

SoftBank Technology Corp.

## Overview of Financial Results for the fiscal year ended March 31, 2016

Date and time : from 10:30am to 11:30am, Friday, April 27, 2016

Venue : Daiwa Conference Hall A1, 18F GRANTOKYO NORTH TOWER,  
1-9-1 Marunouchi, Chiyoda-ku, Tokyo

Speaker : SoftBank Technology Corp.  
President & CEO Shinichi Ata

## ■ Overview of FY2015 Full Year Results

<div> <div>Consolidated</div> <div> <b>FY2015 Full Year Results Summary</b>            Comparison with the previous fiscal year         </div> <div> <div>SoftBank</div> <div>Technology</div> </div> </div>				
<div> <div>Overview</div> <ul style="list-style-type: none"> <li>Net sales increased 13.4% to 45.1 billion yen.</li> <li>Profits rose to new record highs at each level.</li> </ul> </div>				
(Millions of yen)	FY14 Full year	FY15 Full year	Amount of change	Ratio of change
Net sales	39,816	45,163	+5,346	+13.4%
Operating income	1,398	2,308	+909	+65.0%
Ordinary income	1,403	2,230	+827	+58.9%
Profit attributable to owners of parent	883	1,405	+522	+59.1%
EBITDA	2,435	3,285	+850	+34.9%

Note: EBITDA = Operating income (loss) + Depreciation + Amortization of goodwill  
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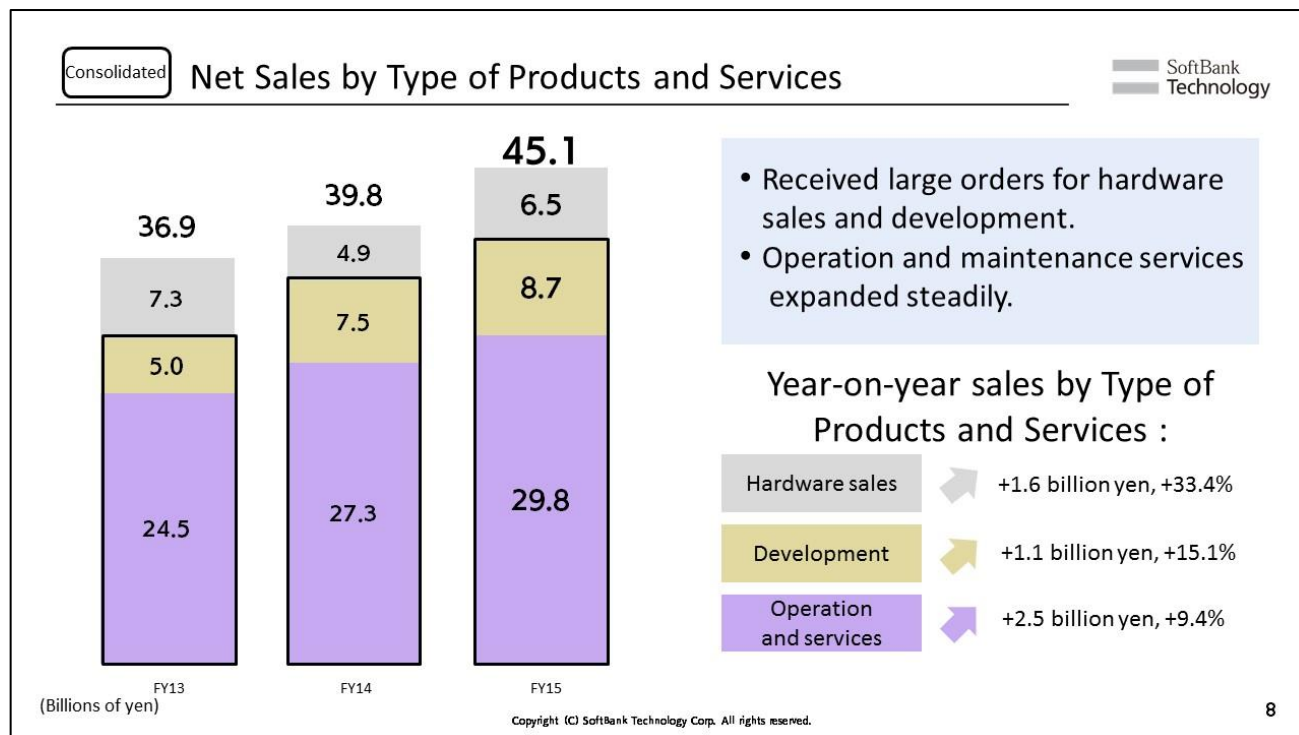
Net sales increased 5,346 million yen (+13.4%) year on year to 45,163 million yen. At SoftBank Technology, nonconsolidated sales increased because of large development projects using cloud computing, increased orders for hardware in the platform business and growth in Symantec store sales. Also increased sales from operation and services management in each business.

Operating income increased 909 million yen (+65.0%) to 2,308 million yen as growth in sales and strengthening of the project management system improved profitability. The operating margin increased 5.1%, up to 1.6 percentage points.

Ordinary income increased 827 million yen (+58.9%) to 2,230 million yen. Profit attributable to owners of parent increased 522 million yen (+59.1%) to 1,405 million yen. EBITDA increased 850 million yen (+34.9%) to 3,285 million yen.

EBITDA= Operating income/loss + Depreciation + Amortization of goodwill

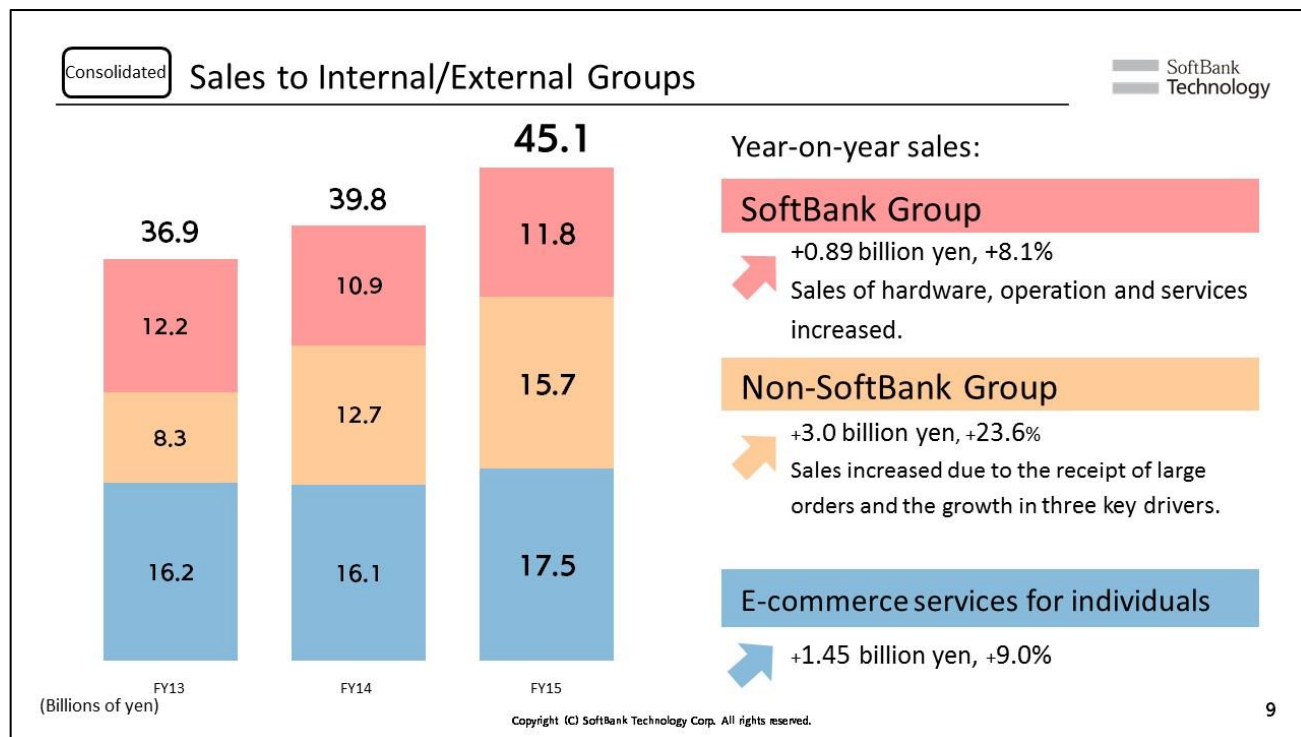
## ■ Overview of Net Sales by Type of Products and Services



The business strategy for the past several years is to transform business into services in order to generate consistent revenue. To accomplish this, SBT is aiming at the expansion of the sales from system development projects and from operation and services that are provided after development projects go alive.

Thanks to the large-scale projects using cloud computing services, development sales increased 1.1 billion yen (+15.1%) to 8.7 billion yen. Net sales in the operation and services category increased 2.5 billion yen (+9.4%) to 29.8 billion yen.

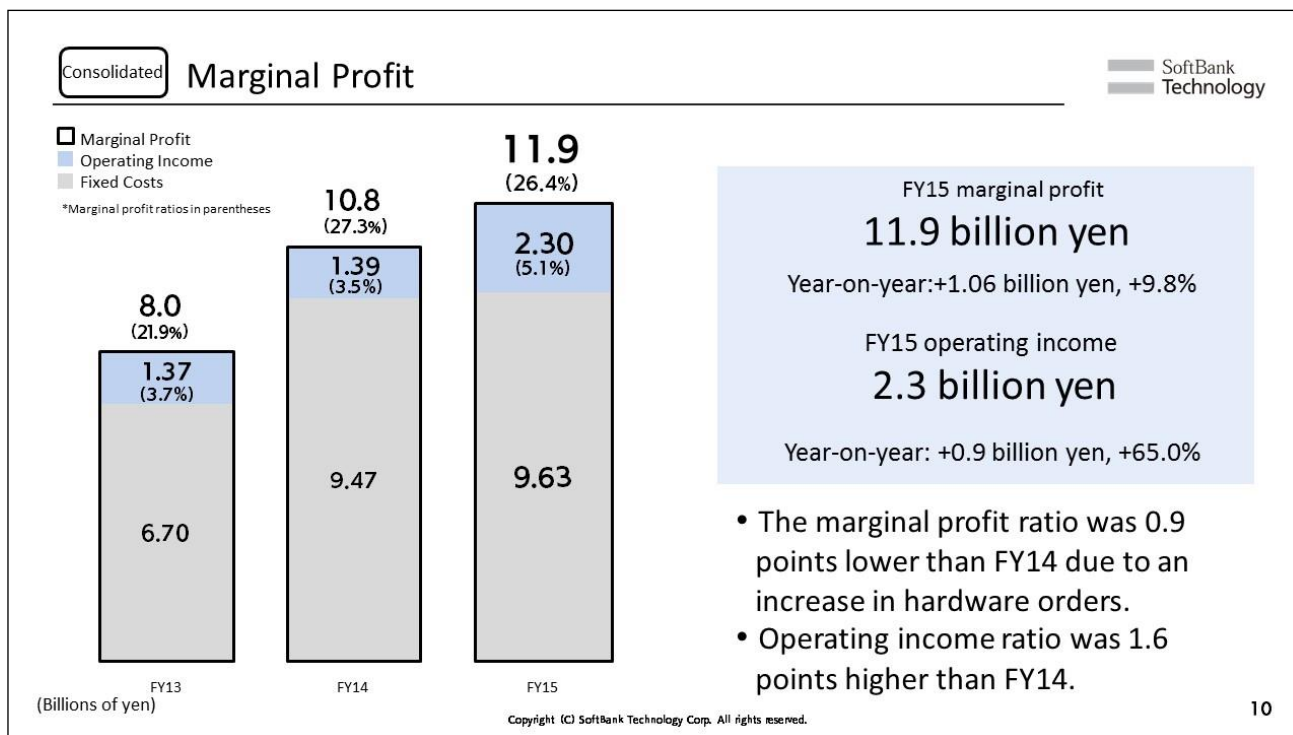
## ■ Overview of Sales to Internal/External Groups



SBT puts a strong effort to increase non-SoftBank Group sales, both private sector and public sector customers, by promoting the three key driver solutions.

Non-SoftBank Group sales posted strong growth of 3 billion yen (+23.6%) to 15.7 billion yen. The main reasons were large sales increase in the Microsoft solutions business and data analytics business.

## ■ Overview of Marginal Profit

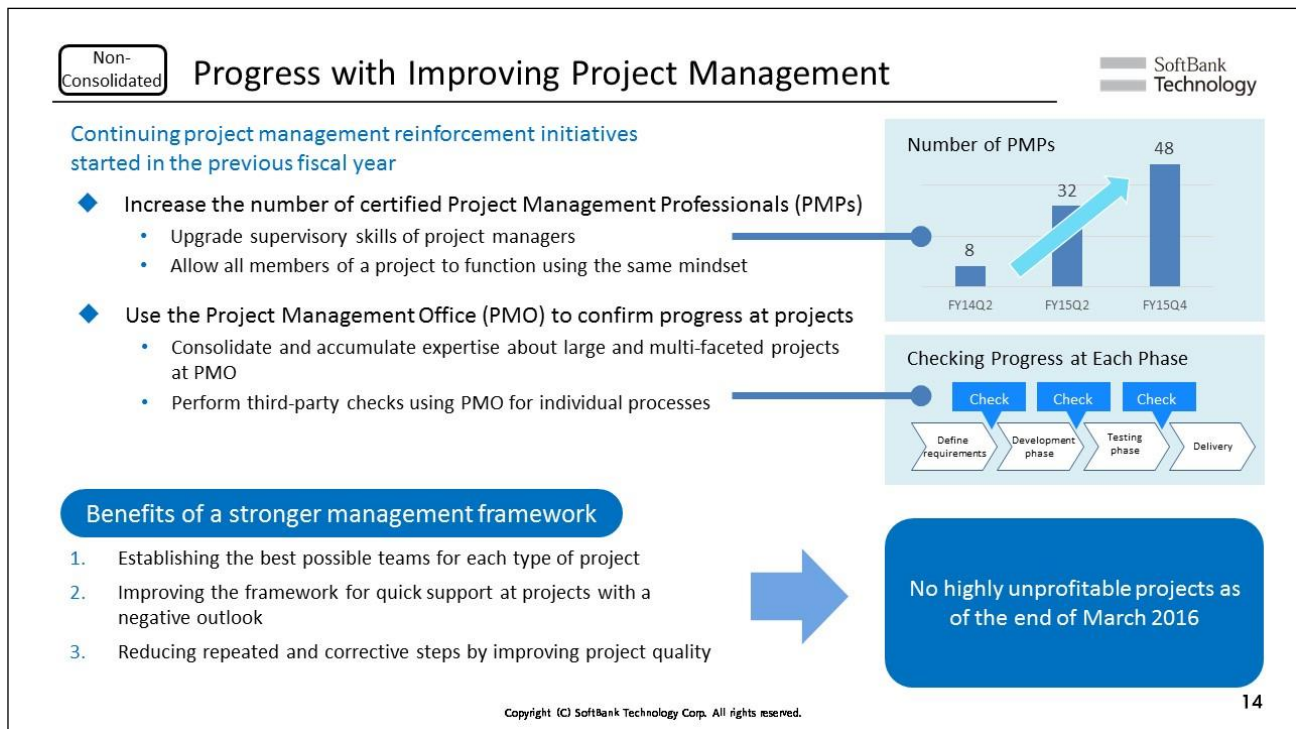


Marginal profit increased 1.06 billion yen (+9.8%) to 11.9 billion yen because of the sales growth. The marginal profit ratio declined 26.4%(-0.9%) due to order expansion of the hardware sales in the platform solutions and security solutions businesses. Fixed costs increased 150 million yen (+1.7%) to 9.6 billion yen mostly by the increase of employees at SBT.

In spite of the fixed costs increase, operating income increased 0.9 billion yen (+65.0%) to 2.3 billion yen as a result, thanks to productivity improvement and the prevention of the unprofitable project outbreak by the reinforcement of the project management

Note: Marginal profit = Net sales – Subtracting variable costs (cost of merchandise, outsourcing costs, distribution costs and other costs that vary depending on sales).

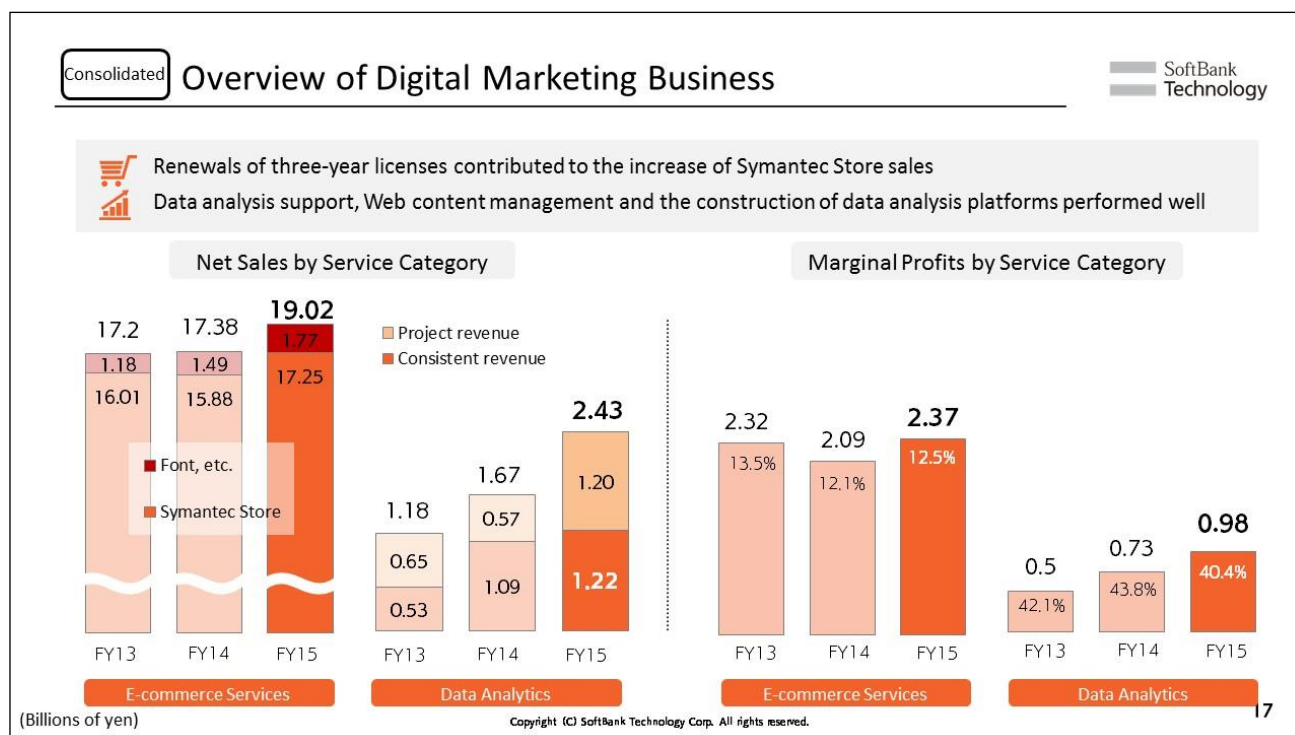
## ■-TOPICS- Improving Project Management



SBT reinforced the project management as a lesson by the outbreak of large unprofitable projects in FY2014

SBT established the Project Management Office to check the situation of the projects at each stage from early stage. This effort led the prevention of the large unprofitable project outbreak and the productivity improvement of engineers, resulted in strong earnings growth.

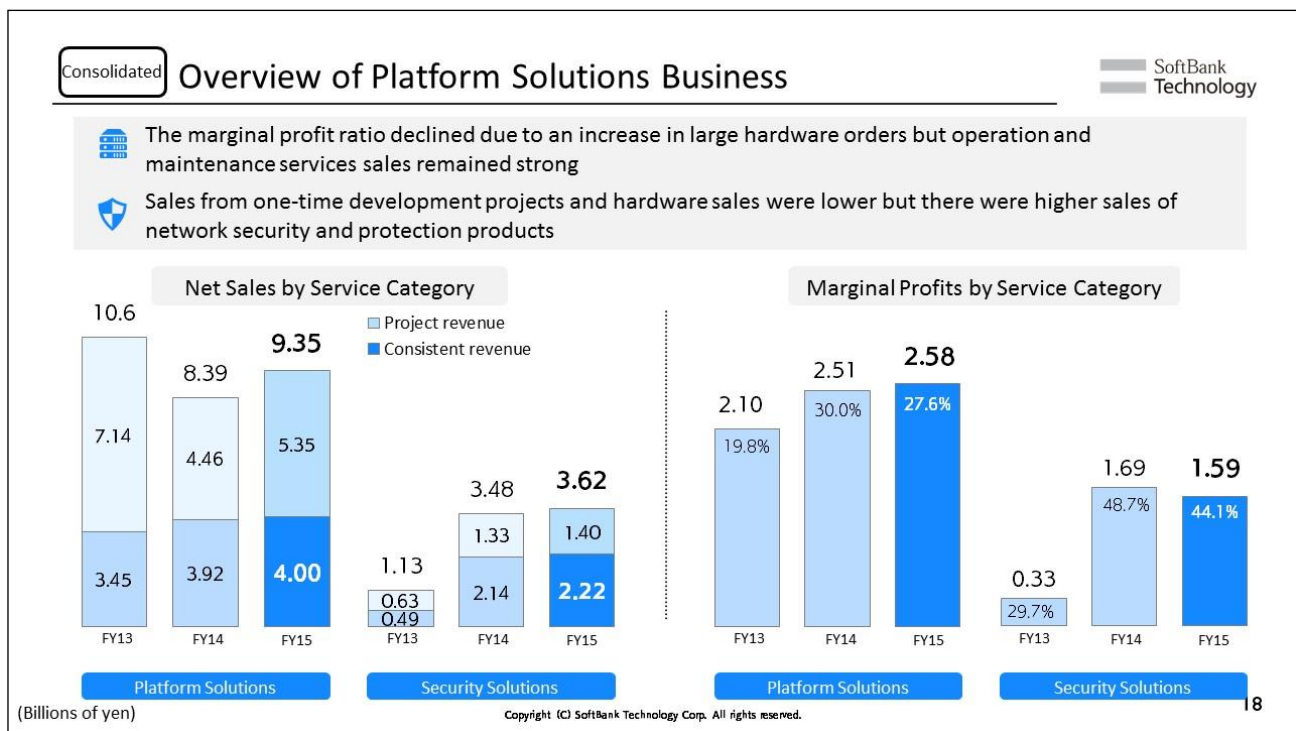
## ■ Overview of Net Sales by Service Category (Digital Marketing Business)



In the e-commerce services category, Symantec store sales were up 1.64 billion yen (+9.5%) to 19.02 billion yen. Subsidiary Fontworks Inc., which plans, develops and sells digital fonts, also contributed to sales growth. Marginal profit increased 0.27 billion yen (+13.3%) to 2.37 billion yen because of the increased sales.

In the data analytics business, which is one of the three key drivers, sales increased 0.76 billion yen (+45.5%) to 2.43 billion yen thanks to a large volume of orders for web access analysis tools and web content management systems. Data analytics marginal profit was up 240 million yen (+34.1%) to 980 million yen because of the strong sales growth.

## ■ Overview of Net Sales by Service Category (Platform Solutions Business)

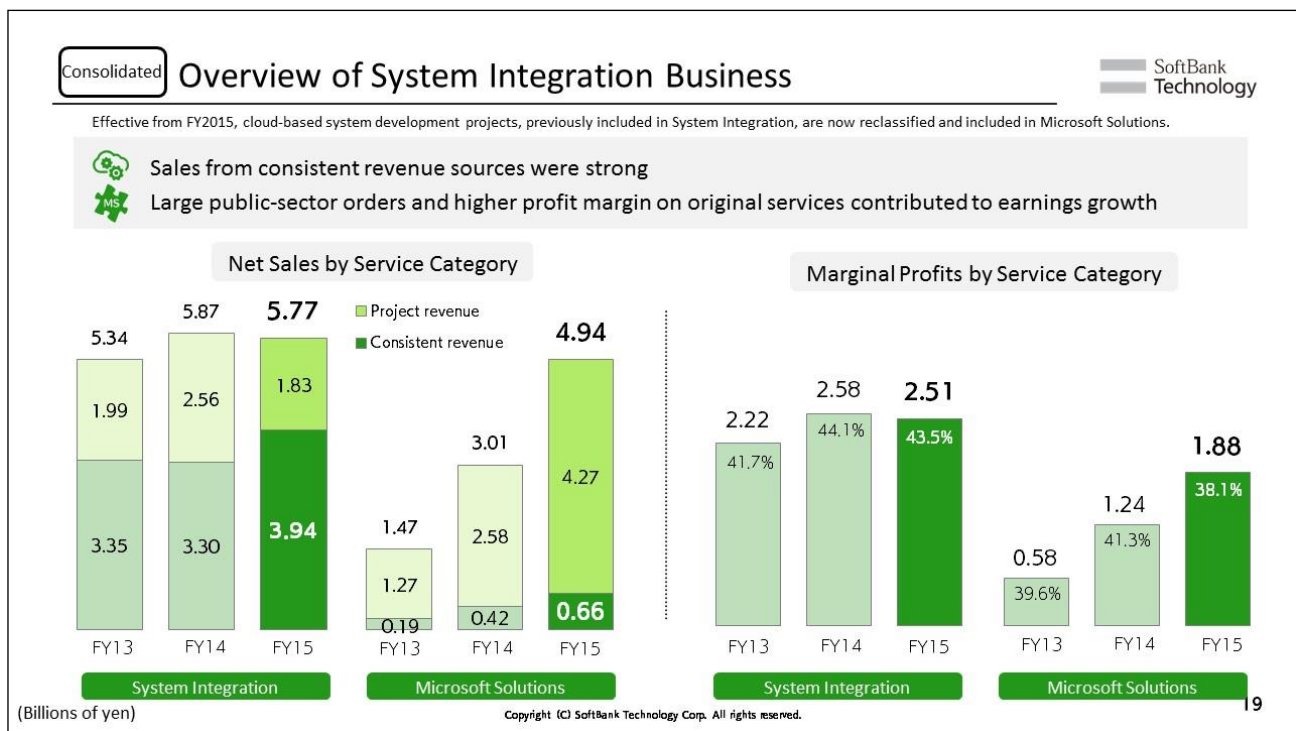


In the platform solutions business, growth in orders for servers and network equipment raised sales 0.96 billion yen (+11.5%) to 9.35 billion yen. Increased sales at subsidiary Miracle Linux Corporation, a provider of open source software solutions mainly on Linux, also contributed to sales growth. Marginal profit in the platform solutions business increased 0.07 billion yen (+2.8%) to 2.58 billion yen.

In the security solutions business, which is a key driver, there was growth in sales of FireEye, McAfee and other security appliances and increased sales from operation and maintenance services for security products. The result was a 0.14 billion yen (+4.0%) increase in sales to 3.62 billion yen. Marginal profit in the security solutions business decreased 0.09 billion yen (-5.9%) to 1.59 billion yen. This was mainly due to a decline in the marginal profit ratio, this decline was caused by an increase of hardware sales having low margin.



## ■ Overview of Net Sales by Service Category (System Integration Business)




Net sales in the system integration business decreased 0.09 billion yen (-1.6%) to 5.77 billion yen. Marginal profit in the system integration business decreased 0.07 billion yen (-2.9%) to 2.51 billion yen.

Net sales in the Microsoft solutions business, which is a key driver, increased 1.92 billion yen (+64.1%) to 4.94 billion yen. A large development project using cloud computing services and growth in orders for operation and services management were the main reasons for the increase in sales. The marginal profit in this business increased 0.64 billion yen (+51.6%) to 1.88 billion yen because of the big increase in sales.

## ■ Outlook for the Next Fiscal Year (FY2016)

Consolidated

FY2016 Earnings Forecast


 SoftBank  
Technology

Overview

- Aiming for further growth by providing cloud services centered on the three key drivers
- Aiming at three consecutive years of sales and earnings growth by staffing for business expansion and start-up of new businesses, and stepping up training for improving technical abilities

(Millions of yen)	FY2016 Forecast Full year	FY2015 Results Full year	Amount of change	Ratio of change
Net sales	47,000	45,163	+1,836	+4.1%
Operating income	2,400	2,308	+91	+4.0%
Ordinary income	2,300	2,230	+69	+3.1%
Profit attributable to owners of parent	1,500	1,405	+94	+6.7%

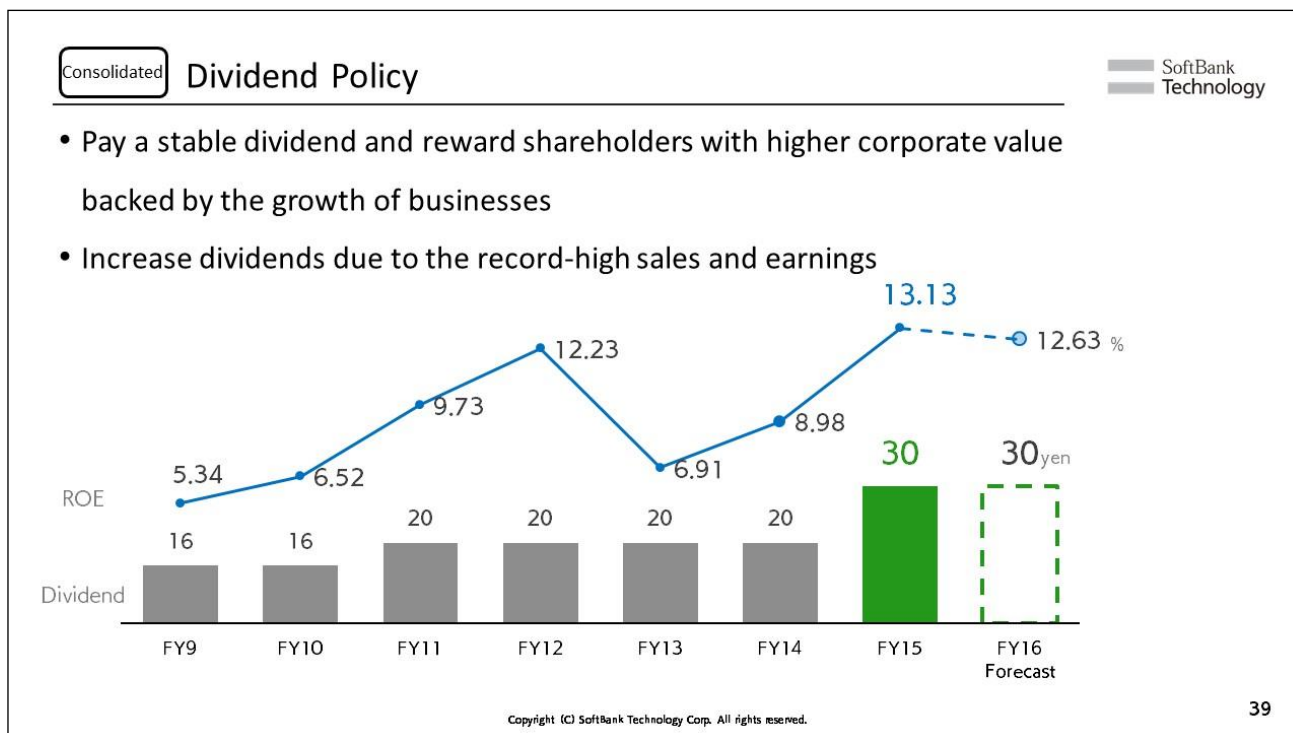
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We are aiming for more growth as a company that can help customers' business transformation by combining data analytics, security solutions and Microsoft solutions services on cloud.

We will increase large development projects using cloud computing and shift our businesses to proving services with value. To realize this, we push forward adoption activity for engineers with skills in the three key driver businesses positively. Recruiting and personnel expenses will increase as our workforce grows. We also expect an increase in training expenses in order to upgrade the technological skills of our employees. We anticipate these increased expenses will hold down FY2016 operating income growth. But we also expect productivity improvement, and we aim for the third consecutive year record-high consolidated earnings.

## ■ About Dividend Increase



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SBT realized record high achievements and the second consecutive year increase both in sales and profits.

These results were accomplished by the increase of large-scale projects using cloud computing such as the agricultural land project and the reinforcement of the project management.

To return more cash to shareholders, the year-end dividend for the fiscal year that ended in March 2016 was 30 yen per share, an increase of 10 yen from the initially planned 20 yen year-end dividend.