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This financial report is solely a translation of the "Kessan Tanshin" (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.

July 27, 2016

SoftBank Technology Corp.
Consolidated Financial Report for the First Quarter of Fiscal Year Ending March 31, 2017
(Three Months Ended June 30, 2016)

[Japanese GAAP]

Company name: SoftBank Technology Corp. (Tokyo Stock Exchange/Code No. 4726)

(URL <http://www.softbanktech.co.jp/>)

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Scheduled date of filing of Quarterly Report: August 12, 2016

Scheduled date of payment of dividend: -

Preparation of supplementary materials for quarterly financial results: Yes

Holding of quarterly financial results meeting: None

(All amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Three Months Ended June 30, 2016 (April 1, 2016 – June 30, 2016)

(1) Consolidated Operating Results (Percentages represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended Jun. 30, 2016	10,671	16.0	238	32.6	234	26.5	133	69.4
Three months ended Jun. 30, 2015	9,201	(5.5)	180	34.9	185	36.3	78	6.3

Note: Comprehensive income (million yen) Three months ended Jun. 30, 2016: 108 (up 234.1%)
Three months ended Jun. 30, 2015: 32 (down 71.0%)

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended Jun. 30, 2016	13.80	13.54
Three months ended Jun. 30, 2015	8.11	8.03

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Jun. 30, 2016	22,411	11,248	48.5	1,125.02
As of Mar. 31, 2016	25,974	11,726	43.1	1,159.88

Reference: Shareholders' equity (million yen) As of Jun. 30, 2016: 10,869 As of Mar. 31, 2016: 11,188

2. Dividends

	Dividends per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2016	-	0.00	-	30.00	30.00
Fiscal year ending Mar. 31, 2017	-	-	-	-	-
Fiscal year ending Mar. 31, 2017 (forecast)	-	0.00	-	30.00	30.00

Note: Revisions to the most recently announced dividend forecast: None

3. Forecast of Consolidated Financial Results for the Fiscal Year Ending March 31, 2017
(April 1, 2016 – March 31, 2017)

(Percentages represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	47,000	4.1	2,400	4.0	2,300	3.1	1,500	6.7	155.35

Note: Revisions to the most recently announced consolidated forecast: None

Only full-year consolidated forecast for the fiscal year ending March 31, 2017 is disclosed because it is difficult to calculate operating forecast for the first half of the fiscal year

*** Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in scope of consolidation): None

(2) Application of special accounting for presenting quarterly consolidated financial statements: None

(3) Changes in accounting policies and accounting estimates, and restatements

- i. Changes in accounting policies due to revisions in accounting standards, others: Yes
- ii. Changes in accounting policies other than i. above: None
- iii. Changes in accounting estimates: None
- iv. Restatements: None

Note: Please refer to “2. Matters Related to Summary Information (Notes), (1) Changes in Accounting Policies and Accounting Estimates, and Restatements” on page 6 of the attachments for further information.

(4) Number of outstanding shares (common stock)

- i. Number of shares outstanding at the end of the period (including treasury shares)

As of Jun. 30, 2016:	10,711,900 shares	As of Mar. 31, 2016:	10,696,900 shares
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- ii. Number of treasury shares at the end of the period

As of Jun. 30, 2016:	1,050,571 shares	As of Mar. 31, 2016:	1,050,490 shares
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- iii. Average number of shares outstanding during the period

Three months ended Jun. 30, 2016:	9,655,531 shares	Three months ended Jun. 30, 2015:	9,698,210 shares
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* Information regarding the implementation of quarterly review procedures

The current quarterly summary report is not subject to the quarterly review procedures based on the Financial Instruments and Exchange Act. At the time of this disclosure, the review procedures for the quarterly consolidated financial statements to be filed have not been completed.

* Explanation for appropriate use of operating forecasts, and other special items

Cautionary statement with respect to forward-looking statements

Forecasts regarding future performance in this report are based on assumptions based upon valid and other reasonable information available to the Company at the time this report was created. This report is not promises by the Company regarding future performance. The actual performance may differ significantly from these forecasts for a variety of reasons.

How to view supplementary materials for quarterly financial results

Supplementary materials for the quarterly financial results will be disclosed today (July 27, 2016), using the Timely Disclosure network (TDnet), and will be available on the Company’s website (<http://www.softbanktech.co.jp/corp/ir/>).

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1. Overview of Operating Results and Financial Position

(1) Overview of Operating Results

		(Millions of yen)			(Yen)
	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent	Net income per share
Three months ended June 30, 2016	10,671	238	234	133	13.80
Three months ended June 30, 2015	9,201	180	185	78	8.11
Change (Ratio)	16.0%	32.6%	26.5%	69.4%	70.1%
(Reference) Fiscal year ended March 31, 2016	45,163	2,308	2,230	1,405	144.74

In the first quarter of the fiscal year ending March 31, 2017, the SoftBank Technology Group's net sales increased 16.0% year on year to 10,671 million yen, operating income increased 32.6% to 238 million yen, ordinary income increased 26.5% to 234 million yen and profit attributable to owners of parent increased 69.4% to 133 million yen.

The main factors affecting earnings for the current fiscal year were as follows:

(a) Net sales

Net sales increased 1,469 million yen (+16.0%) year on year to 10,671 million yen. This increase was mainly thanks to the steady progress of large public-sector projects at SoftBank Technology, increased orders for hardware in the platform solutions business, and growth in Symantec store sales.

(b) Marginal profit (see note)

Marginal profit increased 201 million yen (+8.1%) to 2,679 million yen. The marginal profit ratio decreased because of increased hardware sales in the platform solutions business.

Note: Marginal profit = Net sales – Subtracting variable costs (cost of merchandise, outsourcing costs, distribution costs and other costs that vary depending on sales).

(c) Fixed costs

Fixed costs increased 142 million yen (+6.2%) to 2,440 million yen. This increase was mainly due to the increase of employees at SoftBank Technology.

(d) Operating income

As a result of the above items, operating income increased 58 million yen (+32.6%) to 238 million yen. The operating margin increased 0.2 percentage point to 2.2% thanks to the growth in sales and containment of other fixed costs, while there was an increase in personnel expenses caused by strengthening of recruiting activities.

(e) EBITDA (see note)

EBITDA increased 49 million yen (+12.0%) to 466 million yen.

Note: EBITDA= Operating income/loss + Depreciation + Amortization of goodwill

(f) Non-operating income and expenses

Net non-operating expenses was 4 million yen, an increase of 9 million yen from a 5 million yen income one year earlier. This was mainly due to an increase in foreign exchange losses.

(g) Ordinary income

As a result of items (d) to (f), ordinary income increased 49 million yen (+26.5%) to 234 million yen.

(h) Extraordinary income and losses

Net extraordinary income was a 0 million yen decreased 4 million yen from a 4 million yen income one year earlier since there was no extraordinary income or loss in the first quarter of the current fiscal year.

(i) Profit before income taxes

As a result of items (g) to (h), profit before income taxes increased 45 million yen (+23.8%) to 234 million yen.

(j) Total income taxes

Total income taxes decreased 3 million yen (-4.1%) to 86 million yen.

(k) Profit attributable to owners of parent

As a result of items (i) to (j), profit attributable to owners of parent increased 54 million yen (+69.4%) to 133 million yen.

The Company has only a single business segment, which is the ICT services business. The following table shows the earnings from the primary components of this business segment. Note that name of some service categories has changed its name in this first quarter.

Revisions have been made to the categorization of some services. As a result, the revised methods have been used to calculate net sales and marginal profit for each service category in the previous fiscal year.

Segment		Service category	Main services	Core companies
Reportable segment	ICT Services	Digital marketing	<ul style="list-style-type: none"> • Operation of e-commerce sites of the clients, development and sales of font sets, and provision of web font services • Construction of websites and provision of website access log analysis tools, data analyses and consulting services 	<ul style="list-style-type: none"> • SoftBank Technology Corp. • Fontworks Inc. • Kan Corporation
		Platform solutions	<ul style="list-style-type: none"> • Construction of IT platforms and provision of operation and maintenance services and Linux solutions • Provision of vulnerability diagnosis tests, protection services against advanced persistent threat, authentication and encryption services using e-certification 	<ul style="list-style-type: none"> • SoftBank Technology Corp. • Cybertrust Japan Co., Ltd. • Miracle Linux Corporation
		Cloud systems	<ul style="list-style-type: none"> • Development of IT systems, provision of operation and maintenance services, and development of applications for tablets, smartphones and robots • Support of IT infrastructure conversion to the cloud and provision of an original cloud service with outstanding compatibility 	<ul style="list-style-type: none"> • SoftBank Technology Corp. • M-SOLUTIONS, Inc. • ASORA Tech Corp.

a. Digital marketing

(Millions of yen)

	Three-month Period ended June 30, 2015	Three-month Period ended June 30, 2016	Change (Amount)	Change (Ratio)
Net sales	5,254	5,496	241	4.6%
Marginal profit	869	793	(76)	(8.8)%

Major services in the digital marketing business

• E-commerce services

Operation of Symantec Stores, development and sale of font sets, and the provision of web fonts and web font platform services

• Data analytics

Construction of website content management systems and the provision of access log analysis, BI tools for collecting, processing and analyzing data, and associated consulting services. Also providing services for analysis of internal logs and for measurement of advertising effectiveness, and other services

Operating Results of the digital marketing business

Net sales in the digital marketing business increased 241 million yen (+4.6%) to 5,496 million yen. This was mainly the result of the growth in Symantec store sales.

Marginal profit in this business decreased 76 million yen (-8.8%) to 793 million yen. Although there was an increase in the Symantec store sales, marginal profit decreased due to lower sales at subsidiary Fontworks Inc., which had a large project order one year earlier.

b. Platform solutions

(Millions of yen)

	Three-month Period ended June 30, 2015	Three-month Period ended June 30, 2016	Change (Amount)	Change (Ratio)
Net sales	2,255	2,656	401	17.8%
Marginal profit	890	1,012	121	13.7%

Major services in the platform solutions business

• IT infrastructure solutions

Sales of servers and network equipment, construction of IT infrastructure, and provision of operation and maintenance services, Linux OS and digital signage systems, integrated monitoring tools, and support services

• Security solutions

Provision of security system monitoring services, protection against advanced persistent threat, diagnostic services, comprehensive solutions including security products and encryption and authentication services using e-certification.

Operating Results of the platform solutions business

Net sales in the platform solutions business increased 401 million yen (+17.8%) to 2,656 million yen. The main reason was increased orders for large hardware sales in IT infrastructure solutions and FireEye, Imperva and other security services.

Marginal profit in this business increased 121 million yen (+13.7%) to 1,012 million yen. This increase was caused by the growth in IT infrastructure solutions and security services sales. In addition, subsidiaries Cybertrust Japan Co., Ltd. and Miracle Linux Corporation, both of which provide original content and services, also contributed to an increase in marginal profit.

c. Cloud systems

(Millions of yen)

	Three-month Period ended June 30, 2015	Three-month Period ended June 30, 2016	Change (Amount)	Change (Ratio)
Net sales	1,690	2,518	827	49.0%
Marginal profit	717	873	155	21.7%

Major services in the cloud systems business

- System integration

Development of IT systems and the provision of associated operation and maintenance services. Also the development and sales of applications for smartphones, tablets and robots and of development support tools

- Cloud solutions

Provision of support of clients' communication systems conversion to the cloud and system operation and monitoring services after conversion, original services for achieving both user convenience and corporate security, and other services

Operating Results of the cloud systems business

Net sales in the cloud systems business increased 827 million yen (+49.0%) to 2,518 million yen. This increase was mainly thanks to the steady progress of public-sector and other large projects and growth in the system development, operation and maintenance services sales to companies in the SoftBank Group.

Marginal profit in this business increased 155 million yen (+21.7%) to 873 million yen. This was mainly thanks to the increase in cloud solutions sales.

(2) Overview of Financial Position

Assets, Liabilities, and Net Assets

(Millions of yen)

	As of March 31, 2016	As of June 30, 2016	(Reference) As of June 30, 2015
Total assets	25,974	22,411	22,364
Net assets	11,726	11,248	10,822
Shareholders' equity ratio	43.1%	48.5%	44.8%

Assets

Total assets decreased 3,562 million yen from the end of the previous fiscal year to 22,411 million yen at the end of the first quarter of the current fiscal year.

Current assets decreased 3,544 million yen mainly due to a decrease in notes and accounts receivable-trade.

Non-current assets decreased 17 million yen mainly due to a decrease in goodwill.

Liabilities

Total liabilities decreased 3,084 million yen from the end of the previous fiscal year to 11,162 million yen at the end of the first quarter of the current fiscal year.

Current liabilities decreased 2,759 million yen mainly thanks to a decrease in accounts payable-trade.

Non-current liabilities decreased 325 million yen mainly thanks to a decrease in bonds payable.

Net assets

Net assets decreased 477 million yen from the end of the previous fiscal year to 11,248 million yen at the end of the first quarter of the current fiscal year. This was mainly due to a decrease in retained earnings caused by the payment of the year-end dividend for the previous fiscal year.

(3) Explanation of Consolidated Forecast and Other Forward-looking Statements

Only full-year consolidated forecast for the fiscal year ending March 31, 2017 is disclosed because it is difficult to calculate rational operating forecast for the first half of the fiscal year.

Forecasts are based on information currently available to the Company. Actual performance may differ from these forecasts for a number of reasons.

The Company maintains its consolidated forecasts for the fiscal year ending March 31, 2017 that was announced on April 26, 2016.

2. Matters Related to Summary Information (Notes)

(1) Changes in Accounting Policies and Accounting Estimates, and Restatements

Changes in Accounting Policies

Application of Practical Solution on a Change in Depreciation Method due to Tax Reform 2016

Following the revised Corporation Tax Law, the Company has applied the “Practical Solution on a Change in Depreciation Method due to Tax Reform 2016” (Accounting Standards Board of Japan (ASBJ) Practical Issues Task Force (PITF) No. 32, June 17, 2016) from the first quarter of the current fiscal year, and changed the method for the depreciation of equipment and structures affixed to buildings acquired on or after April 1, 2016, from the declining-balance method to the straight-line method.

The effect of this change on the operating results in the first quarter of the current fiscal year is insignificant.

3. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheet

(Thousands of yen)

	As of Mar. 31, 2016	As of Jun. 30, 2016
Assets		
Current assets		
Cash and deposits	5,721,789	7,282,920
Notes and accounts receivable-trade	11,279,578	5,749,147
Merchandise	221,142	99,026
Work in process	260,724	543,180
Deferred tax assets	377,998	317,681
Other	976,404	1,298,672
Allowance for doubtful accounts	(8,206)	(5,849)
Total current assets	18,829,431	15,284,778
Non-current assets		
Property, plant and equipment		
Buildings, net	515,562	496,560
Tools, furniture and fixtures, net	776,185	765,626
Construction in progress	9,684	14,489
Total property, plant and equipment	1,301,431	1,276,676
Intangible assets		
Goodwill	1,201,211	1,159,857
Software	965,181	924,235
Software in progress	89,180	199,361
Customer relationships	590,745	574,779
Other	281,943	274,913
Total intangible assets	3,128,262	3,133,147
Investments and other assets		
Investment securities	912,669	875,457
Deferred tax assets	243,755	263,702
Other	1,616,230	1,635,636
Allowance for doubtful accounts	(57,587)	(57,585)
Total investments and other assets	2,715,067	2,717,211
Total non-current assets	7,144,761	7,127,035
Total assets	25,974,192	22,411,813

(Thousands of yen)

	As of Mar. 31, 2016	As of Jun. 30, 2016
Liabilities		
Current liabilities		
Accounts payable-trade	7,293,231	4,795,714
Current portion of long-term loans payable	324,650	320,400
Lease obligations	71,413	71,783
Accounts payable-other	701,044	755,360
Income taxes payable	590,404	46,514
Advances received	1,356,680	1,789,228
Provision for bonuses	608,652	308,607
Provision for directors' bonuses	-	18,416
Provision for loss on order received	2,420	9,522
Other	810,105	883,162
Total current liabilities	11,758,602	8,998,709
Non-current liabilities		
Bonds payable	100,000	-
Long-term loans payable	638,800	558,700
Lease obligations	434,093	416,008
Deferred tax liabilities	118,567	111,747
Long-term advances received	670,407	720,806
Net defined benefit liability	74,220	77,914
Asset retirement obligations	257,714	258,471
Other	195,388	20,464
Total non-current liabilities	2,489,192	2,164,113
Total liabilities	14,247,795	11,162,823
Net assets		
Shareholders' equity		
Capital stock	664,456	672,366
Capital surplus	714,919	582,694
Retained earnings	10,629,573	10,473,380
Treasury shares	(872,008)	(872,151)
Total shareholders' equity	11,136,939	10,856,290
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	47,778	9,993
Foreign currency translation adjustment	3,987	2,890
Total accumulated other comprehensive income	51,766	12,883
Subscription rights to shares	102,010	99,822
Non-controlling interests	435,680	279,994
Total net assets	11,726,397	11,248,990
Total liabilities and net assets	25,974,192	22,411,813

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

(For the Three-month Period)

(Thousands of yen)

	Three-month Period Ended June 30, 2015	Three-month Period Ended June 30, 2016
Net sales	9,201,163	10,671,142
Cost of sales	7,752,771	9,086,471
Gross profit	1,448,392	1,584,670
Selling, general and administrative expenses	1,268,372	1,346,027
Operating income	180,019	238,643
Non-operating income		
Interest income	30	14
Share of profit of entities accounted for using equity method	3,748	5,959
Foreign exchange gains	3,068	-
Miscellaneous income	4,854	999
Total non-operating income	11,701	6,972
Non-operating expenses		
Interest expenses	6,606	5,194
Foreign exchange losses	-	5,885
Miscellaneous loss	0	352
Total non-operating expenses	6,607	11,433
Ordinary income	185,113	234,183
Extraordinary income		
Gain on revision of retirement benefit plan	4,029	-
Total extraordinary income	4,029	-
Profit before income taxes	189,142	234,183
Income taxes-current	83,335	37,263
Income taxes-deferred	6,669	49,056
Total income taxes	90,004	86,320
Profit	99,138	147,862
Profit attributable to:		
Owners of parent	78,652	133,200
Non-controlling interests	20,485	14,662
Other comprehensive income		
Valuation difference on available-for-sale securities	(64,997)	(37,785)
Foreign currency translation adjustment	(512)	(1,097)
Share of other comprehensive income of entities accounted for using equity method	(1,006)	-
Total other comprehensive income	(66,517)	(38,883)
Comprehensive income	32,620	108,979
Comprehensive income attributable to:		
Owners of the parent	11,229	94,317
Non-controlling interests	21,391	14,662

(3) Notes to Quarterly Consolidated Financial Statements

Going Concern Assumption

Not applicable.

Significant Changes in Shareholders' Equity

Not applicable.

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