(Stock Code: 5017)
June 7, 2022

To Our Shareholders

Items Disclosed on the Internet concerning Convocation Notice of the 20th Annual General Meeting of Shareholders

The above items are disclosed on our website
(http://www.foc.co.jp/en/ir/library/meeting.html)
for our shareholders' reference in accordance with relevant laws and regulations, and Article 13 of Articles of Association of the Company.

Fuji Oil Company, Ltd.

ACCOUNTING AUDITOR

1. Name of Accounting Auditor

KPMG AZSA LLC

2. Remuneration for the Period

	Remuneration
Remuneration paid for services rendered under Article 2 (1) of the Certified Public Accountants Act	85 million yen
Remuneration paid for other services than those described above	—
Total cash and other compensation paid by the Company and its subsidiaries	89 million yen

Note: 1. The Audit & Supervisory Board (ASB) of the Company has consented to the amount of remuneration, etc. of the Accounting Auditor under Article 399 (1) of the Compnaies Act after checking and evaluating the contents of the audit plan for the period explained by the said Auditor, the performance of audit services of the previous period and the basis for calculation upon which the remuneration is estimated, judging that the amount is at a reasonabel level as compared with the past actual amounts and remunerations of other companies in the same industry.

2. Under the audit contract with the Accounting Auditor, specific separation is not, or practically cannot be, made between the audit fees payable for auditing services rendered under the Companies Act and the ones rendered under the Financial Instruments and Exchange Act. The above amount paid for services as provided under Article 2 (1) of the Certified Public Accounts Act shows the total for services rendered for these two audits.

3. One of the Company's principal subsidiaries, PETRO PROGRESS PTE LTD, is audited by a different accounting auditor from the Company's accounting auditor.

3. Any other Services rendered by Accounting Auditor than Auditing

None.

4. Policies for dismissing or not reappointing Accounting Auditor

In the event the Accounting Auditor is deemed to fall under any of the matters listed in the items of Article 340 (1) of the Companies Act, the ASB shall by its unanimous resolution dismiss such Accounting Auditor. One of the members on the ASB shall be appointed to report the dismissal with its reason to the first AGM to be held after the dismissal.

Furthermore, in the event there is any doubt about Accounting Auditor's capability to continuously perform its duties and responsibilities in a satisfactory manner, or the ASB concluded that it is appropriate to change the Accounting Auditor due to the reason that we could expect more appropriate audit etc., the ASB shall decide the contents of a proposition regarding dismissal or refusal of reappointment of the Accounting Auditor, which is to be submitted to a General Meeting of Shareholders.

ESTABLISHMENT AND OPERATION STATUS OF SYSTEMS FOR ENSURING APPROPRIATE BUSINESS ACTIVITIES

A) Systems for ensuring appropriate business operations

Pursuant to Article 362 (5) of the Companies Act, the fundamental policy concerning the development of the systems to ensure that the execution of duties by Directors complies with laws and regulations and the Articles of Association of the Company, and other systems necessary to ensure the properness of operations of the Company as well as the Company group that is comprised of the Company and its subsidiaries ("Group") is given as below.

1. Systems to secure execution of duties by Directors of the Company to comply with applicable laws and regulations and the Articles of Association of the Company

The Company established its Charter of Corporate Behavior to ensure thorough compliance with applicable laws and regulations whether domestic or international, the Articles of Association of the Company and other relevant regulations. Along with the foregoing, the Board of Directors will determine and implement the Company's policies and plans to improve compliance and internal control systems.

The Company will endeavor to maintain and enhance the function of the Board of Directors in supervising Directors' execution of duties by having outside Directors on the Board.

Audit & Supervisory Board Members of the Company will audit Directors' execution of duties as well as the status of development and implementation of the internal control systems from independent points of view.

2. Systems to secure proper business operations of the Company and the Group

1) System concerning storage and management of information concerning execution of duties by Directors of the Company

Information concerning Directors of the Company' execution of duties will be recorded, stored and maintained at relevant departments in forms of minutes, intra-office memoranda or other documents pursuant to laws and regulations and the Company's Regulations concerning Board of Directors, Regulations concerning Executive Committee, Regulations concerning Application for Management Approval, and Regulations concerning Documentation, and shall be kept for later retrieval.

The department of the Company in charge of internal audit shall conduct audit in accordance with Regulations concerning Internal Audit to assess the status of recording, storage and maintenance of these documents and regularly report the results thereof to the Board of Directors and the Audit & Supervisory Board.

2) Regulations concerning risk management of the Company and other systems

Systematic preventive mechanism will be improved in ordinary times by improving a system to comprehensively identify and evaluate material risks to business management and by improving regulations concerning risk management.

The Company establishes its Business Continuity Plan (BCP) and maintains it on a regular basis to prepare for unforeseen events such as major earthquakes and outbreaks of infectious diseases.

If a serious loss is anticipated, Director in charge of the relevant department shall report it to Representing Director-President, and necessary countermeasures will be taken through deliberations at the Board Meeting, Executive Committee meeting, etc. When any contingency occurs, an emergency headquarters shall be set up immediately.

The department of the Company in charge of internal audit will conduct audit in accordance with Regulations concerning Internal Audit to assess the improvement/implementation status of risk management system and regularly report the results thereof to the Board of Directors and the Audit & Supervisory Board of the Company.

3) System to ensure efficient execution of duties by Directors of the Company

The Board of Directors of the Company will determine basic management policies, matters required by the laws and regulations and Articles of Association of the Company, and other important management issues. In addition, the Board will supervise Directors' execution of duties, too.

To promote the efficiency of Directors in the execution of their duties, the Company will appoint Executive Officers to the extent appropriate and the Representing Director President shall supervise Executive Officers.

The Executive Committee consisting of full-time Directors, Executive Officers, of the Company and full-time Audit & Supervisory Board Members of the Company shall share information concerning the overall management, and along with determining specific policies for each operating division of the Company, make decisions for efficient execution of duties in accordance with the decisions made by the Board of Directors of the Company.

Under the instruction from full-time Directors or Executive Officers in charge based on decisions made by the Executive Committee, each department shall execute its duties efficiently pursuant to Regulations concerning Corporate Organization, Regulations concerning Administrative Authority and other relevant regulations, and report the results of operations to Director or Executive Officer in charge of the department and the Board of Directors of the Company.

Following the report from each department, the Executive Committee shall review each of the specific policies and take necessary actions to improve the system concerning efficient execution of duties.

4) System to ensure that the execution of duties by employees of the Company and officers and employees of its subsidiaries/affiliates ("Subsidiaries") complies with applicable laws, regulations and the Articles of Association of the Company

The Company laid down its Charter of Corporate Behavior and requires employees of the Company and officers and employees of the Subsidiaries to strictly comply with applicable laws and regulations whether domestic or international, the Articles of Association of the Company and other relevant regulations, and carries out measures to instill an awareness for the compliance into officers and employees of the Company and officers and employees of its Subsidiaries.

"Helpline" is set up at the head office of the Company and the corporate lawyer's office in order to receive information on violation of the laws and regulations and to provide advice thereon. The Department of the Company in charge of the Helpline will examine the information submitted to the Helpline, implement Company-level preventive measures through consultation with the relevant departments, and regularly report the matter to the Board of Directors of the Company and the Audit & Supervisory Board of the Company.

The department of the Company in charge of internal audit shall conduct audit in accordance with Regulation concerning Internal Audit to assess legitimacy of the execution of duties by employees of the Company and officers and employees of its Subsidiaries and regularly report the results thereof to the Board of Directors and the Audit & Supervisory Board.

5) Systems as given below to ensure the appropriateness of execution of duties in the Group

a. System for reporting to the Company on the matters relating to execution of duties by officers and employees of the Company's Subsidiaries

b. Regulations concerning risk management of the Company's Subsidiaries and other systems

c. System to ensure efficient execution of duties by officers and employees of the Company's Subsidiaries

The Company shall ensure thorough management of the Subsidiaries on their execution of duties concerning risk management, effectiveness of their execution of duties, and other important matters through the departments of the Company in charge by specifying matters to be reported to and matters to be approved by the Company on the basis of the Company's regulations concerning management of the Subsidiaries, etc., and by facilitating close communications between the said departments of the Company in charge and the Subsidiaries.

The department of the Company in charge of internal audit shall conduct audit in accordance with the Company's regulations concerning internal audit to assess the properness of execution of duties in the entire Subsidiaries and regularly report the results thereof to the Board of Directors and the Audit & Supervisory Board of the Company.

6) Systems concerning assigning assistants to Audit & Supervisory Board Members of the Company, independence of such assistants, and effectiveness of instructions given to such assistants

When Audit & Supervisory Board Members of the Company ask for assigning assistants to assist in executing their duties, a relevant division shall be established to which such assistants belong. Job description and authority of such assistants shall be determined taking consideration of Audit & Supervisory Board Members of the Company's opinions.

The assistants shall not receive any instruction from others than Audit & Supervisory Board Members of the Company concerning this assistance. Prior consensus from the Audit & Supervisory Board of the Company (or from an Audit & Supervisory Board Member designated by the Audit & Supervisory Board) is required for staff change and performance evaluation, etc. of the assistants.

7) Systems as given below concerning reporting to Audit & Supervisory Board Members of the Company

a. System for Directors and employees of the Company to report to Audit & Supervisory Board Members of the Company

b. System for Directors, Audit & Supervisory Board Members and employees of the Subsidiaries or the persons who received reports from them to report to Audit & Supervisory Board Members of the Company

Directors and employees of the Company and Directors, Audit & Supervisory Board Members and employees of the Subsidiaries shall make necessary reports to Audit & Supervisory Board Members of the Company regularly or at any time upon request of Audit & Supervisory Board Members of the Company. The persons who received reports from them shall report to Audit & Supervisory Board Members of the Company without delay.
Among the matters to be reported are the following:

- ✓ Important matters of business management and operations, and status and results of execution of duties, including matters related to compliance, risk management and internal control systems,
- ✓ Uncovered facts which may cause serious losses to the Company or the Subsidiaries,
- ✓ Newly disclosed information of the Company,
- ✓ Information submitted to "Helpline", and
- ✓ Other important matters related to compliance.

8) System to ensure that any person who made a report to Audit & Supervisory Board Members of the Company shall not be given any unfavorable treatment based on such reporting

Directors of the Company shall clearly indicate in relevant regulations of the Company that any employees of the Company or Directors, Audit & Supervisory Board Members and employees of the Subsidiaries who made a report to Audit & Supervisory Board Members of the Company in accordance with 7) above shall not be given any unfavorable treatment based on such reporting.

9) Matters concerning processing of payment (including payment in advance) for expenses or payables incurred in connection with execution of duties by Audit & Supervisory Board Members of the Company

Directors of the Company shall cooperate so that proper processing of payment for the expenses or payables incurred in connection with execution of duties by Audit & Supervisory Board Members of the Company will be carried out without any hindrance to execution of duties of Audit & Supervisory Board Members of the Company.

10) Other Systems to ensure effective audit by Audit & Supervisory Board Members of the Company

Directors of the Company shall hold regular meetings with Audit & Supervisory Board Members of the Company in order to secure good communications with each other.

Directors of the Company shall assist Audit & Supervisory Board Members of the Company so that Audit & Supervisory Board Members of the Company can have good communications with, gather information from, and exchange information with employees of the Company, and Directors, Audit & Supervisory Board Members and employees of the Subsidiaries, thereby facilitating Audit & Supervisory Board Members of the Company's proper execution of duties.

Directors of the Company shall provide assistance to Audit & Supervisory Board Members of the Company on the survey of important business counterparts as Audit & Supervisory Board Members of the Company deem necessary.

Directors of the Company shall provide assistance to Audit & Supervisory Board Members of the Company so that Audit & Supervisory Board Members of the Company can get necessary advice from auditing and legal firms or other outside specialists when necessary.

(Revised on June 25, 2021)

B) **Implementation status of systems for ensuring appropriate business operations**

Outline of the implementation status of the systems are as follows:

1. **System to ensure compliance**

   To raise awareness for the compliance across the Company group, the Corporate Ethics Committee was established based on our "Corporate Code of Ethics". The Committee discusses important matters for improving corporate ethics and ensuring that all employees are made thoroughly aware of the importance of compliance. The Executive Officer in charge of the General Administration Department chairs the Committee and the head of each department of the Company's head office or the person in charge of corporate ethics at each of our subsidiaries is a member of the Committee.

   During the period, the Committee met three times and conducted various activities based on key objectives of the period set by the Committee, including two workshops on Corporate Ethics for all officers and employees of the Group, and Compliance Training through e-learning to all officers and employees of the Group. In March, an annual general meeting of the Committee was held, where compliance activities conducted during the period at the Company and each subsidiary company and their action plans for the next period were confirmed.

   Also, the Committee increased an effort to communicate and explain the system and functions of Helpline, which is set up at the head office of the Company, the corporate lawyer's office, and the office of external agency with qualified counselors to all employees of the Group in order to ensure that they have a better and proper understanding.

2. **System to manage risks**

   Based on the "Regulations concerning Risk Management," each department of the Group companies identifies intrinsic risks in the businesses of each department exhaustively, evaluates the said risks based on the type of loss and scale in the event the said risks do occur as well as likelihood of occurrence, and has established management policy and countermeasures to address them.

   The department of the Company in charge of internal audit conducted questionnaire surveys twice for assessing risks at all departments during the period. It also conducted audit in line with an audit plan to evaluate the risk management systems at four departments of the Company's head office, and reported the results thereof to the Board of Directors and the Audit & Supervisory Board of the Company.

   The Company has conducted emergency exercises of the Business Continuity Plan (BCP) to ensure stable supply of petroleum products even during times of disaster such as massive earthquakes. Through those exercises, we reviewed the BCP for further improvement in the BCP itself as well as improvements in our emergency responses. In response to COVID-19, we have formed a COVID-19 task force headed by the President and have been taking various measures to prevent infection or spread of infection under the leadership of the task force.

3. **System to ensure proper and efficient execution of duties by Directors of the Company**

The Board of Directors of the Company made deliberations and decisions on important management policies by incorporating managerial advice and perspectives provided by four Outside Directors and three Outside Audit & Supervisory Board Members, who have advanced expertise and broad perspectives. The Board supervised Directors' execution of duties, too.

The Executive Committee consisting of full-time Directors, Executive Officers, and full-time Audit & Supervisory Board Member of the Company met on a regular basis and as necessary, shared information concerning business operations, and made deliberations and decisions on matters to be discussed or reported at the Board meetings and on specific policies for each operating division of the Company.

4. **System to ensure the appropriateness of execution of duties in the Group**

The department of the Company in charge of management of related companies formulated management criteria for each related company, which specify matters to be reported to and matters to be approved by the Company on the basis of the Company's "Regulations concerning Management of Related Companies", and conducted interviews with related companies as necessary, thereby managing those companies based on close communications with them.

The department of the Company in charge of internal audit conducted audit on one related company based on an audit plan and reported the results thereof to the Board of Directors and the Audit & Supervisory Board of the Company.

5. **System to ensure effective audit by Audit & Supervisory Board Members of the Company**

Audit & Supervisory Board Members of the Company worked to secure good communications with Directors through attending the meetings of the Board of Directors and the Executive Committee as well as to share a wide range of information by conducting interviews with each operating division of the Company. They also exchanged information regularly with Independent Accounting Auditor, the department of the Company in charge of internal audit, and Audit & Supervisory Members of the Subsidiaries.

The Company has established Audit & Supervisory Board Office with a dedicated assistant who assists the Members in executing their duties. The said assistant performed the jobs of preparing materials for Audit & Supervisory Board meetings and minutes thereof.

Consolidated Statement of Changes in Net Assets

(From April 1, 2021 to March 31, 2022)

(Unit : Millions of Yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of Apr. 1, '21	24,467	25,495	1,543	-1,431	50,075
Changes of items during the period					
Dividends from surplus			-770		-770
Profit attributable to owners of parent			15,203		15,203
Net changes of items other than shareholders' equity					-
Total changes during the period	-	-	14,433	-	14,433
Balance as of Mar. 31, '22	24,467	25,495	15,977	-1,431	64,508

	Accumulated other comprehensive income				
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans
Balance as of Apr. 1, '21	498	-	1	-3,194	651
Changes of items during the period					
Dividends from surplus					
Profit attributable to owners of parent					
Net changes of items other than shareholders' equity	114	-591		2,244	137
Total changes during the period	114	-591	-	2,244	137
Balance as of Mar. 31, '22	612	-591	1	-950	789

	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
Balance as of Apr. 1, '21	-2,043	156	48,188
Changes of items during the period			
Dividends from surplus	-		-770
Profit attributable to owners of parent	-		15,203
Net changes of items other than shareholders' equity	1,904	13	1,918
Total changes during the period	1,904	13	16,351
Balance as of Mar. 31, '22	-139	170	64,539

Notes to Consolidated Financial Statements

Basis of Presenting Consolidated Financial Statements

1. Scope of Consolidation

Consolidated subsidiaries	
Number	Seven subsidiaries
Name	Fuji Oil Sales Company, Ltd. Fuji Rinkai Co., Ltd. Tokyo Petroleum Industrial Company, Ltd. Arabian Oil Company, Ltd. Japan Oil Engineering Company, Ltd. Petro Progress Inc. PETRO PROGRESS PTE LTD

2. Equity Method

(1) Consolidated affiliates accounted for under the equity method

Number	Two companies
Name	ARAMO SHIPPING (SINGAPORE) PTE LTD Tokai Engineering and Construction Company, Ltd.

(2) Non-consolidated affiliates not accounted for under the equity method

Number	Two companies
Name	Kyodo Terminal Company, Ltd. Keiyo Sea Berth Company, Ltd.
Reasons for exclusion	The corresponding amounts of profit (loss) and retained earnings have immaterial impact and do not have a material effect on the consolidated financial statements as a whole.

3. Accounting Policies

(1) Valuation basis and method for significant assets

① Inventories

Measured at the lower of cost or net selling value

a. Merchandise and finished goods, and raw materials	Stated at cost determined by the gross average method
b. Supplies	Stated at cost determined by the moving-average method

② Securities

Available-for-sale securities*

Securities with available market price	Carried at fair value
	(Any changes in valuation are included directly in net assets, and the cost of securities sold is calculated by the moving-average method)
Securities with no available market price	Carried at cost determined by the moving-average method
③ Derivatives	Principally stated at fair value

* Securities other than equity securities issued by subsidiaries and affiliates are classified as available-for-sale securities.

(2) Depreciation and amortization

① Property, plant and equipment

Manufacturing plant equipment for petrochemical products	Calculated by the declining-balance method
Others	Calculated principally by the straight-line method

Estimated useful lives of major property, plant and equipment

Buildings and structures	2 to 60 years
Storage tanks	10 to 15 years
Machinery and equipment	2 to 24 years

② Intangible assets

Amortized by the straight-line method

Software intended for internal use is amortized by the straight-line method over an estimated useful life of five years.

(3) Significant allowances

① Allowance for doubtful accounts

The allowance for doubtful accounts is provided at an amount determined based on the historical experience of bad debts with respect to ordinary receivables, plus an estimate of uncollectible amounts determined by reference to specific doubtful receivables.

② Provision for bonuses

The provision for bonuses is provided based on the estimated amounts of future bonus payments to employees.

③ Provision for repairs

The provision for repairs is provided at an amount equivalent to the estimated amount of periodical maintenance expenses for machinery and equipment.

④ Provision for directors' retirement benefits

The provision for directors' retirement benefits is estimated based on the amount calculated in accordance with internal rules under the assumption that all directors retired at the balance sheet date.

⑤ Provision for special repairs

The provision for special repairs is provided at an amount equivalent to the estimated amount of periodical inspection and maintenance expenses for storage tanks required by the Fire Defense Law.

(4) Employees' retirement benefits

① Periodic allocation method for projected retirement benefits

Regarding determination of retirement benefit obligations, the benefit formula basis is adopted as the method of attributing expected benefit to the periods until this consolidated financial year end.

② Method for processing actuarial gains and losses and prior service costs

Prior service costs are amortized by the straight-line method over a period (ten years) within the average remaining years of service of the eligible employees. Actuarial gains and losses are amortized from the year following the year in which the gain or loss is incurred by the straight-line method over a period (ten years) within the average remaining years of service of the eligible employees.

(5) Basis for revenue recognition

Main business of the Group is production and sale of petroleum products and the Group's main performance obligation is to transfer the control of petroleum products to customers. While the point in time when the control of the petroleum products is transferred to the customers varies for each shipping or contract type, the Group recognizes the revenue from the sale of the petroleum products at the time of delivery of the petroleum products, as performance obligations are principally considered to be fulfilled upon the transfer of control of the products to the customer.

Consideration for the petroleum products transaction is generally charged at the end of the month after the transfer of the control of the said products, and is mainly collected within several months. This consideration includes no significant financial elements.

(6) Method for accounting estimates

Amounts of accounting estimates are rationally determined based on available information at the time of preparing the consolidated financial statements. Among the amounts of accounting estimates recorded in the consolidated financial statements for the current consolidated financial year, those for which there is a risk that they may have a material impact on the consolidated financial statements for the following consolidated financial year are as follows:

① Valuation of inventories of a petroleum refining business

A) Amount recorded in the consolidated financial statements for the current consolidated financial year

In order to determine the necessity of recognizing a valuation loss on inventories of 117,862 million yen recorded in the consolidated financial statements, a comparison was made between the carrying value based on the weighted average costing method and the net sales value or replacement cost at the end of the consolidated financial year. As a result, a valuation loss of 162 million yen was determined necessary for the inventories whose carrying value exceeded the net sales value or replacement cost at the year-end, and the difference of -240 million yen from the amount of the reversal at the beginning of the consolidated financial year was included in cost of sales in the consolidated statement of income.

B) Other information that would help users of the consolidated financial statements understand the content of accounting estimates

Net sales value or replacement cost at the year-end is rationally calculated based on the actual sales price or purchase cost in the account closing month in principle. The valuation of inventories is subject to a high degree of uncertainty and could have a material impact on the consolidated financial statements in the following consolidated financial year in case of large fluctuations in the crude oil and petroleum product markets, which are the basis for its calculations, and a large amount of inventories held by the Company to meet its stockpiling obligations, which will have a significant impact on the cost of sales in case of loss on inventory valuation (including the amount of the reversal at the beginning of the consolidated financial year).

② Necessity to recognize impairment loss on petroleum refining facilities

A) Amount recorded in the consolidated financial statements for the current consolidated financial year

During the current consolidated, the Company determined that its assets of refinery might be impaired in light that the officially assessed land prices in the refinery's vicinity had fallen below the carrying value of the land belonging to the refinery, and examined the necessity to record an impairment loss. As the undiscounted future cash flow was judged to exceed the refinery's value of 102,204 million yen, it determined that an impairment loss need not to be recognized.

B) Other information that would help users of the consolidated financial statements understand the content of accounting estimates

If there is an indication of impairment, necessity of an impairment loss will be determined by comparing total undiscounted future cash flows from the asset with its carrying value. If the former amount is found to be less than the latter and recognition of an impairment loss is judged necessary, the carrying value will be reduced to their recoverable amount and the reduced amount will be recognized as an impairment loss. Estimates of undiscounted future cash flows from the Company's facilities are based on budgets for the following consolidated financial year which incorporates key assumptions such as the utilization rates of the relevant facilities, sales prices of petroleum products and purchase prices of crude oil. These assumptions are subject to uncertainty and may have a material impact on the estimates of future cash flows.

(7) Change in accounting policy

① Application of Accounting Standard for Revenue Recognition, etc.

The Company applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020: hereinafter, the "Revenue Recognition Accounting Standard"), etc. from the beginning of the current consolidated financial year, and decided to recognize revenue in the amount expected to be received in exchange for promised goods and services at a point in time when control of the said goods and services is transferred to the customer. In accordance with the transitional treatment prescribed in the proviso of paragraph 84 of the Revenue Recognition Accounting Standard for the application of Accounting Standard for Revenue Recognition, etc., the cumulative effect of retrospective application of the new accounting policy prior to the beginning of the current consolidated financial year was adjusted in retained earnings at the beginning of the current consolidated financial year, and thus the beginning balance of the current consolidated financial year is accounted under the new accounting policy. However, the Company has not retrospectively applied the new accounting policy to contracts for which almost all revenue amounts were recognized by adopting the method prescribed in paragraph 86 of the Revenue Recognition Accounting Standard in accordance with which, the previous treatment that the Company had applied prior to the beginning of the current consolidated financial year has been applied. In addition, the Company adopted the method prescribed in paragraph 86 and paragraph 86 (1) of the Revenue Recognition Accounting Standard to accounted for any contractual changes made prior to the beginning of the current consolidated financial year under the terms and conditions reflecting all the contractual changes.

As a result, the impact of the change on the accounting treatment for the current consolidated financial year is immaterial.

② Application of Accounting Standard for Fair Value Measurement, etc.

The Company applied the "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019: hereinafter, the "Fair Value Measurement Accounting Standard"), etc. from the beginning of the current consolidated financial year. In accordance with the transitional treatment prescribed in paragraph 19 of the Fair Value Measurement Accounting Standard and paragraph 44-2 of the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019), the Company decided to apply the new accounting policy prescribed in the Accounting Standard for Fair Value Measurement, etc. prospectively.

Application of such accounting standards has no impact on the consolidated financial statements.

(8) Other significant matters for preparing consolidated financial statements

① Accounting of hedged assets/liabilities

"Deferred hedge accounting method" is applied.

However, Foreign-currency-denominated payables/receivables hedged by forward exchange contracts are translated at the respective forward contract rates and an interest rate swap qualified for hedge accounting is not stated at fair value but the net settlement of interest under such an interest swap is reported as a component of interest on the related hedged assets or liabilities.

② Application of tax effect accounting for the transition from the consolidated tax filing system to the group tax sharing system

The Company and some of its domestic consolidated subsidiaries will shift from the consolidated tax filing system to the group tax sharing system from the next consolidated financial year. However, as for items subject to transition to the group tax sharing system introduced in the "Act for Partial Amendment of the Income Tax Act, etc." (Act No. 8, 2020) and items revised on non-consolidated tax payment system in connection with the transition to the group tax sharing system, the provisions of paragraph 44 of the "Guidance on Accounting Standard for Tax Effect Accounting" (Accounting Standards Board of Japan (ASBJ) Guidance No. 28, February 16, 2018) will not be applied, as allowed by the provisions of paragraph 3 of the "Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System" (ASBJ Practical Issues Task Force (PITF) No. 39, March 31, 2020). Accordingly, amounts of deferred tax assets and deferred tax liabilities will be determined in accordance with the provisions of the Income Tax Act before amendment.

From the beginning of the next consolidated financial year, the Company plans to apply the "Practical Solution on the Accounting and Disclosure under the Group Tax Sharing System" (PITF No. 42, August 12, 2021), which provides for the accounting and disclosure treatment of corporate and local income taxes and tax effect accounting in the case of applying the group tax sharing system.

③ Impact of COVID-19 pandemic

Although the outlook for demand is uncertain due to the COVID-19 pandemic, we believe that the impact on the future operation rates of machinery and equipment will be limited and that the impact on accounting estimates will be immaterial.

Notes to Consolidated Balance Sheet

1. Pledged Assets and Secured Liabilities

Factory foundation

	as of March 31, 2022 Millions of Yen
Pledged assets	Carrying value
Buildings and structures	10,821
Storage tanks	2,974
Machinery, equipment and vehicles	33,864
Land	48,952
Total	96,612
Secured liabilities	Carrying value
Long-term loans payable	33,036
(current portion)	(10,913)
Total	33,036

2. Accumulated Depreciation of Property, Plant and Equipment

	as of March 31, 2022 Millions of Yen
	300,640

3. Reduced-value entry

Amount deducted from the original acquisition costs using proceeds from national subsidies

	as of March 31, 2022 Millions of Yen
Buildings and structures	3,462
Storage tanks	148
Machinery and equipment	1,968
Others	128
Software	54

Amount deducted from the original acquisition costs using proceeds from insurance claims

Machinery and equipment	128

4. Contingent Liabilities

The Company had the following guarantees of liabilities

	as of March 31, 2022
Employees (for home purchase):	Millions of Yen
Indebtedness to financial institutions	4
Japan Biofuels Supply LLP:	
Guarantee of obligations related to overdraft facility, obligations related to deferred payment of consumption taxes on imports, and obligations related to letter of credit agreements	2,855

Notes to Consolidated Statement of Changes in Net Assets

1. Changes in the Number of Shares Issued and Treasury Stock

(1) Issued shares

Class of shares	Common stock
Number of shares as of April 1, 2021	78,183,677
Increase during the period	—
Decrease during the period	—
Number of shares as of March 31, 2022	78,183,677

(2) Treasury stock

Class of shares	Common stock
Number of shares as of April 1, 2021	1,121,198
Increase during the period	—
Decrease during the period	—
Number of shares as of March 31, 2022	1,121,198

2. Details of Cash Dividends

(1) Dividends paid

Resolution	Class of Shares	Total Amount of Dividend (Millions of yen)	Dividend per Share (Yen)	Record Date	Effective Date
June 25, 2021 annual meeting of shareholders	Common stock	772	10	March 31, 2021	June 28, 2021

(2) Dividends whose record date belongs to the current year, but whose effective date falls in the following year

Class of Shares	Total Amount of Dividend (Millions of yen)	Source of Dividend	Dividend per Share (Yen)	Record Date	Effective Date
Common stock	772	Retained earnings	10	March 31, 2022	June 29, 2022

Notes to Financial Instruments

1. Information on Financial Instruments

The Company and its subsidiaries limit their investment of temporary surpluses to short-term deposits and procure funds for capital investment and working capital through bank loans.

Trade notes and accounts receivable, which are claimable assets, are subject to customer credit risk. Also, certain receivables are denominated in foreign currencies, and therefore entail exchange rate fluctuation risk. The Company uses forward foreign exchange contracts to hedge this risk.

Short-term investment securities and investment securities are mainly equity securities and the Company reviews the market values on a quarterly basis for listed securities.

Most accounts payable, which are trade liabilities, are payable within a short term. Certain payables are denominated in foreign currencies and are therefore subject to exchange rate fluctuation risk. Forward foreign exchange contracts are used to hedge this risk.

Short-term loans payable includes mainly funds raised as working capital in relation to crude oil imports. Long-term loans payable mainly comprise funds raised for capital expenditure.

The Company employs interest rate swap transactions to hedge risks of changes in floating interest rates on long-term loans payable.

With regard to the execution and control of derivative transactions, authorizations and

monetary limits on transactions and controls are determined in accordance with internal rules.
54.3% of claimable assets as of March 31, 2022 is for a specific major customer, who has a high credit rating.

2. Fair Values of Financial Instruments

Carrying values and fair values of the financial instruments on the consolidated balance sheet as of March 31, 2022 are set out in the following table. The following table does not include financial instruments whose market prices are not available. (see Note 2)

Millions of Yen

	Carrying value	Fair value	Difference
(a) Investment securities: Available-for-sale securities	1,627	1,627	-
Total assets	1,627	1,627	-
(a) Long-term loans payable	40,076	39,961	114
Total liabilities	40,076	39,961	114

Note 1: Description of the following items (i) to (x) is omitted since (i) is cash, and the carrying value of the instruments (ii) to (x) approximates fair value as they are settled within a short term.
(i) Cash and deposits, (ii) Notes and accounts receivable-trade, (iii) Short-term investment securities, (iv) Accounts receivable-other, (v) Accounts payable-trade, (vi) Short-term loans payable, (vii) Accounts payable-other, (viii) Excise taxes payable on gasoline and other fuels, (ix) Income taxes payable and (x) Derivatives

Note 2: Financial instruments whose market prices are not available

as of March 31, 2022
Millions of Yen

Category	Carrying value
Unlisted equity securities	242
Stocks of affiliated companies	19,260

3. Matters concerning Fair Value of Financial Instruments and Breakdown by Input Level

The fair values of financial instruments are classified into the following three levels depending on the observability and significance of the input used in the fair value measurement. Inputs used in Level 1 and Level 2 measurements are considered observable.

Level 1: Fair value measured by using (unadjusted) quoted prices in active markets for identical assets or liabilities
Level 2: Fair value measured by using observable inputs other than Level 1 inputs
Level 3: Fair values measured by using unobservable inputs

(1) Financial instruments whose fair values are stated on the balance sheet

as of March 31, 2022
Millions of Yen

Classification	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities:				
Available-for-sale securities				
Stocks	1,427	-	-	1,427
Other	-	200	-	200
Total assets	1,427	200	-	1,627

(2) Financial instruments other than those whose fair values are stated on the balance sheet

as of March 31, 2022
Millions of Yen

Classification	Fair value			
	Level 1	Level 2	Level 3	Total
Long-term loans payable	-	39,961	-	39,961
Total liabilities	-	39,961	-	39,961

Note 1: Valuation techniques and inputs used to measure fair value

Investment securities

Listed stocks and bonds are stated at quoted market prices. Fair value of listed stocks is classified into Level 1 as they are traded in active markets. Fair value of the bonds owned by the Company is classified into Level 2 as their trading is infrequent and thus is not considered to be traded in active markets.

Long-term loans payable

Fair value of Long-term loans payable is measured by the discounted present value method based on the total amount of principal and interest, and the interest rate adjusted for the remaining terms and credit risk. Accordingly, it is classified into Level 3.

Notes to Revenue Recognition

1. Information on Disaggregation of Revenue Recognized from Contracts with Customers

For the current consolidated financial year (April 1, 2021 to March 31, 2022)

Millions of Yen

	Petroleum products	Other	Total
Revenue from contracts with customers	481,455	3,846	485,302

Note: "Revenue from contracts with customers" is mostly the "revenue from goods or services transferred to customers at a point in time", and the others are insignificant.

2. Information that serves as a basis for understanding the revenue from contracts with customers

Information that serves as a basis for understanding the revenue from contracts with customers is as stated in 3. "Accounting Policies" (5) "Basis for revenue recognition".

3. Information to understand the amounts of revenues for the current and subsequent consolidated financial years

(1) Balance of contract assets and contract liabilities, etc.

The Group's contract assets and contract liabilities are omitted because the balances are immaterial. In addition, the amount of changes during the period is immaterial. Furthermore, the amount of revenue recognized in the current period from performance obligations satisfied in prior periods is immaterial.

(2) Transaction price allocated to remaining performance obligations

The Group applies a practical expedient to note the transaction prices allocated to the remaining performance obligations and does not include contracts that have original expected duration of one year or less in the notes. In addition, the transaction price allocated to the remaining performance obligations is immaterial. In addition, there is no significant consideration from contracts with customers not included in the transaction price.

Per Share Date

Net assets per share	835.28 Yen
Net loss per share	197.29 Yen

Other Note

Amounts of less than one million yen have been omitted.

Statement of Changes in Net Assets

(From April 1, 2021 to March 31, 2022)

(Unit : Millions of Yen)

	Shareholders' equity							
		Capital surplus		Retained earnings				
	Capital stock	Legal capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings: Retained earnings brought forward	Total retained earnings	Treasury stock	Total shareholders' equity
Net assets as of April 1, 2021	24,467	2,480	2,480	-	4,110	4,110	-1,797	29,260
Changes of items during the period								
Dividends from surplus					-772	-772		-772
Provision of legal retained earnings due to dividends of surplus				77	-77	-		-
Net income					13,529	13,529		13,529
Net changes of items other than shareholders' equity								-
Total changes during the period	-	-	-	77	12,679	12,757	-	12,757
Balance as of March 31, 2022	24,467	2,480	2,480	77	16,790	16,867	-1,797	42,017

	Valuation and translation adjustments				Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Total valuation and translation adjustments	
Net assets as of April 1, 2021	378	-	1,932	2,310	31,571
Changes of items during the period					
Dividends from surplus					-772
Provision of legal retained earnings due to dividends of surplus					-
Net income					13,529
Net changes of items other than shareholders' equity	147	-591		-443	-443
Total changes during the period	147	-591	-	-443	12,313
Balance as of March 31, 2022	525	-591	1,932	1,866	43,884

Notes to Non-Consolidated Financial Statements

Significant Accounting Policies

1. Valuation basis and method for assets

(1) Securities

① Shares of subsidiaries and affiliates	Stated at cost determined by the moving average method
② Available-for-sale securities*	
Securities with available market price	Carried at fair value (Any changes in valuation are included directly in net assets and the cost of securities sold is calculated by the moving-average method)
Securities with no available market price	Carried at cost determined by the moving-average method

(2) Derivatives

Principally stated at fair value

(3) Inventories

Measured at the lower of cost or net selling value

① Merchandise, finished goods and raw materials	Stated at cost determined by the gross average method
② Supplies	Stated at cost determined by the moving-average method

* Securities other than equity securities issued by subsidiaries and affiliates, trading securities, and held-to-maturity securities are classified as available-for-sale securities.

2. Depreciation and amortization

(1) Property, plant and equipment (excl. lease assets)

Manufacturing plant equipment for petrochemical products	Calculated by the declining-balance method
Others	Calculated principally by the straight-line method

Estimated useful lives of major property, plant and equipment:

Buildings and structures	2 to 60 years
Storage tanks	10 to 15 years
Machinery and equipment	2 to 24 years

(2) Intangible assets (excl. lease assets) Amortized by the straight-line method

Software intended for internal use is amortized by the straight-line method over an estimated useful life of five years.

(3) Lease assets

Lease assets are depreciated / amortized by the straight line method based on the assumption that the useful life equals the lease term and the residual value equals zero.

3. Allowances

(1) Allowance for doubtful accounts

The allowance for doubtful accounts is provided at an amount determined based on the historical experience of bad debts with respect to ordinary receivables, plus an estimate of uncollectible amounts determined by reference to specific doubtful receivables.

(2) Provision for bonuses

The provision for bonuses is provided based on the estimated amounts of future bonus payments to employees.

(3) Provision for retirement benefits

① Periodic allocation method for projected retirement benefits

Regarding determination of retirement benefit obligations, the benefit formula basis is adopted as the method of attributing expected benefit to the periods until this financial year end.

② Method for processing actuarial gains and losses and prior service costs

Prior service costs are amortized by the straight-line method over a period (ten years) within the average remaining years of service of the eligible employees. Actuarial gains and losses are amortized from the year following the year in which the gain or loss is incurred by the straight-line method over a period (ten years) within the average remaining years of service of the eligible employees.

(4) Provision for special repairs

The provision for special repairs is provided at an amount equivalent to the estimated amount of periodical inspection and maintenance expenses for storage tanks required by the Fire Defense Law.

(5) Provision for repairs

The provision for repairs is provided at an amount equivalent to the estimated amount of periodical maintenance expenses for machinery and equipment.

4. Accounting of hedged assets/liabilities

"Deferred hedge accounting method" is applied.

However, Foreign-currency-denominated payables/receivables hedged by forward exchange contracts are translated at the respective forward contract rates and an interest rate swap qualified for hedge accounting is not stated at fair value but the net settlement of interest under such an interest swap is reported as a component of interest on the related hedged assets or liabilities.

5. Retirement benefits

The methods by which unrecognized actuarial gains and losses and unrecognized prior service costs are processed differ from those used for the consolidated financial statements.

6. Basis for revenue recognition

Main business of the Group is production and sale of petroleum products and the Group's main performance obligation is to transfer the control of petroleum products to customers. While the point in time when the control of the petroleum products is transferred to the customers varies for each shipping or contract type, the Group recognizes the revenue from the sale of the petroleum products at the time of delivery of the petroleum products, as performance obligations are principally considered to be fulfilled upon the transfer of control of the products to the customer.

Consideration for the petroleum products transaction is generally charged at the end of the month after the transfer of the control of the said products, and is mainly collected within several months. This consideration includes no significant financial elements.

7. Application of tax effect accounting for the transition from the consolidated tax filing system to the group tax sharing system

The Company will shift from the consolidated tax filing system to the group tax sharing system from the next financial year. However, as for items subject to transition to the group tax sharing system introduced in the "Act for Partial Amendment of the Income Tax Act, etc." (Act No. 8, 2020) and items revised on non-consolidated tax payment system in connection with the transition to the group tax sharing system, the provisions of paragraph 44 of the "Guidance on Accounting Standard for Tax Effect Accounting" (Accounting Standards Board of Japan (ASBJ) Guidance No. 28, February 16, 2018) will not be applied, as allowed by the provisions of paragraph 3 of the "Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System" (ASBJ

Practical Issues Task Force (PITF) No. 39, March 31, 2020). Accordingly, amounts of deferred tax assets and deferred tax liabilities will be determined in accordance with the provisions of the Income Tax Act before amendment.

From the beginning of the next financial year, the Company plans to apply the "Practical Solution on the Accounting and Disclosure under the Group Tax Sharing System" (PITF No. 42, August 12, 2021), which provides for the accounting and disclosure treatment of corporate and local income taxes and tax effect accounting in the case of applying the group tax sharing system.

8. Method for accounting estimates

Amounts of accounting estimates are rationally determined based on available information at the time of preparing the Financial Statements. Among the amounts of accounting estimates recorded in the financial statements for the current financial year, those for which there is a risk that they may have a material impact on the financial statements for the following financial year are as follows:

① Valuation of inventories of a petroleum refining business

A) Amount recorded in the financial statements for the current financial year

In order to determine the necessity of recognizing a valuation loss on inventories (i.e., Merchandise and finished goods and Raw materials and supplies) of 117,831 million yen recorded in the financial statements, a comparison was made between the carrying value based on the weighted average costing method and the net sales value or replacement cost at the end of the financial year. As a result, a valuation loss of 162 million yen was determined necessary for the inventories whose carrying value exceeded the net sales value or replacement cost at the year-end, and the difference of -240 million yen from the amount of the reversal at the beginning of the financial year was included in cost of sales in the statement of income.

B) Other information that would help users of the financial statements understand the content of accounting estimates

Same as for the Consolidated Financial Statements.

② Necessity to recognize impairment loss on petroleum refining facilities

A) Amount recorded in the financial statements for the current financial year

During the current financial year, the Company determined that its assets of refinery might be impaired in light that the officially assessed land prices in the refinery's vicinity had fallen below the carrying value of the land belonging to the refinery, and examined the necessity to record an impairment loss. As the undiscounted future cash flow was judged to exceed the refinery's value of 102,204 million yen, it determined that an impairment loss need not to be recognized.

B) Other information that would help users of the financial statements understand the content of accounting estimates

Same as for the Consolidated Financial Statements.

9. Change in accounting policy

① Application of Accounting Standard for Revenue Recognition, etc.

The Company applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020: hereinafter, the "Revenue Recognition Accounting Standard"), etc. from the beginning of the current financial year, and decided to recognize revenue in the amount expected to be received in exchange for promised goods and services at a point in time when control of the said goods and services is transferred to the customer.

In accordance with the transitional treatment prescribed in the proviso of paragraph 84 of the Revenue Recognition Accounting Standard for the application of Accounting Standard for Revenue Recognition, etc., the cumulative effect of retrospective application of the new accounting policy prior to the beginning of the current financial year was adjusted in retained earnings at the beginning of the current financial year, and thus the beginning balance of the current financial year is accounted under the new accounting policy. However, the Company has not retrospectively applied the new accounting policy to contracts for which almost all revenue amounts were recognized by adopting the method prescribed in paragraph 86 of the Revenue Recognition Accounting Standard in accordance with which, the previous treatment that the Company had applied prior to the beginning of the current financial year has been applied. In addition, the Company adopted the method prescribed in paragraph 86 and paragraph 86 (1) of the Revenue Recognition Accounting Standard to accounted for any contractual changes made prior to the beginning of the current financial year under the terms and conditions reflecting all the contractual changes.

As a result, the impact of the change on the accounting treatment for the current financial year is immaterial.

② Application of Accounting Standard for Fair Value Measurement, etc.

The Company applied the "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019: hereinafter, the "Fair Value Measurement Accounting Standard"), etc. from the beginning of the current financial year. In accordance with the transitional treatment prescribed in paragraph 19 of the Fair Value Measurement Accounting Standard and paragraph 44-2 of the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019), the Company decided to apply the new accounting policy prescribed in the Accounting Standard for Fair Value Measurement, etc. prospectively.

Application of such accounting standards has no impact on the financial statements.

Notes to Balance Sheet

as of March 31, 2022
Millions of Yen

1. Receivables from and payables to affiliated companies

Short-term receivables	19,683
Long-term receivables	716
Short-term payables	59,835

2. Accumulated depreciation of property, plant and equipment 298,108

3. Contingent liabilities

Warrantee	Amount of guarantee	Object of guarantee
PETRO PROGRESS PTE LTD	36,492 (94,240)	Trade obligations (upper limit of guarantee)
Japan Biofuels Supply LLP	2,855 (5,910)	Guarantee of obligations related to overdraft facility, obligations related to deferred payment of consumption taxes on imports, and obligations related to letter of credit agreements (upper limit of guarantee)
Fuji Oil Sales Company, Ltd.	366 (800)	Trade obligations (upper limit of guarantee)
Employees	4	Indebtedness to financial institutions for home purchase
Total	39,720	

4. Pledged assets and secured liabilities

Factory foundation

as of March 31, 2022
Millions of Yen

Pledged assets	Carrying value
Buildings	2,933
Storage tanks	2,974
Structures	7,888
Machinery and equipment	33,864
Land	48,952
Total	96,612

Secured liabilities	Carrying value
Long-term loans payable (current portion)	33,036 (10,913)
Total	33,036

5. Reduced-value entry

Amount deducted from the original acquisition cost using proceeds from national subsidies

as of March 31, 2021

Millions of Yen

Buildings	175
Storage tanks	148
Structures	3,286
Machinery and equipment	1,967
Vehicles	0
Tools, furniture and fixtures	128
Software	54

Amount deducted from the original acquisition cost using proceeds from insurance claims

Machinery and equipment	128

6. Revaluation reserve for land

Revaluation reserve for land is the amount received from old Fuji Oil Company, Ltd., who revaluated the business use land in accordance with the Act on Revaluation of Land, due to merger with the Company on October 1, 2013.

Notes to Statement of Income

Transactions with affiliated companies:

	Millions of Yen
Sales	26,169
Purchase	402,767
Other operational transactions	1,727
Non-operational transactions	303

Notes to Statement of Changes in Net Assets

Change in the number of treasury stock

Class of shares	Common stock
Number of shares as of April 1, 2020	966,198
Increase during the period	-
Decrease during the period	-
Number of shares as of March 31, 2021	966,198

Notes to Revenue Recognition

As stated in "Significant Accounting Policies" 6. "Basis for revenue recognition".

Tax Effect Accounting

Main components of the accrual of deferred tax assets are provision for repairs, currently not deductible, and a tax loss carryforward.

Main component of the accrual of deferred tax liabilities is land revaluation difference.

Related Party Transactions

Subsidiary

as of March 31, 2022

Millions of Yen

Category	Name	Share of voting rights held by the Company	Relationship with related party	Transaction	Transaction amount	Account	Closing balance
Subsidiary	PETRO PROGRESS PTE LTD	100%	Purchase of crude oil Concurrent positions of officers	Purchase of crude oil and oil products*1	401,485	Accounts payable-trade	56,700
				Export of oil products and swapping of crude oil*1	21,329	Accounts receivable-trade	11,719
						Accounts receivable-other	6,416

*1: Transaction prices are determined by negotiations in consideration of market prices.

Per Share Data

Net assets per share	568.33 Yen
Basic net loss per share	175.21 Yen

Subsequent Events

None

Other Note

Amounts of less than one million yen have been omitted.