

# Earnings Results for the Nine Months Ended December 31, 2019

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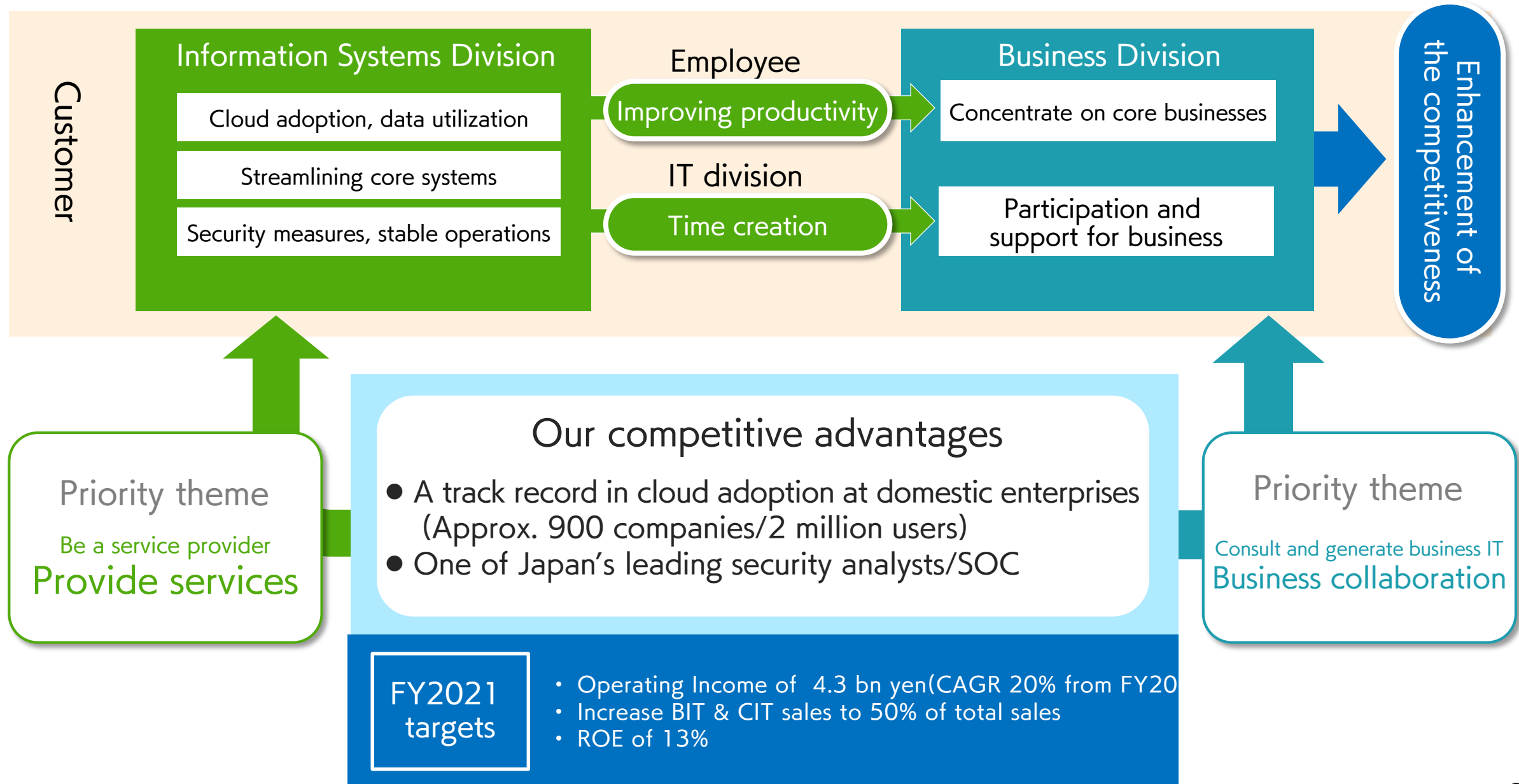
January 30, 2020

SB Technology Corp.

Security Code : 4726

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2. Overview of each solution	.....	P13
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# Outline of the third medium-term plan



# Synergy with SoftBank Corp. (parent company)

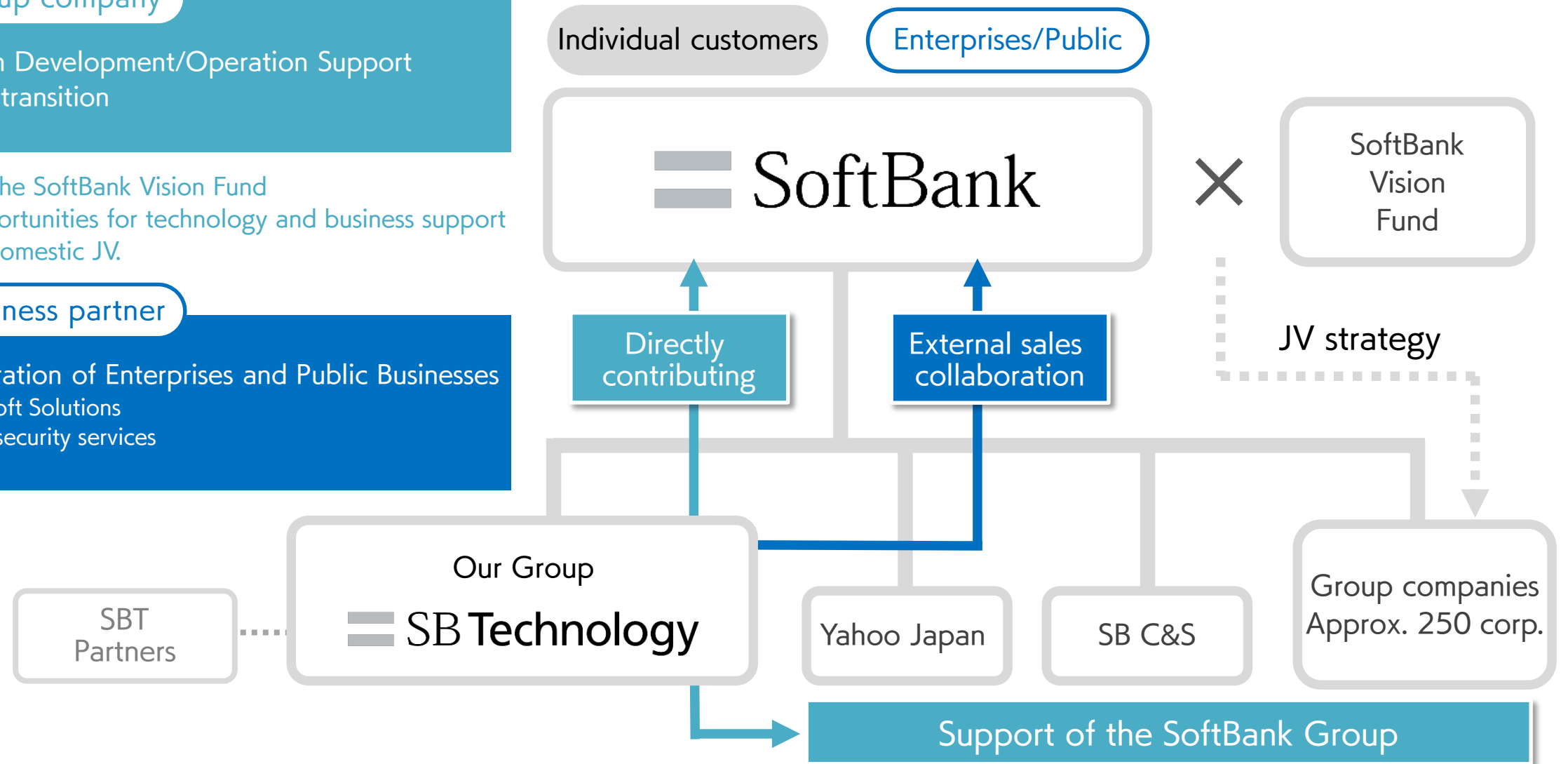
## As a group company

- System Development/Operation Support
- Azure transition

⊕ For the SoftBank Vision Fund  
Opportunities for technology and business support for domestic JV.

## As a business partner

- Collaboration of Enterprises and Public Businesses
- Microsoft Solutions
  - Cloud security services



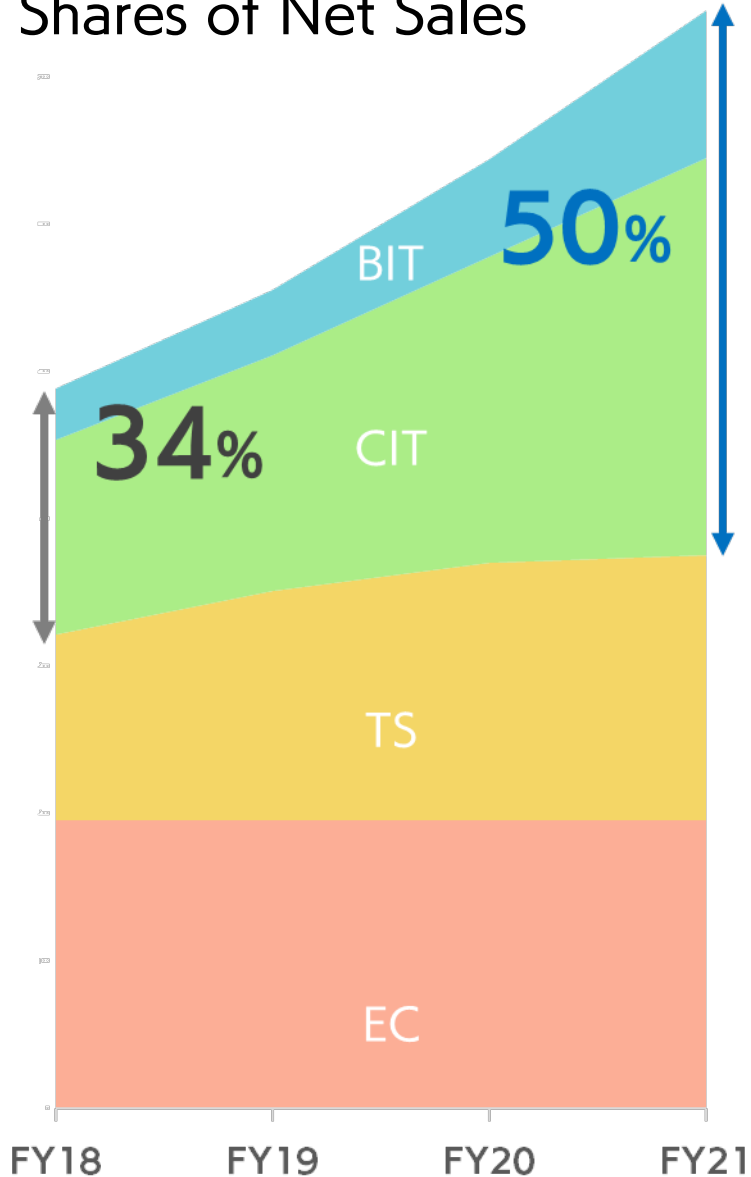
※ Our parent companies are SoftBank Group Corp., SoftBank Group Japan Corp. and SoftBank Corp. SoftBank Corp. owns our shares directly (54.1%/as of the end of March 2019). SoftBank Group Corp. and SoftBank Group Japan Corp. are the parent companies of SoftBank Corp. and indirectly own our shares.

Aiming for Consolidated Operating Income  
of JPY4.3 bn in FY2021

Top  
Forces

Global manufacturing, Construction,  
Agricultural sectors

## Shares of Net Sales



	Segmented	Customer	Progress of the strategy
Development area (Cloud)	Business IT Solutions (BIT) IT support for business operations	<ul style="list-style-type: none"> <li>Enterprises</li> <li>Public</li> <li>SoftBank group companies</li> </ul> Target: Business divisions	 Planting
Growth area (Cloud)	Corporate IT Solution (CIT) Support for in-house IT	<ul style="list-style-type: none"> <li>Enterprises</li> <li>Public</li> <li>SoftBank group companies</li> </ul> Target: Information systems division	 Growth in line with plan
Stable base (Opportunity to propose cloud services)	Technical Solutions (TS) On-premise IT support (including private cloud)	Primarily SoftBank group companies	 Growth in line with plan
Stable base	EC Solutions (EC) EC management services	Primarily Individual users	 Solid performance

# Financial Results

 SB Technology

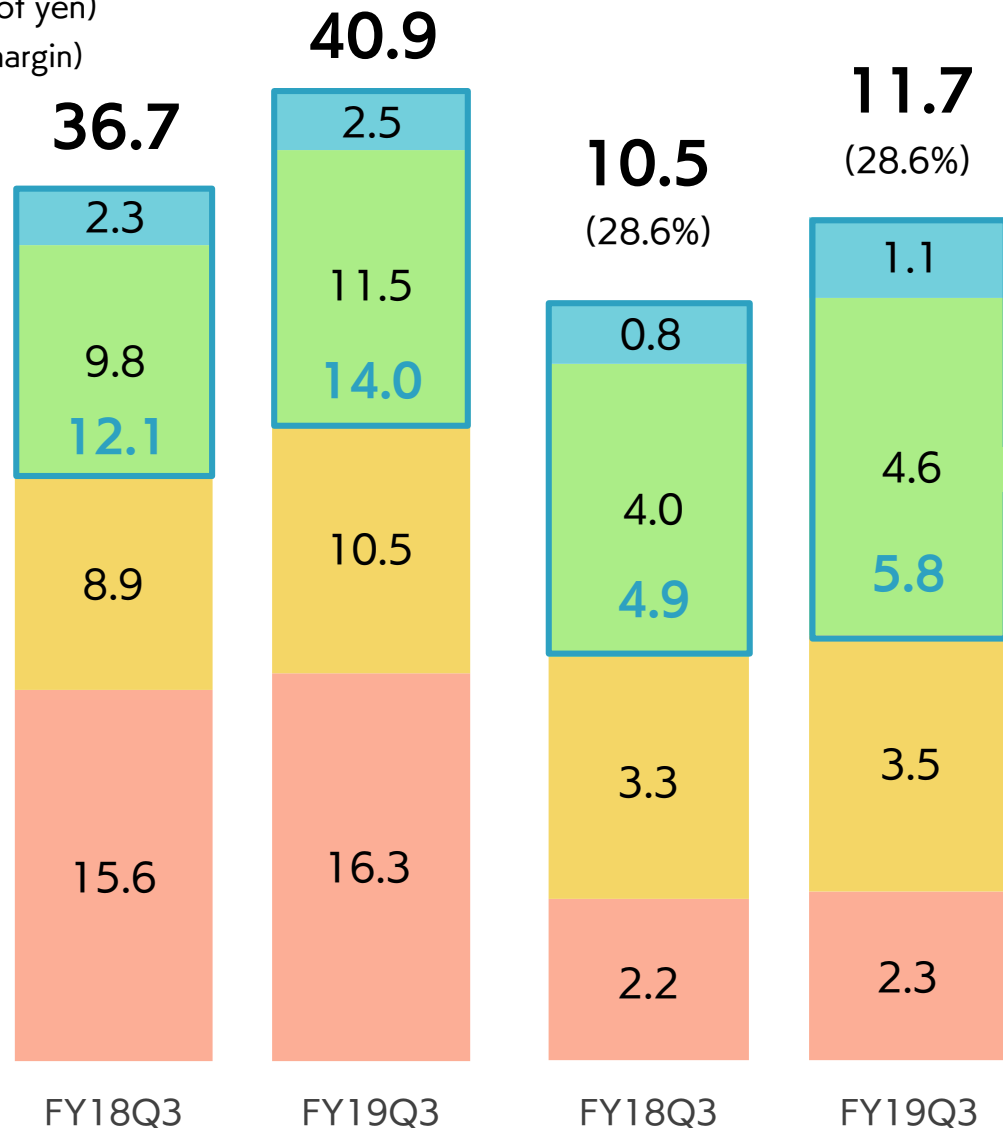
- Sales and profits increased in each solution category, group synergy expanded, and large-scale unprofitable projects did not occur (as of Q3)
- Ordinary income and net profit increased by 1.7 times due to the recording of a temporary non-operating loss in the previous fiscal year.

(Millions of Yen)	(Profit margin)	FY19Q3	FY18Q3	Change	Change %
Net sales		<b>Record High</b> 40,916	36,724	+4,192	11.4%
Marginal profit		<b>Record High</b> 11,702 (28.6%)	10,509 (28.6%)	+1,193	11.4%
Fixed cost		9,547	8,996	+551	6.1%
Operating income		<b>Record High</b> 2,154 (5.3%)	1,513 (4.1%)	+641 (+1.2pt)	42.4%
Ordinary income		<b>Record High</b> 2,162 (5.3%)	1,279 (3.5%)	+882 (+1.8pt)	68.9%
Profit attributable to owners of parent Net profit		<b>Record High</b> 1,326 (3.2%)	781 (2.1%)	+545 (+1.1pt)	69.8%

## Sale

## Marginal profit

(Billions of yen)  
(Profit margin)



- BIT+CIT composition ratio 33.1%⇒34.4%
- BIT and CIT contributed to higher profits

### Business IT

- Increase in cloud projects targeting the global manufacturing industry
- Strategic scale-down of web analysis solutions

### Corporate IT

- Significant growth in cloud development
- Increase in our own services and security consulting

### Technical

- Initiated vendor management projects for SoftBank Corp.
- Operation services remained strong

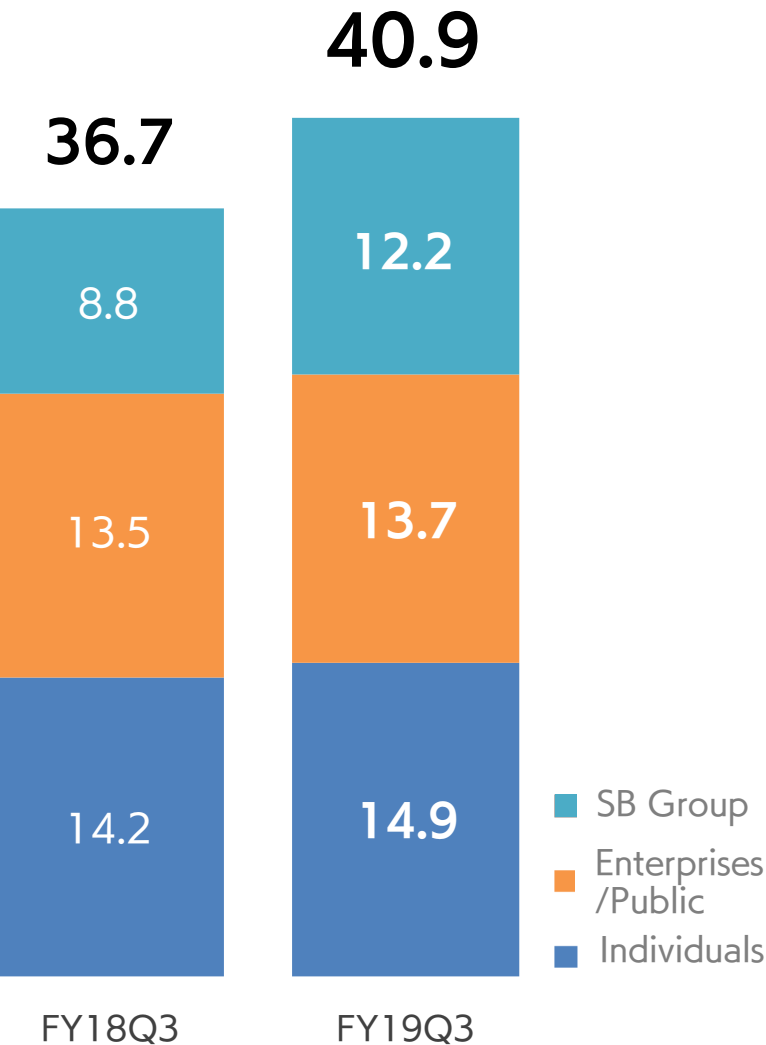
### EC

- Norton online store administration service business remained strong



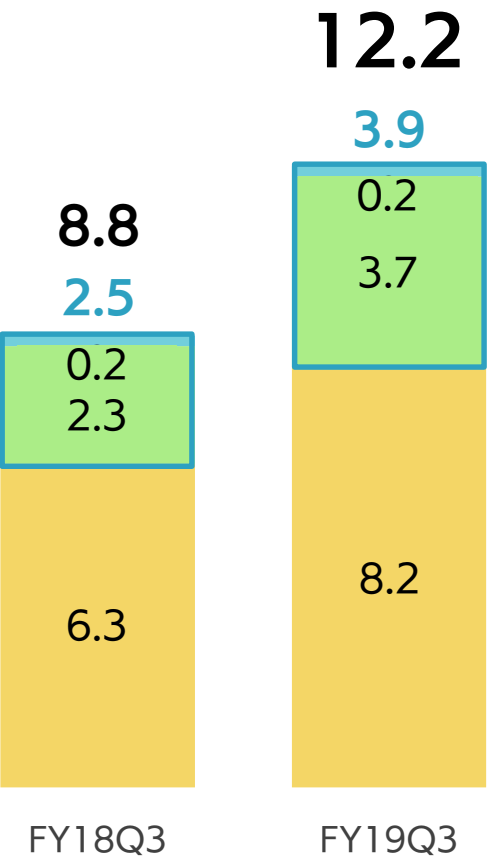
By customer type

(Billions of yen)



Customer type × Solution category

SB Group



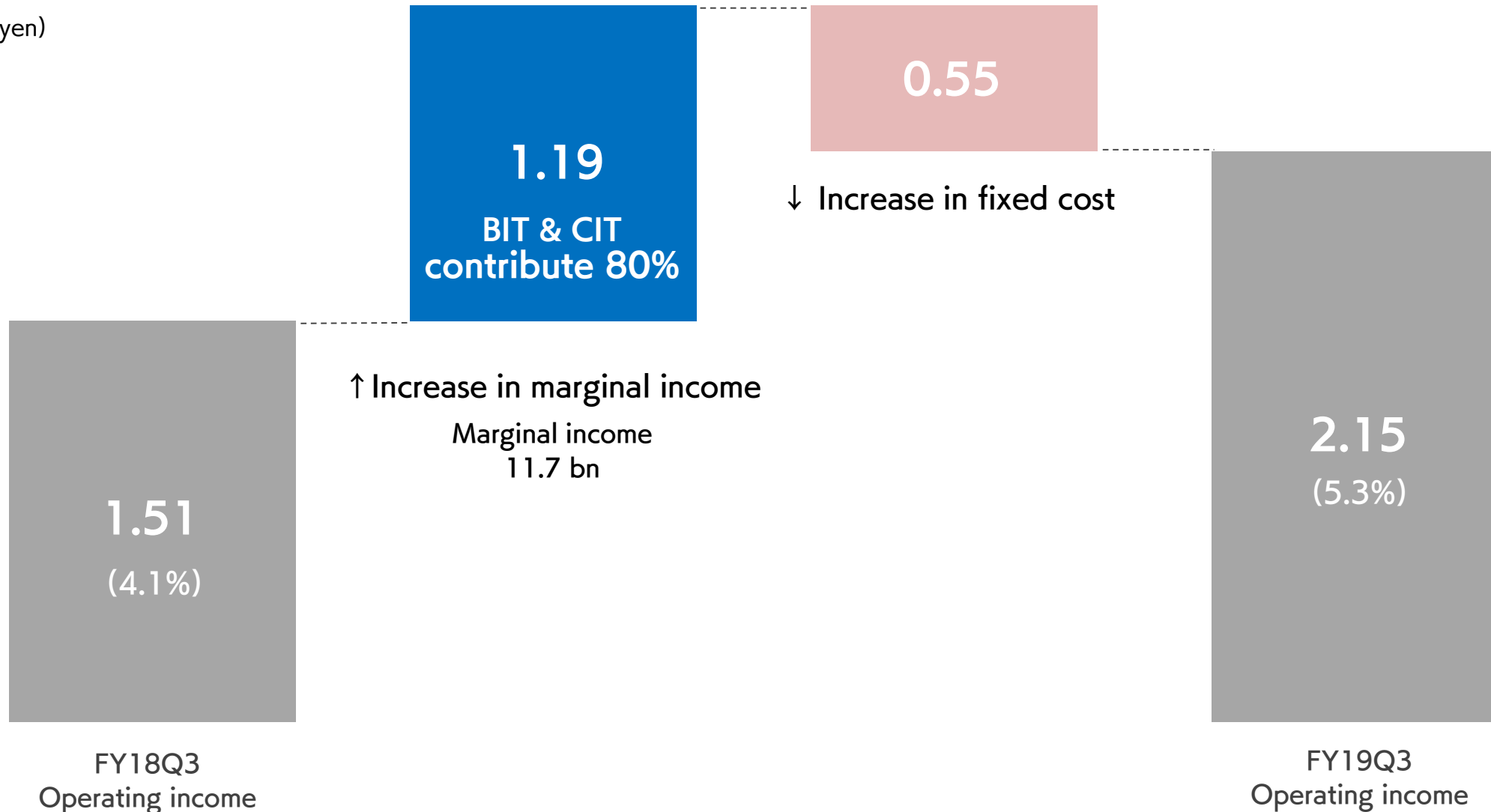
Enterprises/Public



※ All Solution Segments for Individual Customers are EC.

Personnel expenses increased due to business expansion, but growth of over 40% was achieved due to an increase in marginal profit.

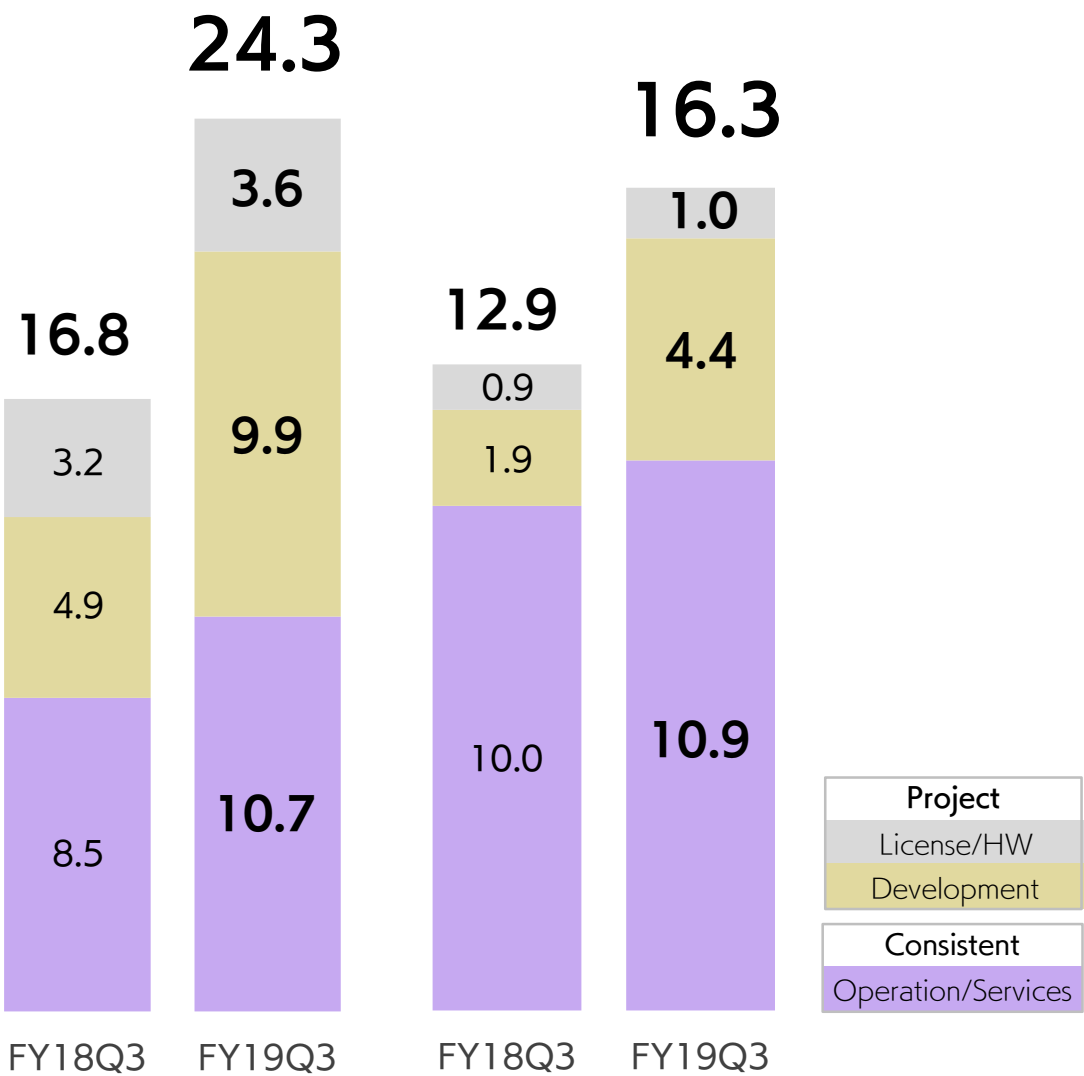
(Billions of yen)



Orders Received

Orders Backlog

(Billions of yen)



Non-consolidated order backlog

(YoY) **26.2% UP**

Order Received

**【Project】**

- YOY Growth in SB Group, Public, and Tokai/Kansai area development projects
- Breakdown of development increase (+5 billion yen) is 40% BIT&CIT, 60% TS

**【Consistent】**

- Large-scale public projects spanning multiple years contributed to YoY order increase
- BIT&CIT increased by 1.8 times, clouXion orders 2.7 times QoQ

Order backlog

- Projected sales for the current term are 40% to 50%
- Public extensions, BIT and CIT increased 1.4 times (comprising 70% of the total)

**【Project】**

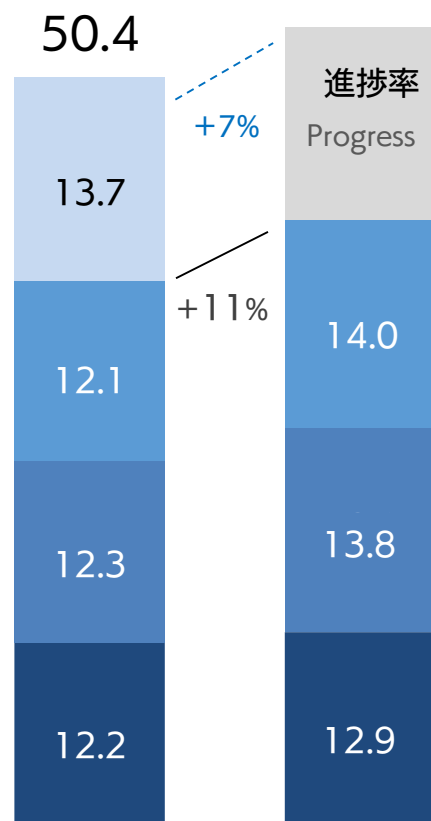
- Cloud-based projects grew significantly, accounting for slightly less than 50% of total development

**【Consistent】**

- Increased due to orders for cloud-based projects for multi-year public contracts
- clouXion, MSS, and other services of our own also contributed

- Upward trend for Q3 compared to initial forecast
- Expected to alleviate disproportionate operating revenue in Q4

54.0



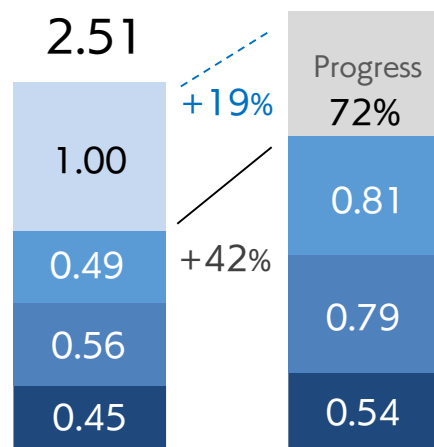
FY18

FY19

Net Sales

(Billions of yen)

3.0

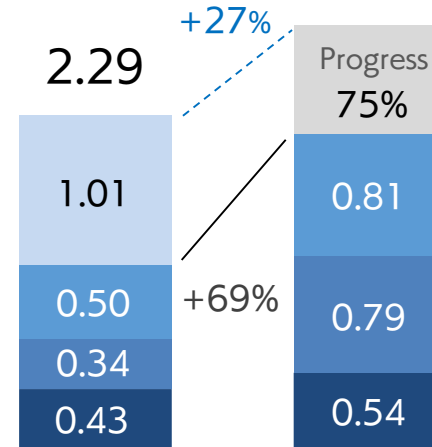


FY18

FY19

Operating income

2.9

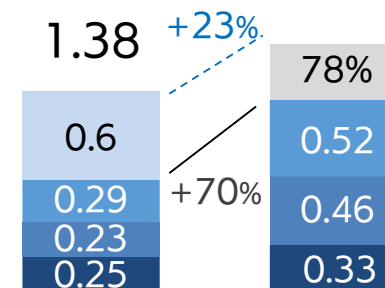


FY18

FY19

Ordinary income

1.7



FY18

FY19

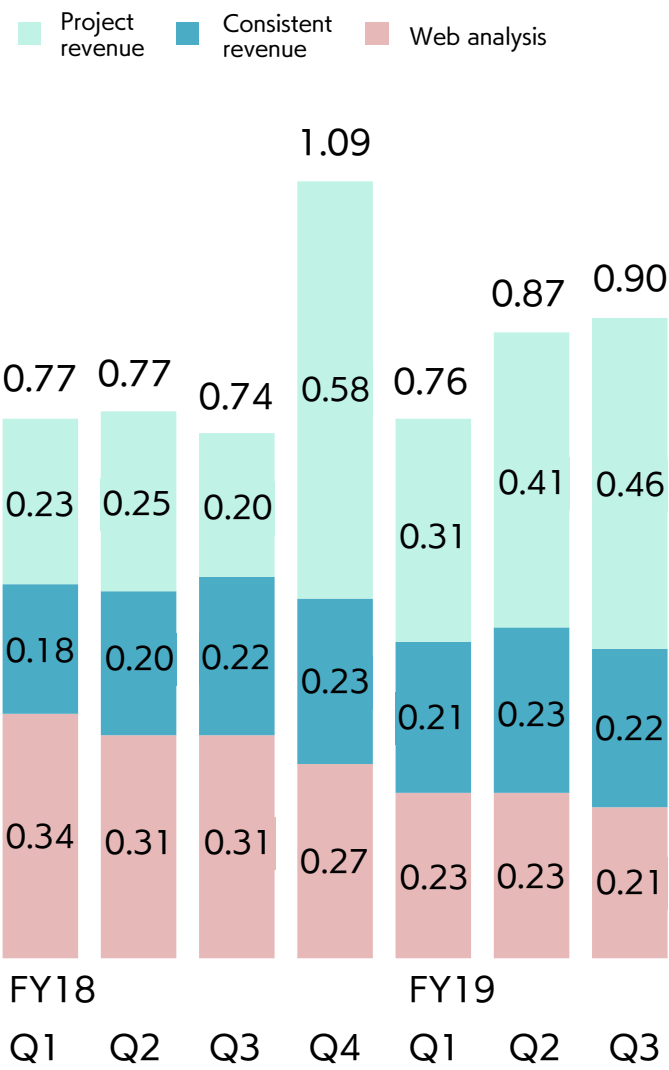
Net income

(Profit attributable to owners of parent) 12

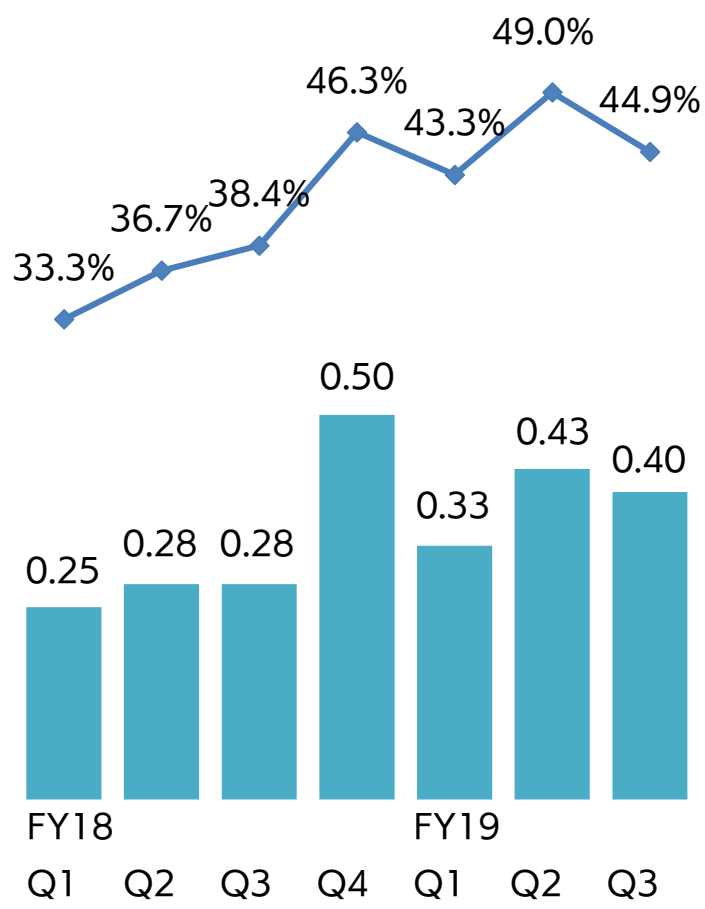
# Overview of each solution

SB Technology

Net Sales



Marginal Profits



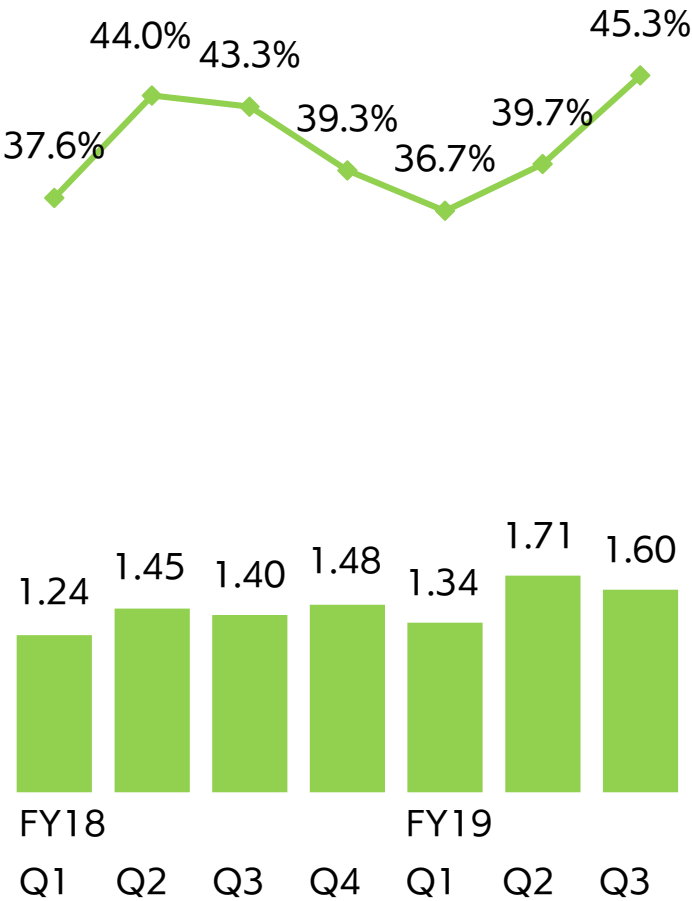
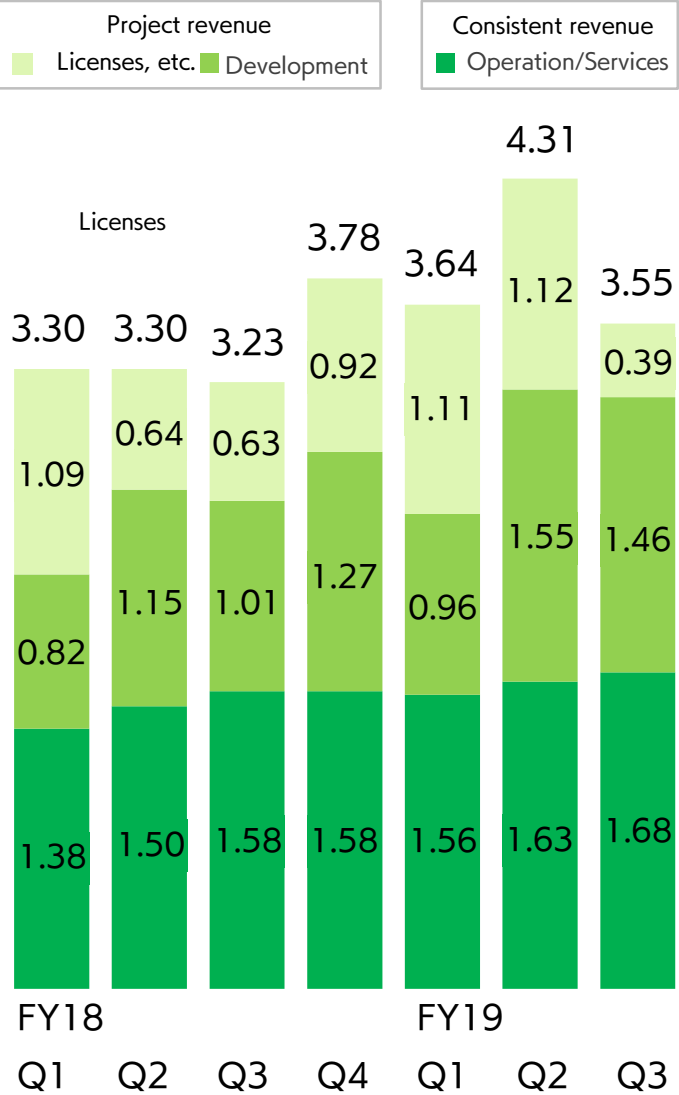
Cloud business solutions for business units

Consists primarily of customer service development, development/provision of industry-specific services, collaboration and PoC (proof of concept), etc.

Project	Growth in IoT and customer management system development for global manufacturing and construction industries led to YoY growth in marginal profit
Consistent	Stock sales of agricultural systems remained level.
Web analysis	Web analysis solutions have scaled down since the 2H of FY16 due to strategic revisions.

Net Sales

Marginal Profits



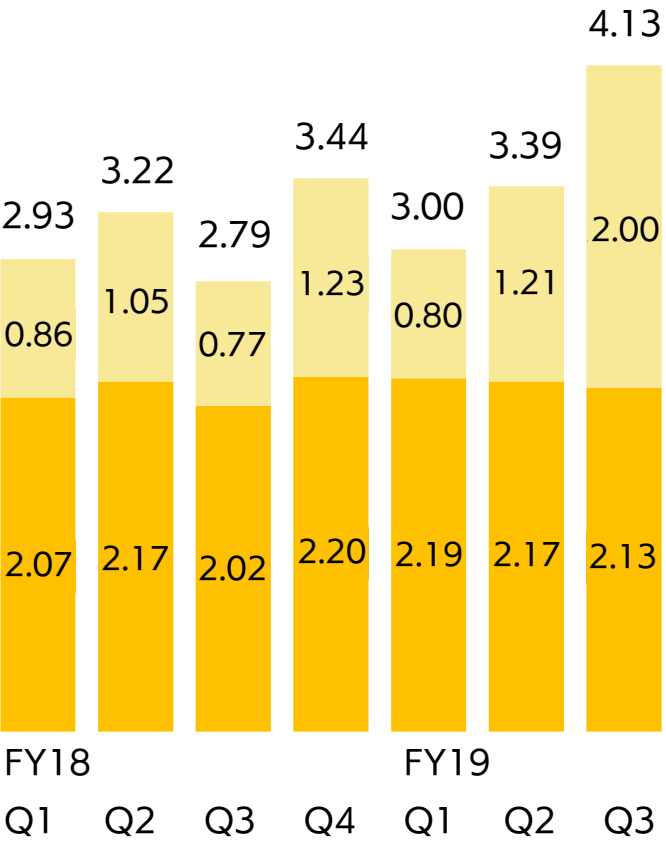
Company-wide and administrative cloud business solutions

Consists primarily of solutions employing Microsoft’s Office365 (SaaS) and Azure (PaaS), cyber-attack countermeasures, and in-house services such as clouXion and managed security services (security operation monitoring).

Project	<p>Profit margin ratio improved despite a small decline in Microsoft license renewals in Q3.</p> <p>Number of systems development projects using Azure increased YoY.</p>
Consistent	<p>Security monitoring projects and clouXion increased YoY +110 Million.</p>

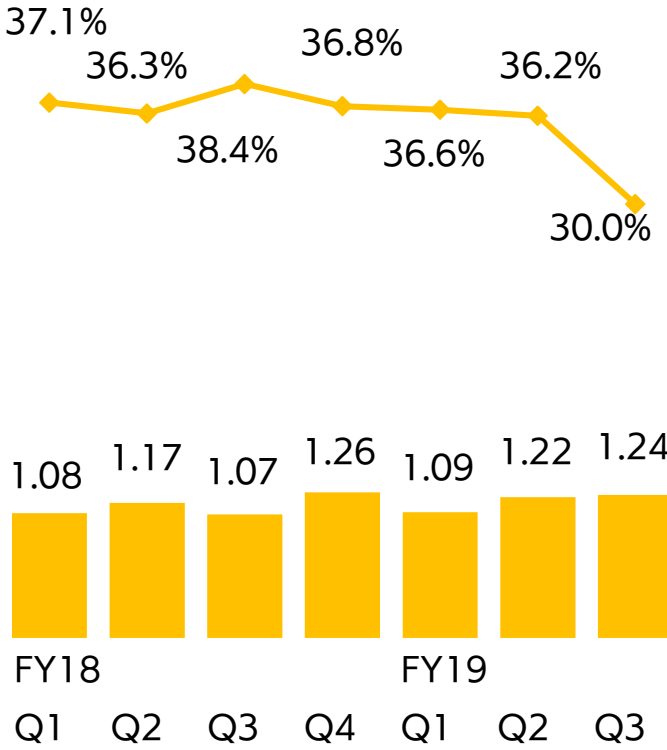
Net Sales

Project revenue  
Consistent revenue



(Billions of yen)

Marginal Profits



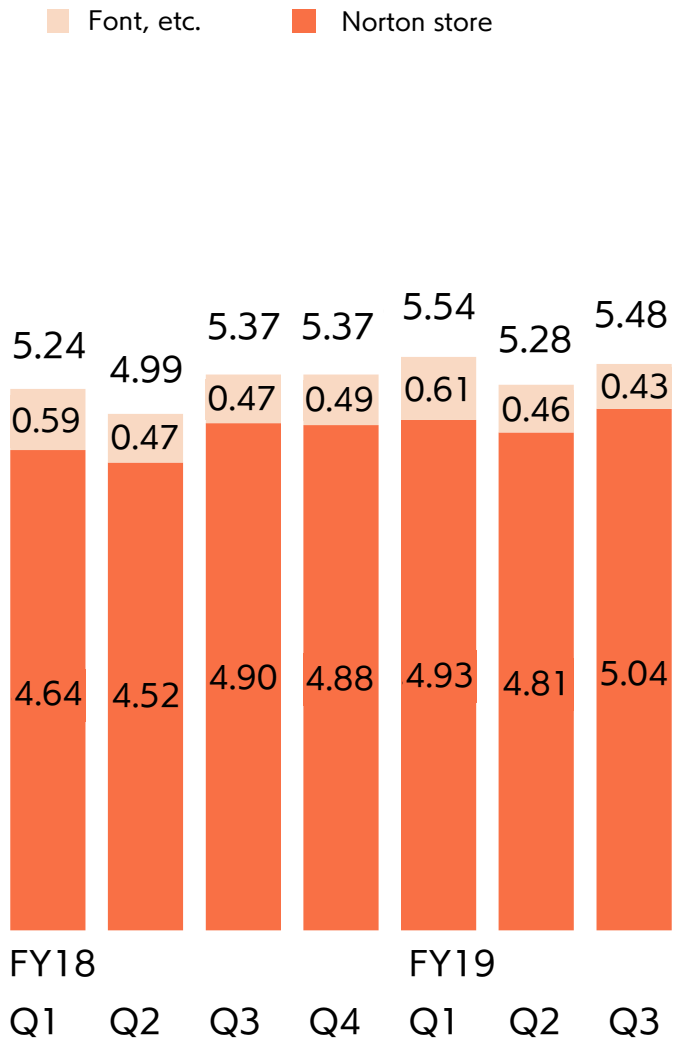
Construction, operation and maintenance of on-premises systems (including private cloud)

Consists primarily of building, operating, and maintaining clients' on-premises and private cloud systems; also proposing future migration to the public cloud.

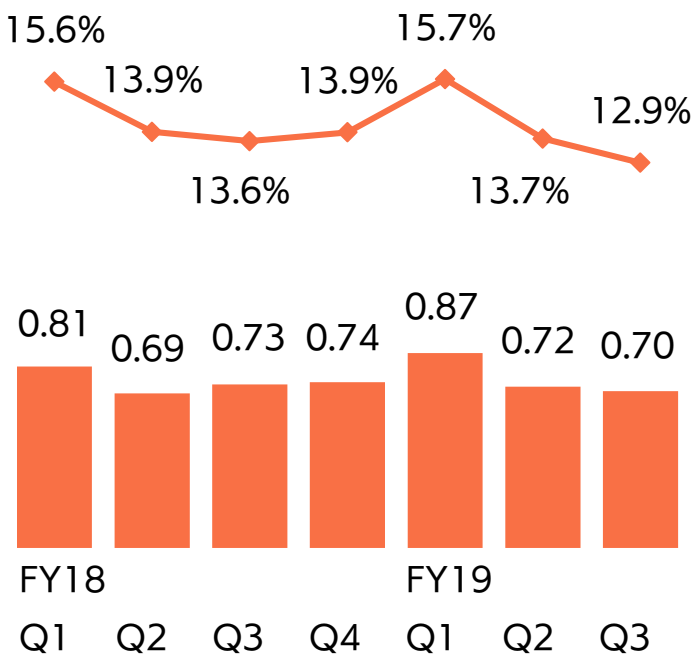
Project	<p>Vendor management for SoftBank Corp. initiated in Q3.</p> <p>As a result, the number of development partners and staff size increased rapidly, and the marginal profit ratio decreased due to the increased outsourcing costs.(Future plans call for collaboration with enterprise-oriented cloud projects.))</p>
Consistent	<p>On-premises operation services and maintenance remained strong.</p>



Net Sales



Marginal Profits



EC site management and font license sales

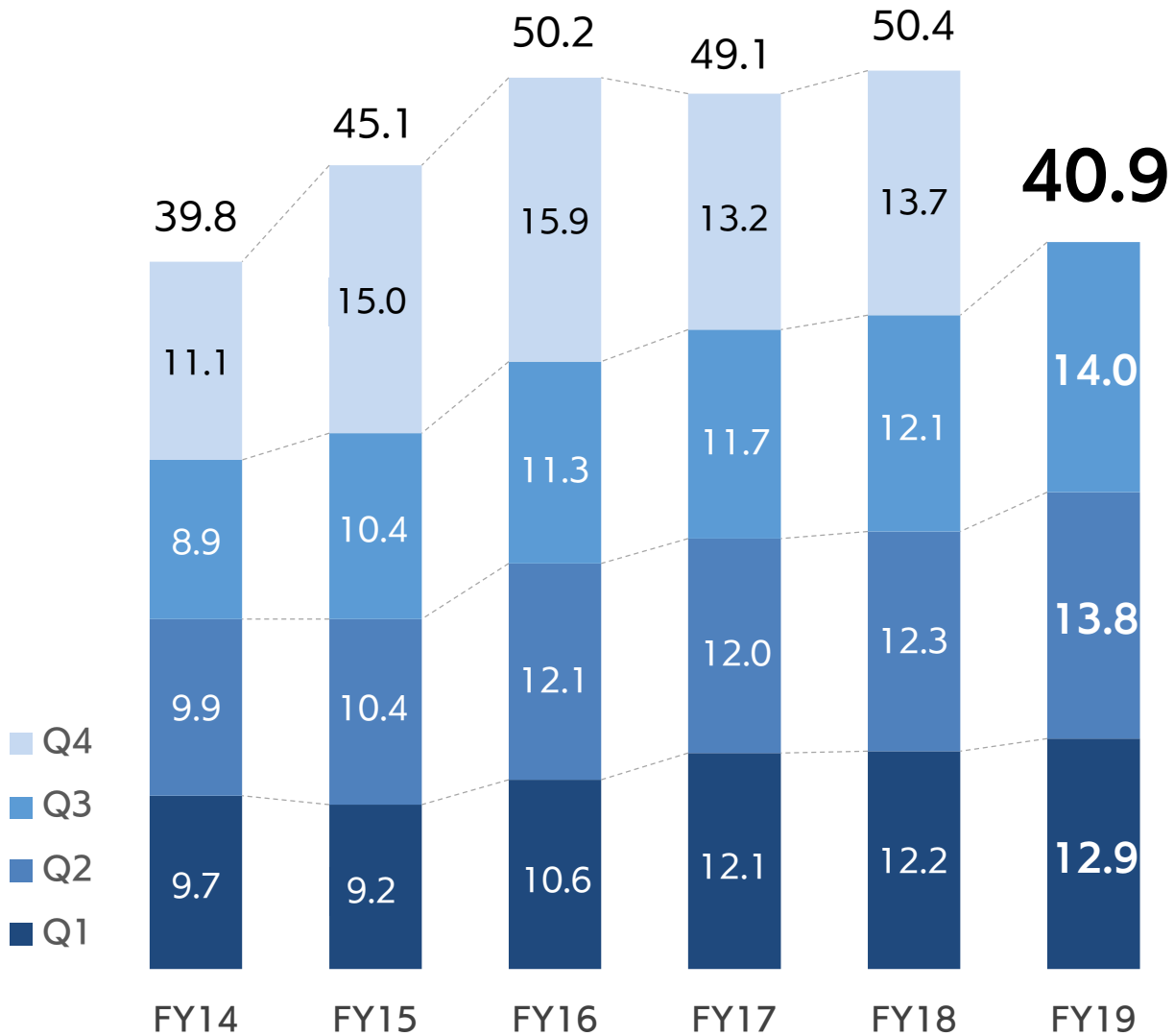
Consists primarily of EC management, EC site-building and operation. Font businesses include the planning, development, and sales of fonts (typefaces) and related software.

Norton online store management business remained strong.

# Numerical data

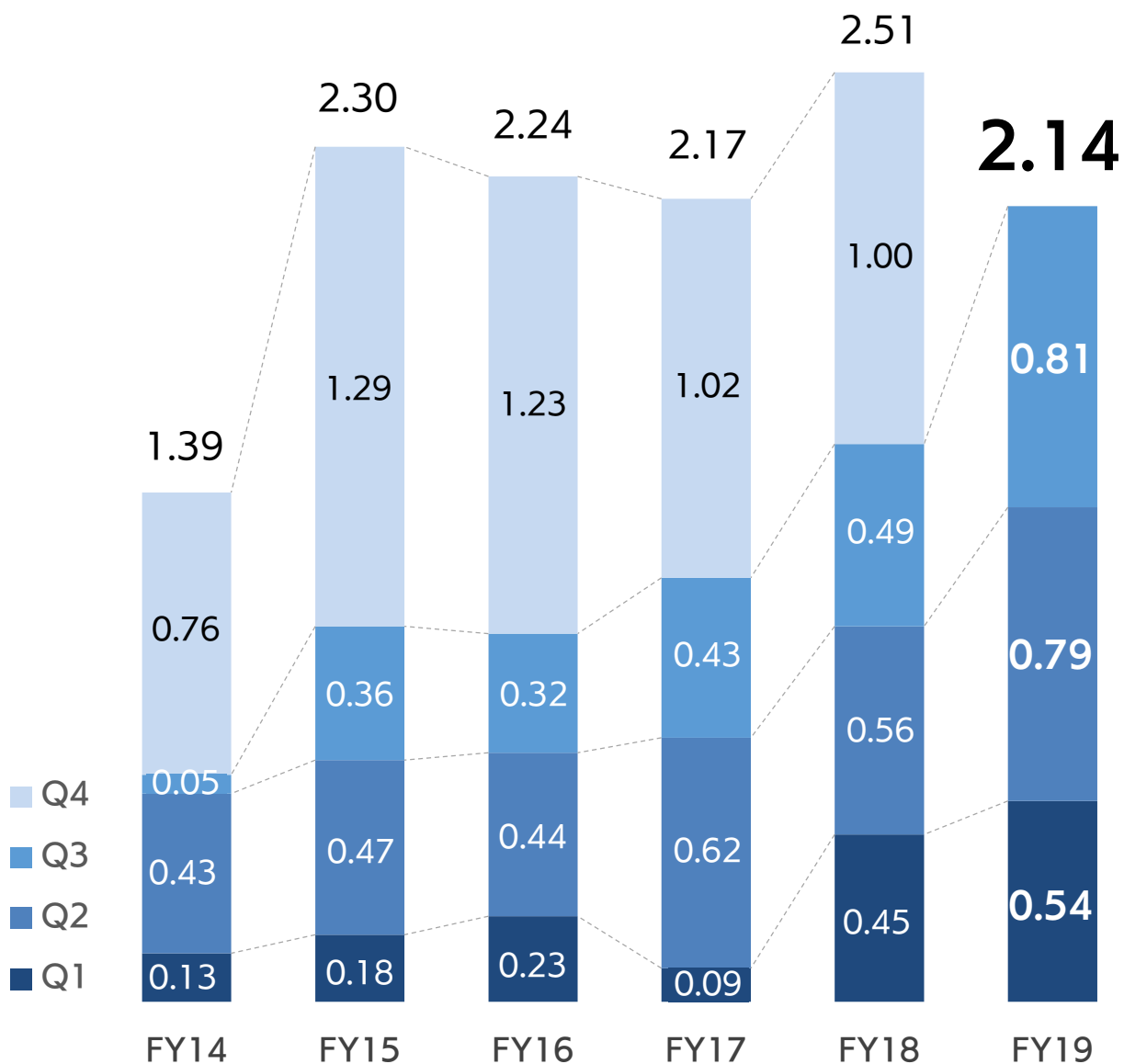
 SB Technology

(Millions of Yen)	(Profit margin)	FY19Q3	FY18Q3	Change	Change %
Net sales		14,074	12,162	1,911	15.7%
Marginal profit		3,964 (28.2%)	3,495 (28.7%)	468 (▲0.5pt)	13.4%
Fixed cost		3,150	2,996	153	5.1%
Operating income		813 (5.8%)	499 (4.1%)	314 (+ 1.7pt)	63.1%
Ordinary income		820 (5.8%)	500 (4.1%)	319 (+1.7pt)	63.8%
Profit attributable to owners of parent Net profit		526 (3.7%)	293 (2.4%)	233 (+1.3pt)	79.3%



3Q total Net sales  
(YoY) **11.4%<sub>up</sub>**

3Q Net sales  
(YoY) **15.7%<sub>up</sub>**



(Billions of yen)

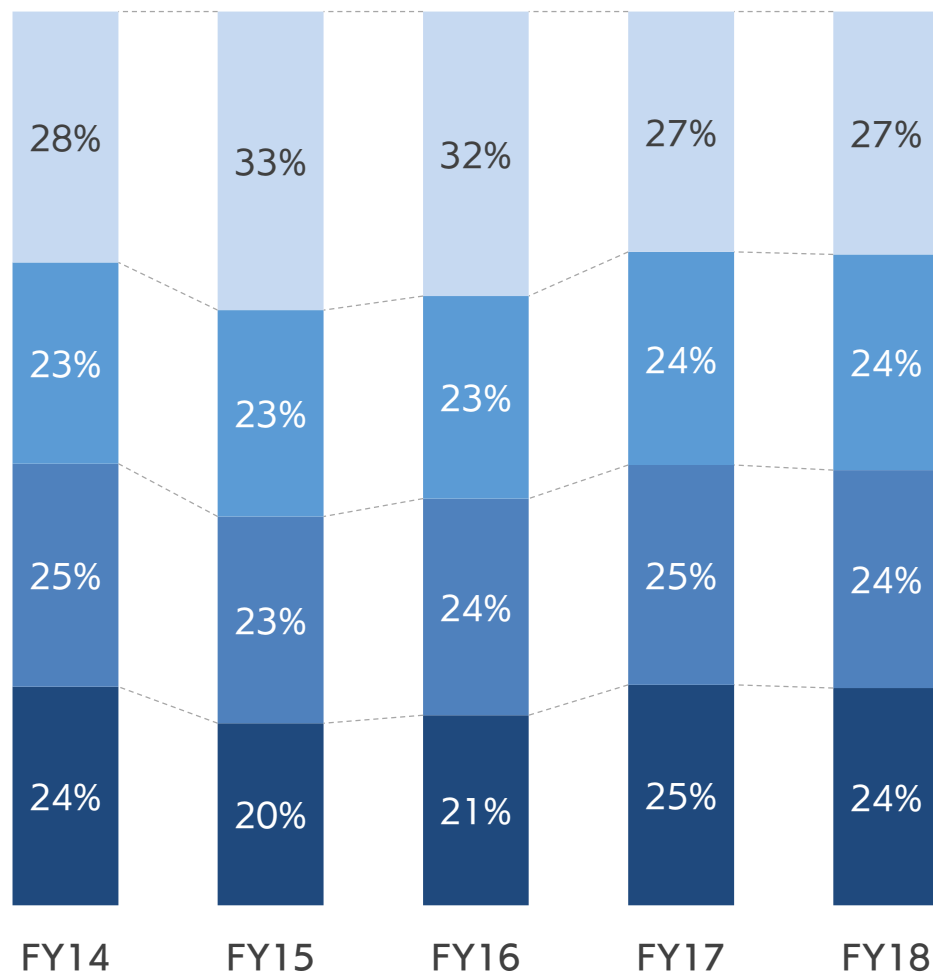
Medium-Term Management Plan  
Target: 20% Operating Income Growth

3Q total Operating income  
(YoY) **42.4%<sub>up</sub>**

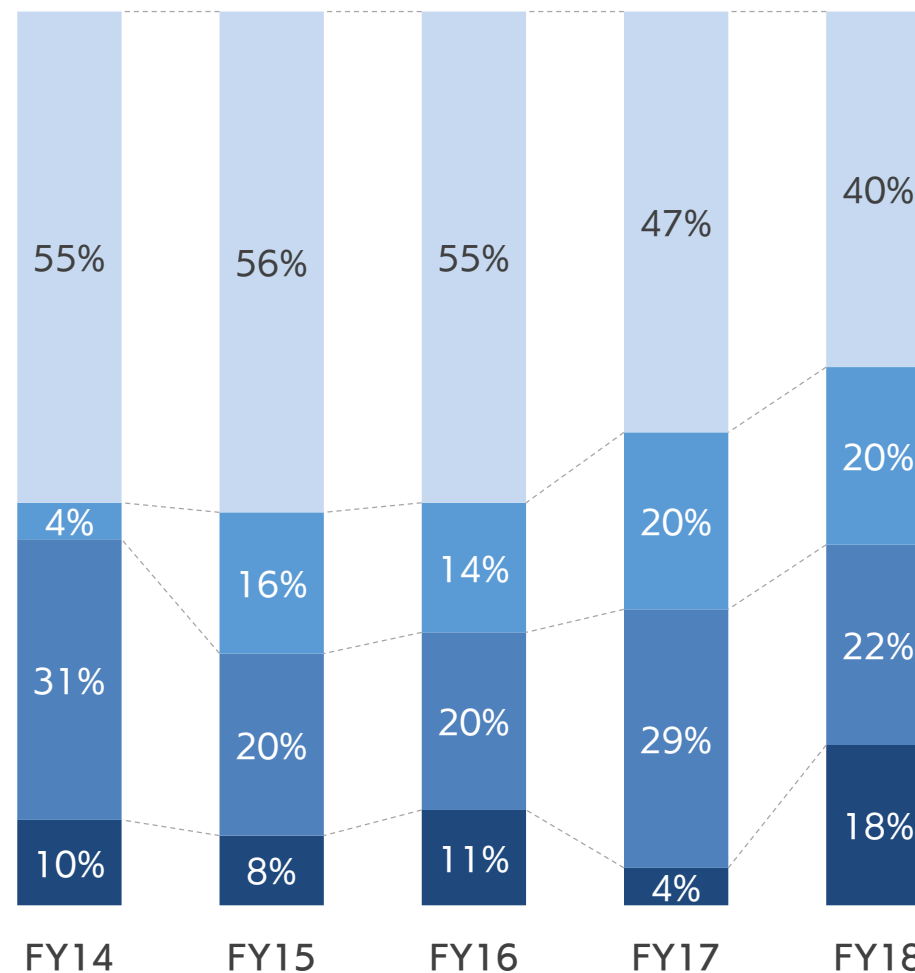
3Q Operating income  
(YoY) **63.1%<sub>up</sub>**

Net sales

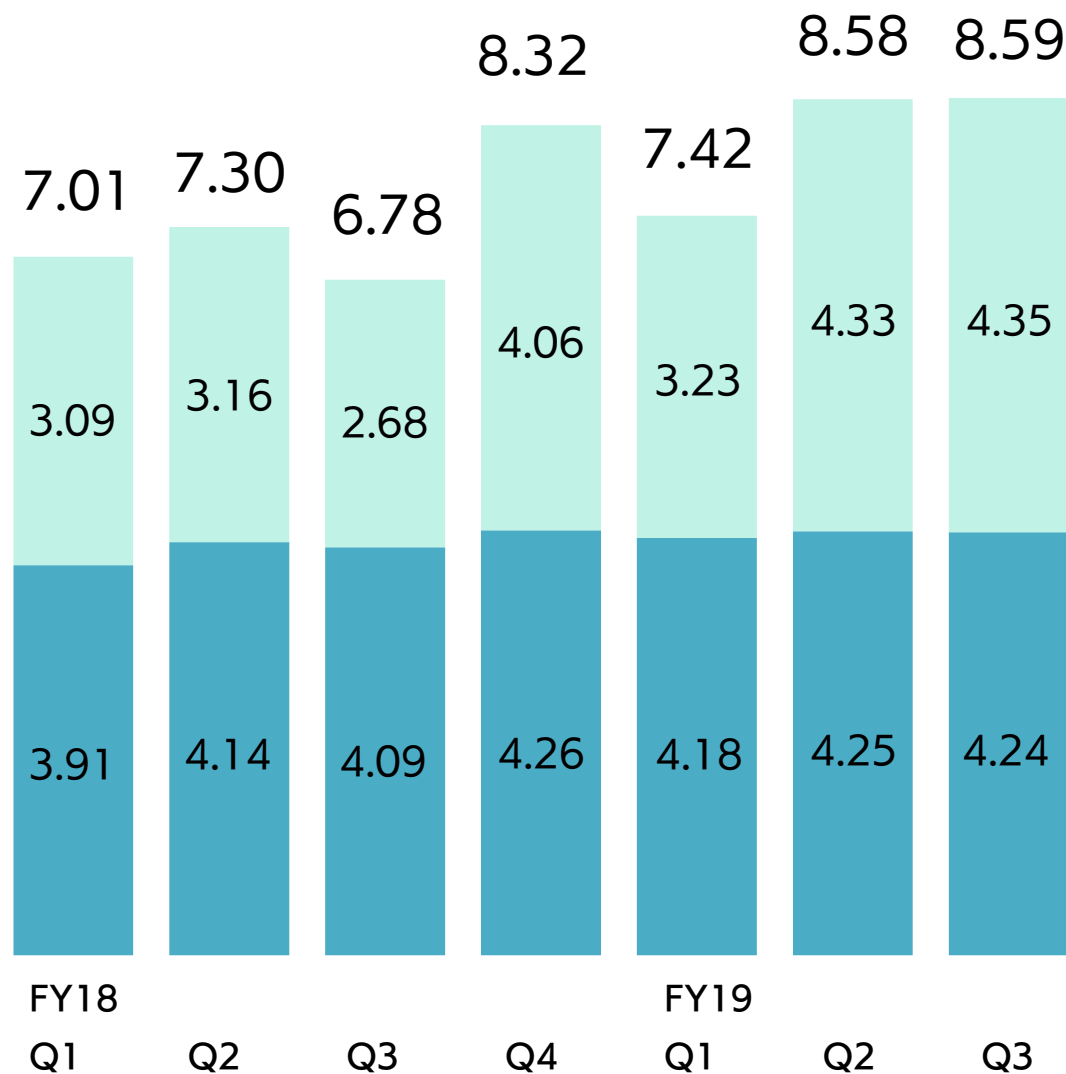
■ Q4 ■ Q3 ■ Q2 ■ Q1



Operating income



■ Project ■ Consistent



3Q total consistent sales

(YoY) **0.52bn<sub>up</sub>**

3Q consistent sales

(YoY) **0.14bn<sub>up</sub>**

(Millions of yen)	FY18Q1	FY18Q2	FY18Q3	FY18Q4	FY18	FY19Q1	FY19Q2	FY19Q3	FY18Q3 total	FY19Q3 total	YoY	
											Change	Change%
Sale	12,258	12,303	12,162	13,706	50,430	12,969	13,872	14,074	36,724	40,916	+4,192	+11.4%
BIT solution	775	777	749	1,096	3,398	766	879	904	2,302	2,550	+248	+10.8%
CIT Solutions	3,301	3,308	3,236	3,788	13,634	3,649	4,315	3,551	9,846	11,516	+1,670	+17.0%
Technical solutions	2,939	3,221	2,799	3,443	12,403	3,005	3,394	4,136	8,960	10,535	+1,575	+17.6%
EC Solutions	5,241	4,995	5,377	5,377	20,993	5,548	5,283	5,482	15,615	16,313	+698	+4.5%
Cost of sales	10,323	10,222	10,149	11,277	41,973	10,873	11,479	11,647	30,695	34,000	+3,305	+10.8%
Gross profit	1,935	2,080	2,012	2,428	8,457	2,096	2,392	2,427	6,028	6,915	+886	+14.7%
SG&A expenses	1,485	1,516	1,513	1,427	5,943	1,550	1,597	1,613	4,515	4,760	+245	+5.4%
Operating income	450	563	499	1,000	2,513	546	794	813	1,513	2,154	+641	+42.4%
Other Income and Expenses	▲18	▲216	1	11	▲222	0	1	6	▲233	7	+240	-
Ordinary income	431	347	500	1,011	2,291	545	796	820	1,279	2,162	+882	+68.9%
Extraordinary gain/loss	0	23	▲3	▲55	▲35	0	▲14	2	19	▲12	▲31	-
Net profit attributable to owners of parent	256	231	293	605	1,386	330	469	526	781	1,326	+545	+69.8%
Marginal profit	3,406	3,607	3,495	4,012	14,521	3,642	4,095	3,964	10,509	11,702	+1,193	+11.4%
Fixed cost	2,955	3,043	2,996	3,011	12,008	3,096	3,300	3,150	8,996	9,547	+551	+6.1%

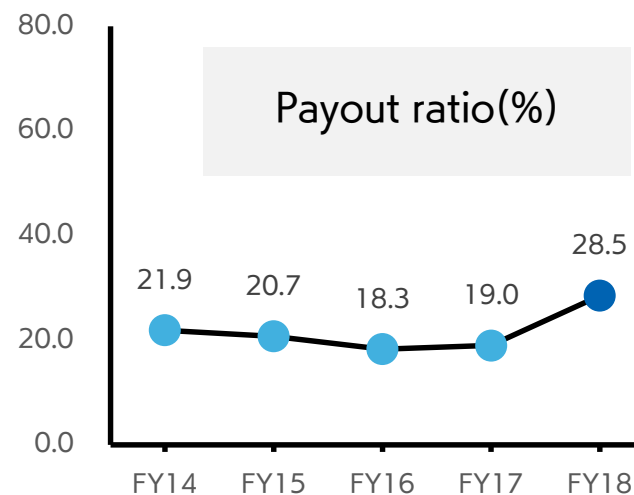
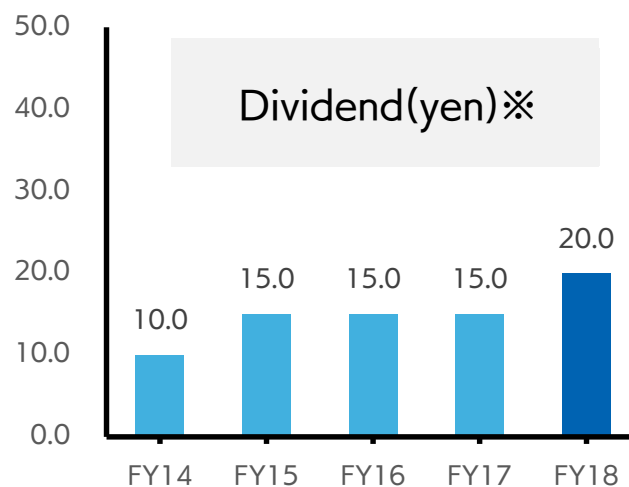
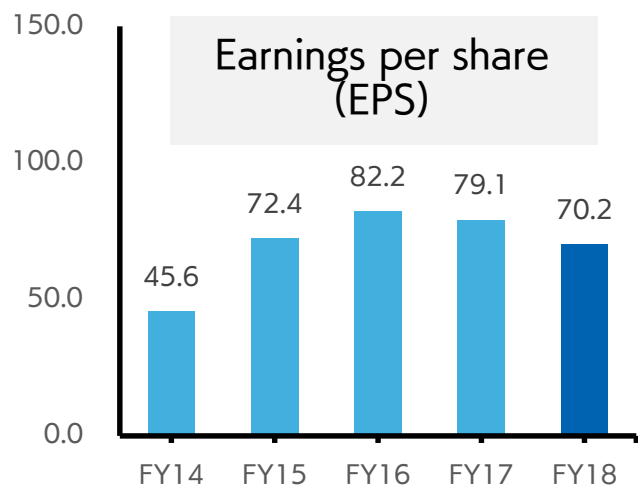
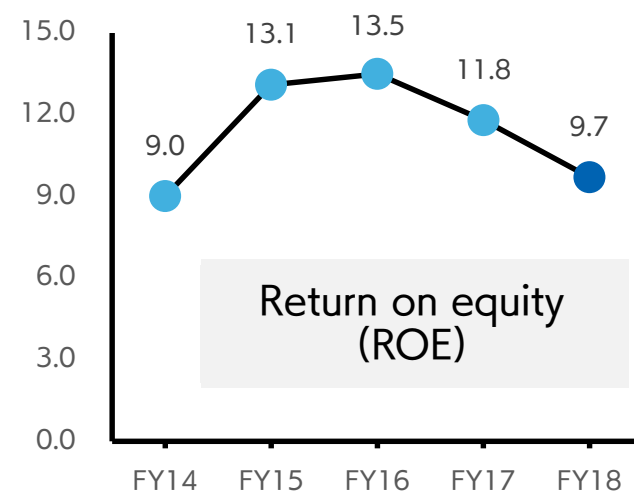
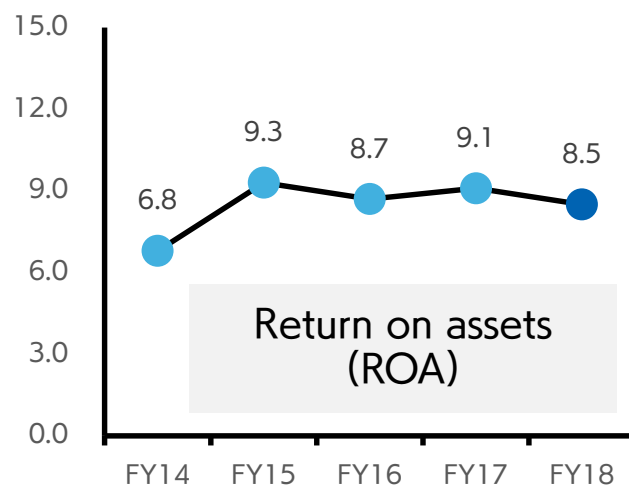
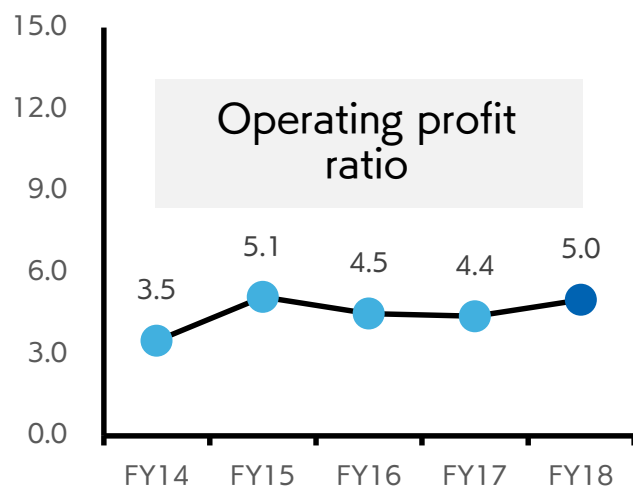
(※) Amounts for the same period of the previous fiscal year for each solution segment are calculated in accordance with the current booking method.



		(Millions of yen)	FY18Q1	FY18Q2	FY18Q3	FY18Q4	FY18	FY19Q1	FY19Q2	FY19Q3	FY18Q3 total	FY19Q3 total	YoY	
													Change	Change%
Total	Sale		12,258	12,303	12,162	13,706	50,430	12,969	13,872	14,074	36,724	40,916	+4,192	+11.4%
	Marginal profit		3,406	3,607	3,495	4,012	14,521	3,642	4,095	3,964	10,509	11,702	+1,193	+11.4%
	Profit ratio		27.8%	29.3%	28.7%	29.3%	28.8%	28.1%	29.5%	28.2%	28.6%	28.6%	+0.0pt	-
BIT solution	Sale		775	777	749	1,096	3,398	766	879	904	2,302	2,550	+248	+10.8%
	Marginal profit		258	285	287	507	1,338	332	431	406	831	1,169	+338	+40.7%
	Profit ratio		33.3%	36.7%	38.4%	46.3%	39.4%	43.3%	49.0%	44.9%	36.1%	45.9%	+9.8pt	-
CIT Solutions	Sale		3,301	3,308	3,236	3,788	13,634	3,649	4,315	3,551	9,846	11,516	+1,670	+17.0%
	Marginal profit		1,240	1,456	1,402	1,488	5,588	1,340	1,713	1,608	4,099	4,663	+564	+13.8%
	Profit ratio		37.6%	44.0%	43.3%	39.3%	41.0%	36.7%	39.7%	45.3%	41.6%	40.5%	▲1.1pt	-
TS Solutions	Sale		2,939	3,221	2,799	3,443	12,403	3,005	3,394	4,136	8,960	10,535	+1,575	+17.6%
	Marginal profit		1,089	1,170	1,074	1,268	4,602	1,099	1,227	1,242	3,334	3,569	+235	+7.1%
	Profit ratio		37.1%	36.3%	38.4%	36.8%	37.1%	36.6%	36.2%	30.0%	37.2%	33.9%	▲3.3pt	-
EC Solutions	Sale		5,241	4,995	5,377	5,377	20,993	5,548	5,283	5,482	15,615	16,313	+698	+4.5%
	Marginal profit		817	695	731	747	2,992	870	723	706	2,244	2,300	+55	+2.5%
	Profit ratio		15.6%	13.9%	13.6%	13.9%	14.3%	15.7%	13.7%	12.9%	14.4%	14.1%	▲0.3pt	-
Total of core businesses (BIT+CIT)	Sale		4,077	4,085	3,985	4,884	17,033	4,415	5,195	4,456	12,148	14,066	+1,918	+15.8%
	Marginal profit		1,498	1,742	1,689	1,996	6,927	1,672	2,145	2,015	4,930	5,832	+902	+18.3%
	Profit ratio		36.8%	42.6%	42.4%	40.9%	40.7%	37.9%	41.3%	45.2%	40.6%	41.5%	+0.9pt	-
	Component ratio		33.3%	33.2%	32.8%	35.6%	33.8%	34.0%	37.4%	31.7%	33.1%	34.4%	+1.3pt	-

(※) Amounts for the same period of the previous fiscal year for each solution segment are calculated in accordance with the current booking method.

(Millions of yen)	End of December, 2018	End of March, 2019	End of December, 2019	Since end of previous term	YoY
Current assets	18,021	20,008	21,283	1,275	3,262
Cash and deposits	8,118	8,728	9,631	902	1,512
Accounts receivable and other receivables	8,000	10,011	9,356	▲655	1,356
Fixed assets	7,447	7,484	7,822	337	374
Tangible fixed assets	1,330	1,220	1,565	344	234
Intangible fixed assets	3,163	3,068	3,015	▲53	▲147
Investments and other assets	2,953	3,194	3,241	46	287
Total assets	25,469	27,492	29,105	1,613	3,636
Current liabilities	9,106	10,212	10,689	477	1,583
Long-term liabilities	1,221	1,422	1,375	▲46	154
Net assets	15,141	15,857	17,040	1,183	1,898



(※) The Company conducted a 2-for-1 stock split of common stock on June 1, 2017, and the amount of dividends paid prior to the split has been adjusted.

# Information Revolution — Happiness for everyone

~Technologies Design the Future~

 **SB Technology**

# Corporate Information

 SB Technology

## Management philosophy

### Mission

Information Revolution - Happiness for everyone

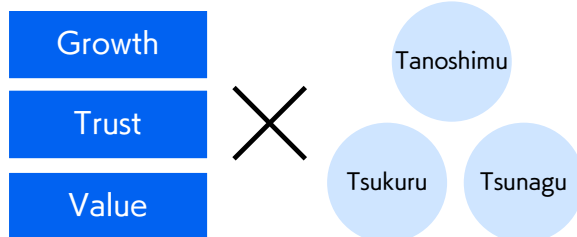
~ Technologies Design the Future ~

### Vision

Generating New Value to the World by Leading  
Technologies and Creativeness  
with Diverse Work Styles and Opportunity-full Culture

### Value

Accept Diversity  
Three Perspectives x Three Actions



## Corporate Data

(As of March 31, 2019)

Trade Name	SB Technology Corp. (*)
Address	27-30, Shinjuku 6-chome, Shinjuku-ku, Tokyo
Description of Businesses	ICT services business
Establishment	October 16, 1990
Common stock	JPY 995 mn
Number of employees	1,012 (consolidated)

(\*) The company name was changed to SB Technology Corporation as of October 1, 2019.

## Officers

(As of January 1, 2020)

### Board of Directors and Corporate Auditors

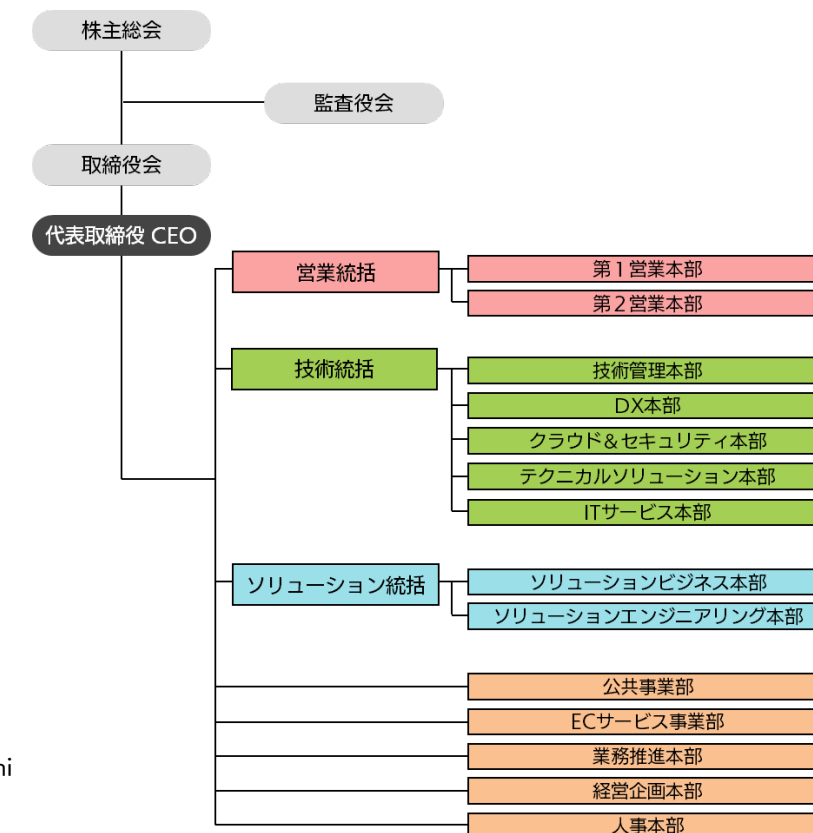
Representative Director CEO	Shinichi Ata	Chairman of Audit & Supervisory Board	Mitsumasa Ueno
Director CSO	Mitsuhiro Sato		
Director	Yukimasa Goto	Audit & Supervisory Board Member	Haruhiko Hirose
Director	Akira Kitamura		
Director	Takashi Kodama	Audit & Supervisory Board Member	Michiaki Nakano
Director	Kimihiko Kaneko		
External Member of the Board	Shigeo Suzuki	Audit & Supervisory Board Member	Naito Takashi
External Member of the Board	Yoshie Munakata		

### Executive Officers

President & CEO	Shinichi Ata
Senior Executive Vice President	Mitsuhiro Sato
Executive Vice President	Yukimasa Goto
Senior Vice President	Akira Kitamura
Senior Vice President	Takashi Kodama
Vice President CCO	Seiichi Masaoka
Vice President	Tetsuya Shimizu

## Organizational Chart

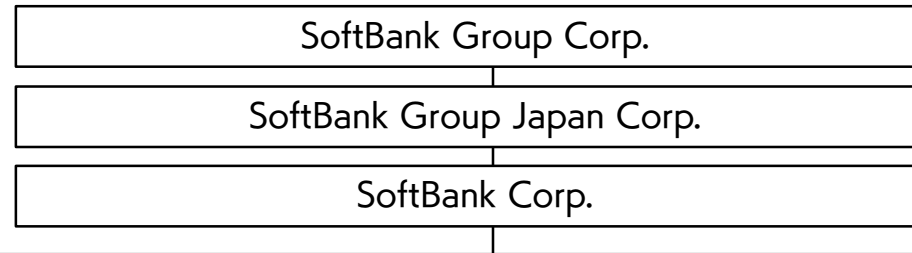
(As of January 1, 2020)



## Certification and accreditation

(As of January 1, 2020)





## SB Technology



### M-SOLUTIONS, Inc.

Providing cloud services and system design, development, operation and maintenance services primarily focused on smart devices



### Kan Corporation

Providing educational content that employs cloud services to achieve internal business improvement and innovations in communication.



### ASORA Tech Corp.

Providing ICT-based solutions and comprehensive ICT services for agriculture



Fontworks

### FONTWORKS Incorporated

Planning, development, and sales of fonts (typefaces), software development, technical services, OEM, etc.



### CyberTrust Japan Co., Ltd.

Providing of IoT services, OSS/Linux services, and certification/security services



### REDEN Corp.

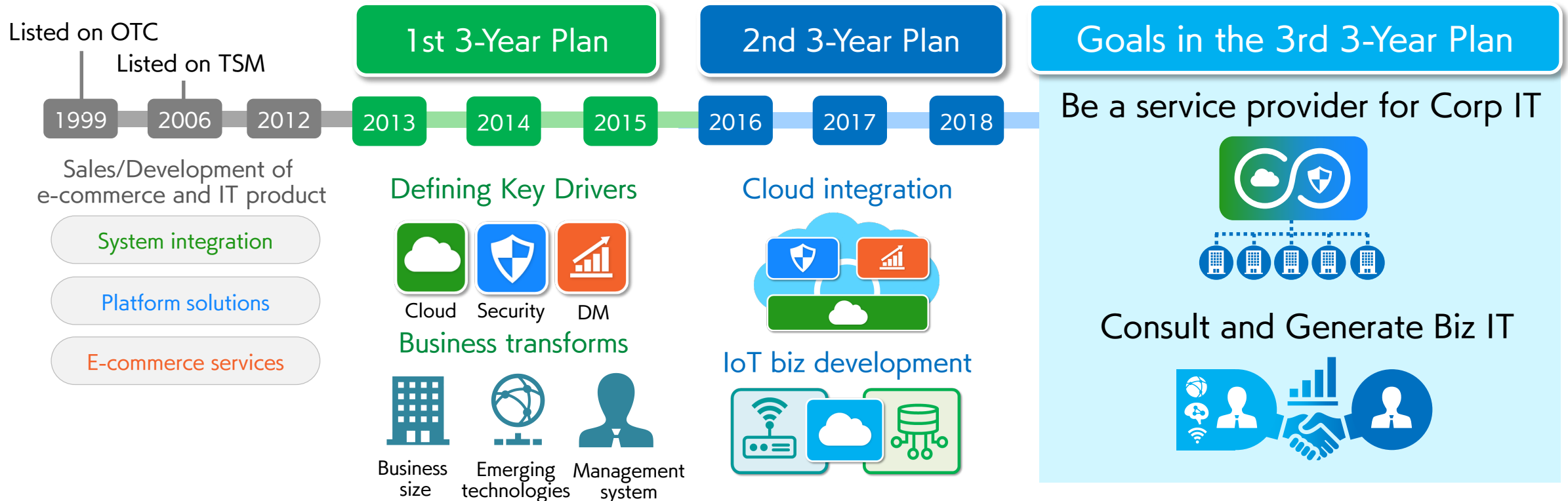
Providing a platform to promote the use of agricultural data and support the acceleration of the agricultural growth cycle

## Long-term targets and Positioning of the New 3-Year Plan

Long-term goal

Enhance the competitiveness of Japanese companies  
Becoming a Cloud Consulting & Service Company

- Cloud & Security No.1
- Creating Global Business with Customers through Advanced Technologies and Creativity





## FY21 Management Indicators

- Operating Income JPY4.3 bn  
(CAGR 20% based on FY2018/JPY25 bn)
- Increase BIT & CIT sales to 50% of total sales
- ROE 13%

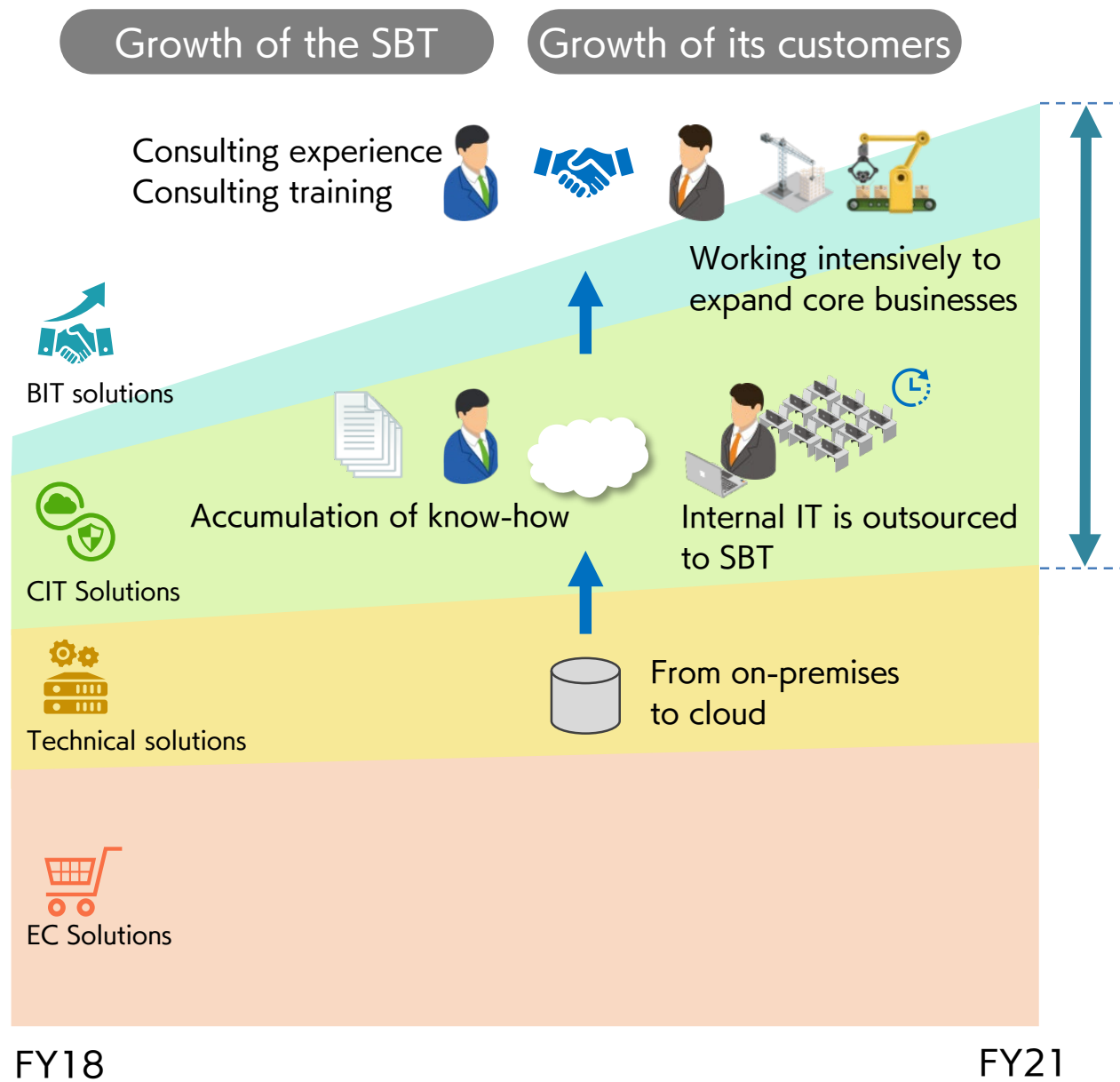
## Priority Theme

Be a Service Provider for Corp IT



Consult and Generate Business IT





# Shares of Sales 50%



- Business IT (BIT)**
- Collaborative Innovation with Business Divisions
  - Strengthen competitiveness by leveraging advanced technologies
  - Support of globalization



- Corporate IT (CIT)**
- Create time for customer IT departments
  - Promoting cloud computing and work style reform
  - Collaboration with sales partners

No. 1 track record  
in cloud implementation  
for enterprises and public offices

SB Technology Corp.

ICT services



## Business IT Solutions

Cloud business  
(for business divisions)

- Consulting service
- DX Solutions
- AI, IoT Solutions, etc.



## Corporate IT Solutions

Cloud business  
(for company-wide and administrative divisions)

- Cloud Integration
- Business efficiency services
- Cloud security services
- Security operations monitoring service
- E-authentication solutions, etc.



## Technical solutions

- Support for development and operation of on-premises (including private cloud computing)
- Equipment sales, construction, operation and maintenance services
- Sales and embedded developments of Linux/OSS related products, etc.



## EC Solutions

- EC site management agency
- E-commerce sales of font licenses, etc.

# Awards received

## Cloud

### Microsoft Partner of the Year 6 consecutive years



- Internet of Things (IoT) Award (2019)
- Security and Compliance Award (2018)
- Cloud Productivity Award (2017)
- Messaging Award, Public Sector Award, Cloud Platform Award (System Integrator) (2016)
- Cloud Platform Competency Award(System Integrator) Identity and Access Competency Award (2015)
- Identity and Access Competency Award (2014)
- Cloud Partner Award (2012)

### Microsoft Worldwide Partner Award 4 Prize



- The Microsoft 2019 Partner of the Year Awards "Internet of Things Partner of the Year" finalists
- Collaboration and Content Partner of the Year Finalist (2017)
- Country Partner of the Year Award, Cloud Packaged Solutions, Messaging, Public Sector-Government Award (2016)

## Security



Imperva, Inc.  
Top Growth Partner Award Award



Japan Network Security Association  
JNSA Prize special award (2017)



McAfee  
Received Partner Award 2016  
2 category award



27th Nikkei New Office Award  
Office Security Award (2014)



## Others



7th Japan HR Challenge Award  
Winning the Excellence Award  
in the Recruiting Division (2018)



### GOOD DESIGN AWARD 2018

To the next generation of Web Browser text layout  
The activities of the study group were awarded  
the Good Design Award. SBT contributes through  
the provision of "FONTPLUS". (2018)

Most  
Valuable  
Professional



Sitecore MVP Award  
Received the highest number of  
5 in Japan for 2 consecutive years  
(2018)



Sitecore MVP Award  
Received the highest 5 awards  
in Japan (2017)

Most  
Valuable  
Professional



Sitecore MVP Award  
Awarded (2016)

## SBT in Figures

SBT consolidated  
Number of  
Employees

1,012

Reduce overtime work by improving productivity

42 hours → 25 hours  
FY2015 FY2018

SBT non-consolidated  
technical employees  
Percentage of PMP  
holders (International Project Management Certification)

23%

(consolidated basis)  
2,019th New Graduate  
42

Average age  
37.9  
years of age

As of March 31, 2019

## Significant employee growth is the driving force behind SBT's growth

We are working to raise the skills and productivity of our employees as a whole.



### On/Off Switching (sharp)

- Flex without Core Time System
- Leave of Complete PJ



Shifted to a flex-time system for all employees, Premium Friday is also under management.



Be based on the Act on Promotion of Women's Participation and Advancement in the Workplace Acquisition of the highest rank of "Eruboshi" certification



### Support for Growth (Securing and Maintaining Excellent Human Resources)

- Skill Program for New Employees Grades
- Support for obtaining certification

Percentage of Employees  
Taking Leave for Skill Development

FY2018

Total number of days acquired: 314 days  
Number of persons acquired: 136



### ICT Utilization (Reduction and Creation of Time)

- Cross-organizational information sharing
- Web conferencing, mobile usage

On the initiative of employees  
Telework is also realized

# Materials to be Considered

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1. Due to a review of service classifications for some solutions, the amounts of sales and marginal profit before the previous fiscal year for each service classification have been calculated in accordance with the current method of recording.
2. The figures shown in the various graphs in this document may differ from the figures in the various graphs due to the relationship between the fractional processing and the figures in the financial results report.
3. "Partial Amendment to Accounting Standard for Tax Effect Accounting" has been applied from the beginning of the 1Q of FY3/2018.

## Disclaimer

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Statements made in this presentation with respect to plans, estimates and other statements that are not historical facts are forward-looking statements based on information available at the time the presentation was prepared and involve various risks and uncertainties. Actual results may differ materially from these forecasts due to a variety of factors, including changes in the business environment.

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 **SB Technology**