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For Immediate Release

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Notice of a Partial Business Transfer through a Company Split (Absorption-type Company Split) of a Consolidated Subsidiary and a Share Transfer (Change in a Second-tier Subsidiary)

First Brothers Co., Ltd. (“First Brothers”) hereby announces that on August 31, 2022, it reached the decision for its consolidated subsidiary, THE FUJI FACILITY SERVICE, INC. (“Fuji Facility Service”), to transfer the CRE business and the BPO business to a new company to be established as wholly owned subsidiary of Fuji Facility Service (“the New Subsidiary”) through an absorption-type company split, and to transfer all shares in the New Subsidiary to a Japanese company. The details are outlined below.

Since the company split will be a simplified absorption-type company split involving a consolidated subsidiary, some disclosure items or details have been omitted.

1. Purpose of the company split and share transfer

As part of a continual review of its business portfolio and after taking into account different options to drive growth, First Brothers has determined that selling the businesses to be transferred—namely, the CRE business (facility management operations and property management operations) and the BPO business (outsourced business operations)—to a third party that can maximize their growth potential is the best path forward. Consequently, it has decided to transfer the businesses.

2. Summary of the company split and share transfer

(1) Schedule for the company split and share transfer

(1) Share transfer agreement signing date	August 31, 2022
(2) Absorption-type company split agreement signing date	September 2022 (tentative)
(3) Absorption-type company split effective date	December 2022 (tentative)
(4) Share transfer date	December 2022 (tentative)

Because the company split qualifies as a simplified absorption-type company split under Article 784, Paragraph 2 of the Companies Act with regard to Fuji Facility Service, and as a short-form absorption-type company split under Article 796, Paragraph 1 of the same Act with regard to the New Subsidiary, the transaction will be completed without the approval of the general meeting of shareholders of either company.

(2) Method of the company split

A simplified absorption-type company split in which Fuji Facility Service will be the splitting company and the New Subsidiary the succeeding company.

(3) Details of allotment regarding the company split

There will be no issuance of shares or monetary consideration, etc., as a result of the company split.

- (4) Treatment of stock acquisition rights and corporate bonds with stock acquisition rights in relation to the company split
Not applicable.
- (5) Increase or decrease in capital as a result of the company split
There will be no change in capital as a result of the company split.
- (6) Rights and obligations succeeded by the New Subsidiary
The New Subsidiary will succeed the assets, liabilities, contractual statuses, and other attached rights and obligations of the businesses subject to the company split that are specified in the absorption-type company split agreement.
- (7) Prospect of fulfillment of obligations
The splitting company and the New Subsidiary are judged to be capable of fulfilling the obligations to be assumed as a result of the company split.

3. Overview of the parties involved in the company split

	Splitting company	New Subsidiary
(1) Name	THE FUJI FACILITY SERVICE, INC.	FFS, Inc.
(2) Location	2-5-8 Minamisenba, Chuo-ku, Osaka-shi, Osaka	2-5-8 Minamisenba, Chuo-ku, Osaka-shi, Osaka
(3) Name and title of representative	Representative Director Taichi Kano	Representative Director Taichi Kano
(4) Business	Building operation and management, facility inspection and cleaning, security, office work and system outsourcing support	Building management, facility inspection and cleaning, security, office work and system outsourcing support
(5) Capital	¥100 million	¥5 million
(6) Established	November 1, 1963	September 2022 (tentative)
(7) Number of shares issued	469,740 shares	1,000 shares (tentative)
(8) Fiscal year end	October	June (tentative)
(9) Major shareholder and shareholding ratio	First Brothers Co., Ltd. 99.3%	THE FUJI FACILITY SERVICE, INC. 100%
(10) Financial position and operating results	Fiscal year ended October 2021	—
Net assets	¥2,897,043 thousand	—
Total assets	¥3,680,872 thousand	—
Net assets per share	¥6,167.33	—
Net sales	¥1,548,212 thousand	—
Operating profit	¥106,725 thousand	—
Ordinary profit	¥105,073 thousand	—
Profit	¥64,102 thousand	—
Earnings per share	¥136.46	—

4. Status following the company split

For the status of Fuji Facility Service and the New Subsidiary after the company split, please refer to “3. Overview of the parties involved in the company split.”

5. Overview of counterparty to the share transfer

The counterparty to the share transfer (a domestic company) will not be disclosed in accordance with such an arrangement with the counterparty. In addition, there are no noteworthy capital, personal, or business relationships between the counterparty and First Brothers.

6. Number of shares to be transferred, and shares held before and after the transfer

(1) Number of shares held before the transfer	1,000 shares (100%)
(2) Number of shares to be transferred	1,000 shares (100%)
(3) Transfer price	—
(4) Number of shares held after the transfer	0 shares (share of voting rights: 0%)

* The transfer price will not be disclosed due to a confidentiality clause in the transfer agreement. However, the price has been determined through negotiations between the two parties, and is deemed to be fair.

7. Outlook

The impact of the company split on the consolidated results for the fiscal year ending November 30, 2022 is expected to be negligible. The impact of the share transfer on the consolidated results for the fiscal year ending November 30, 2023 is currently under review. Once First Brothers is in a position to calculate appropriate and reasonable figures, it will make a timely announcement.