

Translated by AI

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June 26, 2020

Dear Sir,

SB Technology

Company Name: SB Technology Corp.
(Code No.: 4726 Tokyo Stock Exchange, First Section)
Representative: Shinichi Ata
President & CEO
Contact Person: Tetsuya Shimizu
Vice President, Senior Director,
Corporate Planning Dept.
Phone: +81-3-6892-3063

Notice Regarding Acquisition of Shares of Denen Co., Ltd.
(Conversion to a Subsidiary)

SB Technology Corp. (President and CEO: Shinichi Ata, Head Office: Shinjuku-ku, Tokyo, Listed on the First Section of the Tokyo Stock Exchange: 4726, hereinafter "SBT") today announced that it has decided to acquire (make a subsidiary) the shares of Denen Co., Ltd. (President and CEO: Toshio Kato, Head Office: Shinagawa-ku, Tokyo, hereinafter "Denen") held by CloudWorks, Inc. (President and CEO: Koichiro Yoshida, Head Office: Shibuya-ku, Tokyo, hereinafter "CloudWorks") to make it a subsidiary. We also plan to make a subsidiary of Denen a subsidiary.

Discription

1 . Reasons

Our management policy is to "Achieve significant growth" and we are promoting the third phase of Medium-Term Management Plan (from the fiscal year ended March 2020 to the fiscal year ending March 2022). We aim to contribute to the business of our customers by realizing "Be a service provider for Corp IT" and "Consult and Generate Business IT", which are the priority themes of the Third Medium-Term Management Plan.

We are engaged in a number of projects for Enterprises and government offices, mainly in the construction and global manufacturing industries, and for local governments, based on the strengths of SoftBank's IT support and cloud and security technologies.

Denen has been engaged in the development of a variety of systems, primarily in telecommunications and local governments, since its founding. Its strengths lie in its expertise and technological capabilities in these industries.

In the telecommunications industry and local government sectors, where the 2 companies are strong, we expect demand to increase in the future in the fields of 5G and digital governance that utilize cutting-edge technologies such as cloud computing and IoT. By making Denen a subsidiary, we expect to strengthen our ability to respond to growing demand.

Through the acquisition of shares, we will create synergies between the 2 companies that combine their strengths for business expansion, further strengthening our earnings base and enhancing corporate value.

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2. Outline of the transferred subsidiary (Denen)

(1) Company name	DENEN Co. Ltd.		
(2) Address	1-21-8 Nishigotanda, Shinagawa-ku, Tokyo		
(3) Name of title of representative	Toshio Kato, President and CEO		
(4) Nature of business	System consulting services System integration Provision of packaged software		
(5) Share capital	35 million yen		
(6) Founded	July 24, 2000		
(7) Principal shareholders and their shareholding ratio	CloudWorks, Inc. 100%		
(8) Relationship with SBT	Capital relationship	None applicable.	
	Personnel relationship	None applicable.	
	Business relationship	None applicable.	
(9) Company's results of operations and financial position for the past 3 years			
Fiscal Year End	Fiscal year ended December 31, 2017	Fiscal year ended September 30, 2018	Fiscal year ended September 30, 2019
Net assets	252 million yen	304 million yen	329 million yen
Total assets	1,455 million yen	1,528 million yen	1,306 million yen
Net assets per share	360,794.33 yen	434,385.53 yen	471,311.10 yen
Net sales	2,281 million yen	1,572 million yen	2,416 million yen
Operating profit	66 million yen	85 million yen	65 million yen
Ordinary profit	70 million yen	92 million yen	69 million yen
Profit	6 million yen	55 million yen	25 million yen
Profit per share	9,127.43 yen	78,992.67 yen	36,211.99 yen
Dividends per share	0 yen	0 yen	0 yen

3. Outline of the counterparty to the share acquisition

(1) Company name	CloudWorks, Inc.	
(2) Address	4-20-3 Ebisu, Shibuya-ku, Tokyo	
(3) Name of title of representative	Koichiro Yoshida, President and CEO	
(4) Nature of business	Operation of Internet services centered on crowdsourcing "Cloudworks"	
(5) Share capital	2,687.21 million yen	
(6) Founded	November 11, 2011	
(7) Net assets	3,245 million yen	
(8) Total assets	6,328 million yen	
(9) Principal shareholders and their shareholding ratio	Koichiro Yoshida 27.31%	
(10) Relationship with SBT	Capital relationship	None applicable.
	Personnel relationship	None applicable.
	Business relationship	None applicable.
	Relevant Parties' Relevant Circumstances	None applicable.

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4. Number of Acquired Shares, Acquisition Amount, and Status of Owned Shares Before and After Acquisition

(1) Shares owned prior to the transaction	0 shares (Number of Votes : 0) (Equity stake : 0%)
(2) Shares acquired	700 shares (Number of Votes : 700)
(3) Acquisition price	Common stock of electric fringing companies : 1,330 million yen Advisory expenses, etc. (estimated) : 111 million yen Total (approximate) : 1,441 million yen
(4) Shares owned after the transaction	700 shares (Number of Votes : 700) (Equity stake : 100.0%)

5. Schedule

Date of resolution of the board of directors	June 26, 2020
Date of execution of the share transfer agreement	June 30, 2020
Scheduled date of share Delivery	July 10, 2020

6. Future Outlook

Upon the acquisition of the Shares, the Company will become a consolidated subsidiary of us and will be reflected in the consolidated results from the 2Q of FY2021. We believe that the impact of this acquisition on our consolidated performance forecast for the year ended March 31, 2021 will be minor at present, but in the mid-and long-term, we will greatly contribute to the improvement of our Group's performance.

[Reference] Overview of Denen's Subsidiaries

(1) Company name	I/O SYSTEM INTEGRATION CO.,LTD.	
(2) Address	1-2-3 Motosojamachi, Maebashi-shi, Gunma	
(3) Name of title of representative	Masayuki Sekiguchi, President & CEO	
(4) Nature of business	Development, sales, and maintenance of information processing systems	
(5) Share capital	14.25million yen	
(6) Founded	October 26, 1995	
(7) Principal shareholders and their shareholding ratio	DENEN Co. Ltd. 100%	
(8) Relationship with SBT	Capital relationship	None applicable.
	Personnel relationship	None applicable.
	Business relationship	None applicable.