

Dear shareholders,

We would like to express our appreciation for your continued support and understanding. We hereby inform you that our 36th Annual General Meeting of Shareholders will be held as described below.

The fiscal year ended March 31, 2024 (FY 2023) marked the second year of our fourth Medium-Term Management Plan (FY 2022-FY 2024). In line with our key themes, we have continued to promote digital transformation (DX) for our customers.

In the Telecommunication segment where initiatives to increase profit margins started in FY 2022, higher value-added projects and utilization of offshore companies have made steady progress in FY 2023, achieving continuous improvement in the profit margin. Owing to the strong growth in managed security services (MMS), our focus area, the Enterprise segment saw an increase of 1.5 times in MMS sales compared with the previous fiscal year. With respect to Generative AI, a technology that has recently attracted attention, we have developed our own generative-AI-based service through internal implementation, R&D initiatives, and joint demonstration experiments with our customers. The Public Sector segment is expanding projects for the Digital Agency and the Ministry of Land, Infrastructure, Transport and Tourism based on its previous achievements in digital maps and electronic application platform projects for the Ministry of Agriculture, Forestry and Fisheries.

As a result, net sales decreased but operating profit increased, leading to a record-high net profit due to transfer of shares, of Fontworks Inc. etc., during the fiscal year under review.

I appreciate your continued understanding and support.

Shinichi Ata
President & CEO

This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail. The Company assumes no responsibility for this translation or for direct, indirect or any other forms of damages arising from the translation.

Securities Code: 4726

May 31, 2024

(Electronic provision of information starts on: May 23, 2024)

To Shareholders with Voting Rights:

Shinichi Ata, Representative
Director, President & CEO
SB Technology Corp.
6-27-30, Shinjuku, Shinjuku-ku,
Tokyo, Japan

Convocation Notice of the 36th Annual General Meeting of Shareholders

We hereby inform you that the 36th Annual General Meeting of Shareholders (the “Meeting”) of SB Technology Corp. (the “Company”) will be held as described below.

When convening this Meeting, we have taken measures for electronic provision and have posted matters subject to electronic provision as “Notice of the 36th Annual General Meeting of Shareholders” on the following websites:

The Company’s website

<https://www.softbanktech.co.jp/en/ir/stock/shareholders/>

In addition to the website above, the materials are also available at the following website:

Tokyo Stock Exchange website (Listed Company Search)

<https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show>

To find the notice, access the Tokyo Stock Exchange website, enter and search for the Company’s issue name or securities code, select “Basic information” and go to “Documents for public inspection/PR information.”

Instead of attending the Meeting in person, you can exercise your voting rights via the Internet or in writing. Please review the Reference Documents for the Annual General Meeting of Shareholders and exercise your voting rights no later than 5:45 p.m. Japan time on Friday, June 14, 2024.

No souvenirs are prepared for attending shareholders at the Meeting. We appreciate your understanding.

1. Date and Time: Monday, June 17, 2024 at 10:00 a.m. Japan time
(Reception opens at 9:30 a.m.)

2. Place: The Company's conference room
Shinjuku Eastside Square 17F
6-27-30, Shinjuku, Shinjuku-ku, Tokyo

3. Meeting Agenda:

- Matters to be reported:**
1. Business Report, Consolidated Financial Statements for the 36th fiscal year (April 1, 2023 to March 31, 2024) and results of audits by the Independent Auditor and the Audit & Supervisory Board of the Consolidated Financial Statements.
 2. Non-consolidated Financial Statements for the 36th fiscal year (April 1, 2023 to March 31, 2024)

Proposals to be resolved:

- Proposal 1:** Appropriation of Surplus
Proposal 2: Election of Nine (9) Members of the Board
Proposal 3: Election of Four (4) Audit & Supervisory Board Members

- ◎ For those attending the Meeting on the day, please submit the enclosed voting rights exercising form to the reception desk.
- ◎ Any revisions to the information provided electronically will be posted on the websites described above.
- ◎ Of the matters subject to electronic provision, the matters listed below are not included in the paper copy to be sent to shareholders who have requested it, pursuant to laws and regulations and Article 16 of the Articles of Incorporation of the Company. Therefore, the paper copy is part of the documents that were audited by Audit & Supervisory Board Members and the Independent Auditor in preparing their Audit Reports.
 - Business Report: Overview of Systems to Ensure Appropriateness of Business Operations and Its Implementation Status
 - Consolidated Financial Statements: Consolidated Statement of Changes in Equity and Notes to Consolidated Financial Statements
 - Non-consolidated Financial Statements: Non-consolidated Statement of Changes in Equity and Notes to Non-consolidated Financial Statements
- ◎ For shareholders who have not requested the delivery of a paper copy, the Company delivers the Reference Documents for the Annual General Meeting of Shareholders, in addition to the matters provided by laws and regulations.
- ◎ Any changes in the operation of this General Meeting of Shareholders will be posted on the Company's website.
<https://www.softbanktech.co.jp/en/>

Guidance on exercising your voting rights

A voting right is an important right of shareholders to participate in the management of the Company. We kindly ask you to refer to the Reference Documents for the General Meeting of Shareholders and exercise your voting rights in any of the following forms.

• Exercising voting rights by postal mail

Indicate your vote for or against the proposals on the enclosed Voting Rights Exercise Form and send the form back to us by postal mail.

Deadline: To arrive by 5:45 p.m. on Friday, June 14, 2024 (Japan Time)

How to exercise the voting rights by postal mail

1. Fill out the boxes on the form, indicating your vote for or against each proposal.
 - Proposals 1 through 3
 - If you approve of all candidates → Circle “賛” [Approve].
 - If you disapprove of all candidates → Circle “否” [Disapprove].
 - *If you disapprove of certain candidates in Proposal 2 and Proposal 3, enter the candidate number(s) of the candidate(s) you disapprove of.
2. After indicating your vote for the proposals on your Voting Rights Exercise Form, split it and return the left piece to us by postal mail.

Notes:

- If there is no indication of a vote for or against a specific proposal, it shall be deemed as an indication of approval to that proposal.
- The Voting Rights Exercise Form has a QR code necessary for “Smart Voting.” The voting code and password necessary for exercising voting rights via the Internet are printed on the back side.
- If you attend the meeting in person after having exercised your voting rights in writing or online, the vote will be deemed cancelled.

• Exercising voting rights via the Internet

Lodge your vote for or against the proposals on the designated website for exercising voting rights.

Exercise Deadline: By 5:45 p.m. on Friday, June 14, 2024 (Japan Time)

How to exercise the voting rights via the Internet

Scanning QR code to use the Smart Voting service

This service enables you to access the designated website for exercising voting rights without entering the voting code or password.

1. Scan the QR code printed on the lower right corner of the enclosed Voting Rights Exercise Form.
2. Follow the instructions on the screen to indicate your vote for or against the proposals.

*Instructions are written in Japanese.

Notes:

- You can vote using the Smart Voting service only once. If you wish to change your vote after exercising your voting rights, access the designated website for PCs, log in by entering the voting code and password printed on the reverse side of the right piece of the Voting Rights Exercise Form, and exercise your voting rights again.

Using the voting code and password

Voting rights exercise website: <https://soukai.mizuho-tb.co.jp/>

1. Access the designated website for exercising voting rights and click “次へすすむ” [Next].
2. Enter the voting code into the field on the screen, and then click “次へ” [Next].
3. Enter the password into the field on the screen, and then click “登録” [Register].
4. Follow the instructions on the screen to indicate your vote for or against the proposals.

Notes:

- Entering the incorrect password a certain number of times will lock your password and prevent you from logging in. Should your password be locked, follow the instructions displayed on the screen to unlock it.
- If voting rights are exercised both by mail and online, the vote exercised online will be deemed valid.
- If voting rights are exercised online multiple times, the last vote will be deemed valid.

Reference

Institutional investors may use the electronic voting system platform that is operated by ICJ, Inc.

• Attending the General Meeting of Shareholders in person

Bring this Notice with you and submit the enclosed Voting Rights Exercise Form at the reception desk.

Date and time of the meeting: 10:00 a.m. on Monday, June 17, 2024 (Japan Time)

Reference Documents for the General Meeting of Shareholders

Proposals and References

Proposal 1: Appropriation of Surplus

The Company considers returning profits to its shareholders to be one of its important management policies, and has been striving to achieve sustainable enhancement of the corporate value while strengthening the business structure. The Company's policy for returning profits to shareholders is based on the distribution of results through dividends, and the Company intends to pay stable and continuous dividends while comprehensively taking into account factors such as consolidated business results, investment plans, and cash on hand for each fiscal year. It is also the Company's policy to distribute surplus twice a year as interim and year-end dividends.

In accordance with the abovementioned basic policies, the Company proposes that the year-end dividend be increased by 10 yen per share from the initial dividend forecast as stated in the Notice Concerning Revisions to Dividend Forecasts (Dividend Increase) announced on January 31, 2024, and that the dividend be paid as follows, taking into consideration the return of profit in line with the strong results of the fiscal year under review.

Combined with the interim dividend (30 yen per share) paid earlier, the annual dividend will be 70 yen per share, an increase of 10 yen per share from the previous fiscal year.

1	Type of asset distributed as dividend	Cash
2	Matters concerning the allocation of assets distributed as dividends and its total amount	40 yen per share of common stock of the Company Total amount: 796,069,320 yen
3	Effective date of dividends from surplus	June 18, 2024

Proposal 2: Election of Nine (9) Members of the Board

The terms of office of all nine (9) Members of the Board will expire at the conclusion of this Meeting. Therefore, the election of nine (9) Members of the Board is proposed. Subject to the approval of this proposal as originally proposed, the majority of the Company's Members of the Board will be Independent Directors.

The candidates for Members of the Board are as follows:

No.	Name	Current positions and responsibilities at the Company
1	Shinichi Ata [Reappointment]	Representative Director, President & CEO
2	Mitsuhiro Sato [Reappointment]	Member of the Board, Senior Executive Vice President, CSO and Head of Business Unit
3	Masaaki Okazaki [Reappointment]	Member of the Board, Executive Vice President, CFO and Head of Management Unit
4	Kunihiro Fujinaga [Reappointment]	Member of the Board
5	Shigeo Suzuki [Reappointment] [Outside] [Independent]	Member of the Board
6	Yoshie Munakata [Reappointment] [Outside] [Independent]	Member of the Board
7	Yukari Tominaga [Reappointment] [Outside] [Independent]	Member of the Board
8	Yuka Miyagawa [Reappointment] [Outside] [Independent]	Member of the Board
9	Madoka Sawa [Reappointment] [Outside] [Independent]	Member of the Board

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
1	<p style="text-align: center;">Shinichi Ata (September 28, 1958)</p> <p style="text-align: center;">[Reappointment]</p>	<p>August 1987 Joined Microsoft Co., Ltd. (currently Microsoft Japan Co., Ltd.)</p> <p>January 1998 Managing Director, Microsoft Co., Ltd. (currently Microsoft Japan Co., Ltd.)</p> <p>May 2000 Representative Director, Microsoft Co., Ltd. (currently Microsoft Japan Co., Ltd.)</p> <p>August 2003 Joined SoftBank BB Corp. (currently SoftBank Corp.) Executive Director</p> <p>April 2006 Executive Vice President; General Manager, Information System and CS Unit, Vodafone K.K. (currently SoftBank Corp.)</p> <p>June 2006 Board Director, JAPAN TELECOM CO., LTD. (currently SoftBank Corp.)</p> <p>June 2007 Senior Executive Vice President & CISO, Head of Information System and CS Unit, SoftBank Telecom Corp. (currently SoftBank Corp.)</p> <p>June 2007 Board Director, Senior Executive Vice President & CISO, Information System and CS Unit, SoftBank BB Corp. (currently SoftBank Corp.)</p> <p>June 2010 Board Director, Senior Executive Vice President & CISO, Information System and CS Unit, SoftBank Mobile Corp. (currently SoftBank Corp.)</p> <p>January 2012 Joined the Company</p> <p>April 2012 CEO & Executive Officer, the Company (to present)</p> <p>June 2012 Representative Director, President, the Company (to present)</p> <p>June 2013 Director, Fontworks Inc.</p> <p>July 2015 Director, ASORA Tech Corp. (to present)</p>	58,600
<p>[Reason for nomination as candidate for Member of the Board]</p> <p>As Representative Director and President of the Company, Mr. Shinichi Ata has led the Company and all of its group companies with his strong leadership since 2012. Based on his wealth of experience as a manager over many years, he has formulated, promoted and executed the management strategies for the Company and the Group, thereby enhancing corporate value on a sustained basis. The Company would like to reelect Mr. Ata as a Member of the Board, judging that he is an appropriate person to establish a solid position as a company responsible for ICT Services business within the SoftBank Group, drive improvement and reform over management issues, such as improving profitability and accelerating evolution into a service provider, and take the lead in enabling the Company and the Group to further grow and realize their long-term vision.</p>			

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
2	<p>Mitsuhiro Sato (September 16, 1962)</p> <p>[Reappointment]</p>	<p>April 1986 Joined Abe Software Corporation (currently ABEISM CORPORATION)</p> <p>January 1991 Joined SoftBank Corp. (currently SoftBank Group Corp.)</p> <p>August 1998 Joined the Company</p> <p>December 2000 Vice President, the Company</p> <p>October 2009 Vice President and General Manager, Web Business Service Department, the Company</p> <p>June 2010 Member of the Board, the Company (to present)</p> <p>May 2012 Representative Director and President, M-SOLUTIONS, Inc.</p> <p>June 2012 Vice President, CTO, CISO, and General Manager, Research & Business Development Promotion Division, the Company</p> <p>June 2013 Director, Fontworks Inc.</p> <p>March 2014 Director, Cybertrust Japan Co., Ltd.</p> <p>October 2015 Executive Vice President, CSO, Head of Technology Unit, and General Manager, PM Partner Division, the Company</p> <p>June 2016 Director, MIRACLE LINUX CORPORATION (currently Cybertrust Japan Co., Ltd.)</p> <p>December 2016 Representative Director and President, Kan Corporation</p> <p>April 2018 Senior Executive Vice President, CSO and Head of Technology Unit, the Company</p> <p>April 2019 Vice President and Executive Officer and CSO, the Company</p> <p>June 2019 Director, M-SOLUTIONS, Inc.</p> <p>July 2020 Director, DENEN Co., Ltd. (to present)</p> <p>April 2021 Director, I/O SYSTEM INTEGRATION CO., LTD.</p> <p>June 2021 Director, Kan Corporation (to present)</p> <p>April 2022 Senior Executive Vice President, CSO and Head of Business Unit, the Company (to present)</p>	23,100
<p>[Reason for nomination as candidate for Member of the Board]</p> <p>Mr. Mitsuhiro Sato has coordinated the Company's technology division for many years, driving the strengthening and expansion of the business through high-value added services, such as quality improvement by strengthening the project management system and unique services using cutting-edge ICT technology. The Company would like to reelect Mr. Sato as a Member of the Board, judging that he is an appropriate person to strongly lead the improvement of quality and productivity to ensure the growth and enhanced competitiveness of the Company's businesses and realize further improvement of the corporate value of the Company and the Group in both the roles of vice president and head of the Business Unit.</p>			

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
3	<p>Masaaki Okazaki (November 29, 1965)</p> <p>[Reappointment]</p>	<p>April 1989 Joined Kao Corporation July 1994 Joined RYOBI LIMITED July 2002 Joined Mazda Motor Corporation December 2003 Joined SoftBank BB Corp. (currently SoftBank Corp.) June 2004 General Manager, Accounting Department, Management Unit, SoftBank BB Corp. April 2008 General Manager, Cost Management Department, Corporate Planning Division, Finance Unit, SoftBank Mobile Corp. (currently SoftBank Corp.) April 2011 Deputy General Manager, Corporate Planning Division, Finance Unit, SoftBank Mobile Corp. May 2013 General Manager, Corporate Management Division, SoftBank Mobile Corp. April 2016 Joined NIDEC CORPORATION Executive Consultant, NIDEC CORPORATION Seconded to NIDEC TOSOK CORPORATION (currently NIDEC POWERTRAIN SYSTEMS CORPORATION) Senior Vice President, CFO and Executive General Manager, Administration Division, NIDEC TOSOK CORPORATION June 2016 Director, Senior Vice President, CFO and Executive General Manager, Administration Division, NIDEC TOSOK CORPORATION (currently NIDEC POWERTRAIN SYSTEMS CORPORATION) January 2017 Vice President and Chief Financial Officer, Automotive Motor & Electronic Control Business Unit, NIDEC CORPORATION June 2018 Senior Vice President, Adviser to Chief Financial Officer, and in charge of managing Accounting Department and Finance Department, the said Company November 2018 Senior Vice President and Deputy Executive General Manager, Appliance, Commercial & Industrial Motor Business Unit, NIDEC CORPORATION March 2020 Chief Purchasing Officer and General Manager of Global Centralized Purchasing Division, NIDEC CORPORATION August 2020 Joined MACNICA FUJI ELECTRONICS HOLDINGS, INC. (currently MACNICA HOLDINGS, INC.) General Manager, Financial Unit, MACNICA FUJI ELECTRONICS HOLDINGS, INC. January 2021 Joined the Company Special Advisor to President, the Company April 2021 Executive Vice President and CFO, the Company June 2021 Member of the Board, the Company (to present) August 2021 Director, DENEN Co., Ltd. (to present) August 2021 Director, Fontworks Inc. April 2022 Executive Vice President, CFO and Head of Management Unit, the Company (to present) June 2022 Director, REDEN Corp. (to present) June 2022 Director, M-SOLUTIONS, Inc. (to present)</p>	4,300
<p>[Reason for nomination as candidate for Member of the Board]</p> <p>Mr. Masaaki Okazaki has held key positions in the finance and accounting division for many years and has experience leading the business administration area, including management planning and investment decisions, as a manager. He has abundant business execution experience and extensive knowledge and insight in business and corporate planning as well as his broad knowledge of finance and accounting. The Company would like to reelect Mr. Okazaki as a Member of the Board, judging that he is an appropriate person to serve as its Chief Financial Officer as well as the head of the Management Unit to promote sustainability and human capital management, and realize further improvement of the corporate value of the Company and the Group.</p>			

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
4	<p>Kunihiro Fujinaga (September 26, 1970)</p> <p>[Reappointment]</p>	<p>May 1994 Joined H.R. Osaka Inc. (currently Horizon Hotels, Inc.)</p> <p>October 2000 Joined SOFTBANK Networks Inc. (currently SoftBank Corp.)</p> <p>April 2006 Seconded to Japan Telecom Co, Ltd. (currently SoftBank Corp.) Head of Business Unit, Manager, EM Department 1, Engagement Management Division, Internet Data Business Group</p> <p>May 2010 Head of Sales Unit, General Manager, 1st Sales Control Department, 2nd Enterprise Sales Division, Japan Telecom Co, Ltd.</p> <p>May 2014 Head of Sales and Business Units, Deputy Senior Manager, 2nd Enterprise Sales Division, Japan Telecom Co, Ltd.</p> <p>April 2015 Acting Head of 2nd Enterprise Sales Division, Enterprise Business Unit, SoftBank Mobile Corp. (currently Softbank Corp.)</p> <p>July 2015 Executive Officer, 2nd Enterprise Sales Division Head, Enterprise Business Unit, SoftBank Corp.</p> <p>April 2016 Executive Officer, Head of Enterprise Business Strategy Division, Enterprise Business Unit, SoftBank Corp.</p> <p>September 2016 Director, SBI FinTech Incubation Co., Ltd.</p> <p>July 2018 Senior Vice President, Head of Enterprise Business Strategy Division, Enterprise Business Unit, SoftBank Corp.</p> <p>July 2018 Outside Director, INCUDATA Corp. (to present)</p> <p>June 2019 Director, OfaaS Corp.</p> <p>March 2020 Outside Director, Cinarra Systems, Inc. (to present)</p> <p>April 2020 Senior Vice President, Responsible for Business Strategy & Marketing, Enterprise Business Unit, SoftBank Corp.</p> <p>June 2020 Outside Director, Air Trust Corp. (to present)</p> <p>April 2021 Senior Vice President, Deputy Head of Enterprise Business Unit, SoftBank Corp.</p> <p>June 2023 Member of the Board, the Company (to present)</p> <p>June 2023 Executive Vice President, Enterprise Business Unit, in Charge of Enterprise Sales, Digital Marketing and Customer Care, SoftBank Corp.</p> <p>April 2024 Executive Vice President, Deputy Head of Enterprise Unit, SoftBank Corp. (to present)</p>	—
<p>[Reason for nomination as candidate for Member of the Board]</p> <p>Mr. Kunihiro Fujinaga has held the position of director at many of the Japanese associated companies in the SoftBank Group, and has extensive business experience in the enterprise business area and broad insight into IT. Currently, he serves as the Deputy Head of the enterprise business unit at parent company SoftBank Corp. The Company would like to reelect Mr. Fujinaga as a Member of the Board, judging that he is an appropriate person to provide useful advice on further developing the Group's enterprise business area and to deepen mutual synergy with the SoftBank Group.</p>			

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
5	<p>Shigeo Suzuki (July 29, 1954)</p> <p>[Reappointment] [Outside] [Independent]</p>	<p>April 1979 Joined DX ANTENNA CO., LTD.</p> <p>September 1990 Joined Kobe Steel, Ltd. New Business Category Division and Information Electronics Division</p> <p>January 1994 Seconded to KOBELCO SYSTEMS CORPORATION Deputy General Manager, Network Business Group</p> <p>January 2001 Joined SoftBank Commerce Corp. (currently SB C&S Corp.) Vice President, Ariba Business Department, SoftBank Commerce Corp.</p> <p>January 2003 Transferred to SoftBank BB Corp. (currently SB C&S Corp.) Deputy Head of Distribution Business Unit</p> <p>April 2005 Joined NextCom K.K. (currently MITSUI KNOWLEDGE INDUSTRY CO., LTD.) Head of Business Unit 6, NextCom K.K.</p> <p>June 2006 Director, Executive Managing Officer & Executive Officer, Administration of Sales Unit, NextCom K.K.</p> <p>April 2012 Director, Executive Managing Officer & Executive Officer, responsible for Business Unit, MITSUI KNOWLEDGE INDUSTRY CO., LTD.</p> <p>April 2015 Director, Executive Managing Officer & Executive Officer, responsible for Business Alliance Division, Major Account Business & Reals Estate Sector Sales Units, Financial Sector Sales Unit, Telecommunication & Industrial Sales Unit, and Advanced Communication Business Unit, and General Manager, Advanced Technology Center, MITSUI KNOWLEDGE INDUSTRY CO., LTD.</p> <p>June 2016 Member of the Board, the Company (to present)</p>	-
<p>[Reason for nomination as candidate for External Member of the Board and expected roles]</p> <p>Mr. Shigeo Suzuki has a wealth of experience and extensive insight in corporate management. He oversees the Company's management, supervises the management team, participates in meetings of the Nomination and Remuneration Advisory Committee which deliberates on the nomination and remuneration, etc. of Members of the Board, and reflects the assessment of corporate performance in remuneration from an independent and objective position. The Company would like to reelect Mr. Suzuki as an Independent External Member of the Board in order to strengthen the oversight of operations through his advice based on his extensive experience with the IT industry, as well as knowledge of and insights into the industry, and to receive useful advice on business operations of the Company based on his wealth of knowledge. Until 2005, Mr. Suzuki had executed business at SoftBank BB Corp. (currently SB C&S Corp.), a fellow subsidiary of the Company. The Company considers that he is not in a position to be affected by the intentions of said company because over a decade has passed since he retired from said company and because he has engaged in independent activities since his retirement. As there are no other attributes, etc. that raise questions concerning his independence, the Company has judged that there is no risk of a conflict of interest with general shareholders.</p>			

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
6	Yoshie Munakata (June 20, 1958) [Reappointment] [Outside] [Independent]	April 1981 Joined Dai Nippon Printing Co., Ltd. December 1983 Joined Intel Japan K.K. (currently Intel K.K.) February 1999 Senior Manager, Communication Product Group, Intel Japan K.K. April 2001 President Office Senior Manager in charge of Corporate Planning/Government Affair, Intel Japan K.K. February 2004 General Manager, Strategic Business Development Group, Intel Japan K.K. April 2009 Director and Executive Vice President, Intel Japan K.K. October 2016 Established B.Grove Inc. and became Representative Director (to present) June 2017 Member of the Board, the Company (to present) June 2018 Outside Director, Musashi Seimitsu Industry Co., Ltd. (to present) November 2018 External Director and Audit & Supervisory Committee Member, Uhuru Corporation December 2018 Outside Director, Japan Sweden Care Institute Co., Ltd. (currently Japan Sweden Care Institute)	—
<p>[Reason for nomination as candidate for External Member of the Board and expected roles]</p> <p>Mr. Yoshie Munakata has a wealth of experience and extensive insight in corporate management. He oversees the Company's management, supervises the management team, participates in meetings of the Nomination and Remuneration Advisory Committee which deliberates on the nomination and remuneration, etc. of Members of the Board, and reflects the assessment of corporate performance in remuneration from an independent and objective position. The Company would like to reelect Mr. Munakata as an Independent External Member of the Board, judging that he is an appropriate person to strengthen the oversight of operations and provide useful advice on business operations by leveraging his extensive insight into semiconductor devices needed for DX solutions and insight into business and marketing strategies required for the Company to develop as a service provider.</p>			

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
7	<p>Yukari Tominaga (April 19, 1958)</p> <p>[Reappointment] [Outside] [Independent]</p>	<p>April 1981 Joined Hitachi Computer, Consultant Ltd. (currently Hitachi Solutions, Ltd.)</p> <p>October 2010 Operating Officer and General Manager, Application Systems Department, Industrial and Retail Solutions Systems Business Department No.1, Industrial and Retail Solutions Systems Business Group, Hitachi Solutions, Ltd.</p> <p>April 2011 Executive Officer and Deputy General Manager, Retail Solutions Business Division, Industrial and Retail Solutions Systems Business Group, Hitachi Solutions, Ltd.</p> <p>April 2012 Executive Officer, and General Manager, Retail Solutions Business Division, Industrial and Retail Solutions Systems Business Group, Hitachi Solutions, Ltd.</p> <p>April 2013 Executive Officer and General Manager, Financial Systems Business Division, Financial Systems Business Group, Hitachi Solutions, Ltd.</p> <p>April 2014 Vice President and Executive Officer, Chief Officer, Financial Systems Business Group, and Fellow, Group Management Foundation Reinforcement Group, Hitachi Solutions, Ltd.</p> <p>April 2015 Vice President and Executive Officer, Chief Officer, Social Innovation Promotion Group, and Deputy Chief Officer, Sales Operations, Hitachi Solutions, Ltd.</p> <p>October 2015 Vice President and Executive Officer (in charge of Social Innovation System Business), Hitachi Solutions, Ltd.</p> <p>October 2016 Vice President and Executive Officer, and Chief Officer, Quality Assurance Group, Hitachi Solutions, Ltd.</p> <p>April 2019 Assistant to President and Chief Diversity Officer, Hitachi Solutions, Ltd.</p> <p>April 2020 Fellow, Hitachi Solutions, Ltd.</p> <p>June 2020 External Director, MORINAGA MILK INDUSTRY CO., LTD. (to present)</p> <p>June 2021 Outside Director, Yashima & Co., Ltd.</p> <p>July 2021 Senior Advisor, the Company</p> <p>June 2022 Member of the Board, the Company (to present)</p> <p>June 2022 Outside Director, FUJI ELECTRIC CO., LTD. (to present)</p>	—
<p>[Reason for nomination as candidate for External Member of the Board and expected roles] Ms. Yukari Tominaga has a background as an engineer, a wealth of experience in corporate management, and extensive insight based on her valuable asset. She oversees the Company's management in areas such as achieving sustainability and diversity, including the promotion of women's career advancement, based on her experience as Chief Diversity Officer in her previous position. She also supervises the management team by participating in meetings of the Nomination and Remuneration Advisory Committee, which deliberates on the nomination and remuneration, etc. of Members of the Board, to reflect the assessment of corporate performance in remuneration from an independent and objective position. The Company would like to reelect Ms. Tominaga as an Independent External Member of the Board, judging that she is an appropriate person to strengthen the oversight of operations and provide useful advice on business operation.</p>			

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
8	Yuka Miyagawa (October 10, 1962) [Reappointment] [Outside] [Independent]	April 1985 Joined Oki Electric Industry Co., Ltd. November 2001 Seconded to Oki Network Technologies, Oki Electric Industry's US subsidiary April 2003 Manager, No. 3 Sales Division, e-Carriers Business Group, Oki Electric Industry Co., Ltd. April 2005 Deputy Head of Telecommunications Carrier Solution Group, Oki Electric Industry Co., Ltd. April 2008 Manager, Head of Sales & Marketing Administration Division, Carriers Systems Marketing & Sales Division, Oki Electric Industry Co., Ltd. April 2014 Head of Carriers Systems Marketing & Sales Division, Marketing & Sales Group, Oki Electric Industry Co., Ltd. April 2017 Executive Officer and Head of Marketing & Sales Division-2, Marketing & Sales Group, Oki Electric Industry Co., Ltd. April 2020 Senior Vice President and Head of Business Collaboration Division, Components & Platforms Business Group, the said Company April 2021 Director and Senior Vice President, OKI Crosstech Co., Ltd. July 2021 Senior Advisor, the Company June 2022 Member of the Board, the Company (to present)	—
<p>[Reason for nomination as candidate for External Member of the Board and expected roles] Ms. Yuka Miyagawa has experience in sales and marketing positions in the IT industry, a wealth of experience in corporate management, and extensive insight based on her valuable asset. She is also active in conducting seminars on the need to embrace diversity in the workplace. The Company would like to reelect Ms. Miyagawa as an Independent External Member of the Board, judging that she is an appropriate person to oversee the Company's management in areas such as achieving sustainability and diversity, including the promotion of women's career advancement, strengthen the oversight of operations, and provide useful advice on business operation.</p>			

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
9	Madoka Sawa (May 10, 1969) [Reappointment] [Outside] [Independent]	<p>April 1993 Joined The Dai-ichi Life Information Services Co., Ltd. (currently The Dai-ichi Life Techno Cross Co., Ltd.)</p> <p>September 1997 Joined Microsoft Co., Ltd. (currently Microsoft Japan Co., Ltd.)</p> <p>July 2011 Director, Microsoft Technology Center, Microsoft Japan Co., Ltd.</p> <p>March 2014 Director, Microsoft Technology Center and Manager, Cyber Crime Center Japan Satellite, Microsoft Japan Co., Ltd.</p> <p>July 2019 Executive General Manager, Microsoft Japan Co., Ltd.</p> <p>October 2019 CEO, ensow inc. (to present)</p> <p>February 2021 Lumada Innovation Evangelist, Hitachi, Ltd. (to present)</p> <p>March 2021 Advisor, DIGITAL SHIFT, Inc. (currently OPT, Inc.)</p> <p>March 2021 Advisor, JAC Recruitment Co., Ltd. (to present)</p> <p>September 2021 Advisor, KAJIMA CORPORATION (to present)</p> <p>January 2022 Senior Advisor, the Company</p> <p>February 2022 Advisor, Umu Technology Japan</p> <p>April 2022 Professor, Musashino University (to present)</p> <p>June 2022 Member of the Board, the Company (to present)</p> <p>May 2023 Director, Association to Generalize Utilization of Generative AI (to present)</p> <p>October 2023 Advisor, COCOO Corp. (to present)</p>	—
<p>[Reason for nomination as candidate for External Member of the Board and expected roles]</p> <p>Mr. Madoka Sawa started his career as an engineer and then moved to a global IT company, where he gained experience in overall management. He has extensive insight and has recently been working as a corporate advisor with a wide range of knowledge of security advisory, engineering management, and human resource development. The Company would like to reelect Mr. Sawa as an Independent External Member of the Board, judging that he is an appropriate person to strengthen the oversight of operations, provide useful advice on business operations as well as oversee the Company's management based on the latest trends in the global IT field and his extensive knowledge, insight, and forecasts in localizing them in Japan.</p>			

- Notes:
- There is no special interest between each candidate and the Company.
 - Mr. Masaaki Okazaki, the candidate for Member of the Board, was an executive at the Company's parent company, SoftBank Corp. over the past ten years. His positions and responsibilities are as described in the career summary.
 - Mr. Kunihiro Fujinaga, the candidate for Member of the Board, is an executive at the Company's parent company, SoftBank Corp., and has been for over the past 10 years. His current positions and responsibilities and those for the past 10 years are as described in the career summary.
 - Mr. Shigeo Suzuki, Mr. Yoshie Munakata, Ms. Yukari Tominaga, Ms. Yuka Miyagawa and Mr. Madoka Sawa are candidates for External Members of the Board.
 - Mr. Shigeo Suzuki, Mr. Yoshie Munakata, Ms. Yukari Tominaga, Ms. Yuka Miyagawa, and Mr. Madoka Sawa, the candidates for Members of the Board, meet the requirements under Independence Standards for the Independent Directors/Audit & Supervisory Board Members stipulated by the Company. The Company has notified Tokyo Stock Exchange, Inc. of the designation of Mr. Shigeo Suzuki, Mr. Yoshie Munakata, Ms. Yukari Tominaga, Ms. Yuka Miyagawa, and Mr. Madoka Sawa as Independent Directors who are not likely to cause a conflict of interest with general shareholders as required by Tokyo Stock Exchange, Inc. If their reappointment is approved, the Company will continue to appoint them as Independent Directors.
* Please refer to the following website for the Company's Independence Standards for the Independent Directors/Audit & Supervisory Board Members.
https://www.softbanktech.co.jp/-/media/SMC/corp/ir/management/governance/pdf/20151125_shagai_2020.pdf
* This website is written in Japanese.
 - To facilitate the invitation of appropriate human resources and enable them to fully play their expected roles, the Company stipulates in Article 29, Paragraph 2 of the Articles of Incorporation that the Company may conclude an agreement with Members of the Board who are non-executive Members of the Board and others, limiting their liability for damages. Accordingly, the Company has concluded a limited liability agreement with Mr. Kunihiro Fujinaga, Mr. Shigeo Suzuki, Mr. Yoshie Munakata, Ms. Yukari Tominaga, Ms. Yuka Miyagawa, and Mr. Madoka Sawa. If their reappointment is approved, the Company plans to retain the above limited liability agreement. However, the maximum amount of their liability for damages based on the said agreement shall be 10

million yen or the minimum liability amount stipulated by laws and regulations, whichever is higher, under the proviso in Article 29, Paragraph 2 of the Articles of Incorporation.

7. The current tenure of the candidates for External Members of the Board as the Company's External Member of the Board
 - (1) Mr. Shigeo Suzuki, the candidate for Member of the Board, is currently External Member of the Board of the Company, and his term of office will be eight years at the conclusion of this Meeting.
 - (2) Mr. Yoshie Munakata, the candidate for Member of the Board, is currently External Member of the Board of the Company, and his term of office will be seven years at the conclusion of this Meeting.
 - (3) Ms. Yukari Tominaga, Ms. Yuka Miyagawa, and Mr. Madoka Sawa, the candidates for Members of the Board, are currently External Members of the Board of the Company, and their terms of office will be two years at the conclusion of this Meeting.

Proposal 3: Election of Four (4) Audit & Supervisory Board Members

The terms of office of all four (4) Audit & Supervisory Board Members will expire at the conclusion of this Meeting. Therefore, the election of four (4) Audit & Supervisory Board Members is proposed.

The Audit & Supervisory Board has given its prior consent to this proposal.

The candidates for Audit & Supervisory Board Members are as follows:

No.	Name	Current positions and responsibilities at the Company
1	Mitsumasa Ueno [Reappointment] [Outside] [Independent]	Full-time Audit & Supervisory Board Member
2	Michiaki Nakano [Reappointment] [Outside] [Independent]	Audit & Supervisory Board Member
3	Yoji Murohashi [New appointment] [Outside] [Independent]	
4	Takashi Naito [Reappointment]	Audit & Supervisory Board Member

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
1	<p>Mitsumasa Ueno (November 9, 1952)</p> <p>[Reappointment] [Outside] [Independent]</p>	<p>October 1978 Joined SHOWA AUDIT CORPORATION (currently Ernst & Young ShinNihon LLC)</p> <p>January 1982 Registered as a Certified Public Accountant</p> <p>August 1985 Seconded to Amsterdam office of KPMG</p> <p>October 1989 Seconded to San Francisco office of Ernst & Young</p> <p>May 2002 Representative Partner, Shin Nihon & Co. (currently Ernst & Young ShinNihon LLC)</p> <p>October 2008 Executive Board Member, Ernst & Young ShinNihon LLC</p> <p>July 2009 Representative Director & COO, Ernst & Young Transaction Advisory Services Co., Ltd. (currently EY Strategy and Consulting Co., Ltd.)</p> <p>June 2015 Full-time Audit & Supervisory Board Member, the Company (to present)</p> <p>June 2015 Audit & Supervisory Board Member, FUJITSU BROAD SOLUTION & CONSULTING Inc. (currently Fujitsu Ltd.)</p> <p>February 2016 Auditor, JAPAN ASSOCIATION FOR UNHCR</p> <p>June 2016 Director, Audit & Supervisory Committee member, FUJITSU BROAD SOLUTION & CONSULTING Inc. (currently Fujitsu Ltd.)</p> <p>June 2020 Outside Audit & Supervisory Board Member, ARUHI Corporation (currently SBI ARUHI Corporation) (to present)</p>	—
<p>[Reason for nomination as candidate for External Audit & Supervisory Board member] Mr. Mitsumasa Ueno has reflected his specialized knowledge of finance and accounting and his vast experience gained as a certified public accountant in our corporate audits from an independent standpoint. Therefore, the Company would like to reelect him as an Outside Audit & Supervisory Board member.</p>			

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
2	<p>Michiaki Nakano (April 27, 1957)</p> <p>[Reappointment] [Outside] [Independent]</p>	<p>October 1982 Passed the National Bar Examination</p> <p>April 1985 Registered as an Attorney (admitted to the Tokyo Bar Association) and associated with Chiyoda Kokusai Law Offices</p> <p>May 1990 Received an LL.M. from Cornell Law School</p> <p>August 1990 Associated with Powell, Goldstein, Frazer & Murphy (currently Bryan Cave Leighton Paisner)</p> <p>April 1991 Associated with Arnall Golden & Gregory</p> <p>December 1992 Associated with Okamoto Suzuki & Takamatsu Law Offices (currently Hayabusa Asuka Law Offices)</p> <p>January 1994 Partner, Okamoto Suzuki & Takamatsu Law Offices (currently Hayabusa Asuka Law Offices)</p> <p>July 2002 Partner, South Toranomom Law Offices (currently STLM Law Offices) (to present)</p> <p>June 2014 Audit & Supervisory Board Member, the Company (to present)</p>	-
<p>[Reason for nomination as candidate for External Audit & Supervisory Board member]</p> <p>Mr. Michiaki Nakano has participated in our corporate audit from an independent standpoint with his expertise in corporate legal affairs and his vast experience gained as a lawyer. Therefore, the Company would like to reelect him as an outside member of the Audit & Supervisory Board, judging that he will appropriately fulfill his duties as an Audit & Supervisory Board member based on his expertise and experience stated above as well as his past experience in performing his duties at the Company.</p>			

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
3	Yoji Murohashi (February 4, 1965) [New appointment] [Outside] [Independent]	October 1985 Joined International Department, Showa Ota & Co. (currently Ernst & Young ShinNihon LLC) March 1989 Registered as a Certified Public Accountant May 2000 Partner, Century Showa Ota & Co. (currently Ernst & Young ShinNihon LLC) July 2006 Representative Partner, Shin Nihon & Co. (currently Ernst & Young ShinNihon LLC) July 2008 Partner, Ernst & Young ShinNihon LLC July 2023 Established Murohashi Certified Public Accountant Office (to present)	—
		[Reason for nomination as candidate for External Audit & Supervisory Board member] The Company would like to elect Mr. Yoji Murohashi as an External Audit & Supervisory Board member, judging that he is an appropriate person to be able to reflect his specialized knowledge of finance and accounting and his vast experience gained as a certified public accountant in our corporate audit from an independent standpoint. The Company has made a comprehensive judgment that he will be able to appropriately fulfill his duties as an Audit & Supervisory Board member, considering his practical experience stated above as well as his past experience in working as a Partner of an audit firm.	

No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
4	<p>Takashi Naito (May 30, 1964)</p> <p>[Reappointment]</p>	<p>April 1989 Joined International Telecom Japan Inc.</p> <p>April 2005 Director of Business Planning Department, Finance Division, Japan Telecom Co. Ltd. (currently SoftBank Corp.)</p> <p>October 2005 Director of Accounting Department, Finance Division, the said company</p> <p>April 2007 Senior Director of Accounting Management Unit, Finance Division, the said company</p> <p>April 2008 Senior Director of Accounting Management Unit, Finance Division & Senior Director of Internal Control Group, the said company</p> <p>April 2009 Vice President, Deputy Head of Purchasing Division, SoftBank Mobile Corp. & SoftBank BB Corp. & SoftBank Telecom Corp. (All of them are currently SoftBank Corp. The following are collectively referred to as "Three Telecommunication Companies")</p> <p>April 2010 Vice President, Head of Purchasing Division, Three Telecommunication companies</p> <p>July 2010 Vice President, Head of Finance & Accounting Division, SoftBank Mobile Corp. (currently SoftBank Corp.)</p> <p>August 2010 Trustee Representative, WILLCOM, Inc. (currently SoftBank Corp.)</p> <p>July 2012 Vice President, Head of Finance & Accounting Division, SoftBank Mobile Corp. (currently SoftBank Corp.)</p> <p>July 2013 Vice President & CFO & Deputy General Manager of Financial Unit, WILLCOM, Inc. (currently SoftBank Corp.)</p> <p>April 2014 Assistant Director of Corporate Planning Department, Global Synergy Promotion Unit, Corporate Planning, SoftBank Corp. (currently SoftBank Group Corp.)</p> <p>June 2016 Audit & Supervisory Board, SB Players Corp. (to present)</p> <p>March 2018 Vice President, Head of Finance & Accounting Division, Finance Unit & General Manager of Listing Operations Promotion Department, Finance Unit, SoftBank Corp.</p> <p>June 2018 Audit & Supervisory Board Member, the Company (to present)</p> <p>July 2019 Vice President, Head of Finance & Accounting Division, Financial Unit, SoftBank Corp.</p> <p>March 2021 Audit & Supervisory Board Member, A Holdings Corporation (to present)</p> <p>May 2024 Head of Financial Unit and Deputy CFO and Executive Accounting Advisor, SoftBank Corp. (to present)</p>	—
<p>[Reason for nomination as candidate for Audit & Supervisory Board member]</p> <p>Having served as an executive at the SoftBank Group companies, Mr. Takashi Naito possesses specialized knowledge and vast experience in the field of finance and accounting as well as group company management. The Company would like to reelect Mr. Naito as an Audit & Supervisory Board member, judging that based on his expertise in management and the IT industry, he will be able to conduct accurate audits and fulfill auditing duties appropriately.</p>			

- Notes:
1. There are no special interests between each candidate and the Company.
 2. Mr. Takashi Naito, the candidate for Audit & Supervisory Board member, currently is and was an executive at the Company's parent company, SoftBank Group Corp., and its subsidiaries (SoftBank Mobile Corp. and WILLCOM, Inc. (both currently SoftBank Corp.), Shiodome Lease Corp., and SB Product Group Japan Corp.) over the past ten years. Aside from the positions and responsibilities described in the "Career summary, positions, responsibilities, and significant concurrent positions" above, he also served in the following positions:
Representative Director of Shiodome Lease Corp. (from March 2013 to September 2016), Representative Director of SB Product Group Japan Corp. (from September 2013 to November 2015), and Representative Liquidator of the said company (November 2015 to September 2016)
 3. Mr. Mitsumasa Ueno, Mr. Michiaki Nakano, and Mr. Yoji Murohashi are candidates for External Audit & Supervisory Board members.
 4. To facilitate the invitation of appropriate human resources and enable them to fully play their expected roles, the Company stipulates in Article 37, Paragraph 2 of the Articles of Incorporation that the Company may conclude an agreement with Audit & Supervisory Board members, limiting their liability for damages. Accordingly, the Company has concluded a limited liability agreement with Mr. Mitsumasa Ueno, Mr. Michiaki Nakano, and Mr. Takashi Naito. If their reappointment is approved, the Company plans to retain the above limited liability agreement. In addition, the Company plans to conclude the same limited liability agreement as the above with Mr. Yoji Murohashi after his appointment is approved. However, the maximum amount of their liability for damages based on the said agreement shall be 1 million yen or the minimum liability amount stipulated by laws and regulations, whichever is higher, under the proviso in Article 37, Paragraph 2 of the Articles of Incorporation.
 5. The Company has notified Tokyo Stock Exchange, Inc. of the designation of Mr. Mitsumasa Ueno and Mr. Michiaki Nakano as Independent Directors who are not likely to cause a conflict of interest with general shareholders as required by Tokyo Stock Exchange, Inc. If their reappointment is approved, the Company will continue to appoint them as Independent Directors. The Company also plans to notify Tokyo Stock Exchange, Inc. of the designation of Mr. Yoji Murohashi as an Independent Director.
* Please refer to the following website for the Company's Independence Standards for the Independent Directors/Audit & Supervisory Board Members.
https://www.softbanktech.co.jp/-/Media/SMC/corp/ir/management/governance/pdf/20151125_shagai_2020.pdf
* This website is written in Japanese.
 6. Mr. Mitsumasa Ueno and Mr. Michiaki Nakano, the candidates for Audit & Supervisory Board members, are currently External Audit & Supervisory Board members of the Company, and their terms of office will be nine years and ten years, respectively, at the conclusion of this Meeting.

(Reference)

Skill Matrix of Members of the Board and Audit & Supervisory Board Members
(upon approval of their appointment at the General Meeting of Shareholders)

[Members of the Board]

Name	Title	Category				
		Corporate management	Sales / Marketing	Technology/DX	Finance / Accounting	Legal / Governance / Diversity
Shinichi Ata	Representative Director and President	●	●	●		
Mitsuhiro Sato	Member of the Board, Vice President, Executive Officer	●	●	●		
Masaaki Okazaki	Member of the Board, Executive Vice President				●	●
Kunihiro Fujinaga	Member of the Board		●	●		
Shigeo Suzuki	External Member of the Board	●	●			
Yoshie Munakata	External Member of the Board	●		●		
Yukari Tominaga	External Member of the Board			●		●
Yuka Miyagawa	External Member of the Board		●			●
Madoka Sawa	External Member of the Board		●	●		

[Audit & Supervisory Board Members]

Name	Title	Category				
		Corporate management	Sales / Marketing	Technology/DX	Finance / Accounting	Legal / Governance / Diversity
Mitsumasa Ueno	Full-time External Audit & Supervisory Board Member	●			●	
Michiaki Nakano	External Audit & Supervisory Board Member					●
Yoji Murohashi	External Audit & Supervisory Board Member				●	
Takashi Naito	Audit & Supervisory Board Member				●	●

Note: In this table, the symbol “●” indicates major skills that the Members of the Board and the Audit & Supervisory Board Members have, and this table is not intended to list all the skills that they have.

(Appendix)

Business Report

(April 1, 2023–March 31, 2024)

1. Status of the Group

(1) Overview of Business Results

Topics

- Despite decreased net sales due to investment control in the Telecommunication segment and the exclusion of Fontworks Inc. from consolidation, profit margins improved and operating profit increased.
- After recording expenses and gains on sale of shares related to the share transfer of Fontworks Inc., profit attributable to owners of parent increased by 4.8 billion yen from the previous fiscal year.

(In millions of yen, unless otherwise specified.)

Item	35th fiscal year	36th fiscal year (fiscal year under review)	Change	Percentage change
Net sales	67,227	65,704	(1,523)	(2.3)%
Gross profit	15,194 [22.6%]	15,760 [24.0%]	565 [+1.4Pt]	3.7%
Selling, general and administrative expenses	9,637	10,061	423	4.4%
Operating profit	5,557 [8.3%]	5,699 [8.7%]	141 [+0.4Pt]	2.6%
Ordinary profit	5,499 [8.2%]	5,473 [8.3%]	(25) [+0.1Pt]	(0.5)%
Profit attributable to owners of parent	3,497 [5.2%]	8,363 [12.7%]	4,866 [+7.5Pt]	139.2%

The Enterprise segment saw an increase in the number of projects to build cloud systems for priority customers and their group companies, and the Public Sector segment was supported by an increase of DX strategy projects for the Ministry of Agriculture, Forestry and Fisheries. Net sales as a whole, however, decreased due to investment control in the Telecommunication segment. Operating profit increased, owing to steady progress in the Company-hosted Managed Security Services, and an increase of operational projects of the Local Government Information Security Cloud, etc., resulting in improvement of operating profit margin.

As a result, net sales decreased by 2.3% year on year to 65,704 million yen, operating profit increased by 2.6% year on year to 5,699 million yen, and ordinary profit decreased by 0.5% year on year to 5,473 million yen.

Meanwhile, profit attributable to owners of parent increased by 139.2% year on year to a record high of 8,363 million yen, due to transfer of shares, etc. of Fontworks Inc.

Results by market

* Please refer to the graph in the original Japanese version.

Telecommunication

- Construction, operation and maintenance of on-premises systems (including private cloud)
- Cloud consulting / Migration assistance / Construction / Operation
- Security monitoring operation service, etc.

Sales in the Telecommunication segment fell year on year due to a decrease of vendor management projects for SoftBank Corp. and the impact of investment control. However, profit margins improved, reflecting increased efficiency of system development and a decline in the sales composition ratio of vendor management projects.

Enterprise

- Cloud consulting/ Migration assistance / Construction / Operation / IT education service / AI/IoT Solutions
- Security consulting / Introduction support / Operation monitoring service / E-authentication solutions, etc.

Both sales and profits increased, and profit margins improved in the Enterprise segment. Contributing factors included an increase in the number of projects to build cloud systems for priority customers and their group companies and steady progress in the Company-hosted Managed Security Services.

Public Sector

- Cloud migration assistance / Construction / Operation / IT education service / AI/IoT Solutions
- Security consulting / Introduction support / Operation monitoring service, etc.

Both sales and profits increased in the Public Sector segment, supported by an increase of DX strategy projects for the Ministry of Agriculture, Forestry and Fisheries. Gross profit also improved due to an increase of operational projects of the Local Government Information Security Cloud, etc.

Consumer

- Operation of e-commerce sites as agent
- Online sales of font licenses, etc.

Both sales and profits decreased in the Consumer segment, reflecting the impact of changes in the contract with NortonLifeLock Co., Ltd in the business of operating e-commerce sites as an agent, and the exclusion of Fontworks Inc. from consolidation in the third quarter of the financial year under review.

(2) Management's Perception and Analysis of Operating Results, etc.

<Basic policy>

The Company, as a core company in the ICT services segment within the SoftBank Group, has persistently sought to acquire cutting-edge ICT technologies, under the corporate mission "Information Revolution, Happiness for Everyone – Technologies Design the Future –." To deliver high-quality IT services to customers, the Company itself has gone out of its way to promote DX, having worked on reforms such as operational efficiency improvement and cost-cutting. Drawing on these experiences, the Company has aimed to contribute to the growth of core businesses of its customers by working with them as their business partner. We also support the IT systems of the SoftBank Group companies in Japan, and solve a diverse range of issues our customers are facing by providing ICT services, to ultimately contribute to realizing a rich information-oriented society.

Further, the SB Technology Group has addressed various social issues through its business and corporate activities towards realizing a sustainable society. In fact, we have identified six material issues ("materiality") as themes to promote sustainability activities and set 13 KPIs as indicators to steadily drive actions to address materiality.

For details of our sustainability activities, please refer to our corporate website at:

<https://www.softbanktech.co.jp/en/corp/sustainability/>

<Medium-Term Management Plan>

The Company has pursued its "significant growth" based on its management policy and has developed medium-term management plans with key themes every three years from the fiscal year ended March 31, 2014. Now, the fourth Medium-Term Management Plan has been developed to cover the fiscal year ended March 31, 2023, through the fiscal year ending March 31, 2025. We have made progress in advancing our business under three key themes: providing security and operation services to support customers' DX (The force of pushing up), promoting co-created DX with data to help customers transform (The force of pulling up), and facilitating consultation and IT education to develop and produce DX talents (The force of moving ahead).

<Management's perception of the business environment>

During the fiscal year under review, energy and commodity prices continued to climb due to uncertainty in the world situation and impacts of depreciation in the yen caused by higher interest rates overseas to curb inflation. Meanwhile, the Japanese economy continued to recover gradually with the revitalization of economic activities.

Under such conditions, companies have taken initiatives in leveraging digital technologies to facilitate DX for business transformation, expanding the use of the cloud and generative AI to support changing work styles, and advancing security measures to tackle cyber-attacks. With these initiatives, Japanese companies have shown strong demand related to DX investment.

As exemplified by the attention paid to ChatGPT, one form of generative AI, there is a growing trend toward using state-of-the-art technologies to enable cost reduction, business efficiency, and creation of new work styles. The Company itself aims to achieve operational efficiency in various business contexts through its core technology to improve response accuracy, applying the expertise acquired through internal use and joint demonstration experiments with its customers.

Additionally, with more cyber-attacks continuing to target security vulnerabilities, the government started to require its subcontractors to implement cyber-security measures in compliance with the standards set forth by the US government by the end of FY 2023. The necessity has become evident that cyber-security measures should be adopted not only by individual companies, but also throughout the entire supply chain.

ICT-related companies, including SB Technology Corp., have pressure to support DX promotion and related security measures to adapt to significant social changes.

(3) Issues to Be Addressed

<Providing security and operation services to support customers' DX (The force of pushing up)>

For customers who want to promote DX, it is expected that they need to increasingly prioritize cloud-based IT solutions that are more adaptable to business changes. Cloud-based solutions require information assets to be placed in external storage, and thus sufficient security protections must be implemented. In addition to building security systems, the Company offers Managed Security Services to enable 24/7 monitoring and operation. The Group has identified the following actions crucial to deploying cloud infrastructure for customers' DX and strives to strengthen these initiatives to ensure our competitive edges.

1) Offering integrated services covering both security monitoring and IT operation

More companies including large enterprises want to use a single integrated service for security monitoring and IT operation. Rather than taking an ad hoc approach to such needs, we will create and offer integrated services to bring benefits to more customers.

2) Extending security services

To address a variety of customer needs, we have strengthened the security operation center, enabled managed security services to monitor more targets, and improved efficiency with AI. We will continue to identify the security needs of customers and broaden the services to offer a wider range of options.

<Promoting co-created DX with data to help customers transform (The force of pulling up)>

Emphasizing IT support that helps customers be more competitive, we develop services to provide environments where customers' frontline workers can use data and promote DX by themselves. We also place a premium on trying emerging technologies to support customer DX and take the following actions:

1) Supporting DX promotion with no-code and low-code solutions to leverage data

DX promotion is generating a shift from traditional IT systems that vendors or internal IT professionals provide or build to no-code and low-code apps that non-technical frontline workers develop by themselves. We built an electronic application platform for the Ministry of Agriculture, Forestry and Fisheries and also provided IT educational services for its staff. Based on this experience, we are also developing offerings for enterprises to help them create solutions by themselves. Starting with these services, we plan to develop more services to better help customers enable DX.

2) Trying emerging technologies

We will try emerging technologies that have the potential to support customers' DX. For example, we have performed joint demonstration experiments with our customers aimed at use of generative AI for business purposes. Based on these results, we have built a secure environment where customers in companies and local governments can use generative AI safely, leading to the launch of our own service. We also actively promote R&D for AI and data technologies so that we can use such technologies to develop future services.

<Facilitating consultation and IT education to develop and produce DX talents (The force of moving ahead)>

To continue DX promotion in drastically changing business environments, it is vital to help both IT professionals and domain experts with deep business knowledge grow to be DX talents. In addition, ICT companies like us are requested to serve as consultants who can identify and solve issues with a customer-oriented approach, instead of offering only what was being asked for. To satisfy these needs, we need to take the following actions:

1) Providing IT educational services

The Company not only develops and operates IT systems but will also provide IT educational services to help customers use digital technology by themselves. In the electronic application project for the Ministry of Agriculture, Forestry and Fisheries, we built the platform and also provided training sessions for the staff so that they could develop the request form apps by themselves. We plan to extend such educational services to local governments and companies.

2) Cataloging consultation services

The Company gives priority to developing consultants and helps employees get CBAP (Certified Business Analysis Professional) certifications, which are built on BABOK (Business Analysis Body of Knowledge) for systematic learning of business analysis. The Company also has professional consulting teams and offers cataloged consultation services. Going forward, we will develop a structure to provide one-stop services from consultation to deployment of our offerings.

To implement the actions above successfully, the Company needs to attract and develop talents that are the sources of our added values. With continuous efforts the Company made to create workplaces where employees can work actively, we received the Eruboshi certification (given to companies with excellent conditions for promoting women’s participation) and the Kurumin certification (given to companies promoting a good work-life balance that supports childcare). The Company also established “Advanced Expert Domain” as a new job grade to promote diversity in workstyle as well as a challenging work environment, and received an encouragement award in the 12th Japan HR Challenge Awards.

We will continue to invest in human capital, such as for managing and improving employees’ health, so that the commitment can increase motivation and productivity to invigorate teams and help the Company grow.

(4) Capital Investments

During the fiscal year under review, the Company made capital investments totaling 1,583 million yen primarily in the renewal of the Shinjuku Office of the Company and the implementation of a cloud-based IT service management platform within the Company.

(5) Status of Assets, Profit and Loss

(In millions of yen, unless otherwise specified.)

Item	33rd (Fiscal year ended March 31, 2021)	34th (Fiscal year ended March 31, 2022)	35th (Fiscal year ended March 31, 2023)	36th (Fiscal year ended March 31, 2024)
Net sales	52,533	66,183	67,227	65,704
Ordinary profit	3,981	5,133	5,499	5,473
Profit attributable to owners of parent	2,428	3,630	3,497	8,363
Total assets	38,798	44,365	45,466	51,694
Net assets	19,577	23,379	25,167	32,619
Net assets per share (yen)	902.72	1,039.71	1,131.42	1,493.86
Basic earnings per share (yen)	120.25	179.39	175.03	420.55
Diluted earnings per share (yen)	119.46	177.44	173.52	419.59

Note: The Company has applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) since the beginning of the fiscal year ended March 31, 2022. Net sales for the fiscal year ended March 31, 2021 in the above table are unaudited values that reflect major differences arising from the retrospective application of the Accounting Standard for Revenue Recognition.

(6) Major Parents and Subsidiaries

1) Relationship with the parents

The parents of the Company are SoftBank Group Corp., SoftBank Group Japan Corp., and SoftBank Corp. SoftBank Corp. directly owns 10,735 thousand shares of the Company (representing an ownership ratio of 53.94%). SoftBank Group Corp. and SoftBank Group Japan Corp. are the parents of SoftBank Corp., and thus, indirectly own shares of the Company.

The Company has a transactional relationship with SoftBank Corp. in sales of merchandise, system development, technical support, etc. In transactions with SoftBank Corp., we take due consideration of cost plus selling, general and administrative expenses, appropriate margins, market trends, etc. into pricing. Since the Board of Directors of the Company determines the terms and conditions of transactions based on the criteria similar to those applied to other business partners, we believe the way we price transactions does not harm the interest of the Company. The Company has no contracts with the parent companies concerning material financial and business policies.

In addition, at the meeting of the Board of Directors held on April 25, 2024, the Company resolved to express an opinion in favor of the tender offer by SoftBank Corp. for the Company's common shares and stock acquisition rights. The Company also resolved to recommend that its shareholders tender their shares in the tender offer, and that the decision as to whether or not the holders of the stock acquisition rights should tender their shares in the tender offer be left to the discretion of the stock acquisition rights holders. The details are as stated in "Notes on Significant Subsequent Events" in the notes to the consolidated financial statements.

2) Major subsidiaries

Company name	Share capital	Ownership ratio	Principal business activities
M-SOLUTIONS, Inc.	100 million yen	100.00%	Providing cloud services and system design, development, operation and maintenance services primarily focused on smart devices
Kan Corporation	10 million yen	100.00%	Providing educational content that employs cloud services to achieve internal business improvement and innovations in communication
Cybertrust Japan Co., Ltd.	820 million yen	57.56%	Providing IoT services, OSS/Linux services, and certification/security services
ASORA Tech Corp.	60 million yen	51.00%	Providing solutions to challenges in agriculture by means of ICT, as well as comprehensive IT services
RIDEN Corp.	115 million yen	82.57%	Providing platforms that facilitate the use of agriculture data and support the acceleration of the growth cycle in agriculture
DENEN Co., Ltd.	35 million yen	100.00%	Providing system consulting and Web system development, mainly for the telecommunications sector and municipalities
I/O SYSTEM INTEGRATION CO., LTD.	14 million yen	100.00%	Development, sales, and maintenance of information processing systems

(Note) On September 1, 2023, the Company sold all shares it held in Fontworks Inc. to Monotype K.K. As a result, Fontworks Inc. ceased to be a consolidated subsidiary of the Company.

(7) Principal Businesses (As of March 31, 2024)

Details of principal businesses of the Group are as provided in "(1) Overview of Business Results" above.

(8) Principal Business Locations (As of March 31, 2024)

Company name	Major locations	
SB Technology Corp.	Head office	Shinjuku Office (Shinjuku-ku, Tokyo)
	Development center/branch office	Shiba-Daimon Development Center (Minato-ku, Tokyo) Tennozu Development Center (Shinagawa-ku, Tokyo) Toyama Development Center (Toyama-shi, Toyama) Nagoya Office (Nagoya-shi, Aichi) Nagoya Development Center (Nagoya-shi, Aichi) Osaka Office (Osaka-shi, Osaka) Fukuoka Office (Fukuoka-shi, Fukuoka) Fukuoka Development Center (Fukuoka-shi, Fukuoka) Taiwan Branch (Zhonghe District, New Taipei City)
M-SOLUTIONS, Inc	Head office	Shinjuku-ku, Tokyo
Kan Corporation	Head office	Shinjuku-ku, Tokyo
Cybertrust Japan Co., Ltd.	Head office	Minato-ku, Tokyo
ASORA Tech Corp.	Head office	Shinjuku-ku, Tokyo
RIDEN Corp.	Head office	Shinjuku-ku, Tokyo
DENEN Co., Ltd.	Head office	Shinjuku-ku, Tokyo
I/O SYSTEM INTEGRATION CO., LTD.	Head office	Maebashi-shi, Gunma

(9) Employees (As of March 31, 2024)

1) Employees of the Group

Number of employees	Change from the end of the previous fiscal year
1,447	increase of 30

- Notes:
1. Number of employees represent those currently at work. Note that the number does not include non-regular employees (dispatched, contract, and part-time employees).
 2. The number includes the employees seconded to the Company from other companies but does not include the employees seconded from the Company to other companies.
 3. The number does not include the employees of Fontworks Inc., which was a consolidated subsidiary at the end of the previous fiscal year.

2) Employees of the Company

Number of employees	Change from the end of the previous fiscal year	Average age	Average years of service
1,004	increase of 86	38.3	7.6

- Notes:
1. Number of employees include those seconded from SoftBank Corp.
 2. Number of employees represent those currently at work. Note that the number does not include non-regular employees (dispatched, contract, and part-time employees).
 3. The number includes the employees seconded to the Company from other companies but does not include the employees seconded from the Company to other companies.

(10) Status of Major Lenders (As of March 31, 2024)

Lender	Outstanding balance of loans
Mizuho Bank, Ltd.	385 million yen

(11) Other Significant Matters Concerning Status of the Group

Details of significant matters concerning status of the Group are as provided in “(6) Major Parents and Subsidiaries, 1) Relationship with the parents” above.

2. Status of the Company

(1) Status of Shares (as of March 31, 2024)

- 1) Total number of shares authorized to be issued: 85,121,600 shares
- 2) Total number of shares issued: 22,757,800 shares (including 2,856,067 treasury shares)
- 3) Number of shareholders: 6,707 persons (increase of 587 from March 31, 2023)
- 4) Major shareholders

Name of shareholders	Number of shares held (Shares)	Percentage of total shares issued (%)
SoftBank Corp.	10,735,000	53.94
The Master Trust Bank of Japan, Ltd. (Trust Account)	1,365,100	6.86
Custody Bank of Japan, Ltd. (Trust Account)	553,200	2.78
SB Technology Corp. Employees Shareholding Association	366,964	1.84
Central Tanshi Co., Ltd.	220,000	1.11
Tomokazu Sato	180,400	0.91
Katsuo Yamada	122,400	0.62
JP MORGAN CHASE BANK 385781	119,431	0.60
Norikazu Ishikawa	115,600	0.58
THE CHASE MANHATTAN BANK, N.A. LONDON SPECIAL ACCOUNT NO.1	104,300	0.52

Note: Percentage of total shares issued does not include treasury shares (2,856,067 shares).

- 5) Status of shares issued to corporate officers as remuneration for discharge of duties in the fiscal year under review
Not applicable.

(2) Status of Stock Acquisition Rights

- 1) Status of stock acquisition rights held by officers of the Company issued as remuneration for discharge of duties (as of March 31, 2024)

	FY 2018 1st Series of Stock Acquisition Rights	FY 2022 1st Series of Stock Acquisition Rights
Date of resolution of issuance	September 26, 2018	June 20, 2022
Class of shares to be issued or transferred upon exercise of the stock acquisition rights	Common stock of SB Technology	Common stock of SB Technology
Issue price of the stock acquisition rights	Free of charge	Free of charge
Exercise price of the stock acquisition rights	293,200 yen (2,932 yen per share)	227,400 yen (2,274 yen per share)
Exercise period of the stock acquisition rights	From October 1, 2020 to September 30, 2024	From July 1, 2025 to June 30, 2028
Conditions for exercise of the stock acquisition rights	(Note 2)	(Note 3)
Holding status by the Company's officers (Note 1)	Number of holders: 2 Number of units held: 180 units Number of shares to be issued or transferred: 18,000 shares	Number of holders: 3 Number of units held: 217 units Number of shares to be issued or transferred: 21,700 shares

- Notes: 1. Neither External Members of the Board nor External Audit & Supervisory Board Members hold the stock acquisition rights, etc.
2. Conditions for the exercise of the stock acquisition rights (outline)
- 1) A right holder may not exercise the stock acquisition rights yet to be exercised if he/she loses all of his/her positions as a Member of the Board or an employee, or any other similar position of the Company or its subsidiaries (collectively, the “qualification for the exercise of the rights”).
 - 2) Notwithstanding the provisions of the preceding item 1), in case that a right holder loses his/her qualification for the exercise of the rights due to the retirement from the Company or its subsidiaries because of the company’s convenience, if the Company approves in writing the exercise of the rights by the right holder based on applicable circumstances, the right holder may exercise the stock acquisition rights which he/she could exercise if he/she had not lost his/her qualification for the exercise of the rights only until the day on which one year from the loss of qualification for the exercise of the rights passes or the expiration of the exercise period, whichever is earlier.
 - 3) The number of stock acquisition rights that a right holder with 4,000 shares or more of the total number of shares in the stock acquisition rights allotted in the initial allocation may exercise during the period from (a) to (d) below shall be limited to the number prescribed in these provisions. However, if there are any fractions less than one unit in the number of the exercisable stock acquisition rights, the number shall be rounded down.
 - (a) Up to 25% of the number of the stock acquisition rights allotted for the period from October 1, 2020 until September 30, 2021
 - (b) Up to 50% of the number of the stock acquisition rights allotted, combined with the stock acquisition rights exercised during the period described in (a) above, for the period from October 1, 2021 until September 30, 2022
 - (c) Up to 75% of the number of the stock acquisition rights allotted, combined with the stock acquisition rights exercised during the period described in (a) and (b) above, for the period from October 1, 2022 until September 30, 2023
 - (d) Up to 100% of the number of the stock acquisition rights allotted, combined with the stock acquisition rights exercised during the period described in (a), (b), and (c) above, for the period from October 1, 2023 until September 30, 2024
 - 4) The number of stock acquisition rights that a right holder with 3,000 shares or more but less than 4,000 shares of the total number of shares in the stock acquisition rights allotted in the initial allocation may exercise during the period from (a) to (c) below shall be limited to the number prescribed in these provisions. However, if there are any fractions less than one unit in the number of the exercisable stock acquisition rights, the number shall be rounded down.
 - (a) Up to one third of the number of the stock acquisition rights allotted for the period from October 1, 2020 until September 30, 2021
 - (b) Up to two thirds of the number of the stock acquisition rights allotted, combined with the stock acquisition rights exercised during the period described in (a) above, for the period from October 1, 2021 until September 30, 2022
 - (c) Up to 100% of the number of the stock acquisition rights allotted, combined with the stock acquisition rights exercised during the period described in (a) and (b) above, for the period from October 1, 2022 until September 30, 2024
 - 5) The number of stock acquisition rights that a right holder with 2,000 shares or more but less than 3,000 shares of the total number of shares in the stock acquisition rights allotted in the initial allocation may exercise during the period described in (a) and (b) below shall be limited to the number prescribed in these provisions. However, if there are any fractions less than one unit in the number of the exercisable stock acquisition rights, the number shall be rounded down.
 - (a) Up to 50% of the number of the stock acquisition rights allotted for the period from October 1, 2020 until September 30, 2021
 - (b) Up to 100% of the number of the stock acquisition rights allotted, combined with the stock acquisition rights exercised during the period described in (a) above, for the period from October 1, 2021 until September 30, 2024
3. Conditions for the exercise of the stock acquisition rights (outline)
- 1) A right holder may not exercise the stock acquisition rights yet to be exercised if he/she loses all of his/her positions as a Member of the Board or an employee, or any other similar position of the Company or its subsidiaries (collectively, the “qualification for the exercise of the rights”).
 - 2) Notwithstanding the provisions of the preceding item 1), in case that a right holder loses his/her qualification for the exercise of the rights due to the retirement from the Company or its subsidiaries because of the company’s convenience, if the Company approves in writing the exercise of the rights by the right holder based on applicable circumstances, the right holder may exercise the stock acquisition rights which he/she could exercise if he/she had not lost his/her qualification for the exercise of the rights only until the day on which one year from the loss of qualification for the exercise of the rights passes or the expiration of the exercise period, whichever is earlier.
 - 3) The number of stock acquisition rights that a right holder with 6,000 shares or more of the total number of shares in the stock acquisition rights allotted in the initial allocation may exercise during the period from (a) to (c) below shall be limited to the number prescribed in these provisions. However, if there are any fractions less than one unit in the number of the exercisable stock acquisition rights, the number shall be rounded down.
 - (a) Up to one third of the number of the stock acquisition rights allotted for the period from July 1, 2025 until June 30, 2026

- (b) Up to two thirds of the number of the stock acquisition rights allotted, combined with the stock acquisition rights exercised during the period described in (a) above, for the period from July 1, 2026 until June 30, 2027
 - (c) Up to 100% of the number of the stock acquisition rights allotted, combined with the stock acquisition rights exercised during the period described in (a) and (b) above, for the period from July 1, 2027 until June 30, 2028
 - 4) The number of stock acquisition rights that a right holder with 3,000 shares or more but less than 6,000 shares of the total number of shares in the stock acquisition rights allotted in the initial allocation may exercise during the period described in (a) and (b) below shall be limited to the number prescribed in these provisions. However, if there are any fractions less than one unit in the number of the exercisable stock acquisition rights, the number shall be rounded down.
 - (a) Up to 50% of the number of the stock acquisition rights allotted for the period from July 1, 2025 until June 30, 2026
 - (b) Up to 100% of the number of the stock acquisition rights allotted, combined with the stock acquisition rights exercised during the period described in (a) above, for the period from July 1, 2026 until June 30, 2028
- 2) Status of stock acquisition rights issued as remuneration for discharge of duties in the fiscal year under review
Not applicable.
- 3) Other significant matters concerning stock acquisition rights
Not applicable.

(3) Status of Corporate Officers

1) Status of Members of the Board and Audit & Supervisory Board Members (as of March 31, 2024)

Title	Name	Responsibilities and significant concurrent positions
Representative Director	Shinichi Ata	President & CEO Director, ASORA Tech Corp.
Member of the Board	Mitsuhiro Sato	Vice President and Executive Officer & CSO, Head of Business Unit Director, Kan Corporation, Director, DENEN Co. Ltd.
Member of the Board	Masaaki Okazaki	Executive Vice President & CFO, Head of Management Unit Director, DENEN Co. Ltd., Director, REDEN Corp., Director, M-SOLUTIONS, Inc.
Member of the Board	Kunihiro Fujinaga	Executive Vice President, Enterprise Business Unit, in Charge of Enterprise Sales, Digital Marketing and Customer Care, SoftBank Corp., Outside Director, INCUDATA Corp., Outside Director, Air Trust Corp., Outside Director, Cinarra Systems, Inc.
Member of the Board	Shigeo Suzuki	
Member of the Board	Yoshie Munakata	Representative Director, B.Grove Inc., Outside Director, Musashi Seimitsu Industry Co., Ltd.
Member of the Board	Yukari Tominaga	External Director, MORINAGA MILK INDUSTRY CO., LTD. Outside Director, FUJI ELECTRIC CO., LTD.
Member of the Board	Yuka Miyagawa	
Member of the Board	Madoka Sawa	CEO, ensow inc. Full-time Faculty Member (Professor), Musashino University
Full-time External Audit & Supervisory Board Member	Mitsumasa Ueno	Certified Public Accountant, Outside Audit and Supervisory Board Member, SBI ARUHI Corporation
Audit & Supervisory Board Member	Haruhiko Hirose	
Audit & Supervisory Board Member	Michiaki Nakano	Attorney and Partner, South Toranomom Law Offices
Audit & Supervisory Board Member	Takashi Naito	Vice President and General Manager, Finance & Accounting Division, Finance Unit, SoftBank Corp., Audit & Supervisory Board Member, SB Players Corp., Audit & Supervisory Board Member, A Holdings Corporation

- Notes:
1. Mr. Kunihiro Kaneko retired from the position of Member of the Board at the conclusion of the 35th Annual General Meeting of Shareholders held on June 19, 2023. Mr. Kunihiro Fujinaga was elected as a Member of the Board and assumed the position on the same date.
 2. Members of the Board Mr. Shigeo Suzuki, Mr. Yoshie Munakata, Ms. Yukari Tominaga, Ms. Yuka Miyagawa, and Mr. Madoka Sawa are External Members of the Board. Meanwhile, Audit & Supervisory Board Members Mr. Mitsumasa Ueno, Mr. Haruhiko Hirose, and Mr. Michiaki Nakano are External Audit & Supervisory Board Members.
 3. The Company has registered Members of the Board Mr. Shigeo Suzuki, Mr. Yoshie Munakata, Ms. Yukari Tominaga, Ms. Yuka Miyagawa, and Mr. Madoka Sawa and Audit & Supervisory Board Members Mr. Mitsumasa Ueno, Mr. Haruhiko Hirose, and Mr. Michiaki Nakano as independent officers with no potential conflict of interest with general shareholders, the designation of which is required by Tokyo Stock Exchange, Inc.
 4. Audit & Supervisory Board Members Mr. Mitsumasa Ueno and Mr. Haruhiko Hirose are certified public accountants (currently, Mr. Haruhiko Hirose is not registered with The Japanese Institute of Certified Public Accountants) and have considerable insight into finance and accounting.
 5. Representative Director Mr. Shinichi Ata and Members of the Board Mr. Mitsuhiro Sato and Mr. Masaaki Okazaki retired from the position of Director of Fontworks Inc. on August 31, 2023.
 6. Member of the Board Mr. Kunihiro Fujinaga retired from the position of Director of OfaaS Corp. on June 19, 2023, and Director of SBI FinTech Incubation Co., Ltd. on June 20, 2023.
 7. Member of the Board Ms. Yukari Tominaga retired from the position of Outside Director of Yashima & Co., Ltd. on June 29, 2023.

2) Description of limited liability agreement

The Company and non-executive Members of the Board and Audit & Supervisory Board Members have respectively concluded an agreement to limit their liability for damages stipulated in Article 423, Paragraph 1 of the Companies Act in accordance with Article 427, Paragraph 1 of the same Act.

Pursuant to the proviso to Article 29, Paragraph 2 of the Articles of Incorporation, the limit of liability assumed by each non-executive Member of the Board under the agreement shall be up to 10 million yen or the minimum amount of liability stipulated by laws and regulations, whichever higher. Meanwhile, pursuant to the proviso to Article 37, Paragraph 2 of the Articles of Incorporation, the limit of liability assumed by each Audit & Supervisory Board Member under the agreement shall be up to 1 million yen or the minimum amount of liability stipulated by laws and regulations, whichever is higher.

3) Description of remuneration agreement

Not applicable.

4) Description of Members of the Board and officers liability insurance policy

Not applicable.

5) Remuneration of Members of the Board and Audit & Supervisory Board Members for the fiscal year under review

a. Matters concerning the policy for determining the details of remuneration for individual Members of the Board

The Company has established a policy for determining the details of remuneration for individual Members of the Board at the meetings of the Board of Directors and the outline is as follows:

<Basic policy>

The basic policy is to establish a remuneration system that serves as an incentive for achieving the Company's sustainable growth as well as enhancing its corporate value over the medium to long term. Specifically, the remuneration of executive Members of the Board shall comprise basic remuneration as fixed remuneration, bonuses for officers as short-term performance-based remuneration, and stock remuneration as medium-term performance-based remuneration. Meanwhile, the remuneration of External Members of the Board, who serve monitoring and supervisory functions over management from an independent standpoint, shall comprise basic remuneration only, in light of their assumed roles. For Members of the Board whose main duties are to serve as officers of subsidiaries and group companies, remuneration shall be paid by subsidiaries and group companies and determined in accordance with the remuneration policy of each company.

<Policy for determining the amount of individual's basic remuneration (monetary remuneration)>

The basic remuneration shall be monthly fixed cash remuneration and determined, in principle, according to positions, in light of the roles and responsibilities assumed by each Member of the Board, taking also into account the remuneration levels of other companies. For Members of the Board who concurrently serve as employees, the amount of remuneration shall be determined also in light of the amount of employee salaries.

<Policy for determining the details of performance-based remuneration and non-monetary remuneration and methods for determining the amounts or numbers thereof>

The bonuses for officers paid to Members of the board as performance-based remuneration shall be intended to increase the awareness of improving the business performance for each fiscal year and paid as cash remuneration that reflects a relevant performance indicator. The amount of bonuses for officers shall be determined after comprehensive consideration within the range from 0% to 100% of the base amount set at the beginning of the relevant fiscal year based on the quantitative evaluation of business performance for each fiscal year, taking into account the qualitative evaluation of, among other things, performance against targets set for each Member of the Board, and paid at a certain time every year. Consolidated operating profit is used as a performance indicator for the bonuses for officers. The reason for selecting the performance indicator is that it is an important indicator to measure the profitability of

our main business. For the fiscal year under review, the target for the performance indicator (consolidated operating profit) was set at 5,900 million yen and the actual result was 5,699 million yen.

The stock remuneration paid to Members of the Board as non-monetary and performance-based remuneration is linked to the medium- to long-term corporate value (shareholder value) in order to share value with shareholders and increase their motivation and morale for increasing the stock price of the Company. Under the policy, the Company has a two-pronged stock remuneration system where the Company grants them restricted stock, which requires them to remain in service for a certain period of time and achieve certain performance conditions by the time that the economic benefits of the remuneration granted are realized, and stock acquisition rights as stock options. The amount of stock remuneration shall be, in principle, determined based on the amount calculated in accordance with their positions and basic remuneration, with reference to the stock price level at that time.

<Policy for determining the ratio of each type of remuneration to the total amount of remuneration for individual Members of the Board>

The ratios of remuneration by type for executive Members of the Board shall be structured so that the higher the position, the greater the weight of performance-based remuneration, taking into account the remuneration levels benchmarked against companies of a similar business scale or in a related industry or business category to the Company. The targeted ratio of each of the three types, basic remuneration, bonuses for officers, and stock remuneration, shall be 6:3:1 (when achieving 100% of the target for the performance indicator).

b. Matters concerning resolutions of General Meetings of Shareholders regarding remuneration for Members of the Board and Audit & Supervisory Board Members

The maximum amounts of remuneration for Members of the Board and Audit & Supervisory Board Members were resolved to be 400 million yen per year (excluding employee salaries) and 40 million yen per year, respectively, at the 21st Annual General Meeting of Shareholders held on June 20, 2009. The numbers of Members of the Board and Audit & Supervisory Board Members at the conclusion of the said General Meeting of Shareholders were six (including 0 External Member of the Board) and four (including four External Audit & Supervisory Board Members), respectively.

Separately from the aforementioned, at the 34th Annual General Meeting of Shareholders held on June 20, 2022, it was approved that the Company grant Members of the Board (excluding External Members of the Board) remuneration with a limit on monetary remuneration claims to allot restricted stock to Members of the Board (excluding External Members of the Board) of up to 40 million yen per year in a maximum number of up to 20,000 shares per year, as well as stock acquisition rights as stock options of up to 40 million yen per year in a maximum number of up to 60,000 shares per year. The number of Members of the Board eligible for the said remuneration at the conclusion of the said General Meeting of Shareholders was three (excluding External Members of the Board).

c. Matters concerning the delegation of determination of remuneration for individual Members of the Board

In accordance with the Company's Regulations on Officers' Remuneration, the Company has delegated the authority to determine the specific allocation of remuneration for individual Members of the Board to Mr. Shinichi Ata, Representative Director, President & CEO of the Company.

After the deliberation by the Nomination and Remuneration Advisory Committee, Mr. Shinichi Ata makes such decisions appropriately by conducting evaluations based on the evaluation methods set forth in the determination policy pursuant to the said regulations. The Nomination and Remuneration Advisory Committee is a body to conduct investigations and deliberations as well as to make recommendations on nomination and remuneration for Members of the Board, in response to consultation by the Board of Directors, and organized by members, including External Members of the Board, elected by the Board of Directors. The number of shares to be allocated to individual Members of the Board under the stock remuneration plan shall be resolved by the Board of Directors after the deliberation by the Nomination and Remuneration Advisory Committee.

In determining the details of remuneration for individual Members of the Board for the fiscal year under review, the Nomination and Remuneration Advisory Committee examined the draft of such details from a multifaceted perspective, including consistency with the determination policy, and the Representative Director made decisions in light of reports from the committee. Therefore, the Board of Directors considers that the details of remuneration for individual Members of the Board are in line with the

determination policy.

d. Total amounts of remuneration for Members of the Board and Audit & Supervisory Board Members

Title	Total amount of remuneration (Millions of yen)	Subtotals for each type of remuneration (Millions of yen)				Number of recipients (persons)
		Basic remuneration		Performance-based remuneration		
		Fixed remuneration	Other	Bonuses for offices	Non-monetary remuneration Stock remuneration	
Members of the Board [of which External Members of the Board]	207 [41]	131 [41]	7 [-]	56 [-]	11 [-]	8 [5]
Audit & Supervisory Board Members [of which External Audit & Supervisory Board Members]	18 [18]	18 [18]	0 [0]	- [-]	- [-]	3 [3]

- Notes: 1. The above numbers of recipients do not include two unpaid Members of the Board and one unpaid Audit & Supervisory Board Member.
2. The amounts of remuneration for Members of the Board do not include employee salaries of Members of the Board who concurrently serve as employees.
3. The amounts of remuneration for External Members of the Board include amounts of remuneration as a member of the Special Committee established on February 17, 2024.
4. In the table above, "Other" under "Basic remuneration" includes amounts granted as remuneration in an amount equivalent to what the Company incurs in providing company housing to officers.
5. Bonuses for officers are paid to Members of the Board as performance-based remuneration. The historical data of operating profit, including the data for the fiscal year under review, are as stated in "1. Status of the Group (1) Overview of Business Results."
6. Stock remuneration is granted as performance-based and non-monetary remuneration. The figure presented in "Stock remuneration" represents the recorded amount of expenses incurred in the fiscal year under review for remuneration for granting stock acquisition rights granted as stock options and restricted stock, for which expenses are recorded over multiple years. The details of the said stock remuneration and the status of granting thereof are as stated in "2. Status of the Company (1) Status of Shares" and "2. Status of the Company (2) Status of Stock Acquisition Rights." The details of restricted stock issued by the Company upon resolution at the meeting of Board of Directors held on June 20, 2022 and the status of granting thereof are as follows:

Class and number of shares	15,000 shares of SB Technology's common stock
Issue price	2,172 yen per share
Total issue amount	32,580,000 yen
Persons eligible for share allocation and number of eligible persons	3 Members of the Board (excluding External Member of the Board) 9 Employees
Pay-in date	July 20, 2022

6) Matters concerning external officers

a. Significant concurrent positions as executives at other organizations

Title and name	Significant concurrent positions at other organizations and relationships between the Company and such organizations
Member of the Board Yoshie Munakata	Representative Director, B.Grove Inc. There is no special relationship between the said company and the Company.
Member of the Board Madoka Sawa	CEO, ensow inc. Full-time Faculty Member (Professor), Musashino University There is no special relationship between the said company or university and the Company.

Title and name	Significant concurrent positions at other organizations and relationships between the Company and such organizations
Audit & Supervisory Board Member Michiaki Nakano	Attorney and Partner, South Toranomon Law Offices There is no special relationship between the said offices and the Company.

b. Significant concurrent positions as external officers at other organizations

Title and name	Significant concurrent positions at other organizations and relationships between the Company and such organizations
Member of the Board Yoshie Munakata	Outside Director, Musashi Seimitsu Industry Co., Ltd. There is no special relationship between the said company and the Company.
Member of the Board Yukari Tominaga	External Director, MORINAGA MILK INDUSTRY CO., LTD. Outside Director, FUJI ELECTRIC CO., LTD. There is no special relationship between the said companies and the Company.
Audit & Supervisory Board Member Mitsumasa Ueno	Outside Audit and Supervisory Board Member, SBI ARUHI Corporation There is no special relationship between the said company and the Company.

c. Major activities for the fiscal year under review

Title and name	Major activities
Member of the Board Shigeo Suzuki	<p>Mr. Shigeo Suzuki attended all 12 meetings of the Board of Directors held during the fiscal year under review. He voiced his opinions as necessary by drawing on his extensive experience and insight in the IT industry, where the Company operates, and played an appropriate role to ensure the adequacy and appropriateness of decision-making.</p> <p>In addition to the above, he attended and chaired meetings of the Nomination and Remuneration Advisory Committee, a committee to deliberate election, dismissal, remuneration and other matters for Members of the Board of the Company, and played an important role in making recommendations to the Board of Directors.</p> <p>Furthermore, he attended and chaired all 6 meetings held during the fiscal year under review of the Special Committee, which was established by the Board of Directors of the Company on February 17, 2024, with regard to acquisition of the common shares of the Company and the Stock Acquisition Rights by SoftBank Corp. through a tender offer, for the purpose of appropriately gathering information, resolving any potential conflicts of interest, and ensuring the fairness of the transaction.</p>
Member of the Board Yoshie Munakata	<p>Mr. Yoshie Munakata attended 11 out of 12 meetings of the Board of Directors held during the fiscal year under review. He voiced his opinions as necessary by drawing on his extensive experience and insight in semiconductor devices needed for DX solutions and played an appropriate role to ensure the adequacy and appropriateness of decision-making.</p> <p>In addition to the above, he attended meetings of the Nomination and Remuneration Advisory Committee, a committee to deliberate election, dismissal, remuneration and other matters for Members of the Board of the Company, and played an important role in making recommendations to the Board of Directors.</p> <p>Furthermore, he attended 5 out of 6 meetings held during the fiscal year under review of the Special Committee, which was established by the</p>

Title and name	Major activities
	Board of Directors of the Company on February 17, 2024, with regard to acquisition of the common shares of the Company and the Stock Acquisition Rights by SoftBank Corp. through a tender offer, for the purpose of appropriately gathering information, resolving any potential conflicts of interest, and ensuring the fairness of the transaction.
Member of the Board Yukari Tominaga	<p>Ms. Yukari Tominaga attended all 12 meetings of the Board of Directors held during the fiscal year under review. She voiced her opinions as necessary by drawing on her extensive experience and insight as an IT engineer and played an appropriate role to ensure the adequacy and appropriateness of decision-making. She also makes statements in terms of achieving sustainability and diversity, including the promotion of women's career advancement.</p> <p>In addition to the above, she attended meetings of the Nomination and Remuneration Advisory Committee, a committee to deliberate election, dismissal, remuneration and other matters for Members of the Board of the Company, and played an important role in making recommendations to the Board of Directors.</p>
Member of the Board Yuka Miyagawa	<p>Ms. Yuka Miyagawa attended all 12 meetings of the Board of Directors held during the fiscal year under review. She voiced her opinions as necessary by drawing on her extensive experience and insight in sales and marketing and played an appropriate role to ensure the adequacy and appropriateness of decision-making. She also makes statements in terms of achieving sustainability and diversity, including the promotion of women's career advancement.</p> <p>In addition, she attended all 6 meetings held during the fiscal year under review of the Special Committee, which was established by the Board of Directors of the Company on February 17, 2024, with regard to acquisition of the common shares of the Company and the Stock Acquisition Rights by SoftBank Corp. through a tender offer, for the purpose of appropriately gathering information, resolving any potential conflicts of interest, and ensuring the fairness of the transaction.</p>
Member of the Board Madoka Sawa	Mr. Madoka Sawa attended all 12 meetings of the Board of Directors held during the fiscal year under review. He voiced his opinions as necessary by drawing on his extensive experience and insight in the global IT industry and played an appropriate role to ensure the adequacy and appropriateness of decision-making.
Audit & Supervisory Board Member Mitsumasa Ueno	Mr. Mitsumasa Ueno attended all 12 meetings of the Board of Directors and all 12 meetings of the Audit & Supervisory Board held during the fiscal year under review. At those meetings, he made comments as appropriate mainly from a point of view of a finance and accounting specialist.
Audit & Supervisory Board Member Haruhiko Hirose	Mr. Haruhiko Hirose attended all 12 meetings of the Board of Directors and all 12 meetings of the Audit & Supervisory Board held during the fiscal year under review. At those meetings, he made comments as appropriate mainly from a point of view of a finance and accounting specialist.
Audit & Supervisory Board Member Michiaki Nakano	Mr. Michiaki Nakano attended all 12 meetings of the Board of Directors and all 12 meetings of the Audit & Supervisory Board held during the fiscal year under review. At those meetings, he made comments as appropriate from a point of view of a corporate legal affairs specialist as an attorney.

(4) Status of Independent Auditor

1) Name of Independent Auditor
Deloitte Touche Tohmatsu LLC

2) Amount of remuneration paid to the Independent Auditor

Amount of remuneration paid to the Independent Auditor for the fiscal year under review	55 million yen
Aggregate amount of cash and other benefits paid to the Independent Auditor by the Company and its subsidiaries	99 million yen

- Notes: 1. The audit agreement between the Independent Auditor and the Company does not distinguish between the amounts of remuneration for auditing services under the Financial Instruments and Exchange Act and the Companies Act, and it is practically impossible to distinguish them. Therefore, the amount of remuneration paid to the Independent Auditor for the fiscal year under review was the aggregate amount of the aforementioned remuneration.
2. The Audit & Supervisory Board of the Company reviewed the execution status of the Independent Auditor's duties and actual remuneration paid for the previous fiscal year and examined the details of audit plan and the appropriateness of the basis for calculating quotes for remuneration for the fiscal year under review through necessary materials obtained and reports heard from the Board of Directors, relevant internal departments, and the Independent Auditor. Based on the results, the Audit & Supervisory Board judged that the audit plan and the quotes for remuneration for the fiscal year under review were appropriate, and therefore, gave consent to the amount of remuneration paid to the Independent Auditor prescribed in Article 399, Paragraph 1 of the Companies Act.

3) Decision-making policy of dismissal or non-reappointment of Independent Auditor

The Audit & Supervisory Board shall determine the details of the proposal on the dismissal or non-reappointment of the Independent Auditor to be submitted to a General Meeting of Shareholders in the event of difficulties for the Independent Auditor to execute its duties or when deemed necessary.

The Independent Auditor shall be dismissed by the unanimous consent of the Audit & Supervisory Board Members when deemed to fall under any of the items under Article 340, Paragraph 1 of the Companies Act. In such a case, an Audit & Supervisory Board Member appointed by the Audit & Supervisory Board shall report the dismissal of the Independent Auditor and reasons therefore at the first General Meeting of Shareholders to be convened after the dismissal.

3. Overview of System to Ensure Appropriateness of Operations and Its Implementation Status

The Board of Directors of the Company has resolved to adopt the basic policies described below for the establishment of a system to ensure appropriateness of operations. In accordance with these basic policies, the Company is determined to continue to build a more effective internal control system while ensuring the appropriateness of business operations.

- (1) System to ensure that the execution of professional duties by Members of the Board and employees conform to laws and regulations and to the Articles of Incorporation

Based on the Officer and Employee Code of Conduct, the Company is striving to raise awareness of compliance through compliance training for Members of the Board and employees, and to thoroughly execute duties based on various compliance-related regulations.

In addition, in accordance with the Officer and Employee Code of Conduct, the Company rejects any involvement with antisocial forces and strives to develop internal measures, such as the inclusion of clauses for the exclusion of organized crime groups in various basic contracts, in order to take a resolute stance against such forces and deal with them appropriately.

The Company conducts periodic monitoring in accordance with the Internal Audit Regulations and other internal regulations to ensure compliance with laws and regulations and the Articles of Incorporation relating to the execution of duties by Members of the Board and employees.

In addition, while increasing the ratio of External Members of the Board to enhance the governance, the Company discusses medium-to long-term management issues, oversight of management execution, compliance assurance, and corporate governance issues.

- (2) System for the maintenance and management of information with respect to execution of duties by Members of the Board

The Company manages the minutes of General Meetings of Shareholders, minutes of meetings of the Board of Directors, minutes of meetings of the Audit & Supervisory Board, business reports, and financial statements by the department in charge in accordance with laws and regulations, the Articles of Incorporation, and the Document Retention Management Regulations.

In addition, documents related to the execution of business by Members of the Board are kept and managed by the respective departments in charge in accordance with laws and regulations and the Document Retention Management Regulations. Members of the Board ensure that all employees are fully aware of such practice.

- (3) Regulations for managing risks of loss and other systems

The Company identifies external and internal risks that threaten the sustained development of the Company and the safety of officers and employees, and takes the following measures to respond to them:

- The Company has formulated the Crisis Management Regulations and the Basic Guidelines for Crisis Management as rules for appropriately recognizing and managing risks, appointed a manager to be responsible for risk management, and appointed a supervisory department for each risk according to the type of risk, and established a risk management system for the Company.
- The Risk Management Committee has been established to collect, analyze, and prevent information on risks.
- In the event that a serious risk materializes, the Company will establish an emergency headquarters and take appropriate measures to minimize damage.

With regard to crisis management for disasters, etc., the Company strives to ensure the safety of its officers and employees by introducing a safety confirmation system and other measures.

Furthermore, in order to lead information security activities, the Company has established an Information Security Measures Committee to develop an information security system based on various information-related regulations, as well as to conduct audits and education.

(4) System for ensuring efficient execution of duties by Members of the Board

The Company clarifies the duties and operations of the Board of Directors in the Regulations of the Board of Directors and specifies matters to be resolved and reported. In addition, the Company ensures an efficient management system by optimizing the authority of duties and decision-making through the Authority Regulations.

In addition, the term of office for Members of the Board is set at one year in order to ensure an agile response to changes in the business environment and to clarify the management responsibilities of Members of the Board. At the same time, the Company has introduced an executive officer system to clarify management responsibilities and improve the efficiency of decision-making and business execution.

(5) System to ensure appropriate business operations within the SB Technology Group

The Company has established the SBT Group Charter, which serves as a common code of conduct for the Group. In addition, in order to ensure smooth business operations while respecting the autonomy of Group companies, the Company has established the SBT Group Company Management Regulations and established supervisory divisions to improve the integrity and efficiency of Group management, as well as to establish the following systems:

- The Company dispatches officers to major subsidiaries and, through the Boards of Directors of its subsidiaries, monitor the business conditions and financial condition of subsidiaries. In addition, every month the Company's Board of Directors reports on the content of the business operations and considers matters of importance.
- The Company has established the SBT Group Compliance Regulations and are promoting compliance throughout the Group. At the same time, we are expanding the scope of our Free Access Line (hotline) to cover all Group companies in the interests of ensuring the effectiveness of compliance within the Group.
- In order to develop and strengthen risk management throughout the entire Group, the Company has established the SBT Group Risk Management Regulations and, as necessary, conducts operational audits of its subsidiaries in order to effectively monitor risks.

(6) Matters related to the system concerning employees who are to assist in the duties of Audit & Supervisory Board Members, matters concerning the independence of such employees from the Members of the Board, and matters concerning ensuring the effectiveness of instruction given to such employees

The Company does not currently have a dedicated employees assigned to assist the Audit & Supervisory Board Members in their duties. However, when requested by the Audit & Supervisory Board Members, employees in each division, including the Internal Audit Office, shall assist in such duties. Employees who assist in the duties of Audit & Supervisory Board Members shall prioritize instructions given by Audit & Supervisory Board Members when they receive such instructions, and shall not be subject to the instructions of Members of the Board, etc. with respect to such instructions.

(7) System for Members of the Board and employees of the Company and subsidiaries to report to Audit & Supervisory Board Members, and other systems for reporting to Audit & Supervisory Board Members

Members of the Board and employees of the Company and its subsidiaries are required to immediately report any violation of laws and regulations, of the Articles of Incorporation, or the existence of any other fact that is likely to cause serious damage to the Company in the course of business operation.

Furthermore, Members of the Board of the Company and its subsidiaries are required to make the forementioned reporting obligations known to the employees.

In addition, Members of the Board and employees are required to promptly report on matters related to business execution from the Audit & Supervisory Board Members when they are required to do so.

Yet further, the Audit & Supervisory Board Members receive reports on the results of audits from the Internal Audit Office, and when they are aware of the need for additional audits and improvement measures, they can issue instructions as necessary. The Company and its subsidiaries prohibit the adverse treatment of persons who have made these reports to Audit & Supervisory Board Members, and make

known such practice.

- (8) Matters concerning the procedure for advance payment or redemption of expense incurred in the performance of duties by Audit & Supervisory Board Members, as well as other policies for handling liabilities incurred in the performance of duties

When the Audit & Supervisory Board Member requests advance payment of necessary expenses for the execution of his/her duties, etc., the Company promptly handles such expenses or liabilities.

- (9) Other systems to ensure effective audits by Audit & Supervisory Board Members

The Audit & Supervisory Board Members receive reports on the results of audits from the Internal Audit Office and the Accounting Auditor, and cooperate in the implementation of audits.

In addition, the Audit & Supervisory Board Members and the Internal Audit Office hold regular liaison meetings to share information, report on the status of implementation of respective audits, and maintain close communication regarding the implementation of other cooperative audits.

In order to supervise the Accounting Auditor and ensure the independence of the Accounting Auditor from the Members of the Board, the Audit & Supervisory Board independently receives reports on the audit results of the Accounting Auditor.

In addition, Audit & Supervisory Board Members attend meetings of the Board of Directors, express their opinions, and make recommendations and reports as the Audit & Supervisory Board.

- (10) System to ensure appropriateness and reliability of financial reporting

To ensure the appropriateness and reliability of financial reporting, the Company has formulated a Basic Policy on Internal Control over Financial Reporting, and have established a system to promote internal control, including the establishment of an Internal Control Committee and the appointment of an officer in charge of supervision.

Furthermore, in order to properly respond to the Financial Instruments and Exchange Act and other related laws and regulations, the Company is working to improve the reliability of financial reporting by establishing an information processing system.

(Overview of implementation status of the system to ensure appropriateness of operations)

The following summarize the Company's major efforts and activities in the fiscal year under review in accordance with the basic policies stated above.

- (1) The Officer and Employee Code of Conduct and a compliance manual (code of conduct) have been made available on the intranet for all officers and employees to be able to access them. In addition, to raise and maintain awareness of compliance, the compliance awareness month is set up every year. In the compliance month in the fiscal year under review, the Company provided all officers and employees with compliance training.
- (2) Material risks of the Company and the Group companies have been reported periodically or as needed by officers in charge or other members at the Board of Directors meetings and other important internal meetings, where measures against risks and approaches to mitigating and preventing risks are discussed.
- (3) The Board of Directors meetings were held 12 times in the fiscal year under review. At these meetings, the Company discussed and made decisions on important matters related to business operations including the Group's business policies and strategies as well as matters stipulated by laws and regulations and the Articles of Incorporation. The Board of Directors also received reports on the statuses of business operation of the Members of the Board and the business results of the Group companies at these meetings.
- (4) The Audit & Supervisory Board Members performed audit in accordance with the audit plans stipulated at meetings of the Audit & Supervisory Board and ensured the effectiveness of audit through attending the Board of Directors meetings and important internal meetings, examining approved documents, and inspecting the statuses of businesses and assets, as well as through periodic meetings with Representative

Directors, the Accounting Auditor and the Internal Audit Office.

- (5) The Company's Members of the Board, etc. assumed office as the Members of the Board and Audit & Supervisory Board Members of the Group companies and supervised and audited the business operations of the companies. In addition, respective departments of the Company requested reports on the progress of the business operations of the Group companies as needed or periodically, and instructed and supervised the business operations of the Group companies whenever necessary.

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Note: Within this Business Report, amounts less than stated units are rounded down, and ratios less than stated units are rounded off.

# Consolidated Financial Statements

## Consolidated Balance Sheet

(As of March 31, 2024)

(In millions of yen)

| Account                                                    | Amount        | Account                                               | Amount        |
|------------------------------------------------------------|---------------|-------------------------------------------------------|---------------|
| <b>(Assets)</b>                                            |               | <b>(Liabilities)</b>                                  |               |
| <b>Current assets</b>                                      | <b>41,654</b> | <b>Current liabilities</b>                            | <b>17,962</b> |
| Cash and deposits                                          | 10,833        | Accounts payable – trade                              | 6,074         |
| Notes and accounts receivable – trade, and contract assets | 25,289        | Current portion of long-term borrowings               | 290           |
| Merchandise                                                | 250           | Lease liabilities                                     | 16            |
| Accounts receivable – other                                | 3,819         | Accounts payable – other                              | 4,690         |
| Other                                                      | 1,464         | Income taxes payable                                  | 1,659         |
| Allowance for doubtful accounts                            | (2)           | Contract liabilities                                  | 2,346         |
|                                                            |               | Provision for bonuses                                 | 1,681         |
| <b>Non-current assets</b>                                  | <b>10,039</b> | Provision for loss on orders received                 | 438           |
| <b>Property, plant and equipment</b>                       | <b>1,451</b>  | Provision for defect repair                           | 3             |
| Buildings                                                  | 512           | Other                                                 | 761           |
| Tools, furniture and fixtures                              | 789           | <b>Non-current liabilities</b>                        | <b>1,113</b>  |
| Other                                                      | 149           | Long-term borrowings                                  | 109           |
| <b>Intangible assets</b>                                   | <b>3,176</b>  | Lease liabilities                                     | 65            |
| Goodwill                                                   | 595           | Contract liabilities                                  | 560           |
| Software                                                   | 1,850         | Retirement benefit liability                          | 4             |
| Software in progress                                       | 636           | Asset retirement obligations                          | 318           |
| Customer relationships                                     | 37            | Other                                                 | 55            |
| Other                                                      | 56            | <b>Total liabilities</b>                              | <b>19,075</b> |
| <b>Investments and other assets</b>                        | <b>5,412</b>  | <b>(Net assets)</b>                                   |               |
| Investment securities                                      | 909           | <b>Shareholders' equity</b>                           | <b>29,613</b> |
| Deferred tax assets                                        | 1,267         | Share capital                                         | 1,270         |
| Other                                                      | 3,235         | Capital surplus                                       | 1,656         |
|                                                            |               | Retained earnings                                     | 29,253        |
| <b>Deferred assets</b>                                     | <b>0</b>      | Treasury shares                                       | (2,567)       |
| Share issuance costs                                       | 0             | <b>Accumulated other comprehensive income</b>         | <b>116</b>    |
|                                                            |               | Valuation difference on available-for-sale securities | 109           |
|                                                            |               | Foreign currency translation adjustment               | 7             |
|                                                            |               | <b>Share acquisition rights</b>                       | <b>316</b>    |
|                                                            |               | <b>Non-controlling interests</b>                      | <b>2,572</b>  |
|                                                            |               | <b>Total net assets</b>                               | <b>32,619</b> |
| <b>Total assets</b>                                        | <b>51,694</b> | <b>Total liabilities and net assets</b>               | <b>51,694</b> |

Note: Figures presented in the financial statements are rounded down to the nearest million yen.

## Consolidated Statement of Income

(April 1, 2023–March 31, 2024)

(In millions of yen)

| Account                                                       | Amount        |
|---------------------------------------------------------------|---------------|
| <b>Net sales</b>                                              | <b>65,704</b> |
| <b>Cost of sales</b>                                          | <b>49,944</b> |
| <b>Gross profit</b>                                           | <b>15,760</b> |
| <b>Selling, general and administrative expenses</b>           | <b>10,061</b> |
| <b>Operating profit</b>                                       | <b>5,699</b>  |
| <b>Non-operating income</b>                                   | <b>41</b>     |
| Interest income                                               | 0             |
| Dividend income                                               | 1             |
| Share of profit of entities accounted for using equity method | 10            |
| Dividend income of insurance                                  | 11            |
| Subsidy income                                                | 2             |
| Miscellaneous income                                          | 14            |
| <b>Non-operating expenses</b>                                 | <b>266</b>    |
| Interest expenses                                             | 5             |
| Commission expenses                                           | 175           |
| Loss on investments in investment partnerships                | 5             |
| Donations                                                     | 20            |
| Foreign exchange losses                                       | 3             |
| Provision of allowance for doubtful accounts                  | 50            |
| Miscellaneous losses                                          | 5             |
| <b>Ordinary profit</b>                                        | <b>5,473</b>  |
| <b>Extraordinary income</b>                                   | <b>6,658</b>  |
| Gain on sales of investment securities                        | 3             |
| Gain on reversal of share acquisition rights                  | 32            |
| Gain on transfer from business divestitures                   | 6,623         |
| <b>Extraordinary losses</b>                                   | <b>511</b>    |
| Impairment loss                                               | 345           |
| Loss on retirement of non-current assets                      | 12            |
| Industrial accident settlement                                | 70            |
| Amortization of goodwill                                      | 63            |
| Loss on forgiveness of debt                                   | 20            |
| <b>Profit before income taxes</b>                             | <b>11,620</b> |
| Income taxes-current                                          | 3,050         |
| Income taxes-deferred                                         | (14)          |
| <b>Profit</b>                                                 | <b>8,584</b>  |
| Profit attributable to non-controlling interests              | 220           |
| <b>Profit attributable to owners of parent</b>                | <b>8,363</b>  |

Note: Figures presented in the financial statements are rounded down to the nearest million yen.

## Consolidated Statement of Changes in Equity

(April 1, 2023–March 31, 2024)

(Millions of yen)

|                                                                                           | Shareholders' equity |                 |                   |                 |                            |
|-------------------------------------------------------------------------------------------|----------------------|-----------------|-------------------|-----------------|----------------------------|
|                                                                                           | Share capital        | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance as of April 1, 2023                                                               | 1,270                | 1,613           | 22,182            | (2,600)         | 22,466                     |
| Changes during period                                                                     |                      |                 |                   |                 |                            |
| Dividends of surplus                                                                      | —                    | —               | (1,292)           | —               | (1,292)                    |
| Profit attributable to owners of parent                                                   | —                    | —               | 8,363             | —               | 8,363                      |
| Purchase of treasury shares                                                               | —                    | —               | —                 | (0)             | (0)                        |
| Disposal of treasury shares                                                               | —                    | 53              | —                 | 33              | 87                         |
| Change in ownership interest of parent due to transactions with non-controlling interests | —                    | (11)            | —                 | —               | (11)                       |
| Net changes in items other than shareholders' equity                                      | —                    | —               | —                 | —               | —                          |
| Total changes during period                                                               | —                    | 42              | 7,071             | 32              | 7,147                      |
| Balance as of March 31, 2024                                                              | 1,270                | 1,656           | 29,253            | (2,567)         | 29,613                     |

|                                                                                           | Accumulated other comprehensive income                |                                         |                                              | Share acquisition rights | Non-controlling interests | Total net assets |
|-------------------------------------------------------------------------------------------|-------------------------------------------------------|-----------------------------------------|----------------------------------------------|--------------------------|---------------------------|------------------|
|                                                                                           | Valuation difference on available-for-sale securities | Foreign currency translation adjustment | Total accumulated other comprehensive income |                          |                           |                  |
| Balance as of April 1, 2023                                                               | 3                                                     | 5                                       | 9                                            | 320                      | 2,371                     | 25,167           |
| Changes during period                                                                     |                                                       |                                         |                                              |                          |                           |                  |
| Dividends of surplus                                                                      | —                                                     | —                                       | —                                            | —                        | —                         | (1,292)          |
| Profit attributable to owners of parent                                                   | —                                                     | —                                       | —                                            | —                        | —                         | 8,363            |
| Purchase of treasury shares                                                               | —                                                     | —                                       | —                                            | —                        | —                         | (0)              |
| Disposal of treasury shares                                                               | —                                                     | —                                       | —                                            | —                        | —                         | 87               |
| Change in ownership interest of parent due to transactions with non-controlling interests | —                                                     | —                                       | —                                            | —                        | —                         | (11)             |
| Net changes in items other than shareholders' equity                                      | 105                                                   | 1                                       | 107                                          | (4)                      | 200                       | 304              |
| Total changes during period                                                               | 105                                                   | 1                                       | 107                                          | (4)                      | 200                       | 7,451            |
| Balance as of March 31, 2024                                                              | 109                                                   | 7                                       | 116                                          | 316                      | 2,572                     | 32,619           |

Note: All amounts are rounded down to the nearest million yen.



## Notes to Consolidated Financial Statements

### 1. Notes on Significant Accounting Policies for Preparation of Consolidated Financial Statements

#### (1) Scope of consolidation

##### 1) Status of consolidated subsidiaries

- Number of consolidated subsidiaries 11 companies
- Names of consolidated subsidiaries Names of major consolidated subsidiaries are listed in “1. Status of the Group, (6) Major Parents and Subsidiaries” in the Business Report.  
Cyber Secure Asia (S) Pte. Ltd. has been excluded from the scope of consolidation because its liquidation was completed during the fiscal year under review.  
Fontworks Inc. and Integral Vision Graphics Inc. have been excluded from the scope of consolidation because all shares the Company had held in these companies were transferred during the fiscal year under review.

##### 2) Status of unconsolidated subsidiaries

Not applicable.

#### (2) Application of equity method

##### 1) Status of unconsolidated subsidiaries and associates accounted for using equity method

- Number of unconsolidated subsidiaries and associates accounted for using equity method  
2 companies
- Names of unconsolidated subsidiaries and associates accounted for using equity method  
Nippon Registry Authentication Inc.  
Renazon Technology (S) Pte. Ltd.

##### 2) Status of major unconsolidated subsidiaries and associates not accounted for using equity method

Not applicable.

##### 3) Specific information deemed necessary about application of equity method

When the fiscal year of a company accounted for using equity method differs from the fiscal year of the Company, that company is consolidated based on its provisional financial statements as of the Company’s fiscal year-end.

#### (3) Fiscal years of consolidated subsidiaries

The consolidated subsidiary Cybersecure Tech Inc. has a fiscal year ending on December 31.

It is consolidated using the financial statements prepared as of its fiscal year-end, with necessary adjustments for significant transactions arising between its fiscal year-end and the Company’s fiscal year-end.

The fiscal year-end of the other consolidated subsidiaries is the same as that of the Company.

#### (4) Accounting policies

##### 1) Valuation of significant assets

###### a) Available-for-sale securities

- Securities other than shares, etc. that do not have a market price

Stated at fair value (with the entire amount of valuation differences recorded directly into net assets, and the cost of securities sold calculated using the moving-average method).

- Shares, etc. that do not have a market price

Stated at cost using the moving-average method.

Investments in investment limited partnerships and other similar partnerships (those deemed as securities under Article 2, Paragraph 2 of the Financial Instruments and Exchange Act) are stated at an amount equivalent to the share of net assets of such partnerships, based on the latest financial statements available as of the reporting date stipulated in the partnership agreement.

###### b) Inventories

- Merchandise

Stated primarily at cost using the weighted-average method (a method in which book value is written down based on any decline in profitability).

##### 2) Depreciation and amortization of significant assets

###### a) Property, plant and equipment (excluding leased assets)

Depreciated primarily using the straight-line method.

The major useful lives are as follows:

Buildings: 8 to 15 years

Tools, furniture and fixtures: 4 to 15 years

###### b) Intangible assets

(excluding leased assets)

Amortized using the straight-line method.

Software for internal use is amortized over a period of 3 to 5 years during which it is expected to be available internally. Customer relationships are amortized over a period of 8 to 12 years during which its effect is expected to continue.

###### c) Leased assets

Depreciated using the straight-line method over the lease term with zero residual value (the guaranteed residual value, in the case of lease contracts with residual value guarantees).

##### 3) Recognition of significant allowances and provisions

###### a) Allowance for doubtful accounts

To provide for potential credit losses on receivables, allowance for doubtful accounts is recorded at an estimated amount of uncollectible receivables calculated based on the historical rate of credit loss for general receivables and determined in consideration of collectability of individual receivables for doubtful accounts and certain other receivables.

###### b) Provision for bonuses

To provide for the payment of bonuses to employees, provision for bonuses is recorded at an amount accrued for the fiscal year under review out of the estimated amount to be paid.

- |                                          |                                                                                                                                                                                                                                                                               |
|------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| c) Provision for loss on orders received | To provide for potential losses on orders received, provision for loss on orders received is recorded at an estimated amount of losses on orders on hand as of the end of the fiscal year under review that are highly likely to be incurred and can be reasonably estimated. |
| d) Provision for defect repair           | To provide for potential liability for defect warranty in orders received, provision for defect repair is recorded at an estimated amount of defect repair expenses in consideration of the likelihood of incurring such expenses on an individual basis.                     |

4) Retirement benefits

Certain consolidated subsidiaries determine retirement benefit liability and retirement benefit expenses by adopting the simplified method, which assumes the retirement benefit obligations to be the amount that would be payable if all eligible employees voluntarily terminated their services at the end of the fiscal year.

5) Recognition of revenue and expenses

The Group recognizes revenue by applying the following five steps:

- Step 1: Identify the contract(s) with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation.

The Group's major standards for revenue recognition are as follows:

a) Telecommunication, Enterprise, and Public Sector

The Group mainly provides system design and construction services, and equipment sales to its customers.

System development contracts, system operation and monitoring contracts, and other maintenance services

- (i) System development contracts involve obligations to deliver outcomes. The performance obligation of such contracts is considered to be satisfied as the tasks progress towards making the outcomes available for the customer. Accordingly, when the progress towards satisfaction of the performance obligation can be reasonably estimated, revenue is recognized based on that progress.
- (ii) System operation and monitoring contracts and other maintenance services involve obligations to continue providing services over the contract period. The performance obligation of such contract services is considered to be satisfied as time passes during the period. Accordingly, the progress is estimated based on the elapsed service period as a percentage of the contractual service period, and revenue is recognized based on that progress.

### Sales of equipment and other products

The sales of equipment and other products involve obligations to deliver products to customers. The performance obligation of such sales is considered to be satisfied, not over time, but at a point in time. Accordingly, revenue is recognized at a point in time when control of the product is transferred to the customer.

The time when control of the product is transferred is determined to be the time when the product is shipped, because the period from the shipment to the customer acceptance is ordinary for domestic sales.

#### b) Consumer

The Group is engaged in the sales of IT-related products and font licenses in EC sites that it owns as well as in EC sites that it operates as an agent.

### EC site management agency business

The EC site management agency business mainly provides the sales of software licenses and rights to receive ongoing services owned by other companies. In the case where a license key is issued for each sale, the customer can use the software immediately upon completion of the procedures after the issuance. Accordingly, control is considered to have been transferred at the time of issuance, and revenue is recognized at that time.

In the case of contract renewal transactions for ongoing services, the customer is assured to receive ongoing services at the time of renewal transaction. Accordingly, control is considered to have been transferred at the time of renewal transaction, and revenue is recognized at that time.

The EC Solutions business is determined to act as an agent rather than as a principal, by comprehensively considering the degree of primary responsibility for performance obligations, the absence of inventory risk, the extent of discretionary authority over pricing, and other relevant factors. As a result, a net amount of revenue, after deducting purchase prices to be paid to suppliers from the amount to be received from the customer, is recognized as revenue.

### Sales of font licenses

Fontworks Inc., a subsidiary of the Company which was excluded from the scope of consolidation during the fiscal year under review, provides the sales of its own font licenses through its own websites and other means. There is no contractual requirement to engage in activities that significantly affect the intellectual property to which the customer will have rights as a result of this licensing activity. Based on this fact, licensing to a customer only commits to providing the right to use intellectual property that exists at the time of licensing (the right of use). Accordingly, the performance obligation is considered to be satisfied at the inception of the license, irrespective of the license period, and revenue is recognized at a point in time.

If customization work is required before licensing, licensing will begin after such work is completed.

#### 6) Amortization of goodwill

Goodwill is amortized by the straight-line method over a reasonably estimated period of 10 years during which its effect is expected to continue. However, immaterial goodwill is expensed immediately at the time of acquisition.

#### 7) Other significant accounting policies for preparation of consolidated financial statements

Deferred assets

Share issuance costs are amortized by the straight-line method over a period of 3 years.

## 2. Notes on Changes in Presentation

### Consolidated Balance Sheet

Accounts receivable – other (3,819 million yen in the fiscal year under review), which was included in other (3,136 million yen in the previous fiscal year) under current assets in the previous fiscal year, is presented separately beginning from the fiscal year under review due to increased significance in value.

## 3. Notes on Accounting Estimates

Items for which accounting estimates were included in the consolidated financial statements for the fiscal year under review and that may have a significant impact on the consolidated financial statements for the following fiscal year are as follows:

Net sales for which revenue is recognized according to the estimated progress and provision for loss on orders received

1) Amount recorded in consolidated financial statements

|                                                                               |                    |
|-------------------------------------------------------------------------------|--------------------|
| Net sales for which revenue is recognized according to the estimated progress | 12,753 million yen |
| (Amount of the portion in progress as of the fiscal year-end                  | 7,866 million yen) |
| Provision for loss on orders received                                         | 438 million yen    |

2) Other information to help understanding the nature of estimates

The Company recognizes revenue from a construction contract over a certain period as the performance obligation is satisfied. The progress towards satisfaction of the performance obligation is measured appropriately based on the cost actually incurred as a percentage of estimated total construction cost. Revenue is recognized based on that progress. When the estimated total construction cost exceeds the contract amount, provision for loss on orders received is recorded at an amount of the excess, i.e., loss, in the case that the loss is highly likely to be incurred and can be reasonably estimated.

The estimated total construction cost, which is the common basis for the calculation of these two items, may vary as the construction progresses. Possible factors that cause changes in the estimate include differences between the Company and its customers in the specifications of deliverables and the scope of work, the need for additional man-hours due to unexpected accidents, and the unforeseeable effects of unexperienced technological elements. The impact of such changes in the estimate is recorded in income or loss for the fiscal year in which the changes are made, and thereby may affect the consolidated financial statements for the following fiscal year.

## 4. Notes on Consolidated Balance Sheet

(1) Balances of receivables from contracts with customers and contract assets

|                                           |                    |
|-------------------------------------------|--------------------|
| Receivables from contracts with customers | 17,124 million yen |
| Contract assets                           | 8,165 million yen  |

Note: Receivables from contracts with customers and contract assets are included in “notes and accounts receivable – trade and contract assets” on the consolidated balance sheet.

(2) Accumulated depreciation of property, plant and equipment 2,616 million yen

(3) Financial covenants

Borrowings under the loan agreement with Mizuho Bank, Ltd. (loan balance: 350 million yen) are subject to financial covenants. If any of the following covenants is violated, lump-sum repayment should be made upon request from the lender.

- 1) On March 31 of each fiscal year on or after March 31, 2021, total net assets on the consolidated balance sheet and the non-consolidated balance sheet of the borrower shall not be less than 75% of

the higher of either total net assets on March 31, 2020 or total net assets on March 31 of the previous fiscal year.

- 2) On March 31 of each fiscal year on or after March 31, 2021, operating profit (loss) and profit (loss) on the consolidated statement of income and the non-consolidated statement of income of the borrower shall not result in losses for the second consecutive fiscal year.

## 5. Notes on Consolidated Statement of Changes in Equity

### (1) Class and total number of issued shares

| Class of shares | Number of shares at beginning of period (shares) | Increase in number of shares during period (shares) | Decrease in number of shares during period (shares) | Number of shares at end of period (shares) |
|-----------------|--------------------------------------------------|-----------------------------------------------------|-----------------------------------------------------|--------------------------------------------|
| Common stock    | 22,757,800                                       | –                                                   | –                                                   | 22,757,800                                 |

### (2) Class and number of treasury shares

| Class of shares | Number of shares at beginning of period (shares) | Increase in number of shares during period (shares) | Decrease in number of shares during period (shares) | Number of shares at end of period (shares) |
|-----------------|--------------------------------------------------|-----------------------------------------------------|-----------------------------------------------------|--------------------------------------------|
| Common stock    | 2,892,930                                        | 137                                                 | 37,000                                              | 2,856,067                                  |

Note: The increase in number of shares represents the purchase of shares less than one unit.

The decrease in number of shares represents a decrease due to the disposal of treasury shares resulting from the exercise of stock acquisition rights.

### (3) Dividends of surplus

#### 1) Dividends paid

- a) Distribution of dividends resolved at the 35th Annual General Meeting of Shareholders held on June 19, 2023

|                       |                 |
|-----------------------|-----------------|
| - Class of shares     | Common stock    |
| - Total dividends     | 695 million yen |
| - Dividends per share | 35 yen          |
| - Record date         | March 31, 2023  |
| - Effective date      | June 20, 2023   |

- b) Distribution of dividends resolved at the meeting of the Board of Directors held on October 30, 2023

|                       |                    |
|-----------------------|--------------------|
| - Class of shares     | Common stock       |
| - Total dividends     | 597 million yen    |
| - Dividends per share | 30 yen             |
| - Record date         | September 30, 2023 |
| - Effective date      | December 1, 2023   |

- 2) Dividends for which the record date is in the fiscal year under review, and the effective date is in the following fiscal year

Distribution of dividends to be resolved at the 36th Annual General Meeting of Shareholders scheduled on June 17, 2024

|                       |                   |
|-----------------------|-------------------|
| - Class of shares     | Common stock      |
| - Total dividends     | 796 million yen   |
| - Source of dividends | Retained earnings |
| - Dividends per share | 40 yen            |
| - Record date         | March 31, 2024    |
| - Effective date      | June 18, 2024     |

- (4) Class and number of shares underlying stock acquisition rights as of the end of the fiscal year under review  
(excluding share acquisition rights not yet exercisable as of the end of the fiscal year under review)
- |              |                |
|--------------|----------------|
| Common stock | 262,800 shares |
|--------------|----------------|

## 6. Notes on Financial Instruments

### (1) Status of financial instruments

#### 1) Policies on financial instruments

The Group manages temporary surplus funds through highly secure investments such as short-term deposits.

In the event of demand for short-term working capital or investments such as in stocks for business or capital alliances and other purposes, the Group raises the necessary funds mainly through bank borrowings.

Derivatives are entered into mainly to hedge the risk of exchange rate fluctuations and not used for speculative purposes.

#### 2) Nature of financial instruments, related risks and risk management system thereof

Trade receivables such as notes and accounts receivable – trade, and contract assets, and accounts receivable – other are exposed to counterparty credit risk. To deal with the risk, the Group routinely manages the due dates and outstanding balances on an invoice-by-invoice basis in accordance with the internal Sales Management Regulations, as well as monitors the credit status of major customers every fiscal year.

Investment securities are investments in stocks for business or capital alliances and other purposes, investments in partnerships for promoting cooperative relationships with other partners, and bonds held by the subsidiaries at the time of the business combinations, all of which are exposed to the risk of market price fluctuations. To deal with the risk, the Group regularly reports their fair values and the financial conditions of the issuers to the Board of Directors.

Trade payables are accounts payable - trade, accounts payable - other, and income taxes payable, most of which are due within two months. Accounts payable - trade denominated in foreign currencies are exposed to the risk of exchange rate fluctuations. The Group hedges the risk for particularly large trade payables on an individual basis by using forward exchange contracts. Such derivative transactions are entered into through the internal approval procedures, as well as only with highly rated financial institutions to mitigate counterparty credit risk. There were no outstanding transactions at the end of the fiscal year under review.

Borrowings and lease liabilities related to finance leases are intended to finance investments in stocks and other securities and capital expenditures, part of which are exposed to the risk of interest rate fluctuations. To deal with the risk, the Group monitors the fluctuations in the market by regularly obtaining interest rate information from financial institutions and other sources.

Trade payables, borrowings, and lease liabilities involve liquidity risk at the time of settlement and repayment. The Group avoids the risk by reviewing the cash management plan every month and other means.

#### 3) Supplementary explanation on fair value of financial instruments

Given that certain assumptions are used in the calculation of the fair value of financial instruments, the value may vary with different assumptions.

## (2) Fair value of financial instruments

The book value on the consolidated balance sheet and fair value of financial instruments and their difference as of March 31, 2024 are as follows. The table below does not include shares, etc. that do not have a market price (see Note 1). In addition, cash and items whose book value on the consolidated balance sheet is immaterial are omitted, and deposits are also omitted because their book value approximates their fair value due to their short-term settlement nature.

(Millions of yen)

|                                     | Book value | Fair value | Difference |
|-------------------------------------|------------|------------|------------|
| (1) Investment securities           |            |            |            |
| Available-for-sale securities (*2)  | 175        | 175        | –          |
| Total assets                        | 175        | 175        | –          |
| (2) Long-term borrowings            | 109        | 108        | (0)        |
| (3) Lease liabilities (non-current) | 65         | 64         | (0)        |
| Total liabilities                   | 174        | 173        | (1)        |

\*1: “Cash and deposits,” “notes and accounts receivable – trade, and contract assets,” “accounts receivable – other,” “accounts payable – trade,” “current portion of long-term borrowings,” “lease liabilities (current),” “accounts payable – other,” and “income taxes payable” are omitted, because they comprise cash and short-term instruments whose book value approximates their fair value. Among “notes and accounts receivable – trade, and contract assets,” receivables not collectible within a short period of time are omitted, because their fair value is almost equal to their book value as a result of calculating the value by grouping the receivables by a certain period of time and discounting them at the interest rate reflecting the period to maturity and the credit risk.

\*2: Investments in partnerships and other similar entities, which are carried on the consolidated balance sheet at an amount equivalent to the share of net assets of such partnerships, are omitted. The book value of these investments is 68 million yen.

## Note 1. Shares, etc. that do not have a market price

(Millions of yen)

| Category                                       | Book value |
|------------------------------------------------|------------|
| Unlisted stocks, etc.                          | 666        |
| Investments in investment limited partnerships | 68         |
| Total                                          | 734        |

These financial instruments are not included in “(1) Investment securities.”

## Note 2. Redemption schedule of monetary receivables after the consolidated balance sheet date

(Millions of yen)

|                                                                  | Due within<br>1 year | Due after<br>1 year through<br>5 years | Due after<br>5 years<br>through<br>10 years | Due after<br>10 years |
|------------------------------------------------------------------|----------------------|----------------------------------------|---------------------------------------------|-----------------------|
| Cash and deposits                                                | 10,833               | –                                      | –                                           | –                     |
| Notes and accounts<br>receivable – trade, and<br>contract assets | 24,212               | 1,077                                  | –                                           | –                     |
| Accounts receivable – other                                      | 3,819                | –                                      | –                                           | –                     |
| Total                                                            | 38,865               | 1,077                                  | –                                           | –                     |



Note 3. Repayment schedule of long-term borrowings and lease liabilities after the consolidated balance sheet date

(Millions of yen)

|                      | Due within 1 year | Due after 1 year through 2 years | Due after 2 years through 3 years | Due after 3 years through 4 years | Due after 4 years through 5 years | Due after 5 years |
|----------------------|-------------------|----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-------------------|
| Long-term borrowings | 290               | 80                               | 9                                 | 6                                 | 5                                 | 7                 |
| Lease liabilities    | 16                | 8                                | 7                                 | 7                                 | 7                                 | 34                |
| Total                | 306               | 88                               | 17                                | 14                                | 12                                | 42                |

(3) Fair value information by level within the fair value hierarchy

The fair value of financial instruments is classified into the following three levels according to the observability and materiality of inputs used to measure fair value.

Level 1: Fair value measured using observable inputs, i.e. quoted prices in active markets for assets or liabilities that are the subject of the measurement.

Level 2: Fair value measured using observable inputs other than Level 1 inputs.

Level 3: Fair value measured using unobservable inputs.

If multiple inputs are used that are significant to the fair value measurement, the fair value measurement is categorized in its entirety in the level of the lowest level input that is significant to the entire measurement.

1) Financial instruments carried at fair value

(Millions of yen)

| Category                             | Fair value |         |         |       |
|--------------------------------------|------------|---------|---------|-------|
|                                      | Level 1    | Level 2 | Level 3 | Total |
| Securities and investment securities |            |         |         |       |
| Available-for-sale securities        |            |         |         |       |
| Stocks                               | –          | 146     | –       | 146   |
| Bonds                                | –          | 29      | –       | 29    |
| Total assets                         | –          | 175     | –       | 175   |

2) Financial instruments other than those carried at fair value

(Millions of yen)

| Category             | Fair value |         |         |       |
|----------------------|------------|---------|---------|-------|
|                      | Level 1    | Level 2 | Level 3 | Total |
| Long-term borrowings | –          | 108     | –       | 108   |
| Lease liabilities    | –          | 64      | –       | 64    |
| Total liabilities    | –          | 173     | –       | 173   |

Note: A description of the valuation techniques and inputs used in the fair value measurements

Investment securities

The fair value of investment securities (stocks) is classified as Level 1 if quoted prices in active markets are available. If the market is not active, then regardless of whether publicly disclosed quoted prices are used, the fair value is classified as Level 2.

The fair value of investment securities (bonds) is determined based on prices presented by counterparty financial institutions and other parties.

Long-term borrowings

The fair value of long-term borrowings is measured at present value by discounting the sum of

principal and interest at the interest rate that would be applied to similar new borrowings, and is classified as Level 2. However, the fair value of those with floating interest rates is determined at book value, which approximates their fair value because they reflect market interest rates within a short period of time and the Company's credit standing has not changed significantly from the time they were executed.

Lease liabilities (non-current)

The fair value of lease liabilities is measured at present value by discounting the sum of principal and interest at the interest rate that would be applied to similar new leases entered into with the same terms and maturity, and is classified as Level 2.

**7. Notes on Revenue Recognition**

(1) Disaggregation of revenue from contracts with customers

Disaggregation of revenue from contracts with customers is as follows:

(Millions of yen)

|                                       | Reportable segment |
|---------------------------------------|--------------------|
|                                       | ICT Services       |
| Telecommunication                     | 15,630             |
| Enterprise                            | 33,595             |
| Public Sector                         | 13,878             |
| Consumer                              | 2,598              |
| Revenue from contracts with customers | 65,704             |
| Net sales to external customers       | 65,704             |

(2) Basic information for understanding revenue

Basic information for understanding revenue from contracts with customers is omitted as the same details are presented in "1. Notes on Significant Accounting Policies for Preparation of Consolidated Financial Statements, (4) Accounting policies, 5) Recognition of revenue and expenses" in the notes to consolidated financial statements.

(3) Information for understanding revenue amounts in the fiscal year under review and subsequent fiscal years

1) Nature and balances of contract assets and contract liabilities

The balances of receivables, contract assets, and contract liabilities from contracts with customers are as follows:

(Millions of yen)

|                                           | Fiscal year under review         |                            |
|-------------------------------------------|----------------------------------|----------------------------|
|                                           | Balance at beginning of the year | Balance at end of the year |
| Receivables from contracts with customers | 22,029                           | 17,124                     |
| Contract assets                           | 2,103                            | 8,165                      |
| Contract liabilities                      | 2,856                            | 2,906                      |

Contract assets consist primarily of unbilled accounts receivable – trade related to revenue recognized based on the measurement of progress in system development contracts, which involve obligations to deliver outcomes. They are reclassified to trade receivables upon customer acceptance. The increase in contract assets is mainly due to an increase in system development contracts in progress at the end of the fiscal year.

Contract liabilities consist primarily of advances received from customers for system operation and monitoring contracts, and other maintenance services. The amount of revenue recognized in the fiscal year under review that was included in the balance of contract liabilities at the beginning of the fiscal year was 1,922 million yen, and the amount related to performance obligations satisfied in prior fiscal years was immaterial.

2) Transaction price allocated to the remaining performance obligations

Revenue expected to be recognized in the future related to unsatisfied (or partially unsatisfied) performance obligations as of the end of the fiscal year under review is as follows:

| (Millions of yen) |        |
|-------------------|--------|
|                   | Amount |
| Within 1 year     | 24,760 |
| Over 1 year       | 4,544  |
| Total             | 29,305 |

**8. Notes on Per Share Information**

|                              |              |
|------------------------------|--------------|
| (1) Net assets per share     | 1,493.86 yen |
| (2) Basic earnings per share | 420.55 yen   |

**9. Notes on Significant Subsequent Events**

At the meeting of the Board of Directors of the Company held on April 25, 2024, the Company resolved to express an opinion in favor of the tender offer (the “Tender Offer”) by SoftBank Corp. (the “Tender Offeror”), the controlling shareholder (parent company) of the Company, for the Company’s common shares (the “Company Shares”) and stock acquisition rights (the “Stock Acquisition Rights”). The Company also resolved to recommend that its shareholders tender their shares in the Tender Offer, and that the decision as to whether or not the holders of the Stock Acquisition Rights (the “Stock Acquisition Rights Holders”) should tender their shares in the Tender Offer be left to the discretion of the Stock Acquisition Rights Holders.

Note that the above-stated resolution of the Board of Directors is made based on the assumption that the Tender Offeror intends to make the Company a wholly-owned subsidiary of the Tender Offeror and the Company Shares will therefore be delisted through the Tender Offer and a series of procedures thereafter.

(1) Outline of the Tender Offeror

|                                     |                                                                                                                                  |
|-------------------------------------|----------------------------------------------------------------------------------------------------------------------------------|
| 1) Name                             | SoftBank Corp.                                                                                                                   |
| 2) Location                         | 1-7-1 Kaigan, Minato-ku, Tokyo                                                                                                   |
| 3) Name and title of representative | Junichi Miyakawa, President & CEO                                                                                                |
| 4) Description of business          | Provision of mobile communications services, sale of mobile devices, provision of fixed-line telecommunications and ISP services |
| 5) Capital                          | 210,523 million yen (as of December 31, 2023)                                                                                    |
| 6) Date of incorporation            | December 9, 1986                                                                                                                 |

|                                                                      |                                                                                                                         |        |
|----------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------|--------|
| 7) Major shareholders and shareholding ratios (as of March 31, 2024) | SoftBank Group Japan Corporation                                                                                        | 40.41% |
|                                                                      | The Master Trust Bank of Japan, Ltd. (Trust Account)                                                                    | 10.14% |
|                                                                      | Custody Bank of Japan, Ltd. (Trust Account)                                                                             | 3.62%  |
|                                                                      | STATE STREET BANK WEST CLIENT-TREATY 505234 (Standing Proxy: Mizuho Bank, Ltd. Settlement & Clearing Services Division) | 1.45%  |
|                                                                      | SMBC Nikko Securities Inc.                                                                                              | 1.02%  |
|                                                                      | JPMorgan Securities Japan Co., Ltd.                                                                                     | 1.01%  |
|                                                                      | JP MORGAN CHASE BANK 385781 (Standing Proxy: Mizuho Bank, Ltd. Settlement & Clearing Services Division)                 | 0.87%  |
|                                                                      | SSBTC CLIENT OMNIBUS ACCOUNT (Standing Proxy: HSBC Bank Tokyo Branch Custody Operations Division)                       | 0.81%  |
|                                                                      | Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.                                                                      | 0.58%  |
|                                                                      | STATE STREET BANK AND TRUST COMPANY 505103 (Standing Proxy: Mizuho Bank, Ltd. Settlement & Clearing Services Division)  | 0.53%  |

8) Relationship between the Company and the Tender Offeror

|                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|-------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Capital relationship    | As of April 25, 2024, the Tender Offeror holds 10,735,000 shares (ownership ratio (Note): 52.81 %) of the Company Shares, and the Company is a consolidated subsidiary of the Tender Offeror.                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| Personnel relationship  | Four of the nine Members of the Board of the Company formerly worked for the Tender Offeror, and one of the four Audit & Supervisory Board Members of the Company also formerly worked for the Tender Offeror. Mr. Kunihiko Fujinaga, a Member of the Board of the Company, has a position as an executive officer of the Tender Offeror. Mr. Takashi Naito, an Audit & Supervisory Board Member of the Company, has a position as an employee of the Tender Offeror. In addition to the above, as of April 25, 2024, fourteen employees of the Company are seconded to the Tender Offeror, and eleven employees of the Tender Offeror are seconded to the Company. |
| Business relationship   | There are transactions between the Company and the Tender Offeror that involve sales of goods, and system development and technical assistance, etc.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| Status as related party | The Tender Offeror is the Company's parent company, and therefore, the Tender Offeror and the Company mutually fall under the category of related parties.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |

Note: "Ownership ratio" means the percentage (rounded to two decimal places) of the difference (20,325,933 shares) (the "Total Number of Shares After Considering the Company's Potential Shares") of the sum of (1) the total number of issued shares of the Company as of March 31, 2024 (22,757,800 shares) stated in 5. Notes on Consolidated Statement of Changes in Equity, plus (2) the number of shares (424,200 shares in total) represented by the total number of all of the Stock Acquisition Rights (as defined in 2) Price of the Tender Offer B) Stock Acquisition Rights below, the same applies hereinafter) (4,242 units) outstanding as of March 31, 2024 (1,580 units of the 2018 First Series of Stock Acquisition Rights (shares to be issued upon the exercise thereof: 158,000 shares), 2,160 units of the 2021 First Series of Stock Acquisition Rights (shares to

be issued upon the exercise thereof: 216,000 shares), and 502 units of the 2022 First Series of Stock Acquisition Rights (shares to be issued upon the exercise thereof: 50,200 shares)) which are the 2018 First Series of Stock Acquisition Rights (1,800 units (shares to be issued upon the exercise thereof: 180,000 shares)), the 2021 First Series of Stock Acquisition Rights (2,290 units (shares to be issued upon the exercise thereof: 229,000 shares)) and the 2022 First Series of Stock Acquisition Rights (547 units (shares to be issued upon the exercise thereof: 54,700 shares)) stated in the Annual Securities Report for the 35th Fiscal Year filed by the Company as of June 19, 2023, less (3) the number of treasury shares held by the Company as of March 31, 2024 (2,856,067 shares) stated in 5. Notes on Consolidated Statement of Changes in Equity; the same applies to statements regarding ownership ratios below, unless otherwise specified.

## (2) Outline of the Tender Offer

### 1) Period of the Tender Offer

From Friday, April 26, 2024 through Tuesday, June 11, 2024 (30 business days)

### 2) Price of the Tender Offer

1. Common Stock: 2,950 yen per share of common shares

#### 2. Stock acquisition rights:

- a) Stock acquisition rights issued pursuant to the resolution at the meeting of the Board of Directors of the Company held on September 26, 2018 (the “2018 First Series Stock Acquisition Rights”) (the exercise period is from October 1, 2020 to September 30, 2024): 1 yen per stock acquisition right
- b) Stock acquisition rights issued pursuant to the resolution at the meeting of the Board of Directors of the Company held on September 29, 2021 (the “2021 First Series Stock Acquisition Rights”) (the exercise period is from October 1, 2023 to September 30, 2025): 1 yen per stock acquisition right
- c) Stock acquisition rights issued pursuant to the resolution at the meeting of the Board of Directors of the Company held on June 20, 2022 (the “2022 First Series Stock Acquisition Rights”) (the exercise period is from July 1, 2025 to June 30, 2028): 1 yen per stock acquisition right

## (3) Estimated number of share certificates, etc. to be purchased

|                                                                |                  |
|----------------------------------------------------------------|------------------|
| The minimum number of share certificates, etc. to be purchased | 2,815,600 shares |
|----------------------------------------------------------------|------------------|

## 10. Notes on Others

(Notes on matters related to business combination, etc.)

(Business divestitures)

At the meeting of the Board of Directors held on July 19, 2023, the Company passed a resolution on the transfer of all the shares (hereinafter the “Relevant Shares”) that the Company had held in Fontworks Inc., its consolidated subsidiary, to Monotype K.K., and the transfer of intangible assets (hereinafter the “Relevant Intangible Assets”) related to Fontworks business to Monotype Imaging Inc. The transfer was executed on September 1, 2023. As a result, Fontworks Inc. has been excluded from the scope of consolidation effective September 30, 2023.

### (1) Outline of the Business Divestiture

#### 1) Name of successor enterprise

Monotype K.K.

Monotype Imaging Inc.

#### 2) Description of divested business

Planning, development and sale of digital fonts (fonts), software development, technical services, OEM services, etc.

#### 3) Main reason for the business divestiture

Under its management policy, namely, “Achieve significant growth,” the Company acquired Fontworks Inc., 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 Inc. 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 divestiture because it believes that it is mutually beneficial that Fontworks Inc. 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 Imaging Inc. and Monotype K.K.

4) Date of business divestiture

September 1, 2023 (Deemed date of sale: September 30, 2023)

5) Other matters including legal form

Transfer of shares and intangible assets for consideration of cash and accounts receivable – other

(2) Overview of accounting procedures implemented

1) Amount of gain (loss) on transfer

Gain on transfer from business divestitures: 6,600 million yen

2) Appropriate book value of assets and liabilities relating to the business transferred and the major breakdown thereof

|                          |                          |
|--------------------------|--------------------------|
| Current assets           | 817 million yen          |
| Non-current assets       | 814 million yen          |
| <b>Total assets</b>      | <b>1,631 million yen</b> |
| Current liabilities      | 1,161 million yen        |
| Non-current liabilities  | 127 million yen          |
| <b>Total liabilities</b> | <b>1,288 million yen</b> |

3) Accounting

The difference between the consolidated book value and the transfer price of the relevant shares and the relevant intangible assets is recorded as a “gain on transfer from business divestitures” under extraordinary income.

(3) Name of the reportable segment in which the divested business is included

The Group operates a single segment and is included in the ICT services business.

(4) Estimated profit/loss of the divested business posted in the consolidated statement of income and comprehensive income for the fiscal year under review

|                  |                   |
|------------------|-------------------|
| Net sales        | 1,091 million yen |
| Operating profit | 355 million yen   |

(Note) Amortization of goodwill and customer-related assets identified through acquisition cost allocation is included.

# Non-Consolidated Financial Statements

## Non-Consolidated Balance Sheet

(As of March 31, 2024)

(In millions of yen)

| Account                                                      | Amount        | Account                                               | Amount         |
|--------------------------------------------------------------|---------------|-------------------------------------------------------|----------------|
| <b>(Assets)</b>                                              |               | <b>(Liabilities)</b>                                  |                |
| <b>Current assets</b>                                        | <b>33,295</b> | <b>Current liabilities</b>                            | <b>15,616</b>  |
| Cash and deposits                                            | 4,283         | Accounts payable – trade                              | 6,032          |
| Notes receivable – trade                                     | 96            | Short-term borrowings                                 | 300            |
| Accounts receivable – trade                                  | 15,548        | Current portion of long-term borrowings               | 279            |
| Contract assets                                              | 7,880         | Lease liabilities                                     | 8              |
| Merchandise                                                  | 160           | Accounts payable – other                              | 4,448          |
| Prepaid expenses                                             | 1,156         | Accrued expenses                                      | 77             |
| Short-term loans receivable from subsidiaries and associates | 250           | Income taxes payable                                  | 1,322          |
| Accounts receivable – other                                  | 3,812         | Contract liabilities                                  | 1,141          |
| Other                                                        | 108           | Refund liabilities                                    | 5              |
| Allowance for doubtful accounts                              | (2)           | Deposits received                                     | 34             |
|                                                              |               | Provision for bonuses                                 | 1,167          |
|                                                              |               | Provision for loss on orders received                 | 438            |
|                                                              |               | Provision for defect repair                           | 3              |
|                                                              |               | Other                                                 | 358            |
| <b>Non-current assets</b>                                    | <b>10,639</b> | <b>Non-current liabilities</b>                        | <b>535</b>     |
| <b>Property, plant and equipment</b>                         | <b>873</b>    | Long-term borrowings                                  | 70             |
| Buildings                                                    | 240           | Contract liabilities                                  | 175            |
| Tools, furniture and fixtures                                | 486           | Asset retirement obligations                          | 220            |
| Construction in progress                                     | 146           | Other                                                 | 69             |
| <b>Intangible assets</b>                                     | <b>1,357</b>  | <b>Total liabilities</b>                              | <b>16,151</b>  |
| Software                                                     | 1,171         |                                                       |                |
| Software in progress                                         | 170           | <b>(Net assets)</b>                                   |                |
| Other                                                        | 15            | <b>Shareholders' equity</b>                           | <b>27,361</b>  |
|                                                              |               | <b>Share capital</b>                                  | <b>1,270</b>   |
| <b>Investments and other assets</b>                          | <b>8,407</b>  | <b>Capital surplus</b>                                | <b>1,463</b>   |
| Investment securities                                        | 832           | Legal capital surplus                                 | 1,348          |
| Shares of subsidiaries and associates                        | 3,665         | Other capital surplus                                 | 114            |
| Long-term prepaid expenses                                   | 533           | <b>Retained earnings</b>                              | <b>27,194</b>  |
| Long-term loans receivable                                   | 47            | Legal retained earnings                               | 5              |
| Long-term loans receivable from subsidiaries and associates  | 250           | Other retained earnings                               | 27,188         |
| Long-term accounts receivable – other                        | 1,500         | Retained earnings brought forward                     | 27,188         |
| Deferred tax assets                                          | 894           | <b>Treasury shares</b>                                | <b>(2,567)</b> |
| Guarantee deposits                                           | 916           | <b>Valuation and translation adjustments</b>          | <b>108</b>     |
| Other                                                        | 41            | Valuation difference on available-for-sale securities | 108            |
| Allowance for doubtful accounts                              | (272)         | <b>Share acquisition rights</b>                       | <b>313</b>     |
|                                                              |               | <b>Total net assets</b>                               | <b>27,783</b>  |
| <b>Total assets</b>                                          | <b>43,935</b> | <b>Total liabilities and net assets</b>               | <b>43,935</b>  |

Note: Figures presented in the financial statements are rounded down to the nearest million yen.

## Non-Consolidated Statement of Income

(April 1, 2023 - March 31, 2024)

(In millions of yen)

| Account                                                                      | Amount        |
|------------------------------------------------------------------------------|---------------|
| <b>Net sales</b>                                                             | <b>56,585</b> |
| <b>Cost of sales</b>                                                         | <b>45,743</b> |
| <b>Gross profit</b>                                                          | <b>10,842</b> |
| <b>Selling, general and administrative expenses</b>                          | <b>6,829</b>  |
| <b>Operating profit</b>                                                      | <b>4,013</b>  |
| <b>Non-operating income</b>                                                  | <b>3,410</b>  |
| Interest income                                                              | 5             |
| Dividend income                                                              | 3,386         |
| Dividend income of insurance                                                 | 9             |
| Refund of defined contribution pension premiums                              | 3             |
| Rental income of facility received                                           | 1             |
| Miscellaneous income                                                         | 5             |
| <b>Non-operating expenses</b>                                                | <b>297</b>    |
| Interest expenses                                                            | 6             |
| Loss on investments in investment partnerships                               | 5             |
| Foreign exchange losses                                                      | 3             |
| Commission expenses                                                          | 175           |
| Donations                                                                    | 20            |
| Provision of allowance for doubtful accounts                                 | 50            |
| Provision of allowance for doubtful accounts for subsidiaries and associates | 35            |
| Miscellaneous losses                                                         | 1             |
| <b>Ordinary profit</b>                                                       | <b>7,126</b>  |
| <b>Extraordinary income</b>                                                  | <b>5,345</b>  |
| Gain on transfer of intangible assets                                        | 4,508         |
| Gain on sales of investment securities                                       | 3             |
| Gain on sales of shares of subsidiaries and associates                       | 766           |
| Gain on reversal of share acquisition rights                                 | 32            |
| Gain on dividend in kind                                                     | 34            |
| <b>Extraordinary losses</b>                                                  | <b>92</b>     |
| Loss on sales of non-current assets                                          | 2             |
| Industrial accident settlement                                               | 70            |
| Loss on forgiveness of debt                                                  | 20            |
| <b>Profit before income taxes</b>                                            | <b>12,379</b> |
| Income taxes-current                                                         | 2,463         |
| Income taxes-deferred                                                        | 95            |
| <b>Profit</b>                                                                | <b>9,821</b>  |

Note: Figures presented in the financial statements are rounded down to the nearest million yen.



## Non-consolidated Statement of Changes in Equity

(April 1, 2023–March 31, 2024)

(Millions of yen)

|                                                      | Shareholders' equity |                       |                       |                       |                                   |                         |                         |
|------------------------------------------------------|----------------------|-----------------------|-----------------------|-----------------------|-----------------------------------|-------------------------|-------------------------|
|                                                      | Share capital        | Capital surplus       |                       |                       | Legal retained earnings           | Retained earnings       |                         |
|                                                      |                      | Legal capital surplus | Other capital surplus | Total capital surplus |                                   | Other retained earnings | Total retained earnings |
|                                                      |                      |                       |                       |                       | Retained earnings brought forward |                         |                         |
| Balance as of April 1, 2023                          | 1,270                | 1,348                 | 61                    | 1,409                 | 5                                 | 18,659                  | 18,665                  |
| Changes during period                                |                      |                       |                       |                       |                                   |                         |                         |
| Dividends of surplus                                 | —                    | —                     | —                     | —                     | —                                 | (1,292)                 | (1,292)                 |
| Profit                                               | —                    | —                     | —                     | —                     | —                                 | 9,821                   | 9,821                   |
| Purchase of treasury shares                          | —                    | —                     | —                     | —                     | —                                 | —                       | —                       |
| Disposal of treasury shares                          | —                    | —                     | 53                    | 53                    | —                                 | —                       | —                       |
| Net changes in items other than shareholders' equity | —                    | —                     | —                     | —                     | —                                 | —                       | —                       |
| Total changes during period                          | —                    | —                     | 53                    | 53                    | —                                 | 8,529                   | 8,529                   |
| Balance as of March 31, 2024                         | 1,270                | 1,348                 | 114                   | 1,463                 | 5                                 | 27,188                  | 27,194                  |

|                                                      | Shareholders' equity |                            | Valuation and translation adjustments                 |                                             | Share acquisition rights | Total net assets |
|------------------------------------------------------|----------------------|----------------------------|-------------------------------------------------------|---------------------------------------------|--------------------------|------------------|
|                                                      | Treasury shares      | Total shareholders' equity | Valuation difference on available-for-sale securities | Total valuation and translation adjustments |                          |                  |
| Balance as of April 1, 2023                          | (2,600)              | 18,745                     | 3                                                     | 3                                           | 317                      | 19,066           |
| Changes during period                                |                      |                            |                                                       |                                             |                          |                  |
| Dividends of surplus                                 | —                    | (1,292)                    | —                                                     | —                                           | —                        | (1,292)          |
| Profit                                               | —                    | 9,821                      | —                                                     | —                                           | —                        | 9,821            |
| Purchase of treasury shares                          | (0)                  | (0)                        | —                                                     | —                                           | —                        | (0)              |
| Disposal of treasury shares                          | 33                   | 87                         | —                                                     | —                                           | —                        | 87               |
| Net changes in items other than shareholders' equity | —                    | —                          | 105                                                   | 105                                         | (3)                      | 101              |
| Total changes during period                          | 32                   | 8,616                      | 105                                                   | 105                                         | (3)                      | 8,717            |
| Balance as of March 31, 2024                         | (2,567)              | 27,361                     | 108                                                   | 108                                         | 313                      | 27,783           |

Note: All amounts are rounded down to the nearest million yen.

# Notes to Non-consolidated Financial Statements

## 1. Notes on Significant Accounting Policies

### (1) Valuation of assets

#### 1) Securities

- a) Shares of subsidiaries and associates      Stated at cost using the moving-average method.
- b) Available-for-sale securities
  - Securities other than shares, etc. that do not have a market price      Stated at fair value (with the entire amount of valuation differences recorded directly into net assets, and the cost of securities sold calculated using the moving-average method).
  - Shares, etc. that do not have a market price      Stated at cost using the moving-average method. Investments in investment limited partnerships and other similar partnerships (those deemed as securities under Article 2, Paragraph 2 of the Financial Instruments and Exchange Act) are stated at an amount equivalent to the share of net assets of such partnerships, based on the latest financial statements available as of the reporting date stipulated in the partnership agreement.

#### 2) Inventories

- a) Merchandise      Stated at cost using the weighted-average method (a method in which book value is written down based on any decline in profitability).

### (2) Depreciation and amortization of non-current assets

- 1) Property, plant and equipment (excluding leased assets)      Depreciated using the straight-line method. The major useful lives are as follows:
  - Buildings:      8 to 15 years
  - Tools, furniture and fixtures:      4 to 15 years
- 2) Intangible assets (excluding leased assets)      Amortized using the straight-line method. Software for internal use is amortized over a period of 3 to 5 years during which it is expected to be available internally.
- 3) Leased assets      Depreciated using the straight-line method over the lease term with zero residual value (the guaranteed residual value, in the case of lease contracts with residual value guarantees).

(3) Recognition of allowances and provisions

- |                                          |                                                                                                                                                                                                                                                                                                                                                                        |
|------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1) Allowance for doubtful accounts       | To provide for potential credit losses on receivables, allowance for doubtful accounts is recorded at an estimated amount of uncollectible receivables calculated based on the historical rate of credit loss for general receivables and determined in consideration of collectability of individual receivables for doubtful accounts and certain other receivables. |
| 2) Provision for bonuses                 | To provide for the payment of bonuses to employees, provision for bonuses is recorded at an amount accrued for the fiscal year under review out of the estimated amount to be paid.                                                                                                                                                                                    |
| 3) Provision for loss on orders received | To provide for potential losses on orders received, provision for loss on orders received is recorded at an estimated amount of losses on orders on hand as of the end of the fiscal year under review that are highly likely to be incurred and can be reasonably estimated.                                                                                          |
| 4) Provision for defect repair           | To provide for potential liability for defect warranty in orders received, provision for defect repair is recorded at an estimated amount of defect repair expenses in consideration of the likelihood of incurring such expenses on an individual basis.                                                                                                              |

(4) Recognition of revenue and expenses

The Company recognizes revenue by applying the following five steps:

- Step 1: Identify the contract(s) with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation.

The Company's major standards for revenue recognition are as follows:

1) Telecommunication, Enterprise, and Public Sector

The Company mainly provides system design and construction services, and equipment sales to its customers.

System development contracts, system operation and monitoring contracts, and other maintenance services

- (i) System development contracts involve obligations to deliver outcomes. The performance obligation of such contracts is considered to be satisfied as the tasks progress towards making the outcomes available for the customer. Accordingly, when the progress towards satisfaction of the performance obligation can be reasonably estimated, revenue is recognized based on that progress.
- (ii) System operation and monitoring contracts and other maintenance services involve obligations to continue providing services over the contract period. The performance obligation of such contract services is considered to be satisfied as time passes during the period. Accordingly, the progress is estimated based on the elapsed service period as a percentage of the contractual service period, and revenue is recognized based on that progress.

### Sales of equipment and other products

The sales of equipment and other products involve obligations to deliver products to customers. The performance obligation of such sales is considered to be satisfied, not over time, but at a point in time. Accordingly, revenue is recognized at a point in time when control of the product is transferred to the customer.

The time when control of the product is transferred is determined to be the time when the product is shipped, because the period from the shipment to the customer acceptance is ordinary for domestic sales.

### 2) Consumer

The Company is engaged in the sales of IT-related products in EC sites that it operates as an agent.

#### EC site management agency business

The EC site management agency business mainly provides the sales of software licenses and rights to receive ongoing services owned by other companies. In the case where a license key is issued for each sale, the customer can use the software immediately upon completion of the procedures after the issuance. Accordingly, control is considered to have been transferred at the time of issuance, and revenue is recognized at that time.

In the case of contract renewal transactions for ongoing services, the customer is assured to receive ongoing services at the time of renewal transaction. Accordingly, control is considered to have been transferred at the time of renewal transaction, and revenue is recognized at that time.

The EC Solutions business is determined to act as an agent rather than as a principal, by comprehensively considering the degree of primary responsibility for performance obligations, the absence of inventory risk, the extent of discretionary authority over pricing, and other relevant factors. As a result, a net amount of revenue, after deducting purchase prices to be paid to suppliers from the amount to be received from the customer, is recognized as revenue.

## 2. Notes on Accounting Estimates

Items for which accounting estimates were included in the non-consolidated financial statements for the fiscal year under review and that may have a significant impact on the non-consolidated financial statements for the following fiscal year are as follows:

|                                                                               |                    |
|-------------------------------------------------------------------------------|--------------------|
| Net sales for which revenue is recognized according to the estimated progress | 12,034 million yen |
| (Amount of the portion in progress as of the fiscal year-end                  | 7,576 million yen) |
| Provision for loss on orders received                                         | 438 million yen    |

The information to help understanding the nature of accounting estimates is the same as that presented in the notes to consolidated financial statements.

## 3. Notes on Non-consolidated Balance Sheet

(1) Accumulated depreciation of property, plant and equipment 1,440 million yen

(2) Monetary receivables from and payables to subsidiaries and associates are as follows:

|                                    |                   |
|------------------------------------|-------------------|
| 1) Short-term monetary receivables | 5,905 million yen |
| 2) Long-term monetary receivables  | 250 million yen   |
| 3) Short-term monetary payables    | 939 million yen   |
| 4) Long-term monetary payables     | 69 million yen    |

(3) Financial covenants

Borrowings under the loan agreement with Mizuho Bank, Ltd. (loan balance: 350 million yen) are subject to financial covenants. If any of the following covenants is violated, lump-sum repayment should be made upon request from the lender.

- 1) On March 31 of each fiscal year on or after March 31, 2021, total net assets on the consolidated balance sheet and the non-consolidated balance sheet of the borrower shall not be less than 75% of the higher of either total net assets on March 31, 2020 or total net assets on March 31 of the previous fiscal year.
- 2) On March 31 of each fiscal year on or after March 31, 2021, operating profit (loss) and profit (loss) on the consolidated statement of income and the non-consolidated statement of income of the borrower shall not result in losses for the second consecutive fiscal year.

#### 4. Notes on Non-consolidated Statement of Income

Transactions with subsidiaries and associates

|                                                 |                    |
|-------------------------------------------------|--------------------|
| 1) Net sales                                    | 17,792 million yen |
| 2) Purchases                                    | 2,580 million yen  |
| 3) Selling, general and administrative expenses | 166 million yen    |
| 4) Non-operating transactions                   | 3,392 million yen  |

#### 5. Notes on Non-consolidated Statement of Changes in Equity

Class and number of treasury shares

| Class of shares | Number of shares at beginning of period (shares) | Increase in number of shares during period (shares) | Decrease in number of shares during period (shares) | Number of shares at end of period (shares) |
|-----------------|--------------------------------------------------|-----------------------------------------------------|-----------------------------------------------------|--------------------------------------------|
| Common stock    | 2,892,930                                        | 137                                                 | 37,000                                              | 2,856,067                                  |

Note: The increase in number of shares represents the purchase of shares less than one unit.

The decrease in number of shares represents a decrease due to the disposal of treasury shares resulting from the exercise of stock acquisition rights.

#### 6. Notes on Tax Effect Accounting

Significant components of deferred tax assets and liabilities

|                                                                                  | (Millions of yen) |
|----------------------------------------------------------------------------------|-------------------|
| Deferred tax assets                                                              |                   |
| Accrued enterprise tax                                                           | 114               |
| Accrued business office tax                                                      | 7                 |
| Provision for bonuses                                                            | 312               |
| Provision for loss on orders received                                            | 134               |
| Accrued social insurance premiums                                                | 44                |
| Loss on valuation of investment securities                                       | 219               |
| Depreciation in excess                                                           | 84                |
| Asset retirement obligations                                                     | 67                |
| Allowance for doubtful accounts                                                  | 84                |
| Other                                                                            | 58                |
| Subtotal deferred tax assets                                                     | 1,127             |
| Valuation allowance for the sum of future deductible temporary differences, etc. | (171)             |
| Total deferred tax assets                                                        | 956               |
| Deferred tax liabilities                                                         |                   |
| Removal costs corresponding to asset retirement obligations                      | (18)              |
| Valuation difference on available-for-sale securities                            | (44)              |
| Total deferred tax liabilities                                                   | (62)              |
| Deferred tax assets, net                                                         | 894               |

## 7. Notes on Transactions with Related Parties

### (1) Parent company

| Category       | Name of company | Share capital or investments in capital (Millions of yen)      | Nature of business or occupation                                                                                                 | Ratio of voting rights holding (held) (%) | Relationship with related party |                                                                                      |
|----------------|-----------------|----------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------|---------------------------------|--------------------------------------------------------------------------------------|
|                |                 |                                                                |                                                                                                                                  |                                           | Concurrent officers, etc.       | Business relationship                                                                |
| Parent company | SoftBank Corp.  | 214,393                                                        | Provision of mobile communications services, sale of mobile devices, provision of fixed-line telecommunications and ISP services | Held Direct<br>54.0                       | None                            | Sales of products, etc., business contracts, purchase of telecommunications services |
|                |                 | Nature of transaction                                          |                                                                                                                                  | Transaction amount (Millions of yen)      | Account                         | Balance at end of period (Millions of yen)                                           |
|                |                 | Sales of products, system development, technical support, etc. |                                                                                                                                  | 16,068                                    | Accounts receivable - trade     | 5,416                                                                                |

Transaction terms and conditions, and policy for setting transaction terms and conditions, etc.

1. Business contracts, etc. are agreed upon under the same terms and conditions as those for general transactions, in consideration of the cost of services to be provided.
2. Sale of products, etc. and purchase of telecommunications services are agreed upon under the same terms and conditions as those for general transactions, through negotiation following examination of individual cases.

### (2) Subsidiaries and associates, etc.

| Category          | Name of company | Share capital or investments in capital (Millions of yen) | Nature of business or occupation                                                                              | Ratio of voting rights holding (held) (%) | Relationship with related party |                                                         |
|-------------------|-----------------|-----------------------------------------------------------|---------------------------------------------------------------------------------------------------------------|-------------------------------------------|---------------------------------|---------------------------------------------------------|
|                   |                 |                                                           |                                                                                                               |                                           | Concurrent officers, etc.       | Business relationship                                   |
| Subsidiary        | Fontworks Inc.  | 120                                                       | Planning, development and sales of digital fonts (fonts), software development, technical services, OEM, etc. | Holding Direct<br>100.0                   | Concurrent 3                    | Borrowing of funds, purchase and sale of products, etc. |
|                   |                 | Nature of transaction                                     |                                                                                                               | Transaction amount (Millions of yen)      | Account                         | Balance at end of period (Millions of yen)              |
|                   |                 | Receipt of dividends                                      |                                                                                                               | 3,303                                     | Short-term borrowings           | —                                                       |
|                   |                 | Repayment of borrowings                                   |                                                                                                               | 2,400                                     |                                 |                                                         |
| Interest payments |                 | 1                                                         |                                                                                                               |                                           |                                 |                                                         |

Transaction terms and conditions, and policy for setting transaction terms and conditions, etc.

1. Interest rates on borrowings are reasonably determined in reference to market interest rates.

Note: Effective September 1, 2023, the Company completed the transfer of all the shares of Fontworks Inc., which was excluded from the Company's consolidated subsidiaries as of the deemed date of sale on September 30, 2023. Therefore, Fontworks Inc. no longer falls under the category of a related party. Accordingly, the share capital, name of business, ratio of voting rights holding, and relationship with related party in the above table represents the information as of August 31, 2023, and the transaction amount represents the amount between April 1, 2023 through September 30, 2023.

(3) Fellow subsidiaries, etc.

| Category                     | Name of company          | Share capital or investments in capital (Millions of yen) | Nature of business or occupation                                                                                                                      | Ratio of voting rights holding (held) (%) | Relationship with related party |                                            |
|------------------------------|--------------------------|-----------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------|---------------------------------|--------------------------------------------|
|                              |                          |                                                           |                                                                                                                                                       |                                           | Concurrent officers, etc.       | Business relationship                      |
| Subsidiary of parent company | SB Payment Service Corp. | 6,075                                                     | Settlement services, credit card and point services, collection agency services, remittance services, and consulting services incidental to the above | None                                      | None                            | Sale of products, etc., business contracts |
|                              |                          |                                                           | Nature of transaction                                                                                                                                 | Transaction amount (Millions of yen)      | Account                         | Balance at end of period (Millions of yen) |
|                              |                          |                                                           | Sale of products, system development, technical support, etc.                                                                                         | 1,327                                     | Accounts receivable - trade     | 134                                        |
|                              |                          |                                                           | Outsourcing of settlement agency services for sales to end-users                                                                                      | — (Note 2)                                | Accounts receivable - other     | 1,484                                      |

| Category                     | Name of company | Share capital or investments in capital (Millions of yen) | Nature of business or occupation                                                                   | Ratio of voting rights holding (held) (%) | Relationship with related party |                                                         |
|------------------------------|-----------------|-----------------------------------------------------------|----------------------------------------------------------------------------------------------------|-------------------------------------------|---------------------------------|---------------------------------------------------------|
|                              |                 |                                                           |                                                                                                    |                                           | Concurrent officers, etc.       | Business relationship                                   |
| Subsidiary of parent company | SB C&S Corp.    | 500                                                       | Manufacturing, distribution and sales of IT-related products, and provision of IT-related services | None                                      | None                            | Purchase and sale of products, etc., business contracts |
|                              |                 |                                                           | Nature of transaction                                                                              | Transaction amount (Millions of yen)      | Account                         | Balance at end of period (Millions of yen)              |
|                              |                 |                                                           | Sale of products, system development, technical support, etc.                                      | 2,456                                     | Accounts receivable - trade     | 603                                                     |
|                              |                 |                                                           | Purchase of products, etc.                                                                         | 3,950                                     | Accounts payable - trade        | 1,295                                                   |
|                              |                 |                                                           | Purchase of materials, etc. for provision of services                                              | 1,284                                     |                                 |                                                         |

Transaction terms and conditions, and policy for setting transaction terms and conditions, etc.

1. Business contracts, etc. are agreed upon under the same terms and conditions as those for general transactions, in consideration of the cost of services to be provided.
2. Sale and purchase of products, etc. are agreed upon under the same terms and conditions as those for general transactions, through negotiation following examination of individual cases.

Notes: 1. The transaction amount does not include consumption taxes, but the balance at end of period includes consumption taxes.

2. Transactions related to accounts receivable - other are sales transactions to end-users and not to SB Payment Service Corp. Therefore, the transaction amount is not presented.

## 8. Notes on Revenue Recognition

Basic information for understanding revenue from contracts with customers is omitted as the same details are presented in “1. Notes on Significant Accounting Policies, (4) Recognition of revenue and expenses” in the notes to the non-consolidated financial statements.

## 9. Notes on Per Share Information

|                              |              |
|------------------------------|--------------|
| (1) Net assets per share     | 1,380.31 yen |
| (2) Basic earnings per share | 493.86 yen   |

## 10. Notes on Significant Subsequent Events

At the meeting of the Board of Directors of the Company held on April 25, 2024, the Company resolved to express an opinion in favor of the tender offer (the “Tender Offer”) by SoftBank Corp. (the “Tender Offeror”), the controlling shareholder (parent company) of the Company, for the Company’s common shares (the “Company Shares”) and stock acquisition rights (the “Stock Acquisition Rights”). The Company also resolved to recommend that its shareholders tender their shares in the Tender Offer, and that the decision as to whether or not the holders of the Stock Acquisition Rights (the “Stock Acquisition Rights Holders”) should tender their shares in the Tender Offer be left to the discretion of the Stock Acquisition Rights Holders.

Note that the above-stated resolution of the Board of Directors is made based on the assumption that the Tender Offeror intends to make the Company a wholly-owned subsidiary of the Tender Offeror and the Company Shares will therefore be delisted through the Tender Offer and a series of procedures thereafter.

For details, please refer to “9. Notes on Significant Subsequent Events” in the notes to consolidated financial statements.



# Independent Auditor's Report

(English Translation)

May 14, 2024

To the Board of Directors  
SB Technology Corp.

Deloitte Touche Tohmatsu LLC  
Tokyo office

Designated Engagement Partner,  
Certified Public Accountant:

Koji Ishikawa

Designated Engagement Partner,  
Certified Public Accountant:

Junichi Fujii

## Opinion

Pursuant to Article 444, Paragraph 4 of the Companies Act, we have audited the consolidated financial statements of SB Technology Corp. and its consolidated subsidiaries (the "Group"), namely, the consolidated balance sheet as of March 31, 2024, and the consolidated statement of income and consolidated statement of changes in equity for the fiscal year from April 1, 2023 to March 31, 2024, and notes to consolidated financial statements.

In our opinion, the accompanying consolidated financial statements, in accordance with accounting principles generally accepted in Japan, present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2024, and its consolidated financial performance for the year then ended.

## Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Other Information

The other information comprises the Business Report and the accompanying supplemental schedules. Management is responsible for the preparation and disclosure of the other information. While Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing the execution of duties by Members of the Board relating to the design and operation of the Group's reporting process for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express our opinion on the other information.

Our responsibilities for the audit of the consolidated financial statements are to read the other information, and in doing so, consider whether the other information is materially inconsistent with the consolidated financial

statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of Management and Audit & Supervisory Board Members and the Audit & Supervisory Board for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing the execution of duties by Members of the Board relating to the design and operating effectiveness of the controls over the Group's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the overall presentation and disclosures of the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business

activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with Audit & Supervisory Board Members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit & Supervisory Board Members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, as well as communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and measures taken to remove impediments or safeguards applied to reduce impediments to an acceptable level, if any.

**Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan**

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Readers of Independent Auditor's Report

This is an English translation of the independent auditor's report as required by the Companies Act of Japan for the conveniences of the reader.

# Independent Auditor's Report

(English Translation)

May 14, 2024

To the Board of Directors  
SB Technology Corp.

Deloitte Touche Tohmatsu LLC  
Tokyo Office

Designated Engagement Partner,  
Certified Public Accountant:

Koji Ishikawa

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Designated Engagement Partner,  
Certified Public Accountant:

Junichi Fujii

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## Opinion

Pursuant to Article 436, Paragraph 2, Item 1 of the Companies Act, we have audited the non-consolidated financial statements of SB Technology Corp. (the "Company"), namely, the non-consolidated balance sheet as of March 31, 2024 and the non-consolidated statement of income and non-consolidated statement of changes in equity for the 36th fiscal year from April 1, 2023 to March 31, 2024, and the notes to non-consolidated financial statements and the accompanying supplemental schedules.

In our opinion, the accompanying non-consolidated financial statements present fairly, in all material respects, the financial position of the Company as of March 31, 2024, and its financial performance for the year then ended in accordance with accounting principles generally accepted in Japan.

## Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Non-consolidated Financial Statements section of our report. We are independent of the Company in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Other Information

The other information comprises the Business Report and the accompanying supplemental schedules. While Management is responsible for the preparation and disclosure of the other information, Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing the execution of duties by Members of the Board relating to the design and operation of the Group's reporting process for the other information.

Our opinion on the non-consolidated financial statements does not cover the other information and we do not express our opinion on the other information.

Our responsibilities for the audit of the non-consolidated financial statements are to read the other information, and in doing so, consider whether the other information is materially inconsistent with the non-consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Responsibilities of Management and Audit & Supervisory Board Members and the Audit & Supervisory Board for the Non-consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the non-consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of non-consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the non-consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing the execution of duties by Members of the Board relating to the design and operating effectiveness of the controls over the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Non-consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the non-consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these non-consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the non-consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the non-consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the overall presentation and disclosures of the non-consolidated financial statements are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure and content of the non-consolidated financial statements, including the disclosures, and whether the non-consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with Audit & Supervisory Board Members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any

significant deficiencies in internal control that we identify during our audit.

We also provide Audit & Supervisory Board Members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, as well as communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and measures taken to remove impediments or safeguards applied to reduce impediments to an acceptable level, if any.

**Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan**

Our firm and its designated engagement partners do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Readers of Independent Auditor's Report

This is an English translation of the independent auditor's report as required by the Companies Act of Japan for the conveniences of the reader.

## **Audit Report**

(English Translation)

With respect to the performance of duties by Members of the Board during the 36th business year from April 1, 2023 to March 31, 2024, the Audit & Supervisory Board has prepared this Audit Report after deliberations, as unanimous opinion of all Audit & Supervisory Board Members based on the Audit Report prepared by each Audit & Supervisory Board Member, and hereby report as follows:

1. Method and Contents of Audit by Audit & Supervisory Board Members and the Audit & Supervisory Board
  - (1) The Audit & Supervisory Board has established the audit policies in the fiscal year under review, audit plan, etc. and received a report from each Audit & Supervisory Board Member regarding the status of implementation of their audits and results thereof. In addition, the Audit & Supervisory Board has received reports from the Members of the Board, etc. and the Independent Auditor regarding the status of performance of their duties, and requested explanations as necessary.
  - (2) In conformity with the Audit & Supervisory Board Members auditing standards established by the Audit & Supervisory Board, and in accordance with the audit policies, audit plan, etc., each Audit & Supervisory Board Member endeavored to facilitate a mutual understanding with the Members of the Board, the internal audit unit and other employees, etc., while utilizing means via telephone lines, the Internet, and the like, endeavored to collect information and maintain and improve the audit environment, and has conducted audit by the following methods.
    - (i) Each Audit & Supervisory Board Member has attended the meetings of the Board of Directors and other important meetings, received reports on the status of performance of duties from the Members of the Board and other employees and requested explanations as necessary, examined important approval/decision documents, and inspected the status of the corporate affairs and assets at the head office. With respect to the major subsidiaries, each Audit & Supervisory Board Member endeavored to facilitate a mutual understanding and exchanged information with the Directors or Audit & Supervisory Board Members, etc. of each subsidiary and received from subsidiaries reports on their respective business as necessary.
    - (ii) Each Audit & Supervisory Board Member received regular reports from Members of the Board and employees concerning the architecture and implementation of (i) the contents of the Board of Directors' resolutions regarding the development and maintenance of the system to ensure that the Members of the Board listed within the Business Report, during the performance of their duties, complied with all laws, regulations and the Articles of Incorporation of the Company and other systems that are set forth in Article 100, Paragraphs 1 and 3 of the Ordinance for Enforcement of the Companies Act of Japan as being necessary for ensuring the appropriateness of the corporate affairs of corporate group consisting of a joint stock company (kabushiki kaisha) and its subsidiaries, and (ii) the systems (internal control systems) based on such resolutions, and requested further information as necessary, making remarks when appropriate.
    - (iii) Each Audit & Supervisory Board Member reviewed the contents of particulars to be given due consideration stipulated in Article 118, Item 5(a) as well as the judgment and the reason stipulated in (b) of the same Item of the Ordinance for Enforcement of the Companies Act in consideration of the status of discussions held by the Board of Directors, etc.
    - (iv) Each Audit & Supervisory Board Member monitored and verified whether the Independent Auditor maintained its independence and properly conducted its audit, received a report from the Independent Auditor on the status of its performance of duties, and requested explanations as necessary. Each Audit & Supervisory Board Member was notified by the Independent Auditor that it had established a "system to ensure that the performance of the duties of the Independent Auditor was properly conducted" (the matters listed in the items of Article 131 of the Ordinance on Accounting of Companies) in accordance with the "Quality Control Standards for Audits" (Business Accounting Council), and requested explanations as necessary.

Based on the above-described methods, each Audit & Supervisory Board Member examined the Business Report and the accompanying supplemental schedules, and the Consolidated Financial Statements (the Consolidated Balance Sheet, the Consolidated Statement of Income, the Consolidated Statement of Changes in Equity, and notes to Consolidated Financial Statements as well as the Non-consolidated Financial Statements (the Balance Sheet, the Statement of Income, the Statement of Changes in Equity, and notes to Non-consolidated Financial Statements) and the accompanying supplemental schedules thereto, for the business year under consideration.

## 2. Results of Audit

### (1) Results of Audit of Business Report, etc.

- (i) We acknowledge that the Business Report and the accompanying supplemental schedules thereto fairly present the status of the Company in conformity with the applicable laws and regulations and the Articles of Incorporation of the Company.
- (ii) We acknowledge that no misconduct or material fact constituting a violation of any law or regulation or the Articles of Incorporation of the Company was found with respect to the performance of duties by Members of the Board.
- (iii) We acknowledge that the Board of Directors' resolutions with respect to the internal control systems are appropriate. We did not find any matter to be mentioned with respect to the information provided in the Business Report or the performance of duties by Members of the Board concerning the internal control systems.
- (iv) We acknowledge that no matter to be pointed out was found with respect to particulars to be given due consideration so as not to harm the interest of the parent companies described in the Business Report in carrying out transactions, as well as the Board of Directors' judgment on whether or not the transactions harm the interest of the Company, and the reason thereof.

### (2) Results of Audit of Consolidated Financial Statements

We acknowledge that the methods and results of audit performed by the Independent Auditor, Deloitte Touche Tohmatsu LLC, are appropriate.

### (3) Results of Audit of Non-consolidated Financial Statements and their Accompanying Supplemental Schedules

We acknowledge that the methods and results of audit performed by the Independent Auditor, Deloitte Touche Tohmatsu LLC, are appropriate.

## 3. Significant Subsequent Events

As stated in Notes on Significant Subsequent Events, at the meeting of the Board of Directors of the Company held on April 25, 2024, the Company resolved to express an opinion in favor of the tender offer by SoftBank Corp., the controlling shareholder (parent company) of the Company, for the Company's common shares and stock acquisition rights. The Company also resolved to recommend that its shareholders tender their shares in the tender offer, and that the decision as to whether or not the holders of the stock acquisition rights should tender their shares in the tender offer be left to the discretion of the stock acquisition rights holders.

This matter does not affect the opinion of the Audit & Supervisory Board.



May 15, 2024

Audit & Supervisory Board, SB Technology Corp.

|                                            |                 |        |
|--------------------------------------------|-----------------|--------|
| Full-time Audit & Supervisory Board Member | Mitsumasa Ueno  | (Seal) |
| Audit & Supervisory Board Member           | Haruhiko Hirose | (Seal) |
| Audit & Supervisory Board Member           | Michiaki Nakano | (Seal) |
| Audit & Supervisory Board Member           | Takashi Naito   | (Seal) |

Note: Audit & Supervisory Board Members Mitsumasa Ueno, Haruhiko Hirose, and Michiaki Nakano are external auditors stipulated in Article 2, Item 16 and Article 335, Paragraph 3 of the Companies Act.