

Third Quarter of Fiscal Year Ending March 31, 2018 (FY 2017 Q3)

Results of Operations

(January 31, 2018)

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 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. The statements that are not historical fact, including, without limitation, plans, forecasts and strategies, are forward-looking statements, which are by their nature subject to risks and uncertainties. The actual results may differ materially from those expressed or implied in any forward-looking statement due to a change in the operating environment or other reasons.

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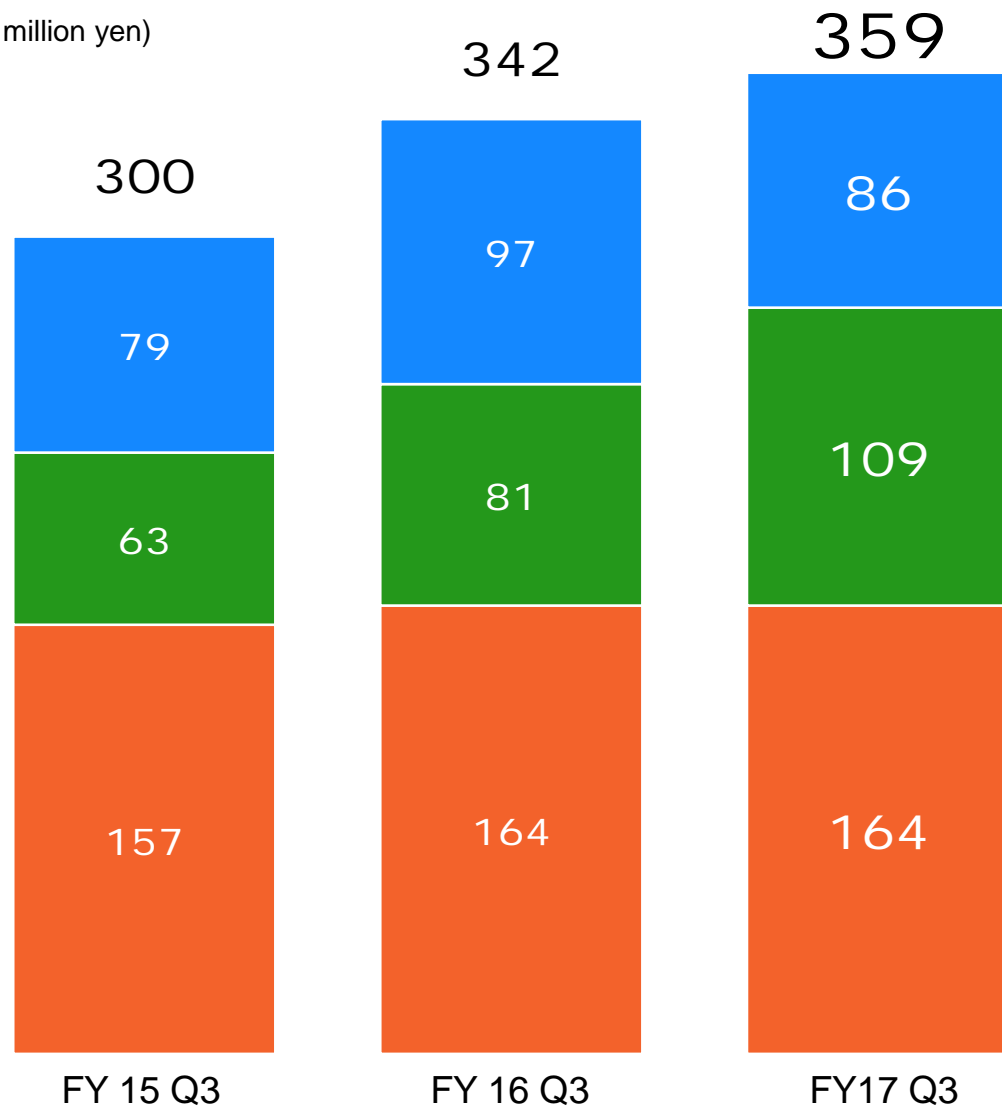
Results Overview

Overview

- Cloud development and operation/services projects increased continuously.
- Margin rate increased because of declining in low profit rate hardware sales.

(Millions of yen)	FY 17 Q3	FY 16 Q3	Amount of change	Ratio of change
Net sales	35,931	34,243	+1,687	+4.9%
Operating income	1,151	1,008	+142	+14.2%
Ordinary income	1,146	1,027	+119	+11.7%
Profit attributable to owners of parent	724	613	+111	+18.2%
EBITDA	1,992	1,720	+272	+15.8%

(100 million yen)



FY 17 Q3
Net sales

35.9 billion yen

YOY change **+1.6** billion yen (+4.9%)

Net sales by service (YOY change)

Platform Solutions



-1.1 billion yen (-11.4%)

Cloud Systems



+2.7 billion yen (+34.5%)

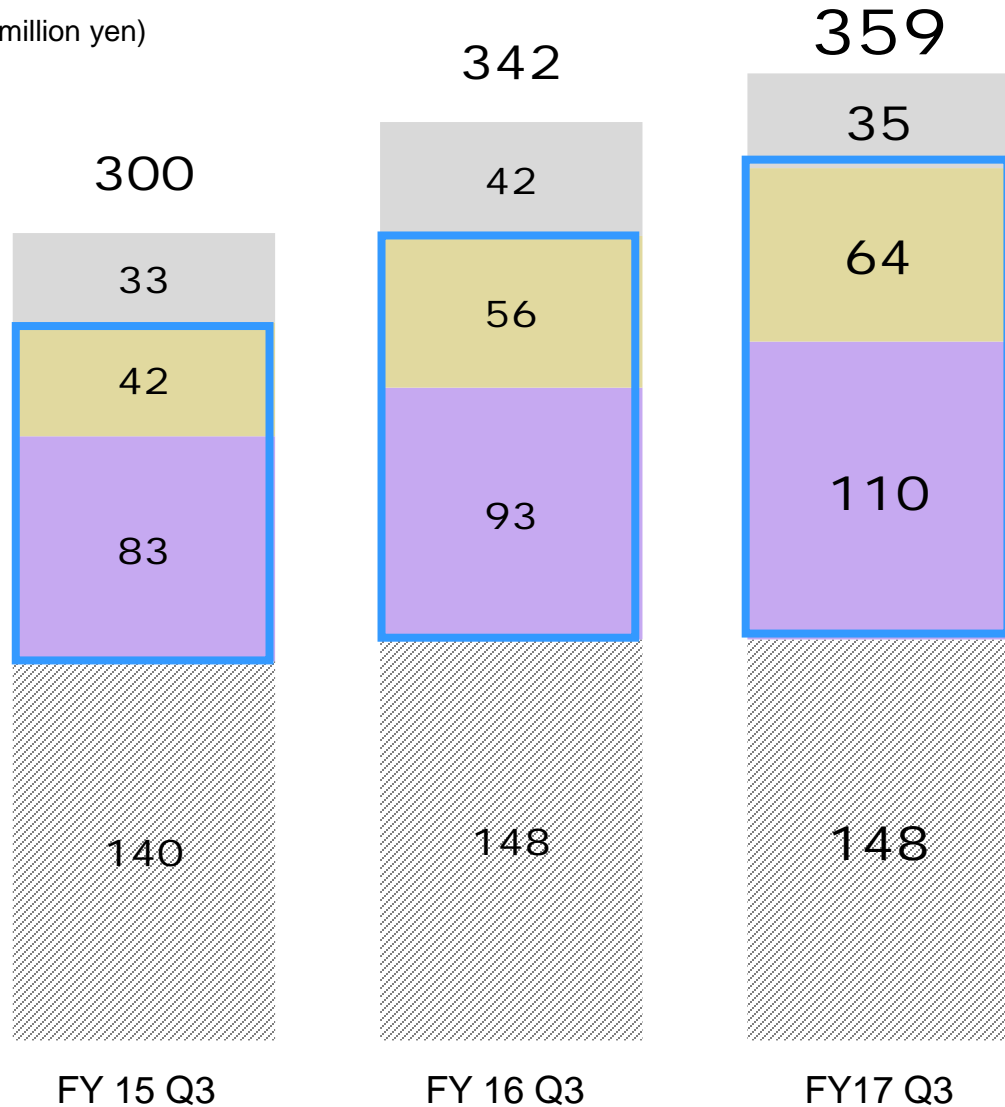
Digital Marketing



- 0 billion yen (-0.0%)

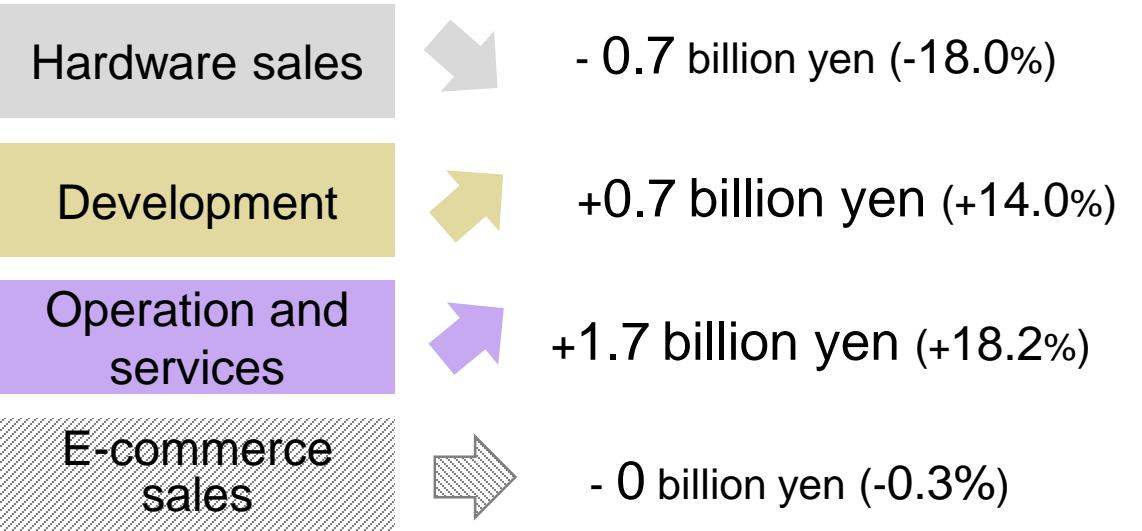
Net Sales by Business Type

(100 million yen)



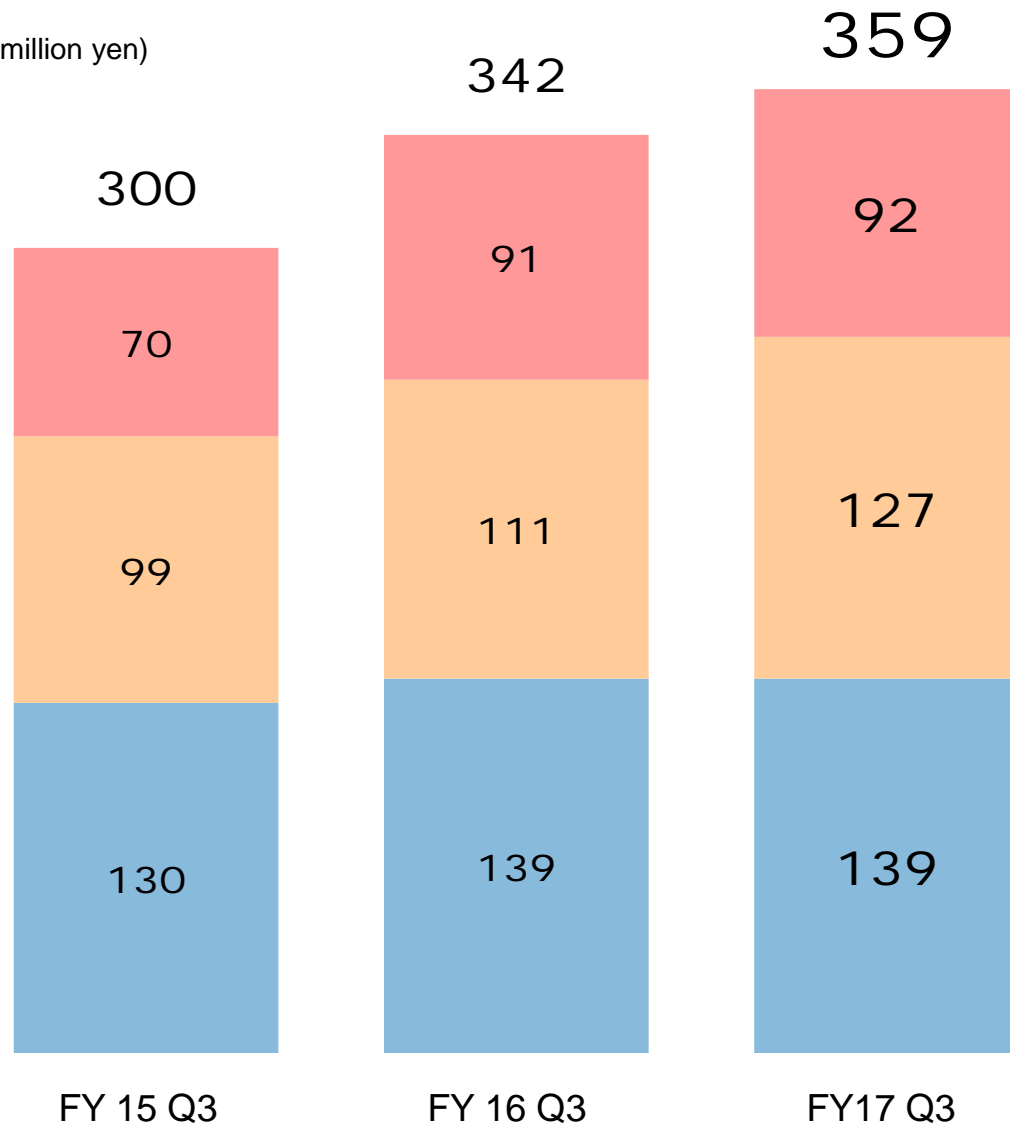
System development for the Group and cloud development/operation services has been growing

Net Sales by business type (YOY change)



Net Sales by Customer Type

(100 million yen)



SB Group

➔ YOY change +0.09 billion yen (+1.1%)
A decrease in hardware sales was offset by an increase in development projects

Enterprises/ public offices and municipalities

➔ YOY +1.6 billion yen (+14.6%)
Cloud development, operation/services projects increased

Individuals

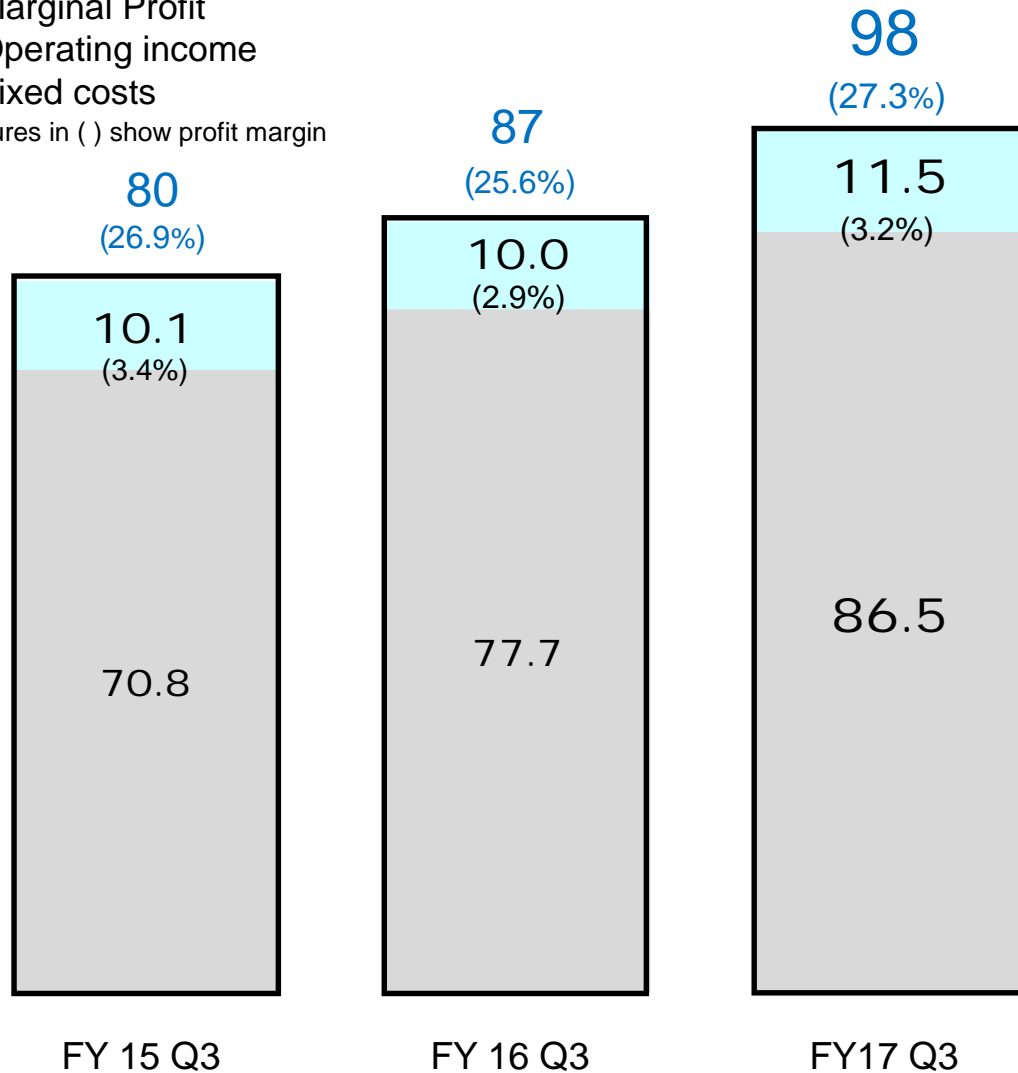
➔ YOY -0.03 billion yen (-0.2%)

Marginal Profit

(100 million yen)

- Marginal Profit
- Operating income
- Fixed costs

* Figures in () show profit margin



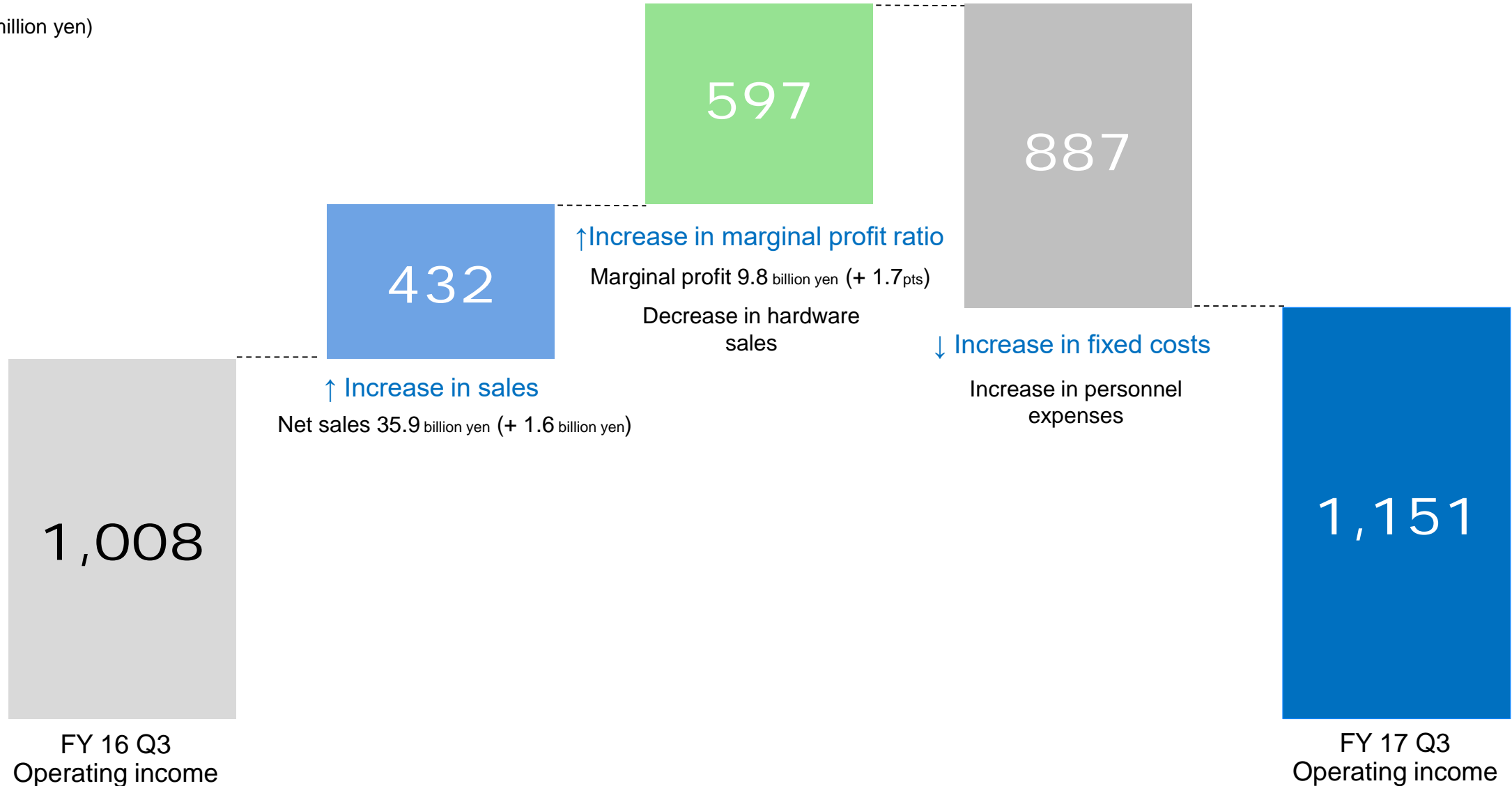
FY 17 Q3
Marginal Profit **9.8** billion yen
YOY +**1** billion yen (+11.7%)

FY 17 Q3
Operating income **1.1** billion yen
YOY change +**0.14** billion yen (+14.2%)

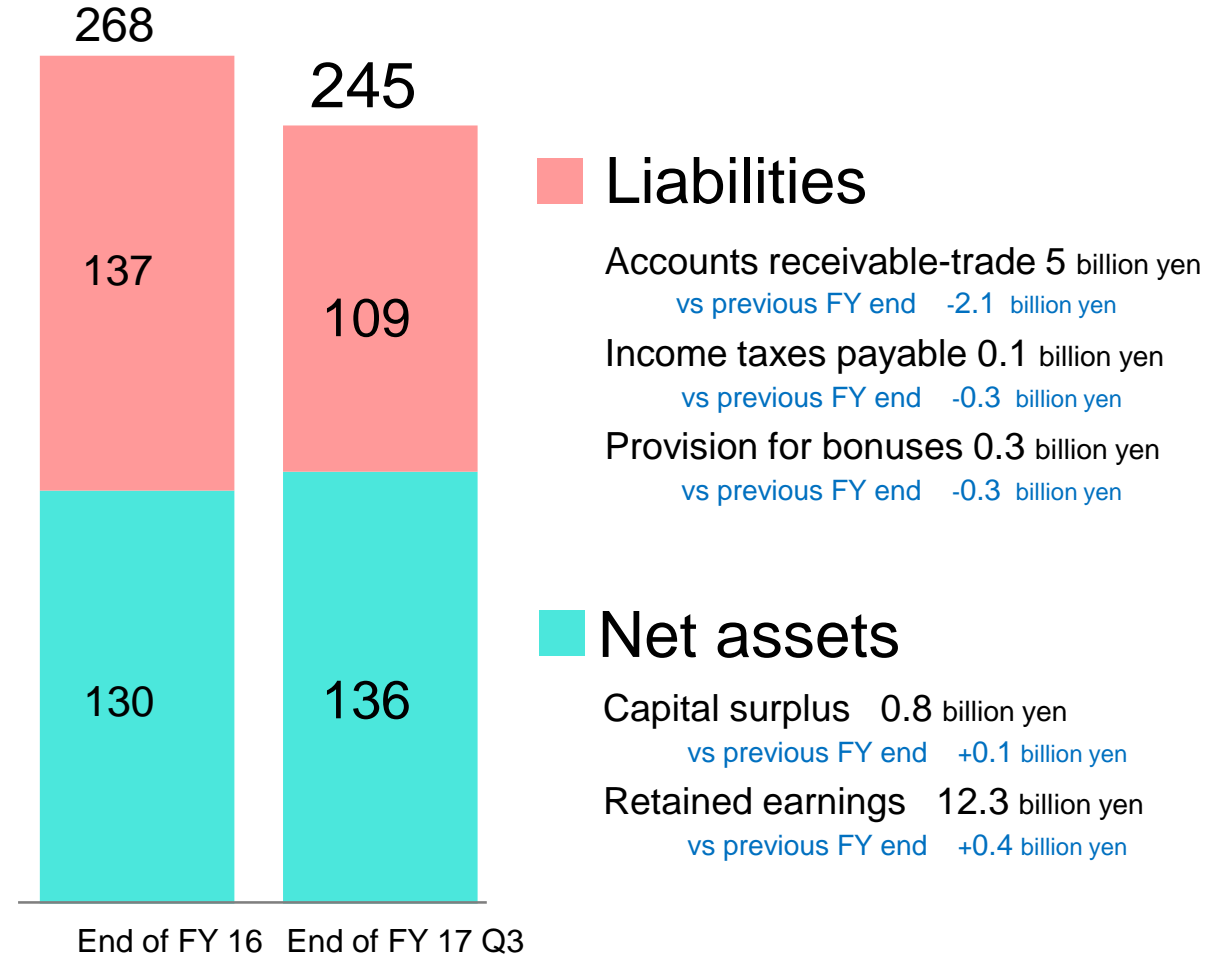
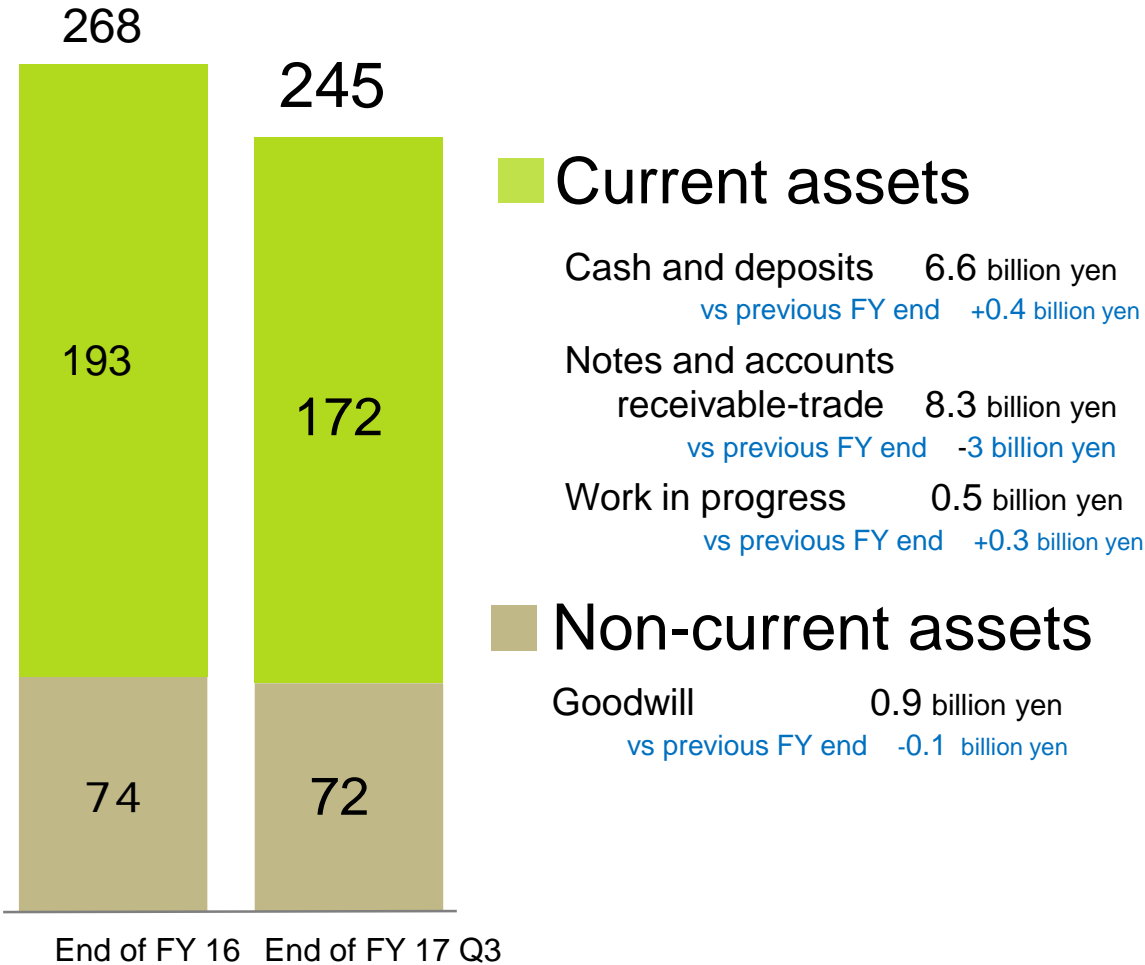
Marginal profit ratio improved with a decrease in hardware sales since Q2 (up 1.7 pts YOY).

YOY Changes in Operating Income

(100 million yen)

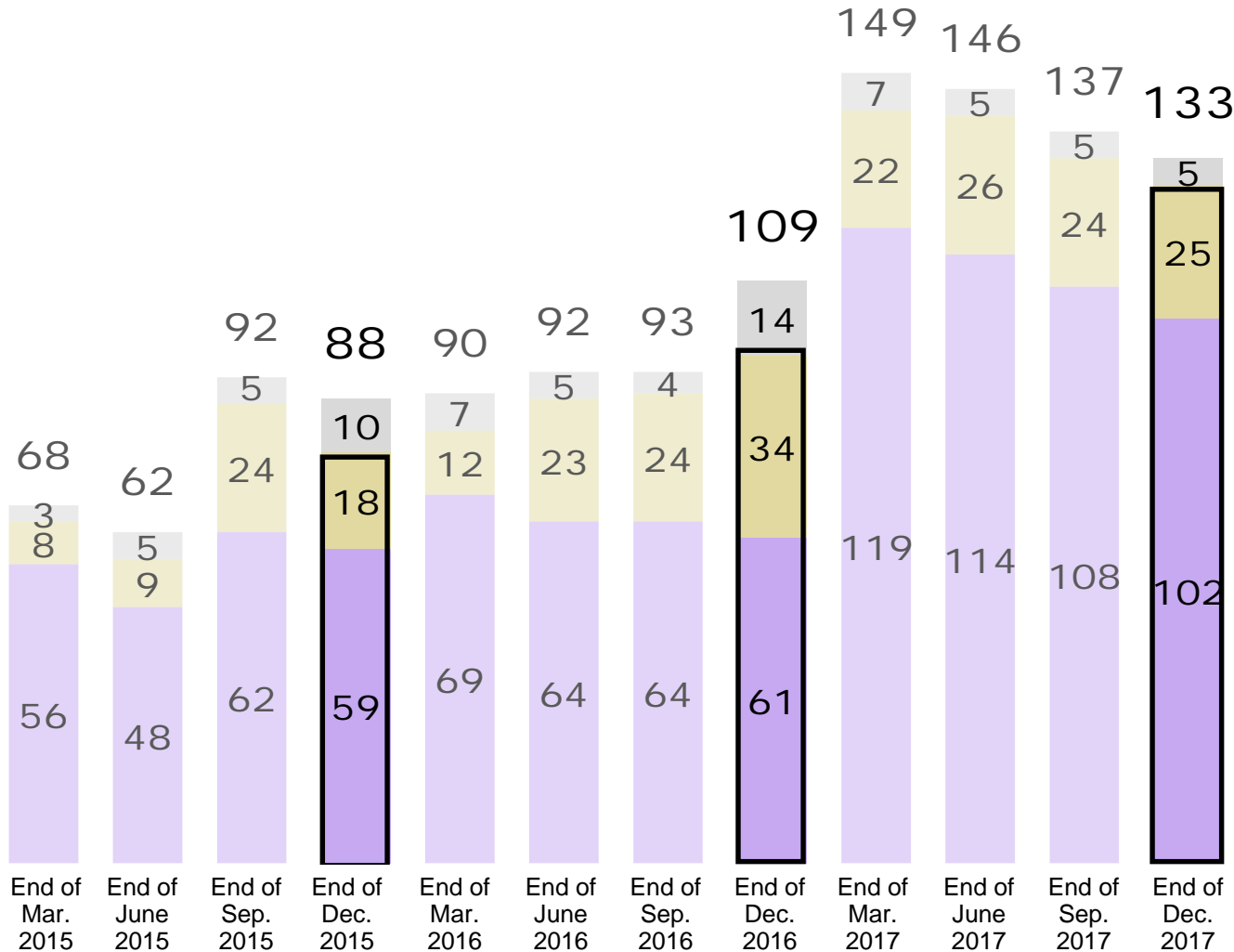


(100 million yen)



Order Backlog (Excluding E-commerce Services)

(100 million yen)



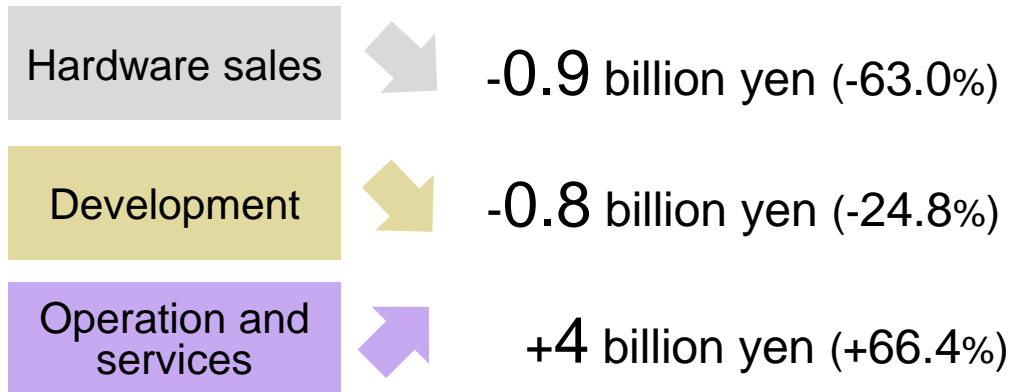
Order backlog at December-end

13.3 billion yen

YOY +2.3 billion yen (+21.2%)

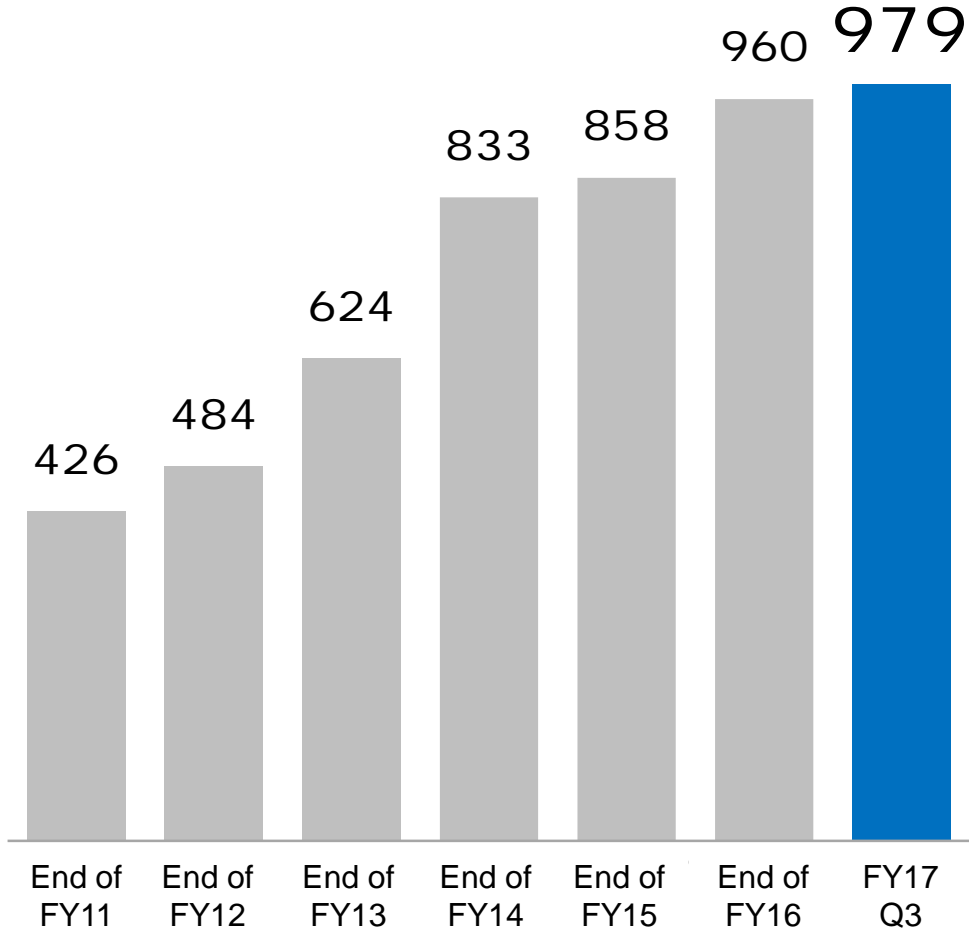
- Orders for development projects decreased
- Large-scale multiple-year projects have been promoted steadily

Order backlog by business type (YOY changes)

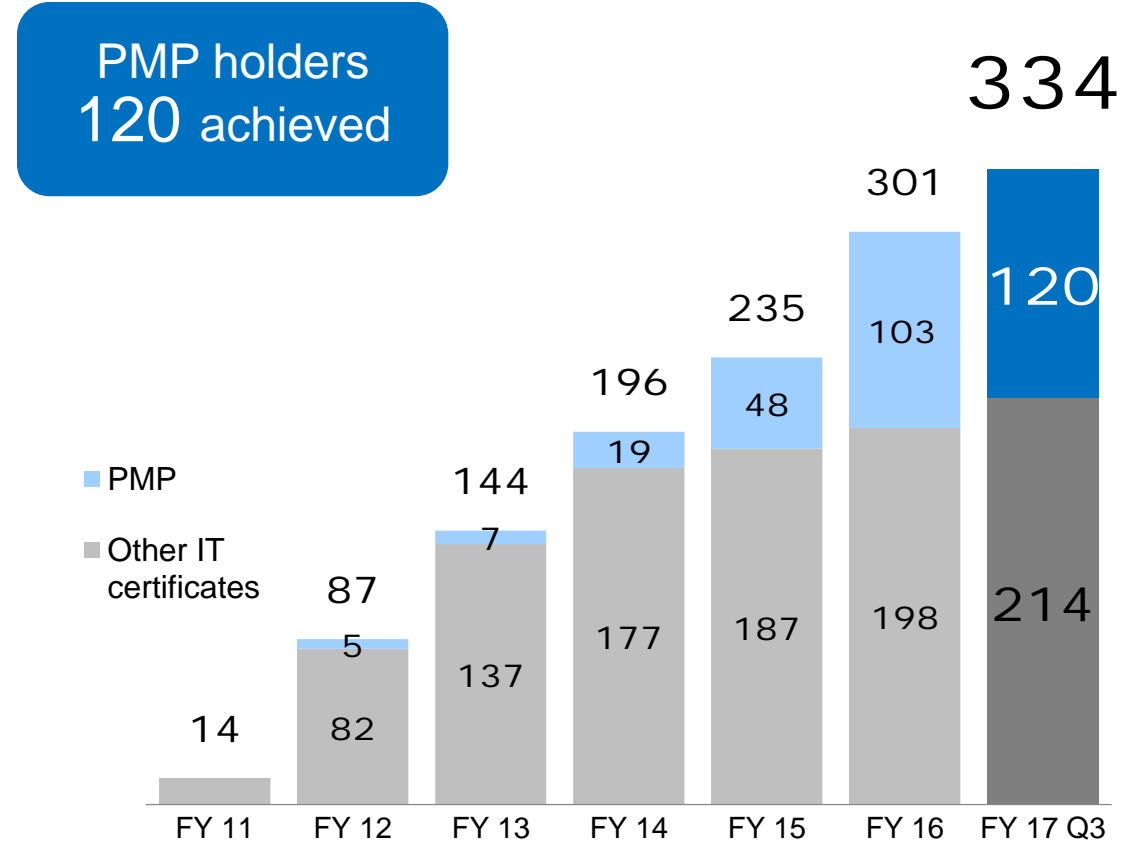


*Order backlog figures presented are after excluding those recorded under the percentage-of-completion method.

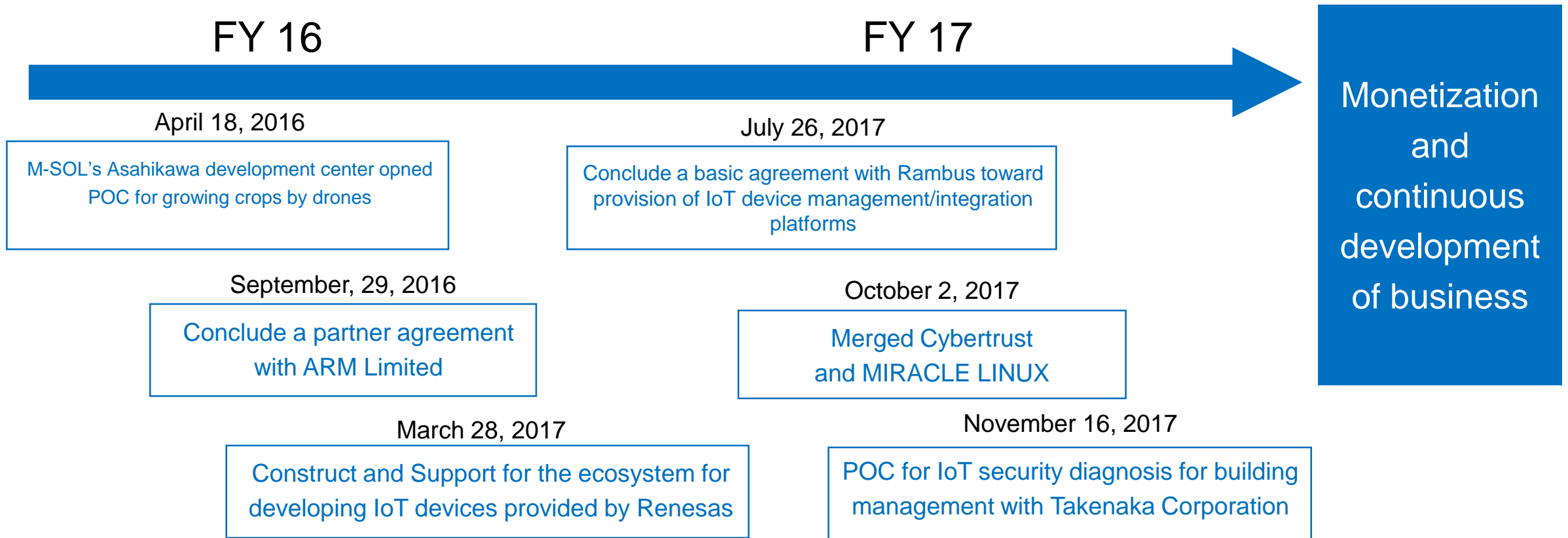
Number of employees (consolidated)



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



*International standard certification for project management



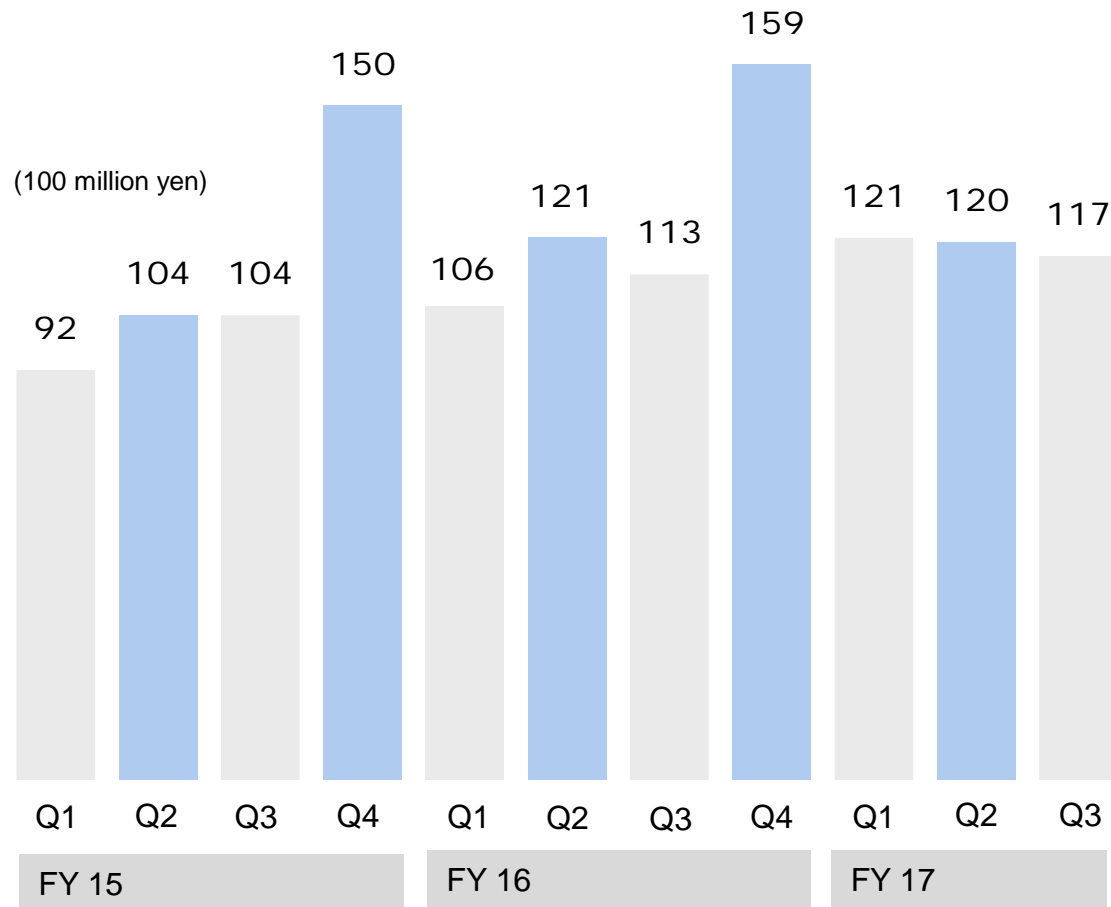
Continued to invest in IoT businesses for monetization of business

Overview

- Achievement rates for net sales, operating income, and ordinary income were flat YOY with profit at 45.3%.
- The impact of strategic change in hardware sales will be compensated by orders for development and operation/services projects.

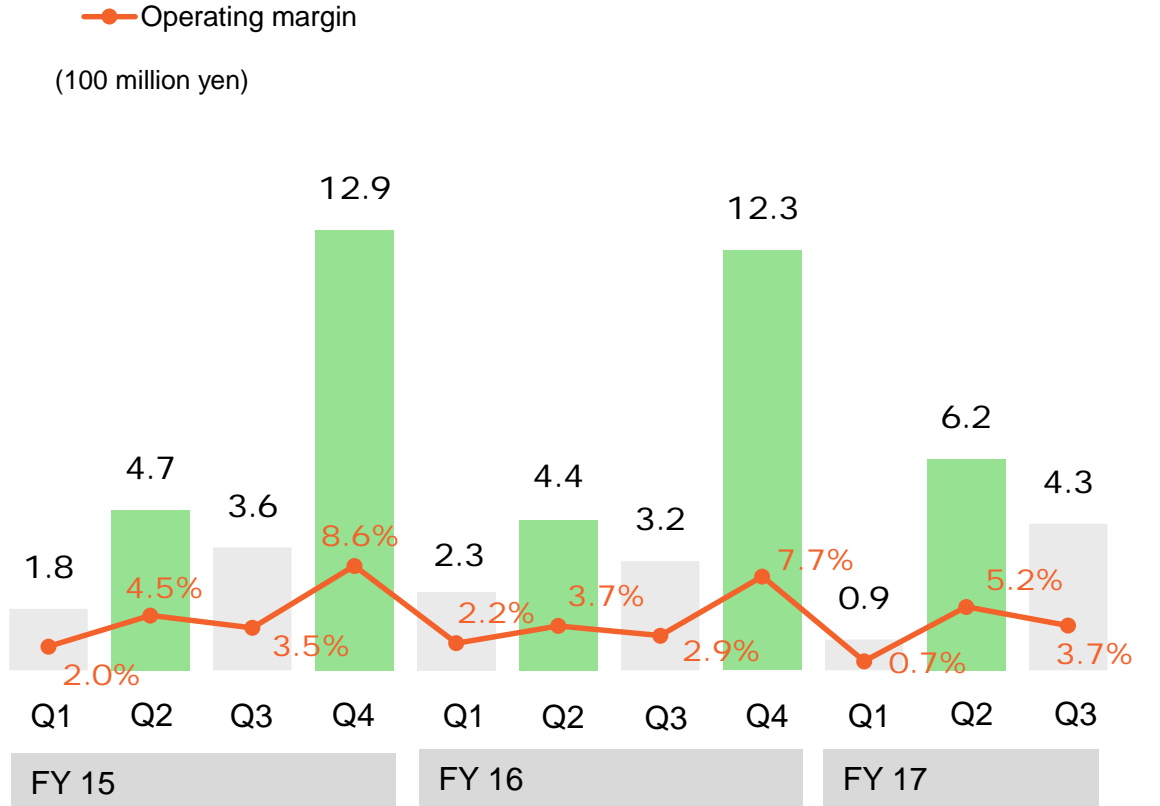
(Millions of yen)	FY 17 Q3	Initial Forecast (April 26, 2017)	Achievement rate	(Reference: FY 16 Q3)	
				Cumulative total (Full-year results)	Achievement vs full-year results
Net sales	35,931	52,000	69.1%	34,243 (50,225)	68.2%
Operating income	1,151	2,500	46.1%	1,008 (2,241)	45.0%
Ordinary income	1,146	2,500	45.9%	1,027 (2,286)	44.9%
Profit attributable to owners of parent	724	1,600	45.3%	613 (1,598)	38.3%

Net sales



Operating income

Profits tend to concentrate in Q2 and Q4



Numerical Data

(Millions of yen)	FY 17 Q3	FY 16 Q3	Amount of change	Ratio of change
Net sales	11,727	11,380	+347	+3.1%
Operating income	431	324	+106	+32.8%
Ordinary income	453	338	+115	+34.2%
Profit attributable to owners of parent	312	202	+110	+54.6%
EBITDA	720	573	+146	+25.6%

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

Consolidated results	FY 17 Q3		FY 16 Q3		YOY change	
	Amount (Millions of yen)	Ratio	Amount (Millions of yen)	Ratio	Amount of change (Millions of yen)	Ratio of change
Net sales	35,931	-	34,243	-	+1,687	+4.9%
Digital Marketing	16,405	-	16,411	-	-6	- 0.0%
Platform Solutions	8,607	-	9,713	-	-1,105	-11.4%
Cloud Systems	10,918	-	8,118	-	+2,799	+34.5%
Cost of sales	30,336	-	29,020	-	+1,316	+4.5%
Gross profit	5,594	15.6%	5,222	15.3%	+371	+7.1%
SG&A expenses	4,442	-	4,214	-	+228	+5.4%
Operating income	1,151	3.2%	1,008	2.9%	+142	+14.2%
Non-operating income (loss)	-4	-	18	-	-23	-
Ordinary income	1,146	3.2%	1,027	3.0%	+119	+11.7%
Extraordinary gains (losses)	20	-	0	-	+20	-
Profit attributable to owners of parent	724	2.0%	613	1.8%	+111	+18.2%
Consolidated marginal profit	9,811	27.3%	8,781	25.6%	+1,030	+11.7%
Consolidated fixed costs	8,659	-	7,772	-	+887	+11.4%
Unconsolidated order backlog	13,322	-	10,991	-	+2,331	+21.2%

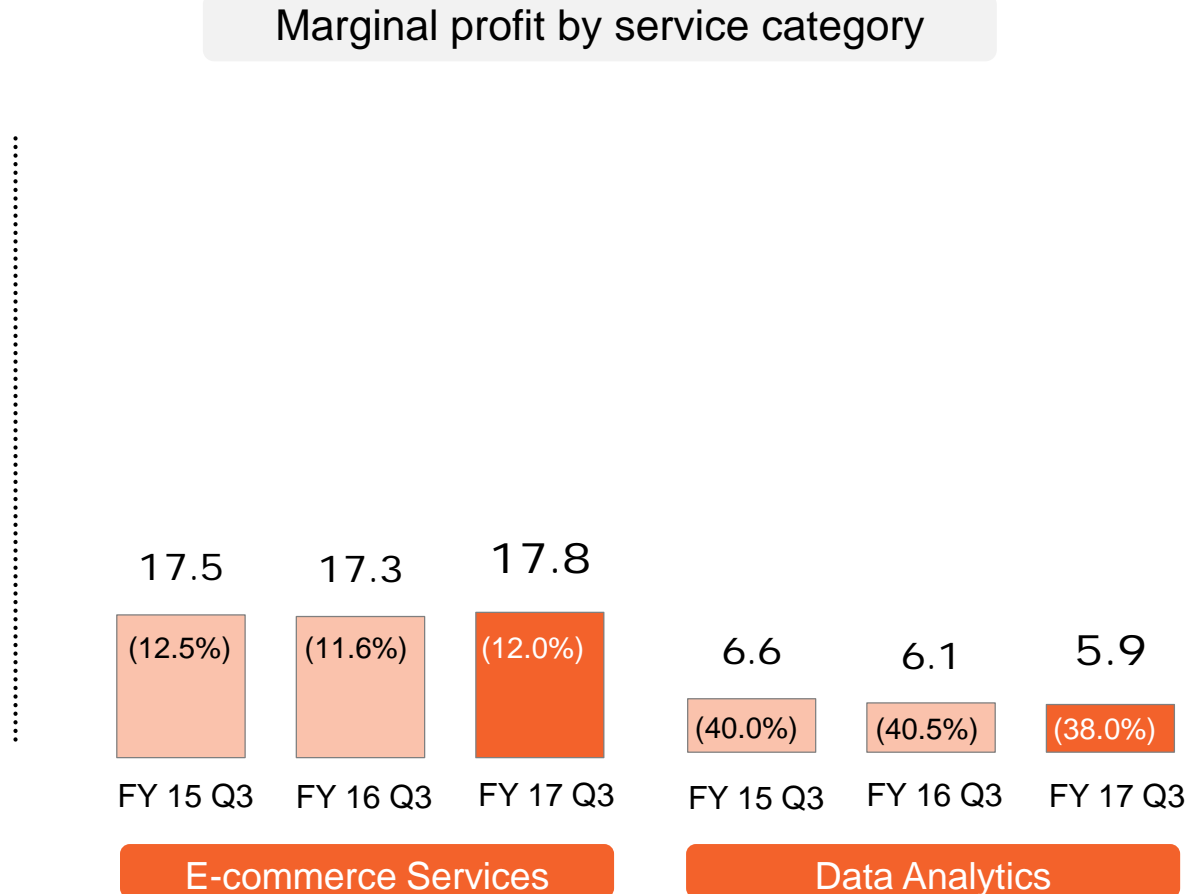
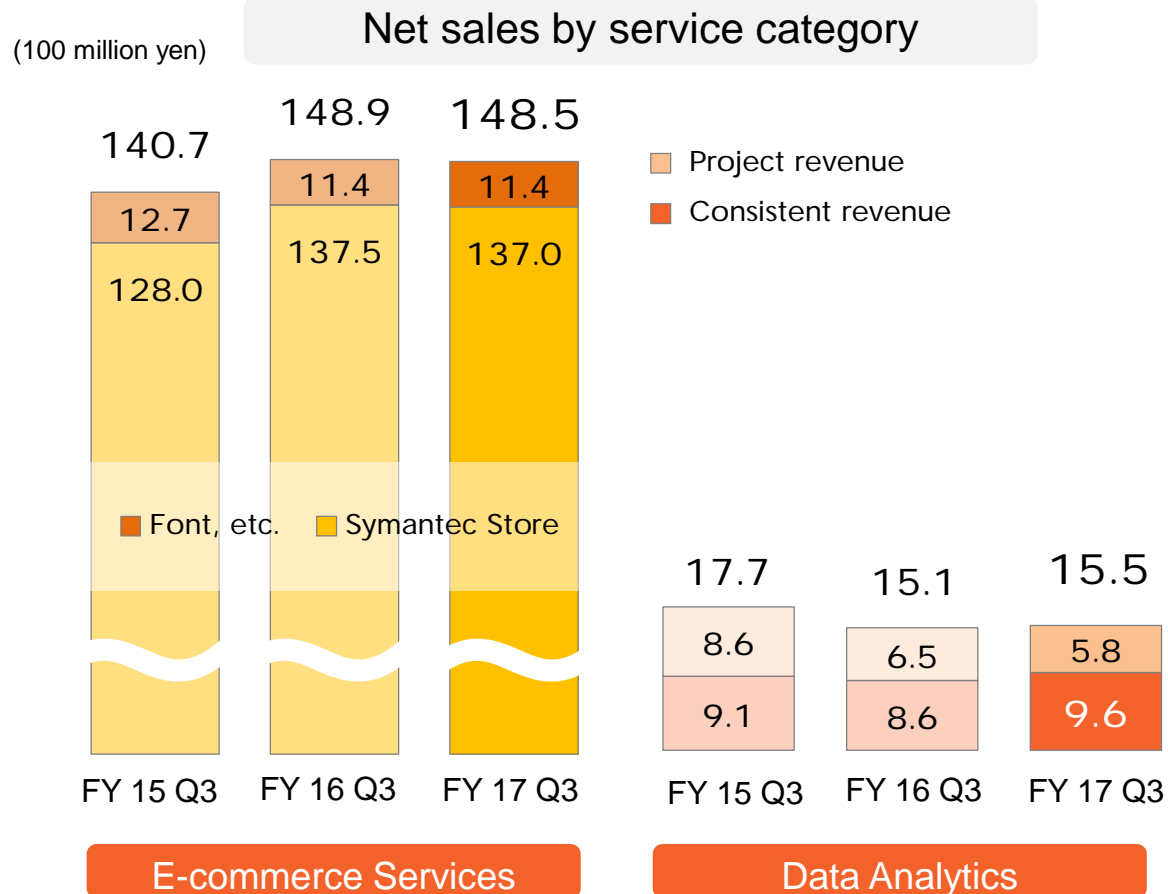
Consolidated results (Millions of yen)		FY 17 Q3	FY 16 Q3	Amount of change	Ratio of change	
Digital Marketing	Net sales	16,405	16,411	-6	-0.0%	
	Marginal Profit	2,377	2,347	+29	+1.3%	
	Ratio	14.5%	14.3%	+0.2 pts	-	
	(1) E-commerce services	Net sales	14,850	14,895	-44	-0.3%
		Marginal Profit	1,785	1,732	+52	+3.0%
		Ratio	12.0%	11.6%	+0.4 pts	-
	(2) Data analytics Focus business	Net sales	1,555	1,516	+38	+2.6%
		Marginal Profit	591	614	-22	-3.7%
		Ratio	38.0%	40.5%	-2.5 pts	-
Platform Solutions	Net sales	8,607	9,713	-1,105	-11.4%	
	Marginal Profit	3,428	3,300	+127	+3.9%	
	Ratio	39.8%	34.0%	+5.8 pts	-	
	(1) IT infrastructure solutions	Net sales	5,457	6,502	-1,044	-16.1%
		Marginal Profit	1,823	1,865	-41	-2.2%
		Ratio	33.4%	28.7%	+4.7 pts	-
	(2) Security solutions Focus business	Net sales	3,149	3,210	-61	-1.9%
		Marginal Profit	1,604	1,435	+169	+11.8%
		Ratio	51.0%	44.7%	+6.3pts	-
Cloud Systems	Net sales	10,918	8,118	+2,799	+34.5%	
	Marginal Profit	4,006	3,133	+873	+27.9%	
	Ratio	36.7%	38.6%	-1.9 pts	-	
	(1) System integration	Net sales	5,947	5,347	+599	+11.2%
		Marginal Profit	2,216	2,098	+117	+5.6%
		Ratio	37.3%	39.2%	-1.9 pts	-
	(2) Cloud solutions Focus business	Net sales	4,970	2,770	+2,200	+79.4%
		Marginal Profit	1,790	1,035	+755	+73.0%
		Ratio	36.0%	37.4%	-1.4 pts	-

Consolidated results (Millions of yen)		FY 15 Q1	FY 15 Q2	FY 15 Q3	FY 15 Q4	FY 15	FY 16 Q1	FY 16 Q2	FY 16 Q3	FY 16 Q4	FY 16	FY 17 Q1	FY 17 Q2	FY 17 Q3	
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	5,232	5,785	
	Marginal Profit	867	805	744	938	3,355	793	772	781	872	3,220	753	794	829	
	Ratio	16.5%	15.5%	14.1%	16.4%	15.6%	14.4%	14.5%	14.0%	15.5%	14.6%	14.0%	15.2%	14.3%	
	(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	4,722	5,245
		Marginal Profit	667	548	536	623	2,375	603	563	566	648	2,381	569	594	621
		Ratio	14.1%	12.1%	11.2%	12.6%	12.5%	12.0%	11.7%	11.2%	12.7%	11.9%	11.7%	12.6%	11.8%
	(2) Data analytics	Net sales	513	660	488	765	2,428	475	516	523	522	2,038	505	510	539
		Marginal Profit	200	257	207	315	980	189	209	214	224	838	183	200	207
		Ratio	39.0%	38.9%	42.4%	41.2%	40.4%	39.9%	40.6%	41.0%	43.0%	41.1%	36.3%	39.3%	38.5%
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	2,691	2,469	
	Marginal Profit	890	1,037	917	1,334	4,179	1,012	1,202	1,085	1,420	4,720	1,130	1,158	1,139	
	Ratio	39.5%	33.7%	34.5%	26.8%	32.2%	38.1%	30.1%	35.5%	27.6%	31.8%	32.8%	43.0%	46.2%	
	(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	1,577	1,415
		Marginal Profit	546	647	508	878	2,581	581	716	566	740	2,605	628	615	579
		Ratio	34.2%	29.5%	29.6%	22.9%	27.6%	31.5%	25.3%	31.1%	21.1%	26.0%	25.5%	39.0%	40.9%
	(2) Security Solutions	Net sales	656	880	938	1,152	3,628	809	1,164	1,236	1,646	4,857	983	1,113	1,053
		Marginal Profit	344	390	408	455	1,598	430	485	519	680	2,115	501	542	560
		Ratio	52.4%	44.4%	43.5%	39.5%	44.1%	53.2%	41.7%	42.0%	41.3%	43.6%	51.0%	48.7%	53.3%
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	4,153	3,473	
	Marginal Profit	719	1,122	991	1,569	4,403	873	1,128	1,131	1,792	4,926	1,100	1,543	1,362	
	Ratio	42.5%	52.0%	39.7%	35.8%	41.0%	34.7%	39.4%	41.3%	34.5%	37.0%	33.4%	37.1%	39.2%	
	(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	2,073	2,045
		Marginal Profit	579	657	614	648	2,499	544	701	852	899	2,997	672	776	766
		Ratio	52.7%	52.8%	46.6%	31.6%	43.7%	38.6%	38.3%	40.5%	36.4%	38.3%	36.8%	37.5%	37.5%
	(2) Cloud solutions	Net sales	593	917	1,176	2,329	5,015	1,106	1,030	633	2,722	5,492	1,462	2,080	1,427
		Marginal Profit	139	465	377	920	1,903	329	426	279	893	1,928	428	766	595
		Ratio	23.6%	50.8%	32.1%	39.5%	38.0%	29.8%	41.4%	44.0%	32.8%	35.1%	29.3%	36.8%	41.7%

*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 by the Symantec Store remained on a declining trend.
Orders for website access analysis tools declined.



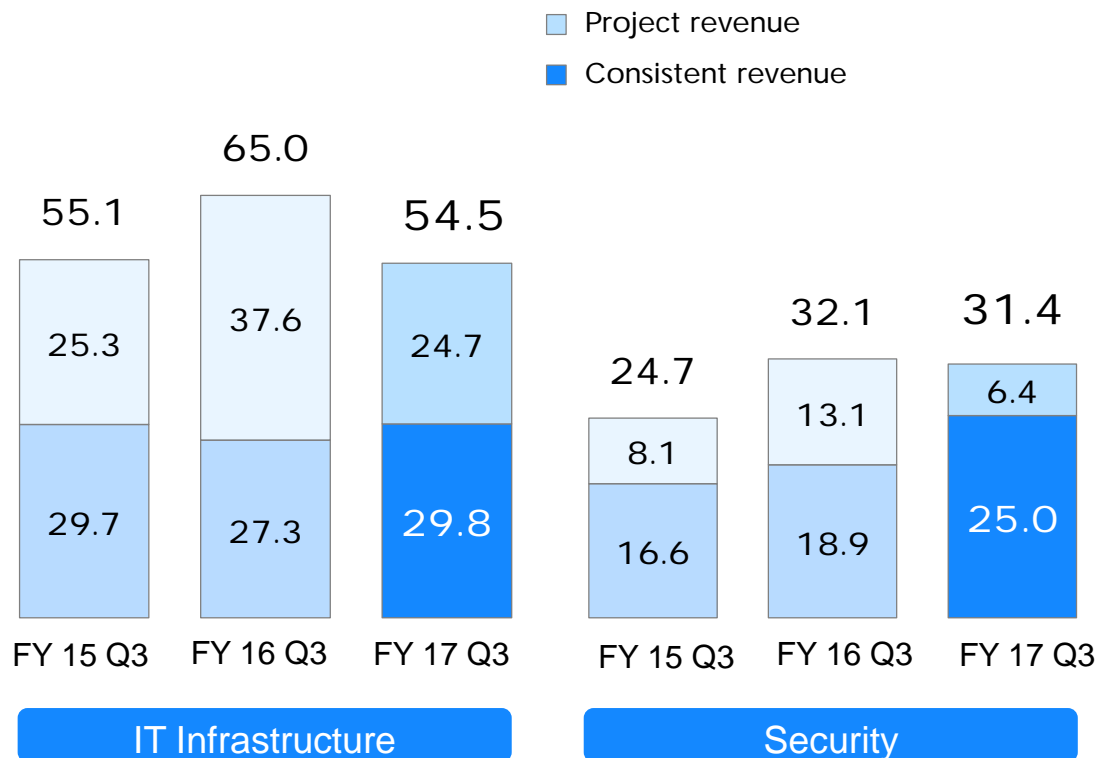
Progress in Platform Solutions



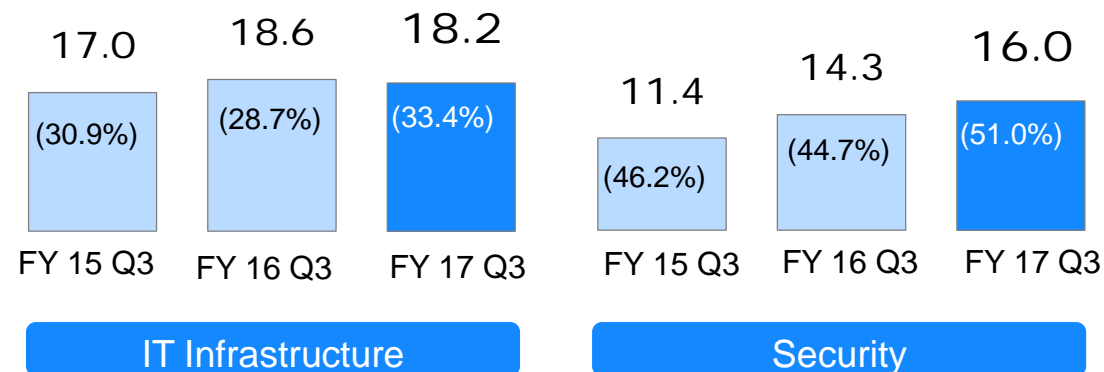
Decreased hardware offering resulted in a decrease in net sales and improved margin
Hardware sales declined, while sales of high-margin subsidiaries increased

(100 million yen)

Net sales by service category



Marginal profit by service category



Progress in Cloud Systems



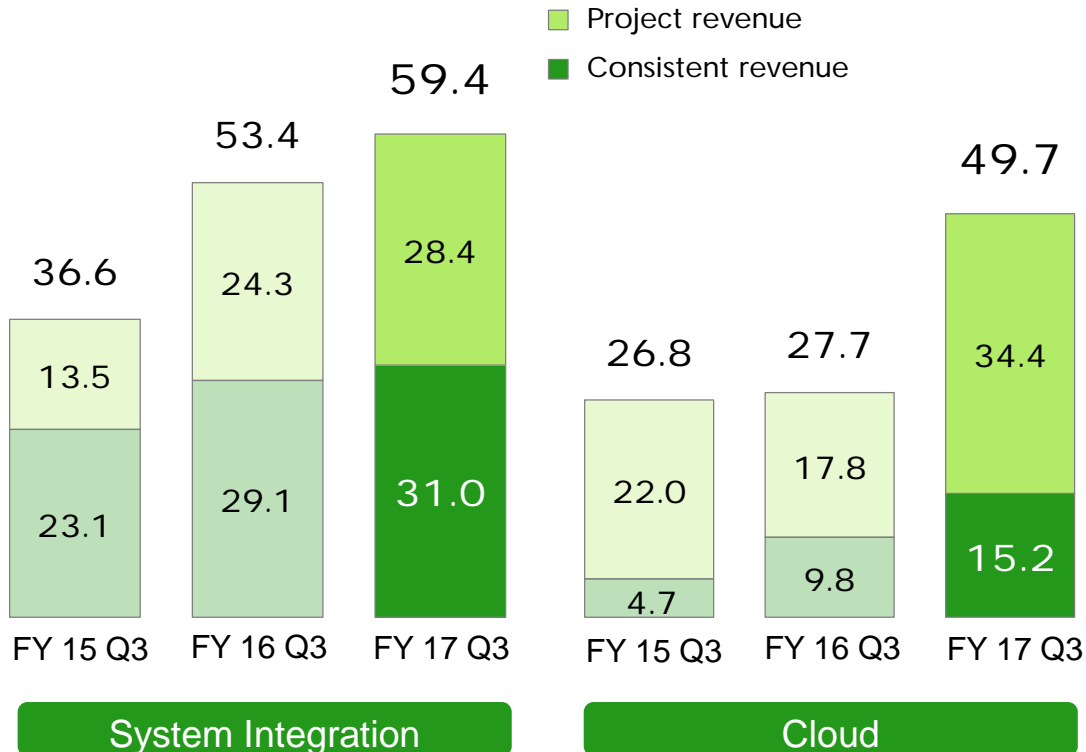
System development projects for the SoftBank Group increased.



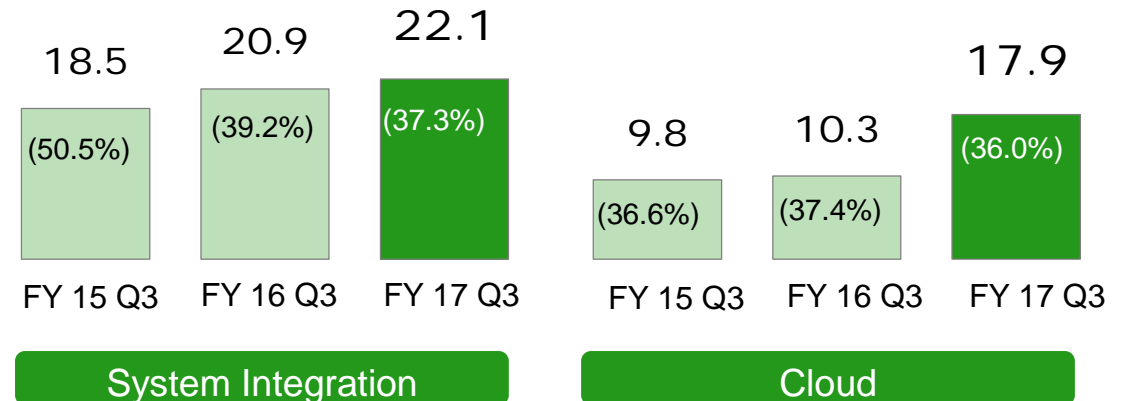
Cloud development, operation/service projects for enterprises (corporations, government offices) increased.

(100 million yen)

Net sales by service category



Marginal profit by service category



SoftBank
Technology

Information Revolution
- Happiness for everyone

Harnessing the Power of Technology
to Build a Brighter Future