

※ It is translated by AI

# First Quarter of the Fiscal Year Ending March 31, 2023

## Results of Operations

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July 27, 2022

SB Technology Corp.

Security Code : 4726

*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.*

 SB Technology

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# Financial Results

— SB Technology

## Financial Results

**Achieved Q1 record highs in all indicators such as net sales and operating income**

The incident of the next-generation local government data SC※ will also converge.

## Orders Received

Received additional orders for projects for the Ministry of Agriculture, Forestry and Fisheries and for the next municipal intelligence SC from 2 prefectures

**Updated record-high orders and order backlog in Q1**

## Full-year forecast

Accumulated orders through DX promotion by companies and administration

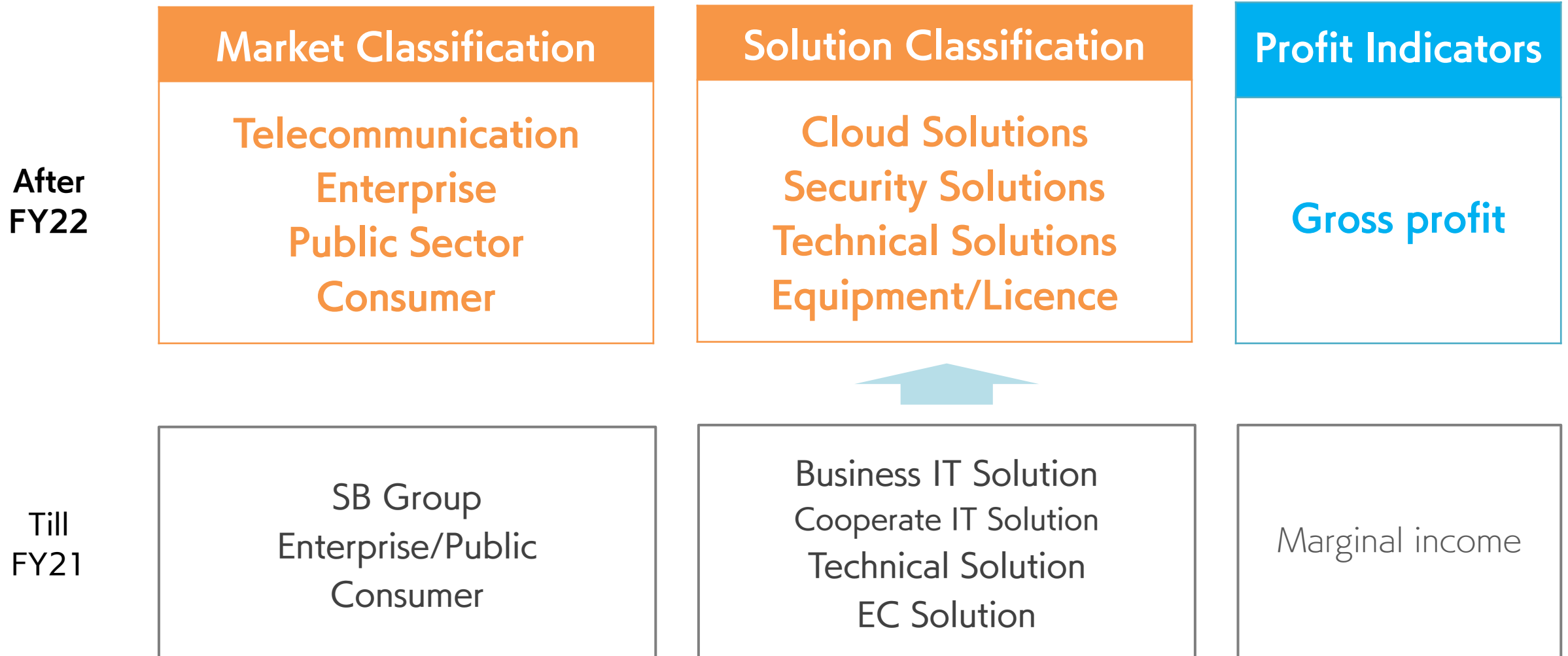
**Full-year Forecast Net Sales 70 billion yen, Operating Income 5.4 billion yen**

- Increase in public sector and enterprise projects, driving sales growth
- Profitability improved in enterprise and telecommunications; large-scale unprofitable projects and incidents expected to converge within reserves

[Millions of yen]	(Profit margin)	FY22Q1	FY21Q1	Change	Change %
Net sales		Record High 15,560	14,994	+565	+3.8%
Operating income		Record High 1,085 (7.0%)	912 (6.1%)	+173	+19.0%
Ordinary income		Record High 1,070 (6.9%)	877 (5.9%)	+192	+21.9%
Profit attributable to owners of parent Net profit		Record High 646 (4.2%)	516 (3.4%)	+129	+25.1%
EBITDA ※		Record High 1,494	1,274	+219	+17.2%

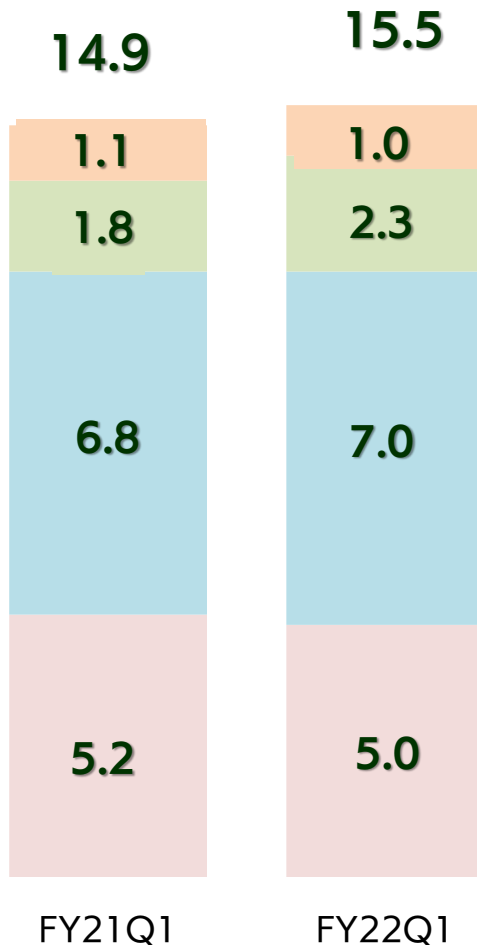
※EBITDA=Operating income+Amortization of goodwill+Depreciation

From this fiscal year, we have changed the following to make it easier to understand how our business portfolio is transformed and how our business performance is compared to the external environment and other companies.



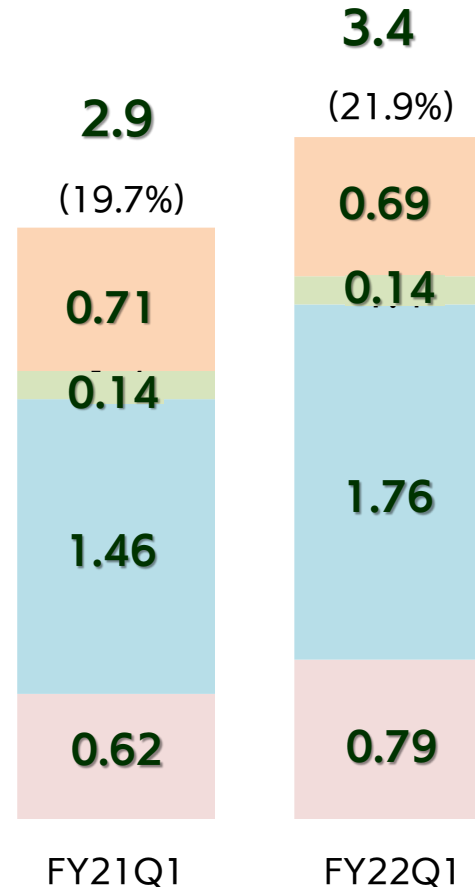
※Details are described on P13 and P20

## Net sales



## Gross profit

(Billions of yen)  
(Profit margin)



### Consumer : Decrease in both sales and profits

- Although there was a contract change with NortonLifeLock Co., Ltd., the trend was largely as planned

### Public Sector : Increase in sales, and Flat in profits

- Growth in sales through projects for the Ministry of Agriculture, Forestry and Fisheries and the operation of next-generation municipal information SC
- The cost of acquiring projects increased due to the time lag of receiving orders.

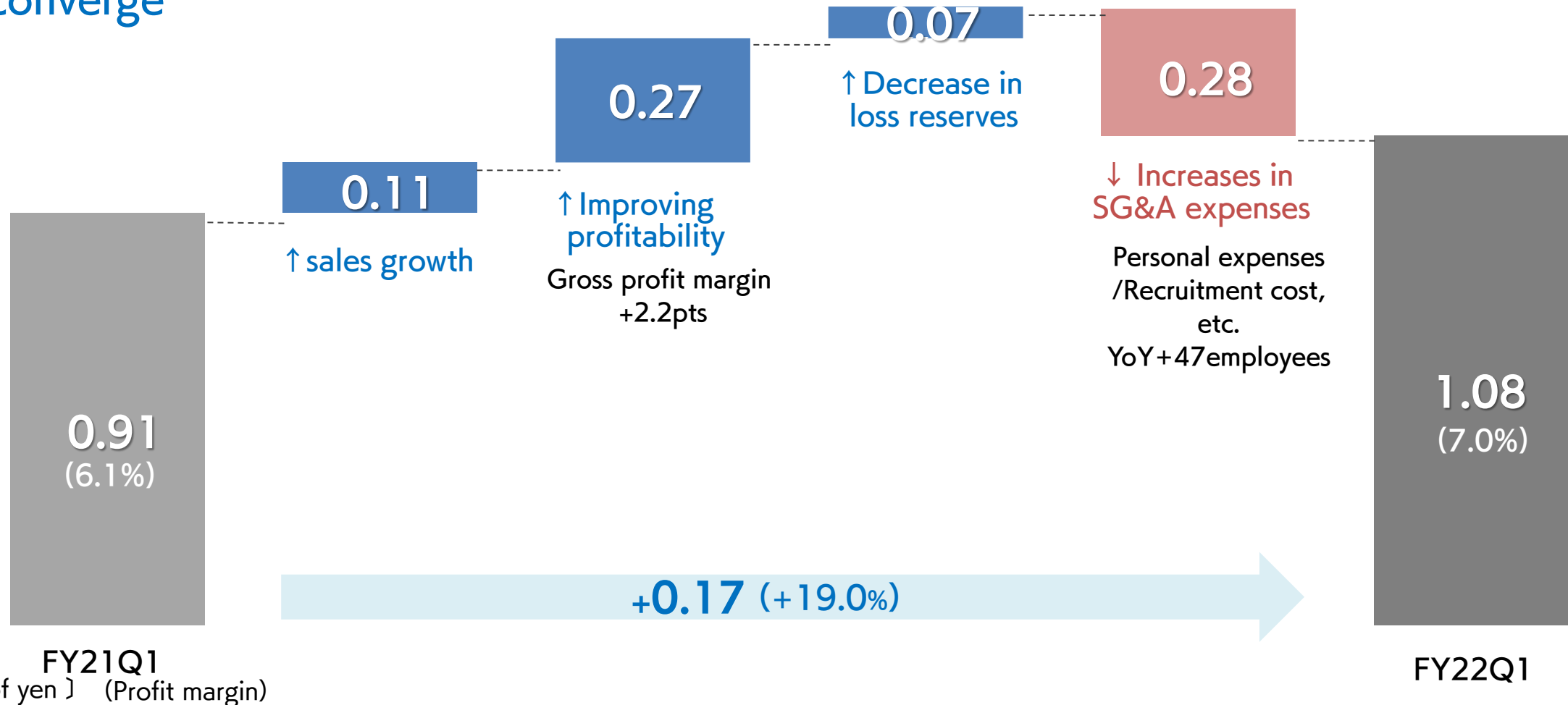
### Enterprise : Increase in both sales and profits

- Both sales and profits increased due to steady progress in security measures, monitoring and operation, and system development for the manufacturing industry.

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

- Decrease in sales due to reaction to large-scale cloud projects in the same period of the previous fiscal year
- Profit increased due to an increase in system development projects in the on-premises environment.

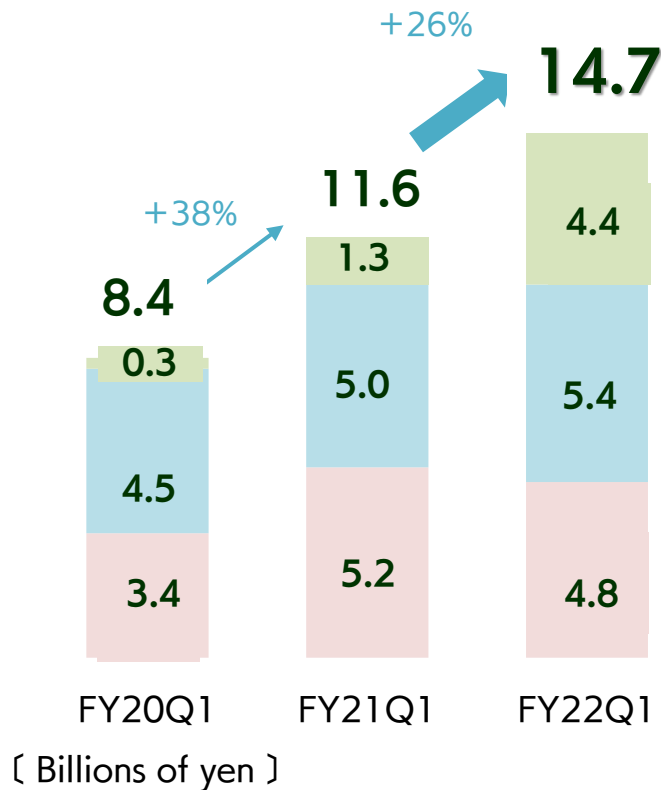
- Gross profit margin improved 2.2 percentage points due to improved profitability in Enterprise/Telecommunications
- Incidents and large-scale projects that recorded the previous year's reserve will converge



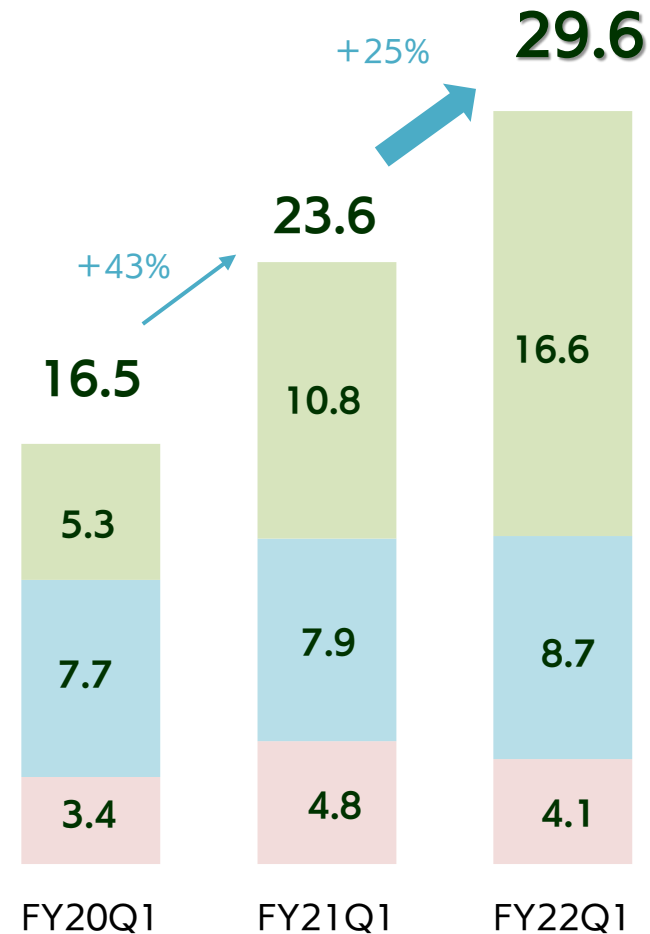


Orders received

- Public Sector
- Enterprise
- Telecommunication



Order Backlog



Single order  
balance  
(YoY basis)

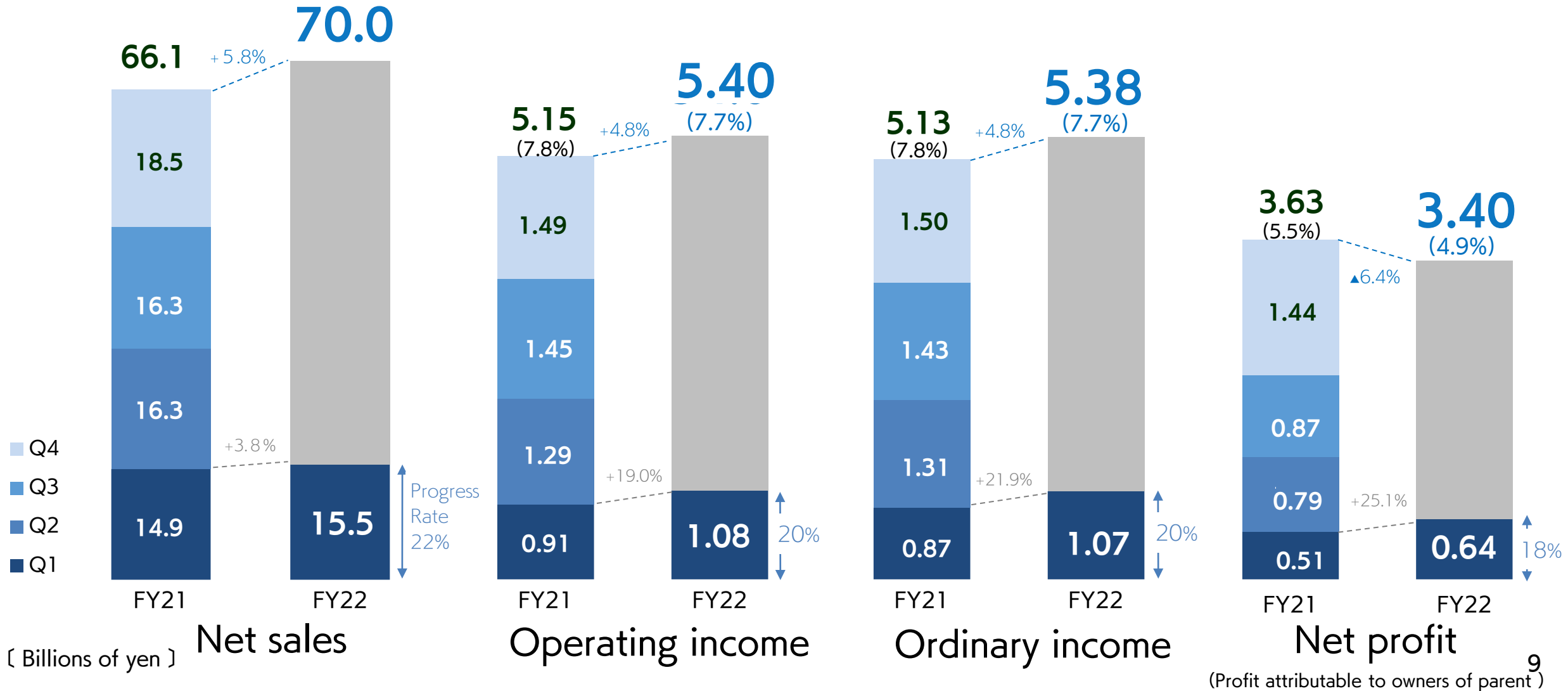
**6.0** Billions Yen UP

Q1/ Main orders

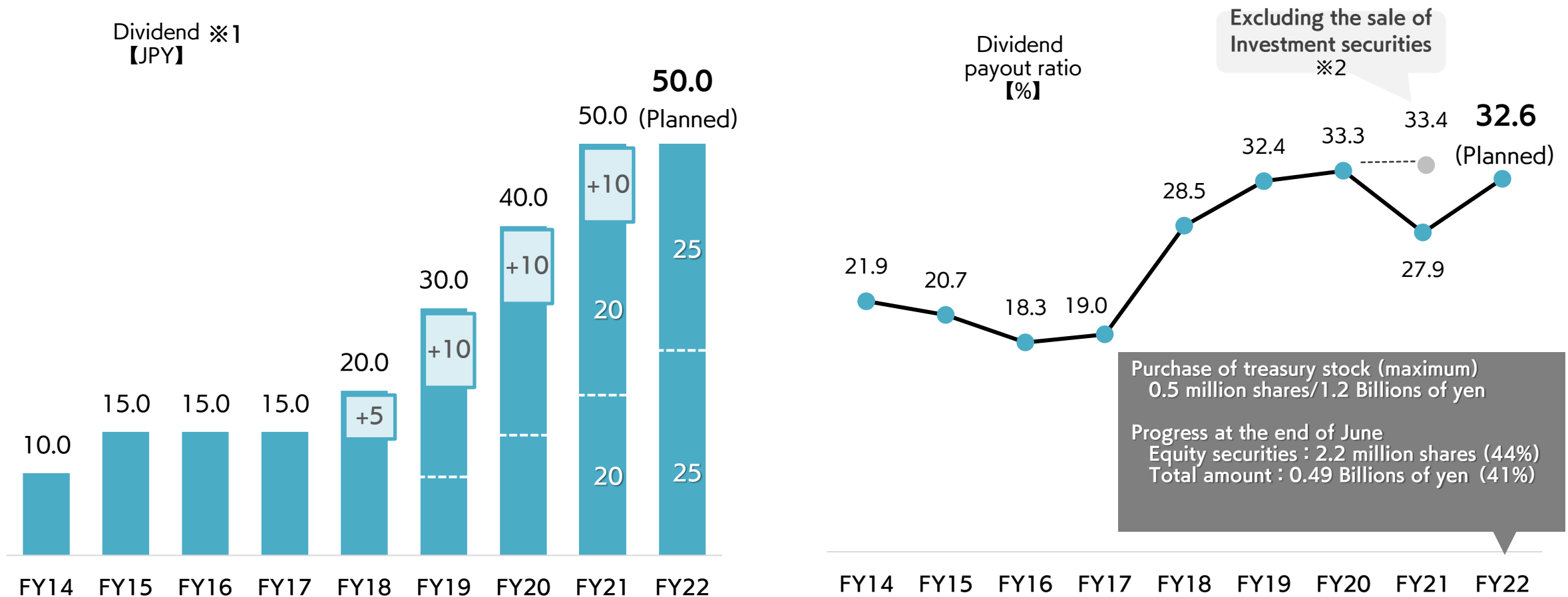
- Received orders for development projects by the Ministry of Agriculture, Forestry and Fisheries
- Received additional orders for Saitama and Yamaguchi Prefectures for next-generation municipal information SC
- Approximately 70% of the order backlog is expected to generate sales this Quarter

## The full year forecast

- Demand for Cloud Security is robust, although there is a contract change with NortonLifeLock Co., Ltd.
- Excluding the gain on sales of investment securities recorded in Q4 of the previous fiscal year, net profit is also expected to increase



Based on stable and continuous dividends, while comprehensively taking into account the consolidated results of operations, investment plans, and the status of cash on hand each fiscal year, the Company's policy is to consider the acquisition and retirement of treasury stock as necessary, while taking into account trends in stock prices and financial conditions.



※1 : As of June 1, 2017, we conducted a stock split at a ratio of 2 shares per common stock to adjust the dividend amount.

※2 : Calculated based on FY21 net income excluding sales of investment securities

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# Appendix

SB Technology

## For Big enterprise, government office Cloud Introduction No.1

SB Technology Corp.

ICT Service Business

### Telecommunication

- Construction, operation and maintenance of on-premises systems (including private cloud)
- Cloud consulting/Migration assistance/Construction/Operation
- Security monitoring operation service, etc

### Enterprise

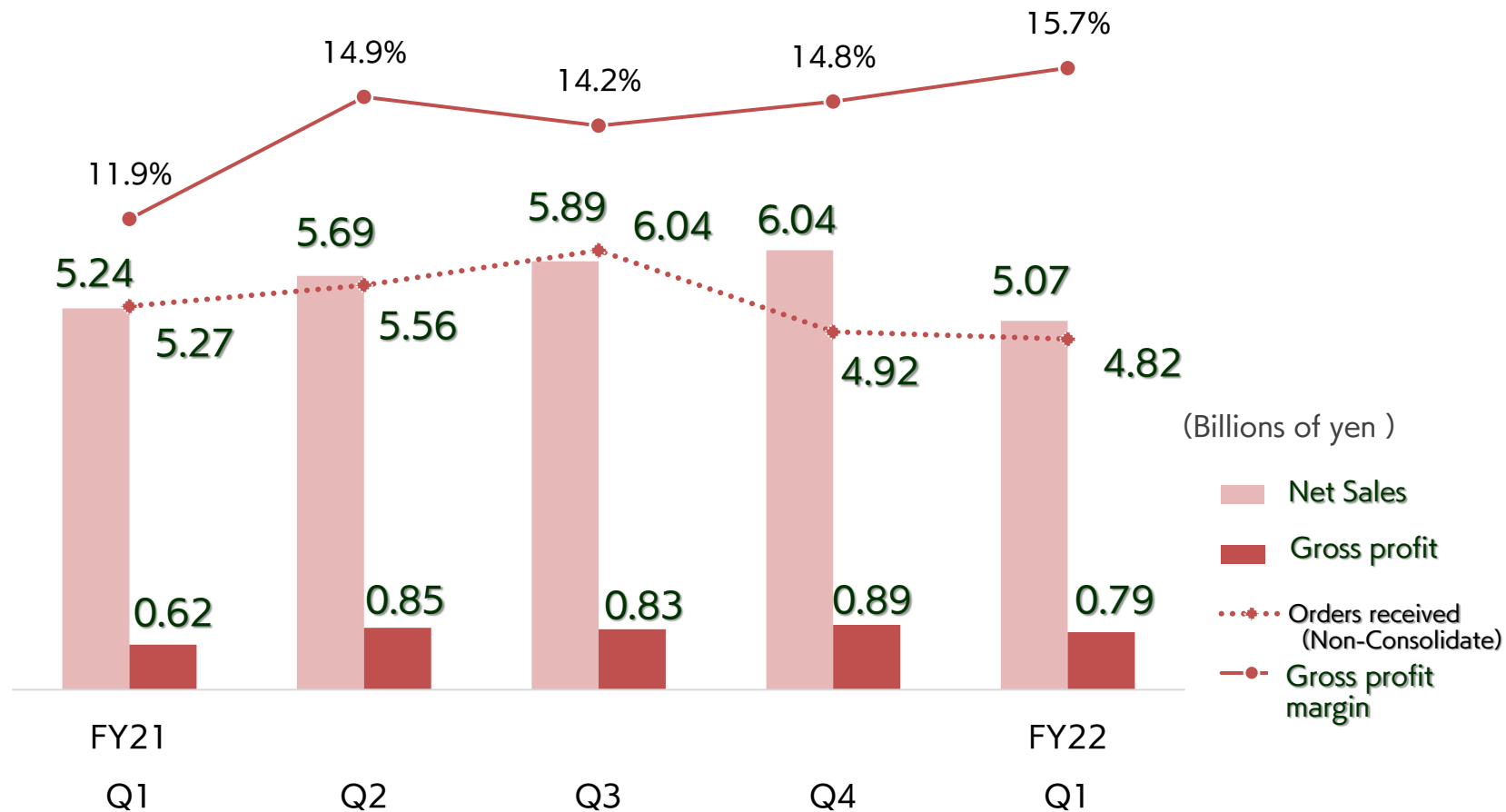
- Cloud consulting/Migration assistance/Construction/Operation/IT education service, AI/IoT Solution
- Security consulting/Introduction support/Monitoring operation service, Electronic authentication solution, etc

### Public Sector

- Cloud migration assistance/Construction/Operation/IT education service, AI/IoT Solution
- Security consulting/Introduction support/Monitoring operation service, etc

### Consumer

- EC site operation Substitute such as Norton Store, etc
- EC sales of font licenses, etc



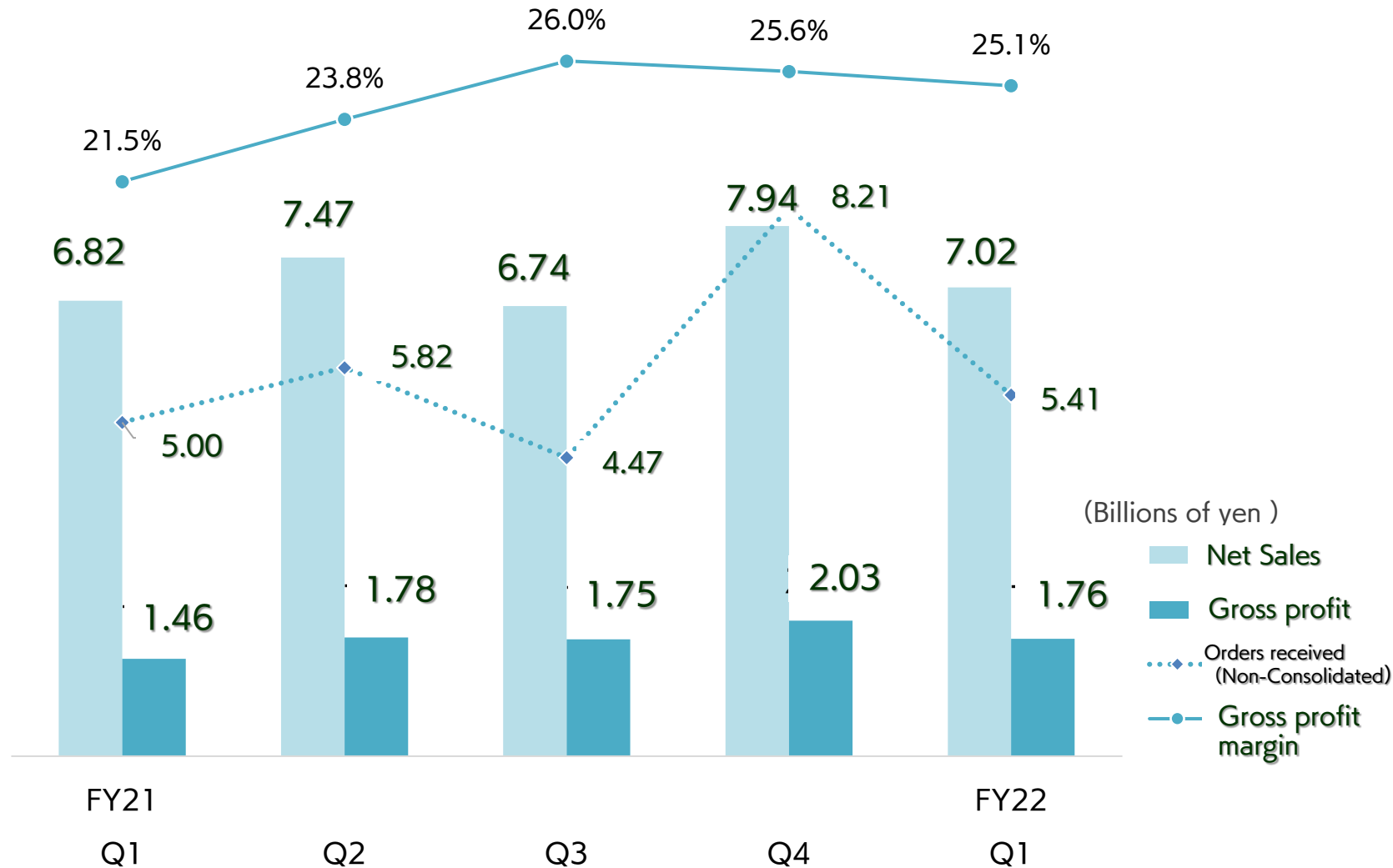
### Telecommunication (QoQ)

#### Orders received (Non-Consolidated)

- Increase in system development projects in the on-premises environment.
- Decreased due to a reaction to vendor management projects and large-scale orders received in the same period of the previous year

#### Net sales/Gross profit

- Decrease in sales due to reaction to large-scale cloud projects in the same period of the previous fiscal year
- Profit increased due to an increase in system development projects in the on-premises environment.



### Enterprise (QoQ)

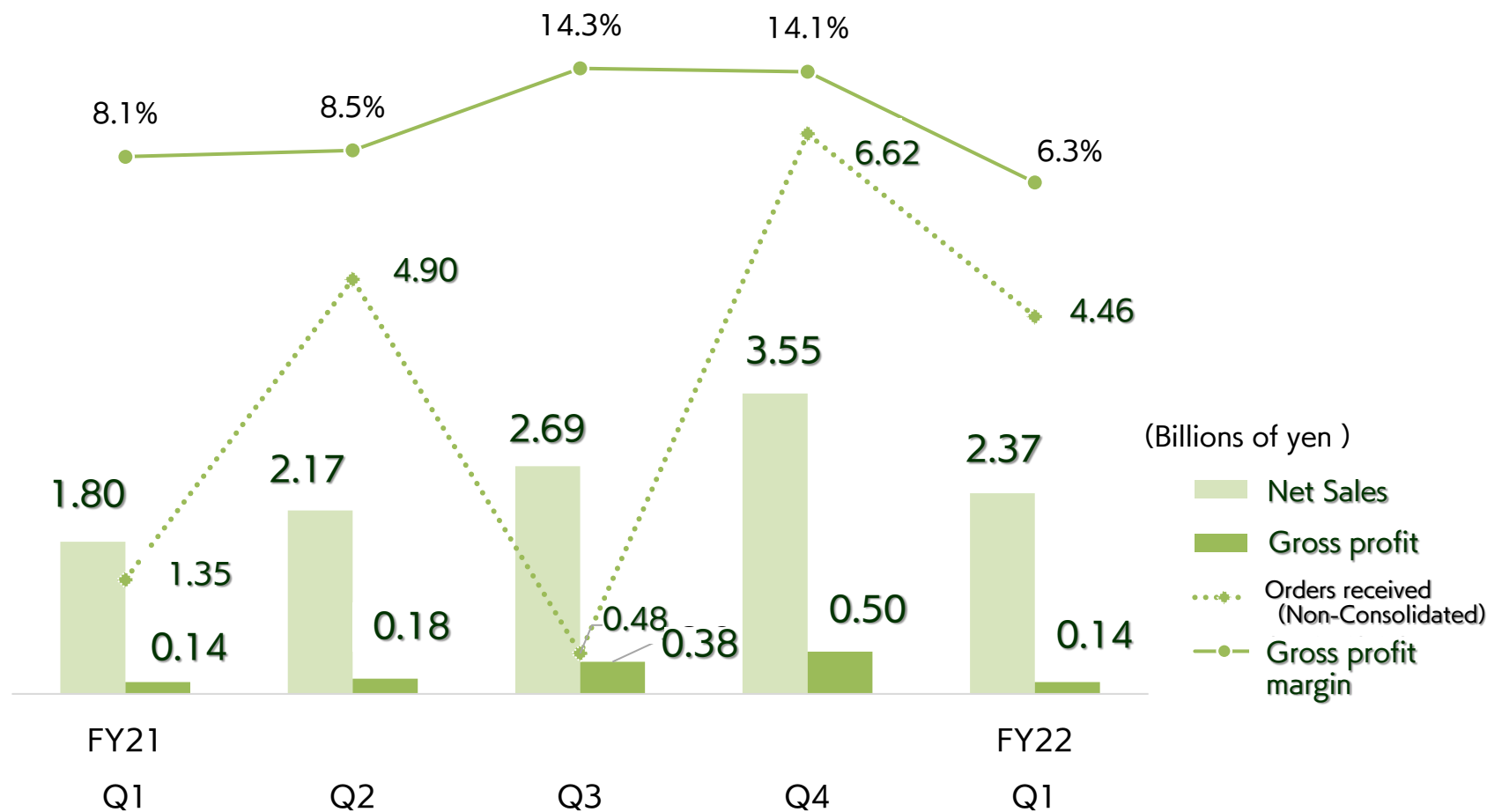
#### Orders received (Non-Consolidated)

- Increase the security measure or monitoring and operation projects

#### Net sales/Gross profit

- Both sales and profits increased due to steady progress in security measures, monitoring and operation, and system development for the manufacturing industry.





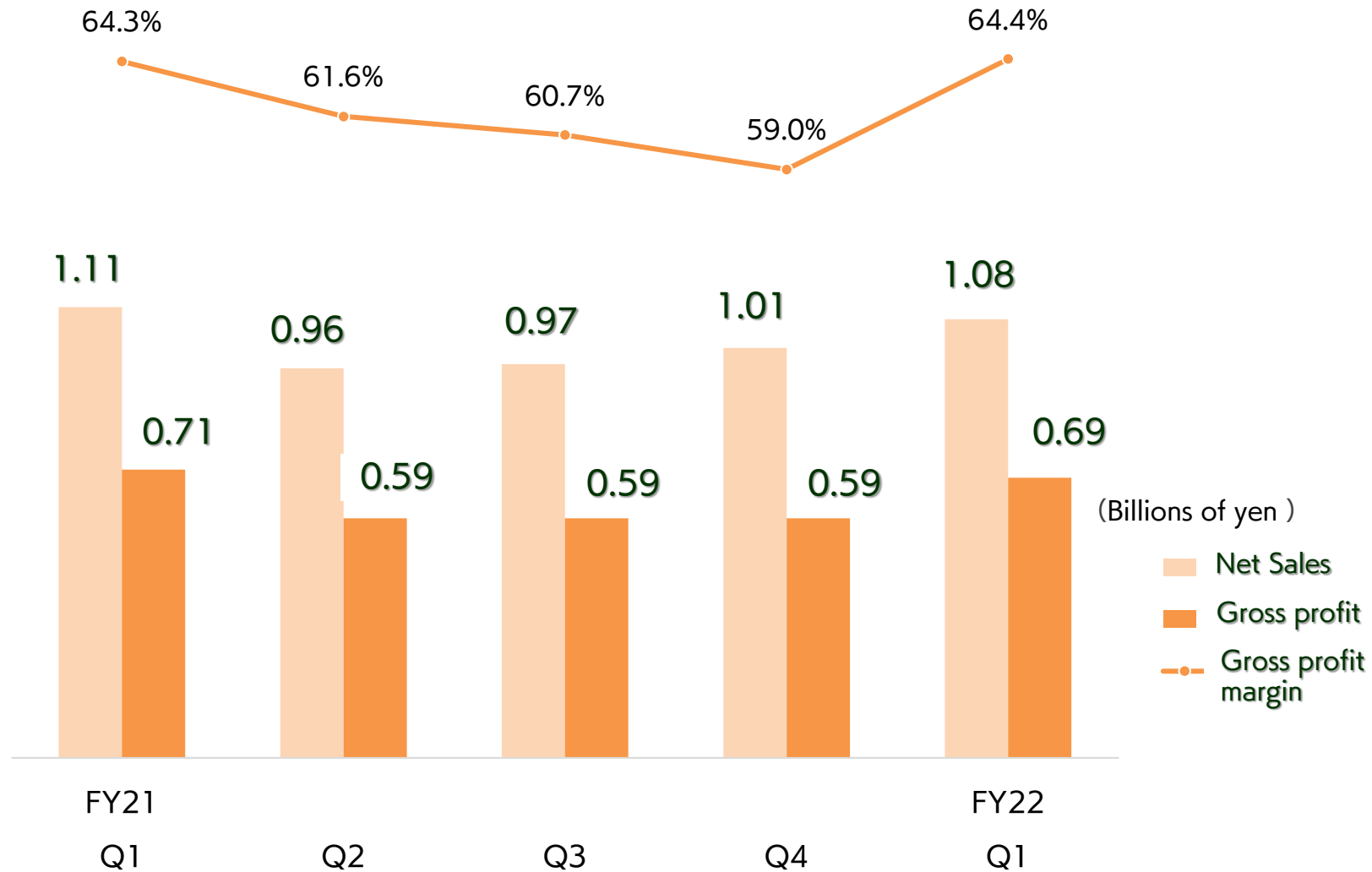
### Public Sector (QoQ)

#### Orders received (Non-Consolidated)

- Increase by receiving the project for the Ministry of Agriculture Forestry and Fisheries and additional orders for Saitama and Yamaguchi Prefectures for next-generation municipal information SC

#### Net sales/Gross profit

- Growth in sales through projects for the Ministry of Agriculture, Forestry and Fisheries and the operation of next-generation municipal information SC
- The cost of acquiring projects increased due to the time lag of receiving orders. Gross profit is flat.



### Consumer (QoQ)

#### Net sales/Gross profit

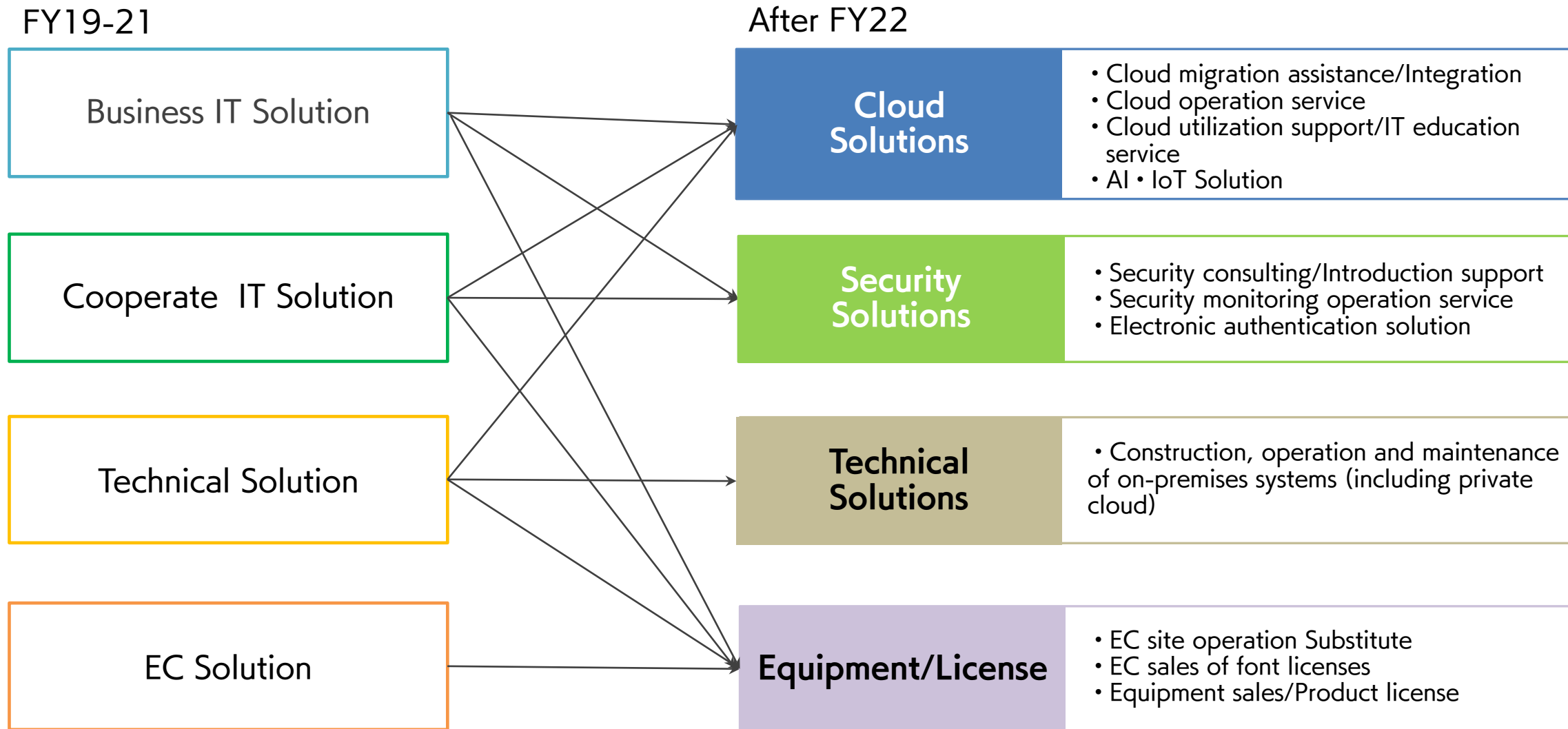
- Although there was a contract change with NortonLifeLock Co., Ltd., both net sales and gross profit were largely as planned

		FY21Q1	FY21Q2	FY21Q3	FY21Q4	FY21	FY22Q1	QoQ	
								Change	Change %
Consolidated performance (Millions of yen)	Net sales	14,994	16,322	16,309	18,557	66,183	15,560	+565	+3.8%
	Gross profit	2,954	3,416	3,571	4,030	13,974	3,405	+450	+15.3%
	Profit margin	19.7%	20.9%	21.9%	21.7%	21.1%	21.9%	+2.2pt	-
Telecommunication	Net sales	5,241	5,699	5,898	6,048	22,888	5,079	▲162	▲3.1%
	Gross profit	621	851	838	896	3,208	796	+174	+28.0%
	Profit margin	11.9%	14.9%	14.2%	14.8%	14.0%	15.7%	+3.8pt	-
Enterprise	Net sales	6,826	7,478	6,742	7,945	28,993	7,021	+195	+2.9%
	Gross profit	1,468	1,782	1,755	2,037	7,043	1,762	+294	+20.0%
	Profit margin	21.5%	23.8%	26.0%	25.6%	24.3%	25.1%	+3.6pt	-
Public Sector	Net sales	1,809	2,176	2,692	3,552	10,230	2,374	+565	+31.2%
	Gross profit	146	185	386	501	1,219	148	+2	+1.6%
	Profit margin	8.1%	8.5%	14.3%	14.1%	11.9%	6.3%	▲1.8pt	-
Consumer	Net sales	1,116	967	975	1,010	4,070	1,084	▲32	▲2.9%
	Gross profit	718	596	591	595	2,502	698	▲19	▲2.7%
	Profit margin	64.3%	61.6%	60.7%	59.0%	61.5%	64.4%	+0.1pt	-

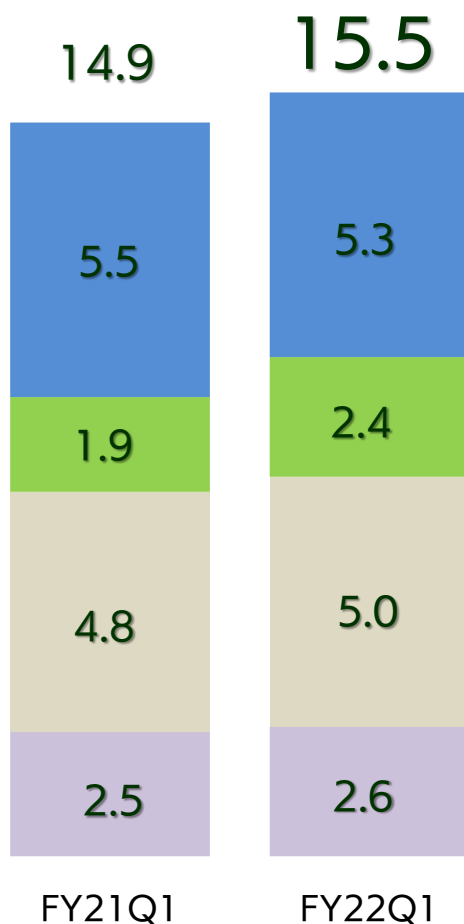
Consolidated performance (Millions of yen)	FY21Q1	FY21Q2	FY21Q3	FY21Q4	FY21	FY22Q1	QoQ	
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Telecommunication	5,241	5,699	5,898	6,048	22,888	5,079	▲162	▲3.1%
Enterprise	6,826	7,478	6,742	7,945	28,993	7,021	+195	+2.9%
Public Sector	1,809	2,176	2,692	3,552	10,230	2,374	+565	+31.2%
Consumer	1,116	967	975	1,010	4,070	1,084	▲32	▲2.9%
Cost of sales	12,039	12,905	12,737	14,526	52,209	12,154	+115	+1.0%
Gross profit	2,954	3,416	3,571	4,030	13,974	3,405	+450	+15.3%
SG&A expenses	2,042	2,123	2,117	2,538	8,821	2,320	▲277	+13.6%
Operating income	912	1,293	1,454	1,492	5,152	1,085	+173	+19.0%
Other Income and Expenses	▲34	18	▲20	17	▲19	▲15	+19	-
Ordinary income	877	1,311	1,433	1,510	5,133	1,070	+192	+21.9%
Extraordinary gain/loss	19	▲21	▲1	503	499	7	▲12	-
Net profit attributable to owners of parent	516	798	871	1,443	3,630	646	+129	+25.1%
EBITDA	1,274	1,676	1,861	1,889	6,702	1,494	+219	+17.2%
Non-Consolidated Order Backlog	23,634	26,403	23,678	27,612	27,612	29,602	+5,967	+25.2%

※EBITDA=Operating income+Amortization of goodwill+Depreciation

Changed disclosure categories to make comparisons with the external environment easier to understand, as well as the state of business portfolio reforms

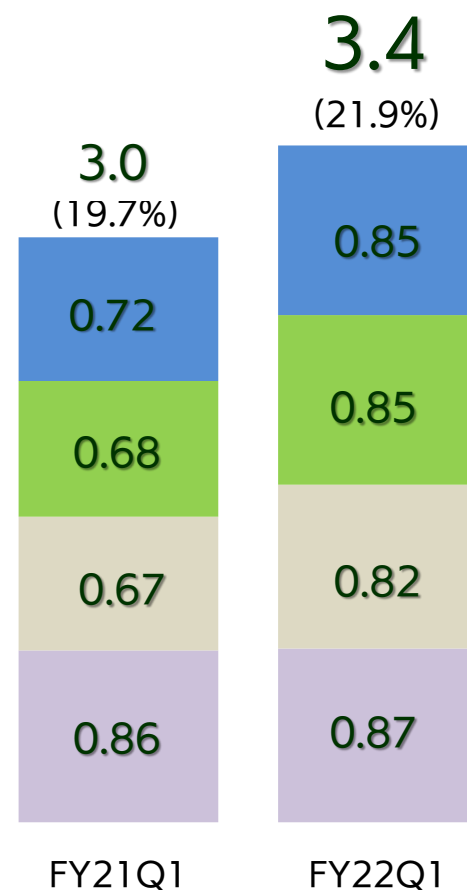


## Net sales



## Gross profit

Billions of yen  
(Profit margin)



※Acronym for Managed Security Service

### Cloud Solutions : Decrease in sales, and Increase in profits

- Decrease in sales due to reaction to large-scale projects in the previous fiscal year
- Profit increased due to an increase in cloud construction and migration support projects for the enterprise

### Security Solutions : Increase in both sales and profits

- Started operation of next-generation municipal information SC
- Growth in enterprise MSS※

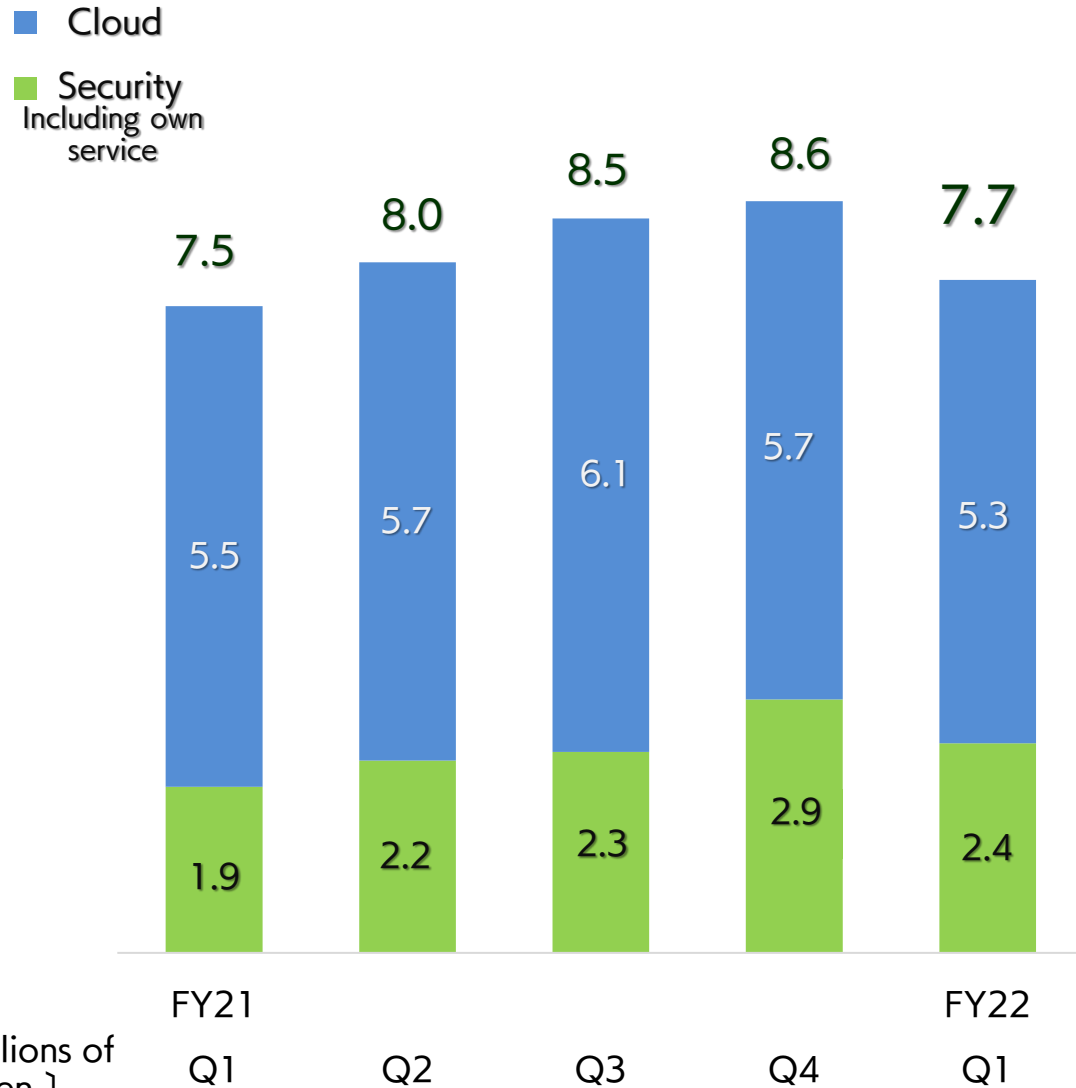
### Technical Solutions : Increase in both sales and profits

- Development and construction for telecommunications increased.

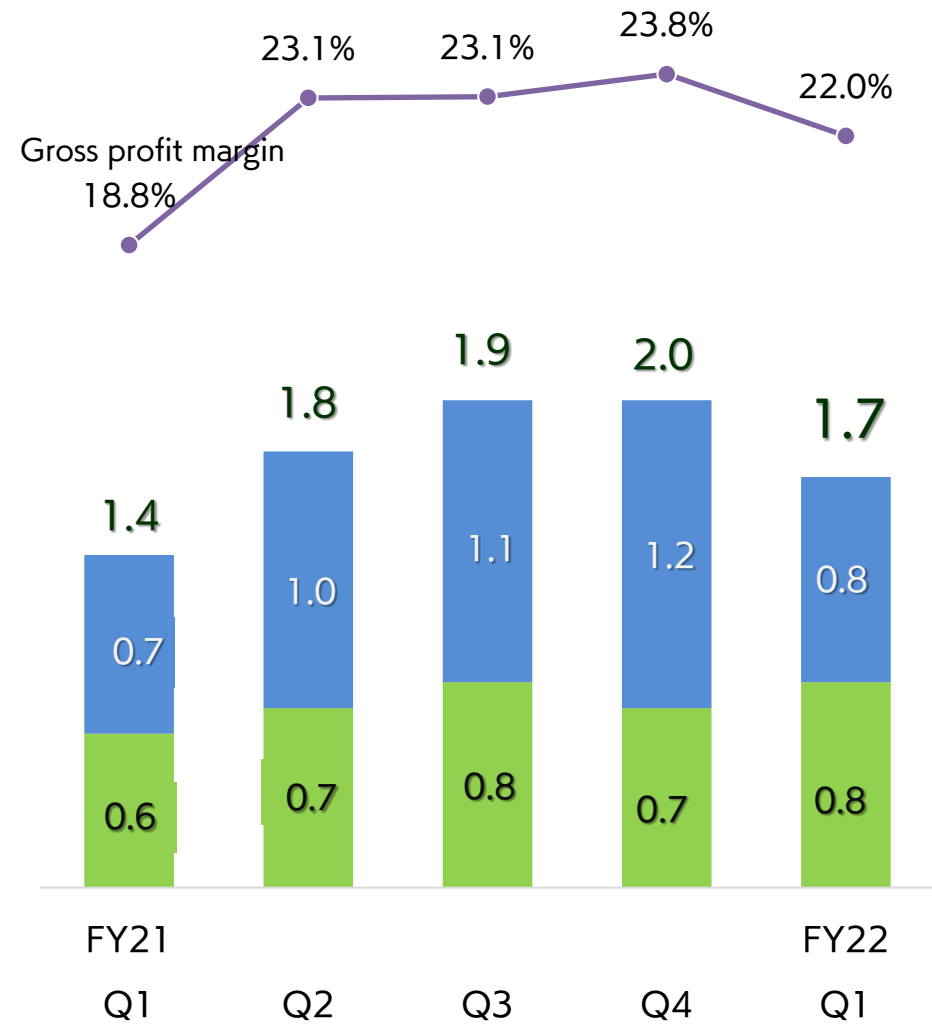
### Equipment/License : Increase in both sales and profits

- Increase in sales of security equipment

Net sales



Gross profit



[Billions of yen]

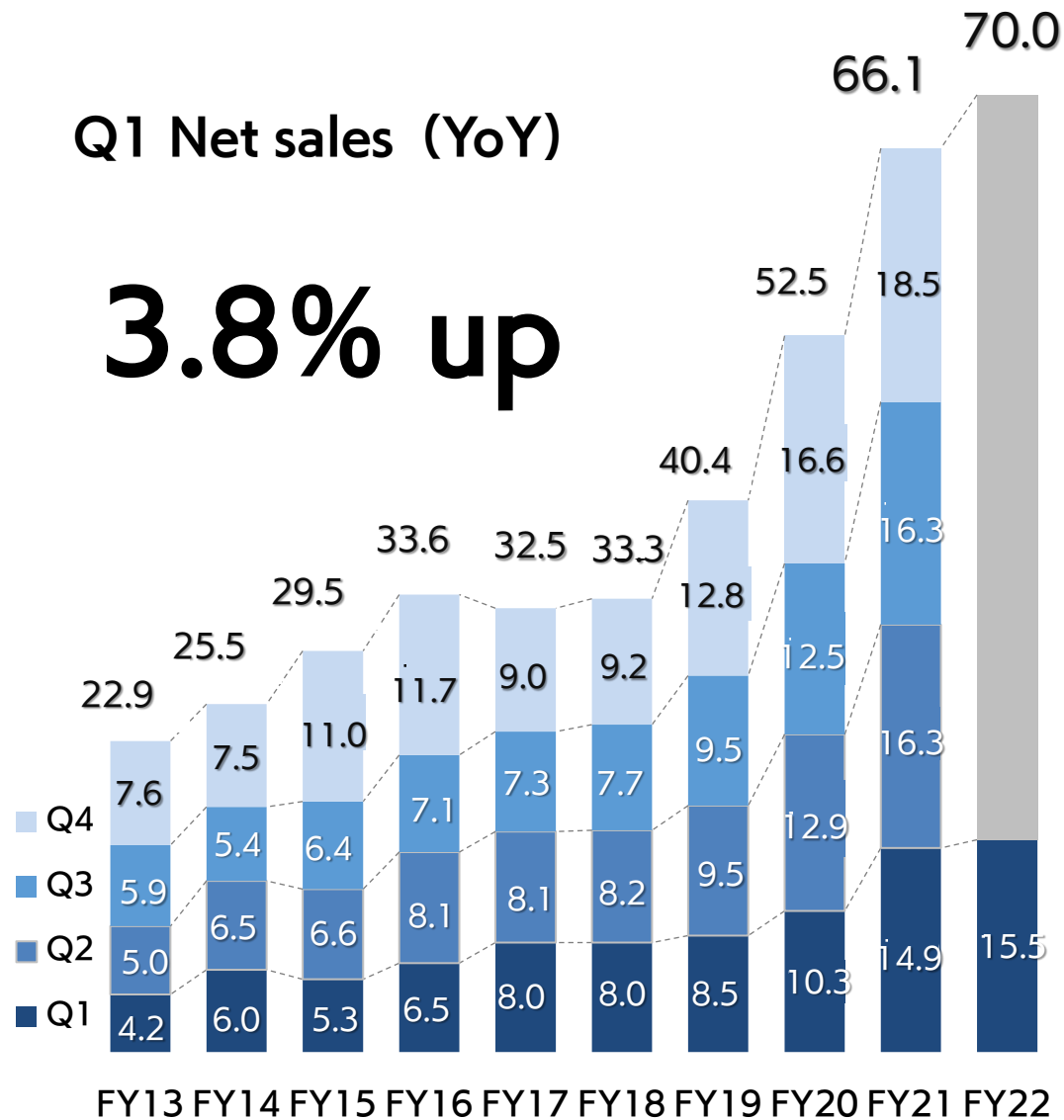
		FY21Q1	FY21Q2	FY21Q3	FY21Q4	FY21	FY22Q1	QoQ	
								Change	Change %
Consolidated performance (Millions of yen )	Net sales	14,994	16,322	16,309	18,557	66,183	15,560	+565	+3.8%
	Gross profit	2,954	3,416	3,571	4,030	13,974	3,405	+450	+15.3%
	Profit margin	19.7%	20.9%	21.9%	21.7%	21.1%	21.9%	+2.2pt	-
Cloud Solutions	Net sales	5,551	5,766	6,138	5,715	23,171	5,313	▲237	▲4.3%
	Gross profit	727	1,071	1,156	1,284	4,239	857	+129	+17.8%
	Profit margin	13.1%	18.6%	18.8%	22.5%	18.3%	16.1%	+3.0pt	-
Security Solutions	Net sales	1,979	2,234	2,392	2,907	9,514	2,467	+488	+24.7%
	Gross profit	687	775	816	766	3,046	852	+165	+24.0%
	Profit margin	34.7%	34.7%	34.1%	26.4%	32.0%	34.6%	▲0.1pt	-
Technical Solutions	Net sales	4,875	5,469	5,543	5,780	21,667	5,093	+218	+4.5%
	Gross profit	676	828	837	897	3,239	822	+145	+21.5%
	Profit margin	13.9%	15.1%	15.1%	15.5%	15.0%	16.1%	+2.2pt	-
Equipment/License	Net sales	2,588	2,852	2,234	4,153	11,829	2,685	+97	+3.7%
	Gross profit	863	740	761	1,082	3,448	873	+10	+1.2%
	Profit margin	33.3%	26.0%	34.1%	26.1%	29.1%	32.5%	▲0.8pt	-
Management Indicators <sup>※</sup> Total	Net sales	7,530	8,000	8,531	8,623	32,686	7,781	+250	+3.3%
	Gross profit	1,415	1,847	1,972	2,051	7,286	1,709	+294	+20.8%
	Profit margin	18.8%	23.1%	23.1%	23.8%	22.3%	22.0%	+3.2pt	-

※Cloud Solutions+Security Solutions (Including Our own service)



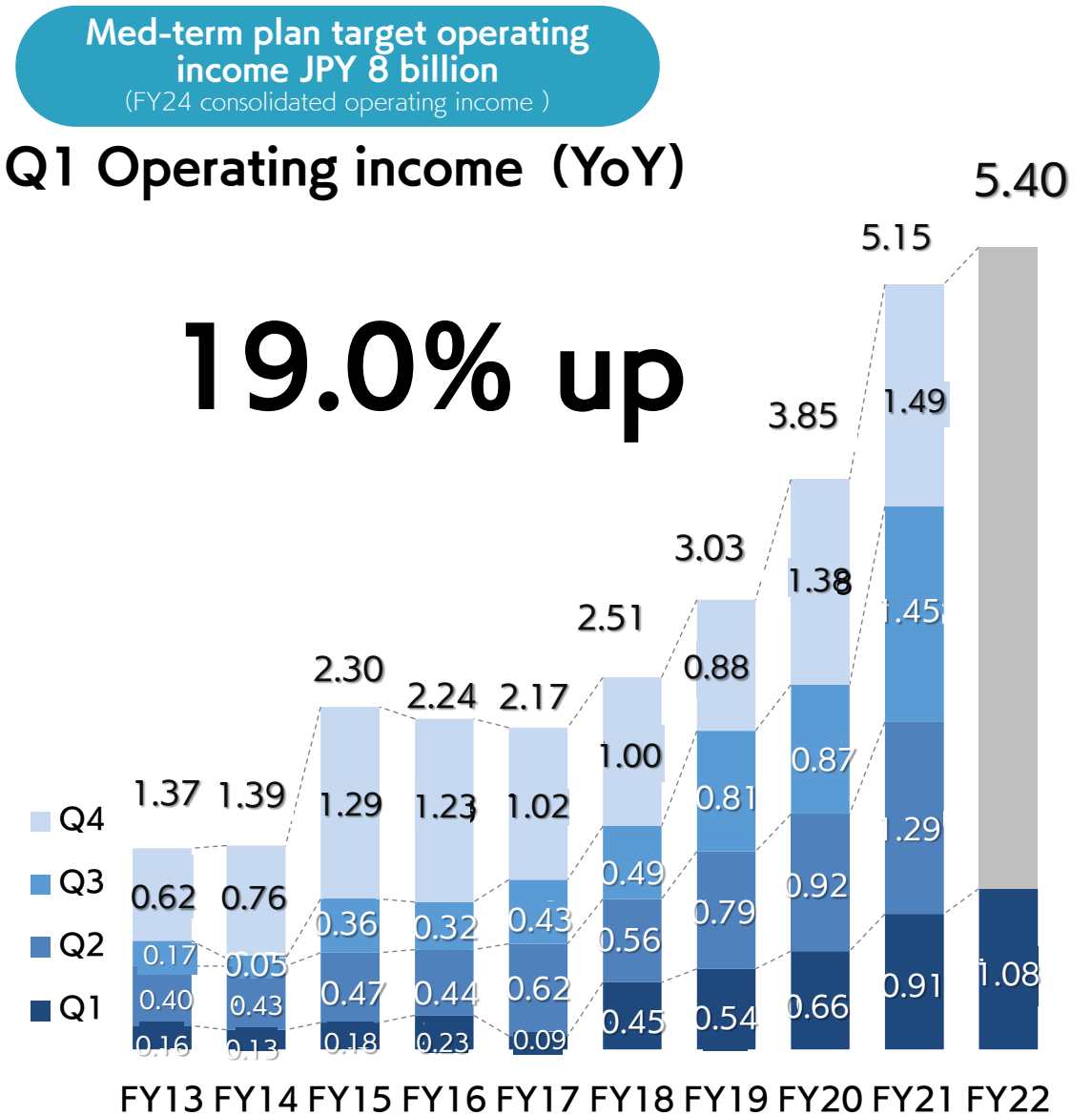
## Q1 Net sales (YoY)

**3.8% up**



## Q1 Operating income (YoY)

**19.0% up**

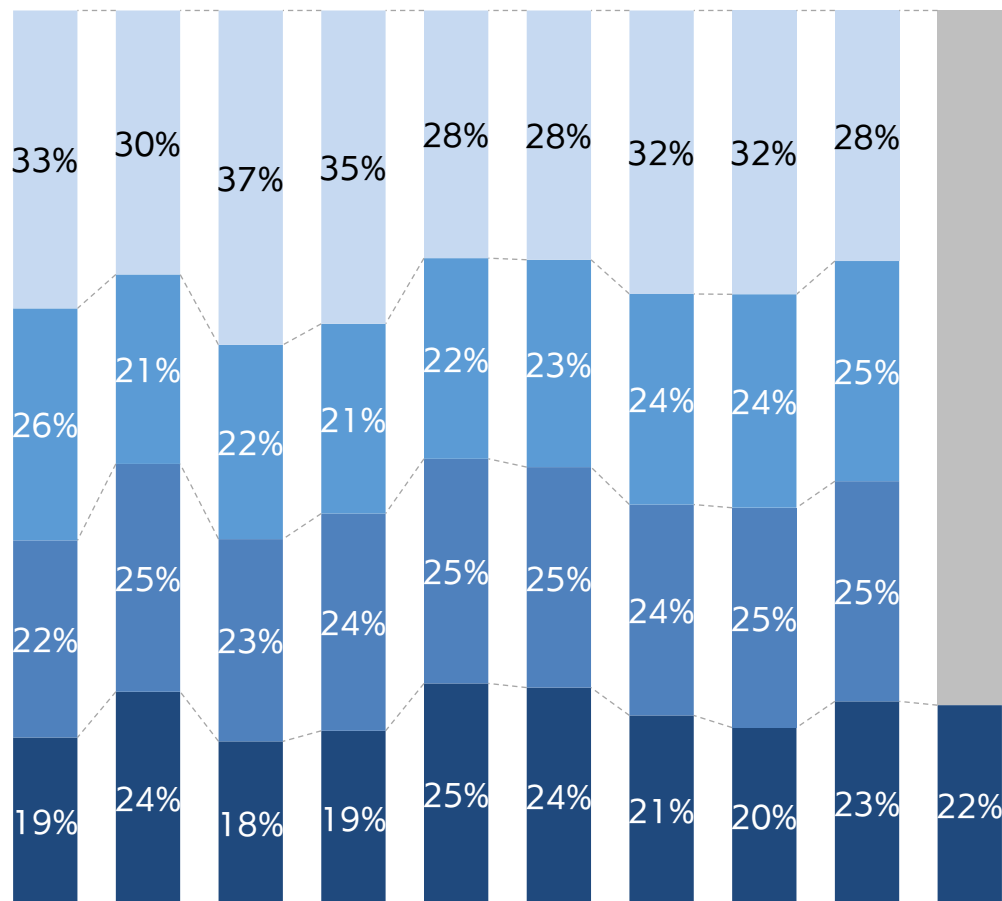


[ Billions of yen ]

※The Company has adopted the "Accounting Standard for Revenue Recognition" (the new revenue recognition standard) from FY21 Q1. Net sales before FY20 are based on historical net sales figures for the Norton business, which is the main impact.

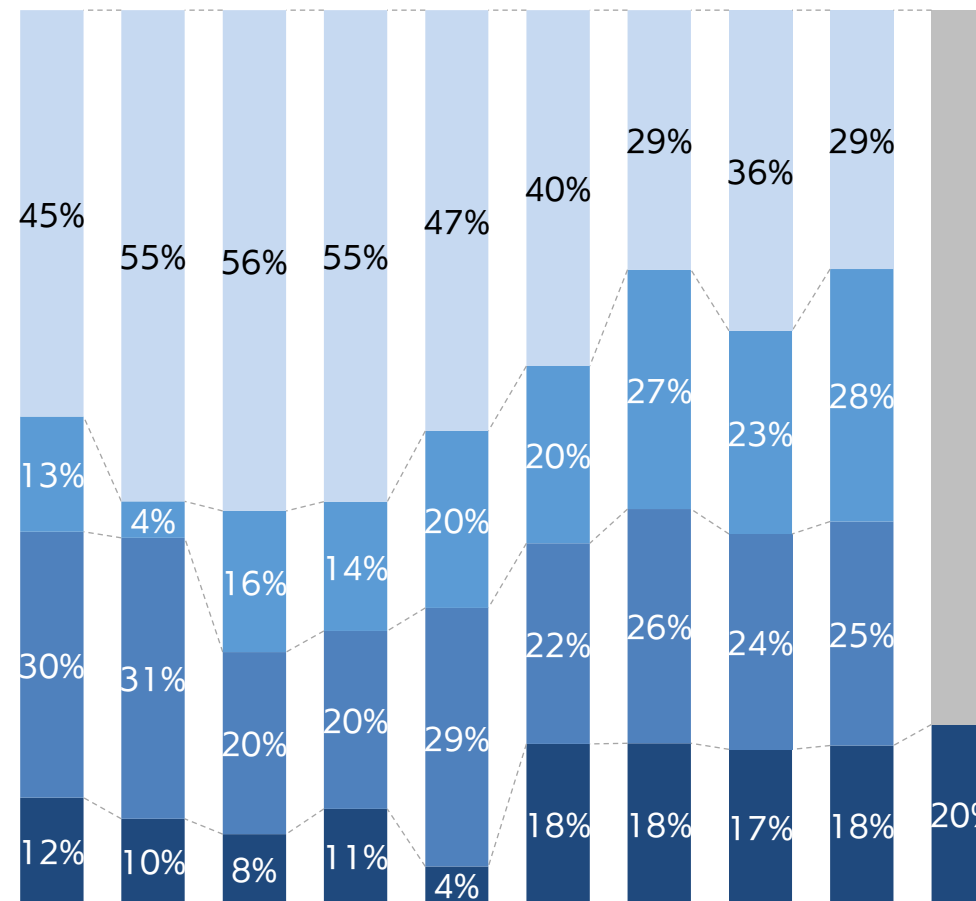
## Net sales

■ Q4 ■ Q3 ■ Q2 ■ Q1



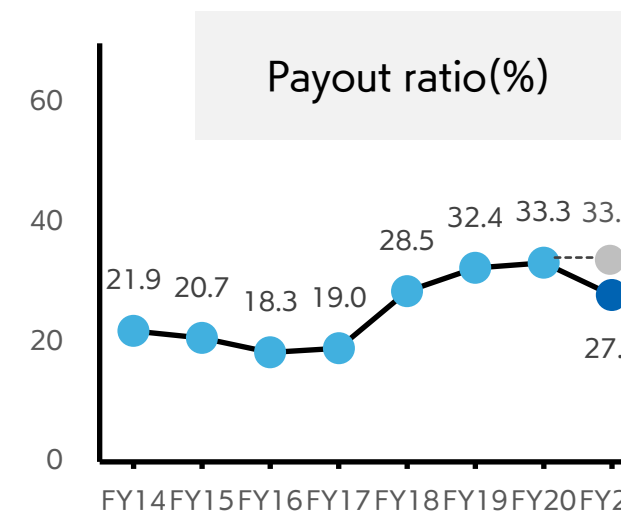
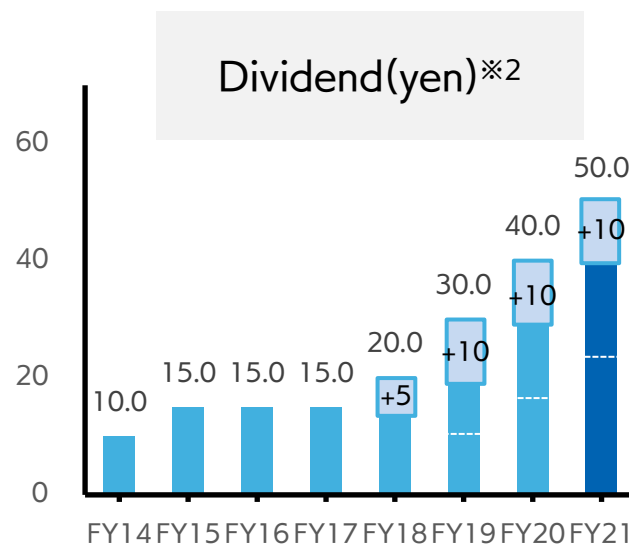
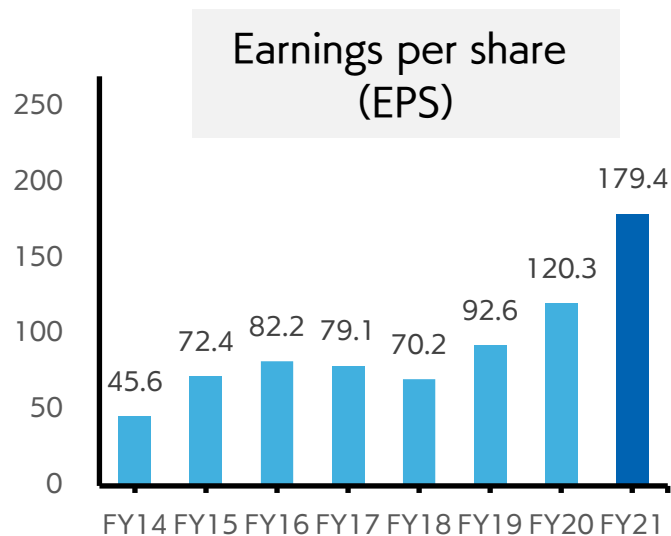
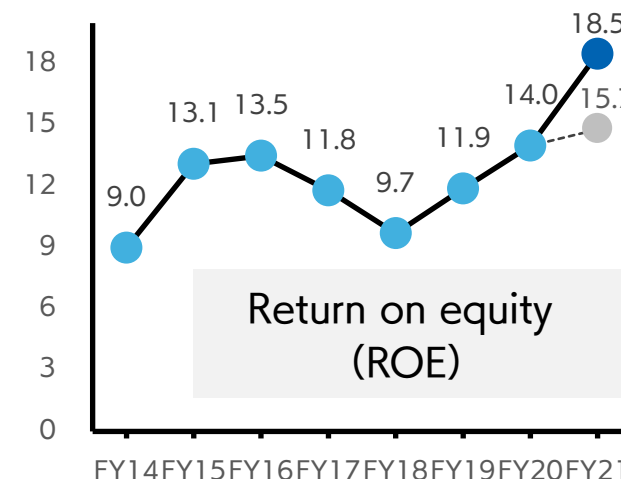
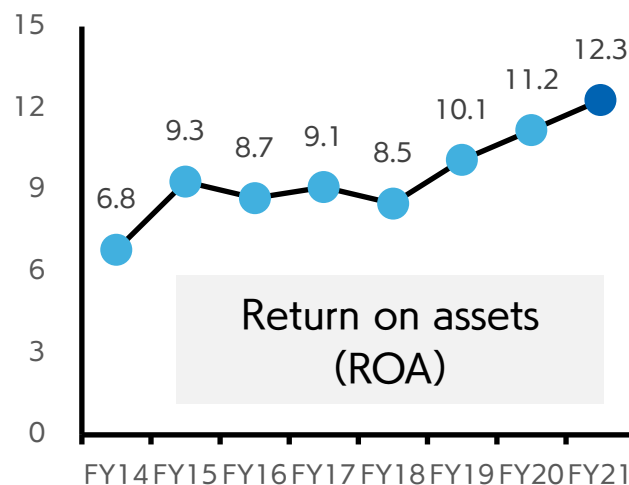
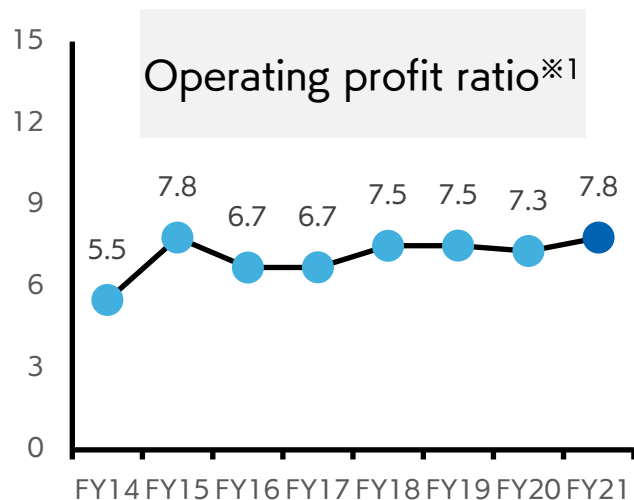
FY13 FY14 FY15 FY16 FY17 FY18 FY19 FY20 FY21 FY22

## Operating income



FY13 FY14 FY15 FY16 FY17 FY18 FY19 FY20 FY21 FY22

[ Millions of yen ]	End of June, 2021	End of March, 2022	End of June, 2022	Since end of previous term	QoQ
<b>Current assets</b>	27,228	34,326	29,872	△ 4,454	2,643
Cash and deposits	10,662	8,762	11,929	3,167	1,266
Accounts receivable and other receivables	12,306	22,290	13,204	△ 9,085	898
<b>Fixed assets</b>	9,383	10,036	9,554	△ 481	171
Tangible fixed assets	1,617	1,661	1,663	1	45
Intangible fixed assets	4,498	4,486	4,373	△ 112	△ 124
Investments and other assets	3,267	3,888	3,517	△ 370	250
<b>Total assets</b>	36,615	44,365	39,429	△ 4,936	2,813
<b>Current liabilities</b>	14,112	18,896	14,469	△ 4,427	357
<b>Long-term liabilities</b>	2,138	2,088	1,951	△ 136	△ 186
<b>Net assets</b>	20,364	23,379	23,007	△ 372	2,642



※1 : The Company has adopted the "Accounting Standard for Revenue Recognition" (the new revenue recognition standard) from FY21Q1. Operating profit margin when net sales of NortonLifeLock, which is the main impact, are displayed from the past

※2 : 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.

# Corporate Information

SB Technology

## Corporate Data

(As of March 31, 2022)

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 1,254 mn
Number of employees	1,379 (consolidated)

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

## Management philosophy

### Mission

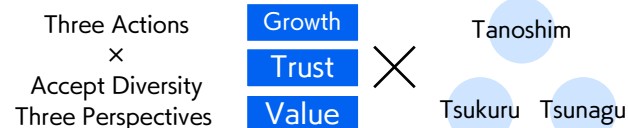
Information Revolution, Happiness for everyone

~ 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



## Officers

(As of June 20, 2022)

### Board of Directors

Representative Director CEO	Shinichi Ata
Director CSO	Mitsuhiro Sato
Director CFO	Masaaki Okazaki
Director	Kimihiko Kaneko
External Member of the Board	Shigeo Suzuki
External Member of the Board	Yoshie Munakata
External Member of the Board	Yukari Tominaga
External Member of the Board	Yuka Miyagawa
External Member of the Board	Madoka Sawa

### Executive Officers

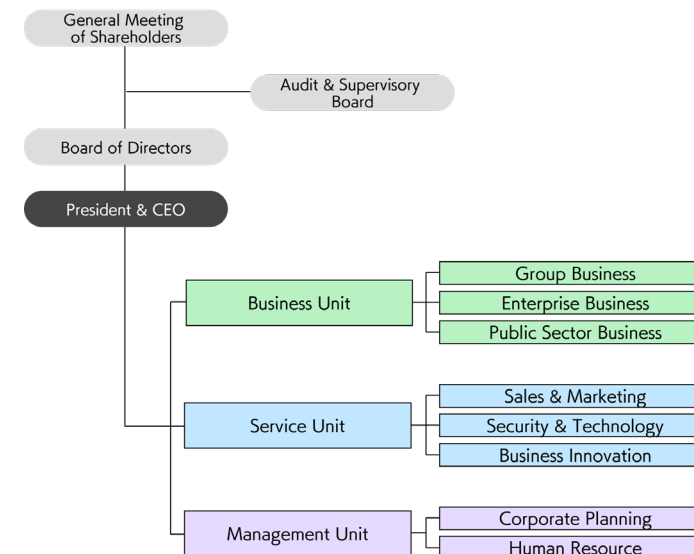
President & CEO	Shinichi Ata
Senior Executive Vice President & CSO	Mitsuhiro Sato
Executive Vice President & CFO	Masaaki Okazaki
Executive Vice President	Akira Kitamura
Executive Vice President & CIO	Masaki Watanabe
Vice President CCO	Seiichi Masaoka
Vice President	Takashi Kodama
Vice President	Makoto Aoki
Vice President	Takuya Miyazawa
Vice President CDO	Kengo Kanazawa
Vice President CMO	Ikuma Uehara

### Auditors

Chairman of Audit & Supervisory Board	Mitsumasa Ueno
Audit & Supervisory Board	Haruhiko Hirose
Audit & Supervisory Board	Michiaki Nakano
Audit & Supervisory Board	Takashi Naito

## Organization chart

(As of April 1, 2022)



## Certification and accreditation

(As of June 1, 2022)



# Group structure

SoftBank Group Corp.

Parent company:  
SoftBank Corp.  
SB  
SoftBank

Number of shares  
10,735,000

Shareholding  
ratio  
52.99%

(As of March 31, 2022)

SB Technology

## Group Companies (As of April 1, 2022)



### M-SOLUTIONS, Inc.

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

Representatives : Manabu Uekusa  
Shareholding ratio : 100%  
Number of employees : 54



### FONTWORKS Incorporated

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

Representatives : Ai Harada  
Shareholding ratio : 100%  
Number of employees代表者 : 53



### Kan Corporation

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

Representatives : Saori Aoki  
Shareholding ratio : 100%  
Number of employees : 8



### CyberTrust Japan Co., Ltd.

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

Representatives : Yasutoshi Magara  
Shareholding ratio : 58.42%  
Number of employees : 221



### REDEN Corp.

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

Representatives : Ikuma Uehara  
Shareholding ratio : 82.57%  
Number of employees : 2



### DENEN Co. Ltd.

Providing system consulting and web system development solutions, primarily for the telecommunications sector and local governments.

Representatives : Masao Watanabe  
Shareholding ratio : 100%  
Number of employees : 79



### I/O SYSTEM INTEGRATION CO., LTD

Development, sales and maintenance of information processing systems

Representatives : Masayuki Sekiguchi  
Shareholding ratio : 100%  
Number of employees : 26



## Top-class domestic implementation track record, and technical capacity recognized by Microsoft

### Performance

Started cloud business in 2009, when the cloud began to popularize. Over 1000 companies have installed cloud solutions, including the introduction of Microsoft 365 and developing Azure.

**Construction industry, manufacturing industry, educational institution, etc.**  
Introduced by a large number of companies

### Certification

Received an award given by Microsoft Japan to its partners for nine consecutive years. The two divisions received awards in recognition of their efforts to decarbonize and respond to security in demonstration experiments with local governments.

Microsoft Japan Partner of the Year



Awarded for nine consecutive years since 2014

Microsoft Worldwide Partner Award



Japan's first quadruple crown

### In-house solutions

ClouXion is our cloud solution brand for utilizing Microsoft 365 . It was born for the concrete problem solution of "work style reform".



ClouXion installation result  
**832companies**

As of April, 2022





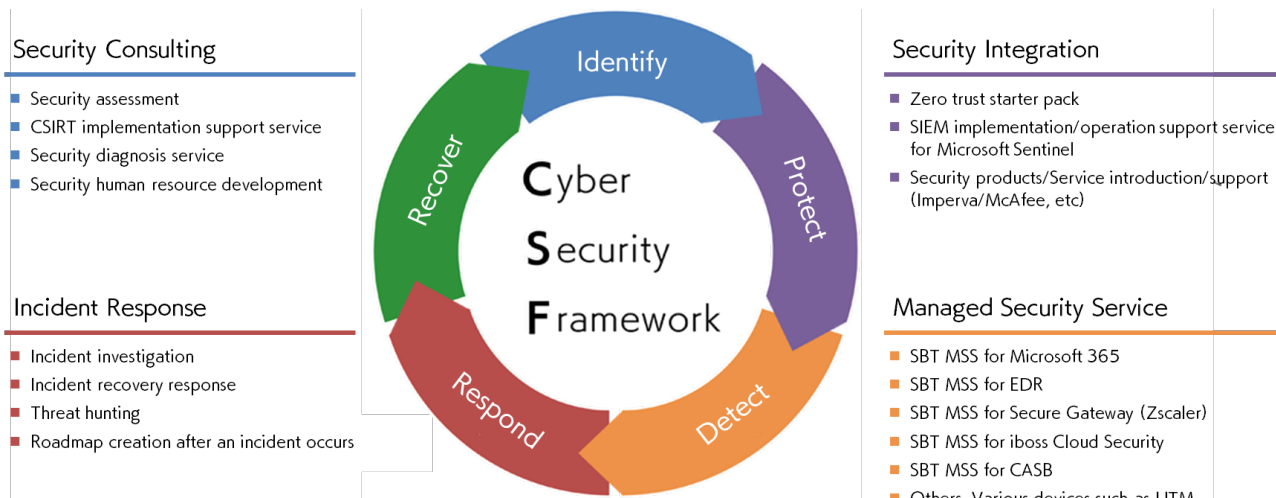
## Provide total solutions for information security

We began security services by leveraging our knowledge of operation services after the introduction of security products in early 2000, when the Internet began to spread.

As measures against the increasingly sophisticated and diversified cyber-attacks, we provide one-stop services that support customers' critical information-property protection and business continuity, including security introduction support, operational monitoring of security systems (MSSs), support for CSIRT※ construction by experienced experts, and consulting to support companies' comprehensive security.

※Abbreviation of "Computer Security Incident Response Team" refers to a team that responds when incidents such as malware transmission or intrusion occur.

### One-Stop Solution to Information Security Issues Faced by Customers



A full-time security analyst operates and monitors a security system for customers 24 hours a day, 365 days a year in a high-security room using multiple certification methods, including biometric certification.

April 5<sup>th</sup>, 2022, Selected as a component of the FTSE Blossom Japan Index



**FTSE Blossom  
Japan Sector  
Relative Index**

FTSE Blossom Japan Sector Relative Index is designed to be sector neutral, with indexes that reflect the performance of Japanese companies that are relatively good in terms of environmental, social, and governance (ESG) responses in their respective sectors. To facilitate the transition to a low-carbon economy, only those companies whose improvement efforts are evaluated by the TPI Management Quality Score are incorporated, particularly for those that emit large amounts of greenhouse gases.

June 1<sup>st</sup>, 2022, Certified as "DX Certified Operator"



**DX認定**

The DX Certification System is a DX(Digital transformation) certification System established by the Ministry of Economy, Trade and Industry. It responds to the basic requirements of the Digital Governance Code, formulates management visions, and establishes a DX strategy and promotion system. A system under which the Ministry of Economy, Trade and Industry certifies businesses that are recognized to be ready for DX promotion.

# SB Technology by Numbers

\*Items not marked as "consolidated" are statistics for SBT alone



## Employees

SBT consolidated  
Number of Employees  
**1,379**  
(2022年3月)

## Working Style

Reduction of overtime by improving productivity

**42 hours** → **27 hours**  
FY2015 FY2021

## Growth Support

Use of Skill Development Leave (FY2021)  
Number of employees who have acquired  
Total days acquired

**234** **538**

2022nd New Graduate  
**59**  
(consolidated basis)

Average age  
**38.2**  
(March 2022)

Percentage of paid leave taken per employee  
**63%**  
(March 2022)

Remote working rate  
**75%**  
(Headquarters office FY21H2 achievements)

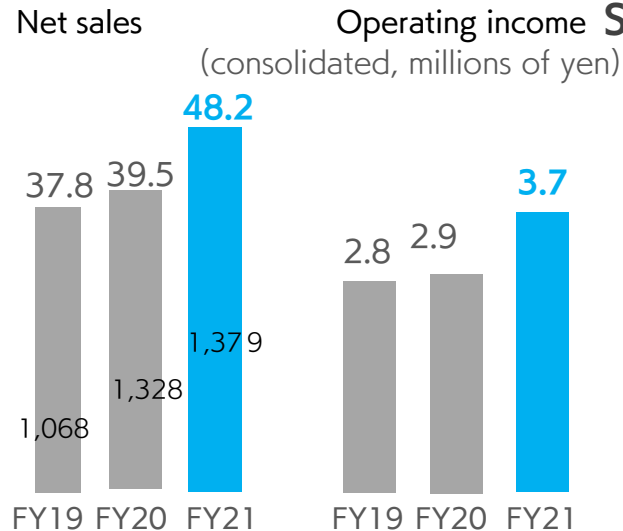
PMP Holder : CBAP Holder  
**123** **49**  
(March 2022)

## Technical Personnel

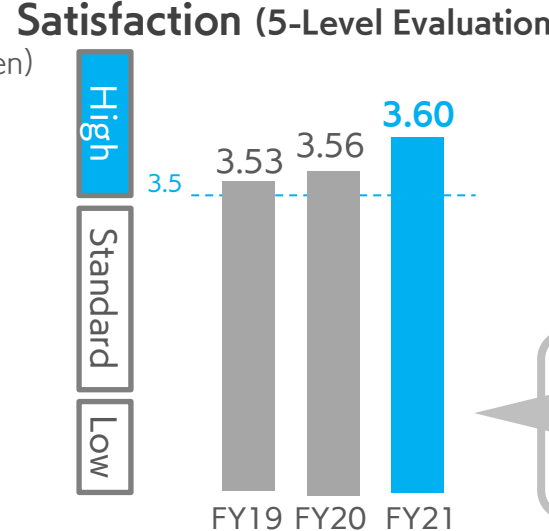
Ratio of job types  
**7 : 2 : 1**  
(Technology) (Sales) (Management)  
(March 2022)

Development partners  
**3,000**  
(March 2022)

## Index per Employee



## Comprehensive Employee Satisfaction (5-Level Evaluation)



**PMP (Project Management Professional)**  
An international standard qualification for project management that requires broad knowledge and practical experience as a project manager. Twenty-two percent of SBT technical employees possess this certification.

**CBAP (Certified Business Analysis Professional)**  
Qualification exams that authorize experienced business analysis practitioners with more than five years of experience.

One of the most important indicators for our employees is the sense that their work is rewarding. Every year, each index in the survey related to rewarding work is rated high.

※1 The Company has adopted the "Accounting Standard for Revenue Recognition" (the new revenue recognition standard) from FY21 Q1. Net sales before FY20 are based on historical net sales figures for the Norton business, which is the main impact.

# Materials to be Considered

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1. 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.
2. The Company has adopted the "Accounting Standard for Revenue Recognition" (the new revenue recognition standard) from the previous consolidated fiscal year. Net sales before March, 2021 are stated unaudited reference value based on historical net sales figures for the Norton business, which is the main impact.

## 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.

The purpose of this document is to provide information on the Group's performance and business progress, and is not to solicit the purchase or sale of shares in us or any of our Group companies.

# Information Revolution - Happiness for everyone

- Technologies Design the Future -

 SB Technology