

**Earnings Results for the  
Fiscal Year Ended March 31, 2022  
Investor Briefing**

**SoftBank Corp.**

**May 11, 2022**

# Disclaimer

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**① FY2021: Revenue and profits increased year on year, reaching historical highs for the fourth consecutive year**

**② FY2022: Operating income forecast JPY 1 trillion or more**  
Though impact of mobile service price reduction will increase,  
Enterprise business growth and PayPay consolidation impact etc. will lead to  
achieving medium-term target announced in August 2020

**③ FY2023 and beyond: Business profit return to increase**  
In FY2023, fixed cost reductions offset mobile service price reduction impact  
Mobile service price reduction impact peak out, and business profit hit bottom in  
FY2022 and return to profit increase

# **① FY2021 Consolidated Results**

## Increased revenue and profits YoY for four consecutive years, exceeded full-year forecasts

(JPY bn)

	FY20	FY21	YoY	YoY%	Achievement (vs forecast)
Revenue	5,205.5	5,690.6	+485.1	+9.3%	103.5% (5,500)
Adjusted EBITDA <sup>*1</sup>	1,714.8	1,740.2	+25.4	+1.5%	100.6% (1,730)
Operating income	970.8	985.7	+15.0	+1.5%	101.1% (975)
Net income <sup>*2</sup>	491.3	517.5	+26.2	+5.3%	103.5% (500)

- Revenue, adjusted EBITDA, operating income and net income all recorded historical highs and exceeded full-year forecasts announced at the beginning of FY2021

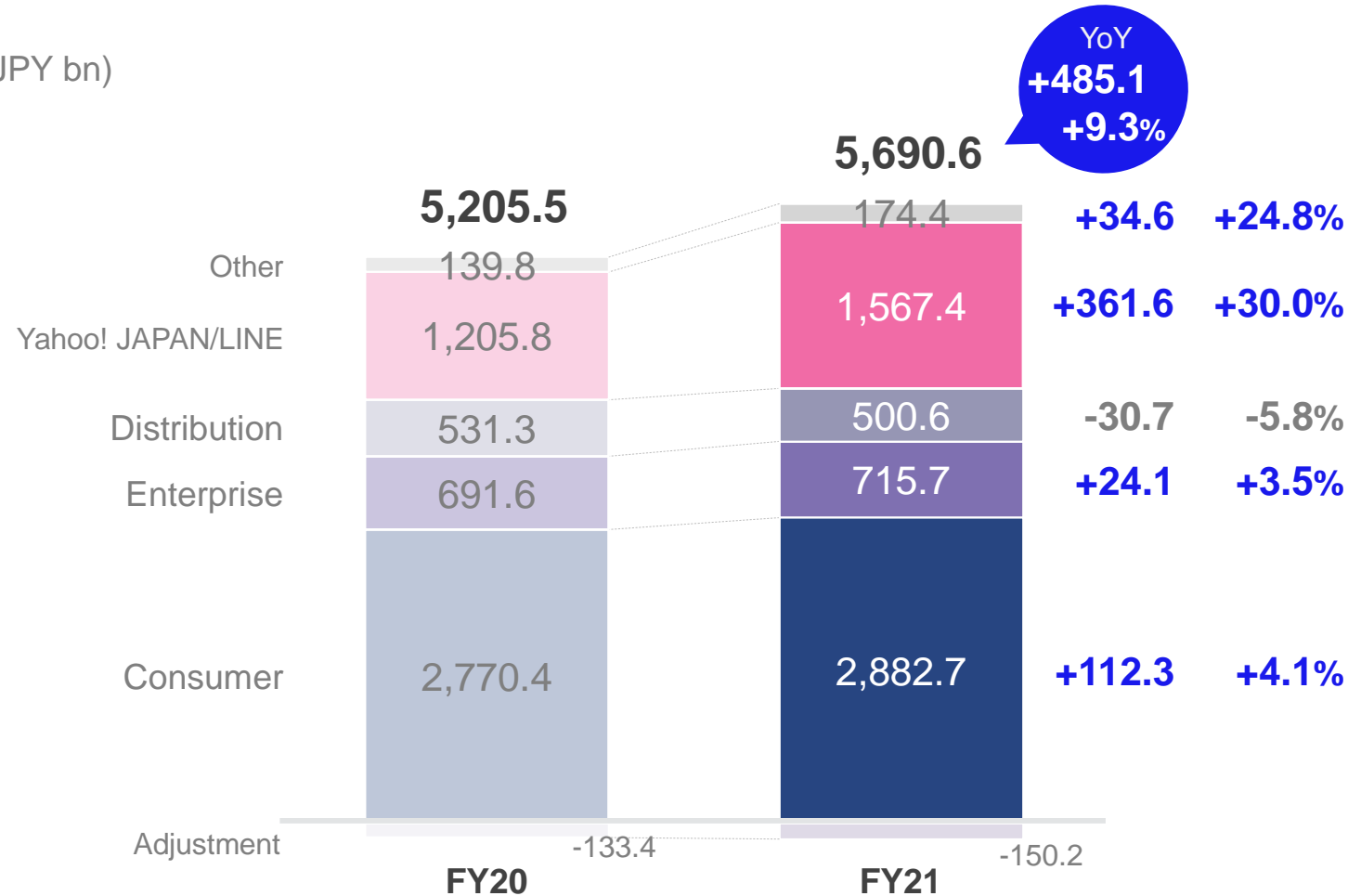
\*1: Adjusted EBITDA = operating income + depreciation and amortization (including loss on disposal of non-current assets) + stock compensation expenses ± other adjustments

\*2: Net income: net income attributable to owners of SoftBank Corp., same hereafter

\*3: YoY stands for year on year. Unless otherwise stated, up/down or increase/decrease refers to increase or decrease year on year in this document

## Revenue increased in Consumer, Enterprise, Yahoo! JAPAN/LINE and Other

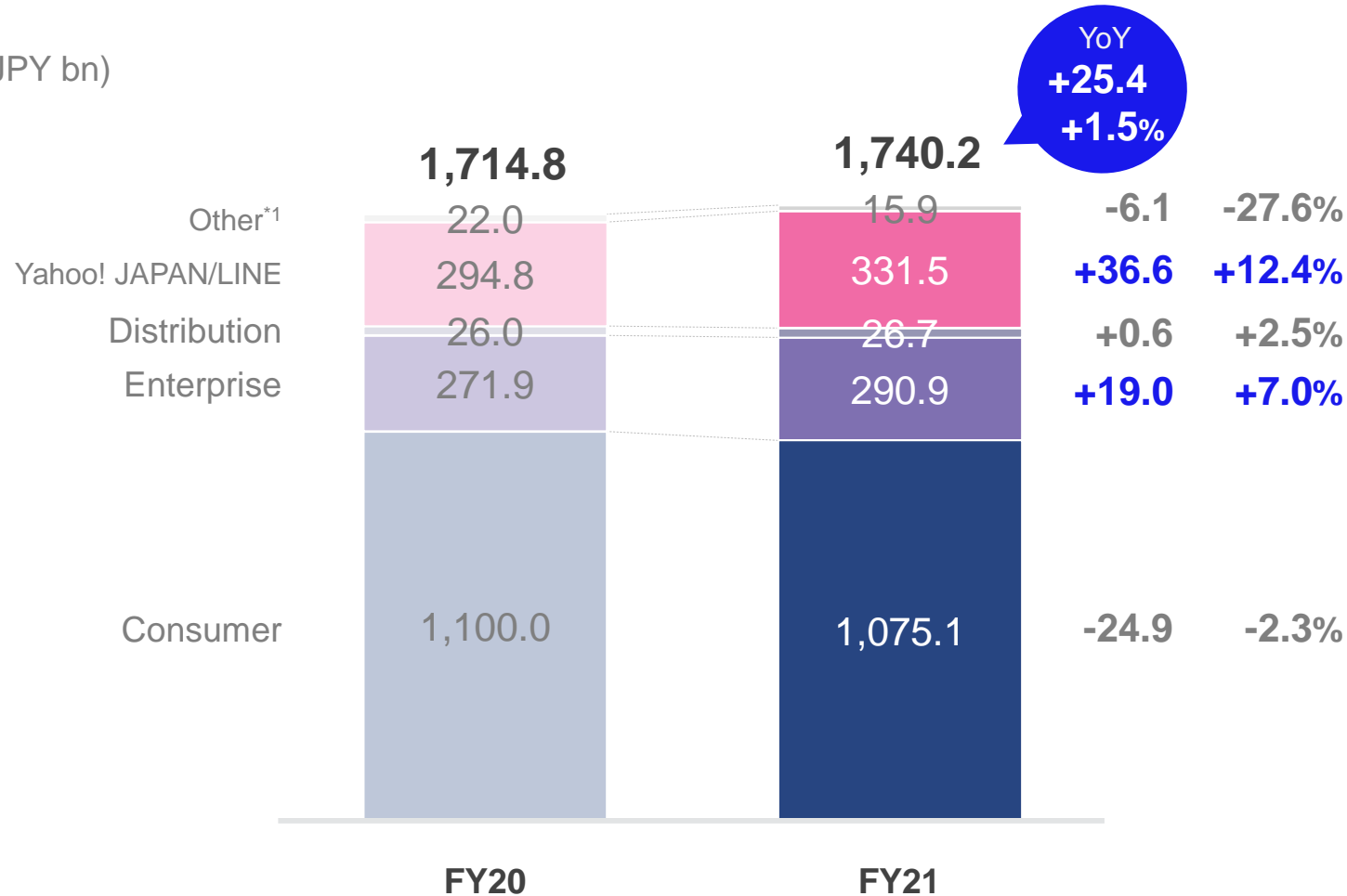
(JPY bn)



- Yahoo! JAPAN/LINE revenue increased by 30%, including LINE impact of JPY 281.8 bn
- Enterprise revenue growth was continuously driven by Business solution and others revenue
- In Consumer, decline in mobile revenue was offset by growth in Electricity and Sales of goods and others, etc.
- Distribution revenue declined due to absence of revenue for large-scale project orders from the municipalities (GIGA School Program) recorded in last FY, as well as shortage of semiconductors

## Enterprise and Yahoo! JAPAN/LINE contributed to overall increase

(JPY bn)



- Despite the negative impact of the mobile service price reduction, growth in Yahoo! JAPAN/LINE and Enterprise led to overall EBITDA increase

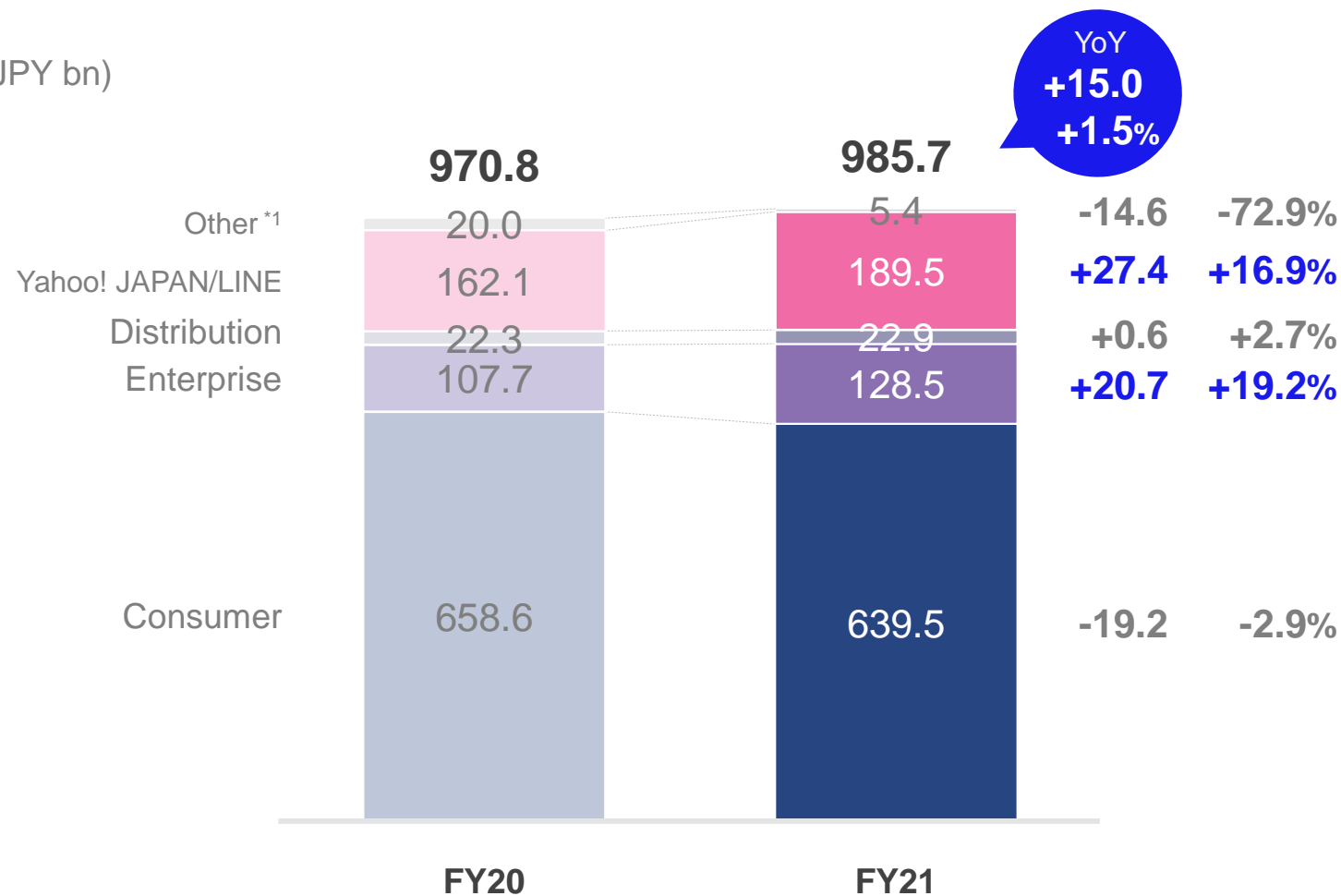
\*Adjusted EBITDA = operating income + depreciation and amortization (including loss on disposal of non-current assets) + stock compensation expenses ± other adjustments

The definition of adjusted EBITDA has been revised to include stock compensation expenses from FY21, figure of FY20 is restated accordingly

\*1: Other includes inter-segment adjustments (FY20: -4.4 bn, FY21: -6.9 bn)

## Enterprise and Yahoo! JAPAN/LINE posted double-digit growth

(JPY bn)



- Consumer, Enterprise and Distribution results were in line with forecasts\*2
- Yahoo! JAPAN/LINE achieved significant YoY growth by absorbing negative impact of JPY 25.8 bn, related to LINE business integration

FY21 Compared with forecasts\*2

JPY bn	Forecast	Actual	Variance	Variance%
Consumer	642.0	639.5	-2.5	-0.4%
Enterprise	128.0	128.5	+0.5	+0.4%
Distribution	22.5	22.9	+0.4	+1.8%
Yahoo! JAPAN/LINE and others	182.5	194.9	+12.4	+6.8%
<b>Total</b>	<b>975.0</b>	<b>985.7</b>	<b>+10.7</b>	<b>+1.1%</b>

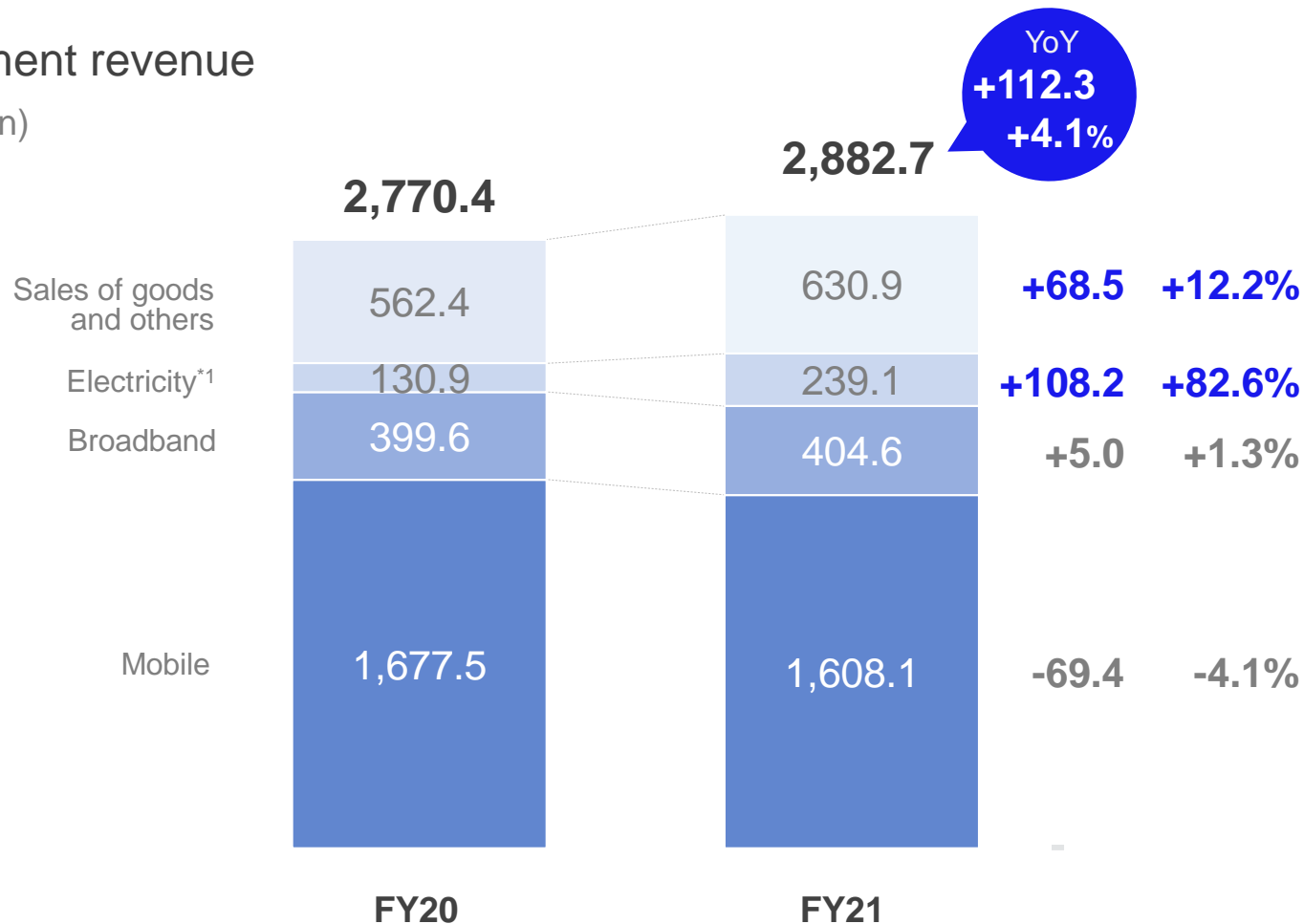
\*1: Other includes inter-segment adjustments (FY20: +0.5 bn, FY21: -3.4 bn) \*2: Forecasts announced May 2021



## Revenue increased. Growth in Electricity and Sales of goods and others, etc. offset impact of mobile service price reduction

### Segment revenue

(JPY bn)



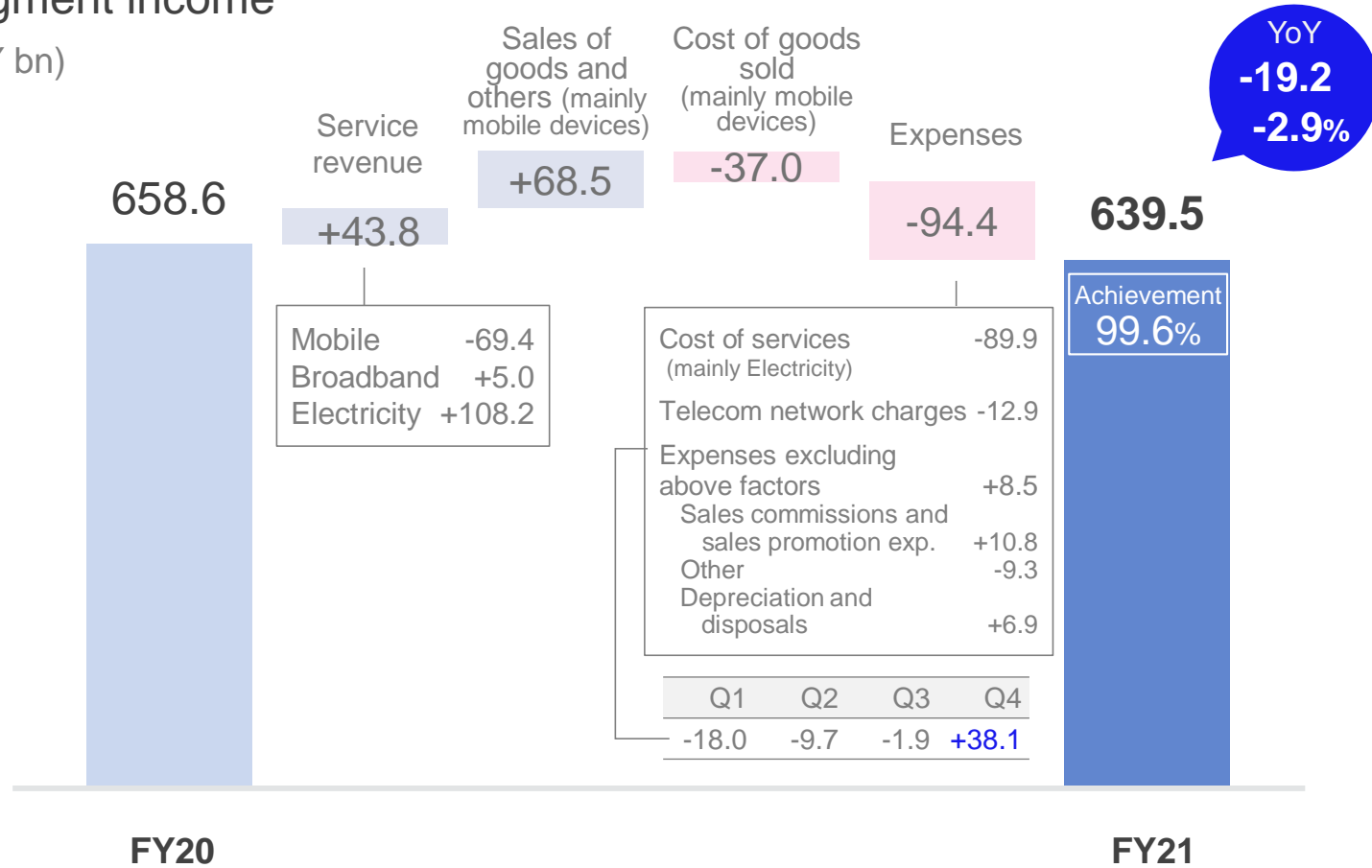
- Mobile** (Main factors for YoY):  
 Mobile service price reduction JPY -77bn  
 Half-price support (Last FY rebound) JPY -11bn  
 First-year/half-year discounts JPY +29bn (Incl. accounting change impact in last FY)
- Electricity:**  
 Revenue increased due to subscriber increase, and reflection of market volatilities in trade volume and price, etc.
- Sales of goods and others:**  
 Revenue increased due to mobile device unit price rise. Broadband device and used mobile phone sales also impacted

\*1: From FY21, the amount of transactions related to the renewable energy power generation promotion levy are no longer included in Electricity revenue. If the same standard were applied to FY20, revenue would be JPY 118.1 bn (variance is JPY 12.9 bn, same amount deducted from costs)

# Growth in Electricity and Sales of goods and others, and cost reductions offset impact of mobile service price reduction

## Segment income

(JPY bn)

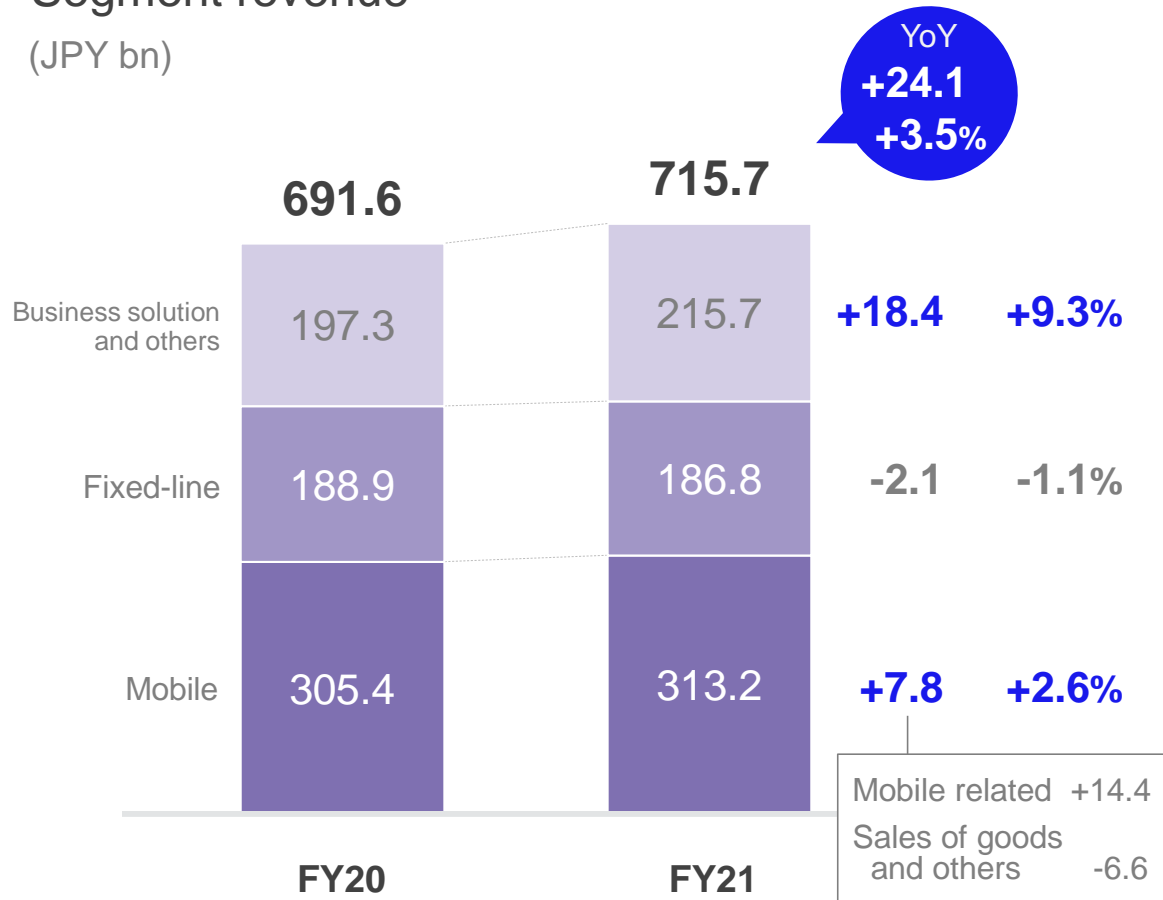


- Sales of goods and others/  
Cost of good sold:  
Both increased due to mobile device unit price rise. Broadband device and used mobile phone sales also impacted
- Cost of services and Telecom network charges:  
Increased in line with revenue growth
- Expenses excluding above factors:  
Improved by JPY 38.1 bn YoY in FY21Q4 due to efficient use of advertising and sales promotion expenses, and rebound of accelerated depreciation/disposal in last FY

# Business solution and others revenue grew steadily. Segment income posted double-digit increase

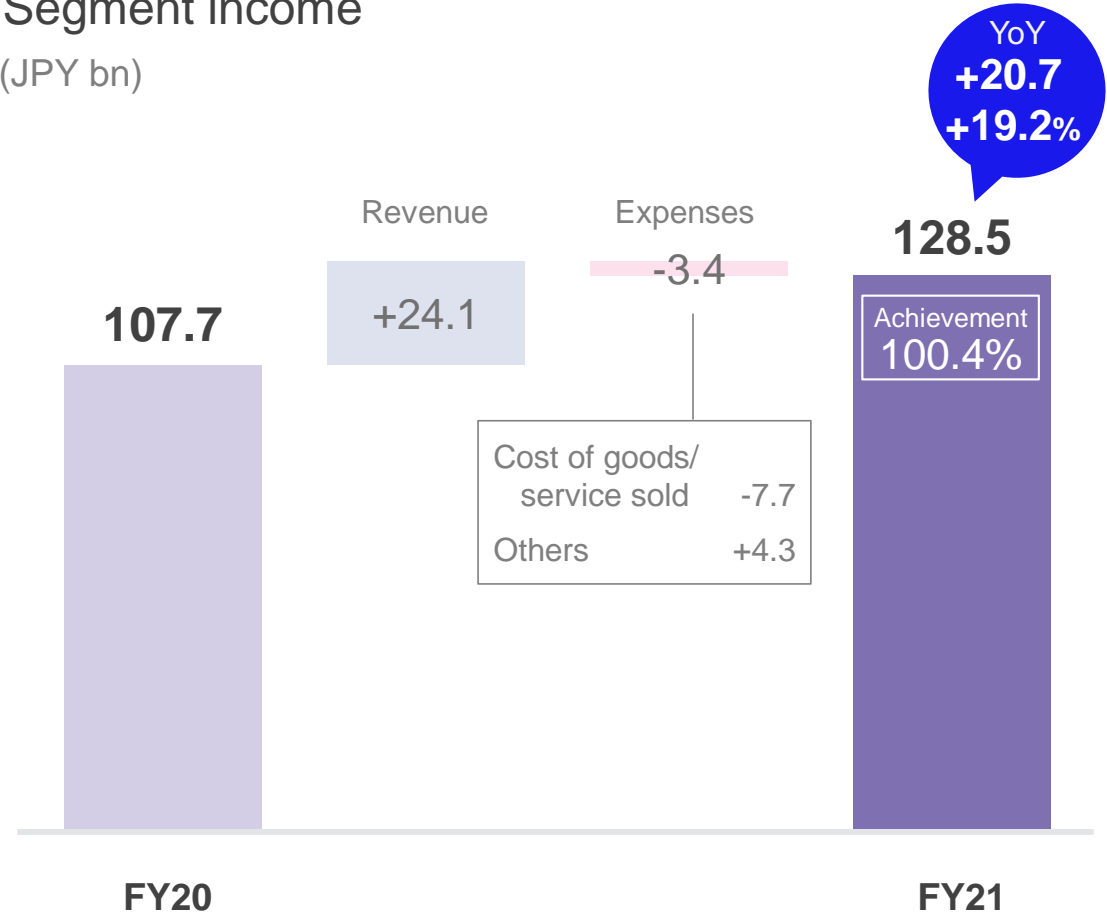
## Segment revenue

(JPY bn)



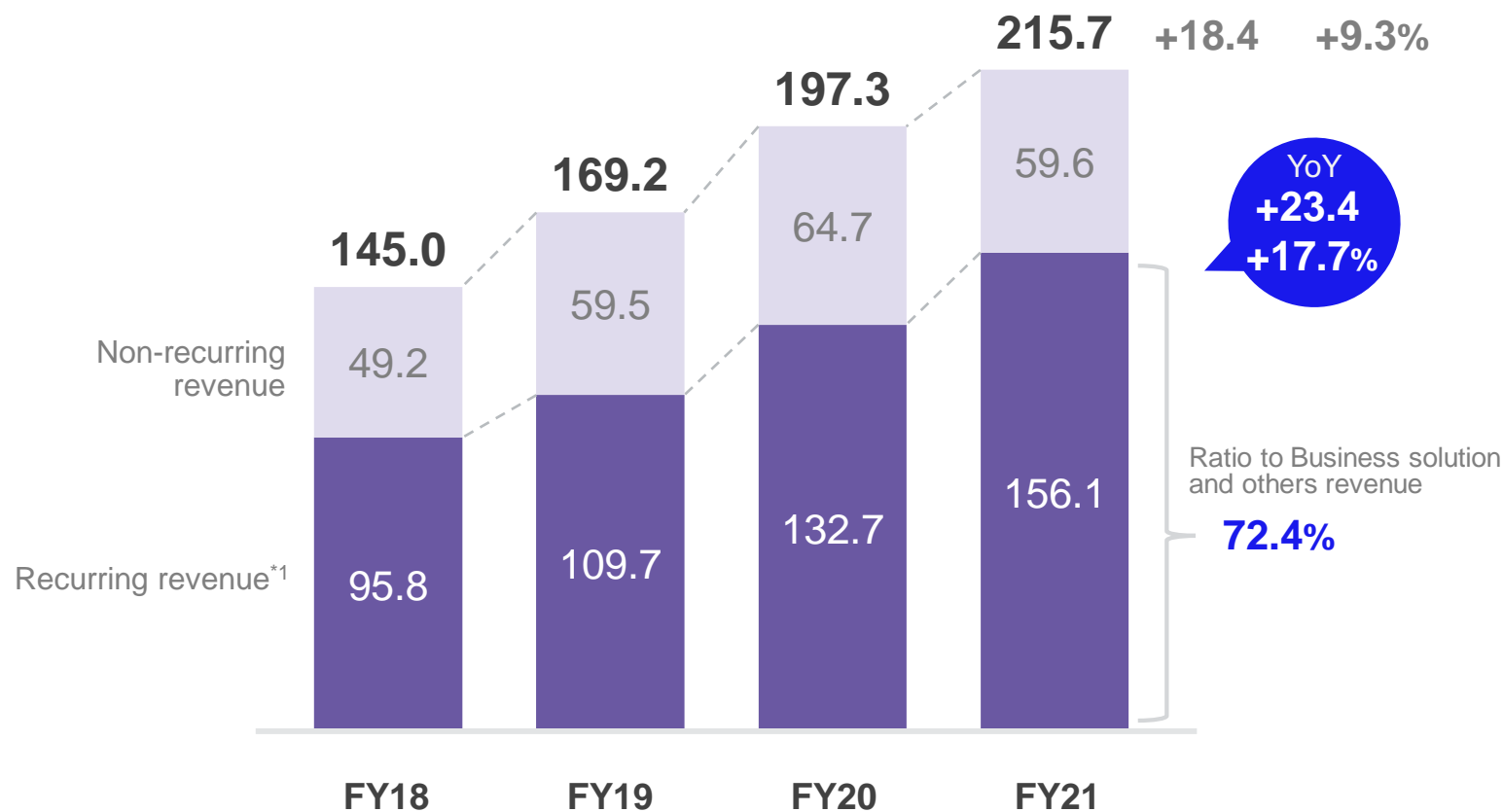
## Segment income

(JPY bn)



## Business solution and others growth driven by recurring revenue

(JPY bn)



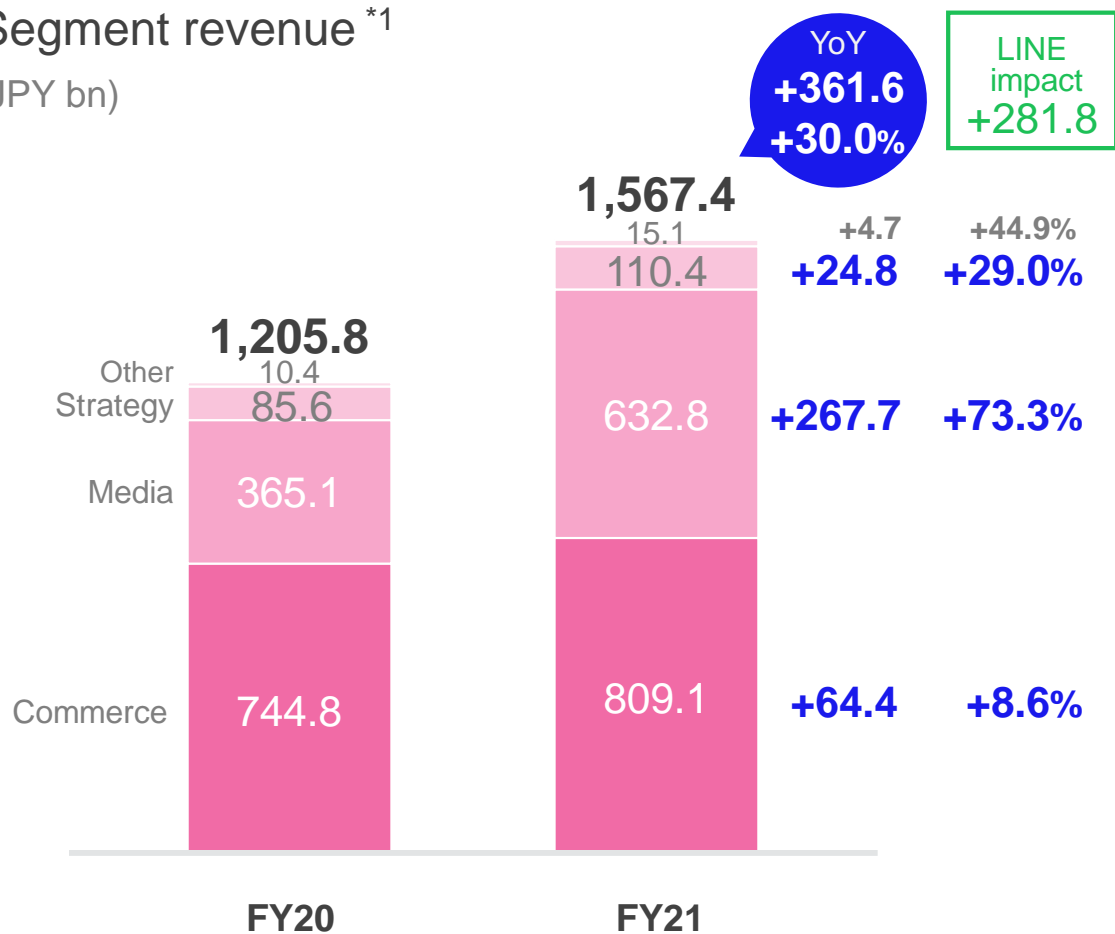
- Total Business solution and others revenue was +9.3% YoY
- Recurring revenue, which accounts for more than 70% of Business solution and others revenue, was +17.7% YoY

\*1: Recurring revenue in cloud, security and IoT, etc., and revenue from data centers and digital marketing, etc.

# LINE integration effect and Media's strong performance resulted in double-digit growth of segment income

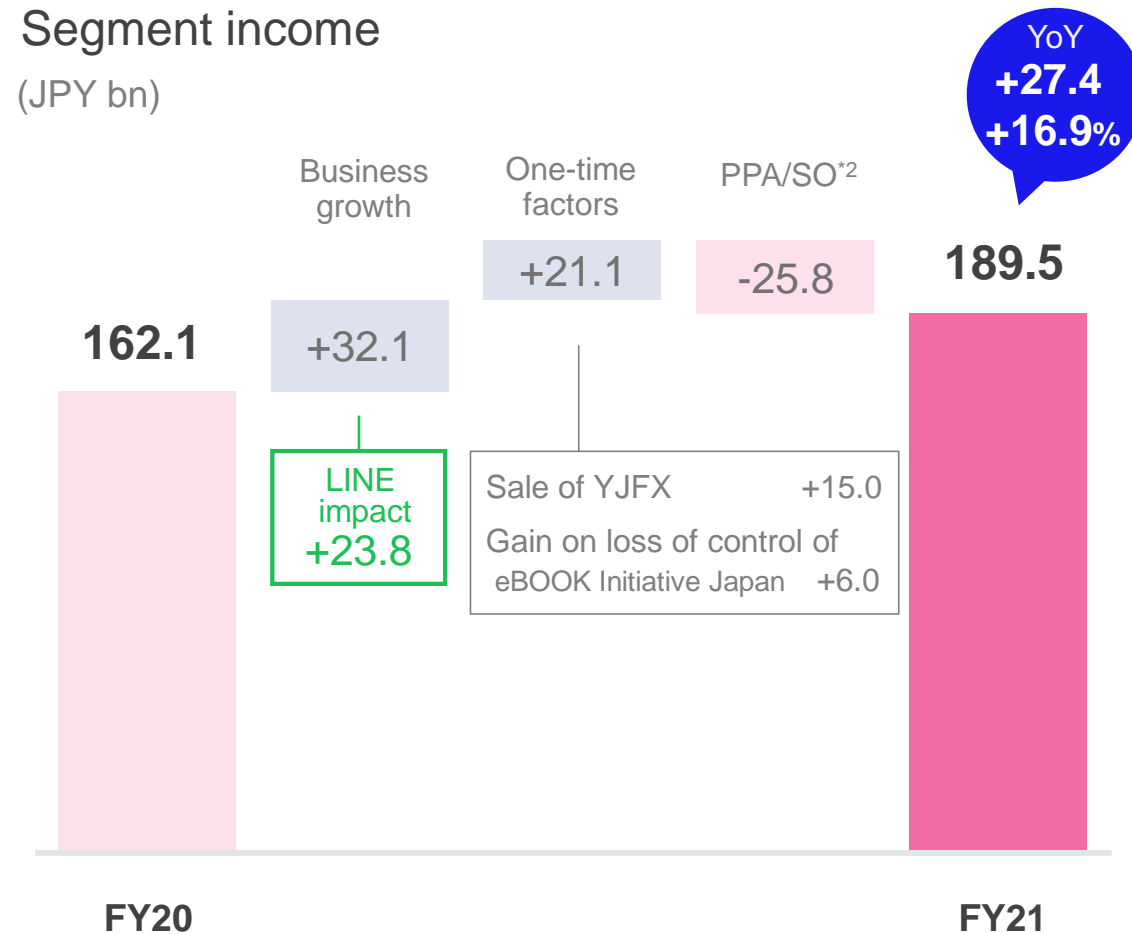
## Segment revenue <sup>\*1</sup>

(JPY bn)



## Segment income

(JPY bn)

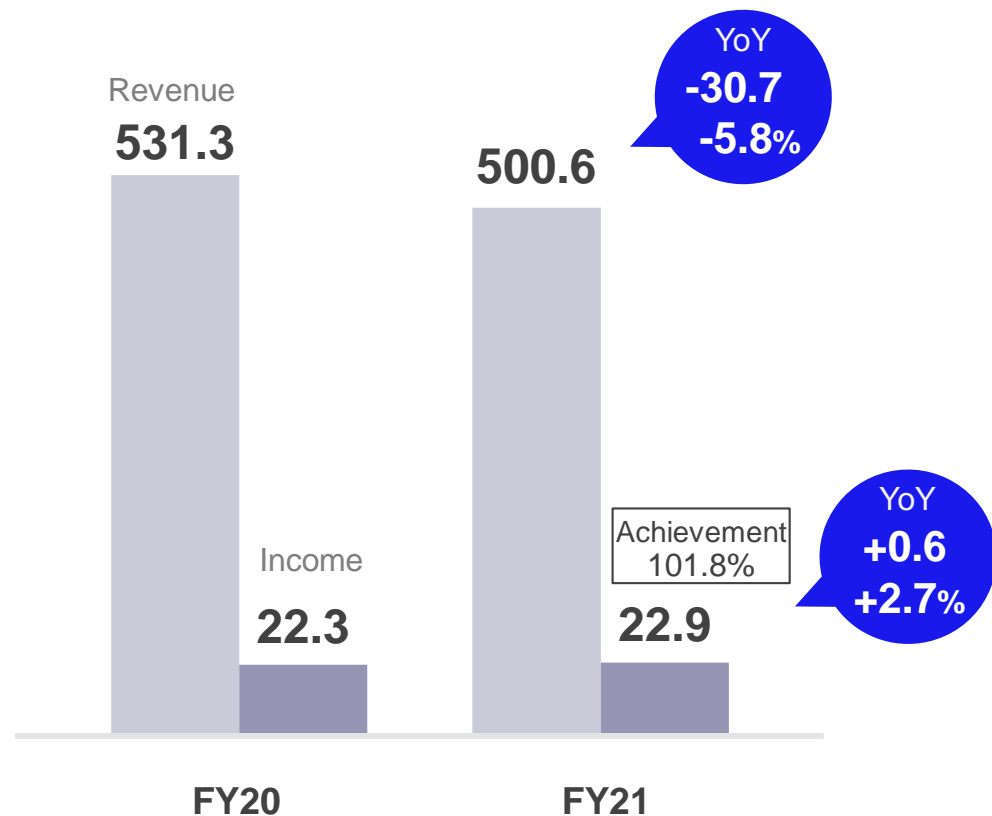


\*1: Z Holdings Corporation ("ZHD") revised its business management classification, following the integration with LINE Corporation ("LINE") in March 2021. From Q1 FY21, "Strategy" has been added to the breakdown of revenues, and each breakdown has been revised with respect to certain services. Revenues for FY20 has been restated accordingly. \*2: PPA= Amortization of intangible assets recognized related to LINE consolidation; SO=Stock-based compensation expenses related to stock options issued by ZHD related to LINE consolidation

# Distribution profit achieved full-year forecast and increased YoY

## Distribution: segment revenue and income

(JPY bn)



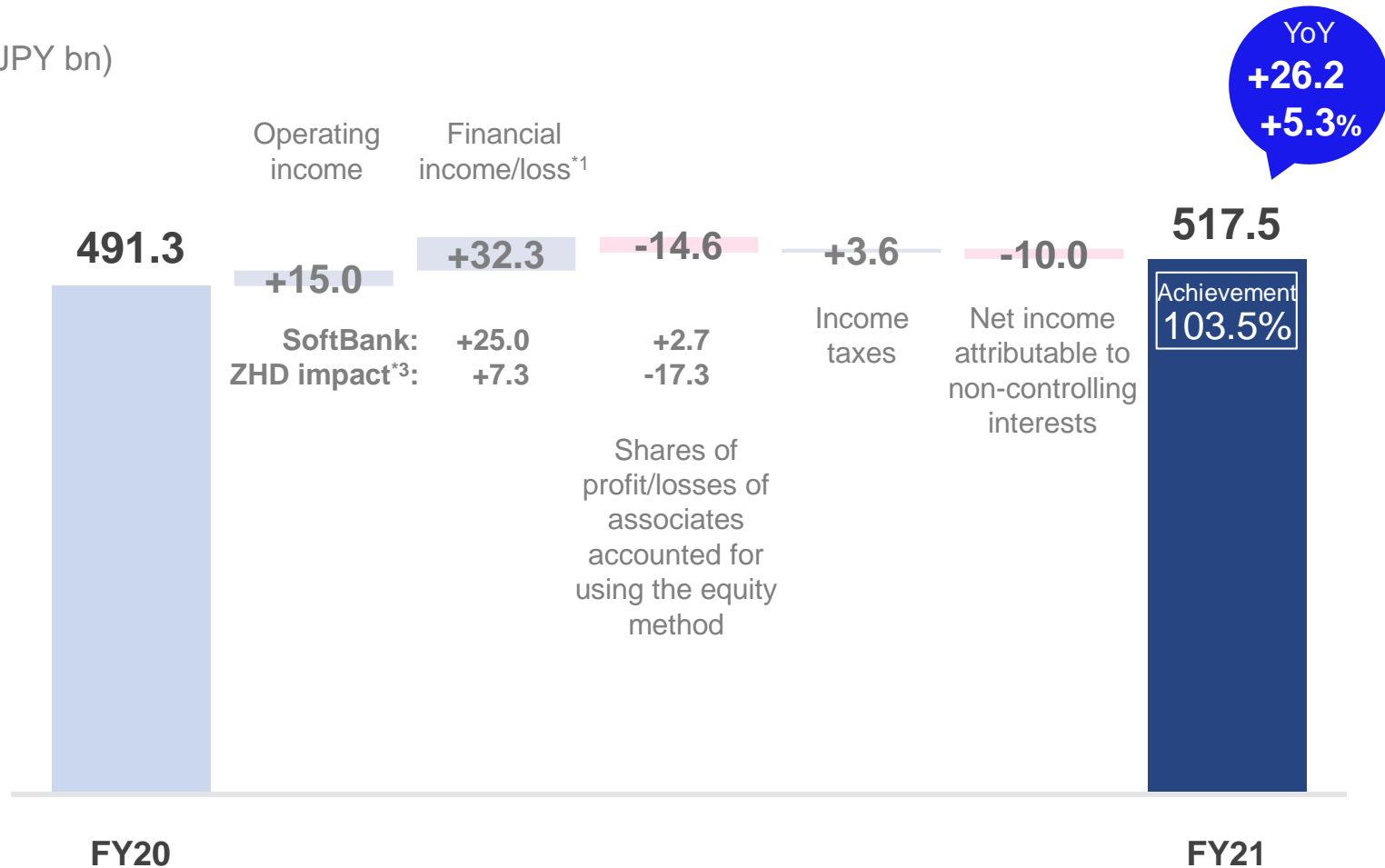
## Other: operating income

(JPY bn)

	FY20	FY21	YoY	YoY%
SB Payment Service*1	7.9	9.4	+1.4	+18%
SB Players*1	18.3	13.7	-4.7	-26%
SB Technology*1	3.9	5.2	+1.3	+34%
ITmedia	2.0	2.7	+0.7	+33%
Subsidiaries other than above	-11.6	-20.8	-9.2	-
Others (including adjustments)	-0.6	-4.7	-4.1	-
<b>Total</b>	<b>20.0</b>	<b>5.4</b>	<b>-14.6</b>	<b>-73%</b>

## Net income increased 5.3% due to growth in operating income and improvement in financial income/loss

(JPY bn)

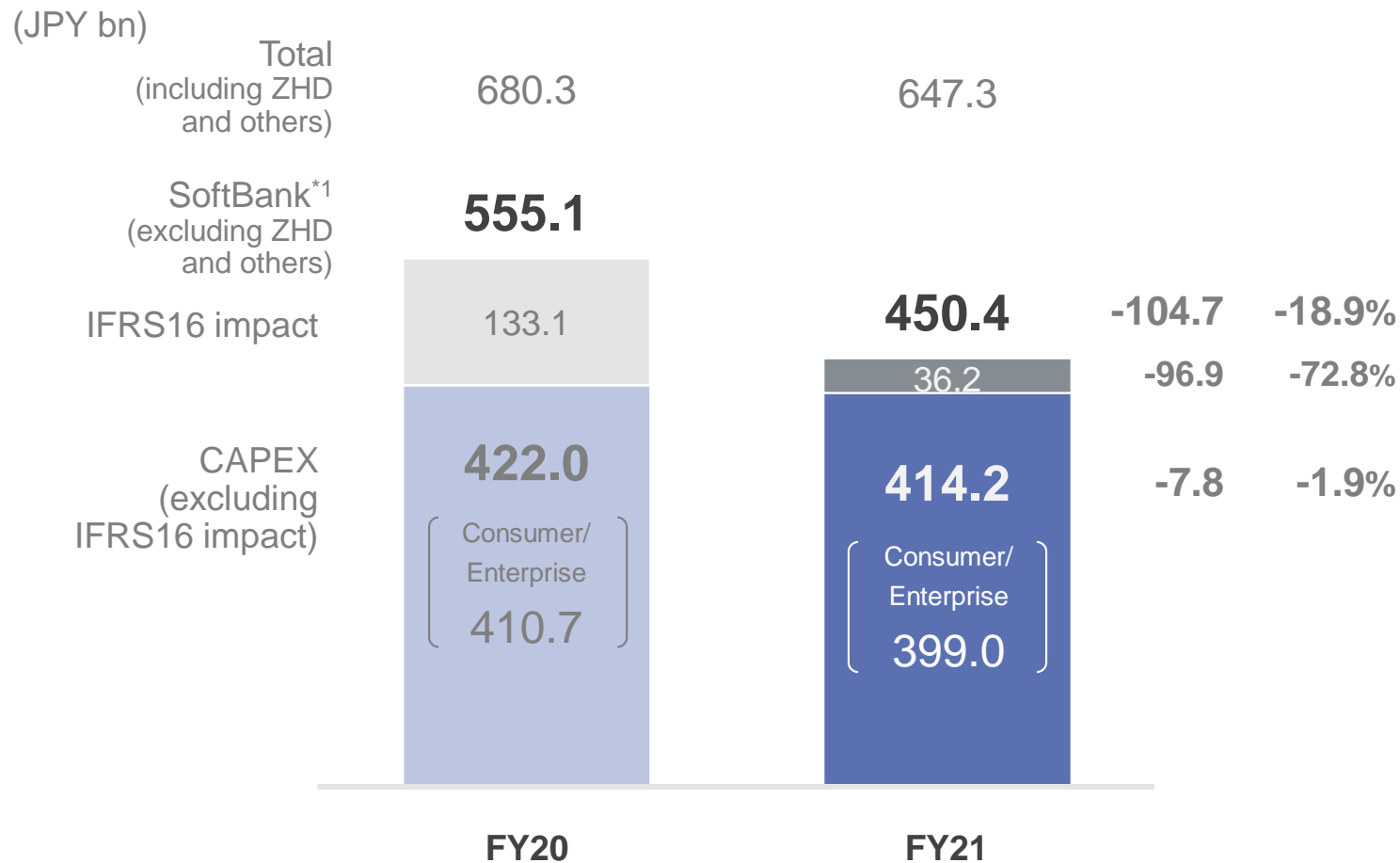


- Financial income/loss:  
SoftBank: absence of impairment losses in last FY, etc.  
ZHD: Valuation gain on FVTPL\*2, Demae-can impairment loss, etc.
- Shares of profit/losses of associates accounted for using the equity method:  
PayPay loss decrease YoY contributed positively, however losses in Demae-can and LINE affiliated companies impacted negatively
- Impact of 12% decrease in economic stake in ZHD (44.6% to 32.4%) due to the business integration of ZHD and LINE: JPY -9.3 bn

\*1: Includes financing income/costs, gain/loss on sales of equity method investments, and impairment losses of equity method investments \*2: FVTPL: Fair Value Through Profit or Loss

\*3: Calculated using SoftBank's financial statements

# Focused on 5G investment, CAPEX was in line with plan

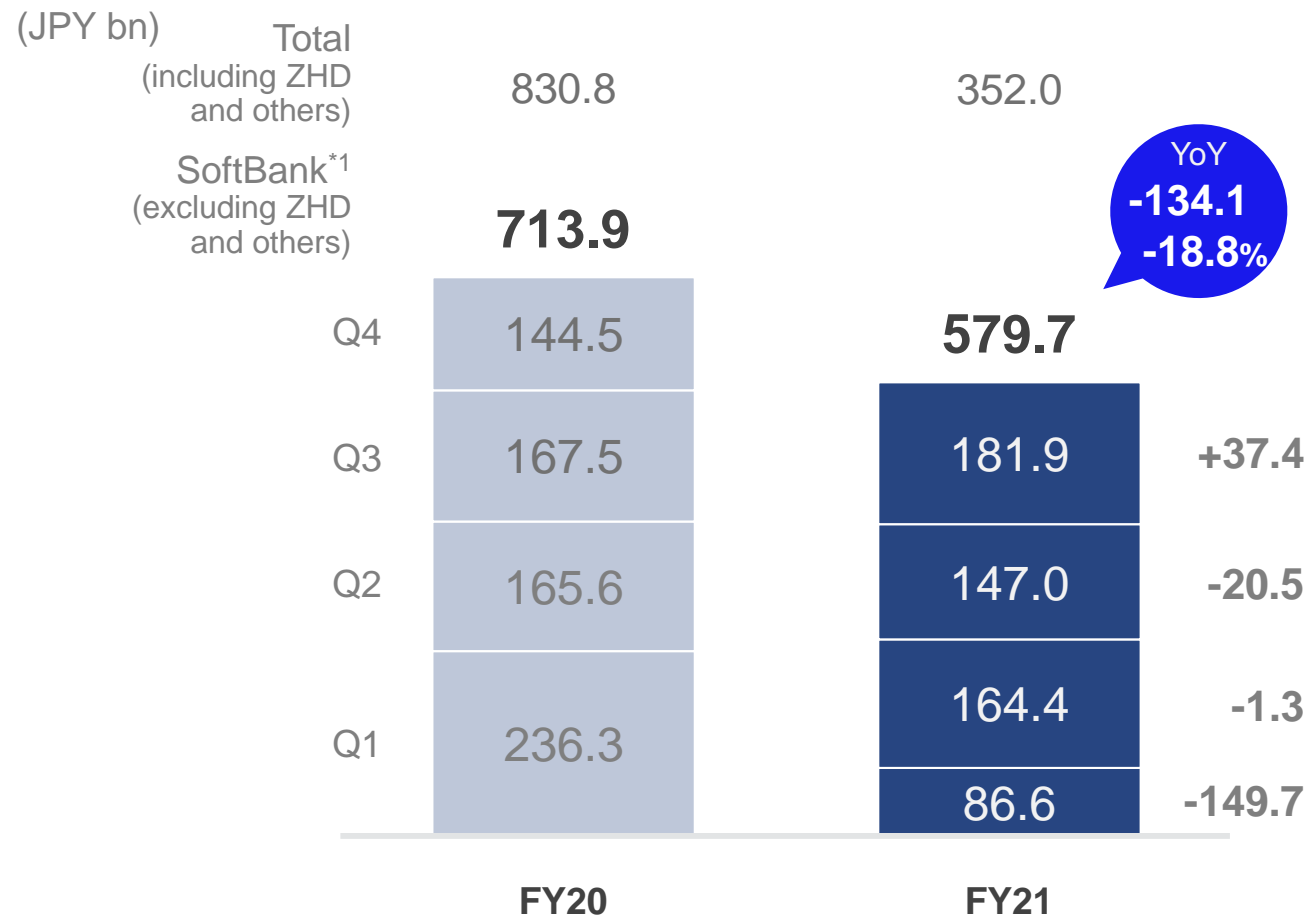


- Achieved 90% 5G population coverage in March 2022
- CAPEX for SoftBank (excluding IFRS16 impact) was JPY 414.2 bn, in line with plan
- The IFRS16 impact of JPY 133.1 bn in last FY was mainly due to an increase in right-of-use assets (JPY 97.6 bn) from HQ relocation

\*1: Acceptance basis, excluding ZHD, rental mobile phones for enterprise customers, and shared equipment (contributions by other operators)



## Decreased due to one-time factors in Q1 FY20

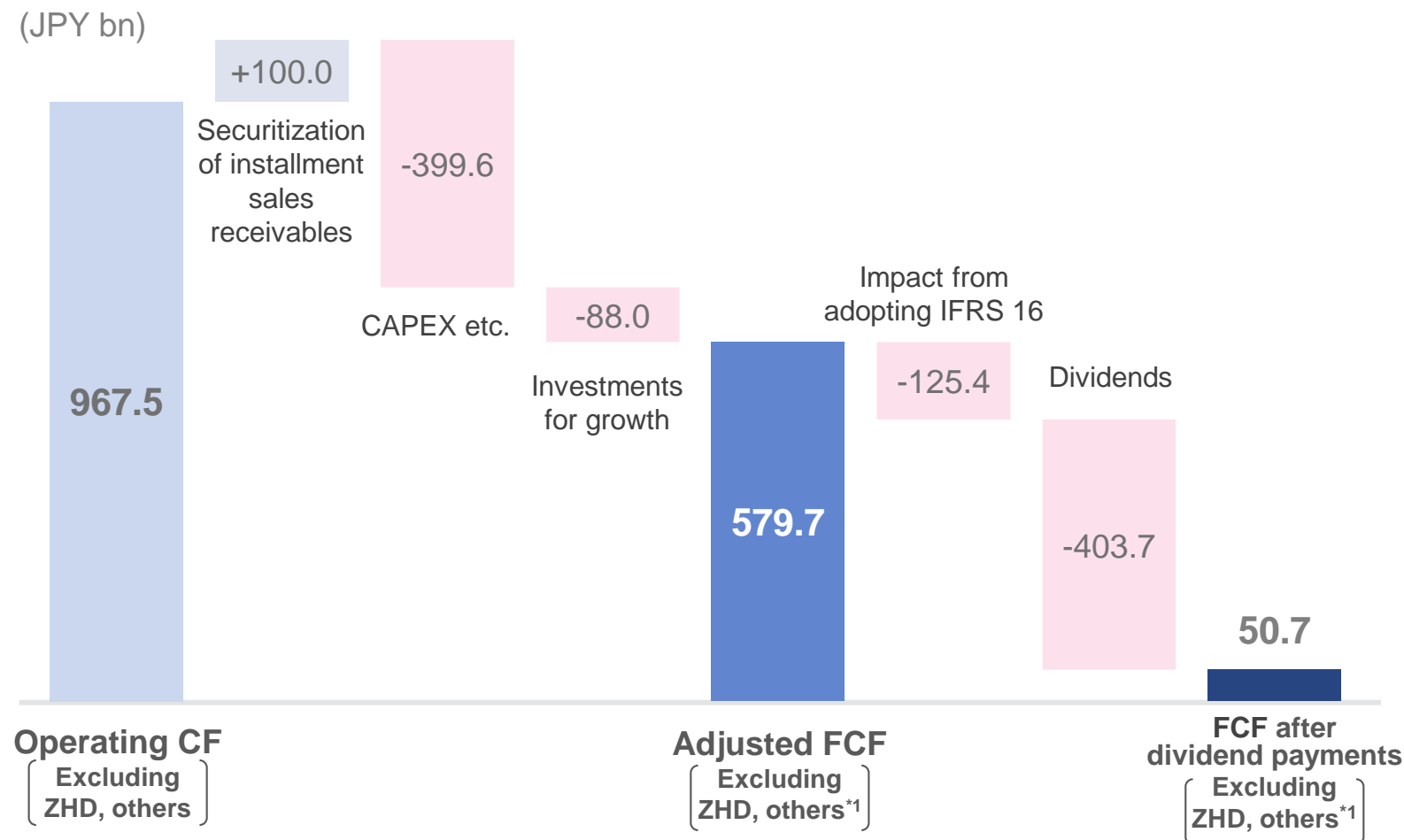


### Main factors for YoY:

- ✓ Absence of aggressive use of securitization of receivables financing for COVID-19 in last FY: approx. JPY 110.0 bn (Q1)
- ✓ Increase in income tax payment (Q1): approx. JPY -29.0 bn (including JPY -19.5 bn related to LINE business integration)

\*Adjusted FCF = FCF + (proceeds from the securitization of installment sales receivables – repayments thereof) \*1: SoftBank excludes A Holdings Corporation (“AHD”) and ZHD Group’s FCF, net payments for obtaining the control of subsidiaries associated with the LINE business integration, impact of tender offer for LINE shares (FY20: 175.3bn), loans to Board Directors (FY21Q1: 20.0 bn), etc., and includes dividend received from ZHD (FY20Q1: 18.8 bn) and dividend received from AHD (FY21Q2: 9.0 bn, FY21Q4: 29.6 bn)

## Actively invested in growth



- Besides additional investment in PayPay, invested in growth areas such as Treasure Data that develops CDP, and ADA, one of the largest data and AI marketing companies in Southeast Asia, etc.
- Investments for growth increased (Excluding for Yahoo and LINE)

JPY bn	Investment for growth (a)	Investment for Yahoo and LINE (outside of (a))
FY18	48.6	221.0
FY19	53.6	456.5
FY20	56.0	175.3
FY21	88.0	-

\* Adjusted FCF = FCF + (proceeds from the securitization of installment sales receivables – repayments thereof)

\*1: Excludes AHD and ZHD Group's FCF, loans to Board Directors, includes dividend received from AHD

**Shareholders' equity up JPY 139.5 bn, total equity up JPY 151.2 bn even after dividend payments of JPY 403.7 bn. Shareholders' equity ratio was +0.6%, ratio of total equity to total assets was +0.3%**

(JPY bn)

	As of Mar31, 2021 <sup>*3</sup>	As of Mar31, 2022	Variance
Cash and cash equivalents	1,584.9	1,546.8	-38.1
Others	10,622.8	11,161.1	+538.3
<b>Total assets</b>	<b>12,207.7</b>	<b>12,707.9</b>	<b>+500.2</b>
Interest-bearing debt	5,692.6	5,999.5	+306.9
Others	3,778.0	3,820.0	+42.0
<b>Total liabilities</b>	<b>9,470.6</b>	<b>9,819.6</b>	<b>+349.0</b>
Total equity attributable to owners of the Company	1,535.7	1,675.2	+139.5
Non-controlling interests	1,201.4	1,213.1	+11.8
<b>Total equity</b>	<b>2,737.1</b>	<b>2,888.3</b>	<b>+151.2</b>
<b>Net interest-bearing debt<sup>*1</sup></b>	<b>4,020.4</b>	<b>4,381.1</b>	<b>+360.7</b>
<b>Shareholders' equity ratio<sup>*2</sup></b>	<b>12.6%</b>	<b>13.2%</b>	<b>+0.6%</b>
<b>Ratio of total equity to total assets</b>	<b>22.4%</b>	<b>22.7%</b>	<b>+0.3%</b>

- Cash and cash equivalents decreased due to the purchase of LINE (now AHD) shares less than one unit (JPY -115.2 bn), though there were cash increases in PayPay Card and PayPay Bank
- Increases in Other assets were mainly due to JPY 157.7 bn in intangible assets for the acquisition of the Yahoo trademark, JPY 155.5 bn in other financial assets and JPY 147.9 bn in investment securities
- Interest-bearing debt increased due to issuance of bonds by SoftBank and ZHD, and operating fund borrowings by SoftBank, after scheduled repayment of long-term borrowings (refer to next page)
- Equity increased by adding net income after dividend payments

\*1: Net interest-bearing debt = Interest-bearing debt – Cash and cash equivalents – Cash reserve of securitization of sales receivables

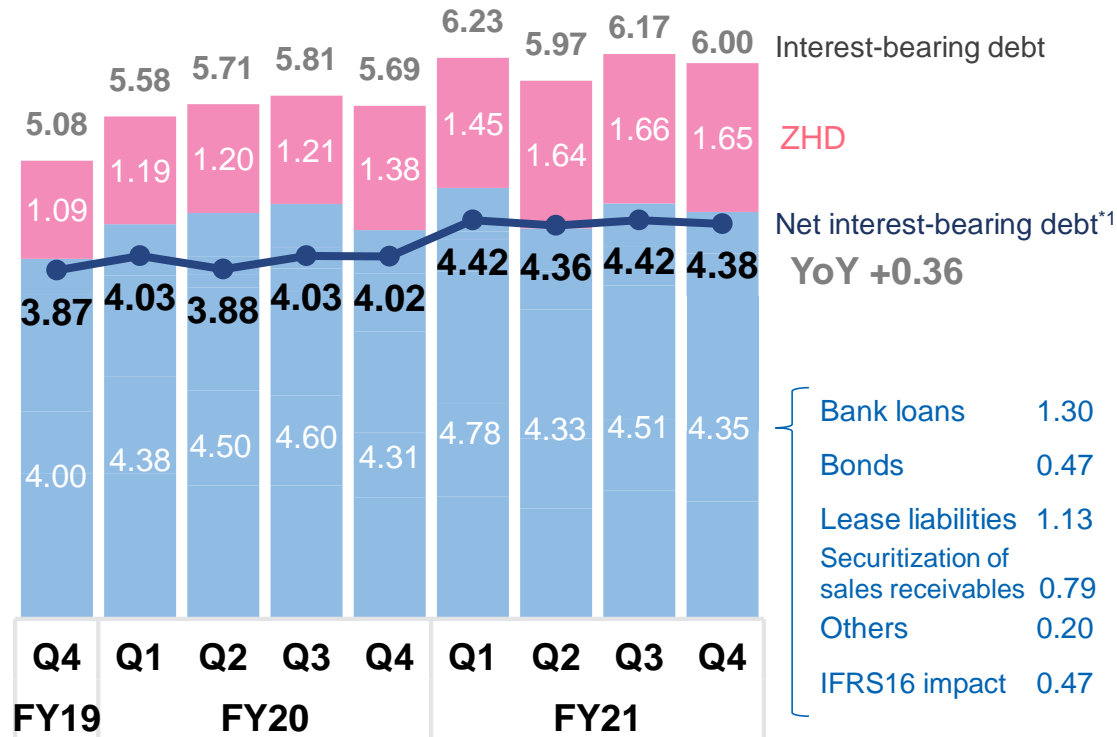
\*2: Shareholders' equity ratio = total equity attributable to owners of the Company ÷ total assets

\*3: The figures as of Mar 31, 2021 have been adjusted retrospectively due to the finalization of provisional accounting treatment for business combinations

## Net interest-bearing debt up (YoY JPY +0.36 tn) due to Yahoo trademark acquisition (JPY 0.18 tn), and purchase of LINE shares less than one unit (JPY 0.12 tn)

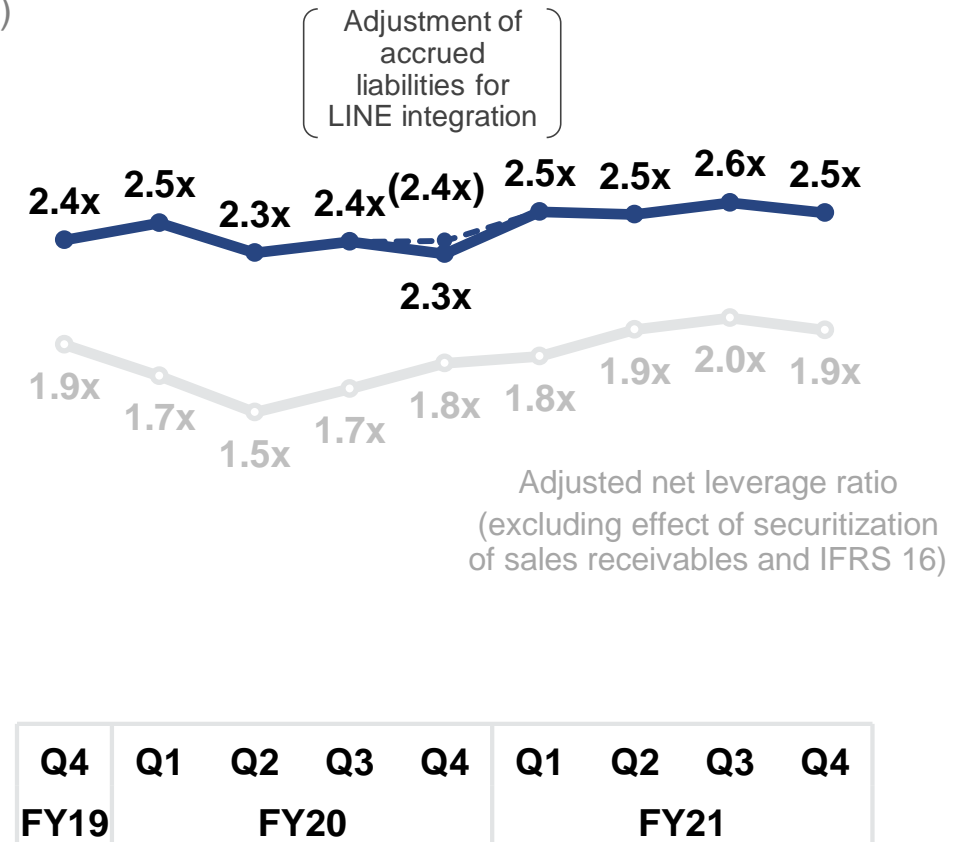
Interest-bearing debt / Net interest-bearing debt \*1

(JPY tn)



Net leverage ratio \*2

(Times)

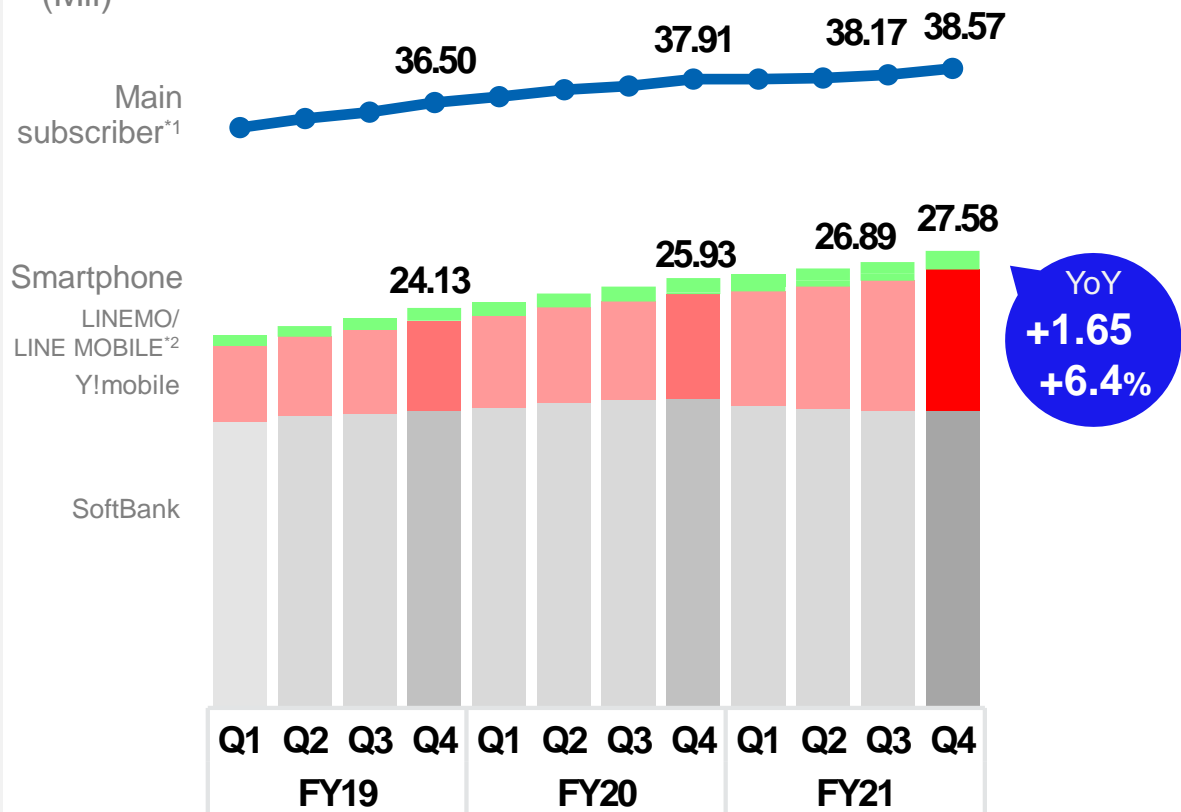


\* For the breakdown of interest-bearing debt (excluding ZHD), refer to Data Sheets p.4 \*1: Net interest-bearing debt = interest-bearing debt – cash and cash equivalents – cash reserve of securitization of sales receivables \*2: Net leverage ratio = net interest-bearing debt / adjusted EBITDA (LTM)

# Net additions recovered significantly (See next page), both acquisition and churn rose simultaneously

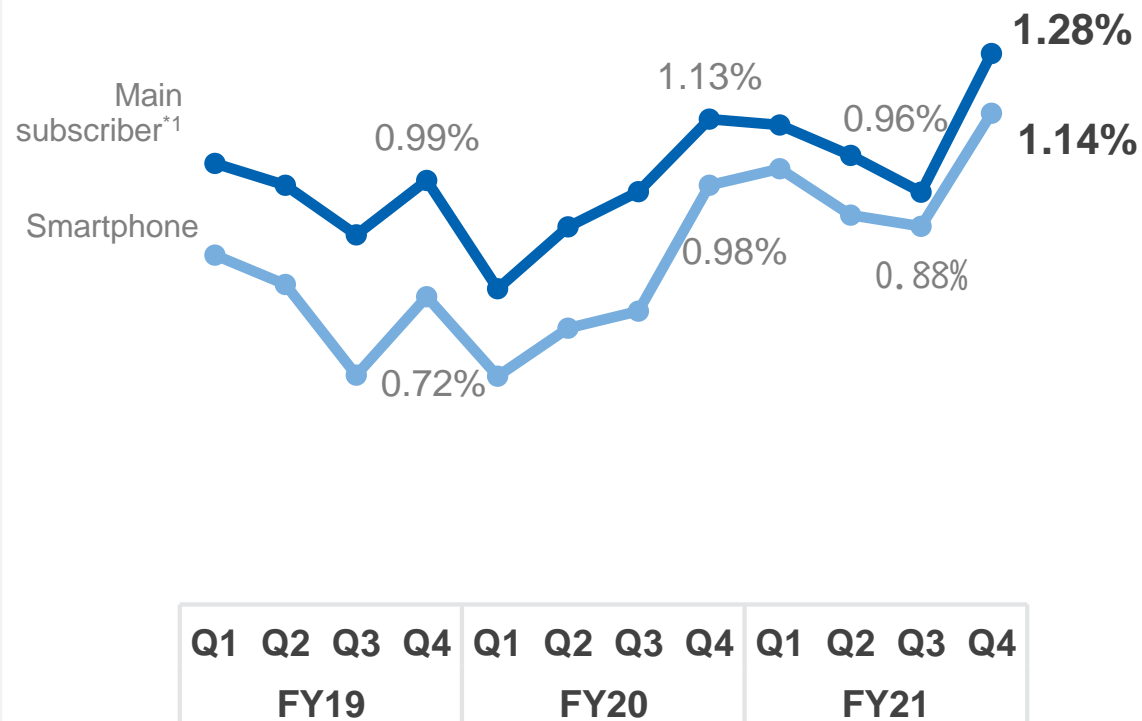
Smartphone cumulative subscribers

(Mil)



Churn rate

(%)



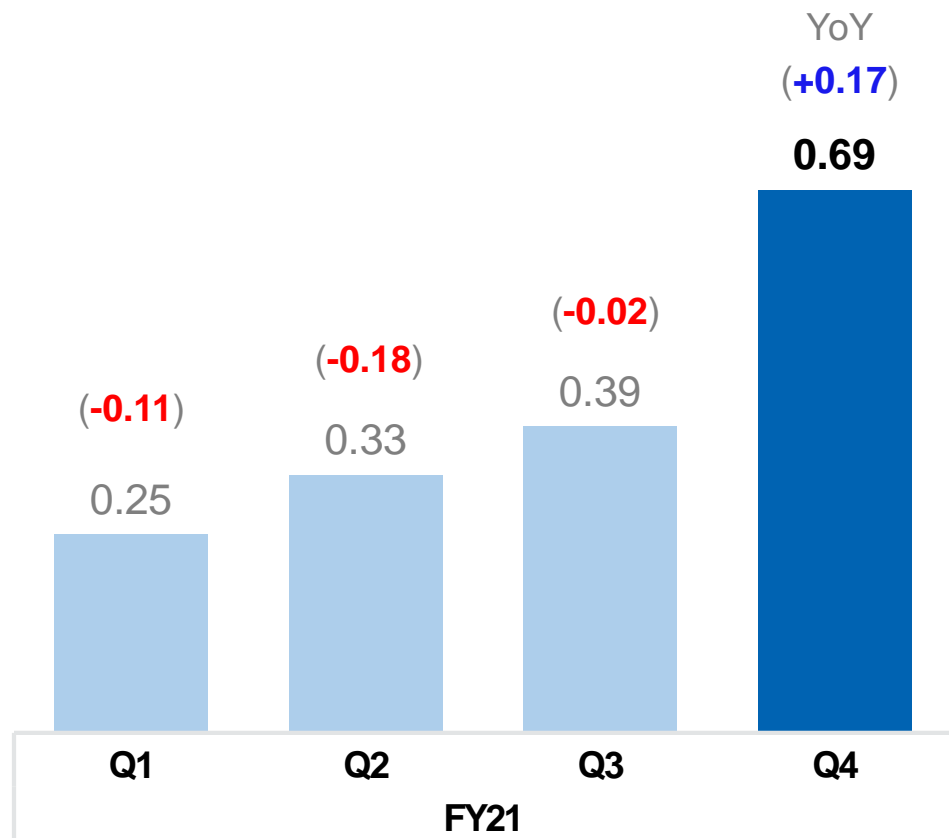
\*1: Smartphones, feature phones, tablets, mobile data communications devices, Wireless Home Phone and others

\*2: Shown as the sum of LINEMO and LINE MOBILE subscribers

# Net additions are recovering steadily each quarter

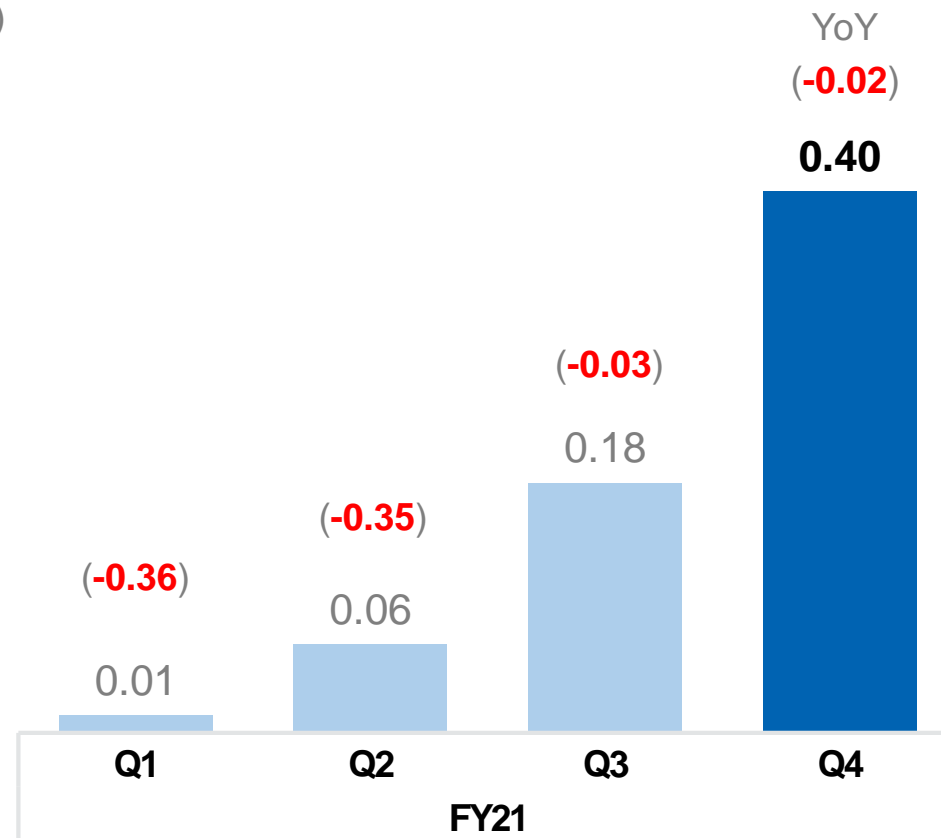
Smartphone net additions\*1

(Mil)



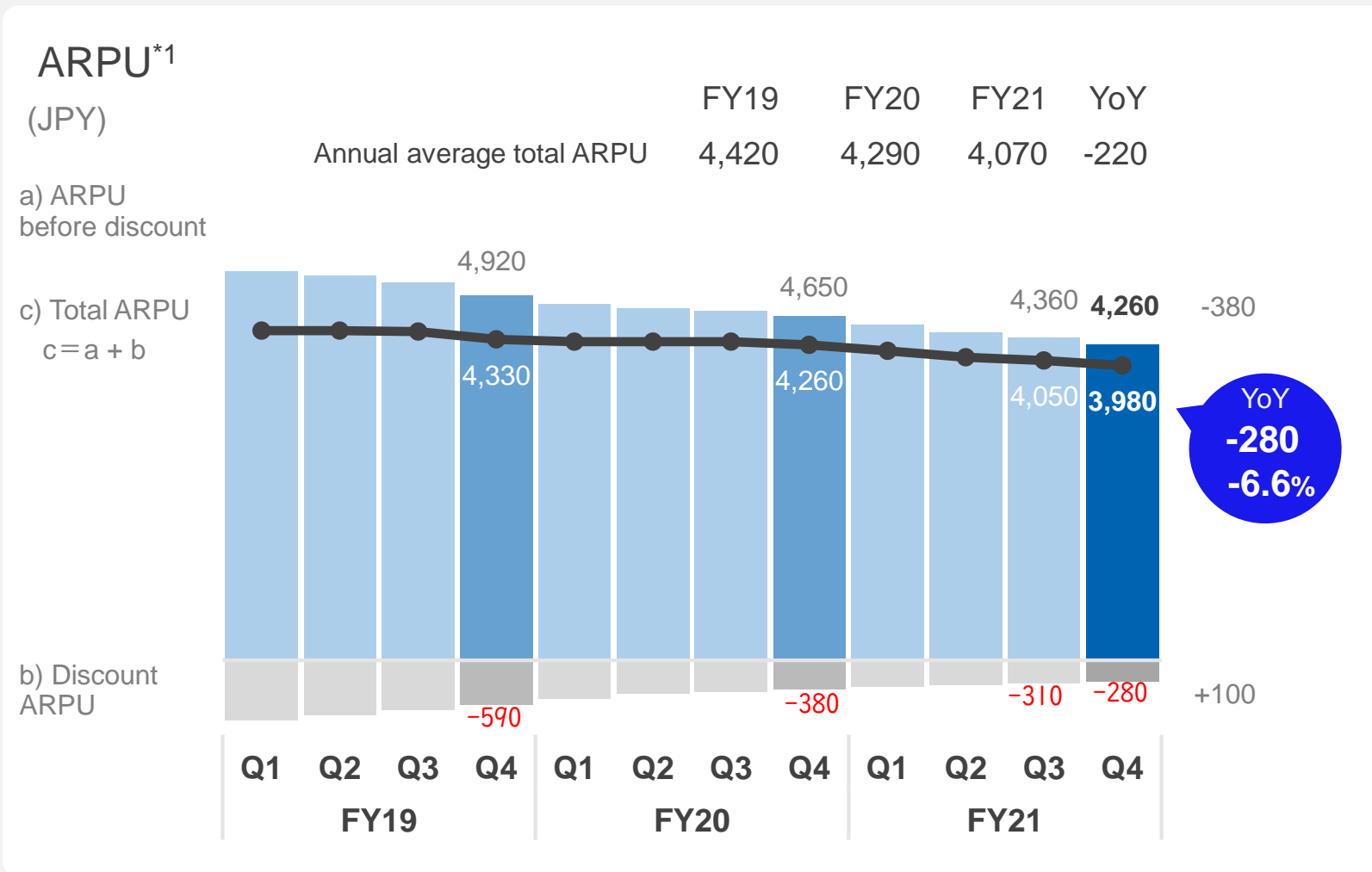
Main subscribers net additions\*1

(Mil)



\*1 : Net additions = number of subscribers at the end of the current quarter - number of subscribers at the end of the previous quarter

# Downward trend due to impact of mobile service price reduction, etc.



- FY21Q4 YoY factors:
  - ✓ Total ARPU declined JPY -280 YoY mainly due to mobile service price reduction impact (JPY -260)
  - ✓ Discount ARPU improved JPY 100 with the penetration of unbundling plans
  - ✓ Other main factors
    - Shrink of first-year/half-year discounts (positive) (incl. accounting change impact in last FY)
    - Rise of Y!mobile composition ratio (negative)
    - Penetration of smartphone debut plan (negative)

• FY21 summary:

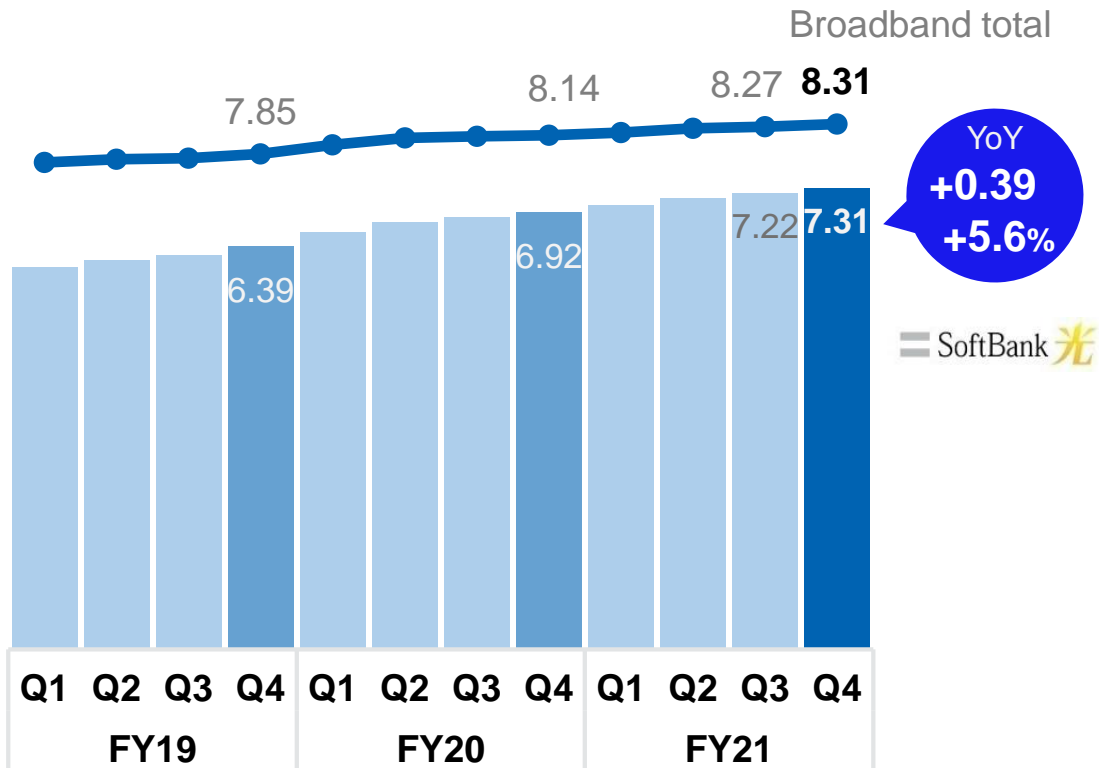
JPY	Total ARPU	YoY	Mobile price impact
FY21 Q1	4,180	-130	-100
Q2	4,090	-210	-140
Q3	4,050	-250	-200
Q4	3,980	-280	-260
Annual average	4,070	-220	-170

- Expect FY22 average total ARPU to decline at a level of JPY -270 YoY

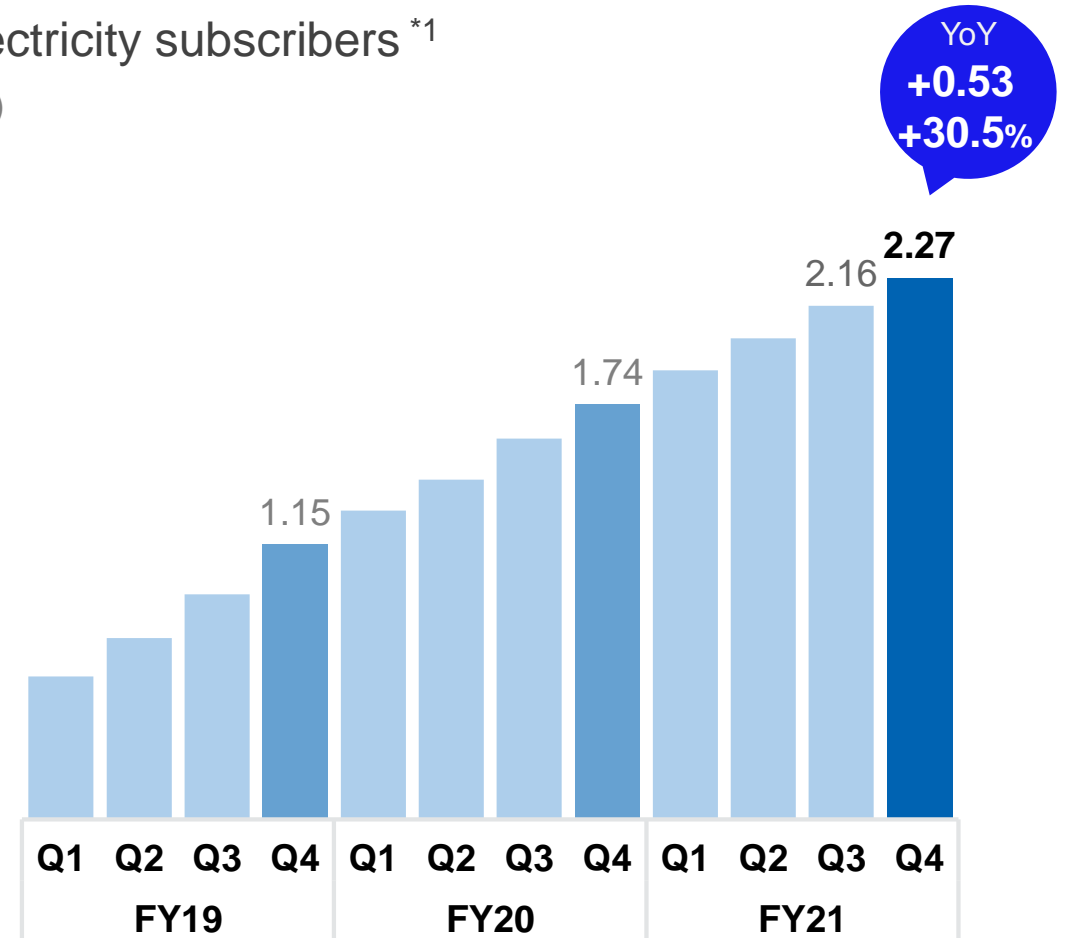
\*1: ARPU: Average Revenue Per User per month (rounded to the nearest JPY 10). Revenue deductions relating to reward points and programs supporting handset payments are not included in calculation of ARPU

# Broadband and Electricity subscribers grew steadily

Broadband cumulative subscribers (in service)  
(Mil)



Electricity subscribers <sup>\*1</sup>  
(Mil)



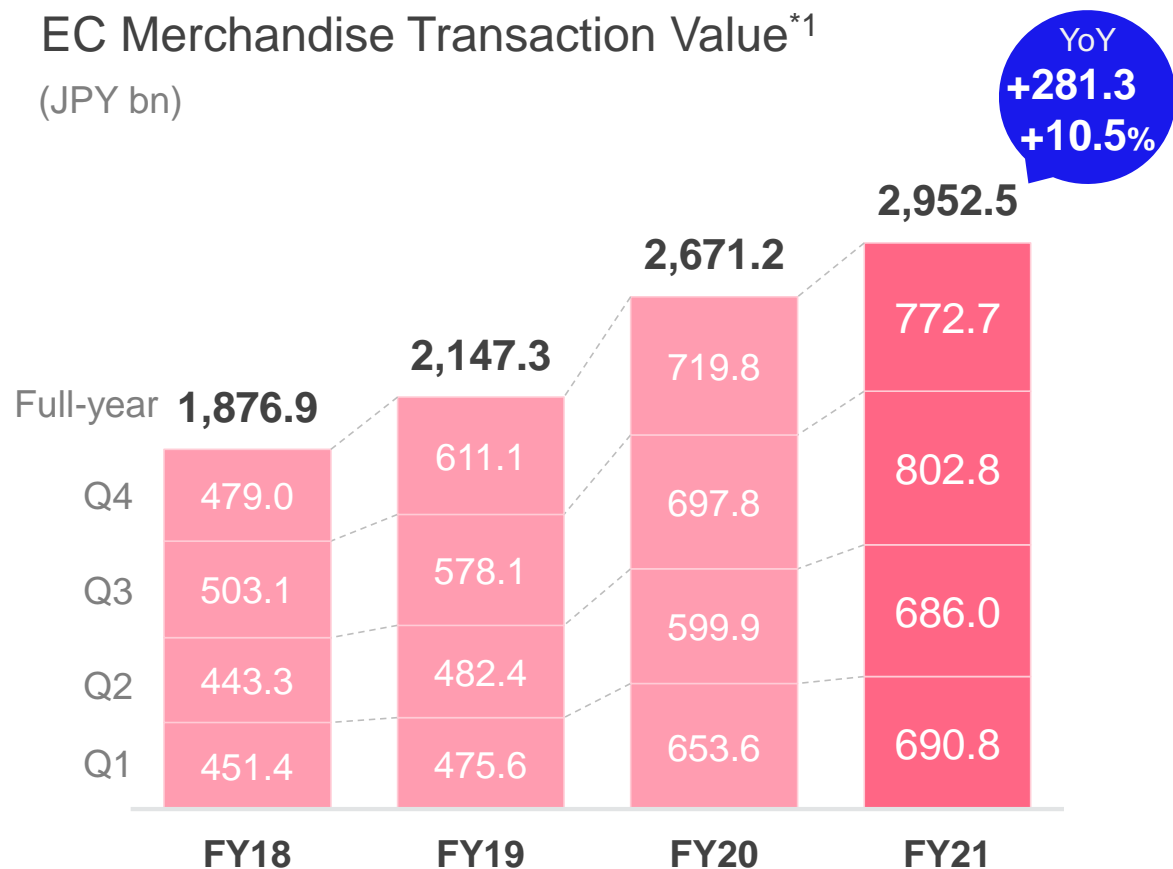
\*1: Trading and supply of electric power and provision of electric power trading agency services including Ouchi Denki service. Service launched in Apr 2016. Number of Electricity subscribers disclosed from Q1 FY21



## EC grew steadily after LINE integration, and Advertising business expanded due to product enhancement and recovery in demand from advertisers

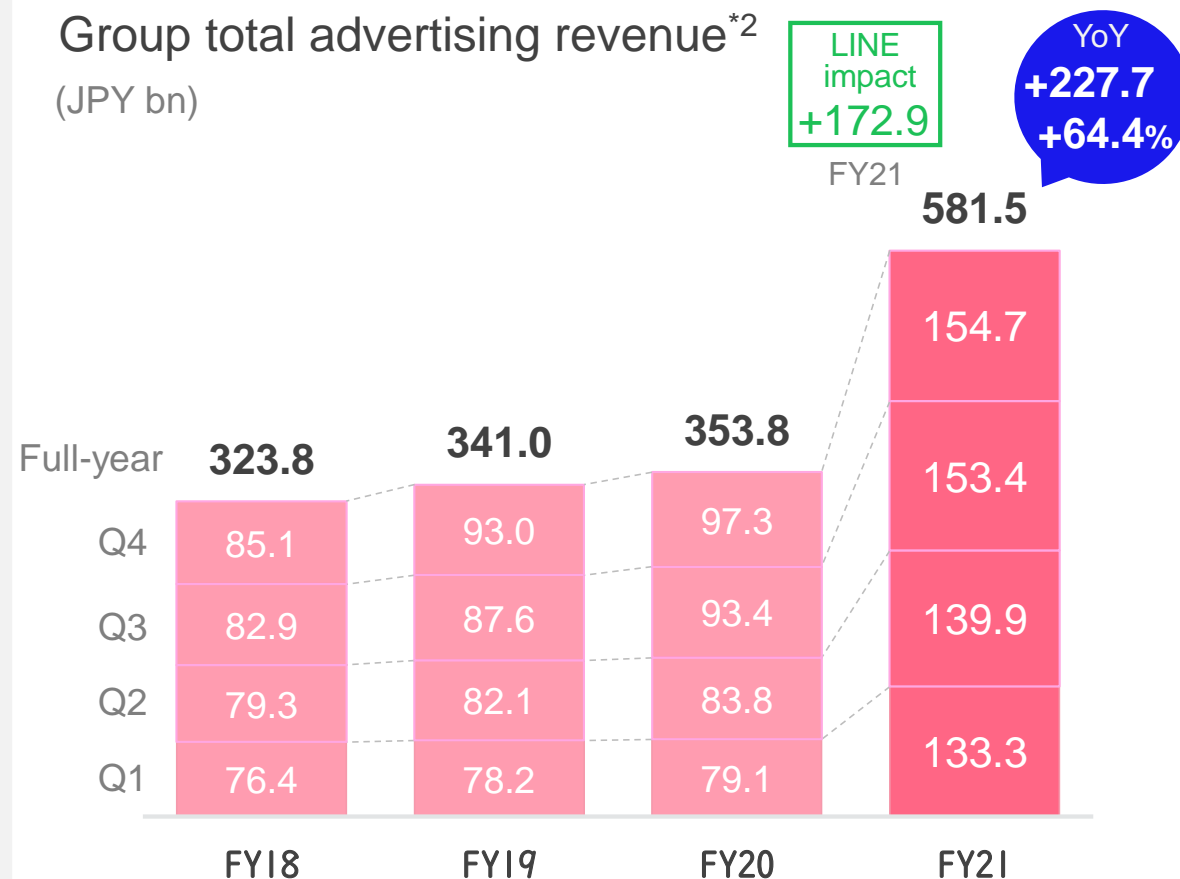
### EC Merchandise Transaction Value\*1

(JPY bn)



### Group total advertising revenue\*2

(JPY bn)

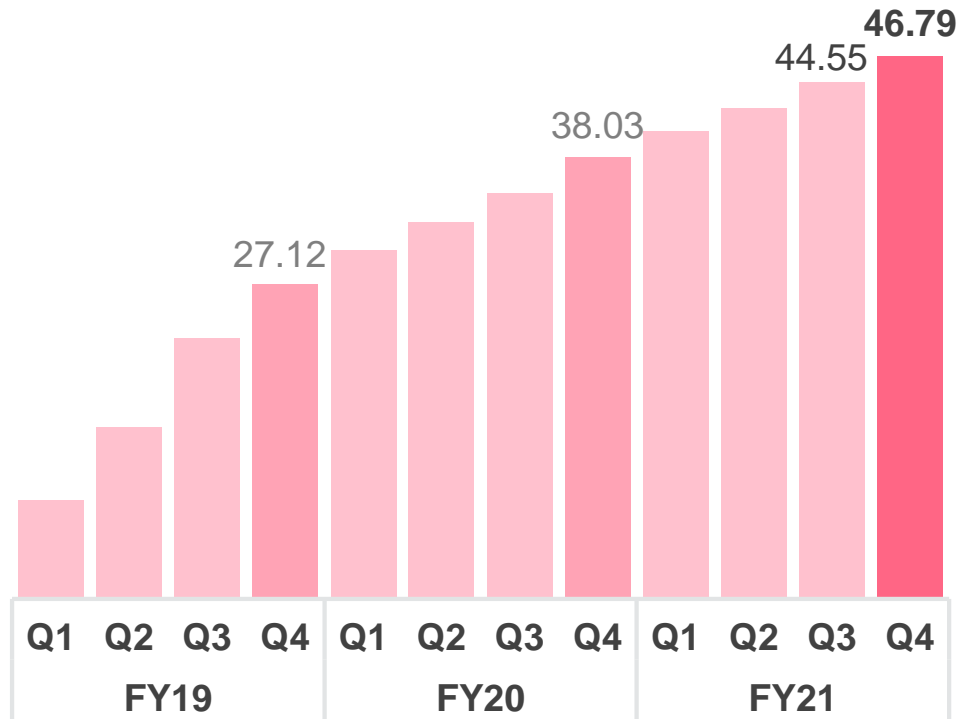


\*1: Includes transaction values of Shopping business, Reuse business, Other (Merchandise), ASKUL Corporation's BtoB-related revenue via Internet (closing date: 20th of every month)

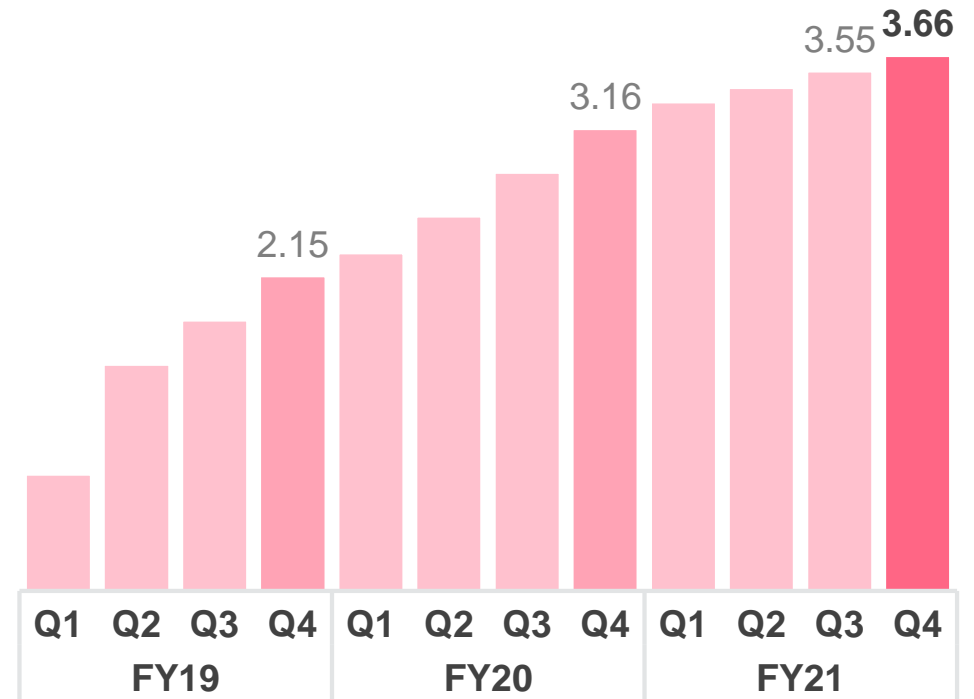
\*2: Total of Yahoo! JAPAN total advertising revenue and LINE total advertising revenue from Q1 FY21. Group total advertising revenue includes shopping-related advertising revenue of commerce and display advertising revenue, account advertising revenue and other advertising revenue.

## Registered users exceeded 46 mil and number of merchants continues to expand

Cumulative registered users\*<sup>1</sup>  
(Mil)



Number of merchants\*<sup>2</sup>  
(Mil)



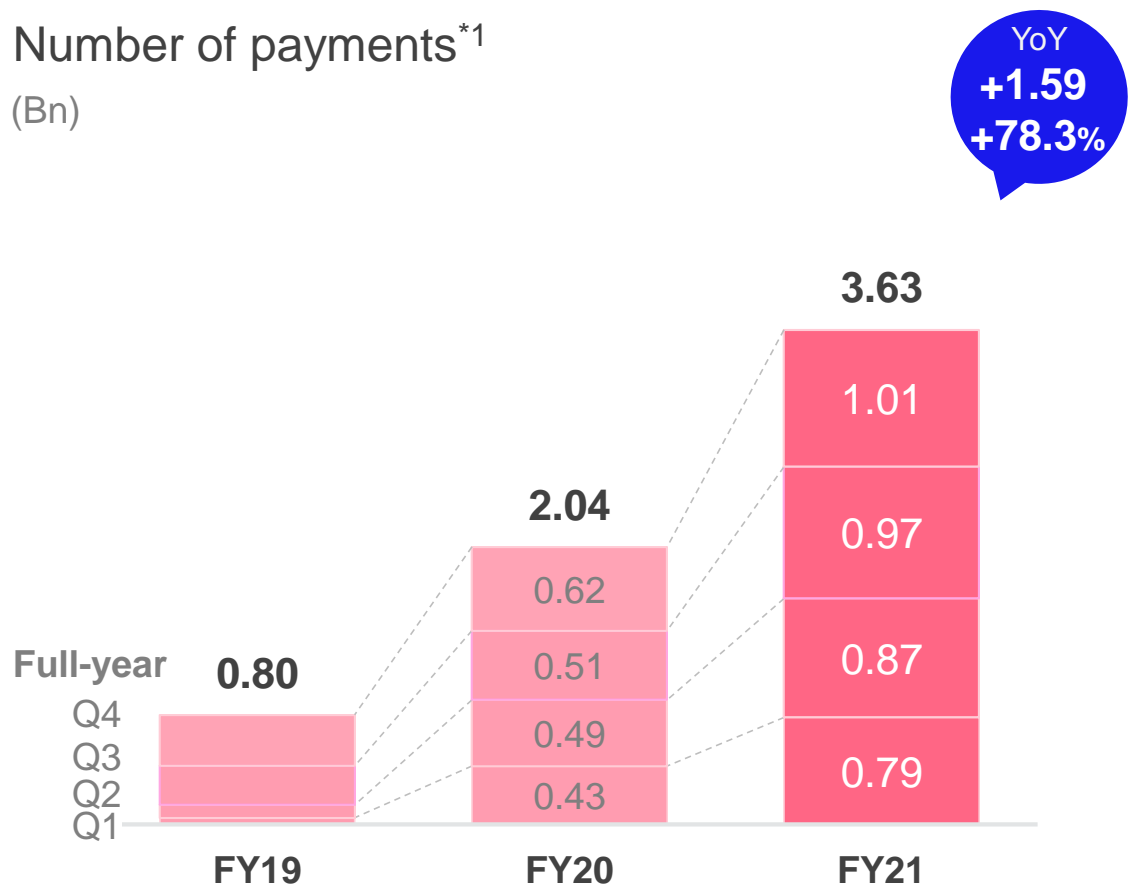
\*1: Number of accounts registered

\*2: Cumulative number of merchants registered with PayPay, including stores and taxis

# Number of payments exceeded 3.6 bn and GMV exceeded JPY 5.4 tn

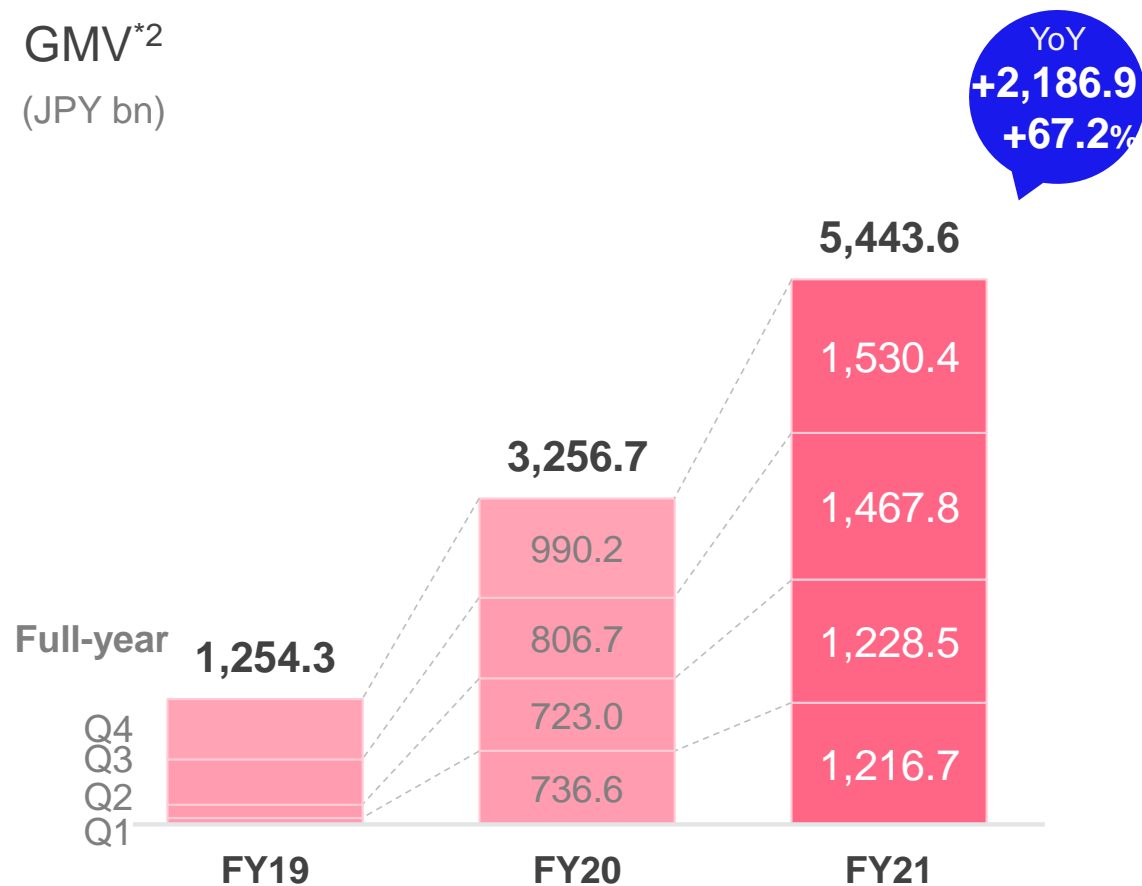
Number of payments\*<sup>1</sup>

(Bn)



GMV\*<sup>2</sup>

(JPY bn)



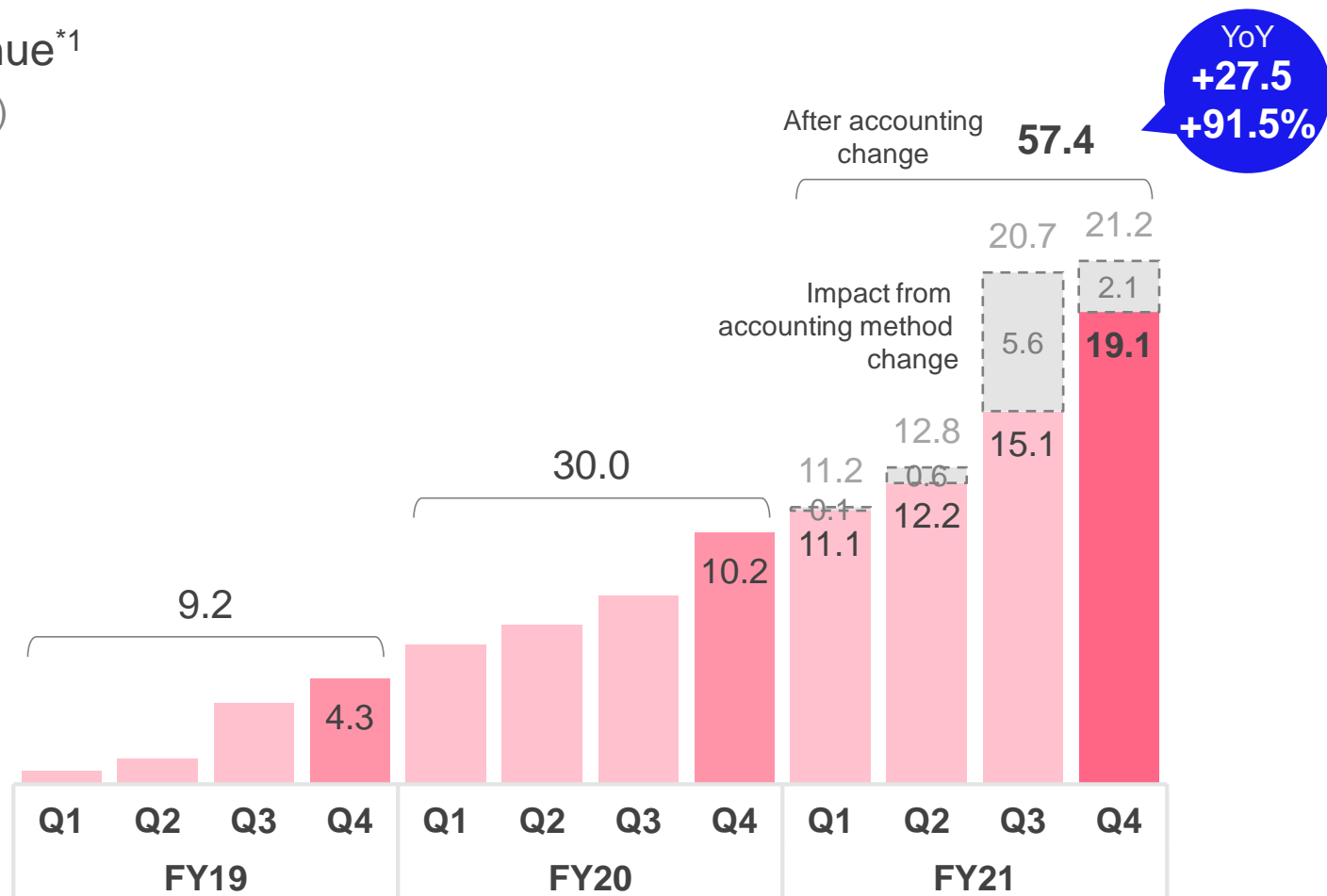
\*1: Does not include the number of times PayPay balance "send/receive" function is used between users or the number of payments made using Alipay app

\*2: PayPay transaction value (P2P transaction excluded)

## PayPay revenue increased due to GMV growth and start of charging payment system fees

Revenue\*1

(JPY bn)



- Started charging payment system fee for merchants with annual sales of JPY 1 bn or less from Oct 2021
- Rebate amount exceeding revenue was previously expenses, but changed to revenue deduction from FY21Q4. Major rebate impact from "3% to your account" campaign (Oct 2021 to Mar 2022) and others after FY21Q3

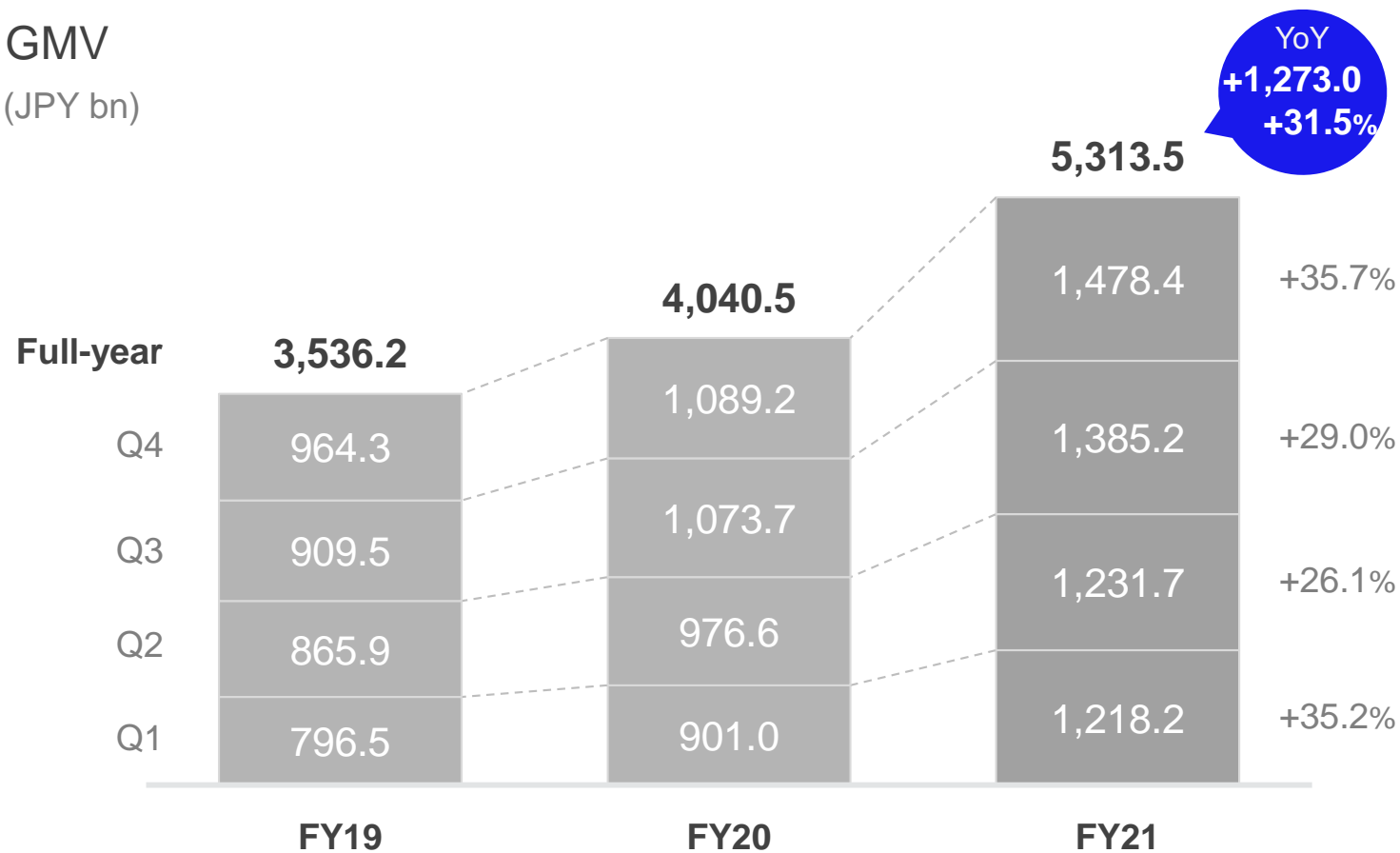
JPY bn	Q1	Q2	Q3	Q4	FY21
PayPay revenue without accounting change	11.2	12.8	20.7	21.2	65.9
After accounting change	11.1	12.2	15.1	19.1	57.4
PayPay revenue results (Reflecting accounting method change in Q4)	11.2	12.8	20.7	12.7	57.4

\*1: PayPay Corporation revenue is on a standalone basis. In PayPay Corporation's financial statements, the accounting treatment of rebates, etc. was changed from FY21Q4, but FY21Q1-Q4 net sales are presented assuming the same accounting treatment was applied from FY21Q1

# Double-digit growth in GMV continues

GMV

(JPY bn)



- Growth in group services such as PayPay, ZOZO, Satofull also contributed to increase in GMV
- Started providing settlement services to ZOZO in March 2021

- **Established Special Committee comprised of Independent External Directors (February 2022)**
  - ✓ To enhance corporate governance, for important transactions with controlling shareholders such as our parent company, Board-level deliberations will take the opinions of Independent External Directors into consideration, with a perspective of protecting minority shareholder interests
- **Strengthen 5G network through a social loan (March 2022)**
  - ✓ Raise up to JPY 35 bn for construction of 5G base stations
- **Inclusion in ESG index “FTSE Blossom Japan Sector Relative Index” (March 2022)**
  - ✓ Index used as a benchmark by Japan’s Government Pension Investment Fund (GPIF), designed to measure performance of Japanese companies that demonstrate strong ESG practices

## **② FY2022 Forecasts**

## Expect to achieve medium-term target of Operating Income of JPY 1 tn or more

(JPY bn)	FY21 Actual	FY22 Forecast	YoY	YoY%
Revenue	5,690.6	5,900.0	+209.4	+4%
Adjusted EBITDA <sup>*1</sup>	1,740.2	1,540.0	-200.2	-12%
Operating income	985.7	1,000.0 or more	+14.3 or more	+1% or more
Net income <sup>*2</sup>	517.5	530.0 or more	+12.5 or more	+2% or more
Dividends per share	86 yen	86 yen	-	-

- Revenue expected to exceed previous target of JPY 5.5 tn announced in August 2020
- Remain target of operating income of JPY 1 tn or more, net income of JPY 530 bn or more
- Dividends per share JPY 86. Maintain shareholder return policy of “no dividend reduction” and “Total shareholder return ratio of approx. 85% (FY20-FY22)<sup>\*3</sup>” announced in August 2020

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

\*2: Net income: net income attributable to owners of SoftBank Corp.

\*3: Total amount of dividends paid and treasury stock retired during FY20-FY22 / total amount of net income attributable to owners of SoftBank Corp. during FY20-FY22



## Growth in Enterprise and PayPay consolidation impact to overcome profit decline in Consumer

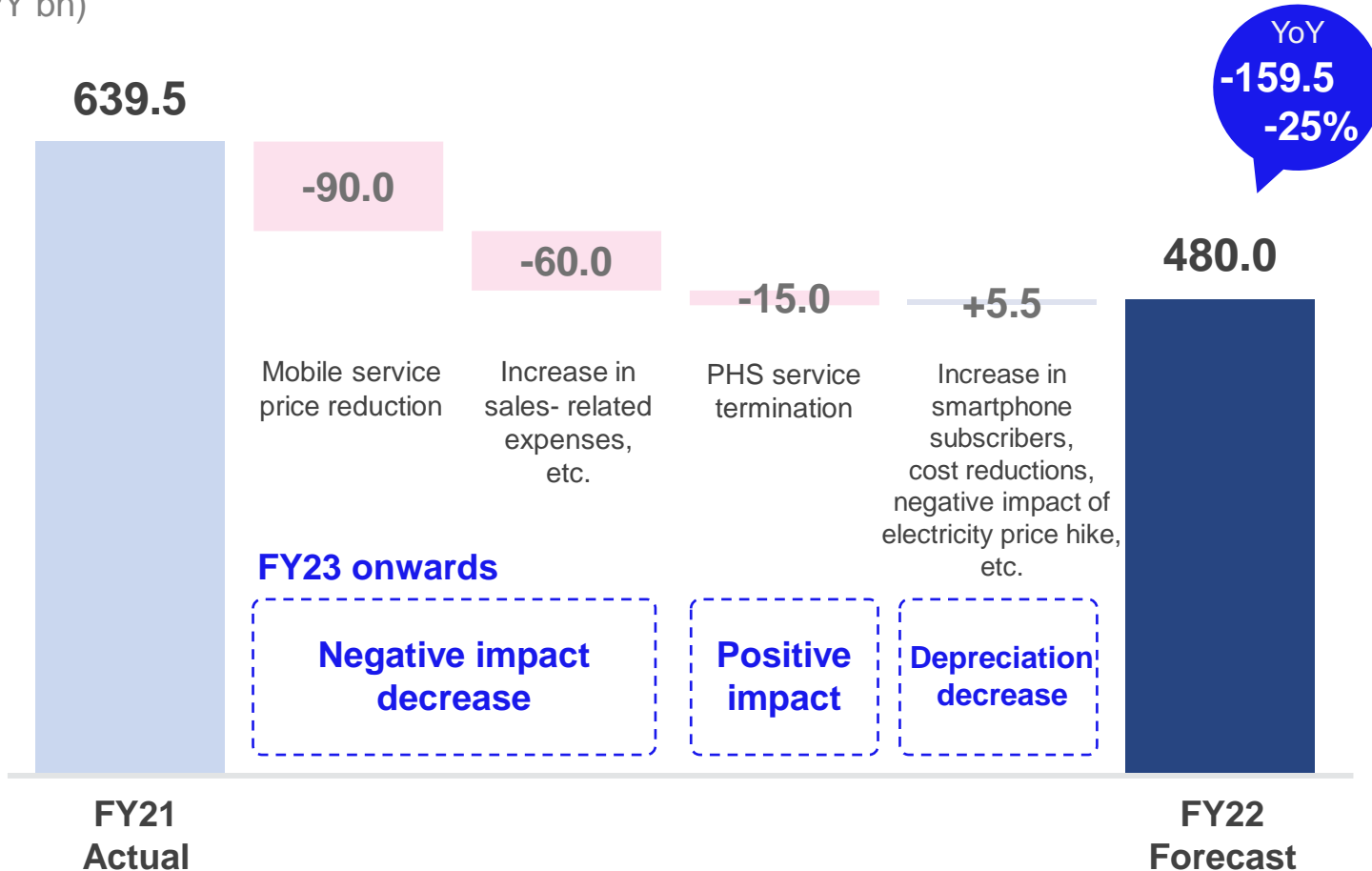
(JPY bn)	FY21 Actual	FY22 Forecast	YoY	YoY%
<b>Consumer</b>	<b>639.5</b>	<b>480.0</b>	<b>-159.5</b>	<b>-25%</b>
<b>Enterprise</b>	<b>128.5</b>	<b>150.0</b>	<b>+21.5</b>	<b>+17%</b>
<b>Distribution</b>	<b>22.9</b>	<b>23.5</b>	<b>+0.6</b>	<b>+3%</b>
<b>Yahoo! JAPAN/LINE and others (including PayPay consolidation impact)</b>	<b>194.9</b>	<b>346.5 or more</b>	<b>+151.6 or more</b>	<b>+78% or more</b>
<b>Total</b>	<b>985.7</b>	<b>1,000.0 or more</b>	<b>+14.3 or more</b>	<b>+1% or more</b>

- Consumer profit expected to decrease due to mobile service price reduction impact of JPY 90 bn and increase in sales-related expenses of JPY 60 bn
- PayPay consolidation impact\*<sup>1</sup> is expected to have a positive effect. All amounts are estimates and will be disclosed as soon as they are finalized
  1. Gain from remeasurement related to making PayPay a subsidiary
  2. Operating income/loss of PayPay after consolidation
  3. Amortization of identifiable intangible assets recognized as a result of making PayPay a subsidiary

\*1: The impact of PayPay consolidation includes estimated amounts of gain or loss on step acquisition of PayPay by the Company, operating income/loss of PayPay after making it a subsidiary, and amortization of identifiable intangible assets recognized as a result of making it a subsidiary. PayPay is expected to become a subsidiary of the Company upon the condition that both the Company and Yahoo Japan Corporation exercise all of their preferred stocks in PayPay. The exercise of the conversion right is dependent on a certain agreement being made among the shareholders of PayPay.

## Decrease due to mobile service price reduction impact and negative impact of increase in sales-related expenses

(JPY bn)

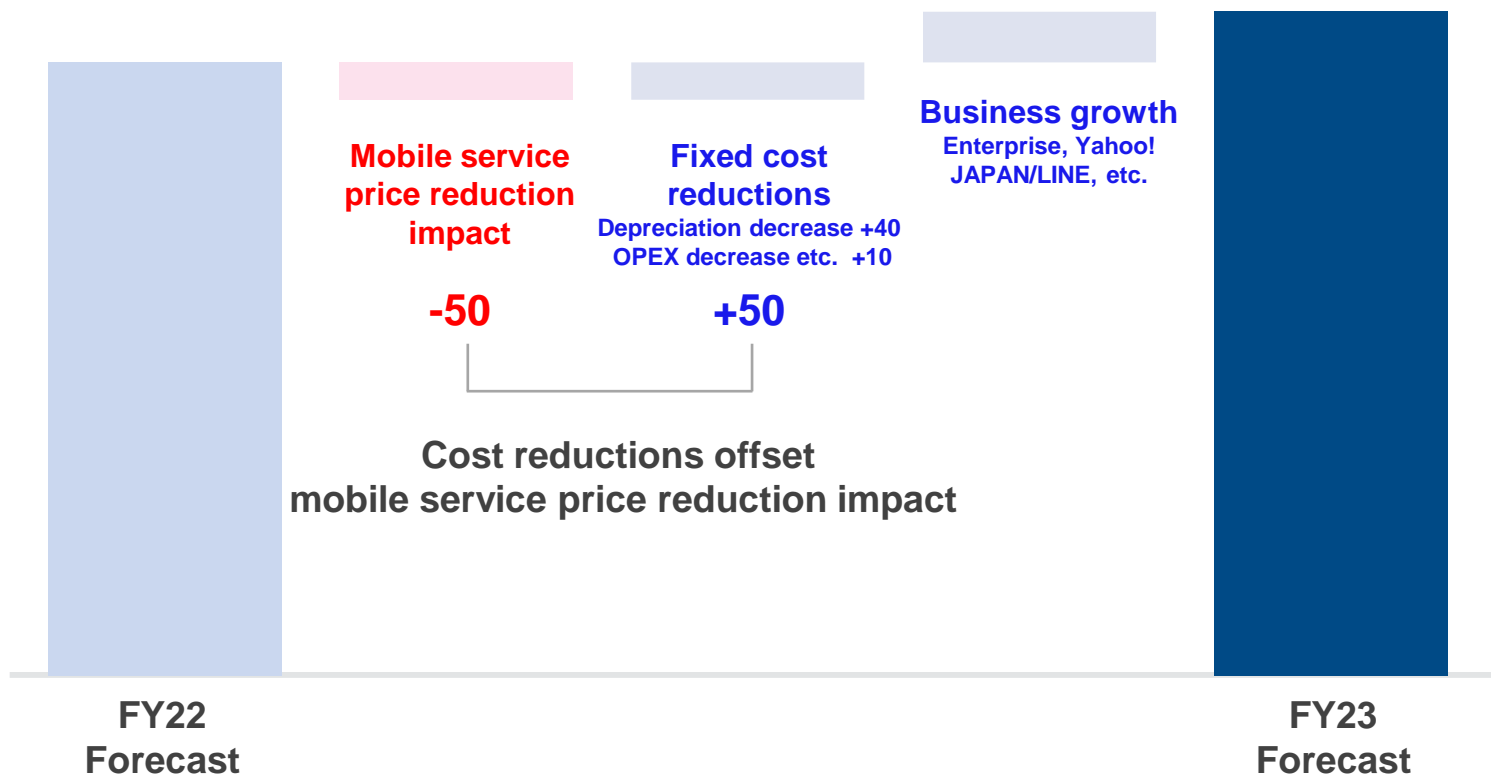


- Mobile service price reduction: Negative impact expected to increase to JPY -90 bn from -77 bn due to increase in new plan subscribers  
FY23: JPY -50 bn (estimated)
- Increase in sales-related expenses, etc.: JPY -40 bn out of -60 bn is non-cash from deferral effect. Sales-related expenses absolute amount in FY21 increased, but absorbed by deferral and past depreciation impact. However, FY22 will enter the phase of increase due to deferral effect.  
FY23 onwards: YoY increase will shrink
- PHS service termination: Impact of accelerated depreciation of base stations, etc.  
FY23 onwards: positive impact from service termination to show effect
- Profit growth from smartphone subs increase, cost reductions (efficient use of advertising expenses etc.), negative impact of electricity price hike, etc.  
FY23 onwards: depreciation to decrease

# **3 Our Plan for FY2023 and Beyond**

# Aim for operating income increase through organic business growth

(JPY bn)

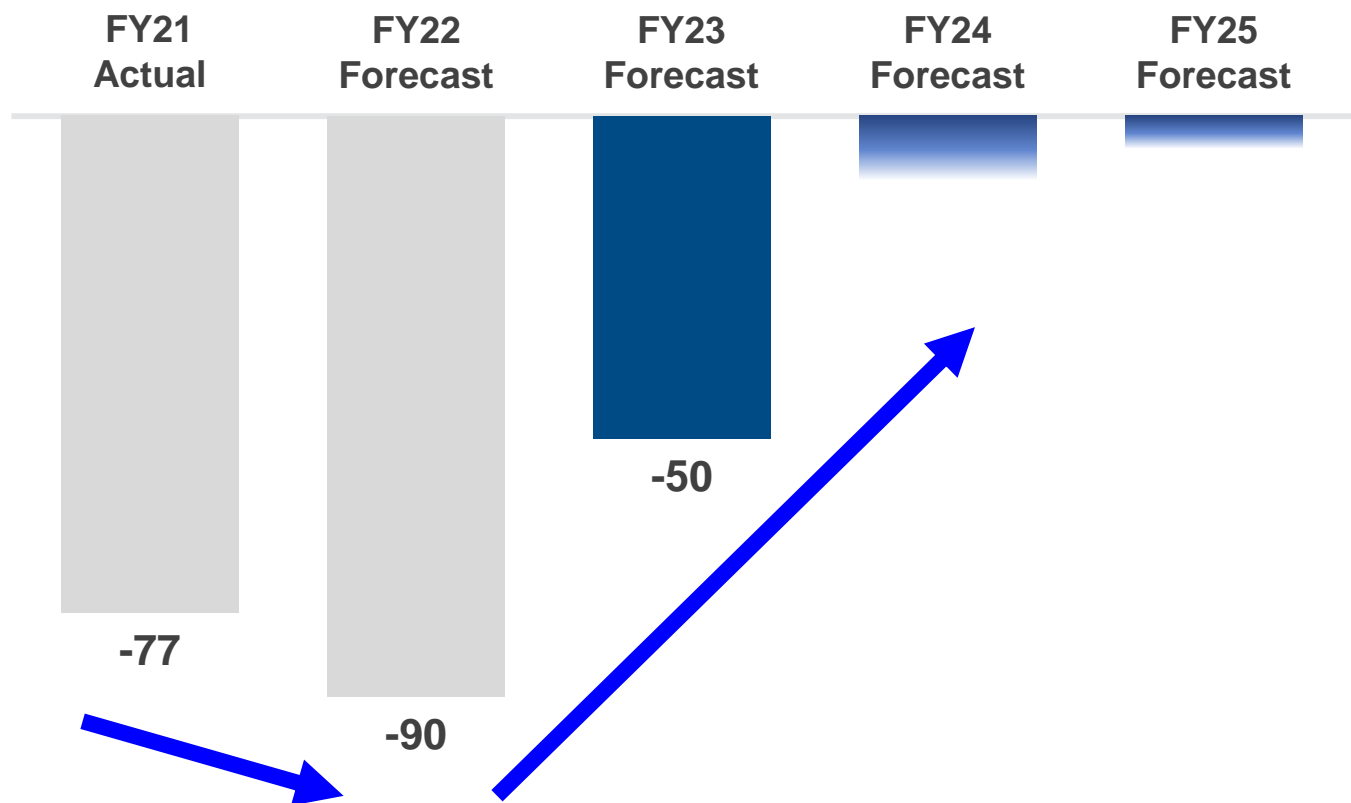


- Mobile service price reduction impact reduced from JPY -90 bn in FY22 to JPY -50 bn in FY23
- Depreciation costs expected to shrink due to the completion of depreciation of past large-scale CAPEX, as well as the effect of CAPEX reduction. In addition, we expect to reduce network OPEX through termination of PHS (termination March 2023) and ADSL (termination March 2024) services, etc.

# Impact expected to decrease significantly from FY2023 and beyond

Impact due to price reductions in spring 2021 (YoY)

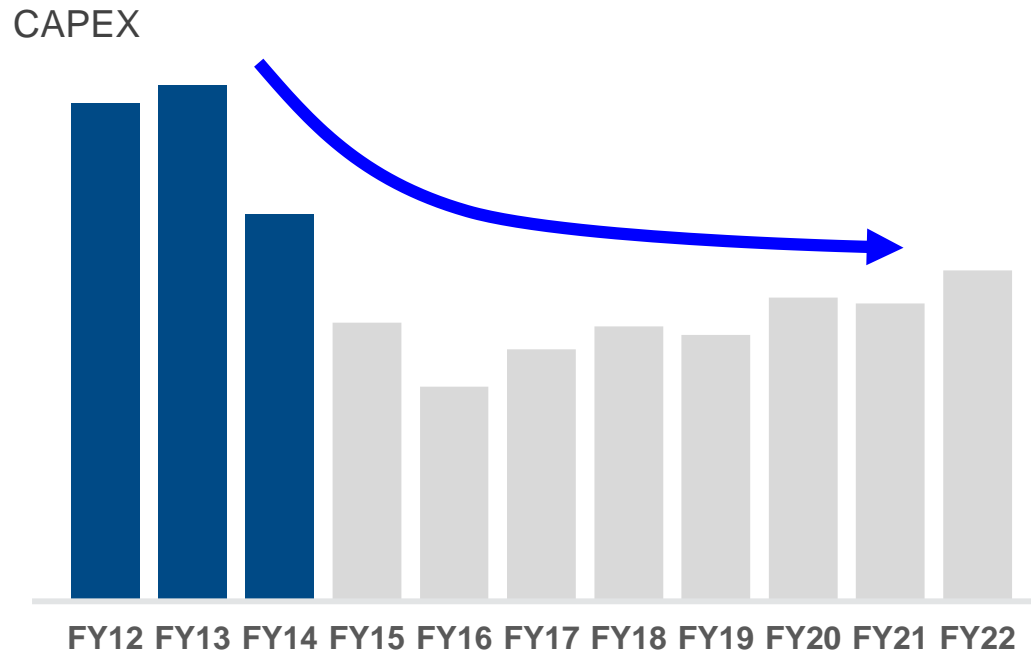
(JPY bn)



- Impact forecasted to expand to JPY -90 bn in FY22 due to an increase in new plan subscribers
- From FY23 and beyond, YoY impact expected to shrink due to the penetration of new plans

# Reduce fixed costs by reducing depreciation and network OPEX

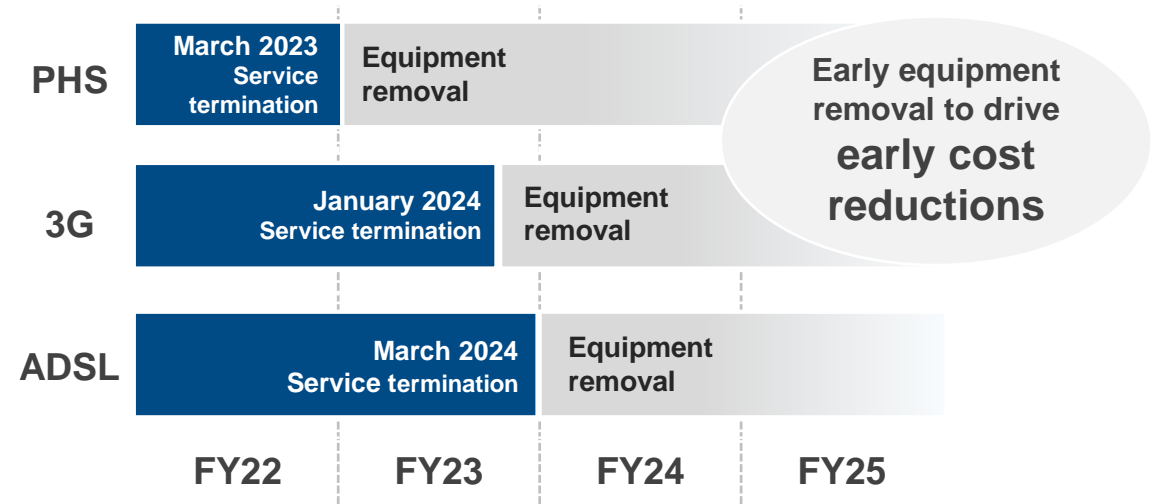
## Depreciation per past large-scale CAPEX ended Depreciation in decrease period



## Network OPEX decrease due to 3G/PHS/ADSL sunset

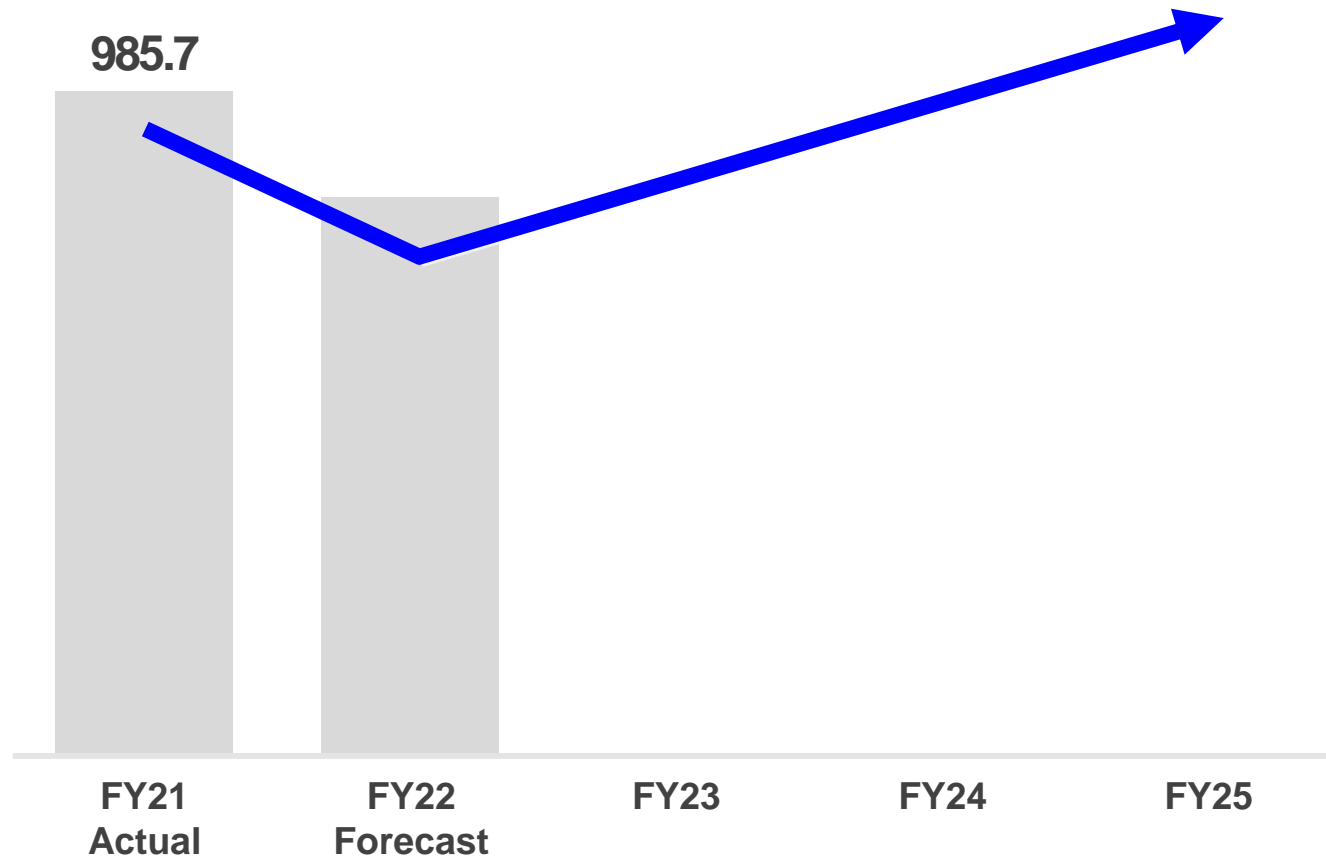
Cost for base stations, electricity and communication equipment, etc. expected to reduce

Approx. JPY **20 bn** (of which approx. JPY 4 bn expected in FY23)



## Operating income for business expected to bottom out in FY22

(JPY bn)



• Main drivers for improvements :

1. Revenue increase

- Growth in Enterprise, Yahoo! JAPAN/LINE

2. Reduction in negative factors

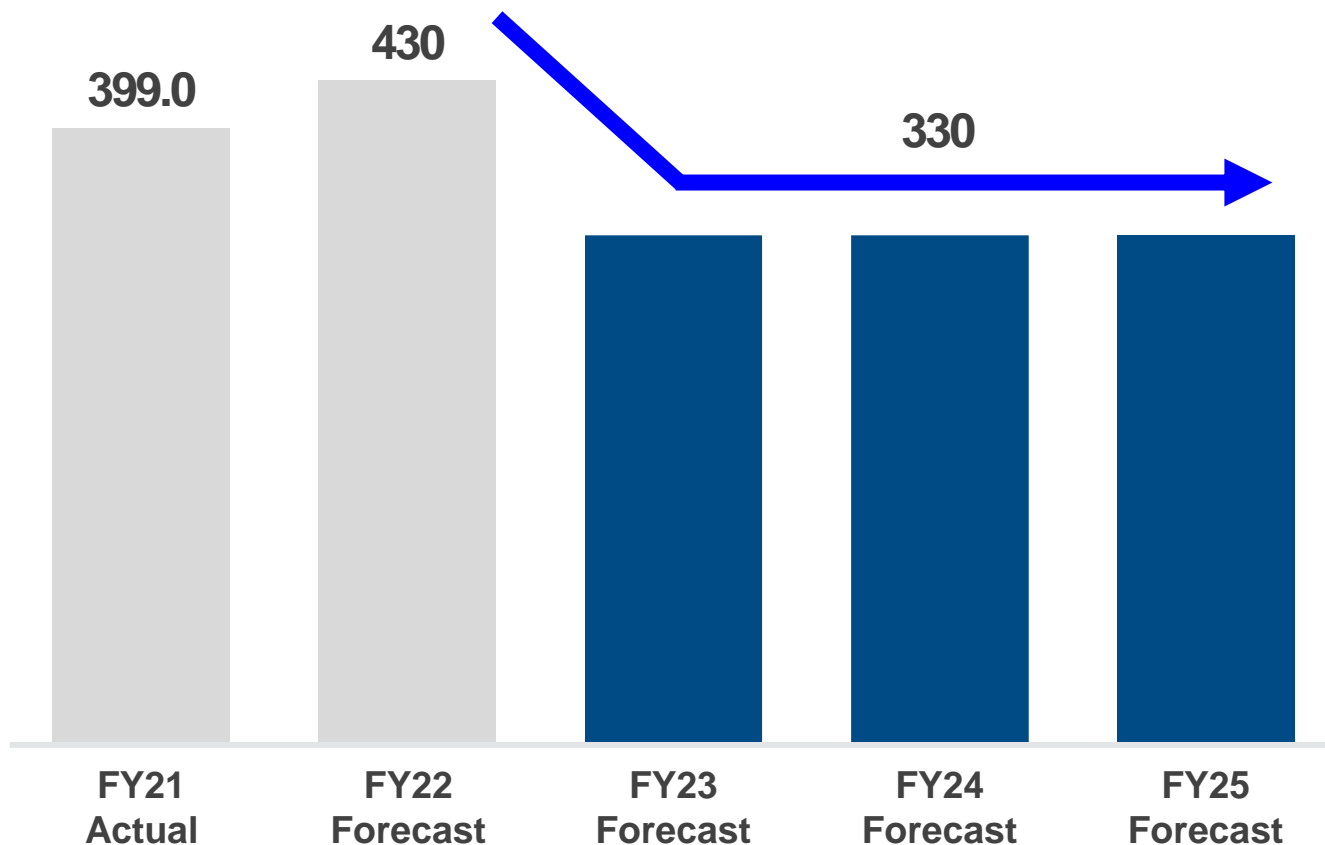
- Price reduction impact to fade out

3. Cost reductions

- Depreciation decrease
- Network OPEX decrease

**FY23 and beyond, investment for 5G expansion will complete its cycle and CAPEX will decrease by JPY 100 bn**

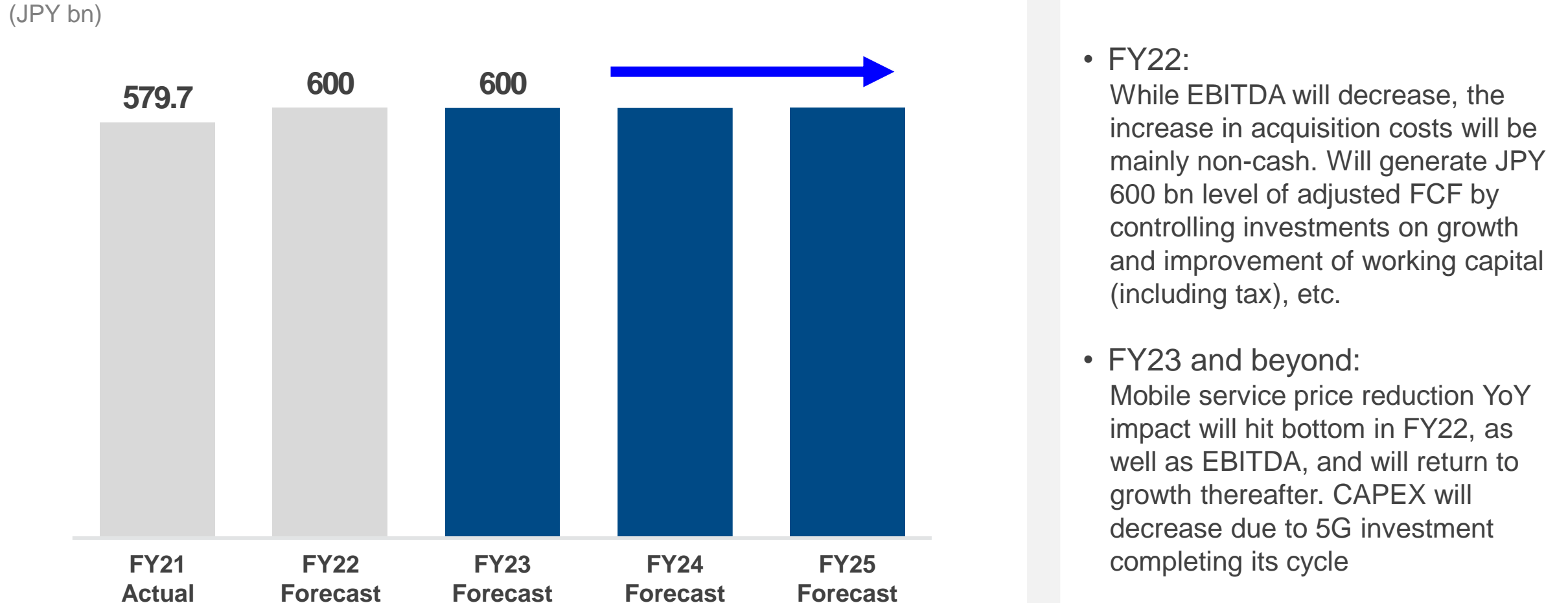
(JPY bn)



- Accelerated 5G investment will complete its cycle in FY22



## Generation of stable adjusted FCF at JPY 600 bn level



\* Adjusted FCF = FCF + (proceeds from the securitization of installment sales receivables – repayments thereof)

Excludes AHD and ZHD Group's FCF, impact of PayPay consolidation in FY22, and loans to Board Directors. Includes dividend payments from AHD

	FY2022 Forecast	Plan for FY2023 and Beyond
Operating income	Achieve JPY 1 tn operating income, medium-term target	Price reduction impact to fade out Income to increase with business growth (excluding PayPay consolidation impact)
CAPEX	Accelerate investment on further 5G deployment	Investment on 5G to complete its cycle, to reduce CAPEX significantly
Fixed Costs	Seek continuous cost efficiency	Depreciation decrease Network OPEX decrease etc.
Adjusted FCF*1	Forecast of JPY 600 bn	Stable at JPY 600 bn level
Shareholder Returns	Dividends per share: JPY 86	High shareholder returns

\*1: Adjusted FCF = FCF + (proceeds from the securitization of installment sales receivables – repayments thereof)

Excludes AHD and ZHD Group's FCF, impact of PayPay consolidation in FY22, and loans to Board Directors. Includes dividend payments from AHD

# APPENDIX

# Consolidated Statement of Income

(JPY bn)	FY20	FY21	Variance	Reasons for Variance
Revenue	5,205.5	5,690.6	+485.1	
Cost of sales	-2,701.8	-2,889.1	-187.3	
Gross profit	2,503.7	2,801.5	+297.7	
Selling, general and administrative expenses	-1,523.0	-1,836.8	-313.9	
Other operating income	-	23.5	+23.5	Gain on sale of YJFX, Inc. (now Gaika ex byGMO, Inc.), gain on loss of control of eBOOK Initiative Japan, etc.
Other operating loss	-10.0	-2.4	+7.6	
Operating Income	970.8	985.7	+15.0	
Share of gain / losses (-) of associates accounted for using the equity method	-45.5	-60.1	-14.6	Increase in share of losses of associates accounted for using the equity method due to impact of Demae-can Co., Ltd. and overseas associates of LINE accounted for using the equity method
Financing income	5.8	39.5	+33.7	Valuation gain on FVTPL
Financing costs	-73.4	-66.4	+6.9	Impairment loss of Loon in FY20
Gains on sales of equity method investments	3.9	8.9	+5.0	
Impairment loss on equity method investments	-13.9	-27.2	-13.3	FY20: Impairment loss of WeWork Japan GK FY21: Impairment loss of Demae-can Co., Ltd.
Profit before income taxes	847.7	880.4	+32.7	
Income taxes	-300.0	-296.4	+3.6	
Net income	547.7	584.0	+36.2	
Net income attributable to				
Owners of the Company	491.3	517.5	+26.2	
Non-controlling interests	56.4	66.4	+10.0	

# Consolidated Statement of Financial Position (Assets)

(JPY bn)	As of Mar 31, 2021	As of Mar 31, 2022	Variance	Reasons for Variance
Total assets	12,207.7	12,707.9	+500.2	
Current assets	4,033.8	4,131.1	+97.2	
Cash and cash equivalents	1,584.9	1,546.8	-38.1	Decreased due to the purchase of LINE (now AHD) shares less than one unit (-115.2), though there were increases in PayPay Card Corporation and PayPay Bank Corporation
Trade and other receivables	2,082.2	2,128.9	+46.7	
Other financial assets	144.9	194.0	+49.1	
Inventories	119.4	136.2	+16.8	
Other current assets	102.4	125.1	+22.7	
Non-current assets	8,173.9	8,576.8	+403.0	
Property, plant and equipment	1,248.9	1,491.8	+242.9	Increase in telecommunication facilities
Right-of-use assets	1,081.6	824.1	-257.5	Decrease from depreciation, lease-ups, etc.
Goodwill	1,254.7	1,257.9	+3.2	
Intangible assets	2,096.4	2,254.1	+157.7	Increase due to acquisition of trademarks related to Yahoo
Contract costs	248.2	332.2	+84.0	Increase in deferral amounts in sales related expenses due to amortization of the expenses over a certain period
Investments accounted for using the equity method	239.8	251.9	+12.2	
Investment securities	321.3	469.2	+147.9	Increase due to investment in PayPay, etc.
Investment securities in banking business	392.3	309.2	-83.0	
Other financial assets	1,129.9	1,236.2	+106.4	Increase in housing loan balance of PayPay Bank Corporation, increase in loans to Board Directors, etc.
Deferred tax assets	55.2	48.8	-6.5	
Other non-current assets	105.7	101.4	-4.3	

\* The figures as of Mar 31, 2021 have been adjusted retrospectively due to the finalization of provisional accounting treatment for business combinations

# Consolidated Statement of Financial Position (Liabilities)

(JPY bn)	As of Mar 31, 2021	As of Mar 31, 2022	Variance	Reasons for Variance
Total liabilities	9,470.6	9,819.6	+349.0	
Current liabilities	5,293.6	5,342.8	+49.1	
Interest-bearing debt	2,000.5	2,036.6	+36.1	
Trade and other payables	1,624.0	1,462.6	-161.4	Decrease due to payment of accrued liabilities related to the purchase of shares of LINE (now AHD) that were less than one unit, deconsolidation of YJFX, Inc. (now Gaika ex byGMO, Inc.)
Deposits for banking business	1,165.6	1,406.2	+240.6	Increase in deposits at PayPay Bank Corporation
Contract liabilities	107.6	104.3	-3.3	
Other financial liabilities	4.9	3.4	-1.5	
Income taxes payable	195.9	125.1	-70.8	
Provisions	17.7	26.3	+8.6	
Other current liabilities	177.4	178.3	+0.9	
Non-current liabilities	4,177.0	4,476.8	+299.8	
Interest-bearing debt	3,692.1	3,962.9	+270.8	Interest-bearing debt increased due to 210.0 in bonds issued by SoftBank and 100.0 in bonds issued by ZHD, borrowings of 200.0 for the purpose of securing operating funds at SoftBank, despite the decrease in the contracted repayment of long-term borrowings
Other financial liabilities	34.0	29.8	-4.2	
Provisions	106.1	99.5	-6.6	
Deferred tax liabilities	297.9	319.3	+21.4	
Other non-current liabilities	46.9	65.2	+18.4	

# Consolidated Statement of Financial Position (Equity)

(JPY bn)	As of Mar 31, 2021	As of Mar 31, 2022	Variance	Reasons for Variance
Total equity	2,737.1	2,888.3	+151.2	
Equity attributable to owners of the Company	1,535.7	1,675.2	+139.5	
Common stock	204.3	204.3	-	
Capital surplus	363.8	366.1	+2.3	-403.7 from dividend payments by SoftBank and +517.5 from net income
Retained earnings	1,066.2	1,167.9	+101.7	Exercise of stock options
Treasury stock	-134.2	-106.5	+27.8	
Accumulated other comprehensive income	35.6	43.4	+7.7	
Non-controlling interests	1,201.4	1,213.1	+11.8	

Shareholders' equity ratio <sup>*1</sup>	12.6%	13.2%	+0.6%	
Ratio of total equity to total asset	22.4%	22.7%	+0.3%	

\*1: Shareholders' equity ratio = total equity attributable to owners of the Company ÷ total assets

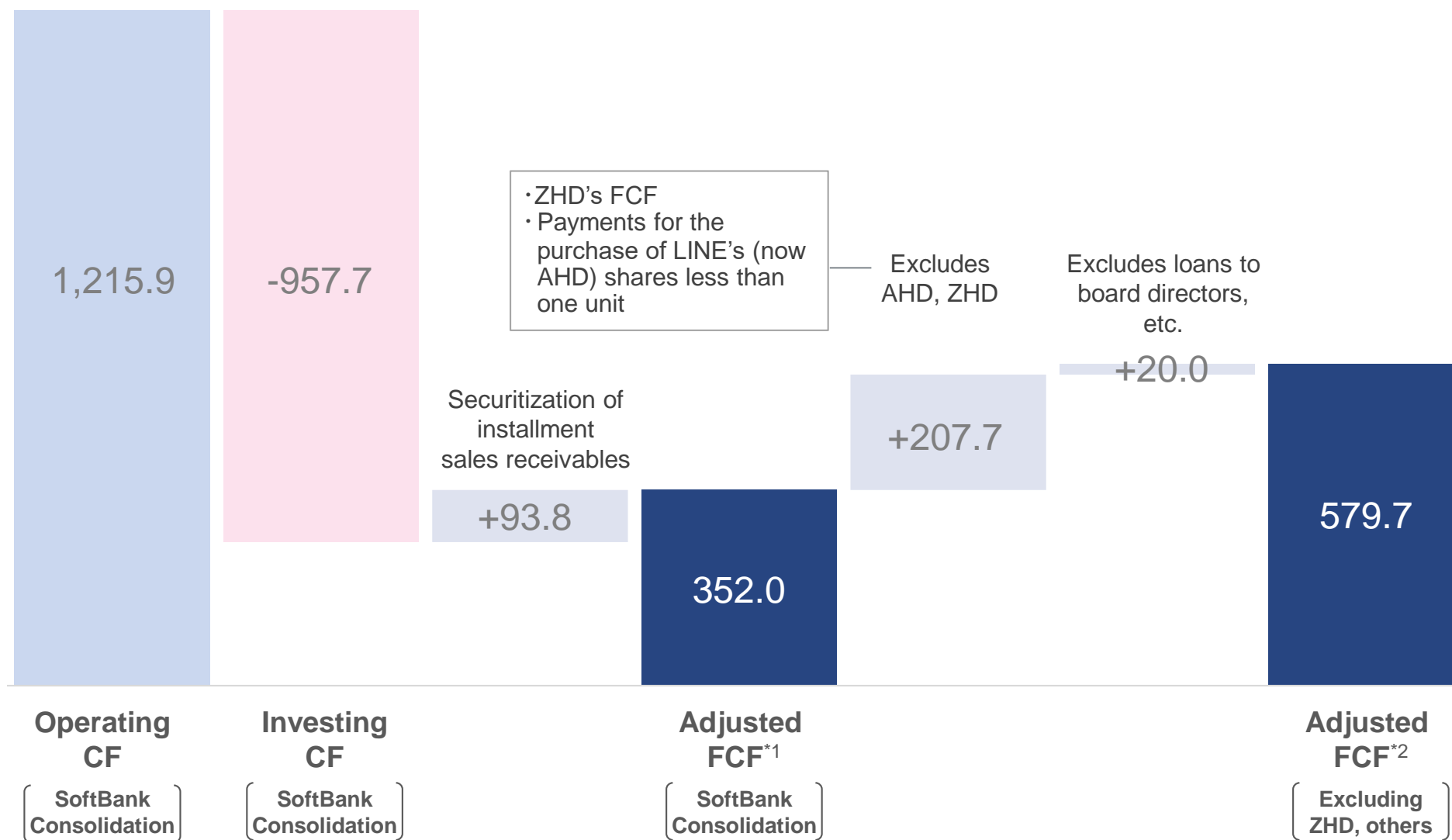
# Consolidated Statement of Cash Flows

(JPY bn)	FY20	FY21	Reasons for Variance
Cash flows from operating activities	1,338.9	1,215.9	
Net income	547.7	584.0	
Depreciation	696.3	723.4	
Change in working capital	-122.3	-174.3	Mainly from decrease in outflows associated with increase in trade and other receivables
Interest paid	-59.2	-63.4	
Income taxes paid/refunded	-273.6	-339.5	Decrease due to payment of withholding income tax on dividends between group companies in ZHD in Q1 FY20
Other	550.0	485.7	Decrease in relation to deposits and loans in the banking business
Cash flows from investing activities	-511.3	-957.7	
Purchases of/proceeds from sales of property, plant and equipment and intangible assets	-470.4	-707.1	Impact of acquisition of trademarks related to Yahoo
Proceeds from sales/redemption of investments	-263.4	-289.4	Payments for the purchase of LINE's (now AHD) shares less than one unit
Proceeds from obtaining control of subsidiaries	303.2	-1.3	Acceptance of cash balance from consolidation of LINE in FY20
Other	-80.7	40.0	Mainly decrease in outflows associated with purchase of investment securities in the banking business
Cash flows from financing activities	-388.5	-305.1	
Proceeds from interest-bearing debt	2,429.2	2,075.5	210.0 in bonds issued by SoftBank and 100.0 in bonds issued by ZHD, borrowings of 200.0 for the purpose of securing operating funds at SoftBank, issuance of commercial paper by subsidiaries,
Repayment of interest-bearing debt	-2,600.5	-1,905.6	Scheduled repayment
Net increase/decrease of short-term interest-bearing debt	315.0	-16.9	
Cash dividends paid	-405.5	-403.6	
Cash dividends paid to non-controlling interests	-30.8	-64.2	
Other	-95.9	9.8	Purchase of treasury stock of -100.0 in FY20
Effect of exchange rate changes on cash and cash equivalents	1.9	8.7	
Cash and cash equivalents at the beginning of the period	1,143.8	1,584.9	
Cash and cash equivalents at the end of the period	1,584.9	1,546.8	
Adjusted free cash flow	830.8	352.0	



# Adjusted FCF (FY21)

(JPY bn)



· ZHD's FCF  
· Payments for the purchase of LINE's (now AHD) shares less than one unit

Excludes AHD, ZHD

Excludes loans to board directors, etc.

\*1: Adjusted FCF (SoftBank Consolidation) = FCF + (proceeds from the securitization of installment sales receivables – repayments thereof)

\*2: Excludes AHD and ZHD Group's FCF and loans to Board Directors, etc., and includes dividends received from AHD

# Subsidiaries (1/2)

319 group companies at the end of Mar 2022 (of which, 245 subsidiaries and 74 affiliate\*<sup>1</sup> companies)

Segment	Company Name	Ratio of Voting Rights Held	Business Description
Consumer	Wireless City Planning Inc.	31.8%	Telecommunication services (Economic interests: 99.5%)
	WILLCOM OKINAWA, Inc.* <sup>2</sup>	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.	100.0%	Construction and operation related to telecommunications
	eMnet Japan co. ltd.	41.4%	Internet advertising business
Distribution	SB C&S Corp.	100.0%	Distribution and sales of IT-related products, provision of IT-related services
Yahoo! JAPAN/LINE	Z Holdings Corporation	64.8%	Holdings company
	Yahoo Japan Corporation	100.0%	E-commerce, internet advertising business
	LINE Corporation	100.0%	Provision of content services, advertising, and financial services based on LINE
	ZOZO, Inc.	51.0%	Operation of an e-commerce fashion website, distribution of private brand, operation of fashion media
	Ikyu Corporation	100.0%	Operation of internet sites that provide reservation services for high-end hotels and restaurants, etc.
	PayPay Card Corporation* <sup>3</sup>	100.0%	Credit card, card loan, credit guarantee business
	ASKUL Corporation	45.0%	Mail-order service of office-related products and other delivery services
	PayPay Bank Corporation* <sup>4</sup>	46.6%	Banking business
ValueCommerce Co., Ltd.	52.0%	Advertisement business, CRM business	

Blue: listed company

\*1: Affiliate companies include joint ventures

\*2: WILLCOM OKINAWA, Inc. was dissolved on April 1, 2022 as a result of an absorption-type merger with the Company as the surviving company

\*3: PayPay Card Corporation changed its trade name from YJ Card Corporation on October 1, 2021

\*4: PayPay Bank Corporation changed its trade name from The Japan Net Bank, Limited on April 5, 2021

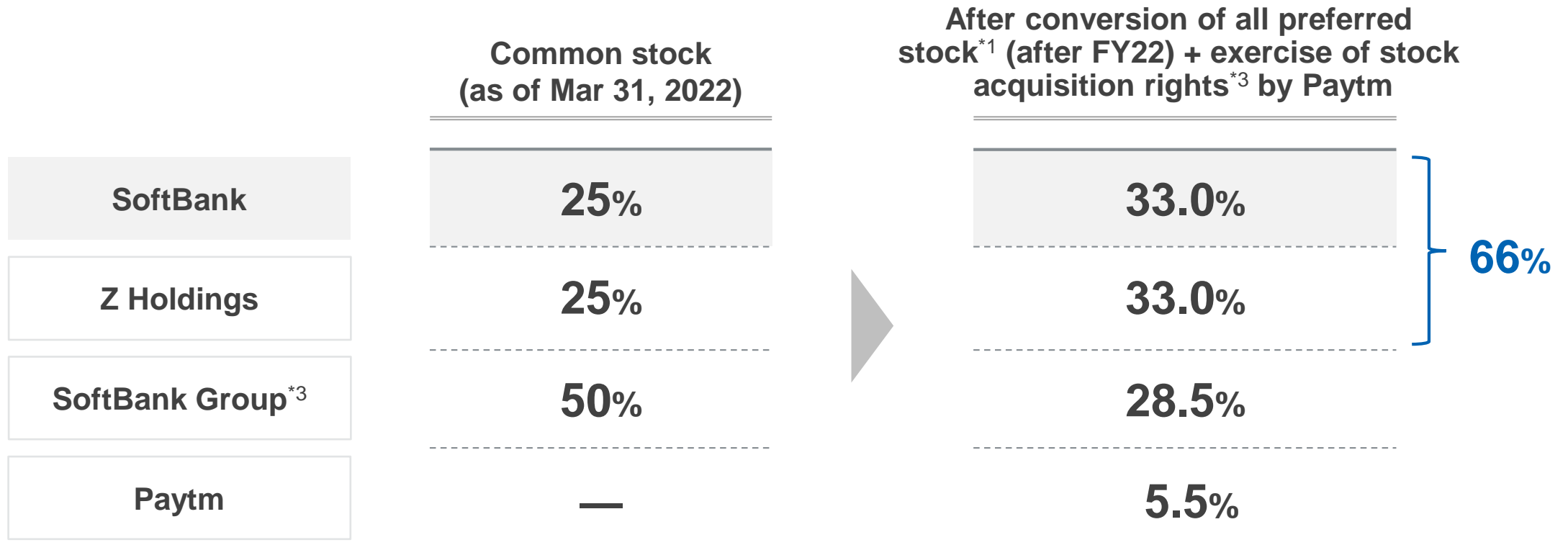
Segment	Company Name	Ratio of Voting Rights Held	Business Description
Other	<b>HAPSMobile Inc.</b>	100.0%	R&D and manufacturing of network equipment for HAPS business
	<b>SB Payment Service Corp.</b>	100.0%	Payment processing
	<b>PayPay Securities Corporation</b>	51.0%	Securities business specializing in smartphones
	<b>SB Media Holdings Corp.</b>	100.0%	Intermediate holdings company that owns ITmedia Inc.
	<b>ITmedia Inc.</b>	52.6%	Operation of comprehensive IT information site ITmedia
	<b>SB Players Corp.</b>	100.0%	Solution services for government
	<b>SB Technology Corp.</b>	53.0%	Cloud service, security monitoring service, provision of IoT solution
	<b>Vector Inc.</b>	42.4%	Sales of download licenses for PC software and advertising sales
	<b>Cybertrust Japan Co., Ltd.</b>	58.4%	IoT, Linux/OSS, certification authority and security business

Blue: listed company

Segment	Company Name	Ratio of Voting Rights Held	Business Description
Affiliate companies	<b>PayPay Corporation</b>	50.0%	Development and offering of electronic payment services such as mobile payment
	<b>WeWork Japan G.K.</b>	25.0%	Provision of co-working spaces
	<b>J.Score CO., LTD.</b>	50.0%	FinTech services using AI-scoring
	<b>Geniee, Inc.</b>	31.3%	Marketing technology business
	<b>Demae-can Co., Ltd.</b>	37.1%	Operation of website "Demae-can" and related businesses

Blue: listed company

## Ratio of Voting Rights



\*1 : Preferred stock can be converted to common stock after April 2022. The exercise of such conversion rights is subject to agreement among the shareholders of PayPay

\*2 : Transferred to SoftBank Vision Fund 2 under SoftBank Group in December 2021

\*3 : Issued to Paytm at the end of September 2020 and exercisable from the end of the same month

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SoftBank