

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 29, 2015

**SoftBank Technology Corp.**  
**Consolidated Financial Report for the First Quarter of Fiscal Year Ending March 31, 2016**  
**(Three Months Ended June 30, 2015)**

[Japanese GAAP]

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

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

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Scheduled date of filing of Quarterly Report: August 13, 2015

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, 2015 (April 1, 2015 – June 30, 2015)**

(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, 2015	9,201	(5.5)	180	34.9	185	36.3	78	6.3
Three months ended Jun. 30, 2014	9,734	24.2	133	(18.2)	135	(18.2)	74	(18.8)

Note: Comprehensive income (million yen) Three months ended Jun. 30, 2015: 32 (down 71.0%)  
Three months ended Jun. 30, 2014: 112 (up 1.5%)

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended Jun. 30, 2015	8.11	8.03
Three months ended Jun. 30, 2014	7.65	7.56

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Jun. 30, 2015	22,364	10,822	44.8	1,033.73
As of Mar. 31, 2015	22,175	10,974	46.0	1,052.58

Reference: Shareholders' equity (million yen) As of Jun. 30, 2015: 10,025 As of Mar. 31, 2015: 10,208

**2. Dividends**

	Dividends per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2015	-	0.00	-	20.00	20.00
Fiscal year ending Mar. 31, 2016	-	-	-	-	-
Fiscal year ending Mar. 31, 2016 (forecast)	-	0.00	-	20.00	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, 2016 (April 1, 2015 – March 31, 2016)**

(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
First half	19,500	(0.9)	680	18.7	640	18.2	400	21.0	41.24
Full year	42,000	5.5	1,700	21.5	1,600	14.0	1,000	13.2	103.11

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: Yes

ii. Changes in accounting policies other than i. above: None

iii. Changes in accounting estimates: None

iv. Restatements: None

Note: Please refer to “2. Matters Related to Summary Information (Notes), (1) Changes in accounting policies and accounting estimates, and restatements” on page 5 of the attachments for further information.

(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, 2015:	10,660,100 shares	As of Mar. 31, 2015:	10,660,100 shares
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ii. Number of treasury shares at the end of the period

As of Jun. 30, 2015:	961,890 shares	As of Mar. 31, 2015:	961,890 shares
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iii. Average number of shares outstanding during the period

Three months ended Jun. 30, 2015:	9,698,210 shares	Three months ended Jun. 30, 2014:	9,678,887 shares
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\* Information regarding the implementation of quarterly review procedures

The current quarterly summary report is not subject to the quarterly review procedures based on the Financial Instruments and Exchange Act. At the time of this disclosure, the review procedures for the quarterly consolidated financial statements to be filed have not been completed.

\* 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 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 materials for quarterly financial results

Supplementary materials for the quarterly financial results will be disclosed today (July 29, 2015), using the Timely Disclosure network (TDnet), and will be available on the Company’s website (<http://www.softbanktech.co.jp/corp/ir/>).

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## 1. Overview of Result of Operations and Financial Position

### (1) Overview of Results of Operations

	(Millions of yen)				(Yen)
	Net sales	Operating income	Ordinary income	Net income	Net income per share
Three months ended Jun. 30, 2015	9,201	180	185	78	8.11
Three months ended Jun. 30, 2014	9,734	133	135	74	7.65
Change (Ratio)	(5.5)%	34.9%	36.3%	6.3%	6.1%
(Reference) Fiscal year ended Mar. 31, 2015	39,816	1,398	1,403	883	91.15

In the first quarter of the current fiscal year, the SoftBank Technology Group's net sales decreased 5.5% year on year to 9,201 million yen, operating income increased 34.9% to 180 million yen, ordinary income increased 36.3% to 185 million yen and profit attributable to owners of parent increased 6.3% to 78 million yen.

The main factors affecting earnings for the current fiscal year were as follows:

#### (a) Net sales

Net sales decreased 532 million yen (-5.5%) year on year to 9,201 million yen. This was mainly the result of a decrease in hardware sales in the platform solutions business and fewer system development projects in the system integration business, both on a non-consolidated basis.

#### (b) Marginal profit (see note)

Marginal profit increased 235 million yen (+10.5%) to 2,478 million yen, and the marginal profit ratio increased 3.9 points to 26.9%. Progress with shifting the Group's business operations along with higher profitability at subsidiaries providing original content and services contributed to the improvement of the marginal profit ratio.

Note: Marginal profit is calculated by subtracting variable costs (cost of merchandise, outsourcing expenses, distribution expenses and other items that increase and decrease with sales) from net sales.

#### (c) Fixed costs

Fixed costs increased 189 million yen (+9.0%) to 2,298 million yen. This increase was mainly due to the growth of the workforce at SoftBank Technology and the inclusion of new subsidiary Miracle Linux Corporation in July 2014.

#### (d) Operating income

As a result of the above items, operating income increased 46 million yen (+34.9%) to 180 million yen.

#### (e) EBITDA (see note)

EBITDA increased 47 million yen (+12.8%) to 417 million yen. This was mainly the result of investments for the growth of business operations and the inclusion of new subsidiaries.

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

#### (f) Non-operating income and expenses

Net non-operating income increased 2 million yen (+117.5%) to 5 million yen. This was mainly due to an increase in equity in earnings of affiliates.

#### (g) Ordinary income

As a result of items (d) to (f), ordinary income increased 49 million yen (+36.3%) to 185 million yen.

#### (h) Extraordinary income and losses

Net extraordinary income was 4 million yen, an increase of 4 million yen from a 0 million yen loss one year earlier.

#### (i) Income before income taxes and minority interests

As a result of items (g) to (h), income before income taxes and minority interests increased 53 million yen (+39.8%) to 189 million yen.

## (j) Total income taxes

Total income taxes increased 34 million yen (+62.4%) to 90 million yen.

## (k) Profit attributable to owners of parent

As a result of items (i) to (j), profit attributable to owners of parent increased 4 million yen (+6.3%) to 78 million yen.

The Company has only a single business segment, which is the ICT Services business. The following table shows the primary components of this business segment.

Segment	Service category	Main services	Core companies
ICT services	Digital marketing	<ul style="list-style-type: none"> <li>Operation of e-commerce sites of the clients, development and sales of font sets, and provision of web font services</li> <li>Construction of websites, provision of website access log analysis tools, data analyses and consulting services</li> </ul>	<ul style="list-style-type: none"> <li>SoftBank Technology Corp.</li> <li>Fontworks Inc.</li> <li>Kan Corporation</li> </ul>
	Platform solutions	<ul style="list-style-type: none"> <li>Construction of IT platforms, provision of operation and maintenance services, and Linux solutions</li> <li>Provision of vulnerability diagnosis tests, protection against advanced persistent threat, authentication using e-certification and encryption services</li> </ul>	<ul style="list-style-type: none"> <li>SoftBank Technology Corp.</li> <li>Cybertrust Japan Co., Ltd.</li> <li>Miracle Linux Corporation</li> </ul>
	System integration	<ul style="list-style-type: none"> <li>Development of IT systems, provision of operation and maintenance services, and development of applications for tablets, smartphones and robots</li> <li>Support for moving IT infrastructure to the cloud by using mainly Microsoft products and provision of an original cloud service with outstanding compatibility</li> </ul>	<ul style="list-style-type: none"> <li>SoftBank Technology Corp.</li> <li>M-SOLUTIONS, Inc.</li> </ul>

Revisions have been made to the categorization of some services and to the allocation method for the elimination of internal transactions among subsidiaries for determining the marginal profit. As a result, the revised methods have been used to calculate net sales and marginal profit for each service category in the same period of the previous fiscal year.

**a. Digital marketing**

(Millions of yen)

	First quarter of FY3/15	First quarter of FY3/16	Change (Amount)	Change (Ratio)
Net sales	4,743	5,254	511	10.8%
Marginal profit	638	869	230	36.1%

## Major services in the digital marketing business

- E-commerce services

Operation of Symantec Stores, development and sale of font sets, and the provision of web fonts and web font platform services

- Data analytics

Construction of website content management systems and the provision of access log analysis, BI tools for collecting, processing and analyzing data, and associated consulting services. Also providing analysis of a company's internal logs, measurement of advertising effectiveness, and other services

## Results of operations of the digital marketing business

Net sales in the digital marketing business increased 511 million yen (+10.8%) to 5,254 million yen. Steady Symantec store sales were one reason for the growth in sales. Sales also benefited from an increase in orders for the web access analysis tools and associated consulting services. In addition, subsidiary Fontworks Inc. which plans, develops and sells

digital fonts also contributed to sales growth.

Marginal profit in this business increased 230 million yen (+36.1%) to 869 million yen. Earnings increased due to the strong performance by the Symantec Store business and the data analytics business, and the growth in sales of Fontworks Inc.

#### b. Platform solutions

(Millions of yen)

	First quarter of FY3/15	First quarter of FY3/16	Change (Amount)	Change (Ratio)
Net sales	2,911	2,259	(652)	(22.4)%
Marginal profit	873	892	18	2.2%

Major services in the platform solutions business

- Platform solutions

Sales of servers and network equipment, construction of IT infrastructure, provision of operation and maintenance services, Linux OS and digital signage systems, integrated monitoring tools and support services

- Security solutions

Provision of security system monitoring service, protection against advanced persistent threat, diagnostic services, comprehensive solutions including security products, e-certification, authentication, and other services

Results of operations of the platform solutions business

Net sales in the platform solutions business decreased 652 million yen (-22.4%) to 2,259 million yen. This was mainly due to a sharp decline in hardware sales in the platform solutions business since the third quarter of the previous fiscal year.

Marginal profit in this business increased 18 million yen (+2.2%) to 892 million yen. The marginal profit ratio improved because of a decline in hardware sales and an increase in orders for operation and maintenance services in the platform solutions business. In addition, earnings benefited from the inclusion of new subsidiary Miracle Linux Corporation in July 2014.

#### c. System integration

(Millions of yen)

	First quarter of FY3/15	First quarter of FY3/16	Change (Amount)	Change (Ratio)
Net sales	2,078	1,687	(391)	(18.8)%
Marginal profit	730	716	(13)	(1.9)%

Major services in the system integration business

- System integration

Development of IT systems and provision of associated operation and maintenance services. Also the development and sales of applications for smartphones, tablets, robots and development support tools

- Microsoft solutions

Using primarily Microsoft products, provision of support for moving client company communication systems to the cloud and subsequent system operation and monitoring service, original services for achieving both user convenience and corporate security

Results of operations of the system integration business

Net sales in the system integration business decreased 391 million yen (-18.8%) to 1,687 million yen. The main reason was a decrease in the number of IT system development projects for SoftBank Group companies. In addition, sales of licenses declined despite steady growth in the number of customers using services involving Microsoft products and

using Online Service Gate and ADFS on Cloud, which are SoftBank Technology Group original services associated with Microsoft products.

Marginal profit in this business decreased 13 million yen (-1.9%) to 716 million yen. This was mainly the result of lower sales in the system integration business and the Microsoft solutions business.

## (2) Overview of Financial Position

### Assets, Liabilities, and Net Assets

(Millions of yen)

	As of Mar. 31, 2015	As of Jun. 30, 2015	(Reference) As of Jun. 30, 2014
Total assets	22,175	22,364	20,082
Net assets	10,974	10,822	9,897
Shareholders' equity ratio	46.0%	44.8%	46.7%

### Assets

Total assets increased 189 million yen from the end of the previous fiscal year to 22,364 million yen at the end of the first quarter of the current fiscal year.

Current assets increased 328 million yen mainly due to an increase in cash and deposits.

Non-current assets decreased 139 million yen mainly due to a decrease in investment securities.

### Liabilities

Total liabilities increased 341 million yen from the end of the previous fiscal year to 11,542 million yen at the end of the first quarter of the current fiscal year.

Current liabilities increased 403 million yen mainly due to an increase in deposits received.

Non-current liabilities decreased 61 million yen mainly due to a decrease in long-term loans payable.

### Net assets

Net assets decreased 151 million yen from the end of the previous fiscal year to 10,822 million yen at the end of the first quarter of the current fiscal year mainly due to a decrease in retained earnings caused by the payment of the year-end dividend for the previous fiscal year.

## (3) Explanation of Consolidated Forecast and Other Forward-looking Statements

Forecasts are based on information currently available to the Company. Actual performance may differ from these forecasts for a number of reasons.

The Company maintains its consolidated forecasts for the fiscal year ending on March 31, 2016 that was announced on April 27, 2015.

## 2. Matters Related to Summary Information (Notes)

### (1) Changes in Accounting Policies and Accounting Estimates, and Restatements

#### Changes in Accounting Policies

#### Application of the accounting standards for business combinations

Effective from the first quarter of the current fiscal year, SoftBank Technology has adopted the "Accounting Standard for Business Combinations" (Accounting Standards Board of Japan (ASBJ) Statement No. 21, September 13, 2013), "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22, September 13, 2013), "Accounting Standard for Business Divestitures" (ASBJ Statement No. 7, September 13, 2013) and other standards. In association with these changes, the presentation of net income has been revised and the minority interests item has been renamed non-controlling interests. For consistency with these changes, the consolidated financial statements for the first quarter of the previous fiscal year and the previous fiscal year have been revised.

**3. Quarterly Consolidated Financial Statements****(1) Quarterly Consolidated Balance Sheet**

	(Thousands of yen)	
	FY3/15 (As of Mar. 31, 2015)	First quarter of FY3/16 (As of Jun. 30, 2015)
<b>Assets</b>		
Current assets		
Cash and deposits	5,788,629	7,570,226
Notes and accounts receivable-trade	6,941,512	4,938,878
Merchandise	137,437	190,201
Work in process	208,104	482,136
Deferred tax assets	390,507	376,398
Other	945,805	1,180,341
Allowance for doubtful accounts	(11,958)	(9,686)
Total current assets	14,400,039	14,728,496
Non-current assets		
Property, plant and equipment		
Buildings, net	528,219	576,937
Tools, furniture and fixtures, net	874,792	862,180
Construction in progress	2,445	-
Total property, plant and equipment	1,405,457	1,439,117
Intangible assets		
Goodwill	1,366,627	1,325,273
Software	1,082,432	1,050,449
Software in progress	79,762	127,645
Customer relationships	654,610	638,644
Other	311,052	303,939
Total intangible assets	3,494,485	3,445,951
Investments and other assets		
Investment securities	1,185,692	1,080,670
Deferred tax assets	260,729	292,271
Other	1,486,627	1,435,455
Allowance for doubtful accounts	(57,793)	(57,444)
Total investments and other assets	2,875,256	2,750,952
Total non-current assets	7,775,199	7,636,020
<b>Total assets</b>	<b>22,175,238</b>	<b>22,364,516</b>



	(Thousands of yen)	
	FY3/15 (As of Mar. 31, 2015)	First quarter of FY3/16 (As of Jun. 30, 2015)
<b>Liabilities</b>		
Current liabilities		
Accounts payable-trade	4,624,483	3,882,267
Current portion of long-term loans payable	324,600	324,600
Lease obligations	69,992	70,094
Accounts payable-other	836,331	515,421
Income taxes payable	460,030	88,297
Deposits received	64,692	1,960,810
Provision for bonuses	549,422	254,169
Provision for directors' bonuses	-	11,760
Provision for loss on order received	8,574	12,833
Provision for defect repair	-	3,781
Asset retirement obligations	10,330	-
Other	1,675,402	1,902,968
<b>Total current liabilities</b>	<b>8,623,860</b>	<b>9,027,004</b>
Non-current liabilities		
Bonds payable	100,000	100,000
Long-term loans payable	963,450	882,300
Lease obligations	502,382	484,790
Deferred tax liabilities	146,953	140,288
Long-term advances received	341,665	390,920
Net defined benefit liability	105,346	65,879
Asset retirement obligations	240,906	255,459
Other	176,460	195,639
<b>Total non-current liabilities</b>	<b>2,577,163</b>	<b>2,515,276</b>
<b>Total liabilities</b>	<b>11,201,023</b>	<b>11,542,280</b>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	645,033	645,033
Capital surplus	722,682	722,682
Retained earnings	9,418,346	9,303,034
Treasury shares	(747,634)	(747,634)
<b>Total shareholders' equity</b>	<b>10,038,426</b>	<b>9,923,114</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	164,346	98,115
Foreign currency translation adjustment	5,323	4,131
<b>Total accumulated other comprehensive income</b>	<b>169,670</b>	<b>102,247</b>
Subscription rights to shares	86,341	95,705
Non-controlling interests	679,777	701,168
<b>Total net assets</b>	<b>10,974,215</b>	<b>10,822,236</b>
<b>Total liabilities and net assets</b>	<b>22,175,238</b>	<b>22,364,516</b>

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

(Thousands of yen)

	First three months of FY3/15 (Apr. 1, 2014 – Jun. 30, 2014)	First three months of FY3/16 (Apr. 1, 2015 – Jun. 30, 2015)
Net sales	9,734,138	9,201,163
Cost of sales	8,471,771	7,752,771
Gross profit	1,262,367	1,448,392
Selling, general and administrative expenses	1,128,930	1,268,372
Operating income	133,436	180,019
Non-operating income		
Interest income	41	30
Dividend income	2,400	-
Share of profit of entities accounted for using equity method	-	3,748
Foreign exchange gains	4,293	3,068
Miscellaneous income	3,771	4,854
Total non-operating income	10,506	11,701
Non-operating expenses		
Interest expenses	7,748	6,606
Miscellaneous loss	415	0
Total non-operating expenses	8,164	6,607
Ordinary income	135,778	185,113
Extraordinary income		
Gain on revision of retirement benefit plan	-	4,029
Total extraordinary income	-	4,029
Extraordinary losses		
Impairment loss	447	-
Total extraordinary losses	447	-
Income before income taxes and minority interests	135,331	189,142
Income taxes-current	8,671	83,335
Income taxes-deferred	46,754	6,669
Total income taxes	55,425	90,004
Profit	79,905	99,138
Profit attributable to:		
Owners of parent	74,006	78,652
Non-controlling interests	5,899	20,485
Other comprehensive income		
Valuation difference on available-for-sale securities	32,312	(64,997)
Foreign currency translation adjustment	380	(512)
Share of other comprehensive income of entities accounted for using equity method	-	(1,006)
Total other comprehensive income	32,692	(66,517)
Comprehensive income	112,597	32,620
Comprehensive income attributable to:		
Owners of the parent	106,698	11,229
Non-controlling interests	5,899	21,391

**(3) Notes to Consolidated Financial Statements**

**Going Concern Assumption**

Not applicable.

**Significant Changes in Shareholders' Equity**

Not applicable.

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