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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.

January 28, 2021

SB Technology Corp.
Consolidated Financial Report for the Third Quarter of Fiscal Year Ending March 31, 2021
(Nine Months Ended December 31, 2020)

[Japanese GAAP]

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

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

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Scheduled date of filing of Quarterly Report: February 12, 2021

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, 2020 (April 1, 2020 – December 31, 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 | % |
| Nine Months ended Dec. 31, 2020 | 49,062 | 19.9 | 2,473 | 14.8 | 2,461 | 13.8 | 1,479 | 11.5 |
| Nine Months ended Dec. 31, 2019 | 40,916 | 11.4 | 2,154 | 42.4 | 2,162 | 68.9 | 1,326 | 69.8 |

Note: Comprehensive income (million yen) Nine Months ended Dec. 31, 2020: 1,510 (up 9.3%)
 Nine Months ended Dec. 31, 2019: 1,381 (up 76.8%)

| | Net income per share | | Diluted net income per share | |
|---------------------------------|----------------------|--|------------------------------|--|
| | Yen | | Yen | |
| Nine Months ended Dec. 31, 2020 | 73.28 | | 72.79 | |
| Nine Months ended Dec. 31, 2019 | 66.26 | | 65.51 | |

(2) Consolidated Financial Position

| | Total assets | | Net assets | | Shareholders' equity ratio | | Net assets per share | |
|---------------------|--------------|--|-------------|--|----------------------------|--|----------------------|--|
| | Million yen | | Million yen | | % | | Yen | |
| As of Dec. 31, 2020 | 34,447 | | 18,550 | | 50.2 | | 855.39 | |
| As of Mar. 31, 2020 | 32,486 | | 17,617 | | 50.5 | | 813.94 | |

Reference: Shareholders' equity (million yen) As of Dec. 31, 2020: 17,293 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 | — | 15.00 | — | | |
| Fiscal year ending Mar. 31, 2021 (forecast) | | | | 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 | 104.04 | |

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 Dec. 31, 2020: | 22,723,500shares | As of Mar. 31, 2020: | 22,663,200shares |
|----------------------|------------------|----------------------|------------------|
- ii. Number of treasury shares at the end of the period

| | | | |
|----------------------|-----------------|----------------------|-----------------|
| As of Dec. 31, 2020: | 2,505,822shares | As of Mar. 31, 2020: | 2,501,422shares |
|----------------------|-----------------|----------------------|-----------------|
- iii. Average number of shares outstanding during the period

| | | | |
|----------------------------------|------------------|----------------------------------|------------------|
| Nine Months ended Dec. 31, 2020: | 20,184,851shares | Nine Months ended Dec. 31, 2019: | 20,018,615shares |
|----------------------------------|------------------|----------------------------------|------------------|

* 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 Thursday, January 28, 2021.

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/>).

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1. Qualitative Information on Financial Results of the Period Under Review

(1) Explanation of Business Results

Economic activities stalled with the impact of the global pandemic of COVID-19. Recently, the outlook is extremely uncertain given the intermittent resurgence of COVID-19 infections, and the pace of recovery in corporate earnings and capital spending is likely to be modest. With people being asked to refrain from going out and avoid contact with others, many companies have made the shift towards cloud computing and remote working. However, security measures associated with the rapid changes in working styles are lagging behind and, as a result, cyber crime is in an upward trend and companies are under increasing pressure to strengthen security measures. Companies are now also feeling the need to utilize IT and reform their existing business models in response to the huge changes in society.

To adapt to the changes associated with this new era, known as the "new normal," companies must embrace digital transformation (DX) to strengthen their strategic business domains and secure their competitive advantage, and government and municipal offices also in the process of establishing digital offices to realize digital government and appointing human resources from the private-sector in connection with this. The growth of IT investment in Japan is expected to slow compared to the period before the effects of COVID-19 are actualized, but we believe that urgent issues and demand for strategic IT investment are firm.

Amid this business environment, the ICT services business remained firm, and performance by solution was as follows compared to the same period in the previous fiscal year.

In Business IT Solutions, system development and IoT projects for business divisions of SoftBank Corp. expanded. We also made progress on the development of an electronic application platform for the Ministry of Agriculture, Forestry and Fisheries and maintained and operated the Japanese version of O-NET for the Ministry of Health, Labour and Welfare, and as a result of these and other factors, sales in the Business IT Solutions segment increased.

In Corporate IT Solutions, the impact of completing development of a large cloud system for a Group company of SoftBank Corp. and transitioning to the operation phase was offset by the creation of zero trust security and the operation of helpdesk services and so forth as part of DX initiatives accelerated due to the impact of COVID-19, as well as growth in sales of our own clouXion services and managed security services.

In Technical Solutions, which provides solutions for on-premises environments, vendor management projects in the IT field of SoftBank Corp., which began in 3Q of the previous fiscal year, led the increase in sales. The consolidation of DENEN Co. Ltd. in the second quarter under review also had the effect of increasing sales.

In EC Solutions, the e-commerce management agency business at Norton Store declined, but the font business remained strong, resulting in a decrease in sales but an increase in profits.

As a result, the Group's financial results for the first nine months of the fiscal year under review were as follows.

Net Sales, marginal profit, operating profit, ordinary profit, and profit attributable to owners of parent achieved record highs for the first nine-month period.

(Millions of yen)

| | Nine-month ended December 31, 2019 | Nine-month ended December 31, 2020 | Change (Amount) | Change (Ratio) |
|--|---------------------------------------|---------------------------------------|-----------------|----------------|
| Net sales | 40,916 | 49,062 | 8,146 | 19.9% |
| Marginal profit | 11,702 | 13,927 | 2,224 | 19.0% |
| Fixed costs | 9,547 | 11,454 | 1,906 | 20.0% |
| Operating profit | 2,154 | 2,473 | 318 | 14.8% |
| Ordinary profit | 2,162 | 2,461 | 298 | 13.8% |
| Profit attributable to owners of parent | 1,326 | 1,479 | 152 | 11.5% |
| Net income per share | JPY 66.26 | JPY 73.28 | JPY 7.03 | 10.6% |

The Company has only a single business segment, which is the ICT services business. See <Explanation of solutions> on page 5 for the details and performance of solutions constituting the ICT service business.

<Progress in the third medium-term management plan>

The Group focuses on the third medium-term management plan by positioning “be a service provider for corp IT” and “consult and generate business IT” as key themes.

- Be a service provider for corp IT

The promotion of workstyle reform and remote work is accelerating amid the COVID-19 pandemic, and diverse workstyles that are free of time and place are being sought. However, the security risks and issues associated with a cloud-based remote working environment have merged and companies need to act quickly.

In an era in which remote working becomes firmly established as a work style, security measures must also be based on a different set of assumptions from before and a security control model known as zero trust security which makes no distinction between internal and external communications and monitors all communications as potential threats is attracting attention. We have supported many companies in creating and introducing zero trust security and have also turned this expertise into a service and started offering a Zero Trust Security Starter Pack. Adoption of our recommended settings makes it possible to introduce urgent security measures for a remote working environment quickly and cheaply.

In the current fiscal year, the second year of the third medium-term management plan, our own service sales during the period under review increased 50.3% year on year, to 1,442 million yen. We have set a target ratio of recurring sales of our original services to total partner sales as of the end of March 2022 at 50%, and it reached 22.6% as of the end of December 2020.

- Consult and generate business IT

We have a particular focus on the fields of global manufacturing, construction, and agriculture. In these industries, we regard the use of cloud computing to strengthen customers' competitiveness, the development of IoT services, collaboration between sales support systems and marketing systems, and efforts to realize digitalization across the entire government as significant opportunities.

DX report 2 (interim report) released by the Ministry of Economy, Trade and Industry mentioned "common platform providers that play a role in cooperation areas" as part of "Actions that vendors should take towards organizational reforms." We are working to develop services for the non-competitive areas of customers in industries we are focusing on and launched the Con-Bridge, a service for worksites in the construction industry, as a first step. Con-Bridge ID provides support for the resolution of various issues at construction sites by combining ID integrated management using our proprietary identity platform with various functions to meet site needs. This service enables accurate and efficient people management at construction sites where people handling information frequently come and go and enables flexible adaptation to various workstyles, thereby reducing management manhours, improving the security level and increasing the efficiency of worksite operations.

Moving forward, we will not only incorporate new functions but also further enhance Con-Bridge functions with an eye to linkage with outside services for the construction industry such as working data management systems and SaaS, thereby aiming to encourage the utilization of ICT at construction sites and contribute to DX across the construction industry as a whole.

We will continue to support the growth of customers' business by working on the collaborative creation of business with our customers.

In the fiscal year ending March 31, 2022, we have set as management indicators a hike in the net sales weighting of Corporate IT Solutions and Business IT Solutions, which will achieve cloud-first strategies for companies, to 50% and the achievement of "consolidated operating profit of 4.3 billion yen (CAGR20% growth from the fiscal year ended March 31, 2019)."

During the first nine months under review, the net sales composition ratio of Corporate IT Solutions and Business IT Solutions fell 1.8 percentage points YoY, to 32.6%, as a result of expansion in Technical Solutions, reflecting vendor management projects for SoftBank and consolidation of DENEN Co., Ltd. from the second quarter. Operating profit increased 14.8% year on year, to 2,473 million yen.

< Sustainability initiatives >

In line with its corporate philosophy of "Information Revolution – Happiness for everyone," the SoftBank Group aims to be a corporate group which provides the services and technologies most needed by people around the world and it has used the telecommunications business as a basis for becoming involved in a range of businesses in the information and technology fields and for maximizing its corporate value. As part of the SoftBank Group, we have defined our mission as "Information Revolution – Happiness for everyone- Technologies design the Future" and we are helping enrich the information society through the provision of ICT services. Following "Vision 2030" implemented in the fiscal year ended March 31, 2019, we adopted a new vision in the fiscal year ended March 31, 2020, namely "We generate new value to the world by leading technologies and creativeness with diverse work styles and opportunity-full culture." In line with this vision, we are currently supporting remote working platforms during the COVID crisis, and using ICT services to help address social problems such as labor shortages and improvement of productivity in the construction and agricultural industries, and we are implementing initiatives to achieve the sustainable development goals (SDGs).

The Group will continue working with various stakeholders to solve social issues and help realize a sustainable society through its business activities and corporate activities.

<Overview of service category >

The Company has only a single business segment, which is the ICT services business. The following table shows the earnings from the primary components of this business segment. Note that some service categories have changed their names in the first quarter.

The values for the same period of the previous year in each solution category were calculated by applying the current method.

| Solution category | Details of solutions | Core companies |
|------------------------|--|---|
| Business IT solutions | [Cloud business/For business divisions] - Consulting services - DX solutions - AI/ IoT solutions, etc. | - SB Technology Corp. - Cybertrust Japan Co., Ltd. - REDEN Corp. |
| Corporate IT solutions | [Cloud business/For overall company or administration division] - Cloud integration - Business efficiency improvement services - Cloud security services - Security operation monitoring services - Electronic authentication solutions | - SB Technology Corp. - Cybertrust Japan Co., Ltd. - M-SOLUTIONS, Inc. - Kan Corporation - ASORA Tech Corp. |
| Technical solutions | - On-premise system integration - Equipment sales, building, operation, and maintenance services - Sales and embedded system development of products related to Linux/OSS, etc. | - SB Technology Corp. - Cybertrust Japan Co., Ltd. - DENEN Co. Ltd. |
| E-commerce solutions | - Operation of e-commerce sites as agent - Online sales of font licenses, etc. | - SB Technology Corp. - Fontworks Inc. |

(Millions of yen)

| | | Nine-month period ended December 31, 2019 | Nine-month period ended December 31, 2020 | Change (Amount) | Change (Ratio) |
|------------------------|-----------------|---|---|-----------------|----------------|
| Business IT solutions | Net Sales | 2,505 | 3,655 | 1,150 | 45.9% |
| | Marginal profit | 1,127 | 1,356 | 228 | 20.3% |
| | Profit margins | 45.0% | 37.1% | (7.9) pt. | — |
| Corporate IT solutions | Net Sales | 11,580 | 12,348 | 767 | 6.6% |
| | Marginal profit | 4,716 | 5,296 | 579 | 12.3% |
| | Profit margins | 40.7% | 42.9% | 2.2 pt. | — |
| Technical solutions | Net Sales | 10,516 | 16,817 | 6,300 | 59.9% |
| | Marginal profit | 3,557 | 4,951 | 1,393 | 39.2% |
| | Profit margins | 33.8% | 29.4% | (4.4) pt. | — |
| E-commerce solutions | Net Sales | 16,313 | 16,241 | (72) | (0.4)% |
| | Marginal profit | 2,300 | 2,322 | 21 | 1.0% |
| | Profit margins | 14.1% | 14.3% | 0.2 pt. | — |
| Total | Net Sales | 40,916 | 49,062 | 8,146 | 19.9% |
| | Marginal profit | 11,702 | 13,927 | 2,224 | 19.0% |
| | Profit margins | 28.6% | 28.4% | (0.2) pt. | — |

(2) Overview of financial positions for the current period

Assets, Liabilities and Net assets (Millions of yen)

| | As of December 31, 2019 | As of December 31, 2020 | Change (Amount) |
|----------------------------|-------------------------|-------------------------|-----------------|
| Total assets | 32,486 | 34,447 | 1,960 |
| Net assets | 17,617 | 18,550 | 932 |
| Shareholder's equity ratio | 50.5% | 50.2% | (0.3) pt. |

(Assets)

Total assets increased 1,960 million yen from the end of the previous fiscal year, to 34,447 million yen at the end of the six-month period under review.

Current assets increased 875 million yen from the end of the previous fiscal year, mainly because of an increase in work in process.

Non-current assets increased 1,085 million yen, mainly due to an increase in deferred goodwill.

(Liabilities)

Total liabilities decreased 1,027 million yen from the end of the previous fiscal year, to 15,896 million yen at the end of the six-month period under review.

Current liabilities decreased 174 million yen, mainly due to a decrease in accounts payable.

Non-current liabilities increased 1,202 million yen, mainly attributable to a decrease in long-term advances received.

(Net assets)

Net assets increased 932 million yen from the end of the previous fiscal year, to 18,550 million yen at the end of the nine-month period under review, mainly due to an increase in retained earnings.

(3) Explanation on Consolidated Forecast and Other Forward-looking Statements

The earnings forecasts are based on information currently available, but actual results may differ from these forecasts due to various factors.

The forecast of consolidated financial results for the fiscal year ending March 31, 2021, which we announced on April 27, 2020, remains unchanged.

Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheet

| | (Millions of yen) | |
|---------------------------------------|----------------------|-------------------------|
| | As of March 31, 2020 | As of December 31, 2020 |
| Assets | | |
| Current assets | | |
| Cash and deposits | 9,826 | 9,882 |
| Notes and accounts receivable - trade | 12,714 | 12,624 |
| Merchandise | 26 | 219 |
| Work in process | 757 | 1,121 |
| Other | 1,026 | 1,378 |
| Allowance for doubtful accounts | △0 | △0 |
| Total current assets | 24,350 | 25,225 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings, net | 731 | 831 |
| Tools, furniture and fixtures, net | 756 | 802 |
| Other, net | — | 6 |
| Total property, plant and equipment | 1,488 | 1,641 |
| Intangible assets | | |
| Goodwill | 554 | 1,333 |
| Software | 1,397 | 1,604 |
| Software in progress | 591 | 918 |
| Customer relationships | 335 | 353 |
| Other | 170 | 149 |
| Total intangible assets | 3,049 | 4,358 |
| Investments and other assets | | |
| Investment securities | 782 | 638 |
| Deferred tax assets | 960 | 871 |
| Other | 1,854 | 1,710 |
| Total investments and other assets | 3,597 | 3,220 |
| Total non-current assets | 8,135 | 9,221 |
| Total assets | 32,486 | 34,447 |

(Millions of yen)

| | As of March 31, 2020 | As of December 31, 2020 |
|--|----------------------|-------------------------|
| Liabilities | | |
| Current liabilities | | |
| Accounts payable - trade | 8,258 | 7,341 |
| Current portion of long-term borrowings | — | 493 |
| Lease obligations | 88 | 86 |
| Accounts payable - other | 1,163 | 1,200 |
| Income taxes payable | 810 | 293 |
| Advances received | 1,554 | 1,942 |
| Provision for bonuses | 1,055 | 563 |
| Provision for bonuses for directors (and other officers) | — | 79 |
| Provision for loss on order received | 198 | 186 |
| Provision for defect repair | 1 | — |
| Asset retirement obligations | — | 9 |
| Other | 397 | 1,156 |
| Total current liabilities | 13,528 | 13,354 |
| Non-current liabilities | | |
| Long-term borrowings | — | 1,252 |
| Lease obligations | 291 | 226 |
| Deferred tax liabilities | 68 | 101 |
| Long-term advances received | 495 | 408 |
| Retirement benefit liability | 45 | 50 |
| Asset retirement obligations | 326 | 357 |
| Other | 112 | 144 |
| Total non-current liabilities | 1,340 | 2,542 |
| Total liabilities | 14,869 | 15,896 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 1,176 | 1,229 |
| Capital surplus | 1,268 | 1,321 |
| Retained earnings | 15,549 | 16,322 |
| Treasury shares | △1,568 | △1,568 |
| Total shareholders' equity | 16,425 | 17,305 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | △17 | △14 |
| Foreign currency translation adjustment | 2 | 3 |
| Total accumulated other comprehensive income | △14 | △11 |
| Share acquisition rights | 205 | 227 |
| Non-controlling interests | 1,000 | 1,028 |
| Total net assets | 17,617 | 18,550 |
| Total liabilities and net assets | 32,486 | 34,447 |

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

| | (Millions of yen) | |
|--|--|--|
| | Nine Months ended December 31, 2019 | Nine Months ended December 31, 2020 |
| Net sales | 40,916 | 49,062 |
| Cost of sales | 34,000 | 41,121 |
| Gross profit | 6,915 | 7,940 |
| Selling, general and administrative expenses | 4,760 | 5,467 |
| Operating profit | 2,154 | 2,473 |
| Non-operating income | | |
| Interest and dividend income | 1 | 0 |
| Share of profit of entities accounted for using equity method | 11 | 11 |
| Subsidy income | — | 9 |
| Subsidies for employment adjustment | — | 1 |
| Miscellaneous income | 8 | 11 |
| Total non-operating income | 21 | 34 |
| Non-operating expenses | | |
| Interest expenses | 5 | 11 |
| Foreign exchange losses | 4 | 3 |
| Commission expenses | — | 16 |
| Miscellaneous loss | 3 | 14 |
| Total non-operating expenses | 14 | 46 |
| Ordinary profit | 2,162 | 2,461 |
| Gain on sales of investment securities | 2 | 103 |
| Total extraordinary income | 2 | 103 |
| Extraordinary losses | | |
| Loss on step acquisitions | — | 5 |
| Impairment loss | 14 | 53 |
| Loss on valuation of investment securities | — | 29 |
| Office relocation expenses | — | 14 |
| Total extraordinary losses | 14 | 103 |
| Profit before income taxes | 2,150 | 2,461 |
| Income taxes - current | 580 | 780 |
| Income taxes - deferred | 192 | 174 |
| Total income taxes | 773 | 954 |
| Profit | 1,376 | 1,506 |
| Profit attributable to | | |
| Profit attributable to owners of parent | 1,326 | 1,479 |
| Profit attributable to non-controlling interests | 50 | 27 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 5 | 2 |
| Foreign currency translation adjustment | △0 | 0 |
| Total other comprehensive income | 4 | 3 |
| Comprehensive income | 1,381 | 1,510 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 1,330 | 1,482 |
| Comprehensive income attributable to non-controlling interests | 50 | 27 |

(3) Notes to Consolidated Financial Statements

Going Concern Assumption

Not applicable.

Significant Changes in Shareholders' Equity

Not applicable.

Changes in the scope of consolidation and the scope of application of the equity method

Because the Company acquired all shares of DENEN Co. Ltd. in the first half under review, it is included in the scope of consolidation. In addition, I/O System Integration Co., Ltd., a wholly owned subsidiary of DENEN Co. Ltd., is also included in the scope of consolidation.

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