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July 19, 2023

Dear Sir,

 **SB Technology**

Company Name: SB Technology Corp.
Representative: Shinichi Ata
President & CEO
(Code No.: 4726 Tokyo Stock Exchange, Prime Market)
Contact Person: Masaaki Okazaki
Member of the Board & CFO, Executive Vice President

**Notice Concerning Change in Consolidated Subsidiary (Transfer of Shares),
Recording of Extraordinary Income and Revision of Financial Results Forecast**

SB Technology Corp. (the “Company”) hereby announces that at a meeting of the Board of Directors held today, it passed a resolution on the transfer of shares (hereinafter, the “Share Transfer”) that the Company holds in Fontworks Inc., (hereinafter “Fontworks”), its consolidated subsidiary, to Monotype K.K. (headquarters: Chiyoda-ku Tokyo, hereinafter “Monotype Japan”) and the transfer of intangible assets (hereinafter the “Asset Transfer” and referred to as the “Transfer” including the Share Transfer) to Monotype Imaging Inc. (headquarters: Massachusetts, the United States, hereinafter “Monotype U.S.”). Details are as follows. As a result, Fontworks ceases to be a consolidated subsidiary of the Company.

In addition, following the said resolution, the Company has also decided to record extraordinary income for the first six months of the fiscal year ending March 31, 2024 and revise the full-year consolidated financial results forecast for the fiscal year ending March 31, 2024 (from April 1, 2023 to March 31, 2024) disclosed on April 27, 2023.

I. Recording of extraordinary income and revisions to financial results forecasts

1. Recording of extraordinary income

Due to the Transfer, the Company has decided to record gains on the sale of shares of subsidiaries and transfer of intangible assets, which amount to 6,200 million yen in total, as extraordinary income for the first six months of the fiscal year ending March 31, 2024.

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2. Revision of full-year consolidated financial results forecast

(1) Revision to consolidated financial results forecast for the fiscal year ending March 31, 2024

(April 1, 2023 through March 31, 2024)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Profit per share
	Million yen	Million yen	Million yen	Million yen	Yen
Previous forecast (A)	69,000	6,400	6,350	3,950	197.68
Revised forecasts (B)	68,000	5,900	5,750	8,200	410.37
Change (B-A)	(1,000)	(500)	(600)	+4,250	-
Change (%)	(1.4)%	(7.8)%	(9.4)%	+107.6%	-
(Reference) Actual results in the previous fiscal year (Year ended March 31, 2023)	67,227	5,557	5,499	3,497	175.03

(2) Reason for the revision of the results forecasts

The full-year consolidated financial results forecast for the fiscal year ending March 31, 2024, which was announced on April 27, 2023, has been revised as indicated above because Fontworks' performances in October 2023 and beyond are not reflected in forecasts due to its exclusion from consolidation, as well as the impact of the extraordinary income to be recorded due to the Transfer. The Company is still in the process of carefully examining future trends from business perspectives.

* The above forecast is prepared based on information available as of the issuing date of this notice, and therefore actual results may differ from these forecast figures due to various factors.

II. Change in consolidated subsidiary (transfer of shares) and transfer of intangible assets

1. Reason for the Transfer

Under its management policy, namely, "Achieve Significant Growth," the Company acquired Fontworks, a company that engages in the planning, development and sale of digital fonts, the development of software, and the provision of technical services and OEM services, etc. in June 2013, making it a consolidated subsidiary. Fontworks continued to contribute to the Group's business expansion in the e-commerce area. However, its digital font business and the growth that it had been achieving through synergies with the Company in the e-commerce area have plateaued, while the Group has started to shift its strategic area of focus to cloud security.

In this situation, the Company has agreed to the Transfer because it believes that it is mutually beneficial that Fontworks operates its business in an environment where it can achieve further growth and pursue business synergies including global development, namely, operating business as part of Monotype U.S. and Monotype Japan.

As the result of the Transfer, shares of Fontworks held by the Company will be transferred to Monotype Japan, while certain intangible assets such as patents and trade marks pertaining to the business of Fontworks will be transferred to Monotype U.S.

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2. Overview of the subsidiary to be changed (Fontworks Inc.)

(1) Trade name	Fontworks Inc.		
(2) Address	5F, Nissin Aoyama Building, 3-2-4 Kita-Aoyama, Minato-ku, Tokyo		
(3) Representative	Ai Harada, President and CEO		
(4) Outline of the business	Planning, development and sale of digital fonts (fonts), software development, technical services, OEM services, etc.		
(5) Share capital	120 million yen		
(6) Date of establishment	August 9, 1993		
(7) Major shareholders and their shareholding ratios	SB Technology Corp. 100%		
(8) Relationships between the listed company and the relevant company	Capital relationship	As indicated in (7) above, the Company holds 100% of the outstanding shares of the relevant company.	
	Personal relationship	Three of the Company's directors and one of its executive officers are concurrently directors of the relevant company. In addition, one of the Company's employees is concurrently an auditor of the relevant company and two of the Company's employees seconded to the relevant company are concurrently directors of the company.	
	Business relationship	The Company has been borrowing funds from the relevant company and undertaking services such as system operation entrusted by the relevant company.	
(9) Business results and financial conditions of the relevant company for the past three years			
Fiscal Year-End	March 31, 2021	March 31, 2022	March 31, 2023
Net assets	2,844 million yen	3,281 million yen	3,803 million yen
Total assets	3,322 million yen	3,726 million yen	4,272 million yen
Net assets per share	14,224,803.59 yen	16,406,449.14 yen	19,018,485.23 yen
Net sales	1,701 million yen	1,775 million yen	1,946 million yen
Operating profit	724 million yen	616 million yen	751 million yen
Ordinary profit	715 million yen	619 million yen	755 million yen
Profit	467 million yen	416 million yen	522 million yen
Profit per share	2,339,951.49 yen	2,080,702.06 yen	2,612,036.09 yen
Dividends per share	0 yen	0 yen	0 yen

3. Overview of the recipient of the Share Transfer

(1) Trade name	Monotype K.K.		
(2) Address	5F, MG Ichigaya Building, 1-9 Gobanchou, Chiyoda-ku, Tokyo		
(3) Representative	Ninan Chacko		
(4) Outline of the business	1. To sell, import, manage, maintain, and give advice on software for image processing, such as fonts, printer drivers and color imaging. 2. All other businesses related to or connected with the activities described in item above.		
(5) Share capital	10 million Yen		
(6) Date of establishment	December, 2004		
(7) Net assets	1,224 million yen (as of December 31, 2022)		
(8) Total assets	4,137 million yen (as of December 31, 2022)		
(9) Major shareholders and their shareholding ratios	Monotype Imaging Inc. 100%		
(10) Relationships between the listed company and the	Capital relationship	Not applicable	
	Personal relationship	Not applicable	

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relevant company	Business relationship	Not applicable
	Applicability to related parties	Not applicable

4. Overview of the recipient of the Asset Transfer

(1) Trade name	Monotype Imaging Inc.	
(2) Address	600 Unicorn Park Drive, 4 th Floor, Woburn, MA 01801	
(3) Representative	Ninan Chacko	
(4) Outline of the business	1.To design, develop, sell, import, manage, maintain, and give advice on software for image processing, such as fonts, printer drivers and color imaging. 2. All other businesses related to or connected with the activities described in item above.	
(5) Share capital	\$1 USD	
(6) Date of establishment	September 1999	
(7) Net assets	50,374 million yen (As of December 31, 2022)	
(8) Total assets	112,097 million yen (As of December 31, 2022)	
(9) Major shareholders and their shareholding ratios	Monotype Imaging Holdings Corp – 100%	
(10) Relationships between the listed company and the relevant company	Capital relationship	Not applicable
	Personal relationship	Not applicable
	Business relationship	Not applicable
	Applicability to related parties	Not applicable

5. Number of shares to be transferred, transfer price and the number of shares held before and after transfer

(1) Number of shares held before the change	200 shares (Number of voting rights: 200) (Percentage of voting rights: 100.0%)
(2) Number of shares to be transferred	200 shares (Number of voting rights: 200)
(3) Number of shares held after the transfer	0 shares (Number of voting rights: 0) (Percentage of voting rights: 0.0%)

*With respect to the Share Transfer and the Asset Transfer, due to confidentiality requirements specified in the agreement on the Transfer, the Company refrains from disclosing transfer prices, which have been determined through negotiations in which calculations of the value of shares and intangible assets by the recipient of the Transfer were taken into consideration.

6. Schedule

Date of resolution by the Board of Directors	July 19, 2023
Date of the signing of the share transfer agreement	July 19, 2023
Date of transfer	September 1, 2023 (Schedule)