Second Quarter of the Fiscal Year Ending March 31, 2017 (FY2016 Q2)

Results of Operations

October 28, 2016
SoftBank Technology Corp.

Important Information about this Presentation

1. Starting in the fiscal year ending March 31, 2017, the service categories of the ICT Services business of the Group were renamed as follows. System Integration was renamed Cloud Systems. In addition, Platform Solutions in the Platform Solutions service category was renamed IT Infrastructure Solutions. Microsoft Solutions in the Cloud Systems service category was renamed Cloud Solutions.

2. Starting in the fiscal year ended March 31, 2016, cloud-based system development projects, previously included in the service category of System Integration, are now reclassified and included in Cloud Solutions. The figures for the fiscal years ended March 31, 2015 and earlier on this presentation use the new service category.

3. Starting with the fiscal year ended March 31, 2016, the method used for the allocation of the amount of elimination of internal transactions with subsidiaries for the marginal profit has been revised. This revision has been applied to sales and marginal profits for each service category in the fiscal years ended March 31, 2015 and earlier.

4. EBITDA figures shown on this presentation are the sum of operating income/loss, depreciation and amortization of goodwill.

5. Figures in all graphs in this presentation may differ slightly from figures in earnings announcements because of rounding.

Disclaimer

This presentation was prepared based on information available and views held at the time it was made. Its statements that are not historical facts, including, without limitation, plans, forecasts and strategies, are "Forward-looking statements," which are by their nature subject to various risks and uncertainties. The actual results and others may differ materially from those expressed or implied in any forward-looking statement due to a change in the operating environment or for other reasons.

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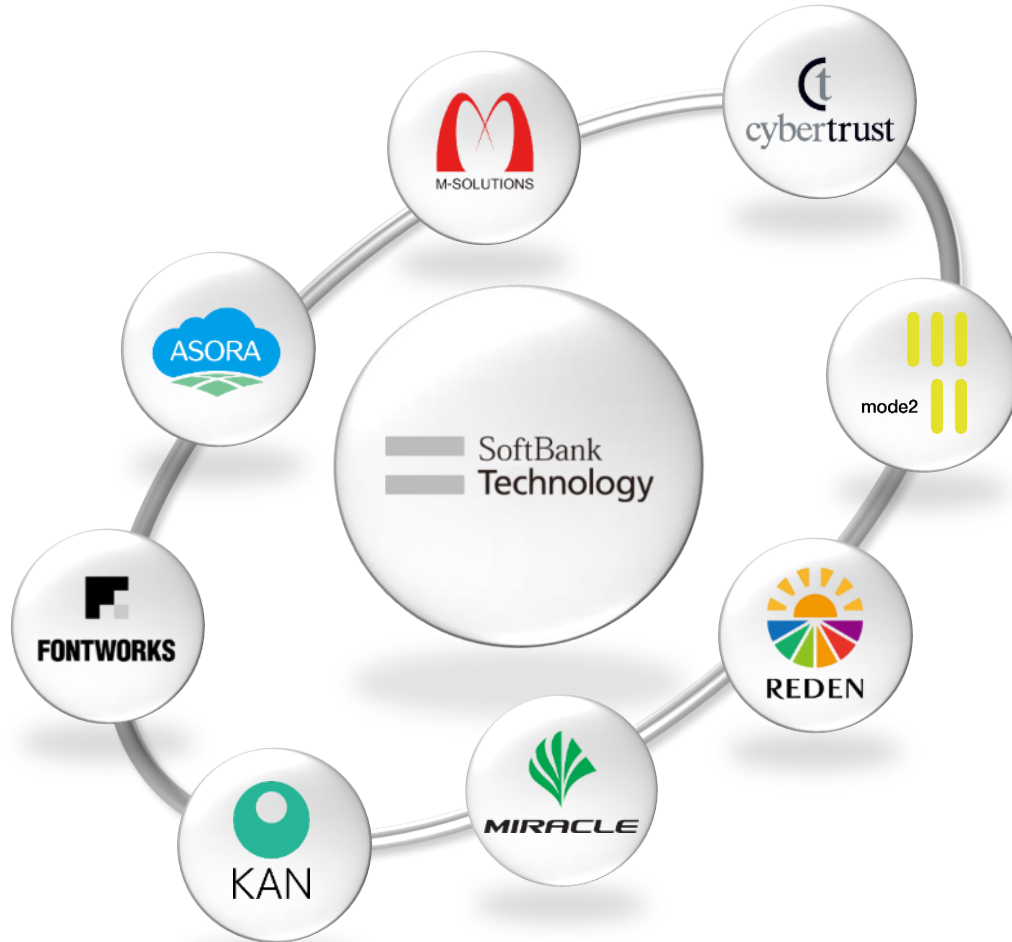
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Contents

About SoftBank Technology

SBT's Vision

Harnessing the power of Technology to build a Brighter future

The SoftBank Technology Group's goal is not to be an IT vendor but to be **a business partner** for customers taking advantage of its **cloud** technologies and many case studies.

History of SBT toward "Significant Growth"

Main businesses：Sales and construction of EC/IT

Creation of a base for business transformation

1990　**1999**　**2004**　**2006**　**2012**　**2013**　**2014**　**2015**

Three business units are merged

🛒 **E-commerce Services**
- SOFTBANK GIKEN CORP.

☁️ **System Integration**
- SoftBank's Information Systems Dept.

🖥️ **Platform Solutions**
- SOFTBANK NETWORK CENTER CORP.

Formation of SoftBank Technology

~ A company capable of taking on large projects ~

Aggressive recruitment and upgrading technological skills

~ Original technologies to establish a key competitive edge ~

Establishment of three key drivers and promotion of acquisitions

~ Strengthen our project management framework ~

Encouraging employees to earn certifications in order to improve productivity and quality, strengthening the framework
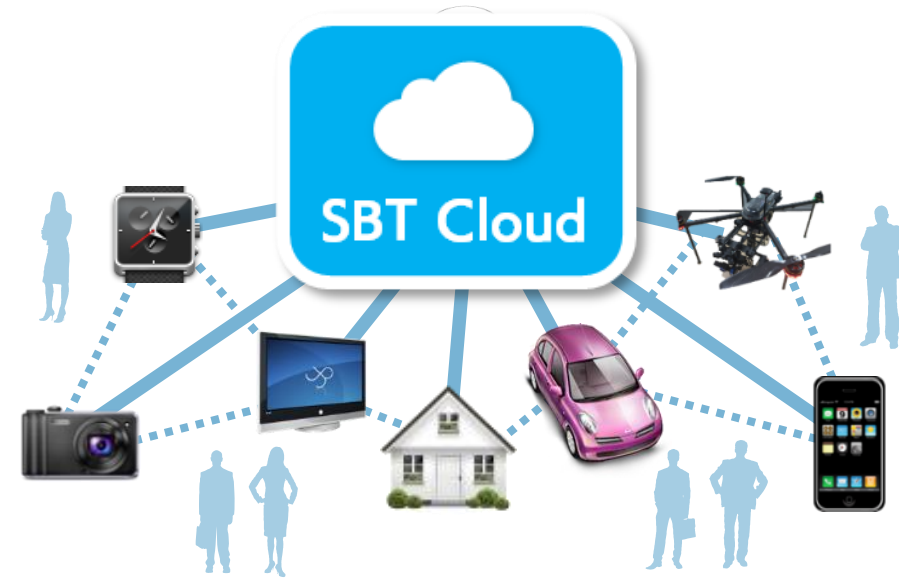
Two Core Strategies for More Growth

Core strategy 1 :

Centralize services on the cloud

Security

Big data

Cloud

Core strategy 2 :

Launch IoT businesses

SBT Cloud

To be a business partner that can transform our customers' business activities

About "Cloud", which SBT focuses on

More growth is foreseen in the use of cloud technologies and services

Cloud

Characteristics of Cloud Computing

By storing data off-site via the Internet rather than on an internal computer or server, users can access the data from any location at any time.
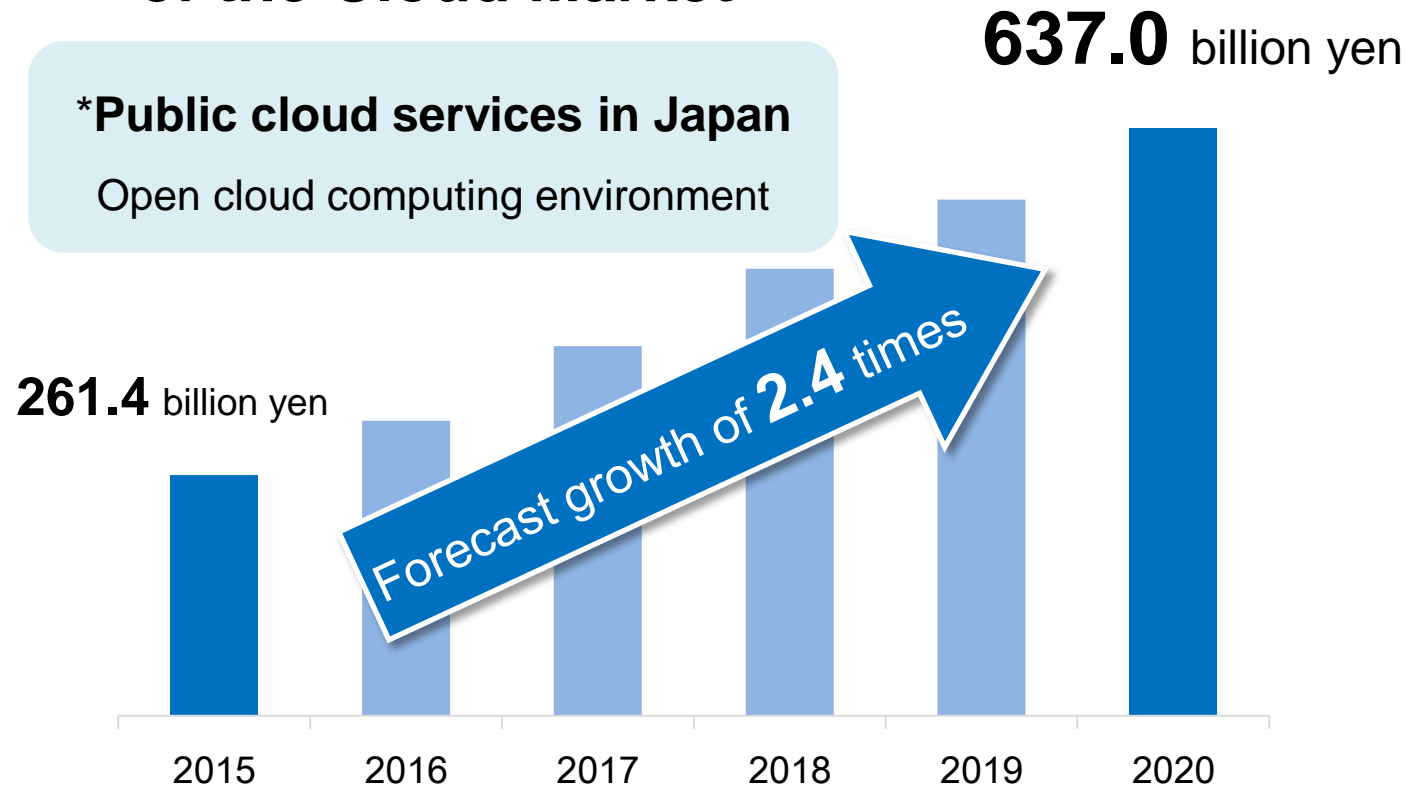
Low start-up cost

Access anytime and anywhere

Fast expansion and downsizing

Better disaster recovery

Outlook for Growth of the Cloud Market*

637.0 billion yen

Public cloud services in Japan

Open cloud computing environment

261.4 billion yen

Forecast growth of **2.4** times

| 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |

* 2015 is actual results and all other years are forecasts.

Source: IDC Japan, February 2016

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Cloud Use in Japan and the United States

A reliable partner is needed for utilizing the cloud

Workplace of cloud engineers

U.S
- 28%
- 72%

Japan
- 25%
- 75%

Legend:
- ■ User companies
- ■ IT service companies
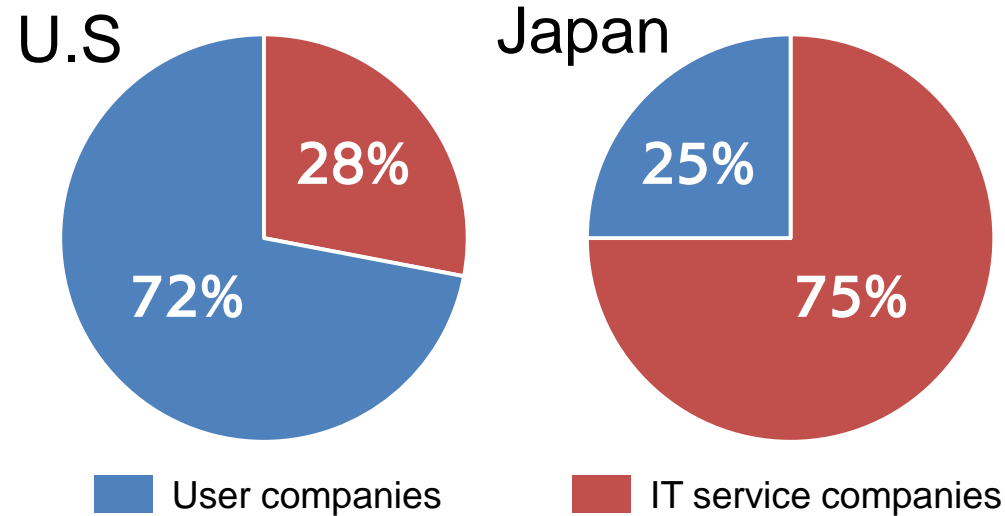
IPA report on survey concerning recruiting and training IT personnel for globalization, March 2011

Share of Cloud Utilization for Specific Tasks

Legend:
- ■ U.S
- ■ Japan

Categories (x-axis):
Groupware, File Sharing, E-mail, Sales and Inventory management, Accounting, Sales support, Desktop applications, Personnel and Salaries, BI/ Data analysis, Production and Logistics management, Scientific and technical calculations

Y-axis: 0, 20, 40, 60
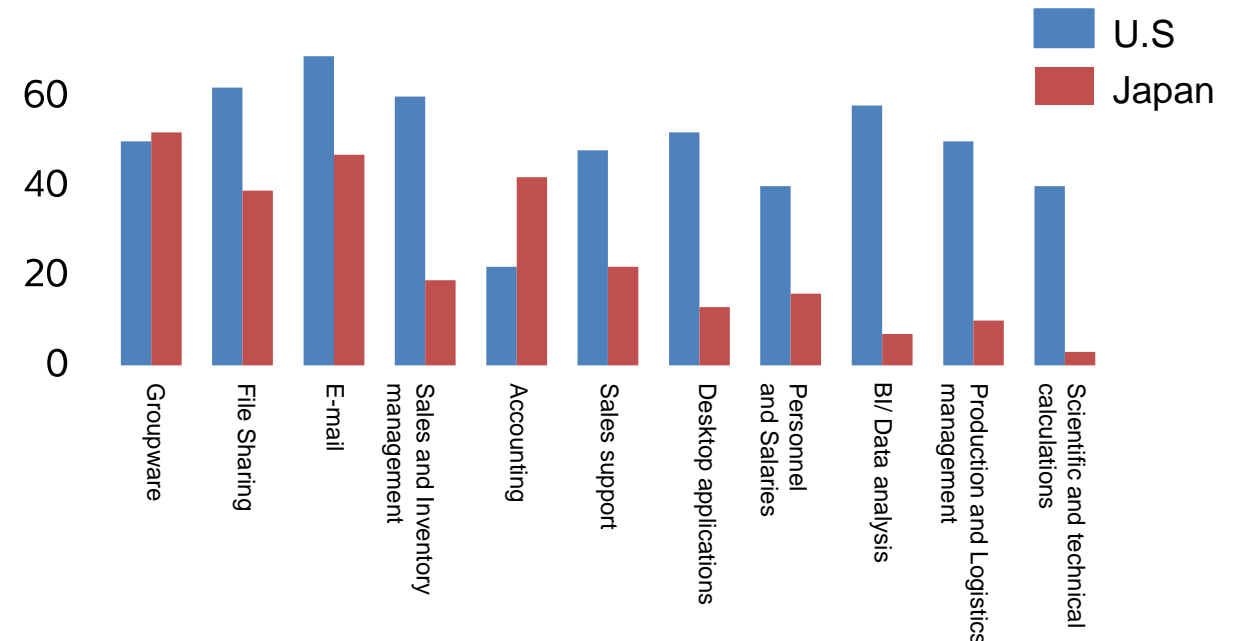
Report on survey concerning skills, requirements and training methods for people able to use advanced ICT, Ministry of Internal Affairs and Communications

The Advantages of SBT in the Cloud Domain

SBT provides cloud solutions
for enterprises in Japan*

No. 1 in the cloud domain

Leading company with a large number of installations and transitions
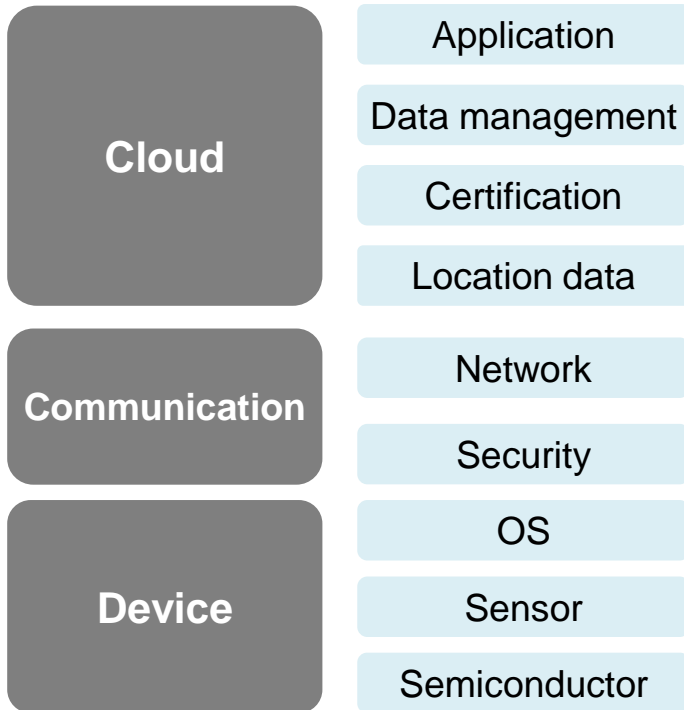
Received awards in four global categories as a Microsoft partner

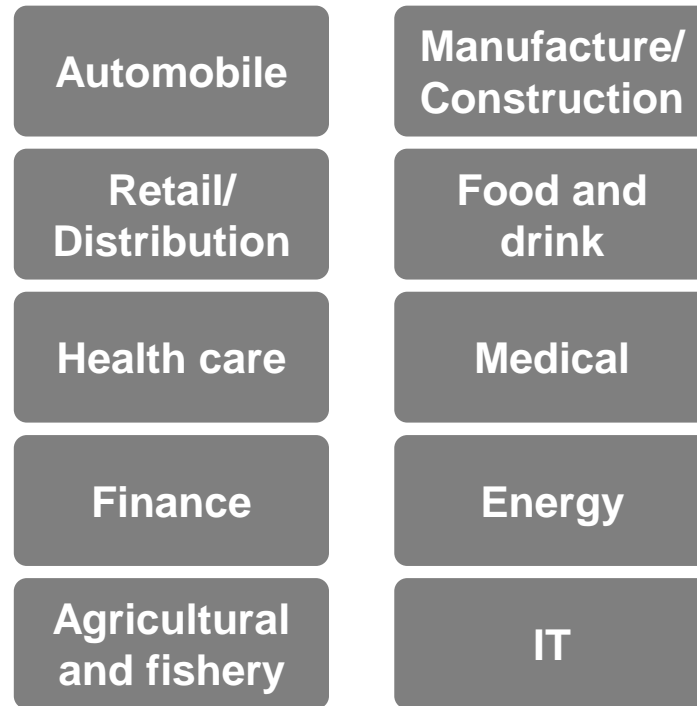Expertise extends to big data platforms, data analysis and security measures

*Cloud installations are calculated by the number of users installed following solutions (SBT data)
  Office 365, Enterprise Mobility Suite and SBT's original services (OSG and AoC)

Overview of the IoT Market

Covers many technologies

Cloud	Application
	Data management
	Certification
	Location data
Communication	Network
	Security
	OS
Device	Sensor
	Semiconductor

Used in many industries

Automobile	Manufacture/ Construction
Retail/ Distribution	Food and drink
Health care	Medical
Finance	Energy
Agricultural and fishery	IT

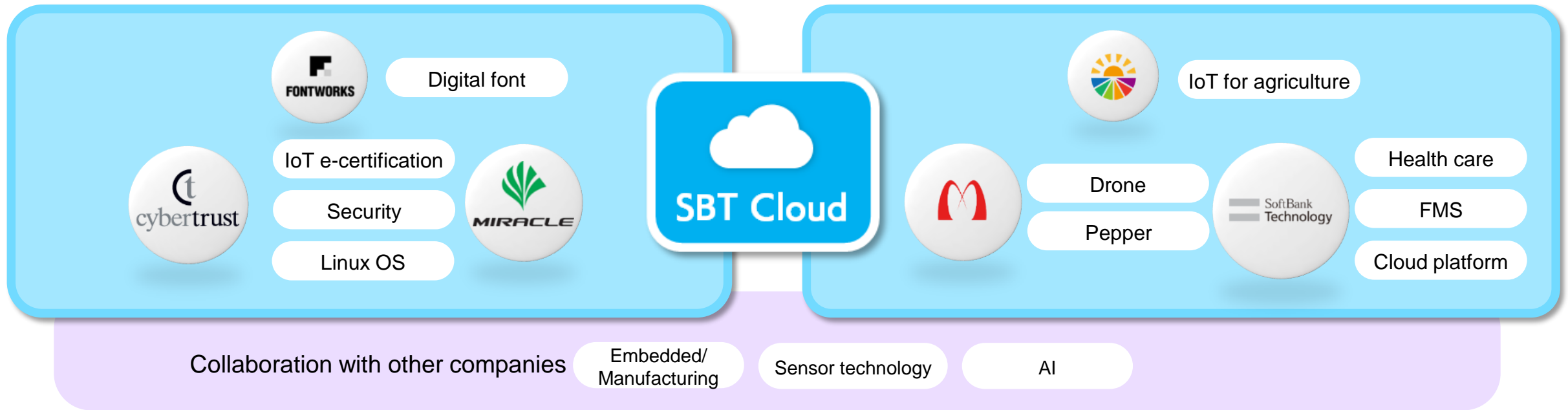## Proof of concept stage

Self-driving car, IVI

HEMS, FEMS, BEMS

Health management, Health insurance

Quality and productivity improvement

Smart grid

SBT plans to start monetizing the IoT from the fiscal year 2018

The Advantages of SBT in the IoT Domain

A full line of IoT services by the resources of the SBT Group

FONTWORKS — Digital font

cybertrust — IoT e-certification / Security / Linux OS

MIRACLE

SBT Cloud

IoT for agriculture

Drone / Pepper

SoftBank Technology — Health care / FMS / Cloud platform

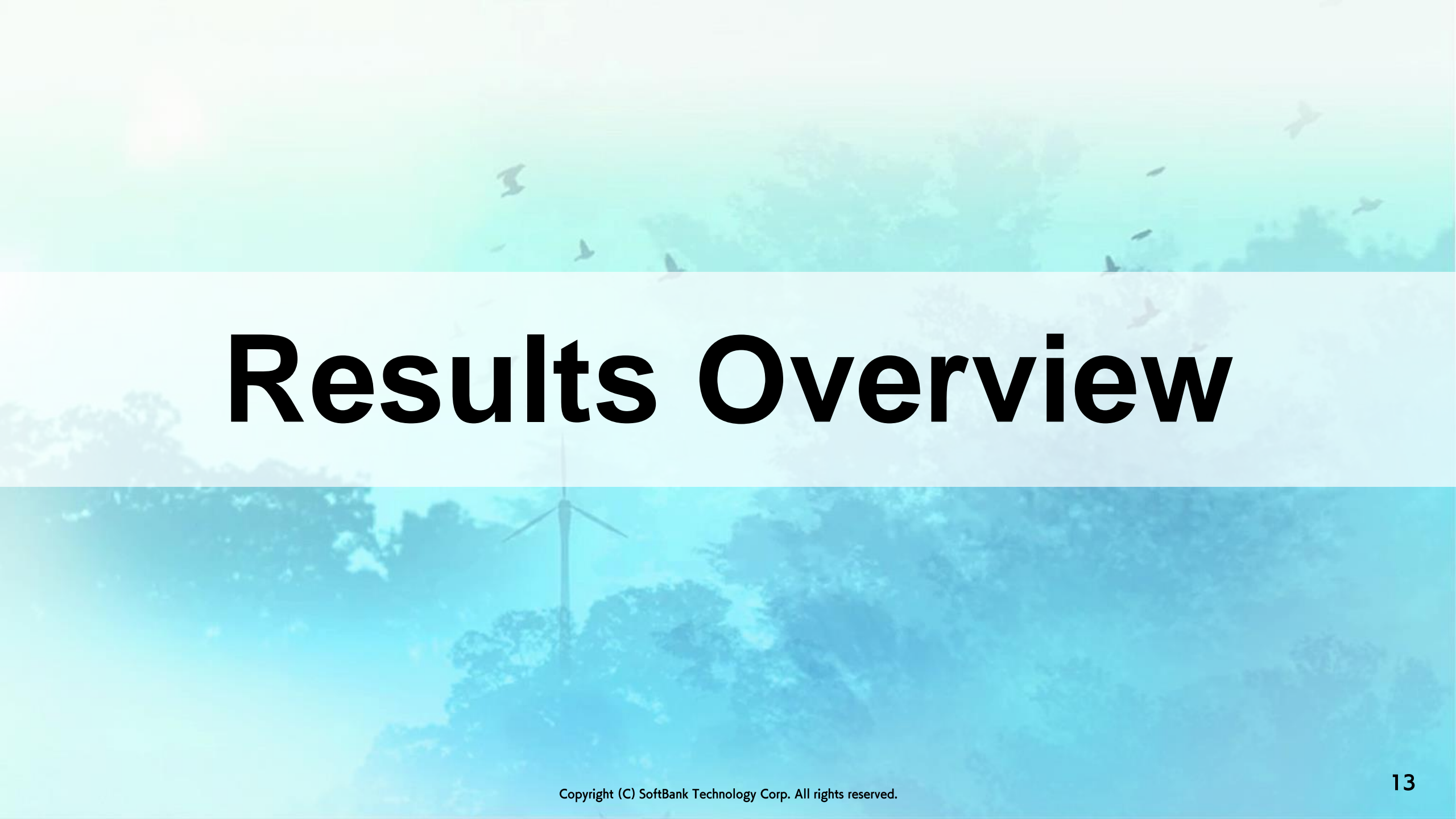Collaboration with other companies — Embedded/Manufacturing — Sensor technology — AI

Provide core technologies and specialized services
(1) Approach as manufacturers and platform providers

Provide solutions for problems and needs
(2) Approach starting with problems/needs of specific industries/customers

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Results Overview

FY2016 H1 Results Summary
Comparison with the same period of the previous fiscal year

SoftBank Technology

Overview

● Consistent progress of large public sector orders and higher orders from the SoftBank Group contributed to increases in sales and earnings.

(Millions of yen)	FY16H1	FY15H1	Amount of change	Ratio of change
Net sales	22,863	19,640	+3,222	+16.4%
Operating income	684	650	+33	+5.2%
Ordinary income	689	645	+43	+6.7%
Profit attributable to owners of parent	410	345	+65	+19.0%
EBITDA	1,146	1,129	+17	+1.6%

Note: EBITDA = Operating income (loss) + Depreciation+ Amortization of goodwill

FY2016 H1 Results Summary
Comparison with earnings forecast

Overview

● Steady progress in net sales and the progress ratio of ordinary income is 30% toward the full year forecast

(Millions of yen)	FY16H1	Full year Forecast	Amount of change	Ratio of change
Net sales	22,863	47,000	24,136	48.6%
Operating income	684	2,400	1,715	28.5%
Ordinary income	689	2,300	1,610	30.0%
Profit attributable to owners of parent	410	1,500	1,089	27.4%

Net Sales by Service Category
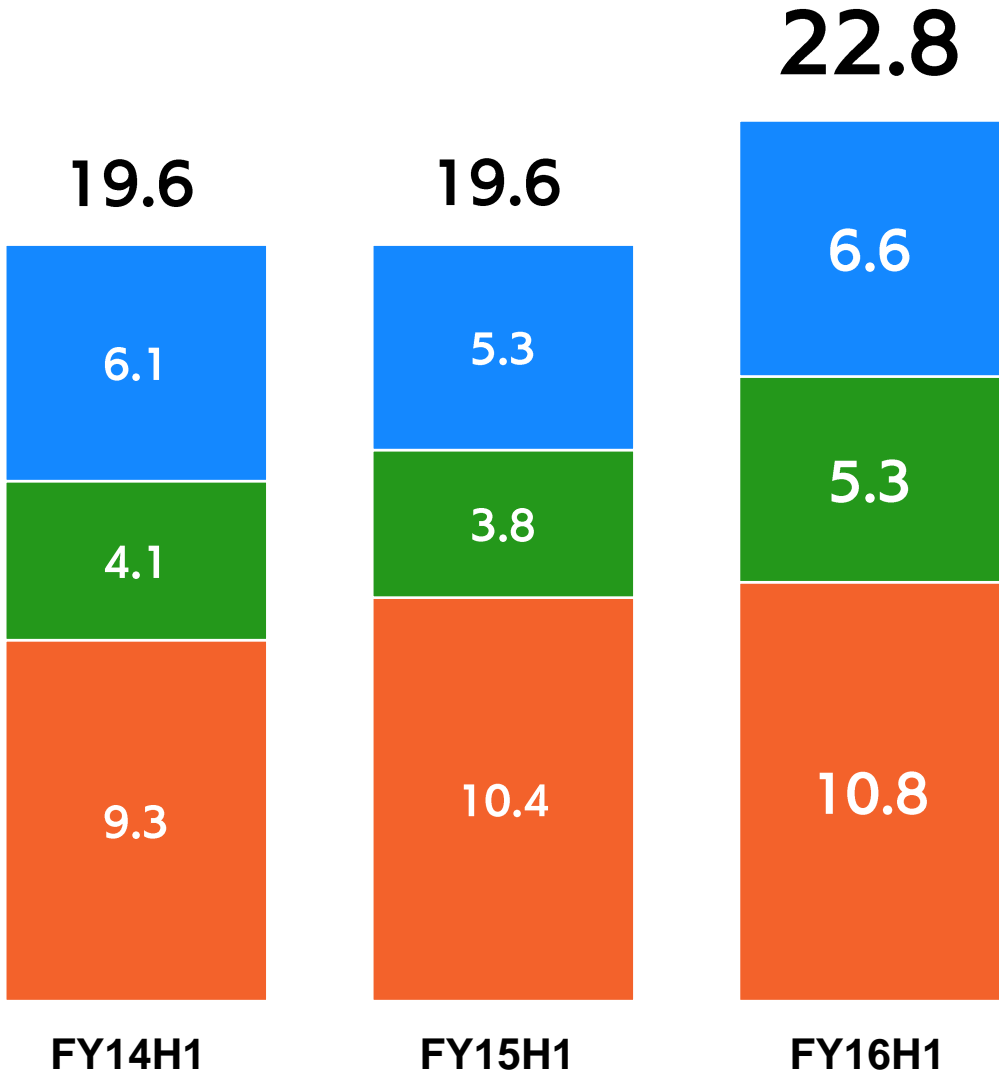
Consolidated

FY16 H1 consolidated sales

22.8 billion yen

Year-on-year sales **+3.2** billion yen, **+16.4%**
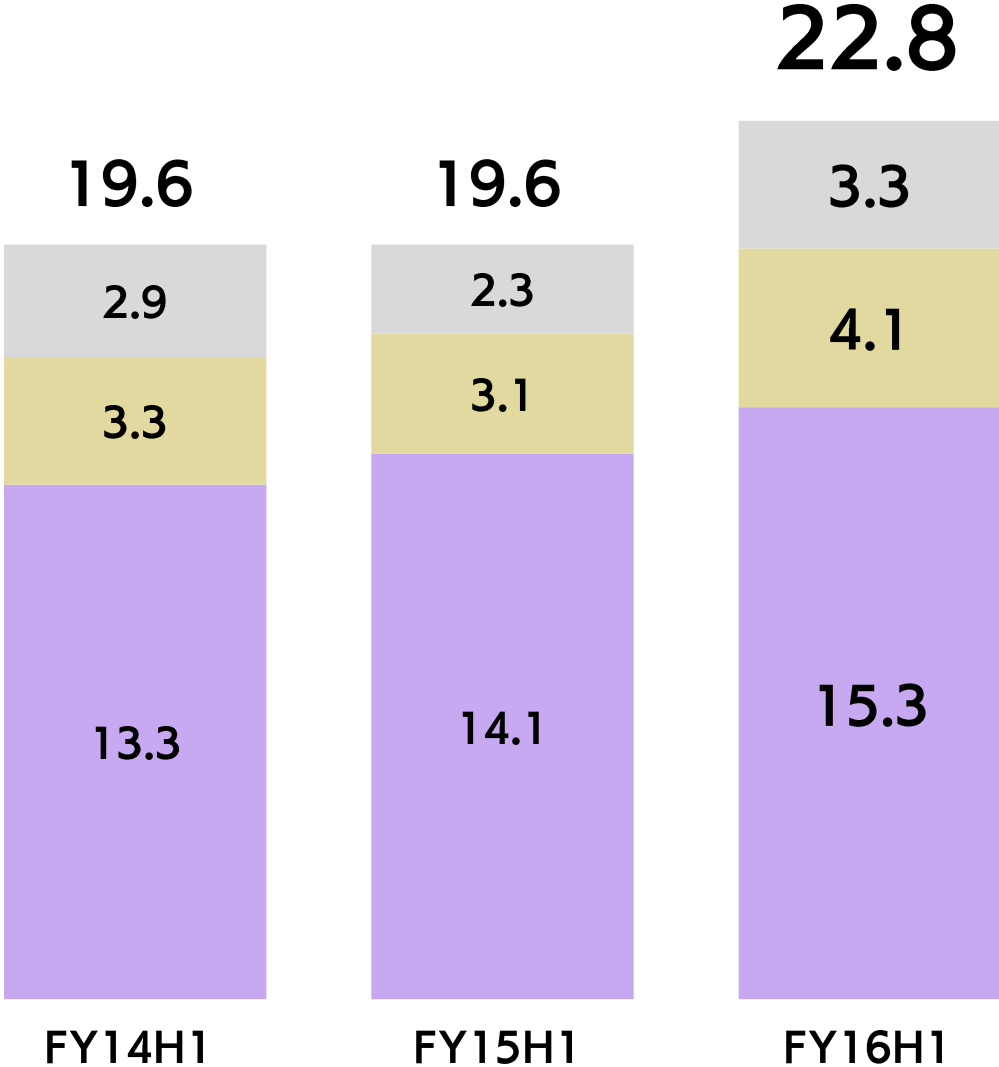
Year-on-year sales by service category:

Platform solutions	+1.3 billion yen, +24.8%
Cloud systems	+1.5 billion yen, +39.7%
Digital marketing	+0.3 billion yen, +3.6%

19.6 (FY14H1): 6.1 / 4.1 / 9.3
19.6 (FY15H1): 5.3 / 3.8 / 10.4
22.8 (FY16H1): 6.6 / 5.3 / 10.8

(Billions of yen)

16

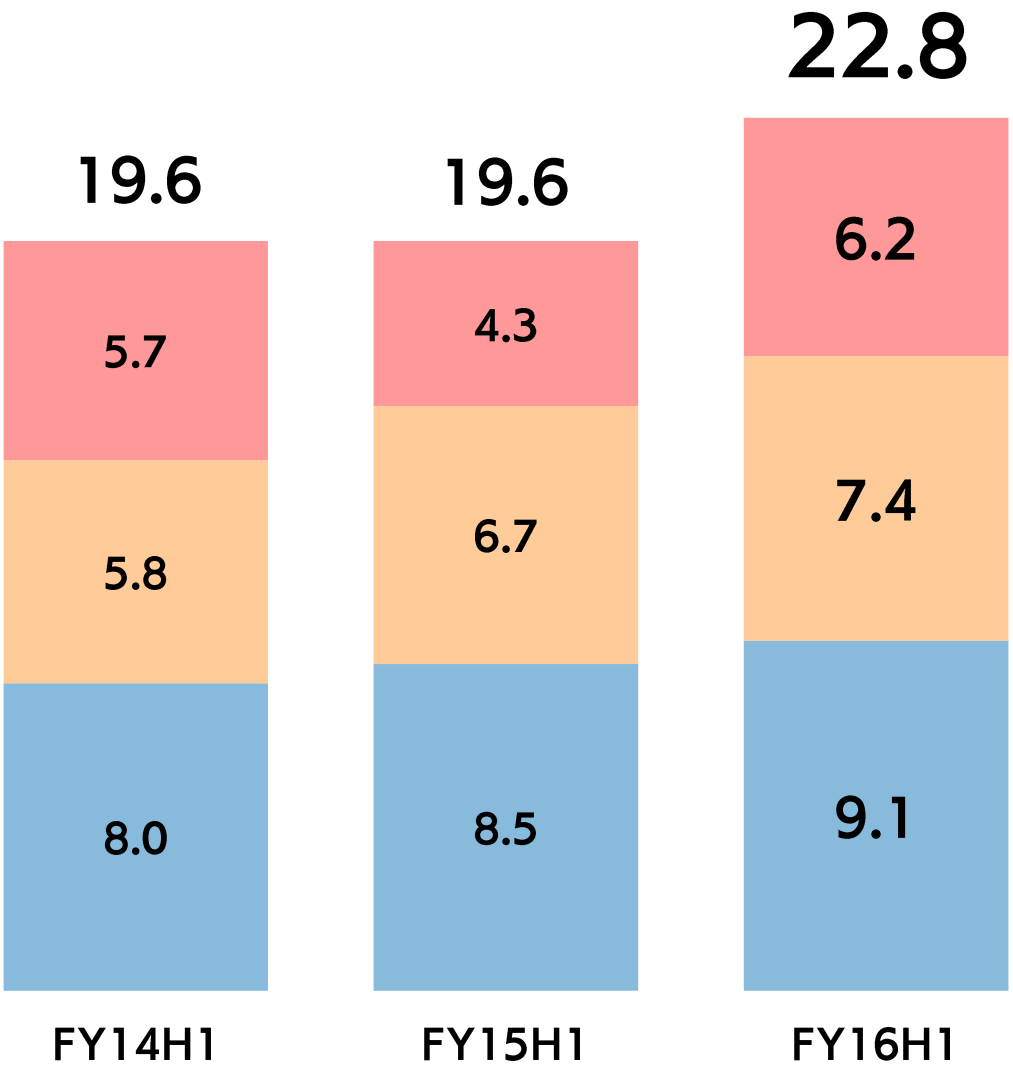# Net Sales by Type of Products and Services

SoftBank
Technology

- Hardware sales and development to the SoftBank Group increased
- Operation and maintenance services expanded steadily

Year-on-year sales by Type of Products and Services :

Hardware sales	➚	**+0.9** billion yen, **+42.0%**
Development	➚	**+1.0** billion yen, **+33.9%**
Operation and services	➚	**+1.1** billion yen, **+8.4%**

Chart (Billions of yen):

	FY14H1	FY15H1	FY16H1
Total	19.6	19.6	22.8
Hardware sales	2.9	2.3	3.3
Development	3.3	3.1	4.1
Operation and services	13.3	14.1	15.3

(Billions of yen)

Sales to Internal/External Groups

SoftBank Technology

22.8

19.6

19.6

	FY14H1	FY15H1	FY16H1
SoftBank Group	5.7	4.3	6.2
Non-SoftBank Group	5.8	6.7	7.4
E-commerce services for individuals	8.0	8.5	9.1

(Billions of yen)

Year-on-year sales:

SoftBank Group

↗ **+1.8** billion yen, **+42.6%**

Hardware sales and system development projects increased
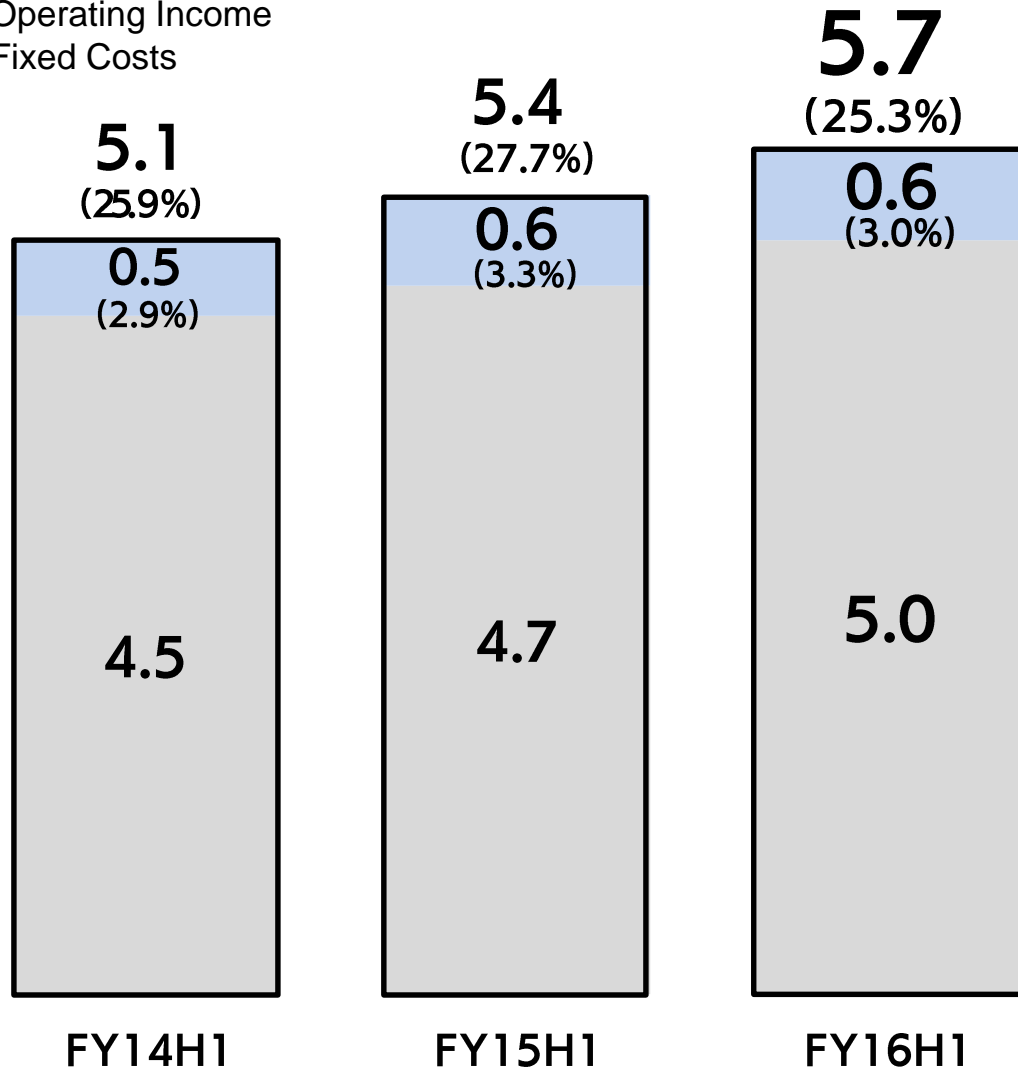
Non-SoftBank Group

↗ **+0.6** billion yen, **+10.3%**

Received large orders and sales in the security business increased

E-commerce services for individuals

↗ **+0.6** billion yen, **+7.7%**

Marginal Profit

SoftBank Technology

☐ Marginal Profit *Marginal profit ratios in parentheses
▨ Operating Income
▨ Fixed Costs

5.1
(25.9%)

0.5
(2.9%)

4.5

FY14H1

5.4
(27.7%)

0.6
(3.3%)

4.7

FY15H1

5.7
(25.3%)

0.6
(3.0%)

5.0

FY16H1

(Billions of yen)

FY16 H1 marginal profit **5.7** billion yen

Year-on-year: + **0.3** billion yen, **+6.2%**

FY16 H1 operating income **0.6** billion yen
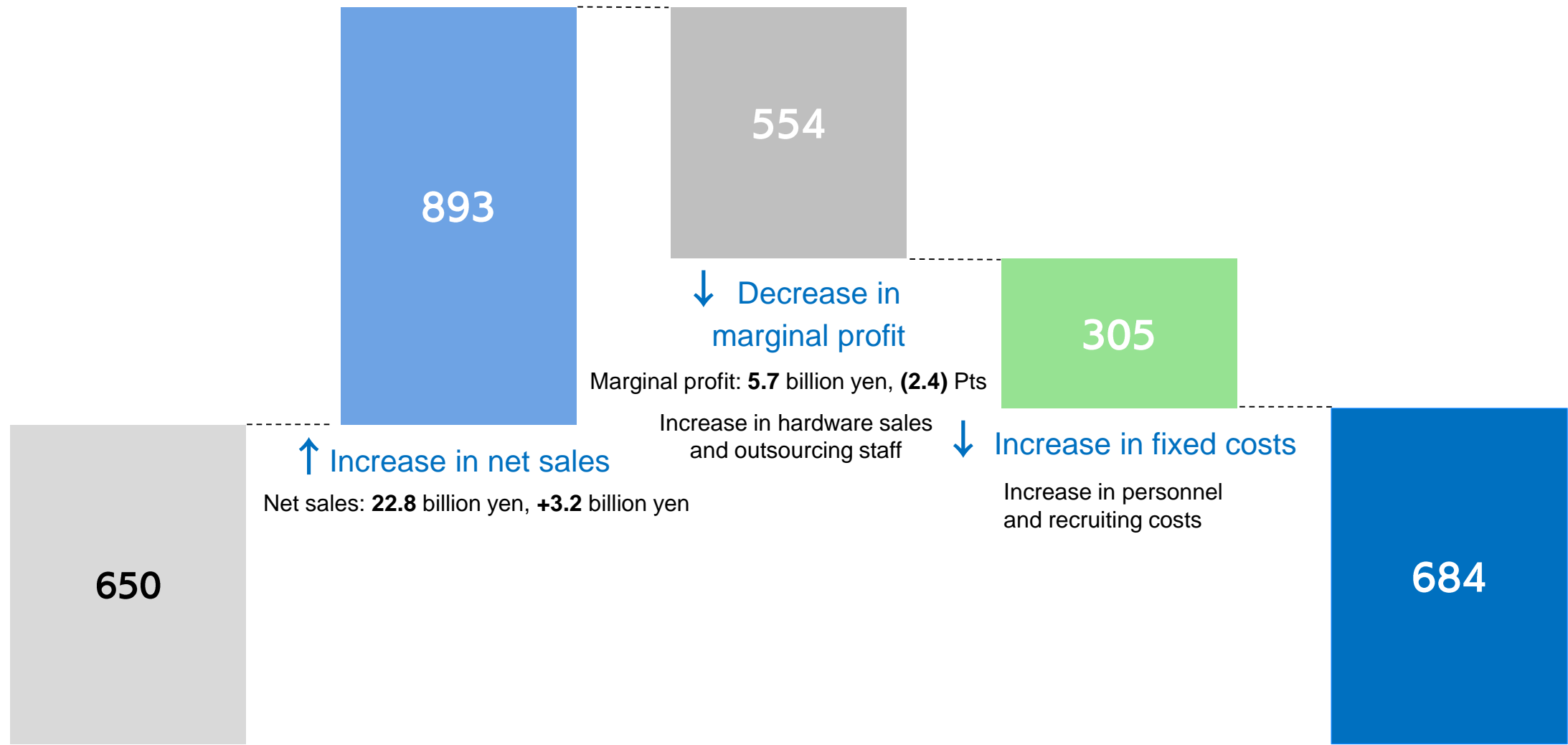
Year-on-year: + **0.03** billion yen, **+5.2%**

- The marginal profit ratio decreased, 2.4 points lower than FY15H1 due to the increase in hardware sales and higher orders from the SoftBank Group

Operating Income
Comparison with the same period of the previous fiscal year

SoftBank Technology

893

554

↓ Decrease in marginal profit

Marginal profit: **5.7** billion yen, **(2.4)** Pts

Increase in hardware sales and outsourcing staff

305

↓ Increase in fixed costs

Increase in personnel and recruiting costs

↑ Increase in net sales

Net sales: **22.8** billion yen, **+3.2** billion yen

650

684

FY15H1 Operating income

FY16H1 Operating income

(Millions of yen)

Balance Sheet
Comparison with the previous fiscal year

25.9

23.5
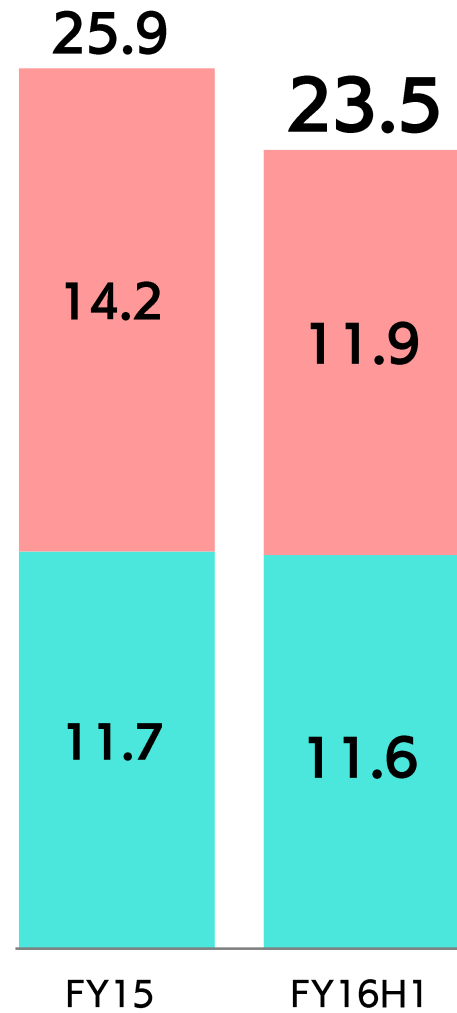
18.8

16.3

7.1

7.1

FY15   FY16H1

Current assets

Cash and deposits
6.2 billion yen, +0.5 billion yen

Notes and accounts receivable-trade
8.0 billion yen, (3.2) billion yen

Work in process
0.4 billion yen, +0.1 billion yen

Non-current asset

Goodwill
1.1 billion yen, (0.08) billion yen

Software
1.2 billion yen, +0.1 billion yen

25.9

23.5

14.2

11.9

11.7

11.6

FY15   FY16H1

Liabilities

Accounts payable-trade
5.6 billion yen, (1.6) billion yen

Loans payable
0.8 billion yen, (0.1) billion yen

Income taxes payable
0.2 billion yen, (0.3) billion yen

Advances received
2.3 billion yen, +0.3 billion yen

Net assets

Capital surplus
0.6 billion yen, (0.1) billion yen

(Billions of yen)

Order Backlog (excluding orders for e-commerce services)

SoftBank Technology

(Billions of yen)

Period	Value
FY2015 Mar.	6.8 (0.3 / 0.8 / 5.6)
FY2015 Jun.	6.2 (0.5 / 0.9 / 4.8)
FY2015 Sep.	9.2 (0.5 / 2.4 / 6.2)
FY2015 Dec.	8.8 (1.0 / 1.8 / 5.9)
FY2016 Mar.	9.0 (0.7 / 1.2 / 6.9)
FY2016 Jun.	9.2 (0.5 / 2.3 / 6.4)
FY2016 Sep.	9.3 (0.4 / 2.4 / 6.4)

Order backlog (end-September 2016)

9.3 billion yen

Year-on-year: **+0.07** billion yen, **+0.8%**

Continued receiving
public sector orders

Year-on-year sales by Order Backlog :

Hardware sales → (0.08) billion yen, (14.1)%

Development → (0.00) billion yen, (0.2)%

Operation and services → +0.16 billion yen, +2.6%

*The amount of order backlog excluded projects for which percentage-of-completion method was applied.
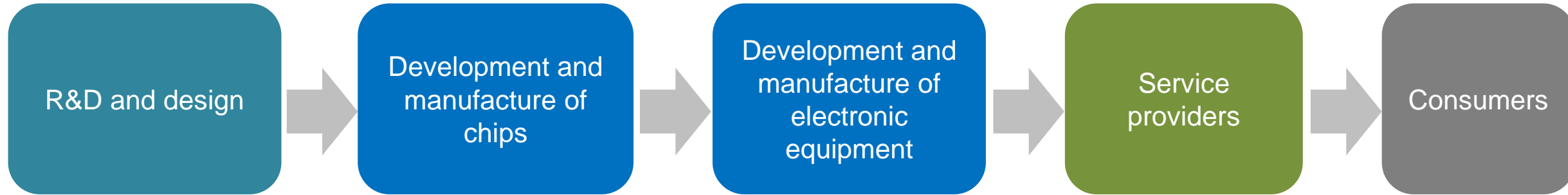
Topics: Our Initiatives in the IoT Field

1. Announcement of Partnership Agreement with ARM (September 29, 2016)

2. Built the BSP Development Environment on Microsoft Azure

   for RZ/G Provided by Renesas Electronics (October 24, 2016)

3. POC (Proof of concept) Initiatives in the IoT Field

The IoT Sector Supply Chain

| R&D and design | → | Development and manufacture of chips | → | Development and manufacture of electronic equipment | → | Service providers | → | Consumers |

FY16 H1 : Topics at SBT

1. Partnership agreement with ARM

2. Provision of SBT group's technology to Renesas Electronics

3. A broad range of proof of concept (POC) experience

Announcement of Partnership Agreement with ARM

September 29, 2016

The ARM Product Lineup

Cortex-A
Applications

Suitable for a wide range of applications using the latest technologies

- Smartphones, readers
- IVI, navigation systems
- Multifunction machines, routers
- Blu-ray players, games

Cortex-R
Real-time control
(for dedicated devices)

Suitable for real-time applications with exacting processing response standards

- Digital cameras
- Hard disk controllers
- Medical and industrial devices
- Air-bags, brakes

Cortex-M
Microcontrollers

Ideal for devices where cost and power consumption are priorities

- White goods, remote controls
- Factory control systems
- Humidity, temperature, light sensors
- Automobile control systems

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Source: SBT based on information on the ARM website

mbed OS and IoT Devices (Embedded communication devices)

mbed OS allows devices too small for Linux to be linked to the IoT

Changing needs for small devices

- The need for sensor data
- The need to communicate with sensors
- The need for low power consumption
- The need for high performance

Development of embedded technology

mbed OS
An OS optimized for Cortex-M

ARM mbed
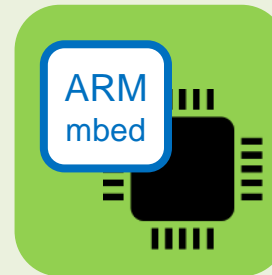
Makes development work faster and less costly by simplifying the development of communication protocols and device control for system management and communication control

Example: Smart agriculture

Sensor

- Atmospheric humidity
- Soil humidity
- Wind direction/speed
- Amount of solar radiation

- Monitoring
- Improve crop development
- Grow crops more efficiently
- Monitoring with alarm

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About ARM mbed IoT Device Platform

A Platform for the simple development of IoT devices

mbed IoT Device Platform

IoT Devices

mbed OS

Cortex-M

mbed Cloud

90% reduction in development time

IoT device development environment

- Providing OS
- Providing library (tool)

Device management

- Security measures
- Connections, communication and control

Source: Prepared by SBT based on information on the ARM website
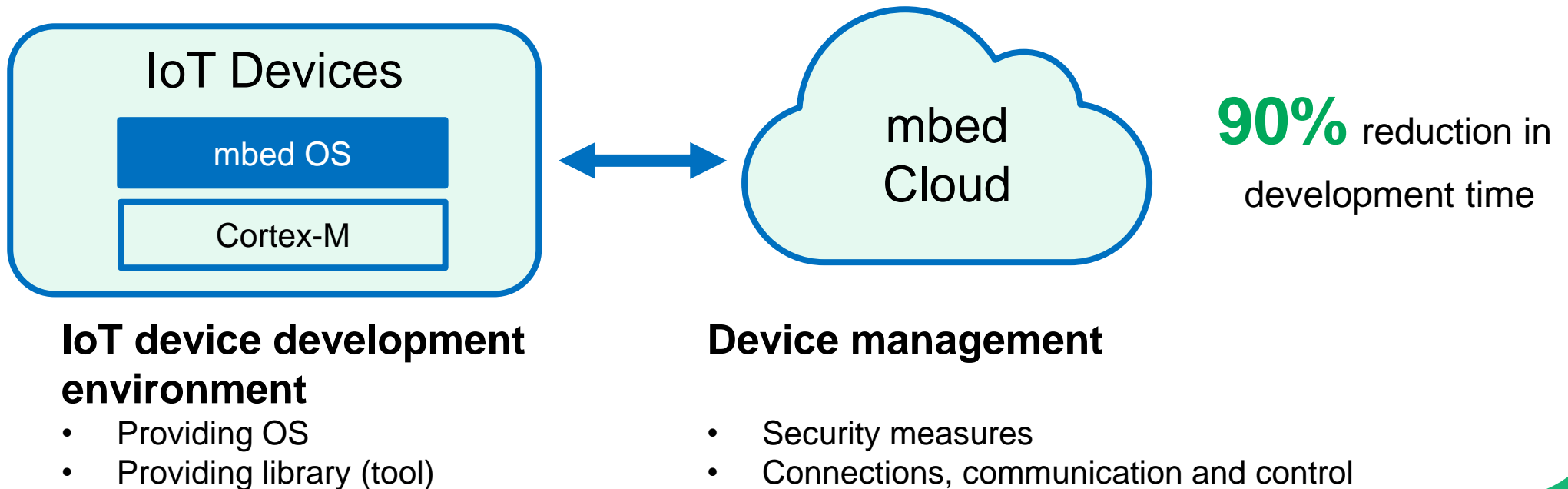
Partnership Agreement with ARM (Joining the Ecosystem)

SBT has joined the ecosystem consisting of semiconductor manufacturers and cloud computing companies

ARM

This ecosystem plays the role of connecting companies such as companies supplying advanced embedded solutions and cloud technologies, component manufacturers, system integrators and OEM manufacturers

IoT Devices

mbed OS

Cortex-M

mbed Cloud
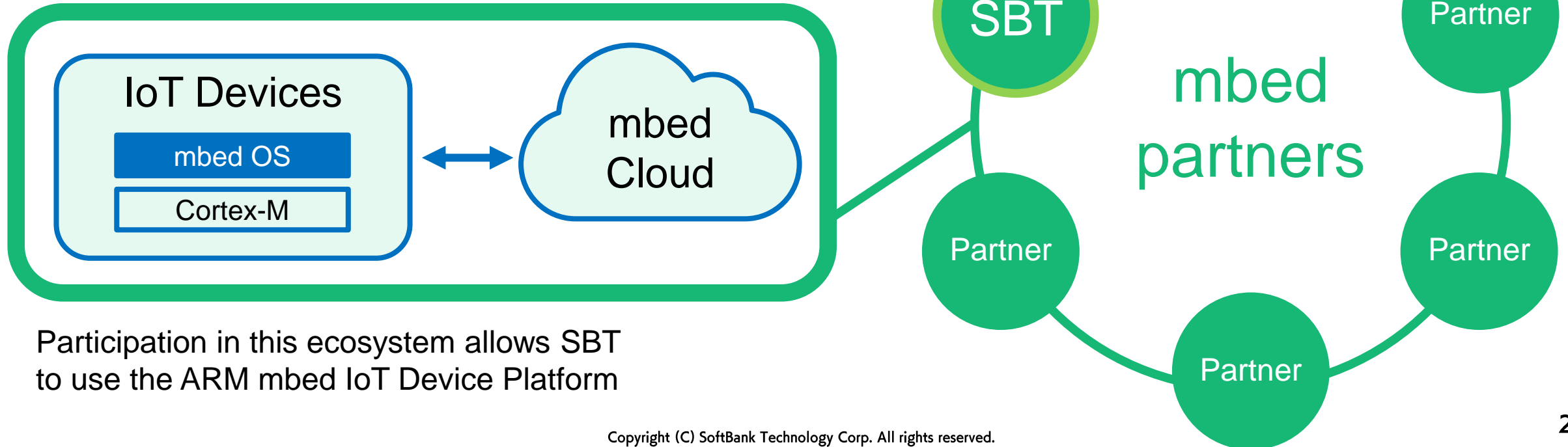
Participation in this ecosystem allows SBT to use the ARM mbed IoT Device Platform

SBT

mbed partners

Partner

Partner

Partner

Partner

Partner

Develop and sell solutions that use ARM's platform
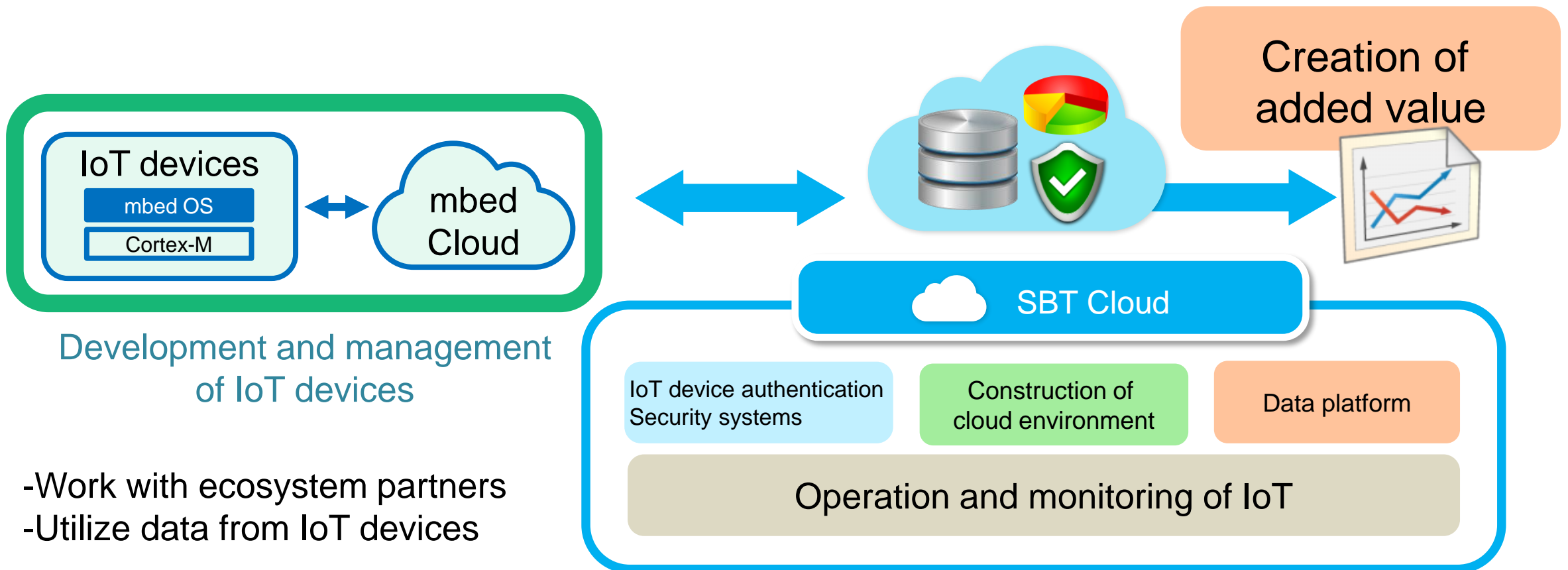
IoT devices
mbed OS
Cortex-M

mbed Cloud

Development and management of IoT devices

-Work with ecosystem partners
-Utilize data from IoT devices

Creation of added value

SBT Cloud

IoT device authentication Security systems

Construction of cloud environment

Data platform

Operation and monitoring of IoT

Built the BSP development environment on Microsoft Azure for RZ/G provided by Renesas Electronics

October 24, 2016

Technical Support for Renesas Electronics (1/2)

The Renesas RZ/G Linux Platform

Demand for network functions is increasing thanks to the need for all types of industrial devices to communicate with other devices and the cloud.

POS units, ATMs   Health care panels   Printers and other OA equipment

…

Linux is best for development, but difficulty of learning and time needed to construct an environment create barriers

Cloud development environment using RZ/G
The **RZ/G Linux platform** dramatically reduces the number of development steps

Miracle Linux and SBT supply technical support for a cloud development environment

Source: Prepared by SBT based on information on the Renesas Electronics website

SoftBank
Technology

Main features of RZ/G Linux Platform

Verified packages reduce the number of steps

Cloud development support tools

Easy to add functions

High-performance processor

Can be used all the way to mass production

Support from Miracle Linux and SBT

Miracle Linux

- Environment development based on experience as a Linux OS vendor
- Development of FAQ database search engine

SBT

- Realization of development support tools on the cloud
- Operation and maintenance for cloud development environment

Contribute to the competitive development of embedded devices by greatly reducing the cost and volume of work involving the environment at device manufacturers

Source: Prepared by SBT based on information on the Renesas Electronics website

POC* initiatives in the IoT Field

*Proof Of Concept

Examples of demonstration tests for data collection and analysis using embedded devices

Real-time monitoring

Smartphones x Personal location data

Visualization of
staff authentication and locations

Precision agriculture

Drones x Image data

Growth monitoring of crops
by using automated drone flights

Health care

Wearable devices x Vital data

Prediction and prevention of stress

Visualization of authentication and locations of Super Rugby volunteer staff

GPS

Beacon

cybertrust

Secure IoT Platform

A safe and reliable authentication platform
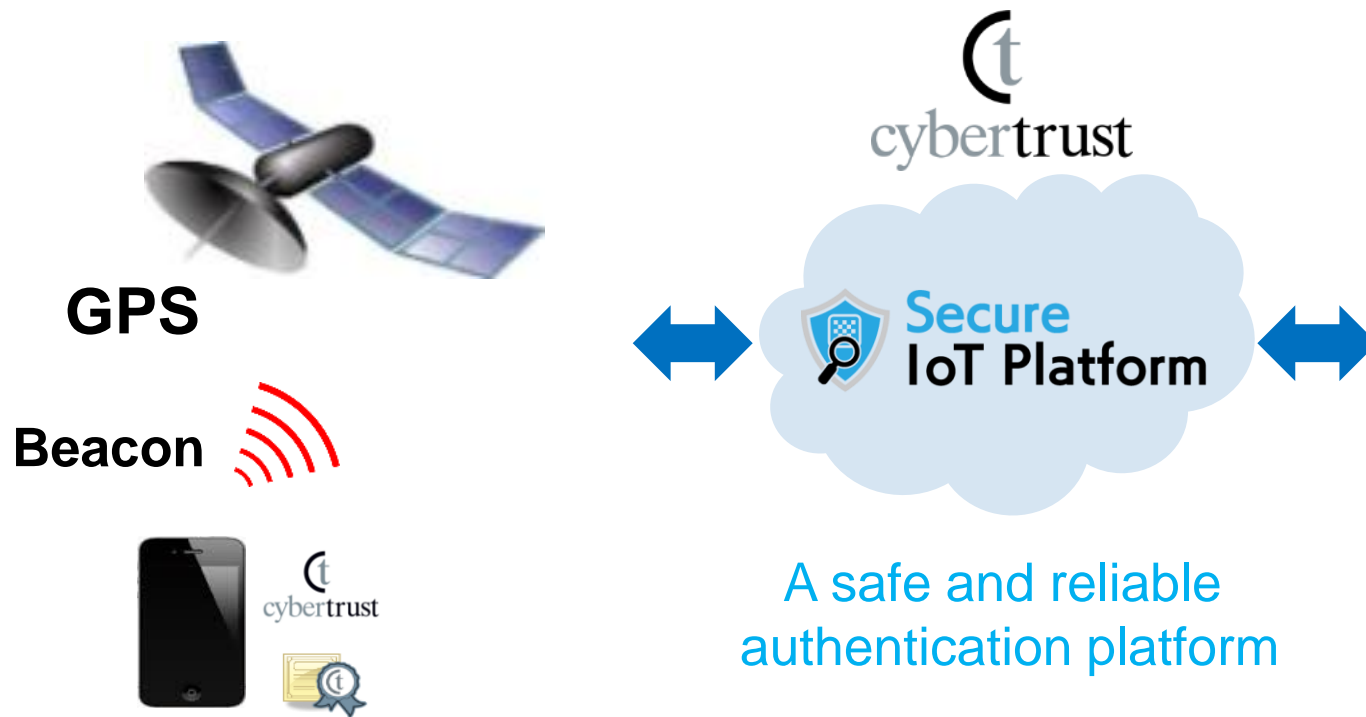
Visualization of locations
Dynamic staffing

Log shows when, where and who
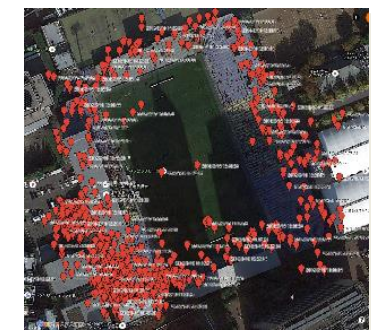
- Monitoring + Real-time location display
- Utilize analysis results for improvements

Precision Agriculture

Joined crop growing demonstration tests as a member of the Secure Drone Consortium

Drone with 4K camera, infrared camera and multi-spectral camera
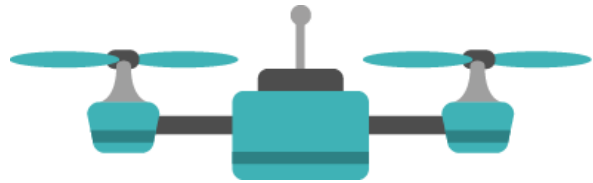
Wi-Fi network

Drone control PC

cybertrust

Secure IoT Platform

A safe and reliable authentication platform

M-SOLUTIONS

Visualization of drone flights and status

Accurate location data/Real-time monitoring of drone status
Log with authentication shows when, where and which drones

Analysis and use of image data

Automatic flight control/Image judgment app/Reports

- Accurate monitoring of crop growing progress
- Labor saving for farmers
- Quickly identify locations of diseases and pests for effective countermeasures

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Health Care

Remote diagnosis system for stress care using wearable devices

cybertrust

Secure IoT Platform

Stress visualization

Protect privacy/Monitor mood and vital signs /Subjective/Communication function

Secure operations

Smart devices / Cloud security

A safe and reliable authentication platform

Log shows where people were at what times

- Confirm the potential for creating a linked service for preventing and predicting stress
- Create a highly secure environment for the safe handling of data concerning an individual's physical condition

Summary of Activities Involving the IoT

1. The IoT industry and IT manufacturers are making progress with creating the ecosystem needed for the easy development of IoT devices and increasing the use of these devices.

2. SBT is participating in this ecosystem, providing technical support for an IoT device development environment.

3. With the SBT group's corporate slogan "One! SBT", SBT is working with companies in different industries for POC studies to pursue the potential of the IoT and develop SBT's original solutions.

Aiming to be an indispensable cloud company in the age of the IoT

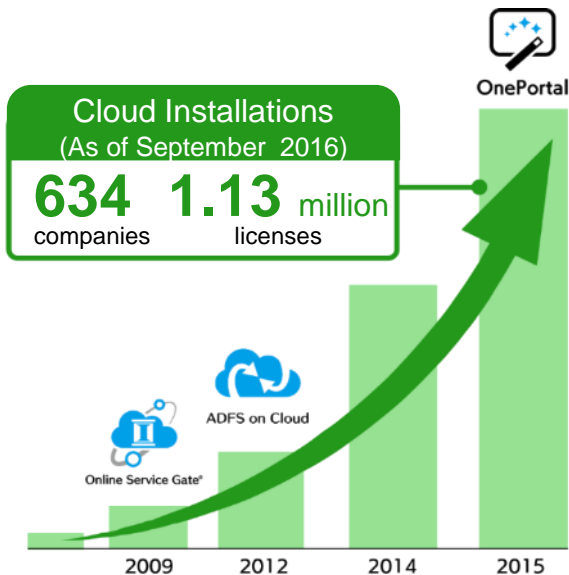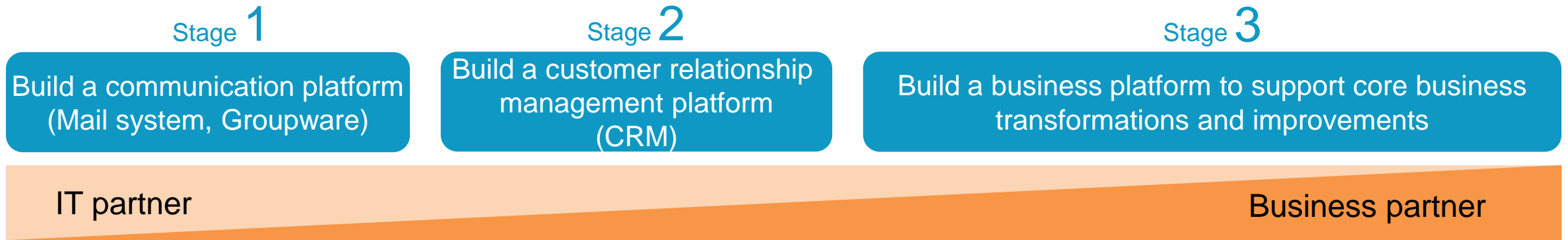# Outlook for FY16

Points for FY16 H2

1. Continue receiving orders for cloud projects and

   transform customer relationships

2. Increase the volume of business for public sector customers

3. Continue recruiting and technology training activities

SoftBank Technology

Promote the cloud transformation to be a business partner for customers

Stage **1**

Build a communication platform
(Mail system, Groupware)

Stage **2**

Build a customer relationship management platform
(CRM)

Stage **3**

Build a business platform to support core business transformations and improvements

IT partner

Business partner

OnePortal

Cloud Installations
(As of September 2016)

634 **1.13** million
companies licenses

ADFS on Cloud

Online Service Gate*

Leading provider in the deployment of Office 365 for enterprises in Japan

Many services that work best with Azure

Extensive product knowledge and the technology and development skills to precisely meet the requirements of enterprise customers

Start advancing to Stage 2

while continuing to execute Stage 1

2009   2012   2014   2015

*Cloud installations are the number of installations for Office 365, Online Service Gate, ADFS on Cloud and Enterprise Mobility Suite.

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Increase the Volume of Business for Public Sector Customers

The Japan Revitalization Strategy 2016

Public-Private Sector Strategy Project 10 for 600 trillion yen

1-1: Create new markets with excellent growth prospects

The fourth industrial revolution (IoT, big data, AI)

1-2: More progress with "local Abenomics"

A more aggressive forestry and fishery sector and more activities to increase exports

SBT's Priority Support Domain

Create an environment for supporting the fourth industrial revolution

Cyber security and extensive use of IT

Local government data security cloud

Aggressive business development for forestry and fishery sector and more activities to increase exports

Upgrade farmland intermediate management organization

Agricultural land data disclosure system (Nationwide Agricultural Land Navigation Website)

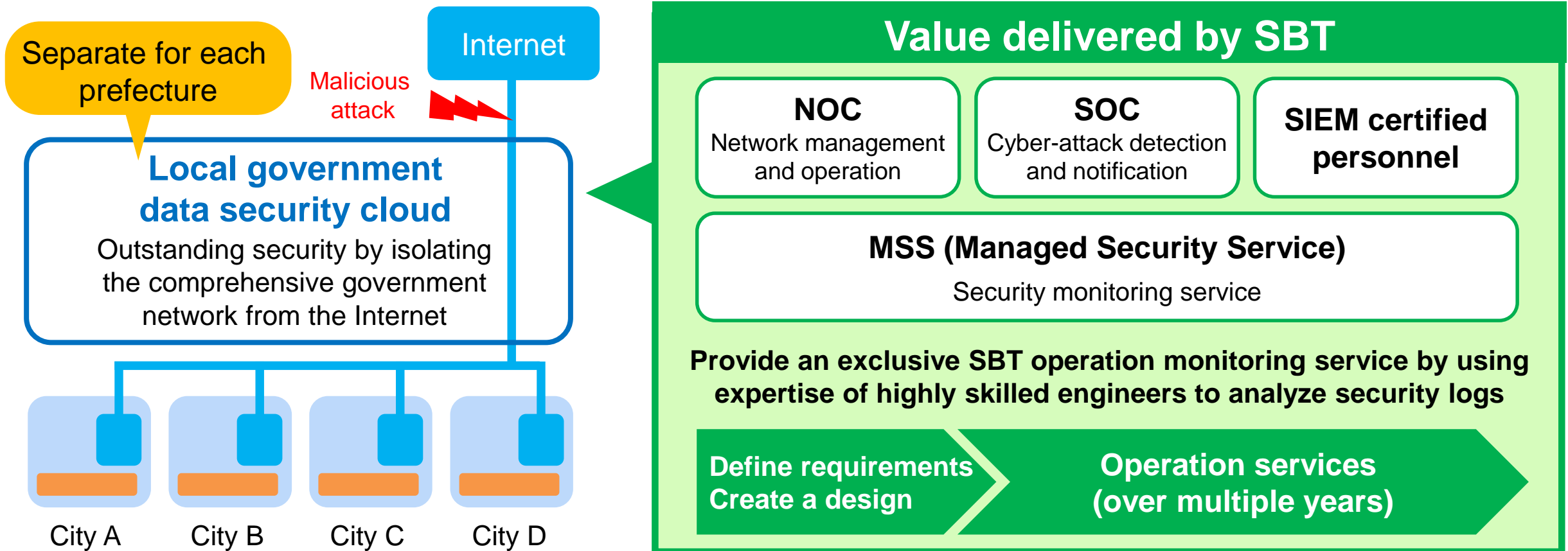Develop and ensure management entities and consolidate and utilize outstanding knowledge

Use subsidiary REDEN Corp. to provide services

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Local Government Data Security Cloud

FY2015 supplementary budget of **25.5** billion yen for upgrading local government data security

Reinforce local government data systems: **16.4** billion yen

Build a local government data security cloud (prefectures): **7.1** billion yen

Separate for each prefecture

Internet

Malicious attack

Local government data security cloud

Outstanding security by isolating the comprehensive government network from the Internet

City A   City B   City C   City D

Value delivered by SBT

NOC
Network management and operation

SOC
Cyber-attack detection and notification

SIEM certified personnel

MSS (Managed Security Service)
Security monitoring service

Provide an exclusive SBT operation monitoring service by using expertise of highly skilled engineers to analyze security logs

Define requirements Create a design

Operation services (over multiple years)

Continue to recruit and train engineers and other technicians

- Promote aggressive recruiting activities and upgrade the technological skills of employees who are the primary drivers of growth.
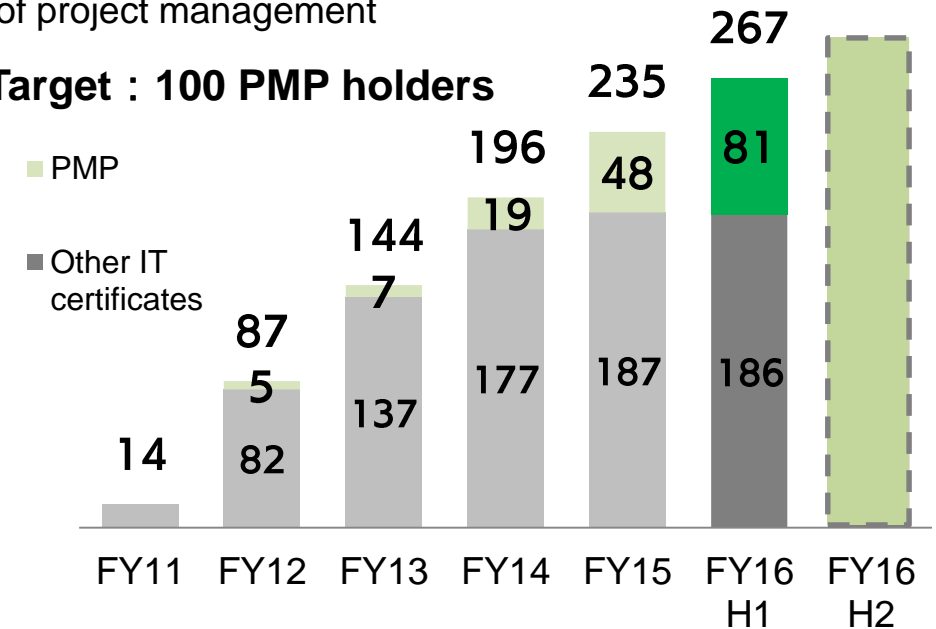- More activities for improving productivity and promoting work-life balance

Number of employees (consolidated)

FY10	FY11	FY12	FY13	FY14	FY15	FY16 H1	FY16 H2
401	426	484	624	833	858	918	
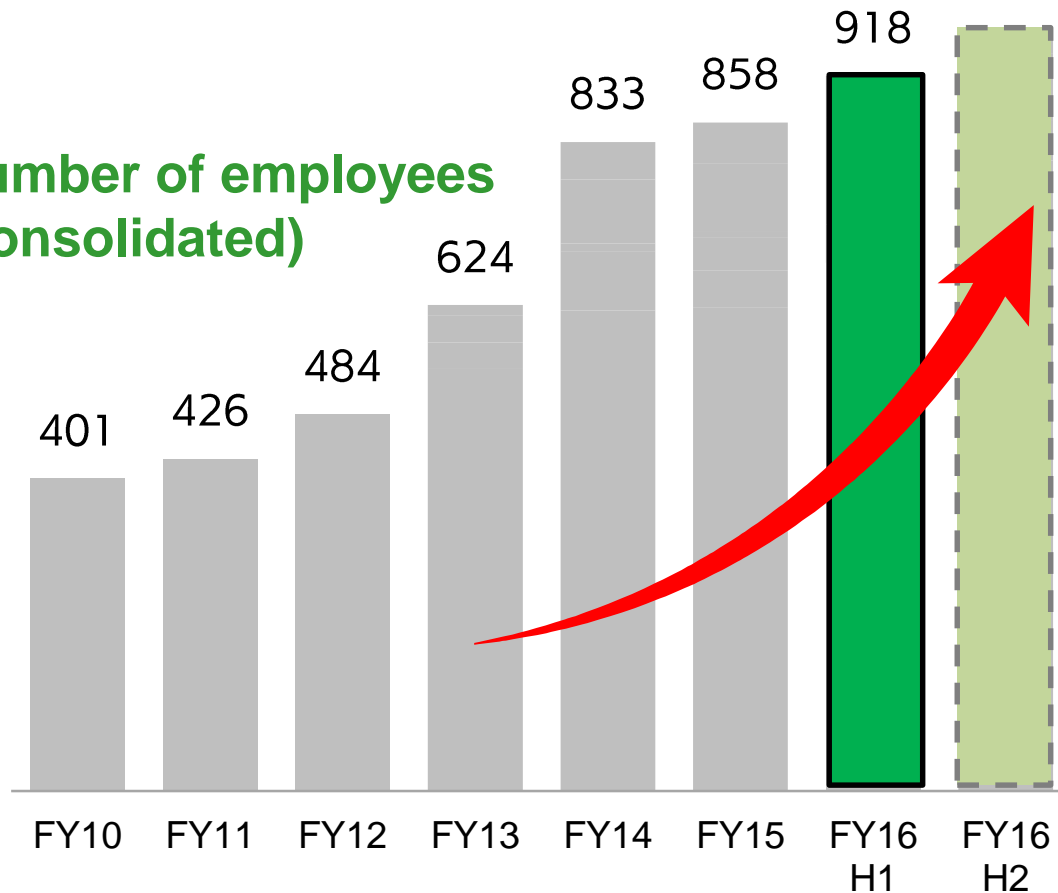
The number of acquired high-level IT certifications including *PMP

*International standard certification of project management

Target : 100 PMP holders

- PMP
- Other IT certificates

	FY11	FY12	FY13	FY14	FY15	FY16 H1	FY16 H2
Total	14	87	144	196	235	267	
PMP		5	7	19	48	81	
Other IT certificates		82	137	177	187	186	

As of October 25, 2016

FY2016 Earnings Forecast

SoftBank Technology

Planning on more progress in H2 toward the forecast announced at the start of FY2016

(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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