

Fiscal Year Ending March 31, 2023 (FY2022)

# Results of Operations

---

April 27, 2023

SB Technology Corp.

Security Code : 4726

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

*Disclaimer:*

*This is an English translation of the captioned release. This translation is prepared and provided for the purpose of the reader's convenience. All readers are recommended to refer to the original version in Japanese of the release for complete information.*

**1 . Financial Results ..... P. 2**

**2. Progress of *Medium-Term Management Plan***

**..... P. 9**

# Financial Results

— SB Technology

## FY22 Financial Results

Net sales, operating income, and ordinary income achieved record highs

Operating income improved 0.5 of a percentage point year on year to 8.3%

## Orders Received

Received orders for large-scale operational projects from central ministries and agencies in several years

Achieving record-high orders and order backlog to FY23

## FY23 Forecast

Full-year forecast net sales ¥69 billion operating income ¥6.4 billion

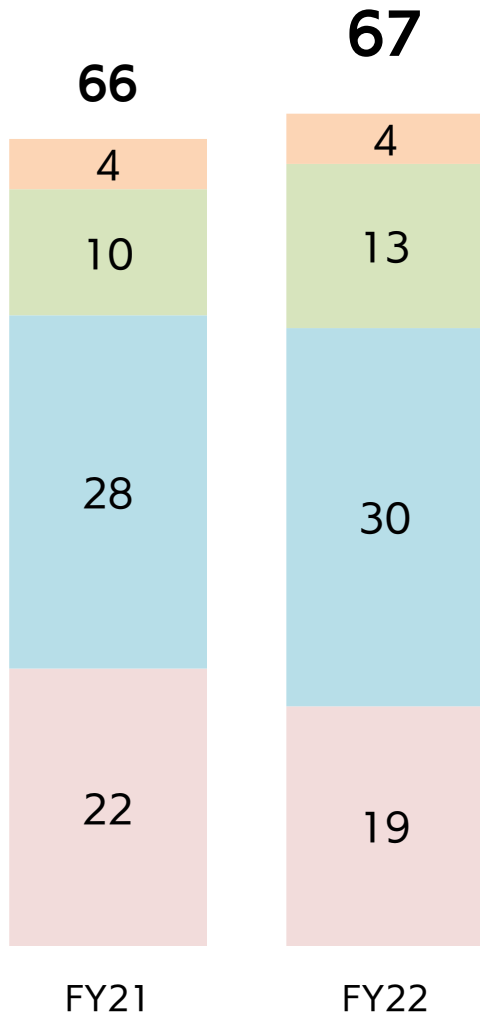
Aiming for growth in high-value-added services such as security and improvements in quality and productivity, the operating income will be in the 9% range ahead of the medium-term plan target

- Public Sector and Enterprise projects increased, offsetting lower Telecommunication revenues
- Achieved record-high net sales and operating income, and net profit decreased due to the impact of the gain on sales of investment securities in the previous fiscal year of approximately ¥600 million

[Millions of yen] (Profit margin)	FY22	FY21	Change	Change %
Net sales	Record High 67,227	66,183	+1,044	+1.6%
Operating income	Record High 5,557 (8.3%)	5,152 (7.8%)	+404	+7.8%
Ordinary income	Record High 5,499 (8.2%)	5,133 (7.8%)	+365	+7.1%
Profit attributable to owners of parent Net profit	3,497 (5.2%)	3,630 (5.5%)	▲133	▲3.7%
EBITDA ※	Record High 7,217	6,702	+514	+7.7%

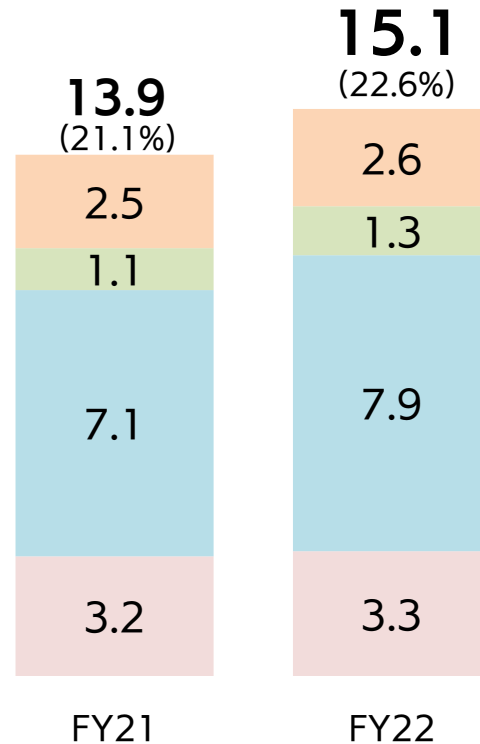
\*EBITDA=Operating income+Amortization of goodwill+Depreciation

## Net sales



## Gross profit

(Billions of yen)  
(Profit margin)



### Consumer : Flat in sales, and Increase in profits

- The impact of the change in the contract with NortonLifeLock Co., Ltd. is delayed from the initial forecast
- Profits increased due to the acquisition of large-scale projects by Fontworks Inc.

### 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 municipal information-related SC disruption

### Enterprise : Increase in both sales and profits

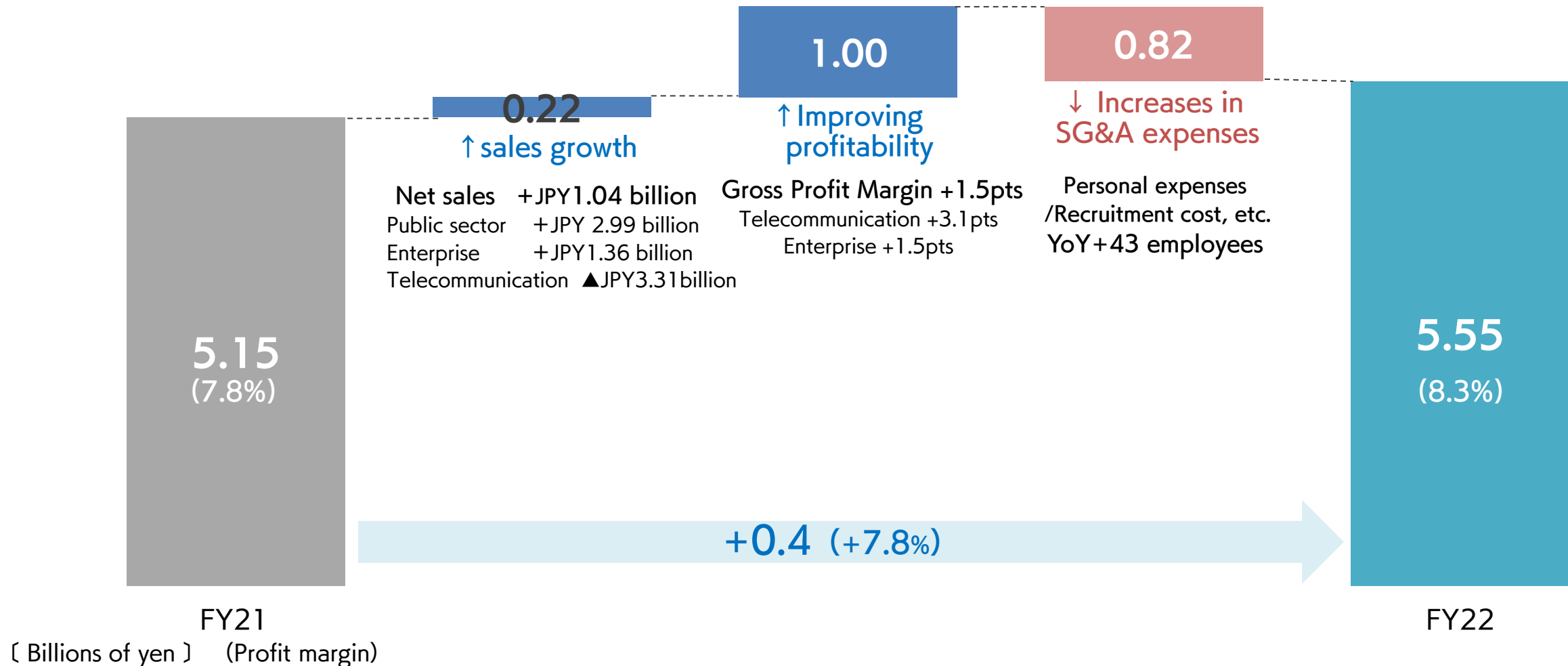
- Steady growth in Managed Security Service
- Strong growth in cloud construction for the manufacturing industry

### Telecommunication : Decrease in sales, and Increase in profits

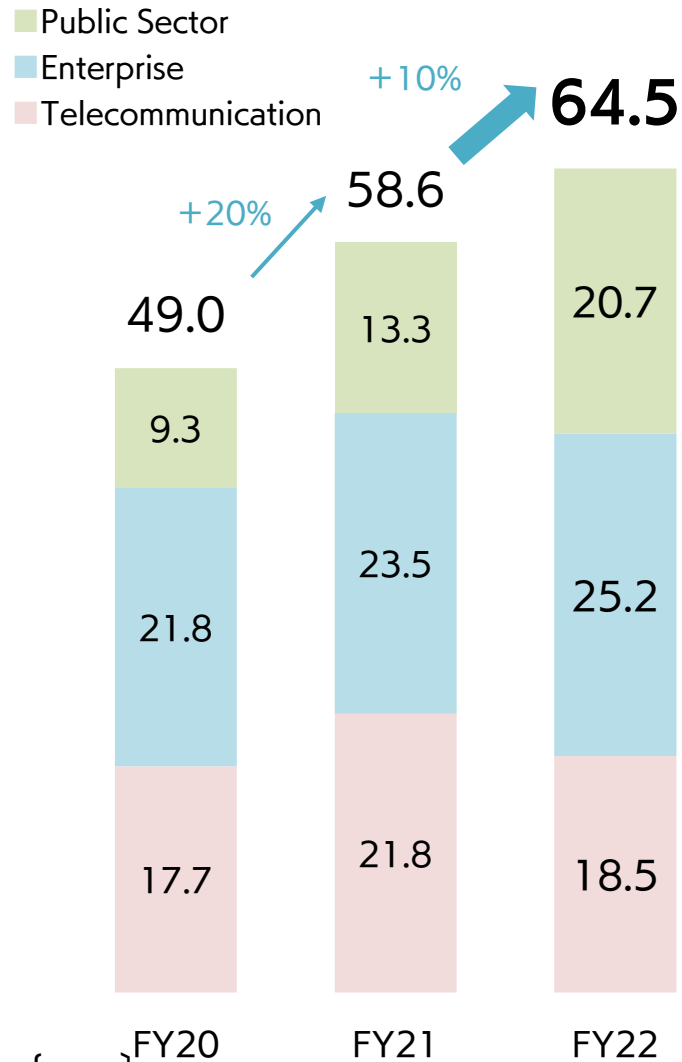
- Profit margin improvement due to improved efficiency, despite a decrease in sales due to a shift to high-value-added areas by narrowing down vendor management projects

※SC : Abbreviation for security cloud

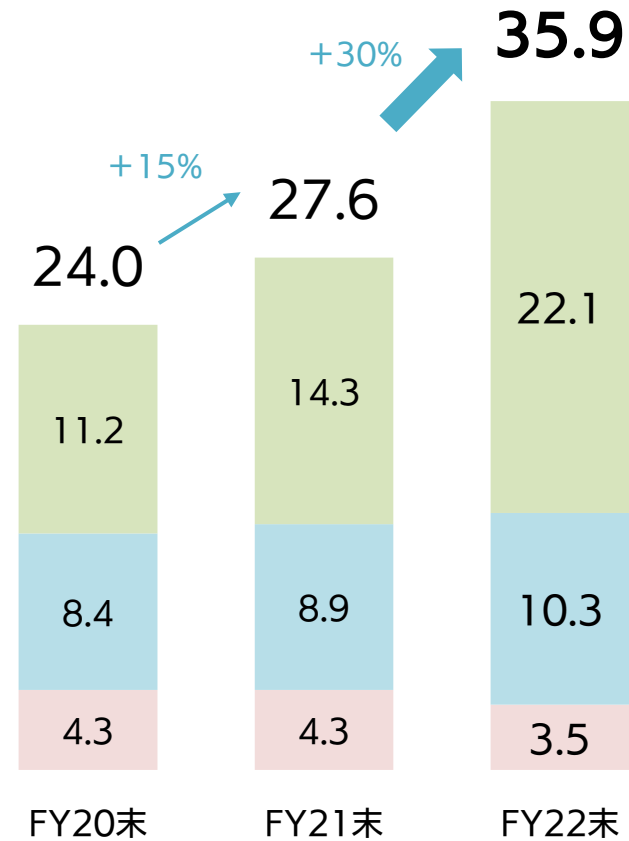
- Gross profit margin improved by 1.5 points due to improved the efficiency in Telecommunication area, and increased security services
- Despite an increase of 820 million in SG&A expenses due to an increase in the number of employees, operating income increased by 400 million (+7.8%)



Orders received



Order Backlog



Single order balance  
(YoY basis)

JPY **8.3** billions UP

FY22 Main orders

- Received orders for multi-year operation projects by the Ministry of Agriculture, Forestry and Fisheries.
- Steady accumulation of orders for Managed Security Service
- Reduction in vendor management projects for Telecommunication
- Approximately 66% of the order backlog is expected to generate sales in FY23



- Despite restrained investment in the Telecommunications field and the impact of changes to the contract with NortonLifeLock Co., Ltd. demand for security and cloud utilization is strong and Enterprise and Public Sector sales are expanding.
- The operating income is expected to be in the 9% range, one year ahead of the medium-term plan target, due to growth in-house services and improvements in quality and productivity.

[Millions of yen]	FY23	FY22	Change	Change %
<b>Net sales</b>	<b>69,000</b>	<b>67,227</b>	<b>+1,772</b>	<b>+2.6%</b>
Telecommunication	16,300	19,575	▲3,275	▲16.7%
Enterprise	35,400	30,358	+5,042	+16.6%
Public Sector	14,000	13,223	+777	+5.9%
Consumer	3,300	4,070	▲770	▲18.9%
<b>Operating income</b>	<b>6,400</b> (9.3%)	<b>5,557</b> (8.3%)	<b>+842</b>	<b>+15.2%</b>
<b>Ordinary income</b>	<b>6,350</b> (9.2%)	<b>5,499</b> (8.2%)	<b>+850</b>	<b>+15.5%</b>
<b>Profit attributable to owners of parent Net profit</b>	<b>3,950</b> (5.7%)	<b>3,497</b> (5.2%)	<b>+452</b>	<b>+12.9%</b>

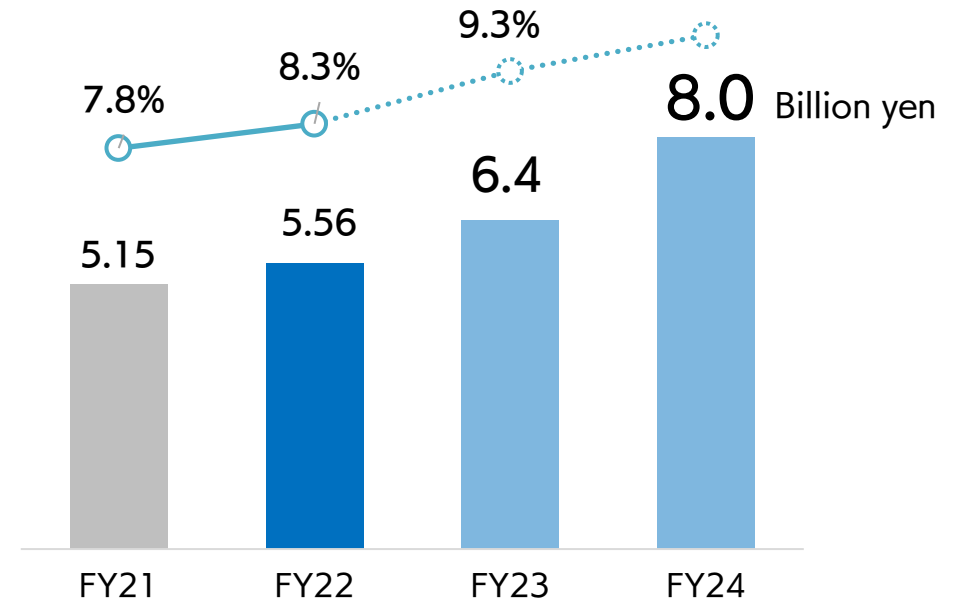
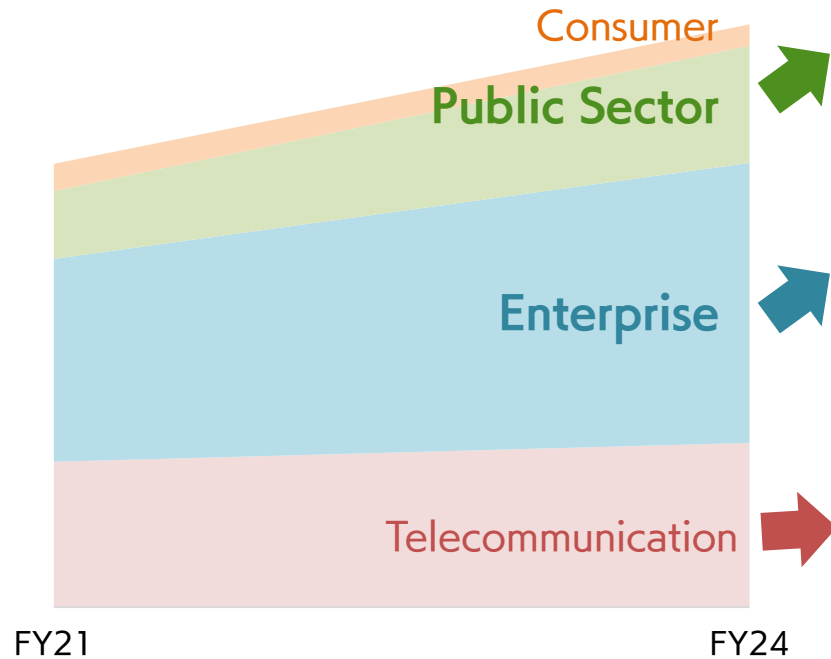
# Progress of Medium-Term Management Plan

4th Medium-Term Management Plan  
(FY22 - FY24)

— SB Technology

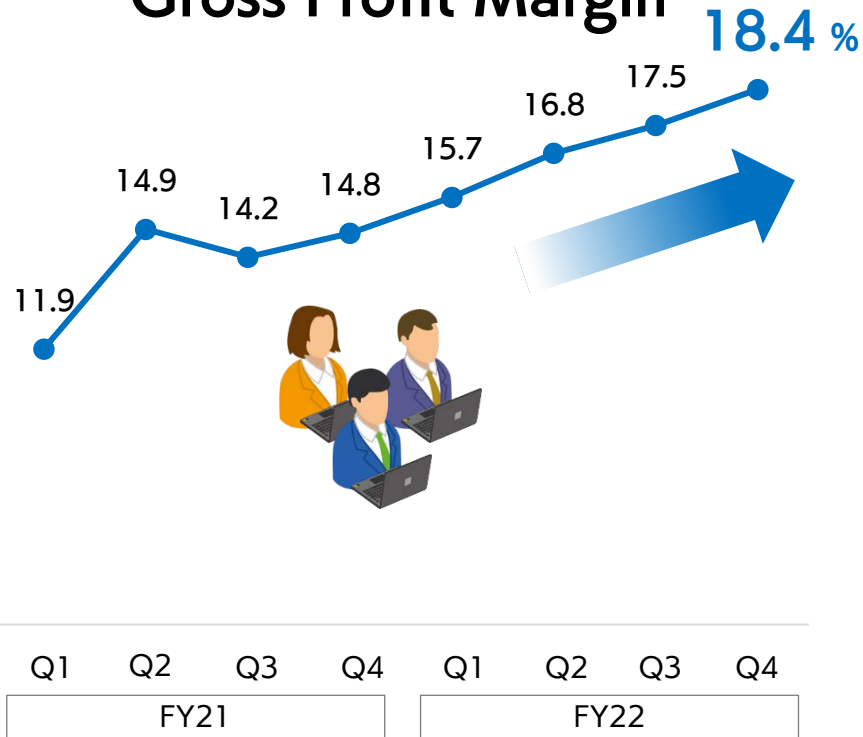
## FY24 Management Indicators

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 / operating income of 9% range

## Transition of Gross Profit Margin

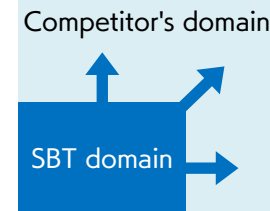


## FY23 Initiatives



### Use of offshore

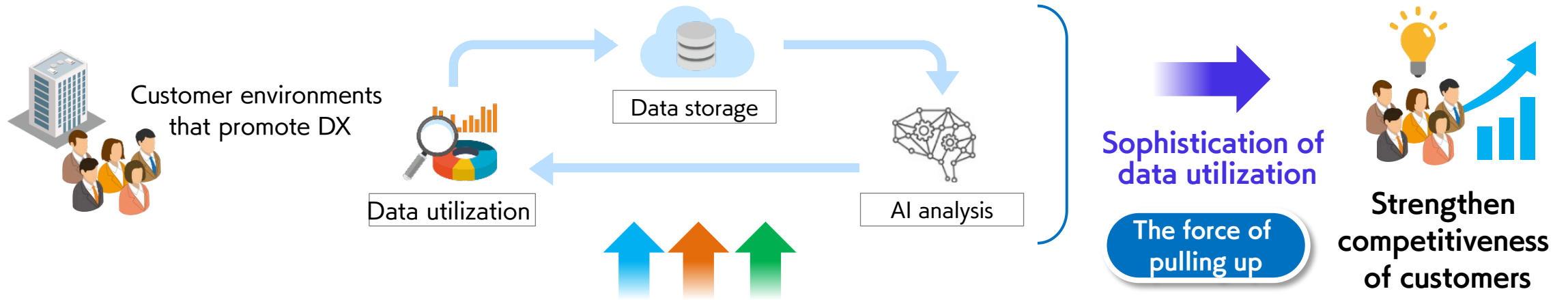
(Cost reduction/Resource reserve)



### To expand Share of wallet

(Invading on competitive areas)

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



Services provided by SB technology



## Managed Security Service

The force of pushing up

### Normal time (Planned)

- Understanding IT assets and managing vulnerability
- Defective cloud configuration detection and Risk report

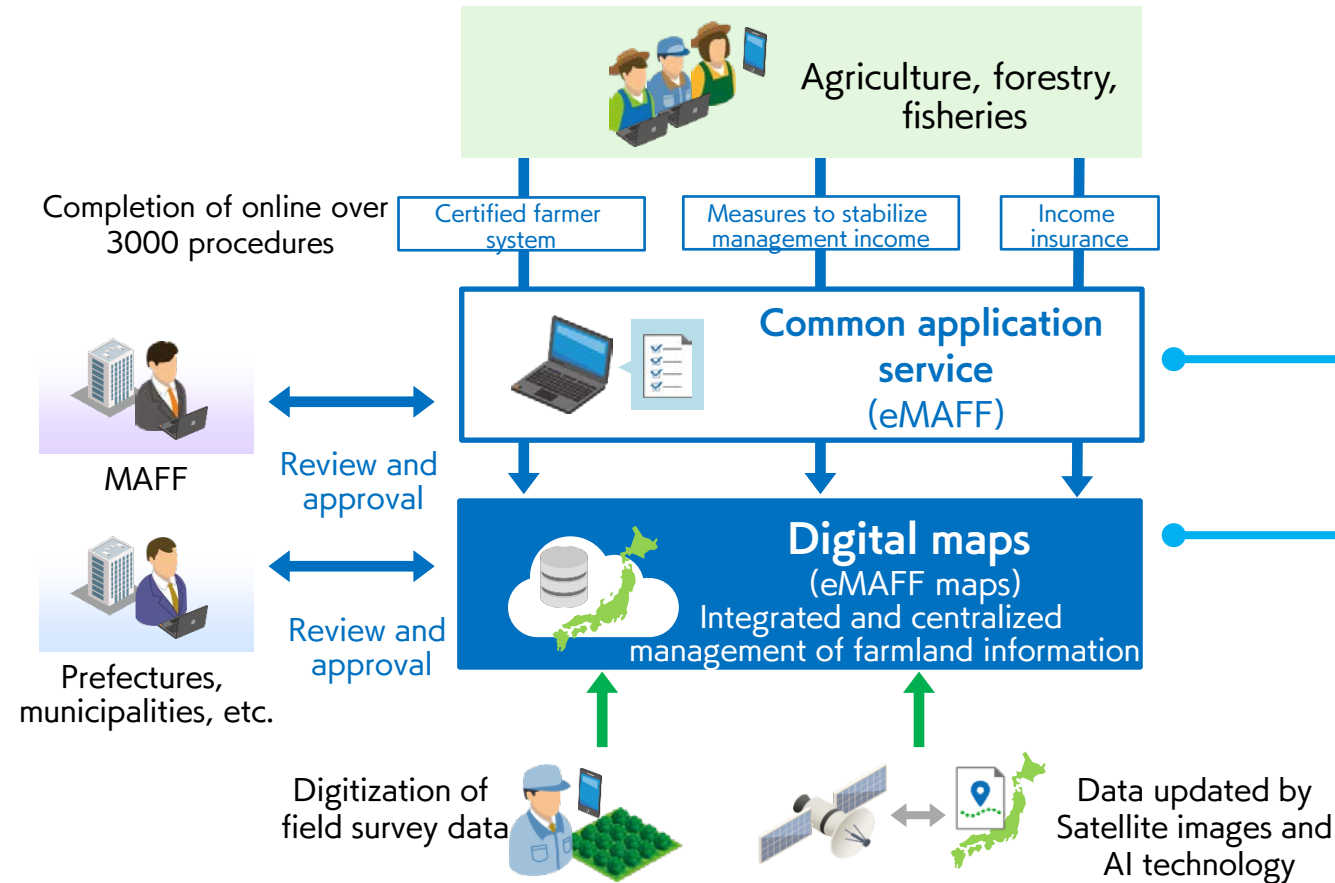
### Crisis detection

- Security log collection and correlation-based attack analysis
- Security monitoring 24 hours a day, 365 days a year

### Investigation and restoration support

- Response to failure/attack detection
- Support from "Initial" to "Restoration"

Established a security service provision system that can support the customer's cloud environment from normal times to emergencies



## Initiatives since FY23

- Improving online utilization rate for application procedures
- Other developments in the knowledge-based application business
- More efficient operations through the use of chats and AI

## Initiatives since FY23

- Efficiency and labor saving of on-site confirmation work, etc. using such as satellite images
- Deployment of map domain business to local governments, etc.

Since FY23, we have focused on utilizing digitized data, mainly in areas where our strengths have been active, and on expanding into other areas

## Local Government Information Security Cloud

Prevention of recurrence and completion of final report

Establishment of a system for stable operation

Developing local government businesses to improve profitability



Replacement of the server aggregation switch  
Further multiplexing and enhanced fault detection systems



Strengthen information sharing with local governments through monthly regular meetings and service portals



### Option Service

Example of Option



EDR※ Monitoring/Operation



Remote Desktop

Improve convenience of operations

### Microsoft 365 Introduction/transition + Security



Microsoft 365



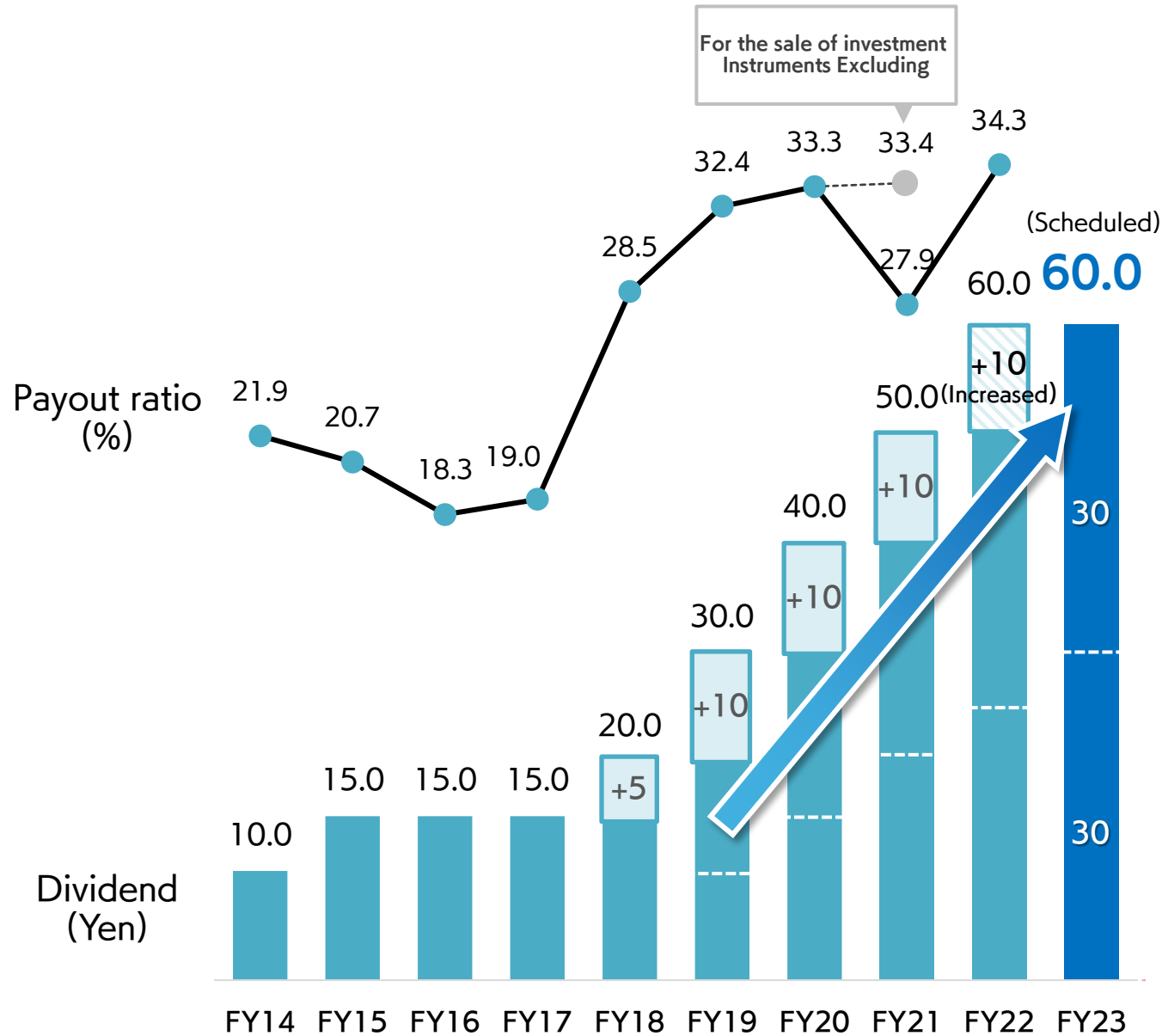
Security Service



Implementing measures to prevent recurrence to ensure stable operation of information-based SC  
Acquisition of communication infrastructure around local governments  
in addition to optional services

# Shareholder Returns





**Annual dividend of ¥60 per share (planned)**  
 which is up ¥10 in FY22 Q4,  
 Acquisition of treasury stock:  
 ¥1.09 billion

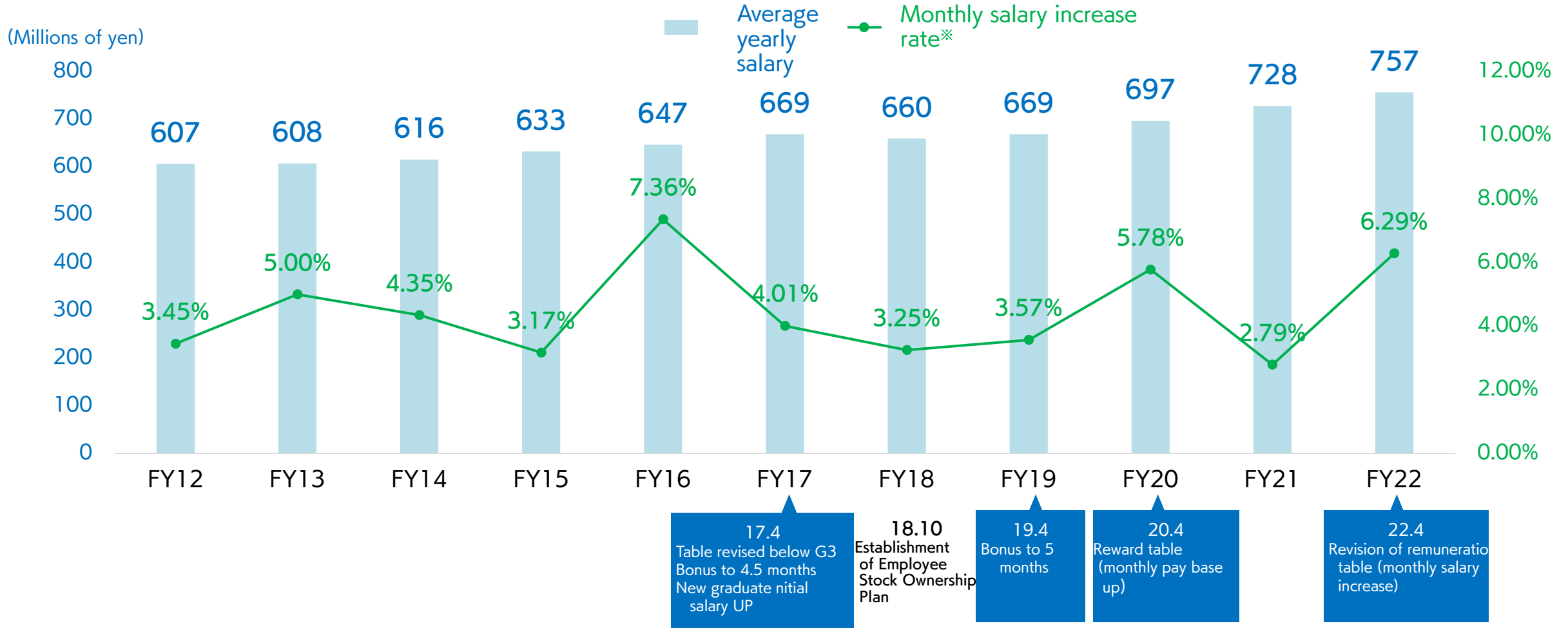
In FY23 Q4, the company plans to invest in services development, M&A, and other growth-oriented investments.

**Scheduled Annual dividend of 60 yen**  
 (Mid-term 30yen/Term-end 30yen)

(※) On June 1, 2017, the Company conducted a 2-for-1 stock split and adjusted for dividends paid prior to the stock split.

Since 2012, monthly salaries have averaged "about twice the level" compared to the public level on a wage increase rate basis.

<FY22> SB Technology 6.29% All-industry average 2.02%



※Average rate of increase compared to the "current monthly wage" and "monthly wage after the next year's wage increase after the year's evaluation" of the subject of the year evaluation

**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 -

 SB Technology