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This financial report is solely a translation of the “Kessan Tanshin” (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.

April 27, 2023

SB Technology Corp. Consolidated Financial Report for the Fiscal Year Ended March 31, 2023

[Japanese GAAP]

Company name: SB Technology Corp. (Tokyo Stock Exchange/Code No. 4726)

(URL <https://www.softbanktech.co.jp/>)

Representative: Shinichi Ata, President & CEO

Contact: Masaaki Okazaki, Member of the Board, Executive Vice President & CFO

Phone: +81-3-6892-3063

Scheduled date of General Shareholders' Meeting: June 19, 2023

Scheduled date of filing of Securities Report: June 19, 2023

Scheduled date of payment of dividend: June 20, 2023

Preparation of supplementary materials for financial results: Yes

Holding of financial results meeting: Yes (for institutional investors and analysts)

(All amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (April 1, 2022 – March 31, 2023)

(1) Consolidated Results of Operations (Percentages represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended Mar. 31, 2023	67,227	1.6	5,557	7.8	5,499	7.1	3,497	△3.7
Fiscal year ended Mar. 31, 2022	66,183	—	5,152	—	5,133	—	3,630	—

Note: Comprehensive income (million yen) Fiscal year ended Mar. 31, 2023: 3,802 (down 1.8%)

Fiscal year ended Mar. 31, 2022: 3,872 (—)

	Net income per share	Diluted net income per share	Return on equity	Ordinary income on total assets	Operating income to net sales
	Yen	Yen	%	%	%
Fiscal year ended Mar. 31, 2023	175.03	173.52	16.1	12.2	8.3
Fiscal year ended Mar. 31, 2022	179.39	177.44	18.5	12.3	7.8

Reference: Equity in earnings of affiliates (million yen)

Fiscal year ended Mar. 31, 2023: 5 Fiscal year ended Mar. 31, 2022: 10

Note: Effective from the beginning of the fiscal year ended March 2022, the Company has adopted the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29), etc., and accordingly, the consolidated results above for the fiscal year ended March 2022 is the amount after the adoption of the said accounting standard, etc.

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2023	45,466	25,167	49.4	1,131.42
As of Mar. 31, 2022	44,365	23,379	47.5	1,039.71

Reference: Shareholders' equity (million yen)

As of Mar. 31, 2023: 22,475

As of Mar. 31, 2022: 21,062

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended Mar. 31, 2023	3,450	△1,500	△2,496	8,160
Fiscal year ended Mar. 31, 2022	400	△861	△493	8,701

2. Dividends

	Dividends per share					Total dividends	Payout ratio (consolidated)	Dividend on equity (consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended Mar. 31, 2022	—	20.00	—	30.00	50.00	1,012	27.9	5.1
Fiscal year ended Mar. 31, 2023	—	25.00	—	35.00	60.00	1,191	34.3	5.5
Fiscal year ending Mar. 31, 2024 (forecast)	—	30.00	—	30.00	60.00			

3. Forecast of Consolidated Financial Results for the Fiscal Year Ending March 31, 2024
(April 1, 2023 – March 31, 2024)

(Percentages represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	69,000	2.6	6,400	15.2	6,350	15.5	3,950	12.9	197.68

*** Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in scope of consolidation): None

(2) Changes in accounting policies and accounting estimates, and restatements

- i. Changes in accounting policies due to revisions in accounting standards, others: Yes
- ii. Changes in accounting policies other than i. above: None
- iii. Changes in accounting estimates: None
- iv. Restatements: None

(3) Number of outstanding shares (common stock)

- i. Number of shares outstanding at the end of the period (including treasury shares)

As of Mar. 31, 2023:	22,757,800 shares	As of Mar. 31, 2022:	22,742,800 shares
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- ii. Number of treasury shares at the end of the period

As of Mar. 31, 2023:	2,892,930 shares	As of Mar. 31, 2022:	2,484,351 shares
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- iii. Average number of shares outstanding during the period

Fiscal year ended Mar. 31, 2023:	19,981,416 shares	Fiscal year ended Mar. 31, 2022:	20,239,627 shares
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Reference: Summary of Non-consolidated Financial Results

Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (April 1, 2022 – March 31, 2023)

(1) Non-consolidated Results of Operations (Percentages represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended Mar. 31, 2023	58,129	2.1	3,835	2.6	3,728	0.8	2,667	△14.9
Fiscal year ended Mar. 31, 2022	56,923	—	3,738	—	3,699	—	3,136	—

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended Mar. 31, 2023	133.50	133.42
Fiscal year ended Mar. 31, 2022	154.95	154.27

Note: Effective from the beginning of the fiscal year ending March 2022, the Company has adopted the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29), etc., and accordingly, the non-consolidated results above for the fiscal year ending March 2022 is the amount after the adoption of the said accounting standard, etc.

(2) Non-consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2023	38,850	19,066	48.3	943.83
As of Mar. 31, 2022	38,236	18,436	47.5	896.42

Reference: Shareholders' equity (million yen)

As of Mar. 31, 2023: 18,748

As of Mar. 31, 2022: 18,160

* This consolidated financial report is not subject to fiscal year ended review procedures by a certified public accountant or audit company.

* Explanation for appropriate use of operating forecasts, and other special items

Cautionary statement with respect to forward-looking statements

Forecasts regarding future performance in this report are based on assumptions considered appropriate and other reasonable information available to the Company at the time this report was created. This report is not promised by the Company regarding future performance. The actual performance may differ significantly from these forecasts for a variety of reasons.

How to view supplementary information at the financial results meeting

The Company plans to hold a financial results meeting (online) for institutional investors and analysts on April 27, 2023. Supplementary materials for financial results will be disclosed, using the Timely Disclosure network (TDnet), and will be available on the Company's website (<https://www.softbanktech.co.jp/corp/ir/>).

Consolidated Financial Statements
(1) Consolidated Balance Sheet

	(Millions of yen)	
	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	8,762	8,221
Notes and accounts receivable - trade, and contract assets	22,290	24,133
Merchandise	66	131
Other	3,207	3,136
Allowance for doubtful accounts	△0	△0
Total current assets	34,326	35,622
Non-current assets		
Property, plant and equipment		
Buildings	1,700	1,685
Accumulated depreciation	△960	△1,001
Buildings, net	739	684
Tools, furniture and fixtures	2,347	2,561
Accumulated depreciation	△1,431	△1,570
Tools, furniture and fixtures, net	916	991
Other	13	14
Accumulated depreciation	△7	△9
Other, net	5	5
Total property, plant and equipment	1,661	1,681
Intangible assets		
Goodwill	1,093	836
Software	2,553	2,531
Software in progress	461	476
Customer relationships	262	189
Other	116	86
Total intangible assets	4,486	4,120
Investments and other assets		
Investment securities	625	667
Deferred tax assets	1,309	1,297
Other	1,953	2,075
Total investments and other assets	3,888	4,040
Total non-current assets	10,036	9,842
Deferred assets		
Share issuance costs	2	1
Total deferred assets	2	1
Total assets	44,365	45,466

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Accounts payable - trade	7,528	7,020
Current portion of long-term borrowings	394	309
Lease liabilities	19	14
Accounts payable - other	4,719	4,493
Income taxes payable	1,379	1,372
Contract liabilities	1,835	2,186
Provision for bonuses	1,876	1,784
Provision for loss on orders received	403	626
Provision for defect repair	16	39
Asset retirement obligations	24	—
Other	699	742
Total current liabilities	18,896	18,590
Non-current liabilities		
Long-term borrowings	799	489
Lease liabilities	96	81
Deferred tax liabilities	26	—
Contract liabilities	709	670
Retirement benefit liability	53	60
Asset retirement obligations	334	336
Other	69	69
Total non-current liabilities	2,088	1,708
Total liabilities	20,985	20,298
Net assets		
Shareholders' equity		
Share capital	1,254	1,270
Capital surplus	1,567	1,613
Retained earnings	19,789	22,182
Treasury shares	△1,555	△2,600
Total shareholders' equity	21,055	22,466
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2	3
Foreign currency translation adjustment	4	5
Total accumulated other comprehensive income	7	9
Share acquisition rights	279	320
Non-controlling interests	2,037	2,371
Total net assets	23,379	25,167
Total liabilities and net assets	44,365	45,466

(2) Consolidated Statements of Income and Comprehensive Income

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net sales	66,183	67,227
Cost of sales	52,209	52,032
Gross profit	13,974	15,194
Selling, general and administrative expenses	8,821	9,637
Operating profit	5,152	5,557
Non-operating income		
Interest income	0	0
Dividend income	0	2
Share of profit of entities accounted for using equity method	10	5
Dividend income of insurance	7	7
Subsidy income	22	8
Miscellaneous income	7	17
Total non-operating income	48	42
Non-operating expenses		
Interest expenses	16	9
Loss on investments in investment partnerships	2	5
Donations	10	10
Foreign exchange losses	18	23
Commission expenses	—	40
Miscellaneous losses	20	12
Total non-operating expenses	67	100
Ordinary profit	5,133	5,499
Extraordinary income		
Gain on sale of investment securities	862	—
Compensation income	—	16
Gain on reversal of share acquisition rights	—	21
Subsidiaries directors' retirement allowance repayment gain	18	—
Total extraordinary income	881	38
Extraordinary losses		
Loss on retirement of non-current assets	242	81
Impairment losses	105	—
Subsidiary company head office transfer cost	5	—
Salaries and allowance for prior periods	17	—
Office relocation expenses	11	—
Total extraordinary losses	381	81
Profit before income taxes	5,633	5,456
Income taxes - current	1,823	1,670
Income taxes - deferred	△45	△14
Total income taxes	1,778	1,655
Profit	3,854	3,800
Profit attributable to		
Profit attributable to owners of parent	3,630	3,497
Profit attributable to non-controlling interests	223	302

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Other comprehensive income		
Valuation difference on available-for-sale securities	16	0
Foreign currency translation adjustment	1	1
Total other comprehensive income	18	2
Comprehensive income	3,872	3,802
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,648	3,499
Comprehensive income attributable to non-controlling interests	223	302

(3) Consolidated Statement of Changes in Equity

Fiscal year ended March 31, 2022

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,235	1,327	17,271	△1,568	18,266
Cumulative effects of changes in accounting policies	—	—	△202	—	△202
Restated balance	1,235	1,327	17,068	△1,568	18,063
Changes of items during period					
Issuance of new shares	18	18	—	—	37
Dividends of surplus	—	—	△910	—	△910
Profit attributable to owners of parent	—	—	3,630	—	3,630
Purchase of treasury shares	—	—	—	△0	△0
Disposal of treasury shares	—	24	—	13	37
Change in ownership interest of parent due to transactions with non-controlling interests	—	196	—	—	196
Net changes of items other than shareholders' equity	—	—	—	—	—
Total changes of items during period	18	239	2,720	12	2,992
Balance at end of current period	1,254	1,567	19,789	△1,555	21,055

	Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of period	△14	3	△10	233	1,088	19,577
Cumulative effects of changes in accounting policies	—	—	—	—	—	△202
Restated balance	△14	3	△10	233	1,088	19,375
Changes of items during period						
Issuance of new shares - exercise of share acquisition rights	—	—	—	—	—	37
Dividends of surplus	—	—	—	—	—	△910
Profit attributable to owners of parent	—	—	—	—	—	3,630
Purchase of treasury shares	—	—	—	—	—	△0
Disposal of treasury shares	—	—	—	—	—	37
Change in ownership interest of parent due to transactions with non-controlling interests	—	—	—	—	—	196
Net changes of items other than shareholders' equity	16	0	17	46	948	1,012
Total changes of items during period	16	0	17	46	948	4,004
Balance at end of current period	2	4	7	279	2,037	23,379

Fiscal year ended March 31, 2023

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	1,254	1,567	19,789	△1,555	21,055
Changes of items during period					
Issuance of new shares	16	16	—	—	32
Dividends of surplus	—	—	△1,104	—	△1,104
Profit attributable to owners of parent	—	—	3,497	—	3,497
Purchase of treasury shares	—	—	—	△1,094	△1,094
Disposal of treasury shares	—	36	—	49	86
Change in ownership interest of parent due to transactions with non-controlling interests	—	△6	—	—	△6
Net changes in items other than shareholders' equity	—	—	—	—	—
Total changes during period	16	46	2,392	△1,044	1,410
Balance at end of period	1,270	1,613	22,182	△2,600	22,466

	Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of period	2	4	7	279	2,037	23,379
Changes during period						
Issuance of new shares	—	—	—	—	—	32
Dividends of surplus	—	—	—	—	—	△1,104
Profit attributable to owners of parent	—	—	—	—	—	3,497
Purchase of treasury shares	—	—	—	—	—	△1,094
Disposal of treasury shares	—	—	—	—	—	86
Change in ownership interest of parent due to transactions with non-controlling interests	—	—	—	—	—	△6
Net changes in items other than shareholders' equity	0	1	2	40	334	377
Total changes during period	0	1	2	40	334	1,787
Balance at end of period	3	5	9	320	2,371	25,167

(4) Consolidated Statement of Cash Flows

	(Millions of yen)	
	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	5,633	5,456
Depreciation	1,300	1,403
Impairment losses	105	—
Subsidiary company head office transfer cost	5	—
Office transfer expenses	11	—
Amortization of goodwill	249	257
Share-based payment expenses	98	105
Increase (decrease) in allowance for doubtful accounts	△0	3
Increase (decrease) in provision for bonuses	303	△92
Increase (decrease) in retirement benefit liability	5	7
Increase (decrease) in provision for loss on orders received	129	222
Increase (decrease) in provision for defect repair	13	23
Loss on retirement of non-current assets	242	81
Interest and dividend income	△0	△3
Compensation income	—	16
Interest expenses	16	9
Commission expenses	—	40
Share of loss (profit) of entities accounted for using equity method	△10	△5
Loss (gain) on investments in investment partnerships	2	5
Loss (gain) on sale of investment securities	△862	—
Decrease (increase) in notes and accounts receivable-trade and contract assets	△4,906	△1,843
Decrease (increase) in inventories	343	△6
Decrease (increase) in trade receivables	△2,286	△210
Increase (decrease) in trade payables	△1,633	△507
Increase (decrease) in contract liabilities	2,404	310
Increase (decrease) in accrued consumption taxes	△271	74
Increase (decrease) in trade payables	1,101	△172
Other, net	2	△71
Subtotal	1,995	5,103
Interest and dividends received	0	3
Interest paid	△16	△9
Income taxes refund (paid)	△1,578	△1,646
Net cash provided by (used in) operating activities	400	3,450
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	24	—
Purchase of property, plant and equipment	△383	△454
Purchase of intangible assets	△1,463	△1,047
Purchase of investment securities	—	△45
Proceeds from sale of investment securities	903	4
Proceeds from collection of loans receivable	6	6
Payments of guarantee deposits	△9	△7
Proceeds from refund of guarantee deposits	92	60
Purchase of shares of subsidiaries resulting in change in scope of consolidation	△11	—
Other, net	△19	△16
Net cash provided by (used in) investing activities	△861	△1,500

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from financing activities		
Proceeds from short-term borrowings	2,500	1,500
Repayments of short-term borrowings	△2,500	△1,500
Repayments of long-term borrowings	△490	△401
Proceeds from issuance of shares	34	32
Purchase of treasury shares	△0	△1,098
Proceeds from disposal of treasury shares	29	69
Dividends paid	△909	△1,103
Repayments of lease liabilities	△118	△19
Proceeds from share issuance to non-controlling shareholders	504	24
Proceeds from sale of shares of subsidiaries not resulting in change in scope of consolidation	458	—
Net cash provided by (used in) financing activities	△493	△2,496
Effect of exchange rate change on cash and cash equivalents	6	5
Net increase (decrease) in cash and cash equivalents	△947	△540
Cash and cash equivalents at beginning of period	9,648	8,701
Cash and cash equivalents at end of period	8,701	8,160

(5) Notes to Consolidated Financial Statements

Going Concern Assumption

Not applicable.

Significant Changes in Shareholders' Equity

Not applicable.

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