

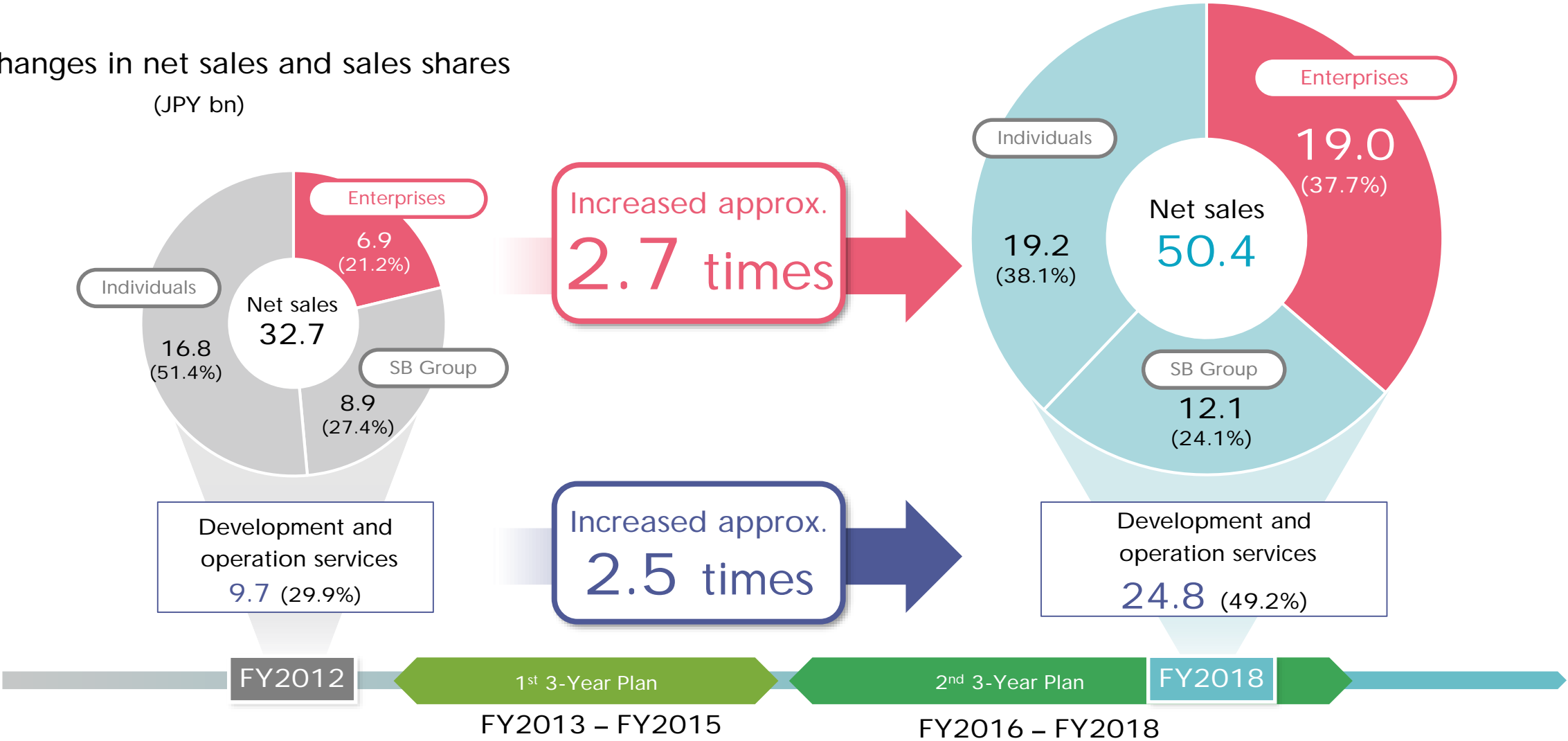
# Medium-Term Management Plan SBT Transformation 2021



# Business Reforms in First and Second Medium-Term Management Plans

Focus on development and operation services for enterprises.

Changes in net sales and sales shares  
(JPY bn)



# Changes under Second Medium-Term Management Plan (non-consolidated)

(JPY bn)

FY2016

FY2018

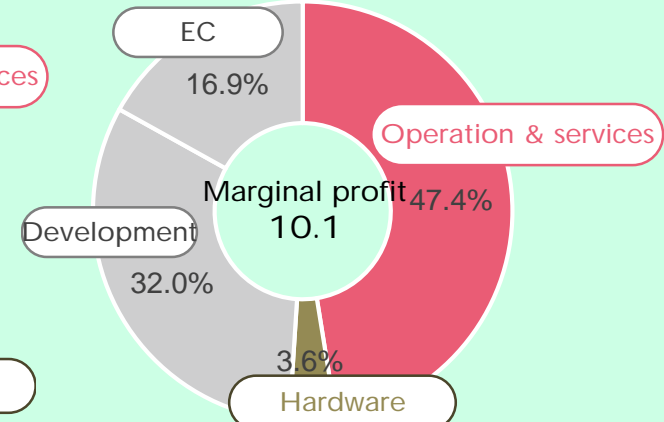
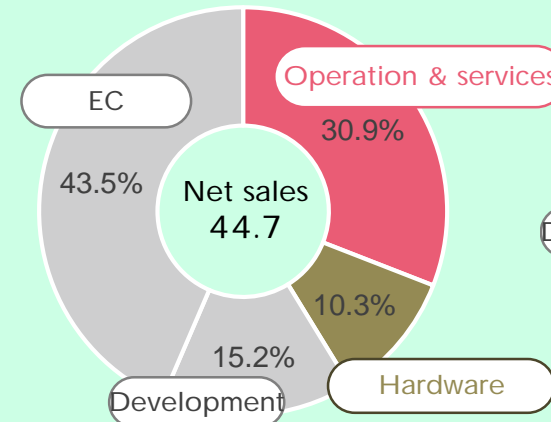
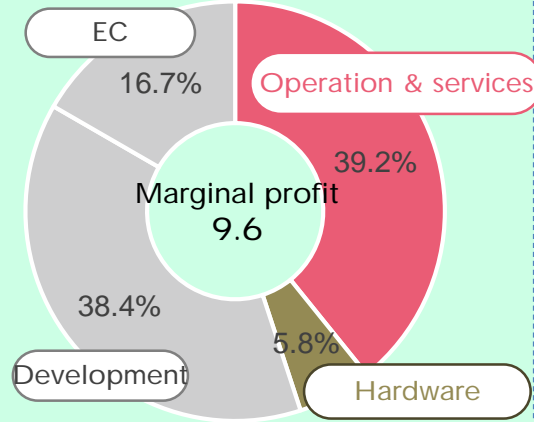
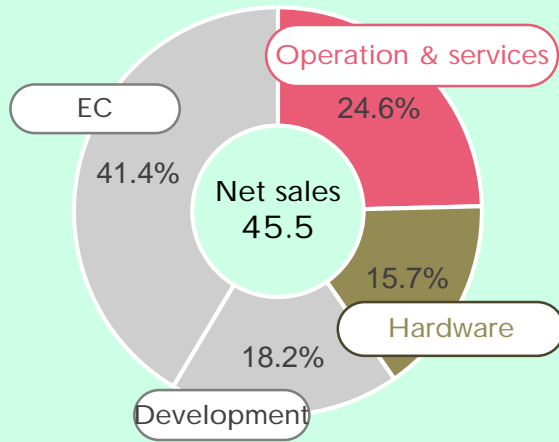
Net sales shares

Marginal profit shares

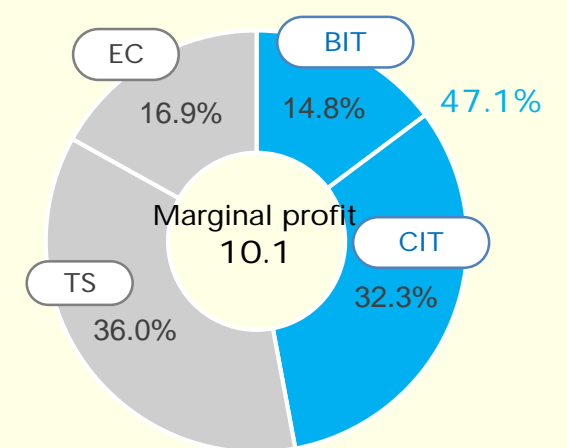
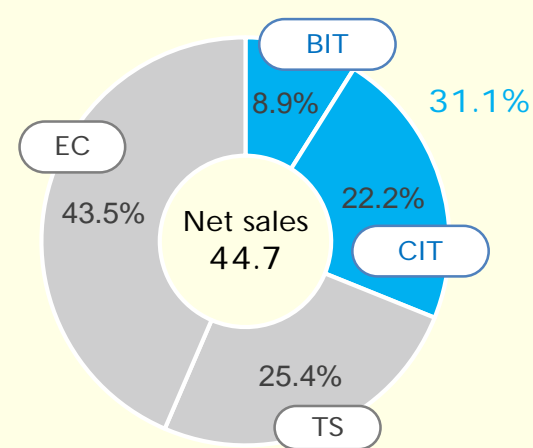
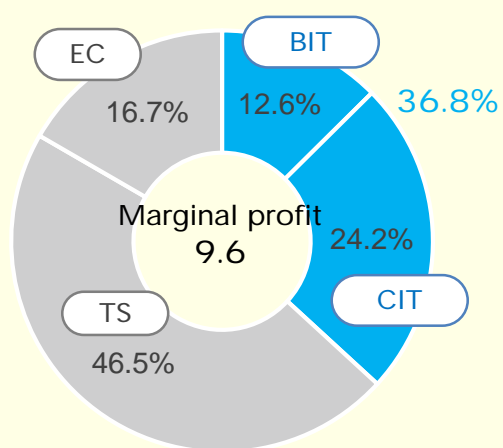
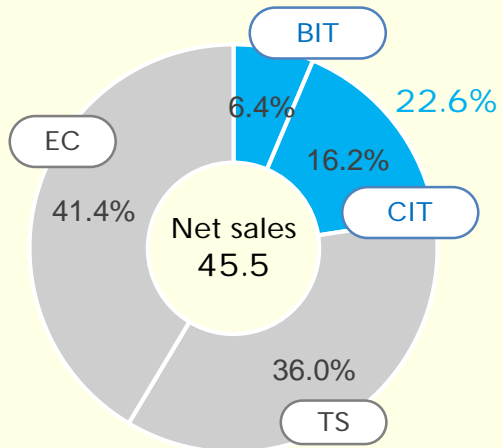
Net sales shares

Marginal profit shares

By business type



By solution type



\* New solution categories from FY2019 onwards

# Progress in Addressing Priority Issues under Second Medium-Term Management Plan

## Actions towards top priority indicator targets and results

Focus businesses' net sales, operating income and operating income share

## Events

Results and achievements of actions

### Cloud integration



Performance of focus businesses  
Changes from FY2013 (as first year of First Medium-Term Management Plan)

- 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%

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



### IoT business development

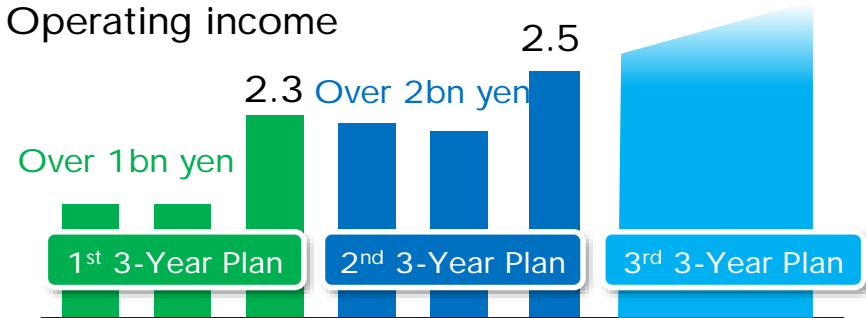


- Greater expenses for PoC and service development
- IoT business contribution expected for the following fiscal year or thereafter

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



### Build a solid profit structure



- 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

# Transformation 2021



# Formulation of Corporate Philosophy *Vision 2030*

Jul. > Aug. > Sep. > Oct. > Nov. > Dec. > Jan. > Feb. > Mar. > Apr.

## Start of project



Jul. 13: SBT summit  
Vision 2030 Project announced

Aug. 1: Project outline announced

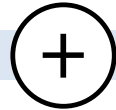
Aug. 20: Teams announced

Sep. 18: Participation schedule  
announced

Oct. 1: Work details announced

## Companywide work

Three issues in  
preliminary work



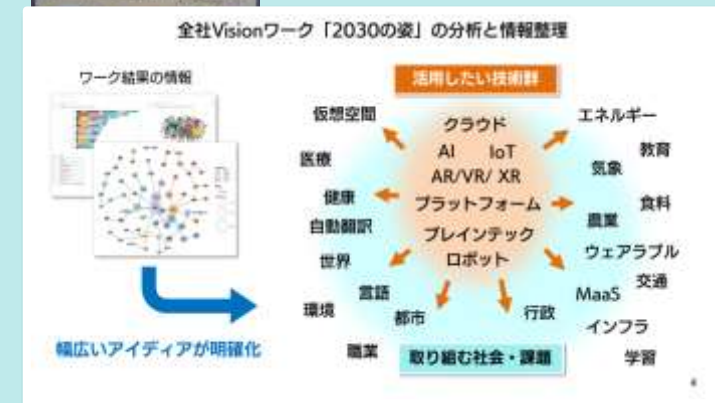
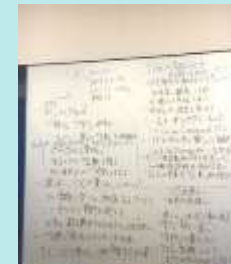
Workshops

A total of 10  
three-hour workshops  
undertaken by  
**around 760**  
participants  
in around  
**130** teams

## Study by executives

Executives had a total of 12 discussions  
on the basis of the work results.

- Discussions with administrative offices
- Discussions in separate teams
- General discussions



Announced on Apr. 1

# 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

# 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

Tsunagu



# 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 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 service provider for Corp IT



Consult and Generate Biz IT



Listed on OTC  
Listed on TSM



Sales/Development of e-commerce and IT product

System integration

Platform solutions

E-commerce services

Defining Key Drivers



Cloud Security DM

Business transforms



Business size Emerging technologies Management system

Cloud integration



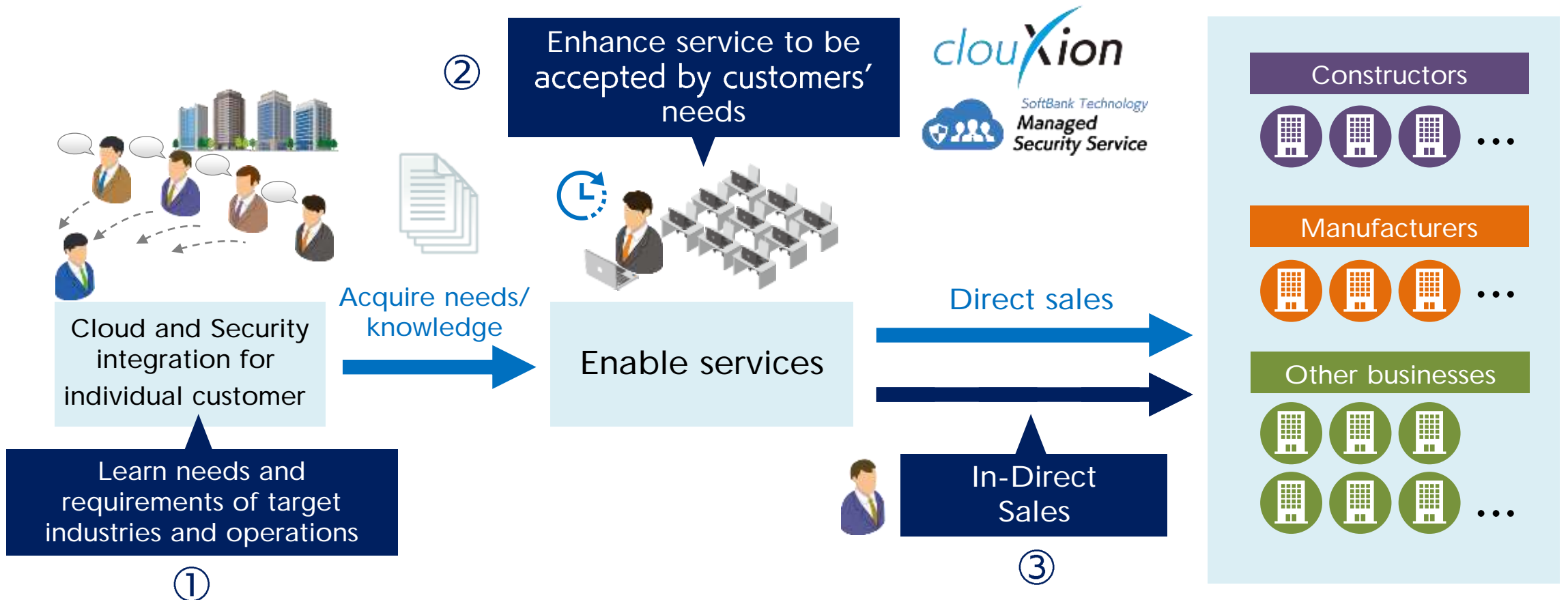
IoT biz development



# Goal 1 : Be a Service Provider for Corp IT



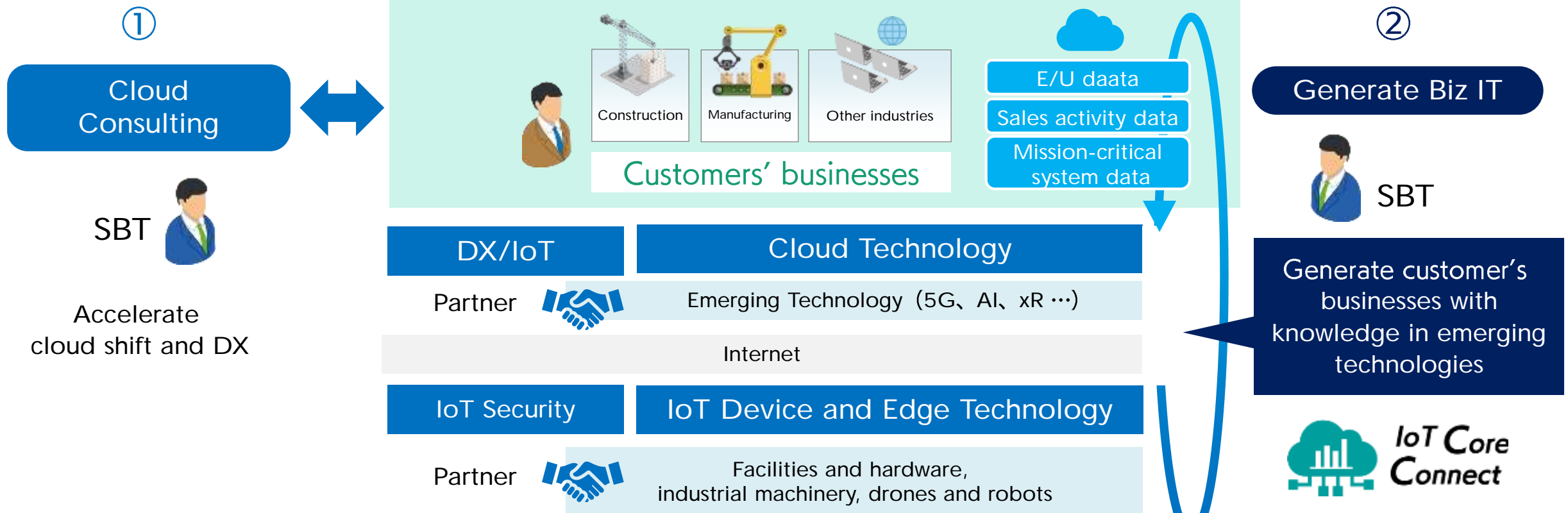
- ① Concentrate on enterprise cloud and cyber security integration into services
- ② Accelerate enterprise cloud and cyber security services
- ③ Execute certainly in-direct sales business with own services



# 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

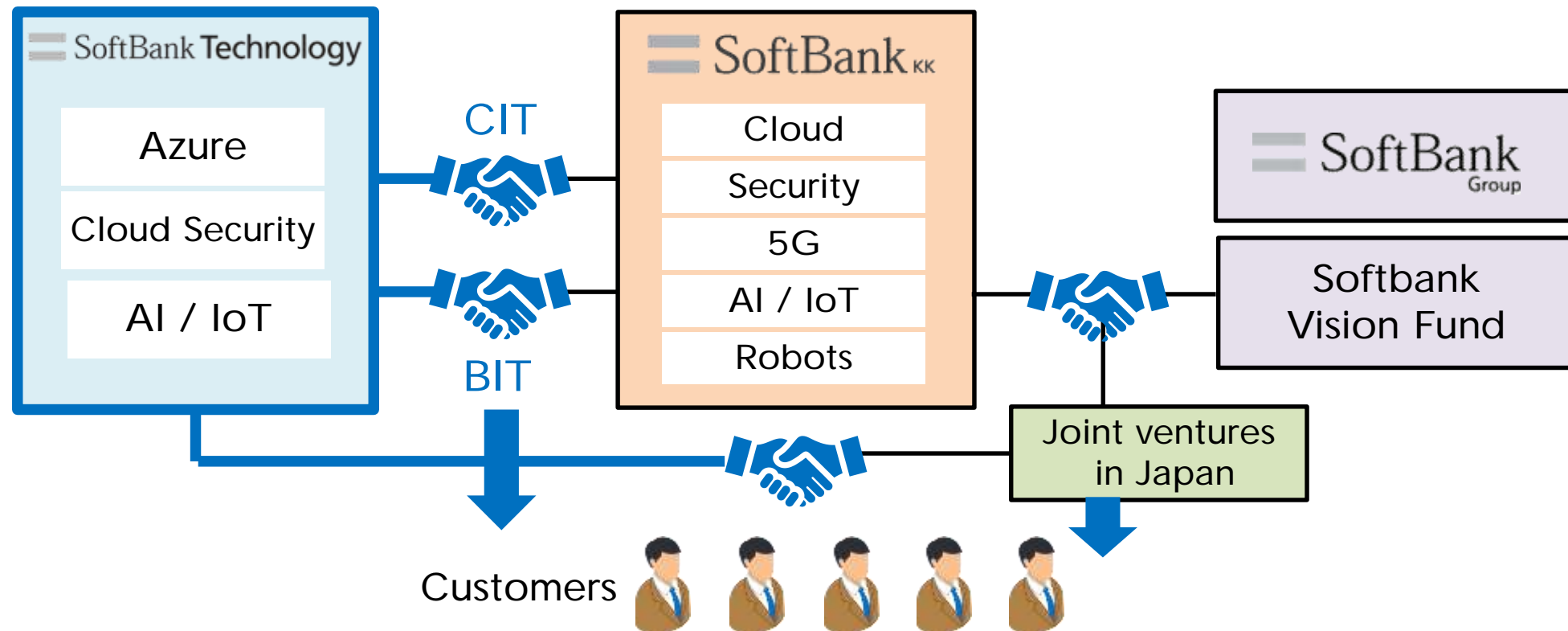


- ③ Shift to scrum development process from waterfall model

# Business Opportunities: Collaboration with SoftBank KK

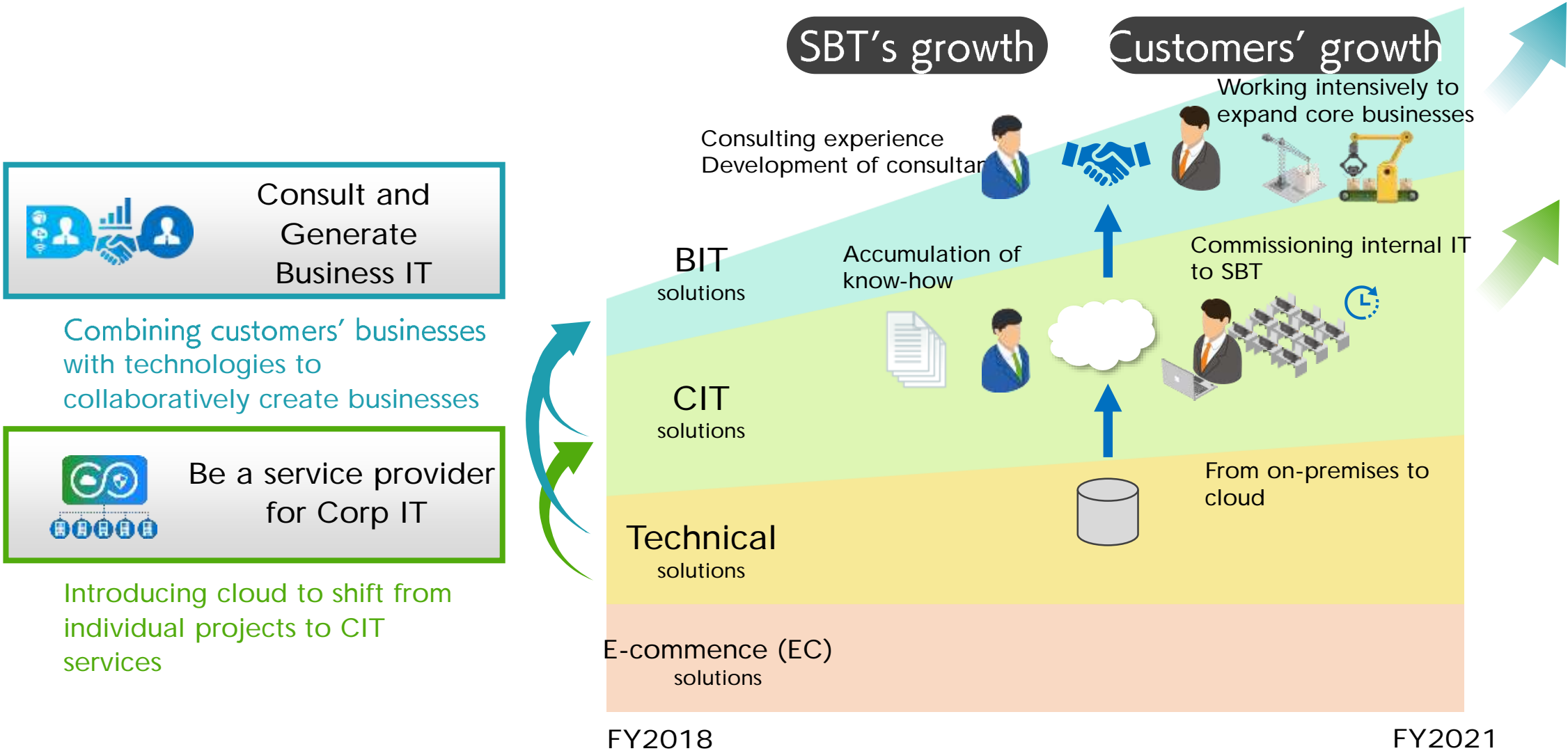
- Generate synergy business in Japan

- ✓ 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



# Targeted Management Indicators and Key Themes

## 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%**

### [Key Themes]

Be a service provider  
for Corp IT



- (1) Concentrate on system introduction and development projects that lead to the development of services
- (2) Enhance and upgrade cloud and security services for enterprise
- (3) Establish and strengthen partner sales

Consult and  
Generate  
Business IT



- (1) Adopt cloud computing and IoT in existing businesses
- (2) Collaborate on new businesses utilizing IoT
- (3) Further the penetration of scrum development

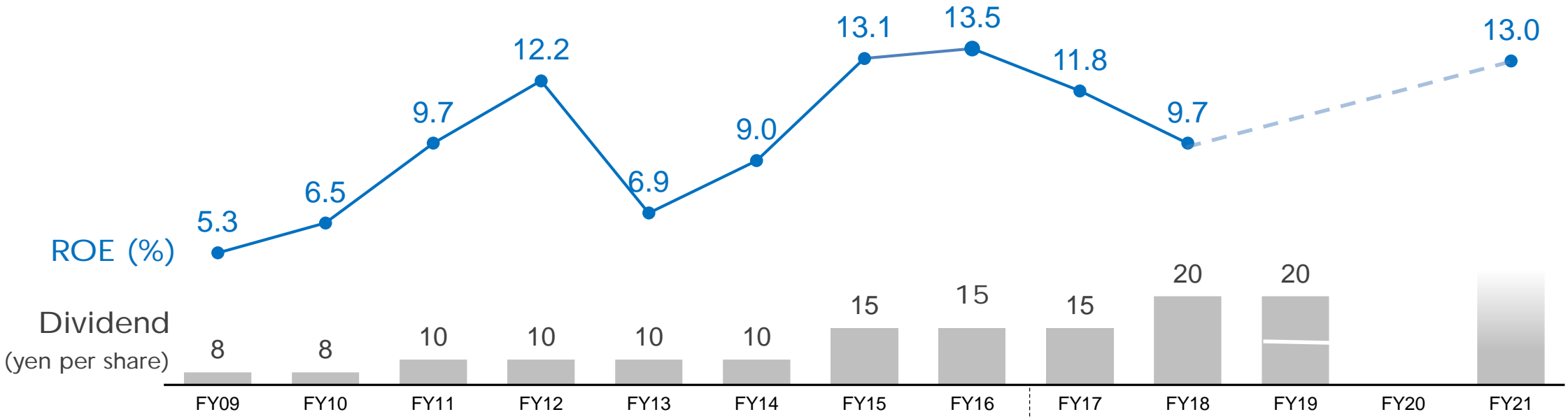
# Dividends

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

FY2018 Forecast -> 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.



# Important Information about this Presentation

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1. Given that the service categories for some solutions were revised, net sales and marginal profit figures in individual service categories for the previous and earlier fiscal years are calculated in accordance with the current calculation method.
2. The figures displayed in diagrams in this material may differ from the figures stated in summaries of consolidated financial reports due to the treatment of fractions.
3. Partial Amendments to Accounting Standard for Tax Effect Accounting, etc. apply to accounting from the beginning of the first quarter of the fiscal year under review onwards.

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# Information Revolution, Happiness for Everyone

- Technologies Design the Future -

 SoftBank **Technology**