

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.

October 30, 2023

**SB Technology Corp.**  
**Consolidated Financial Report for the Second Quarter of Fiscal Year Ending March 31, 2024**  
**(Six Months Ended September 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: November 13, 2023

Scheduled date of payment of dividend: December 1, 2023

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 Six Months Ended September 30, 2023 (April 1, 2023 – September 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	%
Six Months ended Sep. 30, 2023	32,206	1.6	2,282	0.6	2,182	△1.8	6,272	365.9
Six Months ended Sep. 30, 2022	31,706	1.2	2,270	2.9	2,222	1.5	1,346	2.3

Note: Comprehensive income (million yen) Six Months ended Sep. 30, 2023: 6,400 (up 335.8%)

Six Months ended Sep. 30, 2022: 1,468 (up 4.7%)

	Net income per share	Diluted net income per share
	Yen	Yen
Six Months ended Sep. 30, 2023	315.63	315.35
Six Months ended Sep. 30, 2022	66.99	66.32

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Sep. 30, 2023	48,140	30,963	58.6	1,417.91
As of Mar. 31, 2023	45,466	25,167	49.4	1,131.42

Reference: Shareholders' equity (million yen)

As of Sep. 30, 2023: 28,218

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, 2023	—	30.00			
Fiscal year ending Mar. 31, 2023 (forecast)			—	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	412.60

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

As of Sep. 30, 2023:	2,856,020 shares	As of Mar. 31, 2023:	2,892,930 shares
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- iii. Average number of shares outstanding during the period

Six Months ended Sep. 30, 2023:	19,874,019 shares	Six Months ended Sep. 30, 2022:	20,095,960 shares
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\* 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 information at the financial results meeting

The Company plans to hold the financial results meeting for institutional investors and analysts on October 30, 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/>).

## Quarterly Consolidated Financial Statements

### (1) Quarterly Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	8,221	14,568
Notes and accounts receivable - trade, and contract assets	24,133	16,882
Merchandise	131	82
Other	3,136	6,558
Allowance for doubtful accounts	△0	△0
Total current assets	35,622	38,092
Non-current assets		
Property, plant and equipment		
Buildings, net	684	502
Tools, furniture and fixtures, net	991	841
Other, net	5	45
Total property, plant and equipment	1,681	1,389
Intangible assets		
Goodwill	836	671
Software	2,531	2,038
Software in progress	476	692
Customer relationships	189	41
Other	86	66
Total intangible assets	4,120	3,509
Investments and other assets		
Investment securities	667	663
Deferred tax assets	1,297	1,069
Other	2,075	3,416
Total investments and other assets	4,040	5,148
Total non-current assets	9,842	10,047
Deferred assets		
Share issuance costs	1	0
Total deferred assets	1	0
Total assets	45,466	48,140

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable - trade	7,020	4,132
Current portion of long-term borrowings	309	289
Lease liabilities	14	10
Accounts payable - other	4,493	4,925
Income taxes payable	1,372	1,344
Contract liabilities	2,186	2,488
Provision for bonuses	1,784	1,375
Provision for bonuses for directors (and other officers)	—	47
Provision for loss on orders received	626	576
Provision for defect repair	39	—
Other	742	695
<b>Total current liabilities</b>	<b>18,590</b>	<b>15,885</b>
<b>Non-current liabilities</b>		
Long-term borrowings	489	255
Lease liabilities	81	76
Contract liabilities	670	579
Retirement benefit liability	60	4
Asset retirement obligations	336	319
Other	69	55
<b>Total non-current liabilities</b>	<b>1,708</b>	<b>1,290</b>
<b>Total liabilities</b>	<b>20,298</b>	<b>17,176</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	1,270	1,270
Capital surplus	1,613	1,662
Retained earnings	22,182	27,838
Treasury shares	△2,600	△2,567
<b>Total shareholders' equity</b>	<b>22,466</b>	<b>28,204</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	3	7
Foreign currency translation adjustment	5	7
<b>Total accumulated other comprehensive income</b>	<b>9</b>	<b>14</b>
<b>Share acquisition rights</b>	<b>320</b>	<b>292</b>
<b>Non-controlling interests</b>	<b>2,371</b>	<b>2,451</b>
<b>Total net assets</b>	<b>25,167</b>	<b>30,963</b>
<b>Total liabilities and net assets</b>	<b>45,466</b>	<b>48,140</b>

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

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Net sales	31,706	32,206
Cost of sales	24,762	24,608
Gross profit	6,944	7,597
Selling, general and administrative expenses	4,673	5,315
Operating profit	2,270	2,282
Non-operating income		
Interest income	0	0
Dividend income	2	1
Share of profit of entities accounted for using equity method	1	4
Foreign exchange gains	—	1
Miscellaneous income	12	7
Total non-operating income	16	15
Non-operating expenses		
Interest expenses	4	3
Commission expenses	20	95
Donations	10	10
Foreign exchange losses	18	—
Loss on investments in investment partnerships	2	4
Miscellaneous losses	8	2
Total non-operating expenses	64	115
Ordinary profit	2,222	2,182
Extraordinary income		
Compensation income	16	—
Gain on reversal of share acquisition rights	14	32
Gain on transfer from business divestitures	—	6,562
Total extraordinary income	30	6,594
Extraordinary losses		
Industrial accident settlement	—	70
Amortization of goodwill	—	63
Total extraordinary losses	—	133
Profit before income taxes	2,253	8,643
Income taxes - current	421	2,032
Income taxes - deferred	366	215
Total income taxes	788	2,248
Profit	1,465	6,394

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Profit attributable to		
Profit attributable to owners of parent	1,346	6,272
Profit attributable to non-controlling interests	118	121
Other comprehensive income		
Valuation difference on available-for-sale securities	2	3
Foreign currency translation adjustment	1	1
Total other comprehensive income	3	5
Comprehensive income	1,468	6,400
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,349	6,278
Comprehensive income attributable to non-controlling interests	118	121

(3) Quarterly Consolidated Statement of Cash Flows

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
<b>Cash flows from operating activities</b>		
Profit before income taxes	2,253	8,643
Depreciation	694	772
Amortization of goodwill	128	165
Share-based payment expenses	55	34
Increase (decrease) in allowance for doubtful accounts	0	△0
Increase (decrease) in provision for bonuses	△546	△350
Increase (decrease) in provision for bonuses for directors (and other officers)	53	47
Increase (decrease) in retirement benefit liability	3	4
Increase (decrease) in provision for loss on orders received	△192	△49
Increase (decrease) in provision for defect repair	△9	△39
Interest and dividend income	△2	△2
Interest expenses	4	3
Commission expenses	20	95
Share of loss (profit) of entities accounted for using equity method	△1	△4
Loss (gain) on investments in investment partnerships	2	4
Gain on transfer from business divestitures	—	△6,562
Decrease (increase) in notes and accounts receivable-trade and contract assets	6,941	6,919
Decrease (increase) in inventories	△26	66
Decrease (increase) in trade receivables	△791	△1,191
Increase (decrease) in trade payables	△2,784	△2,839
Increase (decrease) in contract liabilities	510	220
Increase (decrease) in accrued consumption taxes	△101	△59
Increase (decrease) in trade payables	△320	△122
Other, net	△10	△33
Subtotal	5,881	5,721
Interest and dividends received	2	8
Interest paid	△4	△2
Income taxes paid	△1,178	△1,975
Net cash provided by (used in) operating activities	4,700	3,751
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	△237	△120
Purchase of intangible assets	△570	△695
Proceeds from sale of investment securities	0	—
Proceeds from business divestitures	—	3,485
Proceeds from collection of loans receivable	3	0
Payments of guarantee deposits	△3	△3
Proceeds from refund of guarantee deposits	0	3
Other, net	△20	6
Net cash provided by (used in) investing activities	△826	2,676

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Cash flows from financing activities		
Proceeds from short-term borrowings	—	951
Repayments of short-term borrowings	—	△100
Repayments of long-term borrowings	△227	△254
Proceeds from issuance of shares	32	—
Purchase of treasury shares	△1,098	△0
Proceeds from disposal of treasury shares	69	66
Dividends paid	△607	△694
Dividends paid to non-controlling interests	—	△58
Repayments of lease liabilities	△9	△9
Proceeds from share issuance to non-controlling shareholders	14	12
Net cash provided by (used in) financing activities	△1,825	△88
Effect of exchange rate change on cash and cash equivalents	9	7
Net increase (decrease) in cash and cash equivalents	2,057	6,347
Cash and cash equivalents at beginning of period	8,701	8,160
Cash and cash equivalents at end of period	10,758	14,507



(4) Notes to Consolidated Financial Statements

**Going Concern Assumption**

Not applicable.

**Significant Changes in Shareholders' Equity**

At a meeting of the Board of Directors held on July 19, 2023, the Company passed a resolution on the transfer of all the shares that the Company holds in Fontworks Inc., its consolidated subsidiary, to Monotype K.K., and the transfer of intangible assets related to Fontworks' business to Monotype Imaging Inc. The Transfer was executed on September 1, 2023.

Due to the Transfer, because of recording a gain on transfer from business divestitures of 6,562million yen, retained earnings at the end of the second quarter consolidated accounting period was 27,838million yen.

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