

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.

July 25, 2019

SoftBank Technology Corp.
Consolidated Financial Report for the First Quarter of Fiscal Year Ending March 31, 2020
(Three Months Ended June 30, 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 filing of Quarterly Report: August 13, 2019

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, 2019 (April 1, 2019 – June 30, 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	%
Three months ended Jun. 30, 2019	12,969	5.8	546	21.3	545	26.2	330	29.0
Three months ended Jun. 30, 2018	12,258	1.1	450	396.2	431	448.9	256	2,007.2

Note: Comprehensive income (million yen) Three months ended Jun. 30, 2019: 337 (up 31.1%)
Three months ended Jun. 30, 2018: 257 (up 1,010.2%)

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended Jun. 30, 2019	16.62	16.41
Three months ended Jun. 30, 2018	12.95	12.73

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Jun. 30, 2019	26,910	15,946	55.2	742.83
As of Mar. 31, 2019	27,492	15,857	53.9	747.03

Reference: Shareholders' equity (million yen) As of Jun. 30, 2019: 14,856 As of Mar. 31, 2019: 14,820

2. Dividends

	Dividends per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
Fiscal year ended Mar. 31, 2019	Yen —	Yen 0.00	Yen —	Yen 20.00	Yen 20.00
Fiscal year ending Mar. 31, 2020	—	—	—	—	—
Fiscal year ending Mar. 31, 2020 (forecast)	—	10.00	—	10.00	20.00

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

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	85.47

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

*** 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 Jun. 30, 2019:	22,501,400 shares	As of Mar. 31, 2019:	22,340,600 shares
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- ii. Number of treasury shares at the end of the period

As of Jun. 30, 2019:	2,501,370shares	As of Mar. 31, 2019:	2,501,279shares
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- iii. Average number of shares outstanding during the period

Three months ended Jun. 30, 2019:	19,889,309shares	Three months ended Jun. 30, 2018:	19,774,835shares
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* This consolidated financial report is not subject to quarterly 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 based upon valid and other reasonable information available to the Company at the time this report was created. This report is not promised 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 25, 2019), using the Timely Disclosure network (TDnet), and will be available on the Company's website (<https://www.softbanktech.co.jp/corp/ir/>).

Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2019	As of June 30, 2019
Assets		
Current assets		
Cash and deposits	8,728	9,756
Notes and accounts receivable - trade	10,011	7,706
Merchandise	36	106
Work in process	259	429
Other	973	1,493
Allowance for doubtful accounts	△1	△0
Total current assets	20,008	19,492
Non-current assets		
Property, plant and equipment		
Buildings, net	584	567
Tools, furniture and fixtures, net	636	632
Construction in progress	—	11
Total property, plant and equipment	1,220	1,211
Intangible assets		
Goodwill	710	671
Software	1,297	1,362
Software in progress	461	461
Customer relationships	399	383
Other	199	192
Total intangible assets	3,068	3,071
Investments and other assets		
Investment securities	717	727
Deferred tax assets	818	692
Other	1,658	1,714
Total investments and other assets	3,194	3,134
Total non-current assets	7,484	7,417
Total assets	27,492	26,910

(Millions of yen)

	As of March 31, 2019	As of June 30, 2019
Liabilities		
Current liabilities		
Accounts payable - trade	5,515	5,261
Current portion of long-term borrowings	24	—
Lease obligations	81	82
Accounts payable - other	893	926
Income taxes payable	663	118
Advances received	1,505	1,819
Provision for bonuses	902	437
Provision for bonuses for directors (and other officers)	—	25
Provision for loss on order received	41	19
Provision for defect repair	0	0
Asset retirement obligations	5	5
Other	580	924
Total current liabilities	10,212	9,621
Non-current liabilities		
Lease obligations	373	353
Deferred tax liabilities	87	98
Long-term advances received	517	445
Retirement benefit liability	43	44
Asset retirement obligations	287	288
Other	112	112
Total non-current liabilities	1,422	1,342
Total liabilities	11,634	10,963
Net assets		
Shareholders' equity		
Share capital	995	1,056
Capital surplus	1,111	1,148
Retained earnings	14,290	14,224
Treasury shares	△1,568	△1,568
Total shareholders' equity	14,829	14,859
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	△12	△6
Foreign currency translation adjustment	3	3
Total accumulated other comprehensive income	△8	△3
Share acquisition rights	160	178
Non-controlling interests	876	911
Total net assets	15,857	15,946
Total liabilities and net assets	27,492	26,910

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

(Millions of yen)

	Fiscal year ended June 30, 2018	Fiscal year ended June 30, 2019
Net sales	12,258	12,969
Cost of sales	10,323	10,873
Gross profit	1,935	2,096
Total selling, general and administrative expenses	1,485	1,550
Operating profit	450	546
Non-operating income		
Interest and dividend income	0	0
Share of profit of entities accounted for using equity method	—	1
Subsidy income	12	—
Miscellaneous income	0	2
Total non-operating income	13	4
Non-operating expenses		
Interest expenses	2	2
Share of loss of entities accounted for using equity method	23	—
Foreign exchange losses	4	3
Miscellaneous loss	1	0
Total non-operating expenses	31	5
Ordinary profit	431	545
Profit before income taxes	431	545
Income taxes - current	95	78
Income taxes - deferred	74	134
Total income taxes	170	213
Profit	261	332
Profit attributable to		
Profit attributable to owners of parent	256	330
Profit attributable to non-controlling interests	5	1
Other comprehensive income		
Valuation difference on available-for-sale securities	△3	6
Foreign currency translation adjustment	△0	△0
Total other comprehensive income	△4	5
Comprehensive income	257	337
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	251	336
Comprehensive income attributable to non-controlling interests	5	1

(3) Notes to Consolidated Financial Statements

Going Concern Assumption

Not applicable.

Significant Changes in Shareholders' Equity

Not applicable.

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