

Disclaimer:

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.

July 27, 2023

**SB Technology Corp.**  
**Consolidated Financial Report for the First Quarter of Fiscal Year Ending March 31, 2024**  
**(Three Months Ended June 30, 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

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Scheduled date of filing of Quarterly Report: August 10, 2023

Scheduled date of payment of dividend: -

Preparation of supplementary materials for quarterly financial results: Yes

Holding of quarterly 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 Three Months Ended June 30, 2023 (April 1, 2023 – June 30, 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                             | %     |
| Three months ended Jun. 30, 2023 | 15,958      | 2.6 | 1,057            | Δ2.6 | 1,054           | Δ1.4 | 505                                     | Δ21.9 |
| Three months ended Jun. 30, 2022 | 15,560      | 3.8 | 1,085            | 19.0 | 1,070           | 21.9 | 646                                     | 25.1  |

Note: Comprehensive income (million yen) Three months ended Jun. 30, 2023: 557 (down 20.2%)

Three months ended Jun. 30, 2022: 697 (up 25.7%)

|                                  | Net income per share | Diluted net income per share |
|----------------------------------|----------------------|------------------------------|
|                                  | Yen                  | Yen                          |
| Three months ended Jun. 30, 2023 | 25.44                | 25.18                        |
| Three months ended Jun. 30, 2022 | 32.01                | 31.68                        |

(2) Consolidated Financial Position

|                     | Total assets | Net assets  | Shareholders' equity ratio | Net assets per share |
|---------------------|--------------|-------------|----------------------------|----------------------|
|                     | Million yen  | Million yen | %                          | Yen                  |
| As of Jun. 30, 2023 | 41,032       | 25,000      | 54.3                       | 1,121.75             |
| As of Mar. 31, 2023 | 45,466       | 25,167      | 49.4                       | 1,131.42             |

Reference: Shareholders' equity (million yen)

As of Jun. 30, 2023: 22,283

As of Mar. 31, 2023: 22,475

**2. Dividends**

|   | Dividends per share |        |        |          |       |
|---|---------------------|--------|--------|----------|-------|
|   | 1Q-end              | 2Q-end | 3Q-end | Year-end | Total |
|   | Yen                 | Yen    | Yen    | Yen      | Yen   |
| Fiscal year ended Mar. 31, 2023             | —                   | 25.00  | —      | 35.00    | 60.00 |
| Fiscal year ending Mar. 31, 2024            | —                   | —      | —      | —        | —     |
| Fiscal year ending Mar. 31, 2024 (forecast) | —                   | 30.00  | —      | 30.00    | 60.00 |

Note: Revisions to the most recently announced dividend forecast: None

**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 | 68,000      | 1.1 | 5,900            | 6.2 | 5,750           | 4.6 | 8,200                                   | 134.5 | 412.79               |

Note: Revisions to the most recently announced consolidated forecast: None

**\* Notes**

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

(2) Application of special accounting for presenting quarterly consolidated financial statements: None

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

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

(4) Number of outstanding shares (common stock)

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

|                      |                   |                      |                   |
|----------------------|-------------------|----------------------|-------------------|
| As of Jun. 30, 2023: | 22,757,800 shares | As of Mar. 31, 2023: | 22,757,800 shares |
|----------------------|-------------------|----------------------|-------------------|
- ii. Number of treasury shares at the end of the period

|                      |                 |                      |                 |
|----------------------|-----------------|----------------------|-----------------|
| As of Jun. 30, 2023: | 2,892,968shares | As of Mar. 31, 2023: | 2,892,930shares |
|----------------------|-----------------|----------------------|-----------------|
- iii. Average number of shares outstanding during the period

|                                   |                  |                                   |                  |
|-----------------------------------|------------------|-----------------------------------|------------------|
| Three months ended Jun. 30, 2023: | 19,864,851shares | Three months ended Jun. 30, 2022: | 20,201,538shares |
|-----------------------------------|------------------|-----------------------------------|------------------|

\* This consolidated financial report is not subject to quarterly 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 based upon valid 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 materials for quarterly financial results

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

## Quarterly Consolidated Financial Statements

### (1) Quarterly Consolidated Balance Sheet

(Millions of yen)

|  | As of March 31, 2023 | As of June 30, 2023 |
|--|----------------------|---------------------|
| <b>Assets</b>  |                      |                     |
| Current assets   |                      |                     |
| Cash and deposits  | 8,221                | 12,935              |
| Notes and accounts receivable - trade, and contract assets | 24,133               | 13,402              |
| Merchandise  | 131                  | 187                 |
| Other  | 3,136                | 5,060               |
| Allowance for doubtful accounts                            | △0                   | △0                  |
| Total current assets                                       | 35,622               | 31,585              |
| Non-current assets   |                      |                     |
| Property, plant and equipment                              |                      |                     |
| Buildings, net   | 684                  | 665                 |
| Tools, furniture and fixtures, net                         | 991                  | 959                 |
| Other, net   | 5                    | 34                  |
| Total property, plant and equipment                        | 1,681                | 1,659               |
| Intangible assets  |                      |                     |
| Goodwill   | 836                  | 708                 |
| Software   | 2,531                | 2,445               |
| Software in progress                                       | 476                  | 644                 |
| Customer relationships                                     | 189                  | 171                 |
| Other  | 86                   | 79                  |
| Total intangible assets                                    | 4,120                | 4,048               |
| Investments and other assets                               |                      |                     |
| Investment securities                                      | 667                  | 670                 |
| Deferred tax assets  | 1,297                | 1,017               |
| Other  | 2,075                | 2,051               |
| Total investments and other assets                         | 4,040                | 3,738               |
| Total non-current assets                                   | 9,842                | 9,446               |
| Deferred assets  |                      |                     |
| Share issuance costs                                       | 1                    | 0                   |
| Total deferred assets                                      | 1                    | 0                   |
| <b>Total assets</b>  | 45,466               | 41,032              |

(Millions of yen)

|  | As of March 31, 2023 | As of June 30, 2023 |
|--|----------------------|---------------------|
| <b>Liabilities</b>                                       |                      |                     |
| Current liabilities                                      |                      |                     |
| Accounts payable - trade                                 | 7,020                | 3,785               |
| Current portion of long-term borrowings                  | 309                  | 339                 |
| Lease liabilities  | 14                   | 12                  |
| Accounts payable - other                                 | 4,493                | 4,453               |
| Income taxes payable                                     | 1,372                | 135                 |
| Contract liabilities                                     | 2,186                | 3,043               |
| Provision for bonuses                                    | 1,784                | 614                 |
| Provision for bonuses for directors (and other officers) | —                    | 31                  |
| Provision for loss on orders received                    | 626                  | 660                 |
| Provision for defect repair                              | 39                   | 6                   |
| Other  | 742                  | 1,394               |
| Total current liabilities                                | 18,590               | 14,477              |
| Non-current liabilities                                  |                      |                     |
| Long-term borrowings                                     | 489                  | 380                 |
| Lease liabilities  | 81                   | 78                  |
| Contract liabilities                                     | 670                  | 626                 |
| Retirement benefit liability                             | 60                   | 62                  |
| Asset retirement obligations                             | 336                  | 337                 |
| Other  | 69                   | 69                  |
| Total non-current liabilities                            | 1,708                | 1,555               |
| Total liabilities  | 20,298               | 16,032              |
| Net assets   |                      |                     |
| Shareholders' equity                                     |                      |                     |
| Share capital  | 1,270                | 1,270               |
| Capital surplus  | 1,613                | 1,610               |
| Retained earnings  | 22,182               | 21,992              |
| Treasury shares  | △2,600               | △2,600              |
| Total shareholders' equity                               | 22,466               | 22,272              |
| Accumulated other comprehensive income                   |                      |                     |
| Valuation difference on available-for-sale securities    | 3                    | 3                   |
| Foreign currency translation adjustment                  | 5                    | 6                   |
| Total accumulated other comprehensive income             | 9                    | 10                  |
| Share acquisition rights                                 | 320                  | 340                 |
| Non-controlling interests                                | 2,371                | 2,376               |
| Total net assets   | 25,167               | 25,000              |
| Total liabilities and net assets                         | 45,466               | 41,032              |

**(2) Quarterly Consolidated Statements of Income and Comprehensive Income**  
**(For the Three-month Period)**

|   | (Millions of yen)                  |                                    |
|---|------------------------------------|------------------------------------|
|   | Fiscal year ended<br>June 30, 2022 | Fiscal year ended<br>June 30, 2023 |
| Net sales   | 15,560                             | 15,958                             |
| Cost of sales   | 12,154                             | 12,265                             |
| Gross profit  | 3,405                              | 3,693                              |
| Selling, general and administrative expenses                  | 2,320                              | 2,636                              |
| Operating profit  | 1,085                              | 1,057                              |
| Non-operating income  |                                    |                                    |
| Interest income   | 0                                  | 0                                  |
| Dividend income   | 2                                  | 1                                  |
| Share of profit of entities accounted for using equity method | —                                  | 3                                  |
| Refund of defined contribution pension plan                   | 0                                  | 1                                  |
| Foreign exchange gains  | —                                  | 1                                  |
| Miscellaneous income  | 6                                  | 3                                  |
| Total non-operating income                                    | 9                                  | 11                                 |
| Non-operating expenses  |                                    |                                    |
| Interest expenses   | 2                                  | 1                                  |
| Share of loss of entities accounted for using equity method   | 1                                  | —                                  |
| Donations   | 10                                 | 10                                 |
| Foreign exchange losses                                       | 10                                 | —                                  |
| Miscellaneous losses  | 0                                  | 2                                  |
| Total non-operating expenses                                  | 24                                 | 13                                 |
| Ordinary profit   | 1,070                              | 1,054                              |
| Extraordinary income  |                                    |                                    |
| Gain on reversal of share acquisition rights                  | 7                                  | —                                  |
| Total extraordinary income                                    | 7                                  | —                                  |
| Extraordinary losses  |                                    |                                    |
| Industrial accident settlement                                | —                                  | 70                                 |
| Amortization of goodwill                                      | —                                  | 63                                 |
| Total extraordinary losses                                    | —                                  | 133                                |
| Profit before income taxes                                    | 1,077                              | 921                                |
| Income taxes - current  | 64                                 | 86                                 |
| Income taxes - deferred                                       | 316                                | 279                                |
| Total income taxes  | 380                                | 366                                |
| Profit  | 696                                | 555                                |
| Profit attributable to  |                                    |                                    |
| Profit attributable to owners of parent                       | 646                                | 505                                |
| Profit attributable to non-controlling interests              | 49                                 | 50                                 |

(Millions of yen)

|  | Fiscal year ended June<br>30, 2022 | Fiscal year ended June<br>30, 2023 |
|--|------------------------------------|------------------------------------|
| Other comprehensive income                                     |                                    |                                    |
| Valuation difference on available-for-sale securities          | 0                                  | 0                                  |
| Foreign currency translation adjustment                        | 1                                  | 1                                  |
| Total other comprehensive income                               | 1                                  | 1                                  |
| Comprehensive income   | 697                                | 557                                |
| Comprehensive income attributable to                           |                                    |                                    |
| Comprehensive income attributable to owners of parent          | 648                                | 506                                |
| Comprehensive income attributable to non-controlling interests | 49                                 | 50                                 |

(3) Notes to Consolidated Financial Statements

**Going Concern Assumption**

Not applicable.

**Significant Changes in Shareholders' Equity**

Not applicable.

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