Throughout its history, SoftBank has evolved in tandem with the evolution of telecommunications technology. Particularly since entering the mobile communications business, we have been creating innovative, customer-focused services and leading the development of telecommunications services in Japan. For example, we introduced White Plan, which enables free calls between SoftBank subscribers at certain times of the day, and we acquired exclusive sales rights for iPhone. Going forward, SoftBank will earn further customer endorsement by continuing to take on far-sighted innovation and by delivering services that satisfy even more customers.
Aiming to Become a Company that Drives the Information Revolution to Make the World a Better Place

Ken Miyauchi
President & CEO
SoftBank Corp.

My Vision as CEO

Surpassing Operating Income of ¥1 Trillion

As I mentioned in my introduction to this report, SoftBank belongs to an industry characterized by extremely high-paced technological evolution. In the past 20 years, the ICT industry has seen the emergence of a series of new technologies for PCs, the internet, mobile phones, and smartphones, all of which have spread worldwide with an explosive speed. As technology evolves on an almost daily basis, companies must constantly change the arena in which they compete. Unfortunately, there are many examples of companies whose success in one era has in fact hampered their ability to remain competitive in the next paradigm shift and resulted in their being overtaken by newcomers.

Amid these conditions in the ICT industry, SoftBank has grown swiftly by being the first to identify shifts in technology and by creating a stream of new business models and new products and services with added value. For example, anticipating the advent of the internet era, in September 2001 we launched Yahoo! BB, which provided a high-quality, high-speed broadband service at an affordable price. Thanks to the pioneering sales methods of our “parasol” promotional team, the number of Yahoo! BB subscribers grew exponentially. As a result, the service became instrumental in Japan’s creation of one of the world’s most advanced internet environments. Similarly, we ushered in the spread of smartphones in Japan by foreseeing the mobile internet era and successfully obtaining exclusive sales rights to the popular iPhone 3G from U.S. company Apple Inc. in July 2008. Since SoftBank entered the mobile business by acquiring Vodafone K.K. 13 years ago, the Company has tripled subscribers and increased its operating income by a factor of 10.

At present, we are on the threshold of a new era—the AI and Internet of Things (“IoT”) era. We are already within reach of the era in which all manner of things will be connected to IoT. Moreover, AI will use the huge volumes of IoT-generated data to conduct analysis and formulate predictions. At a stroke, ways of doing business and industrial processes will be transformed. Consequently, change on a scale never experienced before is set to sweep through society more swiftly than when smartphones became ubiquitous in the previous era. SoftBank takes pride in the fact that it has always remained abreast of new technology and leveraged each paradigm shift to grow further. For this reason, we see the forthcoming paradigm shift in the AI and IoT era as a major opportunity for additional growth.

I just mentioned that we have grown operating income tenfold in 13 years. However, I have absolutely no intention of halting here. Within a few years, we will reach the ¥1 trillion operating income target announced in May 2019. Actually, for employees we have set the bar for operating income even higher. I have formulated these targets because the role of a business leader is to establish an overriding vision and then show how to achieve it.

<table>
<thead>
<tr>
<th>Mobile Subscribers (Millions of subscribers)</th>
<th>Operating Income (Billions of yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Threefold increase in 13 years: 44.54</td>
<td>Tenfold increase in 13 years: 719.5</td>
</tr>
<tr>
<td>2016: 15.21</td>
<td>2019: 719.5</td>
</tr>
</tbody>
</table>

Note: Figures include main subscribers (smartphones, feature phones, tablets, mobile data communications devices, Wireless Home Phone, and others), communication modules and others, and PHS (Personal Handy-phone System).
Since 2017, I have often cited our Beyond Carrier strategy, which encapsulates our ambition to become more than a telecommunications carrier. While growing our core telecommunications business even further, we will leverage 5G (fifth generation mobile communications system), AI, IoT, and big data to create new businesses. In recent years, the telecommunications business has been the driver of SoftBank’s growth. Nonetheless, “Information Revolution — Happiness for Everyone” remains our true focus. Setting out the Beyond Carrier strategy has given us aspirations and an outlook that transcend the boundaries of a conventional telecommunications carrier.

Moreover, we added even more impetus to the Beyond Carrier strategy by making Yahoo Japan—one of Japan’s largest internet companies—a subsidiary in June 2019. Our mobile business for consumers often receives attention, but, in fact, with the addition of Yahoo Japan, businesses other than mobile telecommunications services for consumers now account for more than 60% of SoftBank’s revenue. Thus, we are no longer simply a telecommunications carrier. In addition, we are creating a series of businesses in new fields through collaboration with major AI companies worldwide in which our parent company SoftBank Group has invested and various other companies at home and abroad.

In short, our growth strategy entails growing all three areas: the telecommunications business, Yahoo Japan, and new business fields.
Increasing Smartphone Subscribers Essential for Growth

Firstly, I will explain the strategy of the telecommunications business, our core business. Recently, concerns have been expressed as to whether the telecommunications business can achieve any more growth. However, I am confident in its potential for further growth. The key is to increase smartphone subscribers.

For several years, we have been predicting an era of “100% smartphone penetration.” In my view, the time is sure to come when every Japanese person has a smartphone. It is well known that in the 2G era mobile phones were really just devices for making calls and sending messages. In the 3G and 4G eras, the increasing prevalence of smartphones resulted in more people using their handsets to enjoy videos, games, and other forms of entertainment that take advantage of the new ultra-high-speed, large-capacity telecommunications services. The linking of all sorts of devices as IoT services spread in earnest will increase the importance of smartphones as interfaces for operating and managing these services and devices. In such ways, smartphones are set to become even more embedded in and essential for day-to-day life.

Meanwhile, in Japan approximately 65% of consumers own smartphones, and only about 40% of enterprises use them. Clearly, then, there is room for significant growth. Aiming to tap into this potential, SoftBank will focus particular efforts on a smartphone strategy that makes smartphones the growth driver of the telecommunications business.

SoftBank’s Three Brands

Having three clearly differentiated brands is a major advantage for SoftBank’s mobile business. The SoftBank brand targets those who use their smartphones frequently. Y!mobile is for light users, while LINE MOBILE focuses on students and the younger generation. Customer needs are diversifying with every passing year. In response, we launched Y!Mobile in 2014 and LINE MOBILE in 2018. In each smartphone category, we are forging ahead with strategies aiming for the No. 1 market share.

While taking measures to acquire new subscribers, we are concentrating efforts on reducing the churn rate. In the fiscal year ended March 31, 2019, we achieved a record low average churn rate of 0.83%. In particular, roughly half of our smartphone subscribers also subscribe to Home Bundle Discount Hikari Set, which provides a bundle discount on mobile telecommunications and broadband services and is contributing significantly to churn rate reduction.

As a result of these initiatives, cumulative smartphone subscribers increased by 10% year on year to 22.08 million as of March 31, 2019. After launching Y!Mobile, we initially struggled with the accompanying decrease in ARPU (average revenue per user). However, we tackled this initiative because we needed a low-priced brand to compete with mobile virtual network operators (MVNOs).** Thanks to our introduction of the low-priced Y!mobile brand ahead of competitors and our multi-brand strategy, the three brands have clear targeted customer segments and steadily expanded subscriber bases respectively. Going forward, we will continue migrating feature phone users to smartphone users, therefore growing the number of smartphone subscribers and realizing “100% smartphone penetration.”

** MVNOs offer telecommunications services under independent brands by leasing a certain amount of network infrastructure from mobile network operators engaged in the provision of mobile phone and other services.
Our growth opportunities are not limited to smartphones. I feel that there are major opportunities in broadband services. For example, demand for 4K and 8K broadcasting is increasing. Given that broadband is required to view such broadcasts, we expect to acquire additional subscribers. Further, we have great expectations for the growth of the home-use Wi-Fi service SoftBank Air, which does not require any installation work. By simply placing a dedicated terminal in their residence, customers can use broadband throughout their homes. The ease with which broadband services can be accessed is proving hugely popular, and subscribers are increasing very rapidly. Looking ahead, when SoftBank Air begins using the 5G network, even more users will be able to access large-capacity broadband services consequently.

Broadband Services

Expanding the Solutions Business to Double Operating Income

The Enterprise segment provides a wide range of services and solutions. In addition to telecommunications services such as mobile telecommunications services, device rentals, fixed-line telephones, and network construction, the segment offers cloud services, digital marketing services, and security services.

I am particularly excited about the use of IoT, robotics, AI, and cloud services in the solutions business of the Enterprise segment. The segment has the advantage of being able to provide clients with cutting-edge services by leveraging outstanding marketing power, a robust client base that comprises business relationships with 94%*3 of Japan’s major corporations, and collaboration with the investee companies of SoftBank Group. Under our current Digital JAPAN slogan, we aim to solve such social issues as a declining working population and the need for disaster countermeasures through digital transformation.*4 Although the goal may seem a little grand, we will exploit our unique strengths and partner with an array of companies inside and outside Japan to develop and market a steady stream of new business solutions. For example, in the AI field SoftBank’s cloud services platform has been selected for use in a project tasked with “The Establishment of an AI Development Support Platform”, which is being led by the Ministry of Land, Infrastructure, Transport and Tourism. The aim of the project is to enable businesses to develop and offer high-quality AI services in a cost-effective manner.

SoftBank Hikari and SoftBank Air Even Further

The Enterprise segment includes broadband and internet services, such as SoftBank Hikari, the home broadband solution, and SoftBank Air, the mobile broadband service. These are the levels as of September 2019. For further details on the plan, please refer to the Note. SoftBank Air subscribers are included in SoftBank Hikari subscribers.

Enterprise Segment

Broadband services

SoftBank Hikari and SoftBank Air

Please refer to the note for details. The numbers of SoftBank Hikari and SoftBank Air subscribers are included in SoftBank Hikari subscribers.
the project is to heighten the efficiency of infrastructure maintenance through the use of AI for the analysis of image data from aged bridges and tunnels. Also, the AI-enabled cleaning robot Whiz—which SoftBank Robotics Corp. and SoftBank Group invested Brain Corp developed by combining AI and robotics technology—is selling steadily. Already, multiple companies, including MITSUBISHI ESTATE CO., LTD., have begun using the robot. In the IoT field, a great variety of companies are supported by SoftBank IoT Platform, jointly developed by our enterprise- and technology-related divisions. Moreover, at a stroke SoftBank has increased IoT services that it can provide by combining this platform with the data analysis platform of SoftBank Group subsidiary Arm Limited and by linking SoftBank IoT Platform with application programming interfaces (APIs). In another initiative, we have been collaborating with the major architectural firm Nikken Sekkei Ltd. to integrate IoT into buildings since 2017. The aim of the initiative is to reduce the costs arising from energy consumption and maintenance by using IoT, AI, and robotics to automate the control of air-conditioning and lighting, ease elevator congestion, replace 24-hour manned security, automate periodic inspections, and anticipate congestion. Further, in July 2019 we announced a business alliance with AION KYUSHU Co., Ltd., aimed at using ICT to raise the efficiency of the product home delivery operations of the company’s online supermarket business, which is seeing demand grow as dual-income households increase and society ages.

Thus, while many of our co-creation projects that involve the utilization of AI, IoT, robotics, cloud computing, and other technologies are still at the proving test stage, the scope and number of these projects are increasing constantly. A testament to this growth is the fact that the solutions business posted a 12% year on year increase in revenue in the fiscal year ended March 31, 2019. That being said, there are still a host of social issues that must be solved through digital transformation. In other words, business opportunities for the Enterprise segment are burgeoning. By increasing profitability in solutions businesses and growing existing businesses, in the 2020s SoftBank aims to double the operating income of the Enterprise segment compared with that of fiscal year ended March 31, 2019.

Examples of Enterprise Segment Initiatives

- **AI-enabled cleaning robot**
- **Data analysis platform**
- **Labor-saving infrastructure inspection**
- **Creation of smart buildings**
- **Increasing logistics efficiency**

SoftBank is proactively advancing initiatives in relation to 5G, the next generation of telecommunication standards. In July 2019, we became the first company to offer 5G services at a music festival in Japan by providing 5G at FUJI ROCK FESTIVAL ’19, one of the country’s largest open-air rock festivals. Also, in August we used 5G and virtual reality and augmented reality technologies to provide multi-angle live broadcasting of an international basketball game involving Japan’s national team. Our plans call for the introduction of 5G commercial services in March 2020.
Yahoo Japan Approaching a Major “Metamorphosis”

In June 2019, SoftBank made its former Group fellow subsidiary Yahoo Japan a consolidated subsidiary. Yahoo Japan is one of the largest domestic internet companies, boasting more than 90 million users*. The company has a portfolio spanning a diverse range of fields and comprising more than 100 services. These include Yahoo! News, e-commerce websites such as YAHUOKU! and Yahoo! Shopping, Yahoo! Finance, Yahoo! Car Navi, and the GYAO! video transmission service.

Before Yahoo Japan became its subsidiary, SoftBank pursued business collaboration with the company as a fellow subsidiary. Particularly in the last few years, the two companies have become closer. Once a fortnight, I hold candid discussions with Yahoo Japan's management team. Until now, our initiatives have primarily been e-commerce tie-ups offering special benefits to SoftBank customers when they use Yahoo Japan's e-commerce services. In just the two and a half years since we began these collaborations, 14 million SoftBank users have linked with a Yahoo! JAPAN ID, thereby significantly boosting the sales of Yahoo! Shopping.

The success of PayPay prompted our decision to make Yahoo Japan a subsidiary. PayPay Corporation is a joint venture that SoftBank and Yahoo Japan established in June 2018, and the new company began offering services only four months later. Despite being a latecomer to the QR code payment services field, PayPay shot to prominence, becoming Japan’s most recognizable payment service just four months after becoming available. In 14 months after the launch, the service surpassed 20 million registered users. This success is attributable to the development ability of Yahoo Japan's IT engineers, the affiliated store development enabled by SoftBank's sales power, and the technology provided by SoftBank Group investee and major mobile payment service provider One97 Communications Limited (Paytm) of India. PayPay confirmed that when SoftBank and Yahoo Japan join forces the sky is the limit. The inclusion of Yahoo Japan as a subsidiary will enable SoftBank to deploy and leverage the management resources of both companies—including personnel, physical assets, financial assets, and information—more strategically. As well as growing each other’s businesses, the companies will rapidly grow new businesses. In frontline operations, we have already established various working groups, which are conducting exploratory discussions. In the second quarter of the fiscal year ending March 31, 2020, Yahoo Japan’s commerce business grew robustly, recording an approximately 12% year on year increase in e-commerce transaction value. Nonetheless, I believe that there is still plenty of scope for growth. I say this because e-commerce penetration in Japan is only 6%. The United States, birthplace of the global e-commerce service Amazon, only has 10% e-commerce penetration. Even in China, sometimes dubbed the leading country in e-commerce, the figure is just around 20%. By enabling augmented and virtual reality technologies and widespread drone delivery, SO networks will facilitate transformation of the e-commerce shopping experience. These advances promise to generate a wave of e-commerce penetration that will also lift the growth of Yahoo Japan’s e-commerce business.

The media business is a field where we have not pursued many business collaborations. However, we expect to create significant synergies in this field. By leveraging SoftBank’s sales power, we will greatly increase Yahoo Japan’s advertising revenue and content revenue.

In addition, we will begin working in earnest to develop the fintech business centered on PayPay. As SoftBank also has a fintech business, both companies will make effective use of their resources to realize growth in this field.

Further, a little-known fact is that Yahoo Japan has approximately 3,000 talented software engineers. Given the difficulty of securing IT personnel at present, the acquisition of these human resources is of great significance. Meanwhile, SoftBank has approximately 5,000 network engineers. Therefore, with our sights set on the advent of a full-scale IoT era, we are promoting interactions among these two groups of engineers. Through the development of “hybrid” engineers with expertise in both networks and applications, we will market differentiated IoT solutions.

I believe that Yahoo Japan is approaching a major “metamorphosis” and that the future is extremely bright for the company. SoftBank will exploit its own telecommunications technology, Yahoo Japan’s expertise in internet services, and the cutting-edge technology of SoftBank Group’s cluster of AI investee companies to realize growth in this field.

*1: This was the average number of daily unique browsers in the fiscal year ended March 31, 2019. The number comprises the cumulative total number of browsers accessing Yahoo! JAPAN. With respect to smartphones, access via browsers and access via applications are counted separately, even if there is an overlap in users.

*2: The figure is from “FY2018 Survey of Infrastructure Development Status for Data-driven Society in Japan (E-Commerce Market Survey)*1, the Ministry of Economy, Trade and Industry, issued in May 2019.
Scenarios Only SoftBank Can Realize

SoftBank has an abundance of vital resources to foster new businesses. These resources include a sales force, engineers, stores, and telecommunications infrastructure that SoftBank has developed in its telecommunications business. In creating new businesses, one of our greatest advantages is our solid customer base comprising more than 40 million mobile subscribers, of whom over 22 million are smartphone subscribers, and business relationships with 94% of major corporations in Japan. By leveraging these strengths and establishing joint ventures through collaboration with the major companies that SoftBank Group invests in as well as with a variety of business partners inside and outside of Japan, we are rolling out the world’s leading business models and technologies in Japan. In summary, these are growth scenarios that only SoftBank can realize because of its unique position as the major operating company within SoftBank Group and it owns the telecommunications business that provides a rock-solid platform.

Representative examples of such rollouts of new business models and technologies are the smartphone payment service PayPay, the AI taxi-hailing platform DiDi, the state-of-the-art, community-centric workspaces offered under the WeWork brand and the initiative to develop next generation mobility services MONET with the aim of bringing about an autonomous driving society. Each of these businesses has successfully launched vertically in Japan and grew significantly in only about one year after launch. While these services tend to be eye-catching because they are brand new and innovative, I believe the reason they have become popular quickly worldwide is because they ingeniously alleviate “pain points” that cause difficulties and dissatisfaction for everyone in daily life. Similarly, OYO, our recently launched groundbreaking service for hotels, uses the power of IT and AI to eliminate the “pain points” of small and medium-sized hotels lacking the time and resources to attract customers via the internet or to remodel facilities. A great many of our projects are still at the investment stage. We expect these new businesses to contribute to profitability in a few years. Moreover, the success of PayPay and WeWork has led to me receiving a steady stream of proposals from SoftBank Group and it owns the telecommunications business that provides a rock-solid platform.

Our Main Partnerships

Collaboration with SoftBank Vision Fund Investees

Collaboration with Other Partners

Note: All figures are as of March 2019.

*1 Mobile subscribers include main subscribers (smartphones, feature phones, tablets, mobile data communications devices, Wimax Alone Phone, and others), communication modules and others, and PHS (Personal Handy-phone System).

*2 Integrated service that combines DiDi service using the wholesale fiber-optic connection of NIPPON TELEGRAPH AND TELEPHONE EAST CORPORATION (hereafter, “NTT East”) and NIPPON TELEGRAPH AND TELEPHONE WEST CORPORATION (hereafter, “NTT West”) with an Internet Service Provider (ISP) service.

*3 This is an approximate proportion of the listed companies with annual revenue of ¥100 billion or more that have transactional relationships with the company (914 of 970 listed companies).

*4 This figure includes directly owned stores, dealers, mass electronics retailers, and stores offering multiple options.
At the same time as advancing growth strategy, SoftBank is tackling structural reform. Four years ago, I set out the “Half & Twice” slogan, which calls on the Company to reduce the number of business processes and costs by half and to double productivity and creativity. In this initiative, we review existing work processes and then eliminate inefficiencies, incorporate creative solutions, and leverage the power of robotic process automation (RPA), AI, and IT to reduce two-hour jobs into one-hour jobs, thereby doubling the output per hour. We want to entrust routine tasks to robotics and save employees for high-value-added and creative work. Since 2018, I have been talking about “Shifting 40% of personnel.” This measure entails increasing work efficiency so that we can then transfer 40% of the employees in the telecommunications business to new business fields. Guided by the Beyond Carrier strategy, new businesses are being continuously established. As a result, we are in constant need of personnel to work in new fields. Employees will take advantage of the skills they have developed in the telecommunications business to make important contributions in such roles as developing systems for PayPay, conducting sales and marketing for WeWork, participating in the establishment of new companies, and transferring to new roles for new businesses within SoftBank departments. Already, we have reassigned several thousand employees from the telecommunications business to new fields. To accelerate these initiatives, we have started a project to create 4,000 “digital workers” to free up personnel by using robotic processors to replicate work of humans. Going forward, all employees will work in a united manner to advance structural reform.

The Rationale Embedded in Our Management Strategy

Only Work Leading to Innovation Will Survive

As technologies such as 5G, AI, and IoT accelerate the pace of change, companies, no matter how large they are, can go under instantly if they are not fast enough to adapt to this change. In some cases, the very fact that a company has successfully achieved a major innovation in the past hampers its ability to respond effectively to the next wave of change. To avoid this pitfall, I often refer to a four-quadrant matrix comprising a Growth Strategy, Structural Reform, Evolution, and Multiplication. When talking to employees about the matrix, I often cite the importance of Evolution. As time passes, organizations inevitably become outdated, and if they are satisfied with where they are, evolution stops. Before such organizations realize, they may find they are not able to keep up with the pace of technological change anymore. There is always such danger. When business results begin to decline, it is already too late. To avoid this kind of situation, as I mentioned earlier, we must launch new businesses and continue to motivate our employees while constantly energizing our organization through structural reform.

I want our employees to have a strong sense of ownership. Evolution occurs the moment that personnel with a strong vision of how they are going to change society over the coming 10 or 20 years break into a new field. I would even go so far as to say that members of the management team and all of our managers who cannot trigger innovation do not have existential value. We cannot survive if our work does not generate innovation. With this in mind, I want to establish an organization with a compensation system that, regardless of age, reflects the contributions of employees who have an appetite for challenges, eagerly absorb knowledge and know-how in new fields, and create new value. Of course, I am not suggesting that employees approach things recklessly. To enable all employees to work efficiently and enjoyably, we are actively promoting workstyle reform under the slogan “Smart & Fun!”. I believe that we can help each employee “evolve” into an innovative and creative person by increasing productivity through the utilization of IT and AI and the adoption of diverse workstyles and by investing in the growth of each individual through the use of freed-up time for self-improvement, personnel exchanges, or communication with friends or family members. As for myself, I hope to consistently demonstrate that I am also taking on the challenge of “evolution.”
Maintaining a High Level of Shareholder Returns while Achieving Growth

I believe that providing returns to shareholders while increasing corporate value is an important management goal. Accordingly, we have established a dividend policy that calls for a high consolidated dividend payout ratio of approximately 85%. Generally, companies targeting growth curb shareholder returns and use capital to invest in growth. Conversely, mature companies often reduce investments and use capital for shareholder returns. SoftBank, however, aims to achieve both growth and high shareholder returns.

We are able to do this thanks to partnerships with SoftBank Group investee companies, which are a pillar of the Beyond Carrier strategy. These partnerships allow us to introduce to Japan business models that have already proven successful in the world. Consequently, SoftBank does not need to make the large-scale initial investments that are normally required when establishing new businesses. Thus, we can develop businesses with small amounts of capital, thereby realizing highly efficient investments.

Management Structure

Strengthening Governance and Risk Management Continuously

Strengthening Governance

SoftBank used its listing as an opportunity to appoint highly experienced corporate executives, attorneys, and certified public accountants as external directors. The external directors state frank opinions based on their experience and insight. In particular, they always provide detailed guidance and opinions with respect to decision-making processes and accountability. I feel that such guidance from outside our organization is necessary to promote understanding of our management strategy among more stakeholders. In particular, they always provide detailed guidance and opinions with respect to decision-making processes and accountability. I feel that such guidance from outside our organization is necessary to promote understanding of our management strategy among more stakeholders.

Strengthening Risk Management

Telecommunications services are part of the infrastructure of day-to-day life. In my view, risk management for such areas as telecommunications networks and the handling of information must be careful almost to the point of being neurotic. In addition, given that SoftBank will roll out a series of new services outside the telecommunications services field under the Beyond Carrier strategy, there will be an increase in the types of risks that the company must carefully monitor. Therefore, we have spun off the risk section of the General Affairs Division to create a discrete risk department, which provides reports based on a broader, more Companywide perspective. Naturally, we will increase the security of our networks even further. At the same time, SoftBank will visualize a range of different risks and bolster its risk alert system. While preventing problems from occurring is important, it is also important to shorten the lead time from occurrence of a problem through to the identification of its cause and the implementation of countermeasures. To this end, I want to rigorously utilize AI and otherledge technology. We will strengthen risk management on a day-to-day basis so that we can provide customers with safe, reliable services.

To Conclude

Determined and Ready to Tackle New Reforms

Whenever I am asked what our main business is, I do not reply “the telecommunications business.” Instead, I say that it is “Information Revolution — Happiness for everyone.” SoftBank’s history is one of resolving people’s “pain points” through pioneering initiatives. The Company’s history is also my history. As someone who has faced and overcome various kinds of challenges over the years, I have confidence to answer any question concerning SoftBank based on my own knowledge.

I habitually use backcasting to look ahead 10 years and then clarify what we should be doing now by calculating backward from that point in the future. As CEO, my responsibility is to make decisions, create work, and grow the Company. I have absolutely no intention of making excuses in this regard. At the same time, I often ask myself how real I can feel and understand employees’ dilemmas, frustrations, and other “pain points” that happen in frontline operations.

Ken Miyauchi
President & CEO
Initiatives in New Fields

By leveraging its network and platform as a telecommunications carrier and by working in partnership with the subsidiaries and investee companies of SoftBank Group Corp. and other major companies, SoftBank will roll out cutting-edge technologies and business models from around the world in Japan.

PayPay

Smartphone Payment Service

The provider of a smartphone payment service, PayPay Corporation was established as a joint venture by SoftBank and Yahoo Japan Corporation in June 2018. The new company received technology from Paytm, India’s largest mobile payment service provider, and launched the payment service in October 2018.

Progress of the Business

Held in December 2018, the 10 Billion Yen Giveaway Campaign significantly raised the level of awareness of PayPay, leading to an explosive rise in customers. Aiming to promote day-to-day use of the service, we held 2nd 10 Billion Yen Campaign between February and May of 2019. Through these efforts, in November 2019 cumulative registered users of the service surpassed 20 million just 14 months after launch. Currently, we are entrenching the service, and business models from around the world in Japan.

Paytm

Leading India’s digital payment market, Paytm develops barcode- and QR code-based technology. The company provides seamless mobile payment services to more than 350 million people and 9.5 million affiliated stores.*1

Survey of Use Preference for QR Code Payment Services

Use Preference Ahead of the Competition

Progress of the Business

Established in June 2018 as a joint venture between SoftBank and Didi Chuxing Technology Co., Ltd., DiDi Mobility Japan Corp. provides an AI-enabled taxi-hailing platform.

Didi Chuxing Technology

Didi Chuxing Technology is a global company that operates one of the world’s largest transportation platforms, offering such services as taxi booking, ride sharing, bicycle sharing, and food delivery. Worldwide, the company’s apps boast more than 550 million registered users and approximately 31 million registered drivers.*3 A differentiating feature of the DiDi taxi-hailing service, which is accessible via a dedicated app, is that AI and data analytics technology are utilized to provide drivers with a heat map projecting passenger demand. This enables the efficient real-time matching up of people seeking taxis with available taxis.

Monthly Downloads of Taxi-hailing Apps

No. 1 download for four consecutive months

Progress of the Business

Responsible for developing the DiDi service in Japan, DiDi Mobility Japan is expanding its business at a very rapid pace. After the DiDi service's September 2018 launch in Osaka, the company rolled the service out in a series of locations from April 2019 onward, including Tokyo, Aichi, and Fukuoka. As a result, the DiDi service is now available in 16 cities*2 nationwide. Due to the advantage of highly precise matching that uses AI technology, survey results have shown that, on average, taxis arrive within five minutes of being hailed by customers.** Further, taxi companies are seeing real benefits from the introduction of DiDi, including increased use by visitors to Japan and improvements in passenger-carrying distance as a percentage of total distance traveled and in revenue per vehicle. In July 2019, a mere 10 months after entering the market, DiDi recorded the highest number of monthly downloads among taxi-hailing apps in Japan and has retained this No. 1 position in every month since. We plan to expand the service area to 20 cities** by the end of 2019.

Survey of Use Preference for QR Code Payment Services

Use Preference Ahead of the Competition

Monthly Downloads of Taxi-hailing Apps

No. 1 download for four consecutive months

Source: PayPay Corporation

Source: PayPay Corporation

Source: App Annie. Comparison with downloads of open-platform-type, taxi-hailing apps

*1 As of August 2018
*2 As of October 2019
*3 As of July 2018
** As of October 2019

* DiDi Mobility Japan’s service performance in Osaka in December 2018

Covering 16 cities nationwide

(As of October 2019)
Community Centric Workspace

In July 2017, SoftBank, SoftBank Group Corp., and The We Company joined forces to establish WeWork Japan, a joint venture that takes advantage of AI to offer cutting-edge workspaces.

WeWork
Established in 2010 in the United States, WeWork is now one of the world’s largest platforms of community-centric workspace. It currently offers such working spaces in 122 cities located in 32 countries*1 worldwide. The most distinguishing feature of the company is its focus on building communities. By providing open-plan offices and community spaces and organizing community events, WeWork creates collaborative environments where tenants can set aside company boundaries and get to know and inspire each other. Also, WeWork builds better working spaces by using space design based on the most advanced data technology.

*1 As of September 2019

WeWork Memberships in Japan
(People)

WeWork Japan Locations

23 locations in SiX cities
(as of November 2019)

New

OYO Hotels & Homes

With the aim of offering innovative hospitality experiences in Japan and offering convenient and comfortable accommodations to travelers and city dwellers, OYO Hotels & Homes, Softbank and Softbank Group jointly established OYO Hotels Japan GK in April 2019.

Progress of the Business

OYO Hotels & Homes is a global technology-driven chain of hotels, homes, managed living and workspaces and is present in more than 80 cities in 80 countries including Japan. *2 Since its establishment in 2013, OYO Hotels & Homes has expanded rapidly. In just six years, it became the world’s second largest hotel chain with over 1.2 million rooms managed. OYO’s successful model enables real estate owners around the world to get a higher return on investments, access easy financing opportunities, transform their hotels, and offer good quality customer service, thereby significantly increasing occupancy and profitability. The pricing, inventory allocation, and revenue management are driven by a machine learning-based algorithm for prediction and dynamic pricing.

WeWork Japan Locations

Progress of the Business

OYO Hotels Japan opened over 5,200 rooms within 100 hotels including Tokyo, Osaka and Kyoto in just seven months. The survey results show that hotels that have joined OYO have been operating for an average of over 80% in about three months after joining. In addition to making reservations from OYO app, it is possible to make reservations from OYO website, Online Travel Agency (OTA), walk-ins and mobile-web and we are aiming for further development in the future.

OYO Hotels Japan Opening (Rooms)

Source: “OYO Hotels Open Guest Rooms” refers to the number of guest rooms for which the introduction of operations under the OYO brand has been completed.

OYO Hotels Japan Opening (Rooms)

Source: This figure has been calculated based on approximately 400 guest rooms opened in May 2019.

Before OYO brand: Average occupancy rate before remodeling under the OYO brand

After OYO brand: Average occupancy rate between May 2019, when guest rooms opened under the OYO brand, and August 2019.

OYO Hotels Japan Average Occupancy Rate

*2 As of October 2019
5G, the next-generation telecommunications standard—Accelerating the Beyond Carrier strategy

In 2020, SoftBank will launch commercial services of 5G, the next-generation telecommunications standard. This section focuses on the current technological strategies and advantages of SoftBank as it readies for the imminent arrival of the 5G era.

Under its Beyond Carrier strategy, SoftBank aims to grow the telecommunications business further while expanding Yahoo Japan and new business fields. The accelerator of this strategy will be 5G technology, the next-generation telecommunications standard.

The ultra-high speed and large capacity of 5G is expected not only to enable the viewing of large-volume, high-quality videos via smartphones but also to result in the exponential spread of services with levels of sophistication that would be impossible with existing smartphones. For example, 5G will allow customers to play games with high-definition graphics and use virtual reality technology to view live sports events from remote locations. Manufacturers will time the launches of 5G compatible smartphones to coincide with the beginning of 5G commercial services in 2020 and then steadily expand their smartphone lineups as 5G networks expand.

Further, 5G will play an important role in new businesses. SoftBank is creating new businesses by introducing the disruptive business models and cutting-edge technologies of SoftBank Group investee companies to Japan. In realizing IoT services, robotics, and self-driving vehicles—markets that promise growth—the ultra-high speed, large capacity, massive machine connections, and ultra-low latency of 5G networks will be critical. Therefore, our 5G technology will give us a major advantage in expanding new businesses.

What Is 5G?

The next-generation telecommunications standard is referred to as 5G. Featuring faster communication speeds than 4G, 5G enables almost instantaneous communications with more devices. Practical use of the ultra-high speed, large capacity, massive machine connections, and ultra-low latency of 5G promises to facilitate the use of virtual reality, augmented reality, and mixed reality technologies, thereby enabling technology transformation and service creation that makes daily life safer and more convenient. In a wide variety of fields, such as drone-based infrastructure inspection, self-driving vehicles, and product management (IoT).
SoftBank’s 5G Road Map

For some time, SoftBank has been conducting many different types of verification trials in relation to 5G. Having received spectrum allocation from the Ministry of Internal Affairs and Communications in April 2019, the Company is currently working with diverse partners to advance verification-related initiatives aimed at realizing practical applications for 5G as soon as possible.

We plan to commence 5G commercial services in 2020. With the aim of rapidly achieving 5G coverage for more than 90% of the population, SoftBank is introducing 5G networks by extending existing LTE (Long Term Evolution) networks and is establishing additional base stations.

Utilization of Portable 5G Equipment to Connect with Construction Equipment

For the first time, SoftBank used Odekake 5G**, a portable 5G equipment, which the Company developed in-house, to establish a high-quality, local 5G signal at a construction site. This enabled the successful remote operation of self-driving construction equipment that Taihei Corporation is developing.

April 2019

Determination of Spectrum Allocation

SoftBank received the 3.7 GHz and 28 GHz bands.

Verification Trials Aimed at Realizing Smart Highways

In collaboration with Pacific Consultants Co., Ltd., Maeda Corporation, and Aichi Road Concession Co., Ltd., SoftBank conducted verification trials on a toll road in Aichi Prefecture with a view to realizing 5G-enabled smart highways. The trials confirmed that AI can detect small objects undetectable in high-definition images and that acceleration sensors installed on bridges can achieve real-time monitoring of characteristic vibration properties.

World’s First** Verification Trial of 5G-enabled Truck Platooning

On the Shin-Tomei Expressway, we conducted a successful verification trial of truck platooning that uses a new wireless 5G system to share control information among trucks. In platooning, self-driving trucks follow a lead truck driven by a person.

Provision of Japan’s First 5G Pre-commercial Service at an Open-air Music Festival

Through a 5G network, SoftBank transmitted live video to virtual reality spaces and provided information on congestion at respective venues at FUJI ROCK FESTIVAL ’19, one of Japan’s largest open-air rock festivals.

Provision of 5G Pre-commercial Service at an International Basketball Game

For the first time at an international basketball game played in Japan by the country’s national team, SoftBank utilized a 5G network to provide an immersive viewing experience based on virtual reality, augmented reality, and high-definition HDR (high dynamic range) video.

Cooperation between SoftBank and KDDI on the Rapid Build-out of 5G Networks in Rural Areas

SoftBank and KDDI Corporation have agreed to make mutual use of their base station assets with the aim of jointly advancing the rapid build-out of 5G networks in Japan’s rural areas, increasing the efficiency of capital expenditures, and strengthening networks.

* Developed by SoftBank, this portable equipment can provide a high-quality 5G signal locally.
*2 This is based on a survey by SoftBank as of June 11, 2019.
*3 This is a system that operates 5G New Radio (NR), which is a radio access system for 5G, through connection to LTE networks.
*4 This is a system that operates 5G New Radio (NR), which is a radio access system for 5G, through connection to LTE networks.
SoftBank Initiatives to Accelerate the Development of 5G

1 Early Rollout  Utilization of Existing Base Stations and Technology

The use of 5G spectrum enables the transmission of high-definition video and sound without any delay. On the other hand, the high frequency of the bands means that the radio waves are very straight and attenuate readily. Consequently, the radio waves have difficulty penetrating buildings or other obstacles. For this reason, 5G network requires base stations to be closer together than those of 4G networks. The establishment of additional new base stations requires time and investment. First, suitable land for base stations has to be found; then negotiations with landowners are opened; base stations are built, and finally line contracts are concluded. However, we enjoy the advantage of having more base stations than other companies. Nationwide, SoftBank has approximately 230,000 base station locations. When utilizing base stations that have already been built, all that needs to be done is to incorporate 5G equipment. In terms of both speed and cost, this approach is significantly superior to constructing base stations from scratch. Thus, the fact that it has already has enough base station sites is a major advantage for SoftBank in building out 5G networks across Japan.

Another advantage is that we have the technologies to make maximum use of our spectrum allocation. Specifically, our Massive MIMO (multiple input, multiple output) technology allows multiple customers to simultaneously use ultra-high-speed, large capacity communications services. Through advanced beam forming and spatial multiplexing technology that controls up to 128 antennas, Massive MIMO has been able to allocate a dedicated signal to each customer. Consequently, this technology can realize high-quality mobile telecommunications in crowded locations, such as railway stations and busy downtown areas where communication speeds previously tended to slow down. Although Massive MIMO is referred to as a 5G elemental technology, SoftBank has been using the technology in the commercial services of 4G networks for approximately three years. As a result, we have a variety of expertise in relation to the operation of Massive MIMO. This competence is a further major advantage that will enable us to expedite the building out of 5G networks nationwide.

2 Personnel Strategy  Human Resources for the Advancement of New Technologies

In anticipation of the coming 5G era, SoftBank is pursuing a personnel strategy for engineers. For several years, SoftBank has been reassigning certain engineers in its telecommunications business to such new fields as 5G, IoT, big data, and AI. To allow this transfer of personnel, we have been rigorously reforming base station construction processes and other work in the telecommunications business and proactively introducing robotic process automation (RPA) to automate and increase the efficiency of work. At the same time, we are training engineers who do not have experience in the new fields by enabling them to take certification exams. In this way, we are fostering multi-skilled personnel who even have competence in programming for IoT services.

Further, Yahoo Japan, which became a SoftBank subsidiary in June 2019, has a large number of outstanding software engineers. Through collaboration with these engineers, we are accelerating the development of applications for IoT and AI, which was a previously a challenge for us. Going forward, our IT engineers and software engineers will work proactively as a team on initiatives for the use of AI-enabled data analysis across a range of Yahoo Japan’s services, the use of 5G networks to expand and improve Yahoo Japan’s existing services, and the starting up of new businesses.

3 Maintenance of Quality  Technological Measures for the Continuing Growth in Communication Traffic

In catering to the ever-growing volume of communication traffic, how best to manage spectrum while maintaining the quality of services is a significant technological task for telecommunications carriers. While Japan’s population is trending downward, communication traffic is expected to see explosive growth. Driving this expansion will be increased viewing of videos and other rich content that require large-capacity data communication as well as the full penetration of IoT and self-driving vehicles that is likely to accompany the realization of 5G.

To ensure that even in such conditions it can consistently provide customers with a comfortable communications environment, SoftBank is conducting proper capital investment and improving its spectrum bandwidth. With the aim of maintaining the communication quality of mobile and other wireless communications, we have established standards for communication speeds, and we take ongoing measures to ensure that communication speeds do not fall below this standard. Meanwhile, for several years we have been implementing initiatives for our core network aimed at coping with increases of communication traffic. For example, we have introduced virtualization for the core network on a computer platform. Going forward, as the progress of virtualized core network technology, it will become easier to accommodate the increase of communication traffic. Moreover, virtualization promises to help curb the capital expenditures needed for locations and equipment, thereby improving cost-effectiveness.

4 Security  The Use of the Most Advanced Technology to Curb Security Risks

The introduction of 5G for practical applications is expected to trigger an explosive expansion of IoT. Given that IoT connects innumerable devices via networks, protecting devices from external attacks will be a task for telecommunications carriers. Aiming to tackle this task, SoftBank is actively developing NIDD (Non-IP Data Delivery) as a new technology. NIDD enables communications in wireless sections without the use of Internet Protocol (IP) addresses. As IP is not used for communications, highly secure networks that are unlikely to expose IoT devices to malicious external attacks can be built. Furthermore, through the use of NIDD technology together with closed networks, it is possible to block any contact with IoT devices from the external environment. In 2018, SoftBank became the first company in the world to successfully conduct NIDD technology connection tests in a commercial environment.

At present, we are steadily proceeding with development aimed at beginning commercial NIDD services. For example, we have partnered with Murata Manufacturing Co., Ltd., to develop the world’s smallest class of communication modules.*1

*1 This is based on a survey by Murata Manufacturing Co., Ltd., as of June 30, 2019.
In the fiscal year ended March 31, 2019, SoftBank achieved a year on year increase of 5% in revenue, to ¥3,746.3 billion, and 13% in operating income, to ¥719.5 billion, both of which were record highs. All business segments, including the Consumer, Enterprise, Distribution, and Other segments, performed well, growing their revenue and segment income year on year. Particularly noteworthy, however, was the favorable growth of the telecommunications business, which accounts for more than half of the Company’s revenue. Despite an even more competitive environment, the cumulative number of smartphone subscribers was up 10% from that of the previous fiscal year, to 22.08 million. I believe this performance is a testament to the success of our strategy of catering to customers’ diverse needs by leveraging the distinctive attributes of our three brands: SoftBank, Y!mobile, and LINE MOBILE.

Forming the core of the telecommunications business, the Consumer segment performed briskly due to the growth of the mobile communications business, which translates to the sale of smartphones, as well as to a significant contribution from the broadband business, which provides fixed-line communications services. In the broadband business, the cumulative number of subscribers to mainstay SoftBank Hikari was up an impressive 19% year on year, while revenue rose 14% from the previous fiscal year. Further, the bundled discount Home Bundle Discount Hikari Set, subscribed by approximately half of smartphone subscribers, greatly helped reduce the churn rate, and the smartphone churn rate reached an record low of 0.83%.

Meanwhile, the Enterprise segment saw a 13% year on year increase in revenue. This robust growth reflected the performances of the Enterprise segment’s core businesses—which are mobile communications services; fixed-line communications services, such as data communications and fixed-line telephone services; and VPN and network services—as well as contributions from businesses that provide solutions in fields including cloud services, digital marketing, AI, IoT, robotics, and security. Particularly solid sales were posted by the cloud business, which provides platforms for many different services, such as smart home electronics, infrastructure inspection, and the management of buildings; the IoT business, which offers comprehensive solutions encompassing networks and APIs (application programming interfaces) for external collaboration; and AI-enabled robots. Going forward, the solutions business is a promising business to drive the Company’s growth.

Our founding business, the Distribution segment, which now pr...
Financial Strategies Leveraging Ability to Generate Robust Cash Flows

Upon deliberation of financial strategies, we emphasize adjusted free cash flow*1 as the most important indicator of the ability of businesses to generate cash. Further, in measuring financial soundness we emphasize net leverage ratio as an important indicator. This is the ratio of net interest-bearing debt, which is interest-bearing debt net of cash and cash equivalents, to adjusted EBITDA.

Adjusted free cash flow, which is operating cash flows net of capital expenditures and growth investments, is above ¥500 billion level, reaching ¥508 billion in the fiscal year ended March 31, 2018, and ¥513.1 billion*1 in the following fiscal year. We forecast adjusted free cash flow of ¥520 billion*2 in the fiscal year ending March 31, 2020. Further, the outlook for free cash flow after shareholder returns, which is adjusted free cash flow net of the total amount of dividends, is ¥140 billion. We will allocate this to the repayment of interest-bearing debt to increase financial soundness and to further growth investments. Also, in the telecommunications business capital expenditures of ¥380 billion are projected in the fiscal year ending March 31, 2020. Even allowing for investments in 5G, we expect these capital expenditures to trend stably at this level going forward.

Net interest-bearing debt on March 31, 2019 stood at ¥3,130 billion, up approximately ¥200 billion due to the retrospective inclusion of Yahoo Japan. However, the percentage increase in adjusted EBITDA was greater than the percentage increase in net interest-bearing debt. Consequently, the net leverage ratio was 2.2 times, an improvement compared with its level before the inclusion of Yahoo Japan. Further, the debt from securitization of installment sales receivables included in interest-bearing debt is not redeemed by using cash flows from the income of the company and its subsidiaries but by using funds collected from customers who purchase mobile devices through installments. Therefore, financial covenants attached to borrowings exclude the debt from securitization of installment sales receivables from interest-bearing debt. If debt arising from securitization of installment sales receivables is excluded from interest-bearing debt, the net leverage ratio is 1.8 times, which I believe is a sufficiently safe level. We will further improve the net leverage ratio by improving capital efficiency through the enhancement of cash management including Yahoo Japan. On March 31, 2019, cash and cash equivalents amounted to ¥358.0 billion, up ¥286.9 billion from the previous fiscal year-end that was primarily attributable to an increase in free cash flow. Given that this amount of cash and cash equivalents is approximately equal to one month's sales, we believe that the cash position is at an appropriate level.

As for fund-raising, we currently use three main methods: borrowings from banks, equipment leasing, and securitization of installment sales receivables. Leases reflect capital expenditures, whereas securitization reflects installment sales receivables. The fact that business asset-linked fund-raising accounts for half of our fund-raising is a financial strength. Recently, we received an A+ issuer rating and a “stable” rating outlook from Rating and Investment Information, Inc. (R&I), as well as an AA- issuer rating and a “stable” outlook from Japan Credit Rating Agency, Ltd. (JCR). These ratings enable us to diversify fund-raising methods, enhance fund-raising capabilities, and improve fund-raising costs. We will continue taking measures to strengthen our financial base.

Investment Policy and Discipline

SoftBank takes a strictly disciplined approach to making decisions on growth investments. As we are an operating company, our investment activities are focused on achieving synergies with our mainstay business while maximizing investment returns. We classify growth investments under three categories: expansion of existing businesses, entry into new business fields, and anticipation of the future. We manage each category based on internal rate of return (IRR) hurdle rates (the minimum yield required from each investment). Under this framework, the IRR of existing businesses must reach the hurdle rate within a few years. Meanwhile, for projects that involve R&D factors, longer periods will be accepted considering the time period necessary for research, though we seek commensurately higher returns from these projects. From the investment analysis stage, we rigorously discuss such factors at management meetings before making decisions.

In addition to conducting growth investments in a strict manner, by combining SoftBank Group’s ability to invest in promising cutting-edge unicorns worldwide with SoftBank’s sales force, engineers, and customer base, the Company can start up and swiftly expand businesses with less investment and risk than it would need to start up businesses from scratch. Examples of such initiatives include DiDi Mobility Japan Corp., which began services in Japan in only three months after being established as a joint venture, and PayPay Corporation, which has expanded its customer base and network of affiliated stores with great rapidity. Going forward, SoftBank will continue developing and launching similar initiatives that benefit both the Company and its partners.

### Forecast of Adjusted Free Cash Flow in the Fiscal Year Ending March 31, 2020

<table>
<thead>
<tr>
<th>(Billions of yen)</th>
<th>Operating cash flows</th>
<th>Capital expenditures</th>
<th>Growth investments (M&amp;A, etc.)</th>
<th>Dividends</th>
<th>Adjusted free cash flow</th>
<th>Cash reserves after shareholder returns</th>
<th>Net interest-bearing debt</th>
<th>Net leverage ratio</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>380.0</td>
<td></td>
<td></td>
<td></td>
<td>520.0</td>
<td>380.0</td>
<td>2.2</td>
<td>1.8</td>
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<td>Note: The effect of making Yahoo Japan a consolidated subsidiary has been excluded.</td>
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</table>

As of March 31, 2018, and March 31, 2019,

- **Net interest-bearing debt**
  - March 31, 2018: ¥2.7
  - March 31, 2019: ¥2.4

- **Net leverage ratio**
  - March 31, 2018: 1.9
  - March 31, 2019: 1.8

*1 Adjusted free cash flow = free cash flow - capital expenditures - miscellaneous transactions
*2 Excluding the acquisition of Yahoo Japan shares

### Net Interest-bearing Debt

- March 31, 2018: ¥2.7
- March 31, 2019: ¥2.4

### Net Leverage Ratio

- March 31, 2018: 1.9
- March 31, 2019: 1.8
The CFO’s Role as the Company Forges Ahead in a New Phase of the Information Revolution

The CFO should be a company’s compass and navigator. I give the same importance to medium to long term growth as I do to the rigorous pursuit of near term results. In a very different world 30 years from now, I want SoftBank to still be a group of professionals that has a perfect command of the latest technologies and which leads the era. With this in mind, the CFO should give advice and, at times, apply the brakes and adjust the direction a company is heading. This is my ideal CFO model.

Given that it has a cluster of cutting-edge businesses and diverse subsidiaries, the Company offers an environment conducive to fostering CFO candidates who will play important roles in the future. I will help develop many candidates for the position of CFO in the coming generation by giving junior employees opportunities to experience the rigors of actual practice and by supporting their knowledge and expertise through IT.

Since its foundation, the Company has accumulated a truly diverse range of experience. Also, since listing we have been unstintingly tackling various issues. Moreover, there is a tangible sense that with each new experience the Company has become stronger and grown. Our Beyond Carrier strategy, which has only just begun, is a business model that all telecom service operators worldwide would like to realize. In particular, Japan is facing challenging social issues such as an aging society and labor shortages earlier than other countries. If we can harness technologies to solve such issues in Japan, those solutions should work in other countries and regions. SoftBank’s Beyond Carrier strategy is looking ahead to the advent of such an era.

As we redouble our efforts to engage in proactive dialogue with our investors, I would like to ask for their continued understanding and support.