



Earnings Results for the Three Months Ended June 30, 2023

August 4, 2023
SoftBank Corp.

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TSE code: 9434

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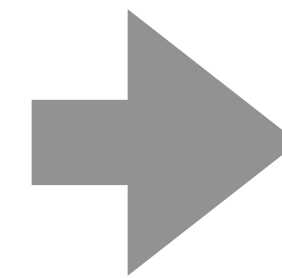
Consolidated Results

Q1 Fiscal Year 2023

Change of Segment Names

**Name of Yahoo! JAPAN/LINE changed
with the start of the mid-term management plan**
(No changes to the segment classification, scope, or measurement methods)

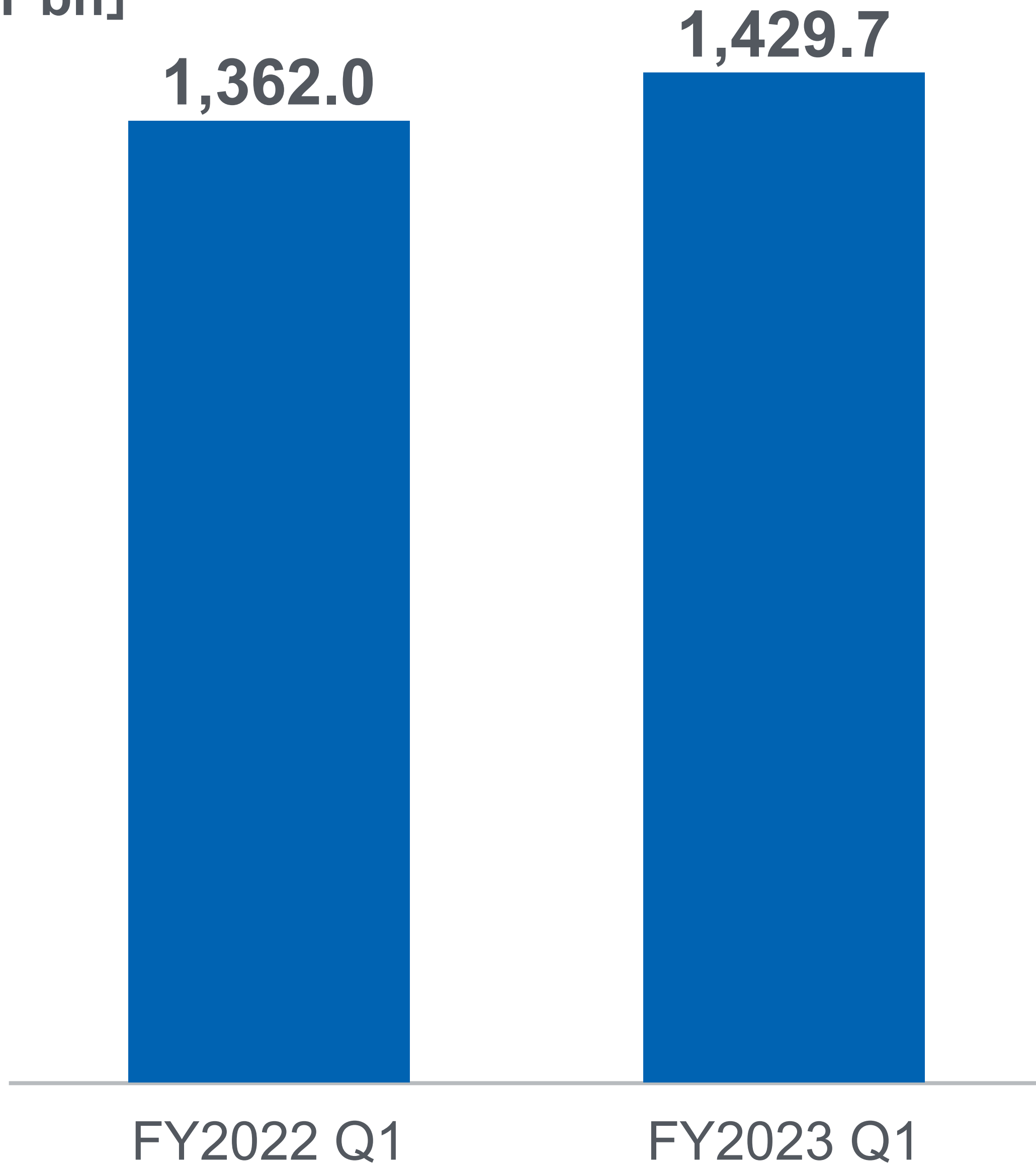
Previous segment name
Consumer
Enterprise
Distribution
Yahoo! JAPAN/LINE
Financial



New segment name
Consumer
Enterprise
Distribution
Media & EC
Financial

Revenue

[JPY bn]

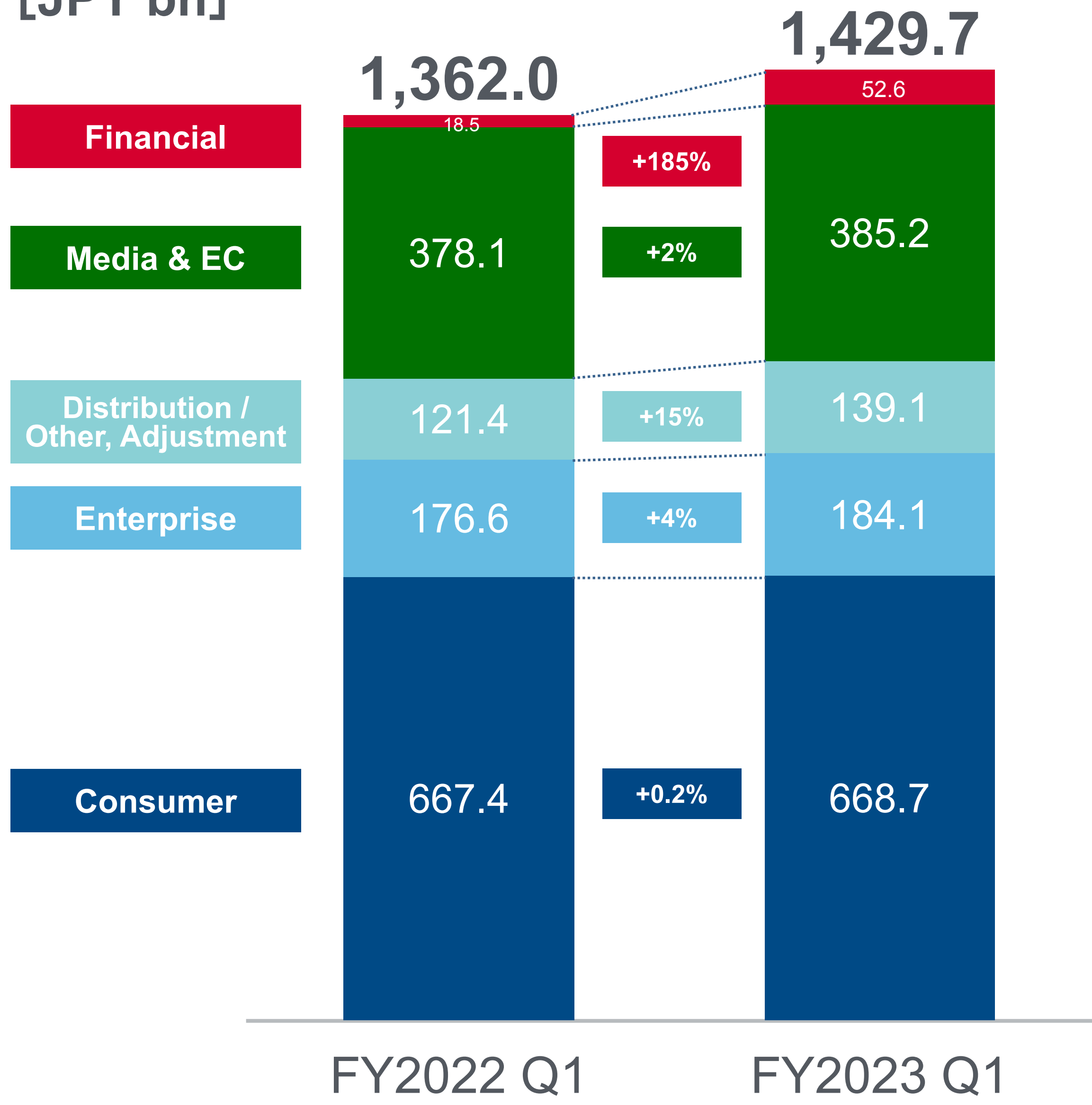


Up **5%**

(Notes) Unless otherwise stated, up or down refers to increase or decrease year on year, and figures are rounded to the nearest decimal place. Comparative period results (financial figures) have been restated due to the change in accounting policy for transactions under common control in FY22 Q3

Revenue by Segment

[JPY bn]

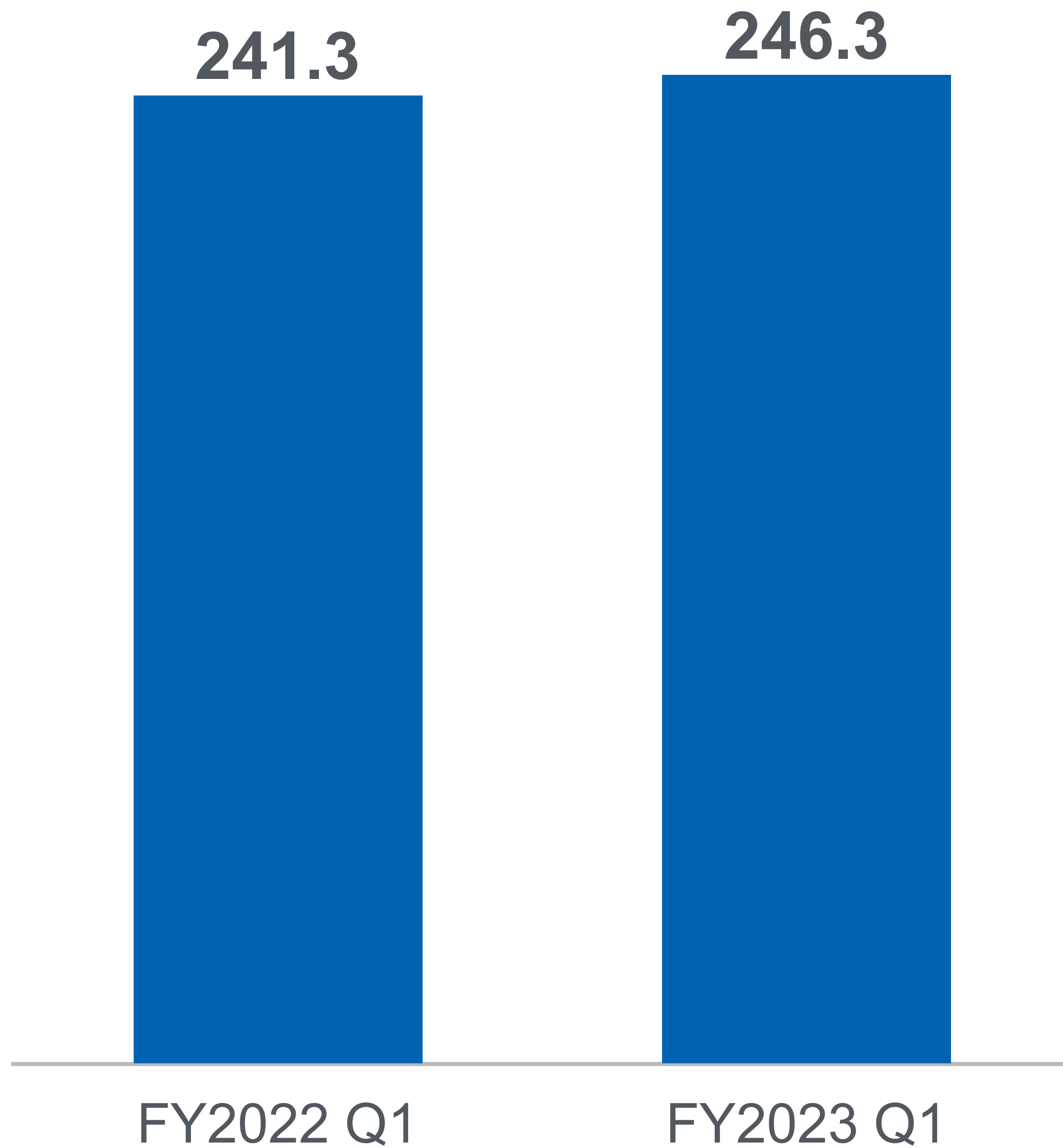


Revenue increased
in all segments

Operating Income

[JPY bn]

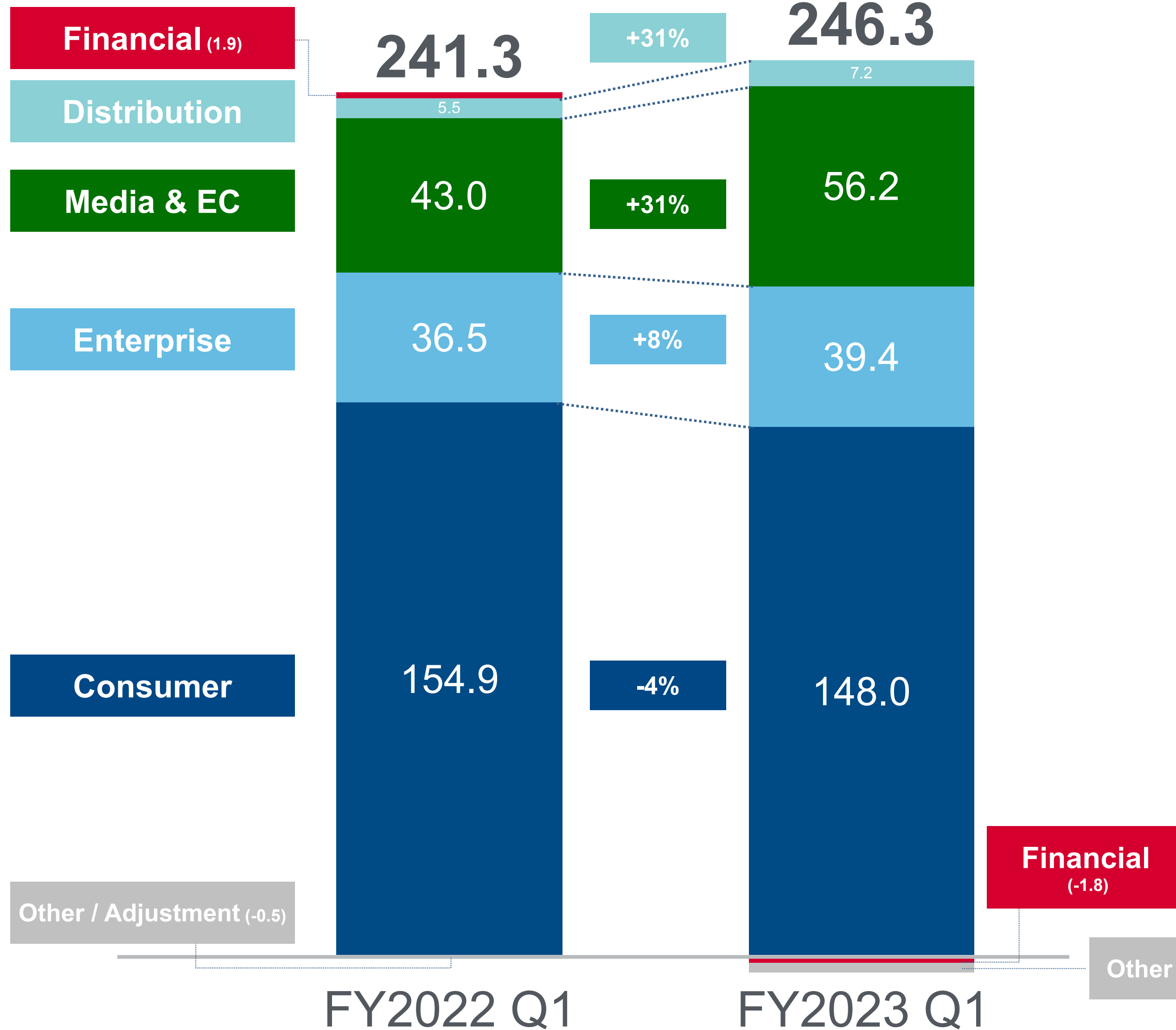
SoftBank



Up 2%

Operating Income by Segment

[JPY bn]



Enterprise, Media & EC, and Distribution
On track toward double-digit annual profit growth

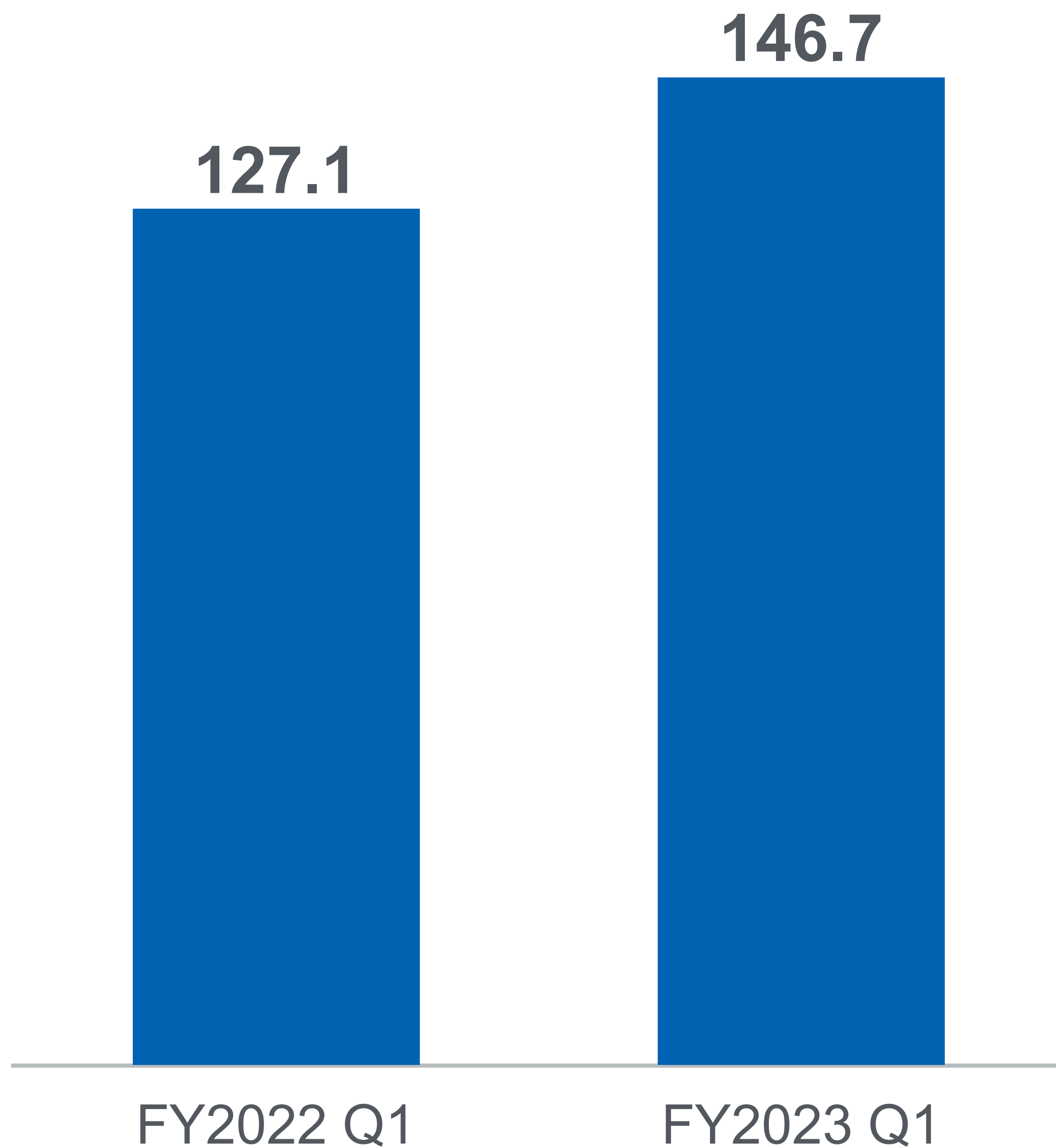
Financial business achieved an actual increase in profit*

Progress in line with annual plan for actual profit growth in all segments

*Assuming PayPay had been consolidated from FY22 Q1, operating income improved by JPY 3.4 bn from JPY -5.2 bn in FY22 Q1

Net Income

[JPY bn]



Up 15%

Consolidated Results

[JPY bn]

	FY2022 Q1	FY2023 Q1	YoY	YoY%
Revenue	1,362.0	1,429.7	+67.7	+5%
Operating Income	241.3	246.3	+5.0	+2%
Net Income	127.1	146.7	+19.6	+15%

FY2023 Full-year Forecast Progress

[JPY bn]

	FY2023 Q1 Actual	FY2023 Full-year Forecast	Progress
Revenue	1,429.7	6,000	24%
Operating Income	246.3	780	32%
Net Income	146.7	420	35%

FY2023 Full-year Operating Income Forecast Progress by Segment

SoftBank

[JPY bn]

	FY2023 Q1 Actual	FY2023 Full-year Forecast	Progress
Consumer	148.0	470.0	31%
Enterprise	39.4	152.5	26%
Distribution	7.2	26.7	27%
Media & EC	56.2	176.0	32%
Financial	-1.8	-20.0	-
Other	-2.8	-25.2	-
Total	246.3	780.0	32%

Mid-term Management Plan (-FY2025)

**Record-high
Net Income in
FY2025**
(JPY 535.0 bn)

**Operating Income
to recover to
FY2021 level**
(FY2025)

**Generate
stable
Adjusted FCF**

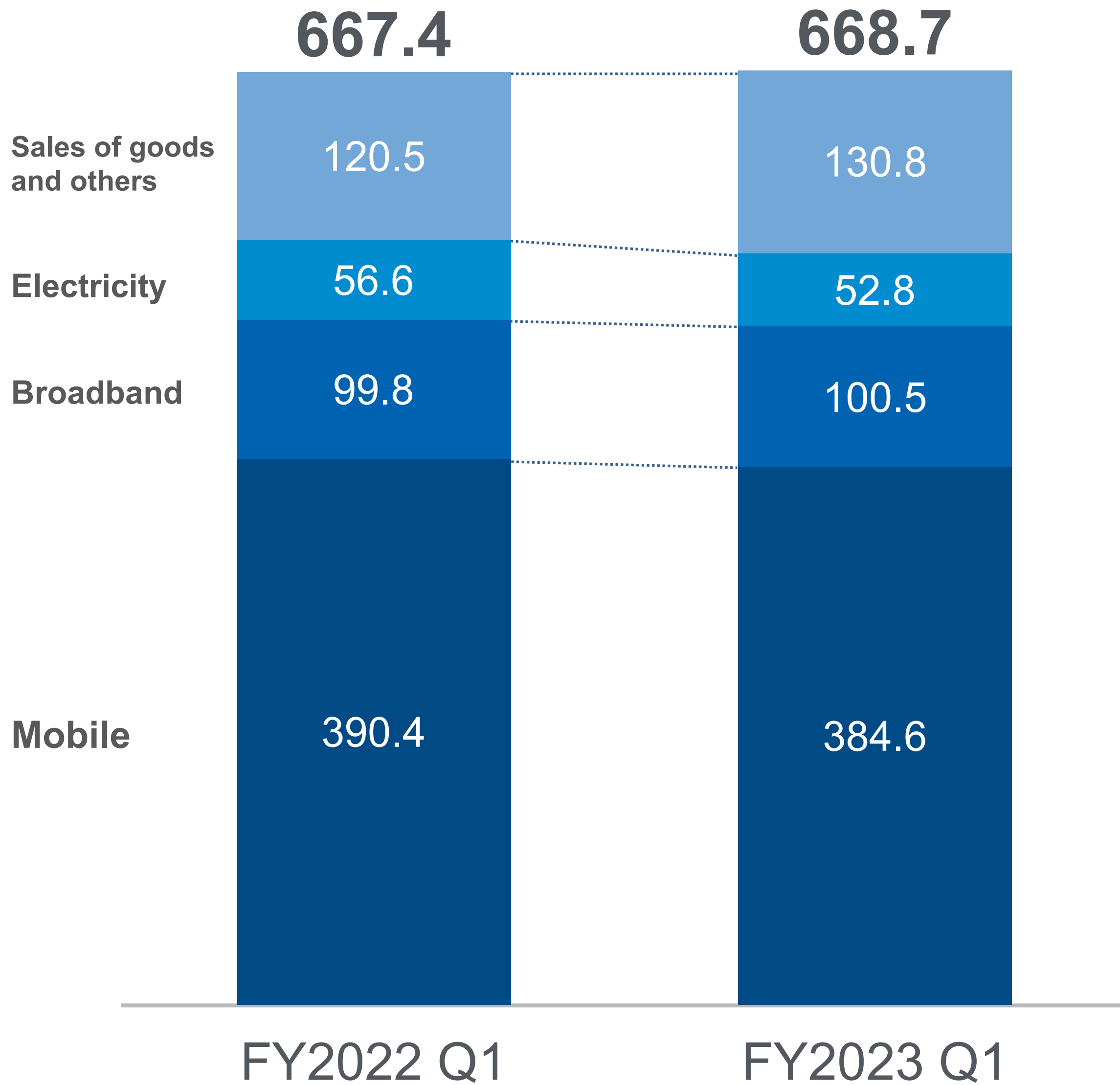
Steady progress toward three goals

Consumer Business



Consumer: Revenue

[JPY bn]

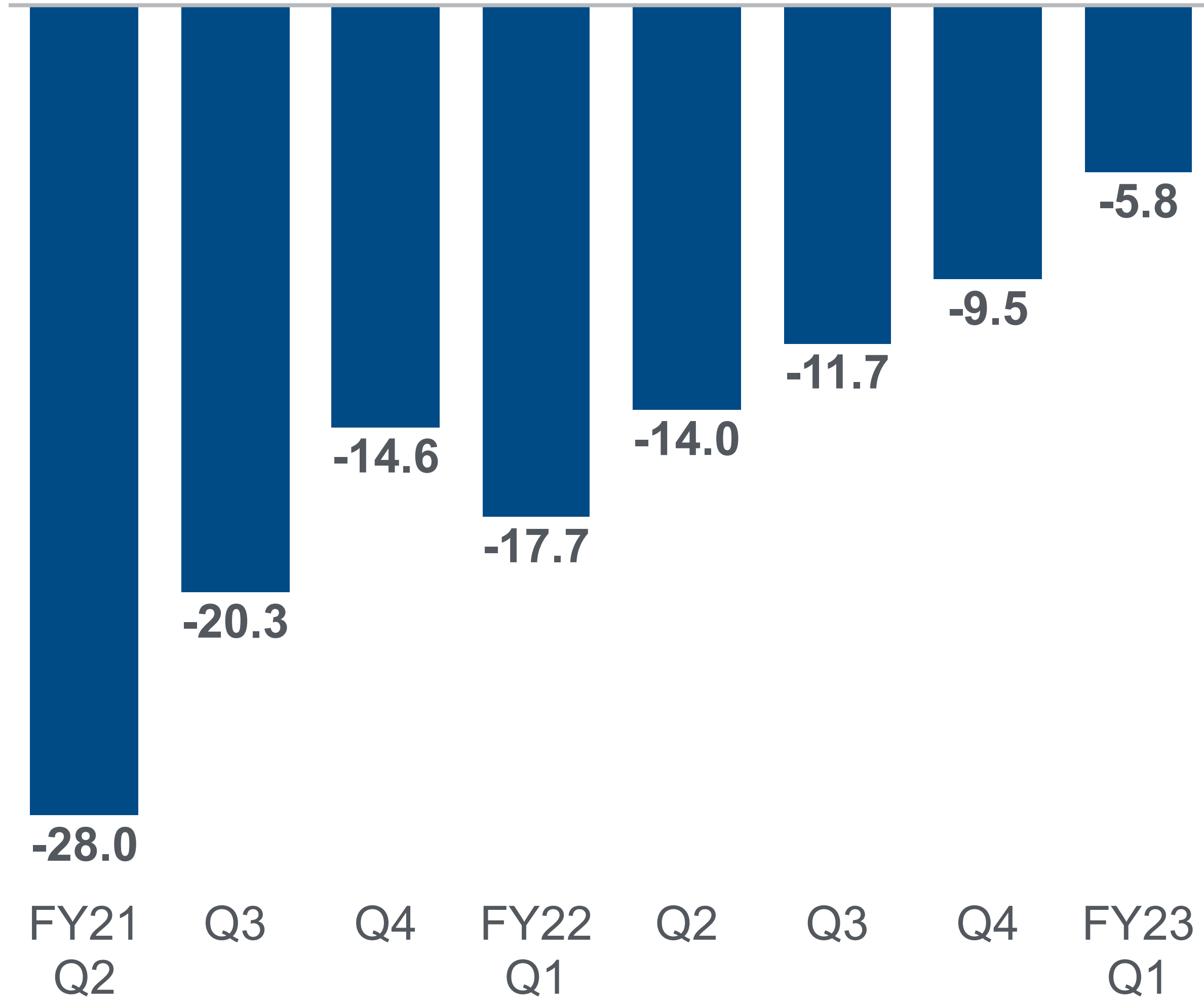


Up **0.2%**

YoY Decrease in Mobile Revenue

*Actual figures excluding impact from customer acquisition measures and one-time factors

[JPY bn]



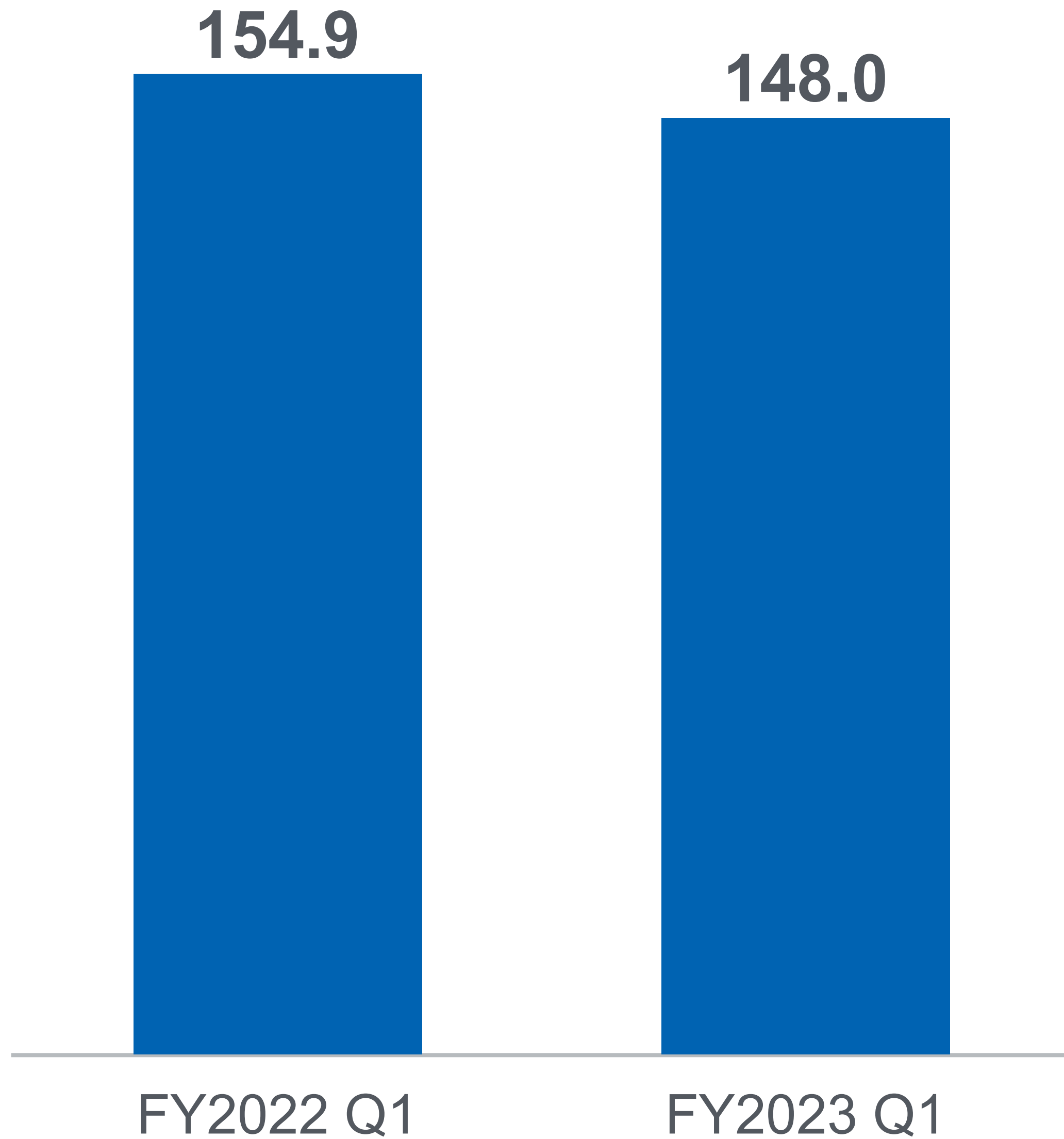
Narrowing trend

(Note) Actual figures excluding impact from customer acquisition measures and one-time impact from introduction of Data Carry-over and free basic charge for one-month in FY21 15

Consumer: Operating Income

[JPY bn]

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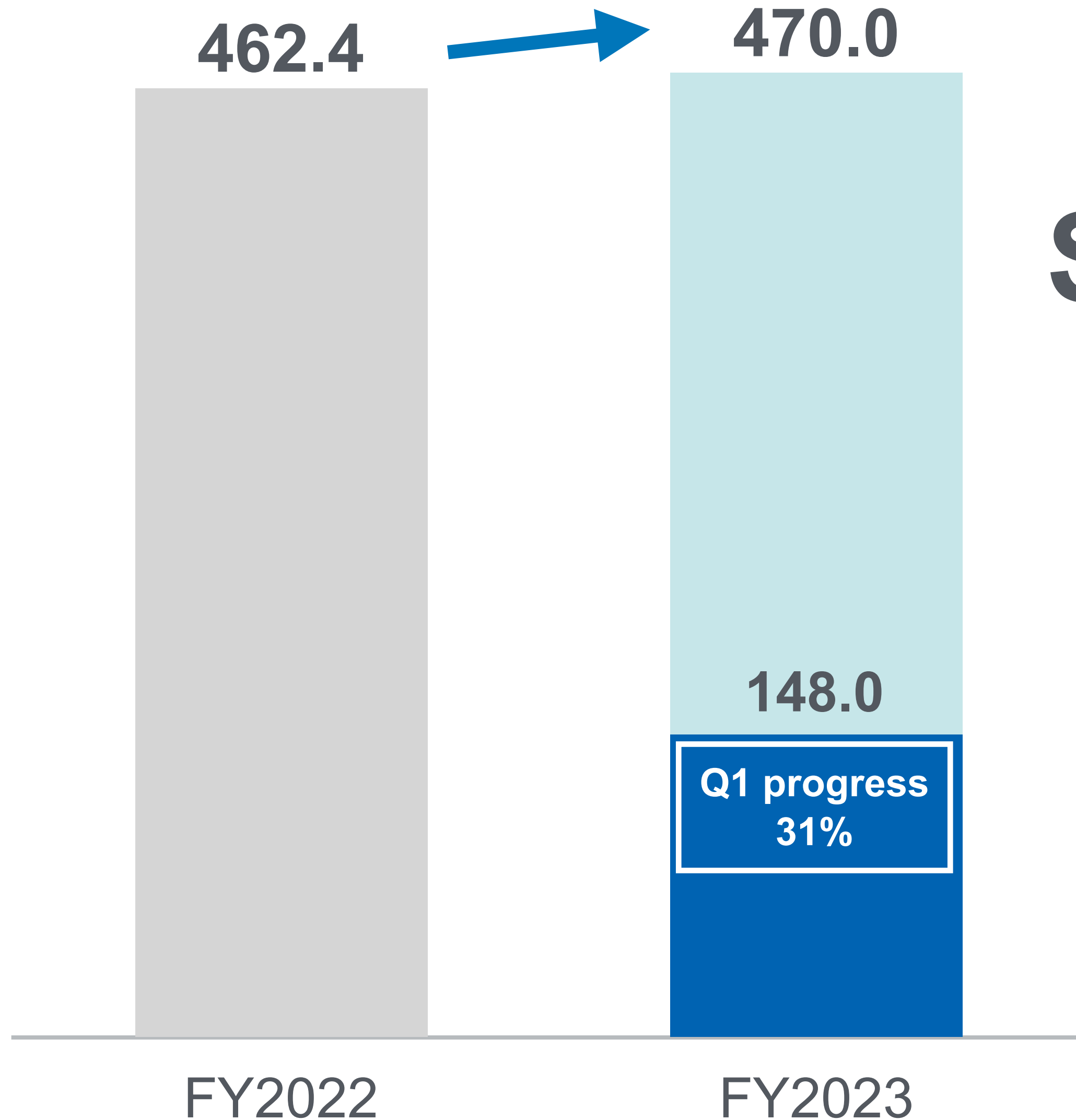


Down 4%

Consumer: Full-year Operating Income Progress

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[JPY bn]

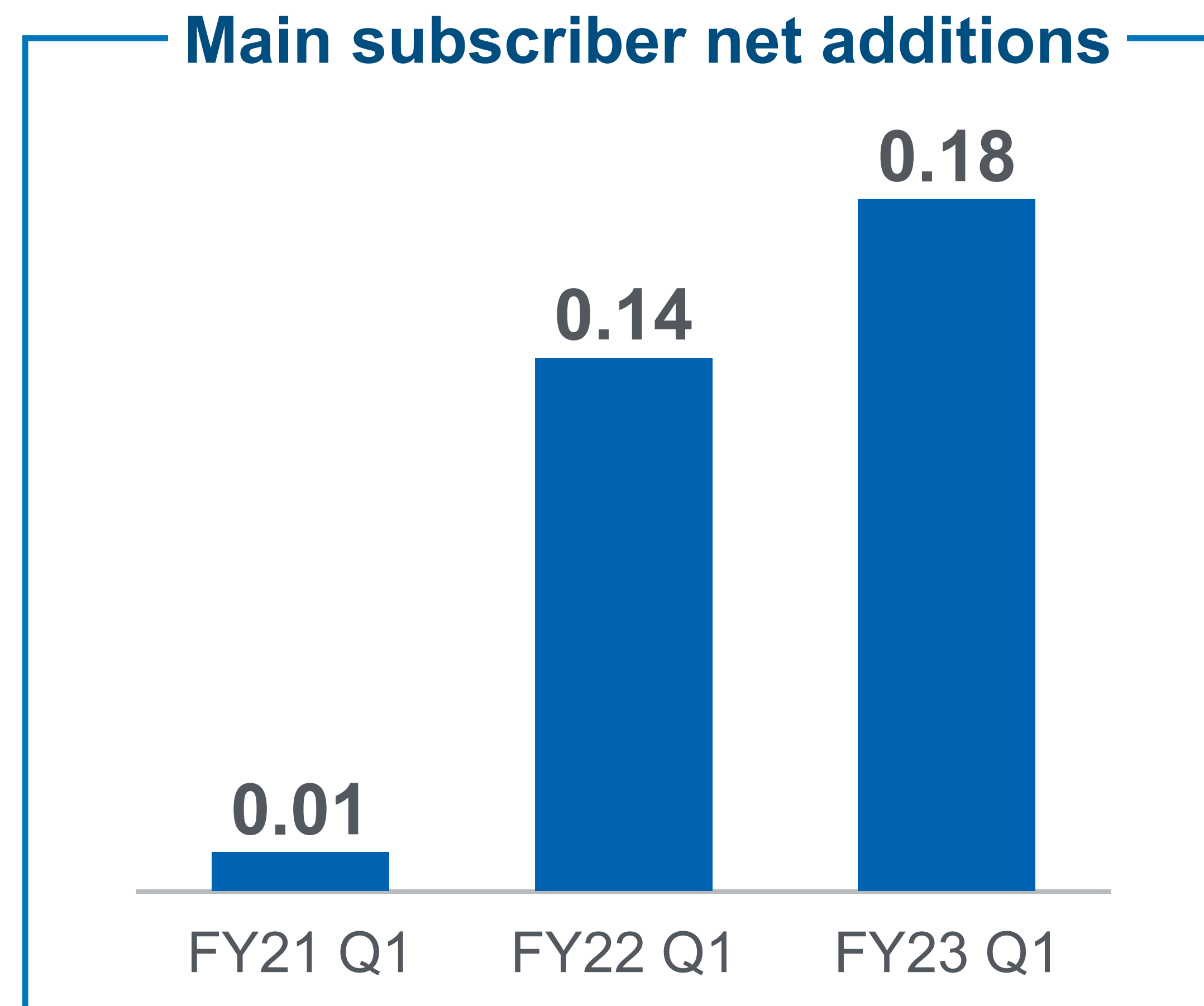
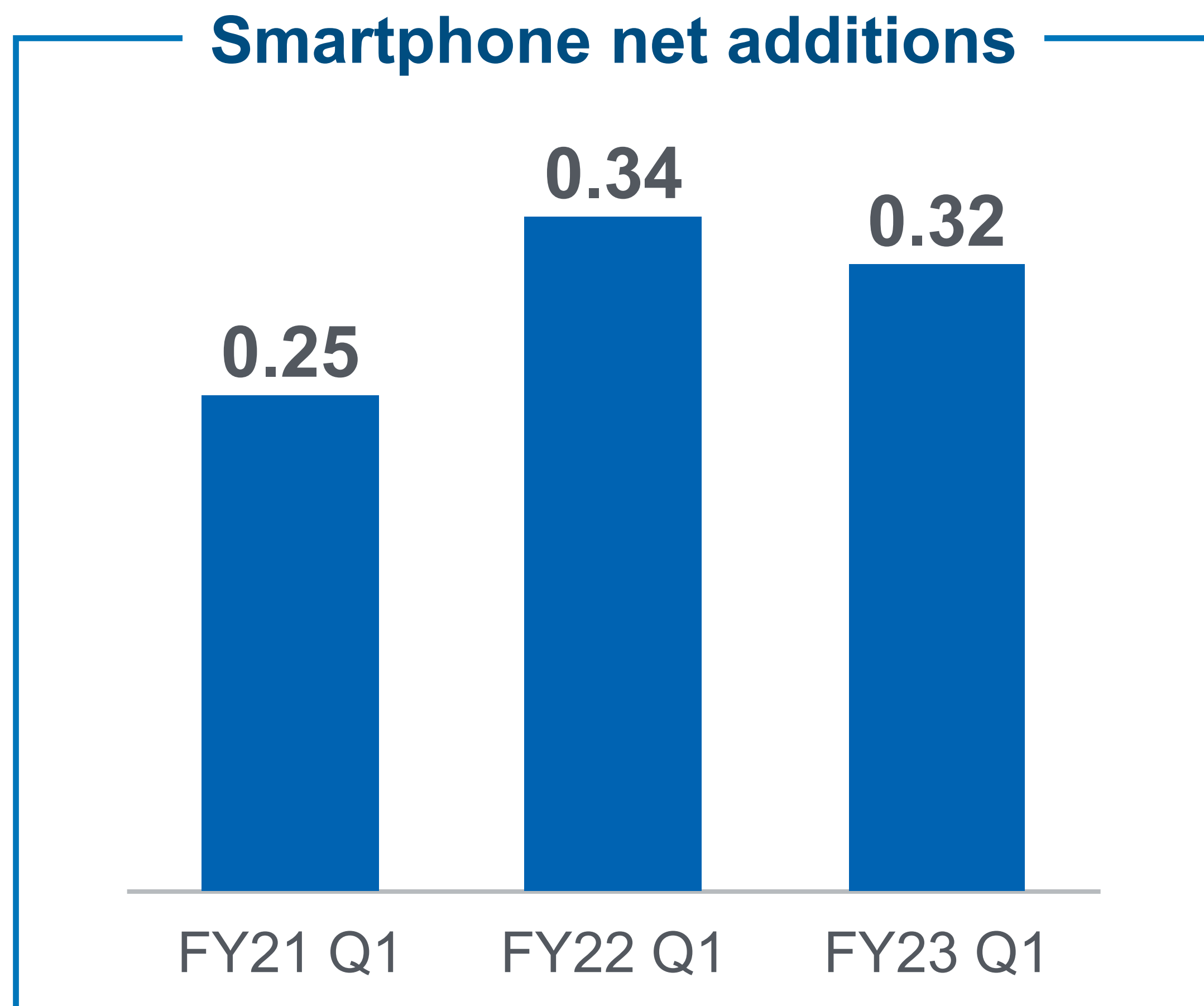


Steady progress toward full-year growth

Mobile Subscriber Net Additions

[Mil]

Continued strong performance since previous year

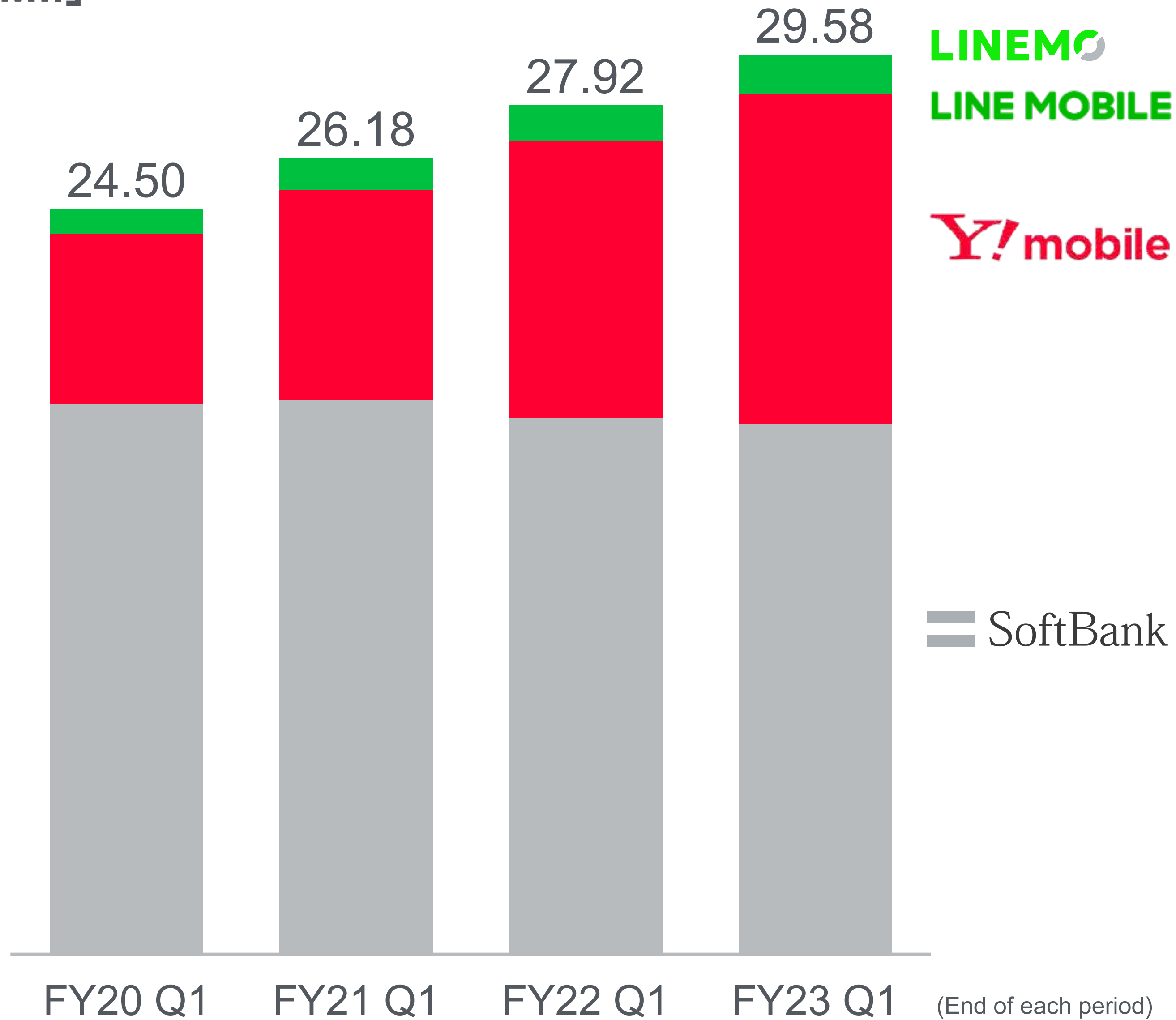


(Notes) Net additions = no. of subs at the end of the relevant quarter – no. of subs at the end of the previous quarter
Main subscribers: total of smartphones, feature phones, tablets, mobile data communications devices, Wireless Home Phone, and others. Includes enterprise subscribers

Smartphone Cumulative Subscribers

SoftBank

[Mil]



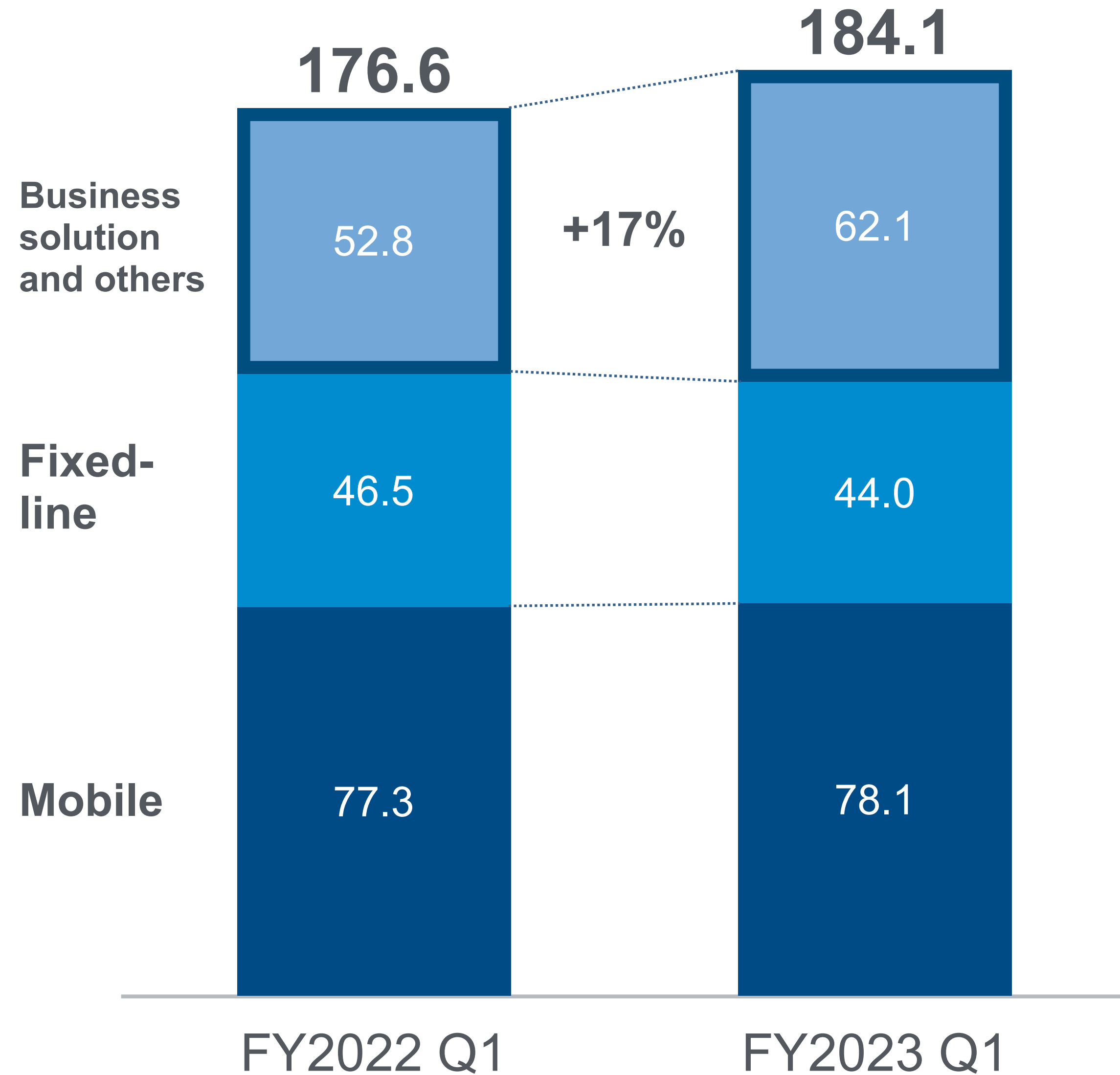
Up 6%

Enterprise Business



Enterprise: Revenue

[JPY bn]

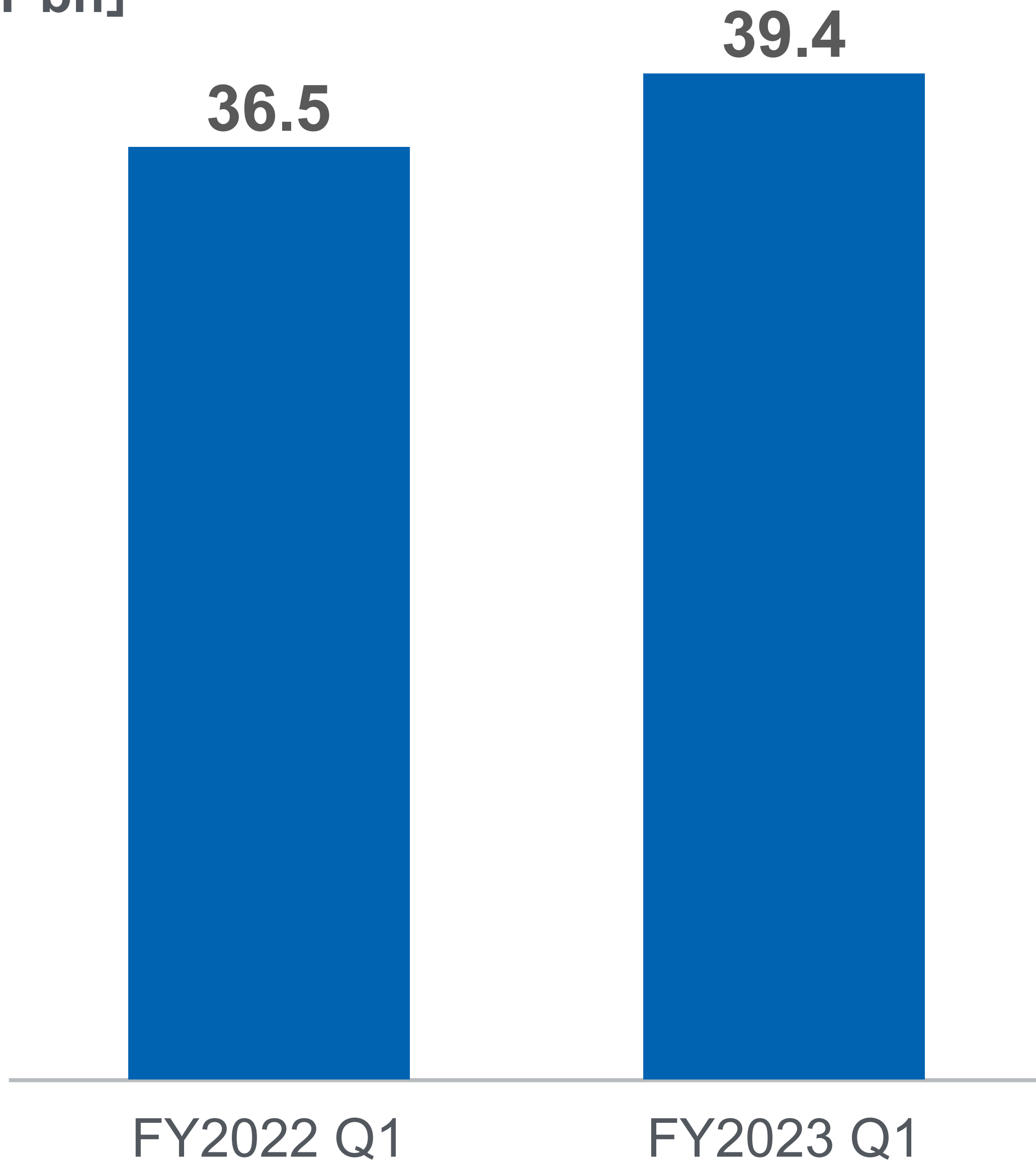


Up 4%
**Steady growth in
business solution
and others**

Enterprise: Operating Income

SoftBank

[JPY bn]

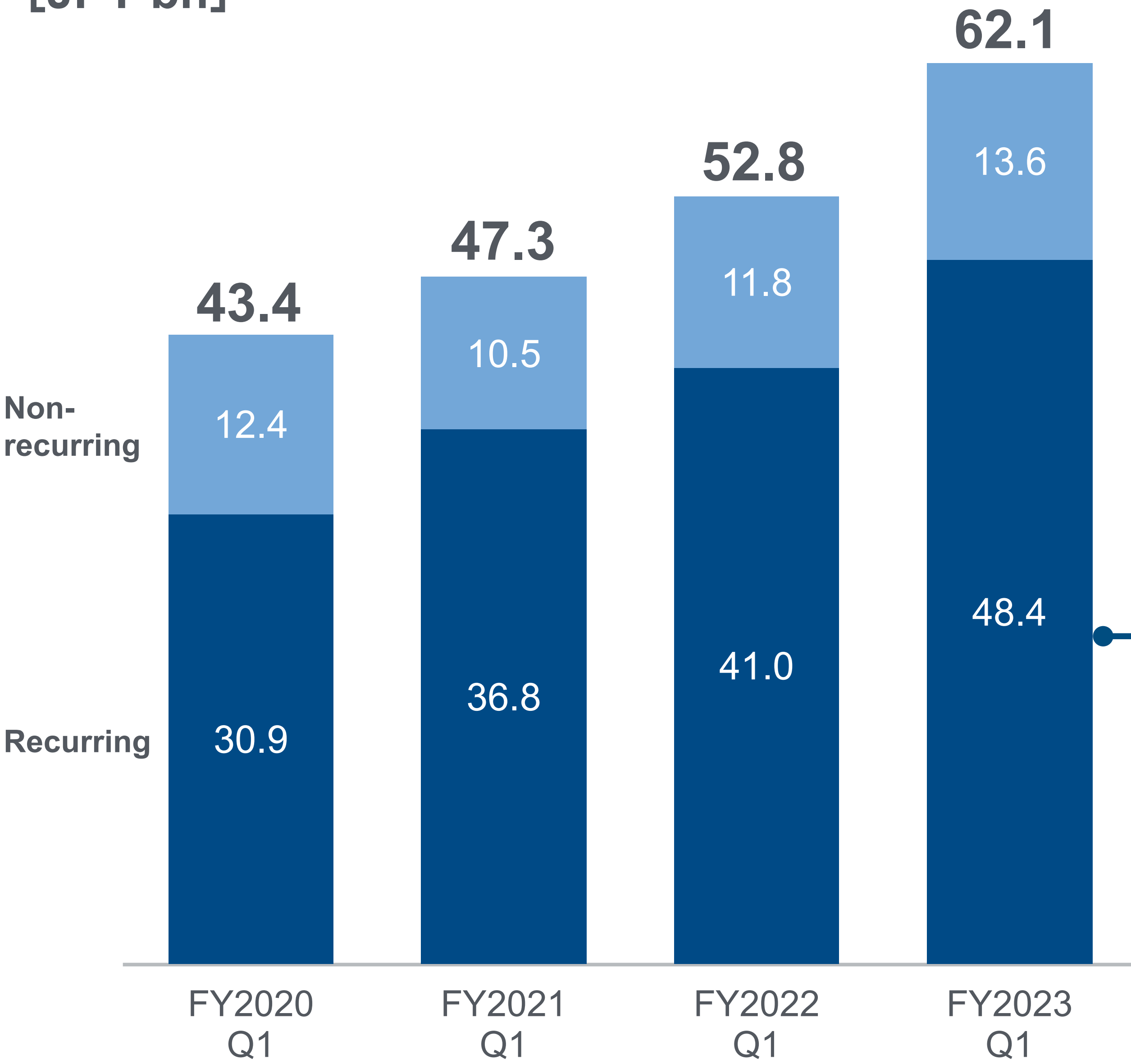


Up 8%

Enterprise: Business Solution and Others Revenue

[JPY bn]

**Recurring revenue
Up 18%**

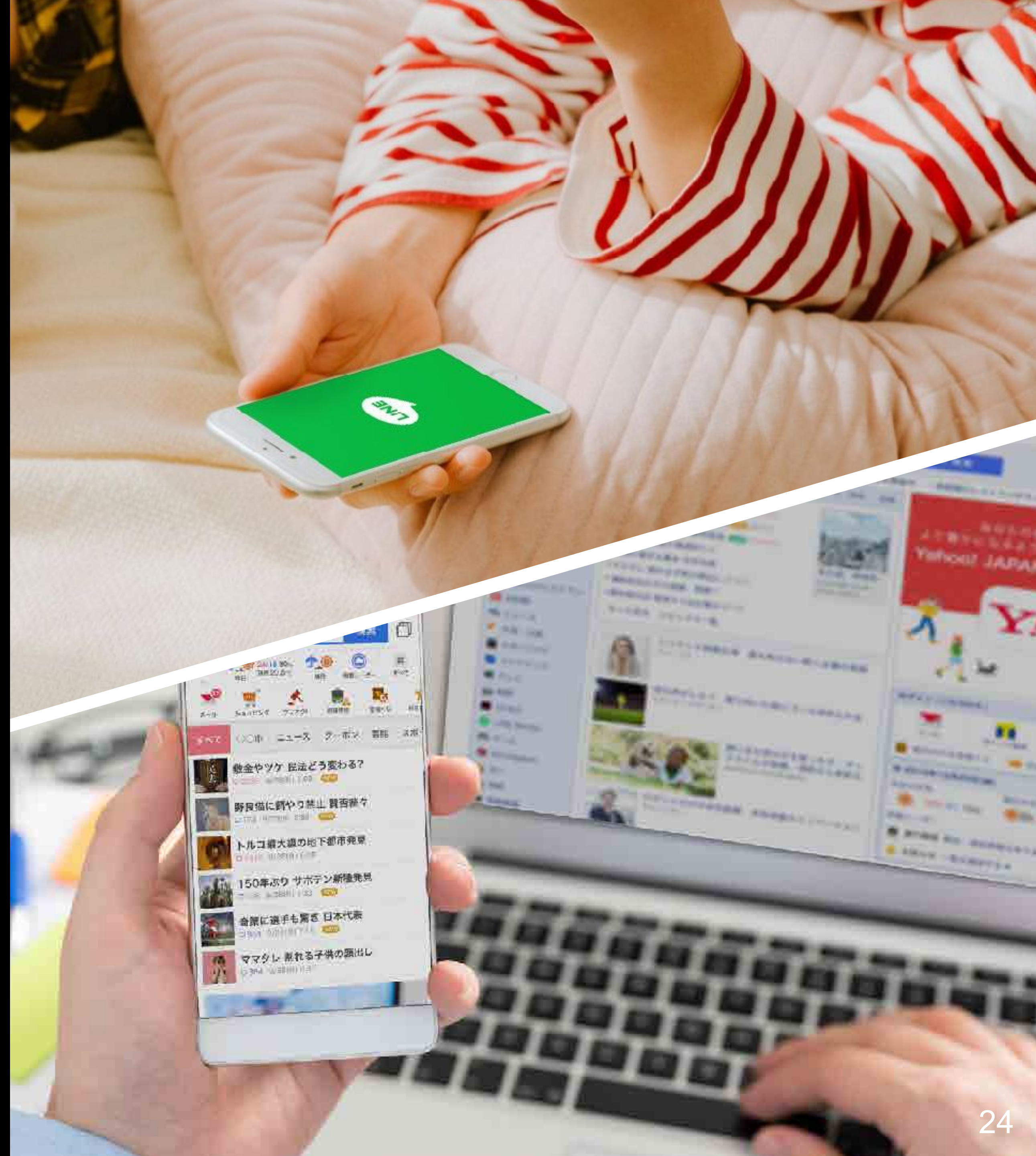


- Cloud
- Security
- IoT
- Data center
- Digital marketing
- Generative AI

(Note) Recurring revenue in cloud, security and IoT, etc., and revenue from data centers and digital marketing, etc.

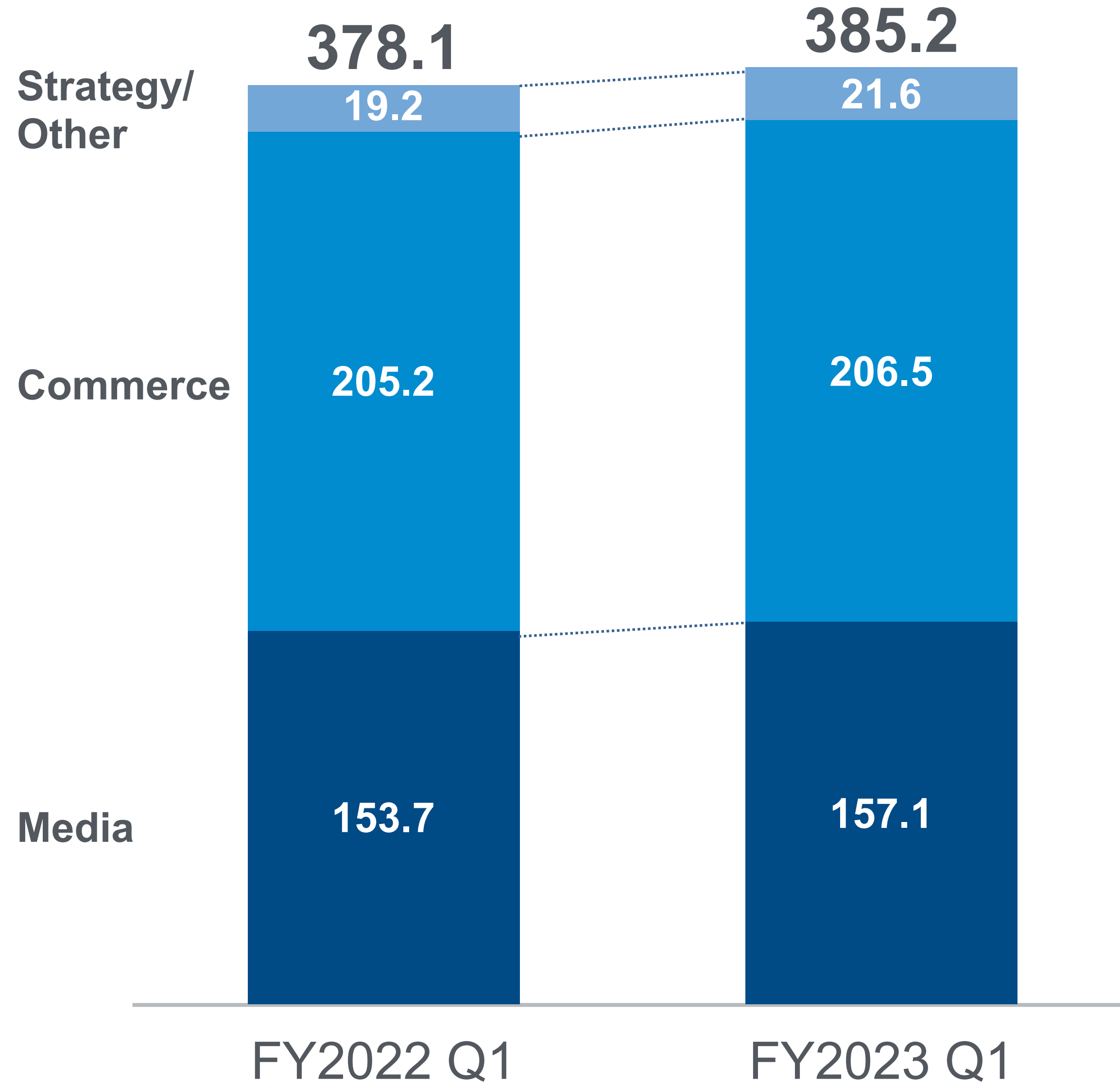
Media & EC Business

LINE **YAHOO!**
JAPAN



Media & EC: Revenue

[JPY bn]

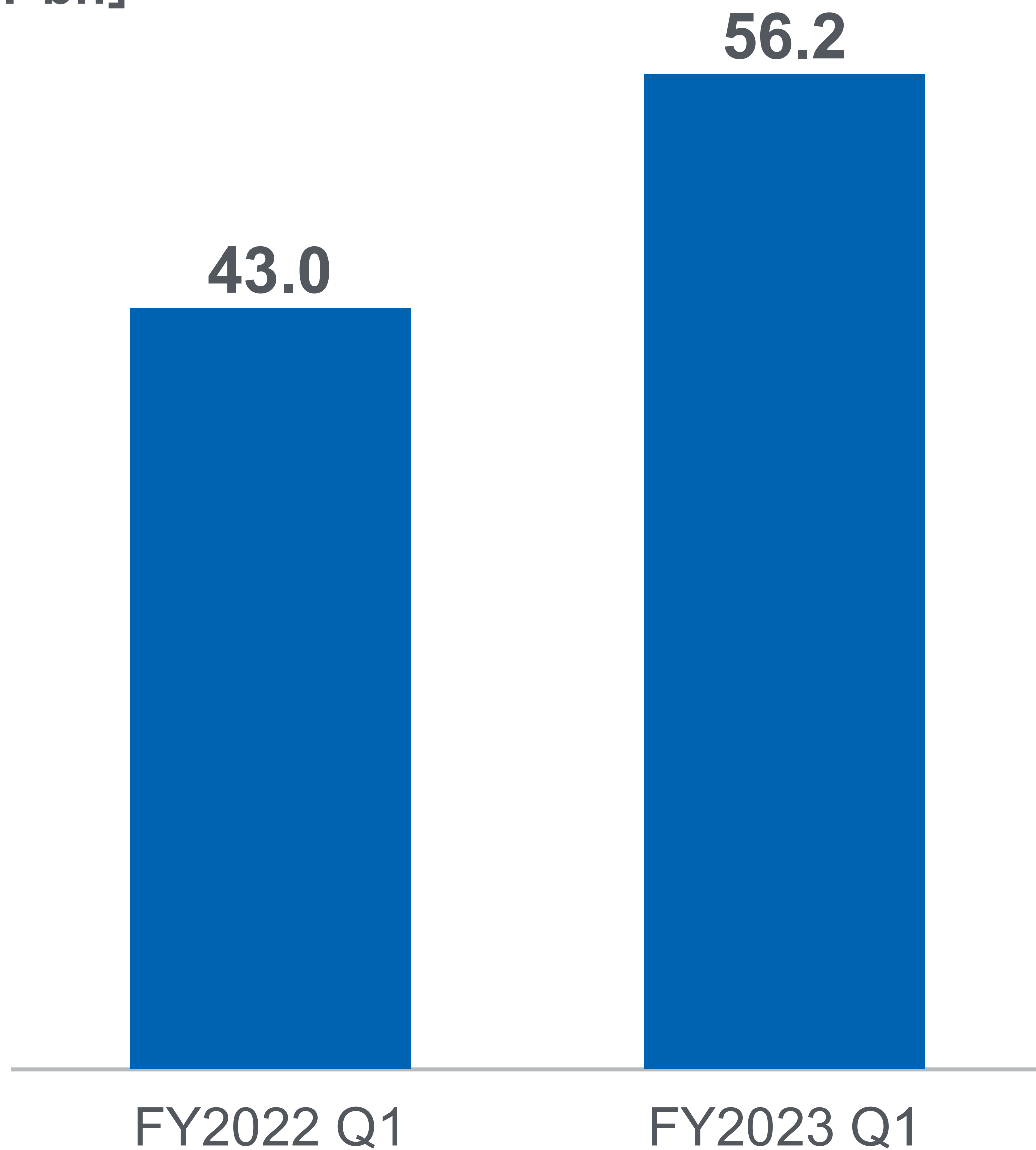


Up **2%**

(Notes) From FY22 Q3, "Financial" was newly established as a reportable segment due to the consolidation of PayPay Corporation. At the same time, the Group has reviewed the company composition of each segment, and retroactively revised the figures of "Media & EC" for FY22 Q1. FY23 Q1, the Z Holdings Group revised its management categories and reclassified the categories of certain services. Accordingly, the breakdown of Media and Other in the Media & EC segment revenue for FY22 Q1 has been restated to reflect these changes.

Media & EC: Operating Income

[JPY bn]



Up **31%**

(Note) From FY22 Q3, "Financial" was newly established as a reportable segment due to the consolidation of PayPay Corporation. At the same time, the Group has reviewed the company composition of each segment, and retroactively revised the figures of "Media & EC" for FY22 Q1

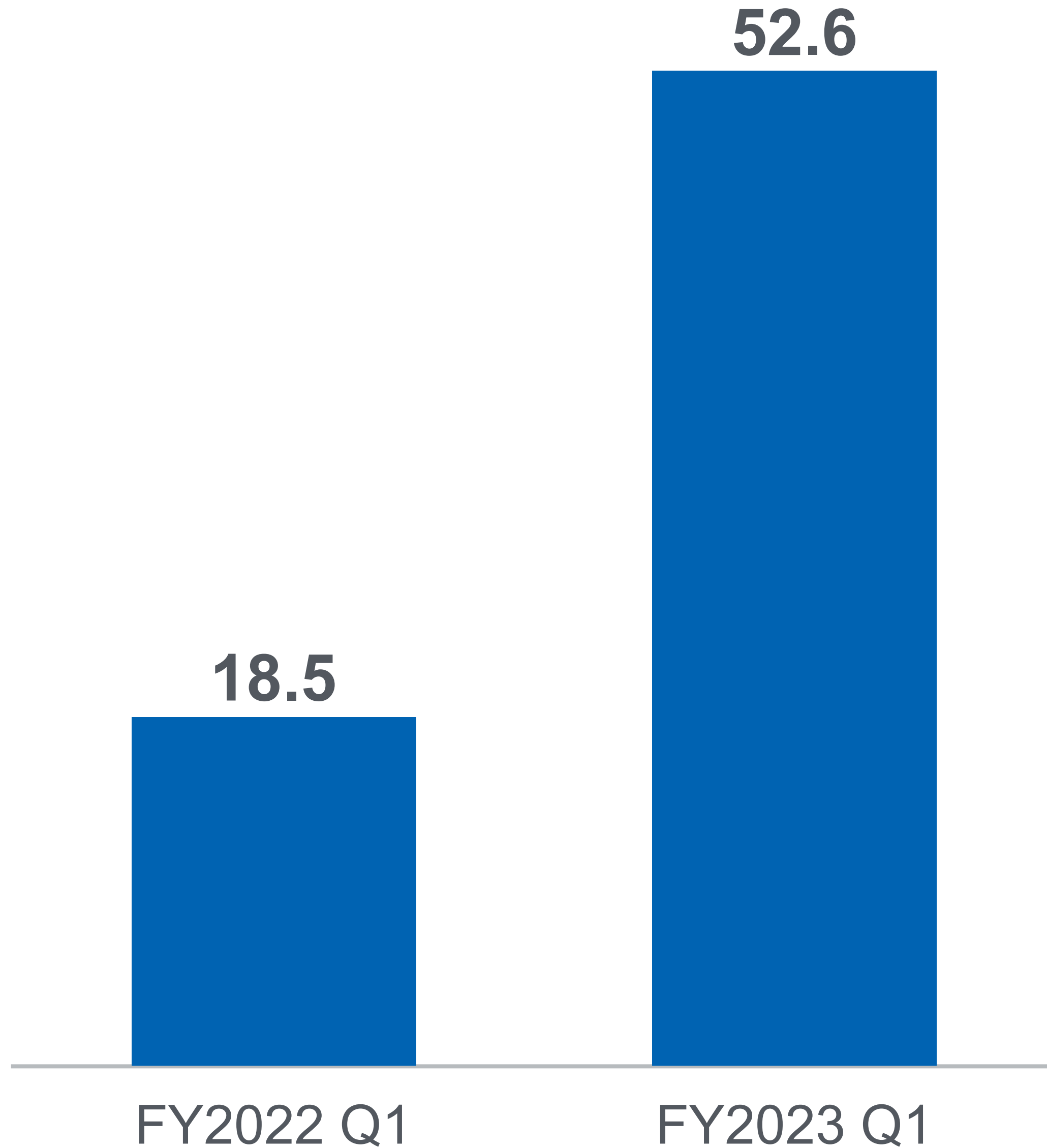
Financial Business

SB Payment Service



Financial Business: Revenue

[JPY bn]

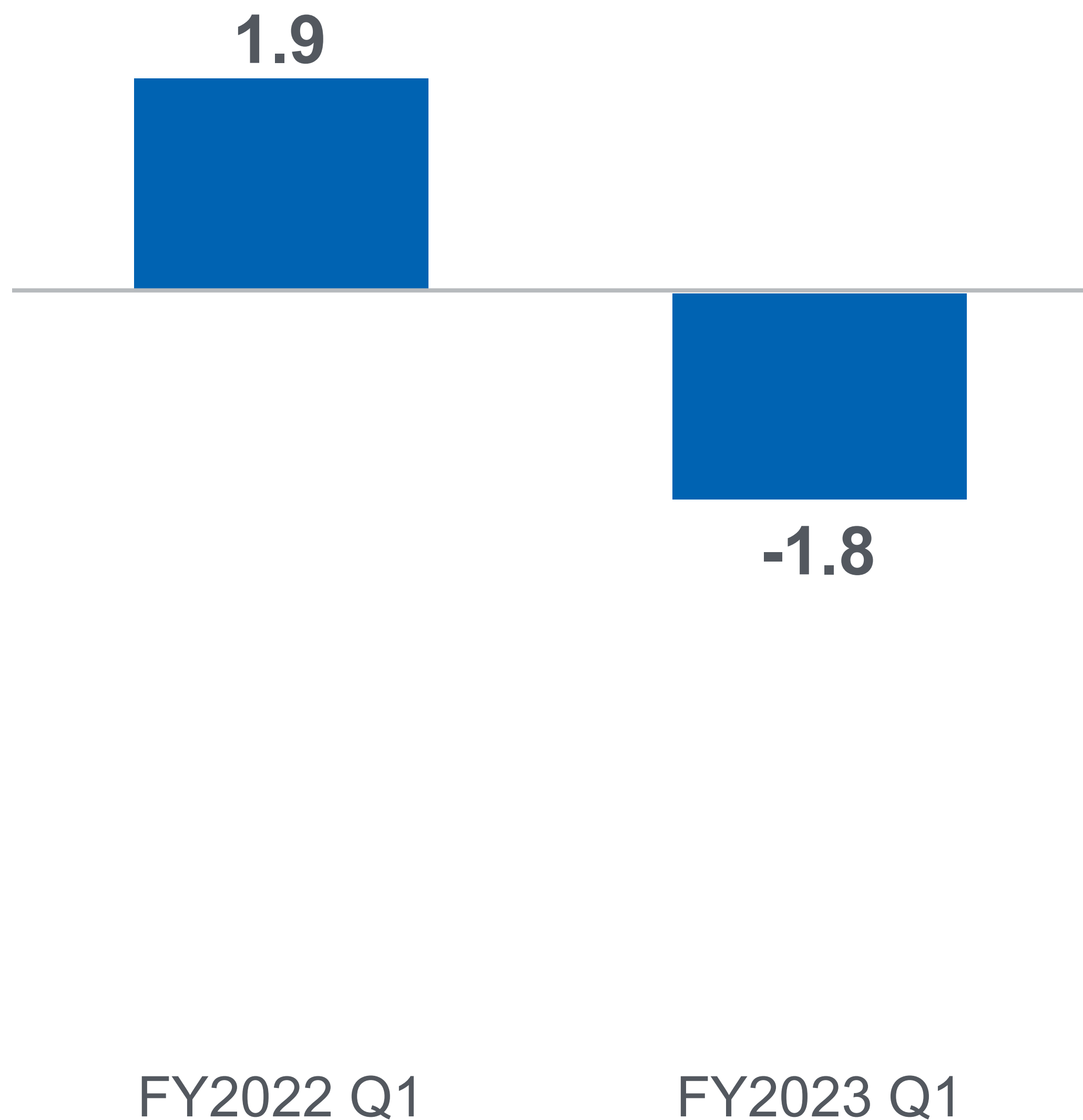


2.8x

mainly due to the consolidation of
PayPay Corporation

Financial Business: Operating Income

[JPY bn]

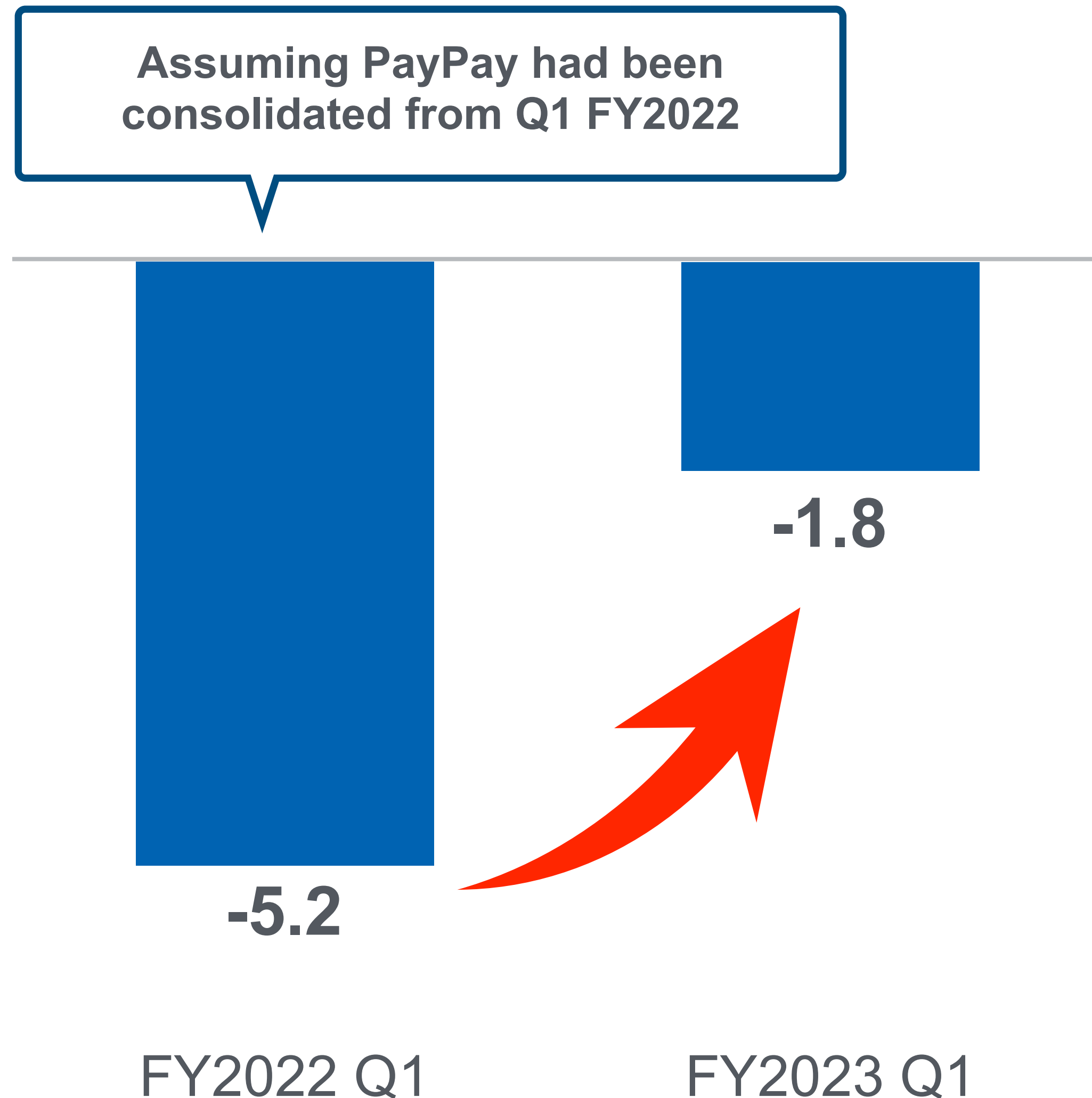


Decreased

after consolidation of PayPay Corporation
in Q3 FY2022

Financial Business: Operating Income

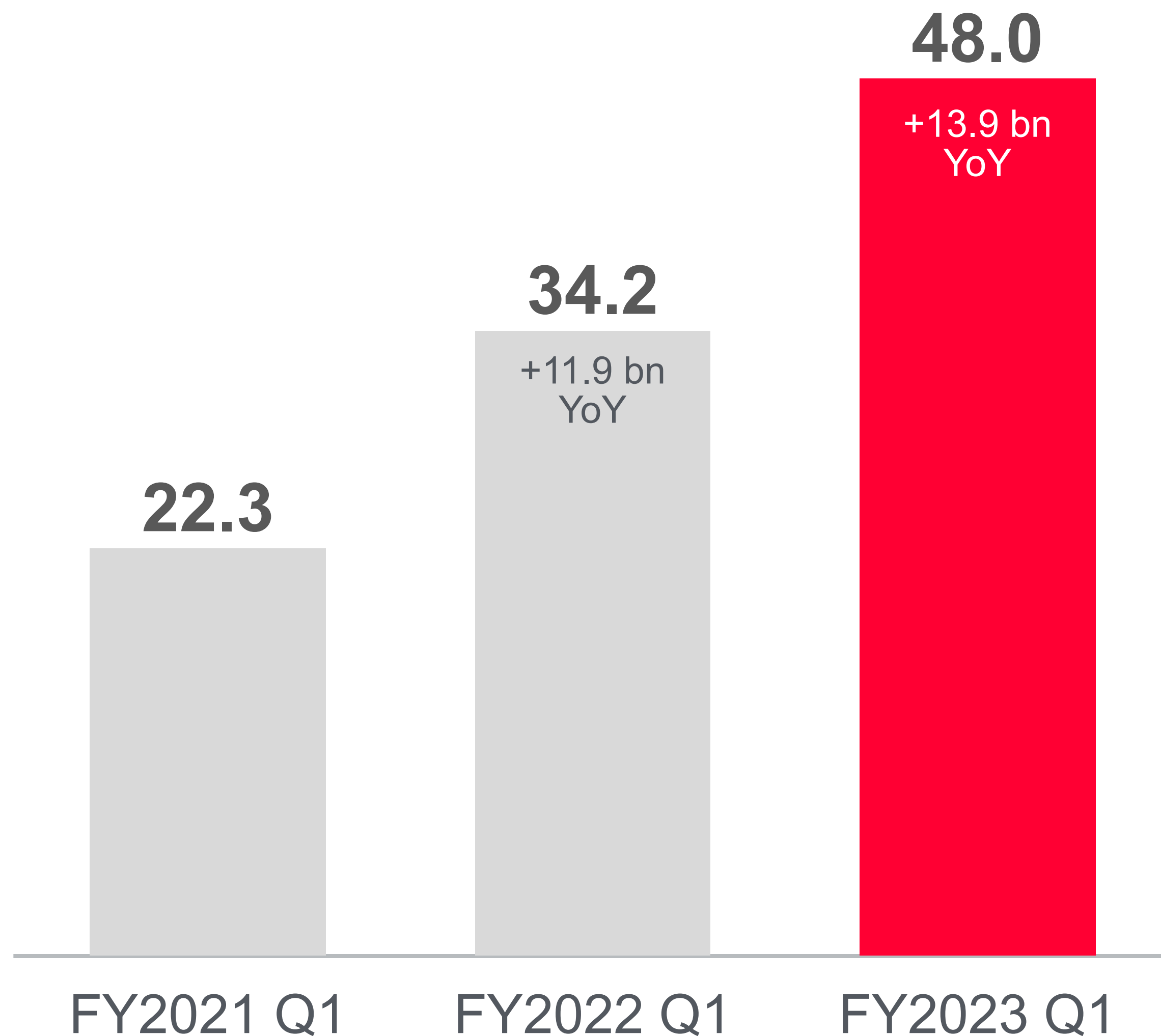
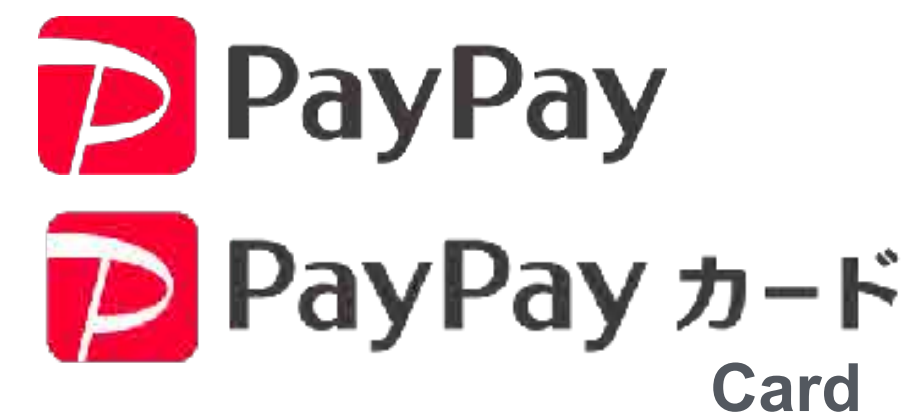
[JPY bn]



**Actual performance
improved
significantly**

PayPay Consolidated Revenue

[JPY bn]

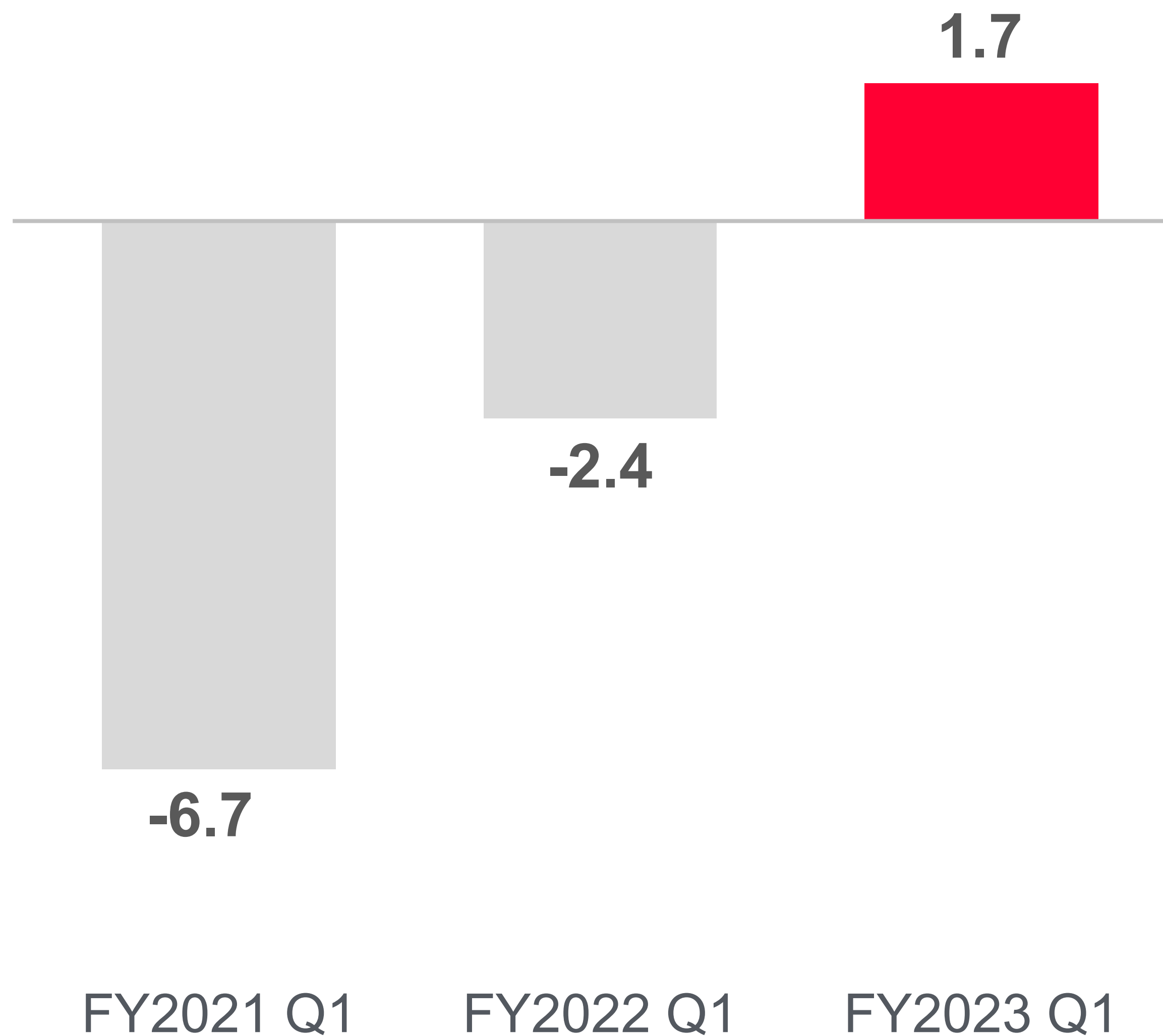
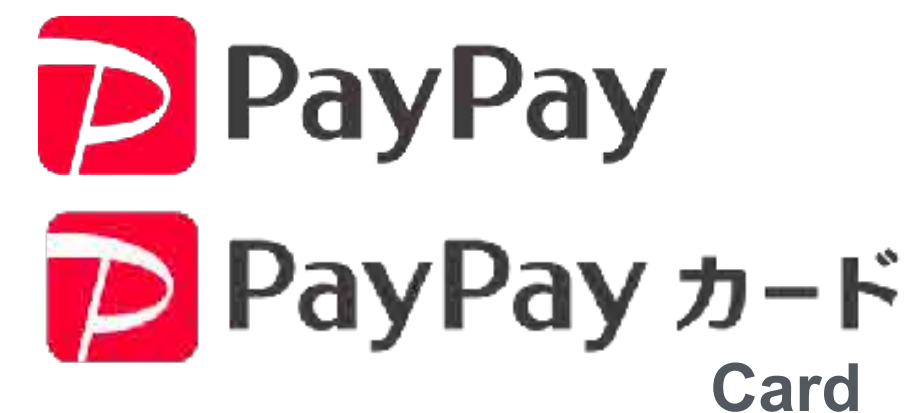


Revenue (Q1)
48.0bn
Up 41% YoY

(Source) PayPay Corporation
(Notes) Consolidated the financial statements of PayPay Card Corporation from the beginning of FY21 year by applying the pooling-of-interests method.
Consolidated PayPay revenue (including 12 months of revenue for each fiscal year), IFRS. Non-audited

PayPay Consolidated EBITDA

[JPY bn]

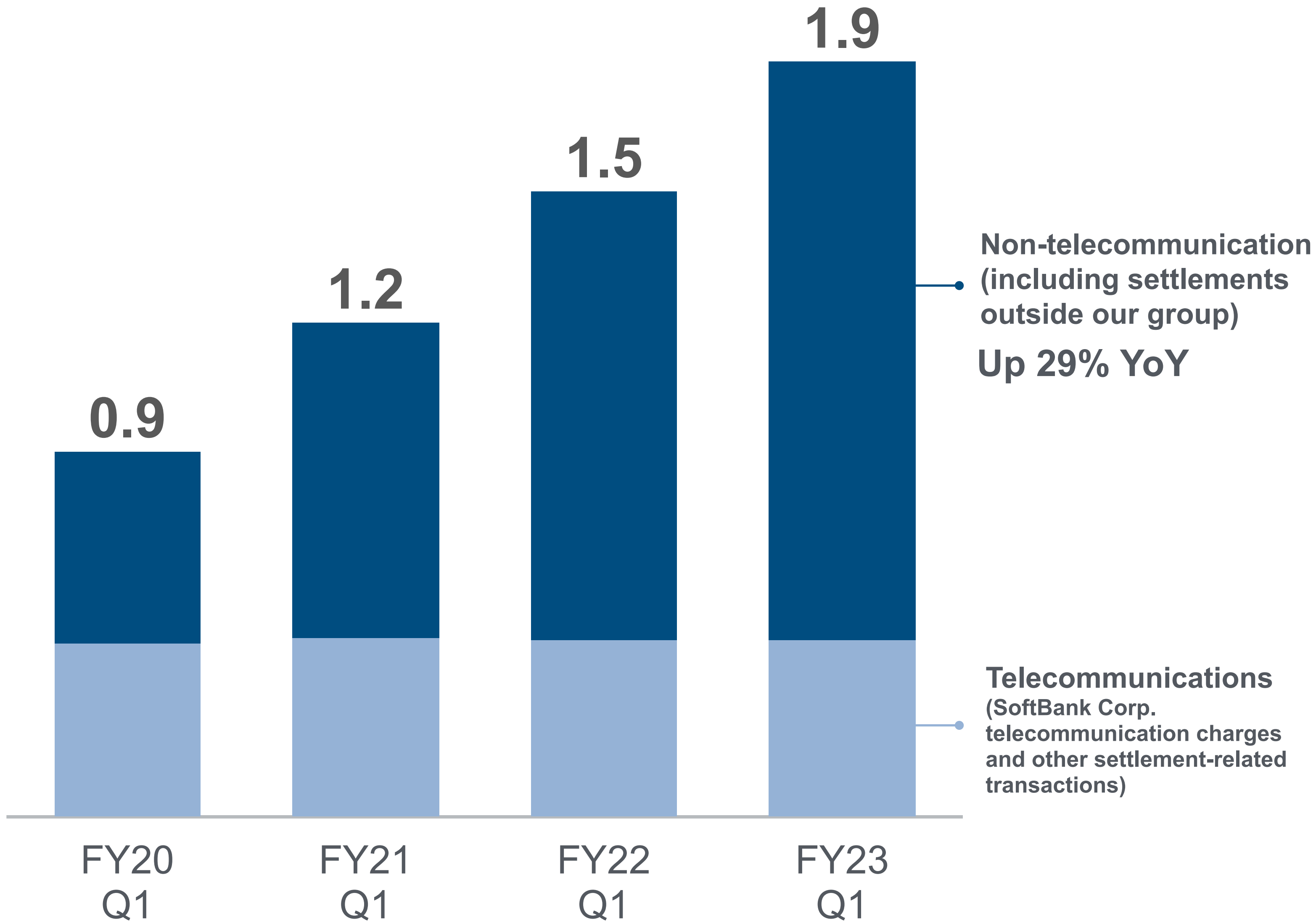


First profitable quarter

(Source) PayPay Corporation
(Notes) Consolidated the financial statements of PayPay Card Corporation from the beginning of FY21 year by applying the pooling-of-interests method.
PayPay consolidated basis, EBITDA of operating income plus depreciation (including 12 months for each fiscal year), IFRS, non-audited

SB Payment Service : GMV

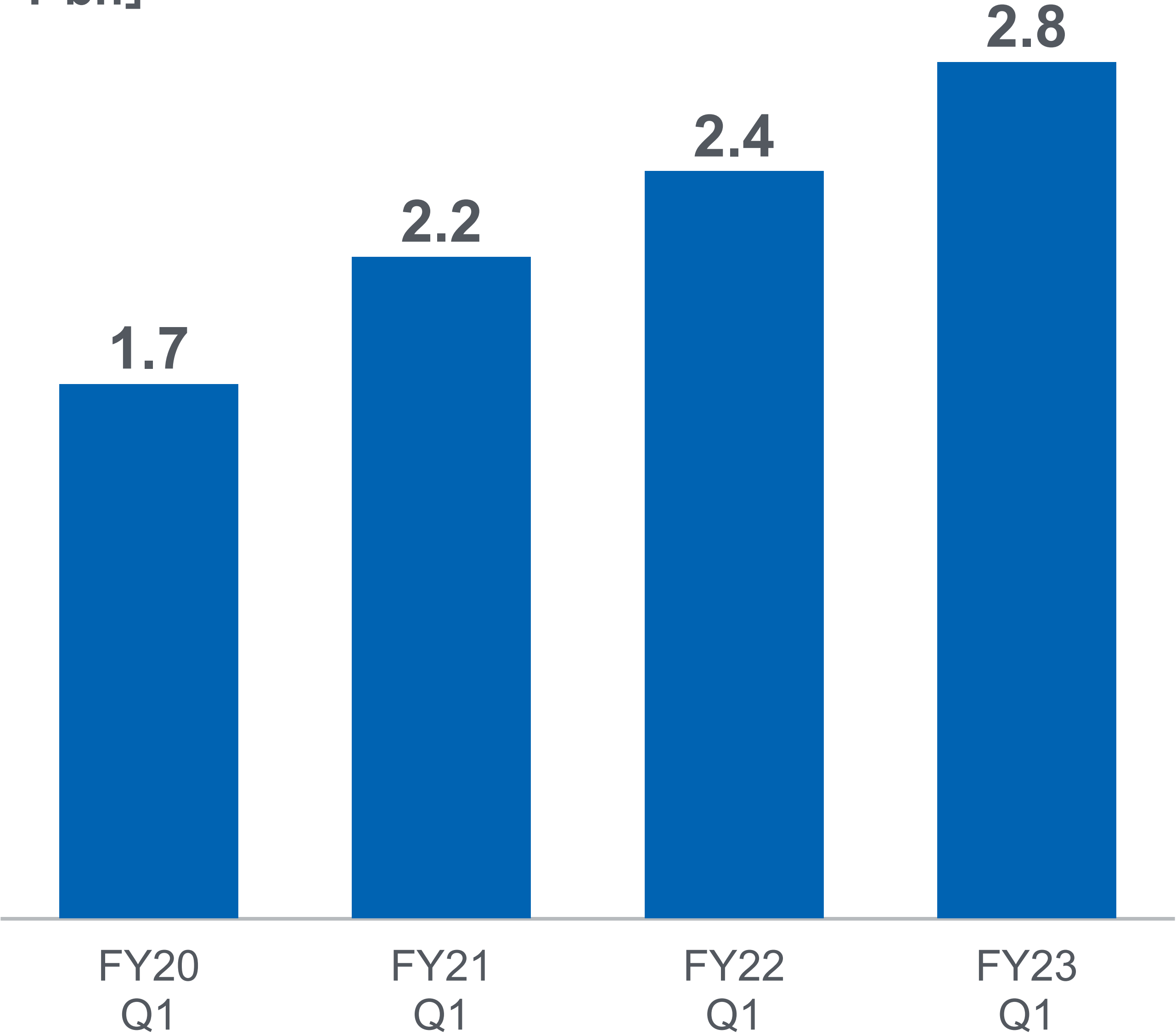
[JPY tn]



JPY 1.9 tn
Up 21% YoY

SB Payment Service : Operating Income

[JPY bn]



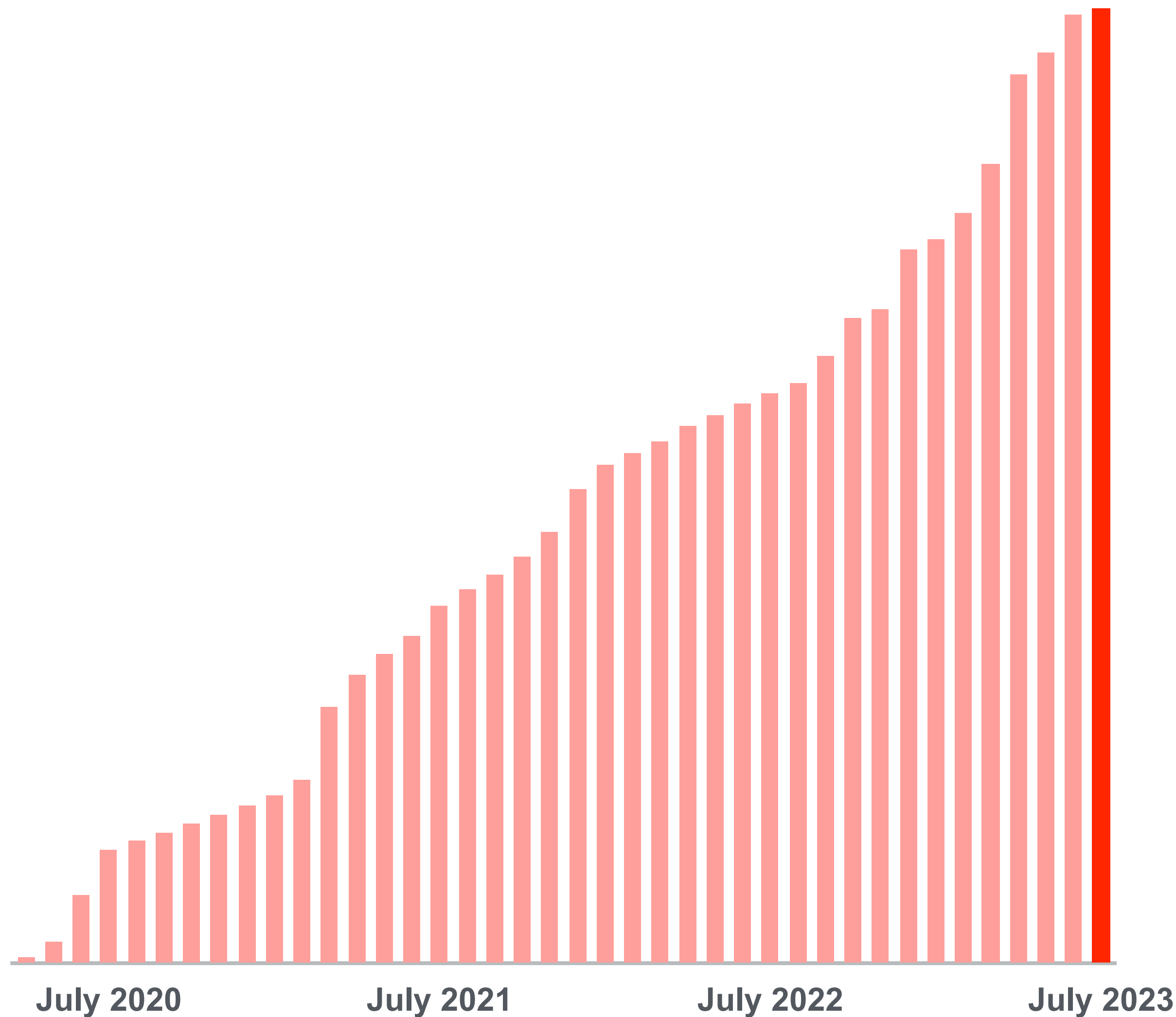
Up 15%



PayPay 証券 : Cumulative Number of Point Investment Users

Securities

11+ mil



More than 11 mil
Fastest user acquisition
in the industry

(Notes) Fastest user acquisition in the industry: based on a comparison between the following point investment service providers: au PAY Points Management, Credit Saison's Eternal Points Investment Service, d POINT Investment, and Points Management by Rakuten PointClub, in alphabetical order (as of July 14, 2023, research by PPSC Investment Service).

Dow Jones Sustainability Index

(DJSI)

1 Only companies with superior sustainability evaluations within their industries are selected as index components
(Based on analysis of economic, environmental, and social perspectives)

2 Regional and worldwide ratings are provided
(DJSI World is the top class rating among DJSI indices)

3 One of the most important ESG ratings that investors value

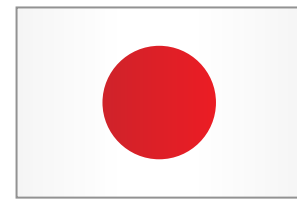
Selected as component of **DJSI World** (Top class rating) **for the first time**

Member of
**Dow Jones
Sustainability Indices**

Powered by the S&P Global CSA



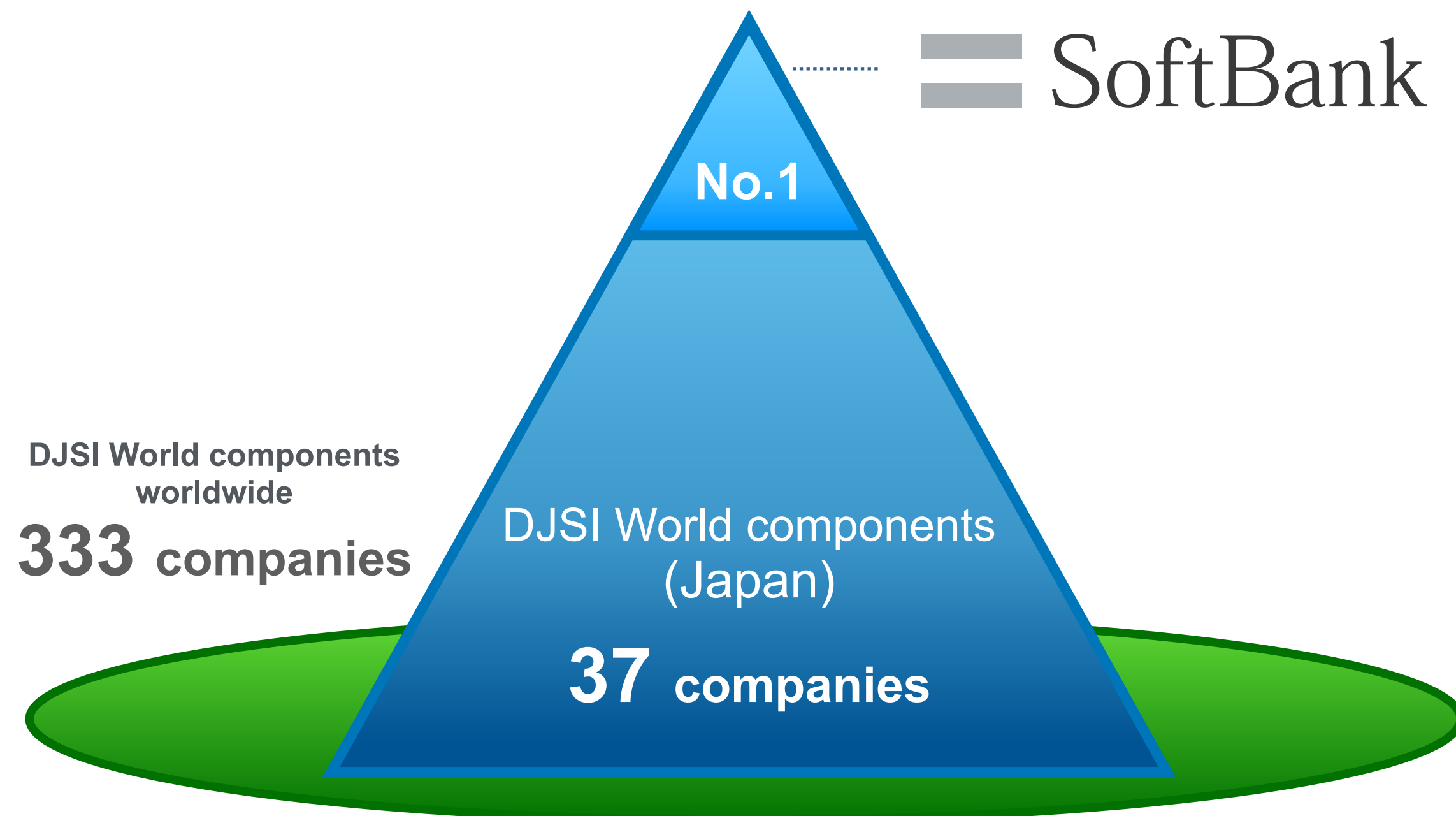
Positioning of SortBank Corp.



Scored No. 1 in Japan

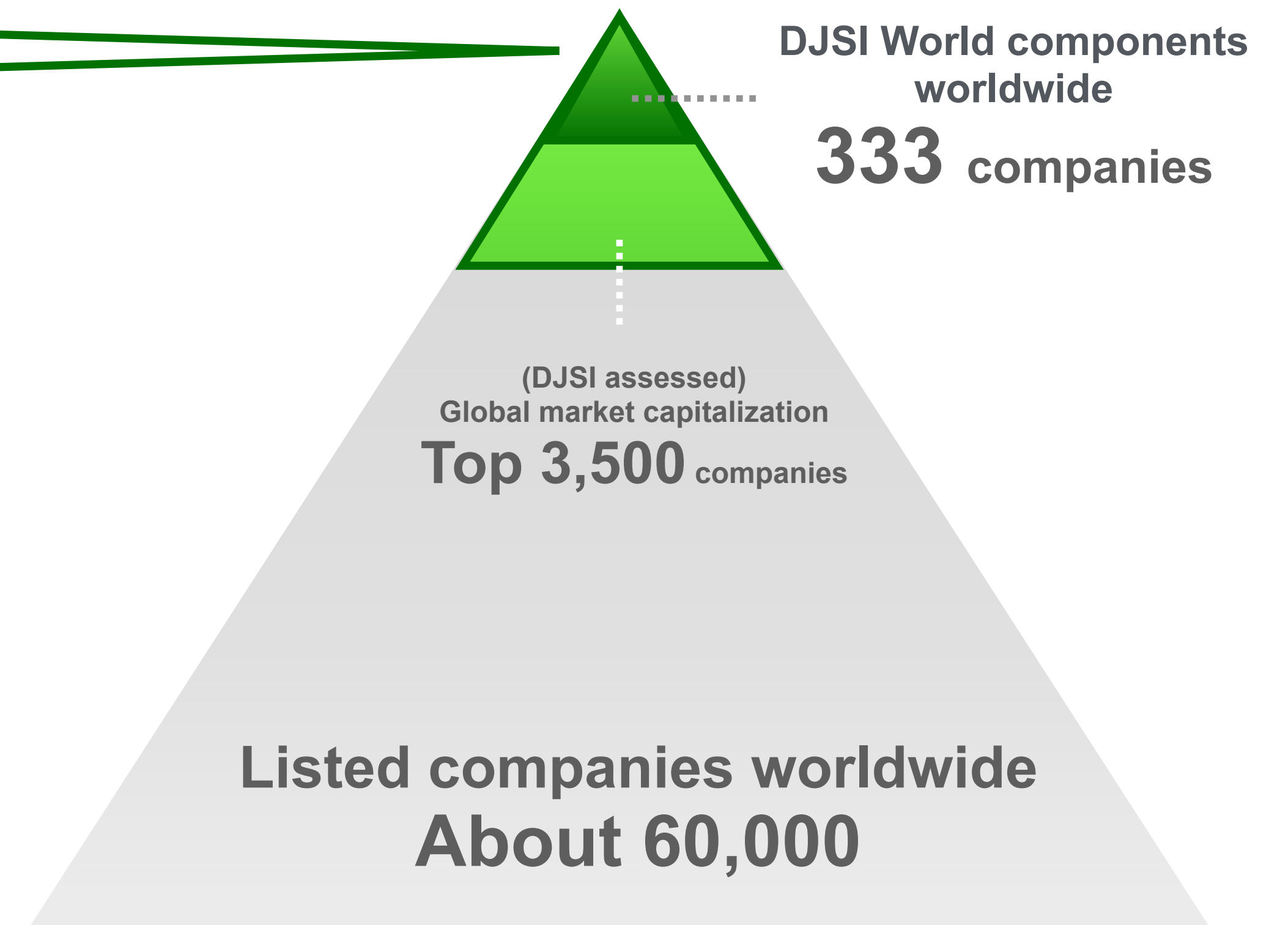
(The only company selected in the telecommunications industry in Japan)

== SoftBank



Worldwide

Received Top Class ESG Rating



Status of Corporate Financing

Status of Corporate Financing

Straight Bond

Total amount of issuance

JPY 120.0 bn (Weighted average interest rate: 0.78%)

Date of issuance

July 12, 2023

Purpose

**Reduction of funding costs,
longer maturities,
with fixed interest rates**

Bond-type Class Shares

Series 1 planned issue amount (maximum)

JPY 120.0 bn (Anticipated dividend range: 2~4%)

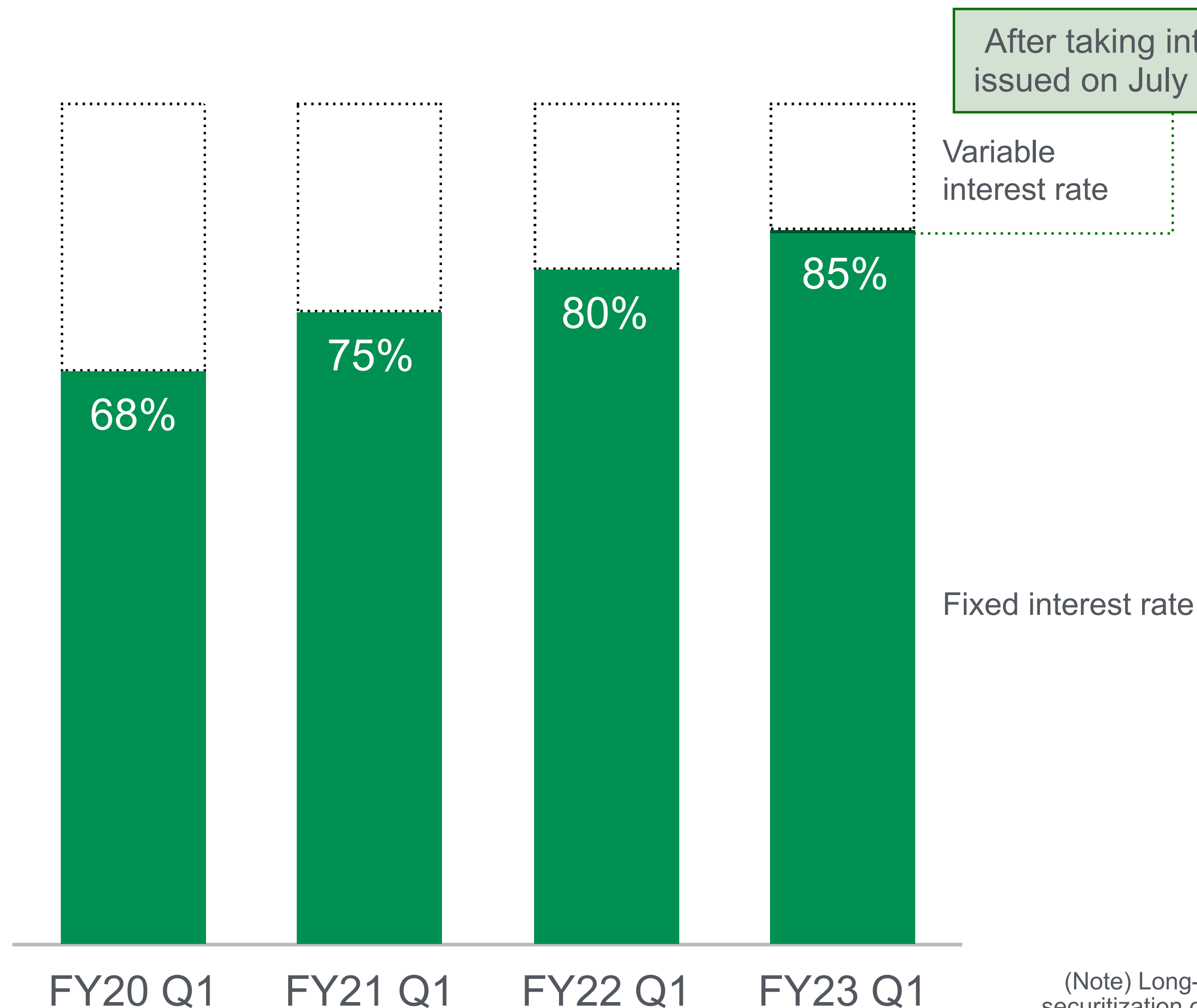
Approval of amendments to Articles of Incorporation
at the General Meeting of Shareholders

June 20, 2023

Purpose

**Strengthening financial
foundation
and investment for growth**

Long-term Interest-bearing Debt: Fixed Rate Ratio



Fixed interest rate reduces risk of future rate hikes

(Note) Long-term interest-bearing debt: interest-bearing debt (bank loans, bonds, lease obligations, and securitization of receivables) excluding short-term borrowings related to SoftBank Corp. and Wireless City Planning Inc. Excluding IFRS 16 effects.

Borrowings at fixed interest rates include certain borrowings with floating interest rates for which a fixed interest expense is obtained through interest rate swap transactions.

Issuance of Bond-Type Class Shares

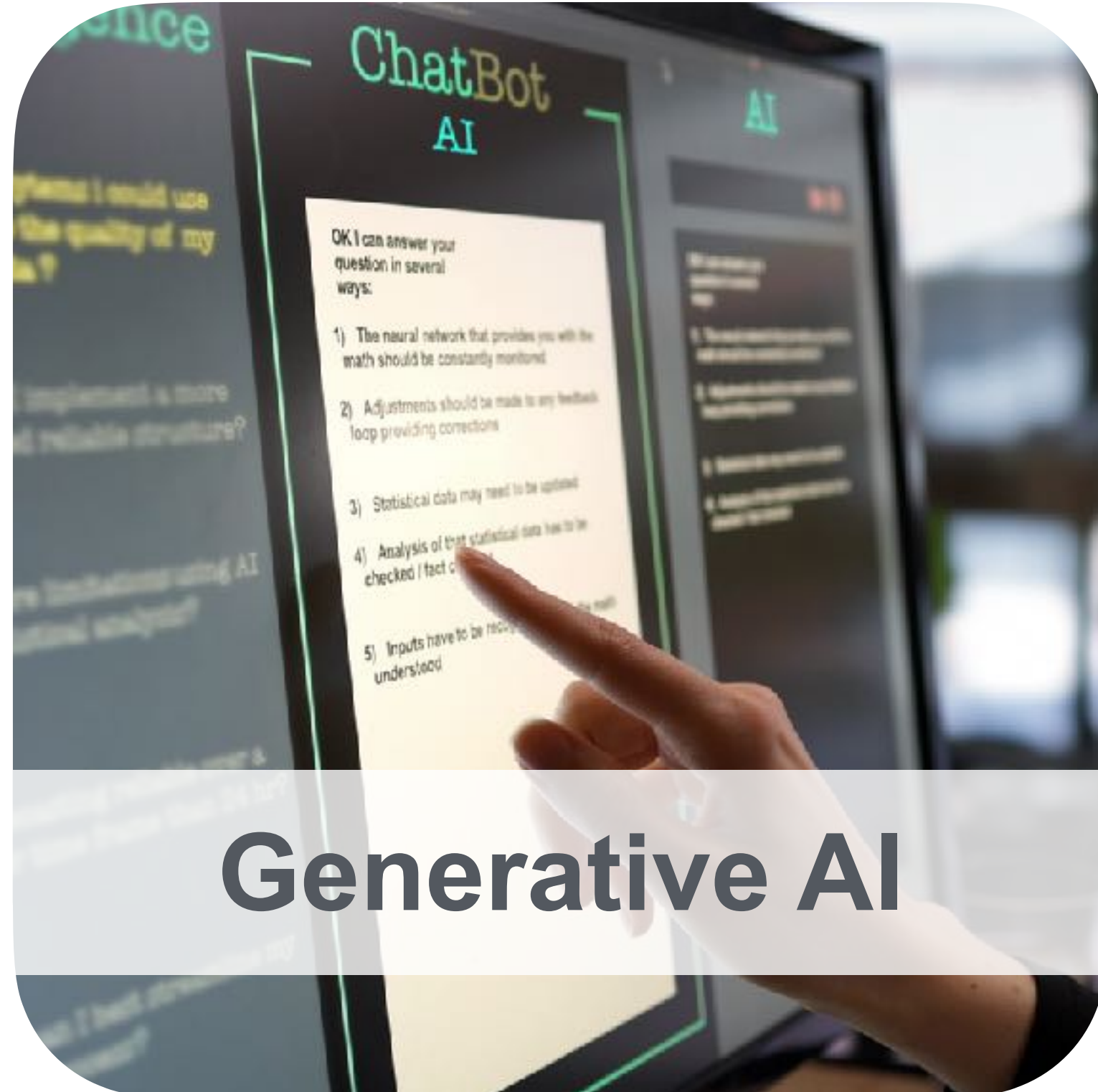
Strengthen financial foundation

for both growth investments and high level of shareholder returns

Planned issue amount (Series 1)	Up to JPY 120.0 bn
Planned issue period and method	Within FY2023 / public offering in Japan
Main features	<ul style="list-style-type: none">- No rights to convert the Bond-Type Class Shares into Common Shares and no dilution of voting rights- Enables increase in shareholders' equity

Main Use of Proceeds

For growth investments that contribute to medium- to long-term improvement in corporate value



Generative AI



**Next-generation
Social Infrastructure**



Renewable Energy

A futuristic server room with glowing blue lights and a network overlay. The room is filled with rows of server racks, and the floor is covered in a grid of glowing blue lines. The ceiling is also covered in a grid of glowing blue lines. The overall atmosphere is high-tech and digital.

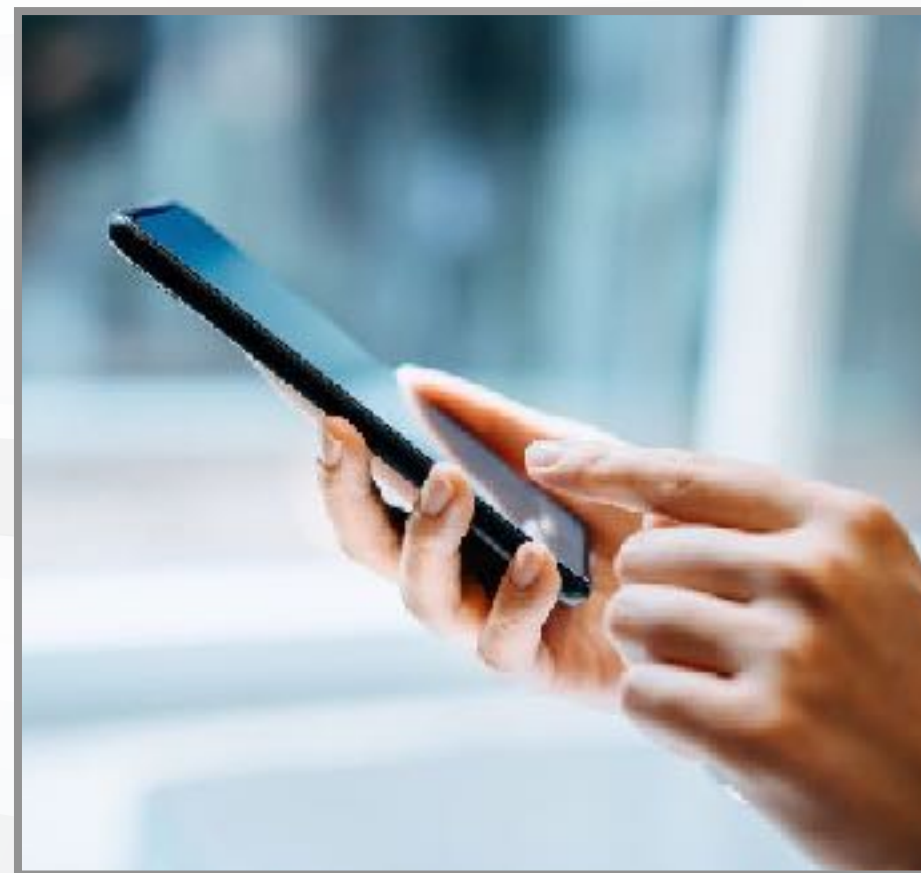
Generative AI Initiatives

Major Technology Transition

Generative AI will be the most important technology in the future



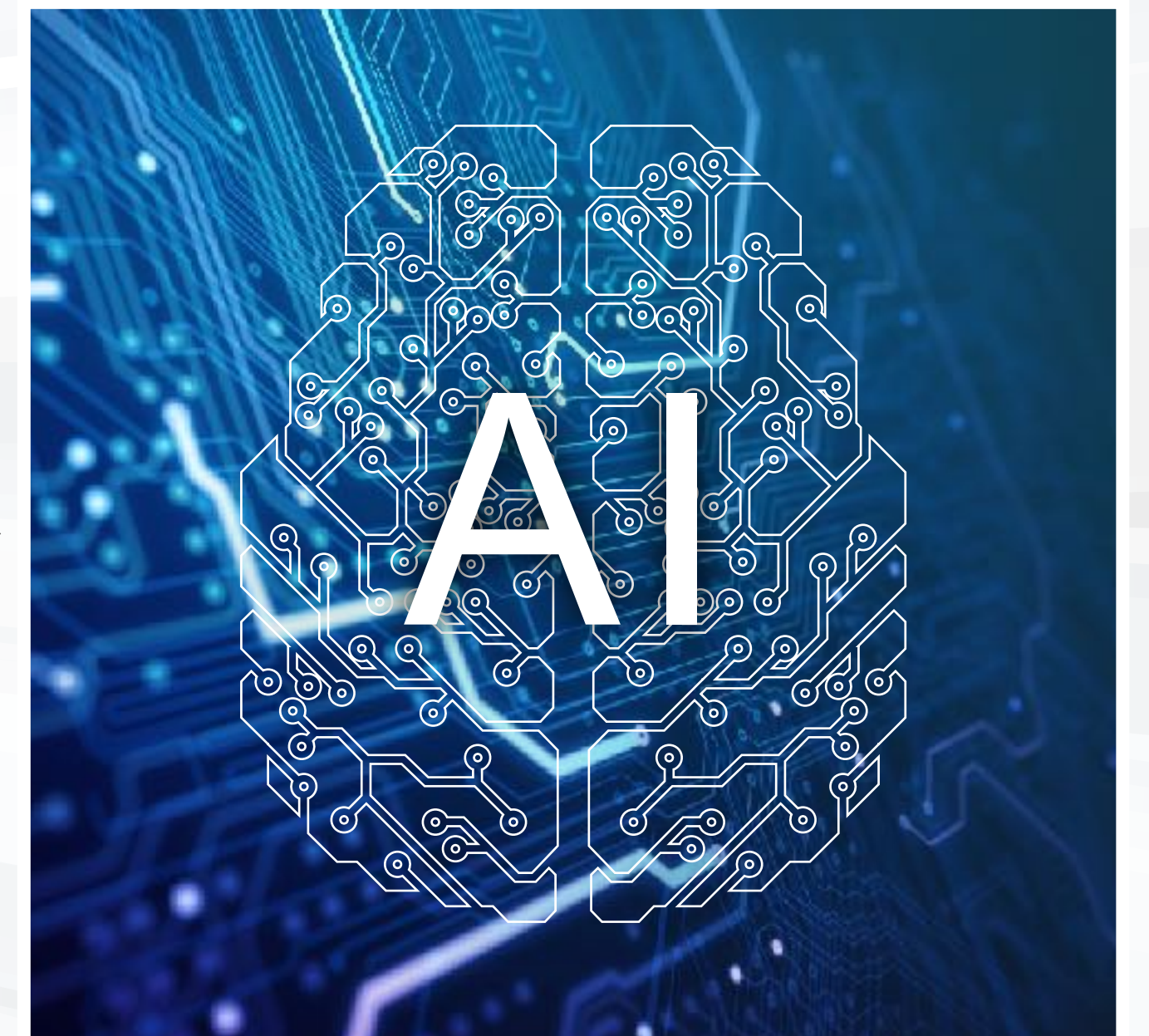
PC
(Search Engine / OS)



Smartphone
(OS)











Cloud



Generative AI

Major Players in LLM / Generative AI Development

Company name	Country	Main model
OpenAI		GPT-4
Google (Alphabet)		PaLM/Bard
Microsoft		MT-NLG
Meta		Llama 2
Hugging Face		BLOOM
Baidu		ERNIE 3.0 Titan
Alibaba Group		Tongyi Qianwen
Huawei		Pangu 3.0

**Major players
are outside
Japan**

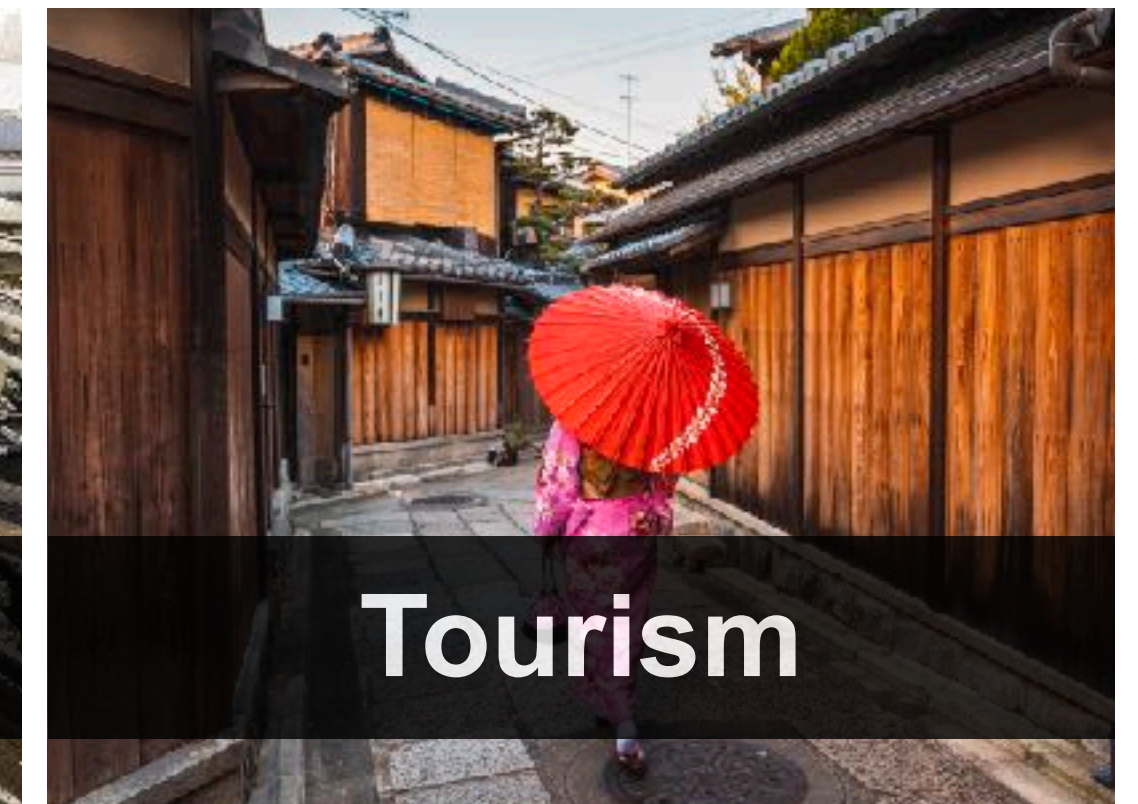
(Accumulate information and thought patterns based on their own languages)

Significance of Developing Homegrown Generative AI in Japan

Develop generative AI with Japanese datasets



Expand businesses tailored to Japanese business practices and culture



Our Advantages

Excellent positioning in development of generative AI

 SoftBank

**Largest
computing
platform
in Japan**

**Abundance of
engineers**

**Overwhelming
customer
touchpoints**

1. Largest Computing Platform in Japan

Generative AI platform
Build up AI data centers

Operation
launch in
Fall 2023



Invest approximately JPY 20 billion to build homegrown generative AI in Japan

(Received approval from the Ministry of Economy, Trade and Industry and expect to receive JPY 5.3 billion in subsidies)

2. Abundance of Engineers

- Research and develop Large Language Models (LLM)
- Develop and provide generative AI services

≡ SoftBank

Investment (100%)

≡ SB Intuitions

Engineers with
experience in developing
generative AI
gathered from
group companies



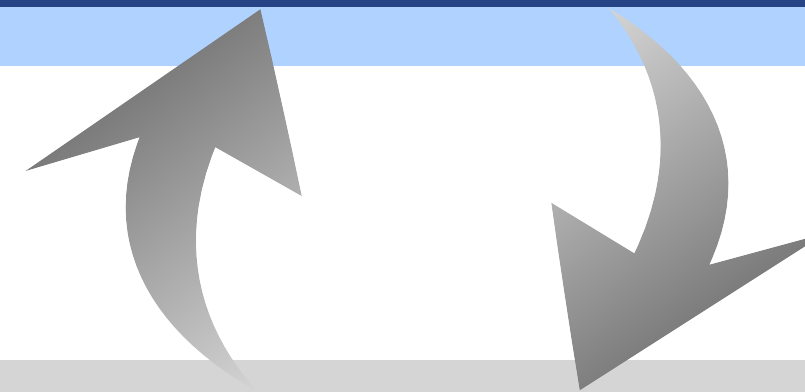
3. Overwhelming Customer Touchpoints

Developed generative AI can be immediately deployed to a large number of users

Our owned data
(Licensed for use)

Homegrown
generative AI in Japan

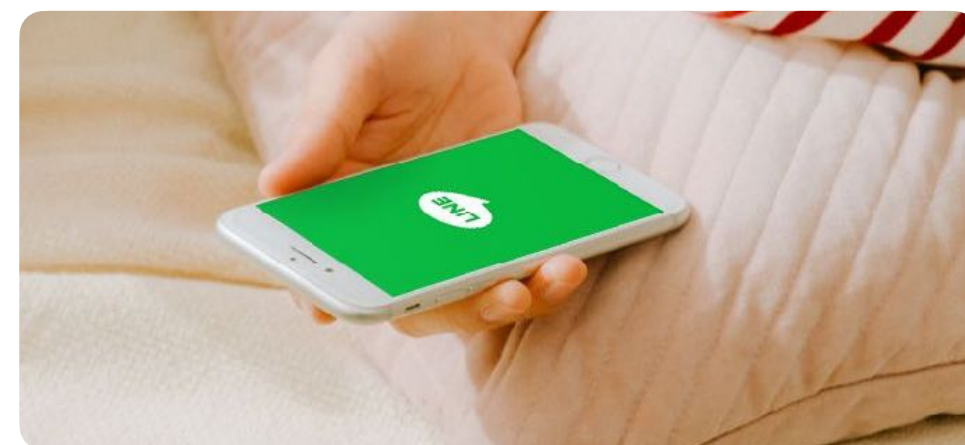
Partner data
(Licensed for use)



SoftBank
40 mil users



LINE
95 mil users



YAHOO!
JAPAN
85 mil users



PayPay
58 mil users



(Note) SoftBank = Total number of mobile subscriptions (main subscribers) (as of June 30, 2023); Yahoo! JAPAN = Number of monthly users (average monthly users from Jan to Oct 2022). Calculated based on Nielsen TOPS OF 2022: DIGITAL IN JAPAN Top 10 Total Digital Reach in Japan. PayPay=Number of registered users (as of June 30, 2023), LINE=Number of monthly active users (MAU) (Japan) (as of June 2023)

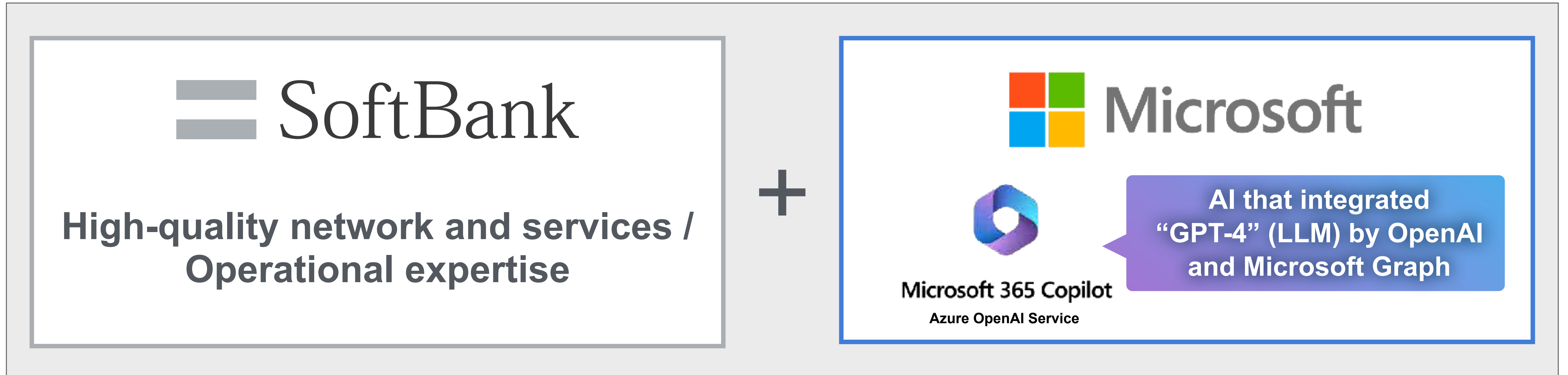
**Strategic alliance in
generative AI domain
to accelerate DX
for companies in Japan**

 SoftBank

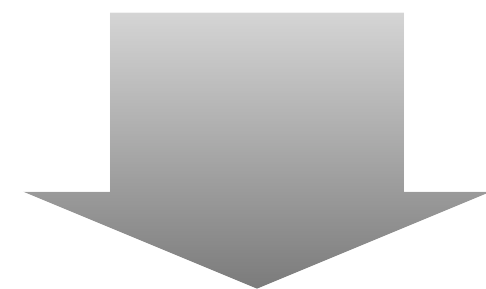
 Microsoft

Strategic Alliances in the Generative AI Domain

Work together to accelerate DX transformation of enterprises



 Microsoft Azure



 Microsoft 365

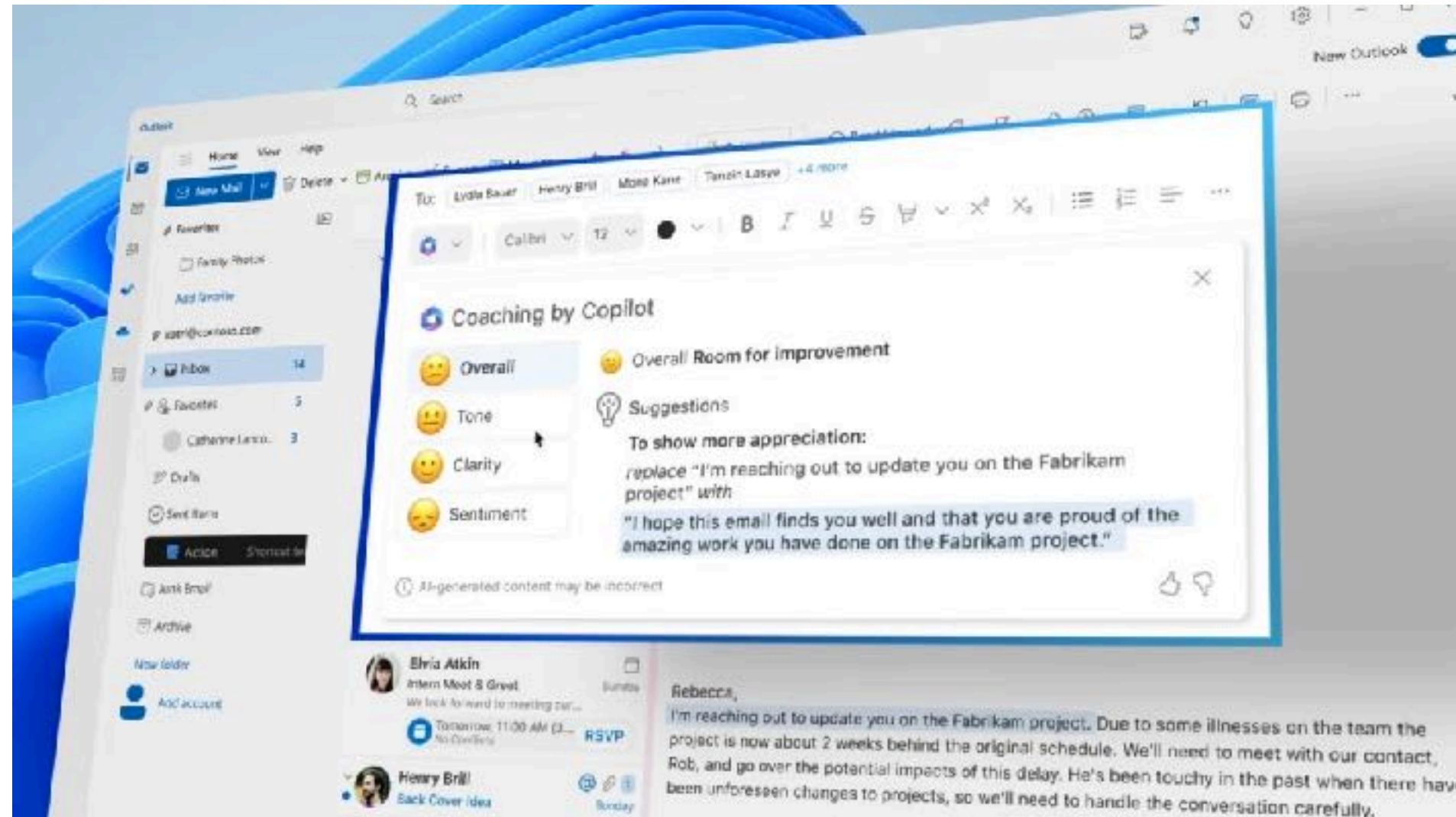


Microsoft 365 Copilot Early Access Program

Early use and verification (From August 2023)



Microsoft 365 Copilot



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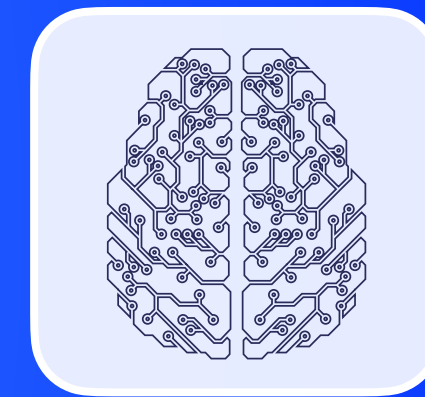
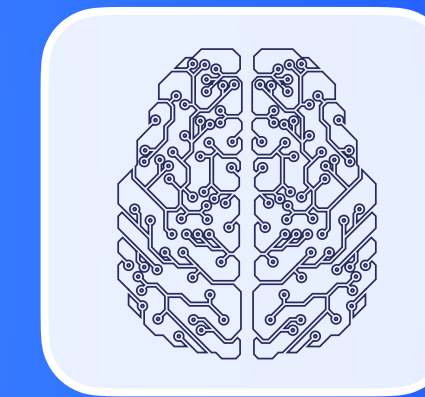
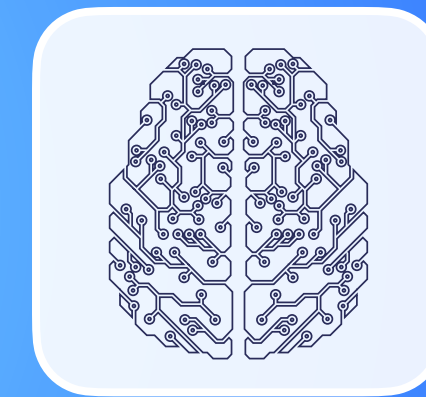
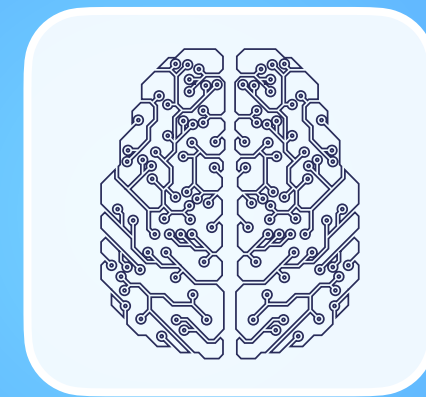
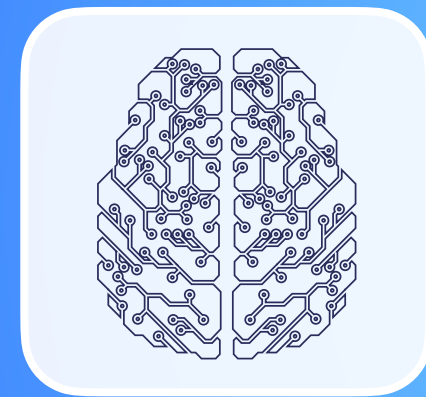
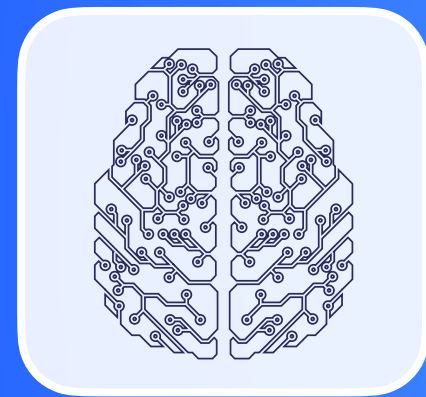
Deploy knowledge
acquired to
Japanese companies

Our Strategy

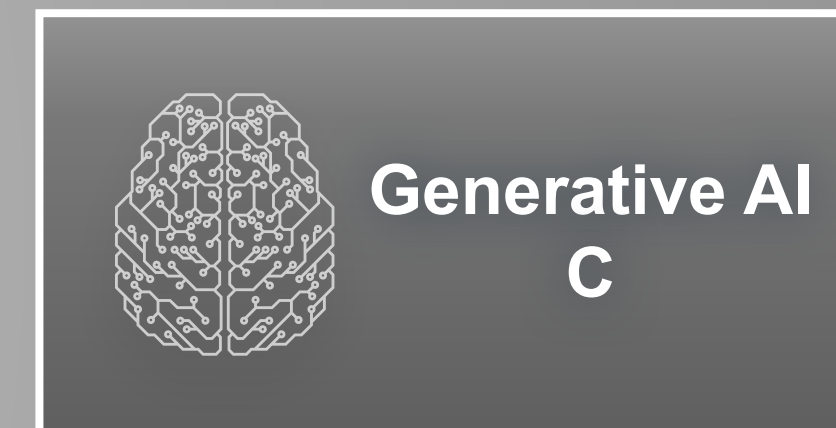
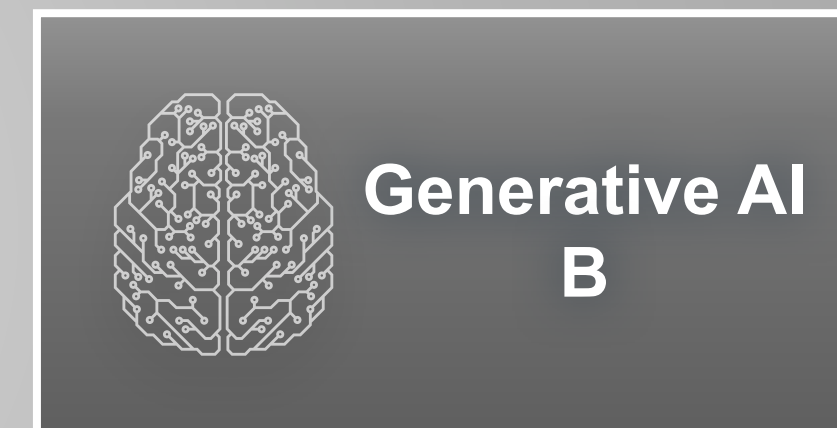
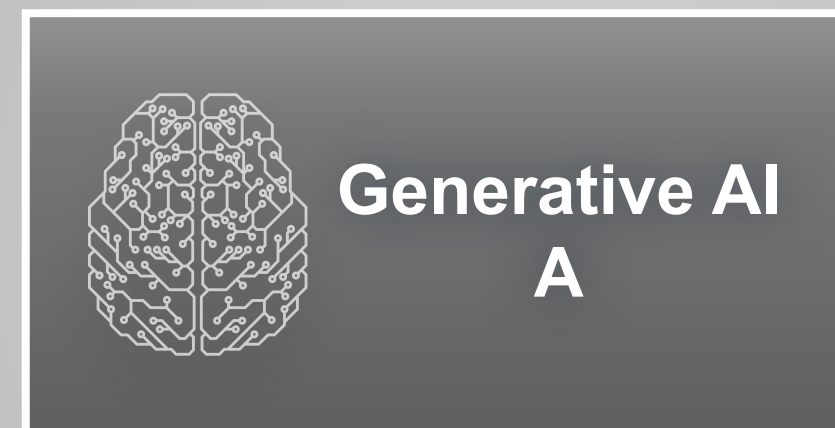
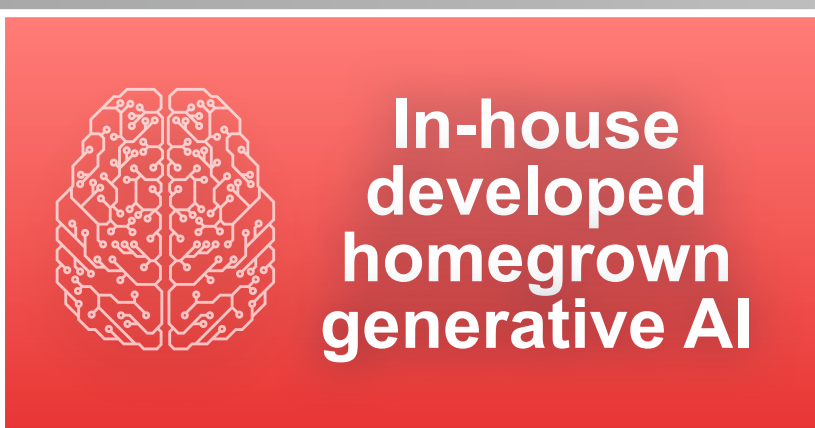
Utilize multiple generative AI to develop and implement generative AI solutions tailored to various needs



Individual applications



Multiple generative AI systems



SoftBank

Focus on improving productivity of Japanese companies by utilizing generative AI



Summary

1

Strong start toward achieving forecasts

(Progress rate of over 30% for both operating income and net income)

2

PayPay's consolidated EBITDA turned positive for first time in standalone quarter

3

Selected as component of DJSI World for first time (Top score in Japan)

4

Progress in generative AI initiatives



Information Revolution — Happiness for everyone



Disclaimer

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