

Taiyo Oil Company, Limited, and Consolidated Subsidiaries

Consolidated Balance Sheets

	March 31,		
	2021	2020	2021
	<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 16,18)</i>	¥ 37,185	¥ 40,623	\$ 335,877
Notes and accounts receivable-trade <i>(Note 16)</i>	57,593	46,640	520,218
Inventories <i>(Note 4)</i>			
Merchandise and finished goods	24,541	20,129	221,677
Work in process	493	168	4,454
Raw materials and supplies	54,822	32,008	495,187
Other	2,401	2,574	21,690
Total current assets	177,037	142,144	1,599,107
Noncurrent assets:			
Property, plant and equipment <i>(Note 5)</i> :			
Buildings, structures and oil tanks	62,033	61,095	560,321
Machinery, equipment and vehicles	171,272	169,882	1,547,034
Land	29,527	29,971	266,710
Construction in progress	2,913	1,611	26,316
Other <i>(Note 2)</i>	5,861	5,529	52,942
	271,607	268,090	2,453,325
Accumulated depreciation	(188,205)	(182,916)	(1,699,987)
	83,402	85,173	753,338
Intangible assets			
Goodwill	4,032	4,733	36,423
Other	779	863	7,043
	4,812	5,597	43,467
Investments and other assets:			
Investment securities <i>(Note 17)</i>	3,029	3,476	27,363
Long-term loans receivable	22	7	206
Net defined benefit asset <i>(Note 6)</i>	770	392	6,962
Deferred tax assets <i>(Note 12)</i>	1,774	2,085	16,027
Other	2,420	3,082	21,860
Allowance for doubtful accounts	—	(0)	—
	8,017	9,043	72,420
Total noncurrent assets	96,232	99,814	869,227
Total assets	¥ 273,269	¥ 241,959	\$ 2,468,334

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Consolidated Balance Sheets

	March 31,		
	2021	2020	2021
	<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 16)</i>	¥ 40,689	¥ 27,979	\$ 367,532
Short-term loans payable <i>(Note 5,16)</i>	25,942	39,056	234,323
Current portion of long-term debt <i>(Note 5)</i>	6,575	6,409	59,396
Accounts payable-other <i>(Note 16)</i>	14,773	18,582	133,442
Income taxes payable	11,510	109	103,973
Gasoline and other excise taxes payable <i>(Note 16)</i>	25,889	27,104	233,852
Provision for bonuses	1,848	641	16,692
Provision for repairs	—	2,118	—
Other <i>(Note 2)</i>	27,533	23,866	248,699
Total current liabilities	154,763	145,867	1,397,913
Noncurrent liabilities			
Long-term debt <i>(Note 5,16)</i>	13,472	20,048	121,692
Deferred tax liabilities <i>(Note 12)</i>	4,213	4,264	38,056
Asset retirement obligations <i>(Note 7)</i>	2,352	2,281	21,245
Provision for directors' retirement benefits	636	672	5,750
Provision for repairs	12,745	9,851	115,125
Provision for business structure improvement	4,406	4,243	39,797
Net defined benefit liability <i>(Note 6)</i>	792	763	7,162
Other <i>(Note 2,21)</i>	332	281	3,002
Total noncurrent liabilities	38,951	42,407	351,834
Total liabilities	193,714	188,275	1,749,748
Net assets <i>(Note 8)</i> :			
Shareholders' equity:			
Capital stock	400	400	3,613
Capital surplus	5	5	47
Retained earnings	78,921	53,435	712,866
Total shareholders' equity	79,326	53,840	716,527
Accumulated other comprehensive income:			
Valuation difference on available-for-sale securities	8	3	73
Deferred gains or losses on hedges	25	(9)	228
Foreign currency translation adjustment	100	59	912
Remeasurements of defined benefit plans	93	(209)	844
Total accumulated other comprehensive income	227	(156)	2,059
Total net assets	79,554	53,684	718,586
Total liabilities and net assets	¥ 273,269	¥ 241,959	\$ 2,468,334

See accompanying notes to the consolidated financial statements.

Taiyo Oil Company, Limited, and Consolidated Subsidiaries

Consolidated Statements of Operations

	Year ended March 31,		
	2021	2020	2021
	(Millions of yen)		(Thousands of U.S. dollars) (Note 3)
Net sales	¥ 465,613	¥ 642,138	\$ 4,205,705
Cost of sales	403,507	639,422	3,644,721
Gross profit	62,106	2,715	560,984
Selling, general and administrative expenses (Note 10)	24,145	23,974	218,098
Operating income (loss)	37,960	(21,258)	342,886
Non-operating income:			
Interest and dividends income	79	485	715
Foreign exchange gains, net	—	330	—
Equity in earnings of affiliates	109	108	992
Futures trading gain, net	78	538	709
Subsidy income	257	59	2,368
Reversal of advances received for prepaid card certificates	123	379	1,139
Insurance income	404	—	3,657
Other	557	554	5,032
Total non-operating income	1,611	2,456	14,556
Non-operating expenses:			
Interest expenses	624	875	5,641
Foreign exchange losses, net	94	—	854
Interest income on early payments	334	590	3,020
Loss on reduction of noncurrent assets	184	—	1,668
Other	178	186	1,615
Total non-operating expenses	1,417	1,653	12,800
Ordinary income (loss)	38,155	(20,455)	344,641
Extraordinary gains:			
Gain on sales of investment securities	5	851	49
Gain on sales of noncurrent assets	157	54	1,422
Compensation income	149	222	1,349
Other	—	2	—
Total extraordinary gains	312	1,130	2,822
Extraordinary losses:			
Loss on sales of noncurrent assets	47	0	432
Loss on retirement of noncurrent assets	320	240	2,890
Impairment loss (Note 11)	163	257	1,479
Loss on valuation of investment securities (Note 17)	299	—	2,703
Environmental expenses	253	—	2,286
Business restructuring expenses	24	310	221
Other	7	7	66
Total extraordinary losses	1,116	816	10,080
Profit (loss) before income taxes	37,351	(20,140)	337,382
Income taxes:			
Current	10,826	295	97,792
Deferred	111	(897)	1,004
Total income tax	10,937	(601)	98,797
Profit (loss)	26,413	(19,539)	238,585
Profit (loss) attributable to owners of parent (Note 15)	¥ 26,413	¥ (19,539)	\$ 238,585

See accompanying notes to the consolidated financial statements.

Taiyo Oil Company, Limited, and Consolidated Subsidiaries

Consolidated Statements of Comprehensive Income

	Year ended March 31,		
	2021	2020	2021
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars) (Note 3)</i>
Profit (loss)	¥ 26,413	¥ (19,539)	\$ 238,585
Other comprehensive income <i>(Note 13)</i>			
Valuation difference on available-for-sale securities	3	(614)	31
Deferred gains or losses on hedges	35	41	316
Foreign currency translation adjustment	41	(42)	370
Remeasurements of defined benefit plans	303	(153)	2,737
Share of other comprehensive income of affiliates accounted for using the equity method	1	(1)	15
Total other comprehensive income	384	(769)	3,470
Comprehensive income <i>(Note 13)</i>	¥ 26,798	¥ (20,308)	242,056
Total comprehensive income attributable to: Owners of parent	¥ 26,798	¥ (20,308)	\$ 242,056

*See accompanying notes to the consolidated financial statements.*

Taiyo Oil Company, Limited, and Consolidated Subsidiaries

Consolidated Statements of Cash Flows

	Year ended March 31,		
	2021	2020	2021
	<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	¥ 37,351	¥ (20,140)	\$ 337,382
Depreciation and amortization	7,275	7,314	65,720
Amortization of goodwill	701	701	6,334
Impairment loss	163	257	1,479
(Decrease) increase in provision for directors' retirement benefits	(35)	39	(323)
Increase in provision for business structure improvement	162	222	1,468
Increase in provision for repairs	774	2,475	6,997
Increase (decrease) in provision for bonuses	1,206	(793)	10,900
Increase in net defined benefit liability	70	58	641
Decrease in net defined benefit asset	16	130	145
Interest and dividend income	(79)	(485)	(715)
Interest expense	624	875	5,641
Loss on valuation of investment securities	299	—	2,703
Gain on sale of investment securities	—	(851)	—
(Increase) decrease in notes and accounts receivable-trade	(10,565)	18,358	(95,437)
(Increase) decrease in inventories	(27,321)	29,814	(246,782)
Increase (decrease) in notes and accounts payable-trade	12,323	(19,516)	111,312
(Decrease) increase in accounts payable-other	(2,706)	658	(24,443)
Decrease in gasoline and other excise taxes payable	(1,214)	(9,817)	(10,968)
(Increase) decrease in other current assets	(57)	882	(521)
Increase in other current liabilities	4,195	433	37,898
Other, net	298	(601)	2,700
Subtotal	23,485	10,019	212,134
Interest and dividends income received	112	502	1,012
Interest expense paid	(518)	(880)	(4,681)
Income taxes refund	506	661	4,571
Income taxes paid	(228)	(822)	(2,065)
Net cash provided by operating activities	23,356	9,479	210,971
<b>Cash flows from investing activities</b>			
Proceeds from redemption of securities	800	—	7,226
Purchase of property, plant and equipment and intangible assets	(7,335)	(3,009)	(66,257)
Proceeds from sales of property, plant and equipment and intangible assets	456	155	4,126
Purchase of investment securities	(599)	(431)	(5,417)
Proceeds from sales of investment securities	19	2,148	175
Collection of long-term loans receivable	—	7	—
Other, net	226	(534)	2,041
Net cash used in investing activities	(6,432)	(1,663)	(58,105)
<b>Cash flows from financing activities</b>			
Net (decrease) increase in short-term loans payable	(13,114)	17,634	(118,453)
Repayments of finance lease obligations	(105)	(109)	(949)
Repayment of long-term loans payable	(5,401)	(10,328)	(48,792)
Redemption of bonds	(1,008)	(5,008)	(9,104)
Purchase of treasury shares	(96)	—	(869)
Proceeds from disposal of treasury shares	96	—	869
Cash dividends paid	(928)	(1,360)	(8,382)
Net cash (used in) provided by financing activities	(20,556)	828	(185,682)
Effect of exchange rate change on cash and cash equivalents	194	(18)	1,759
Net (decrease) increase in cash and cash equivalents	(3,438)	8,625	(31,057)
Cash and cash equivalents at beginning of period	40,623	31,997	366,935
Cash and cash equivalents at end of period (Note 18)	¥ 37,185	¥ 40,623	\$ 335,877

See accompanying notes to the consolidated financial statement