

Section 2

How We Create Value

Based on our telecommunications business, in addition to synergies with *Yahoo! JAPAN*, *PayPay*, *LINE*, and other services that boast some of the largest users in Japan, we aim to create value that is unique to the Group by combining these services with our ability to propose solutions to various industries.

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AMJ	17,221	12,347,000	
EDX	3,456	2,345,000	
HP-L	1,042	85,678,000	
KEE	488	8,349,000	1,822
NAH	8,549	189,301,000	HBC 1.4
QOP	6,402	102,698,000	3,605 9,542
TIK	890	24,697,000	(-278) 1,126
WIG	6,280	76,002,000	108 846
AHO	2,436	57,610,000	1,354 5,211
			(-130) 712

Beyond Carrier Strategy

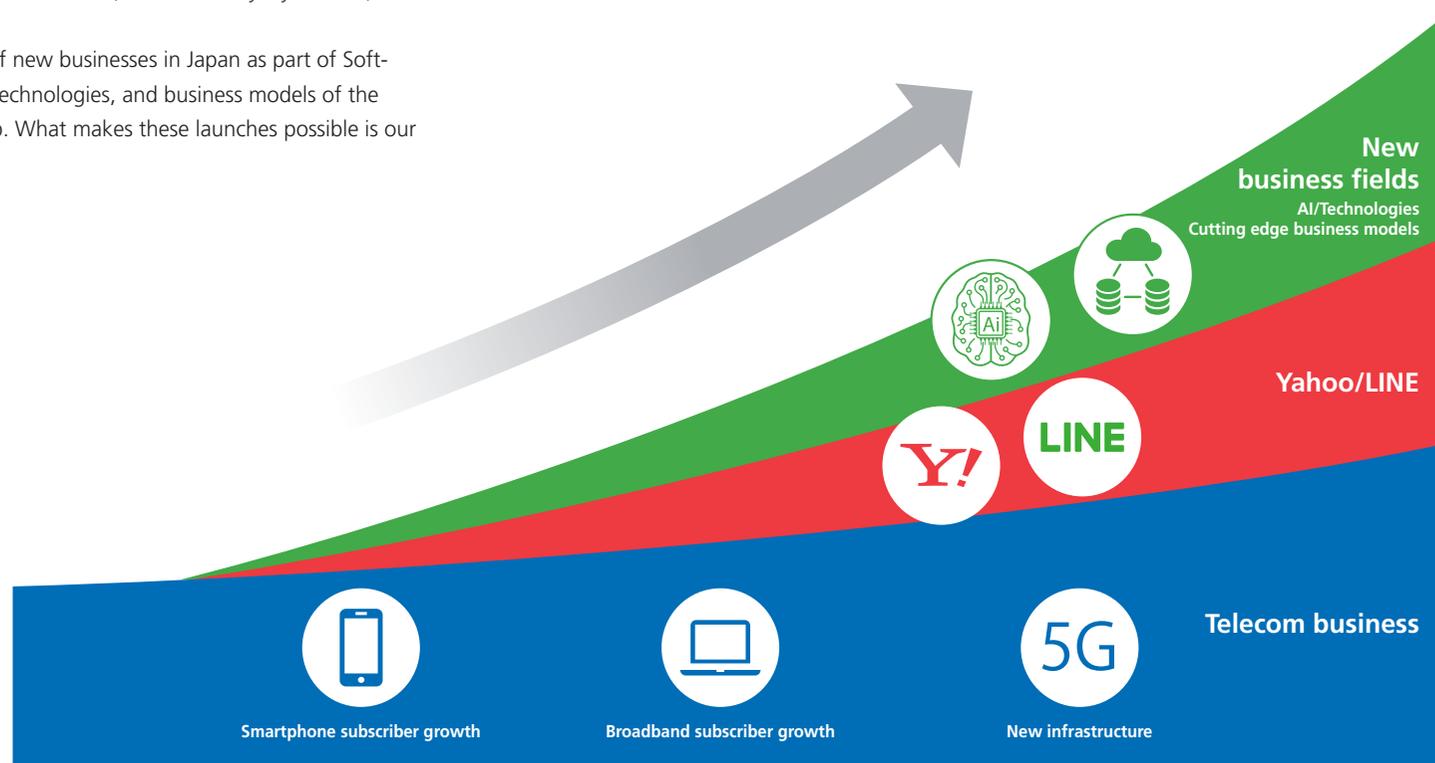
SoftBank has established *Beyond Carrier* as our growth strategy since the fiscal year ended March 31, 2018. The aim of this strategy is to expand into other businesses while further growing the Company's core telecom business by expanding our number of smartphone and broadband subscribers and through new 5G telecommunications infrastructure initiatives.

Under this strategy, we launched the smartphone payment service *PayPay* in September 2018 by leveraging the technology of Paytm (a major Indian smartphone payment company), an investee of the SoftBank Vision Fund 1*1. Further, we made Yahoo Japan (now Z Holdings), which operates *Yahoo! JAPAN*, one of the largest Internet portals in Japan, our subsidiary in June 2019. In addition, in March 2021 we completed the business integration of Z Holdings and LINE, which provides one of the largest communication services in Japan. As a result, the Group has become the country's largest scale telecommunications and IT group with approximately 55 million telecommunications services users*2, 80 million *Yahoo! JAPAN* users*3, 41 million *PayPay* users*4, and 89 million *LINE* users*5.

Moreover, we are working toward the rapid liftoff of new businesses in Japan as part of SoftBank's own initiatives by utilizing the cutting-edge AI, technologies, and business models of the investees of our parent company, SoftBank Group Corp. What makes these launches possible is our

strong sales force that has transactional relationships with 95% of large enterprises*6, approximately 6,100 stores*7 and 15,000 sales employees*8 nationwide, as well as the highly skilled technological capabilities of roughly 10,000 engineers*9 within the Group. Additionally, becoming the country's largest scale telecommunications and IT group possessing a formidable number of customer contact points allows us to deliver the services of these newly launched businesses to all the more users.

Going forward, in addition to our telecommunications services that serve as an indispensable lifeline in society, we will engage in solving even more social issues through the provision of new services making use of state-of-the-art technologies. By solving social issues through the power of technology, SoftBank aims to maximize corporate value and become the corporate group needed most by people around the world.



*1 Fund managed by SB Investment Advisers (UK) Limited (SBIA), a wholly owned subsidiary of SoftBank Group Corp.

*2 Sum of cumulative number of mobile communications services subscribers and cumulative number of broadband subscribers (as of March 2021)

*3 Annual number of user IDs logged-in (as of March 2020)

*4 Cumulative number of registered users (as of August 2021)

*5 Number of monthly active users (as of June 2021)

*6 Approximate percentage of listed companies with annual revenues of at least ¥100 billion that SoftBank Corp. has transactional relationships with (as of February 2021)

*7 Total number of *SoftBank* and *Y!mobile* directly-managed stores, agents, mass merchandisers and other retail channels (as of March 2021)

*8 SoftBank Corp. sales employees (as of March 2021)

*9 Total number of SoftBank Corp., Yahoo Japan Corporation, and LINE Corporation engineers (as of March 2021)



Consumer Segment

At a Glance



The Consumer segment primarily provides mobile services, broadband services, and electricity power services to individual customers in Japan. The Company is expanding the total number of smartphone subscribers by promoting its multi-brand strategy that meets the needs of all types of users.

Medium-Term Goals

Total number of smartphone subscribers

30 million

Fiscal year ending March 31, 2024
(includes number of subscribers in Enterprise segment)

Revenue composition ratio

Revenues from sales of goods and others

20%

Electricity

5%

Broadband

14%



Mobile

61%

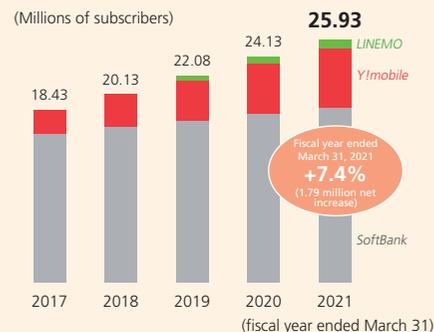
Mobile

The Company provides mobile communications services under its three brands of *SoftBank*, *Y!mobile*, and *LINEMO* to meet the diverse needs of its users. Along with deploying three brands, the Company aims to boost user convenience by linking services in the Group and deploying 5G as it aims for a total of 30 million smartphone subscribers.



Cumulative number of smartphone subscribers

(Millions of subscribers)



Broadband

In addition to *SoftBank Hikari*, the high-speed and large-capacity Internet communications connection service for households that uses an optical fiber network, the Company provides *SoftBank Air*, a broadband service in which users can use Wi-Fi immediately since no installation work is needed. The Company is able to retain smartphone subscribers because discounts are applied on telecommunications service charges for users who combine the service along with *SoftBank* or *Y!mobile* smartphones.

Cumulative number of broadband subscribers (in service)

(Millions of subscribers)



Electricity

From April 2016, the Company has been providing purchase and sale, supply and intermediation of electricity, including *Ouchi Denki (Home Electricity)*. As with broadband, the Company is able to retain smartphone subscribers by providing discounts for users who bundle the service with *SoftBank* or *Y!mobile* smartphones.

Cumulative number of subscribers for electricity services

(Millions of subscribers)



Revenues from sales of goods and others

Mainly selling mobile devices to distributors and individual customers.



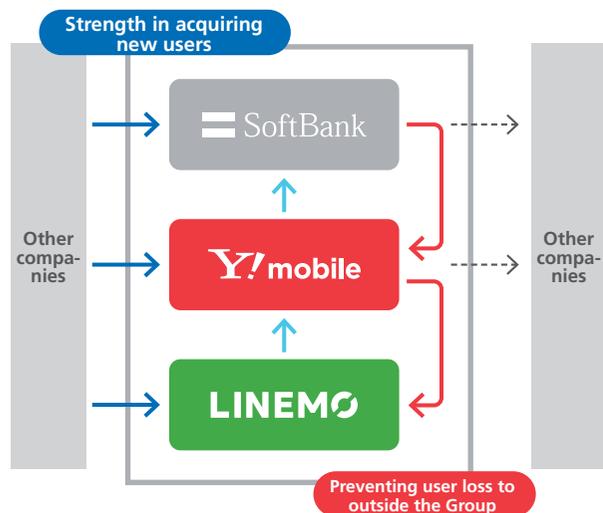
Consumer Segment

Competitive Advantages

Strength
1

Providing diverse options with multi-brand strategy

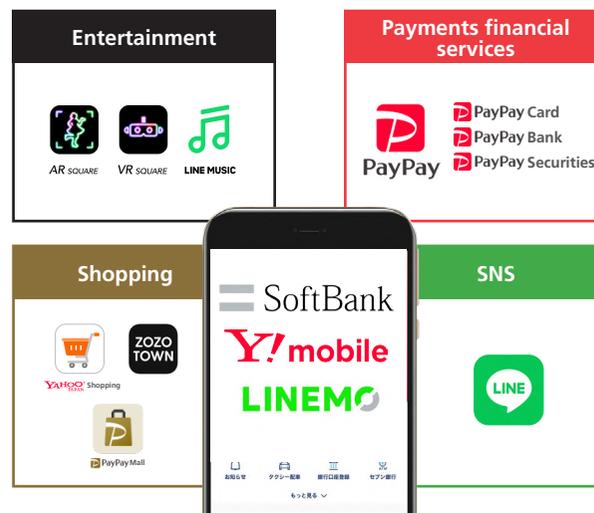
The Company provides three brands with differentiated characteristics: *SoftBank*, where users can use the newest cutting-edge smartphones with unlimited data plans, *Y!mobile*, which has lower monthly costs for medium to low data usage, and *LINEMO*, complete with functions for users to carry out all types of procedures and receive support online. By responding to changing user needs, the Company aims to drive user transition among brands within the Group, expand acquisition of new subscriptions, and prevent users from moving outside the Group.



Strength
2

Differentiation through non-telecommunications services with overwhelming customer contacts

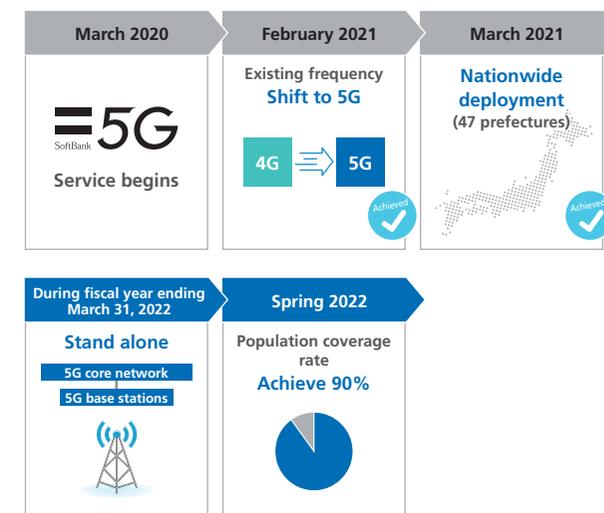
The Company possesses group companies that have overwhelming customer contacts in Japan, such as *Yahoo! JAPAN*, *LINE*, and *PayPay*. This increases benefits for users in services other than telecommunications, such as entertainment, shopping, payments/financial, and social media. For example, the Company provides SoftBank users with points when they use *Yahoo! JAPAN*'s e-commerce sites, special value offers for *Yahoo! JAPAN Premium*, and *PayPay* bonuses rewarded for using SoftBank for a long period. These various services unique to the Company lead to acquisition of new subscribers and promotion of continued usage of Company services.



Strength
3

Constructing a world-class resilient network

It is important to increase communication quality to boost user experience. As a result of focusing on base station installation, the Company has been praised as industry-leading, among international telecommunications carriers. Utilizing the advantage of having many more base station sites than competitors, the Company will focus on building a 5G network that can realize ultra-high speed, large capacity, massive machine connections, and ultra-low latency. In March 2021, the deployment of 5G in all prefectures was completed. By spring of 2022, the Company plans to have a population coverage rate of 90%.





Consumer Segment

Executive Interview

Build a relationship of trust with customers and win them over by staying close to their needs and boldly taking on new challenges

Jun Shimba

Representative Director & COO



SoftBank's Strength: Organizational Capability

As COO, I oversee the Consumer segment. I joined SoftBank as a university graduate in 1985, and have spent the last 36 years with it. The Company employed around 100 people at the time I joined. In true startup fashion, we learned everything by trial and error. In the 2000s, I was involved in the startup of the broadband and mobile businesses, which are now at the heart of the Consumer segment. Later, when I managed marketing for the Consumer segment, I accepted the challenge of running revolutionary promotions that had never been attempted before, and after earning my wings in the Enterprise segment,

I was promoted to Representative Director & COO in 2017 and still serve in that capacity today.

First-hand experience in several business units has shown me that one of SoftBank's strengths is its organizational capability. From the managers to each individual employee, people at SoftBank all share a single philosophy, vision, and strategy. When everyone eyes the same goal, we can work backwards from that to take actions, which is the secret to the Company's strength. That's why when I took charge of the Consumer Business Unit I gave a lot of thought to what vision I should share with the employees. SoftBank's corporate philosophy is "Information Revolution — Happiness for everyone." In the

Consumer segment, what matters is what the customers who are using our service want, and what needs they will have in the next several years. We always put the customer first. But at the same time, we are running a business and thus we cannot afford to lose to our competitors. With these ideas in mind, I invented the slogan "Trust Game Winner," meaning that an enterprise will win out in a highly competitive arena when it boldly continues the fight to earn the deepest customer trust.

If We Deliver Customer-First Services, the Results will Surely Follow

The Consumer segment is SoftBank's core business and is a stable generator of over ¥600 billion in operating income annually. In SoftBank's efforts to launch and expand new businesses one after another in our *Beyond Carrier* strategy, the stable profit generated by the Consumer segment is an indispensable driving force for growth. The operating income of that same Consumer segment was ¥71.8 billion at the time SoftBank acquired Vodafone (Japanese subsidiary) in our full-fledged entrance to the mobile business in 2006.*1 Behind the fact that we achieved a nine-fold increase in operating income in just 15 years is the history of employees working together in one force to make the Company the "Trust Game Winner."

First, we announced the *White Plan* in 2007. In the mobile market at that time, there were a lot of complaints because existing telecom carriers were putting out complicated price plans that were hard to understand, so SoftBank focused on this issue. Our simple, reasonably-priced *White Plan* garnered the support of many of our customers and massively increased our subscriber base. Next, we once again put the customer first when we became the Japan's exclusive distributor of iPhone in 2008. In the early days of the launch, the iPhone lacked some features which users in Japan needed, so



Consumer Segment

SoftBank approached Apple Inc. to have improvements made, and the iPhone remains a product that Japanese customers still love today.

The “Trust Game Winner” slogan also served the Company on the pricing front, where SoftBank continues to remain a leader. For example, at the time that the competitors were primarily promoting 3 GB and 5 GB monthly data plans, we preempted them by rolling out larger 20 GB and 50 GB data plans. We believed that the number of customers who want stress-free use of videos, gaming and other content that consumes a lot of data on their smartphones was only going to increase. Both of the data plans ended up becoming huge hits for SoftBank. Also, we are the first to introduce multi-brand strategy in which one carrier offers multiple brands with differentiated features. Now the strategy has become a standard in the industry. In 2014, as MVNOs*² that offered medium- and low-volume data plans for low prices entered the market one after another, we launched the new brand *Y!mobile* with high-quality MNO*³ communications at price points near MVNO’s. There was a lot of argument inside the Company about whether such unusual price cutting might lead to lower financial performance, but we still ultimately decided that customer needs had to win out. Deployment of *Y!mobile* definitively caused average revenue per user (ARPU) to fall, but branding the large-capacity *SoftBank* and low- to medium-capacity *Y!mobile* each with its own distinct characteristics grew subscribers in both brands on such a steady basis that in 6 years the numbers reached 25.93 million, or 1.8 times the number of smartphone subscribers. This caused mobile revenue to fall for a short time, bottoming out in the fiscal year ended March 31, 2018, when it reversed and has continued to rebound with revenue increases each year since.

SoftBank continues to play offense in ascertaining what is best for the customer and offering services that meet their needs. ARPU does go down when the Company releases an aggressive price plan, but if we build a relationship of trust with our customers, there is no doubt the results will follow.

These results mean subscriber growth. Revenue is ARPU multiplied by number of subscribers, so if we can grow the number of subscribers, it leads to higher revenue. Based on this belief, everyone in the Consumer segment is working together on reaching the high target of 30 million smartphone subscribers set for the fiscal year ending March 31, 2024.

*1 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.

*2 Mobile Virtual Network Operators

*3 Mobile Network Operators



Revenue and Profit Increased, but Competition Intensified in the Fiscal Year Ended March 31, 2021

For the fiscal year ended March 31, 2021, revenue from the Consumer segment was ¥2,770.4 billion, a 2.7% increase year on year, while operating income was 1.8% higher over the previous year at ¥658.6 billion, representing both revenue and profit growth. ARPU fell due to the penetration of so-called “unbundled plans” that separate handset payments and service fees and the increasing proportional share of our relatively low priced *Y!mobile* brand. On the other hand, smartphone subscribers increased by 1.79 million over the previous year to 25.93 million subscribers. In addition, the growth in telework drove an increase in the number of broadband and electricity service subscribers. Broadband service sales were brisk, especially for *SoftBank Air*, which does not require fiber-optic installation work. Since time that consumers spent at home increased due to stay at home policy during the outbreak of COVID-19, concern for electric bills increased and boosted our electricity service, which increased its subscribers by 51% year on year to 1.74 million subscribers.

At the same time, the fiscal year ended March 31, 2021 was also a year of intense competition in the mobile market. The spur for this was announcement of the results of a Ministry of Internal Affairs and Communications survey that concluded: “For a monthly data plan of 20 GB, Japan’s telecommunications service charges are the highest in the world.”*⁴ Partly due to this announcement, there was an increase in demand for more variety of services at lower costs, and all of the major telecommunications carriers launched new 20 GB data plans available exclusively online while lowering telecommunications service charges for existing brands. We also started in March 2021 to offer *LINEMO*, a 20 GB data plan at ¥2,480 per month (excluding tax), available exclusively online. The Company also lowered prices for *SoftBank* and *Y!mobile* at the same time.

*4 “Survey on Differences in Telecommunications Service Charge between Domestic and Overseas Markets,” the Ministry of Internal Affairs and Communications



Consumer Segment

Lower Profit Anticipated in the Fiscal Year Ending March 31, 2022 due to Mobile Service Price Reduction

For the fiscal year ending March 31, 2022 we anticipate a negative impact of about ¥70 billion due to the ARPU decline caused by mobile service price reduction. Such impacts include not only acquisition of new subscribers in new, lower-cost plans, but existing users transitioning to lower price plans. To overcome this negative impact, we will continue our effort to increase the number of smartphone subscribers, as well as expand the sales of broadband and electricity services, and reduce costs. Despite these efforts, in the fiscal year ending March 31, 2022, we expect operating income in the Consumer segment to decrease by more than ¥10 billion from the previous fiscal year.

Key to Future Growth: Group Synergy

As I said at the beginning, SoftBank's goal is to be the "Trust Game Winner." SoftBank's mobile strategy is to build trust with customers with innovative services that match their needs and achieve growth by expanding the number of subscribers. As reduced prices have made all providers comparable on the cost front, the crucial element to increasing subscribers going forward will be the degree to which we can offer services that make people choose us. That's where group synergy comes in. Our group includes services like *Yahoo! JAPAN*, *LINE*, and *PayPay*, all of which have the largest user bases in Japan. By strengthening collaboration between these services and mobile telecommunications services, we can offer our customers benefits available from utilizing the synergies only SoftBank can provide. For example, we began collaborating with Yahoo Japan's e-commerce in 2017 to offer discounts to our mobile

users, which led to acquiring new mobile users and customer retention. *LINEMO*, a new brand launched in March 2021, is well received for service providing unlimited use of *LINE*, Japan's No.1 messaging app with 89 million domestic users*⁵, without consuming monthly data allowance, and steadily growing in subscribers. Then in July 2021, *LINEMO* added a Mini Plan of 3 GB data allowance for ¥900/month (excluding tax). Central to debate in 2020 was the 20 GB plan, but in a user survey we conducted independently, many customers indicated they wanted a smaller data plan, so the Company set out right away to respond to this need. In addition to the Company's aim to prevent churn to competitors', *LINEMO* led to acquisition of new users. Here again, SoftBank's aggressive stance that puts customers first achieved results. I think that meeting needs in this way works to differentiate ourselves from our competitors so that we become the provider which customers choose.

It is true that over the short term, the mobile service price reduction is predicted to negatively affect performance. However, I'm confident that by aligning with the needs of our customers, refining our multi-brand strategy, which is our strength, and pursuing group synergy, we will surely be able to increase the number of subscribers and, in turn, put the Consumer segment on a growth trajectory again.

*5 Monthly Active Users (as of June 2021)

One SoftBank: Executing the *Beyond Carrier* Strategy

Finally, I'd like to explain a bit about the role the Consumer segment needs to fulfill within our corporate strategy. *Beyond Carrier* is SoftBank's game plan to launch and grow new businesses one after another in areas outside of

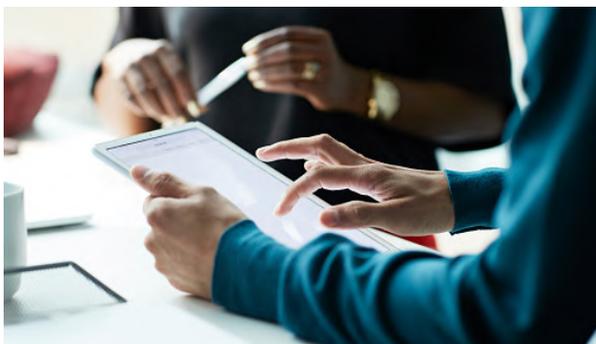
telecommunications in order to further increase corporate value. For new businesses, there's a tendency to focus on the revolutionary nature of the product, but what becomes necessary when you are trying to get that product widely established as a service are dedicated sales efforts. To speak of a specific case, for example, the service *PayPay* that started in October 2018 now dominates the market for smartphone payment services in Japan, and the people who actually helped it get there were in our Consumer segment. During the *PayPay* launch, our Consumer segment sent over 200 people including an executive officer to PayPay Corporation. Building on the sales skills that led them to success after launching broadband services from the ground up, they built up a sales organization swiftly, trained several thousand staff and went from store to store one at a time across the country to develop merchants one after the other.

Today, all kinds of companies are attempting to launch new businesses, but few of them are capable of rolling out a large-scale sales effort like ours. It was possible for SoftBank because we have an elite sales force in the Consumer segment. I said that our strength was in our organization, but as you see with the *PayPay* case, it's even more apparent that all employees have to band together across segments to work for a common cause to succeed. SoftBank wants to create a second, a third and more new businesses following *PayPay*. To make that happen, the Consumer segment will continue to do what we can, including sending in our top sales talent.



Enterprise Segment

At a Glance



The Enterprise segment provides a wide range of solutions for companies and municipalities including cloud services, security, digital marketing, and IoT, in addition to telecommunications services such as mobile communications services and fixed-line telephone services. In the 2010s, we set out to transform the business model. Breaking away from stand-alone telecommunications sales selling fixed-line telephone services, mobile communications services, and other services separately, we established a solution-based business which resolves issues faced by companies and municipalities with a combination of technologies.

Medium-Term Goals

Segment income
¥150 billion
 Fiscal year ending
 March 31, 2023

Business solution and
 others revenue
More than 10%
Annual growth

Revenue composition



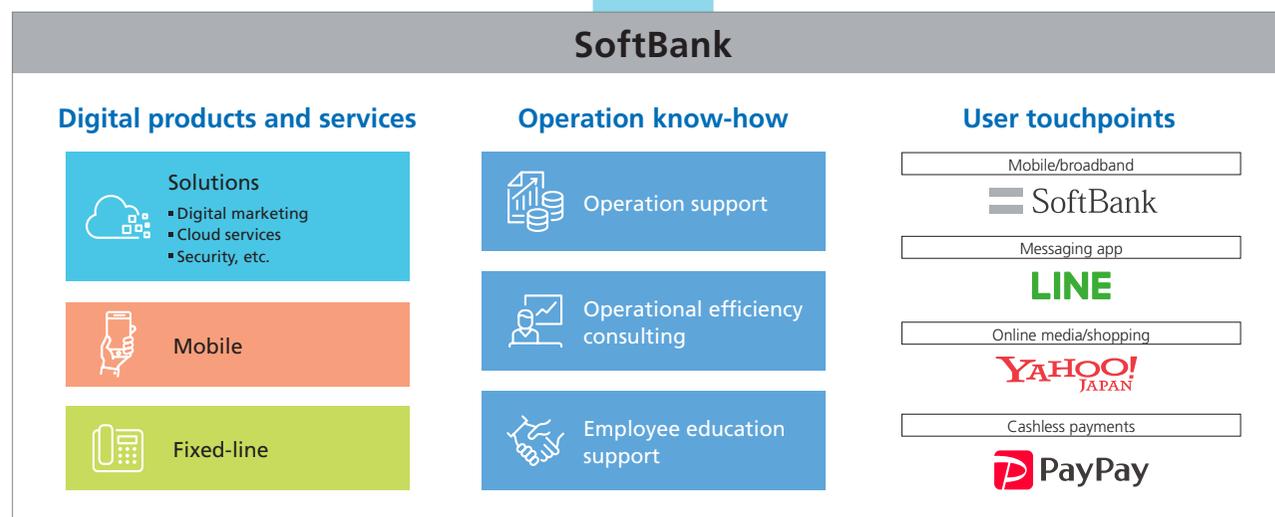
Enterprise Business Model

In our Enterprise segment's solution-based business, digital professionals who have undergone consulting and other training programs uncover the individual issues faced by companies and municipalities and propose solutions with a combination of cutting-edge digital products and services including cloud services, security, and IoT along with operation know-how.



Source: 2020 Harvey Nash/KPMG CIO Survey

Total solutions





Enterprise Segment

Competitive Advantages

Strength
1

One of the largest suites of B2C platforms in Japan, boasting a formidable number of users

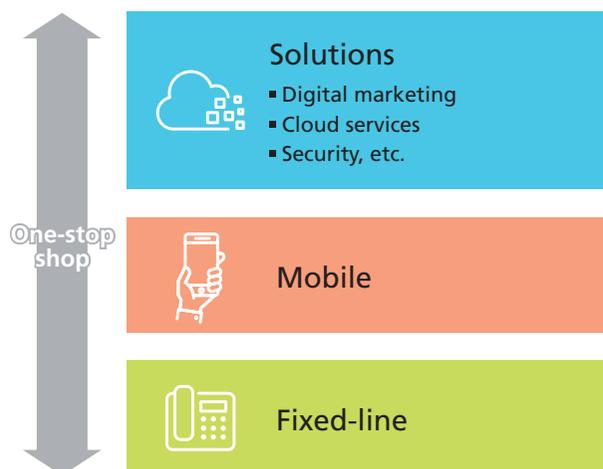
As the digitalization of society progresses, many companies and municipalities are facing issues in expanding their services online. Significant time and costs are needed for companies and municipalities to launch and promote their own applications. Then B2C platforms become important for connecting companies and municipalities with consumers. SoftBank possesses one of the largest suites of B2C platforms in Japan with tens of millions of users across a wide range of fields including telecommunications, e-commerce, payment services, and SNS. By collaborating with us, companies and municipalities aiming for expanding their services online will be able to reach a wide range of users in a short period of time. This leads to streamlining the time and costs for marketing.



Strength
2

One-stop shop system, from networks to solutions

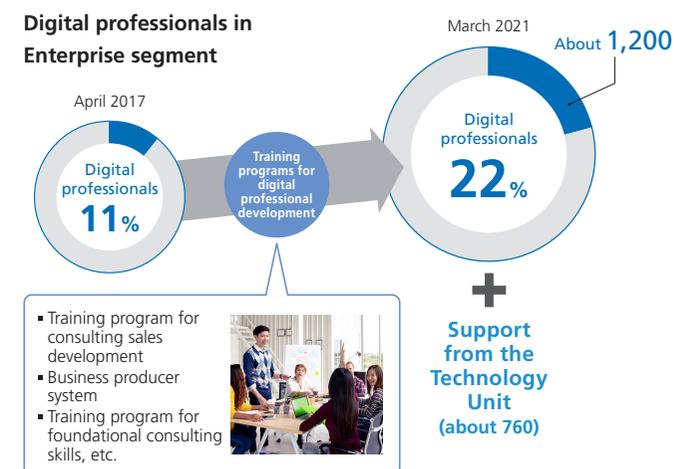
Our extensive service lineup enables our solution-based business, which is SoftBank's strength. In addition to mobile and fixed-line communication networks and devices, SoftBank also handles a wide range of more than 100 digital products and services including cloud services, security, IoT, AI, and digital marketing. Japanese companies and municipalities are said to be lagging behind other countries in digitalization. They often require a full suite of support ranging from network building, introduction of online tools, operation consulting for digitalizing analog tasks, and post-operation support. SoftBank's one-stop shop system providing everything from networks to solutions leads to our significant advantage.



Strength
3

Abundance of digital professionals enabling our solution-based business

Indispensable to our solution-based business are digital professionals. In the Enterprise segment, we have prepared training programs to nurture operation consultants and business producers in order to promote the development of human resources capable of drafting and planning digitalization solutions. In addition to comprehensive training programs for the development of digital professionals, we are strengthening industry-specific training programs to take a deeper approach toward the management issues that are different from industry by industry. As a result, currently approximately 1,200 employees or 22% of the Enterprise segment, are digital professionals. Furthermore, about 760 system engineers and data scientists in the Technology Unit support the Enterprise segment in providing technical assistance depending on the needs of the enterprise customers.





Enterprise Segment

Executive Interview

Companies can count on us to solve their “pain points” with the power of technology

Yasuyuki Imai
Representative Director & COO



A High-Growth Business to be Created by a Bold Shift in Business Model

SoftBank’s Enterprise segment continues to be a high-growth business that has posted nearly 10% growth every year since its initial public offering. For the fiscal year ended March 31, 2021, we achieved 29% profit growth year on year. The Enterprise segment has become one of the core businesses driving the Company’s overall performance, but it wasn’t always smooth sailing. SoftBank’s Enterprise segment started in 2004, the year we acquired JAPAN TELECOM CO., LTD. At the time JAPAN TELECOM CO., LTD. was acquired, the company was in the red. Working with my team, we turned the business back on its feet. Before joining SoftBank in 2000, I had worked for

KAJIMA CORPORATION, a major construction company, for about 18 years. When I joined KAJIMA CORPORATION, I spent several years working on-site before changing roles to focus exclusively on corporate sales, so it was naturally the sharpest of the skills I had in my skill set.

Let me talk about how we brought our Enterprise segment from an unprofitable business to a high growth business today. Our first priority was sales reform. SoftBank is an information revolution company, so what we sell are cutting-edge technologies. But it’s not easy to sell products that have never existed before. I had to advise the team, “Don’t sell anything that you’ve never used.” When there is new technology, we need to use it ourselves. In addition, we do not only experience it, but also improve it from our experience so that we deliver the

refined service to customers. As we have such hands-on experience, we can provide also operation know-how such as “why do I need this tool?” or “how can I use it more efficiently?” Let me give you an example of this approach; we handed iPhones to all Enterprise segment employees in 2008. Following that, we introduced tablets and cloud services, therefore promoting a full-fledged migration to a paperless office. This enabled our employees to work anywhere in the world, and the consideration of environmental resources also took root in their minds. Now every enterprise is pursuing SDGs and building telework environment, but we have taken such initiatives for more than 10 years, because we anticipated the arrival of such an era.

Furthermore, what we have worked on for the past 10 years is a breakaway from simply selling goods—in other words, a complete shift of the business model. Simply selling smartphones would be tough to differentiate ourselves from competitors. We realized that going forward SoftBank would not survive unless it became a service provider. Today we do not tell our customers to use SoftBank smartphones only. We diagnose the most challenging issue that our customers face—the “pain point,” and where the customers are willing to spend money to solve. And then we provide the fully thought out solutions using our technologies to solve their “pain point.” This is SoftBank’s solution-based business model.

Significant Increase in Profit for the Fiscal Year Ended March 31, 2021

For the fiscal year ended March 31, 2021, the Enterprise segment posted a significant growth with 11% increase in mobile revenue and 17% increase in business solutions and others revenue year on year. The segment income increased by 29% year on year. While the rapid increase in demand for telework by companies in the outbreak of COVID-19 has certainly been a tailwind, I think the fact that we have been practicing telework in-house for more than 10 years and that



Enterprise Segment

we are seasoned in the optimal tools to use and the operation know-how are the reasons customers chose SoftBank. Some have voiced concern that the significant increase in business solutions and others revenue may only be a fleeting result of the unique demand for telework. But in fact, 70% or more of business solutions and others revenue are recurring revenue that will contribute to a stable growth going forward.

Greatest Strength: Our Dominant Business-to-Consumer (B2C) Platform

I'm also confident of the growth of the Enterprise segment. The global outbreak of COVID-19 has accelerated society's migration to digitalization. We are approaching the "age of hyper-digitalization" in which all aspects of a person's daily life will be digitalized. SoftBank's Enterprise segment is competitive mainly in two areas: one is that we can propose solutions that resolve the "pain point" an enterprise faces, and the other is that we have the dominant B2C platforms. Yahoo Japan's portal site and e-commerce service, LINE's messaging service, and PayPay's payment service each have tens of millions of user base. SoftBank is the only enterprise in Japan that holds both strengths.

Then, why is a B2C platform so important for the Enterprise segment? The advent of a hyper-digitalized society means that as people's daily lives are digitalized, enterprises will need to provide online services. Even if an enterprise gets to the point of creating a service, quite a few of them face the problem of how to deliver that service to mass users. Most enterprises launch an application in-house and then face unaffordable costs in order to make it widely available to the public. SoftBank is the company that can resolve this pain point. If a service is deployed on our established platforms such as Yahoo Japan and LINE, the service can easily and instantly reach tens

of millions of users. But this does not mean that all an enterprise needs to do is to partner directly with Yahoo Japan and LINE. Placing SoftBank as intermediary between the enterprise and the platformers allows us to provide all the systems necessary to operate the service, from the cloud to the device as one-key solution. The important thing lies not just in creating a service but in operating it competently. SoftBank's capacity to simultaneously provide service platforms with massive user bases and the systems to operate the services leads to our dominant market position that outpaces the ability of other consulting firms and system integrators.

Huge Opportunity in IoT and Digital Marketing

As we seek the future growth in the Enterprise segment, we are paying attention particularly to IoT. Soon after 5G becomes widely available and communications among things become mature, how the data generated can be utilized will become a key matter for each industry. Actually, last year, we entirely made our new headquarters a smart building, in keeping with our motto of selling things after using them ourselves. Over 1,000 sensors were installed, and the data captured is analyzed by AI to support office optimization and is also provided to surrounding commercial facilities and their customers. The idea is to make our new headquarters as a model case for a smart building and to expand the smart building and smart office business. Sometimes we are asked exactly how the smart building business can gain profit, but if data utilization becomes the norm in society, we believe that user fees can be charged for data platforms as utility fees like those for water and electricity.

IoT will spread beyond the office to all kinds of places like factories, retail outlets and stores. All enterprises in Japan will start to think about how they can make use of data. When

that happens, SoftBank will be ready, waiting with open arms.

The Company anticipates huge opportunities in the digital marketing area as well. In practice, digital marketing refers to the digital advertisements that enterprise customers place on our Yahoo Japan and LINE services. However, the backbone of marketing lies in the analysis of the many kinds of data that can be obtained through advertising and the next action plan that can be linked effectively to such analysis. SoftBank engages in consulting for such data analysis and utilization. We are training employees to improve their skills in making proposals and are pro-actively seeking partnerships with enterprises that have track records in digital marketing. The Enterprise segment has taken responsibility for the highly value-added consulting portion of the business, and we anticipate a significant growth to continue in the digital marketing sector.

The Enterprise segment is also promoting *Beyond Japan* initiatives to expand established businesses in Japan to overseas markets. As a first step, we invested in Axiata Digital Advertising Sdn. Bhd., a digital marketing company that does business in 10 Asian countries. Our aim is an "asset-light" efficient expansion of our services overseas with minimal costs by collaborating with standout overseas enterprises.

Issues to Tackle: Information Security and Human Resource Training

SoftBank is expanding its businesses significantly and simultaneously taking every measure available to manage risks. Among risk factors, information security is extremely important to the Enterprise segment in delivering cloud, IoT and digital marketing services. The importance of data management is ever-increasing particularly in B2B2C businesses because they involve handling of the personal information of individual customers. At SoftBank, our Chief Data Officer (CDO) oversees the CDO



Enterprise Segment

Office that establishes strict rules to carefully control the data handling. As information security can never be 100%, we work day to day with constant consciousness of information security and strive to improve and strengthen it.

Another area we're taking initiative to move our business to the next level is human resource training. In a solution-based business model, the key for success lies in how accurately we can find the "pain point" an enterprise faces. When we used to use the so-called telecommunications sales approach, we simply sold items to the information technology department in an enterprise, but that's not enough in the solutions business. You have to gain deeper access. Unless you read and digest



everything from the financial statements to the mid-term plan to understand what the management are thinking, it's impossible to design a solution. That's why the Enterprise segment makes a variety of training programs available from finance to consulting, so that each sales person can benefit from daily training that teaches them to see things from the management's perspective. Although I say solution, the business environment differs significantly industry by industry. That's why we build industry-specific teams which focus on further deepening their expertise in the industry. Right now, we face an urgent need to retain human resources who can become immersed in an enterprise to restructure the business process itself, so we're speeding up the pace of internal training and looking for outside talent. Development and retention of digital talent is essential to the growth of the Enterprise segment going forward, so we continue to pursue this as a top-priority.

SDGs and the Enterprise Segment

SoftBank's corporate philosophy is "Information Revolution — Happiness for everyone." As the world engages in initiatives to reach the Sustainable Development Goals (SDGs) set forth by the United Nations, SoftBank needs to constantly think about what solutions we can provide to enterprises and municipalities in Japan.

For example, we sometimes receive requests to learn how to use 5G to automate factories and to operate more efficiently. Combination of 5G communications and AI visual analysis could certainly be a relatively simple way to automate the tasks now performed by employees. However, when heavy data like a video is just randomly uploaded to the cloud, a massive amount of electricity is required. This process totally goes against the global efforts to achieve carbon neutral. SoftBank is a company that pursues SDGs through our business. For this kind of problem, SoftBank would combine the

edge computing and the cloud, take into account the need for automation and reduction of environmental impact, and propose an optimal solution. I think this solution would lead to sustainability of our enterprise customers.

Enterprise Segment Income Target for Fiscal Year Ending March 31, 2023: ¥150 Billion

To achieve ¥150 billion segment income target for the fiscal year ending March 31, 2023, we need to continue an annual growth of nearly 20%. It's definitely not an easy goal to attain, but we believe the growth in business solution and others as well as mobile could make it possible. With respect to business solution and others, I already noted that the percentage of recurring revenue is high. Similarly, mobile communications services for enterprise is in fact an excellent, cost-effective business with high profitability. But, since our sales has already shifted to a completely solution-based model, we don't offer clients to adopt mobile service alone. Our total solution including cloud, security, VPN, IoT, and many other services tends to create a flow in which the client naturally comes to SoftBank for smartphones and tablets. The more we expand the solution business and others, the more mobile contracts increase. I think this is the result of the successful shift of our business model. I'm confident that SoftBank's Enterprise segment can grow further even after the ¥150 billion target is reached.



Yahoo Segment

At a Glance



In the Yahoo segment, we offer over 200 services that center on media, commerce, and finance and payment-related businesses covering online to offline services in a comprehensive manner.

Business integration of Z Holdings and LINE

In March 2021, our subsidiary Z Holdings completed the business integration with LINE, creating a new Z Holdings. Through the integration, Z Holdings now covers “information,” “payments,” and “communication,” three sources of action that are indispensable to people’s daily lives, and has become one of Japan’s largest corporate groups providing Internet services, offering over 200 services.



New Z Holdings Group business scale

Simple sum of both companies for fiscal year ended March 31, 2020

Revenue ¥1.284 trillion

No. of users	Status of usage	No. of services provided in Japan
Yahoo! JAPAN Annual no. of logged-in user IDs*1 80 million	Yahoo! JAPAN Daily hours of use by logged-in users*3 32.58 million hours	Over 200
LINE No. of monthly active users*2 89 million	LINE Daily average no. of messages sent and received*4 27.4 billion messages	About 230
		Group employees*5 About 23,000

*1 Annual number of logged-in user IDs (as of March 2020)
 *2 Number of monthly active users (as of June 2021)
 *3 Daily hours of use by logged-in users in calendar year 2020

*4 Global average number of messages sent and received daily in calendar year 2020
 *5 Sum of number of Z Holdings Corporation consolidated employees at the end of March 2020 and LINE Corporation consolidated employees at the end of October 2020

Medium-Term Goals

No.1 in Japan
 for e-commerce transaction value (merchandise)
 within the early 2020s

Media

In the media field, we attract a large number of users by providing a wide range of media services that are essential to people’s daily lives, and record earnings through advertising revenue. We are promoting the further enhancement of the media side and the expansion of integrated marketing solutions.



Commerce

In the commerce field, we provide services related to e-commerce, membership services, and finance and payment-related services, aiming for the sustained growth of e-commerce transaction values, online and offline integration, and expansion of the financial business.



Revenue composition ratio



Changes to business field categories

Along with the consolidation of LINE in connection with the completion of the business integration of LINE and Z Holdings in March 2021, the reportable segment name has been changed from “Yahoo” to “Yahoo! JAPAN/ LINE” from the fiscal year ending March 31, 2022. The business field categories have also been changed, adding “strategy” alongside “media” and “commerce” together with an update to the classification of some services and subsidiaries.

	Z Holdings	LINE
Media	Media/advertising, search, marketing solutions, vertical services	Media/advertising, content, stamps
Commerce	Shopping, reuse, O2O	Shopping, O2O, character business
Strategy	Payments, financial services	Payments, financial services, AI, healthcare



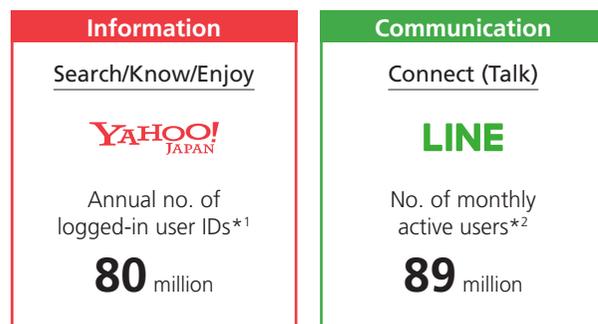
Yahoo Segment

Competitive Advantages

Strength
1

One of the largest numbers of customer contact points in Japan

Linking information is important for businesses like Z Holdings that provide a diverse array of services through the Internet, such as search, news, advertisements and commerce, so the number of users businesses have touchpoints with becomes their source of competitiveness. Adding 89 million users*2 of the communication app *LINE* to the 80 million *Yahoo! JAPAN* Internet portal users*1 has enabled us to approach nearly the entire Internet population of Japan. Moreover, combined with 55 million mobile and broadband subscribers*3 and 41 million *PayPay* users*4, SoftBank has become a corporate group with a dominant number of customer contact points.



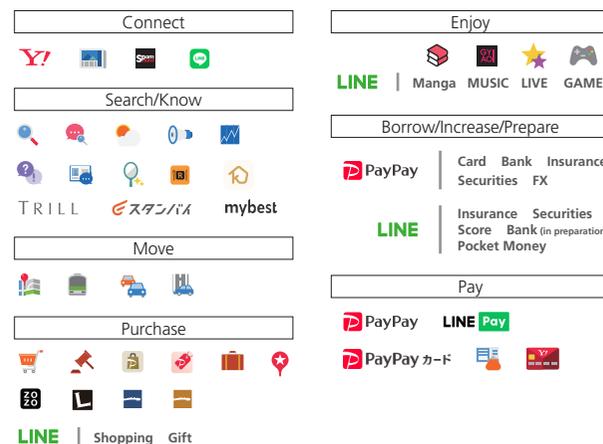
*1 Annual number of logged-in user IDs (as of March 2020)
 *2 Number of monthly active users (as of June 2021)
 *3 Sum of cumulative number of mobile communications services subscribers and cumulative number of broadband subscribers (as of March 2021)
 *4 Cumulative number of registered users (as of August 2021)

Strength
2

A wide range of services

Z Holdings provides a wide range of services that make the user actions of “encountering,” “exploring,” “purchasing,” “paying” and “enjoying” more convenient. Supporting these are approximately 6,500*5 engineers who develop and operate the services using huge amounts of data obtained from user touchpoints. In addition, through the acquisition of the fashion e-commerce business ZOZO, Inc. and the business integration with *LINE*, we are working to enhance the lineup of services. Following the business integration of Z Holdings and *LINE*, the number of services offered in Japan has crossed 200. Going forward, we aim to continue improving the level of convenience for users throughout all aspects by providing services that utilize information technology.

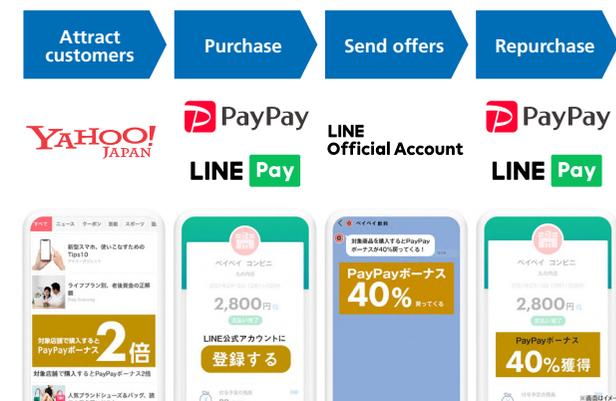
*5 Sum of full-time employed engineers of Z Holdings Corporation and its subsidiaries (prior to integration with *LINE* Corporation) and engineers (full-time, contract, and part-time employees [excluding temporary staff]) of *LINE* Corporation and its subsidiaries (as of January 2021)



Strength
3

Linkage of services based around “information,” “payment,” and “communication”

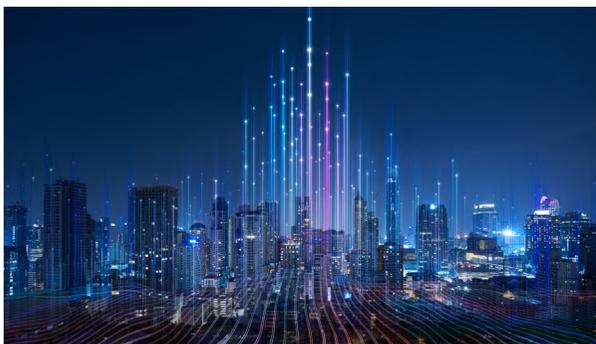
The business integration of Z Holdings and *LINE* has enabled us to link various types of services based around the fields of “information,” “payment,” and “communication,” which are indispensable in people’s daily lives. For example, we can distribute coupons on *Yahoo! JAPAN*, offer payment incentives through *PayPay* and *LINE Pay*, and encourage repurchase by sharing information on deals through official *LINE* accounts afterward. This allows for efficient marketing for businesses and the delivery of valuable information to users without noise. In such way, we will work to provide value through initiatives leveraging Z Holdings’ unique strengths.



New Business Fields



At a Glance



SoftBank is expanding its new businesses by collaborating with leading companies both inside and outside of Japan and through the establishment of joint ventures, taking full advantage of its suite of services boasting one of Japan's largest number of users, its extensive business partner base, its outstanding sales and technological capabilities, and its membership in the SoftBank Group.

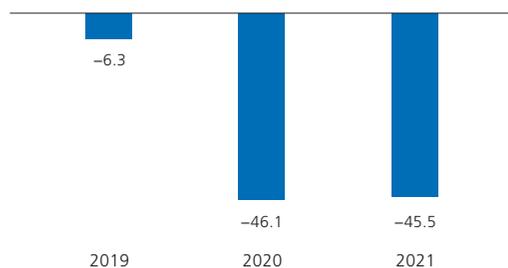
Medium-Term Goals

Reduce losses on equity method investments

Goals for fiscal year ending March 31, 2023

Share of losses of associates accounted for using the equity method

(Billions of yen)



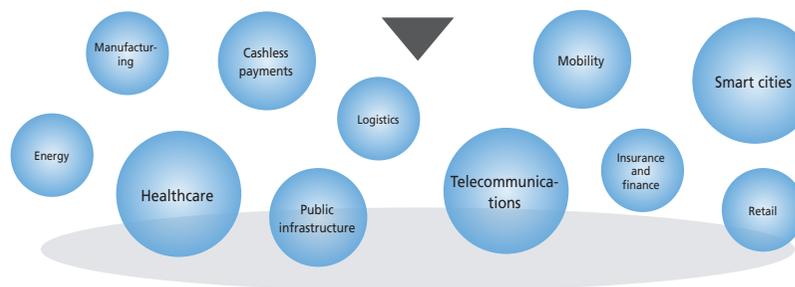
(Fiscal year ended March 31)

SoftBank Group investees Leading companies inside and outside of Japan



Group business assets

User base	 55 million users	 80 million users
	 41 million users	 89 million users
Sales channels	No. of stores 6,100 stores nationwide	Dealings with 95% of large enterprises
	Human resources	No. of Group sales employees About 15,000



Competitive Advantages

Strength 1 Dominant number of customer contact points

The Group possesses one of the largest user bases in Japan across a wide range of fields, including telecommunications, e-commerce, payment services, and social media. Moreover, it has mobile phone shops across the country serving as a touchpoint with consumers, and has also worked with nearly all of the large enterprises in Japan. Through customer contact points across multiple fronts, with both individuals and enterprises, in-person and online, our new businesses are able to reach an extensive range of consumers and companies from the early phases of launch.

Strength 2 Cooperation with SoftBank Group investees and other companies

Our parent company, SoftBank Group Corp. invests in unicorn companies worldwide through funds and other means. As a member of the SoftBank Group, we are able to collaborate with such unicorn companies and develop cutting-edge technologies and business models into new businesses.

Strength 3 Powerful sales and technological capabilities

Our human resources strength is our sales force, known for having explosively popularized ADSL in Japan through an innovative sales approach in the early half of the 2000s. When it comes to new business fields, hundreds of elite SoftBank sales employees were dispatched during the 2018 launch of PayPay, establishing over 20 bases across the country, expanding the number of merchants at an incredible speed. On the other hand, we have also put effort into securing technological personnel, with IT or AI engineers making up about 8,000 of the Group's 10,000 engineers.

New Business Fields



Smartphone
payment service



PayPay, launched in 2018 by bringing together SoftBank's sales force and Yahoo Japan's development capabilities along with technical support from Paytm, a global mobile payment service and an investee of a fund managed by SoftBank Group Corp., has acquired a dominant share of Japan's smartphone payments market and continues to grow tremendously.

PayPay's competitive advantages

1. Product development capability

PayPay Corporation focuses on in-house UI development, continuing to update the app about once a week. *PayPay* instantly catches up with changing user needs, all while continuously strengthening security.

2. Sales capability

PayPay Corporation has set up 22 sales bases across the country where thousands of salespersons visit stores directly and carry out their sales activities with care, from merchant development through to post-sales service. PayPay Corporation has built a dominant network of merchants leapfrogging our competitors, consisting not only of convenience stores and major chains, but small- to medium-sized private business as well.

3. Marketing capability

PayPay Corporation deploys unique promotions, exemplified by our "10 Billion Yen Giveaway Campaign." Our marketing is done efficiently in line with the business phase, with clear objectives set for our campaigns such as raising awareness or making *PayPay* part of people's daily routines.

Business overview for fiscal year ended March 31, 2021

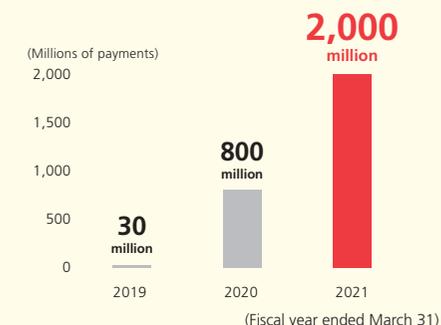
Providing convenient mini apps and conducting numerous special campaigns, *PayPay* grew to 38.03 million cumulative registered users at the end of March 2021. The number of payments grew 2.5-fold year on year to 2 billion payments with the gross merchandise value also reaching ¥3.2 trillion, a 2.6-fold increase year on year. We've expanded to 3.16 million merchants nationwide, and with online shopping opportunities in particular increasing during the outbreak of COVID-19, we've strengthened our merchant development for online shops, increasing merchants by about 2.5-fold from the end of the previous fiscal year.

Future strategy towards profitability

PayPay Corporation aims to increase revenue by developing a variety of services based on its cashless payments service, which has achieved a dominant share of the market. We've already begun individual loan and investment services aimed at users, and moving forward we will continue to work towards enhancing our service lineup centered around finance. For merchants, we've started charging a payment system fee to small- to medium-sized business from October 2021, which had previously been offered for free. With the lowest level rates in the industry and characteristic campaigns as our strengths, we aim to continue expanding our merchant base. In addition, we're also engaged in monetizing our service for enterprise customers (PaaS*). This is a service through which PayPay's payment platform is offered on a partner company's app, and in the first round of collaboration with the major convenience store Seven-Eleven Japan Co., Ltd., over 3.5 million users linked their *PayPay* account on Seven-Eleven's app within the first month of launch. Furthermore, we're also steadily advancing collaboration with overseas businesses, looking to capture inbound demand in the post-COVID age. Users of China's Alipay and South Korea's KakaoPay are already able to pay through their respective apps using *PayPay* merchants' QR codes.

*PaaS: Payment as a service

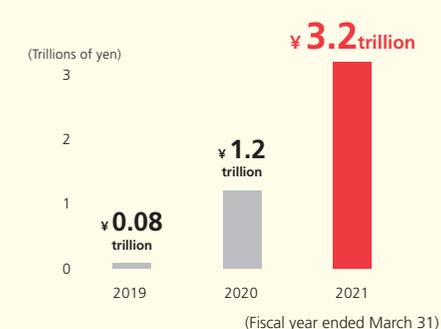
Number of payments*¹



Number of registered users*²



Gross merchandise value*³



*1 Does not include the number of P2P transactions that users use the "send/receive" function for *PayPay* balances, or the number of payments users made through Alipay application. Figures for fiscal year ended March 31, 2019 represents the cumulative total from service launch in October 2018 to March 2019

*2 Number of registered users: number of accounts registered, from October 5, 2018 to August 31, 2021

*3 Gross merchandise value: gross merchandise value through *PayPay*, excluding P2P transactions. Figures for fiscal year ended March 31, 2019 represents the cumulative total from service launch in October 2018 to March 2019