



December 21, 2021

Press Release

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Representative Director & Chief Executive
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Announcement Regarding Company Split (Simplified Absorption-type Company Split) with SDS Biotech K.K.

Idemitsu Kosan Co., Ltd. (“Idemitsu Kosan”) hereby announces as follows, that (i) it has resolved, at its board of directors meeting held today, to execute an agreement regarding an absorption-type company split which will cause SDS Biotech K.K., which is a consolidated subsidiary of Idemitsu Kosan (“SDS Biotech”), to succeed to Idemitsu Kosan’s agri-bio business, to be effective on July 1, 2022 (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 here.

1. Purpose of the Absorption-type Company Split

The purpose of the Absorption-type Company Split is to further strengthen two companies’ business competitiveness and thereby improve their corporate value through establishing an organizational structure capable of prompt and accurate decision making, by causing SDS Biotech to succeed to Idemitsu Kosan’s agri-bio business and thereby implementing integrated operation of the agri-bio business.

2. Outline of the Absorption-type Company Split

(1) Schedule for the Absorption-type Company Split

Date of resolution by the board of directors of Idemitsu Kosan concerning approval of the execution of the Absorption-type	December 21, 2021 (today)
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Company Split Agreement	
Date of execution of the Absorption-type Company Split Agreement	December 21, 2021 (today)
Effective date of the Absorption-type Company Split	July 1, 2022 (scheduled)

(Note) The Absorption-type Company Split falls under a simplified absorption-type company split stipulated in Article 784, paragraph 2 of the Companies Act for Idemitsu Kosan, the splitting company, and a summary absorption-type company split stipulated in Article 796, paragraph 1 of the Companies Act for SDS Biotech, the succeeding company. Accordingly, it will be implemented without holding a shareholders meeting at either company to approve the Absorption-type Company Split Agreement.

(2) Method for the Absorption-type Company Split

The method for the Absorption-type Company Split is a simplified absorption-type company split, in which Idemitsu Kosan will be the splitting company and SDS Biotech 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

There is no applicable matter.

(5) Capital to increase or decrease 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 other rights and obligations which belong to Idemitsu Kosan's agri-bio business, SDS Biotech will succeed to those provided in the Absorption-type Company Split Agreement through the Absorption-type Company Split.

(7) Prospects of fulfillment of liabilities

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

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

	Splitting company	Succeeding company																						
1	Corporate name	Idemitsu Kosan Co., Ltd.																						
2	Principal office	2-1, Otemachi 1-chome, Chiyoda-ku, Tokyo																						
3	Name and title of representative	Shunichi Kito, Representative Director & Chief Executive Officer																						
4	Description of business	Refinement of oil and manufacture and sale of fat and oil; Manufacture and sale of petrochemical products; Development, manufacture, and sale of electronic materials and agricultural chemicals; Electricity supply business; Development, production, and sale of oil and coal resources; and other business																						
5	Capital	168,351 million yen																						
6	Date of establishment	March 30, 1940																						
7	Total number of outstanding shares	297,864,718 shares (as of September 30, 2021)																						
8	Fiscal year-end	March 31																						
9	Major shareholders and their shareholding ratios	<table border="0"> <tr> <td>Idemitsu Kosan Co., Ltd.</td> <td>100%</td> </tr> <tr> <td>The Master Trust Bank of Japan, Ltd. (Trust Account)</td> <td>12.13%</td> </tr> <tr> <td>Nissho Kosan K.K.</td> <td>9.11%</td> </tr> <tr> <td>Aramco Overseas Company B.V. (Anderson Mōri & Tomotsune as Standing Proxy)</td> <td>7.76%</td> </tr> <tr> <td>Idemitsu Museum of Arts Foundation</td> <td>6.85%</td> </tr> <tr> <td>Custody Bank of Japan, Ltd. (Trust Account)</td> <td>4.05%</td> </tr> <tr> <td>STATE STREET BANK WEST CLIENT-TREATY 505234 (Settlement and Clearing Services Department of Mizuho Bank, Ltd. as Standing Proxy)</td> <td>1.93%</td> </tr> <tr> <td>SSBTC CLIENT OMNIBUS ACCOUNT (Custody Business Department of The Hongkong and Shanghai Banking Corporation Limited, Tokyo Branch as Standing Proxy)</td> <td>1.86%</td> </tr> <tr> <td>MUFG Bank, Ltd.</td> <td>1.73%</td> </tr> <tr> <td>Sumitomo Mitsui Trust Bank, Limited</td> <td>1.73%</td> </tr> <tr> <td>Sumitomo Mitsui Banking Corporation</td> <td>1.73%</td> </tr> </table>	Idemitsu Kosan Co., Ltd.	100%	The Master Trust Bank of Japan, Ltd. (Trust Account)	12.13%	Nissho Kosan K.K.	9.11%	Aramco Overseas Company B.V. (Anderson Mōri & Tomotsune as Standing Proxy)	7.76%	Idemitsu Museum of Arts Foundation	6.85%	Custody Bank of Japan, Ltd. (Trust Account)	4.05%	STATE STREET BANK WEST CLIENT-TREATY 505234 (Settlement and Clearing Services Department of Mizuho Bank, Ltd. as Standing Proxy)	1.93%	SSBTC CLIENT OMNIBUS ACCOUNT (Custody Business Department of The Hongkong and Shanghai Banking Corporation Limited, Tokyo Branch as Standing Proxy)	1.86%	MUFG Bank, Ltd.	1.73%	Sumitomo Mitsui Trust Bank, Limited	1.73%	Sumitomo Mitsui Banking Corporation	1.73%
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10 Business results and financial conditions for the last fiscal year (FY ended March 2021)		
	Idemitsu Kosan (consolidated)	SDS Biotech (single)
Net assets	1,215,136 million yen	7,988 million yen
Total assets	3,954,443 million yen	15,219 million yen
Net assets per share	3,871.69 yen	1,020.15 yen
Net sales	4,556,620 million yen	11,999 million yen
Operating income	140,062 million yen	1,238 million yen
Ordinary income	108,372 million yen	1,848 million yen
Net income attributable to the parent company shareholders	34,920 million yen	1,371 million yen
Net income per share	117.47 yen	175.14 yen

4. Overview of the Business to Be Split

- (1) Overview of the business to be split

Agri-bio business

- (2) Operation performance of the business to be split (FY ended March 2021)

Revenue: 2,612 million yen

- (3) Items and book value of assets and liabilities subject to the Absorption-type Company Split (as of March 31, 2021)

Assets		Liabilities	
Current Assets	1,407 million yen	Current Liabilities	429 million yen
Fixed Assets	22 million yen	Fixed Liabilities	34 million yen
Total	1,429 million yen	Total	463 million yen

5. Status after the Absorption-type Company Split

At present, there is no planned change to Idemitsu Kosan's or SDS Biotech's corporate name, principal office, name and title of representative, description of business (excluding business subject to the Absorption-type Company Split), 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) Earnings forecast for the current fiscal year (announced on November 9, 2021) and actual results of the previous fiscal year (consolidated)

(Unit: million yen)

	Net sales	Operating income	Ordinary income	Net income attributable to the parent company shareholders
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Earnings forecast for the current fiscal year (FY ending March 2022)	6,580,000	300,000	330,000	220,000
Actual results of the previous fiscal year (FY ended March 2021)	4,556,620	140,062	108,372	34,920

End