

 SoftBank

Earnings Results for the Three Months Ended June 30, 2022

August 4, 2022
SoftBank Corp.

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TSE code: 9434

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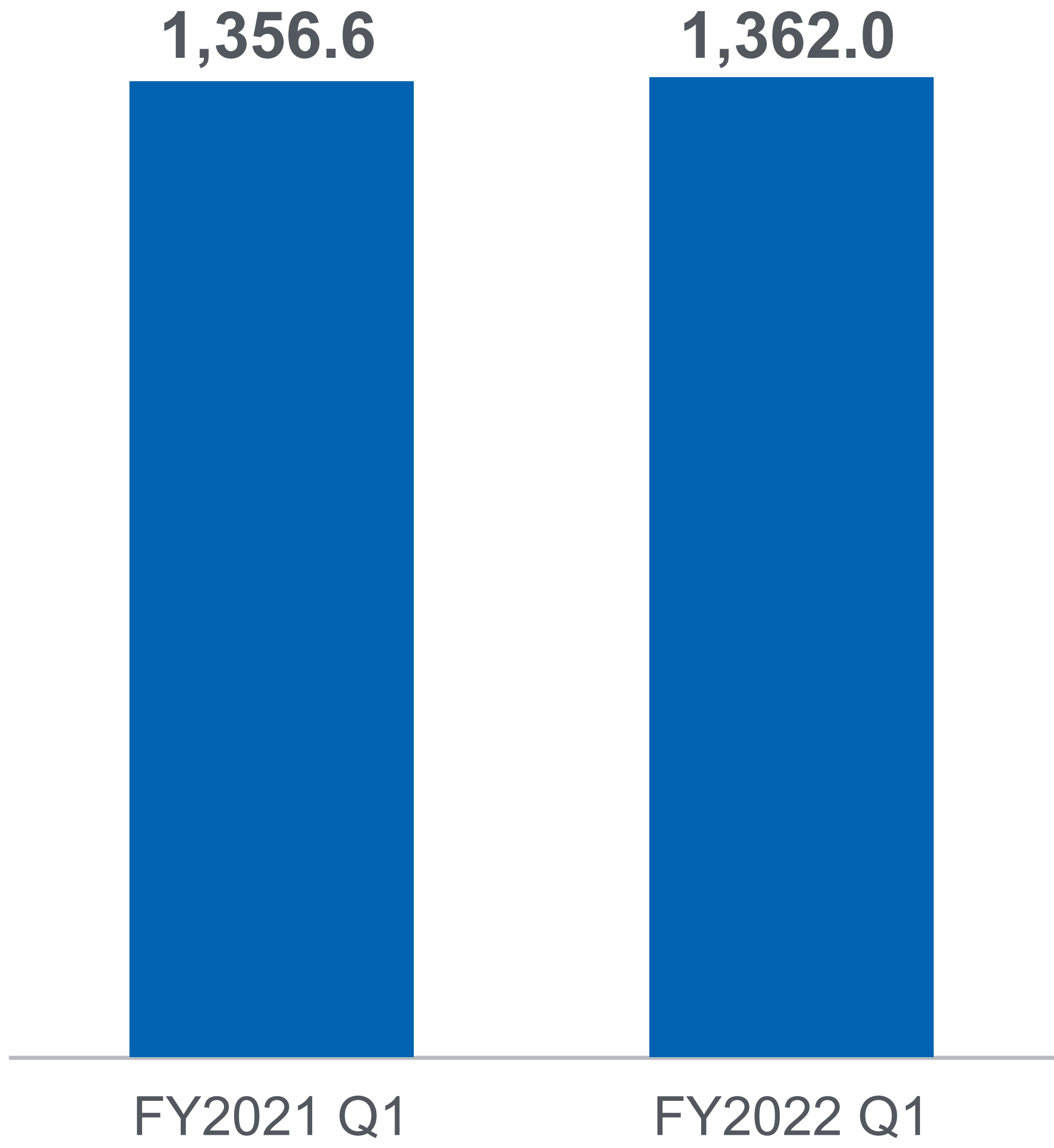
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Consolidated Results

Q1 Fiscal Year 2022

Revenue

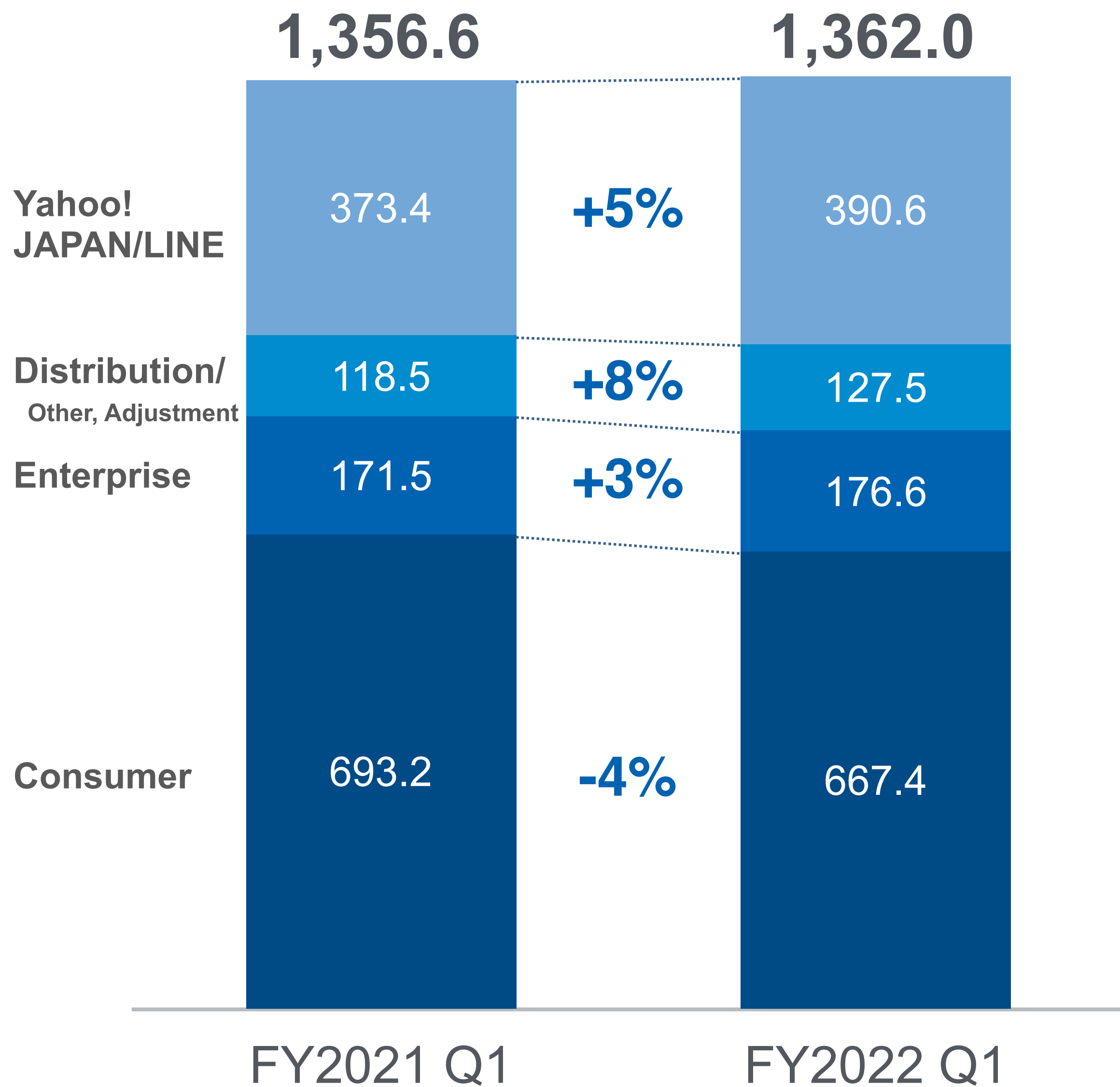
[JPY bn]



Up **0.4%**

Revenue by Segment

[JPY bn]

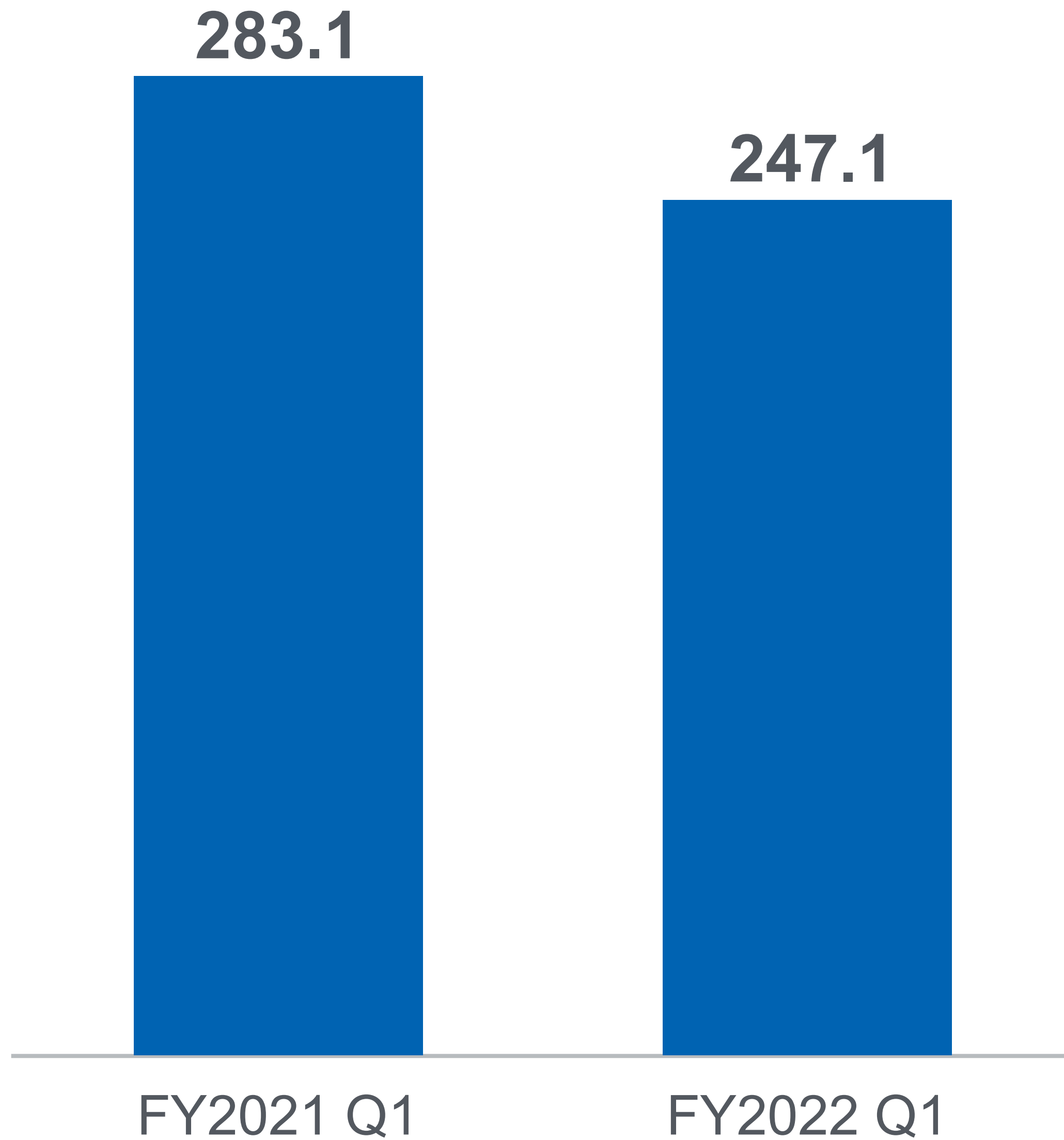


**Revenue increased in
Enterprise,
Yahoo! JAPAN/LINE,
Distribution**

Operating Income

[JPY bn]

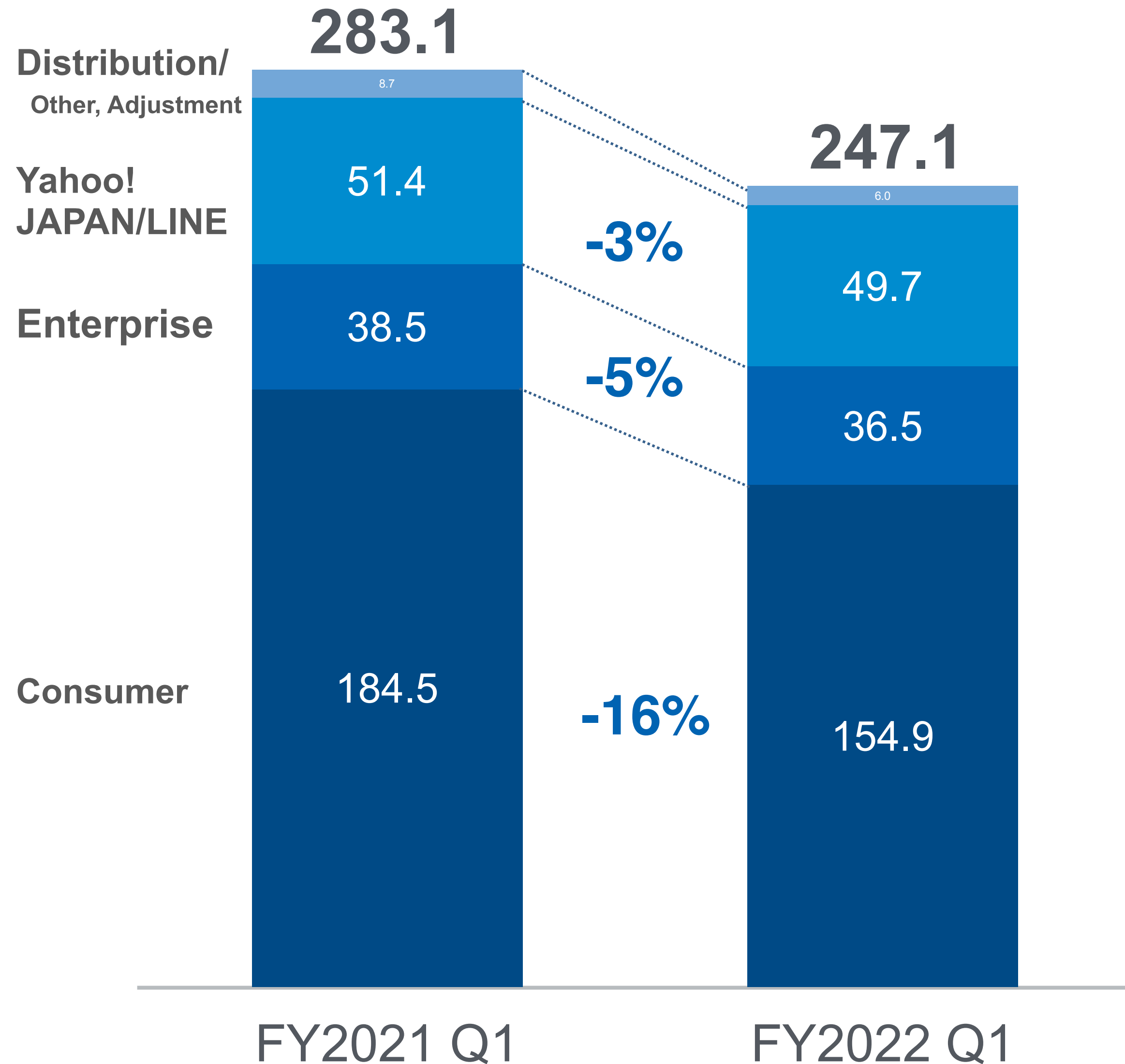
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Down 13%

Operating Income by Segment

[JPY bn]

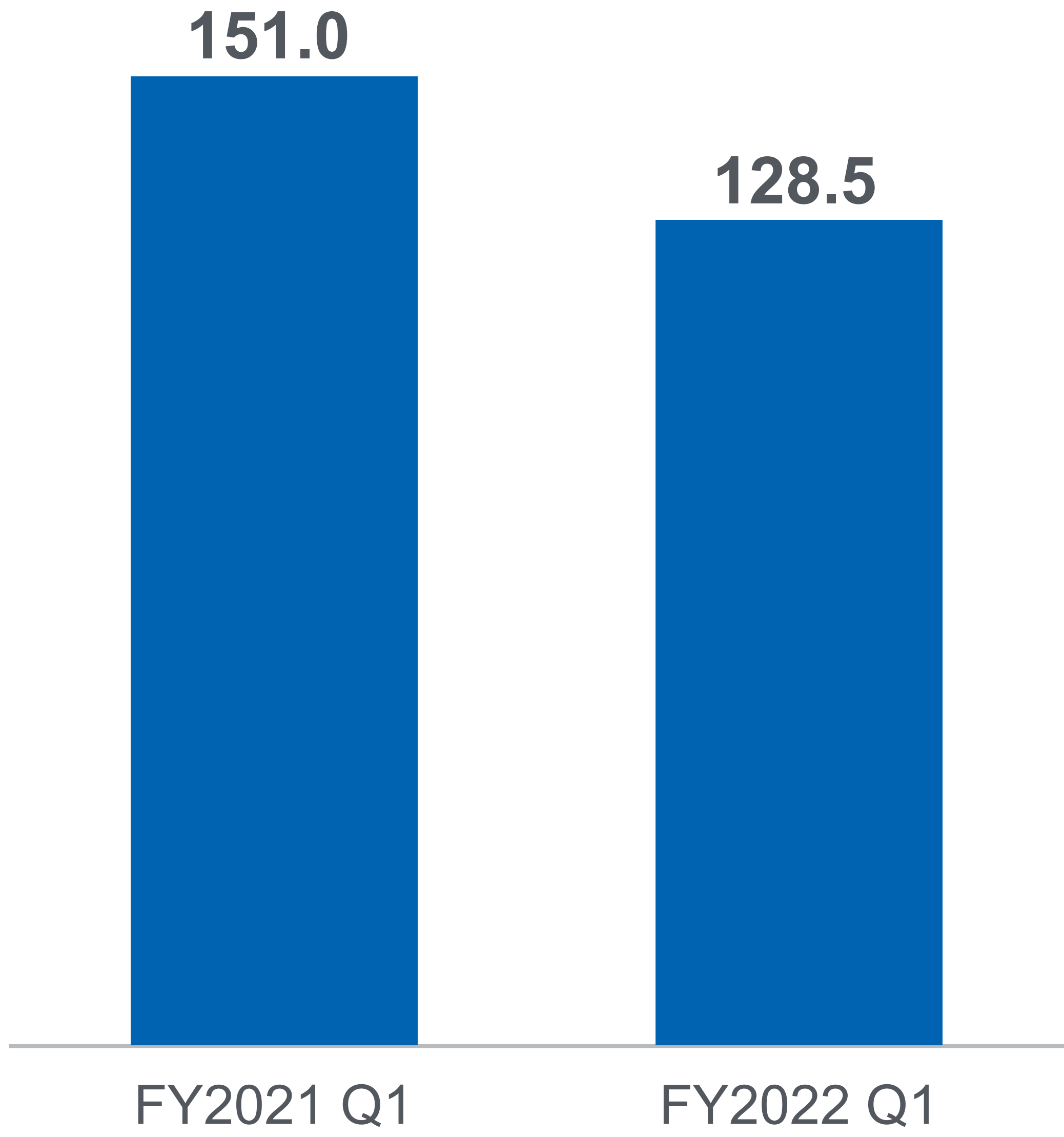


Segment	Factors for YoY change
Distribution Other, Adjustment	<ul style="list-style-type: none"> - Distribution business -0.6 bn - Impairment losses at certain subsidiaries, etc.
Yahoo! JAPAN/ LINE	<ul style="list-style-type: none"> - Mainly strengthening recruitment for growth, etc. -1.7 bn
Enterprise	FY2021 Q1 <ul style="list-style-type: none"> - Impact of absence of one-time cost reversal -2.7 bn
Consumer	<ul style="list-style-type: none"> - Mobile service price reduction impact -25.0 bn - Increase in acquisition-related expenses -21.0 bn - Increase in number of contracts, cost reduction, etc. +17.0 bn

(Note) Acquisition-related expenses: The total of the impact of deferred acquisition expenses in the past years JPY -13.4 bn (mostly before FY2021 and non-cash) and the decrease in gross profit from sales of goods and others (sales of goods and others - cost of goods sold) JPY -7.4 bn

Net Income

[JPY bn]



Down 15%

Consolidated Results Q1 FY2022

[JPY bn]

	FY2021 Q1	FY2022 Q1	YoY	YoY %
Revenue	1,356.6	1,362.0	+5.4	+0.4%
Operating Income	283.1	247.1	-36.0	-13%
Net Income	151.0	128.5	-22.4	-15%

Progress toward FY2022 Full-year Forecasts

[JPY bn]

	FY2022 Q1 Actual	FY2022 Full-year Forecast	Progress
Revenue	1,362.0	5,900	23%
Operating Income	247.1	1,000 or more	25%
Net Income	128.5	530 or more	24%

Progress toward Forecasts by Segment

[JPY bn]

	FY2022 Q1 Actual	FY2022 Full-year Forecast	Progress
Consumer	154.9	480	32%
Enterprise	36.5	150	24%
Distribution	5.5	23.5	24%
Yahoo! JAPAN/LINE and others (including PayPay consolidation impact)	50.2	346.5 or more	14%
Total	247.1	1,000 or more	25%

Management Objectives

**JPY 1 trillion
or more
operating
income**

(FY2022)

**JPY 600 bn
adjusted free
cash flow**

(FY2022)

**V-shaped
recovery in
operating
income***

(FY2023)

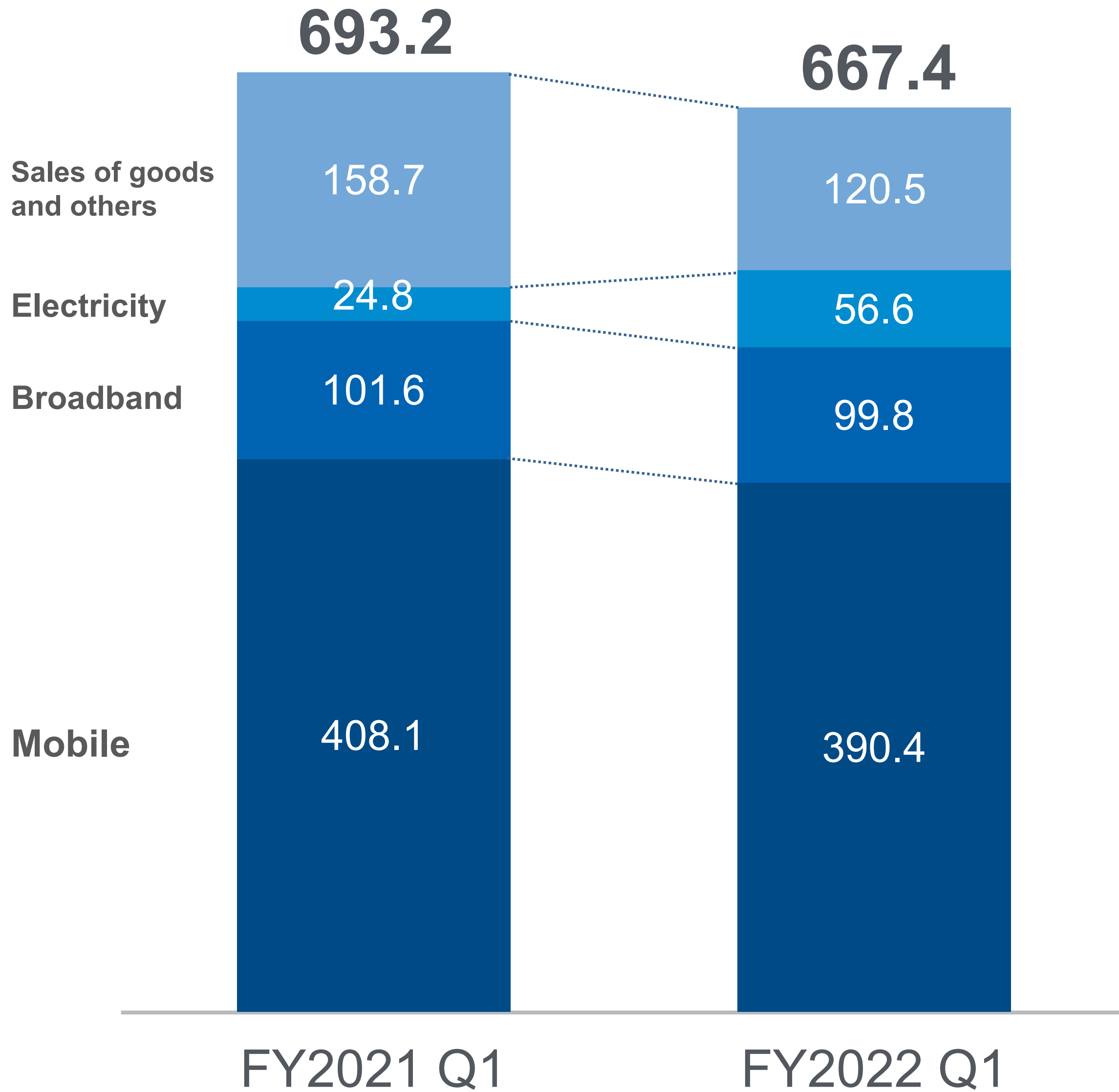
Steady progress toward three goals

Consumer Business



Consumer: Revenue

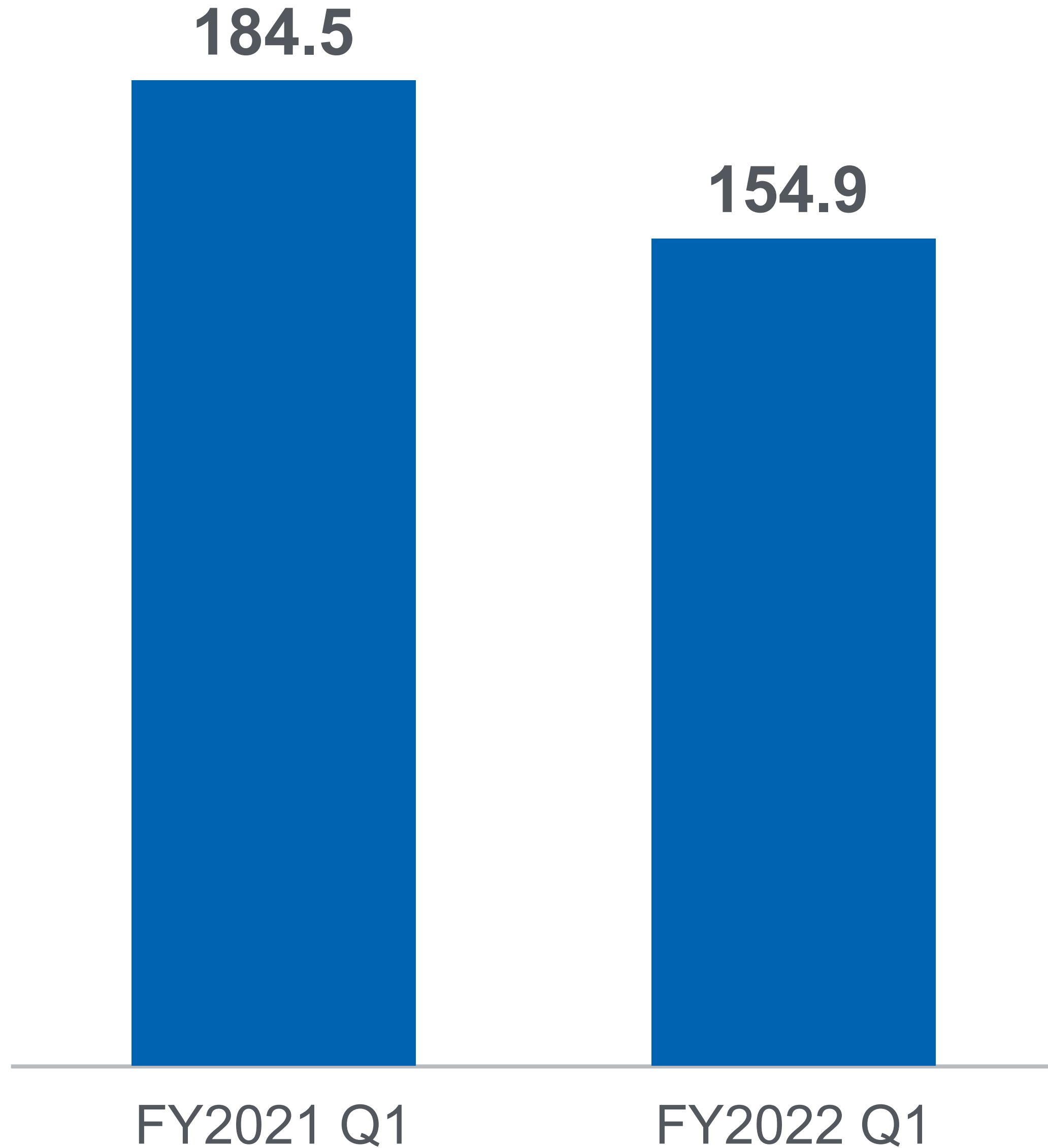
[JPY bn]



Down 4%

Consumer: Operating Income

[JPY bn]



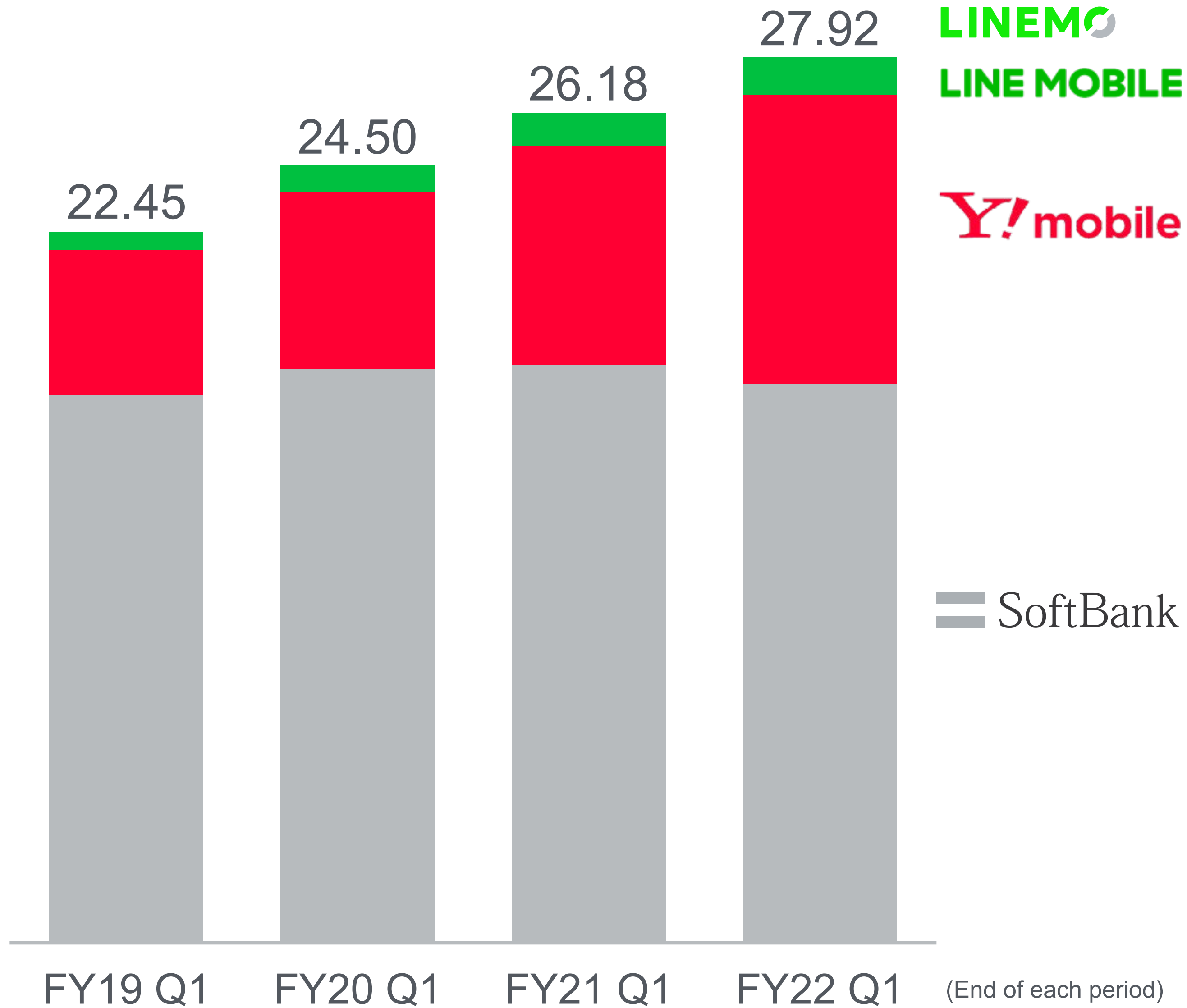
Down **16%**

Due to mobile service price reduction impact, etc.

Smartphone Cumulative Subscribers

SoftBank

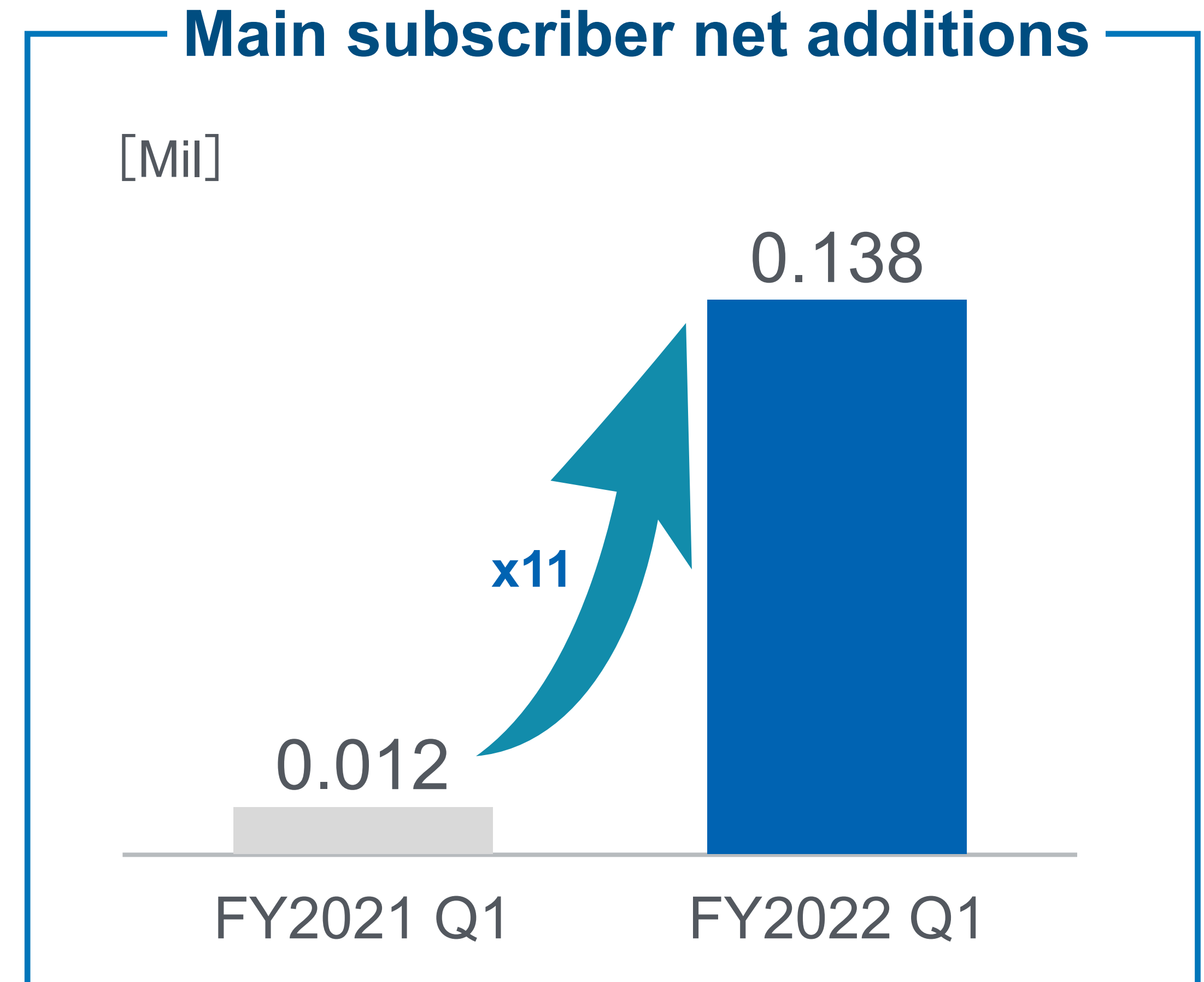
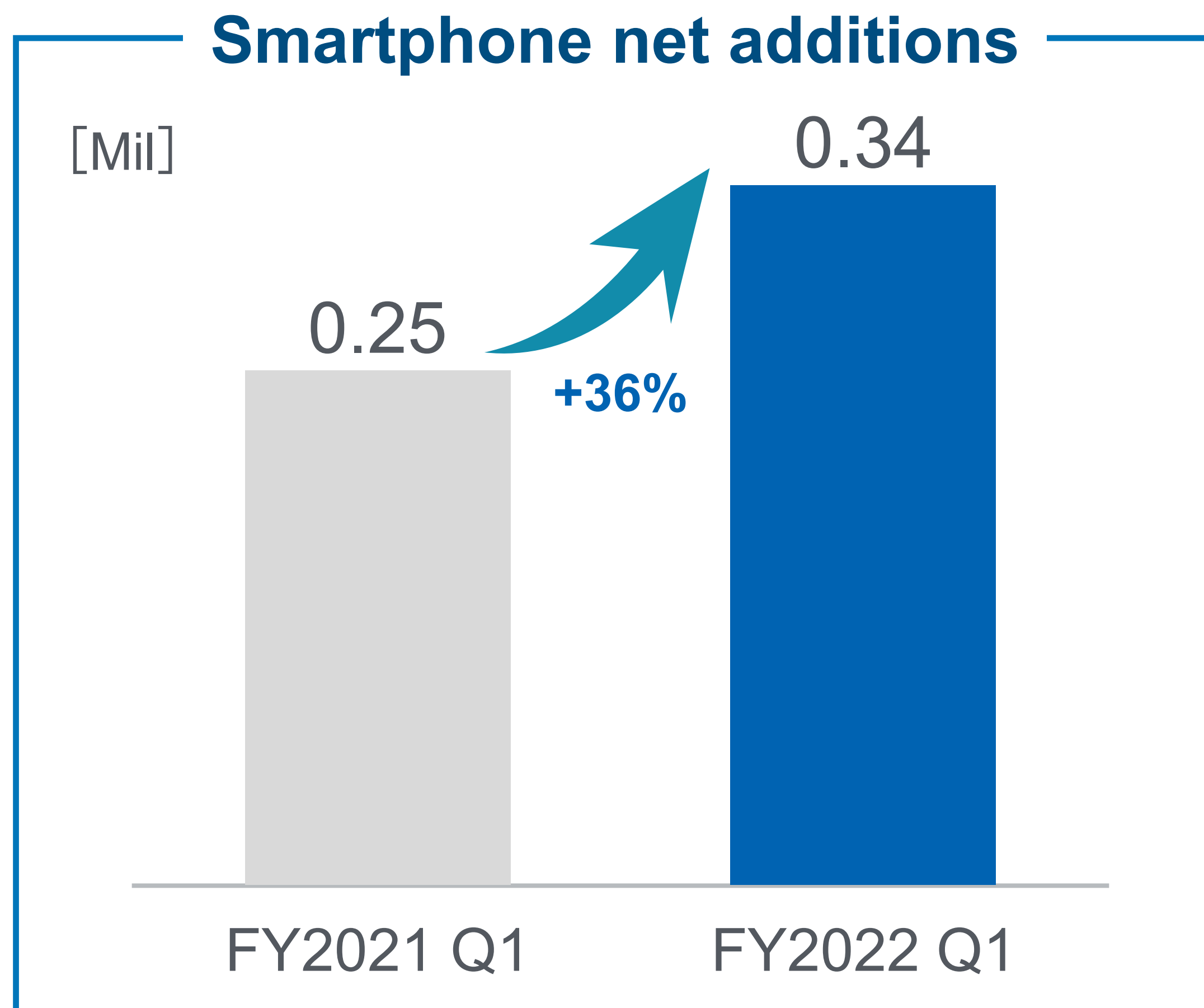
[Mil]



Up 7%

Mobile Subscriber Net Additions

Substantial year-on-year recovery

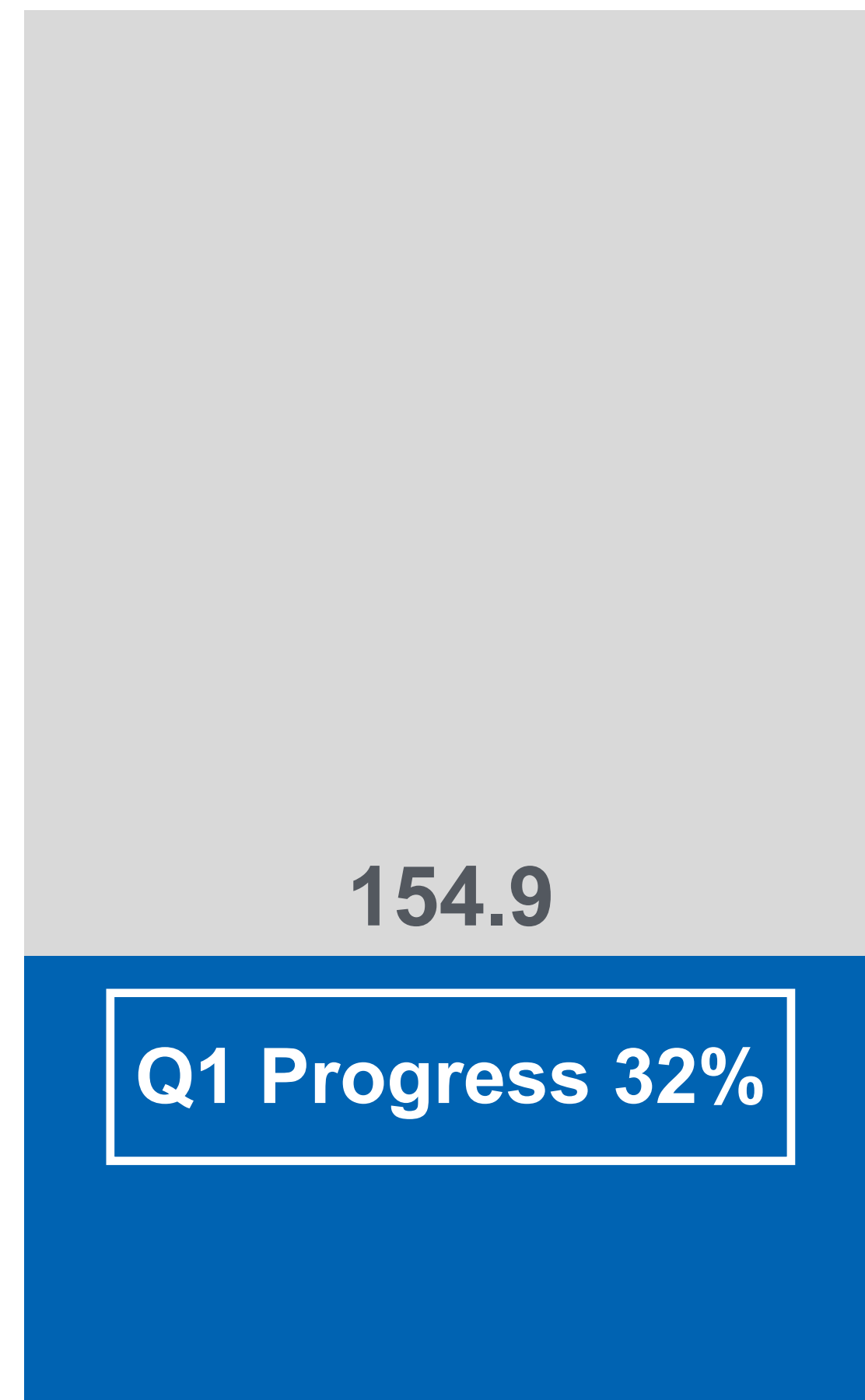


(Notes) Net additions = no. of subs at the end of the relevant quarter – no. of subs at the end of the previous quarter
Main subscribers: Total of smartphones, feature phones, tablets, and mobile data communications devices and others. Including enterprise subscribers

Consumer: Full-year Operating Income Progress

[JPY bn]

(Forecast) 480



Q1 Progress 32%

FY2022 full-year Consumer operating income

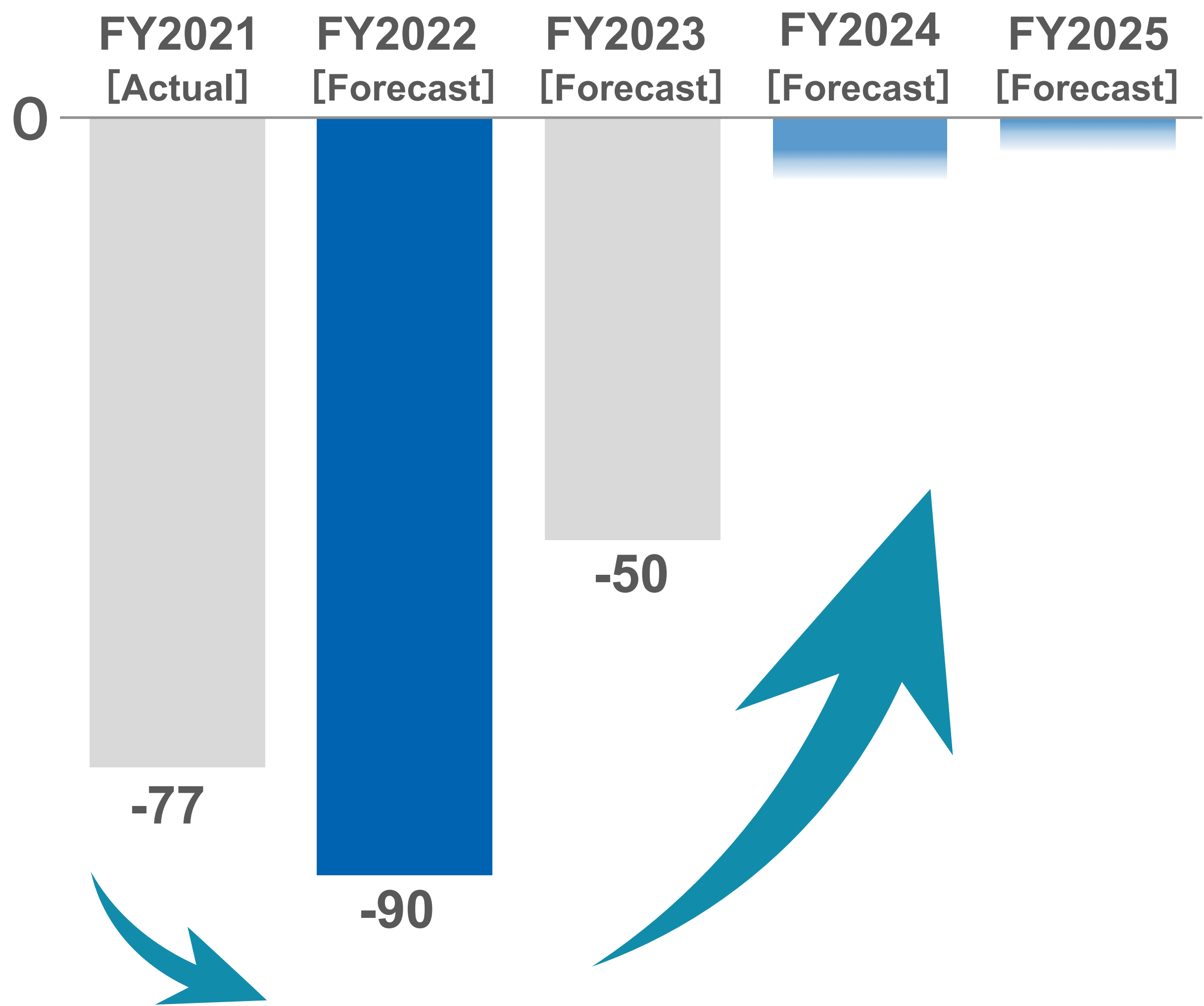
Steady growth compared to BOP forecast

Reference:
Progress in FY2021 Q1 28.7%

Mobile Service Price Reduction Impact

Impact due to price reductions in spring 2021 (YoY)

[JPY bn]



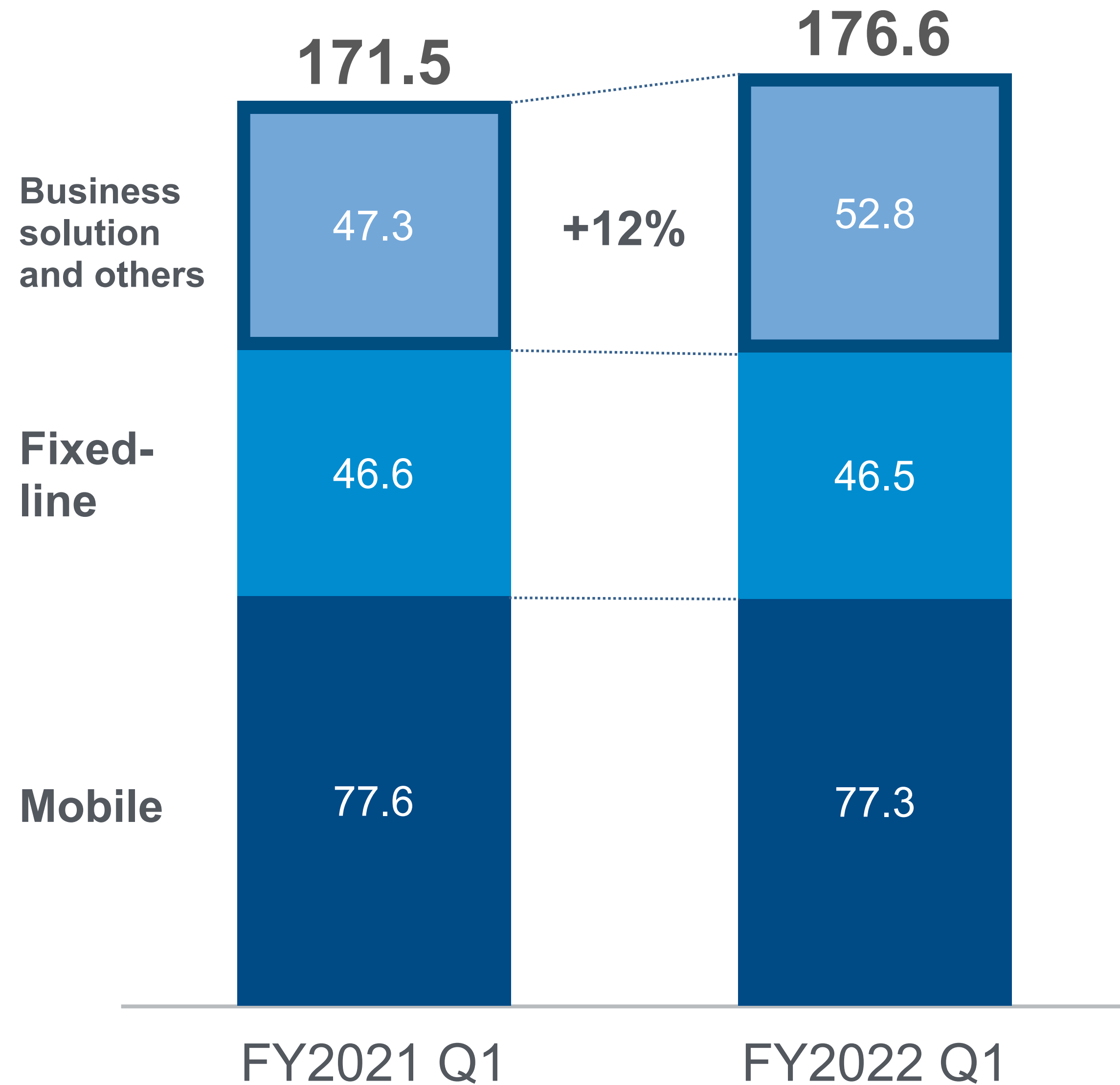
YoY profit decline due to mobile service price reduction to **hit bottom in FY2022** then decrease significantly

Enterprise Business



Enterprise: Revenue

[JPY bn]



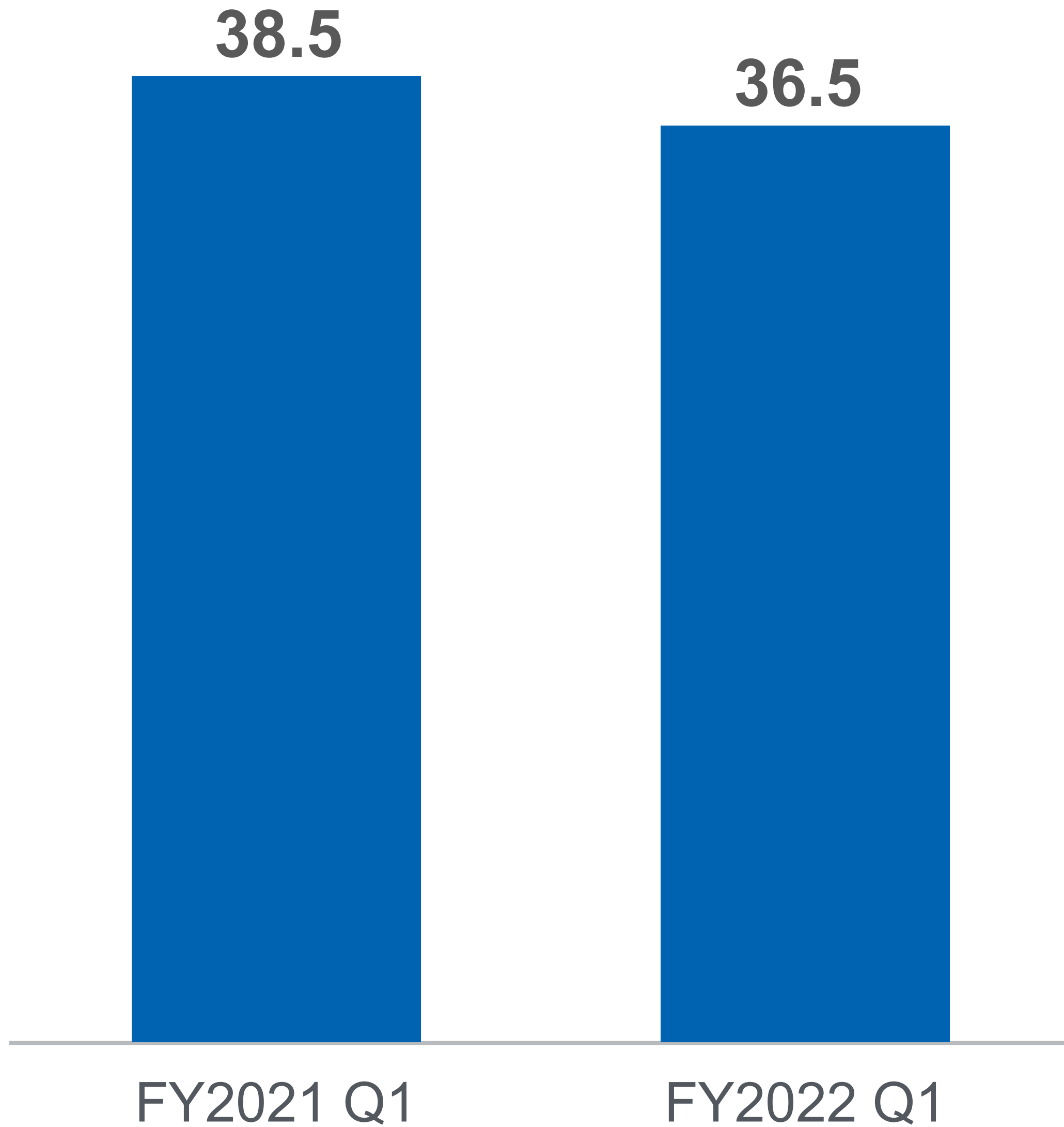
Up **3%**

Business solution and others increased by 12%

Enterprise: Operating Income

[JPY bn]

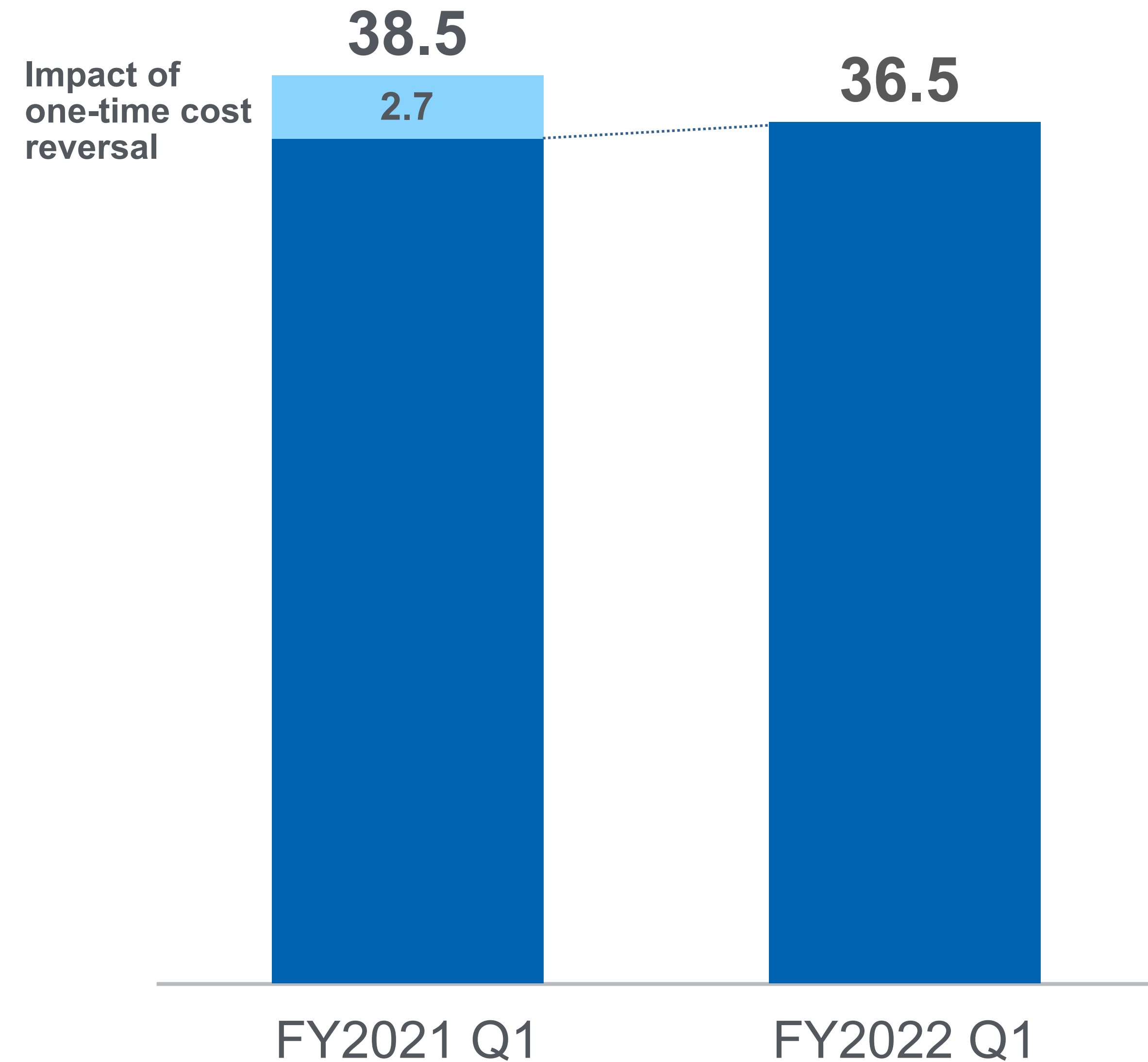
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Down 5%

Enterprise: Operating Income

[JPY bn]



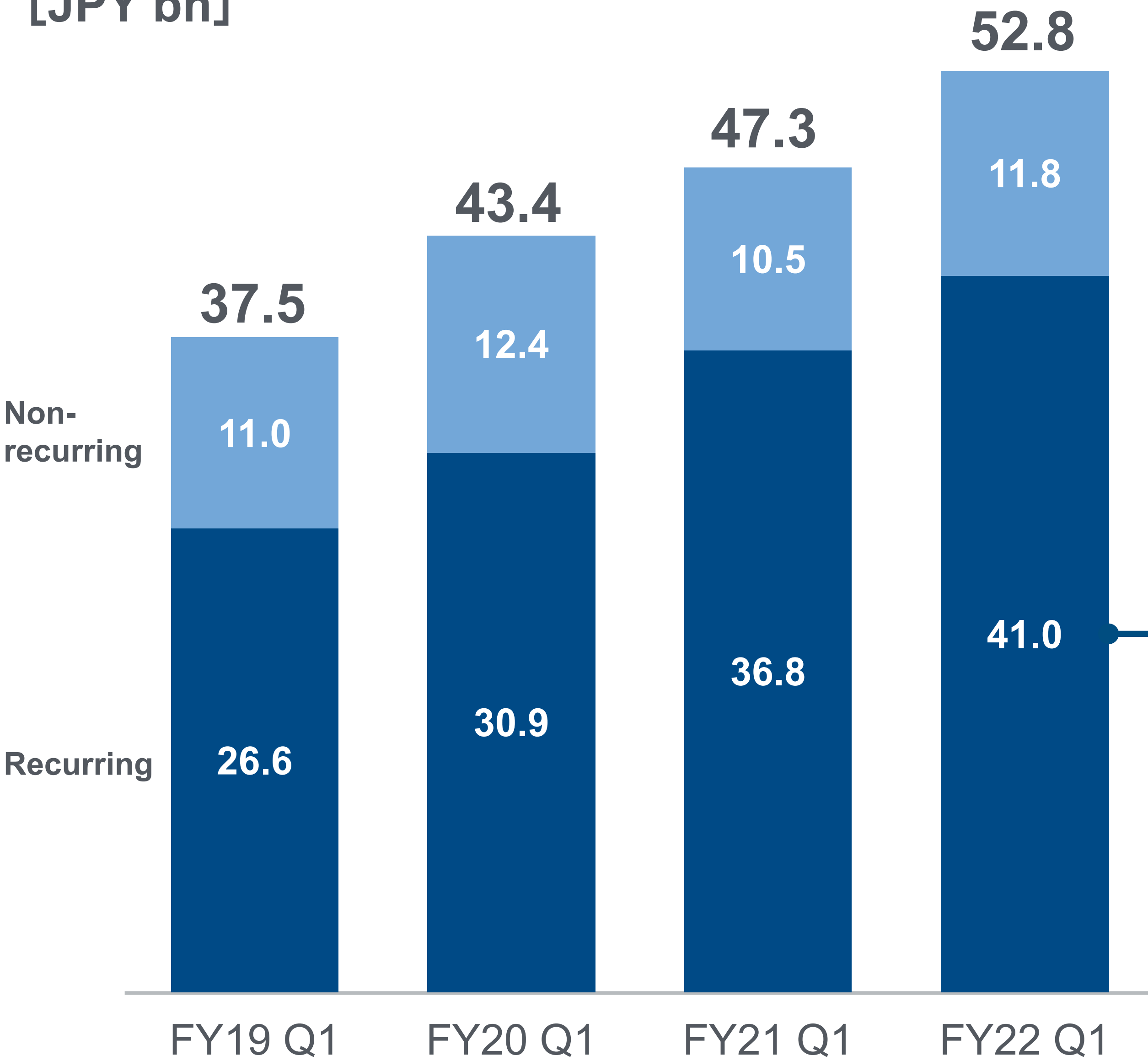
Up 2%

Excluding the impact of one-time cost reversal that occurred in FY2021 Q1 (JPY 2.7 bn)

Enterprise: Business Solution and Others Revenue

[JPY bn]

**Recurring revenue
Up 12%**



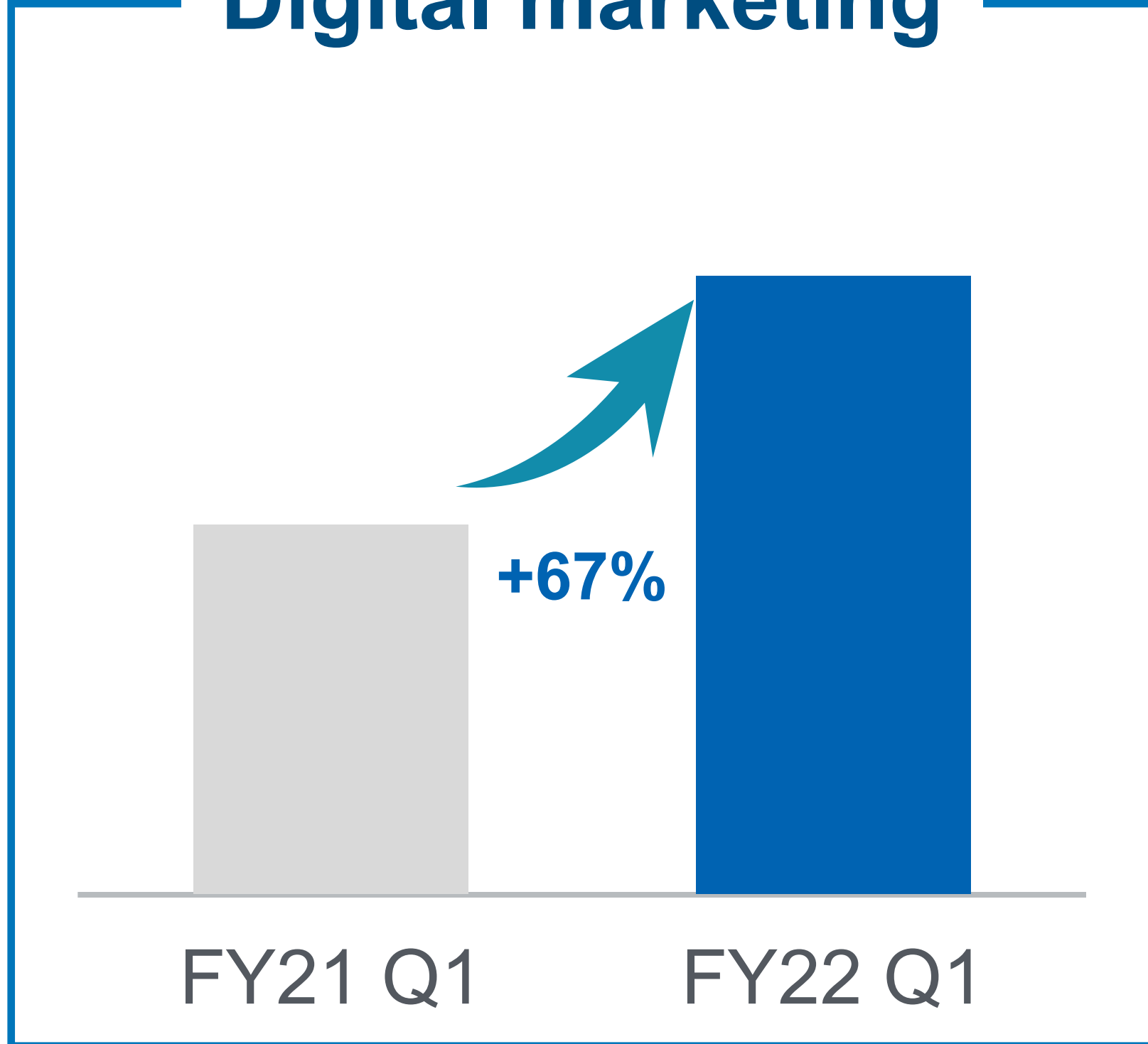
- Cloud
- Security
- IoT
- Data center
- Digital marketing

(Note) Only recurring revenues of cloud, security, and IoT are regarded as Recurring Revenue 23

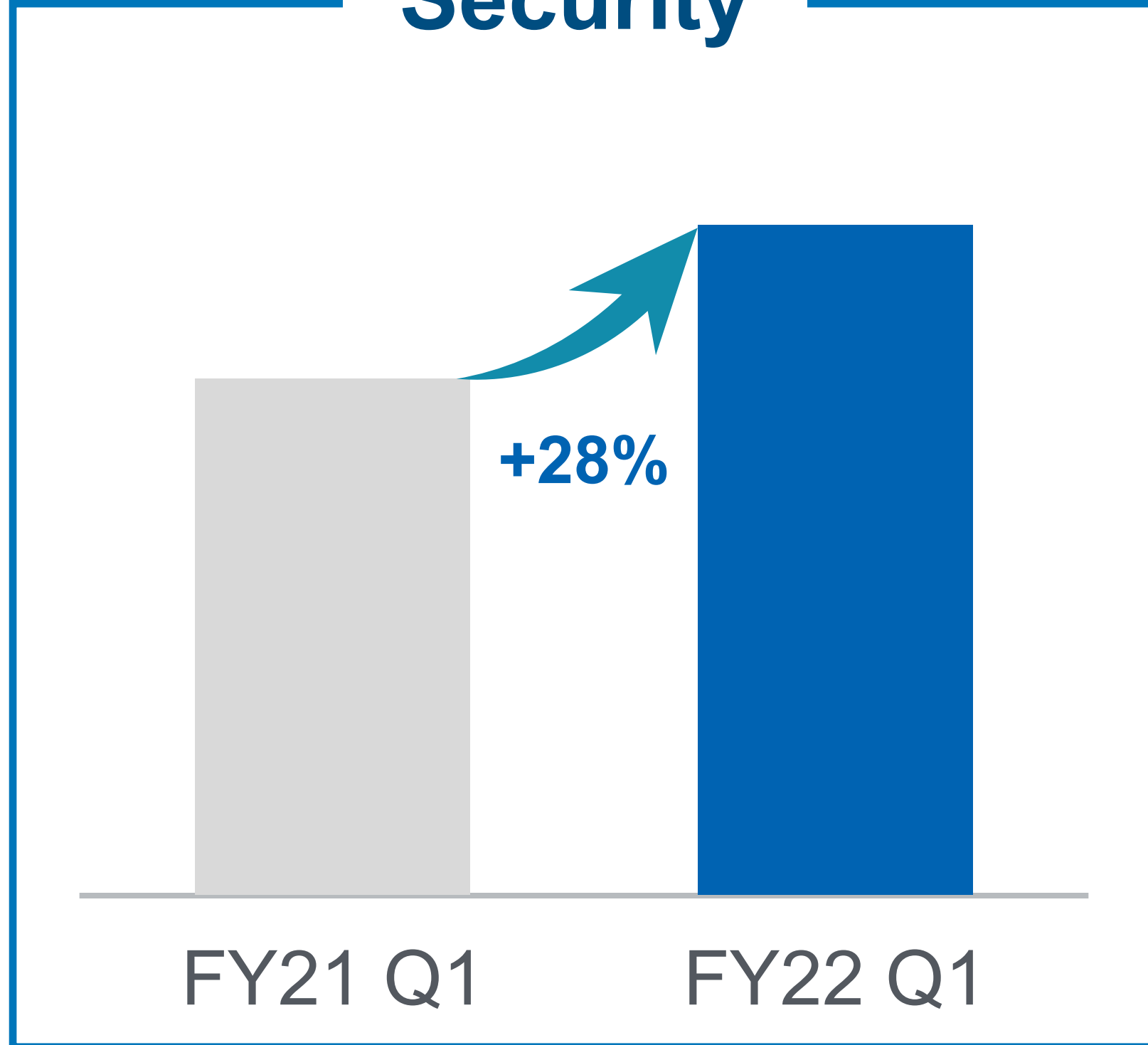
Enterprise: Business Solution and Others Revenue

Continued growth in sources of recurring revenue,
DX solutions that solve customers' pain points

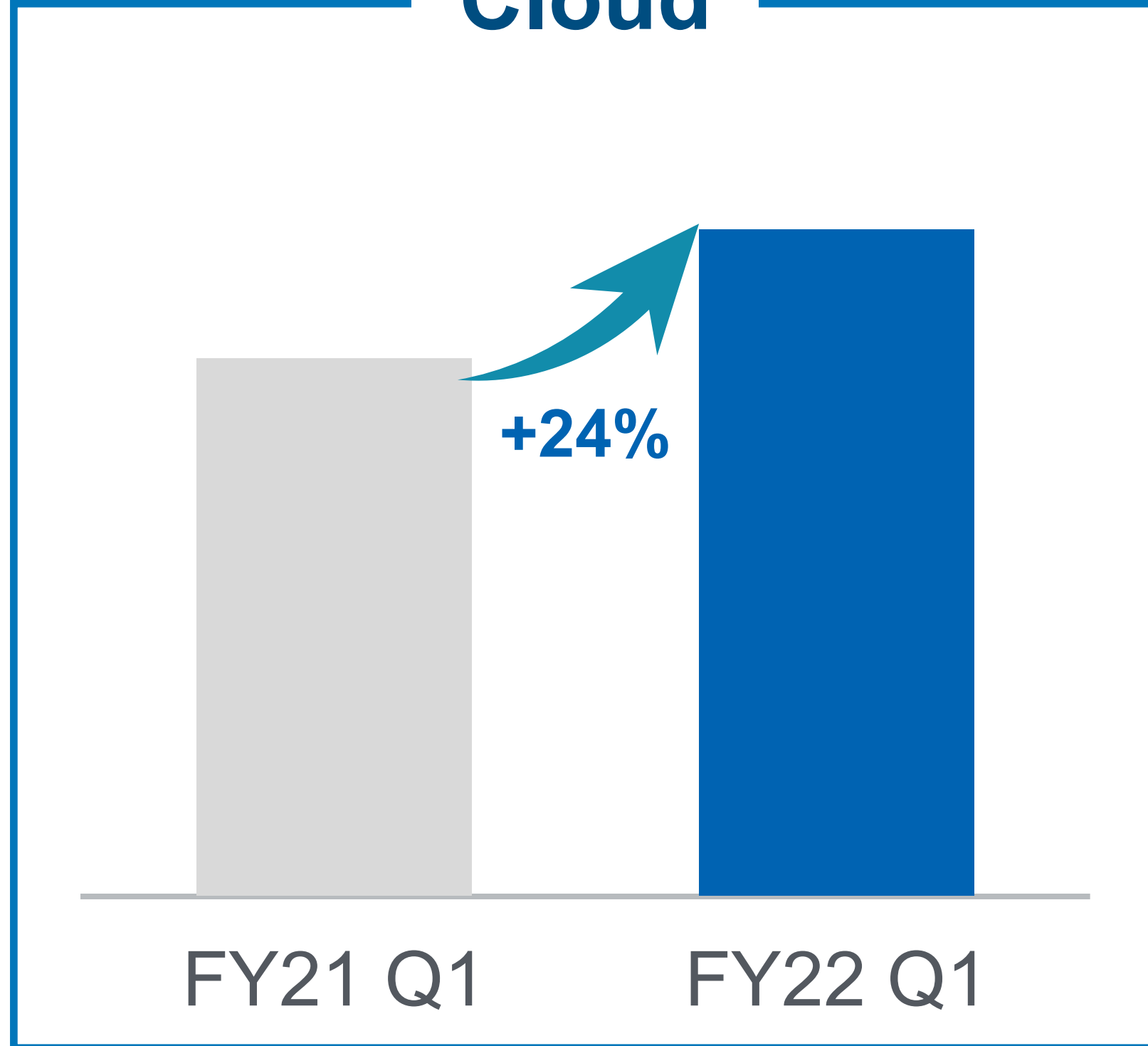
Digital marketing



Security



Cloud



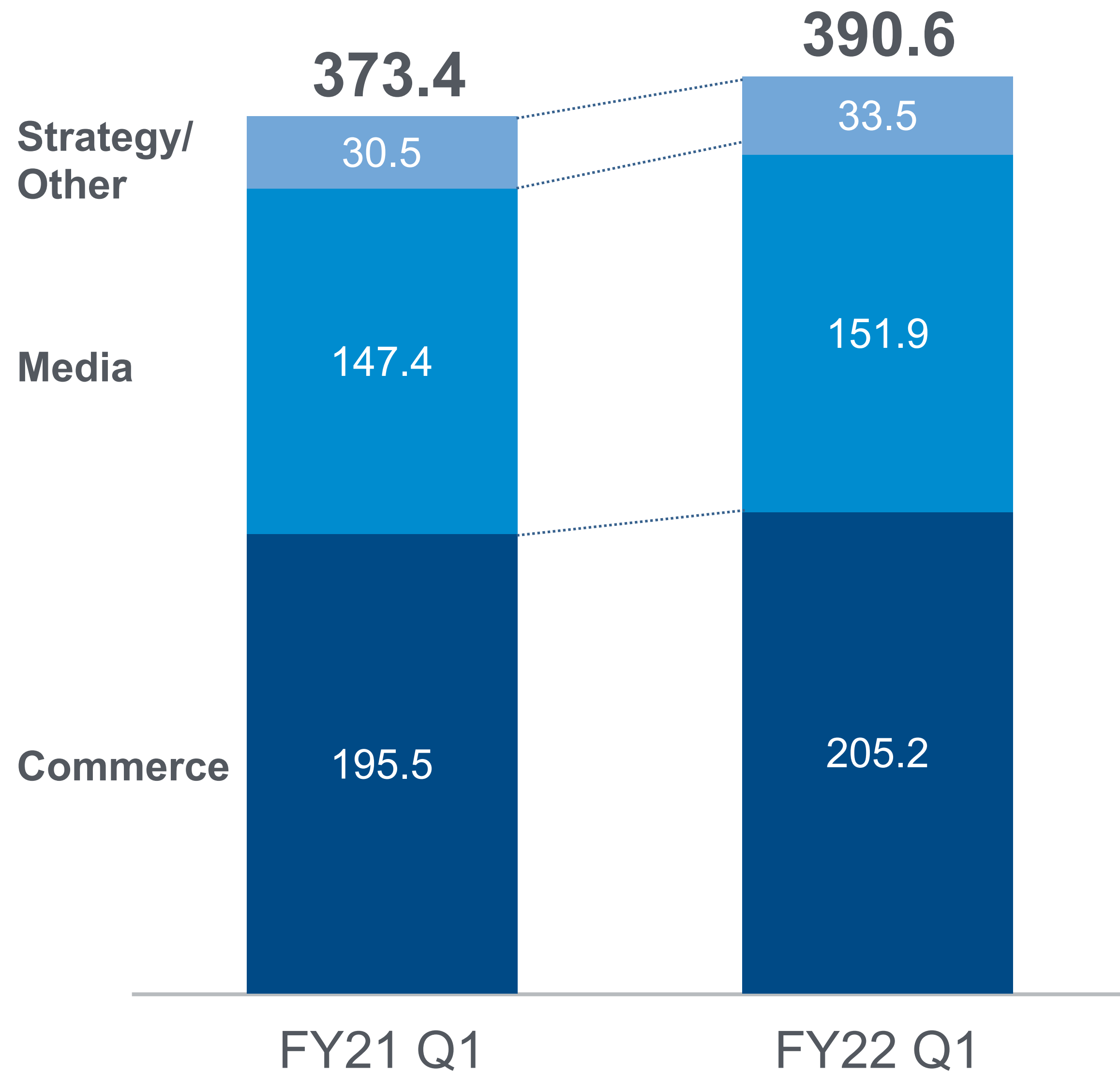
YAHOO! JAPAN

LINE



Yahoo! JAPAN/LINE: Revenue

[JPY bn]



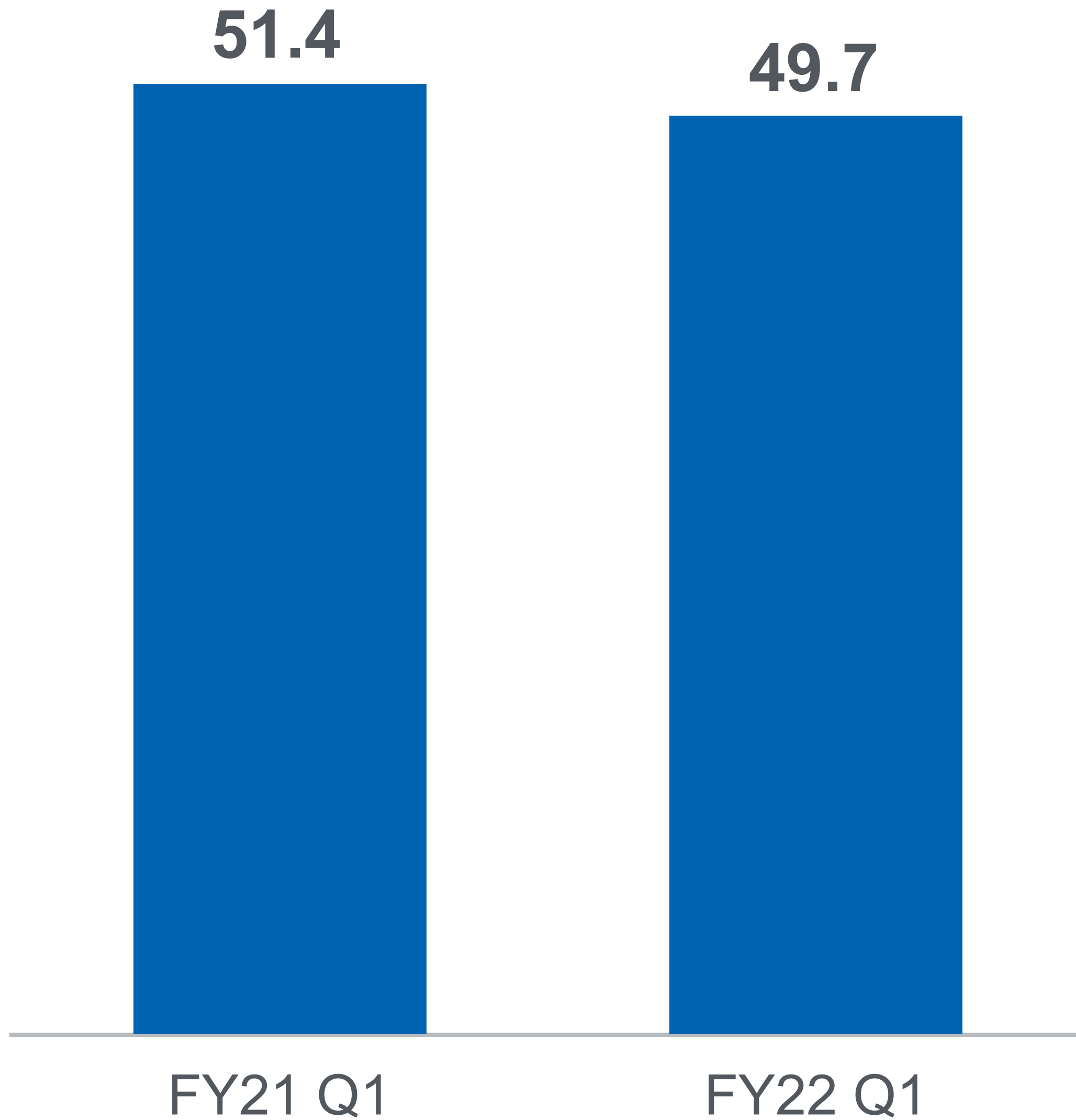
Up **5%**

(Note) In FY2022 Q1, Z Holdings Group reviewed the management categories of its businesses and transferred the categories of some services. As a result, the breakdown of "Media" and "Strategy/Other" was restated in the revenue of Yahoo! JAPAN/LINE for FY2021 Q1

Yahoo! JAPAN/LINE: Operating Income

SoftBank

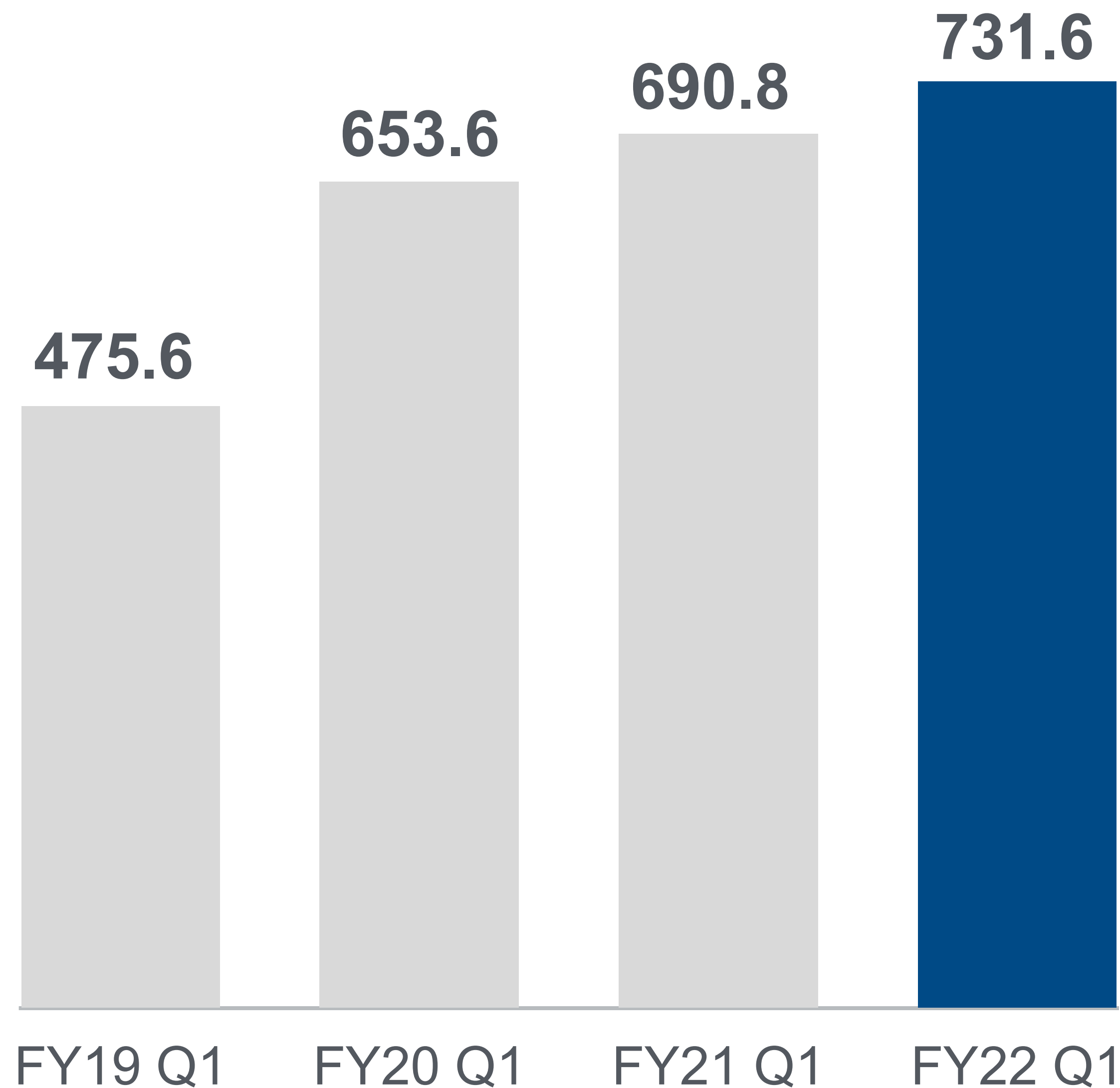
[JPY bn]



Down 3%

Yahoo! JAPAN/LINE: EC Merchandise Transaction Value (Domestic)

[JPY bn]



Up **6%**

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

Figures are rounded down to the nearest JPY 0.1 bn in accordance with the disclosure standards of Z Holdings Corporation ("ZHD")

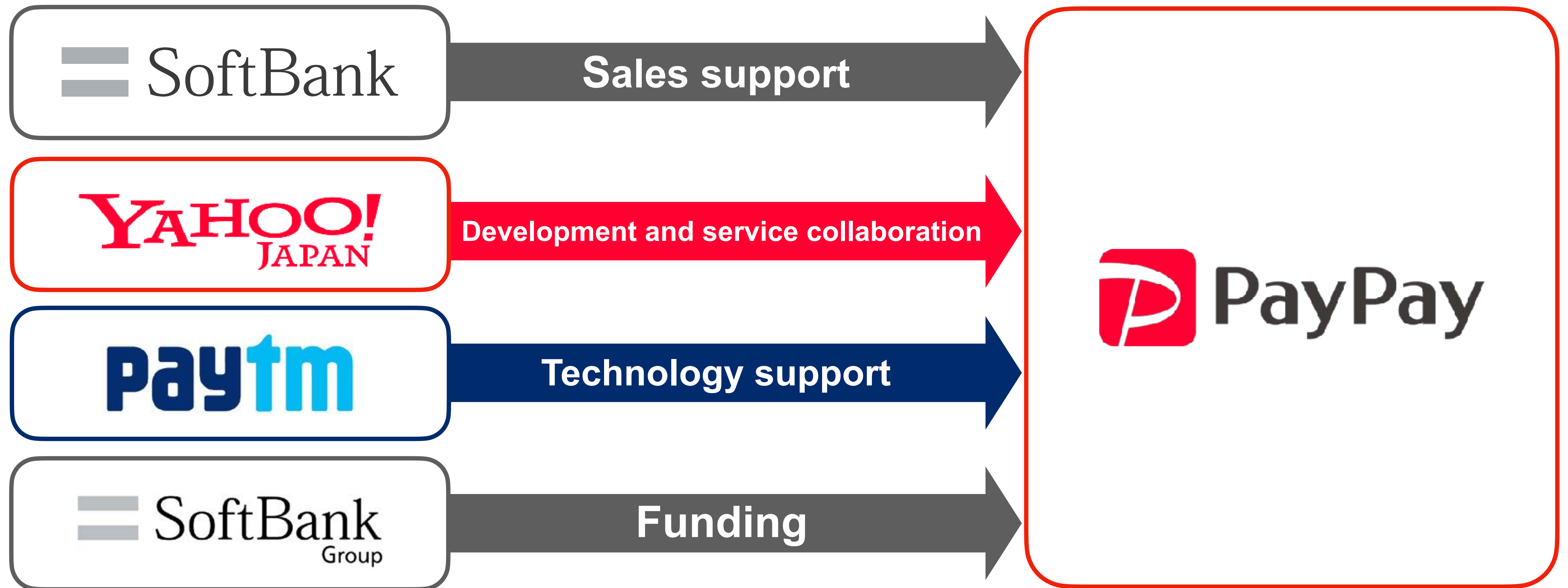


PayPay

**About 3 years and
9 months since
service launch
(Business growth phase)**

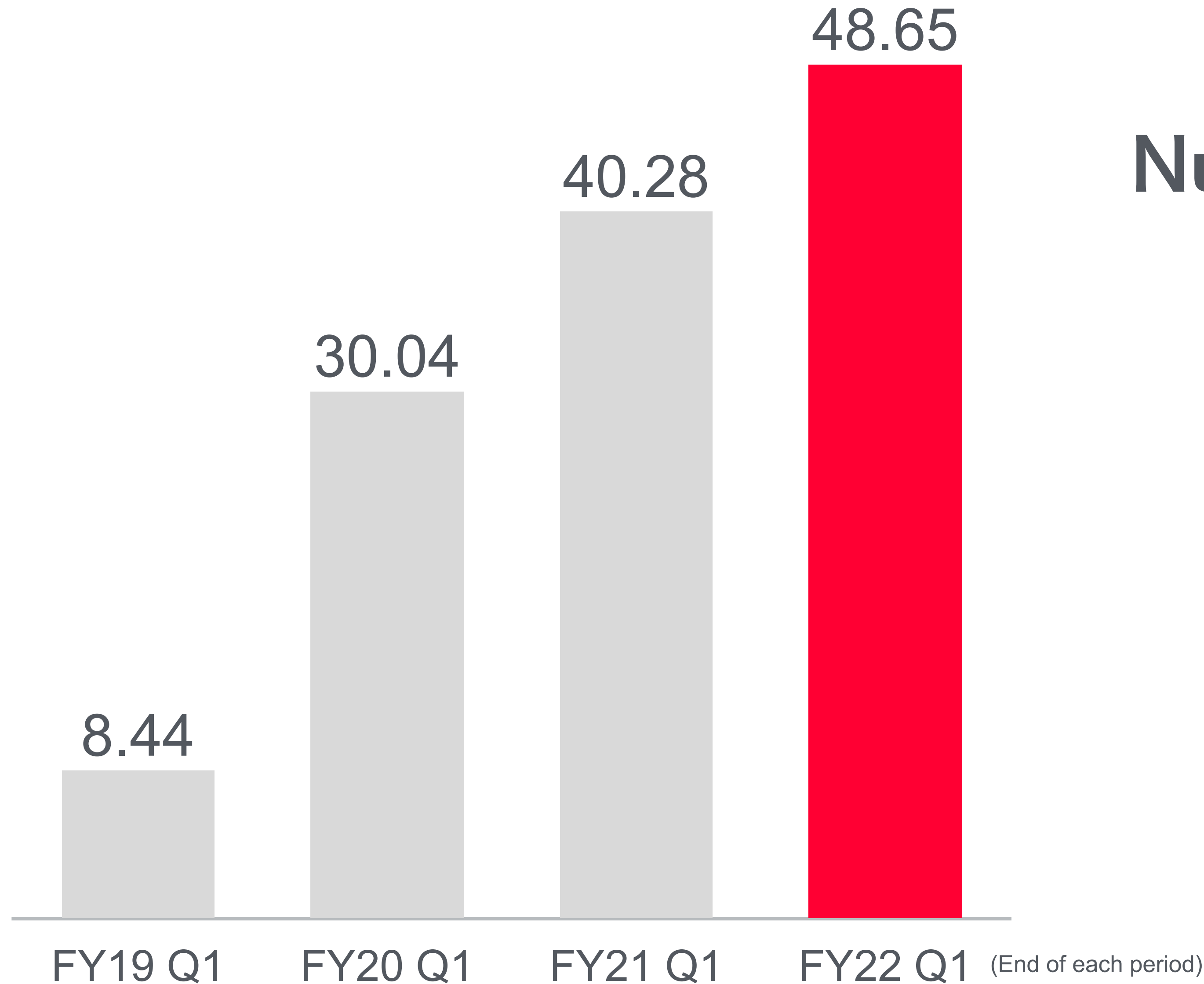
PayPay: Business Growth Phase

4 companies collaborate to promote growth



PayPay: Registered Users

[Mil]



Number of users exceeded

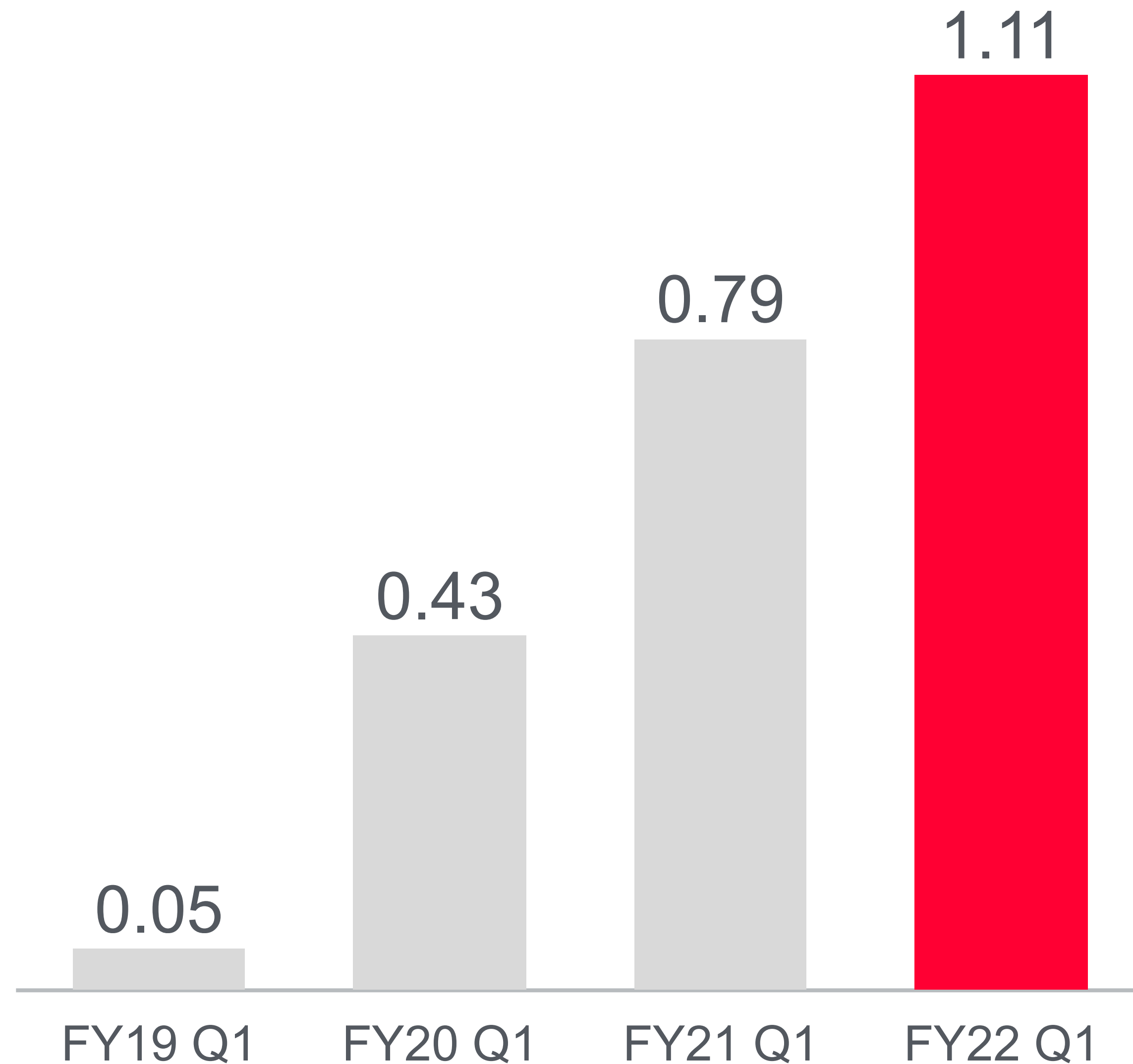
48 mil

Up 21% YoY

(Source) PayPay Corporation
(Notes) Cumulative number of users who have registered for an account
Figures are rounded down to the nearest 0.01 million in accordance with the disclosure standards of ZHD

PayPay: Number of Payments

[Bn]



No. of payments for a quarter

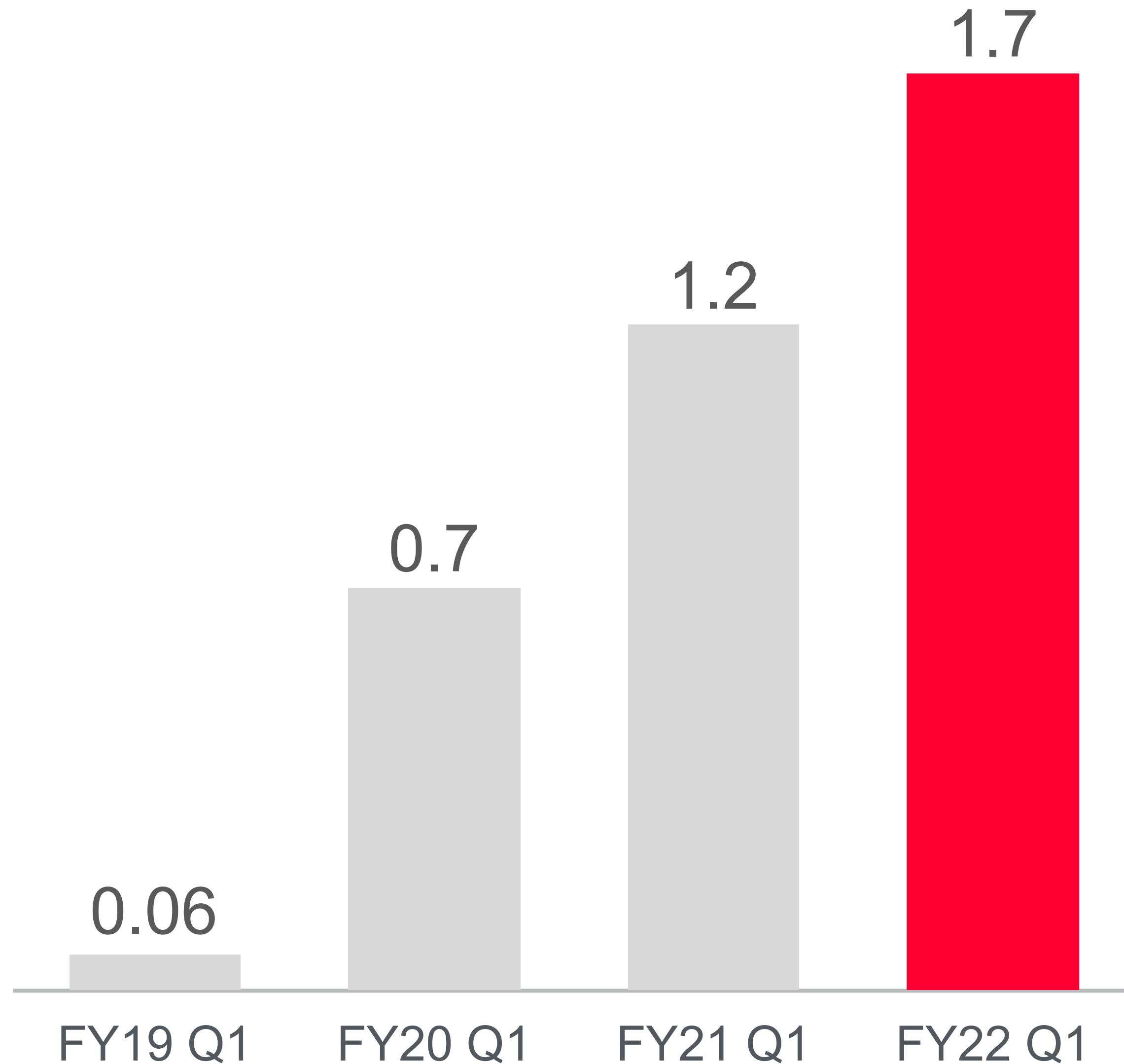
1.11 bn

Up 42% YoY

(Source) PayPay Corporation
(Notes) Does not include the number of times PayPay balance "send/receive" function is used between users. Figures from FY2021 Q4 include payments via Alipay and LINE Pay. Figures also include the number of payments of PayPay Atobarai (deferred payment) launched in February 2022

PayPay: GMV

[JPY tn]



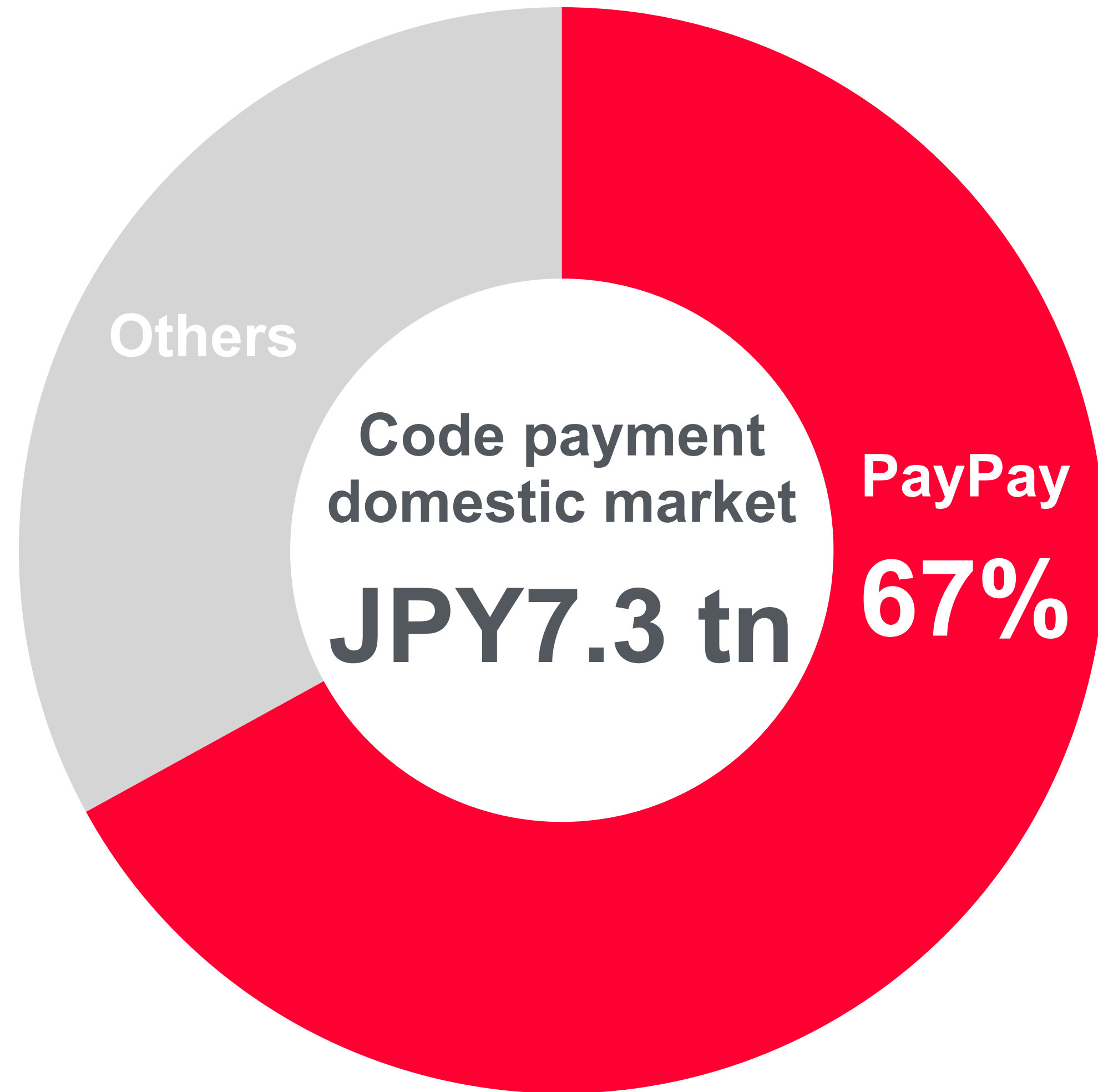
GMV (Quarterly)

1.7 tn

Up 38% YoY

(Source) PayPay Corporation
(Notes) Does not include the number of times PayPay balance "send/receive" function is used between users. Figures from FY2021 Q4 include payments via Alipay and LINE Pay. Figures also include the GMV of PayPay Atobarai (deferred payment) launched in February 2022

Domestic Market Share of Code Payment (2021)



No.1
in Japan

(Notes) PayPay GMV as a percentage of total store spending in the code payment market
Calculated by the Company based on the "Survey on Code Payment Usage Trends, June 5, 2022," published by the Council for the Promotion of Cashless Society
Code payment refers to payment using barcode or QR code



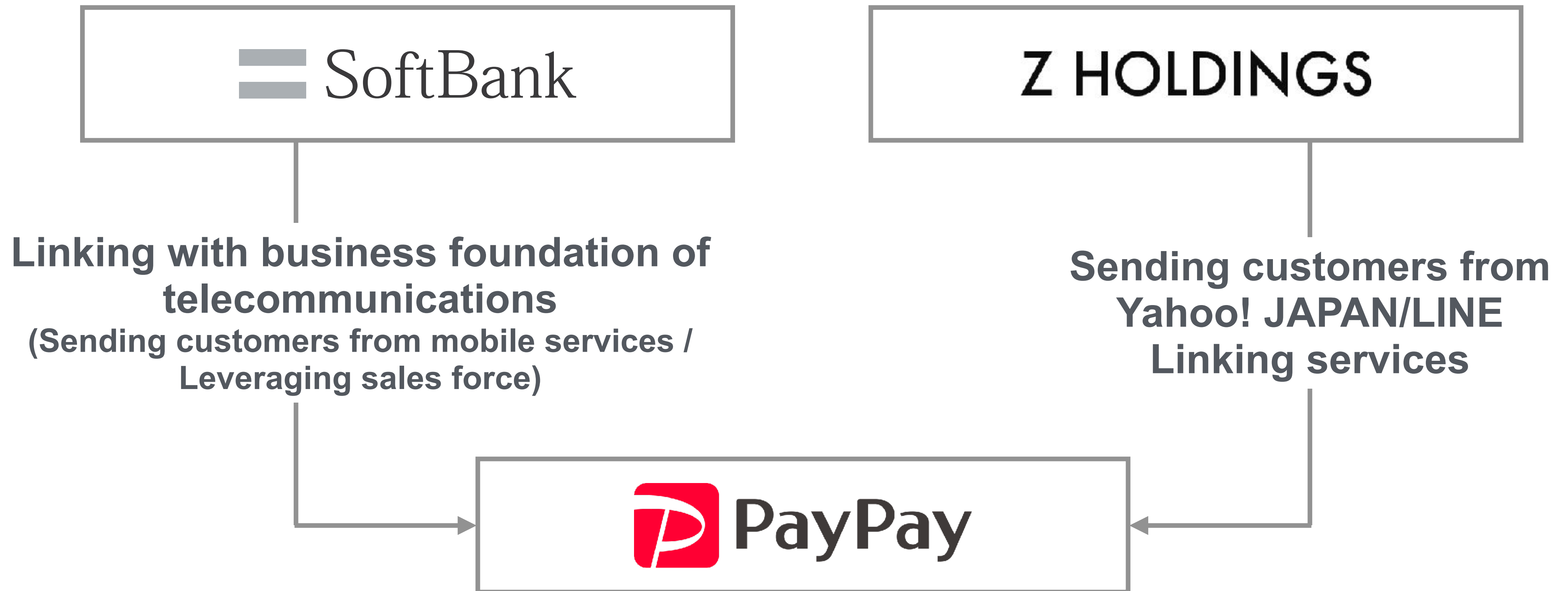
**Business
growth
phase**



**Full-fledged
monetization
phase**

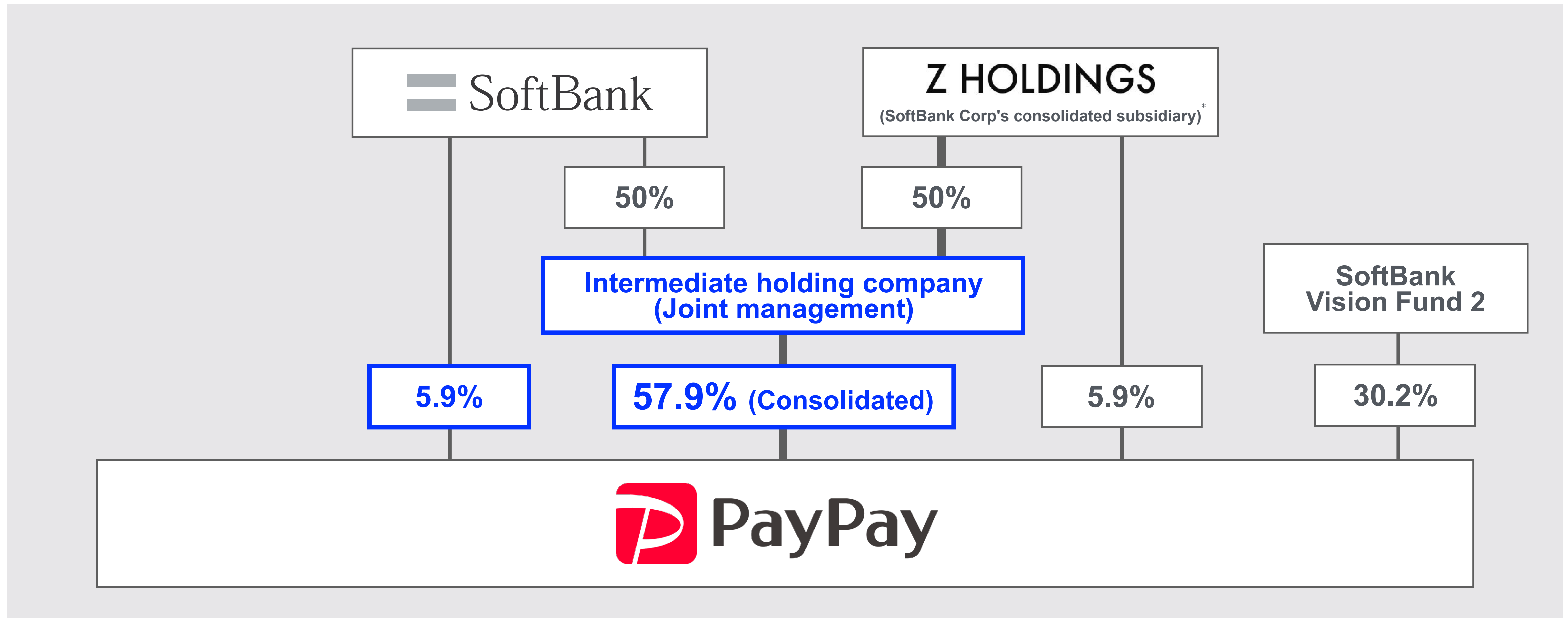
Towards Full-fledged Monetization Phase

Further strengthening linkage between customer bases and services of both companies



PayPay Corporation to be a Consolidated Subsidiary (October 1, 2022)

Collaboratively maximize PayPay's corporate value

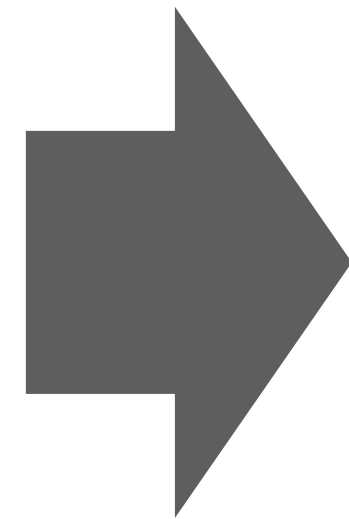


*Z Holdings Corporation shares are held through A Holdings Corporation, a consolidated subsidiary of SoftBank Corp. (SoftBank Corp. and NAVER each hold 50% of the voting rights), and A Holdings Corporation holds 64.8% of the voting rights of Z Holdings Corporation

Recognition of Re-measurement Gain of PayPay



**Consolidated
subsidiary on
October 1, 2022**



**FY2022 Q3
Recognition of
re-measurement gain**
(Amount will be disclosed in a timely
manner once confirmed)

Expanding ecosystem by developing linkages between PayPay and customer bases of both companies

PayPay ecosystem



Customer base

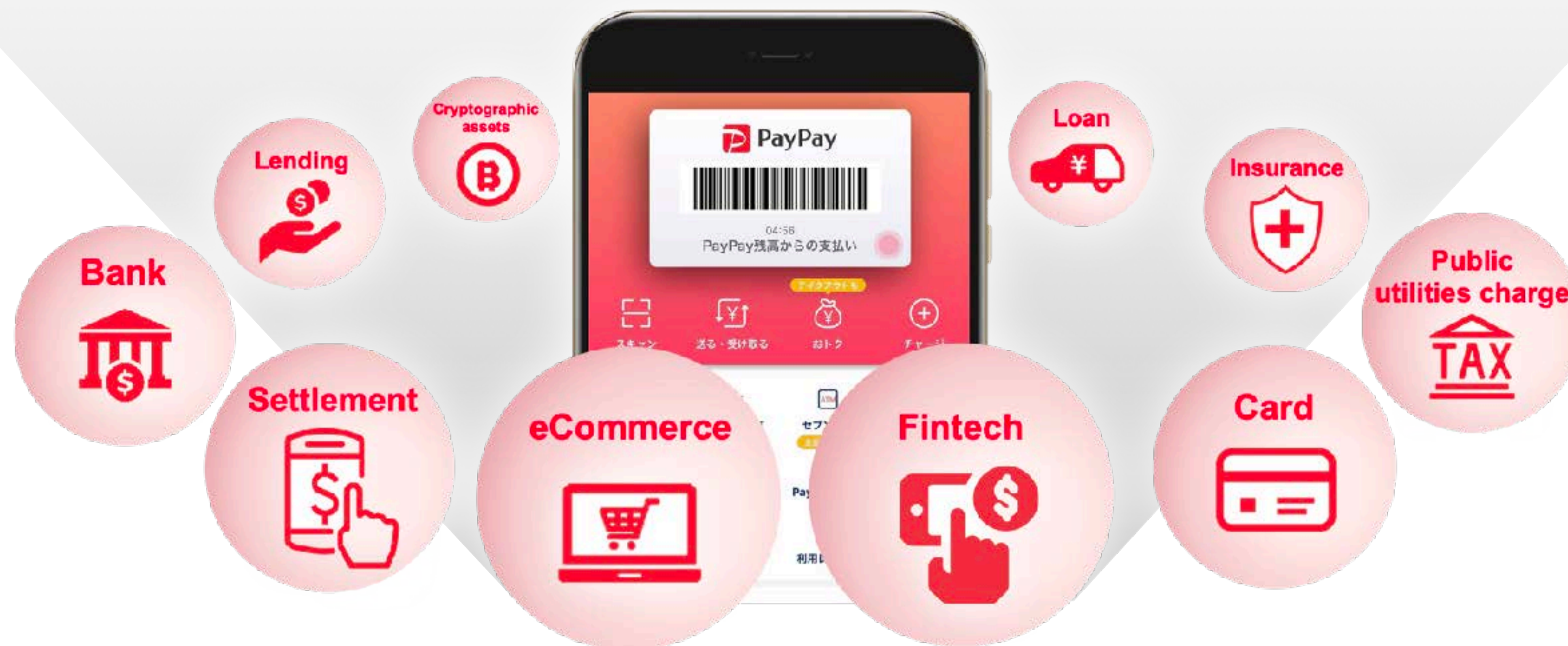
LINE	Number of monthly active users	92 mil ID	YAHOO! JAPAN	Number of monthly active users	55 mil ID	= SoftBank	Number of smartphone subscribers	27.92 mil
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(Note) Numbers are as of end of June 2022 39

Expanding the ecosystem to drive growth in each business segment

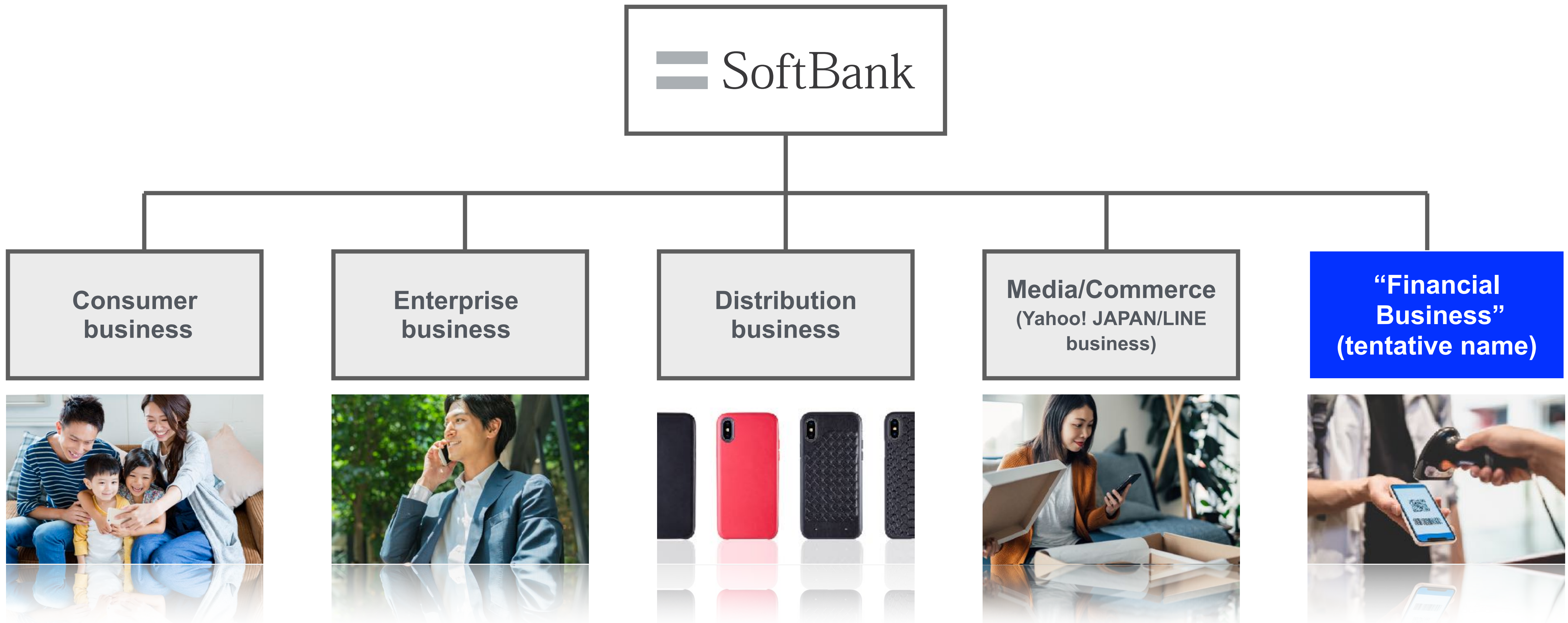


PayPay
ecosystem



Segment Structure after Consolidation of PayPay

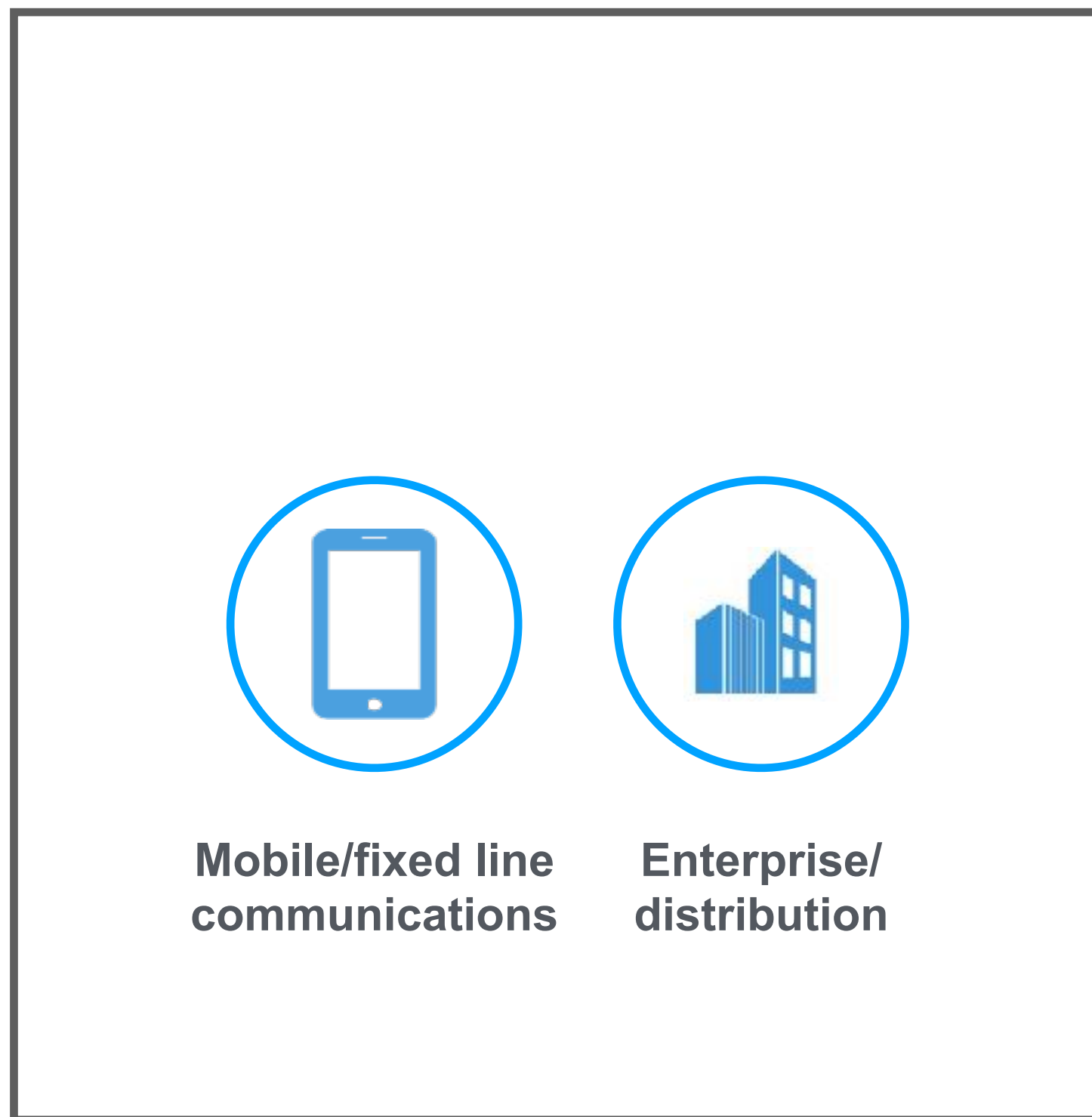
To add “Financial Business” (tentative name) segment



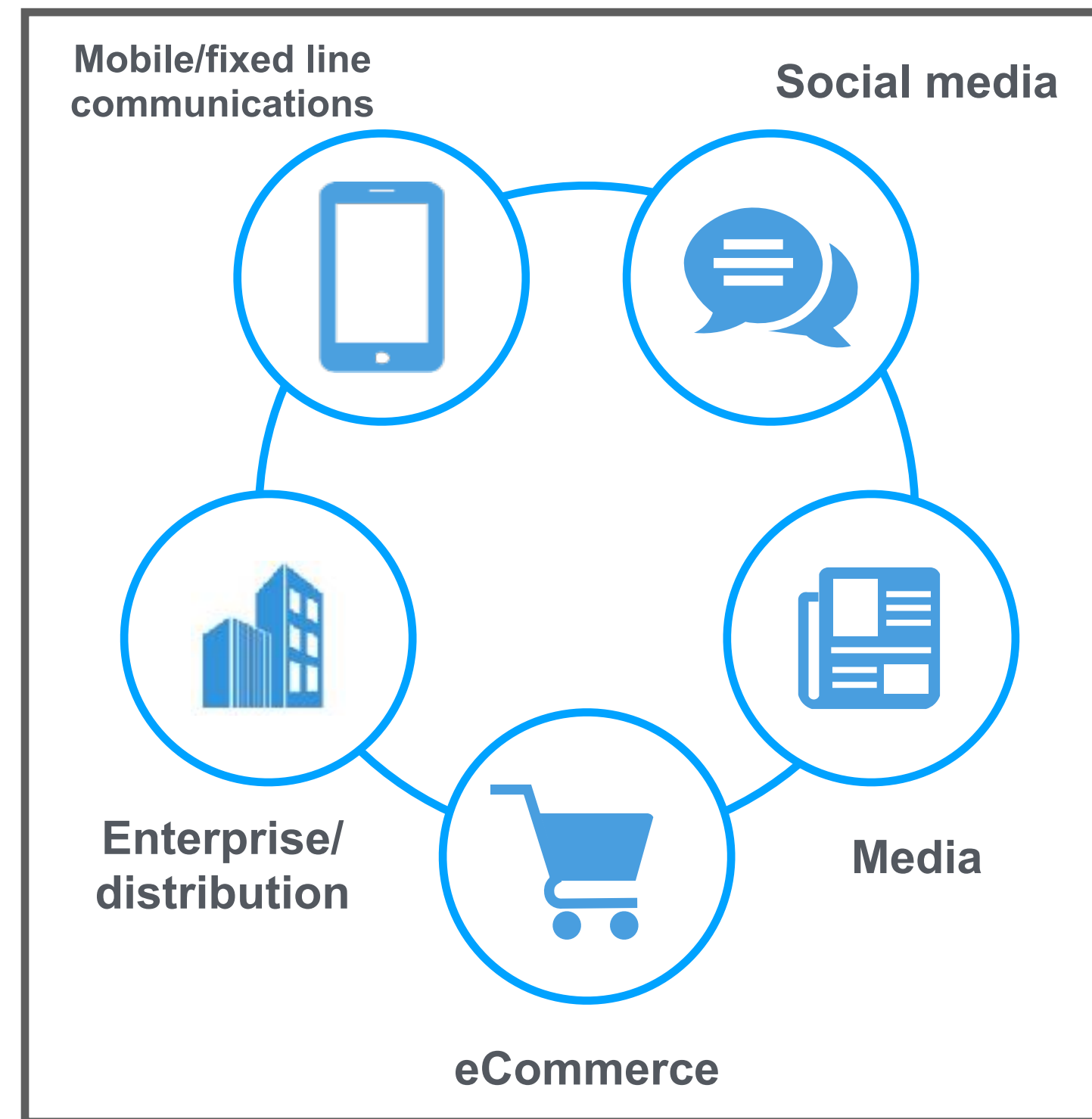
Business Portfolio

Further accelerate "Beyond Carrier" strategy by adding Payment and Finance as core business to our portfolio

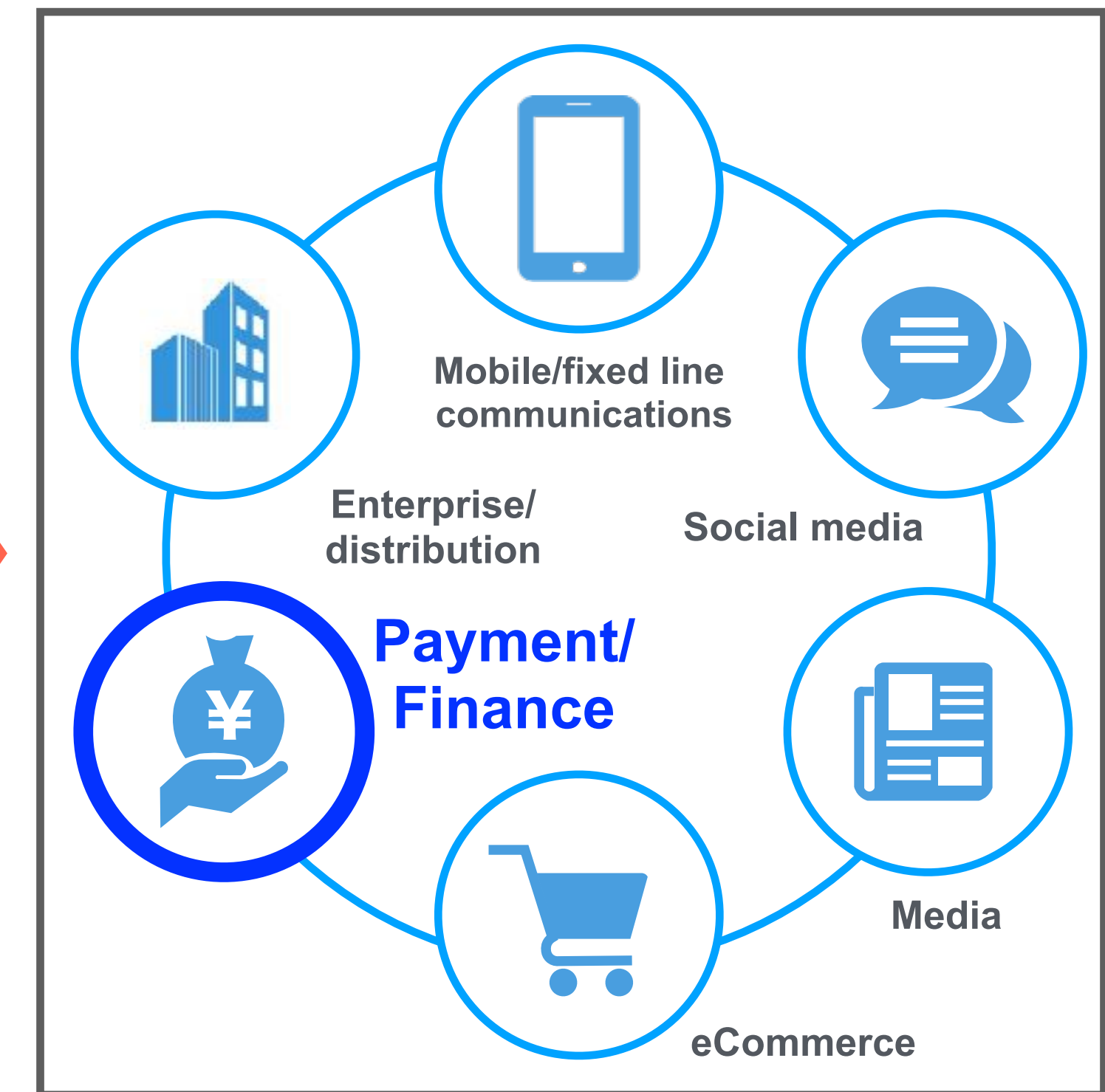
~ FY2018



FY2019~FY2021



FY2022~



Summary

- 1** Good progress toward full-year forecasts, revenue increased and profit decreased in Q1 as anticipated
- 2** Sound growth in mobile net additions
- 3** SoftBank and ZHD to work jointly to maximize PayPay's corporate value
- 4** Will newly establish "Financial Business" segment to accelerate "Beyond Carrier" strategy



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