

First Quarter of Fiscal Year Ending March 31, 2019 (FY 2018 Q1)

# Results of Operations

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(July 27, 2018)  
SoftBank Technology Corp.

# Important Information about this Presentation

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1. Revisions have been made to the categorization of some solutions. These revisions have been used for sales and marginal profits for each service category in the previous fiscal year and earlier.
2. Figures in all graphs in this presentation may differ slightly from figures in earnings announcements because of rounding.
3. The “Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28 on February 16, 2018) was adopted from the beginning of the three-month period under review.

## Disclaimer

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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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# Table of Contents

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1. Results Overview	.....	P 4
2. Financial Data	.....	P15
3. Appendix	.....	P22

# Results Overview

# Progress of Strategies and Results Highlights

Progress of the Second Three-Year Plan  
(Preparation for growth leap in and after FY19)

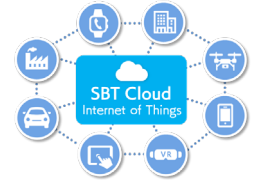
Progressing along with the  
medium-term plan

## Cloud integration



A target for FY2018 is to raise the sales composition ratio of the three businesses in focus to the 30% level. tBusiness expansion and an initiative to make our business more recurring (stock business) through service development and sales expansion in the three businesses in focus and greater efficiency utilizing AI made steady progress.

## Development of IoT business



Promoting alliances and proof of concept so that we will be able to determine the business models, business volumes and timing of business drive during the period.

## Highlights in Q1 of FY2018

Progress as planned  
Higher sales and profit  
Improved progress rate

- Net sales ended up with a year-on-year increase of 28% as of Q1 as a result of the strong performance of the cloud solutions business and the security solutions business in comparison with the growth target for the three businesses in focus (annual growth rate of total net sales 20%).
- In the IT infrastructure solutions business, net sales declined year on year in FY18Q1 due to the termination of the sale of certain hardware that had difficulty creating and maintaining added value since FY17Q2. However, the marginal profit ratio improved significantly in this business.
- Net sales and marginal profit increased year on year in the E-commerce services business due to the change in the sales method of the font license at subsidiaries (the ratio of Q1 will continue to increase in the E-commerce services business).

Consolidated

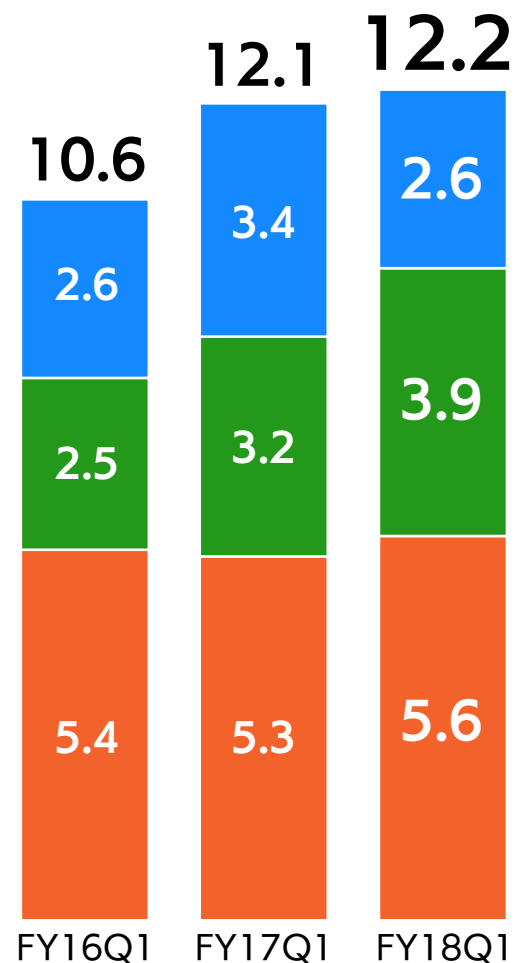
## FY 2018 ending March 2019 Q1 Results (vs. previous year)

(Millions of yen)	FY18Q1	FY17Q1	Amount of change	Ratio of change
Net sales	12,258	12,126	+132	+1.1%
Marginal Profit	3,406 (27.8%)	2,984 (24.6%)	+421 (3.2pt)	+14.1%
Fixed costs	2,955	2,893	+62	+2.2%
Operating income	450 (3.7%)	90 (0.7%)	+359 (3.0pt)	+396%
Ordinary income	431 (3.5%)	78 (0.6%)	+353 (2.9pt)	+449%
Profit attributable to owners of parent	256 (2.1%)	12 (0.1%)	+243 (2.0pt)	+2007%

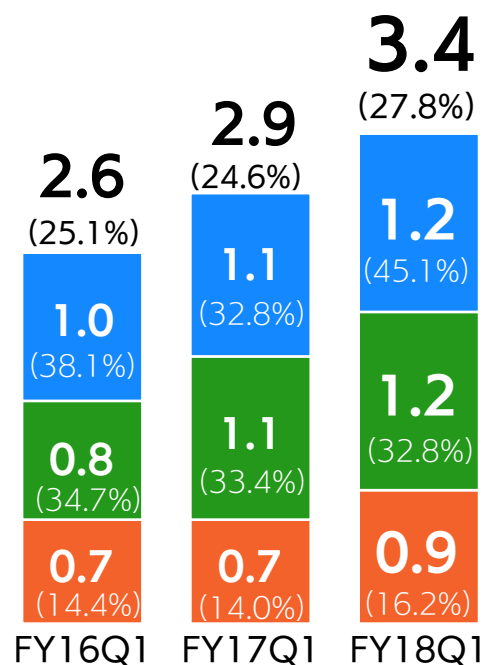
Consolidated

# Net Sales and Profit by Service

## Net sales



## Marginal profit



## Platform Solutions (YoY)

Net sales: - 770 million yen (-22.6%), Marginal profit: + 70 million yen (+6.4%)

Net sales declined due to the effect of terminating the sale of certain hardware that had difficulty providing added value in FY17Q2. The profit margin improved. The security area remained strong due to an increase in demand for web security measures and the security operation service.

## Cloud Systems (YoY)

Net sales: + 610 million yen (+18.7%), Marginal profit: + 170 million yen (+16.3%)

Both sales and profit increased because solutions to integrally manage measures for device management and data protection performed well against the backdrop of an increase in operation projects for the SoftBank Group("SB Group"), the continued trend of transferring email systems to the cloud, the utilization of mobile terminals and the termination of support for Windows OS.

## Digital Marketing (YoY)

Net sales: + 290 million yen (+5.5%), Marginal profit: + 160 million yen (+22.6%)

Both sales and profit increased, given that the E-commerce services business remained firm and that sales from font business concentrated in Q1 as a result of changing the business model.

Digital Marketing

Cloud Systems

Platform Solutions

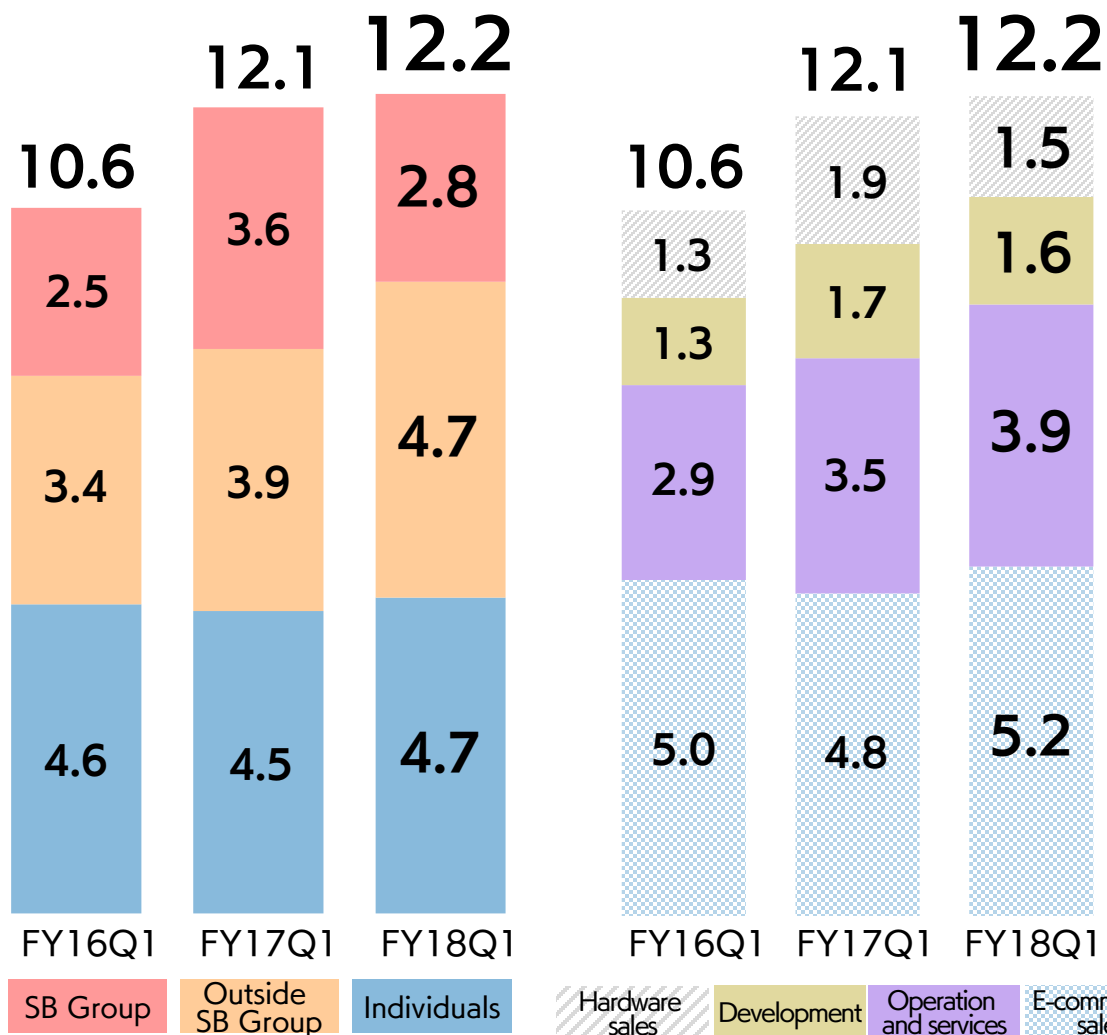
(Billions of yen)

Consolidated

# Net Sales by Customer and Business Type

## By customer type

## By business type



## By customer type: Topics

- In business for the SB Group companies, net sales declined due to the effect of terminating the sale of certain hardware in FY17Q2.
- In the enterprise business (outside the SB Group), net sales increased due to projects for transition to the cloud and security measures, which remained strong, and the change of the business model of the font business.
- In business for individuals, net sales increased thanks to the solid performance of the E-commerce services business.

## By business type: Topics

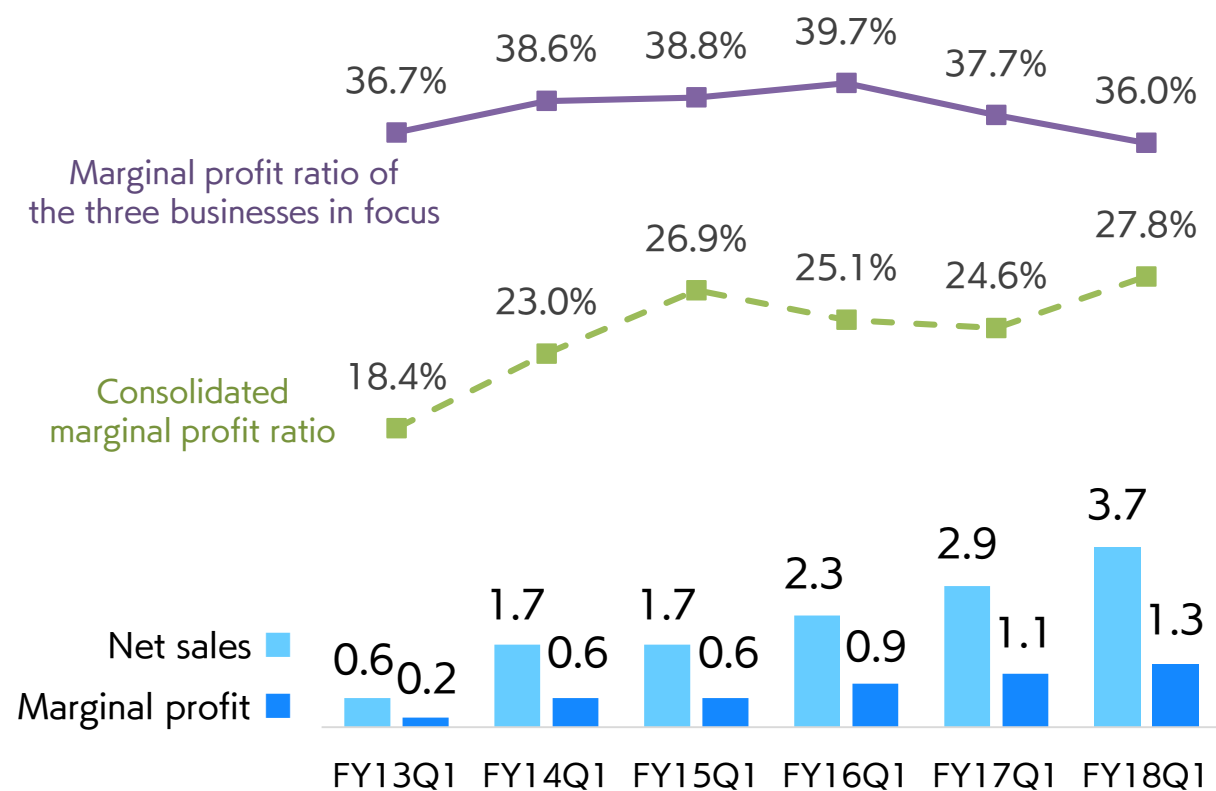
- In development, spot development projects for the SB Group declined by half, while cloud development projects outside the SB Group, on which we focused, increased 50% year on year. Net sales declined as a result.
- In operation and services, net sales increased, reflecting a rise in operation and service projects for the SB Group.

(Billions of yen)



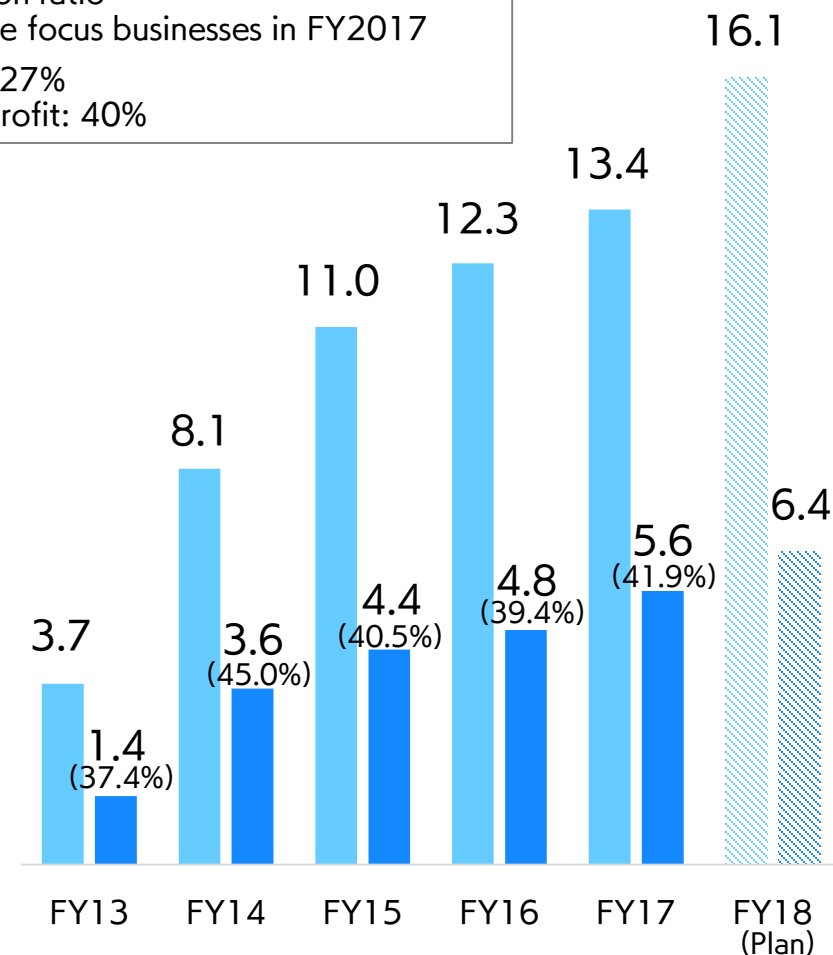
Changes in the results of  
the three focus businesses in 1Q

Net sales and marginal profit increased **28%**  
and **22%** year on year, respectively.



[Reference] Changes in the full-year results  
of the three focus businesses

Composition ratio  
of the three focus businesses in FY2017  
Net sales: 27%  
Marginal profit: 40%



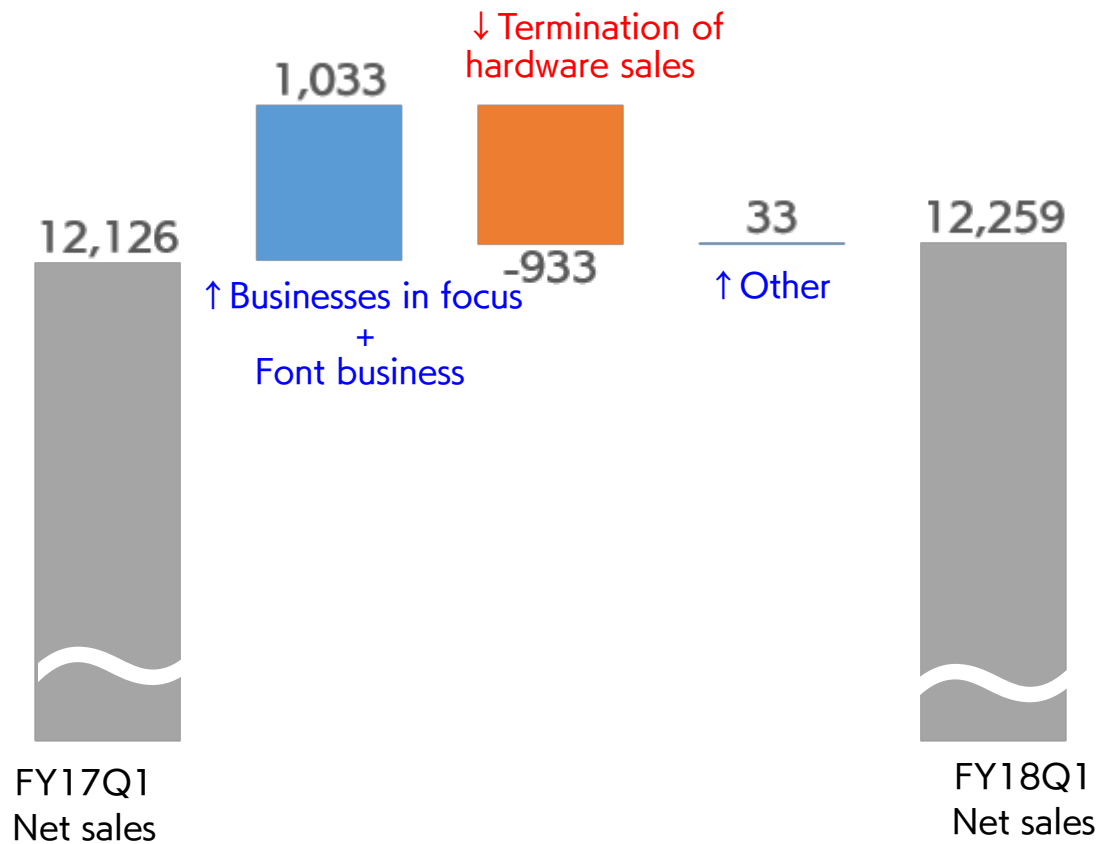
\*The planned value of net sales is a growth target (FY13: Starting point, CAGR20%)

\*The planned value of marginal profit is set on the assumption that the marginal profit ratio is 40%.

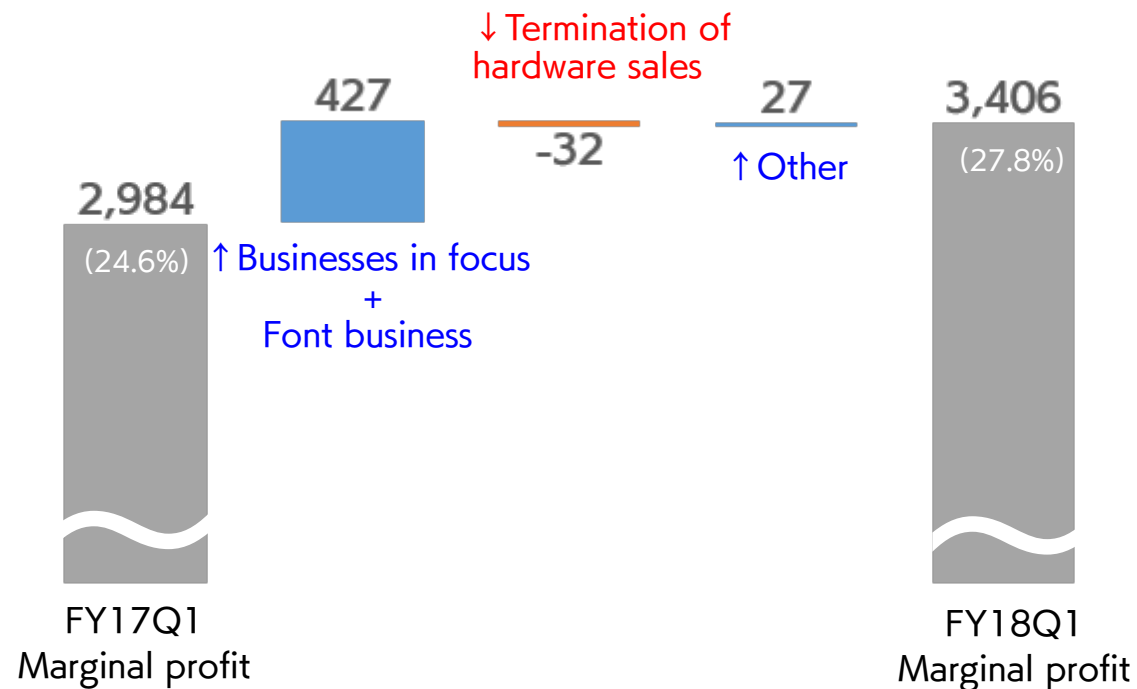
## Results for 1Q of FY2018 (Year on Year)

Improved the marginal profit ratio (up 3.2 percentage points)  
by expanding the businesses in focus with high profit margin.

## YoY changes in net sales



## YoY changes in marginal profit

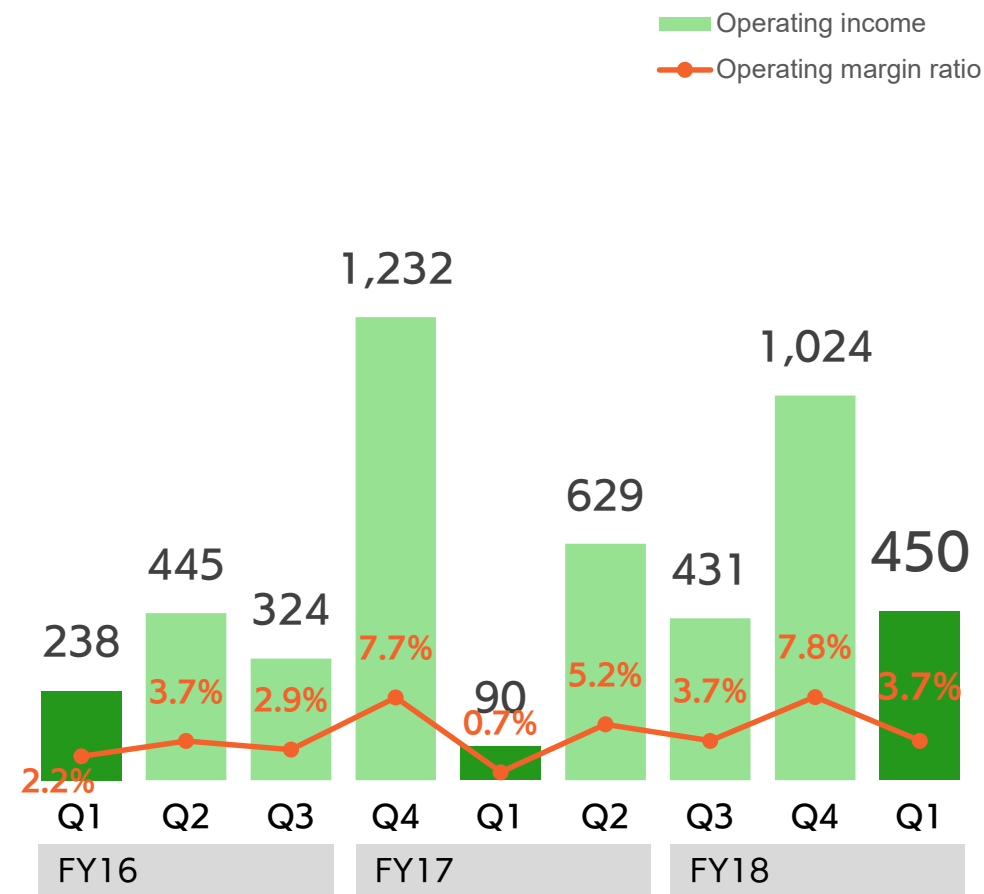
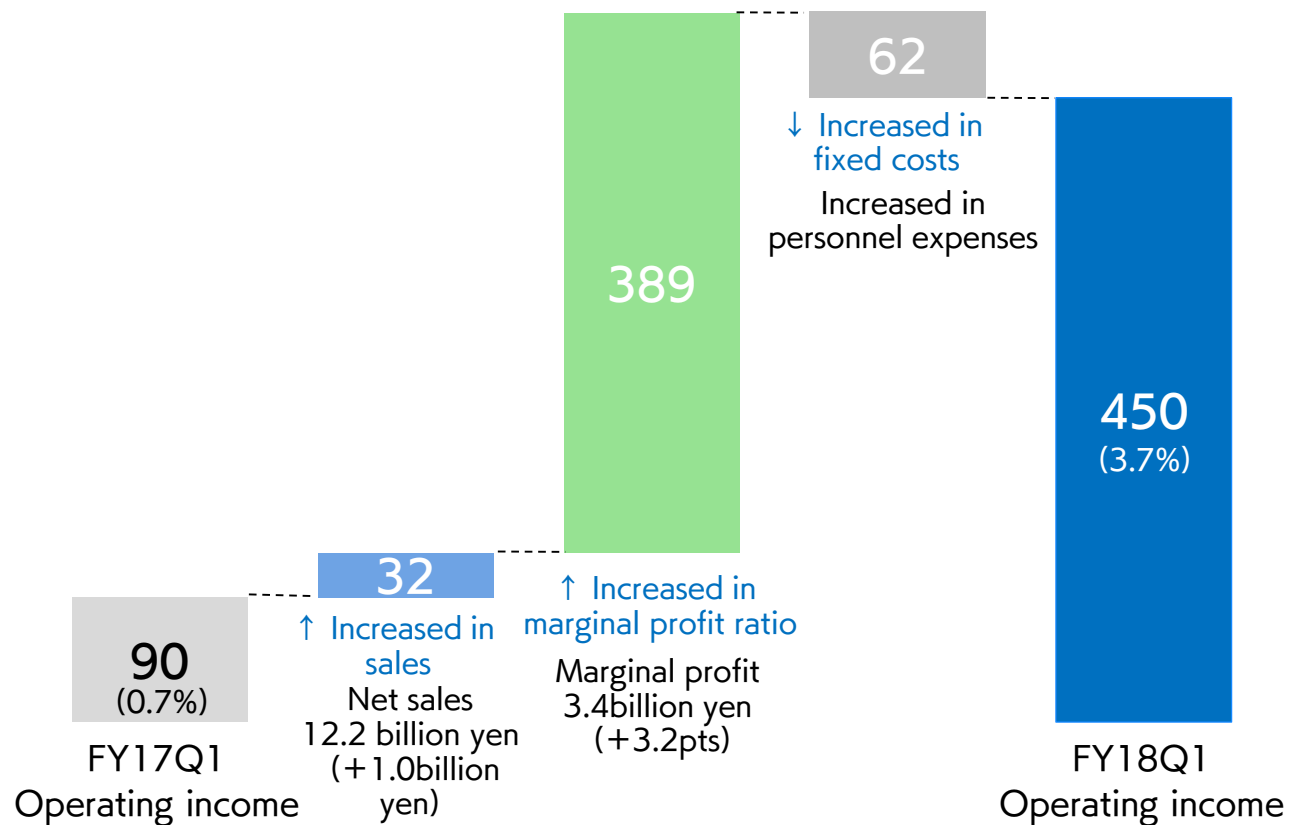


Consolidated

# YoY Changes in Operating Income

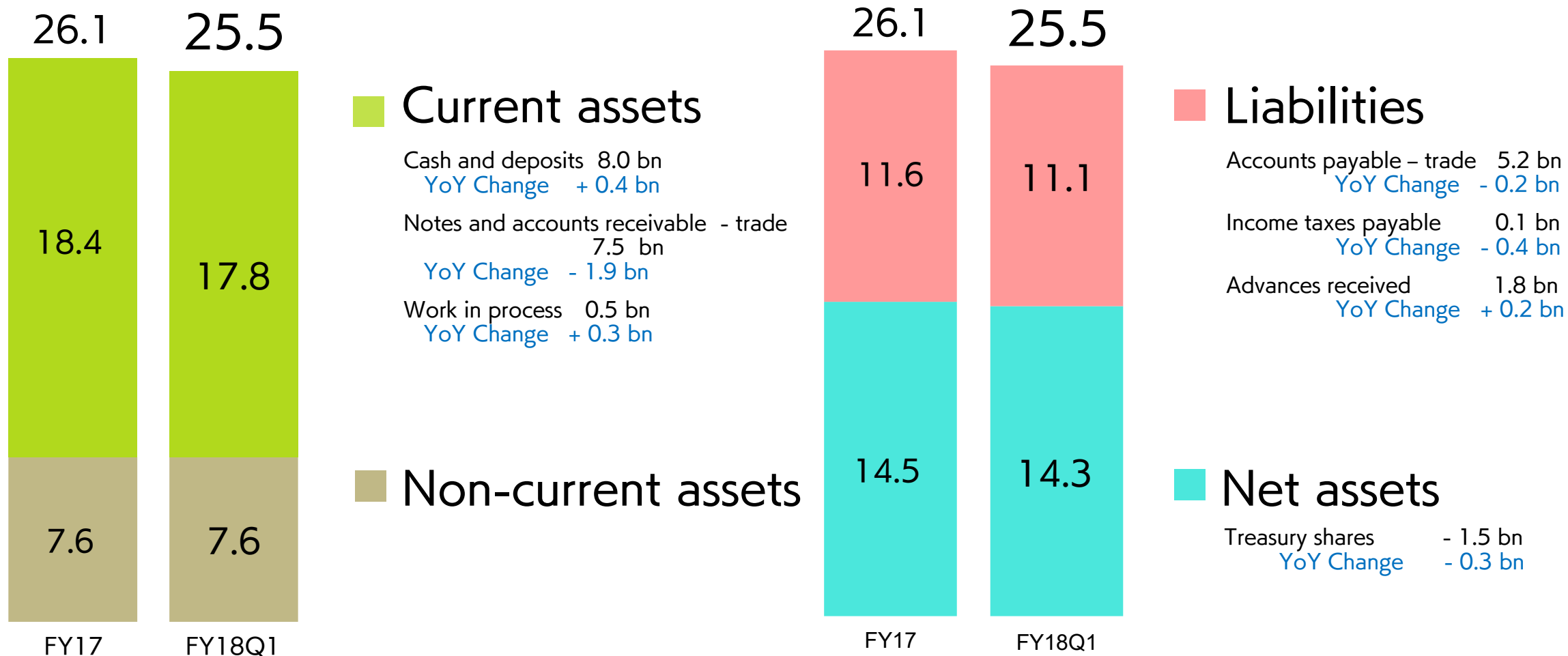
YoY changes in operating income

Change



(Millions of yen)

# Balance Sheet Comparison with Previous Fiscal Year-End

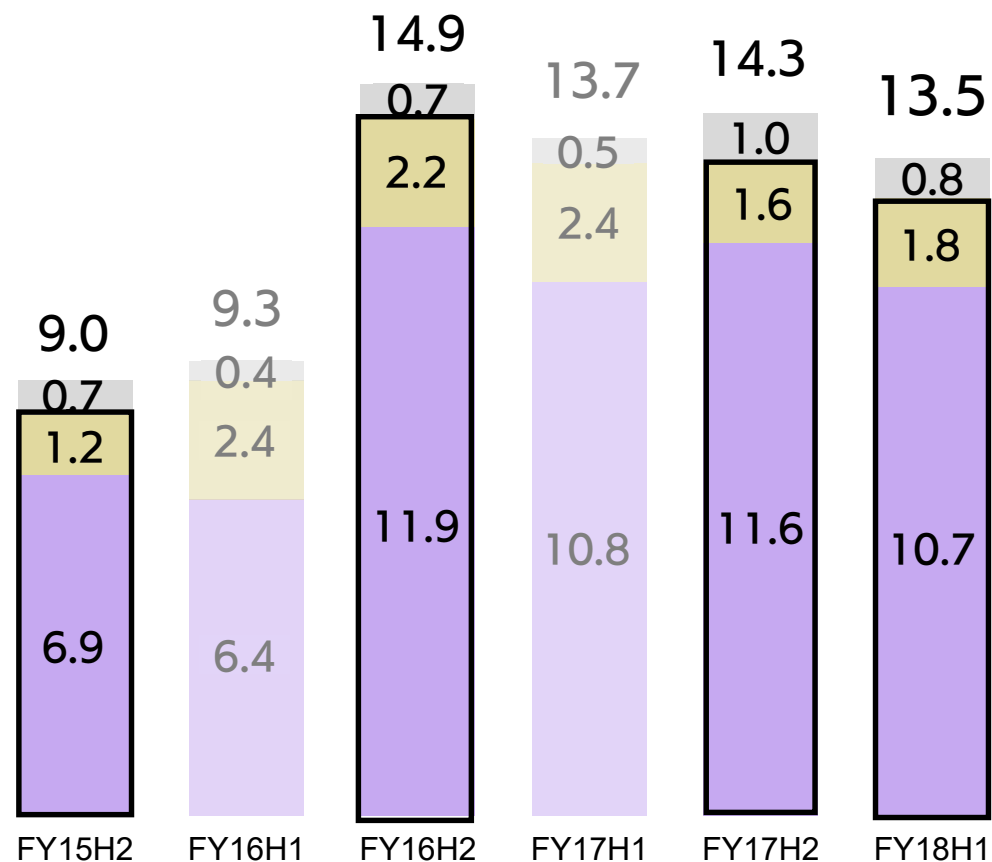


Unconsolidated

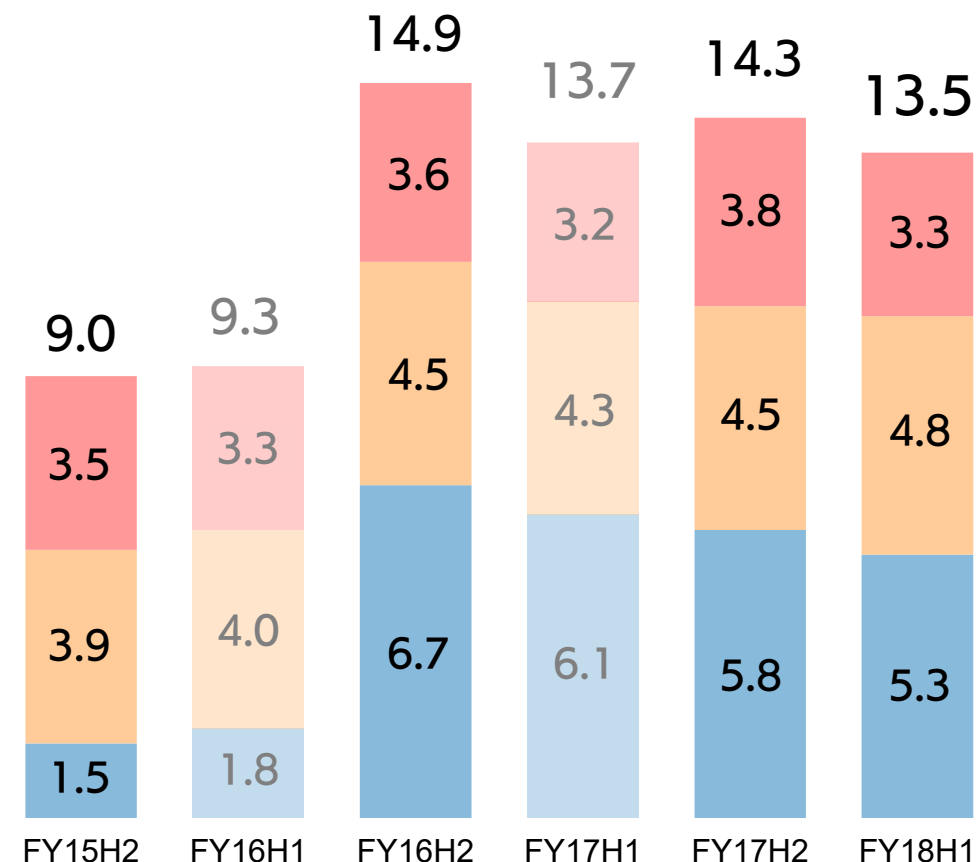
# Order Backlog (Excluding E-commerce Services)

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

## By business type



## By customer type



■ Operation and services ■ Development ■ Hardware sales

■ Public Offices ■ Enterprises ■ SB Group

(Billions of yen)

## Results Outlook for FY2018 (Compared with Results Forecast)

(Millions of yen)	FY18Q1	Initial results forecast (April 25, 2018)	Progress rate	FY17Q1 (Full-year results)	Progress rate in the full-year results
Net sales	12,258	52,000	23.6%	12,126 (49,140)	24.7%
Operating income	450 (3.7%)	2,500 (4.8%)	18.0%	90 (2,176)	4.2%
Ordinary income	431 (3.5%)	2,500 (4.8%)	17.3%	78 (2,399)	3.3%
Profit attributable to owners of parent	256 (2.1%)	1,600 (3.1%)	16.0%	12 (1,556)	0.8%

# Numerical Data

Consolidated results (Millions of yen)	FY18Q1		FY17Q1		YoY change	
	Amount	Ratio	Amount	Ratio	Amount of Change	Change of ratio
Net sales	12,258	-	12,126	-	+132	+1.1%
Digital Marketing	5,683	-	5,388	-	+295	+5.5%
Platform Solutions	2,669	-	3,446	-	▲777	▲22.6%
Cloud Systems	3,906	-	3,290	-	+615	+18.7%
Cost of sales	10,323	-	10,524	-	▲201	▲1.9%
Gross profit	1,935	15.8%	1,601	13.2%	+334	+20.9%
SG&A expenses	1,485	-	1,510	-	▲25	▲1.7%
Operating income	450	3.7%	90	0.7%	+359	+396%
Non-operating income (loss)	▲18	-	▲12	-	▲6	-
Ordinary income	431	3.5%	78	0.6%	+353	+448%
Extraordinary gains (losses)	0	-	0	-	-	-
Profit attributable to owners of parent	256	2.1%	12	0.1%	+243	+2077%
Consolidated marginal profit	3,406	27.8%	2,984	24.6%	+421	+14.1%
Consolidated fixed costs	2,955	-	2,893	-	+62	+2.2%
Unconsolidated order backlog	13,553	-	14,696	-	▲1,142	▲7.8%



		FY18Q1	FY17Q1	Amount of change	Ratio of change
Consolidated results (Millions of yen)	Net sales	12,258	12,126	+132	+1.1%
	Marginal profit	3,406	2,984	+421	+14.1%
	Ratio	27.8%	24.6%	+3.2pt	-
Digital Marketing	Net sales	5,683	5,388	+295	+5.5%
	Marginal profit	923	753	+169	+22.6%
	Ratio	16.2%	14.0%	+2.2pt	-
(1)E-commerce services	Net sales	5,241	4,882	+359	+7.4%
	Marginal profit	776	569	+206	+36.4%
	Ratio	14.8%	11.7%	+3.1pt	-
(2)Data analytics <span>Focus business</span>	Net sales	441	505	▲64	▲12.7%
	Marginal profit	146	183	▲36	▲20.2%
	Ratio	33.2%	36.3%	▲3.1pt	-
Platform Solutions	Net sales	2,669	3,446	▲777	▲22.6%
	Marginal profit	1,202	1,130	+72	+6.4%
	Ratio	45.1%	32.8%	+12.3pt	-
(1)IT infrastructure solutions	Net sales	1,448	2,463	▲1,015	▲41.2%
	Marginal profit	554	628	▲73	▲11.7%
	Ratio	38.3%	25.5%	+12.8pt	-
(2)Security solutions <span>Focus business</span>	Net sales	1,221	983	+237	+24.2%
	Marginal profit	647	501	+145	+29.1%
	Ratio	53.0%	51.0%	+2.0pt	-
Cloud Systems	Net sales	3,906	3,290	+615	+18.7%
	Marginal profit	1,280	1,100	+179	+16.4%
	Ratio	32.8%	33.4%	▲0.6pt	-
(1)System integration	Net sales	1,800	1,828	▲27	▲1.5%
	Marginal profit	717	672	+44	+6.7%
	Ratio	39.8%	36.8%	+3.0pt	-
(2)Cloud solutions <span>Focus business</span>	Net sales	2,105	1,462	+642	+44.0%
	Marginal profit	562	428	+134	+31.3%
	Ratio	26.7%	29.3%	▲2.6pt	-
Total of three focus businesses	Net sales	3,767	2,951	+815	+27.6%
	Marginal profit	1,356	1,113	+243	+21.9%
	Ratio	36.0%	37.7%	▲1.7pt	-

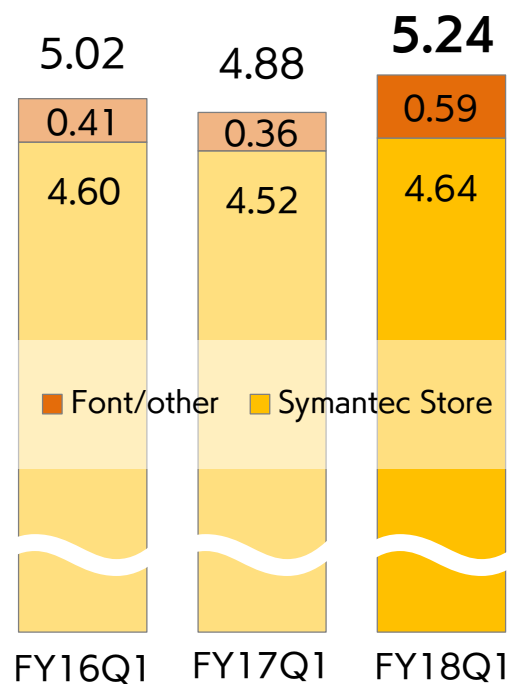
		FY16Q1	FY16Q2	FY16Q3	FY16Q4	FY16	FY17Q1	FY17Q2	FY17Q3	FY17Q4	FY17	FY18Q1
Consolidated results (Millions of yen)	Net sales	10,671	12,192	11,380	15,982	50,225	12,126	12,077	11,727	13,209	49,140	12,258
	Marginal profit	2,679	3,104	2,997	4,085	12,867	2,984	3,496	3,331	3,932	13,744	3,406
	Ratio	25.1%	25.5%	26.3%	25.6%	25.6%	24.6%	28.9%	28.4%	29.8%	28.0%	27.8%
Digital Marketing	Net sales	5,496	5,333	5,582	5,641	22,053	5,388	5,232	5,785	5,564	21,970	5,683
	Marginal profit	793	772	781	872	3,220	753	794	829	823	3,200	923
	Ratio	14.4%	14.5%	14.0%	15.5%	14.6%	14.0%	15.2%	14.3%	14.8%	14.6%	16.2%
(1)E-commerce services	Net sales	5,020	4,816	5,058	5,119	20,015	4,882	4,722	5,245	5,049	19,900	5,241
	Marginal profit	603	563	566	648	2,381	569	594	621	623	2,408	776
	Ratio	12.0%	11.7%	11.2%	12.7%	11.9%	11.7%	12.6%	11.8%	12.3%	12.1%	14.8%
(2)Data analytics	Net sales	475	516	523	522	2,038	505	510	539	515	2,070	441
	Marginal profit	189	209	214	224	838	183	200	207	200	791	146
	Ratio	39.9%	40.6%	41.0%	43.0%	41.1%	36.3%	39.3%	38.5%	38.9%	38.2%	33.2%
Platform Solutions	Net sales	2,656	3,995	3,060	5,146	14,859	3,446	2,691	2,477	2,940	11,555	2,669
	Marginal profit	1,012	1,202	1,085	1,420	4,720	1,130	1,158	1,142	1,375	4,805	1,202
	Ratio	38.1%	30.1%	35.5%	27.6%	31.8%	32.8%	43.0%	46.1%	46.8%	41.6%	45.1%
(1)IT infrastructure solutions	Net sales	1,846	2,831	1,824	3,499	10,001	2,463	1,577	1,412	1,677	7,131	1,448
	Marginal profit	581	716	566	740	2,605	628	615	577	678	2,500	554
	Ratio	31.5%	25.3%	31.1%	21.1%	26.0%	25.5%	39.0%	40.9%	40.5%	35.1%	38.3%
(2)Security solutions	Net sales	809	1,164	1,236	1,646	4,857	983	1,113	1,064	1,263	4,424	1,221
	Marginal profit	430	485	519	680	2,115	501	542	564	696	2,305	647
	Ratio	53.2%	41.7%	42.0%	41.3%	43.6%	51.0%	48.7%	53.1%	55.2%	52.1%	53.0%
Cloud Systems	Net sales	2,518	2,863	2,736	5,194	13,312	3,290	4,153	3,465	4,704	15,614	3,906
	Marginal profit	873	1,128	1,131	1,792	4,926	1,100	1,543	1,359	1,733	5,737	1,280
	Ratio	34.7%	39.4%	41.3%	34.5%	37.0%	33.4%	37.1%	39.2%	36.9%	36.7%	32.8%
(1)System integration	Net sales	1,411	1,832	2,103	2,472	7,820	1,828	2,073	2,037	2,712	8,651	1,800
	Marginal profit	544	701	852	899	2,997	672	776	764	987	3,201	717
	Ratio	38.6%	38.3%	40.5%	36.4%	38.3%	36.8%	37.5%	37.5%	36.4%	37.0%	39.8%
(2)Cloud solutions	Net sales	1,106	1,030	633	2,722	5,492	1,462	2,080	1,427	1,991	6,962	2,105
	Marginal profit	329	426	279	893	1,928	428	766	595	746	2,536	562
	Ratio	29.8%	41.4%	44.0%	32.8%	35.1%	29.3%	36.8%	41.7%	37.5%	36.4%	26.7%
Total of three focus businesses	Net sales	2,392	2,711	2,393	4,890	12,388	2,951	3,703	3,031	3,770	13,457	3,767
	Marginal profit	949	1,122	1,013	1,798	4,883	1,113	1,508	1,368	1,643	5,633	1,356
	Ratio	39.7%	41.4%	42.3%	36.8%	39.4%	37.7%	40.7%	45.1%	43.6%	41.9%	36.0%

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

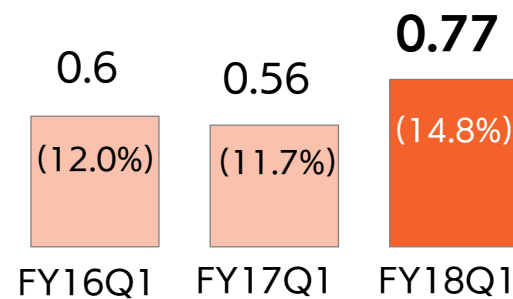


## E-commerce services

Profit margin improved because sales from font business concentrated in Q1 as a result of changing the sales method of licenses in the font business.



Net sales



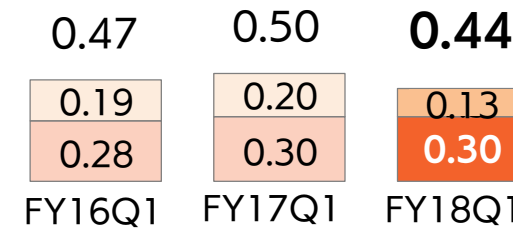
Marginal profit



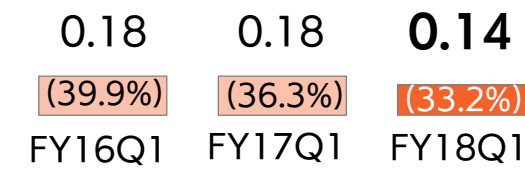
## Data analytics

Sales of web site access analysis tools declined

Net sales (flow) Net sales (stock)



Net sales



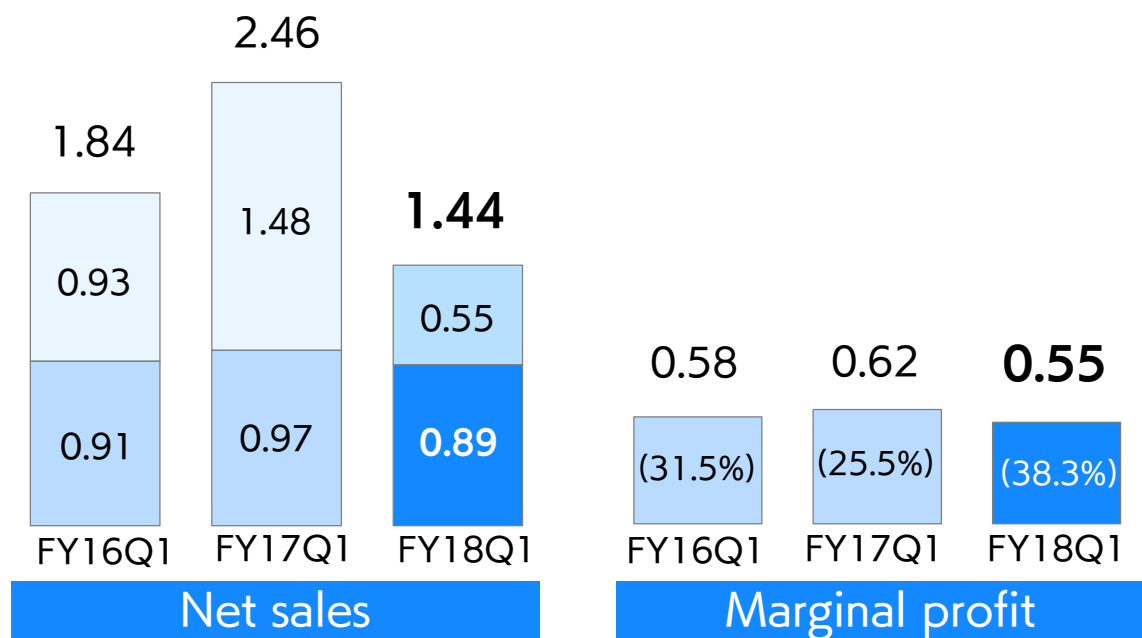
Marginal profit



## IT infrastructure solutions

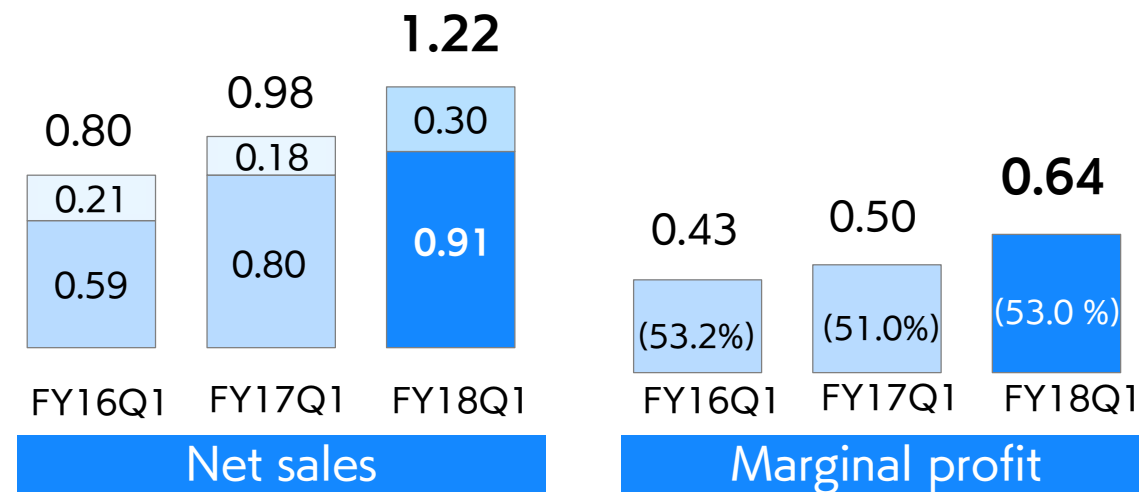
A decline in (flow) sales and an improvement in the profit margin associated with the termination of handling of certain hardware

□ Net sales (flow) ■ Net sales (stock)



## Security solutions



Web security measures, security operation monitoring service and a subsidiary's electronic authentication service grew.

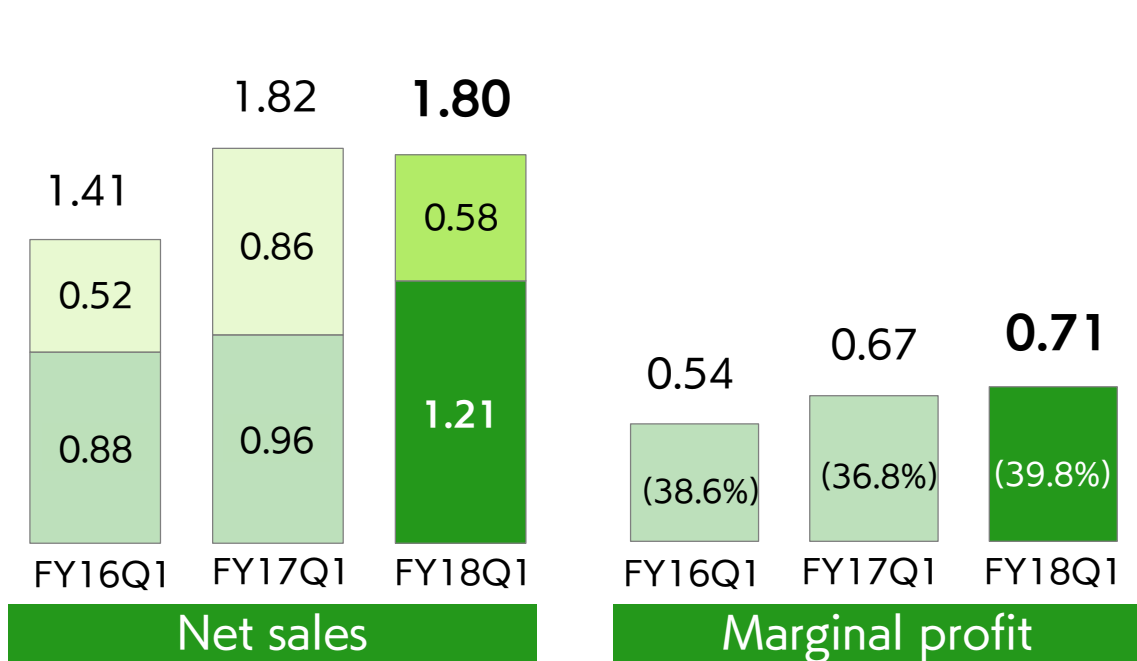




## System integration

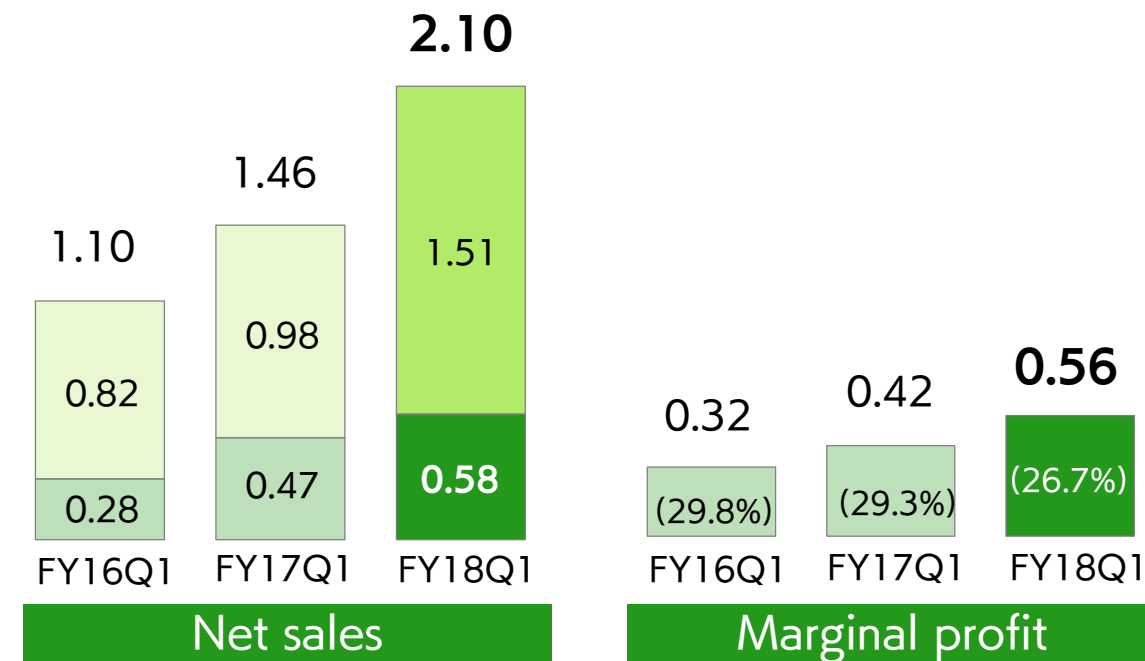
Profit margin improved due to an increase in operation service projects for the SB Group.

 Net sales (flow)  Net sales (stock)



## Cloud solutions

Cloud development and operation service projects for enterprise and public office customers increased.

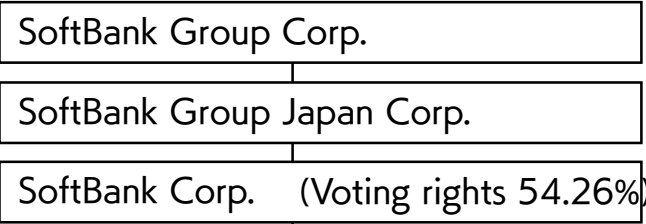


# Appendix

# About Softbank Technology



## Group Structure



\* As of April 1, 2018, SoftBank Group International GK (which reorganized from a Godo Kaisha (LLC) to a Kabushiki Kaisha (corporation) and changed its trade name to SoftBank Group Japan Corp. on June 15, 2018.) made a contribution in kind of all shares it had held in the Company to SoftBank Corp. ("SoftBank"). As a result, SoftBank became the Company's controlling company, directly owning shares in the Company.

**M-SOLUTIONS , Inc**  
 System design, development and operation, and development of mobile, Pepper, IoT and other applications

**Fontworks, Inc.**  
 Development of clear, attractive digital fonts (typefaces) for computers and IoT equipment

**Kan Corporation**  
 Development of tools for using and analyzing website data and educational business

**Cybertrust Japan Co., Ltd.**  
 IoT security and other security authentication business and embedded software business

**ASORA Tech Corporation**  
 Development and operation of Zenkoku Nochi Navi, a national agriculture database commissioned by the Ministry of Agriculture, Forestry and Fisheries

**Reden Corp.**  
 ICT services to support the development of growing industries including entry to the agriculture industry and subsequent expansion

As of March, 2018

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	885 million yen (end-March 2018)
Consolidated net sales	49,140 million yen (end-March 2018)
Number of employees (consolidated)	970 (end-March 2018)
Business sites	Shinjuku Office(Headquarters), Sendai Development Center, Shiodome Office, Shiodome Development Base, Shiodome Development Center, Nagoya Office, Osaka Office, Fukuoka Office, 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	

## 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. At SoftBank Technology, we will aim to further enrich the information society by solving various problems faced by customers with our ICT services.

## ICT Services

### Transform workstyles



Cloud Solutions



System Integration

### Create safe info-structures



Security Solutions



IT Infrastructure Solutions

### Support internet business



Data Analytics



E-commerce Services

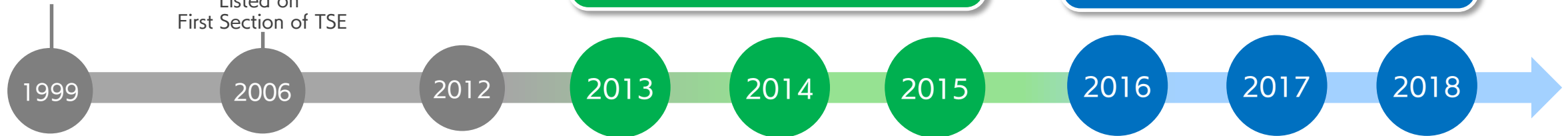


# Growth Trajectory

SoftBank  
Technology

Changed trade name to SOFTBANK TECHNOLOGY CORP.  
Registration of Over-the-Counter at Japan Securities Dealers Association

Listed on  
First Section of TSE



the First Three-year Plan

the Second Three-year Plan

Sales and construction of EC/IT

System Integration

Platform Solutions

E-commerce Services

Set three focus businesses



Cloud



Security

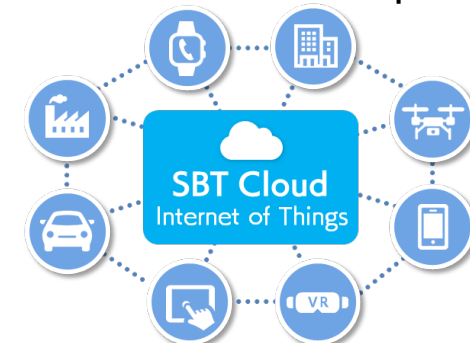


Big data

Cloud Integration



IoT Business Development



Business Transformation

- A company capable of taking on large projects
- Original technologies to establish a key competitive edge
- Strengthen our project management framework

# Employees and Workstyle

## Employees

As of April 1, 2018, the number of employees on a consolidated basis topped 1,000. We employ many highly skilled IT professionals to support customers in their business and operations.

We also employ other experts such as security researchers and data scientists who are mainly engaged in lecture activities and the provision of information to the media and the public sector.

Number of advanced level  
IT qualifications held

350<sup>\*1</sup>

Percentage of  
female employees

17.5%<sup>\*2</sup>

New graduate recruits  
in 2018

46

Average age

37.3 years<sup>\*2</sup>

<sup>\*1</sup> : Non-consolidated basis, number of advanced level qualifications such as internationally recognized project management and information security qualifications and Microsoft system advanced level engineer qualifications held as of March 31, 2018

<sup>\*2</sup> : Non-consolidated basis, as of March 31, 2018

<sup>\*3</sup> : "Eruboshi" certification is based on the ACT on Promotion of Women's Participation and Advancement in the Workplace.

The considerable growth of our employees is the driving force behind the significant growth of SBT.

We work to enhance the skills of all employees and pursue initiatives to bolster productivity.



### On/off switching (Providing variety to keep workers refreshed)

- Flextime system without core time requirements
- Project completion leave



No overtime days  
Premium Fridays, etc.



### Growth Support (Securing and retaining talented human resource)

- Grade skipping system for new employees
- Certification acquisition support



Obtaining the high  
grade of "Eruboshi"  
Certification<sup>\*3</sup>



### Use of ICT (Reduction and creation of time)

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



# Major Award Wins in Recent Years

## Cloud-related



Award in  
Microsoft MVP for  
Microsoft Azure



Microsoft Japan  
Partner of the Year 2017



Three crowns of  
Microsoft Japan  
Partner of the Year 2016,  
a national record number



Four crowns of 2016 Microsoft  
Worldwide Partner Award



Microsoft Japan Partner of  
the Year 2015

## Security-related



Top Growth Partner Award  
of Imperva, Inc.



McAfee Partner Award 2016  
in two divisions



Special prize of  
JNSA Award of Japan Network  
Security Association



Office Security Award of  
the 27th Nikkei New Office Award

## Digital marketing-related



Five employees received a  
Sitecore MVP Award for  
the second consecutive year,  
a national record number  
(2018)



Five employees received a  
Sitecore MVP Award,  
a national record number  
(2017)



Received Sitecore MVP Award  
(2016)



Received Adobe Digital  
Marketing Best Japan Partner  
Award for the third consecutive  
year (2014)

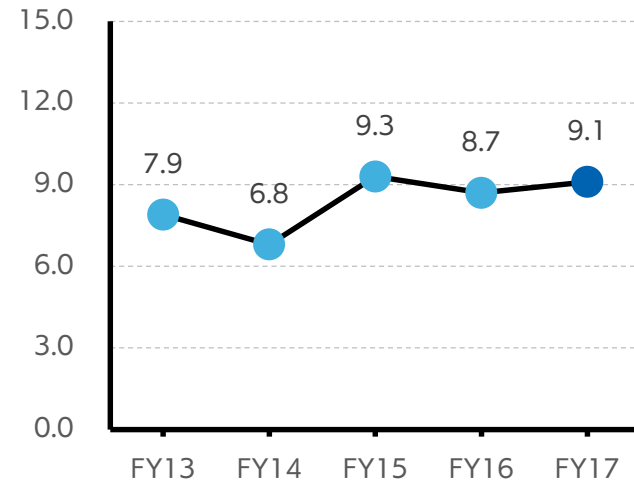


An engineer in the Company  
received Sitecore MVP 2013  
As the first female recipient  
in Japan

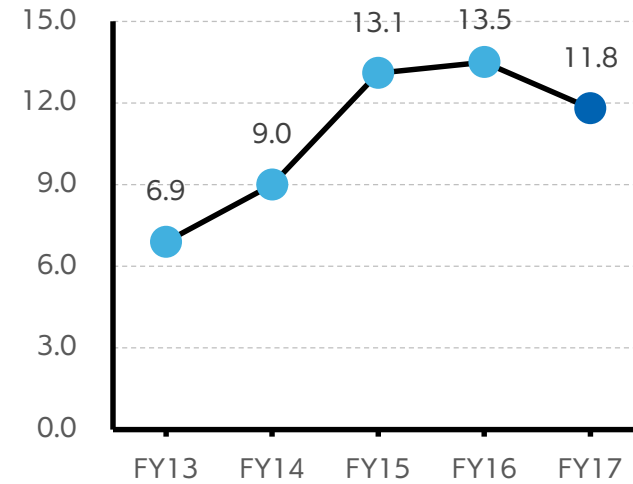
# Key Management Ratios

SoftBank  
Technology

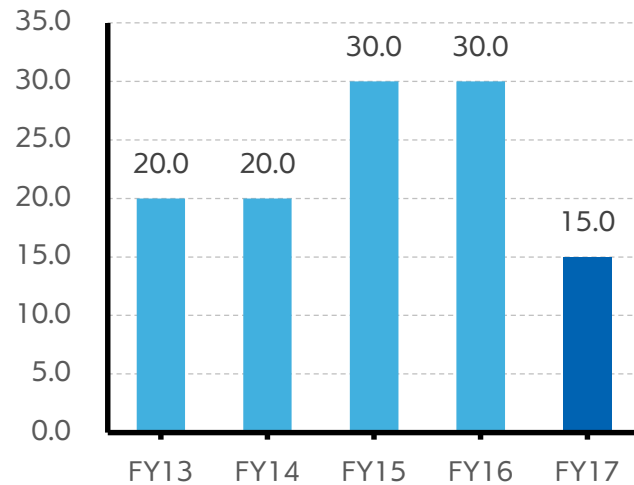
Return on assets  
(ROA)



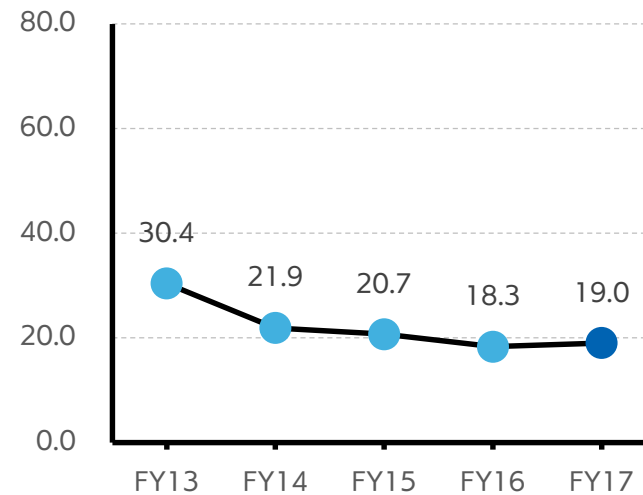
Return on equity  
(ROE)



Dividend (yen)



Payout ratio (%)





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