



June 14, 2022

Press Release

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Announcement on the Acquisition of Shares in Seibu Oil Company Limited

Idemitsu Kosan Co., Ltd. (“Idemitsu” or the “Company”) hereby announces that its board passed a resolution on June 14, 2022, to acquire shares in Seibu Oil Company Limited (“Seibu Oil”) to make it a subsidiary, to terminate its product purchase agreement (product sales agreement) with Seibu Oil effective March 31, 2024, on the assumption that the termination of refinery operations at Seibu Oil’s Yamaguchi Refinery in March 2024.

1. Overview and purpose for the acquisition, etc

Pursuant to Idemitsu’s corporate vision for 2030, “Your Reliable Partner for Brighter Future,” the Company is engaging in technological innovation and business restructuring aimed at achieving a carbon neutral society while simultaneously fulfilling its social mission of providing stable energy supply.

Domestic petroleum product demand is expected to decrease further due to structural issues such as the aging and decreasing population, the impact of the COVID-19 pandemic, and global trends towards decarbonization. In light of this evolving operating environment, the Company determined that a revamping of the Idemitsu group’s manufacturing and supply framework is inevitable and that making Seibu Oil a subsidiary of the Company, terminating the product purchase agreement, and terminating refinery operations at Yamaguchi Refinery is the best course of action for Idemitsu.

Until the termination of refinery operations, the Company will continue to contribute to stabilizing regional energy supply and to ensure that Seibu Oil operates safely. New business development using the former site of the Yamaguchi Refinery will be considered after termination of refinery operations, while also continuing the oil tank, storage, and solar power generation businesses. The Company will cooperate with Seibu Oil in such operations and in measures towards the termination of refinery operations at Yamaguchi Refinery. Employment contracts with Seibu Oil employees will remain in place, and the Company expect that they are provided with opportunities to work actively in various capacities within the Company or Idemitsu group refinery and complex.

2. Outline of subsidiary to be transferred (Seibu Oil Company Limited)

(1)	Company name	Seibu Oil Company Limited		
(2)	Location	7 Kandamitoshiro-cho, Chiyoda-ku, Tokyo		
(3)	Representative	Representative director and president: Satoshi Handa		
(4)	Business description	Manufacturing, sales, etc. of petroleum products		
(5)	Paid-in capital	JPY 8 billion		
(6)	Established	June 25, 1962		
(7)	Major shareholders and shareholding ratio (as of March 31, 2022)	Idemitsu Kosan Co., Ltd. (38.00%) UBE Corporation (11.00%) The Chugoku Electric Power Co., Ltd. (10.79%) Mitsui O.S.K. Lines (5.00%) Mizuho Bank, Ltd. (5.00%)		
(8)	Relationship between the listed company and the target	Capital	The Company owns 38% of the target's shares	
		Personnel	1 executive director of the Company is also a director of the target	
		Business	The Company purchases petroleum products produced by the target	
(9)	Consolidated operating results and financial position of the target over the last 3 years			
	Fiscal year ended	March 2019	March 2020	March 2021
	Consolidated net assets (JPY millions)	32,691	32,280	28,820
	Consolidated total assets (JPY millions)	167,016	157,973	171,126
	Consolidated net assets per share (JPY)	10,439	9,873	10,695
	Consolidated net sales (JPY millions)	498,350	464,447	273,465
	Consolidated operating income (JPY millions)	4,765	1,288	(3,168)
	Consolidated ordinary income (JPY millions)	4,950	1,471	(4,421)
	Net income attributable to owners of the parent (JPY millions)	3,518	1,072	(2,971)
	Consolidated net income per share (JPY)	220	67	(186)
	Dividends per share (JPY)	70	60	30

3. Overview of Seibu Oil Yamaguchi Refinery

Location: 5 Nishioki, Sanyoonoda-shi, Yamaguchi Pref.
 Refinery capacity: Crude distillation unit : 120,000 BD
 Assets owned: crude oil refinery equipment, crude oil/product tanks, various shipping equipment
 Employees: 453 (as of April 1, 2022)

4. Overview of the product purchase agreement

Covered products: fuel oils (gasoline, kerosine, jet fuel, diesel oil, A type heavy oil, C type heavy oil, LPG), chemical products (xylene, benzene, etc.)
 Purchase volume: about 5 million KL/year

5. Overview of Counterparties for Stock Acquisitions

(1)	Company name	UBE Corporation	
(2)	Location	1978-96 Kogushi, Ube-shi, Yamaguchi Pref.	
(3)	Representative	President & Representative Director: Masato Izumihara	
(4)	Business description	Manufacturing, sales, etc. of chemical products, construction materials, and machinery	
(5)	Paid-in capital	58,435 million yen	
(6)	Established	March 10, 1942	
(7)	Net assets	394,035 million yen	
(8)	Total assets	837,954 million yen	
(9)	Major shareholders and shareholding ratio (as of September 30, 2021)	The Master Trust Bank of Japan, Ltd. (trust account) (16.53%) Custody Bank of Japan, Ltd. (trust account) (5.66%) Sumitomo Life Insurance Company (2.05%) Custody Bank of Japan, Ltd. (trust account 7) (1.64%) Nippon Life Insurance Company (1.64%)	
(10)	Relationship between the listed company and the target	Capital	None
		Personnel	None
		Business	None
		Related party status	Not applicable

(1)	Company name	The Chugoku Electric Power Co., Ltd.
(2)	Location	4-33 Komachi, Naka-ku, Hiroshima-shi, Hiroshima Pref.
(3)	Representative	President and Director: Mareshige Shimizu
(4)	Business description	Power business, etc.
(5)	Paid-in capital	197,024 million yen
(6)	Established	May 1, 1951
(7)	Net assets	608,445 million yen

(8)	Total assets	3,566,947 million yen	
(9)	Major shareholders and shareholding ratio (as of September 30, 2021)	The Master Trust Bank of Japan, Ltd. (trust account) (12.07%) Yamaguchi Prefecture (9.43%) Nippon Life Insurance Company (4.11%) Custody Bank of Japan, Ltd. (trust account) (4.04%) Chugoku Electric Power employee stock ownership association (1.95%)	
(10)	Relationship between the listed company and the target	Capital	None
		Personnel	None
		Business	None
		Related party status	Not applicable

(1)	Company name	Mitsui O.S.K. Lines	
(2)	Location	2-1-1 Toranomom, Minato-mu, Tokyo	
(3)	Representative	President and CEO: Takeshi Hashimoto	
(4)	Business description	Shipping, etc.	
(5)	Paid-in capital	65,400 million yen	
(6)	Established	December 28, 1942	
(7)	Net assets	1,334,866 million yen	
(8)	Total assets	2,686,701 million yen	
(9)	Major shareholders and shareholding ratio (as of September 30, 2021)	The Master Trust Bank of Japan, Ltd. (trust account) (14.93%) Custody Bank of Japan, Ltd. (trust account) (7.74%) Sumitomo Mitsu Banking Corporation (2.50%) Mitsui Sumitomo Insurance Co., Ltd. (2.35%) MSIP CLIENT SECURITIES (1.61%)	
(10)	Relationship between the listed company and the target	Capital	None
		Personnel	None
		Business	None
		Related party status	Not applicable

(1)	Company name	Tokio Marine & Nichido Fire Insurance Co, Ltd.	
(2)	Location	2-6-4 Otemachi, Chiyoda-ku, Tokyo	
(3)	Representative	President & Chief Executive Officer: Shinichi Hirose	
(4)	Business description	Property and casualty insurance, etc.	
(5)	Paid-in capital	101,995 million yen	
(6)	Established	March 20, 1944	
(7)	Net assets	2,936,346 million yen	
(8)	Total assets	9,562,449 million yen	

(9)	Major shareholders and shareholding ratio	Tokio Marine Holdings (100%)	
(10)	Relationship between the listed company and the target	Capital	None
		Personnel	None
		Business	None
		Related party status	Not applicable

(1)	Company name	Kajima Corporation	
(2)	Location	1-3-1 Motoakasaka, Minato-ku, Tokyo	
(3)	Representative	President & Representative Director: Hiromasa Amano	
(4)	Business description	Construction, etc.	
(5)	Paid-in capital	81,447 million yen	
(6)	Established	February 22, 1930	
(7)	Net assets	953,566 million yen	
(8)	Total assets	2,337,741 million yen	
(9)	Major shareholders and shareholding ratio (as of September 30, 2021)	The Master Trust Bank of Japan, Ltd. (trust account) (14.45%) Custody Bank of Japan, Ltd. (trust account) (5.53%) Kimiko Kajima (3.17%) Custody Bank of Japan, Ltd. (trust account 7) (1.82%) Kajima employee stock ownership association (1.81%)	
(10)	Relationship between the listed company and the target	Capital	None
		Personnel	None
		Business	None
		Related party status	Not applicable

6. Number of shares acquired, acquisition price, and shares held before and after the transaction

(1)	Shares held before transfer	6,080,000 shares (number of voting rights: 6,080,000) (share of voting rights held: 38%)
(2)	Number of shares acquired	4,625,561 shares (number of voting rights: 4,625,561)
(3)	Acquisition price	Undisclosed (to protect confidentiality)
(4)	Shares held after transfer	10,705,561 shares (number of voting rights: 10,705,561) (share of voting rights held: 66.9%)

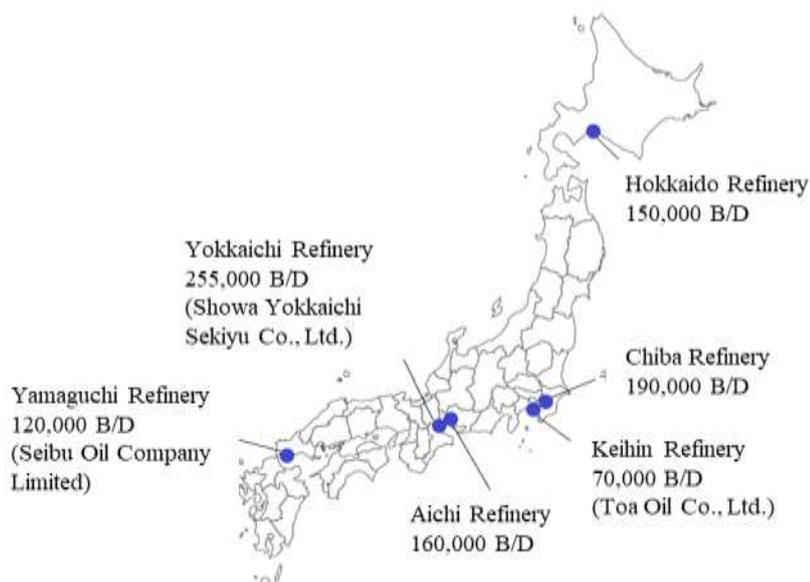
7. Schedule

(1)	Board resolution date	June 14, 2022
(2)	Stock transfer agreement signing date	June 14, 2022
(3)	Stock transfer execution date	Planned for June 14, 2022
(4)	Termination of product purchase agreement	Planned for March 31, 2024
(5)	Termination of refinery operations	End of March 2024 (approximate timing)

8. Future outlook

The Company will aim to make Seibu Oil a wholly-owned subsidiary by negotiating with shareholder other than the counterparties listed under “5.” above. The impact of this transaction on the Company’s performance is expected to be currently insignificant. Any future events worthy of disclosure will be announced in a timely manner.

9. The Idemitsu Group’s refineries and offices



(Reference) Consolidated forecasts for the current fiscal year (announced on May 10, 2022) and consolidated results for the previous fiscal year

	Consolidated net sales (JPY millions)	Consolidated operating income (JPY millions)	Consolidated ordinary income (JPY millions)	Net income attributable to owners of the parent (JPY millions)
Previous Fiscal Year Consolidated Performance (FY 3/2022)	6,686,761	434,453	459,275	279,498
Current Fiscal Year Consolidated Forecasts (FY 3/2023)	8,600,000	190,000	210,000	165,000