

Third Quarter of the Fiscal Year Ending March 31, 2015
(FY2014 Q3)

Results of Operations

SoftBank
Technology

January 30, 2015

SoftBank Technology Corp.

Important Information about this 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 pages 5 and 7 of this presentation use the new business categories.
2. The marginal profit and fixed cost shown on pages 6, 8, 9, 21 and 22 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. EBITDA figures shown on pages 3 and 14 are the sum of operating income/loss, depreciation and amortization of goodwill.
4. Figures in all graphs in this presentation may differ slightly from figures in earnings announcements because of rounding.

Disclaimer

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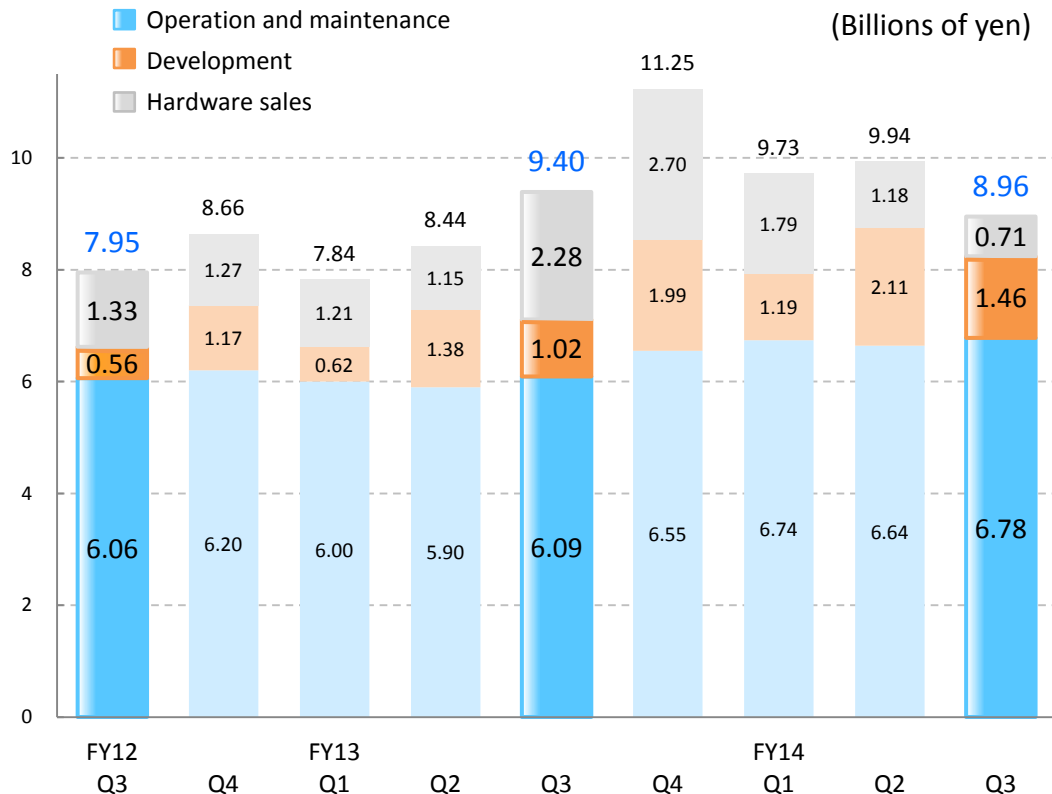
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Overview

- ◆ Consolidated sales in the first three quarters (April to December) rose to a record high, but operating income decreased mainly because of unprofitable projects and higher fixed costs.
- ◆ EBITDA continued to grow (+22.6% year on year)

(Millions of yen)	FY2013 Results	FY2014 Results	Amount of change	Ratio of change
	Apr-Dec 2013	Apr-Dec 2014		
Net sales	25,694	28,639	2,944	+ 11.5%
Operating income	747	630	(117)	(15.7)%
Ordinary income	751	620	(131)	(17.4)%
Net income	328	529	200	+ 61.1%
EBITDA (note)	1,138	1,395	256	+ 22.6%

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



Hardware sales are declining, but development and operation and maintenance sales are growing.

FY14 Q3 consolidated sales

8.96 billion yen

Year-on-year sales

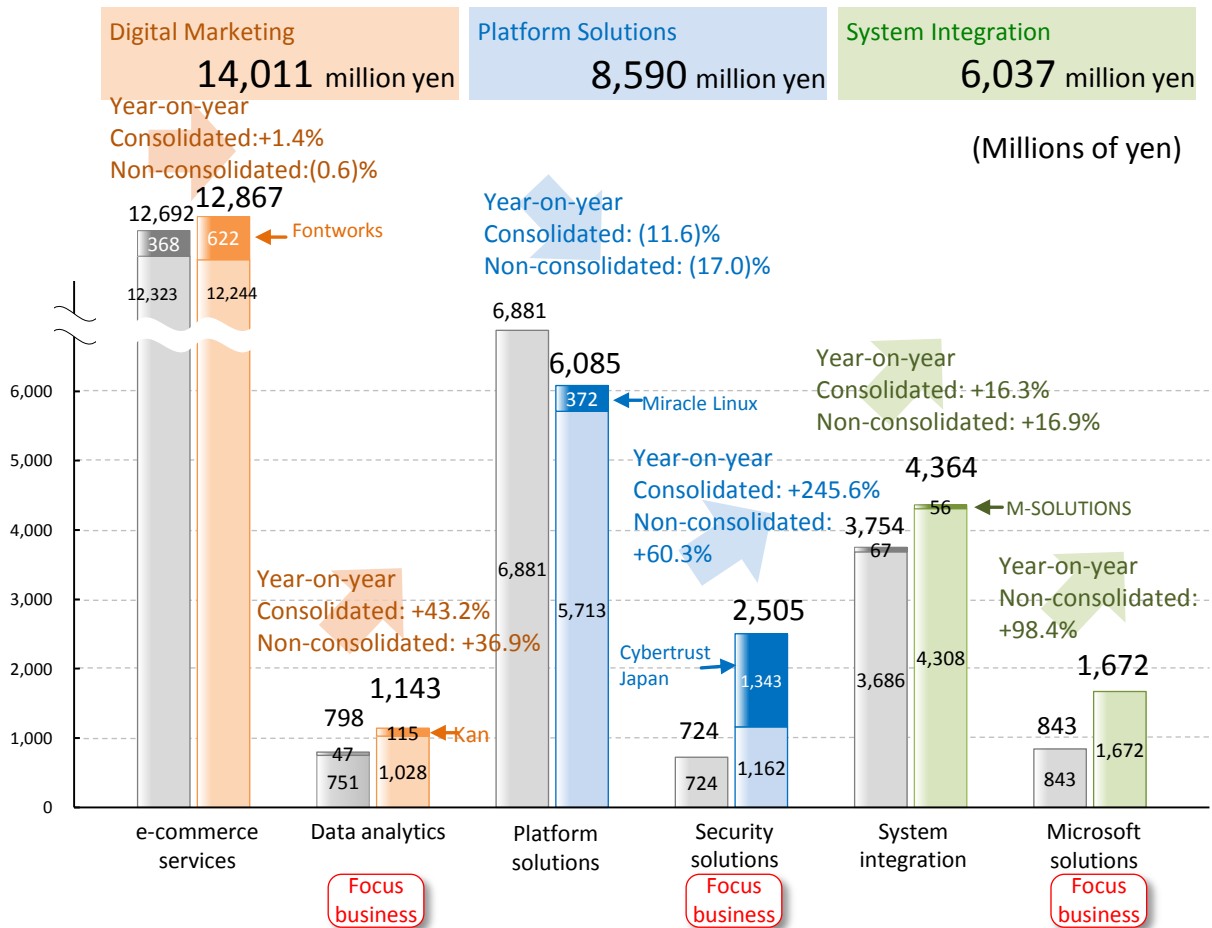
(0.44) billion yen, (4.8)%

- Hardware sales (1.57) billion yen, (68.8)%
- Development +0.43 billion yen, +42.6%
- Operation and maintenance +0.68 billion yen, +11.3%

Net Sales by Business Category (FY14 Q1-Q3 cumulative)

Comparison with the previous fiscal year

April to December 2014



- ◆ Hardware sales declined sharply in the Platform Solutions business in FY14 Q3.
- ◆ In the System Integration business, the performance of system development operations is strong.
- ◆ All three focus businesses posted strong growth.
 - Data analytics +43.2% year-on-year
 - Security solutions +245.6% year-on-year
 - Microsoft solutions +98.4% year-on-year

Marginal Profit by Business Category (FY14 Q1-Q3 cumulative)

Comparison with the previous fiscal year

Digital Marketing

2,002 million yen

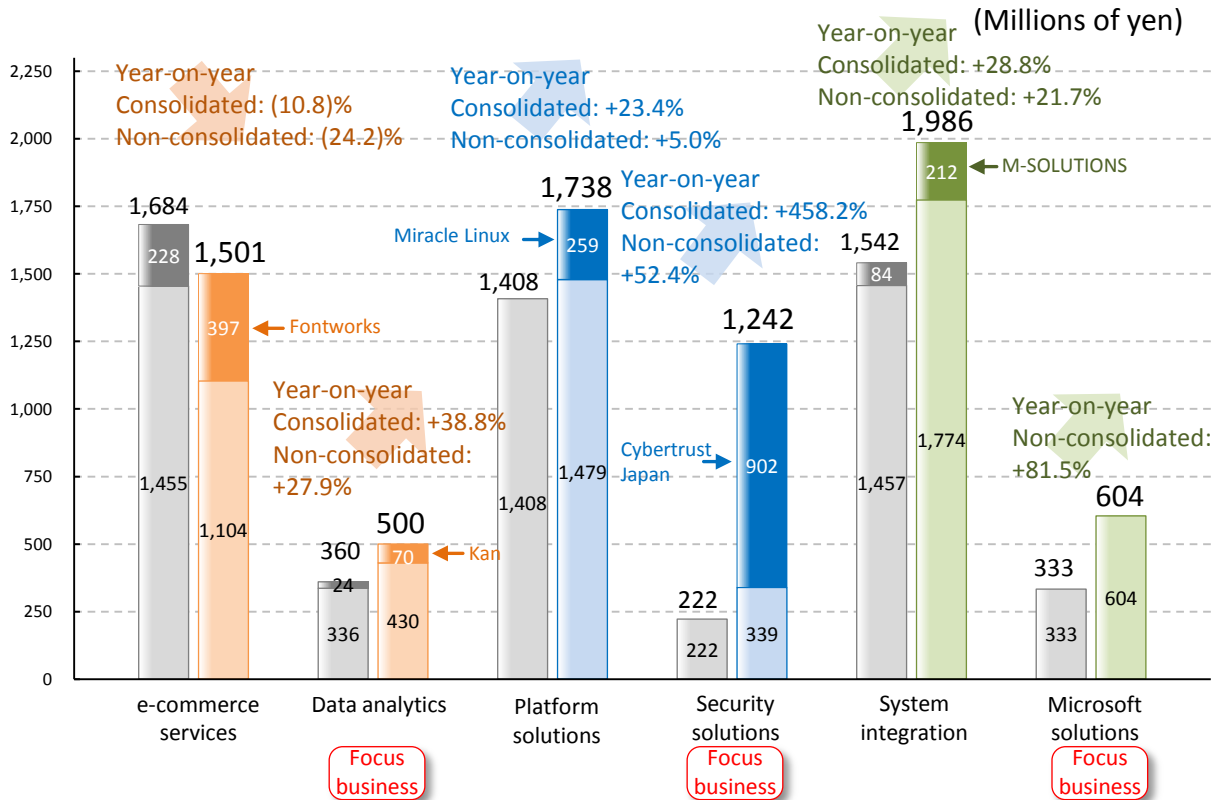
Platform Solutions

2,981 million yen

System Integration

2,591 million yen

April to December 2014



- ◆ In the e-commerce services business, marginal profits decreased due to declines in sales and profitability at Symantec Store despite the higher profits at subsidiary Fontworks.
- ◆ In the Platform Solutions business, newly consolidated security solutions subsidiaries Cybertrust Japan and Miracle Linux contributed to the growth in profits.
- ◆ The marginal profit ratio for the first three quarters (April to December 2014) was 26.4%, 4.8 points higher than in the same period of the previous fiscal year.

Net Sales by Business Category (FY14 Q3)

Comparison with the previous fiscal year

October to December 2014

Digital Marketing

4,645 million yen

Platform Solutions

2,437 million yen

System Integration

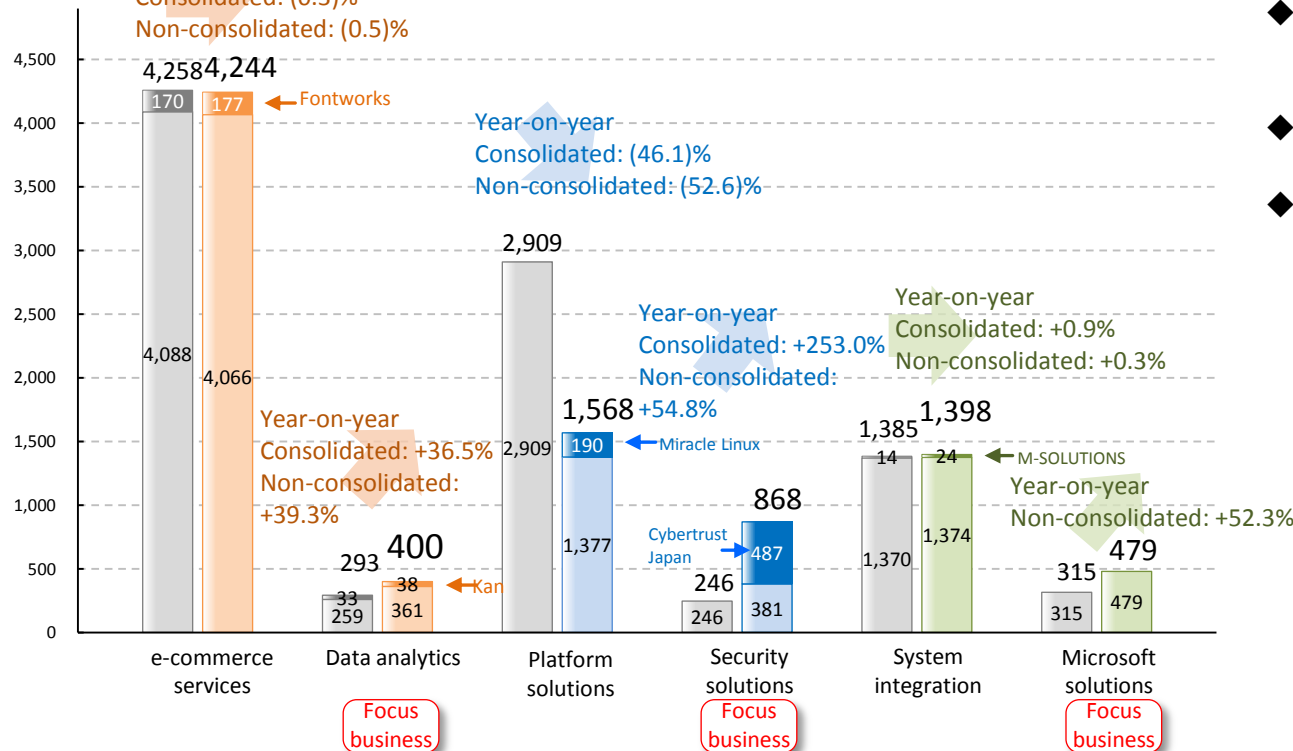
1,878 million yen

(Millions of yen)

Year-on-year

Consolidated: (0.3)%

Non-consolidated: (0.5)%



- ◆ Hardware sales declined sharply in the Platform Solution business.
- ◆ New security product orders were strong.
- ◆ Major projects and the number of contracted companies increased in the Microsoft solutions business.

Marginal Profit by Business Category (FY14 Q3)

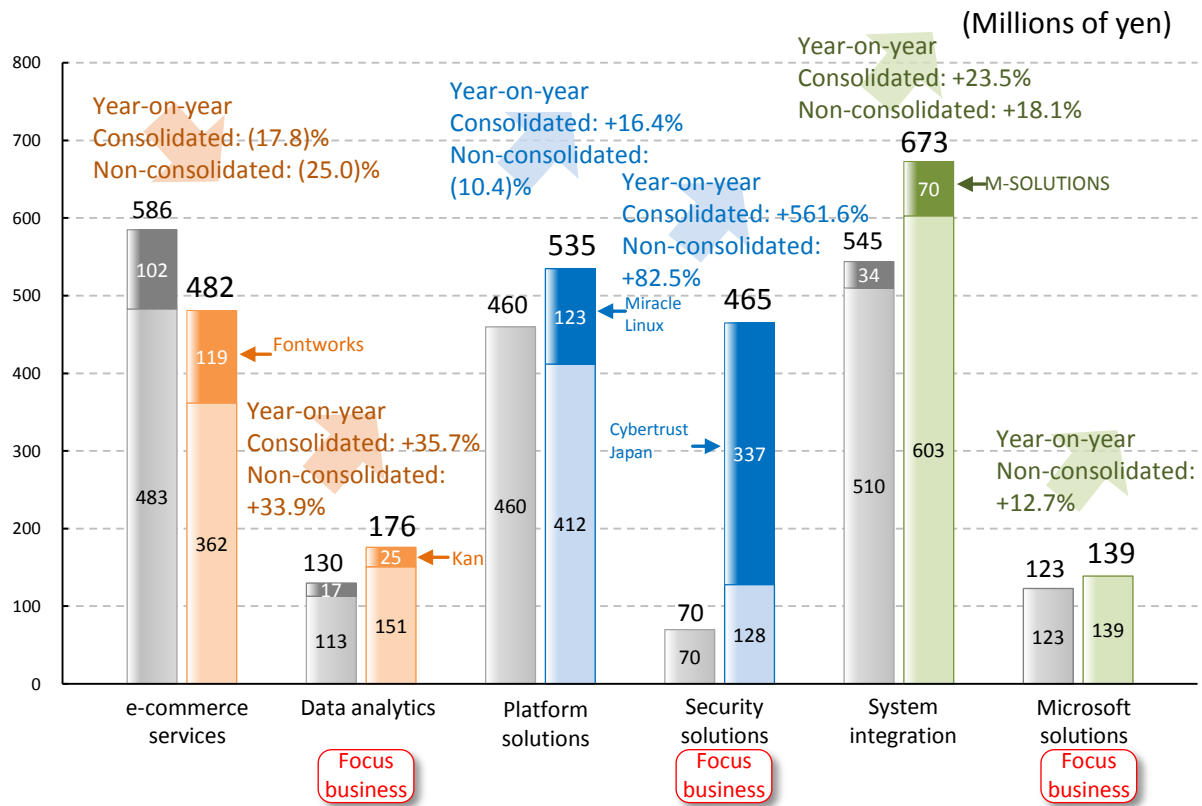
Comparison with the previous fiscal year

Digital Marketing
659 million yen

Platform Solutions
1,001 million yen

System Integration
812 million yen

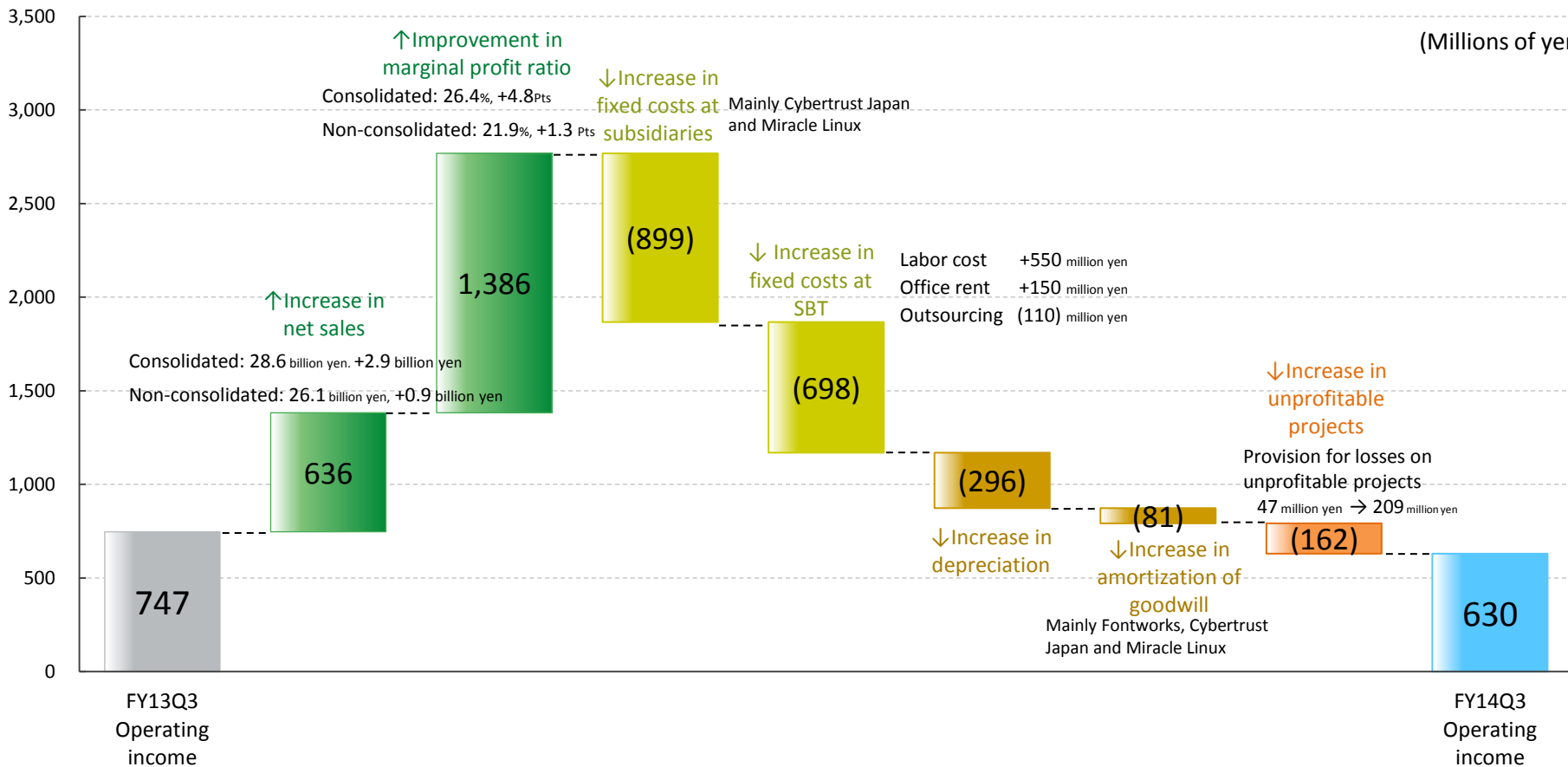
October to December 2014



- ◆ In the e-commerce services business, Symantec Store sales and profitability decreased.
- ◆ In the Platform Solutions business, the steady growth of newly consolidated security solutions subsidiaries Cybertrust Japan and Miracle Linux contributed to the growth in profits.
- ◆ In the System Integration business, profit growth slowed because of unprofitable projects in the Microsoft solutions business.

Comparison with the previous fiscal year

(Millions of yen)

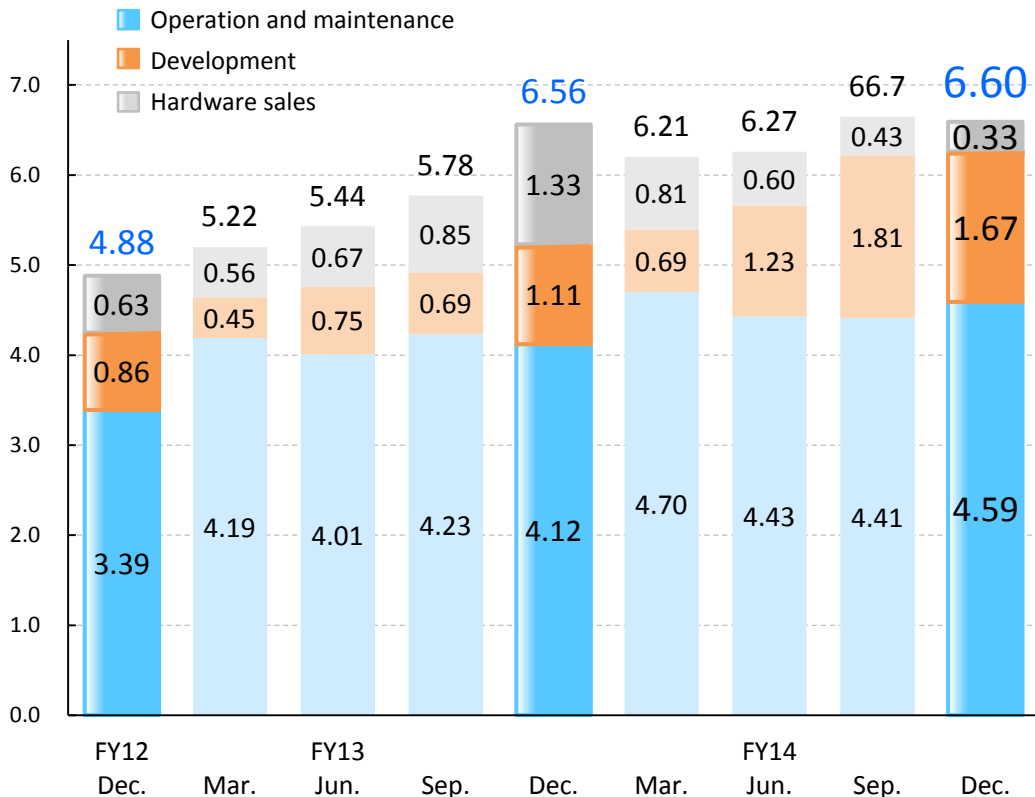


Unprofitable projects in the first three quarters (April to December 2014) reduced operating income by 200 million yen compared with 40 million yen in the same period of the previous fiscal year.

- Unprofitable Projects (April to December 2014)

Business category	Project	Cause	Loss recorded	Customer acceptance	Countermeasures
System integration	Development of website	Increased man hours due to problems involving items delivered to the customer	FY14 Q2	FY14 Q3	Working on upgrading project management skills throughout the company by strengthening the oversight of work processes and man-hour control and by promoting acquisitions of the Project Management Professionals certification.
	Construction of certification system	Increased man hours to compensate for inadequate definitions of requirements	FY14 Q3	FY14 Q4	
Microsoft solutions	Installation of Office 365	Increased man hours exceeding the requirement definitions at the implementation stage	FY14 Q2	FY14 Q3	
	Installation of SharePoint	Increased man hours exceeding the requirement definitions at the implementation stage	FY14 Q2	FY15 Q1	
	Installation of Office365 and ADFS on Cloud	Increased man hours due to problems involving items delivered to the customer	FY14 Q3	FY14 Q4	

(Billions of yen)



Orders for development, operation and maintenance, but for hardware sales, increased 20% from the same period of the previous fiscal year.

Order backlog (end-Dec 2014)

6.60 billion yen

Year-on-year +0.03 billion yen, +0.6%

- Hardware sales (0.99) billion yen, (74.7)%
- Development +0.56 billion yen, +50.8%
- Operation and maintenance +0.47 billion yen, +11.5%

(Billions of yen)	FY2013 Q3 Results Apr-Dec 2013	FY2014 Q3 Results Apr-Dec 2014	Amount of change
Cash flows from operating activities	0.18	2.18	+ 2.00
Cash flows from investing activities	(4.04)	(2.08)	+ 1.96
Cash flows from financing activities	(0.21)	1.74	+ 1.96
Cash and cash equivalents at end of period	2.12	5.59	+ 3.46

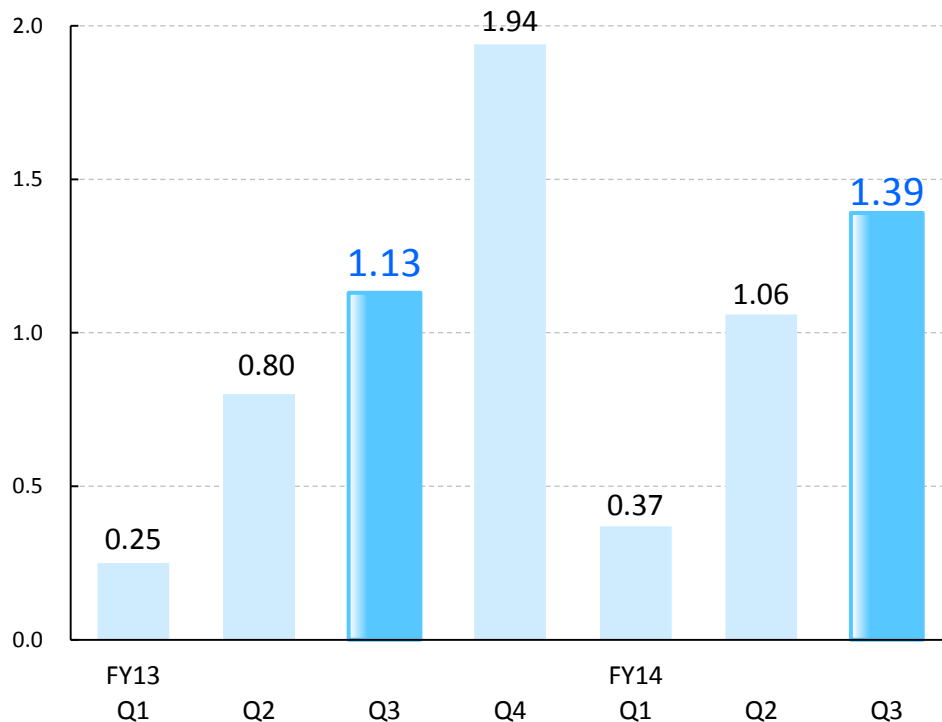
(Millions of yen)	FY2013	FY2014	FY2014	YoY change (C-A)	Vs. initial forecast (C-B)
	Results (A) Apr. 2013 – Mar. 2014	Initial forecast (B) Apr. 2014 – Mar. 2015	Revised forecast (C) Apr. 2014 – Mar. 2015		
Net sales	36,951	40,000	40,000	+3,048	± 0
Operating income	1,370	1,700	1,250	(120)	(450)
Ordinary income	1,363	1,700	1,250	(113)	(450)
Net income	636	1,000	800	+163	(200)

EBITDA (FY14 Q1-Q3 cumulative)

Comparison with the previous fiscal year

April to December 2014

(Billions of yen)



EBITDA increased due to an increase in sales at SBT, investments for growth of business operations and larger number of subsidiaries.

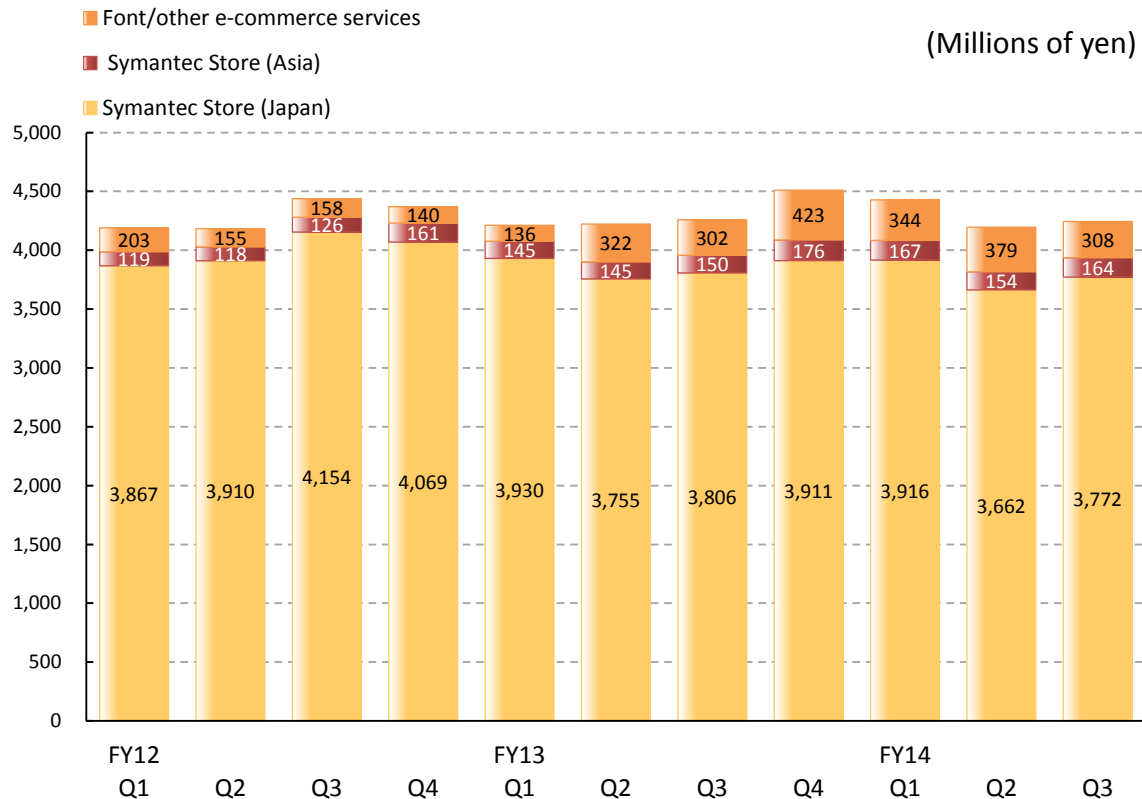
FY14 Q1-Q3 EBITDA (note)

1.39 billion yen

Year-on-year +0.25 billion yen, +22.6%

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

E-commerce services sales

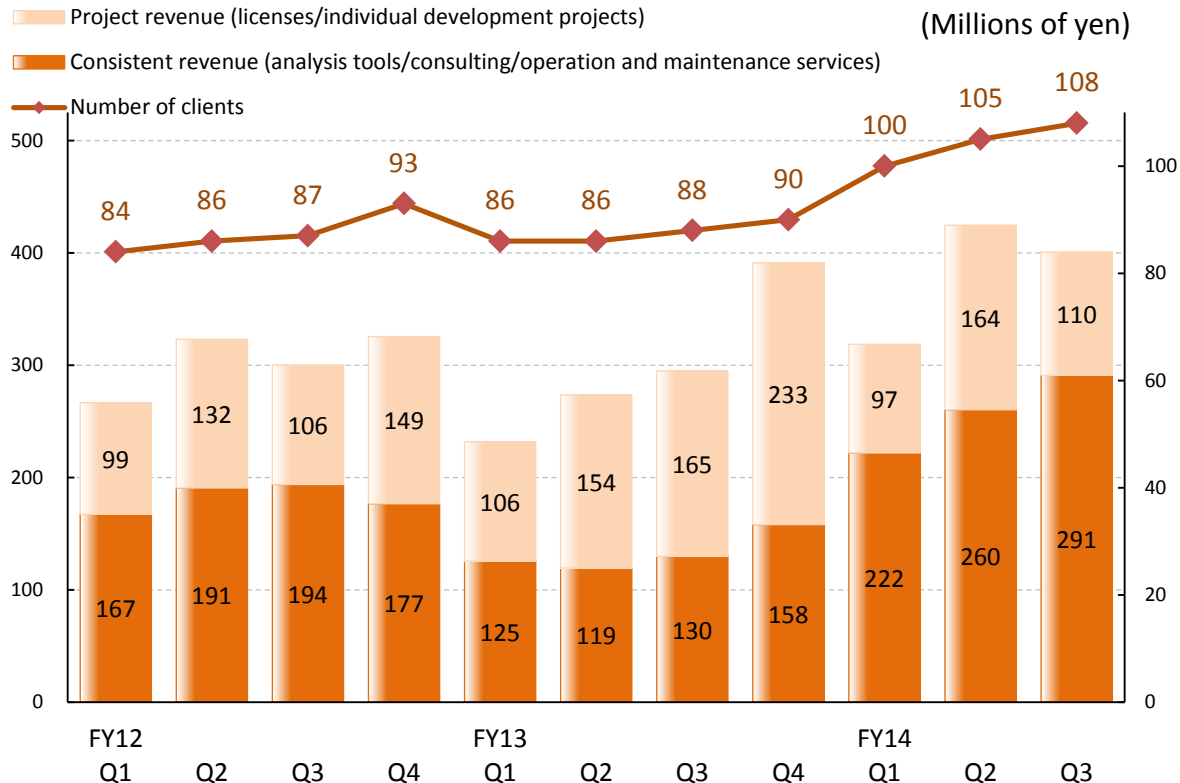


Sales in the Symantec Store business declined slightly.

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

Focus business

Data analytics services sales

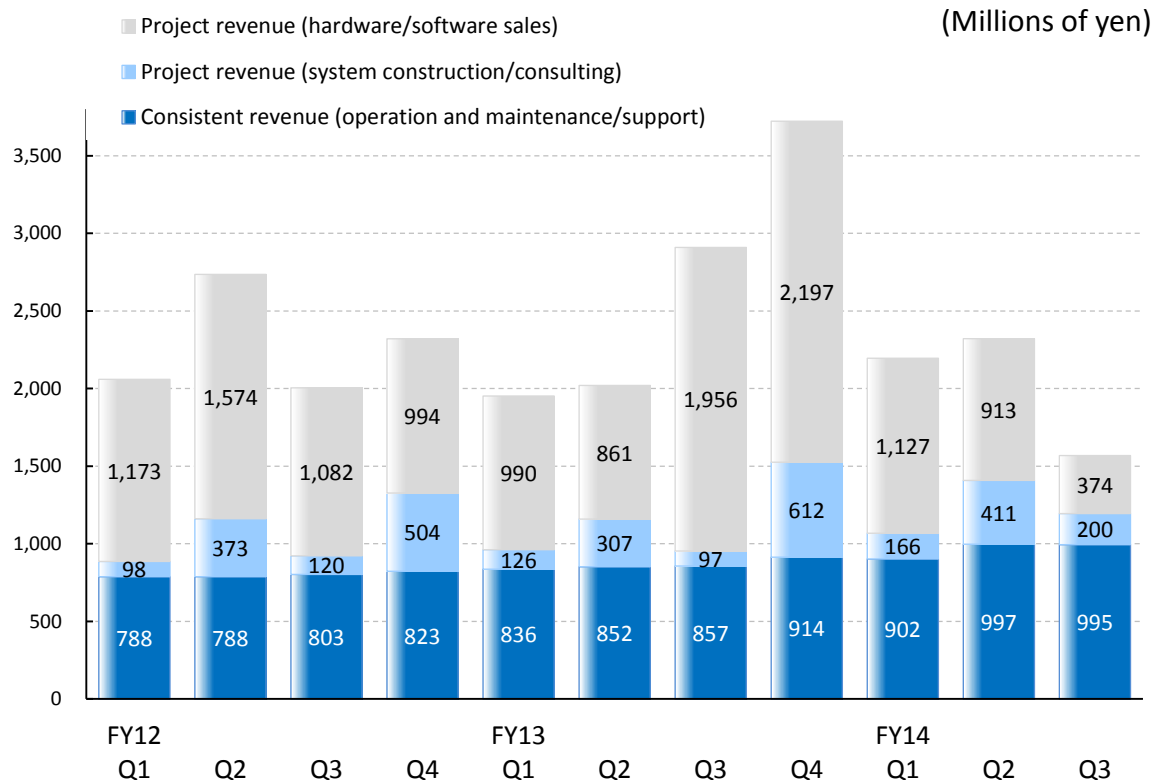


The number of clients increased because of the extended lineup of web access log analysis solutions.

Consistent revenue was 291 million yen in FY14 Q3.

Year-on year sales
+ 161 million yen, +124.3%

Platform solutions sales



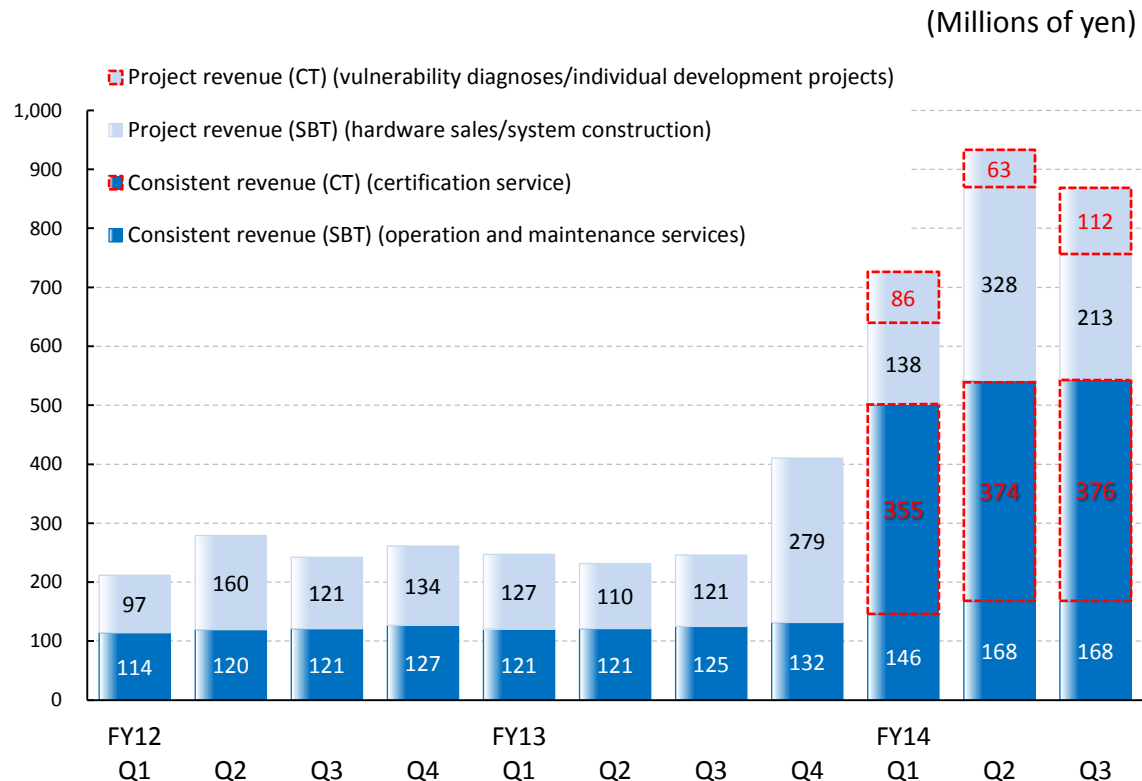
Hardware sales declined sharply from FY14 Q3 onward.

Steady growth of sales from operation and maintenance services. Consistent revenue was 995 million yen in FY14 Q3 .

Year-on-year sales
+138 million yen, +16.1%

Focus
business

Security solutions sales



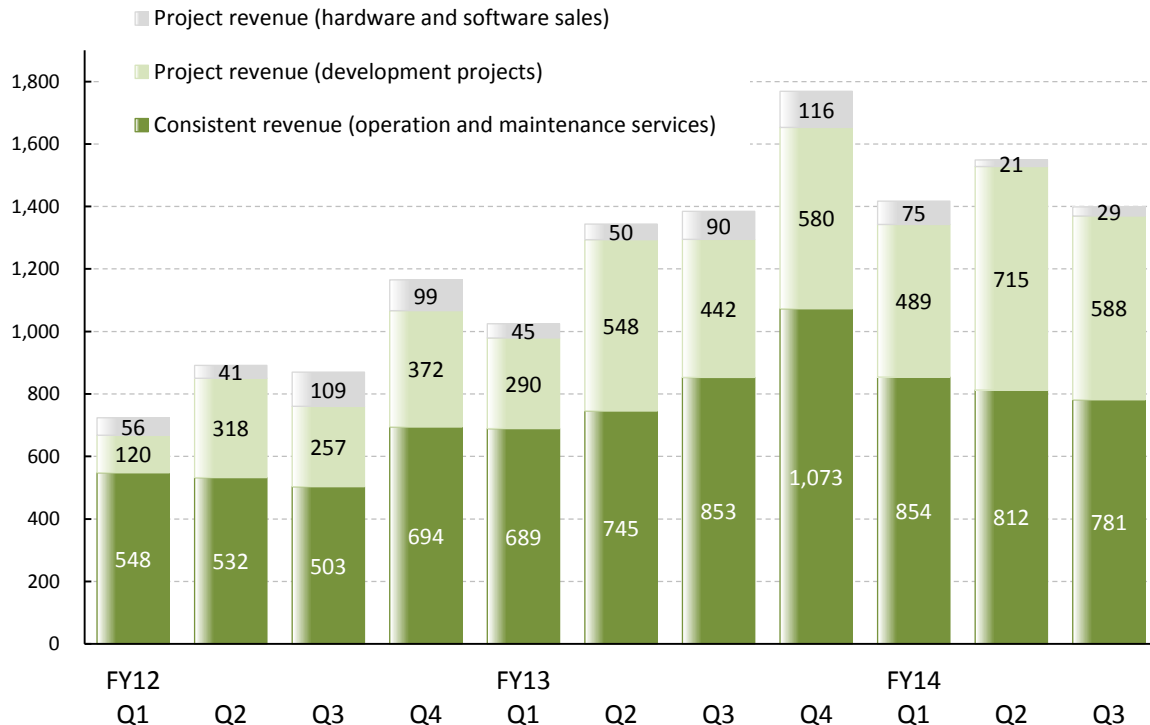
The acquisition of Cybertrust Japan as a consolidated subsidiary resulted in sales to more than 800 million yen in FY14 Q3.

Up about 350% year-on-year

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

System integration sales

(Millions of yen)

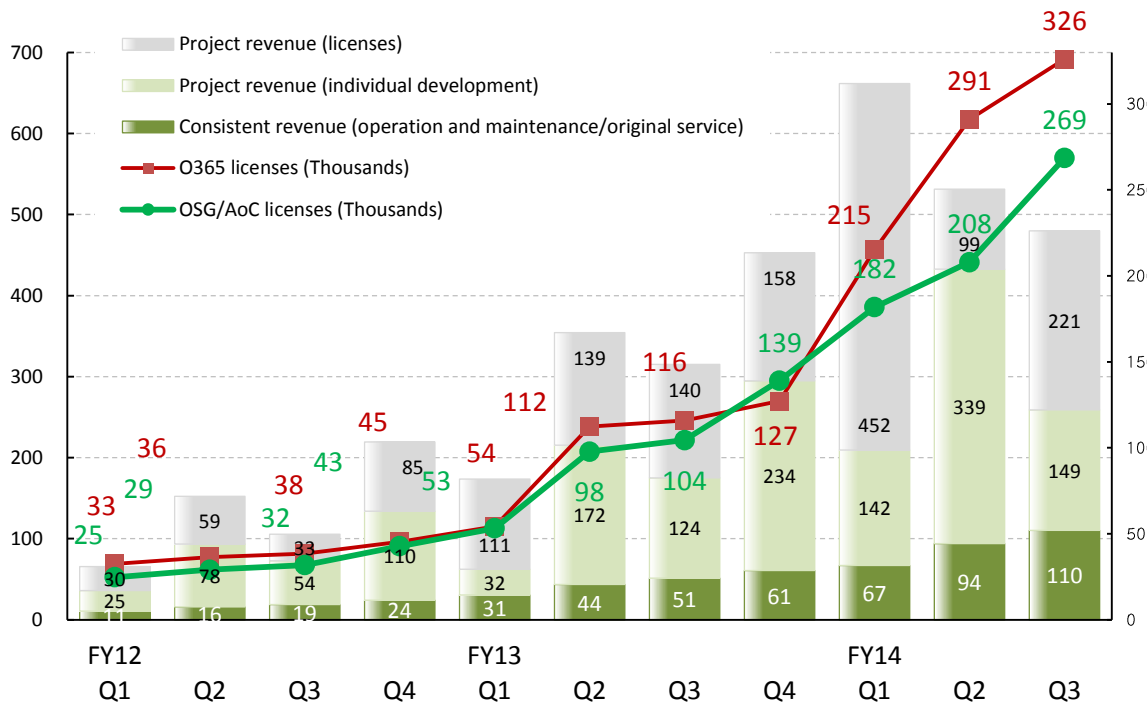


Although the percentage of project revenue increased along with the scale of projects, the percentage of consistent revenue remained above 50% in FY14 Q3.

Focus business

Microsoft solutions sales

(Millions of yen)



■ The Office 365 projects performed well.

Total introductions: 326,000 licenses

■ Original cloud services performed well.

Online Service Gate, ADFS on Cloud

Total introductions: 269,000 licenses

■ Quarterly consistent revenue exceeded 100 million yen.

Consolidated results	FY13 Q1-Q3		FY14 Q1-Q3		YoY change	
	Amount (Millions of yen)	Ratio	Amount (Millions of yen)	Ratio	Amount (Millions of yen)	Ratio
Net sales	25,694	-	28,639	-	+2,944	+11.5%
Digital Marketing	13,490	-	14,011	-	+520	+3.9%
Platform Solutions	7,606	-	8,590	-	+984	+12.9%
System Integration	4,597	-	6,037	-	+1,439	+31.3%
Cost of sales	22,943	-	24,421	-	+1,478	+6.4%
Gross profit	2,751	10.7%	4,217	14.7%	+1,466	+53.3%
SG&A expenses	2,003	-	3,587	-	+1,583	+79.0%
Operating income	747	2.9%	630	2.2%	(117)	(15.7)%
Non-operating income (loss)	4	-	(9)	-	(13)	-
Ordinary income	751	2.9%	620	2.2%	(131)	(17.4)%
Extraordinary gains (losses)	(125)	-	246	-	+372	-
Net income	328	1.3%	529	1.8%	+200	+61.1%
Marginal profit	5,552	21.6%	7,575	26.4%	+2,022	+36.4%
Fixed costs	4,804	-	6,945	-	+2,140	+44.5%
Non-consolidated order backlog	6,569	-	6,608	-	+38	+0.6%

Consolidated results		FY13 Q1-Q3	FY14 Q1-Q3	
Digital Marketing	Net sales	13,490	14,011	
	Marginal profit	2,044	2,002	
	Margin	15.2%	14.3%	
	(1) E-commerce services	Net sales	12,692	12,867
		Marginal profit	1,684	1,501
		Margin	13.3%	11.7%
	(2) Data analytics Focus business	Net sales	798	1,143
		Marginal profit	360	500
		Margin	45.1%	43.8%
Platform Solutions	Net sales	7,606	8,590	
	Marginal profit	1,631	2,981	
	Margin	21.4%	34.7%	
	(1) Platform solutions	Net sales	6,881	6,085
		Marginal profit	1,408	1,738
		Margin	20.5%	28.6%
	(2) Security solutions Focus business	Net sales	724	2,505
		Marginal profit	222	1,242
		Margin	30.7%	49.6%
System Integration	Net sales	4,597	6,037	
	Marginal profit	1,875	2,591	
	Margin	40.8%	42.9%	
	(1) System integration	Net sales	3,754	4,364
		Marginal profit	1,542	1,986
		Margin	41.1%	45.5%
	(2) Microsoft solutions Focus business	Net sales	843	1,672
		Marginal profit	333	604
		Margin	39.5%	36.2%

Amount of change	Ratio of change
+520	+3.9%
(42)	(2.1)%
(0.9) Pts	-
+175	+1.4%
(182)	(10.8)%
(1.6) Pts	-
+345	+43.2%
+140	+38.8%
(1.4) Pts	-
+984	+12.9%
+1,349	+82.7%
+13.3 Pts	-
(796)	(11.6)%
+330	+23.4%
+8.1 Pts	-
+1,780	+245.6%
+1,019	+458.2%
+18.9 Pts	-
+1,439	+31.3%
+716	+38.2%
+2.1 Pts	-
+610	+16.3%
+444	+28.8%
+4.4 Pts	-
+829	+98.4%
+271	+81.5%
(3.4) Pts	-

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