

Road to Achieve JPY 1 Trillion Operating Income in FY2022

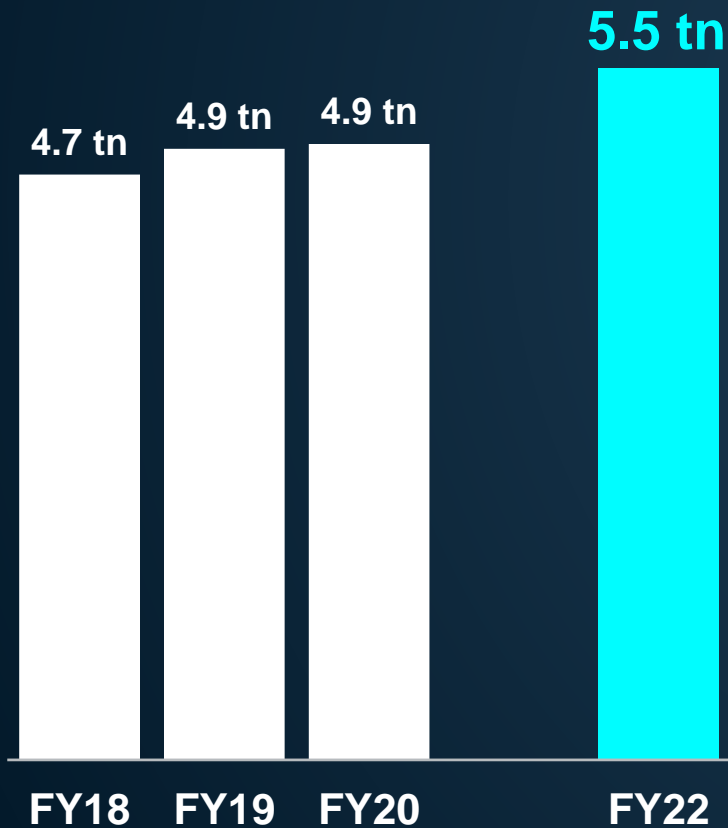
SoftBank Corp.

August 4, 2020

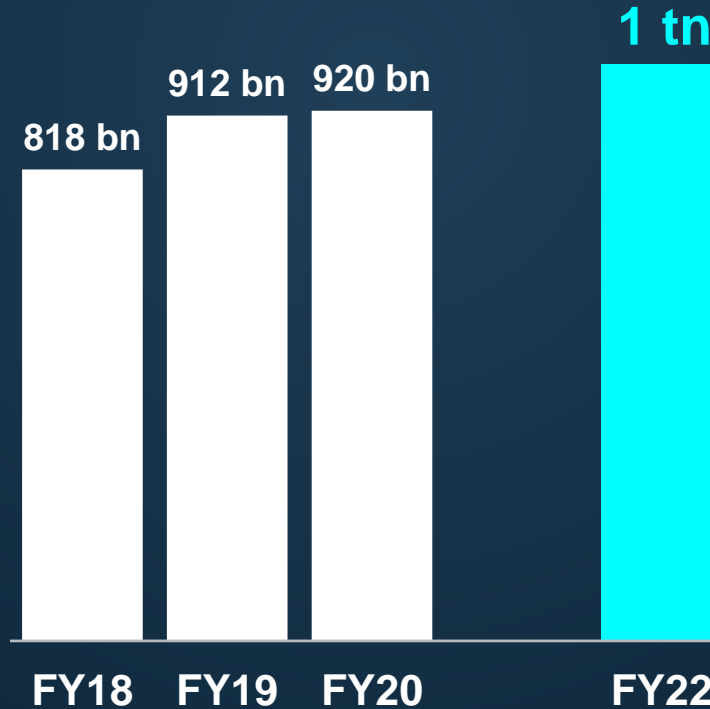
FY2022 Targets

[JPY]

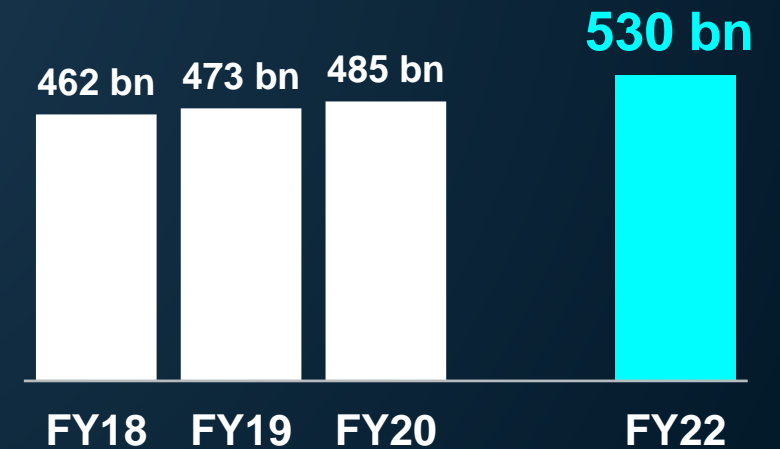
Revenue 5.5 tn



Operating Income 1 tn



Net Income 530 bn



Maximizing our corporate value by driving two pillar strategies

5G

FinTech

**Growth
Strategy**

IoT

E-Commerce

RPA

**Structural
Reform**

AI

Growth Strategy

Beyond Carrier

New
Business
Fields



Yahoo/LINE

Telecom
Business



Strategies for JPY 1 tn Operating Income

1 PayPay as a Platform

2 Smartphone Expansion and Enterprise DX

3 Cost Containment

4 Financing and Shareholder Returns

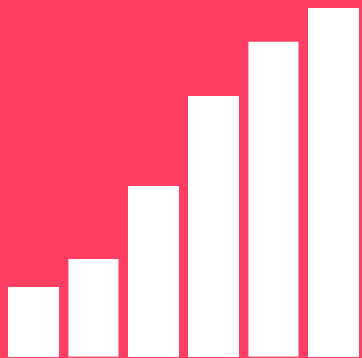


Smartphone Payment
PayPay

PayPay Strengths



No. of users
30 mil



No. of merchants
2.3 mil
locations



Recognition
No. 1



App update
60 times/year

PayPay pickup
service

COVID-19 alert
function

Link to My
Number Points



PayPay Platform Strategy



Financial Services

Unified PayPay brand
Revenue model establishment



Mobile

Boost of smartphone penetration
Differentiation through PayPay
service



E-Commerce

Transition to PayPay Mall and
PayPay Flea Market
Reciprocal customer transfer



Financial Services

To unify existing financial services with PayPay brand

Existing services

YAHOO! JAPAN カード

ジャパンネット銀行

One Tap BUY

YAHOO! JAPAN 保険

YJFX!

Yjam



After brand change

PayPay カード

PayPay 銀行

PayPay 証券

PayPay 保険

PayPay FX

PayPay 投信



No. of users

30 mil



Recognition No. 1



(Note) The change of company names is planned after the approval at the shareholders' meeting of each company and approval from the relevant government agencies.



Financial Services

PayPay as a gateway to connect numerous financial services seamlessly





Mobile



PayPay brings smartphones to wider span of generations





PayPay differentiates our mobile services from others










Payment



PayPay カード



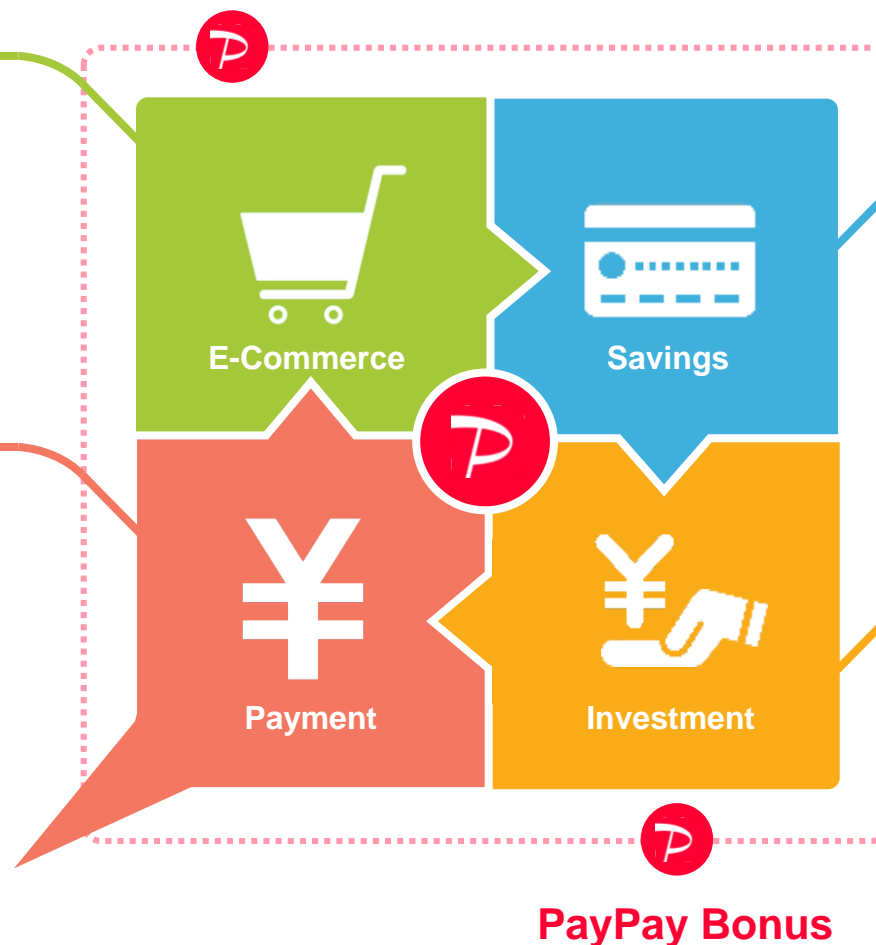
PayPay 銀行



PayPay 保険

Asset management

 PayPay 証券
 PayPay FX
 PayPay 投信

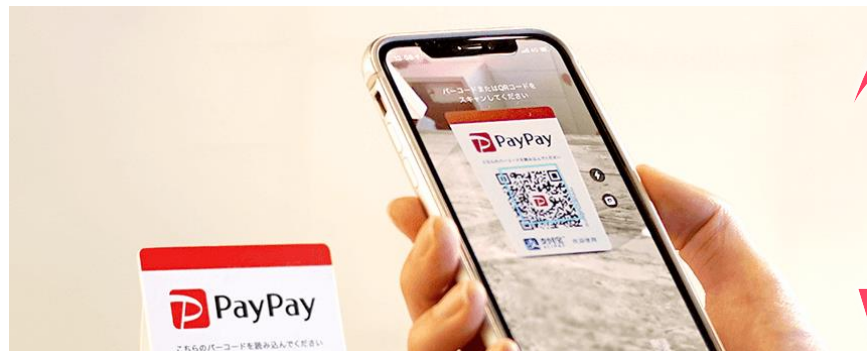




E-Commerce

PayPay captures more customers leading to transaction value expansion

PayPay



No. of users

30 mil



Recognition No. 1

Sending customers through
point rewards
/ Recognition improvement

**Reciprocal
customer
transfer**

Sending e-commerce users
/ Commission fees

E-Commerce



YAHOO! JAPAN ショッピング

 **PayPay モール**

LOHACO

 **PayPay フリマ**

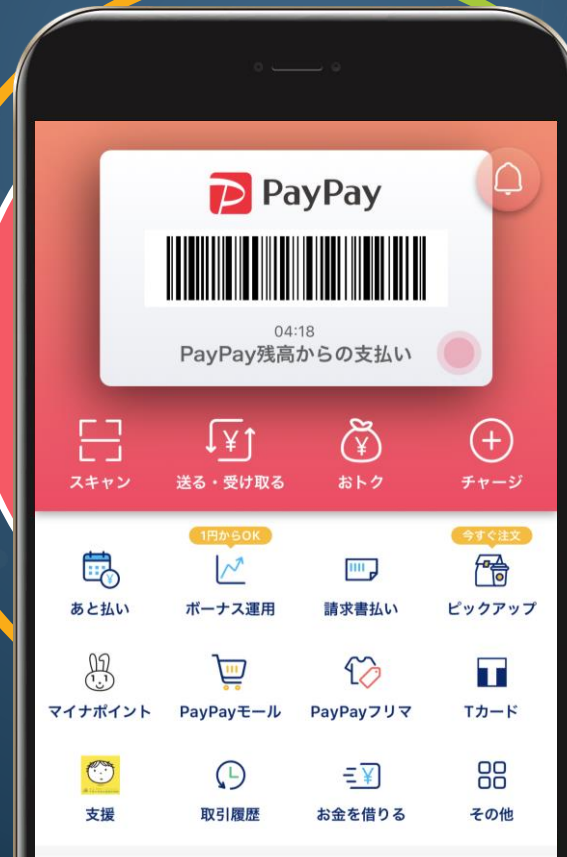
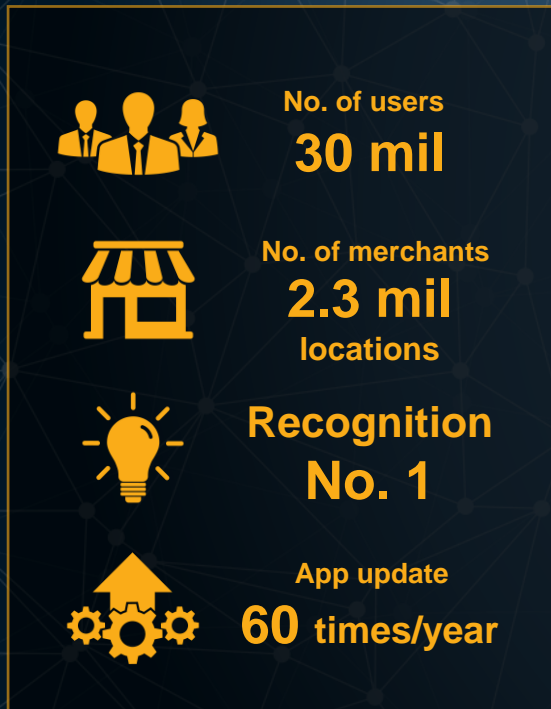
ASKUL

ZOZOTOWN

PayPay Platform Strategy

PayPay at core to pursue business synergies

Strengths as No. 1



Business Synergies



Strategies for JPY 1 tn Operating Income

1

PayPay as a Platform

2

Smartphone Expansion and Enterprise DX

3

Cost Containment

4

Financing and Shareholder Returns

SoftBank Core Business Strategy

1

Smartphone Expansion



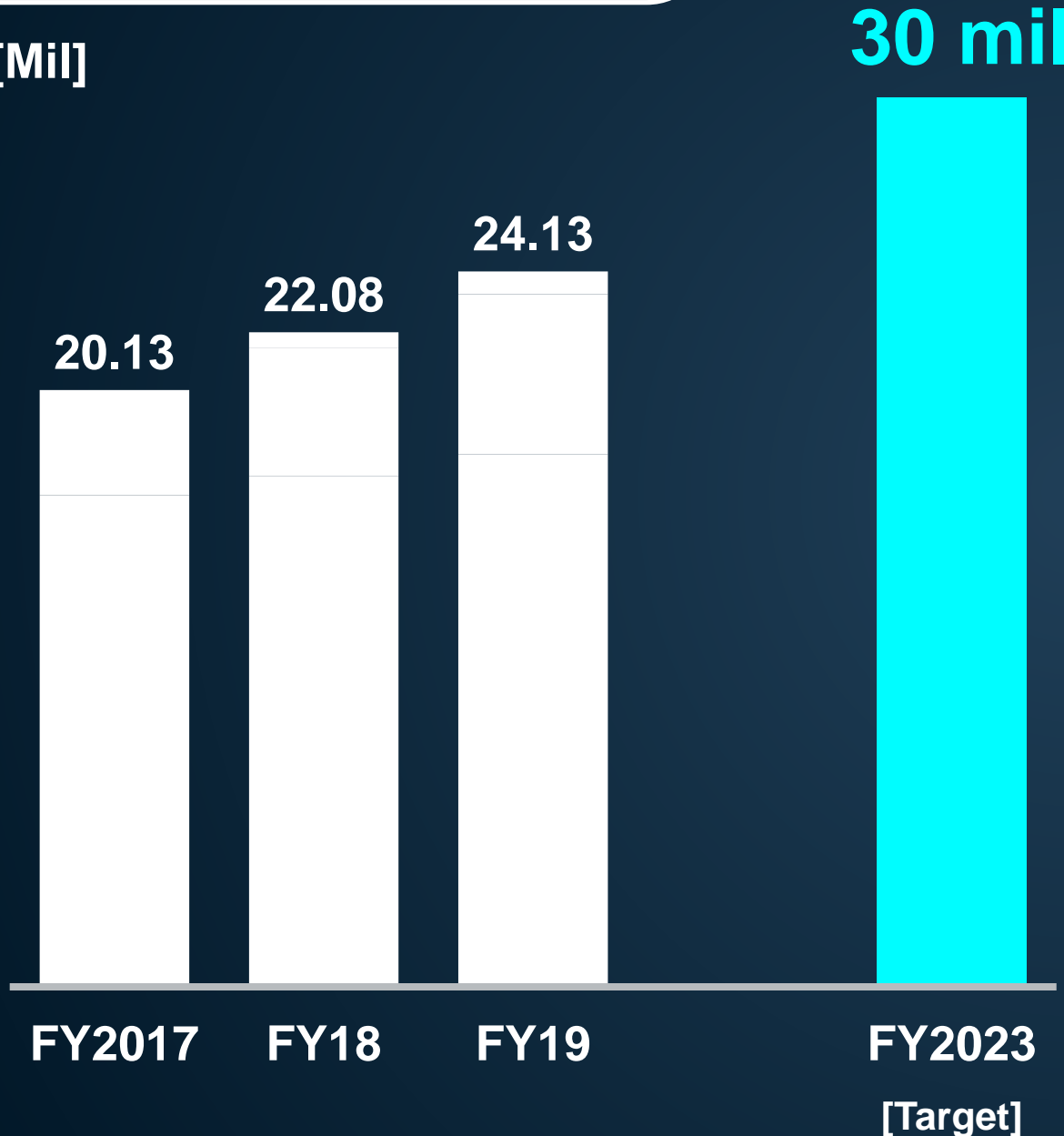
2

Enterprise Digitalization



Smartphone cumulative subscribers

[Mil]



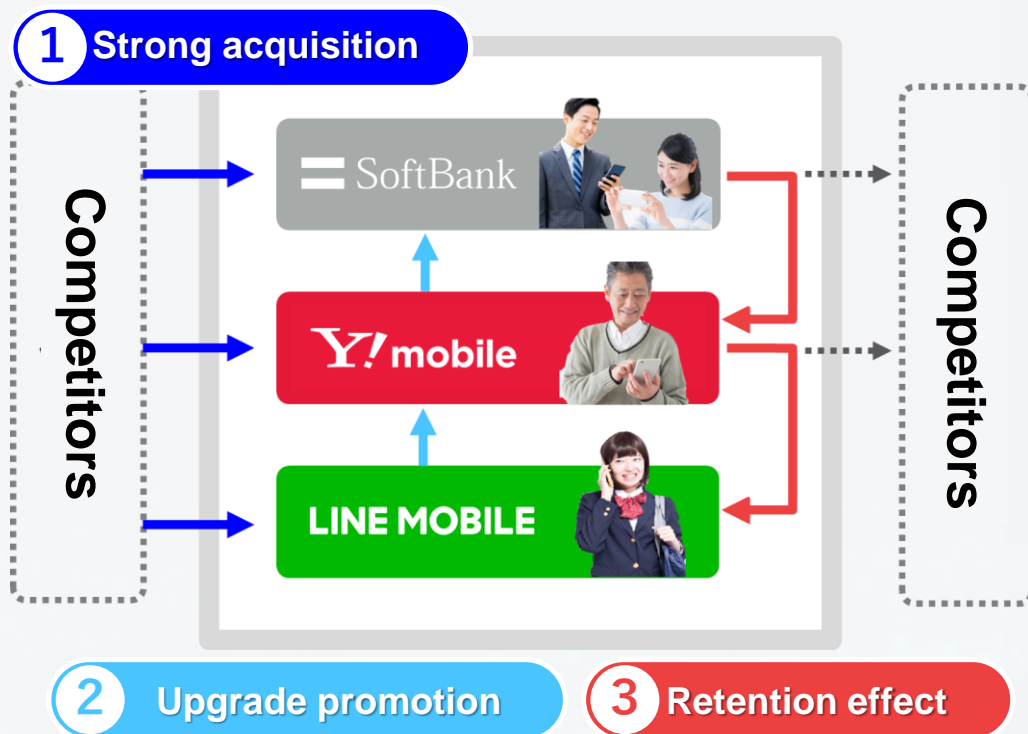
Target
30 mil
smartphone
users
in FY2023

(Note) Including enterprise subscribers

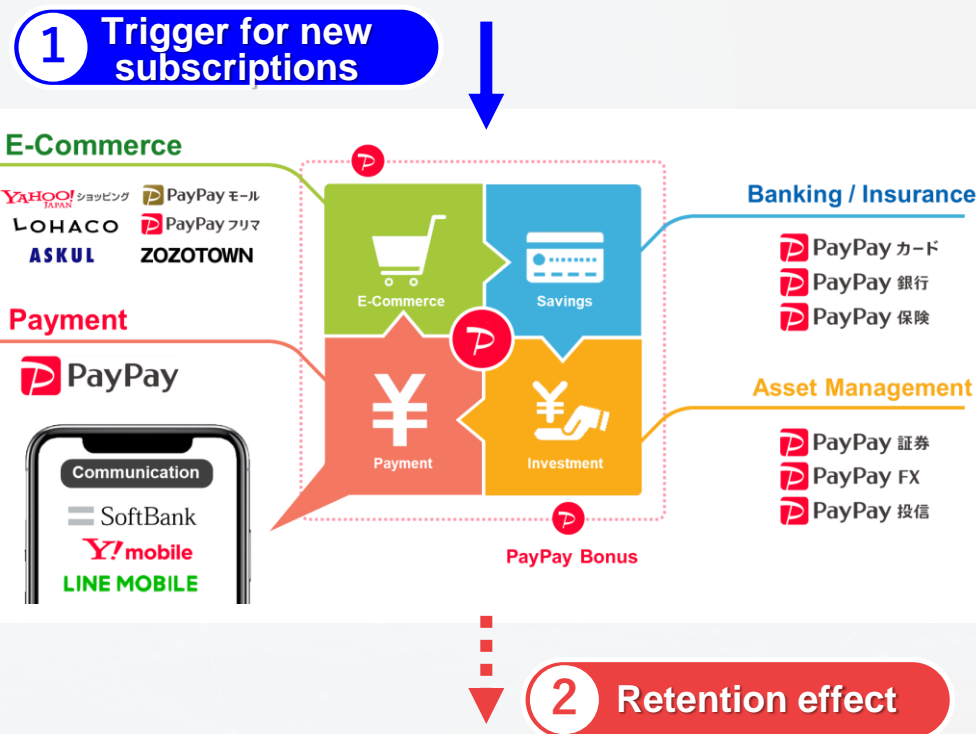
Target 30 mil smartphone users

Thoroughly reinforce our existing strategy

Multi-brand Strategy



Collaboration with Yahoo and PayPay



Target 30 mil smartphone users

5G Deployment

March 2022

Population coverage 90%+

50,000
base stations

10,000
base stations

Mar 2021

Mar 2022

Multi-brand Strategy

1 Strong acquisition

Competitors



Competitors

2 Upgrade promotion

3 Retention effect

Collaboration with Yahoo and PayPay

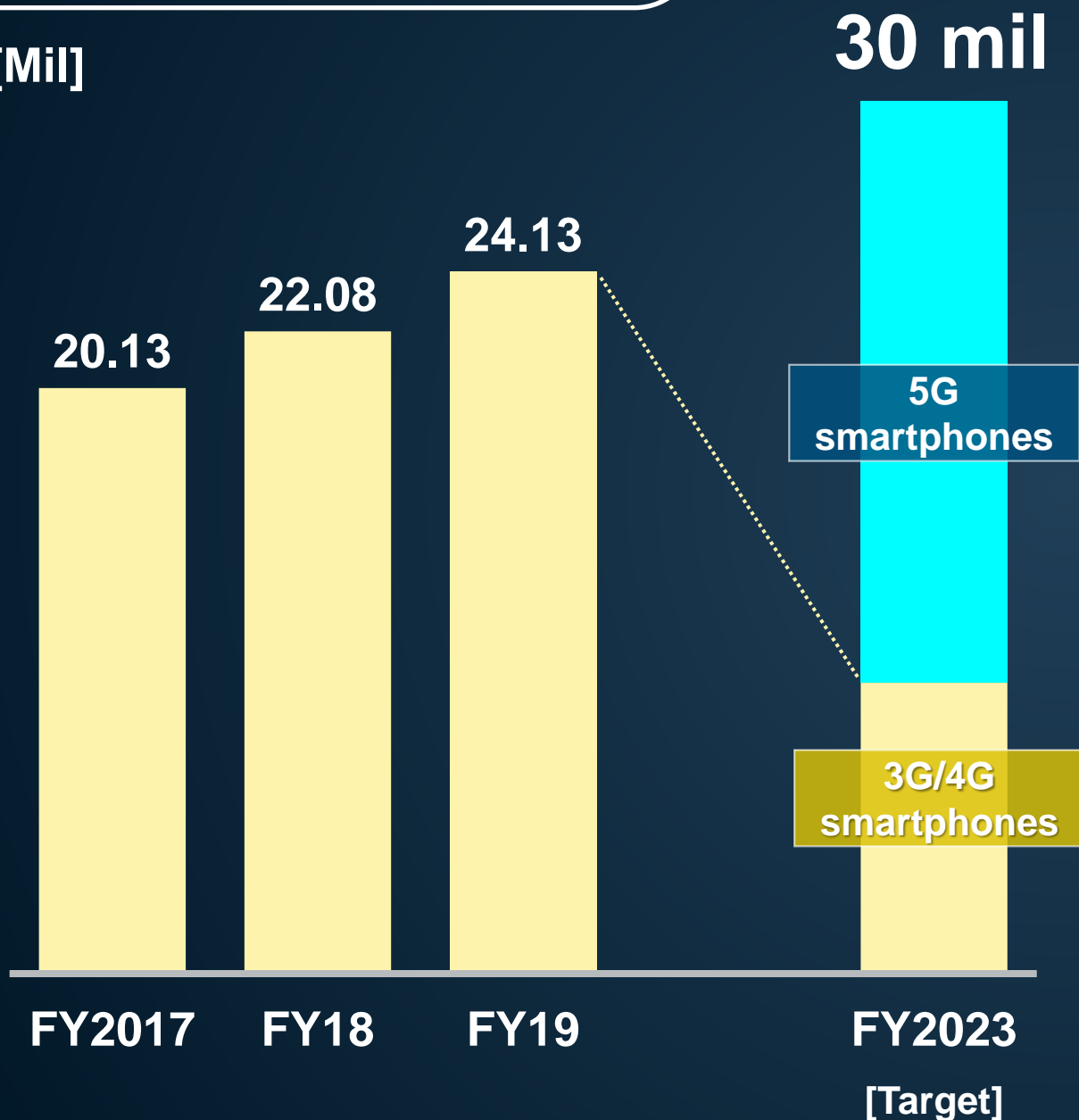
1 Trigger for new subscriptions



2 Retention effect

Smartphone cumulative subscribers

[Mil]



Target
60% 5G
smartphone users
in FY2023



(Note) Including enterprise subscribers

SoftBank Core Business Strategy

1

Smartphone Expansion



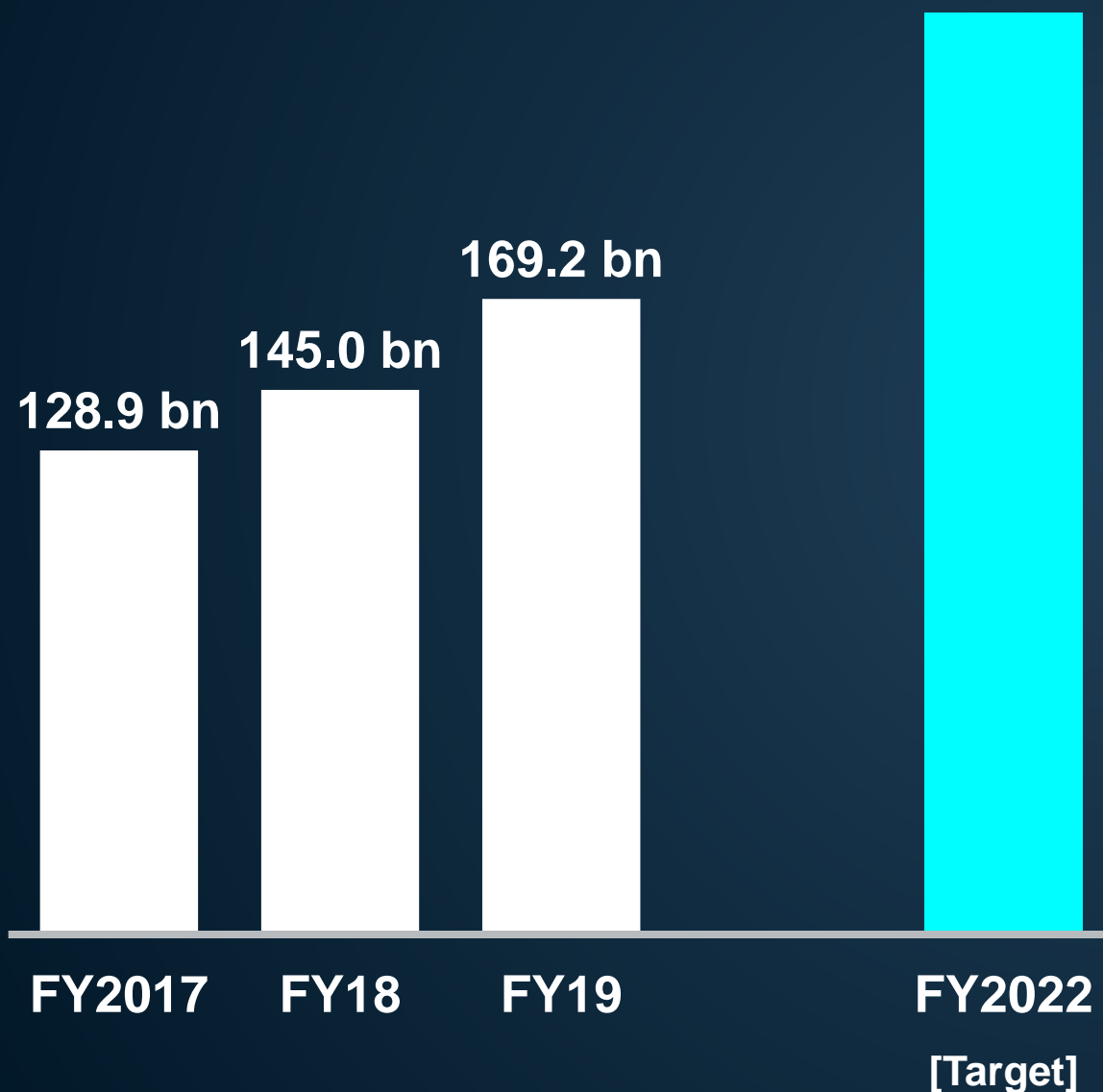
2

Enterprise Digitalization



Enterprise: Business solution and others revenue

[JPY]



Business solution and
others revenue

**double-digit
growth every year**

Double-digit growth for Business solutions

Leverage DX demand surge in “new normal”

Enterprise Digitalization

Providing more than 100 types of digitalization solutions

Communication

G Suite

Microsoft 365

zoom

Automation

AUTOMATION
ANYWHERE
Go far, go fast.

FINDABILITY
SCIENCES

SecuLight

Data utilization

YAHOO!
JAPAN

arm TREASURE DATA

INCUDATA

Security

cybereason

ZIMPERIUM
MOBILE THREAT DEFENSE

zscaler

Industry Digitalization

Solving social issues with the power of AI, IoT, and 5G with partners



Online medical care

Smart cities

Smart distribution



3 GOOD HEALTH AND WELL-BEING



7 AFFORDABLE AND CLEAN ENERGY



8 DECENT WORK AND ECONOMIC GROWTH



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



11 SUSTAINABLE CITIES AND COMMUNITIES



17 PARTNERSHIPS FOR THE GOALS

Growth Strategy Beyond Carrier

New
Business
Fields



Yahoo/LINE

Telecom
Business



Growth Strategy

Beyond Carrier

Consumer

Profit Target

Profit increase
every year

Business Target

30 mil smartphone
users in year 2023

Enterprise

Profit Target

Double-digit profit
increase every year

Business Target

Business solution and others
Double-digit growth

New
Business
Fields



LINE

Y!

LINE

Telecom
Business



Yahoo

Profit Target

Profit increase / Operating income
¥225 bn in FY2023

Business Target

First half of 2020s **To achieve No. 1 in EC transaction value in Japan**

Expansion of PayPay Mall /
PayPay Flea Market

Focus area of shopping



Focus area of reuse



Group Synergies

ZOZO and ASKUL, etc.

Customers from media
business

Customer traffic from Yahoo!
top page

New Business Fields

Profit Target

Reduce losses on equity
method investments

Business Target

Peak out loss on PayPay

PayPay to transition from expansion
period to stable growth

Expansion
period

Concentrated
investment to
fund vertical
build-up



Stable
growth

Use case
enhancement
to establish
stable growth



Profit growth in other leading businesses

SB Payment, Cybereason, WeWork and OYO, etc.

Strategies for JPY 1 tn Operating Income

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Cost Containment Strategy

1

Keep fixed costs flat



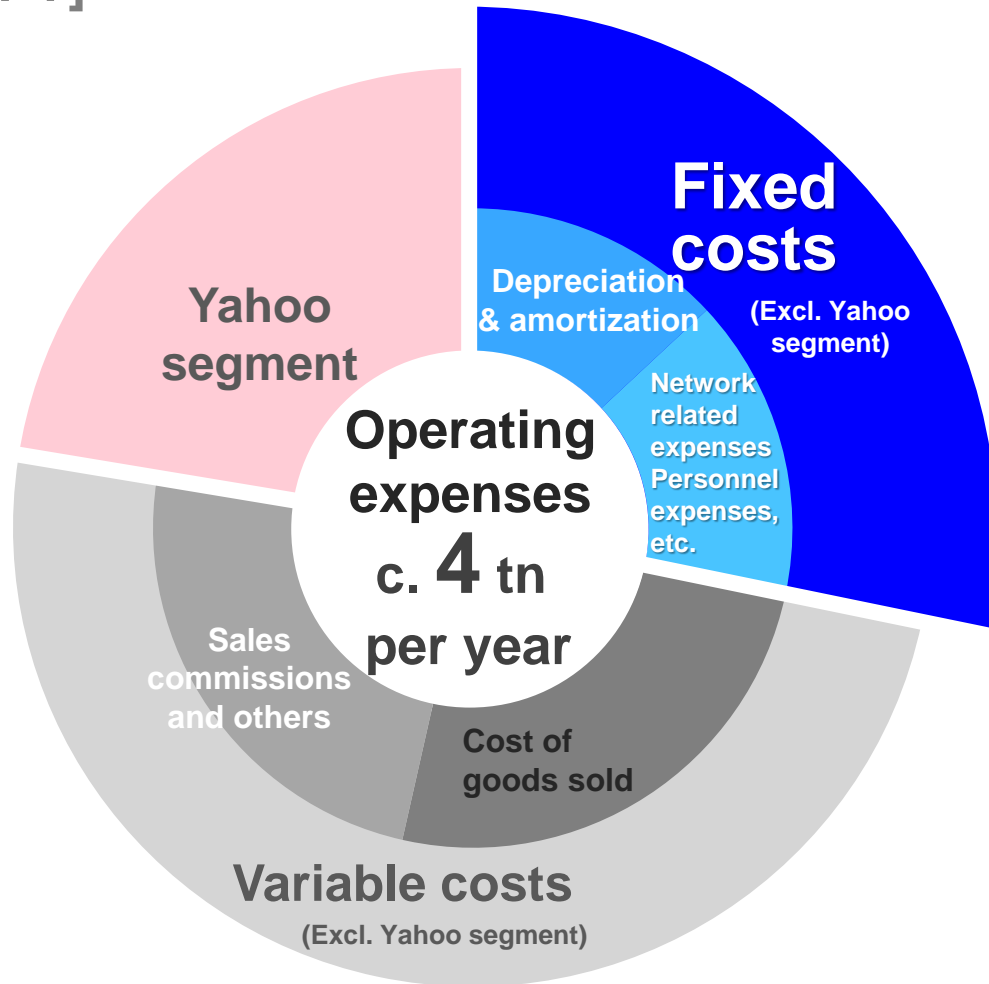
2

**Cost efficiency through
group synergies**



Cost Strategy 1 Flat Fixed Costs

[JPY]



Fixed Costs

(Excluding Yahoo)

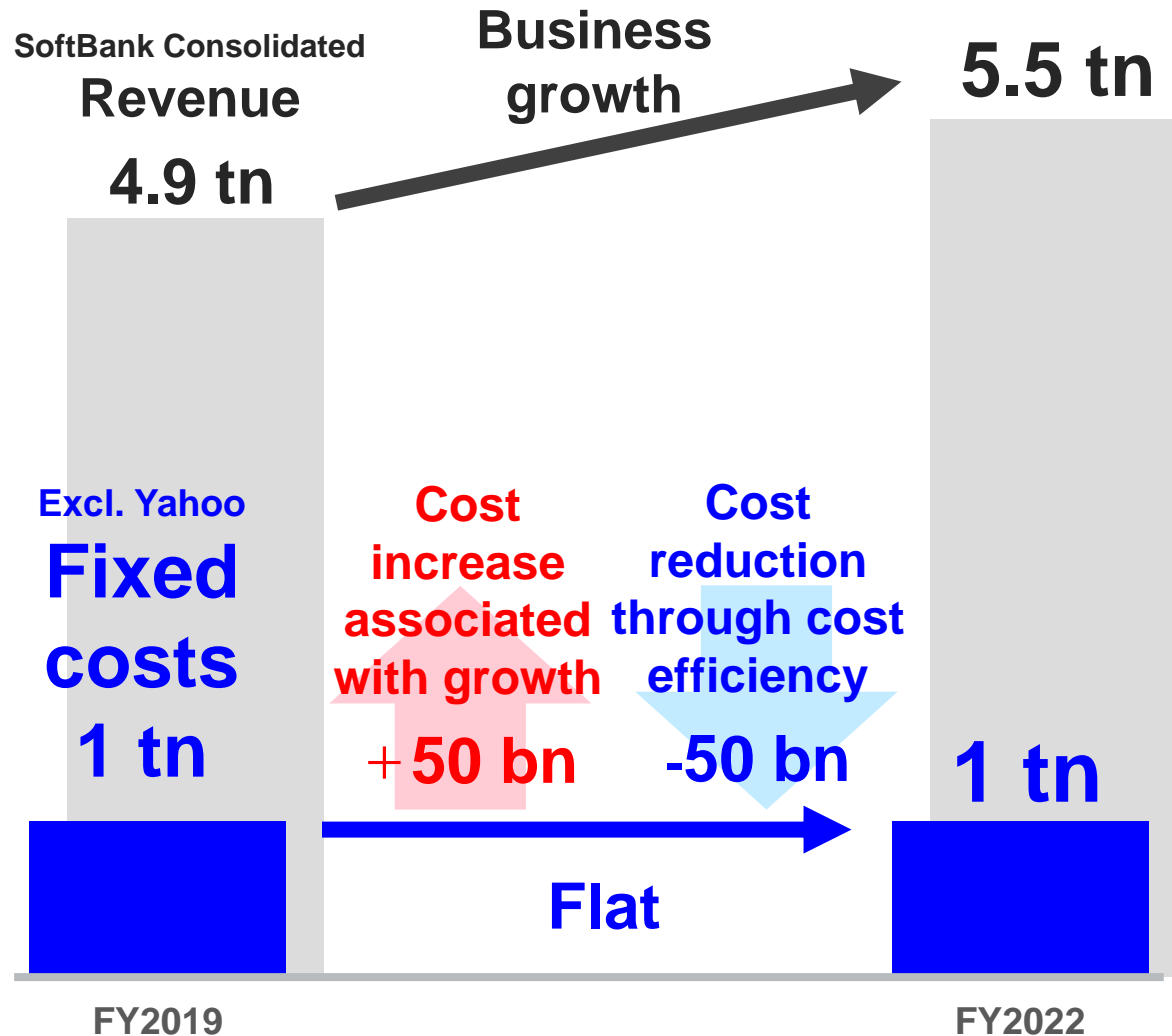
c. **1 tn** /year

(Note) Operating expenses include cost of sales and selling, general and administrative expenses

Cost Strategy 1 Flat Fixed Costs

[JPY]

Reference



Thorough cost management

Maximizing
operation efficiency

Cost Strategy 1 Flat Fixed Costs

Target **¥50 bn cost reduction** through 2 pillars

Productivity improvement and workstyle reform through digitalization

1 Digitization of mobile shop operations

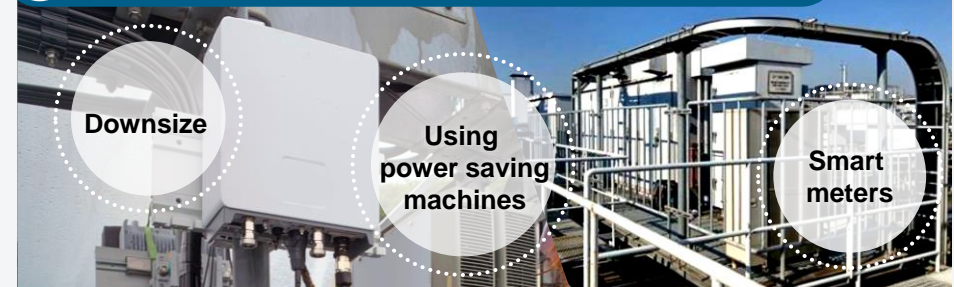


2 Workstyle reform in “New Normal”



Network efficiency and optimization

1 Optimization of equipment after termination of PHS, 3G, etc.



2 Infrastructure sharing with KDDI



Cost Strategy 2 Group Synergies

Seek further cost reduction through **group synergies**

Cost reduction through joint procurement

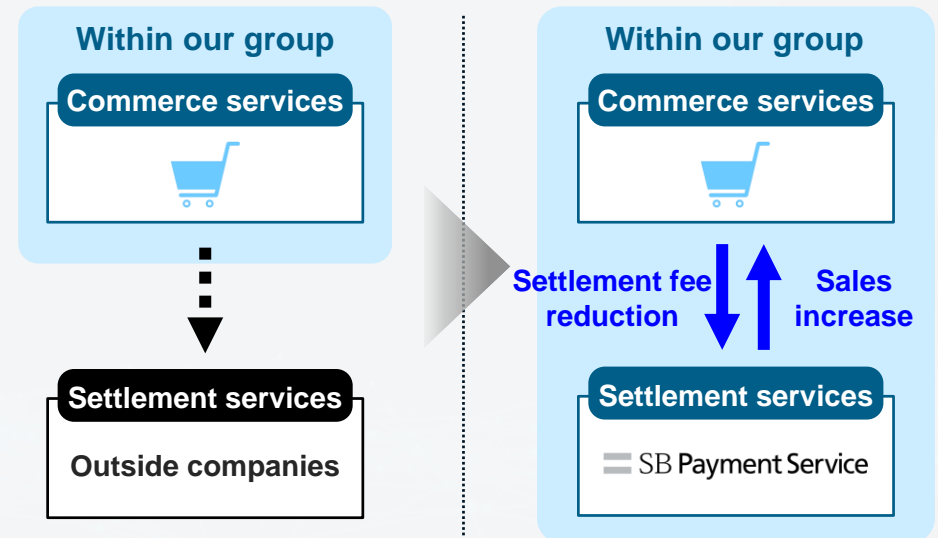
Joint procurement
by SoftBank and Z Holdings



Cost reduction through in-house development

Actively leverage group resources

E.g.) In-house settlement services



Strategies for JPY 1 tn Operating Income

1 PayPay as a Platform

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SoftBank Financial Strategy

1

Generation of stable free cash flow



2

Improvement of financial leverage



3

High and stable shareholder returns



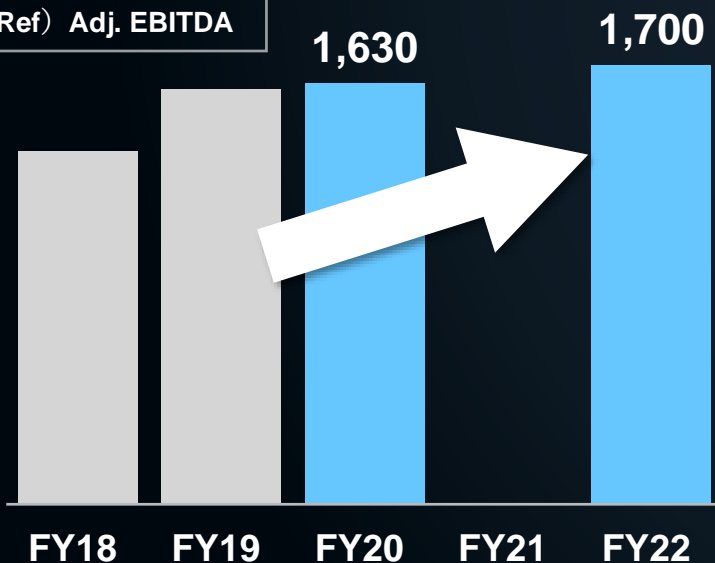
1 Generation of Stable Free Cash Flow

[Free cash flow formula] [JPY bn]

Operating cash flow

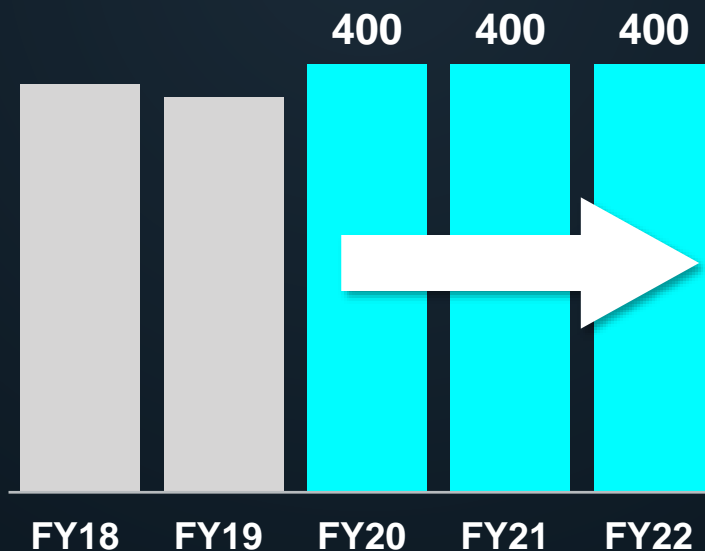
Increase with
business growth

Ref) Adj. EBITDA



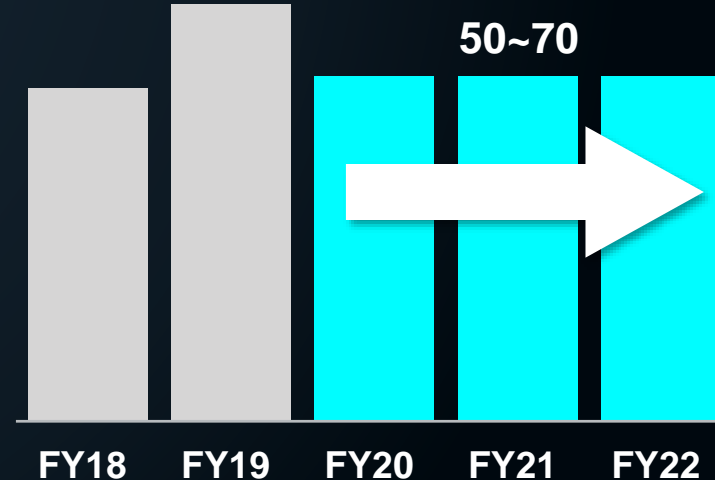
CAPEX

Including 5G expansion,
maintain at level of
400 bn



Investment in growth

M&A investments for future growth
Budget of
50~70 bn

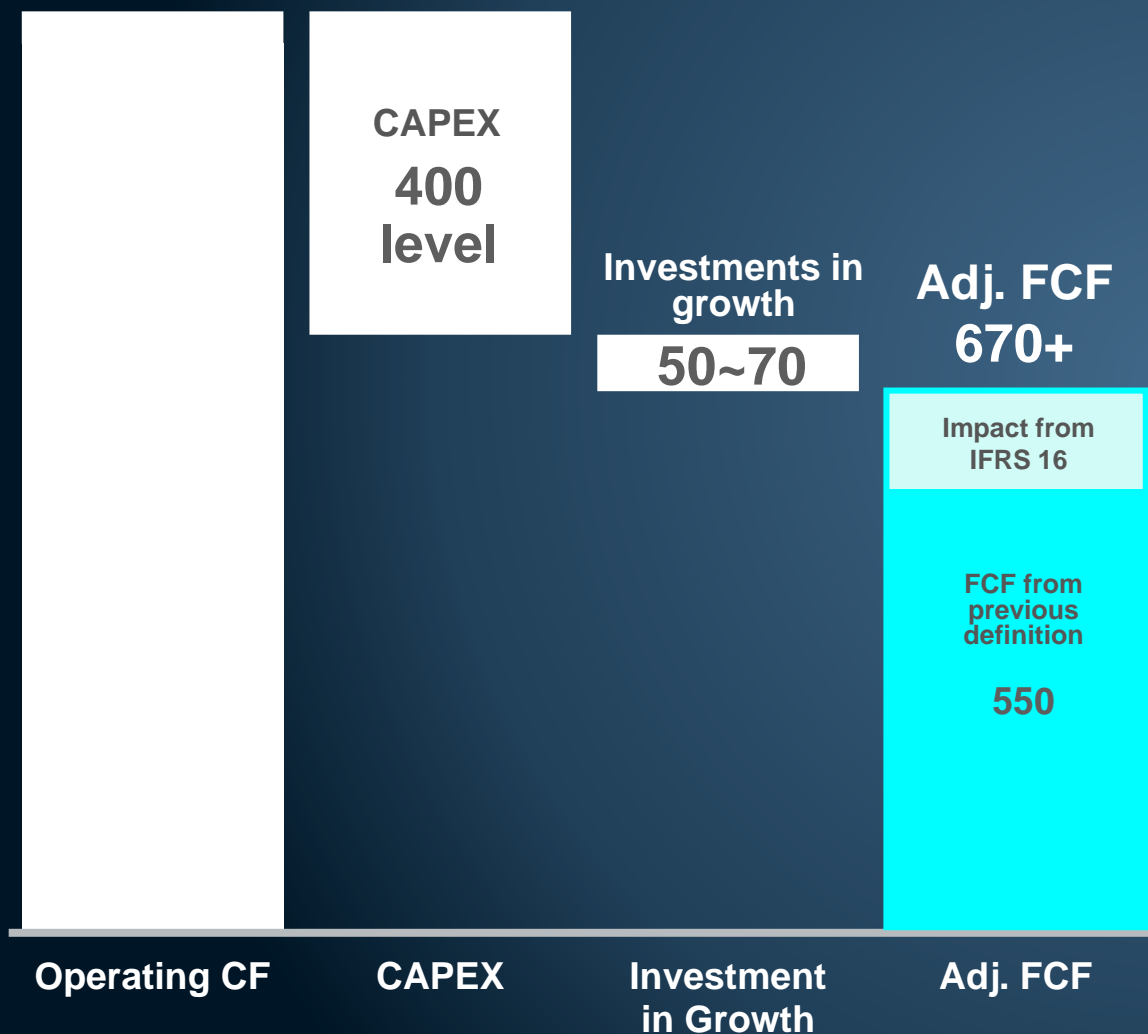


(Notes) Adjusted EBITDA = operating income + depreciation and amortization (including loss on disposal of non-current assets) ± other adjustments

CAPEX: acceptance basis, excluding ZHD, rental mobile phones for enterprise customers, and impact from IFRS 16

1 Generation of Stable Free Cash Flow

[Free cash flow formula] [JPY bn]



Adj. FCF
670+ bn
every year

(FY2019 Actual 644.7)

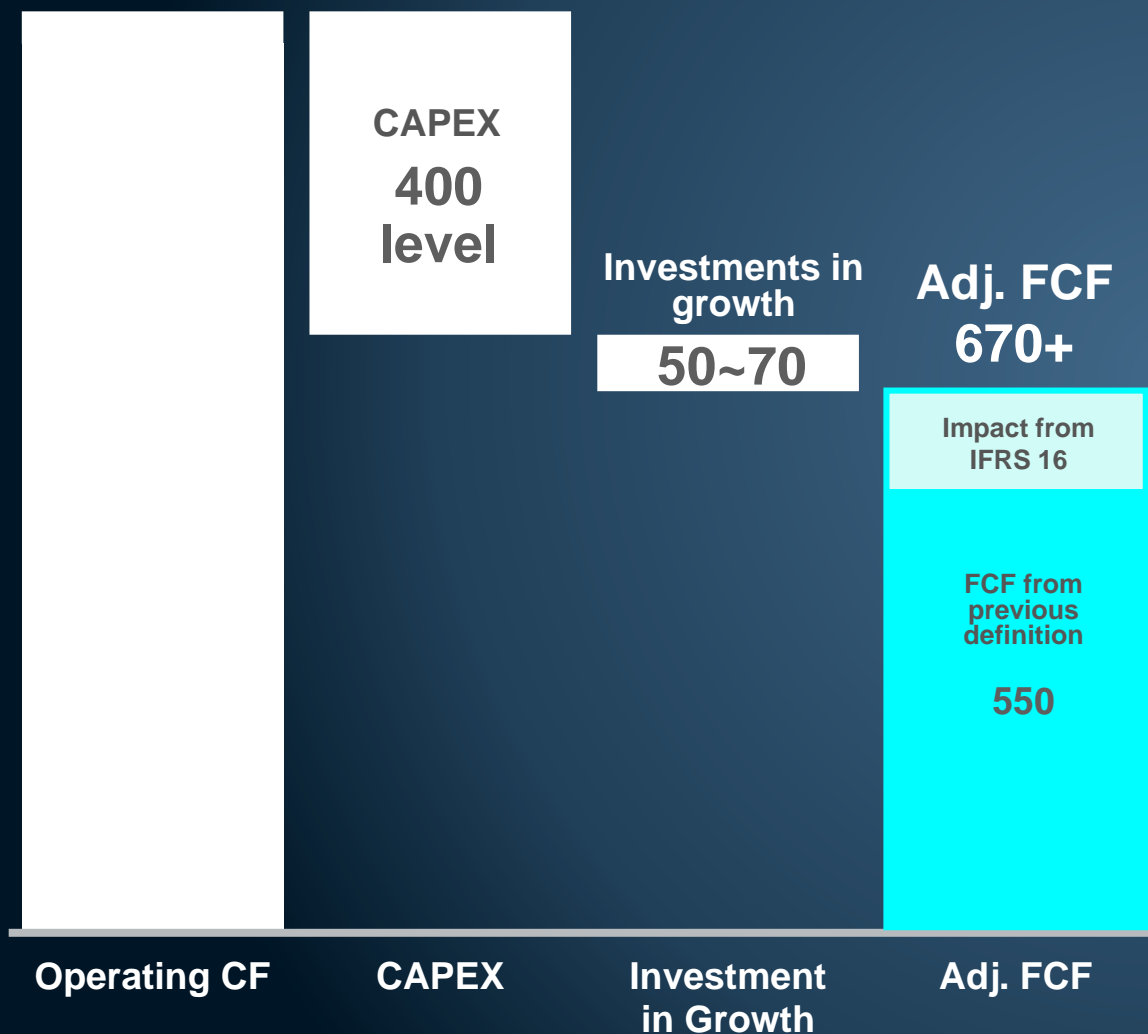
(Notes)

Adjusted free cash flow = free cash flow ± total cash flows relating to non-recurring transactions with SoftBank Group Corp. + (proceeds from the securitization of installment sales receivables – repayments thereof), excluding ZHD

CAPEX: acceptance basis, excluding ZHD, rental mobile phones for enterprise customers, and impact from IFRS 16

1 Generation of Stable Free Cash Flow

[Free cash flow formula] [JPY bn]



Use of Cash

2 Improvement of financial leverage

3 High and stable shareholder returns

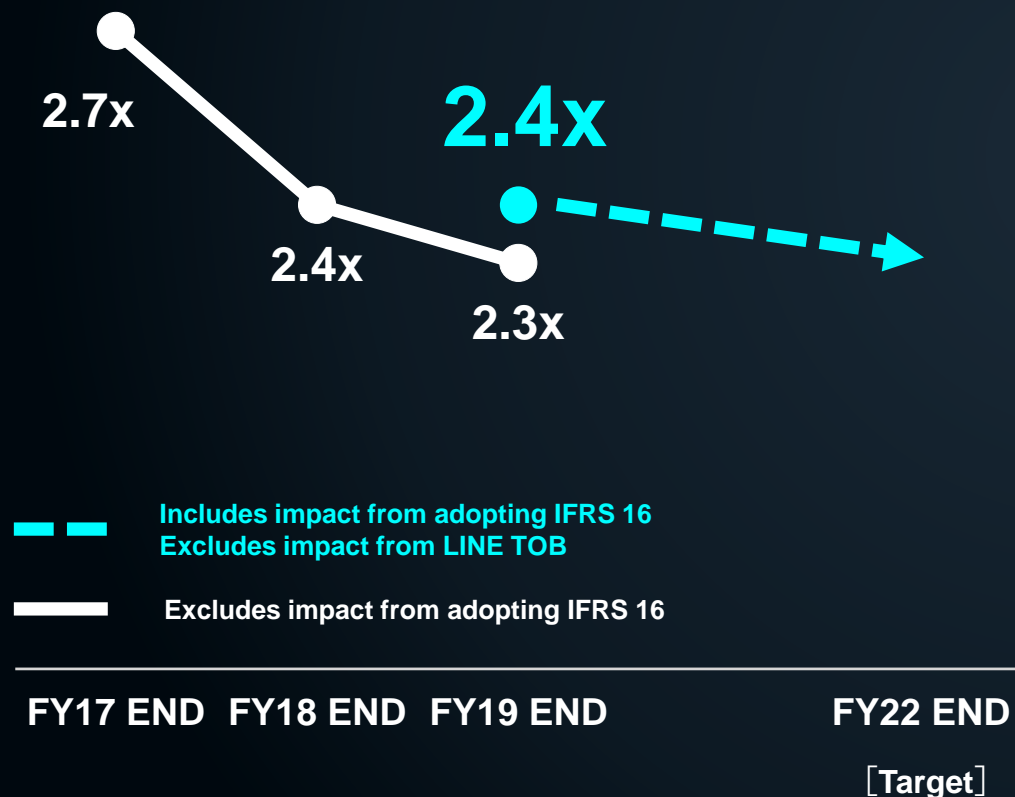
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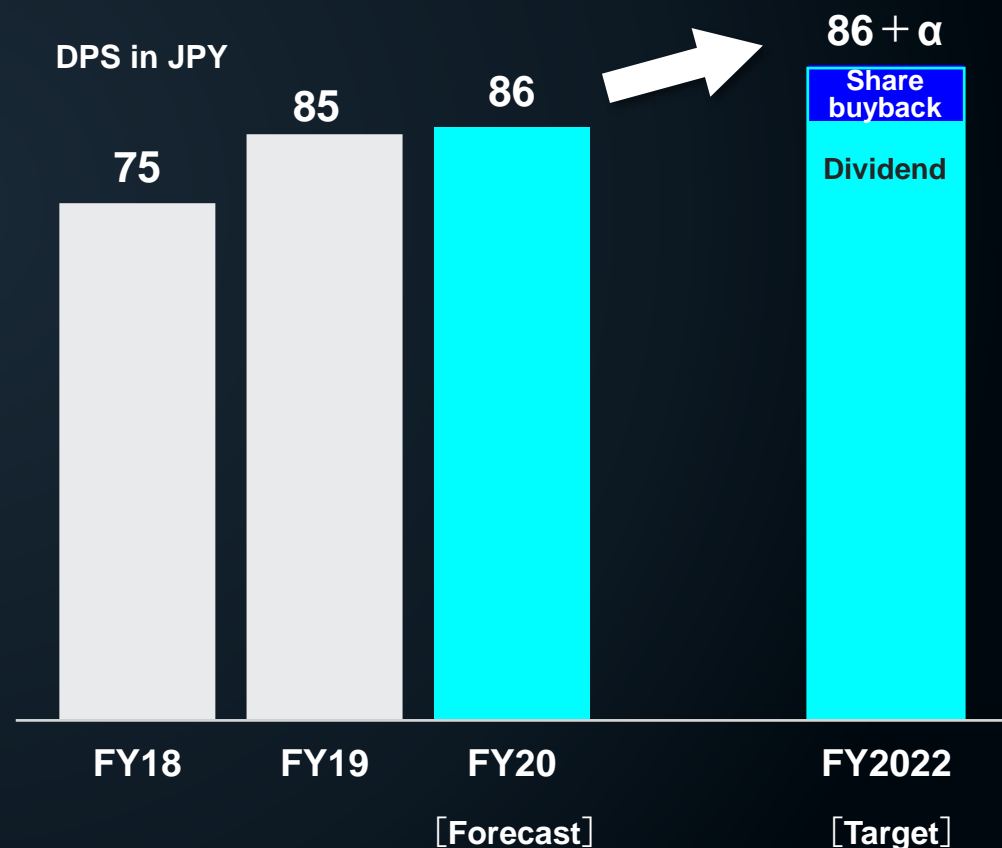
2 Improvement of financial leverage

Net Leverage Ratio
Improve from 2.4x



3 High and stable shareholder returns

No dividend reduction every year /
 total shareholder return ratio of c. 85%
 (3-year weighted average)*1



Summary

To Achieve JPY 1 tn Operating Income

1

Enhance synergies centered on PayPay platform

2

Target 30 mil smartphones and double-digit business solutions revenue growth annually

3

Keep fixed costs flat by reducing JPY 50 bn telecom costs

4

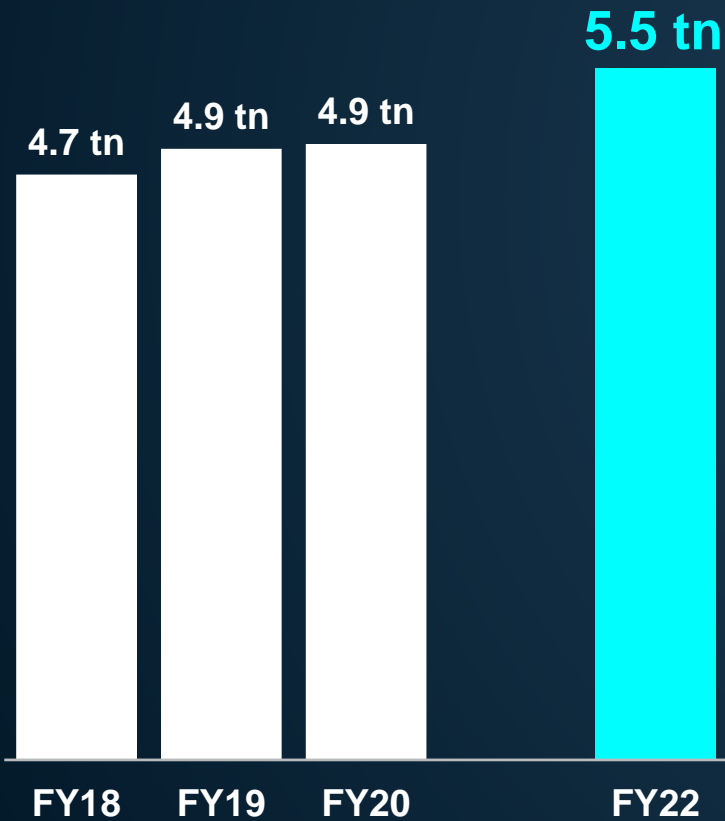
Improve financial leverage and maintain total shareholder return ratio at c. 85%

FY2022 Targets

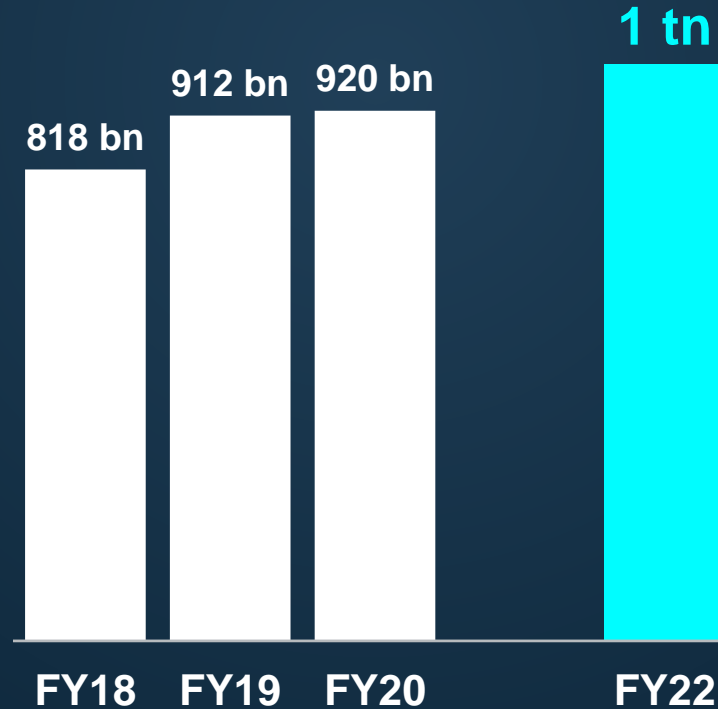
SoftBank

[JPY]

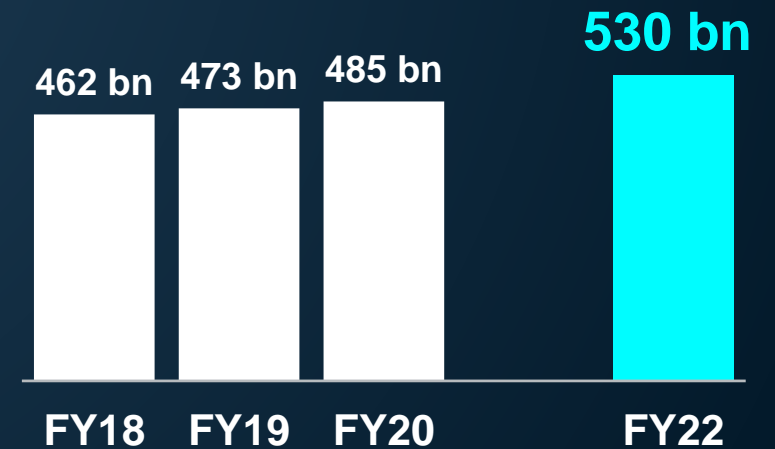
Revenue 5.5 tn



Operating Income 1 tn



Net Income 530 bn





Corporate Philosophy

Information Revolution — Happiness for everyone



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