

First Half of the Fiscal Year Ending March 31, 2015
(FY2014 H1)

Earnings Results



October 29, 2014

SoftBank Technology Corp.

Consideration for the Presentation

1. Starting in the first quarter of the fiscal year ending March 31, 2015, the eBusiness Services segment and Solutions segment have been combined to create a single segment called ICT Services. To provide additional financial information for reference, three business categories have been established: Digital Marketing, Platform Solutions and System Integration. The business category sales for prior years on page 8 of this presentation use the new business categories.
2. The marginal profit and fixed cost shown on pages 10, 11, 12, 34 and 35 have been revised because of the partial change in the method used for recognizing expenses for e-commerce services. Marginal profit and fixed cost for prior years have been restated based on the new expense recognition method.
3. Figures in all graphs in this presentation may differ slightly from figures in earnings announcements because of rounding.

Disclaimer

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Results Overview

- Consolidated net sales increased 20.8% year-on-year to 19,678 million yen, a record high for first half sales.
- Sales in the Symantec Store business declined slightly, but steady growth in the focus businesses, which are data analytics, security and Microsoft solutions, contributed to the increases in first half sales and earnings.
- Subsidiaries providing their original content and services contributed to the improvement in profit margin. In the second quarter (July-Sept), the marginal profit ratio improved 4.0 % year-on-year to 28.8%.
- Fixed costs increased mainly due to an increase in the number of employees, the expansion of office space, an increase in the number of subsidiaries. But an increase in sales and an improvement in profit margin resulted in a 0.4% increase in operating income to 572 million yen.

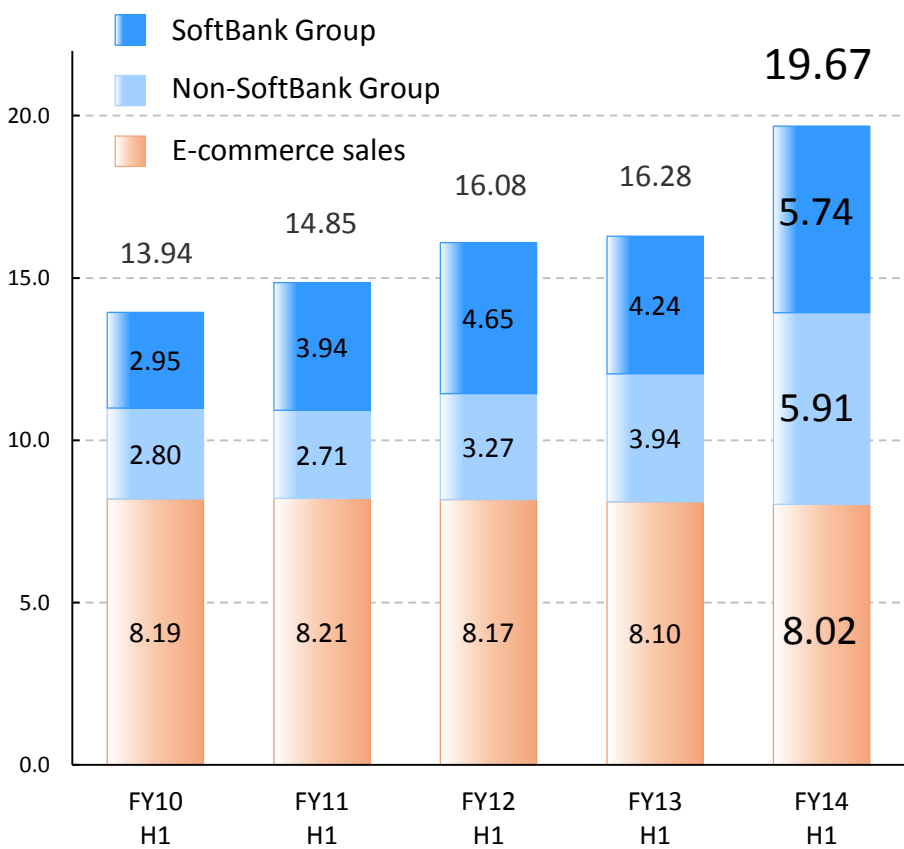
FY2014 H1 Results Summary Comparison with the previous fiscal year


(Millions of yen)	FY2013 Results Apr-Sep 2013	FY2014 Results Apr-Sep 2014	Amount of change	Ratio of change
Net sales	16,286	19,678	3,391	+ 20.8%
Operating income	570	572	2	+ 0.4%
Ordinary income	584	541	(42)	(7.3)%
Net income	324	330	5	+ 1.8%

FY2014 H1 Results Summary Comparison with earnings forecast


(Millions of yen)	Forecast April 24, 2014	FY2014 Results Apr-Sep 2014	Amount of change	Ratio of change
Net sales	18,500	19,678	1,178	+ 6.4%
Operating income	650	572	(77)	(11.9)%
Ordinary income	650	541	(108)	(16.7)%
Net income	400	330	(69)	(17.4)%

Sales to Internal/External Groups (Billions of yen)






SoftBank Group
Year-on-year sales
+1.5 billion yen, +35.4%

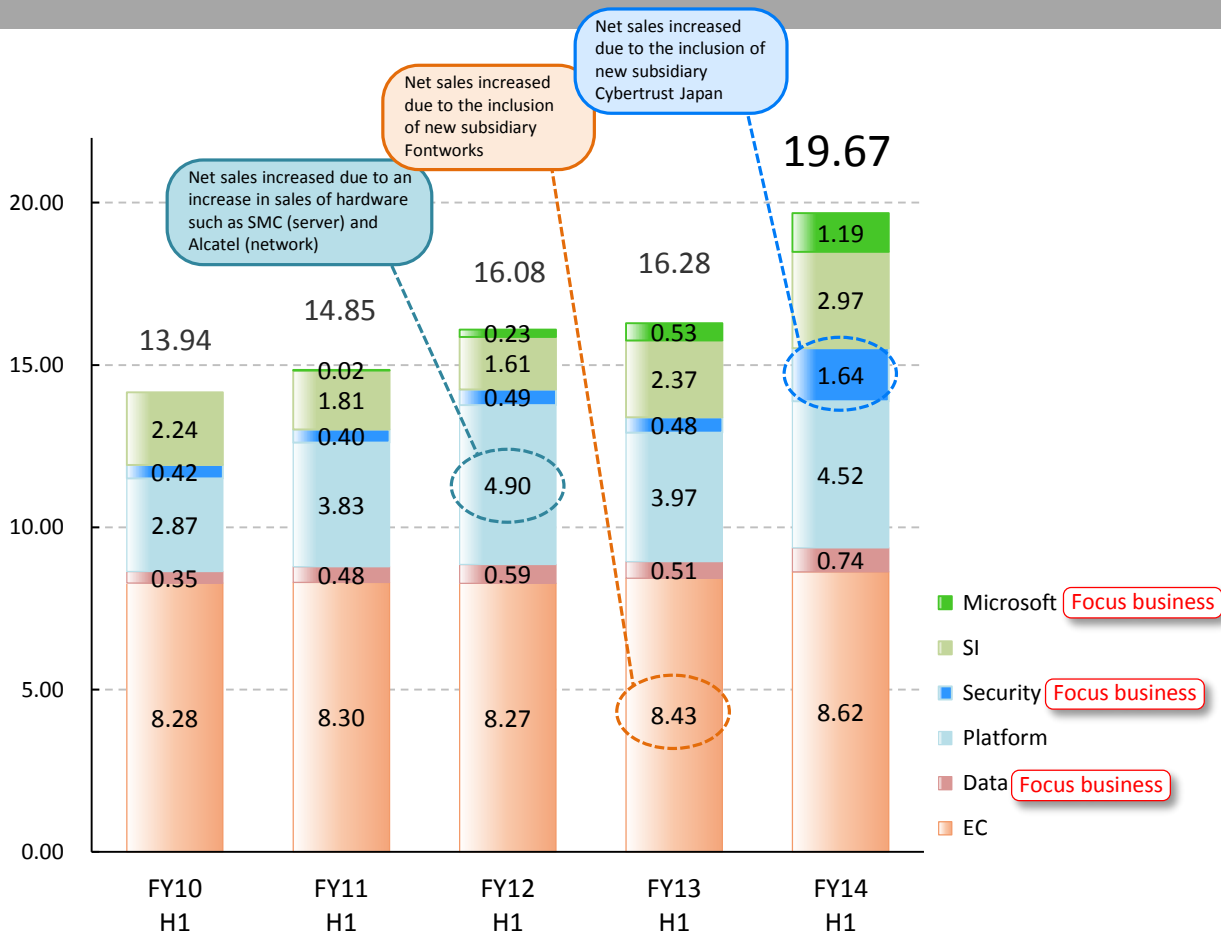


Non-SoftBank Group
Year-on-year sales
+1.96 billion yen, +49.9%



E-commerce service
Year-on-year sales
(70) million yen, (1.0)%

Net Sales by Business Category (Billions of yen)



Net sales increased year on year in all business categories.

Particularly, the security business posted strong sales.

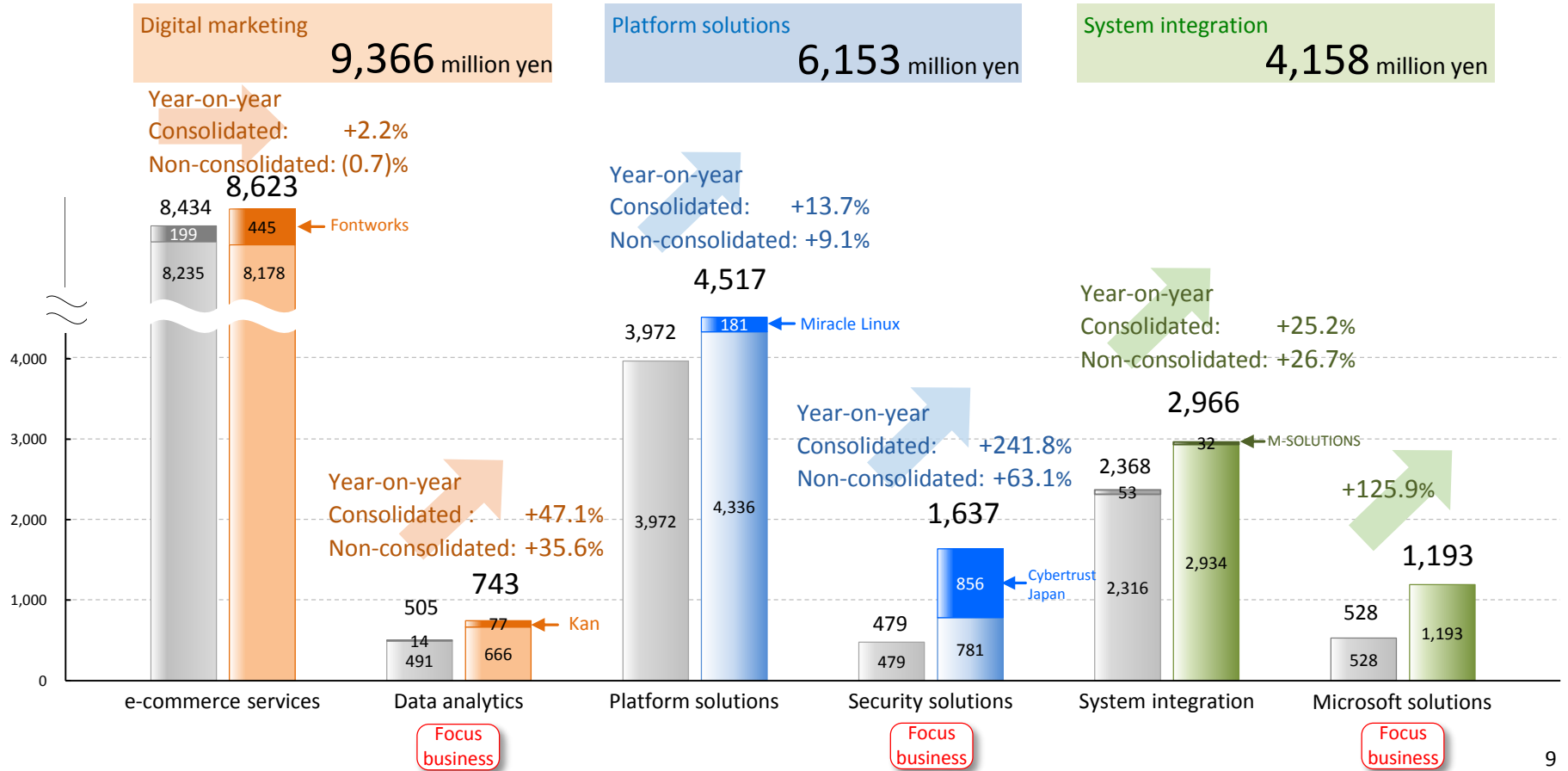
Year-on-year sales
+1.15 billion yen, +241.8%
Cybertrust Japan contributed to this growth.

Net Sales by Business Category

Comparison with the previous fiscal year

(Millions of yen)

SoftBank
Technology



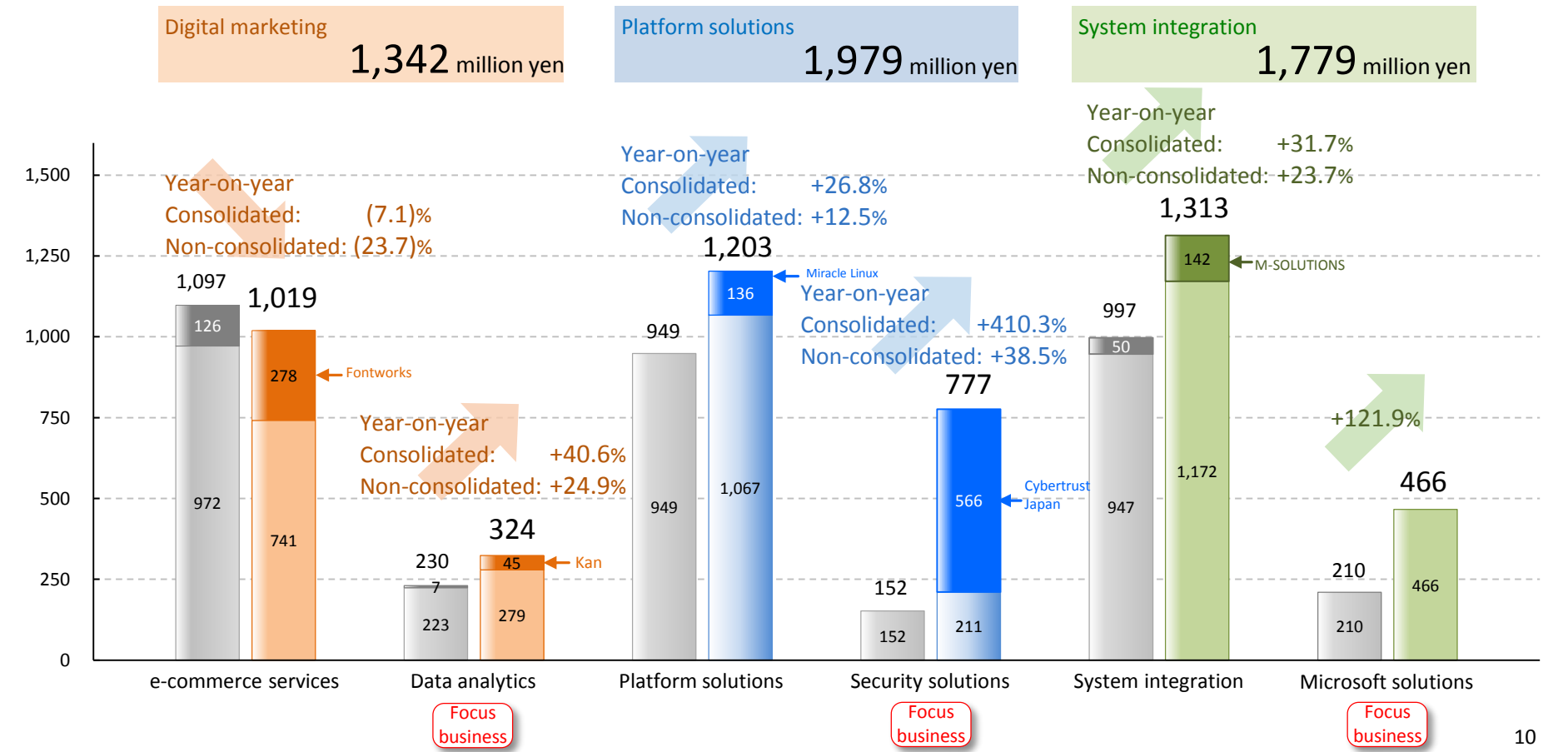
Marginal Profit by Business Category

Comparison with the previous fiscal year

(Millions of yen)

SoftBank

Technology

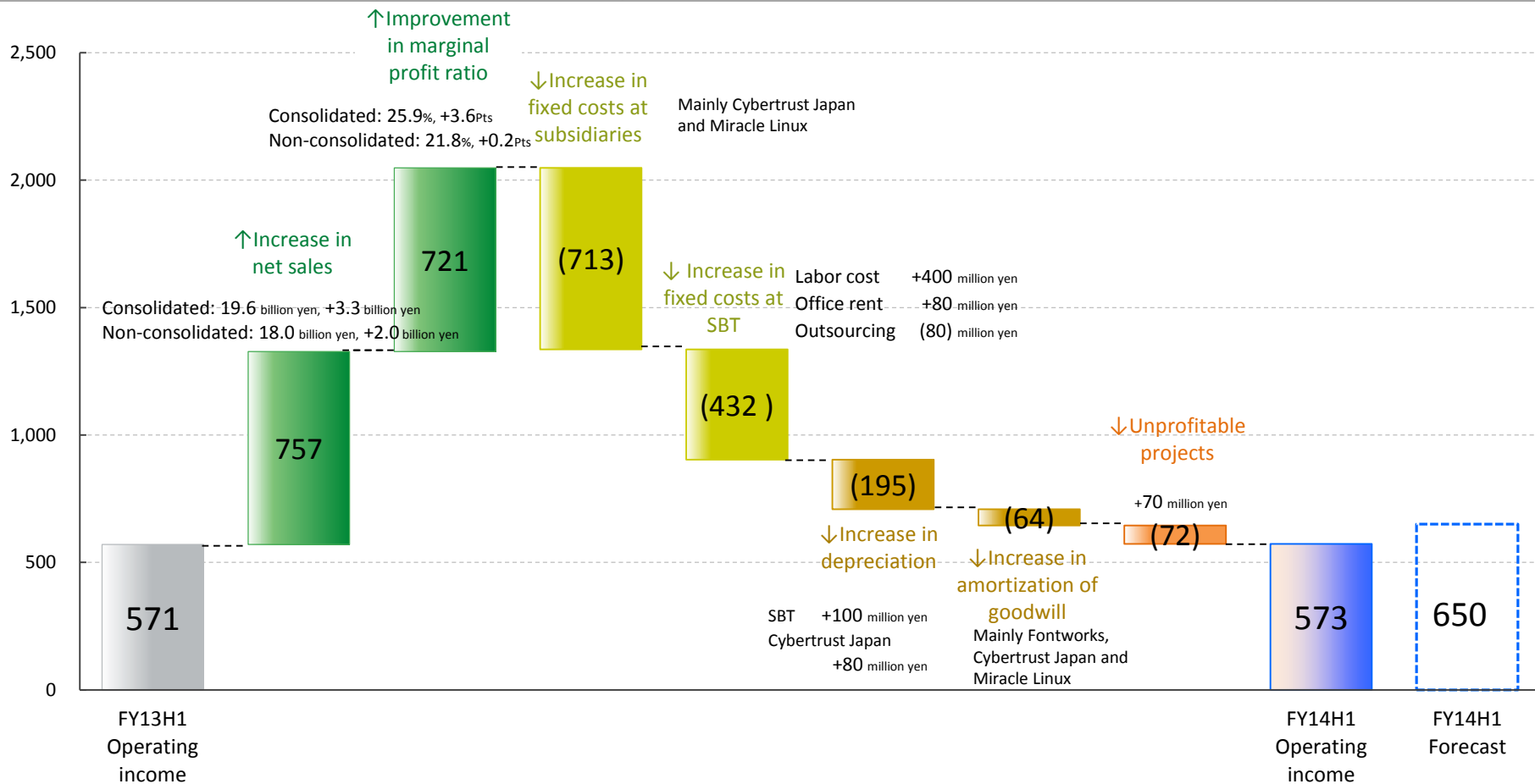


Operating Income

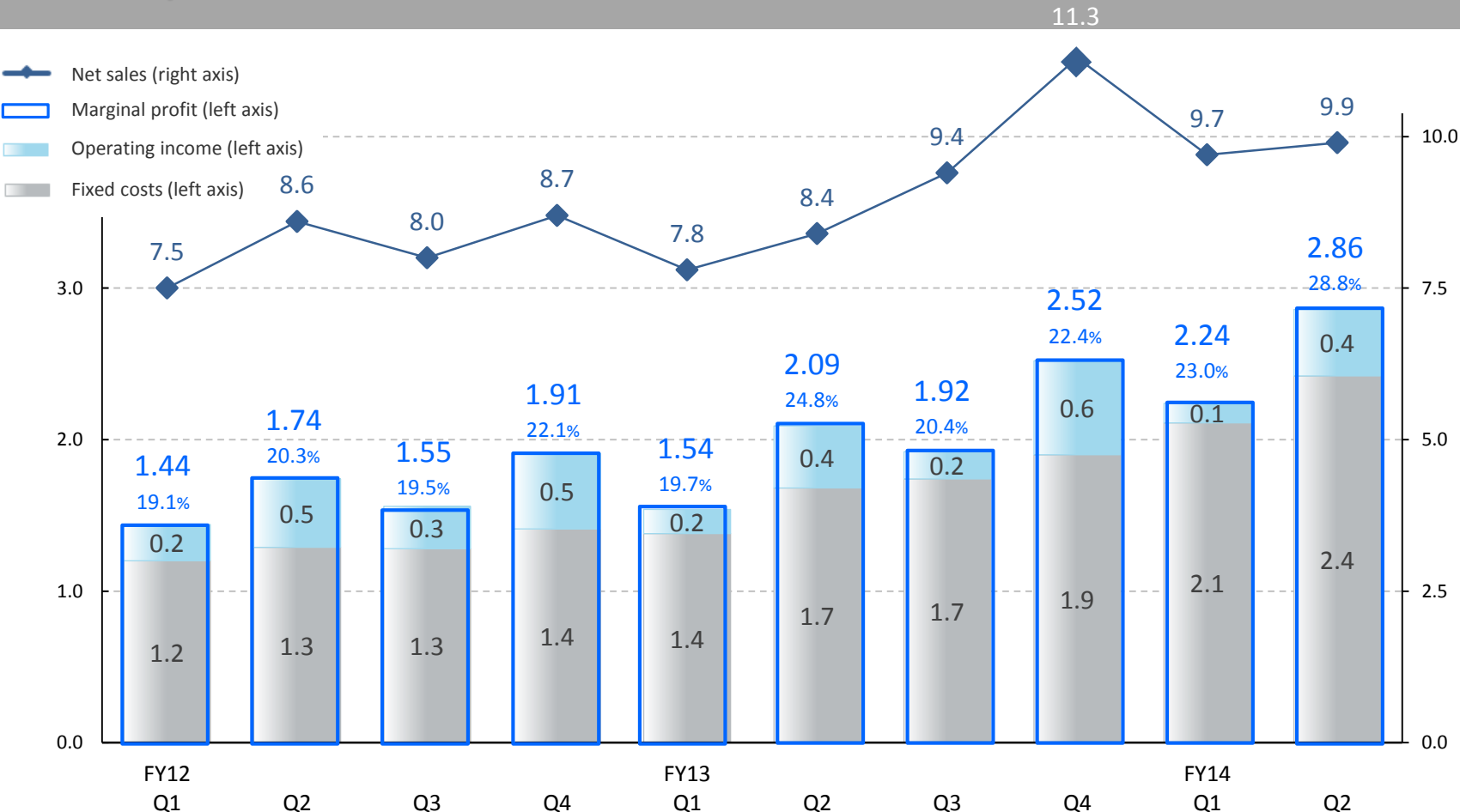
Comparison with the previous fiscal year

(Millions of yen)

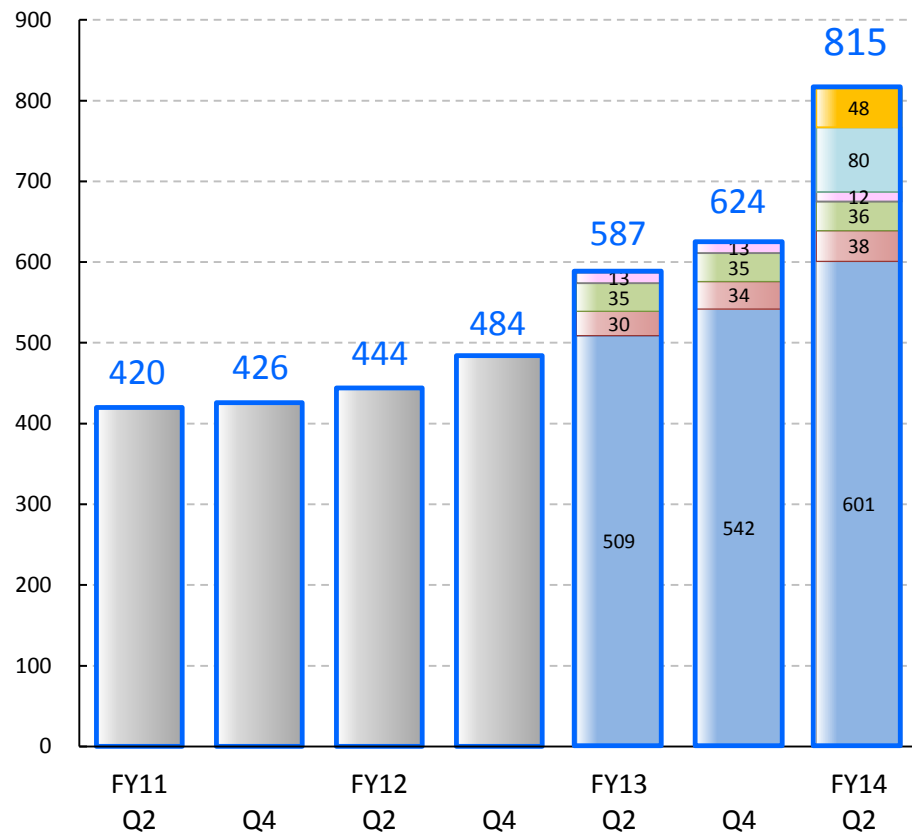
SoftBank
Technology



Quarterly Trends and Results (Billions of yen)



Transition of Employees (consolidated basis)



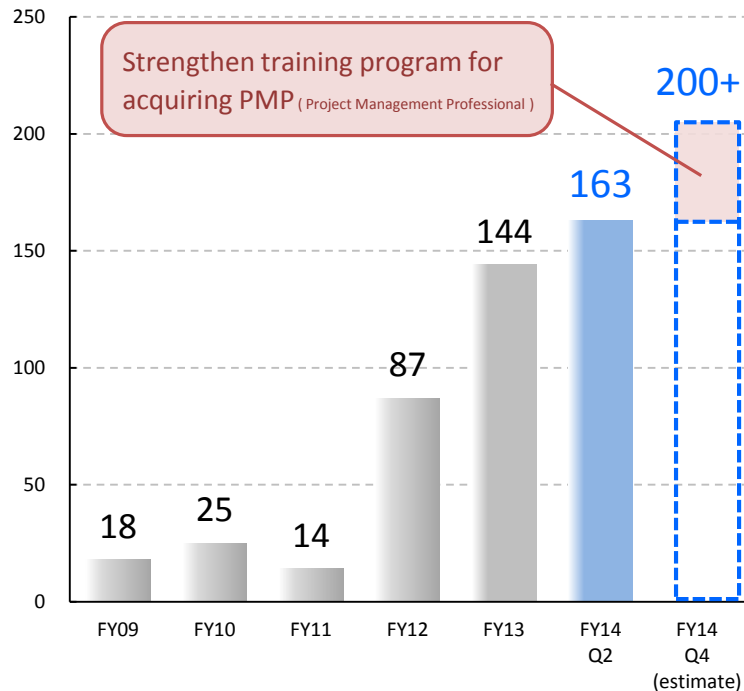
Miracle Linux	48
Cybertrust Japan	80
Kan	12
Fontworks	36
M-SOLUTIONS	38
SoftBank Technology	601

As of September 31, 2014

Number of employees
(consolidated basis)

815

■ Number of engineers acquired the advanced information technology certifications



■ Adobe



FY2011



FY2012



FY2013

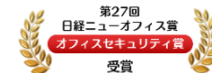
■ Microsoft



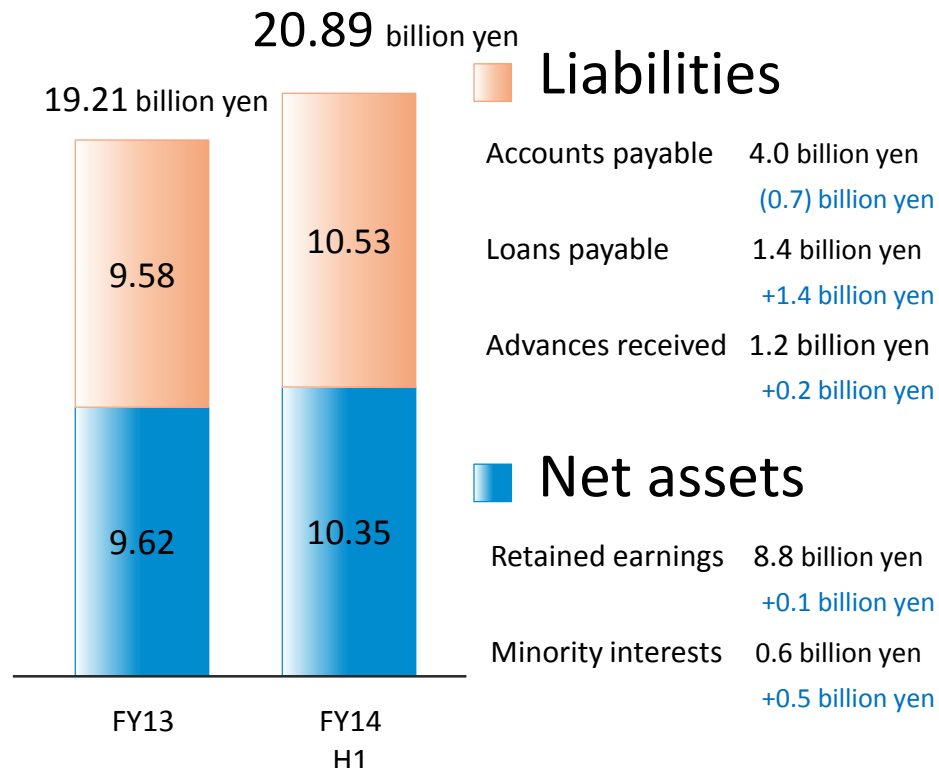
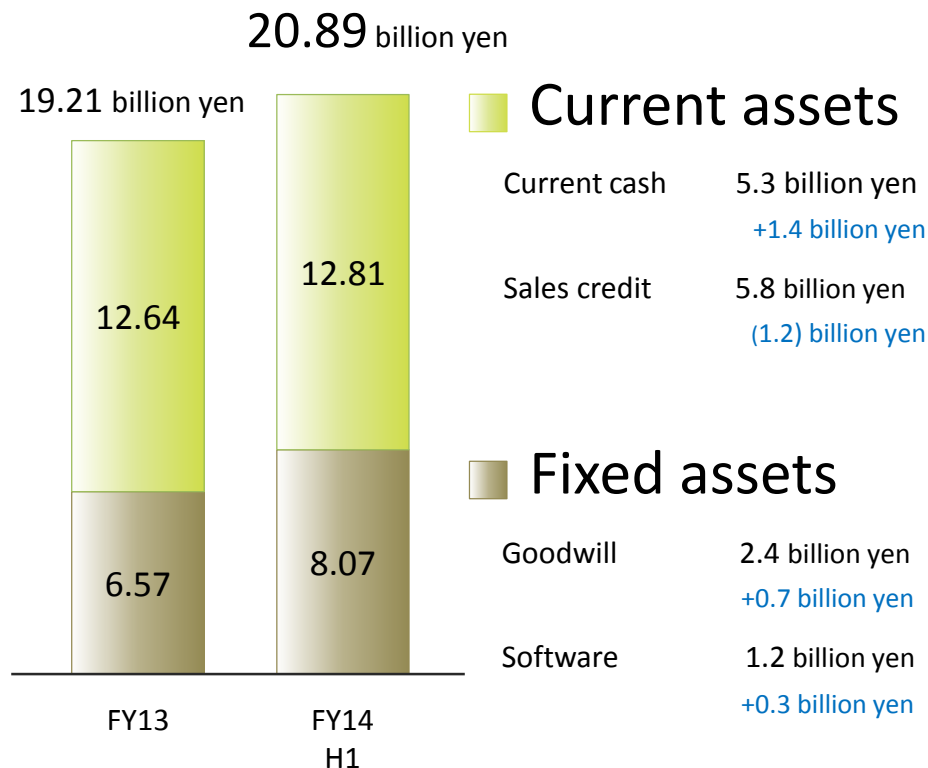
■ Oracle



■ and more...



Balance Sheet Comparison with the previous fiscal year (Billions of yen)



Cash Flows Comparison with the previous fiscal year (Billions of yen)

	FY2013 H1 Results	FY2014 H1 Results	Amount of change
Cash flows from operating activities	0.47	1.86	+ 1.38
Cash flows from investing activities	(3.94)	(2.19)	+ 1.75
Cash flows from financing activities	(0.2)	1.81	+ 2.02
Cash and cash equivalents at end of period	2.53	5.24	+ 2.70

Business Overview

Business Categories of the SoftBank Technology Group

Digital Marketing



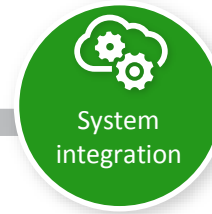
- Operation of Symantec Store and provision of web fonts, foreign currency payment processing, etc.
- Provision of web access log analysis tools, consulting and other support service concerning digital marketing for corporate clients

Platform Solutions



- Construction of wireless network, Thin Client and other IT platform for corporate clients and provision of operation and maintenance services
- Construction of security systems for corporate clients, and provision of operation and maintenance services; provision of the SSL server certificates, device authentication services

System Integration



- Development of IT systems for corporate clients and provision of operation and maintenance services; provision of application services for smart devices
- Office 365 solutions and other Microsoft cloud services and provision of original services



SoftBank Technology



Fontworks



Kan



Mode2
(equity-method affiliate)



SoftBank Technology



Cybertrust Japan



Miracle Linux



SoftBank Technology

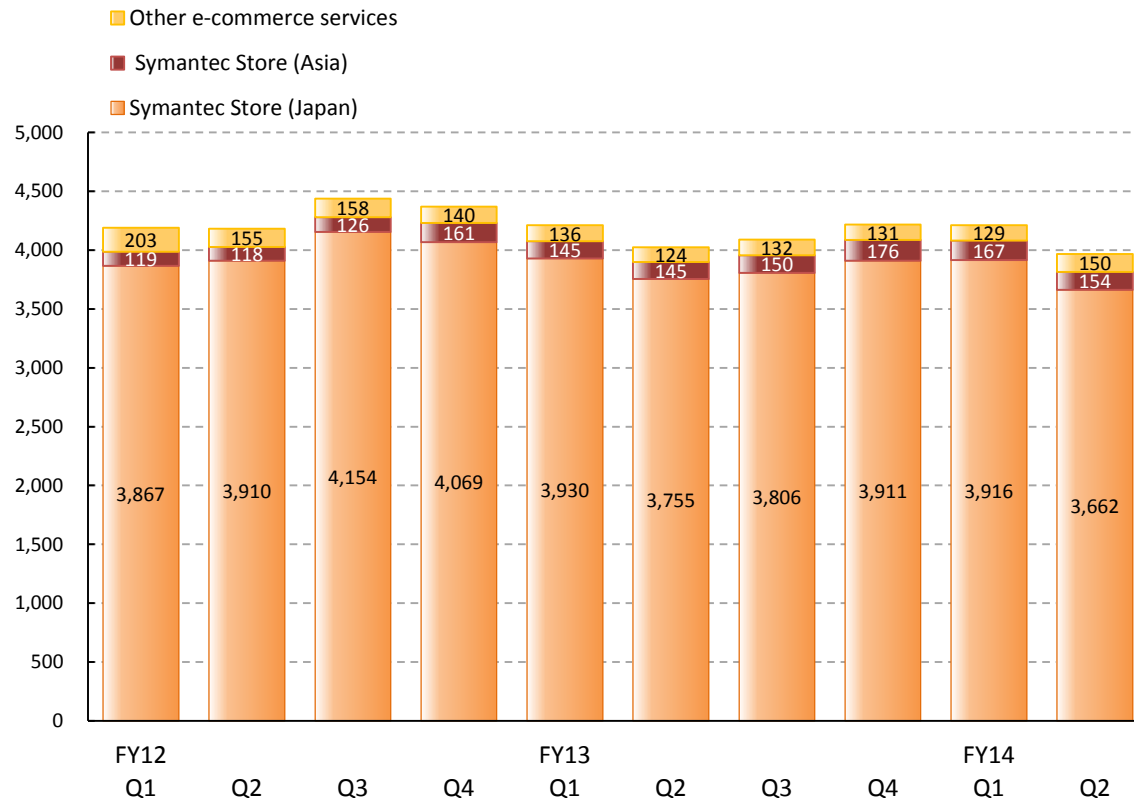


M-SOLUTIONS

SOLUTION BUSINESS
TECHNOLOGY
HONG KONG

SOLUTION BUSINESS
TECHNOLOGY KOREA

E-commerce services sales

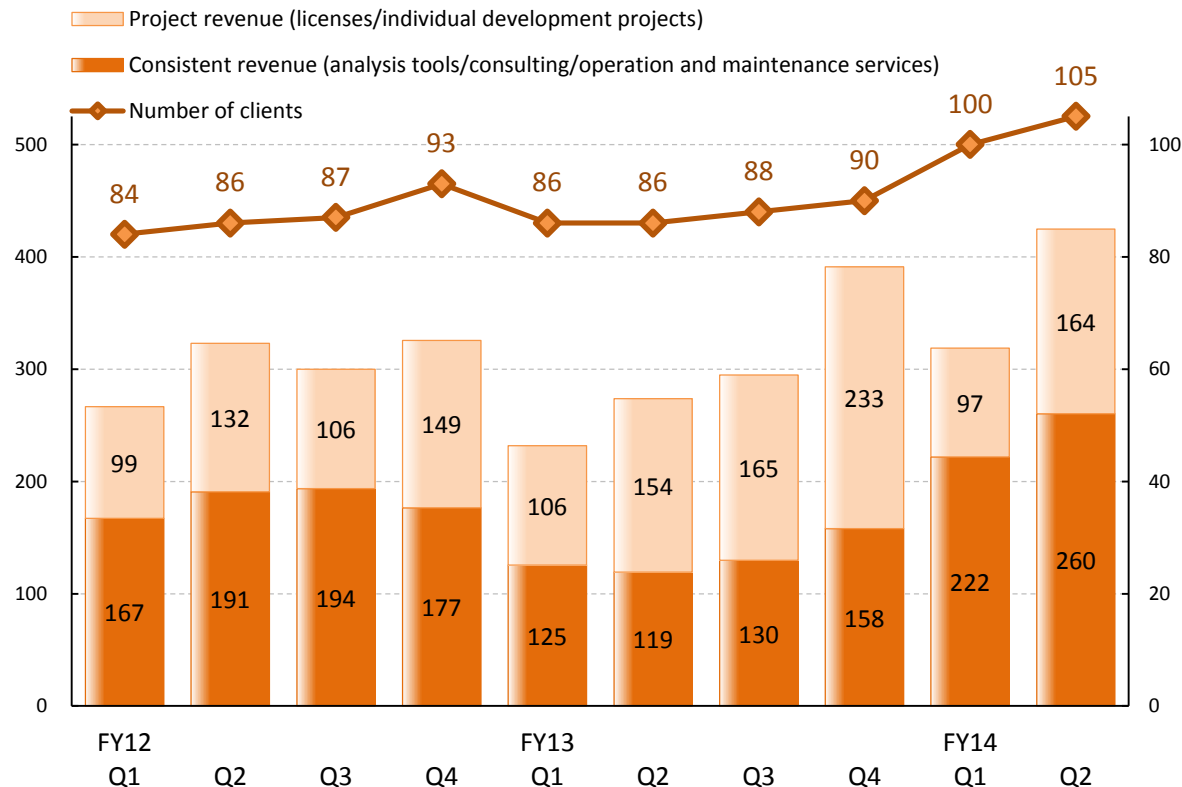


Sales in the Symantec Store business declined slightly.

To maintain profitability, various measures are promoted including the introduction of IT systems to improve operating efficiency.

Focus
business

Data analytics services sales



The number of clients increased because of the extended lineup of web access log analysis solutions.

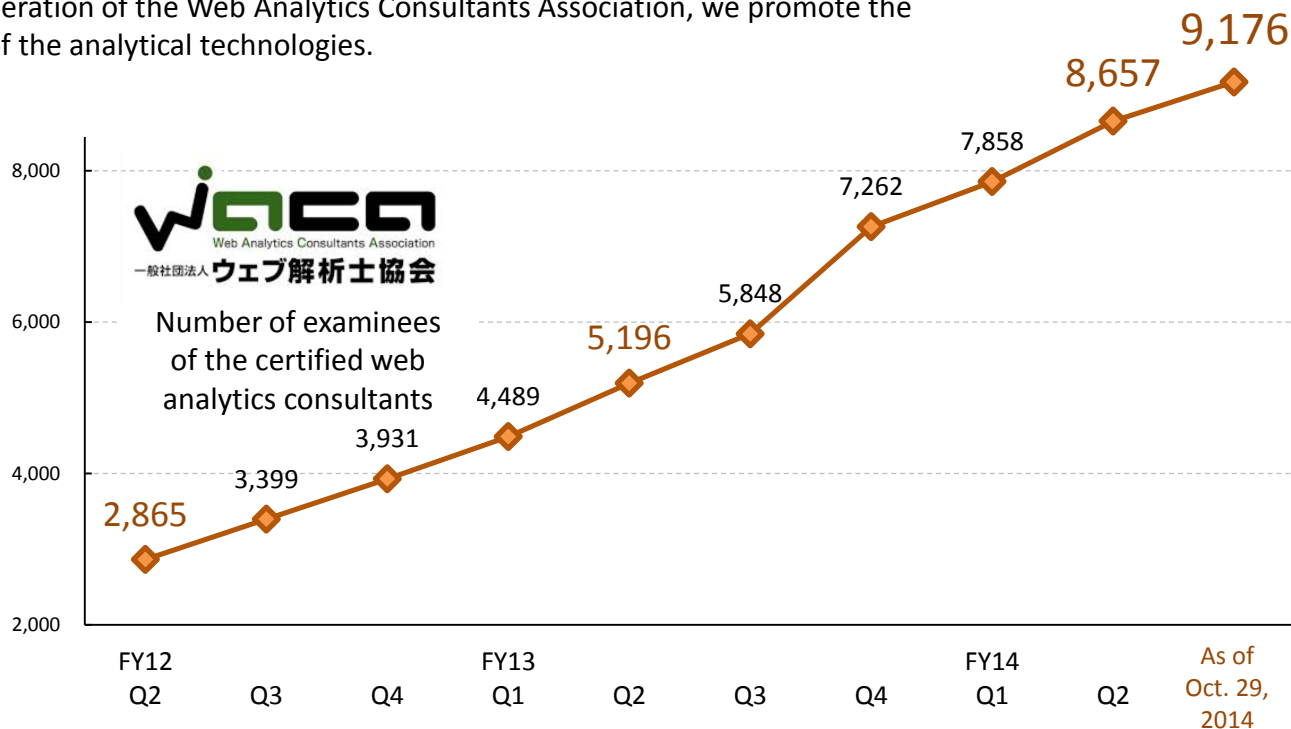
First half consistent revenue was 480 million yen.

Year-on year sales
+ 230 million yen, +97%

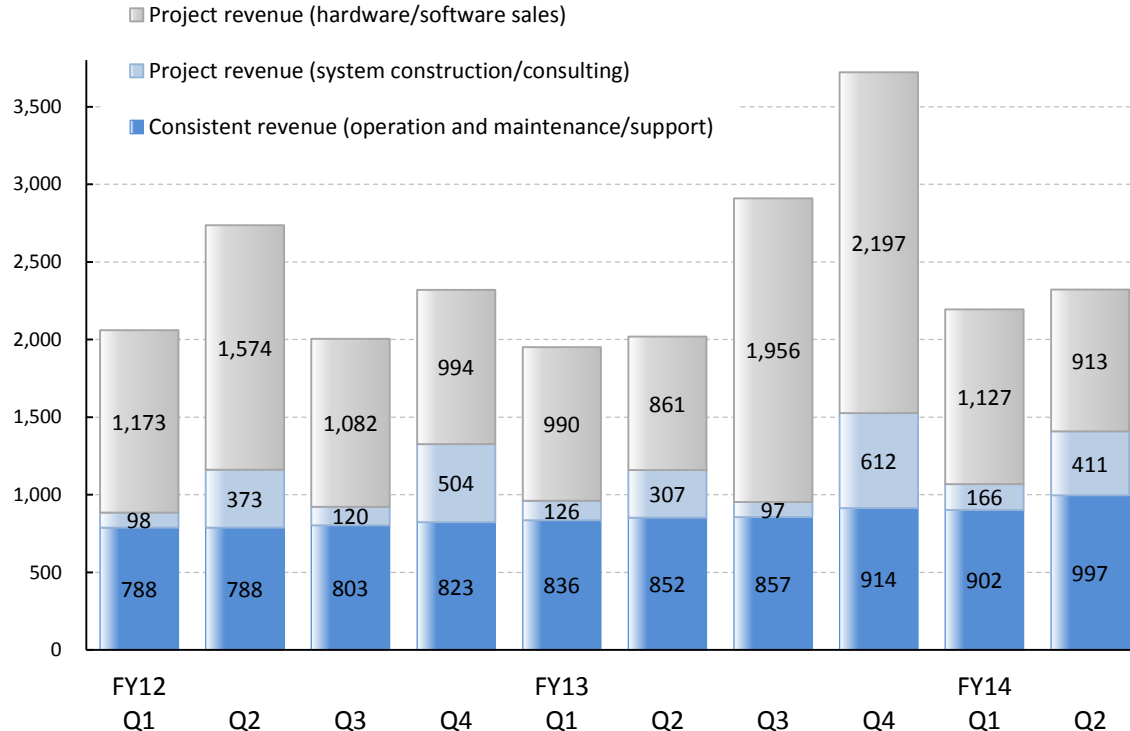
The data analyst training business

As data analytics tools become more advanced and mature, the shortage of people who have data analysis and utilization skills is becoming more severe.

Through the operation of the Web Analytics Consultants Association, we promote the improvement of the analytical technologies.



Platform solutions sales



In addition to orders from the current corporate clients, we have acquired orders from the public sectors .

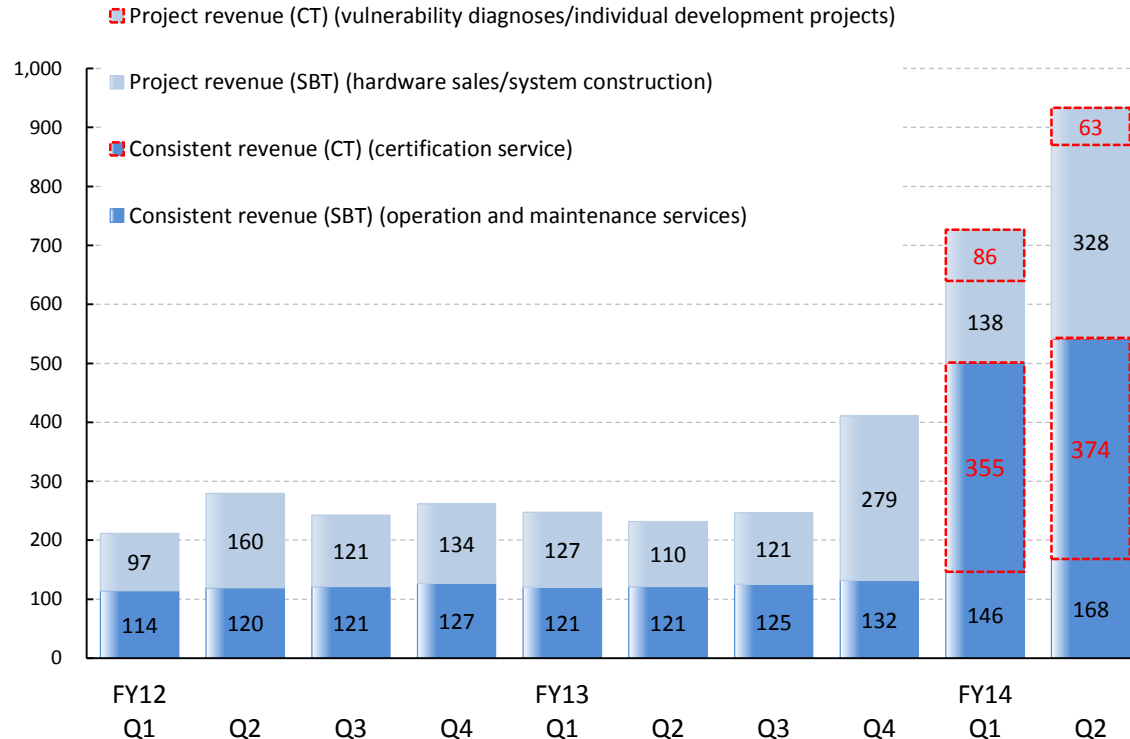
Aiming to increase earnings from public-sector clients.

Sales from operation and maintenance services continue to grow steadily. First half consistent revenue was 1.9 billion yen.

Year-on-year sales
+210 million yen, +12.5%

Focus
business

Security solutions sales



The acquisition of Cybertrust Japan as a consolidated subsidiary resulted in first half sales to more than 1.6 billion yen.
Year-on-year sales about +350%

Receipt of new security product orders also contributed to the increase in sales.

Growth in the public sector business

Sales have been increasing steadily in the public sector, which was started in the previous fiscal year ended March 31, 2014 by collaborating with other SoftBank Group companies.

Orders received

Central ministries:	2
Prefectures:	3
Ordinance-designated cities:	1
Municipal governments:	6
Associations:	3

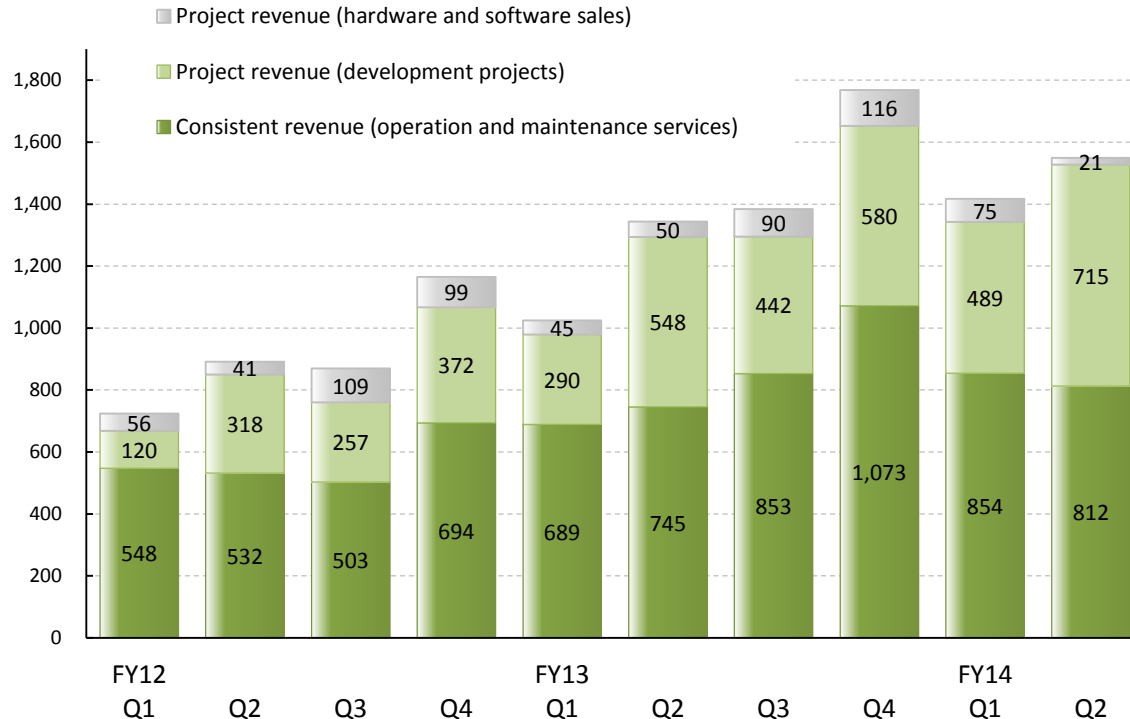
Orders received through business partners

Prefectures: 1, Ordinance-designated cities : 1, Core cities: 1, Special cities: 1, Cities: 1, Wards of Tokyo: 3, Associations: 1



Hamamatsu City Website, which introduced the BCP total solution

System integration sales: Consistently strong



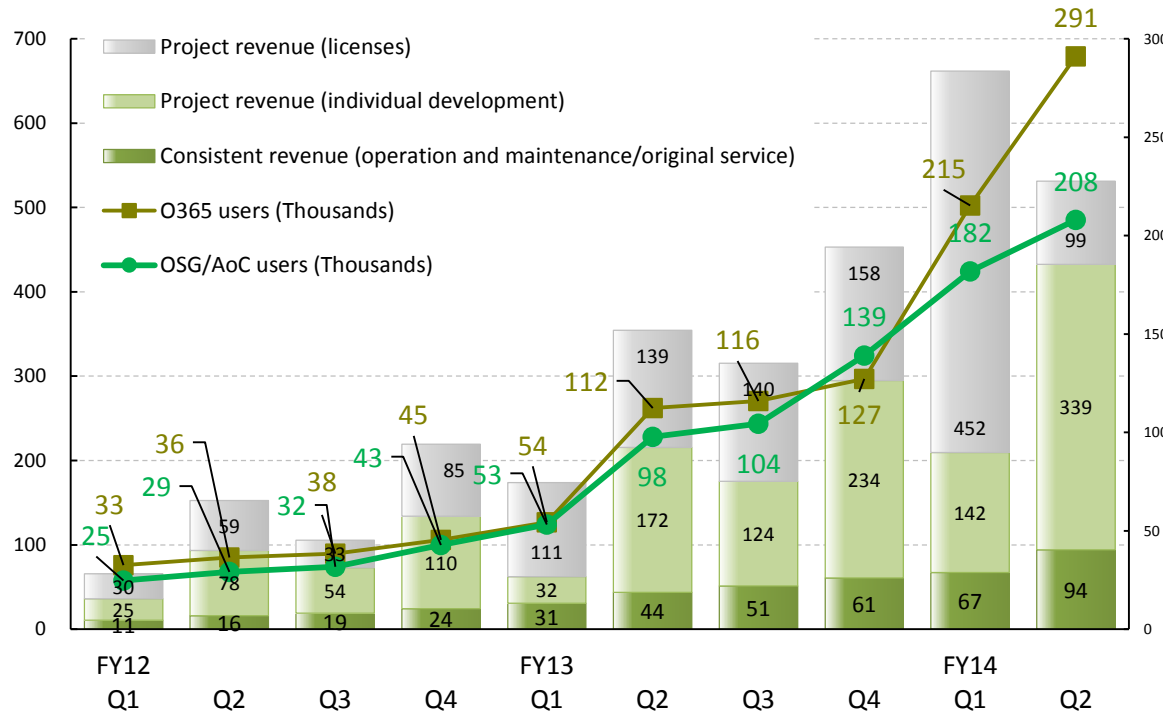
Development projects for the SoftBank Group's telecommunications business were strong.

Although the percentage of project revenue increased along with the scale of projects, the percentage of consistent revenue remained above 50% in the first half.

We expect to record revenue from the public sector in the second half of the fiscal year.

Focus business

Microsoft solutions sales: Strong sales at Office 365 solutions



■ The Office 365 projects performed well.

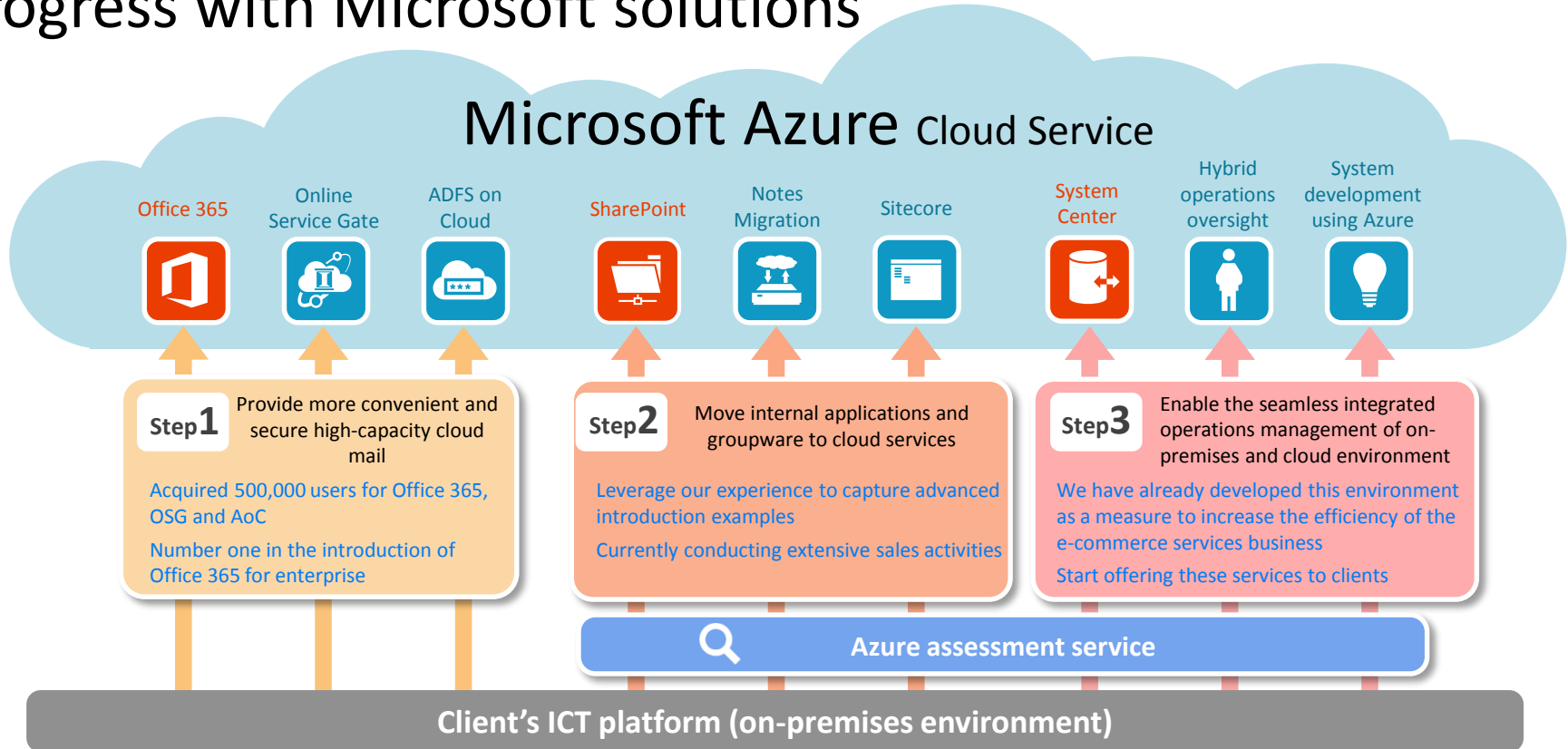
Total introductions:
126 users/291,000 licenses

■ Original cloud services performed well.

Online Service Gate, ADFS on Cloud
Total introductions: 208,000 licenses

■ Consistent revenue exceeded 160 million yen in the first half.

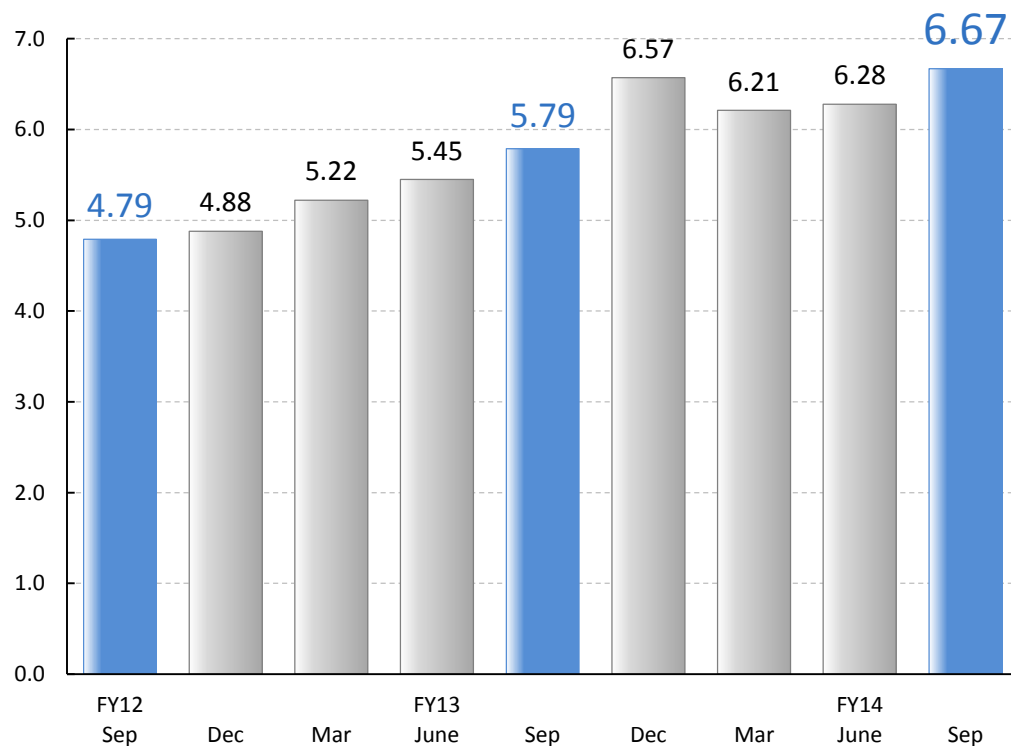
Progress with Microsoft solutions



Order Backlog (SoftBank Technology parent basis)

(Billions of yen)

SoftBank
Technology



Order backlog

6.67 billion yen

Year-on-year

+0.87 billion yen, +15.2%

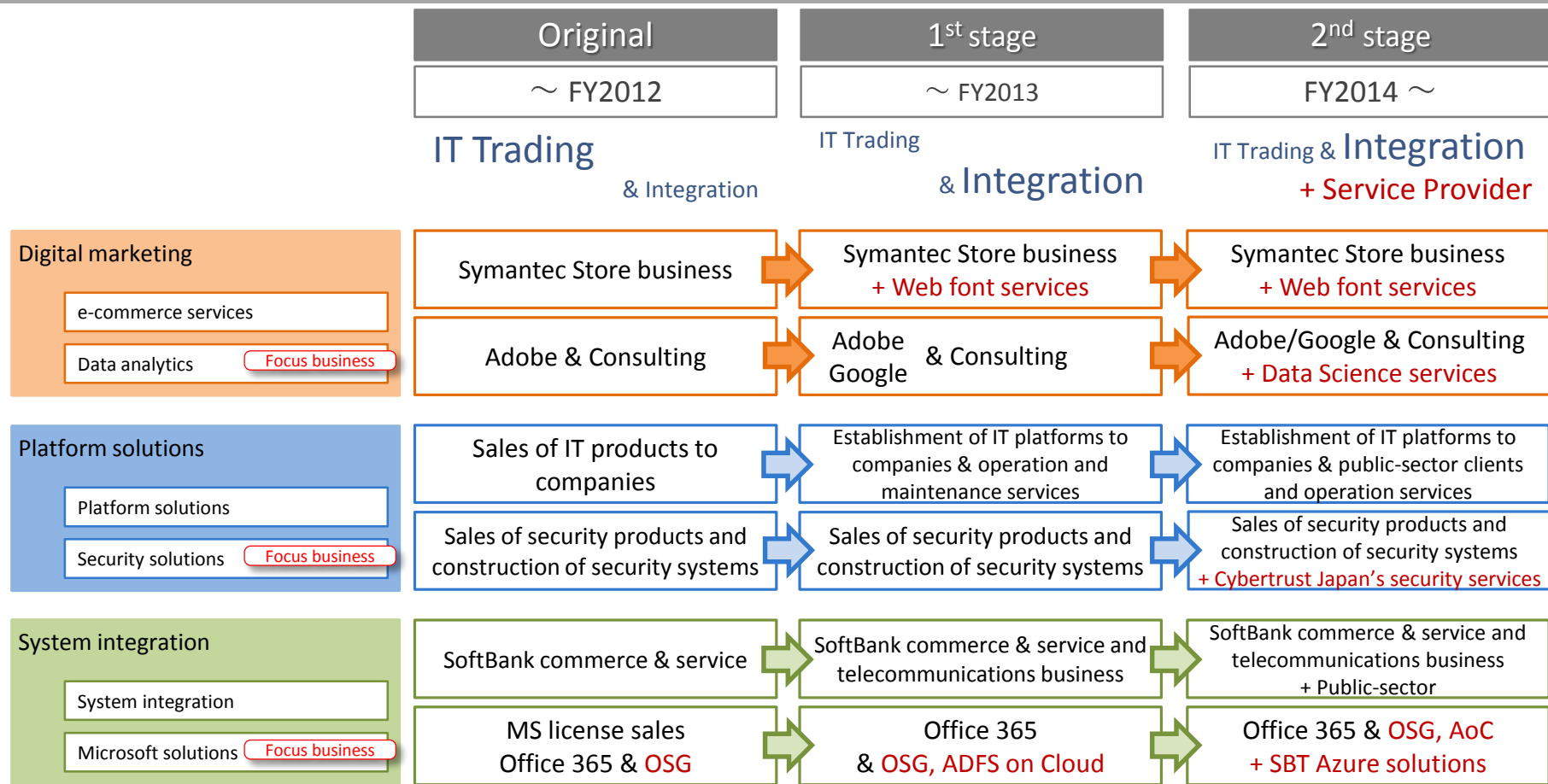
Security
business

New security products

System
integration
business

Public-sector

The Evolution of the SoftBank Technology Group's Operations



FY2014 Earnings Forecast

FY2014 Earnings Forecast

(Millions of yen)	FY2013 Results <small>Apr. 2013 – Mar. 2014</small>	FY2014 Forecast <small>Apr. 2014 – Mar. 2015</small>	Amount of change	Ratio of change
Net Sales	36,951	40,000	+ 3,048	+ 8.3%
Operating income	1,370	1,700	+ 329	+ 24.1%
Ordinary income	1,363	1,700	+ 336	+ 24.7%
Net income	636	1,000	+ 363	+ 57.2%

Information Revolution –Happiness for everyone

～ Harnessing the power of Technology
to build a Brighter future ～



SoftBank Technology



M-SOLUTIONS



Fontworks



Kan



Cybertrust Japan



Miracle Linux



Mode2

Appendix

Consolidated results	FY13 H1		FY14 H1	
	Amount (Millions of yen)	Ratio	Amount (Millions of yen)	Ratio
Net sales	16,286	-	19,678	-
Digital marketing	8,939	-	9,366	-
Platform solutions	4,451	-	6,153	-
System integration	2,896	-	4,158	-
Cost of sales	14,458	-	16,716	-
Gross profit	1,828	11.2%	2,962	15.1%
SG&A expenses	1,257	-	2,389	-
Operating income	570	3.5%	572	2.9%
Non-operating income (loss)	13	-	(31)	-
Ordinary income	584	3.6%	541	2.8%
Extraordinary gains (losses)	(4)	-	(0)	-
Net income	324	2.0%	330	1.7%

YoY change	
Amount (Millions of yen)	Ratio
+3,391	+20.8%
+427	+4.8%
+1,702	+38.3%
+1,262	+43.6%
+2,258	+15.6%
+1,133	+62.0%
+1,131	+90.0%
+2	+0.4%
(44)	-
(42)	(7.3)%
+3	-
+5	+1.8%

Marginal profit	3,635	22.3%	5,102	25.9%
Fixed costs	3,064	-	4,528	-
Non-consolidated order backlog	5,789	-	6,668	-

+1,466	+40.3%
+1,464	+47.8%
+879	+15.2%

Consolidated results		FY13 H1	FY14 H1	Amount of change	Ratio of change	
Digital marketing	Net sales	8,939	9,366	+427	+4.8%	
	Marginal profit	1,327	1,342	+15	+1.1%	
	Margin	14.9%	14.3%	(0.5)Pts	-	
	(1) E-commerce services	Net sales	8,433	8,623	+189	+2.2%
		Marginal profit	1,097	1,019	(78)	(7.1)%
		Margin	13.0%	11.8%	(1.2)Pts	-
	Focus business (2) Data analytics	Net sales	505	743	+237	+47.1%
		Marginal profit	230	323	+93	+40.6%
		Margin	45.6%	43.6%	(2.0)Pts	-
Platform solutions	Net sales	4,451	6,153	+1,702	+38.3%	
	Marginal profit	1,100	1,979	+878	+79.8%	
	Margin	24.7%	32.2%	+7.4Pts	-	
	(1) Platform solutions	Net sales	3,972	4,516	+544	+13.7%
		Marginal profit	948	1,203	+254	+26.8%
		Margin	23.9%	26.6%	+2.8Pts	-
	Focus business (2) Security solutions	Net sales	478	1,636	+1,158	+241.8%
		Marginal profit	152	776	+624	+410.3%
		Margin	31.8%	47.4%	+15.7Pts	-
System integration	Net sales	2,896	4,158	+1,262	+43.6%	
	Marginal profit	1,206	1,779	+572	+47.4%	
	Margin	41.7%	42.8%	+1.1Pts	-	
	(1) System integration	Net sales	2,368	2,965	+597	+25.2%
		Marginal profit	997	1,313	+316	+31.7%
		Margin	42.1%	44.3%	+2.2Pts	-
	Focus business (2) Microsoft solutions	Net sales	528	1,193	+664	+125.9%
		Marginal profit	209	465	+255	+121.9%
		Margin	39.7%	39.0%	(0.7)Pts	-

Old and New Business Segments

Old Segments

eBusiness Services

- Symantec Store business, e-commerce platform services
- Web access log analysis services
- Font set, web font services

Solutions

- Construction of server, storage and other IT platform; operation and maintenance services
- Construction of security system; operation and maintenance services
- Development of IT system and mobile apps; operation and maintenance services
- Provision of the Microsoft solutions

New Segments

ICT Services

Digital marketing



E-commerce services



Data analytics

Focus business

Platform solutions



Platform solutions



Security solutions

Focus business

System integration









System integration



Microsoft solutions

Focus business

Subsidiaries and Affiliates

	Company name	Business	Net sales (Millions of yen)
April 2001	 M-SOLUTIONS, Inc. (consolidated subsidiary)	Design and development of systems and operation services; provision of mobile applications and mobile movie content services	379 FY ended March 2014
June 2012	SOLUTION BUSINESS TECHNOLOGY HONG KONG LIMITED (consolidated subsidiary)	Online payment services and e-business in Hong Kong	5 FY ended March 2014
December 2012	SOLUTION BUSINESS TECHNOLOGY KOREA Ltd. (consolidated subsidiary)	Online payment services and e-business in Korea	11 FY ended March 2014
June 2013	 Fontworks Inc. (consolidated subsidiary)	Planning, development and sales of digital fonts (typefaces), software development, and technical service business	876 FY ended March 2014
June 2013	 Kan Corporation (consolidated subsidiary)	Development and management of web analysis tools, website construction; Providing consulting service of the web analysis, Web Analytics certified course business	144 FY ended January 2014
April 2014	 Cybertrust Japan Co., Ltd. (consolidated subsidiary)	Certification service, security solutions, and managed security services	1,710 FY ended December 2013
May 2014	 Mode2 inc. (equity-method affiliate)	Planning, production and other activities for advertising and sales promotion strategies	1,485 FY ended August 2013
July 2014	 MIRACLE LINUX CORPORATION (consolidated subsidiary)	Linux OS development, embedded Linux solutions, support and consulting services	751 FY ended May 2014