

Earnings Results for the Six Months Ended September 30, 2019

Investor Briefing

**SoftBank Corp.
November 6, 2019**

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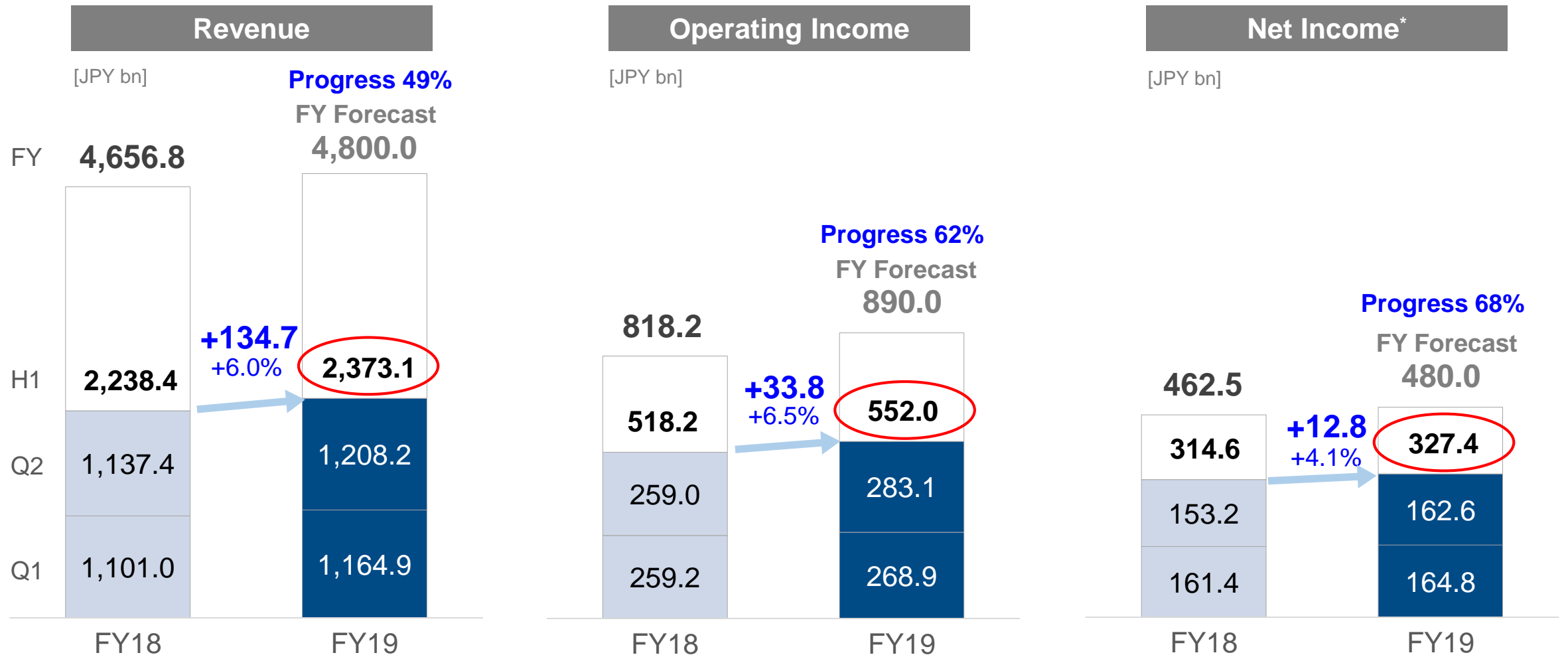
(Definitions of numbers on this presentation)

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

Results for H1 FY2019

FY18: after retrospective adjustments of Yahoo Japan consolidation

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

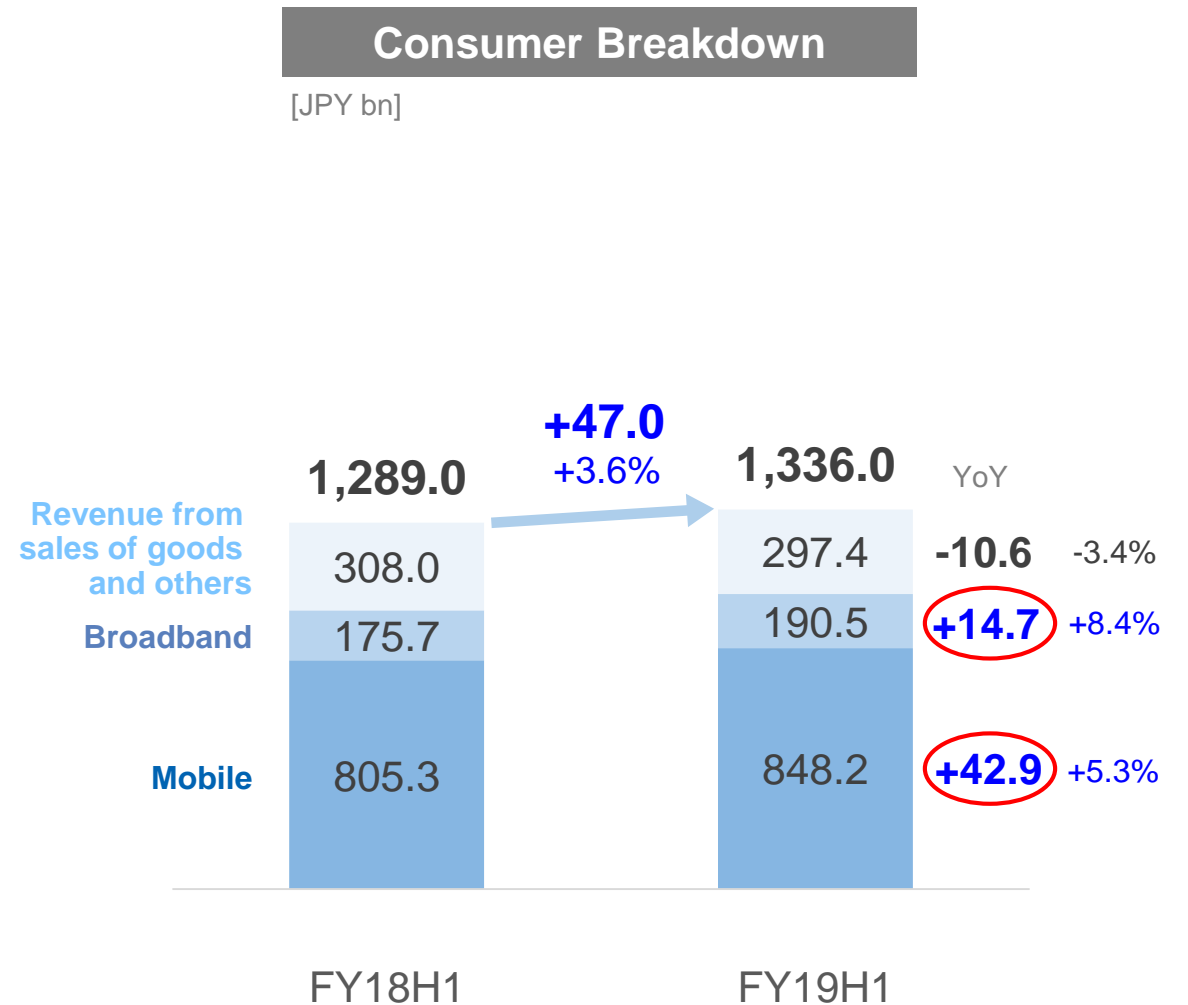
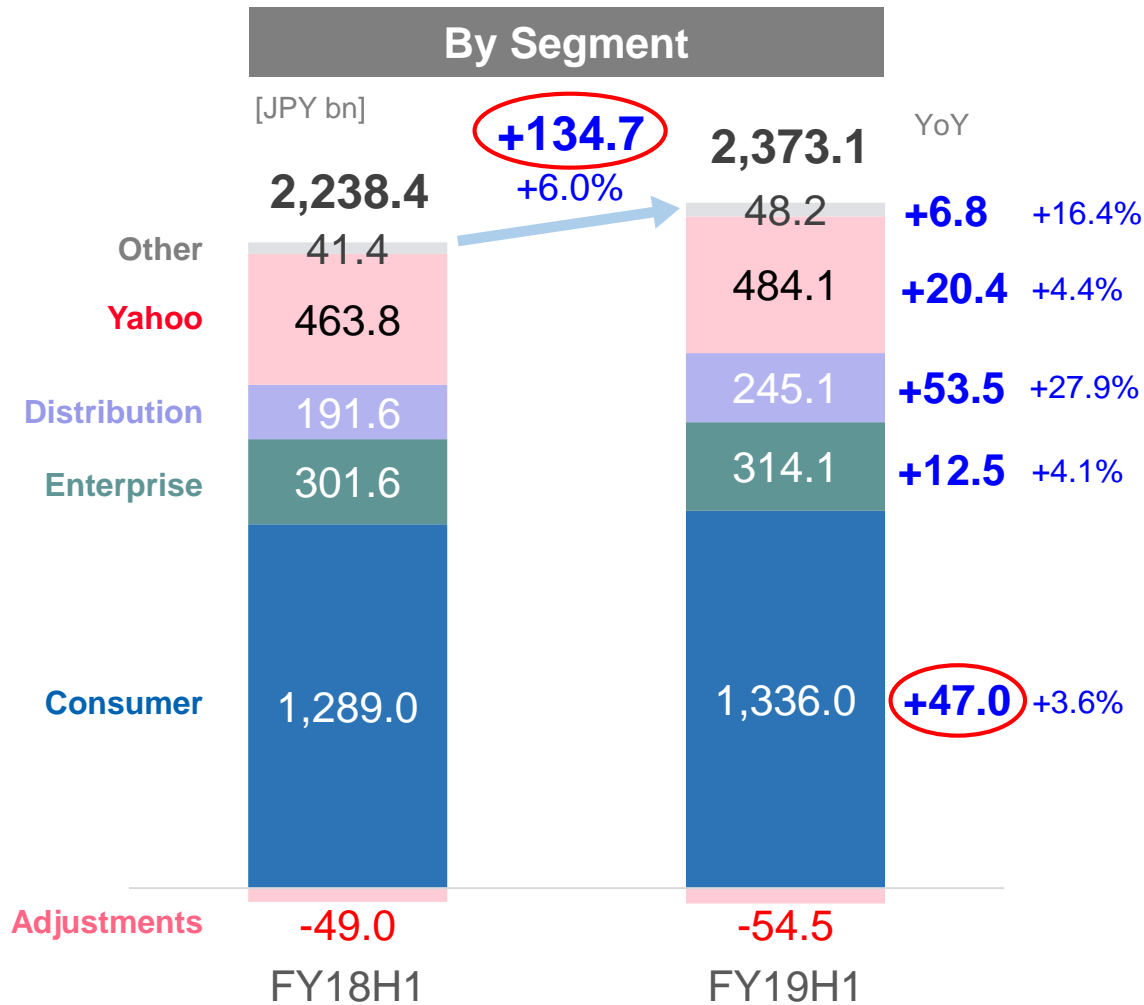


*Net income: net income attributable to Owners of the Company (same hereafter)

Revenue (1/2)

FY18: after retrospective adjustments of Yahoo Japan consolidation

- Revenue increased in all segments. JPY +134.7 bn (+6.0%) YoY
- Consumer segment: JPY +47.0 bn due to growth in Mobile and Broadband



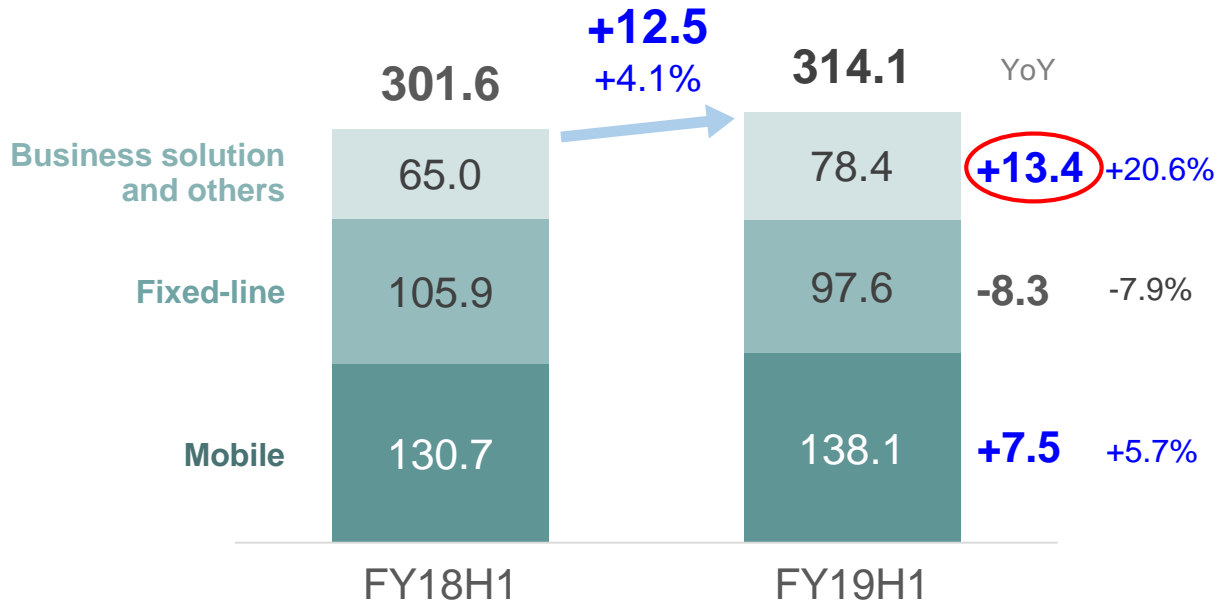
Revenue (2/2)

FY18: after retrospective adjustments of Yahoo Japan consolidation

- Enterprise segment: JPY +13.4 bn (+20.6%) in Business solution and others
- Yahoo segment: JPY +20.0 bn (+6.4%) in Commerce

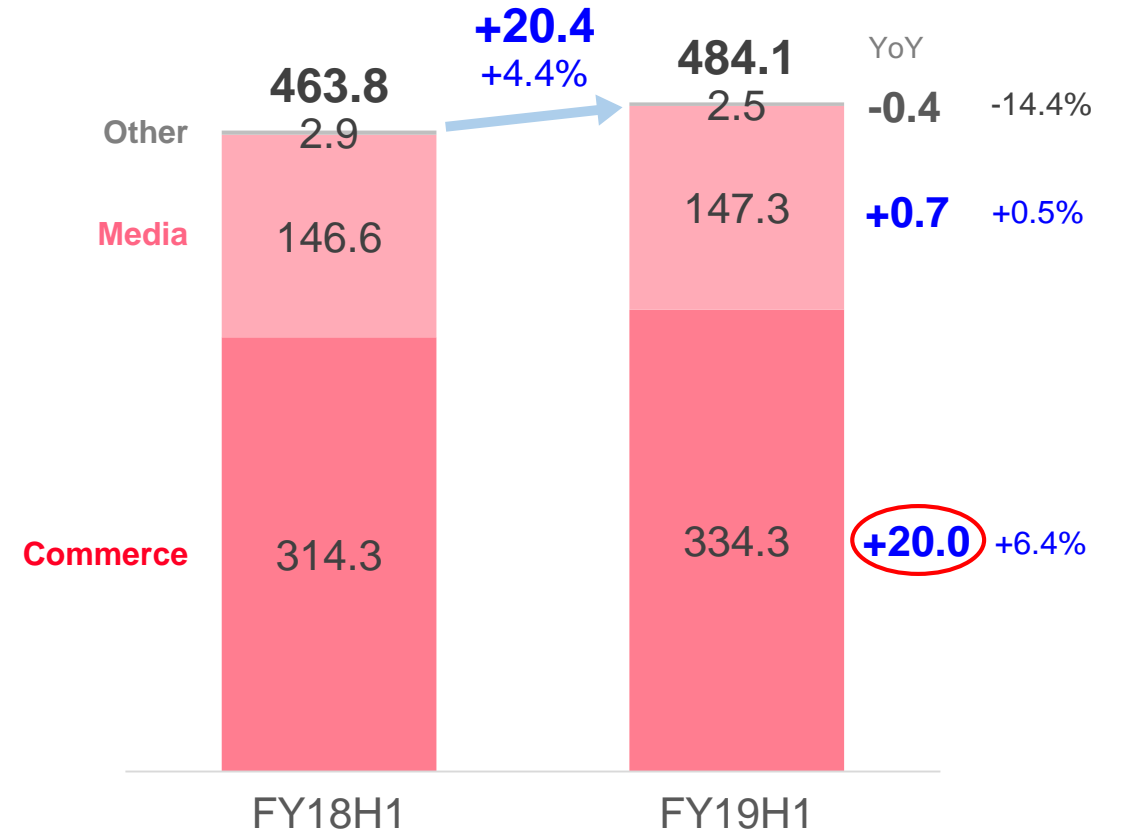
Enterprise Breakdown

[JPY bn]



Yahoo Breakdown

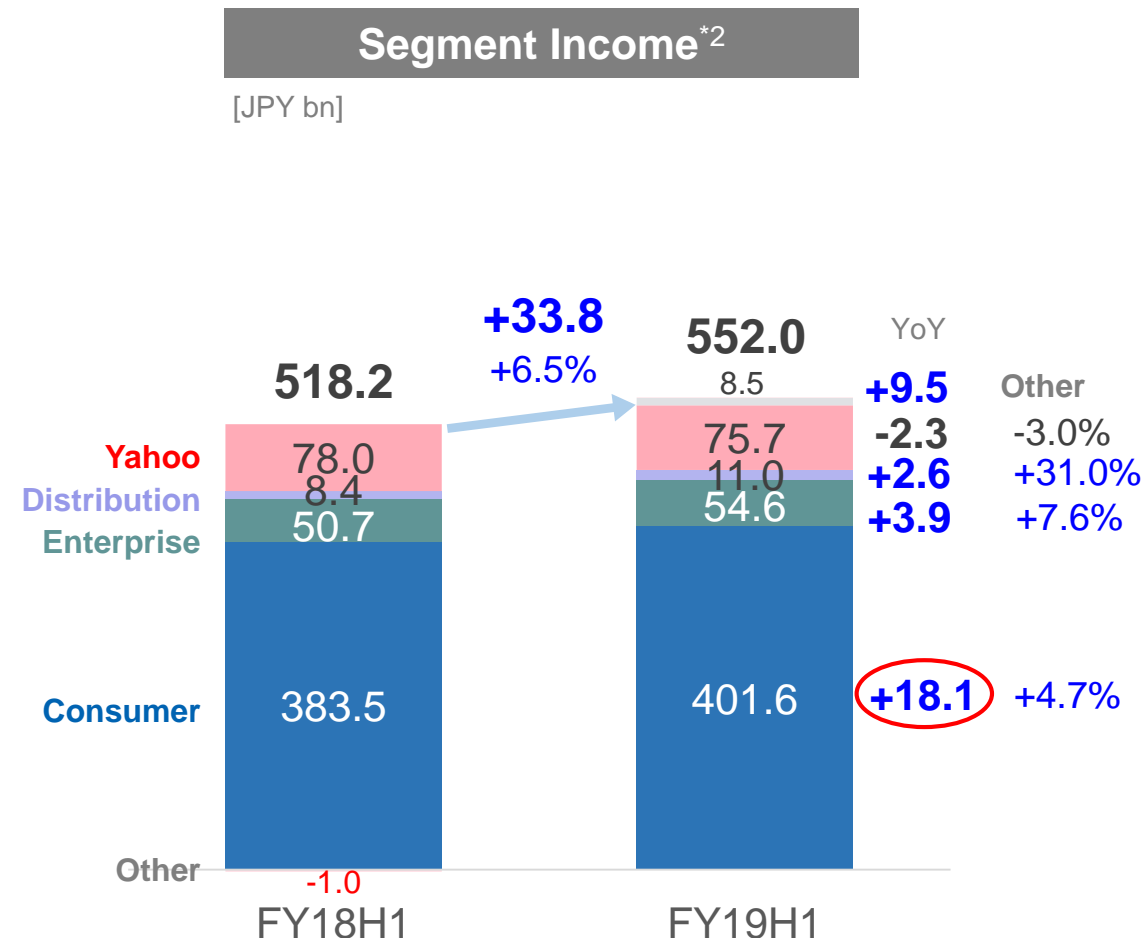
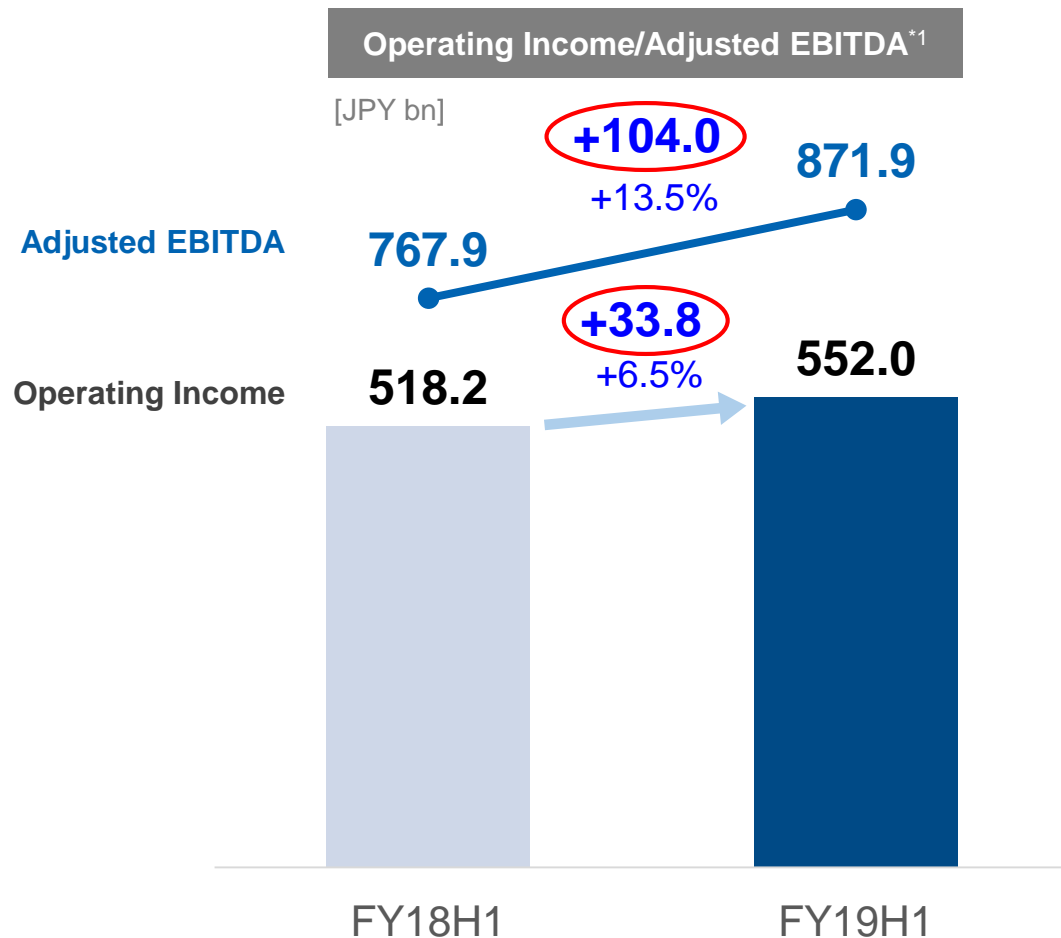
[JPY bn]



Operating Income/Adjusted EBITDA/Segment Income

FY18: after retrospective adjustments of Yahoo Japan consolidation

- Adjusted EBITDA increased by JPY +104.0 bn (+13.5%) YoY. Adjusted EBITDA excluding impact from IFRS 16 increased by JPY +31.2 bn
- Operating income increased by JPY +33.8 bn (+6.5%) YoY. Consumer contributed JPY +18.1 bn (+4.7%)



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

*2: Inter-segment adjustments was -1.5 bn for H1 FY18 and 0.6 bn for H1 FY19

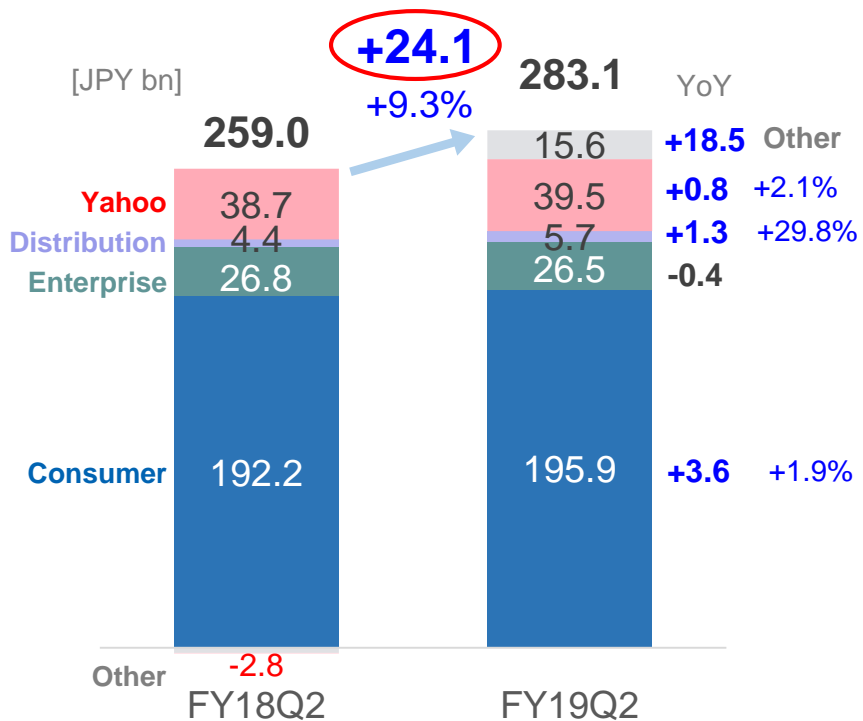
Quarterly Segment Income (Q2)

FY18: after retrospective adjustments of Yahoo Japan consolidation

■ Operating income for Q2 FY19 increased by JPY +24.1 bn (+9.3%) YoY

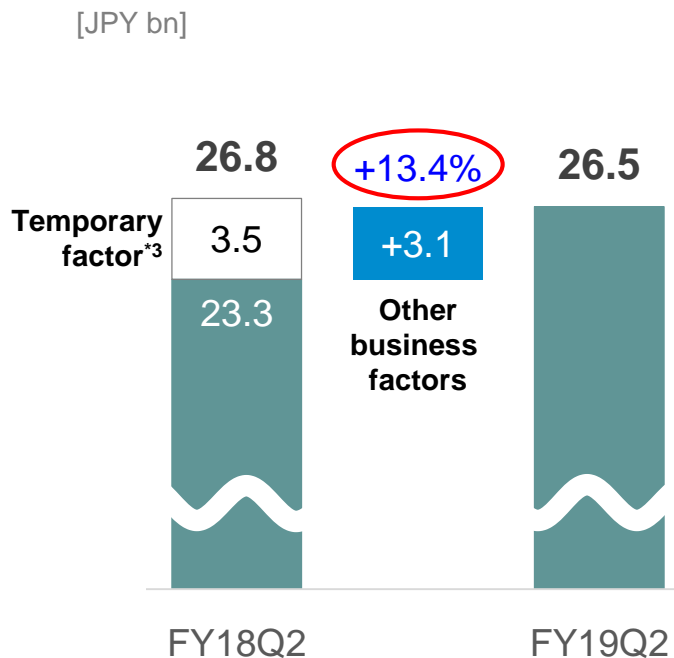
Segment Income*1

Other includes temporary factors*2



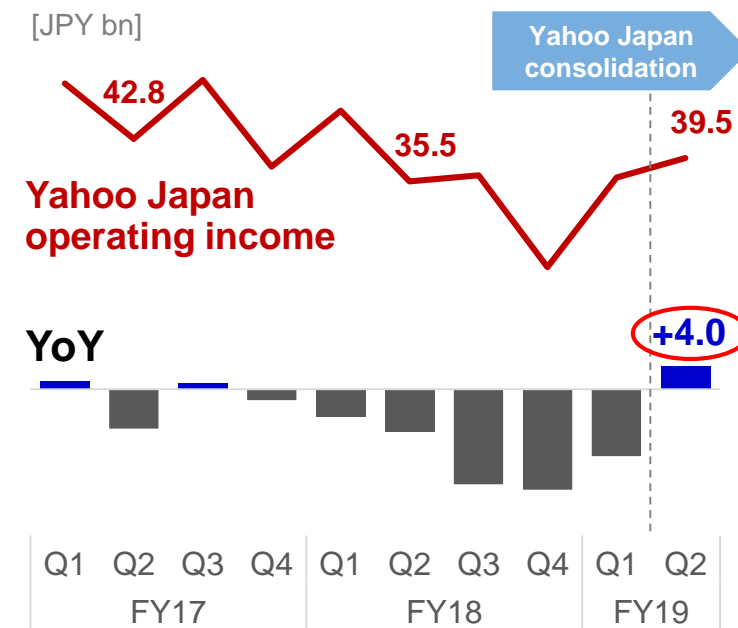
Enterprise Segment Income

Income excluding temporary factors in the previous fiscal year increased YoY



Yahoo Japan*4 Operating Income*5

Income in Q2 FY19 increased YoY for the first time in 7 quarters
Full-year income for FY19 expected to increase YoY for the first time in 3 years



*1: Inter-segment adjustments was -0.3 bn for Q2 FY18 and -0.1 bn for Q2 FY19

*2: The increase in Other was mainly attributable to the recording of a gain of 11.9 bn on loss of control due to the reclassification of Cybereason Japan Corp. from the Company's subsidiary to an equity method affiliate

*3: Temporary decline in costs due to the recording of a reversal related to an allowance for losses on orders received associated with the expiration of a large contract related to network construction in the previous fiscal year

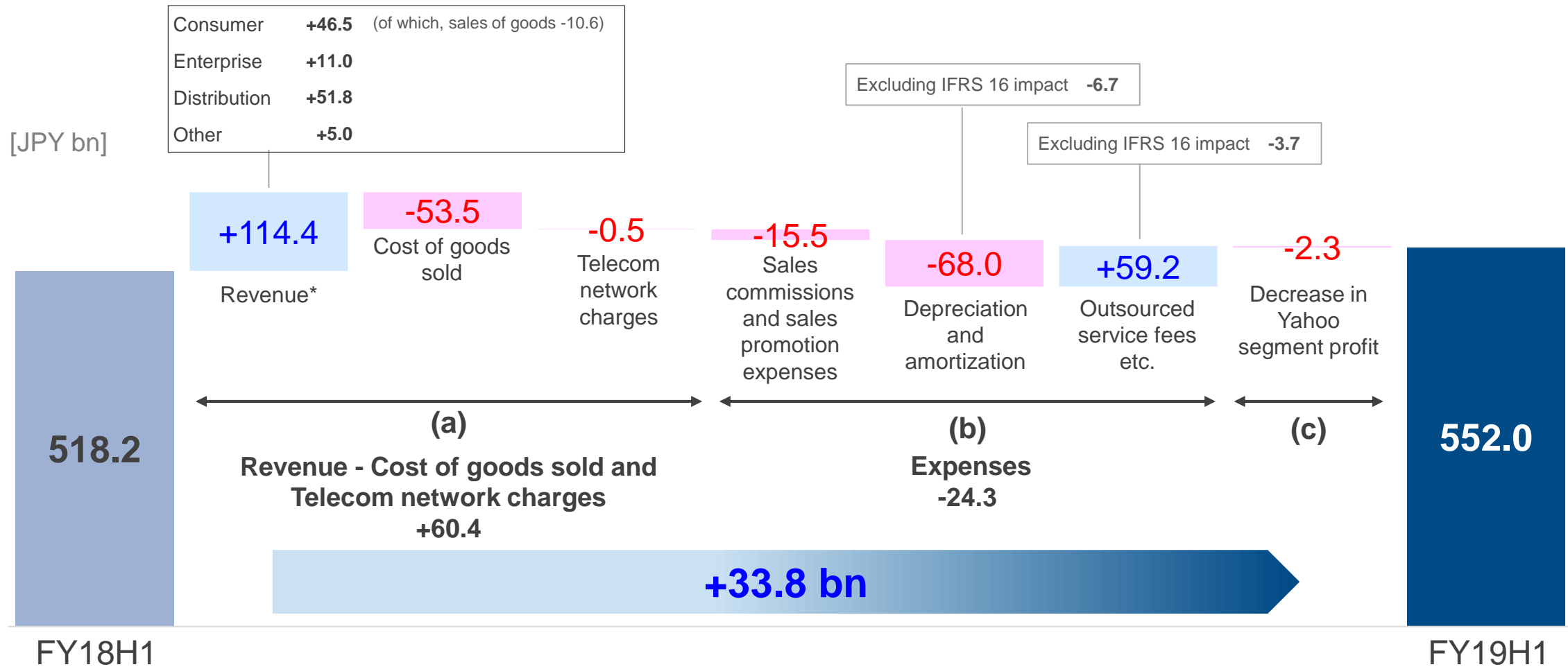
*4: On October 1, 2019, Yahoo Japan Corporation transitioned to a holding company structure through a company split (absorption-type company split) and changed its trade name to Z Holdings Corporation

*5: Above are figures disclosed by Yahoo Japan Corporation, and thus differ from those of the Company's Yahoo segment

Operating Income (YoY Comparison)

FY18: after retrospective adjustments of Yahoo Japan consolidation

- Revenue increased in all segments. After deduction of Cost of goods sold and Telecommunication network charges, gross profit increased by JPY +60.4 bn YoY (a)
- Expenses increased by JPY 24.3 bn YoY (b) due to vigorous sales promotions, subsidiaries, and business expansion



*Sales to external customers

Cumulative Subscribers (Main Subscribers/Smartphones) SoftBank

- Cumulative main subscribers reached 35.56 mil (+1.61 mil YoY), smartphones contributed to the increase substantially
- Cumulative smartphones reached 23.03 mil (+1.94 mil YoY), steady growth in all 3 brands

Cumulative Subscribers*1

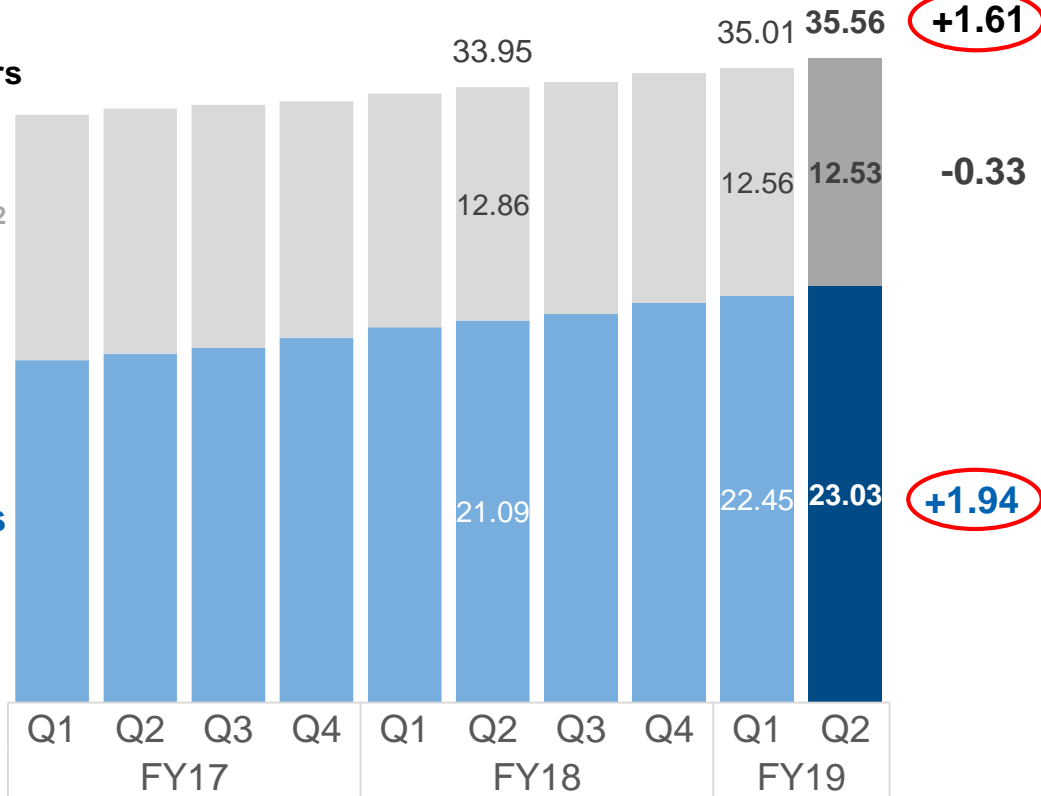
[Mil]

YoY

Main Subscribers

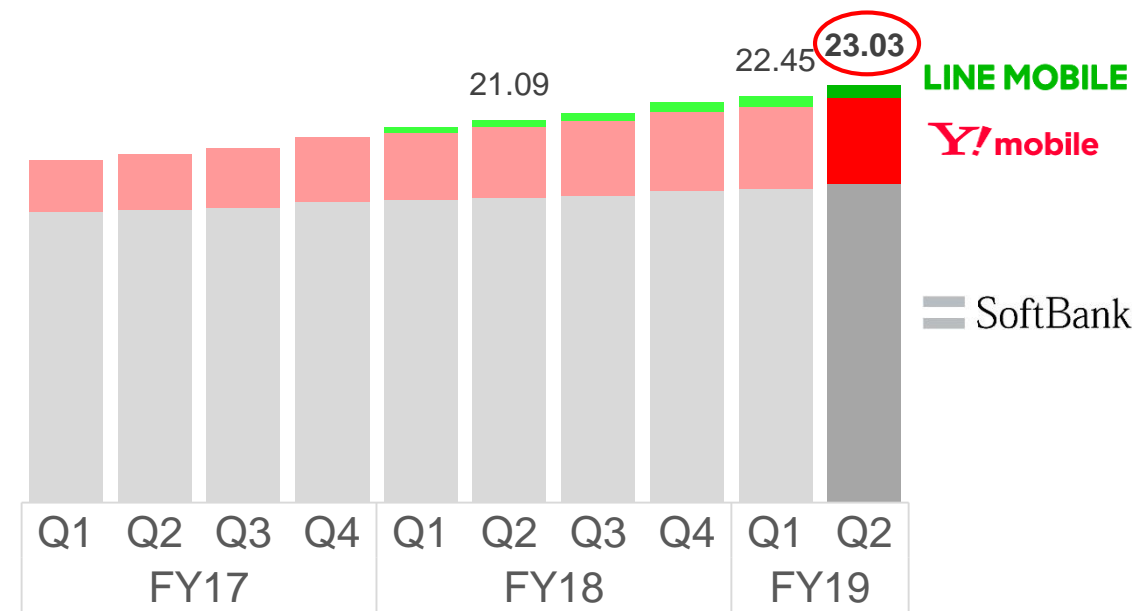
Other*2

Smartphones



Smartphone Subscribers

[Mil]

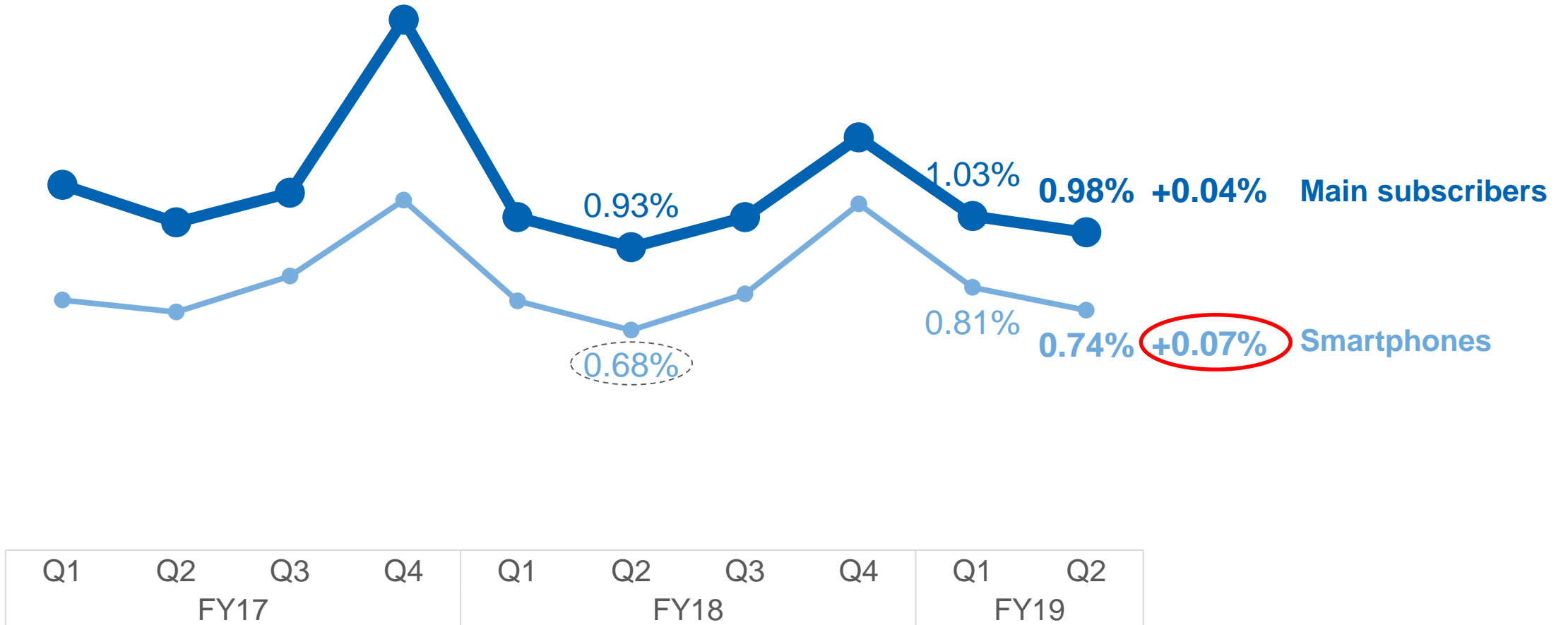


*1: Cumulative subscribers include Wireless Home Phone subscribers (H1 FY18: 0.70 mil, H1 FY19: 0.99 mil)

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

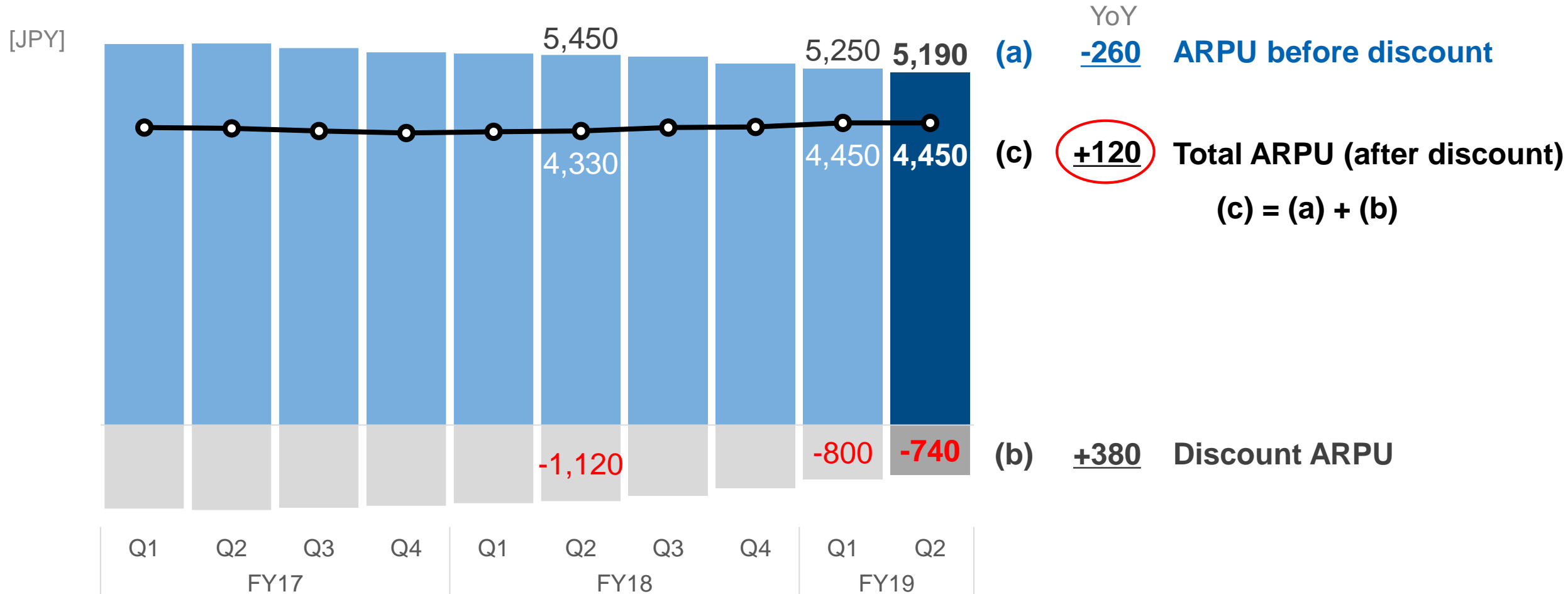
Churn Rate (Main Subscribers/Smartphones)

- Smartphones: churn rate increased due to increase in liquidity and increase in composition ratio of Y!mobile subscribers



ARPU (Main Subscribers)

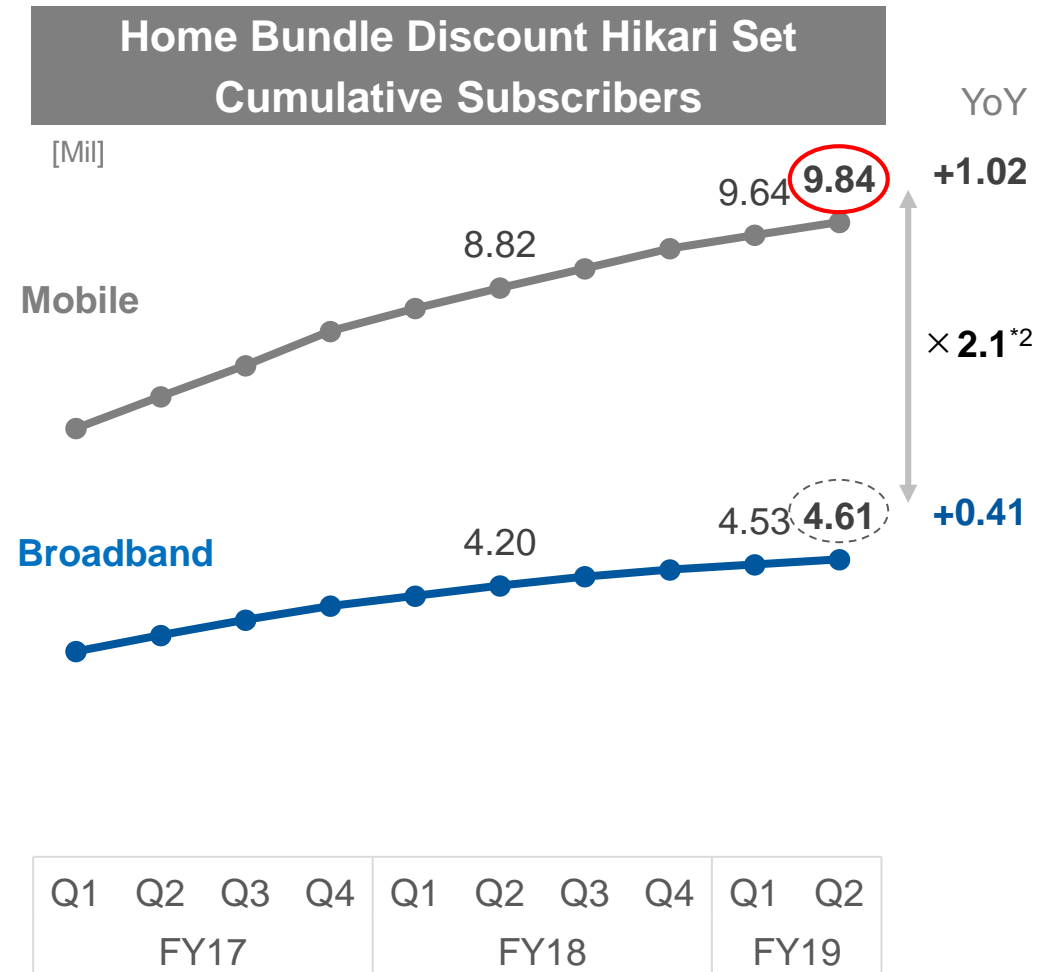
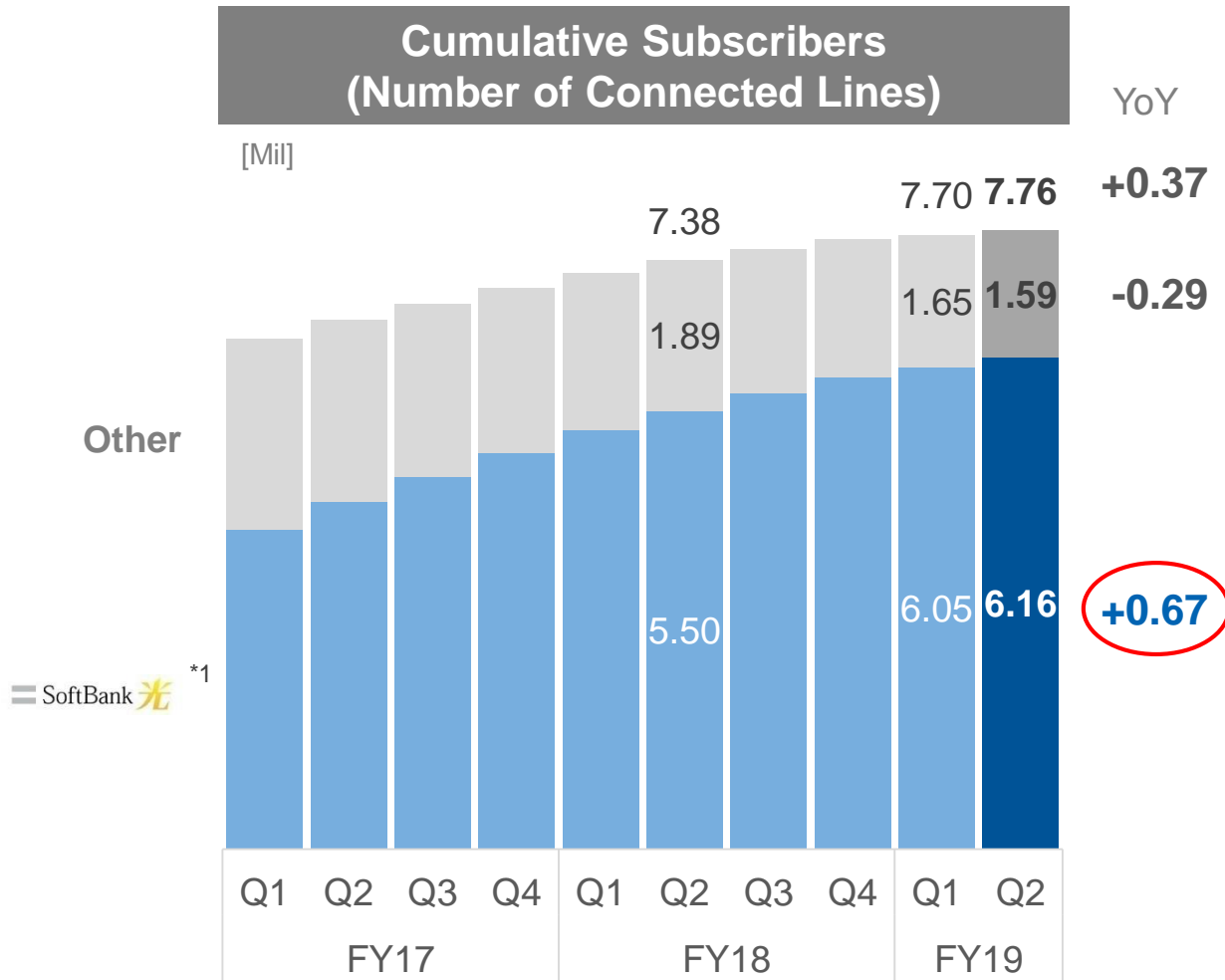
- ARPU before discount decreased due to the introduction of plans that separate handset payment and service fees, as well as a rise in composition ratio of Y!mobile and LINE MOBILE subscribers (a)
- Total ARPU rose by JPY 120 YoY in Q2 due to a decrease in impact from Monthly Discounts after the introduction of plans that separate handset payment and service fees, and 4-year installments (c)



*Revenue deductions relating to reward points and programs supporting handset payments are not included in calculation of ARPU

Broadband Service

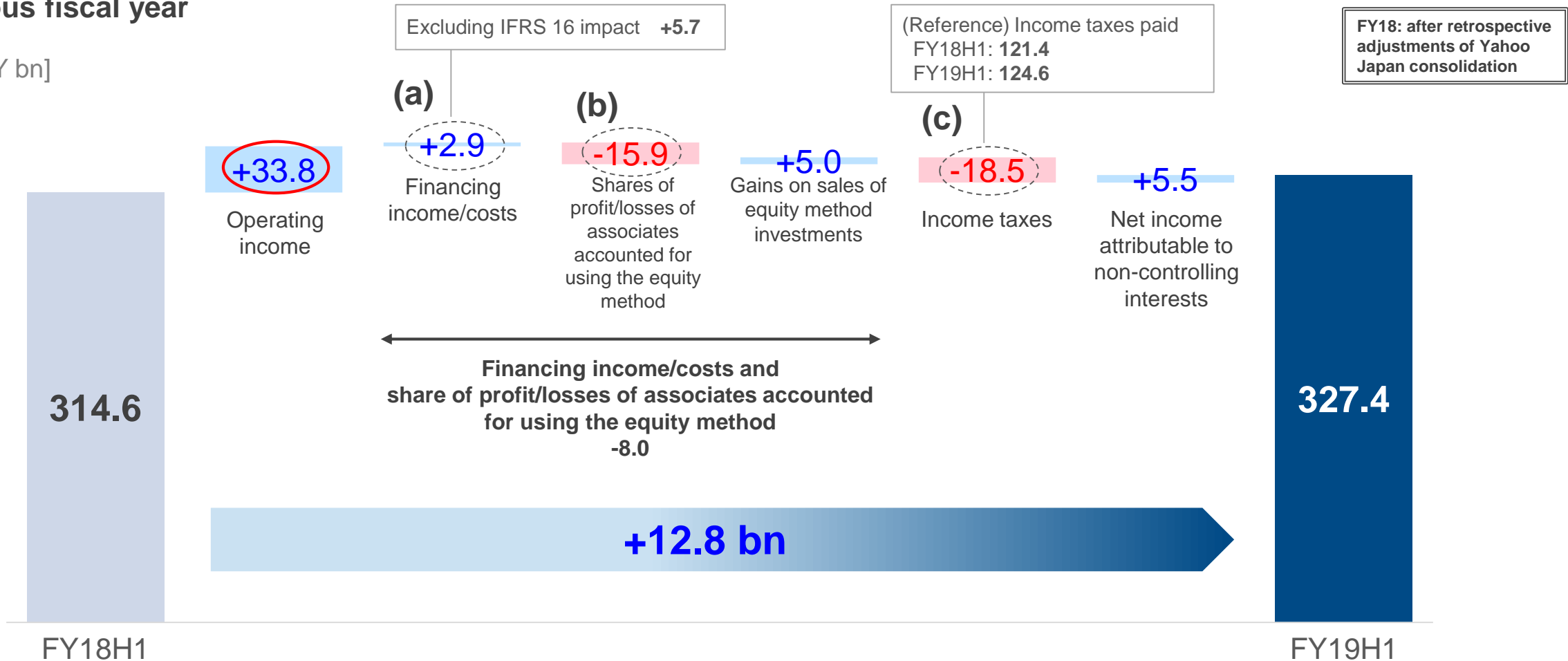
- SoftBank Hikari cumulative subscribers were 6.16 mil as of Q2, steadily increased by 0.67 mil YoY
- Home Bundle Discount Hikari Set applications to mobile subscribers increased to 9.84 mil



Net Income (YoY Comparison)

- (a) Financing income/costs: Improvement due to decrease in interest and valuation gain of financial instruments
- (b) Shares of profit/losses of associates accounted for using the equity method: Loss from upfront investment to new businesses, such as PayPay
- (c) Income taxes: Increased due to an increase in profit and the impact of the use of loss carryforwards in the previous fiscal year

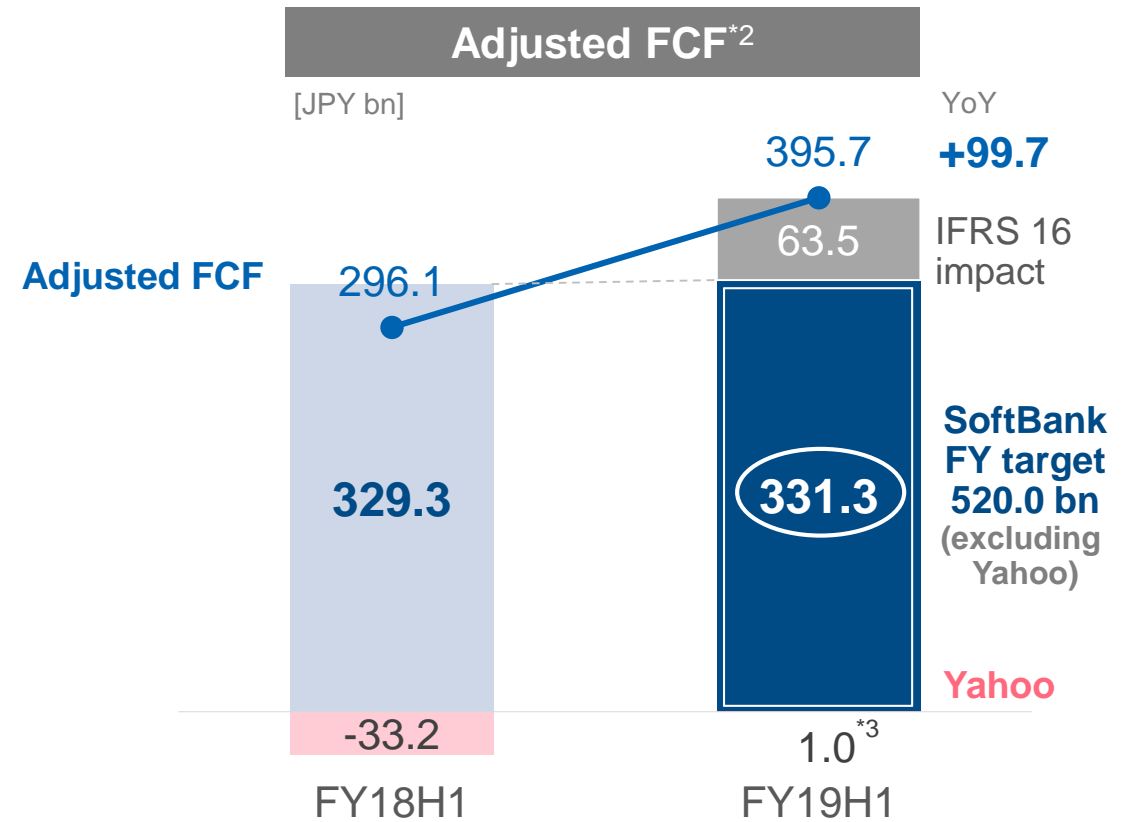
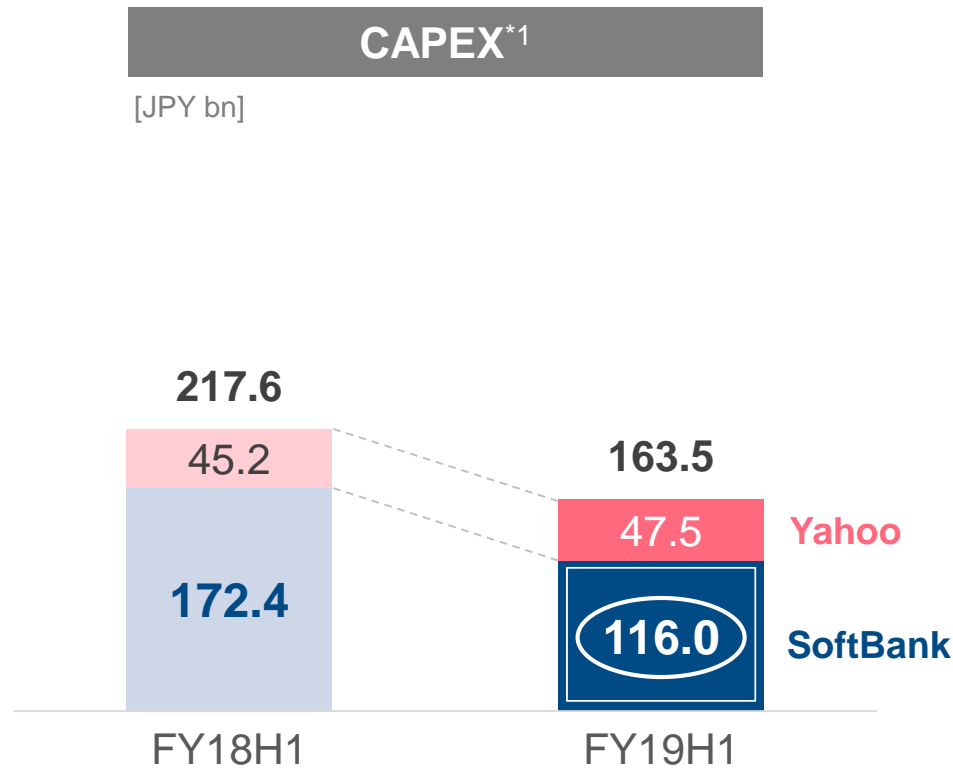
[JPY bn]



CAPEX/Adjusted Free Cash Flow

FY18: after retrospective adjustments of Yahoo Japan consolidation

- CAPEX for H1 FY19 was JPY 163.5 bn. CAPEX excluding Yahoo Japan was JPY 116.0 bn (FY target JPY 380.0 bn)
- Adjusted free cash flow was JPY 395.7 bn. Adjusted free cash flow excluding Yahoo Japan and IFRS 16 impact was JPY 331.3 bn. Progressing at a steady pace towards full-year forecast of JPY 520.0 bn

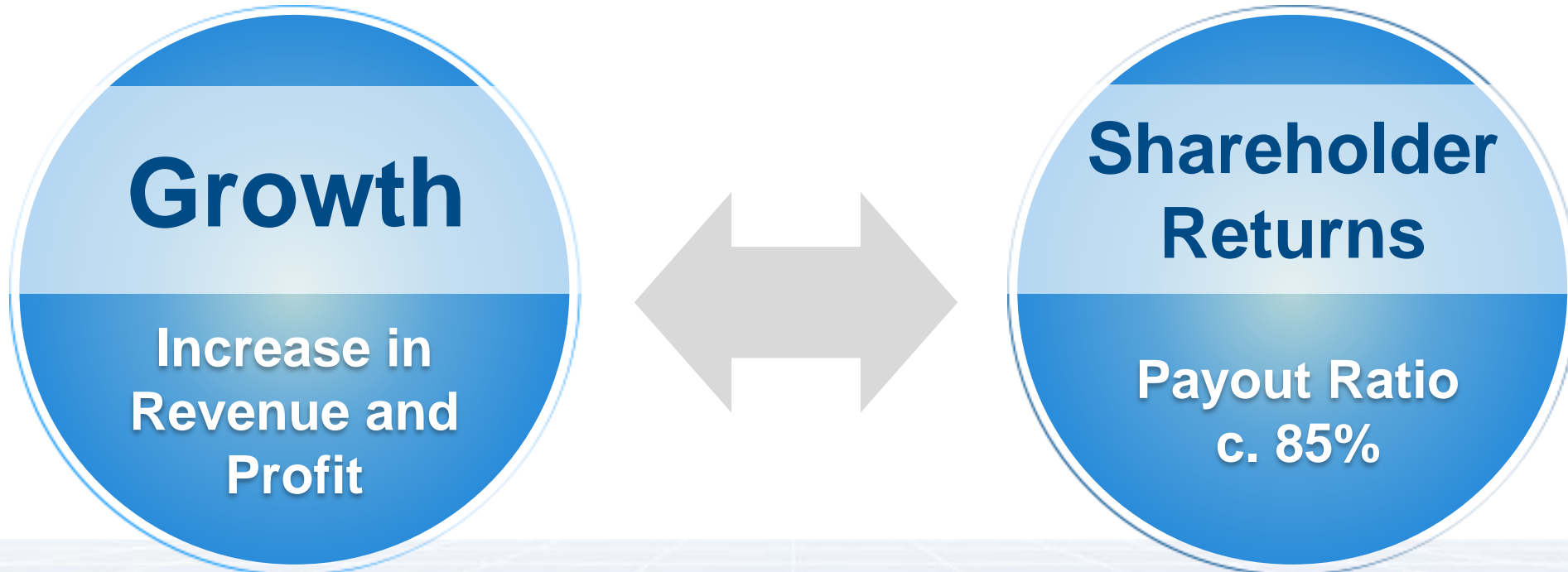


*1: CAPEX is on acceptance basis. Excludes CAPEX for rental mobile phones and impact from IFRS 16

*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 and dividend payments from Yahoo to SoftBank Corp. (5.4 bn)

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

Payment of interim dividend (DPS JPY 42.5)
scheduled in December

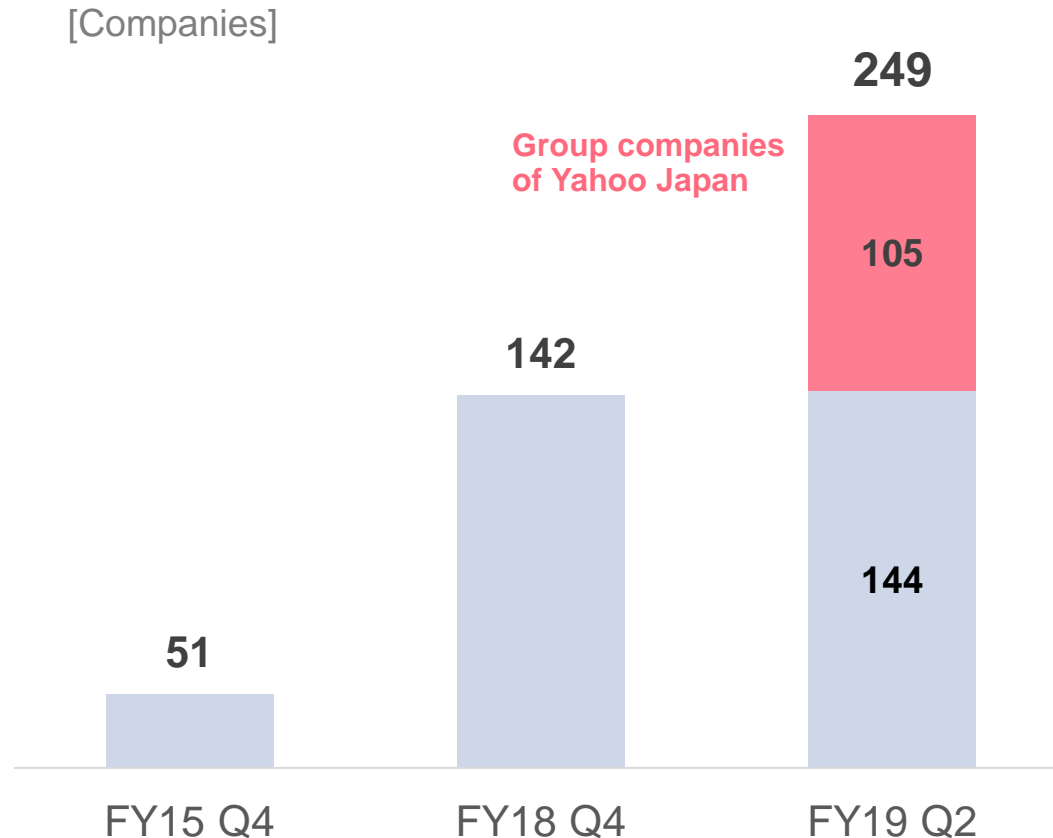
*FY18 figures do not include Yahoo Japan. FY19 figures are forecasts

*1: annual basis

Group Companies

Group companies

- The number of group companies increased due to the expansion of new business domains and the consolidation of Yahoo Japan



As of end of Q2 FY19:

Subsidiaries	186
Affiliate companies*1	63
Total number of group companies*2	249

Subsidiaries (1/2)

Segment	Company Name	Ratio of Voting Rights Held	Business Description
Consumer	Wireless City Planning Inc.	32.2%*	Telecommunication services *Economic interests: 99.5%
	LINE MOBILE Corporation	60.0%	Telecommunication services
	WILLCOM OKINAWA, Inc.	100.0%	Telecommunication services
	SB Power Corp.	100.0%	Sales and purchases of power and mediating power transaction
	SB Mobile Service Corp.	100.0%	Call center business
Enterprise	IDC Frontier Inc.	100.0%	Data center business
	Telecom Engineering CO.,LTD.*1	100.0%	Construction and operation related to telecommunications
Distribution	SB C&S Corp.	100.0%	Distribution and sales of IT-related products, provision of IT-related services
Yahoo	Yahoo Japan Corporation*2	44.6%	E-commerce, internet advertising business
	Ikyu Corporation	100.0%	Operation of various internet sites that provide reservation services for high-end hotels and restaurants, etc.
	YJ Card Corporation	100.0%	Credit card, card loan, credit guarantee business
	ASKUL Corporation	45.1%	Mail-order service of office-related products and other delivery services
	YJFX, Inc.	100.0%	Foreign exchange margin trading business
	The Japan Net Bank, Limited	46.6%	Banking business
	eBOOK Initiative Japan Co., Ltd.	43.9%	Content digitization and distribution service, planning, development, and production of digital content, and publishing and editorial service for magazines and books
	ValueCommerce Co., Ltd.	52.0%	Advertisement business, CRM business

Blue: listed company

*1: On October 1, 2019, Telecom Engineering CO., LTD. was renamed as SB Engineering Corp.

*2: On October 1, 2019, Yahoo Japan Corporation transitioned to a holding company structure through a company split (absorption-type company split) and changed its trade name to Z Holdings Corporation

Subsidiaries (2/2), Affiliates

Segment	Company Name	Ratio of Voting Rights Held	Business Description
Other	HAPSMobile Inc.	94.5%	R&D and manufacturing of network equipment for HAPS business
	SB Payment Service Corp.	100.0%	Payment processing
	SB Cloud Corp.	60.0%	Sales of public cloud services
	One Tap BUY Co., Ltd.	47.2%	Securities business specializing in smartphones
	SB Media Holdings Corp.	100.0%	Intermediate holdings company that owns ITmedia Inc.
	ITmedia Inc.	53.7%	Operation of comprehensive IT information site ITmedia
	SB Players Corp.	100.0%	Solution services for government
	SoftBank Technology Corp.*1	53.5%	Cloud service, security monitoring service, provision of IoT solution

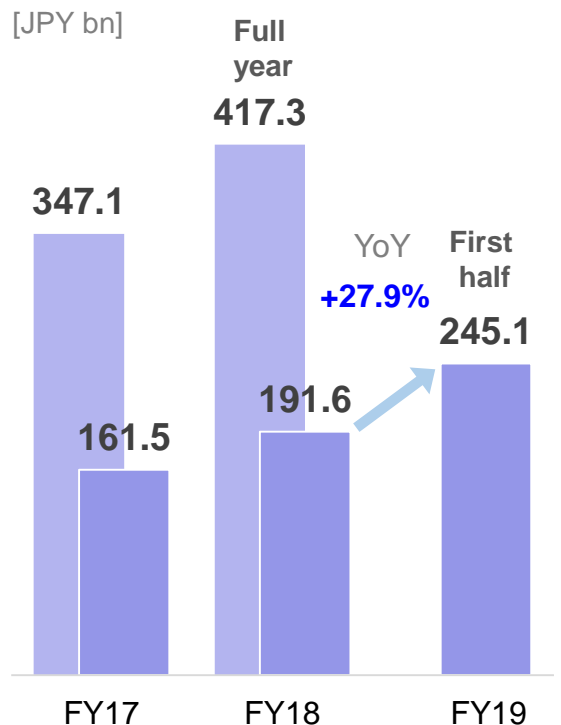
Category	Company Name	Ratio of Voting Rights Held	Business Description
Affiliate companies	PayPay Corporation	50.0%	Development and offering of electronic payment services such as mobile payment
	WeWork Japan G.K.	25.0%	Provision of co-working spaces
	OYO Hotels Japan G.K.	24.9%	Provision of accommodation and hotel services
	Tpoint Japan Co., Ltd.	34.0%	Point management business
	J.Score CO., LTD.	50.0%	FinTech services using AI-scoring
	Geniee, Inc.	31.5%	Marketing technology business
	Scigineer Inc.	32.1%	Internet marketing support services utilizing “deqwas”, a personalized engine for e-commerce businesses and retailers

*1: On October 1, 2019, SoftBank Technology Corp. was renamed as SB Technology Corp.

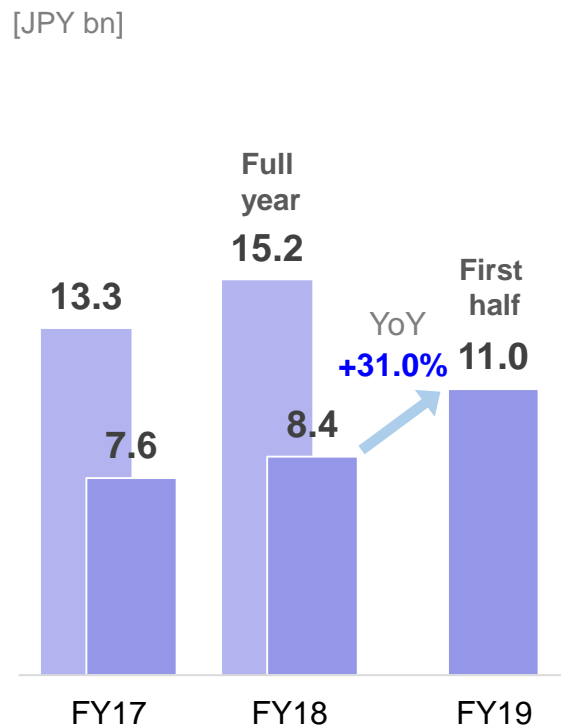
Overview and business characteristics

- Based on the Company's founding business, SB C&S now distributes ICT products, cloud services, mobile communications and IoT equipment to enterprise and individual customers (reportable segment : Distribution segment)
- Strong sales of hardware, software and services to enterprise customers

Distribution Segment Revenue



Distribution Segment Operating Income



For enterprises

Providing ICT-related products, cloud services, and products and services utilizing AI and IoT

Sales partners nationwide
10,000 companies
40,000 bases

Manufacturers
4,000 companies

Merchandise handled
More than 400,000 items

For individuals

Providing PC and mobile-related equipment including accessories, IoT products and services, etc.

Items handled
More than 75,000 items

Stores nationwide
More than 25,000 stores

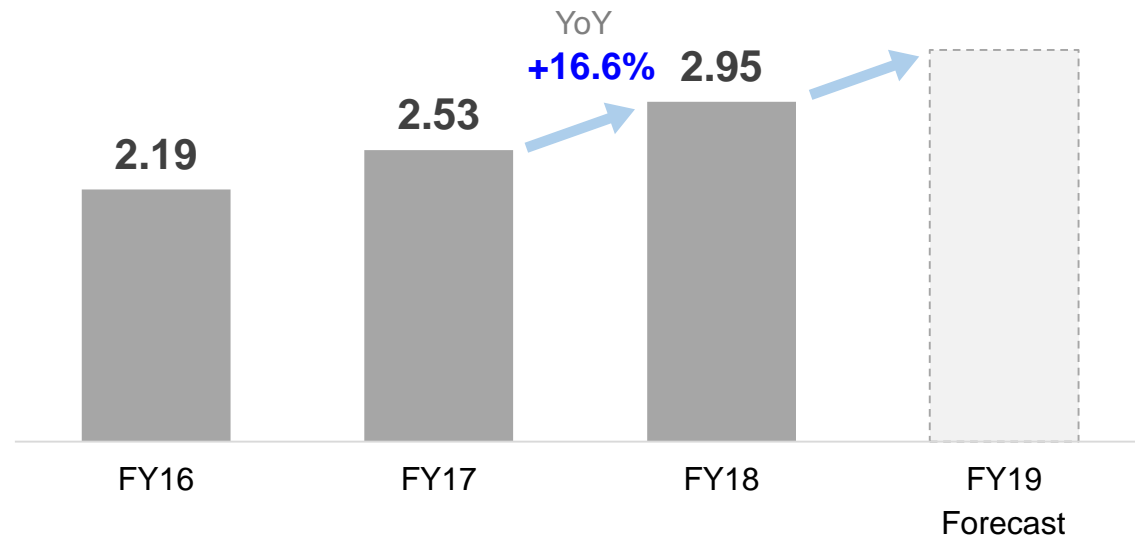
Mobile accessory shipments
FY18 c. 18 mn items

Overview and business characteristics

- Provides credit card and convenience store payments, which can be used in online businesses, in addition to electronic money and QR code settlement services for physical stores
- Introduces new payment services to meet diverse demands, such as Alipay international payments and deferred payments
- Introduced payment services in 80,000 stores*². Annual transaction value was JPY 2.95 trillion*²

SB Payment Service Annual Transaction Value

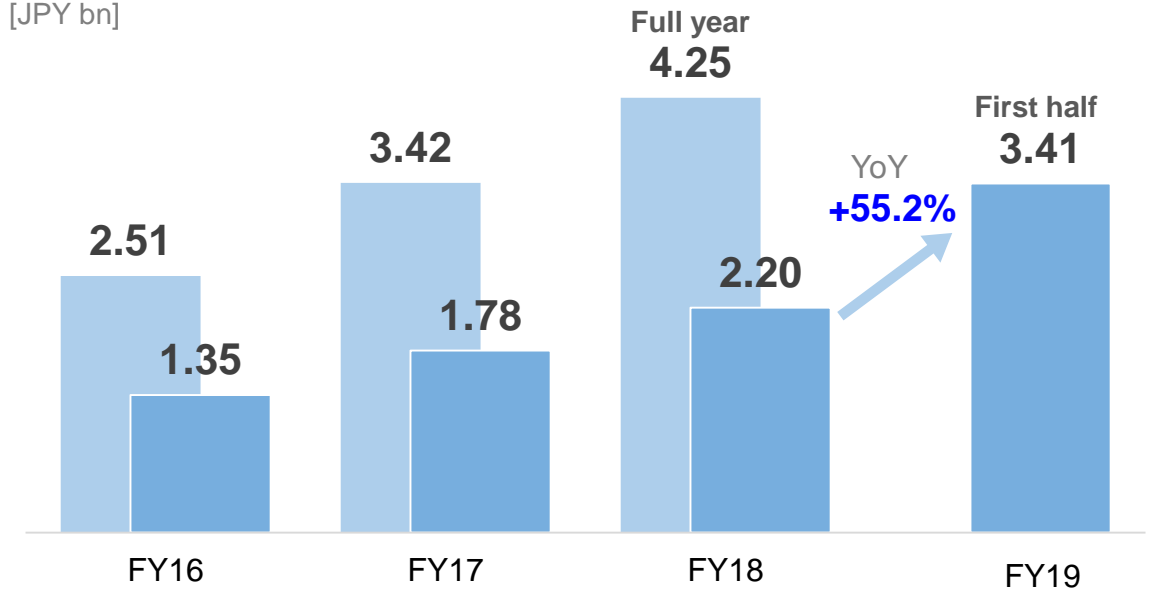
[JPY tn]



* 1: As of September 2019 *2: FY2018 actuals

SB Payment Service Operating Income*³

[JPY bn]



*3: Japanese GAAP, figures for first half are unaudited

Appendix

Consolidated Statements of Income



[JPY bn]	After Yahoo Consolidation		Variance	Reasons for Variance	[Reference] Disclosed
	FY18H1	FY19H1			FY18H1
Revenue	2,238.4	2,373.1	+134.7		1,794.4
Cost of sales	-1,136.7	-1,201.2	-64.5	Increase in cost of goods and outsourced service fees, etc.	-950.4
Gross profit	1,101.7	1,171.9	+70.2		844.0
Selling, general and administrative expenses	-587.2	-631.9	-44.7	Increase in sales commissions and sales promotion expenses	-400.6
Other operating income	8.4	12.0	+3.5		4.7
Other operating expenses	-4.8	-	+4.8		-4.8
Operating Income	518.2	552.0	+33.8		443.3
Share of gain / losses (-) of associates accounted for using the equity method	-1.5	-17.3	-15.9	Increase in expenses for sales promotion campaigns of PayPay	-3.3
Financing income	2.4	3.9	+1.5		1.1
Financing costs	-31.1	-29.7	+1.4		-31.1
Gains on sales of equity method investments	0.4	5.5	+5.0		3.7
Profit before income taxes	488.5	514.2	+25.8		413.7
Income taxes	-149.2	-167.7	-18.5	Increase due to use of loss carryforwards in Q2 FY18	-120.9
Net income	339.3	346.6	+7.3		292.8
Net income attributable to					
Owners of the Company	314.6	327.4	+12.8		294.7
Non-controlling interests	24.7	19.2	-5.5	Decrease in Yahoo Japan's net income	-1.8

Consolidated Statements of Financial Position (Assets)



[JPY bn]	After Yahoo Consolidation		Variance	Reasons for Variance	[Reference] Disclosed
	As of Mar 31, 2019	As of Sep 30, 2019			As of Mar 31, 2019
Total assets	8,036.3	8,733.6	+697.2		5,775.0
Current assets	2,965.7	3,168.7	+203.0		1,756.3
Cash and cash equivalents	938.4	1,154.4	+216.0	+229.3 from unsecured bonds issued by Yahoo Japan	358.0
Trade and other receivables	1,696.0	1,687.5	-8.5		1,186.9
Other financial assets	90.6	100.1	+9.5		1.7
Inventories	132.8	106.1	-26.7		114.3
Other current assets	108.0	120.7	+12.7		95.5
Non-current assets	5,070.6	5,564.9	+494.2		4,018.7
Property, plant and equipment	1,791.3	788.4	-1,002.9	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	1,205.3	-7.1		1,046.0
Right-of-use assets	-	1,409.4	+1,409.4	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	219.5	+7.8		208.1
Investments accounted for using the equity method	89.7	108.7	+19.0		68.3
Other financial assets	736.5	827.0	+90.5	Increase in deposit to Central clearing agency of The Japan Net Bank	716.5
Investment securities	114.8	128.7	+13.9		-
Investment securities in banking business	337.5	324.0	-13.5		-
Deferred tax assets	72.6	45.1	-27.5		36.6
Other non-current assets	110.9	112.9	+2.1		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 Sep 30, 2019			As of Mar 31, 2019
Total liabilities	6,013.8	7,118.3	+1,104.5		4,510.6
Current liabilities	3,317.0	3,896.0	+579.0		2,046.3
Interest-bearing debt	953.7	1,669.2	+715.5	Increase in borrowings for purchase of Yahoo Japan shares (+240.0 from securitization of telecom service fee receivables and +150.0 from bank borrowings), +128.9 from adoption of IFRS 16, and increase in borrowings of other group companies	909.9
Trade and other payables	1,214.2	1,050.9	-163.3	Decrease in operating payables and trading payables	817.5
Deposits for banking business	745.7	797.4	+51.7	Increase in saving accounts of The Japan Net Bank	-
Contract liabilities	126.4	127.4	+1.1		114.0
Other financial liabilities	3.2	2.9	-0.3		-
Income taxes payable	115.5	124.8	+9.3		91.3
Provisions	10.0	8.2	-1.8		7.9
Other current liabilities	148.4	115.0	-33.3		105.6
Non-current liabilities	2,696.8	3,222.3	+525.6		2,464.3
Interest-bearing debt	2,538.0	3,059.3	+521.4	+358.6 from adoption of IFRS 16, +229.3 from unsecured bonds issued by Yahoo Japan and decrease in borrowings from banks, etc.	2,379.5
Other financial liabilities	38.6	38.0	-0.6		11.6
Defined benefit liabilities	14.7	14.6	-0.0		11.1
Provisions	72.7	75.0	+2.3		54.8
Deferred tax liabilities	20.4	22.9	+2.5		-
Other non-current liabilities	12.4	12.4	+0.1		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 Sep 30, 2019			As of Mar 31, 2019
Total equity	2,022.6	1,615.2	-407.3		1,264.5
Equity attributable to owners of the Company	1,498.2	1,096.7	-401.5		1,247.1
Common stock	204.3	204.3	-		204.3
Capital surplus	111.8	-132.2	-244.0	c. -330.0 from difference in equity of Yahoo Japan and acquisition price (equivalent to goodwill)	202.7
Retained earnings	1,178.3	1,057.2	-121.1	c. -280.0 due to retrospective adjustments of Yahoo Japan consolidation in FY18, -195.8 from dividend payments by SoftBank Corp. and +327.4 from net income in FY19H1	893.9
Treasury stock	-	-30.7	-30.7		-
Accumulated other comprehensive income	3.7	-2.0	-5.7		-53.8
Non-controlling interests	524.4	518.6	-5.8		17.4

Consolidated Statements of Cash Flows

[JPY bn]	After Yahoo Consolidation		Reasons for Variance	[Reference Disclosed]
	FY18H1	FY19H1		FY18H1
Cash flows from operating activities	564.3	566.1		498.9
Net income	339.3	346.6		292.8
Depreciation	249.1	327.3	+69.9 due to adoption of IFRS 16	224.1
Change in working capital	7.8	-120.0	Impact from refund related to consumption tax in FY18, etc.	-45.7
Interest paid	-47.6	-26.4	Increase in interest paid and fees due to preparation for the listing of shares of our common stock on the TSE in FY18	-47.4
Income taxes paid/refunded	-121.4	-124.6		-93.3
Other	137.1	163.2		168.4
Cash flows from investing activities	-324.9	-219.5		-435.5
Purchases of/proceeds from sales of property, plant and equipment, and intangible assets	-256.9	-221.6		-209.4
Proceeds from sales/redemption of investments	-19.9	-10.0		-228.9
Other	-48.1	12.1		2.8
Cash flows from financing activities	-297.1	-130.1		127.2
Proceeds from interest-bearing debt	2,381.0	980.0	Increase in additional borrowings from banks in FY18	2,373.6
Repayment of interest-bearing debt	-2,229.7	-705.8	Repayment of borrowings to SoftBank Group in FY18	-2,226.8
Net increase/decrease of short-term interest-bearing debt	51.0	400.8	Increase in short-term borrowings for acquisition of Yahoo Japan shares in FY18	-
Cash dividends paid	-22.0	-195.0		-0.3
Purchase of treasury stock	-	-30.7	Purchase of treasury stock by SoftBank Corp.	-
Payment for purchase of subsidiaries' interests	-221.0	-	Purchase of Yahoo Japan shares by SoftBank Corp. in FY18	-19.5
Purchase of treasury stock by subsidiaries	-227.2	-526.8	Purchase of treasury stock by Yahoo Japan in FY18 and FY19	-
Other	-29.2	-52.5		0.2
Effect of exchange rate changes on cash and cash equivalents	0.9	-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	931.0	1,154.4		311.6
Adjusted free cash flow	296.1	395.7		125.9



SoftBank