



February 3, 2023

(Translated from the Japanese original)

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Stock Listing:	Prime Market, Tokyo Stock Exchange
Stock Code:	3626
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Notice regarding Booking of Gain on Sales of Investment Securities (Extraordinary Income) and Revision of Consolidated Performance Forecast for Full-Year

The Board of Directors at TIS Inc. (hereafter, “the Company” and “TIS”) resolved on this date that the Company will sell holdings of investment securities. Consequently, the Company will book extraordinary income in the fourth quarter of fiscal 2023, ending March 31, 2023. Details are provided below.

TIS also takes this opportunity to provide notice of a revision to the consolidated performance forecast for the full-year, from April 1, 2022 to March 31, 2023, that was announced on November 2, 2022, when results for the first two quarters of fiscal 2023 were disclosed. Note that the associated dividend forecast has not changed.

Details

1. Booking of gain on sales of investment securities (extraordinary income)

(1) Reason for sale of investment securities

TIS will sell investment securities as part of the Company’s effort to enhance the efficiency of assets and improve financial status.

TIS is working to reduce its ratio of cross-shareholdings to consolidated net assets on the balance sheet to the 10% level, and this sale will expedite the process.

(2) Details on sale of investment securities

- i. Investment securities to be sold
Marketable securities of two listed companies held by TIS
- ii. Total sales amount (expected)
¥14.8 billion
- iii. Gain on sale of investment securities (expected)
¥12.8 billion
- iv. Date of sale (scheduled)
February 3, 2023
- v. Method of sale
Off-floor trading

2. Revisions to Consolidated Performance Forecast for Full-Year

(1) Revisions to consolidated performance forecast for fiscal 2023

(From April 1, 2022, to March 31, 2023)

(Millions of yen)

	Net sales	Operating income	Recurring profit	Net income attributable to owners of the parent company	Net income per share (Yen)
Previous forecast (A)	505,000	59,000	60,500	39,800	163.25
Revised forecast (B)	505,000	59,000	60,500	52,000	213.50
Change (B – A)	—	—	—	12,200	
Change (%)	—	—	—	30.7%	
(Reference) Actual results for previous fiscal year, ended March 31, 2022	482,547	54,739	55,710	39,462	157.69

(2) Reason for revisions

Management is revising the forecast for net income attributable to owners of the parent company, given the impact of ¥4.3 billion in extraordinary income (gain on sales of investment securities) booked already in the third quarter as well as ¥2.4 billion in extraordinary income (gain on sales of shares of subsidiaries), to be booked in the fourth quarter of fiscal 2023, following the transfer of shares in a consolidated subsidiary of MFEC Public Company Limited, an overseas subsidiary of TIS, as part of efforts to accelerate business restructuring at that parent company, in addition to the booking extraordinary income of ¥12.8 billion in the fourth quarter of fiscal 2023, as described in **1. Booking of gain on sales of investment securities (extraordinary income)** above.

Currently, management does not envision changes to net sales, operating income or recurring profit since these metrics are moving generally in line with estimates announced on November 2, 2022. If further revisions are deemed necessary, management will immediately provide an update.

(Reference)

Thoughts on return to shareholders and dividend policy

TIS recognizes that return to shareholders is a priority management issue. The Company's basic policy is to keep internal reserves at a level sufficient to ensure business growth from a medium- to long-term perspective, while continuing to pay a stable dividend in consideration of consolidated financial results.

Guided by this policy, TIS seeks to boost the total return ratio yardstick to 45%, from 40%, and constantly enrich dividends per share, underpinned by a good balance in its approaches to promote growth investments, ensure a sound financial position and strengthen return to shareholders during Medium-Term Management Plan (2021-2023). Note that the Company is keen to implement return to shareholders based on income obtained through operating activities unaffected by temporary profits and losses (after deducting corporate taxes and non-controlling interests) to continuously enrich distribution of income to shareholders matched to business growth.

As described above, today, management has raised the forecast for net income attributable to owners of the parent company. But this change reflects one-time income, that is, gain on sales of

investment securities and gain on sales of shares of subsidiaries. Income obtained from operating activities unaffected by temporary profits and losses is generally in line with the estimate announced on November 2, 2022. Management anticipates a total return ratio of 44.5%, based on the equivalent of about ¥5.5 billion in treasury stock bought back, using targets for net income attributable to owners of the parent company and the dividend forecast and return to shareholders at the present time, so no change has been made to the annual dividend forecast of ¥47 per share for fiscal 2023 (of which, the year-end dividend will be ¥32 per share).

Note: All statements described in these materials are based on information available to management regarding the Company as of today and certain assumptions deemed reasonable at this time. No intent is implied of promise by the Company to achieve such forward-looking statements. Indeed, various factors may cause future results to be substantially different from the assumptions presented in these materials.

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