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Third Quarter of Fiscal Year Ending March 31,
2024 (FY2023)

Results of Operations

January 31, 2024

SB Technology Corp.

Security Code : 4726

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

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Financial Results

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FY23Q3
Financial
Results

Sales decreased due to restrained investment in Telecommunication and the deconsolidation of Fontworks, Inc.
SG&A expenses increased due to increased hiring, but profit margin improved.

Orders
Received

Q3 orders received fell by -¥2.1 billion year on year, mainly due to the impact of the Telecommunication, **but the order backlog at the end of December was a record high of ¥26.6 billion.**

FY23
Forecast

By the impact of revised earnings forecasts for Cybertrust Japan Co., Ltd.
and the transfer of Fontworks, Inc. shares
Revised Sales -1 billion yen/Operating income -0.3 billion yen
/Net income +0.1 billion yen

Consolidated P/L (Apr–Dec Cumulative)

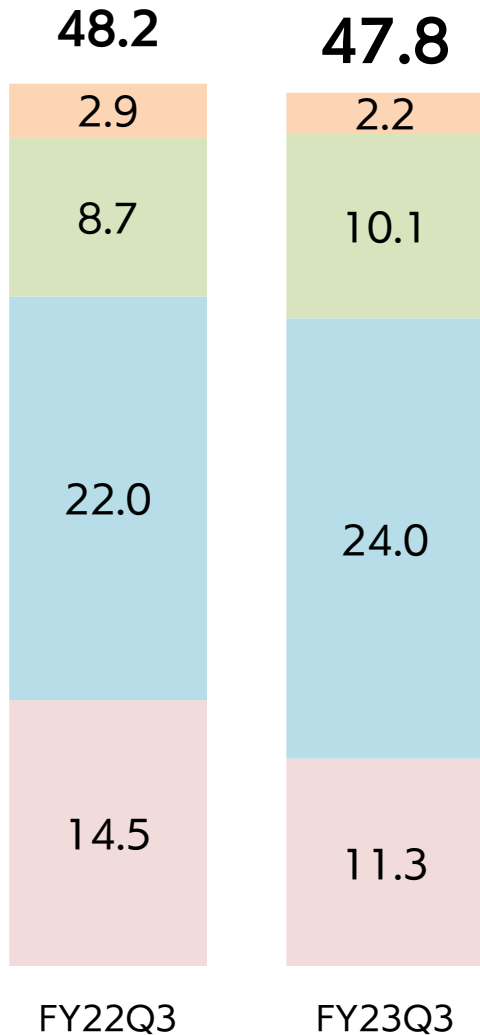
| FY2023 Q3

- Sales decreased due to restrained investment in Telecommunication and the exclusion of Fontworks, Inc. from consolidation. Profitability improved and operating income increased.
- Increase of ¥5 billion in Net profit due to costs and gains associated with the transfer of Fontworks, Inc.'s stocks, etc.

[Millions of yen] (Profit margin)	FY23Q3	FY22Q3	Change	Change %
Net sales	47,839	48,231	▲391	▲0.8%
Operating income	3,607 (7.5%)	3,541 (7.3%)	+66	+1.9%
Ordinary income	3,453 (7.2%)	3,489 (7.2%)	▲35	▲1.0%
Profit attributable to owners of parent Net profit	Record High 7,166 (15.0%)	2,108 (4.4%)	+5,057	+239.9%
EBITDA ※	4,862	4,778	+84	+1.8%

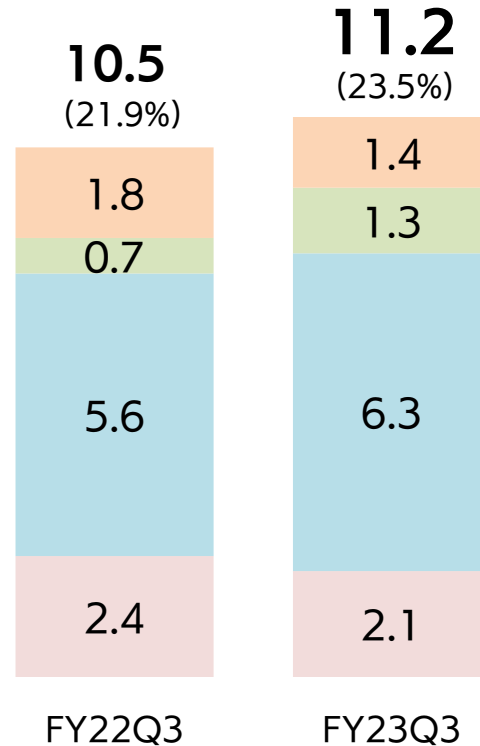
*EBITDA=Operating income+Amortization of goodwill+Depreciation

Net sales



Gross profit

(Billions of yen)
(Profit margin)



Consumer : Decrease in both sales and profits

- Impact of the change in the contract with NortonLifeLock Co., Ltd. and the exclusion of Fontworks, Inc. from consolidation

Public Sector : Increase in both sales and profits

- Steady growth in DX strategic projects established by the Ministry of Agriculture, Forestry and Fisheries
- Profits increased due to increased operation of Local Government Information SC.*1, etc

Enterprise : Increase in both sales and profits

- Cloud projects for focus customers remained solid.
- MSS*2 sales continue to grow with YoY1.5 times

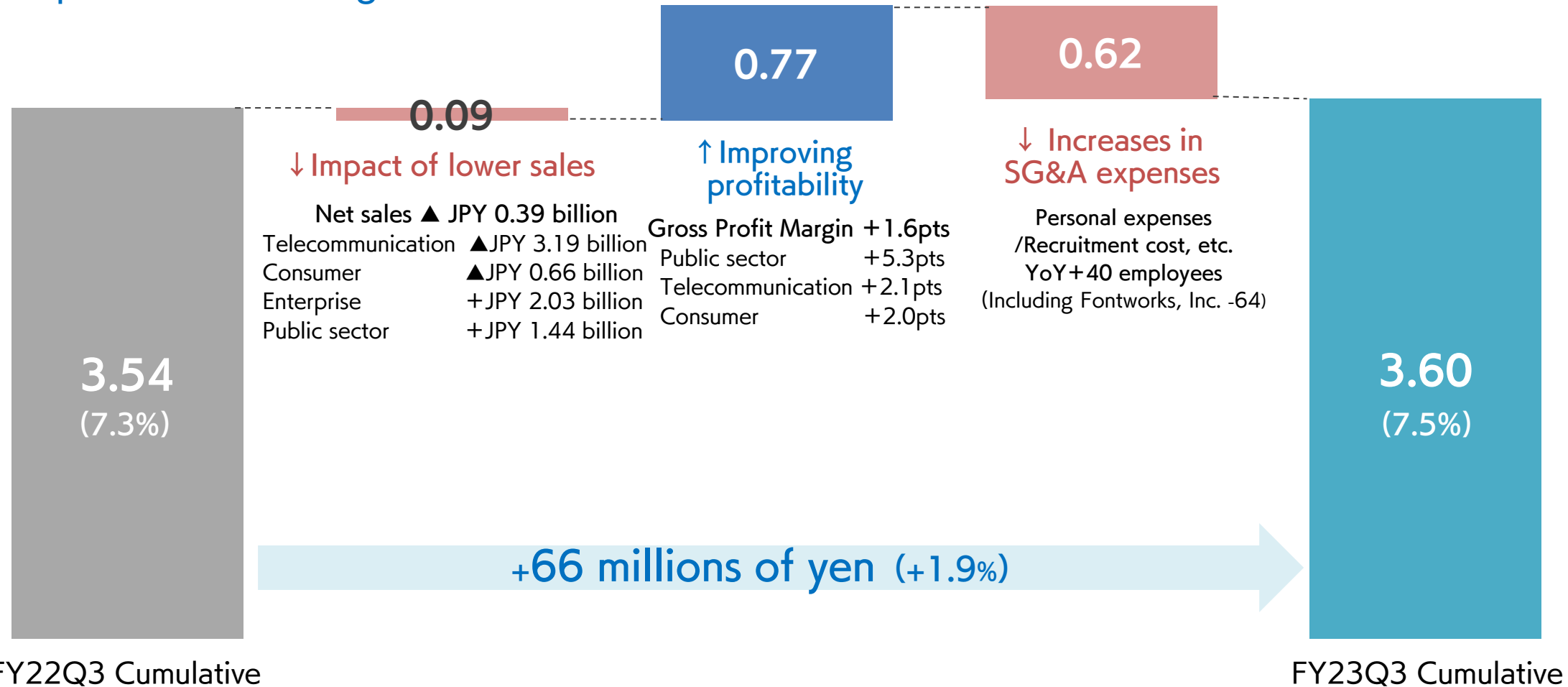
Telecommunication : Decrease in both sales and profits

- Although sales and profits decreased due to a decrease in vendor management projects and the impact of restrained investment, the profit margin improved due to the streamlining of system development and a change in the sales composition ratio.

*1 : Abbreviation for Security Cloud

*2 : Abbreviation for Managed Security Service

- Gross profit margin up 1.6 percentage points due to continued improvement in profitability despite lower sales of Telecommunication and Consumer
- Reinforcement of resources, such as recruitment, led to an increase in sales pipe costs, and an increase of 104 personnel, excluding Fontworks, Inc.

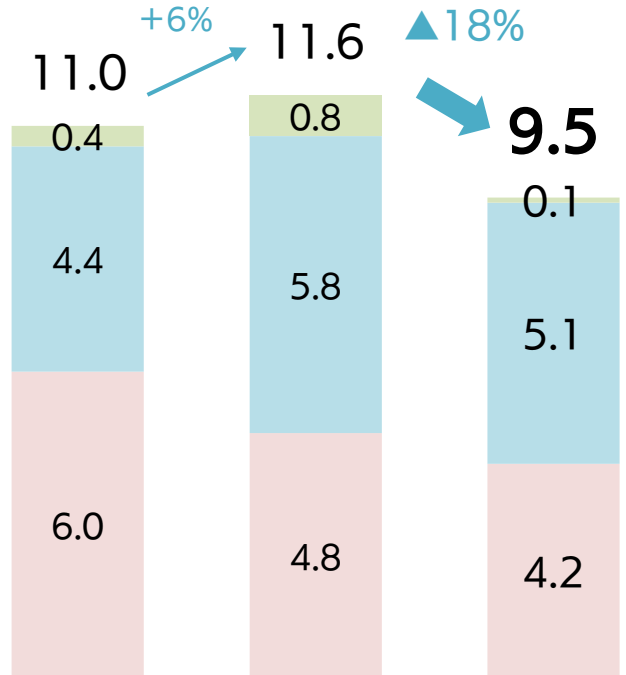


FY22Q3 Cumulative
 [Billions of yen] (Profit margin)

FY23Q3 Cumulative

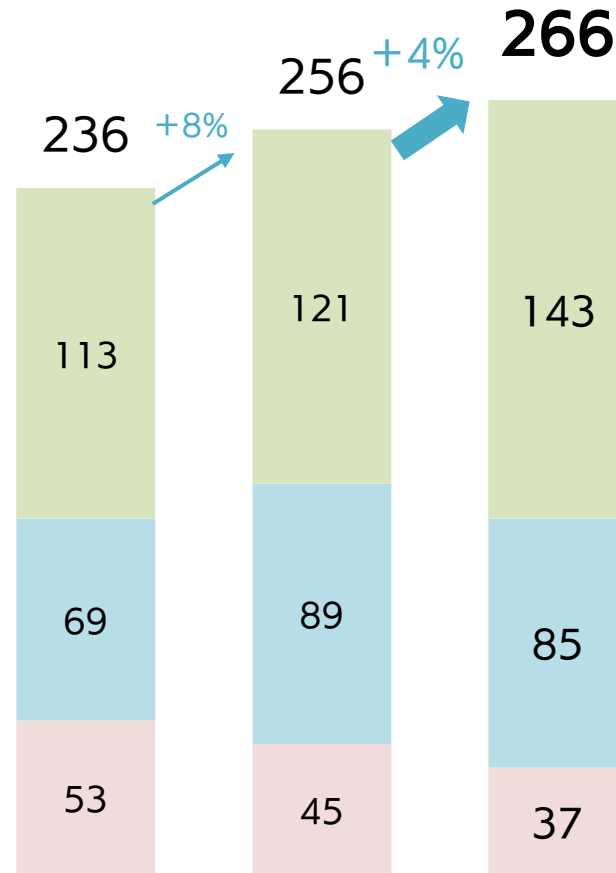
Orders received

- Public Sector
- Enterprise
- Telecommunication



[Billions of yen]

Order Backlog



FY21Q3 FY22Q3 FY23Q3

Single order balance
(YoY basis)

JPY **1.0** billions UP

FY23Q3 Main orders

- Enterprise: Sales of thin, large-scale licenses dissipated (approx. ¥0.8 billion), and cloud construction projects increased
- Telecommunication : Reduction in both "Steady development of internal systems" and "Vendor management projects"
- Approximately 50% of the order backlog is expected to generate sales in FY23

FY23 Full-year Earnings Forecasts

| FY2023 Q3

Downward revision of Earnings Forecasts

- Revision of Net sales of -¥1 billion and Operating income of -¥0.3 billion due to revision of earnings forecast of subsidiary Cybertrust Japan Co., Ltd.
- Net profit: +¥0.1 billion due to the effect of transfer of Fontworks, Inc. stocks, etc.

[Millions of yen] (Profit margin)	FY23 earnings forecast ('23/7/19 revision)	FY23 earnings forecast (Revised this time)	Change	FY22	YoY	
					Change	Change %
Net sales	68,000	67,000	▲1,000	67,227	▲227	▲0.3%
Telecommunication	16,300	16,050	▲250	19,575	▲3,525	▲18.0%
Enterprise	35,400	34,400	▲1,000	30,356	+4,043	+13.3%
Public Sector	14,000	14,000	0	13,224	+775	+5.9%
Consumer	2,300	2,550	+250	4,070	▲1,521	▲37.4%
Operating income	5,900 (8.7%)	5,600 (8.4%)	▲300	5,557 (8.3%)	+43	+0.8%
Ordinary income	5,750 (8.5%)	5,450 (8.1%)	▲300	5,499 (8.2%)	▲49	▲0.9%
Profit attributable to owners of parent Net profit	8,200 (12.1%)	8,300 (12.4%)	+100	3,497 (5.2%)	+4,803	+137.3%

* Fontworks Inc. is not subject to consolidation after Q3

Progress of Medium-Term Management Plan

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

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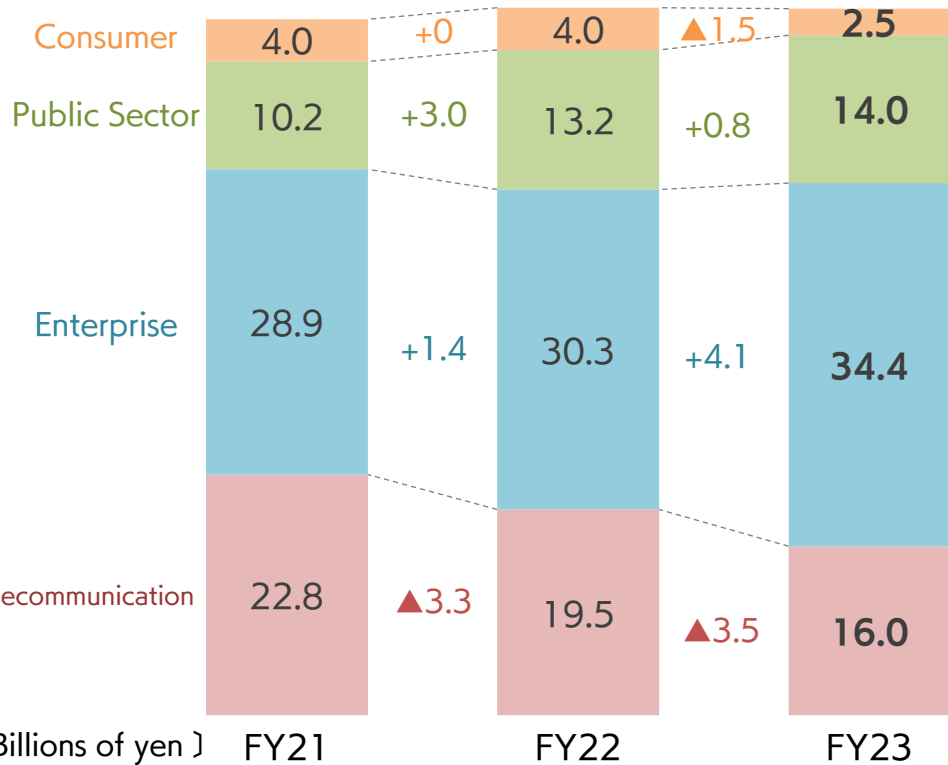
Transition of Net sales

(Forecast)

67.0

66.1

67.2



Consumer

- Transfer of stock of Fontworks, Inc. for "Focus on cloud & security"

Public Sector

- Expansion of business in the application/map domain centered on the Ministry of Agriculture, Forestry and Fisheries, and acquisition of Digital Agency projects
- In Local Government businesses as well, Information SC expanded from 4 prefectures to 12 prefectures and the opportunity expanded.

Enterprise

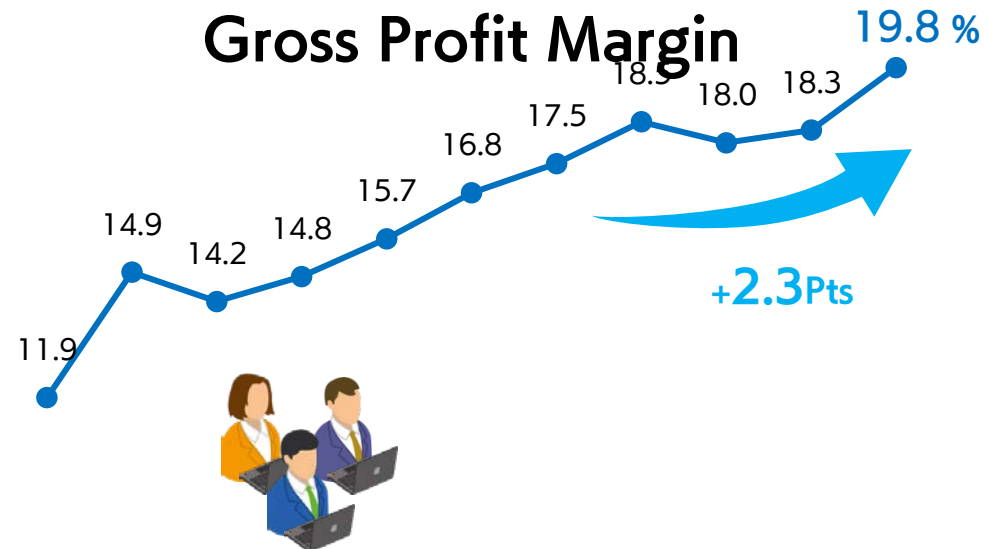
- Significant sales growth due to "focus on cloud & security"
- MSS, our in-house service, continued to grow by 1.5 times year-on-year and grew steadily

Telecommunication

- Ratio of parent company business declined due to return of vendor management projects/restraint of investment
- Shift to a structure that can generate steady profits through cost controls

Implement measures in each market in order to "grow significantly" in the future.
As a result, the business portfolio has changed significantly in three years,
and Public Sector and Enterprise have expanded.

Transition of Gross Profit Margin

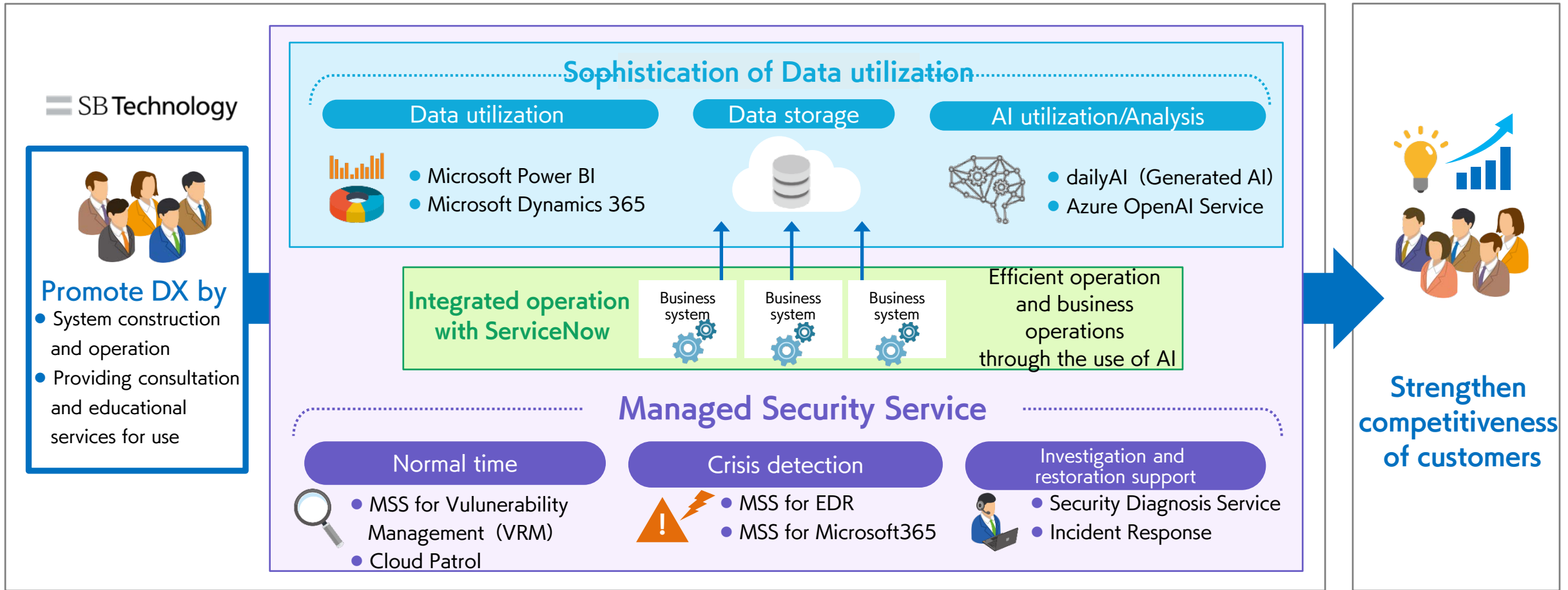


Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
FY21				FY22				FY23		

Business Trends of Telecommunication

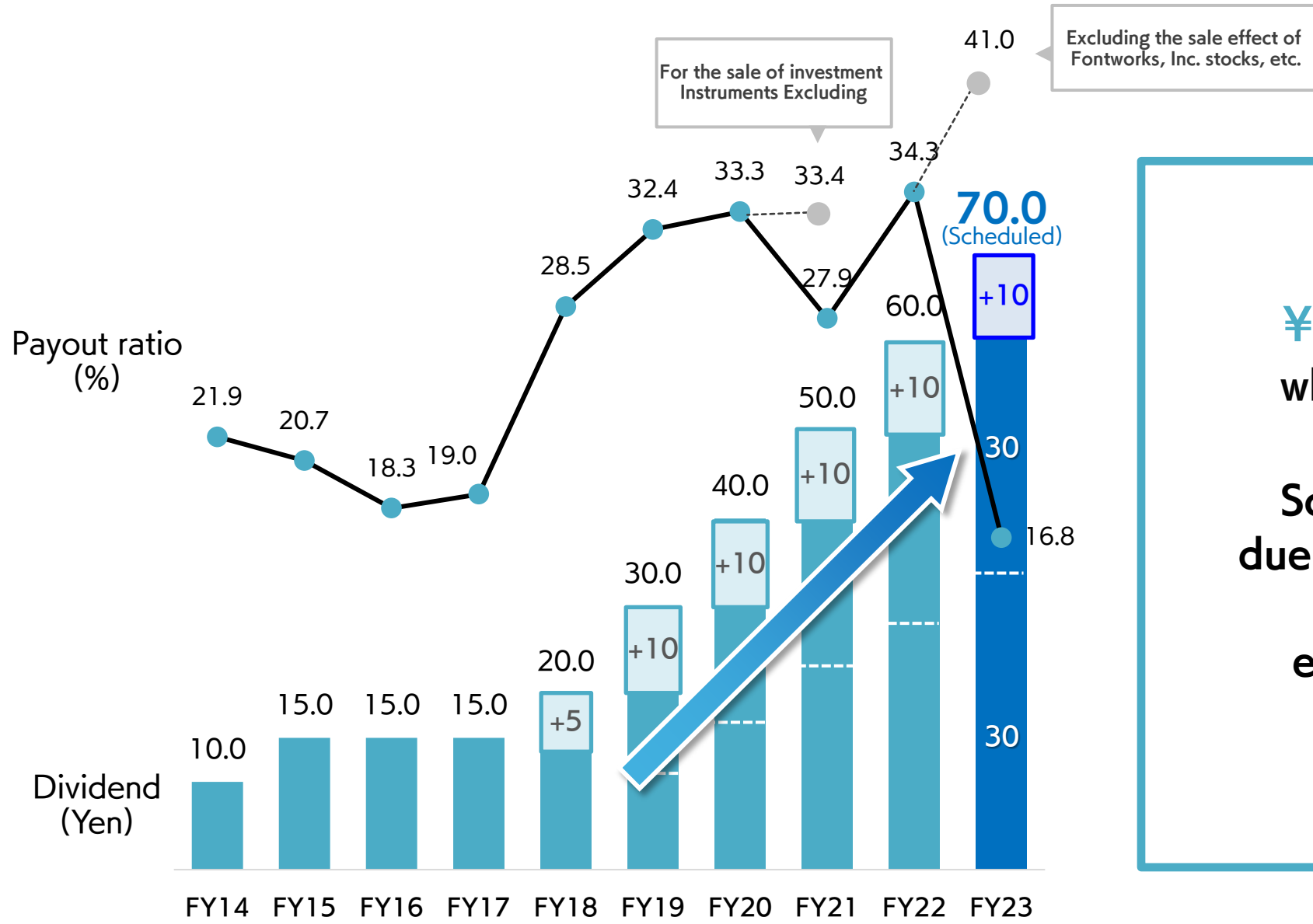
FY23	Investment Trends	Capital investment decreased from the previous fiscal year due to a deterrent trend.
	Key Points	Improve profit margin by controlling cost of sales because it is difficult to increase sales due to the impact of deterring investment
↓		
FY24	Investment Trends	Assume FY23 equivalent level
	Key Points	Growth was achieved by improving the profit margin through cost control and strengthening proposal activities for the corporate business, which is a growth area of SoftBank Corp.

Cost control initiatives achieved steady results and profit margin improved
In the next fiscal year, we will increase activities to acquire projects in growth areas and create projects.



To become a partner to promote customer DX through the consistent use of data in a secure environment

Shareholder Returns



Annual dividend of ¥70 per share (planned) which is up ¥10 in FY23 Q4

Scheduled to increase ¥10 due to expected steady growth in operating profit even after the uncoupling of Fontwork, Inc.

(※) On June 1, 2017, the Company conducted a 2-for-1 stock split and adjusted for dividends paid prior to the stock split.
 FY23's dividend payout ratio is forecast based on performance forecasts

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