

Fiscal Year Ended March 31, 2015 (FY2014)

Results of Operations



April 28, 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 this presentation use the new business categories.
2. The marginal profit and fixed cost shown on pages 12, 13, 14, 36, 38, 40, 41 and 42 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 page 15 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

This presentation was prepared based on information available and views held at the time it was made. Statements in this presentation that are not historical facts, including, without limitation, plans, forecasts and strategies, are “Forward-looking statements”. Forward-looking statements are by their nature subject to various risks and uncertainties. The actual results and others may differ materially from those expressed or implied in any forward-looking statement due to a change in the operating environment or for other reasons.

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Results Overview

FY2014 Results Summary

Comparison with the previous fiscal year

Overview

- ◆ Consolidated sales increased 7.8% to a record-high 39.8 billion yen.
- ◆ Earnings were higher because of progress with the structural reform of business operations.
- ◆ Subsidiaries providing original content and services also contributed to the growth in earnings.

(Millions of yen)	FY2014 Results	FY2013 Results	YoY change	Q4 FY2014 (Jan-Mar)	Q4 FY2013	YoY change
Net sales	39,816	36,951	+2,865 +7.8%	11,177	11,256	(79) (0.7)%
Operating income	1,398	1,370	+28 +2.1%	768	623	+145 +23.4%
Ordinary income	1,403	1,363	+39 +2.9%	782	611	+170 +27.9%
Net income	883	636	+246 +38.8%	353	307	+46 +15.0%

FY2014 Results Summary

Comparison with earnings forecast

Overview

- ◆ Net sales were 39.8 billion as hardware sales declined sharply from FY14 Q3 onward.
- ◆ Earnings were higher than the revised forecast announced on January 30.
- ◆ Large unprofitable projects reduced operating income by 200 million yen.

(Millions of yen)	FY2014 Results	Forecast	Amount of change	Ratio of change
Net sales	39,816	40,000	(183)	(0.5)%
Operating income	1,398	1,250	+148	+11.9%
Ordinary income	1,403	1,250	+153	+12.2%
Net income	883	800	+83	+10.4%

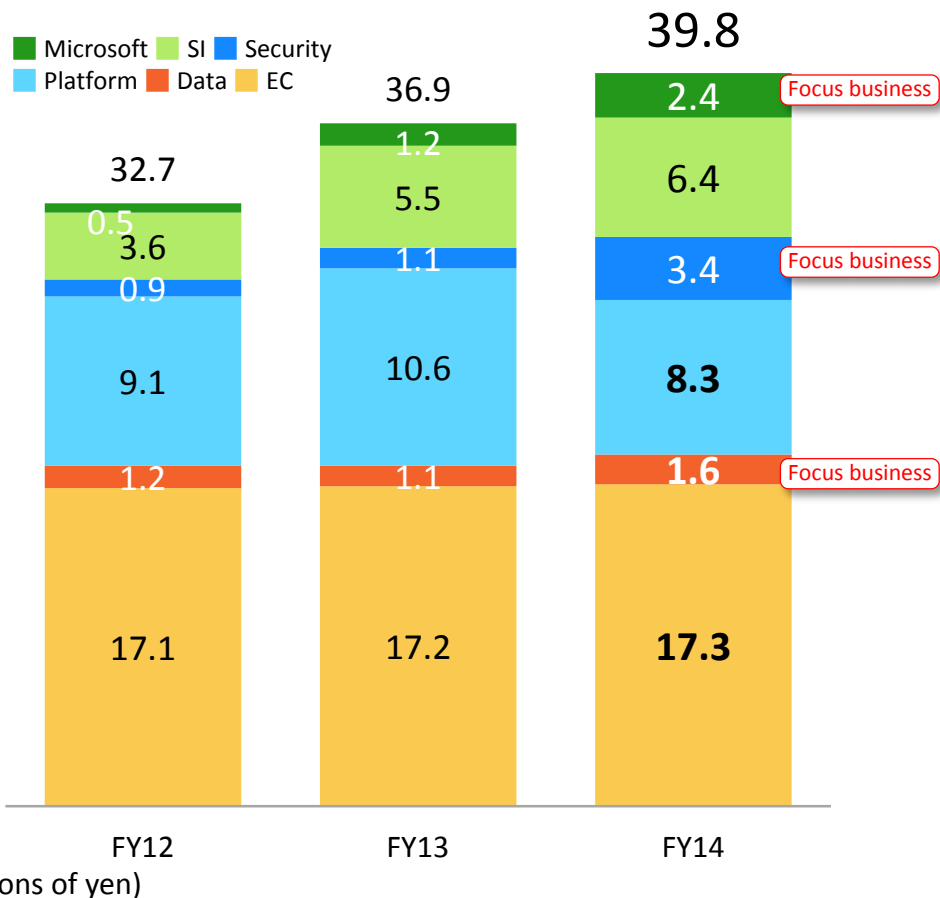
FY2014 Results Summary

Comparison with the previous fiscal year

Overview

- ◆ Sales were unchanged from the previous fiscal year. Effect of a decline in hardware sales from FY14 Q3 was offset by an improved efficiency gained from the structural reform of business operations.
- ◆ Operating and ordinary income decreased due to the large unprofitable projects.
- ◆ Net income increased due to the gain on sales of investment securities.

(Millions of yen)	FY2014 Results	FY2013 Results	Amount of change	Ratio of change
Net sales	36,118	36,105	+13	0.0%
Operating income	1,048	1,341	(293)	(21.9)%
Ordinary income	1,042	1,328	(285)	(21.5)%
Net income	740	653	+87	+13.3%



FY14 consolidated sales

39.8 billion yen

A new all-time high

Year-on-year sales: +2.8 billion, +7.8%

All three focus businesses posted strong growth.

Year-on-year sales by business category:

Microsoft solutions



+1.1 billion yen, +91.3%

Security solutions

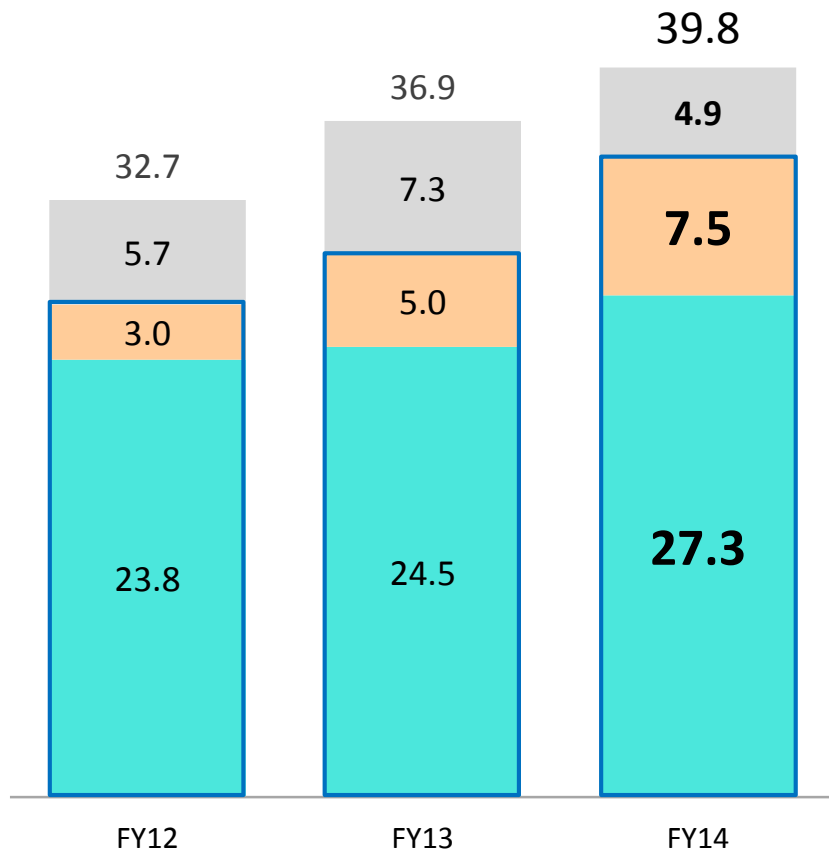


+2.3 billion yen, +206.7%

Data analytics



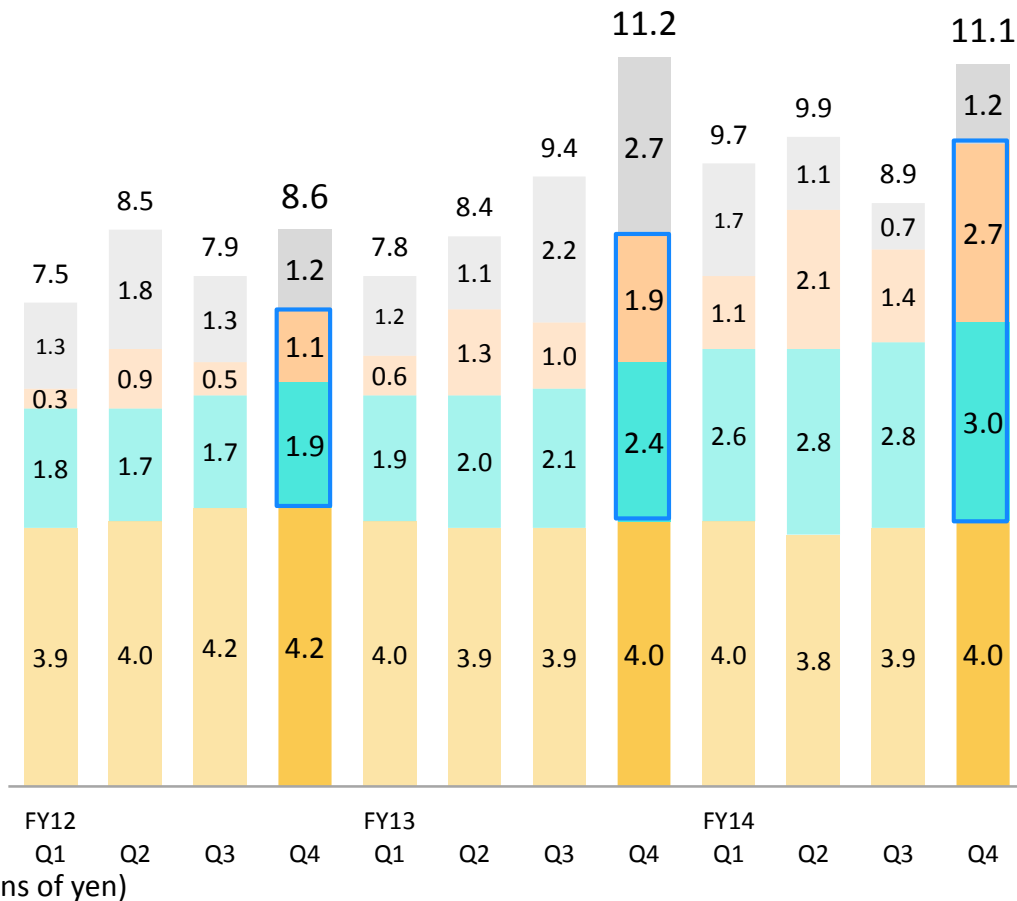
+0.4 billion yen, +40.6%



Steady progress with the structural reform of business operations.
Development, operation and maintenance sales performed well.

Year-on-year sales for business formats:

Hardware sales	(2.4) billion yen, (32.9)%
Development	+2.5 billion yen, +50.5%
Operation and maintenance	+2.7 billion yen, +11.2%



FY14 Q4 consolidated sales

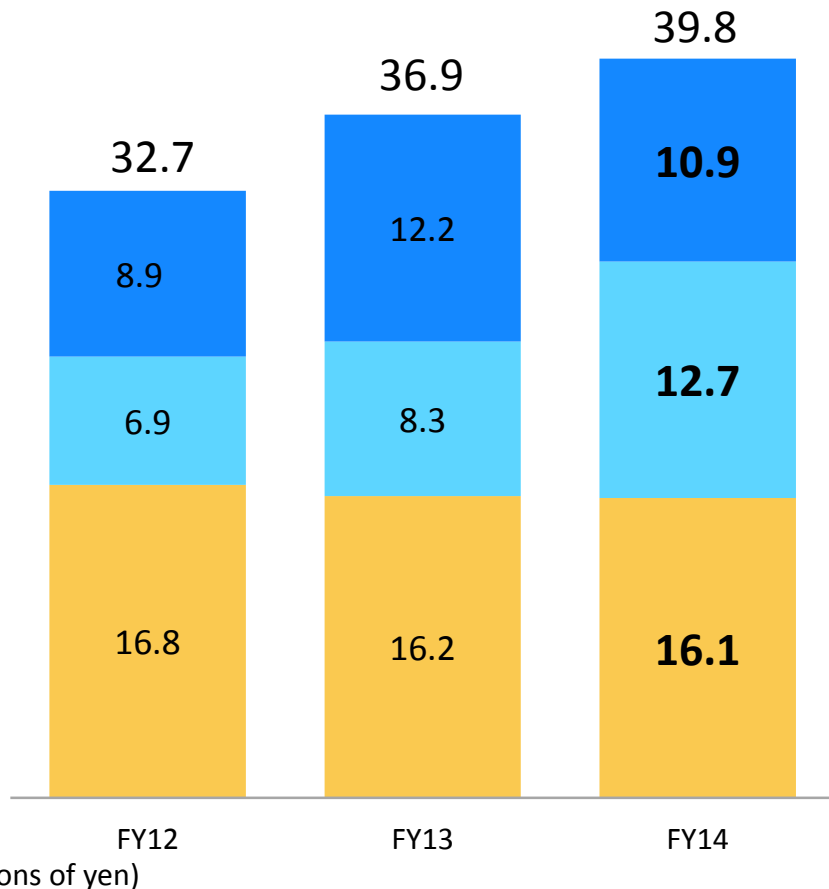
11.1 billion yen

Year-on-year sales: (70) million yen, (0.7)%

The structural reform of business operations is advancing as development, operation and maintenance project sales increase consistently.

FY14 Q4 Year-on-year sales for business formats:

Hardware sales	(1.4) billion yen, (53.9)%
Development	+0.8 billion yen, +40.3%
Operation and maintenance	+0.6 billion yen, +25.0%
Symantec Store	(40) million yen, (1.0)%



Year-on-year sales:

SoftBank Group

➡ (1.2) billion yen, (10.5)%
Hardware sales for SoftBank Group companies declined from Q3 onward.

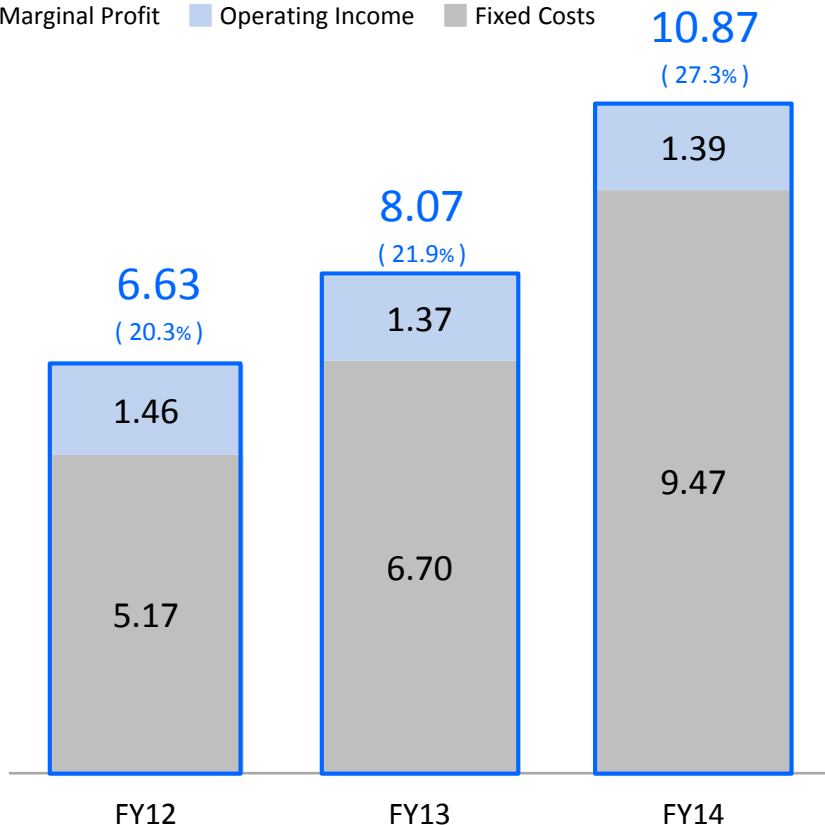
Non-SoftBank Group

➡ +4.3 billion yen, +51.7%
Sales from Joint proposals with SoftBank Group companies increased.

E-commerce service

➡ (0.1) billion yen, (1.1)%

□ Marginal Profit ■ Operating Income ■ Fixed Costs



FY14 consolidated marginal profit

10.87 billion yen

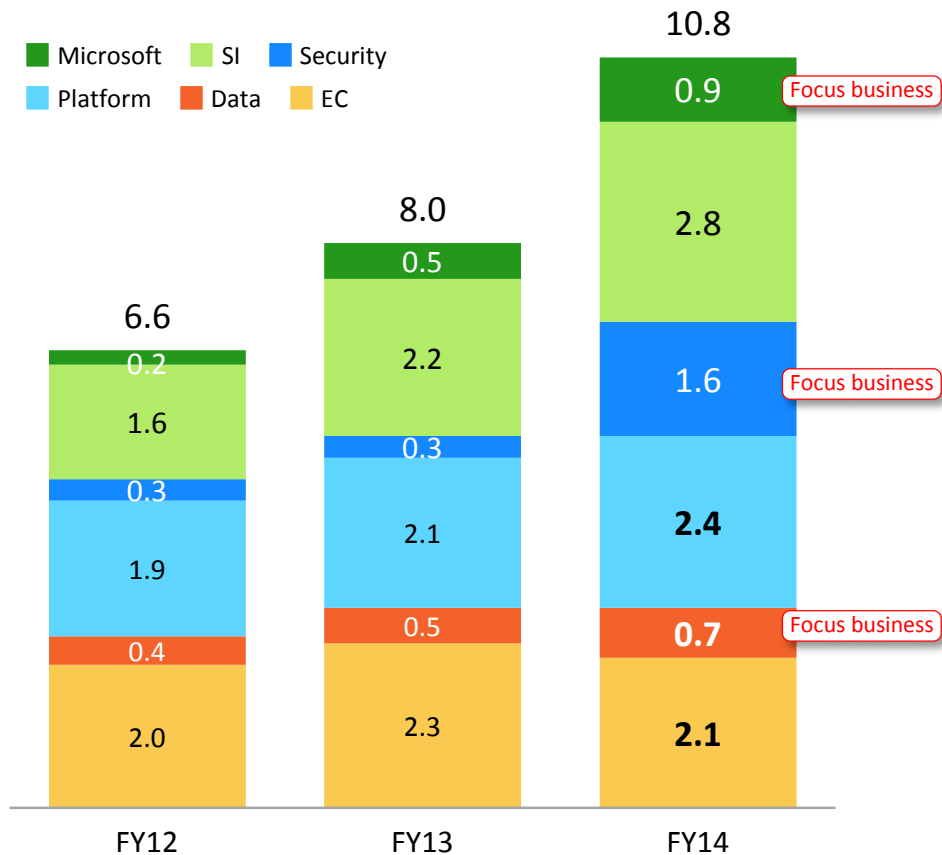
Year-on-year: +2.79 billion yen, +34.7%

FY14 consolidated operating income **1.39** billion yen

Year-on-year: +20 million yen, +2.1%

Operating income was unchanged as growth in marginal profit offset the increase in fixed costs resulting from M&A, aggressive recruiting activities, office relocations and other activities.

Marginal Profit by Business Category



All three focus businesses posted strong growth.

■ Microsoft solutions

➤ Marginal profit **0.9** billion yen
Year-on-year: +0.4 billion yen, +83.2%

■ Security solutions

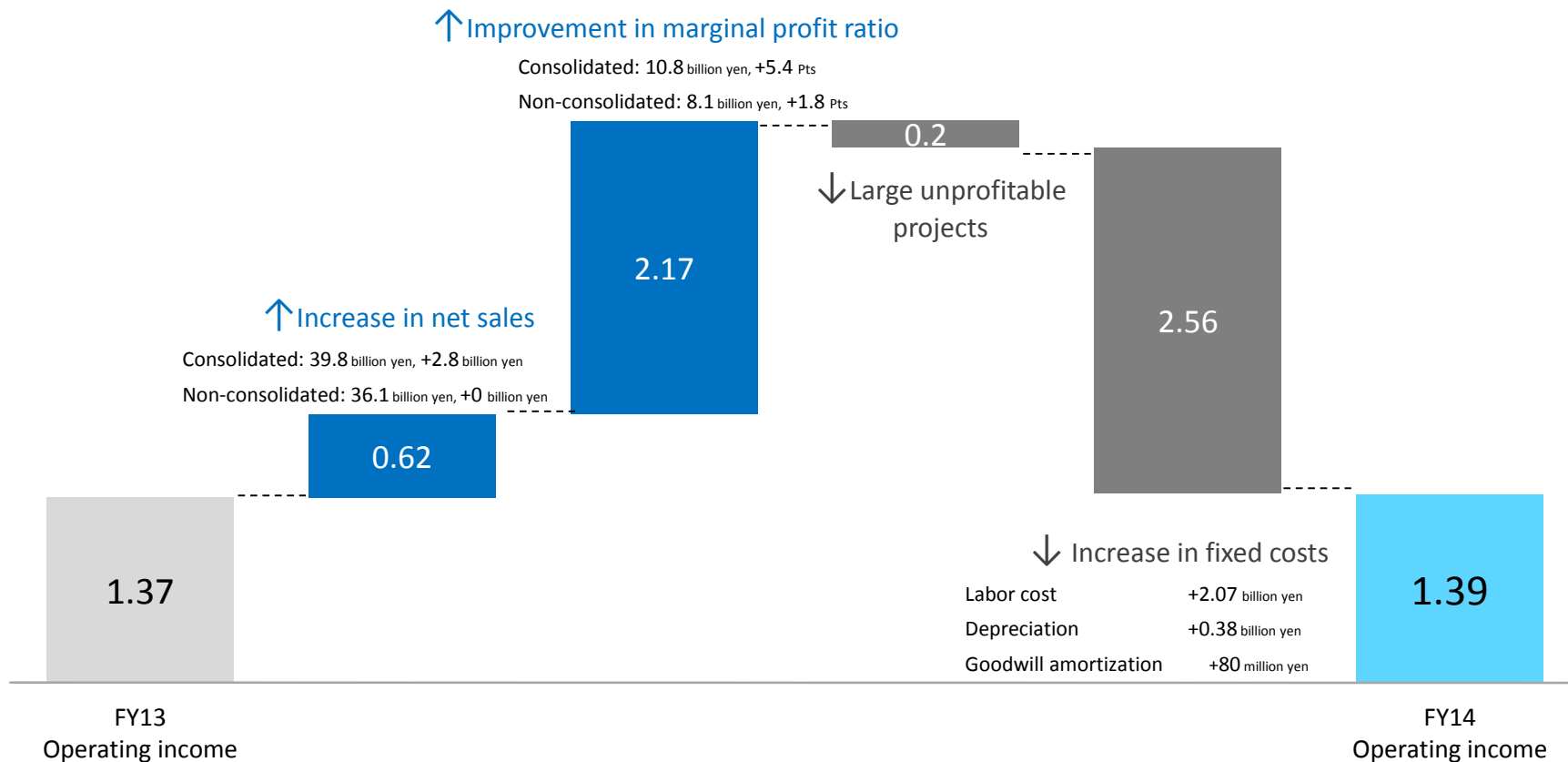
➤ Marginal profit **1.6** billion yen
Year-on-year: +1.3 billion yen, +400%

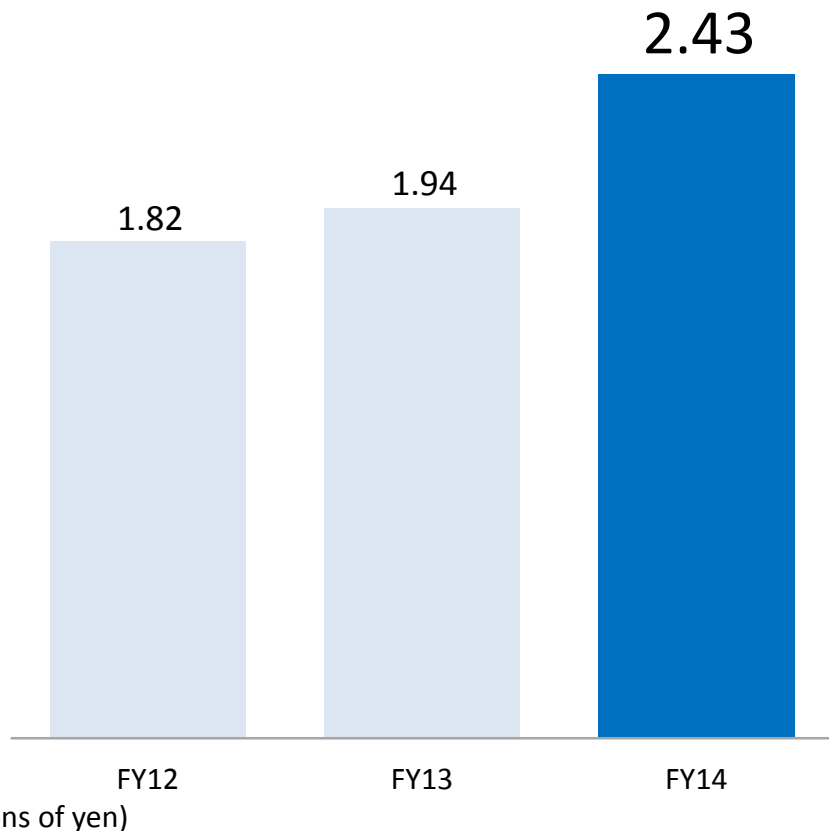
■ Data analytics

➤ Marginal profit **0.7** billion yen
Year-on-year: +0.2 billion yen, +50%

Operating Income

Comparison with the previous fiscal year





FY14 EBITDA (note) **2.43** billion yen

Year-on-year: +0.49 billion yen, +25.7%

EBITDA increased due to
investments for growth of
business and M&As.

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

Large unprofitable projects in FY2014 reduced operating income by 200 million yen.

Large Unprofitable Projects (April 2014 to March 2015)

Business category	Project	Cause	Loss recorded	Customer acceptance
System integration	Development of website	Increased man hours due to problems involving items delivered to the customer	FY14 Q2	FY14 Q3
	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

Action 1

Use visualization of performance indicators of each project for proper project management and quick decisions

Action 2

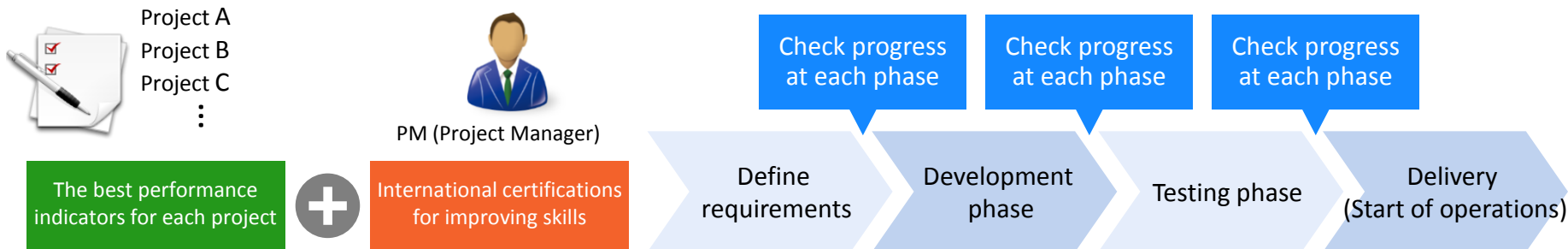
Use specialized project teams for project audits, quality assurance and the standardization of tasks.

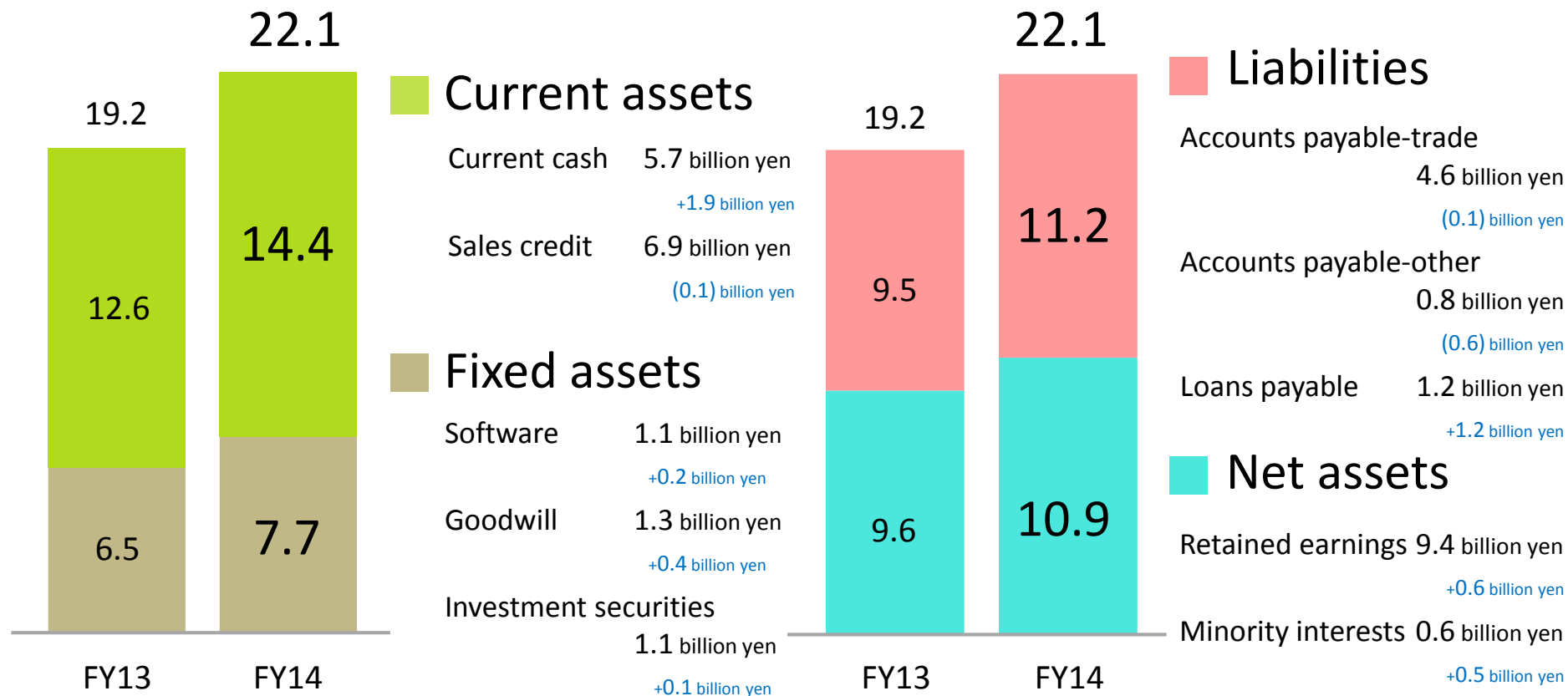
Action 3

Strengthen project management skills by encouraging employees to earn PMP certification

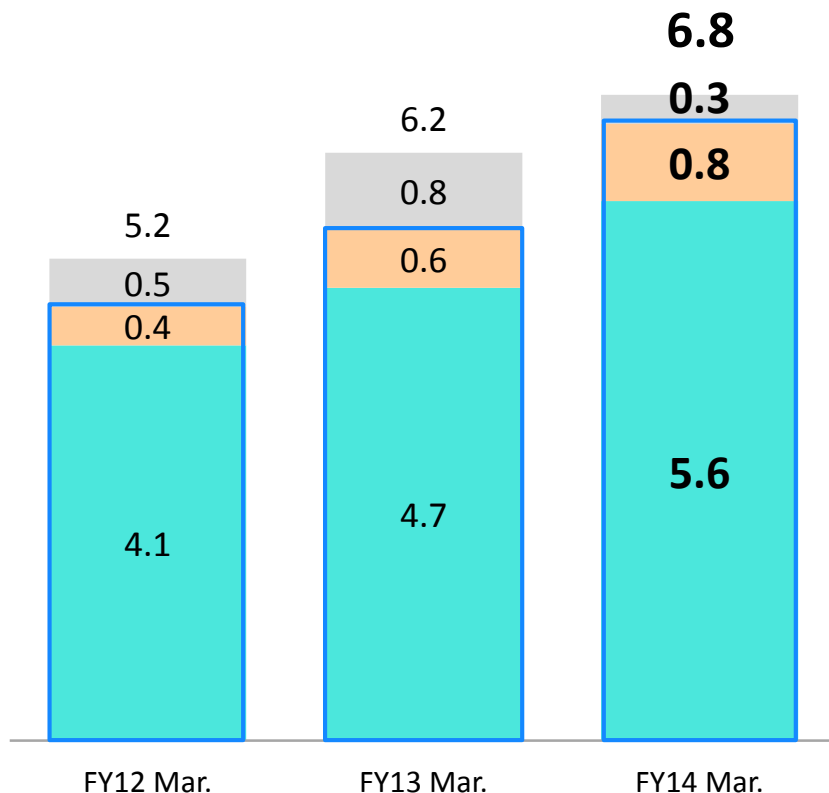
* PMP (Project Management Professional):

An internationally recognized credential offered by the Project Management Institute (PMI), a non profit organization in the U.S.





(Billions of yen)	FY2013 Results	FY2014 Results	Amount of change
Cash flows from operating activities	0.20	2.66	+ 2.45
Cash flows from investing activities	(2.41)	(2.33)	+ 0.08
Cash flows from financing activities	(0.24)	1.59	+ 1.84
Cash and cash equivalents at end of period	3.75	5.69	+ 1.94



(Billions of yen)

Order backlog (end-Mar 2015)

6.8 billion yen

Year-on-year: +0.6 billion yen, +11.0%

Orders for development, operation and maintenance, but for hardware sales, increased 20.7% year-on-year.

Year-on-year:

Hardware sales	(0.4) billion yen, (53.4)%
Development	+0.1 billion yen, +24.5%
Operation and maintenance	+0.9 billion yen, +20.1%

Business Overview

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 (from FY2014)

ICT Services

Digital marketing



E-commerce services

Focus business



Data analytics

Platform solutions



Platform solutions

Focus business



Security solutions

System integration



System integration

Focus business



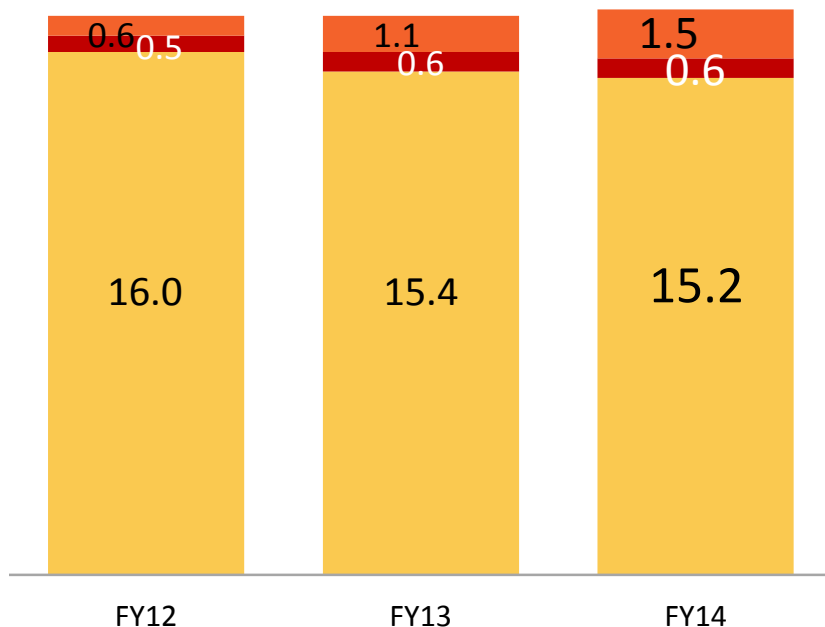
Microsoft solutions

E-commerce services sales

Font/other e-commerce services

Symantec Store (Asia)

Symantec Store (Japan)



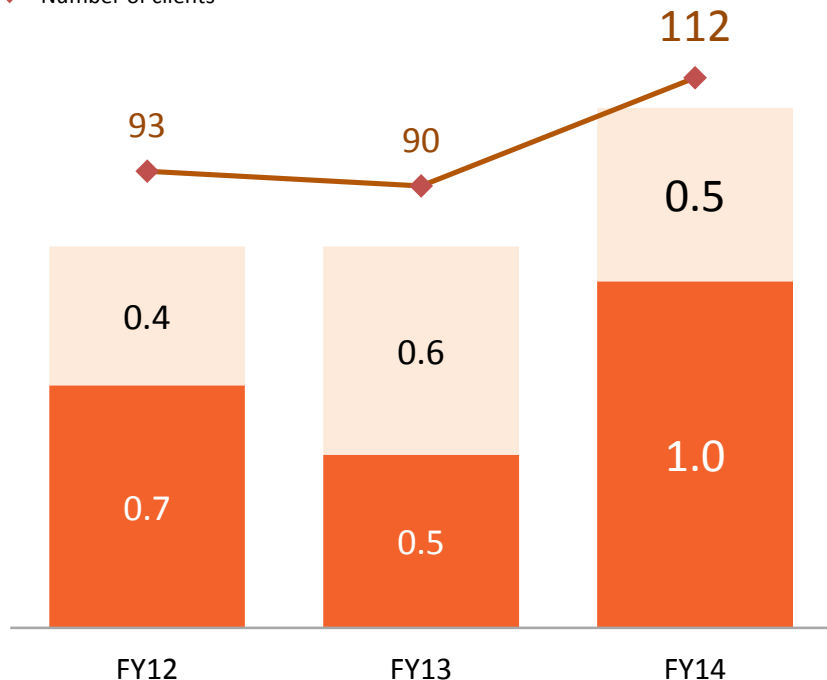
Sales in the Symantec Store business declined slightly.

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

Focus
business

Data analytics services sales

- Project revenue (licenses/individual development projects)
- Consistent revenue (analysis tools/consulting/operation and maintenance services)
- Number of clients



(Billions of yen)

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

FY14 consistent revenue: **1.0** billion yen

Year-on-year: +0.5 billion yen, +105.8%

◆ Topics: Expanded our original services



Aug. 12, 2014



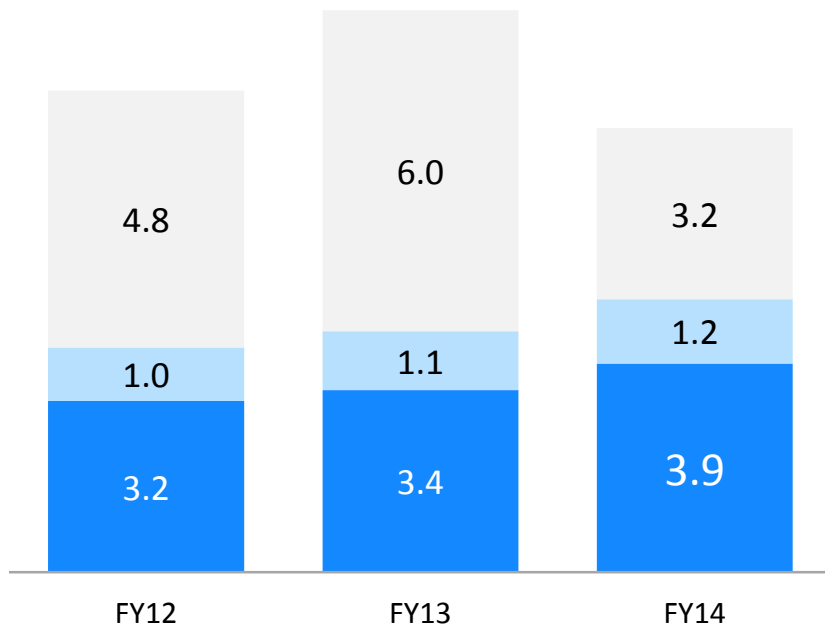
Feb. 16, 2015

みやすい解析

Apr. 16, 2015

Platform solutions sales

- Project revenue (hardware/software sales)
- Project revenue (system construction/consulting)
- Consistent revenue (operation and maintenance/support)



(Billions of yen)

Steady growth of sales from operation and maintenance services.

FY14 consistent revenue: **3.9** billion yen

Year-on-year: +0.4 billion yen, +14%

Hardware sales declined sharply from FY14 Q3 onward.

◆ Topics: Started developing Internet of Things embedded solutions

Jan. 14, 2015

Miracle Linux is working with partners to develop Japan's first Linux integrated solution prototype for automotive devices.



Growth in the public sector business

Sales have been increasing steadily in the public sector, which was started in FY 2013 by collaborating with other SoftBank Group companies.

■ Orders received

Central ministries: 2

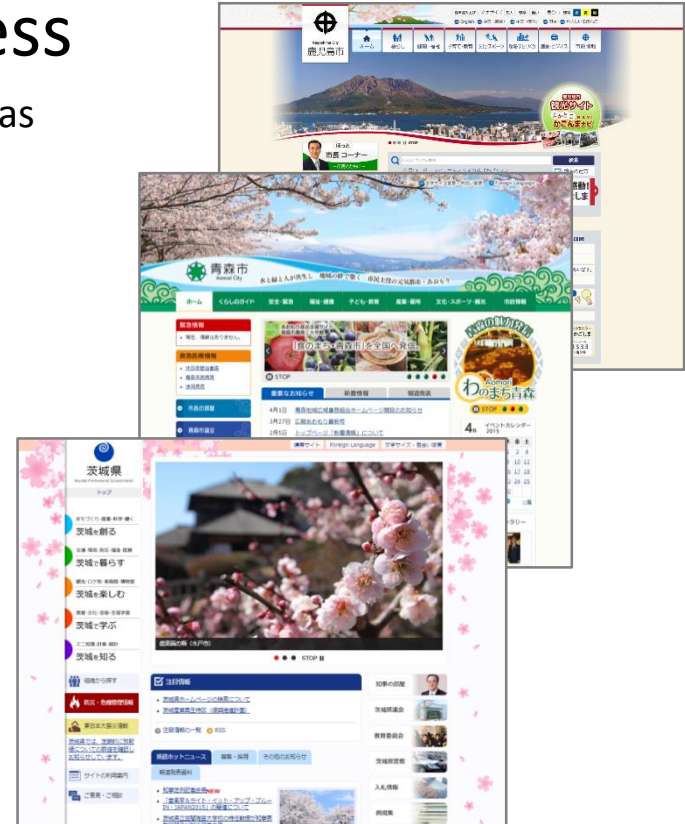
Local governments: 13 (Ibaraki Prefecture, Aomori City, Kagoshima City, etc.)

National institutes, etc.: 8 (National Institute of Advanced Industrial Science and Technology, etc.)

National educational institutes: 3

■ Orders received through business partners

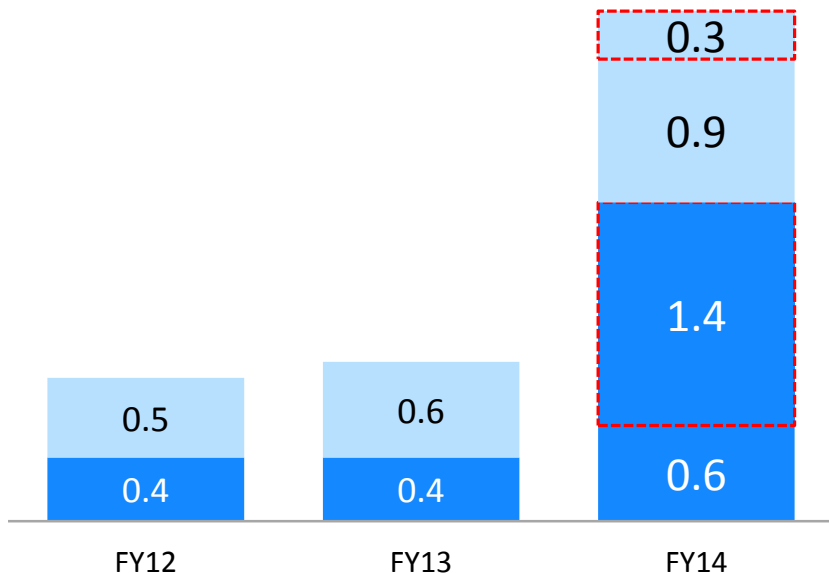
Local governments: 12, Wards of Tokyo: 2



Focus
business

Security solutions sales

- Project revenue (CT) (vulnerability diagnoses/individual development projects)
- Project revenue (SBT) (hardware sales/system construction)
- Consistent revenue (CT) (certification service)
- Consistent revenue (SBT) (operation and maintenance services)



(Billions of yen)

FY14 sales exceeded 3.4 billion yen.
(Year-on-year: Up about 200%)

The acquisition of Cybertrust Japan as a consolidated subsidiary and expansion of security product lineup contributed to the increase in sales.

◆ Topics: Full-scale use of specialized technologies

- Started posting vulnerability diagnoses on the company website (no charge)
- Started the industry's first Active Directory vulnerability diagnosis service

Oct. 10, 2014

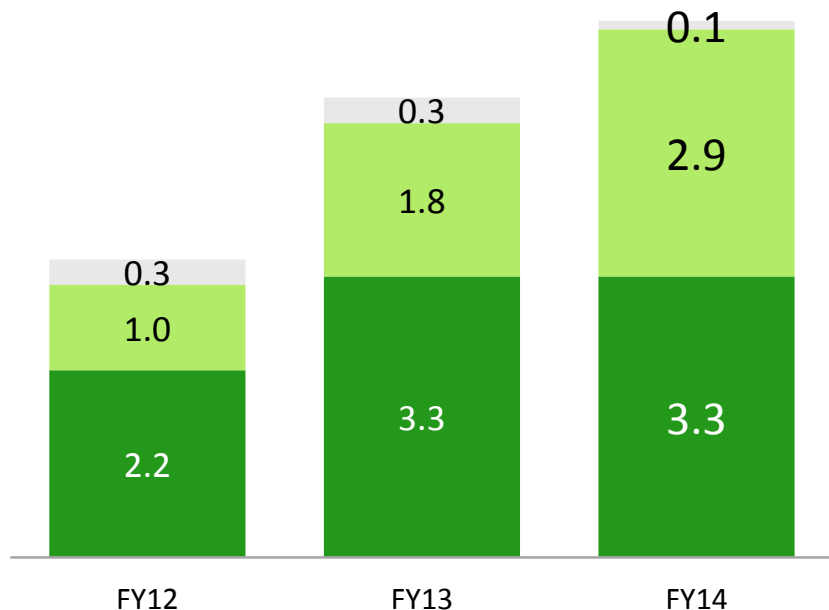
セキュリティ診断サービス

Active Directory診断

診断により組織内ネットワークの要に潜む脆弱点を識別し、
Active Directoryサーバーの統合的なセキュリティ強化をはかります

System integration sales

- Project revenue (hardware and software sales)
- Project revenue (development projects)
- Consistent revenue (operation and maintenance services)



(Billions of yen)

FY14 project revenue (development projects) exceeded 2.9 billion yen.

(Year-on-year: +1.04 billion yen, +56.0%)

Enhanced human resources and improved project management organization for handling large projects. Share of consistent revenue was maintained at more than 50%.

◆ Topics: M-SOLUTIONS started verification of a robot app

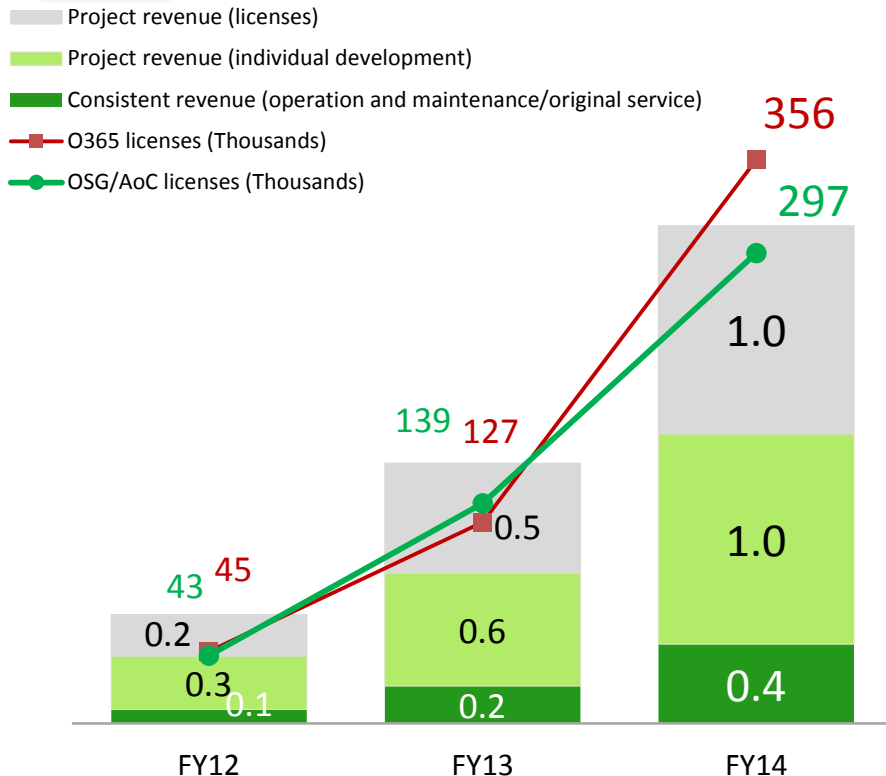


Sep. 18, 2014 Exhibited at Pepper Tech Festival 2014

Feb. 23, 2015 Started verification of a next-generation reception system using a robot app

Focus
business

Microsoft solutions sales



■ The Office 365 projects performed well.

Total introductions: 350,000 licenses

■ Original cloud services performed well.

Online Service Gate, ADFS on Cloud

Total introductions: 290,000 licenses



■ Quarterly consistent revenue exceeded 100 million yen due to an increase in sales of our original services since FY14 Q3.

◆ Topics: Expanded service lineup

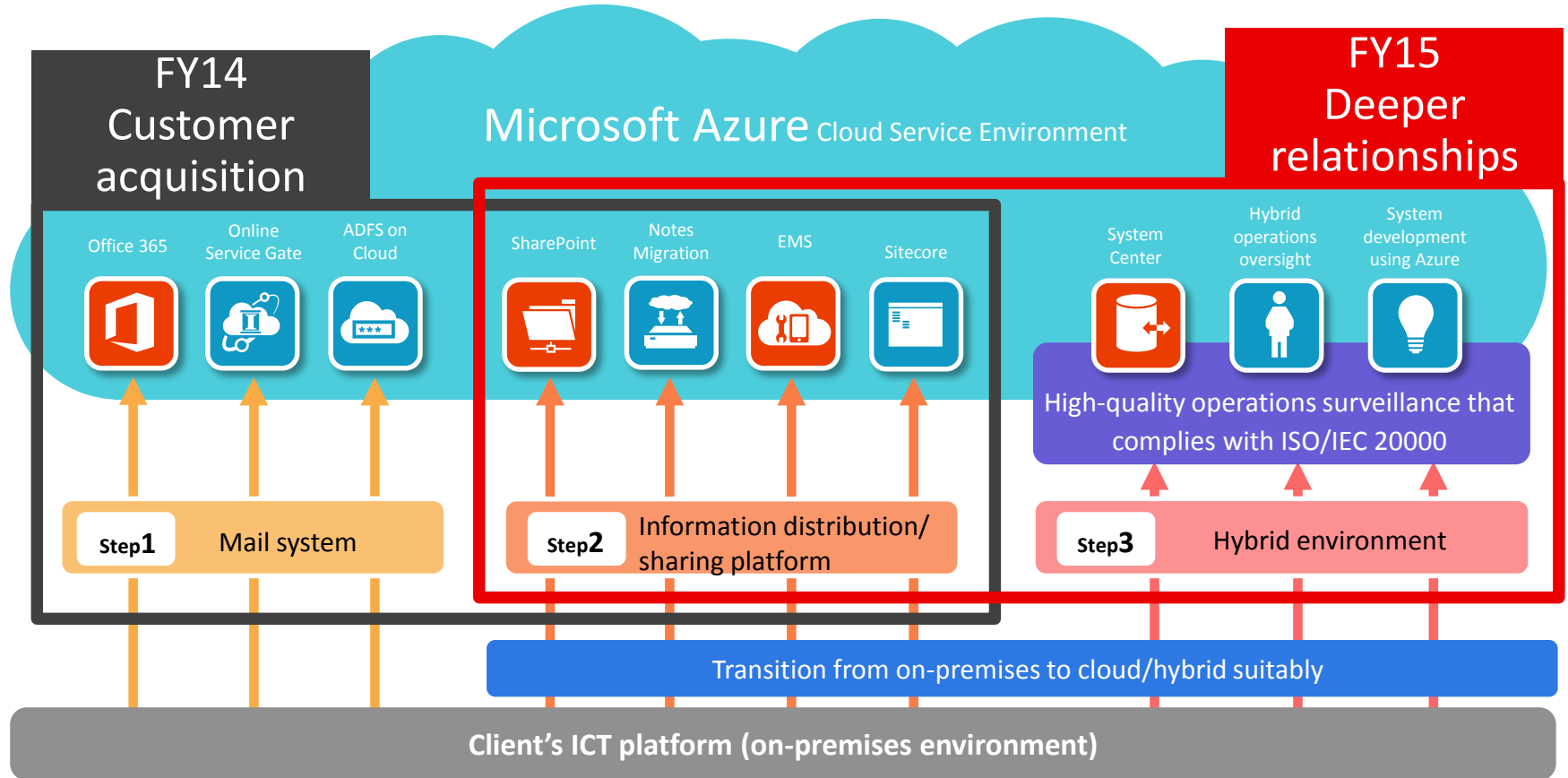
Sep. 18, 2014 Managed service for Azure

Sep. 18, 2014 Introduction support service for System Center

Feb. 27, 2015 Introduction support service for Enterprise Mobility

Mar. 5, 2015 Introduction support service for Azure Site Recovery

Microsoft Solutions: Highlights



FY2015 Earnings Forecast

Overview

- ◆ Operating income of 1.7 billion yen
- ◆ Growth in three focus businesses and public-sector business
- ◆ Reduction in large unprofitable projects by strengthening preventive measures

(Millions of yen)	FY2015 Forecast (Apr. 2015 – Mar. 2016)	FY2014 Results	YoY change	1H FY2015 Forecast (Apr. 2015 – Sep. 2015)	1H FY2014 Results	YoY change
Net Sales	42,000	39,816	+2,183 +5.5%	19,500	19,678	(178) (0.9)%
Operating income	1,700	1,398	+301 +21.5%	680	572	+107 +18.7%
Ordinary income	1,600	1,403	+196 +14.0%	640	541	+98 +18.2%
Net income (note)	1,000	883	+116 +13.2%	400	330	+69 +21.0%

Note: Net income for FY2015 Forecast represents amount of Profit attributable to owners of parent.

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



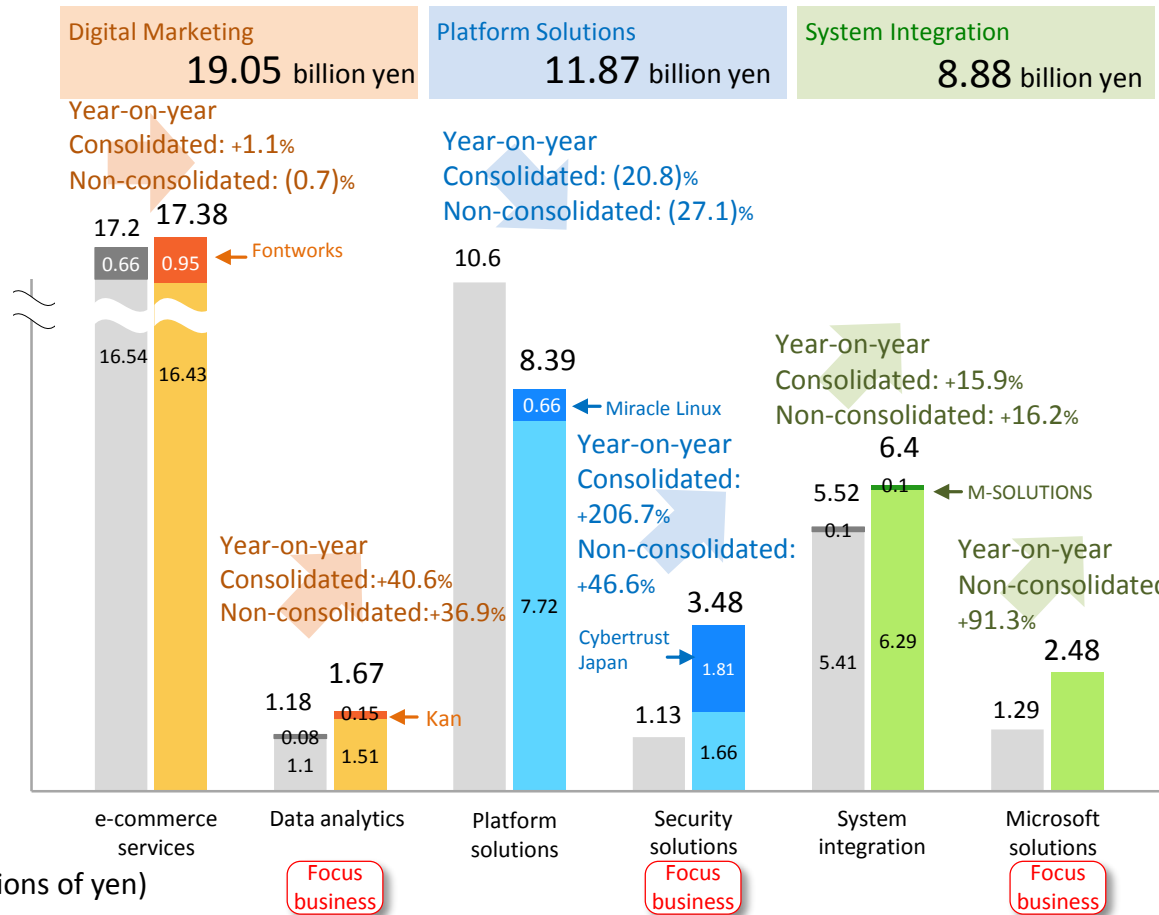
Mode2

Appendix

Net Sales by Business Category

Comparison with the previous fiscal year

April 2014 to March 2015

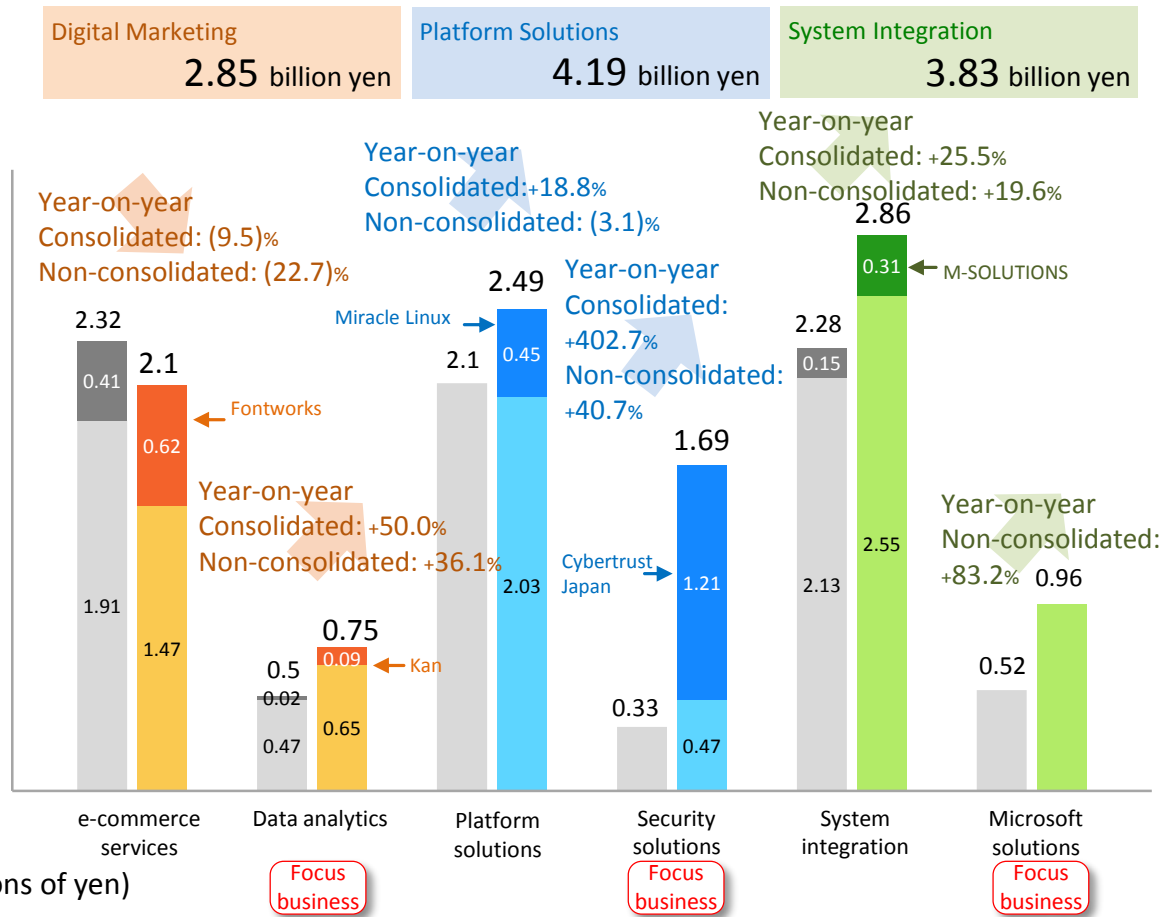


◆ All three focus businesses posted strong growth.

- Data analytics +40.6% year-on-year
- Security solutions +206.7% year-on-year
- Microsoft solutions +91.3% year-on-year

- Digital Marketing
Sales of web analysis tools increased.
- Platform Solutions
Hardware sales declined sharply in 2H FY14.
- System Integration
System development operations and major Microsoft solution projects were strong.

April 2014 to March 2015

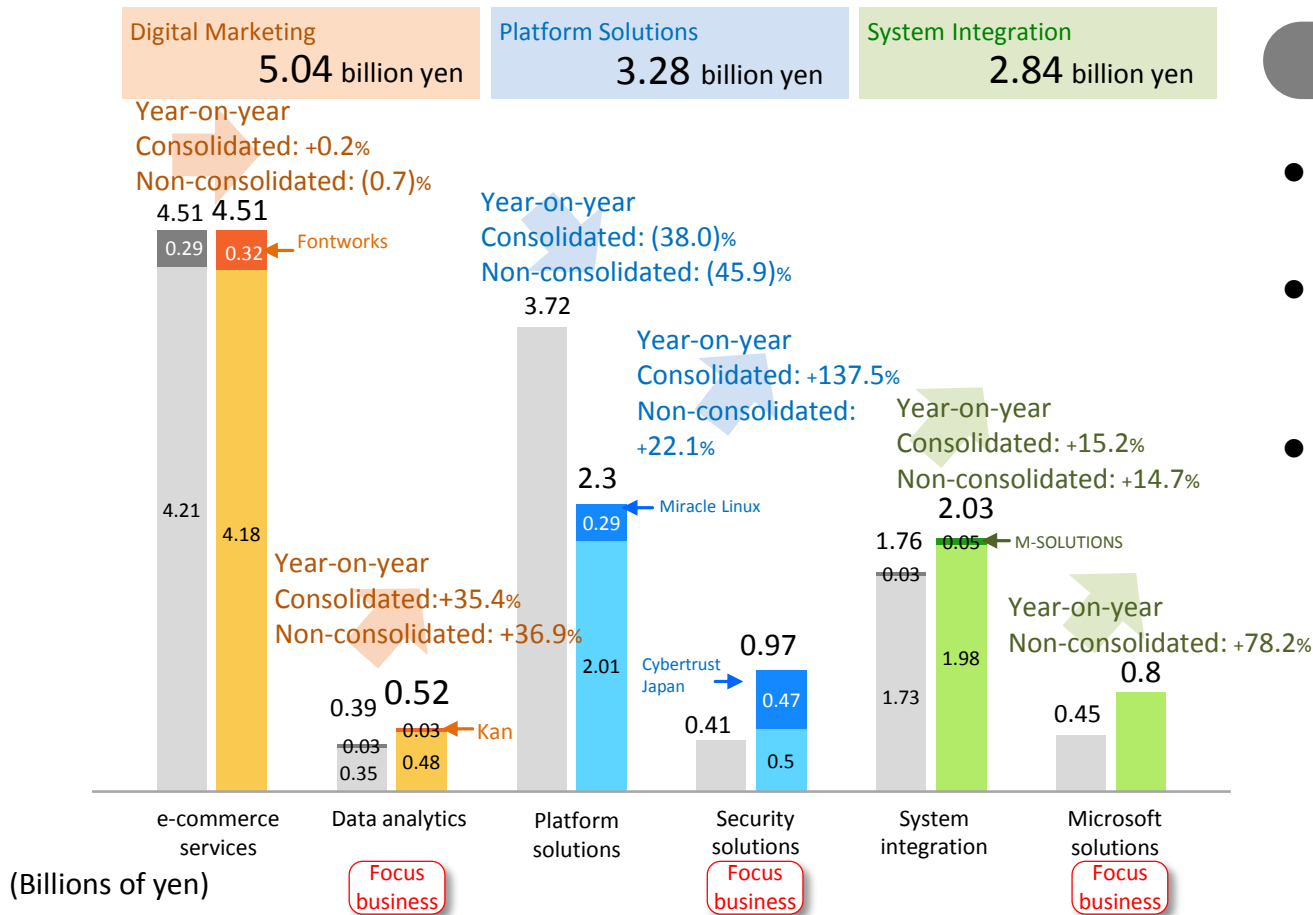


- ◆ The marginal profit ratio for FY14 was 27.3%, 5.4 points higher than in the previous fiscal year.
- Digital Marketing
Marginal profit increased as higher profits at data analytics and Fontworks offset declines in Symantec Store profitability.
- Platform Solutions
Newly consolidated subsidiaries Cybertrust Japan and Miracle Linux contributed to the growth in profits.
- System Integration
System development operations and Microsoft solutions were strong.

Net Sales by Business Category (FY14 Q4)

Comparison with the previous fiscal year

January to March 2015



- Hardware sales declined sharply in the Platform Solution business.
- The performance of system development operations is strong in the System Integration business.
- Major projects and the number of contracted companies increased in the Microsoft solutions business.

Marginal Profit by Business Category (FY14 Q4)

Comparison with the previous fiscal year

Digital Marketing

0.85 billion yen

Platform Solutions

1.21 billion yen

System Integration

1.23 billion yen

January to March 2015

Year-on-year

Consolidated: +18.6%

Non-consolidated: +14.9%

Year-on-year

Consolidated: (6.1)%

Non-consolidated: (18.0)%

Year-on-year

Consolidated: +9.3%

Non-consolidated: (19.5)%

← Miracle Linux

Year-on-year

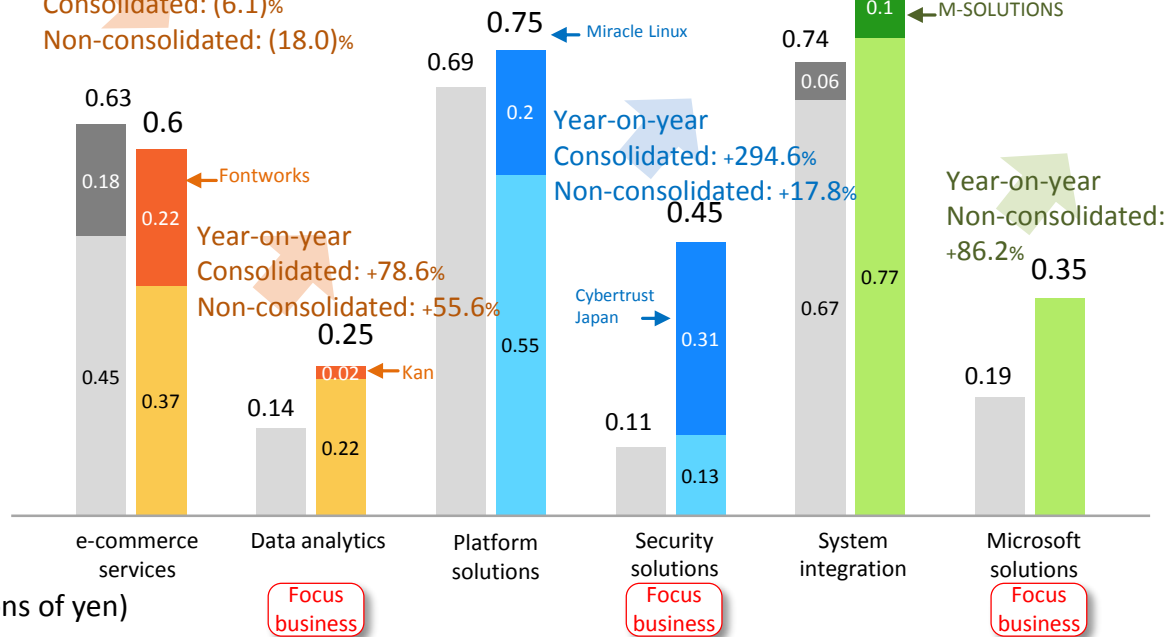
Consolidated: +294.6%

Non-consolidated: +17.8%

Cybertrust Japan →

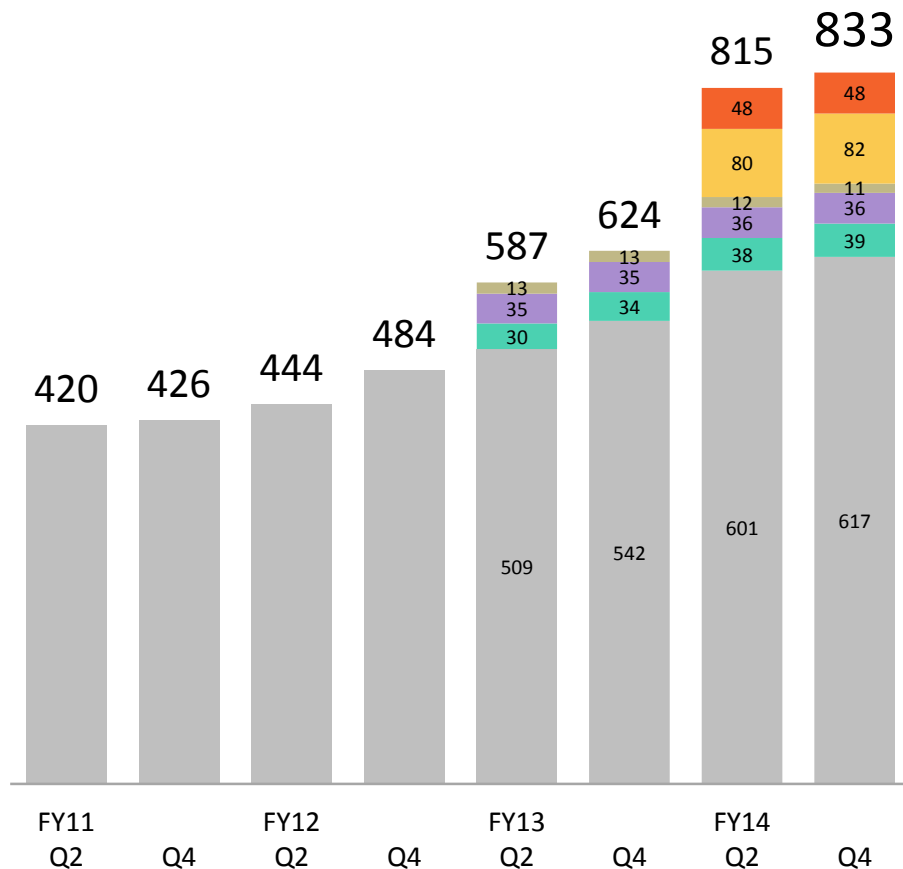
← M-SOLUTIONS







Year-on-year
Non-consolidated:
+86.2%



- 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.

Transition of Employees

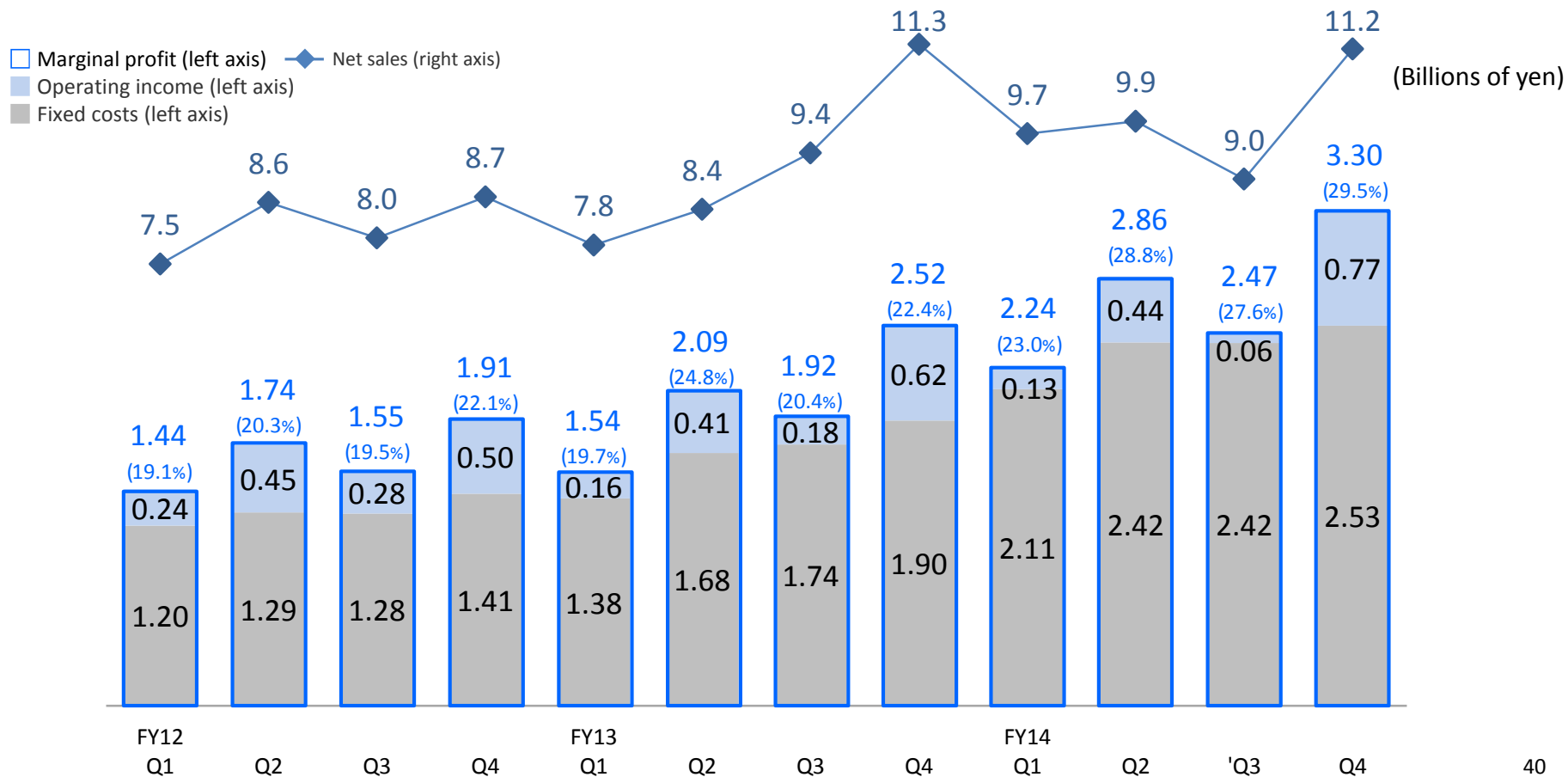


	Miracle Linux	48
	Cybertrust Japan	82
	Kan	11
	Fontworks	36
	M-SOLUTIONS	39
	SoftBank Technology	617

Number of employees
(consolidated basis)

833

Quarterly Trends and Results (Consolidated)









Consolidated results	FY13		FY14	
	Amount (Millions of yen)	Ratio	Amount (Millions of yen)	Ratio
Net sales	36,951	-	39,816	-
Digital Marketing	18,391	-	19,058	-
Platform Solutions	11,739	-	11,875	-
System Integration	6,819	-	8,882	-
Cost of sales	32,794	-	33,524	-
Gross profit	4,157	11.3%	6,292	15.8%
SG&A expenses	2,786	-	4,893	-
Operating income	1,370	3.7%	1,398	3.5%
Non-operating income (loss)	△6	-	4	-
Ordinary income	1,363	3.7%	1,403	3.5%
Extraordinary gains (losses)	(171)	-	87	-
Net income	636	1.7%	883	2.2%
Marginal profit	8,075	21.9%	10,874	27.3%
Fixed costs	6,704	-	9,476	-
Non-consolidated order backlog	6,214	-	6,897	-

YoY change	
Amount (Millions of yen)	Ratio
+2,865	+7.8%
+666	+3.6%
+135	+1.2%
+2,062	+30.2%
+730	+2.2%
+2,135	+51.4%
+2,107	+75.6%
+28	+2.1%
+11	-
+39	+2.9%
+258	-
+246	+38.8%
+2,799	+34.7%
+2,771	+41.3%
+682	+11.0%

Consolidated results		FY13	FY14
Digital Marketing	Net sales	18,391	19,058
	Marginal profit	2,824	2,853
	Margin	15.4%	15.0%
	(1) E-commerce services	Net sales	17,202
		Marginal profit	2,324
		Margin	13.5%
	(2) Data analytics	Net sales	1,189
		Marginal profit	500
		Margin	42.1%
Platform Solutions	Net sales	11,739	11,875
	Marginal profit	2,440	4,191
	Margin	20.8%	35.3%
	(1) Platform solutions	Net sales	10,604
		Marginal profit	2,103
		Margin	19.8%
	(2) Security solutions	Net sales	1,135
		Marginal profit	336
		Margin	29.7%
System Integration	Net sales	6,819	8,882
	Marginal profit	2,810	3,830
	Margin	41.2%	43.1%
	(1) System integration	Net sales	5,523
		Marginal profit	2,284
		Margin	41.4%
	(2) Microsoft solutions	Net sales	1,296
		Marginal profit	526
		Margin	40.6%

Amount of change	Ratio of change
+666	+3.6%
+28	+1.0%
(0.4)Pts	-
+183	+1.1%
(221)	(9.5)%
(1.4)Pts	-
+483	+40.6%
+250	+50.0%
+2.8Pts	-
+135	+1.2%
+1,751	+71.8%
+14.5Pts	-
(2,210)	(20.8)%
+394	+18.8%
+9.9Pts	-
+2,346	+206.7%
+1,356	+402.7%
+19.0Pts	-
+2,062	+30.2%
+1,020	+36.3%
+1.9Pts	-
+879	+15.9%
+582	+25.5%
+3.4Pts	-
+1,183	+91.3%
+437	+83.2%
(1.7)Pts	-

Major 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