



January 21, 2020

(Translated from the Japanese original)

Company Name: TIS Inc.
Representative: Toru Kuwano, Chairman, President and Representative Director
Stock Listing: First Section of the Tokyo Stock Exchange
Stock Code: 3626
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Notice regarding Transfer of EDI Business to Wholly Owned Subsidiary through Corporate Divestiture (Simple and Summary Form Divestiture)

The Board of Directors at TIS Inc. (hereafter, “the Company”) resolved on this date that the Company would transfer its Electronic Data Interchange (hereafter, “EDI”) to INTEC Inc. (hereafter, “INTEC”), a wholly owned subsidiary, by way of corporate divestiture to INTEC (hereafter, “the Divestiture”)—that is, to be absorbed by INTEC—effective April 1, 2020. Details are provided below.

Please note that some details of disclosure have been omitted from this press release because a simple divestiture and summary form of an absorption-type company split of operations to a wholly owned subsidiary does not require such information.

Details

1. Purpose of the Divestiture

TIS is gradually making progress on the establishment of a redefined Group structure that will lead to overall optimization of Group capabilities and business portfolio. As part of this process, TIS seeks to concentrate its EDI business under INTEC and thereby sharpen the competitive edge of the business. In line with this strategy, TIS will transfer its EDI business to INTEC where the business will not only grow but also raise the overall value of the TIS INTEC Group.

2. Overview of the Divestiture

(1) Schedule

January 21, 2020	Board of Directors’ meeting approving the Divestiture
January 21, 2020	Conclude agreement for the Divestiture
April 1, 2020	Date of the Divestiture (planned effective date)

Note: The Divestiture will not require approval at a general meeting of shareholders, neither for TIS nor for INTEC, because for the Company, the Divestiture satisfies the conditions described for a simplified corporate divestiture under Article 784, Paragraph 2 of the Company Law, and for INTEC, it satisfies the conditions described for a summary form company split under Article 796, Paragraph 1 of the same law.

(2) Method

The Divestiture will be based on an absorption-type company split, wherein the divesting company is the Company and the succeeding company is INTEC.

(3) Share Allocation Associated with Divestiture

No shares of stock will be allocated to TIS from INTEC because INTEC is a wholly owned subsidiary of the Company.

(4) Treatment of Stock Acquisition Rights and Bonds with Stock Acquisition Rights in the Divesting Company

The Company has not issued any stock acquisition rights or bonds with stock acquisition rights.

(5) Capitalization Decrease through the Divestiture

No capitalization decrease will occur through the Divestiture.

(6) Rights and Obligations Assumed by the Divesting Company

Upon the effective date of the Divestiture, INTEC will assume the assets and associated rights and obligations that the Company holds related to the EDI business. But no rights or obligations will arise based on employment agreements required for the transfer of operations and associated agreements.

(7) Expectations for Fulfillment of Financial Obligations

Management at the Company, the divesting company, and at INTEC, the succeeding company, anticipate no problems in regard to fulfillment of financial obligations that come due after the effective date.

3. Summary of Companies Involved in the Divestiture (As of September 30, 2019)

(1) Name	TIS Inc. (divesting company)	INTEC Inc. (succeeding company)
(2) Head office	17-1, Nishi-Shinjuku 8-chome, Shinjuku-ku, Tokyo	5-5, Ushijima-Shinmachi, Toyama
(3) Representative	Toru Kuwano, Chairman and President	Takayuki Kitaoka, President
(4) Business activities	Outsourcing services, cloud services, software development and solutions related to investments in information technology. Management of Group companies and related business.	Software development, system integration, network services, outsourcing services and IT consulting
(5) Paid-in capital	¥10,001 million	¥20,830 million
(6) Date of establishment	April 1, 2008	January 11, 1964
(7) Number of shares issued	87,789 thousand shares	48,808 thousand shares

(8) Fiscal period	March 31	March 31
(9) Major shareholders and shareholding ratios	Japan Trustee Services Bank, Ltd. 13.15% The Master Trust Bank of Japan, Ltd. 8.24% ICHIGO TRUST PTE. LTD. 7.56% Employees' Shareholding Association of TIS INTEC Group 2.61% Nippon Life Insurance Company 2.46%	TIS Inc. 100%
(10) Financial Status and Business Results for Most Recent Fiscal Year (March 2019)		
Net assets	¥234,408 million (Consolidated)	¥73,527 million (Nonconsolidated)
Total assets	¥370,657 million (Consolidated)	¥121,554 million (Nonconsolidated)
Net assets per share	¥2,719.79 (Consolidated)	¥1,506.44 (Nonconsolidated)
Net sales	¥420,769 million (Consolidated)	¥115,198 million (Nonconsolidated)
Operating income	¥38,043 million (Consolidated)	¥8,088 million (Nonconsolidated)
Recurring profit	¥38,603 million (Consolidated)	¥8,630 million (Nonconsolidated)
Net income attributable to owners of the parent company	¥26,034 million (Consolidated)	¥5,202 million (Nonconsolidated)
Net income per share	¥307.83 (Consolidated)	¥106.58 (Nonconsolidated)

4. Overview of Business Division to be Divested

(1) Business Activities of Subject Division

EDI business

(2) Business Performance of Subject Division (Fiscal year ended March 31, 2019)

Net sales ¥1,091 million

Gross profit 262 million

(3) Assets and Liabilities to be Divested (As of September 30, 2019)

Assets		Liabilities	
Items	Book Value	Items	Book Value
Current assets (accounts receivable: completion standard)	¥53 million	Other current liabilities	¥8 million
Fixed assets	¥158 million	—	—
Total	¥211 million	Total	¥8 million

5. Company Status Following the Divestiture

The Divestiture will not result in any changes to the corporate name, business description, head office address, name and position of representatives, capitalization or fiscal period of the Company or INTEC.

6. Outlook

The Divestiture will have only a minor impact on the Company's consolidated business

results because INTEC is a wholly owned subsidiary of the Company.

(Reference)

Forecast for Fiscal 2020 (announced November 1, 2019), and Fiscal 2019 Results on Consolidated Basis

	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, 2020 (forecast)	¥436,000	¥42,000	¥43,000	¥28,000
Previous Fiscal Year, ended March 31, 2019 (actual)	¥420,769	¥38,043	¥38,603	¥26,034

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