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July 28, 2017

SoftBank Technology Corp.
Consolidated Financial Report for the First Quarter of Fiscal Year Ending March 31, 2018
(Three Months Ended June 30, 2017)

[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 10, 2017

Scheduled date of payment of dividend: -

Preparation of supplementary materials for quarterly financial results: Yes

Holding of quarterly financial results meeting: No

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

1. Consolidated Financial Results for the Three Months Ended June 30, 2017 (April 1, 2017 – June 30, 2017)

(1) Consolidated Results of Operations (cumulative)

(Percentages shown 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, 2017	12,126	13.6	90	(62.0)	78	(66.4)	12	(90.9)
Three months ended Jun. 30, 2016	10,671	16.0	238	32.6	234	26.5	133	69.4

Note: Comprehensive income (million yen) Three months ended Jun. 30, 2017: 23 (down 78.7%)
Three months ended Jun. 30, 2016: 108 (up 234.1%)

	Net income per share		Diluted net income per share	
	Yen		Yen	
Three months ended Jun. 30, 2017	0.62		0.60	
Three months ended Jun. 30, 2016	6.90		6.77	

Note: The Company conducted a two-for-one share split of the Company's common stock on June 1, 2017. Net income per share and diluted net income per share are calculated supposing that the share split was conducted at the beginning of the fiscal year ended March 2017.

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Jun. 30, 2017	24,555	12,781	50.1	624.51
As of Mar. 31, 2017	26,807	13,015	46.9	638.79

Reference: Shareholders' equity (million yen) As of Jun. 30, 2017: 12,314 As of Mar. 31, 2017: 12,566

Note: The Company conducted a two-for-one share split of the Company's common stock on June 1, 2017. Net assets per share are calculated supposing that the share split was conducted at the beginning of the fiscal year ended March 2017.

2. Dividends

	Dividends per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2017	-	0.00	-	30.00	30.00
Fiscal year ending Mar. 31, 2018	-				
Fiscal year ending Mar. 31, 2018 (forecast)		0.00	-	15.00	15.00

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

Note: The Company conducted a two-for-one share split of the Company's common stock on June 1, 2017. The dividend for the fiscal year ended March 31, 2017, shows the actual dividend paid before the share split. If the share split is not considered, the per-share dividend forecast for the fiscal year ending March 31, 2018, will be 30.00 yen, which is the same as the fiscal year ended March 31, 2017.

3. Forecast of Consolidated Financial Results for the Fiscal Year Ending March 31, 2018
(April 1, 2017 – March 31, 2018)

(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	52,000	3.5	2,500	11.6	2,500	9.4	1,600	0.1	81.26

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

Because the Company manages operations on an annual basis, descriptions of consolidated forecast for the first half period are omitted. For details, see 1 “Qualitative Information on Financial Results of the Period Under Review, (3) Explanation on Consolidated Forecast and Other Forward-looking Statements” on page 5 of the Appendix.

*** 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: None

ii. Changes in accounting policies other than i. above: None

iii. Changes in accounting estimates: None

iv. Restatements: None

(4) Number of outstanding shares (common stock)

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

As of June 30, 2017:	21,819,600 shares	As of Mar. 31, 2017:	21,773,800 shares
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ii. Number of treasury shares at the end of the period

As of June 30, 2017:	2,101,242 shares	As of Mar. 31, 2017:	2,101,242 shares
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iii. Average number of shares outstanding during the period

Three months ended Jun. 30, 2017:	19,689,224 shares	Three months ended Jun. 30, 2016:	19,311,062 shares
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Note: The Company conducted a two-for-one share split of the Company's common stock on June 1, 2017. Number of shares outstanding at the end of the period, Number of treasury shares at the end of the period, and Average number of shares outstanding during the period are calculated supposing that the share split was conducted at the beginning of the fiscal year ended March 2017.

* These quarterly financial results are outside the scope of the quarterly review procedures.

* 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 considered appropriate 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 the quarterly financial results

Supplementary materials for the quarterly financial results will be disclosed, 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. Qualitative Information on Financial Results of the Period Under Review

(1) Explanation of Business 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, 2017	12,126	90	78	12	0.62
Three months ended June 30, 2016	10,671	238	234	133	6.90
Change (Ratio)	13.6%	(62.0)%	(66.4)%	(90.9)%	(91.1)%
(Reference) Fiscal year ended March 31, 2017	50,225	2,241	2,286	1,598	82.16

In the first quarter of the fiscal year ending March 31, 2018, net sales increased 13.6% year on year to 12,126 million yen, operating income decreased 62.0% to 90 million yen, ordinary income decreased 66.4% to 78 million yen, and profit attributable to owners of the parent decreased 90.9% to 12 million yen.

The main factors were as follows:

(a) Net sales

Net sales increased 1,455 million yen (+13.6%) year on year to 12,126 million yen. The sales increase was mainly driven by increased orders for system development for SoftBank Group companies, large-size hardware sales, and license sales.

(b) Marginal profit (see note)

Marginal profit increased 304 million yen (+11.4%) year on year to 2,984 million yen, while marginal profit ratio decreased because of increased orders for hardware sales. Also, project profit decreased because of an increase in person-hours for handling information security cloud projects for local governments.

Note: Marginal profit = Net sales – Variable costs (cost of merchandise, subcontractor costs, distribution expenses and other items that increase and decrease with sales).

(c) Fixed costs

Fixed costs increased 452 million yen (+18.6%) to 2,893 million yen. The increase was mainly due to increases in personnel expenses and office related expenses caused by the strengthening of recruiting activities from the previous fiscal year.

(d) Operating income

As a result of the above items, operating income decreased 147 million yen (-62.0%) to 90 million yen.

(e) EBITDA (see note)

EBITDA decreased 104 million yen (-22.5%) to 361 million yen.

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

(f) Non-operating income and expenses

Net non-operating expenses increased 7 million yen (+170.0%) year on year to 12 million yen. This was mainly due to an increase in share of loss of entities accounted for using the equity method.

(g) Ordinary income

As a result of items (d) to (f), ordinary income decreased 155 million yen (-66.4%) to 78 million yen.

(h) Extraordinary income and losses

No extraordinary income or losses were incurred (no extraordinary income or losses were incurred also in the same period for the previous fiscal year).

(i) Profit before income taxes

As a result of items (g) to (h), profit before income taxes decreased 155 million yen (-66.4%) to 78 million yen.

(j) Total income taxes

Total income taxes decreased 32 million yen (-37.3%) to 54 million yen.

(k) Profit attributable to owners of parent

As a result of items (i) to (j), profit attributable to owners of parent decreased 121 million yen (-90.9%) to 12 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.

Revisions were made to the categorization of some services. As a result, the revised methods were used to calculate net sales and marginal profit for each service category in the three-month period ended June 30, 2016.

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 for moving IT infrastructure to the cloud and provision of original cloud services with outstanding compatibility	<ul style="list-style-type: none">- SoftBank Technology Corp.- M-SOLUTIONS, Inc.- ASORA Tech Corp.- REDEN Corp.

a. Digital marketing

(Millions of yen)

	Three-month period ended June 30, 2016	Three-month period ended June 30, 2017	Change (Amount)	Change (Ratio)
Net sales	5,496	5,388	(107)	(2.0)%
Marginal profit	793	753	(40)	(5.0)%

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

Results of operations of the digital marketing business

Net sales in the digital marketing business decreased 107 million yen (-2.0%) to 5,388 million yen. This was due to decreases in net sales of the Symantec Store and Fontworks Inc., a subsidiary engaged in development and sales of digital fonts.

Marginal profit in this business decreased 40 million yen (-5.0%) to 753 million yen. This was due to decreases in net sales of the Symantec Store and Fontworks Inc.

b. Platform solutions

(Millions of yen)

	Three-month period ended June 30, 2016	Three-month period ended June 30, 2017	Change (Amount)	Change (Ratio)
Net sales	2,656	3,446	790	29.7%
Marginal profit	1,012	1,130	117	11.6%

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 which combine security products, encryption and authentication services using e-certification, and other services

Results of operations of the platform solutions business

Net sales in the platform solutions business increased 790 million yen (+29.7%) to 3,446 million yen. The increase was driven by increased orders for large-size hardware sales in IT infrastructure solutions and information security cloud projects for local governments. Cybertrust Japan Co., Ltd., and Miracle Linux Corporation, subsidiaries that provide in-house developed services, also contributed to the sales increase.

Marginal profit in this business increased 117 million yen (+11.6%) from the previous fiscal year to 1,130 million yen. Despite the increase in marginal profit, marginal profit ratio decreased because of increases in hardware sales in IT infrastructure solutions and subcontract expenses for information security cloud projects for local governments.

c. Cloud systems

(Millions of yen)

	Three-month period ended June 30, 2016	Three-month period ended June 30, 2017	Change (Amount)	Change (Ratio)
Net sales	2,518	3,290	772	30.7%
Marginal profit	873	1,100	227	26.0%

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 for moving clients' communication systems to the cloud and subsequent system operation and monitoring services, original services for achieving both user convenience and corporate security

Results of operations of the cloud systems business

Net sales in the cloud systems business increased 772 million yen (+30.7%) to 3,290 million yen. This was mainly driven by increased orders for system development projects for SoftBank Group companies and license sales of Microsoft Solution.

Marginal profit in this business increased 227 million yen (+26.0%) to 1,100 million yen. The increase was driven by sales growth of system development projects for SoftBank Group companies.

(2) Explanation of Financial Position

(Millions of yen)

	As of March 31, 2017	As of June 30, 2017	(Reference) As of June 30, 2016
Total assets	26,807	24,555	22,411
Net assets	13,015	12,781	11,248
Shareholders' equity ratio	46.9%	50.1%	48.5%

Assets

Total assets decreased 2,251 million yen from the end of the previous fiscal year to 24,555 million yen at the end of the first quarter of the current fiscal year. Current assets decreased 2,211 million yen from the end of the previous fiscal year mainly due to a decrease in notes and accounts receivable-trade. Non-current assets decreased 39 million yen mainly due to a decrease in goodwill.

Liabilities

Total liabilities decreased 2,017 million yen from the end of the previous fiscal year to 11,774 million yen at the end of the first quarter of the current fiscal year. Current liabilities decreased 1,916 million yen mainly thanks to a decrease in accounts payable-trade. Non-current liabilities decreased 100 million yen mainly thanks to a decrease in long-term loans payable.

Net assets

Net assets decreased 234 million yen from the end of the previous fiscal year to 12,781 million yen at the end of the first quart of the current fiscal year mainly due to a decrease in retained earnings caused by the payment of year-end dividends for the previous fiscal year.

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

Only full-year consolidated forecast for the fiscal year ending March 31, 2018, is disclosed because the Company manages operations on an annual basis. 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, 2018, which was announced on April 26, 2017.

2. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheet

(Thousands of yen)

	As of Mar. 31, 2017	As of Jun. 30, 2017
Assets		
Current assets		
Cash and deposits	6,190,081	6,964,031
Notes and accounts receivable-trade	11,416,102	7,603,326
Merchandise	57,607	128,839
Work in process	251,738	527,713
Deferred tax assets	383,980	346,490
Other	1,046,406	1,563,103
Allowance for doubtful accounts	(2,155)	(1,723)
Total current assets	19,343,761	17,131,782
Non-current assets		
Property, plant and equipment		
Buildings, net	483,705	488,613
Tools, furniture and fixtures, net	743,942	753,286
Construction in progress	5,770	-
Total property, plant and equipment	1,233,418	1,241,900
Intangible assets		
Goodwill	1,021,599	982,690
Software	1,177,270	1,216,732
Software in progress	165,859	157,501
Customer relationships	526,881	510,915
Other	255,261	248,192
Total intangible assets	3,146,872	3,116,032
Investments and other assets		
Investment securities	894,656	879,497
Deferred tax assets	349,554	351,134
Other	1,888,930	1,885,352
Allowance for doubtful accounts	(50,123)	(50,120)
Total investments and other assets	3,083,018	3,065,864
Total non-current assets	7,463,309	7,423,796
Total assets	26,807,071	24,555,579

(Thousands of yen)

	As of Mar. 31, 2017	As of Jun. 30, 2017
Liabilities		
Current liabilities		
Accounts payable - trade	7,136,775	5,678,679
Current portion of long-term loans payable	293,700	293,700
Lease obligations	75,294	75,661
Accounts payable - other	829,723	582,336
Income taxes payable	457,669	50,079
Advances received	1,493,516	1,866,044
Provision for bonuses	742,025	382,500
Provision for directors' bonuses	-	16,225
Provision for loss on order received	13,312	48,963
Provision for defect repairs	-	8,523
Other	616,952	740,008
Total current liabilities	11,658,967	9,742,722
Non-current liabilities		
Long-term loans payable	345,100	265,000
Lease obligations	370,744	351,423
Deferred tax liabilities	160,471	154,255
Long-term advances received	906,401	907,885
Net defined benefit liability	53,836	55,920
Asset retirement obligations	275,649	272,998
Other	20,016	23,878
Total non-current liabilities	2,132,220	2,031,361
Total liabilities	13,791,188	11,774,084
Net assets		
Shareholders' equity		
Capital stock	785,238	801,195
Capital surplus	695,566	711,523
Retained earnings	11,938,762	11,655,828
Treasury shares	(872,336)	(872,336)
Total shareholders' equity	12,547,231	12,296,210
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	15,644	14,625
Foreign currency translation adjustment	3,719	3,389
Total accumulated other comprehensive income	19,363	18,015
Subscription rights to shares	108,797	114,391
Non-controlling interests	340,488	352,877
Total net assets	13,015,882	12,781,494
Total liabilities and net assets	26,807,071	24,555,579

(2) Quarterly Consolidated Statements of Income and Comprehensive Income
(For the Three-month Period)

(Thousands of yen)

	Three-month Period Ended June 30, 2016	Three-month Period Ended June 30, 2017
Net sales	10,671,142	12,126,254
Cost of sales	9,086,471	10,524,540
Gross profit	1,584,670	1,601,714
Selling, general and administrative expenses	1,346,027	1,510,972
Operating income	238,643	90,742
Non-operating income		
Interest income	14	162
Dividend income	-	450
Gain on investments in partnership	5,959	-
Subsidies income	-	12,629
Miscellaneous income	999	1,814
Total non-operating income	6,972	15,055
Non-operating expenses		
Interest expenses	5,194	3,867
Share of loss of entities accounted for using equity method	-	13,751
Foreign exchange losses	5,885	9,271
Miscellaneous loss	352	209
Total non-operating expenses	11,433	27,099
Ordinary income	234,183	78,698
Profit before income taxes	234,183	78,698
Income taxes-current	37,263	24,073
Income taxes-deferred	49,056	30,082
Total income taxes	86,320	54,155
Profit	147,862	24,542
Profit attributable to:		
Owners of parent	133,200	12,154
Non-controlling interests	14,662	12,388
Other comprehensive income		
Valuation difference on available-for-sale securities	(37,785)	(1,019)
Foreign currency translation adjustment	(1,097)	(329)
Total other comprehensive income	(38,883)	(1,348)
Comprehensive income	108,979	23,194
Comprehensive income attributable to:		
Owners of the parent	94,317	10,805
Non-controlling interests	14,662	12,388

(3) Notes to Quarterly Consolidated Financial Statements

(Going Concern Assumption)

Not applicable.

(Significant Changes in Shareholders' Equity)

Not applicable.