

Taiyo Oil Company, Limited, and Consolidated Subsidiaries

Consolidated Balance Sheets

	March 31,		
	2022	2021	2022
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i> <i>(Note 3)</i>
<b>Assets</b>			
Current assets:			
Cash and deposits <i>(Note 18,20)</i>	¥ 72,879	¥ 37,185	\$ 595,467
Notes and accounts receivable-trade <i>(Note 16,18)</i>	69,868	57,593	570,866
Inventories <i>(Note 4)</i>			
Merchandise and finished goods	40,857	24,541	333,827
Work in process	737	493	6,026
Raw materials and supplies	70,628	54,822	577,075
Other	2,788	2,401	22,781
Total current assets	257,758	177,037	2,106,045
Noncurrent assets:			
Property, plant and equipment <i>(Note 5)</i> :			
Buildings, structures and oil tanks	63,179	62,033	516,212
Machinery, equipment and vehicles	174,842	171,272	1,428,568
Land	29,358	29,527	239,875
Construction in progress	2,310	2,913	18,874
Other <i>(Note 2)</i>	6,025	5,861	49,229
	275,715	271,607	2,252,759
Accumulated depreciation	(194,145)	(188,205)	(1,586,289)
	81,569	83,402	666,470
Intangible assets			
Goodwill	3,331	4,032	27,217
Other	717	779	5,864
	4,048	4,812	33,081
Investments and other assets:			
Investment securities <i>(Note 19)</i>	3,054	3,029	24,955
Long-term loans receivable	20	22	169
Net defined benefit asset <i>(Note 6)</i>	680	770	5,557
Deferred tax assets <i>(Note 12)</i>	1,796	1,774	14,676
Other	2,755	2,420	22,517
	8,307	8,017	67,876
Total noncurrent assets	93,925	96,232	767,428
Total assets	¥ 351,684	¥ 273,269	\$ 2,873,474

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	March 31,		
	2022	2021	2022
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i> <i>(Note 3)</i>
<b>Liabilities and net assets</b>			
Current liabilities:			
Notes and accounts payable-trade <i>(Note 18)</i>	¥ 57,629	¥ 40,689	\$ 470,868
Short-term loans payable <i>(Note 5,18)</i>	20,133	25,942	164,498
Current portion of long-term debt <i>(Note 5)</i>	7,575	6,575	61,898
Accounts payable-other <i>(Note 18)</i>	22,646	14,773	185,039
Income taxes payable	15,192	11,510	124,127
Gasoline and other excise taxes payable <i>(Note 18)</i>	23,506	25,889	192,060
Provision for bonuses	1,913	1,848	15,635
Provision for repairs	9,082	—	74,212
Other <i>(Note 15)</i>	31,196	27,533	254,893
Total current liabilities	188,876	154,763	1,543,235
Noncurrent liabilities			
Long-term debt <i>(Note 5,18)</i>	35,296	13,472	288,396
Deferred tax liabilities <i>(Note 12)</i>	3,832	4,213	31,316
Asset retirement obligations <i>(Note 7)</i>	2,229	2,352	18,215
Provision for directors' retirement benefits	669	636	5,469
Provision for repairs	7,245	12,745	59,202
Provision for business structure improvement	2,670	4,406	21,821
Net defined benefit liability <i>(Note 6)</i>	792	792	6,475
Other <i>(Note 2,24)</i>	405	332	3,310
Total noncurrent liabilities	53,142	38,951	434,208
Total liabilities	242,019	193,714	1,977,443
Net assets <i>(Note 8)</i> :			
Shareholders' equity:			
Capital stock	400	400	3,268
Capital surplus	5	5	43
Retained earnings	108,847	78,921	889,351
Total shareholders' equity	109,253	79,326	892,663
Accumulated other comprehensive income:			
Valuation difference on available-for-sale securities	(21)	8	(177)
Deferred gains or losses on hedges	55	25	456
Foreign currency translation adjustment	354	100	2,895
Remeasurements of defined benefit plans	23	93	192
Total accumulated other comprehensive income	412	227	3,366
Total net assets	109,665	79,554	896,030
Total liabilities and net assets	¥ 351,684	¥ 273,269	\$ 2,873,474

See accompanying notes to the consolidated financial statements.

Taiyo Oil Company, Limited, and Consolidated Subsidiaries

Consolidated Statements of Operations

	Year ended March 31,		
	2022	2021	2022
	(Millions of yen)		(Thousands of U.S. dollars) (Note 3)
Net sales (Note 22)	¥ 624,802	¥ 465,613	\$ 5,105,013
Cost of sales (Note 22)	548,733	403,507	4,483,481
Gross profit	76,069	62,106	621,532
Selling, general and administrative expenses (Note 10)	25,343	24,145	207,069
Operating income	50,726	37,960	414,462
Non-operating income:			
Interest and dividends income	159	79	1,301
Foreign exchange gains, net	17	—	144
Equity in earnings of affiliates	99	109	808
Futures trading gain, net	769	78	6,286
Subsidy income	76	257	698
Reversal of advances received for prepaid card certificates	—	123	—
Insurance income	14	404	117
Other	521	557	4,263
Total non-operating income	1,657	1,611	13,544
Non-operating expenses:			
Interest expenses	599	624	4,895
Foreign exchange losses, net	—	94	—
Interest income on early payments	507	334	4,142
Loss on reduction of noncurrent assets	15	184	122
Bond issuance costs	254	—	2,081
Other	229	178	1,876
Total non-operating expenses	1,605	1,417	13,119
Ordinary income	50,778	38,155	414,888
Extraordinary gains:			
Gain on sales of investment securities	—	5	—
Gain on sales of noncurrent assets	31	157	257
Compensation income	156	149	1,278
Reversal of provision for business restructuring	848	—	6,934
Total extraordinary gains	1,036	312	8,471
Extraordinary losses:			
Loss on sales of noncurrent assets	16	47	136
Loss on retirement of noncurrent assets	146	320	1,198
Impairment loss (Note 11)	70	163	572
Loss on valuation of investment securities (Note 19)	214	299	1,756
Environmental expenses	3	253	24
Business restructuring expenses	—	24	—
Other	—	7	—
Total extraordinary losses	451	1,116	3,688
Profit before income taxes	51,363	37,351	419,670
Income taxes:			
Current	20,381	10,826	166,525
Deferred	(383)	111	(3,136)
Total income tax	19,997	10,937	163,388
Profit	31,366	26,413	256,282
Profit attributable to owners of parent (Note 17)	¥ 31,366	¥ 26,413	\$ 256,282

See accompanying notes to the consolidated financial statements.

Taiyo Oil Company, Limited, and Consolidated Subsidiaries

Consolidated Statements of Comprehensive Income

	Year ended March 31,		
	2022	2021	2022
	(Millions of yen)		(Thousands of U.S. dollars) (Note 3)
Profit	¥ 31,366	¥ 26,413	\$ 256,282
Other comprehensive income (Note 13)			
Valuation difference on available-for-sale securities	(31)	3	(258)
Deferred gains or losses on hedges	30	35	249
Foreign currency translation adjustment	253	41	2,070
Remeasurements of defined benefit plans	(69)	303	(571)
Share of other comprehensive income of affiliates accounted for using the equity method	1	1	14
Total other comprehensive income	184	384	1,503
Comprehensive income (Note 13)	¥ 31,550	¥ 26,798	257,786
Total comprehensive income attributable to: Owners of parent	¥ 31,550	¥ 26,798	\$ 257,786

See accompanying notes to the consolidated financial statements.

Taiyo Oil Company, Limited, and Consolidated Subsidiaries

Consolidated Statements of Cash Flows

	Year ended March 31,		
	2022	2021	2022
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars) (Note 3)</i>
<b>Cash flows from operating activities</b>			
Profit (loss) before income taxes	¥ 51,363	¥ 37,351	\$ 419,670
Depreciation and amortization	7,200	7,275	58,835
Amortization of goodwill	701	701	5,730
Impairment loss	70	163	572
Increase (decrease) in provision for directors' retirement benefits	32	(35)	267
(Decrease) increase in provision for business structure improvement	(1,735)	162	(14,178)
Increase in provision for repairs	3,583	774	29,276
Increase in provision for bonuses	65	1,206	535
(Decrease) increase in net defined benefit liability	(20)	70	(167)
Decrease in net defined benefit asset	10	16	82
Interest and dividend income	(159)	(79)	(1,301)
Interest expense	599	624	4,895
Loss on valuation of investment securities	214	299	1,756
Increase in notes and accounts receivable-trade	(10,418)	(10,565)	(85,126)
Increase in inventories	(32,362)	(27,321)	(264,418)
Increase in notes and accounts payable-trade	15,085	12,323	123,257
Increase (decrease) in accounts payable-other	5,954	(2,706)	48,651
Decrease in gasoline and other excise taxes payable	(2,383)	(1,214)	(19,474)
Increase in other current assets	(103)	(57)	(848)
Increase in other current liabilities	3,426	4,195	27,997
Other, net	747	298	6,104
Subtotal	41,872	23,485	342,120
Interest and dividends income received	182	112	1,488
Interest expense paid	(617)	(518)	(5,046)
Income taxes refund	—	506	—
Income taxes paid	(16,618)	(228)	(135,781)
Net cash provided by operating activities	24,818	23,356	202,780
<b>Cash flows from investing activities</b>			
Proceeds from redemption of securities	—	800	—
Purchase of property, plant and equipment and intangible assets	(3,587)	(7,335)	(29,308)
Proceeds from sales of property, plant and equipment and intangible assets	213	456	1,743
Purchase of investment securities	(225)	(599)	(1,838)
Proceeds from sales of investment securities	—	19	—
Other, net	(718)	226	(5,871)
Net cash used in investing activities	(4,317)	(6,432)	(35,276)
<b>Cash flows from financing activities</b>			
Net decrease in short-term loans payable	(5,809)	(13,114)	(47,463)
Repayments of finance lease obligations	(100)	(105)	(823)
Proceeds from long-term loans payable	13,600	—	111,120
Repayment of long-term loans payable	(1,567)	(5,401)	(12,809)
Proceeds from issuance of bonds	15,545	—	127,014
Redemption of bonds	(5,008)	(1,008)	(40,918)
Purchase of treasury shares	—	(96)	—
Proceeds from disposal of treasury shares	—	96	—
Cash dividends paid	(1,440)	(928)	(11,765)
Net cash provided by (used in) financing activities	15,219	(20,556)	124,354
Effect of exchange rate change on cash and cash equivalents	(26)	194	(216)
Net increase (decrease) in cash and cash equivalents	35,694	(3,438)	291,643
Cash and cash equivalents at beginning of period	37,185	40,623	303,824
Cash and cash equivalents at end of period <i>(Note 20)</i>	¥ 72,879	¥ 37,185	\$ 595,467

See accompanying notes to the consolidated financial statement