



March 1, 2023

(Translated from the Japanese original)

Company Name: TIS Inc.
 Representative: Yasushi Okamoto, President and Representative Director
 Stock Listing: Prime Market, Tokyo Stock Exchange
 Stock Code: 3626
 Contact: Takahiro Kimura, Department Manager of Corporate Management Dept.
 Phone: +81-3-5337-4569 (in Japan, 03-5337-4569)

Notice regarding Change in Consolidated Subsidiary (Specified Subsidiary) (Share Transfer)

The Board of Directors at TIS Inc. (hereafter, “the Company” and “TIS”) resolved on this date that the Company will transfer all shares it holds in Sequent Software Inc. (hereafter, “Sequent”), a consolidated subsidiary. Details are provided below.

Note that paralleling this share transfer, TIS will remove Sequent from its scope of consolidation.

Details

1. Reason for share transfer

In January 2020, TIS introduced Sequent’s tokenization technology into the TIS INTEC Group and, seeking to expand its digital wallet services, turned the company into consolidated subsidiary. This allowed the TIS INTEC Group to strengthen its mobile wallet services. In Japan, the Group secured a certain share of the market with mobile wallet services utilizing tokenization, while overseas, the goal was to establish a presence, hinging on Sequent, in markets outside Japan. Unfortunately, this business is still not in a position of revenue expansion.

Under these circumstances, a Sequent minority shareholder recently proposed a new direction for the company, reorienting business activities away from payment services. After considering this proposal, the Board of Directors at TIS came to the conclusion that the best option for the Company was to acquire Sequent-held intellectual assets and software related to payment services and then transfer all Sequent shares held by the Company to Chardon Holdings Limited.

2. Overview of subsidiary changing status (Sequent Software Inc.)

(1) Name	Sequent Software Inc.	
(2) Address	20660 Stevens Creek Blvd #363 Cupertino, CA 95014	
(3) Name and title of representative	Joan Ziegler, CEO	
(4) Business activities	Develops software and services for mobile payment settlement	
(5) Paid-in capital	US\$69,109 thousand	
(6) Date of establishment	April 16, 2010	
(7) Major shareholders and shareholding ratios	TIS Inc.	60.0%
	Chardon Holdings Limited	31.0%
	FRV I GP	5.2%
(8) Relationships with TIS	Capital relationship	TIS holds a 60.0% equity stake in Sequent, making the company a consolidated subsidiary.
	Personnel relationship	There is a personnel relationship, including secondment of a TIS director.

		The plan is for this director to withdraw from the position after the share transfer.	
	Business relationship	TIS purchases technology from Sequent for its tokenization-related business. In addition, TIS has provided a capital loan to Sequent. Technology supplied by Sequent will, paralleling the share transfer, be acquired by TIS, and the capital loan will be liquidated.	
(9) Performance and financial position for the past three years			
Fiscal year	Fiscal year ended December 31, 2020	Fiscal year ended December 31, 2021	Fiscal year ended December 31, 2022 (Note)
Net assets (thousands of US dollars)	(2,154)	(6,915)	(7,399)
Total assets (thousands of US dollars)	3,042	1,367	1,158
Net assets per share (US dollars)	(0.01)	(0.02)	(0.03)
Net sales (thousands of US dollars)	475	500	358
Operating income/(loss) (thousands of US dollars)	(5,467)	(4,629)	(5,193)
Recurring profit/(loss) (thousands of US dollars)	(5,529)	(4,782)	(5,506)
Net income/(loss) (thousands of US dollars)	(5,530)	(4,786)	(5,506)
Net income/(loss) per share (US dollars)	(0.02)	(0.02)	(0.02)
Dividend per share (US dollars)	—	—	—

Note: The above amounts are unaudited.

3. Overview of counterparty to share transfer

(1) Name	Chardon Holdings Limited	
(2) Address	Tortola, British Virgin Islands	
(3) Name and title of representative	Geoff Rosenhain, General Manager	
(4) Business activities	Fund business	
(5) Paid-in capital	Omitted due to request for nondisclosure.	
(6) Date of establishment	June 30, 2011	
(7) Net assets	Omitted due to request for nondisclosure.	
(8) Total assets	Omitted due to request for nondisclosure.	
(9) Major shareholders and shareholding ratios	Omitted due to request for nondisclosure.	
(10) Relationships with TIS	Capital relationship	Not applicable.
	Personnel relationship	Not applicable.
	Business relationship	Not applicable.
	Related party status	Not applicable.

4. Number of shares transferred, transfer price and shareholding status before and after transfer

(1) Shareholding prior to transfer	178,144,670 shares (Number of voting rights: 178,144,670) (Percentage of voting rights: 60.0%)
(2) Number of shares for transfer	178,144,670 shares (Number of voting rights: 178,144,670)

(3) Transfer price	US\$0 thousand
(4) Shareholding after transfer	- shares (Number of voting rights: -) (Percentage of voting rights: -%)

5. Schedule

TIS Board of Directors' decision	March 1, 2023
Share transfer agreement signed (planned)	Late-March 2023
Transfer of shares (planned)	Late-March 2023

6. Outlook

The impact on consolidated business results for fiscal 2023, ending March 31, 2023, caused by this transfer of shares is deemed to be minor, given that Sequent's financial status and other circumstances have already been factored into TIS' consolidated business results. However, if issues arise that should be disclosed, management will immediately provide information.

(Reference) Fiscal 2023 forecast (announced February 3, 2023) and fiscal 2022 actual results

	Net sales	Operating income	Recurring profit	Net income attributable to owners of the parent company
	Million	Million	Million	Million
Current fiscal year, ending March 31, 2023 (consolidated, forecast)	¥505,000	¥59,000	¥60,500	¥52,000
Previous fiscal year, ended March 31, 2022 (consolidated, actual)	¥482,547	¥54,739	¥55,710	¥39,462

END