

*It is translated  
by AI.*

# Management Policy

President & CEO Shinichi Ata

# Review of the Second Medium-Term Management Plan

Cloud integration



IoT business development



Build a solid profit structure



Promoting business transformation  
to create No.1 business fields and continue to create new value

## Cloud integration



- Focus on cloud businesses
- System and business to the cloud
- Converting individual development know-how into services

## Actions towards top priority indicator targets and results

Focus businesses' net sales, operating income share

## Performance of focus businesses

- Total net sales: Up approx. 4.5 times (3.3 -> 16.1bn yen)
- Net sales growth: CAGR 35%
- Net sales share: 10% -> 32%
- Marginal profit share: 18% -> 45%

## Events

Results and achievements of actions

- Customer bases in construction and manufacturing industries expanded
- Cloud introduced to a cumulative total of over 800 companies
- Independent services developed

clouXion



SoftBank Technology  
**Managed  
Security Service**

## IoT business development



- Offering one-stop IoT services
- Conducting proactive proof of concept
- Progress in the IoT equipment domain, cloud and data area policies

### Actions towards top priority indicator targets and results

Focus businesses' net sales, operating income share

- Greater expenses for PoC and service development
- IoT business contribution expected for the following fiscal year or thereafter

### Events

Results and achievements of actions

- Achievements in building management, railway and other projects
- Independent services developed
- New Cybertrust Japan Co., Ltd. launched



## Build a solid profit structure

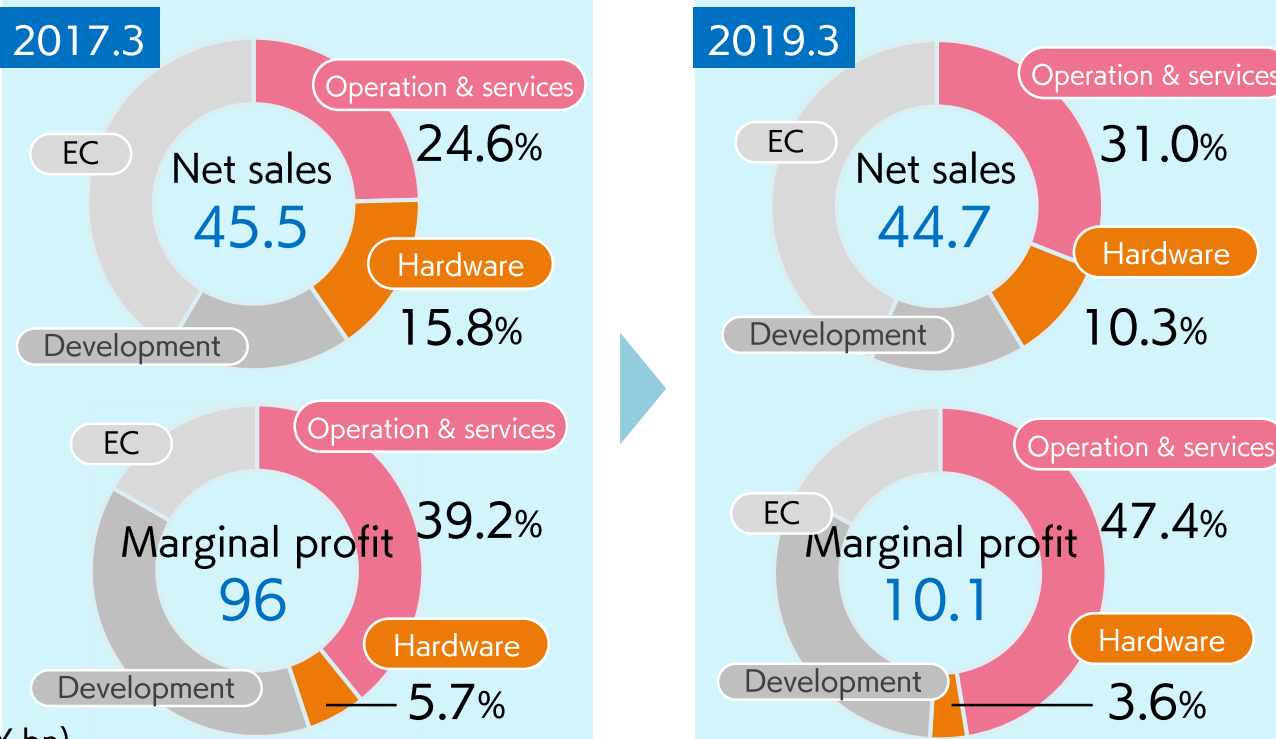


- Focusing recurring business
- Maximize project revenue and improve service profitability
- Work style reform and measures against overwork

## Actions towards top priority indicator targets and results

Focus businesses' net sales, operating income share

Component ratios of business type (non-consolidated)



## Events

Results and achievements of actions

- Highest operating income ever
- Recurring business sales increased
- Poorly profitable hardware sales strategically withdrawn
- Project management system strengthened and development approaches revised
- Several unprofitable projects occurring in the business IT domain

# Third Medium-Term Management Plan



Third Medium-Term  
Management Plan

# Transformation 2021





# New Corporate Philosophy

**Mission**

存在意義

Information Revolution, Happiness for  
Everyone  
- Technologies Design the Future -

**Vision**

目指す姿

Generating New Value to the World by Leading  
Technologies and Creativeness  
with Diverse Work Styles and Opportunity-full Culture

**Value**

価値観・行動指針

Accept Diversity  
Three Perspectives x Three  
Actions

Growth

Trust

Value



Tanoshimu

Tsukuru

Tsunag  
u



# Macroeconomic Analysis Findings

## Trends in society

- Shrinking working population, decline in birth rate and aging of population
- Shortage of IT and security professionals
- Increasing cyberattacks (before the 2020 Olympic Games)
- Social security and tax number, Act on the Protection of Personal Information
- Basic Act on Cybersecurity
- NOTICE (IoT), compliance with GDPR
- Evolution of robots, drones and automatic driving vehicles
- Spread of 5G, AI, IoT, xR and RPA
- More on-premises systems coming to end of life

## Trends and changes in SBT's parent company

- Change of the parent company to SoftBank Corporation
- Essential to create synergy between businesses in Japan
- Listing of SoftBank Corporation's shares
- Encouraging domestic joint ventures in collaboration between SoftBank Vision Fund and SoftBank Corporation

## Customers' trends and issues

### Business IT (BIT)

- Implement business strategies in line with uncertainties and the speed of changes
- Utilize cutting-edge technologies to increase competitiveness
- Carry out business globalization

### Corporate IT (CIT)

- Offer IT support for operating departments for growth of core business
- Accelerate prioritization of cloud services and outsourcing of operations
- Utilize IT for carrying out work style reforms

- Encouraging digital transformation
- IoT collaborative creation
- Global security

Opportunities

- Building closer ties with the parent company

Opportunities

- Expansion of outsourcing
- Increase in companies to which support is offered

Opportunities

## SBT's current strengths and characteristics

- Technological strengths in cloud and security
- Independent services (clouXion and MSS)
- Global SOC
- Proven track record in serving constructors and manufacturers
- Extensive IoT support covering devices and cloud

# Our Goal in the Long-Term and 3rd 3-Year Plan

## Long-Term Goal

Be a Leader of cloud consulting and service company to increase enterprise Japanese company's competitiveness

- Be a Leader of Cloud and Cyber Security Service
- Generating New Value to the World by Leading Technologies and Creativeness w/Customers and Partners

## Goals in the 3rd 3-Year Plan

Be a service provider for Corp IT



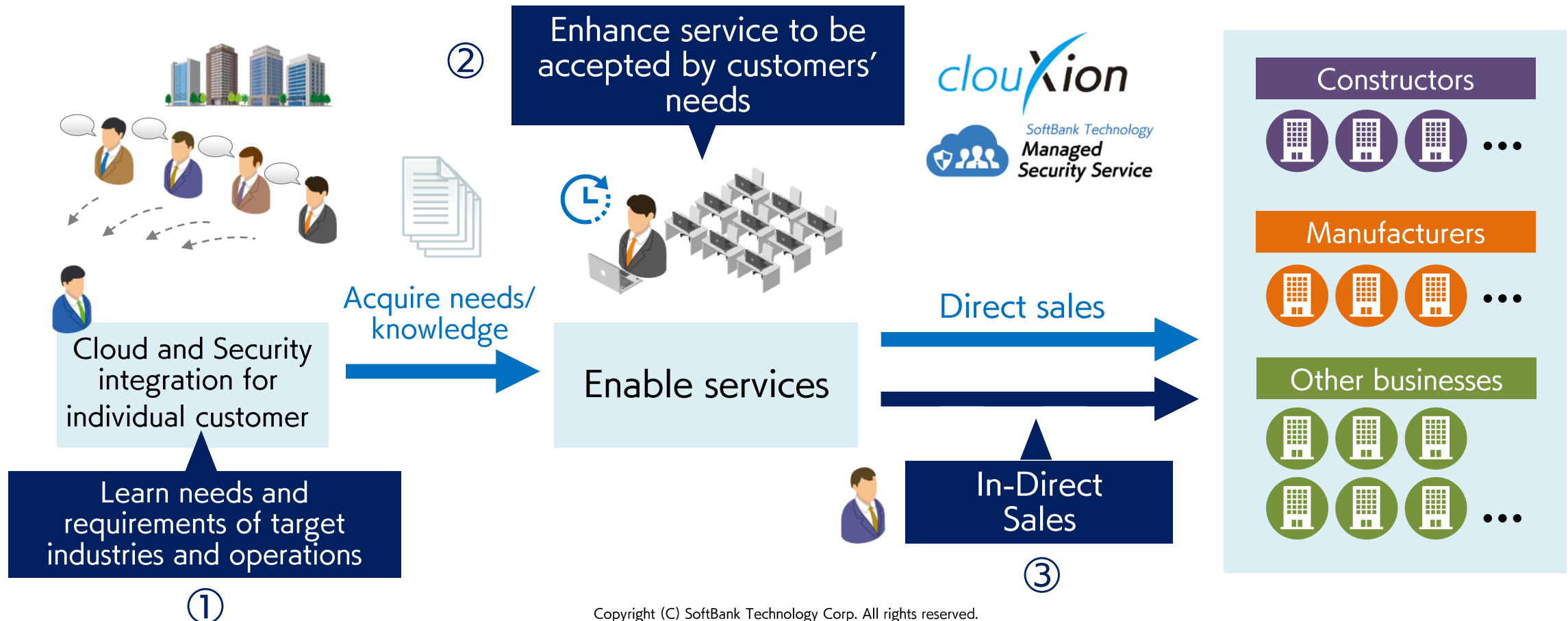
Consult and Generate Biz IT



# Goal 1 : Be a Service Provider for Corp IT



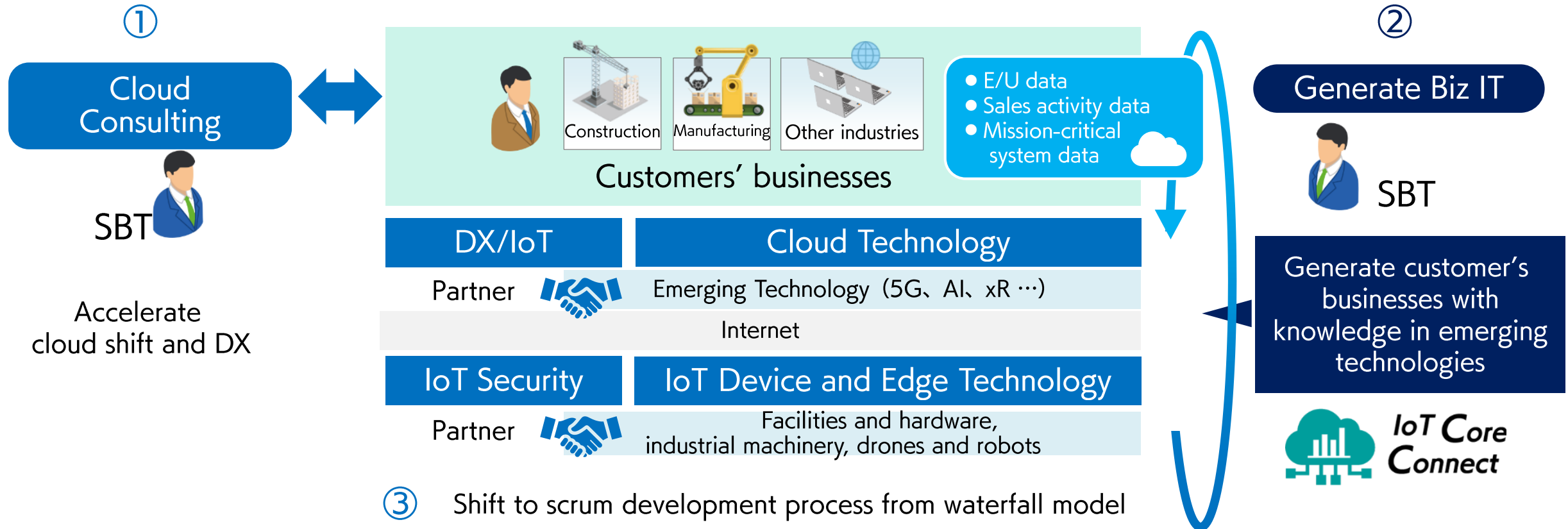
- ① Concentrate on enterprise cloud and cyber security integration into services
- ② Accelerate enterprise cloud and cyber security services
- ③ Execute certainly in-direct sales business with own services



# Goal 2 : Consult and Generate Business IT



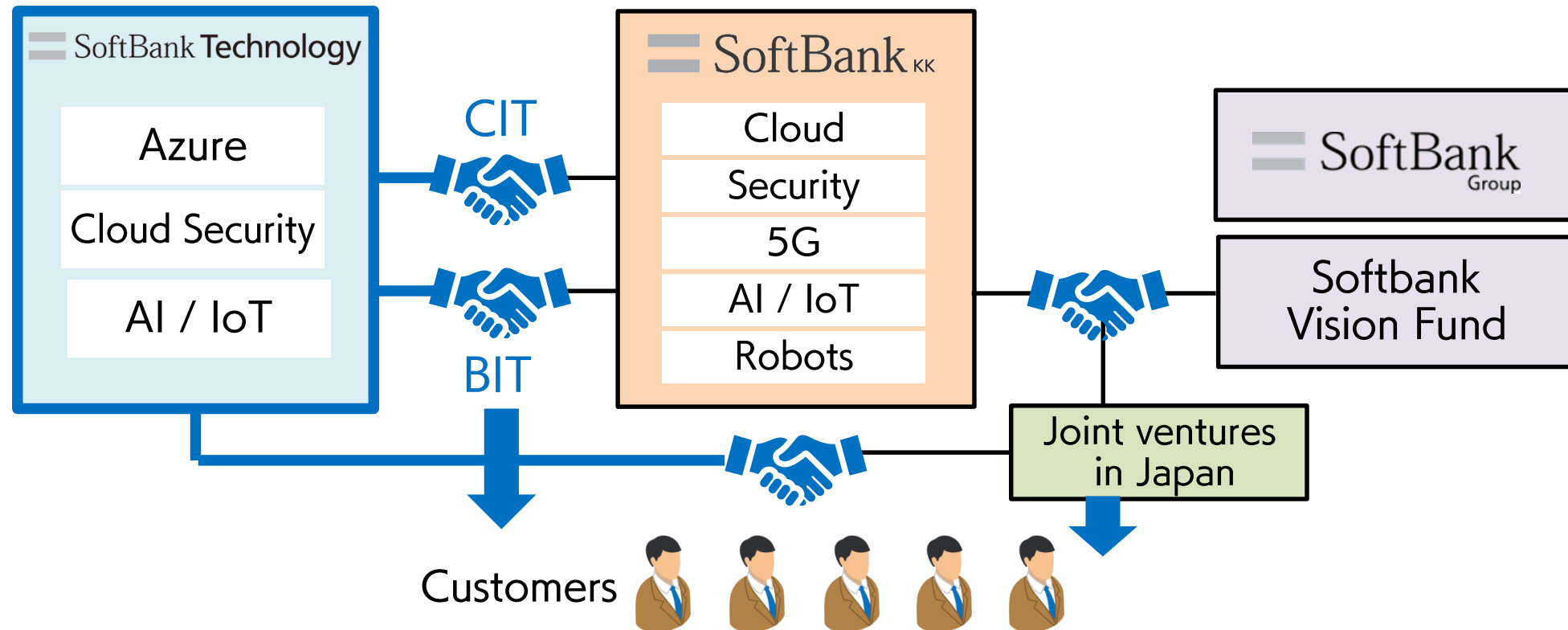
- ① Accelerate the cloud shift and digital transformation of existing customers
- ② Generate customer's businesses cooperatively by IoT and emerging technologies
- ③ Shift to scrum development process with customer



# Business Opportunities: Collaboration with SoftBank KK

- Generate synergy business in Japan

- ✓ Collaboration between SBT's technological domains and SBKK's business domains
- ✓ Offering technological and business support to SoftBank Vision Fund's joint venture in Japan




# Priority Issues and Envisioned Growth of Individual Segments

Aim for BIT and CIT accounting for 50% of net sales



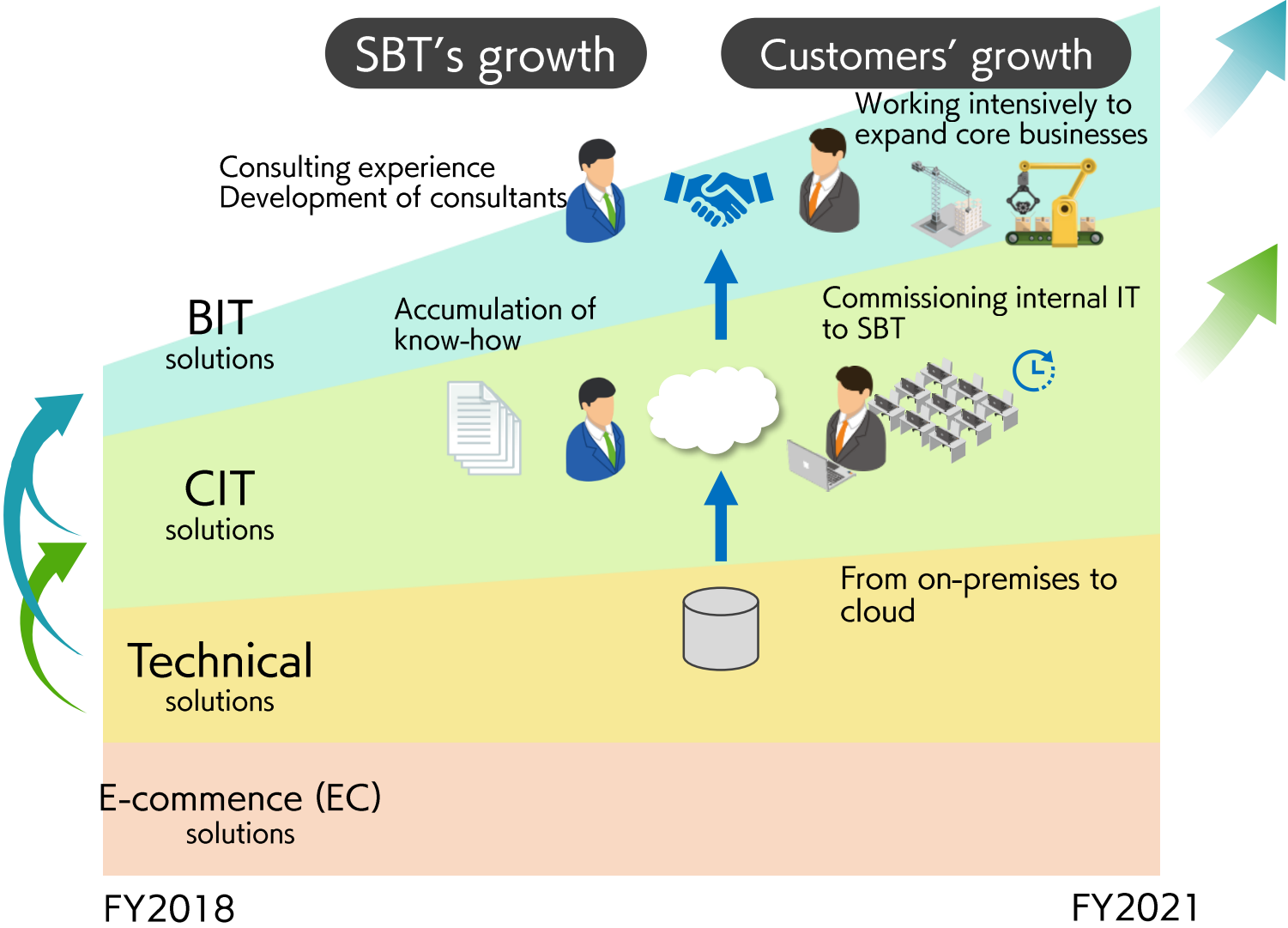
Consult and  
Generate Biz IT

Combining customers' businesses  
with technologies to  
collaboratively create businesses



Be a service provider  
for Corp IT

Introducing cloud to shift from  
individual projects to CIT  
services





# Targeted Management/Dividends

# Targeted Management Indicators

## FY2021 Management Indicators

- Operating income of **4.3 billion yen**  
(20% CAGR from FY18/2.5 billion yen as a starting point)
- Business IT & Corporate IT to **50%**  
as a percentage of total net sales
- ROE of **13%**

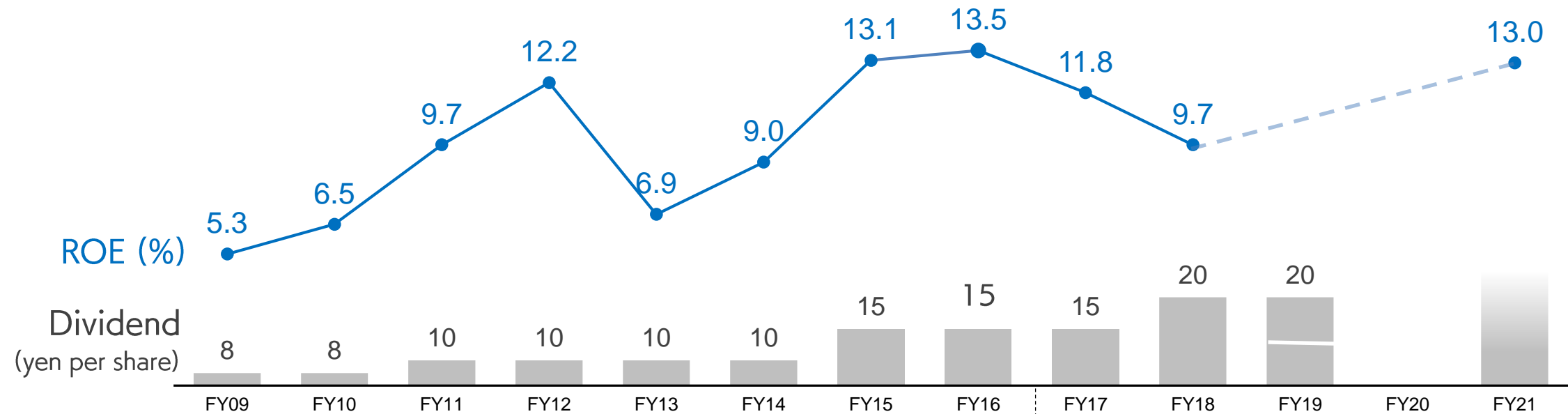
# Dividends

Pursue a policy of paying stable dividends while working to increase corporate

FY2018 Forecast  
15 yen per share  
-> 20 yen per share

FY2019 Forecast  
20 yen per share,  
divided into two, i.e.  
interim and year-end  
dividends

FY2021  
ROE target of 13%



SBT conducted a two-for-one share split of its common stock on June 1, 2017. Accordingly, the dividend amounts shown above reflect the adjustments.

# Information Revolution, Happiness for Everyone

- Technologies Design the Future -

 SoftBank **Technology**