net sales	Sales volume	Net sales
Japan	Crude oil	621 Mbbls	3,059	547 Mbbls	4,350
	Natural gas (excluding LPG)	77,413 MMcf	97,351	87,737 MMcf	107,516
	LPG	2 Mbbls	14	2 Mbbls	20
	Other		15,413		18,205
	Subtotal		115,838		130,092
Asia & Oceania	Crude oil	15,580 Mbbls	71,324	18,508 Mbbls	143,470
	Natural gas (excluding LPG)	361,864 MMcf	146,921	357,227 MMcf	204,577
	LPG	254 Mbbls	2,723	707 Mbbls	6,871
	Subtotal		220,969		354,919
Eurasia (Europe & NIS)	Crude oil	16,918 Mbbls	67,147	15,528 Mbbls	117,604
	Natural gas (excluding LPG)	9,086 MMcf	1,698	9,628 MMcf	(1,034)
	Other		(476)		389
	Subtotal		68,369		116,959
Middle East & Africa	Crude oil	81,022 Mbbls	352,388	82,261 Mbbls	618,158
Americas	Crude oil	3,141 Mbbls	11,598	3,275 Mbbls	21,616
	Natural gas (excluding LPG)	19,102 MMcf	1,882	10,213 MMcf	2,623
	Subtotal		13,481		24,240
Total	Crude oil	117,282 Mbbls	505,517	120,118 Mbbls	905,199
	Natural gas (excluding LPG)	467,466 MMcf	247,854	464,805 MMcf	313,684
	LPG	257 Mbbls	2,737	710 Mbbls	6,891
	Other		14,937		18,594
	Total		771,046		1,244,369

Note: 1. The above amounts do not include the related consumption tax.

2. Sales volumes are rounded to the nearest whole number.

3. Sales for a major customer and sales as a percentage of total net sales are as follows.

Customer	For the year ended December 31, 2021	
	Amount (Millions of yen)	Ratio (%)
Ichthys LNG Pty Ltd	146,021	11.7