

**SoftBank Technology Corp.**

**Overview of Earnings Results Briefing for FY2017 Q2**

This is a transcript of the SoftBank Technology Corp. FY 2017 Q2 Results Briefing held on October 27, 2017.

Securities code: 4726

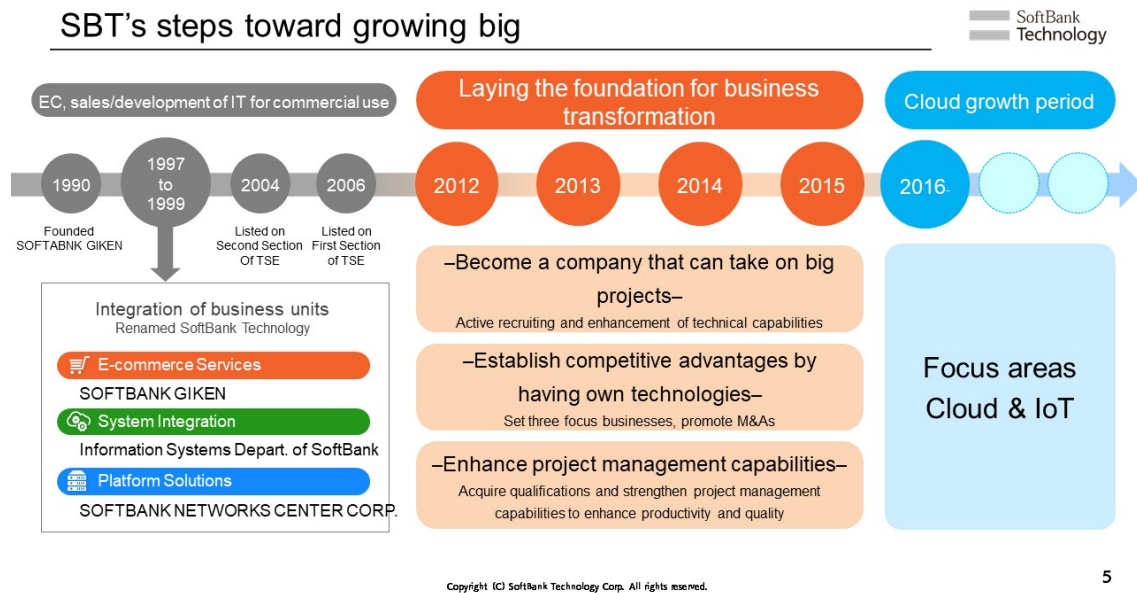
Speaker: Mr. Shinichi Ata, President & CEO, SoftBank Technology Corp.

**FY 2017 Q2 Results Briefing**

**Mr. Shinichi Ata:** Thank you for taking time out of your busy schedule to come to our results briefing today. Let's start the presentation.

Today, I will first explain Softbank Technology because this is the first briefing for some of you, and then about the results overview, the state of focus the businesses and the results forecast.

## SBT's steps toward growing big



5

This explains SoftBank Technology. The company was initially established as SoftBank Giken in 1990.

Later, it was merged with Information Systems Department of SoftBank, and SoftBank Networks Center Corp. The integration was completed in 1997 with the creation of SoftBank Technology. It became listed on the Second Section of Tokyo Stock Exchange in 2004 and on its First Section in 2006.

I joined the company as CEO in 2012 and “change to a company that can do big work!” It told the employee. In the first four years or so since 2012, I had a lot to learn. In the course of it, this became one of the key phrases: “Grow largely.”

In order to become a company that can take on big projects, we have to add people. Back then, we had less than 400 employees.

In addition, we cannot contribute to the world unless we have our own technology. (At that time), the structure was that we had a business unit created from each of the premerger companies. Each business unit was tasked with initiatives.

The e-commerce services team works on web analysis, which would lead to big data going forward. We develop professionals who conduct the analysis.

The system integration team digs deeper into technologies targeting cloud, instead of creating on premise systems.

We actively develop security engineers for the network team. The spread of networks means that there are security risks.

We developed our capabilities in these three key(growth) drivers, and they reached certain levels in 2015. After that, the teams have been working together on two initiatives for a period of three years starting from last year, 2016.

### Focus areas of SoftBank Technology

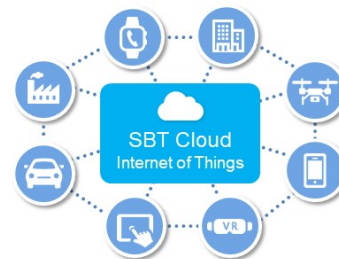
#### Focus areas of SoftBank Technology



##### Cloud transformation



##### IoT business development



A business partner to customers

One initiative is to consolidate everything into the cloud. I said we will do everything, security and big data, in the cloud, and we should no longer accept work that is not cloud-based.

Of course, our long-time customers are exceptions. With new customers, having “cloud” as a keyword, we will construct cloud systems, conduct big data analysis using tools in the cloud, or offer technologies for security in the cloud. We will work around these.

In addition, IoT business development is a new area of challenge. We work on the

development over three years (from 2016) in terms of what technologies and services are needed in the era of IoT.

We are now (2017) in the second year of the development period. One and a half years have just passed. Halfway through, we are beginning to see progress in the development, and where we are heading. I would like to explain these later.

## FY 2017 1H Results (vs. Previous Year)

Consolidated

FY 2017 ending March 2018 H1 Results (vs. Previous Year)

SoftBank Technology

Overview

- Net sales increased, driven by growth in cloud development and operation/maintenance service projects
- Despite a rise in fixed cost due to increased headcount, operating income grew as the marginal profit ratio improved

(Millions of yen)	FY 17 H1	FY 16 H1	Amount of change	Ratio of change
Net sales	24,203	22,863	+1,340	+ 5.9%
Operating income	720	684	+ 36	+ 5.3%
Ordinary income	693	689	+ 4	+ 0.6%
Profit attributable to owners of parent	412	410	+ 1	+ 0.3%
EBITDA	1,272	1,146	+125	+ 10.9%

Copyright (C) SoftBank Technology Corp. All rights reserved.

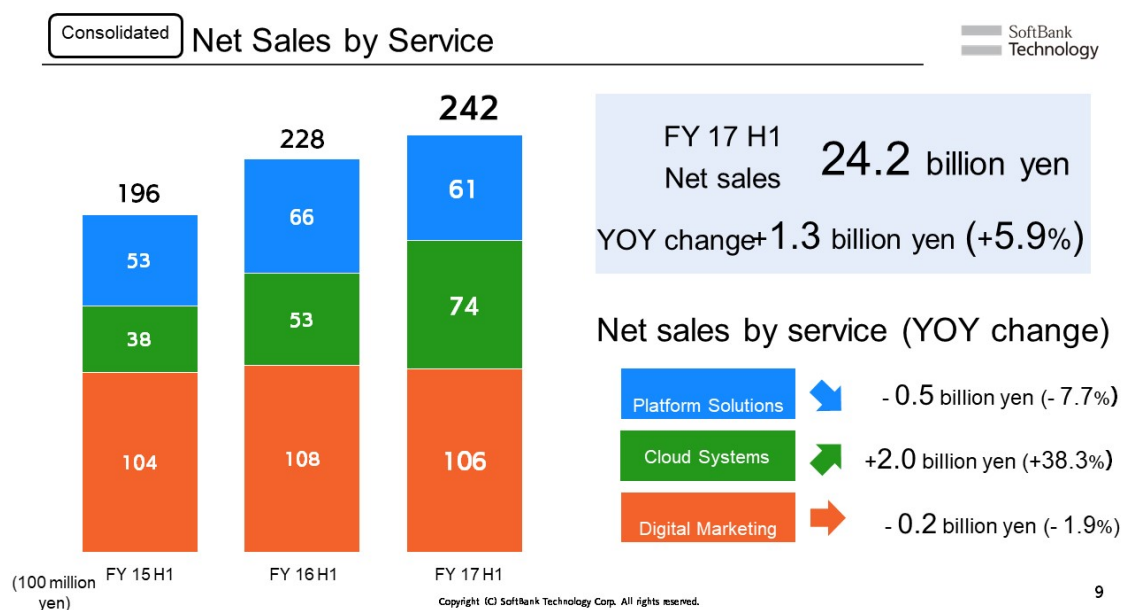
Copyright © SoftBank Technology Corp. All rights reserved.

8

Moving on to earnings results, as you can see in the handout distributed to you, we were able to record year-on-year increases in all items—net sales, operating income, ordinary income, profit, and EBITDA.

The results as of the end of the first quarter, which were significantly lower than the previous year (2016), may have caused concern, but we are now roughly at last year's level.

## Consolidated Net Sales by Service



This shows the breakdown by service. These services are centered on the three key(growth) drivers I mentioned earlier.

Digital marketing at the bottom (orange areas) includes e-commerce sales of Symantec, in which we were engaged for as long as 20 years. It slightly declined year on year.

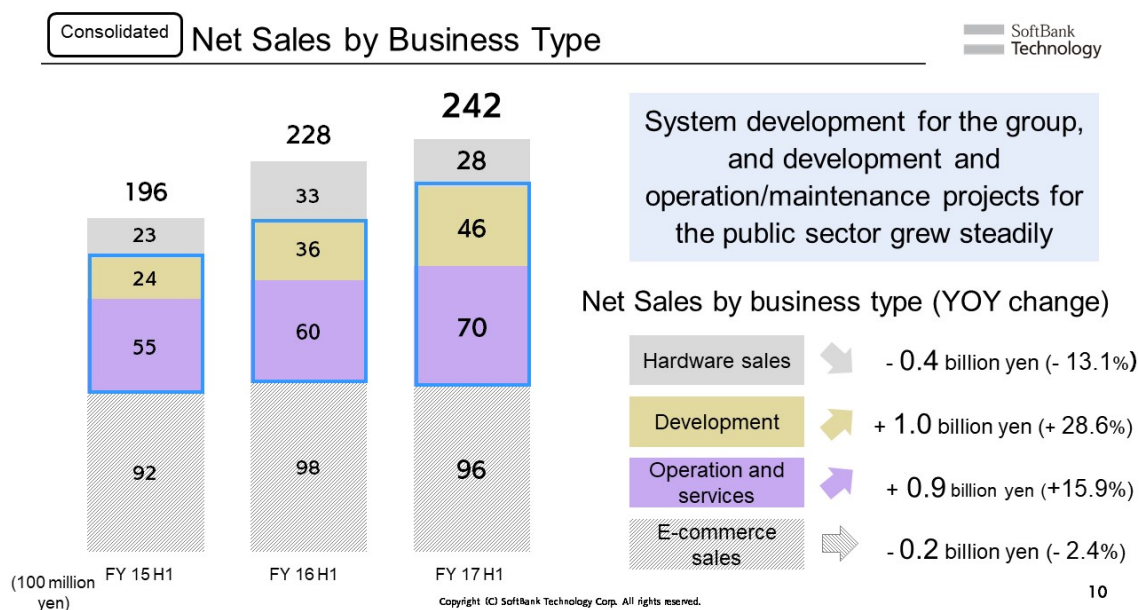
Cloud systems (green areas) are performing well this fiscal year in light of our determination to steadily achieve growth of over 20% every year.

Next, platform solutions (blue areas). This includes sales of so-called server hardware.

As one of the IT businesses, technical support must be attached to a new overseas technology brought to Japan. On that premise, we look for Japan's first users and will implement it in ways suitable to the users.

A technology sometimes becomes obsolete very quickly as new products and technologies are introduced with the emergence of new needs almost every year. I will explain more about this later. Sales decreased (for platform solutions) as we forwent sales of server hardware once again.

## Consolidated Net Sales by Business Type



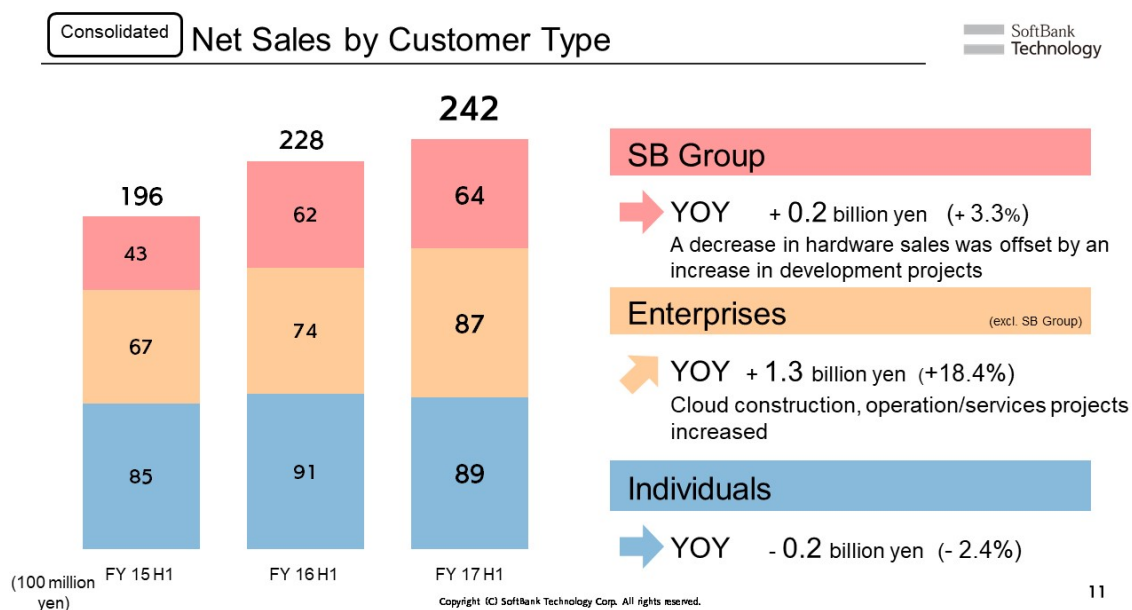
This shows net sales by business type. E-commerce sales at the bottom (shaded areas) declined about 0.2 billion yen.

The increase in operations and services (deep purple areas) includes the five-year operation order from the National Chamber of Agriculture, which I explained at the previous results briefing in April (2017). Other operation services also contributed to the increase to 7 billion yen (in this period) from 6 billion yen (in the same period of the previous year).

Development (ocher yellow areas) grew significantly to 4.6 billion yen (in this period) from 3.6 billion yen (in the same period of the previous year).

Hardware sales (light purple areas) may not seem like a big decline. It declined 0.4 billion yen from the previous year.

## Consolidated Net Sales by Customer Type

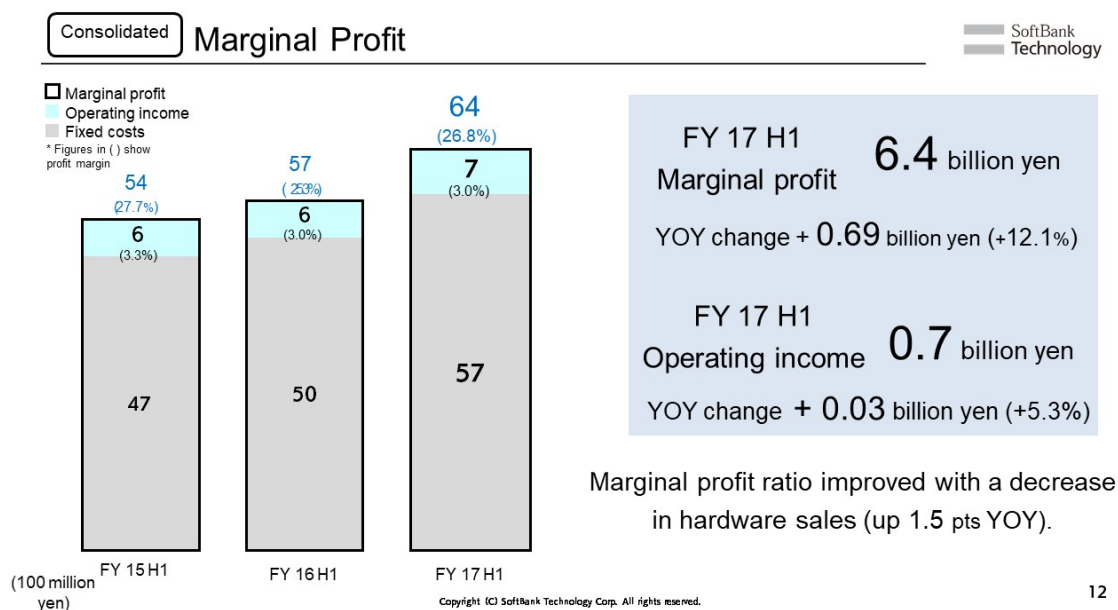


This shows net sales by customer type. Individuals (blue areas) represent e-commerce sales. And, enterprises (orange areas) and the SoftBank Group (red areas) sales are presented.

While we have both group sales and non-group sales, you can see that, in total, growth in non-group sales was especially high.

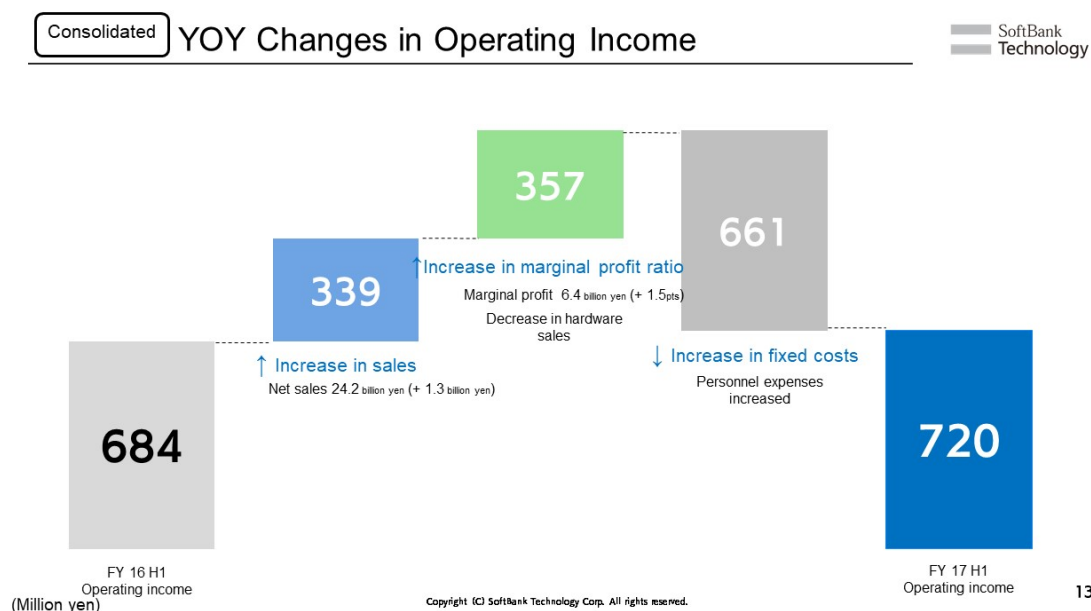
Group sales were up 0.2 billion yen, as shown in the slid. The growth in development projects for group companies more than offset the decline in hardware sales.

## Consolidated Marginal Profit



Marginal profits increased due to the increase in development projects, and marginal profit margins improved due to reduced equipment sales.

## Consolidated YoY Changes in Operating Income

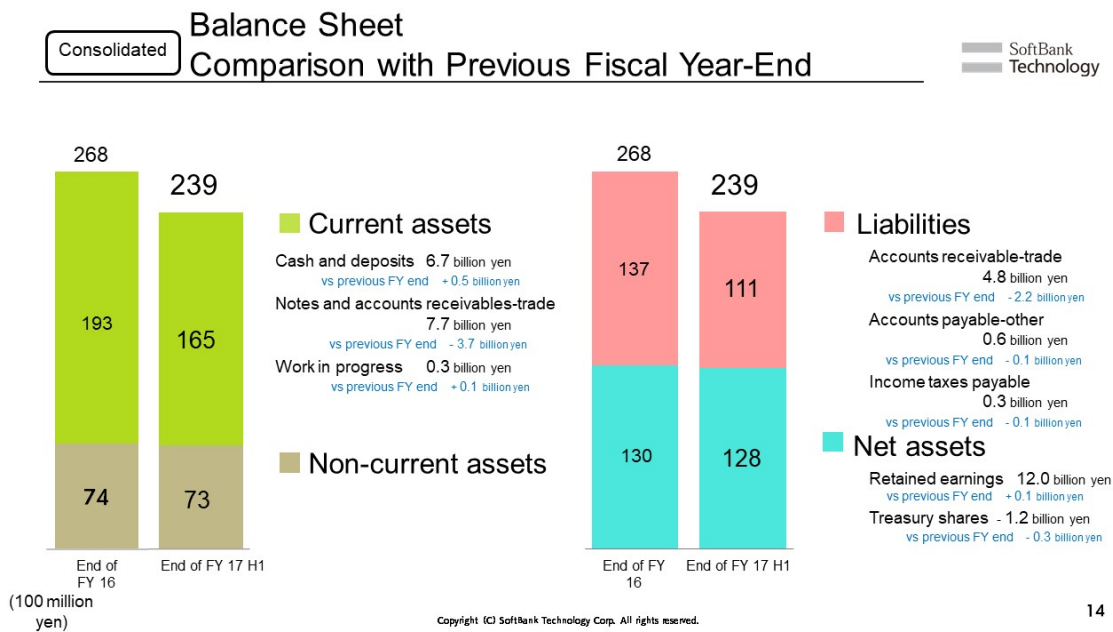


This shows year-on-year changes in operating income. The operating margin increased, boosted by higher sales. As we hired a hundred and several dozens of new employees last year (2016), which weighed on costs from April, fixed costs increased. After the costs,



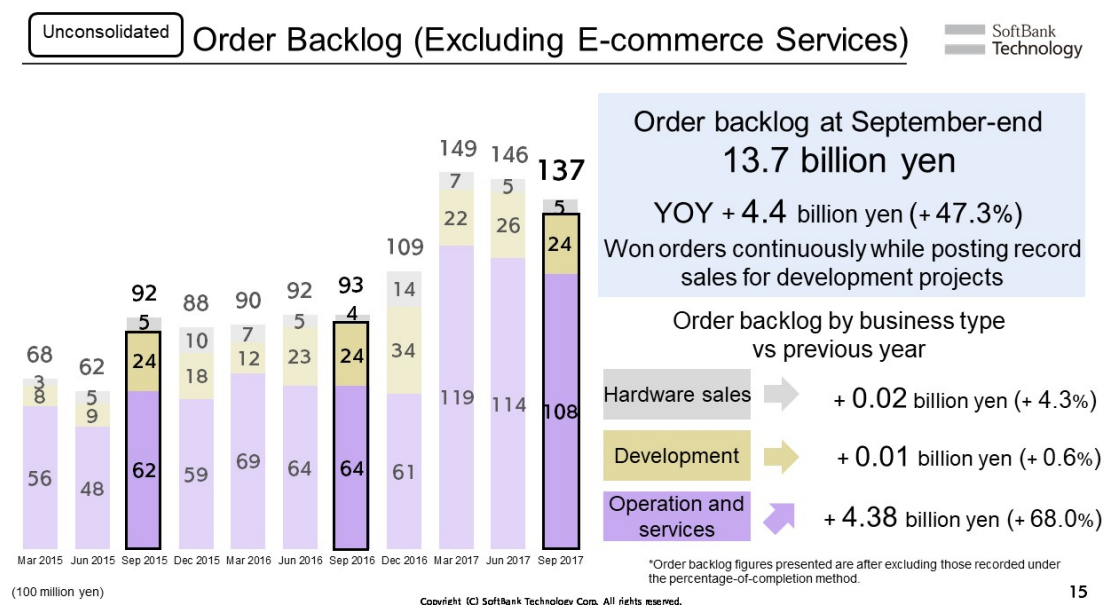
profit remained flat year-on-year.

Consolidated Balance Sheet Comparison with Previous Fiscal Year-End



This is a comparison between the balance sheets as of the end of fiscal year 2016 and 2017, a period ending March this year. We see a slight decrease as of the end of the first half.

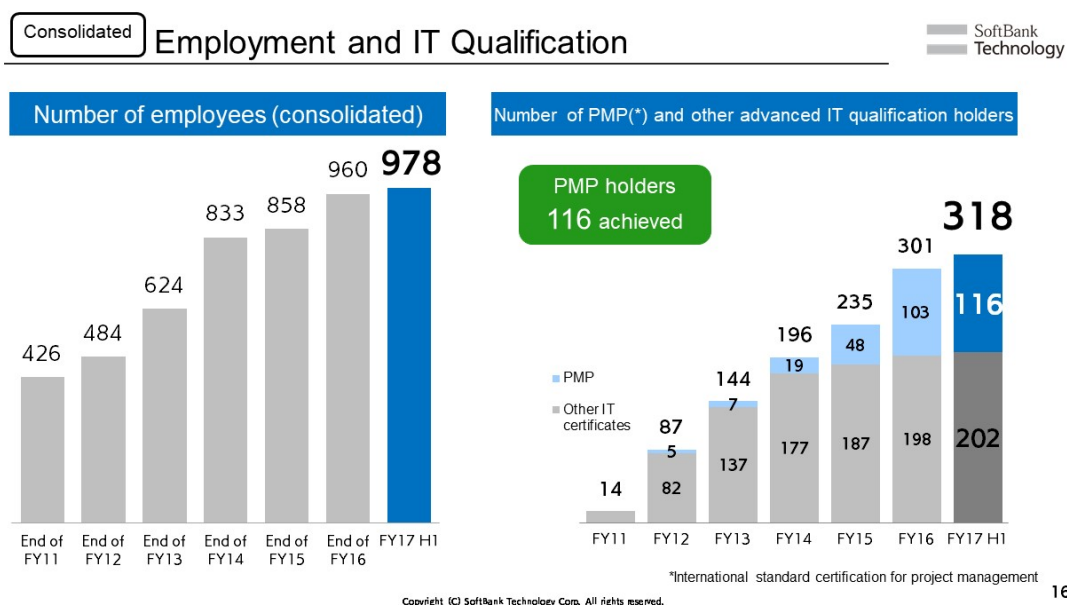
## Unconsolidated Order Backlog (Excluding E-Commerce Services)



The next is order backlog. As of the end of September (2017), we have an order backlog of about 2.4 billion yen for development projects for the second half.

Regarding operations, we have served six months out of the five-year operations, and they were recorded in sales.

## Consolidated Employment and IT Qualification

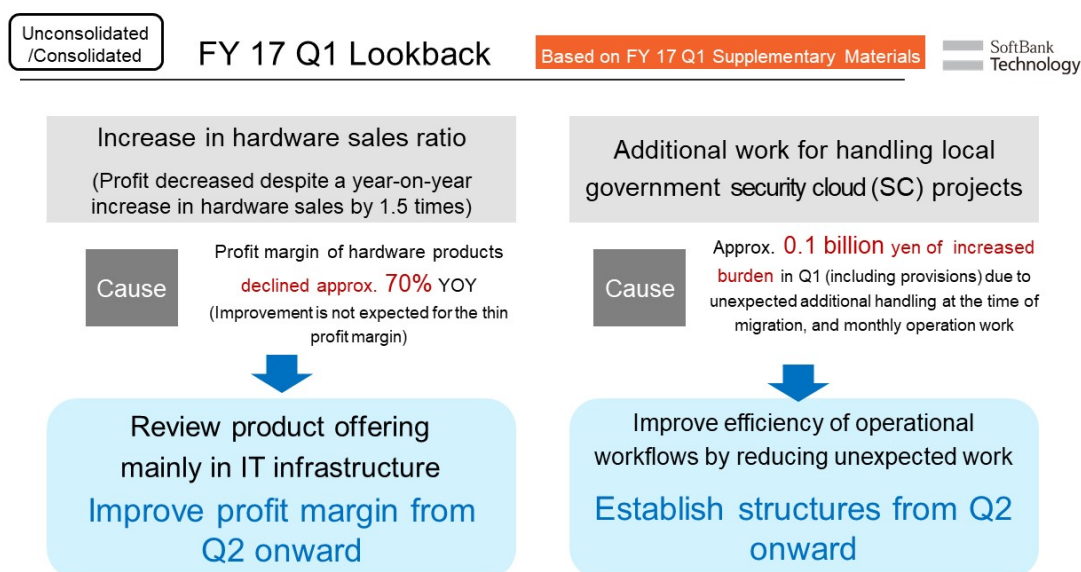


Employment and IT Qualification. We added 18 employees (on a consolidated basis) this fiscal year as of the end of the first half. Actually, we hired about 40-odd employees, but 30-odd employees left; therefore, the increase was 18.

We encourage the acquisition of PMP (international standard certification for project management) because it is a qualification necessary for the company to become stronger and engage in more upstream work.

I wish I could present a higher number (of PMP holders), but we had a security incident, which I will explain later. The period of handling the incident coincided with the good timing for taking the certification exam. We missed the time in the first half.

## Unconsolidated/Consolidated FY 17 Q1 Lookback



Copyright (C) SoftBank Technology Corp. All rights reserved.

17

I will briefly explain the first quarter lookback. This is about hardware sales. It was very useful, boosting the topline by 1.5 times year-on-year in the first quarter. However, the profit margin declined dramatically, which I experienced twice since I became CEO.

We find new a technology of an overseas maker for enterprise servers. We introduce it to Japan and ask Group company customers to evaluate it. This usually takes about nine months.

After the nine-month period, we can finally record sales. At that point, customers and the maker are very happy. Also, the business is reasonably profitable to us.

However, it naturally does not last long. We can make profits for a period of six months to one year or so during which our introduction of the technology is recognized as added value. After that, not being able to provide added value on an ongoing basis, our position inevitably gets curtailed for the purpose of cutting costs and increasing profit.

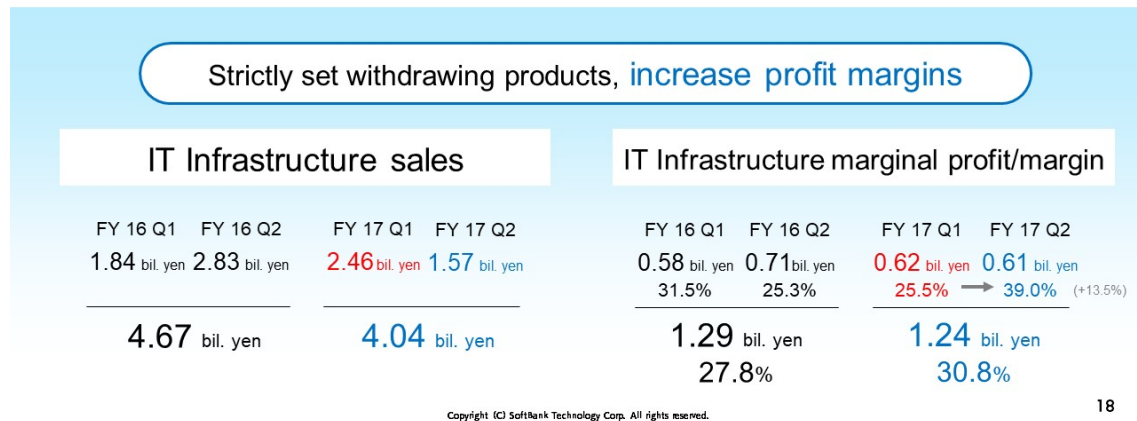
The business saw a 70% decline in marginal profit compared to a year ago. We learned it the hard way the first time, but we did it for the second time. We learned a hard lesson the second time, too. Thus, we concluded that we would stop. That is, we would not do it (hardware sales) toward the second quarter.

## Unconsolidated/Consolidated Reviewing Hardware Sales in IT Infrastructure Solutions

Unconsolidated /Consolidated	Reviewing Hardware Sales in IT Infrastructure Solutions	SoftBank Technology
---------------------------------	--	------------------------

Cause

An approx. **70% decline** in profit margin for hardware products  
(improvement is not expected for a thin profit margin)



18

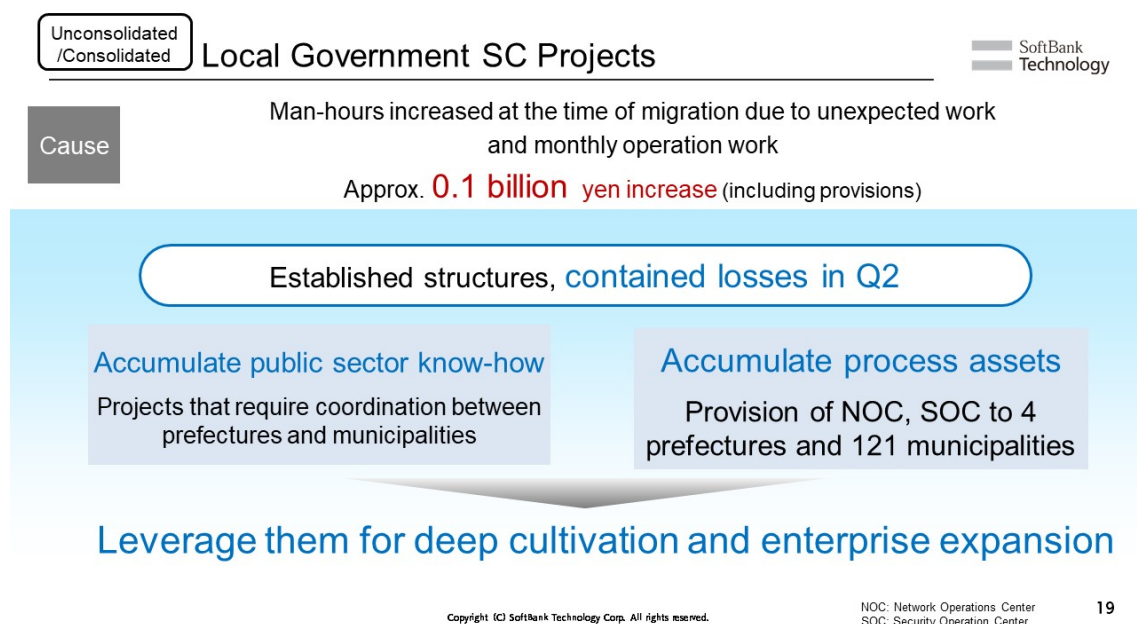
Again, I would like to explain local government security in detail. IT infrastructure net sales shown in the middle of the slide represents this. Servers, networks, and the like are included in sales.

Net sales were 4.67 billion yen last year (FY 2016 Q2) and 4.04 billion yen this year (FY 2017 Q2). Sales declined almost by half year-on-year in the second quarter. This was because we stopped dealing in server products, which was a main business.

However, we were able to generate marginal profit of 0.61 billion yen without the business (server products) from the first to second quarter because of a significant improvement in profit margins.

This is from construction of networks and server related construction expenses. We have made directional changes that we will operate with technological capabilities in the construction business.

## Unconsolidated/Consolidated Local Government SC Projects



The next is local government security cloud projects. We were able to complete security cloud implementation for four prefectures at the end of March (2017). Then, each local government came to connect to 121 municipalities under the four prefectures.

We started the projects based on demand of the prefectures, but the demand or requests vary greatly among 121 municipalities. Regretfully, costs increased significantly as we had to deal with them in the first quarter. Network literacy also varies widely among 121 municipalities.

Having received many inquiries, we hastily set up a call center. We also had sudden increases in access during unexpected hours. While local government inquiry desks close during lunch breaks, access increased significantly.

We also received municipality-specific requests. We learned a lot. Another point to note was that there were cases of targeting specific municipalities.

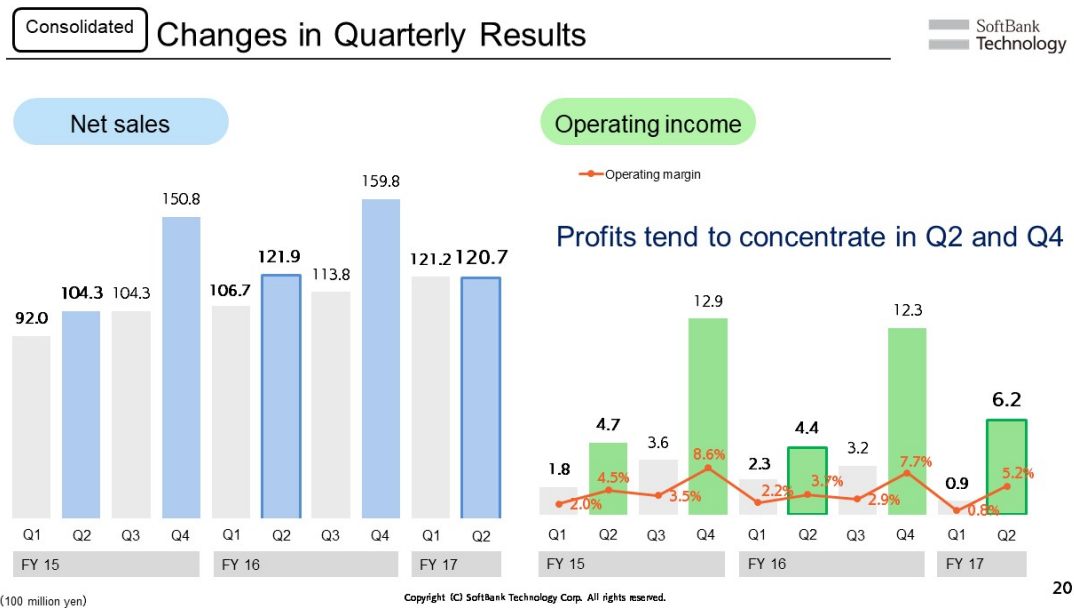
I cannot go into details but, for example, we experienced an attack targeting a municipality in which a certain facility was located.

Through such experiences, we accumulated process assets—several hundreds of signature data. Names of attacker servers, IP addresses, and the like have been steadily

accumulated as data in our hands.

Although we posted a big loss in the first quarter, we learned a good lesson.

## Changes in Quarterly Results



Changes in quarterly results in FY 2015, FY 2016, and FY 2017 are as shown (in the slide). Our current situation is that net sales concentrate in the fourth quarter, the final quarter.

Also, the timing is the same for profit. Unfortunately, there are few short-term system integration projects.

Many of our customers with which we have business relationships are major corporations. Since they are Japanese customers, acceptance dates tend to be the last day of September for the first half, and March for the second half.

Therefore, both sales and profit inevitably concentrate in the second and fourth quarters.

## Apology

### Apology



We sincerely apologize for significant concerns and the inconvenience caused to our stakeholders relating to the unauthorized access of a test server held by SBT.

#### Impact:

A period of slow business operations was caused by handling of the information security incident

#### 2017

July 24

Found unauthorized access to SBT's test server and announced the possibility of customer information leaks by an attacker

July 28

Announced that no customer information leaks were found in the scope of a detailed investigation conducted by a third-party institution

August 31

Announced course of events since the recognition up to August 31, impact on customers, and recurrence prevention measures

#### Cause (\*All corrected)

- Inadequate account management
- Inadequate password management
- Inadequate access control
- Inadequate information management

Announcement URL : <http://www.softbanktech.co.jp/corp/news/info/20170831/>

Copyright (C) SoftBank Technology Corp. All rights reserved.

21

Well, this is an apology. We announced on July 24 (2017) that an information security incident occurred.

On July 17 (2017), a week before this announcement, I received a report that some unauthorized access seemed to have taken place. When something happens, I receive an initial report.

It seemed that the subject of the unauthorized access was a system's test server not connected to a production environment, which was a relief. However, on July 21, as a result of verification of the server, it came to light that some production data were on the server. We had our security team investigate. However, no trace of access was found.

Since an internal investigation alone was not enough, on July 21, we immediately asked a third-party organization to look into it. While we had not received a clean bill, or assessment results, of a third-party organization, we could not say that it was all right.

Generally, this kind of investigation takes a month. If the fact of the information leak was confirmed one month later, we thought that the delay of the announcement would affect our trust. Therefore, we decided to make the announcement on July 24.

Our company has many security professionals, including those well-known in the



industry. They worked with the research team and did their best to investigate quickly.

In response to that, surprisingly, we received the answer three days later, “It was all right. We did not find any unauthorized access on July 17.”

We had a turbulent week, which had a significant impact on our customers and shareholders, and also on our employees.

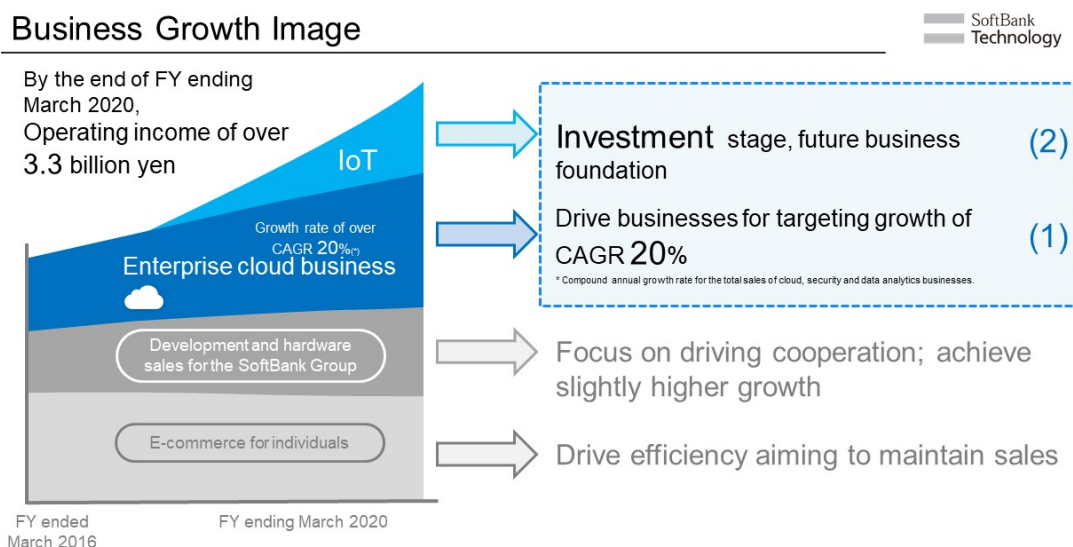
On the bright side, we reviewed security measures across the enterprise in the wake of the incident. Over a one-month period in August (2017), we checked of all so that we throw away all risky things, and renew the way of thinking.

We announced the completion of this process on August 31. This is how the event developed.

It is true that various orders, progress of business negotiations, and the like were more or less impacted during the period. On the other hand, some customers responded to the announcement, “You did well”, “Well done.” Their trust in us deepened because of the announcement.

We are sorry that every time we learn, it comes with a cost, but I see that our company is steadily moving forward.

## State of Focus Businesses—Business Growth Image



23

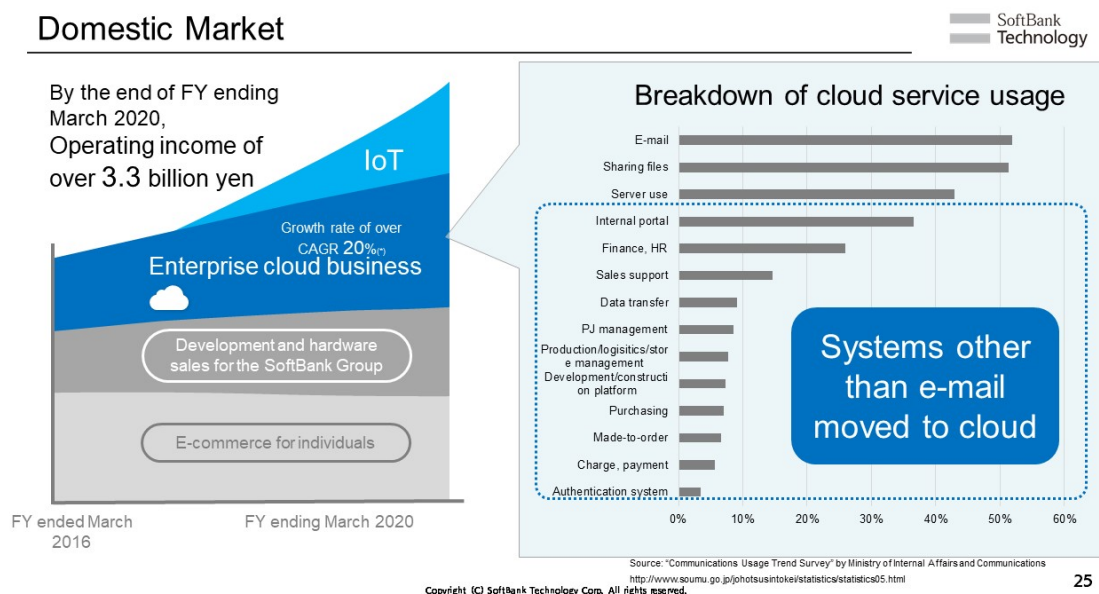
I will talk about the state of our focus businesses. In the fall of last year (2016), we announced a stock option for employees, and I talked about achieving operating income of over 3.3 billion yen by the fiscal year ending March 2020. I explained which area to increase and which area to focus on using this graph.

First, we will continuously work on e-commerce for individuals in the bottom (of the graph) although a slight decline is shown.

For development and hardware sales for the SoftBank Group above, we will exit from servers, the main business but believe that we can gain ground in such fields as system development, operations, and security.

Then, we must achieve big growth in the enterprise cloud business. We will develop IoT over a three-year period and then apply it to actual businesses.

## (1) State of Cloud Business—Domestic Market



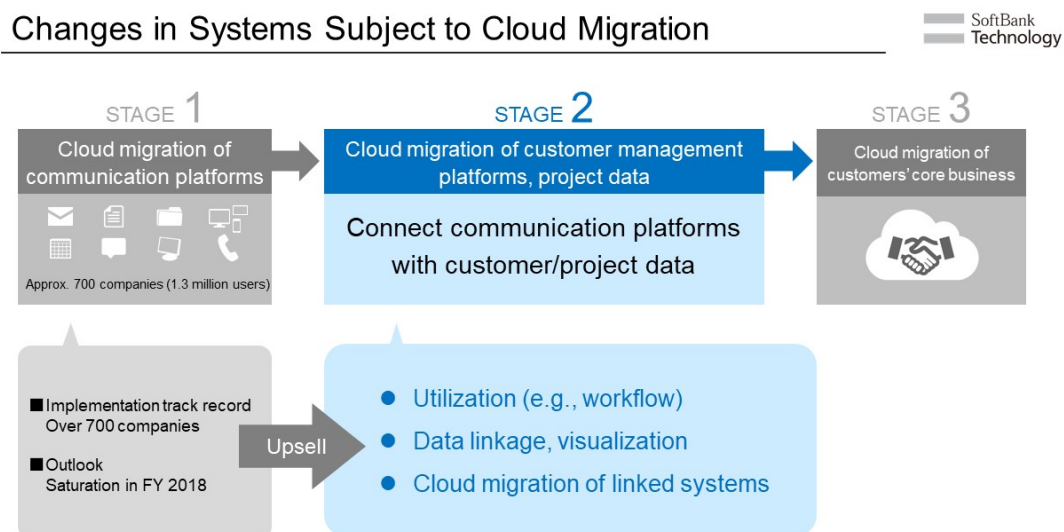
First, the cloud business that targets CAGR of 20%—as you probably know well, quite a few enterprises in Tokyo use the cloud business, which started from e-mails, file sharing, server use, and the like.

According to a release from the Ministry of Internal Affairs and Communications, these grew to around 50% in Japan. If there is no room for further growth in these categories, categories following these—internal portal, finance and HR, sales support, data transfer, project management—and the like will be migrated to the cloud.

In the second half of the previous fiscal year, the company started consulting, development, and migration services for Dynamics CRM, CRM software offered in the cloud. We expect this to become a core business over this and the next fiscal years.

While there are many companies in western Japan that have yet to use the cloud for e-mail, file sharing, server use and the like, but as late adopters, companies in Kansai started using the cloud for e-mail, file sharing, and Dynamics CRM all at once. Thus, we see increasingly active demand there.

## (1) State of Cloud Business—Changes in Systems Subject to Cloud Migration



Copyright (C) SoftBank Technology Corp. All rights reserved.

26

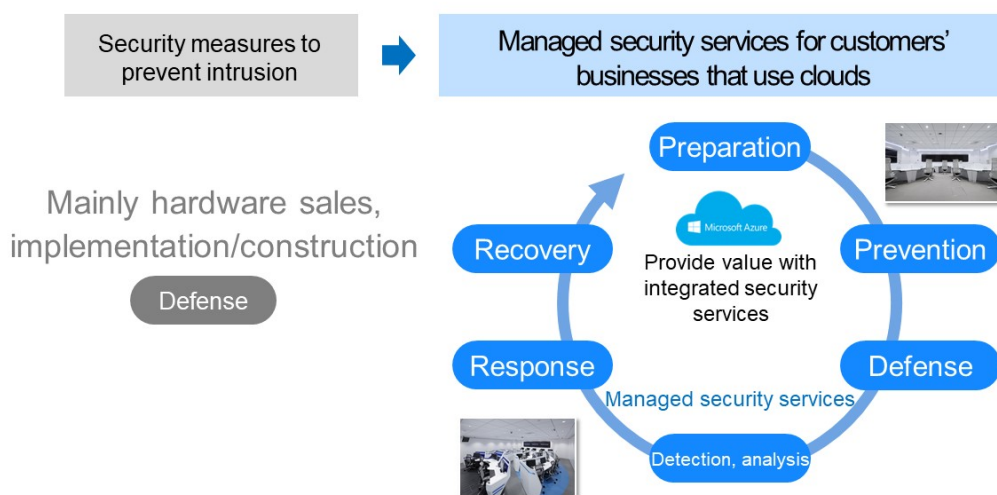
These are (three) stages we are establishing. Stage 1 started in 2012, and we are now in the middle of Stage 2. Predicting that ERP will also become cloud-based going forward, we already internally operate ERP software in the cloud. As the first project, we are now working on the migration work for our accounting ERP because it is the best sample.

We are working with a plan to migrate all of our internal ERP to the cloud by March 2019. Similarly, presenting this as a sample, we would be able to ask our major enterprise customers to consider such a migration.

## (1) State of Cloud Business—From “Intrusion Prevention” to “Operation and Recovery”

### From “Intrusion Prevention” to “Operation and Recovery in the Event of Intrusion”

SoftBank  
Technology



Copyright (C) SoftBank Technology Corp. All rights reserved.

27

We will offer cloud-related security services for intrusion prevention security measures. We just say prevention at the entrance, but intrusion would occur anyway. In other words, there is no guarantee that a hole that is not visible now will not be found in the future either.

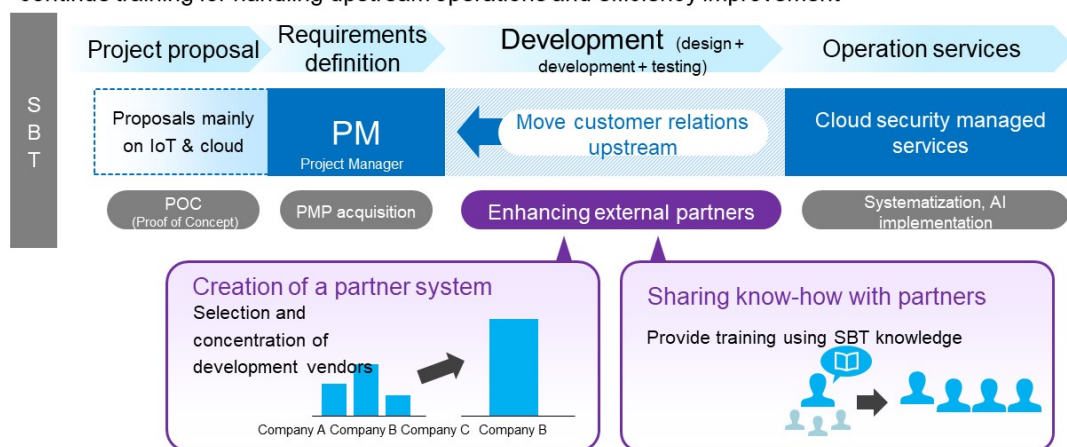
Then, what should we do, how should we respond to intrusion? It may sound bold given that we announced the incident, but we will offer managed security services (MSS) as a security professional, not just from experience, on the cycle of how to resolve incidents and minimize impacts on business.

The cloud includes not only construction of systems and networks but also security. And, it also relates to how important data analysis is in the field of IoT, which I will explain later.

## (1) State of Cloud Business—Expand and Strengthen SBT Roles and Partner Collaboration

### Expand and Strengthen SBT Roles and Partner Collaboration

To become a business partner,  
continue training for handling upstream operations and efficiency improvement



Copyright © SoftBank Technology Corp. All rights reserved.

28

Another point is that, as I mentioned in spring this year, we were able to respond to only three out of ten inquiries from customers in the second half of the last year. Of course, there was no guarantee that we could have won ten customers, had we answered the ten inquiries. However, given that we did not have a sufficient number of engineers to handle them, we now work with 900 external engineers.

Having said that, it has become very difficult to gather programmers, especially in Tokyo. Therefore, we selected about 30 companies and entered into a partner collaboration program with them by holding the first SBT Partner Summit in May (2017), saying that “Please cooperate as we will concentrate all jobs for you.”

On the other hand, in reality, things do not progress simply by entering into a collaboration program. Cloud engineers are very much in demand, and we cannot find enough security engineers in Tokyo.

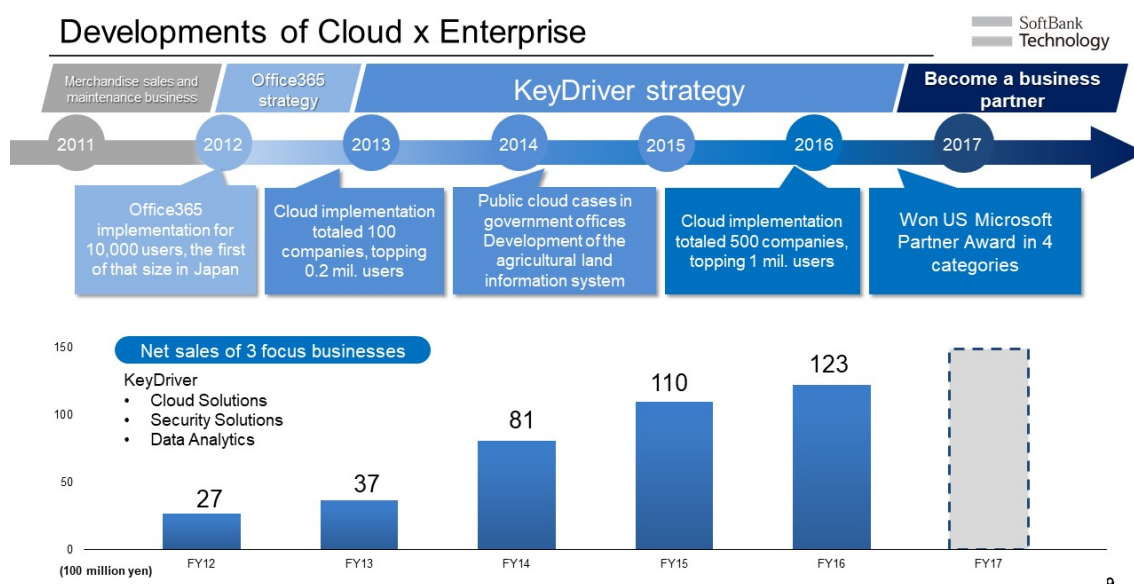
Thinking about what to do, starting from September this year, we say (propose to the vendors), “It is all right if engineers are not in the fields of security or the cloud. Please do our jobs.”

As we were engaged in the cloud migration of enterprise customers—700 companies and

1.3 million users, we share our know-how over a period of one month to one-and-a-half months. Once they have become capable after studying with us, they spread the know-how in their companies; then, we assign them to projects two months later. Unless we do this, we will no longer find engineers in the city.

Having learnt that we also have to develop people to have capable people, we are now doing it.

### (1) State of Cloud Business—Developments of Cloud × Enterprise

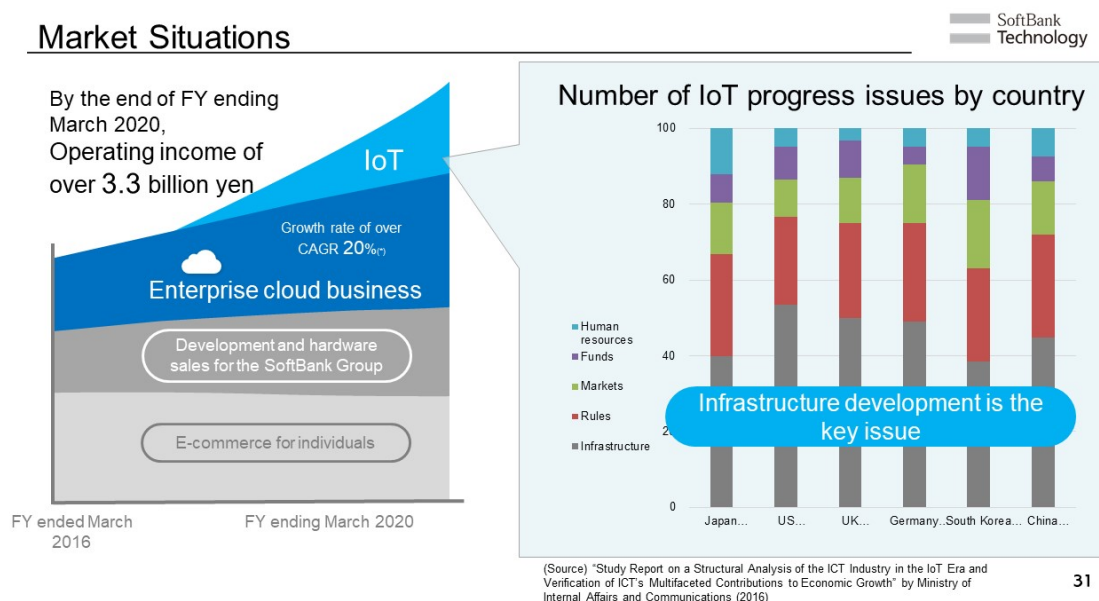


As to developments of the enterprise cloud, we were able to implement Office 365 for 10,000 users in 2012, the first of that size in Japan. Since then, the cloud implementation reached 100 companies as a cumulative total (in 2013), then it became 500 companies (in 2016), and 700 companies as of now. We did that much implementation work.

The sales of this area, which totaled 2.7 billion yen in 2012, were 12.3 billion yen last year (2016). You can see that it is steadily growing at a pace of CAGR of over 20%.

## (2) State of IoT Business—Market Situations

### Market Situations



Next, the IoT Business. The Ministry of Internal Affairs and Communications summarized issues relating to the development of IoT. How can IoT make progress, while we hear IoT a lot? First, infrastructure must be established.

Another thing that needs to be established is rules as indicated in red (in the material). It could create a mess if we go ahead without rules on how to use IoT.

Wi-Fi may be enough for using IoT in a factory, but once it goes outside the factory, how to divide IoT into different bandwidths becomes an issue under the strict radio wave regulations—rules for division, like, “This IoT should be on this cloud”, “A different cloud server for this IoT” (is needed).

Rules like, “You cannot use this,” must be established. This is the current issue IoT faces.

Conversely, markets (green), funds (purple) and human resources (blue) have yet to become issues. IoT is now in the phase of developing infrastructure as the first step.

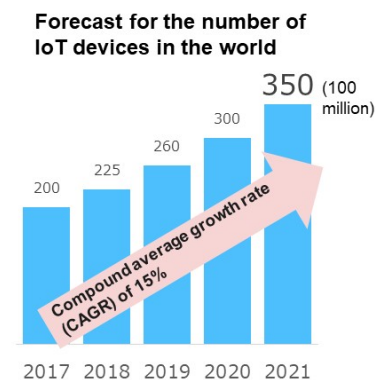


## (2) State of IoT Business—Increase in IoT Devices and Risk

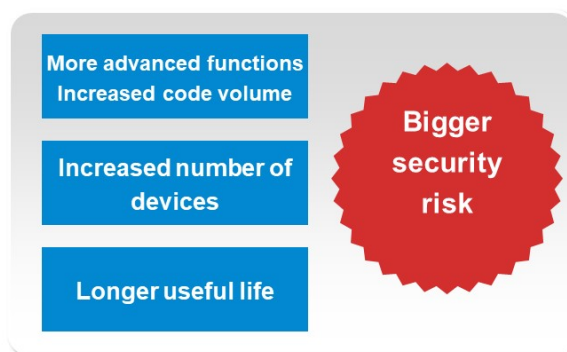
### Increase in IoT Devices and Risk

SoftBank  
Technology

#### Over 35 billion devices connected to the Internet



Source: "2017 White Paper Information and Technology in Japan" by Ministry of Internal Affairs and Communications



32

On the other hand, there are 20 billion IoT devices in the world already this year (2017). The statistics were released by the Ministry of Internal Affairs and Communications. We do not have infrastructure rules but have 20 billion (IoT devices). What should we do? The number is expected to steadily grow at CAGR of 15% or so. This is the state of IoT devices in the world.

In addition to the release of IoT devices, the performance of chips gets better and better. Does higher performance mean (prioritizing) high speed only? It does not. Various programs will be put on (IoT devices).

This leads to more advanced functions, and thus higher code volume. This might entail vulnerabilities and risks, which are not visible now. However, even if we are told to use IoT devices released and for which rules were established this year, already over 20 billion devices are released every year. What should we do about this?

If the device is smartphones, we may be able to set standards that smartphones should be replaced for new ones in two or three years. For IoT devices going forward, eight years and ten years (of continuous use) are the standard. It could be longer than that.

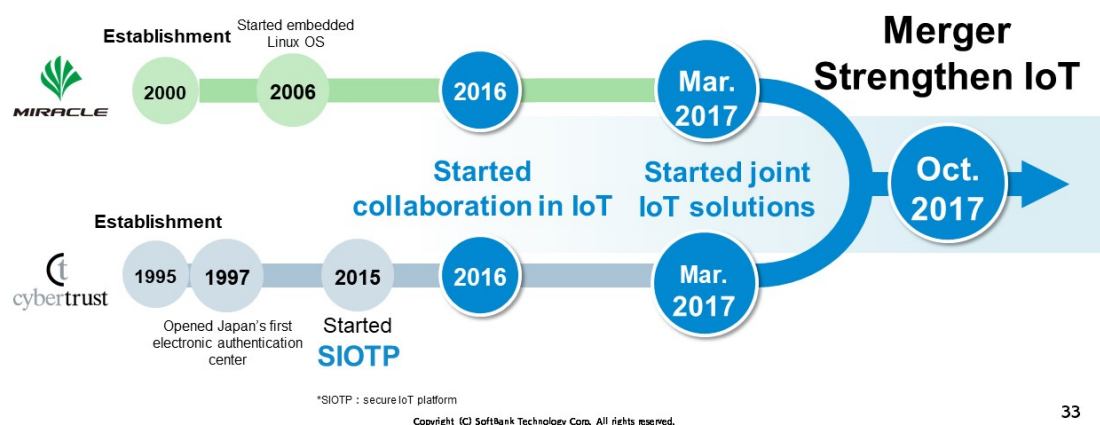
We cannot say like, "Only this portion is IoT" while old ones widely remain for a long period of time. Then, what is the solution? I believe this is a business opportunity for us.

## (2) State of IoT Business— Background of Establishing New Cybertrust

### Background of Establishing New Cybertrust

SoftBank  
Technology

#### Integration of Japan's biggest electronic authentication infrastructure and Linux OS technologies



33

On October 1 (2017), Cybertrust Japan Co., Ltd., and Miracle Linux Corporation, our subsidiaries, were merged. Cybertrust is one of only two Certification Authorities in Japan. It was Japan's first Authentication Authority started 20 years ago in 1997.

Miracle Linux was established in 2000. It has been engaged in the Linux OS and open source software development (since 2006).

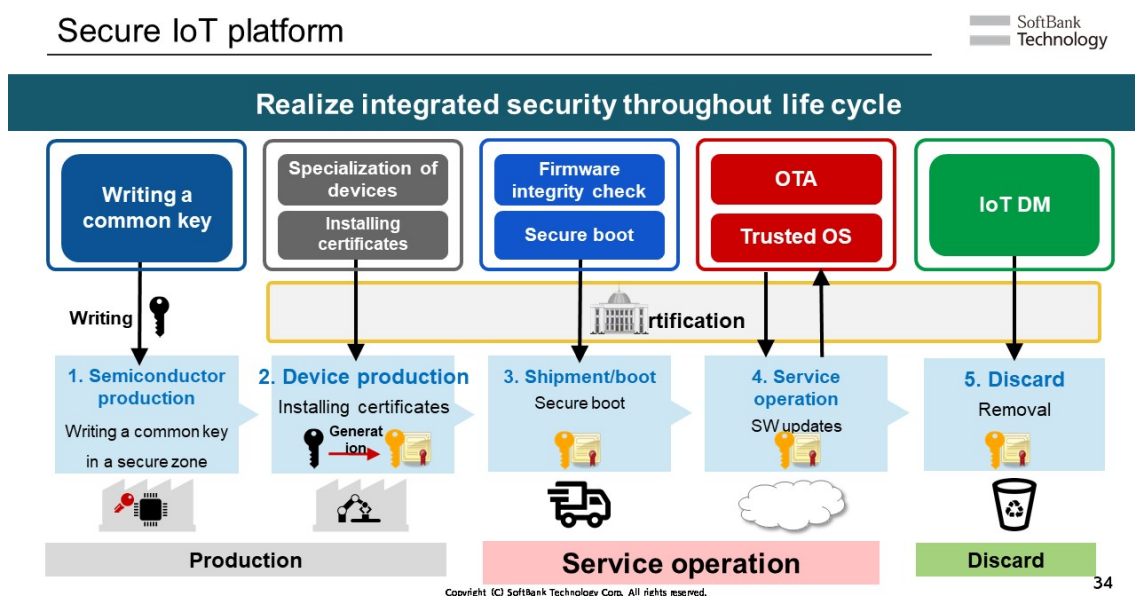
We bought the two companies three years ago (in 2014), acquiring a 57% stake in Miracle Linux and a 100% stake in Cybertrust.

To bring the two companies together, they were merged on October 1 this year (2017). With the intention of finding opportunities not only in Japan but also outside Japan, the post-merger company is named Cybertrust Japan Co., Ltd.

Although it does not exist now, the company name did exist before in the Teikoku Databank and thus is received very well. (Based on this), we chose the name, Cybertrust, and I (Mr. Ata) am concurrently serving as CEO from October 1 (2017).

We have excellent engineers who do not deviate. In order to maintain their balance and direction, I have decided to service concurrently (as CEO) for the time being.

## (2) State of IoT Business—Secure IoT Platform



I will explain the secure IoT platform on which the Cybertrust is working since two years ago (2015). There was a discussion in the US Congress that IoT devices must be patchable—making changes must be possible.

The Ministry of Internal Affairs and Communications of Japan says that the minimum requisites for IoT devices must be ensured to move things forward securely.

On a secure IoT platform, we write a common key in a chip. The zone to write the key is TrustZone, which ordinary people do not see.

And devices produced using this chip. Moving on to 2 (of this material), the Certification Authority produces certificates, which are read by the key. “This is a lot produced on a certain day in certain month at what factory of what manufacture.” Such information is written. Then the devices are shipped.

These are sufficient for production purposes, but later, when using the appliance, there are differences between consumer users and enterprise users.

When a device is used in a factory, information that “the device is now used in a production factory called such and such” is placed as a user certificate. This is not necessary in the case of consumer users.

Supposing that some sort of vulnerability is found, naturally, updates are needed. By updating the OS or application, it must be made secure. Or, function enhancement is required.

In such cases, we can securely update software over the air, “OTA” as shown (in the material), sometimes mobile communication is used.

Once the use period ends, authentication stops. Then, the device cannot be connected to the network any longer. Maybe, devices that cannot be switched on without authentication may be introduced going forward.

Secure IoT platform is a platform for managing this lifecycle. I have introduced the concept today. As this cannot be done by us alone, various partners will be involved.

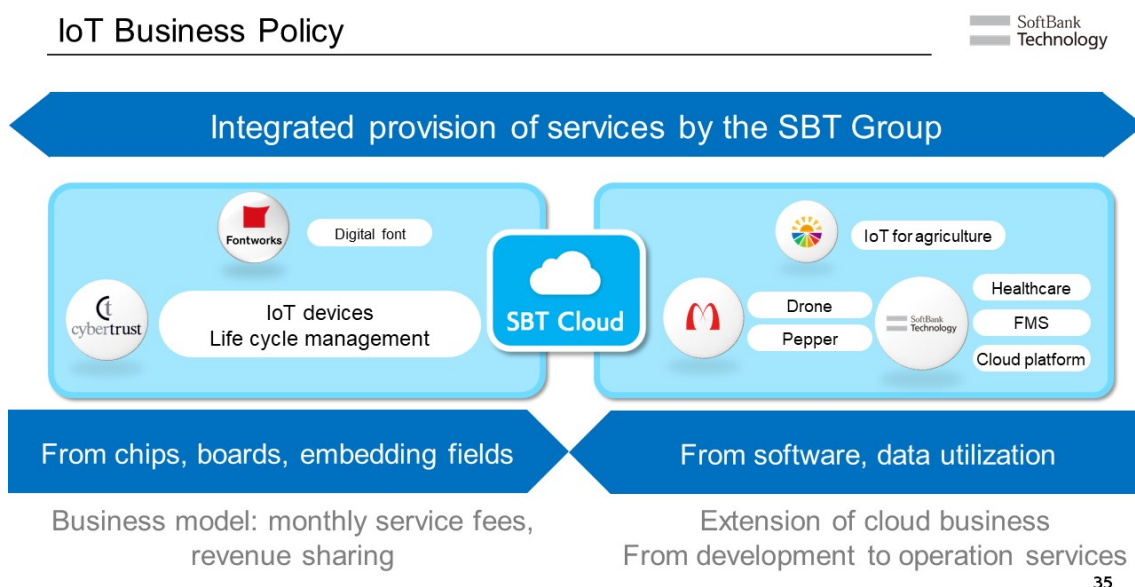
I announced these at the business strategy briefing on October 24 (2017). In addition to us, people from ten companies spoke at the meeting in support of us. The number (of global partners in and outside Japan) will increase further. It will increase steadily. And, we would like to make this the standard.

I think Japan is the most advanced country in this area.

Germany talks about Industry 4.0 (a concept for advancement of manufacturing promoted by the German government), and it is talked about how advanced the internet is in the USA. Still, I feel that the point of production is in Japan. I would like to drive the IoT of Japan quality.

Of course, Japan is not the only market. There are many manufacturers that generate 70-80% of their sales outside Japan. We would like to create products with competitive advantage around there.

## (2) State of IoT Business—IoT Business Policy



In the SoftBank Technology Group, we have Cybertrust on the device front and SoftBank Technology on the cloud front. Leveraging these, we would like to offer integrated services to our customers.

## FY 2017 1H Results (vs. Initial Forecast)

**FY 2017 ending March 2018 H1 Results (vs Initial Forecast)**

SoftBank Technology

Consolidated

**Overview**

- Achievement rates for sales and operating income are flat YOY.
- Continue to drive 2Q margins from H2.

(Millions of yen)	FY 17 H1	Initial Forecast (April 26, 2017)	Achievement rate	Results (Full-year forecast)	Achievement vs forecast
Net sales	24,203	52,000	46.5%	22,863 (47,000)	48.6%
Operating income	720	2,500	28.8%	684 (2,400)	28.5%
Ordinary income	693	2,500	27.7%	689 (2,300)	30.0%
Profit attributable to owners of parent	412	1,600	25.8%	410 (1,500)	27.4%

(Reference: FY 16 H1)

37

This shows the earnings forecast for the fiscal year ending March 2018. Net sales of 52

billion yen, operating income and ordinary income of 2.5 billion yen, and profit of 1.6 billion yen, which I explained at the beginning of the fiscal year. We would like to keep the initial goals unchanged, and will work hard toward them.

That's it. Thank you very much for listening.