



November 10, 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 Partial Transfer of Business for Central Government Agencies and Local Government to Wholly Owned Subsidiary Through Corporate Split (Simplified Absorption-Style Corporate Split)

TIS Inc. (hereafter, “TIS” and “the Company”) hereby announces that the Board of Directors resolved on this date the Company would execute a partial transfer of business activities extended to central government agencies and local government to INTEC Inc. (hereafter, “INTEC”), a wholly owned subsidiary, through an absorption-style corporate split (hereafter, “the Corporate Split”), effective April 1, 2021. Details are provided below.

Please note that some of the details of disclosure have been omitted from this press release because a simple absorption-style corporate split where a wholly owned subsidiary assumes the divested operations does not require such information.

Details

1. Purpose

TIS is gradually pushing forward on the establishment of a redefined Group structure that will lead to greater optimization of Group capabilities and management of the business portfolio. As part of this journey, the Board of Directors decided to centralize some of the business activities that TIS offers to central government agencies and local governments under INTEC Inc. The objective is to reinforce brand image in this area of operations from a groupwide perspective and hone a sharper competitive edge, which will translate into higher value as a corporate group.

2. Overview

(1) Schedule

November 10, 2020	Board of Directors’ meeting approving absorption-style corporate split
November 10, 2020	Conclude agreement for absorption-style corporate split
April 1, 2021	Date of split (planned effective date)

Note: The Corporate Split satisfies conditions described for a simplified divestiture under Article 784, Paragraph 2 of the Companies Act, so TIS will not need to obtain approval for this decision at a general meeting of its shareholders. For INTEC, the Corporate Split satisfies conditions described in Article 796, Paragraph 1 of the same act, so the company will not need to obtain approval for this decision at a general meeting its own shareholders.

- (2) Method
The method will be an absorption-style corporate split, wherein TIS is the divesting company and INTEC is the succeeding company.
- (3) Share allocation associated with split
The Corporate Split is between TIS and its wholly owned subsidiary, so no shares will be granted to TIS by INTEC through the Corporate Split.
- (4) Treatment of stock acquisition rights and bonds with stock acquisition rights
TIS has not issued any stock acquisition rights or bonds with stock acquisition rights.
- (5) Capitalization decrease through split
No capitalization decrease will occur through the Corporate Split.
- (6) Rights and obligations assumed by succeeding company
Upon the effective date of the Corporate Split, INTEC will assume the assets and associated rights and obligations that TIS holds in the business activities related to central government agencies and local governments covered under the Corporate Split. Note that there are no employment contracts to be assumed or rights or obligations arising from such contracts.
- (7) Expectations for fulfillment of financial obligations
Management at TIS, 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 Relevant Companies

(As of September 30, 2020)

(1) Name	TIS Inc. (divesting company)	INTEC Inc. (succeeding company)
(2) Head office	17-1, Nishi-Shinjuku 8-chome, Shinjuku-ku, Tokyo	Ushijimashin-machi 5-5, Toyama, Toyama Prefecture
(3) Representative	Toru Kuwano, President	Takayuki Kitaoka, President
(4) Business	Outsourcing, operation and cloud services, software development and solution services related to investments in information technology. Management of Group companies and related business.	Software, system integration, network, outsourcing and IT consulting
(5) Paid-in capital	¥10,001 million	¥20,830 million
(6) Established	April 1, 2008	January 11, 1964
(7) Number of shares issued	263,367 thousand shares	48,808 thousand shares
(8) Fiscal period	March 31	March 31
(9) Major shareholders and shareholding ratio	Custody Bank of Japan, Ltd. 11.34% ICHIGO TRUST PTE. LTD. 9.11% The Master Trust Bank of Japan, Ltd. 8.69% Employees' Shareholding Association of TIS INTEC Group 2.64% Nippon Life Insurance Company 2.48%	TIS Inc. 100%
(10) Financial Status and Business Results for Most Recent Fiscal Year (March 2020)		
Net assets	¥247,957 million (Consolidated)	¥77,625 million (Nonconsolidated)
Total assets	¥382,899 million (Consolidated)	¥123,215 million (Nonconsolidated)
Net assets per share	¥2,890.27 (Consolidated)	¥1,590.41 (Nonconsolidated)
Net sales	¥443,717 million (Consolidated)	¥116,360 million (Nonconsolidated)

Operating income	¥44,839 million (Consolidated)	¥10,054 million (Nonconsolidated)
Recurring profit	¥46,070 million (Consolidated)	¥10,559 million (Nonconsolidated)
Net income attributable to owners of the parent company	¥29,411 million (Consolidated)	¥8,120 million (Nonconsolidated)
Net income per share	¥350.35 (Consolidated)	¥166.38 (Nonconsolidated)

4. Overview of Business Division to be Split Off

(1) Business Activities of Subject Division

Customer-oriented business system development, maintenance and operation (excluding public fund operations and outsourcing of tax-related office work) and related solution services for central government agencies, local governments and other administrative offices.

(2) Business Performance of Subject Division (Fiscal year ended March 31, 2020)

Net sales ¥1,627 million

Gross profit ¥481 million

(3) Assets and Liabilities to be Divested (As of September 30, 2020)

Assets		Liabilities	
Items	Book Value	Items	Book Value
Current assets (accounts receivable)	¥282 million	Current assets (accounts payable)	¥34 million
Fixed assets	¥429 million	–	–
Total	¥711 million	Total	¥34 million

5. Company Status Following the Divestiture

The split 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 TIS or INTEC.

6. Outlook

The split will have only a minimal impact on the consolidated results of TIS because INTEC is a wholly owned subsidiary of the Company.

(Reference)

Forecast for Fiscal 2021 (announced November 10, 2020), and Fiscal 2020 Results on Consolidated Basis

	Net Sales	Operating Income	Recurring Profit	Net income attributable to owners of the parent company
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Current fiscal year, ending March 31, 2021 (forecast)	445,000	44,500	44,000	29,500
Previous fiscal year, ended March 31, 2020 (actual)	443,717	44,839	46,070	29,411

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