

Anticipating the Future, Leading the Era

Throughout its history, SoftBank has evolved in tandem with the evolution of telecommunications technology. Particularly since entering the mobile communications business, we have been creating innovative, customer-focused services and leading the development of telecommunications services in Japan. For example, we introduced *White Plan*, which enables free calls between SoftBank subscribers at certain times of the day, and we acquired exclusive sales rights for iPhone. Going forward, SoftBank will earn further customer endorsement by continuing to take on far-sighted innovation and by delivering services that satisfy even more customers.

Innovative Services

Launching the Yahoo! BB High-speed Broadband Service

In an era when the high expense and slow speed of internet services in Japan were often bemoaned, we began offering the most inexpensive and high-speed internet service in the world at the time, thereby contributing greatly to the penetration of the internet in Japan.



Entering the Mobile Communications Business and Launching White Plan

We entered the mobile communications business through the acquisition of Vodafone K.K. In 2007, the Company revolutionized Japan's telecommunications industry by marketing *White Plan*, a flat-rate voice call plan enabling free calls between SoftBank subscribers from 1 a.m. to 9 p.m.



Starting Sales of iPhone as Sole Domestic iPhone Distributor

Direct negotiations with U.S. company Apple Inc. conducted by then president of the Company Masayoshi Son succeeded, and the Company was able to begin selling iPhone 3G ahead of other carriers in Japan. This played a major role in triggering Japan's iPhone boom.



Rolling Out Y!mobile

Ahead of competitors, we began catering to diversifying customer demand by offering *Y!mobile* as an inexpensive second brand with undiminished communication quality.



Marketing High-volume, Flat-rate Data Plans

To provide customers with stress-free internet use and video viewing, we rolled out 20 GB high-volume flat-rate data plan, *Giga Monster* in 2016, and *Ultra Giga Monster*, added capacity up to 50 GB in 2017. followed by *Ultra Giga Monster Plus*, which, in addition to granting 50 GB of data, allows subscribers unlimited use of certain video services and social networking services (SNS).

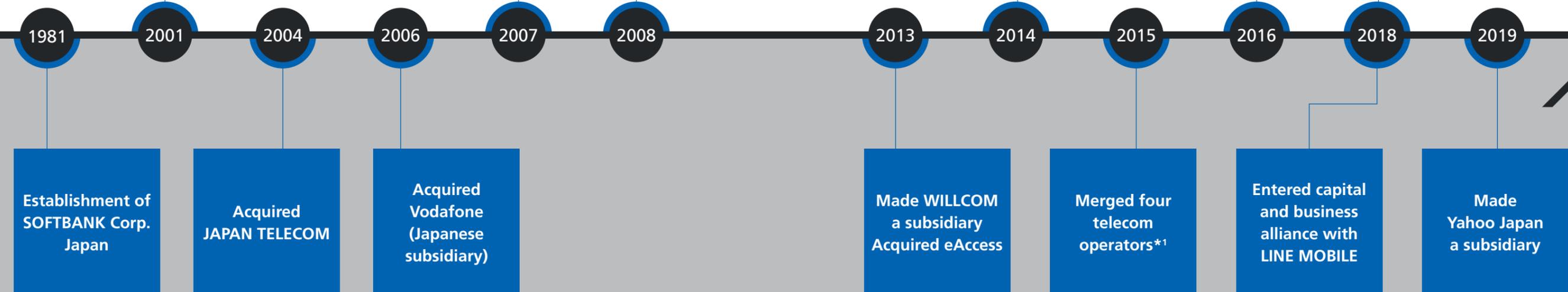


Introducing LINE MOBILE Services

SoftBank added *LINE MOBILE* as a third brand by entering into a capital and business alliance with LINE MOBILE Corporation. This brand has gained strong support, mainly among young customers who use SNS frequently.



An Expanding Business Base



Notes: iPhone is a trademark of Apple Inc., registered in the United States and other countries. TM and © 2019 Apple Inc. All rights reserved.
On October 1, 2019, Yahoo Japan Corporation transitioned to a holding company structure through a company split (absorption-type company split) and changed its trade name to Z Holdings Corporation. For convenience, however, "Yahoo Japan" is used in this report.
*1 The four companies were SoftBank Mobile Corp., SoftBank BB Corp., SoftBank Telecom Corp., and Ymobile Corporation.

Aiming to Become a Company that Drives the Information Revolution to Make the World a Better Place

Ken Miyauchi

President & CEO
SoftBank Corp.



My Vision as CEO

Surpassing Operating Income of ¥1 Trillion

As I mentioned in my introduction to this report, SoftBank belongs to an industry characterized by extremely high-paced technological evolution. In the past 20 years, the ICT industry has seen the emergence of a series of new technologies for PCs, the internet, mobile phones, and smartphones, all of which have spread worldwide with an explosive speed. As technology evolves on an almost daily basis, companies must constantly change the arenas in which they compete. Unfortunately, there are many examples of companies whose success in one era has in fact hampered their ability to remain competitive in the next paradigm shift and resulted in their being overtaken by newcomers.

Amid these conditions in the ICT industry, SoftBank has grown swiftly by being the first to identify shifts in technology and by creating a stream of new business models and new products and services with added value. For example, anticipating the advent of the internet era, in September 2001 we launched *Yahoo! BB*, which provided a high-quality, high-speed broadband service at an affordable price. Thanks to the pioneering sales methods of our “parasol” promotional team, the number of *Yahoo! BB* subscribers grew exponentially. As a result, the service became instrumental in Japan’s creation of one of the world’s most advanced internet environments. Similarly, we ushered in the spread of smartphones in Japan by foreseeing the mobile internet era and successfully obtaining exclusive sales rights to the popular iPhone 3G from U.S.

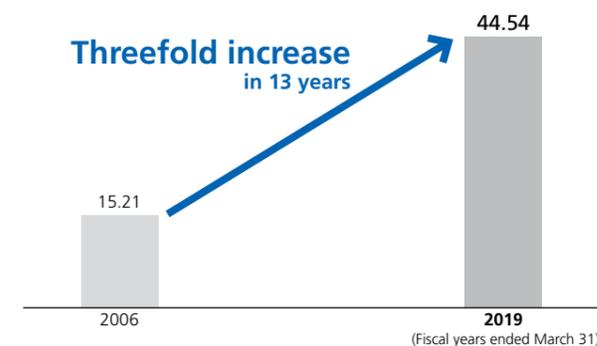
company Apple Inc. in July 2008. Since SoftBank entered the mobile business by acquiring Vodafone K.K. 13 years ago, the Company has tripled subscribers and increased its operating income by a factor of 10.

At present, we are on the threshold of a new era—the AI and Internet of Things (“IoT”) era. We are already within reach of the era in which all manner of things will be connected to IoT. Moreover, AI will use the huge volumes of IoT-generated data to conduct analysis and formulate predictions. At a stroke, ways of doing business and industrial processes will be transformed. Consequently, change on a scale never experienced before is set to sweep through society more swiftly than when smartphones became ubiquitous in the previous era. SoftBank takes pride in the fact that it has always remained abreast of new technology and leveraged each paradigm shift to grow further. For this reason, we see the forthcoming paradigm shift in the AI and IoT era as a major opportunity for additional growth.

I just mentioned that we have grown operating income tenfold in 13 years. However, I have absolutely no intention of halting here. Within a few years, we will reach the ¥1 trillion operating income target announced in May 2019. Actually, for employees we have set the bar for operating income even higher. I have formulated these targets because the role of a business leader is to establish an overriding vision and then show how to achieve it.

Mobile Subscribers

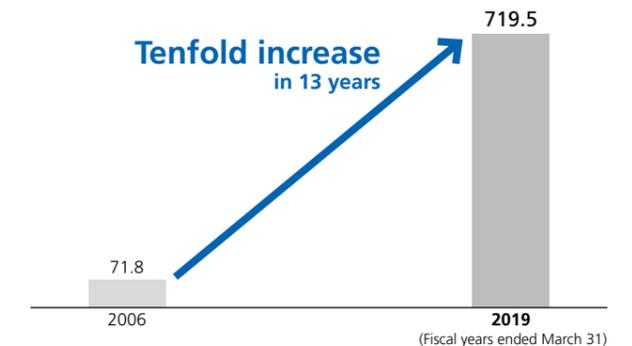
(Millions of subscribers)



Note: Figures include main subscribers (smartphones, feature phones, tablets, mobile data communications devices, *Wireless Home Phone*, and others), communication modules and others, and PHS (Personal Handy-phone System).

Operating Income

(Billions of yen)



Note: Figures for the fiscal year ended March 31, 2006 are the aggregate of Vodafone K.K. and the Broadband Infrastructure and Fixed-line Telecommunications segments of SoftBank Group Corp. (SoftBank Corp. at the time) and are based on JGAAP.

Management Strategy

Rigorously Pursuing Our Growth Strategy and Structural Reform

Junctures between eras always bring opportunities and risks. I firmly believe such times call for corporate management that simultaneously pursues a growth strategy and structural reform in an uncompromising manner. With this in mind, I will now turn to SoftBank's growth strategy and structural reform plans.



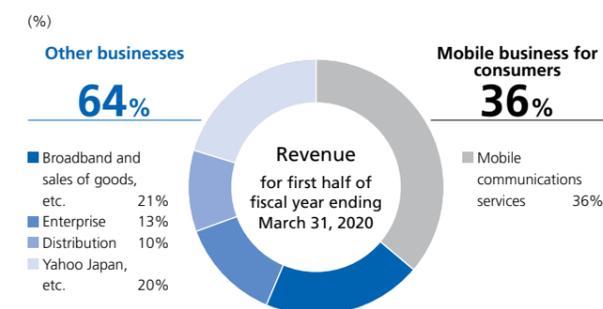
Since 2017, I have often cited our *Beyond Carrier* strategy, which encapsulates our ambition to become more than a telecommunications carrier. While growing our core telecommunications business even further, we will leverage 5G (fifth generation mobile communications system), AI, IoT, and big data to create new businesses. In recent years, the telecommunications business has been the driver of SoftBank's growth. Nonetheless, "Information Revolution — Happiness for Everyone" remains our true focus. Setting out the *Beyond Carrier* strategy has given us aspirations and an outlook that transcend the boundaries of a conventional telecommunications carrier.

Moreover, we added even more impetus to the *Beyond Carrier* strategy by making Yahoo Japan—one of Japan's largest internet companies—a subsidiary in June 2019. Our mobile business for consumers often receives attention, but, in fact, with the addition of Yahoo Japan, businesses other than mobile telecommunications services for consumers now account for more than 60% of SoftBank's revenue. Thus, we are no longer simply a telecommunications carrier. In addition, we are creating a series of businesses in

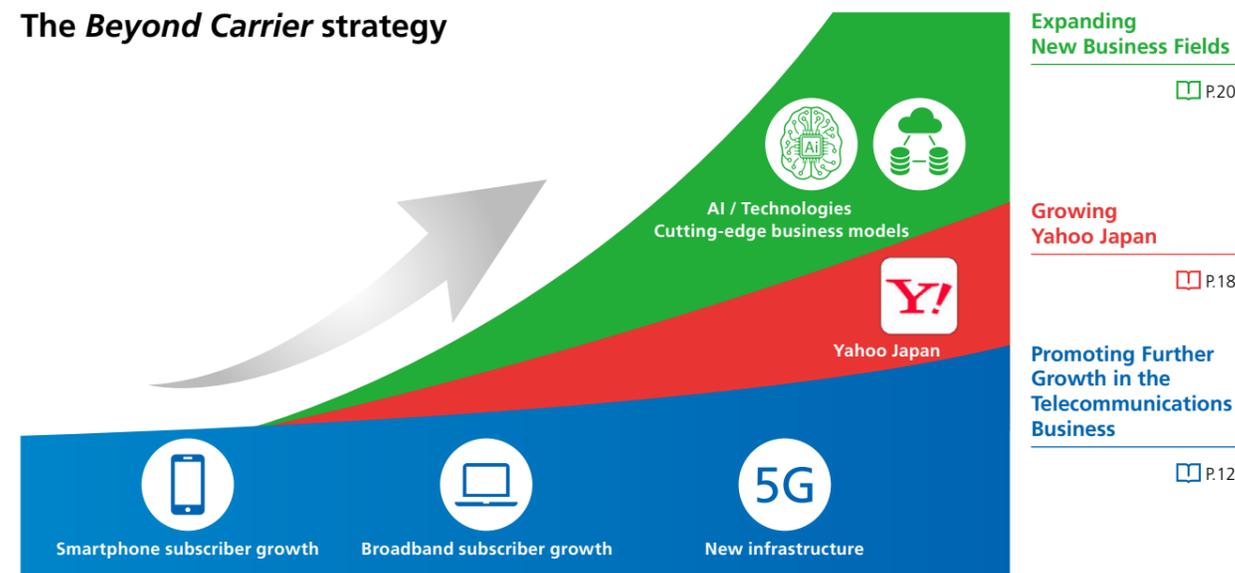
new fields through collaboration with major AI companies worldwide in which our parent company SoftBank Group has invested and various other companies at home and abroad.

In short, our growth strategy entails growing all three areas: the telecommunications business, Yahoo Japan, and new business fields.

Revenue Breakdown (%)



The *Beyond Carrier* strategy





Promoting Further Growth in the Telecommunications Business

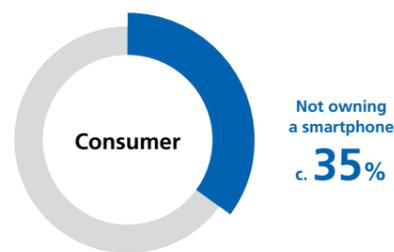
Increasing Smartphone Subscribers Essential for Growth

Firstly, I will explain the strategy of the telecommunications business, our core business. Recently, concerns have been expressed as to whether the telecommunications business can achieve any more growth. However, I am confident in its potential for further growth. The key is to increase smartphone subscribers.

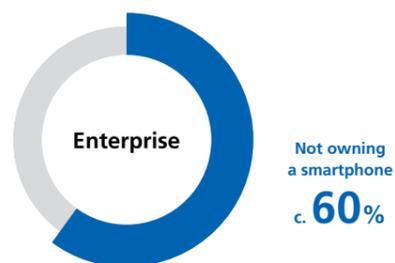
For several years, I have been predicting an era of "100% smartphone penetration." In my view, the time is sure to come when every Japanese person has a smartphone. It is well known that in the 2G era mobile phones were really just devices for making calls and sending messages. In the 3G and 4G eras, the increasing prevalence of smartphones resulted in more people using their handsets to enjoy videos, games, and SNS. Nonetheless, we are still very far from realizing the full potential of smartphones. Last year,

we began offering the PayPay smartphone payment service, which effectively transforms smartphones into wallets. Calling a taxi, reserving a hotel, and paying for such services can all be done by smartphone. Smartphones will make everyday life more convenient and seamless. Also, the beginning of 5G commercial services next year is likely to spur the further evolution of videos, games, and other forms of entertainment that take advantage of the new ultra-high-speed, large-capacity telecommunications services. The linking of all sorts of devices as IoT services spread in earnest will increase the importance of smartphones as interfaces for operating and managing these services and devices. In such ways, smartphones are set to become even more embedded in and essential for day-to-day life.

Smartphone Penetration



Source: Prepared by the Company based on "Communications Usage Trend Survey" (as of December 2018), the Ministry of Internal Affairs and Communications, issued on May 31, 2019.



Note: Smartphone ownership as a percentage of cumulative handset subscribers for enterprises.
Source: Prepared by the Company based on 2018 "Communications Related Marketing: Comprehensive Survey" (as of December 2017), Fuji Chimera Research Institute, Inc., issued in September 2018.

Meanwhile, in Japan approximately 65% of consumers own smartphones, and only about 40% of enterprises use them. Clearly, then, there is room for significant growth. Aiming to tap into this

potential, SoftBank will focus particular efforts on a smartphone strategy that makes smartphones the growth driver of the telecommunications business.

Mobile Telecommunications Services

Advancing a Multi-brand Strategy to Realize "100% Smartphone Penetration"

Having three clearly differentiated brands is a major advantage for SoftBank's mobile business. The *SoftBank* brand targets those who use their smartphones frequently, *Y!mobile* is for light users, while *LINE MOBILE* focuses on students and the younger generation. Customer needs are diversifying with every passing year. In response, we launched *Y!mobile* in 2014 and *LINE MOBILE* in 2018. In each smartphone category, we are forging ahead with strategies aiming for the No. 1 market share.

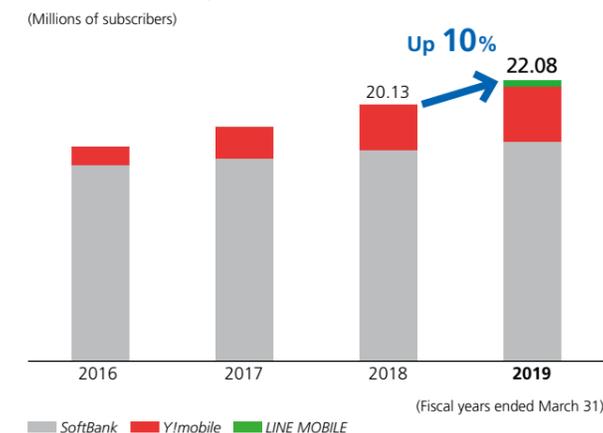
While taking measures to acquire new subscribers, we are concentrating efforts on reducing the churn rate. In the fiscal year ended March 31, 2019, we achieved a record low average churn rate of 0.83%. In particular, roughly half of our smartphone subscribers also subscribe to *Home Bundle Discount Hikari Set*, which provides a bundle discount on mobile telecommunications and broadband services and is contributing significantly to churn rate reduction.

As a result of these initiatives, cumulative smartphone subscribers increased by 10% year on year to 22.08 million as of March 31, 2019. After launching *Y!mobile*, we initially struggled with the accompanying decrease in ARPU (average revenue per user). However, we tackled this initiative because we needed a low-priced brand to compete with mobile virtual network operators (MVNOs).^{*1} Thanks to our introduction of the low-priced *Y!mobile* brand ahead of competitors and our multi-brand strategy, the three brands have

clear targeted customer segments and steadily expanded subscriber bases respectively. Going forward, we will continue migrating feature phone users to smartphone users, therefore growing the number of smartphone subscribers and realizing "100% smartphone penetration."

^{*1} MVNOs offer telecommunications services under independent brands by leasing a certain amount of network infrastructure from mobile network operators engaged in the provision of mobile phone and other services.

Cumulative Smartphone Subscribers



SoftBank's Three Brands

SoftBank	Y!mobile	LINE MOBILE
Pricing Reasonable	Pricing Low	Pricing Ultra-low
Data capacity Large	Data capacity Medium	Data capacity Small
Target group High-volume data users and business users	Target group Light users	Target group Users in their teens or early 20s



Our Brands

SoftBank

Under the *SoftBank* brand, which targets high-volume data users, we offer *Ultra Giga Monster Plus*. In addition to a 50 GB data allowance, the plan provides unlimited use of certain video and SNS services, such as YouTube, LINE, Twitter, and Instagram, without affecting the user's data allowance balance. This plan has lowered the price per gigabyte to one-tenth of that of the plan we offered in 2015. Compared with other high-volume data plans from other carriers, our price plans are extremely

competitive. By removing speed limits, which were a significant source of stress for users, and offering a stress-free smartphone experience, our high-volume data plan has earned the satisfaction of numerous customers. It has achieved 93% user satisfaction, which is a very high level indeed.

In addition, *Smartphone Debut Plan*, which encourages customers to upgrade from feature phones to smartphones, has been very well received since launching in June 2019.

Ultra Giga Monster Plus

Data allowance
50 GB

Unlimited use of certain video and SNS services

Customer satisfaction



High satisfaction level due to stress-free smartphone experience

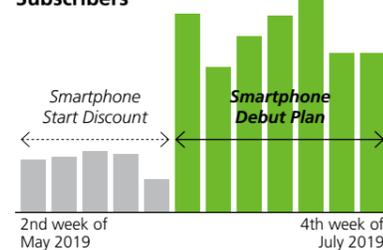
Source: The Company's survey of 2,394 *Ultra Giga Monster Plus* subscribers between January 18 and 20, 2019.

Smartphone Debut Plan

Voice calls + Data
Basic monthly charge:
¥980*1 (12 months)

PayPay account balance giveaway*2

Subscribers



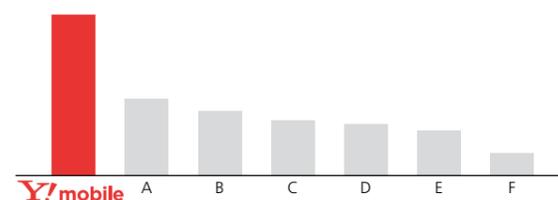
Subscribers more than tripled versus previous plan

Note: These are the levels as of September 2019. For further details on the plan, please see our website.

*1 The basic monthly charge is applicable from the following month and when the service includes the basic voice call plan, the semi-flat-rate voice call option, the 1 GB data allowance (smartphone), the first-year discount, and the 1 GB-only discount. The device charge is not included. The plan cannot be used in combination with *Home Bundle Discount Hikari Set* or certain other discount services.

*2 This promotion ended in November 2019.

Cumulative Subscribers of Carriers in the Low-priced Smartphone Market



Note: The figures of other carriers exclude the NTT DOCOMO, au, and *SoftBank* brands and mobile virtual network enablers (MVNEs).

Source: Prepared by the Company based on "Low-cost Smartphone Market Usage Report" (as of September 2018), MM Research Institute, Ltd., released in December 2018.

LINE MOBILE

This MVNO brand offers affordable plans beginning from ¥500 per month and differentiated services, such as allowing users to transmit data via LINE and other major SNS without affecting

their data allowance balance. *LINE MOBILE* has a steadily growing subscriber base among students, who likely have smartphones for the first time, and the younger generation.

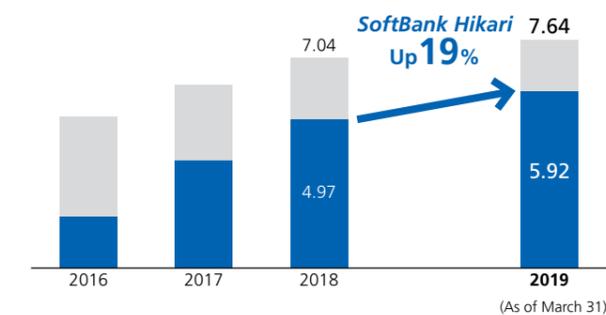
Broadband Services

Growing *SoftBank Hikari* and *SoftBank Air* Even Further

Our growth opportunities are not limited to smartphones. I feel that there are major opportunities in broadband services. For example, demand for 4K and 8K broadcasting is increasing. Given that broadband is required to view such broadcasts, we expect to acquire additional subscribers. Further, we have great expectations for the growth of the home-use Wi-Fi service *SoftBank Air*, which does not require any installation work. By simply placing a dedicated terminal in their residence, customers can use broadband throughout their homes. The ease with which broadband services can be accessed is proving hugely popular, and subscribers are increasing very rapidly. Looking ahead, when *SoftBank Air* begins using the 5G network, even more users will be able to access large-capacity broadband services conveniently.

Cumulative Broadband Subscribers

(Millions of subscribers)



Note: *SoftBank Air* subscribers are included in *SoftBank Hikari* subscribers.

Enterprise Segment

Expanding the Solutions Business to Double Operating Income

The Enterprise segment provides a wide range of services and solutions. In addition to telecommunications services such as mobile telecommunications services, device rentals, fixed-line telephones, and network construction, the segment offers cloud services, digital marketing services, and security services.

I am particularly excited about the use of IoT, robotics, AI, and cloud services in the solutions business of the Enterprise segment. The segment has the advantage of being able to provide clients with cutting-edge services by leveraging outstanding marketing power, a robust client base that comprises business relationships with 94%*3 of Japan's major corporations, and collaboration with

the investee companies of *SoftBank* Group. Under our current *Digital JAPAN* slogan, we aim to solve such social issues as a declining working population and the need for disaster countermeasures through digital transformation.*4 Although the goal may seem a little grand, we will exploit our unique strengths and partner with an array of companies inside and outside Japan to develop and market a steady stream of new business solutions.

For example, in the AI field *SoftBank's* cloud services platform has been selected for use in a project tasked with "The Establishment of an AI Development Support Platform", which is being led by the Ministry of Land, Infrastructure, Transport and Tourism. The aim of

*3 This is an approximate percentage based on the fact that the Company has transactional relationships with 914 of the 970 listed companies that, as of March 2019, have annual revenue of at least ¥100 billion.

*4 *SoftBank* defines this as companies' utilization of data and digital technology to transform such facets of their operations as organizations, processes, and duties.

Business Fields of the Enterprise Segment



Fixed-line telecommunications



Mobile



Business solutions and others



the project is to heighten the efficiency of infrastructure maintenance through the use of AI for the analysis of image data from aged bridges and tunnels. Also, the AI-enabled cleaning robot *Whiz*—which SoftBank Robotics Corp. and SoftBank Group investee Brain Corp developed by combining AI and robotics technology—is selling steadily. Already, multiple companies, including MITSUBISHI ESTATE CO., LTD., have begun using the robot. In the IoT field, a great variety of companies are supported by SoftBank IoT Platform, jointly developed by our enterprise- and technology-related divisions. Moreover, at a stroke SoftBank has increased IoT services that it can provide by combining this platform with the data analysis platform of SoftBank Group subsidiary Arm Limited and by linking SoftBank IoT Platform with application programming interfaces (APIs). In another initiative, we have been collaborating with the major architectural firm Nikken Sekkei Ltd. to integrate IoT into buildings since 2017. The aim of the initiative is to reduce the costs arising from energy consumption and maintenance by using IoT, AI, and robotics to automate the control of air-conditioning and lighting, ease elevator congestion, replace

24-hour manned security, automate periodic inspections, and anticipate congestion. Further, in July 2019 we announced a business alliance with AEON KYUSHU Co., Ltd., aimed at using ICT to raise the efficiency of the product home delivery operations of the company's online supermarket business, which is seeing demand grow as dual-income households increase and society ages.

Thus, while many of our co-creation projects that involve the utilization of AI, IoT, robotics, cloud computing, and other technologies are still at the proving test stage, the scope and number of these projects are increasing constantly. A testament to this growth is the fact that the solutions business posted a 12% year on year increase in revenue in the fiscal year ended March 31, 2019. That being said, there are still a host of social issues that must be solved through digital transformation. In other words, business opportunities for the Enterprise segment are burgeoning. By increasing profitability in solutions businesses and growing existing businesses, in the 2020s SoftBank aims to double the operating income of the Enterprise segment compared with that of fiscal year ended March 31, 2019.

Examples of Enterprise Segment Initiatives

<p>AI-enabled cleaning robot</p> <p>AI</p> <p>Whiz</p>	<p>Data analysis platform</p> <p>CDP</p> <p>Customer data</p>
<p>Laborsaving infrastructure inspection</p> <p>AI</p> <p>Image analysis</p>	<p>Creation of smart buildings</p> <p>IoT sensors</p> <p>Energy data</p>
<p>Increasing logistics efficiency</p> <p>Last one mile</p> <p>ICT</p>	

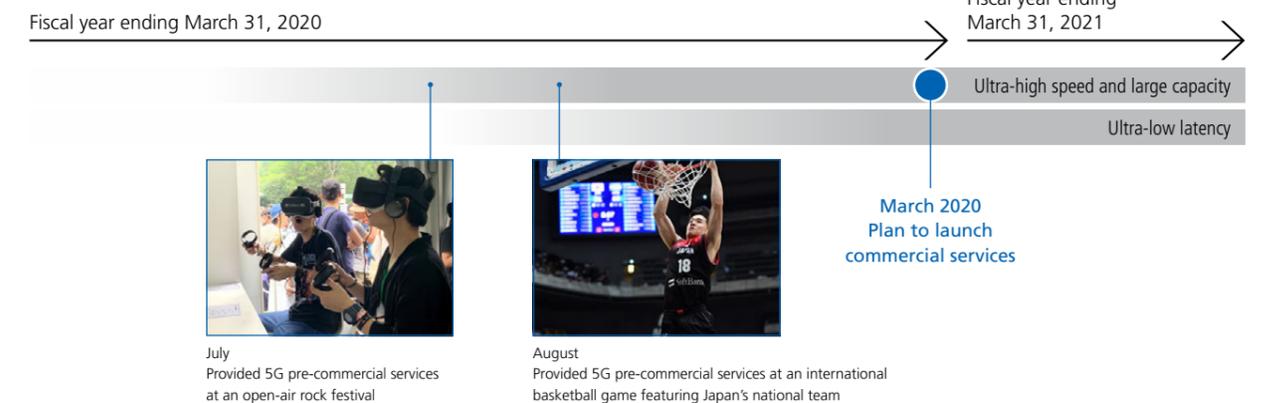
Technology Strategies

Fifth Generation Mobile Communications Systems (5G) □ P.30 Special Feature 2

SoftBank is proactively advancing initiatives in relation to 5G, the next generation of telecommunication standard. In July 2019, we became the first company to offer 5G services at a music festival in Japan by providing 5G at FUJI ROCK FESTIVAL '19, one of the country's largest open-air rock festivals. Also, in August we used 5G

and virtual reality and augmented reality technologies to provide multi-angle live broadcasting of an international basketball game involving Japan's national team. Our plans call for the introduction of 5G commercial services in March 2020.

5G Road Map



The distinctive features of 5G are ultra-high speed and large capacity as well as a communication speed that is more than 10 times faster than that of 4G. Accordingly, the 5G compatible smartphones that are on the verge of being launched will likely take the world by storm. Nonetheless, 5G is not merely a technology for increasing the communication speed of smartphones. Its features will open up a wide range of new possibilities. Multi-connection characteristics allow more than 10 times as many simultaneous device connections as a 4G network allows, while low latency realizes real-time telecommunications environments with little delay. 5G technology will enable the development of new services and devices, the drastic transformation of existing industrial processes, and the establishment of foundations for the creation of new industries.

extremely advantageous position for building out 5G networks. By taking advantage of existing base stations, we will be able to realize efficient investment in 5G networks.

SoftBank's Base Station Locations

c. 230,000 base station locations nationwide

High-density base station network is an advantage

The high-frequency bands that 5G uses mean that the radio waves are highly rectilinear and attenuate readily. In other words, 5G has difficulty transmitting over long distances. For this reason, 5G networks require more base stations. However, SoftBank has more base stations than its competitors. Previously, we had to build a large number of base stations because we did not have bandwidth allocation in the 900 MHz band of frequencies, the so-called "platinum band." In the process of overcoming our difficulties at that time, we steadily increased our base stations. These efforts together with the inclusion of WILLCOM, Inc. as a subsidiary and the acquisition of eAccess Ltd. have given us approximately 230,000 base station locations nationwide, placing us in an



Growing
Yahoo Japan

Yahoo Japan Approaching a Major “Metamorphosis”

In June 2019, SoftBank made its former Group fellow subsidiary Yahoo Japan a consolidated subsidiary. Yahoo Japan is one of the largest domestic internet companies, boasting more than 90 million users*1. The company has a portfolio spanning a diverse range of fields and comprising more than 100 services. These include *Yahoo! News*, e-commerce websites such as *YAHUOKU!* and

Yahoo! Shopping, *Yahoo! Finance*, *Yahoo! Car Navi*, and the *GYAO!* video transmission service.

Before Yahoo Japan became its subsidiary, SoftBank pursued business collaboration with the company as a fellow subsidiary. Particularly in the last few years, the two companies have become closer. Once a fortnight, I held candid discussions with Yahoo Japan’s

management team. Until now, our initiatives have primarily been e-commerce tie-ups offering special benefits to SoftBank customers when they use Yahoo Japan’s e-commerce services. In just the two and a half years since we began these collaborations, 14 million SoftBank users have linked with a Yahoo! JAPAN ID, thereby significantly boosting the sales of *Yahoo! Shopping*.

The success of *PayPay* prompted our decision to make Yahoo Japan a subsidiary. *PayPay* Corporation is a joint venture that SoftBank and Yahoo Japan established in June 2018, and the new company began offering services only four months later. Despite being a latecomer to the QR code payment services field, *PayPay* shot to prominence, becoming Japan’s most recognizable payment service just four months after becoming available. In 14 months after the launch, the service surpassed 20 million registered users. This success is attributable to the development ability of Yahoo Japan’s IT engineers, the affiliated store development enabled by SoftBank’s sales power, and the technology provided by SoftBank Group investee and major mobile payment service provider One97 Communications Limited (Paytm) of India. *PayPay* confirmed that when SoftBank and Yahoo Japan join forces the sky is the limit.

The inclusion of Yahoo Japan as a subsidiary will enable SoftBank to deploy and leverage the management resources of both companies—including personnel, physical assets, financial assets, and information—more strategically. As well as growing each other’s businesses, the companies will rapidly grow new businesses. In frontline operations, we have already established various working groups, which are conducting exploratory discussions.

In the second quarter of the fiscal year ending March 31, 2020, Yahoo Japan’s commerce business grew robustly, recording an approximately 12% year on year increase in e-commerce transaction value. Nonetheless, I believe that there is still plenty of scope for growth. I say this because e-commerce penetration in Japan is only 6%. The United States, birthplace of the global e-commerce service Amazon, only has 10% e-commerce penetration. Even in China, sometimes dubbed the leading country in e-commerce, the figure is just around 20%. *2 By enabling augmented and virtual

reality technologies and widespread drone delivery, 5G networks will facilitate transformation of the e-commerce shopping experience. These advances promise to generate a wave of e-commerce penetration that will also lift the growth of Yahoo Japan’s e-commerce business.

The media business is a field where we have not pursued many business collaborations. However, we expect to create significant synergies in this field. By leveraging SoftBank’s sales power, we will greatly increase Yahoo Japan’s advertising revenue and content revenue.

In addition, we will begin working in earnest to develop the fintech business centered on *PayPay*. As SoftBank also has a fintech business, both companies will make effective use of their resources to realize growth in this field.

Further, a little-known fact is that Yahoo Japan has approximately 3,000 talented software engineers. Given the difficulty of securing IT personnel at present, the acquisition of these human resources is of great significance. Meanwhile, SoftBank has approximately 5,000 network engineers. Therefore, with our sights set on the advent of a full-scale IoT era, we are promoting interactions among these two groups of engineers. Through the development of “hybrid” engineers with expertise in both networks and applications, we will market differentiated IoT solutions.

I believe that Yahoo Japan is approaching a major “metamorphosis” and that the future is extremely bright for the company. SoftBank will exploit its own telecommunications technology, Yahoo Japan’s expertise in internet services, and the cutting-edge technology of SoftBank Group’s cluster of AI investee companies to build a future that no other company can replicate.

*1 This was the average number of daily unique browsers in the fiscal year ended March 31, 2019. The number comprises the cumulative total number of browsers accessing *Yahoo! JAPAN*. With respect to smartphones, access via browsers and access via applications are counted separately, even if there is an overlap in users.
*2 This figure is from “FY2018 Survey of Infrastructure Development Status for Data-driven Society in Japan (E-Commerce Market Survey)”, the Ministry of Economy, Trade and Industry, issued in May 2019.

Yahoo Japan’s Competitive Advantages

- One of Japan’s largest user bases**
More than 90 million*1 daily unique browsers
- Diverse service lineup**
More than 100 services in the discrete fields of media and commerce
- High-quality multi-big data**
The latest data acquired from multiple high-frequency-use services

Yahoo Japan’s Business Fields

Media business

Answers

Finance

GYAO!

Map

News

Search

Movies

Weather

etc.

Commerce business

YAHUOKU!

ebookjapan

Card

Ikyu

PayPay

Shopping

Premium

LOHACO

etc.





Expanding
New Business
Fields

P.26 Special Feature 1

Scenarios Only SoftBank Can Realize

SoftBank has an abundance of vital resources to foster new businesses. These resources include a sales force, engineers, stores, and telecommunications infrastructure that SoftBank has developed in its telecommunications business. In creating new businesses, one of our greatest advantages is our solid customer base comprising more than 40 million mobile subscribers, of whom over 22 million

are smartphone subscribers, and business relationships with 94% of major corporations in Japan.

By leveraging these strengths and establishing joint ventures through collaboration with the major companies that SoftBank Group invests in as well as with a variety of business partners inside and outside of Japan, we are rolling out the world's leading

SoftBank Business Platform

Solid customer base		Abundant human resources	
Consumer	Cumulative smartphone subscribers 22.08 million <small>(mobile subscribers*: 44.54 million)</small>	Sales force c. 15,000	
	SoftBank Hikari subscribers*2 5.92 million <small>(Broadband subscribers: 7.64 million)</small>	Engineers c. 5,000	
Enterprise	Business relationships with 94%*3 of major corporations in Japan	Points of contact with customers	
		Number of stores c. 6,000*4	

Note: All figures are as of March 2019.

*1 Mobile subscribers includes main subscribers (smartphones, feature phones, tablets, mobile data communications devices, Wireless Home Phone, and others), communication modules and others, and PHS (Personal Handy-phone System).

*2 Integrated service that combines fiber-optic service using the wholesale fiber-optic connection of NIPPON TELEGRAPH AND TELEPHONE EAST CORPORATION (hereinafter, "NTT East") and NIPPON TELEGRAPH AND TELEPHONE WEST CORPORATION (hereinafter, "NTT West") with an Internet Service Provider (ISP) service.

*3 This is an approximate proportion of the listed companies with annual revenue of ¥100 billion or more that have transactional relationships with the Company (914 of 970 listed companies).

*4 This figure includes directly owned stores, dealers, mass electronics retailers, and stores offering multiple carriers.

business models and technologies in Japan. In summary, these are growth scenarios that only SoftBank can realize because of its unique position as the major operating company within SoftBank Group and it owns the telecommunications business that provides a rock-solid platform.

Representative examples of such rollouts of new business models and technologies are the smartphone payment service *PayPay*, the AI taxi-hailing platform *DiDi*, the state-of-the-art, community centric workspaces offered under the *WeWork* brand and the initiative to develop next generation mobility services *MONET* with the aim of bringing about an autonomous driving society. Each of these businesses has successfully launched vertically in Japan and grew significantly in only about one year after launch. While these services tend to be eye-catching because they are brand new and innovative, I believe the reason they have become popular quickly worldwide is because they ingeniously alleviate "pain points" that cause difficulties and dissatisfaction for everyone in daily life. Similarly, *OYO*, our recently launched groundbreaking service for hotels, uses the power of IT and AI to eliminate the "pain points" of small and medium-sized hotels lacking the time and resources to attract customers via the internet or to remodel facilities. A great many of our projects are still at the investment stage. We expect these new businesses to contribute to profitability in a few years.

Moreover, the success of *PayPay* and *WeWork* has led to me receiving a steady stream of proposals from SoftBank Group

investee companies that would like to establish joint ventures with us in Japan. While rigorously analyzing such factors as the compatibility of the proposals with the Japanese market, we intend to continue developing new businesses.

Expansion of businesses in new fields also drives growth in the telecommunications business. This is because the majority of our new businesses are services that utilize smartphones. For example, adding benefits for SoftBank customers, such as *PayPay* reward points, increases customer satisfaction levels as well as customer retention. Given these synergies, I am sometimes asked if our strategy is to establish a "SoftBank ecosystem". I suspect, however, that concepts such as "enclosing customers" and creating "ecosystem" have become outdated. In current era, where information can be shared in an instant via the internet, locking customers into our services to the exclusion of all others is probably no longer realistic. Actually customers using *PayPay* may use other payment services at the same time. Therefore, our businesses in new fields aim to provide services that are essentially universal. If we pursue services that address the "pain points" of consumers, they will choose ours irrespective of their telecommunications carrier and without us having to "enclose" them. Thus, we aim to provide essentially universal services to all kinds of users while SoftBank customers gain additional benefit compared with other users.

Our Main Partnerships

Collaboration with SoftBank Vision Fund Investees			Collaboration with Other Partners		
JV	JV	JV	JV	JV	JV
wework	DiDi	MONET <small>MONET TECHNOLOGIES INC.</small>	cybereason	HAPS MOBILE	
JV	JV	JV	JV	JV	JV
OYO	COHESITY	J.Score	FINDABILITY SCIENCES	SB Cloud	
Collaboration	Collaboration	JV	Investment	Investment	
paytm	arm <small>TREASURE DATA</small>	ENCORED	One Tap BUY	ZIMPERIUM <small>MOBILE THREAT DEFENSE</small>	
Collaboration	Collaboration	Collaboration	Investment	Collaboration	
mapbox	brain@corp	AUTOMATION ANYWHERE <small>Go be great.</small>	TBCASoft	SoftBank Robotics

Note: The above are SoftBank partners as of November 2019.



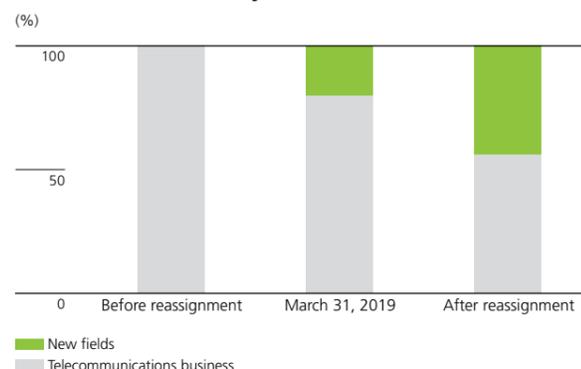
Shifting 40% of Personnel

Eliminating Inefficiencies and Further Heightening Cost-competitiveness

At the same time as advancing growth strategy, SoftBank is tackling structural reform. Four years ago, I set out the “Half & Twice” slogan, which calls on the Company to reduce the number of business processes and costs by half and to double productivity and creativity. In this initiative, we review existing work processes and then eliminate inefficiencies, incorporate creative solutions, and leverage the power of robotic process automation (RPA), AI, and IT to reduce two-hour jobs into one-hour jobs, thereby doubling the output per hour. We want to entrust routine tasks to robotics and save employees for high-value-added and creative work. Since 2018, I have been talking about “Shifting 40% of personnel.” This measure entails increasing work efficiency so that we can then transfer 40% of the employees in the telecommunications business to new business fields. Guided by the *Beyond Carrier* strategy, new businesses are being continuously established. As a result, we are in constant need of personnel to work in new fields. Employees will take advantage of the skills they have developed in the telecommunications business to make important contributions in such roles as developing systems for *PayPay*, conducting sales and marketing for *WeWork*, participating in the establishment of new companies, and transferring to new roles for new businesses within SoftBank

departments. Already, we have reassigned several thousand employees from the telecommunications business to new fields. To accelerate these initiatives, we have started a project to create 4,000 “digital workers” to free up personnel by using robotic processors to replicate work of humans. Going forward, all employees will work in a united manner to advance structural reform.

Personnel Breakdown by Field



The Rationale Embedded in Our Management Strategy

Only Work Leading to Innovation Will Survive P.54 Special Feature 3

As technologies such as 5G, AI, and IoT accelerate the pace of change, companies, no matter how large they are, can go under instantly if they are not fast enough to adapt to this change. In some cases, the very fact that a company has successfully achieved a major innovation in the past hampers its ability to respond effectively to the next wave of change. To avoid this pitfall, I often refer to a four-quadrant matrix comprising a Growth Strategy, Structural Reform, Evolution, and Multiplication. When talking to employees about the matrix, I often cite the importance of Evolution. As time passes, organizations inevitably become outdated, and if they are satisfied with where they are, evolution stops. Before such organizations realize, they may find they are not able to keep up with the pace of technological change anymore. There is always such danger. When business results begin to decline, it is already too late. To avoid this kind of situation, as I mentioned earlier, we must launch new businesses and continue to motivate our employees while constantly energizing our organization through structural reform.

I want our employees to have a strong sense of ownership. Evolution occurs the moment that personnel with a strong vision of how they are going to change society over the coming 10 or 20 years break into a new field. I would even go so far as to say that members of the management team and all of our managers who cannot trigger innovation do not have existential value. We cannot survive if our work does not generate innovation. With this in mind, I want to establish an organization with a compensation system that, regardless of age, reflects the contributions of

employees who have an appetite for challenges, eagerly absorb knowledge and know-how in new fields, and create new value.

Of course, I am not suggesting that employees approach things recklessly. To enable all employees to work efficiently and enjoyably, we are actively promoting workstyle reform under the slogan “Smart & Fun!”. I believe that we can help each employee “evolve” into an innovative and creative person by increasing productivity through the utilization of IT and AI and the adoption of diverse workstyles and by investing in the growth of each individual through the use of freed-up time for self-improvement, personnel exchanges, or communication with friends or family members. As for myself, I hope to consistently demonstrate that I am also taking on the challenge of “evolution.”

SoftBank’s Four-quadrant Matrix



Shareholder Returns □ P.37

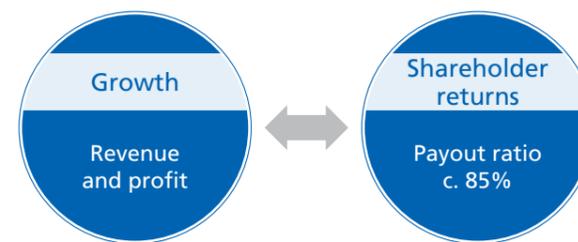
Maintaining a High Level of Shareholder Returns while Achieving Growth

I believe that providing returns to shareholders while increasing corporate value is an important management goal. Accordingly, we have established a dividend policy that calls for a high consolidated dividend payout ratio of approximately 85%. Generally, companies targeting growth curb shareholder returns and use capital to invest in growth. Conversely, mature companies often reduce investments and use capital for shareholder returns. SoftBank, however, aims to achieve both growth and high shareholder returns.

We are able to do this thanks to partnerships with SoftBank Group investee companies, which are a pillar of the *Beyond Carrier* strategy. These partnerships allow us to introduce to Japan business models that have already proven successful in the world. Consequently, SoftBank does not need to make the large-scale initial investments that are normally required when establishing new businesses. Thus, we can develop businesses with small amounts of capital, thereby realizing highly efficient investments.

In the fiscal year ending March 31, 2020, we plan to pay a full-year dividend of ¥85.00 per share, up ¥10.00 year on year.*¹ We aim to continue growing revenue and profits while increasing corporate value and returning profits to shareholders stably.

*¹ In the fiscal year ended March 31, 2019, SoftBank paid a half-year dividend of ¥37.50 per share (which converts to a dividend of ¥75.00 per share if calculated on a full-year basis) as the Company listed on December 19, 2018.



Management Structure

Strengthening Governance and Risk Management Continuously

Strengthening Governance □ P.64

SoftBank used its listing as an opportunity to appoint highly experienced corporate executives, attorneys, and certified public accountants as external directors. The external directors state frank opinions based on their experience and insight. In particular, they always provide detailed guidance and opinions with respect to decision-making processes and accountability. I feel that such guidance from outside our organization is necessary to promote understanding of our management strategy among more stakeholders as well as to ensure the advancement of this strategy. Further, we have established systems aimed at heightening the effectiveness of external directors, including the holding of briefings for them before meetings of the Board of Directors and the convening of meetings of external directors. Also, all external directors are members of the Nominating Committee and the Remuneration Committee, and external directors are the chairpersons of these committees. Going forward, I want to make our business management even more transparent by continuing to listen sincerely to external directors' opinions and by reflecting these opinions in business management.

Strengthening Risk Management □ P.75

Telecommunications services are part of the infrastructure of day-to-day life. In my view, risk management for such areas as telecommunications networks and the handling of information must be careful almost to the point of being neurotic. In addition, given that SoftBank will roll out a series of new services outside the telecommunications services field under the *Beyond Carrier* strategy, there will be an increase in the types of risks that the company must carefully monitor. Therefore, we have spun off the risk section of the General Affairs Division to create a discrete risk department, which provides reports based on a broader, more Companywide perspective. Naturally, we will increase the security of our networks even further. At the same time, SoftBank will visualize a range of different risks and bolster its risk alert system. While preventing problems from occurring is important, it is also important to shorten the lead time from occurrence of a problem through to the identification of its cause and the implementation of countermeasures. To this end, I want to rigorously utilize AI and other ledge technology. We will strengthen risk management on a day-to-day basis so that we can provide customers with safe, reliable services.

To Conclude

Determined and Ready to Tackle New Reforms

Whenever I am asked what our main business is, I do not reply "the telecommunications business." Instead, I say that it is "Information Revolution — Happiness for everyone." SoftBank's history is one of resolving people's "pain points" through pioneering initiatives. The Company's history is also my history. As someone who has faced and overcome various kinds of challenges over the years, I have confidence to answer any question concerning SoftBank based on my own knowledge.

I habitually use backcasting to look ahead 10 years and then clarify what we should be doing now by calculating backward from that point in the future. As CEO, my responsibility is to make decisions, create work, and grow the Company. I have absolutely no intention of making excuses in this regard. At the same time, I often ask myself how real I can feel and understand employees' dilemmas, frustrations, and other "pain points" that happen in frontline operations.

Japan's ICT industry stands on the brink of a major revolution. In such an era, I am ready and determined to provide employees with strong leadership. Please look forward to great things from SoftBank as it tackles the new revolution. While we forge ahead, I would like to ask our shareholders, investors, and all other stakeholders for their continued support and understanding.

Ken Miyauchi
President & CEO



Special Feature 1

Initiatives in New Fields

By leveraging its network and platform as a telecommunications carrier and by working in partnership with the subsidiaries and investee companies of SoftBank Group Corp. and other major companies, SoftBank will roll out cutting-edge technologies and business models from around the world in Japan.

PayPay Smartphone Payment Service

The provider of a smartphone payment service, PayPay Corporation was established as a joint venture by SoftBank and Yahoo Japan Corporation in June 2018. The new company received technology from Paytm, India's largest mobile payment service provider, and launched the payment service in October 2018.

Paytm

Leading India's digital payment market, Paytm develops barcode- and QR code-based technology. The company provides seamless mobile payment services to more than 350 million people and 9.5 million affiliated stores.*1

*1 As of August 2018

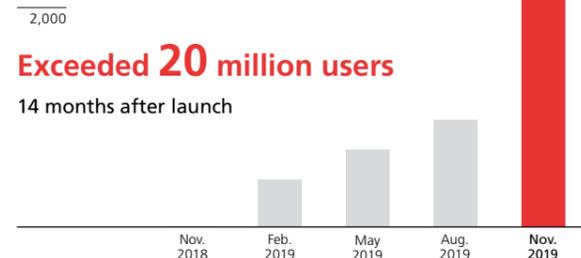
Progress of the Business

Held in December 2018, the 10 Billion Yen Giveaway Campaign significantly raised the level of awareness of PayPay, leading to an explosive rise in customers. Aiming to promote day-to-day use of the service, we held 2nd 10 Billion Yen Campaign between February and May of 2019. Through these efforts, in November 2019 cumulative registered users of the service surpassed 20 million just 14 months after launch. Currently, we are entrenching habitual use of the service through monthly campaigns under various themes. As well as encouraging use of PayPay at offline stores, we are enhancing online use. In June 2019, we made PayPay compatible with the online payment functions of such services as the online shopping mall *Yahoo! Shopping* and the

online auction and flea-market service *YAHUOKU!*. Moreover, Yahoo Japan launched *PayPay Mall* and *PayPay Flea Market* in October 2019.

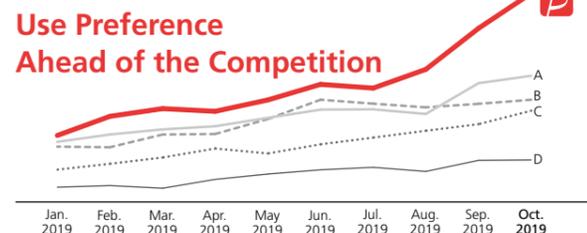
Our aim is to make PayPay a "Super App" that is in the same mold as Alipay in China and Paytm apps in India, which enrich and are indispensable for daily life. These apps not only have payment functions but also include insurance, investment, and other financial services and enable customers to do everything from paying utility bills and taxes to reserving hotels, flight tickets, and movie tickets. To evolve PayPay into a "Super App", we added functions such as utility bill and tax payment and cash withdrawal. In conjunction with these initiatives, we will continue focusing on increasing the online and offline use of PayPay.

Cumulative Registered Users of PayPay



Source: PayPay Corporation. Figures have been calculated by aggregating users acquired through the PayPay and Yahoo! JAPAN apps.

Survey of Use Preference for QR Code Payment Services



Source: PayPay Corporation (As of the end of the month)

DiDi AI-enabled Taxi-hailing Platform

Established in June 2018 as a joint venture between SoftBank and Didi Chuxing Technology Co., Ltd., DiDi Mobility Japan Corp. provides an AI-enabled taxi-hailing platform.

Didi Chuxing Technology

Didi Chuxing Technology is a global company that operates one of the world's largest transportation platforms, offering such services as taxi booking, ride sharing, bicycle sharing, and food delivery. Worldwide, the company's apps boast more than 550 million registered users and approximately 31 million registered drivers.*1 A differentiating feature of the DiDi taxi-hailing service,

which is accessed via a dedicated app, is that AI and data analysis technology are utilized to provide drivers with a heat map projecting passenger demand. This enables the efficient real-time matching up of people seeking taxis with available taxis.

*1 As of July 2018

Progress of the Business

Responsible for developing the DiDi service in Japan, DiDi Mobility Japan is expanding its business at a very rapid pace. After the service's September 2018 launch in Osaka, the company rolled the service out in a series of locations from April 2019 onward, including Tokyo, Aichi, and Fukuoka. As a result, the DiDi service is now available in 16 cities*2 nationwide. Due to the advantage of highly precise matching that uses AI technology, survey results have shown that, on average, taxis arrive within five minutes of being hailed by customers.*3 Further, taxi companies are seeing real

benefits from the introduction of DiDi, including increased use by visitors to Japan and improvements in passenger-carrying distance as a percentage of total distance traveled and in revenue per vehicle. In July 2019, a mere 10 months after entering the market, DiDi recorded the highest number of monthly downloads among taxi-hailing apps in Japan and has retained this No. 1 position in every month since. We plan to expand the service area to 20 cities*2 by the end of 2019.

*2 As of October 2019

*3 Based on survey by DiDi Mobility Japan of service performance in Osaka in December 2018

Monthly Downloads of Taxi-hailing Apps



Source: App Annie. Comparison with downloads of open-platform-type, taxi-hailing apps

DiDi Service Area

Covering 16 cities nationwide (As of October 2019)





wework Community Centric Workspace

In July 2017, SoftBank, SoftBank Group Corp., and The We Company joined forces to establish WeWork Japan, a joint venture that takes advantage of AI to offer cutting-edge workspaces.

WeWork

Established in 2010 in the United States, WeWork is now one of the world's largest platformers of community centric workspace. It currently offers such working spaces in 122 cities located in 32 countries*1 worldwide. The most distinguishing feature of the company is its focus on building communities. By providing open-plan offices and community spaces and organizing

community events, WeWork creates collaborative environments where tenants can set aside company boundaries and get to know and inspire each other. Also, WeWork builds better working spaces by using space design based on the most advanced data technology.

*1 As of September 2019

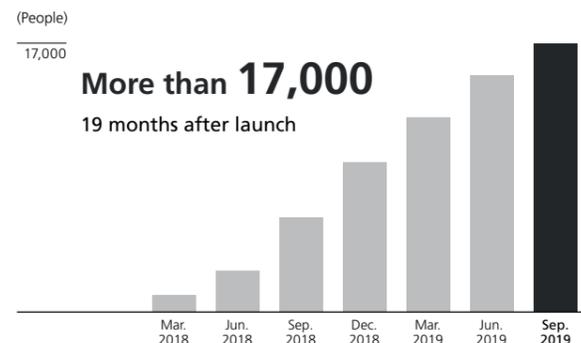
Progress of the Business

In comparison with WeWork rollouts in other countries, WeWork Japan has been expanding its business at top speed. Just 19 months after beginning domestic services in February 2018, the company has a membership of more than 17,000 people. As of November 2019, WeWork Japan has opened 23 locations in six cities across Japan. Our tenants are not only start-ups but also a host of other types of organizations, such as municipal authorities

and famous companies. This diversity is furthering exchanges, and some tenants have launched projects jointly. A survey conducted by WeWork found that more than 80% of the members of bases in Tokyo believed that WeWork Japan helped them grow their businesses—the highest level of positive feedback among the 62 cities surveyed worldwide.*2

*2 Global Impact Report 2019, issued by WeWork in June 2019

WeWork Memberships in Japan



Note: Figures for WeWork Japan have been calculated as of the beginning of respective months.

WeWork Japan Locations



OYO Innovative Hotel Service

With the aim of offering innovative hospitality experiences in Japan and offering convenient and comfortable accommodations to travelers and city dwellers, OYO Hotels & Homes, Softbank and Softbank Group jointly established OYO Hotels Japan GK in April 2019.

OYO Hotels & Homes

OYO Hotels & Homes is a global technology-driven chain of hotels, homes, managed living and workspaces and is present in more than 800 cities in 80 countries including Japan. *1 Since its establishment in 2013, OYO Hotels & Homes has expanded rapidly. In just six years, it became the world's second largest hotel chain with over 1.2 million rooms managed. OYO's successful model enables real estate owners around the world to

get a higher return on investments, access easy financing opportunities, transform their hotels, and offer good quality customer service, thereby significantly increasing occupancy and profitability. The pricing, inventory allocation, and revenue management are driven by a machine learning-based algorithm for prediction and dynamic pricing.

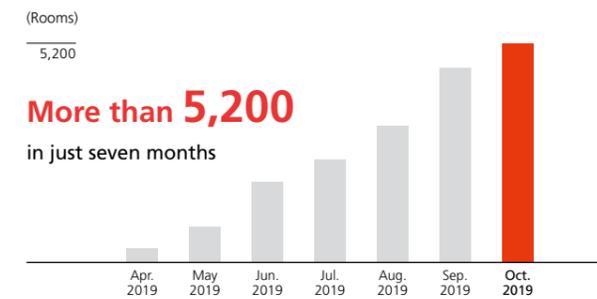
*1 As of October 2019

Progress of the Business

OYO Hotels Japan opened over 5,200 rooms within 100 hotels including Tokyo, Osaka and Kyoto in just seven months. The survey results show that hotels that have joined OYO have been operating for an average of over 80% in about three months after joining. In

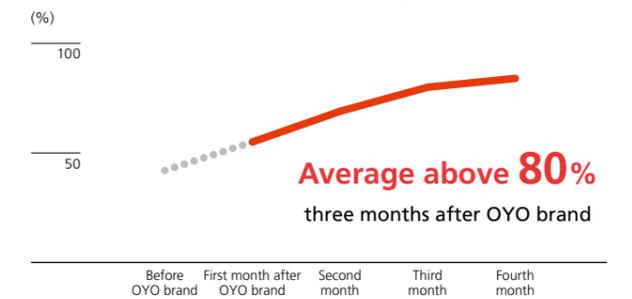
addition to making reservations from OYO app, it is possible to make reservations from OYO website, Online Travel Agency (OTA), walk-ins and mobile-web and we are aiming for further development in the future.

OYO Hotels Japan Guest Rooms



Source: "OYO Hotels Japan Guest Rooms" refers to the number of guest rooms for which the introduction of operations under the OYO brand has been completed.

OYO Hotels Japan Average Occupancy Rate



Source: This figure has been calculated based on approximately 400 guest rooms opened in May 2019. Before OYO brand: Average occupancy rate before remodeling under the OYO brand. After OYO brand: Average occupancy rate between May 2019, when guest rooms opened under the OYO brand, and August 2019

Special Feature 2

5G Strategy

In 2020, SoftBank will launch commercial services of 5G, the next-generation telecommunications standard. This section focuses on the current technological strategies and advantages of SoftBank as it readies for the imminent arrival of the 5G era.

5G, the next-generation telecommunications standard—Accelerating the *Beyond Carrier* strategy

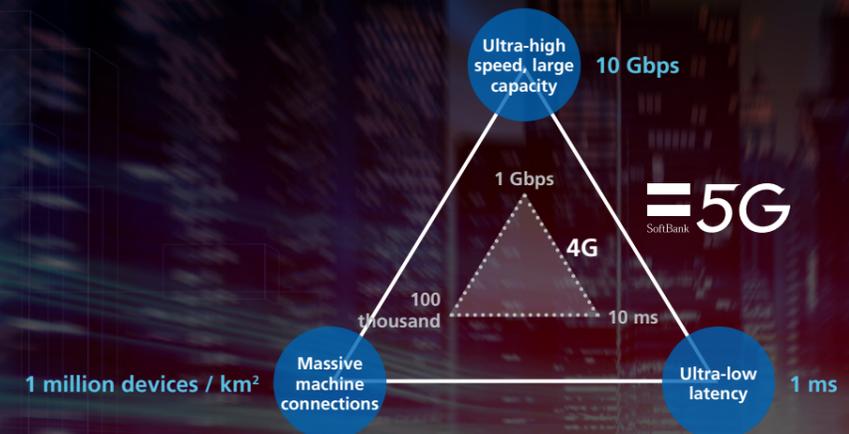
Under its *Beyond Carrier* strategy, SoftBank aims to grow the telecommunications business further while expanding Yahoo Japan and new business fields. The accelerator of this strategy will be 5G technology, the next-generation telecommunications standard.

The ultra-high speed and large capacity of 5G is expected not only to enable the viewing of large-volume, high-quality videos via smartphones but also to result in the exponential spread of services with levels of sophistication that would be impossible with existing smartphones. For example, 5G will allow customers to play games with high-definition graphics and use virtual reality technology to view live sports events from remote locations. Manufacturers will time the launches of 5G compatible smartphones to coincide with the beginning of 5G commercial services in 2020 and then steadily expand their smartphone lineups as 5G networks expand.

Further, 5G will play an important role in new businesses. SoftBank is creating new businesses by introducing the disruptive business models and cutting-edge technologies of SoftBank Group investee companies to Japan. In realizing IoT services, robotics, and self-driving vehicles—markets that promise growth—the ultra-high speed, large capacity, massive machine connections, and ultra-low latency of 5G networks will be critical. Therefore, our 5G technology will give us a major advantage in expanding new businesses.

SoftBank 5G What Is 5G?

The next-generation telecommunications standard is referred to as 5G. Featuring faster communication speeds than 4G, 5G enables almost instantaneous communications with more devices. Practical use of the ultra-high speed, large capacity, massive machine connections, and ultra-low latency of 5G promises to facilitate the use of virtual reality, augmented reality, and mixed reality technologies, thereby enabling technology transformation and service creation that makes daily life safer and more convenient in a wide variety of fields, such as drone-based infrastructure inspection, self-driving vehicles, and product management (IoT).



01 VR / AR / MR

By utilizing the ultra-low latency, ultra-high speed, and large capacity of 5G environments, virtual reality (VR), augmented reality (AR), and mixed reality (MR) technologies can create many different types of images. These technologies are expected to play important roles in diverse fields, including scientific research, medicine, product development, manufacturing, and travel simulation.



02 Drones

The massive machine connections and ultra-low latency of 5G increase the number of and distances from which devices that can be controlled. Consequently, the use of drones for home delivery and other logistics operations is envisioned. Further, the applications for drones are likely to multiply. For example, they can be used to inspect bridges and roads remotely and to inspect high altitude locations safely.



03 Self-Driving Vehicles

The ultra-high reliability and ultra-low latency of 5G are crucial because they reduce communication delays when vehicles are being controlled. Moreover, platooning and completely autonomous driving should be feasible because 5G enables the communication of brake and accelerate commands in close to real time.



04 Product Management (IoT)

Using the massive machine connections possible with 5G allows businesses to inventory products on the shelves of supermarkets and other stores in real time. Moreover, AI can be used to predict which products are likely to go out of stock. Based on this prediction data, products can then be shipped automatically. Thus, the connection of society's "things" to networks opens up the prospect of all sorts of advances in efficiency and automation.

SoftBank's 5G Road Map

For some time, SoftBank has been conducting many different types of verification trials in relation to 5G. Having received spectrum allocation from the Ministry of Internal Affairs and Communications in April 2019, the Company is currently working with diverse partners to advance verification-related initiatives aimed at realizing practical applications for 5G as soon as possible.

We plan to commence 5G commercial services in 2020. With the aim of rapidly achieving 5G coverage for more than 90% of the population, SoftBank is introducing 5G networks by extending existing LTE (Long Term Evolution) networks and is establishing additional base stations.

Commencement of 5G Commercial Services in 2020

SoftBank plans to begin providing 5G services through non-stand-alone (NSA)*3 networks. The utilization of NSA networks, which use 5G radio units while using 4G LTE as their core networks,*4 will enable the realization of 5G telecommunications through the expansion of existing LTE networks. As a result, we will be able to introduce 5G networks rapidly while curbing capital expenditures.

April 2019

Determination of Spectrum Allocation

SoftBank received the 3.7 GHz and 28 GHz bands.

Apr.

Verification Trials Aimed at Realizing Smart Highways

In collaboration with Pacific Consultants Co., Ltd., Maeda Corporation, and Aichi Road Concession Co., Ltd., SoftBank conducted verification trials on a toll road in Aichi Prefecture with a view to realizing 5G-enabled smart highways. The trials confirmed that AI can detect small objects undetectable in high-definition images and that acceleration sensors installed on bridges can achieve real-time monitoring of characteristic vibration properties.



The installation of acceleration sensors and wireless devices enables the remote, real-time detection of abnormalities in bridge beams and columns during disasters and in other situations.

Utilization of Portable 5G Equipment to Connect with Construction Equipment

For the first time, SoftBank used *Odekake 5G**1, a portable 5G equipment, which the Company developed in-house, to establish a high-quality, local 5G signal at a construction site. This enabled the successful remote operation of self-driving construction equipment that Taisei Corporation is developing.



Jun.

World's First*2 Verification Trial of 5G-enabled Truck Platooning

On the Shin-Tomei Expressway, we conducted a successful verification trial of truck platooning that uses a new wireless 5G system to share control information among trucks. In platooning, self-driving trucks follow a lead truck driven by a person.



The use of automated control of inter-vehicular distance for automated platooning on a highway

Jul.

Provision of Japan's First 5G Pre-commercial Service at an Open-air Music Festival

Through a 5G network, SoftBank transmitted live video to virtual reality spaces and provided information on congestion at respective venues at FUJI ROCK FESTIVAL '19, one of Japan's largest open-air rock festivals.



Using virtual reality to view immersive live video at SoftBank booth

Aug.

Provision of 5G Pre-commercial Service at an International Basketball Game

For the first time at an international basketball game played in Japan by the country's national team, SoftBank utilized a 5G network to provide an immersive viewing experience based on virtual reality, augmented reality, and high-definition HDR (high dynamic range) video.



Virtual reality-enabled video transmitted from equipment installed under the hoop and in other special locations

Cooperation between SoftBank and KDDI on the Rapid Build-out of 5G Networks in Rural Areas

SoftBank and KDDI Corporation have agreed to make mutual use of their base station assets with the aims of jointly advancing the rapid build-out of 5G networks in Japan's rural areas, increasing the efficiency of capital expenditures, and strengthening networks.

*1 Developed by SoftBank, this portable equipment can provide a high-quality 5G signal locally.

*2 This is based on a survey by SoftBank as of June 11, 2019.

*3 This is a system that operates 5G New Radio (NR), which is a radio access system for 5G, through connection to LTE networks.

*4 The core network comprises switching equipment, subscriber information management devices, and other equipment. Mobile terminals communicate with the core network via a radio access network.

SoftBank Initiatives to Accelerate the Development of 5G

1 Early Rollout Utilization of Existing Base Stations and Technology



The use of 5G spectrum enables the transmission of high-definition video and sound without any delay. On the other hand, the high frequency of the bands means that the radio waves are very straight and attenuate readily. Consequently, the radio waves have difficulty penetrating buildings or other obstacles. For this reason, 5G network requires base stations to be closer together than those of 4G networks. The establishment of additional new base stations requires time and investment. First, suitable land for base stations has to be found, then negotiations with landowners are opened, base stations are built, and finally line contracts are concluded. However, we enjoy the advantage of having more base stations than other companies. Nationwide, SoftBank has approximately 230,000 base station locations. When utilizing base stations that have already been built, all that needs to be done is to incorporate 5G equipment. In terms of both speed and cost, this approach is significantly superior to constructing base stations from scratch. Thus, the fact that it already has enough base station sites is a major advantage for SoftBank in building out 5G networks across Japan.

Another advantage is that we have the technologies to make maximum use of our spectrum allocation. Specifically, our Massive MIMO (multiple input, multiple output) technology allows multiple customers to simultaneously use ultra-high speed, large capacity communications services. Through advanced beam forming and spatial multiplexing technology that controls up to 128 antennas, Massive MIMO is able to allocate a dedicated signal to each customer. Consequently, this technology can realize high-quality mobile telecommunications in crowded locations, such as railway stations and busy downtown areas where communication speeds previously tended to slow down. Although Massive MIMO is referred to as a 5G elemental technology, SoftBank has been using the technology in the commercial services of 4G networks for approximately three years. As a result, we have a variety of expertise in relation to the operation of Massive MIMO. This competence is a further major advantage that will enable us to expedite the building out of 5G networks nationwide.

Realization of Ultra-high Speed, Large Capacity Communications through Massive MIMO



2 Personnel Strategy Human Resources for the Advancement of New Technologies



In anticipation of the coming 5G era, SoftBank is pursuing a personnel strategy for engineers. For several years, SoftBank has been reassigning certain engineers in its telecommunications business to such new fields as 5G, IoT, big data, and AI. To allow this transfer of personnel, we have been rigorously reforming base station construction processes and other work in the telecommunications business and proactively introducing robotic process automation (RPA) to automate and increase the efficiency of work. At the same time, we are training engineers who do not have experience in the new fields by enabling them to take certification exams. In this way, we are fostering multi-skilled personnel who even have competence in programming for IoT services.

Further, Yahoo Japan, which became a SoftBank subsidiary in June 2019, has a large number of outstanding software engineers. Through collaboration with these engineers, we are accelerating the development of applications for IoT and AI, which was previously a challenge for us. Going forward, our IT engineers and software engineers will work proactively as a team on initiatives for the use of AI-enabled data analysis across a range of Yahoo Japan's services, the use of 5G networks to expand and improve Yahoo Japan's existing services, and the starting up of new businesses.

3 Maintenance of Quality Technological Measures for the Continuing Growth in Communication Traffic



In catering to the ever-growing volume of communication traffic, how best to manage spectrum while maintaining the quality of services is a significant technological task for telecommunications carriers. While Japan's population is trending downward, communication traffic is expected to see explosive growth. Driving this expansion will be increased viewing of videos and other rich content that require large-capacity data communication as well as the full penetration of IoT and self-driving vehicles that is likely to accompany the realization of 5G.

To ensure that even in such conditions it can consistently provide customers with a comfortable communications environment, SoftBank is conducting proper capital investment and improving its spectrum bandwidth. With the aim of maintaining the communication quality of mobile and other wireless communications, we have established standards for communication speeds, and we take ongoing measures to ensure that communication speeds do not fall below this standard. Meanwhile, for several years we have been implementing initiatives for our core network aimed at coping with increases of communication traffic. For example, we have introduced virtualization for the core network on a computer platform. Going forward, as the progress of virtualized core network technology, it will become easier to accommodate the increase of communication traffic. Moreover, virtualization promises to help curb the capital expenditures needed for locations and equipment, thereby improving cost-effectiveness.

4 Security The Use of the Most Advanced Technology to Curb Security Risks



The introduction of 5G for practical applications is expected to trigger an explosive expansion of IoT. Given that IoT connects innumerable devices via networks, protecting devices from external attacks will be a task for telecommunications carriers. Aiming to tackle this task, SoftBank is actively developing NIDD (Non-IP Data Delivery) as a new technology. NIDD enables communications in wireless sections without the use of internet Protocol (IP) addresses. As IP is not used for communications, highly secure networks that are unlikely to expose IoT devices to malicious external attacks can be built. Furthermore, through the use of NIDD technology together with closed networks, it is possible to block any contact with IoT devices from the external environment. In 2018, SoftBank became the first company in the world to successfully conduct NIDD technology connection tests in a commercial environment. At present, we are steadily proceeding with development aimed at beginning commercial NIDD services. For example, we have partnered with Murata Manufacturing Co., Ltd., to develop the world's smallest class of communication modules*1.

*1 This is based on a survey by Murata Manufacturing Co., Ltd., as of June 30, 2019.

Financial Strategy / A Message from the CFO



Kazuhiko Fujihara

Board Director
Executive Vice President & CFO
SoftBank Corp.

Performance Overview of the Fiscal Year Ended March 31, 2019

In the fiscal year ended March 31, 2019, SoftBank achieved year on year increases of 5% in revenue, to ¥3,746.3 billion, and 13% in operating income, to ¥719.5 billion, both of which were record highs. All business segments, including the Consumer, Enterprise, Distribution, and Other segments, performed well, growing their revenue and segment income year on year. Particularly noteworthy, however, was the favorable growth of the telecommunications business, which accounts for more than half of the Company's revenue. Despite an even more competitive environment, the cumulative number of smartphone subscribers was up 10% from that of the previous fiscal year, to 22.08 million. I believe this performance is a testament to the success of our strategy of catering to customers' diverse needs by leveraging the distinctive attributes of our three brands: *SoftBank*, *Y!mobile*, and *LINE MOBILE*.

Forming the core of the telecommunications business, the Consumer segment performed briskly due to the growth of the mobile communications business, sometimes referred to as the mobile phone business, as well as due to a significant contribution from the broadband business, which provides fixed-line communications services. In the broadband business, the cumulative number of subscribers to mainstay *SoftBank Hikari* was up an impressive 19% year on year, while revenue rose 14% from the previous fiscal year. Further, the bundled discount *Home Bundle Discount Hikari Set*, subscribed to by approximately half of smartphone subscribers, greatly helped reduce the churn rate, and the smartphone churn rate reached a record low of 0.83%.

Meanwhile, the Enterprise segment saw a 13% year on year increase in revenue. This robust growth reflected the performances of the Enterprise segment's core businesses—which are mobile communications services; fixed-line communications services, such as data communications and fixed-line telephone services; and VPN and network services—as well as contributions from businesses that provide solutions in fields including cloud services, digital marketing, AI, IoT, robotics, and security. Particularly solid sales were posted by the cloud business, which provides platforms for many different services, such as smart home electronics, infrastructure inspection, and the management of buildings; the IoT business, which offers comprehensive solutions encompassing networks and APIs (application programming interfaces) for external collaboration; and AI-enabled robots. Going forward, the solutions business is a promising business to drive the Company's growth.

Our founding business, the Distribution segment, which now provides ICT products and mobile and PC peripherals to enterprises and individuals, also grew markedly, recording a 20% rise in

revenue year on year. The contribution that the Distribution segment makes to the Company's operating income is limited because it is a wholesale business. Nonetheless, I think that 20% growth in revenue proves that there are still ample business opportunities everywhere and that we were able to capture them.

Strengthening of Growth Strategy and Shareholder Returns by Making Yahoo Japan a Consolidated Subsidiary

In June 2019, the Company made Yahoo Japan a consolidated subsidiary through an additional acquisition of its shares. As the largest company engaged in the big data business in Japan, Yahoo Japan offers more than 100 internet-based services and boasts more than 90 million users.*1 We will revolutionize and invigorate existing approaches in industries by harnessing the customer base and technologies such as 5G of SoftBank's telecommunications business, Yahoo Japan's big data, and the cutting-edge business models of SoftBank Group's investee companies. An example of such initiatives is *PayPay*, which we launched through a joint venture with Yahoo Japan. Under the *PayPay* brand, we will build a platform centered on payment services that provides customers simple and seamless access to all types of everyday actions, such as shopping, transportation, saving, and investment through smartphones.

Our full-year consolidated financial result forecasts for the fiscal year ending March 31, 2020 after the consolidation of Yahoo Japan are revenue of ¥4,800 billion, operating income of ¥890 billion, and net income attributable to owners of the Company of ¥480 billion. This forecasts represent year on year increases in revenues and income when compared with the simply aggregated financial results of SoftBank and Yahoo Japan in the fiscal year ended March 31, 2019.

With respect to shareholder returns, our basic policy is to realize stable per-share dividends with a guideline dividend payout ratio to net income*2 of approximately 85% on a consolidated basis. By continuing to increase revenue and income through the *Beyond Carrier* strategy, SoftBank will continue to raise the earnings per share (EPS)*3. Further, at the beginning of each fiscal year we will disclose net income targets as well as dividend forecasts based on these targets. Irrespective of the degree to which the actual results meet income targets, we will pay the dividends according to the forecast at the beginning of the fiscal year. Further, in the fiscal year ending March 31, 2020, we forecast annual dividends of ¥85, up ¥10*4 year on year. Generally, the high level of shareholder returns represented by a dividend payout ratio of 85% would raise a concern that it might be at the cost of investments for growth. However, our free cash flow is surpassing net income at present, since we are at a stage that does not require large amounts of capital expenditures that require a lot of cash. Further, having access to the cutting-edge business models of the cluster of companies in which SoftBank Group invests means that SoftBank only needs a small amount of investment to introduce the business models that have proven successful overseas in Japan. As such, we are able to achieve both growth and a high level of shareholder returns—which is generally considered to be difficult to accomplish.

Forecasts of Consolidated Financial Results in the Fiscal Year Ending March 31, 2020

	(Billions of yen)		
(Fiscal years ended / ending March 31)	2018	2019	2020 (Forecast)
Revenue	3,582.6	3,746.3	4,800.0
Operating income	637.9	719.5	890.0
Net income*2	400.7	430.8	480.0
Basic EPS*3	¥98	¥90	¥100

*1 This was the average number of daily unique browsers in the fiscal year ended March 31, 2019. The number comprises the cumulative total number of browsers accessing *Yahoo! JAPAN*. With respect to smartphones, access via browsers and access via applications are counted separately, even if there is an overlap in users.

*2 Net income attributable to owners of the Company

*3 Earnings per share attributable to owners of the Company

*4 In the fiscal year ended March 31, 2019, SoftBank paid a half-year dividend of ¥37.50 per share (which converts to a dividend of ¥75.00 per share if calculated on a full-year basis) as the Company listed on December 19, 2018.

Financial Strategies Leveraging Ability to Generate Robust Cash Flows

Upon deliberation of financial strategies, we emphasize adjusted free cash flow*¹ as the most important indicator of the ability of businesses to generate cash. Further, in measuring financial soundness we emphasize net leverage ratio as an important indicator. This is the ratio of net interest-bearing debt, which is interest-bearing debt net of cash and cash equivalents, to adjusted EBITDA.

Adjusted free cash flow, which is operating cash flows net of capital expenditures and growth investments, is above the ¥500 billion level, reaching ¥508 billion in the fiscal year ended March 31, 2018, and ¥513.1 billion*² in the following fiscal year. We forecast adjusted free cash flow of ¥520 billion*² in the fiscal year ending March 31, 2020. Further, the outlook for free cash flow after shareholder returns, which is adjusted free cash flow net of the total amount of dividends, is ¥140 billion. We will allocate this to the repayment of interest-bearing debt to increase financial soundness and to further growth investments. Also, in the telecommunications business capital expenditures of ¥380 billion are projected in the fiscal year ending March 31, 2020. Even allowing for investments in 5G, we expect these capital expenditures to trend stably at this level going forward.

Net interest-bearing debt on March 31, 2019 stood at ¥3,130 billion, up approximately ¥200 billion due to the retrospective inclusion of Yahoo Japan. However, the percentage increase in adjusted EBITDA was greater than the percentage increase in net interest-bearing debt. Consequently, the net leverage ratio was 2.2 times, an improvement compared with its level before the inclusion of Yahoo Japan. Further, the debt from securitization of installment sales receivables included in interest-bearing debt is not redeemed by using cash flows from the income of the company and its subsidiaries but by using funds collected from customers who purchase mobile devices through installments. Therefore, financial covenants attached to borrowings exclude the debt from securitization of installment sales receivables from interest-bearing debt. If debt arising from securitization of installment sales receivables is excluded from interest-bearing debt, the net leverage ratio is 1.8 times, which I believe is a sufficiently safe level. We will further improve the net leverage ratio by improving capital efficiency through the enhancement of cash management including Yahoo Japan. On March 31, 2019, cash and cash equivalents amounted to ¥358.0 billion, up ¥236.9 billion from the previous fiscal year-end that was primarily attributable to an increase in free cash flow. Given that this amount of cash and cash equivalents is approximately equal to one month's sales, we believe that the cash position is at an appropriate level.

*¹ 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)

*² Excluding the acquisition of Yahoo Japan shares

As for fund-raising, we currently use three main methods: borrowings from banks, equipment leases, and securitization of installment sales receivables. Leases reflect capital expenditures, while securitization reflects installment sales receivables. The fact that business asset-linked fund-raising accounts for half of our fund-raising is a financial strength. Recently, we received an A+ issuer rating and a "stable" rating outlook from Rating and Investment Information, Inc. (R&I), as well as an AA- issuer rating and a "stable" outlook from Japan Credit Rating Agency, Ltd. (JCR). These ratings enable us to diversify fund-raising methods, enhance fund-raising capabilities, and improve fund-raising costs. We will continue taking measures to strengthen our financial base.

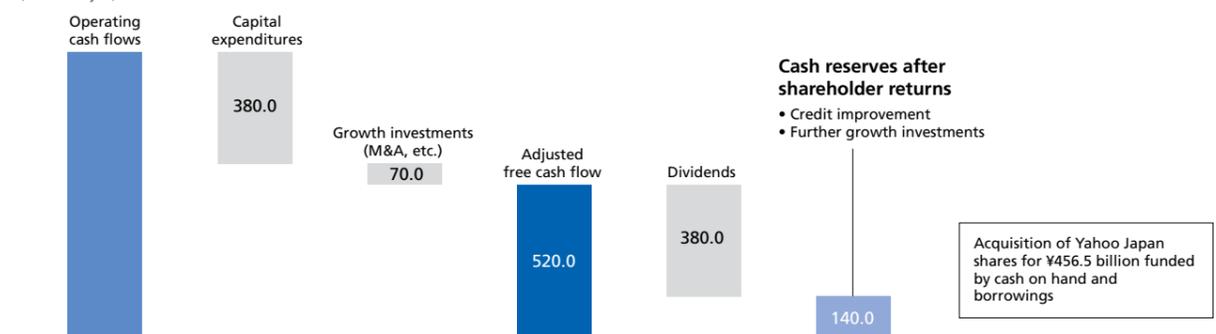
Investment Policy and Discipline

SoftBank takes a strictly disciplined approach to making decisions on growth investments. As we are an operating company, our investment activities are focused on achieving synergies with our mainstay business while maximizing investment returns. We classify growth investments under three categories: expansion of existing businesses, entry into new business fields, and anticipation of the future. We manage each category based on internal rate of return (IRR) hurdle rates (the minimum yield required from each investment). Under this framework, the IRR of existing businesses must reach the hurdle rate within a few years. Meanwhile, for projects that involve R&D factors, longer periods will be accepted considering the time period necessary for research, though we seek commensurately higher returns from these projects. From the investment analysis stage, we rigorously discuss such factors at management meetings before making decisions.

In addition to conducting growth investments in a strict manner, by combining SoftBank Group's ability to invest in promising cutting-edge unicorns worldwide with SoftBank's sales force, engineers, and customer base, the Company can start up and swiftly expand businesses with less investment and risk than it would need to start up businesses from scratch. Examples of such initiatives include DiDi Mobility Japan Corp., which began services in Japan in only three months after being established as a joint venture, and PayPay Corporation, which has expanded its customer base and network of affiliated stores with great rapidity. Going forward, SoftBank will continue developing and launching similar initiatives that benefit both the Company and its partners.

Forecast of Adjusted Free Cash Flow in the Fiscal Year Ending March 31, 2020

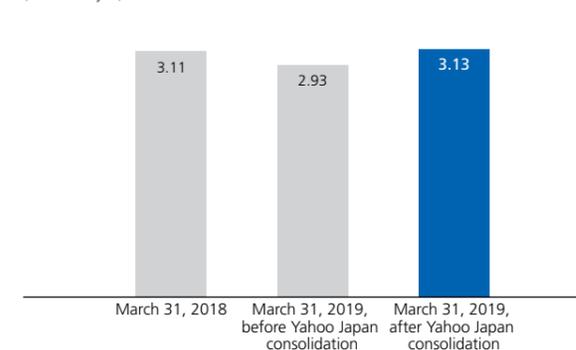
(Billions of yen)



Note: The effect of making Yahoo Japan a consolidated subsidiary has been excluded.

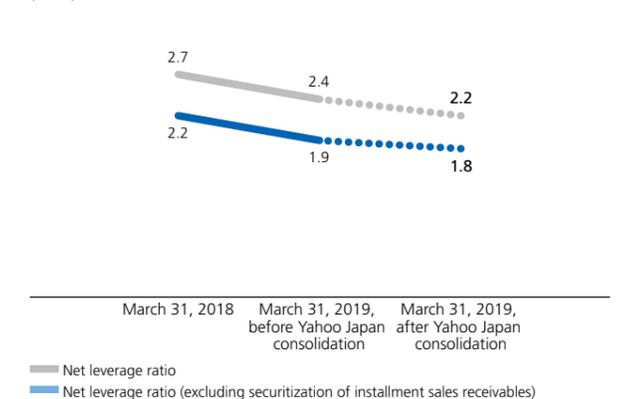
Net Interest-bearing Debt

(Trillions of yen)



Net Leverage Ratio

(Times)



The CFO's Role as the Company Forges Ahead in a New Phase of the Information Revolution

The CFO should be a company's compass and navigator. I give the same importance to medium to long term growth as I do to the rigorous pursuit of near term results. In a very different world 30 years from now, I want SoftBank to still be a group of professionals that has a perfect command of the latest technologies and which leads the era. With this in mind, the CFO should give advice and, at times, apply the brakes and adjust the direction a company is heading. This is my ideal CFO model.

Given that it has a cluster of cutting-edge businesses and diverse subsidiaries, the Company offers an environment conducive to fostering CFO candidates who will play important roles in the future. I will help develop many candidates for the position of CFO in the coming generation by giving junior employees opportunities to experience the rigors of actual practice and by supporting their knowledge and expertise through IT.

Since its foundation, the Company has accumulated a truly diverse range of experience. Also, since listing we have been unstintingly tackling various issues. Moreover, there is a tangible sense that with each new experience the Company has become stronger and grown. Our *Beyond Carrier* strategy, which has only just begun, is a business model that all telecom service operators worldwide would like to realize. In particular, Japan is facing challenging social issues such as an aging society and labor shortages earlier than other countries. If we can harness technologies to solve such issues in Japan, those solutions should work in other countries and regions. SoftBank's *Beyond Carrier* strategy is looking ahead to the advent of such an era.

As we redouble our efforts to engage in proactive dialogue with our investors, I would like to ask for their continued understanding and support.

