I'm Ata of SoftBank Technology. Thank you for coming to our financial results briefing session today. I will try to explain as clearly as I can.

I guess many of you have come to our financial results briefing session for the first time. So, I will begin by explaining where the company stands now.

With SoftBank in its corporate name, SoftBank Technology is a SoftBank Group company in which SoftBank has a majority stake.

Vision of Softbank Technology (SBT)

SoftBank Technology

Information Revolution – Happiness for everyone
Harnessing the power of Technology to build a Brighter future

SBT, with the slogan *growing big*, aims to become a **business partner**, not an IT vendor, of customers, by taking advantage of its **cloud** capabilities and many case studies.

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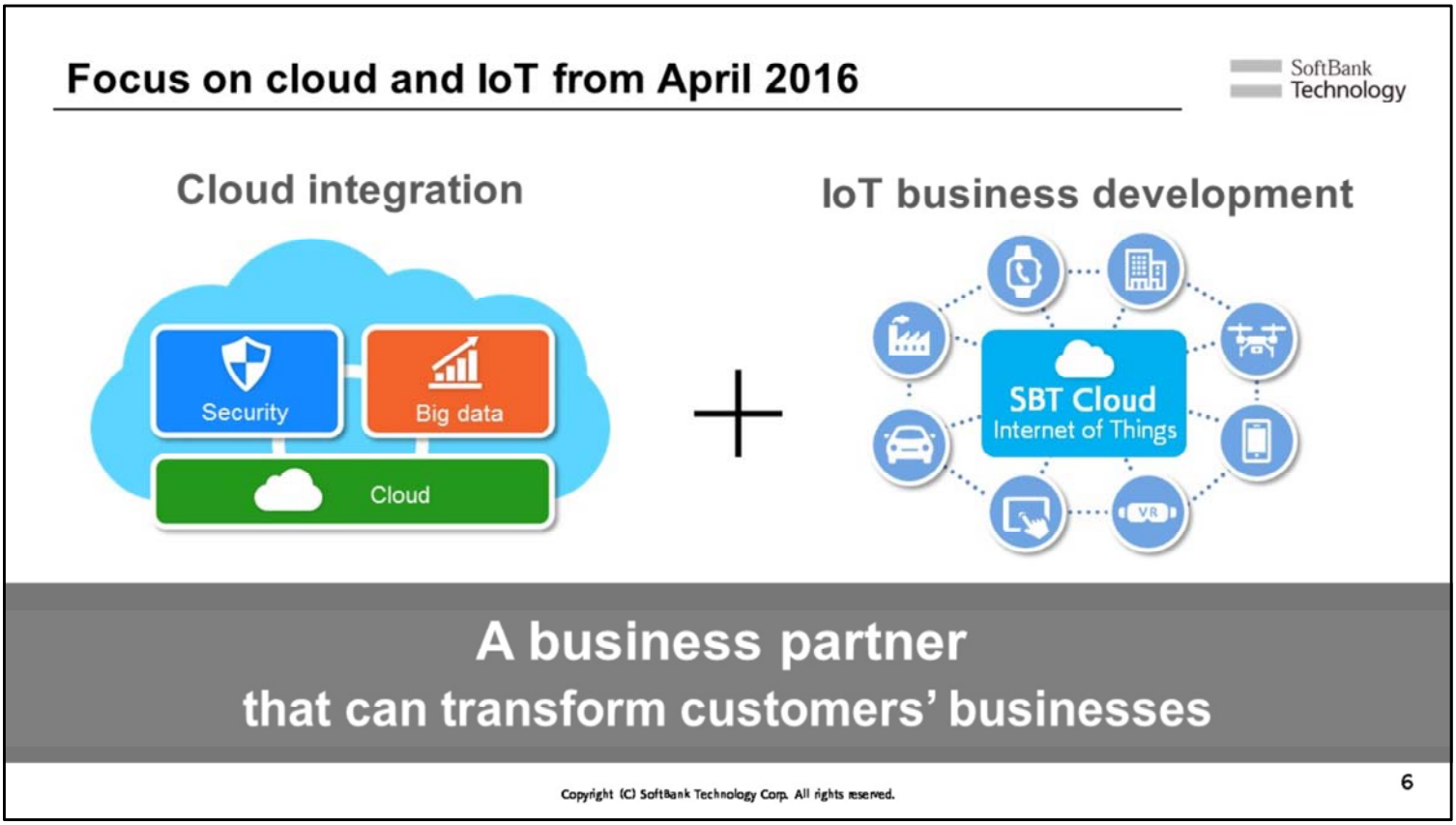
When I came to this company five years ago, I discussed with many of the employees and executives whether we should chose to aim for survival as we were or grow big despite the risks we must take. We agreed that we should aim to grow big, which now has become our slogan: Growing big is the core of our business operations.

We decided to acquire cloud technologies to position the cloud as our core business to achieve that growth.

We aspire to serve as a business partner of our customers capable of supporting them with information technology for starting a new business or establishing a foundation for their business.

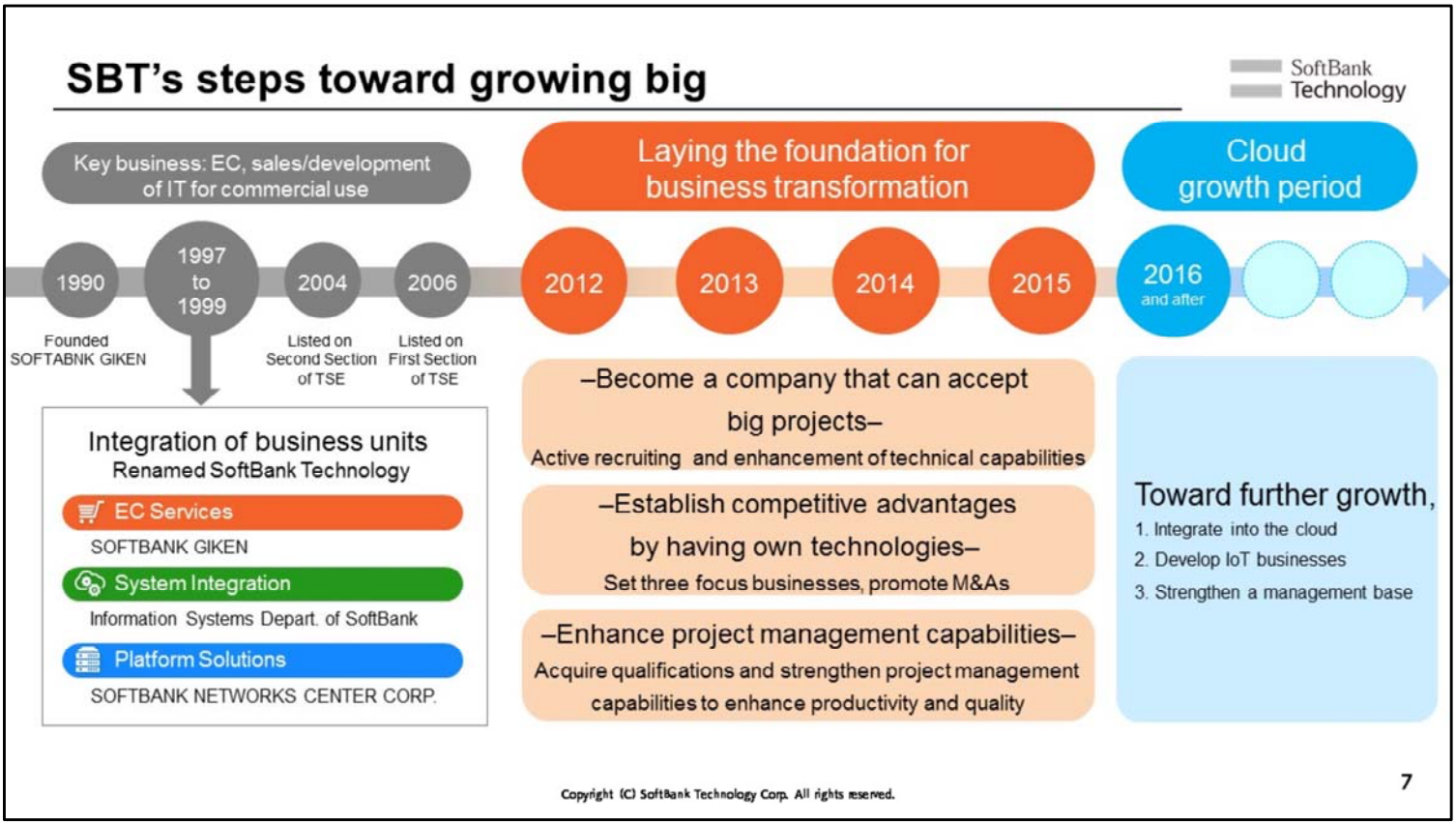


The fiscal year ended March 2017 marked a new stage. From April 2016, we started offering, all via the cloud, our cloud knowledge, security technologies, and big data analysis capabilities we had integrated.

We shifted the course by, for example, deciding to provide only cloud-based services from the fiscal year ended March 2017, welcoming cloud business requests and declining in some cases on-premises* installation of data and the like, except for existing customers with whom we have already developed business relationships.

As for the development of the IoT business, we position the fiscal year ended March 2017 and the fiscal year ending March 2018 as years in which we identify businesses where we can generate sales.

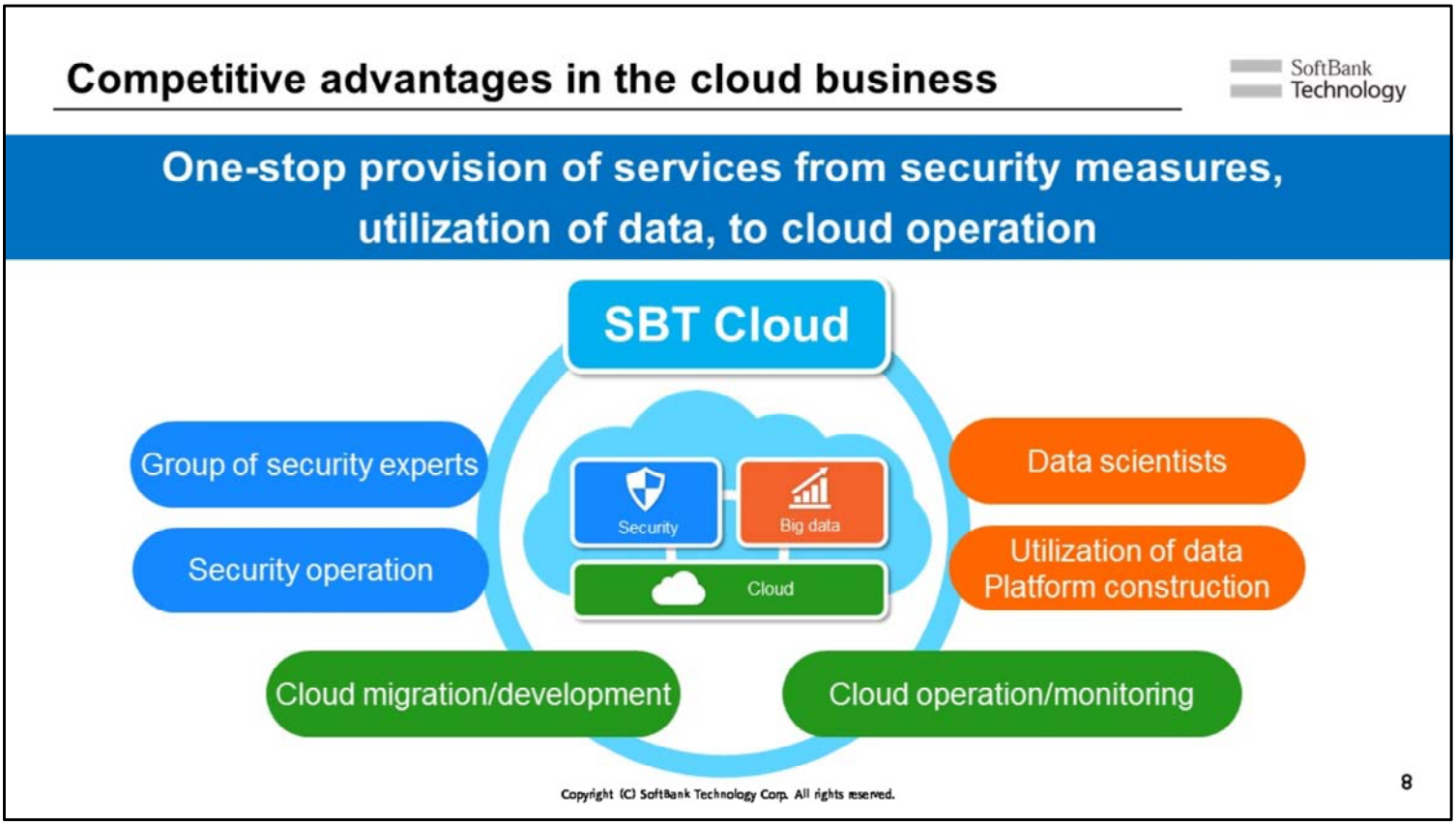
*On-premises: on-premises deployment of information systems means installing and running the systems on hardware within the premises of a company (source: Wikipedia)



SoftBank Technology was created from the merger of SOFTBANK GIKEN, the Information Systems Department of SoftBank, and SOFTBANK NETWORKS CENTER in 1997. I joined SoftBank Technology in 2012. Growing big will eventually enable us to win big projects, and we should not remain in the business of providing SES* forever without having our own technologies.

Project management capabilities are also important when implementing big projects. We worked on these three areas during the four-year period from the fiscal year ended March 2013 to the fiscal year ended March 2016. From the fiscal year ended March 2017, we started focusing on the development of IoT business and the cloud.

*SES: SES stands for system engineering services and refers to contracts for providing technical personnel to be engaged in specified services. (Source: IT *Yogo Jiten*)



Regarding the competitive advantages in the cloud business, we have network engineers. To be connected to the cloud, network engineers and server knowledge are essential.

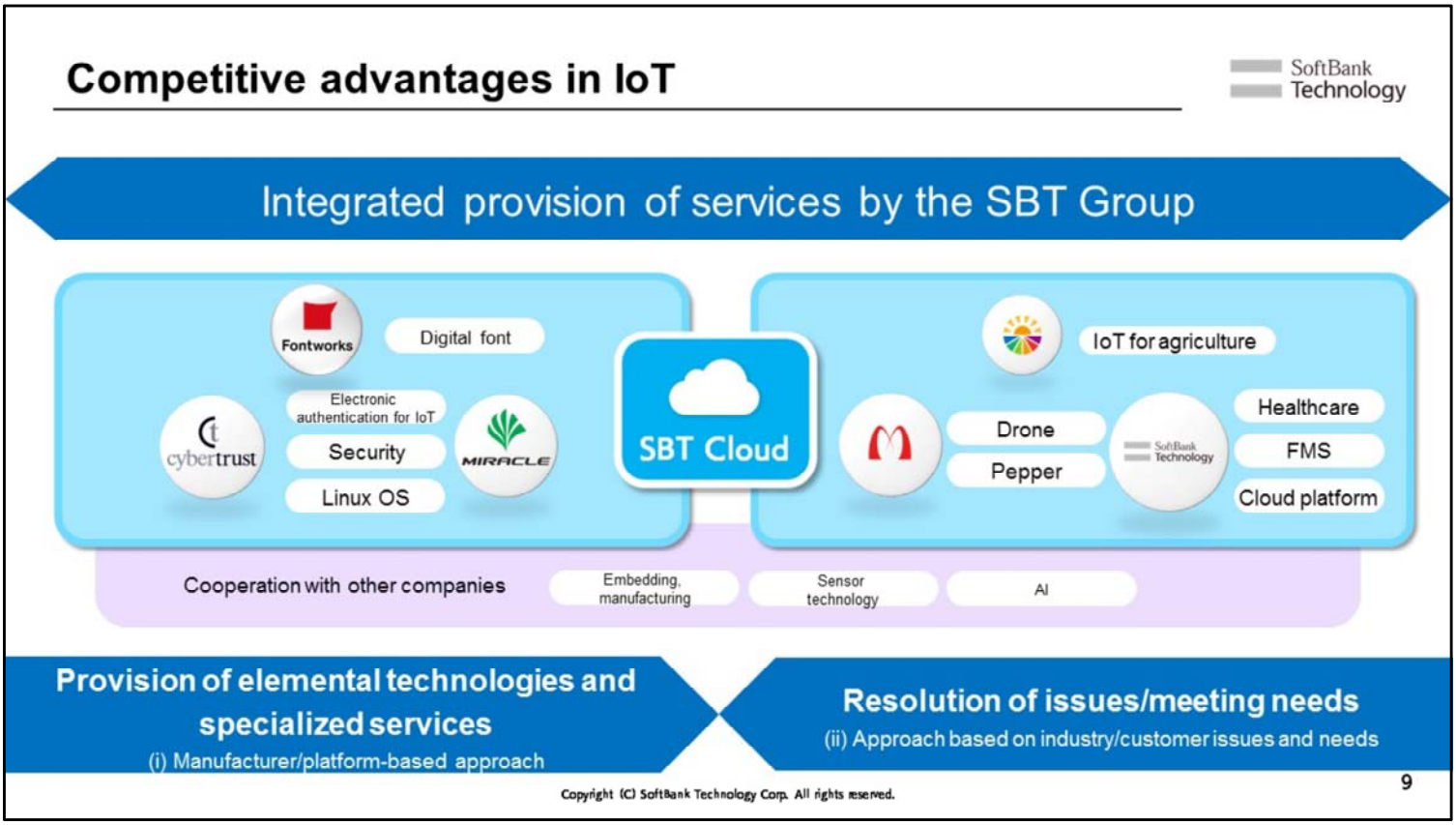
Our clouds are all public clouds.* A public cloud enables you to change resources dynamically, whether increasing the data storage capacity tenfold or decreasing it one-tenth at once, paying only pay-as-you-go costs.

Various data, not only a company's own data but also those of other companies and public data, flow into a public cloud, which makes security technologies indispensable.

We need to have professionals capable of utilizing data, platform development, and data analysis to provide value for money in terms of how to analyze data to create advantages.

In these three areas, which we call three key drivers, we are gaining strength. I believe that having technologies in all of these areas within a single company, which is rare, is our cloud strength.

*Public cloud: cloud computing environment provided by service providers such as data center operators to the general public (source: IT *Yogo Jiten*)



As for the area of IoT, I believe that IoT data will sure to be connected to the cloud. Also, from the perspectives of what we can do on the device side—Things, we have acquired companies so that we will be able to provide services on the device side.

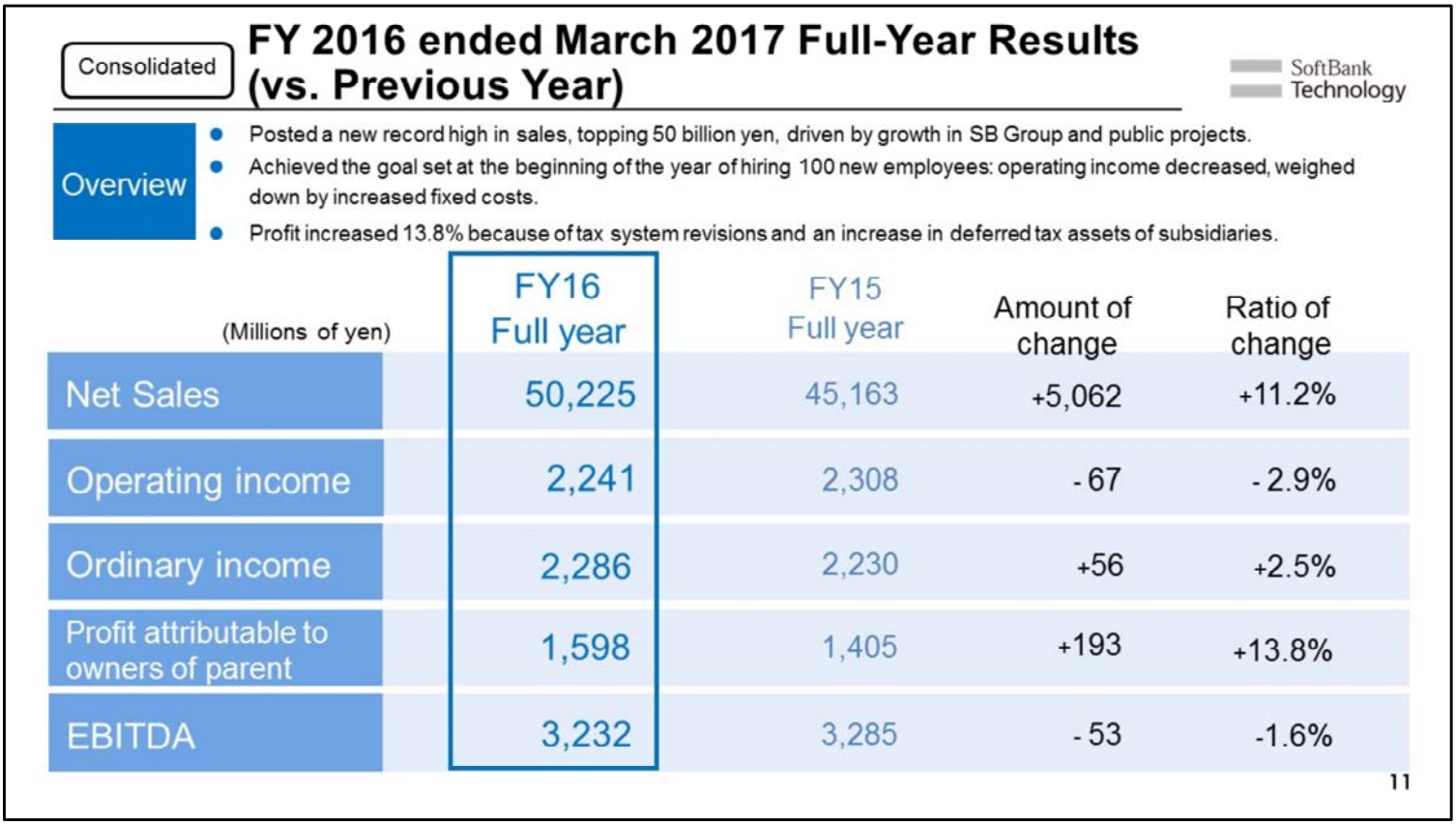
One of our strengths is that our group can handle the operating systems of devices. We expect the performance of chips to improve and add intelligence, which in turn will require more advanced OS, that is, Linux. There are few Linux companies and engineers in the area of embedded technology. We acquired Miracle Linux three years ago because it can handle the complex OS, Linux, not a traditional single RTOS*.

Similarly, we acquired Cybertrust three years ago because public key infrastructure (PKI) technologies and certificates are needed to determine whether Things are authentic, not fake.

Also, high-performance devices have displays, and fonts are needed there. Therefore, we bought Fontworks, a font company, four years ago. These are resources of our group, which we can provide on the embedded technology side.

Of course, we may find other necessary pieces. If that happens, we will complement our resources through M&As and business alliances.

*RTOS: A real-time operating system (RTOS) is an operating system intended to serve real-time applications (Source: Wikipedia)



Now, I will move on to the overview of financial results. We have still been receiving questions after yesterday's publication as to why profit was higher than the forecast while operating income was below the forecast and decreased year-on-year. This is due to tax effects. First, the income tax reduction under Abenomics was applicable because the across-the-board pay increase made by the company was more than 6%.

Consolidated

FY 2016 ended March 2017 Full-Year Results (vs Initial Forecast)

SoftBank Technology

Overview

- Operating income and ordinary income were lower than the forecast due to an increase in fixed costs associated with enhanced recruiting.

(Millions of yen)	FY16 (Full year)	Initial Forecast (April 26, 2016)	Change vs initial forecast (%)	Change vs initial forecast
Net sales	50,225	47,000	106.9%	+3,225
Operating income	2,241	2,400	93.4%	-158
Ordinary income	2,286	2,300	99.4%	-13
Profit attributable to owners of parent	1,598	1,500	106.6%	+98

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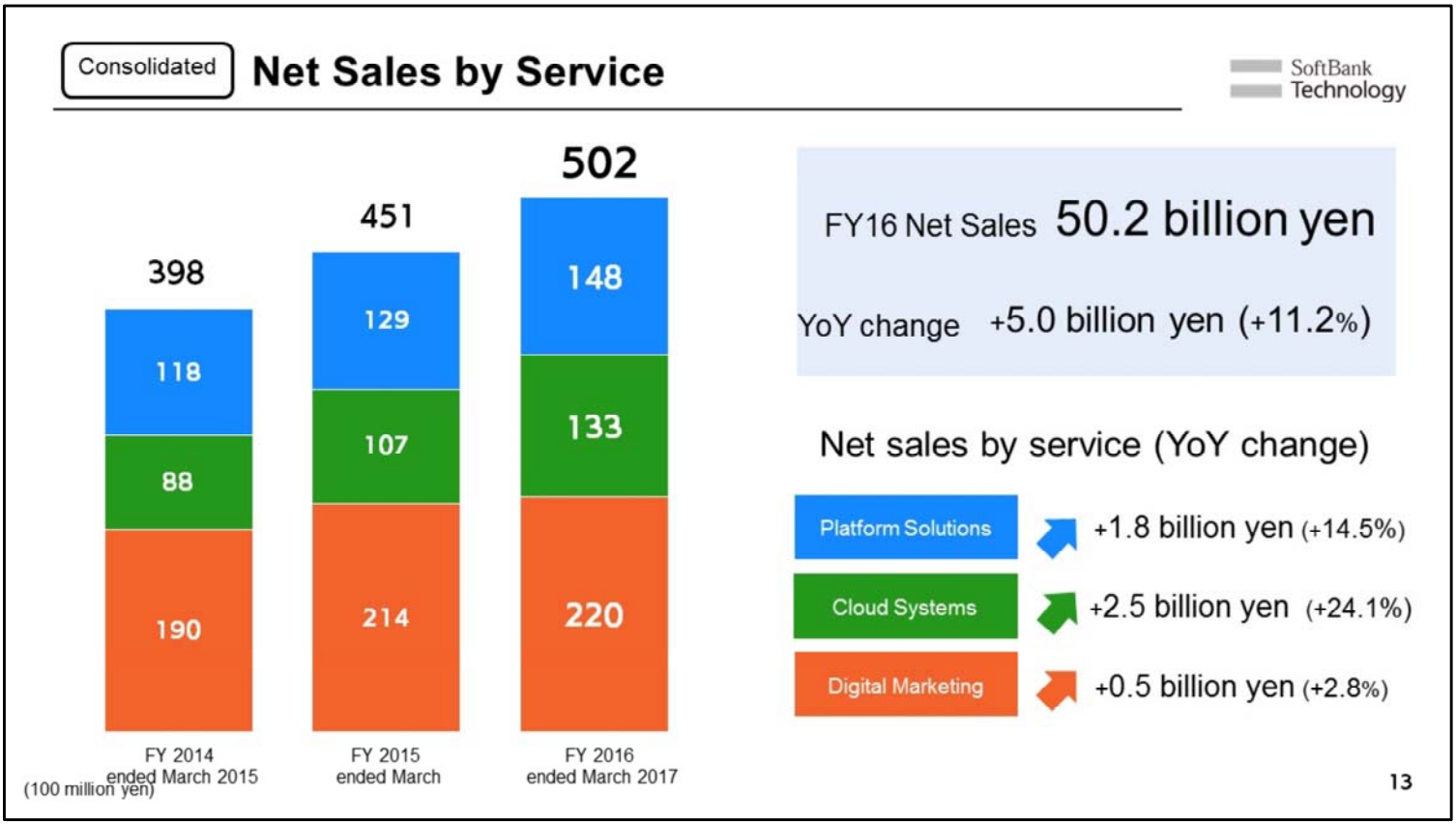
Also, Cybertrust, a subsidiary that recorded a loss for the fiscal year ended March 2016, returned to profitability this fiscal year to which the tax effect accounting was applied. This effect represents 88 million yen. Originally, we were about to achieve the profit target of 1.5 billion yen but recorded close to 1.6 billion yen in profit due to the tax effect of 88 million yen.



Net sales by service is presented by dividing business into three categorizes to see the degree of growth for each category.

Net sales of Digital Marketing includes Symantec's e-commerce of approx. 18.5 billion yen, growth of which was fairly large. Web access analysis, which the company group positioned as digital marketing in the past 10 years, served as one of the catalysts for handling large-volume data.

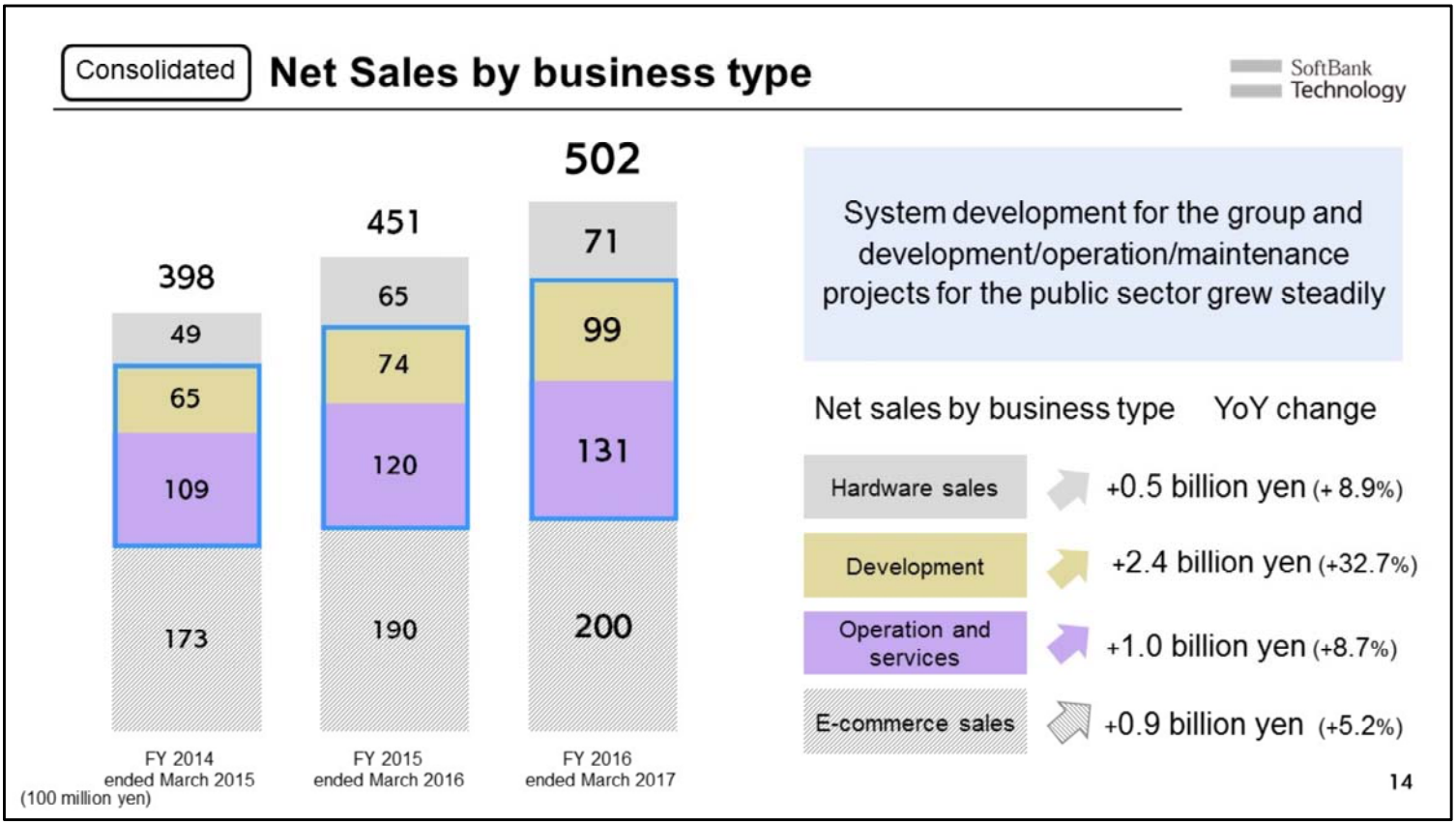
However, there was a significant change in the area of web analysis in the fiscal year ended March 2017. The company group provided this service mainly for Adobe systems in the past 10 years, but its purpose, marketing strategy and users are changing.

One factor is that there are not many e-commerce sites that handle tens of billions of yen in Japan. Differentiation has become difficult after reaching saturation.

Another factor is the emergence of ad agencies. When advertising shifts to the internet, large ad agencies lose businesses to small internet ad agencies. To prevent this, ad agencies started providing the service by themselves to customers.

Each of e-commerce sites in fact is not a 100 million business, but once it is incorporated in advertising services that total to hundreds of millions or billions of yen in advertising expenses, we cannot compete independently in this business.

Therefore, in the mid-2016, we decided to make a big directional change of shifting to cloud-based services by changing our tools and methods completely, which resulted in a decrease in profit.
Sales of system integration include cloud, and sales of platform solutions include security. These two areas are steadily growing.

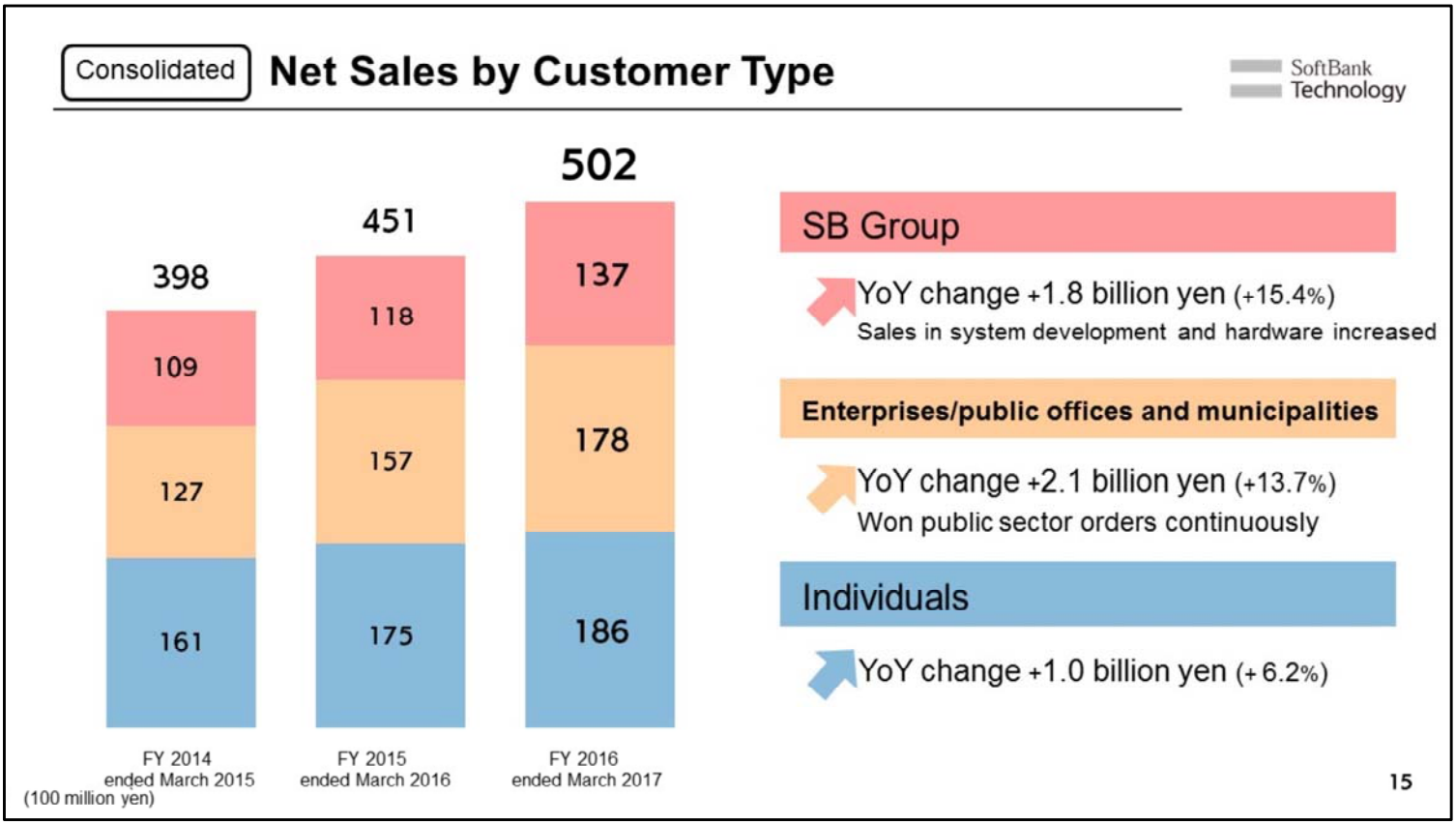


Looking at net sales by business type, the Symantec sales account for a large portion of e-commerce sales, which is growing steadily.

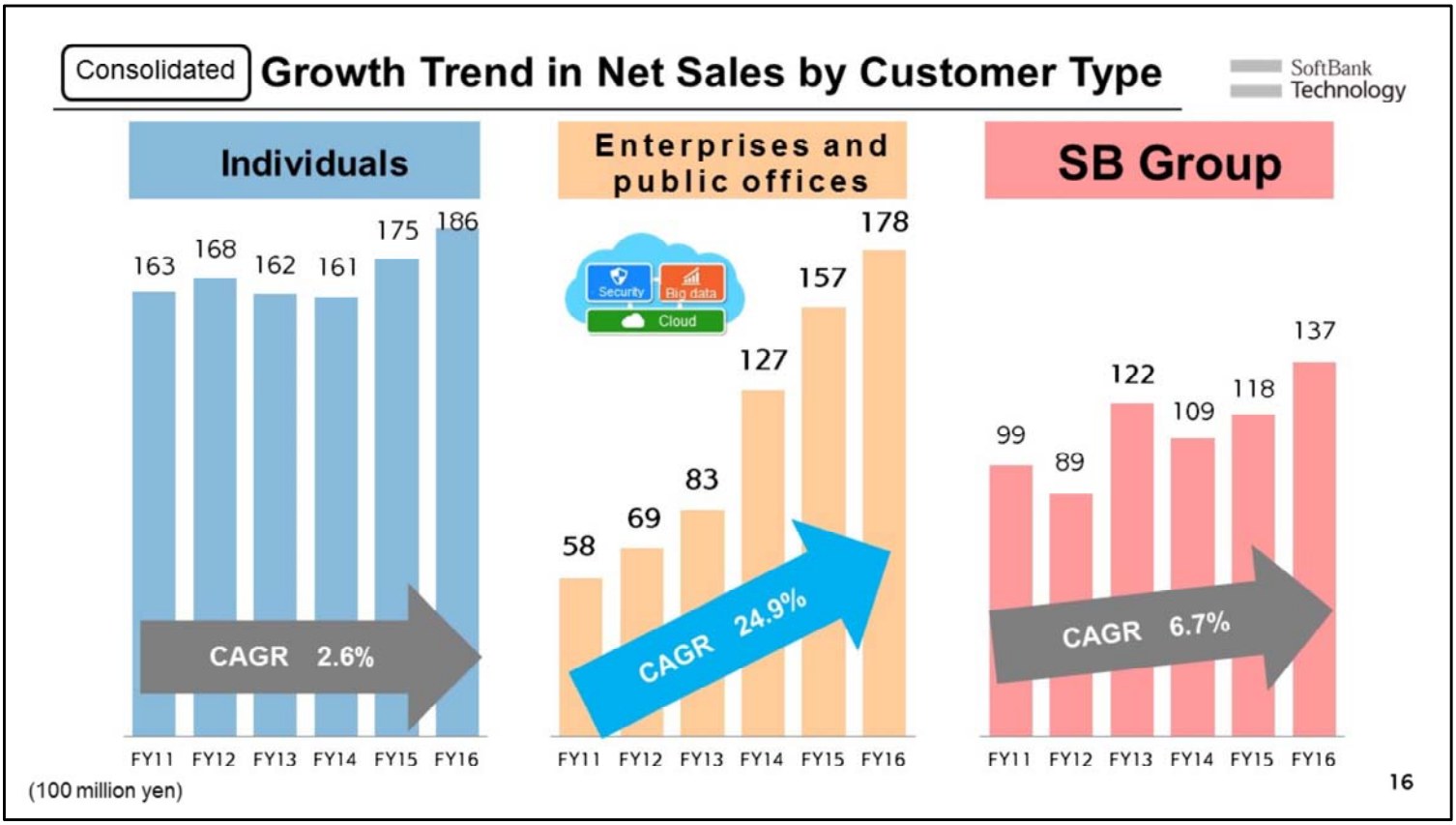
Since the provision of operations and services is recurring business, making sure to grow these is a key strategy. There exist associated risks in growing sales in this business; however, as we develop and then provide operations and services for what we have developed, development during the current fiscal year will contribute to sales from operations in the next fiscal year.

The problem lies in hardware sales. We work with overseas manufactures that expand into the Japanese market as they require technical support in launching their business, but once they establish their Japanese branches and start stationing support engineers after two or three years, our roles disappear and we lose margins.

Thus, sales fluctuate and profit gradually declines. Then, we need to find new products. So-called IT import solutions account for nearly half of our hardware sales.



This shows net sales by customer type. Sales to individuals represent Symantec content sales. Sales to enterprises/public offices and municipalities represent sales to organizations other than those SoftBank Group companies. The portion highlighted in red shows sales to SoftBank Group companies.



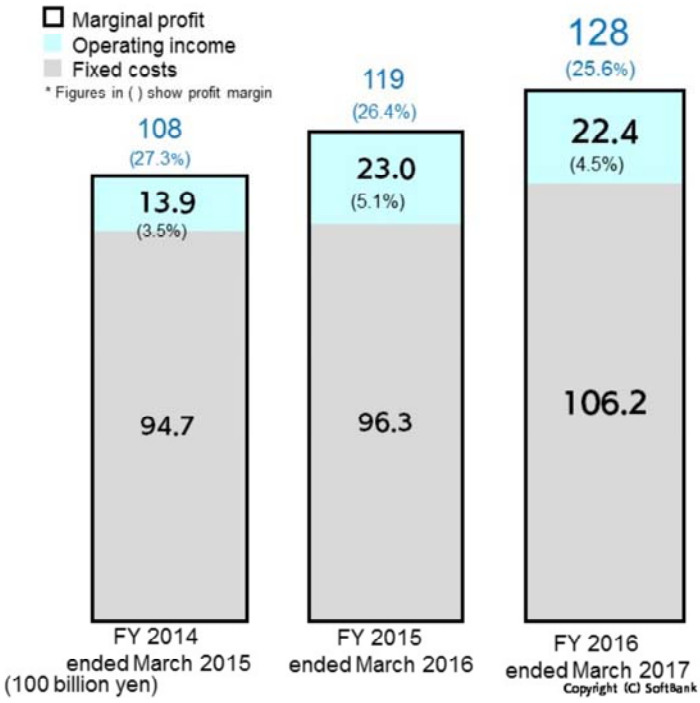
This shows changes in sales in the past five years. Sales to individuals, which had been flat, are growing in the past one to two years due to growing focus on Symantec products.

Sales to enterprises/public offices and municipalities grew approx. 25%. Sales to SoftBank Group also increased 6.7% but the ratio of hardware sales to the overall sales is high, creating fluctuations between times when hardware is selling and times it is not.

Consolidated

Marginal Profit

SoftBank Technology



FY16 Marginal profit **12.8** billion yen

YoY change +0.92 billion yen (+7.8%)

FY16 Operating income **2.2** billion yen

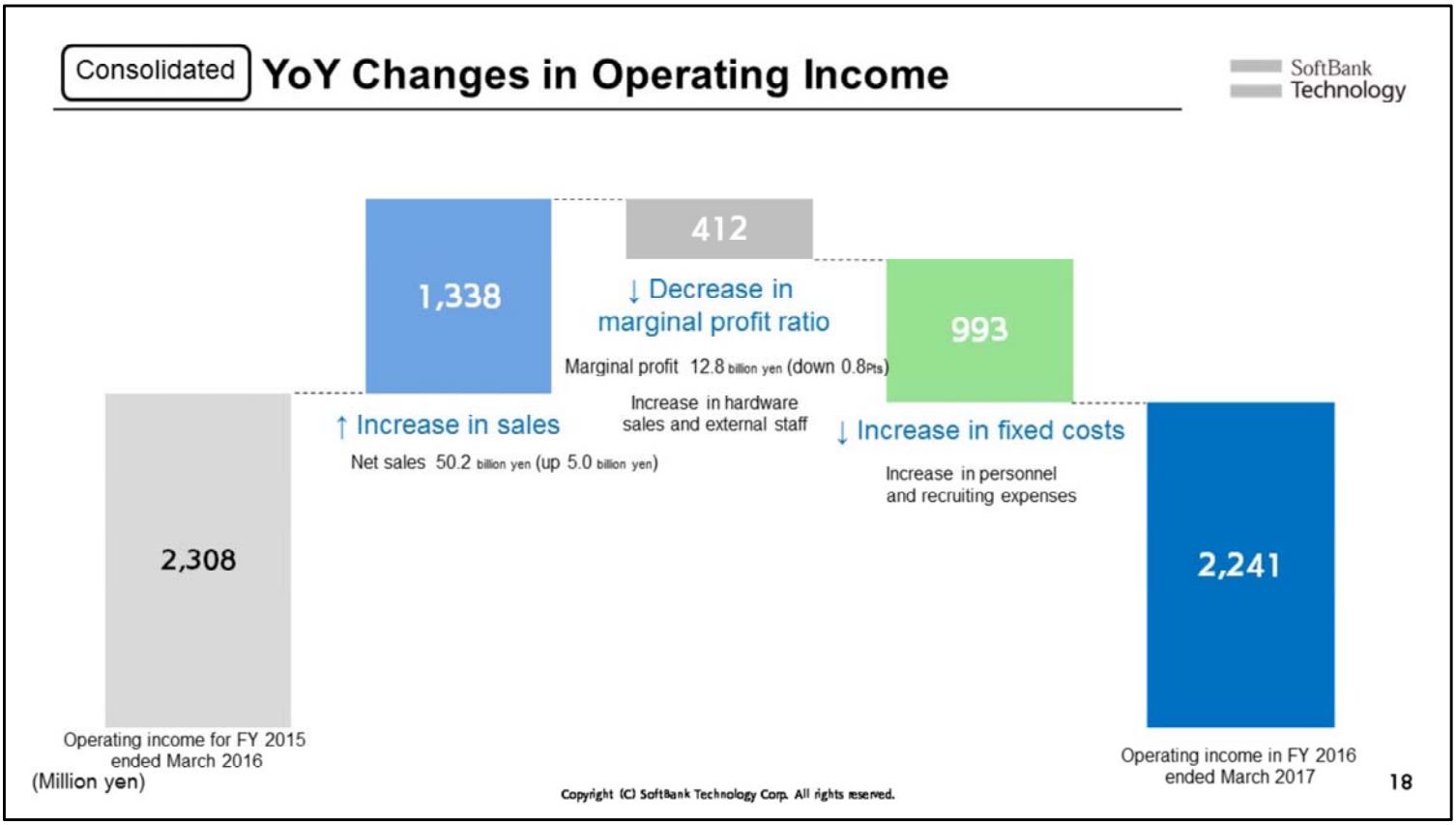
YoY change -0.06 billion yen (-2.9%)

Marginal profit ratio is on a declining trend (down 0.8 pts YoY) due to increased hardware sales and external personnel

Operating income margin is down 0.6 pts YoY

17

Marginal profit is obtained by subtracting external costs. If fixed costs remain the same, profit should increase, but that was not the case.



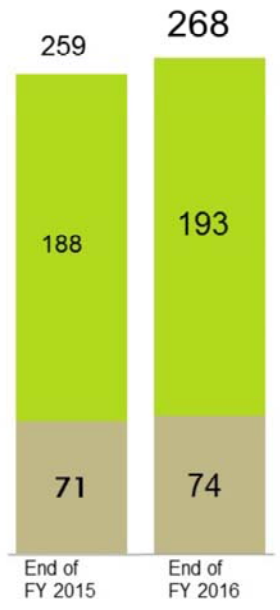
This is the bridge, which shows building of 1.3 billion yen due to increased sales. However, this is partially offset by a decrease in the marginal profit ratio as hardware sales accounted for a large portion.

In addition, as I explained a year ago, we started hiring in February 2016 with the target of adding 100 employees. As a result, we hired 120-odd employees in one year. The net increase after accounting for leavers was 102, which pushed up fixed costs, resulting in a YoY decline in operating income.

Consolidated

Balance Sheet
Comparison with Previous Fiscal Year-End

SoftBank Technology



Current assets

Cash and deposits 6.1 billion yen
vs previous FY end +0.4 billion yen

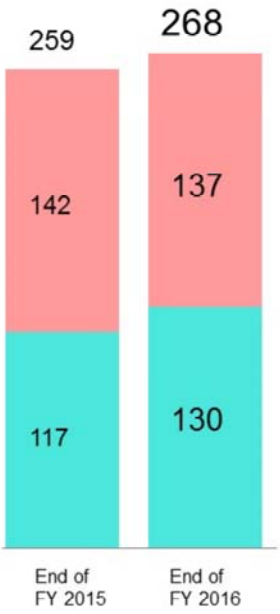
Notes and accounts receivables-trade 11.4 billion yen
vs previous FY end +0.1 billion yen

Non-current assets

Goodwill 1.0 billion yen
vs previous FY end (0.1) billion yen

Software 1.3 billion yen
vs previous FY end +0.2 billion yen

Deferred tax assets 0.3 billion yen
vs previous FY end +0.1 billion yen



Liabilities

Accounts receivable-trade 7.1 billion yen
vs previous FY end (0.1) billion yen

Loans payable 0.6 billion yen
vs previous FY end (0.3) billion yen

Accounts payable-other 0.8 billion yen
vs previous FY end +0.1 billion yen

Income taxes payable 0.4 billion yen
vs previous FY end (0.1) billion yen

Net assets

Retained earnings 11.9 billion yen
vs previous FY end +1.3 billion yen

(100 million yen)

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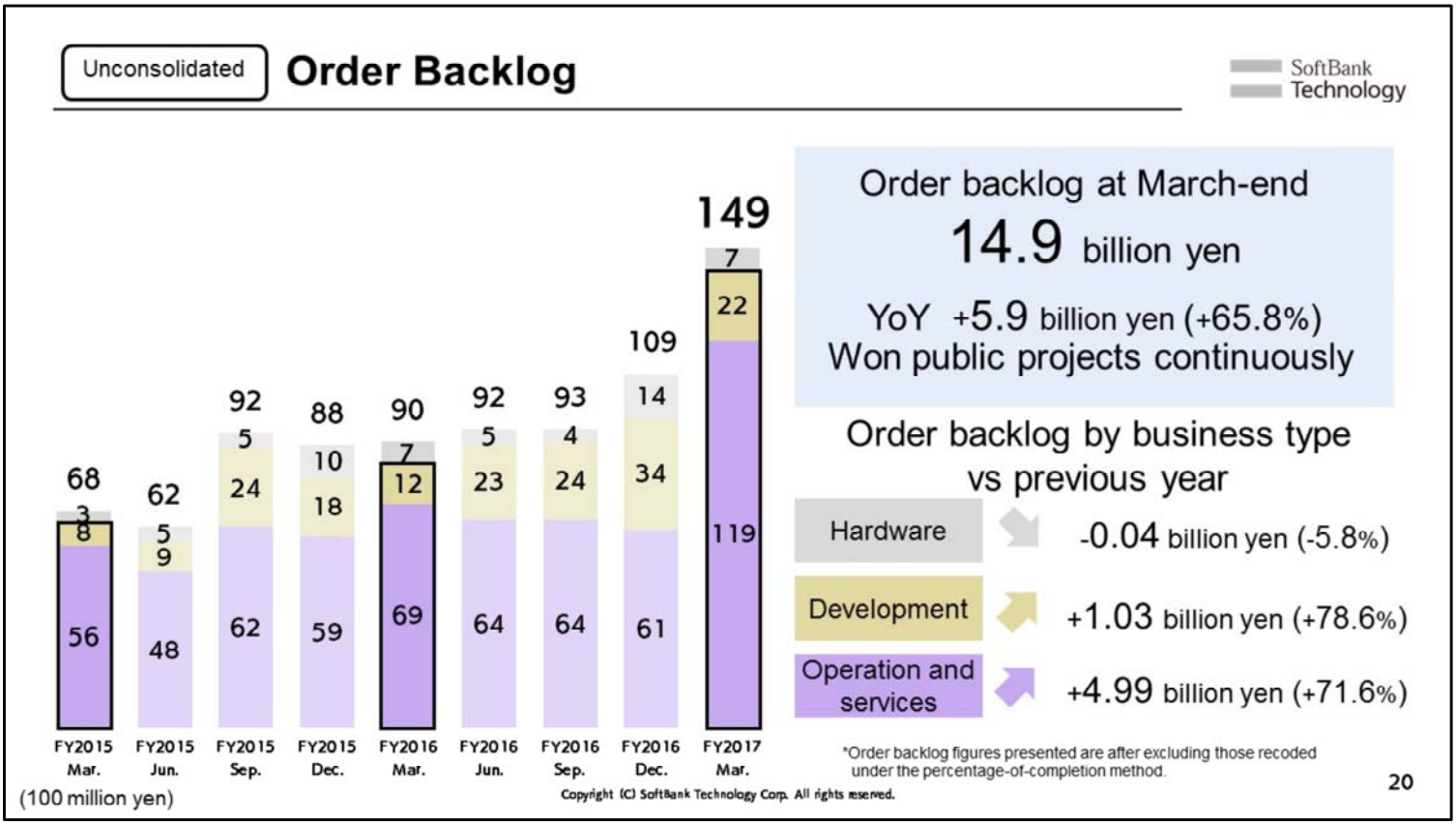
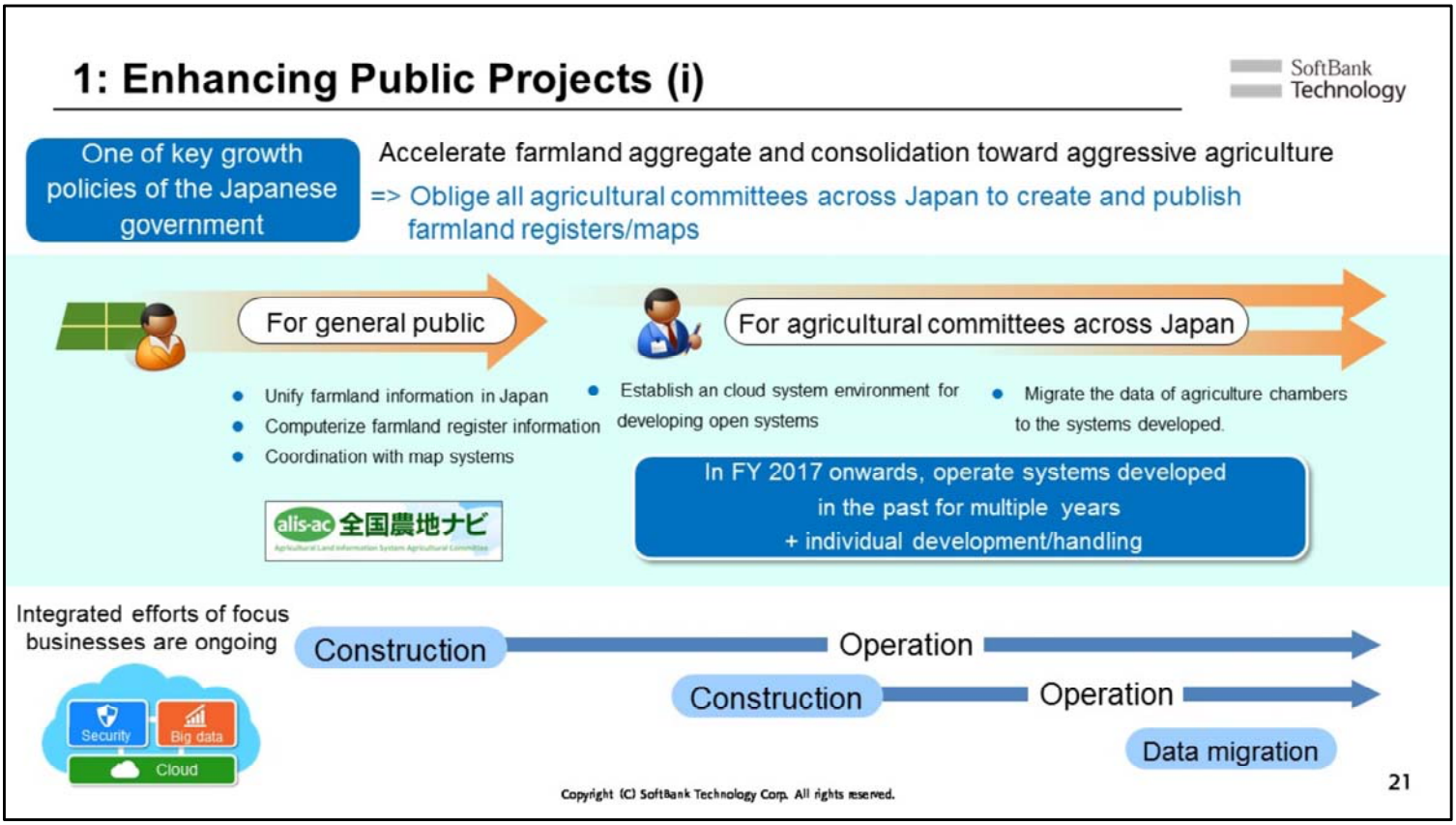
If you have any questions about the balance sheet, please let us know later.



This is order backlog. We worked hard for three years to increase this. As a result, the order backlog increased YoY by approx. 5 billion yen at the end of the fourth quarter of the fiscal year ended March 2017.



We have worked with the Agriculture, Forestry and Fisheries Ministry for three years on farmland projects on single-year contracts. In March 2017, however, we received an order in the amount of more than 5 billion yen on a five-year contract. This pushed up the order backlog to 15 billion yen.

Three years ago, we knew nothing about the Ministry but all employees made united efforts and won the trust of the Ministry, which led to the winning of the five-year operation business and the large order backlog.

We also enhanced our business for public projects. There are approx. 1,700 municipalities and approx. 1,000 agricultural committees in Japan. Four years ago, agricultural registers were computerized in some regions and were paper-based in other regions.

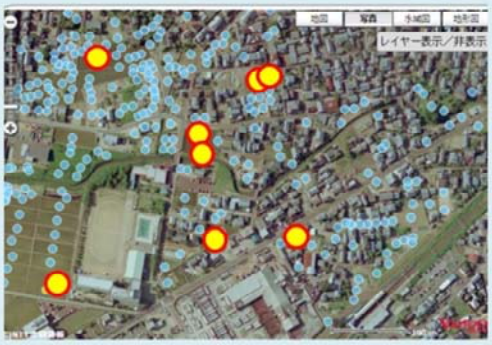
Farmland reforms, or aggressive agriculture under Abenomics, are ongoing by computerizing and unifying these registers, enabling viewing and searching via the Internet of the status of farmland across Japan on maps and promoting the renting of pieces of farmland that are not being used or do not have successors.

[Reference]: Enhancing Public Projects (i)

SoftBank Technology

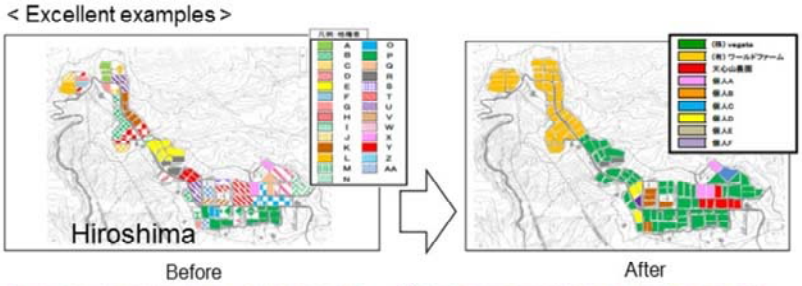
Agricultural land information system

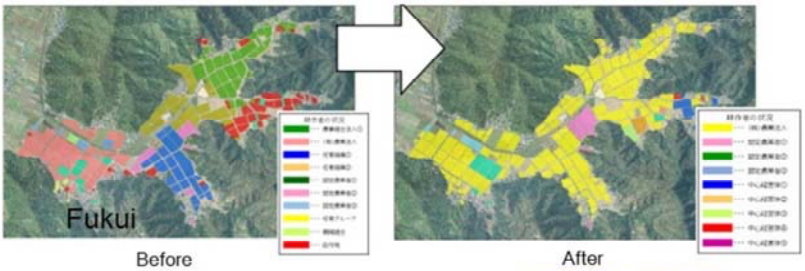
Farmland information is published on the website



Farmland consolidation using agricultural land information system is ongoing.

< Excellent examples >





Source : Agricultural Land Information System Agricultural Committee <https://www.alis-ac.jp/>

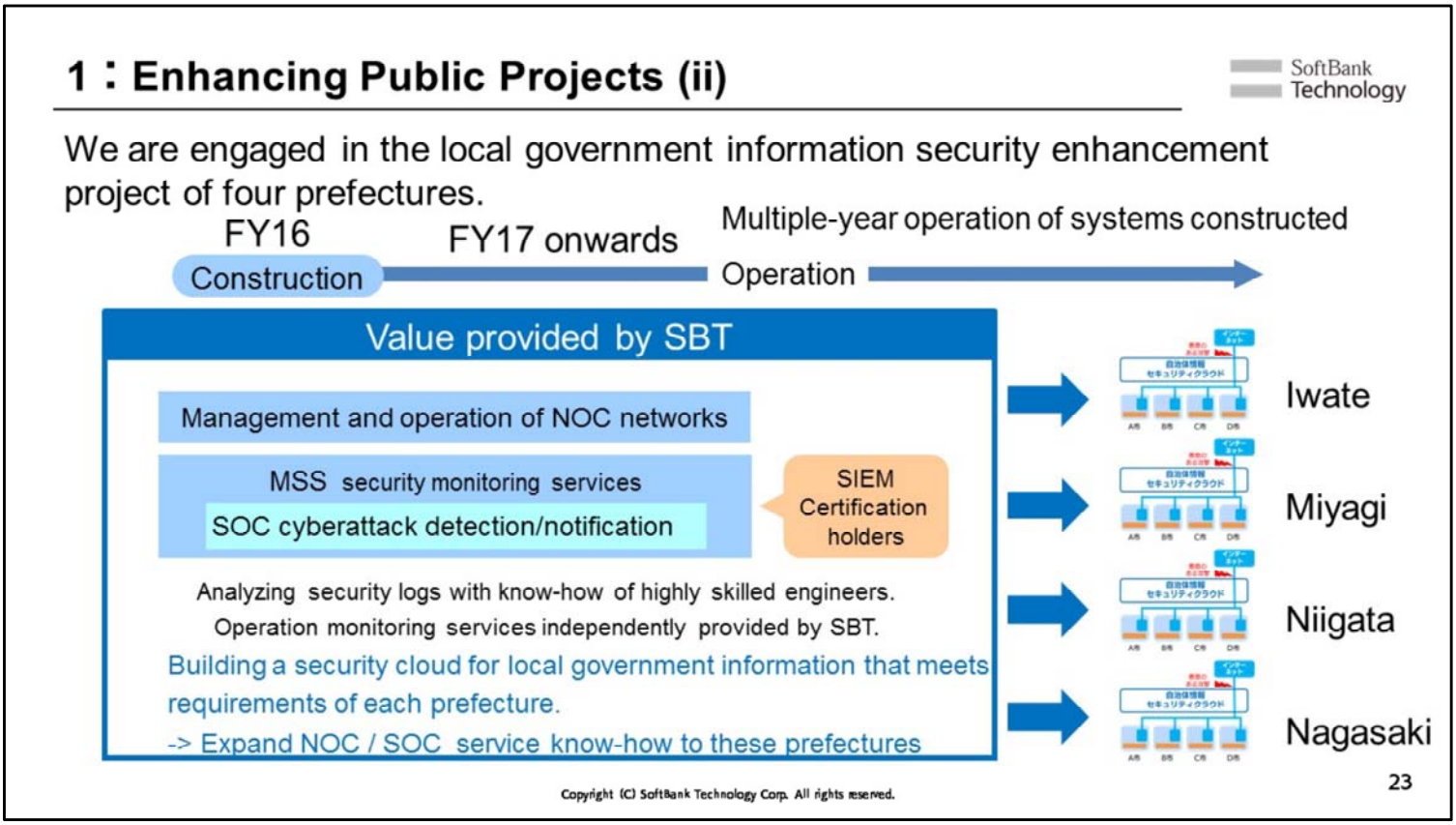
Source : Ministry of Agriculture, Forestry and Fisheries of Japan < http://www.maff.go.jp/j/keiei/koukai/kibou/ >
Excerpts from images of good examples for farmland middle management business in FY 2015

22

If a piece of farmland is swapped for land near a building site and turns it into a building lot, it can be sold at a price more than 10 times higher than the original land. This created more and more pieces of farmland that are difficult to cultivate while people engaged in agriculture get older and become unable to work on farmland. If a piece of farmland is left untended for two years, it becomes very difficult to grow crops there.

The key of the government's farmland policy to resolve these problems is to create agricultural corporations that own large blocks of farmland, use large combines, and are able to conduct large-scale farming operations with a small number of people.

If the farmland managed in an integrated manner by an agricultural corporation is more than one hectare, a large machine can be introduce, and labor-saving can be achieved as well. This may not seem like a problem in Tokyo or Chiba, but it is a serious problem in the Tohoku, Chugoku or Shikoku regions.



Since April 2016, there were government discussions about working on information security measures in a comprehensive manner toward 2020, and the theme was to strengthen networks of about 1,700 municipalities.

The so-called information security cloud is a project with an approx. 15 billion yen budget for 47 prefectural governments to provide more secure environments by consolidating all connection points to the internet of 2-30 municipalities under them.

Around this time in 2016, we were quietly working, and won bids for four prefectures—Iwate, Miyagi, Niigata and Nagasaki—as a result, for which initial construction was completed at the end of March 2017 and operation was started in this April.

We took on the challenge as we saw great opportunities beyond 2016. We are the only company that won projects for as many as four prefectures.

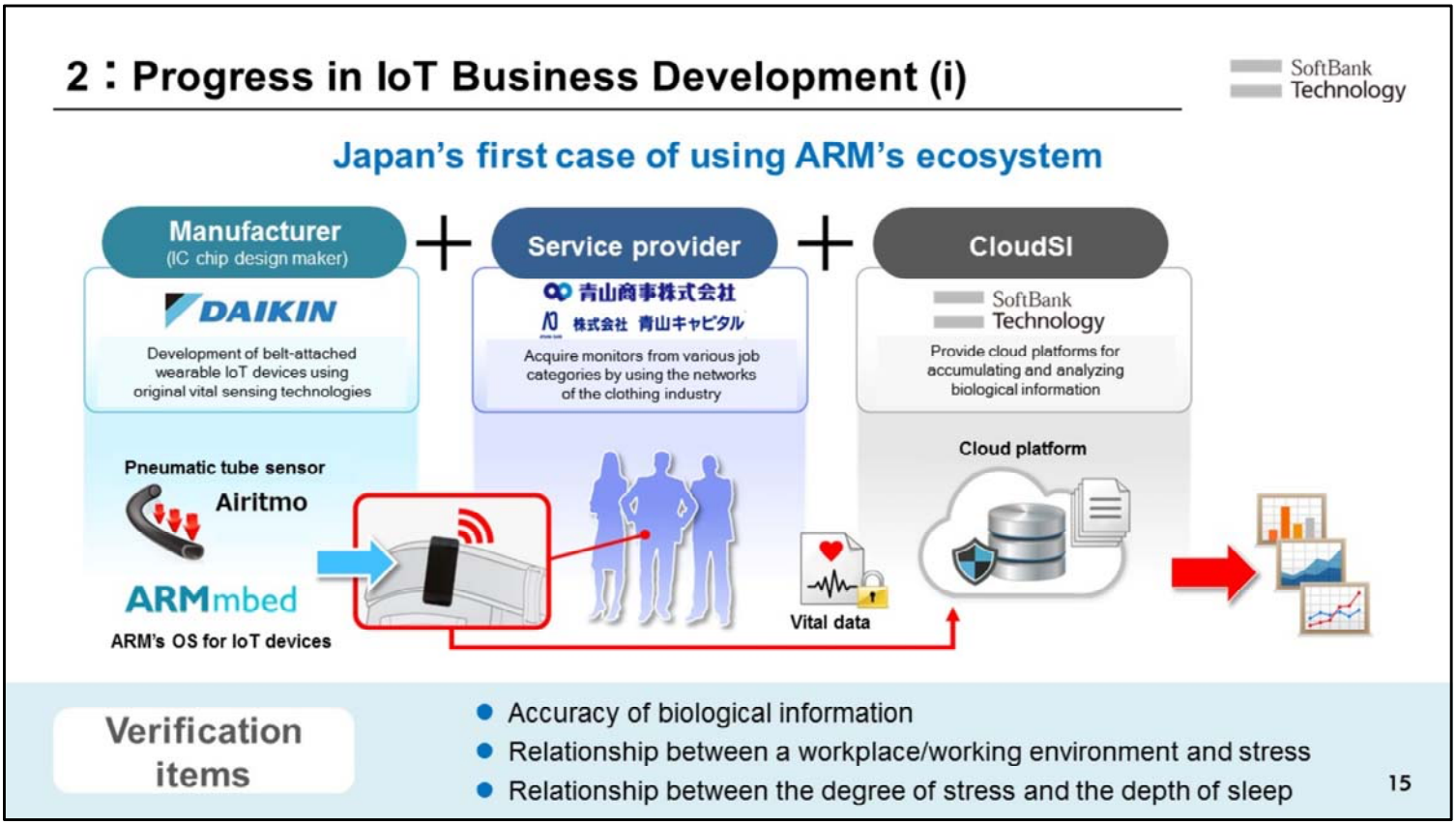
We also lost the largest number of projects, losing bids for 20 prefectures—four wins and 20 defeats. They took place at a pace of two prefectures per week. I conducted final checks for all bids. Honestly, we did not see profits in estimates, but we did anyway.

As a result, we won the projects of four prefectures, and came to know characteristics of 20 prefectures and how other companies made proposals.

It was the first time for us to interact with prefectural governments, which increased our know-how significantly as we worked as the company as a whole and made us believe that our technologies and proposals are in the right direction.

We have a SOC* where we receive all jobs from prefectures. We will neither build a SOC in a prefectural office nor coordinate with other companies. Since we also made proposals that ignored RFPs, insisting that both NOC* and SOC must be handled by us, probably it was natural that we lost such bids. However, if any security problem arises or is detected in any of the four prefectures, we will apply an enhanced security level to all of the four prefectures. This is the level of services we provide, which I suspect is the best quality.

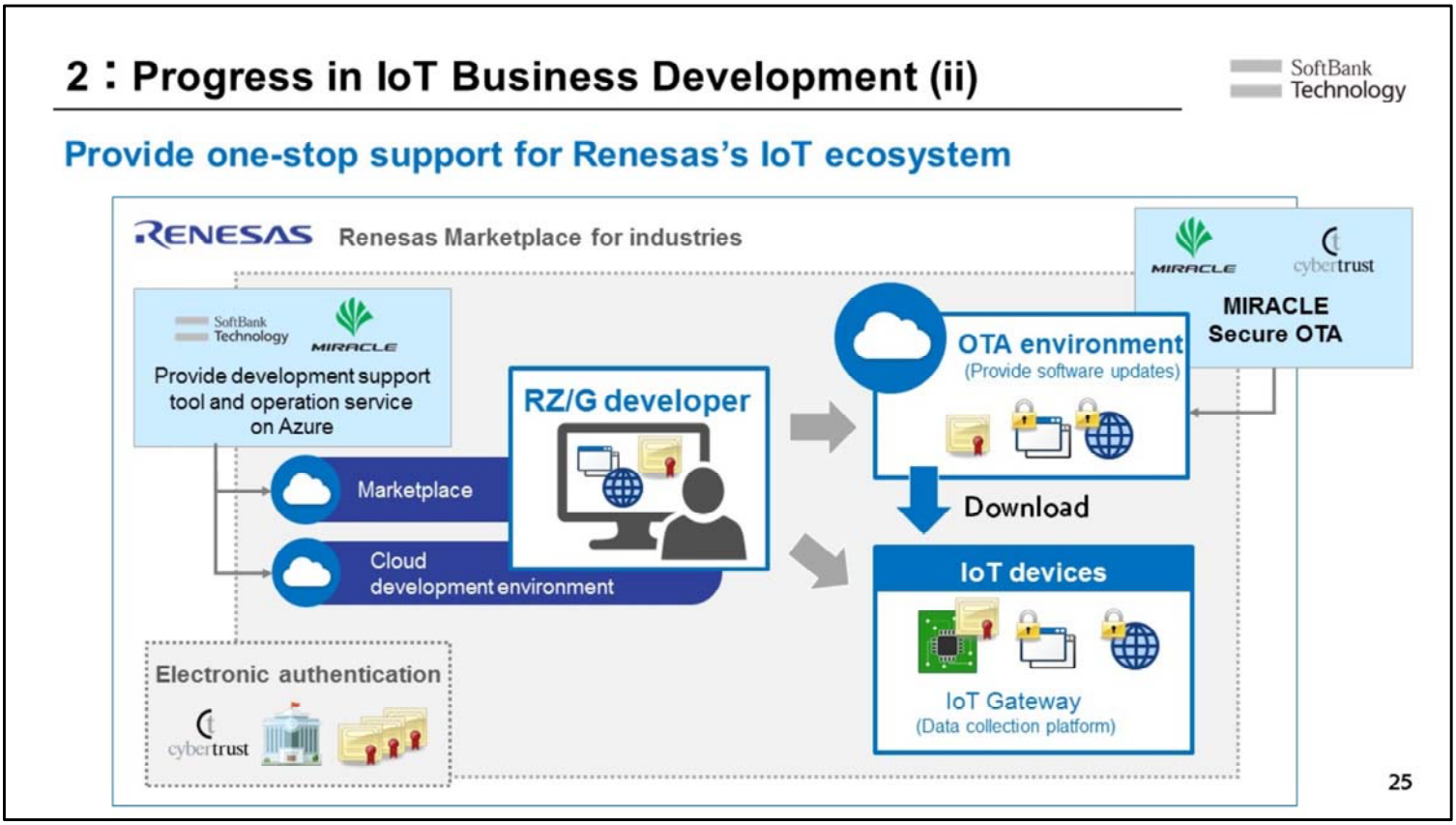
*SOC stands for security operation center
*NOC stands for network operation center
*RFP stands for request for proposal



In the IoT business, we entered into a partner agreement with ARM, a British company, on September 29, 2016. This shows the track record. There is a sensor product called Airitmo developed by DAIKIN. We write applications using mbed OS*, upload radio waves of Bluetooth* from it via smartphone to mbed Cloud, and analyze the data in the cloud.

I believe this is Japan's first. New programs can be downloaded from here. We came this far in just a half year after entering into the alliance. In the commercialization phase, our aim is to provide health management of operators using sensors attached to clothes in cooperation with AOYAMA TRADING, which makes clothes, suits, and uniforms. We will start collecting data from July 2017 by actually attaching sensors. We proceeded with this project speedily so that we would be able to announce this in March 2017.

*mbed OS: a operating system provided by ARM, a British company, for IoT devices
*mbed Cloud: a cloud platform provided by ARM for management of IoT devices
*Bluetooth: a wireless technology standard for digital devices for exchanging data over short distances (Source: Wikipedia)



After the announcement in October 2016, Renesas Marketplace for industries was also introduced at a big event for developers held on April 11, 2017 by Renesas Electronics.
In Japan, manufacturers do not share information with each other at all. Even if they have libraries of information that others want to buy, they will not sell. If Japanese manufactures neither buy nor sell even small know-how because of sticking to their own know-how, they will surely lose to overseas competitors.

We provide this development environment in the cloud, to which various engineers of various companies log in to and sell modules they consider salable. If man hours can be reduced by 10-20 person-days, users will pay 0.2-0.3 million yen. This is a platform for developing an environment for this. And, we proposed to create a marketplace where developed modules that are not finished products can be traded. This was realized.

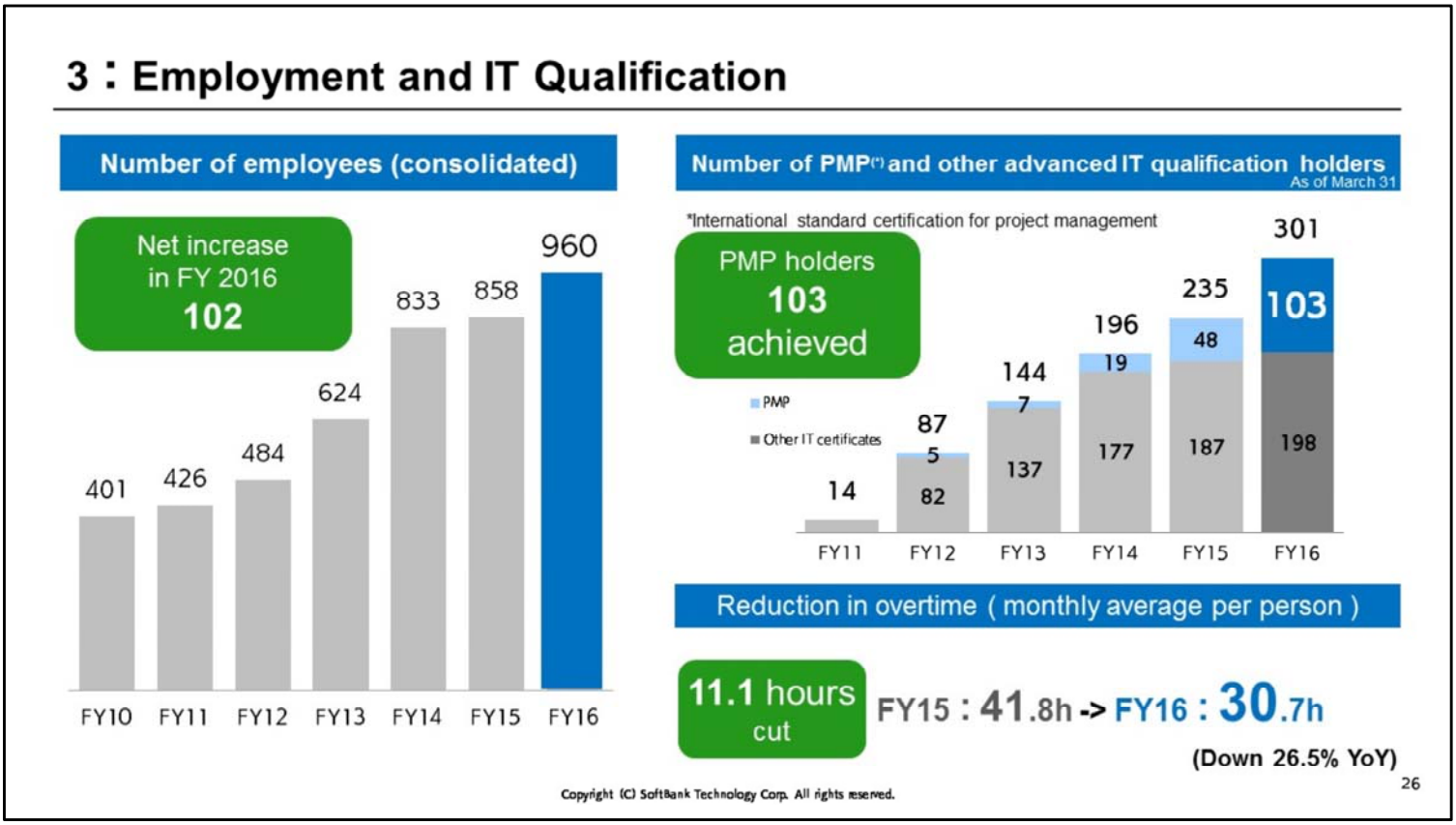
One of the keys in doing this is a chip called RZ/G on which we operate RTOS* and mbed OS. As a development environment, Linux is required. That Linux is developed by our group company Miracle Linux and standardized for provisions. When connecting Things, or Things and an edge device*, or an edge server and a cloud, our group company Cybertrust provides certificates as to whether they are really used by a correct edge device, cloud or user.

Also, various updates are needed. If any security hole or vulnerability is identified, a security patch must be applied. If Things and edge devices have the policy of not downloading or decompressing any codes that do not have signing certificates, they will not be infected by malware.

OTA, or Over The Air, shown in the slid means that software updates are downloaded through mobile networks and over-the-air networks. We aim to create this trust relationship and marketplace, but it will still take time. Once a chip is developed and a single-on-chip device is created, it will take two and a half to three years to complete a finished product.

We started this initiative in 2016, and our progress after one year is only this far. Developers will work on this throughout 2017, and we will embed what is developed in finished products in 2018 and verify whether they can be sold or not.

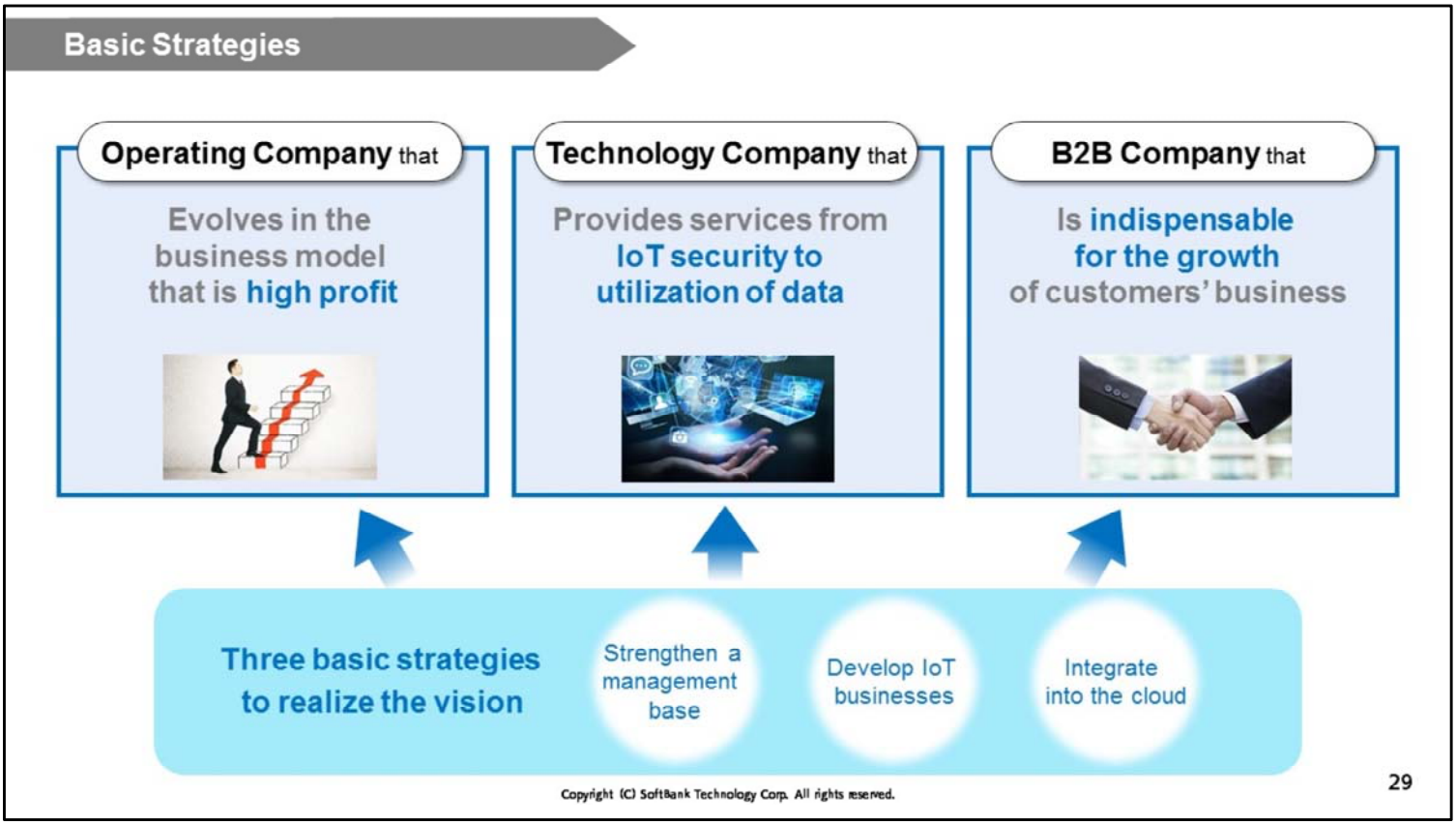
*Edge device: a device that communicates between different networks and mediates data effect, integration and synchronization (Source: IoTNEWS).



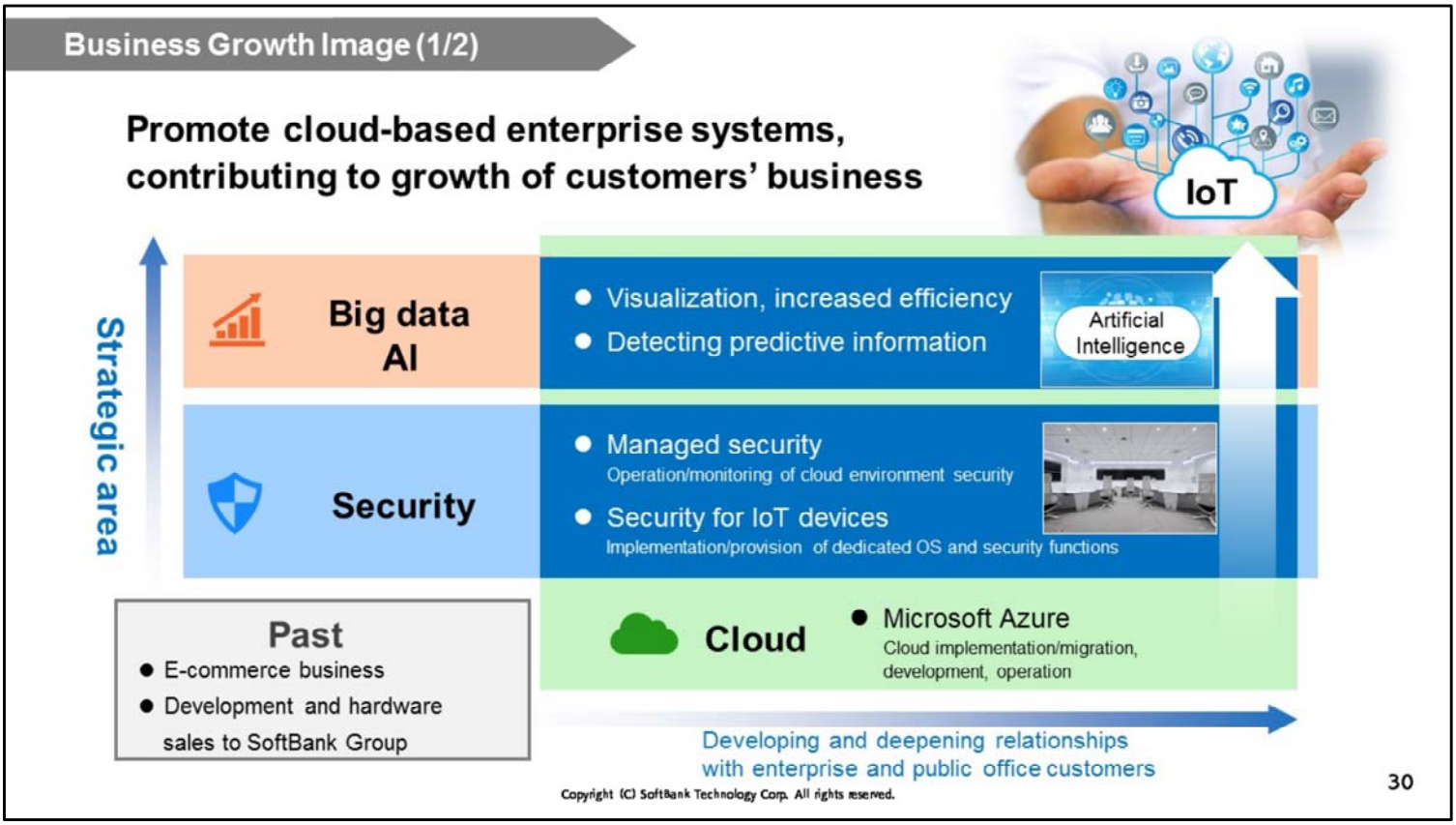
As for recruiting, we hired 12X employees and 2X employees left, resulting in a net increase of 102 employees.

Since two years ago, we have encouraged our employees to acquire the international project management qualification called PMP to increase the quality of our engineers, so that we can talk with customers on an equal footing and will not create a project where we book losses. Having achieved the target of 100 holders of the qualification, the director in charge of technology is now determined to achieve the next goal of 200 holders. We can say that our work is moving to the upstream direction.

As for changing the ways of working, the per person monthly average overtime of all employees decreased about one-fourth from 41 hours to 30.7 hours in the fiscal year ended March 2017. This is an improvement. By implementing various measures, such as increasing bonuses and base salaries based on the improvement, we are trying to increase work efficiency and reduce work hours.



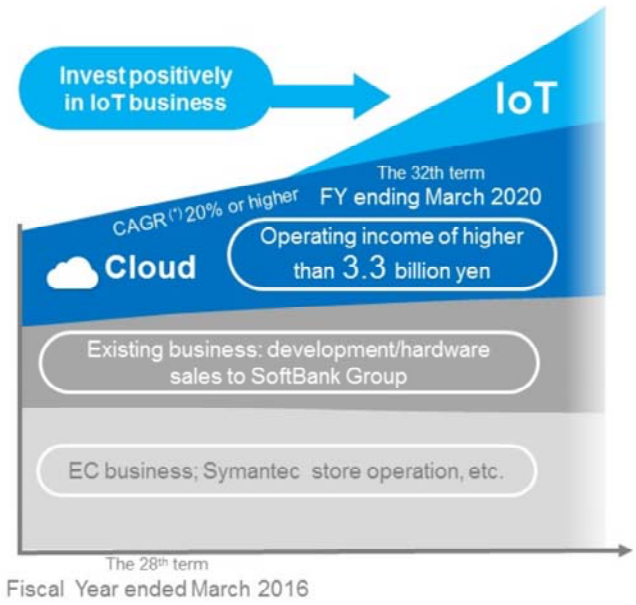
As for business strategies going forward, we are aware of the necessity to move to higher-revenue-generating business models as an operating company. In the area of IoT, we will develop the IoT business to create businesses unique to us. Also we will continue the integration into the cloud.



Building on the existing e-commerce business and SES services, we bought clouds that can be managed by us and enhanced their security with our network monitoring and SOC monitoring. Going forward, we will launch the IoT business, and we will eventually need to create devices that can predict the future and see risks and threats using artificial intelligence.

Business Growth Image (2/2)

Change in the sales distribution ratio



* Compound annual growth rate of the total sales of three businesses—cloud, security and data analytics.

Integrate into the cloud

- Shift from e-mail systems to customer relationship management and commercial systems.
- Strengthen sales ability for cloud/security business opportunities
- Shift the focus from development to business planning and project management

Develop IoT business

- Investing positively in training on cutting-edge technology and proof of concept
- Promote value creation for IoT devices by subsidiaries
- SBT promotes value creation by utilization of data and AI

Strengthen a management base

- Continuous acquisition of PMP certificates, enhance knowledge exchange
- Stronger relationships with development partner engineers
- Securing and retention of talents, changing ways of working to increase productivity

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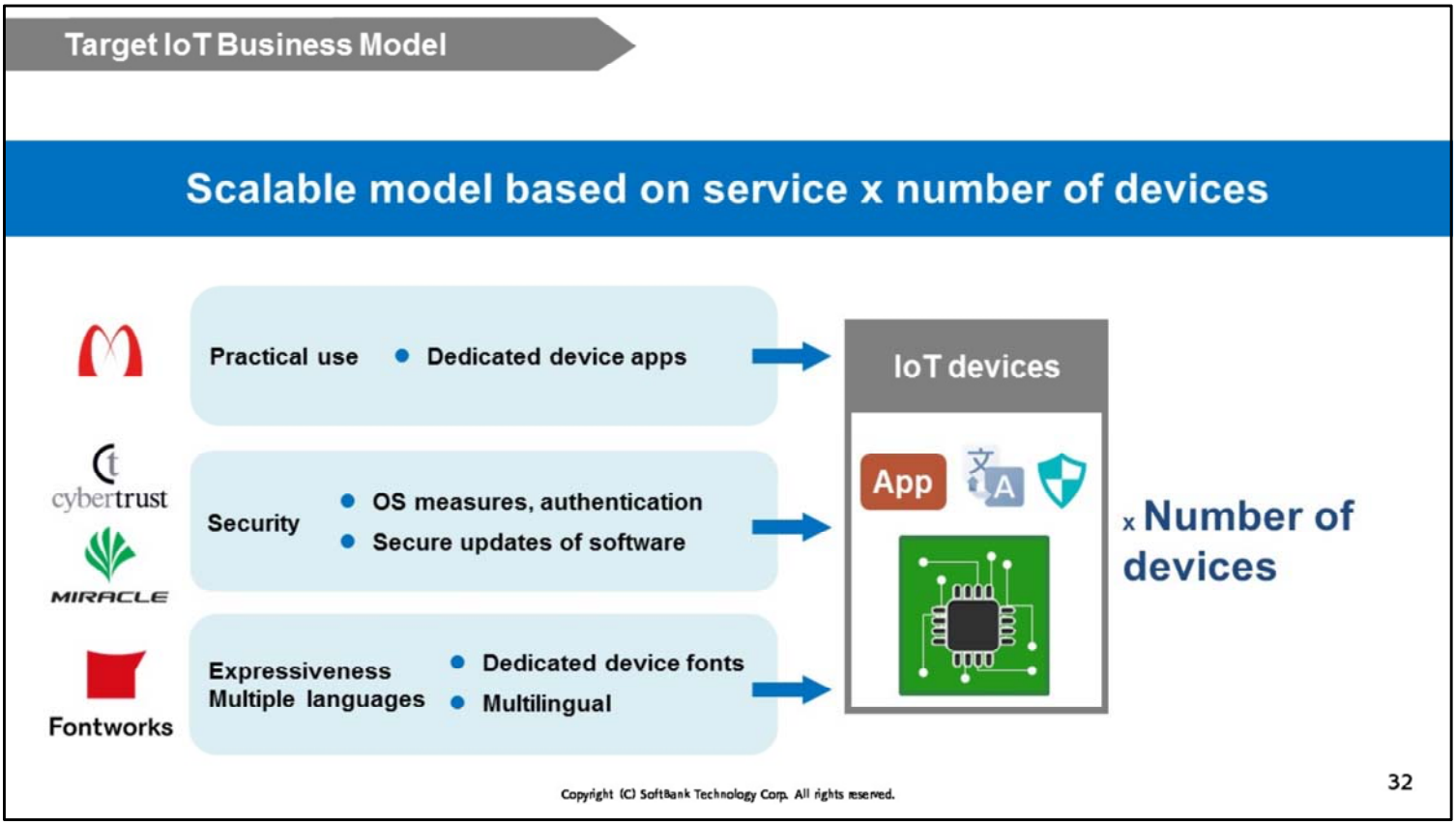
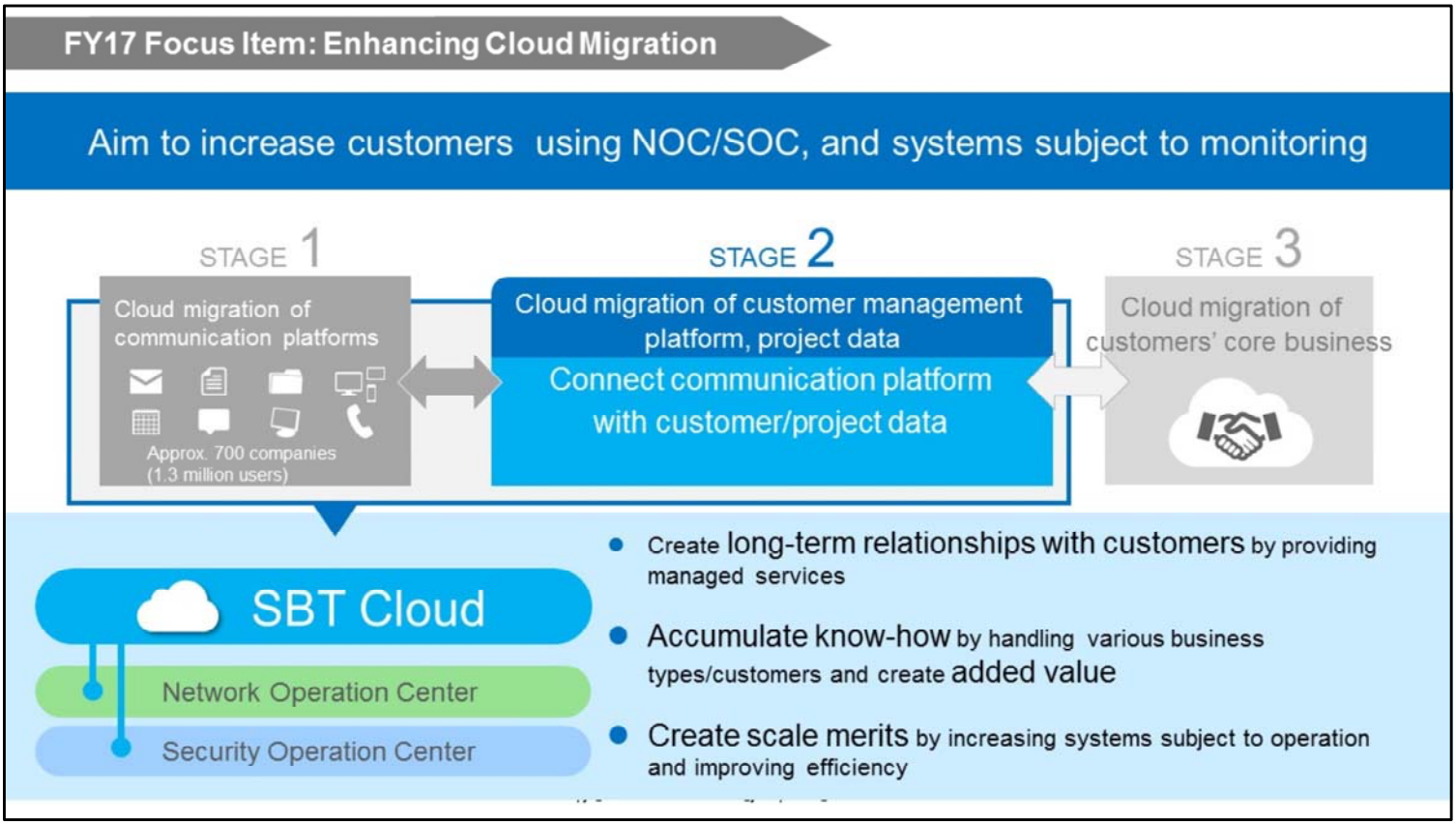
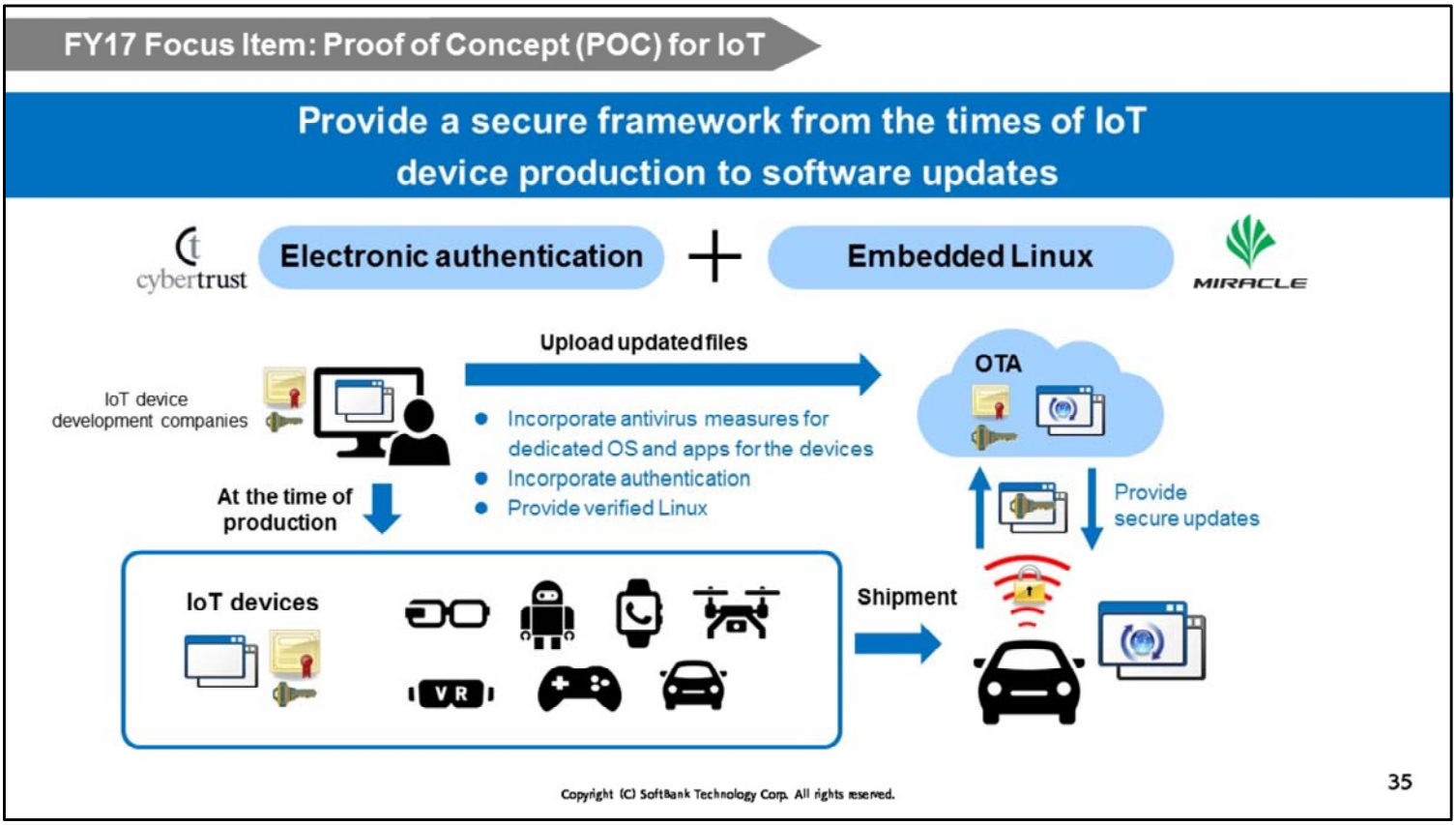
Since we issued stock options that can be exercised on the condition of achieving operating income of 3.3 billion yen in the three fiscal years by the fiscal year ending March 2018 in Autumn of 2016, we will achieve the operating income target by any means necessary from the fiscal year ending 2018 to the fiscal year ending 2020.



How to make money is the key in the Internet of Things business. We develop Linux and various drivers, but manufactures are the ones that ultimately make profits, although we would be able to receive development fees and maintenance fees in following years. In order for us to charge monthly even a small amount, instead of ending like this, certificates are surely the key driver.

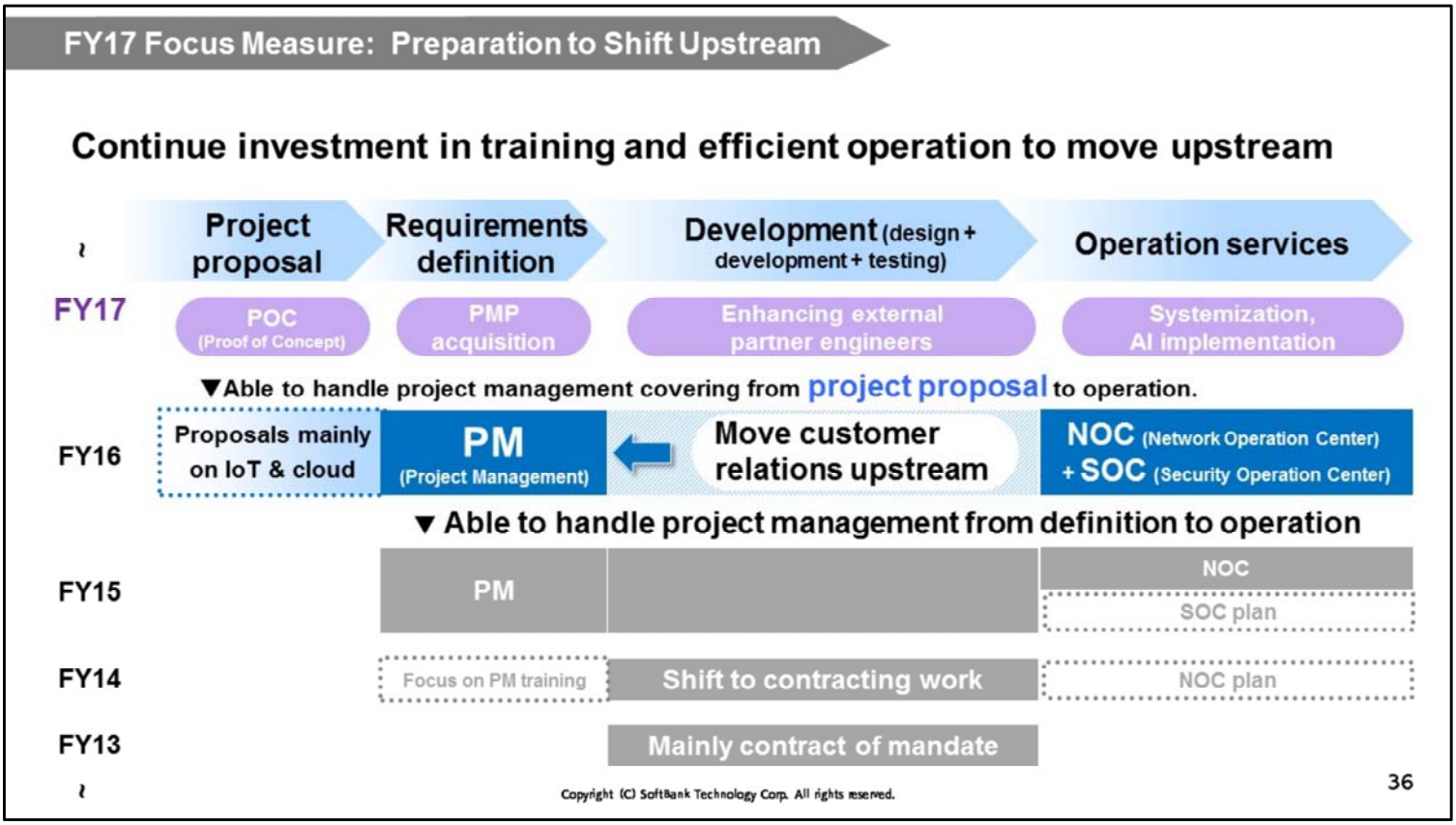


Since everyone can connect to networks, it becomes necessary to reject some connection from outside the networks based on “like,” “This is correct,” or “This is invalidated this month.” In doing so, certification to answer whether the connection is allowed or not, or a certificate authority, is needed. We can provide this service for fixed monthly charges.



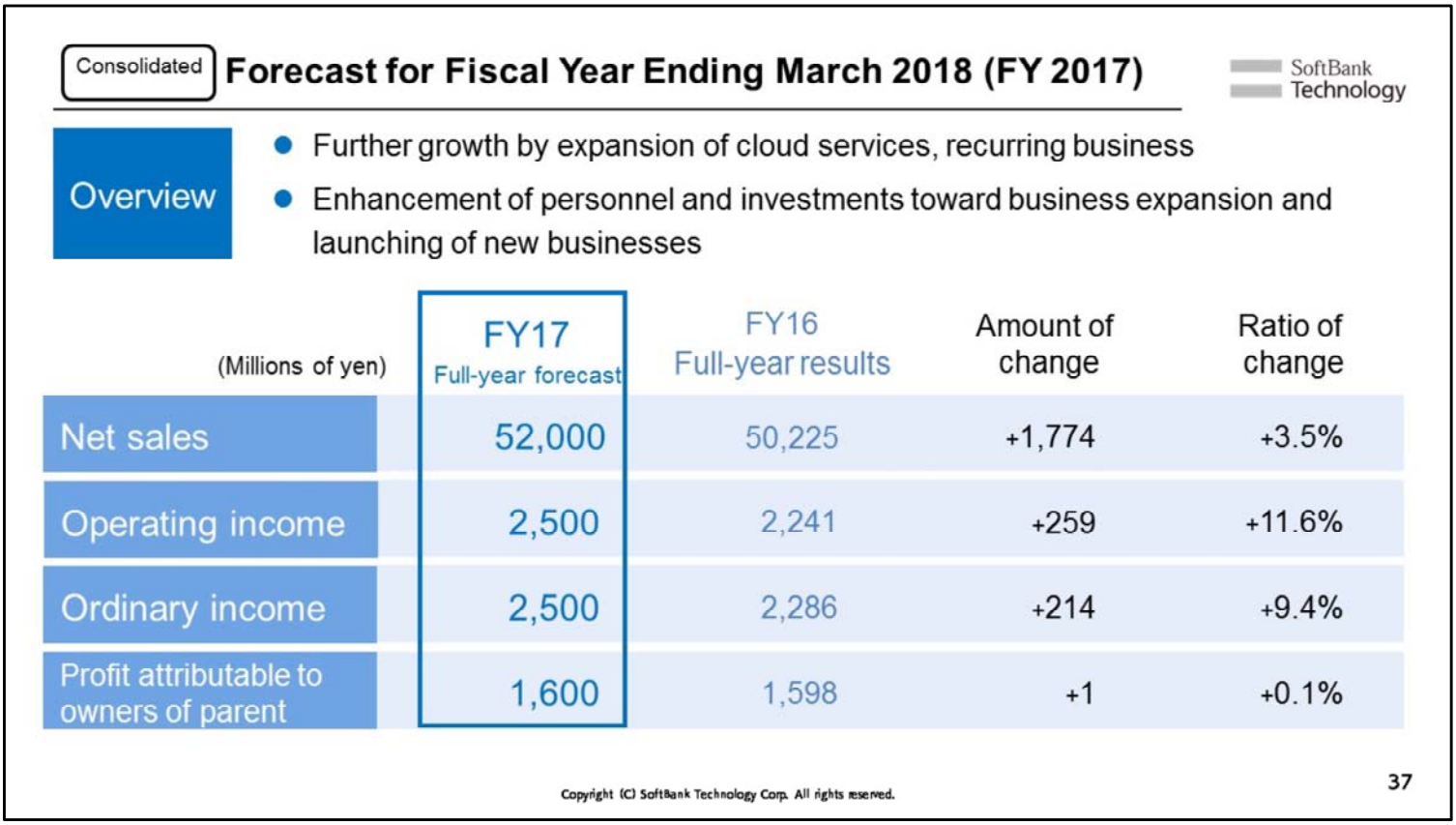
We could charge certification fees for two years at the timing of vehicle inspection required by the Japanese regulation. We plan to expand our business into IoT in and outside Japan, having this certification business as the core.

We aim to operate a business model like this in the area of IoT. Perhaps customers may say even charging one yen is too high, but we are considering business models that enable us to charge according to the number of devices and the level of IoT.



We are providing NOC/SOC for the four prefectures and SOC for the parent company. Also, we provide SOC to private-sector companies. We are hoping to expand this quickly. Hundreds of SOC policies are already in our library, and I am confident that others cannot catch up in a year or two, so we will go faster so that others will never be able to catch up with us. We are now in the stage of building our track record, based on which we will consider the OEM business or the like.

We added employees but this is far from enough, and we can only accept three out of 10 requests, declining seven. We hired many but resources are still insufficient, and it is meaningless unless we deploy engineers upstream. Therefore, from the fiscal year ended March 2018, we entered into a partner program with a company that is mainly engaged in SES. We will create a framework in which they learn our technologies and are engaged in the design, development and testing in the middle while our internal engineers go upstream or use artificial intelligence in the recurring business side of NOC/SOC toward the direction of launching better business, further saving labor.



The sales target for the fiscal year ending March 2018 is modest because of hardware sales. We intended to withdraw from the business in the fiscal year ended March 2017 but we could not because of the inconvenience that would have caused to our customers. We are determined to finish the business in the fiscal year ending March 2018, but we may continue if it will cause trouble to our customers. Since the amounts of hardware sales are high, they tend to push up the top line sales, but there is the issue of whether we should be doing the business that generates only millions of yen in profit. We are glad that we achieved the target of 50 billion yen in net sales, but it includes billions of yen from hardware's moving package business. For other businesses, we are on track overall.

Considering the downward risk in sales associated with withdrawal from the hardware sales business, we announced the topline sales forecast of 52 billion yen for the full year.

End