

Disclaimer:

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.

April 24, 2019

SoftBank Technology Corp. Consolidated Financial Report for the Fiscal Year Ended March 31, 2019

[Japanese GAAP]

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

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

Representative: Shinichi Ata, President & CEO

Contact: Tetsuya Shimizu, Vice President & Senior Director of Corporate Planning

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Scheduled date of General Shareholders' Meeting: June 17, 2019

Scheduled date of filing of Securities Report: June 17, 2019

Scheduled date of payment of dividend: June 18, 2019

Preparation of supplementary materials for financial results: Yes

Holding of financial results meeting: Yes (for institutional investors and analysts)

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

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2019 (April 1, 2018 – March 31, 2019)

(1) Consolidated Results of Operations

(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	%
Fiscal year ended Mar. 31, 2019	50,430	2.6	2,513	15.5	2,291	(4.5)	1,386	(10.9)
Fiscal year ended Mar. 31, 2018	49,140	(2.2)	2,176	(2.9)	2,399	4.9	1,556	(2.6)

Note: Comprehensive income (million yen)

Fiscal year ended Mar. 31, 2019: 1,420 (down 12.7%)

Fiscal year ended Mar. 31, 2018: 1,627 (down 0.2%)

	Net income per share	Diluted net income per share	Return on equity	Ordinary income on total assets	Operating income to net sales
	Yen	Yen	%	%	%
Fiscal year ended Mar. 31, 2019	70.23	68.98	9.7	8.5	5.0
Fiscal year ended Mar. 31, 2018	79.09	76.95	11.8	9.1	4.4

Reference: Equity in earnings of affiliates (million yen)

Fiscal year ended Mar. 31, 2019: (234) Fiscal year ended Mar. 31, 2018: 239

Note: The Company conducted the 2-for-1 share split of the Company's common stock on June 1, 2017. Per share data for the March 31, 2017 were calculated supposing the share split as conducted at the beginning of the fiscal year.

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2019	27,492	15,857	53.9	747.03
As of Mar. 31, 2018	26,153	14,532	52.5	693.64

Reference: Shareholders' equity (million yen)

As of Mar. 31, 2019: 14,820

As of Mar. 31, 2018: 13,723

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended Mar. 31, 2019	2,784	(1,092)	(567)	8,728
Fiscal year ended Mar. 31, 2018	3,077	(997)	(548)	7,606

2. Dividends

	Dividends per share					Total dividends	Payout ratio (consolidated)	Dividend on equity (consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
Fiscal year ended Mar. 31, 2018	Yen -	Yen 0.00	Yen -	Yen 15.00	Yen 15.00	Million yen 296	% 19.0	% 2.3
Fiscal year ended Mar. 31, 2019	Yen -	Yen 0.00	Yen -	Yen 20.00	Yen 20.00	Million yen 396	% 28.5	% 2.8
Fiscal year ending Mar. 31, 2020 (forecast)	Yen -	Yen 10.00	Yen -	Yen 10.00	Yen 20.00		% 23.2	

3. Forecast of Consolidated Financial Results for the Fiscal Year Ending March 31, 2020
(April 1, 2019 – March 31, 2020)

(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	54,000	7.1	3,000	19.3	2,900	26.6	1,700	22.6	86.09

*** Notes**

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

(2) 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: Yes
- iii. Changes in accounting estimates: None
- iv. Restatements: None

(3) Number of outstanding shares (common stock)

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

As of Mar. 31, 2019:	22,340,600 shares	As of Mar. 31, 2018:	22,085,600 shares
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- ii. Number of treasury shares at the end of the period

As of Mar. 31, 2019	2,501,279 shares	As of Mar. 31, 2018:	2,301,242 shares
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- iii. Average number of shares outstanding during the period

Fiscal year ended Mar. 31, 2019:	19,746,843 shares	Fiscal year ended Mar. 31, 2018:	19,681,941 shares
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Note: The Company conducted the 2-for-1 share split of the Company's common stock on June 1, 2017. Numbers of share data for the March 31, 2017 were calculated supposing the share split as conducted at the beginning of the fiscal year.

Reference: Summary of Non-consolidated Financial Results

Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2019 (April 1, 2018 – March 31, 2019)

(1) Non-consolidated Results of Operations (Percentages represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended Mar. 31, 2019	44,734	1.3	1,693	2.3	1,750	(9.6)	1,249	(20.9)
Fiscal year ended Mar. 31, 2018	44,157	(3.0)	1,655	2.0	1,936	19.3	1,580	39.7

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended Mar. 31, 2019	63.26	62.13
Fiscal year ended Mar. 31, 2018	80.29	78.11

Note: The Company conducted the 2-for-1 share split of the Company's common stock on June 1, 2017. Numbers of share data for the March 31, 2017 were calculated supposing the share split as conducted at the beginning of the fiscal year.

(2) Non-consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2019	24,861	13,959	55.5	695.71
As of Mar. 31, 2018	23,939	13,103	54.2	656.24

Reference: Shareholders' equity (million yen) As of Mar. 31, 2019: 13,802 As of Mar. 31, 2018: 12,983

* This consolidated financial report is not subject to fiscal year ended review procedures by a certified public accountant or audit company.

* 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 information at the financial results meeting

The Company plans to hold a financial results meeting for institutional investors and analysts on Wednesday, April 24, 2019, using the Timely Disclosure network (TDnet), and will be available on the Company's website (<https://www.softbanktech.co.jp/corp/ir/>).

Consolidated Financial Statements
(1) Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019
Assets		
Current assets		
Cash and deposits	7,606	8,728
Notes and accounts receivable - trade	9,503	10,011
Merchandise	38	36
Work in process	245	259
Other	1,062	973
Allowance for doubtful accounts	Δ2	Δ1
Total current assets	18,454	20,008
Non-current assets		
Property, plant and equipment		
Buildings	1,138	1,220
Accumulated depreciation	Δ643	Δ635
Buildings, net	495	584
Tools, furniture and fixtures	2,356	1,975
Accumulated depreciation	Δ1,662	Δ1,339
Tools, furniture and fixtures, net	693	636
Total property, plant and equipment	1,188	1,220
Intangible assets		
Goodwill	865	710
Software	1,192	1,297
Software in progress	328	461
Customer relationships	463	399
Other	228	199
Total intangible assets	3,078	3,068
Investments and other assets		
Investment securities	1,091	717
Deferred tax assets	689	818
Other	1,652	1,658
Total investments and other assets	3,432	3,194
Total non-current assets	7,699	7,484
Total assets	26,153	27,492

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019
Liabilities		
Current liabilities		
Accounts payable - trade	5,510	5,515
Current portion of long-term loans payable	320	24
Lease obligations	362	81
Accounts payable - other	788	893
Income taxes payable	602	663
Advances received	1,546	1,505
Provision for bonuses	797	902
Provision for loss on order received	24	41
Provision for defect repair	7	0
Asset retirement obligations	28	5
Other	439	580
Total current liabilities	10,429	10,212
Non-current liabilities		
Long-term loans payable	24	—
Lease obligations	8	373
Deferred tax liabilities	123	87
Long-term advances received	699	517
Retirement benefit liability	42	43
Asset retirement obligations	278	287
Other	13	112
Total non-current liabilities	1,191	1,422
Total liabilities	11,620	11,634
Net assets		
Shareholders' equity		
Capital stock	885	995
Capital surplus	859	1,111
Retained earnings	13,200	14,290
Treasury shares	△1,230	△1,568
Total shareholders' equity	13,714	14,829
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4	△12
Foreign currency translation adjustment	4	3
Total accumulated other comprehensive income	9	△8
Share acquisition rights	123	160
Non-controlling interests	686	876
Total net assets	14,532	15,857
Total liabilities and net assets	26,153	27,492

(2) Consolidated Statements of Income and Comprehensive Income

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Net sales	49,140	50,430
Cost of sales	41,192	41,973
Gross profit	7,948	8,457
Selling, general and administrative expenses	5,772	5,943
Operating profit	2,176	2,513
Non-operating income		
Interest income and dividend income	1	1
Share of profit of entities accounted for using equity method	239	—
Dividend income of insurance	4	5
Subsidy income	12	18
Miscellaneous income	10	12
Total non-operating income	268	37
Non-operating expenses		
Interest expenses	13	10
Share of loss of entities accounted for using equity method	—	234
Foreign exchange losses	26	10
Miscellaneous loss	5	4
Total non-operating expenses	45	259
Ordinary profit	2,399	2,291
Extraordinary income		
Gain on sales of investment securities	20	86
Total extraordinary income	20	86
Extraordinary losses		
Impairment loss	27	55
Office transfer expenses	—	66
Mid cancellation penalty fee	13	—
Total extraordinary losses	40	122
Profit before income taxes	2,379	2,255
Income taxes - current	729	974
Income taxes - deferred	12	△157
Total income taxes	741	816
Profit	1,637	1,439
Profit attributable to		
Profit attributable to owners of parent	1,556	1,386
Profit attributable to non-controlling interests	80	52
Other comprehensive income		
Valuation difference on available-for-sale securities	△10	△18
Foreign currency translation adjustment	0	△0
Total other comprehensive income	△10	△18
Comprehensive income	1,627	1,420
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,546	1,369
Comprehensive income attributable to non-controlling interests	80	51

(3) Consolidated Statement of Changes in Equity

Fiscal year ended March 31, 2018

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	785	695	11,938	△872	12,547
Changes of items during period					
Issuance of new shares - exercise of share acquisition rights	100	100	—	—	200
Dividends of surplus	—	—	△295	—	△295
Profit attributable to owners of parent	—	—	1,556	—	1,556
Purchase of treasury shares	—	—	—	△358	△358
Change in ownership interest of parent due to transactions with non-controlling interests	—	63	—	—	63
Net changes of items other than shareholders' equity	—	—	—	—	—
Total changes of items during period	100	163	1,261	△358	1,167
Balance at end of current period	885	859	13,200	△1,230	13,714

	Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of current period	15	3	19	108	340	13,015
Changes of items during period						
Issuance of new shares - exercise of share acquisition rights	—	—	—	—	—	200
Dividends of surplus	—	—	—	—	—	△295
Profit attributable to owners of parent	—	—	—	—	—	1,556
Purchase of treasury shares	—	—	—	—	—	△358
Change in ownership interest of parent due to transactions with non-controlling interests	—	—	—	—	—	63
Net changes of items other than shareholders' equity	△10	0	△10	14	345	349
Total changes of items during period	△10	0	△10	14	345	1,516
Balance at end of current period	4	4	9	123	686	14,532

Fiscal year ended March 31, 2019

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	885	859	13,200	Δ1,230	13,714
Changes of items during period					
Issuance of new shares - exercise of share acquisition rights	110	110	—	—	220
Dividends of surplus	—	—	Δ296	—	Δ296
Profit attributable to owners of parent	—	—	1,386	—	1,386
Purchase of treasury shares	—	—	—	Δ337	Δ337
Change in ownership interest of parent due to transactions with non-controlling interests	—	141	—	—	141
Net changes of items other than shareholders' equity	—	—	—	—	—
Total changes of items during period	110	251	1,090	Δ337	1,114
Balance at end of current period	995	1,111	14,290	Δ1,568	14,829

	Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of current period	4	4	9	123	686	14,532
Changes of items during period						
Issuance of new shares - exercise of share acquisition rights	—	—	—	—	—	220
Dividends of surplus	—	—	—	—	—	Δ296
Profit attributable to owners of parent	—	—	—	—	—	1,386
Purchase of treasury shares	—	—	—	—	—	Δ337
Change in ownership interest of parent due to transactions with non-controlling interests	—	—	—	—	—	141
Net changes of items other than shareholders' equity	Δ17	Δ0	Δ17	37	190	209
Total changes of items during period	Δ17	Δ0	Δ17	37	190	1,324
Balance at end of current period	Δ12	3	Δ8	160	876	15,857

(4) Consolidated Statement of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Cash flows from operating activities		
Profit before income taxes	2,379	2,255
Depreciation	977	1,027
Impairment loss	27	55
Amortization of goodwill	155	155
Share-based compensation expenses	48	71
Increase (decrease) in allowance for doubtful accounts	△50	△0
Increase (decrease) in provision for bonuses	55	105
Increase (decrease) in retirement benefit liability	△11	0
Increase (decrease) in provision for loss on order received	11	16
Increase (decrease) in provision for defect repair	7	△7
Interest and dividend income	△1	△1
Interest expenses	13	10
Share of loss (profit) of entities accounted for using equity method	△239	234
Loss (gain) on investments in partnership	1	3
Loss (gain) on sales of investment securities	△20	△86
Decrease (increase) in notes and accounts receivable - trade	1,962	△507
Decrease (increase) in inventories	22	△12
Decrease (increase) in operating receivables	223	343
Increase (decrease) in notes and accounts payable - trade	△1,626	4
Increase (decrease) in accrued consumption taxes	15	22
Increase (decrease) in operating debt	△162	5
Other, net	2	5
Subtotal	3,793	3,702
Interest and dividend income received	0	1
Interest expenses paid	△13	△10
Income taxes (paid) refund	△704	△909
Net cash provided by (used in) operating activities	3,077	2,784
Cash flows from investing activities		
Revenue from withdrawal of periodic deposit	114	—
Purchase of property, plant and equipment	△271	△174
Purchase of intangible assets	△825	△904
Purchase of investment securities	—	△9
Proceeds from sales of investment securities	20	205
Collection of loans receivable	1	6
Payments for guarantee deposits	△43	△245
Proceeds from collection of guarantee deposits	11	69
Other, net	△5	△39
Net cash provided by (used in) investing activities	△997	△1,092

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Cash flows from financing activities		
Repayments of long-term loans payable	Δ293	Δ320
Redemption of bonds	Δ100	—
Proceeds from issuance of common shares	166	186
Purchase of treasury shares	Δ358	Δ337
Cash dividends paid	Δ294	Δ297
Repayments of lease obligations	Δ75	Δ79
Proceeds from share issuance to non-controlling shareholders	—	280
Proceeds from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	407	—
Net cash provided by (used in) financing activities	Δ548	Δ567
Effect of exchange rate change on cash and cash equivalents	0	Δ1
Net increase (decrease) in cash and cash equivalents	1,530	1,122
Cash and cash equivalents at beginning of period	6,075	7,606
Cash and cash equivalents at end of period	7,606	8,728

(5) Notes to Consolidated Financial Statements

Going Concern Assumption

Not applicable.

Significant Changes in Shareholders' Equity

Not applicable.

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