



March 7, 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
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Notice regarding Acquisition of Stock in Nihon ICS Co., Ltd. and Subsequent Change in Subsidiary Status

The Board of Directors at TIS Inc. (hereafter, “the Company” and “TIS”) resolved on February 1, 2023, that the Company would participate in a bid related to the acquisition of stock in Nihon ICS Co., Ltd. (hereafter, “Nihon ICS”). After negotiating terms and conditions with Nihon ICS, the Board decided today that TIS would turn Nihon ICS into a consolidated subsidiary and signed a stock transfer agreement with the company. Details are provided below.

Details

1. Reason for acquisition of stock

TIS is guiding the TIS INTEC Group toward sustainable corporate growth and higher corporate value through achievement of Group Vision 2026 and is moving forward on the concentration of businesses into four strategic domains (Note 1). While leveraging various measures to realize structural transformation during Medium-Term Management Plan (2021–2023), TIS concluded that turning Nihon ICS—a company that provides financial accounting packages and related services targeting tax accounting offices and the clients they advise—into a consolidated subsidiary and thereby securing that company’s business model and client base presented a vital advantage in TIS’ efforts to accelerate growth of the IT Offering Service Business, which is one of the Company’s strategic domains (Note 2).

In turning Nihon ICS into a consolidated subsidiary at this time, TIS will combine its own business content for financial institutions with the business content of Nihon ICS for tax accountants and others to promote the following activities, which will underpin an expanded client base and realization of new business schemes.

- (1) Raise level of professional services
Enhance the efficiency of tax accounting services and improve certainty of such services for tax accounting offices and small- and medium-sized companies in Nihon ICS’ client base by boosting the features in accounting and tax packages and applying new technologies.
- (2) Strengthen capabilities of financial institutions
Provide solutions to small- and medium-sized companies that help business partners connected to financial institutions in the TIS client base that are shifting toward greater use of IT and striving to achieve digital transformation.
- (3) Extend services of both companies to new companies
Form business matching community linking tax accounting offices numbering more than

10,000 across Japan, a client base of more than 400,000 companies that receive advice, and more than 100 financial institutions, and create business opportunities that go beyond regional borders.

- Notes:
1. Four business domains making up core activities of the TIS INTEC Group by 2026, as outlined in Group Vision 2026
 2. Combine accumulated Group know-how with advanced technologies in possession to create IT solution services even before clients realize they need them and quickly provide these services to them.

2. Overview of company changing status (Nihon ICS Co., Ltd.)

(1) Name	Nihon ICS Co., Ltd.		
(2) Address	11F, Uehonmachi High-high-town, 3-31, Uehonmachi 6-chome, Tennoji-ku, Osaka		
(3) Name and title of representative	Shinichi Kawasaki, Representative Director and President		
(4) Business activities	Provide accounting/tax packages used by tax accounting offices, offer IT introduction support, provide packages for back-office operations, such as accounting and payroll.		
(5) Paid-in capital	¥51 million Note: Plan is to increase paid-in capital to ¥100 million by the share transfer date through addition of retained earnings.		
(6) Date of establishment	February 24, 1969		
(7) Major shareholders and shareholding ratios	Not disclosed, in accordance with agreement between parties to maintain confidentiality.		
(8) Relationships with TIS	Capital relationship	Not applicable.	
	Personnel relationship	There is no personnel relationship of note between TIS and Nihon ICS. In addition, there is no personnel relationship of note between people or companies affiliated with TIS and people or companies affiliated with Nihon ICS. However, after the acquisition of Nihon ICS shares, TIS plans to send a director and a member of the Audit & Supervisory Board to Nihon ICS.	
	Related party status	Not applicable.	
(9) Performance and financial position for the past three years			
Fiscal year	Ended November 30, 2020	Ended November 30, 2021	Ended November 30, 2022
Net assets	¥6,618 million	¥8,148 million	¥9,705 million
Total assets	¥11,059 million	¥12,579 million	¥14,218 million
Net assets per share	¥87,080	¥107,216	¥127,701
Net sales	¥7,154 million	¥6,747 million	¥6,928 million
Operating income	¥2,087 million	¥2,122 million	¥1,966 million
Recurring profit	¥2,185 million	¥2,314 million	¥2,312 million
Net income	¥1,529 million	¥1,530 million	¥1,557 million
Net income per share	¥20,123	¥20,136	¥20,485

Note: Some financial information is not disclosed, in accordance with an agreement between parties to maintain confidentiality.

3. Overview of counterparty to acquisition of shares

No overview is provided, in accordance with an agreement between parties to maintain confidentiality, but TIS will disclose that shares are to be acquired from two companies. That said, there are no capital, personnel or business relationships between TIS and Nihon ICS nor does any related-party status exist.

4. Number of shares acquired, acquisition price and shareholding status before and after acquisition

(1) Shareholding prior to change	0 shares (Number of voting rights: 0) (Percentage of voting rights: 0%)
(2) Number of shares acquired	76,000 shares (Number of voting rights: 76,000)
(3) Acquisition price	Acquisition price not disclosed, in accordance with agreement between parties to maintain confidentiality, but TIS will say, in effecting appropriate due diligence, shares will be acquired at price considered fair.
(4) Shareholding after change	76,000 shares (Number of voting rights: 76,000) (Percentage of voting rights: 100%)

5. Schedule

Board of Directors' decision (Resolution to participate in bid)	February 1, 2023
Share transfer agreement signed	March 7, 2023
Date of share transfer (planned)	April 6, 2023

Note: The Board of Directors at TIS resolved on February 1, 2023, that the Company would participate in a bid related to the acquisition of stock in Nihon ICS. At that time, the Board resolved that if the bid went through, the representative director and president would be delegated authority to negotiate the details of the transaction, change Nihon ICS into a TIS subsidiary through the acquisition of shares and to sign the share transfer agreement. Negotiations thus proceeded with Nihon ICS toward acquisition of shares.

The process recently reached the point of consensus on the content of the share transfer agreement, so today, based on a decision by the representative director and president, under authorization by the Board of Directors as describe above, the agreement was signed to turn Nihon ICS into a TIS subsidiary contingent upon the transfer of shares.

6. Outlook

This transfer of shares will turn Nihon ICS into a TIS consolidated subsidiary, and accompanying this change in status, the business results of Nihon ICS will be reflected in the consolidated results of TIS from the second quarter of the fiscal year ending March 31, 2024. Therefore, the impact on TIS' consolidated results for fiscal 2023, ending March 31, 2023, will likely be minimal. The impact on fiscal 2024 results is currently being studied, and management will announce performance estimates for fiscal 2024 when full-year results for fiscal 2023 are disclosed.

(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