

 SoftBank

Medium-term Management Plan

FY2023 - FY2025

Disclaimer

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Road Map for Realization of Long-term Vision

Long-term Vision Provide Next-generation Social Infrastructure essential for development of a digital society

Phase 1

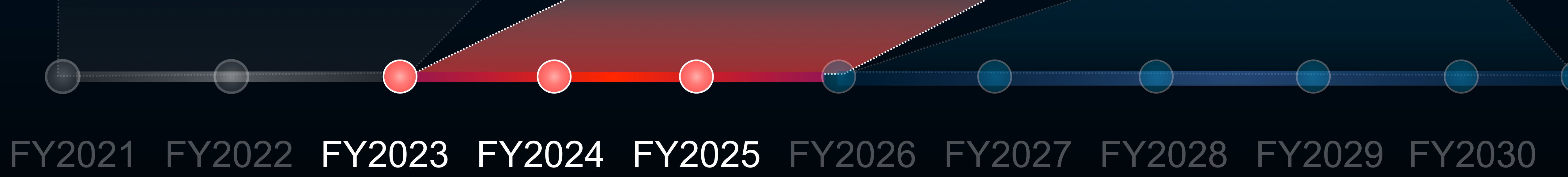
- Achieve medium-term management targets
- Promotion of digital transformation (DX)
- Research and development of necessary technologies

Phase 2

- Rebuild business foundation
- DX business expansion
- Implementation of technology for commercialization

Phase 3

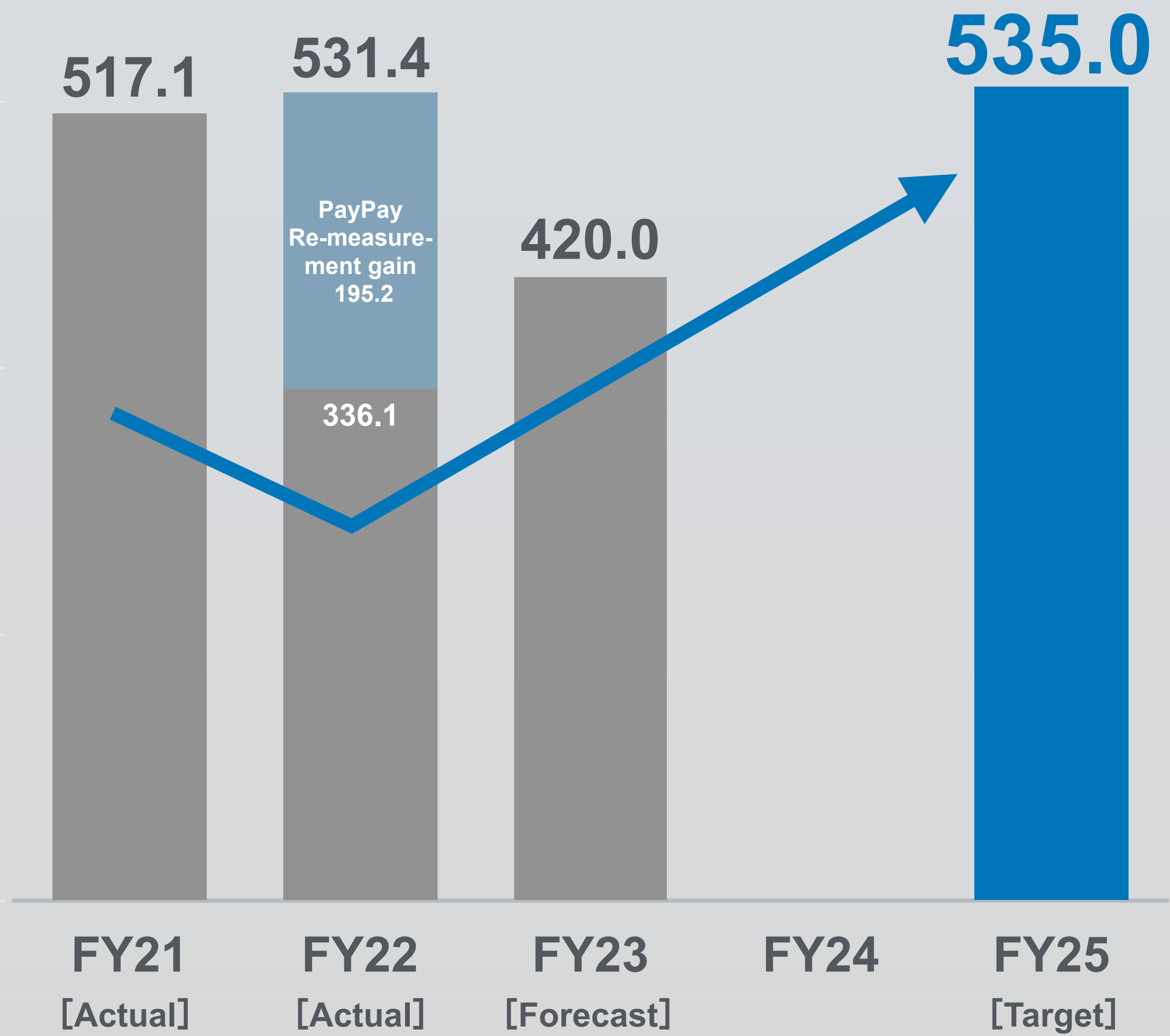
- Further business growth
- Completion of Next-generation Social Infrastructure



Medium-term Management Plan Financial Target

[JPY bn]

Net Income



Consolidated net income

**Pursue
record-high
profit**

(Compound annual growth rate of 17%)*

(Note) Net Income: net income attributable to owners of SoftBank Corp.
*This is the compound annual growth rate of the FY2025 net income target from the FY2022 net income excluding the impact of the re-measurement gain (JPY 195.2 bn) associated with consolidation of PayPay

Medium-term Management Plan (FY2023-FY2025)

Rebuild business foundation for future growth

Growth strategy

Execute “Beyond Carrier” strategy

Financial targets

Pursue record-high net income in FY2025

Maintain high level of shareholder returns while meeting capital expenditure needs

Medium-term Management Plan (FY2023-FY2025)

Rebuild business foundation for future growth

Growth strategy

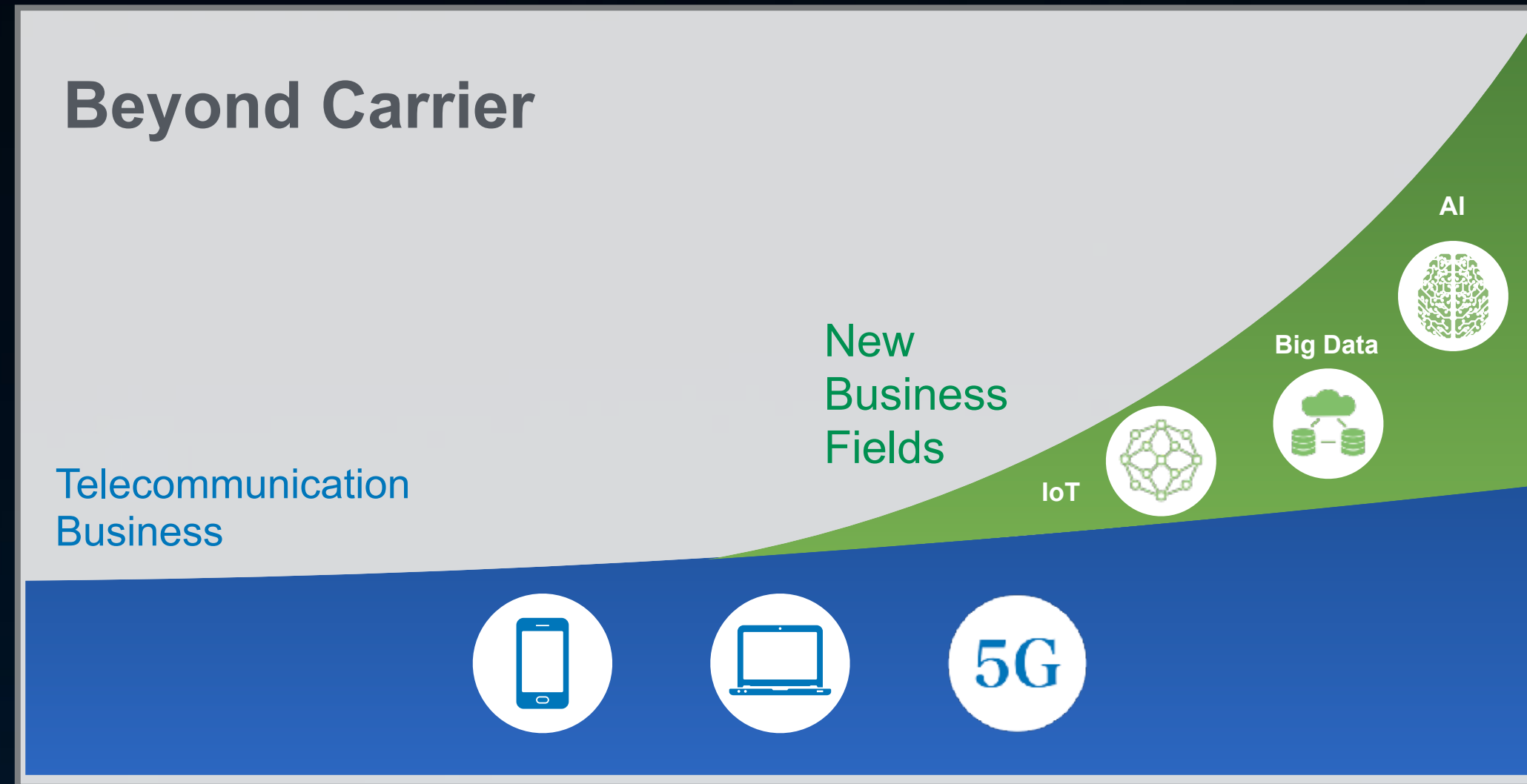
Execute “Beyond Carrier” strategy

Financial targets

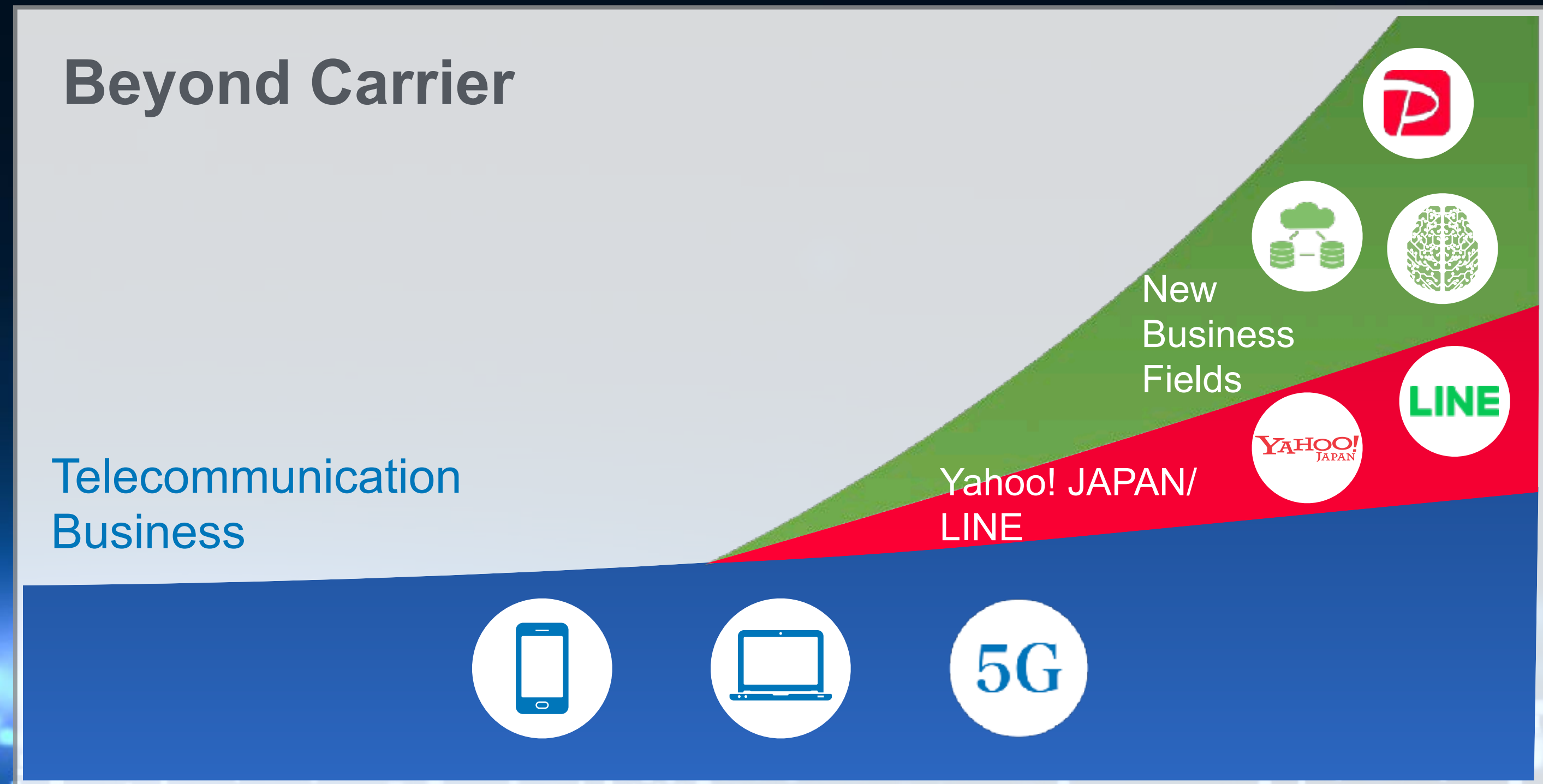
Pursue record-high net income in FY2025

Maintain high level of shareholder returns while meeting capital expenditure needs

Growth Strategy (Previous)



**At the time of
TSE listing**



Until FY2022

Growth Strategy (FY2023 and Beyond)

Beyond Carrier

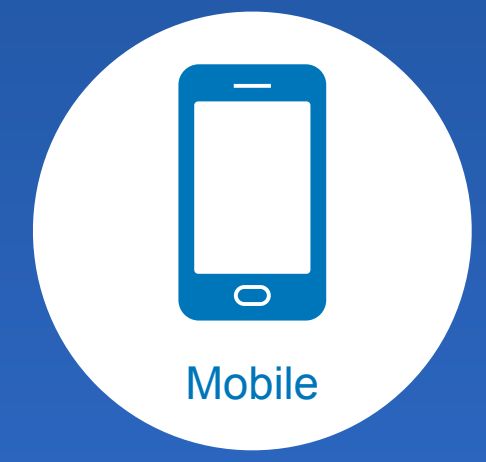
Telecommunication Business

New Business Fields

Yahoo! JAPAN/
LINE

Financial

DX / Business Solutions





Consumer Segment

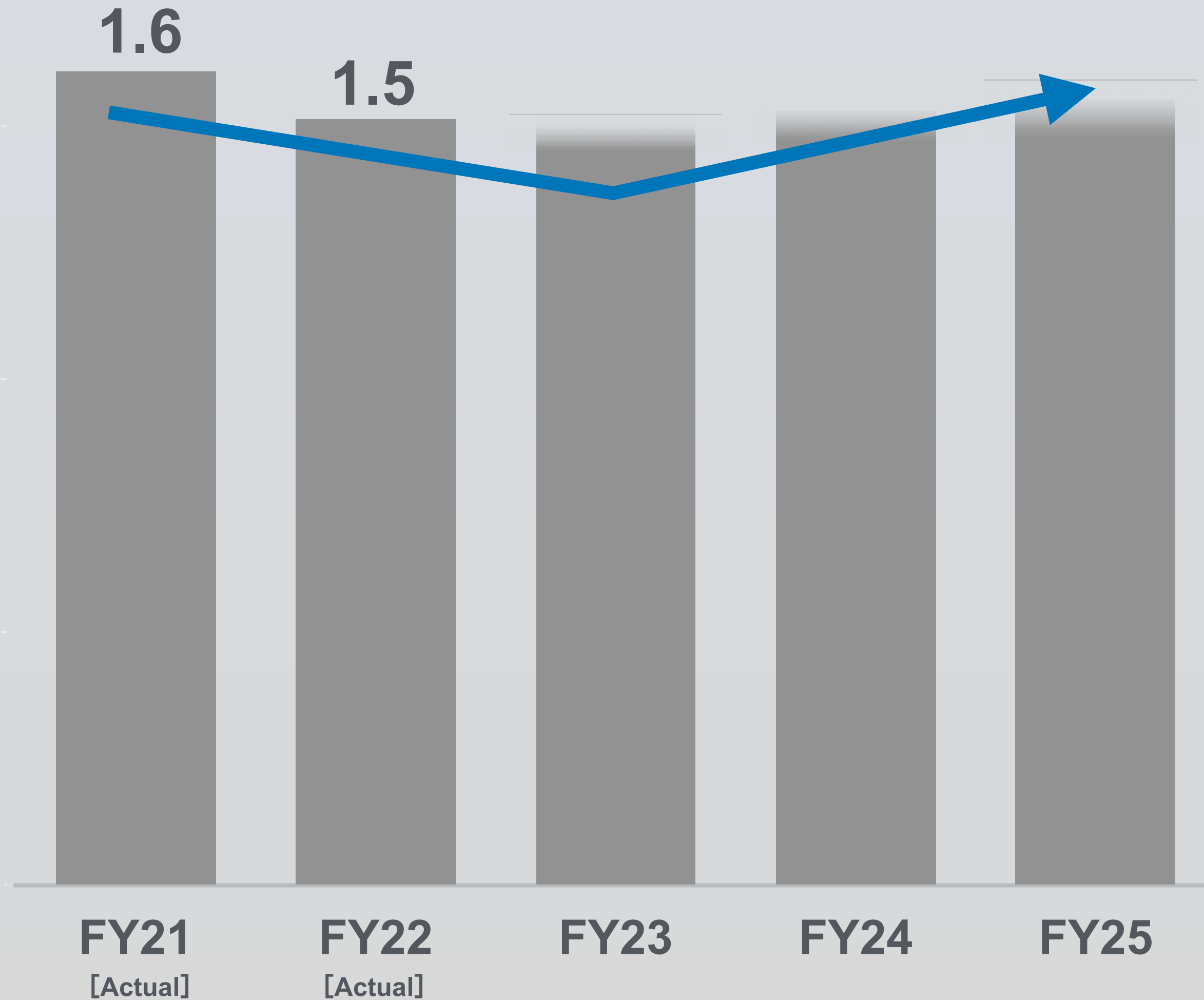
Consumer Segment

Mobile service revenue and Consumer segment income
To hit bottom and return to growth

Consumer Segment FY2025 Business Target (1)

[JPY tn]

Mobile service revenue

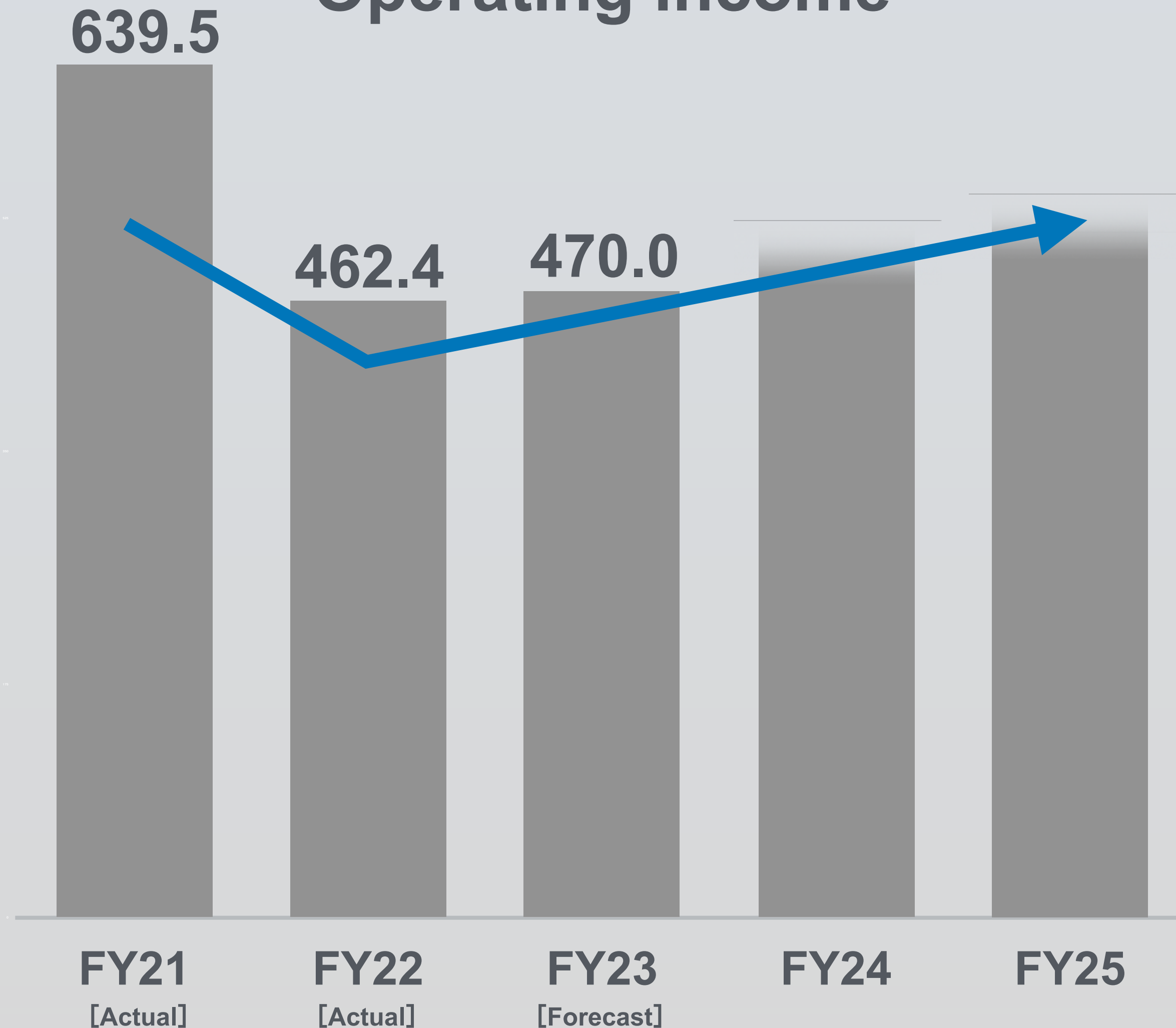


**To hit bottom in
FY2023 and
return to growth**

Consumer Segment FY2025 Business Target (2)

[JPY bn]

Operating income

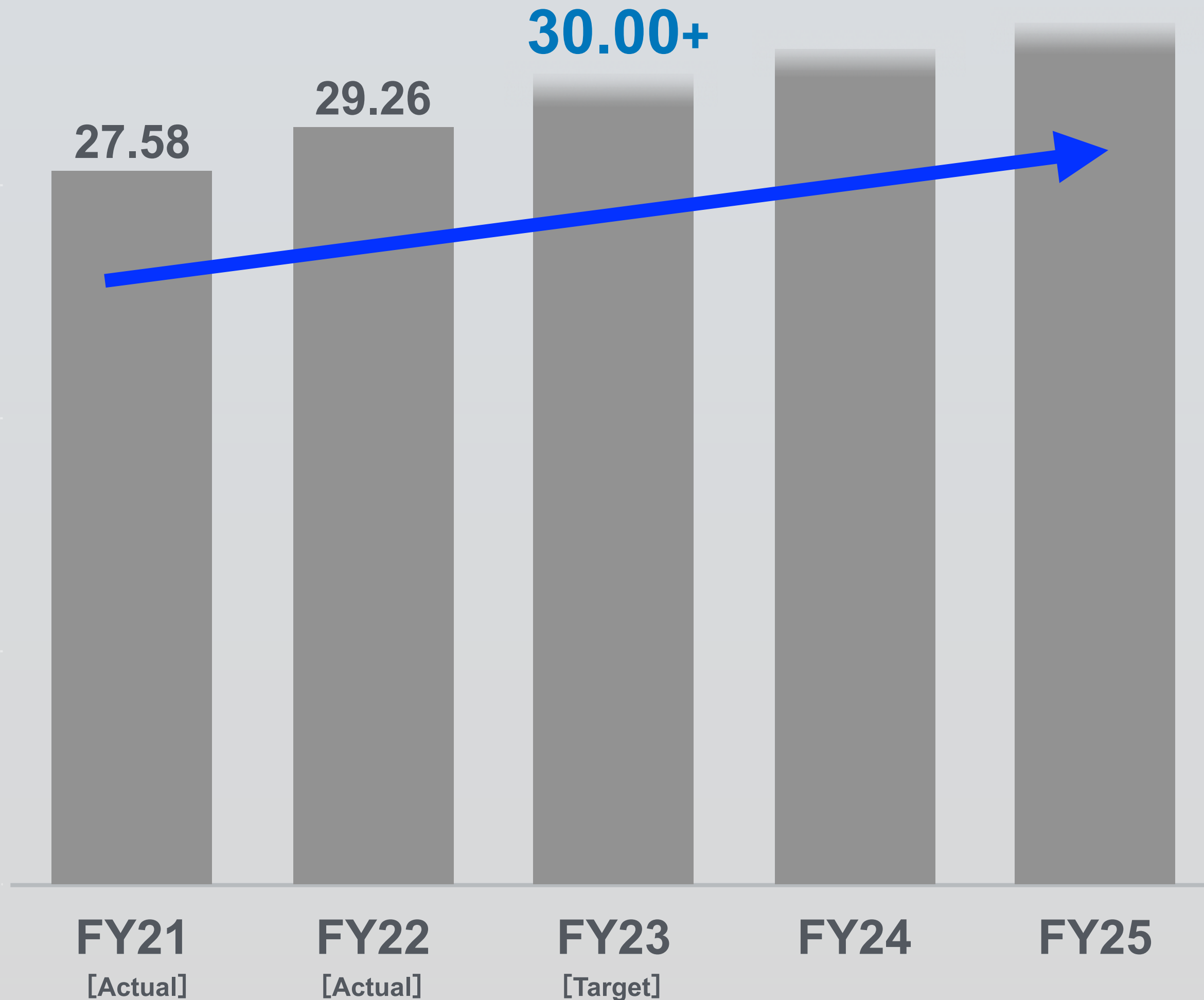


**To hit bottom in
FY2022 and
return to growth**

Consumer Segment Growth Strategy 1) Smartphone Subscriber Growth

[Mil]

Cumulative Smartphone Subscribers



**Maintain
net increase at
level of 1 million
per year**

(Note) Including Enterprise contracts

Consumer Segment Growth Strategy 2) ARPU Improvement

Expand revenue by enhancing value-added services

Security



Entertainment



Device warranty



Health Care



Smartphone support in stores



**Metaverse /
NFT (Non-Fungible Token)**



Consumer Segment Growth Strategy 2) ARPU Improvement

Create new services leveraging features of 5G SA

(Stand Alone)

Features of
5G SA

Ultra-high speed/
Large capacity

Ultra-low latency

Mass machine
connections



Group
Services

YAHOO!
JAPAN

LINE

ZOZOTOWN

PayPay PayPay カード
Card

ASKUL





Enterprise Segment

Enterprise Segment

Business solution and others revenue and Enterprise segment income

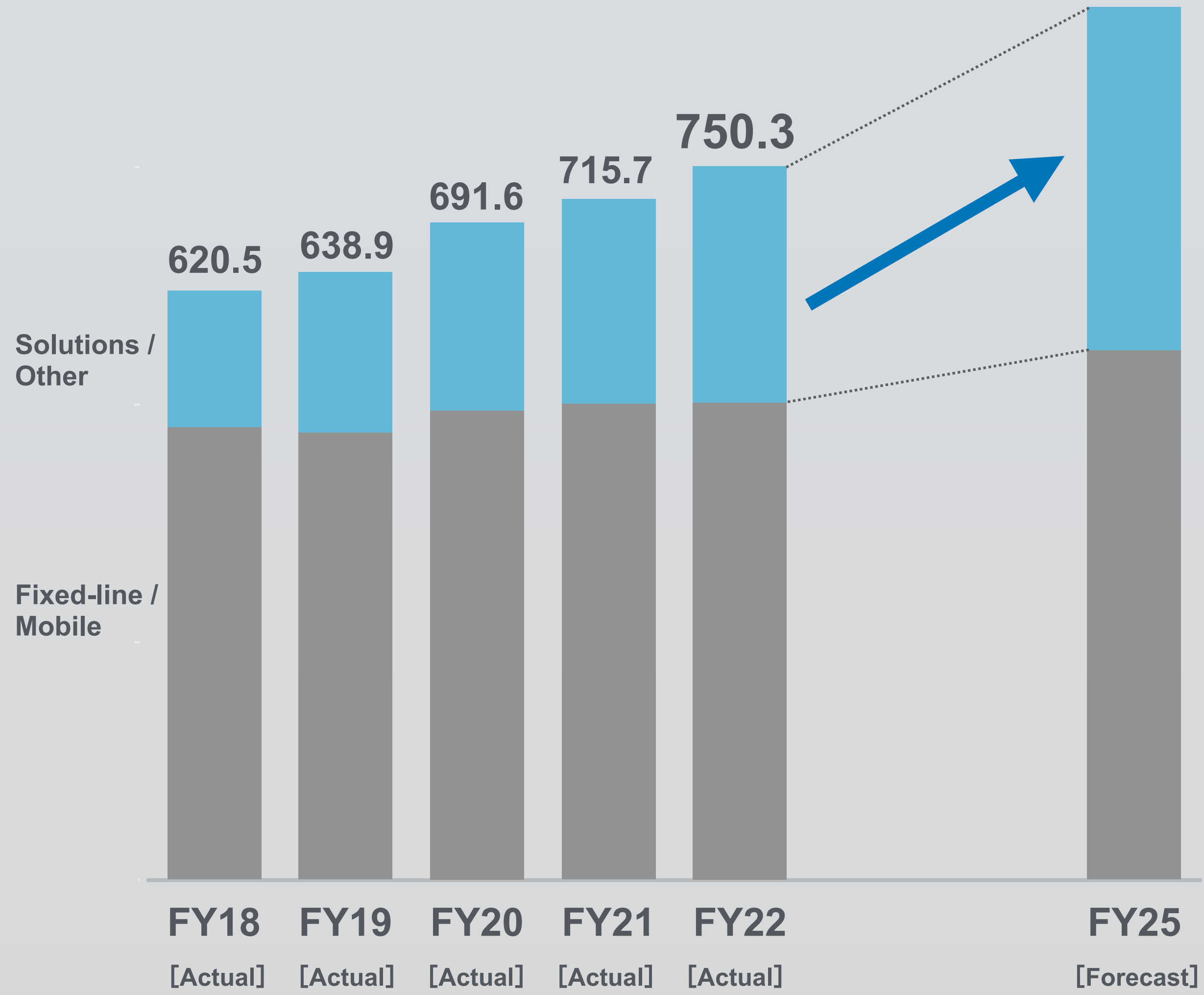
Pursue Double-digit Growth

Compound Annual Growth Rate from FY2023 to FY2025

Enterprise Segment FY2025 Business Target

[JPY bn]

Revenue



Business solution and others revenue

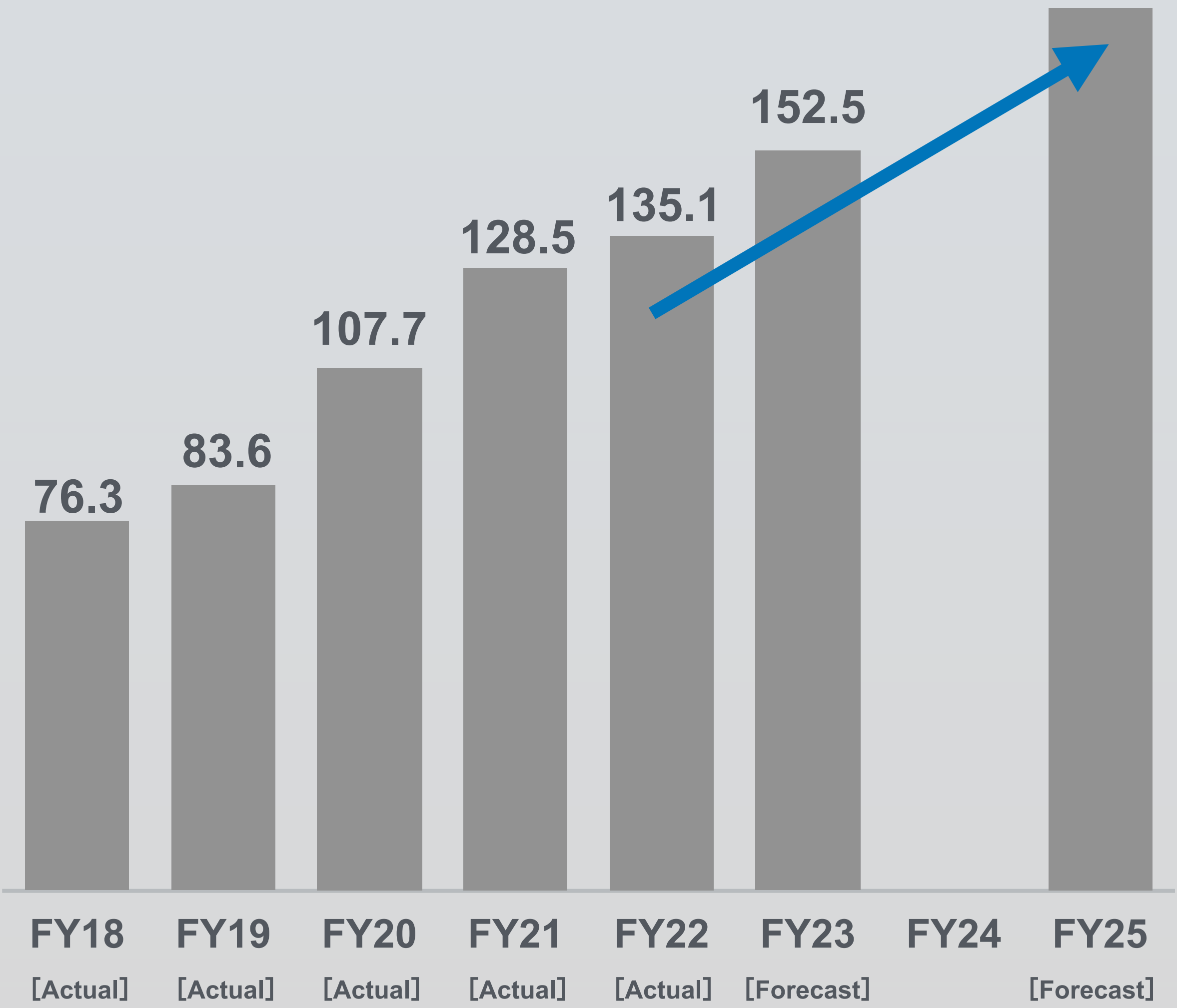
**Pursue
double-digit
growth**

Compound annual growth rate
from FY2023 to FY2025

Enterprise Segment FY2025 Business Target

[JPY bn]

Operating Income



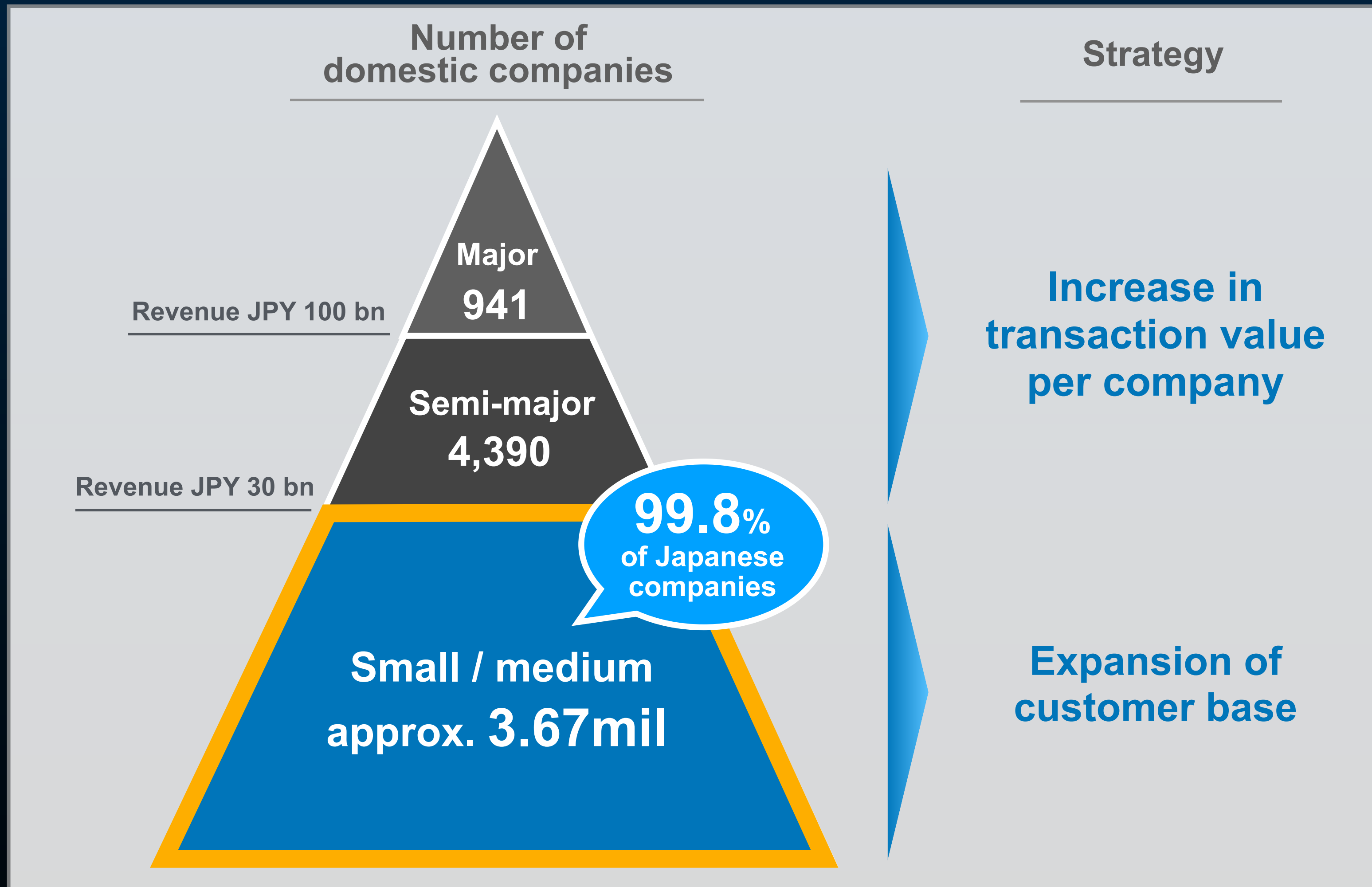
Operating Income
**Pursue
double-digit
growth**

Compound annual growth rate
from FY2023 to FY2025

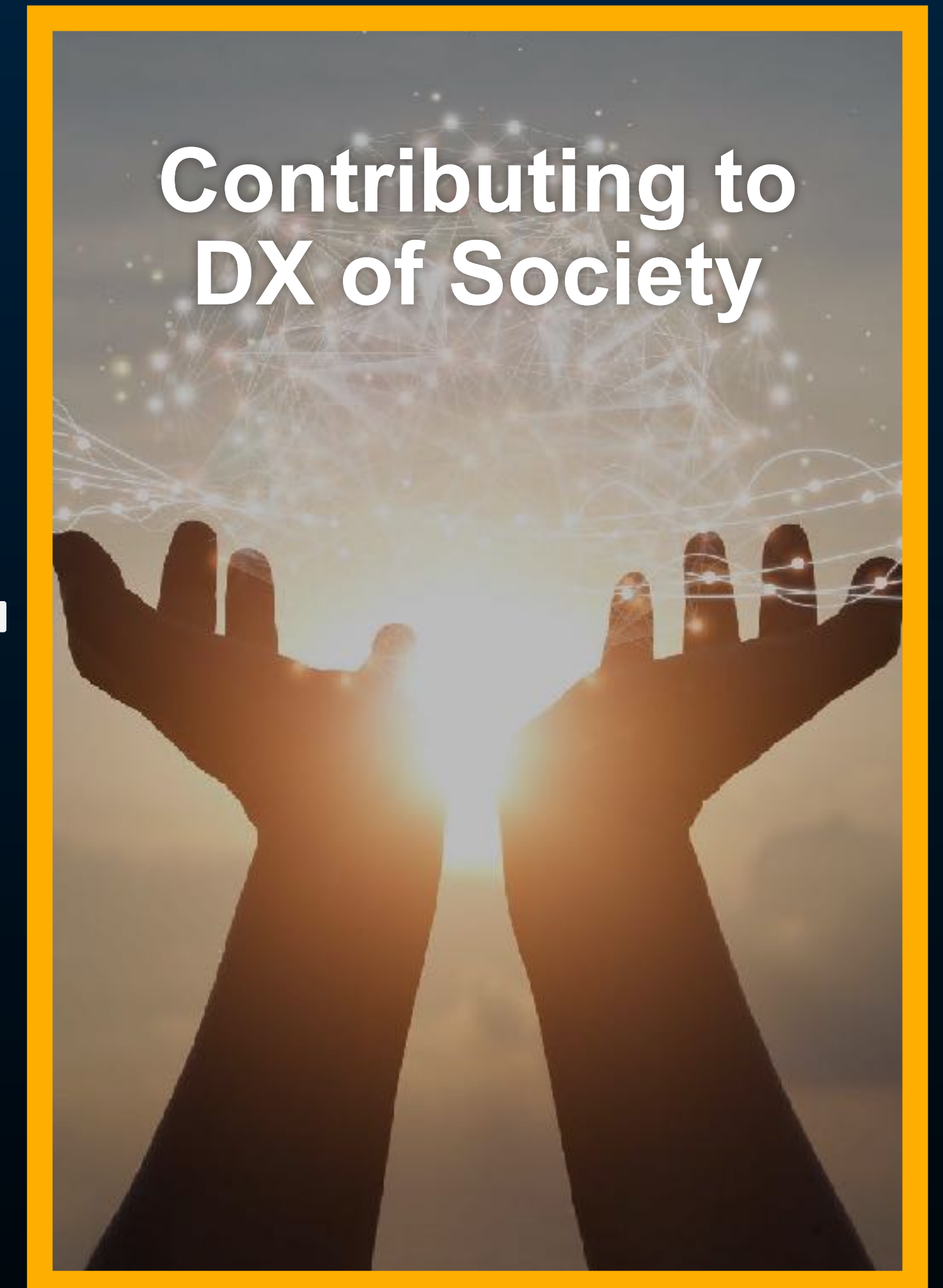
Enterprise Segment Growth Strategy

Provide solutions tailored to company scale

Generate new businesses
Leading to solutions of social issues



+

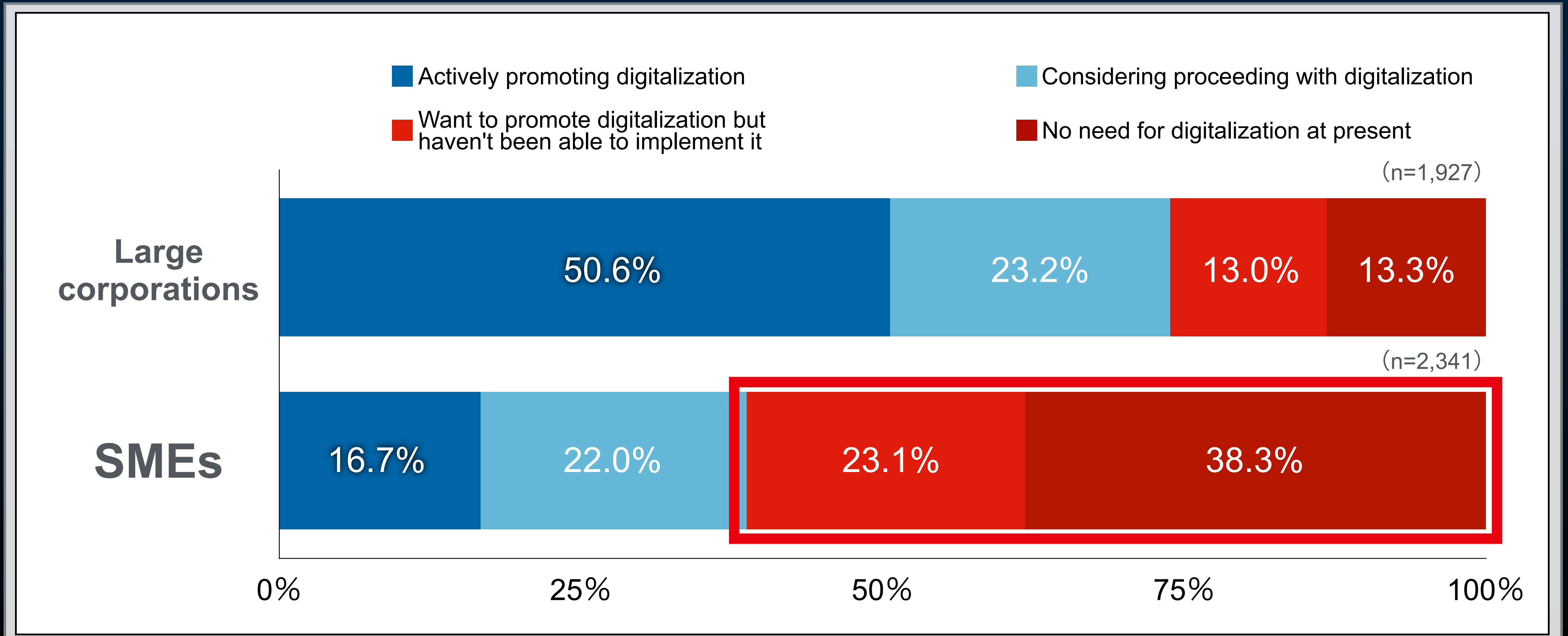


(Notes) Major companies: Listed companies with sales of JPY 100 bn or more. The number of companies is calculated by SoftBank Corp. based on "Nikkei Value Search".
Semi-major companies: Companies with sales between JPY 30 bn and JPY 100 bn. The number of companies is calculated by SoftBank Corp. based on "Nikkei Value Search".
Small / medium companies: Companies with sales of less than JPY 30 bn. The number of companies is calculated by SoftBank Corp. based on "2021 Economic Census for Business Activity by Ministry of Internal Affairs and Communications, and Ministry of Economy, Trade and Industry".

Enterprise Segment Growth Strategy

1) Provide solutions tailored to company scale (small / mid-sized companies)

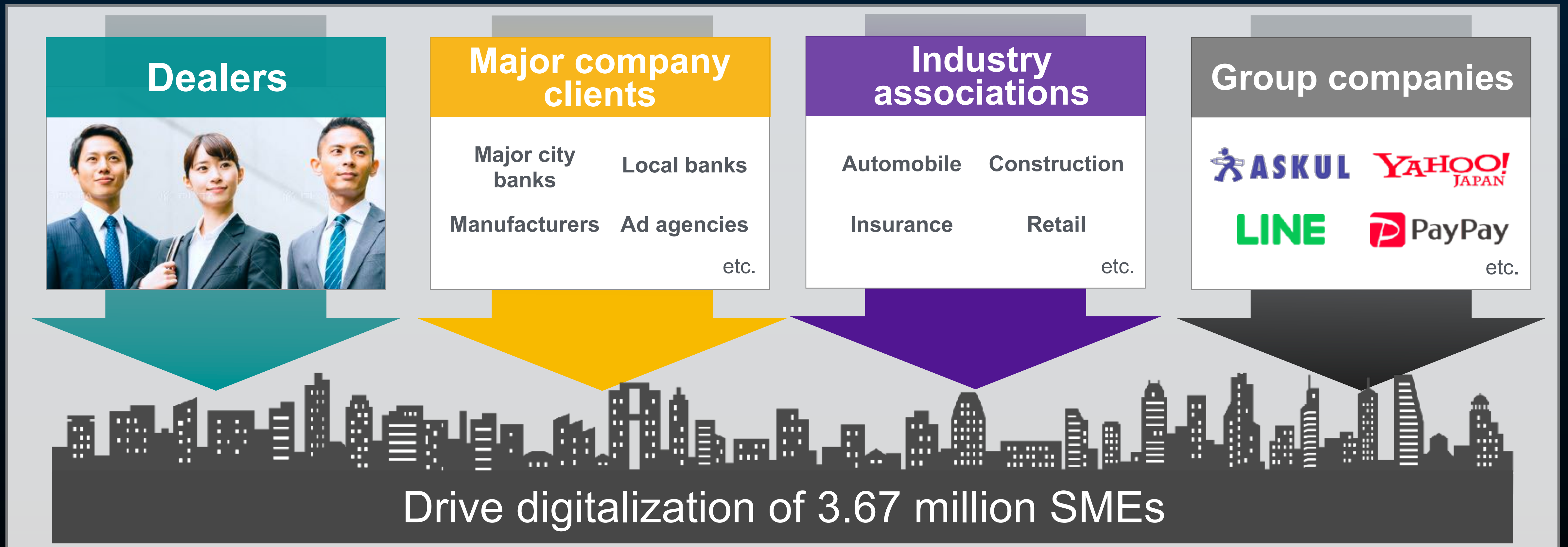
60% of SMEs have not yet started digitalization



Enterprise Segment Growth Strategy

1) Provide solutions tailored to company scale (small / mid-sized companies)

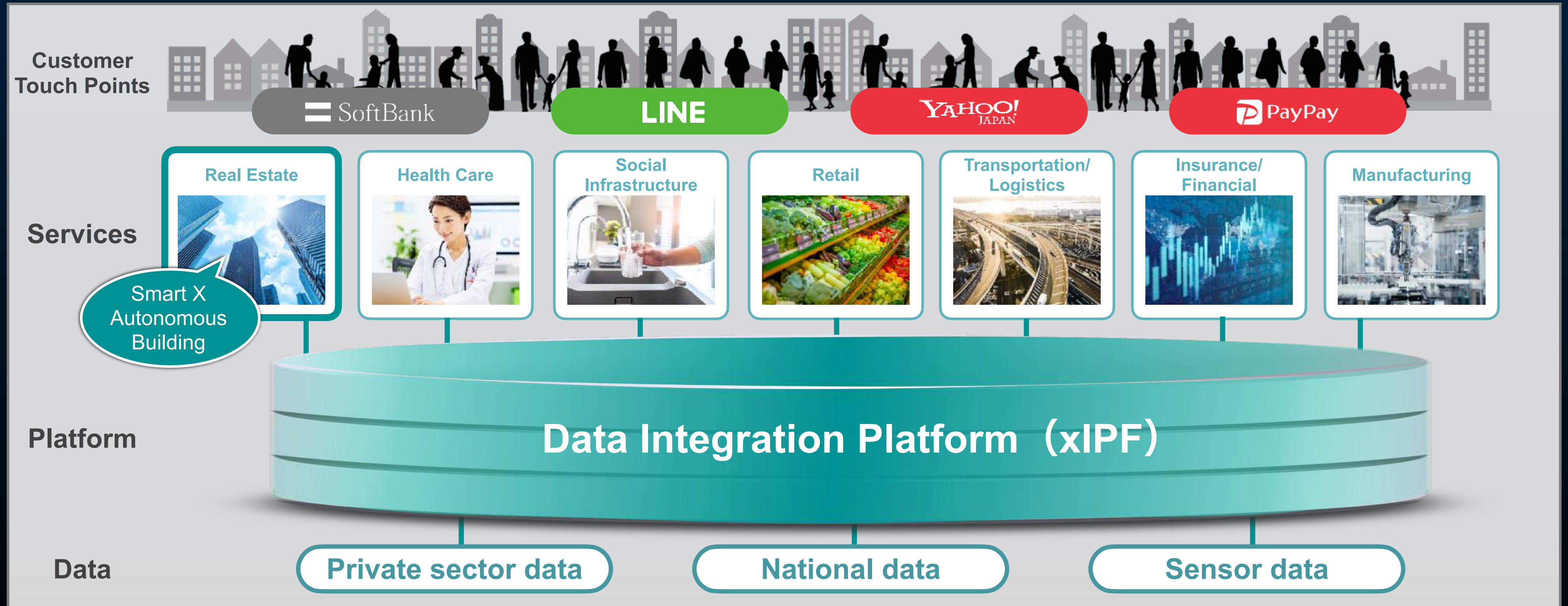
**Collaborate with client companies, industry associations,
and group companies
that have SMEs companies as customers/members**



Enterprise Segment Growth Strategy

2) Generate new businesses

Build data integration infrastructure to promote digitalization in Japan
(Adopted as NEDO-commissioned R&D)



Enterprise Segment Growth Strategy

2) Generate new businesses: Case study - successful project bids

In charge of ICT area of smart stadium

New Prince Chichibu Memorial Rugby Stadium

Nagasaki Stadium City Project

IoT

Robot

AI

SoftBank

Network

Cloud

Consortium

鹿島建設

東京建物

三井不動産
MITSUI FUDOSAN

株式会社 東京ドーム

「今を生きる楽しさ」を!
Japanet

(Note) New Prince Chichibu Memorial Rugby Stadium: In addition to SoftBank Corp., nine other cooperating companies are participating in the consortium.

Enterprise Segment Growth Strategy

2) Generate new businesses: Case study - autonomous building

Buildings operate autonomously with linked data

Issues

After completion of construction
Building value decreases



Autonomous Building

Building OS utilization contributes to building value enhancement



Example of a large building*

Operational manpower
50% down

Power consumption
13% down

LAN cables
30km reduced

* Simulated results may vary depending on various conditions such as building size, operating conditions, etc.



Financial Segment

Financial Segment

Turn Segment Profitable by FY2025



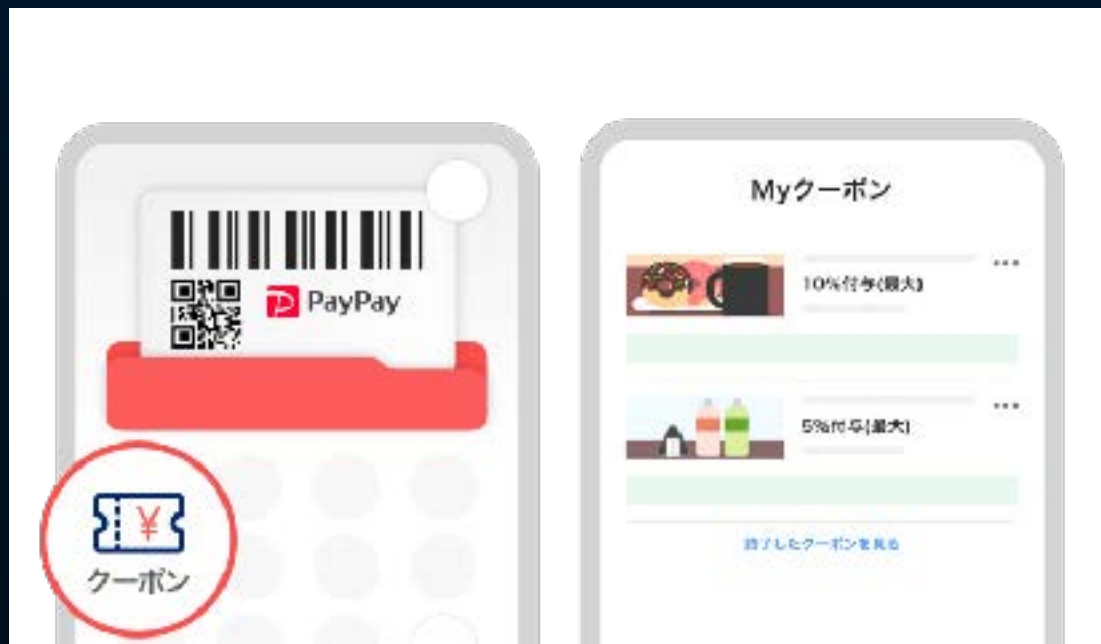
Financial Business PayPay Future Initiatives

Pursue high growth with diversified revenue sources



Financial services

**Asset management, insurance
Personal and corporate loans, etc.**



Value-added services for merchants

Sales promotion services for merchants such as coupons and stamp cards, etc.

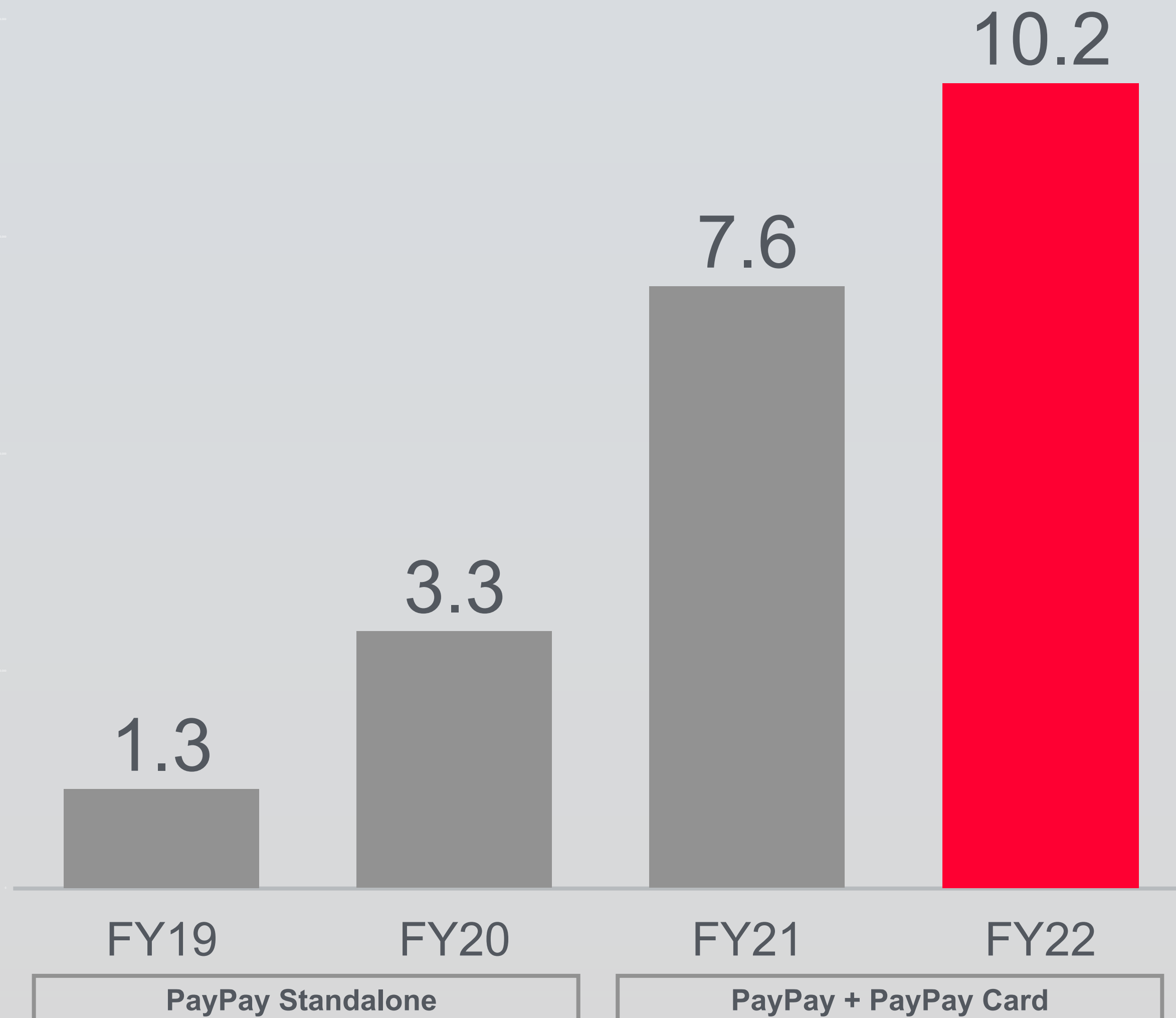


Payment services

**Code payment, PayPay deferred payment,
Card payment**

[JPY tn]

GMV



Reached JPY 10 tn

in 4.5 years since service launch,
exceptionally fast speed



Source: PayPay Corporation
Note: Does not include use of the "send/receive" function of "PayPay balance" between users.
From Q4 of FY2021 onward, includes payments via "Alipay", "LINE Pay", etc.
Includes payments through "PayPay Atobarai (deferred payment)" launched in February 2022.
GMV of PayPay Card Corporation has been added to GMV PayPay Corporation since FY2021.
Internal transactions between PayPay Corporation and PayPay Card Corporation has been eliminated

Payment System Fee

Maximize GMV with PayPay Card integration

Providing seamless means of payment

PayPay Code payment (+Deferred payment)

+

PayPayCard (Credit card payment)



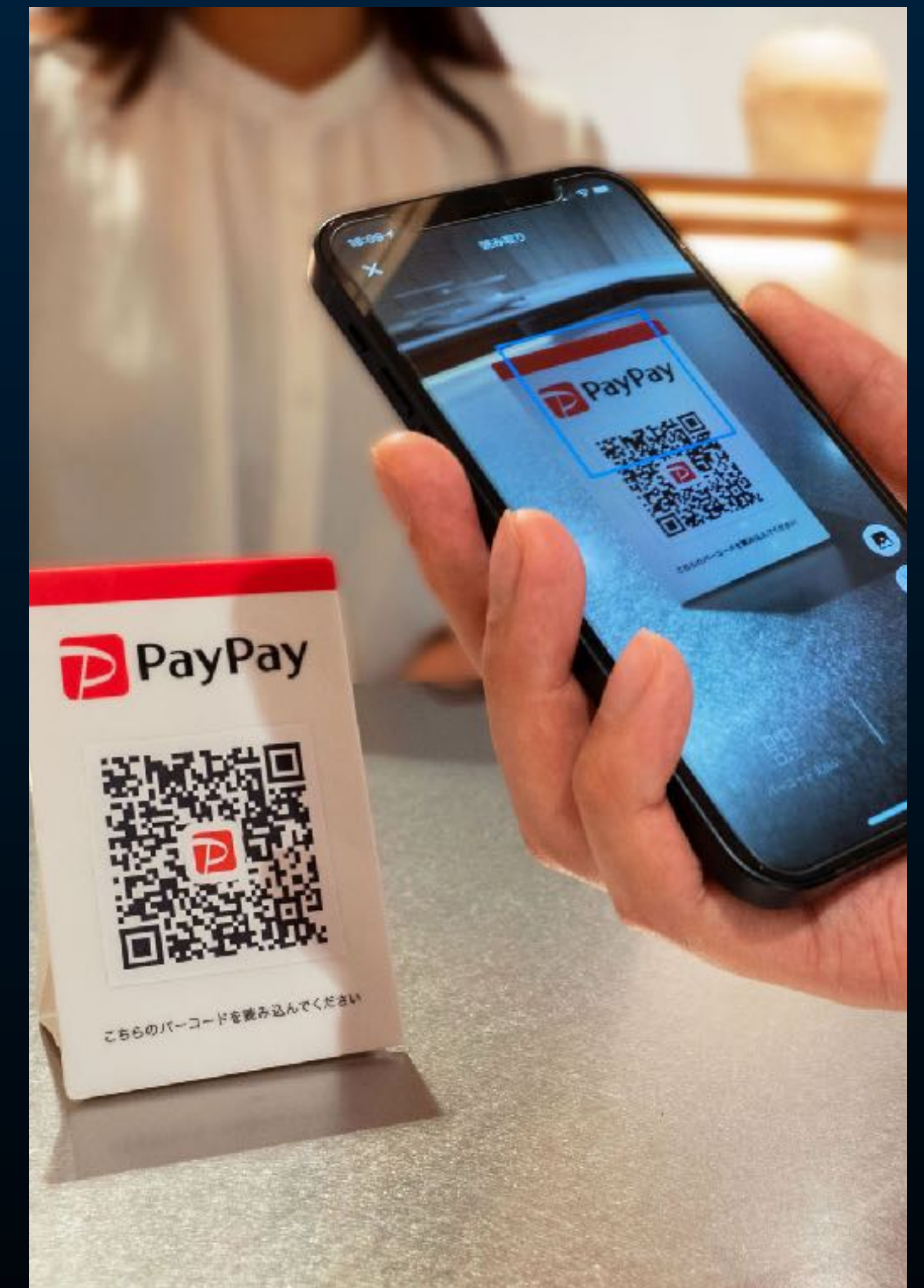
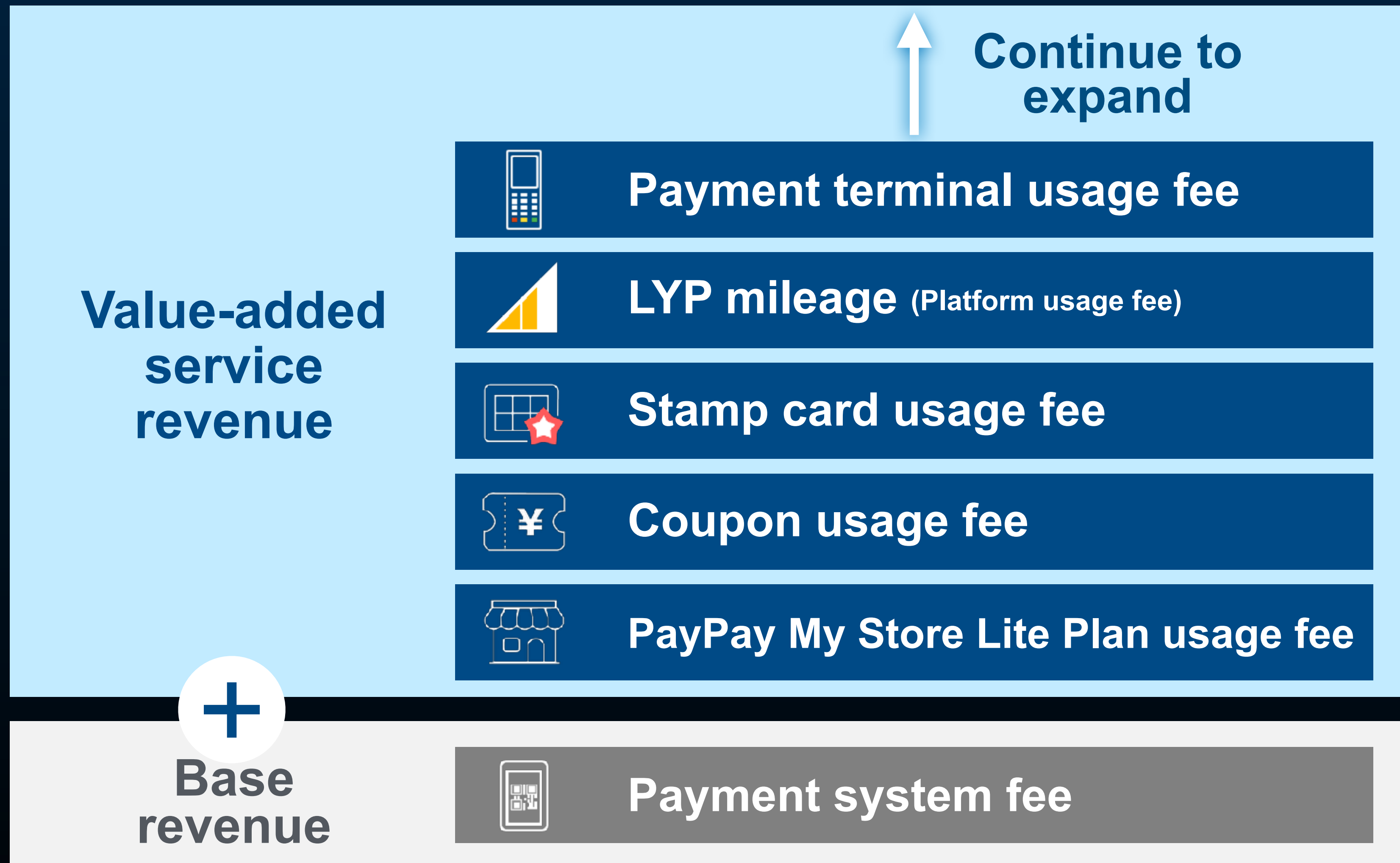
Transaction unit price / Number of payments



Number of users

Value-added Services for Merchants

Diversify revenue sources by expanding value-added services



Strengthen collaboration with group financial services

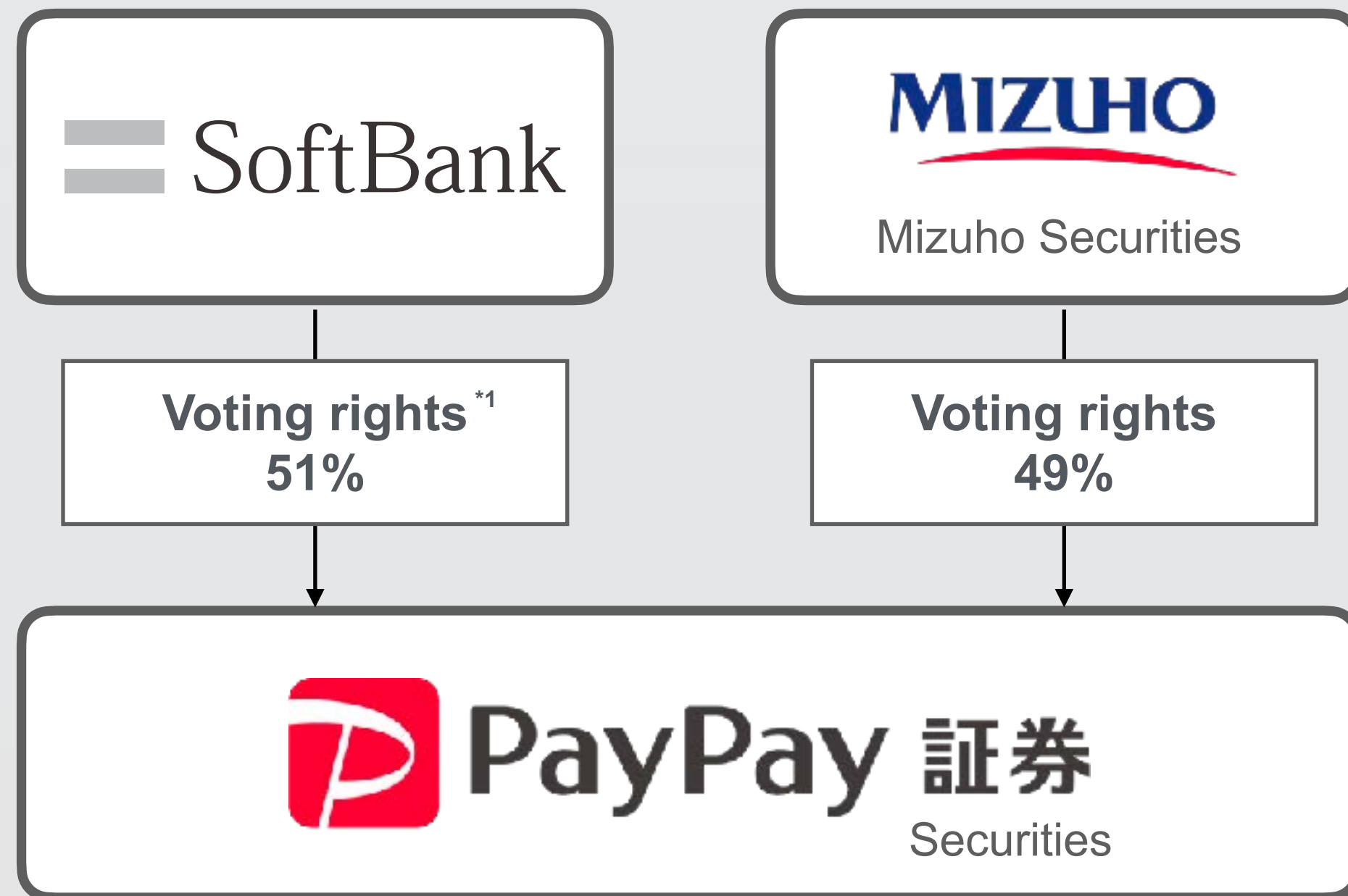


*1 Point investment is a service provided by PPSC Investment Service Corporation, a wholly-owned subsidiary of PayPay Securities, *2 Revenue / profit sharing

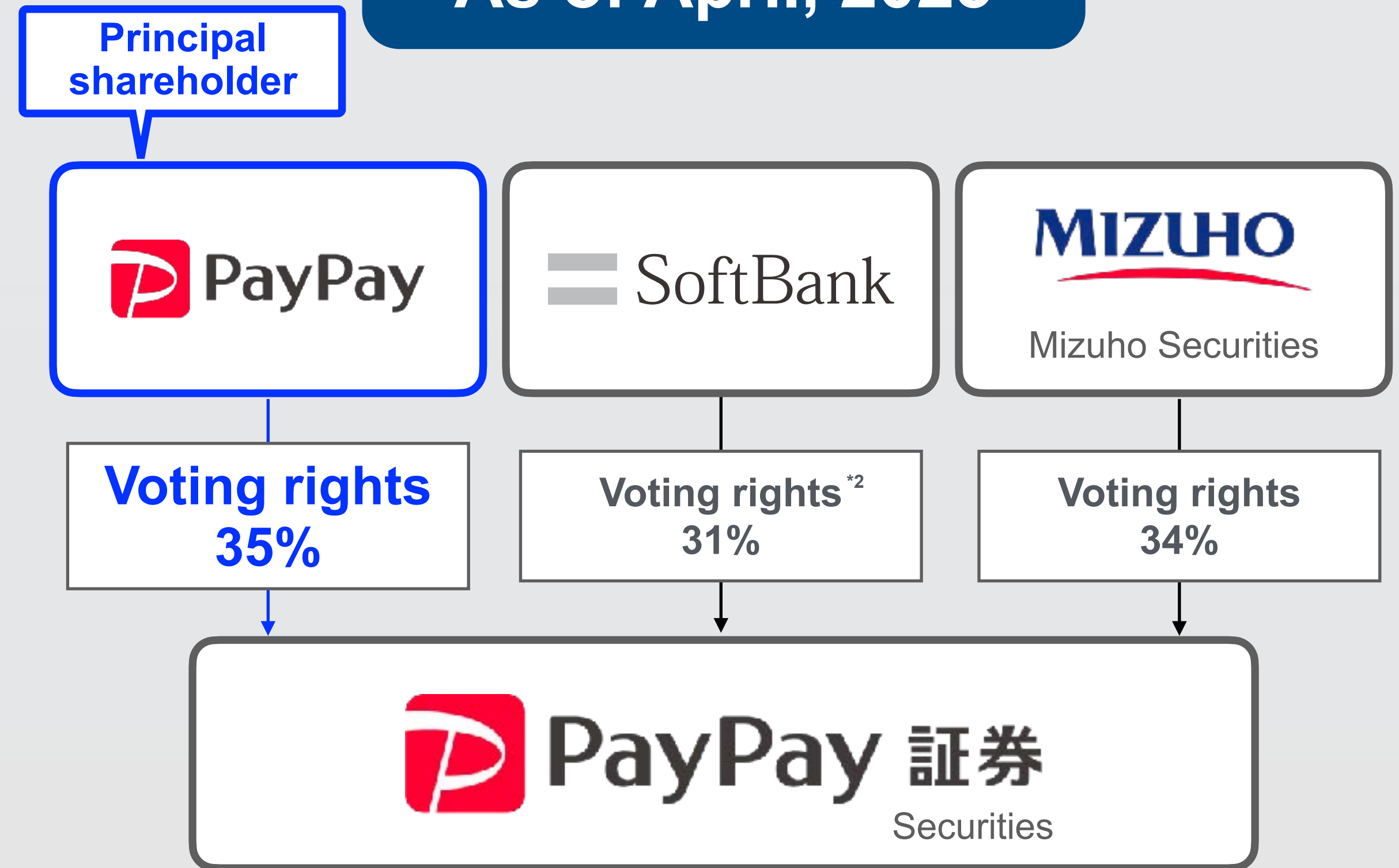
PayPay Securities: Change in Shareholder Composition

Strengthening partnership with PayPay as a new principal shareholder

As of Dec. 31, 2022



As of April, 2023



*1 Including 0.9% of voting rights held by Z Holdings Corporation. *2 Including 0.4% of voting rights held by Z Holdings Corporation.

Salary Payments via Digital Wallet Enacted (April 1, 2023)

Applied to the Ministry of Health, Labor and Welfare for permission to enter the market

After Salary Payments via Digital Wallet Permitted

Workplace



Salary paid directly to one's PayPay account

Enhance convenience

PayPay Users



- Expand number of payments and GMV
- Expand use of group services

Use services

Stores



EC/
Financial services



SB Payment Service: Operating Income

[JPY bn]

Operating Income

10.2

Exceeded **JPY 10 bn**

— SB Payment Service

FY2012 FY2014 FY2016 FY2018 FY2020 FY2022

SB Payment Service: Growth Strategy

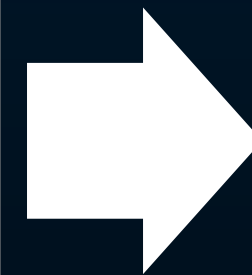
Expand non-telecommunication areas and
GMV to exceed JPY 10 tn

Growth strategy

Increase in number of merchants
through utilization of group assets, etc.

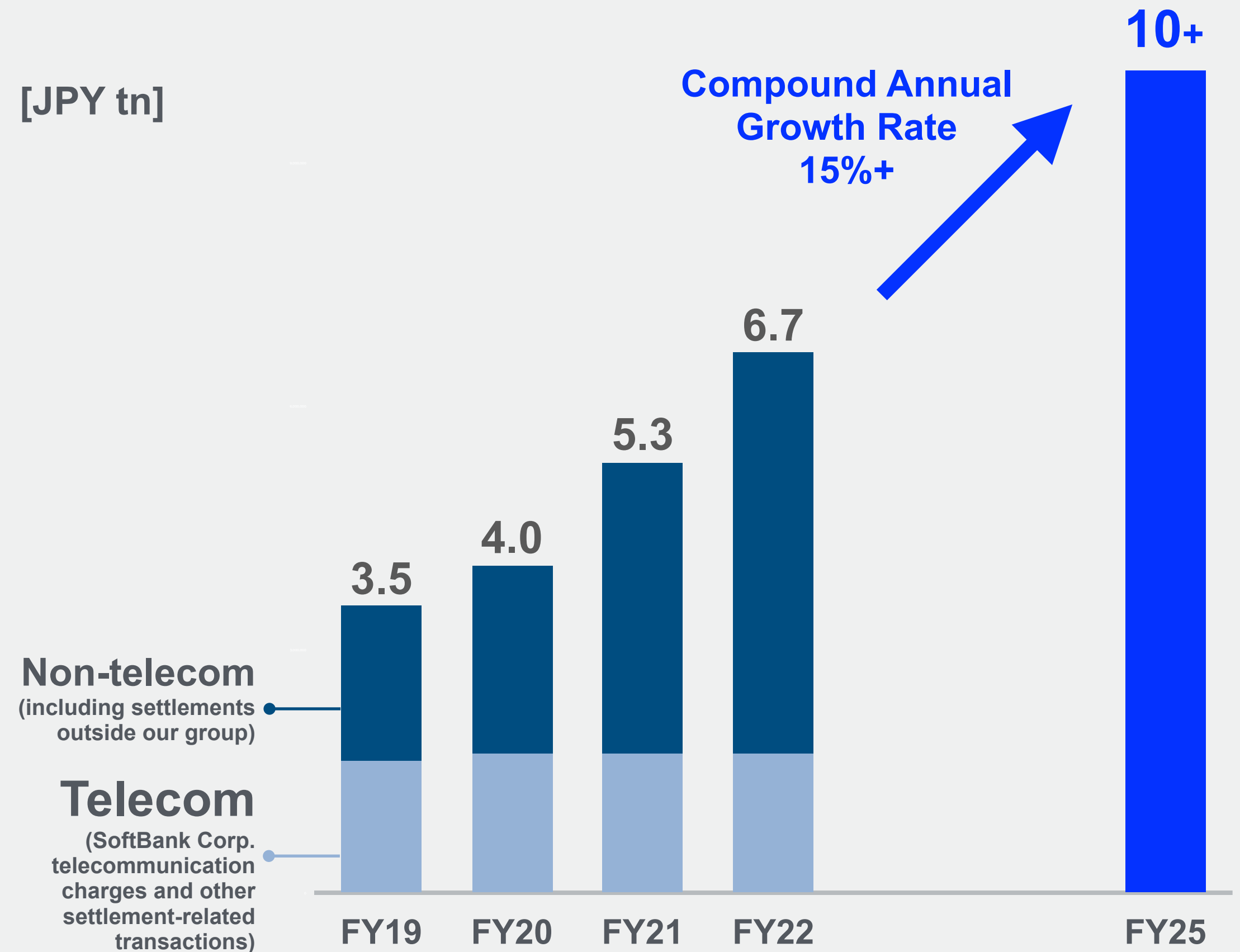
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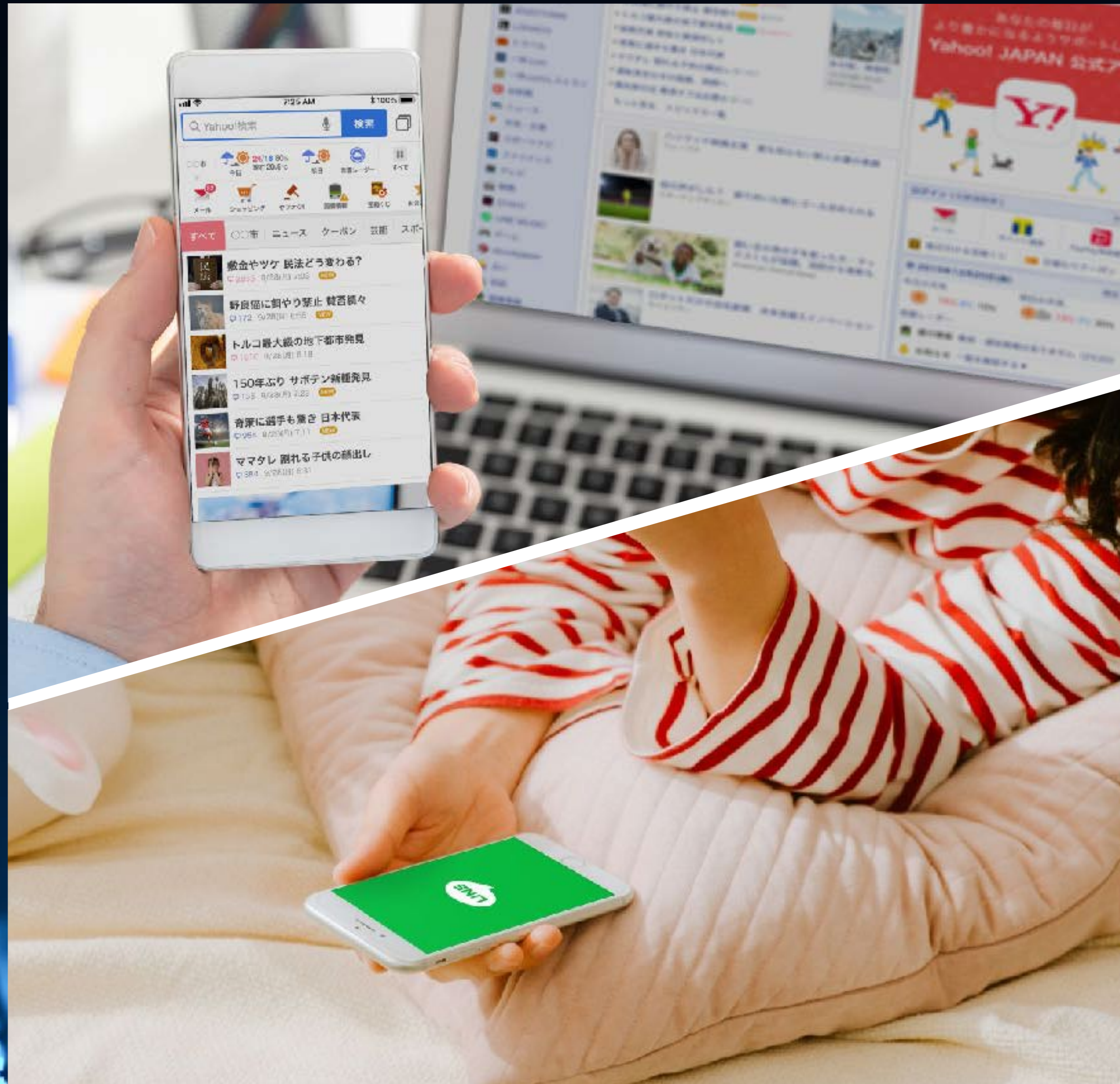
Increase in transaction volume
per merchant
by strengthening in-house solutions, etc.



GMV

[JPY tn]





Yahoo! JAPAN / LINE Segment

Yahoo! JAPAN / LINE Segment

**Pursue Business Efficiency and
Renewed Growth of Media, Search,
and Commerce Business**

Yahoo! JAPAN / LINE Segment

Pursue business efficiency and renewed growth of media, search, and commerce business

Z HOLDINGS

LINE

YAHOO!
JAPAN

Z Entertainment

Z Data

Group reorganization

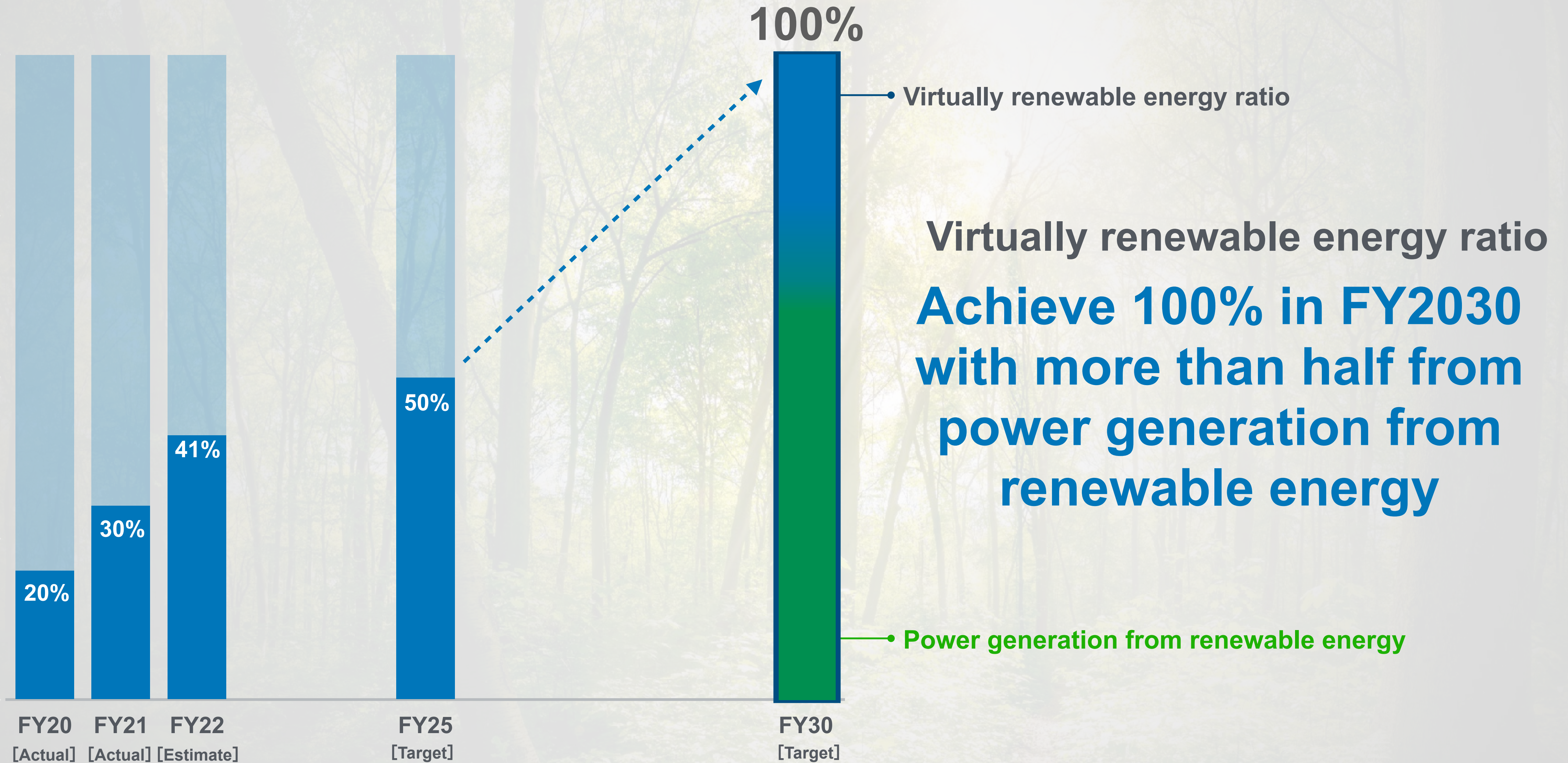
(Scheduled to be completed on October 1, 2023)*

LY Corporation

Initiatives for Renewable Energy

Procure sufficient electricity from renewable energy for all future telecommunications business needs

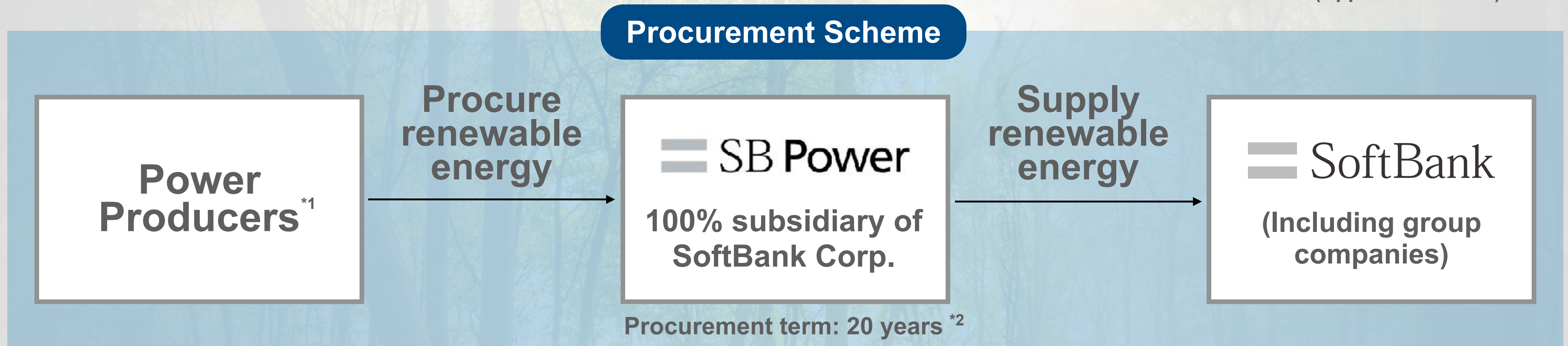
Virtually Renewable Energy Ratio (Electricity used by the Company) *



Signed Contracts for Procurement of Renewable Energy (1)

Procure sufficient electricity from renewable energy for total future telecommunication business needs

(Approx. 2 bn kWh)



Signed Contracts for Procurement of Renewable Energy (2)

Purpose

Contribute to the realization of decarbonized society
through new procurement of renewable energy*

Shift to **business structure that is less vulnerable to electricity price hikes**

(Procure electricity at lower unit prices than current ones through long-term commitments)



* Mainly renewable energy with additionality (the effect of adding new renewable energy generation capacity)

Medium-term Management Plan (FY2023-FY2025)

Rebuild business foundation for future growth

Growth strategy

Execute “Beyond Carrier” strategy

Financial targets

Pursue record-high net income in FY2025

Maintain high level of shareholder returns while meeting capital expenditure needs

To Maximize Corporate Value

Focus on Both Medium- and Long-term Growth and Shareholder Returns

Medium- to long-term growth



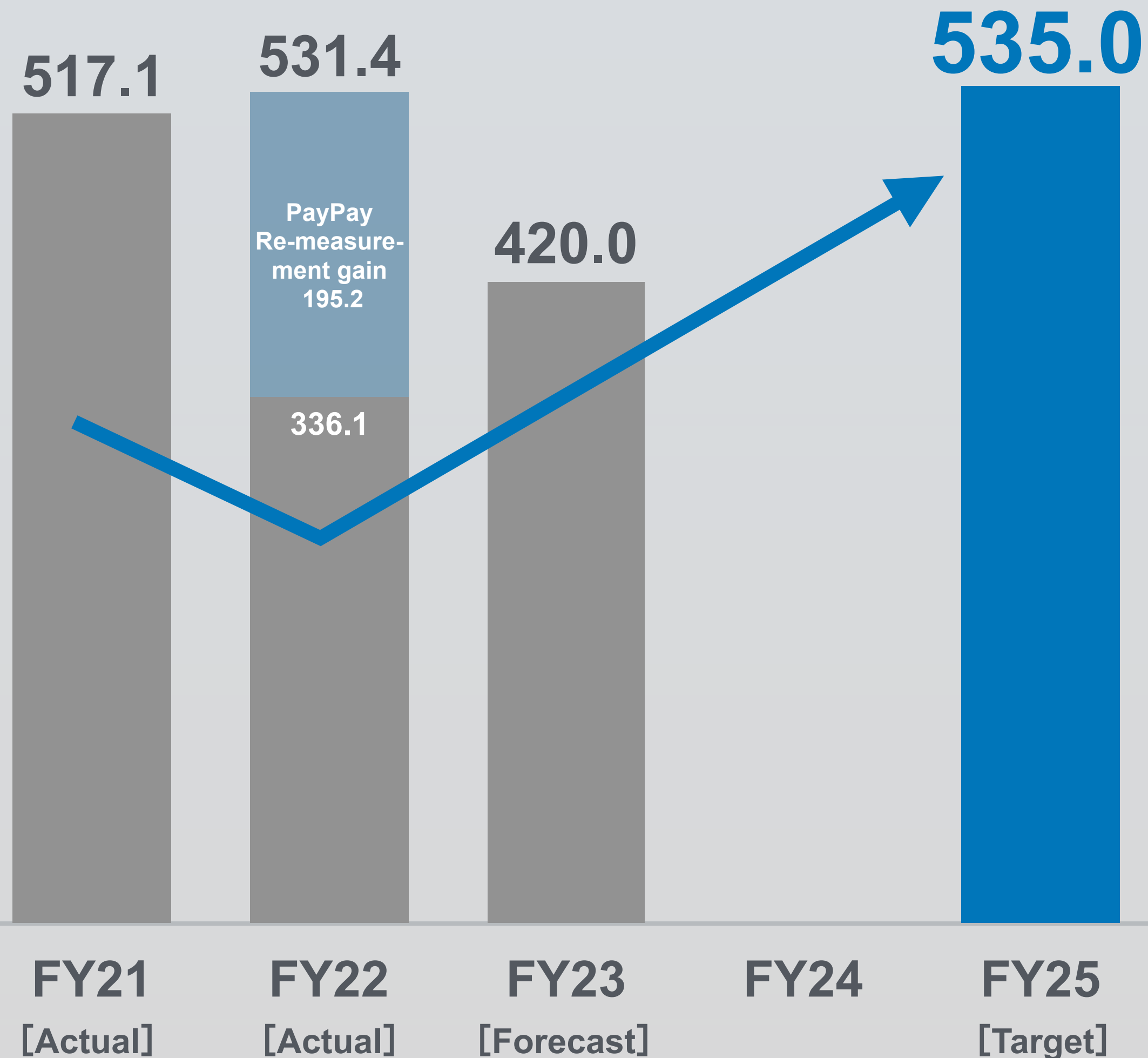
Shareholder returns



Focus

Financial Targets (1) Consolidated Net Income

[JPY bn]



Consolidated net income

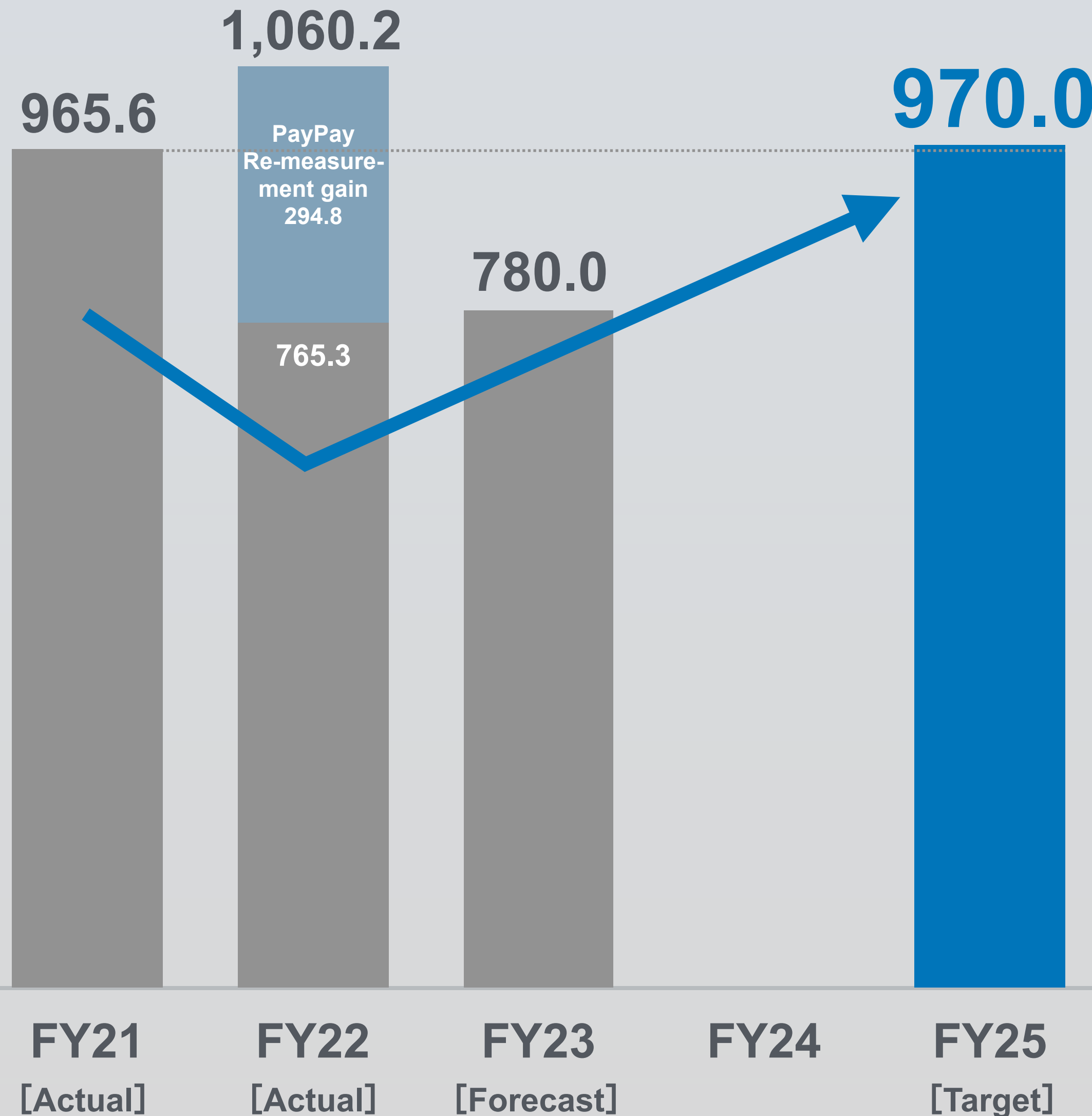
**Pursue
record-high
profit**

(Compound annual growth rate of 17%)*

(Note) Net Income: net income attributable to owners of SoftBank Corp.
*This is the compound annual growth rate of the FY2025 net income target from the FY2022 net income excluding the impact of the re-measurement gain (JPY 195.2 bn) associated with consolidation of PayPay

Financial Targets (2) Consolidated Operating Income

[JPY bn]



Consolidated operating income

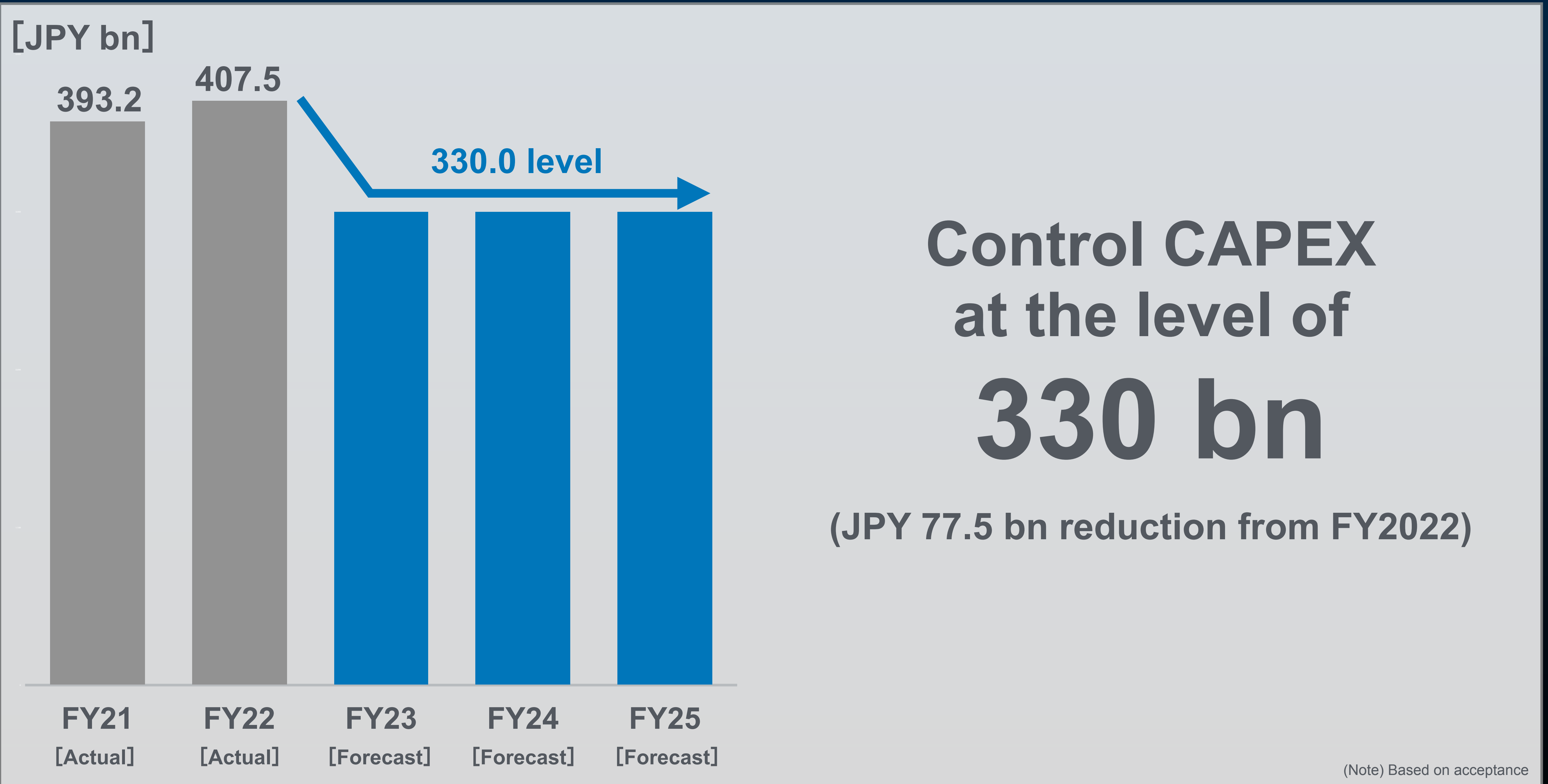
**Return to
FY2021 level**

(Before mobile service price reduction)

Financial Targets (3) By Segment

[JPY bn]	FY2023 Operating Income (Forecast)	Targets in the Medium-term Business Plan (FY2023-FY2025)
Consumer	470.0	Mobile service revenue and operating income to hit bottom and return to growth
Enterprise	152.5	Double-digit growth in business solution and others revenue and operating income
Distribution	26.7	Operating income 30 bn (FY2025)
Financial	-20.0	Turn profitable by FY2025
Yahoo! JAPAN/LINE	176.0	Improvement of business efficiency and renewed growth from FY2024 and beyond
Other	-25.2	-
Total	780.0	Return operating income to FY2021 level (JPY 970 bn)

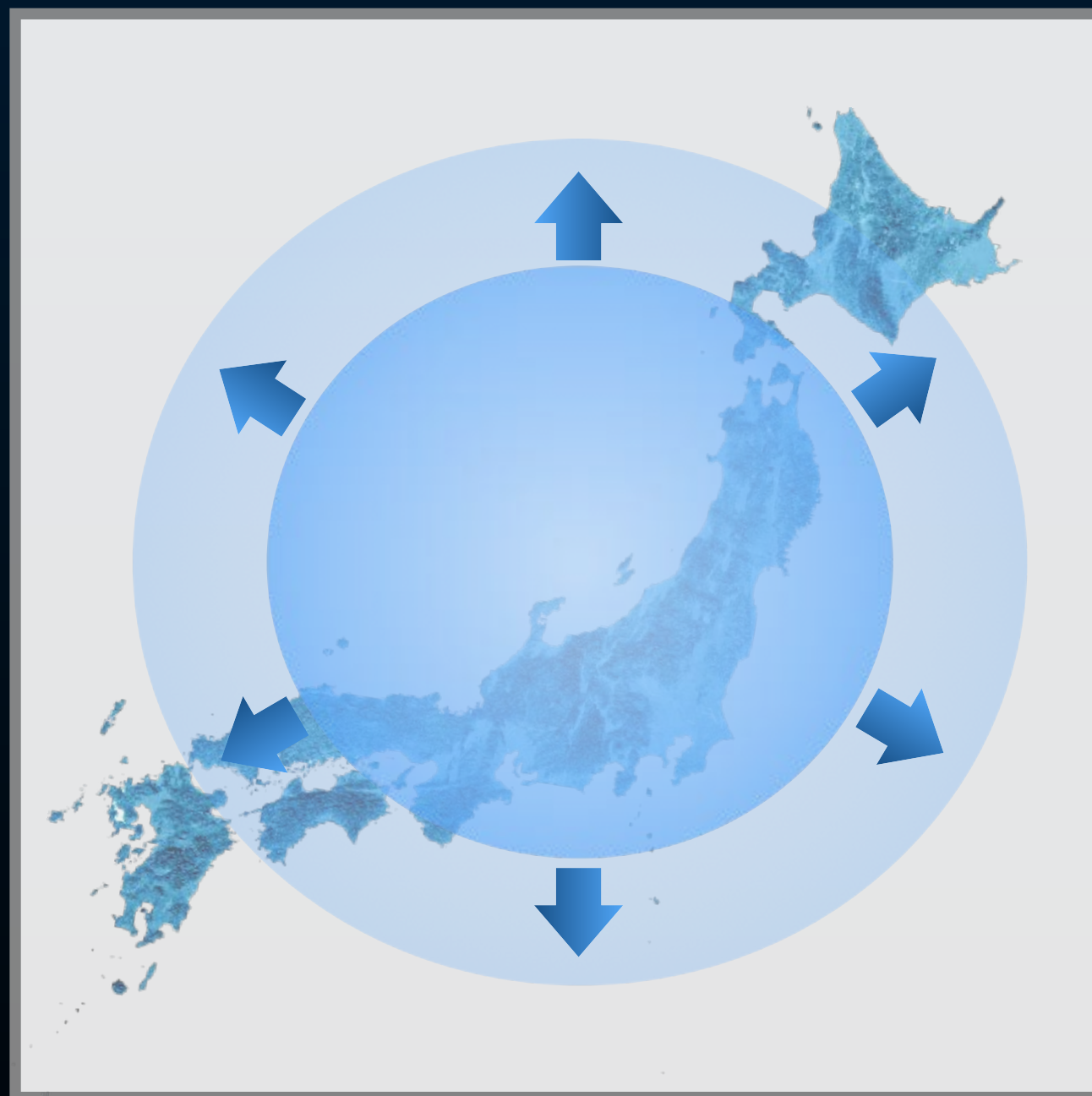
Financial Targets (4) CAPEX (Consumer / Enterprise Segments)



CAPEX: Approach to Investment in 5G Network

FY2022

5G coverage deployment largely completed



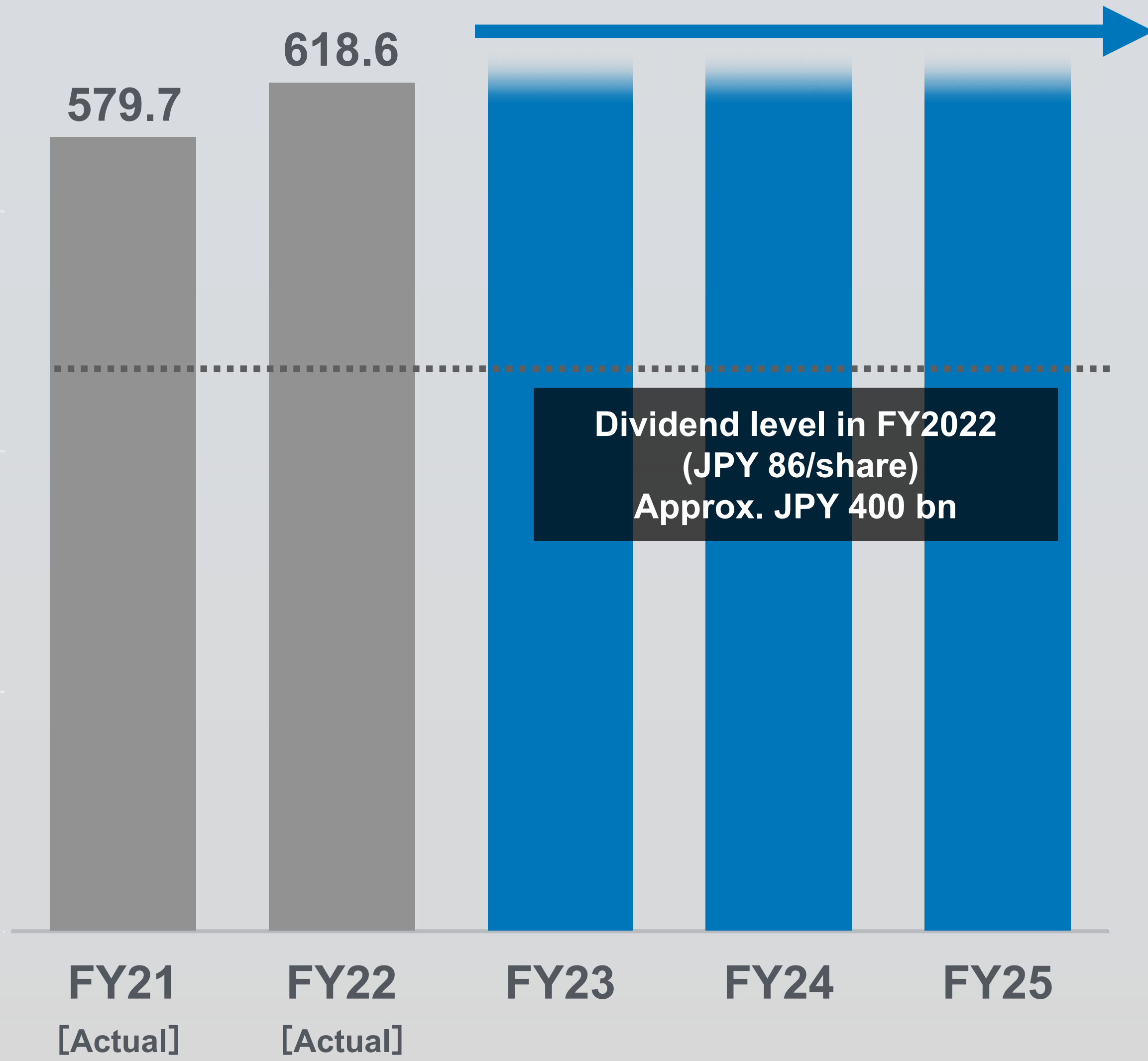
FY2023~FY2025

Spot investment based on traffic demand
Functional upgrading (SA)



Financial Targets (5) Adjusted Free Cash Flow

[JPY bn]

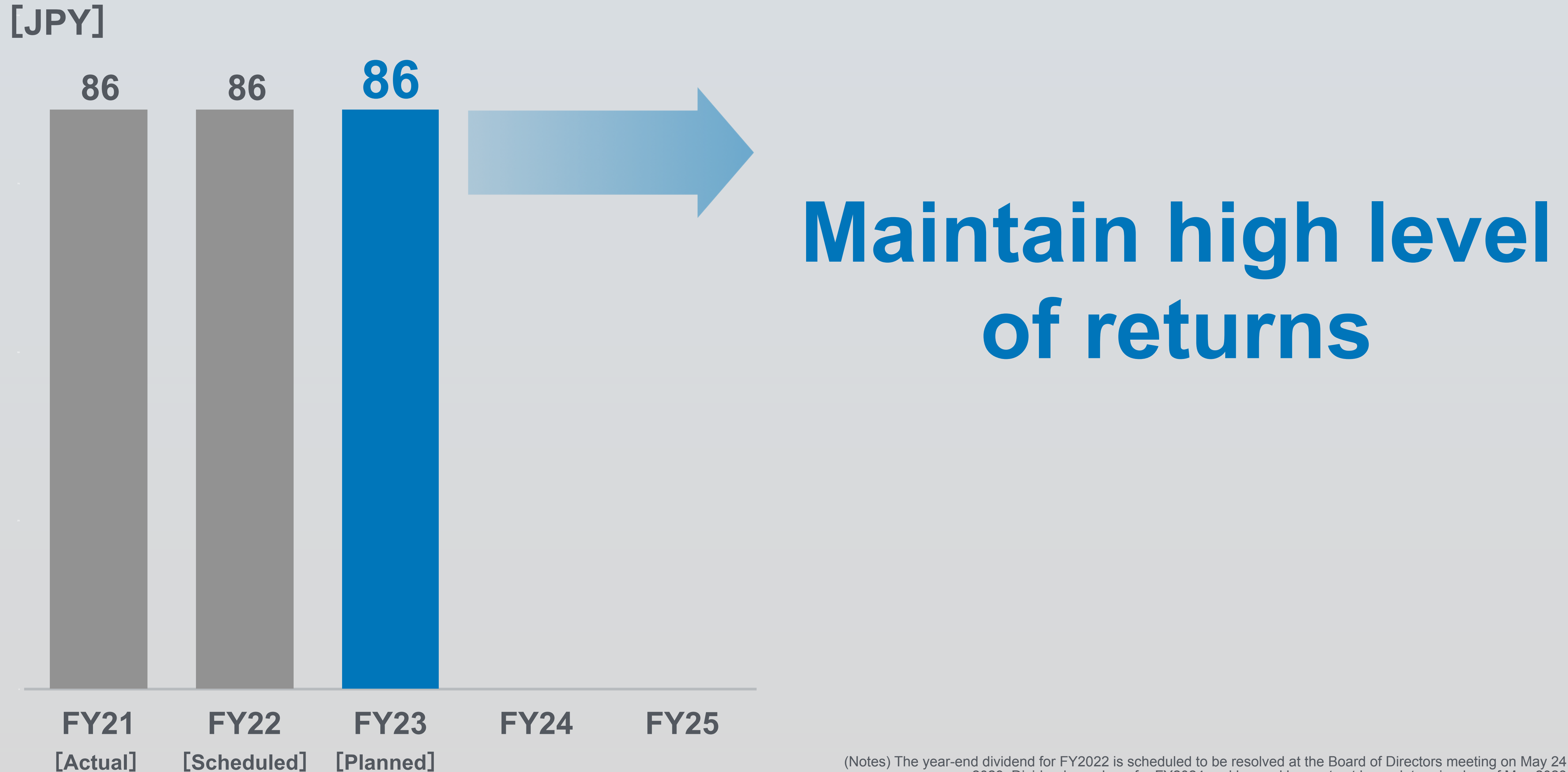


Dividend level in FY2022
(JPY 86/share)
Approx. JPY 400 bn

Continue to generate high level of adjusted FCF above FY2022 dividend level

Definition: Adjusted free cash flow: free cash flow + (proceeds from securitization of installment receivables - repayment thereof)
 Note: Free cash flows of AHD, Z Holdings Group, B Holdings Corporation, PayPay Corporation, PayPay Card Corporation, excluding loans to directors, etc., and including dividends received from A Holdings Corporation.
 Before deduction of repayment of lease liabilities (telecommunication equipment, real estate rent, etc.), which is recorded as cash flows from financing activities.
 The actual amount for FY2022 is 122.4 billion yen.

Shareholder Returns: Dividend per Share



(Notes) The year-end dividend for FY2022 is scheduled to be resolved at the Board of Directors meeting on May 24, 2023. Dividend per share for FY2024 and beyond has not yet been determined as of May 2023.

Summary of Medium-term Management Plan (FY2023-FY2025)

Rebuild business foundation for future growth

Financial Targets (FY2025)

- Pursue **record-high net income**
- **Return operating income to FY2021 level**
(before mobile service price reductions)

Non-financial Targets

Aim to procure all electricity needed for the telecommunications business from renewable energy generation, **with more than half of the electricity generated from renewable energy by FY2030.**

Ratio of virtually renewable energy of electricity consumption by the Company*
FY2025: 50%, FY2030: 100%

Shareholder Returns

- **Shareholder returns: Maintain high level of returns**
(Dividend of JPY 86 per share planned for FY2023)



Next-generation Social Infrastructure Essential for Development of Digital Society





SoftBank