

Taiyo Oil Company, Limited, and Consolidated Subsidiaries

Consolidated Balance Sheets

	March 31,		
	2023	2022	2023
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i> <i>(Note 3)</i>
Assets			
Current assets:			
Cash and deposits <i>(Note 19,21)</i>	¥ 31,253	¥ 72,879	\$ 234,056
Notes and accounts receivable-trade <i>(Note 17,19)</i>	67,691	69,868	506,935
Inventories <i>(Note 4)</i>			
Merchandise and finished goods	40,182	40,857	300,926
Work in process	1,062	737	7,960
Raw materials and supplies	86,101	70,628	644,809
Other	15,970	2,788	119,600
Total current assets	<u>242,262</u>	<u>257,758</u>	<u>1,814,289</u>
Noncurrent assets:			
Property, plant and equipment <i>(Note 5)</i> :			
Buildings, structures and oil tanks	64,858	63,179	485,722
Machinery, equipment and vehicles	177,797	174,842	1,331,514
Land	28,836	29,358	215,954
Construction in progress	1,850	2,310	13,855
Other <i>(Note 2)</i>	6,283	6,025	47,057
	<u>279,625</u>	<u>275,715</u>	<u>2,094,103</u>
Accumulated depreciation	<u>(199,292)</u>	<u>(194,145)</u>	<u>(1,492,493)</u>
	80,333	81,569	601,610
Intangible assets			
Goodwill	2,629	3,331	19,695
Other	764	717	5,726
	<u>3,394</u>	<u>4,048</u>	<u>25,421</u>
Investments and other assets:			
Investment securities <i>(Note 20)</i>	3,128	3,054	23,426
Long-term loans receivable	19	20	145
Net defined benefit asset <i>(Note 6)</i>	627	680	4,696
Deferred tax assets <i>(Note 13)</i>	2,166	1,796	16,226
Other	2,374	2,755	17,784
	<u>8,316</u>	<u>8,307</u>	<u>62,278</u>
Total noncurrent assets	<u>92,043</u>	<u>93,925</u>	<u>689,310</u>
Total assets	<u>¥ 334,305</u>	<u>¥ 351,684</u>	<u>\$ 2,503,600</u>

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Consolidated Balance Sheets

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	2023	2022	2023
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i> <i>(Note 3)</i>
Liabilities and net assets			
Current liabilities:			
Notes and accounts payable-trade <i>(Note 19)</i>	¥ 51,895	¥ 57,629	\$ 388,639
Short-term loans payable <i>(Note 5,19)</i>	63,627	20,133	476,499
Current portion of long-term debt <i>(Note 5)</i>	10,115	7,575	75,756
Accounts payable-other <i>(Note 19)</i>	20,234	22,646	151,533
Income taxes payable	580	15,192	4,348
Gasoline and other excise taxes payable <i>(Note 19)</i>	26,674	23,506	199,764
Provision for bonuses	733	1,913	5,492
Provision for repairs	—	9,082	—
Other <i>(Note 16)</i>	31,464	31,196	235,634
Total current liabilities	<u>205,325</u>	<u>188,876</u>	<u>1,537,670</u>
Noncurrent liabilities			
Long-term debt <i>(Note 5,19)</i>	25,681	35,296	192,323
Deferred tax liabilities <i>(Note 13)</i>	3,692	3,832	27,649
Asset retirement obligations <i>(Note 7)</i>	2,300	2,229	17,225
Provision for directors' retirement benefits	652	669	4,884
Provision for repairs	11,039	7,245	82,676
Provision for business structure improvement	2,560	2,670	19,174
Net defined benefit liability <i>(Note 6)</i>	687	792	5,145
Other <i>(Note 2,25)</i>	471	405	3,530
Total noncurrent liabilities	<u>47,084</u>	<u>53,142</u>	<u>352,610</u>
Total liabilities	<u>252,409</u>	<u>242,019</u>	<u>1,890,280</u>
Net assets <i>(Note 8)</i> :			
Shareholders' equity:			
Capital stock	400	400	2,995
Capital surplus	5	5	39
Retained earnings	80,960	108,847	606,312
Total shareholders' equity	<u>81,366</u>	<u>109,253</u>	<u>609,347</u>
Accumulated other comprehensive income:			
Valuation difference on available-for-sale securities	(41)	(21)	(308)
Deferred gains or losses on hedges	—	55	—
Foreign currency translation adjustment	594	354	4,455
Remeasurements of defined benefit plans	(23)	23	(173)
Total accumulated other comprehensive income	<u>530</u>	<u>412</u>	<u>3,972</u>
Total net assets	<u>81,896</u>	<u>109,665</u>	<u>613,320</u>
Total liabilities and net assets	<u>¥ 334,305</u>	<u>¥ 351,684</u>	<u>\$ 2,503,600</u>

See accompanying notes to the consolidated financial statements.

Taiyo Oil Company, Limited, and Consolidated Subsidiaries

Consolidated Statements of Operations

	Year ended March 31,		
	2023	2022	2023
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
			<i>(Note 3)</i>
Net sales <i>(Note 23)</i>	¥ 721,351	¥ 624,802	\$ 5,402,167
Cost of sales <i>(Note 23)</i>	716,728	548,733	5,367,543
Gross profit	4,623	76,069	34,623
Selling, general and administrative expenses <i>(Note 10)</i>	24,946	25,343	186,825
Operating (loss) income	(20,323)	50,726	(152,201)
Non-operating income:			
Interest and dividends income	74	159	558
Foreign exchange gains, net	295	17	2,210
Equity in earnings of affiliates	80	99	601
Futures trading gain, net	—	769	—
Subsidy income	27	76	248
Insurance income	612	14	4,588
Other	605	521	4,535
Total non-operating income	1,695	1,657	12,697
Non-operating expenses:			
Interest expenses	896	599	6,710
Interest income on early payments	544	507	4,075
Futures trading loss, net	102	—	768
Loss on reduction of noncurrent assets	27	15	202
Bond issuance costs	—	254	—
Idle assets expenses	856	—	6,411
Other	361	229	2,706
Total non-operating expenses	2,787	1,605	20,875
Ordinary (loss) income	(21,415)	50,778	(160,379)
Extraordinary gains:			
Gain on sales of noncurrent assets	0	31	3
Compensation income	—	156	—
Reversal of provision for business restructuring	29	848	218
Other	0	—	2
Total extraordinary gains	29	1,036	224
Extraordinary losses:			
Loss on sales of noncurrent assets	138	16	1,034
Loss on retirement of noncurrent assets	202	146	1,517
Impairment loss <i>(Note 11)</i>	102	70	764
Loss on valuation of investment securities <i>(Note 20)</i>	—	214	—
Environmental expenses	—	3	—
Loss on withdrawal from business <i>(Note 12)</i>	4,525	—	33,892
Other	2	—	21
Total extraordinary losses	4,971	451	37,230
(Loss) profit before income taxes	(26,356)	51,363	(197,385)
Income taxes:			
Current	650	20,381	4,869
Deferred	(466)	(383)	(3,491)
Total income tax	183	19,997	1,377
(Loss) profit	(26,540)	31,366	(198,763)
(Loss) profit attributable to owners of parent <i>(Note 18)</i>	¥ (26,540)	¥ 31,366	\$ (198,763)

See accompanying notes to the consolidated financial statements.

Taiyo Oil Company, Limited, and Consolidated Subsidiaries

Consolidated Statements of Comprehensive Income

	Year ended March 31,		
	2023	2022	2023
	(Millions of yen)		(Thousands of U.S. dollars) (Note 3)
(Loss) profit	¥ (26,540)	¥ 31,366	\$ (198,763)
Other comprehensive income (Note 14)			
Valuation difference on available-for-sale securities	(19)	(31)	(145)
Deferred gains or losses on hedges	(55)	30	(418)
Foreign currency translation adjustment	240	253	1,800
Remeasurements of defined benefit plans	(46)	(69)	(349)
Share of other comprehensive income of affiliates accounted for using the equity method	0	1	0
Total other comprehensive income	118	184	886
Comprehensive income (Note 14)	¥ (26,442)	¥ 31,550	\$ (197,876)
Total comprehensive income attributable to: Owners of parent	¥ (26,442)	¥ 31,550	\$ (197,876)

See accompanying notes to the consolidated financial statements.

Taiyo Oil Company, Limited, and Consolidated Subsidiaries

Consolidated Statements of Cash Flows

	Year ended March 31,		
	2023	2022	2023
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars) (Note 3)</i>
Cash flows from operating activities			
(Loss) profit before income taxes	¥ (26,356)	¥ 51,363	\$ (197,385)
Depreciation and amortization	7,240	7,200	54,222
Amortization of goodwill	701	701	5,252
Impairment loss	3,436	70	25,737
(Decrease) increase in provision for directors' retirement benefits	(17)	32	(128)
Decrease in provision for business structure improvement	(110)	(1,735)	(826)
(Decrease) increase in provision for repairs	(5,288)	3,583	(39,607)
(Decrease) increase in provision for bonuses	(1,180)	65	(8,839)
Decrease in net defined benefit liability	(48)	(20)	(366)
(Increase) decrease in net defined benefit asset	(70)	10	(529)
Interest and dividend income	(74)	(159)	(558)
Interest expense	896	599	6,710
Loss on valuation of investment securities	—	214	—
Decrease (increase) in notes and accounts receivable-trade	3,970	(10,418)	29,734
Increase in inventories	(15,107)	(32,362)	(113,140)
(Decrease) increase in notes and accounts payable-trade	(7,526)	15,085	(56,364)
(Decrease) increase in accounts payable-other	(1,904)	5,954	(14,263)
Increase (decrease) in gasoline and other excise taxes payable	3,168	(2,383)	23,726
Increase in consumption taxes refund receivable	(13,665)	—	(102,342)
Decrease (increase) in other current assets	669	(103)	5,016
(Decrease) increase in other current liabilities	(82)	3,426	(620)
Other, net	147	747	1,103
Subtotal	(51,204)	41,872	(383,471)
Interest and dividends income received	97	182	729
Interest expense paid	(926)	(617)	(6,941)
Income taxes paid	(14,865)	(16,618)	(111,329)
Net cash (used in) provided by operating activities	(66,900)	24,818	(501,012)
Cash flows from investing activities			
Purchase of property, plant and equipment and intangible assets	(10,171)	(3,587)	(76,177)
Proceeds from sales of property, plant and equipment and intangible assets	21	213	164
Purchase of investment securities	(36)	(225)	(273)
Proceeds from sales of investment securities	0	—	5
Other, net	555	(718)	4,161
Net cash used in investing activities	(9,630)	(4,317)	(72,119)
Cash flows from financing activities			
Net increase (decrease) in short-term loans payable	43,494	(5,809)	325,724
Repayments of finance lease obligations	(113)	(100)	(852)
Proceeds from long-term loans payable	600	13,600	4,493
Repayment of long-term loans payable	(2,667)	(1,567)	(19,979)
Proceeds from issuance of bonds	—	15,545	—
Redemption of bonds	(5,008)	(5,008)	(37,504)
Cash dividends paid	(1,345)	(1,440)	(10,080)
Net cash provided by financing activities	34,958	15,219	261,802
Effect of exchange rate change on cash and cash equivalents	(53)	(26)	(402)
Net (decrease) increase in cash and cash equivalents	(41,625)	35,694	(311,732)
Cash and cash equivalents at beginning of period	72,879	37,185	545,789
Cash and cash equivalents at end of period (Note 21)	¥ 31,253	¥ 72,879	\$ 234,056

See accompanying notes to the consolidated financial statement