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## Summary of questions and answers at the Q2 FY2022 Earnings Results of Operations

Date of the event: October 26, 2022 16:00-17:00  
Venue: SB Technology Corp. Head Office (Teams held)  
Respondent: Shinichi Ata, President & CEO

< Questioner 1 >

(1) What are your strengths and features relative to competitors dealing with Microsoft products?

We provide our customers with IT solutions using advanced technologies as the prime vendor. We have a long track record in handling products from Microsoft, but rather than selling licenses and equipment, we will provide optimal solutions and services to meet the environment, issues, and objectives of our customers, including security measures.

< Questioner 2 >

(2) Gross profit margin for Telecommunications is improving, but how much is it aiming to improve?

Enterprise has a gross profit margin of nearly 25%, including high-margin services. The company aims to achieve a 20% margin in the future for Telecommunications, although the percentage of SI is high.

(3) What is the tolerance of Cloud Security to economic deterioration?

Originally, it was developing its business for Telecommunications and Enterprise, but about eight years ago, it began trying to make Public Sector a single pillar, as one of the countermeasures against the economic downturn. Though it is a field with many challenges, the results of Cloud projects for the Ministry of Agriculture, Forestry and Fisheries and local government information security cloud are evaluated, partly because of recent DX trends. We intend to develop the knowledge we have accumulated for our Enterprise.

< Questioner 3 >

(4) How do you evaluate orders in Q2?

In the current fiscal year, there was a reactionary decline following the large-scale orders received for local government information security cloud. However, demand for Enterprise continues to be strong, and orders are accumulating for Managed Security Services, one of the Company's key services, and sales are trending firmly.

(5) Please tell us the background of the strategic withdrawal of low-profitability licensing sales.

We believe that DX of customers cannot be promoted by the introduction of communication infrastructures alone. We have a strategy to develop our customers from the communications infrastructure. We intend to grow together with our customers who can sympathize with our DX autonomy and data utilization on a secure cloud infrastructure, which is the theme of the 4th Medium-Term Management Plan.

< Questioner 4 >

(6) Some AWS and others have been asked to purchase in U.S. dollars, but are they affected by exchange rates?

Although there are some purchases of overseas products, this is not enough to have a significant impact on results. In addition, we will refrain from responding to individual contracts.

< Questioner 5 >

(7) What segments and solutions will drive growth in the second half?

Telecommunications sales are trending downward, as in 1H, but the company hopes to achieve its full-year forecast through Enterprise and Public Sector growth, including SoftBank group companies such as Z Holdings. In the second half also, the Company will improve its profit margin by developing services centered on Managed Security Services.

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