

Translation

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September 25, 2026

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(Securities code: 9658; TSE Prime Market)
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Notice Concerning Execution of a Capital Alliance Agreement with Nihon Knowledge Co., Ltd. and Acquisition of Shares in the Company (Making It an Equity-Method Affiliate)

BUSINESS BRAIN SHOWA-OTA INC. (the “Company”) hereby announces that, at a meeting of its Board of Directors held on September 25, 2026, it resolved to execute a capital alliance agreement (the “Capital Alliance Agreement,” and the capital alliance thereunder, the “Capital Alliance”) with Nihon Knowledge Co., Ltd. (hereinafter “Nihon Knowledge”), and to subscribe for new shares to be issued by Nihon Knowledge through a third-party allotment, while also acquiring shares of common stock of Nihon Knowledge from its existing shareholders.

As a result of the completion of these acquisitions, Nihon Knowledge is expected to become an equity-method affiliate of the Company, and accordingly, the Company hereby provides notice as set forth below.

1. Purpose and reason for the Capital Alliance

The Company and Nihon Knowledge entered into a business alliance agreement dated May 15, 2026, with the aim of combining the Company’s expertise in management accounting consulting, systems development and operation, and BPO with Nihon Knowledge’s technologies and know-how in software testing, quality assurance, AI quality assurance, and AI governance, thereby creating new services and expanding business opportunities by leveraging the strengths of both companies.

The Company has determined that, in order to continuously advance the initiatives under the business alliance and to more actively utilize the management resources of both companies with each other, it would be effective to build a more stable relationship not only in terms of business cooperation but also in terms of capital.

Furthermore, the Company believes that by holding shares of Nihon Knowledge over the medium to long term, both companies can share the goal of enhancing corporate value and further strengthen the effectiveness of the business alliance. In addition, the Company has determined that making Nihon Knowledge an equity-method affiliate will enable the two companies to build a medium- to long-term, stable cooperative relationship and further strengthen their collaboration.

In light of the foregoing, the Company has decided to implement a capital alliance with Nihon Knowledge at this time.

2. Details of the Capital Alliance and share acquisition

(1) Method of share acquisition

The Company plans to acquire 1,021,000 shares of common stock of Nihon Knowledge through a third-party allotment of new shares to be implemented by Nihon Knowledge, and to acquire 35,000 shares of common stock of Nihon Knowledge through an off-market negotiated transaction from Wisteria Trust Co., Ltd., the company's largest major shareholder.

Method of acquisition	Number of shares acquired	Acquisition price
Subscription for third-party allotment	1,021,000 shares	936,257,000 yen
Acquisition of shares from existing shareholders	35,000 shares	32,095,000 yen
Total	1,056,000 shares	968,352,000 yen

Through these share acquisitions, the Company is expected to hold 1,056,000 shares of common stock of Nihon Knowledge, resulting in a voting rights ownership ratio of 20.36% after the acquisitions.

(2) Main contents of the Capital Alliance Agreement

In the Capital Alliance Agreement, the Company and Nihon Knowledge have agreed primarily on the following matters.

Item	Description
Right to nominate director candidates	Provided that the Company's voting rights ownership ratio in Nihon Knowledge does not fall below 20%, the Company shall have the right to nominate one candidate for a part-time director of Nihon Knowledge who is not an Audit and Supervisory Committee Member.
Prior consent to and prior consultation on material matters	Nihon Knowledge shall be required to obtain the Company's prior consent with respect to the issuance or disposal of shares, share subscription rights, etc., organizational restructuring, and the transfer or acquisition of all or part of its business, among other matters. In addition, Nihon Knowledge shall be required to hold prior consultation with the Company in the event Nihon Knowledge enters into, or prepares to enter into, a capital alliance with a third party.
Preemptive right	In the event Nihon Knowledge newly issues, disposes of, or grants shares, share subscription rights, etc., the Company shall have the right to subscribe for such shares, etc. in proportion to its shareholding ratio.

3. Overview of the equity-method affiliate subject to the change

(1) Name	Nihon Knowledge Co., Ltd.
(2) Location	3-19-5, Kotobuki, Taito-ku, Tokyo
(3) Title and name of representative	Yoichi Fujii, President and Representative Director
(4) Business description	Software testing and quality assurance, system development, AI quality assurance-related services, etc.
(5) Capital stock	227,451,900 yen
(6) Date of incorporation	October 1985
(7) Major shareholders and shareholding ratios	Wisteria Trust Co., Ltd.: 42.92%; Otsuka Corporation: 9.65%; Hikari Tsushin KK Investment Limited Partnership: 6.60%
(8) Relationship with the Company	
Capital relationship	None
Personnel relationship	None
Business relationship	The Company and Nihon Knowledge have a business relationship relating to system development operations. In addition, the parties entered into a business alliance agreement dated May 15, 2026.
Related party status	None

Fiscal year ended	March 2024	March 2025	March 2026
Net assets	1,084 million yen	1,139 million yen	1,207 million yen
Total assets	2,122 million yen	2,124 million yen	2,255 million yen
Net sales	4,077 million yen	4,154 million yen	4,559 million yen
Operating income	251 million yen	99 million yen	65 million yen
Ordinary income	267 million yen	115 million yen	128 million yen
Net income/ Profit attributable to owners of parent	202 million yen	83 million yen	87 million yen
Net income per share	48.97 yen	20.08 yen	20.88 yen
Net assets per share	262.54 yen	275.98 yen	290.78 yen

- (Notes) 1. Nihon Knowledge implemented a stock split at a ratio of three shares for every one share of common stock, effective October 1, 2025. The per-share information above has been calculated on the assumption that the stock split was carried out at the beginning of the fiscal year ended March 2024.
2. Since Nihon Knowledge has prepared consolidated financial statements from the fiscal year ended March 2026, the figures for the fiscal year ended March 2026 are consolidated figures.

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

Category	Number of shares held	Number of voting rights	Voting rights ownership ratio
Before the change	0 share	0	0.00%
Acquisition through third-party allotment	1,021,000 shares	10,210	19.69%
Acquisition through share transfer	35,000 shares	350	0.67%
After the change	1,056,000 shares	10,560	20.36%

(Notes) 1. The voting rights ownership ratio is calculated using, as the denominator, 51,841 voting rights, which is the sum of the total number of voting rights of 41,497 as of March 31, 2026, the 134 voting rights added through the issuance of new shares as restricted stock compensation dated August 20, 2026, and the 10,210 voting rights to be added through this third-party allotment, with figures rounded down to two decimal places.

2. The acquisition price is as stated in “2. Details of the Capital Alliance and share acquisition” above.

5. Schedule

Item	Date
Date of Board of Directors meeting resolution	September 25, 2026
Date of execution of the Capital Alliance Agreement	September 25, 2026
Date of execution of the share transfer agreement	September 25, 2026
Payment date for the third-party allotment	November 2, 2026 (scheduled)
Date of execution of share transfer	November 2, 2026 (scheduled)
Date of change to equity-method affiliate	November 2, 2026 (scheduled)

6. Future outlook

The impact of this Capital Alliance and the making of Nihon Knowledge an equity-method affiliate on the Company’s consolidated financial results for the fiscal year ending March 2027 is currently under review. Should any matter requiring disclosure arise in the future, the Company will promptly announce it.