

Fiscal Year Ended March 31, 2019 (FY2018)

Results of Operations

April 24, 2019

SoftBank Technology Corp.

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Results Overview

Consolidated

Results for the Fiscal Year Ended March 31, 2019

(vs. Previous Year & Forecast)

Highest net sales and operating income ever

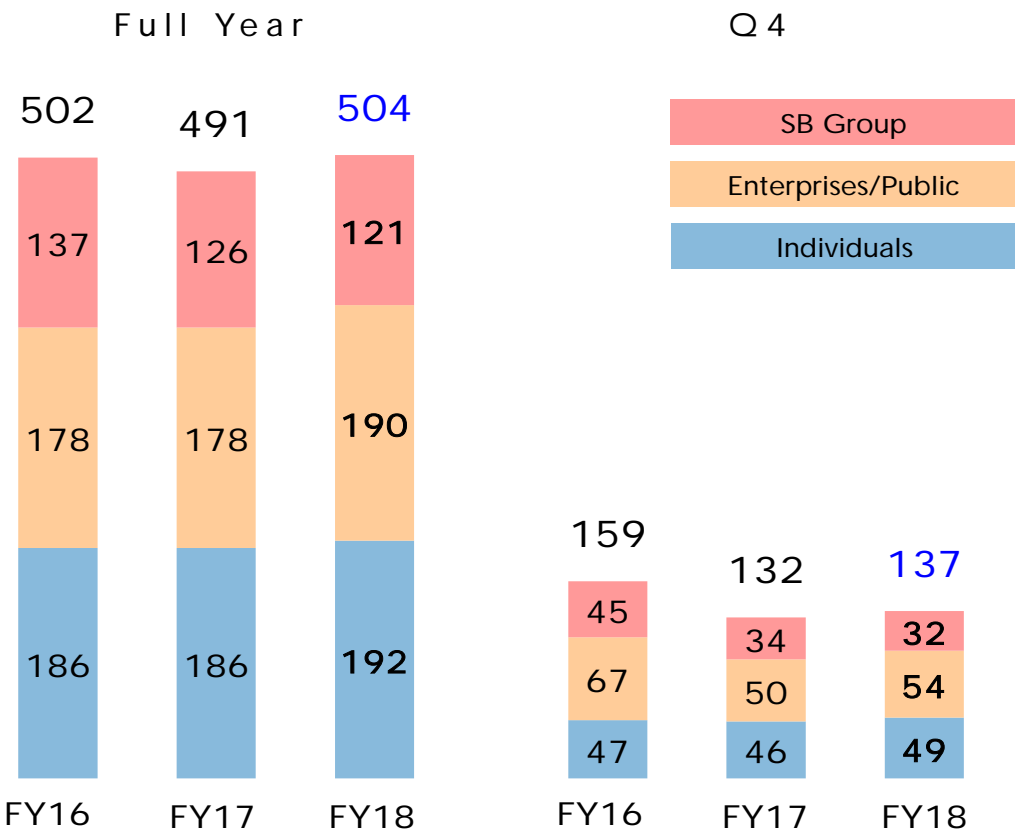
- Growth in the cloud and security business helped set a new record high operating income.
- The net sales target was not met, due possibly to the concentration of resources in unprofitable projects affecting the receipt of orders.
- A temporary non-operating loss resulted in failure to meet ordinary income and profit targets.

(Millions of yen)	FY18	FY17	Amount of change	Ratio of change	Forecast	Progress rate
Net Sales	50,430	49,140	+1,289	+2.6%	52,000	97.0%
Marginal Profit	14,521 (28.8%)	13,744 (28.0%)	+777 (+0.8pt)	+5.7%		
Fixed Cost	12,008	11,567	+440	+3.8%		
Operating Income	2,513 (5.0%)	2,176 (4.4%)	+337 (+0.6pt)	+15.5%	2,500 (4.8%)	100.6%
Ordinary Income	2,291 (4.5%)	2,399 (4.9%)	▲107 (▲0.4pt)	▲4.5%	2,500 (4.8%)	91.7%
Profit attributable to owners of parent	1,386 (2.8%)	1,556 (3.2%)	▲169 (▲0.4pt)	▲10.9%	1,600 (3.1%)	86.7%

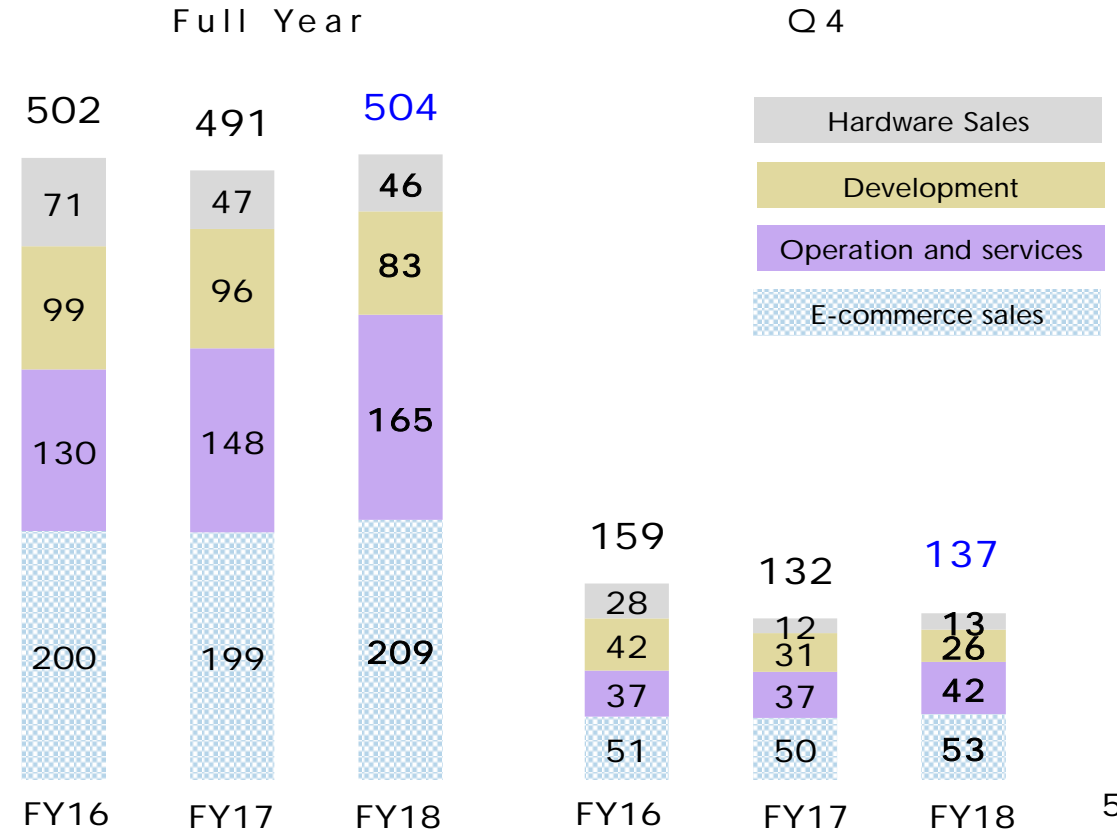
Net Sales

- ✓ Both the business of the SoftBank Group companies and the enterprise business saw operation and service projects increase, chiefly in cloud and security.
- ✓ Sales of hardware to SoftBank Group companies fell following the strategic withdrawal of unprofitable hardware sales.

By customer type



By business type

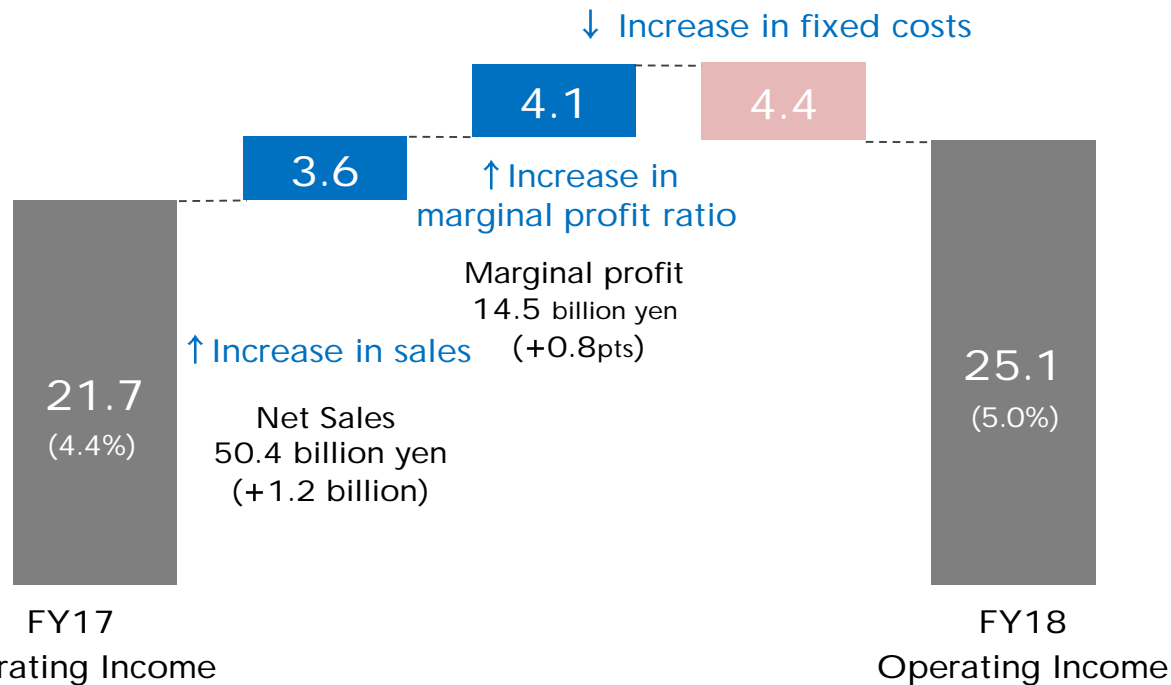


Operating Income

- ✓ Revenue growth in cloud and security and a rise in the sales composition ratio led to a higher operating income ratio.
- ✓ The withdrawal of unprofitable hardware sales and the progress of recurring business eased the overconcentration at the end of the fiscal year.

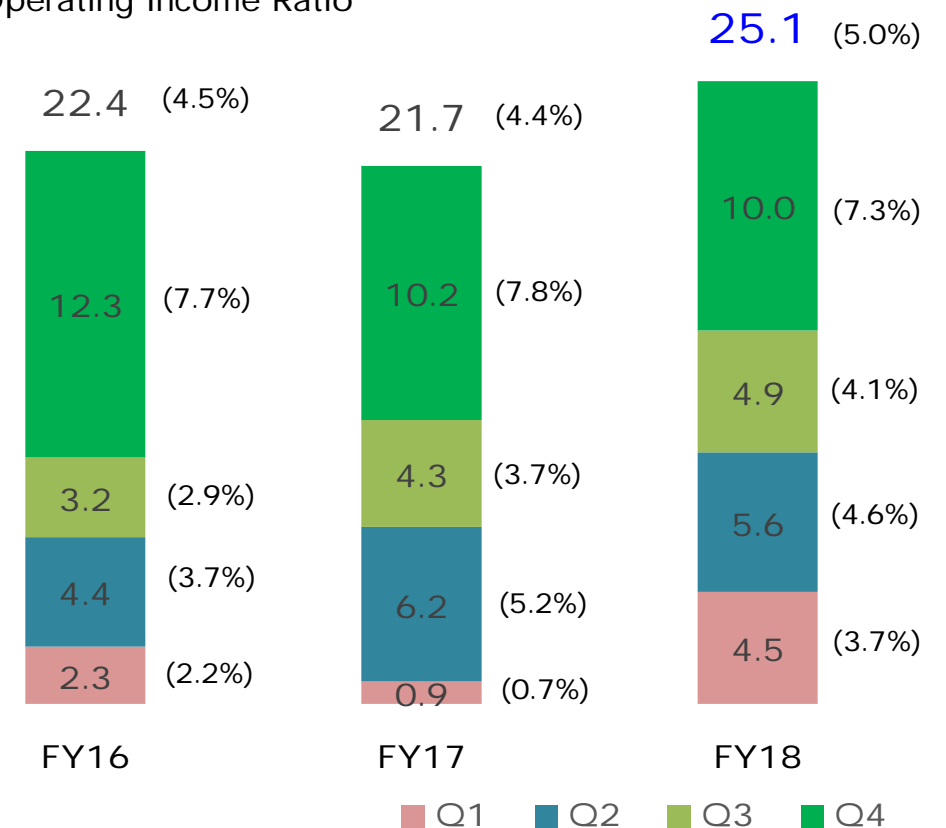
Increases / decreases in operating income

(100 Million yen)



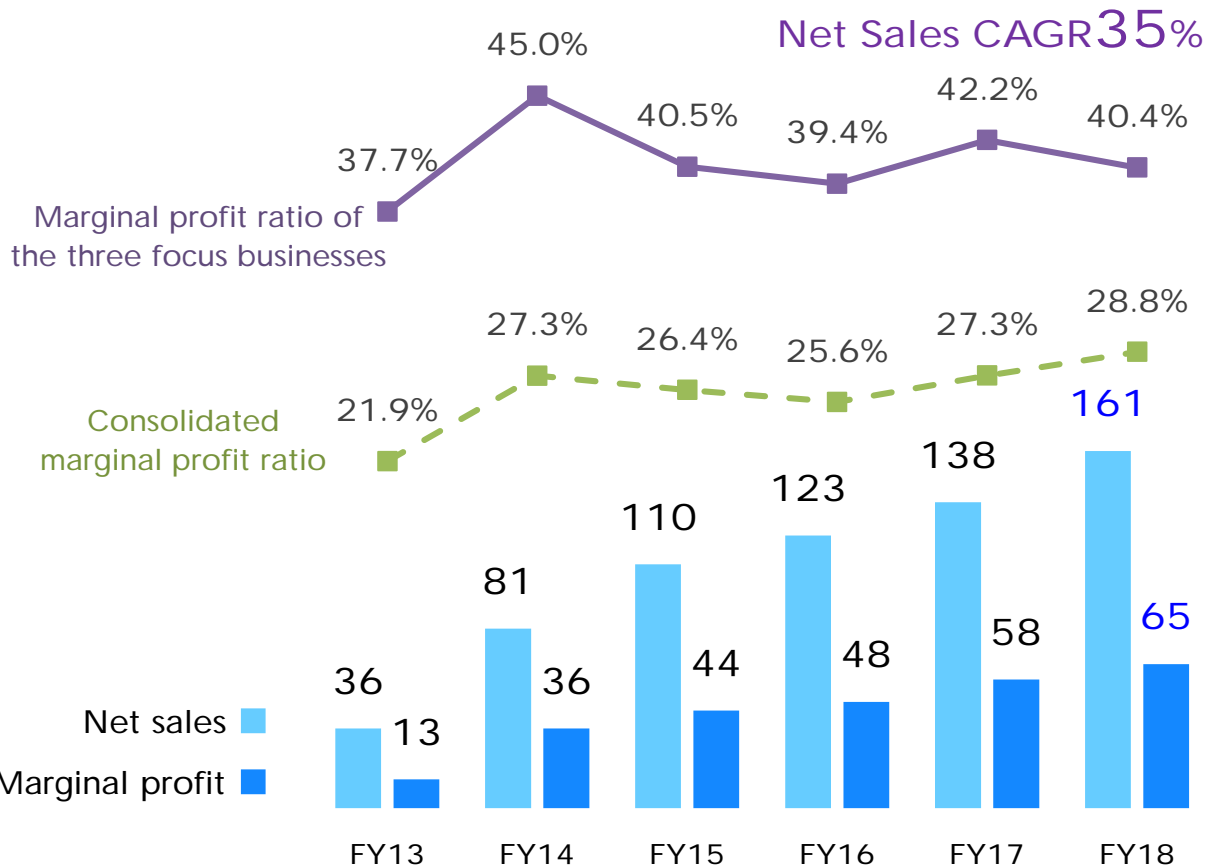
Changes in operating income

() Operating Income Ratio



Changes in the results of the three focus businesses ※

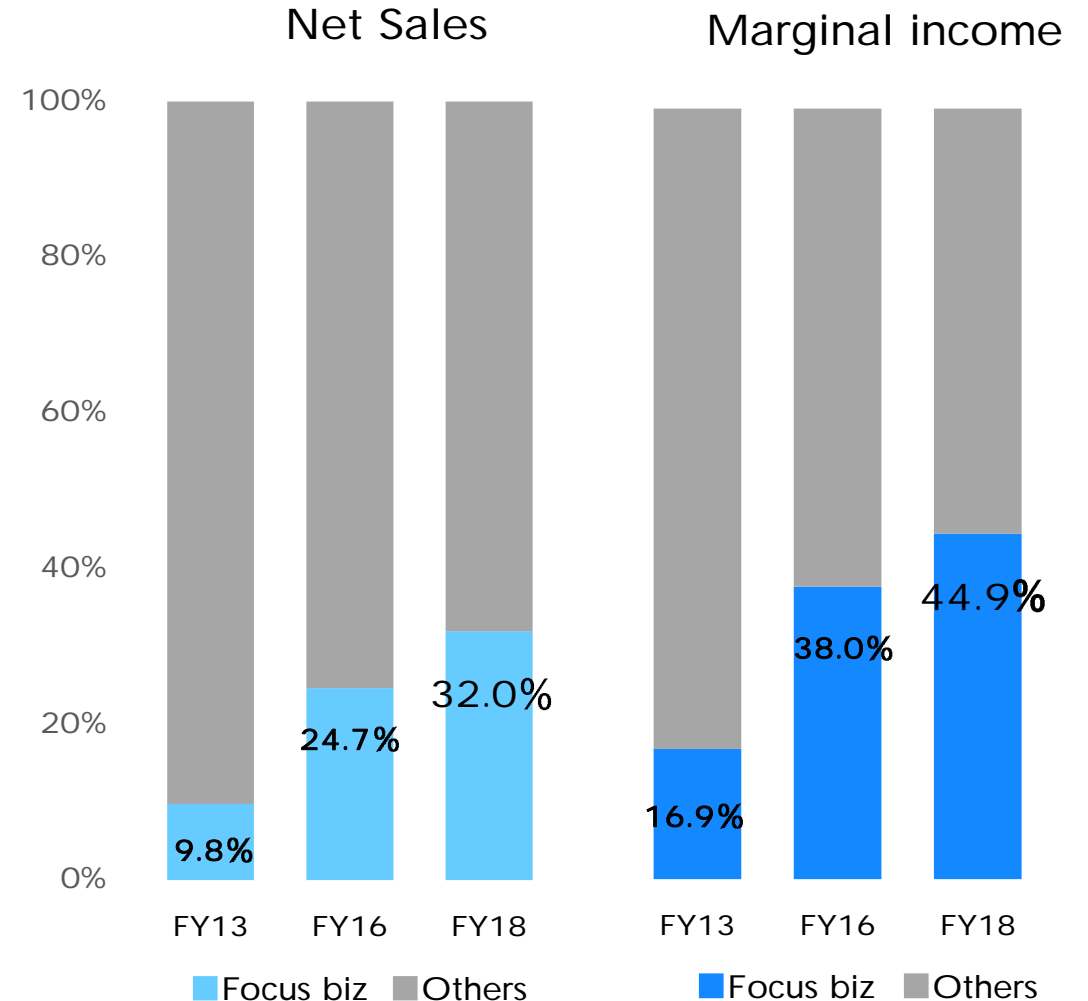
Net sales and marginal profit increased **+17%** and **+12%** respectively year on year.



(100 million yen)

※SB Group's cloud development included in the focus businesses

Component ratios of the three focus businesses



Consolidated

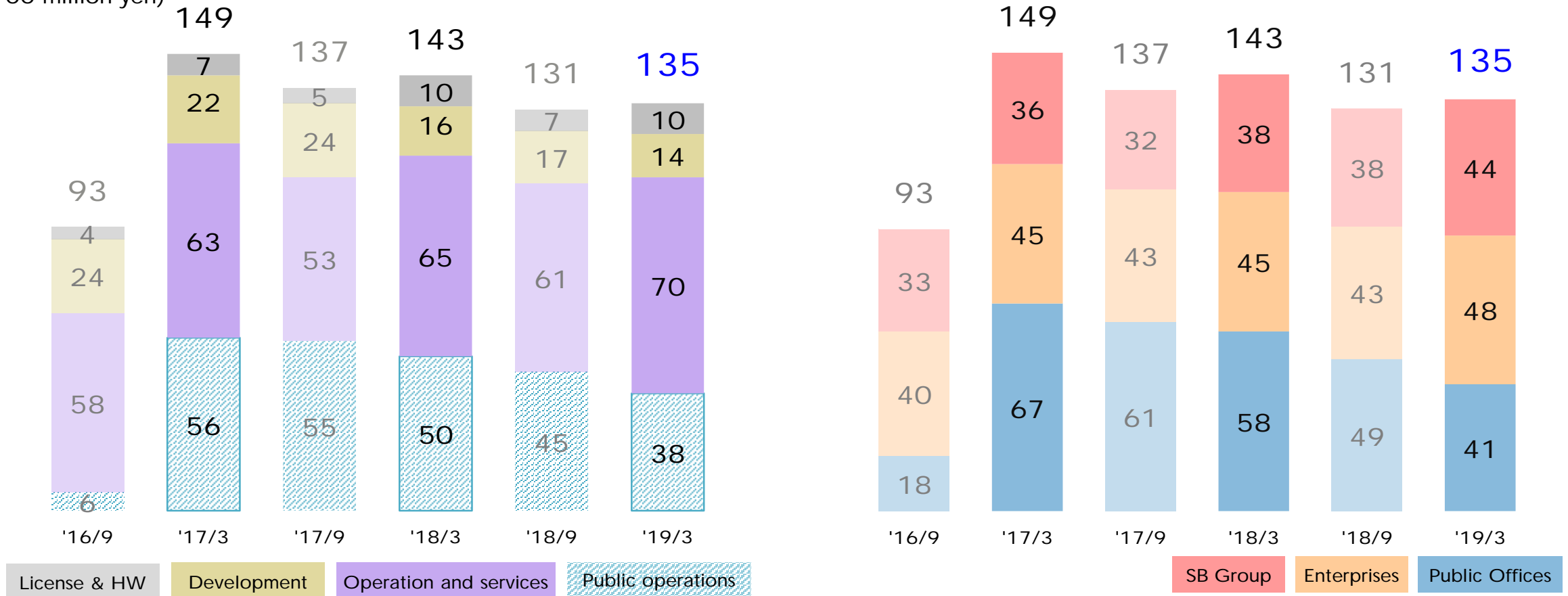
Order Backlog (Excluding E-commerce Services)

- ✓ Operation projects for public sector clients were cleared as planned. In the business for the SoftBank Group companies and in the enterprise business, the backlog of orders increased for operation and services.
- ✓ These businesses saw their order backlogs at the highest-ever levels.

By business type

By customer type

(100 million yen)



※Net sales accounted by percentage-of-compression method is excluded

Forecast for the fiscal Year Ending March 31, 2020 (FY2019)

- ✓ The cloud and security business will continue to enjoy strong demand.
- ✓ SBT will work to boost income margins by enhancing its service sales structure.

(Millions of yen)	FY18	FY19 Forecast	Ratio of change
Net sales	50,430	54,000	+7.1%
Operating Income	2,513 (5.0%)	3,000 (5.6%)	+19.3%
Ordinary Income	2,291 (4.5%)	2,900 (5.4%)	+26.6%
Profit attributable to owners of parent	1,386 (2.8%)	1,700 (3.1%)	+22.6%

Numerical Data

A temporary non-operating loss resulted in an ordinary income slide.

- The cloud and security business expanded nearly 20% to help boost net sales.
- Operating income eventually remained flat, affected partly by unprofitable projects.
- Ordinary income and profit dropped due to a non-operating gain in the same period a year earlier.

(Millions of yen)	FY18Q4	FY17Q4	Amount of change	Ratio of change
Net sales	13,706	13,209	+496	+3.8%
Marginal income	4,012 (29.3%)	3,932 (29.8%)	+79 (▲0.5pt)	+2.0%
Fixed cost	3,011	2,907	+103	+3.6%
Operating income	1,000 (7.3%)	1,024 (7.8%)	▲24 (▲0.5pt)	▲2.3%
Ordinary income	1,011 (7.4%)	1,252 (9.5%)	▲240 (▲2.1pt)	▲19.2%
Profit attributable to owners of parent	605 (4.4%)	831 (6.3%)	▲226 (▲1.9pt)	▲27.2%

Segmentation of Solutions

FY2018

Cloud Systems

(1) System integration

Development of information systems except cloud systems, development of applications, and provision of operation services

(2) Cloud solutions

Transfer of internal business information systems to cloud, cloud consulting and provision of independent cloud services

Platform Solutions

(3) IT infrastructure solutions

Sales of servers and network hardware, provision of operation and maintenance services, sales of Linux- and OSS-related products, and development of embedded Linux and OSS solutions

(4) Security solutions

Security operation and monitoring services, vulnerability checks, sales and introduction of products against cyber attacks and provision of electronic certificate services

Digital Marketing

(5) E-commerce services

E-commerce site operation services, development and sales of font sets, and provision of font services

(6) Data analytics

Construction of data management platforms, access log analysis, data analysis, BI tools, and provision of consulting services

From FY2019 onwards

[1] Business IT solutions

- Consulting and IT solutions that help customers achieve business growth
- IoT services

[2] Corporate IT solutions

- Cloud services and security operation and monitoring services
- Cloud & security consulting for work style reforms
- Cloud integration and sales of products for security measures

[3] Technical solutions

- System integration except cloud systems
- Hardware sales, construction, operation and maintenance services
- Sales of Linux- and OSS-related products, and development of embedded Linux and OSS solutions

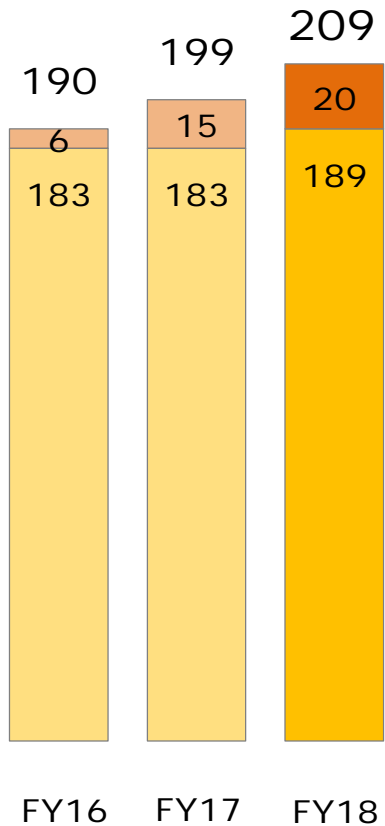
[4] E-commerce solutions

- E-commerce site operation services and others

Progress in E-commerce Services

Net sales

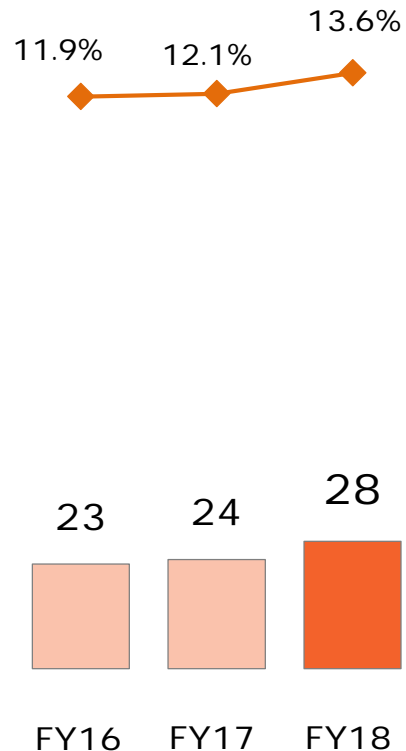
Font, etc. Symantec Store



(100 million yen)

Marginal profit

Marginal profit ratio



E-commerce services (mainly serving individual customers)

- E-commerce website operation services
- Development and sales of font sets and web font services and more

[Net Sales]

- In the Symantec Store business, net sales grew as a result of a steady transition to high performance products.
- The font service gained new users and changed its business model.

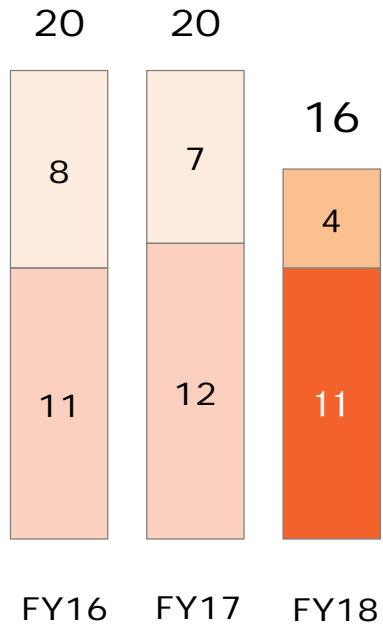
[Marginal Profit]

- Increased as a result of sales growth and the expansion of the font business

Progress in Data Analytics

Net sales

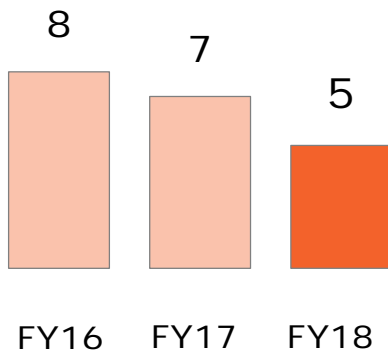
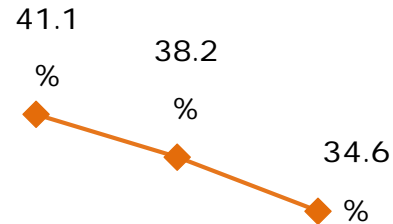
- Project revenue
- Consistent revenue



(100 million yen)

Marginal profit

- ◆ Marginal profit ratio



Data analytics

(mainly serving enterprises, public offices and municipalities)

- Construction of websites and databases
 - Access log analysis tools
 - Data analysis and consulting services
- and more

[Net Sales]

- Briskness retained in site and data platform solutions
- Shrinkage in site analysis tools and incidental consulting services for e-commerce operators following a change in business policy

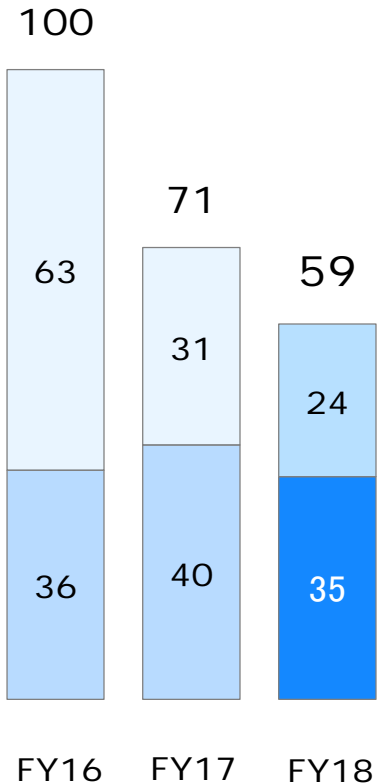
[Marginal Profit]

- Decreased due to the sales decline

Progress in IT Infrastructure Solutions

Net sales

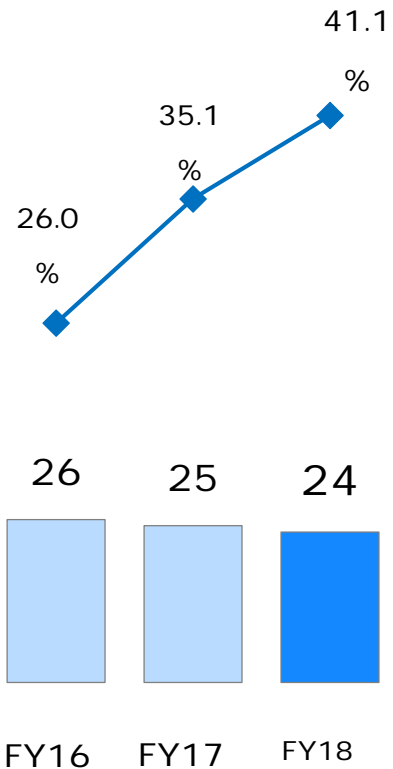
- Project revenue
- Consistent revenue



(100 million yen)

Marginal profit

- Marginal profit ratio



IT infrastructure solutions

(mainly serving customers in the SoftBank Group)

- Construction of IT platforms, operation and maintenance services, and sales of servers and network equipment
- Integrated monitoring tools for utilizing Linux and other open source software (OSS) for server applications and mission-critical systems, and system backups and more

[Net Sales]

- Net sales contracted due to the termination of sales of specific hardware with difficulties creating and maintaining extra value in Q2 of FY2017.
* A decline of 950 million yen has an impact throughout the fiscal year.

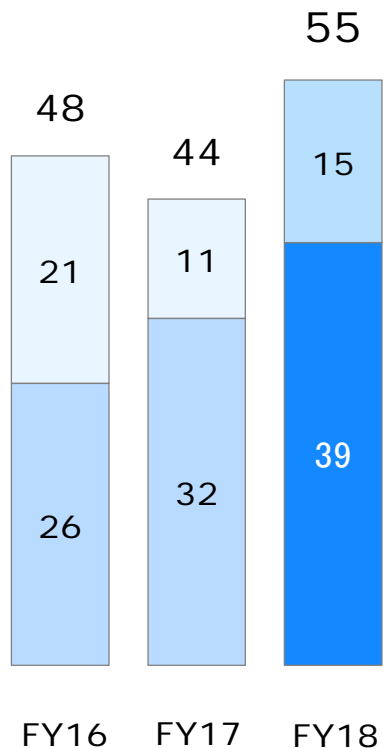
[Marginal Profit]

- The marginal profit ratio surged after the termination of sales of poorly profitable equipment.

Progress in Security Solutions

Net sales

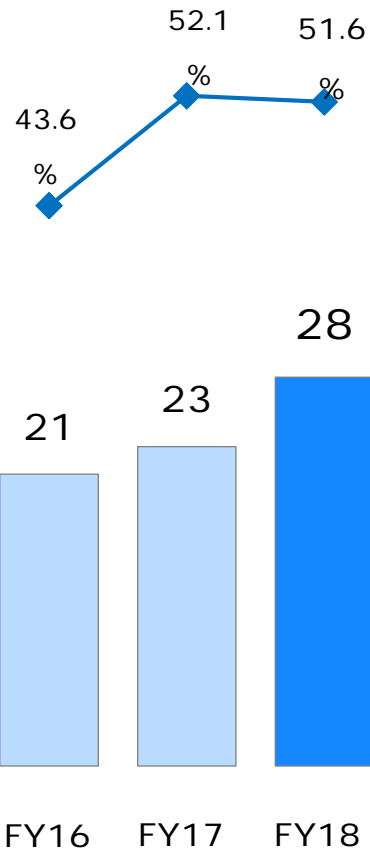
- Project revenue
- Consistent revenue



(100 million yen)

Marginal profit

- Marginal profit ratio



Security solutions

(mainly serving enterprises, public offices and municipalities)

- Vulnerabilities examinations and measures against targeted attacks
- Authentication and encryption services using electronic certificates
- 24/7 security operation (monitoring and analysis) services and more

[Net sales]

- Sales hike in security operation and monitoring services (MSS*) amid needs for preparations due to increasing cyber attacks and shortage of security professionals
- Strong in electronic certificates and device IDs

[Marginal profit]

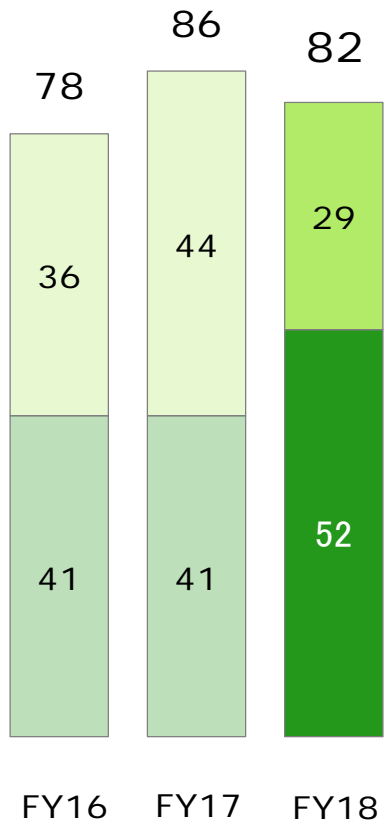
- Increased after sales growth resulting from demand for security

* Managed security service (MSS): A service of operation and monitoring for customers' security systems on a 24/7 basis from the security monitoring center.

Progress in System Integration

Net sales

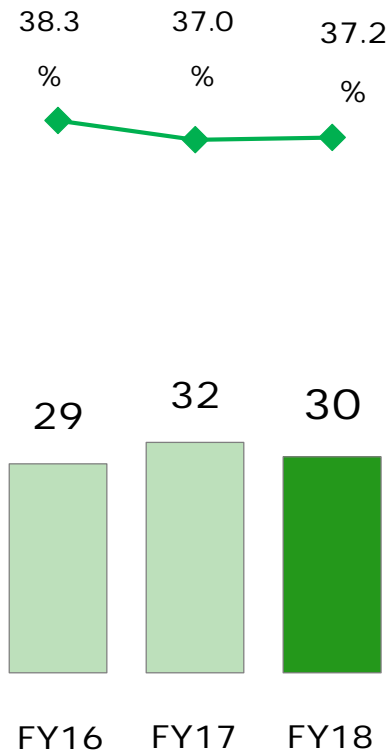
- Project revenue
- Consistent revenue



(100 million yen)

Marginal profit

- Marginal profit ratio



System integration

(mainly serving customers in the SoftBank Group Companies)

- Design and development of internal systems and operation and maintenance services
- Development of business applications and systems for business divisions and operation and maintenance services
- Development of applications for tablets, smartphones and robots and more

[Net sales]

- Rise in recurring business sales after promotion of business IT solutions and encouragement of shift to operation services

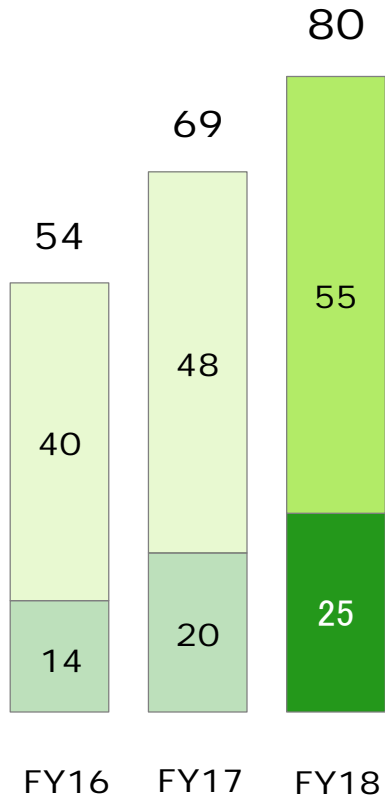
[Marginal profit]

- Decreased due to contraction of spot development projects
- Accumulation of recurring business sales led to upward trend in income margins.

Progress in Cloud Solutions

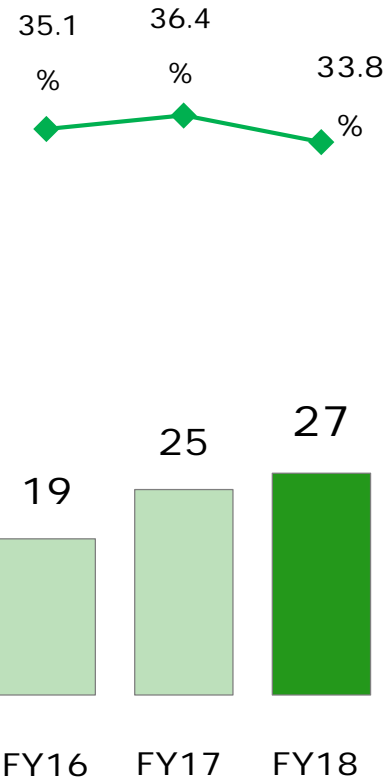
Net sales

- Project revenue
- Consistent revenue



Marginal profit

- Marginal profit ratio



Cloud solutions

(mainly serving enterprises, public offices and municipalities)

- Sales of licenses for Microsoft solutions
- Design, development and introduction support concerning the transition of information systems to the cloud
- Operation efficiency improvement, authentication and security services and more

[Net Sales]

- Growth in central management of devices and mobility services*
- Sales of collaboration platforms (stage 2 and later) contributed to a sales surge.

[Marginal Profit]

- A part of business IT (for business sections) project became unprofitable.
- The marginal profit ratio fell, due partly to the precedence of license sales.

(100 million yen)

* Enterprise mobility: A concept of increasing business productivity and stepping up security to provide mobility to the organization and its staff members