

February 14, 2020

Press Release

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Announcement Regarding Company Split (Simplified Absorption-type Company Split)

Idemitsu Kosan Co., Ltd. (“Idemitsu Kosan”) hereby announces, as follows, that: (i) it has resolved, at the board of directors meeting held today, to execute an agreement regarding an absorption-type company split that will cause Idemitsu Kosan to succeed to rights and obligations regarding the employment agreements between Showa Shell Sekiyu K.K. (“Showa Shell”), which is Idemitsu Kosan’s consolidated subsidiary, and all employees of Showa Shell, to be effective on April 1, 2020 (the “Absorption-type Company Split”) (such agreement, the “Absorption-type Company Split Agreement”), and (ii) it has executed the Absorption-type Company Split Agreement.

As the Absorption-type Company Split is a simplified absorption-type company split to be implemented between Idemitsu Kosan and its wholly owned subsidiary, some disclosure items and details are omitted from this Announcement.

1. Purpose of the Absorption-type Company Split

The purpose of the Absorption-type Company Split is to create even more synergies, by transferring assets, liabilities, and rights and obligations regarding the employment agreements between Showa Shell and all employees of Showa Shell to Idemitsu Kosan through the Absorption-type Company Split, and by further integrating their personnel systems and organizations.

2. Outline of the Absorption-type Company Split

(1) Schedule for the Absorption-type Company Split

Resolution of the board of directors meeting concerning approval of the execution of the Absorption-type Company Split Agreement	February 14, 2020 (today)
Execution of the Absorption-type Company Split Agreement	February 14, 2020 (today)
Effective date of the Absorption-type Company Split	April 1, 2020 (scheduled)

(Note) The Absorption-type Company Split qualifies as a simplified company split as described in Article 796, paragraph 2 of the Companies Act. Accordingly, it will be implemented without holding Idemitsu Kosan's shareholders meeting to approve the Absorption-type Company Split Agreement.

(2) Method of the Absorption-type Company Split

The method of the Absorption-type Company Split is a simplified absorption-type company split, in which Showa Shell will be the splitting company and Idemitsu Kosan will be the succeeding company.

(3) Allotment in relation to the Absorption-type Company Split

There will be no allotment of consideration for the Absorption-type Company Split.

(4) Treatment of stock acquisition rights and bonds with stock acquisition rights

Not applicable.

(5) Increase or decrease in capital due to the Absorption-type Company Split

There will be no change in the amount of capital due to the Absorption-type Company Split.

(6) Rights and obligations to be succeeded to by the succeeding company

Among assets, liabilities, and rights and obligations regarding the employment agreements between Showa Shell and all employees of Showa Shell, Idemitsu Kosan will succeed to those provided in the Absorption-type Company Split Agreement through the Absorption-type Company Split.

(7) Prospects for fulfillment of liabilities

Idemitsu Kosan believes that there will be no problem concerning the prospects of fulfillment of liabilities by Idemitsu Kosan on and after the effective date of the Absorption-type Company Split.

3. Overview of the Parties to the Absorption-type Company Split

	Succeeding company	Splitting company
1 Corporate name	Idemitsu Kosan Co., Ltd.	Showa Shell Sekiyu, K.K.
2 Principal office	3-1-1 Marunouchi, Chiyoda-ku, Tokyo	2-3-2 Daiba, Minato-ku, Tokyo
3 Name and title of representative	Shunichi Kito, President and Representative Director	Katsuaki Shindome, President and Representative Director
4 Description of business	Petroleum refining and manufacture and sale of oil products; Manufacture and sale of petrochemical products; Development, manufacture, and sale of electronic materials and	Oil business (mainly imports, exports, refining, storage, and sales of crude oil and petroleum products); Energy solutions business (solar, electric power), etc.

	agricultural chemicals; Undertakings for supplying electricity; Development, production, and sale of petroleum and coal resources, etc.		
5	Capital	168,351 million yen	34,197 million yen
6	Date of establishment	March 30, 1940	August 1, 1942
7	Total number of outstanding shares	301,925,518 shares	372,424,311 shares
8	Fiscal year-end	March 31	March 31
9	Major shareholders and their shareholding ratios	Nissho Kosan K.K. 8.98% Aramco Overseas Company B. V. 7.65% The Master Trust Bank of Japan, Ltd. (Trust account) 6.78% Japan Trustee Services Bank, Ltd. (Trust account) 4.85% Idemitsu Culture and Welfare Foundation 4.10% (as of September 30, 2019)	Idemitsu Kosan Co., Ltd. 100%
10	Business performance and financial conditions for the last fiscal year (FY 2018)		
		Idemitsu Kosan Co., Ltd.	Showa Shell Sekiyu, K.K.
	Net assets	878,931 million yen	283,419 million yen
	Total assets	2,890,307 million yen	1,040,644 million yen
	Net assets per share	4,267.21 yen	704.93 yen
	Net sales	4,425,144 million yen	3,082,871 million yen
	Operating income or loss	179,319 million yen	95,322 million yen
	Ordinary income or loss	169,121 million yen	101,053 million yen
	Net income or loss attributable to owners of the parent	81,450 million yen	39,142 million yen
	Current net income or loss per share	401.63 yen	104.43 yen

4. Overview of the Business to Be Split

Not applicable, since the Absorption-type Company Split does not consist of business succession.

5. Status after the Absorption-type Company Split

There will be no change to Idemitsu Kosan's corporate name, principal office, representative's name and title, business, capital, and fiscal year-end after the Absorption-type Company Split.

6. Future Outlook

The effect of the Absorption-type Company Split on the consolidated business performance is insignificant.

(Reference) Earning forecast for the current fiscal year (announced on November 14, 2019) and business performance for the previous fiscal year (consolidated)

	Net sales	Operating income or loss	Ordinary income or loss	Net income or loss attributable to owners of the parent
Earning forecast for the current fiscal year (FY 2019)	6,100,000 million yen	165,000 million yen	150,000 million yen	100,000 million yen
Business performance for the previous fiscal year (FY 2018)	4,425,144 million yen	179,319 million yen	169,121 million yen	81,450 million yen

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