INPEX

2023 Annual Report

INPEX Idemitsu Norge AS

Message from the Managing Director

INPEX Idemitsu Norge (IIN) can look back on an active and productive 2023 with stable production, steady progress in our key projects, and a solid financial result.

On the exploration front, a commercial discovery was made in the Crino-Mulder prospect four kilometres west of the Fram field, an area with good existing infrastructure.

The Wisting project was restarted with an aim to review the development concept and identify areas to reduce costs and increase the resource basis. The work progressed well with good results and the Wisting project is now targeting an investment decision in 2026.

During the summer of 2023, the remaining wind turbines were installed and put onstream at Hywind Tampen. This project is expected to cut GHG emissions from the Snorre and Gullfaks platforms by up to 35 % per year and allow for increased gas export to Europe.

IIN was awarded three production licences in the APA 2022 licensing round. These awards are located near existing IIN licences and infrastructure.

As part of the INPEX Group, we are dedicated to transitioning to cleaner energy and reducing our carbon footprint. Our operations on the Norwegian Continental Shelf already have low emissions and we are working on initiatives to make them even lower.

We are committed to maintaining our high standards while continuing to innovate and grow our operations in Norway.

IIN was delighted to renew our commitment to supporting MUNCH for another five years in January 2023. We take pride in backing this cultural corner-stone, enriching the lives of our local community members.

Thank you for your continued support.

Sincerely,

Yukiyo Ikeda
Managing Director

KEY DATA

	2023	2022	2021	2020	2019
Operating revenues, million NOK	8 941	11 967	6 569	3 610	3 788
Operating profit, million NOK	6 171	8 912	4 061	534	1 396
Profit after tax, million NOK	1 609	2 083	1 039	1 133	392
Daily production, thousand barrels	28.5	32.7	28.5	23.5	21.8
Investments, million NOK	673	916	1 459	1 788	1 506
Equity ratio (year-end)	49 %	43 %	38 %	55 %	51 %
Cash flow before financing, million NOK	1 312	4 387	2 197	1 090	255
Crude oil reserves, million Sm^3	12.5	12.7	14.2	15.8	16.7
Return on equity	28 %	57 %	21 %	23 %	8 %

DEFINITIONS

Daily production = Average daily production in oil equivalents, IIN share
Investments = Offshore investments excl. production rights
Crude oil reserves = Probable, commercially recoverable resources in producing fields
Return = Annual after tax profit
Equity = Equity at the beginning of the year

Exploration

Following application for exploration acreage in Awards in Pre-defined Areas 2022 (APA 2022) INPEX Idemitsu Norge (IIN) was awarded three licence shares. Of these, two are located in the northern North Sea: **PL 1179**, east of the Fram field and the stratigraphic licence **PL 293 CS**, as an extension licence to **PL 293 B**, the Kveikje discovery. In the Vøring Basin, the company was awarded a share in **PL 1194**, south-west of Aasta Hansteen.

In the APA 2023, IIN applied for four new licences and one licence extension. IIN was awarded all five licences: **PL 1217** (IIN as operator) and **PL 1219** on the Måløy Slope/Selje Horst/Sløreboth Sub-Basin in the northern North Sea/ southern Norwegian Sea, and **PL 1231**, **PL 1233**, and **PL 1194 B** in the Vøring Basin, Norwegian Sea.

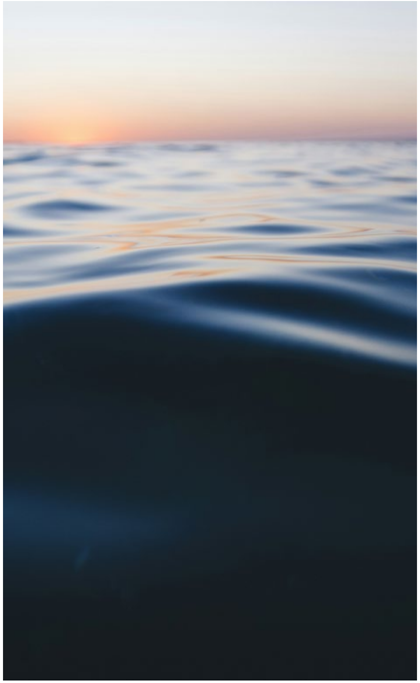
IIN participated in two exploration wells during 2023. One oil and gas discovery well was drilled in the Fram area, licence **PL 090**, and one technical gas discovery well was drilled in the Vøring Basin in **PL 1016**.

NORTH SEA

In **PL 057** (block 34/4; 9.6 % IIN interest) maturation of the Omega Sør prospect has been ongoing.

In **PL 089** (block 34/7; 9.6 % IIN interest) prospect evaluation continued.

In **PL 882** and **882 B** (blocks 33/6, 34/4; 20 % IIN interest) further evaluation and maturation of prospects



continued, including prospects in **PL 882 B**.

In **PL 090**, **090 E**, **090 I**, and **PL 1179** (blocks 35/11, 31/2, 31/3 and 35/12; 15 % IIN interest) the exploration well 35/11-26S and sidetrack 35/11-26A targeted the Crino-Mulder prospect in **PL 090**. The main wellbore encountered a 7-metre gas column and a 26-metre oil column in the Heather Formation, in sandstone layers totalling 33 metres with moderate to good reservoir quality. The oil/water contact was not encountered. The Brent Group was water-filled with moderate to good reservoir quality. The sidetrack encountered sandstones of moderate to good reservoir quality in the Heather Formation; the reservoir was water-filled. Oil and gas were also proven in shallower intra-Heather sandstones in both wells. The licensees will assess the discovery in relation to existing infrastructure in the Fram area, along with other discoveries in the vicinity. Dual Azimuth Seismic data in combination with 4D seismic has been further evaluated for exploration drilling targets and the Rhombi/C-NØ prospect has been approved for drilling in 2024.

In **PL 090 F** (block 35/11; 40 % IIN interest) prospect evaluation continued.

In **PL 090 HS** (block 35/11; 15 % IIN interest) prospect evaluation continued.

In **PL 090 JS** (block 35/11; 40 % IIN interest) no exploration activities were undertaken in 2023.

In **PL 293 B** and **293 CS** (block 35/10; 10 % IIN interest) prospect maturation continued, and Jurassic prospectivity is reinterpreted on newly acquired Dual Azimuth Seismic in light of the nearby Brent Fm Carmen discovery.

In **PL 636** and **636 B** (block 36/7; 30 % IIN interest) prospect evaluation continued, and preparation for drilling of Cerisa prospect in Q1 2024 was undertaken.

In **PL 318**, **318 B**, and **318 C** (blocks 35/2, 4, 5, 6203/10; 20 % IIN interest) a commercial solution for Peon has yet to be defined.

In **PL 1153** (block 36/4; 30 % IIN interest) prospect evaluation continued.

PL 1217 (block 35/3, 36/1, 6203/12, and 6204/10; IIN Operator and 40 % IIN interest) awaiting approval letter.

PL 1219 (block 6204/7, 6204/8, 6204/10, and 6204/11; 50 % IIN interest) awaiting approval letter.

NORWEGIAN SEA

In **PL 1016** (blocks 6607/2, 3, 4, 5, 6, 6608/1; 40 % IIN interest) the wildcat well 6607/3-1 S Velocette, located 45 km southeast of the Aasta Hansteen field, was drilled to prove hydrocarbons in reservoir rocks in the Upper Cretaceous Nise Formation. The well encountered a gas/condensate column of about nine metres in the Nise Formation with around 5 metres in a sandstone reservoir with quality varying from moderate to very good. The Nise Formation has a total thickness of 55 metres. The gas/water contact was encountered in the well, which is classified as a technical/non-commercial discovery.

In **PL 1129** (blocks 6703/7, 8, 9, 10, 11, 12, 6704/7, 8, 10 11; 30 % IIN interest) prospect evaluation continued.

In **PL 1130** (blocks 6707/8, 9, 11, 12; IIN Operator and 60 % interest) prospect evaluation continued towards a DoD decision.

In **PL 1194** and **1194 B** (6605/6, 6606/4; 30 % IIN interest) the licensees decided to drill the Haydn prospect in 2024.

PL 1231 (block 6605/5, 6605/6, and 6605/9; 30 % IIN interest) awaiting approval letter.

PL 1233 (block 6605/3, 6705/12; 50 % IIN interest) awaiting approval letter.

BARENTS SEA

In **PL 537** and **537 B** (blocks 7324/7, 8; 10 % IIN interest) no exploration activity was performed. A data acquisition well will be drilled in 2024 for reservoir evaluation of the Wisting discovery.

In **PL 609**, **609 B**, and **609 D** (blocks 7120/1, 2, 7220/6, 9, 11, 12, 7221/4; 15 % IIN interest) no exploration activity was performed.

In **PL 1133** (blocks 7324/4; 10 % IIN interest) prospect maturation was continued.

In **PL 1170** (blocks 7324/6, 7324/8, 7324/9, 7325/4, 7325/7; 10 % IIN interest) the licensees decided to drill the Ferdinand Nord and Hassel prospects in 2024. The Viasat prospect will also be drilled if Ferdinand Nord is a commercial discovery.

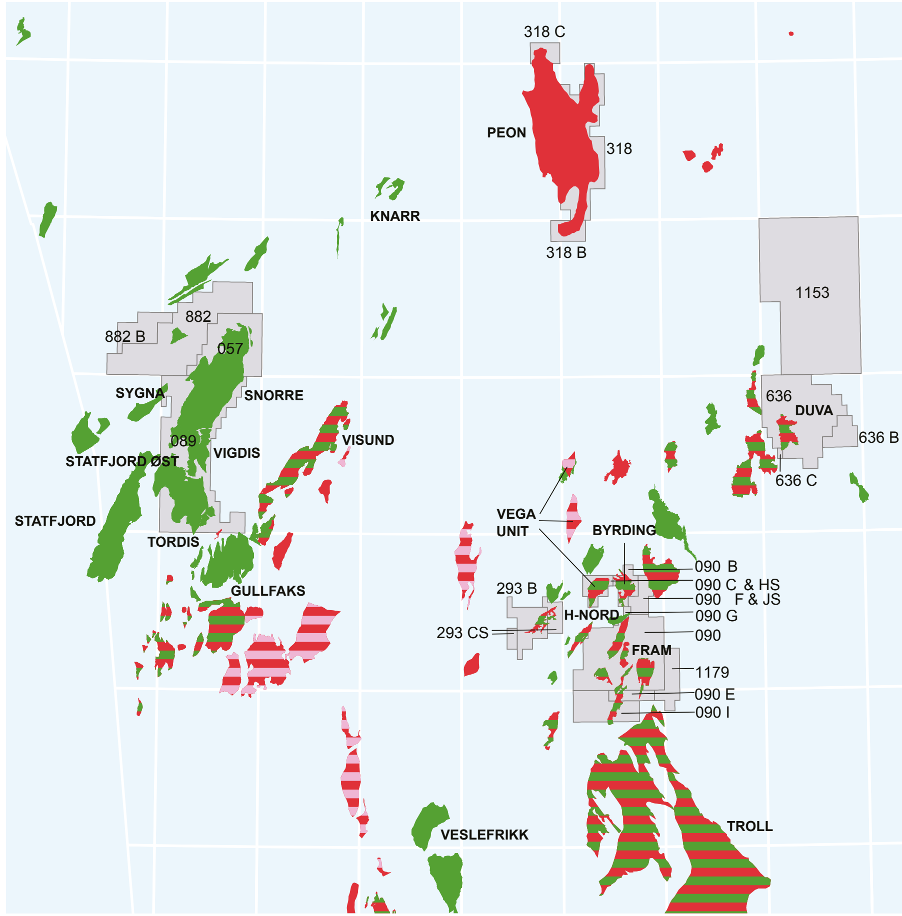
Northern North Sea

LICENCES

- IIN LICENCES / PARTNER
- IIN LICENCES / OPERATOR

FIELDS/DISCOVERIES

- GAS
- GAS/CONDENSATE
- OIL
- OIL/GAS



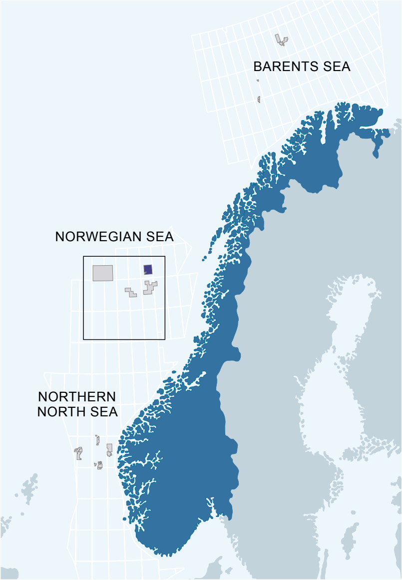
Norwegian Sea

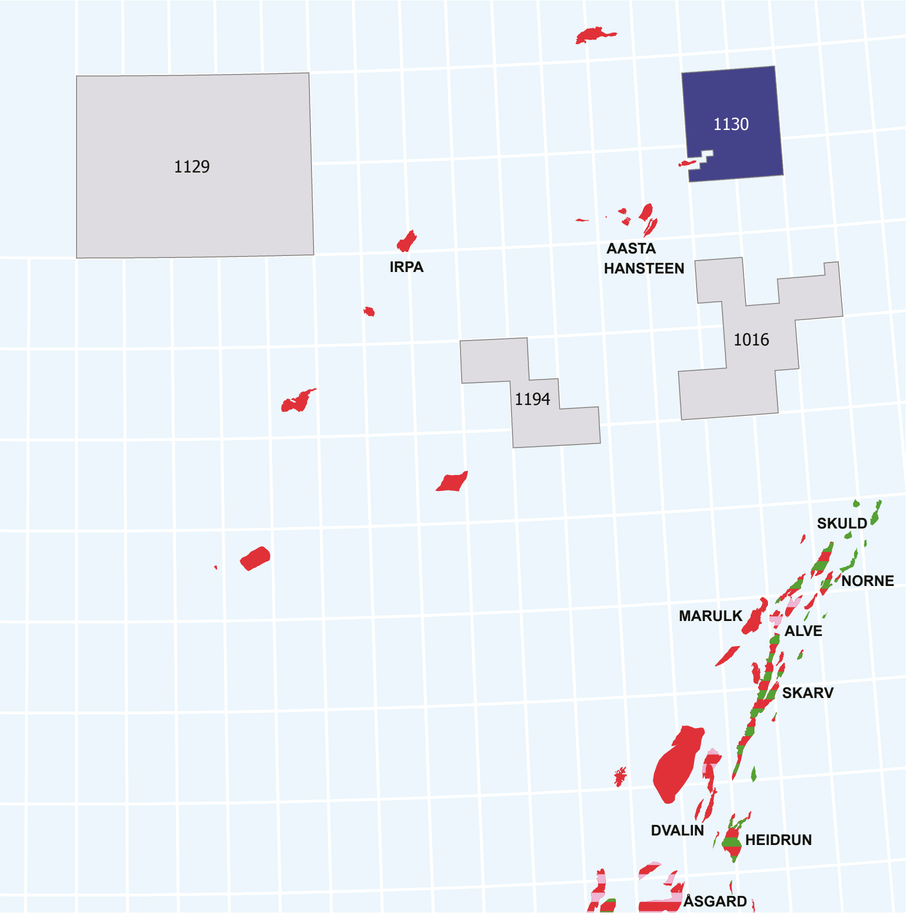
LICENCES

- IIN LICENCES / PARTNER
- IIN LICENCES / OPERATOR

FIELDS/DISCOVERIES

- GAS
- GAS/CONDENSATE
- OIL
- OIL/GAS





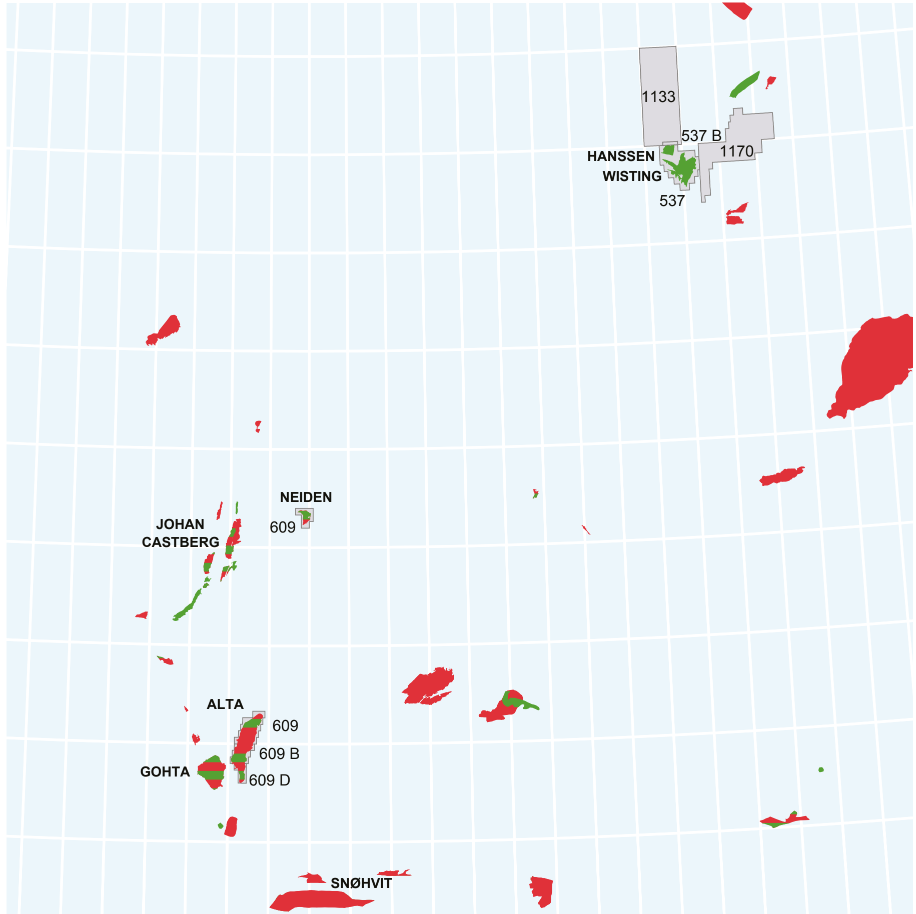
Barents Sea

LICENCES

- IIN LICENCES / PARTNER
- IIN LICENCES / OPERATOR

FIELDS/DISCOVERIES

- GAS
- GAS/CONDENSATE
- OIL
- OIL/GAS



Production & development

Production has generally been stable throughout the year. Average production per day was about 28 500 boe, a reduction of around 13 % from 2022. About 70 % of the production was oil and 30 % was gas.

The Snorre, Fram, and Duva fields are the most important producing fields in IIN's portfolio with around 81 % of the total IIN production. Snorre and Fram produced stably, but with declining production as expected, while Duva, in its second year of full production, continued to produce above expectations. The reason was mainly because the production was not capacity-constrained at the receiving Gjøa platform.

A key project with high attention finalised in 2023 was the Hywind Tampen project. Hywind Tampen is a joint project between the Snorre and Gullfaks licences and included fabrication, assembly, and installation of a total of 11 Floating Wind Turbines (FWTs) offshore that supply power to the Snorre and Gullfaks platforms. 6 FWTs are dedicated for power supply to Snorre. Hywind is the world's first project to use floating wind turbines for electrification of oil and gas installations. The first electricity was delivered to Snorre in May 2023, and stable supply of electricity was achieved from September. It is expected that CO_2 emissions from the Snorre platform will be reduced by around 125 000 tonnes per year.

Production from the Knarr field ceased on 1 May 2022 and is now in the decommissioning phase and progressing according to the approved decommissioning plan. Disconnecting of risers and removal of the FPSO from the field is completed, and the second phase of the decommissioning project started in 2023 and will be completed in 2024 with use of a drilling rig to permanently Plug and Abandon (P&A) the Knarr wells.

MATURATION OF DISCOVERIES

The Operator Equinor and the partners decided in November 2022 to postpone the Wisting project and establish a new dedicated project, the Wisting Reshape Project (WRP), with the aim to improve the robustness of the project. The operator established a new dedicated organisation for this purpose and work started at the beginning of the year. The main goal of WRP is to evaluate ways to reduce cost by establishing a more fit for purpose concept execution, a more predictable market condition and increase reserves by mitigating subsurface risks. A data acquisition well is approved for drilling in the beginning of 2024 and will further improve the understanding of key reservoir parameters. In addition, the Wisting partners have approved two firm and one contingent exploration wells in the nearby PL 1170 licence. If the exploration campaign is successful, the discoveries can be tied back to the Wisting FPSO to further improve the resource base for the Wisting development. WRP is working towards a PDO submittal for the Wisting field in 2026.

Several discoveries have been made in recent years that are currently being evaluated for development. IIN's most important discoveries are the Echino Sør and Blasto discoveries in the Fram area (PL 090 and PL 090 E) that will be developed as a joint project with the name Fram Sør. Fram Sør will be tied back to the Troll C platform via the existing Fram subsea installations. Plan for Development and Production (PDO) is planned in 2025 and production start in 2028.

The Grosbeak discovery (PL 090 JS), the Dugong discovery (PL 882), the Kveikje discovery (PL 293 B), and most recent, the Mulder discovery (PL 090), are all discoveries that will be developed as subsea tie-backs to nearby infrastructure. PDOs for these discoveries are planned within one to three years and start of production can be expected in the timeframe 2028-2030.

The Peon gas discovery that has had little progress the last few years is now getting more focus again, and it is expected that an updated plan for maturation will be established in 2024 with the aim to submit a PDO within 2 to 3 years.

TOWARDS A LOW GREENHOUSE GAS EMISSION PORTFOLIO

INPEX Idemitsu already has low emissions from the fields in operation through optimisation of the power consumption, limiting of flaring, and methane ventilation. The Vega and Duva fluids are processed on the Gjøa platform which has electrical power supplied from shore. Several new projects are initiated to reduce the emissions even more. The Tampen Hywind project generates renewable power for delivery to the Snorre and Gullfaks platforms reducing the emissions from the Snorre, Vigdis, and Tordis fields. From 2024, the Troll platforms will be powered from shore and cut the emissions from processing oil and gas from the Fram, H-Nord, and Byrding fields.

TAMPEN AREA PRODUCING FIELDS

Snorre

Spanning blocks 34/4 and 34/7 (PL 057 and PL 089), the Snorre field has been producing since August 1992 with the start-up of Snorre A. The Snorre B platform came onstream in 2001.
The Snorre field has been granted extended lifetime to 2040 and further extensions are being evaluated.

Tordis

The Tordis field is developed via a 10-kilometre subsea tie-back to the Gullfaks C platform which provides processing services. Production started in 1994.

Vigdis

The Vigdis field is developed via a seven-kilometre subsea tie-back to Snorre A which provides processing services and onwards transportation. Production started in 1997. Lifetime extension has been granted to 2040.

Statfjord Satellites

Statfjord Øst and Sygna are subsea satellite fields tied into the Statfjord C platform. Both fields are in the late-life production phase. An activity to divest the two fields was initiated in 2023 and successfully completed in the beginning of 2024.

FRAM AREA PRODUCING FIELDS

Fram

The Fram field is located 20 kilometres north of the Troll C platform and started production in October 2003. The Fram field is developed with subsea templates tied back to the Troll C platform for processing. Gas produced from the field is transported via pipeline to the Kollsnes gas terminal for processing and export.

Fram H-Nord

Fram H-Nord is developed as a tie-back to Fram and further to Troll C. Fram H-Nord started production in 2014.

Byrding

During 2016, the PL 090 B partners approved the development of the Byrding (formerly Astero) discovery. Byrding came on production in July 2017 with one dual-branch production well drilled from the H-Nord template, and is produced through Fram Vest to Troll C.

Vega

The Vega field started production in November 2010. Vega is developed with three subsea templates tied back to the Gjøa platform. The field was unitised in 2020 by PL 248 (Vega North and Vega Central) and PL 090 C (Vega Sør). Gas from the Vega field is transported via the FLAGS system to the terminal at St. Fergus, while condensate is exported to Mongstad.

Duva

The Duva investment decision was made in March 2019, and the Plan for Development and Operation (PDO) was approved by the Ministry in June 2019. The Duva development comprises a four-slot template tied back to the Gjøa platform where the well stream is processed. The oil is transported through the Troll oil pipeline to the Kollsnes terminal at the west coast of Norway, while the gas is transported to the UK through the SEGAL gas pipeline. Production started in August 2021.


INPEX

Social Impact

DIVERSITY, EQUALITY, INCLUSION, AND BELONGING (DEIB) – OWN WORKFORCE

In INPEX Idemitsu Norge (IIN), we continue our commitment to foster a diverse, equitable, inclusive, and belonging workplace where all employees shall feel valued, respected, and empowered to reach their full potential.

During 2023, we have been working to further align our activities with the requirements in the "Activity and Reporting obligation" (ARP), that follows from the Norwegian Equality and Anti-Discrimination Act.

We started the year by establishing an annual IIN DEIB work plan and process that aims at improving and promoting our work on a wide area of DEIB issues, as well as working against all forms of discrimination.

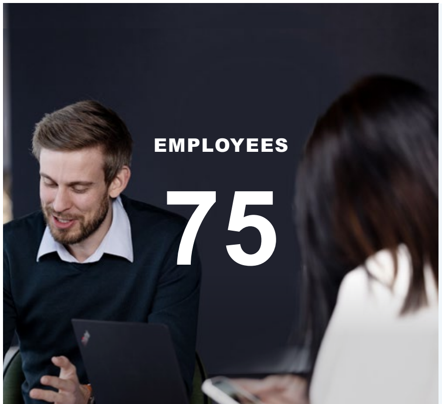
Overview and status of our organisation's equality data were gathered and a dedicated IIN DEIB work group was appointed. The work group consists of an extended group of current and former employee representatives and safety delegates, as well as HSE and HR representatives.

During the year, the DEIB work group have conducted workshops, discussed, and analysed background and reasons behind IIN's equality data, as well as the various grounds for possible discrimination that might occur within our organisation.

"

To INPEX group, "diversity" is all the differences between the people in our business, such as ethnicity, gender, sexual orientation, gender identity, age, beliefs, religion, background, disabilities, and care responsibility, as well as the differences in our knowledge and experience. "Inclusion" means creating a workplace and relationships in which any person can feel valued and respected.

INPEX Corporation



NON-NORWEGIAN ORIGIN

41 %

FEMALES IN EXECUTIVE AND SENIOR MANAGEMENT

17 %

AVERAGE AGE

48

YEARS

Based on these workshops, analyses, and discussions, activities are planned and conducted to further strengthen the work to enhance DEIB within our organisation. Examples of such activities are updating and renewal of various internal policies and routines, staff meetings to enhance awareness and importance of DEIB within our organisation, seminar to enhance awareness of unconscious bias etc.

Non-Norwegians in the workforce

In line with what has been a tradition amongst companies on the Norwegian Continental Shelf for decades, INPEX Idemitsu continues to further develop and foster a multicultural organisation.

In 2023, 41 % of our workforce have an origin from outside Norway.

This diversity facilitates an organisation with perspectives that creates a working environment that is both stimulating and rewarding.

GENDER BALANCE[1]

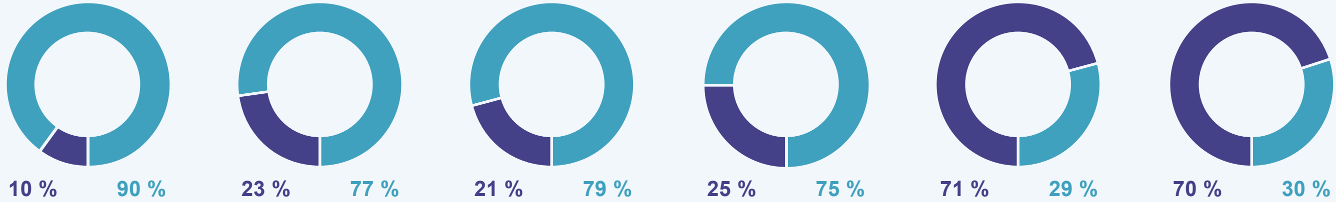
FEMALE MALE

1) Local and seconded employees as per 31.12.2023.

Technical

Business

EXECUTIVE MANAGEMENT/ SENIOR MANAGEMENT | SENIOR PROFESSIONALS | PROFESSIONALS | EXECUTIVE MANAGEMENT/ SENIOR MANAGEMENT | SENIOR PROFESSIONALS | PROFESSIONALS



Total employees

NUMBER OF WOMEN:
24

NUMBER OF MEN:
51

Gender balance

At the end of 2023, women constituted 31 % of our employees.

Although the Exploration & Production industry traditionally has been male dominated, IIN acknowledges that there is room for achieving a better gender balance within our technical sections, as well as within managerial positions across the organisation.

We have concrete plans and activities ongoing to enhance gender balance within these areas on a short-term basis and will work to further improve in the years ahead.

Parental leave

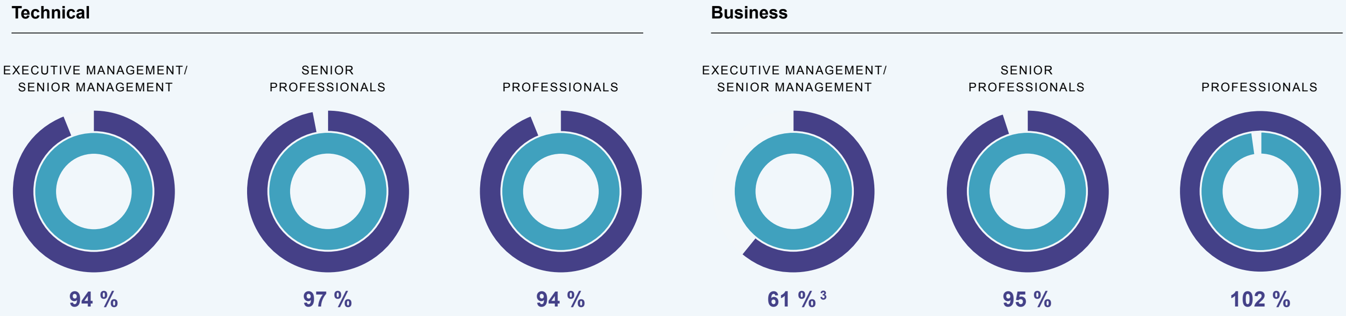
During 2023, we had one employee within our organisation that was eligible to take out parental leave in line with Norwegian legislation:

One male employee took parental leave for a duration of 10.4 weeks.

BASE SALARY DIFFERENCES[2] SALARY DIFFERENCES WOMEN'S % OF MEN'S

FEMALE MALE

2) Local employees' base salary differences as per 31.12.2023.
3) Limited number of employees in the group.



Employees on parental leave remain part of the company's compensation and benefit package during the leave period, to ensure that parental leave shall not cause any negative effect for the employee.

Temporary employees
We had no temporary employees within our organisation in 2023.

Part-time employees
Two female employees chose to work part-time in 2023 (voluntary).

Equal pay and remuneration
In IIN, we have a remuneration policy that provides a foundation for fair and competitive conditions.

We make use of an industry-acknowledged system for bench-marking of compensation elements, to best ensure equal remuneration for similar positions.

Employees and positions are further individually evaluated, based on job complexity and accountability, as well as on each employees' formal competence, experience level, and performance.

For pay analysis purposes, we assess pay differences for the company as a whole and grouped into two business areas: Technical and Business. Further-more, we have differentiated on three organisational levels within the two areas.

The equal pay report for 2023 shows minor pay differences in favour/ disfavour of both genders.

We are aware of the factors contributing to the pay differences.

HUMAN RIGHTS

IIN's commitment to respect fundamental human rights is set forth in our Code of Conduct and Ethics Policy and is further supported by our INPEX Group Human Rights Policy and the INPEX Business Principles and Code of Conduct.

Early 2023, we established a due diligence process and procedure to ensure concrete steps and activities to follow up on human rights and decent working conditions risks throughout our activities and operations.

We conducted due diligence assessments of our supply chain to identify and mitigate potential human rights and labour risks. We also developed and implemented mitigating measures, including training for our employees.

> “
>
> INPEX supports international standards such as the International Bill of Human Rights, the International Labour Standards of the International Labour Organization, the United Nations Guiding Principles on Business and Human Rights, and the principles of the United Nations Global Compact. In May 2017, we issued the INPEX Group Human Rights Policy to clearly define our commitment to respect human rights and provide a compass for fulfilling our responsibilities in this regard.
>
> To comply with the United Kingdom Modern Slavery Act 2015, since FY2016 we have annually released a statement on our website to disclose the policies, systems, and measures that we have in place to prevent slave labour and human trafficking within the Company and throughout the supply chain.
>
> The INPEX Group Human Rights Policy, Sustainability Principles, Business Principles, and Code of Conduct require all INPEX Group executives and employees not only to comply with laws and regulations but also to respect social norms and act with high moral values.
>
> INPEX Corporation

Our due diligence report was published on 27 June 2023, in accordance with the Norwegian Transparency Act, Section 5.

On our company website, public and other stakeholders will find a dedicated request form for inquiries in relation to IIN Norwegian Transparency Act commitment.

GRIEVANCE MECHANISM

INPEX Idemitsu actively responds to grievances from all stakeholders, both internal and external.

Our Whistleblowing Policy is anchored within our organisation, and we have a group-wide Whistleblower System, INPEX Global Hotline, for reporting violations of human rights, discrimination, and harassment.

In 2023, IIN received no reports through this Whistleblowing channel on grievances related to human rights, discrimination, or harassment.

INPEX Corporation

INPEX Idemitsu Norge is part of INPEX Corporation, Japan's leading energy company

INPEX is Japan's largest oil and gas exploration and production company and is involved in projects across multiple continents.

By focusing on developing a cleaner upstream business and advancing solutions in hydrogen and renewables, INPEX aims to position itself as a leading energy company. The goal is to ensure a stable and efficient energy supply to customers while driving the transition towards a net-zero carbon society by 2050.

INPEX's strategy, outlined in the "Long-term Strategy and Medium-Term Management Plan (INPEX Vision @2022 | INPEX CORPORATION)" formulated in February 2022, emphasises making its oil and natural gas operations cleaner. This plan sets forth the company's vision for 2030 and 2050, along with specific goals and initiatives for the medium term, spanning from 2022 to 2024.

Recognising the global movements toward a net-zero carbon society as both a challenge and an opportunity, INPEX intends to expand its business accordingly. Aligned with its vision from 2022, the company is committed to actively participating in energy structure reforms, driving towards the realisation of a net-zero carbon society by 2050. For more information about our parent company, please visit INPEX corporate website.

Ichthys LNG onshore processing facilities.

INPEX Idemitsu and MUNCH

In January 2023, we were delighted to renew our commitment to supporting MUNCH for another five years.

For over three decades, our partnership with MUNCH has thrived. At INPEX Idemitsu, we take pride in backing this cultural cornerstone, enriching the lives of our local community members as well as visitors to Oslo.

Art reflects our culture and brings people together, inspiring and teaching us along the way. Edvard Munch, Norway's most famous painter and a key figure in Modernism, continues to captivate audiences worldwide with his innovative work.

MUNCH makes art accessible to everyone and encourages conversations and sharing across cultures. By supporting MUNCH, we hope to help build a lively, creative, and culturally diverse community where people can learn from each other and grow together.

Yukiyo Ikeda, Managing Director of IIN, and Tone Hansen, Director of MUNCH, after signing the new agreement in January 2023.

Directors’ Report 2023

Directors' Report 2023

THE NATURE AND LOCATION OF THE BUSINESS

INPEX Idemitsu Norge AS (IIN) is engaged in the exploration for and development and production of crude oil and natural gas on the Norwegian Continental Shelf (NCS). The company is located in the municipality of Bærum. The company changed its name from Idemitsu Petroleum Norge AS to INPEX Idemitsu Norge AS on 31 January 2022, following a change of ultimate majority shareholder.

IIN (formerly IPN) was founded on 25 September 1989. On 2 October 1989, a 9.6 % interest in production licences (PL) 057 and 089 was acquired from Equinor (Statoil). These production licences are located in the Tampen area in the northern North Sea, and comprise the Snorre, Tordis, Statfjord Øst, Sygna, and Vigdis fields.

In 2002, IIN acquired a 15 % interest in the Fram area as part of a State Direct Financial Interest (SDFI) divestment. Fram Vest and Fram Øst production started in 2003 and 2006, respectively. The Vega Sør development in PL 090 C was completed in 2010, and production of oil and gas commenced via the Gjøa platform. IIN holds a 3.3 % interest in the unitised Vega field. In 2014, production started from the unitised Fram H-Nord field, where IIN has a 28.8 % interest. In March 2015, production started from the Knarr field in the northern North Sea, a field in which IIN holds a 25 % interest. The Knarr field ceased production on 1 May 2022. In 2017, the development of the Byrding field was completed with a tie-back to Fram. In August 2021, the Duva field started production through the Gjøa platform. IIN has a 30 % interest in the Duva field.

In total, IIN has participating interests in 10 producing fields on the NCS.

IIN is part of the Japanese INPEX Group and its shares are 100 % owned by INPEX Norway Co., Ltd. (formerly Idemitsu Snorre Oil Development Co., Ltd.), a Japanese company registered in Tokyo. A majority share in INPEX Norway of 50.5 % is held by INPEX Corporation. The remaining 49.5 % is held by Idemitsu Kosan Co., Ltd.

The entire business of INPEX Norge AS (a 100 % subsidiary of INPEX Corporation) (INOR) and its employees were transferred to IIN on 30 September 2022. The liquidation process of INOR was completed in December 2023.

IIN's business is the exploration for, development, production, and sales of hydrocarbons in a sustainable manner.

GOING CONCERN

In accordance with § 3-3a of the Accounting Act, it is confirmed that the going concern assumption is satisfied and this assumption has been applied in the preparation of the accounts.

EXPLORATION & PORTFOLIO

IIN participated in two exploration wells in 2023, which were drilled in the Fram area and in the Vøring Basin, respectively.

With regard to the Fram area, the exploration well 35/11-26 S and sidetrack 35/11-26 A targeted the Crino-Mulder prospect in PL 090 and were drilled to prove hydrocarbons in sandstone in the Heather Formation from the Late Jurassic and the Brent Group from the Middle Jurassic. The main wellbore 35/11-26 S encountered a 7-metre gas column and a 26-metre oil column in the Heather Formation, in sandstone layers totaling 33 metres with moderate to good reservoir quality. The oil/water contact was not encountered. The Brent Group was water-filled with moderate to good reservoir quality. The sidetrack 35/11-26 A encountered sandstones of moderate to good reservoir quality in the Heather Formation and the reservoir was water-filled. Oil and gas were also proven in shallower intra-Heather sandstones in both wells. The licensees will assess the discovery in relation to existing infrastructure in the Fram area, along with other discoveries in the vicinity.

In the Vøring basin, the wildcat well 6607/3-1 S, located 45 kilometres southeast of the Aasta Hansteen field, was drilled to prove hydrocarbons in reservoir rocks in the Nise Formation in the Upper Cretaceous. The well encountered a gas/condensate column of about 9 metres in the Nise Formation, around 5 metres in a sandstone reservoir with quality varying from moderate to very good. The Nise Formation has a total thickness of 55 metres. The gas/water contact was encountered in the well. The well was classified as a technical/non-commercial discovery.

In the APA 2022 licensing round, IIN was awarded three production licences, PL 1194 in the Vøring Basin, PL 1179 located in the east of the Fram area, and PL 293 CS as an extension licence to the PL 293 B Kveikje discovery. IIN intends to actively participate in future licensing rounds and will continue to seek further investment opportunities on the NCS.

There are a number of promising discoveries in IIN's portfolio, and IIN is actively working with the operators to find development solutions which are robust with regard to oil price sensitivity and climate emissions.

PRODUCTION & OPERATIONS

The total net oil and gas production from IIN's producing fields in 2023 was 13 % lower than in 2022. The decrease was caused by the producing fields now being in a declining phase for the oil production and no new fields were put into production in 2023. The oil production decreased by 19 %, while the gas production increased by 8 %. The gradual shift towards increasing gas production share is expected to continue also in the coming years.

In the Tampen area, the Snorre field and the subsea satellites fields, Tordis and Vigdis, production was stable, but with a slight decline as expected. In addition, the Hywind project was successfully completed, and the first power to the Snorre field was reached in May 2023. Stable supply of electricity to the Snorre platform was achieved in September. The Hywind project includes 11 Floating Wind Turbines (FWT) with connections to the Snorre and nearby Gullfaks platforms. 6 FWTs are connected to the Snorre platform and reduce the use of gas turbines and CO_2 emissions from the Snorre field. During the period with stable operations, the power to Snorre was in the order of 18 000 MWh per month.

In the Fram area, both oil and gas production were stable on a daily basis, but the yearly production was negatively affected by an extended revision stop on the Troll C platform. Maturation of recent discoveries in the Fram area, Echino Sør and Blasto, named Fram Sør project, progressed according to the plan, passed the concept selection milestone in December 2023, and is planned to pass the DG2 milestone in March 2024.

The decommissioning of the Knarr field is ongoing and necessary preparations for permanent Plug and Abandonment (P&A) of the wells were finished in 2023 and a drilling rig will complete the remaining P&A scope, starting in Q2 2024.

In PL 636, the Duva field had its second year of full production. Although an expected decline in production was seen, the Duva field produced significantly above the planned volume, mainly because the receiving facilities at the Gjøa platform had sufficient ability to produce the Duva volumes without restrictions.

In PL 537, the Wisting Reshape Project (WRP) was set up right after the decision in December 2022 to postpone the investment decision. WRP initiated activities to improve the robustness of the Wisting development and has achieved substantial progress with reduced cost and improved resource base. Wisting passed the DG1 revisit milestone in December 2023 and is entering into the next phase with concept select in Q3 2024. IIN had two seconded staff members working in the operator's WRP project organisation throughout the year.

The Dugong discovery in PL 882 (Tampen area), the Grosbeak discovery in PL 090 JS (Fram area), the Kveikje discovery (Fram area), and the Mulder discovery (Fram area) are being matured with the aim to submit a PDO. All discoveries will most likely be developed as subsea tie-backs to existing infrastructure.

REPORT ON THE ANNUAL ACCOUNTS

(1) Statements of revenue

IIN posted profit after tax of 1 609 million NOK in 2023 (2022: 2 083 million NOK). The decrease in profit is mainly due to lower product prices. Crude oil revenue decreased by 1 880 million NOK, while dry gas revenue decreased by 1 176 million NOK.

Depreciation and process tariff decreased compared to 2022 due to lower production. Operation cost of producing fields has also decreased, mainly due to the cease of production on the Knarr field in mid-2022.

IIN has reviewed its producing fields and exploration assets for potential impairment loss. Based on this review, it has been concluded that there are no impairment triggers for IIN's producing fields or capitalised exploration wells in 2023. In 2022, the company booked an impairment loss of 150 million NOK on Wisting.

IIN has significant interest income from its deposits in the INPEX group's cash pooling arrangement. Net FX gain/loss is limited due to a balanced exposure in USD.

(2) Balance sheets

IIN has no long-term loans at year-end 2023. A dividend of 654 million NOK was paid to the shareholder in December 2023. Equity represents 49 % of total assets as of 31 December 2023.

Production facilities in operation decreased by 285 million NOK in 2023. Significant investments were made in Snorre (including the Tampen Hywind project) and the Statfjord Øst gas lift project, but the investments were exceeded by the depreciation cost. Successful exploration wells increased by 94 million NOK, mainly due to the discovery of Mulder in the PL 090 area.

Provision for Asset Retirement Obligations (ARO) has increased by 209 million NOK. This is mainly due to higher decommissioning cost estimates from the operators.

Payable tax liability has decreased significantly compared to 2022 due to lower profit.

(3) Cash flow statements

Total investment in production facilities in 2023 was 673 million NOK, compared to 916 million NOK in 2022. A large part of the investments has been made in Snorre/SEP and PL 089 in order to maintain optimal production in the years to come. In addition, substantial investments have been made in the Statfjord Øst gas lift development.

Cash flow from operations is significantly lower than the operating profit.

Depreciation and tax payments are the main differences between cash flow from operations and operating profit. Tax payments exceeded 5 billion NOK in 2023. Cash flow from operations has also been reduced by decommissioning expenditure, mainly on Knarr.

Excess cash is deposited in INPEX group's cash pooling arrangement.

The board is not aware of any matters that are important for an assessment of the company's position and results that are not set out in the annual accounts. Similarly, no matters have occurred after the end of the financial year that in the opinion of the board are material to an assessment of the accounts.

FINANCIAL RISK

General information relevant to financial risks

IIN's activities expose the company to market risk (including commodity price risk and currency risk), liquidity risk, and credit risk. The company's approach to risk management includes assessing and managing risk with a focus on achieving the highest risk adjusted returns for the shareholders.

Commodity price risk

The company operates in the crude oil and natural gas market and is exposed to fluctuations in hydrocarbon prices that can affect revenues. No hedging activities are carried out to reduce the market price risk.

Currency risk

The company has most of its income in USD and cost in NOK. Most of the USD to NOK currency exchange risk is covered by short-term foreign exchange contracts. Risk reductions by using the aforementioned financial instruments will never exceed the actual risk position.

Liquidity risk

Liquidity risk is the risk that the company will not be able to meet obligations of financial liabilities when they become due. The purpose of liquidity management is to make certain that the company always has sufficient funds available to cover its financial liabilities. The company has no long-term loans and a comfortable cash position. The cash flow from fields in production is strong and sufficient to cover the company's obligations even when the crude oil price is fairly low. It is expected that the company has substantial loan capacity based on the security of its producing assets.

Credit risk

Credit risk arises from cash and cash equivalents, favourable derivative financial instruments and deposits with banks and financial institutions. There are also minor credit exposures related to trade receivable and joint venture overcalls toward licence partners. The company's licence partners are credit-worthy oil companies and cash and cash equivalents are receivable from banks and the INPEX group.

HEALTH, SAFETY, AND ENVIRONMENT (HSE)

Health, Safety, and Environment (HSE) excellence is considered a business imperative in IIN. Ensuring safety and health at work remains our top priority, and we aim to maintain a safe, comfortable, and zero-incident workplace, rooted in our safety culture.

There were no major accidents or incidents resulting in fatalities related to our activities in 2023. There were however 41 (44 in 2022) safety incidents reported to authorities on our partner-operated licences. The partner-operated licences also publish annual environmental reports in a standard format.

IIN oversees partner-operated exploration, field development, production, and decommissioning activities through our own independent evaluation and reviews of applications and plans to ensure these are in accordance with Norwegian regulations and IIN's expectations. As part of IIN's see-to-it duty, IIN further follows up activities in partner workshops and by actively participating in all partner-led follow-up activities.

At the end of 2023, IIN's organisation counted a total of 80 staff members (75 employees). IIN is committed to creating a vibrant workspace by promoting employee health and maintaining and improving the work environment in order to prevent and mitigate long-term sick leave. The total sick leave for 2023 was 2.53 % (2.83 % in 2022) of total expected employee man-days.

During 2023, IIN continued to improve the IIN Company Management System (CMS) by updating existing documents and introducing new elements aligning with INPEX policies and procedures.

EMPLOYEES, ORGANISATION, AND WORKING ENVIRONMENT

IIN recognises the value of our employees' skills, experience, and dedication. At the end of 2023, our organisation consisted of 75 employees and in total 80 staff members.

With the company's ambitious strategy and targets, IIN had a year with high activity level across the organisation during 2023. It has been a focus area for IIN to align and optimise the organisation and working environment to ensure that all employees can thrive and reach their full potential.

When planning and working to further develop our organisation, as well as internal routines and systems, IIN values close cooperation with our employees. Through regular meetings and ad-hoc consultation meetings with the company's safety delegate and employee representatives, we benefit from enhanced insight and understanding of both operational and work processes. In connection with planning for realignment of the organisational structure to be best fit for pursuing the company's strategy and targets in the years to come, the management has conducted interviews with individual employees. This close cooperation with our employees is valuable, and it influences and optimises our decision-making processes. The company's new organisational structure became effective from 1 February 2024.

During 2023, IIN has also continuously worked on adapting and further developing various internal policies, procedures, and administrative systems. This work follows from the change of IIN's ultimate majority shareholder in 2022, but also to ensure compliance with changes in legislation.

Supporting and facilitating a healthy work/life balance and working environment for our employees remain of utmost importance. Our employee compensation and benefit package are continuously updated and improved, and IIN continues to offer the flexibility to work from home some days per week.

In relation to our commitment to transparency and accountability, we established in early 2023 the due diligence process and procedure to ensure concrete steps and activities to follow up on human rights and decent working conditions risks throughout our activities and operations. We conducted due diligence assessments of our supply chain to identify and mitigate potential human rights and decent working conditions risks. We also developed and implemented mitigating measures, including human rights training for our employees. Our due diligence report was published on the company's website on 27 June 2023 in accordance with the Norwegian Transparency Act, Section 5.

We believe that transparency and accountability are essential to building a responsible and sustainable business, and we will follow up with further developing this work in the years ahead of us.

DIVERSITY, EQUAL OPPORTUNITY, INCLUSION, AND BELONGING

IIN is committed to fostering a diverse, equitable, inclusive, and belonging workplace (DEIB) where all employees feel valued, respected, and empowered to reach their full potential. We recognise that a diverse workforce brings a wealth of perspectives, experiences, and skills that can drive innovation, enhance decision-making, and strengthen our company culture.

IIN's commitment to DEIB is firmly rooted in our Equal Opportunities Policy, which outlines our principles and practices for ensuring fair and equitable treatment of all employees, regardless of their age, disability, gender identity, gender expression, marital or civil partner status, pregnancy or maternity, ethnicity, nationality, religion or belief, sex, or sexual orientation.

To further strengthen our commitment to DEIB, we implemented in 2023 a comprehensive annual process/work plan in compliance with the Activity and Reporting Requirements (ARP). Actual status/data was collected and reported in line with the requirements. Also, a dedicated DEIB work group was established and workshops were conducted, where data was discussed and analysed, and assessments were made to identify potential areas for discrimination. Areas for improvement were also identified, and targets and actions to address this and promote further DEIB progress were established. Moving forward, the DEIB work group will present their work to all employees and conduct activities to promote and develop DEIB within IIN.

The overall gender balance amongst our employees at the end of 2023 showed 31 % women. As of the end of 2023, our Management Committee consisted of one female and five male executives, while the Board of Directors consisted of one female and five male members, and one female and one male deputy members.

We had two voluntary part-time employees (females) and no temporary employees. One employee (male) took parental leave for 10.4 weeks.

The company did not receive any reports of incidents through the INPEX whistleblowing procedure.

IIN is committed to continuous improvement in our DEIB efforts, and will continue to monitor our progress, identify areas for further enhancement, and implement targeted initiatives to foster a more diverse, equitable, inclusive, and belonging workplace.

For more comprehensive data on DEIB, please see the relevant chapter of the annual report.

RESEARCH AND DEVELOPMENT ACTIVITIES

IIN executes most of its R&D projects as common industry projects, with relevance for the company's activities in open and licenced exploration areas and in producing fields. IIN also contributes with significant amounts to general and specific R&D activities undertaken by the operators of the fields in which IIN has an interest.

PAYMENTS TO AUTHORITIES

The company has prepared a report about payments to authorities, which has been published on the company's website.

OUTLOOK

IIN's annual profits are closely linked to the crude oil and dry gas prices and foreign exchange rates. These elements fluctuate and are difficult to estimate. The oil price has stayed at a fairly high level in 2023. The gas price has decreased compared to the extremely high level in 2022, and volatility is lower. It is expected that the product prices will remain at a fairly high level in 2024.

In 2023, the company signed an agreement to divest its participating interests in the Statfjord Øst field and the Sygna field with an effective date of 1 January 2023. The completion of the transaction did not take place in 2023, and consequently, no effects of the transaction have been booked in the 2023 financial statements. Any gain from the transaction will be booked in 2024 once the completion occurs. The divestment will only have a marginal effect on the company's production and reserves.

Due to the stable income from the company's production fields with a low/

moderate cost level, IIN can be profitable even at fairly low crude oil price levels. The company's liquidity is robust, and currently, the company has substantial deposits and no long-term loans. It is assumed that the company has significant borrowing capacity both on a stand-alone basis and with backing from the INPEX group. Based on this, the board is confident that the going concern assumption is still valid.

The annual profit is also affected by the crude oil production and sales volume. All the company's producing fields are at a declining stage. However, the company has sanctioned and planned developments in its portfolio which will contribute to maintaining the production levels in future years.

ANNUAL RESULT AND ALLOCATIONS

In 2023, the company had a result after tax of NOK 1 609 135 424, which is proposed to be allocated as follows:

DISPOSITION

	AMOUNT IN NOK
Allocation to dividend	0
To other equity	1,609,135,424

Bærum, 14 March 2023 / The board of INPEX Idemitsu Norge AS

Ayako Nonoue
Member of the board

Johan Korsmoe
Chairman of the board

Hiroyuki Nakashima
Member of the board

Marius Flem Lunde
Member of the board

Yukiyo Ikeda
Member of the board/General Manager

Koji Ochiai
Member of the board

Financial Statement

Statements of revenue

AMOUNTS IN '000 NOK

	NOTE	2023	2022
Revenue	5	8,941,869	11,967,003
Total operating income		**8,941,869**	**11,967,003**
Operating expenses	6	1,048,468	1,053,846
Exploration expenses	6	428,301	404,985
Personnel expenses	7, 8	249,886	177,389
Depreciation and amortisation	12, 13	983,949	1,222,192
Impairment loss	14	0	150,185
Other administrative expenses	7, 20	60,486	46,358
Total operating expenses		**2,771,090**	**3,054,955**
OPERATING PROFIT		**6,170,779**	**8,912,048**

AMOUNTS IN '000 NOK

	NOTE	2023	2022
Financial income		1,252,443	480,163
Financial expenses		980,346	390,034
Net financial items	**10**	**272,097**	**90,129**
Net profit before tax		**6,442,876**	**9,002,177**
Income tax expense	11	4,833,741	6,918,972
Net profit after tax		**1,609,135**	**2,083,206**
STATEMENTS OF COMPREHENSIVE INCOME			
Net actuarial gain/loss	8	3,371	4,315
TOTAL COMPREHENSIVE INCOME		**1,612,506**	**2,087,521**

Balance sheets

AMOUNTS IN '000 NOK

	NOTE	2023	2022
NON-CURRENT ASSETS			
INTANGIBLE ASSETS			
Succesful efforts exploration wells	4, 13	748,302	653,954
Total intangible assets		**748,302**	**653,954**
PROPERTY, PLANT, AND EQUIPMENT			
Production facilities in operation	4, 12, 18	5,076,745	5,362,108
Equipment and other movables	12	23,786	28,196
Total property, plant, and equipment		**5,100,532**	**5,390,305**
NON-CURRENT FINANCIAL ASSETS			
Other long-term receivables		88,800	92,301
Total non-current financial assets		**88,800**	**92,301**
TOTAL NON-CURRENT ASSETS		**5,937,634**	**6,136,560**

AMOUNTS IN '000 NOK

	NOTE	2023	2022
CURRENT ASSETS			
Inventories	23	118,402	164,044
DEBTORS			
Accounts receivables		259,661	373,637
Other short-term receivables	15	766,291	724,445
Receivables from group companies	21	6,337,486	2,317,750
Total receivables		**7,363,437**	**3,415,833**
INVESTMENTS			
Cash and cash equivalents	2, 9	260,685	3,628,281
TOTAL CURRENT ASSETS		**7,742,524**	**7,208,158**
TOTAL ASSETS		**13,680,158**	**13,344,718**

Balance sheets

AMOUNTS IN '000 NOK

	NOTE	2023	2022
EQUITY			
PAID-IN CAPITAL			
Share capital	16	727,900	727,900
Total paid-up equity		**727,900**	**727,900**
RETAINED EARNINGS			
Other equity	16	5,963,542	5,005,126
Total retained earnings		**5,963,542**	**5,005,126**
TOTAL EQUITY		**6,691,442**	**5,733,026**
LIABILITIES			
PROVISIONS			
Employee benefit obligations	8	81,225	98,088
Deferred tax	11	1,379,586	1,076,164
Asset retirement obligations (ARO)	17	2,557,775	2,532,007
Lease liability	19	11,683	16,519
Other provisions		22,412	26,190
Total provisions		**4,052,681**	**3,748,969**

AMOUNTS IN '000 NOK

	NOTE	2023	2022
CURRENT LIABILITIES			
Trade payables		117,510	102,152
Tax payable	11	2,315,613	3,149,079
Public duties payable		26,605	94,632
Liabilities to group companies	21	769	48
Short-term part of lease liability	19	4,720	5,553
Short-term part of asset retirement obligation	17	246,800	235,225
Other current liabilities	15	224,018	276,035
Total current liabilities		**2,936,035**	**3,862,724**
TOTAL LIABILITIES		**6,988,715**	**7,611,692**
TOTAL EQUITY AND LIABILITIES		**13,680,158**	**13,344,718**

Bærum, 14 March 2023 / The board of INPEX Idemitsu Norge AS

Ayako Nonoue
Member of the board

Johan Korsmoe
Chairman of the board

Hiroyuki Nakashima
Member of the board

Marius Flem Lunde
Member of the board

Yukiyo Ikeda
Member of the board/General Manager

Koji Ochiai
Member of the board

Indirect cash flow

AMOUNTS IN '000 NOK

	NOTE	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/loss before tax		6,442,876	9,002,177
Taxation paid/received	11	5,375,736	5,079,508
Depreciation, amortisation, and net impairment loss	12, 14	983,949	1,372,378
Change in inventory	23	45,642	-54,542
Change in accounts receivable		113,977	710,505
Change in accounts payable		15,358	3,311
Interest cost on asset retirement obligations	17	87,639	86,895
Interest cost on lease liability (IFRS 16)		604	804
Difference in expensed pension payments and payments in/out of the pension scheme	8	-1,541	6,250
Decommissioning cost incurred		-67,439	-136,608
Change in other liabilities		-123,101	-39,267
Change in other short-term assets		-42,067	-570,673
Net cash flows from operating activities		**2,080,161**	**5,301,722**

AMOUNTS IN '000 NOK

	NOTE	2023	2022
CASH FLOWS FROM INVESTMENT ACTIVITIES			
Investments in production facilities	12	-673,227	-916,232
Investments in furniture and office equipment	12	-3,806	-7,331
Investments in successful efforts exploration wells	13	-94,349	-14,211
Change in other long-term assets/liabilities		3,502	22,809
Net cash flows from investment activities		**-767,880**	**-914,965**
CASH FLOWS FROM FINANCING ACTIVITIES			
Lease payments (IFRS 16)	19	-6,273	-76,697
Payment of dividend		-654,090	0
Deposit in parent company		-4,019,514	-2,317,548
Deposit in parent company matured		0	1,000,000
Net cash flows from financing activities		**-4,679,877**	**-1,394,245**
Net change in cash and cash equivalents		-3,367,596	2,992,511
Cash and cash equivalents at the start of the period		3,628,281	635,770
Cash and cash equivalents at the end of the period		**260,685**	**3,628,281**

Accounting principles

GENERAL

The financial statements of IIN have been prepared in accordance with simplified IFRS pursuant to the Norwegian Accounting Act § 3-9 and regulations regarding simplified application of IFRS issued by the Norwegian Ministry of Finance on 3 November 2014. Dividend is booked in accordance with the Norwegian Accounting Act, cf § 3-1 (3) of the above regulations. The accounting language for IIN is English. The accounting currency is Norwegian Krone NOK.

BASIS OF PREPARATION

The financial statements are prepared on the historical cost basis with some exceptions, as detailed in the accounting policies set out below. The subtotals and totals in some of the tables may not equal the sum of the amounts shown due to rounding. Expenses related to operating activities in the statements of income are presented as a combination of function and nature in conformity with industry practice. Depreciation, amortisation and net impairment losses are presented in separate lines based on their nature, while operating expenses and exploration expenses are presented on a functional basis.

The Accounting Act § 6-1 requires salaries to be presented separately in the statements of income. Such detailed information is not available in the licence accounts, and salaries from the licence accounts are therefore included in the respective lines in the statements of income.

The statements of cash flow have been prepared in accordance with the indirect method. Interest in joint operations (arrangements in which IIN and other participants have joint control and each of the parties have rights to the assets and obligations for the liabilities, rating to their respective share of the arrangement) and similar arrangements (licences) outside the scope of IFRS 11 are recognised on a line-by-line basis, reflecting the company`s share of assets, liabilities, income, and expenses.

CLASSIFICATIONS

Assets linked to the flow of goods, receivables falling due within one year, and assets not determined for permanent ownership and use are classified as current assets. Other assets are classified as non-current. Liabilities falling due within one year are classified as current liabilities. Other liabilities are classified as non-current. Cash and cash equivalents include bank deposits.

REVENUE RECOGNITION

IFRS 15 applies, with limited exceptions, to all revenue arising from contracts with customers. IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires the revenue to be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. IIN recognises revenue upon satisfaction of the performance obligations for the amounts that reflect the consideration entitled in exchange for goods. Revenue associated with the sale and transportation of crude oil, natural gas and petroleum products and other merchandise are recognised when a customer obtains control of the goods, which normally will be when title passes at point of delivery of the goods, based on the contractual terms of the agreements. When IIN has lifted and sold more than the ownership interest, an accrual is recognised for the cost of the overlift. When IIN has sold less than the ownership interest, costs are deferred for the underlift. Tariff revenue and other revenue is recognised when title and risk pass to the customer.

DEFERRED TAXES / TAX EXPENSE

Tax expense comprises payable tax and deferred tax. The deferred tax asset or liability is calculated based upon net temporary differences between assets and liabilities recognised in the financial statements and their bases for tax purposes after offsetting for tax loss carry-forwards and special tax deductions. The full liability method is followed and the asset or liability is not discounted to a net present value. Tax rates for corporate tax (22 %) and special tax (71.8 %) are used when calculating deferred tax.

For corporate tax, offshore development costs are depreciated straight line over 6 years. For special tax, such development costs are expensed in the year of investment. Capital expenses on the Norwegian Continental Shelf no longer earn uplift on the total capital expenses. The effect of uplift from previous years is recognised as earned in the year it becomes deductible and included in payable tax calculation. No deferred tax asset is recognised for uplift that will become deductible in the future.

Certain temporary changes in the Petroleum Tax Law were enacted in June 2020. The changes in tax law included a temporary rule for depreciation and uplift, whereby all investments incurred for income year 2020 and 2021 including 24 % uplift were deducted for special tax (56 %) in the year of investment. The temporary tax rules are also applicable for certain development projects sanctioned within the end of 2022.

In 2022, the special tax was converted to a cash flow-based tax, with no uplift.

PROPERTY, PLANT, AND EQUIPMENT

Property, plant, and equipment is reflected at cost, less accumulated depreciation and accumulated impairment losses. The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of an asset retirement obligation, if any, exploration cost transferred from intangible assets and, for qualifying assets, borrowing costs.

Expenditure on major maintenance or repairs comprises the cost of replacement assets or parts of assets, inspection costs and overhaul costs. Where an asset or part of an asset is replaced and it is probable that future economic benefits associated with the item will flow to the company, the expenditure is capitalised. All other maintenance costs are expensed as incurred.

Oil and gas producing properties are depreciated individually using the unit-of-production (U.O.P.) method as proved and probable developed reserves are produced. The rate of depreciation is equal to the ratio of oil and gas production for the period over the estimated remaining proved and probable reserves expected to be recovered at the beginning of the period. Any changes in the reserves estimate that affect unit-of-production calculations, are accounted for prospectively over the revised remaining reserves. Oil and gas producing assets are depreciated on a field level. Fields in development stage will not be amortised before production from that field commences. The company includes undeveloped reserves (proved and probable reserves but not contingent resources) in the denominator, and consequently includes the future development expenditures necessary to bring those reserves into production in the basis for depreciation.

The estimated useful lives of property, plant, and equipment are reviewed on an annual basis and changes in useful lives are accounted for prospectively. An item of property, plant, and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in Other income or Operating expenses, respectively, in the period the item is derecognised.

If the net recorded value after deduction of accumulated depreciation for a field exceeds its net present value (calculated as future cash flows discounted at the weighted average cost of capital), an impairment loss is charged. For the purpose of impairment testing, assets are grouped together at the lowest possible level at which asset-specific cash flows can be identified. Future cash flows are based on oil price forecasts from ERC Equipoise Ltd., dry gas forward prices, USD/NOK rate at the balance sheet date and long-term forecasts for production and expenditure. Previous impairment is reversed if the basis for impairment is no longer present.

PRODUCTION RIGHTS

Production rights (cost related to the acquisition of licences) related to unproved property are initially classified as intangible assets. Production rights are reclassified from Intangible assets to Production facilities under development after the plan for development has been approved. Production rights are depreciated using the U.O.P. method from start-up of production together with the field development costs.

FURNITURE, FIXTURES, AND CARS

Fixed assets are recorded in the balance sheet at cost after deduction of accumulated ordinary depreciation. Ordinary depreciation is based on cost and is calculated on a straight line basis over the estimated economic life of the asset, which is 3 or 5 years.

EXPLORATION COSTS

Exploration costs are accounted for in accordance with the Successful efforts method. Under this method, all costs associated with the exploration of licences are expensed as incurred, with the exception of drilling and testing costs of exploration wells where a commercial discovery is made. Exploration wells where the status of a discovery is pending are initially capitalised as Intangible assets, and impaired fully if the discovery is later deemed non-commercial. If a pending well turns out to be dry or non-commercial after the balance sheet date but before the account closing date, such information is recognised as a subsequent event and the drilling and testing cost for the well is fully expensed.

Exploration costs can remain capitalised for more than one year. The main criteria for continued capitalisation are that there must be concrete plans for future drilling in the licence, a development decision is expected in the near future, or the well is pending capacity on existing infrastructure.

If the well discovers commercial reserves, the capitalised exploration costs are reclassified to Production facilities under development after the plan for development has been approved. Exploration costs are depreciated using the U.O.P. method from start-up of production together with the field development costs.

ASSET RETIREMENT OBLIGATIONS (ARO)

Provisions for ARO are recognised when the company has an obligation (legal or constructive) to dismantle and remove a facility or an item of property, plant, and equipment and to restore the site on which it is located, and when a reasonable estimate of that liability can be made. The amount recognised is the present value of the estimated future expenditure determined in accordance with local conditions and requirements. Cost is estimated based on current regulation and technology, considering relevant risks and uncertainties. The discount rate used in the calculation of the ARO is determined using an estimated risk free interest rate, adjusted for risk specific to the liability. Normally an obligation arises for a new facility, such as an oil and natural gas production or transportation facility, upon construction or installation. The provisions are classified under Provisions in the balance sheets.

When a provision for ARO is recognised, a corresponding amount is recognised to increase the related property, plant, and equipment and is subsequently depreciated as part of the costs of the facility or item of property, plant, and equipment. Any change in the present value of the estimated expenditures is reflected as an adjustment to the provision and the corresponding property, plant, and equipment. When a decrease in the ARO provision related to a producing asset exceeds the carrying amount of the asset, the excess is recognised as a reduction of depreciation, amortisation, and net impairment losses in the statements of income. When an asset has reached the end of its useful life, all subsequent changes to the ARO provision are recognised as they occur in operating expenses in the statements of income.

LEASING

IIN has one lease agreement within the scope of IFRS 16, as a lessee. For this lease agreement the company has recognised a lease liability and a corresponding Right-of-Use (RoU) asset in the balance sheet. IIN has applied a prospective approach with no restatement of comparative figures. The lease liability at the date of the initial application was measured at the present value of the remaining lease payments, discounted using the company's approximate incremental borrowing rate of 3.2 %. The borrowing rate is derived from the terms of the group's existing credit facilities. RoU assets are depreciated straight line over the lease term as this is ordinarily shorter than the useful life of the assets.

A lease within the scope of IFRS 16 may be related to the company's production licences and fields. If the licence operator has entered into a lease contract on behalf of the field, IIN will account for the lease in accordance with IFRS 16. Whether a contract is entered into on behalf of the licence is subject to a contract-specific assessment, but the general principle is that there needs to be a direct link between the lease contract and the licence or field on which the RoU asset shall be used.

IIN has applied the exemption for short-term leases (12 months or less) and low value leases. This means that related lease payments will not be recognised in the balance sheet, but expensed or capitalised in line with the accounting treatment for other non-lease expenses. The company will exclude the non-lease components when measuring the lease liability. The company has used the same implementation date and method as the parent company.

PENSION COSTS

The company finances a collective defined benefit retirement plan and a collective defined contribution retirement plan which cover all its local employees. These plans are administered by a Norwegian insurance company.

The defined benefit plan was closed for new employees on 30 September 2022. In accordance with actuarial calculations the net present value of the future pension obligations is estimated and compared with the value of all funds paid and previously saved. The difference is shown in the balance sheets under Provision for liabilities or Financial fixed assets. Paid pension premiums and changes in net liability are recorded under Personnel expenses in the statements of income, except for Remeasurement gain/loss which is included in Other comprehensive income.

Pension obligations are recorded in accordance with IAS 19.

FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currencies are translated at the exchange rates prevailing at the time of the transaction. Unrealised gains and losses arising from the individual revaluation of long-term assets and liabilities at year-end rates are recognised through the statements of income. Short-term assets and liabilities are revalued individually at year-end rates, and unrealised gains and losses are recognised through the statements of income.

FINANCIAL INSTRUMENTS
Financial instruments, which
- are classified as current assets,
- are included in a trading portfolio, and held with the intention to sell
- are traded on a stock exchange, authorised market or equivalent regulated foreign market, and
- have satisfactory diversity of ownership and liquidity

are recognised at fair value on the balance sheet date. Other investments are recognised at the lower of average acquisition cost and fair value at the balance sheet date.

ACCOUNTS RECEIVABLE
Trade receivables and other receivables are recognised at nominal value, less the accrual for expected losses of receivables.

CASH AND CASH EQUIVALENTS
Cash and cash equivalents include cash, bank deposits, and other short-term highly liquid investments with an original due date of three months or less.

INVENTORIES AND OVER-/ UNDERLIFT OF PETROLEUM PRODUCTS
Inventories are recognised at the lower of cost and net realisable value and booked under Current assets. Liabilities arising from lifting more than the company's share of the field's petroleum production (overlifting) are valued at production cost, and booked under Other current debt. Full production cost including indirect cost is used for crude oil. For natural gas liquids and dry gas, full production cost after separation from crude oil is included.

RESEARCH AND DEVELOPMENT
The company's research and development costs are immaterial and expensed as incurred.

CHANGES IN ACCOUNTING STANDARDS
No changes in accounting standards with effect for IIN came into force in 2023.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS
Preparation of the financial statements requires the company to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses, as well as disclosures of contingencies. Actual results may ultimately differ from the estimates and assumptions used. The estimates and the underlying assumptions are reviewed on an ongoing basis. Changes in estimates will be recognised when new estimates can be determined with certainty. The matters described below are considered to be the most important in understanding the key sources of estimation uncertainty that are involved in preparing the

financial statements and the uncertainty that could most significantly impact the amounts reported on the result of operations, financial position, and cash flows.

Proved and probable oil and gas reserves

Proved and probable oil and gas reserves have been estimated on the basis of industry standards. The estimates are based on internal information and information received from the operators. Proved and probable oil and gas reserves consist of the estimated quantities of crude oil, natural gas, and condensates shown by geological and technical data to be recoverable with reasonable certainty from known reservoirs under existing economic and operational conditions, i.e. on the date that the estimates are prepared. Current market prices are used in the estimates. Proved and probable reserves and production volumes are used to calculate the depreciation of oil and gas fields by applying the unit-of-production methodology. Reserve estimates are also used as basis for impairment testing of licence-related assets. Changes in petroleum prices and cost estimates may change reserve estimates and accordingly economic cut-off, which may impact the timing of assumed decommissioning and removal activities. Changes to reserve estimates can also be caused by updated production and reservoir information. Future changes to proved and probable oil and gas reserves can have a material effect on depreciation, life-of-field, impairment of licence-related assets, and operating results. Reference is made to note 18.

Carrying value of intangible exploration and evaluation assets

Where a project is sufficiently advanced, the recoverability of intangible exploration assets is assessed by comparing the carrying value to internal and operator estimates of the net present value of projects. Intangible exploration assets are inherently judgemental to value. The amounts for intangible exploration and evaluation assets represent active exploration projects. These amounts will be written off to the statements of income as exploration cost or impairment loss unless commercial reserves are established or the determination process is not completed and there are no indications of impairment. The outcome of ongoing exploration, and therefore whether the carrying value of exploration and evaluation assets will ultimately be recovered, is inherently uncertain. Reference is made to note 13.

Impairment/reversal of impairment

Changes in the expected future value/cash flows of Cash-Generating Units (CGUs) result in impairment if the

estimated recoverable value is lower than the book value. Estimates of recoverable value involve the application of judgment and assumptions, including in relation to the modelling of future cash flows to estimate the CGUs' value in use or fair value.
The evaluation of impairment requires long-term assumptions concerning a number of often volatile economic factors, including future oil prices, oil production, currency exchange rates, and discount rates. Such assumptions require the estimation of relevant factors such as long-term prices, the levels of capex and opex, production estimates, and decommissioning costs. These evaluations are also necessary to determine a CGU's fair value unless information can be obtained from an actual observable market transaction. Reference is made to note 12 and 14.

Asset retirement obligations
The company has obligations to decommission and remove offshore installations at the end of the production period. The costs of these decommissioning and removal activities require revisions due to changes in current regulations and technology while considering relevant risks and uncertainties. Most of the removal activities are many years into the future, and the removal technology and costs are constantly changing. The estimates include assumptions of the time required and the day rates for rigs, marine operations, and heavy lift vessels that can vary considerably depending on the assumed removal complexity. As a result, the initial recognition of the liability and the capitalised cost associated with decommissioning and removal obligations, and the subsequent adjustment of these balance sheet items, involve the application of significant judgement. Reference is made to note 17.

Tax
The company may incur significant amounts of income tax payable or receivable, and recognises significant changes to deferred tax or deferred tax assets. These figures are based on management's interpretation of applicable laws and regulations, and on relevant court decisions. The quality of these estimates is highly dependent on management's ability to properly apply a complex set of rules and identify changes to the existing legal framework. Reference is made to note 11.

Notes to the Accounts

NOTE 1) Organisation

INPEX Idemitsu Norge AS ("IIN" or "the company") was founded on 25 September 1989 and is incorporated and domiciled in Norway. The company changed its name from Idemitsu Petroleum Norge AS to INPEX Idemitsu Norge AS on 31 January 2022, following a change of ultimate majority shareholder. The address of its registered office is Lysaker Torg 25, 1366 Lysaker, Norway. IIN is a subsidiary in the INPEX Group focusing on exploration, appraisal, development, and production opportunities on the Norwegian Continental Shelf. The financial statements of the company for the period ending 31 December 2023 were authorised for issue by the Board of Directors on 14 March 2024.

NOTE 2) Management of capital and financial risk

MANAGEMENT OF CAPITAL

The company's objective when managing capital is to provide a stable dividend to the shareholders and at the same time keep sufficient capital to meet its committed work program requirements and future investments. The company has no long-term loans, and deposits excess liquidity in the parent company's cash pooling arrangement. The company is not subject to any externally imposed capital requirements. The company's objectives, processes, and policies have not been changed compared to the previous year.

GENERAL INFORMATION RELEVANT TO FINANCIAL RISKS

IIN`s activities expose the company to market risk (including commodity price risk and currency risk), liquidity risk, and credit risk. The company's approach to risk management includes assessing and managing risk with focus on achieving the highest risk-adjusted returns for the shareholders.

COMMODITY PRICE RISK

The company operates in the crude oil and natural gas market and is exposed to fluctuations in hydrocarbon prices that can affect revenues. No hedging activities are carried out to reduce the market price risk.

CURRENCY RISK

The company has most of its income in USD and cost in NOK. Most of the USD to NOK currency exchange risk is covered by short-term foreign exchange contracts. Risk reductions by using the mentioned financial instruments will never exceed the actual risk position.

LIQUIDITY RISK

Liquidity risk is the risk that the company will not be able to meet obligations of financial liabilities when they become due. The purpose of liquidity management is to make certain that the company has sufficient funds available at all times to cover its financial liabilities. The company has no long-term loans and a comfortable cash position. The cash flow from fields in production is strong and sufficient to cover the company's obligations even when the crude oil price is fairly low. It is expected that the company has substantial loan capacity based on the security of its producing assets.

CREDIT RISK

Credit risk arises from cash and cash equivalents, favourable derivative financial instruments, and deposits with banks and financial institutions. There are also minor credit exposures related to trade receivable and overcall joint venture toward licence partners. The company's licence partners are credit worthy oil companies and cash and cash equivalents are receivable from major banks and the parent company.

NOTE 3) Assets acquisitions and disposals

ACQUISITION OF EXPLORATION LICENCES

LICENCE	INTEREST ACQUIRED
PL 293 CS	10 %
PL 1179	15 %
PL 1194	30 %

IIN was awarded interests in PL 293 CS, PL 1179, and PL 1194 in the 2022 APA round.

In June 2023, IIN signed a Sales and Purchase Agreement (SPA) for the sale of the company's shares in Statfjord Øst and Sygna to Longboat Energy Norge AS. By the end of 2023, the transaction had not yet been completed, and consequently no effects of the transaction have been booked in the 2023 financial statements. Any gain from the transaction will be booked in 2024 once the completion occurs. The divestment will only have a marginal effect on the company's production and reserves.

The effective date of the transaction for tax purpose is 1 January 2023.

NOTE 4) Investments in licence interests

PRODUCTION LICENCE	BLOCK(S)	PRODUCING FIELDS	OPERATOR	INTEREST	
057	34/4	Snorre	Equinor	9.6 %	
089	34/7	Snorre, Tordis, Vigdis	Equinor	9.6 %	
089 BS	34/7	Sygna	Equinor	9.6 %	1)
089 CS	34/7	Statfjord Øst	Equinor	9.6 %	2)
090	35/11	Fram	Equinor	15 %	
090 B	35/11	Byrding	Equinor	15 %	
090 C	35/11	Vega Unit	Wintershall Dea	15 %	3)
090 E	31/2		Equinor	15 %	
090 F	35/11		Equinor	40 %	
090 G	35/11	Fram H-Nord	Equinor	40 %	4)
090 HS	35/11		Equinor	15 %	
090 I	31/2		Equinor	15 %	
090 JS	35/11		Equinor	40 %	
293 B	35/10		Equinor	10 %	
293 CS	35/10		Equinor	10 %	
318	35/2		Equinor	20 %	
318 B	35/4, 5		Equinor	20 %	

1) The licence was carved out from PL 089 in 2023. IIN has a 4.32 % share in Sygna, based on the unitisation agreement between PL 089 and PL 037. Sygna was divested in 2024, cf note 3.

2) The licence was carved out from PL 089 in 2023. IIN has a 4.8 % share in Statfjord Øst, based on the unitisation agreement where PL 089 and PL 037 each has 50 % interest. Statfjord Øst was divested in 2024, cf note 3.

3) According to the final redetermination effective from 1 January 2020, IIN holds a 3.3 % interest in the unitised Vega field.

4) According to the final unitisation agreement with PL 248 E, IIN holds a 28.8 % interest in the unitised Fram H-Nord field.

PRODUCTION LICENCE	BLOCK(S)	PRODUCING FIELDS	OPERATOR	INTEREST
318 C	6203/10		Equinor	20 %
537	7324/7, 8		Equinor	10 %
537 B	7324/4		Equinor	10 %
609	7220/6, 9, 11, 12, 7221/4		AkerBP	15 %
609 B	7120/1, 2		AkerBP	15 %
609 D	7120/2		AkerBP	15 %
636	36/7	Duva	Neptune	30 %
636 B	36/7		Neptune	30 %
636 C	36/7		Neptune	30 %
882	33/6, 34/4		Neptune	20 %
882 B	33/6		Neptune	20 %
1016	6607/2, 6607/3, 6608/1, 6607/4, 6607/5, 6607/6		OMV	40 %
1129	6703/7, 6703/8, 6703/9, 6704/7, 6704/8, 6703/10, 6703/11, 6703/12, 6704/10, 6704/11		Wintershall Dea	30 %
1130	6707/8, 6707/9, 6707/11, 6707/12		INPEX Idemitsu	60 %
1133	7324/4		Equinor	10 %
1153	36/4		AkerBP	30 %
1170	7324/6, 7324/8, 7324/9, 7325/4, 7325/7		AkerBP	10 %
1179	31/2, 35/12, 31/3		Equinor	15 %
1194	6606/4, 6606/5, 6606/6, 6606/7, 6606/8		OMV	30 %

NOTE 5) Revenues and other income

AMOUNTS IN '000 NOK

REVENUES	2023	2022
Crude oil	6,750,786	8,630,516
NGL	212,398	177,966
Dry gas	1,961,230	3,136,939
Tariff income	17,455	21,583
Total	**8,941,869**	**11,967,003**

All revenues are generated from the Norwegian Continental Shelf (NCS).
The following customers accounted for more than 10 % of the sales in 2023:
– AS Norske Shell
– Equinor
– Shell Energy Europe Ltd.

NOTE 6) Operating and exploration expenses

AMOUNTS IN '000 NOK

OPERATING EXPENSES	2023	2022
Production cost	677,490	734,606
Processing cost	198,394	254,294
Transportation cost	128,691	108,815
Change in inventory and over/underlift	42,376	-45,407
Other cost	1,516	1,537
Total	**1,048,468**	**1,053,846**

AMOUNTS IN '000 NOK

EXPLORATION EXPENSES	2023	2022
Licence exploration expense	393,596	190,596
Exploration expense outside licence accounts	34,705	214,389
Total	**428,301**	**404,985**

NOTE 7) Salary costs and benefits, remuneration to the chief executive, board, and auditor

AMOUNTS IN ‘000 NOK

SALARY COSTS	2023	2022
Salaries	177,809	124,830
Employment tax	35,426	19,510
Pension costs	27,600	28,442
Other benefits	9,051	4,606
Total	**249,886**	**177,389**

In 2023, the company employed 72 man-years, compared to 62 in 2022.
At the end of the year the company had 75 employees.

AMOUNTS IN ‘000 NOK

REMUNERATION TO MANAGING DIRECTOR	2023	2022
Salaries	5,634	4,565
Pension costs	0	24
Other remuneration	1,232	1,578
Total	**6,866**	**6,167**

No employee has options, profit-sharings, or severance pay agreements at year-end 2023. One board member has a house loan of 3.0 million NOK and a car loan of 0.3 million NOK from the company. Another board member has a car loan of 0.5 million NOK from the company. Apart from that, there are no loans or pledges of security to the Managing Director or board members. The amount of loan to employees was 21.1 million NOK at 31 December 2023 (31 December 2022: 19.1 million NOK).

AMOUNTS IN '000 NOK

AUDITOR FEE	2023	2022
Audit fee (EY)	1,070	1,000
Other audit related services	0	847
Total	**1,070**	**1,847**

NOTE 8) Pension

IIN has a defined benefit group pension insurance with DNB covering 40 local employees and 7 retirees. The company also has a top hat with DNB covering 33 local employees and 5 retirees. In addition, IIN has a defined contribution pension scheme covering 17 local employees. The defined benefit schemes were closed for new employees on 30 September 2022. The group pension insurance is in accordance with the requirements stated in Norwegian pension legislation.

Net defined benefit pension obligations are recorded under Provisions for liabilities in the balance sheets. The annual change in net obligation is recorded as expense under Other operating expenses in the statements of income, except Remeasurement gain/loss which is booked as Other comprehensive income. Accounting for pension cost is done in accordance with IAS 19. Pension rights for Japanese employees are covered in Japan by group companies.

AMOUNTS IN '000 NOK

	2023	2022
Service cost	25,064	28,986
Financial cost	2,674	1,886
Net pension cost	**27,738**	**30,872**
Remeasurement loss (gain) booked to Other comprehensive income	-15,323	-19,614
Estimated pension obligations	273,131	271,513
Pension plan assets (year-end value)	191,906	173,425
Net pension obligation at year-end	**81,225**	**98,088**
Economical assumptions		
Discount rate (OMF rate)	3.70 %	3.20 %
Expected compensation increase	3.75 %	3.75 %
Expected return on pension plan assets	3.70 %	3.20 %
Adjustments in National Insurance base rate	3.50 %	3.50 %
Adjustments in pensions	3.50 %	3.50 %
Adjustments in pensions >12G	2.40 %	1.70 %

The actuary calculations are based on mortality table K2013BE and disability tariff IR02.

NOTE 9) Restricted bank deposits

AMOUNTS IN '000 NOK

	2023	2022
Withheld employee taxes	16,453	15,882
Mortgaged deposit related to Gassco bank guarantee*	50,541	9,056
Restricted deposit accounts related to office and apartment rent agreements	5,249	5,046
Total	**72,244**	**29,983**

* As required by Gassco, the company has obtained a bank guarantee for the committed tariff payments in Gassled for the two coming years.

NOTE 10) Financial items

AMOUNTS IN '000 NOK

	2023	2022
Foreign exchange gain	860,003	385,855
Interest income	43,630	88,620
Interest income from related company	348,811	5,688
Foreign exchange loss	-880,192	-273,848
Accretion expense asset retirement obligations	-87,639	-86,895
Accretion expense lease liabilities	-604	-804
Other interest expense	-11,911	-28,486
Total	**272,097**	**90,129**

NOTE 11) Income taxes

AMOUNTS IN '000 NOK

NET INCOME TAX	2023	2022
Current year payable taxes	4,585,870	6,739,910
Change deferred tax	283,487	193,855
Changed deferred tax charged to equity	-11,952	-15,299
Adjustments related to prior periods (payable)	-43,600	505
Adjustments related to prior periods (deferred)	19,935	0
Total	**4,833,741**	**6,918,972**

AMOUNTS IN '000 NOK

RECONCILIATION OF NORWEGIAN STATUTORY TAX RATE TO EFFECTIVE TAX RATE	2023	2022
Income before tax	6,442,876	9,002,177
Calculated income tax at tax rate 78 %	5,025,701	7,022,058
Tax effect of		
Uplift	-10,006	-44,160
Financial items allocated onshore	-201,805	-100,782
Permanent differences	-8,672	-67,842
Effect changed rates offshore	0	103
Change deferred tax assets not recognised	52,187	61,559
Tax payable posted directly in the balance sheet	0	47,530
Adjustment prior years	-23,665	505
Total	**4,833,741**	**6,918,972**
Effective tax rate	75.0 %	76.9 %

AMOUNTS IN '000 NOK

SIGNIFICANT COMPONENTS OF DEFERRED TAX ASSETS AND LIABILITIES	2023	2022
Deferred tax assets on		
Lease liabilities (IFRS 16)	12,795	17,216
Asset retirement obligations	2,133,923	2,104,792
Pension liabilities	63,359	76,513
Others	48	57
Total deferred tax assets	**2,210,125**	**2,198,578**
Deferred tax liabilities on		
Property, plant, and equipment (PP&E)	-1,268,767	-1,104,108
Adjustment PP&E related to special tax	-1,466,143	-1,461,449
Right-of-use assets	-12,823	-16,029
Capitalised exploration wells	-748,302	-653,954
Inventories	-12,589	-22,291
Open foreign exchange contracts	-81,087	-16,911
Total deferred tax liabilities	**-3,589,711**	**-3,274,742**
Net deferred tax liabilities	**-1,379,587**	**-1,076,164**

AMOUNTS IN '000 NOK

RECONCILIATION OF PAYABLE (-RECEIVABLE) TAX 31.12	2023	2022
Payable/(-receivable) tax for the income year	4,585,870	6,739,910
Tax payable posted directly in the balance sheet	0	-47,530
Payable/(-receivable) tax prior years	0	-116
Withholding tax receivable	-18,268	0
Received/(-paid) installment tax	-2,251,990	-3,543,185
Total	**2,315,613**	**3,149,079**

Temporary changes in the Petroleum Tax Law were enacted on 19 June 2020. The changes in tax law included a temporary rule for depreciation and uplift, whereby all investments incurred for income year 2020 and 2021 including 24 % uplift can be deducted for special tax (56 %) in the year of investment. The temporary changes will also be applicable for investments up to and including the year of production start in accordance with new PDOs submitted within 31 December 2022 and approved within 31 December 2023.

In 2022, the special tax was converted to a cash flow based tax, with no uplift.

NOTE 12) Property, plant, and equipment

AMOUNTS IN '000 NOK

	PRODUCTION FACILITIES IN OPERATION	PRODUCTION FACILITIES UNDER DEVELOPMENT	FURNITURE, OFFICE EQUIPMENT	TOTAL
Carrying amount at 1 January 2022	5,782,270	15,929	27,885	5,826,084
Additions 2022	775,124	134,257	7,331	916,712
Depreciation 2022	-1,215,173	0	-2,910	-1,218,083
Excluding decommissioning booked as DD&A	54,891	0	0	54,891
Depletion Right-of-use asset 2022	-35,004	0	-4,110	-39,113
Impairment loss	0	-150,185	0	-150,185
Carrying amount 31/12/2022	**5,362,108**	**0**	**28,196**	**5,390,305**
Additions 2023	673,227	0	5,400	678,627
Depreciation 2023	-975,733	0	-4,106	-979,839
Excluding decommissioning booked as DD&A	43,588	0	0	43,588
Depletion Right-of-use asset 2023	0	0	-4,110	-4,110
Disposal	0	0	-1,594	-1,594
Change in decommissioning obligation booked as depreciation	-26,445			-26,445
Carrying amount 31/12/2023	**5,076,745**	**0**	**23,786**	**5,100,532**
Acquisition cost	34,964,976	0	99,096	35,064,072
Accumulated depreciation 31/12/2023	-27,238,139	0	-75,309	-27,313,448
Accumulated impairment loss 31/12/2023	-2,650,092	0	0	-2,650,092

Property, plant, and equipment on Wisting was impaired and derecognised at year-end 2022.

Production facilities in operation are subject to Unit-of-Production (U.O.P.) depreciation. Production facilities under development are not depreciated before production commences. Furniture and office equipment are depreciated according to the linear method, according to their useful lives (3 or 5 years).

NOTE 13) Intangible assets

AMOUNTS IN '000 NOK

	CAPITALISED EXPLORATION WELLS
Carrying amount at 01/01/2022	639,742
Additions 2022	42,990
Transfers	-28,778
Expensed/impaired exploration wells	0
Carrying amount 31/12/2022	**653,954**
Additions 2023	94,349
Expensed/impaired exploration wells	0
Carrying amount 31/12/2023	**748,302**

Capitalised exploration wells are transferred to Production facilities under development when a development of the discovery has been sanctioned.

NOTE 14) Impairments

Impairment tests of individual cash-generating units are performed when impairment triggers are identified. No impairment triggers were identified in 2023. In the assessment of whether an impairment is required 31 December 2023, IIN has used the below average of price forecasts published by ERCE, a future cost inflation rate of 2 % per annum and a discount rate of 8 %, to calculate the future post-tax cash flow.

YEAR	CRUDE OIL PRICE (USD/BBL)
2024	78
2025	78
2026	79
2027	80
2028	82
2029 ->	CPI adjustment

For dry gas, the forward prices as of 31.12.23 have been used.

NOTE 15) Short-term receivables and other current debt

Accounts receivable is booked at nominal value, without any accrual for losses. All the company's customers are large, international oil companies.

Other short-term receivables consist mainly of overcall, joint venture receivables, prepaid expenses and other receivables related to IIN's joint venture licences. Other current debt consists mainly of undercall, joint venture payables, and accruals and other payables related to IIN's joint venture licences.

NOTE 16) Equity and shareholders

AMOUNTS IN '000 NOK

	SHARE CAPITAL	RETAINED EARNINGS	TOTAL EQUITY
Equity 01/01/2023	727,900	5,005,126	5,733,026
Profit 2023	-	1,609,135	1,609,135
Extraordinary dividend 2023	-	654,090	654,090
Remeasurement gain/loss booked to equity (pension)	-	-3,371	-3,371
Equity 31/12/2023	**727,900**	**5,963,542**	**6,691,442**
Remeasurement loss (-gain) 2023 (Pension)			15,323
Booked to equity			3,371
Booked to deferred tax			11,952
Accumulated remeasurement loss (-gain) booked to equity (post tax)			15,262

The share capital consists of 7 279 shares of NOK 100 000, all fully paid. All shares are owned by INPEX Norway Co., Ltd. in Japan (former Idemitsu Snorre Oil Development Co., Ltd.). Group accounts for 2023 are prepared by the ultimate parent company INPEX Corporation and are available at www.inpex.co.jp. The ultimate parent company is located in Tokyo, Japan.

NOTE 17) Asset retirement obligations

The Norwegian government may, at the termination of production or expiration of a licence, require IIN to remove offshore installations. With current and expected future fishery and environmental concerns, it is likely that the Norwegian government or international institutions and legislation will require the installations to be removed. It is also necessary to close down all production and injection wells as their use is completed. Furthermore, IIN is required to cover its share of removal of Gassled pipelines and installations.

Abandonment and decommissioning obligations are recorded at net present value. Reference is made to Accounting Principles.

AMOUNTS IN '000 NOK

	2023	2022
Asset retirement obligation 1.1	2,767,232	2,768,906
Change of estimate	51,124	42,700
Effect of ARO policy change	0	632,028
Effect of change in risk free interest rate	-33,981	-626,688
Actual decommissioning expenditure	-67,439	-136,608
Interest effect on the NPV obligation	87,639	86,895
Asset retirement obligations 31.12	**2,804,575**	**2,767,232**

In the calculation of net present value at year-end 2023, an inflation rate of 2 % and a discount rate of 3.3 % have been used. For the Knarr field the obligation has not been discounted. At year-end 2022, the discount rate was 3.2 % (3.1 % for Knarr). 246.8 million NOK of the liability is short-term at year-end 2023 (235.2 million NOK at year-end 2022).

The discount rate is a risk-free rate based on the NOK currency and time horizon of the individual oil and gas fields. IIN no longer includes a credit premium in the discount rate.

IIN obtains abandonment and decom-missioning cost estimates from the operators. The estimates are reviewed by IIN's own technical staff. The removal estimates are based upon complete removal and onshore disposal of any installations not below the seabed. Pipelines will be cleaned and left buried. Well closure cost includes cleaning wells and installing cement plugs in the permeable zones and upper part of the well.

NOTE 18) Reserves (unaudited)

The reserve numbers shown below are the estimated total producible remaining reserves in the currently producing and developing fields.

The estimates represent the company's share of proved and probable reserves (P50). Estimates of proved and probable reserve quantities are uncertain and change over time as new information becomes available. Contingent resources that may become proved in the future are excluded from the reserve numbers in the table below.

PROVEN AND PROBABLE RESERVES	MILL BBLS OF OIL EQUIVALENTS (MMBOE)
Reserves at 01/01/2023	80.0
Revision of previous estimates	0.1
Discoveries, additions, and extensions	9.1
Year 2023 production	-10.5
Reserves at 31/12/2023	**78.6**

IIN accounts only for reserves of crude oil in the Tampen fields, where reserves of NGL and dry gas have very little net economic value for the company. In the other fields the natural gas liquids and dry gas are included.

Following the final redetermination on Vega Unit, volumes are being redelivered from the PL 090 C owners. Such redelivery of volumes is accounted for at the time of redelivery and not accrued for in advance.

NOTE 19) Leasing

The incremental borrowing rate applied in discounting of the nominal lease liability is 3.20 %. Reference is made to Accounting principles.

AMOUNTS IN MILLION NOK

	2023	2022
Lease liability 1 January	**22**	**96**
Interest expense on lease liability	1	1
Foreign exchange loss (gain) on lease liability	0	2
Payments of lease debt (cash outflow)	-6	-77
Lease liability 31 December	**16**	**22**
Carrying amount of Right-of-use assets 31 December	16	21

The company has one leasing agreement which is deemed to be within the scope of IFRS 16 in 2023:

LEASE OBJECT	LICENCE
1 Office building	-

The company has no variable lease payments within the scope of IFRS 16 or short-term leases below 1 year. The expense relating to leases of low-value assets is negligible. The identified leases have no significant impact on the company's financing or dividend policy. The company does not have any residual value guarantees. Extension options are included in the lease liability when, based on management's judgement, it is reasonably certain that an extension will be exercised. No extension options are currently included in the leases.

NOTE 20) Other liabilities and commitments

IIN, as all other oil companies operating on the Norwegian Continental Shelf, has unlimited liability for possible compensation claims arising from its offshore operations, including pollution. To cover these liabilities, IIN has obtained insurance covering such liabilities up to 150 million USD for 100 % share. The deductible is 10 million USD. Liabilities arising from well blow-outs are covered up to 270 million USD for a 100 % share. In case that liabilities arising from well blow-outs of which the water depth is more than 3,000 ft or located in the Barents Sea, those are covered up to 400 million USD for a 100 % share, with a deductible of 10 million USD.

Offshore assets are insured at replacement value with third party insurance companies. Through its licence ownership interests, IIN has certain obligations for future investments and drilling activities. Total committed investment for exploration well drilling was 380 million NOK (IIN share) at 31 December 2023, related to exploration wells in PL 090, PL 636, PL 1194, PL 1170, and PL 537.

Furthermore, IIN has committed to investment in a number of development projects.

Below is listed the remaining investment commitment (IIN share) in each project (excluding infill drilling) as of 31 December 2023:

AMOUNTS IN MILLION NOK

Snorre Expansion Project (SEP)	3
Hywind Tampen	1
Vigdis Lomre	31
Total	**35**

There are also substantial investments planned in fields where PDOs are not yet submitted or approved by the government, and production well drilling is planned in various producing fields.

IIN is committed to certain dry gas delivery, transportation, and processing obligations as an integral part of the licence activity. These obligations are not in excess of planned future production.

The company has provided a standard parent company guarantee to the Ministry of Energy, to guarantee fulfilment of obligations undertaken by the licensee towards the State or Norwegian public institutions, and for the licensee's other possible liabilities in connection with petroleum activities.

NOTE 21) Transactions with group companies

IIN has 515 million USD in term deposits and 108 million USD in overnight deposits in INPEX Financial Services Singapore (IFSS) at 31 December 2023.

The deposits are included in the cash pooling arrangement of the INPEX group. Interest terms on the term deposits are Treasure Bill Rate + spread.

Other transactions with group companies are negligible.

NOTE 22) R&D

AMOUNTS IN '000 NOK

	2023	2022
R&D expense	844	278

The R&D activity consists mainly of participation in common industry projects. IIN will also pay R&D charged to the partner-operated licences under the sliding scale rules by other operators.

NOTE 23) Inventory

AMOUNTS IN '000 NOK

	2023	2022
Underlift	33,805	79,439
Spare parts and other stock items	84,597	84,605
Total	**118,402**	**164,044**

Auditor’s Report 2023

Auditor's report 2023

Building a better working world

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INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Inpex Idemitsu Norge AS

Opinion

We have audited the financial statements of Inpex Idemitsu Norge AS (the Company), which comprise the balance sheet as at 31 December 2023, the income statement, statement of comprehensive income and statement of cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the financial statements comply with applicable legal requirements and give a true and fair view of the financial position of the Company as at 31 December 2023 and its financial performance and cash flows for the year then ended in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the requirements of the relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Other information consists of the information included in the annual report other than the financial statements and our auditor's report thereon. Management (the board of directors and managing director) is responsible for the other information. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the board of directors' report and the report on payments to governments contains the information required by legal requirements and whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information or that the information required by legal requirements is not included, we are required to report that fact.

We have nothing to report in this regard, and in our opinion, the board of directors' report and the report on payments to governments are consistent with the financial statements and contains the information required by applicable legal requirements.

Responsibilities of management for the financial statements

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Oslo, 14 March 2024
ERNST & YOUNG AS

The auditor's report is signed electronically

Erik Søreng
State Authorised Public Accountant (Norway)

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Roland Larsson / Unsplash (front page)
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