

Second Quarter of the Fiscal Year Ending March 31, 2021

# Results of Operations

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October 28, 2020

SB Technology Corp.

Security Code : 4726

- Total sales of BIT&CIT, a core business, increased to over JPY10 bn in the six months.
- Operating income increased due to a vendor management project for SoftBank Corp. and cost containment through remote work.

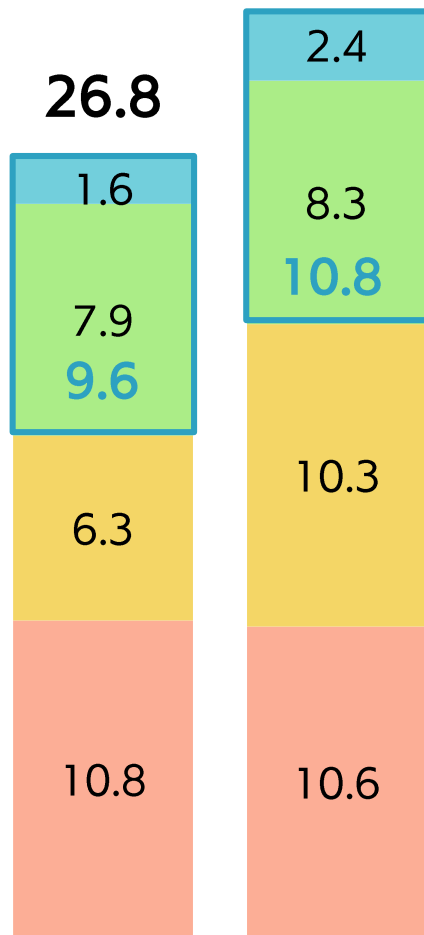
[Millions of Yen]	(Profit margin)	FY20H1	FY19H1	Change	Change %	Forecast	Progress %
Net sales	Record High	31,864	26,841	+5,022	+18.7%	62,000	51.4%
Operating income	Record High	1,596 (5.0%)	1,341 (5.0%)	+255 (+0.0pt)	+19.0%	3,600 (5.8%)	44.3%
Ordinary income	Record High	1,576 (4.9%)	1,341 (5.0%)	+234 (▲0.1pt)	+17.5%	3,600 (5.8%)	43.8%
Profit attributable to owners of parent Net profit	Record High	※ 892 (2.8%)	799 (3.0%)	+93 (▲0.2pt)	+11.6%	2,100 (3.4%)	42.5%

※ JPY110 mn for acquisition of DENEN Co. Ltd. (advisory expenses, etc.) included in consolidated SG&A expenses is not deductible for income tax purposes.

## Net sales

[Billions of yen]  
(Profit margin)

# 31.8

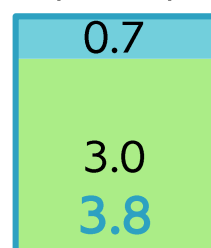


FY19H1

FY20H1

## Marginal income

**7.7**  
(28.8%)



FY19H1

FY20H1

## BIT+CIT composition ratio 35.9% ⇒ 34.0%

※ In FY20, the ratio of TSs is on the rise due to the strengthening of the system and consolidation of DENEN Co. Ltd. (planned to be improved from FY21)

## BIT/TS is on track to exceed initial sales forecasts

### Business IT (BIT) : Increase in both sales and profits

- Expansion of IoT system for global manufacturing industry, electronic application platform of the MAFF\* and development of cloud computing for business divisions for SoftBank Corp.

### Corporate IT (CIT) : Increase in both sales and profits

- Revenues increased due to growth in public operation projects, security, and own services, despite a contraction in large-scale system development for the SB Group compared to the previous fiscal year.

### Technical (TS) : Increase in both sales and profits

- Significant growth over initial forecasts due to expansion of vendor management projects for SoftBank Corp. and consolidation of DENEN Co. Ltd.

### EC : Lower Sales and higher operating income

- Revenues and profits declined in the Norton Store Business as initially planned.
- Expansion of the font business contributed to higher profitability.

By customer type



Customer type × Solution category

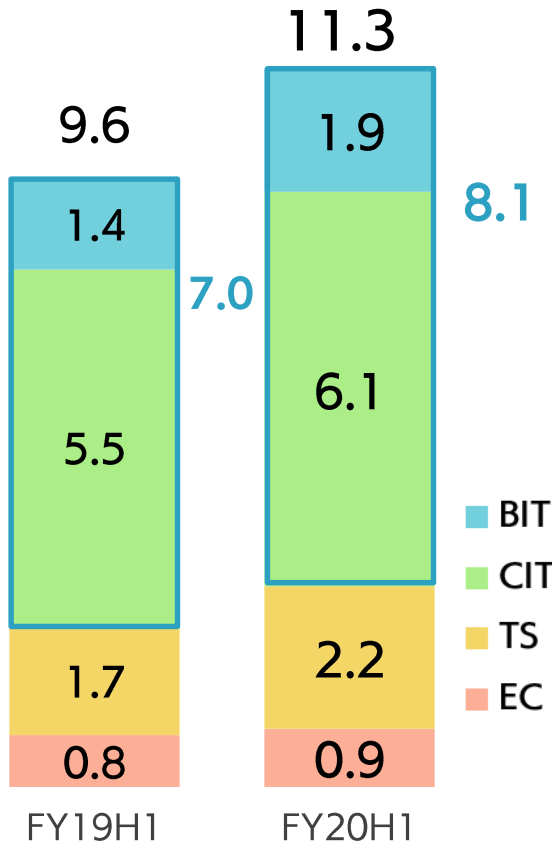
SB Group

BIT: System development for business divisions and IoT support  
CIT: Completion of development of large-scale cloud systems  
TS: Vendor management projects led



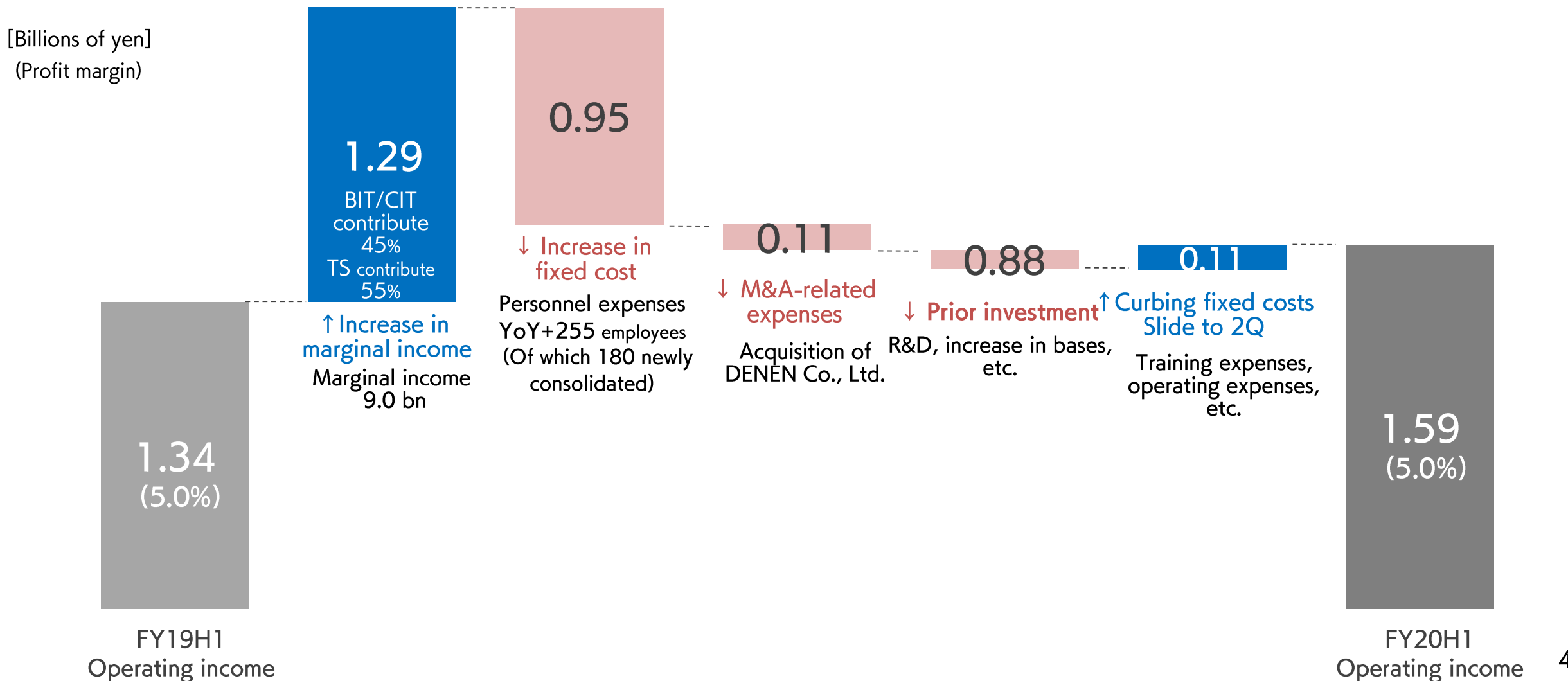
Enterprises/Public

BIT: IoT system development & electronic application platform development projects performed strongly  
CIT: Increased Cloud operations and security  
Increased sales of our own services (clouXion and MSS)



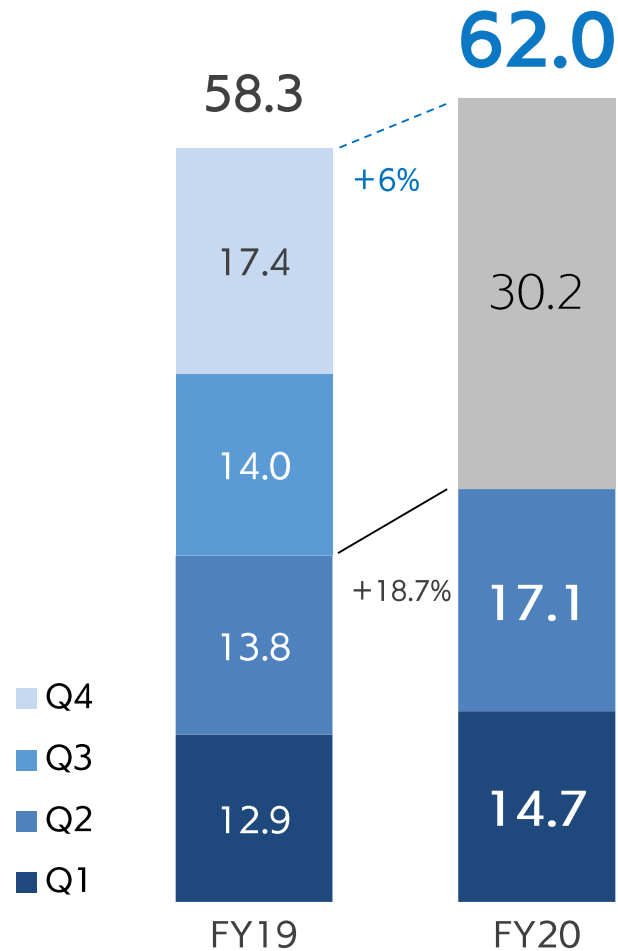
※ All Solution Segments for Individual Customers are EC.

- Increased personnel expenses and M&A-related expenses due to increased number of employees and base pay raises, partially restrained expenses due to remote working.
- Operating income increased due to growth in marginal income, particularly in BIT/CIT/TS.



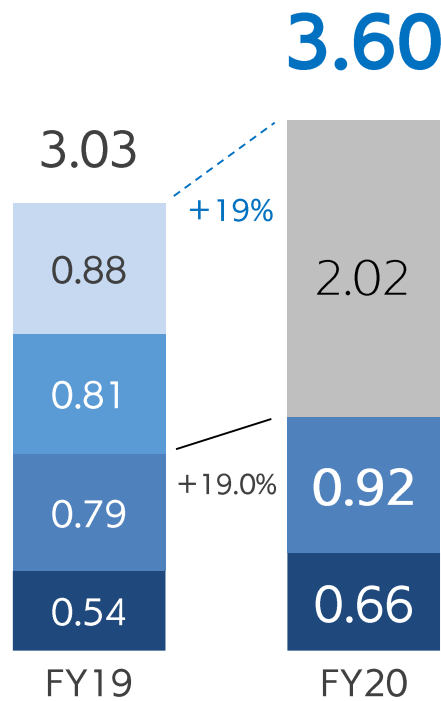
### Forecasts remain unchanged

- Strong IT investment expected to respond to new norms and promote strategic DX
- Sales trended higher than expected, partly due to the consolidation effect of DENEN Co. Ltd.
- Focus on activities in the second half in anticipation of expanding BIT-related areas from FY21 onward.

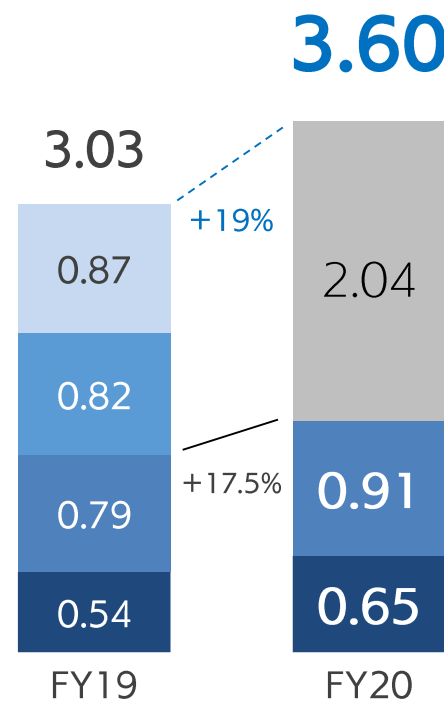


Net Sales

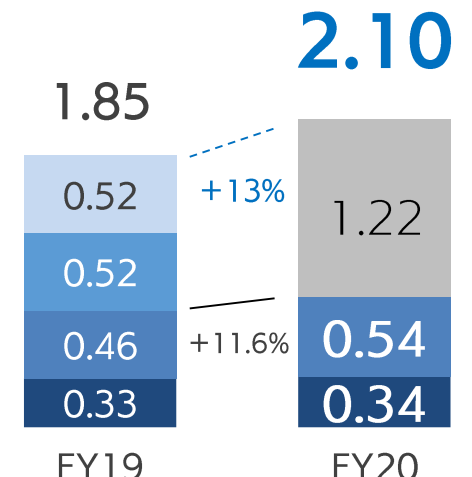
[Billions of yen]



Operating income



Ordinary income



Net income

(Profit attributable to owners of parent)

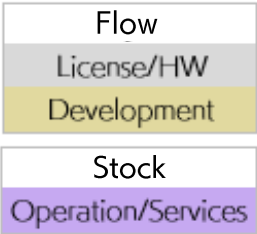
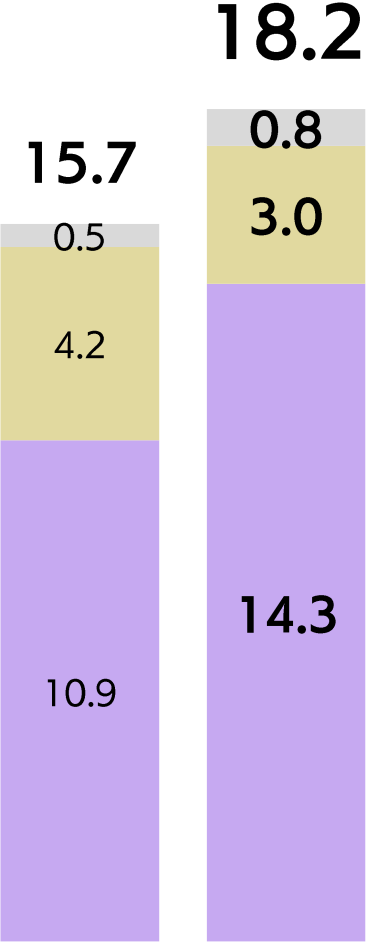
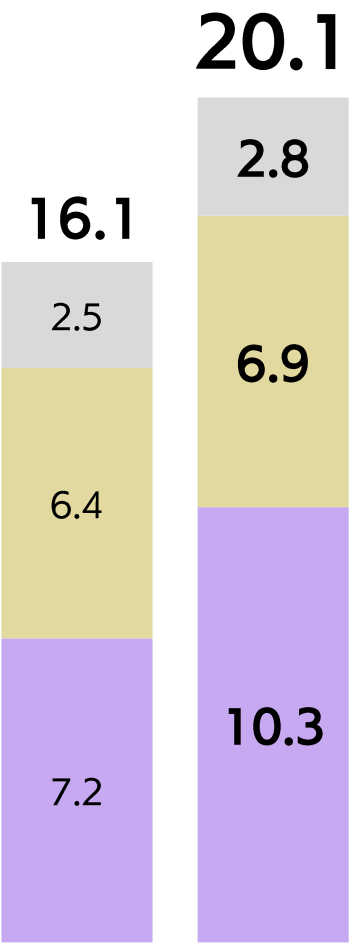
[Non-Consolidated] Orders Received/Order Backlog (Excluding EC Services) | FY2020 Q1

Orders Received

Orders Backlog

Q1  
Record High

Record High



Non-consolidated order backlog

(YoY) 15.9%UP

Orders  
Received

- 【 Flow / development 】
- By solutions: strong TS orders
  - By customer: In SoftBank Corp., the number of vendor management projects increased in YoY. Public projects decreased due to focus on activities in the second half of the fiscal year.
- 【 Stock 】
- By solutions: Sales of TS increased for vendor management projects. Set up the execution/result report to the SBT standard, and stock the one which can be made efficient. CIT: Public operation projects and our own services performed strongly.

Orders  
Backlog

- 【 Flow / development 】
- Flow (development) decreased as the progress of electronic application projects and the completed management standardization of vendor management projects were included in the stock.
- 【 Stock 】
- CIT increased due to public investment projects and sales of our own services, etc.
  - TS increased due to management standardization of vendor management projects.

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 **SB Technology**