



January 19, 2021

Press Release

Company Name: Idemitsu Kosan Co.,Ltd.  
President and Representative Director: Shunichi Kito  
(Company Code: 5019, TSE, First Sect.)  
Contact person: Munehiro Sekine, General Manager,  
Investor Relations Office,  
Finance Department  
(TEL: +81-3-3213-9307)

## **Announcement on Corporate Split (Simplified Absorptive Corporate Split) with Showa Shell Business & IT Solutions Ltd.**

Idemitsu Kosan Co., Ltd. (“Idemitsu or the “Company”) hereby announces that its board approved and entered into an agreement wherein, effective July 1, 2021, the Company’s would succeed all rights and obligations relating to employment agreements between its wholly-owned subsidiary Showa Shell Business & IT Solutions Ltd. (“SBIS”) and SBIS’s employees in an absorptive corporate split (the “Absorptive Corporate Split”; the agreement hereinafter referred to as the “Agreement”), as follows.

Note that some disclosures items and content are omitted as the Absorptive Corporate Split is a simplified absorptive corporate split between the Company and its wholly-owned subsidiary.

### **1. Objectives of the Absorptive Corporate Split**

As a result of the Absorptive Corporate Split, all assets, liabilities, and rights and obligations relating to employment agreements between SBIS, which provides IT consulting and system development and operation services to the Idemitsu group, and SBIS’s employees and integrates them into Idemitsu’s information systems division in order to accelerate workstyle reforms and digital transformation.

### **2. Overview of the Absorptive Corporate Split**

#### **(1) Absorptive Corporate Split Schedule**

Idemitsu Board Meeting for the Approval of the Agreement	January 19, 2021 (today)
Signing of the Agreement	January 19, 2021 (today)
Effective Date of the Absorptive Corporate Split	July 1, 2021 (expected date)

(Note) The Absorptive Corporate Split is planned to be executed without a shareholder resolution for the Agreement as it is a simplified corporate split pursuant to Article 796 Paragraph 2 of the Companies Act.

#### **(2) Absorptive Corporate Split Method**

The transaction is a simplified absorptive corporate split with Idemitsu as the successor entity and SBIS as the absorbed entity.

(3) Details on Allocations relating to the Absorptive Corporate Split

No consideration will be allocated as a result of the Absorptive Corporate Split.

(4) Treatment of New Share Warrants and Convertible Bonds following the Absorptive Corporate Split

Not applicable.

(5) Change in Paid-in Capital as a Result of the Absorptive Corporate Split

Paid-in capital will not be affected by the Absorptive Corporate Split.

(6) Rights and Obligations to be Succeeded by the Successor Entity

Assets, liabilities, and rights and obligations relating to employment agreements between SBIS and its employees will be succeeded by Idemitsu as set forth in the Agreement.

(7) Future Performance of Liabilities

Idemitsu believes that there are no concerns relating to the future performance of its liabilities after the effective date of the Absorptive Corporate Split.

3. Overview of Parties to the Absorptive Corporate Split

	Successor Entity	Absorbed Entity
① Name	Idemitsu Kosan Co., Ltd.	Showa Shell Business & IT Solutions Ltd.
② Location	1-2-1 Otemachi, Chiyoda-ku, Tokyo	1-7-8 Minamioi, Shinagawa-ku, Tokyo
③ Representative	President & Representative Director Shunichi Kito	President & CEO Tomohiro Kubo
④ Business Description	Refinery of petroleum and manufacturing and sales of fats Manufacturing and sales of petrochemical products Development, manufacturing and sales of electronic materials and agricultural chemicals Electricity supply business Development, production, sales, etc. of petroleum and coal resources	Provides IT consulting, system development/operation/maintenance, and data supply/management services, etc. to the Idemitsu group
⑤ Paid-in Capital	168,351 million yen	100 million yen
⑥ Established	March 30, 1940	November 28, 1988
⑦ Total Shares Outstanding	297,864,718 shares (as of September 30, 2020)	8,000 shares (as of September 30, 2020)
⑧ Fiscal Year End	March 31	March 31
⑨ Major Shareholders and Shareholding Ratio	Nissho Kosan K.K. 9.11% The Master Trust Bank of Japan, Ltd. (Trust account) 7.98% Aramco Overseas Company B.V.	Idemitsu Kosan Co., Ltd. 100% (as of September 30, 2020)

	(Standing proxy: Anderson Mōri & Tomotsune) 7.76%	
	Idemitsu Culture and Welfare Foundation 4.16%	
	Custody Bank of Japan, Ltd. (Trust account) 4.08%	
	(as of September 30, 2020)	
⑩ Financial Position and Operating Performance in the Most Recent Fiscal Year (FY 3/2020)		
	Idemitsu Kosan Co., Ltd.	Showa Shell Business & IT Solutions Ltd.
Net Assets	1,200,564 million yen	922 million yen
Total Assets	3,886,938 million yen	1,953 million yen
Net Assets per Share	3,868.68 yen	115,341.19 yen
Net Sales	6,045,850 million yen	3,542 million yen
Operating Income (Loss)	(3,860 million yen)	71 million yen
Ordinary Income (Loss)	(13,975 million yen)	73 million yen
Net Income (Loss) Attributable to Owners of the Parent	(22,935 million yen)	40 million yen
Net Income (Loss) per Share	(76.31 yen)	5,097.33 yen

#### 4. Overview of Business to Be Succeeded

Not applicable, as the Absorptive Corporate Split does not involve business succession.

#### 5. Status after the Absorptive Corporate Split

There will be no change in the Company's name, location, representative, business description, paid-in capital, or fiscal year as a result of the Absorptive Corporate Split.

#### 6. Future Outlook

The impact of the Absorptive Corporate Split on consolidated performance is negligible.

Reference: Current Fiscal Year Forecasts (announced on November 10, 2020) and Previous Fiscal Year Results (Consolidated)

	Net Sales	Operating Income (Loss)	Ordinary Income (Loss)	Net Income (Loss) Attributable to Owners of the Parent
Current Fiscal Year Forecasts	4,300,000 million yen	35,000 million yen	(2,000 million yen)	(20,000 million yen)

(FY 3/2021)				
Previous Fiscal Year Results (FY 3/2020)	6,045,850 million yen	(3,860 million yen)	(13,975 million yen)	(22,935 million yen)