

Fiscal Year Ended March 31, 2018 (FY 2017)

Results of Operations

April 26, 2018

SoftBank Technology Corp.

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Results Overview

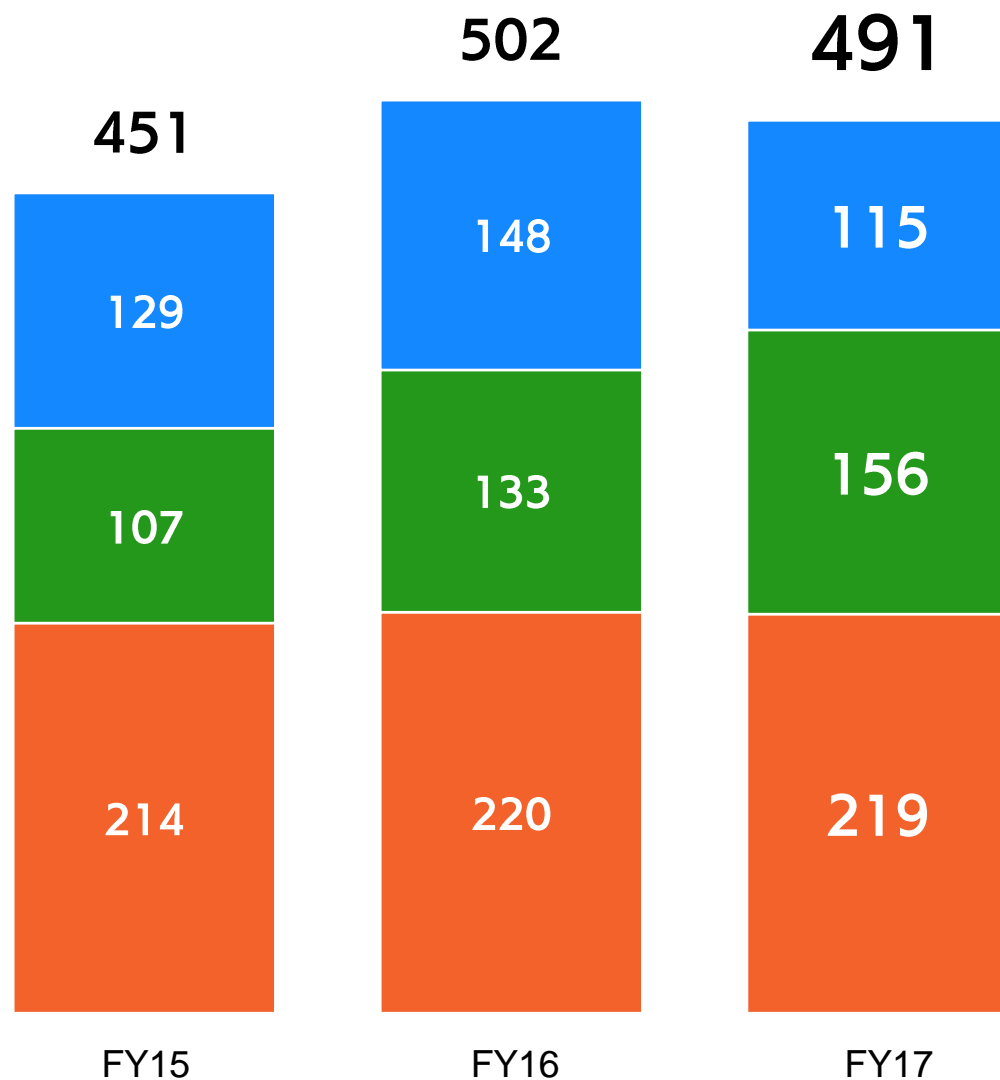
FY 2017 ended March 2018 Full-Year Results (vs. previous year)

Overview

- Sales decreased because of a decline in hardware sales in association with a review of product lineup.
- Ordinary income increased, which driven by an increase in profits of entities applied for equity method.

(Millions of yen)	FY17	FY16	Amount of change	Ratio of change
Net sales	49,140	50,225	- 1,084	- 2.2%
Operating income	2,176	2,241	- 64	- 2.9%
Ordinary income	2,399	2,286	+ 113	+ 4.9%
Profit attributable to owners of parent	1,556	1,598	- 41	- 2.6%
EBITDA	3,309	3,232	+ 77	+ 2.4%

Net Sales by Service



(100 million yen)

FY17 Net sales **49.1** billion yen

YoY change - 1.0 billion yen (- 2.2%)

Net sales by service (YoY change)

Platform Solutions

↘ - 3.3 billion yen (- 22.2%)

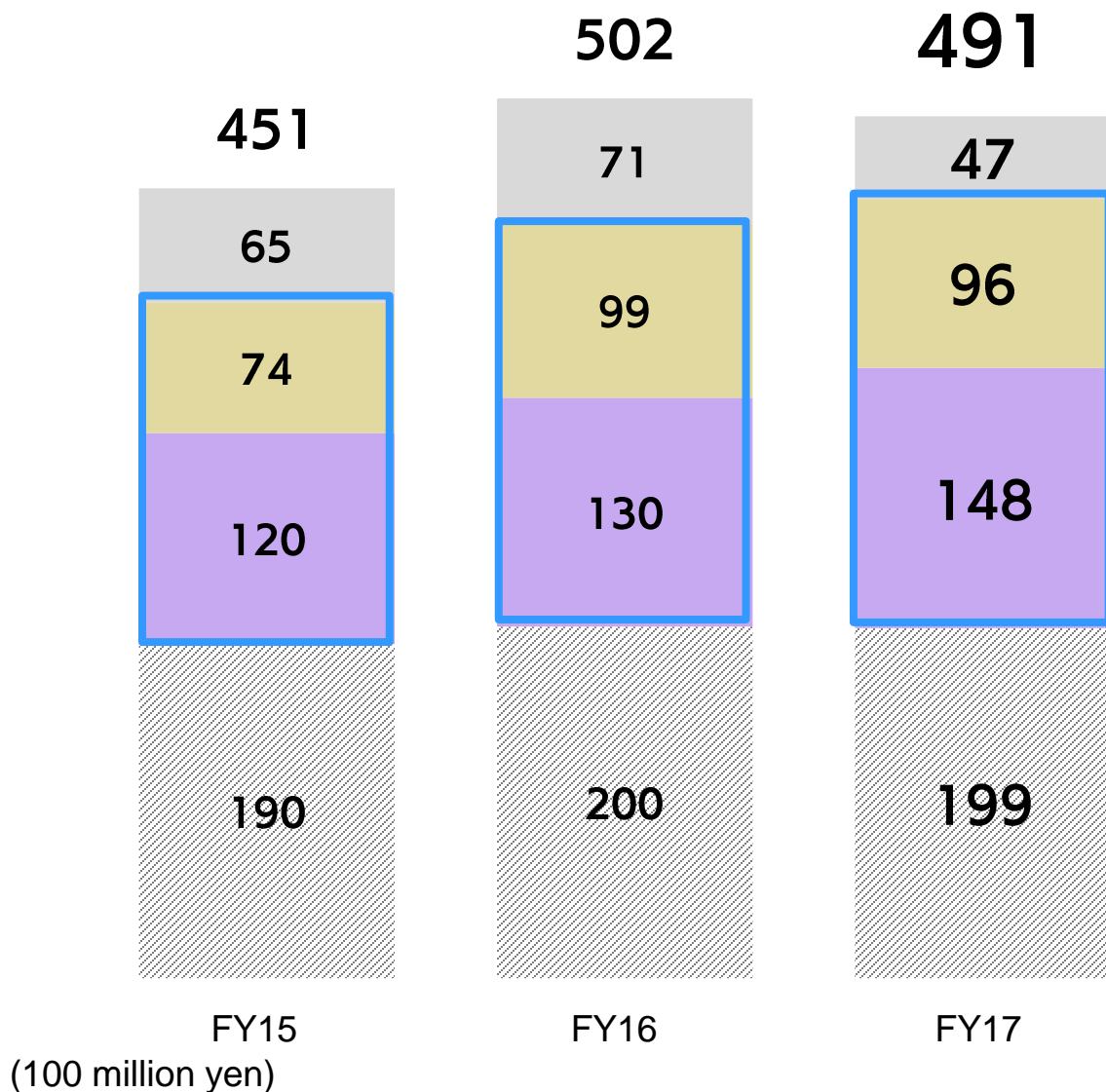
Cloud Systems

↗ + 2.3 billion yen (+17.3%)

Digital Marketing

→ - 0.0 billion yen (- 0.4%)

Net Sales by Business Type



Operation and services of SB Group and public-sector projects developed in the previous fiscal year expanded continuously

Net Sales by business type (YoY change)

Hardware sales

➡ - 2.4 billion yen (- 33.9%)

Development

➡ - 0.3 billion yen (- 3.4%)

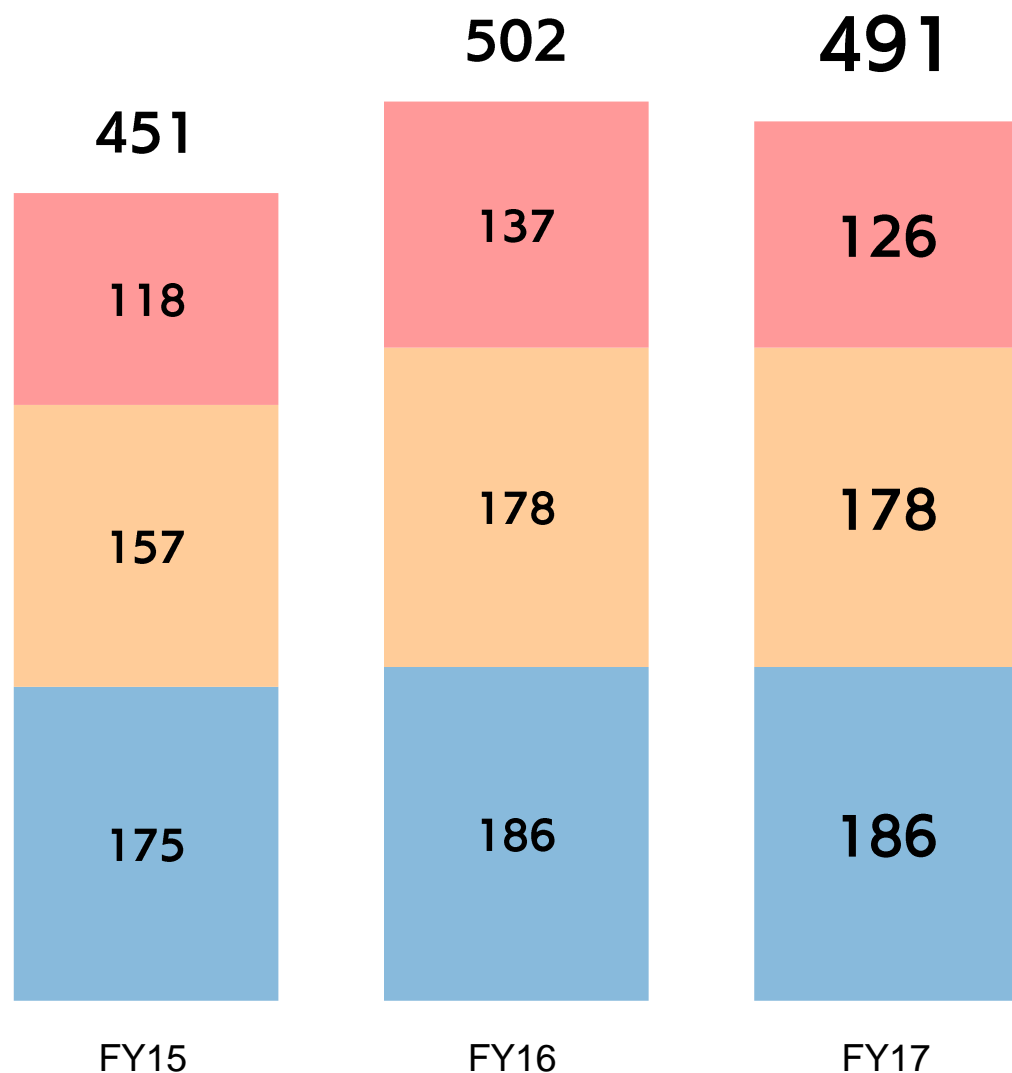
Operation and services

➡ + 1.7 billion yen (+13.7%)

E-commerce sales

➡ - 0.1 billion yen (- 0.6%)

Net Sales by Customer Type



(100 million yen)

SB Group

YoY change -1.0 billion yen (- 7.6%)
Hardware sales decreased since Q2

Enterprises/Public offices and Municipalities

YoY change +0.0 billion yen (+ 0.0%)
Large-scale development projects in the previous year shifted to operation and services

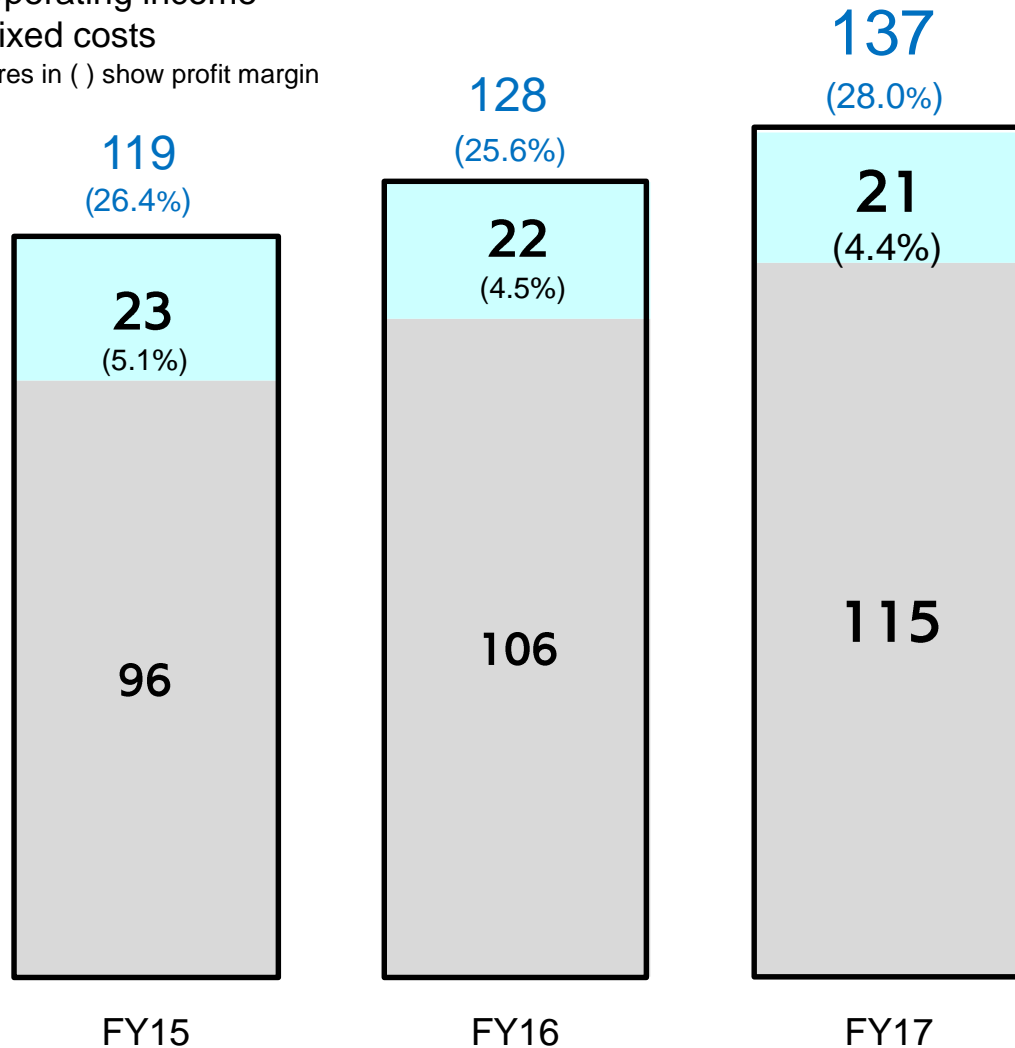
Individuals

YoY change - 0.0 billion yen (- 0.3%)

Marginal Profit

- Marginal Profit
- Operating income
- Fixed costs

*Figures in () show profit margin



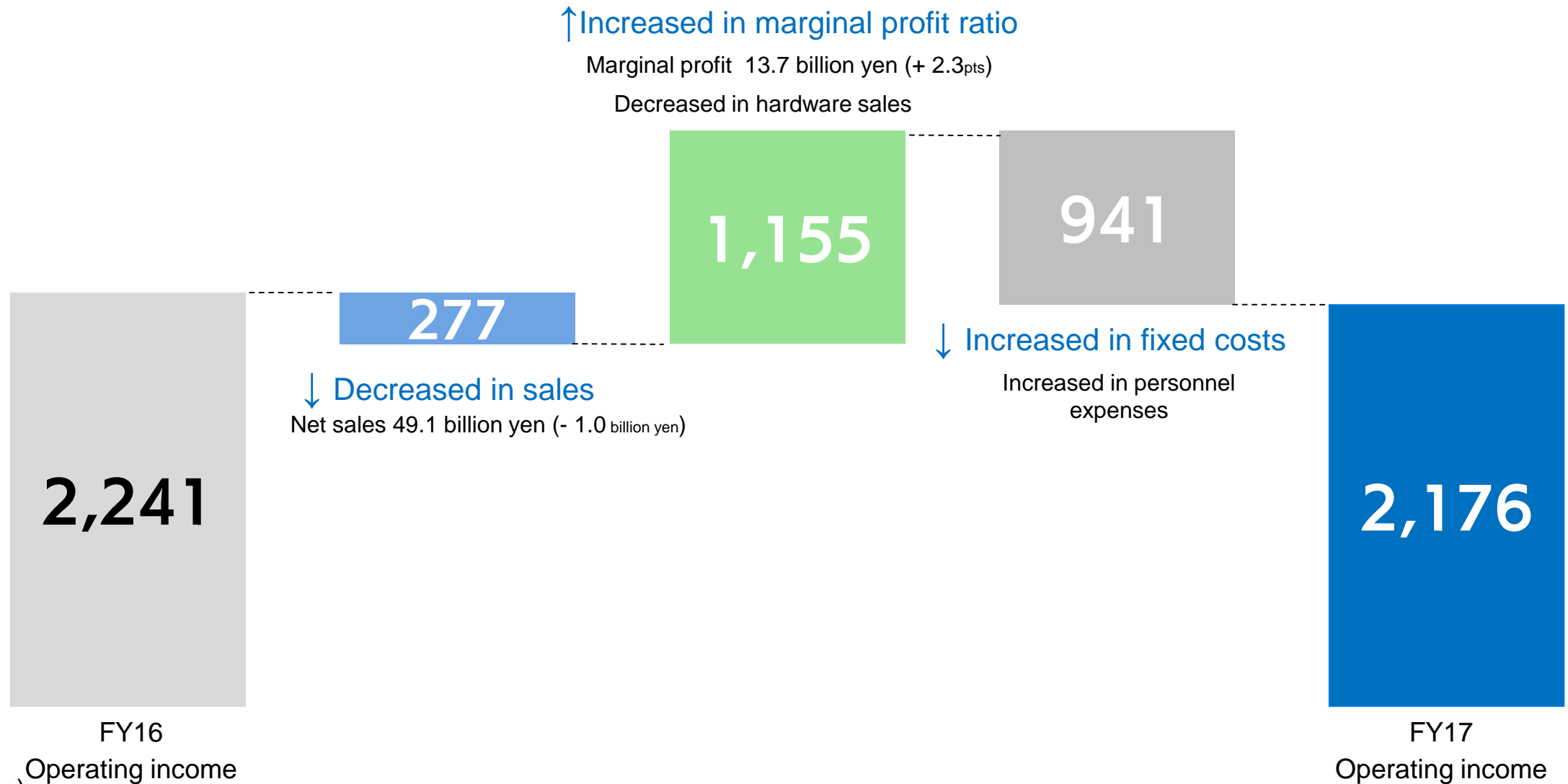
(100 million yen)

FY17
Marginal Profit **13.7** billion yen
YoY change + 0.8 billion yen (+ 6.8%)

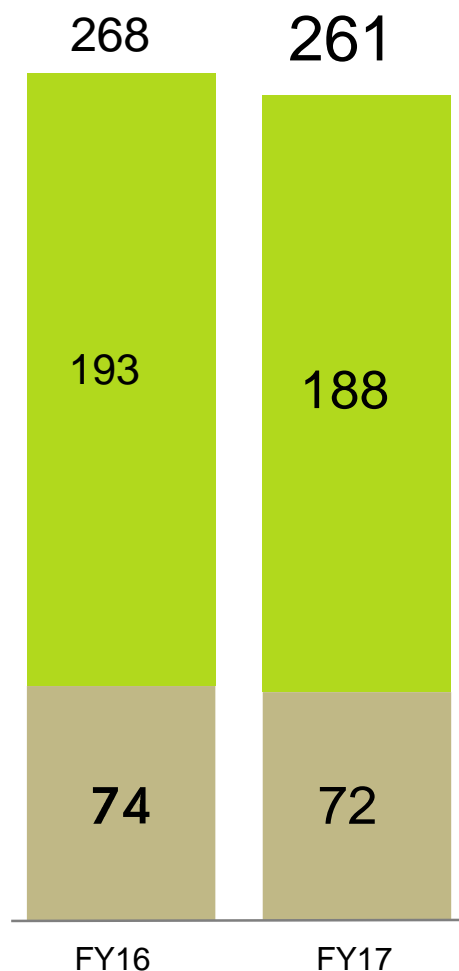
FY17
Operating income **2.1** billion yen
YoY change - 0.0 billion yen (- 2.9%)

Marginal profit ratio improved with a decline in hardware sales since Q2 (up 2.4 pts YoY). Personnel and office expenses increased because of an increase in employees.

YoY Changes in Operating Income



Balance Sheet Comparison with Previous Fiscal Year-End

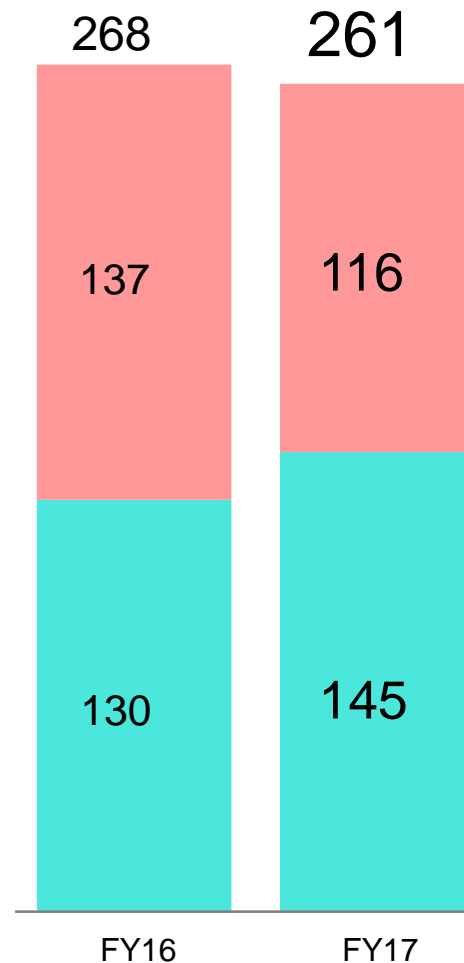


Current assets

Cash and deposits	7.6 billion yen
YoY Change	+ 1.4 billion yen
Notes and accounts receivables-trade	9.5 billion yen
YoY Change	- 1.9 billion yen

Non-current assets

Goodwill	0.8 billion yen
YoY Change	- 0.1 billion yen



Liabilities

Accounts receivable-trade	5.5 billion yen
YoY Change	- 1.6 billion yen
Long-term loans payable	0.3 billion yen
YoY Change	- 0.3 billion yen
Long-term advances received	0.6 billion yen
YoY Change	- 0.2 billion yen

Net assets

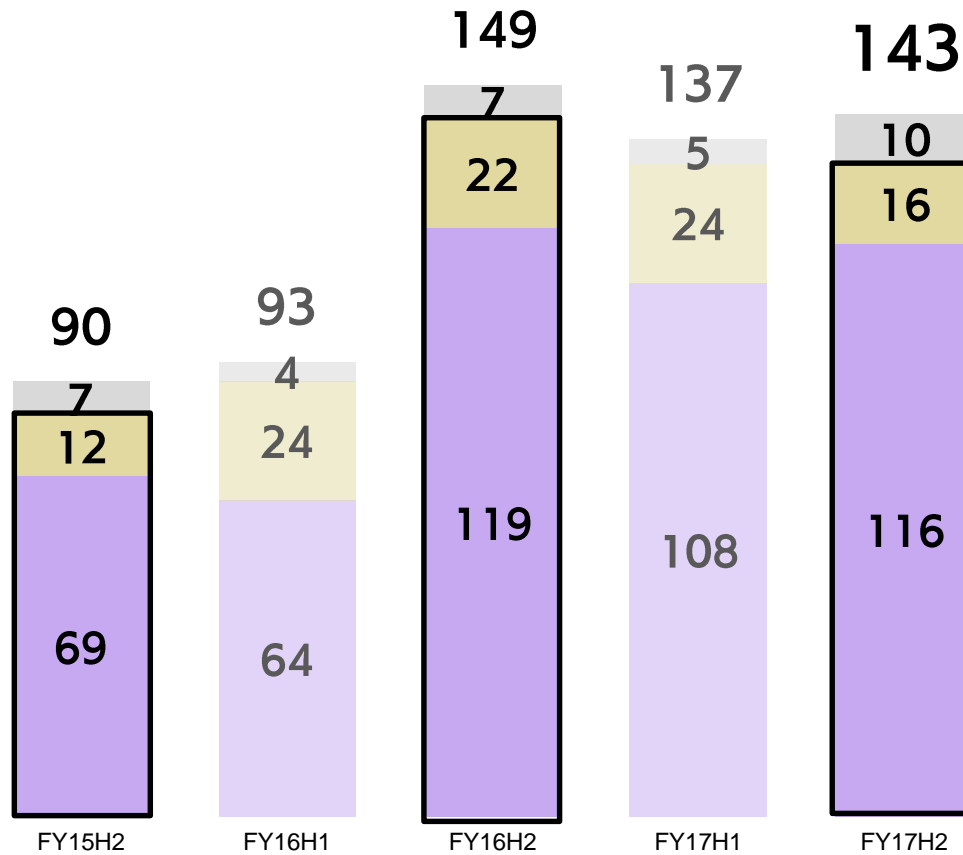
Capital surplus	0.8 billion yen
YoY Change	+ 0.1 billion yen
Retained earnings	13.2 billion yen
YoY Change	+ 1.2 billion yen

Order Backlog (Excluding E-commerce Services)

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

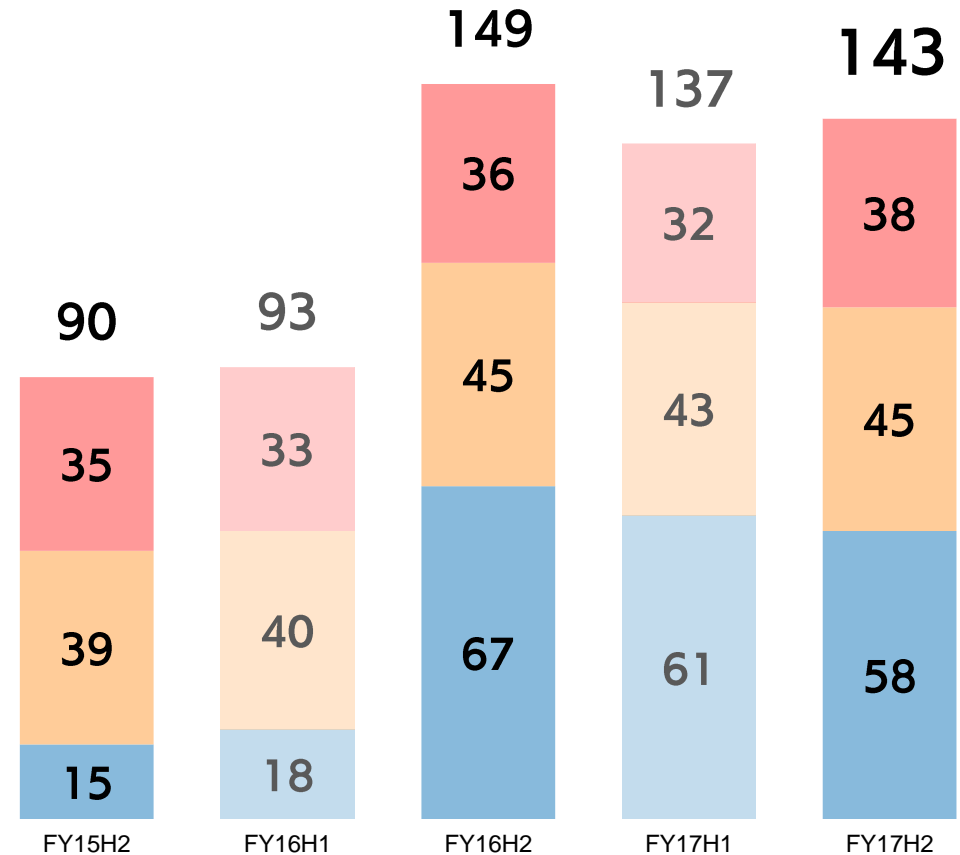
By business type

(100 million yen)



By customer type

(100 million yen)

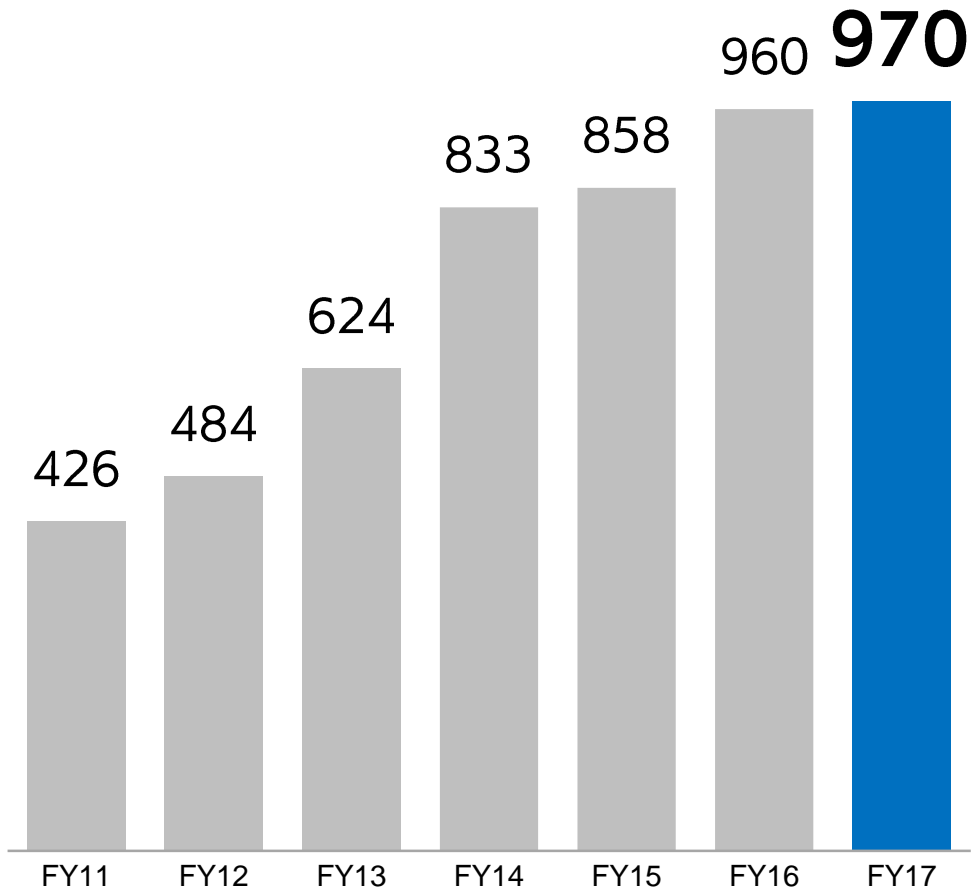


■ Operation and services ■ Development ■ Hardware sales

■ Public Offices ■ Enterprises ■ SB Group

Employment and IT Qualification

Number of employees (consolidated)

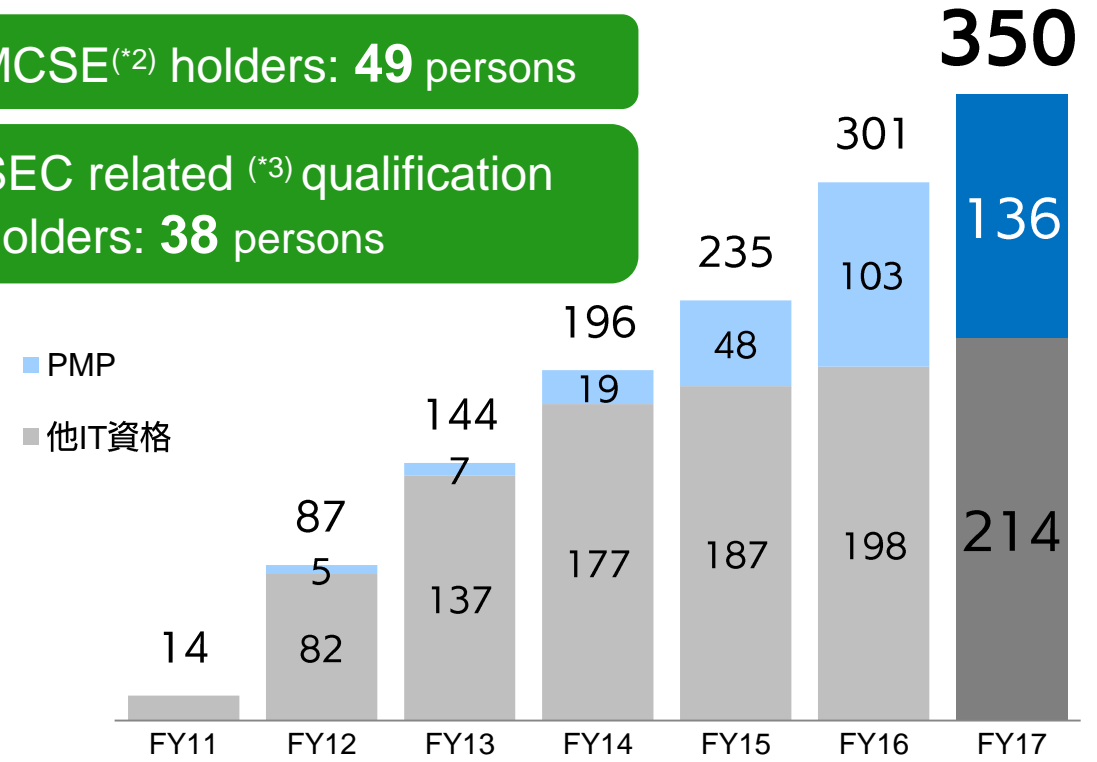


Number of Advanced-level IT qualification holders

PMP^(*1) holders: **136** persons

MCSE^(*2) holders: **49** persons

SEC related ^(*3) qualification holders: **38** persons



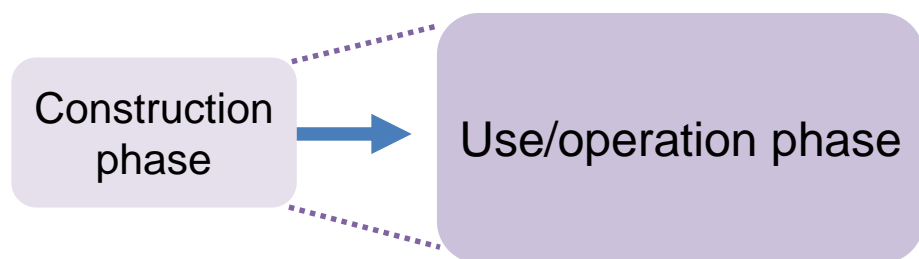
*1: International standard certification for project management

*2: The highest-level Microsoft certification for system engineer

*3: Certifications such as Certified Information System Security Professional (CISSP)

Performance Impact Topic (1)

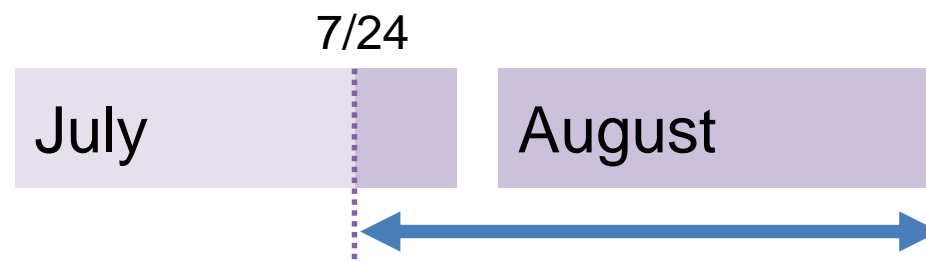
Additional work for handling local government security cloud projects



Labor cost increased for unexpected tasks at the time of migration and monthly operation work

Increased in burden of about 100 million yen

Response to a security incident

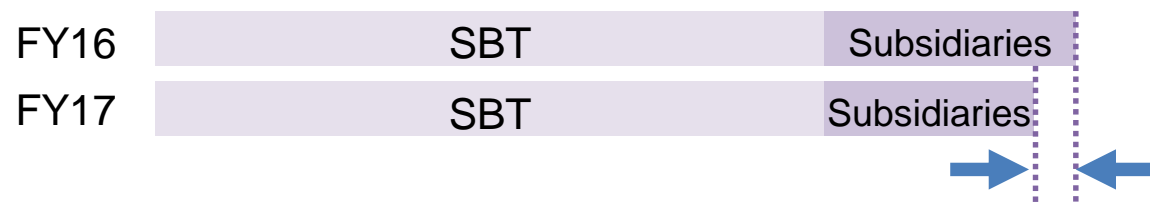


Focused on customer correspondence and restructure of internal rules from the occurrence of the incident on July 24 to the end of August

Impacted activities for winning orders toward 4Q

Performance Impact Topic (2)

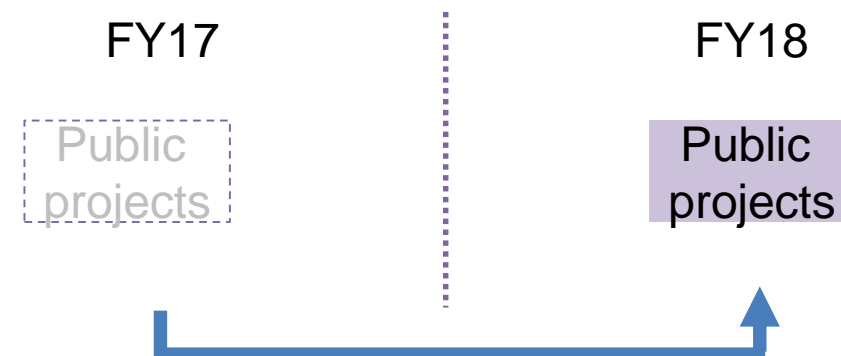
Profit contribution of SBT subsidiaries



(Millions of yen)	FY16	FY17	
(i) Consolidated operating income	2,241	2,176	
(ii) SBT operating income	1,622	1,655	+ 33
Subsidiaries' contribution to operating income (i) - (ii)	619	512	- 107

Difference in 4Q forecast

Impact of public-sector business



Budget execution of projects expected in 4Q was moved to the next fiscal year

Impact on projects forecasted in 4Q

Overview

- Profit margin improved with growth in cloud services and recurring business.
- Enhanced talent and investments made for business expansion.

(Millions of yen)	FY18 Forecast	FY17 Results	Amount of change	Ratio of change
Net sales	52,000	49,140	+ 2,859	+ 5.8%
Operating income	2,500	2,176	+ 323	+ 14.9%
Ordinary income	2,500	2,399	+ 100	+ 4.2%
Profit attributable to owners of parent	1,600	1,556	+ 43	+ 2.8%

Progress of the Second Three-Year Plan

From fiscal year ended March 2017 to fiscal year ending March 2019

 SoftBank
 Technology

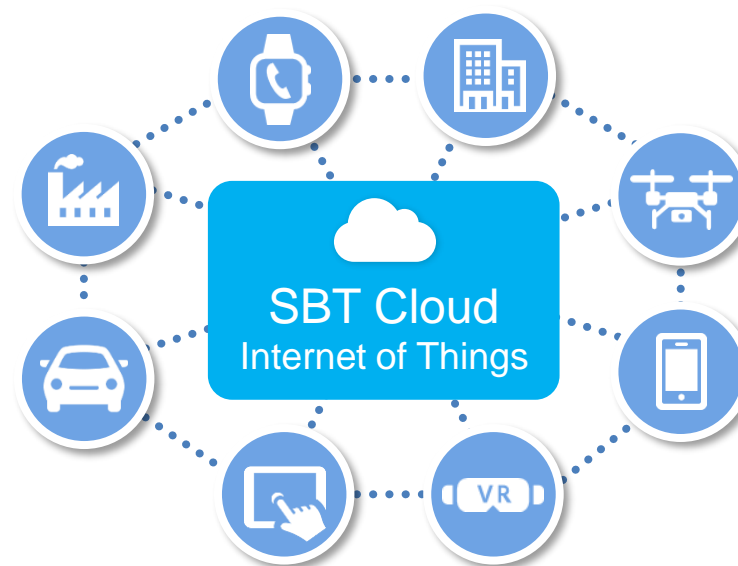
Basic Strategies of the Second Three-Year Plan

Cloud integration



+

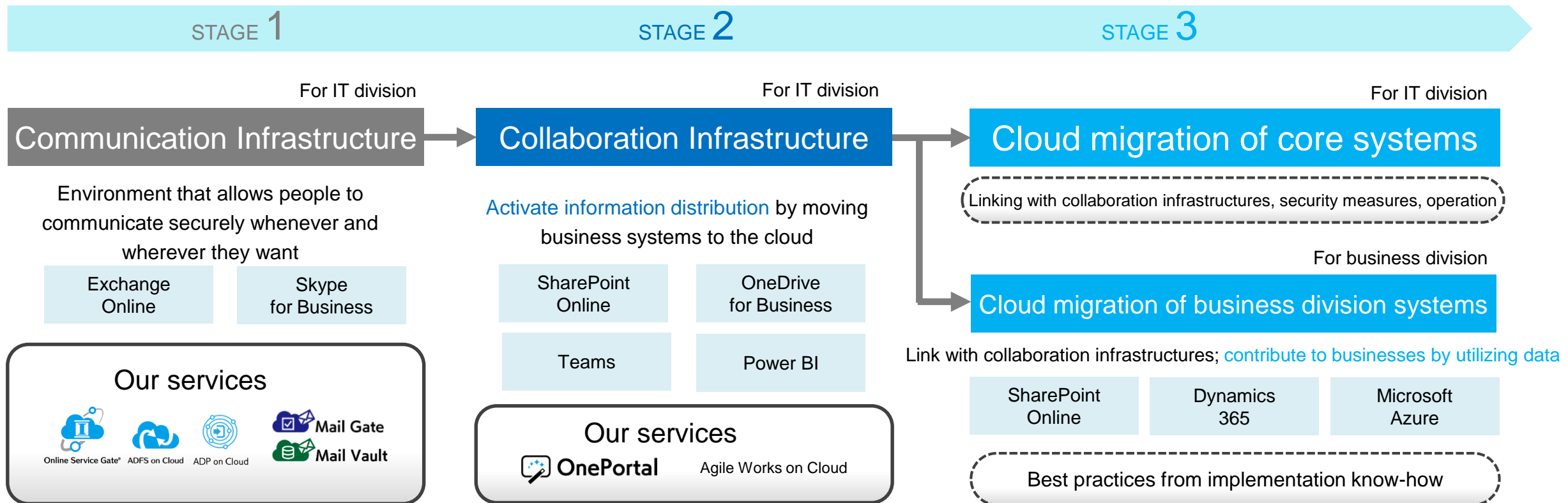
IoT business development



A business partner to customers

Provide added value by moving systems to the cloud and beyond cost cutting using information technology.
Contribute to growth of core businesses and creation of new businesses with knowledge in cutting-edge technologies, such as AI and IoT, moving up the roles of the Company.

Cloud Integration: Accumulate Collaboration Infrastructure Knowledge

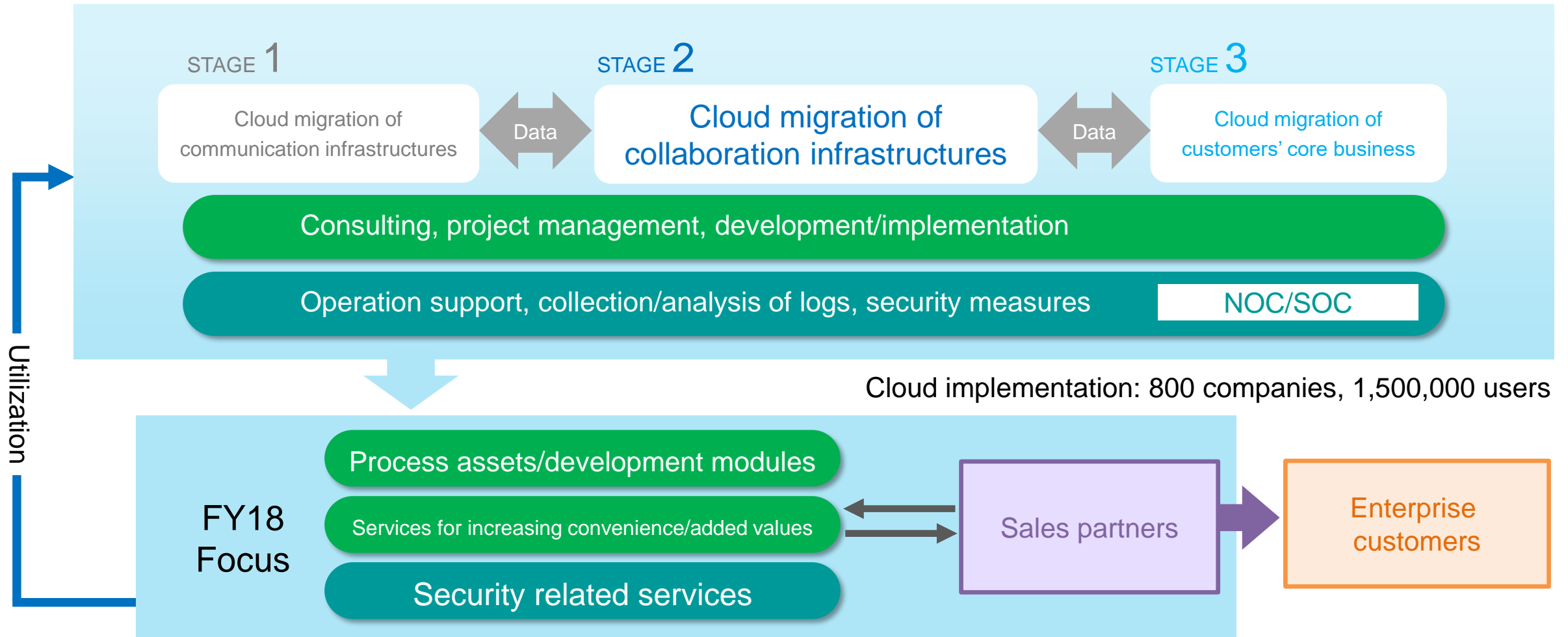


STAGE 2 Goals

- Identify common features across industries and industry-specific characteristics
- Accumulate successful models for initiatives such as workstyle reform through a shift to cloud-based collaboration infrastructures
- Establish best practices of security measures incidentally required

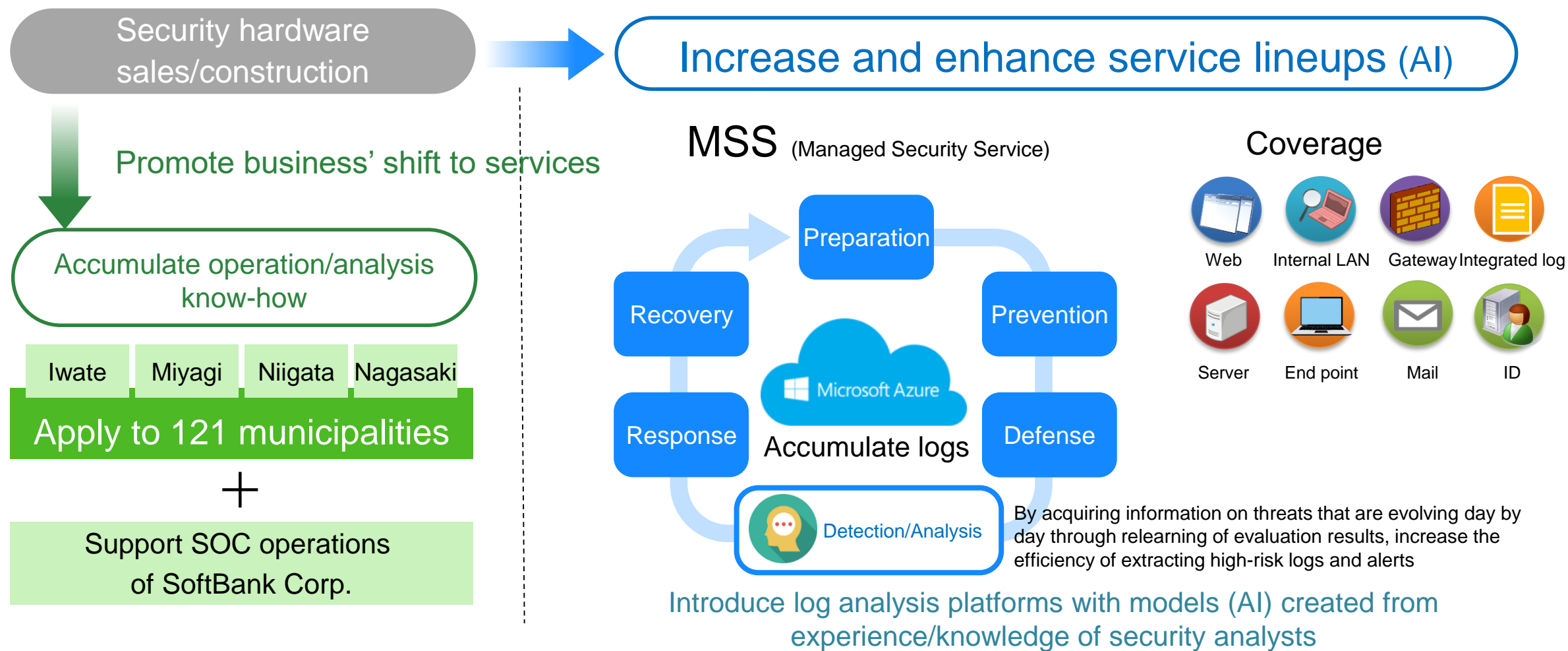


Cloud Integration: Monetize Accumulated Knowledge



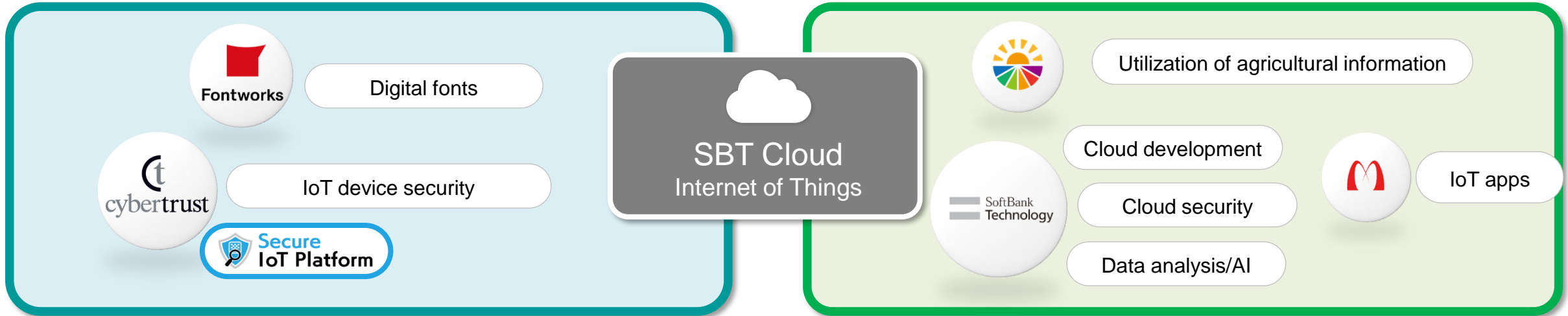
Use acquired knowledge and assets in projects and accelerate channel sales

Cloud Integration: Increase Sales by Promoting MSS



Shift from one-time business to recurring business

IoT Business Development: Policy



From chips, boards, embedding fields

From software, data utilization

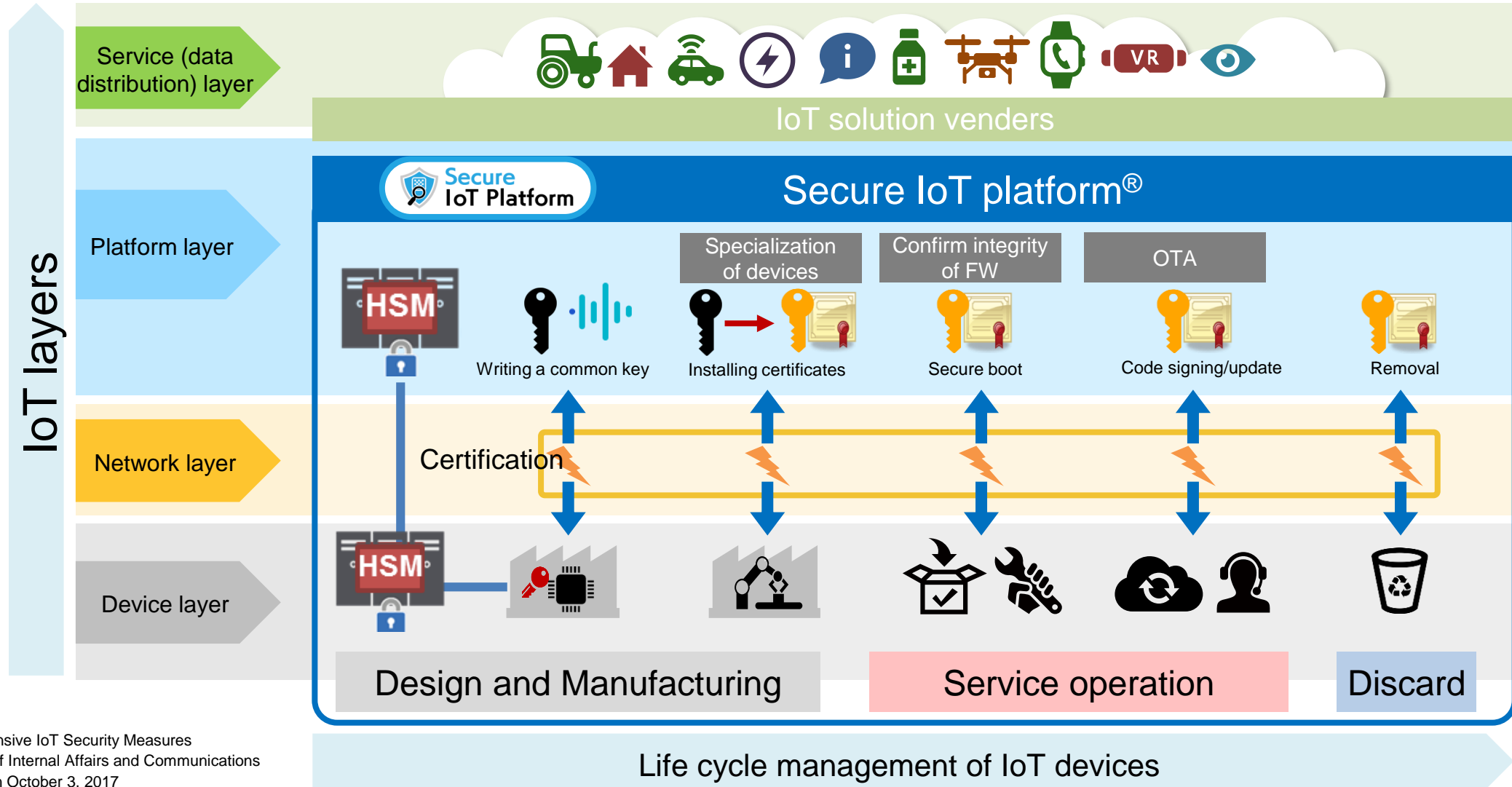
Business model:
monthly service fees, revenue sharing

Extension of cloud business
From development to operation services

Provide values through integrated services from the device side to the cloud side

IoT Business Development: Device Side

Establish a structure for business promotion (merger) → shift to handling of actual projects

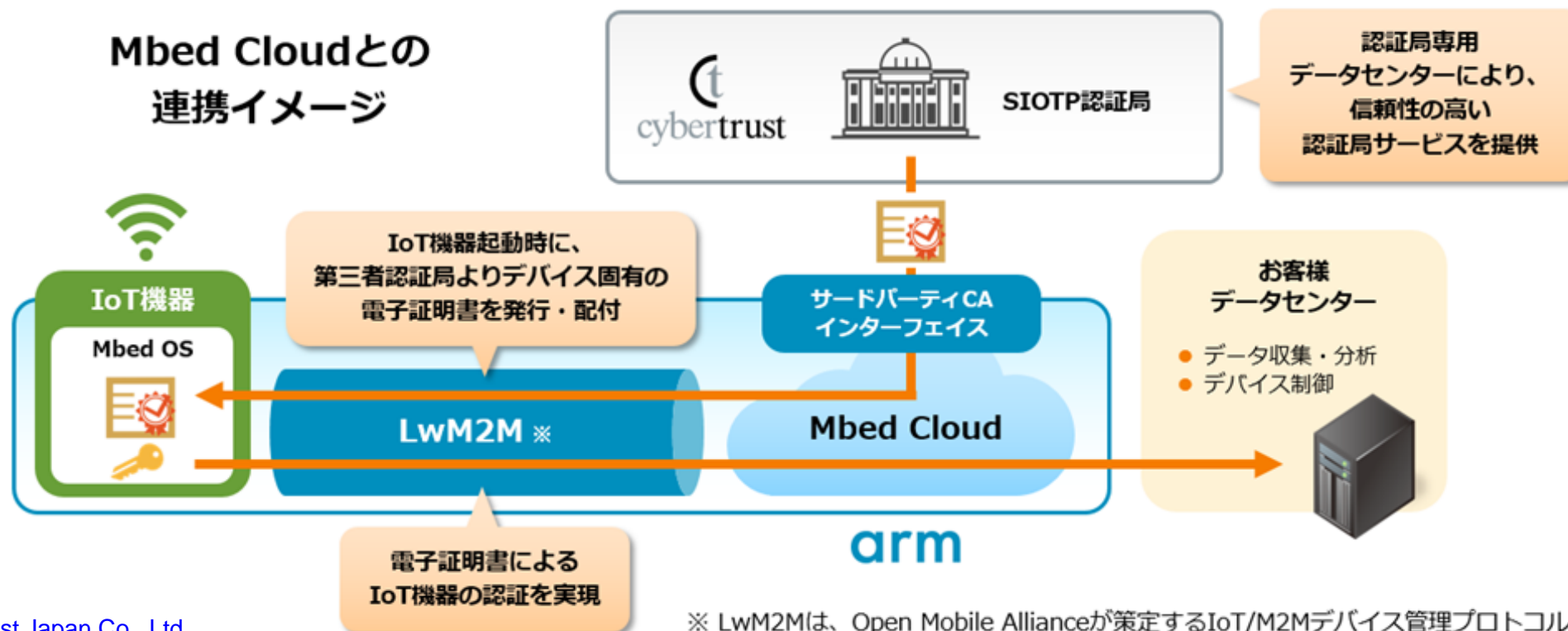


Reference: SIOTP's Third-Party Certification Authority Linkage Function

SIOTP certification authority becomes Japan's first to respond to the third party authentication authority linkage function of Arm Mbed Cloud.

Benefits for IoT device manufacturers and service providers

IoT devices can be securely authenticated with electronic authentication without advanced security implementation knowledge.



IoT Business Development: Cloud Side

Cloud computing



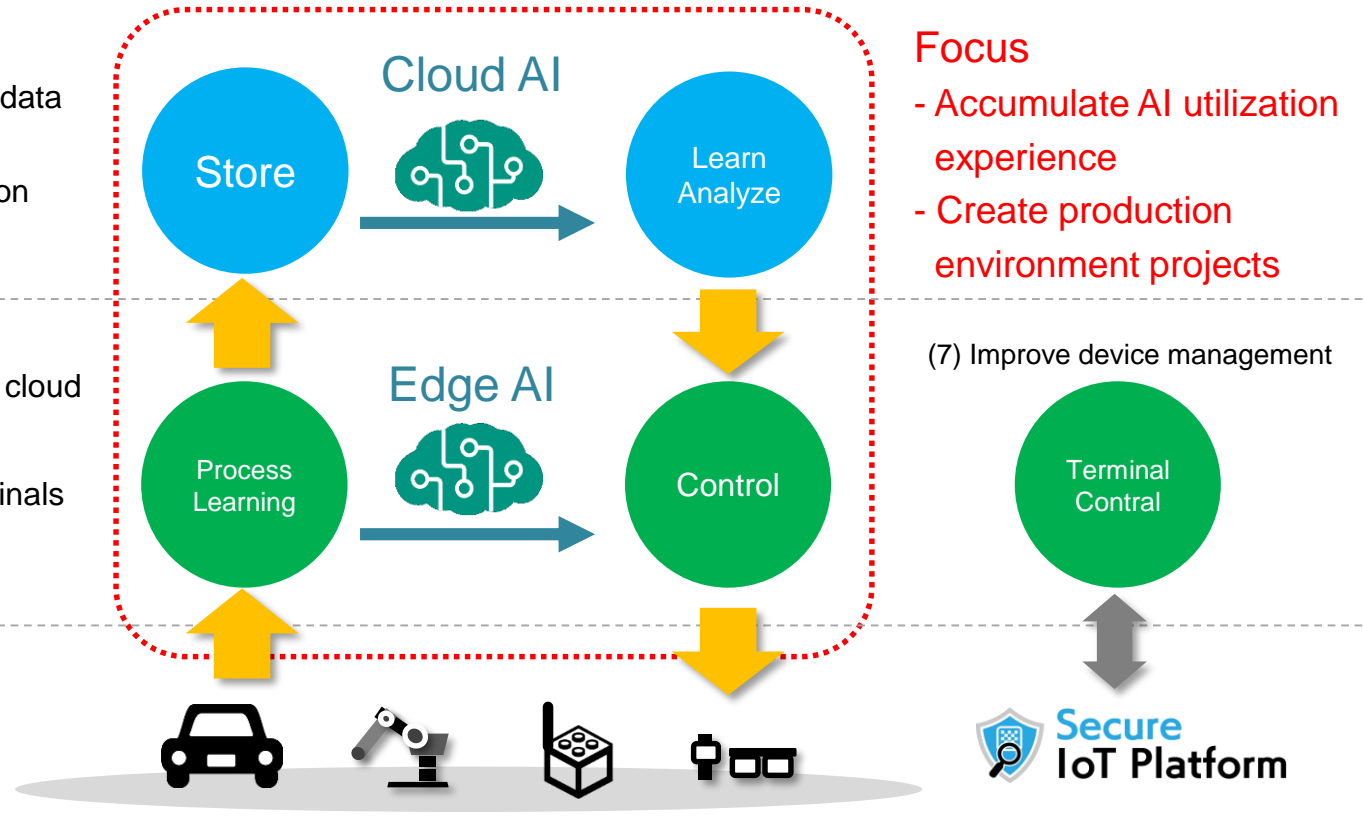
- (1) Make communication data lighter
- (2) Improve communication robustness

Edge computing

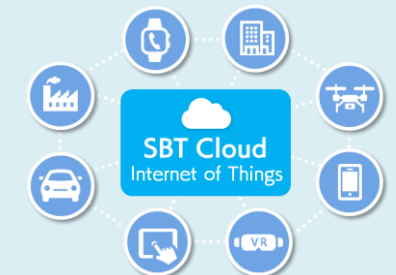


- (3) Reduce burden of the cloud
- (4) Protect data privacy
- (5) Assist powerless terminals
- (6) Control terminals with low latency

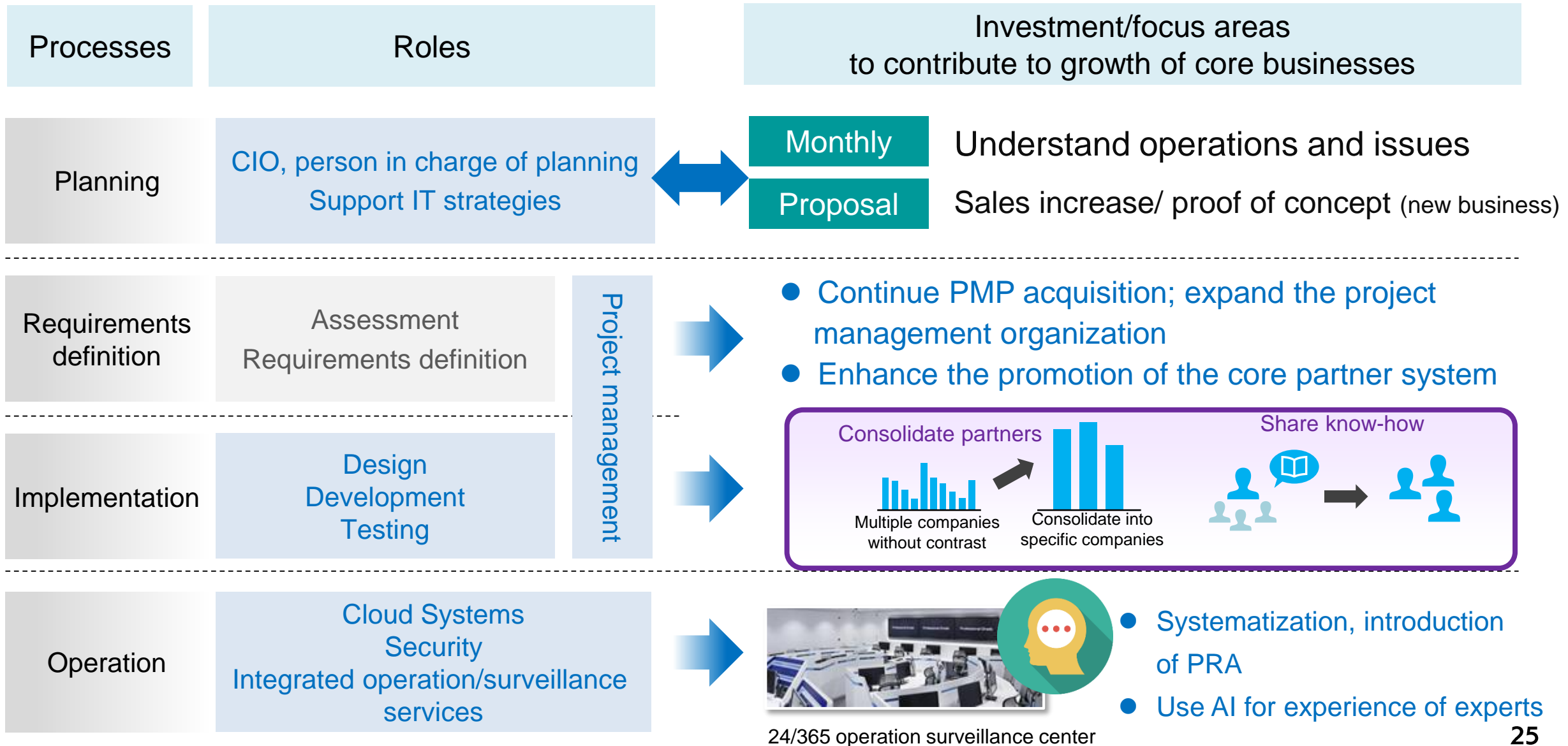
Devices



- Use AI for expert knowledge on cloud and security operations
- Promote utilization of data that combines big data, the area of strength, and AI
- Establish business models that combine data utilization models and IoT devices



Initiatives to the Goal of Becoming a Business Partner



Investment for Further Growth

Workstyle Reforms

On/off switching (balance)



- Flextime system without core time
- Project complete leave

Growth support (secure and retain competent talent)



- Grade skipping system for new employees
- Certification acquisition support

Use of ICT (reduction and creation of time)

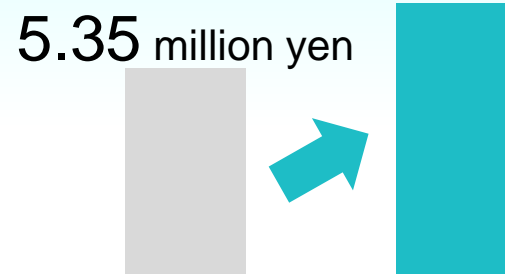


- Sharing information across the organization
- Use of web meetings, mobile devices

Higher average annual salary

(SBT unconsolidated)

5.35 million yen → 7.03 million yen

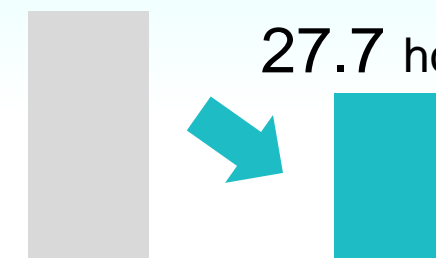


2012 → 2018 (outlook)

Establish compensation structures that correspond to development of roles

Measures against excessive work

41.8 hours → 27.7 hours



FY15 → FY17

Review operations and utilize time effectively

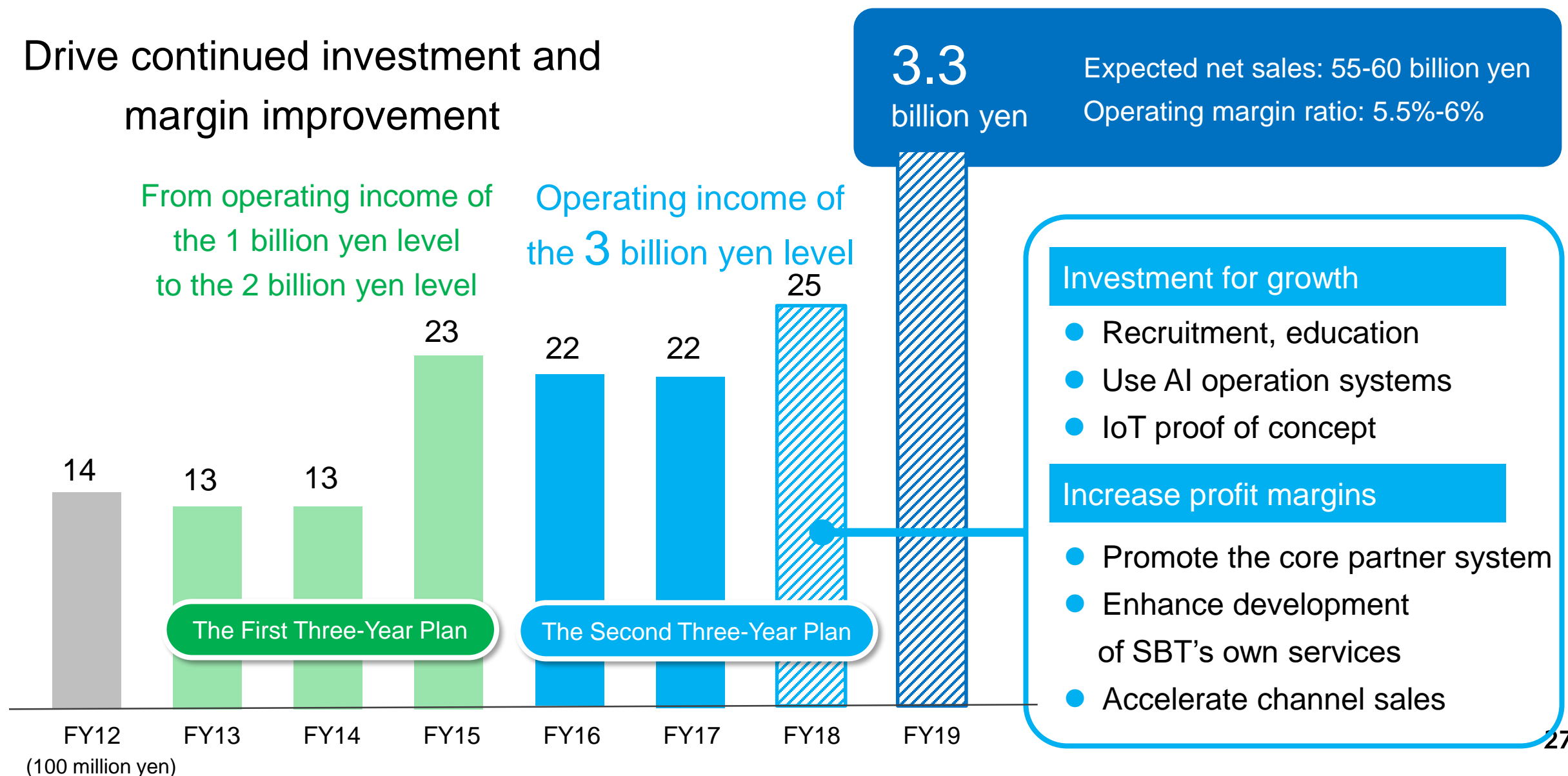


Balance between cutting overtime and increasing annual salary

Promote efforts to “*increase efficiency and productivity, and create new value*”

To achieve significant growth

Drive continued investment and margin improvement



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.

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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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Information Revolution
- Happiness for everyone
Harnessing the Power of Technology
to Build a Brighter Future

Numerical Data

FY 2017 ending March 2018 Q4 Results (vs. previous year)

(Millions of yen)	FY17 Q4	FY16 Q4	Amount of change	Ratio of change
Net sales	13,209	15,982	- 2,772	- 17.3%
Operating income	1,024	1,232	- 207	- 16.8%
Ordinary income	1,252	1,259	- 6	- 0.5%
Profit attributable to owners of parent	831	985	- 153	- 15.6%
EBITDA	1,316	1,511	- 194	- 12.9%

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

Consolidated results	FY17		FY16		YOY change	
	Amount (Millions of yen)	Ratio	Amount (Millions of yen)	Ratio	Amount of change (Millions of yen)	Ratio of change
Net sales	49,140	-	50,225	-	- 1,084	- 2.2%
Digital Marketing	21,970	-	22,053	-	- 82	- 0.4%
Platform Solutions	11,555	-	14,859	-	- 3,303	- 22.2%
Cloud Systems	15,614	-	13,312	-	+ 2,301	+ 17.3%
Cost of sales	41,192	-	42,324	-	- 1,132	- 2.7%
Gross profit	7,948	16.2%	7,901	15.7%	+ 47	+ 0.6%
SG&A expenses	5,772	-	5,660	-	+ 111	+ 2.0%
Operating income	2,176	4.4%	2,241	4.5%	- 64	- 2.9%
Non-operating income (loss)	223	-	45	-	+ 177	-
Ordinary income	2,399	4.9%	2,286	4.6%	+ 113	+ 4.9%
Extraordinary gains (losses)	- 20	-	- 7	-	- 12	-
Profit attributable to owners of parent	1,556	3.2%	1,598	3.2%	- 41	- 2.6%
Consolidated marginal profit	13,744	28.0%	12,867	25.6%	+ 877	+ 6.8%
Consolidated fixed costs	11,567	-	10,626	-	+ 941	+ 8.9%
Unconsolidated order backlog	14,330	-	14,990	-	- 659	- 4.4%

Consolidated results (Millions of yen)			FY17	FY16	Amount of change	Ratio of change
Digital Marketing		Net sales	21,970	22,053	- 82	- 0.4%
		Marginal Profit	3,200	3,220	- 19	- 0.6%
		Ratio	14.6%	14.6%	+0.0 pts	-
	(1) E-commerce services	Net sales	19,900	20,015	- 114	- 0.6%
		Marginal Profit	2,408	2,381	+ 27	+ 1.1%
		Ratio	12.1%	11.9%	+ 0.2 pts	-
	(2) Data analytics Focus business	Net sales	2,070	2,038	+ 32	+ 1.6%
		Marginal Profit	791	838	- 46	- 5.6%
		Ratio	38.2%	41.1%	- 3.2 pts	-
Platform Solutions		Net sales	11,555	14,859	- 3,303	- 22.2%
		Marginal Profit	4,805	4,720	+ 85	+ 1.8%
		Ratio	41.6%	31.8%	+ 9.8 pts	-
	(1) IT infrastructure solutions	Net sales	7,131	10,001	- 2,870	- 28.7%
		Marginal Profit	2,500	2,605	- 104	- 4.0%
		Ratio	35.1%	26.0%	+ 9.1 pts	-
	(2) Security solutions Focus business	Net sales	4,424	4,857	- 433	- 8.9%
		Marginal Profit	2,305	2,115	+ 189	+ 9.0%
		Ratio	52.1%	43.6%	+ 8.5 pts	-
Cloud Systems		Net sales	15,614	13,312	+ 2,301	+ 17.3%
		Marginal Profit	5,737	4,926	+ 811	+ 16.5%
		Ratio	36.7%	37.0%	- 0.3 pts	-
	(1) System integration	Net sales	8,651	7,820	+ 831	+ 10.6%
		Marginal Profit	3,201	2,997	+ 203	+ 6.8%
		Ratio	37.0%	38.3%	- 1.3pts	-
	(2) Cloud solutions Focus business	Net sales	6,962	5,492	+ 1,469	+ 26.8%
		Marginal Profit	2,536	1,928	+ 607	+ 31.5%
		Ratio	36.4%	35.1%	+ 1.3 pts	-

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	FY17 Q2	FY17 Q3	FY17 Q4	FY17	
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	5,564	21,970
			Marginal Profit	867	805	744	938	3,355	793	772	781	872	3,220	753	794	829	823	3,200
			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%	14.8%	14.6%
	(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	5,049	19,900	
		Marginal Profit	667	548	536	623	2,375	603	563	566	648	2,381	569	594	621	623	2,408	
		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%	12.3%	12.1%	
	(2) Data analytics	Net sales	513	660	488	765	2,428	475	516	523	522	2,038	505	510	539	515	2,070	
		Marginal Profit	200	257	207	315	980	189	209	214	224	838	183	200	207	200	791	
		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%	38.9%	38.2%	
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	2,477	2,940	11,555
			Marginal Profit	890	1,037	917	1,334	4,179	1,012	1,202	1,085	1,420	4,720	1,130	1,158	1,142	1,375	4,805
			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%	46.1%	46.8%	41.6%
	(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	1,412	1,677	7,131	
		Marginal Profit	546	647	508	878	2,581	581	716	566	740	2,605	628	615	577	678	2,500	
		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%	40.5%	35.1%	
	(2) Security Solutions	Net sales	656	880	938	1,152	3,628	809	1,164	1,236	1,646	4,857	983	1,113	1,064	1,263	4,424	
		Marginal Profit	344	390	408	455	1,598	430	485	519	680	2,115	501	542	564	696	2,305	
		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%	53.1%	55.2%	52.1%	
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	3,465	4,704	15,614
			Marginal Profit	719	1,122	991	1,569	4,403	873	1,128	1,131	1,792	4,926	1,100	1,543	1,359	1,733	5,737
			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%	36.9%	36.7%
	(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	2,037	2,712	8,651	
		Marginal Profit	579	657	614	648	2,499	544	701	852	899	2,997	672	776	764	987	3,201	
		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%	36.4%	37.0%	
	(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	1,991	6,962	
		Marginal Profit	139	465	377	920	1,903	329	426	279	893	1,928	428	766	595	746	2,536	
		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%	37.5%	36.4%	

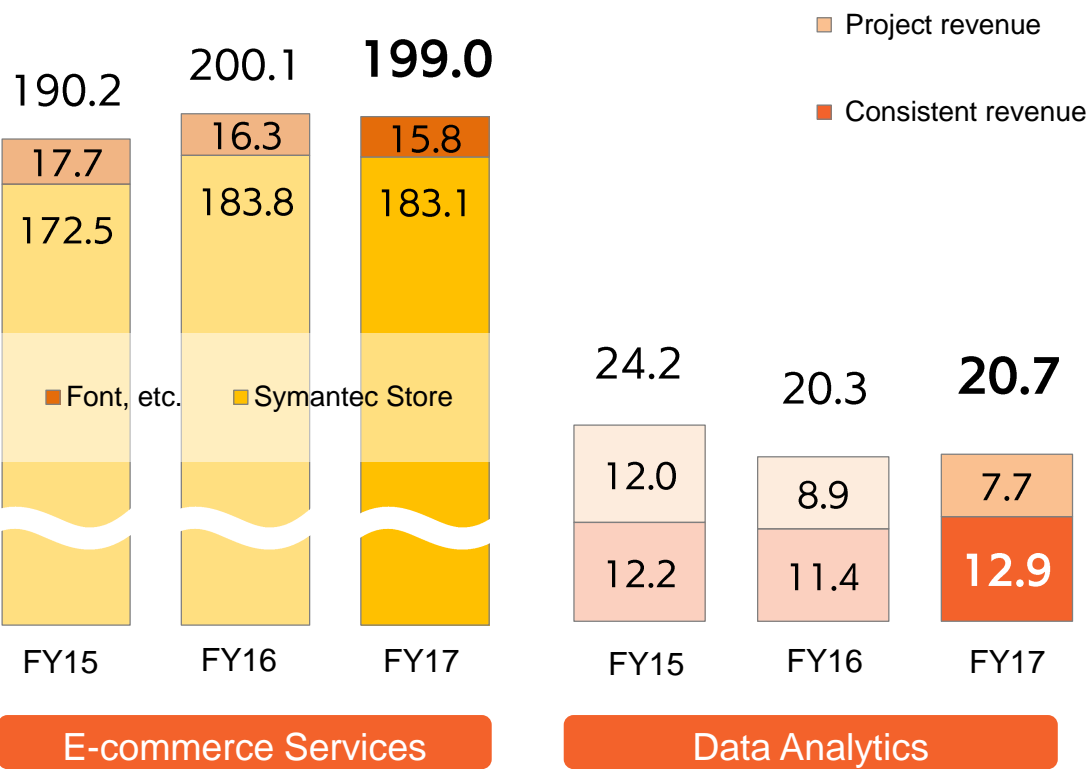
*Amounts of net sales and marginal profit in the previous fiscal years are calculated in accordance with current service categories and calculation methods.

Progress in Digital Marketing

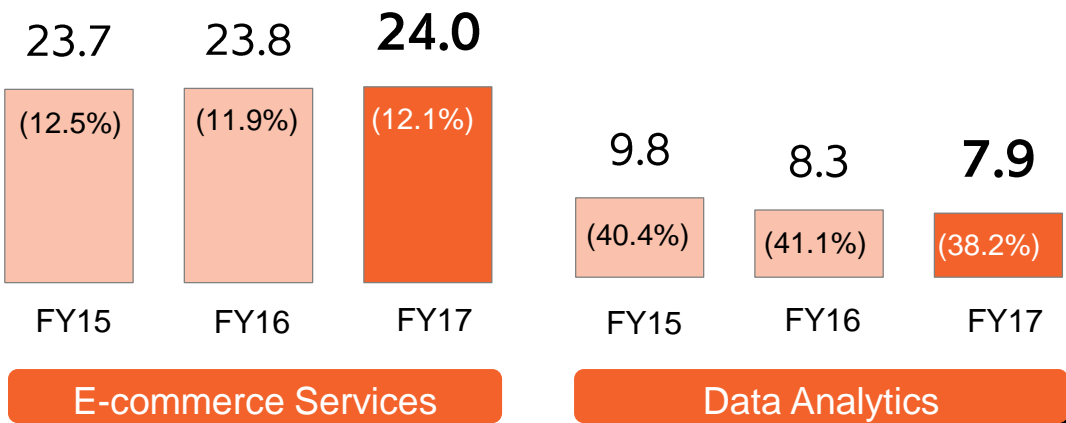


Net sales by the Symantec Store declined.
Orders for website access analysis tools declined.

Net sales by service category



Marginal profit by service category



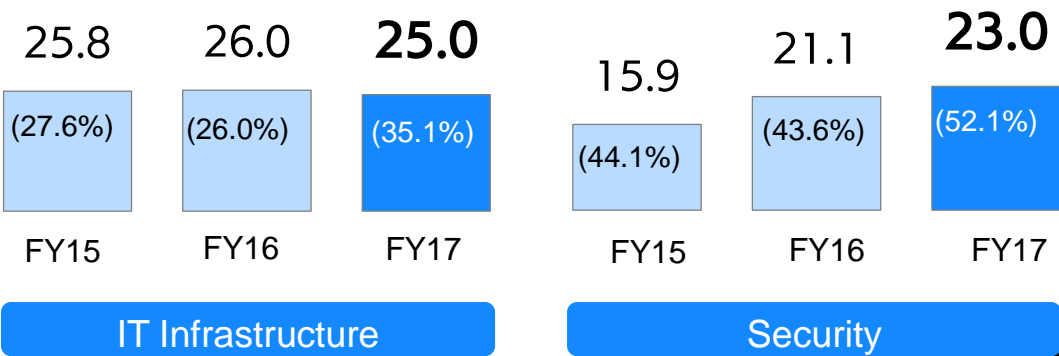
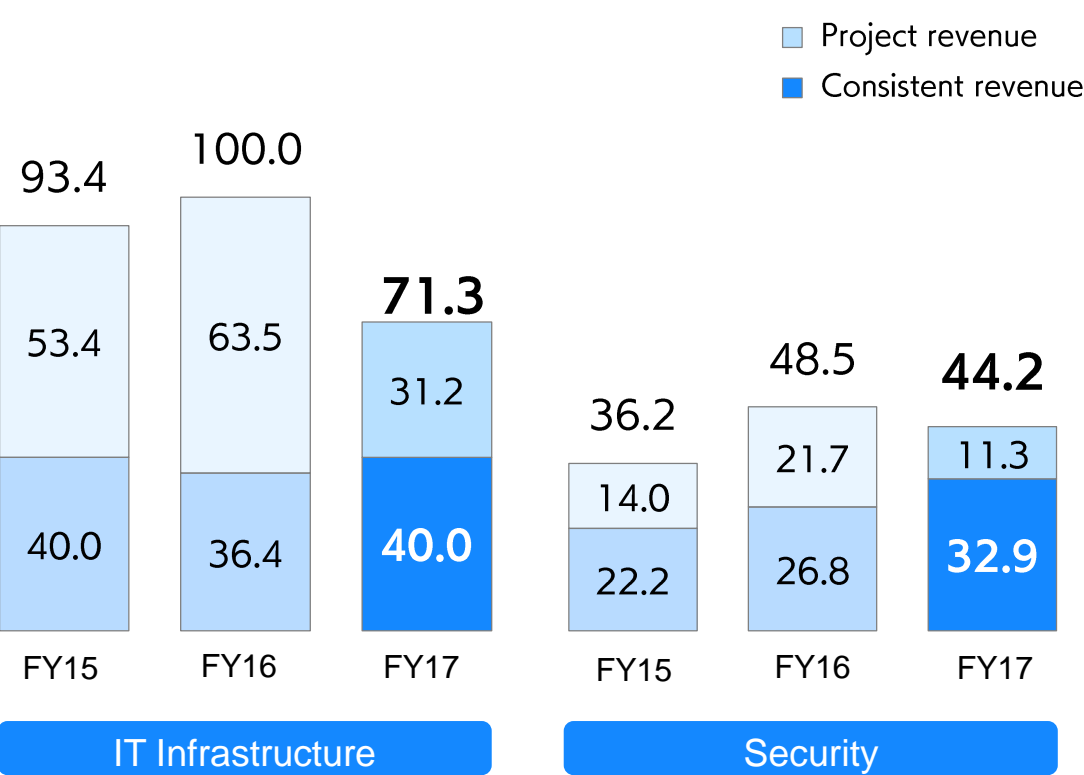
Progress in Platform Solutions



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

Net sales by service category

Marginal profit by service category



Progress in Cloud Systems

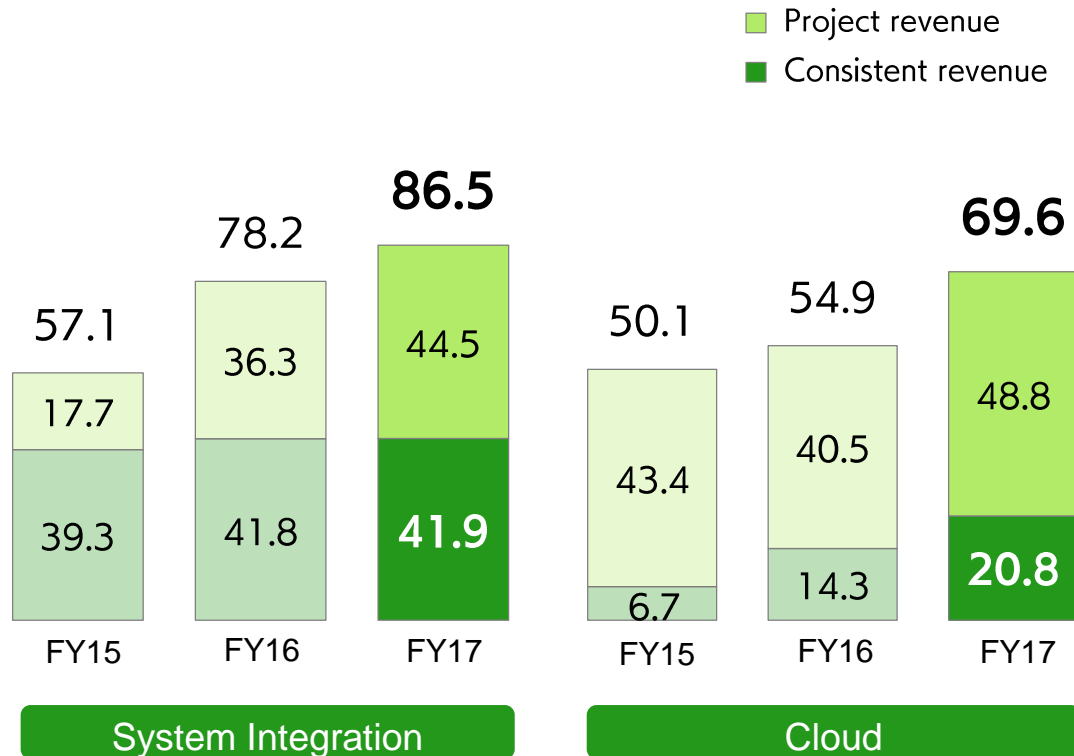


System development projects for the SB Group increased.

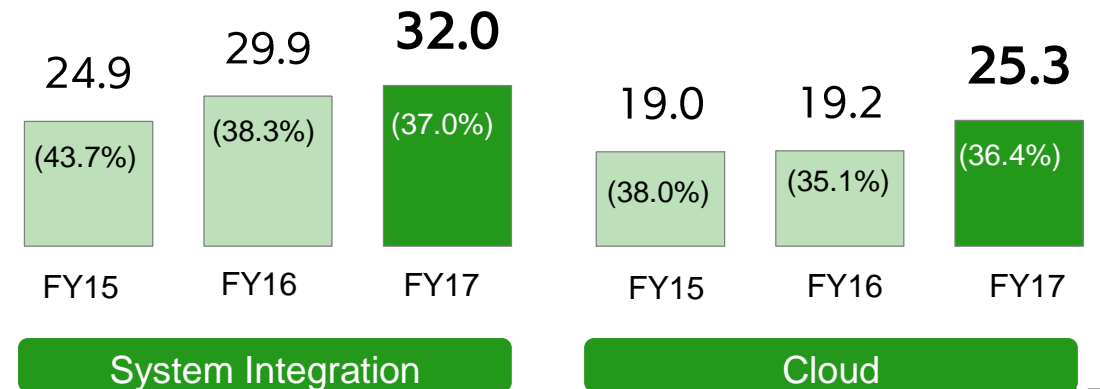


Cloud development and operation and services for enterprises/public offices and municipalities increased.

Net sales by service category

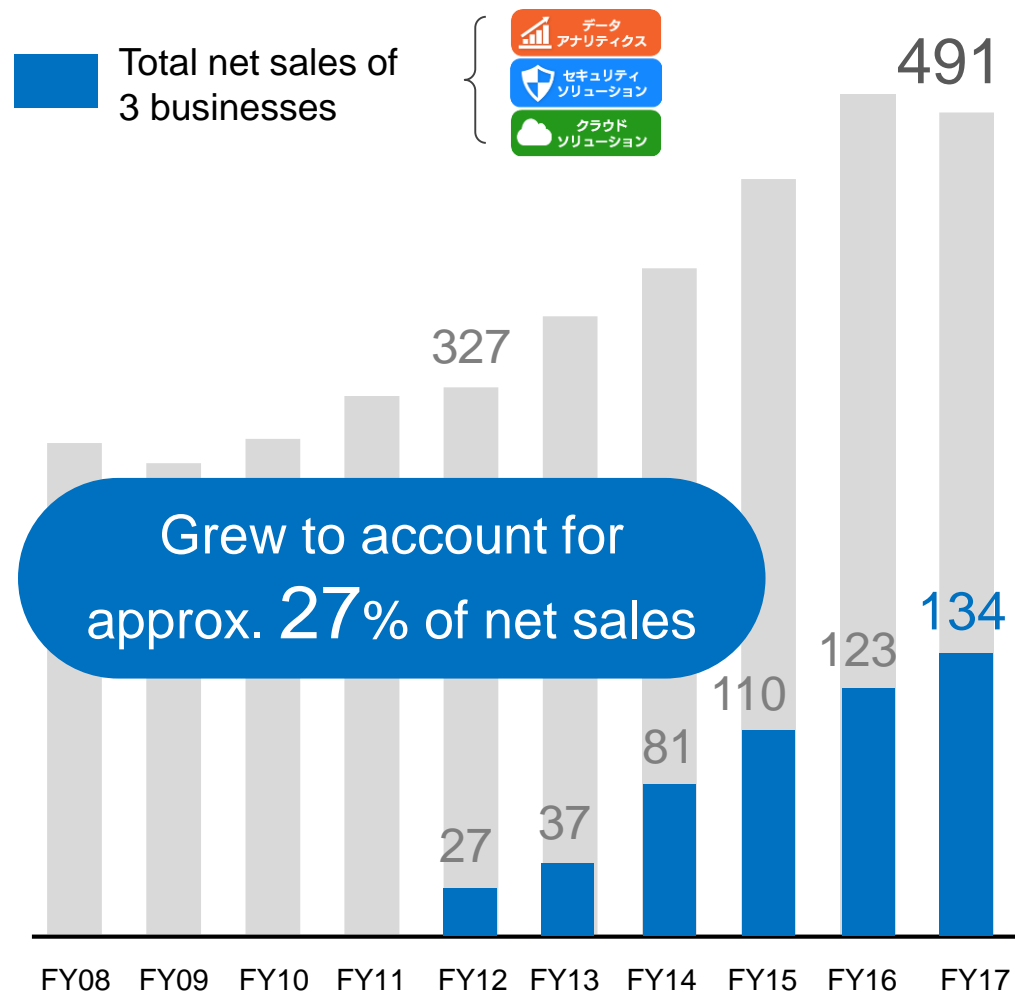


Marginal profit by service category



Growth in Three Focus Businesses

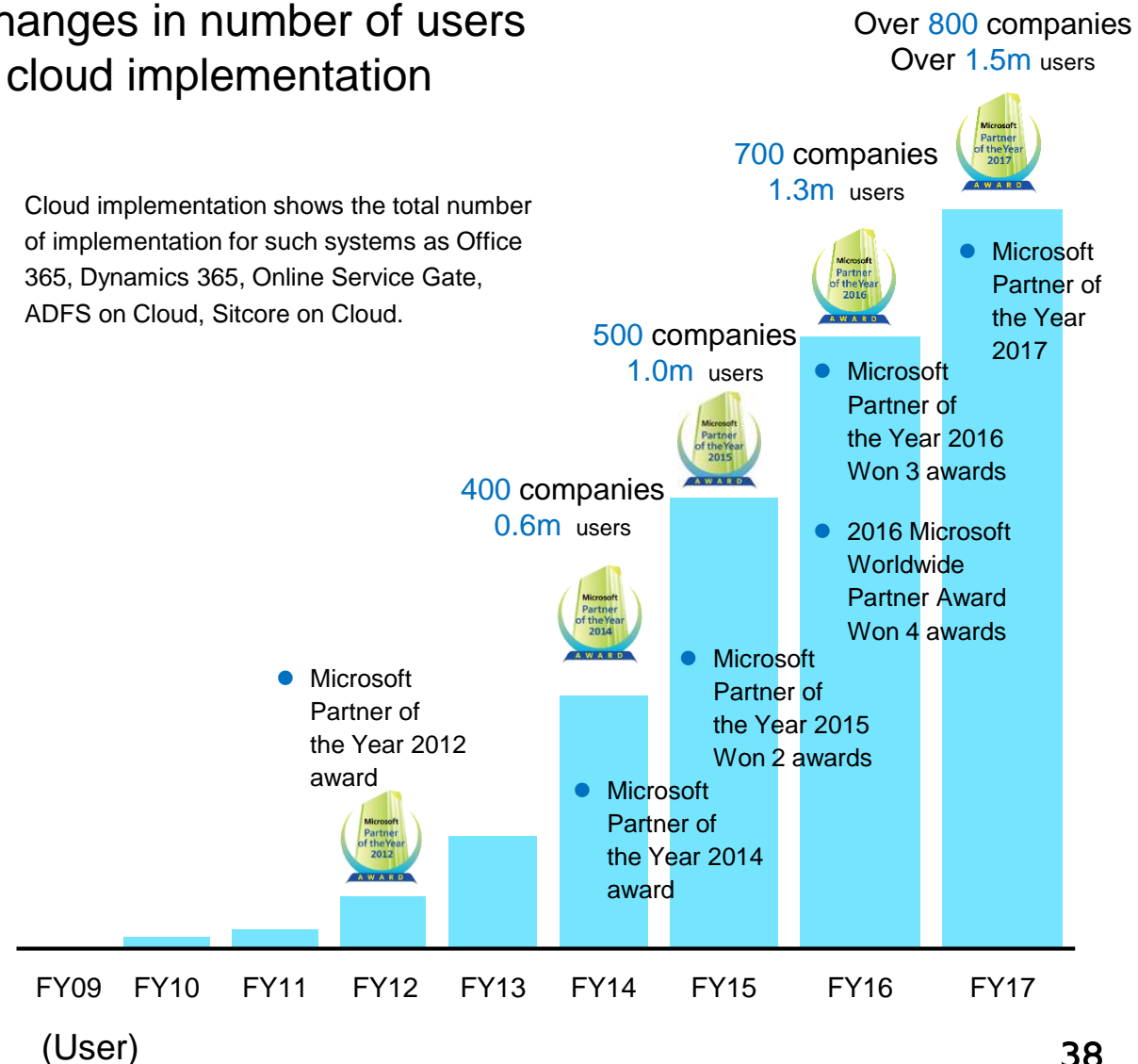
Changes in consolidated net sales



(100 million yen)

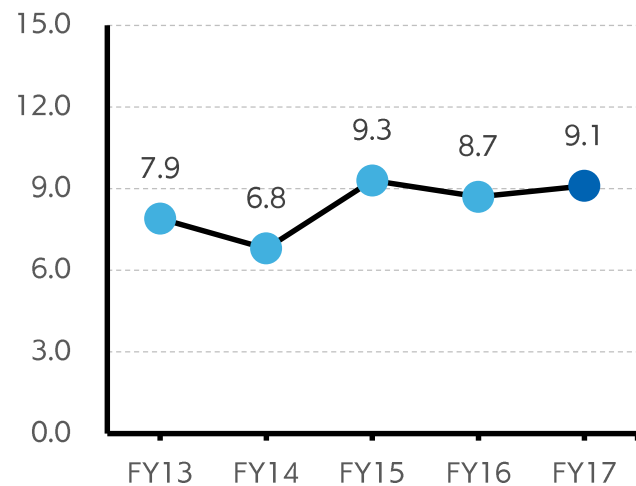
Changes in number of users in cloud implementation

* Cloud implementation shows the total number of implementation for such systems as Office 365, Dynamics 365, Online Service Gate, ADFS on Cloud, Sitcore on Cloud.

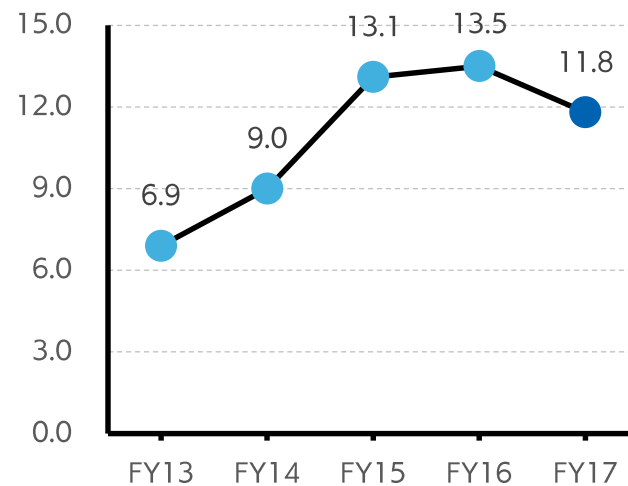


Key Management Ratios

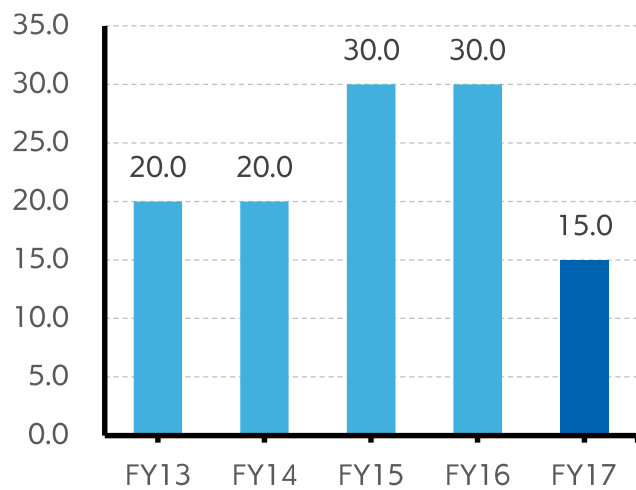
Return on assets
(ROA)



Return on equity
(ROE)



Dividend (yen)



Payout ratio (%)

