

SoftBank's Digital Shift

SoftBank Corp.

August 4, 2020

Digitalization for Consumer Business



Conventional

Face-to-face/Gathering type











Non-face-to-face/Remote type











Digitalization for Consumer Business Digitalized customer acquisition events to prevent spread of infection

Conventional Large-scale gathering type events Crowded Risk of infection

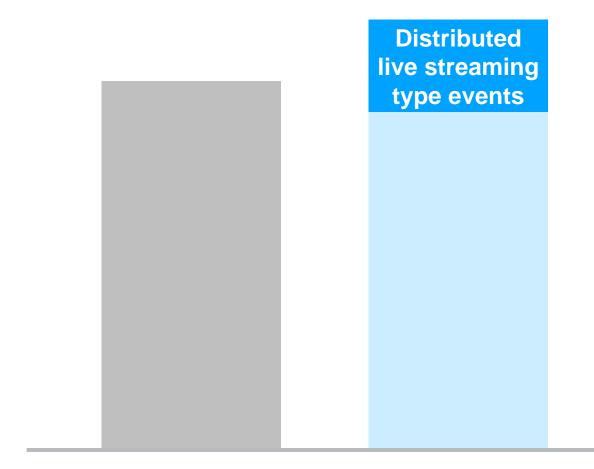


Digitalization for Consumer Business



Number of events

(Weekly average)



Successfully maintaining contact with customers

while preventing the spread of infection

Jun 2019

Jun 2020

Digitalization for Enterprise Business



Conventional

Visit/Face-to-face meeting









"New Normal"

Non-face-to-face/Online





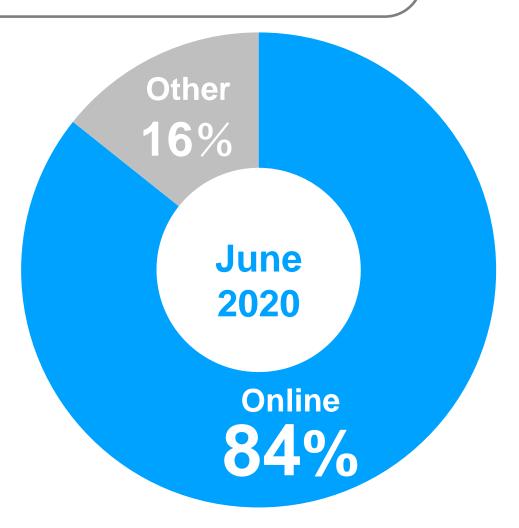




SoftBank

Digitalization for Enterprise Business

Styles of biz discussions



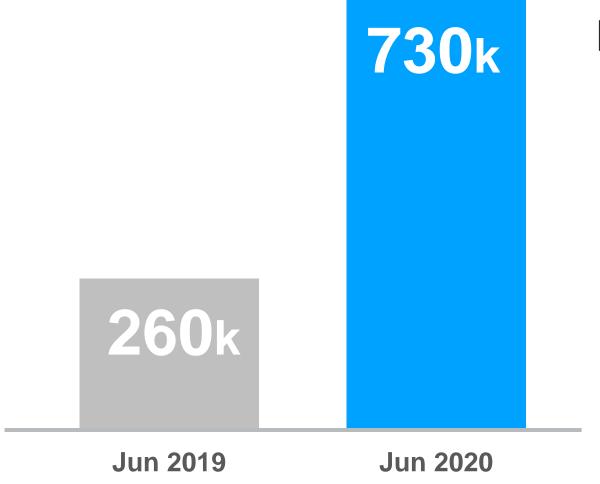
Online biz discussion becoming "new normal"



Digitalization for Enterprise Business



Total number of customer contacts



DX has increased number of customer contacts to by

c. 3x

SoftBank

Digital Worker 4000 Project

Increasing productivity and shifting to high value-added work





Earnings Results for the Three Months Ended June 30, 2020

SoftBank Corp.
August 4, 2020

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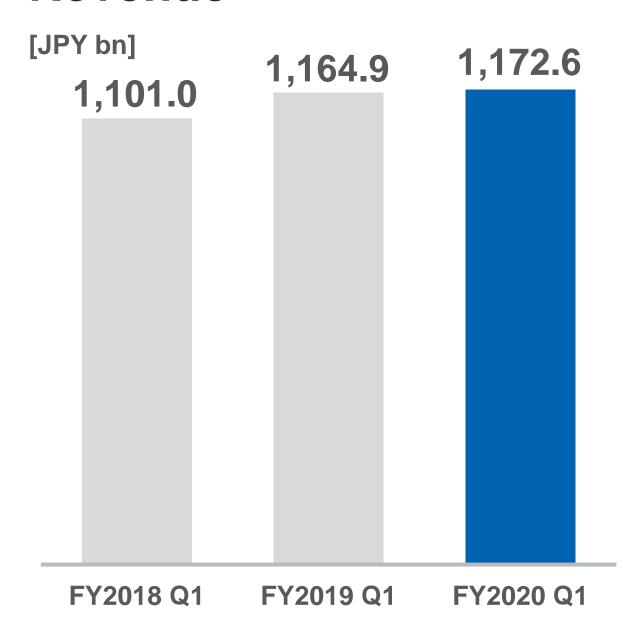
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Consolidated Results Q1 Fiscal Year 2020

Revenue





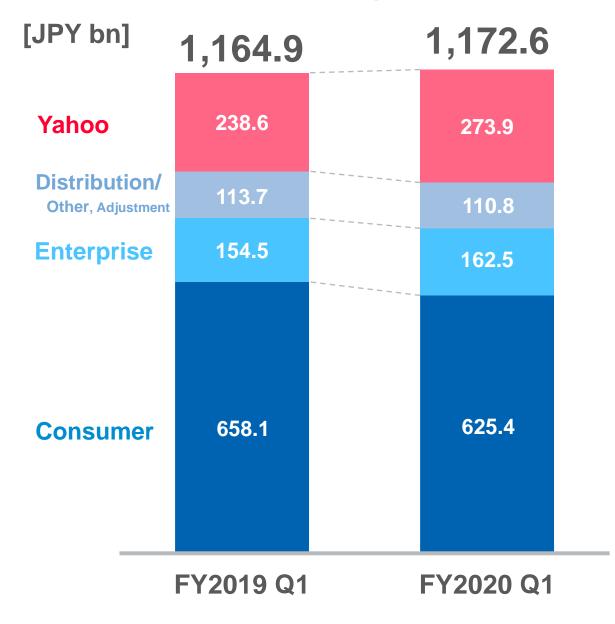
Increased total revenue

(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

SoftBank

Revenue by Segment

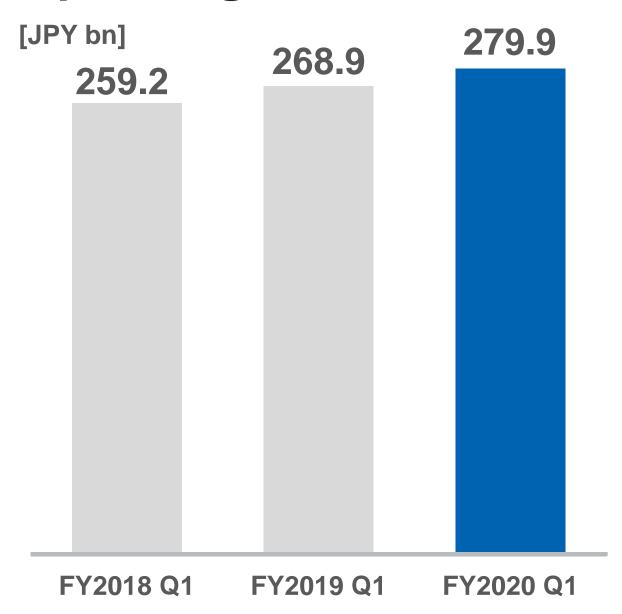


Despite decline of consumer handset sales, etc.

Increased revenue in Yahoo and Enterprise

Operating Income

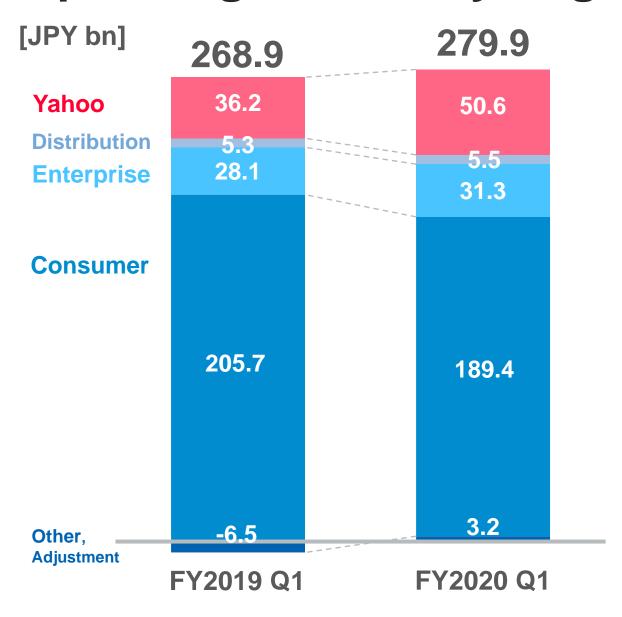






Operating Income by Segment

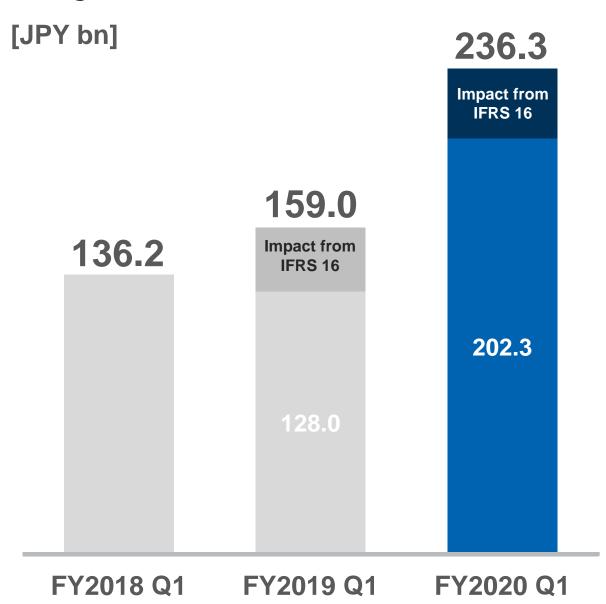




Yahoo and Enterprise contributed to profit increase

Adjusted Free Cash Flow (excluding Z Holdings)



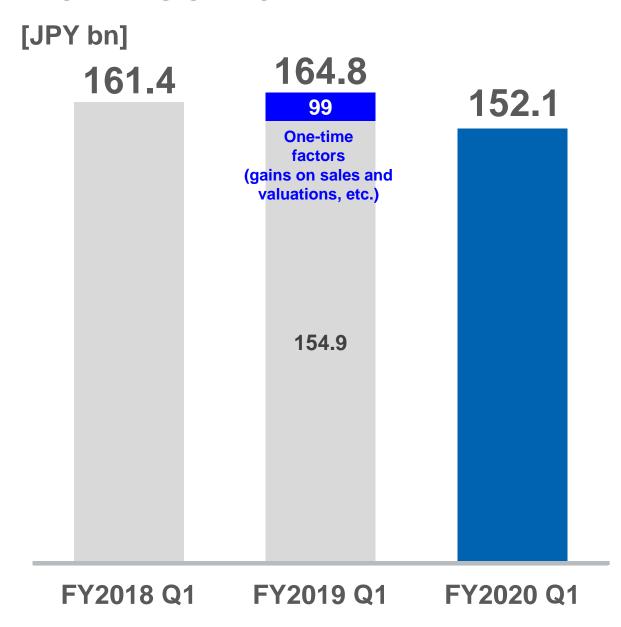


Up 49%

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

Net Income



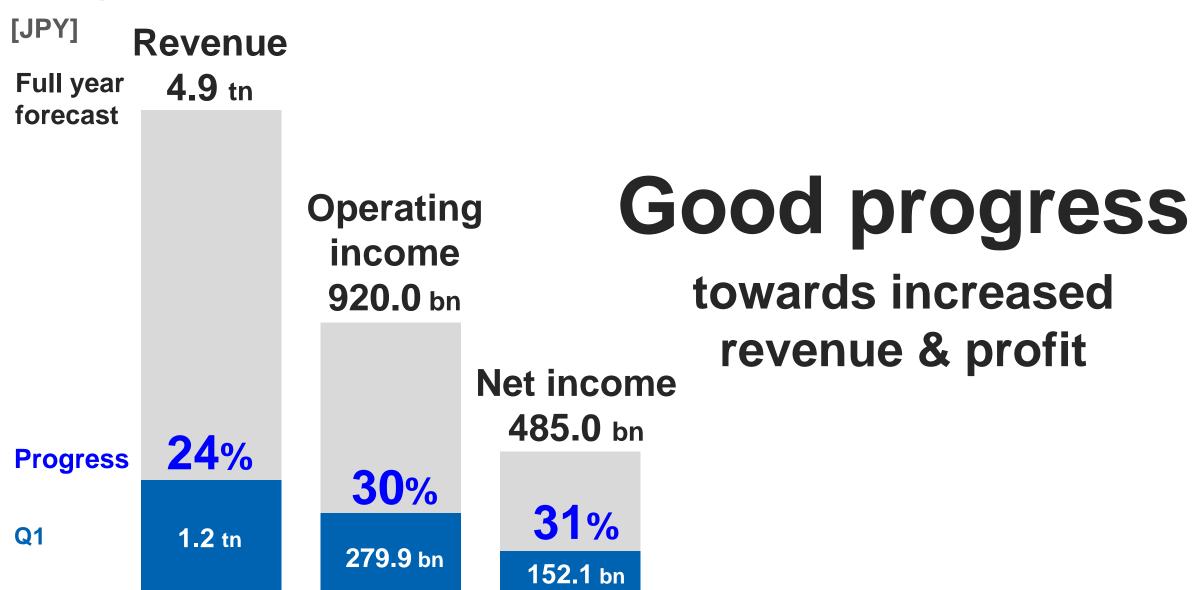


Excluding one-time factors of last fiscal year

Flat

Progress Toward Forecasts

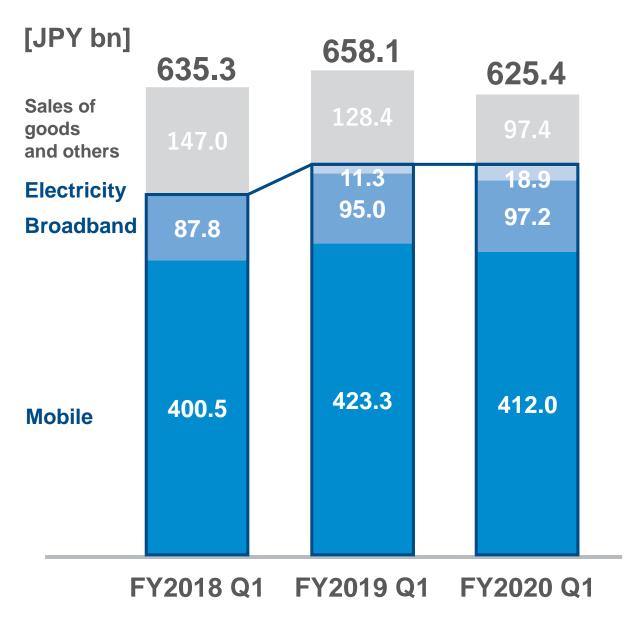




Business by Segment

Consumer: Revenue





Despite decline of handset sales Service revenues

remained flat

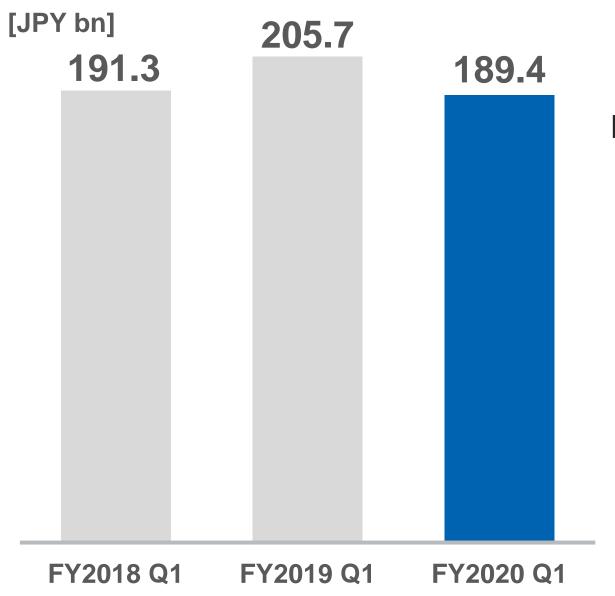
(Notes)

Service revenues: sum of Mobile revenue, Broadband revenue and Electricity revenue

From FY2020, Electricity, previously included in Revenues from sales of goods and others is presented separately and the breakdown of revenue for FY2019 has been restated accordingly

Consumer: Operating Income





Full year profit expected to increase

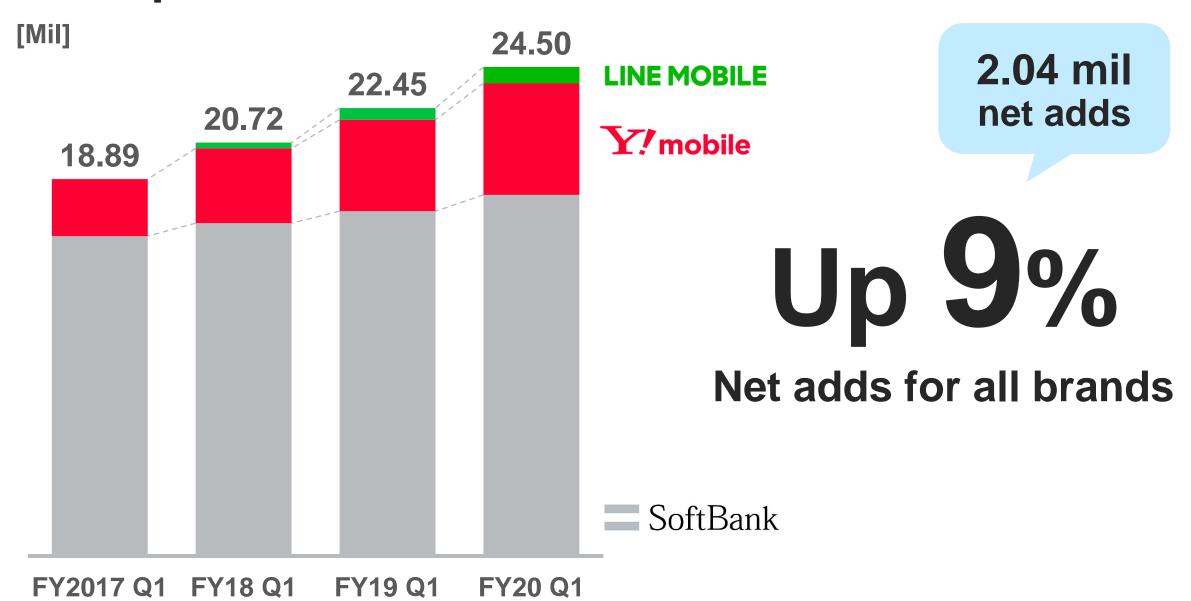
Declined in Q1 due to one-time factors

Good business momentum

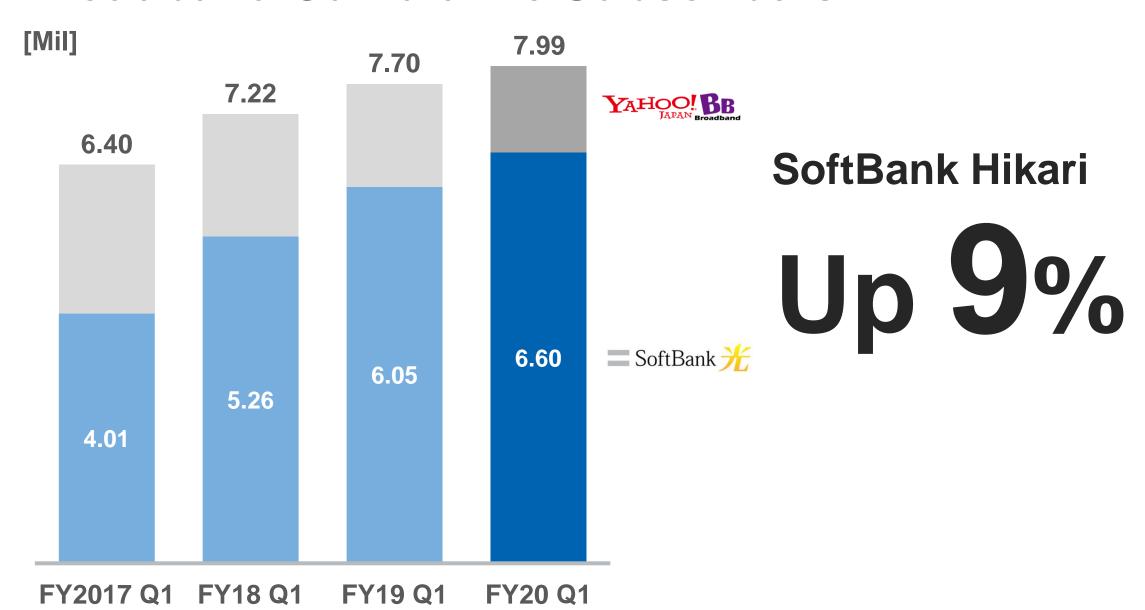
kept with continued growth in smartphone and broadband subs

YoY change	-16.4
Handset related Recording of reserve for handset related expenses Decrease in handset sales, etc.	-12.0
First-year/Half-year	-10.0
Other change than above	+5.6

Smartphone Cumulative Subscribers

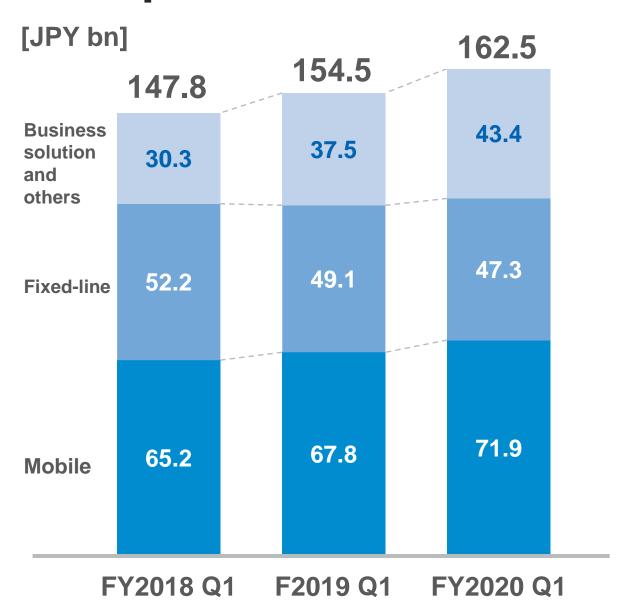


Broadband Cumulative Subscribers



Enterprise: Revenue

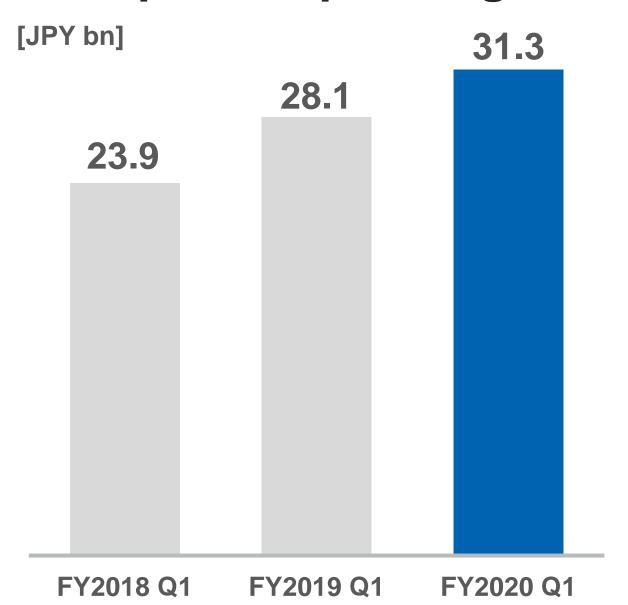






Enterprise: Operating Income



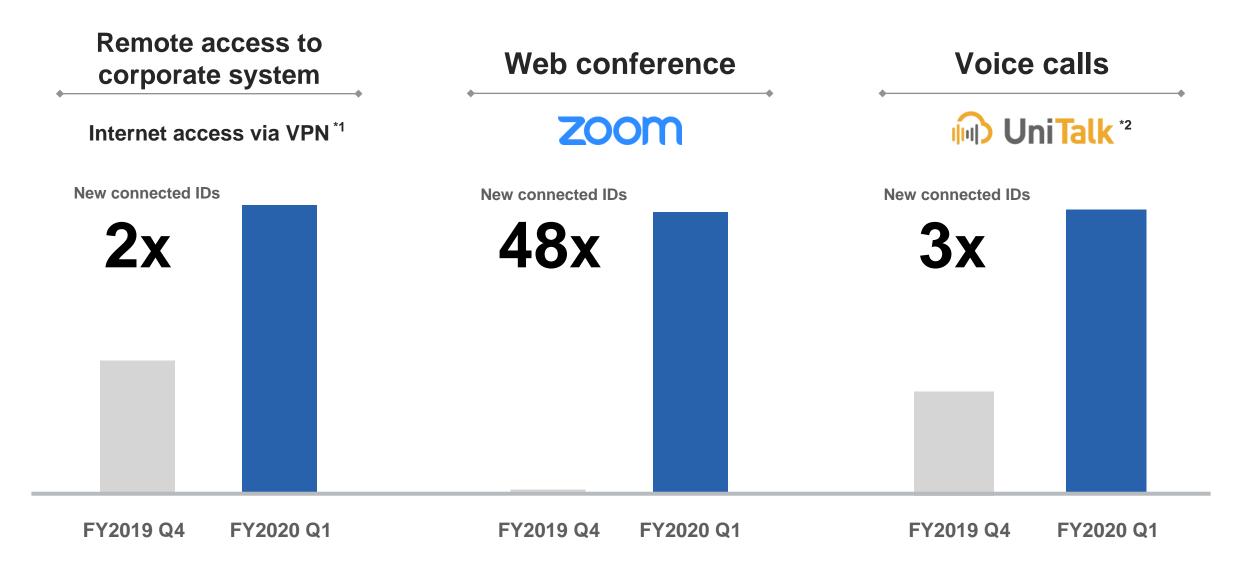


Demand for telework drove growth

Up 11%

Enterprise: Surge in Telework Demand

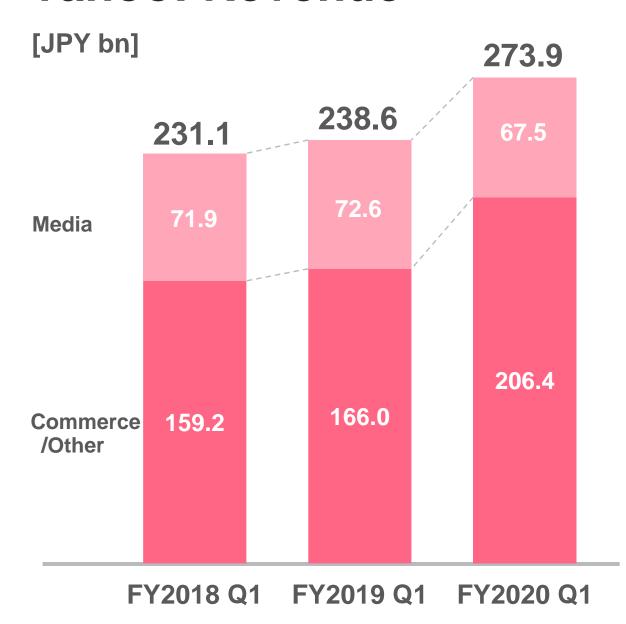




^{*1} A service that enables access to corporate system with security from PCs and smart devices remotely

Yahoo: Revenue



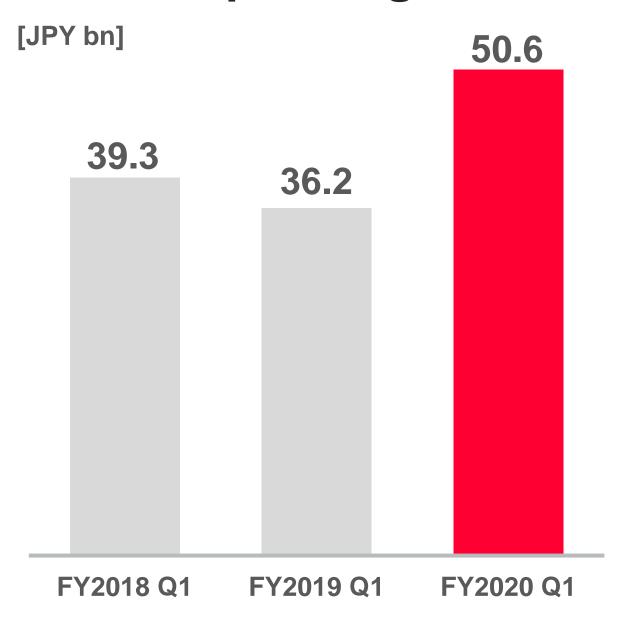


Up 15%

(Note) Revenue for Commerce and Media is restated for FY2019 to reflect the transfer of certain services and subsidiaries from Commerce to Media in April 2020

Yahoo: Operating Income





Growth in Commerce

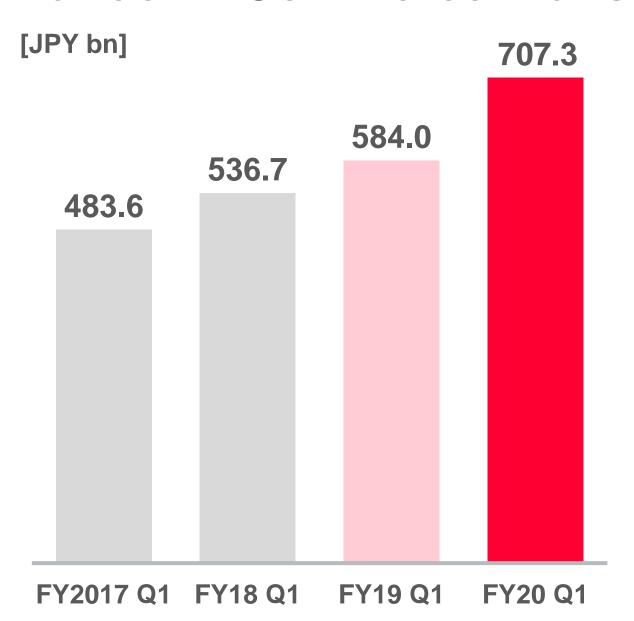
Up 40%

<YoY>

ZOZO consolidation	+7.0
EC usage increase	+7.0
Cost reduction effect	+3.0
Ad placement decline	-3.0

Yahoo: E-Commerce Transaction Value

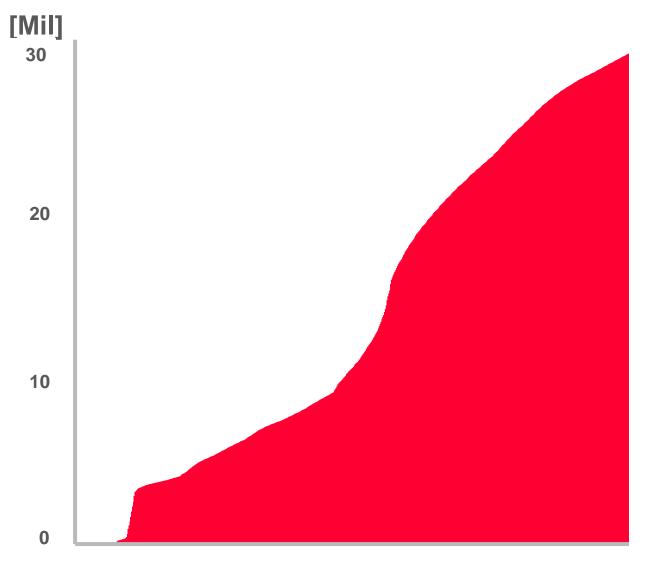




Up 21%

Due to ZOZO consolidation PayPay Mall, etc.

PayPay: Cumulative Registered Users

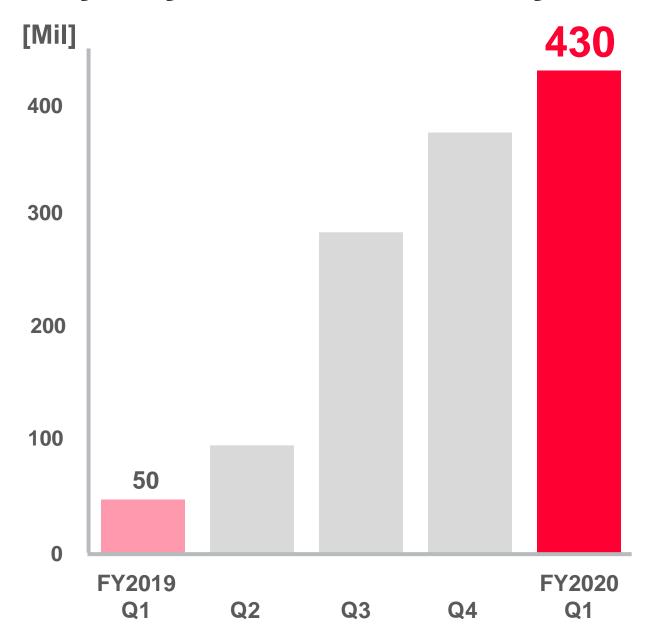


Registered users exceeded

30 mil

As of June 2020

PayPay: Number of Payments



Number of payments increased by

9_x

in one year

Consolidated Results



[JPY bn]				
	FY2019 Q1	FY2020 Q1	YoY	YoY %
Revenue	1,164.9	1,172.6	+7.8	+1%
Operating Income	268.9	279.9	+11.1	+4%
Net Income	164.8	152.1	-12.7	-8%
Adjusted Free Cash Flow	159.0	236.3	+77.3	+49%

(Notes)

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

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



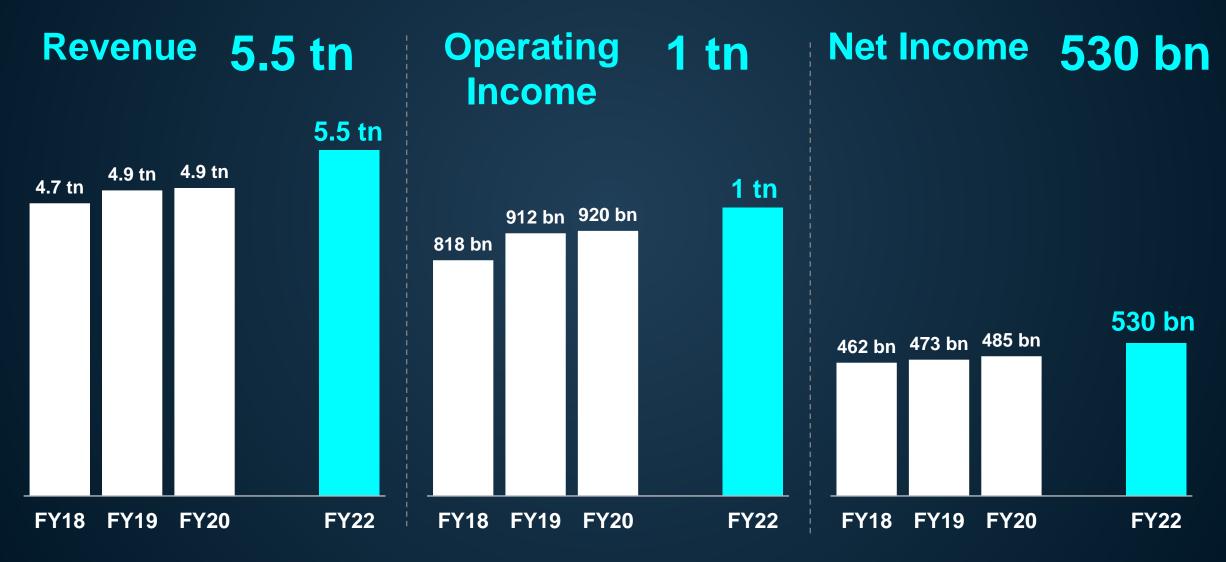


Road to Achieve JPY 1 Trillion Operating Income in FY2022



FY2022 Targets

[JPY]



Maximizing our corporate value by driving two pillar strategies



Growth Strategy Beyond Carrier



Telecom Business











PayPay Strengths



No. of users

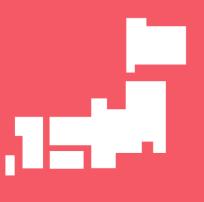
30 mil





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**



04:18 PayPay残高からの支



スキャン















あと払い

M



ボーナス運用











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



To unify existing financial services with PayPay brand





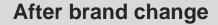








Yjam









PayPay 保険

PayPay FX

PayPay 投信

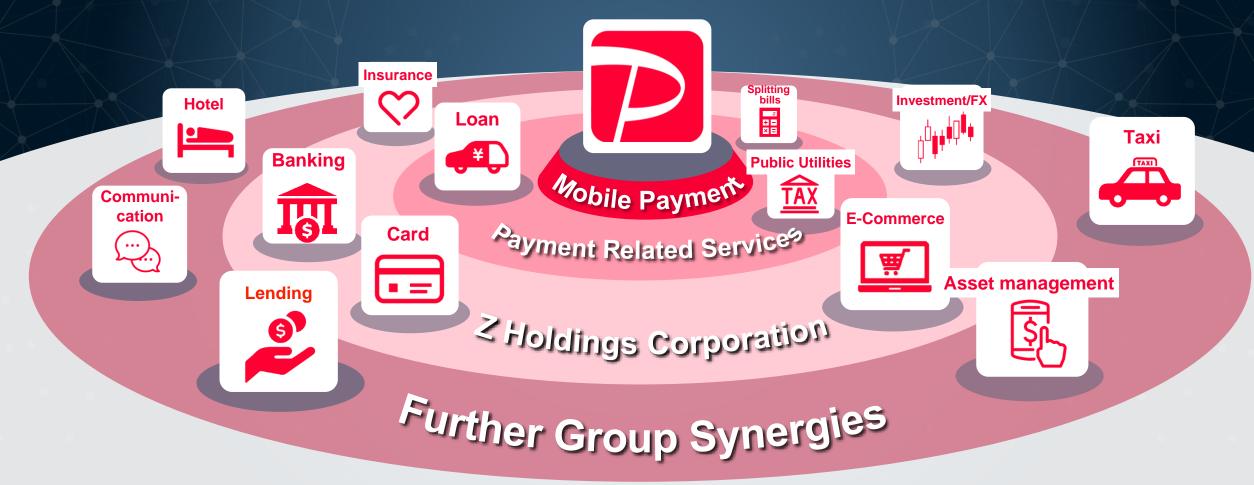




(Note) The change of company names is planned after the approval at the shareholders' meeting of each company and approval from the relevant government agencies.



PayPay as a gateway to connect numerous financial services seamlessly







Mobile

PayPay differentiates our mobile services from others







LOHACO

PayPay דער

ASKUL

ZOZOTOWN

Payment







Banking / Insurance



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







LOHACO

PayPay קער

ASKUL

ZOZOTOWN

PayPay Platform Strategy

PayPay at core to pursue business synergies

Strengths as No. 1









Growth Strategy

SoftBank Core Business Strategy



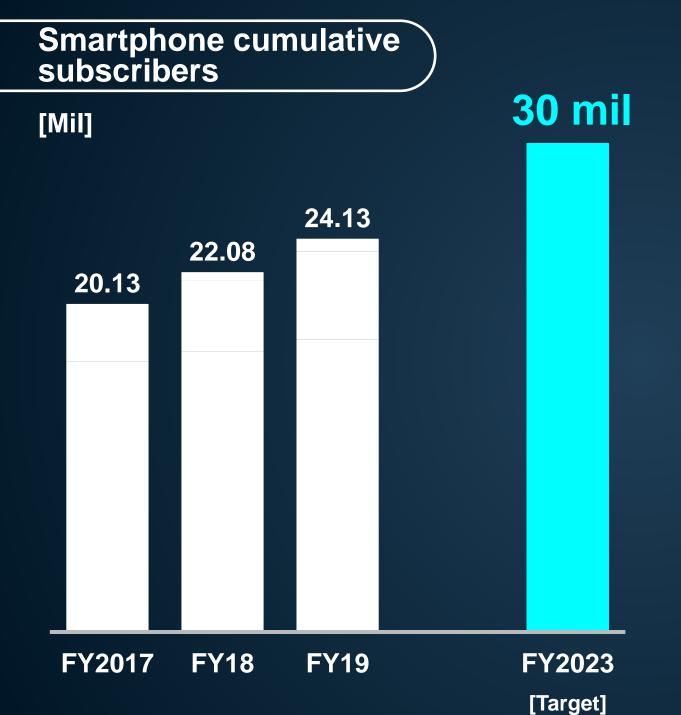
Smartphone Expansion





Enterprise Digitalization

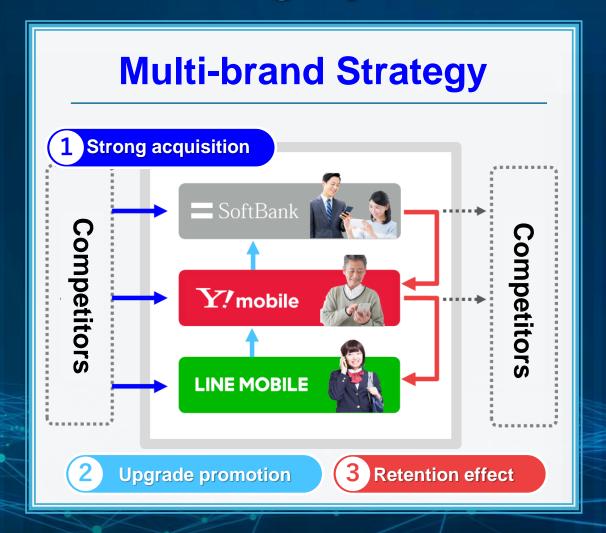


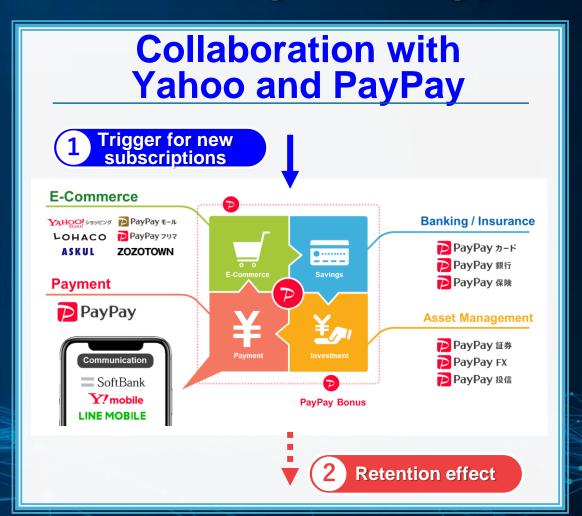


Target 30 mil smartphone users in FY2023

Target 30 mil smartphone users

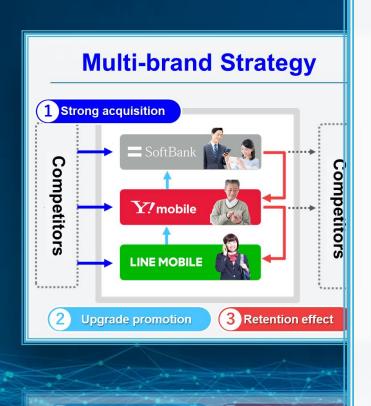
Thoroughly reinforce our existing strategy





Target 30 mil smartphone users

Retention effect

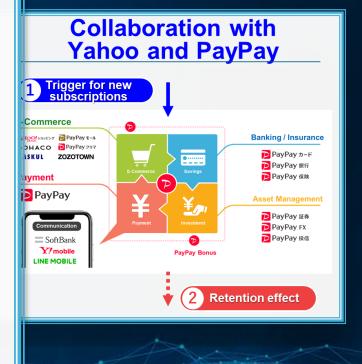


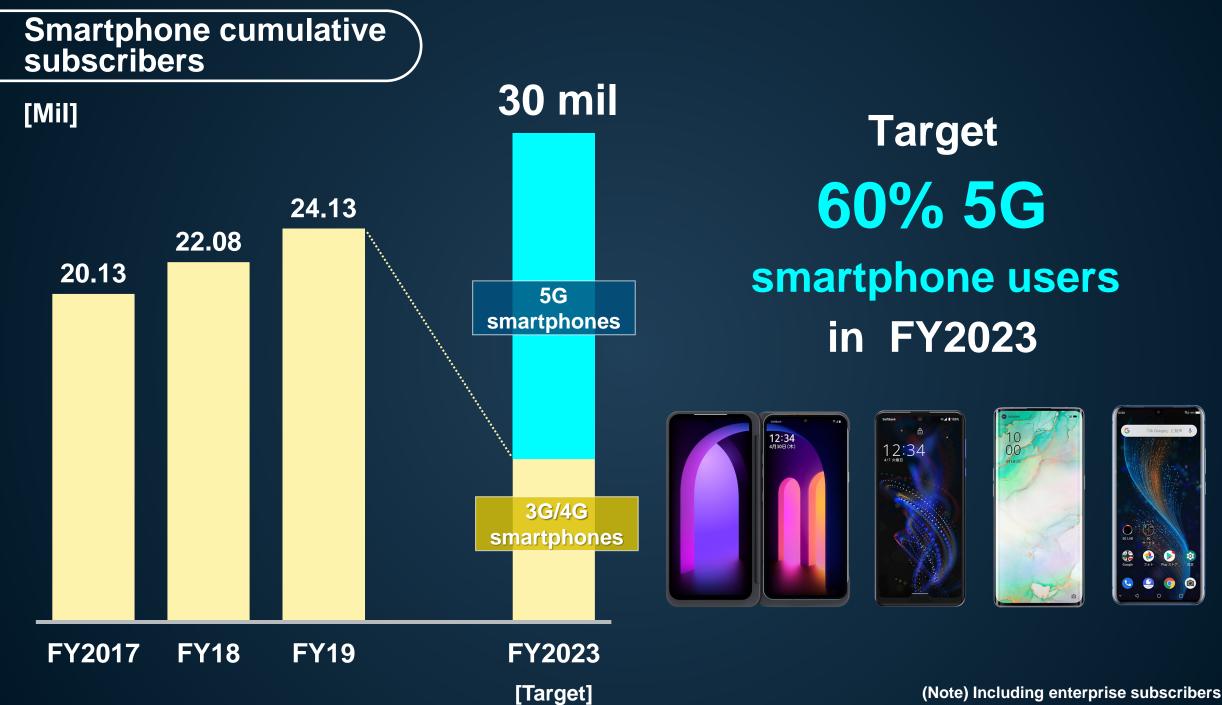
5G Deployment

March 2022 Population coverage 90%+ 50,000 base stations 10,000 base stations

Mar 2022

Mar 2021





Growth Strategy

SoftBank Core Business Strategy



Smartphone Expansion





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"





Growth Strategy Beyond Carrier



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





Telecom Business







Yahoo

Profit Target

Operating income Profit ¥225 bn in FY2023 increase

Business Target

First half of To achieve No. 1 in EC 2020s 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 du-bliud



Stable arowth

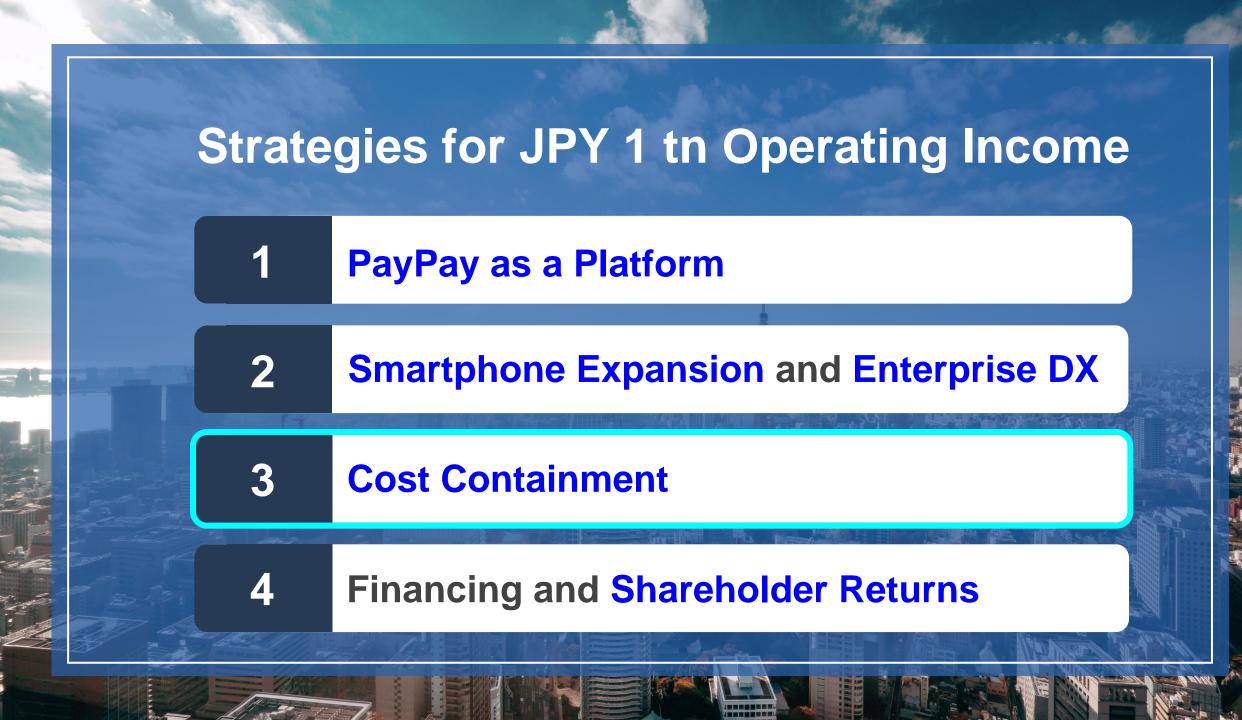
Use case enhancement to establish stable growth





Profit growth in other leading businesses

SB Payment, Cybereason, WeWork and OYO, etc.



Structural Reform

Cost Containment Strategy

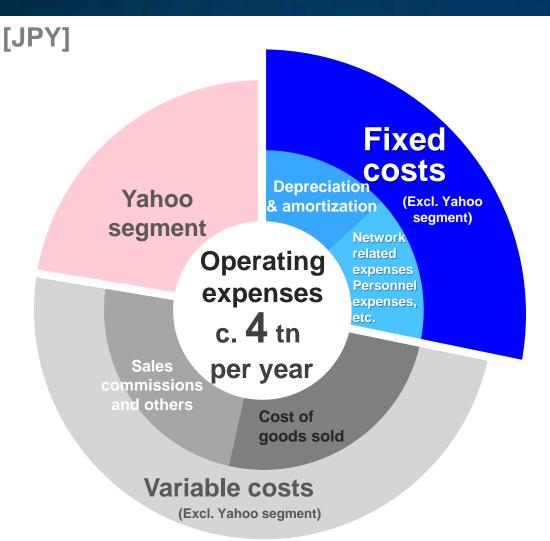




Cost efficiency through group synergies



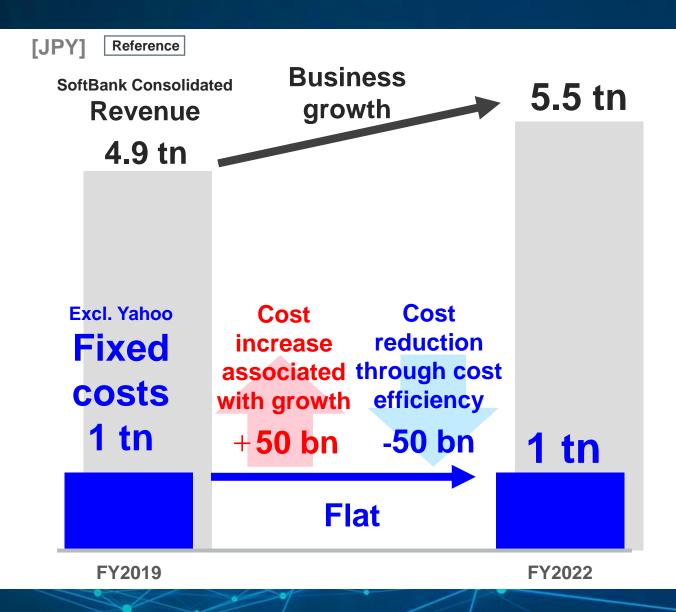
Cost Strategy 1 Flat Fixed Costs



Fixed Costs (Excluding Yahoo)

c. 1 tn /year

Cost Strategy 1 Flat Fixed Costs



Thorough cost management

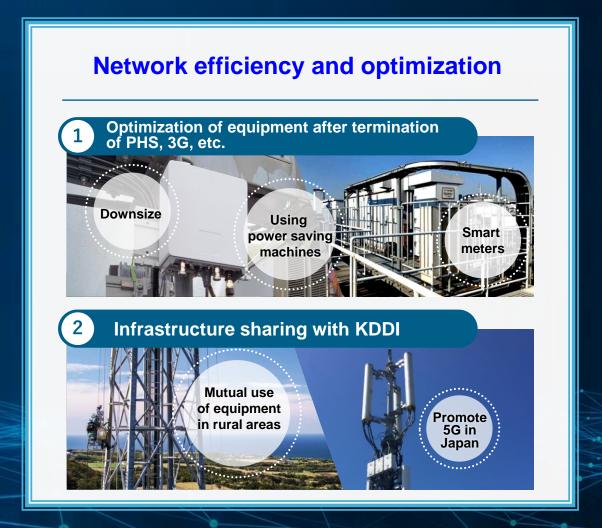
Maximizing

operation efficiency

Cost Strategy 1 Flat Fixed Costs

Target ¥50 bn cost reduction through 2 pillars

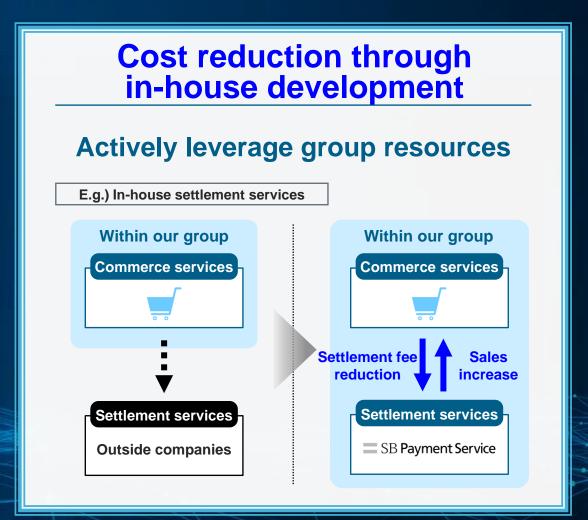


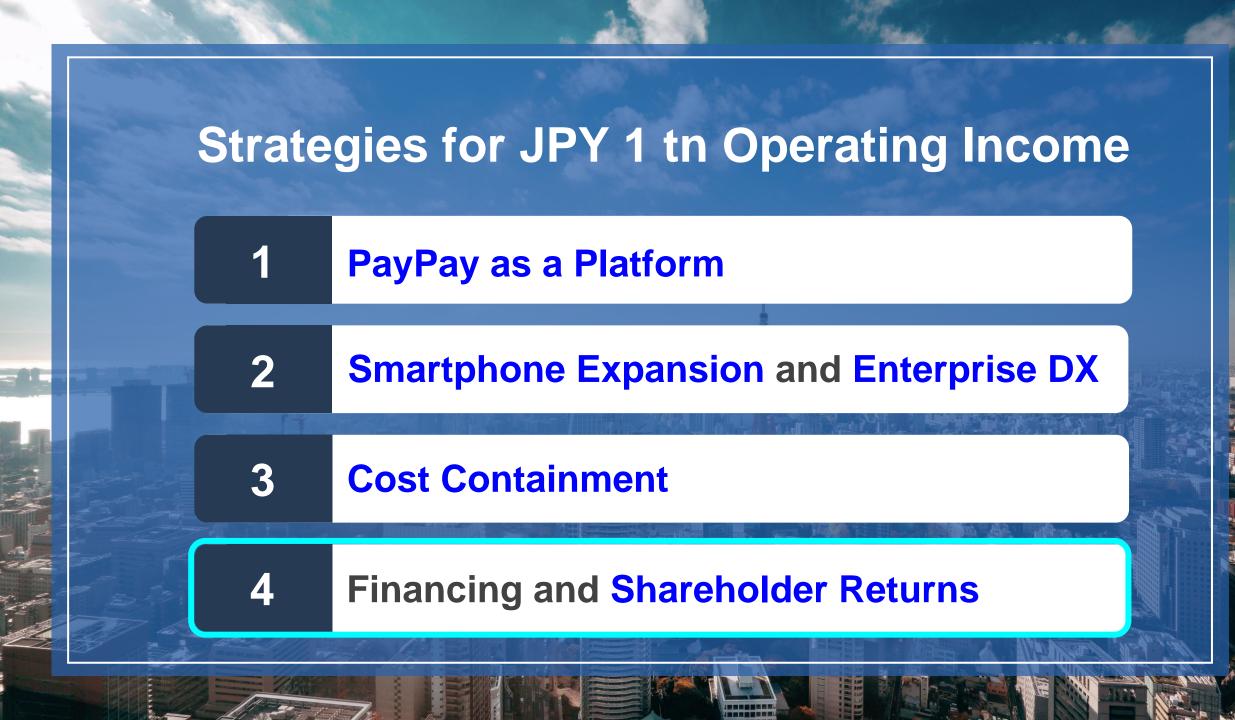


Cost Strategy 2 Group Synergies

Seek further cost reduction through group synergies







SoftBank Financial Strategy



Generation of stable free cash flow

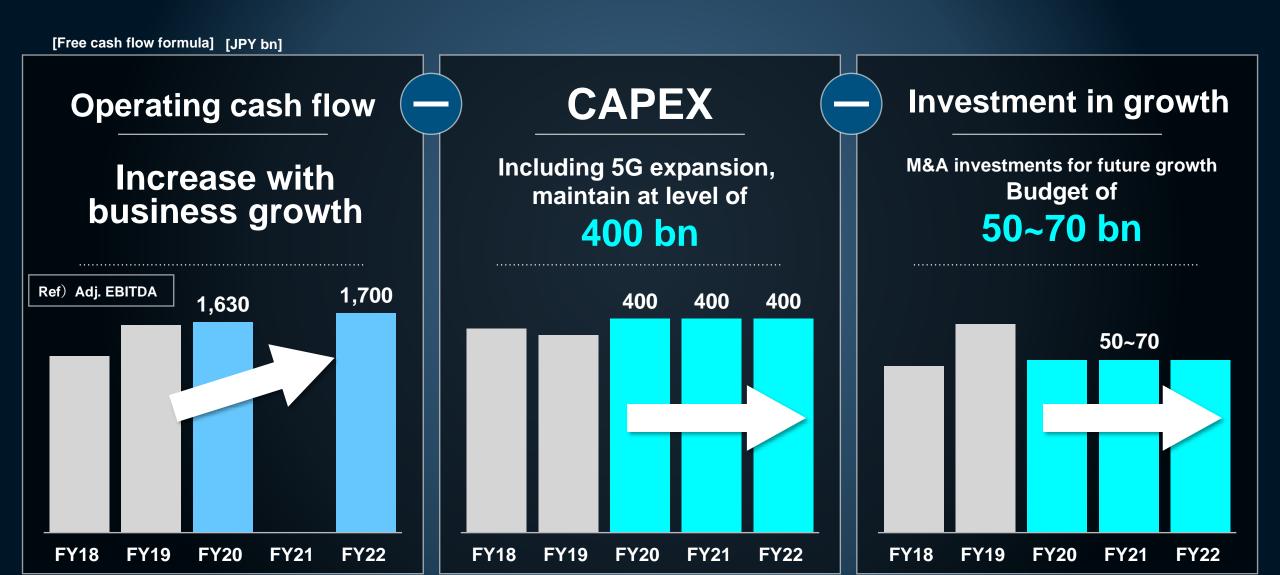








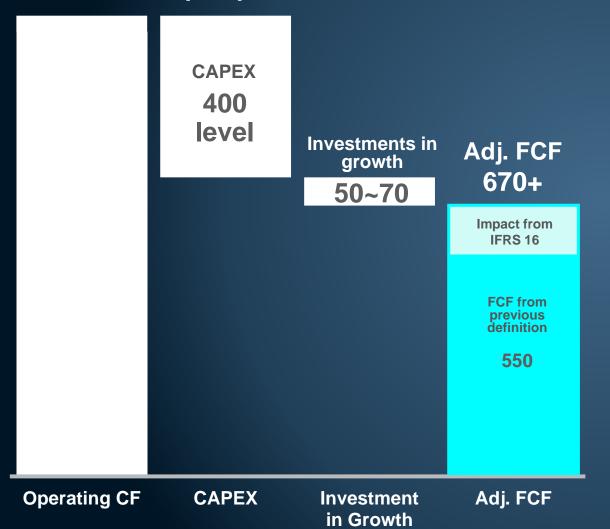
Generation of Stable Free Cash Flow





Generation of Stable Free Cash Flow

[Free cash flow formula] [JPY bn]



Adj. FCF 670 + bnevery year

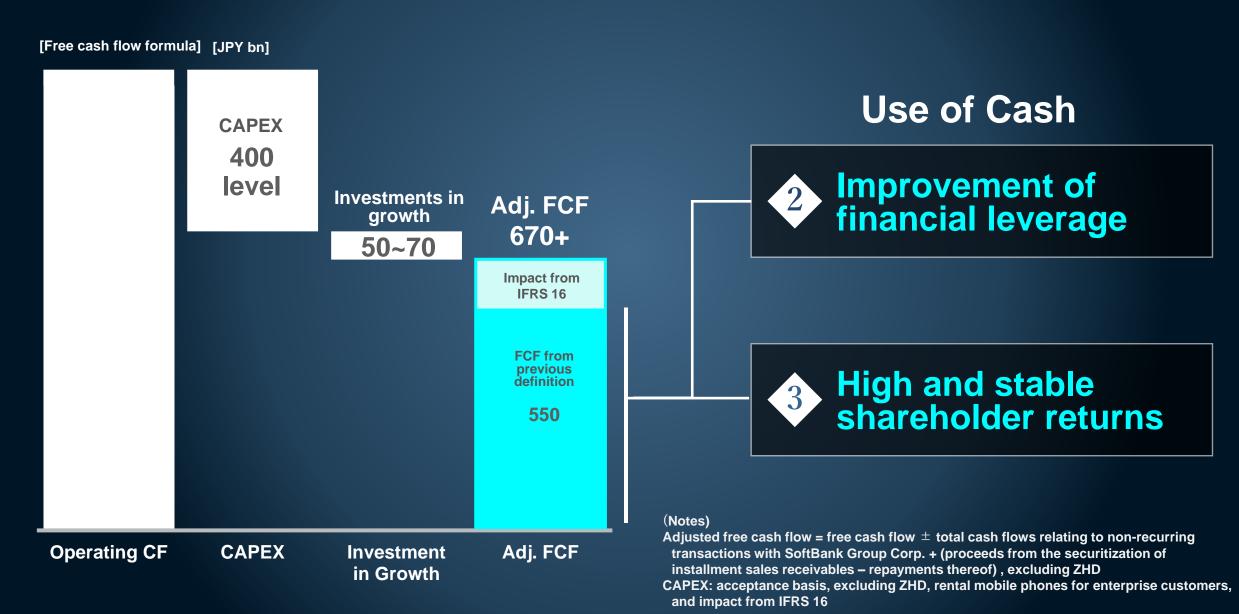
(FY2019 Actual 644.7)

(Notes)

Adjusted free cash flow = free cash flow \pm 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



Generation of Stable Free Cash Flow





Net Leverage Ratio
Improve from 2.4x



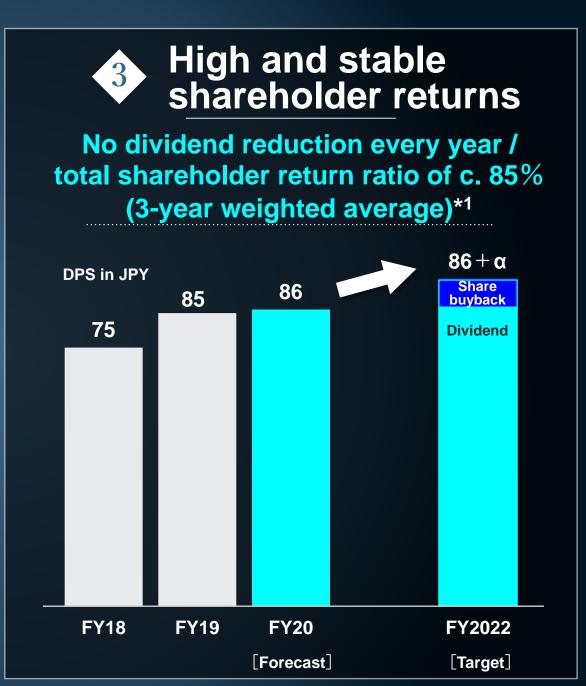
Includes impact from adopting IFRS 16
Excludes impact from LINE TOB

Excludes impact from adopting IFRS 16

FY17 END FY18 END FY19 END

FY22 END

[Target]



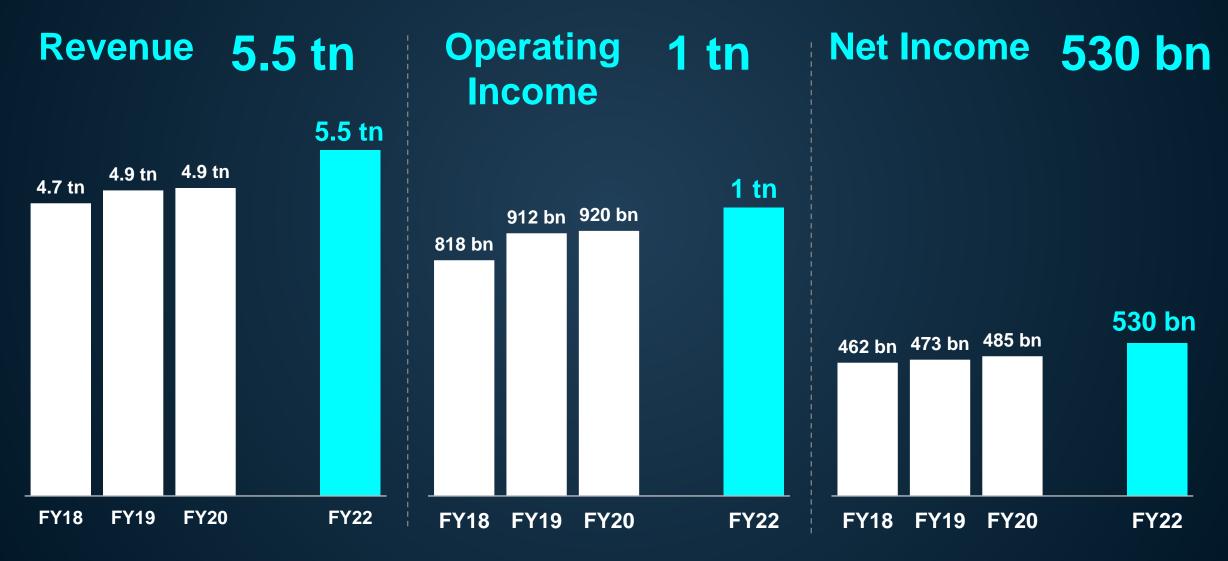


shareholder return ratio at c. 85%

FY2022 Targets



[JPY]













Corporate Philosophy

Information Revolution — Happiness for everyone











SoftBank