

First Quarter of the Fiscal Year Ending March 31, 2020

Results of Operations

July 25, 2019
SoftBank Technology Corp.

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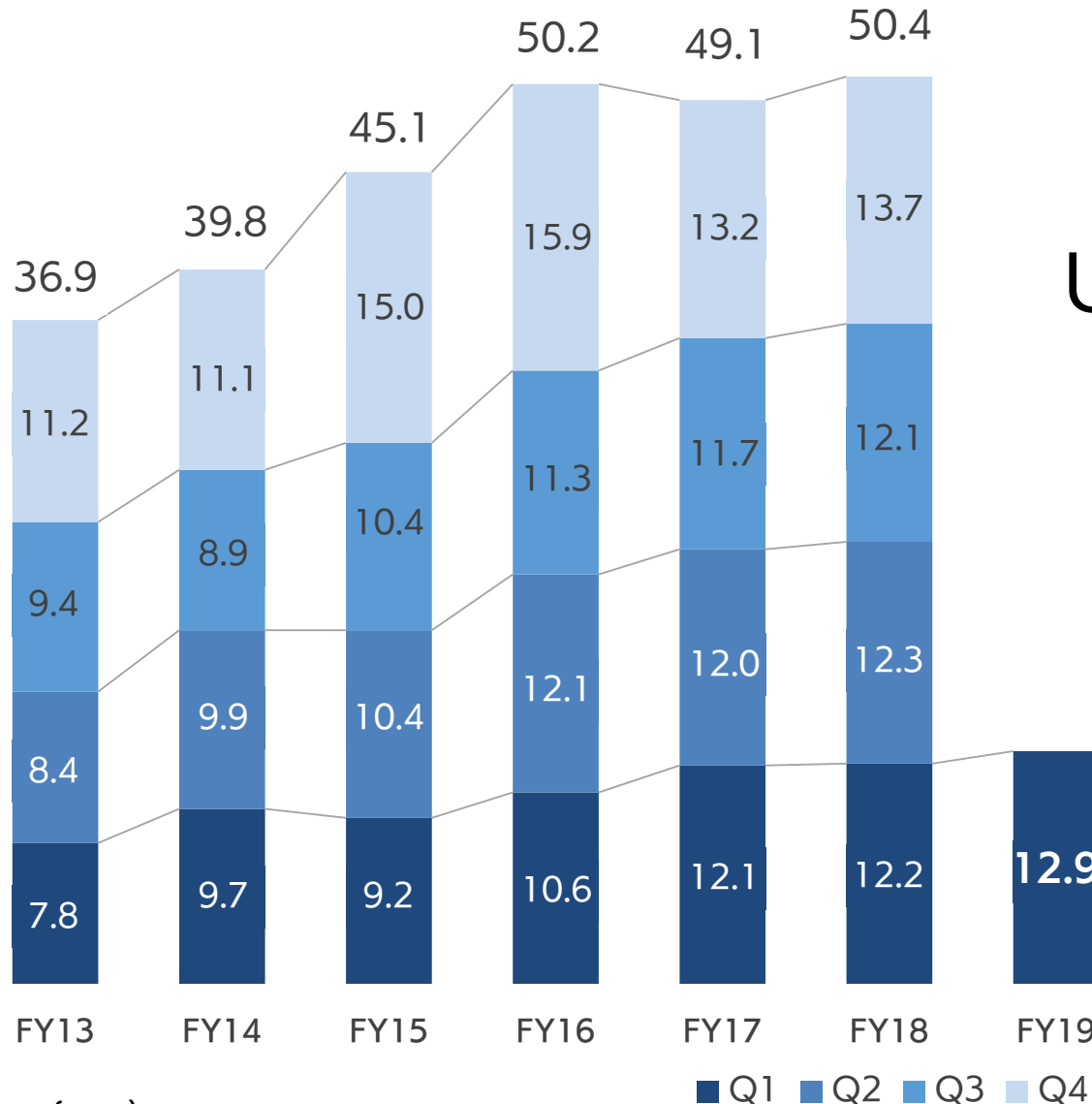
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Financial Summary

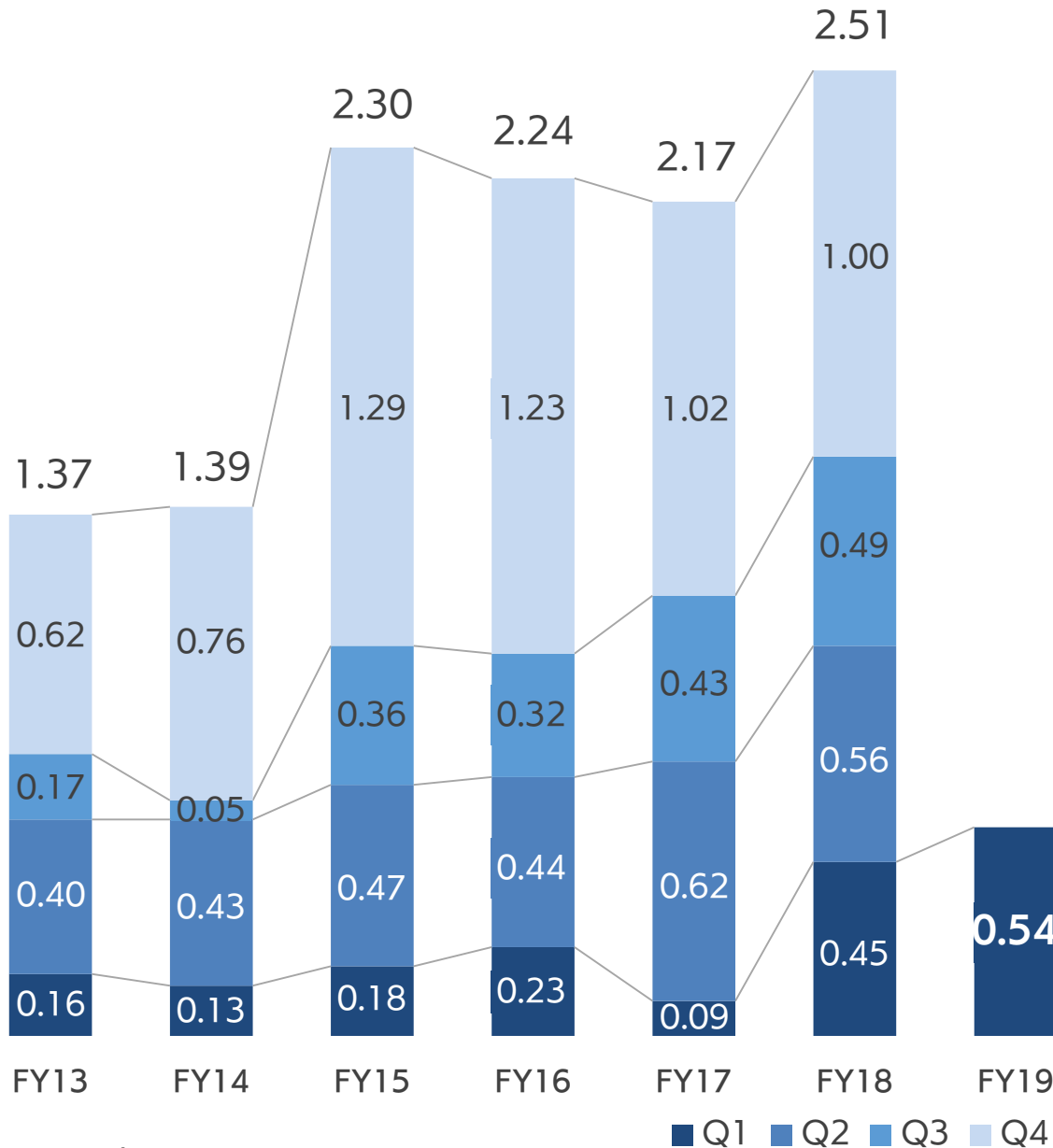
■ SoftBank
■ Technology



Updated highest Q1 revenue ever

YoY

5.8% 



Medium-term plan target: 20% growth in operating income

20% growth as planned
+0.5 pt improvement
in marginal profit ratio as well

YoY

21.3% ↗

(Millions of yen)	FY19Q1	FY18Q1	Amount of change	Ratio of change
Net sales	12,969	12,258	+711	+5.8%
Marginal income	3,642 (28.1%)	3,406 (27.8%)	+236 (+0.3pt)	+7.0%
Fixed cost	3,096	2,955	+141	+4.8%
Operating income	546 (4.2%)	450 (3.7%)	+95 (+0.5pt)	+21.3%
Ordinary income	545 (4.2%)	431 (3.5%)	+113 (+0.7pt)	+26.2%
Profit attributable to owners of parent	330 (2.5%)	256 (2.1%)	+74 (+0.4pt)	+29.0%



◆ For the Softbank Group

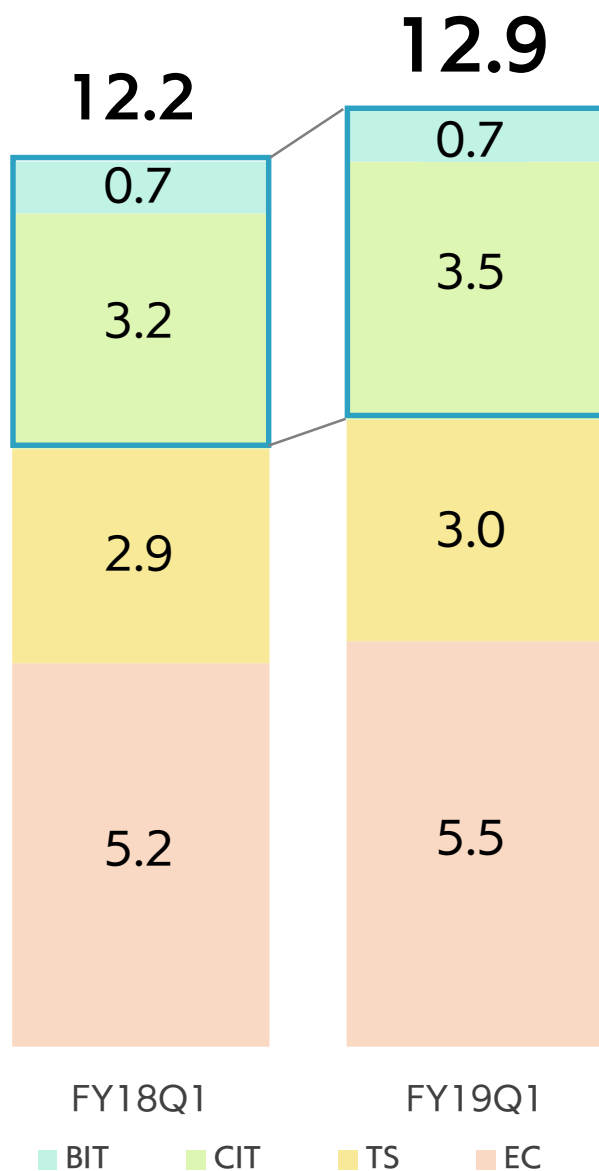
- Cloud development projects expanded
- Operation services increased

◆ For Enterprises

- Equipment sales declined, services increased

◆ For Individuals

- Upsell measures worked well

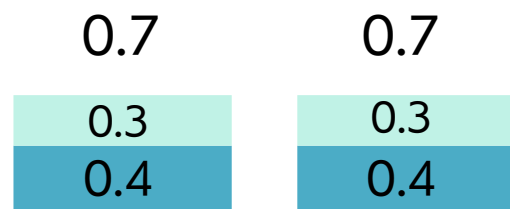


Medium-term plan target: 50%
for BIT/CIT rate

Net sales composition ratio of
focus business (BIT/CIT)
32.8% → 33.4%

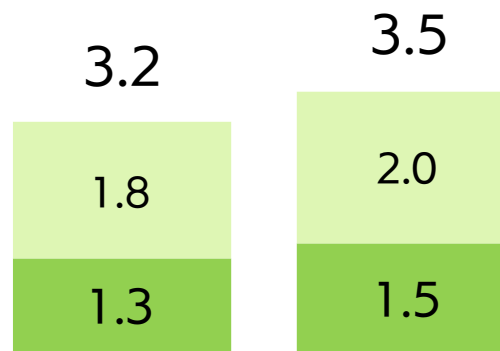
YoY

7.7% 



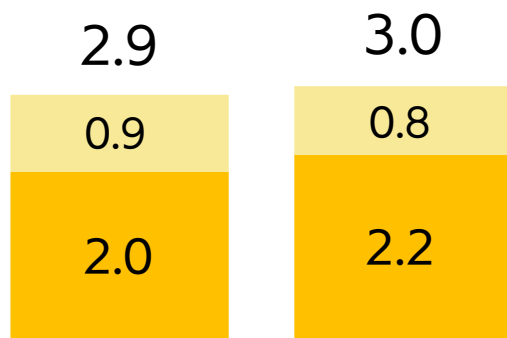
FY18Q1

FY19Q1



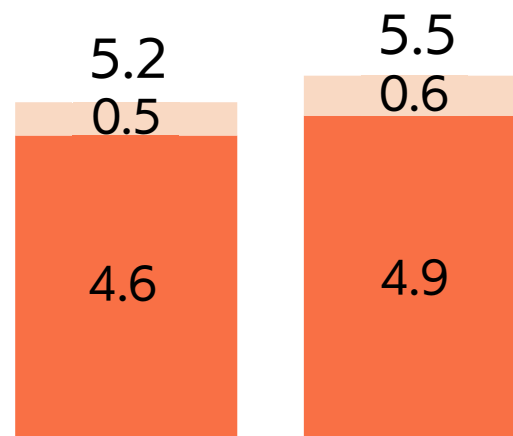
FY18Q1

FY19Q1



FY18Q1

FY19Q1



FY18Q1

FY19Q1



Stock business sales
Total 41 million yen

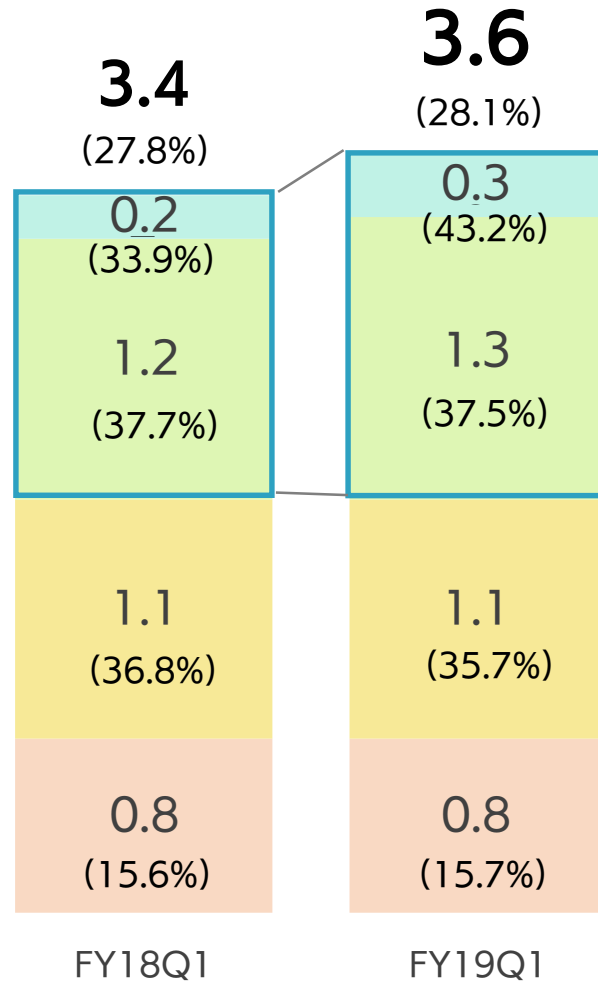
YoY

6.7% 

* For EC solutions, the charts are shown by separating the Symantec operation agency service from the rest due to the characteristics of the business.

(Billions of yen)

■ BIT ■ CIT ■ TS ■ EC
() Marginal profit ratio



The profitable focus business and stock business expanded centered on services, and the marginal profit ratio improved 0.3 pt.

YoY

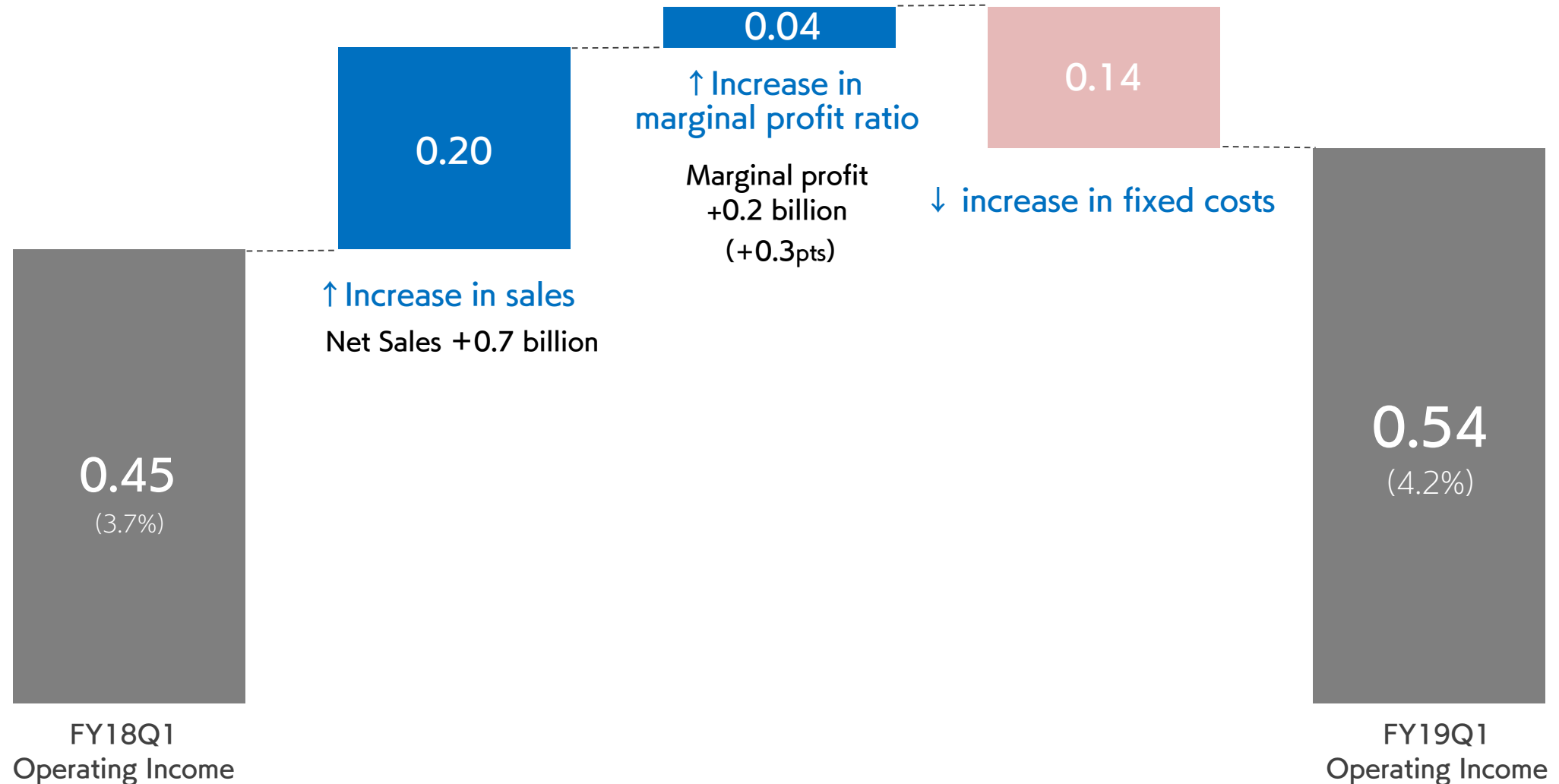
Marginal Profit

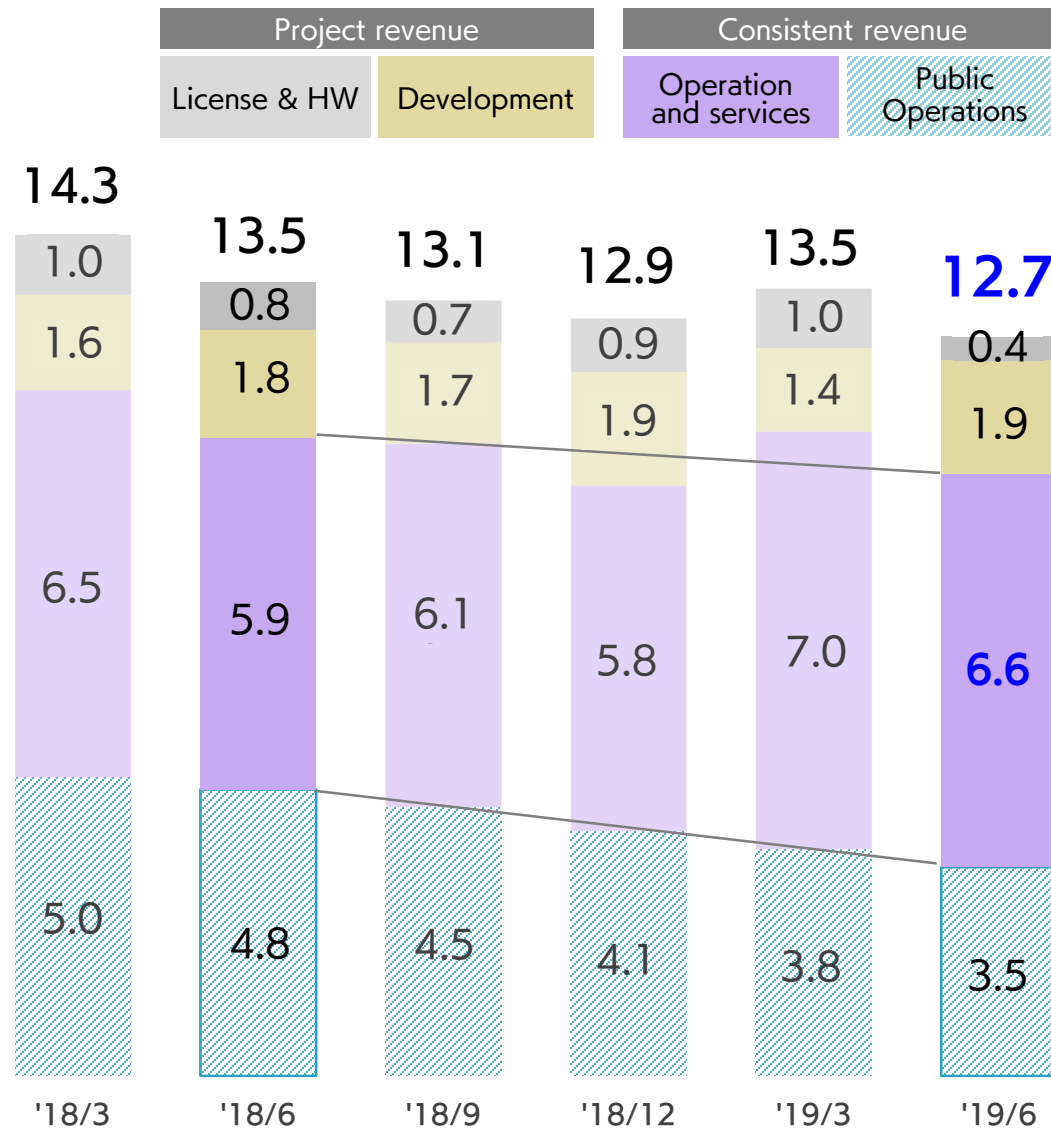
7.0% ↗

Focus business

12.4% ↗

Increased sales and improved profitability made our profit to grow more than 20%.

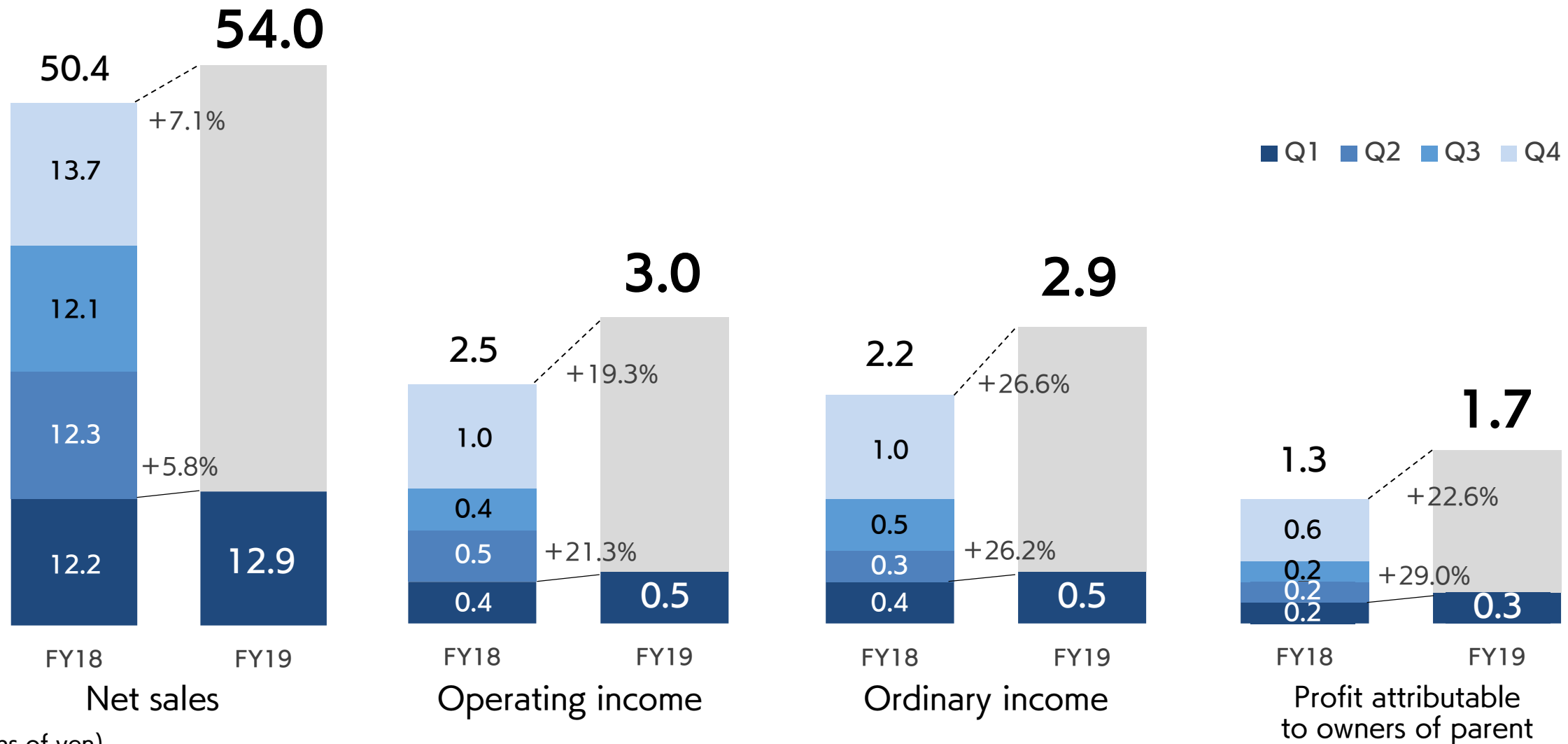




YoY
Order Backlog
Operation and services

12.0% 

To achieve the plan,
we continue to advance the focused themes in the medium-term plan.



Medium-term Management Plan

Progress / Future Actions

■ SoftBank
■ Technology

Targeted Management Indicators and Key Themes

FY2021 Management Indicators

- Operating income of **4.3 billion yen**
(20% CAGR from FY18/2.5 billion yen as a starting point)
- Business IT & Corporate IT to **50%**
as a percentage of total net sales
- ROE of **13%**

[Key Themes]

Be a service provider
for Corp IT



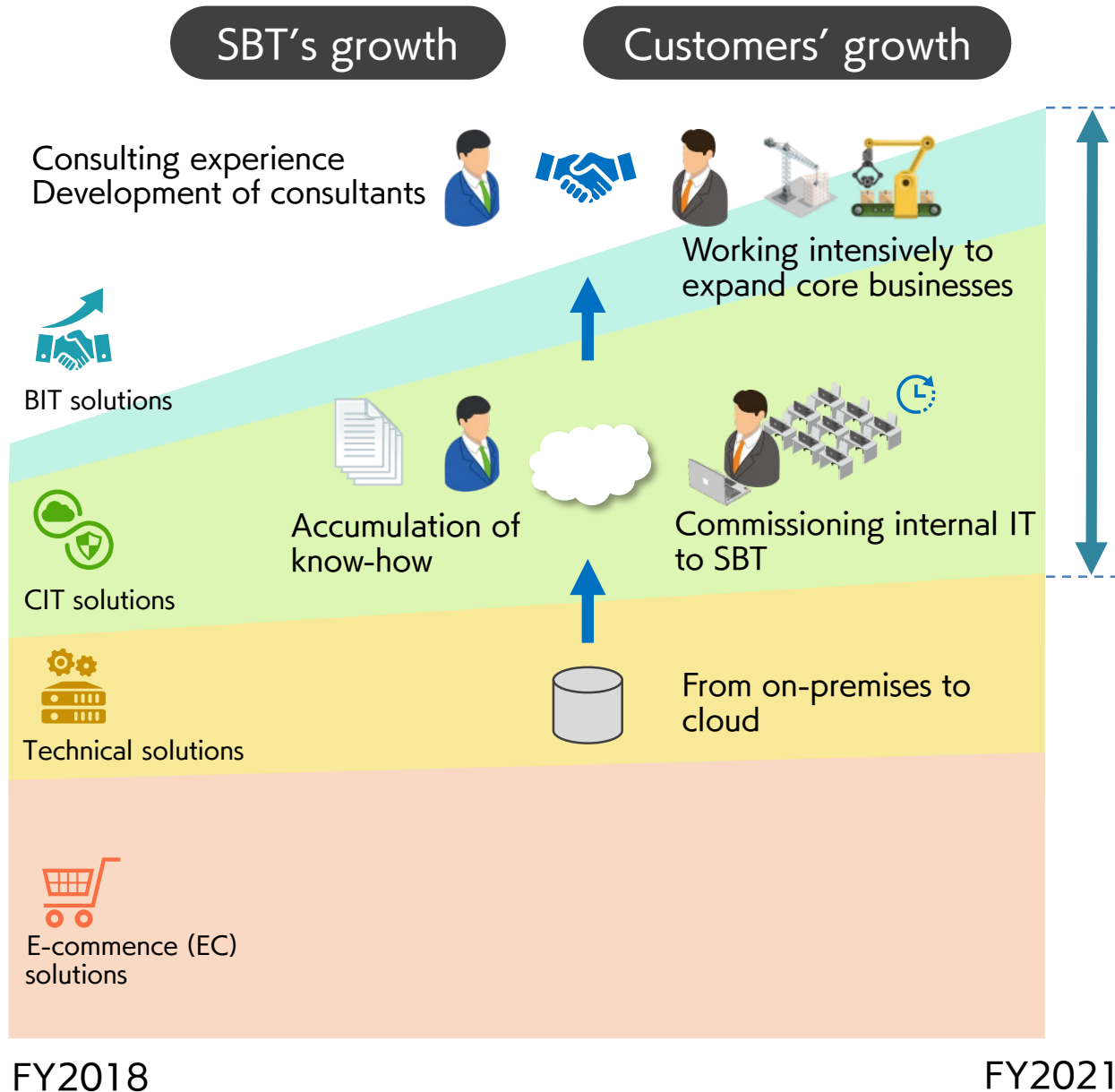
- (1) Concentrate on system introduction and development projects that lead to the development of services
- (2) Enhance and upgrade cloud and security services for enterprise
- (3) Establish and strengthen partner sales

Consult and
Generate
Business IT



- (1) Adopt cloud computing and IoT in existing businesses
- (2) Collaborate on new businesses utilizing IoT
- (3) Further the penetration of scrum development

3rd Medium-term Management Plan: Growth of the Focused Cloud Business (BIT/CIT)



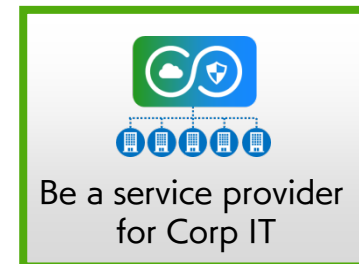
Net sales composition ratio

50%



Business IT (BIT)

- Collaborative creation with business departments
- Enhanced competitiveness utilizing advanced technology
- Support for globalization



Corporate IT (CIT)

- Creating time for customer IT departments
- Promoting cloud use and work style reform
- Collaborating with sales partners

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 the First Quarter

1Q

2Q

4/1

Announcement of new management policy

4/24

Announcement of medium-term management plan from FY2019 to FY2022

6/17

Resolution on the trade name change to SB Technology Corp. *October 1, 2019~

CIT 4/1

Start providing Cloud Migration Suite

CIT 4/15

Provide MSS to Sampo Systems Inc.

CIT 6/26

Participate in Telework Days 2019 as a special cooperation entity and support entity

CIT 4/1

Open Global Security Operations Center

CIT 4/11

Start providing MSS for CASB

BIT 4/17

Support construction of building information platform in Asahi Facilities Inc.

BIT 6/26

Selected as a finalist in the IoT category in the Microsoft Partner Awards

CIT 6/28

Takasago Thermal Engineering Co., Ltd. adopts Cloud Migration Suite



Start MSS global services at Global Monitoring Center

Establishing a monitoring base overseas, we started services in English on the managed security services (MSS). SBT security experts monitor the operations of security systems 24 hours, 7 days for the Japanese companies that expand their businesses globally. We provide support services and emergency measures for personnel at customers' overseas bases by phone and email.



Support construction of building information platform utilizing IoT in Asahi Facilities Inc.

We helped construct the Building Information Platform on Microsoft Azure to support the building management business of Asahi Facilities Inc., a group company of Takenaka Corporation. Moving forward, by coordinating with external systems centered on building information platforms and by utilizing IoT further, we will help achieve a more efficient and advanced building management business.



Takasago Thermal Engineering Co., Ltd. adopts Cloud Migration Suite in moving from on-premise to Azure

Cloud Migration Suite was adopted upon migrating to the cloud from the server OS that faces the termination of support by the vendor (EOS: End of Support). Flexible work with both the tool migration service and the new deployment service and rapid migration with standardized cloud design and construction are evaluated. The systems will be migrated sequentially by the EOS in January 2020.

Numerical Data



Consolidated results (Millions of yen)	FY18Q1	FY19Q1
Net sales	12,258	12,969
BIT solutions	768	767
CIT solutions	3,255	3,568
Technical solutions	2,992	3,085
EC solutions	5,241	5,548
Cost of sales	10,323	10,873
Gross profit	1,935	2,096
SG&A expenses	1,485	1,550
Operating income	450	546
Non-operating income (loss)	▲18	▲0
Ordinary income	431	545
Extraordinary gains (losses)	0	0
Profit attributable to owners of parent	256	330
Consolidated marginal profit	3,406	3,642
Consolidated fixed costs	2,955	3,096

YoY Change	
Amount (Millions of yen)	Ratio
+711	+5.8%
▲0	▲0.1%
+312	+9.6%
+92	+3.1%
+306	+5.9%
+550	+5.3%
+160	+8.3%
+64	+4.3%
+95	+21.3%
+17	-
+113	+26.2%
-	-
+74	+29.0%
+236	+7.0%
+141	+4.8%

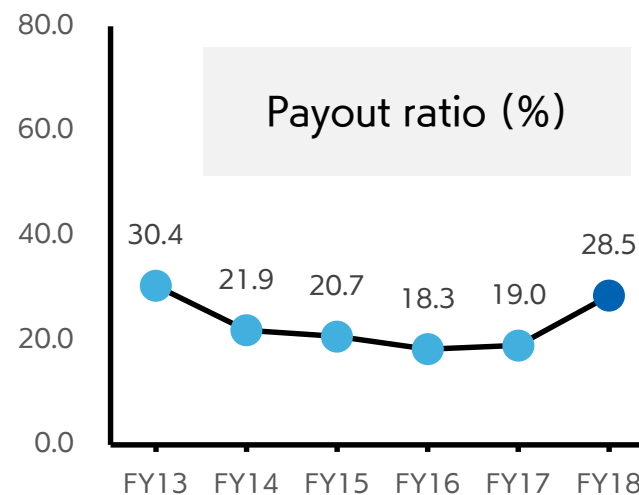
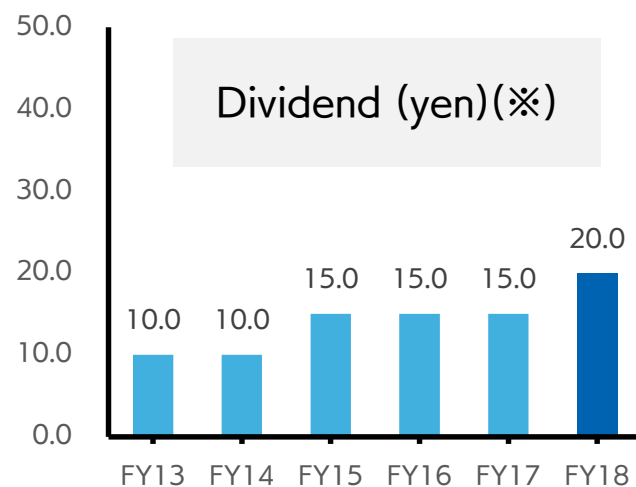
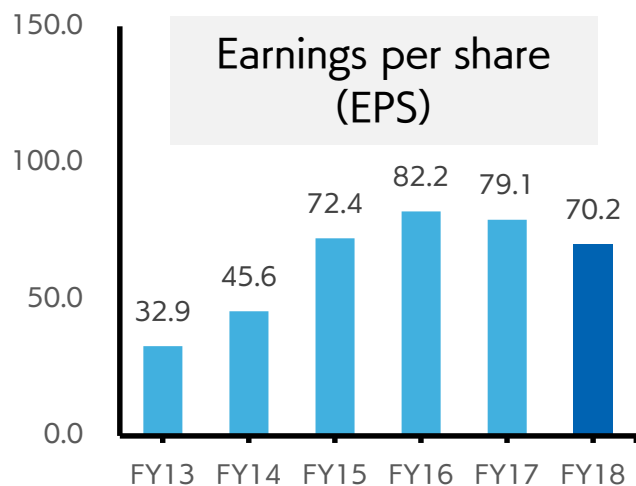
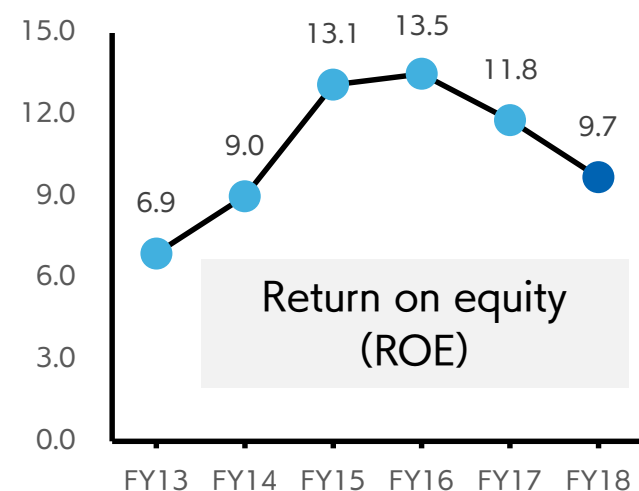
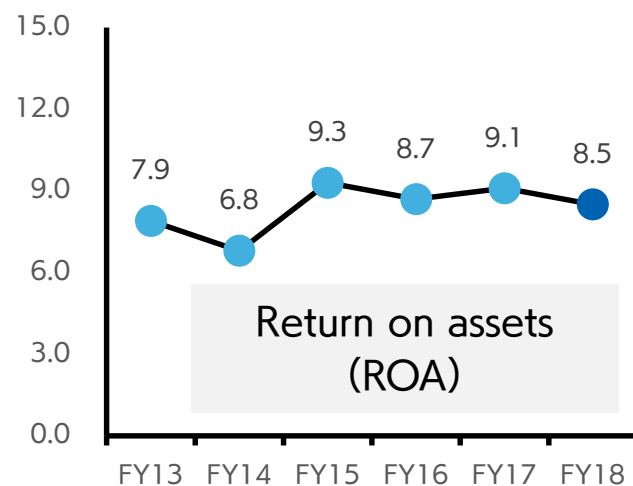
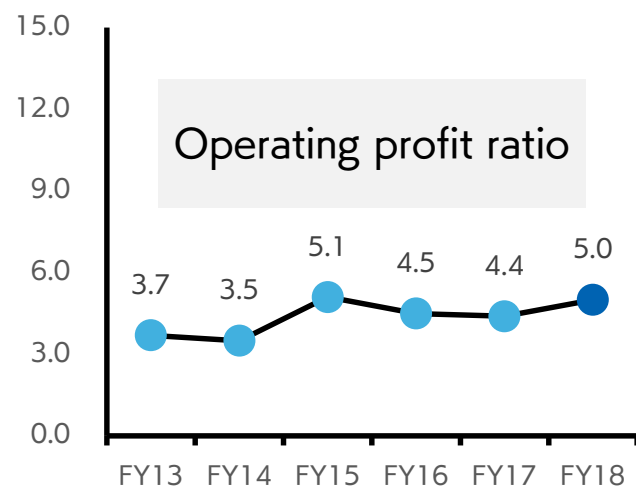
Consolidated results (Millions of yen)	FY18Q1	FY18Q2	FY18Q3	FY18Q4	FY18	FY19Q1
Net sales	12,258	12,303	12,162	13,706	50,430	12,969
BIT solutions	768	789	743	1,091	3,393	767
CIT solutions	3,255	3,246	3,186	3,680	13,369	3,568
Technical solutions	2,992	3,270	2,854	3,556	12,674	3,085
EC solutions	5,241	4,995	5,377	5,377	20,993	5,548
Cost of sales	10,323	10,222	10,149	11,277	41,973	10,873
Gross profit	1,935	2,080	2,012	2,428	8,457	2,096
SG&A expenses	1,485	1,516	1,513	1,427	5,943	1,550
Operating income	450	563	499	1,000	2,513	546
Non-operating income (loss)	▲18	▲216	1	11	▲222	▲0
Ordinary income	431	347	500	1,011	2,291	545
Extraordinary gains (losses)	0	23	▲3	▲55	▲35	0
Profit attributable to owners of parent	256	231	293	605	1,386	330
Consolidated marginal profit	3,406	3,607	3,495	4,012	14,521	3,642
Consolidated fixed costs	2,955	3,043	2,996	3,011	12,008	3,096

		FY18Q1	FY18Q2	FY18Q3	FY18Q4	FY18	FY19Q1
Consolidated results (Millions of yen)	Net sales	12,258	12,303	12,162	13,706	50,430	12,969
	Marginal profit	3,406	3,607	3,495	4,012	14,521	3,642
	Margin	27.8%	29.3%	28.7%	29.3%	28.8%	28.1%
BIT solutions	Net sales	768	789	743	1,091	3,393	767
	Marginal profit	260	294	282	506	1,343	331
	Margin	33.9%	37.3%	38.0%	46.4%	39.6%	43.2%
CIT solutions	Net sales	3,255	3,246	3,186	3,680	13,369	3,568
	Marginal profit	1,226	1,430	1,396	1,533	5,585	1,339
	Margin	37.7%	44.1%	43.8%	41.7%	41.8%	37.5%
Technical solutions	Net sales	2,992	3,270	2,854	3,556	12,674	3,085
	Marginal profit	1,102	1,187	1,085	1,225	4,600	1,101
	Margin	36.8%	36.3%	38.0%	34.4%	36.3%	35.7%
EC solutions	Net sales	5,241	4,995	5,377	5,377	20,993	5,548
	Marginal profit	817	695	731	747	2,992	870
	Margin	15.6%	13.9%	13.6%	13.9%	14.3%	15.7%
Total of focus businesses (BIT+CIT)	Net sales	4,024	4,036	3,930	4,772	16,762	4,335
	Marginal profit	1,486	1,724	1,678	2,039	6,929	1,671
	Margin	36.9%	42.7%	42.7%	42.7%	41.3%	38.6%

YoY Change	
Amount	Ratio
+711	+5.8%
+236	+7.0%
+0.3pt	-
▲0	▲0.1%
+71	+27.5%
+9.3pt	-
+312	+9.6%
+113	+9.3%
▲0.2pt	-
+92	+3.1%
▲1	▲0.1%
▲1.1pt	-
+306	+5.9%
+52	+6.5%
+0.1pt	-
+311	+7.7%
+185	+12.4%
+1.7pt	-

(Millions of yen)	2018/6	2019/3	2019/6	前期末比	前年同期比
Current assets	17,847	20,008	19,492	△ 515	1,645
Cash and deposits	8,027	8,728	9,756	1,027	1,728
Notes and accounts receivable - trade	7,518	10,011	7,706	△ 2,304	187
Non-current assets	7,655	7,484	7,417	△ 66	△ 237
Property, plant and equipment	1,154	1,220	1,211	△ 8	57
Intangible assets	3,070	3,068	3,071	2	0
Investments and other assets	3,430	3,194	3,134	△ 60	△ 295
Total assets	25,502	27,492	26,910	△ 582	1,407
Current liabilities	9,976	10,212	9,621	△ 591	△ 354
Non-current liabilities	1,175	1,422	1,342	△ 79	166
Net assets	14,351	15,857	15,946	89	1,595

Key Management Ratio





(※) The Company conducted the 2-for-1 share split of the 1, 2017., and adjusts the previous dividend.

Corporate Profile

SoftBank
Technology

SoftBank Technology Corp.

Trade name	SoftBank Technology Corp.
Founded	Oct 16, 1990
Representative	Shinichi Ata, President & CEO
Paid-in capital	995 million yen (As of March 31, 2019)
Listed on	Tokyo Stock Exchange First Section
Number of employees	1,012 (As of March 31, 2019, consolidated basis)
Main Phone number	+81-3-6892-3050
Main Bank	Mizuho Bank, Ltd. MUFG Bank, Ltd.
Main Business Partner	Symantec Corporation JVIS Co., Ltd. PERSOL HOLDINGS CO., LTD. Taisei Corporation Takenaka Corporation SoftBank Group Corp. SoftBank Corp. SB C&S Corp. SB Payment Service Corp. Yahoo Japan Corporation
Certifications	 



President & CEO
Shinichi Ata



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.

Our Goal in the Long-Term and 3rd 3-Year Plan

Long-Term Goal

Be a Leader of cloud consulting and service company to increase enterprise Japanese company's competitiveness

- Be Leader of Cloud and Cyber Security Service
- Generating New Value to the World by Leading Technologies and Creativeness w/Customers and Partners

Listed on OTC

Listed on TSM

1999

2006

2012

Sales/Development of e-commerce and IT product

System integration

Platform solutions

E-commerce services

1st 3-Year Plan

2013

2014

2015

Defining Key Drivers



Cloud



Security



DM

Business transforms



Business size



Emerging technologies



Management system

2nd 3-Year Plan

2016

2017

2018

Cloud integration



IoT biz development



Goals in the 3rd 3-Year Plan

Be service provider for Corp IT



Consult and Generate Biz IT



Segmentation of Solutions

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

SoftBank Technology Corp.

ICT Services



Business IT solutions

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



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



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



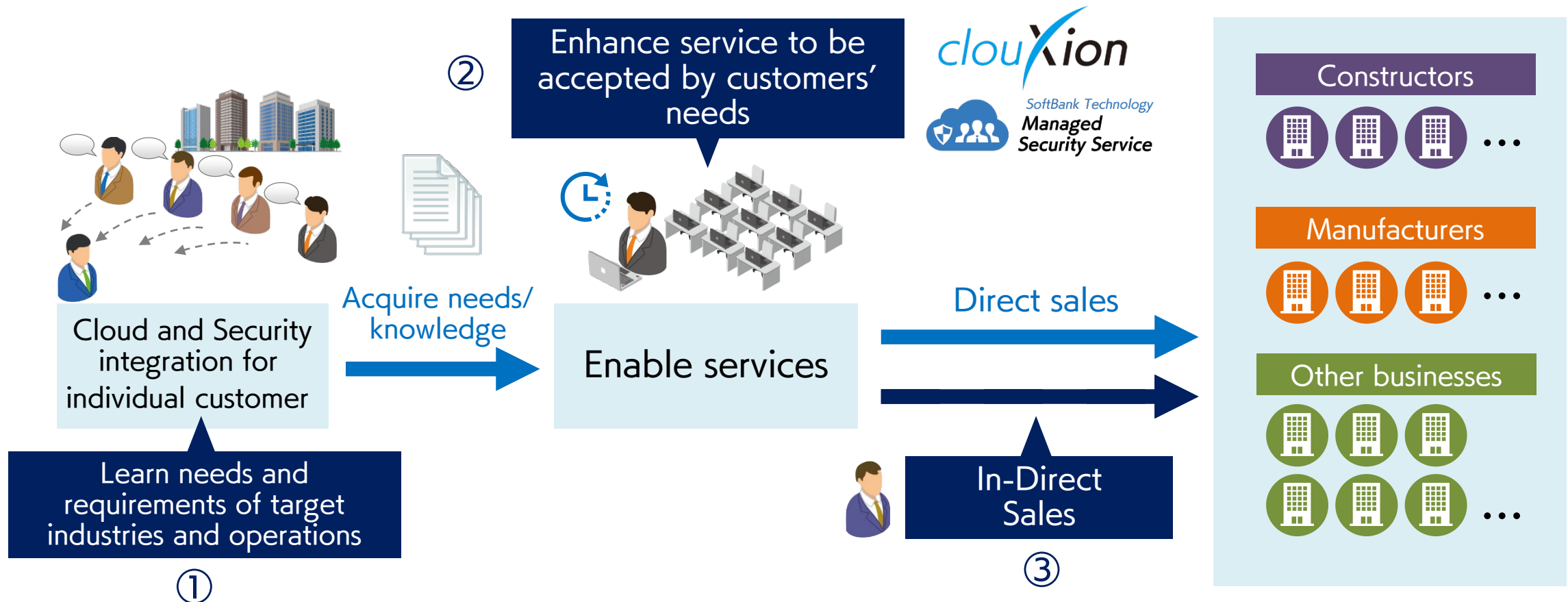
E-commerce solutions

- E-commerce site operation services and others

Goal 1 : Be a Service Provider for Corp IT



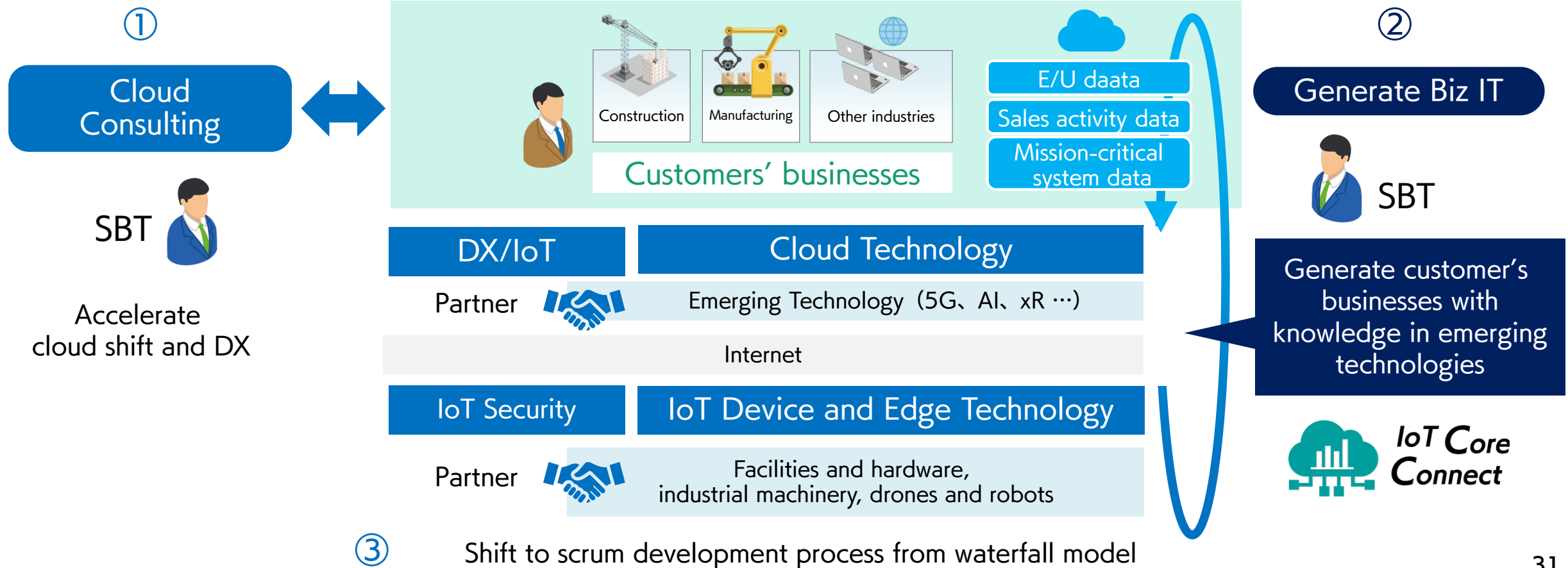
- ① Concentrate on enterprise cloud and cyber security integration into services
- ② Accelerate enterprise cloud and cyber security services
- ③ Execute certainly in-direct sales business with own services



Goal 2 : Consult and Generate Business IT



- ① Accelerate the cloud shift and digital transformation of existing customers
- ② Generate customer's businesses cooperatively by IoT and emerging technologies
- ③ Shift to scrum development process with customer

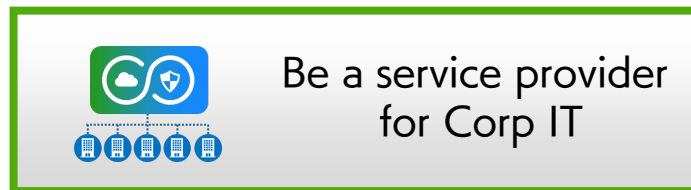


Priority Issues and Envisioned Growth of Individual Segments

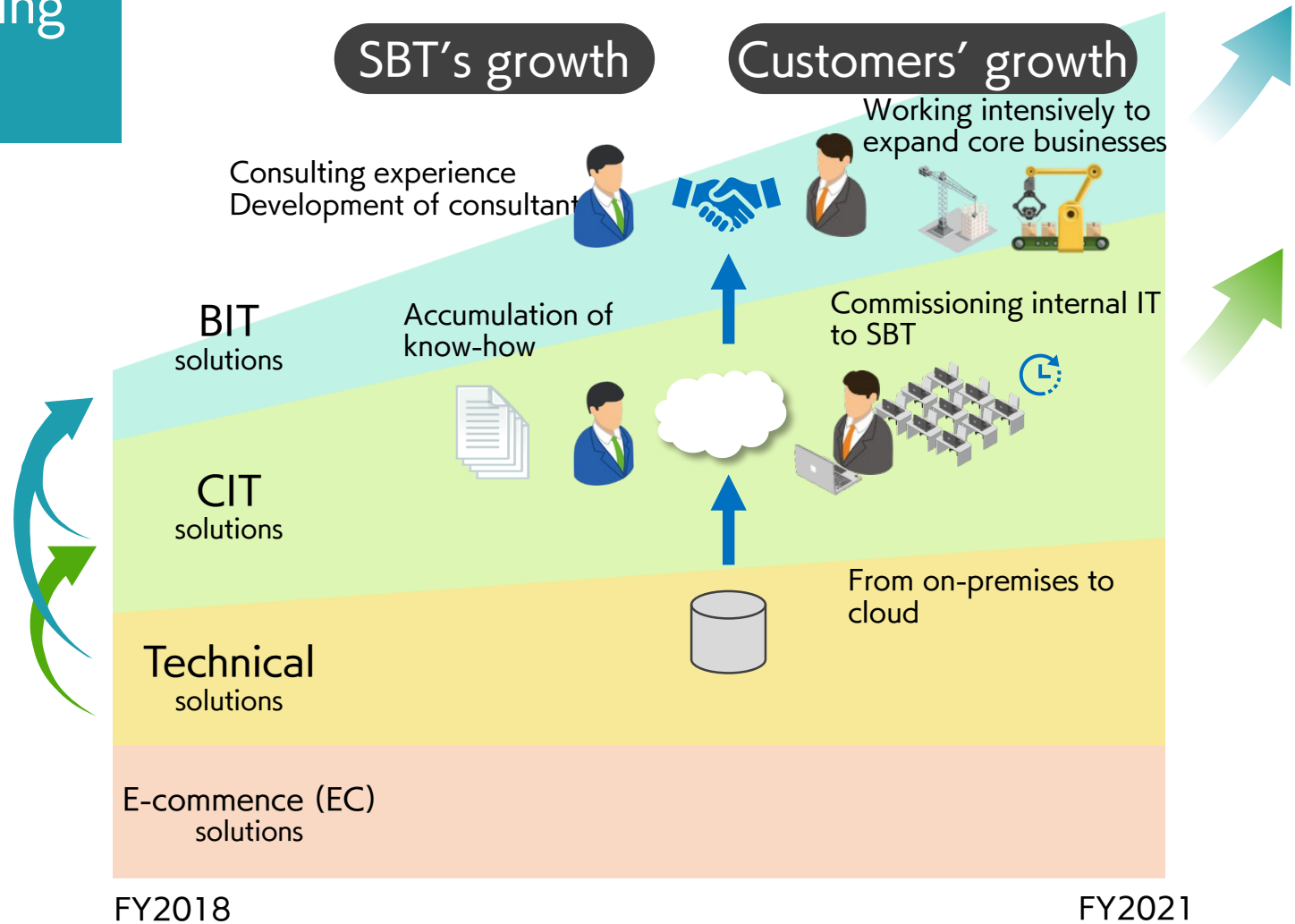
Aim for BIT and CIT accounting
for 50% of net sales



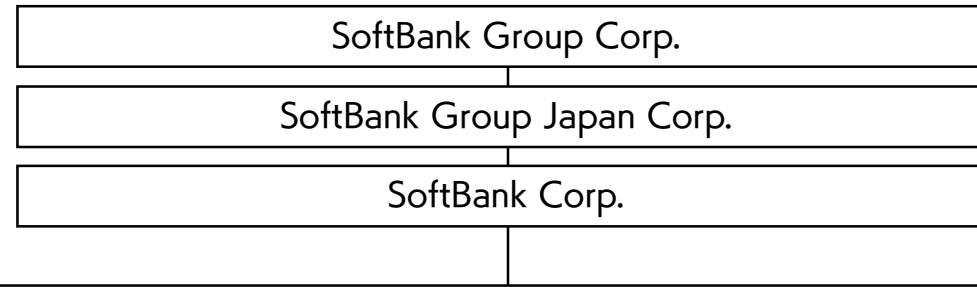
Combining customers' businesses
with technologies to collaboratively
create businesses



Introducing cloud to shift from
individual projects to CIT services



Group Structure



SoftBank Technology

SoftBank Technology Corp.



M-SOLUTIONS, Inc.

Provide for systems architecting/developing and operative service, Delivering mobile applications /mobile movie contents services



Fontworks Inc.

Planning, development and sales of digital fonts (typefaces), software development, and technical service business



Kan Corporation

IT literacy education support, Web marketing and consulting business, Analysis tools business, etc.



Cybertrust Japan Co., Ltd.

IoT Business, Authentication and Security Business, Linux / OSS Business



ASORA Tech Corporation

Solving problems by using agricultural ICT and providing comprehensive ICT services



REDEN Corp.

Provide ICT services for supporting the activation of agricultural growth cycle such as the utilization of agricultural land data on the Internet and support services for agribusiness management

Important Information about this Presentation

1. Given that the service categories for some solutions were revised, net sales and marginal profit figures in individual service categories for the previous and earlier fiscal years are calculated in accordance with the current calculation method.
2. The figures displayed in diagrams in this material may differ from the figures stated in summaries of consolidated financial reports due to the treatment of fractions.
3. Partial Amendments to Accounting Standard for Tax Effect Accounting, etc. apply to accounting from the beginning of the first quarter of the fiscal year under review onwards.

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Information Revolution, Happiness for Everyone

- Technologies Design the Future -

 SoftBank **Technology**