



# Earnings Results for the Six Months Ended September 30, 2022

November 4, 2022  
SoftBank Corp.

# Disclaimer

## **Important Notice Regarding Forward Looking Statements and Other Information**

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# Consolidated Results

## Q2 Fiscal Year 2022

# Revenue

[JPY bn]

SoftBank

2,724.2

2,808.6

FY2021 H1

FY2022 H1

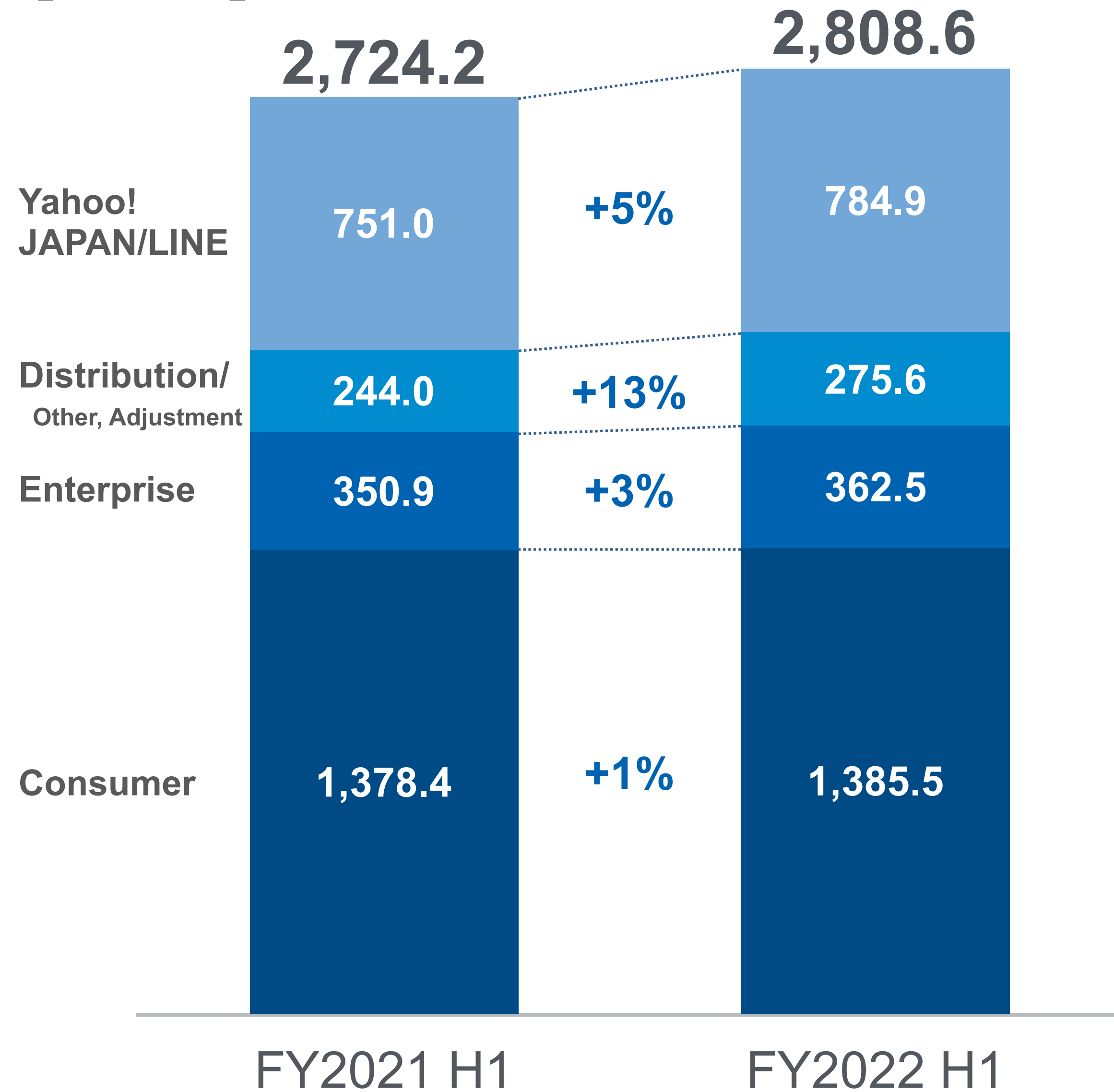
Up 3%

(Note) Unless otherwise stated, up or down refers to increase or decrease year on year, and figures are rounded to the nearest decimal place

# Revenue by Segment

[JPY bn]

SoftBank



Revenue increased  
in all segments



# Operating Income

[JPY bn]

SoftBank

570.8

498.6

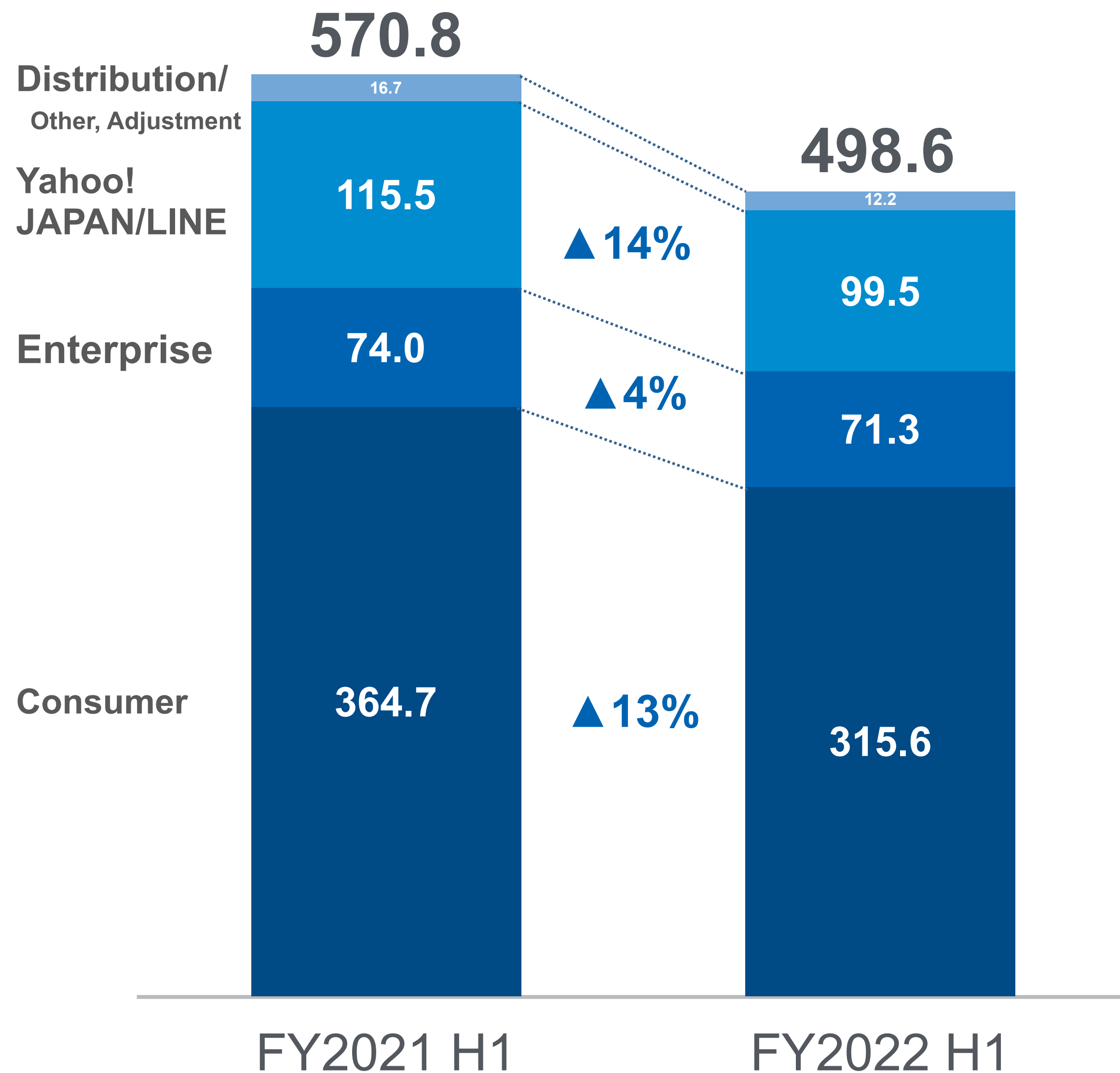
FY2021 H1

FY2022 H1

Down 13%

# Operating Income by Segment

[JPY bn]



Segment	Factors for YoY change
Distribution Other, Adjustment	<ul style="list-style-type: none"> <li>- Distribution business +0.1 bn</li> <li>- Impairment losses at certain subsidiaries, etc.</li> </ul>
Yahoo! JAPAN/ LINE	<ul style="list-style-type: none"> <li>- Mainly strengthening recruitment for growth, increase in sales promotion expenses etc. -16.0 bn</li> </ul>
Enterprise	<ul style="list-style-type: none"> <li>- Impact of absence of one-time cost reversal (FY21Q1) -2.7 bn</li> <li>- Provision for litigation (FY22Q2) -9.0 bn</li> <li>- Revaluation gain on HTKK (FY22Q2) +6.1 bn</li> </ul>
Consumer	<ul style="list-style-type: none"> <li>- Mobile service price reduction impact -49.0 bn</li> <li>- Increase in customer acquisition related expenses -21.0 bn</li> <li>- Increase in number of subscribers, cost reduction, etc. +20.9 bn</li> </ul>

# Net Income

[JPY bn]

SoftBank

307.3



FY2021 H1

237.1



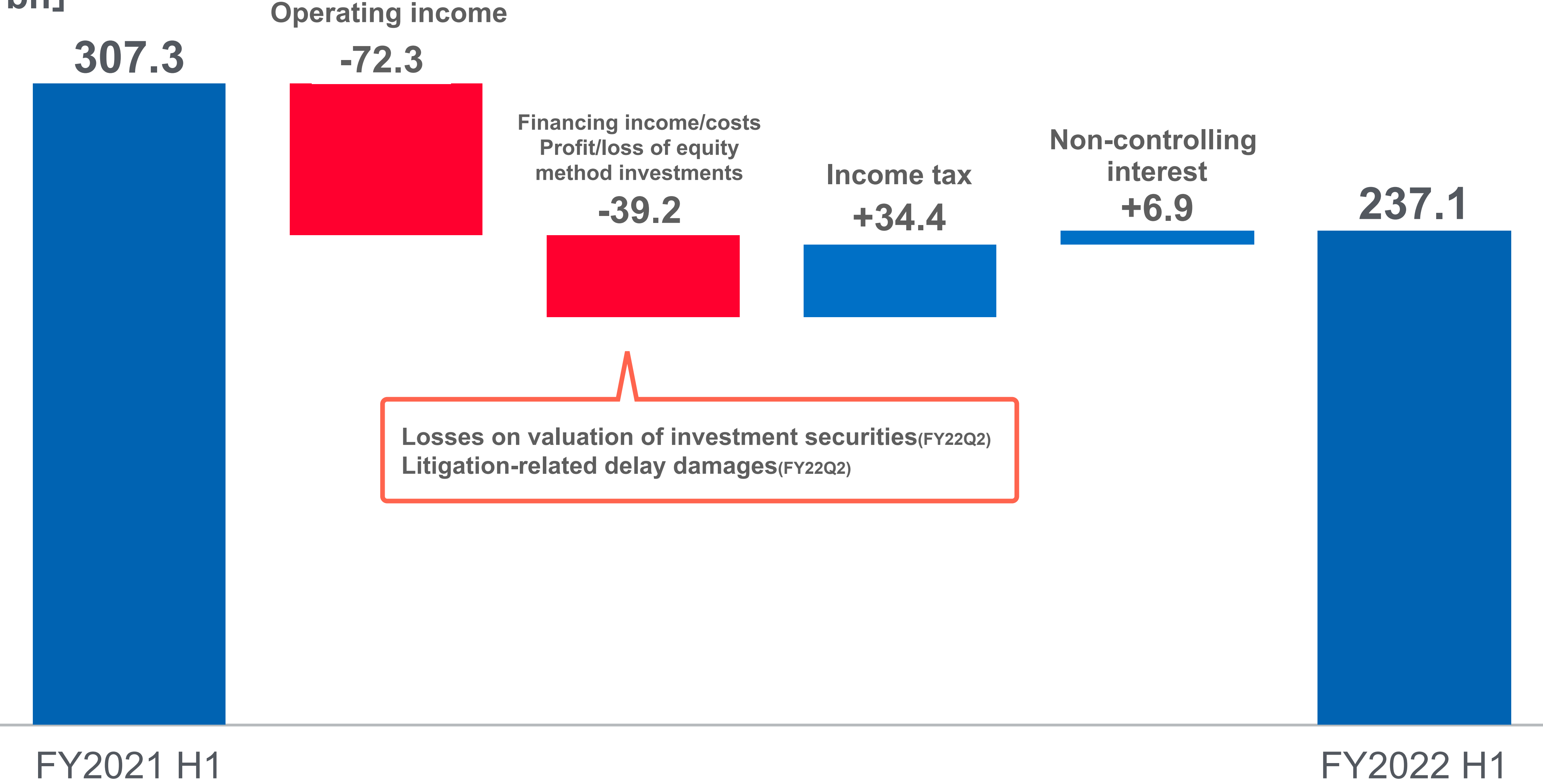
FY2022 H1

Down 23%



# Net Income YoY Analysis

[JPY bn]



(Notes) Financing income/costs: includes financing income/costs, gain on sales of equity method investments, and impairment loss on equity method investments  
Income tax: corporate income tax, Net Income: net income attributable to owners of SoftBank Corp.

# Consolidated Results

[JPY bn]

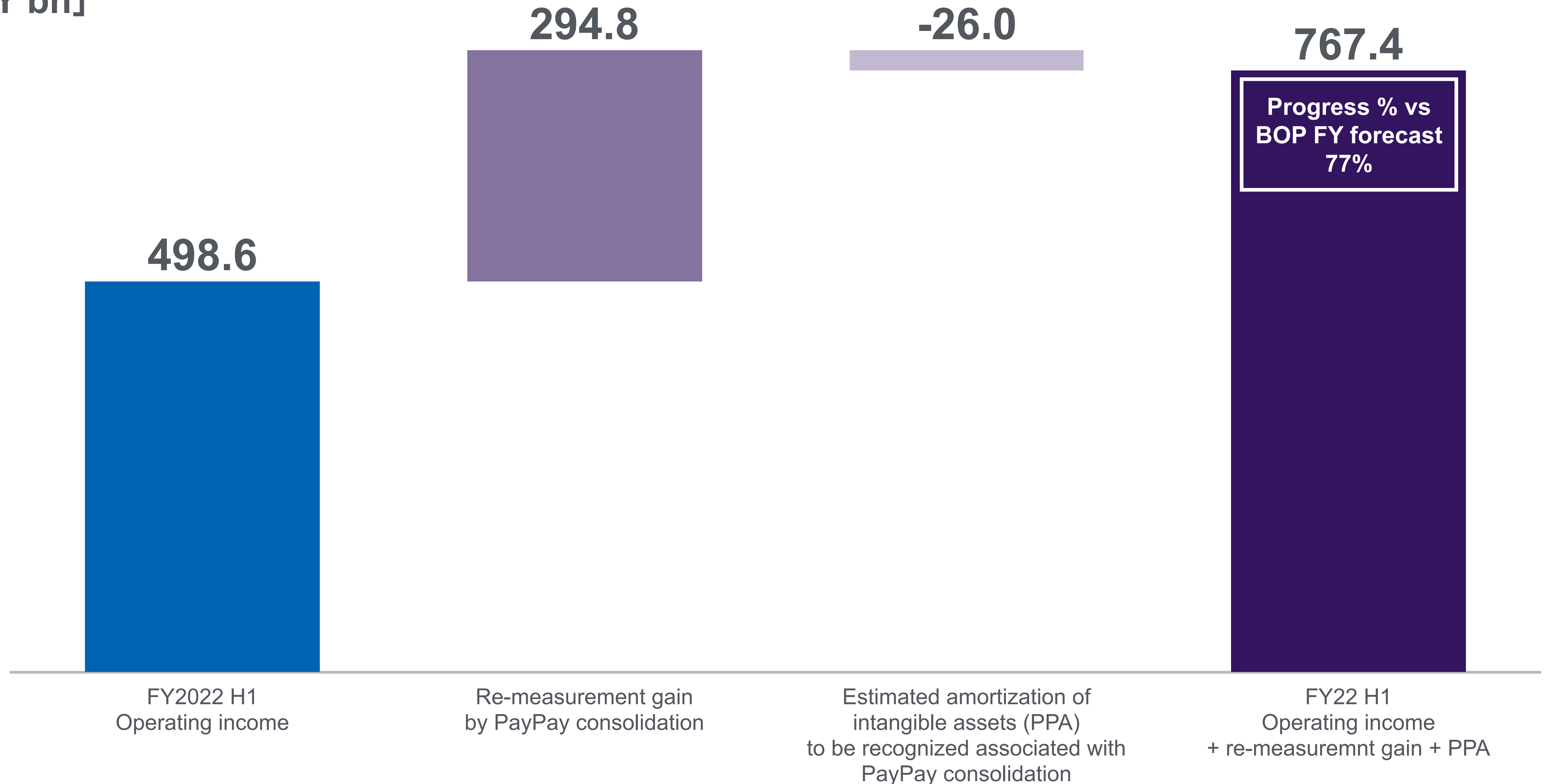
	FY2021 H1	FY2022 H1	YoY	YoY%
Revenue	2,724.2	2,808.6	84.3	+3%
Operating Income	570.8	498.6	-72.3	-13%
Net Income	307.3	237.1	-70.1	-23%

# Impact of PayPay Consolidation

# Impact of PayPay Consolidation

SoftBank

[JPY bn]



(Notes) Changes in accounting policies for transactions under common control and amortization of intangible assets (PPA) (including figures related to PayPay Corporation) have not been audited as of November 4, 2022. BOP: the beginning of period, i.e. the beginning of the fiscal year 2022

# FY22 Full-year Forecast

[JPY bn]

## Full-year forecasts revised upward

	Initial Forecast	Revised Forecast
Revenue	5,900	5,900
Operating Income	1,000 or more	1,050
Net Income	530 or more	540

(Notes) Changes in accounting policies for transactions under common control and amortization of intangible assets (PPA) (including figures related to PayPay Corporation) have not been audited as of November 4, 2022. FY2022 full-year forecasts (initial forecasts) were announced in May 2022

# FY22 Operating Income Forecast by Segment

SoftBank

[JPY bn]

Newly established Financial segment

Forecast of Enterprise segment income revised downward due to provision for litigation

	Initial Forecast		Revised Forecast
Consumer	480		480
Enterprise	150		141
Distribution	23.5		23.5
Financial	-		-19
Yahoo! JAPAN/LINE			170
Re-measurement gain			294.8
Others (excl. re-measurement gain)			-40.3
<b>Total</b>	<b>1,000 or more</b>		<b>1,050</b>

(Notes) Changes in accounting policies for transactions under common control and amortization of intangible assets (PPA) (including figures related to PayPay Corporation) have not been audited as of November 4, 2022. FY2022 full-year forecasts (initial forecasts) were announced in May 2022



# Management Objectives

**JPY 1 trillion  
or more  
operating  
income**

**(FY2022)**

**JPY 600 bn  
adjusted free  
cash flow**

**(FY2022)**

**V-shaped  
recovery in  
operating  
income<sup>\*</sup>**

**(FY2023)**

## **Steady progress toward three goals**



# Consumer Business

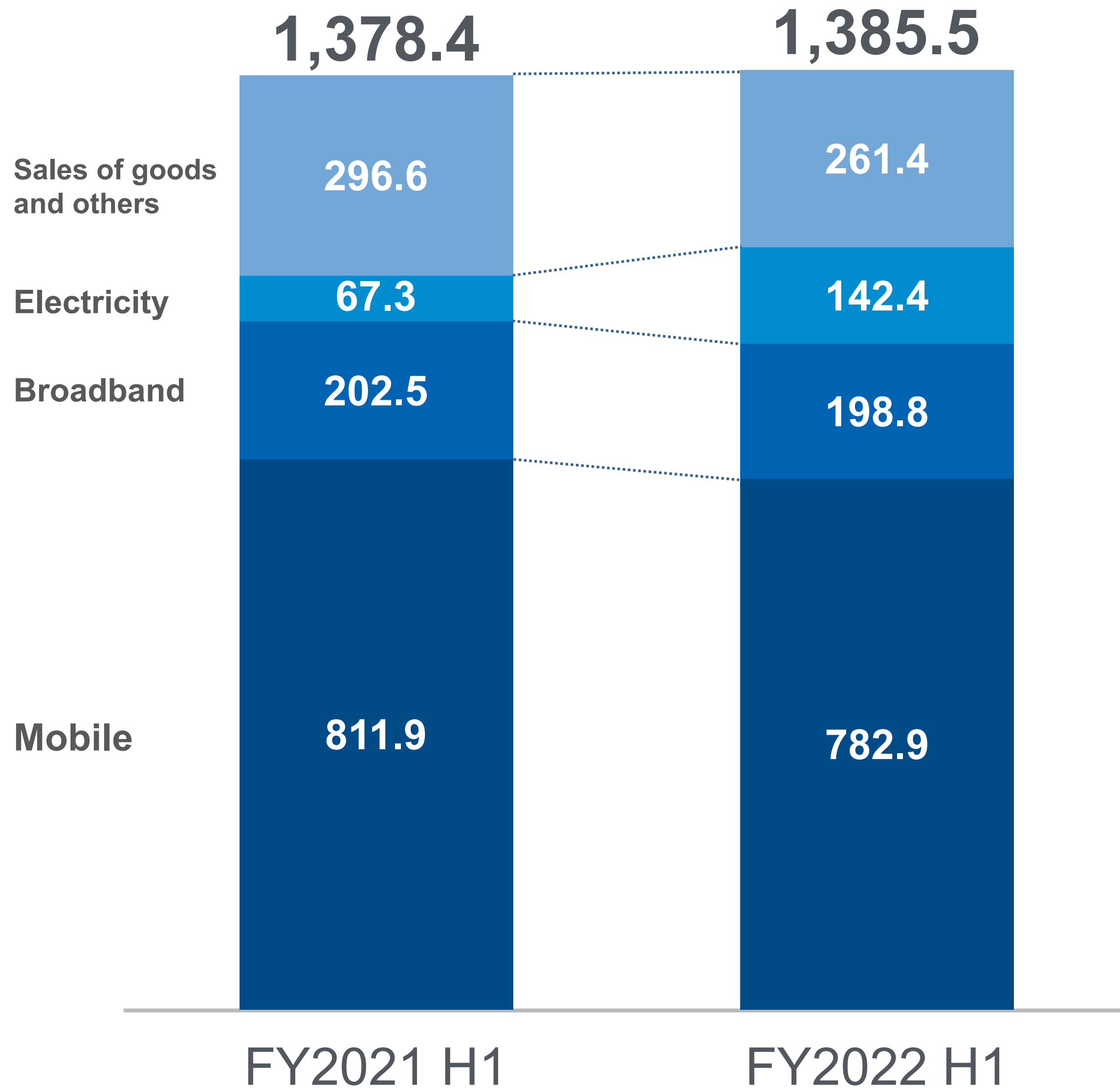




# Consumer: Revenue

[JPY bn]

SoftBank

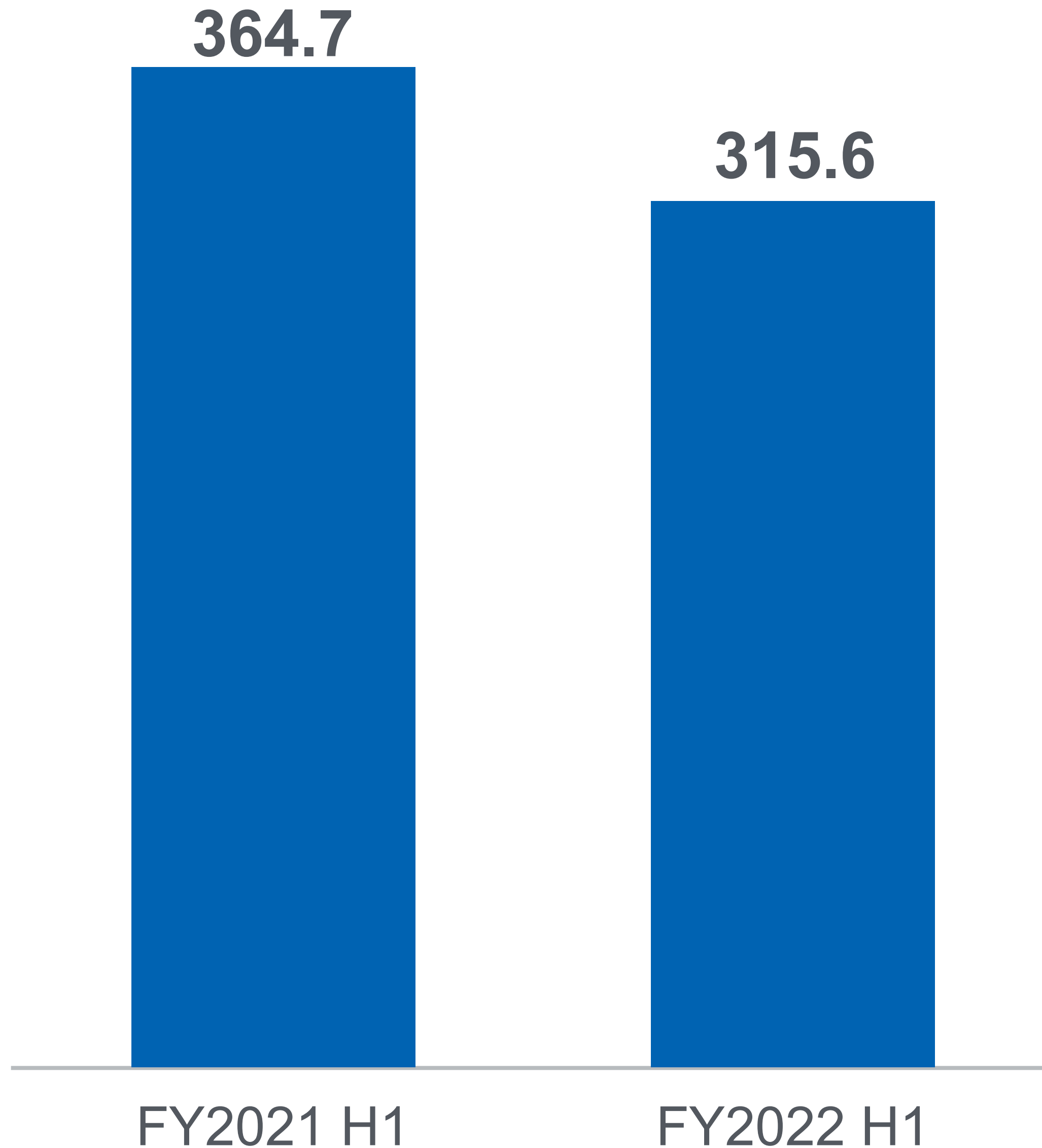


Up 1%

# Consumer: Operating Income

SoftBank

[JPY bn]



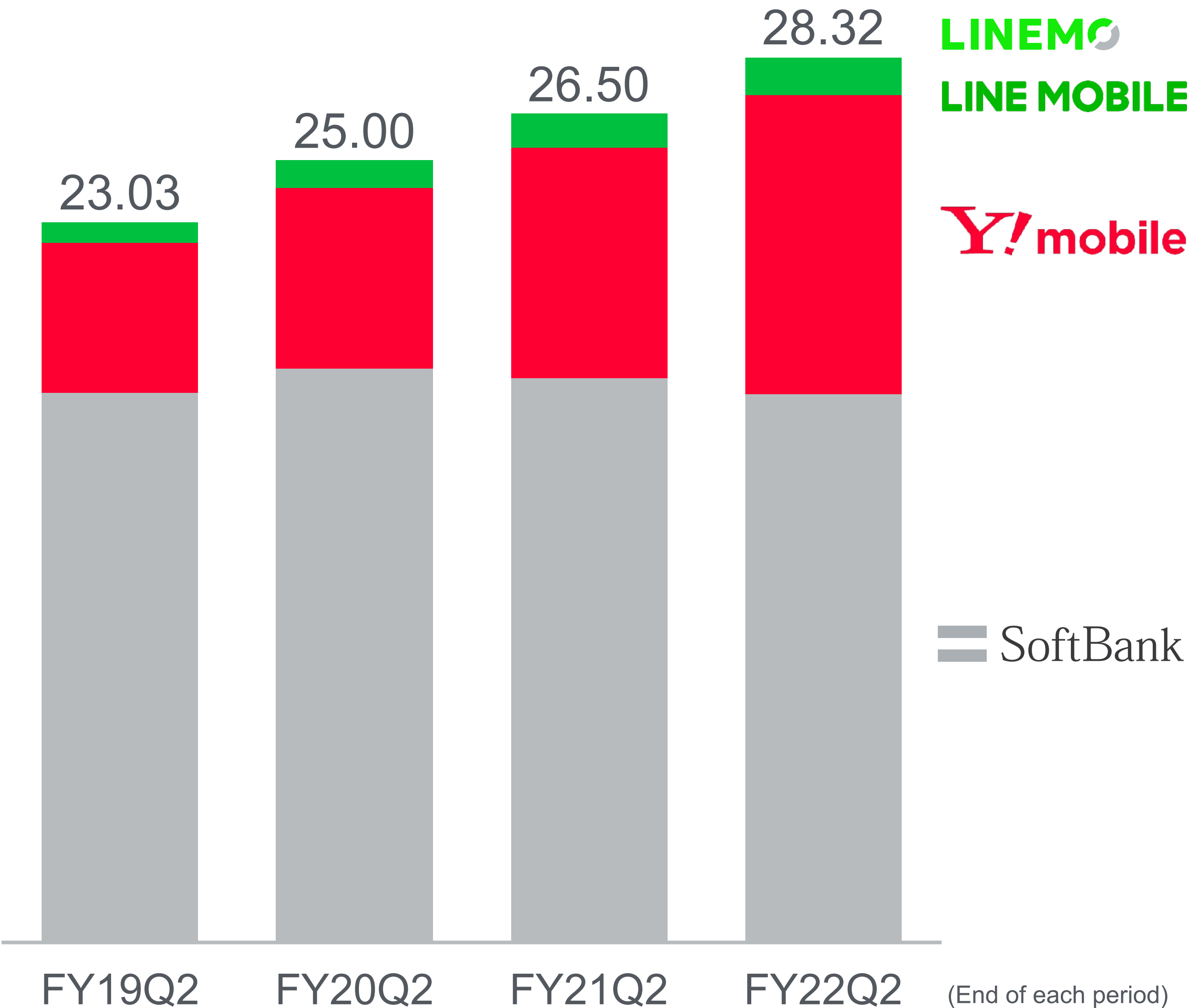
Down 13%

Due to mobile service price reduction impact, etc.

# Smartphone Cumulative Subscribers

[Mil]

SoftBank



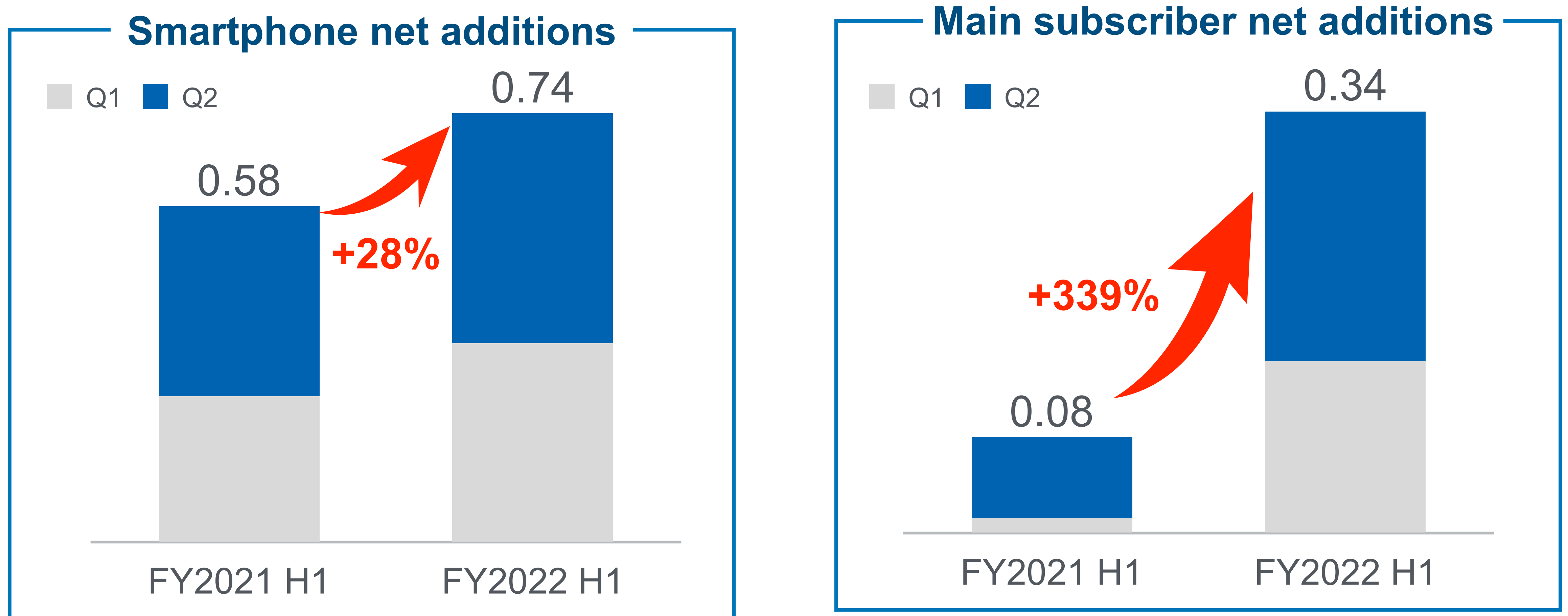
Up 7%

# Mobile Subscriber Net Additions

SoftBank

[Mil]

## Substantial year-on-year recovery

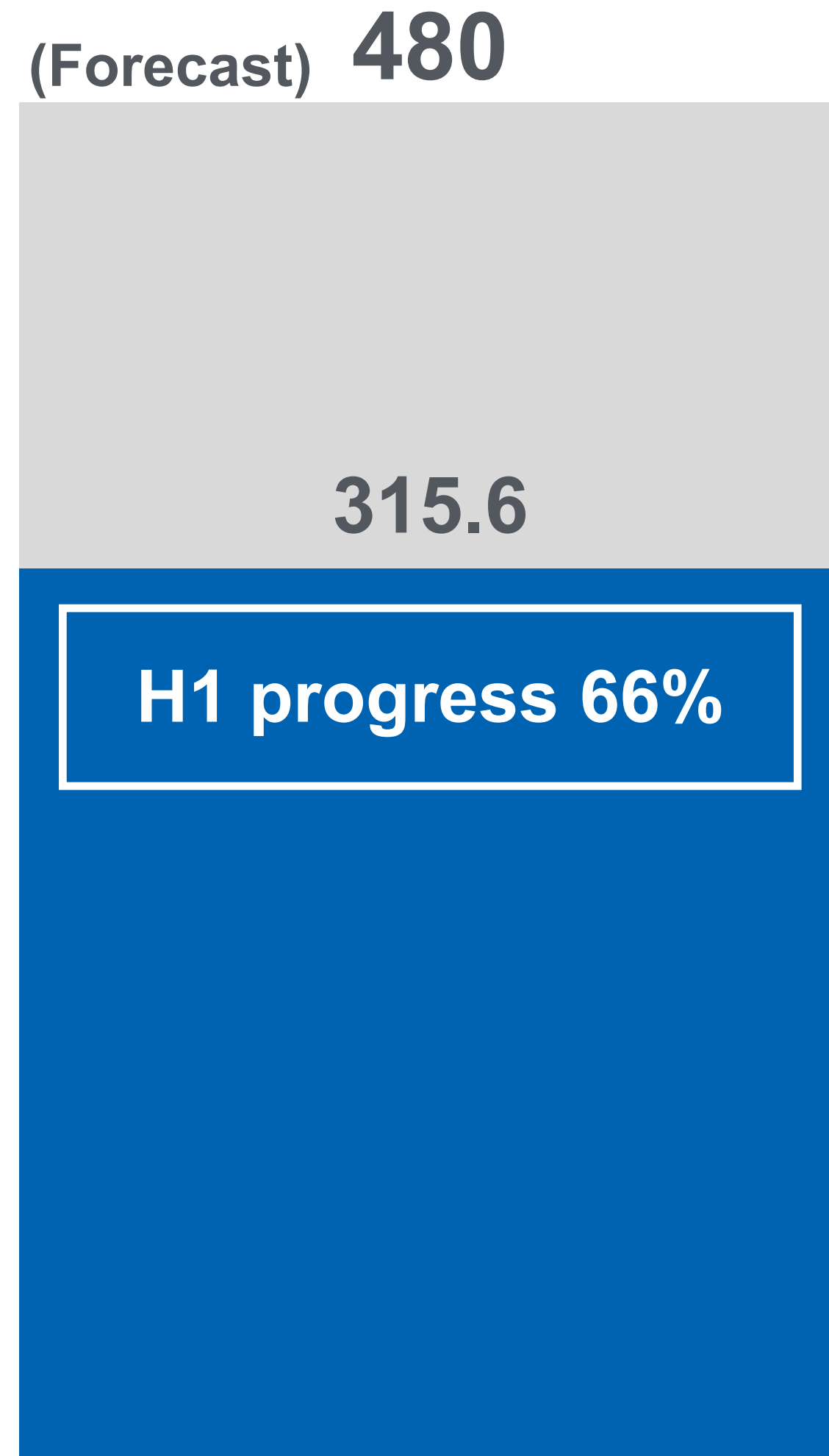


(Notes) Net additions = no. of subs at the end of the relevant quarter – no. of subs at the end of the previous quarter  
Main subscribers: total of smartphones, feature phones, tablets, mobile data communications devices, Wireless Home Phone, and others. Includes enterprise subscribers



# Consumer: Full-year Operating Income Progress

[JPY bn]



**FY2022 full-year  
Consumer operating income**

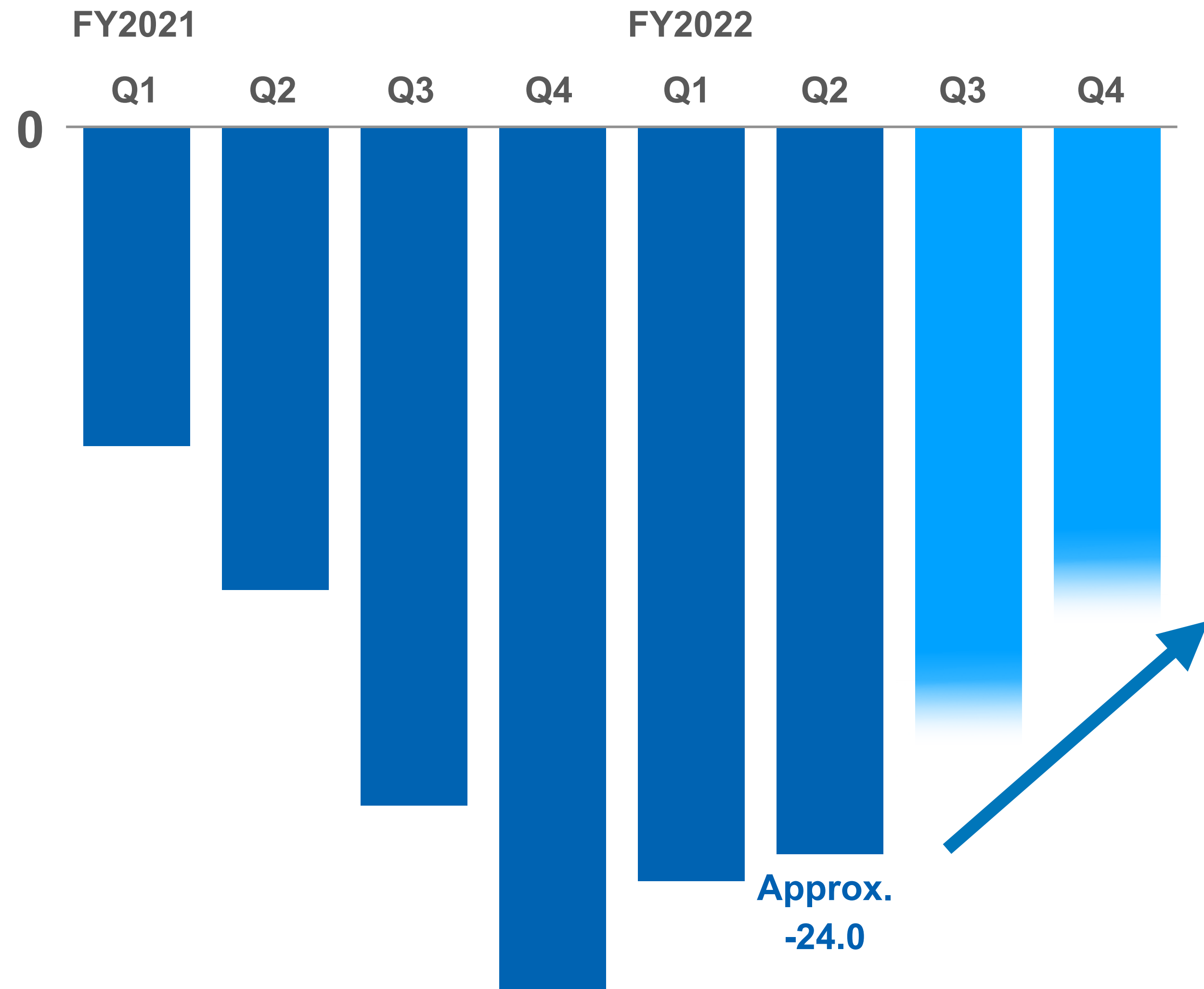
**Steady growth  
compared to  
BOP forecast**

**Reference:  
Progress in FY2021 H1 57%**

# Mobile Service Price Reduction Impact

Quarterly impact due to price reductions in spring 2021 (YoY)

[JPY bn]

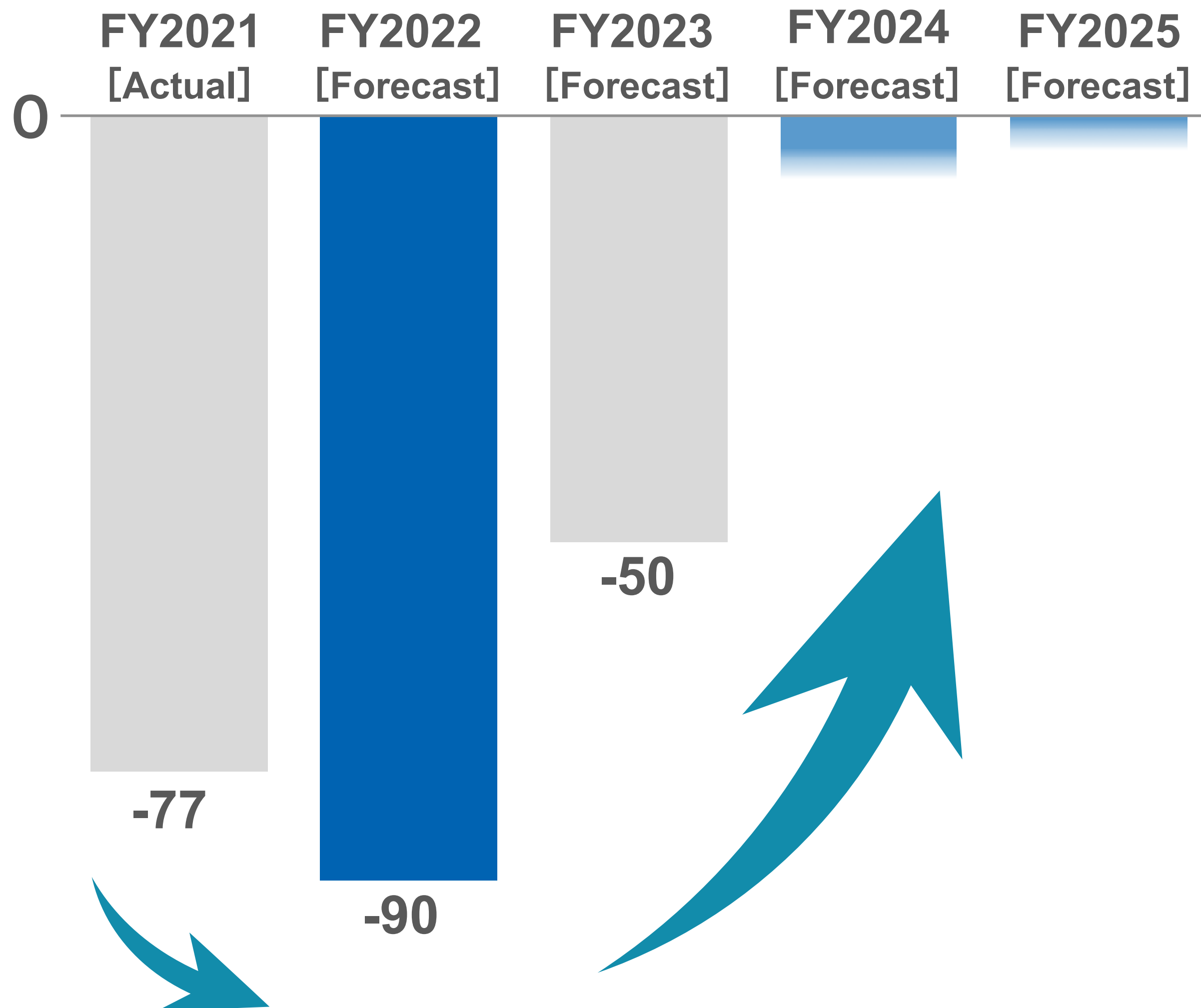


**Impact of mobile service price reduction on business performance to be reduced**

# 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

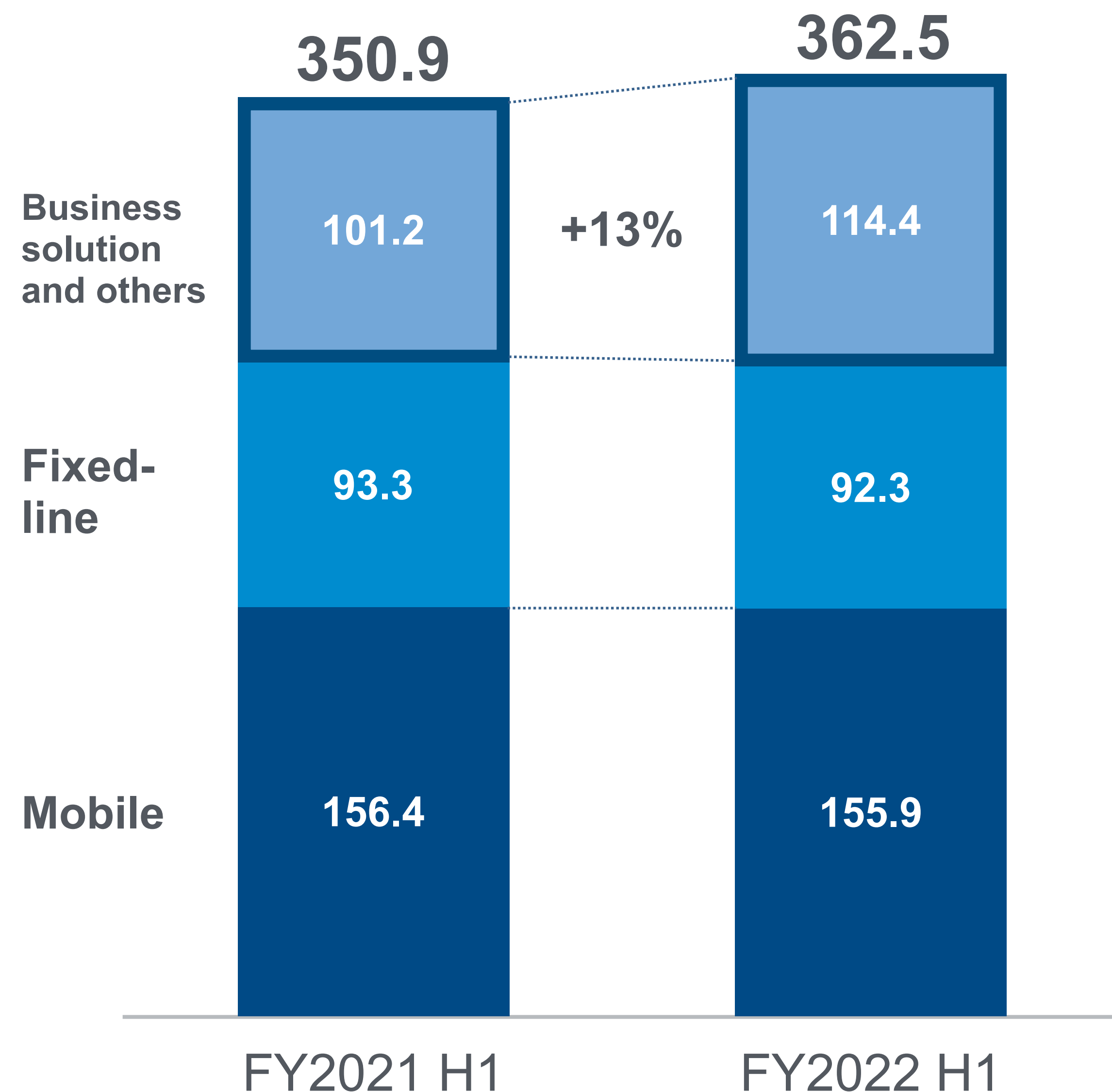




# Enterprise: Revenue

[JPY bn]

SoftBank



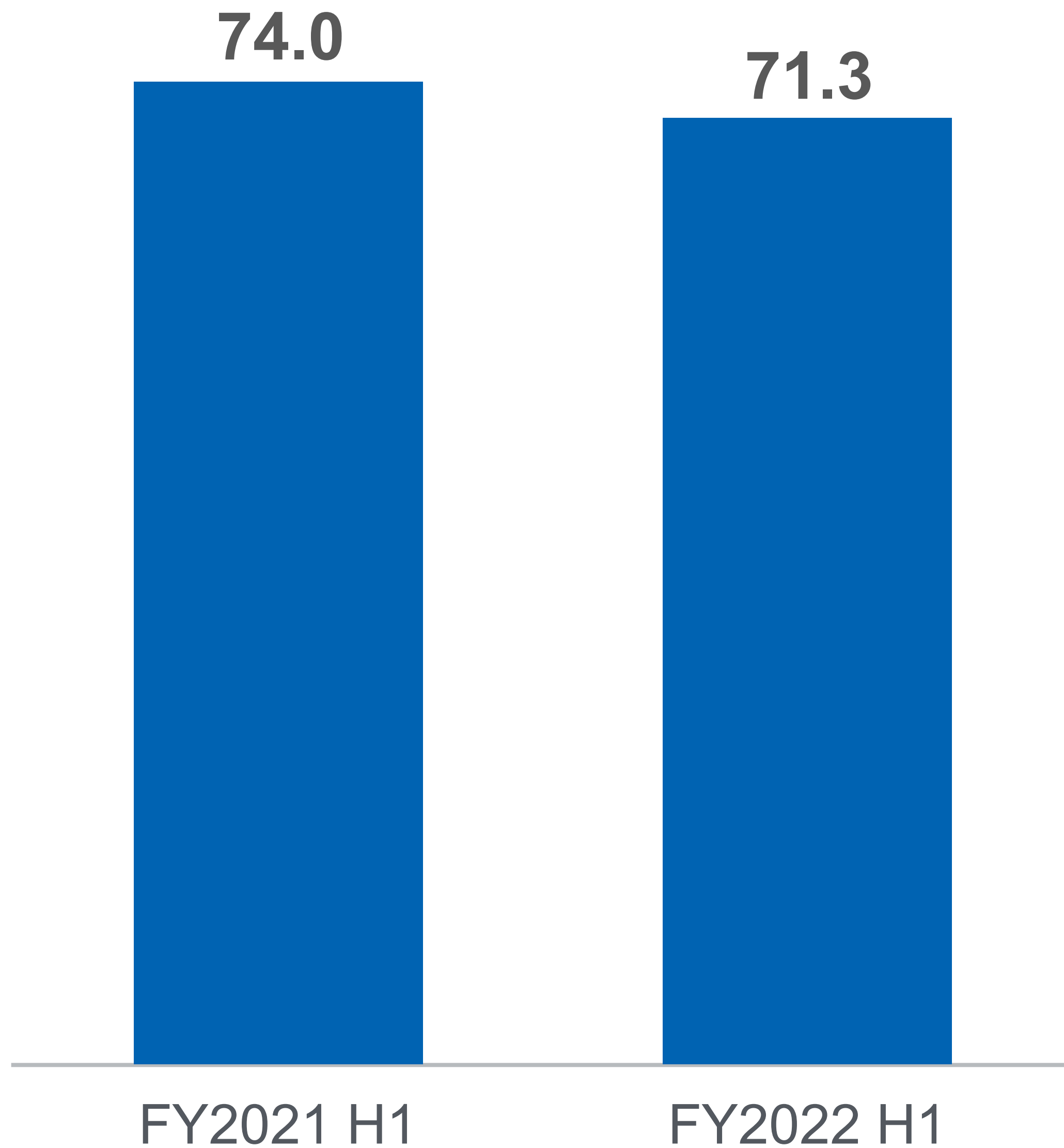
Up 3%

Business solution and others increased by 13%

# Enterprise: Operating Income

[JPY bn]

SoftBank

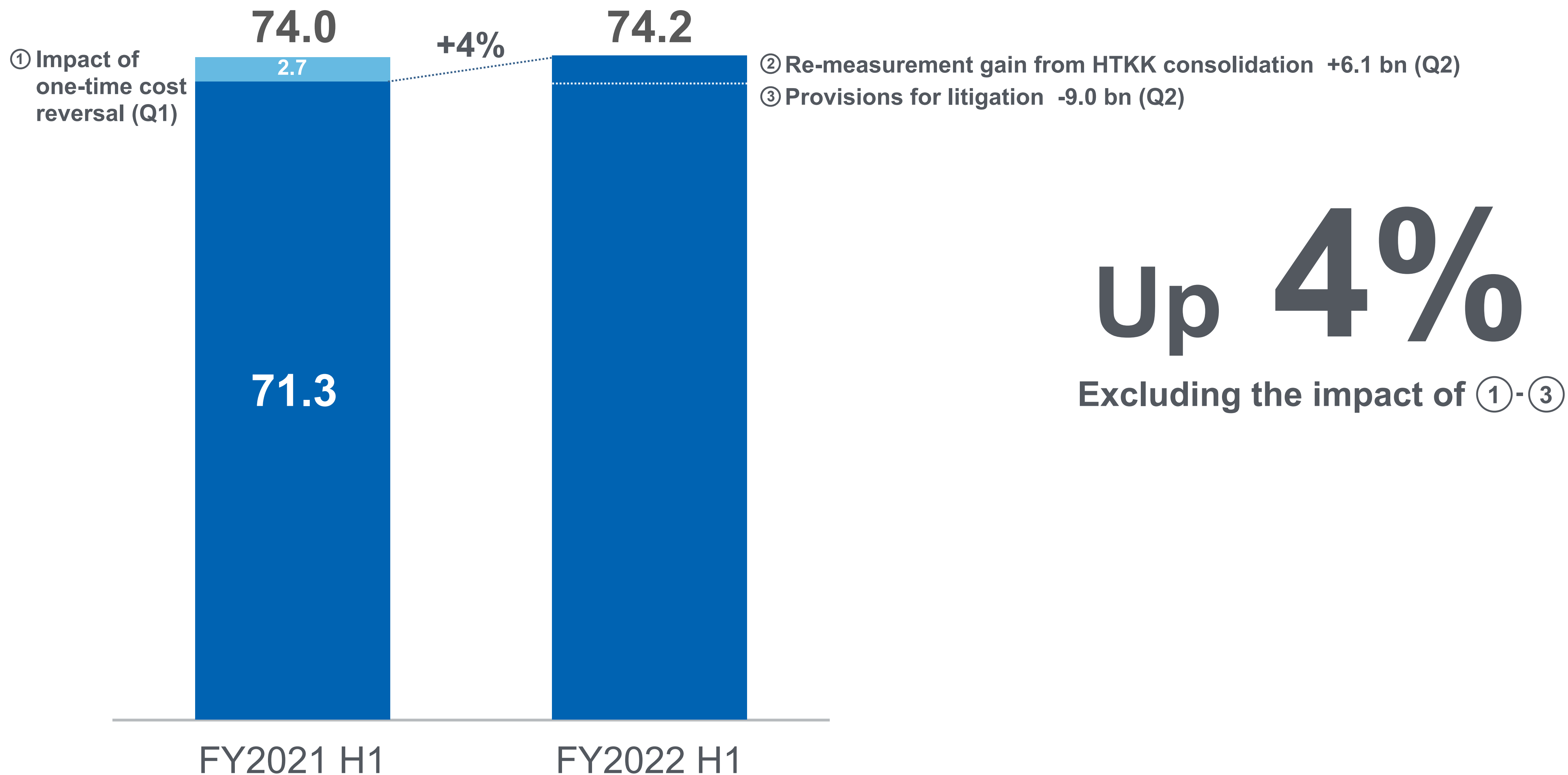


Down 4%



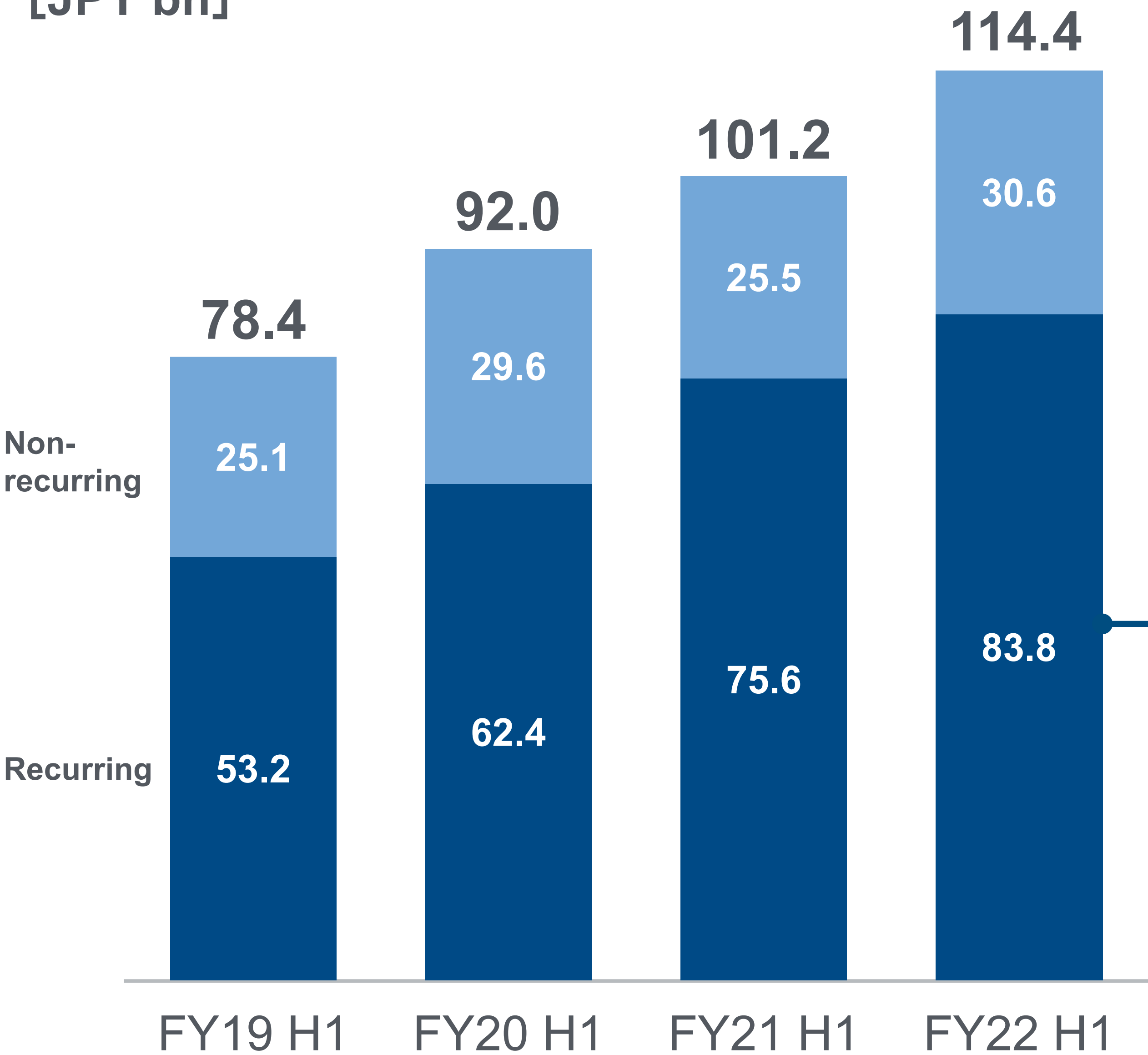
# Enterprise: Operating Income

[JPY bn]



# Enterprise: Business Solution and Others Revenue SoftBank

[JPY bn]



Recurring revenue  
Up 11%



Cloud



Security



IoT



Data center



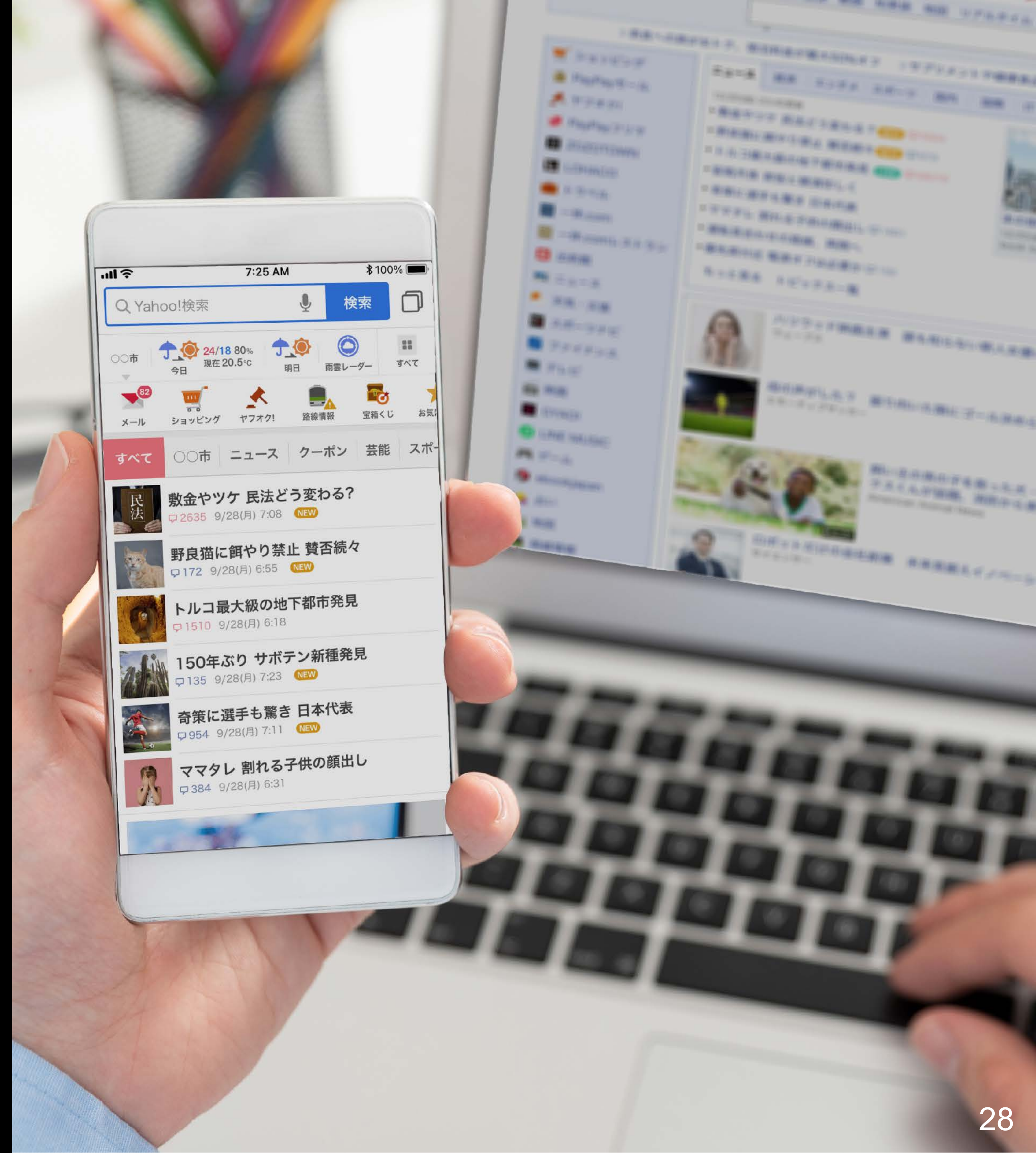
Digital marketing

(Note) Recurring revenues of cloud, security, and IoT are counted as Recurring Revenue 27



# YAHOO! JAPAN

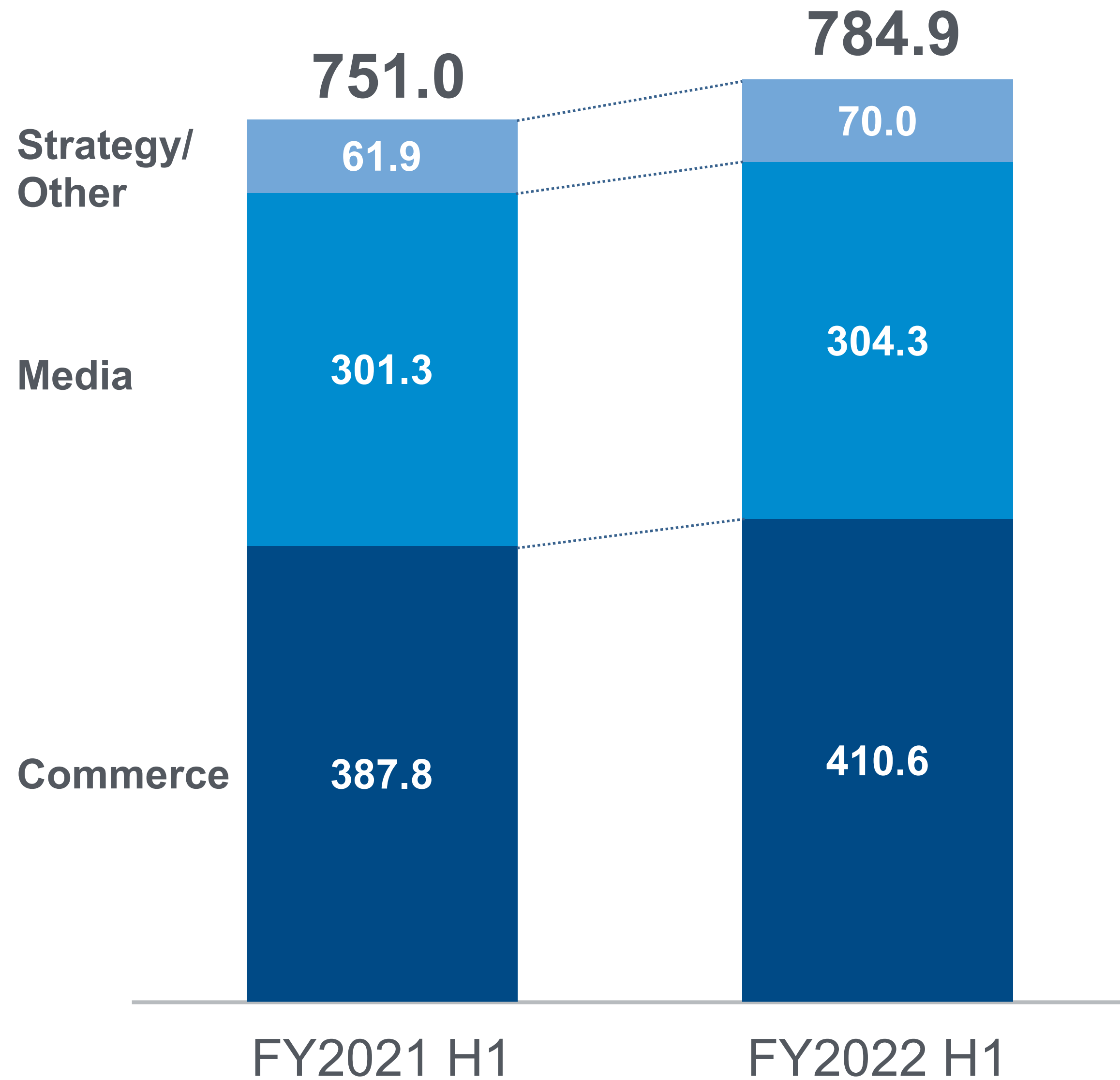
# LINE



# Yahoo! JAPAN/LINE: Revenue

SoftBank

[JPY bn]



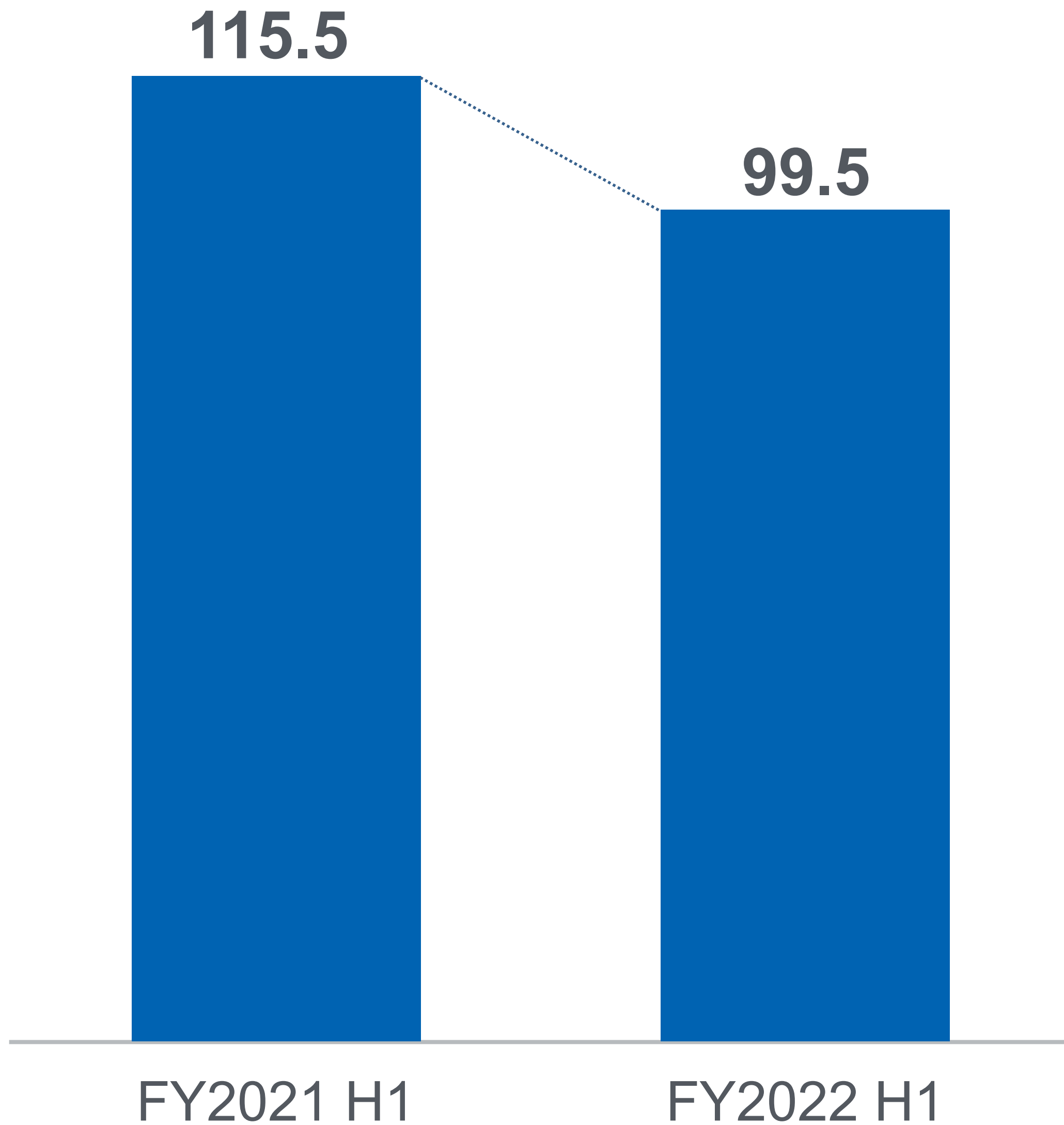
Up 5%

(Note) In FY22H1, 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 FY21H1

# Yahoo! JAPAN/LINE: Operating Income

SoftBank

[JPY bn]

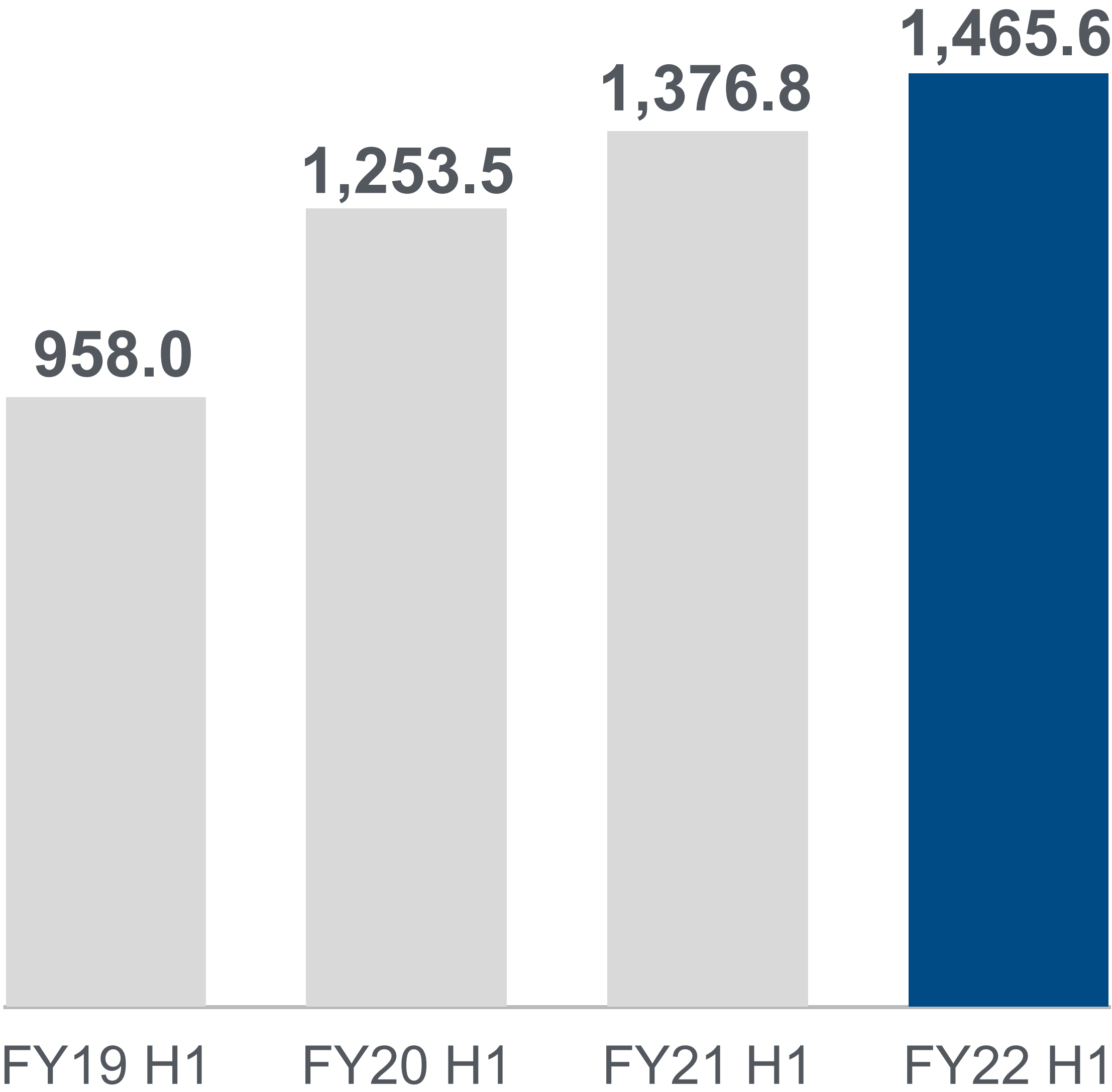


Down 14%



# 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")



# Financial Business

Newly established in FY22 Q3



# Companies Comprising Financial Business

## Structured around our portfolio companies with our direct ownership



\*1 Total of shareholding of B Holdings, SoftBank Corp., and ZHD (as of October 1, 2022)

\*2 After exercise of stock acquisition rights by Paytm

\*3 Total of shareholding of SoftBank Corp. (50.1%) and ZHD (0.9%)

(Notes) Ratio of voting rights in SB Payment Service and PayPay Securities as of March 31, 2022.

# Companies Comprising Financial Business

## Structured around our portfolio companies with our direct ownership

### Financial Business

 **PayPay**  **PayPay Card**

Ratio of voting rights  
held by the Group: 69.8%  
SoftBank Corp. economic equity: 43.6%



Payment processing service

 **SB Payment Service**

Ratio of voting rights  
held by SoftBank Corp.: 100%



Smartphone securities

 **PayPay Securities**

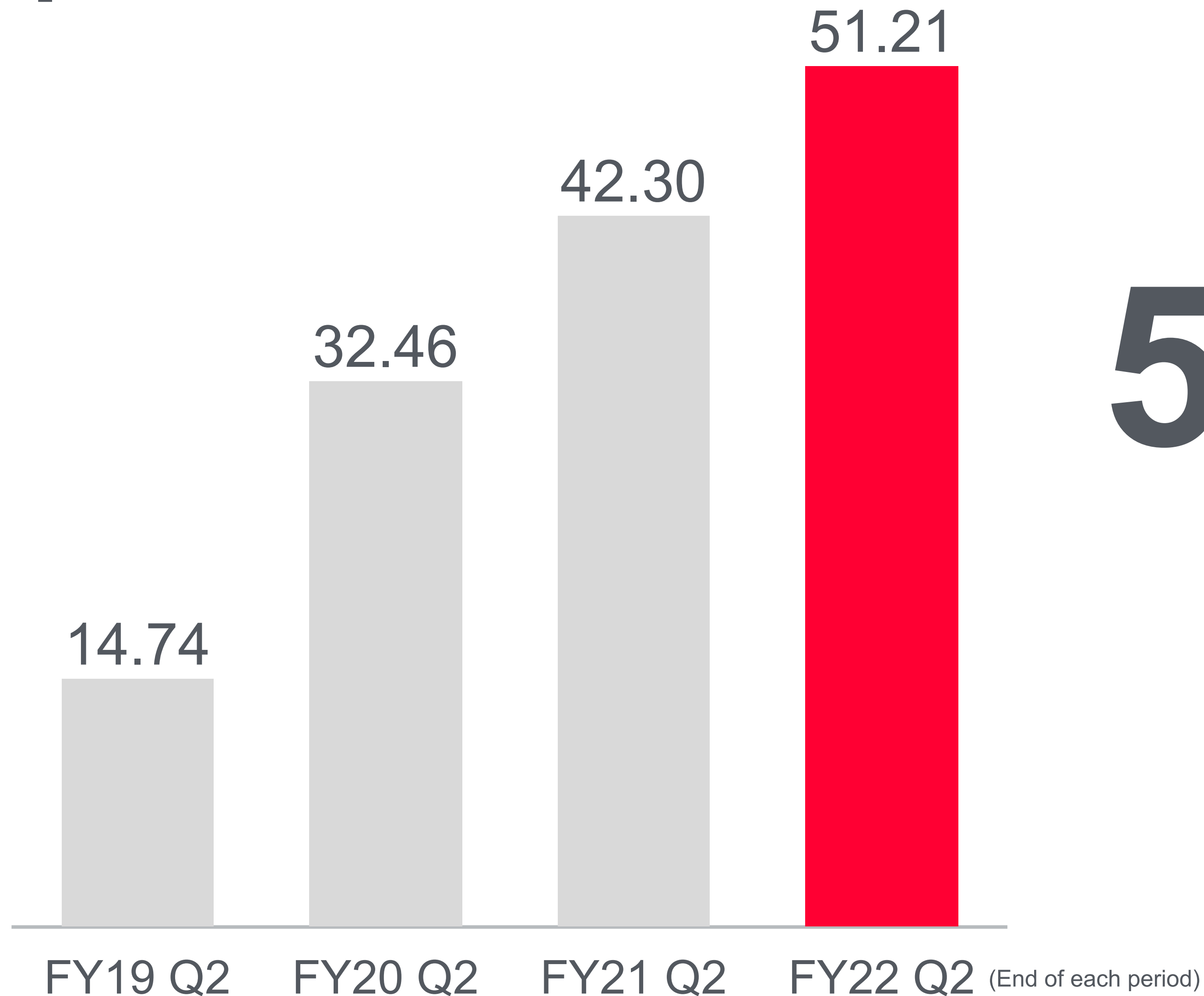
Ratio of voting rights  
held by the Group: 51%





# PayPay: Registered Users

[Mil]



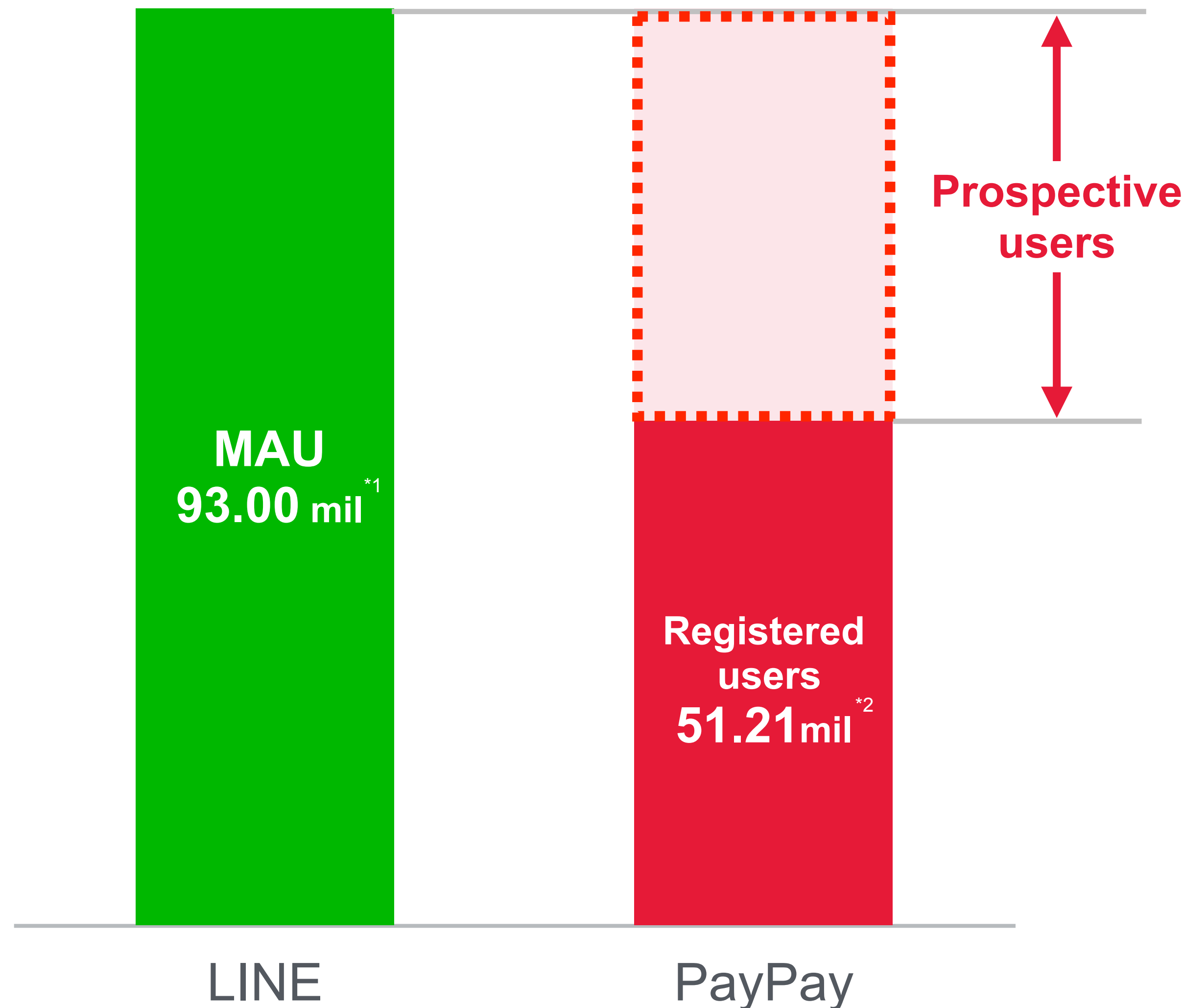
51.21 mil

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 35



# Strategy to Expand Registered Users

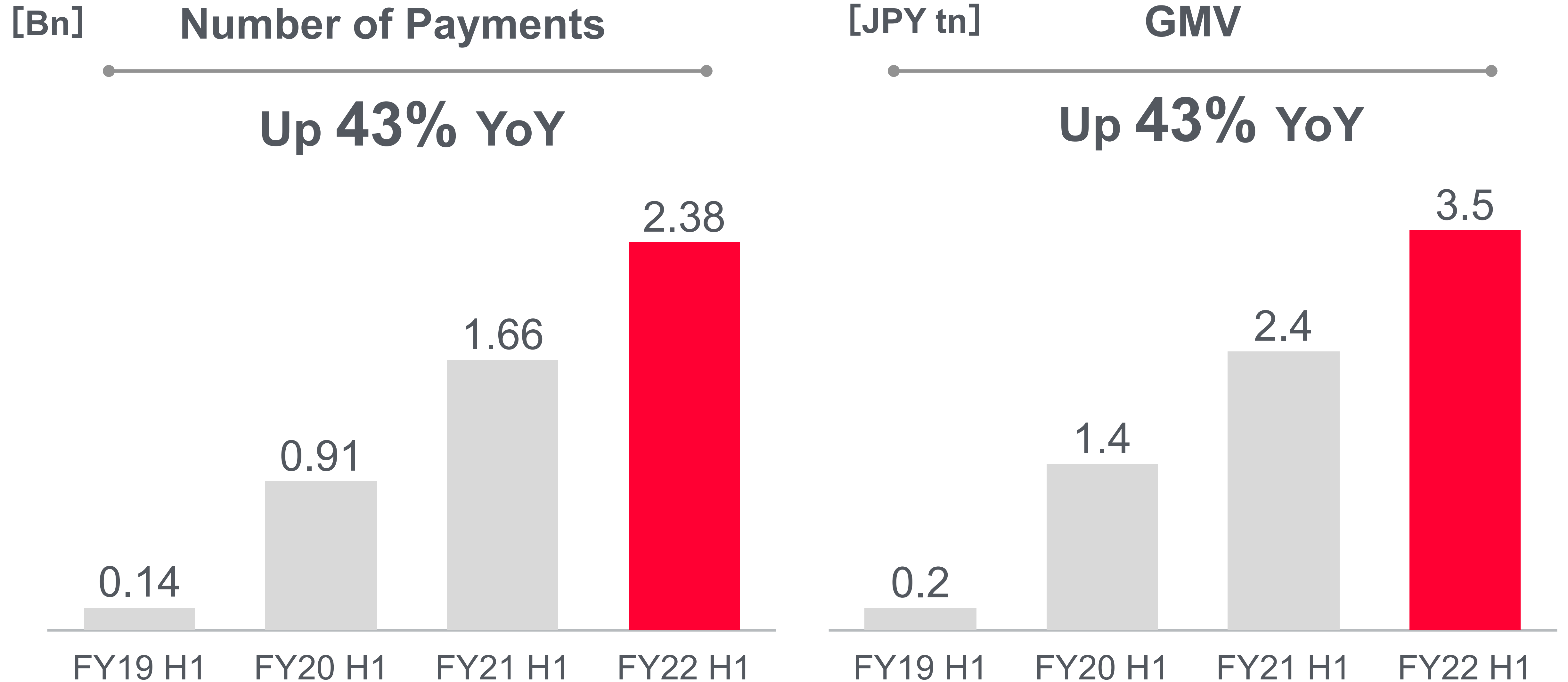


**Accelerate expansion  
by linking with LINE**



**LINE**

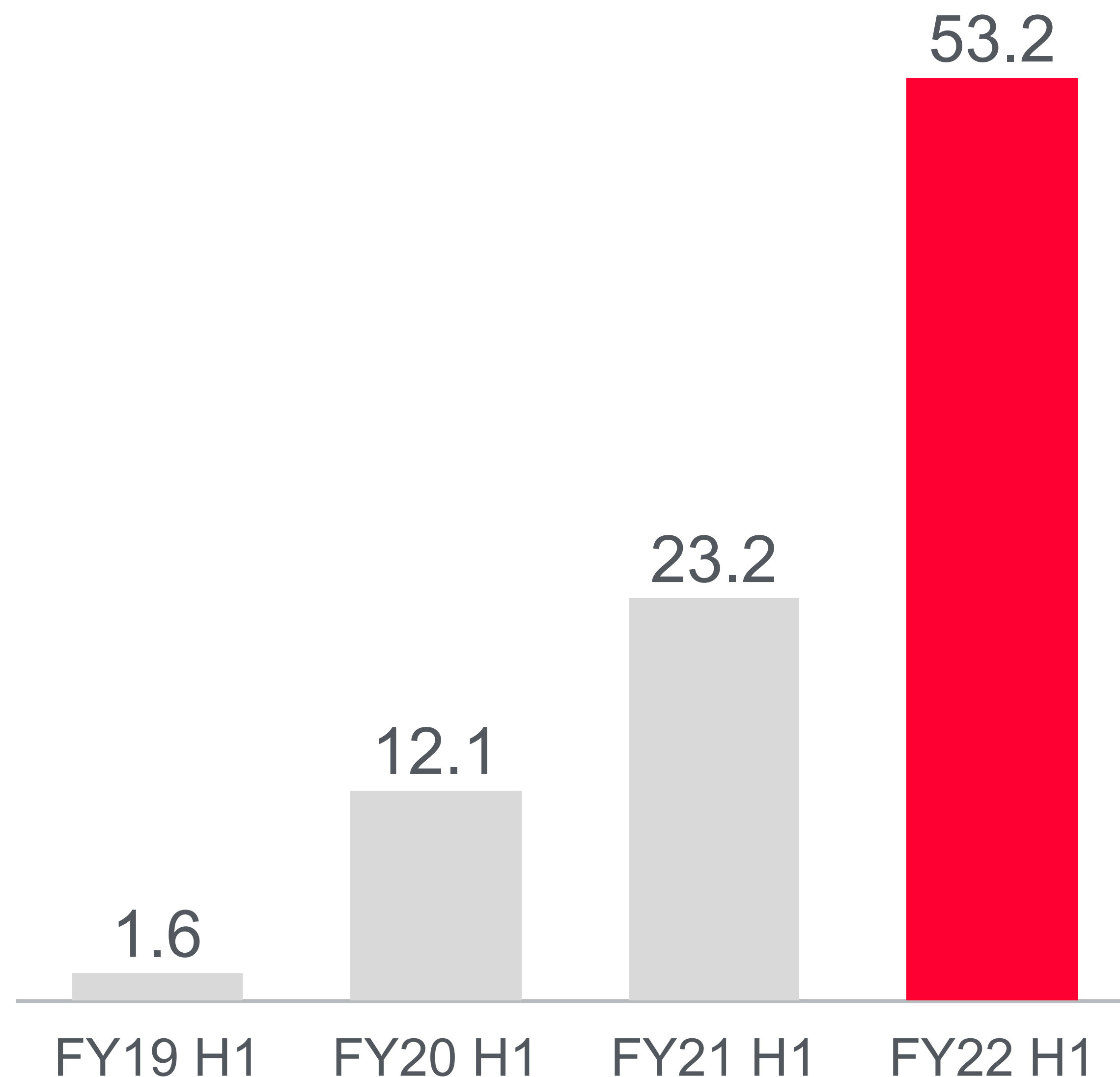
# PayPay: Number of Payments / GMV



(Source) PayPay Corporation  
(Notes) Does not include the number of times PayPay balance "send/receive" function is used between users. Figures from FY21Q4 include payments via Alipay and LINE Pay etc. Figures also include the transaction of PayPay Atobarai (deferred payment) launched in February 2022  
Figures of GMV are rounded down to the nearest JPY 100 billion in accordance with the disclosure standards of ZHD

# PayPay: Revenue

[JPY bn]



Revenue (Half year)

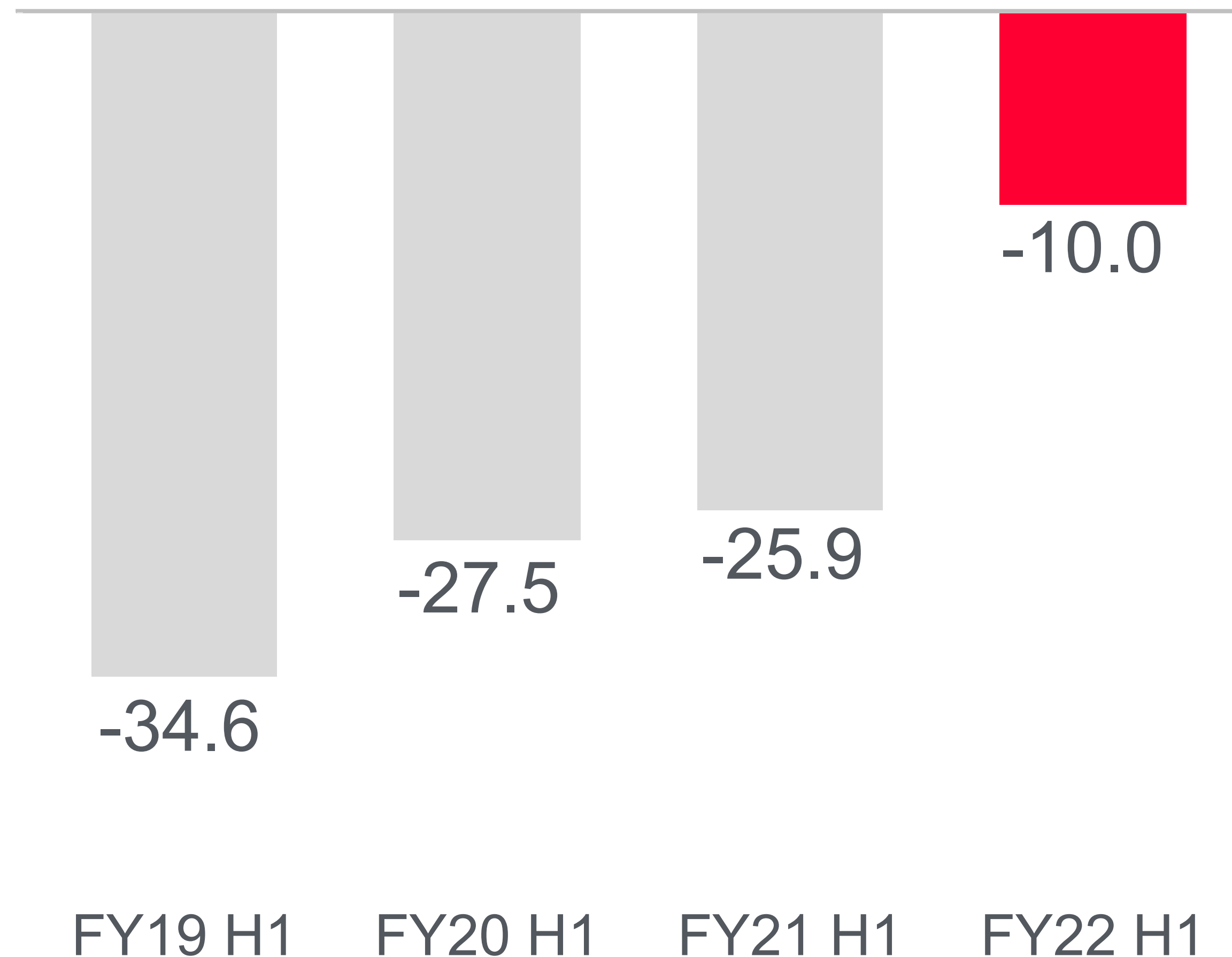
**53.2 bn**

**Up 129% YoY**

(Source) PayPay Corporation  
(Note) PayPay Corporation revenue is on a standalone basis  
PayPay Corporation changed its accounting treatment of rebates, etc. from FY21Q4  
Rebates are deducted from revenue as opposed to recording as expense before the  
change. FY21H1 net sales above are presented assuming the accounting treatment change  
was applied from FY21Q1. FY22 revenue is an unaudited figure

# PayPay: EBITDA

[JPY bn]



**Steadily  
improving**

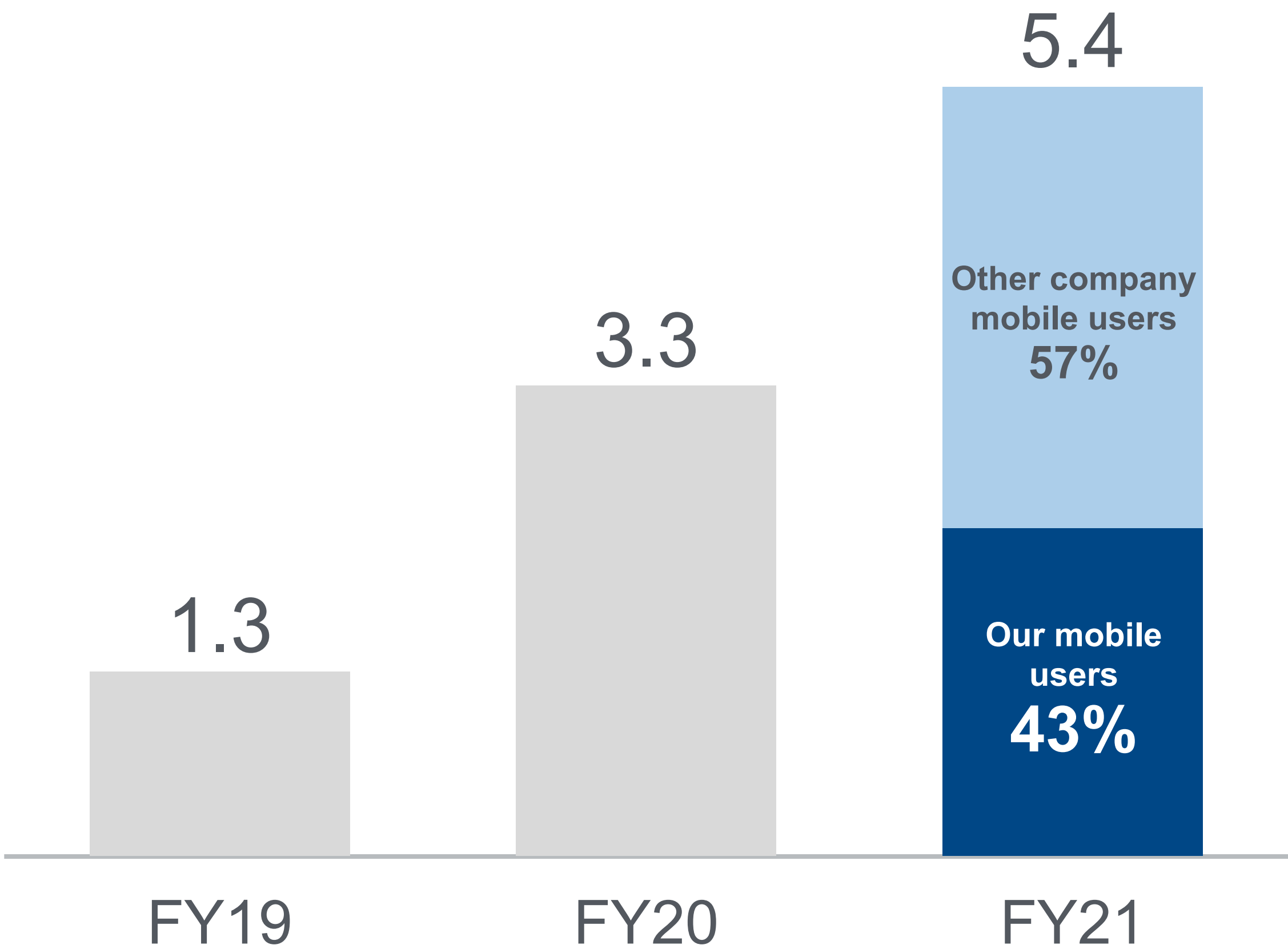


# Accelerating Growth of PayPay

[JPY tn]



GMV



Accelerate growth  
by leveraging  
mobile customer base



(Coupons exclusive to SoftBank users)

# Integration with PayPay Card



100%

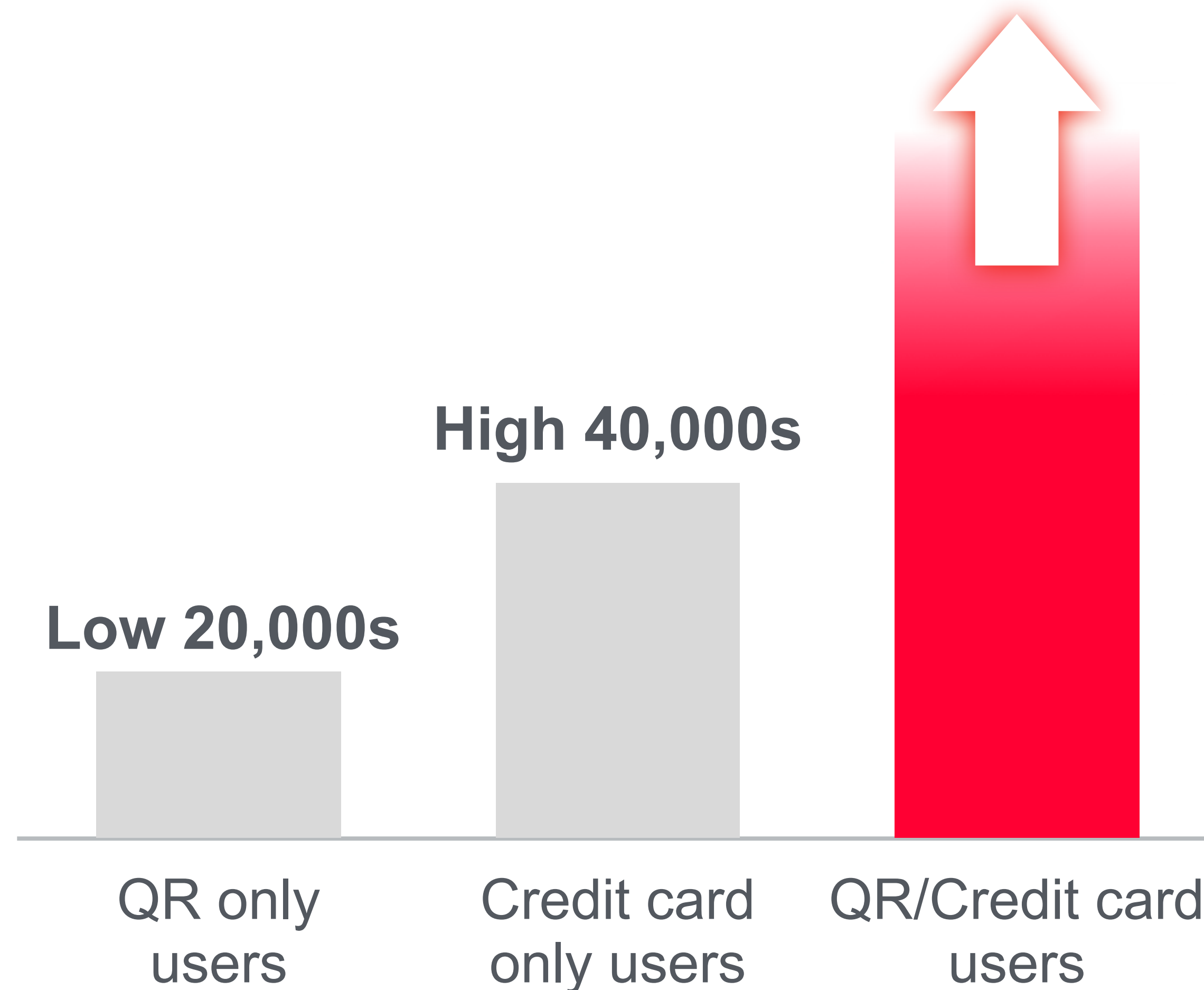


**Completed transfer of the  
credit card business from  
Yahoo Japan Corporation  
to PayPay  
(October 1, 2022)**

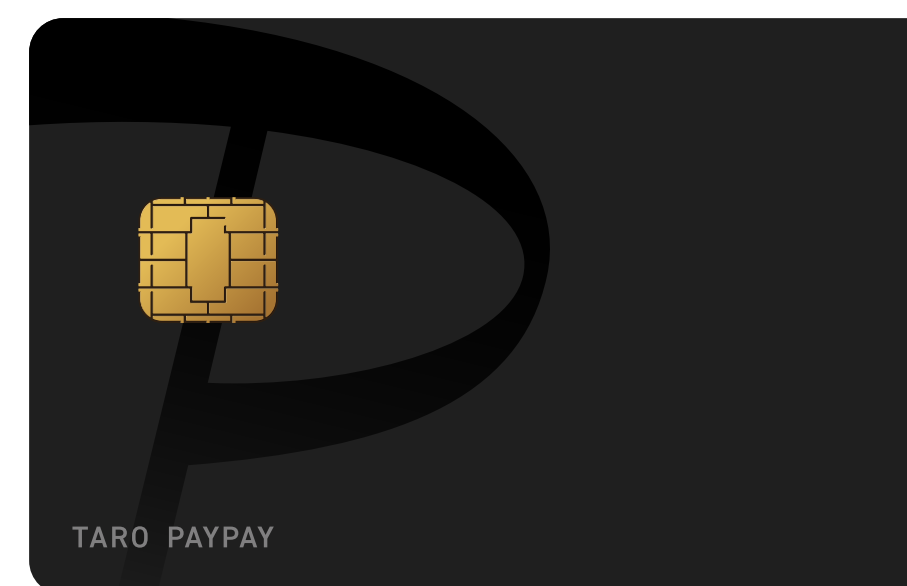
# Objective of Integration with PayPay Card

[JPY]

Average monthly payment per person



Maximize monthly payment amounts by promoting the combined use of QR and credit card payments



(Notes) Monthly payment amounts for QR only users and credit card only users in FY21  
PayPay Card: PayPay Card Corporation

# Companies Comprising Financial Business

## Structured around our portfolio companies with our direct ownership

### Financial Business

 PayPay  PayPay Card

Ratio of voting rights  
held by the Group: 69.8%  
SoftBank Corp. economic equity: 43.6%



Payment processing service

 SB Payment Service

Ratio of voting rights  
held by SoftBank Corp.: 100%



Smartphone securities

 PayPay Securities

Ratio of voting rights  
held by the Group: 51%

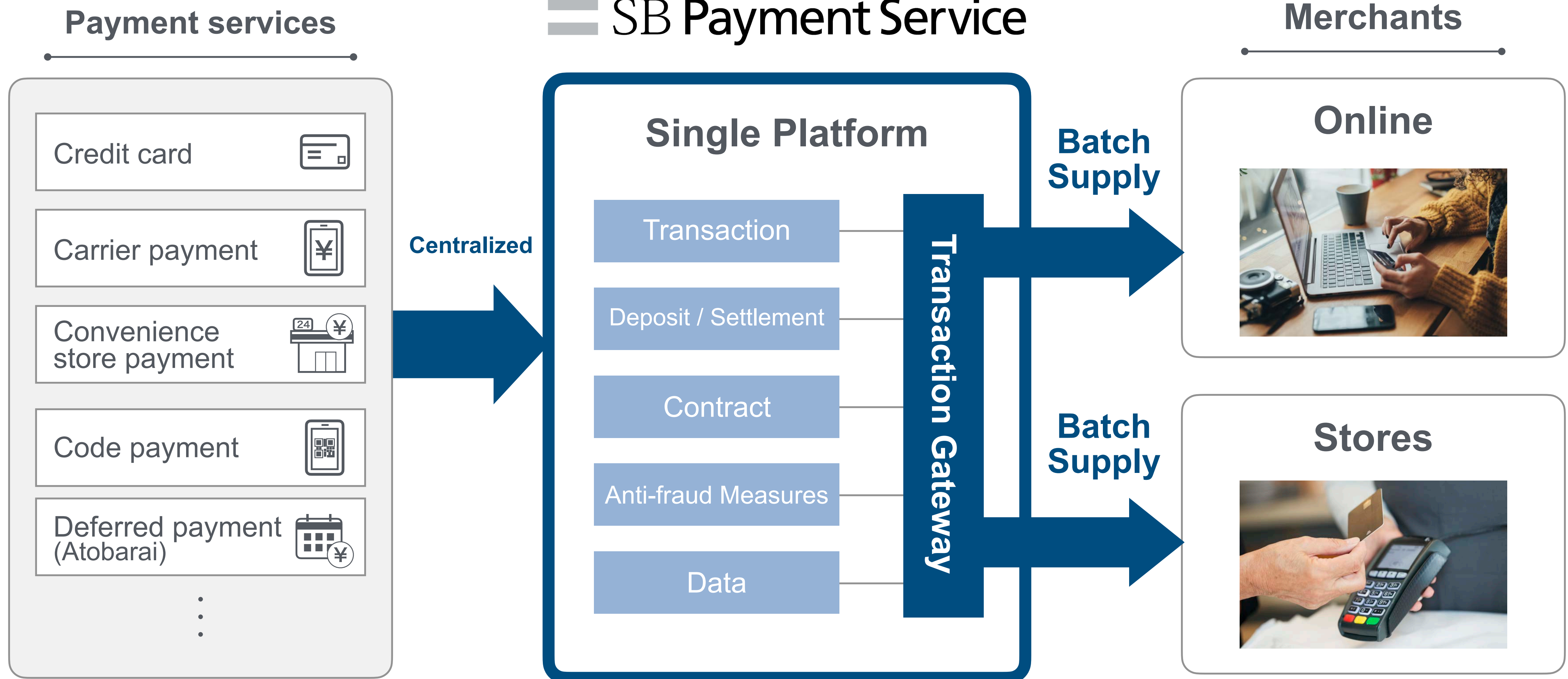




# SB Payment Service: Business Overview

A leading payment processing service provider to provide comprehensive payment functions

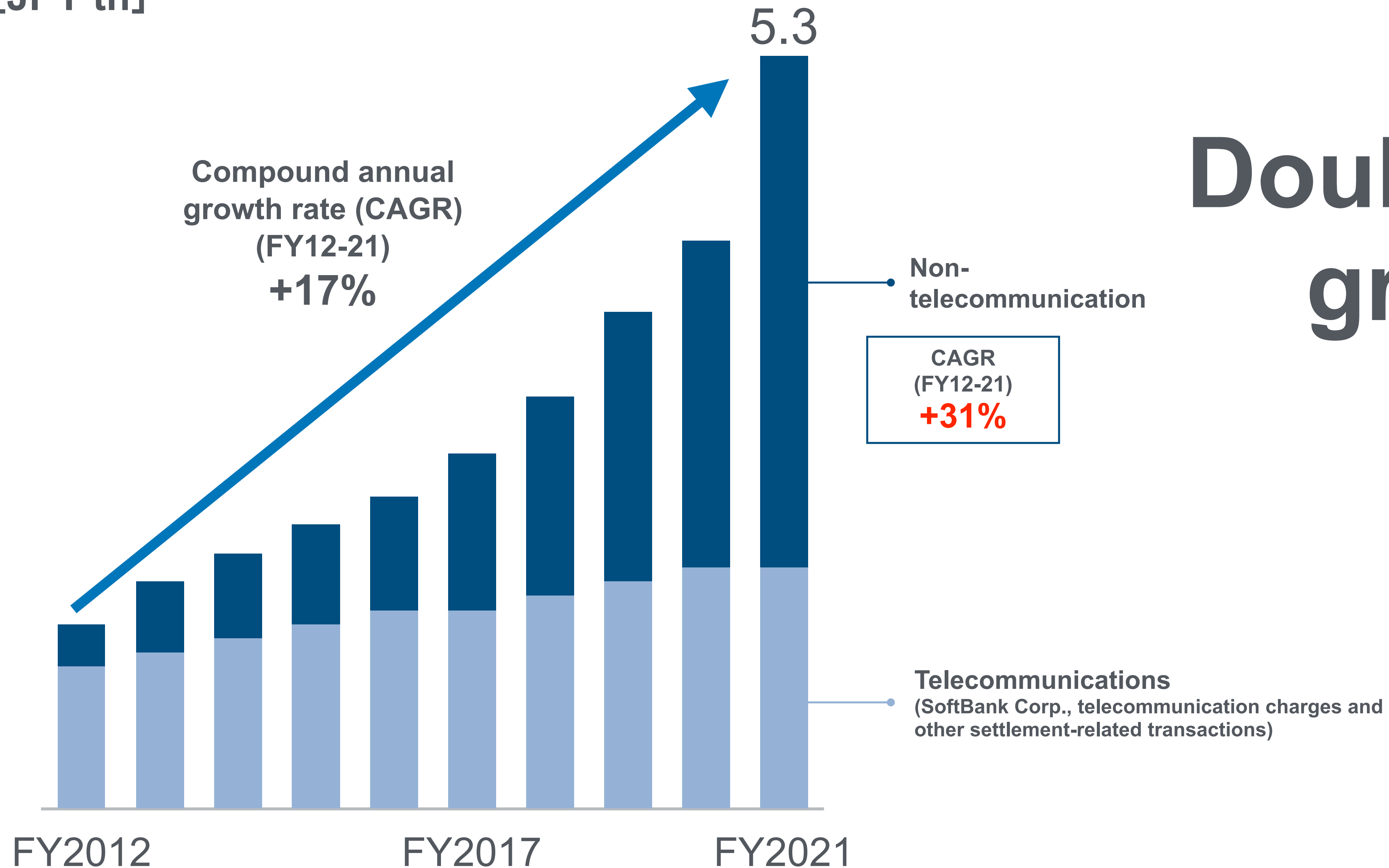
SB Payment Service



# SB Payment Service: GMV

SB Payment Service

[JPY tn]



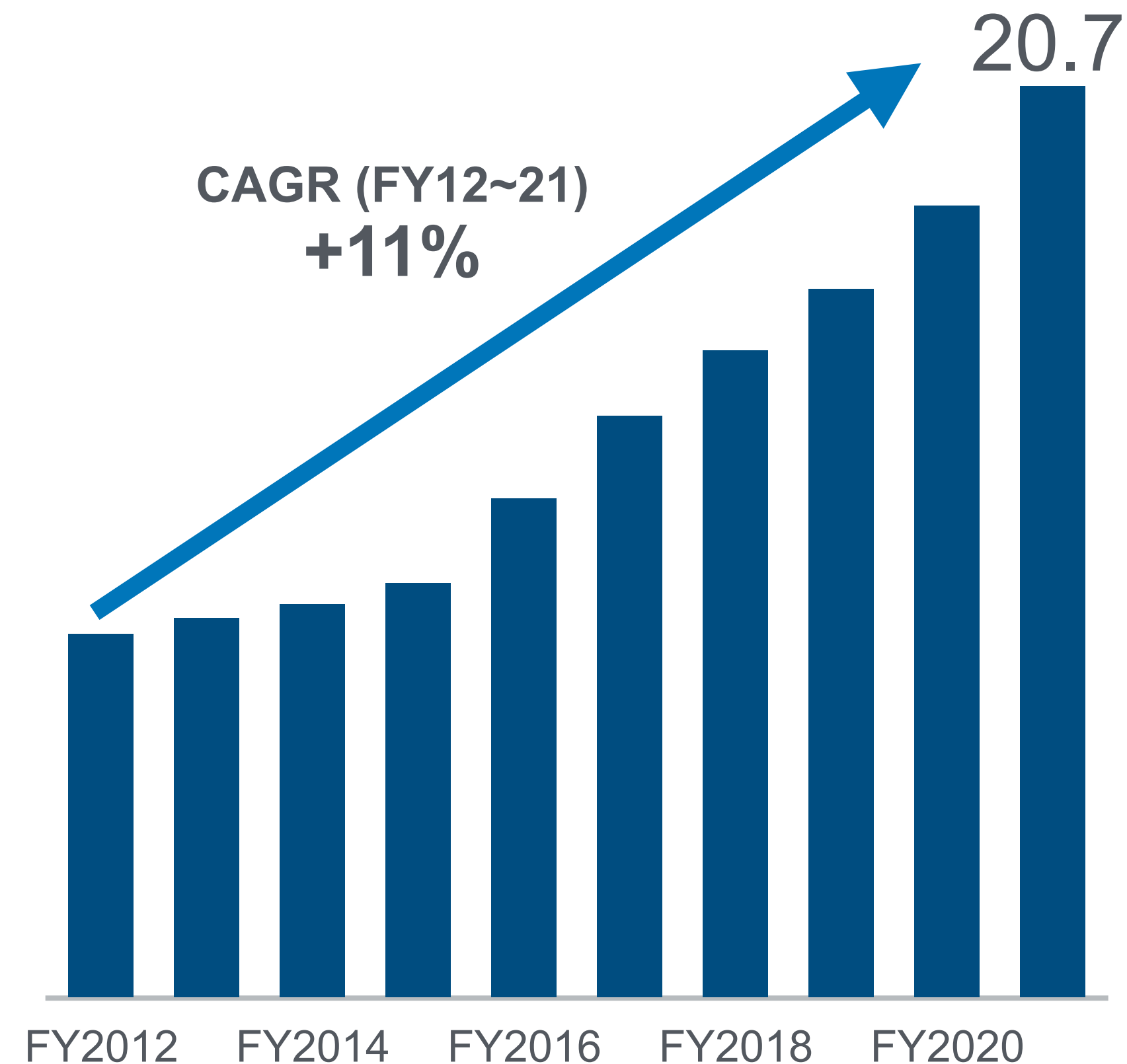
## Double digit growth

# SB Payment Service: Financials

Double-digit growth in revenue and operating income with high profit margins

[JPY bn]

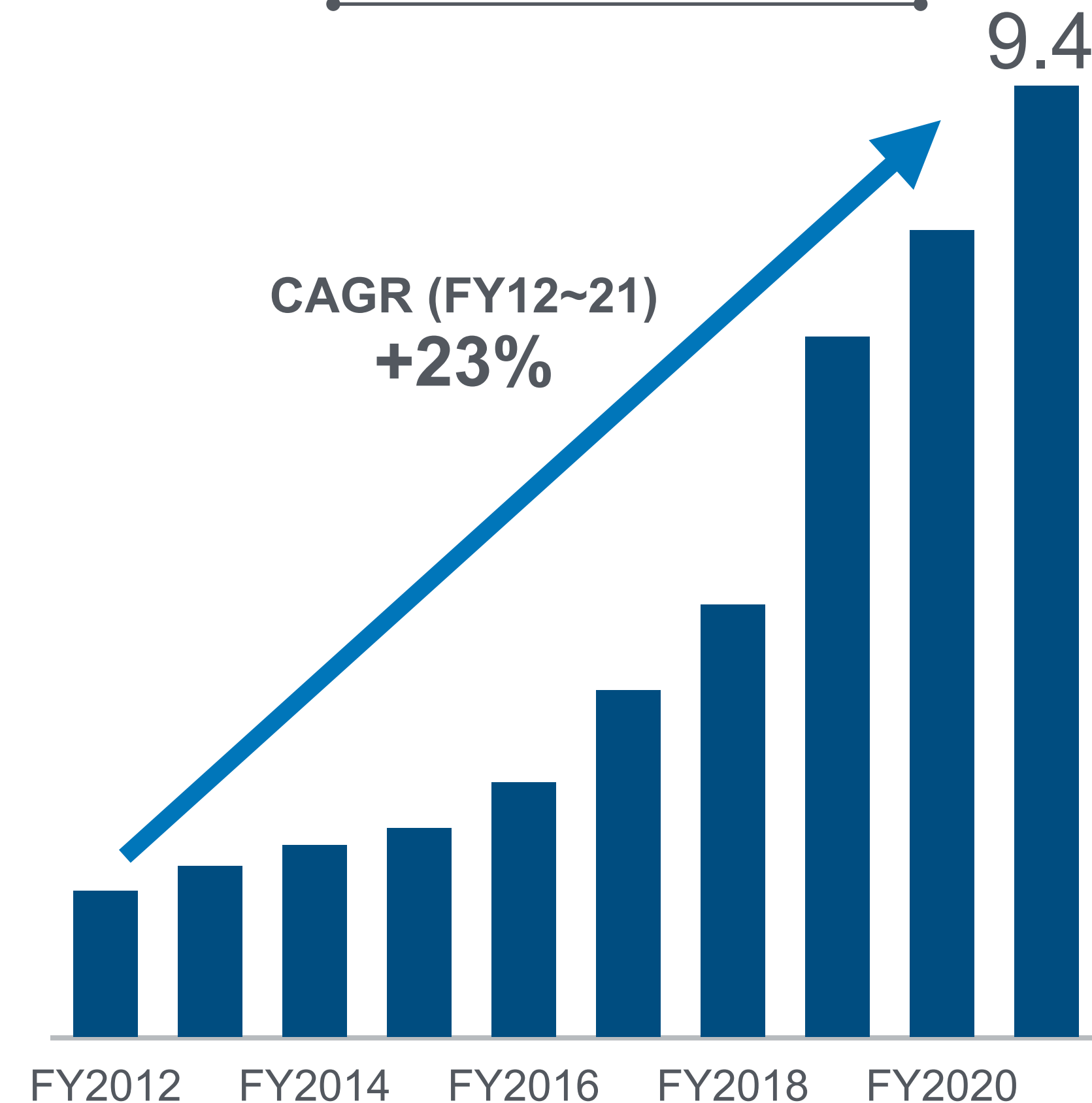
Revenue



[JPY bn]

Operating income

(Margin 45%)



# SB Payment Service: Growth Strategy

## Increase in number of merchants

### Leverage group assets, etc.



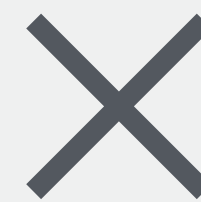
No. of merchants  
**3.87+ mil**

SoftBank  
(Enterprise)

Dealing with  
**94%**  
of large enterprises

SB C&S  
(Distribution)

No. of  
Sales partners  
**12,000**



## Increase in transaction volume per merchant

### Strengthen in-house solutions, etc.

Penetration of multi-payment devices  
(PayCAS)

Fraud detection AI solution



# Maximize payment transaction volume



# Creating Group Synergies

## Joint deployment of multi-payment devices

 PayPay = SB Payment Service

= SoftBank = SB C&S

Multiple payment methods in one device

PayCAS



QR code

Credit  
card

E-money



## Group Synergies

**Capturing payment opportunities within our group**  
(Maximize GMV)

**Jointly developing SME market**

# Companies Comprising Financial Business

## Structured around our portfolio companies with our direct ownership

### Financial Business

 PayPay  PayPay Card

Ratio of voting rights  
held by the Group: 69.8%  
SoftBank Corp. economic equity: 43.6%



Payment processing service

 SB Payment Service

Ratio of voting rights  
held by SoftBank Corp.: 100%



Smartphone securities

 PayPay Securities

Ratio of voting rights  
held by the Group: 51%





# PayPay Securities: Business Outline

## Providing asset management services linked to PayPay app



### Point investment

Providing an investment experience using PayPay points



### PayPay asset management

Providing various asset management products on PayPay mini app



### PayPay Securities app

Providing enhanced investment opportunities with a dedicated smartphone app



# PayPay Securities: Growth Strategy

Efficiently expand user base by leveraging PayPay's customer base



Point investment



Investment experience



Enhanced investment opportunities



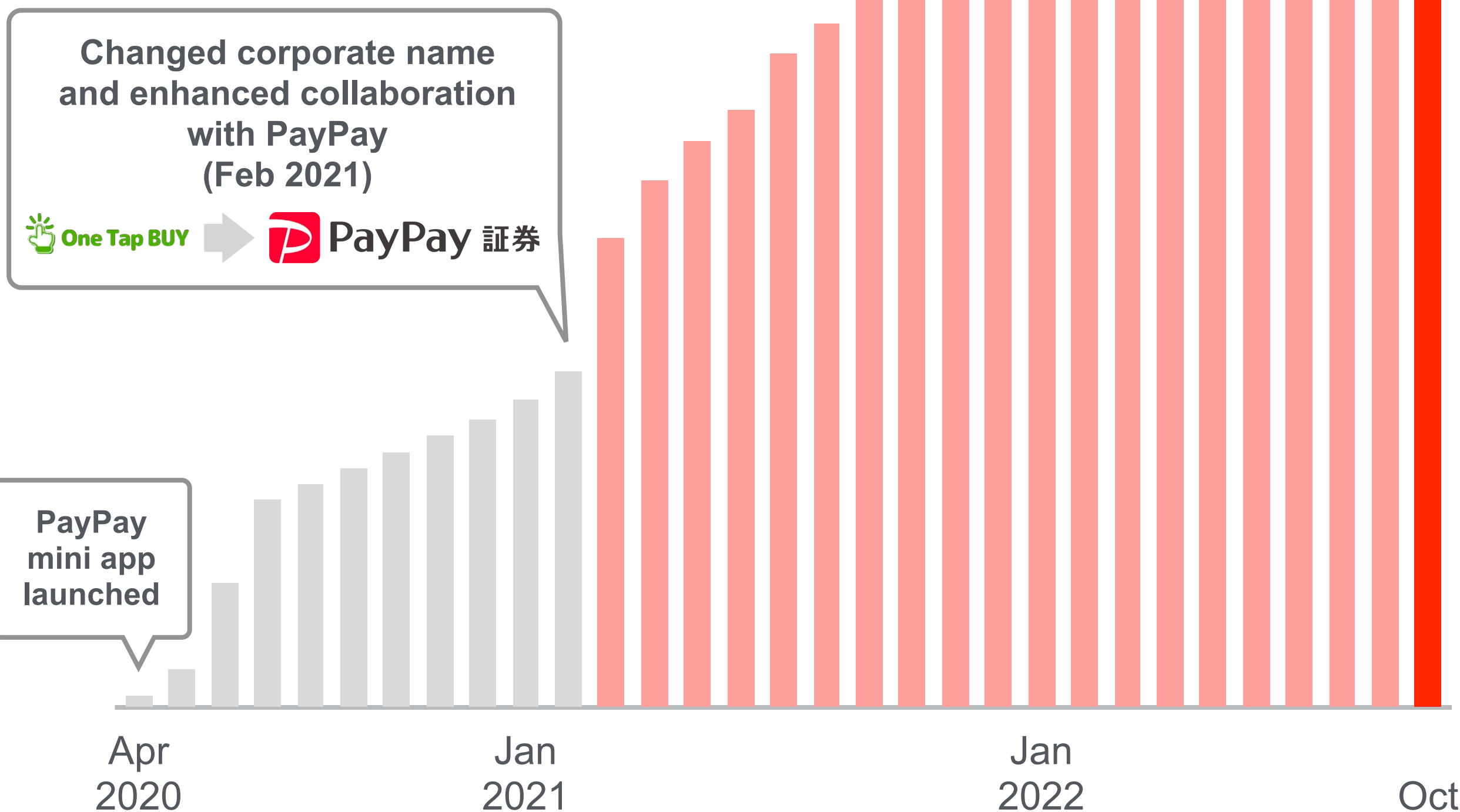


# PayPay Securities: Cumulative Number of Point Investment Users

Over 7mil

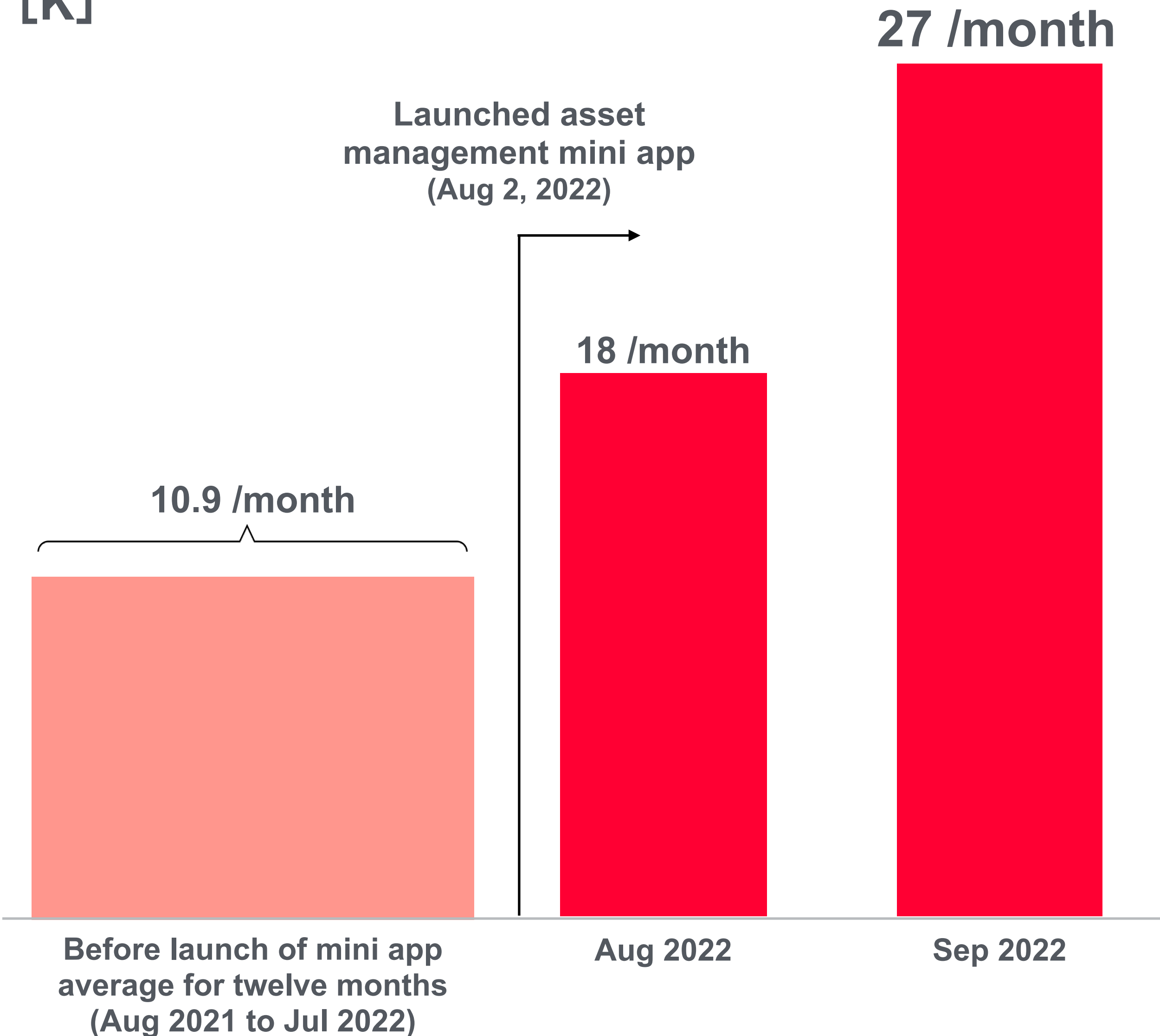
## Over 7mil

**Achieved fastest point investment  
users acquisition in the industry**



(Notes) PayPay Securities: PayPay Securities Corporation  
Fastest point investment users acquisition in the industry: compared with other simulated investment point management service providers (au PAY point operation, Credit Saison Eikyufumetsu point operation service, d POINT Investment and Rakuten Point Investment, in alphabetical order; as of October 2022, research by PPSC Investment Service)

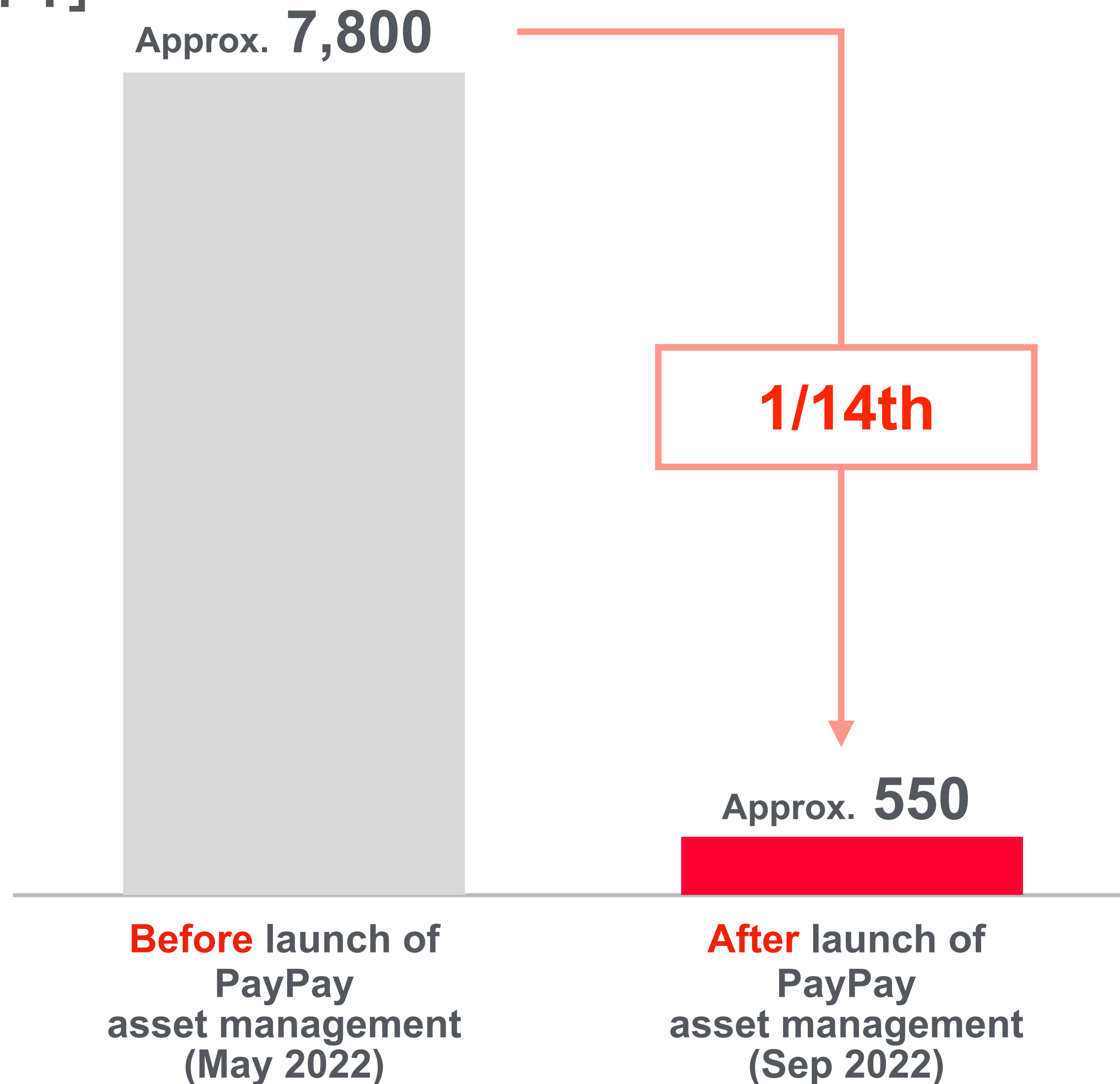
# PayPay Securities: Number of New Accounts Opened [K]



**A sharp increase  
in referrals through  
point investment**

# PayPay Securities: Acquisition Unit Cost of Securities Accounts

[JPY]



**Significantly  
reduced**

by collaboration with PayPay

# Growth Strategy

## Further growth through group synergies

＝ SoftBank

### Financial Business

#### Cashless payments

 PayPay  PayPay カード

#### Payment processing service

＝ SB Payment Service

#### Smartphone securities

 PayPay 証券

Increase in service use  
Higher engagement

Send customers from customer base  
Increase in EC transaction volume

### Mobile



### Enterprise



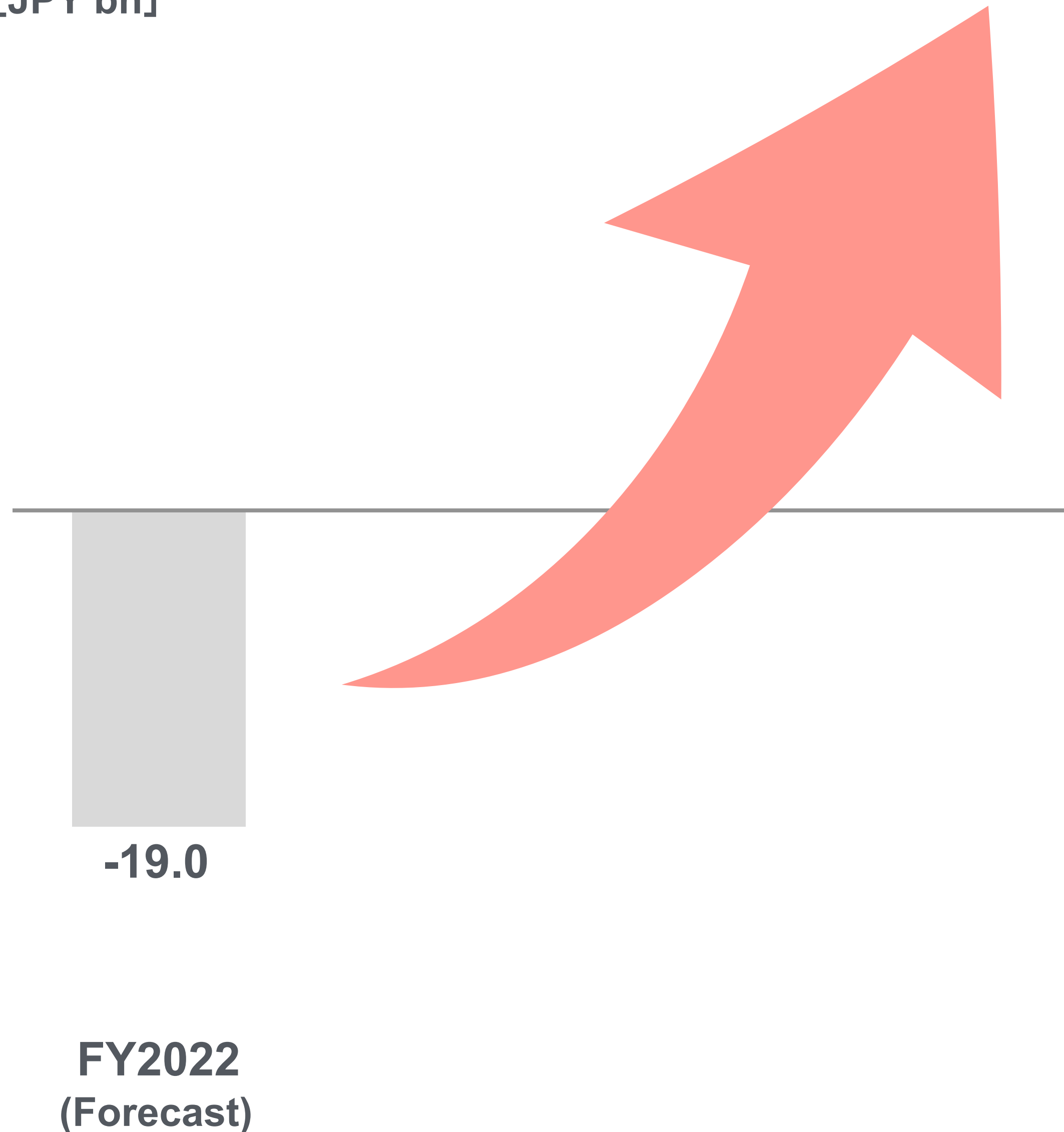
### Commerce





# Financial Business Operating Income

[JPY bn]



Aiming for financial business growth  
by leveraging group synergies

 PayPay     SB Payment Service

 PayPay カード     PayPay 証券





# Summary

**1**

**Upward revision of full-year forecasts**

(Operating income: JPY 1,050 bn, Net income: JPY 540 bn)

**2**

**Sound growth in mobile net additions**

**3**

**Integration of PayPay and PayPay Card for further business growth**

**4**

**Aiming for financial business growth by leveraging group synergies**





# Information Revolution — Happiness for Everyone

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