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September 30, 2021

Information Services International-Dentsu, Ltd.
Ryoichi Nawa, President, CEO & COO
(Stock Code 4812, TSE First Section)
Contact for Inquiries: Naoto Momiki, Corporate Planning Office
(TEL: 03-6713-6160)

Notice Concerning Absorption-type Merger of Consolidated Subsidiary (Simplified Merger and Short-form Merger)

Information Services International-Dentsu, Ltd. (ISID) today convened a meeting of its Board of Directors and decided to implement an absorption-type merger (the “Merger”) of its consolidated subsidiary, ISID Engineering, Ltd. (iENG), with an effective date of January 1, 2022.

As the Merger is a simplified absorption-type merger with a wholly-owned subsidiary, some disclosure items and details are omitted.

1. Purpose of the Merger

iENG was established in 2014 as a consolidated subsidiary of ISID, with the aim of providing engineering services based on cutting-edge methodologies for manufacturing in the manufacturing industry. Since then, as one of the subsidiaries comprising Manufacturing Solutions segment of ISID Group, iENG has demonstrated its strengths in consulting services for model-based development, particularly in the early stages of design, and in supporting the utilization of various IT tools.

In recent years, Manufacturing innovation needs in the manufacturing industry have been increasing, particularly in the automobile industry, which is undergoing a period of major transformation, such as electrification and automated driving. In order to develop competitive services more quickly in response to the increasingly diverse and complex needs, ISID decided to merge with iENG to optimize management resources and integrate business operations.

2. Outline of the Merger

(1) Schedule of the Merger

Resolution date of the Board of Directors	September 30, 2021
Execution date of the merger agreement	September 30, 2021
Effective date of the Merger	January 1, 2022 (planned)

(NOTE) As the Merger falls under a simplified absorption-type merger as prescribed in Article 796, Paragraph 2 of the Companies Act for ISID, and a short-form merger as prescribed in Article 784, Paragraph 1 of the Companies Act for iENG, the Merger agreement will be approved without convening General Meeting of Shareholders of either companies.

(2) Method of the Merger

The Merger is an absorption-type merger with ISID as the surviving company and iENG as the company being dissolved.

As iENG’s liabilities exceed its assets, prior to the merger ISID intends to resolve this net deficiency by forgiving iENG’s debts towards ISID, conducting the merger thereafter.

(3) Details of allotment related to the Merger

As iENG is a wholly-owned subsidiary of ISID, no shares or money will be allotted as a result of the Merger.

(4) Handling of stock acquisition rights and bonds with stock acquisition rights upon the Merger

No applicable items.

3. Overview of the companies involved in the Merger

	Surviving company	Company being absorbed	
(1) Name	Information Services International-Dentsu, Ltd.	ISID Engineering, Ltd.	
(2) Head office location	2-17-1, Konan, Minato-ku, Tokyo	2-17-1, Konan, Minato-ku, Tokyo	
(3) Title and name of representative	Ryoichi Nawa, President, CEO & COO	Masatoshi Takeda, CEO	
(4) Business description	Information services	Engineering services	
(5) Capital	8,180.5 million yen	150 million yen	
(6) Established	December 11, 1975	May 29, 2014	
(7) Number of shares issued	65,182,480 shares	6,000 shares	
(8) Fiscal year end	December 31	December 31	
(9) Major shareholders and shareholding ratios	Dentsu Group Inc. 61.8%	Information Services International-Dentsu, Ltd. 100%	
(10) Financial position and results of operations for the latest fiscal year			
	Fiscal year end	Year ended December 31, 2020 (Consolidated)	Year ended December 31, 2020 (Non-consolidated)
	Net assets	59,587 million yen	(205) million yen
	Total assets	97,147 million yen	44 million yen
	Net assets per share	914.08 yen	(34,284.69) yen
	Net sales	108,679 million yen	148 million yen
	Operating profit (loss)	12,189 million yen	(148) million yen
	Ordinary profit (loss)	11,502 million yen	(148) million yen
	Profit (loss) attributable to owners of parent	7,362 million yen	(148) million yen
	EPS	112.99 yen	(24,768.12) yen

(Note) (9) Major shareholders and shareholding ratios are as of June 30, 2021.

4. Status after the Merger

There will be no changes in company name, head office location, title and name of representative, business description, capital, or fiscal year end of ISID.

5. Outlook

As the Merger involves the absorption of a wholly-owned subsidiary, its impact on ISID's consolidated operating performance will be minor.

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