

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 28, 2020

**SB Technology Corp.**  
**Consolidated Financial Report for the First Quarter of Fiscal Year Ending March 31, 2021**  
**(Three Months Ended June 30, 2020)**

[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: Tetsuya Shimizu, Vice President & Senior Director of Corporate Planning

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Scheduled date of filing of Quarterly Report: August 13, 2020

Scheduled date of payment of dividend: -

Preparation of supplementary materials for quarterly financial results: Yes

Holding of quarterly financial results meeting: None

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

**1. Consolidated Financial Results for the Three Months Ended June 30, 2020 (April 1, 2020 – June 30, 2020)**

(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, 2020	14,759	13.8	666	22.1	658	20.7	348	5.5
Three months ended Jun. 30, 2019	12,969	5.8	546	21.3	545	26.2	330	29.0

Note: Comprehensive income (million yen) Three months ended Jun. 30, 2020: 368 (up 9.1%)  
Three months ended Jun. 30, 2019: 337 (up 31.1%)

	Net income per share		Diluted net income per share	
	Yen		Yen	
Three months ended Jun. 30, 2020	17.30		17.20	
Three months ended Jun. 30, 2019	16.62		16.41	

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Jun. 30, 2020	30,165	17,603	54.3	811.65
As of Mar. 31, 2020	32,486	17,617	50.5	813.94

Reference: Shareholders' equity (million yen) As of Jun. 30, 2020: 16,365 As of Mar. 31, 2020: 16,410

**2. Dividends**

	Dividends per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
Fiscal year ended Mar. 31, 2020	Yen —	Yen 10.00	Yen —	Yen 20.00	Yen 30.00
Fiscal year ending Mar. 31, 2021	—	—	—	—	—
Fiscal year ending Mar. 31, 2021 (forecast)	—	15.00	—	15.00	30.00

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

**3. Forecast of Consolidated Financial Results for the Fiscal Year Ending March 31, 2021 (April 1, 2020 – March 31, 2021)**

(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	62,000	6.3	3,600	18.6	3,600	18.7	2,100	13.1	104.16

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, 2020: 22,664,800 shares      As of Mar. 31, 2020: 22,663,200 shares
- ii. Number of treasury shares at the end of the period  
As of Jun. 30, 2020: 2,501,422shares      As of Mar. 31, 2020: 2,501,422shares
- iii. Average number of shares outstanding during the period  
Three months ended Jun. 30, 2020: 20,162,243shares      Three months ended Jun. 30, 2019: 19,889,309shares

\* 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

Supplementary materials for the quarterly financial results will be disclosed today (July 28, 2020), 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

### Quarterly Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2020	As of June 30, 2020
<b>Assets</b>		
Current assets		
Cash and deposits	9,826	9,298
Notes and accounts receivable - trade	12,714	10,032
Merchandise	26	81
Work in process	757	920
Other	1,026	1,708
Allowance for doubtful accounts	△0	△0
<b>Total current assets</b>	<b>24,350</b>	<b>22,042</b>
Non-current assets		
Property, plant and equipment		
Buildings, net	731	735
Tools, furniture and fixtures, net	756	800
Construction in progress	—	135
Other, net	—	1
<b>Total property, plant and equipment</b>	<b>1,488</b>	<b>1,672</b>
Intangible assets		
Goodwill	554	647
Software	1,397	1,411
Software in progress	591	679
Customer relationships	335	319
Other	170	163
<b>Total intangible assets</b>	<b>3,049</b>	<b>3,221</b>
Investments and other assets		
Investment securities	782	676
Deferred tax assets	960	816
Other	1,854	1,732
<b>Total investments and other assets</b>	<b>3,597</b>	<b>3,225</b>
<b>Total non-current assets</b>	<b>8,135</b>	<b>8,120</b>
<b>Total assets</b>	<b>32,486</b>	<b>30,162</b>

(Millions of yen)

	As of March 31, 2020	As of June 30, 2020
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	8,258	6,107
Lease obligations	88	88
Accounts payable - other	1,163	1,247
Income taxes payable	810	152
Advances received	1,554	2,139
Provision for bonuses	1,055	471
Provision for bonuses for directors (and other officers)	—	29
Provision for loss on order received	198	170
Provision for defect repair	1	4
Other	397	1,009
<b>Total current liabilities</b>	<b>13,528</b>	<b>11,420</b>
Non-current liabilities		
Lease obligations	291	269
Deferred tax liabilities	68	86
Long-term advances received	495	344
Retirement benefit liability	45	51
Asset retirement obligations	326	325
Other	112	61
<b>Total non-current liabilities</b>	<b>1,340</b>	<b>1,138</b>
<b>Total liabilities</b>	<b>14,869</b>	<b>12,559</b>
<b>Net assets</b>		
Shareholders' equity		
Share capital	1,176	1,177
Capital surplus	1,268	1,269
Retained earnings	15,549	15,494
Treasury shares	△1,568	△1,568
<b>Total shareholders' equity</b>	<b>16,425</b>	<b>16,372</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	△17	△9
Foreign currency translation adjustment	2	2
<b>Total accumulated other comprehensive income</b>	<b>△14</b>	<b>△7</b>
Share acquisition rights	205	224
Non-controlling interests	1,000	1,012
<b>Total net assets</b>	<b>17,617</b>	<b>17,603</b>
<b>Total liabilities and net assets</b>	<b>32,486</b>	<b>30,162</b>

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

(Millions of yen)

	Fiscal year ended June 30, 2019	Fiscal year ended June 30, 2020
Net sales	12,969	14,759
Cost of sales	10,873	12,326
Gross profit	2,096	2,433
Selling, general and administrative expenses	1,550	1,766
Operating profit	546	666
Non-operating income		
Interest and dividend income	0	0
Share of profit of entities accounted for using equity method	1	6
Miscellaneous income	2	1
Total non-operating income	4	7
Non-operating expenses		
Interest expenses	2	1
Foreign exchange losses	3	0
Commission expenses	—	9
Miscellaneous loss	0	4
Total non-operating expenses	5	16
Ordinary profit	545	658
Extraordinary losses		
Loss on step acquisitions	—	5
Total extraordinary losses	—	5
Profit before income taxes	545	653
Income taxes - current	78	146
Income taxes - deferred	134	145
Total income taxes	213	292
Profit	332	360
Profit attributable to		
Profit attributable to owners of parent	330	348
Profit attributable to non-controlling interests	1	12
Other comprehensive income		
Valuation difference on available-for-sale securities	6	7
Foreign currency translation adjustment	△0	△0
Total other comprehensive income	5	7
Comprehensive income	337	368
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	336	356
Comprehensive income attributable to non-controlling interests	1	12

(3) Notes to Consolidated Financial Statements

**Going Concern Assumption**

Not applicable.

**Significant Changes in Shareholders' Equity**

Not applicable.

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