

Earnings Results for the Three Months Ended June 30, 2019

Investor Briefing

**SoftBank Corp.
August 5, 2019**

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(Definitions of numbers on this presentation)

For the definitions of numbers on this presentation, please refer to SoftBank Corp.'s data sheet.

1

Changes in FY2019

- Impact from consolidation of Yahoo Japan
- Impact from adoption of IFRS 16

p.4 – p.10

2

Results for Q1 FY2019

p.12 – p.25

Retrospective Adjustments Related to Yahoo Japan Becoming a Consolidated Subsidiary

- Yahoo Japan is retrospectively consolidated as a subsidiary to the beginning of FY18 since it is a transaction under common control inside the SoftBank group (a)
- Due to (a), PayPay is accounted as a consolidated subsidiary (b)
After SoftBank Group's investment, PayPay became an equity method associate (c)

		FY18	FY19
	Ratio of ownership	SoftBank Corp. : 12.1%* (SoftBank Group: 36.1%)	
	Disclosed as of Mar 31, 2019	Investment security	
	Disclosed as of Aug 5, 2019	(a) Consolidated subsidiary	
			Jun 27 SoftBank Corp. : 44.6%
	Ratio of ownership	SoftBank Corp. : 50% Yahoo Japan : 50%	
	Disclosed as of Mar 31, 2019	Equity method	
	Disclosed as of Aug 5, 2019	(b) Consolidated subsidiary	
		May 15	SoftBank Corp. : 25% Yahoo Japan : 25% (SoftBank Group : 50%)
		100%	(c) Equity method 50%

* As of term-end

SoftBank Corp.'s Group Company Composition (as of Jun 30, 2019)

- Yahoo segment newly created due to Yahoo Japan becoming a consolidated subsidiary

Segment Name	Main Subsidiaries
Consumer segment	Wireless City Planning Inc. SB Mobile Service Corp. WILLCOM OKINAWA, Inc. LINE MOBILE Corporation
Enterprise segment	Wireless City Planning Inc. Telecom Engineering CO., LTD. IDC Frontier Inc.
Distribution segment	SB C&S Corp.
Yahoo segment	Yahoo Japan Corporation eBOOK Initiative Japan Co., Ltd. Ikyu Corporation ASKUL Corporation YJ Card Corporation YJFX, Inc. The Japan Net Bank, Limited ValueCommerce Co., Ltd.

Segment Name	Main Subsidiaries
Other	SB Payment Service Corp. One Tap BUY Co., Ltd. SoftBank Technology Corp. ITmedia Inc. Vector Inc. HAPSMobile Inc.
Main affiliate companies^{*1}	PayPay Corporation WeWork Japan G.K. T Point Japan Co.,Ltd. OYO Hotels Japan G.K. DiDi Mobility Japan Corp.

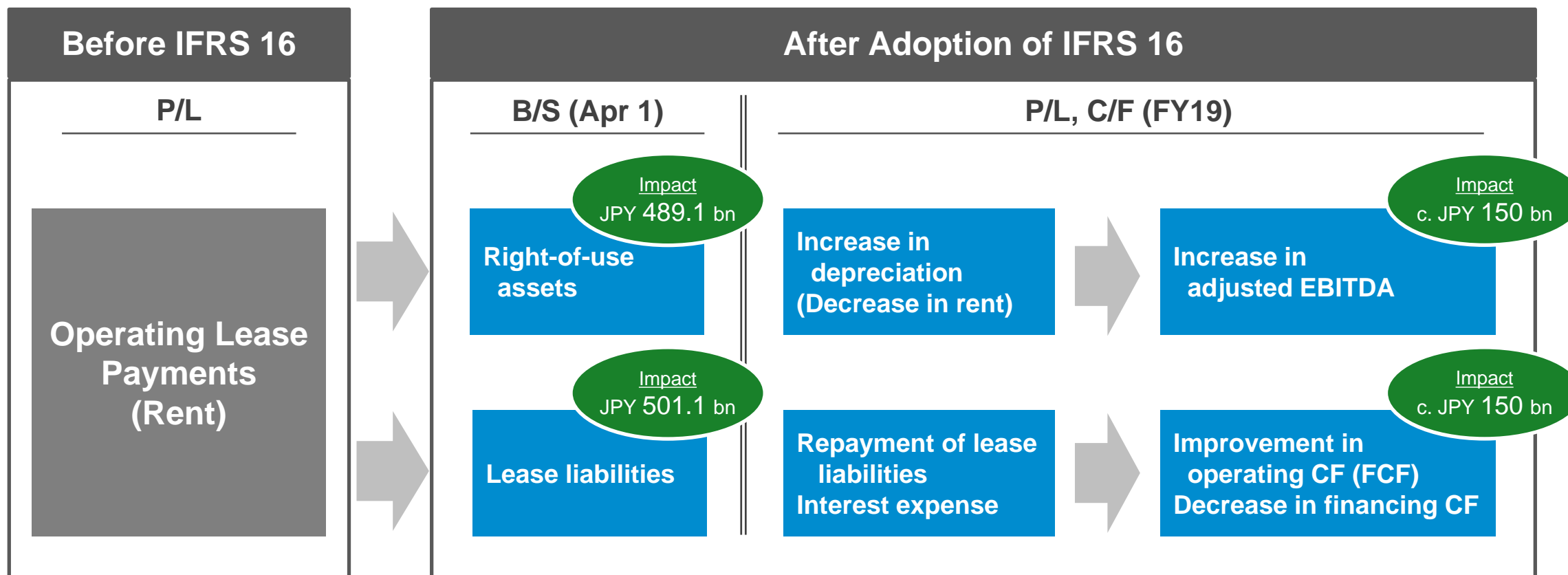
Consolidated Subsidiaries	188
Affiliate Companies ^{*1}	64
Total Number of Group Companies^{*2}	252
Reference: As of Mar 31, 2019	142

*1: Includes joint ventures

*2: Not including SoftBank Corp.

Main Impacts from Adoption of IFRS 16 “Leases”

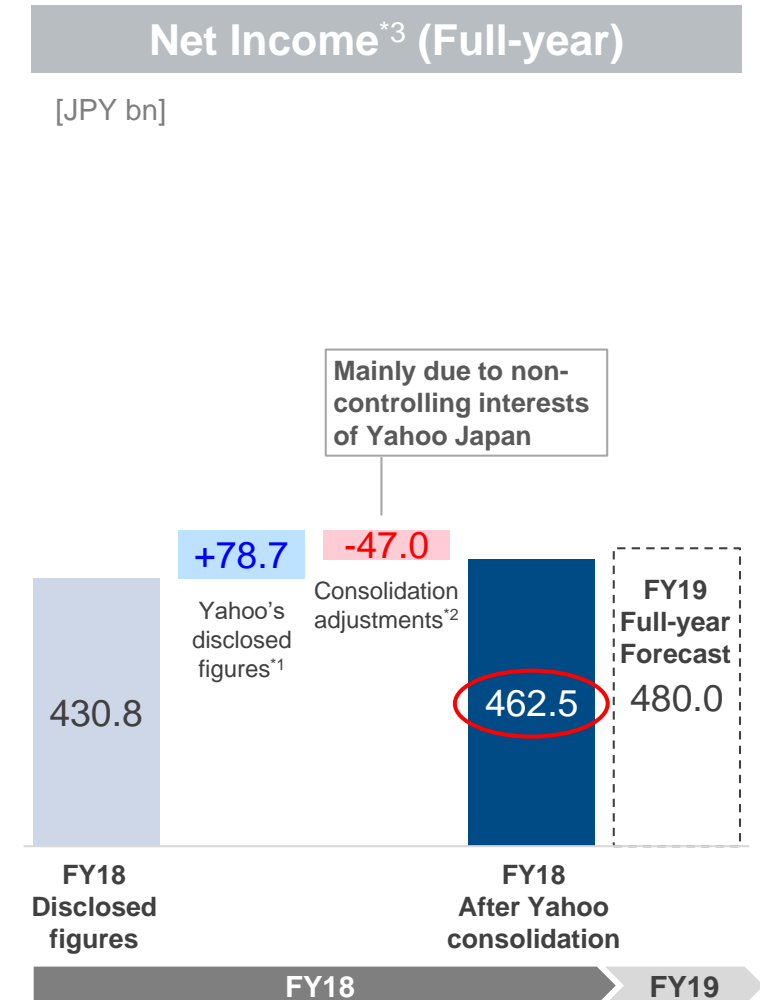
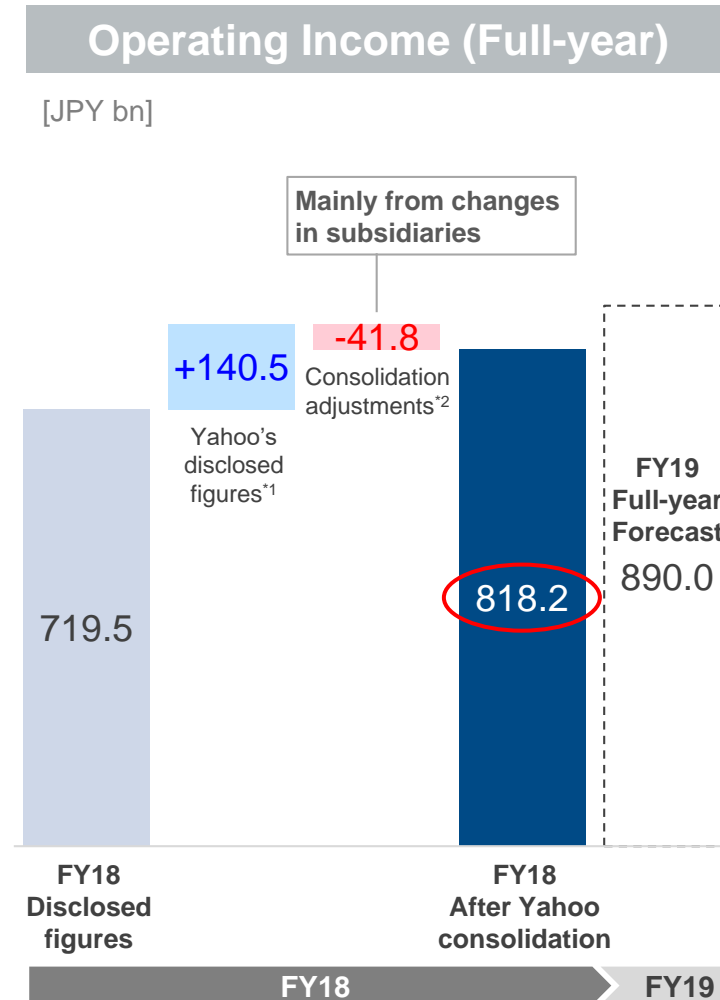
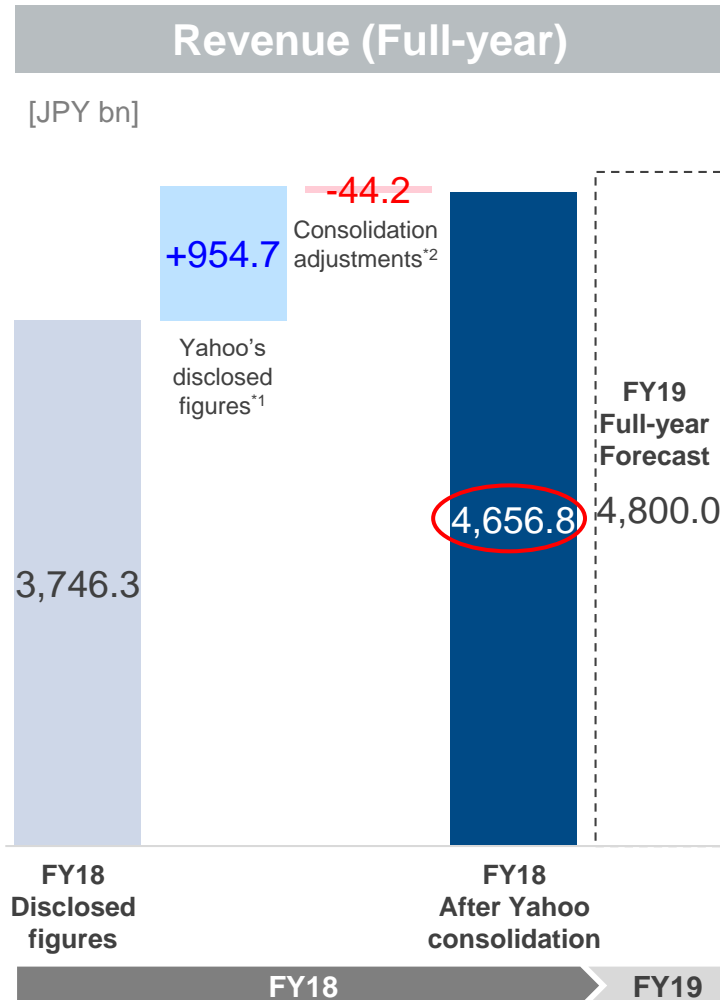
- Operating lease transactions recognized on the balance sheet from Q1 FY19*1



*A modified retrospective approach has been applied from Q1 FY19 in accordance with the transitional provisions of IFRS 16, and has not been applied to the comparison period of FY18

Impact on Consolidated P/L (Full-year FY18, retrospectively adjusted)

- Consolidation adjustments of internal transactions between SoftBank Corp. Group and Yahoo Japan and changes in subsidiaries are reflected



*Figures for FY18 after Yahoo consolidation are non-audited

*1: Figures disclosed in Yahoo Japan Corporation's FY18 securities report

*2: Includes impact of retrospectively consolidating PayPay and Vector

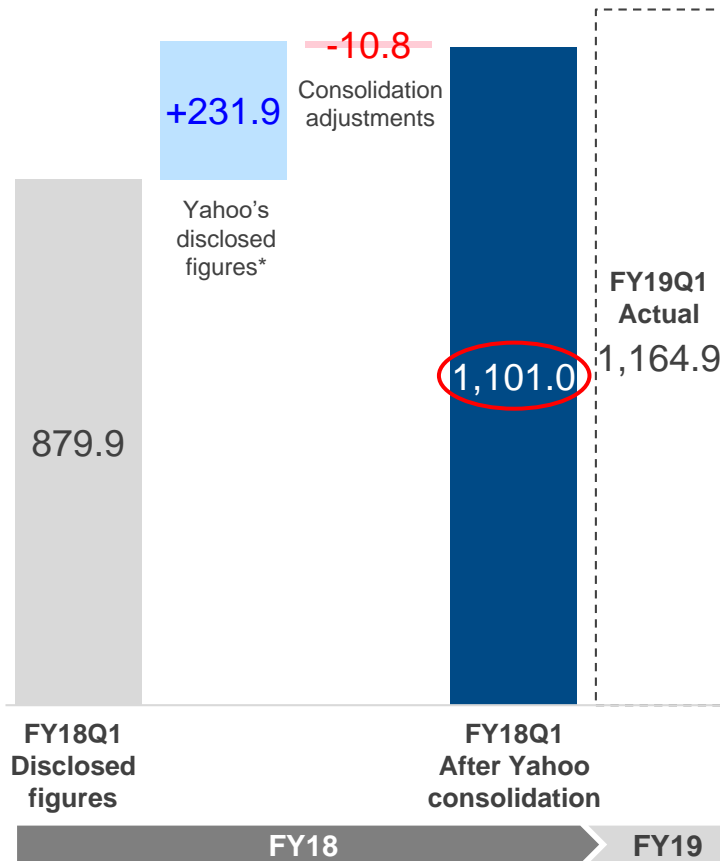
*3: Net income: net income attributable to Owners of the Company (same hereafter)

Impact on Consolidated P/L (Q1 FY18, retrospectively adjusted)

- Consolidation adjustments of internal transactions between SoftBank Corp. Group and Yahoo Japan and changes in subsidiaries are reflected

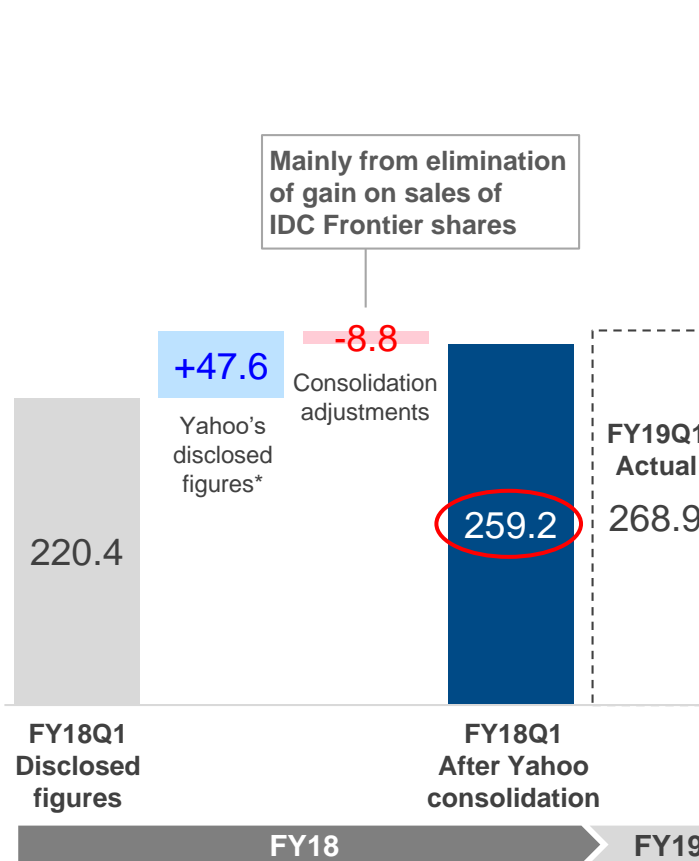
Revenue (Q1)

[JPY bn]



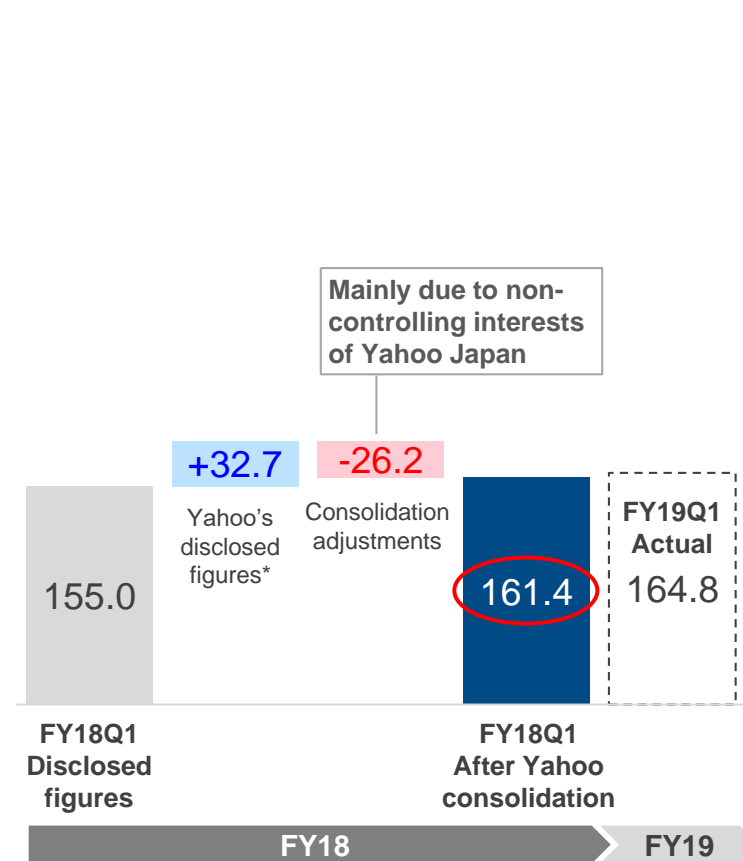
Operating Income (Q1)

[JPY bn]



Net Income (Q1)

[JPY bn]



*Figures disclosed in Yahoo Japan Corporation's Q1 FY19 financial statements

Impact on Consolidated B/S (end of FY18/beg. of FY19)

- Consolidation adjustments of internal transactions between SoftBank Corp. Group and Yahoo Japan, changes in subsidiaries, and impact from IFRS 16 are reflected on the beginning balance sheet of FY19

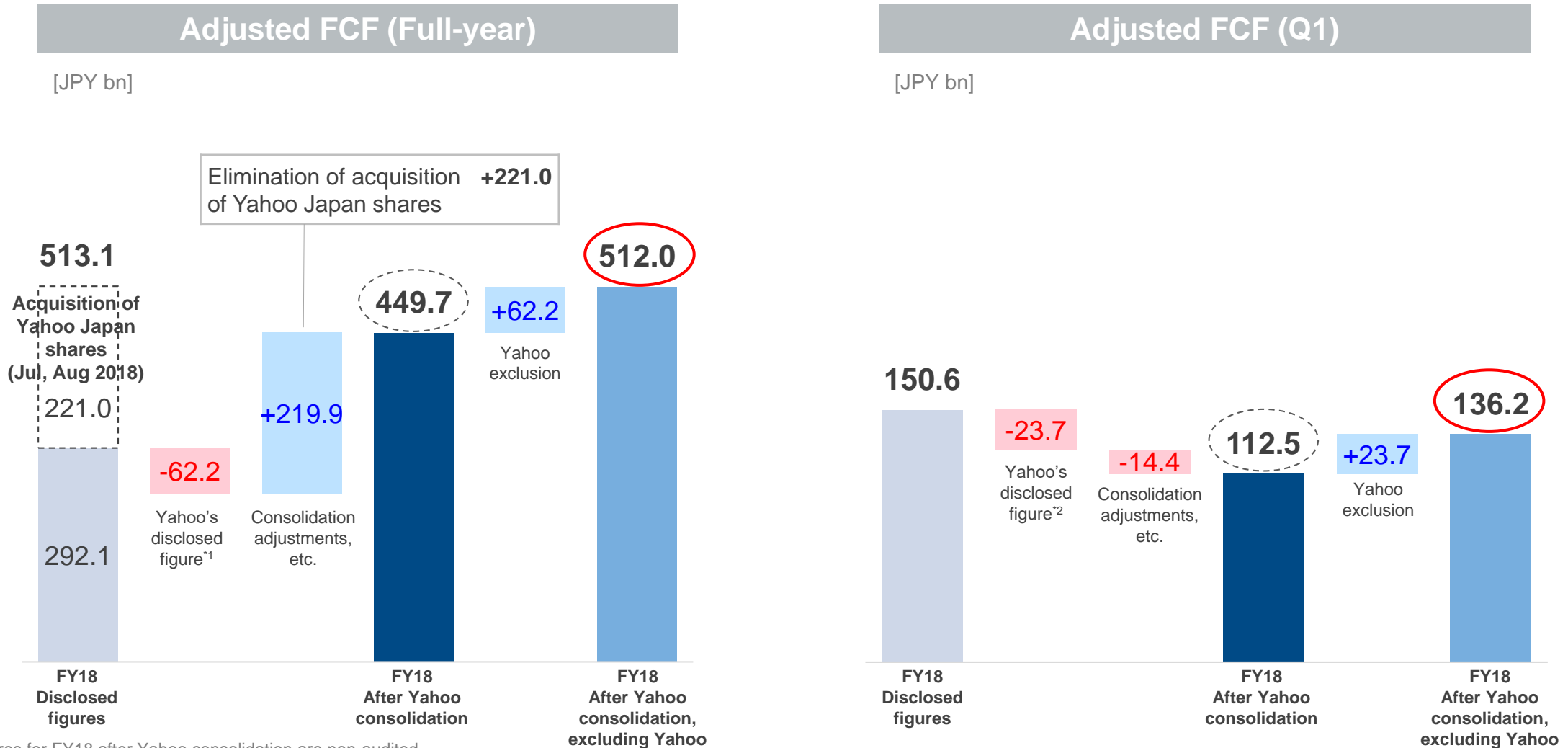
[JPY bn]	As of Mar 31, 2019				As of Apr 1, 2019	
	SoftBank Corp. (disclosed)	Yahoo*1 (disclosed)	Consolidation adjustments*2	SoftBank Corp. (After Yahoo Consolidation)	Impact from IFRS 16 adoption	SoftBank Corp. (After Yahoo Consolidation)
Cash and cash equivalents	358.0	546.8	+33.6	938.4	-	938.4
Trade and other receivables	1,186.9	538.7	-29.7	1,696.0	+1.9	1,697.9
Property, plant and equipment/ intangible assets/right-of-use assets	2,703.3	299.2	+1.2	3,003.7	+489.1	3,492.8
Other assets	1,526.9	1,044.9	-173.5	2,398.3	-2.5	2,395.7
Total assets	5,775.0	2,429.6	-168.3	8,036.3	+488.5	8,524.8
Interest-bearing debt	3,289.4	215.2	-12.9	3,491.7	+501.1	3,992.8
Other liabilities	1,221.1	1,303.9	-3.0	2,522.0	-7.6	2,514.6
Total liabilities	4,510.6	1,519.1	-15.9	6,013.8	+493.5	6,507.3
Total equity	1,264.5	910.5	-152.4	2,022.6	-5.0	2,017.6

*1: Figures disclosed in Yahoo Japan Corporation's FY18 securities report

*2: Includes impact of retrospectively consolidating PayPay and Vector

Impact on Adjusted FCF (Full-year/Q1 FY18, retrospectively adjusted)

- Consolidation adjustments of internal transactions between SoftBank Corp. Group and Yahoo Japan and changes in subsidiaries are reflected



*Figures for FY18 after Yahoo consolidation are non-audited

*1: Sum of cash flow from operating activities and cash flow from investing activities disclosed in Yahoo Japan Corporation's FY18 securities report

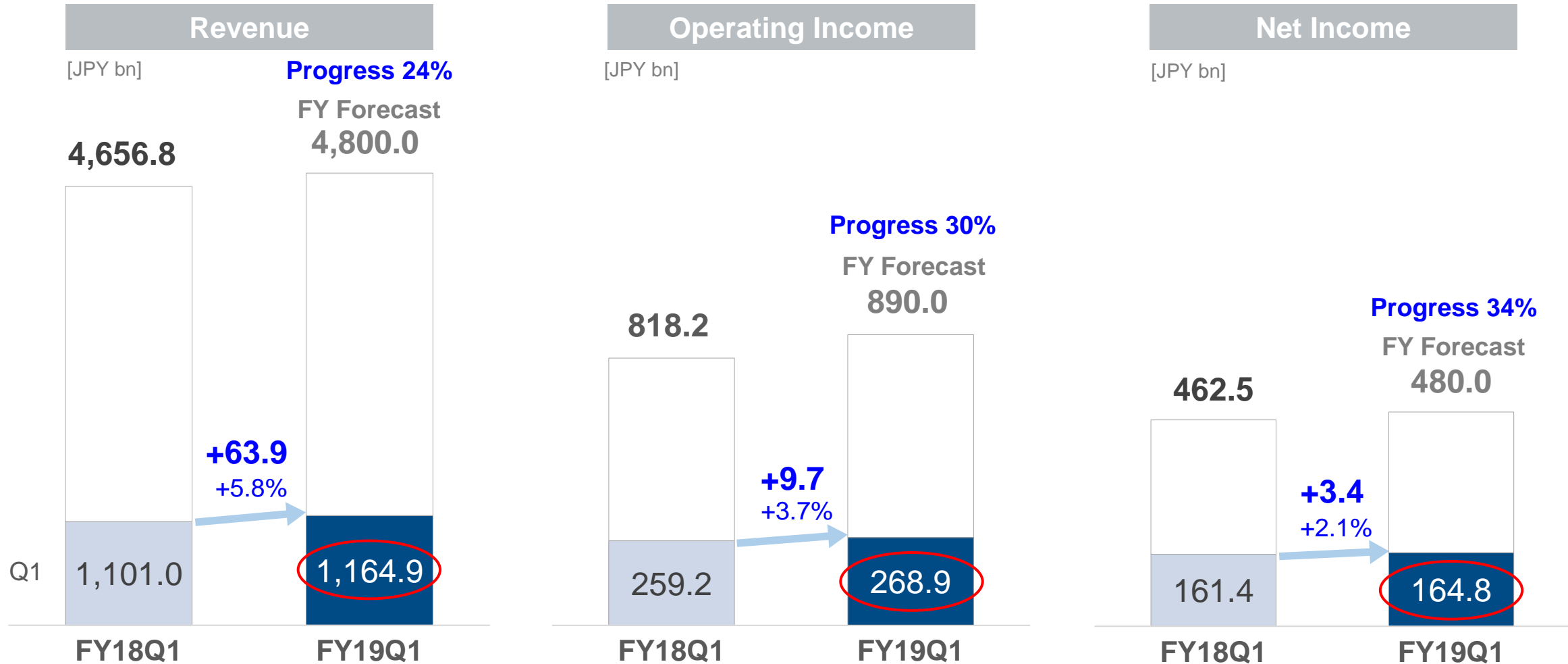
*2: Sum of cash flow from operating activities and cash flow from investing activities disclosed in Yahoo Japan Corporation's FY19Q1 financial statements

Results for Q1 FY2019

Results for Q1 FY2019

■ Revenue and income increased YoY, and progressing at a steady pace towards full-year forecasts

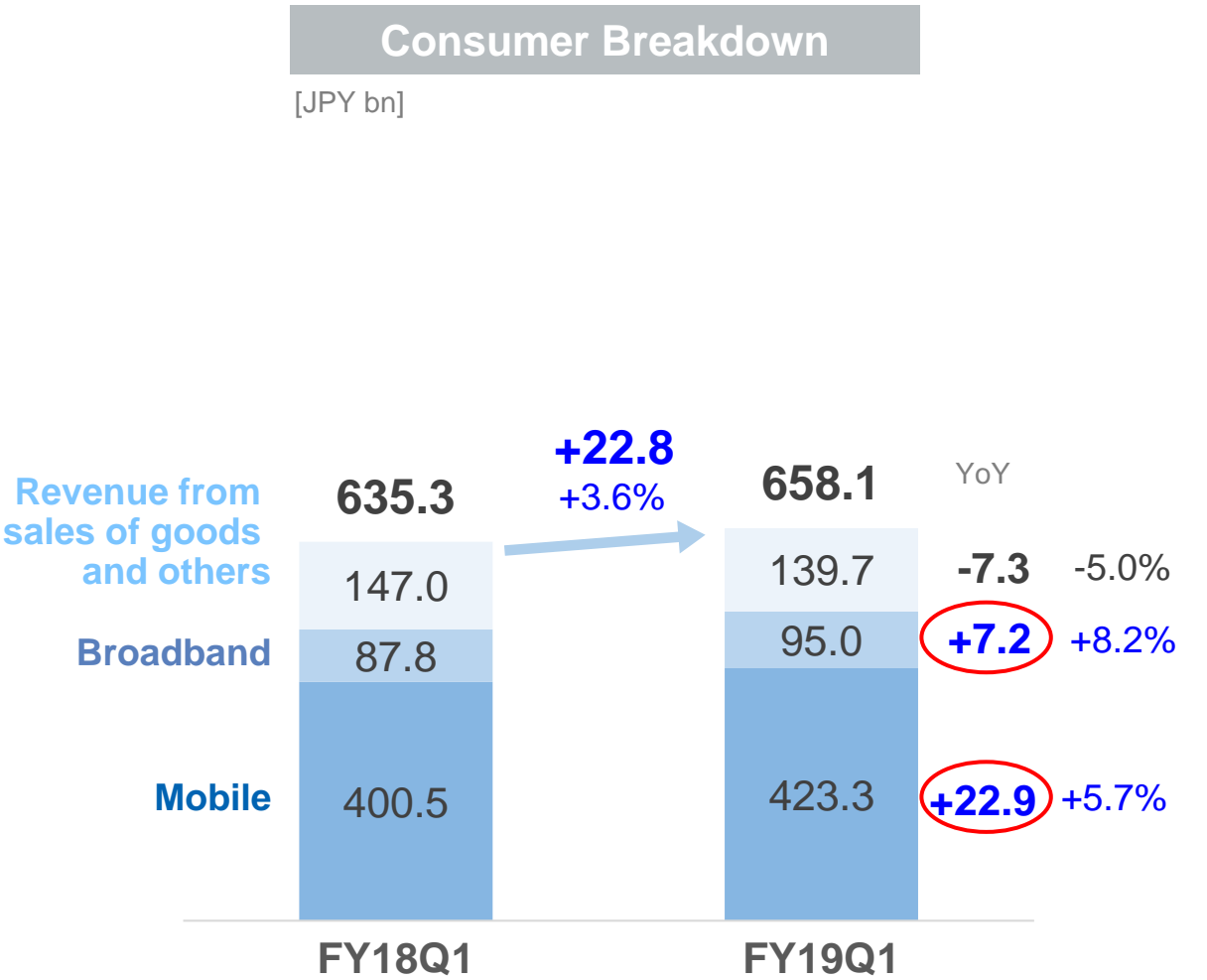
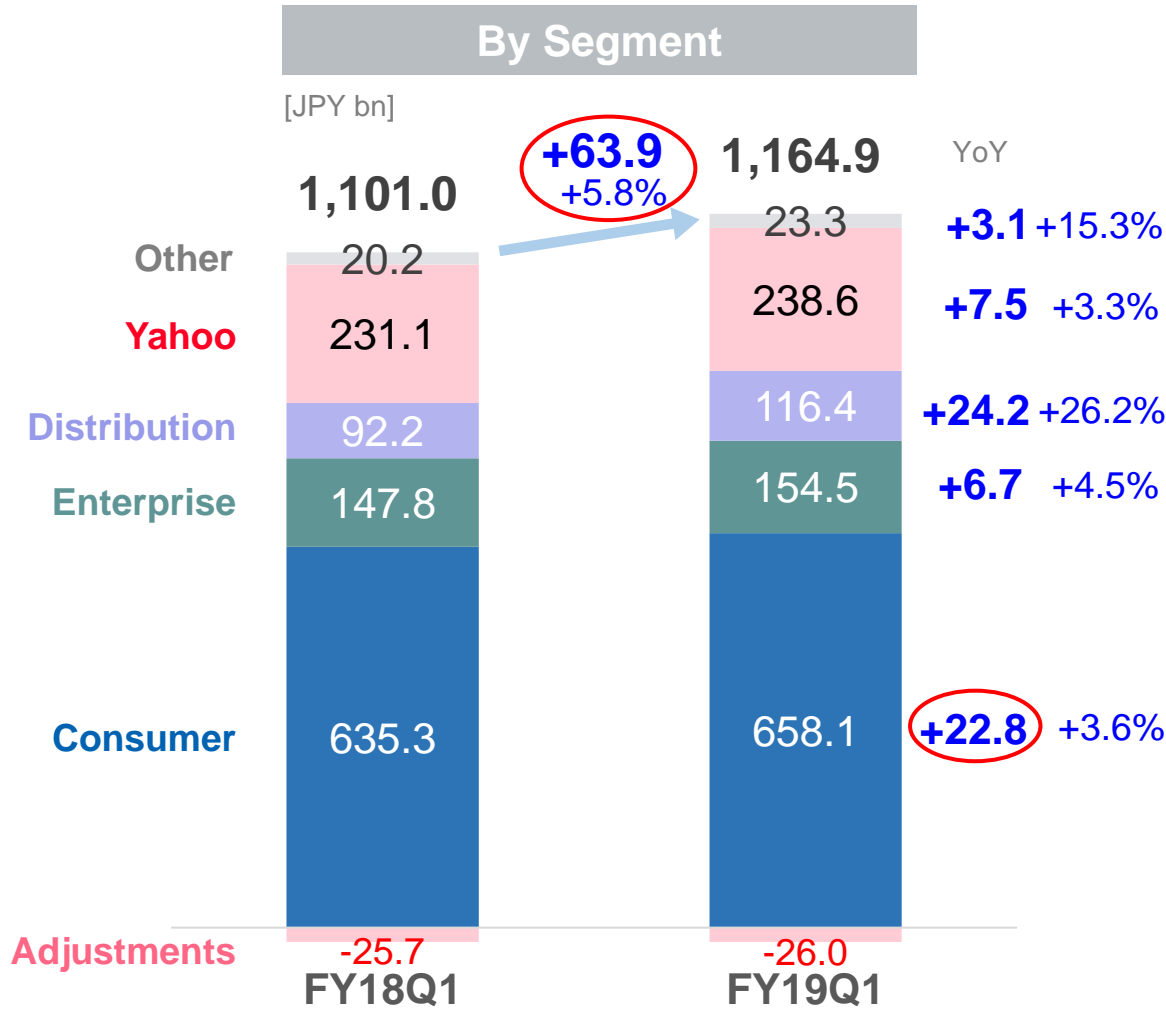
FY18: after retrospective adjustments of Yahoo Japan consolidation



Revenue (1/2)

FY18: after retrospective adjustments of Yahoo Japan consolidation

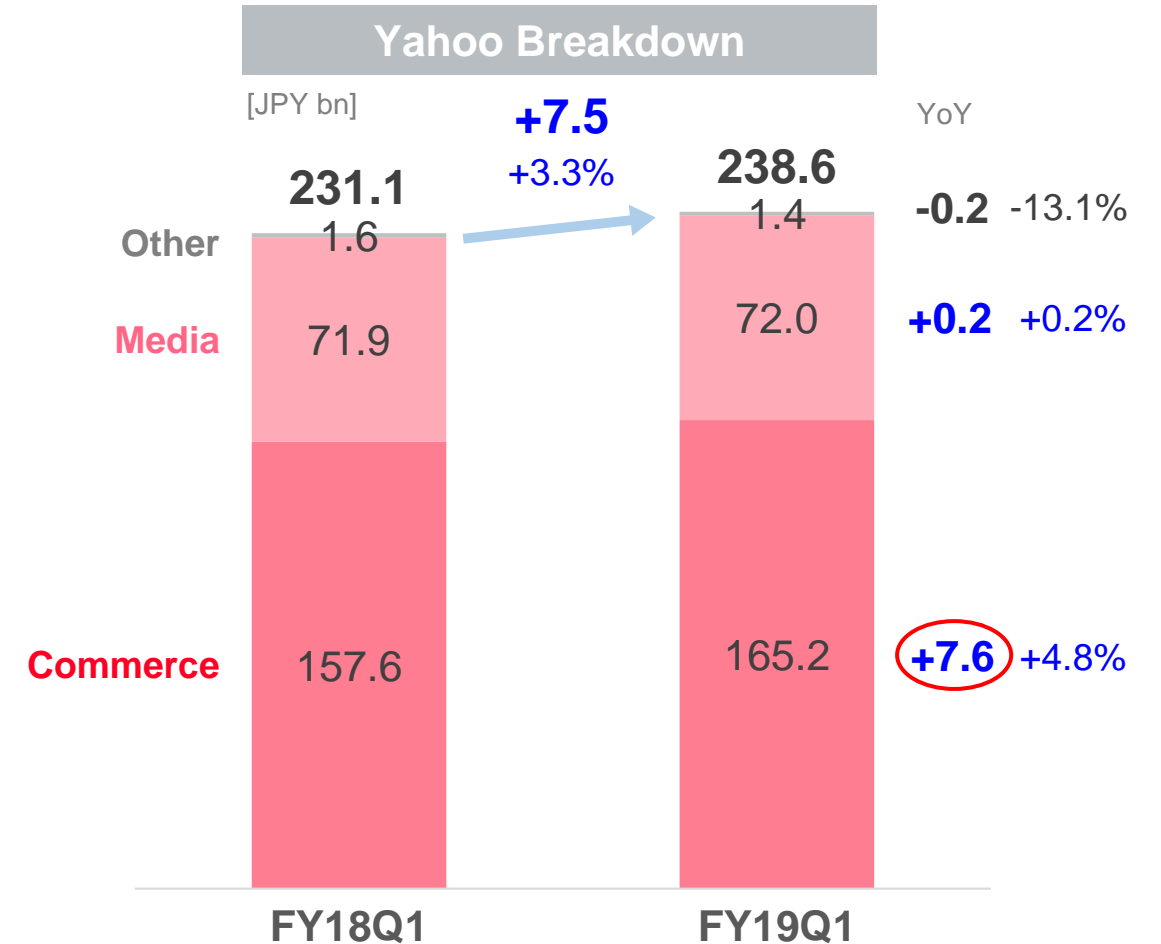
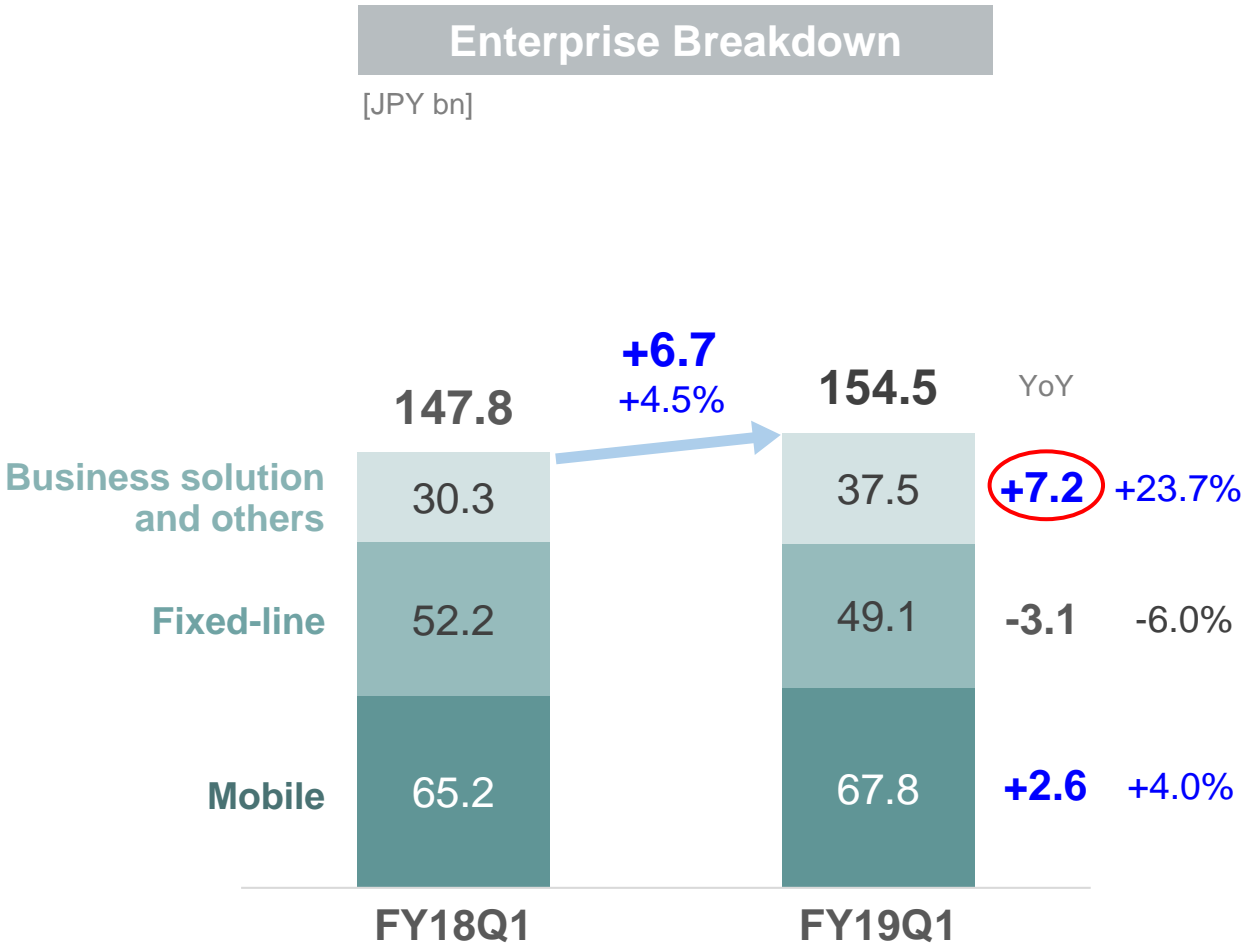
- Revenue increased in all segments: JPY +63.9 bn (+5.8%) YoY
- Consumer segment: JPY +22.8 bn YoY due to growth in Mobile and Broadband



Revenue (2/2)

FY18: after retrospective adjustments of Yahoo Japan consolidation

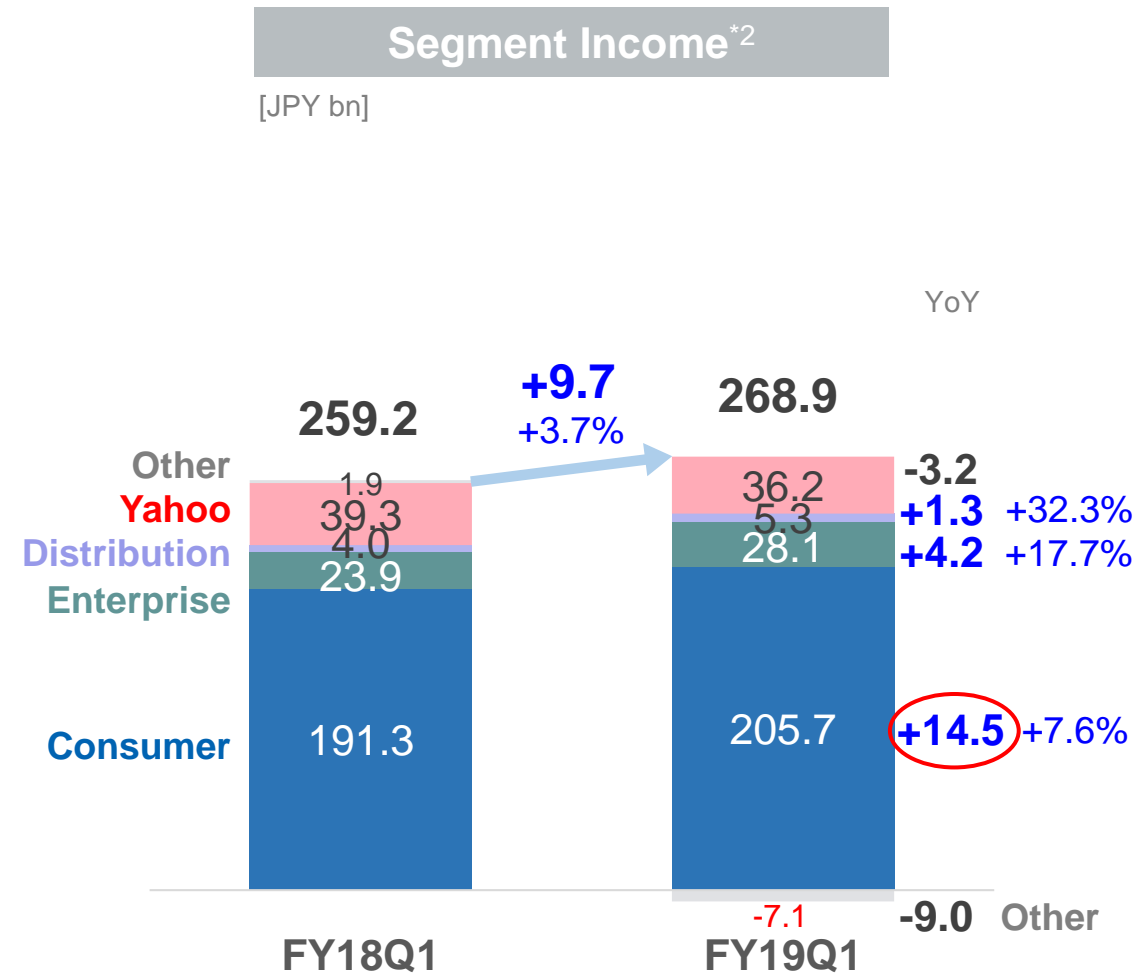
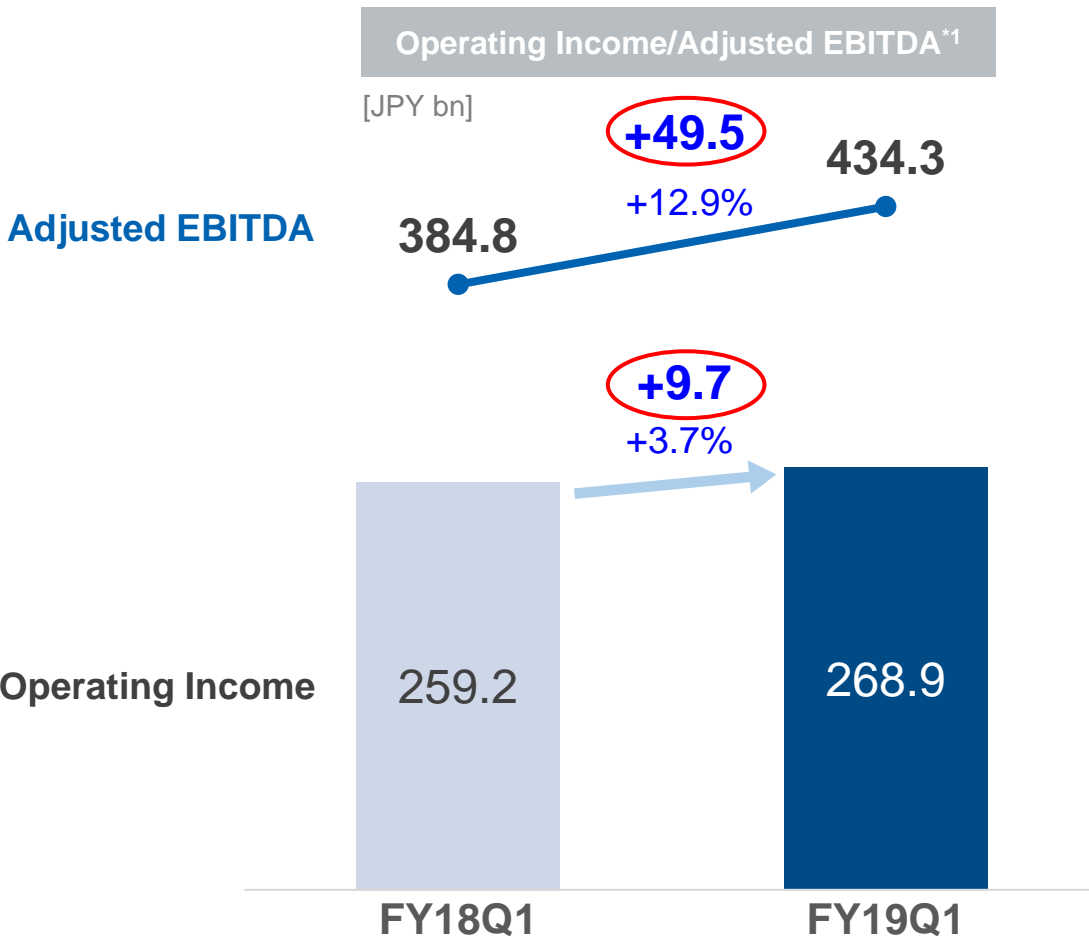
- Enterprise segment: JPY +7.2 bn (+23.7%) YoY in Business solution and others
- Yahoo segment: JPY +7.6 bn (+4.8%) YoY in Commerce



Operating Income/Adjusted EBITDA/Segment Income

FY18: after retrospective adjustments of Yahoo Japan consolidation

- Adjusted EBITDA increased by JPY +49.5 bn (+12.9%) YoY
- Operating income increased by JPY +9.7 bn (+3.7%) YoY. Consumer contributed with JPY +14.5 bn (+7.6%)
Change in Other is due to factors such as consolidation of PayPay



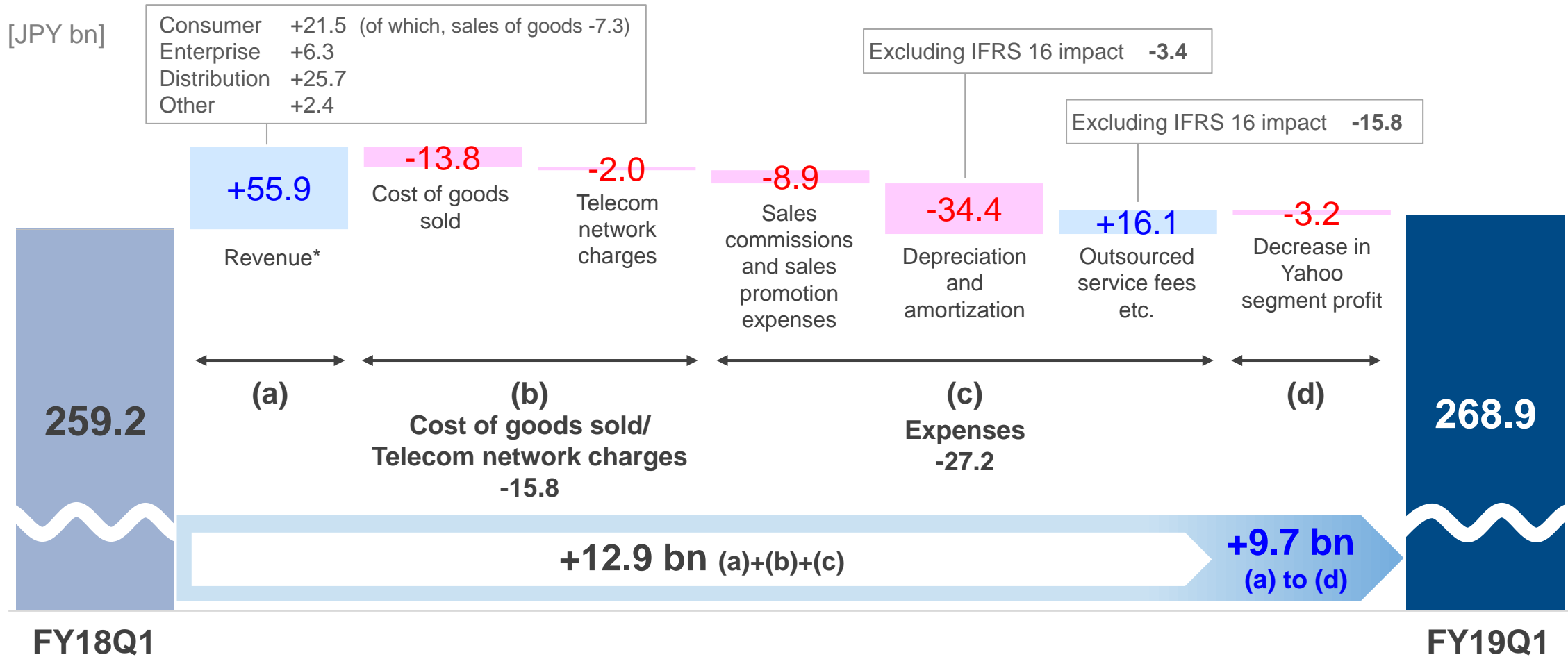
*1: Adjusted EBITDA = operating income + depreciation and amortization (including loss on disposal of non-current assets) ± other adjustments

*2: Inter-segment adjustments was -1.2 bn for Q1 FY18 and 0.6 bn for Q1 FY19

Consolidated Operating Income (YoY Comparison)

FY18: after retrospective adjustments of Yahoo Japan consolidation

- Revenue drastically increased in all segments (a). After deduction of Cost of goods sold and Telecommunication network charges, gross profit increased by JPY +40.1 bn YoY (a)+(b)
- Expenses increased by JPY 27.2 bn YoY (c) due to vigorous sales promotions, subsidiaries, and business expansion



*Sales to external customers

Cumulative Subscribers (Main Subscribers/Smartphones) SoftBank

- Cumulative main subscribers reached 35.01 mil (+1.40 mil YoY), smartphones contributed to the increase substantially
- Cumulative smartphones reached 22.45 mil (+1.74 mil YoY), steady growth in all 3 brands

Cumulative Subscribers*1

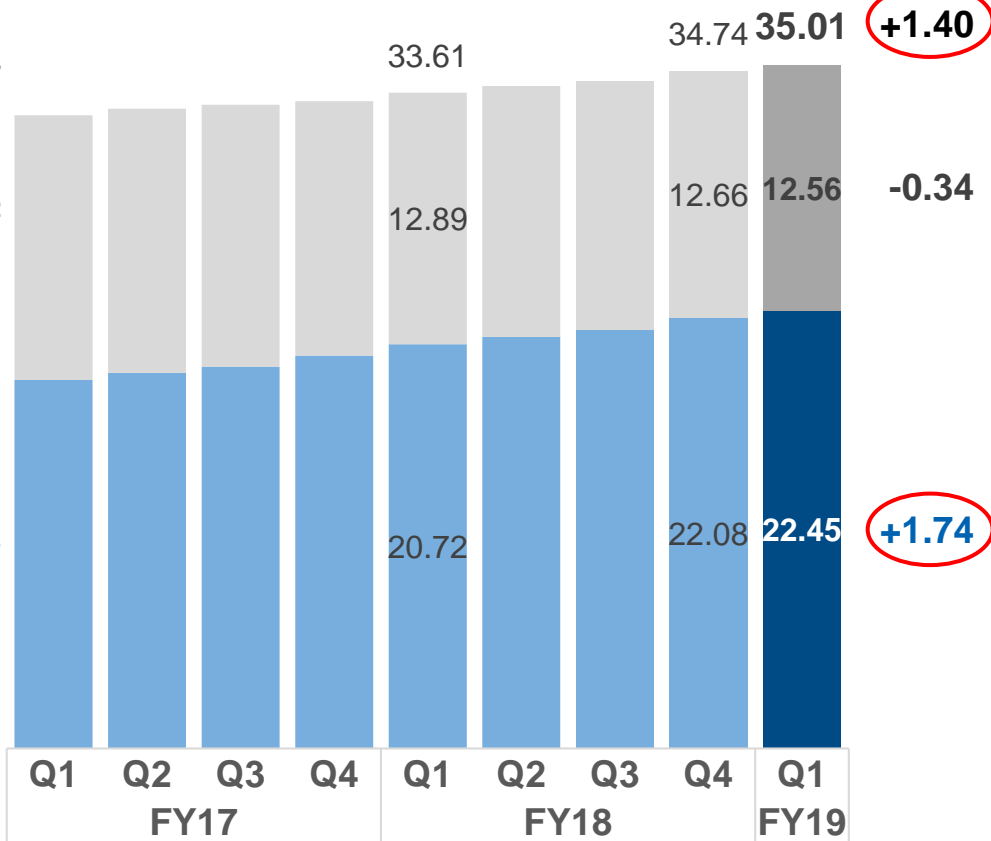
[Mil]

YoY

Main Subscribers

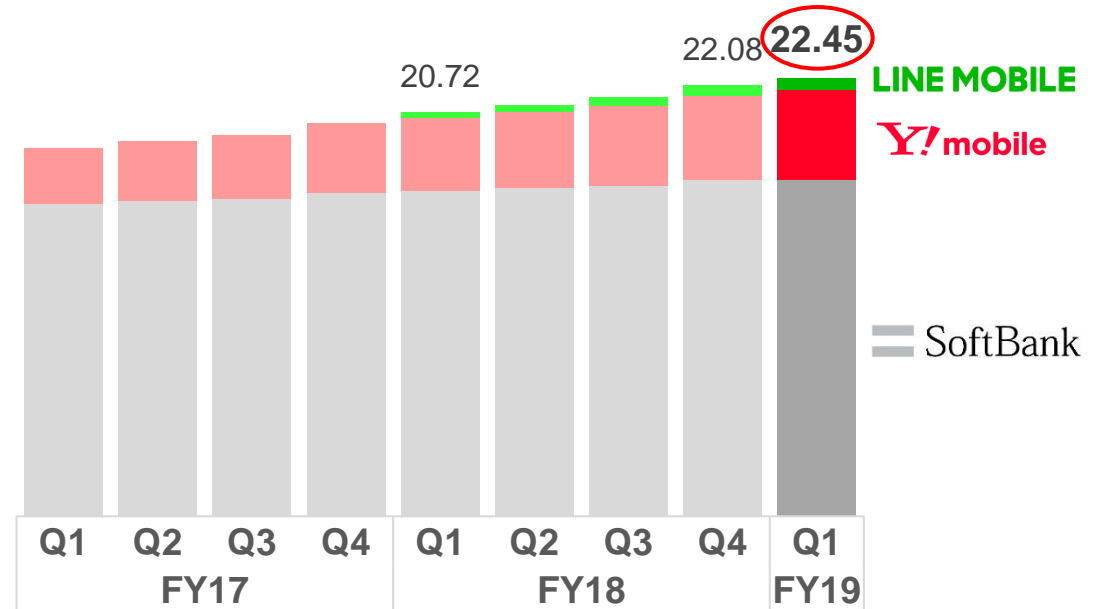
Other*2

Smartphones



Smartphone Subscribers

[Mil]

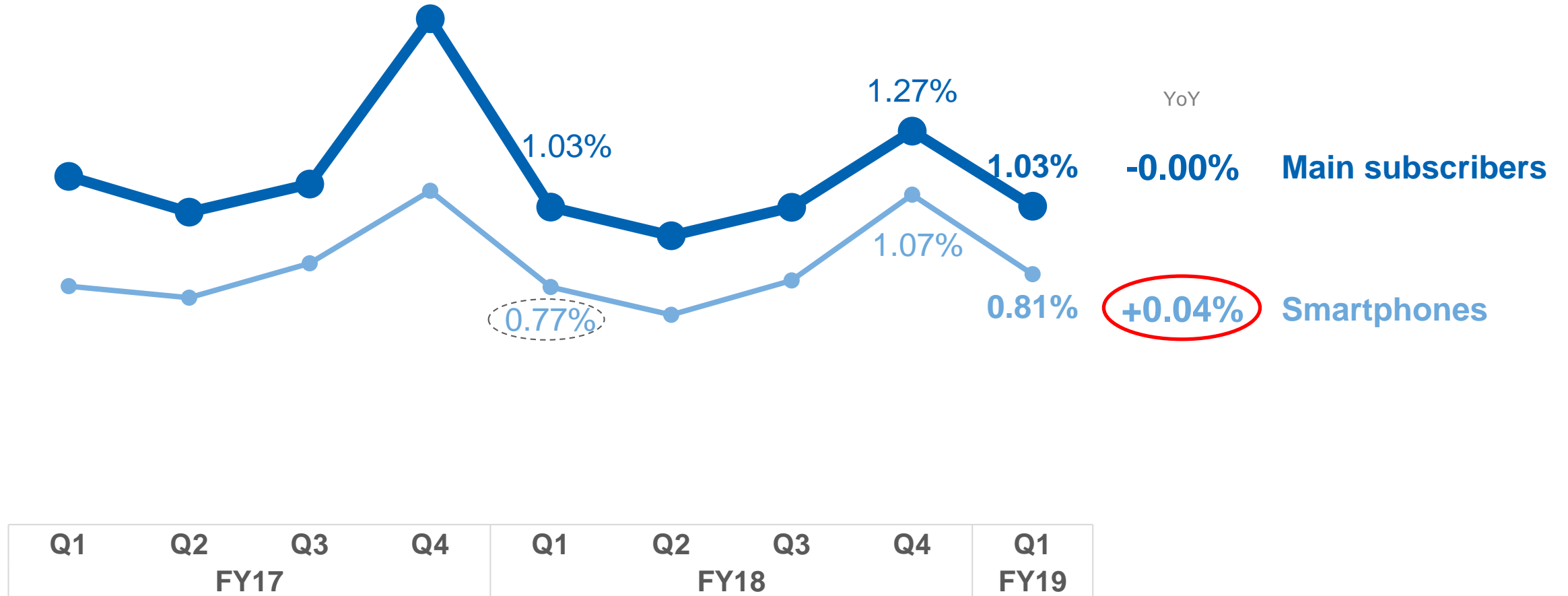


*1: Cumulative subscribers include Wireless Home Phone subscribers (FY18Q1: 0.32 mil, FY19Q1: 0.48 mil)

*2: Feature phones, tablet, mobile data communications devices, Wireless Home Phones, etc.

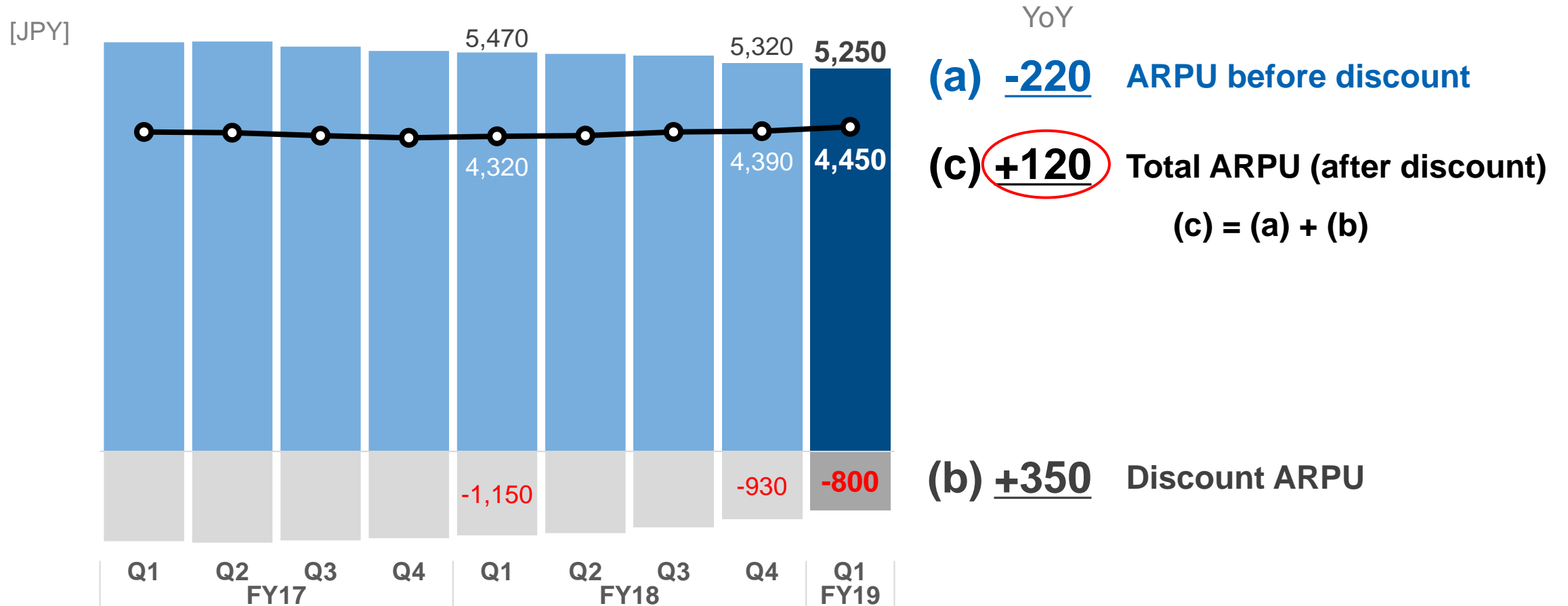
Churn Rate (Main Subscribers/Smartphones)

- Smartphones: churn rate increased due to cancellation of large-lot enterprise contract and increase in composition ratio of Y!mobile users



ARPU (Main Subscribers)

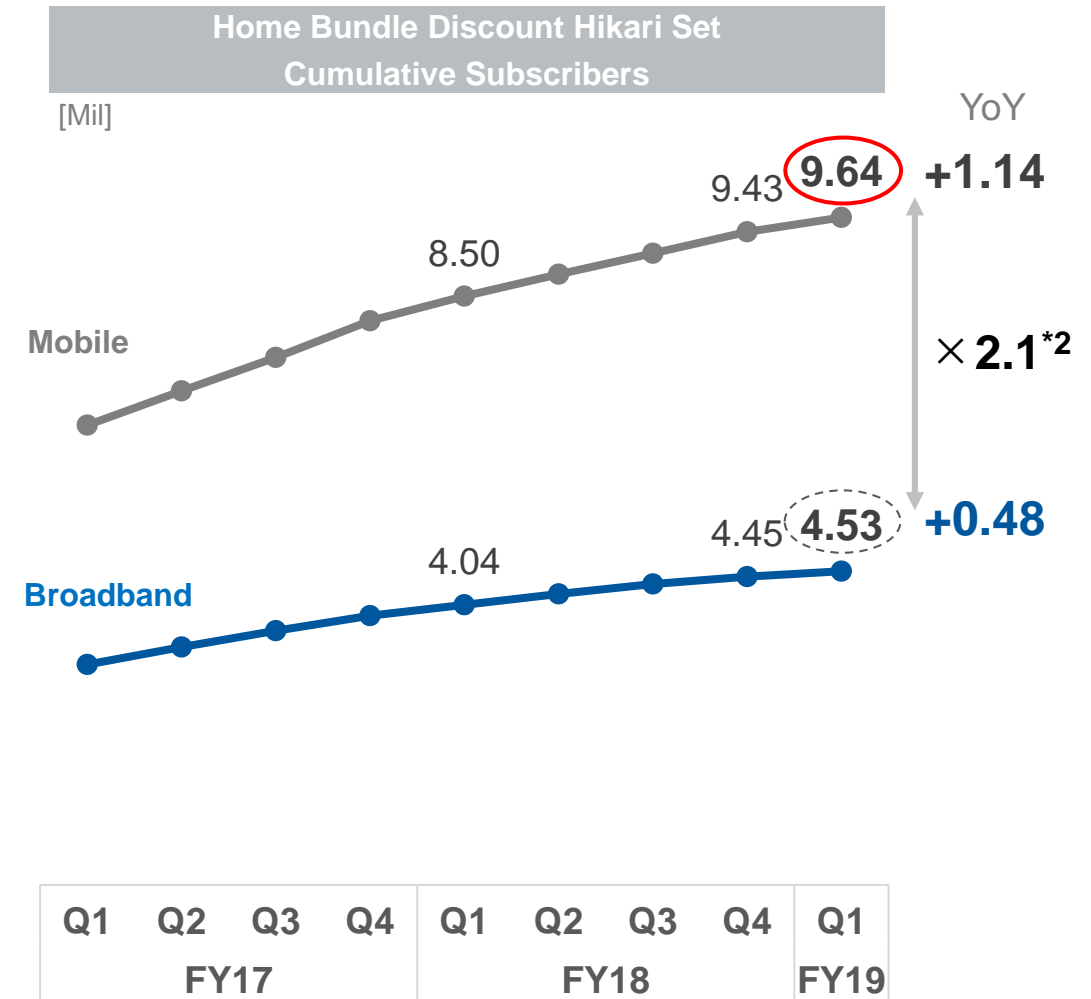
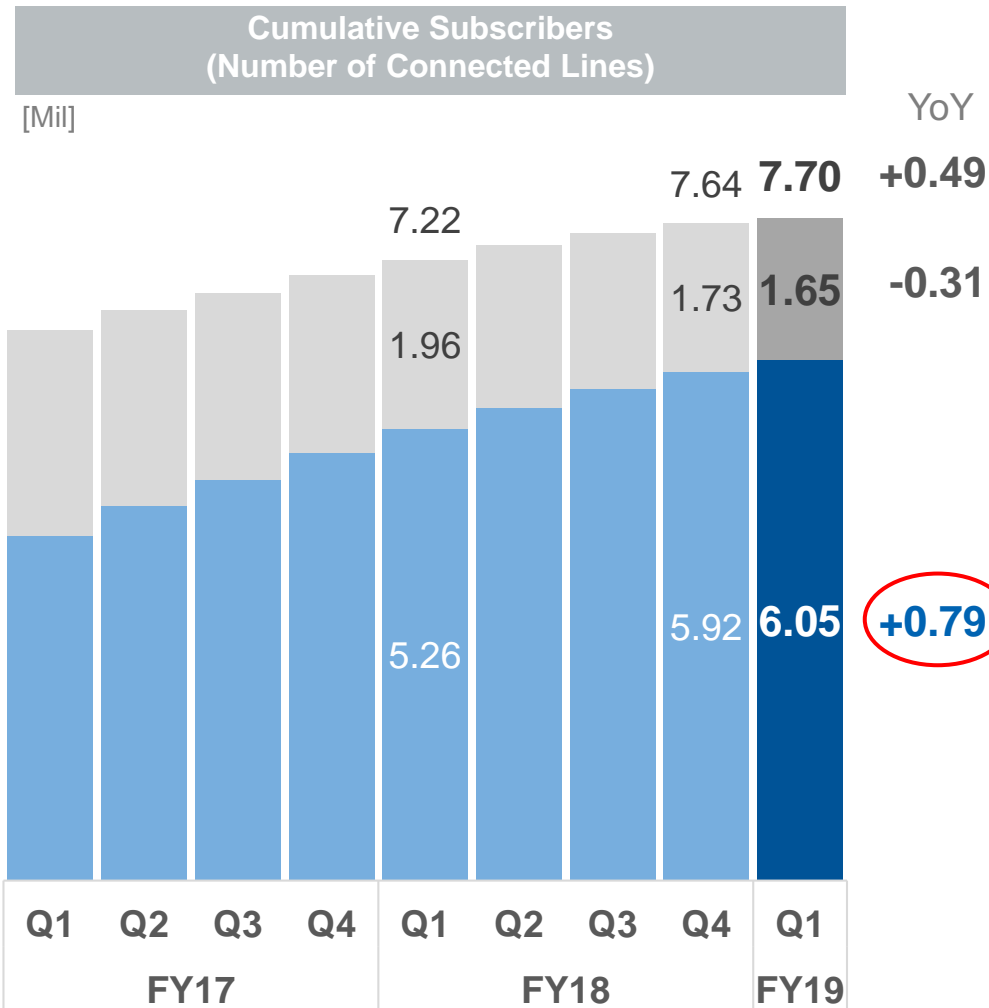
- ARPU before discount decreased due to a rise in composition ratio of Y!mobile and LINE MOBILE users, as well as the introduction of plans that separate handset payment and service fees (a)
- Total ARPU rose by JPY 120 YoY in Q1 due to 4-year installments and a decrease in impact from Monthly Discounts after the introduction of plans that separate handset payment and service fees (c)



*Revenue deductions relating to reward points and Half Price Support are not included in calculation of ARPU

Broadband Service

- SoftBank Hikari cumulative subscribers were 6.05 mil as of Q1: steadily increased by 0.79 mil YoY
- Home Bundle Discount Hikari Set applications to mobile subscribers increased to 9.64 mil



*1: SoftBank Hikari includes SoftBank Air

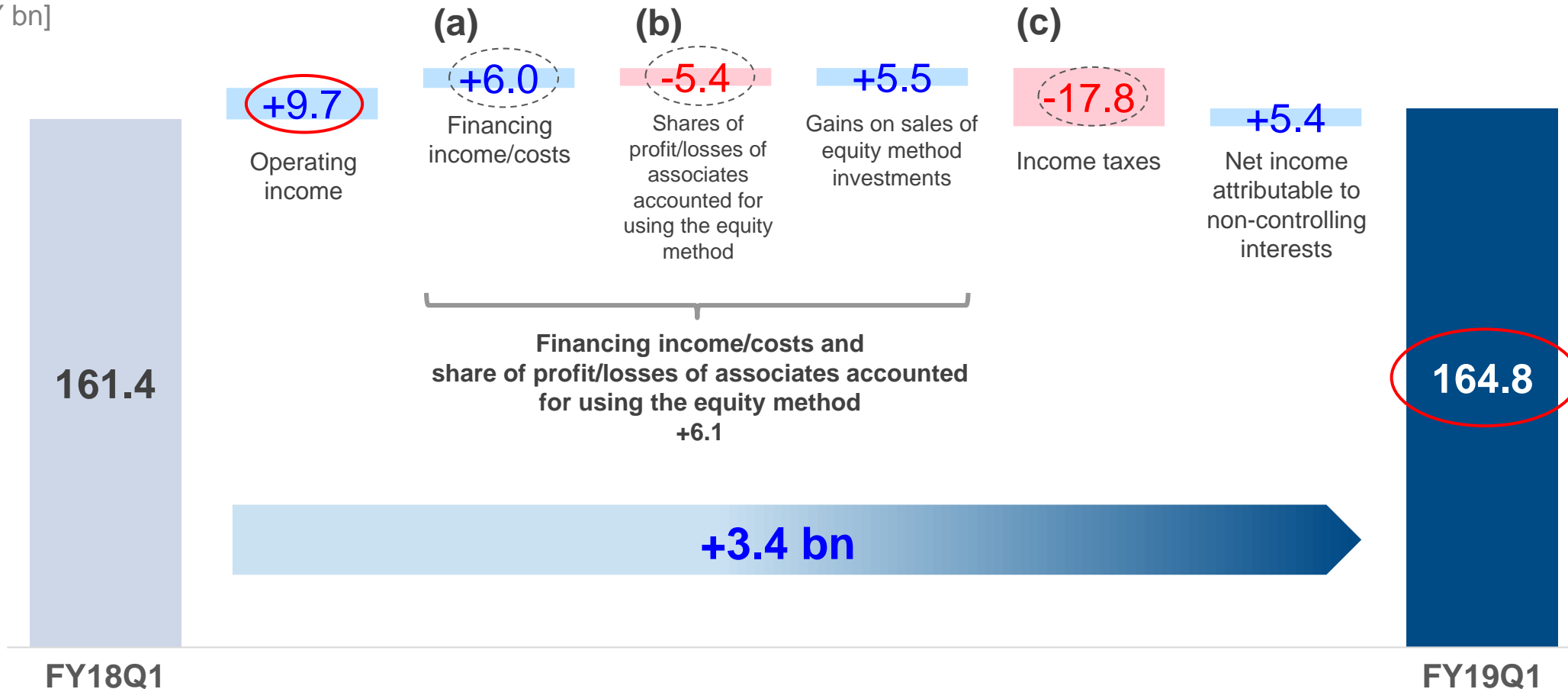
*2: Number of mobile lines under bundled discount per SoftBank Hikari line

Net Income (YoY Comparison)

FY18: after retrospective adjustments of Yahoo Japan consolidation

- Improvement due to decrease in interest and valuation gain of financial instruments (a)
- Loss from upfront investment to new businesses increased (b)
- Income taxes increased due to impact from recognizing deferred tax of loss carryforwards in the previous fiscal year (c)

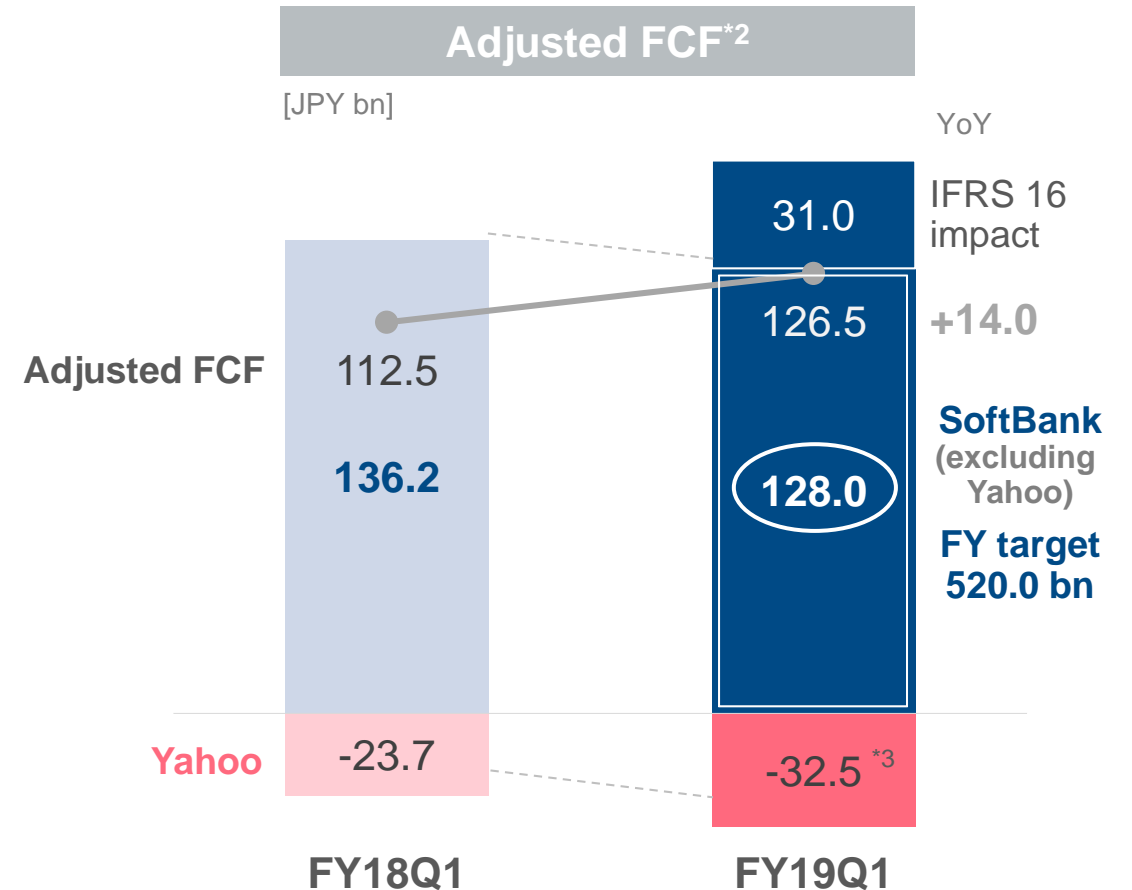
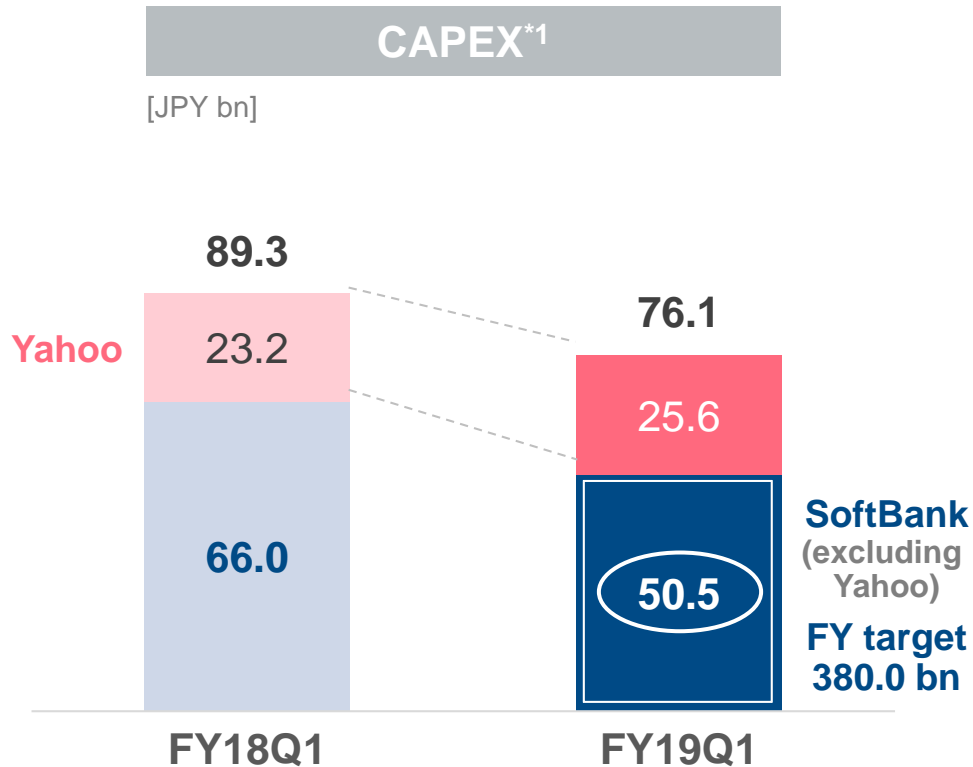
[JPY bn]



CAPEX/Adjusted Free Cash Flow

FY18: after retrospective adjustments of Yahoo Japan consolidation

- CAPEX for Q1 FY19 was JPY 76.1 bn. CAPEX excluding Yahoo Japan was JPY 50.5 bn
- Adjusted free cash flow was JPY 126.5 bn. Adjusted free cash flow excluding Yahoo Japan was JPY 128.0 bn. Progressing at a steady pace towards full-year forecast of 520.0bn



*1: CAPEX is on acceptance basis. Excludes CAPEX for rental mobile phones and impact from IFRS 16

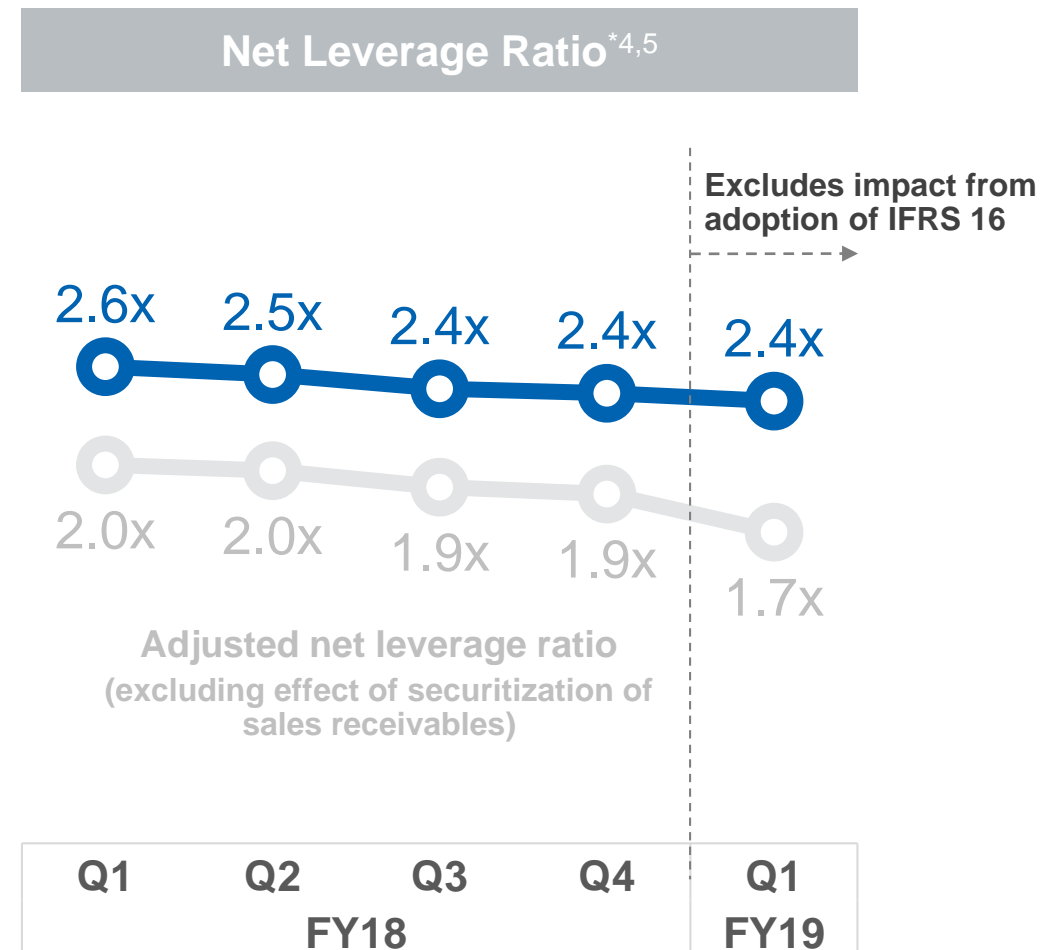
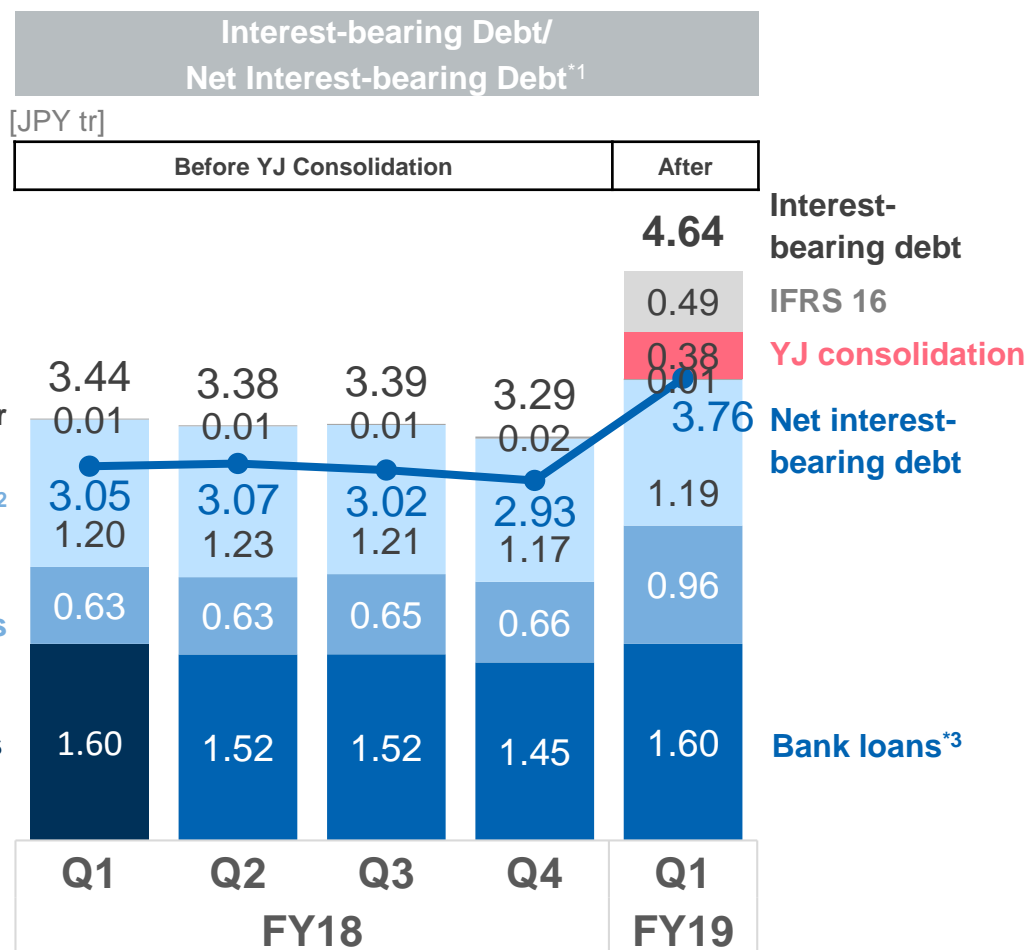
*2: Adjusted FCF = FCF ± total CF relating to non-recurring transactions with SoftBank Group Corp. + (proceeds from the securitization of installment sales receivables – repayments thereof)

*3: Sum of Yahoo's disclosed FCF (-27.1 bn) and dividend payments from Yahoo to SoftBank Corp. (-5.4 bn)

Interest-bearing Debt/Net Interest-bearing Debt and Net Leverage Ratio After Consolidation of Yahoo Japan

FY18: after retrospective adjustments of Yahoo Japan consolidation

- Interest-bearing debt increased due to additional acquisition of Yahoo Japan shares and impact from adoption of IFRS 16
- Net leverage ratio trending at the same level compared to pre-consolidation of Yahoo Japan



*1: Net interest-bearing debt = Interest-bearing debt – Cash and cash equivalents

*2: Lease liabilities for Q1 FY19 are liabilities and borrowings related to sale and leaseback transactions of SoftBank Corp. (standalone basis) and WCP (including payables from purchase of installments)

*3: Senior Loan Agreements which SoftBank Corp. entered in August 2018 and June 2019

*4: Net leverage ratio = Net interest-bearing debt/ Adjusted EBITDA (LTM)

*5: Excludes impact from adoption of IFRS 16

Acquired high credit ratings

R&I

Rating and Investment Information, Inc.

JCR

Japan Credit Rating Agency, Ltd.

 SoftBank

A+

First-time rated

AA-

First-time rated

YAHOO!
JAPAN

A+

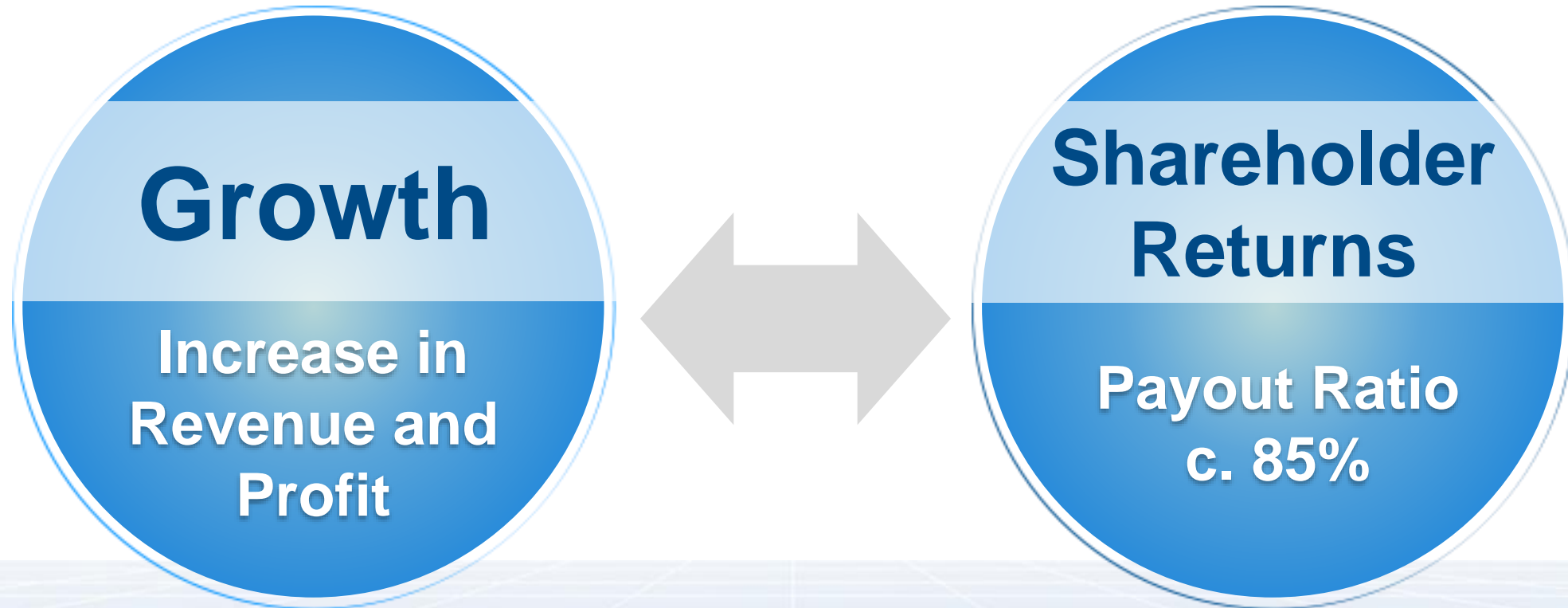
First-time rated

AA-

Upgraded from A

Achieving Both

Growth and Shareholder Returns



Earnings per share (EPS)

JPY **90** → **100**
FY18 FY19

Dividends per share (DPS)

JPY **75**^{*1} → **85**
FY18 FY19

*FY18 figures do not include Yahoo Japan. FY19 figures are forecasts

*1: annual basis

Appendix

Consolidated Statements of Income



[JPY bn]	After Yahoo Consolidation		Variance	Reasons for Variance	[Reference] Disclosed
	FY18Q1	FY19Q1			FY18Q1
Revenue	1,101.0	1,164.9	+63.9		879.9
Cost of sales	-553.7	-579.8	-26.1	Increase in cost of goods and outsourced service fees, etc.	-459.7
Gross profit	547.3	585.1	+37.8		420.3
Selling, general and administrative expenses	-288.1	-316.2	-28.1	Increase in sales commissions and sales promotion expenses	-199.9
Operating Income	259.2	268.9	+9.7		220.4
Share of gain / losses (-) of associates accounted for using the equity method	-0.3	-5.7	-5.4	Increase in expenses for sales promotion campaigns of PayPay	-0.4
Financing income	1.5	5.3	+3.8		0.7
Financing costs	-16.6	-14.3	+2.2		-16.5
Gains on sales of equity method investments	-	5.5	+5.5		3.7
Profit before income taxes	243.8	259.5	+15.7		207.8
Income taxes	-69.1	-86.9	-17.8	Increase due to recording of tax effects related to loss carryforwards in Q1 FY18	-53.5
Net income	174.7	172.6	-2.1		154.3
Net income attributable to					
Owners of the Company	161.4	164.8	+3.4		155.0
Non-controlling interests	13.2	7.8	-5.4	Decrease in Yahoo Japan's net income	-0.6

Consolidated Statements of Financial Position (Assets)



[JPY bn]	After Yahoo Consolidation		Variance	Reasons for Variance	[Reference] Disclosed
	As of Mar 31, 2019	As of Jun 30, 2019			As of Mar 31, 2019
Total assets	8,036.3	8,448.4	+412.1		5,775.0
Current assets	2,965.7	2,875.9	-89.8		1,756.3
Cash and cash equivalents	938.4	871.5	-66.8	Free cash flow +97.5, CF from financing activities -163.9	358.0
Trade and other receivables	1,696.0	1,661.5	-34.5		1,186.9
Other financial assets	90.6	95.7	+5.2		1.7
Inventories	132.8	118.4	-14.5		114.3
Other current assets	108.0	128.8	+20.8		95.5
Non-current assets	5,070.6	5,572.5	+501.9		4,018.7
Property, plant and equipment	1,791.3	728.1	-1,063.2	Due to adoption of IFRS 16, assets recorded based on classification of lease contracts were transferred to right-of-use assets	1,657.3
Goodwill	393.3	395.9	+2.6		198.5
Intangible assets	1,212.4	1,208.9	-3.5		1,046.0
Right-of-use assets	-	1,511.0	+1,511.0	Due to adoption of IFRS 16, assets recorded based on classification of lease contracts were transferred to right-of-use assets	-
Contract costs	211.7	210.7	-1.0		208.1
Investments accounted for using the equity method	89.7	99.8	+10.1		68.3
Other financial assets	736.5	794.6	+58.1	Increase in deposit to Central clearing agency of The Japan Net Bank	716.5
Investment securities	114.8	128.4	+13.6		-
Investment securities in banking business	337.5	338.2	+0.7		-
Deferred tax assets	72.6	44.3	-28.4		36.6
Other non-current assets	110.9	112.6	+1.8		87.4

Consolidated Statements of Financial Position (Liabilities)



[JPY bn]	After Yahoo Consolidation		Variance	Reasons for Variance	[Reference] Disclosed
	As of Mar 31, 2019	As of Jun 30, 2019			As of Mar 31, 2019
Total liabilities	6,013.8	6,976.2	+962.4		4,510.6
Current liabilities	3,317.0	3,896.8	+579.8		2,046.3
Interest-bearing debt	953.7	1,716.9	+763.2	Increase in borrowings for purchase of Yahoo Japan shares (+280.0 from securitization of telecom service fee receivables and +150.0 from bank borrowings), +128.5 from adoption of IFRS 16, and increase in borrowings of other group companies	909.9
Trade and other payables	1,214.2	1,067.3	-146.9	Decrease in operating payables and trading payables	817.5
Deposits for banking business	745.7	779.0	+33.3		-
Contract liabilities	126.4	127.8	+1.4		114.0
Other financial liabilities	3.2	2.9	-0.3		-
Income taxes payable	115.5	49.5	-66.0	Decrease from tax payments	91.3
Provisions	10.0	9.4	-0.6		7.9
Other current liabilities	148.4	143.9	-4.4		105.6
Non-current liabilities	2,696.8	3,079.4	+382.7		2,464.3
Interest-bearing debt	2,538.0	2,919.0	+381.0	+365.9 from adoption of IFRS 16	2,379.5
Other financial liabilities	38.6	38.7	+0.1		11.6
Defined benefit liabilities	14.7	14.7	+0.0		11.1
Provisions	72.7	76.1	+3.4		54.8
Deferred tax liabilities	20.4	18.4	-2.0		-
Other non-current liabilities	12.4	12.6	+0.2		7.4

Consolidated Statements of Financial Position (Equity)



[JPY bn]	After Yahoo Consolidation		Variance	Reasons for Variance	[Reference] Disclosed
	As of Mar 31, 2019	As of Jun 30, 2019			As of Mar 31, 2019
Total equity	2,022.6	1,472.2	-550.4		1,264.5
Equity attributable to owners of the Company	1,498.2	964.3	-533.8		1,247.1
Common stock	204.3	204.3	-		204.3
Capital surplus	111.8	-134.6	-246.4	c. -330.0 from difference in equity of Yahoo Japan and acquisition price (equivalent to goodwill)	202.7
Retained earnings	1,178.3	895.6	-282.7	c. -280.0 due to retrospective adjustments of Yahoo Japan consolidation in FY18	893.9
Accumulated other comprehensive income	3.7	-1.0	-4.7		-53.8
Non-controlling interests	524.4	507.8	-16.6		17.4

Consolidated Statements of Cash Flows

[JPY bn]	After Yahoo Consolidation		Reasons for Variance	[Reference] Disclosed
	FY18Q1	FY19Q1		FY18Q1
Cash flows from operating activities	217.3	205.2		187.1
Net income	174.7	172.6		154.3
Depreciation	124.0	164.0	+35.2 in depreciation due to adoption of IFRS 16	111.6
Change in working capital	-23.5	-46.7	Impact from refund related to consumption tax in FY18, etc.	-32.1
Interest paid	-6.4	-12.9	Increase in interest expenses and others due to increase in average balance of bank borrowings during the term	-6.3
Income taxes paid/refunded	-130.0	-128.6		-101.9
Other	78.5	56.8		61.5
Cash flows from investing activities	-164.9	-107.7		-100.1
Purchases of/proceeds from sales of property, plant and equipment, and intangible assets	-125.8	-107.8		-97.9
Proceeds from sales/redemption of investments	-17.7	3.3		-0.5
Other	-21.4	-3.2		-1.7
Cash flows from financing activities	148.4	-163.9		179.8
Proceeds from interest-bearing debt	502.8	589.4	Increase in additional borrowings from banks	253.9
Repayment of interest-bearing debt	-301.2	-298.1		-255.2
Net increase/decrease of short-term interest-bearing debt	-	320.3	Increase in short-term borrowings for acquisition of Yahoo Japan shares	198.8
Cash dividends paid	-51.2	-215.3	Dividend payments by SoftBank Corp. related to the latter half of FY18	-0.3
Payment from purchase of treasury stock	-4.2	-526.8	Purchase of treasury stock by Yahoo Japan	-
Other	2.2	-33.4		-17.4
Effect of exchange rate changes on cash and cash equivalents	0.4	-0.4		-
Cash and cash equivalents at the beginning of the period	987.8	938.4		121.0
Cash and cash equivalents at the end of the period	1,189.0	871.5		387.8
Adjusted free cash flow	112.5	126.5		150.6



SoftBank