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(Stock Exchange Code 5008)
June 8, 2021

To Shareholders with Voting Rights:

Kazuhisa Harada
President and Representative Director
TOA Oil Co., Ltd.
3-1 Mizuecho, Kawasaki-ku, Kawasaki-shi,
Kanagawa

**NOTICE OF
THE 148th ANNUAL GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

We would like to express our appreciation for your continued support and patronage.

It is our pleasure to inform you of the 148th Annual General Meeting of Shareholders of TOA Oil Co., Ltd. (the “Company”). The meeting will be held for the purposes as described below.

In view of the spread of COVID-19 infection, in order to ensure the safety of shareholders and prevent the spread of infection, shareholders are requested wherever possible to exercise their voting rights in advance in writing or via the Internet. Shareholders attending the General Meeting of Shareholders in person are requested to consider precautions such as wearing a mask. In addition, shareholders are requested to cooperate with any measures implemented at the venue that the Company deems necessary to ensure the safety of shareholders and prevent the spread of infection.

In order to exercise voting rights in advance of the General Meeting of Shareholders, please review the attached Reference Documents for the General Meeting of Shareholders and follow the instructions on pages 3 to 4 of the Japanese version of the Notice of the General Meeting of Shareholders to exercise your voting rights by submitting the enclosed Voting Rights Exercise Form or via the Internet no later than 5:00 p.m. on Wednesday, June 23, 2021, Japan time.

1. Date and Time: Thursday, June 24, 2021 at 10:00 a.m. Japan time

2. Place: Kawasaki Nikko Hotel, Banquet Hall “Tachibana” on the 11th floor
1 Nisshincho, Kawasaki-ku, Kawasaki-shi, Kanagawa

3. Meeting Agenda:

- Matters to be reported:**
1. The Business Report, Consolidated Financial Statements for the Company’s 148th Fiscal Year (April 1, 2020 - March 31, 2021) and results of audits by the Account Auditor and the Audit and Supervisory Committee of the Consolidated Financial Statements
 2. Non-consolidated Financial Statements for the Company’s 148th Fiscal Year (April 1, 2020 - March 31, 2021)

Proposals to be resolved:

- Proposal 1:** Distribution of Surplus
Proposal 2: Election of 5 Directors (Excluding Directors Serving as Audit and Supervisory Committee Members)
Proposal 3: Election of 1 Director Serving as Audit and Supervisory Committee Member
Proposal 4: Payment of Bonuses for Directors

(Appendix)

Business Report

(April 1, 2020 - March 31, 2021)

1. Overview of the Corporate Group

(1) Business Progress and Results

During the current consolidated fiscal year, the Japanese economy faced extremely harsh conditions, with stagnant economic activities and sluggish personal consumption due to the impact of the COVID-19 pandemic on a global scale. Despite an expectation for economic recovery resulting from various governmental policies and improvements in overseas economies, the economic outlook remains uncertain due to concerns about downside risks in both Japanese and overseas economies due to the reemergence of the COVID-19 infections.

In the petroleum industry, the decline in demand for petroleum products is accelerating as a result of structural factors such as improved fuel efficiency, in addition to the declining demand for fuels for automobiles and aircraft due to the impact of the spread of COVID-19. Furthermore, fossil fuels are expected to face rising headwinds in the future as the government issues guidelines related to carbon neutrality, and in addition to reduced demand, the industry will be required to take measures for decarbonization, including the reduction of CO₂ emissions and conversion to green energy.

Crude oil prices began at 24 dollars per barrel in April 2020 for Dubai Crude, affected by the impact of the spread of COVID-19, and hovered around 20 dollars until mid-May. After that, prices began to recover due to the resumption of economic activities in major countries and hovered around 40 dollars from June. Since November, prices rose due to high expectations for the proliferation of COVID-19 vaccines and the OPEC Plus agreement to cut oil production, and by the end of March 2021, prices returned to the pre-COVID-19 level of 62 dollars.

Under these circumstances, the Group engages in business focused on the operational pillars of the refining business and generation business. In the refining business, the Group conducts contracted refining under a contracted refining agreement with Idemitsu Kosan Co., Ltd., and in the generation business, the Group supplies power under a contracted power generation agreement with Idemitsu Kosan Co., Ltd. and a power interchange contract with TEPCO Energy Partner, Incorporated.

In the refining business, oil refinery facility generally maintained stable operations throughout the year. However, from the first quarter to the second quarter, domestic demand for petroleum products such as automobile and aircraft fuels declined sharply due to the impact of COVID-19, resulting in production adjustments that included reducing the operating rate of oil refinery facility. From the third quarter onward, the demand for petroleum products has been on a trend of recovery, and production volumes have gradually increased, resulting in the processing volume of crude oil and feedstock amounting to 3,908 thousand kL for the current consolidated fiscal year.

During the current consolidated fiscal year, oil refinery facility was shut down following the fire accident in the flexicoker that occurred in the previous consolidated fiscal year on December 24, 2019, but repairs were completed in April 2020 and the facility resumed operations.

Net sales and operating profit in the refining business were 22,898 million yen and 1,522 million yen, respectively.

In the generation business, power generator generally maintained stable operations throughout the year. However, from the first quarter to the second quarter, as a result of production adjustments made at oil refinery facility due to the impact of COVID-19, the operating rate of the Company's power generator, which is fueled with byproduct gas generated in the oil refining process, also declined. From the third quarter onward, the Company increased the amount of power generated as operations were increased at oil refinery facility, and from mid-December 2020 to January 2021, in response to strains in the power supply-demand chain caused by continued cold weather, etc., we generated power at a level that exceeded initial plans. In the current consolidated fiscal year, the Company traded 1,268 million kWh of power.

During the current consolidated fiscal year, the power generator was shut down due to the fire accident

that occurred in the refining business in the previous consolidated fiscal year, but resumed operations in conjunction with the resumption of operations at oil refinery facility in April 2020.

Net sales and operating profit in the generation business were 6,186 million yen and 1,211 million yen, respectively.

As a result of the above, in the current consolidated fiscal year, net sales were 28,506 million yen, operating profit was 2,733 million yen, ordinary profit was 2,699 million yen, and profit attributable to owners of parent was 1,962 million yen.

The Company changed the last day of the fiscal year from December 31 to March 31 due to the resolution at the 146th Annual General Meeting of Shareholders held on March 27, 2019.

As a result of this change, the previous consolidated fiscal year became a 15-month period from January 1, 2019 to March 31, 2020, and therefore the Business Report for the current consolidated fiscal year omits the description of year-on-year changes in business performance.

Regarding the tender offer for the Company's shares by Idemitsu Kosan Co., Ltd., the parent company of the Company, which was started on December 16, 2020, the Company stated its opinion that it approved of this tender offer and recommend that shareholders apply for the tender offer in accordance with the Company's belief that becoming a wholly-owned subsidiary of Idemitsu Kosan Co., Ltd. through the tender offer would result in faster decision making, enable the Company to respond flexibly to the drastically changing business environment, and contribute to increasing the corporate value of the Group. However, this tender offer was not completed successfully and was terminated on February 15, 2021. Despite the fact that this tender offer was not completed successfully as described above, the Company will continue, as it has in the past, to make efforts to enhance the corporate value of the Group over the medium to long term, thereby enhancing the common interests of shareholders in turn.

(2) Capital Investments, etc.

- 1) Major facilities completed during the current consolidated fiscal year
Not applicable
- 2) New installation and expansion of major facilities during the current consolidated fiscal year
Not applicable
- 3) Sales, removal and loss of important non-current assets
Not applicable

(3) Financing

There were no share issuances or new long-term borrowings within the Group during the current consolidated fiscal year.

(4) Issues to be Addressed

The future of the Japanese economy is uncertain due to the impact of the spread of COVID-19. In the oil industry as well, in addition to the existing structural decline in domestic product demand, the decline in product demand is further accelerating due to the spread of COVID-19. Furthermore, the government has issued guidelines on carbon neutrality, and it is evident that the current environment requires efforts for decarbonization while still ensuring the relative competitiveness of refineries.

The Group is facing a major generational shift, as many skilled employees with technical capabilities and knowledge based on personal experience are reaching retirement age and the employees taking over for them are much younger, and issues related to employee allocation and passing on skills to future generations have become apparent, including the decrease in opportunities to gain experience due to the extension of periodic repair cycles.

In addition, many of the Group's facilities have been operating for several decades and maintenance costs are increasing due to the aging of the facilities, while the operating rate of the facilities is declining due to decreasing demand for petroleum products. Now more than ever, it is important to focus on improving production efficiency and controlling costs.

Under these circumstances, in order to beat out the competition in refineries, the Group has established goals for the four areas of "safety," "facility reliability," "efficiency," and "employee satisfaction," and is working to achieve its ideal vision to be "the company with the best efficiency rates, refining costs, and facility reliability in greater Tokyo, fortified with highly motivated employees and a deeply rooted culture

of safety.” In doing so, we will provide the energy required by society as an expert in oil refining and power generation that plays a key role of providing stable supply of energy for greater Tokyo.

1) Safety

As the Company operates large-scale, advanced facilities such as refineries and power plants that handle hazardous materials, safety is the cornerstone of our management, and we have made the assurance of health, safety, security and the environment (HSSE) the first priority of our management philosophy. In addition to continuing efforts focusing on achieving zero accidents, zero disasters, zero environmental problems, and zero quality issues, in order to maintain an advanced culture of safety as we face the population of employees growing younger and other generational changes, the Company will strengthen the foundations for each individual employee to steadily implement safety initiatives under the slogan of “leading by example,” through which managers and supervisors demonstrate compliance with rules through their own conduct.

In response to the spread of COVID-19, health management for employees working for the Group has become more important. The Group will improve working environments to prevent the outbreak of cluster infections and promote the introduction of health and productivity management.

In order to earn the trust and favorable response from our stakeholders, we comply with laws and regulation and practice highly ethical conduct. In addition, from the viewpoint of achieving sustainable growth and increasing corporate value over the medium to long term, we will strive to enhance corporate governance through initiatives that include strengthening the supervisory functions for executives.

2) Facility reliability

The mission of the Group is to provide a stable supply of energy, and society requires the reliability of energy-producing facilities to be maintained at a high level. As facilities continue to age, we will focus on implementing systematic and efficient maintenance and actively introducing latest technologies such as IT, thereby stabilizing production and detecting potential defects in equipment at early stages, improving the reliability of our facilities.

In addition, to address issues such as generational changes and decreasing opportunities to gain experience, we will maintain and improve technical capabilities and facility reliability by actively hiring experienced personnel, developing forward-looking personnel and training plans, and enhancing the support structures provided by administrative departments.

By improving facility reliability, we will be able to provide a stable supply of energy by maximizing the utilization of our strengths of “facility configurations for higher added value” and “prime location in the heart of the central Keihin area.”

3) Efficiency

In order to increase profit in an environment of intensifying competition with factors including declining demand for petroleum products, we will seek not only increased added value through capital investment, but also flexible and prompt implementation of measures to increase added value in daily operations with energy conservation and reduced production loss, and thorough cost management with consideration for relevant priorities.

In addition, we will promote initiatives not only regarding profitability, but also to automate operations and improve daily operational efficiency through appropriate personnel allocation and the introduction of advanced technology.

4) Employee satisfaction

In order to achieve our vision to become “the company with the best efficiency rates, refining costs, and facility reliability in greater Tokyo, fortified with a deeply rooted culture of safety,” we believe that it is important for all employees working for the Group to feel a true sense of motivation and fulfillment in undertaking their roles.

The Group is currently facing a situation where various measures are required in response to changes in the environment, which include declining demand for petroleum products and measures for carbon neutrality. Through increasing opportunities for management to distribute information and exchange opinions on management to employees, we will aim to become a company of open communication and sustainable development by making each individual aware of their role in working for the Group and increasing their senses of security and satisfaction.

In addition, as new work styles such as remote work promotion and human resource mobilization become widespread throughout the world, the Group will strive to improve work environments without being bound by preconceived notions.

The Group will strive to achieve our vision to become “the company with the best efficiency rates, refining costs, and facility reliability in greater Tokyo, fortified with highly motivated employees and a deeply rooted culture of safety” by improving employee satisfaction and creating an environment where employees can feel a true sense of motivation and fulfillment as they engage in operations.

The Group sincerely asks our shareholders for their continued support and cooperation in the Group’s efforts to further increase corporate value.

(5) Trends in Assets and Profit/Loss

Item	FY 2017 The 145th fiscal year	FY 2018 The 146th fiscal year	FY 2019 The 147th fiscal year	FY 2020 The 148th fiscal year (Current consolidated fiscal year)
Net sales (millions of yen)	29,979	30,760	34,596	28,506
Ordinary profit (loss) (millions of yen)	3,147	4,169	(400)	2,699
Profit (loss) attributable to owners of parent (millions of yen)	2,472	2,775	(1,421)	1,962
Profit (loss) per share (yen)	198.77	223.11	(114.28)	157.74
Total assets (millions of yen)	89,203	94,947	81,326	94,567
Total net assets (millions of yen)	29,365	28,667	26,706	28,221

- (Notes)
1. Profit per share is calculated by dividing profit by the average number of outstanding shares for the current fiscal year (excluding treasury shares).
 2. The Company conducted a reverse stock split on October 1, 2018, at a ratio of 1 share for every 10 shares of common stock. Profit per share is calculated on the assumption that the said reverse stock split was conducted at the beginning of the 145th fiscal year.
 3. Since the last day of the fiscal year was changed from December 31 to March 31 due to the resolution at the 146th Annual General Meeting of Shareholders held on March 27, 2019, the 147th fiscal year is a 15-month period from January 1, 2019, to March 31, 2020.

(6) Material Parent Company and Subsidiaries

1) Status of parent company

The Company's parent company is Idemitsu Kosan Co., Ltd., and said company owns 6,234,000 shares of the Company (investment ratio of 50.1%).

The Company has concluded a contracted refining agreement with Idemitsu Kosan Co., Ltd., under which the Company refines crude oil and feedstock procured by said company at the Company's oil refinery facility, and supplies the petroleum products to said company. The Company's compensation for contracted refining is determined by distributing the value added in the oil refining process between the Company and said company, which is calculated by assessing the value of the petroleum products that are produced and the value of the crude oil and feedstock that were received, in accordance with the value of crude oil, feedstock and petroleum products calculated based on market prices, and subtracting the Company's costs related to oil refining from the difference between these two values. In the distribution of compensation, the Company has established a system to mitigate risk that the value added in oil refining might temporarily be significantly negative due to sudden fluctuations in crude oil prices.

In addition, the Company has concluded a contracted power generation agreement with said company, under which the Company uses byproduct gases from the oil refining process as fuel, and supplies the power generated at the Company's power generator to said company. The Company's compensation for contracted power generation is determined in the same way as in contracted refining, by distributing the value added in the power generation process between the Company and said company, which is calculated by assessing the value of the power generated by the Company and the value of the fuel used in the process, in accordance with the value of power and the fuel for power generation calculated based on the market prices for power and oil, and subtracting the Company's costs related to power generation calculated on the assumption of a certain operating rate from the difference between these two values. In contracted power generation as well, the Company has established a system to mitigate risk that the value added in power generation might be negative due to fluctuations in power market prices, etc.

Furthermore, the Company has concluded a financial transaction agreement with said company, under which the working capital of the Company is procured through group financing by said company.

In conducting these transactions with the parent company, the Company determines reasonable transaction terms based on transparent values such as market prices. In addition, when the Company and the parent company conclude an important contract, the Board of Directors deliberates on the matter from the viewpoint of protecting the minority shareholders, and the Board of Directors furthermore reviews contracts that have already been concluded periodically or as necessary. In the process of deliberation by the Board of Directors, the Audit and Supervisory Committee Members, mainly composed of Outside Directors, monitor the terms of transactions between the Company and the parent company to ensure fairness.

2) Status of material subsidiaries

Company name	Capital	The Company's percentage of equity participation	Principal business
TOA TECS CO., LTD.	40 million yen	100%	Contracted works in the Company's premises, etc.

3) Specified wholly-owned subsidiaries

Not applicable

4) Other

The main companies with which the Company has a partnership, such as technical assistance, etc. are ExxonMobil Catalysts and Licensing, LLC in the United States; and NIKKI-UNIVERSAL CO., LTD. and Idemitsu Kosan Co., Ltd. in Japan.

(7) Principal Business

Business	Principal products (business activities)
Refining Business	The contracted refining business of crude oil and feedstock under a contracted refining agreement with Idemitsu Kosan Co., Ltd.
Generation Business	The power supply business under a contracted power generation agreement with Idemitsu Kosan Co., Ltd. and a power interchange contract with TEPCO Energy Partner, Incorporated.

(Note) In light of the nature of the Group's business, business activities instead of principal products are listed in the table above.

In the generation business, since the power interchange contract with TEPCO Energy Partner, Incorporated expired on March 31, 2021, the Company has been operating the power supply business under the contracted power generation agreement with Idemitsu Kosan Co., Ltd. from April 1, 2021.

(8) Principal Offices and Plants

Name	Location
Corporate Headquarters of the Company	3-1 Mizuecho, Kawasaki-ku, Kawasaki-shi, Kanagawa
Keihin Refinery of the Company	3-1 Mizuecho, Kawasaki-ku, Kawasaki-shi, Kanagawa
Mizue Thermal Power Plant of the Company	3-1 Mizuecho, Kawasaki-ku, Kawasaki-shi, Kanagawa

(9) Employees (As of March 31, 2021)

Business	Number of employees	Increase from previous consolidated fiscal year-end
Refining Business	468	18
Generation Business	32	2
Total	500	20

- (Notes)
1. The number of employees is the number of persons in employment and does not include employees seconded outside the Company, but includes employees seconded to the Company.
 2. The number of employees does not include temporary employees (part-timers), whose annual average number (8-hour conversion) is 16 persons.

(10) Major Lenders (As of March 31, 2021)

Lender	Loan
Idemitsu Kosan Co., Ltd.	19,999 million yen

2. Status of Shares of the Company

- (1) Total Number of Shares Authorized to be Issued 30,000,000 shares
- (2) Total Number of Shares Outstanding 12,439,437 shares
(excluding 4,063 treasury shares)
- (3) Number of Shareholders 1,824 persons
- (4) Major Shareholders (Top 10)

Shareholder name	Number of shares	Shareholding ratio
	thousand shares	%
Idemitsu Kosan Co., Ltd.	6,234	50.1
BNYM AS AGT/CLTS NON TREATY JASDEC	3,393	27.3
CORNWALL MASTER LP	400	3.2
Tokio Marine & Nichido Fire Insurance Co., Ltd.	218	1.8
Custody Bank of Japan, Ltd. (Trust Account 4)	142	1.1
SMBC Nikko Securities Inc.	126	1.0
DFA INTL SMALL CAP VALUE PORTFOLIO	123	1.0
GOLDMAN SACHS & CO. REG	115	0.9
UBS AG LONDON A/C IPB SEGREGATED CLIENT ACCOUNT	104	0.8
Mitsui Sumitomo Insurance Company, Limited	100	0.8

- (Notes) 1. The number of shares less than one thousand is rounded down.
2. Treasury shares (4,063 shares) were excluded in the calculation of shareholding ratio.

- (5) Other Important Information Concerning Shares
Not applicable

3. Stock Acquisition Rights, etc. of the Company
Not applicable

4. Corporate Officers

(1) Directors (As of March 31, 2021)

Name	Position and areas of responsibility within the Company	Significant concurrent positions
Kazuhisa Harada	President and Director (Representative Director)	
Kaoru Shiraki	Vice President and Director (Representative Director)	
Akihiko Hashi	Director (in charge of Keihin Refinery and Mizue Thermal Power Plant, Manager of Keihin Refinery)	
Yasuyuki Shishido	Director (in charge of personnel and general affairs, accounting and finance, management planning, information systems, and environmental safety)	
Hiroshi Maezawa	Director	Managing Executive Officer, Idemitsu Kosan Co., Ltd.
Masanori Kumasaka	Director (Audit and Supervisory Committee Member)	
Shigeru Kimura	Director (Audit and Supervisory Committee Member)	Outside Director, eREX Co., Ltd.
Arata Nakamura	Director (Audit and Supervisory Committee Member)	Attorney (Ginza South Law Office)
Keiichi Kubo	Director (Audit and Supervisory Committee Member)	Certified Public Accountant (Keiichi Kubo CPA Office) Outside Director, Success Holders, inc.

- (Notes)
1. The President is in charge of the Principles of Conduct. The Audit Ethics Office is under the direct control of the President.
 2. Directors Mr. Shigeru Kimura, Mr. Arata Nakamura, and Mr. Keiichi Kubo are Outside Directors.
 3. Directors Mr. Shigeru Kimura, Mr. Arata Nakamura, and Mr. Keiichi Kubo are Independent Directors who do not have a conflict of interest with general shareholders and are required by the Tokyo Stock Exchange to be designated.
 4. The Company has appointed Audit and Supervisory Committee Member Mr. Masanori Kumasaka as a full-time Audit and Supervisory Committee Member in order to strengthen the auditing and supervisory functions of the Audit and Supervisory Committee, enhance information gathering, and work closely with the Audit Ethics Office.

(2) Compensation, etc. of Directors

1) Total amount, etc. of compensation, etc. of Directors

Title	Number of eligible Directors (persons)	Compensation, etc. by type (millions of yen)		Compensation, etc. (Millions of Japanese Yen)
		Fixed compensation	Performance-linked compensation	
		Monthly compensation	Bonus	
Directors (excluding Audit and Supervisory Committee Members) (of which Outside Directors)	7 (-)	73 (-)	6 (-)	80 (-)
Directors (Audit and Supervisory Committee Members) (of which Outside Directors)	4 (3)	42 (25)	- (-)	42 (25)
Total	11	115	6	122

- (Notes)
1. Compensation, etc. of Directors does not include the amount equivalent to the employee salary for Directors who concurrently serve as employees of 20,400 thousand yen.
 2. The above performance-linked compensation is bonuses for Directors to be resolved at the 148th Annual General Meeting of Shareholders to be held on June 24, 2021.
 3. The above number of eligible Directors and compensation, etc. of Directors include two Directors who retired at the conclusion of the 147th Annual General Meeting of Shareholders held on June 23, 2020.
 4. There is no compensation received by the Company's Outside Officers from the Company's parent company, etc. or subsidiaries of the parent company, etc., and therefore this information is omitted.

2) Matters concerning performance-linked compensation, etc.

Bonuses are paid as performance-linked compensation, etc. to Directors (excluding Directors serving as Audit and Supervisory Committee Members) in order to achieve a sustainable increase in corporate value by increasing motivation of Directors (excluding Directors serving as Audit and Supervisory Committee Members) to improve business performance.

The performance indicators selected as the basis for calculation of performance-linked compensation include consolidated operating profit, consolidated net profit, and business performance such as the operation status, etc. of oil refinery facility and power generator. These performance indicators were selected because they provide an objective measure of results of efforts to improve business performance and the provision of energy as required by society during the fiscal year.

Performance-linked compensation is calculated through a comprehensive calculation that takes into account the business environment, including domestic energy market conditions, based on these performance indicators and past payments.

Trends in consolidated operating profit and consolidated net profit, including those for the current fiscal year, are described in 1. (5) Trends in Assets and Profit/Loss, and the operation status of oil refinery facility and power generator in the current fiscal year are described in 1. (1) Business Progress and Results.

3) Matters concerning resolutions of the General Meeting of Shareholders regarding compensation, etc. of Directors

The total amount of compensation for Directors (excluding Directors serving as Audit and Supervisory Committee Members) is set to be within 192 million yen per annum (however, this does not include employee salaries for Directors who concurrently serve as employees) due to the resolution at the 143rd Annual General Meeting of Shareholders held on March 28, 2016. The number of Directors (excluding Directors serving as Audit and Supervisory Committee Members) was five as of the passing of this resolution. In addition, compensation for Directors serving as Audit and Supervisory Committee Members consists only of monthly compensation as fixed compensation, and the total amount is set to be within 48 million yen per annum due to the resolution at the 143rd Annual General Meeting of Shareholders held on March 28, 2016. The number of Directors serving as Audit and Supervisory Committee Members was three as of the passing of this resolution. In addition, the number of Directors serving as Audit and Supervisory Committee Members was increased to four due to the resolution at the 146th Annual General Meeting of Shareholders held on March 27, 2019, but the total amount of compensation for Directors serving as Audit and Supervisory Committee Members remained unchanged. The calculation of the amount of monthly compensation to be provided is determined through discussions of the Audit and Supervisory Committee.

4) Matters Concerning the Policy for Determining the Details of Compensation, etc. of Individual Directors

The Company has established a policy for determining the details of compensation, etc. for individual Directors (hereinafter referred to as the “Determination Policy”). In summary, the Company has established a compensation system linked to shareholder interests to sufficiently function as incentive to achieve a sustainable increase in corporate value. In determining the compensation of individual Directors, our basic policy is to set compensation at an appropriate level in accordance with the scope and duties of the fields for which the Director is responsible. Compensation for Executive Directors (excluding Audit and Supervisory Committee Members) consists of basic compensation (monetary compensation) as fixed compensation and performance-linked compensation (monetary compensation). Compensation for Directors serving as Audit and Supervisory Committee Members who are responsible for supervisory functions shall consist of basic compensation only, from the viewpoint of ensuring their independence. The amount of individual compensation, etc. in basic compensation is detailed as follows. For Executive Directors (excluding Directors serving as Audit and Supervisory Committee Members), basic compensation consists of monthly fixed compensation, and is determined based on a comprehensive assessment to be within the scope of the total amount of compensation resolved at the General Meeting of Shareholders in accordance with their position, responsibilities, years in office, etc. taking into consideration the levels of other companies, the Company’s performance, and the levels of employee salaries. For Directors serving as Audit and Supervisory Committee Members, basic compensation consists only of fixed compensation, and is determined to be within the scope of compensation resolved at the General Meeting of Shareholders taking into consideration the division of duties in the Audit and Supervisory Committee. Performance-linked compensation is cash compensation that reflects the performance indicators established for Executive Directors (excluding Directors serving as Audit and Supervisory Committee Members) for every fiscal year to increase motivation to achieve a sustainable increase in corporate value. The payment amount is calculated through a comprehensive calculation based on consolidated operating profit, consolidated net profit, and business performance such as the operation status, etc. of oil refinery facility and power generator for each fiscal year, taking into account domestic energy market conditions and other factors in the business environment, and this amount shall be recognized as bonuses for Directors as determined by a resolution of the General Meeting of Shareholders based on an objective evaluation of the executory responsibilities of the Executive Directors (excluding Directors serving as Audit and Supervisory Committee Members), and any payments to be made shall be provided in July of each year.

In addition, the Determination Policy was decided by resolution at the Board of Directors meeting held on March 24, 2021, after explaining the Determination Policy to the Independent Outside Directors and obtaining their advice as appropriate prior to the Board of Directors meeting.

5) Matters concerning the delegation of the determination of the details of compensation, etc. of individual Directors

In the current fiscal year, a resolution was passed at the Board of Directors meeting held on June 23, 2020, to delegate the authority to determine the specific details of the amount of compensation for individual Directors to Representative Director Mr. Kazuhisa Harada. This authority involves the evaluation and distribution of bonuses based on the amount of basic compensation of each Director and the performance of each Director in their relevant duties, and this authority was delegated because the Representative Director is the most suitable person to evaluate the relevant duties of each Director while maintaining an overlooking view of the Company’s overall performance. In order to ensure that said authority is properly exercised by the President and Representative Director, the Board of Directors passed this resolution after providing an explanation to the Independent Outside Directors and obtaining their advice as appropriate prior to the resolution at the Board of Directors meeting. Since the resolution on the Determination Policy was also passed after obtaining advice as appropriate from the Independent Outside Directors, the Board of Directors has also determined that the details of individual compensation, etc. for Directors for the current fiscal year are in line with the Determination Policy.

(3) Outside Officers

1) Relationship between the Company and other companies where Outside Officers hold significant concurrent positions
Not applicable

2) Main activities during the current fiscal year

Title	Name	Main activities
Outside Director	Shigeru Kimura	He attended 10 of the 11 meetings of the Board of Directors and all 10 meetings of the Audit and Supervisory Committee held in the current fiscal year. He provided advice on the Company's overall management and appropriately expressed his opinions based primarily on his extensive experience and broad knowledge as a corporate manager.
Outside Director	Arata Nakamura	He attended all 11 meetings of the Board of Directors and all 10 meetings of the Audit and Supervisory Committee held in the current fiscal year. He provided useful suggestions to the Company's management and appropriately expressed his opinions based primarily on his professional perspective as an attorney.
Outside Director	Keiichi Kubo	He attended all 11 meetings of the Board of Directors and all 10 meetings of the Audit and Supervisory Committee held in the current fiscal year. He provided useful suggestions to the Company's management and appropriately expressed his opinions based primarily on his professional perspective as a certified public accountant.

(4) Outline of the Agreement on Limitation of Liability

The Company has concluded a liability limitation agreement with five Non-executive Directors (Mr. Hiroshi Maezawa, Mr. Masanori Kumasaka, Mr. Shigeru Kimura, Mr. Arata Nakamura, and Mr. Keiichi Kubo) in accordance with Article 427, Paragraph 1 of the Companies Act to limit the liability for damages as provided in Article 423, Paragraph 1 of the Companies Act. Under this agreement, the maximum liability for damages shall be the amount provided by laws and regulations.

(5) Outline, etc. of the Directors and Officers Liability Insurance Agreement

The Company has concluded a directors and officers liability insurance agreement with an insurance company, as stipulated in Article 430-3, Paragraph 1 of the Companies Act, with all Directors (including Directors serving as Audit and Supervisory Committee Members) as the insured. The insurance agreement will cover damages to be borne by the insured, such as legal damages and litigation expenses. The outline, etc. of the insurance agreement is as follows:

- 1) Insured persons
The Company's Officers, Officers dispatched to other companies, and retired Officers.
- 2) Outline of the details of the insurance agreement
 - (a) Actual ratio of premiums paid by the insured
The premiums are paid by the Company, including riders. Therefore, the insured does not bear the actual premiums.
 - (b) Outline of events to be covered by the insurance agreement
The agreement, together with riders, will cover damages that may arise due to the insured Officers, etc. assuming liability for the execution of his or her duties or receiving a claim related to the pursuit of such liability. However, there are certain exemptions, such as in the case of actions taken with the recognition that such actions are in violation of laws and regulations.
 - (c) Measures to ensure the appropriateness of the duties of Officers, etc.
The insurance agreement has a deductible and does not cover damages up to the deductible amount.

5. Status of Account Auditor

(1) Account Auditor's Name

Deloitte Touche Tohmatsu LLC

(2) Account Auditor's Compensation, etc. for the Current Fiscal Year

	Compensation, etc.
Account Auditor's compensation, etc., for the current fiscal year	34,710 thousand yen
Cash and other property benefit to be paid by the Company or its subsidiaries	34,710 thousand yen

- (Notes)
1. Under the audit agreement between the Company and its Account Auditor, the amounts of compensation, etc. for audits as Account Auditor pursuant to the Companies Act and audits pursuant to Financial Instruments and Exchange Act are not separated, and otherwise cannot be separated practically. Consequently, the above amount reflects total compensation.
 2. The Audit and Supervisory Committee has confirmed the actual time required for audits and the amount of compensation by audit item and level in the audit plan for the previous fiscal year, as well as the status of the execution of duties by the Account Auditor, and reviewed the validity of the audit plan and the amount of compensation, etc. for the current fiscal year. As a result of this consideration, the Company has decided to agree to Article 399, Paragraph 1 of the Companies Act regarding the amount of compensation, etc. for the Account Auditor.

(3) Policy Regarding Determination of Termination or Nonrenewal of Appointment of Account Auditor

In the event that the Account Auditor is deemed to have met the items set forth in the clauses of Article 340, Paragraph 1 of the Companies Act, the Audit and Supervisory Committee shall terminate the appointment of the Account Auditor subject to the unanimous consent of the Audit and Supervisory Committee Members. In this case, an Audit and Supervisory Committee Member selected by the Audit and Supervisory Committee will report the dismissal and the reasons for the dismissal at the first General Meeting of Shareholders to be convened after the dismissal.

In addition, should it be deemed necessary to change the Account Auditor, taking into consideration the status of the Account Auditor's performance of its duties and the Company's auditing system, etc., the Audit and Supervisory Committee will decide the details of the proposal for the dismissal or non-reappointment of the Account Auditor to be submitted to the General Meeting of Shareholders, and the Board of Directors will submit the said proposal to the General Meeting of Shareholders based on the said decision.

6. Company's Systems and Policies

(1) Outline of systems to ensure that the Directors execute their duties in compliance with laws and regulations and the Articles of Incorporation, other systems to ensure proper business execution, and their operational status

The Company implements "Systems for Ensuring the Properness of Business Activities" as stipulated in the Companies Act and the Regulation for Enforcement of the Companies Act, which was resolved at a meeting of the Board of Directors, as follows.

In the current consolidated fiscal year, in order to improve awareness of compliance for individuals and organization, the Company has continued to provide educational programs including employee training and online courses to spread and promote awareness of compliance and IT security.

1. System to ensure that Directors and the employees execute their duties in compliance with the laws and regulations and the Articles of Incorporation

- 1) In order to have Directors and employees clearly recognize compliance with laws and regulations and responsibilities to society, regulations related to the Principles of Conduct, the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade, Public Officials Bribery Prevention Act and other major laws and regulations will be established and initiatives will be taken to ensure compliance with laws and regulations.
- 2) In order to fulfill the responsibilities to all stakeholders, the Board of Directors decide important matters including management strategies and supervise business execution in accordance with laws and regulations, the Articles of Incorporation, Board of Directors Regulations and other internal regulations. Moreover, Directors (a majority of who are Outside Directors (Independent Directors)) serving as Audit and Supervisory Committee Members will be elected, and Audit and Supervisory Committee will be established to reinforce the supervisory function of the Board of Directors and to further enhance corporate governance.
- 3) The Directors serving as Audit and Supervisory Committee Members (hereafter, referred to as "Audit and Supervisory Committee Members") and the Audit and Supervisory Committee will oversee internal controls and audit the operational status, and regularly exchange information and opinions with the Directors (excluding Audit and Supervisory Committee Members).
- 4) A Director in charge of the Principles of Conduct will be assigned and department overseeing compliance matters will be set up so as to establish and control cross functional compliance systems.
- 5) Regarding the implementation status related to securing health, safety, security and the environment (HSSE), internal auditing will be conducted and the implementation status will be verified through various external audits.
- 6) The Audit Ethics Office, which is a department in charge of auditing, reports directly to the Representative Director, and regularly audits the control status of business executed by each department and effectiveness of the internal control system, as well as reports the results and subsequent improvements to the Audit and Supervisory Committee.
- 7) Regarding matters such as fairness of financial reporting and status of compliance, each Director (excluding Audit and Supervisory Committee Members), and department and section manager is requested to regularly submit documents such as written confirmations, and the President and Representative Director will assess and report the internal control status related to financial reporting.
- 8) In the event that employees feel there are issues in fulfilling responsibilities toward compliance or society, a whistleblower system (corporate ethics helpline and external consultation service) and a direct consultation system (open door policy) will be established where employees can directly consult with the Representative Director and Director in charge of the Principles of Conduct, and these systems will be made known to all employees. With regard to managing the process, rules will be established to strive for securing the confidentiality of those employees reporting the issue and to prevent them from getting unfavorable treatment.
- 9) The Company will have no relations whatsoever with antisocial forces that threaten social order and sound business activities, and the Personnel and General Affairs Department will be in charge of dealing with organizations and individuals posing a threat. The Company will take a tough stance dealing with these threats through close collaboration with police and other outside organizations in a systematic manner.

2. System for storage and management of information related to the execution of duties of Directors

- 1) Rules concerning information security and information management will be established. Information will be appropriately created, stored and disposed, depending on the type of information and degree of importance.
- 2) Rules regarding the protection of personal information will be established for safely storing and managing

information.

- 3) Rules regarding the disclosure of information will be established, and a system for disclosing information in a timely and appropriate manner will be established.

3. Regulations or any other systems for management of risk of loss
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- 1) The HSSE basic policy (basic policy on health, safety, security and the environment) will be established with the President being the chairman of the HSSE Committee. Under the HSSE Committee, technical committees and sub-committees related to HSSE will be established to carry out activities on a company-wide basis, and to regularly audit the control system to foster improvement.
- 2) Various potential risks surrounding the Company group will be specified and analyzed, measures taken based on the characteristics of those risks as well as the validity of those measures regularly assessed and revised as needed.
- 3) A contingency plan as well as a business continuity plan will be established and drills conducted regularly and reviewed so as to ensure continuity of important businesses even if an unforeseen incident such as a disaster or an accident occurs.

4. System to ensure that the execution of duties of Directors is efficient
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- 1) In order to facilitate speedy decision making, an organization will be created eliminating multiple layers of hierarchy as much as possible, and important matters on business execution will be decided by the Board of Directors.
- 2) The authorities of the Board of Directors, Executive Management Committee and each Director (excluding Audit and Supervisory Committee Members) will be clearly defined, and authority delegated as needed to allow flexible decision making.
- 3) When making decisions on important matters, Board of Directors, Executive Management Committee and anyone with authorization will consult with certain committees that were organized providing advice so as to reflect opinions from an expert point of view of various departments.
- 4) Plans such as a medium-term business plan and annual budget plan will be formulated, the progress regularly reviewed and measures worked out for efficiently executing businesses.
- 5) In order to correctly and promptly understand and communicate management information, an IT environment will be created for ensuring information security and enhance operational efficiency.

5. System to ensure appropriateness of business execution of the corporate group consisting of the Company and its subsidiaries

- 1) The spirit on policies including the Company's Principles of Conduct, HSSE basic policy (basic policy on health, safety, security and the environment) and other important basic policies will be shared and put into practice together with the Company.
- 2) With respect to the autonomy and independence of the management of subsidiaries, "Rules of Management of Subsidiaries and Associates" related to management of subsidiaries will be established in order to appropriately and efficiently carry out operations of the Group's overall management.
- 3) In order to ensure appropriateness of operations of subsidiaries, a Director and Auditor will be dispatched as needed, and prior approval of the Company required for important matters related to business management of subsidiaries.
- 4) A department responsible for managing the subsidiaries will be established to specify and analyze various risks surrounding the subsidiaries, and response measures in line with the characteristics of the risk will be managed together with each subsidiary. The status will be reported to the Executive Management Committee as appropriate to oversee the risk of the Group as a whole.
- 5) The Audit Ethics Office will regularly audit the subsidiaries, and subsidiaries' control status of business execution, effectiveness of the control system, as well as report the results and subsequent improvement status to the Audit and Supervisory Committee.
- 6) Regarding the responsibilities of the subsidiaries and other affiliates, submission of a written confirmation on a regular basis will be requested on the implementation status of various measures including measures on fairness of financial reporting and compliance, and effectiveness of those measures confirmed as well as periodically reviewed. Furthermore, implementation status will be verified through business audits performed by the Audit Ethics Office and Audit and Supervisory Committee Members.
- 7) In the event that subsidiary employees feel there are problems in fulfilling responsibilities towards compliance or society, a whistleblower system (corporate ethics helpline and external consultation service) of the parent company (the Company) will be available to subsidiary employees.

6. Matters concerning employees requested by the Audit and Supervisory Committee Members to assist with their duties

- 1) Employees to assist the duties of the Audit and Supervisory Committee Members will be assigned as needed.
- 2) Concerning the employees prescribed in the previous paragraph, number of employees, selection of employees and other matters will be decided upon consultation with the Audit and Supervisory Committee Members.

7. Matters concerning independence of employees, set forth in the preceding item, from Directors (excluding Audit and Supervisory Committee Members) and on ensuring effectiveness of instructions by Audit and Supervisory Committee Members to the employees

- 1) The employees who will be assisting the duties of the Audit and Supervisory Committee Members are subject to orders and instructions of the Audit and Supervisory Committee Members. A consent by the Audit and Supervisory Committee is required with respect to transfer and treatment of the employees.

8. System for reporting by Directors and employees to the Audit and Supervisory Committee Members and other systems for reporting to Audit and Supervisory Committee Members

- 1) If the Director or employee of the Company and subsidiaries, or those who received reports from the said parties were requested by the Audit and Supervisory Committee Members to report the status of business execution, or if events such as important matters and violation of compliance that significantly impact the Company's management occurred, they will be promptly reported to the Company's Audit and Supervisory Committee Members in accordance with the prescribed rules and regulations.
- 2) It is prohibited to unfavorably treat those set forth in the preceding item who reported to the Company's Audit and Supervisory Committee Members, and ensure that this is communicated to all employees.
- 3) The Company's Audit and Supervisory Committee Members and the Auditors of the subsidiary will regularly exchange information, and enhance the Group's overall audit system.
- 4) Reporting status of the whistleblower system is reported regularly to the Audit and Supervisory Committee Members securing the confidentiality of those who reported.

9. Matters concerning the policy on processing expenses, etc. incurring from execution of duties by the Audit and Supervisory Committee Members

- 1) As certain amount of budget will be allocated for bearing such expenses incurring from execution of duties by the Audit and Supervisory Committee Members. In the event that an Audit and Supervisory Committee Member requests advance payment for the expenses in connection with performance of his/her duties, excluding those expenses or payables related to the request which were proven to be unnecessary for executing the Audit and Supervisory Committee Member, the expenses or payables will be promptly processed.

10. Other systems to ensure that audits by the Audit and Supervisory Committee Members are effectively performed

- 1) The Audit and Supervisory Committee Members are permitted to attend important meetings to understand the business execution status as needed. Moreover, if minutes of meetings are recorded, the secretariat will submit the minutes to the Audit and Supervisory Committee.
- 2) The results of audit performed by the Audit Ethics Office or the Account Auditor and improvement status of audit findings will be reported to the Audit and Supervisory Committee Members and Audit and Supervisory Committee. Audit and Supervisory Committee Members, Audit and Supervisory Committee and the Audit Ethics Office will regularly exchange information with the Account Auditor.

(2) Basic Policy Regarding Control of the Company

The Company is an oil refining company that plays a key role of providing stable supply of energy in the Idemitsu Kosan Group, and will enhance collaboration with the Group companies for sustainable business development.

(3) Basic Policy for Determining Distribution of Surplus, etc.

Not applicable

Consolidated Balance Sheet

(As of March 31, 2021)

Assets		Liabilities	
	Millions of yen		Millions of yen
Current assets	39,842	Current liabilities	56,849
Cash and deposits	460	Accounts payable - trade	215
Accounts receivable - trade	2,977	Short-term borrowings	19,999
Inventories	4,713	Accrued consumption taxes	6,309
Advances paid for gasoline taxes	29,292	Accrued gasoline taxes	26,629
Other	2,398	Provision for bonuses	480
		Provision for bonuses for directors (and other officers)	9
Non-current assets	54,724	Asset retirement obligations	13
Property, plant and equipment	48,921	Other	3,191
Buildings	3,776		
Structures	5,953	Non-current liabilities	9,496
Machinery and equipment	16,697	Long-term accounts payable - other	81
Land	19,943	Provision for special repairs	2,863
Construction in progress	295	Provision for periodic repairs	4,257
Other	2,254	Retirement benefit liability	1,914
		Asset retirement obligations	184
Intangible assets	383	Other	195
Investments and other assets	5,420	Total liabilities	66,346
Investment securities	1,182		
Retirement benefit asset	142	Net assets	
Deferred tax assets	3,908		Millions of yen
Other	186	Shareholders' equity	28,261
		Share capital	8,415
		Capital surplus	4,323
		Retained earnings	15,530
		Treasury shares	(7)
		Accumulated other comprehensive income	(39)
		Valuation difference on available-for- sale securities	82
		Remeasurements of defined benefit plans	(122)
		Total net assets	28,221
Total assets	94,567	Total liabilities and net assets	94,567

(Note) Figures presented above are rounded down to the nearest million yen.

Consolidated Statement of Income

(April 1, 2020 - March 31, 2021)

	Millions of yen	Millions of yen
Net sales		28,506
Cost of sales		24,312
Gross profit		4,194
Selling, general and administrative expenses		1,461
Operating profit		2,733
Non-operating income		
Interest and dividend income	8	
Rental income	48	
Guarantee commission received	27	
Other	14	98
Non-operating expenses		
Interest expenses	86	
Loss on disposal of property, plant and equipment	11	
Terminal usage fee	19	
Other	15	132
Ordinary profit		2,699
Extraordinary income		
Gain on sale of non-current assets	62	
Penalty income	156	218
Extraordinary losses		
Loss due to fire	129	129
Profit before income taxes		2,789
Income taxes - current	587	
Income taxes - deferred	239	826
Profit		1,962
Profit attributable to owners of parent		1,962

(Note) Figures presented above are rounded down to the nearest million yen.

Consolidated Statement of Changes in Equity

(April 1, 2020 - March 31, 2021)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Balance as of April 1, 2020	8,415	4,323	14,190	(5)	26,922
Changes during period					
Distribution of surplus			(621)		(621)
Profit attributable to owners of parent			1,962		1,962
Purchase of treasury shares				(1)	(1)
Net changes in items other than shareholders' equity					
Total changes during period	–	–	1,340	(1)	1,338
Balance as of March 31, 2021	8,415	4,323	15,530	(7)	28,261

	Accumulated other comprehensive income			Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Balance as of April 1, 2020	78	(293)	(215)	26,706
Changes during period				
Distribution of surplus				(621)
Profit attributable to owners of parent				1,962
Purchase of treasury shares				(1)
Net changes in items other than shareholders' equity	4	171	175	175
Total changes during period	4	171	175	1,514
Balance as of March 31, 2021	82	(122)	(39)	28,221

(Note) Figures presented above are rounded down to the nearest million yen.

Notes to the Consolidated Financial Statements

1. Notes on the Basis for Preparation of Consolidated Financial Statements

(1) Scope of consolidation

- 1) Number of consolidated subsidiaries and names of principal subsidiaries
Number of consolidated subsidiaries 1
Names of principal subsidiaries TOA TECS Co., Ltd.

(2) Application of the equity method

- 1) Names of associates not accounted for by the equity method
Ogishima Oil Terminal Co., Ltd.
- 2) Reason for not applying the equity method
The non-equity-method company is excluded from the scope of the equity method because the impact of it on profit or loss (amount corresponding to equity), retained earnings (amount corresponding to equity), etc., is negligible, and is immaterial as a whole.

(3) Accounting policies

- 1) Standards and methods for valuation of important assets
 - i) Securities
 - A) Shares of subsidiaries and associates
Stated at cost using the moving-average method
 - B) Available-for-sale securities
 - Securities with market quotations
Stated at fair value based on the market price, etc., as of the fiscal year-end. (Valuation difference is reported as a component of net assets. The cost of sales is calculated using the moving average method.)
 - Securities without market quotations
Stated at cost using the moving-average method
 - ii) Inventories Raw materials and supplies are stated at cost using the moving-average method (book value is written down according to decline in profitability)
- 2) Depreciation or amortization method for important depreciable assets
 - i) Property, plant and equipment
Straight-line method
 - ii) Intangible assets
Straight-line method
Software used by the Group is amortized by the straight-line method based on the estimated useful life within the Group (five years).
- 3) Important standards of accounting for reserves
 - i) Allowance for doubtful accounts
In order to prepare for losses due to bad debts, allowance for doubtful accounts is provided based on the historical write-off rate for ordinary receivables, and the estimated amount of irrecoverable debt based on recoverability of individual cases for specified receivables such as doubtful accounts.
As for the current fiscal year-end, the Company has not recorded allowance for doubtful accounts because there is no historical write-off or balance of receivables that are expected to be irrecoverable.
 - ii) Provision for bonuses
To prepare for the payment of bonuses to employees, provision for bonuses is provided based on the estimated amount of payment.
 - iii) Provision for bonuses for directors (and other officers)
To prepare for the payment of bonuses for directors (and other officers), provision for bonuses for directors (and other officers) is provided based on the estimated amount of payment.
 - iv) Provision for special repairs
In order to provide for the costs of inspections and repairs relating to oil tanks subject to mandatory regular open inspections under the Fire Service Act, the Company estimates the costs for open inspection and repair based on historical payments, and records a an amount recognized to be incurred at the end of the fiscal year.

v) Provision for periodic repairs

In order to provide for the costs for periodic repairs on machinery and equipment, the Company estimates costs for periodic repairs based on historical payments, and records an amount recognized to be incurred at the end of the fiscal year.

4) Other important matters for preparation of consolidated financial statements

i) Standards of accounting for retirement benefit liability

In order to provide for retirement benefits for employees, retirement benefit liability is recorded at an amount less plan assets, based on a projected amount at the end of the fiscal year. Projected benefit obligation is calculated using the benefit formula method to attribute projected retirement benefits to the period up to the end of the fiscal year.

Actuarial differences are recognized as expenses starting from the fiscal year following the year they were incurred, and amortized in the straight-line method by allocation over a period (13 years) within the average remaining service period of employees at the time of incurrence.

Prior service cost is recognized as expenses in the straight-line method over a period (13 years) within the average remaining service period of employees at the time of incurrence.

Unrecognized actuarial differences and unrecognized prior service cost are recognized as remeasurements of defined benefit plans under accumulated other comprehensive income in net assets, after adjustment for tax effect.

ii) Accounting method of consumption taxes, etc.

Amounts are accounted for exclusive of consumption tax and local consumption tax.

2. Notes to Changes on Presentation

(1) Application of the Accounting Standard for Disclosure of Accounting Estimates

The “Accounting Standard for Disclosure of Accounting Estimates” (ASBJ Statement No. 31, March 31, 2020) has been applied from the consolidated financial statements as of the end of the fiscal year under review, and therefore a note regarding accounting estimates is provided.

3. Notes to Accounting Estimates

Items with amounts based on accounting estimates recorded in the consolidated financial statements for the fiscal year that may have a significant impact on the consolidated financial statements for the following fiscal year are as follows:

(1) Provision for periodic repairs

1) Amount recorded on the consolidated financial statements 4,257 million yen

2) Other information on estimates to facilitate users’ understanding of the consolidated financial statements

In order to provide for the costs of periodic repair and inspection works on machinery and equipment, estimates on future expenses are recorded. Periodic repair and inspection works include statutory inspections, scheduled works that are pre-planned repair and inspection works, and unplanned works discovered to be required as a result of suspending facility operations for inspection. Scheduled works are estimates of prospective costs arising in the future based on actual expenses incurred and statutory inspection items, etc. Estimates for unplanned works are based on actual expenses incurred and the results of analysis of the cause of their occurrence. Any significant discrepancies between estimates and actual results due to factors such as more unplanned works arising than expected, a rise in works unit costs for arranging works on an emergency basis may lead to additional repair costs in the fiscal year the periodic repair and inspection works were conducted.

(2) Provision for special repairs

1) Amount recorded on the consolidated financial statements 2,863 million yen

2) Other information on estimates to facilitate users’ understanding of the consolidated financial statements

In order to provide for the costs of inspections and repairs relating to oil tanks subject to mandatory regular open inspections under the Fire Service Act, the Company records estimated future costs. Costs for open inspection and repair are estimated based on historical payments. In the event of a significant discrepancy between estimates and actual cost, additional repair expenses may be incurred at the time the regular open inspection is conducted.

4. Notes to Consolidated Balance Sheet

(1) Assets pledged as collateral and secured liabilities

Type	Assets pledged as collateral		Amount of secured liabilities	
	Book value at end of the fiscal year (Millions of yen)	Type of collateral	Contents	Balance at end of the fiscal year (Millions of yen)
Land	13,884	Mortgage	Guarantee of deferred payment of gasoline tax	14,182

(2) Accumulated depreciation of assets

Accumulated depreciation of property, plant and equipment 226,651 million yen

5. Notes to Consolidated Statement of Changes in Equity

(1) Total number of outstanding shares

Class of stock	Beginning of the fiscal year	Increase	Decrease	End of the fiscal year
Common stock (shares)	12,443,500	-	-	12,443,500

(2) Distribution of surplus

The following was resolved at the Annual General Meeting of Shareholders held on June 23, 2020.

Total dividends	621 million yen
Source of dividends	Retained earnings
Dividend per share	50 yen
Record date	March 31, 2020
Effective date	June 24, 2020

The following will be submitted as a proposal to the Annual General Meeting of Shareholders to be held on June 24, 2021.

Total dividends	497 million yen
Source of dividends	Retained earnings
Dividend per share	40 yen
Record date	March 31, 2021
Effective date	June 25, 2021

6. Notes on Financial Instruments

(1) Status of financial instruments

The Group procures funding necessary for the capital investment plans to primarily operate the refining and generation businesses. Temporary surplus funds are invested in short-term deposits, etc. and short-term working capital is procured as part of Group financing, etc. from the parent company.

Accounts receivable – trade and accounts receivable - other, etc. are exposed to customer credit risk, but they are settled in a short term.

Investment securities are mainly shares in companies with which we have business relationships, and listed shares with market quotations are exposed to market price-fluctuation risk.

Accounts payable - trade and accounts payable - other, etc. are mostly due within one year.

Borrowings are mainly made for the purpose of funding capital investment and procuring working capital.

(2) Fair value, etc., of financial instruments

The amounts recorded on the consolidated balance sheet, fair value and their differences as of March 31, 2021 are as follows:

(Millions of yen)

	Consolidated balance sheet amount (*)	Fair value (*)	Difference
(1) Advances paid for gasoline taxes	29,292	29,292	-
(2) Short-term borrowings	(19,999)	(19,999)	-
(3) Accrued expenses	(2,102)	(2,102)	-
(4) Accrued gasoline taxes	(26,629)	(26,629)	-

(*) Amounts listed under liabilities are shown in parentheses.

(Note) Calculation method of the fair value of financial instruments

(1) Advances paid for gasoline taxes

As these are settled in a short period of time, their fair values approximate the book values.

Therefore, the corresponding book value is used as fair value.

(2) Short-term borrowings, (3) Accrued expenses and (4) Accrued gasoline taxes

As these are settled in a short period of time, their fair values approximate the book values.

Therefore, the corresponding book value is used as fair value.

7. Notes to Per Share Information

Net assets per share 2,268.70 yen

Basic earnings per share 157.74 yen

Non-Consolidated Balance Sheet

(As of March 31, 2021)

Assets		Liabilities	
	Millions of yen		Millions of yen
Current assets	39,400	Current liabilities	56,853
Cash and deposits	20	Accounts payable - trade	136
Accounts receivable - trade	2,974	Short-term borrowings	19,999
Raw materials and supplies	4,713	Accounts payable - other	272
Advance payments to suppliers	187	Accrued expenses	2,227
Prepaid expenses	307	Income taxes payable	750
Short-term loans receivable from subsidiaries and associates	130	Accrued consumption taxes	6,301
Accounts receivable - other	384	Accrued gasoline taxes	26,629
Advances paid for gasoline taxes	29,292	Provision for bonuses	455
Other	1,389	Provision for bonuses for directors (and other officers)	9
Non-current assets	54,815	Asset retirement obligations	13
Property, plant and equipment	48,853	Other	58
Buildings	3,776	Non-current liabilities	9,478
Structures	5,953	Long-term accounts payable - other	81
Oil tanks	1,729	Provision for retirement benefits	1,895
Machinery and equipment	16,697	Provision for special repairs	2,863
Vehicles	30	Provision for periodic repairs	4,257
Tools, furniture and fixtures	427	Asset retirement obligations	184
Land	19,943	Other	195
Construction in progress	295	Total liabilities	66,331
Intangible assets	380	Net assets	
Software	375		Millions of yen
Other	5	Shareholders' equity	27,801
Investments and other assets	5,580	Share capital	8,415
Investment securities	682	Capital surplus	4,687
Shares of subsidiaries and associates	540	Legal capital surplus	4,687
Long-term prepaid expenses	80	Retained earnings	14,706
Prepaid pension costs	344	Legal retained earnings	499
Deferred tax assets	3,829	Other retained earnings	14,206
Other	104	Reserve for tax purpose reduction entry of non-current assets	638
		Retained earnings brought forward	13,567
		Treasury shares	(7)
		Valuation and translation adjustments	82
		Valuation difference on available-for-sale securities	82
Total assets	94,215	Total net assets	27,883
		Total liabilities and net assets	94,215

(Note) Figures presented above are rounded down to the nearest million yen.

Non-Consolidated Statement of Income

(April 1, 2020 - March 31, 2021)

	Millions of yen	Millions of yen
Net sales		28,470
Cost of sales		24,330
Gross profit		4,140
Selling, general and administrative expenses		1,419
Operating profit		2,721
Non-operating income		
Interest and dividend income	8	
Rental income	48	
Guarantee commission received	27	
Other	14	98
Non-operating expenses		
Interest expenses	86	
Loss on disposal of property, plant and equipment	8	
Terminal usage fee	19	
Other	15	129
Ordinary profit		2,689
Extraordinary income		
Gain on sale of non-current assets	58	
Penalty income	156	214
Extraordinary losses		
Loss due to fire	129	129
Profit before income taxes		2,775
Income taxes - current	587	
Income taxes - deferred	234	821
Profit		1,953

(Note) Figures presented above are rounded down to the nearest million yen.

Non-Consolidated Statement of Changes in Equity

(April 1, 2020 - March 31, 2021)

	Shareholders' equity						
	Share capital	Capital surplus		Legal retained earnings	Retained earnings		Total retained earnings
		Legal capital surplus	Total capital surplus		Reserve for tax purpose reduction entry of non-current assets	Retained earnings brought forward	
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Balance as of April 1, 2020	8,415	4,687	4,687	499	733	12,140	13,374
Changes during period							
Distribution of surplus						(621)	(621)
Provision of reserve for tax purpose reduction entry of non-current assets							-
Reversal of reserve for tax purpose reduction entry of non-current assets					(95)	95	-
Profit						1,953	1,953
Purchase of treasury shares							
Net changes in items other than shareholders' equity							
Total changes during period	-	-	-	-	(95)	1,427	1,331
Balance as of March 31, 2021	8,415	4,687	4,687	499	638	13,567	14,706

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Balance as of April 1, 2020	(5)	26,470	78	78	26,549
Changes during period					
Distribution of surplus		(621)			(621)
Provision of reserve for tax purpose reduction entry of non-current assets		-			-
Reversal of reserve for tax purpose reduction entry of non-current assets		-			-
Profit		1,953			1,953
Purchase of treasury shares	(1)	(1)			(1)
Net changes in items other than shareholders' equity			4	4	4
Total changes during period	(1)	1,330	4	4	1,334
Balance as of March 31, 2021	(7)	27,801	82	82	27,883

(Note) Figures presented above are rounded down to the nearest million yen.

Notes to Non-Consolidated Financial Statements

1. Notes to Significant Accounting Policies

(1) Standards and methods of valuation of assets

1) Securities

i) Shares of subsidiaries and associates

Stated at cost using the moving-average method

ii) Available-for-sale securities

- Securities with market quotations

Stated at fair value based on the market price, etc., as of the fiscal year-end. (Valuation difference is reported as a component of net assets. The cost of sales is calculated using the moving average method.)

- Securities without market quotations

Stated at cost using the moving-average method

2) Inventories

Raw materials and supplies are stated at cost using the moving-average method (book value is written down according to decline in profitability).

(2) Depreciation method for non-current assets

1) Property, plant and equipment

Straight-line method

2) Intangible assets

Straight-line method. Provided, software used by the Company is amortized by the straight-line method based on the estimated useful life within the Company (five years).

(3) Standards of accounting for reserves

1) Allowance for doubtful accounts

In order to prepare for losses due to bad debts, allowance for doubtful accounts is provided based on the historical write-off rate for ordinary receivables, and the estimated amount of irrecoverable debt based on recoverability of individual cases for specified receivables such as doubtful accounts.

As for the current fiscal year-end, the Company has not recorded allowance for doubtful accounts because there is no historical write-off or balance of receivables that are expected to be irrecoverable.

2) Provision for bonuses

To prepare for the payment of bonuses to employees, provision for bonuses is provided based on the estimated amount of payment.

3) Provision for bonuses for directors (and other officers)

To prepare for the payment of bonuses for directors (and other officers), provision for bonuses for directors (and other officers) is provided based on the estimated amount of payment.

4) Provision for retirement benefits

In order to provide for retirement benefits for employees, the Company records an amount recognized to be incurred at the end of the fiscal year based on projected benefit obligation and plan assets at the end of the fiscal year. Projected benefit obligation is calculated using the benefit formula method to attribute projected retirement benefits to the period up to the end of the fiscal year.

Actuarial differences are recognized as expenses starting from the fiscal year following the year they were incurred, and amortized in the straight-line method by allocation over a period (13 years) within the average remaining service period of employees at the time of incurrence.

Prior service cost is recognized as expenses in the straight-line method over a period (13 years) within the average remaining service period of employees at the time of incurrence.

5) Provision for special repairs

In order to provide for the costs of inspections and repairs relating to oil tanks subject to mandatory regular open inspections under the Fire Service Act, the Company estimates the costs for open inspection and repair based on historical payments, and records an amount recognized to be incurred at the end of the fiscal year.

6) Provision for periodic repairs

In order to provide for the costs for periodic repairs on machinery and equipment, the Company estimates costs for periodic repairs based on historical payments, and records an amount recognized to be incurred at the end of the fiscal year.

- (4) Other basis for preparation of non-consolidated financial statements
Accounting method of consumption taxes, etc.
Amounts are accounted for exclusive of consumption tax and local consumption tax.

2. Notes to Changes on Presentation

- (1) Application of the Accounting Standard for Disclosure of Accounting Estimates
The “Accounting Standard for Disclosure of Accounting Estimates” (ASBJ Statement No. 31, March 31, 2020) has been applied from the non-consolidated financial statements as of the end of the fiscal year under review, and therefore a note regarding accounting estimates is provided.

3. Notes to Accounting Estimates

Items with amounts based on accounting estimates recorded in the non-consolidated financial statements for the fiscal year that may have a significant impact on the non-consolidated financial statements for the following fiscal year are as described below. Notes are omitted for information that is identical to that on the notes to the consolidated financial statements.

- (1) Provision for periodic repairs 4,257 million yen
(2) Provision for special repairs 2,863 million yen

4. Notes to Non-Consolidated Balance Sheet

- (1) Assets pledged as collateral and secured liabilities

Type	Assets pledged as collateral		Amount of secured liabilities	
	Book value at end of the fiscal year (Millions of yen)	Type of collateral	Contents	Balance at end of the fiscal year (Millions of yen)
Land	13,884	Mortgage	Guarantee of deferred payment of gasoline tax	14,182

- (2) Accumulated depreciation of assets
Accumulated depreciation of property, plant and equipment 226,512 million yen
- (3) Monetary claims and obligations to subsidiaries and associates
Short-term monetary claims 32,424 million yen
Short-term monetary obligations 20,481 million yen
Long-term monetary obligations 81 million yen

5. Notes to Non-Consolidated Statement of Income

- (1) Transactions with subsidiaries and associates
Operating transactions
Net sales 26,319 million yen
Operating expenses 2,791 million yen
Transactions other than operating transactions 276 million yen

6. Notes to Non-Consolidated Statement of Changes in Net Assets

- (1) Number of treasury shares as of the fiscal year-end

Class of stock	Beginning of the fiscal year	Increase	Decrease	End of the fiscal year
Common stock (shares)	3,514	549	—	4,063

7. Notes to Tax Effect Accounting

(1) Breakdown of major components of deferred tax assets and deferred tax liabilities

Deferred tax assets		
Loss brought forward		1,343 million yen
Accrued enterprise tax		70 million yen
Accrued business office tax		7 million yen
Provision for bonuses		139 million yen
Provision for special repairs		875 million yen
Provision for retirement benefits		474 million yen
Provision for periodic repairs		1,301 million yen
Long-term maintenance contract expenses		193 million yen
Other		261 million yen
Deferred tax assets – Subtotal		<u>4,668 million yen</u>
Valuation allowance		<u>(91) million yen</u>
Deferred tax assets - Total		<u>4,577 million yen</u>
Deferred tax liabilities		
Valuation difference on available-for-sale securities		(36) million yen
Reserve for tax purpose reduction entry of non-current assets		(288) million yen
Insurance claim income		<u>(422) million yen</u>
Deferred tax liabilities – Total		<u>(747) million yen</u>
Net deferred tax assets		<u>3,829 million yen</u>

8. Notes to Transactions with Related Parties

(1) Parent company, major shareholders (limited to companies, etc.), etc.

Type	Name of company, etc.	Percentage of ownership (or owned) of voting rights, etc.	Relationship with related party	Transaction details	Transaction amount (Millions of yen)	Description	Balance at end of the fiscal year (Millions of yen)
Parent company	Idemitsu Kosan Co., Ltd.	Held Directly: 50.15%	Contracted oil refining; contracted power supply; power interchange; borrowing of funds	Contracted refining fee (1)	22,863	Accounts receivable-trade	2,775
				Contracted power generation fee (2)	3,456	Accounts payable - trade	136
				Power purchase (3)	1,477	Accrued expenses	18
				Rent (4)	294	Advances paid for gasoline taxes	29,292
				Gasoline taxes (5)	95,033	Short-term borrowings	19,999
				Borrowing of funds (6)	(5,400)		
				Interest expenses (6)	86		

(2) Subsidiaries and associates, etc.

Type	Name of company, etc.	Percentage of ownership (or owned) of voting rights, etc.	Relationship with related party	Transaction details	Transaction amount (Millions of yen)	Description	Balance at end of the fiscal year (Millions of yen)
Associate	Ogishima Oil Terminal Co., Ltd.	Holding Directly: 50%	Lending of funds	Terminal usage fee (7)	19	Accrued expenses	1
				Lending of funds (8)	-	Short-term loans receivable	130
				Interest income (8)	1	Accrued interest	-
				Facility removal expenses (9)	-	Long-term accounts payable - other	81

Policies for determining terms and conditions of transactions, etc.

- The Company has concluded a mutual oil refining outsourcing contract with Idemitsu Kosan Co., Ltd., with contract fees reasonably determined through consultation taking into account market prices, etc.
- The Company has concluded a mutual power generation outsourcing contract with Idemitsu Kosan Co., Ltd., with contract fees reasonably determined through consultation taking into account market prices, etc.
- The Company purchases electric power from Idemitsu Kosan Co., Ltd. for delivery to TEPCO Energy

Partner, Incorporated, with contract-based transaction prices taking into account fuel expenses for power generation.

- 4) The Company has concluded a rental contract with Idemitsu Kosan Co., Ltd. to rent facilities, and rental fees are decided through annual consultation taking into account depreciation and other expenses.
- 5) Advances paid for gasoline taxes consist of advance tax payments for petroleum products delivered by the Company and marketed by Idemitsu Kosan Co., Ltd., in the same payment terms as those under the Gasoline Tax Act.
- 6) The Company participates in cash-management services operated by Idemitsu Kosan Co., Ltd., and engages in cash-lending transactions. The interest rates on such transactions are reasonably determined by taking into account market interest rates.
- 7) The Company holds facility usage rights corresponding to equity held, and usage fees are determined through annual consultation taking into account applicable taxes and levies, and other expenses.
- 8) Interest income on loans is reasonably determined by taking into account market interest rates.
- 9) The accumulated amount of facility removal expenses is determined corresponding to equity held.

Of the above amounts, the transaction amount of Idemitsu Kosan Co., Ltd. does not include consumption taxes, etc., while the balance at end of the fiscal year includes consumption taxes, etc.

The transaction amount and balance at end of the fiscal year of Ogishima Oil Terminal Co., Ltd. do not include consumption taxes, etc.

9. Notes to Per Share Information

Net assets per share	2,241.58 yen
Basic earnings per share	157.05 yen

Independent Auditor's Report
(English Translation)

May 10, 2021

To the Board of Directors
TOA Oil Co., Ltd.

Deloitte Touche Tohmatsu LLC
Tokyo office
Designated Engagement Partner,
Certified Public Accountant: Dai Yamamoto
Designated Engagement Partner,
Certified Public Accountant: Minoru Takashima

Opinion

Pursuant to the fourth paragraph of Article 444, Paragraph 4 of the Companies Act, we have audited the consolidated financial statements of TOA Oil Co., Ltd. and its consolidated subsidiaries (the "Group"), namely, the consolidated balance sheet as of March 31, 2021, and the consolidated statement of income and the related notes to consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2021, and its consolidated financial performance for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and the Audit and Supervisory Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

The Audit and Supervisory Committee is responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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. 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 consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain, when performing risk assessment procedures, 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate whether the overall presentation and disclosures of the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit and Supervisory Committee 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.

We also provide the Audit and Supervisory Committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Readers of Independent Auditor's Report

This is an English translation of the independent auditor's report as required by the Companies Act of Japan for the conveniences of the reader.

Independent Auditor's Report
(English Translation)

May 10, 2021

To the Board of Directors
TOA Oil Co., Ltd.

Deloitte Touche Tohmatsu LLC
Tokyo office
Designated Engagement Partner,
Certified Public Accountant: Dai Yamamoto
Designated Engagement Partner,
Certified Public Accountant: Minoru Takashima

Opinion

Pursuant to the first item, second paragraph of Article 436 of the Companies Act, we have audited the non-consolidated financial statements of TOA Oil Co., Ltd. (the "Company"), namely, the non-consolidated balance sheet as of March 31, 2021, and the non-consolidated statement of income and non-consolidated statement of changes in net assets for the 148th fiscal year from April 1, 2020 to March 31, 2021, and the related notes to non-consolidated financial statements, and the accompanying supplemental schedules.

In our opinion, the accompanying non-consolidated financial statements present fairly, in all material respects, the financial position of the Company as of March 31, 2021, and its financial performance for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Non-Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and the Audit and Supervisory Committee for the Non-Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the non-consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of non-consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the non-consolidated 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 in accordance with accounting principles generally accepted in Japan.

The Audit and Supervisory Committee are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Non-Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the non-consolidated 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. 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 non-consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the non-consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain, when performing risk assessment procedures, 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 non-consolidated 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 whether the overall presentation and disclosures of the non-consolidated financial statements are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure and content of the non-consolidated financial statements, including the disclosures, and whether the non-consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Audit and Supervisory Committee 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.

We also provide the Audit and Supervisory Committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Readers of Independent Auditor's Report

This is an English translation of the independent auditor's report as required by the Companies Act of Japan for the conveniences of the reader. "The accompanying supplemental schedules" referred to in this report are not included in the attached financial documents.

Audit Report (English Translation)

The Audit and Supervisory Committee audited the performance of duties by the Directors for the 148th fiscal year from April 1, 2020 to March 31, 2021, and hereby reports the method and results of the audit.

1. Method and Content of Audit

The Audit and Supervisory Committee received reports periodically from Directors, employees and other relevant personnel about the details of the Board of Directors resolution concerning the matters set forth in Article 399-13, Paragraph 1, Item 1 (b) and (c) of the Companies Act, as well as the establishment and operation of the system based on such resolution (the internal control system), sought explanations as necessary, expressed opinions and conducted the audit through the methods described below.

- (1) Pursuant to the Audit Regulations of the Audit and Supervisory Committee established by the Audit and Supervisory Committee, and in accordance with our audit policy, audit plan and job responsibilities for the current fiscal year, we communicated with Directors, the internal audit division and other employees, attended the Board of Directors meetings and other important meetings taking advantage of online conference tools as well, received reports from Directors and employees on the status of performance of their duties, requested explanations as necessary, reviewed important approval documents, and examined business operations and financial conditions at the head office and other principal business locations. With respect to subsidiaries, we communicated and exchanged information with directors, corporate auditors and other relevant personnel of subsidiaries as well as received reports from subsidiaries on their business as necessary.
- (2) We examined the details of the particulars to be given due consideration pursuant to Article 118, Item 5 (a) of the Regulation for Enforcement of the Companies Act and the judgment and the reason therefor pursuant to Item 5 (b) of the same paragraph stated in the Business Report, based on the status of deliberations at the meetings of the Board of Directors and others.
- (3) We monitored and verified whether the Account Auditor maintained its independence and implemented appropriate audits, as well as received reports from the Account Auditor regarding the performance of its duties and sought explanations as necessary. In addition, we received notice from the Account Auditor that the "systems for ensuring that the performance of duties is being carried out correctly" (matters set forth in each item of Article 131 of the Regulation on Corporate Accounting) had been prepared in accordance with the "Standards on Quality Control for Audits" (issued by the Business Accounting Council on October 28, 2005) and other relevant standards, and sought explanations as necessary.

Based on the above methods, we examined the Business Report and its supplementary schedules, the non-consolidated financial statements (non-consolidated balance sheet, non-consolidated statement of income, non-consolidated statement of changes in equity, and notes to the non-consolidated financial statements) and their supplementary schedules, as well as the consolidated financial statements (consolidated balance sheet, consolidated statement of income, consolidated statement of changes in equity and notes to the consolidated financial statements) for the relevant fiscal year.

2. Results of Audit

(1) Results of Audit of Business Report and Other Relevant Documents

- 1) In our opinion, the business report and its supplementary schedules are in accordance with laws, regulations and the Articles of Incorporation, and fairly represent the Company's condition.
- 2) We have found no material facts of wrongful action or violation of laws, regulations or the Articles of Incorporation in the performance of duties by the Directors.
- 3) In our opinion, the contents of the resolutions of the Board of Directors related to the internal control system are fair and reasonable. In addition, we have found no matters to be reported regarding the description in the Business Report and the performance of duties by the Directors related to such internal control system.
- 4) With regard to transactions with the Company's parent company, etc. stated in the Business Report, we have found no matters to be reported about considerations made at the time of the transaction so as not to damage the interests of the Company and about judgement of the Board of Directors whether the transaction will not damage the interests of the Company as well as the reason for the judgement.

(2) Results of Audit of Non-Consolidated Financial Statements and Supplementary Schedules

In our opinion, the methods and results employed and rendered by Deloitte Touche Tohmatsu LLC are fair and reasonable.

(3) Results of Audit of Consolidated Financial Statements

In our opinion, the methods and results employed and rendered by Deloitte Touche Tohmatsu LLC are fair and reasonable.

May 11, 2021

Audit and Supervisory Committee, TOA Oil Co., Ltd.

Audit and Supervisory Committee Member	Masanori Kumasaka
Audit and Supervisory Committee Member	Shigeru Kimura
Audit and Supervisory Committee Member	Arata Nakamura
Audit and Supervisory Committee Member	Keiichi Kubo

(Note) Audit and Supervisory Committee Members, Mr. Shigeru Kimura, Mr. Arata Nakamura and Mr. Keiichi Kubo are Outside Directors as stipulated in Article 2, Item 15 and Article 331, Paragraph 6 of the Companies Act.

Reference Documents for the General Meeting of Shareholders

Proposals and References

Proposal 1: Distribution of Surplus

It is the Company's basic policy to continue to provide stable dividends to shareholders.

Payment of the year-end dividend for the fiscal year under review is proposed as follows, from the perspective of providing a continuing, stable dividend.

1. Matters concerning year-end dividend
 - (1) Matters concerning the allotment of dividend property to shareholders and the total amount
¥40 per common stock of the Company
Total amount: ¥497,577,480
 - (2) Effective date of distribution of surplus
June 25, 2021

Proposal 2: Election of 5 Directors (Excluding Directors Serving as Audit and Supervisory Committee Members)

The terms of office of all 5 Directors (excluding Directors Serving as Audit and Supervisory Committee Members) will expire at the conclusion of this year's Annual General Meeting of Shareholders. Accordingly, the election of 5 Directors is proposed.

The candidates are as follows:

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
1	Kazuhisa Harada (July 19, 1961)	April 1984 July 2008 April 2011 April 2012 April 2014 June 2017 April 2019 April 2020 June 2020	553
		<p>[Reason for nomination] The Company believes that Mr. Kazuhisa Harada is capable of continuing to perform his duties as Director of the Company in an appropriate manner, due to his outstanding management judgement, based on his extensive experience including service as General Manager, Strategy Department, Corporate Planning Department, and General Manager, Human Resources Department of Idemitsu Kosan Co., Ltd.</p>	
2	Kaoru Shiraki (March 24, 1958)	April 1981 June 2002 April 2005 September 2007 March 2009 March 2011 March 2016 March 2019	8,084
		<p>[Reason for nomination] The Company believes that Mr. Kaoru Shiraki is capable of continuing to perform his duties as Director of the Company in an appropriate manner, based on his extensive business experience including service as Managing Director, and Vice President and Representative Director, as well as knowledge of overall management.</p>	
3	Akihiko Hashi (December 14, 1960)	April 1984 April 2009 October 2011 March 2016	2,677
		<p>[Reason for nomination] The Company believes that Mr. Akihiko Hashi is capable of continuing to perform his duties as Director of the Company in an appropriate manner, based on his extensive business experience including service as Manager of Keihin Refinery of the Company, as well as a high level of expertise.</p>	

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held	
4	Yasuyuki Shishido (January 23, 1967)	April 1992 September 2009 March 2016 March 2019	Joined the Company General Manager, Management Planning Office General Manager, Management Planning Office and General Manager, Accounting and Finance Division Director (to present)	2,399
		[Reason for nomination] The Company believes that Mr. Yasuyuki Shishido is capable of continuing to perform his duties as Director of the Company in an appropriate manner, based on his extensive business experience including supervising personnel and general affairs, accounting and finance, management planning, information systems, and environmental safety divisions at the Company's headquarters, as well as knowledge of overall management.		
5	Masahiko Sawa (July 11, 1962)	April 1990 April 2013 June 2017 April 2019	Joined Idemitsu Kosan Co., Ltd. Deputy General Manager, Gas Business Department, Idemitsu Kosan Co., Ltd. General Manager, Technology & Engineering Center, Idemitsu Kosan Co., Ltd. Executive Officer, General Manager of Hokkaido Refinery, Idemitsu Kosan Co., Ltd. (to present)	0
		[Reason for nomination] The Company has nominated Mr. Masahiko Sawa for the position of Director because it believes that he is capable of providing suggestions from practical and diverse perspectives, based on his extensive business experience including service as General Manager of Technology & Engineering Center and General Manager of a refinery of Idemitsu Kosan Co., Ltd., as well as a high level of expertise.		

(Notes)

1. There are no special interests between each candidate and the Company.
2. The positions and responsibilities at the Company of each candidate who is currently serving as Director of the Company are as described in "4. (1) Directors" of the Business Report."
3. The positions and responsibilities of each candidate as executive personnel for the past ten years at Idemitsu Kosan Co., Ltd., the current parent company of the Company, are as described in "Past experience, positions, responsibilities, and significant concurrent positions."
4. In the event that Mr. Masahiko Sawa is elected as Director, the Company will enter into an agreement with him, in accordance with Article 427, Paragraph 1 of the Companies Act to limit his liability pursuant to Article 423, Paragraph 1 of the same Act. The maximum amount of liability pursuant to the agreement is the amount stipulated by laws and regulations.
5. The Company has concluded a directors and officers liability insurance agreement with all Directors as the insured. If each candidate is appointed as Director, he or she will be insured under the said insurance agreement. The insurance agreement will be renewed in April 2022. The outline of the contents of the said insurance agreement is shown in "4. (5) Outline, etc. of the Directors and Officers Liability Insurance Agreement" in the Business Report (page 12).
6. The number of shares of the Company held by each candidate is the number of shares as of the end of the current fiscal year (March 31, 2021). The number of shares of the Company held by each candidate includes the candidate's shares in the Officer's Shareholding Association.

Proposal 3: Election of 1 Director Serving as Audit and Supervisory Committee Member

Mr. Masanori Kumasaka, who is Director serving as Audit and Supervisory Committee Member, will resign at the conclusion of this year's Annual General Meeting of Shareholders. Accordingly, the election of 1 Director serving as Audit and Supervisory Committee Member is proposed.

Since this candidate for Director serving as Audit and Supervisory Committee Member will be elected as a substitute for Mr. Masanori Kumasaka, who is Director serving as Audit and Supervisory Committee Member, the candidate's term of office will expire at the expiration of the term of office of the retiring Director serving as Audit and Supervisory Committee Member, in accordance with the provisions of the Company's Articles of Incorporation.

The Company has obtained the consent of Audit and Supervisory Committee for this proposal.

The candidate for Director serving as Audit and Supervisory Committee Member is as follows:

Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
Soichi Ogawa (July 10, 1961)	April 1985 Joined the Company April 2013 Deputy General Manager, Administrative Division, Keihin Refinery February 2015 General Manager, Environmental Safety Division, Keihin Refinery October 2017 President and Representative Director, TOA TECS CO., LTD. (to present)	478
[Reason for nomination] Mr. Soichi Ogawa has extensive knowledge and experience in the Company's operations, including serving as General Manager of the Environmental Safety Division of the Company. The Company has nominated him as a candidate for Director serving as Audit and Supervisory Committee Member, because it believes that he is capable of fully performing an audit function aimed at the Company's business development by utilizing his knowledge of overall management as Representative Director of TOA TECS CO., LTD.		

(Notes)

1. There are no special interests between the candidate and the Company.
2. The Company plans to enter into agreement with Mr. Soichi Ogawa, who is a candidate for Director serving as Audit and Supervisory Committee Member, in accordance with Article 427, Paragraph 1 of the Companies Act to limit his liability pursuant to Article 423, Paragraph 1 of the same Act. The maximum amount of liability pursuant to the agreement is the amount stipulated by laws and regulations.
3. The Company has concluded a directors and officers liability insurance agreement with all Directors as the insured. If Mr. Soichi Ogawa, who is a candidate for Director serving as Audit and Supervisory Committee Member, is appointed as Director serving as Audit and Supervisory Committee Member, he will be insured under the said insurance agreement. The insurance agreement will be renewed in April 2022. The outline of the contents of the said insurance contract is shown in "4. (5) Outline, etc. of the Directors and Officers Liability Insurance agreement" in the Business Report (page 12).
4. The number of shares of the Company held by the candidate is the number of shares as of the end of the current fiscal year (March 31, 2021). The number of shares of the Company held by the candidate includes the candidate's shares in the Employee Shareholding Association.

Proposal 4: Payment of Bonuses for Directors

Taking into consideration the business performance and other factors for the current fiscal year, the Company proposes to pay to 4 Directors a total of 6,800 thousand yen in bonuses for Directors (excluding Directors serving as Audit and Supervisory Committee Members) as of the end of the current fiscal year.

It is the Company's policy to pay bonuses as performance-linked compensation, etc. to Directors (excluding Directors serving as Audit and Supervisory Committee Members) in order to achieve a sustainable increase in corporate value by increasing motivation of Directors (excluding Directors serving as Audit and Supervisory Committee Members) to improve business performance. As the basis for calculation, the Company selects consolidated operating profit, consolidated net profit, and business performance such as the operation status of refining and power generation facilities as performance indicators.

The Company believes that the payment of bonuses for Directors (excluding Directors serving as Audit and Supervisory Committee Members), which is the subject of this proposal, is appropriate, as it has been determined in accordance with the said policy.

The amount to be paid to each Director (excluding Directors serving as Audit and Supervisory Committee Members) shall be decided by the Board of Directors.