



June 13, 2023

Press Release

Company Name: Idemitsu Kosan Co., Ltd.  
Representative Director & Chief Executive Officer:  
Shunichi Kito  
(Company Code: 5019, TSE Prime Market)  
Contact person: Daisuke Mogi, General Manager,  
Investor Relations Office, Finance & Accounting Department  
(TEL: +81-3-3213-9307)

## **Announcement on the Absorption-type Merger (Simple, Short Form Merger) with Cray Valley Idemitsu Corporation, a Wholly owned Subsidiary**

Idemitsu Kosan Co., Ltd. (“Idemitsu” or the “Company”) hereby announces that its board of directors today adopted a resolution for the acquisitive merger (the “Merger”) of its wholly owned subsidiary Cray Valley Idemitsu Corporation (“Cray Valley Idemitsu”), which will become effective October 1, 2023, as follows.

Note that some disclosures have been omitted as the Merger will take the form of a simple/short form merger targeting a wholly owned subsidiary.

### 1. Objectives of the Merger

Cray Valley Idemitsu was established in 1985 as a joint venture (formerly known as Arco Idemitsu Corporation) between Idemitsu and Cray Valley S.A. (“Cray Valley”). In May 2023, the Company acquired Cray Valley’s entire stake in Cray Valley Idemitsu to make Cray Valley Idemitsu a wholly owned subsidiary.

To date, Cray Valley Idemitsu has manufactured and sold water-resistant, cold-resistant liquid polymer with superior electrical properties to a wide variety of industries. In light of Idemitsu’s medium-term strategy for its functional chemicals business, the Company determined that merging Cray Valley Idemitsu into the Company will promote the business’s further growth and development, thereby contributing to the Company’s enterprise value creation.

### 2. Overview of the Merger

#### (1) Merger Schedule

Board Resolution at Idemitsu to Approve the Merger Agreement	June 13, 2023 (today)
Planned Merger Agreement Signing Date	July 3, 2023
Planned Effective Date of the Merger	October 1, 2023

(Note) This Merger is expected to be executed without the need for shareholder approval of the merger agreement at either company, as it qualifies as a simple merger pursuant to Article 796 Paragraph 2 of the Companies Act for Idemitsu as the surviving entity and as a short form merger pursuant to Article 784 Paragraph 1 of the Companies Act for Cray Valley Idemitsu as the merged entity.

#### (2) Merger Structure

The Merger will take the form of a simple/short form merger with Idemitsu as the surviving entity and Cray Valley Idemitsu as the merged entity.

(3) Allocations relating to the Merger  
No consideration will be allocated as a result of this Merger.

(4) Disposition of the merged entity's new share warrants and corporate bonds with new share warrants  
N/A

### 3. Overview of the Parties to the Merger

	Surviving Entity	Merged Entity
1. Company name	Idemitsu Kosan Co., Ltd.	Cray Valley Idemitsu Corporation
2. Location	1-2-1 Otemachi, Chiyoda-ku, Tokyo	1-2-1 Otemachi, Chiyoda-ku, Tokyo
3. Title and name of representative	Shunichi Kito, Representative Director & Chief Executive Officer	Yasuhiro Hirano, Representative Director & Chief Executive Officer
4. Business description	Oil refinery and manufacturing and sales of oils and fats Manufacturing and sales of petrochemical products Development, manufacturing, and sales of electronic materials and agriculture drugs Electric power supply business Development, manufacturing, and sales, etc. of petroleum and coal resources	Manufacturing and sales of liquid rubber
5. Paid-in capital	168,351 million yen	150 million yen
6. Established	March 30, 1940	February 1, 1985
7. Total shares outstanding	297,864,718 shares (As of March 31, 2023)	3,000 shares
8. Fiscal year end	March 31	March 31
9. Major shareholders and shareholding ratio	The Master Trust Bank of Japan, Ltd. (trustee account) 13.07% Nissho Kosan CO. Ltd 9.24% Aramco Overseas Company B.V. 7.88% Public Interest Incorporated Foundation Idemitsu Museum of Arts 6.95% Custody Bank of Japan, Ltd. (Trust account) 5.81% STATE STREET BANK WEST CLIENT TREATY 505234 1.75% Idemitsu Kosan Employee Stockholders	Idemitsu Kosan Co., Ltd. 100%

	Committee 1.72% Showa Kosan K.K 1.70% Sumitomo Mitsui Trust bank, Limited 1.40% MUFG Bank, Ltd. 1.40% (As of March 31, 2023)	(As of May 31, 2023)
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10. Financial position and operational performance in the most recent fiscal year (FY 3/2023)		
	Idemitsu Kosan (consolidated)	Cray Valley Idemitsu (standalone)
Net assets	1,629,308 million yen	1,009 million yen
Total assets	4,865,370 million yen	1,811 million yen
Net assets per share	5,510.24 yen	336,465.76 yen
Net sales	9,456,281 million yen	1,912 million yen
Operating income	282,442 million yen	123 million yen
Ordinary income	321,525 million yen	124 million yen
Net income attributable to owners of the parent	253,646 million yen	97 million yen
Net income per share	853.37 yen	32,592.29 yen

#### 4. Status after the Merger

The Company currently anticipates no changes to its name, location, title and name of representative, business description, paid-in capital, or fiscal year end as a result of this Merger.

#### 5. Future Outlook

The impact of this Merger on consolidated performance is negligible.

(Reference) Current Fiscal Year Forecasts (announced on May 9, 2023) and Previous Fiscal Year Results (Consolidated) (Units: JPY millions)

	Net sales	Operating income	Ordinary income	Net income attributable to owners of the parent
Current FY (FY 3/2024)	8,300,000	140,000	150,000	100,000
Previous FY (FY 3/2023)	9,456,281	282,442	321,525	253,646