

※ It is translated by AI

Fiscal Year Ending March 31,
2024 (FY2023)

Earnings Results of Operations

April 25, 2024

SB Technology Corp.

Security Code : 4726

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

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 SB Technology

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Financial Results

SB Technology

FY23
Full-year
Results

Sales decreased due to restrained investment in Telecommunication and the deconsolidation of Fontworks, Inc.

Despite an increase in SG&A expenses due to the strengthening of recruitment, **the operating income margin continued to improve**

Orders
Received

As a result of a reactionary decline in orders for multi-year Public Sector's projects and the impact of restrained investment in Telecommunication, both orders and order backlog declined from the previous fiscal year.

FY24
Forecast

FY2024 Q4 Net Sales 69.5 billion yen/Operating Income 5.7 billion yen

Excluding the impact of Fontworks, Inc., which was excluded from consolidation in the second half of the previous fiscal year

Net sales 8% up, Operating income 6% up

Consolidated P/L (Full year cumulative)

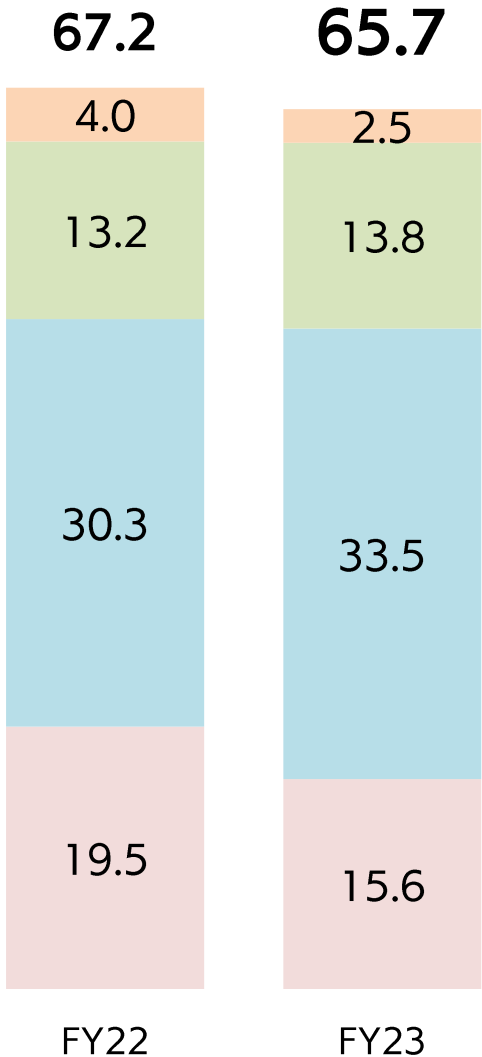
| FY2023

- Sales decreased due to restrained investment in Telecommunication and the exclusion of Fontworks, Inc. from consolidation. Profitability improved and Operating income increased.
- Increase of 4.8 billion yen in Net profit due to costs and gains associated with the transfer of Fontworks, Inc.'s stocks, etc.

[Millions of yen] (Profit margin)	FY23	FY22	Change	Change %
Net sales	65,704	67,227	▲1,523	▲2.3%
Operating income	Record High 5,699 (8.7%)	5,557 (8.3%)	+141	+2.6%
Ordinary income	5,473 (8.3%)	5,499 (8.2%)	▲25	▲0.5%
Profit attributable to owners of parent Net profit	Record High 8,363 (12.7%)	3,497 (5.2%)	+4,866	+139.2%
EBITDA ※	Record High 7,316	7,217	+98	+1.4%

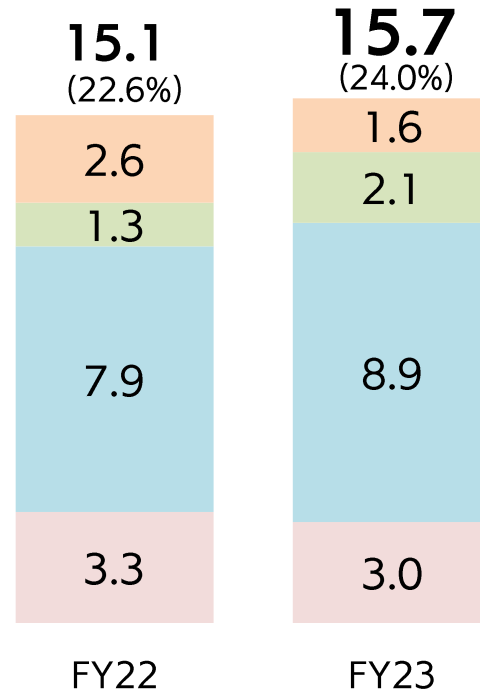
*EBITDA=Operating income+Amortization of goodwill+Depreciation

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

- Growth in DX strategic projects established by the Ministry of Agriculture, Forestry and Fisheries
- Profits increased due to steady progress in the 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

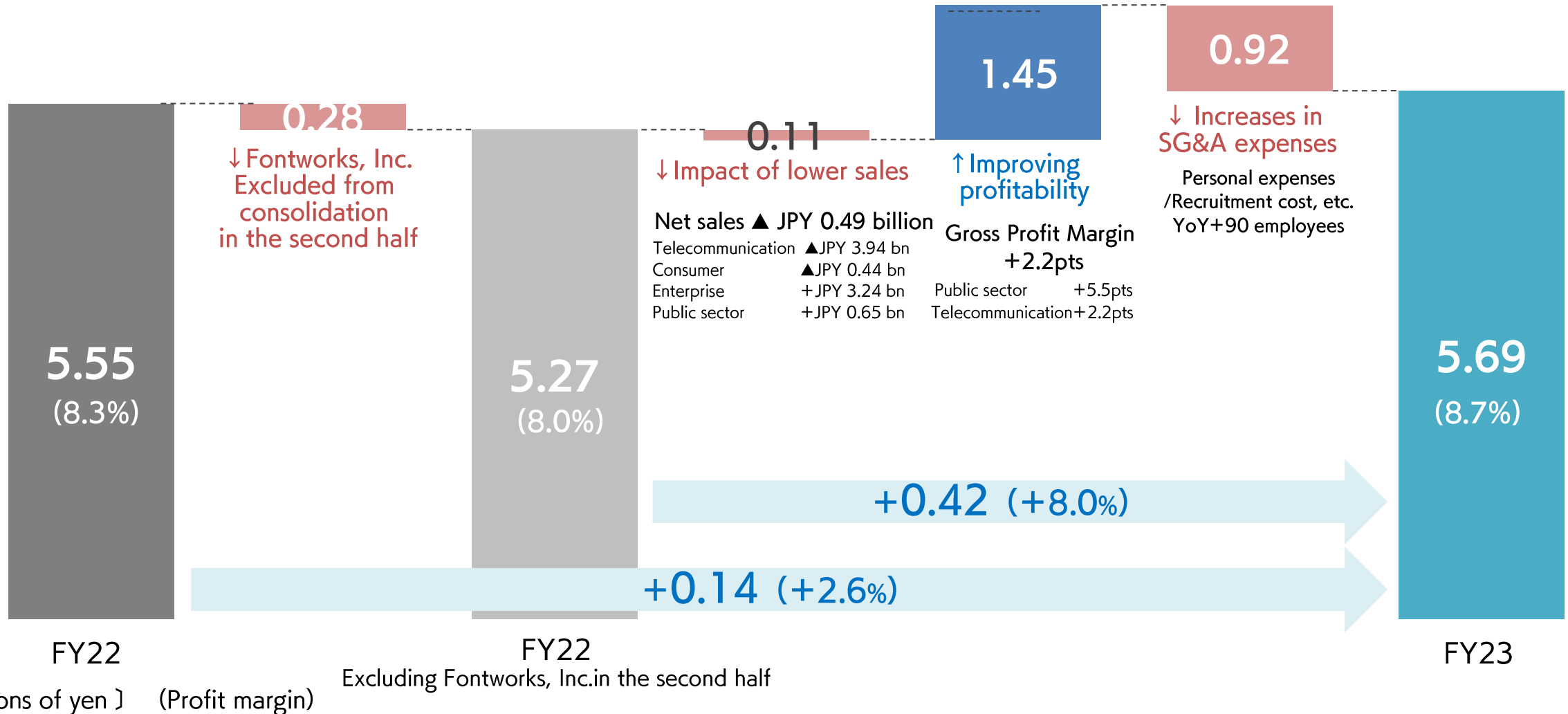
*1 : Abbreviation for Security Cloud

*2 : Abbreviation for Managed Security Service

Factors Behind Changes in Operating Income

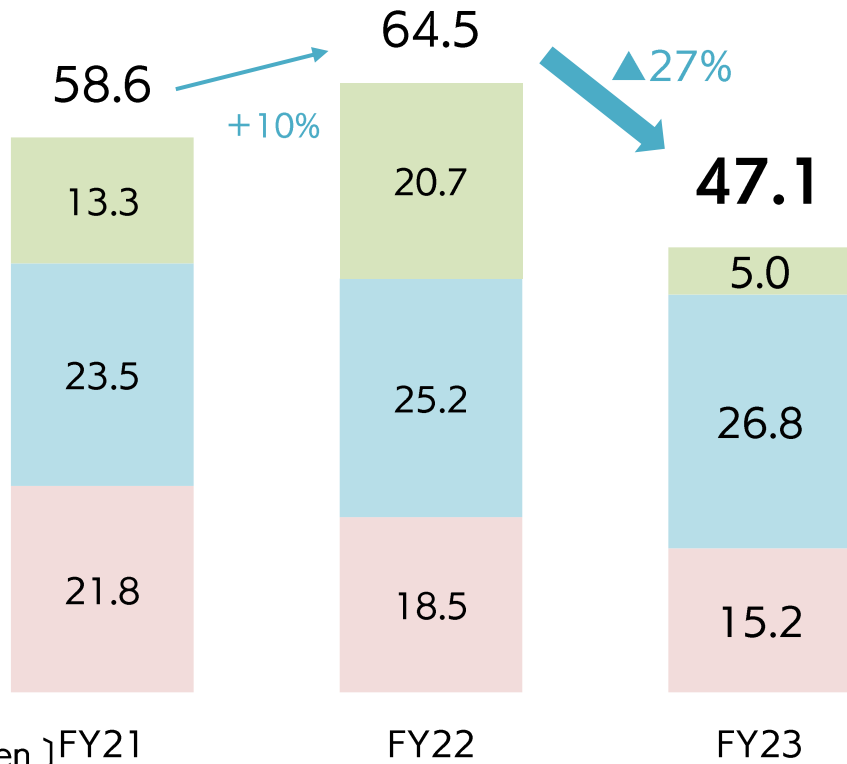
| FY2023

- Gross profit margin continued to improve, while revenues from Telecommunication and Consumer declined.
- Profit increased by 420 million yen (+8%), excluding the impact of the exclusion of Fontworks, Inc. from consolidation, despite steady progress in recruitment



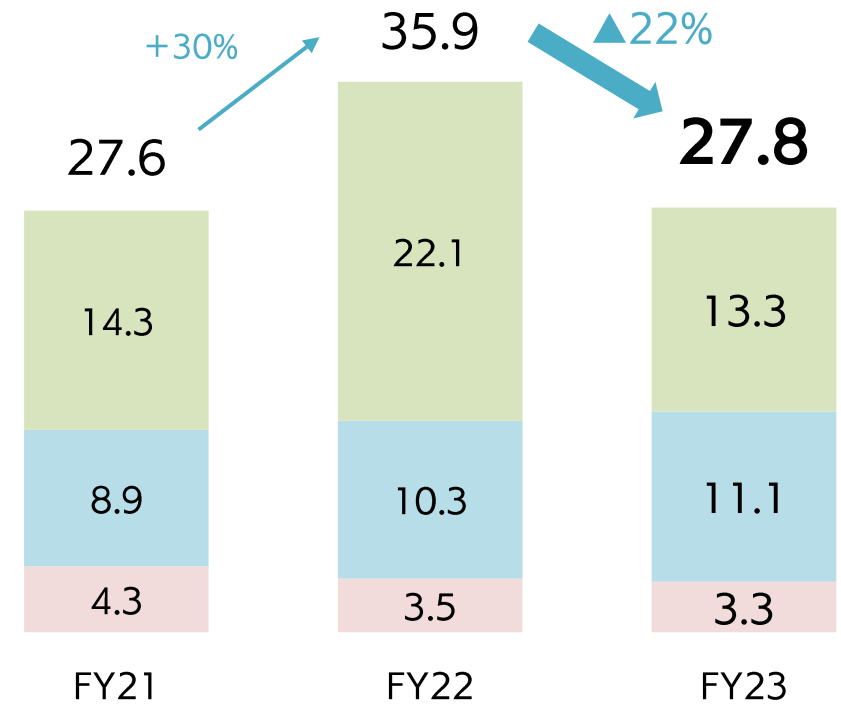
Orders Received

Public Sector	FY21-22 received large orders for several years, including the Ministry of Agriculture, Fisheries, and local government information SC. In FY23, orders from the Digital Agency and the Ministry of Land, Infrastructure and Transport received
Enterprise	Increased orders for security, including cloud construction/operation and MSS
Telecommunication	Reduced vendor management projects and steady development of internal systems



Order Backlog

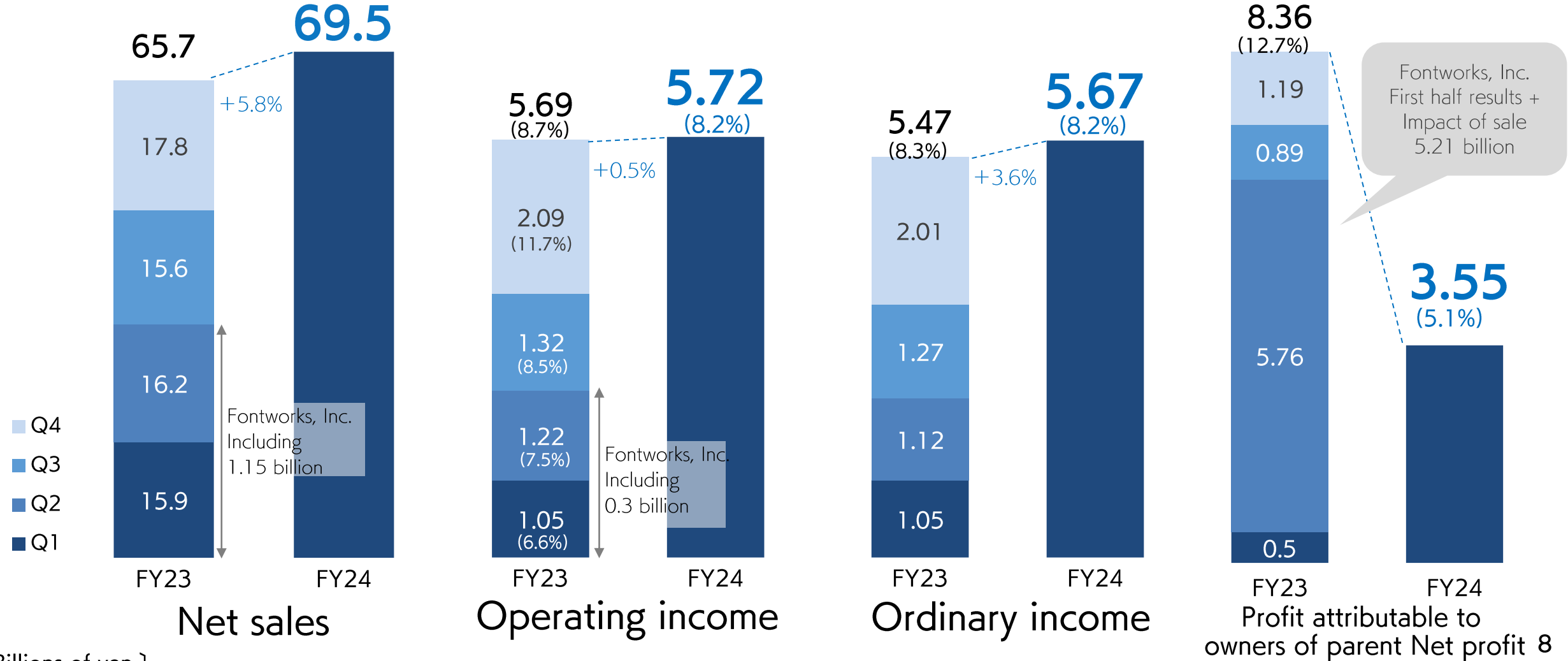
Public Sector	Large-scale operation projects for several years, such as the Ministry of Agriculture, Fisheries and Local Government Information SC, have progressed steadily, and the backlog of orders has been digested.
Enterprise	Orders for security-related services, including cloud construction/operation and MSS, increased
Telecommunication	Reduced vendor management projects and steady development of internal systems



FY24 Full-year Earnings Forecasts

| FY2023

- Full-year FY24 forecasts are Net sales 69.5 billion yen (+6% YoY) and Operating income 5.72 billion yen (unchanged from the previous fiscal year)
- FY23, Excluding Fontworks, Inc., which was excluded from consolidation, Net sales +8%, Operating income +6%, Net income +6%



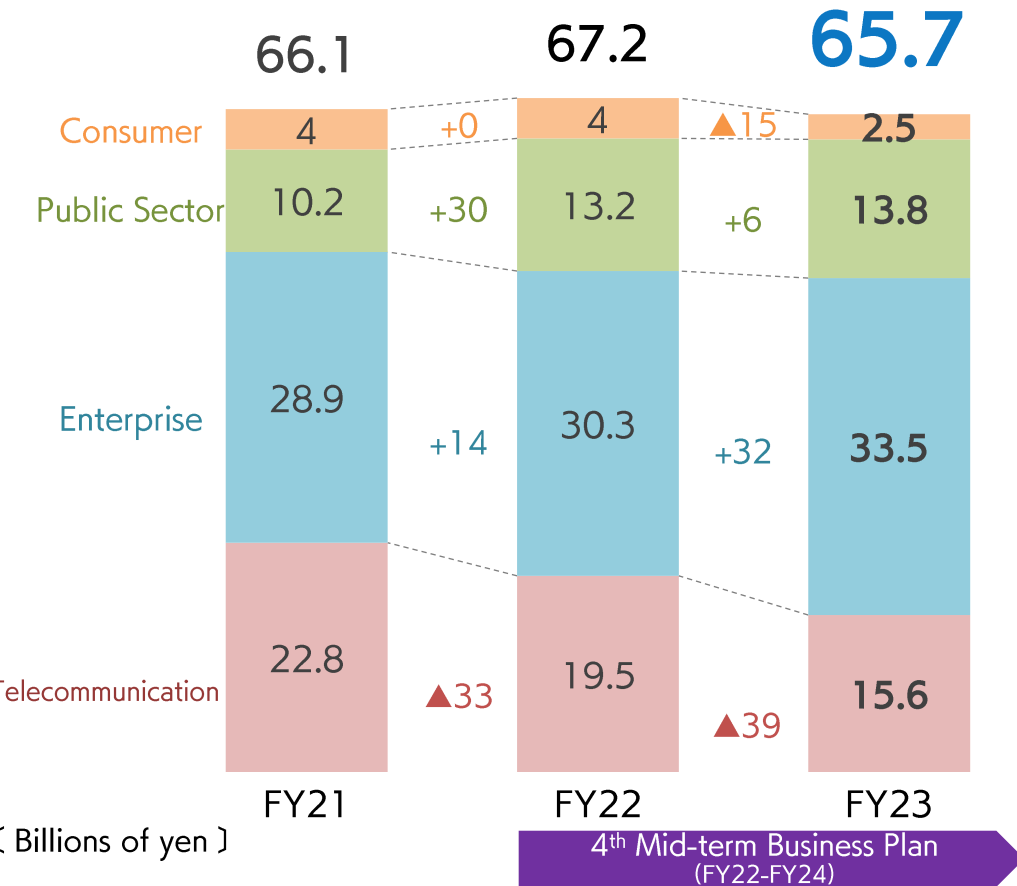
[Billions of yen]

Progress of Medium-Term Management Plan

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

— SB Technology

Transition of Net sales



Consumer

- Transfer of stock of Fontworks, Inc. for "Focus on cloud & security"
- Norton Store's operating agency tended to shrink due to a contract change

Public Sector

- Expansion of business in application/map areas mainly by the Ministry of Agriculture, Forestry and Fisheries, and lateral expansion to other ministries and agencies
- Local Government Information SC expanded from 4 prefectures to 12 prefectures and the opportunity also 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,
and Public Sector and Enterprise have expanded.

Transition of Gross Profit Margin

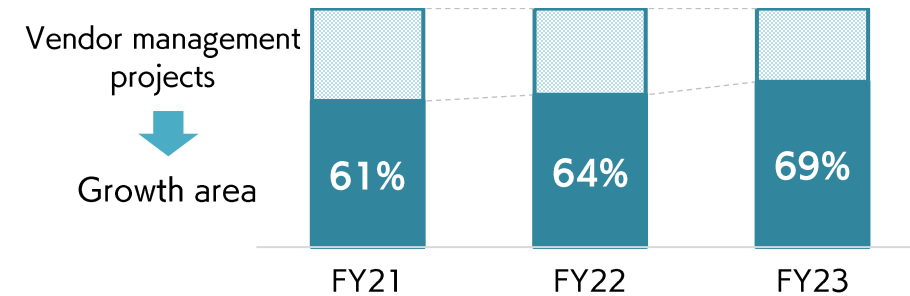


Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
FY21				FY22				FY23			

Trends of Telecommunication

- While sales are on a downward trend due to the impact of investment deterrence, profit margins are improving by shifting to areas with higher added value

Trends in sales composition ratio



- Promoting offshore use to expand resources and improve efficiency
- Invested in NTQ, a provider of offshore development and ICT solutions development in Vietnam

Cost control initiatives achieved steady results and profit margin improved
From FY2024, we will increase activities to acquire projects in growth areas and create projects.

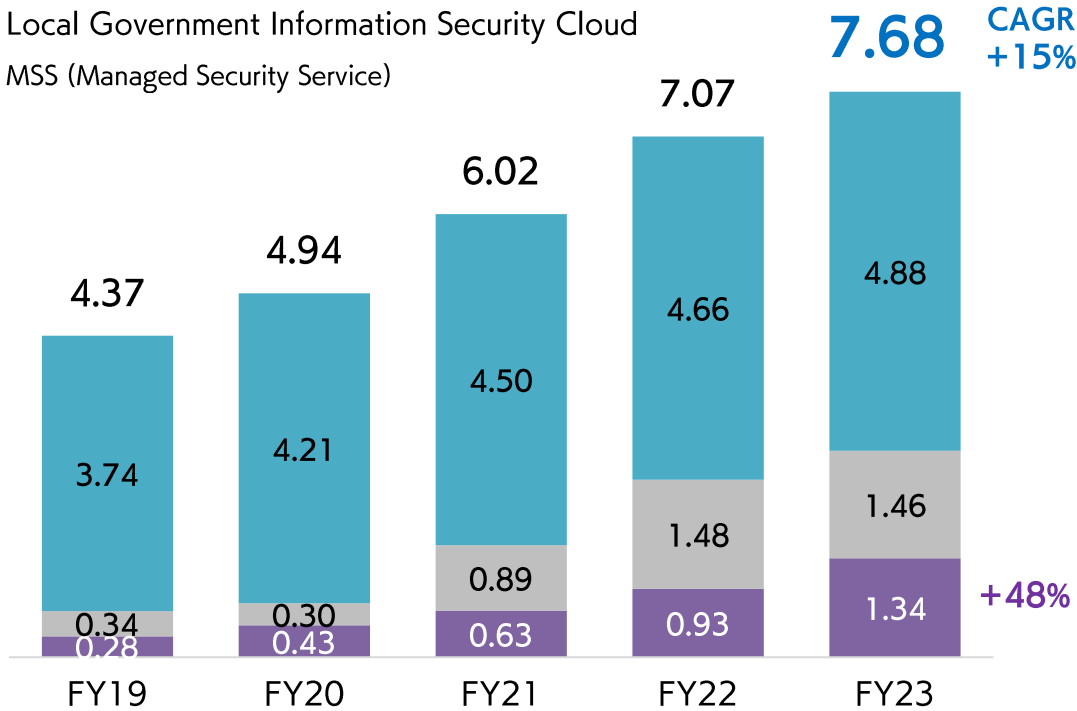
SBT Non-Consolidated Security-Related Business Sales

[Billions of yen]

■ Security for Enterprise※1

■ Local Government Information Security Cloud

■ MSS (Managed Security Service)



Security Business Trends

- MSS grows 1.5 times annually, mainly in the crisis detection area
- Expansion of services for security from FY23 to normal times and acquisition of large projects

MSS (Managed Security Services)

【Areas to be strengthened in the future】

Normal time

- Understanding IT assets
- Automatic vulnerability management
- Defect detection and risk reporting

Crisis detection

- Collecting security logs
- Correlating logs to analyze attacks

Investigation & restoration support

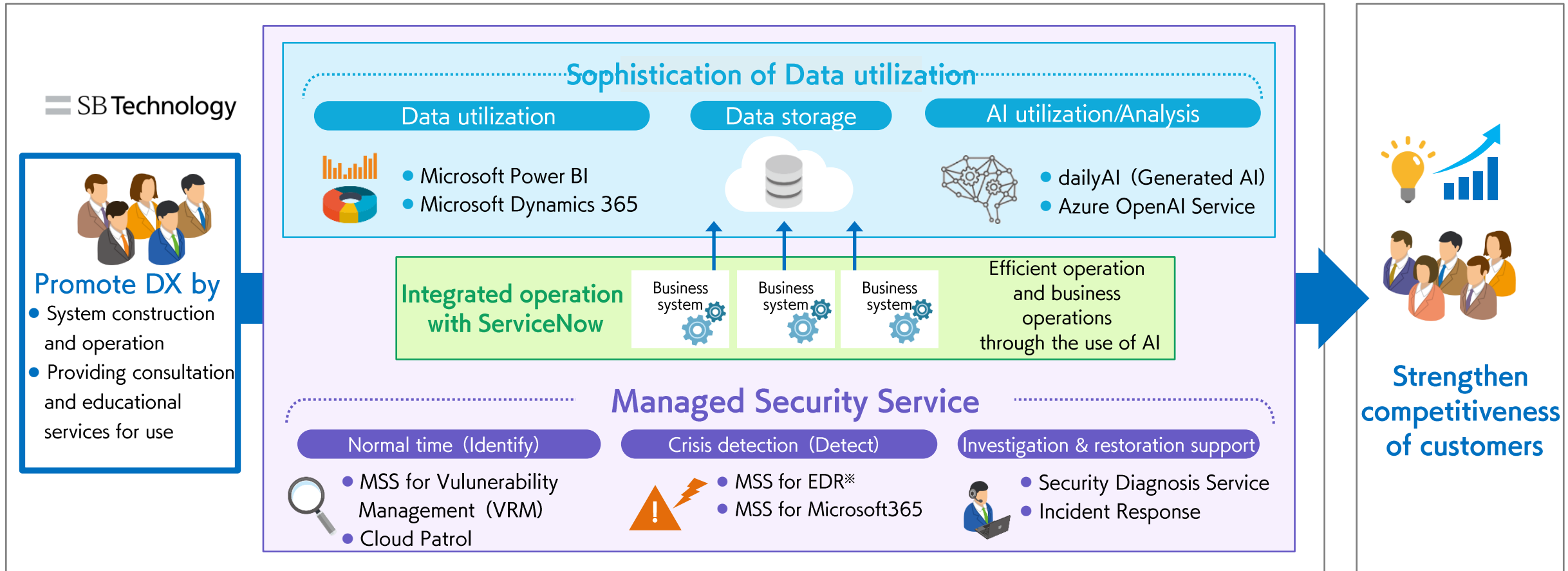
- Response at failure/ Attack detection
- Support from "Initial" to "Restoration"

- No.1 Share in "SIEM service/ SOC service market" ※2



MSS, the company's core service, continues to grow at a rate of about 1.5 times each year, and has increased its presence in the security-related market.

※1 : Including sales of security equipment ※2 : ITR "ITR Market View: Endpoint-security/information-leakage SOC Services Marketing 2022/2023") share of sales by vendor (FY2021/FY2022) Deloitte Tohmatsu MIC Research Institute Co., Ltd. "Managed Security Services Market Status and Forecast 2023 Edition"

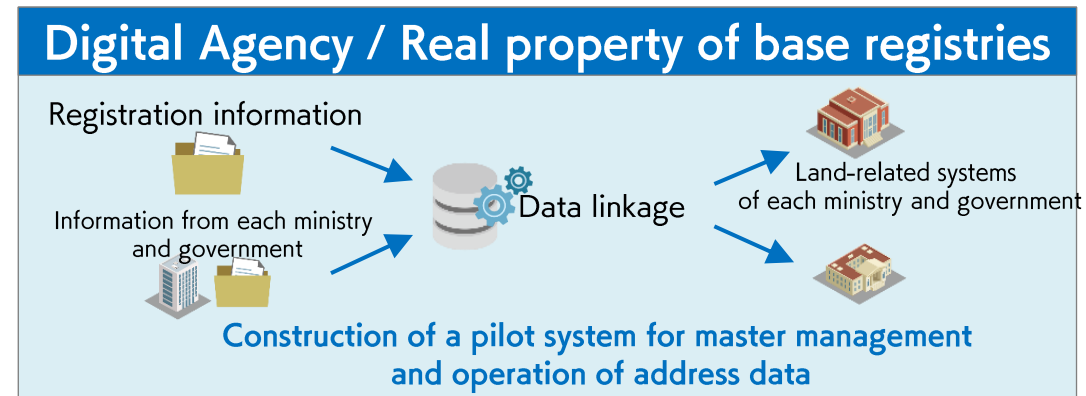
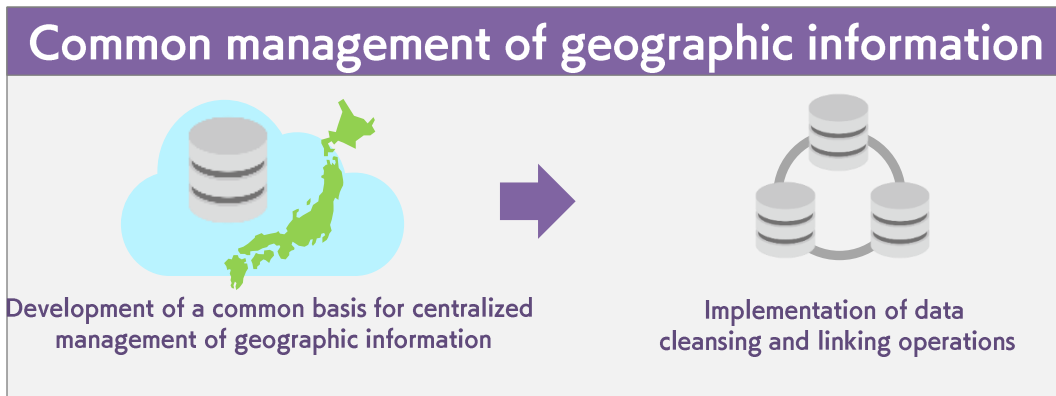
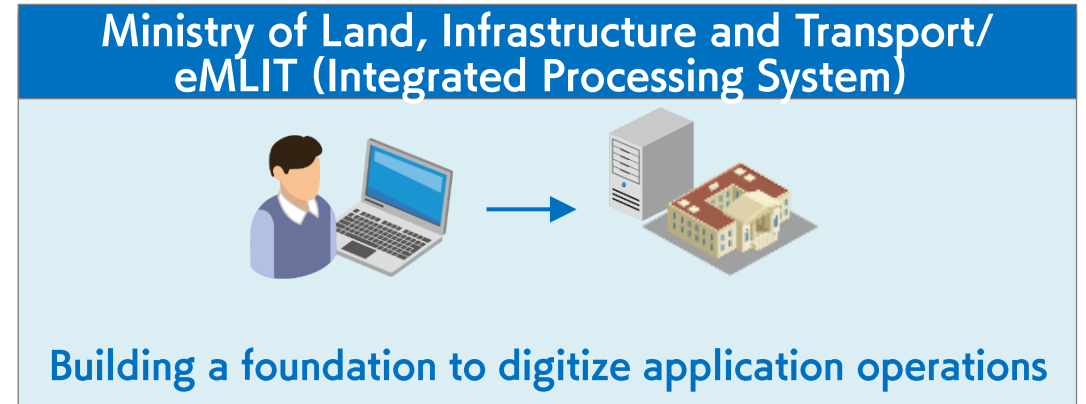
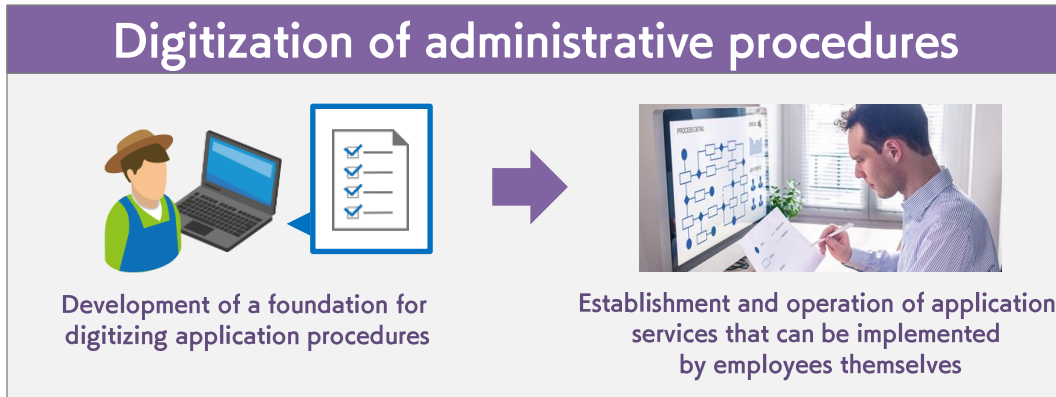


To become a partner to promote customer DX through the consistent use of data in a secure environment

*Security of endpoints such as terminals (Abbreviation for Endpoint Detection and Response)

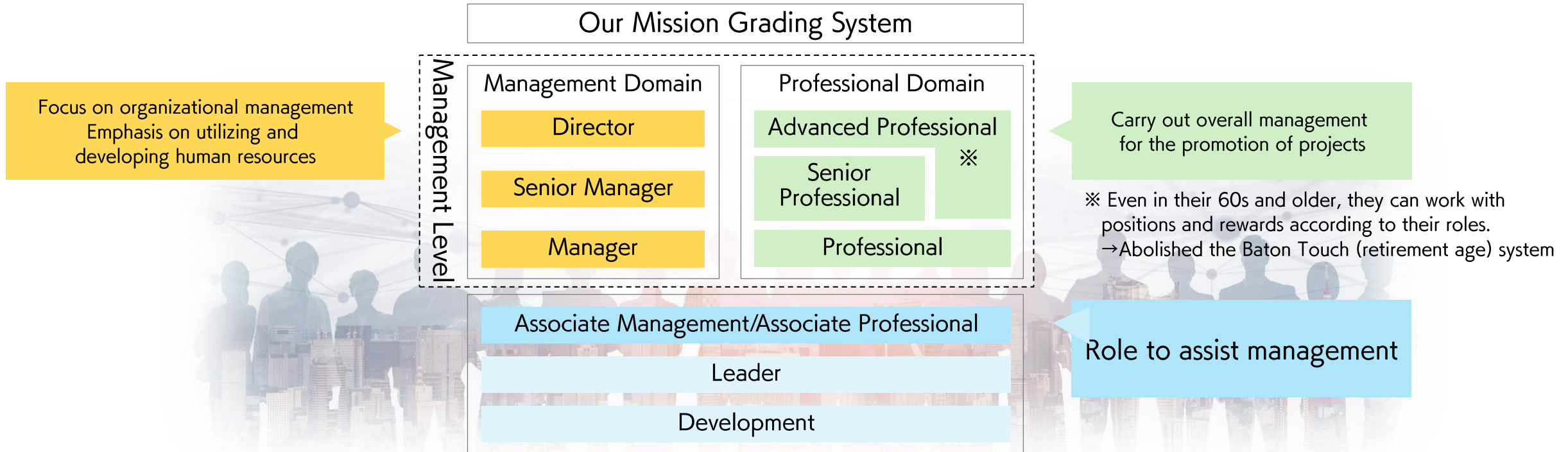
Our performance in DX of the Ministry of Agriculture, Forestry and Fisheries

New orders received by other government agencies



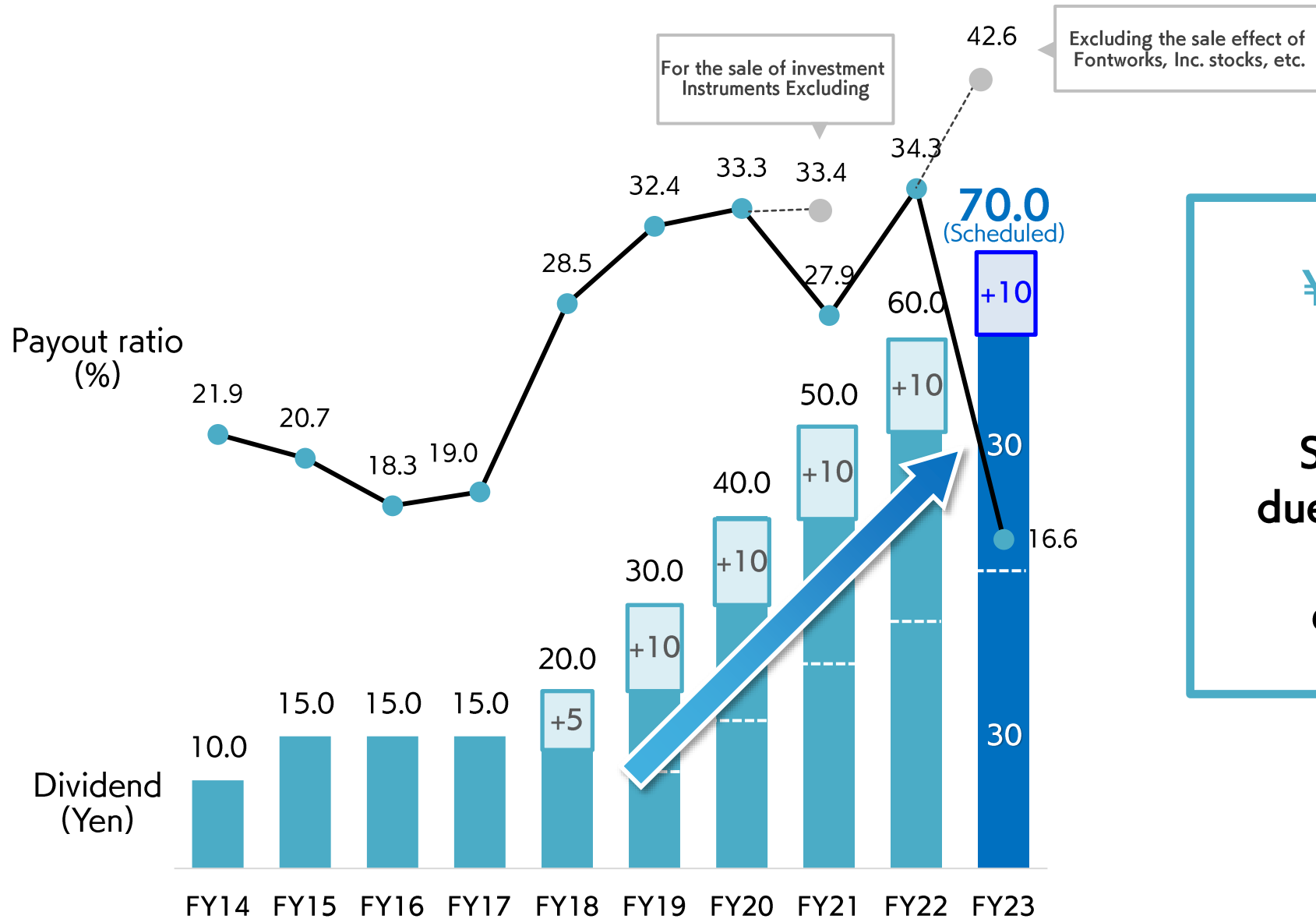
Acquisition of projects by other ministries and agencies based on DX of the Ministry of Agriculture, Forestry and Fisheries' experience and knowledge of electronic applications and map-domain businesses

Since April 2024, in order to evolve into a IT company that is responsible for more upstream businesses **we have reviewed discretion and roles with a focus on management, and have achieved base-up by designing a reward system that is appropriate for each role.**



Upgraded human resource system to enable each employee to demonstrate maximum performance with high expertise, increasing monthly pay by an average of 5%

Shareholder Returns



**Annual dividend of
¥70 per share (planned)
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.