

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.

January 31, 2024

**SB Technology Corp.**  
**Consolidated Financial Report for the Third Quarter of Fiscal Year Ending March 31, 2024**  
**(Nine Months Ended December 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 filing of Quarterly Report: February 13, 2024

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 Nine Months Ended December 31, 2023 (April 1, 2023 – December 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	%
Nine Months ended Dec. 31, 2023	47,839	Δ0.8	3,607	1.9	3,453	Δ1.0	7,166	239.9
Nine Months ended Dec. 31, 2022	48,231	1.3	3,541	Δ3.2	3,489	Δ3.7	2,108	Δ3.6

Note: Comprehensive income (million yen) Nine Months ended Dec. 31, 2023: 7,476 (up 224.8%)

Nine Months ended Dec. 31, 2022: 2,301 (down 33.0%)

	Net income per share	Diluted net income per share
	Yen	Yen
Nine Months ended Dec. 31, 2023	360.41	359.52
Nine Months ended Dec. 31, 2022	105.32	104.36

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Dec. 31, 2023	48,729	31,389	58.6	1,434.04
As of Mar. 31, 2023	45,466	25,167	49.4	1,131.42

Reference: Shareholders' equity (million yen)

As of Dec. 31, 2023: 28,539

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	—	30.00	—		
Fiscal year ending Mar. 31, 2024 (forecast)				40.00	70.00

Note: Revisions to the most recently announced dividend forecast: Yes

**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	67,000	Δ0.3	5,600	0.8	5,450	Δ0.9	8,300	137.3	417.44

Note: Revisions to the most recently announced consolidated forecast: Yes

**\* 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 Dec. 31, 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 Dec. 31, 2023:	2,856,067 shares	As of Mar. 31, 2023:	2,892,930 shares
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- iii. Average number of shares outstanding during the period

Nine Months ended Dec. 31, 2023:	19,883,304 shares	Nine Months ended Dec. 31, 2022:	20,019,152 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

The Company plans to hold the financial results meeting (online) for institutional investors and analysts on Wednesday, January 31, 2024. 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 December 31, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	8,221	12,857
Notes and accounts receivable - trade, and contract assets	24,133	20,027
Merchandise	131	122
Other	3,136	5,963
Allowance for doubtful accounts	△0	△1
Total current assets	35,622	38,969
Non-current assets		
Property, plant and equipment		
Buildings, net	684	481
Tools, furniture and fixtures, net	991	798
Other, net	5	50
Total property, plant and equipment	1,681	1,330
Intangible assets		
Goodwill	836	633
Software	2,531	2,077
Software in progress	476	695
Customer relationships	189	39
Other	86	58
Total intangible assets	4,120	3,504
Investments and other assets		
Investment securities	667	804
Deferred tax assets	1,297	805
Other	2,075	3,314
Total investments and other assets	4,040	4,924
Total non-current assets	9,842	9,759
Deferred assets		
Share issuance costs	1	0
Total deferred assets	1	0
Total assets	45,466	48,729

(Millions of yen)

	As of March 31, 2023	As of December 31, 2023
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	7,020	4,614
Current portion of long-term borrowings	309	289
Lease liabilities	14	10
Accounts payable - other	4,493	5,201
Income taxes payable	1,372	732
Contract liabilities	2,186	2,961
Provision for bonuses	1,784	683
Provision for bonuses for directors (and other officers)	—	62
Provision for loss on orders received	626	491
Provision for defect repair	39	—
Other	742	1,064
Total current liabilities	18,590	16,112
Non-current liabilities		
Long-term borrowings	489	182
Lease liabilities	81	73
Contract liabilities	670	592
Retirement benefit liability	60	4
Asset retirement obligations	336	318
Other	69	55
Total non-current liabilities	1,708	1,226
<b>Total liabilities</b>	<b>20,298</b>	<b>17,339</b>
Net assets		
Shareholders' equity		
Share capital	1,270	1,270
Capital surplus	1,613	1,659
Retained earnings	22,182	28,056
Treasury shares	△2,600	△2,567
Total shareholders' equity	22,466	28,419
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3	112
Foreign currency translation adjustment	5	7
Total accumulated other comprehensive income	9	120
Share acquisition rights	320	311
Non-controlling interests	2,371	2,538
<b>Total net assets</b>	<b>25,167</b>	<b>31,389</b>
<b>Total liabilities and net assets</b>	<b>45,466</b>	<b>48,729</b>

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

	(Millions of yen)	
	Nine Months ended December 31, 2022	Nine Months ended December 31, 2023
Net sales	48,231	47,839
Cost of sales	37,661	36,586
Gross profit	10,569	11,253
Selling, general and administrative expenses	7,028	7,645
Operating profit	3,541	3,607
Non-operating income		
Interest income	0	0
Dividend income	2	1
Share of profit of entities accounted for using equity method	3	7
Miscellaneous income	15	12
Total non-operating income	22	21
Non-operating expenses		
Interest expenses	6	4
Commission expenses	20	95
Donations	10	10
Foreign exchange losses	25	5
Provision of allowance for doubtful accounts	—	50
Miscellaneous losses	12	9
Total non-operating expenses	74	175
Ordinary profit	3,489	3,453
Extraordinary income		
Gain on sale of investment securities	—	3
Compensation income	16	—
Gain on reversal of share acquisition rights	17	32
Gain on transfer from business divestitures	—	6,663
Total extraordinary income	34	6,698
Extraordinary losses		
Industrial accident settlement	—	70
Amortization of goodwill	—	63
Loss on forgiveness of debt	—	20
Total extraordinary losses	—	153
Profit before income taxes	3,523	9,999
Income taxes - current	647	2,188
Income taxes - deferred	578	445
Total income taxes	1,226	2,634
Profit	2,297	7,364

(Millions of yen)

	Nine Months ended December 31, 2022	Nine Months ended December 31, 2023
<b>Profit attributable to</b>		
Profit attributable to owners of parent	2,108	7,166
Profit attributable to non-controlling interests	188	198
<b>Other comprehensive income</b>		
Valuation difference on available-for-sale securities	2	109
Foreign currency translation adjustment	2	2
<b>Total other comprehensive income</b>	<b>4</b>	<b>111</b>
<b>Comprehensive income</b>	<b>2,301</b>	<b>7,476</b>
<b>Comprehensive income attributable to</b>		
Comprehensive income attributable to owners of parent	2,112	7,277
Comprehensive income attributable to non-controlling interests	189	199

(3) 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.

Additionally, on October 6, we transferred all shares of consolidated subsidiary, Integral Vision Graphics Inc. Due to transfers, because of recording a gain on transfer from business divestitures of 6,663million yen, retained earnings at the end of the third quarter consolidated accounting period were 28,056 million yen.

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