

# **Earnings Results for the Nine Months Ended December 31, 2019**

**SoftBank Corp.**

**February 7, 2020**

# Disclaimer

## **Important Notice Regarding Forward Looking Statements and Other Information**

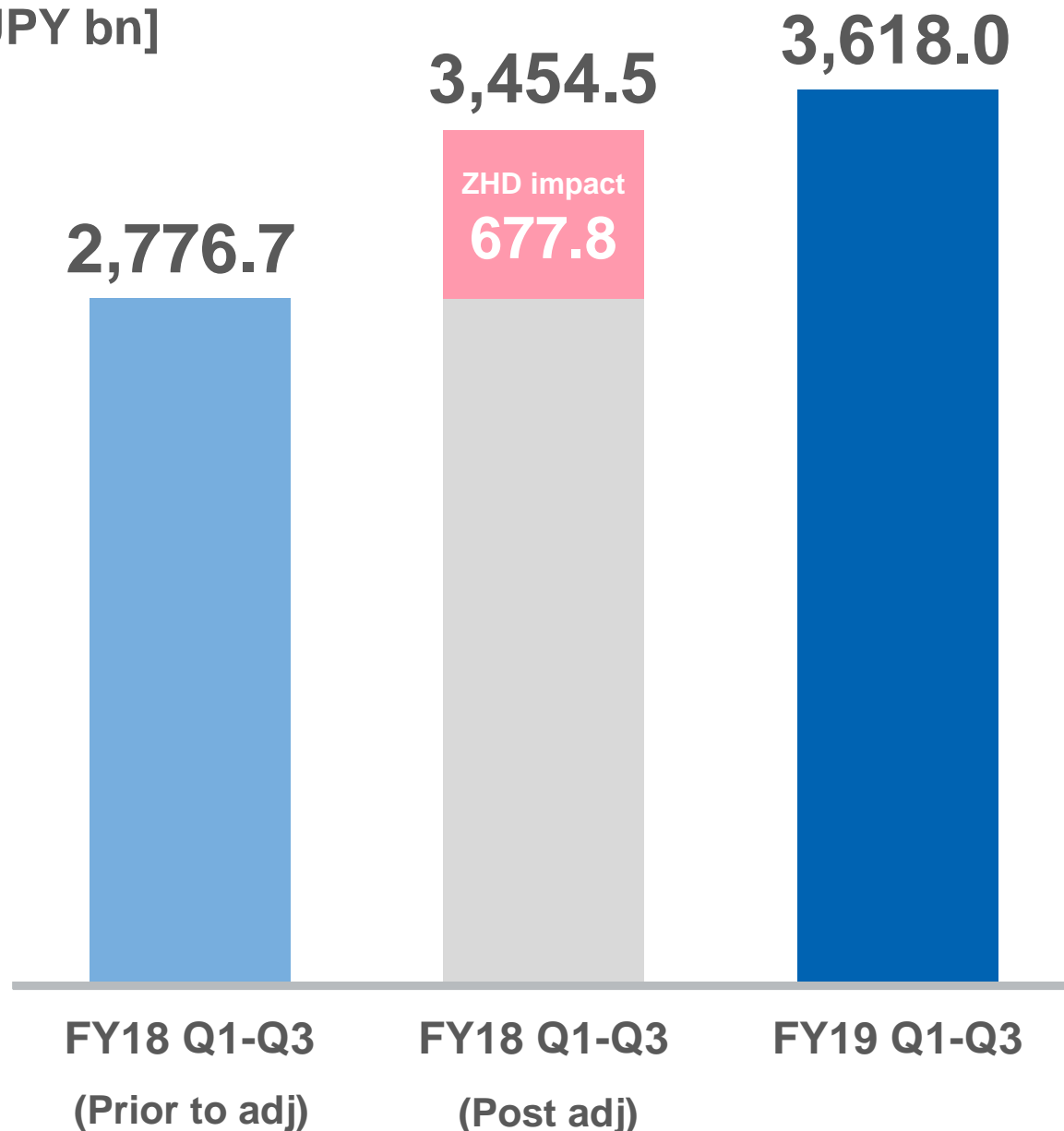
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# Revenue

[JPY bn]



**Up 30%**

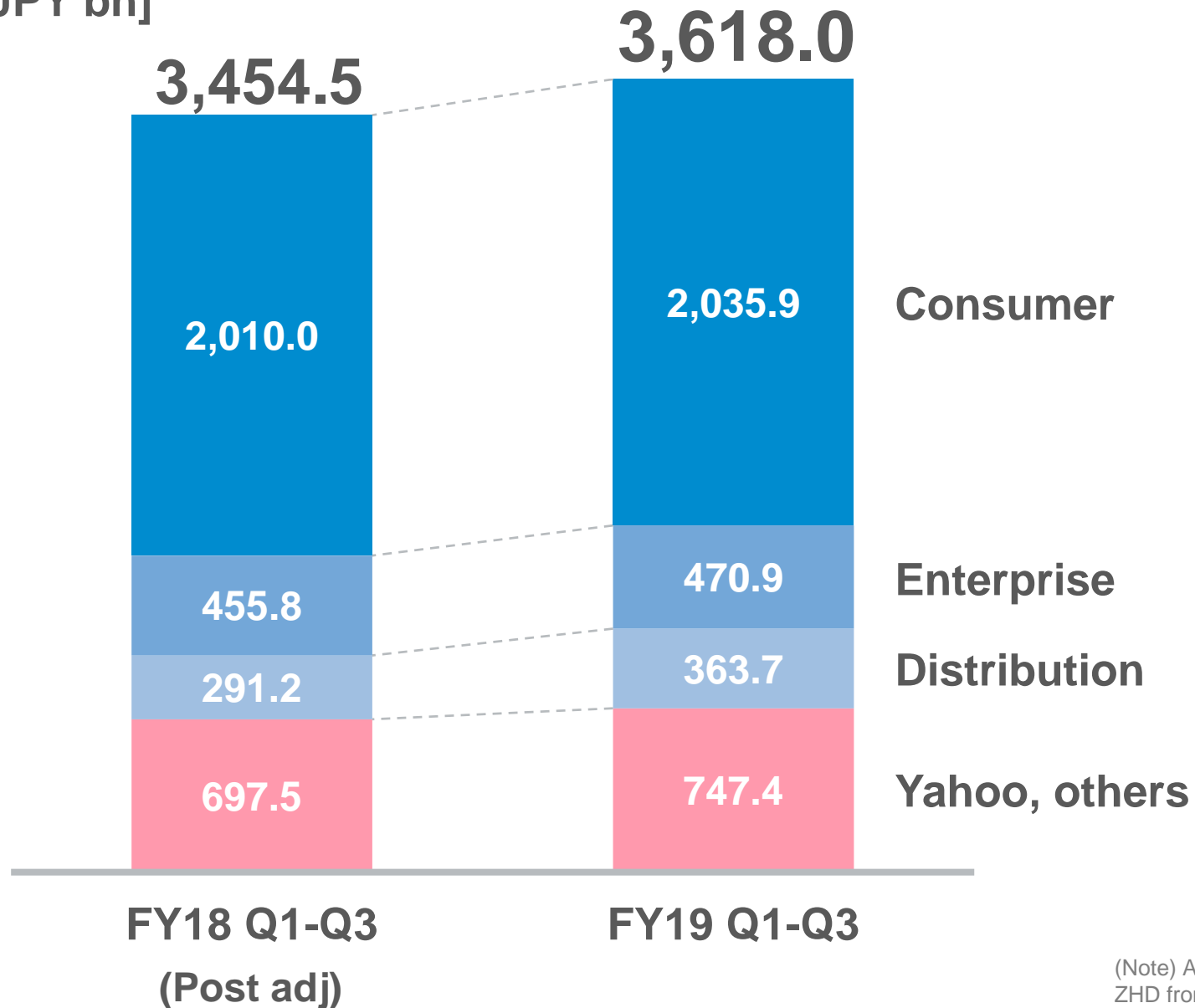
(Post ZHD adj, Up 5%)

(Notes)

Actuals for FY2018 have been adjusted retrospectively to have consolidated Z Holdings Corporation (formerly Yahoo Japan Corporation, hereinafter “ZHD”) from April 1, 2018. “Yahoo” is used as the segment name when referring to ZHD business.

# Revenue by Segment

[JPY bn]

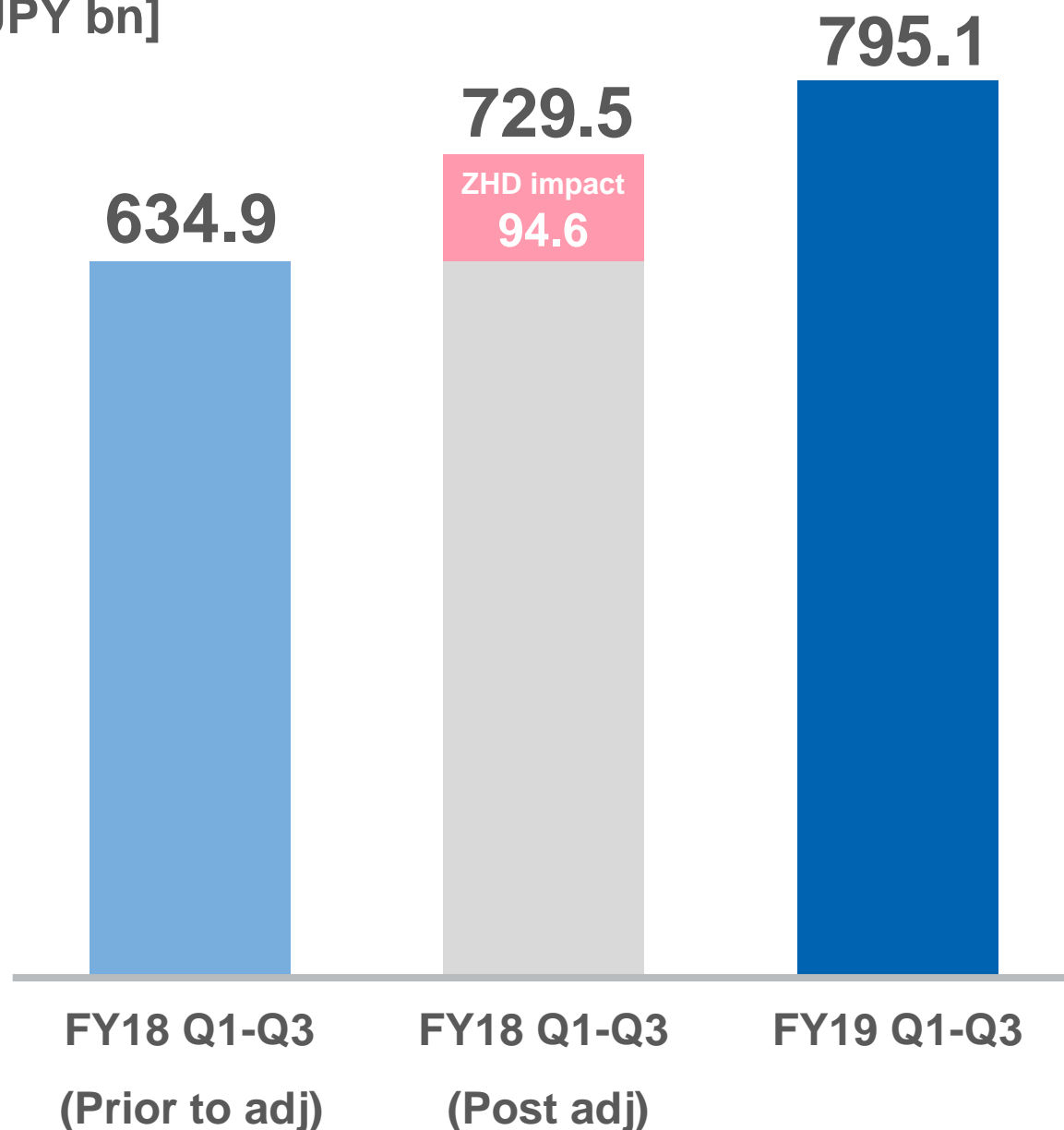


**Increased**  
across all segments

(Note) Actuals for FY2018 have been adjusted retrospectively to have consolidated ZHD from April 1, 2018

# Operating Income

[JPY bn]



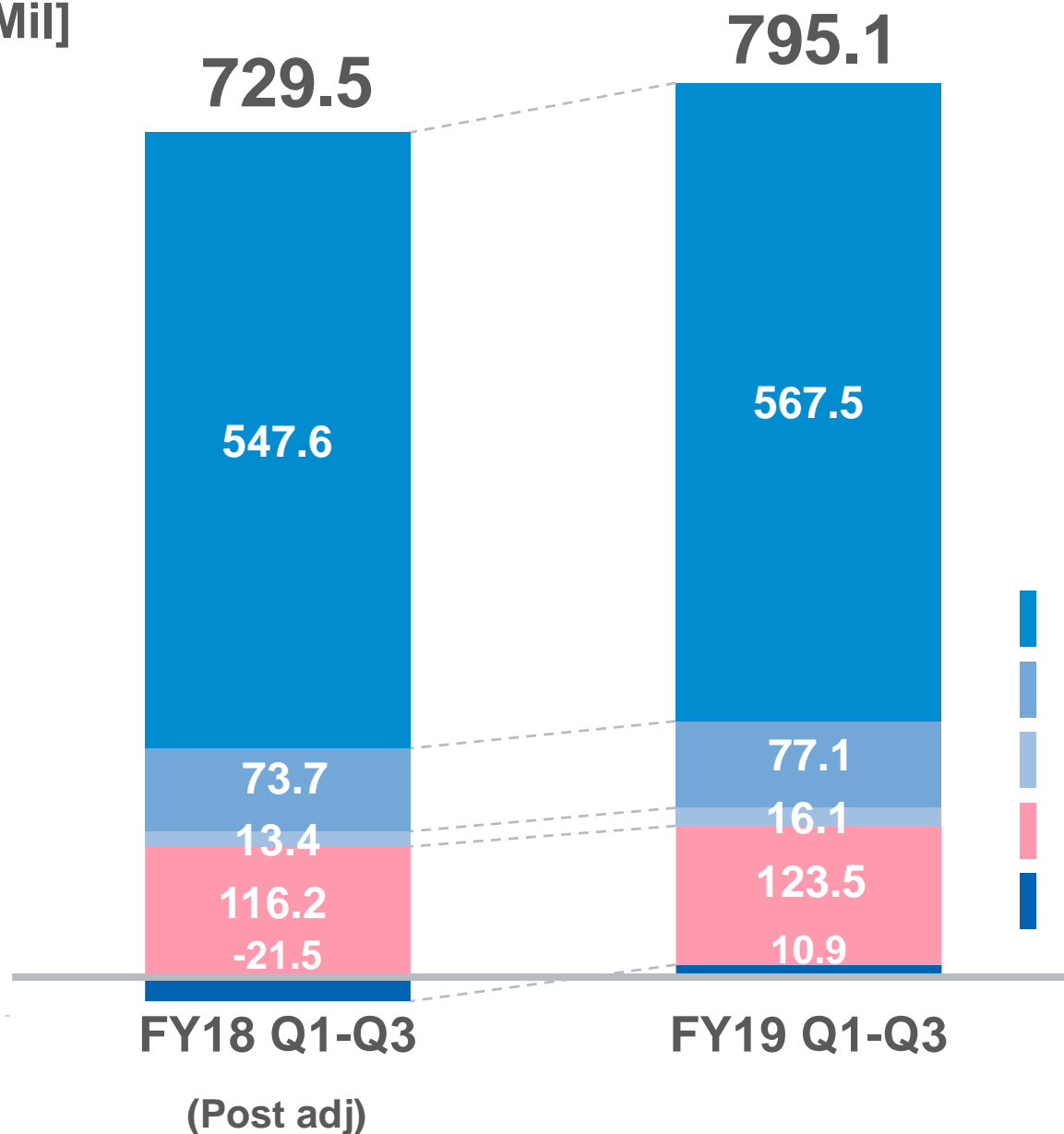
Up 25%

(Post ZHD adj, Up 9%)

(Note) Actuals for FY2018 have been adjusted retrospectively to have consolidated ZHD from April 1, 2018

# Operating Income by Segment

[Mil]



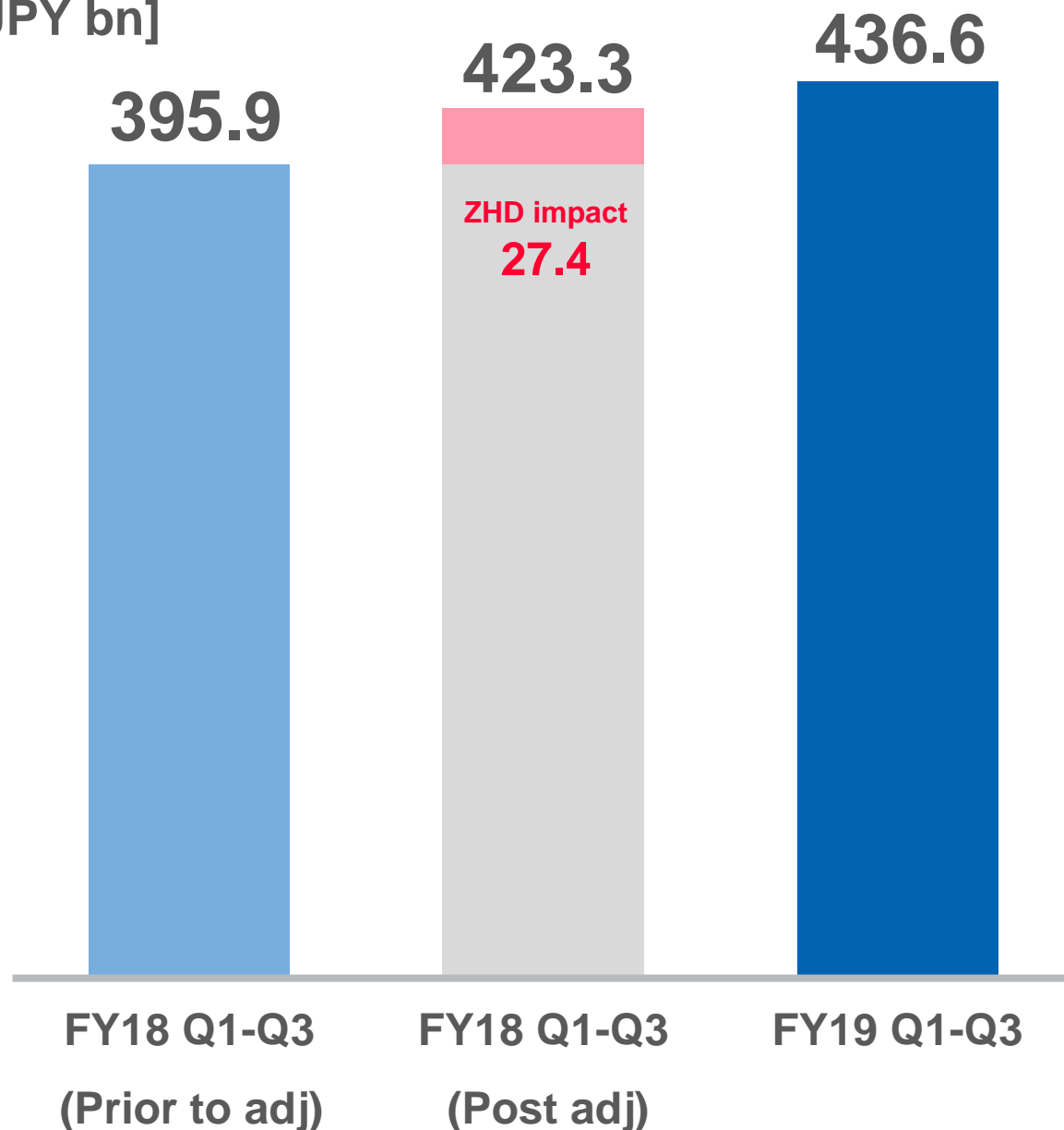
## Increased across all segments

Consumer	+20.0	Smartphone subscriber increase, etc.
Enterprise	+3.3	Growth in Business solution and others, etc.
Distribution	+2.6	Strong sales of ICT related products
Yahoo	+7.4	Commerce growth (incl. ZOZO consolidation)
Other, Adjustment	+32.4	Effect of PayPay capital structure change, gain from sale of Cybereason shares, etc.

(Note) Actuals for FY2018 have been adjusted retrospectively to have consolidated ZHD from April 1, 2018

# Net Income

[JPY bn]



**Up 10%**

(Post ZHD adj, **Up 3%**)

(Notes)

Net Income: net income attributable to owners of SoftBank Corp.

Actuals for FY2018 have been adjusted retrospectively to have consolidated ZHD from April 1, 2018

# Consolidated Results

[JPY bn]

	FY2018 Q1-Q3 (Prior to adj)	FY2018 Q1-Q3 (Post adj)	FY2019 Q1-Q3	YoY (vs Post adj)	YoY % (vs Post adj)
<b>Revenue</b>	<b>2,776.7</b>	<b>3,454.5</b>	<b>3,618.0</b>	<b>+163.5</b>	<b>+5%</b>
<b>Operating Income</b>	<b>634.9</b>	<b>729.5</b>	<b>795.1</b>	<b>+65.6</b>	<b>+9%</b>
<b>Net Income</b>	<b>395.9</b>	<b>423.3</b>	<b>436.6</b>	<b>+13.3</b>	<b>+3%</b>

(Notes)

Net Income: net income attributable to owners of SoftBank Corp.

Actuals for FY2018 have been adjusted retrospectively to have consolidated ZHD from April 1, 2018



# FY2019 Forecast (Revised)

[JPY bn]

## Revenue and Operating Income **Revised Upward**

	FY2019 Forecast (BOP <sup>1</sup> )	FY2019 Forecast (Current)	Change	Reasons
<b>Revenue</b>	4,800.0	4,820.0	+20.0	Smartphone subscriber increase
<b>Operating Income</b>	890.0	900.0	+10.0	Growth in Business solution and others
<b>Net Income<sup>2</sup></b>	480.0	480.0	0	No revision due to the effect of income tax of 19.5 bn related to LINE business integration <sup>3</sup>

(Notes)

1 BOP: Beginning of the period for the fiscal year ending March 31, 2020

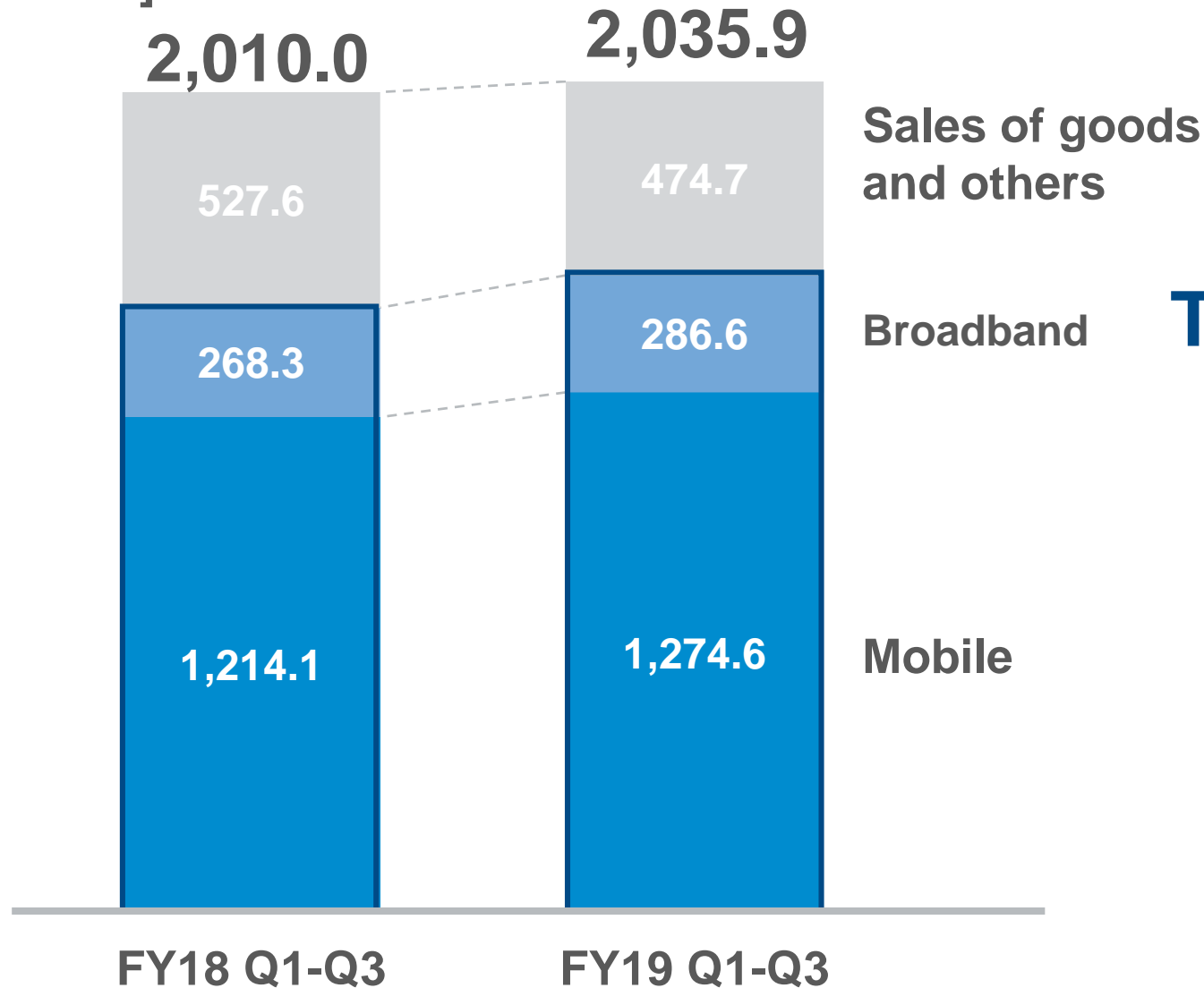
2 The annual dividend remains unchanged at JPY 85 per share

3 Recording of JPY 19.5 bn in income tax in FY19 Q3 related to the gain on the intergroup transfer of shares of ZHD, following the conclusion of the definitive agreement relating to the business integration between ZHD and LINE Corporation

# Telecom Business

# Consumer: Revenue

[JPY bn]

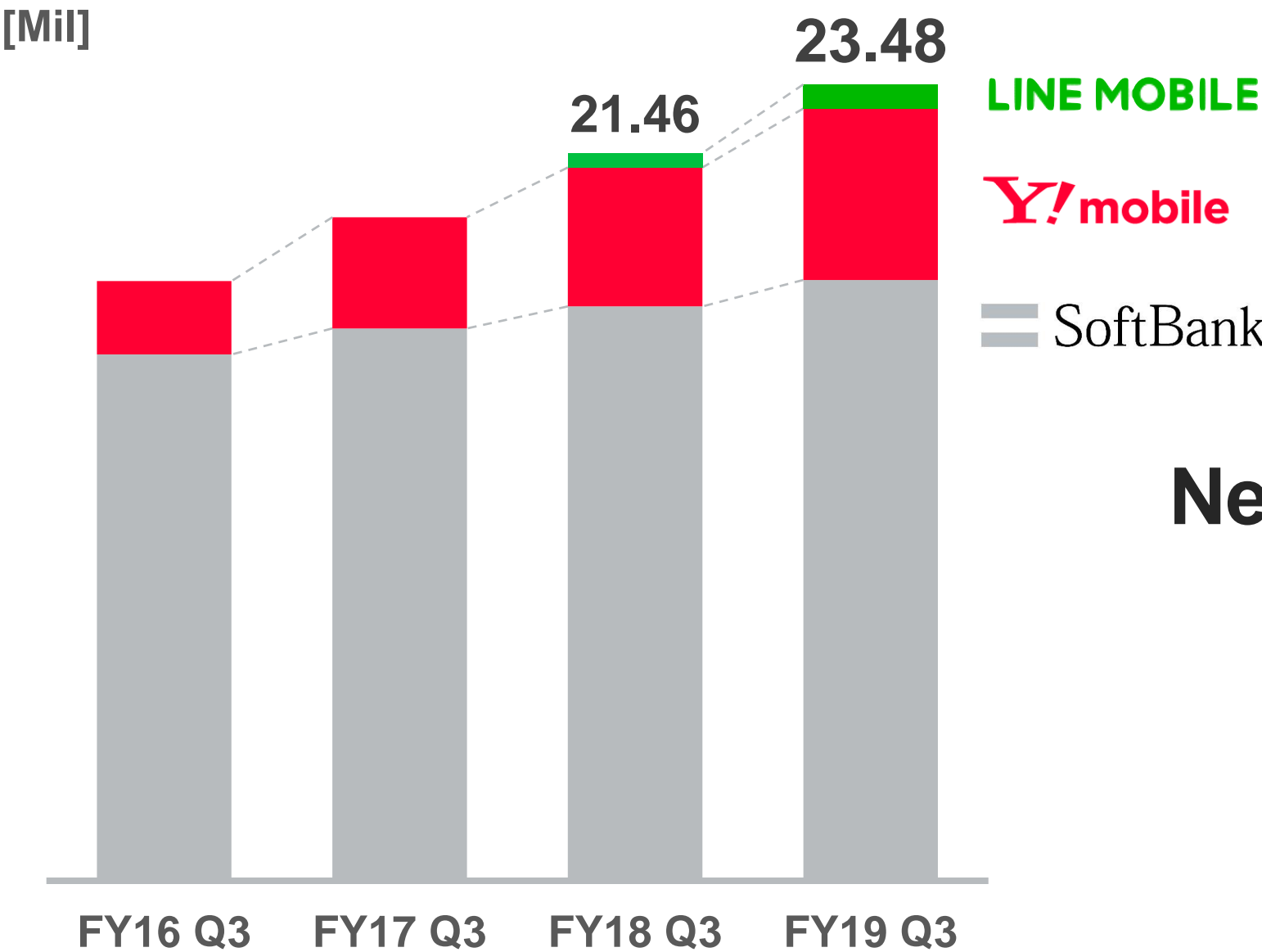


Revenue from handset sales declined

**Telecom Service Revenue  
(Mobile and Broadband)**

**Up 5%**

# Smartphone Cumulative Subscribers



Up 9%

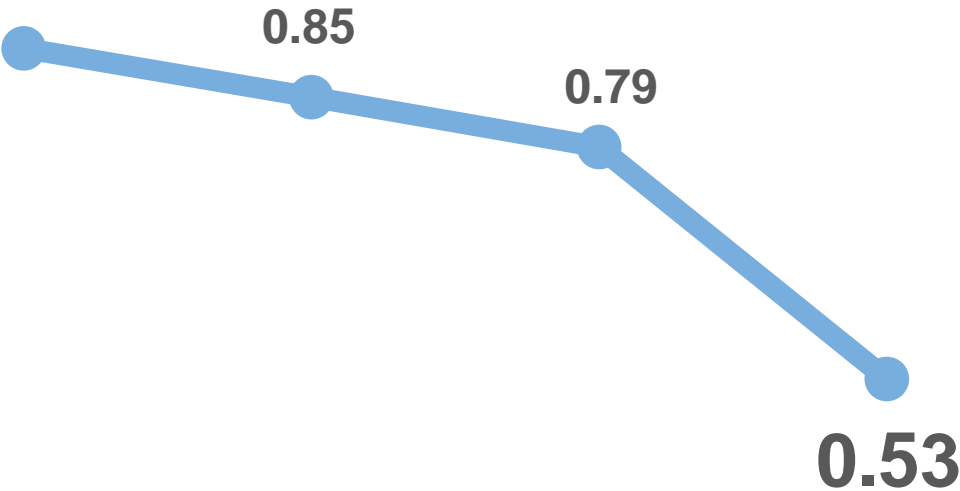
Net adds for all brands

Accelerated increase	
FY19Q3	2.02 mil
FY19Q2	1.94 mil
FY19Q1	1.74 mil

(Notes) Including enterprise subscribers. The increase of each quarter refers to the increase compared YoY in each period

# Smartphone Churn Rate

[%]



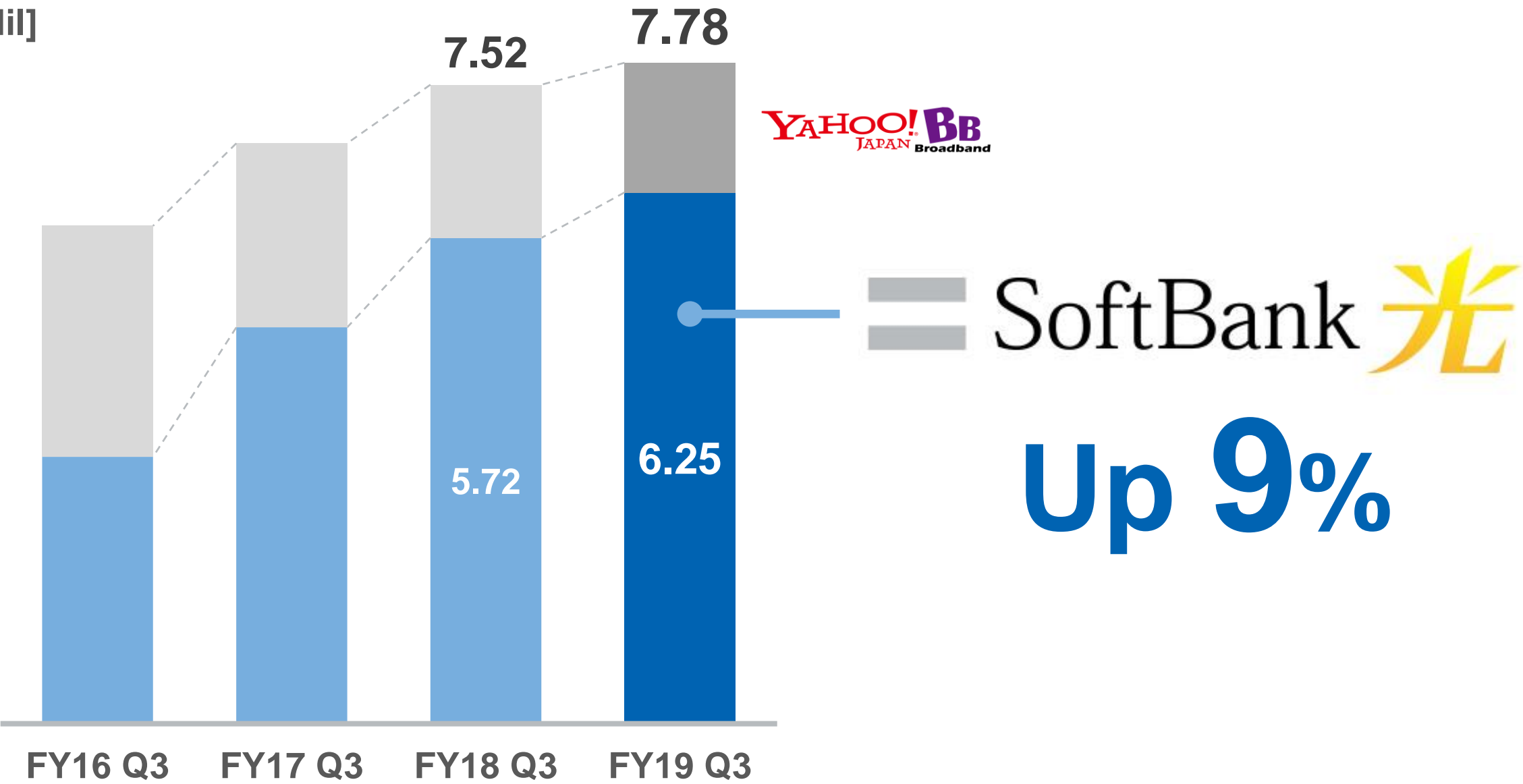
Record low

FY16 Q3    FY17 Q3    FY18 Q3    FY19 Q3

(Notes)  
Churn rate= Number of churns / Number of active subscribers  
Figures in this page show the average monthly churn rate for each quarter

# Broadband Cumulative Subscribers

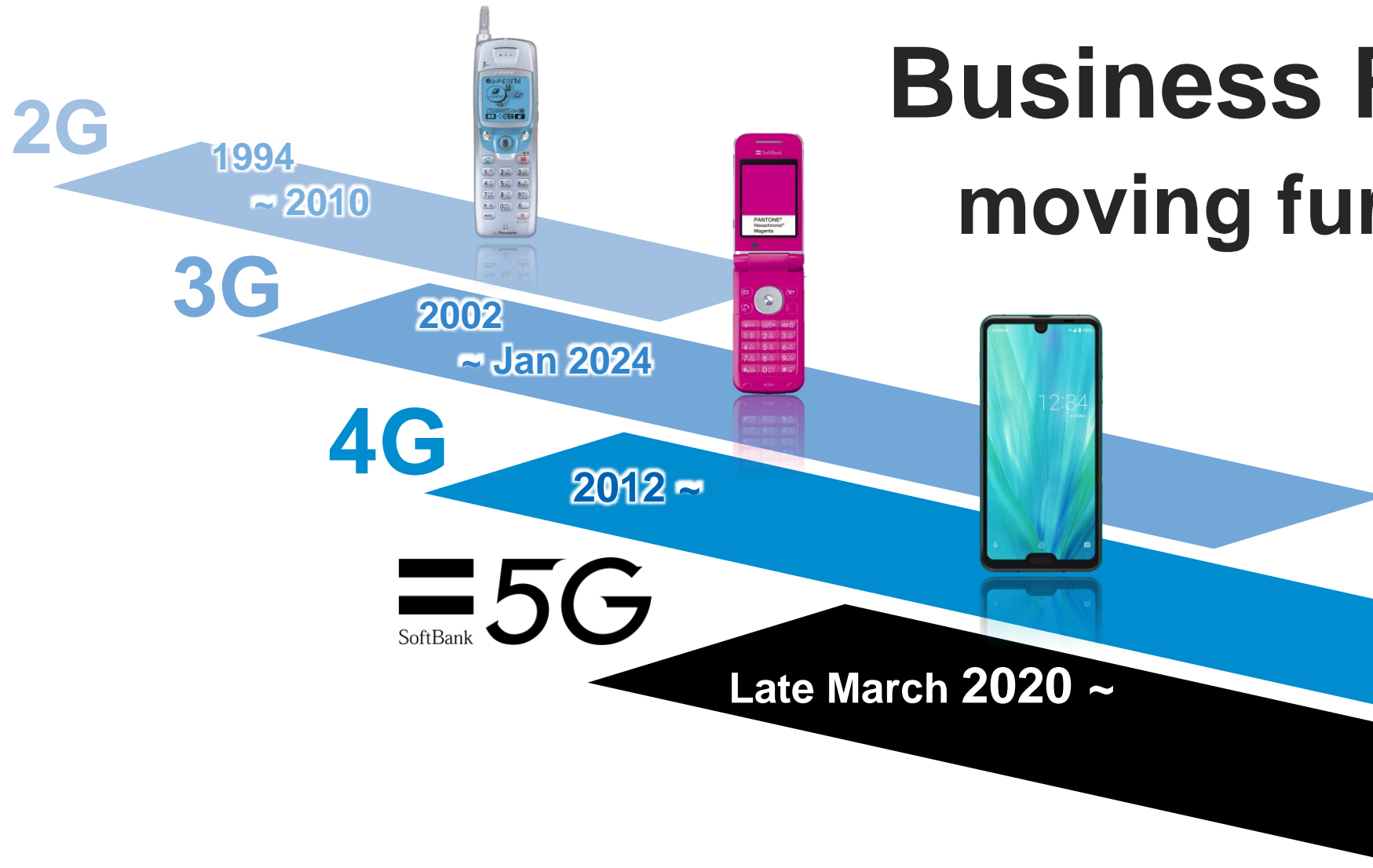
[Mil]




(Note) “SoftBank Air” subscribers are included in “SoftBank Hikari” subscribers

# 3G Service Termination in 2024 announced

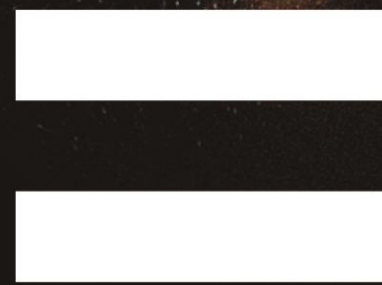
Evolverment of mobile communication services







世界は変わる。  
準備はいいか？



SoftBank

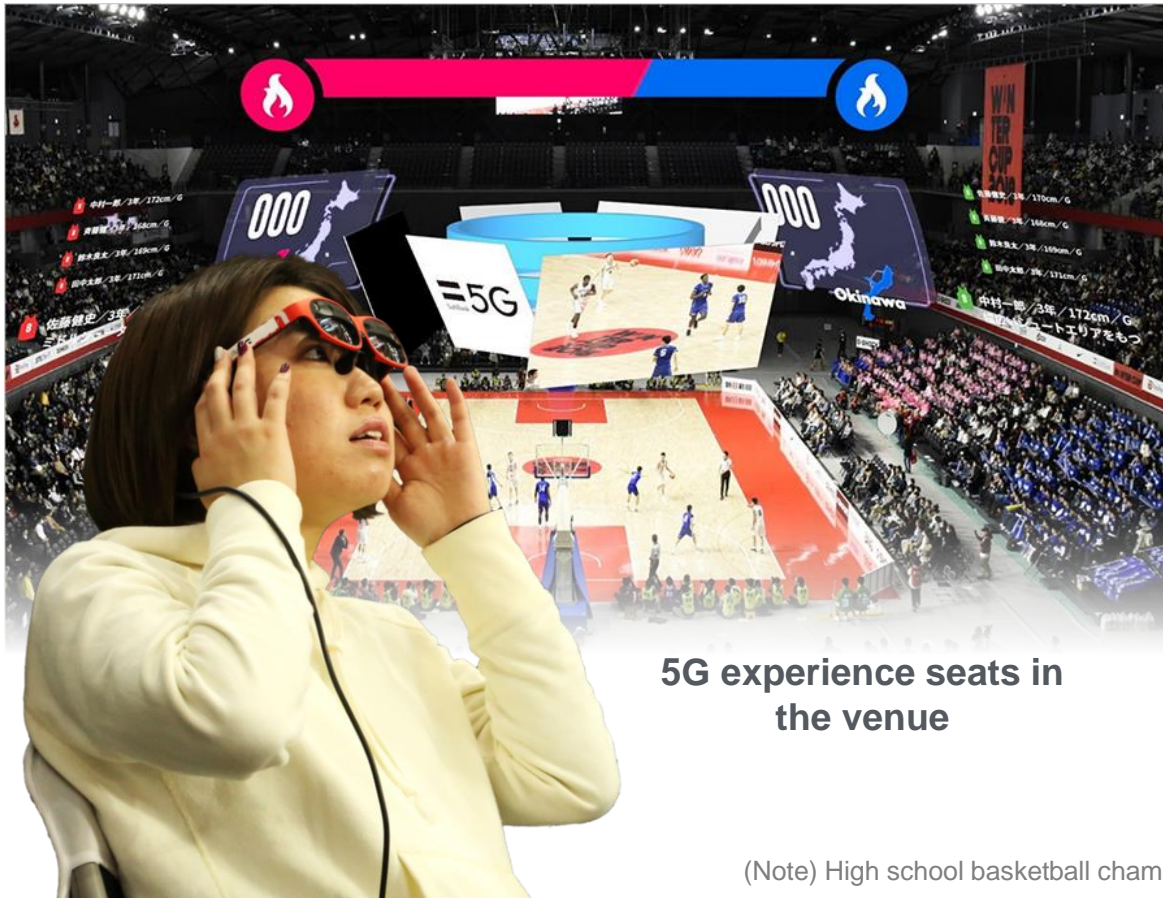
5G



# Initiatives for 5G Services

## Sports Watching

### AR × Watching Experience



5G experience seats in the venue

5G pre-service in high school basketball championship  
(December 2019)

### Real-time Analysis × Video Streaming



Tablets in the venue

# Initiatives for 5G Services

## Gaming Experience

### 5G × Cloud Gaming



Beta test in progress for 5G commercialization



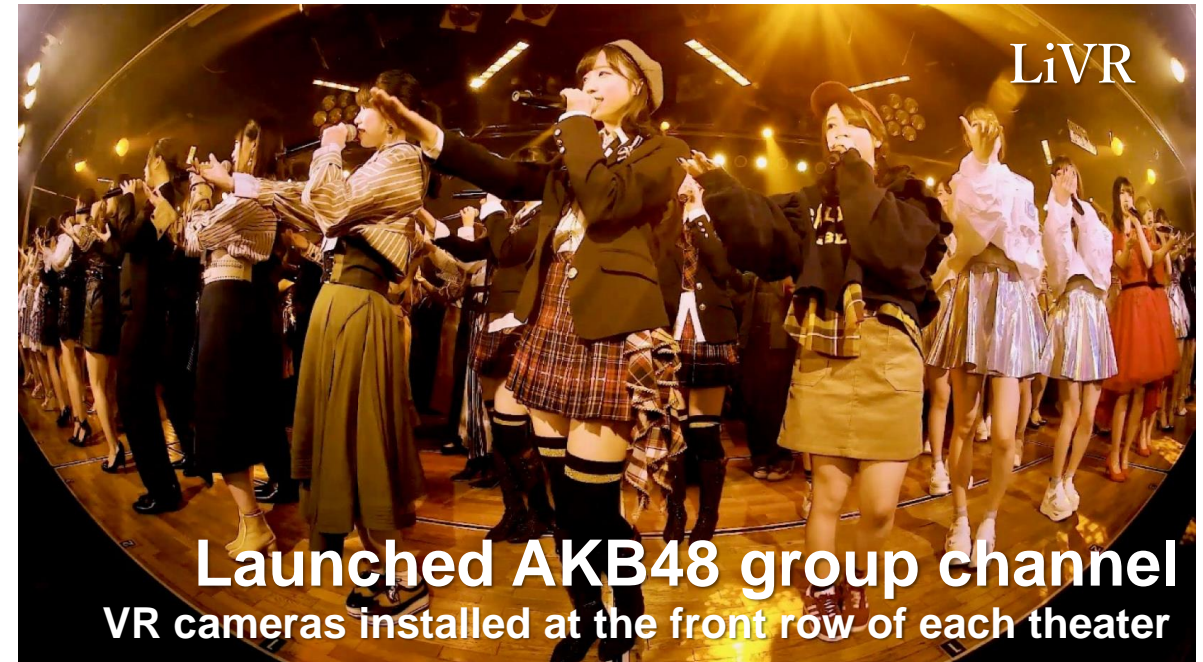
# Initiatives for 5G Services

## Live Event Experience

XR × Virtual Artists × Real Venue



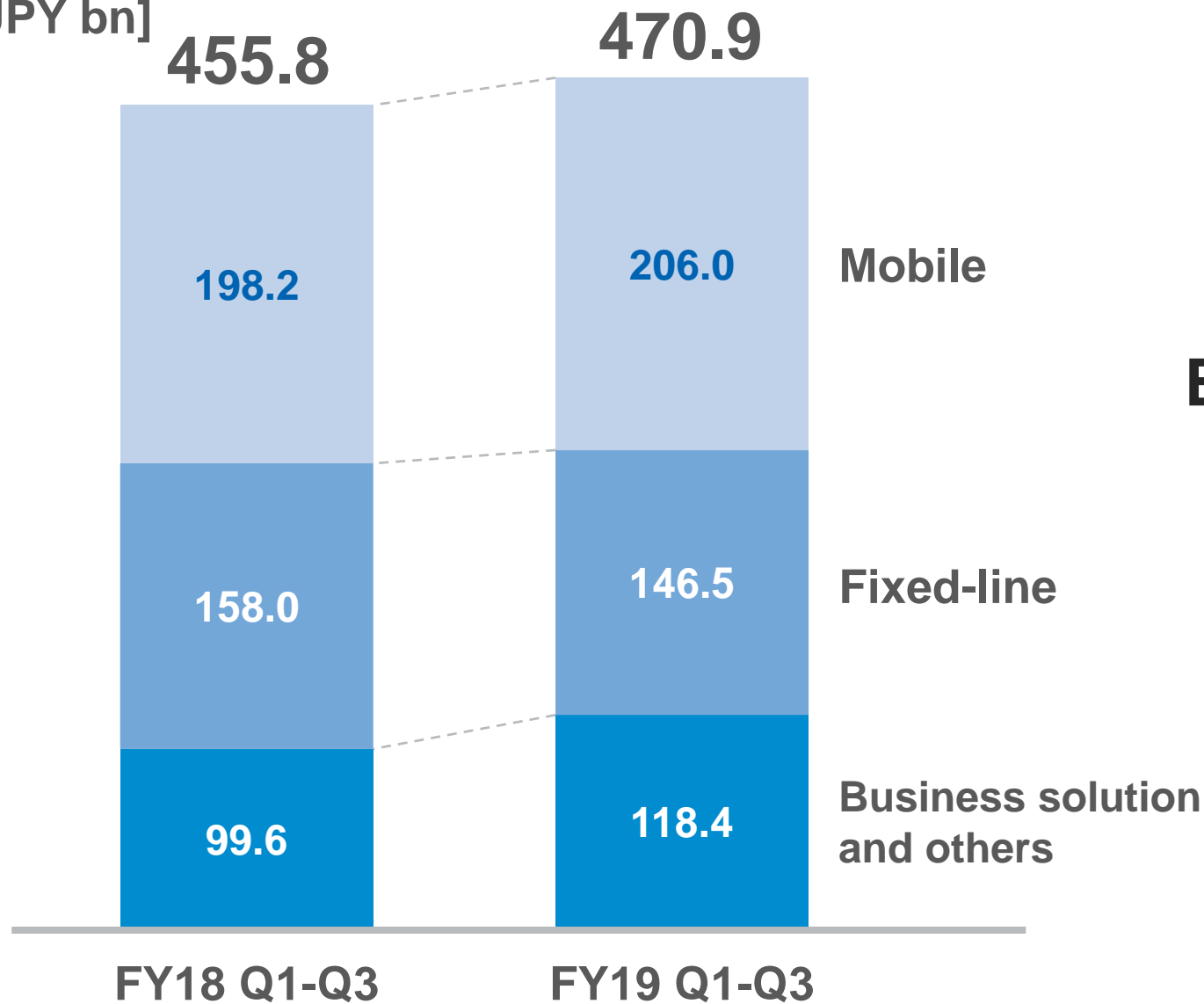
VR × Live Streaming



Live event experience will further evolve using 5G in the future

# Enterprise: Revenue

[JPY bn]



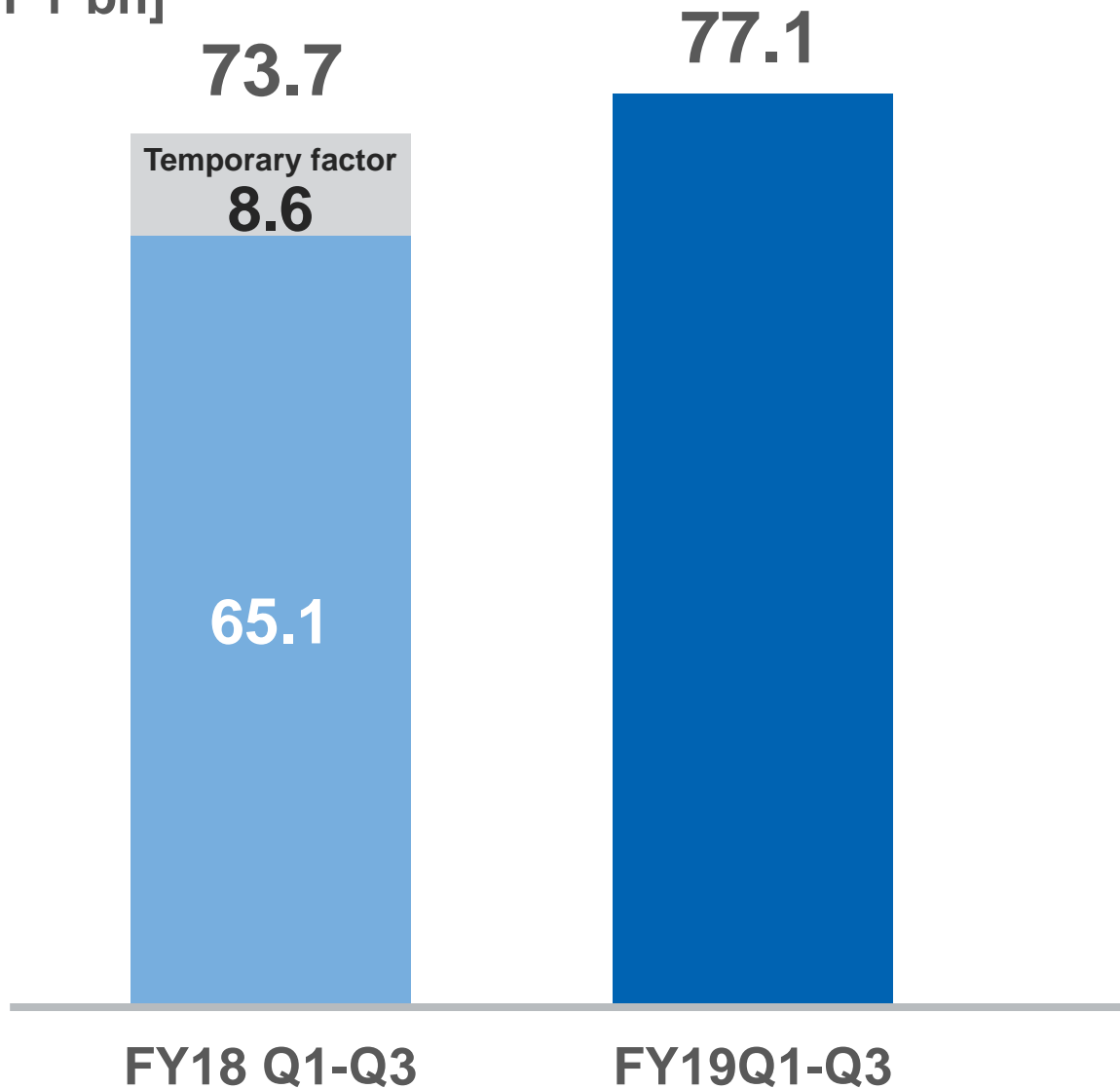
## Up 3%

**Business solution and others  
grew 19% as growth driver**



# Enterprise: Operating Income

[JPY bn]



**Up 18%**

**excluding temporary factor**

**(Up 5% including temporary factor)**

(Note) FY18 results includes a reversal of an allowance for losses on orders with the expiration of a large network construction contract

# Enterprise: Revenue

Business Solution and Others

## Cloud

1.3 times in 1 year

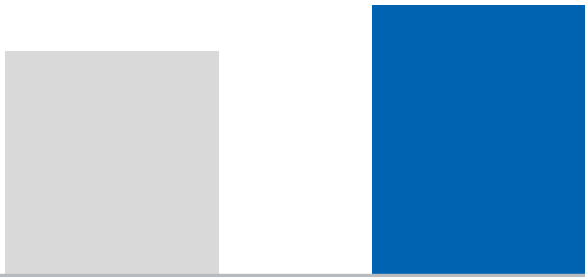


FY18 Q1-Q3

FY19 Q1-Q3

## Digital Marketing

1.2 times in 1 year



FY18 Q1-Q3

FY19 Q1-Q3

## IoT

4.2 times in 1 year



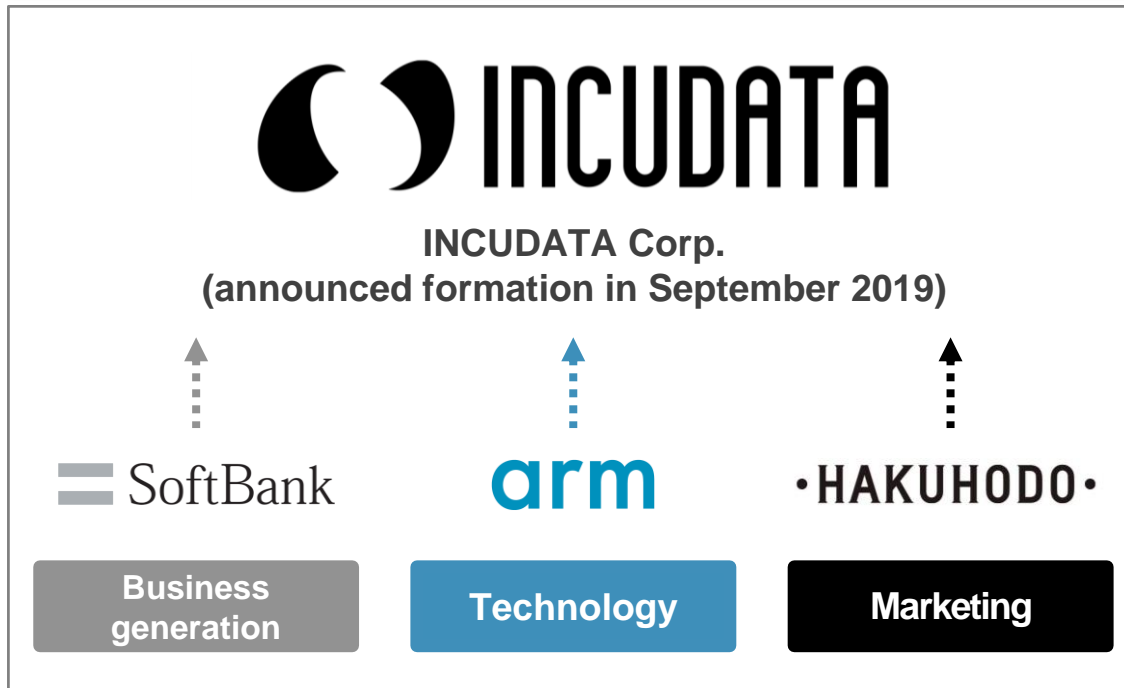
FY18 Q1-Q3

FY19 Q1-Q3

# Digital Marketing

Established consulting company for utilizing data  
in addition to advertising business

## Investment Structure



## Service Provision



Contribute to corporate digital transformation



# IoT Solutions

Providing various solutions that contribute to solving social issues

## Real-time monitor for LP gas meters<sup>1</sup>



Automation of meter reading

Labor shortage mitigation

## Analysis of statistical data on people flow<sup>2</sup>



Monitoring of congestion status

City congestion relief

## Fluorescent light integrated security camera service<sup>3</sup>



Crime deterrence using camera images

Safety and security improvement

(Notes) 1 SoftBank offers dedicated IoT platform for LP gas smart meter communication boards and LP gas central monitoring center, etc.

2 Data related to people flow does not contain any information that identifies individuals

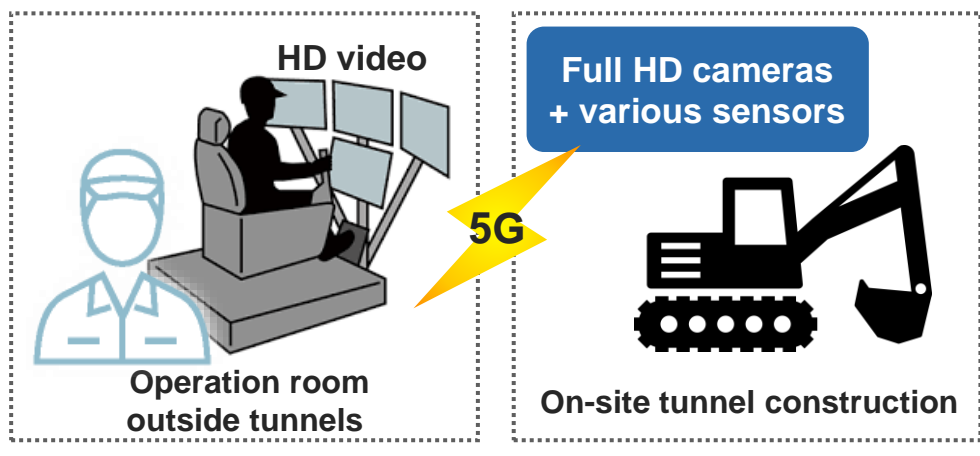
3 SoftBank provides security cameras, 4G data communication services, cloud environments, dedicated web applications, and maintenance and operation services (plan to release in spring 2020)



# 5G Initiatives in Enterprise Business

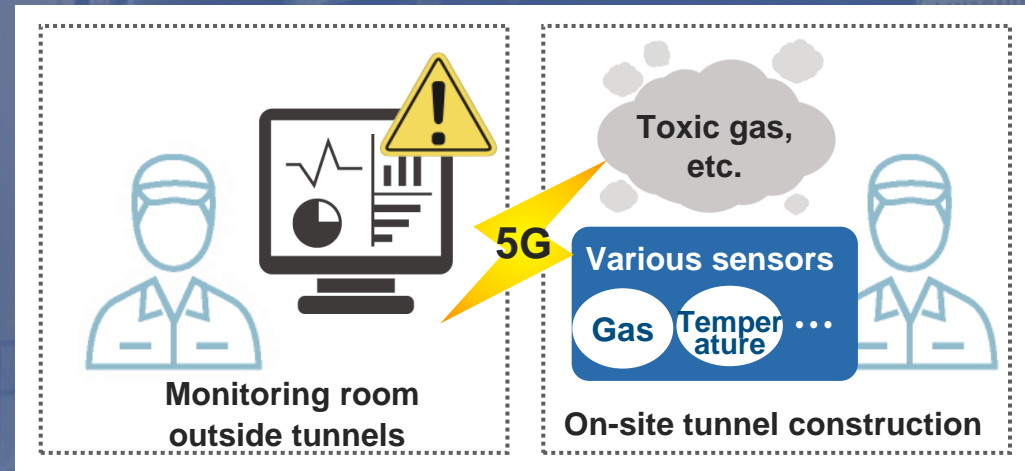
## Tunnel Construction

### Unmanned Machinery × Remote Operation



Ensure operators' safety

### IoT Sensor × Remote Monitoring



Detect abnormality quickly

Contribute to safety improvement on construction sites by using 5G characteristics



# Accelerate digital transformation

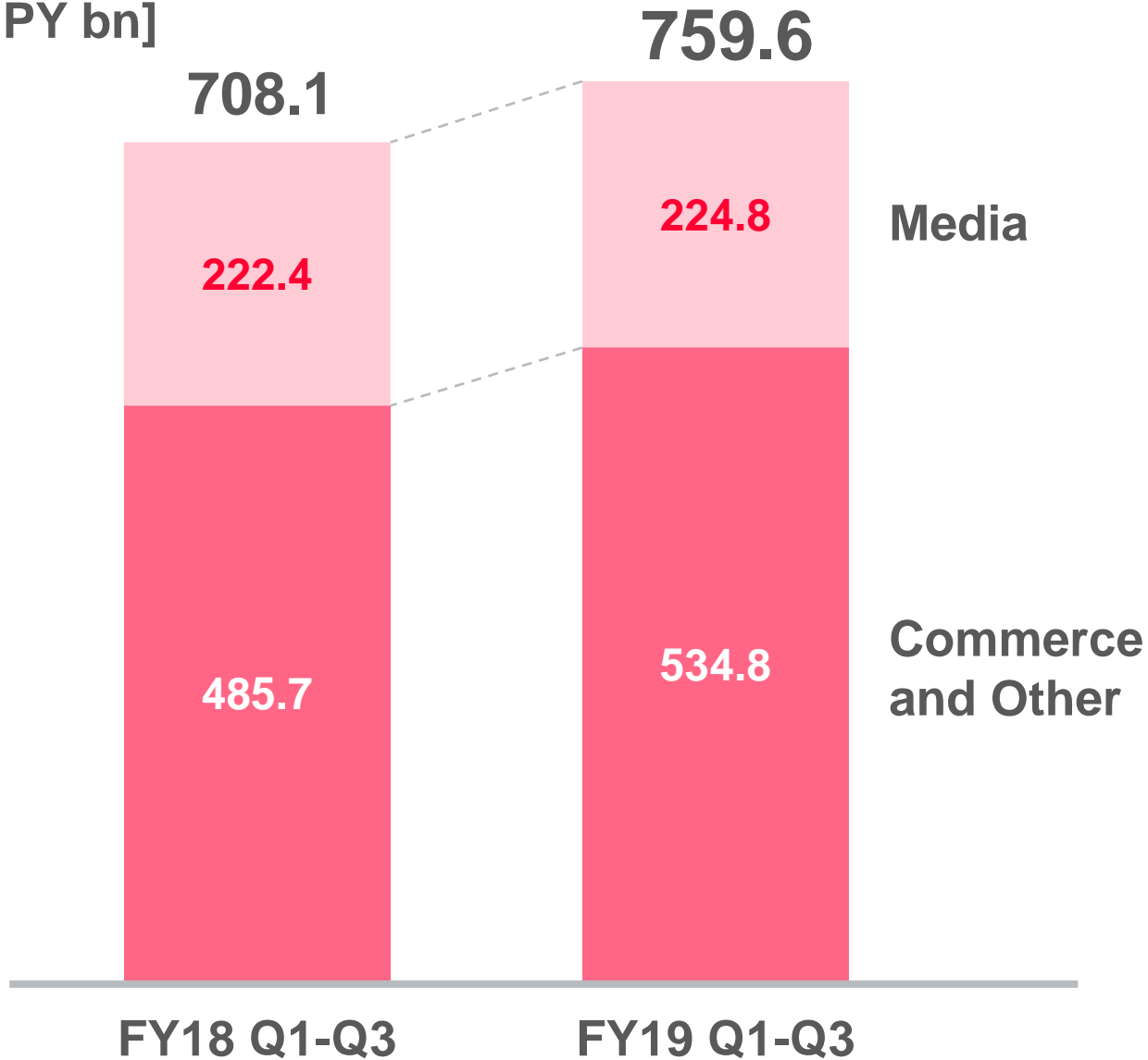
## Promote solutions to social issues



**YAHOO!**  
**JAPAN**

# Yahoo: Revenue

[JPY bn]



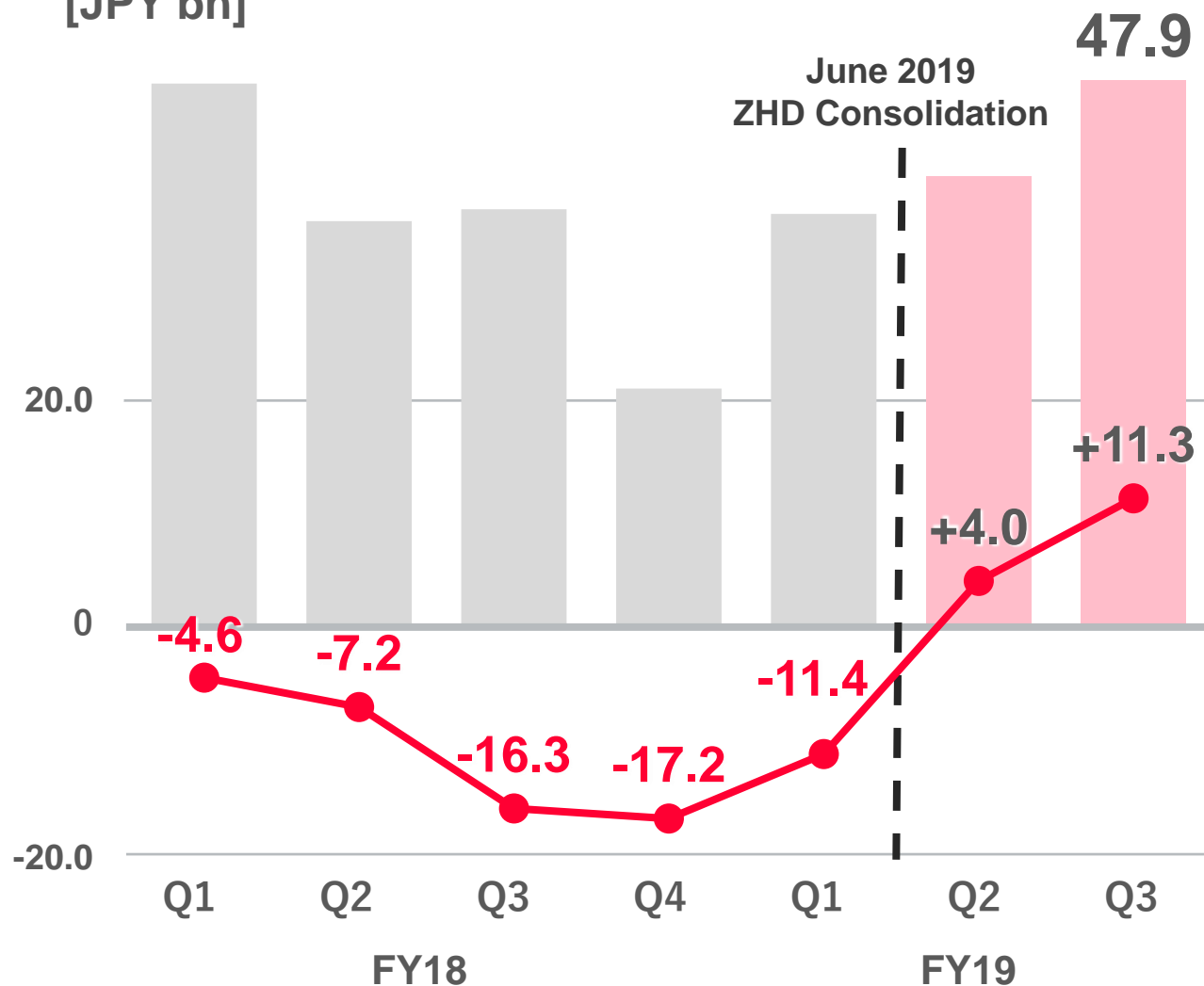
**Up 7%**  
Commerce business  
continues to grow steadily

(Note) ZHD made ZOZO, Inc that operates ZOZOTOWN - an online fashion shopping website - a subsidiary, and revenue includes two-months worth of ZOZO sales

# Yahoo: Operating Income

## ZHD Operating Income

[JPY bn]



# Turnaround

after SoftBank consolidated ZHD

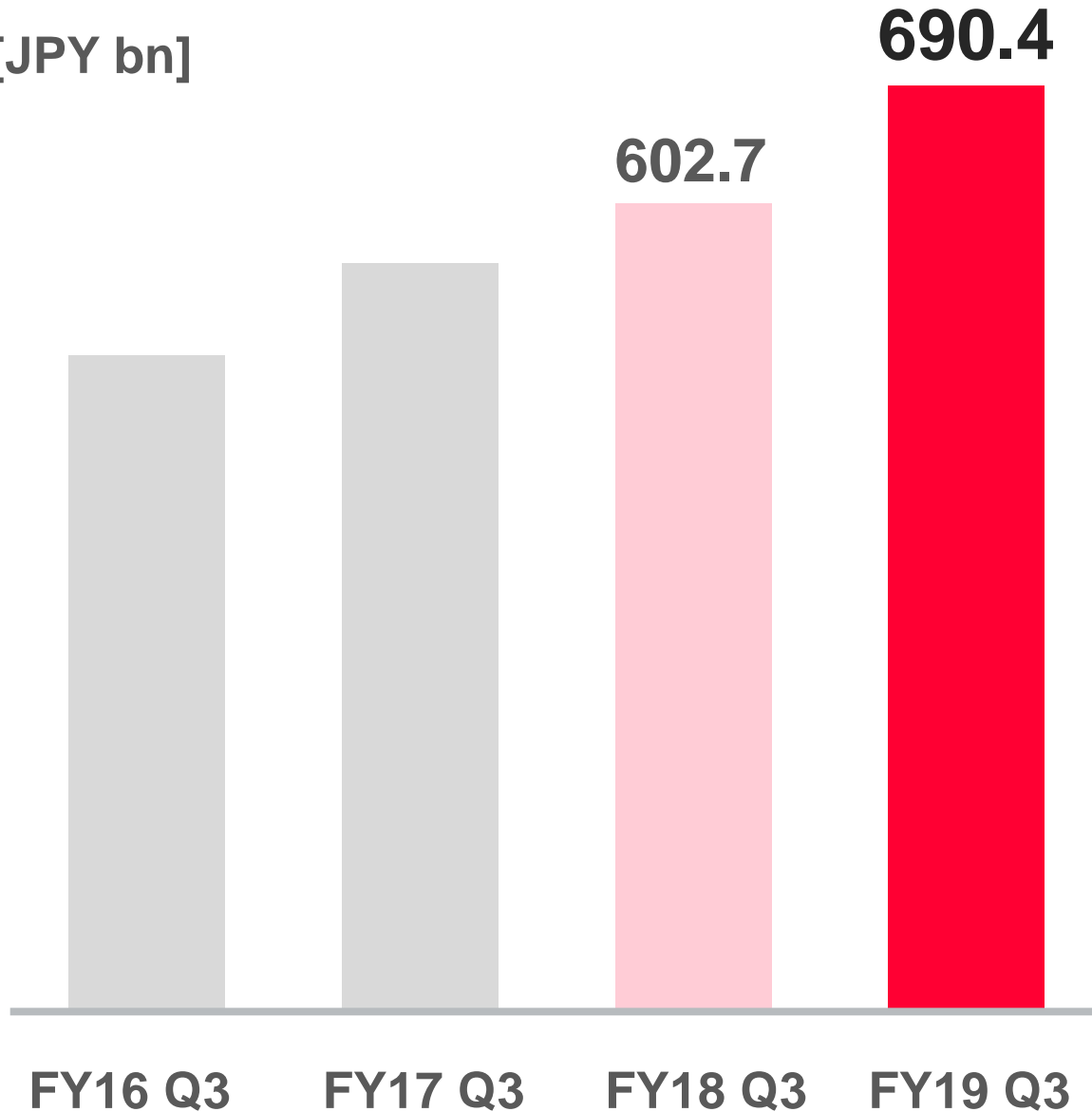
- Operating income
- Change year on year

(Note) Operating income of ZHD is a consolidated result of ZHD, and differs from Yahoo segment income

# Yahoo: e-Commerce Transaction Value

Commerce

[JPY bn]



## Up 15%

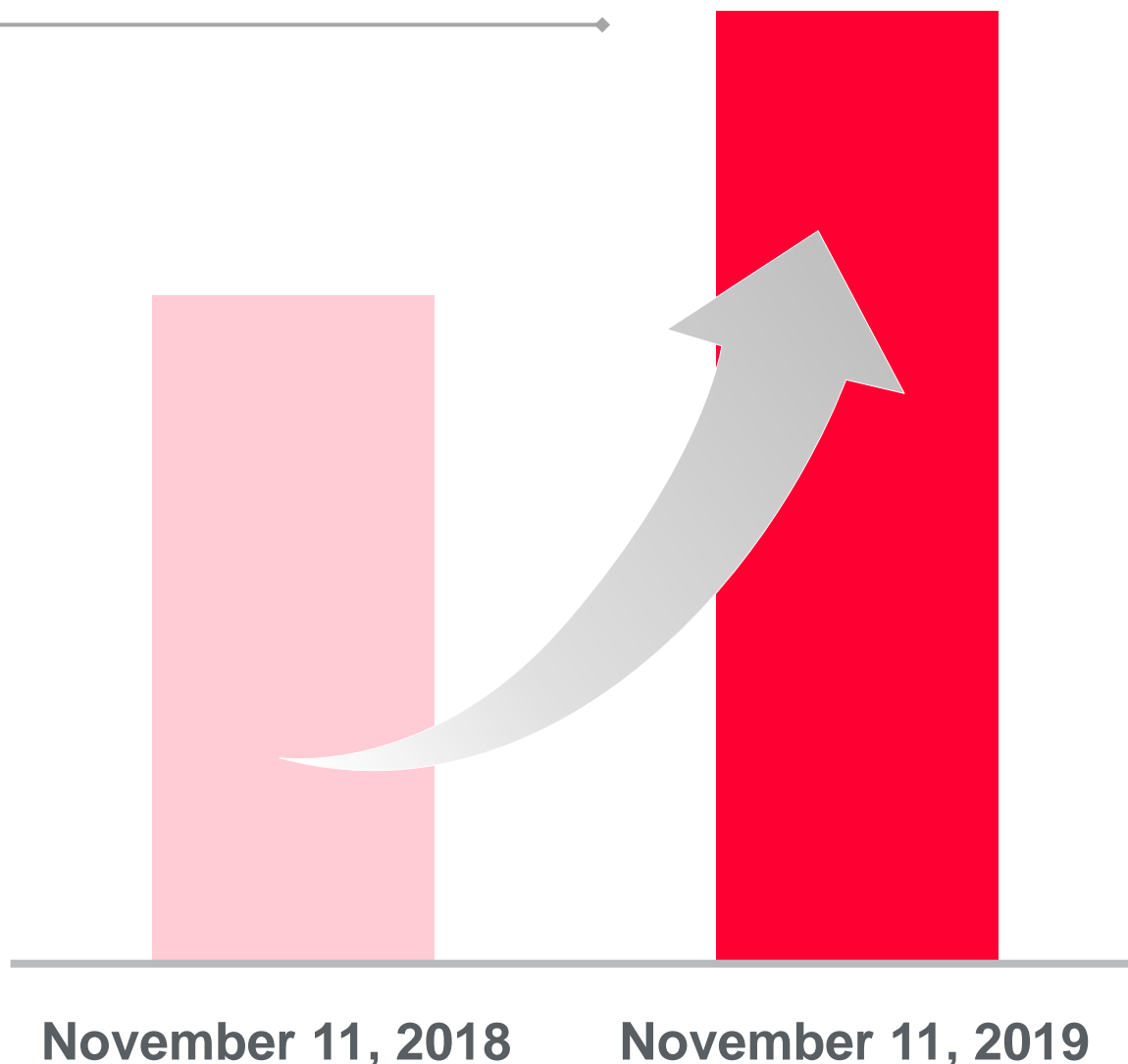
Impact from ZOZO consolidation (2 months)  
Steady growth in travel business, etc.

(Source) ZHD Earnings Results Materials as of February 5, 2020

(Note) Transaction value from ZOZO was added only after November 2019 after it became a consolidated subsidiary of ZHD

# “Good Shopping Day” Results

Transaction Value



**PayPay Mall**  
contributed to reach

**1.4 times**



High value products also selling well

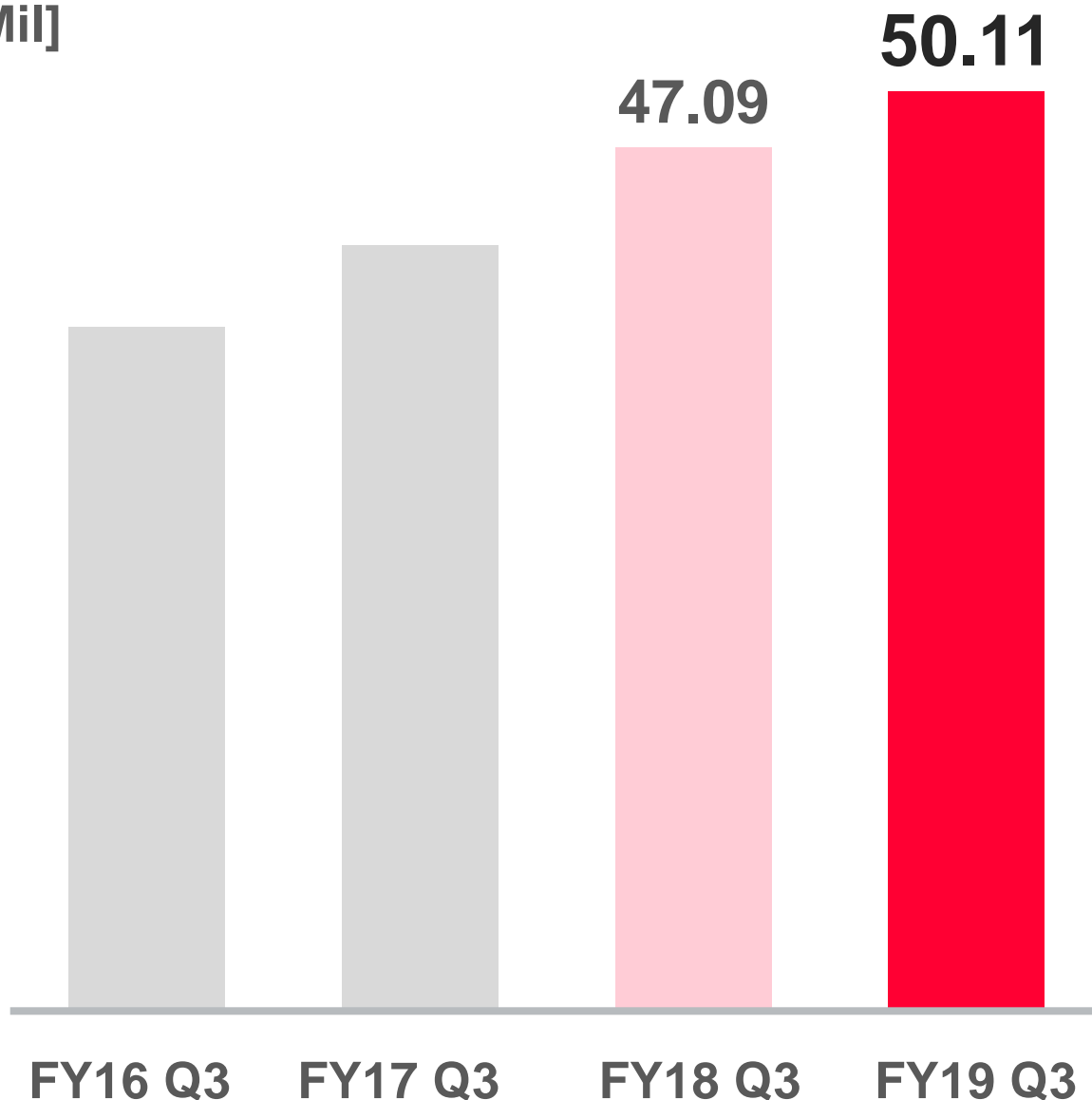
(Note) Transaction value is the total of Yahoo! Shopping and PayPay Mall. PayPay Mall is a Yahoo Japan Corporation business. PayPay is a registered trademark of Yahoo Japan Corporation



# Yahoo! JAPAN Monthly Logged-in User IDs

Media

[Mil]



(Note) Number of Yahoo! JAPAN IDs logged in each month at the end of the quarter.



(Source) ZHD Earnings Results Materials as of February 5, 2020



# Z HOLDINGS LINE

**Business Integration**  
between Z Holdings Corporation  
and LINE Corporation announced

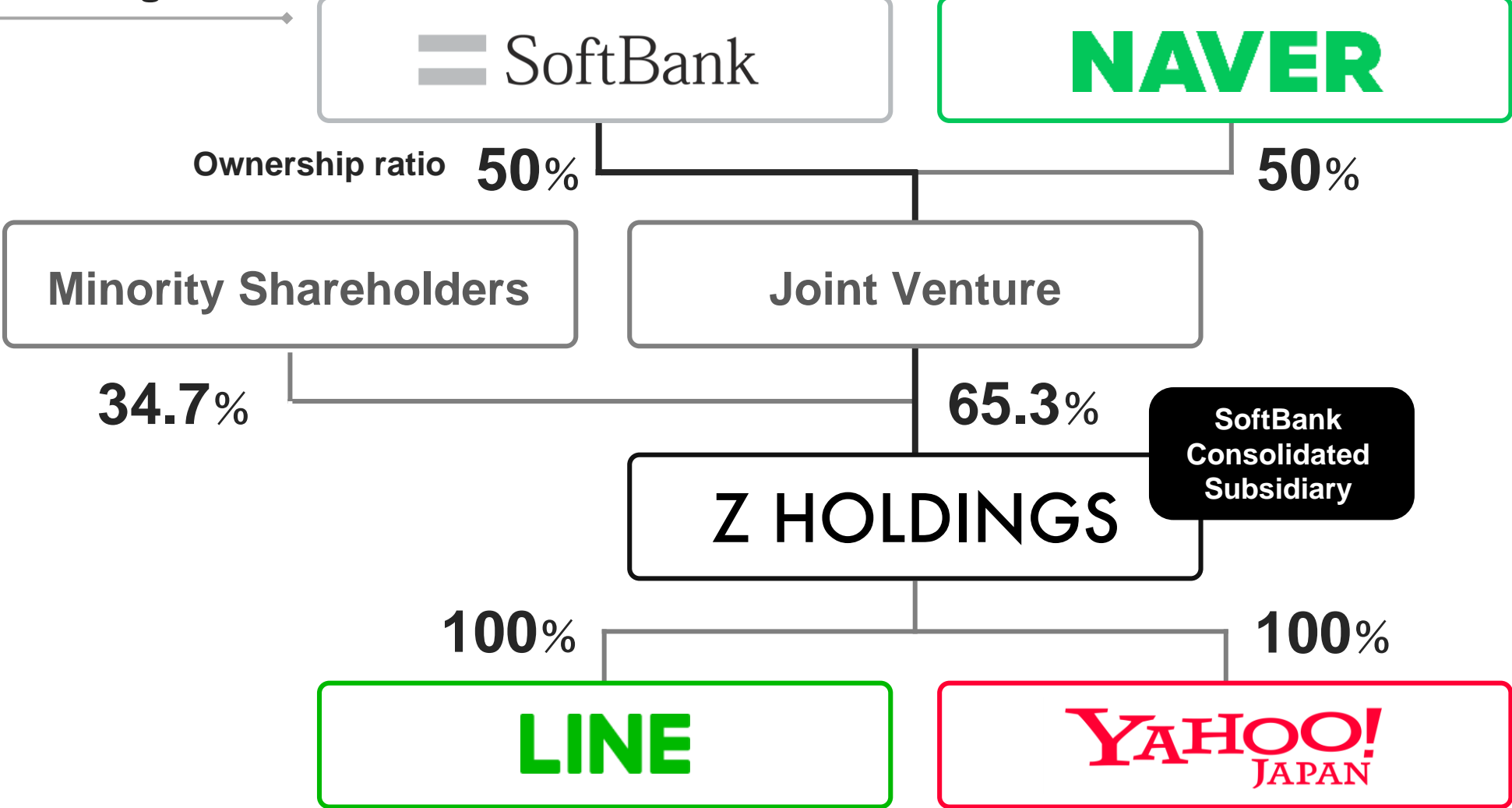
November 2019



(Note) Concluded business integration agreement on December 23, 2019

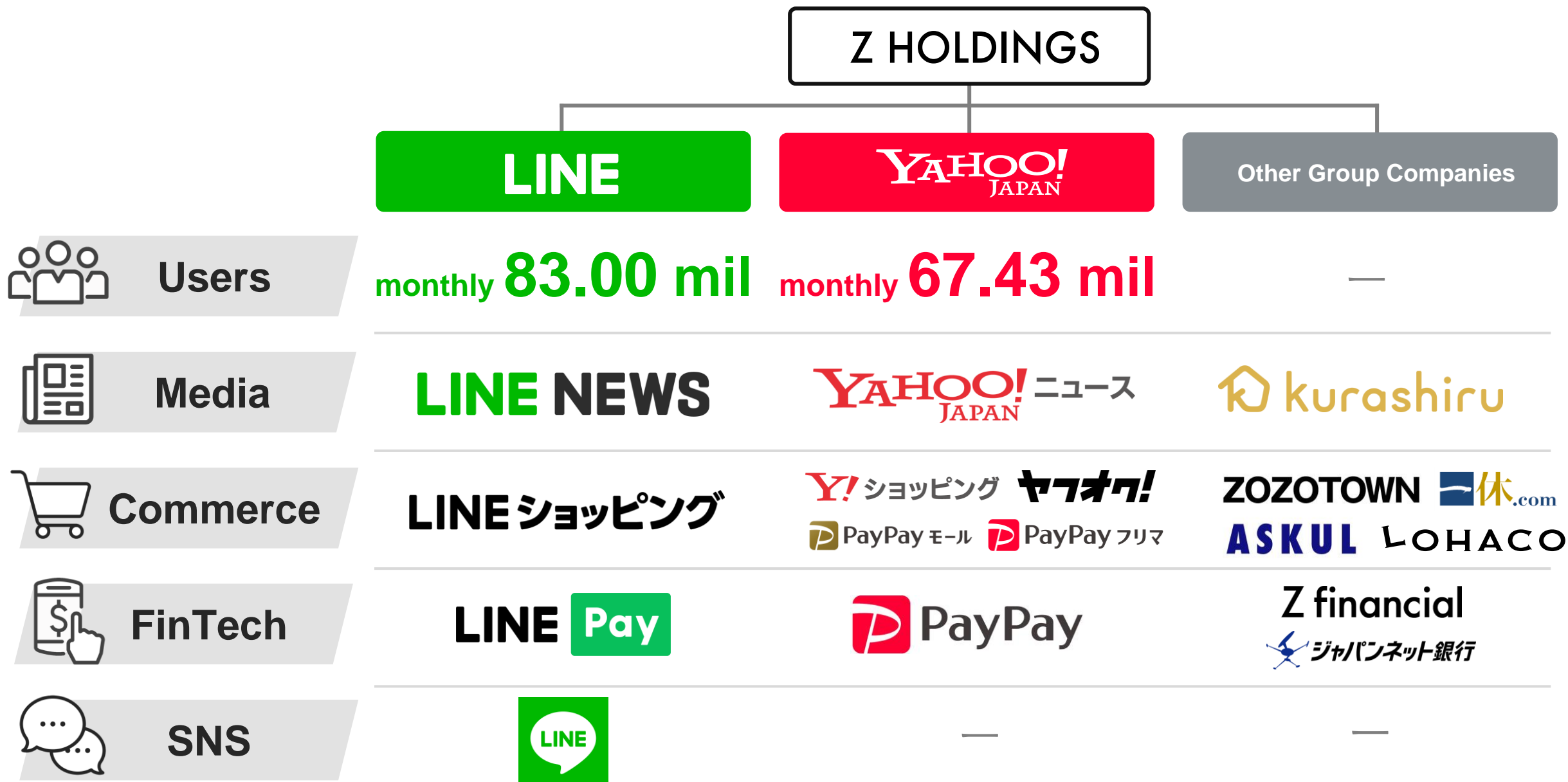
# Business Integration Planned in October 2020

Structure after integration



# Transformation to the AI Technology Company

Image after  
business integration



(Note) A portion of services provided is listed.

(Source) LINE users: number of monthly active users in Japan, Earnings Results Materials for 2019 Q4  
Yahoo! Japan users: Nielsen "TOPS OF 2018: DIGITAL IN JAPAN number of total digital users in Japan TOP10".





Communication



AI



IoT



Media/Advertisement

**YAHOO!**  
JAPAN

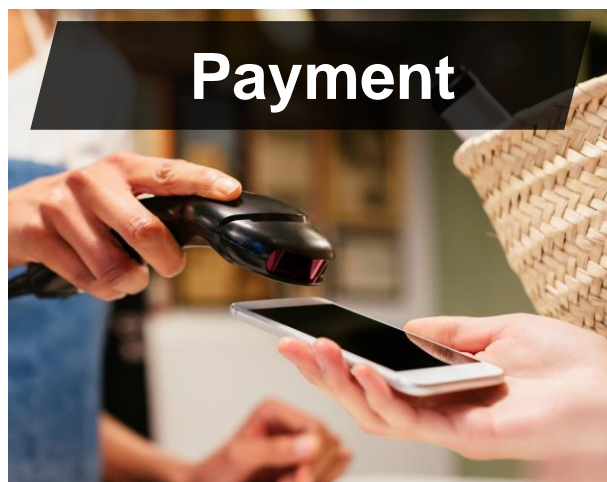
SoftBank

**LINE**

Create a future that others cannot repeat



Commerce



Payment



FinTech



SNS

# **Growth in New Businesses**

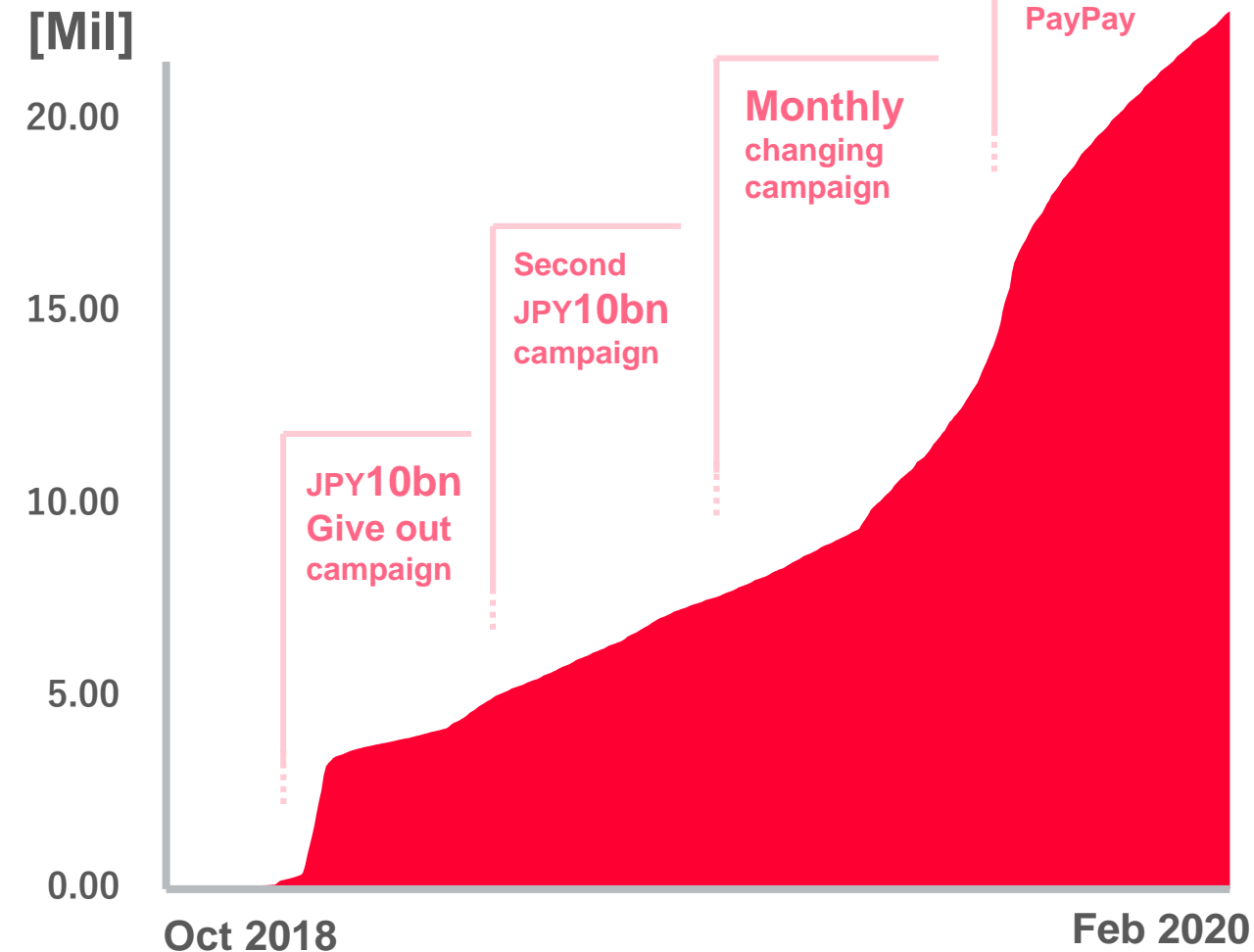




# Smartphone Payment Service PayPay

# PayPay

## Cumulative Registered Users



Maintain a high growth rate

Exceeded **24.0 mil**

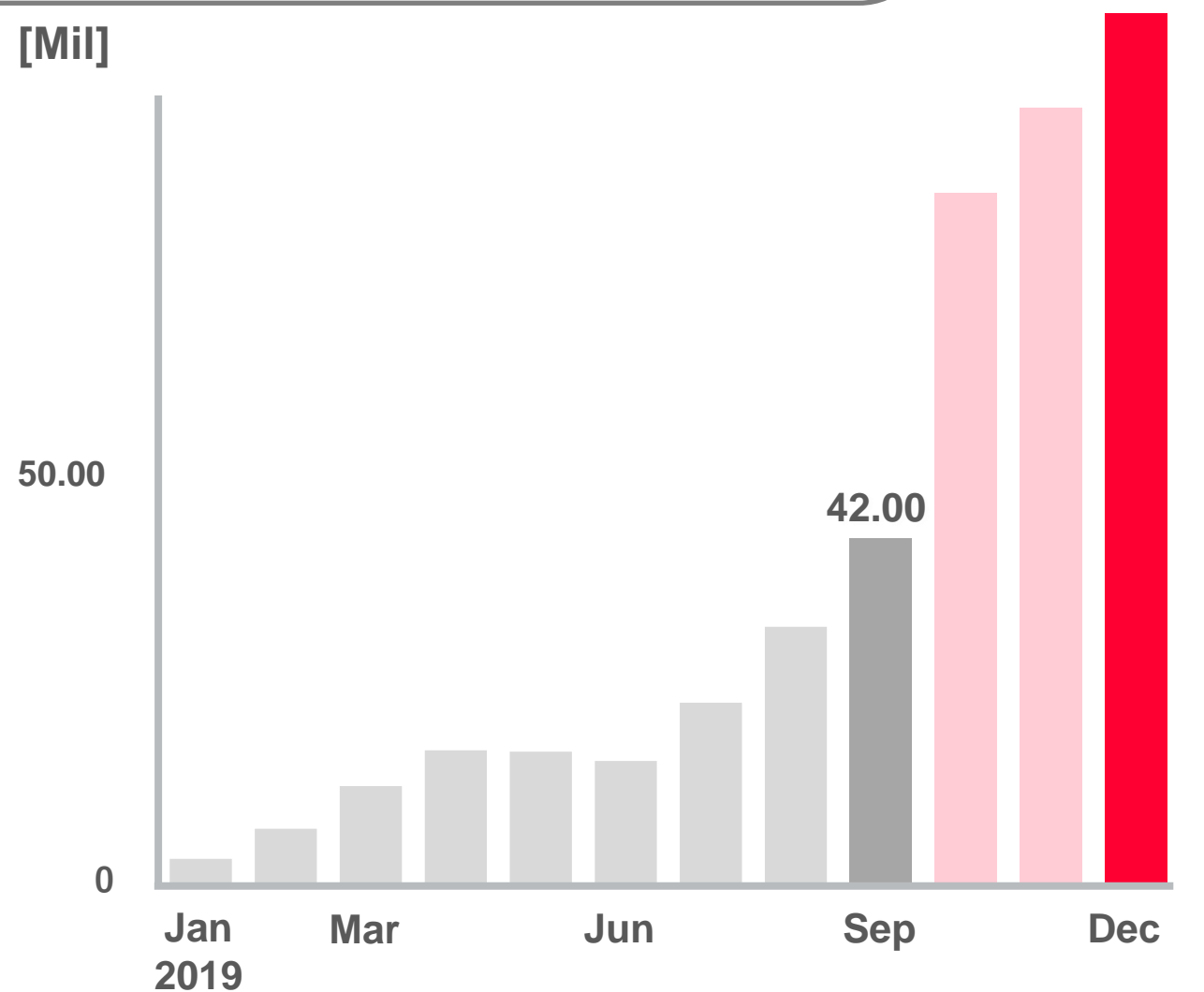
February 2, 2020

\* Government Consumer Return refers to the Point Reward Project for Consumers using Cashless Payment, initiated by the Ministry of Economy, Trade and Industry, which is a subsidy program for small and medium-sized enterprises and micro enterprises that wish to issue point rewards for consumers using cashless payment. This project aims to level demand after the consumption tax rate hike on October 1, 2019.

(Source) Data by PayPay Corporation, collected from October 5, 2018 to February 2, 2020, including registrations from PayPay app and via Yahoo! JAPAN app

# PayPay

Number of Payments per Month



Rose dramatically  
**2.5 times**  
in three months  
since September 2019



# PayPay App

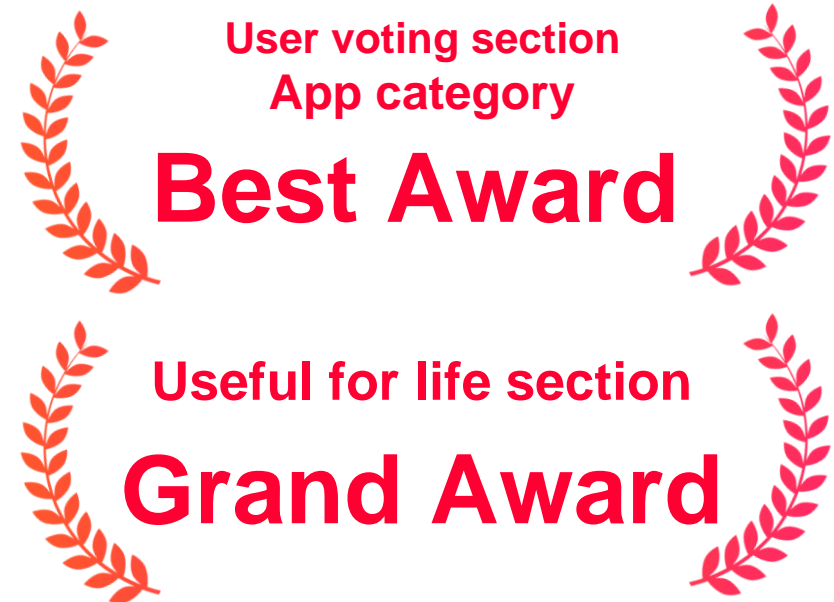
## App Store

BEST OF 2019



## Google Play

Best of 2019 Japanese version



# The most downloaded app in 2019

# PayPay: Store Information Delivery Service started

## PayPay My Store



Evolving from payment app to **marketing tool**

# PayPay: Evolving to Super App

## Mini App First Step



**Taxi-hailing** is in service  
with PayPay app

Completed service link with DiDi taxi  
Plan to collaborate with other taxi companies

# PayPay

To establish a revenue model with  
**full-scale entry into financial services** in 2020

Personal loan



Business loan



Postpay (revolving payment)



Investment



Insurance





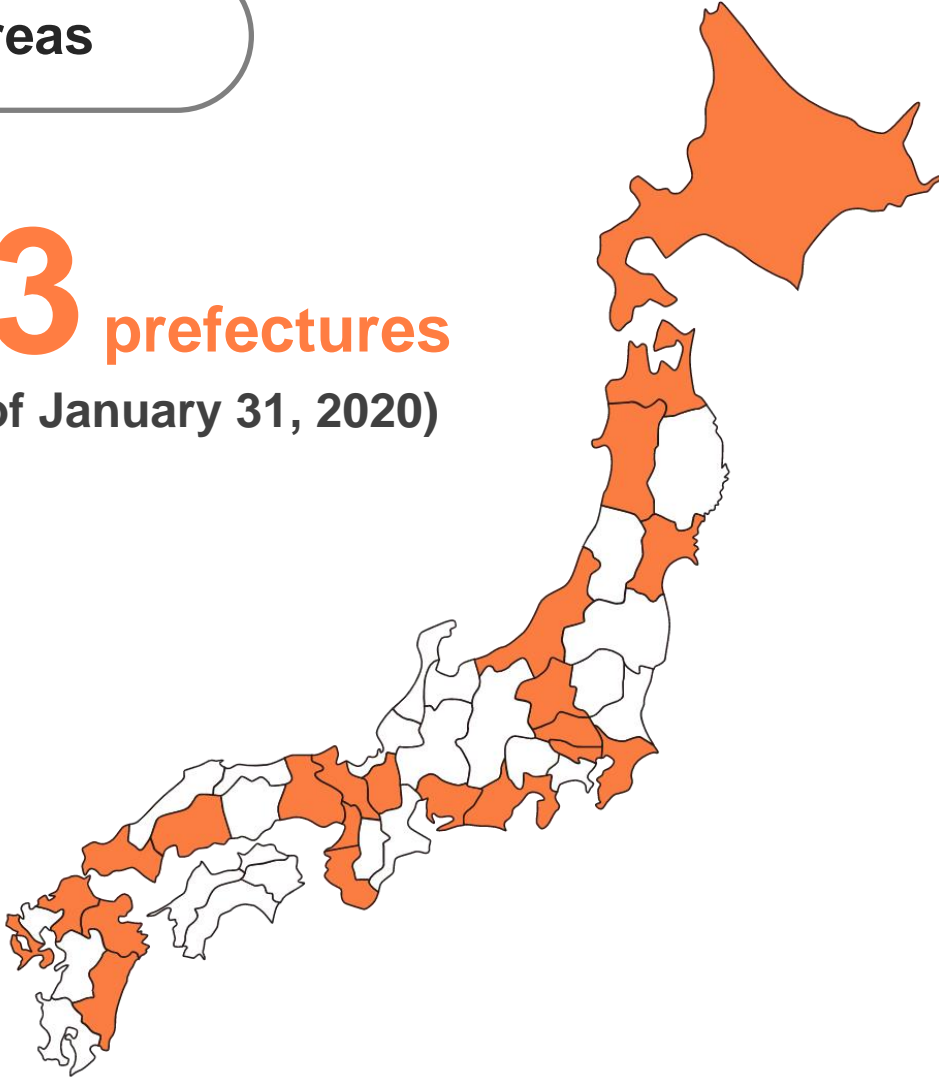


# AI-enabled Taxi-hailing Platform DiDi

Case studies presented herein are for illustrative purposes only, have been selected in order to provide examples of the types of investments made by SBIA and do not purport to be a complete list thereof. It should not be assumed that investments made in the future will be comparable in quality or performance to the investments described herein. Further, references to the investments included in the illustrative case studies should not be construed as a recommendation of any particular investment or security. Certain information was provided by third parties and certain statements reflect SBKK's beliefs as of the date hereof based on prior experience and certain assumptions that SBKK believes are reasonable, but may prove incorrect. Past performance is not necessarily indicative of future results. Please refer to [visionfund.com/portfolio](http://visionfund.com/portfolio) for a more complete list of Vision Fund I's investments.

## Service Areas

**23** prefectures  
(As of January 31, 2020)



# Rapid expansion

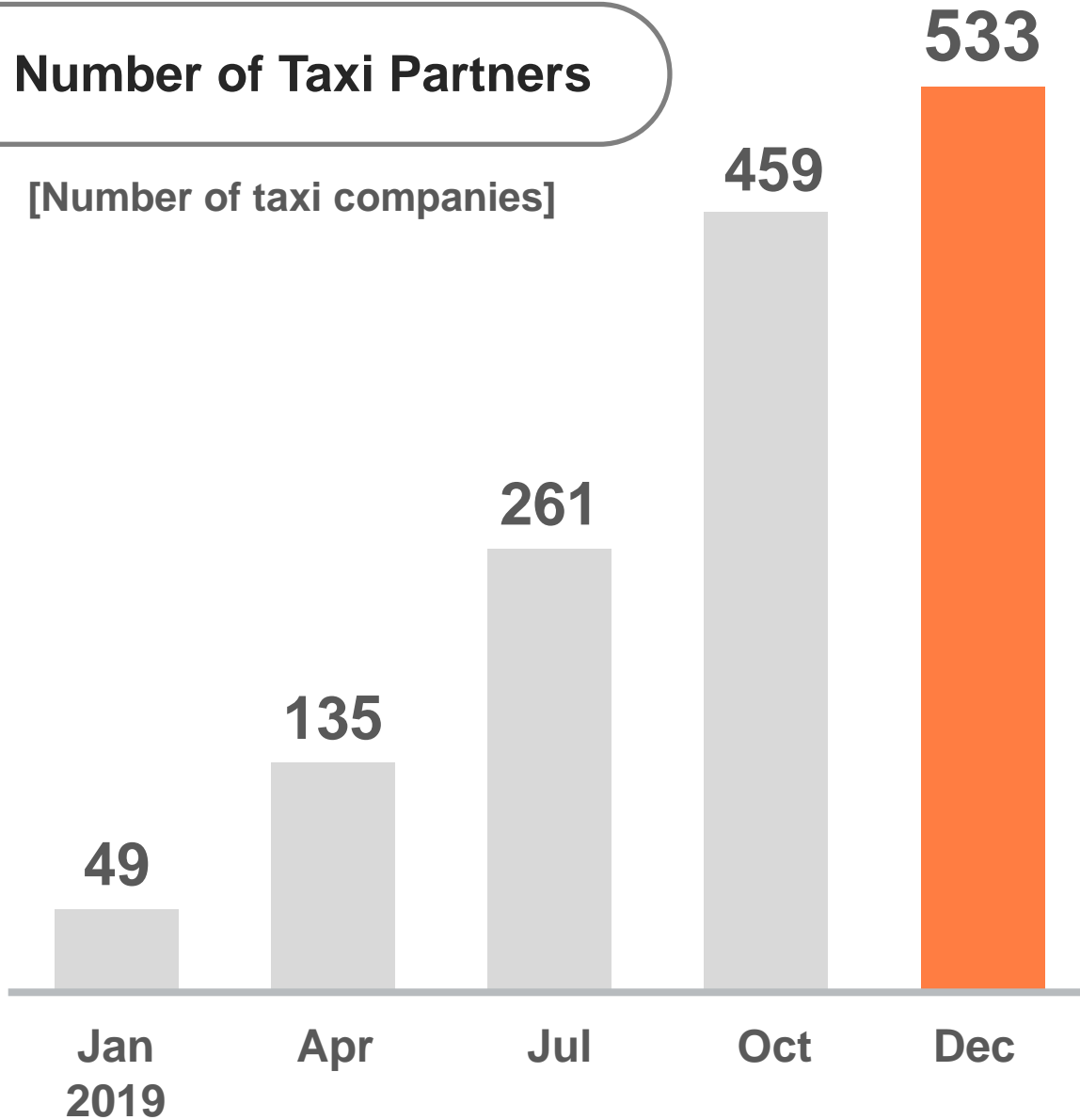
**Launched the service in  
20 prefectures in 2019**

(Source) Provided by DiDi Mobility Japan

The information contained herein is provided for illustrative purposes only. The information presented here was provided DiDi. Nothing herein should be construed as a recommendation of any investment or security. The metrics regarding select aspects of the company's operations were selected by SBIA on a subjective basis. Such metrics are provided solely for illustrative purposes to demonstrate elements of the company's business, are incomplete, and are not necessarily indicative of the company's performance or overall operations. There can be no assurance that historical trends will continue throughout the life of SVF1.

## Number of Taxi Partners

[Number of taxi companies]



Number of taxi partners grew

c. **10** times

in the last year

(Source) DiDi Mobility Japan

(Note) Number of taxi partners refers to the number of taxi companies that have signed on membership of DiDi platform

The information contained herein is provided for illustrative purposes only. The information presented here was provided DiDi. Nothing herein should be construed as a recommendation of any investment or security. The metrics regarding select aspects of the company's operations were selected by SoftBank Corp. on a subjective basis. Such metrics are provided solely for illustrative purposes to demonstrate elements of the company's business, are incomplete, and are not necessarily indicative of the company's performance or overall operations. There can be no assurance that historical trends will continue throughout the life of SVF1.



# Community Centric Workspace WeWork

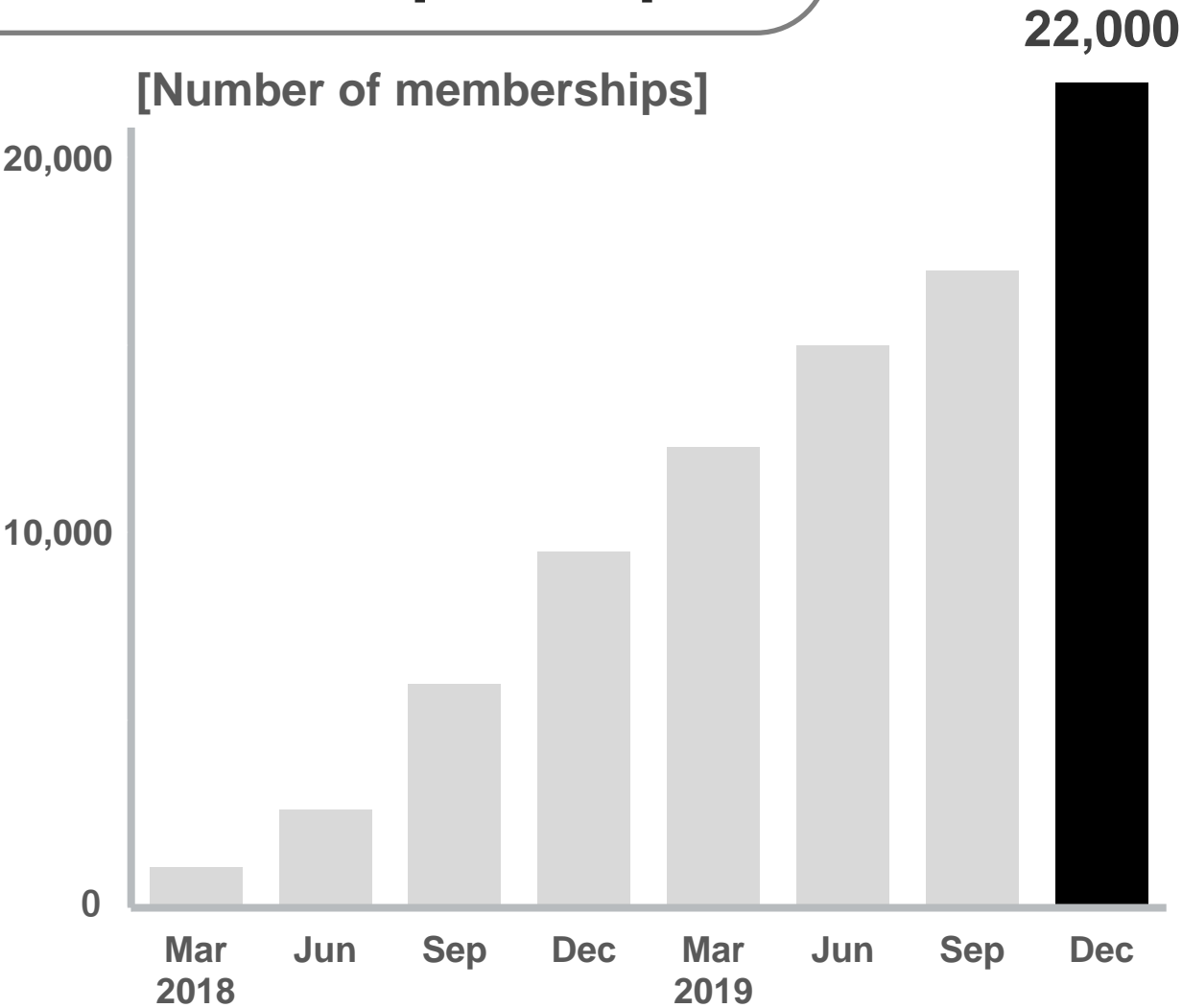
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(Photo credits) WeWork



# WeWork Japan

## Membership in Japan



**22,000**  
**in less than 2 years**  
**since launch in February 2018**

(Source) Provided by WeWork Japan  
(Note) Memberships at the beginning of each month

# WeWork Japan

## 26 locations in 6 cities

(As of December 2019)

### Tokyo

Roppongi	Hibiya	Ikebukuro	Hanzomon	Marunouchi
Jingumae	Kamiyacho	Nihonbashi	Ginza	Kyobashi
Yotsuya	Toranomon	Shimbashi	Nogizaka	Jimbocho
<b>NEW</b> Shinjuku	Shibuya	Harumi		

### Kanagawa Osaka Hyogo Fukuoka Aichi

Yokohama	Namba	Sannomiya	Daimyo	Nagoya
	Midosuji		Nakasu	
	Umeda			

(Source) Provided by WeWork Japan

The information herein is provided for illustrative purposes only and is based on WeWork's data. Nothing herein should be construed as a recommendation of any investment or security.



**Shibuya Scramble Square  
opened in December 2019**

(Source) Shibuya Station Zone Joint Building Operator



Next-generation  
Mobility Service

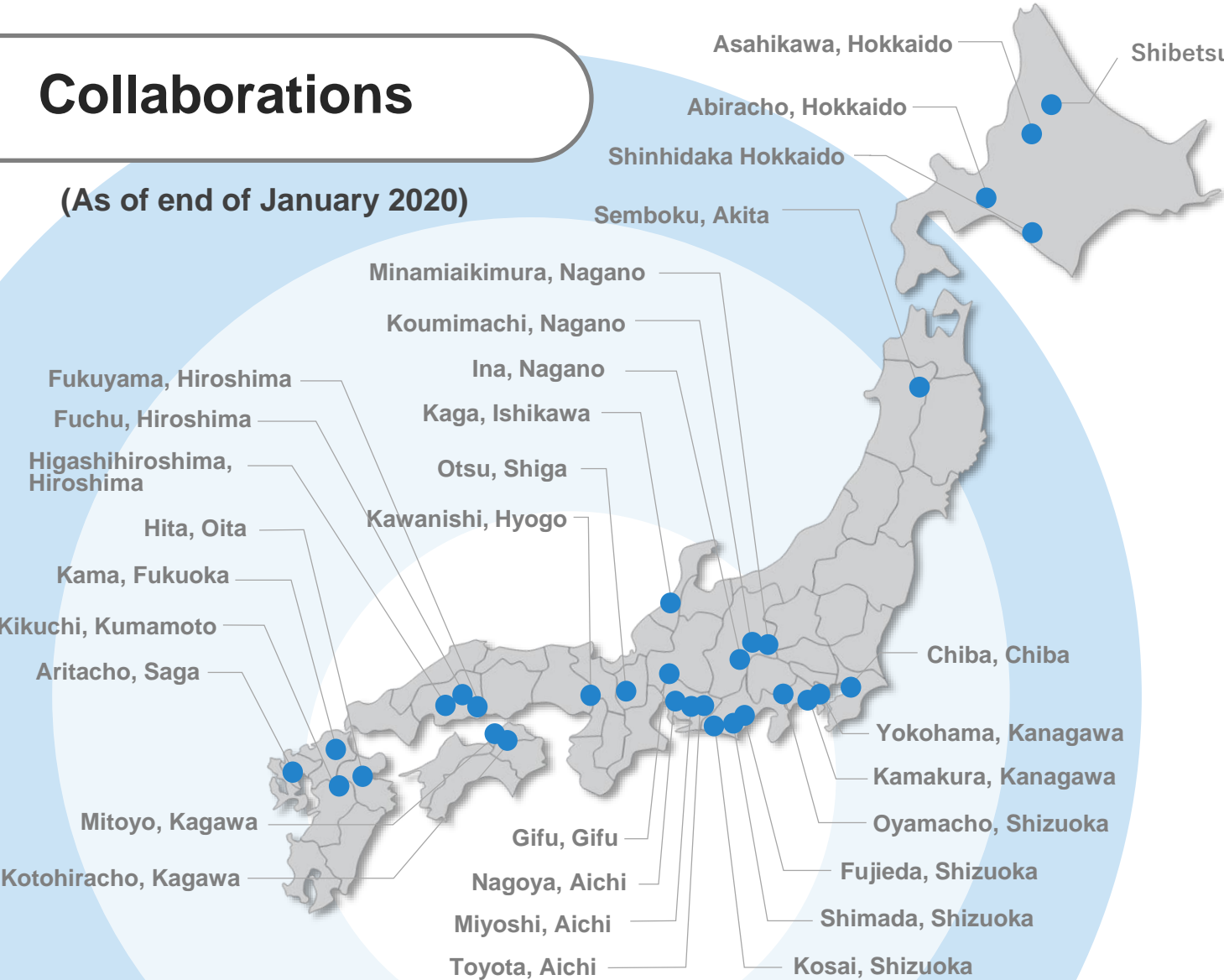
**MONET**



# MONET

## Collaborations

(As of end of January 2020)



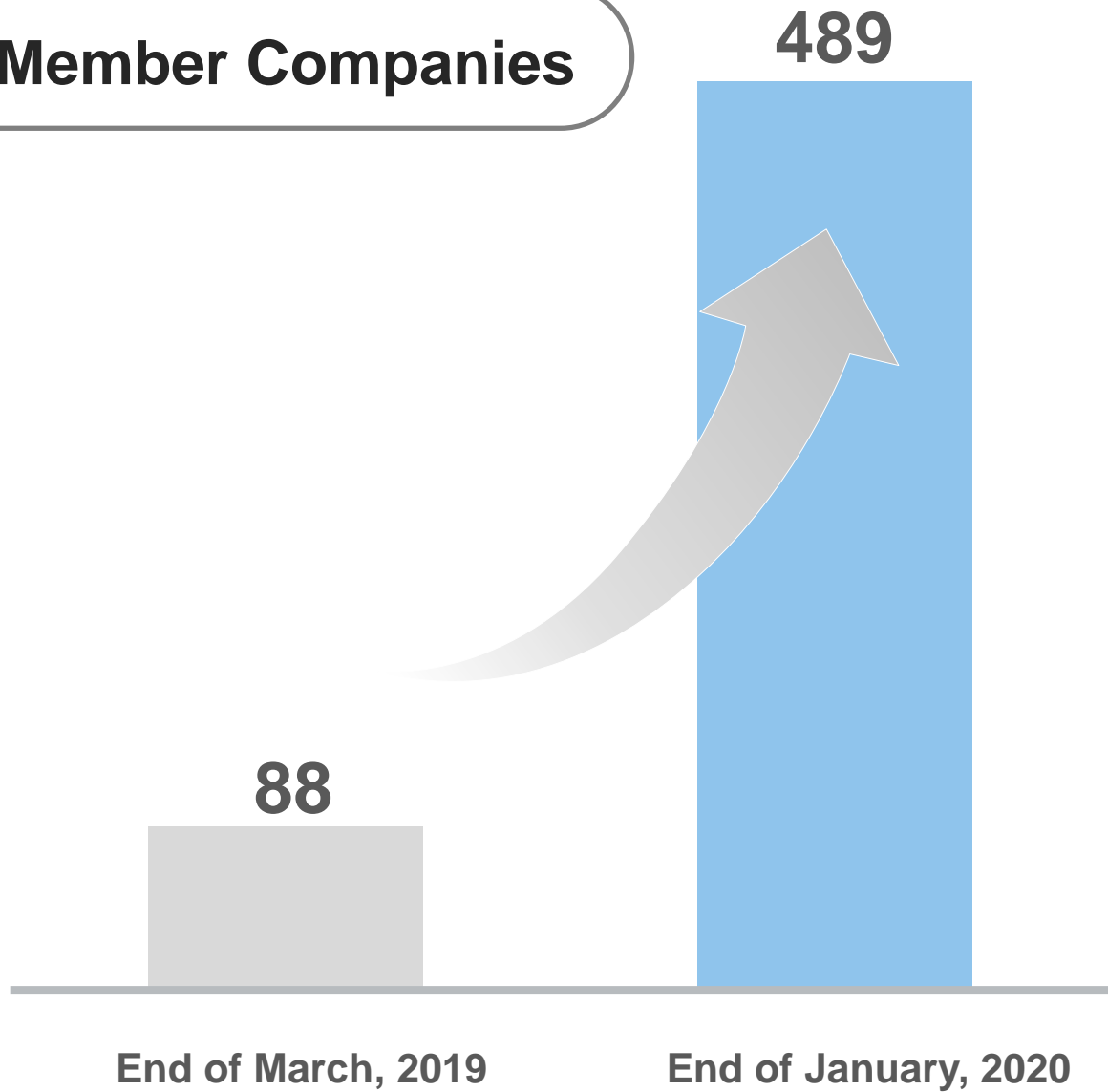
MONET collaborates with  
**31 municipalities**  
**5 prefectures**

Aiming to solve social issues  
local governments face  
by using MaaS

(Notes)  
5 prefectures : Hokkaido, Nagano, Aichi, Osaka, Saga  
31 local government names are in the format of city/town/village, prefecture  
MaaS : Mobility as a Service

# MONET Consortium

Member Companies



c. **500** companies  
across various industries







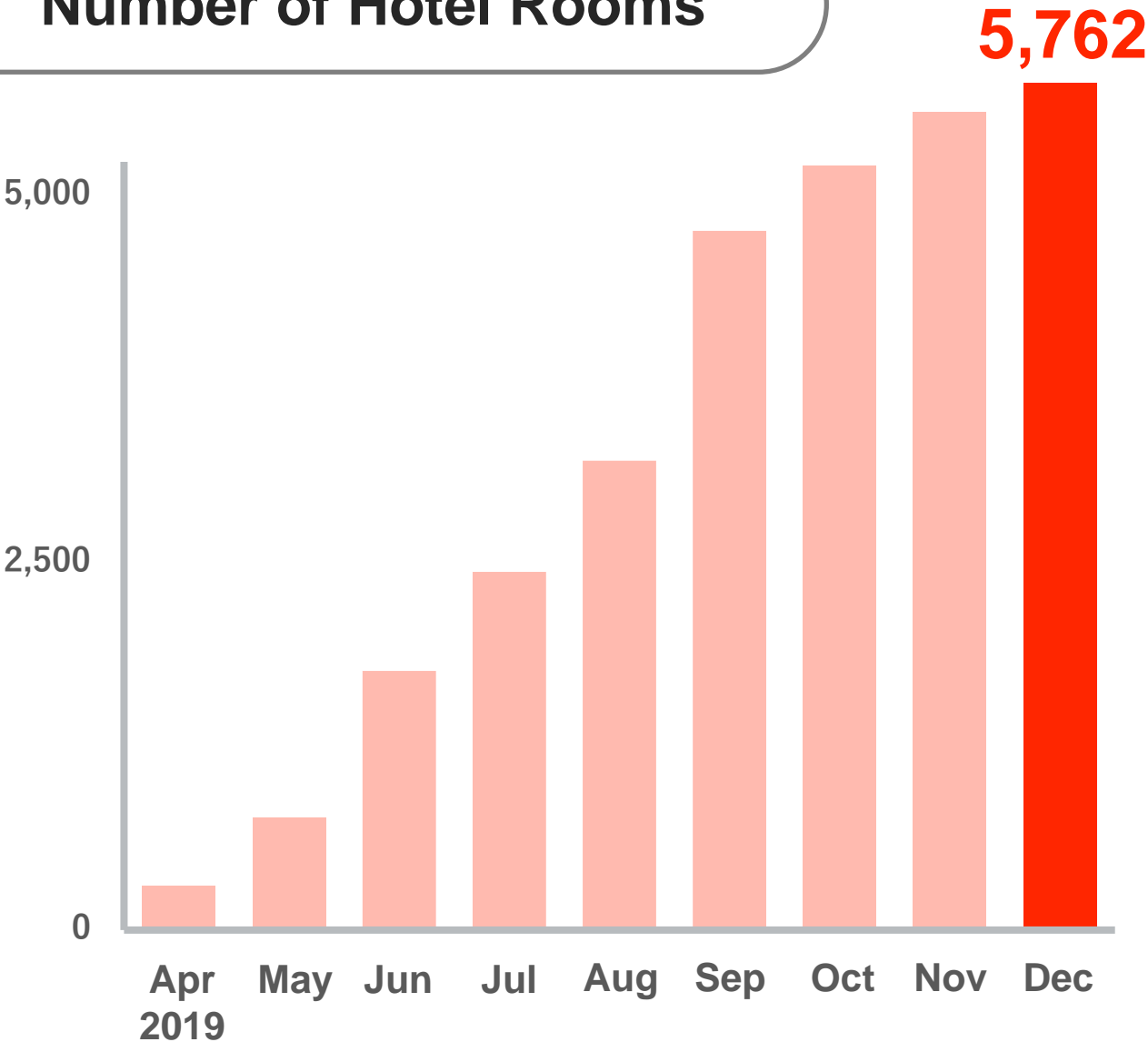
# Innovative Hotel Service

# OYO Hotels

Case studies presented herein are for illustrative purposes only, have been selected in order to provide examples of the types of investments made by SBIA and do not purport to be a complete list thereof. It should not be assumed that investments made in the future will be comparable in quality or performance to the investments described herein. Further, references to the investments included in the illustrative case studies should not be construed as a recommendation of any particular investment or security. Certain information was provided by third parties and certain statements reflect SBKK's beliefs as of the date hereof based on prior experience and certain assumptions that SBKK believes are reasonable, but may prove incorrect. Past performance is not necessarily indicative of future results. Please refer to [visionfund.com/portfolio](http://visionfund.com/portfolio) for a more complete list of Vision Fund I's investments.

# OYO Hotels Japan

Number of Hotel Rooms



**Increased**  
**in room numbers**  
**while strengthening**  
**corporate governance**  
**seeking solid growth**

(Source) Provided by OYO Hotels Japan  
(Note) Number of Hotel Rooms: Hotel rooms opened under OYO brand

# SoftBank New Business Management

## Main Activities in FY2019

### Expansion

Smartphone payment No. 1  
in one year since launch



**wework\***  **DiDi\***

**MONET**  **J.Score**  
MONET TECHNOLOGIES INC.

### New Entry



Digital marketing  
consultant business with  
Arm and Hakuodo



Deployment of global  
hotel chain business in  
Japan

 **mapbox\*** Collaboration with global  
online map service



Face recognition solutions  
using AI image recognition  
technology

And the commencement of  
other new businesses

### Exit

Gain on sales  
**JPY 11.8 bn**

#### Main Items



Sold part of the shares

## Aim to execute promptly optimal management decisions for each business

(Notes) Gain on sales : Amount from selling of the asset – Book value at the beginning of FY2019. Gain on sales includes the amount planned in FY2019 Q4

Select investments presented herein are solely for illustrative purposes, have been selected in order to demonstrate examples of companies that SoftBank Corp. has worked with under the Beyond Carrier strategy to expand new businesses with partners in Japan and do not purport to be a complete list of SoftBank's investments. References to investments included herein should not be construed as a recommendation of any particular investment or security. It should not be assumed that investments made in the future will be comparable in quality or performance to the investments described herein.

\* Entities are SVF 1 investments. Others are SoftBank Corp. investments or joint investments with SoftBank Group Corp. WeWork is SBG and SVF1 investment.

# SoftBank Growth Strategy

Beyond Carrier



New  
Businesses



AI / Technologies  
Cutting-edge business models

Yahoo



Telecom  
Business



Smartphone subscriber growth



Broadband subscriber growth



New infrastructure





**Information Revolution — Happiness for everyone**

**= SoftBank**







SoftBank