

First Quarter of Fiscal Year Ending March 31, 2018
(FY2017 Q1)

Results of Operation

July 28, 2017

SoftBank Technology Corp.

Important Information about this Presentation

1. Starting with the fiscal year ended March 31, 2016, revisions have been made to the categorization of some solutions and subsidiaries and to the method used for the allocation of the amount of elimination of internal transactions with subsidiaries for the marginal profit. These revisions have been used for sales and marginal profits for each service category in the previous fiscal year and earlier.
2. EBITDA figures shown on this presentation are the sum of operating income/loss, depreciation and amortization of goodwill.
3. 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 are not historical facts, including, without limitation, plans, forecasts and strategies, but 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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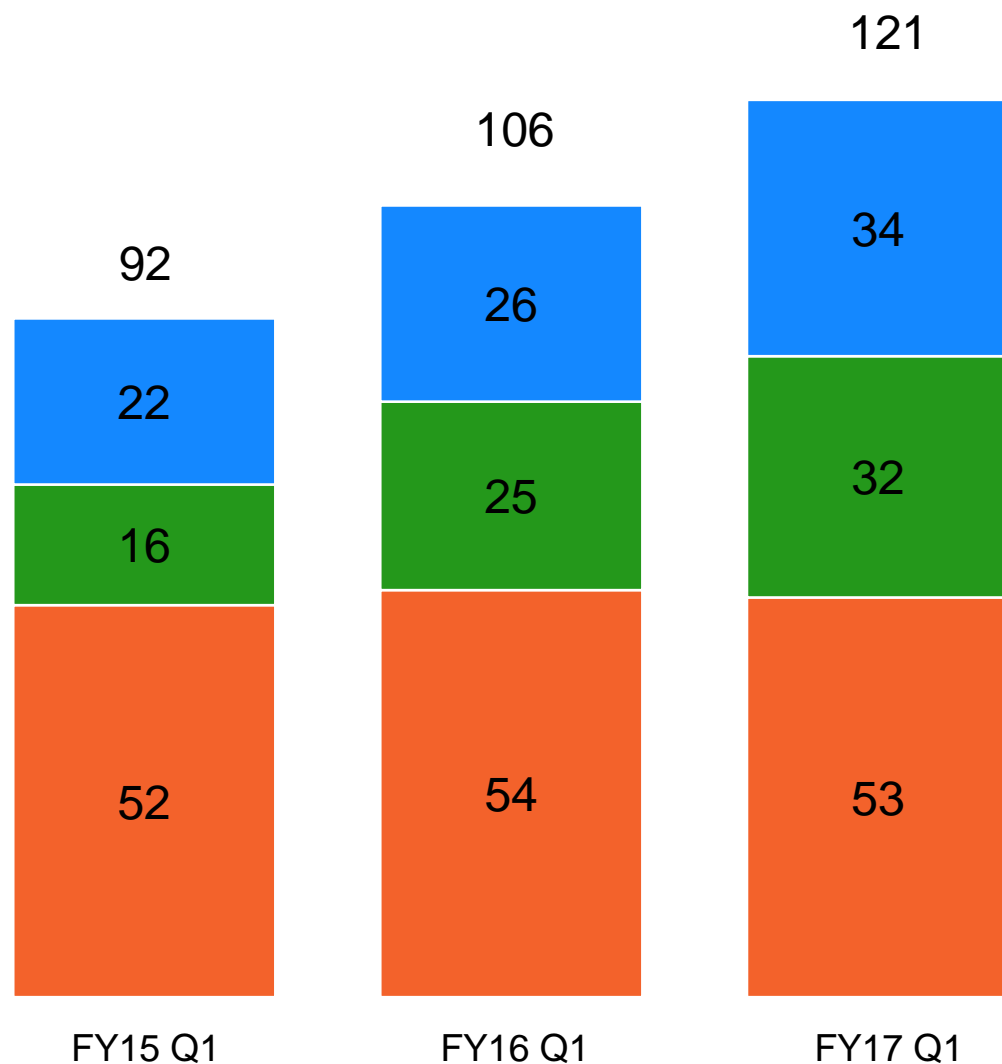
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Results Overview

Overview

- Sales rose, driven by increased sales in hardware, and system development projects for SB Group companies
- Profit decreased due to increased person-hours for operating public projects

	(Millions of yen)	FY17 Q1	FY16 Q1	Amount of change	Ratio of change
Net sales		12,126	10,671	+ 1,455	+ 13.6%
Operating income		90	238	- 147	- 62.0%
Ordinary income		78	234	- 155	- 66.4%
Profit attributable to owners of parent		12	133	- 121	- 90.9%
EBITDA		361	466	- 104	- 22.5%



(100 million yen)

FY17 Q1 Net sales **12.1** billion yen
YoY change + 1.4 billion yen (+ 13.6%)

Net sales by service (YoY change)

Platform Solutions



+ 0.7 billion yen (+ 29.7%)

Cloud Systems



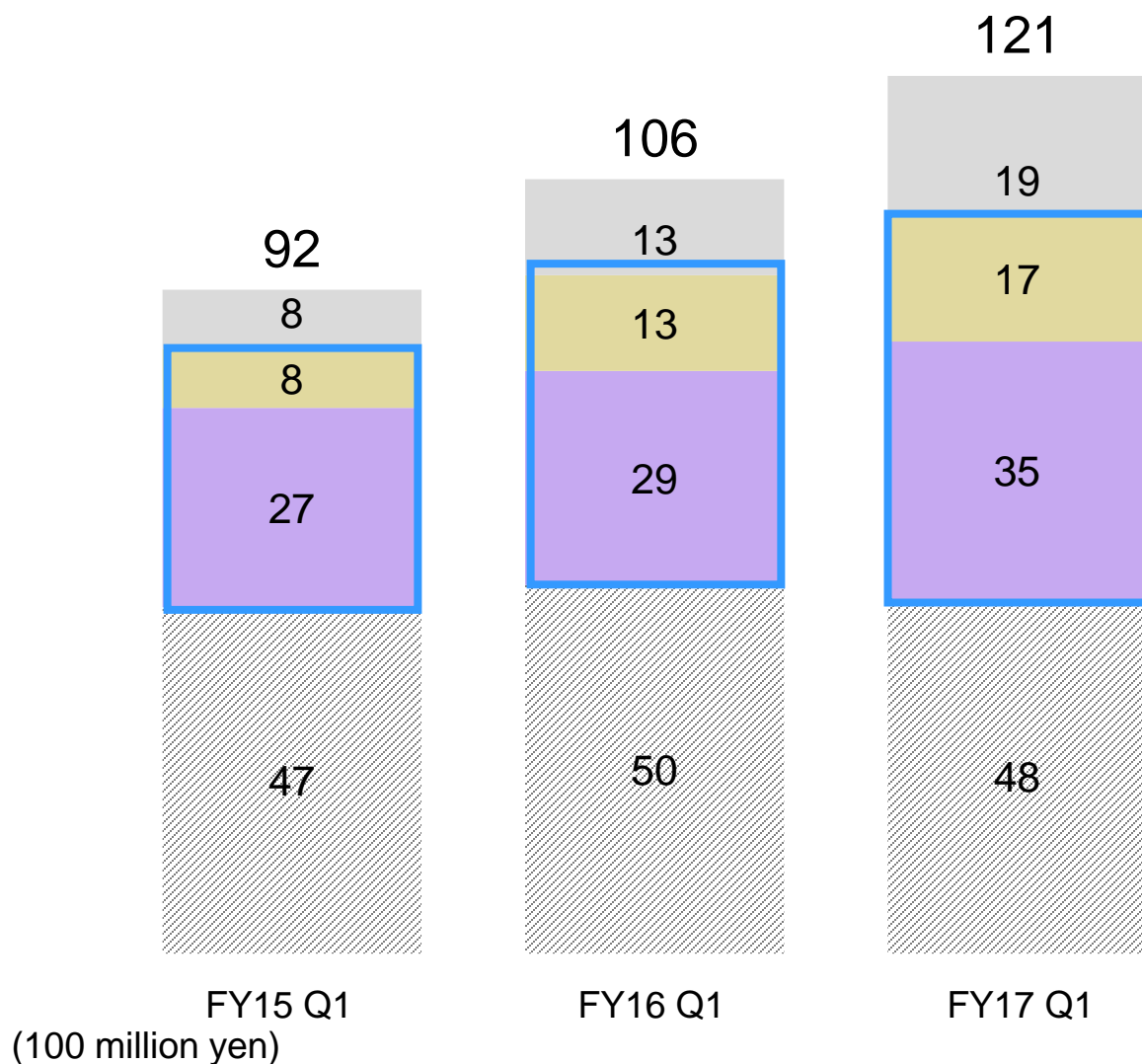
+ 0.7 billion yen (+ 30.7%)

Digital Marketing



- 0.1 billion yen (- 2.0 %)

Net Sales by Business Type

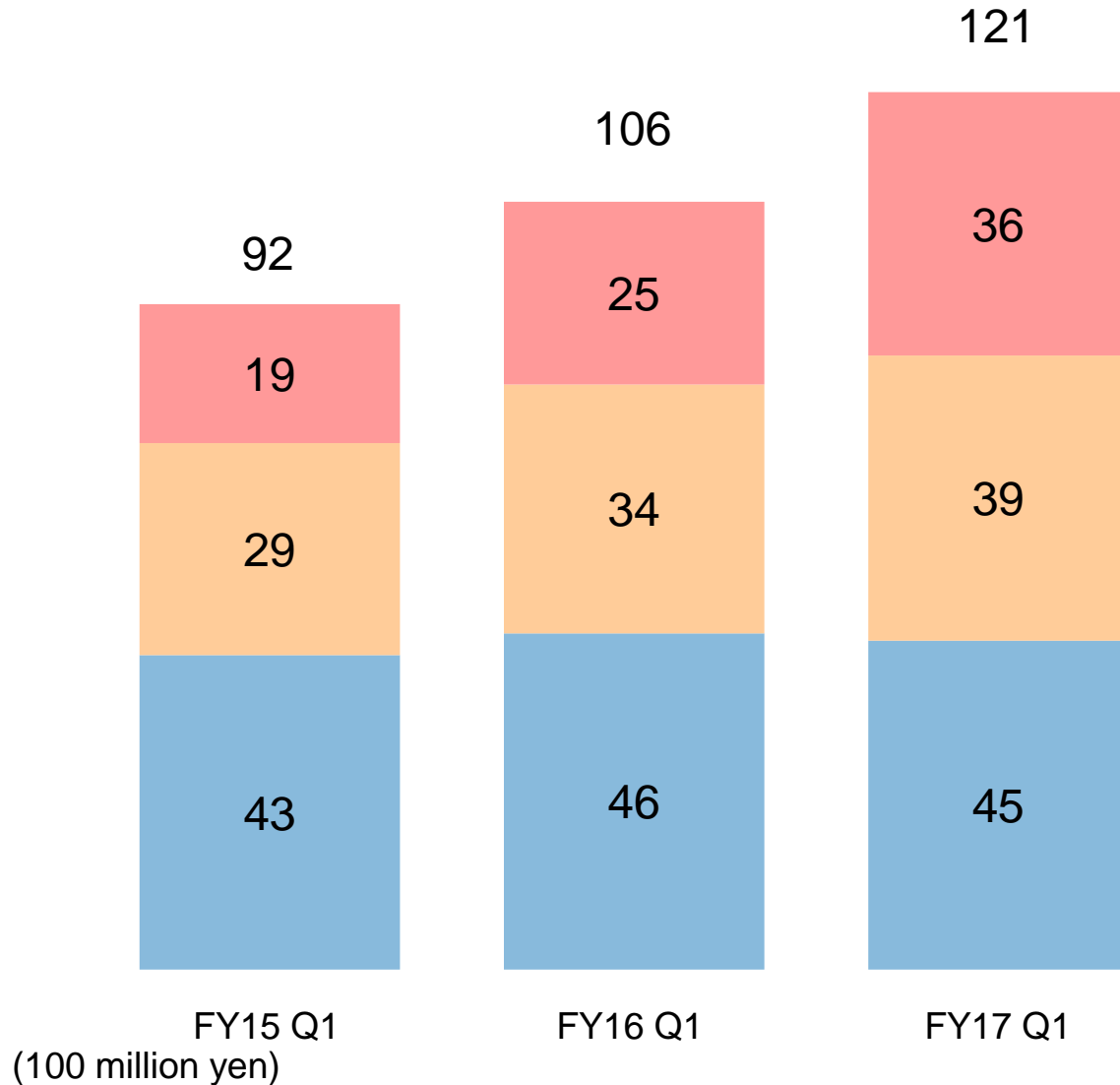


Sales in system development for the Group companies as well as operation and services for the public sector continued to increase

Net sales by business type (YoY change)

Hardware sales	➡	+ 0.6 billion yen (+ 49.9%)
Development	➡	+ 0.3 billion yen (+ 27.5%)
Operation and services	➡	+ 0.5 billion yen (+ 18.9%)
E-commerce sales	➡	- 0.1 billion yen (- 2.7%)

Net Sales by Customer Type



SB Group




YoY + 1.0 billion yen (+ 40.9%)
Sales in system development and hardware increased

Enterprises/public offices and municipalities

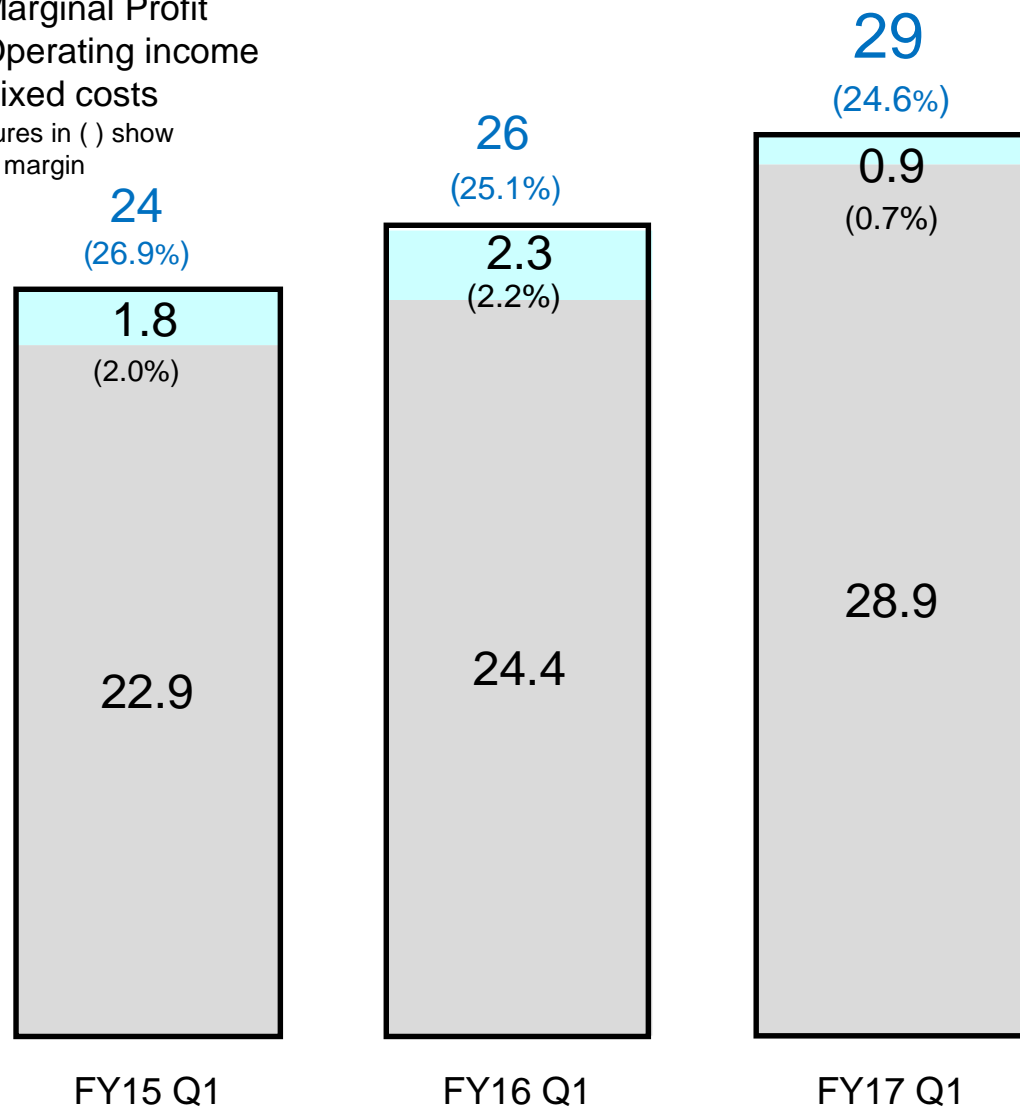
YoY + 0.4 billion yen (+ 14.5%)
Implemented operation and services for the public sector

Individuals

YoY - 0.09 billion yen (- 1.9%)

-  Marginal Profit
 Operating income
 Fixed costs

* Figures in () show profit margin



FY15 Q1
(100 million yen)

FY16 Q1

FY17 Q1

FY17 Q1
Marginal Profit **2.9** billion yen

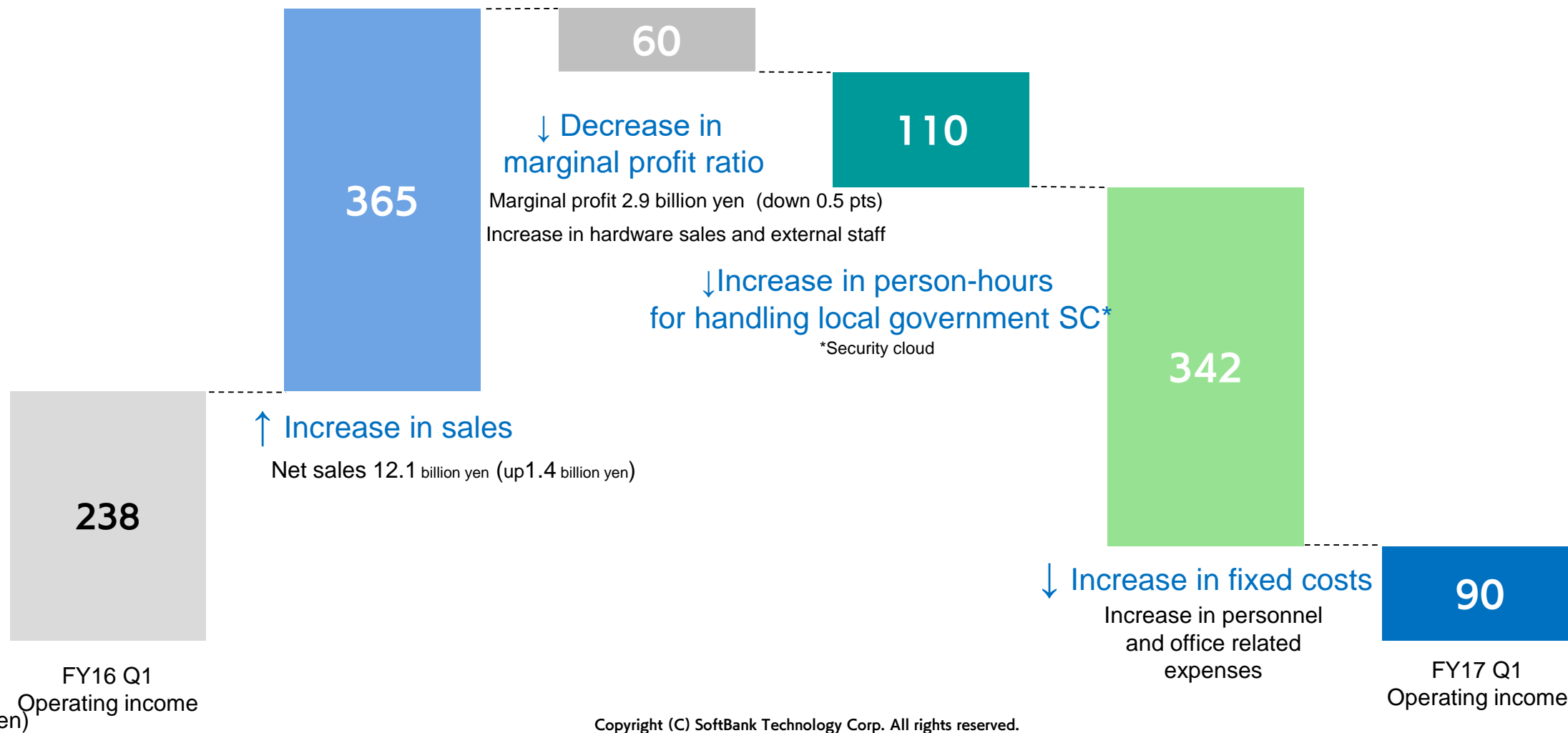
YoY change + **0.3** billion yen (+ 11.4%)

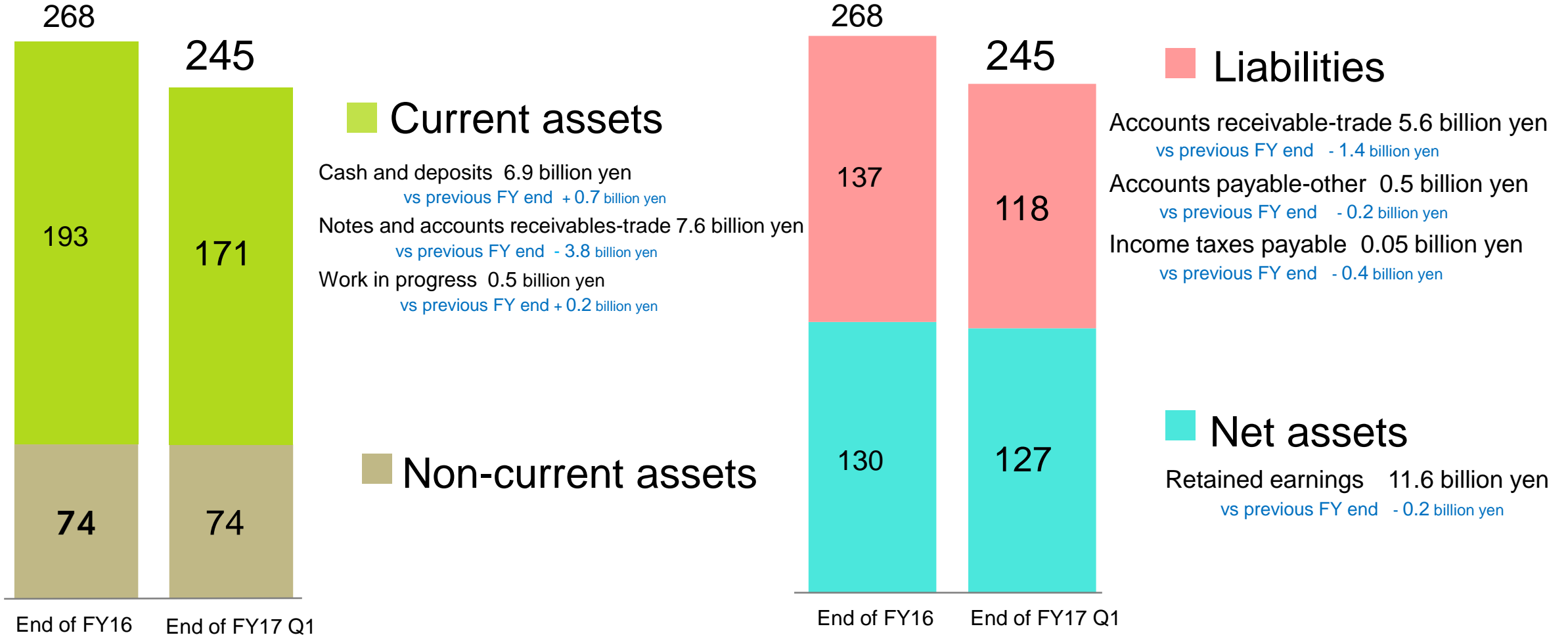
FY17 Q1
Operating income **0.09** billion yen

YoY change - **0.14** billion yen (- 62.0%)

Marginal profit ratio is on a declining trend (down 0.5 pts YoY) due to increased hardware sales and external personnel. Operating income margin is down 1.5 pts YoY due to an increase in person-hours for follow-ups on public projects.

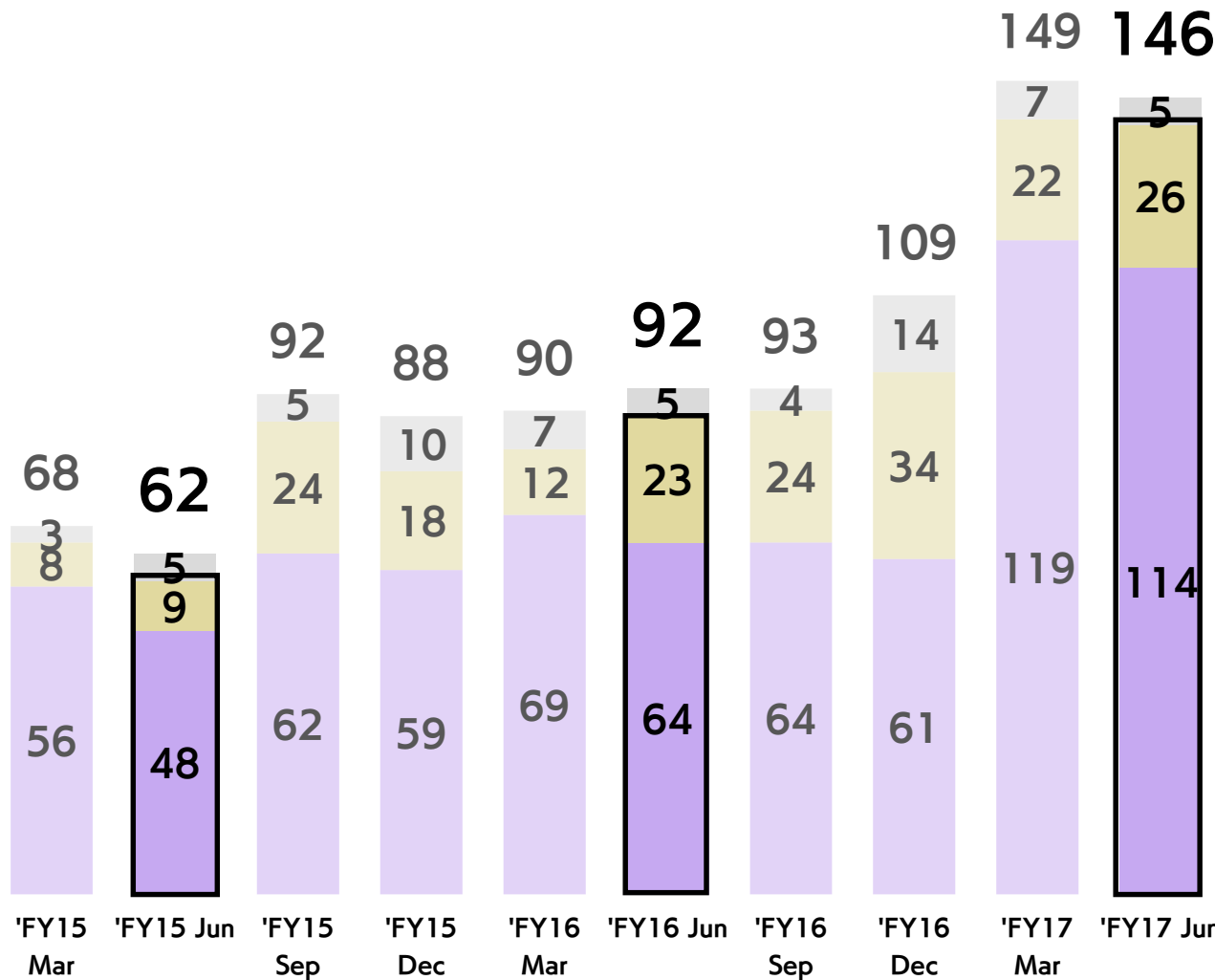
YoY Changes in Operating Income





(100 million yen)

Order Backlog (Excluding E-Commerce Services)



Order backlog at June-end **14.6** billion yen
YoY + 5.4 billion yen (+ 58.8%)

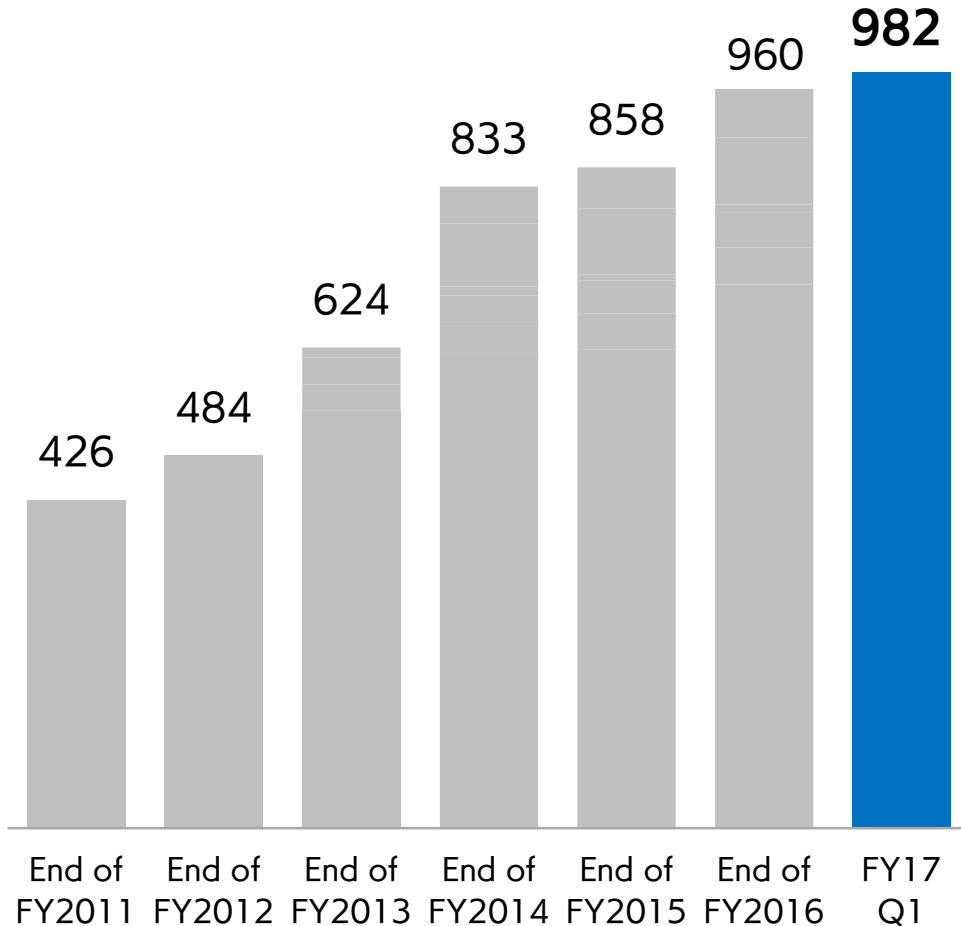
Won orders continuously while steadily performing operation and services for the public sector

Order backlog by business type vs previous year

Hardware sales	➔	+ 0.05 billion yen (+ 10.1%)
Development	➔	+ 0.32 billion yen (+ 14.3%)
Operation and services	➔	+ 5.06 billion yen (+ 78.9%)

*Order backlog figures presented are after excluding those recorded under the percentage-of-completion method.

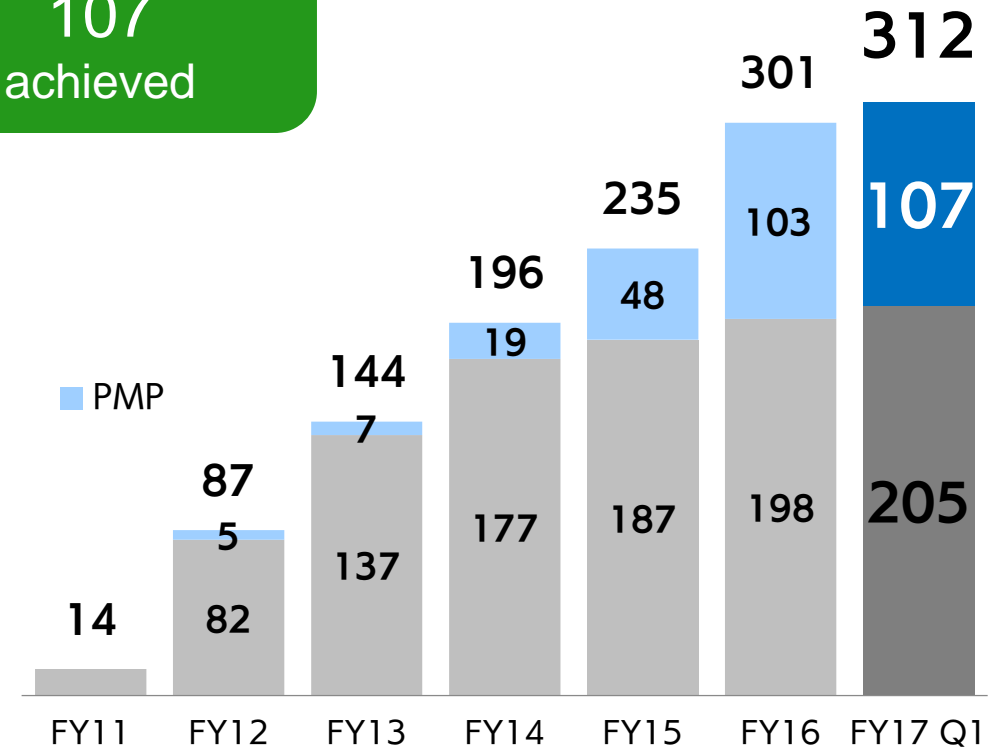
Number of employees (consolidated)



Number of PMP(*) and other advanced IT qualification holders As of June 30

*International standard certification for project management

PMP holders
107
achieved



Increase in hardware sales ratio

Profit decreased despite an year-on-year increase in hardware sales by 1.5 times

Profit margin declined approx. 70% in major products.
The trend of having thin profit margins is not expected to improve.



Respond by assuming products to withdraw mainly in the area of IT infrastructure.

Improve profit margin
from Q2 onward

Additional work for handling local government SC* projects

*Security cloud

Unexpected additional work arose in the initial phase of migration for local government SC projects constructed in FY 2016

Approx. -0.1 billion yen in Q1 FY 2017 (including provisions)

The burden of handling problems at the time of migration and establishing workflows for monthly reporting increased.



Improve efficiency in operation following a decrease in unexpected work at the time of migration.

Establish operational structures
from Q2 onward

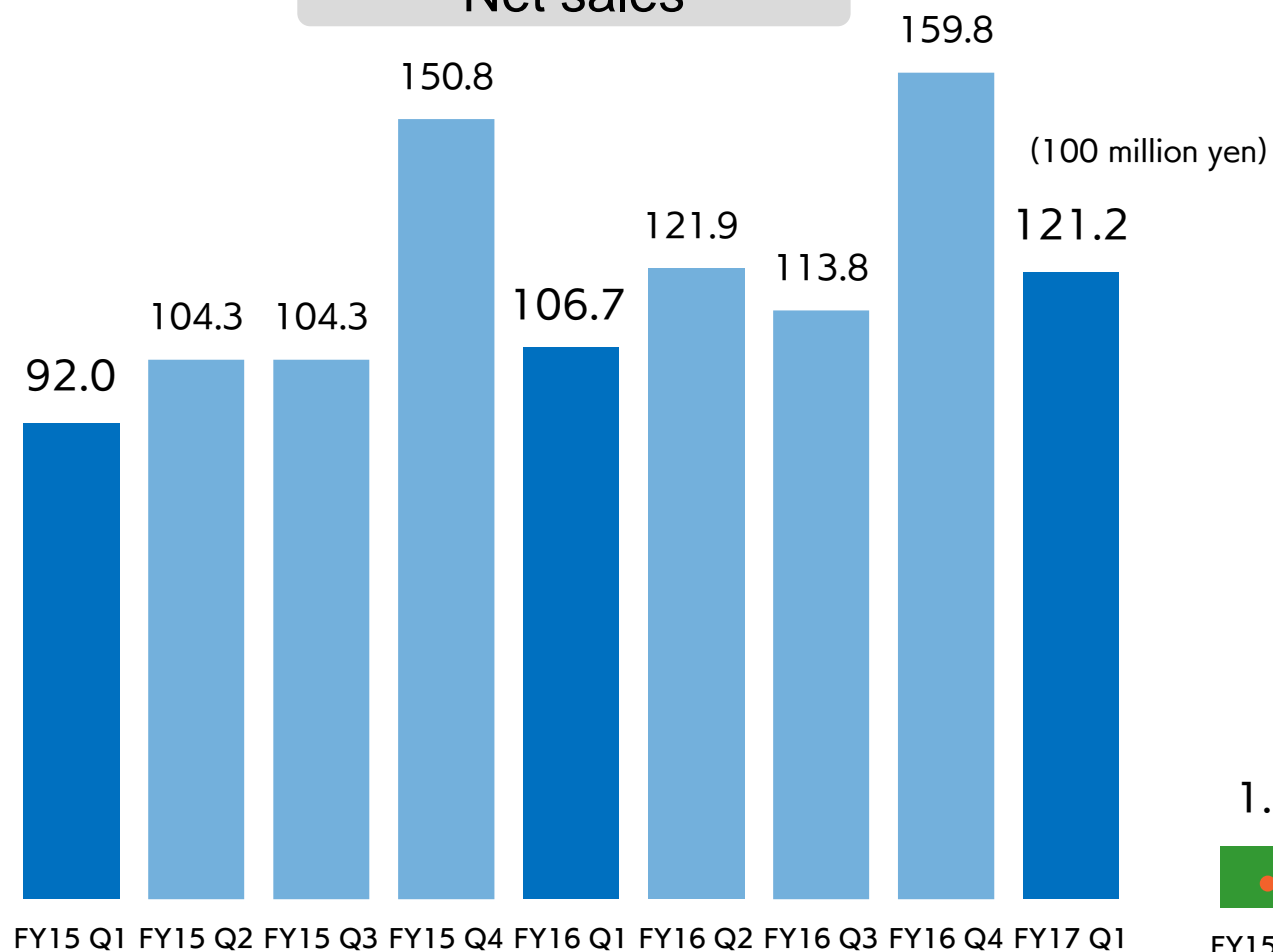
Overview

- The forecast released at the beginning of the fiscal year remains unchanged based on efforts for profit margin improvements.
- The shift in business cycle from development to operation (consistent revenue) will be pushed forward.

		FY17 Q1	Initial Forecast (April 26, 2017)	Change vs. initial forecast (%)	Change vs. initial forecast
(Millions of yen)					
Net sales		12,126	52,000	23.3%	- 39,873
Operating income		90	2,500	3.6%	- 2,409
Ordinary income		78	2,500	3.1%	- 2,421
Profit attributable to owners of parent		12	1,600	0.8%	- 1,587

Changes in quarterly results

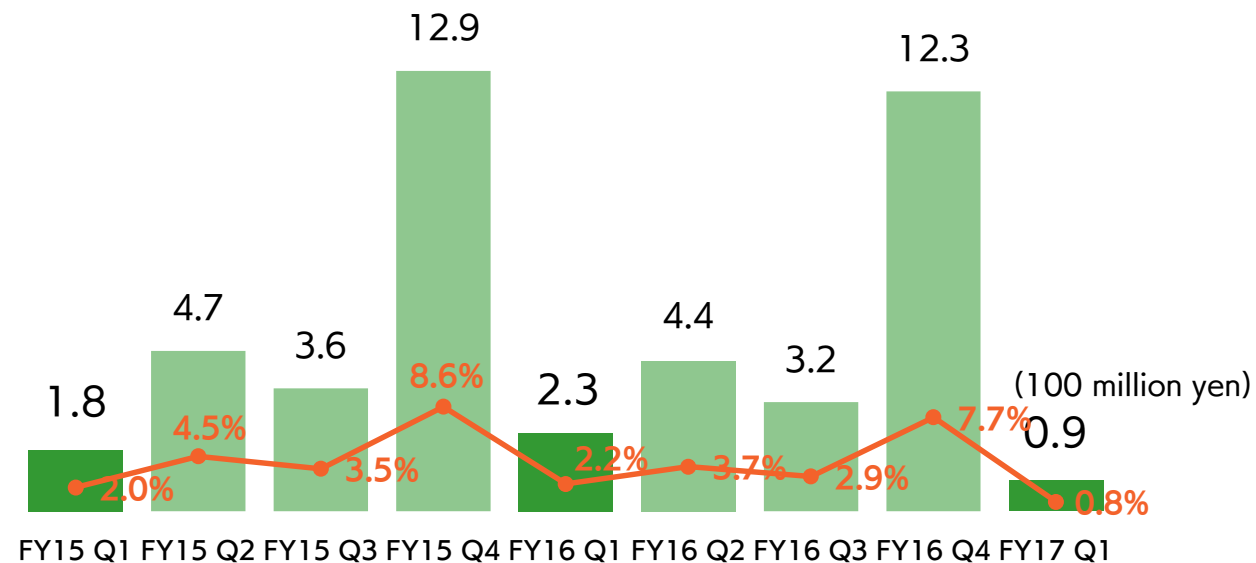
Net sales



Operating income

Profit tends to concentrate in Q2 and Q4

Operating income to sales



Financial Data

Consolidated results	FY17 Q1		FY16 Q1		YoY change	
	Amount (Millions of yen)	Ratio	Amount (Millions of yen)	Ratio	Amount of change (Millions of yen)	Ratio of change
Net sales	12,126	-	10,671	-	+ 1,455	+ 13.6%
Digital Marketing	5,388	-	5,496	-	- 107	- 2.0%
Platform Solutions	3,446	-	2,656	-	+ 790	+ 29.7%
Cloud Systems	3,290	-	2,518	-	+ 772	+ 30.7%
Cost of sales	10,524	-	9,086	-	+ 1,438	+ 15.8%
Gross profit	1,601	13.2%	1,584	14.9%	+ 17	+ 1.1%
SG&A expenses	1,510	-	1,346	-	+ 164	+ 12.3%
Operating income	90	0.7%	238	2.2%	- 147	- 62.0%
Non-operating income (loss)	- 12	-	- 4	-	- 7	-
Ordinary income	78	0.6%	234	2.2%	- 155	- 66.4%
Extraordinary gains (losses)	0	-	0	-	0	-
Profit attributable to owners of parent	12	0.1%	133	1.2%	- 121	- 90.9%
Marginal profit	2,984	24.6%	2,679	25.1%	+ 1,455	+ 11.4%
Fixed costs	2,893	-	2,440	-	+ 452	+ 18.6%
Unconsolidated order backlog	14,696	-	9,252	-	+ 5,443	+ 58.8%

Consolidated results (Millions of yen)		FY17 Q1	FY16 Q1	Amount of change	Ratio of change
Digital Marketing	Net sales	5,388	5,496	- 107	- 2.0%
	Marginal profit	753	793	- 40	- 5.0%
	Margin	14.0%	14.4%	- 0.4pts	-
	(1) E-commerce services	Net sales	4,882	- 138	- 2.7%
		Marginal profit	569	- 33	- 5.6%
		Margin	11.7%	- 0.3pts	-
	(2) Data analytics	Net sales	505	+ 30	+ 6.4%
		Marginal profit	183	- 6	- 3.3%
		Margin	36.3%	- 3.6pts	-
Platform Solutions	Net sales	3,446	2,656	+ 790	+ 29.7%
	Marginal profit	1,130	1,012	+ 117	+ 11.6%
	Margin	32.8%	38.1%	- 5.3pts	-
	(1) IT infrastructure solutions	Net sales	2,463	+ 616	+ 33.4%
		Marginal profit	628	+ 46	+ 8.0%
		Margin	25.5%	- 6.0pts	-
	(2) Security Solutions	Net sales	983	+ 173	+ 21.4%
		Marginal profit	501	+ 71	+ 16.5%
		Margin	51.0%	- 2.2pts	-
Cloud Systems	Net sales	3,290	2,518	+ 772	+ 30.7%
	Marginal profit	1,100	873	+ 227	+ 26.0%
	Margin	33.4%	34.7%	- 1.3pts	-
	(1) System integration	Net sales	1,828	+ 416	+ 29.5%
		Marginal profit	672	+ 128	+ 23.5%
		Margin	36.8%	- 1.8pts	-
	(2) Cloud solutions	Net sales	1,462	+ 355	+ 32.2%
		Marginal profit	428	+ 99	+ 30.1%
		Margin	29.3%	- 0.5pts	-

Consolidated results (Millions of yen)		FY15 Q1	FY15 Q2	FY15 Q3	FY15 Q4	FY15	FY16 Q1	FY16 Q2	FY16 Q3	FY16 Q4	FY16	FY17 Q1	
Digital Marketing	Net sales	5,251	5,201	5,282	5,720	21,456	5,496	5,333	5,582	5,641	22,053	5,388	
	Marginal profit	867	805	744	938	3,355	793	772	781	872	3,220	753	
	Margin	16.5%	15.5%	14.1%	16.4%	15.6%	14.4%	14.5%	14.0%	15.5%	14.6%	14.0%	
	(1) E-commerce services	Net sales	4,738	4,540	4,794	4,955	19,027	5,020	4,816	5,058	5,119	20,015	4,882
		Marginal profit	667	548	536	623	2,375	603	563	566	648	2,381	569
		Margin	14.1%	12.1%	11.2%	12.6%	12.5%	12.0%	11.7%	11.2%	12.7%	11.9%	11.7%
	(2) Data analytics	Net sales	513	660	488	765	2,428	475	516	523	522	2,038	509
		Marginal profit	200	257	207	315	980	189	209	214	224	838	183
		Margin	39.0%	38.9%	42.4%	41.2%	40.4%	39.9%	40.6%	41.0%	43.0%	41.1%	36.3%
Platform Solutions	Net sales	2,255	3,077	2,656	4,987	12,976	2,656	3,995	3,060	5,146	14,859	3,446	
	Marginal profit	890	1,037	917	1,334	4,179	1,012	1,202	1,085	1,420	4,720	1,130	
	Margin	39.5%	33.7%	34.5%	26.8%	32.2%	38.1%	30.1%	35.5%	27.6%	31.8%	32.8%	
	(1) IT infrastructure solutions	Net sales	1,598	2,197	1,717	3,835	9,348	1,846	2,831	1,824	3,499	10,001	2,463
		Marginal profit	546	647	508	878	2,581	581	716	566	740	2,605	628
		Margin	34.2%	29.5%	29.6%	22.9%	27.6%	31.5%	25.3%	31.1%	21.1%	26.0%	25.5%
	(2) Security Solutions	Net sales	656	880	938	1,152	3,628	809	1,164	1,236	1,646	4,857	983
		Marginal profit	344	390	408	455	1,598	430	485	519	680	2,115	501
		Margin	52.4%	44.4%	43.5%	39.5%	44.1%	53.2%	41.7%	42.0%	41.3%	43.6%	51.0%
Cloud Systems	Net sales	1,693	2,161	2,495	4,379	10,730	2,518	2,863	2,736	5,194	13,312	3,290	
	Marginal profit	719	1,122	991	1,569	4,403	873	1,128	1,131	1,792	4,926	1,100	
	Margin	42.5%	52.0%	39.7%	35.8%	41.0%	34.7%	39.4%	41.3%	34.5%	37.0%	33.4%	
	(1) System integration	Net sales	1,100	1,243	1,319	2,050	5,714	1,411	1,832	2,103	2,472	7,820	1,828
		Marginal profit	579	657	614	648	2,499	544	701	852	899	2,997	672
		Margin	52.7%	52.8%	46.6%	31.6%	43.7%	38.6%	38.3%	40.5%	36.4%	38.3%	36.8%
	(2) Cloud solutions	Net sales	593	917	1,176	2,329	5,015	1,106	1,030	633	2,722	5,492	1,462
		Marginal profit	139	465	377	920	1,903	329	426	279	893	1,928	428
		Margin	23.6%	50.8%	32.1%	39.5%	38.0%	29.8%	41.4%	44.0%	32.8%	35.1%	29.3%

*Amounts of net sales and marginal profit in the previous fiscal years are calculated in accordance with current service categories and calculation methods.

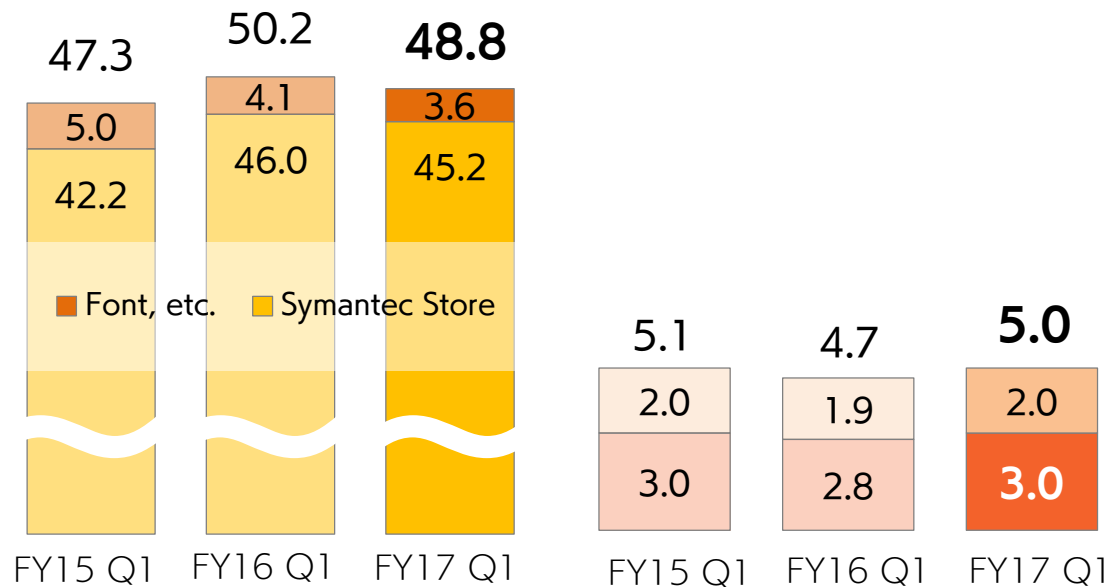


Net sales of Symantec Store decreased.

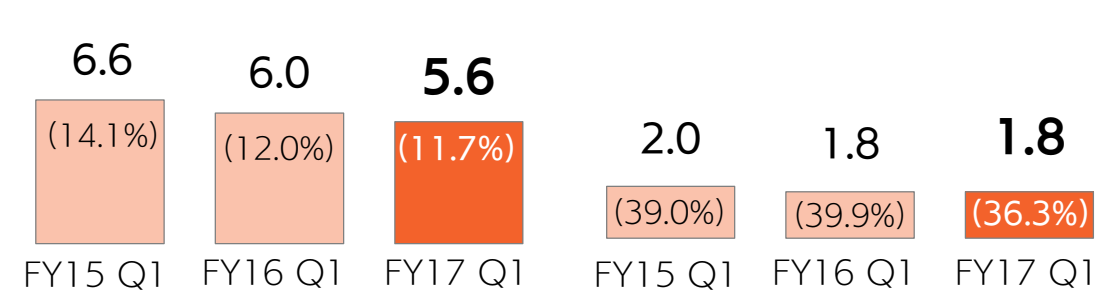


Profit margin relating to website contents management systems declined.

Net sales by service category



Marginal profit by service category



E-commerce Services

Data Analytics

E-commerce Services

Data Analytics

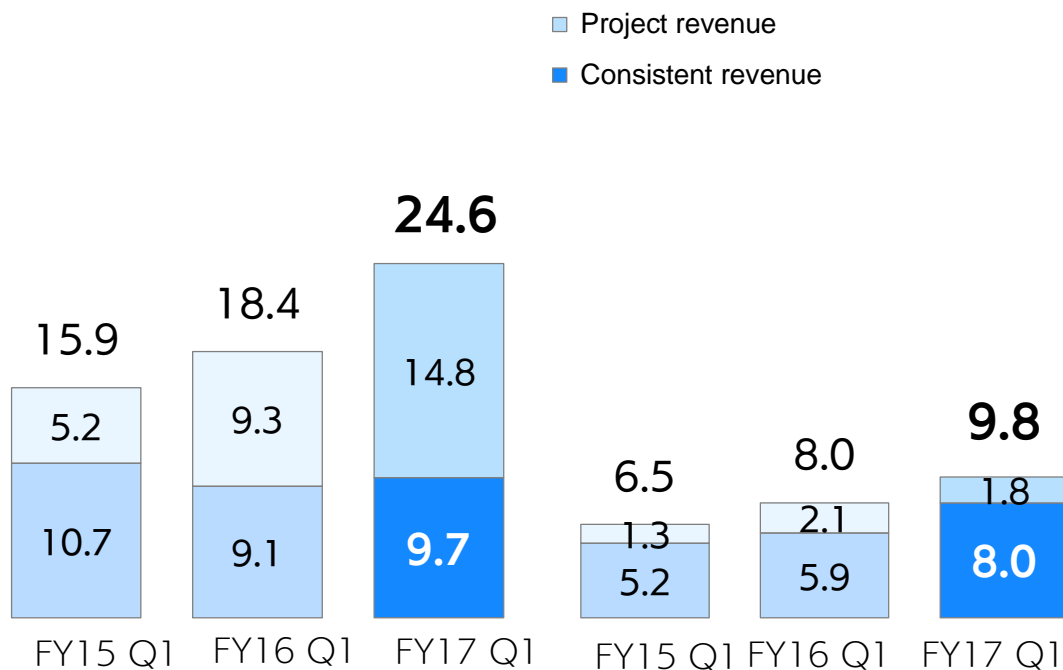
(100 million yen)



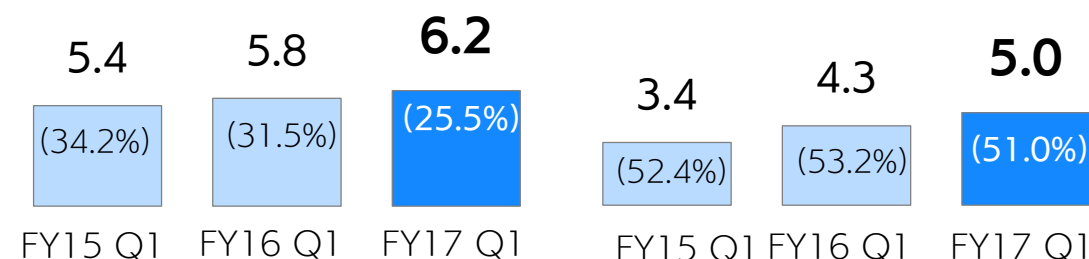
Profit margin declined with an increase in orders for large-scale hardware.

Profit margin declined due to an increase in costs of handling local government security cloud projects.

Net sales by service category



Marginal profit by service category



IT Infrastructure

Security

IT Infrastructure

Security

(100 million yen)

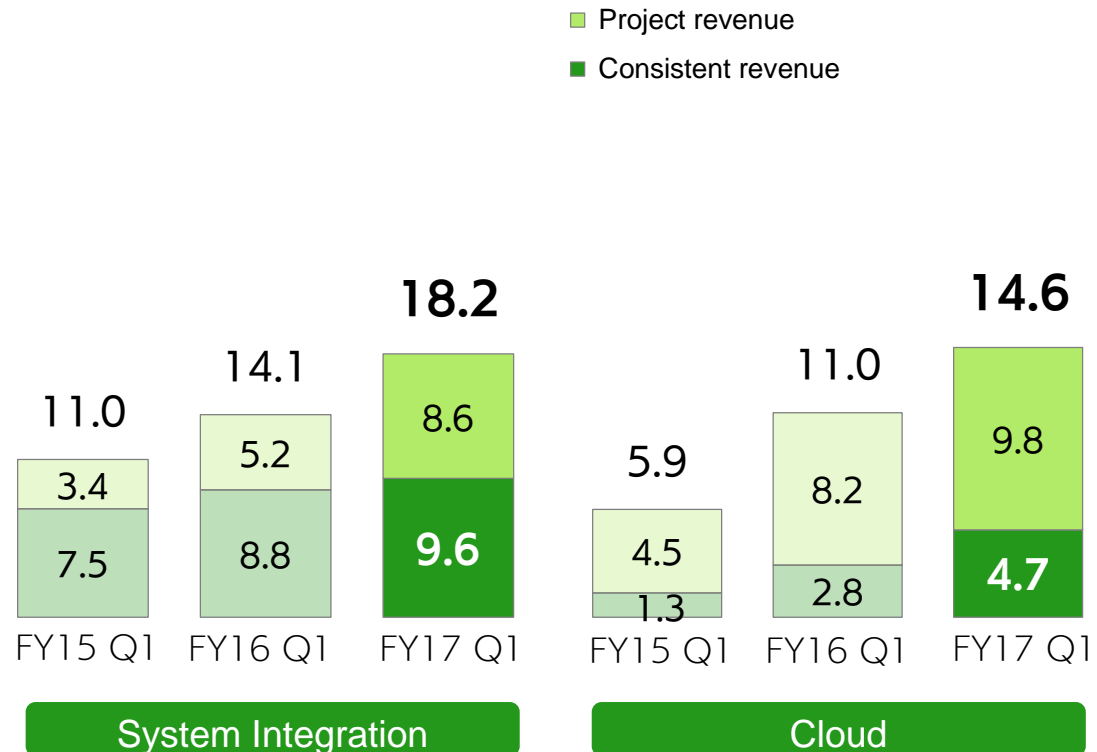


System construction, operation/service projects for the SoftBank Group increased.

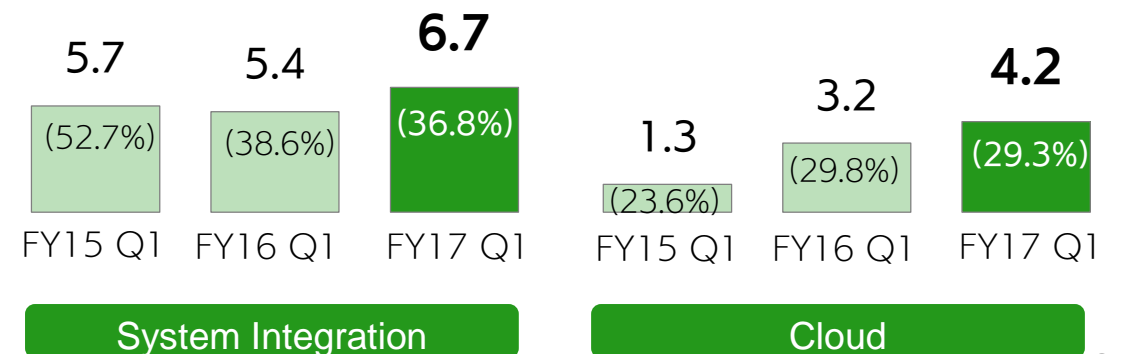


Cloud development, operation/service projects mainly for the public sector increased.

Net sales by service category



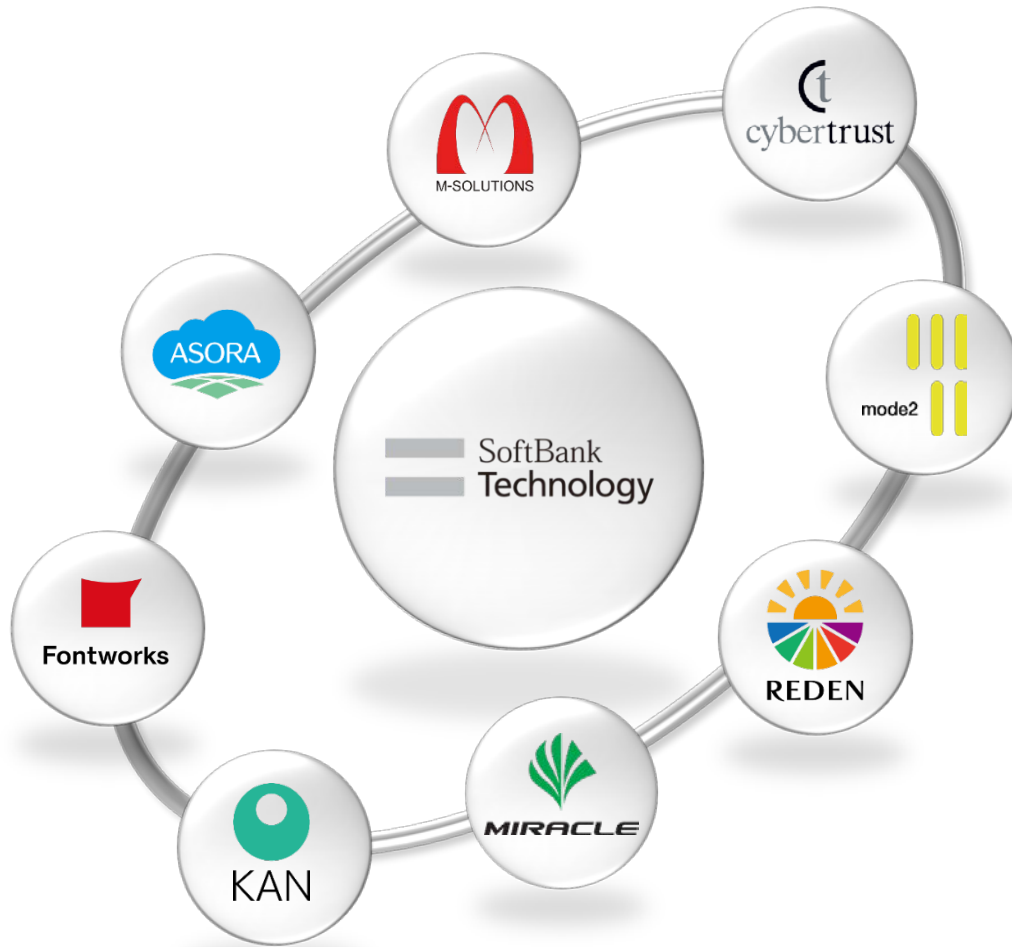
Marginal profit by service category



Appendix

About SoftBank Technology

Vision of Softbank Technology (SBT)



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.

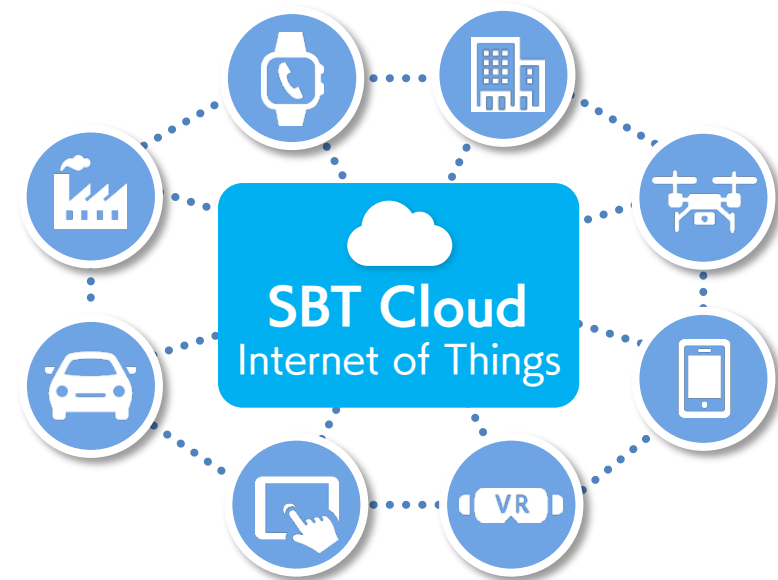
Focus on cloud and IoT from April 2016

Cloud integration



+

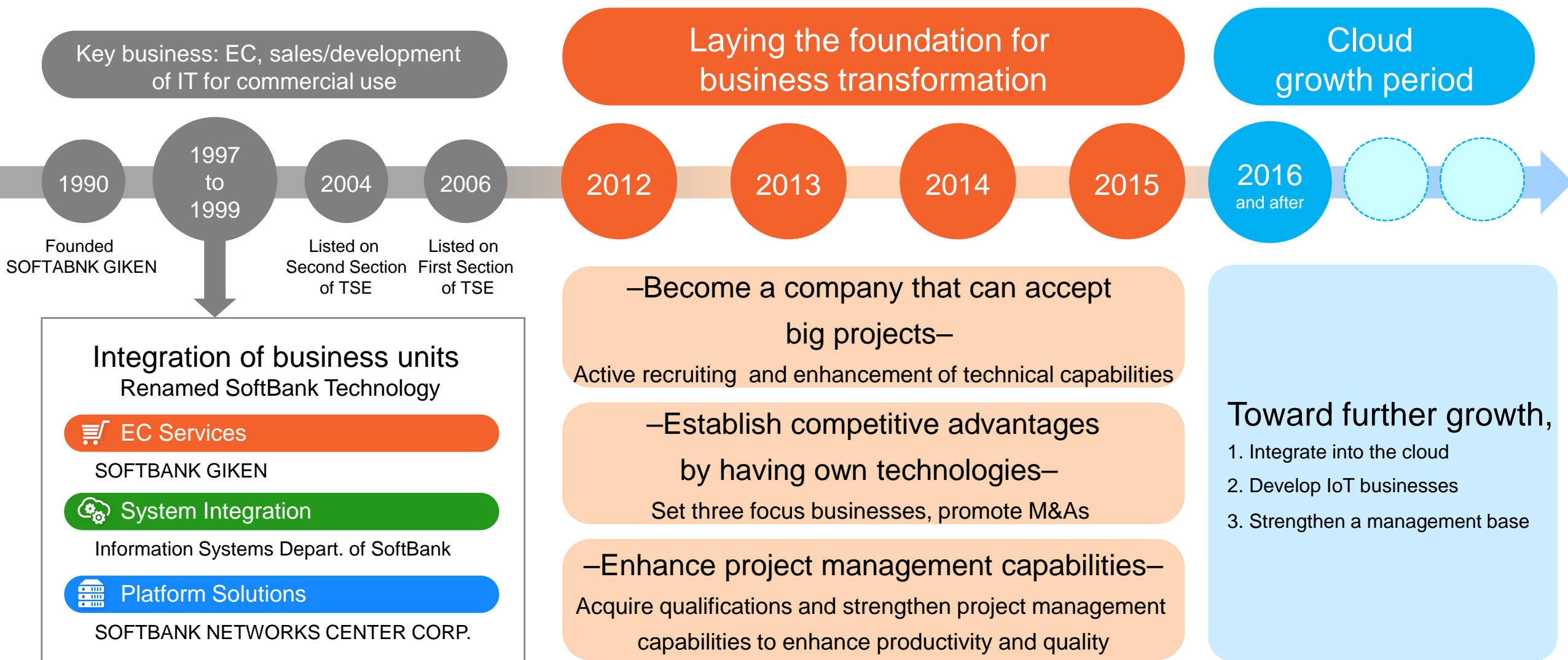
IoT business development



**A business partner
that can transform customers' businesses**

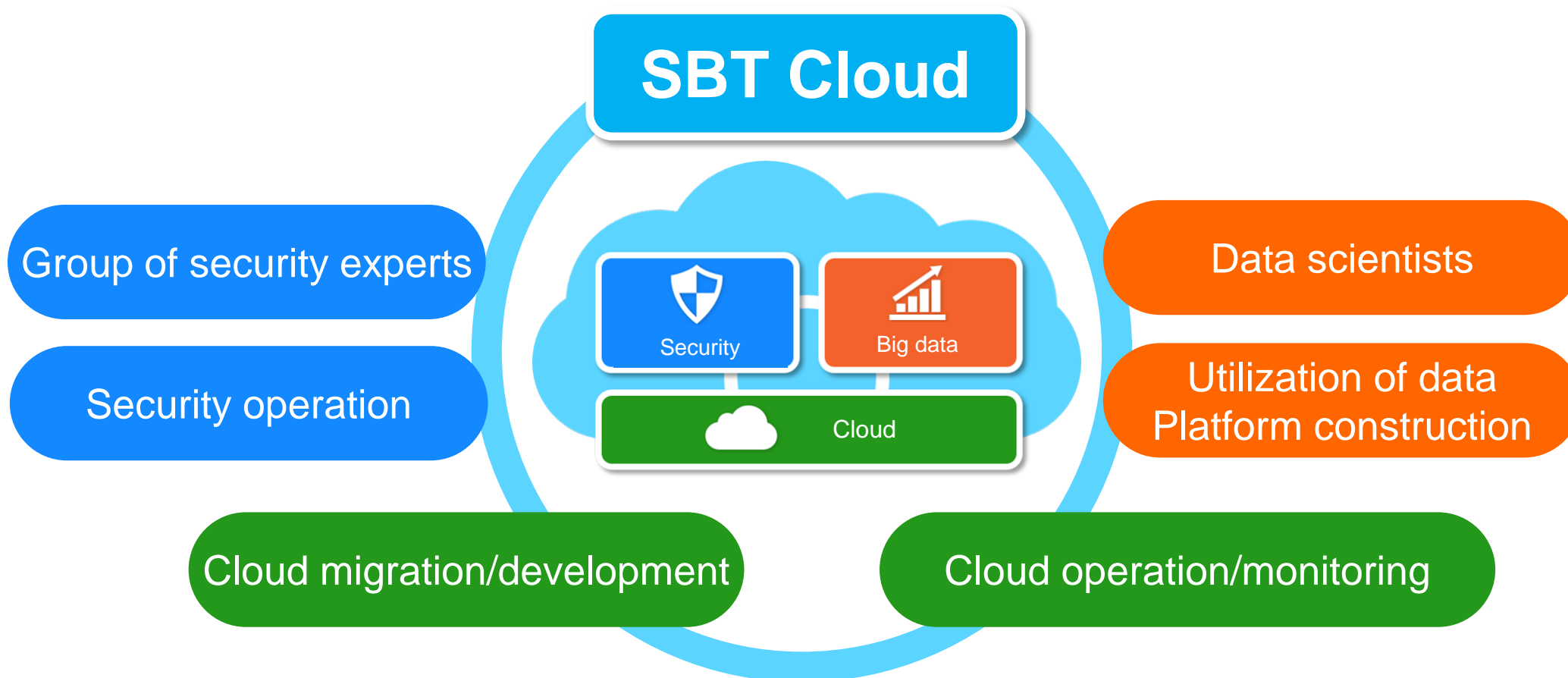
SBT's steps toward growing big

SoftBank
Technology

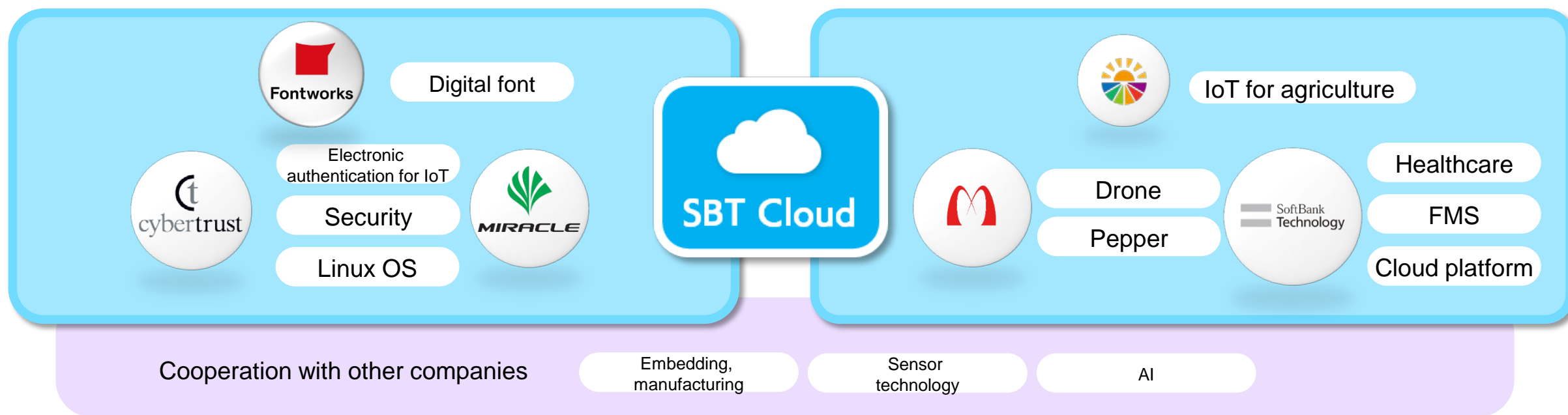


Competitive advantages in the cloud business

One-stop provision of services from security measures,
utilization of data, to cloud operation



Integrated provision of services by the SBT Group



Provision of elemental technologies and specialized services

(i) Manufacturer/platform-based approach

Resolution of issues/meeting needs

(ii) Approach based on industry/customer issues and needs

Corporate Data

Trade name	SoftBank Technology Corp.
Establishment	October 16, 1990
Head office	17F Shinjuku Eastside Square 6-27-30, Shinjuku, Shinjuku-ku, Tokyo
Representative	Shinichi Ata, President & CEO
Stock exchange listing	Tokyo Stock Exchange, First Section (Code No.: 4726 Industry classification: Information and Communications)
Paid-in capital	785 million yen (end-March 2017)
Consolidated net sales	50,225 million yen (end-March 2017)
Number of employees (consolidated)	960 (end-March 2017)
Business sites	Shinjuku Office (Headquarters), Shiodome Office, Shiodome Development Base, Nagoya Office, Osaka Branch, Fukuoka Branch, Fukuoka Development Center, Taiwan Branch
Main business	ICT services including Data Analytics, E-commerce Services, IT Infrastructure Solutions, Security Solutions, System Integration and Cloud Solutions
Main phone number	+81-3-6892-3050
Certification	   <small>ISMS 認証登録範囲: 本社、沙羅、大阪、福岡</small>

Corporate Philosophy/Corporate Slogan



Shinichi Ata

President & CEO
SoftBank Technology Corp.

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

Since its foundation, the SoftBank Group has always sought to contribute to people and society through the Information Revolution.

SoftBank Technology is committed to becoming the best partner of corporations through the provision of ICT services with its cloud technologies as the core.

Corporate Slogan **One! SBT**



In January 2014, we presented our new corporate slogan *One! SBT*, which represents the SoftBank Technology group's determination to work together to create business areas where the group will be number one. We will make united efforts to grow big.

No. 1 track record in cloud implementation for enterprises and public offices

Support internet business



Data Analytics



E-commerce
Services

Create safe info-structures



Security Solutions



IT Infrastructure
Solutions

Transform workstyles



Cloud Solutions



System Integration

**SoftBank Group
Corp.**

(Pure holding company)

Domestic
Telecommunications
Segment

Yahoo Japan Segment

Distribution Segment

Sprint Segment

ARM Segment

Others

ICT Services

SoftBank Technology Corp.

*On April 24, 2017, SoftBank Group International GK became the parent company of SBT.

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Services Provided in Each Service Category

Digital Marketing



E-commerce Services

- E-commerce website operation services mainly for Symantec Store (Japan, China, Hong Kong, Taiwan, South Korea). One-stop provision of overall E-commerce website operations with system structures that leverage hybrid clouds.
*B2C model services, recording sales for charges to consumers
- Digital font planning/development/sales and software development. Services also include calling up digital fonts from the cloud to a website.



Data Analytics

Focus

- One-stop provision of cloud system operations and monitoring by constructing a cloud-based environment to analyze the current status of data utilization, accumulate a company's own data, and connecting to external data.
- One-stop provision of services from consultation on using data accumulated in the cloud for B2B and B2C marketing, to data analysis, and data reporting (visualization).

Platform Solutions



IT Infrastructure Solutions

- Sales of IT equipment and construction of networks, servers and storages, mainly for SoftBank Group companies.
- Distribution and provision of service support relating to open source Linux OS. Provision of embedded Linux solutions for dedicated devices and digital signage, such as car navigations, vending machines, medical equipment, and video delivery equipment.



Security Solutions

Focus

- One-stop provision of cybersecurity measures covering from sales of overseas manufacturers' products to construction and operation/maintenance. Provision of 24/365 security operation services of collecting logs of internal systems, security devices and cloud services, and analyzing the correlation.
- Provision of certification services, including SSL server certificates and device (terminal) certification, based on technologies and experience gained through construction and operation of public key infrastructure.

Cloud System



System Integration

- Design, development and operation of internal and business information systems and applications mainly for SoftBank Group companies.
- Design and development of dedicated applications for IoT devices (e.g., mobile terminals, robots, drones) . Provision of operation setting services for Pepper, being certified as the robot app partner under the Pepper Partner Program of SoftBank Robotics Corp.



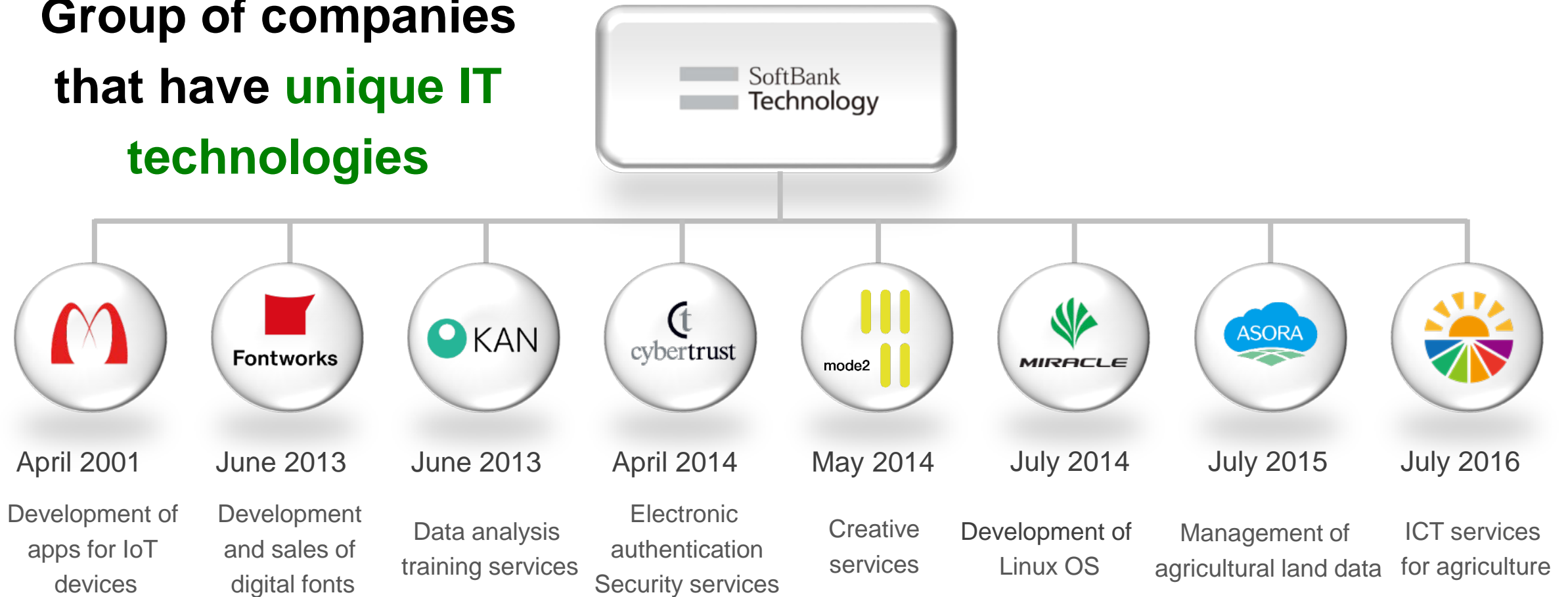
Cloud Solutions

Focus

- Implementation/migration of Microsoft's cloud products, and provision of SBT's original services that are highly compatible with these. The number of cloud implementation projects SBT was engaged for enterprises is among the largest in Japan.
- One-stop provision from system development in Microsoft Azure, a public cloud, to 24/365 operation/monitoring services for public cloud environments.

About the SBT Group

Group of companies
that have **unique IT
technologies**



Information Revolution –Happiness for everyone

– Harnessing the power of Technology to build a Brighter future –

The SoftBank Technology Group



SoftBank Technology Corp.



M-SOLUTIONS, Inc.



Fontworks Inc.



Kan Corporation



Cybertrust Japan Co., Ltd.



Mode2 inc.



MIRACLE LINUX
CORPORATION



ASORA Tech Corp.



REDEN Corp.

*LETS font of Fontworks Inc. (<http://fontworks.co.jp/>) is used in this document.