INFORMATION DISCLOSURE ON THE INTERNET

Based on laws and regulations and the Articles of Incorporation

Notes to the Consolidated Financial Statements

Notes to the Non-Consolidated Financial Statements

The 149th Fiscal Year (April 1, 2021- March 31, 2022)

TOA Oil Co., Ltd.

This information is provided online on the Company website, in accordance with provisions of laws and regulations, and the Articles of Incorporation of the Company. (https://www.toaoil.co.jp)

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 other than shares, etc. that do not have a market price
  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.)
- Shares, etc. that do not have a market price
  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 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) Revenue and expense recognition standards
The details of the main performance obligations in the major businesses related to revenue from contracts with customers and the timing at which the Company typically satisfies these performance obligations (when it typically recognizes revenue) are as follows:

i) Refining business
The Company has concluded a contracted refining agreement with the customer, under which the Company refines crude oil and feedstock procured by the customer at the Company's oil refinery facility, and supplies the petroleum products to the customer.
Revenue from oil refining is recognized at the completion of service provision. Revenue is recognized based on transaction prices in contracts with the customer.

ii) Generation business
As in the refining business, the Company has concluded a contracted power generation agreement with the customer, under which the Company uses byproduct gases and oil residue from the oil refining process as fuel, and supplies to the customer power generated at the Company's power generator.
Revenue from power generation is recognized at the completion of service provision. Revenue is recognized based on transaction prices in contracts with the customer.

5) 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.

2. Notes to Changes in Accounting Policies

(1) Application of Accounting Standard for Revenue Recognition
The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) from the fiscal year under review. The cumulative impact of retrospectively applying the new accounting policies prior to the beginning of the fiscal year under review is adjusted to net assets for the fiscal year under review, with the new accounting policies applied from the beginning balance of the fiscal year. As a result, there is no impact on the profit or loss in the fiscal year under review. There is likewise no impact on the balance of retained earnings at the beginning of the fiscal year under review.

3. Notes to Revenue Recognition

(1) Disaggregation of revenue
The Group is engaged in the refining business and generation business. The main services provided in each business are contracted refining and contracted power generation. Net sales in each business segment were respectively 22,373 million yen and 4,374 million yen.

(2) Useful information in understanding revenue
This information is as stated in "Revenue and expense recognition standards" in Accounting policies.

4. 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 special repairs

1) Amount recorded on the consolidated financial statements 2,870 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.

(2) Provision for periodic repairs

1) Amount recorded on the consolidated financial statements 7,731 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.

5. 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	14,817

(2) Accumulated depreciation of assets

Accumulated depreciation of property, plant and equipment 230,088 million yen

6. 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 (stares)	12,443,500	–	–	12,443,500

(2) Distribution of surplus

The following was resolved at the Annual General Meeting of Shareholders 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

The following will be submitted as a proposal to the Annual General Meeting of Shareholders to be held on June 28, 2022.

Total dividends	497 million yen
Source of dividends	Retained earnings
Dividend per share	40 yen
Record date	March 31, 2022
Effective date	June 29, 2022

7. 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.

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, 2022 are as follows:

(Millions of yen)

	Consolidated balance sheet amount (*)	Fair value (*)	Difference
(1) Accounts receivable - trade	3,716	3,716	-
(2) Advances paid for gasoline taxes	25,536	25,536	-
(3) Short-term borrowings	(15,687)	(15,687)	-
(4) Accrued consumption taxes	(3,228)	(3,228)	-
(5) Accrued gasoline taxes	(23,215)	(23,215)	-

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

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

(1) Accounts receivable - trade and (2) 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.

(3) Short-term borrowings, (4) Accrued consumption taxes and (5) 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.

8. Notes to Per Share Information

Net assets per share	2,413.01 yen
Basic earnings per share	171.11 yen

Notes to the 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 other than shares, etc. that do not have a market price

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.)

- Shares, etc. that do not have a market price

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) Revenue and expense recognition standards

The details of the main performance obligations in the major businesses related to revenue from contracts with customers and the timing at which the Company typically satisfies these performance obligations (when it typically recognizes revenue) are as follows:

1) Refining business

The Company has concluded a contracted refining agreement with the customer, under which the Company refines crude oil and feedstock procured by the customer at the Company's oil refinery facility, and supplies the petroleum products to the customer.

Revenue from oil refining is recognized at the completion of service provision. Revenue is recognized based on transaction prices in contracts with the customer.

2) Generation business

As in the refining business, the Company has concluded a contracted power generation agreement with the customer, under which the Company uses byproduct gases and oil residue from the oil-refining process as fuel, and supplies to the customer power generated at the Company's power generator.

Revenue from power generation is recognized at the completion of service provision. Revenue is recognized based on transaction prices in contracts with the customer.

2. Notes to Changes in Accounting Policies

(1) Application of Accounting Standard for Revenue Recognition

The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) from the fiscal year under review. The cumulative impact of retrospectively applying the new accounting policies prior to the beginning of the fiscal year under review is adjusted to net assets for the fiscal year under review, with the new accounting policies applied from the beginning balance of the fiscal year. As a result, there is no impact on the profit or loss in the fiscal year under review. There is likewise no impact on the balance of retained earnings at the beginning of the fiscal year under review.

3. Notes to Revenue Recognition

Information providing a basis for understanding revenue arising from customer contracts is the same as stated in "Notes to Revenue Recognition" in the Notes to the Consolidated Financial Statements, and has accordingly been omitted.

4. 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 special repairs 2,870 million yen

(2) Provision for periodic repairs 7,731 million yen

5. 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	14,817

(2) Accumulated depreciation of assets

Accumulated depreciation of property, plant and equipment 229,930 million yen

(3) Monetary claims and obligations to subsidiaries and associates

Short-term monetary claims 29,598 million yen

Short-term monetary obligations 15,969 million yen

6. Notes to Non-Consolidated Statement of Income

(1) Transactions with subsidiaries and associates

Operating transactions	
Net sales	26,681 million yen
Operating expenses	1,696 million yen
Transactions other than operating transactions	248 million yen

7. 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)	4,063	111	–	4,174

8. Notes to Tax Effect Accounting

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

Deferred tax assets	
Loss brought forward	385 million yen
Accrued enterprise tax	69 million yen
Accrued business office tax	7 million yen
Provision for bonuses	151 million yen
Provision for special repairs	877 million yen
Provision for retirement benefits	449 million yen
Provision for periodic repairs	2,364 million yen
Long-term maintenance contract expenses	161 million yen
Other	221 million yen
Deferred tax assets – Subtotal	4,688 million yen
Valuation allowance	(70) million yen
Deferred tax assets - Total	4,618 million yen
Deferred tax liabilities	
Reserve for tax purpose reduction entry of non-current assets	(247) million yen
Insurance claim income	(415) million yen
Deferred tax liabilities – Total	(663) million yen
Net deferred tax assets	3,954 million yen

9. 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%	Oil refining outsourcing contract; power generation outsourcing contract; borrowing of funds	Contracted refining fee (1)	22,341	Accounts receivable - trade	3,710
				Contracted power generation fee (2)	4,339	Accrued expenses	18
				Rent (3)	204	Advances paid for gasoline taxes	25,536
				Gasoline taxes (4)	104,862	Short-term borrowings	15,687
				Borrowing of funds (5)	(4,312)		
				Interest expenses (5)	61		

Policies for determining terms and conditions of transactions, etc.

1) 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.
2) 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.

3) 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.
4) 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.
5) 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.

10. Notes to Per Share Information

Net assets per share	2,365.39 yen
Basic earnings per share	170.46 yen