



January 31, 2024

To whom it may concern

Company name: Business Brain Showa-Ota Inc.
Company representative: Kazuhiro Komiya, President
(Stock Code Number: 9658, Prime Market of the Tokyo Stock Exchange)
Contact: Hitoshi Uehara, Senior Executive Officer, and
General Manager of Administration Division
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Announcement regarding Absorption-type Merger
(Simplified Merger/Abbreviated Merger) of Wholly-Owned Subsidiary

Business Brain Showa-Ota Inc. resolved at its Board of Directors meeting held today to merge and absorb its wholly-owned subsidiaries, BBS Outsourcing Service Inc. (hereinafter referred to as “BOS”) and Payment Technology Japan, Inc. (hereinafter referred to as “PTJ”), effective as of April 1, 2024 (hereinafter referred to as the “Merger”), with the details being announced as follows.

Note that because this is a simplified merger of Business Brain Showa-Ota Inc.'s wholly-owned subsidiaries, some disclosure items and details have been omitted.

1. Purpose of the Merger

BOS provides human resources management consulting, system development, and outsourcing services such as payroll calculation.

PTJ provides BPO work related to payment services, as well as consulting in the payments field.

Business Brain Showa-Ota Inc. aims to further strengthen its BPO business in the business strategy of its BBS2023 medium-term management plan.

Business Brain Showa-Ota Inc. has decided to conduct the absorption-type merger with BOS and PTJ with the aim of maximizing synergy effects in the BPO business and for the purpose of promoting efficiency in management resources by streamlining the organization and the business.

2. Summary of the Merger

(1) Schedule of the Merger

Date of resolution by the Board of Directors	January 31, 2024
Date of signing the Merger agreement	January 31, 2024
Effective date of the Merger	April 1, 2024 (planned)

- * Note that for Business Brain Showa-Ota Inc., the Merger is a simplified merger as defined in Article 796 Paragraph 2 of the Companies Act; that for BOS and PTJ, the Merger is an abbreviated merger as defined in Article 784 Paragraph 1 of the Companies Act; and as such none of the companies will hold a general meeting of shareholders to approve the merger agreement.

(2) Method of the Merger

This is an absorption-type merger in which Business Brain Showa-Ota Inc. is the company surviving in the absorption-type merger and BOS and PTJ are the companies disappearing in the absorption-type merger. Although there is a risk that PTJ may become insolvent as of March 31, 2024, the Merger is scheduled to take place after Business Brain Showa-Ota Inc. has resolved PTJ's insolvency by waiving Business Brain Showa-Ota Inc.'s 70 million yen claim against PTJ prior to the Merger.

(3) Details of allocation related to the Merger

Because BOS and PTJ are wholly-owned subsidiaries of Business Brain Showa-Ota Inc., there will be no allotment of shares or other monetary assets upon the Merger.

(4) Handling of share options and corporate bonds with share options associated with the Merger

BOS and PTJ have not issued any share options or corporate bonds with share options.

3. Overview of the Parties to the Merger

	Surviving Company	Disappearing Company	Disappearing Company
(1) Trade name	Business Brain Showa-Ota Inc.	BBS Outsourcing Service Inc.	Payment Technology Japan, Inc.
(2) Location	1-1-1 Nishi-Shimbashi, Minato-ku, Tokyo	1-1-1 Nishi-Shimbashi, Minato-ku, Tokyo	1-1-1 Nishi-Shimbashi, Minato-ku, Tokyo

(3) Title and name of representative	President Kazuhiro Komiya	President Toshiya Sugino	President Yasuo Watanabe
(4) Business content	Management and systems consulting, business system development, etc.	BPO business, human resources management consulting, human resources management system construction, payroll outsourcing services	Processing and related services for various payment cards such as credit, debit, and prepaid cards
(5) Capital	2,233.49 million yen	100 million yen	100 million yen
(6) Date of establishment	August 26, 1967	February 1, 2016	March 25, 2003
(7) Total number of issued shares	12,725,000 shares	1,000 shares	17,738 shares
(8) Fiscal year-end	March 31	March 31	March 31
(9) Major shareholders and shareholding ratio (as of September 30, 2023)	<ul style="list-style-type: none"> • The Master Trust Bank of Japan, Ltd. (Trust Account) 8.23% • BBS Group Employee Shareholding Association 6.90% • JFE Systems, Inc. 4.93% • Custody Bank of Japan, Ltd. (Trust Account) 4.83% • Hitachi Solutions, Ltd. 4.28% • PRONEXUS Inc. 4.11% 	Business Brain Showa-Ota Inc.: 100%	Business Brain Showa-Ota Inc.: 100%

	<ul style="list-style-type: none"> • KY, Inc. 3.35% • CACEIS BANK FOR (EQUITIES) NON TREATY UCITS CLIENTS (standing proxy: HSBC Bank Tokyo Branch) 3.00% • FCP SEXTANT GRAND LARGE (standing proxy: HSBC Bank Tokyo Branch) 2.43% • Hikari Tsushin, Inc. 2.29% 		
(10) Financial condition and business results for the most recent fiscal year	Fiscal year ending March 2023 IFRS (consolidated)	Fiscal year ending March 2023 Japanese GAAP (non-consolidated)	Fiscal year ending March 2023 Japanese GAAP (non-consolidated)
	Total capital 16,195,726 thousand yen	Net assets 1,026,852 thousand yen	Net assets -63,015 thousand yen
	Total assets 30,393,379 thousand yen	Net assets 1,455,501 thousand yen	Net assets 201,914 thousand yen
	Equity attributable to owners of the parent per share 1,300.71 yen	Net assets per share 1,026,852 yen	Net assets per share -3,552.54 yen
	Sales revenue 37,062,503 thousand yen	Sales 2,378,036 thousand yen	Sales 316,872 thousand yen
	Operating profit 3,207,903	Operating profit 434,787	Operating profit 2,008

	thousand yen	thousand yen	thousand yen
	Pre-tax profit 3,241,408 thousand yen	Ordinary profit 437,163 thousand yen	Ordinary profit 1,174 thousand yen
	Net income attributable to owners of the parent 1,838,467 thousand yen	Net profit for the current period 278,183 thousand yen	Net profit for the current period 814 thousand yen
	Basic profit per share 155.38 yen	Net profit per share 278,183 yen	Net profit per share 45.91 yen

4. Status after the Merger

The Merger will not change Business Brain Showa-Ota Inc.'s name, location, title and name of representative, business content, capital, or fiscal year.

5. Forecast

The Merger is a merger between Business Brain Showa-Ota Inc. and wholly-owned subsidiaries, so the impact on Business Brain Showa-Ota Inc.'s consolidated financial results will be minor. In addition, Business Brain Showa-Ota Inc.'s waiver for the claim against PJT will be offset in the consolidated financial statements, and as such will have no impact on the consolidated financial statements.