

※ It is translated by AI

Third Quarter of the Fiscal Year Ending March 31, 2023

Results of Operations

January 25, 2023

SB Technology Corp.

Security Code : 4726

Disclaimer:

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Financial Results

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Financial Results**Public Sector and Enterprise drive revenue growth**

Operating income declined due to the inability to cover the increase in fixed costs resulting from the strengthening of personnel, etc.

Orders Received

Orders received increased in Enterprise and Public Sector, record high in Q3

Record-high order backlog at the end of December

Full-year Forecast

Continue withdrawal from low-margin projects, etc., leaving operating income unchanged despite lower sales

Full-year forecast net sales JPY 67 billion, Operating income JPY 5.4 billion Improving margins

- Public Sector and Enterprise projects increased, offsetting lower Telecommunication revenues
- Despite an improvement in the gross profit margin, operating income decreased due to an increase in SG&A expenses stemming from the strengthening of personnel and other factors

[Millions of yen]	(Profit margin)	FY22Q3	FY21Q3	Change	Change %
Net sales		Record High 48,231	47,626	+605	+1.3%
Operating income		3,541 (7.3%)	3,660 (7.7%)	▲118	▲3.2%
Ordinary income		3,489 (7.2%)	3,622 (7.6%)	▲133	▲3.7%
Profit attributable to owners of parent Net profit		2,108 (4.4%)	2,187 (4.6%)	▲79	▲3.6%
EBITDA*		4,778	4,813	▲34	▲0.7%

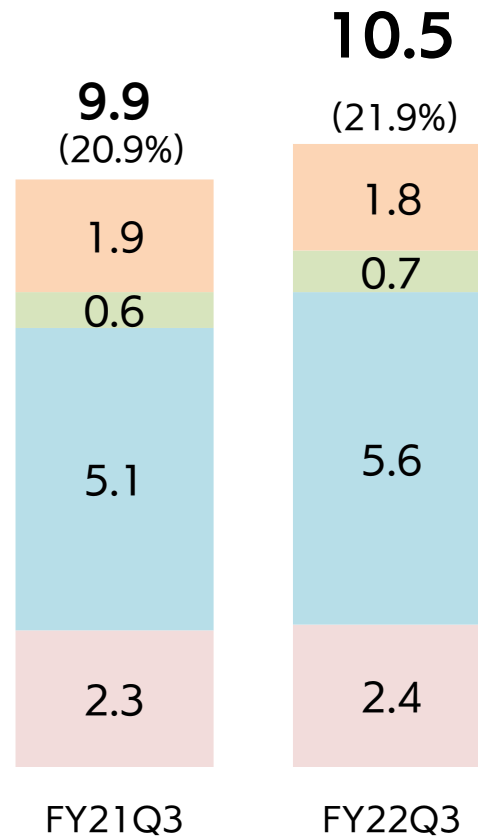
*EBITDA=Operating income+Amortization of goodwill+Depreciation

Net sales



Gross profit

(Billions of yen)
(Profit margin)



Consumer : Decrease in both sales and profits

- The impact of the change in the contract with NortonLifeLock Co., Ltd. is delayed from the initial forecast

Public Sector : Increase in both sales and profits

- Growth in sales through projects for the Ministry of Agriculture, Forestry and Fisheries and the operation of Local Government Information SC*
- Securing increased profits despite the cost of responding to the August municipal information-related SC disruption and activity costs for horizontal deployment to central ministries and agencies

Enterprise : Increase in both sales and profits

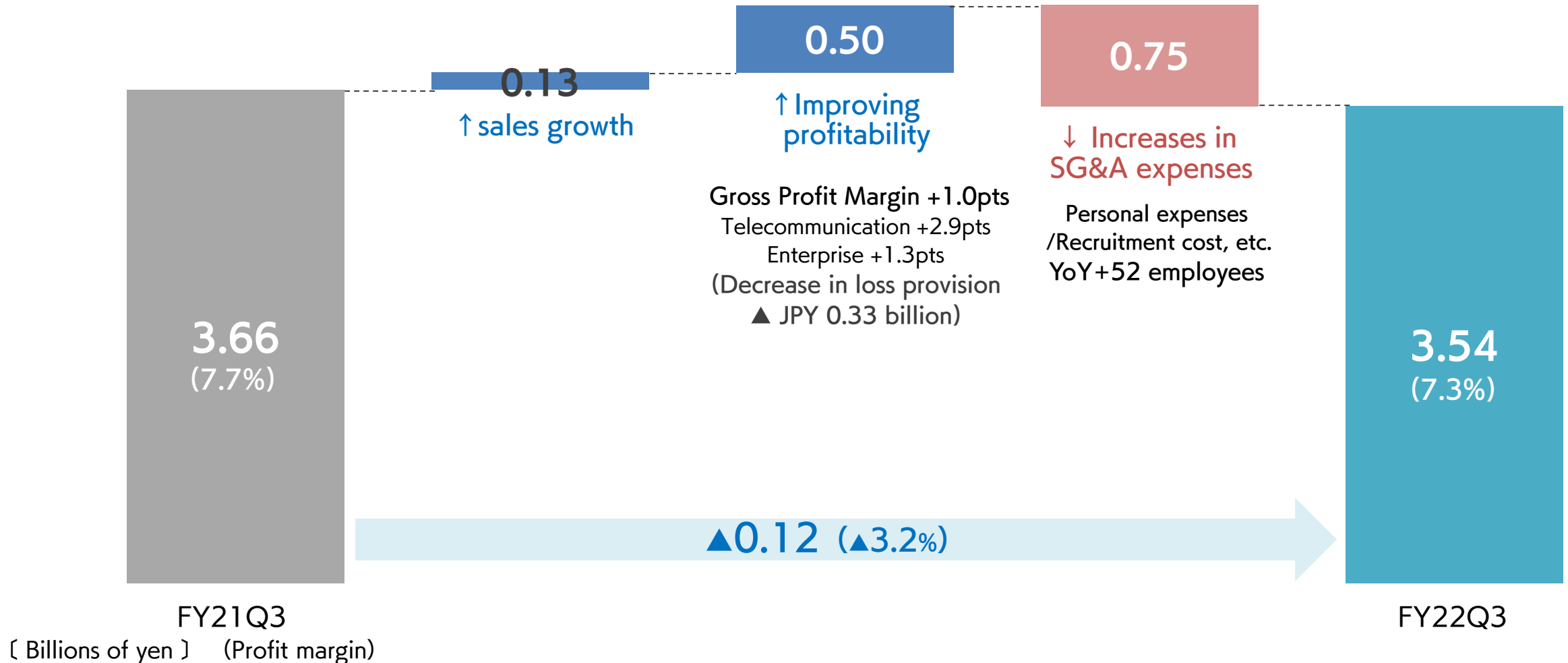
- Steady growth in Managed Security Service
- Strong growth in cloud construction for the manufacturing industry

Telecommunication : Decrease in sales, and Increase in profits

- Profit margin improvement due to improved efficiency, despite a decrease in sales due to a shift to high-value-added areas by narrowing down vendor management projects

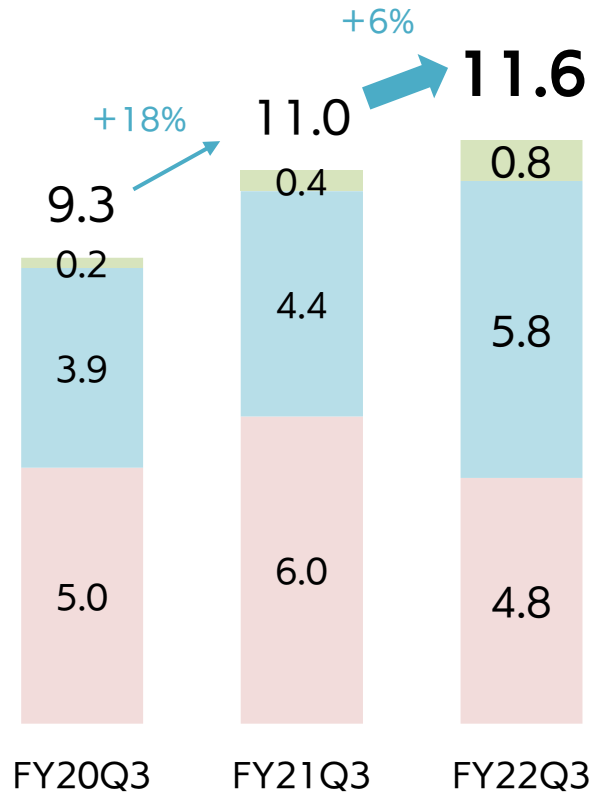
※SC : Abbreviation for security cloud

- Gross profit margin improved due to improved efficiency of Telecommunication, growth in security services, and lower loss provision
- Operating income decreased by JPY 120 million due to an increase in SG&A expenses accompanying the increase in the number of employees.

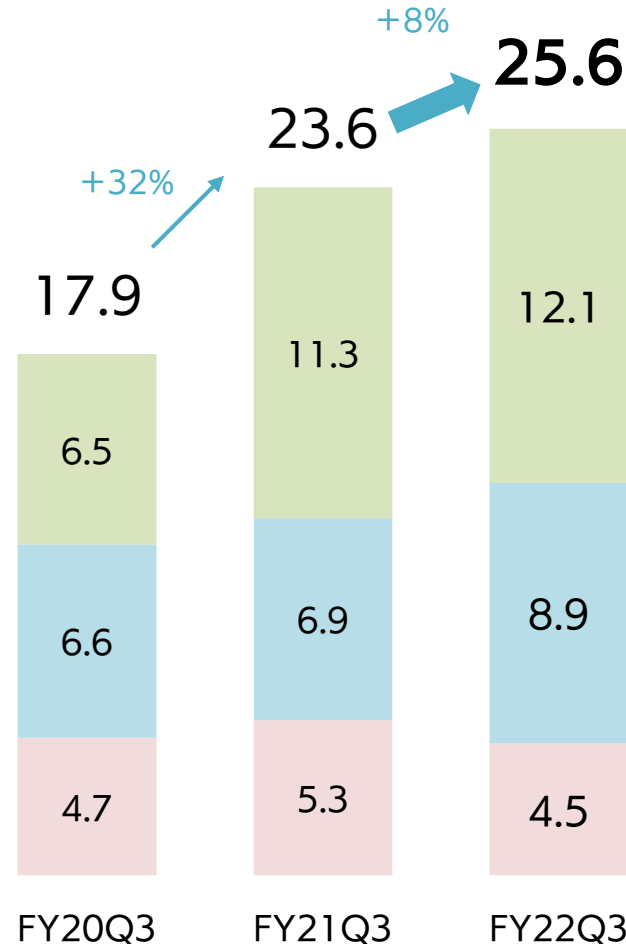


Orders received

Public Sector
Enterprise
Telecommunication



Order Backlog



Single order balance
(YoY basis)

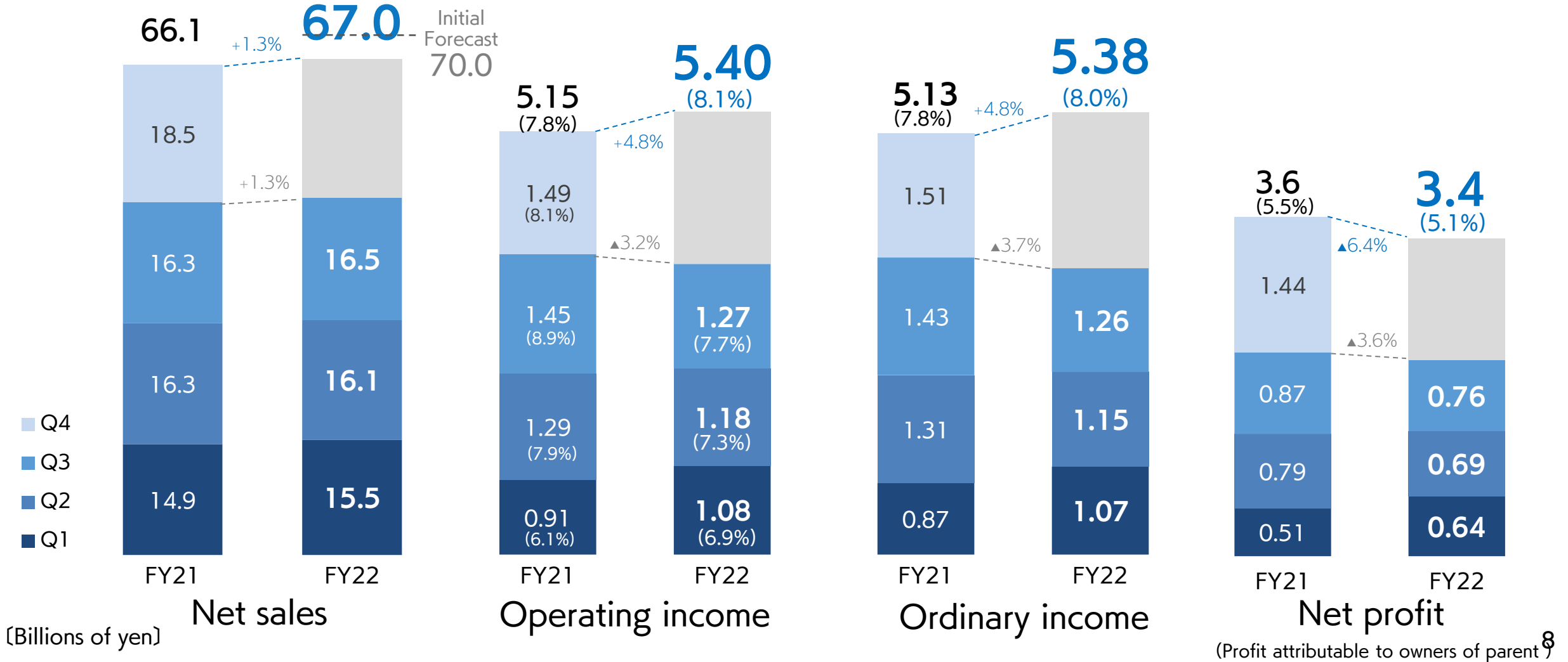
JPY **2.0** billions UP

Q3/ Main orders

- Received orders for cloud development for construction industry
- Steady accumulation of orders for Managed Security Service
- Reduction in vendor management projects for Telecommunication
- Approximately 54% of the order backlog is expected to generate sales this Quarter

Revised downward
only for sales

- The shift from low-margin projects to high-value-added areas is being promoted, and sales are expected to fall short of the initial forecast
- Profits remained unchanged due to improved profitability and a decrease in the impact of the change in the contract with NortonLifeLock Co.

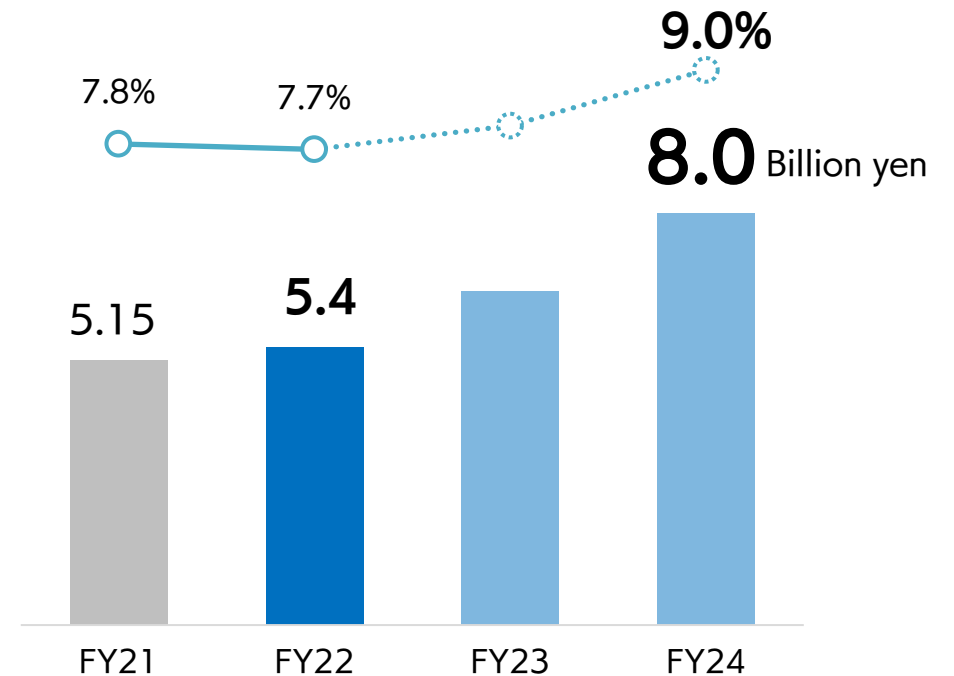
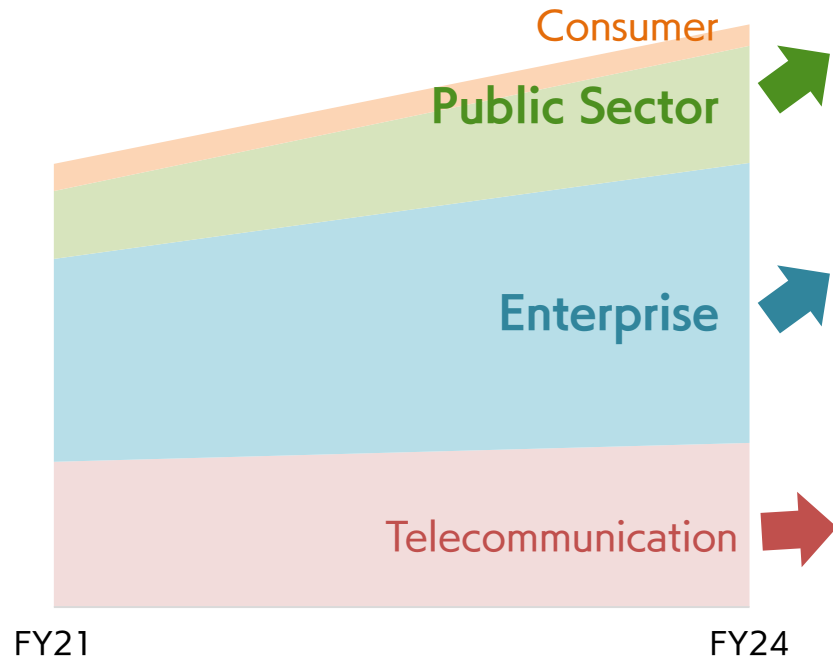


Progress of each business

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FY24 Management Indicators

1. Operating income JPY 8 billion
2. Operating Income 9% range
3. Cloud Security & Services Net sales over JPY 50 billion



By the growth in the Enterprise and Public Sector, Aim to achieve **operating income of 8 billion** and an **operating income of 9% range**



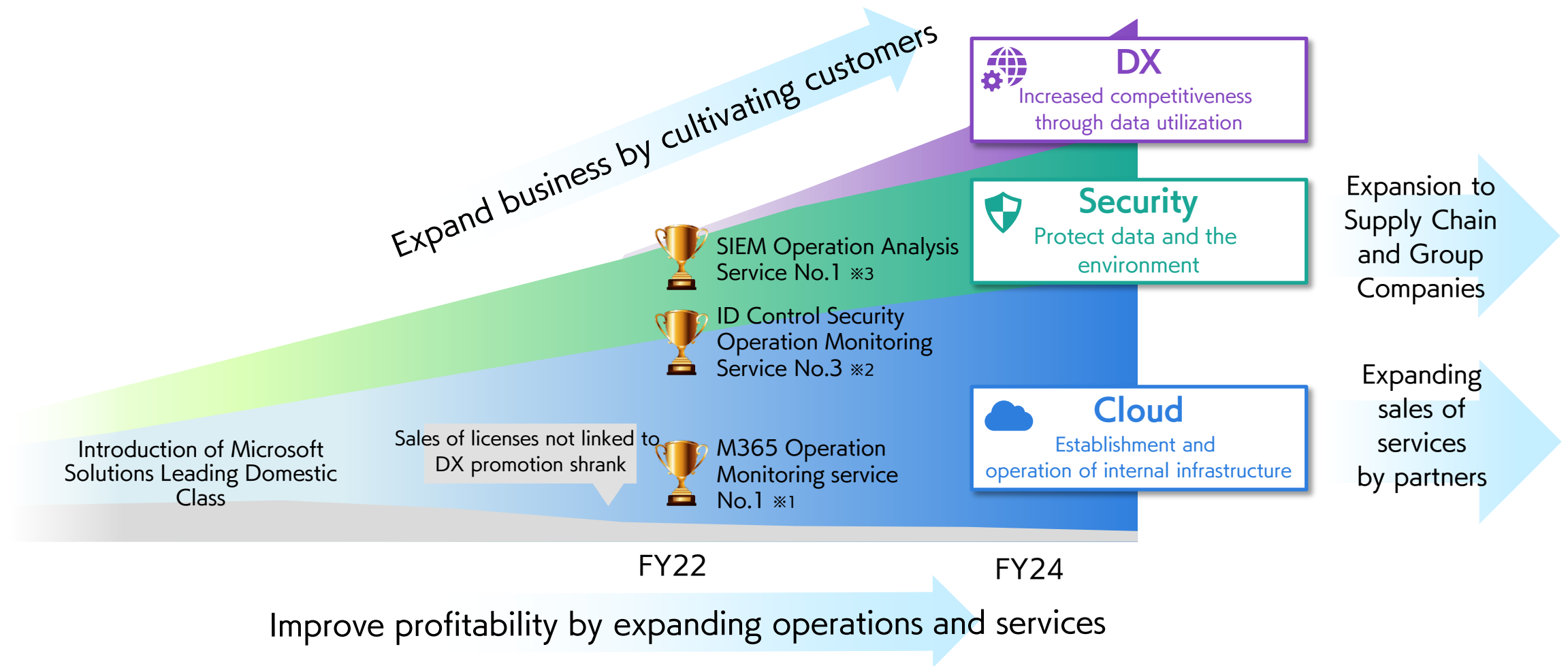
Efforts in the current fiscal year

- Shift to high-value-added projects
- Expand business in new areas
- Rearrangement of vendors
- Improving quality by strengthening PM
- Optimization of costs and contract management

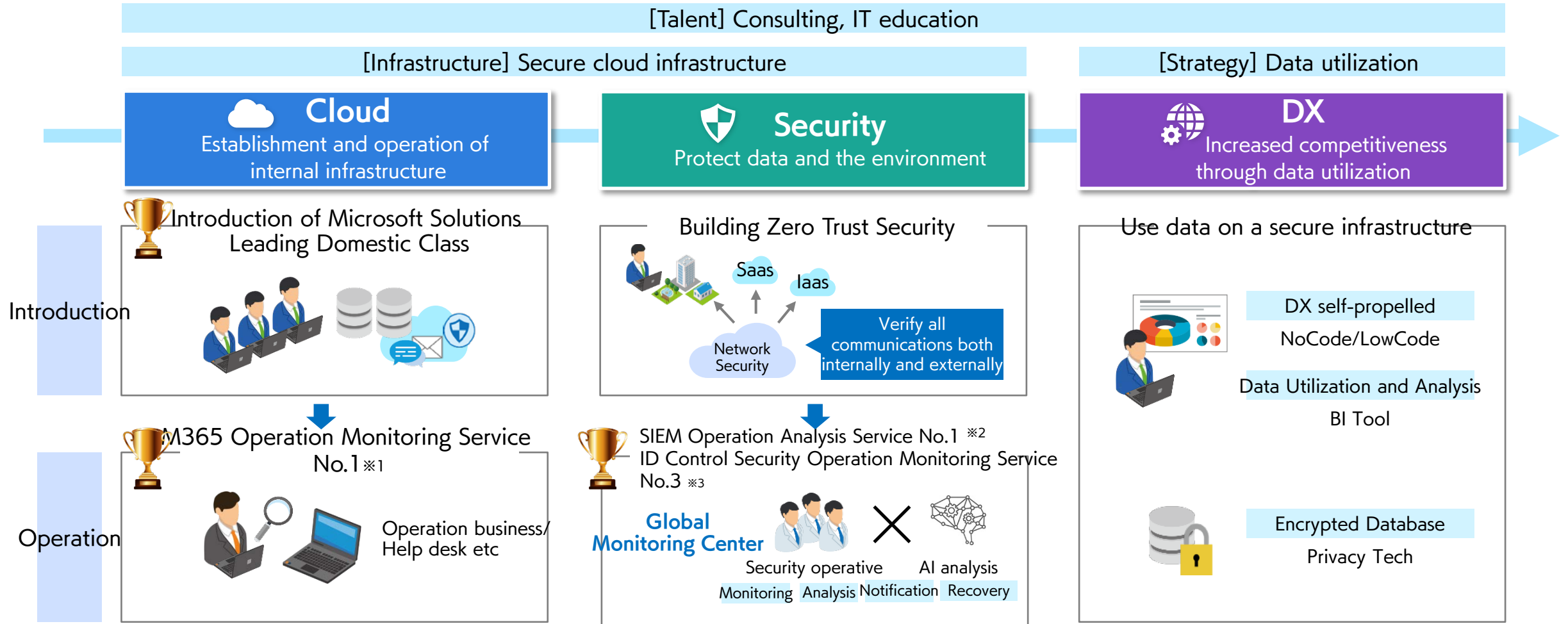
Toward FY23 and beyond

- Use of offshore
- Reinforcement of personnel recruitment and education
- Strengthening the system for testing processes

Profit margin continues to improve due to initiatives such as quality improvement and withdrawal from low-profit projects



Promoting DX by supporting customers' business foundations through Cloud/Security service

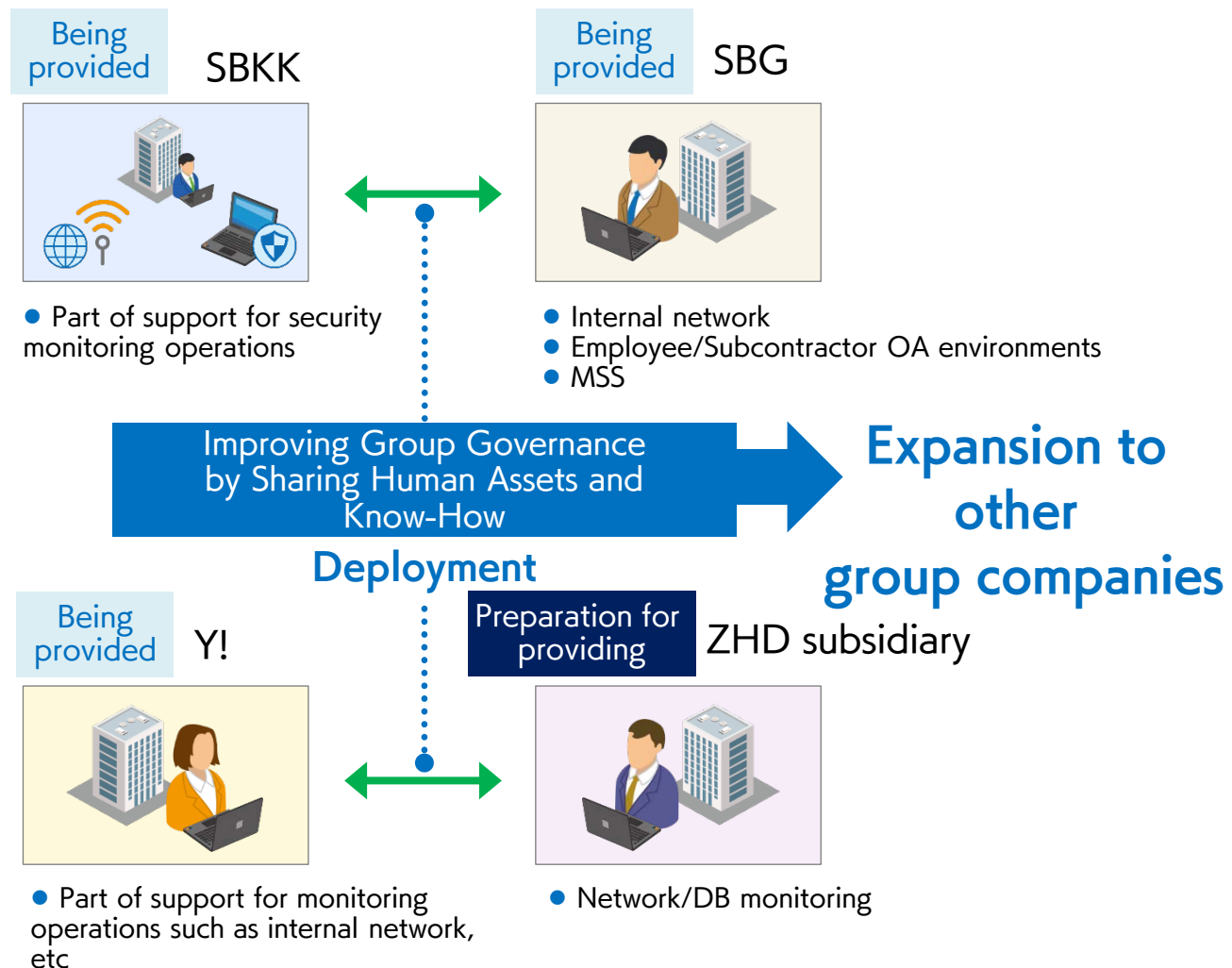


Promoting DX by Supporting Customers' Business Foundations through Cloud/Security service

※1 : Microsoft365 Operation and Monitoring Services Market, ※2 : ID Control Security Operation Monitoring Service Market, ※3 : SIEM Operation Analysis Service/Managed XDR Service Market
 Source of ※1, ※2, ※3 : ITR "ITR MarketView : Endpoint-security-type/information-leak-proof SOC service2022" Vendor-based sales share (FY2021)

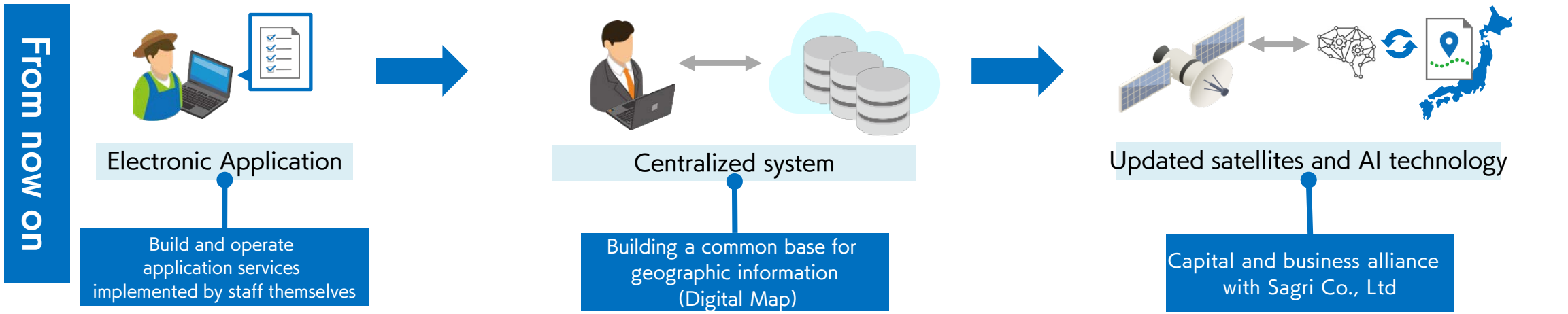
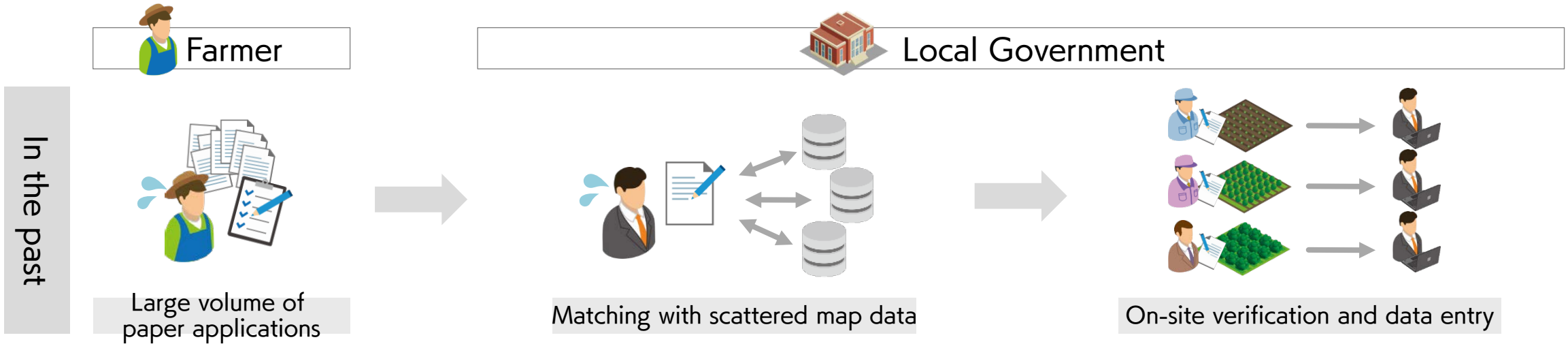
SBT Security Monitoring Center

M365 Operation Monitoring Service No.1※1
 SIEM Operation Analysis Service No.1※2



Opportunities to expand the security business for SB group companies

※1 : Microsoft365 Operation and Monitoring Services Market, ※2 : SIEM Operation Analysis Service/Managed XDR Service Market,
 Source of ※1, ※2 : ITR "ITR MarketView : Endpoint-security-type/information-leak-proof SOC service2022" Vendor-based sales share (FY2021)



Aiming to develop business in the map field where our strengths and knowledge can be utilized

FY22

FY23

Next Generation Local Government SC ※1

12 prefectures
(405 municipalities) order

5 years of expertise + Services that meet new requirements of the Ministry of Internal Affairs and Communications
Due to service delivery type, possible to be used in multiple prefectures regardless of the area

Local Government Information Security Cloud

Advantages of Each Local Government

- Less expensive than individual construction
- Functions are continuously improved
- No need for periodic system replacement

Provision of services to improve the operational efficiency of local governments

Provision of optional services
EDR※2 monitoring and operation, remote desktops, etc



FY22 order
2 prefectures

Mar., '23-
Construction

Apr., '23-
Service provision

Construction
→ Apr. '22-
service in progress

FY21 order
10 prefectures

Yamagata Prefecture,
which is currently
providing services

Dec., '22-
Construction

Jan., '23-
Service provision

In addition to providing stable services, support is also provided for the convenience and efficiency of operations

※1 : Abbreviation for Security Cloud

※2 : Security of endpoints such as terminals (abbreviation for Endpoint Detection and Response)

1. Operating income JPY 8 billion

2. Operating Income 9% range

3. Cloud Security & Services
Net sales over JPY 50 billion

Information Revolution - Happiness for everyone

- Technologies Design the Future -

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