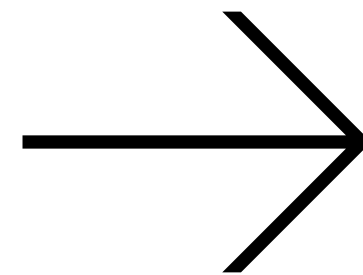


SoftBank Corp.

SoftBank Corp. Annual Report 2019

 SoftBank

Annual Report 2019



REAL

**We don't just dream.
We make things happen.**

We're going beyond just being a carrier

— we're transforming into a visionary platformer.

We don't just dream up things.

We take the world's advanced ideas, and turn them into reality
with our drive to make things happen.

We do this so tomorrow's people will be the happiest
in human history.

Information Revolution — Happiness for Everyone

Since our founding, the SoftBank Group has sought to use the Information Revolution to contribute to the wellbeing of people and society.

The unlimited potential of the Information Revolution should be deployed in the right way, so that it brings happiness to humanity.

This vision is a driving force for the SoftBank Group as we continue to pursue growth.

Introducing Our First Annual Report



Ken Miyachi
President & CEO
SoftBank Corp.

In December 2018, SoftBank Corp. (the “Company” or “SoftBank”) listed its shares on the First Section of the Tokyo Stock Exchange. I would like to begin by expressing my sincere gratitude to our shareholders, investors, and other stakeholders for their support to date.

In its role as a strategic holding company, our parent company SoftBank Group Corp. (“SoftBank Group”) is accelerating the pace of global investment in accordance with the Cluster of No. 1 AI Strategy. Meanwhile, as the primary operating company in Japan and with the telecommunications business at its core, SoftBank is engaging in a wide range of businesses. Taking advantage of being a member of SoftBank Group, SoftBank will pursue an even more independent and agile growth strategy after listing, and act boldly to turn the world’s cutting-edge ideas into concrete businesses.

I have been with SoftBank Group for more than 30 years. Together with Chairman Masayoshi Son, I have supported the Group’s growth since its early days. Moreover, I have led the domestic telecommunications business since becoming the president of SoftBank Mobile Corp. (currently SoftBank) in 2015.

I believe SoftBank has three core strengths. The first is our ability to change continuously. In the past 30 years, the ICT field has evolved drastically, shifting its focus from PCs to the internet, feature phones, and then to smartphones. By always taking on the challenges of entering new businesses and staying at the forefront

of this technological evolution, SoftBank has expanded its business scale in step with society’s growth. The second is our ability to grow businesses. We have expanded our business operations by bringing together and regenerating companies in crisis, including JAPAN TELECOM CO., LTD., Vodafone K.K., WILLCOM, Inc., and eAccess Ltd. The third is our ability to overcome adverse environments. Sometimes, we have faced headwinds, but we have always taken on adverse situations directly, focused on self-improvement, and thereby achieved further growth.

With a view to communicating our growth strategy and related initiatives more clearly, we have issued our first annual report, Annual Report 2019. Going forward, we will further expand and enhance our annual report, which we view as a communication tool that facilitates constructive dialogue with our stakeholders. Accordingly, we would be extremely grateful if stakeholders could read this report and give us their frank opinions about it. As we begin a new chapter, I would like to ask our stakeholders for their continued guidance and support.

A handwritten signature in black ink, appearing to read 'Ken Miyachi', located at the bottom right of the page.

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SoftBank Corp.

Annual Report 2019

Editorial Policy

This annual report has been prepared with reference to the International Integrated Reporting Framework and Guidance for Collaborative Value Creation advocated by the International Integrated Reporting Council (IIRC). Accordingly, we have sought to optimize the report's effectiveness as a communication tool by organizing financial and non-financial information to illustrate how our diverse initiatives are part of a cohesive, strategic vision. SoftBank will continue enhancing the contents of its annual reports going forward with the aim of furthering understanding of the Company among its shareholders and investors and a wide range of other stakeholders.

Report Period

From April 1, 2018 to March 31, 2019
Note: Certain information concerning matters before and after this period has also been included.

Report Scope

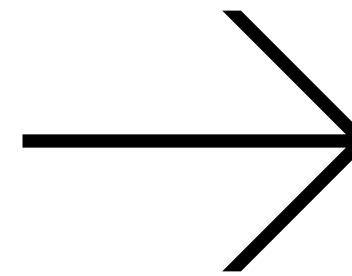
SoftBank Corp. and its subsidiaries and affiliates

Monetary and Percentage Amounts in This Report

In this annual report, monetary amounts less than the stated units have been rounded, and percentage amounts less than a unit of the stated digits have been rounded.

Cautionary Statement with Respect to Forward-Looking Statements

Statements concerning such matters as current plans, forecasts, and strategies in this annual report include forward-looking statements that reflect the assessments made by the Company in light of the information available to it when preparing the report. Please be aware that various factors could cause the Company's actual business results to differ significantly from forecasted business results. Risks and uncertainties that could affect actual business results include the Company's business environment, competition in markets, foreign exchange rates, taxes, and various systems.



Section 1

Corporate Strategy

6 • • • The SoftBank Story
8 • • • Management Strategy / A Message from the CEO
26 • • • Special Feature 1 Initiatives in New Fields
30 • • • Special Feature 2 5G Strategy
36 • • • Financial Strategy / A Message from the CFO

Anticipating the Future, Leading the Era

Throughout its history, SoftBank has evolved in tandem with the evolution of telecommunications technology. Particularly since entering the mobile communications business, we have been creating innovative, customer-focused services and leading the development of telecommunications services in Japan. For example, we introduced *White Plan*, which enables free calls between SoftBank subscribers at certain times of the day, and we acquired exclusive sales rights for iPhone. Going forward, SoftBank will earn further customer endorsement by continuing to take on far-sighted innovation and by delivering services that satisfy even more customers.

Innovative Services

Launching the Yahoo! BB High-speed Broadband Service

In an era when the high expense and slow speed of internet services in Japan were often bemoaned, we began offering the most inexpensive and high-speed internet service in the world at the time, thereby contributing greatly to the penetration of the internet in Japan.



Entering the Mobile Communications Business and Launching White Plan

We entered the mobile communications business through the acquisition of Vodafone K.K. In 2007, the Company revolutionized Japan's telecommunications industry by marketing *White Plan*, a flat-rate voice call plan enabling free calls between SoftBank subscribers from 1 a.m. to 9 p.m.



Starting Sales of iPhone as Sole Domestic iPhone Distributor

Direct negotiations with U.S. company Apple Inc. conducted by then president of the Company Masayoshi Son succeeded, and the Company was able to begin selling iPhone 3G ahead of other carriers in Japan. This played a major role in triggering Japan's iPhone boom.



Rolling Out Y!mobile

Ahead of competitors, we began catering to diversifying customer demand by offering *Y!mobile* as an inexpensive second brand with undiminished communication quality.



Marketing High-volume, Flat-rate Data Plans

To provide customers with stress-free internet use and video viewing, we rolled out 20 GB high-volume flat-rate data plan, *Giga Monster* in 2016, and *Ultra Giga Monster*, added capacity up to 50 GB in 2017. followed by *Ultra Giga Monster Plus*, which, in addition to granting 50 GB of data, allows subscribers unlimited use of certain video services and social networking services (SNS).

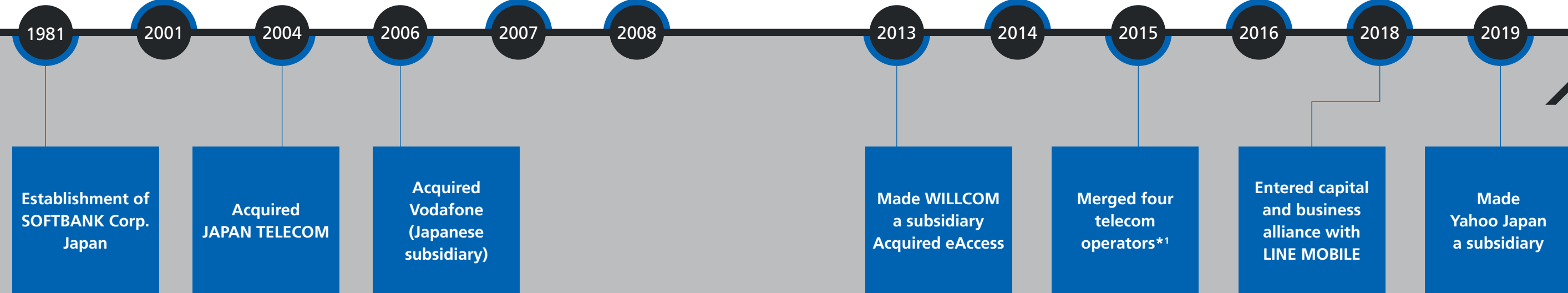


Introducing LINE MOBILE Services

SoftBank added *LINE MOBILE* as a third brand by entering into a capital and business alliance with LINE MOBILE Corporation. This brand has gained strong support, mainly among young customers who use SNS frequently.



An Expanding Business Base



Notes: iPhone is a trademark of Apple Inc., registered in the United States and other countries. TM and © 2019 Apple Inc. All rights reserved.
 On October 1, 2019, Yahoo Japan Corporation transitioned to a holding company structure through a company split (absorption-type company split) and changed its trade name to Z Holdings Corporation. For convenience, however, "Yahoo Japan" is used in this report.
 *1 The four companies were SoftBank Mobile Corp., SoftBank BB Corp., SoftBank Telecom Corp., and Ymobile Corporation.

Aiming to Become a Company that Drives the Information Revolution to Make the World a Better Place

Ken Miyauchi

President & CEO
SoftBank Corp.



My Vision as CEO

Surpassing Operating Income of ¥1 Trillion

As I mentioned in my introduction to this report, SoftBank belongs to an industry characterized by extremely high-paced technological evolution. In the past 20 years, the ICT industry has seen the emergence of a series of new technologies for PCs, the internet, mobile phones, and smartphones, all of which have spread worldwide with an explosive speed. As technology evolves on an almost daily basis, companies must constantly change the arenas in which they compete. Unfortunately, there are many examples of companies whose success in one era has in fact hampered their ability to remain competitive in the next paradigm shift and resulted in their being overtaken by newcomers.

Amid these conditions in the ICT industry, SoftBank has grown swiftly by being the first to identify shifts in technology and by creating a stream of new business models and new products and services with added value. For example, anticipating the advent of the internet era, in September 2001 we launched *Yahoo! BB*, which provided a high-quality, high-speed broadband service at an affordable price. Thanks to the pioneering sales methods of our “parasol” promotional team, the number of *Yahoo! BB* subscribers grew exponentially. As a result, the service became instrumental in Japan’s creation of one of the world’s most advanced internet environments. Similarly, we ushered in the spread of smartphones in Japan by foreseeing the mobile internet era and successfully obtaining exclusive sales rights to the popular iPhone 3G from U.S.

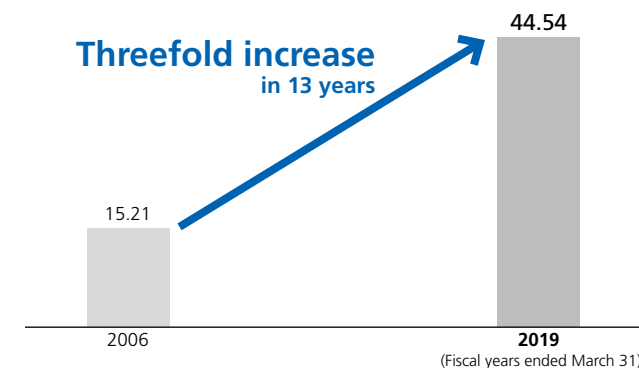
company Apple Inc. in July 2008. Since SoftBank entered the mobile business by acquiring Vodafone K.K. 13 years ago, the Company has tripled subscribers and increased its operating income by a factor of 10.

At present, we are on the threshold of a new era—the AI and Internet of Things (“IoT”) era. We are already within reach of the era in which all manner of things will be connected to IoT. Moreover, AI will use the huge volumes of IoT-generated data to conduct analysis and formulate predictions. At a stroke, ways of doing business and industrial processes will be transformed. Consequently, change on a scale never experienced before is set to sweep through society more swiftly than when smartphones became ubiquitous in the previous era. SoftBank takes pride in the fact that it has always remained abreast of new technology and leveraged each paradigm shift to grow further. For this reason, we see the forthcoming paradigm shift in the AI and IoT era as a major opportunity for additional growth.

I just mentioned that we have grown operating income tenfold in 13 years. However, I have absolutely no intention of halting here. Within a few years, we will reach the ¥1 trillion operating income target announced in May 2019. Actually, for employees we have set the bar for operating income even higher. I have formulated these targets because the role of a business leader is to establish an overriding vision and then show how to achieve it.

Mobile Subscribers

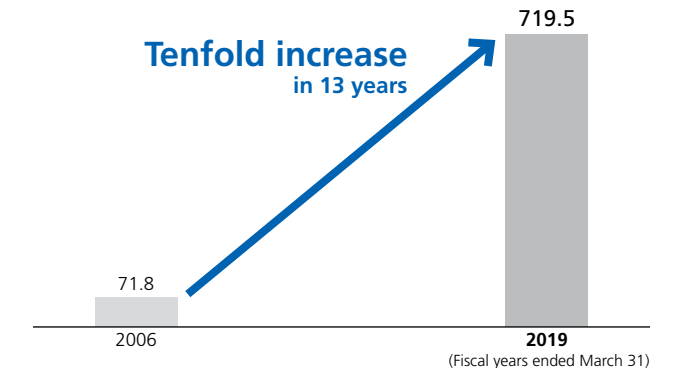
(Millions of subscribers)



Note: Figures include main subscribers (smartphones, feature phones, tablets, mobile data communications devices, *Wireless Home Phone*, and others), communication modules and others, and PHS (Personal Handy-phone System).

Operating Income

(Billions of yen)



Note: 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.

Management Strategy

Rigorously Pursuing Our Growth Strategy and Structural Reform

Junctures between eras always bring opportunities and risks. I firmly believe such times call for corporate management that simultaneously pursues a growth strategy and structural reform in an uncompromising manner. With this in mind, I will now turn to SoftBank's growth strategy and structural reform plans.



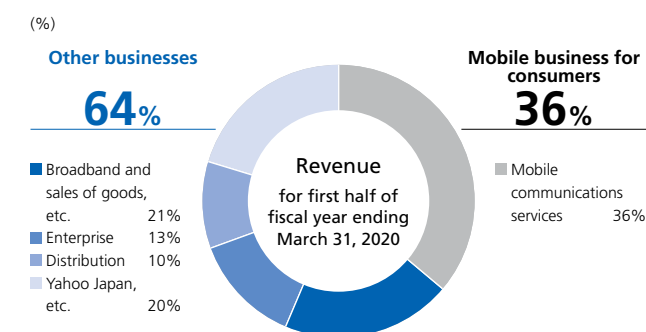
Since 2017, I have often cited our *Beyond Carrier* strategy, which encapsulates our ambition to become more than a telecommunications carrier. While growing our core telecommunications business even further, we will leverage 5G (fifth generation mobile communications system), AI, IoT, and big data to create new businesses. In recent years, the telecommunications business has been the driver of SoftBank's growth. Nonetheless, "Information Revolution — Happiness for Everyone" remains our true focus. Setting out the *Beyond Carrier* strategy has given us aspirations and an outlook that transcend the boundaries of a conventional telecommunications carrier.

Moreover, we added even more impetus to the *Beyond Carrier* strategy by making Yahoo Japan—one of Japan's largest internet companies—a subsidiary in June 2019. Our mobile business for consumers often receives attention, but, in fact, with the addition of Yahoo Japan, businesses other than mobile telecommunications services for consumers now account for more than 60% of SoftBank's revenue. Thus, we are no longer simply a telecommunications carrier. In addition, we are creating a series of businesses in

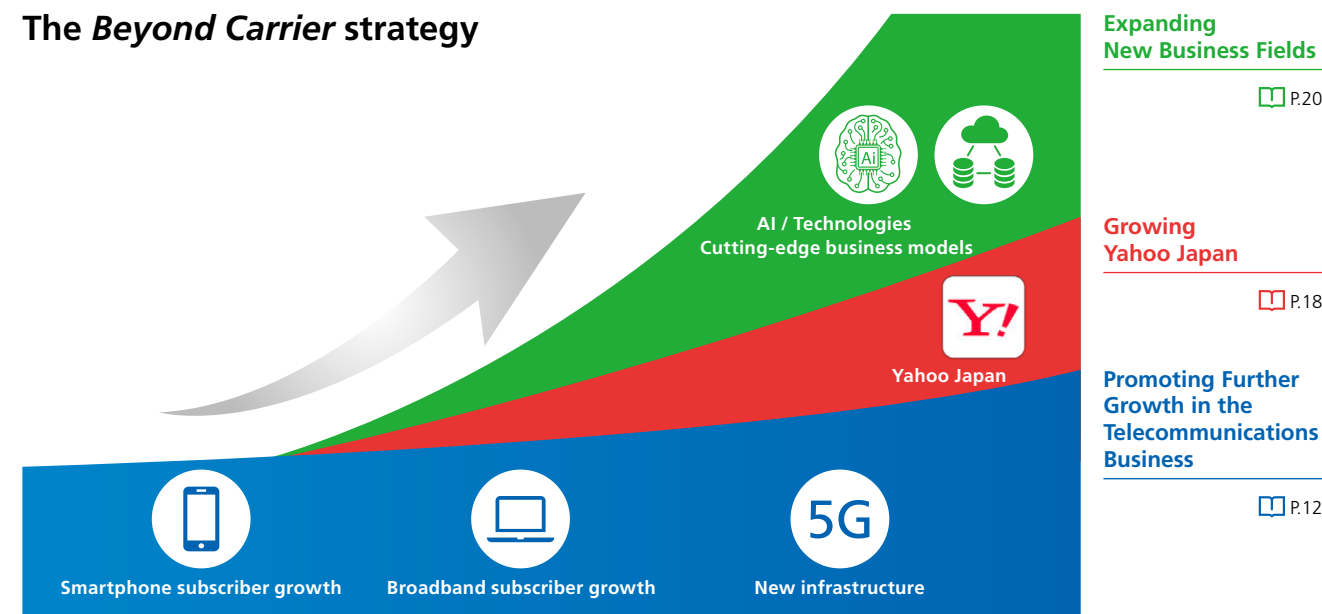
new fields through collaboration with major AI companies worldwide in which our parent company SoftBank Group has invested and various other companies at home and abroad.

In short, our growth strategy entails growing all three areas: the telecommunications business, Yahoo Japan, and new business fields.

Revenue Breakdown (%)



The *Beyond Carrier* strategy





Promoting Further Growth in the Telecommunications Business

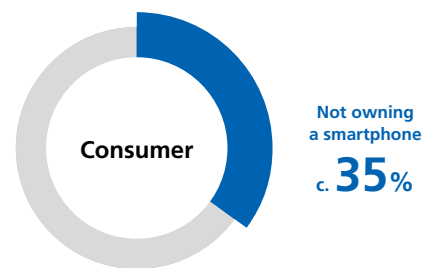
Increasing Smartphone Subscribers Essential for Growth

Firstly, I will explain the strategy of the telecommunications business, our core business. Recently, concerns have been expressed as to whether the telecommunications business can achieve any more growth. However, I am confident in its potential for further growth. The key is to increase smartphone subscribers.

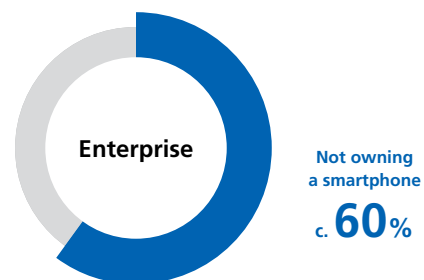
For several years, I have been predicting an era of "100% smartphone penetration." In my view, the time is sure to come when every Japanese person has a smartphone. It is well known that in the 2G era mobile phones were really just devices for making calls and sending messages. In the 3G and 4G eras, the increasing prevalence of smartphones resulted in more people using their handsets to enjoy videos, games, and SNS. Nonetheless, we are still very far from realizing the full potential of smartphones. Last year,

we began offering the PayPay smartphone payment service, which effectively transforms smartphones into wallets. Calling a taxi, reserving a hotel, and paying for such services can all be done by smartphone. Smartphones will make everyday life more convenient and seamless. Also, the beginning of 5G commercial services next year is likely to spur the further evolution of videos, games, and other forms of entertainment that take advantage of the new ultra-high-speed, large-capacity telecommunications services. The linking of all sorts of devices as IoT services spread in earnest will increase the importance of smartphones as interfaces for operating and managing these services and devices. In such ways, smartphones are set to become even more embedded in and essential for day-to-day life.

Smartphone Penetration



Source: Prepared by the Company based on "Communications Usage Trend Survey" (as of December 2018), the Ministry of Internal Affairs and Communications, issued on May 31, 2019.



Note: Smartphone ownership as a percentage of cumulative handset subscribers for enterprises.
Source: Prepared by the Company based on 2018 "Communications Related Marketing: Comprehensive Survey" (as of December 2017), Fuji Chimera Research Institute, Inc., issued in September 2018.

Meanwhile, in Japan approximately 65% of consumers own smartphones, and only about 40% of enterprises use them. Clearly, then, there is room for significant growth. Aiming to tap into this

potential, SoftBank will focus particular efforts on a smartphone strategy that makes smartphones the growth driver of the telecommunications business.

Mobile Telecommunications Services

Advancing a Multi-brand Strategy to Realize "100% Smartphone Penetration"

Having three clearly differentiated brands is a major advantage for SoftBank's mobile business. The *SoftBank* brand targets those who use their smartphones frequently, *Y!mobile* is for light users, while *LINE MOBILE* focuses on students and the younger generation. Customer needs are diversifying with every passing year. In response, we launched *Y!mobile* in 2014 and *LINE MOBILE* in 2018. In each smartphone category, we are forging ahead with strategies aiming for the No. 1 market share.

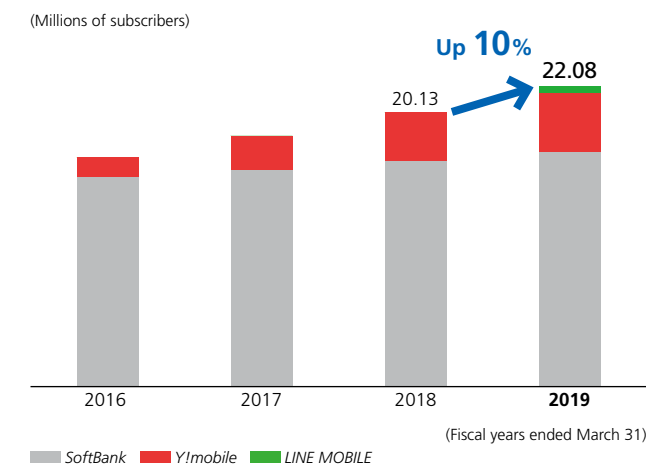
While taking measures to acquire new subscribers, we are concentrating efforts on reducing the churn rate. In the fiscal year ended March 31, 2019, we achieved a record low average churn rate of 0.83%. In particular, roughly half of our smartphone subscribers also subscribe to *Home Bundle Discount Hikari Set*, which provides a bundle discount on mobile telecommunications and broadband services and is contributing significantly to churn rate reduction.

As a result of these initiatives, cumulative smartphone subscribers increased by 10% year on year to 22.08 million as of March 31, 2019. After launching *Y!mobile*, we initially struggled with the accompanying decrease in ARPU (average revenue per user). However, we tackled this initiative because we needed a low-priced brand to compete with mobile virtual network operators (MVNOs).^{*1} Thanks to our introduction of the low-priced *Y!mobile* brand ahead of competitors and our multi-brand strategy, the three brands have

clear targeted customer segments and steadily expanded subscriber bases respectively. Going forward, we will continue migrating feature phone users to smartphone users, therefore growing the number of smartphone subscribers and realizing "100% smartphone penetration."

^{*1} MVNOs offer telecommunications services under independent brands by leasing a certain amount of network infrastructure from mobile network operators engaged in the provision of mobile phone and other services.

Cumulative Smartphone Subscribers



SoftBank's Three Brands

SoftBank	Y!mobile	LINE MOBILE
Pricing Reasonable	Pricing Low	Pricing Ultra-low
Data capacity Large	Data capacity Medium	Data capacity Small
Target group High-volume data users and business users	Target group Light users	Target group Users in their teens or early 20s



Our Brands

SoftBank

Under the *SoftBank* brand, which targets high-volume data users, we offer *Ultra Giga Monster Plus*. In addition to a 50 GB data allowance, the plan provides unlimited use of certain video and SNS services, such as YouTube, LINE, Twitter, and Instagram, without affecting the user's data allowance balance. This plan has lowered the price per gigabyte to one-tenth of that of the plan we offered in 2015. Compared with other high-volume data plans from other carriers, our price plans are extremely

competitive. By removing speed limits, which were a significant source of stress for users, and offering a stress-free smartphone experience, our high-volume data plan has earned the satisfaction of numerous customers. It has achieved 93% user satisfaction, which is a very high level indeed.

In addition, *Smartphone Debut Plan*, which encourages customers to upgrade from feature phones to smartphones, has been very well received since launching in June 2019.

Ultra Giga Monster Plus

Data allowance
50 GB

Unlimited use of certain video and SNS services

Customer satisfaction



High satisfaction level due to stress-free smartphone experience

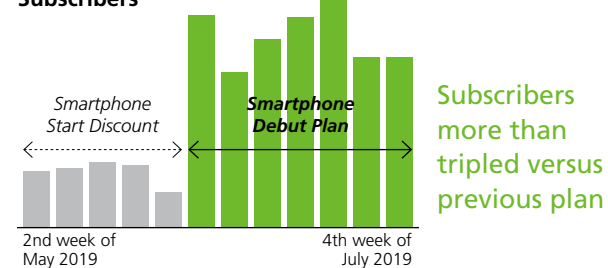
Source: The Company's survey of 2,394 *Ultra Giga Monster Plus* subscribers between January 18 and 20, 2019.

Smartphone Debut Plan

Voice calls + Data
Basic monthly charge:
¥980*1 (12 months)

PayPay account balance giveaway*2

Subscribers



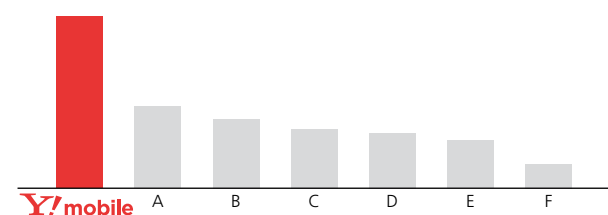
Subscribers more than tripled versus previous plan

Note: These are the levels as of September 2019. For further details on the plan, please see our website.

*1 The basic monthly charge is applicable from the following month and when the service includes the basic voice call plan, the semi-flat-rate voice call option, the 1 GB data allowance (smartphone), the first-year discount, and the 1 GB-only discount. The device charge is not included. The plan cannot be used in combination with *Home Bundle Discount Hikari Set* or certain other discount services.

*2 This promotion ended in November 2019.

Cumulative Subscribers of Carriers in the Low-priced Smartphone Market



Note: The figures of other carriers exclude the NTT DOCOMO, au, and *SoftBank* brands and mobile virtual network enablers (MVNEs).

Source: Prepared by the Company based on "Low-cost Smartphone Market Usage Report" (as of September 2018), MM Research Institute, Ltd., released in December 2018.

LINE MOBILE

This MVNO brand offers affordable plans beginning from ¥500 per month and differentiated services, such as allowing users to transmit data via LINE and other major SNS without affecting

their data allowance balance. *LINE MOBILE* has a steadily growing subscriber base among students, who likely have smartphones for the first time, and the younger generation.

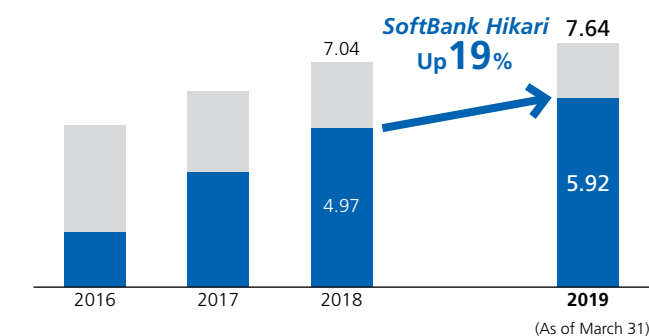
Broadband Services

Growing *SoftBank Hikari* and *SoftBank Air* Even Further

Our growth opportunities are not limited to smartphones. I feel that there are major opportunities in broadband services. For example, demand for 4K and 8K broadcasting is increasing. Given that broadband is required to view such broadcasts, we expect to acquire additional subscribers. Further, we have great expectations for the growth of the home-use Wi-Fi service *SoftBank Air*, which does not require any installation work. By simply placing a dedicated terminal in their residence, customers can use broadband throughout their homes. The ease with which broadband services can be accessed is proving hugely popular, and subscribers are increasing very rapidly. Looking ahead, when *SoftBank Air* begins using the 5G network, even more users will be able to access large-capacity broadband services conveniently.

Cumulative Broadband Subscribers

(Millions of subscribers)



Note: *SoftBank Air* subscribers are included in *SoftBank Hikari* subscribers.

Enterprise Segment

Expanding the Solutions Business to Double Operating Income

The Enterprise segment provides a wide range of services and solutions. In addition to telecommunications services such as mobile telecommunications services, device rentals, fixed-line telephones, and network construction, the segment offers cloud services, digital marketing services, and security services.

I am particularly excited about the use of IoT, robotics, AI, and cloud services in the solutions business of the Enterprise segment. The segment has the advantage of being able to provide clients with cutting-edge services by leveraging outstanding marketing power, a robust client base that comprises business relationships with 94%*3 of Japan's major corporations, and collaboration with

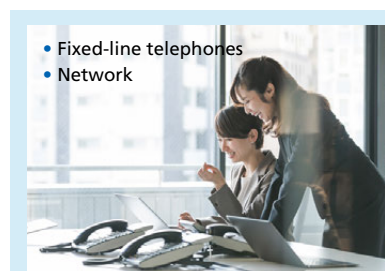
the investee companies of *SoftBank* Group. Under our current *Digital JAPAN* slogan, we aim to solve such social issues as a declining working population and the need for disaster countermeasures through digital transformation.*4 Although the goal may seem a little grand, we will exploit our unique strengths and partner with an array of companies inside and outside Japan to develop and market a steady stream of new business solutions.

For example, in the AI field *SoftBank's* cloud services platform has been selected for use in a project tasked with "The Establishment of an AI Development Support Platform", which is being led by the Ministry of Land, Infrastructure, Transport and Tourism. The aim of

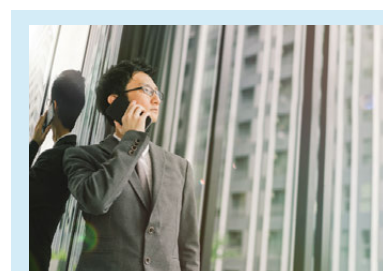
*3 This is an approximate percentage based on the fact that the Company has transactional relationships with 914 of the 970 listed companies that, as of March 2019, have annual revenue of at least ¥100 billion.

*4 *SoftBank* defines this as companies' utilization of data and digital technology to transform such facets of their operations as organizations, processes, and duties.

Business Fields of the Enterprise Segment



Fixed-line telecommunications



Mobile



Business solutions and others



the project is to heighten the efficiency of infrastructure maintenance through the use of AI for the analysis of image data from aged bridges and tunnels. Also, the AI-enabled cleaning robot *Whiz*—which SoftBank Robotics Corp. and SoftBank Group investee Brain Corp developed by combining AI and robotics technology—is selling steadily. Already, multiple companies, including MITSUBISHI ESTATE CO., LTD., have begun using the robot. In the IoT field, a great variety of companies are supported by SoftBank IoT Platform, jointly developed by our enterprise- and technology-related divisions. Moreover, at a stroke SoftBank has increased IoT services that it can provide by combining this platform with the data analysis platform of SoftBank Group subsidiary Arm Limited and by linking SoftBank IoT Platform with application programming interfaces (APIs). In another initiative, we have been collaborating with the major architectural firm Nikken Sekkei Ltd. to integrate IoT into buildings since 2017. The aim of the initiative is to reduce the costs arising from energy consumption and maintenance by using IoT, AI, and robotics to automate the control of air-conditioning and lighting, ease elevator congestion, replace

24-hour manned security, automate periodic inspections, and anticipate congestion. Further, in July 2019 we announced a business alliance with AEON KYUSHU Co., Ltd., aimed at using ICT to raise the efficiency of the product home delivery operations of the company's online supermarket business, which is seeing demand grow as dual-income households increase and society ages.

Thus, while many of our co-creation projects that involve the utilization of AI, IoT, robotics, cloud computing, and other technologies are still at the proving test stage, the scope and number of these projects are increasing constantly. A testament to this growth is the fact that the solutions business posted a 12% year on year increase in revenue in the fiscal year ended March 31, 2019. That being said, there are still a host of social issues that must be solved through digital transformation. In other words, business opportunities for the Enterprise segment are burgeoning. By increasing profitability in solutions businesses and growing existing businesses, in the 2020s SoftBank aims to double the operating income of the Enterprise segment compared with that of fiscal year ended March 31, 2019.

Examples of Enterprise Segment Initiatives

<p>AI-enabled cleaning robot</p> <p>AI</p> <p>Whiz</p>	<p>Data analysis platform</p> <p>CDP</p> <p>Customer data</p>
<p>Laborsaving infrastructure inspection</p> <p>AI</p> <p>Image analysis</p>	<p>Creation of smart buildings</p> <p>IoT sensors</p> <p>Energy data</p>
<p>Increasing logistics efficiency</p> <p>Last one mile</p> <p>ICT</p>	

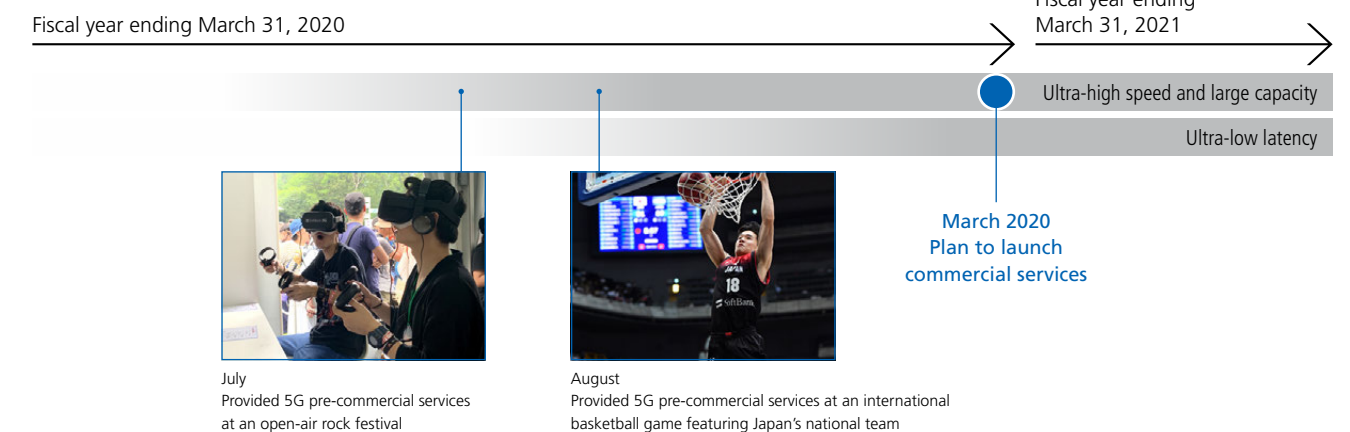
Technology Strategies

Fifth Generation Mobile Communications Systems (5G) □ P.30 Special Feature 2

SoftBank is proactively advancing initiatives in relation to 5G, the next generation of telecommunication standard. In July 2019, we became the first company to offer 5G services at a music festival in Japan by providing 5G at FUJI ROCK FESTIVAL '19, one of the country's largest open-air rock festivals. Also, in August we used 5G

and virtual reality and augmented reality technologies to provide multi-angle live broadcasting of an international basketball game involving Japan's national team. Our plans call for the introduction of 5G commercial services in March 2020.

5G Road Map



The distinctive features of 5G are ultra-high speed and large capacity as well as a communication speed that is more than 10 times faster than that of 4G. Accordingly, the 5G compatible smartphones that are on the verge of being launched will likely take the world by storm. Nonetheless, 5G is not merely a technology for increasing the communication speed of smartphones. Its features will open up a wide range of new possibilities. Multi-connection characteristics allow more than 10 times as many simultaneous device connections as a 4G network allows, while low latency realizes real-time telecommunications environments with little delay. 5G technology will enable the development of new services and devices, the drastic transformation of existing industrial processes, and the establishment of foundations for the creation of new industries.

extremely advantageous position for building out 5G networks. By taking advantage of existing base stations, we will be able to realize efficient investment in 5G networks.

SoftBank's Base Station Locations

c. 230,000 base station locations nationwide

High-density base station network is an advantage

The high-frequency bands that 5G uses mean that the radio waves are highly rectilinear and attenuate readily. In other words, 5G has difficulty transmitting over long distances. For this reason, 5G networks require more base stations. However, SoftBank has more base stations than its competitors. Previously, we had to build a large number of base stations because we did not have bandwidth allocation in the 900 MHz band of frequencies, the so-called "platinum band." In the process of overcoming our difficulties at that time, we steadily increased our base stations. These efforts together with the inclusion of WILLCOM, Inc. as a subsidiary and the acquisition of eAccess Ltd. have given us approximately 230,000 base station locations nationwide, placing us in an



Growing
Yahoo Japan

Yahoo Japan Approaching a Major “Metamorphosis”

In June 2019, SoftBank made its former Group fellow subsidiary Yahoo Japan a consolidated subsidiary. Yahoo Japan is one of the largest domestic internet companies, boasting more than 90 million users*1. The company has a portfolio spanning a diverse range of fields and comprising more than 100 services. These include *Yahoo! News*, e-commerce websites such as *YAHUOKU!* and

Yahoo! Shopping, *Yahoo! Finance*, *Yahoo! Car Navi*, and the *GYAO!* video transmission service.

Before Yahoo Japan became its subsidiary, SoftBank pursued business collaboration with the company as a fellow subsidiary. Particularly in the last few years, the two companies have become closer. Once a fortnight, I held candid discussions with Yahoo Japan’s

management team. Until now, our initiatives have primarily been e-commerce tie-ups offering special benefits to SoftBank customers when they use Yahoo Japan’s e-commerce services. In just the two and a half years since we began these collaborations, 14 million SoftBank users have linked with a Yahoo! JAPAN ID, thereby significantly boosting the sales of *Yahoo! Shopping*.

The success of *PayPay* prompted our decision to make Yahoo Japan a subsidiary. *PayPay* Corporation is a joint venture that SoftBank and Yahoo Japan established in June 2018, and the new company began offering services only four months later. Despite being a latecomer to the QR code payment services field, *PayPay* shot to prominence, becoming Japan’s most recognizable payment service just four months after becoming available. In 14 months after the launch, the service surpassed 20 million registered users. This success is attributable to the development ability of Yahoo Japan’s IT engineers, the affiliated store development enabled by SoftBank’s sales power, and the technology provided by SoftBank Group investee and major mobile payment service provider One97 Communications Limited (Paytm) of India. *PayPay* confirmed that when SoftBank and Yahoo Japan join forces the sky is the limit.

The inclusion of Yahoo Japan as a subsidiary will enable SoftBank to deploy and leverage the management resources of both companies—including personnel, physical assets, financial assets, and information—more strategically. As well as growing each other’s businesses, the companies will rapidly grow new businesses. In frontline operations, we have already established various working groups, which are conducting exploratory discussions.

In the second quarter of the fiscal year ending March 31, 2020, Yahoo Japan’s commerce business grew robustly, recording an approximately 12% year on year increase in e-commerce transaction value. Nonetheless, I believe that there is still plenty of scope for growth. I say this because e-commerce penetration in Japan is only 6%. The United States, birthplace of the global e-commerce service Amazon, only has 10% e-commerce penetration. Even in China, sometimes dubbed the leading country in e-commerce, the figure is just around 20%. *2 By enabling augmented and virtual

reality technologies and widespread drone delivery, 5G networks will facilitate transformation of the e-commerce shopping experience. These advances promise to generate a wave of e-commerce penetration that will also lift the growth of Yahoo Japan’s e-commerce business.

The media business is a field where we have not pursued many business collaborations. However, we expect to create significant synergies in this field. By leveraging SoftBank’s sales power, we will greatly increase Yahoo Japan’s advertising revenue and content revenue.

In addition, we will begin working in earnest to develop the fintech business centered on *PayPay*. As SoftBank also has a fintech business, both companies will make effective use of their resources to realize growth in this field.

Further, a little-known fact is that Yahoo Japan has approximately 3,000 talented software engineers. Given the difficulty of securing IT personnel at present, the acquisition of these human resources is of great significance. Meanwhile, SoftBank has approximately 5,000 network engineers. Therefore, with our sights set on the advent of a full-scale IoT era, we are promoting interactions among these two groups of engineers. Through the development of “hybrid” engineers with expertise in both networks and applications, we will market differentiated IoT solutions.

I believe that Yahoo Japan is approaching a major “metamorphosis” and that the future is extremely bright for the company. SoftBank will exploit its own telecommunications technology, Yahoo Japan’s expertise in internet services, and the cutting-edge technology of SoftBank Group’s cluster of AI investee companies to build a future that no other company can replicate.

*1 This was the average number of daily unique browsers in the fiscal year ended March 31, 2019. The number comprises the cumulative total number of browsers accessing *Yahoo! JAPAN*. With respect to smartphones, access via browsers and access via applications are counted separately, even if there is an overlap in users.

*2 This figure is from “FY2018 Survey of Infrastructure Development Status for Data-driven Society in Japan (E-Commerce Market Survey)”, the Ministry of Economy, Trade and Industry, issued in May 2019.

Yahoo Japan’s Competitive Advantages

- One of Japan’s largest user bases**
More than 90 million*1 daily unique browsers
- Diverse service lineup**
More than 100 services in the discrete fields of media and commerce
- High-quality multi-big data**
The latest data acquired from multiple high-frequency-use services

Yahoo Japan’s Business Fields





Expanding
New Business
Fields

P.26 Special Feature 1

Scenarios Only SoftBank Can Realize

SoftBank has an abundance of vital resources to foster new businesses. These resources include a sales force, engineers, stores, and telecommunications infrastructure that SoftBank has developed in its telecommunications business. In creating new businesses, one of our greatest advantages is our solid customer base comprising more than 40 million mobile subscribers, of whom over 22 million

are smartphone subscribers, and business relationships with 94% of major corporations in Japan.

By leveraging these strengths and establishing joint ventures through collaboration with the major companies that SoftBank Group invests in as well as with a variety of business partners inside and outside of Japan, we are rolling out the world's leading

SoftBank Business Platform

Solid customer base		Abundant human resources	
Consumer	Cumulative smartphone subscribers 22.08 million (mobile subscribers*: 44.54 million)	Sales force c. 15,000	
	SoftBank Hikari subscribers*2 5.92 million (Broadband subscribers: 7.64 million)	Engineers c. 5,000	
Enterprise	Business relationships with 94%*3 of major corporations in Japan	Points of contact with customers	
		Number of stores c. 6,000*4	

Note: All figures are as of March 2019.

*1 Mobile subscribers includes main subscribers (smartphones, feature phones, tablets, mobile data communications devices, Wireless Home Phone, and others), communication modules and others, and PHS (Personal Handy-phone System).

*2 Integrated service that combines fiber-optic service using the wholesale fiber-optic connection of NIPPON TELEGRAPH AND TELEPHONE EAST CORPORATION (hereinafter, "NTT East") and NIPPON TELEGRAPH AND TELEPHONE WEST CORPORATION (hereinafter, "NTT West") with an Internet Service Provider (ISP) service.

*3 This is an approximate proportion of the listed companies with annual revenue of ¥100 billion or more that have transactional relationships with the Company (914 of 970 listed companies).

*4 This figure includes directly owned stores, dealers, mass electronics retailers, and stores offering multiple carriers.

business models and technologies in Japan. In summary, these are growth scenarios that only SoftBank can realize because of its unique position as the major operating company within SoftBank Group and it owns the telecommunications business that provides a rock-solid platform.

Representative examples of such rollouts of new business models and technologies are the smartphone payment service *PayPay*, the AI taxi-hailing platform *DiDi*, the state-of-the-art, community centric workspaces offered under the *WeWork* brand and the initiative to develop next generation mobility services *MONET* with the aim of bringing about an autonomous driving society. Each of these businesses has successfully launched vertically in Japan and grew significantly in only about one year after launch. While these services tend to be eye-catching because they are brand new and innovative, I believe the reason they have become popular quickly worldwide is because they ingeniously alleviate "pain points" that cause difficulties and dissatisfaction for everyone in daily life. Similarly, *OYO*, our recently launched groundbreaking service for hotels, uses the power of IT and AI to eliminate the "pain points" of small and medium-sized hotels lacking the time and resources to attract customers via the internet or to remodel facilities. A great many of our projects are still at the investment stage. We expect these new businesses to contribute to profitability in a few years.

Moreover, the success of *PayPay* and *WeWork* has led to me receiving a steady stream of proposals from SoftBank Group

investee companies that would like to establish joint ventures with us in Japan. While rigorously analyzing such factors as the compatibility of the proposals with the Japanese market, we intend to continue developing new businesses.

Expansion of businesses in new fields also drives growth in the telecommunications business. This is because the majority of our new businesses are services that utilize smartphones. For example, adding benefits for SoftBank customers, such as *PayPay* reward points, increases customer satisfaction levels as well as customer retention. Given these synergies, I am sometimes asked if our strategy is to establish a "SoftBank ecosystem". I suspect, however, that concepts such as "enclosing customers" and creating "ecosystem" have become outdated. In current era, where information can be shared in an instant via the internet, locking customers into our services to the exclusion of all others is probably no longer realistic. Actually customers using *PayPay* may use other payment services at the same time. Therefore, our businesses in new fields aim to provide services that are essentially universal. If we pursue services that address the "pain points" of consumers, they will choose ours irrespective of their telecommunications carrier and without us having to "enclose" them. Thus, we aim to provide essentially universal services to all kinds of users while SoftBank customers gain additional benefit compared with other users.

Our Main Partnerships

Collaboration with SoftBank Vision Fund Investees			Collaboration with Other Partners		
JV	JV	JV	JV	JV	JV
wework	DiDi	MONET MONET TECHNOLOGIES INC.	cybereason	HAPS MOBILE	
JV	JV	JV	JV	JV	JV
OYO	COHESITY	J.Score	FINDABILITY SCIENCES	SB Cloud	
Collaboration	Collaboration	JV	Investment	Investment	
paytm	arm TREASURE DATA	ENCORED	One Tap BUY	ZIMPERIUM MOBILE THREAT DEFENSE	
Collaboration	Collaboration	Collaboration	Investment	Collaboration	
mapbox	brain@corp	AUTOMATION ANYWHERE Go be great.	TBCASoft	SoftBank Robotics

Note: The above are SoftBank partners as of November 2019.



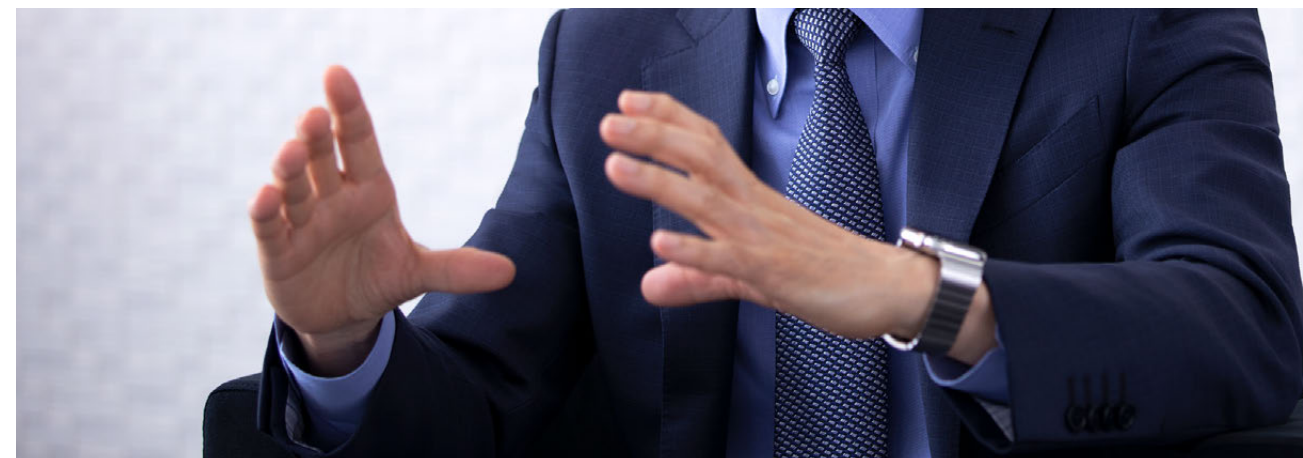
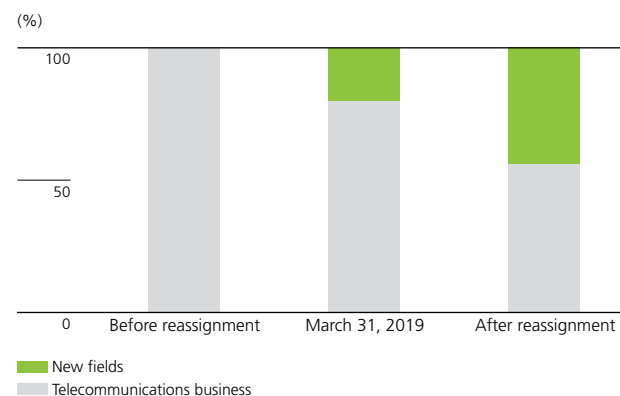
Shifting 40% of Personnel

Eliminating Inefficiencies and Further Heightening Cost-competitiveness

At the same time as advancing growth strategy, SoftBank is tackling structural reform. Four years ago, I set out the “Half & Twice” slogan, which calls on the Company to reduce the number of business processes and costs by half and to double productivity and creativity. In this initiative, we review existing work processes and then eliminate inefficiencies, incorporate creative solutions, and leverage the power of robotic process automation (RPA), AI, and IT to reduce two-hour jobs into one-hour jobs, thereby doubling the output per hour. We want to entrust routine tasks to robotics and save employees for high-value-added and creative work. Since 2018, I have been talking about “Shifting 40% of personnel.” This measure entails increasing work efficiency so that we can then transfer 40% of the employees in the telecommunications business to new business fields. Guided by the *Beyond Carrier* strategy, new businesses are being continuously established. As a result, we are in constant need of personnel to work in new fields. Employees will take advantage of the skills they have developed in the telecommunications business to make important contributions in such roles as developing systems for *PayPay*, conducting sales and marketing for *WeWork*, participating in the establishment of new companies, and transferring to new roles for new businesses within SoftBank

departments. Already, we have reassigned several thousand employees from the telecommunications business to new fields. To accelerate these initiatives, we have started a project to create 4,000 “digital workers” to free up personnel by using robotic processors to replicate work of humans. Going forward, all employees will work in a united manner to advance structural reform.

Personnel Breakdown by Field



The Rationale Embedded in Our Management Strategy

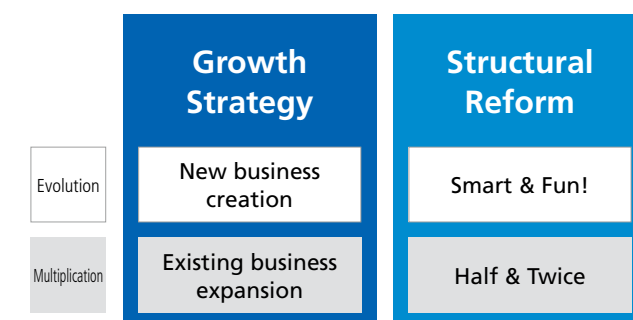
Only Work Leading to Innovation Will Survive P.54 Special Feature 3

As technologies such as 5G, AI, and IoT accelerate the pace of change, companies, no matter how large they are, can go under instantly if they are not fast enough to adapt to this change. In some cases, the very fact that a company has successfully achieved a major innovation in the past hampers its ability to respond effectively to the next wave of change. To avoid this pitfall, I often refer to a four-quadrant matrix comprising a Growth Strategy, Structural Reform, Evolution, and Multiplication. When talking to employees about the matrix, I often cite the importance of Evolution. As time passes, organizations inevitably become outdated, and if they are satisfied with where they are, evolution stops. Before such organizations realize, they may find they are not able to keep up with the pace of technological change anymore. There is always such danger. When business results begin to decline, it is already too late. To avoid this kind of situation, as I mentioned earlier, we must launch new businesses and continue to motivate our employees while constantly energizing our organization through structural reform.

employees who have an appetite for challenges, eagerly absorb knowledge and know-how in new fields, and create new value. Of course, I am not suggesting that employees approach things recklessly. To enable all employees to work efficiently and enjoyably, we are actively promoting workstyle reform under the slogan “Smart & Fun!”. I believe that we can help each employee “evolve” into an innovative and creative person by increasing productivity through the utilization of IT and AI and the adoption of diverse workstyles and by investing in the growth of each individual through the use of freed-up time for self-improvement, personnel exchanges, or communication with friends or family members. As for myself, I hope to consistently demonstrate that I am also taking on the challenge of “evolution.”

I want our employees to have a strong sense of ownership. Evolution occurs the moment that personnel with a strong vision of how they are going to change society over the coming 10 or 20 years break into a new field. I would even go so far as to say that members of the management team and all of our managers who cannot trigger innovation do not have existential value. We cannot survive if our work does not generate innovation. With this in mind, I want to establish an organization with a compensation system that, regardless of age, reflects the contributions of

SoftBank's Four-quadrant Matrix



Shareholder Returns □ P.37

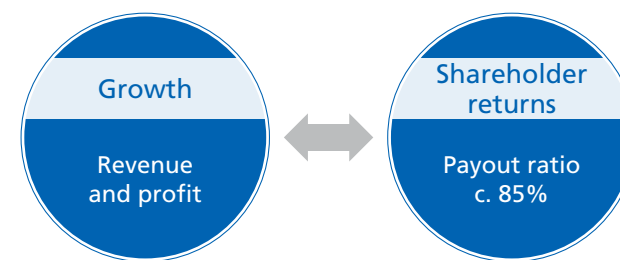
Maintaining a High Level of Shareholder Returns while Achieving Growth

I believe that providing returns to shareholders while increasing corporate value is an important management goal. Accordingly, we have established a dividend policy that calls for a high consolidated dividend payout ratio of approximately 85%. Generally, companies targeting growth curb shareholder returns and use capital to invest in growth. Conversely, mature companies often reduce investments and use capital for shareholder returns. SoftBank, however, aims to achieve both growth and high shareholder returns.

We are able to do this thanks to partnerships with SoftBank Group investee companies, which are a pillar of the *Beyond Carrier* strategy. These partnerships allow us to introduce to Japan business models that have already proven successful in the world. Consequently, SoftBank does not need to make the large-scale initial investments that are normally required when establishing new businesses. Thus, we can develop businesses with small amounts of capital, thereby realizing highly efficient investments.

In the fiscal year ending March 31, 2020, we plan to pay a full-year dividend of ¥85.00 per share, up ¥10.00 year on year.*¹ We aim to continue growing revenue and profits while increasing corporate value and returning profits to shareholders stably.

*¹ In the fiscal year ended March 31, 2019, SoftBank paid a half-year dividend of ¥37.50 per share (which converts to a dividend of ¥75.00 per share if calculated on a full-year basis) as the Company listed on December 19, 2018.



Management Structure

Strengthening Governance and Risk Management Continuously

Strengthening Governance □ P.64

SoftBank used its listing as an opportunity to appoint highly experienced corporate executives, attorneys, and certified public accountants as external directors. The external directors state frank opinions based on their experience and insight. In particular, they always provide detailed guidance and opinions with respect to decision-making processes and accountability. I feel that such guidance from outside our organization is necessary to promote understanding of our management strategy among more stakeholders as well as to ensure the advancement of this strategy. Further, we have established systems aimed at heightening the effectiveness of external directors, including the holding of briefings for them before meetings of the Board of Directors and the convening of meetings of external directors. Also, all external directors are members of the Nominating Committee and the Remuneration Committee, and external directors are the chairpersons of these committees. Going forward, I want to make our business management even more transparent by continuing to listen sincerely to external directors' opinions and by reflecting these opinions in business management.

Strengthening Risk Management □ P.75

Telecommunications services are part of the infrastructure of day-to-day life. In my view, risk management for such areas as telecommunications networks and the handling of information must be careful almost to the point of being neurotic. In addition, given that SoftBank will roll out a series of new services outside the telecommunications services field under the *Beyond Carrier* strategy, there will be an increase in the types of risks that the company must carefully monitor. Therefore, we have spun off the risk section of the General Affairs Division to create a discrete risk department, which provides reports based on a broader, more Companywide perspective. Naturally, we will increase the security of our networks even further. At the same time, SoftBank will visualize a range of different risks and bolster its risk alert system. While preventing problems from occurring is important, it is also important to shorten the lead time from occurrence of a problem through to the identification of its cause and the implementation of countermeasures. To this end, I want to rigorously utilize AI and other ledge technology. We will strengthen risk management on a day-to-day basis so that we can provide customers with safe, reliable services.

To Conclude

Determined and Ready to Tackle New Reforms

Whenever I am asked what our main business is, I do not reply "the telecommunications business." Instead, I say that it is "Information Revolution — Happiness for everyone." SoftBank's history is one of resolving people's "pain points" through pioneering initiatives. The Company's history is also my history. As someone who has faced and overcome various kinds of challenges over the years, I have confidence to answer any question concerning SoftBank based on my own knowledge.

I habitually use backcasting to look ahead 10 years and then clarify what we should be doing now by calculating backward from that point in the future. As CEO, my responsibility is to make decisions, create work, and grow the Company. I have absolutely no intention of making excuses in this regard. At the same time, I often ask myself how real I can feel and understand employees' dilemmas, frustrations, and other "pain points" that happen in frontline operations.

Japan's ICT industry stands on the brink of a major revolution. In such an era, I am ready and determined to provide employees with strong leadership. Please look forward to great things from SoftBank as it tackles the new revolution. While we forge ahead, I would like to ask our shareholders, investors, and all other stakeholders for their continued support and understanding.

Ken Miyauchi
President & CEO



Special Feature 1

Initiatives in New Fields

By leveraging its network and platform as a telecommunications carrier and by working in partnership with the subsidiaries and investee companies of SoftBank Group Corp. and other major companies, SoftBank will roll out cutting-edge technologies and business models from around the world in Japan.

PayPay Smartphone Payment Service

The provider of a smartphone payment service, PayPay Corporation was established as a joint venture by SoftBank and Yahoo Japan Corporation in June 2018. The new company received technology from Paytm, India's largest mobile payment service provider, and launched the payment service in October 2018.

Paytm

Leading India's digital payment market, Paytm develops barcode- and QR code-based technology. The company provides seamless mobile payment services to more than 350 million people and 9.5 million affiliated stores.*1

*1 As of August 2018

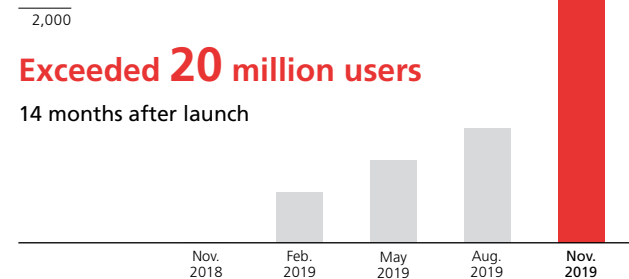
Progress of the Business

Held in December 2018, the 10 Billion Yen Giveaway Campaign significantly raised the level of awareness of PayPay, leading to an explosive rise in customers. Aiming to promote day-to-day use of the service, we held 2nd 10 Billion Yen Campaign between February and May of 2019. Through these efforts, in November 2019 cumulative registered users of the service surpassed 20 million just 14 months after launch. Currently, we are entrenching habitual use of the service through monthly campaigns under various themes. As well as encouraging use of PayPay at offline stores, we are enhancing online use. In June 2019, we made PayPay compatible with the online payment functions of such services as the online shopping mall *Yahoo! Shopping* and the

online auction and flea-market service *YAHUOKU!*. Moreover, Yahoo Japan launched *PayPay Mall* and *PayPay Flea Market* in October 2019.

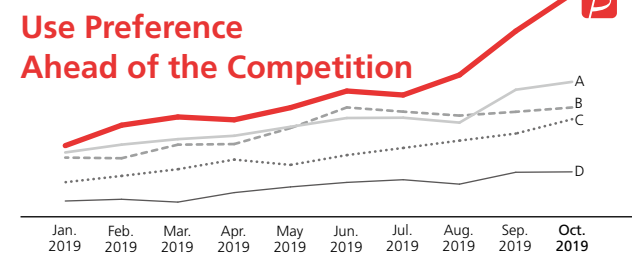
Our aim is to make PayPay a "Super App" that is in the same mold as Alipay in China and Paytm apps in India, which enrich and are indispensable for daily life. These apps not only have payment functions but also include insurance, investment, and other financial services and enable customers to do everything from paying utility bills and taxes to reserving hotels, flight tickets, and movie tickets. To evolve PayPay into a "Super App", we added functions such as utility bill and tax payment and cash withdrawal. In conjunction with these initiatives, we will continue focusing on increasing the online and offline use of PayPay.

Cumulative Registered Users of PayPay



Source: PayPay Corporation. Figures have been calculated by aggregating users acquired through the PayPay and Yahoo! JAPAN apps.

Survey of Use Preference for QR Code Payment Services



Source: PayPay Corporation (As of the end of the month)

DiDi AI-enabled Taxi-hailing Platform

Established in June 2018 as a joint venture between SoftBank and Didi Chuxing Technology Co., Ltd., DiDi Mobility Japan Corp. provides an AI-enabled taxi-hailing platform.

Didi Chuxing Technology

Didi Chuxing Technology is a global company that operates one of the world's largest transportation platforms, offering such services as taxi booking, ride sharing, bicycle sharing, and food delivery. Worldwide, the company's apps boast more than 550 million registered users and approximately 31 million registered drivers.*1 A differentiating feature of the DiDi taxi-hailing service,

which is accessed via a dedicated app, is that AI and data analysis technology are utilized to provide drivers with a heat map projecting passenger demand. This enables the efficient real-time matching up of people seeking taxis with available taxis.

*1 As of July 2018

Progress of the Business

Responsible for developing the DiDi service in Japan, DiDi Mobility Japan is expanding its business at a very rapid pace. After the service's September 2018 launch in Osaka, the company rolled the service out in a series of locations from April 2019 onward, including Tokyo, Aichi, and Fukuoka. As a result, the DiDi service is now available in 16 cities*2 nationwide. Due to the advantage of highly precise matching that uses AI technology, survey results have shown that, on average, taxis arrive within five minutes of being hailed by customers.*3 Further, taxi companies are seeing real

benefits from the introduction of DiDi, including increased use by visitors to Japan and improvements in passenger-carrying distance as a percentage of total distance traveled and in revenue per vehicle. In July 2019, a mere 10 months after entering the market, DiDi recorded the highest number of monthly downloads among taxi-hailing apps in Japan and has retained this No. 1 position in every month since. We plan to expand the service area to 20 cities*2 by the end of 2019.

*2 As of October 2019

*3 Based on survey by DiDi Mobility Japan of service performance in Osaka in December 2018

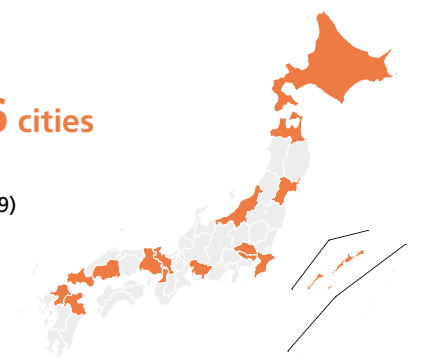
Monthly Downloads of Taxi-hailing Apps



Source: App Annie. Comparison with downloads of open-platform-type, taxi-hailing apps

DiDi Service Area

Covering 16 cities nationwide (As of October 2019)





wework Community Centric Workspace

In July 2017, SoftBank, SoftBank Group Corp., and The We Company joined forces to establish WeWork Japan, a joint venture that takes advantage of AI to offer cutting-edge workspaces.

WeWork

Established in 2010 in the United States, WeWork is now one of the world's largest platformers of community centric workspace. It currently offers such working spaces in 122 cities located in 32 countries*1 worldwide. The most distinguishing feature of the company is its focus on building communities. By providing open-plan offices and community spaces and organizing

community events, WeWork creates collaborative environments where tenants can set aside company boundaries and get to know and inspire each other. Also, WeWork builds better working spaces by using space design based on the most advanced data technology.

*1 As of September 2019

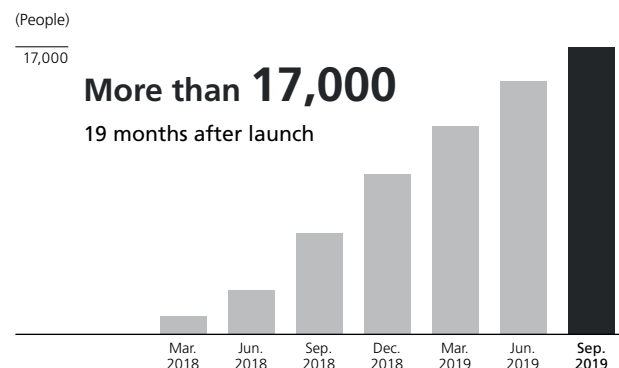
Progress of the Business

In comparison with WeWork rollouts in other countries, WeWork Japan has been expanding its business at top speed. Just 19 months after beginning domestic services in February 2018, the company has a membership of more than 17,000 people. As of November 2019, WeWork Japan has opened 23 locations in six cities across Japan. Our tenants are not only start-ups but also a host of other types of organizations, such as municipal authorities

and famous companies. This diversity is furthering exchanges, and some tenants have launched projects jointly. A survey conducted by WeWork found that more than 80% of the members of bases in Tokyo believed that WeWork Japan helped them grow their businesses—the highest level of positive feedback among the 62 cities surveyed worldwide.*2

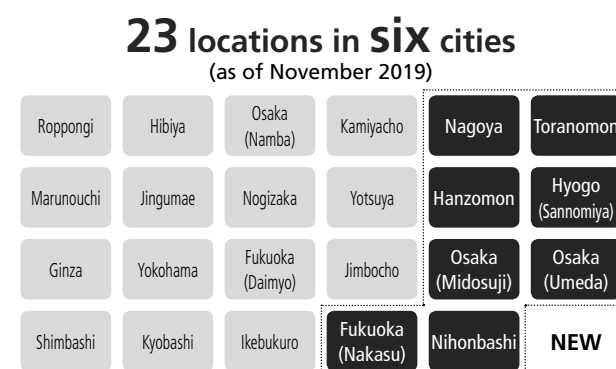
*2 Global Impact Report 2019, issued by WeWork in June 2019

WeWork Memberships in Japan



Note: Figures for WeWork Japan have been calculated as of the beginning of respective months.

WeWork Japan Locations



OYO Innovative Hotel Service

With the aim of offering innovative hospitality experiences in Japan and offering convenient and comfortable accommodations to travelers and city dwellers, OYO Hotels & Homes, Softbank and Softbank Group jointly established OYO Hotels Japan GK in April 2019.

OYO Hotels & Homes

OYO Hotels & Homes is a global technology-driven chain of hotels, homes, managed living and workspaces and is present in more than 800 cities in 80 countries including Japan. *1 Since its establishment in 2013, OYO Hotels & Homes has expanded rapidly. In just six years, it became the world's second largest hotel chain with over 1.2 million rooms managed. OYO's successful model enables real estate owners around the world to

get a higher return on investments, access easy financing opportunities, transform their hotels, and offer good quality customer service, thereby significantly increasing occupancy and profitability. The pricing, inventory allocation, and revenue management are driven by a machine learning-based algorithm for prediction and dynamic pricing.

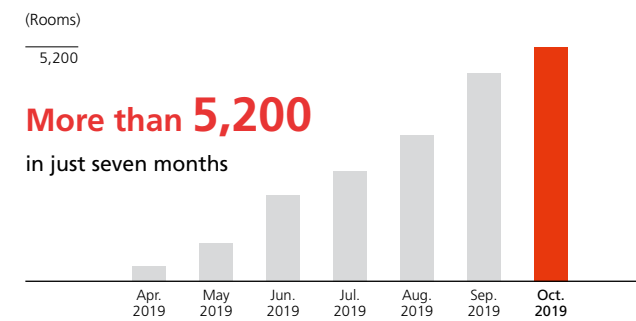
*1 As of October 2019

Progress of the Business

OYO Hotels Japan opened over 5,200 rooms within 100 hotels including Tokyo, Osaka and Kyoto in just seven months. The survey results show that hotels that have joined OYO have been operating for an average of over 80% in about three months after joining. In

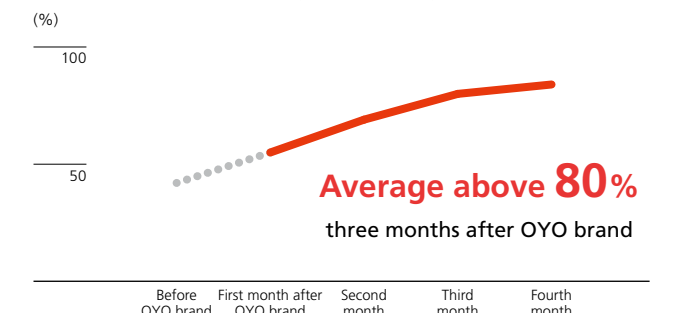
addition to making reservations from OYO app, it is possible to make reservations from OYO website, Online Travel Agency (OTA), walk-ins and mobile-web and we are aiming for further development in the future.

OYO Hotels Japan Guest Rooms



Source: "OYO Hotels Japan Guest Rooms" refers to the number of guest rooms for which the introduction of operations under the OYO brand has been completed.

OYO Hotels Japan Average Occupancy Rate



Source: This figure has been calculated based on approximately 400 guest rooms opened in May 2019. Before OYO brand: Average occupancy rate before remodeling under the OYO brand. After OYO brand: Average occupancy rate between May 2019, when guest rooms opened under the OYO brand, and August 2019

Special Feature 2

5G Strategy

In 2020, SoftBank will launch commercial services of 5G, the next-generation telecommunications standard. This section focuses on the current technological strategies and advantages of SoftBank as it readies for the imminent arrival of the 5G era.

5G, the next-generation telecommunications standard—Accelerating the *Beyond Carrier* strategy

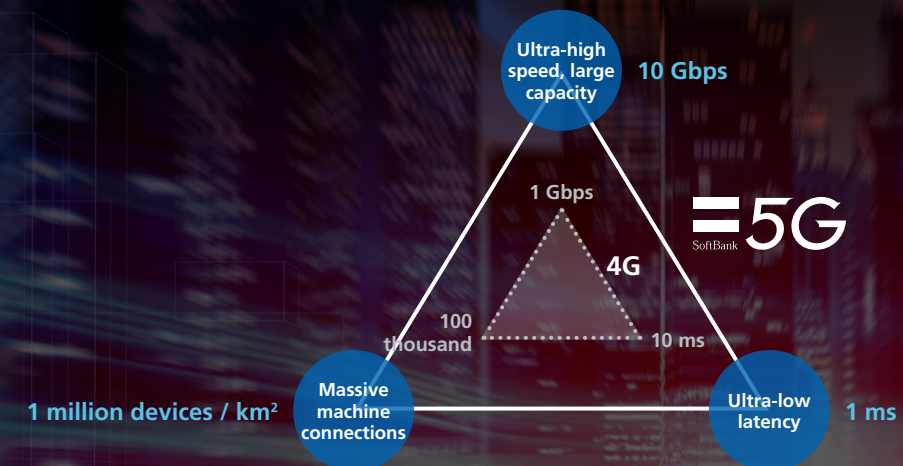
Under its *Beyond Carrier* strategy, SoftBank aims to grow the telecommunications business further while expanding Yahoo Japan and new business fields. The accelerator of this strategy will be 5G technology, the next-generation telecommunications standard.

The ultra-high speed and large capacity of 5G is expected not only to enable the viewing of large-volume, high-quality videos via smartphones but also to result in the exponential spread of services with levels of sophistication that would be impossible with existing smartphones. For example, 5G will allow customers to play games with high-definition graphics and use virtual reality technology to view live sports events from remote locations. Manufacturers will time the launches of 5G compatible smartphones to coincide with the beginning of 5G commercial services in 2020 and then steadily expand their smartphone lineups as 5G networks expand.

Further, 5G will play an important role in new businesses. SoftBank is creating new businesses by introducing the disruptive business models and cutting-edge technologies of SoftBank Group investee companies to Japan. In realizing IoT services, robotics, and self-driving vehicles—markets that promise growth—the ultra-high speed, large capacity, massive machine connections, and ultra-low latency of 5G networks will be critical. Therefore, our 5G technology will give us a major advantage in expanding new businesses.

SoftBank 5G What Is 5G?

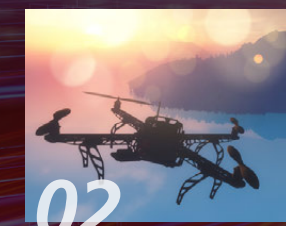
The next-generation telecommunications standard is referred to as 5G. Featuring faster communication speeds than 4G, 5G enables almost instantaneous communications with more devices. Practical use of the ultra-high speed, large capacity, massive machine connections, and ultra-low latency of 5G promises to facilitate the use of virtual reality, augmented reality, and mixed reality technologies, thereby enabling technology transformation and service creation that makes daily life safer and more convenient in a wide variety of fields, such as drone-based infrastructure inspection, self-driving vehicles, and product management (IoT).



01

VR / AR / MR

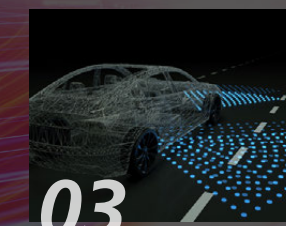
By utilizing the ultra-low latency, ultra-high speed, and large capacity of 5G environments, virtual reality (VR), augmented reality (AR), and mixed reality (MR) technologies are expected to play important roles in diverse fields, including scientific research, medicine, product development, manufacturing, and travel simulation.



02

Drones

The massive machine connections and ultra-low latency of 5G increase the number of and distances from which devices that can be controlled. Consequently, the use of drones for home delivery and other logistics operations is envisioned. Further, the applications for drones are likely to multiply. For example, they can be used to inspect bridges and roads remotely and to inspect high altitude locations safely.



03

Self-Driving Vehicles

The ultra-high reliability and ultra-low latency of 5G are crucial because they reduce communication delays when vehicles are being controlled. Moreover, platooning and completely autonomous driving should be feasible because 5G enables the communication of brake and accelerate commands in close to real time.



04

Product Management (IoT)

Using the massive machine connections possible with 5G allows businesses to inventory products on the shelves of supermarkets and other stores in real time. Moreover, AI can be used to predict which products are likely to go out of stock. Based on this prediction data, products can then be shipped automatically. Thus, the connection of society's "things" to networks opens up the prospect of all sorts of advances in efficiency and automation.

SoftBank's 5G Road Map

For some time, SoftBank has been conducting many different types of verification trials in relation to 5G. Having received spectrum allocation from the Ministry of Internal Affairs and Communications in April 2019, the Company is currently working with diverse partners to advance verification-related initiatives aimed at realizing practical applications for 5G as soon as possible.

We plan to commence 5G commercial services in 2020. With the aim of rapidly achieving 5G coverage for more than 90% of the population, SoftBank is introducing 5G networks by extending existing LTE (Long Term Evolution) networks and is establishing additional base stations.

Commencement of 5G Commercial Services in 2020

SoftBank plans to begin providing 5G services through non-stand-alone (NSA)^{*3} networks. The utilization of NSA networks, which use 5G radio units while using 4G LTE as their core networks,^{*4} will enable the realization of 5G telecommunications through the expansion of existing LTE networks. As a result, we will be able to introduce 5G networks rapidly while curbing capital expenditures.

April 2019

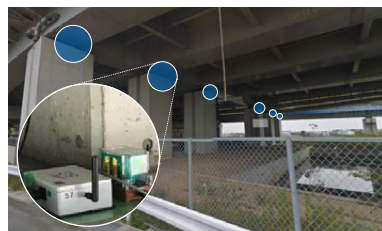
Determination of Spectrum Allocation

SoftBank received the 3.7 GHz and 28 GHz bands.

Apr.

Verification Trials Aimed at Realizing Smart Highways

In collaboration with Pacific Consultants Co., Ltd., Maeda Corporation, and Aichi Road Concession Co., Ltd., SoftBank conducted verification trials on a toll road in Aichi Prefecture with a view to realizing 5G-enabled smart highways. The trials confirmed that AI can detect small objects undetectable in high-definition images and that acceleration sensors installed on bridges can achieve real-time monitoring of characteristic vibration properties.



The installation of acceleration sensors and wireless devices enables the remote, real-time detection of abnormalities in bridge beams and columns during disasters and in other situations.

Utilization of Portable 5G Equipment to Connect with Construction Equipment

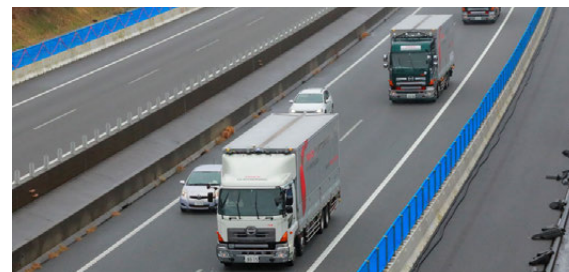
For the first time, SoftBank used *Odekake* 5G^{*1}, a portable 5G equipment, which the Company developed in-house, to establish a high-quality, local 5G signal at a construction site. This enabled the successful remote operation of self-driving construction equipment that Taisei Corporation is developing.



Jun.

World's First^{*2} Verification Trial of 5G-enabled Truck Platooning

On the Shin-Tomei Expressway, we conducted a successful verification trial of truck platooning that uses a new wireless 5G system to share control information among trucks. In platooning, self-driving trucks follow a lead truck driven by a person.



The use of automated control of inter-vehicular distance for automated platooning on a highway

Jul.

Provision of Japan's First 5G Pre-commercial Service at an Open-air Music Festival

Through a 5G network, SoftBank transmitted live video to virtual reality spaces and provided information on congestion at respective venues at FUJI ROCK FESTIVAL '19, one of Japan's largest open-air rock festivals.



Using virtual reality to view immersive live video at SoftBank booth

Aug.

Provision of 5G Pre-commercial Service at an International Basketball Game

For the first time at an international basketball game played in Japan by the country's national team, SoftBank utilized a 5G network to provide an immersive viewing experience based on virtual reality, augmented reality, and high-definition HDR (high dynamic range) video.



Virtual reality-enabled video transmitted from equipment installed under the hoop and in other special locations

Cooperation between SoftBank and KDDI on the Rapid Build-out of 5G Networks in Rural Areas

SoftBank and KDDI Corporation have agreed to make mutual use of their base station assets with the aims of jointly advancing the rapid build-out of 5G networks in Japan's rural areas, increasing the efficiency of capital expenditures, and strengthening networks.

^{*1} Developed by SoftBank, this portable equipment can provide a high-quality 5G signal locally.

^{*2} This is based on a survey by SoftBank as of June 11, 2019.

^{*3} This is a system that operates 5G New Radio (NR), which is a radio access system for 5G, through connection to LTE networks.

^{*4} The core network comprises switching equipment, subscriber information management devices, and other equipment. Mobile terminals communicate with the core network via a radio access network.

SoftBank Initiatives to Accelerate the Development of 5G

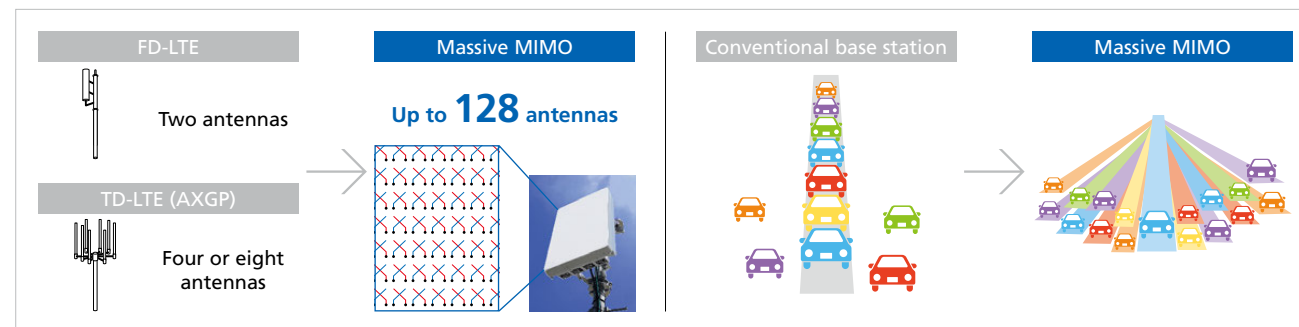
1 Early Rollout Utilization of Existing Base Stations and Technology



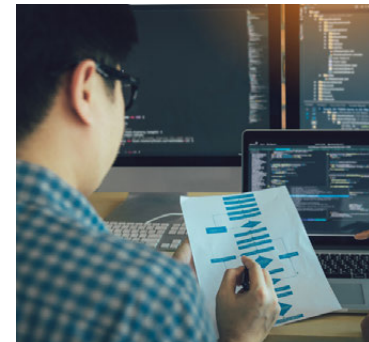
The use of 5G spectrum enables the transmission of high-definition video and sound without any delay. On the other hand, the high frequency of the bands means that the radio waves are very straight and attenuate readily. Consequently, the radio waves have difficulty penetrating buildings or other obstacles. For this reason, 5G network requires base stations to be closer together than those of 4G networks. The establishment of additional new base stations requires time and investment. First, suitable land for base stations has to be found, then negotiations with landowners are opened, base stations are built, and finally line contracts are concluded. However, we enjoy the advantage of having more base stations than other companies. Nationwide, SoftBank has approximately 230,000 base station locations. When utilizing base stations that have already been built, all that needs to be done is to incorporate 5G equipment. In terms of both speed and cost, this approach is significantly superior to constructing base stations from scratch. Thus, the fact that it already has enough base station sites is a major advantage for SoftBank in building out 5G networks across Japan.

Another advantage is that we have the technologies to make maximum use of our spectrum allocation. Specifically, our Massive MIMO (multiple input, multiple output) technology allows multiple customers to simultaneously use ultra-high speed, large capacity communications services. Through advanced beam forming and spatial multiplexing technology that controls up to 128 antennas, Massive MIMO is able to allocate a dedicated signal to each customer. Consequently, this technology can realize high-quality mobile telecommunications in crowded locations, such as railway stations and busy downtown areas where communication speeds previously tended to slow down. Although Massive MIMO is referred to as a 5G elemental technology, SoftBank has been using the technology in the commercial services of 4G networks for approximately three years. As a result, we have a variety of expertise in relation to the operation of Massive MIMO. This competence is a further major advantage that will enable us to expedite the building out of 5G networks nationwide.

Realization of Ultra-high Speed, Large Capacity Communications through Massive MIMO



2 Personnel Strategy Human Resources for the Advancement of New Technologies



In anticipation of the coming 5G era, SoftBank is pursuing a personnel strategy for engineers. For several years, SoftBank has been reassigning certain engineers in its telecommunications business to such new fields as 5G, IoT, big data, and AI. To allow this transfer of personnel, we have been rigorously reforming base station construction processes and other work in the telecommunications business and proactively introducing robotic process automation (RPA) to automate and increase the efficiency of work. At the same time, we are training engineers who do not have experience in the new fields by enabling them to take certification exams. In this way, we are fostering multi-skilled personnel who even have competence in programming for IoT services.

Further, Yahoo Japan, which became a SoftBank subsidiary in June 2019, has a large number of outstanding software engineers. Through collaboration with these engineers, we are accelerating the development of applications for IoT and AI, which was previously a challenge for us. Going forward, our IT engineers and software engineers will work proactively as a team on initiatives for the use of AI-enabled data analysis across a range of Yahoo Japan's services, the use of 5G networks to expand and improve Yahoo Japan's existing services, and the starting up of new businesses.

3 Maintenance of Quality Technological Measures for the Continuing Growth in Communication Traffic



In catering to the ever-growing volume of communication traffic, how best to manage spectrum while maintaining the quality of services is a significant technological task for telecommunications carriers. While Japan's population is trending downward, communication traffic is expected to see explosive growth. Driving this expansion will be increased viewing of videos and other rich content that require large-capacity data communication as well as the full penetration of IoT and self-driving vehicles that is likely to accompany the realization of 5G.

To ensure that even in such conditions it can consistently provide customers with a comfortable communications environment, SoftBank is conducting proper capital investment and improving its spectrum bandwidth. With the aim of maintaining the communication quality of mobile and other wireless communications, we have established standards for communication speeds, and we take ongoing measures to ensure that communication speeds do not fall below this standard. Meanwhile, for several years we have been implementing initiatives for our core network aimed at coping with increases of communication traffic. For example, we have introduced virtualization for the core network on a computer platform. Going forward, as the progress of virtualized core network technology, it will become easier to accommodate the increase of communication traffic. Moreover, virtualization promises to help curb the capital expenditures needed for locations and equipment, thereby improving cost-effectiveness.

4 Security The Use of the Most Advanced Technology to Curb Security Risks



The introduction of 5G for practical applications is expected to trigger an explosive expansion of IoT. Given that IoT connects innumerable devices via networks, protecting devices from external attacks will be a task for telecommunications carriers. Aiming to tackle this task, SoftBank is actively developing NIDD (Non-IP Data Delivery) as a new technology. NIDD enables communications in wireless sections without the use of internet Protocol (IP) addresses. As IP is not used for communications, highly secure networks that are unlikely to expose IoT devices to malicious external attacks can be built. Furthermore, through the use of NIDD technology together with closed networks, it is possible to block any contact with IoT devices from the external environment. In 2018, SoftBank became the first company in the world to successfully conduct NIDD technology connection tests in a commercial environment. At present, we are steadily proceeding with development aimed at beginning commercial NIDD services. For example, we have partnered with Murata Manufacturing Co., Ltd., to develop the world's smallest class of communication modules*1.

*1 This is based on a survey by Murata Manufacturing Co., Ltd., as of June 30, 2019.

Financial Strategy / A Message from the CFO



Kazuhiko Fujihara

Board Director
Executive Vice President & CFO
SoftBank Corp.

Performance Overview of the Fiscal Year Ended March 31, 2019

In the fiscal year ended March 31, 2019, SoftBank achieved year on year increases of 5% in revenue, to ¥3,746.3 billion, and 13% in operating income, to ¥719.5 billion, both of which were record highs. All business segments, including the Consumer, Enterprise, Distribution, and Other segments, performed well, growing their revenue and segment income year on year. Particularly noteworthy, however, was the favorable growth of the telecommunications business, which accounts for more than half of the Company's revenue. Despite an even more competitive environment, the cumulative number of smartphone subscribers was up 10% from that of the previous fiscal year, to 22.08 million. I believe this performance is a testament to the success of our strategy of catering to customers' diverse needs by leveraging the distinctive attributes of our three brands: *SoftBank*, *Y!mobile*, and *LINE MOBILE*.

Forming the core of the telecommunications business, the Consumer segment performed briskly due to the growth of the mobile communications business, sometimes referred to as the mobile phone business, as well as due to a significant contribution from the broadband business, which provides fixed-line communications services. In the broadband business, the cumulative number of subscribers to mainstay *SoftBank Hikari* was up an impressive 19% year on year, while revenue rose 14% from the previous fiscal year. Further, the bundled discount *Home Bundle Discount Hikari Set*, subscribed to by approximately half of smartphone subscribers, greatly helped reduce the churn rate, and the smartphone churn rate reached a record low of 0.83%.

Meanwhile, the Enterprise segment saw a 13% year on year increase in revenue. This robust growth reflected the performances of the Enterprise segment's core businesses—which are mobile communications services; fixed-line communications services, such as data communications and fixed-line telephone services; and VPN and network services—as well as contributions from businesses that provide solutions in fields including cloud services, digital marketing, AI, IoT, robotics, and security. Particularly solid sales were posted by the cloud business, which provides platforms for many different services, such as smart home electronics, infrastructure inspection, and the management of buildings; the IoT business, which offers comprehensive solutions encompassing networks and APIs (application programming interfaces) for external collaboration; and AI-enabled robots. Going forward, the solutions business is a promising business to drive the Company's growth.

Our founding business, the Distribution segment, which now provides ICT products and mobile and PC peripherals to enterprises and individuals, also grew markedly, recording a 20% rise in

revenue year on year. The contribution that the Distribution segment makes to the Company's operating income is limited because it is a wholesale business. Nonetheless, I think that 20% growth in revenue proves that there are still ample business opportunities everywhere and that we were able to capture them.

Strengthening of Growth Strategy and Shareholder Returns by Making Yahoo Japan a Consolidated Subsidiary

In June 2019, the Company made Yahoo Japan a consolidated subsidiary through an additional acquisition of its shares. As the largest company engaged in the big data business in Japan, Yahoo Japan offers more than 100 internet-based services and boasts more than 90 million users.*1 We will revolutionize and invigorate existing approaches in industries by harnessing the customer base and technologies such as 5G of SoftBank's telecommunications business, Yahoo Japan's big data, and the cutting-edge business models of SoftBank Group's investee companies. An example of such initiatives is *PayPay*, which we launched through a joint venture with Yahoo Japan. Under the *PayPay* brand, we will build a platform centered on payment services that provides customers simple and seamless access to all types of everyday actions, such as shopping, transportation, saving, and investment through smartphones.

Our full-year consolidated financial result forecasts for the fiscal year ending March 31, 2020 after the consolidation of Yahoo Japan are revenue of ¥4,800 billion, operating income of ¥890 billion, and net income attributable to owners of the Company of ¥480 billion. This forecasts represent year on year increases in revenues and income when compared with the simply aggregated financial results of SoftBank and Yahoo Japan in the fiscal year ended March 31, 2019.

With respect to shareholder returns, our basic policy is to realize stable per-share dividends with a guideline dividend payout ratio to net income*2 of approximately 85% on a consolidated basis. By continuing to increase revenue and income through the *Beyond Carrier* strategy, SoftBank will continue to raise the earnings per share (EPS)*3. Further, at the beginning of each fiscal year we will disclose net income targets as well as dividend forecasts based on these targets. Irrespective of the degree to which the actual results meet income targets, we will pay the dividends according to the forecast at the beginning of the fiscal year. Further, in the fiscal year ending March 31, 2020, we forecast annual dividends of ¥85, up ¥10*4 year on year. Generally, the high level of shareholder returns represented by a dividend payout ratio of 85% would raise a concern that it might be at the cost of investments for growth. However, our free cash flow is surpassing net income at present, since we are at a stage that does not require large amounts of capital expenditures that require a lot of cash. Further, having access to the cutting-edge business models of the cluster of companies in which SoftBank Group invests means that SoftBank only needs a small amount of investment to introduce the business models that have proven successful overseas in Japan. As such, we are able to achieve both growth and a high level of shareholder returns—which is generally considered to be difficult to accomplish.

Forecasts of Consolidated Financial Results in the Fiscal Year Ending March 31, 2020

	(Billions of yen)		
(Fiscal years ended / ending March 31)	2018	2019	2020 (Forecast)
Revenue	3,582.6	3,746.3	4,800.0
Operating income	637.9	719.5	890.0
Net income*2	400.7	430.8	480.0
Basic EPS*3	¥98	¥90	¥100

*1 This was the average number of daily unique browsers in the fiscal year ended March 31, 2019. The number comprises the cumulative total number of browsers accessing *Yahoo! JAPAN*. With respect to smartphones, access via browsers and access via applications are counted separately, even if there is an overlap in users.

*2 Net income attributable to owners of the Company

*3 Earnings per share attributable to owners of the Company

*4 In the fiscal year ended March 31, 2019, SoftBank paid a half-year dividend of ¥37.50 per share (which converts to a dividend of ¥75.00 per share if calculated on a full-year basis) as the Company listed on December 19, 2018.

Financial Strategies Leveraging Ability to Generate Robust Cash Flows

Upon deliberation of financial strategies, we emphasize adjusted free cash flow*¹ as the most important indicator of the ability of businesses to generate cash. Further, in measuring financial soundness we emphasize net leverage ratio as an important indicator. This is the ratio of net interest-bearing debt, which is interest-bearing debt net of cash and cash equivalents, to adjusted EBITDA.

Adjusted free cash flow, which is operating cash flows net of capital expenditures and growth investments, is above the ¥500 billion level, reaching ¥508 billion in the fiscal year ended March 31, 2018, and ¥513.1 billion*² in the following fiscal year. We forecast adjusted free cash flow of ¥520 billion*² in the fiscal year ending March 31, 2020. Further, the outlook for free cash flow after shareholder returns, which is adjusted free cash flow net of the total amount of dividends, is ¥140 billion. We will allocate this to the repayment of interest-bearing debt to increase financial soundness and to further growth investments. Also, in the telecommunications business capital expenditures of ¥380 billion are projected in the fiscal year ending March 31, 2020. Even allowing for investments in 5G, we expect these capital expenditures to trend stably at this level going forward.

Net interest-bearing debt on March 31, 2019 stood at ¥3,130 billion, up approximately ¥200 billion due to the retrospective inclusion of Yahoo Japan. However, the percentage increase in adjusted EBITDA was greater than the percentage increase in net interest-bearing debt. Consequently, the net leverage ratio was 2.2 times, an improvement compared with its level before the inclusion of Yahoo Japan. Further, the debt from securitization of installment sales receivables included in interest-bearing debt is not redeemed by using cash flows from the income of the company and its subsidiaries but by using funds collected from customers who purchase mobile devices through installments. Therefore, financial covenants attached to borrowings exclude the debt from securitization of installment sales receivables from interest-bearing debt. If debt arising from securitization of installment sales receivables is excluded from interest-bearing debt, the net leverage ratio is 1.8 times, which I believe is a sufficiently safe level. We will further improve the net leverage ratio by improving capital efficiency through the enhancement of cash management including Yahoo Japan. On March 31, 2019, cash and cash equivalents amounted to ¥358.0 billion, up ¥236.9 billion from the previous fiscal year-end that was primarily attributable to an increase in free cash flow. Given that this amount of cash and cash equivalents is approximately equal to one month's sales, we believe that the cash position is at an appropriate level.

*1 Adjusted free cash flow = free cash flow ± total cash flows relating to non-recurring transactions with SoftBank Group Corp. + (proceeds from the securitization of installment sales receivables – repayments thereof)

*2 Excluding the acquisition of Yahoo Japan shares

As for fund-raising, we currently use three main methods: borrowings from banks, equipment leases, and securitization of installment sales receivables. Leases reflect capital expenditures, while securitization reflects installment sales receivables. The fact that business asset-linked fund-raising accounts for half of our fund-raising is a financial strength. Recently, we received an A+ issuer rating and a "stable" rating outlook from Rating and Investment Information, Inc. (R&I), as well as an AA- issuer rating and a "stable" outlook from Japan Credit Rating Agency, Ltd. (JCR). These ratings enable us to diversify fund-raising methods, enhance fund-raising capabilities, and improve fund-raising costs. We will continue taking measures to strengthen our financial base.

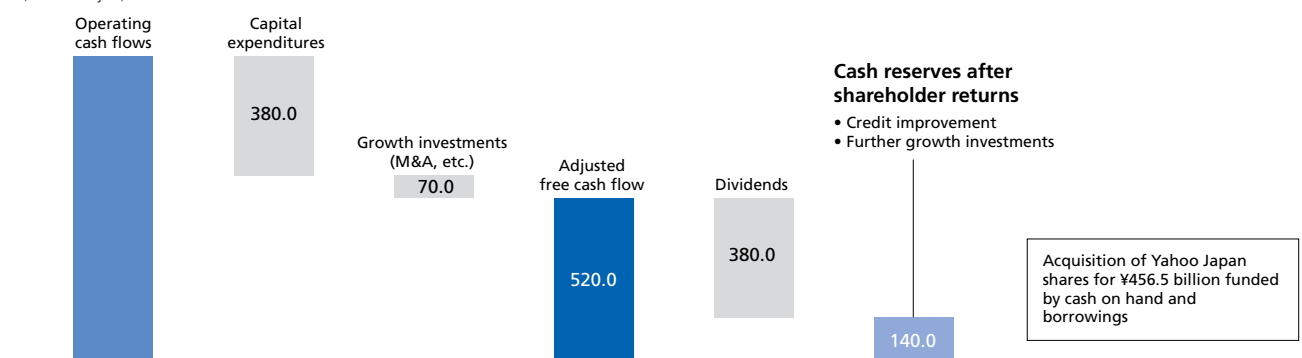
Investment Policy and Discipline

SoftBank takes a strictly disciplined approach to making decisions on growth investments. As we are an operating company, our investment activities are focused on achieving synergies with our mainstay business while maximizing investment returns. We classify growth investments under three categories: expansion of existing businesses, entry into new business fields, and anticipation of the future. We manage each category based on internal rate of return (IRR) hurdle rates (the minimum yield required from each investment). Under this framework, the IRR of existing businesses must reach the hurdle rate within a few years. Meanwhile, for projects that involve R&D factors, longer periods will be accepted considering the time period necessary for research, though we seek commensurately higher returns from these projects. From the investment analysis stage, we rigorously discuss such factors at management meetings before making decisions.

In addition to conducting growth investments in a strict manner, by combining SoftBank Group's ability to invest in promising cutting-edge unicorns worldwide with SoftBank's sales force, engineers, and customer base, the Company can start up and swiftly expand businesses with less investment and risk than it would need to start up businesses from scratch. Examples of such initiatives include DiDi Mobility Japan Corp., which began services in Japan in only three months after being established as a joint venture, and PayPay Corporation, which has expanded its customer base and network of affiliated stores with great rapidity. Going forward, SoftBank will continue developing and launching similar initiatives that benefit both the Company and its partners.

Forecast of Adjusted Free Cash Flow in the Fiscal Year Ending March 31, 2020

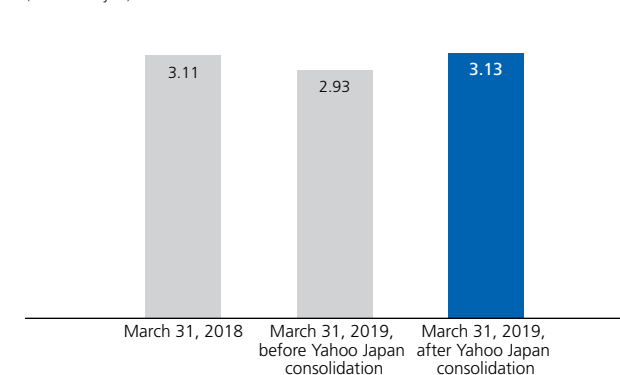
(Billions of yen)



Note: The effect of making Yahoo Japan a consolidated subsidiary has been excluded.

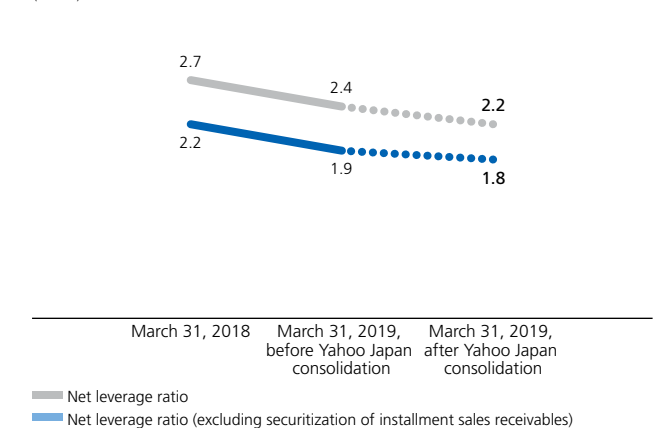
Net Interest-bearing Debt

(Trillions of yen)



Net Leverage Ratio

(Times)



The CFO's Role as the Company Forges Ahead in a New Phase of the Information Revolution

The CFO should be a company's compass and navigator. I give the same importance to medium to long term growth as I do to the rigorous pursuit of near term results. In a very different world 30 years from now, I want SoftBank to still be a group of professionals that has a perfect command of the latest technologies and which leads the era. With this in mind, the CFO should give advice and, at times, apply the brakes and adjust the direction a company is heading. This is my ideal CFO model.

Given that it has a cluster of cutting-edge businesses and diverse subsidiaries, the Company offers an environment conducive to fostering CFO candidates who will play important roles in the future. I will help develop many candidates for the position of CFO in the coming generation by giving junior employees opportunities to experience the rigors of actual practice and by supporting their knowledge and expertise through IT.

Since its foundation, the Company has accumulated a truly diverse range of experience. Also, since listing we have been unstintingly tackling various issues. Moreover, there is a tangible sense that with each new experience the Company has become stronger and grown. Our *Beyond Carrier* strategy, which has only just begun, is a business model that all telecom service operators worldwide would like to realize. In particular, Japan is facing challenging social issues such as an aging society and labor shortages earlier than other countries. If we can harness technologies to solve such issues in Japan, those solutions should work in other countries and regions. SoftBank's *Beyond Carrier* strategy is looking ahead to the advent of such an era.

As we redouble our efforts to engage in proactive dialogue with our investors, I would like to ask for their continued understanding and support.



→ Section 2

Sustained Growth in Corporate Value

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Sustained Growth in Corporate Value

SoftBank's CSR Initiatives

Responsibility to the Future

Information Revolution—Happiness for Everyone

Under this corporate philosophy, we will continue to create new value that leads to happiness around the world.

Lifestyles of the future will be unrecognizable to us today as technological developments extend beyond our imaginations.

At the same time, new and serious social issues will arise.

We believe in the power of AI, IoT, smart robots and other technologies.

Keeping an eye on the present while looking toward the future, we are seeking solutions to social issues, working alongside likeminded global organizations.

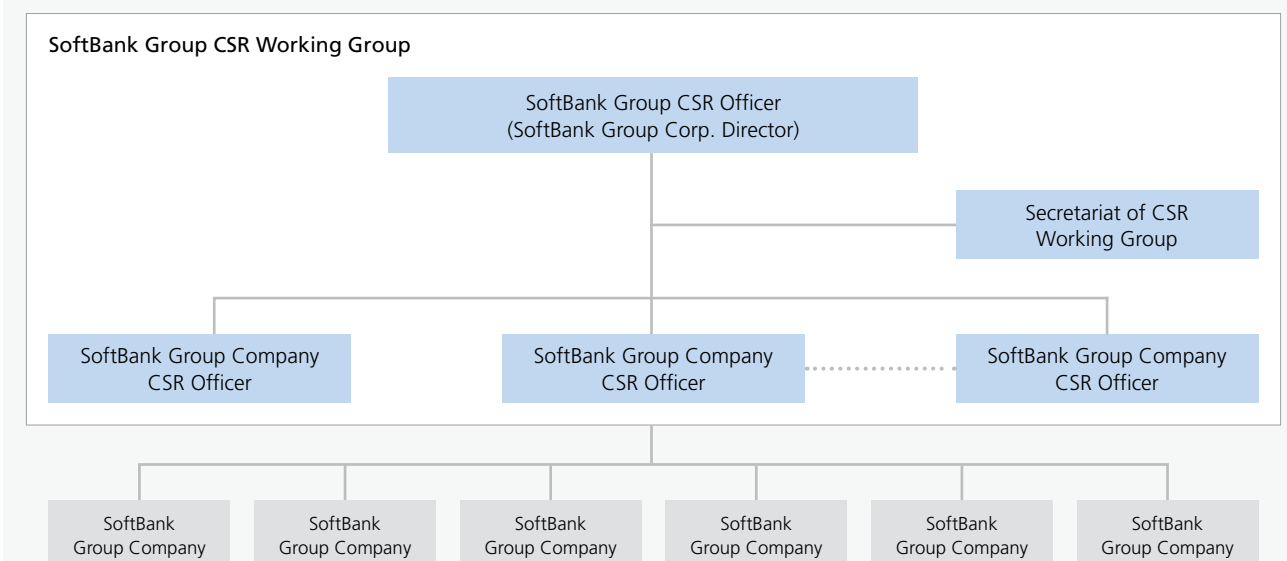
The SoftBank Group CSR Principles were established as guidelines for the corporate social responsibility (CSR) initiatives of all subsidiaries of SoftBank Group Corp. (SoftBank Group companies). Moreover, the principles were established with the aims of earning the trust and support of customers, shareholders, employees, business partners, and all other stakeholders and making this trust and support the foundations of sustainable growth. Based on the aforementioned principles and in light of their respective business attributes and levels of social impact, SoftBank Group companies identify priority tasks and advance independent initiatives.

CSR Principles and Promotion Structure

SoftBank Group will sustainably contribute to society in partnership with its global partners.

- We will provide delight, trust, and happiness through our customer-oriented business approach.
- To meet stakeholder expectations, we will continue to strive for corporate growth and clearly disclose information.
- Employee satisfaction, pride, uniqueness, and diversity will be encouraged and valued.
- Mutual trust and fair trade with our suppliers will be a priority.
- SoftBank Group will continue to drive the information society, support education for the next generation, increase communication for our diverse society, protect the environment and manage resources in a sustainable manner, and provide disaster response and relief, to create a better future for everyone.

The CSR System of SoftBank Group



Note: The member companies of the SoftBank Group CSR Working Group are as follows (as of January 7, 2019).
IDC Frontier Inc., Ltd., SB Atwork Corp., SB Energy Corp., SB Players Corp., SB Payment Service Corp., SB Media Holdings Corp., Carview Corporation, Cyber University Inc., SoftBank Corp., SoftBank Group Corp., SoftBank Technology Corp., ValueCommerce Co., Ltd., Fukuoka SoftBank HAWKS Corp., Vector Inc., and Yahoo Japan Corporation (in the order of the Japanese syllabary).

SoftBank Group CSR Working Group

SoftBank Group Corp. appoints one of its directors as SoftBank Group CSR officer, whose task is promoting the CSR initiatives of SoftBank Group. Significant SoftBank Group companies also appoint one of its directors as its CSR officer. SoftBank Group CSR officer sets out the Group's policy on CSR initiatives and has overall authority with respect to the advancement of CSR initiatives throughout whole SoftBank group. Further, through participation in the SoftBank Group CSR Working Group, SoftBank Group company CSR officers regularly share information and coordinate efforts with the aim of moving priority measures forward and improving the awareness of CSR among all employees.



Fumihiko Aono
CSR Officer
Executive Vice President & CHRO
SoftBank Corp.

Initiatives for the Achievement of the SDGs

While addressing the social issues that are now before us, we think it is also important to constantly imagine events that could potentially occur in society in the future and work quickly to find solutions for social issues that could become significantly worse with the passage of time. We have decided on five priority areas for CSR: Promotion of an Information Oriented Society, Development of the Next Generation, Response to Diverse Needs, Conservation of the Environment and Precious Resources, and Disaster Response and Reconstruction Support. We will work with likeminded companies globally to bring about a society that enriches the lives of people throughout the world.

SoftBank Group's Five Priority Areas



The Sustainable Development Goals (“SDGs”) adopted by the United Nations in 2015 consist of 17 goals for realizing a rich and vibrant future, and efforts are currently being made on a global scale to achieve them. The SoftBank Group’s corporate philosophy, “Information Revolution—Happiness for everyone,” encapsulates our aspiration since our founding of continuing to contribute to a society where all people live fulfilled and enriched lives. We will strive to achieve the SDGs by addressing social issues in five areas, which we regard as the responsibility of a company with global business operations.



Priority Area
1

Promotion of an Information Oriented Society Using Information Technology to Make Your Tomorrow Freer and More Comfortable

We want to create a world that provides equal internet access to everyone.
We want to create an environment that provides opportunities to interact with the latest technologies and enables people to take on challenges.
Our goal is to use information technology to realize a society where everyone, everywhere can lead a comfortable and free life.

Strive as an ICT Professional to Resolve Regional Social Issues

Aiming to Further Revitalize Local Communities by Expanding Geographical Coverage

Since 2017, we have been establishing CSR offices in different regions throughout Japan to build close ties with local communities and help them find solutions to social issues. In addition to Tohoku, Tokai, Kansai, and Kyushu, we established CSR offices in the Hokkaido, Chugoku and Shikoku, and Okinawa regions. The offices are staffed by elderly employees who have extensive experience and proven track records. In partnership with the key people of local governments, organizations, and regions, SoftBank Group is advancing initiatives with the aim of playing a leading role as an ICT professional in solving regional social issues as well as promoting workstyle reforms as a pioneer that utilizes senior human resources.

Disaster Preparedness Classes Using the Humanoid Robot *Pepper*

SoftBank has cooperated with Iizuka City in Fukuoka Prefecture and the Fukuoka District Meteorological Observatory to offer disaster preparedness classes for children. The content of the disaster preparedness lesson supervised by the Fukuoka District Meteorological Observatory was loaded into *Pepper*, which, acting as a teacher, conducted disaster preparedness lessons for children.



CSR Employees Conduct Special Classes for Junior High School Students

In response to a request from a local government in Shizuoka Prefecture, CSR employees gave “Work Styles in the Coming AI ERA Lectures.” The lectures provided children with new insight into such matters as companies’ approaches to work.



CSR Employees Based in Abira, Hokkaido, Undertaking Activities to Create Closer Ties with the Community

One of the main areas affected by the September 2018 Hokkaido Eastern Iburu Earthquake, Abira in Hokkaido has concluded a comprehensive partnership agreement with SoftBank. Under the Ministry of Internal Affairs and Communications-led “Regional Revitalization Personnel Exchange Program” *1, CSR employees are assisting reconstruction activities in the region as advisors.



*1 Under this program, local governments accept employees from private-sector companies located in the three major metropolitan areas for a certain period and use the know-how and knowledge to engage in activities that help enhance local attractions and to add to their value. The purpose of this program is to work with the local community by leveraging the expertise and experience of corporate employees and to foster collaboration in various ways by bringing in external perspectives.

Priority Area
2

Development of the Next Generation

Empowering Children Who Will Coexist with AI and Smart Robots

We would like today's children to become adults who draw on their experience with cutting-edge technology to take the initiative and pursue ambitious goals. Given that children will be the future leaders of society, what can we do for them now? We will help realize a society that lends itself to rearing children and encourages children to realize their dreams. We will provide children with equal opportunities to become familiar with the latest technology, regardless of the region or environment in which they live.

Priority Area
3

Response to Diverse Needs

Aiming for a Society Where Everyone Can Continue to Shine

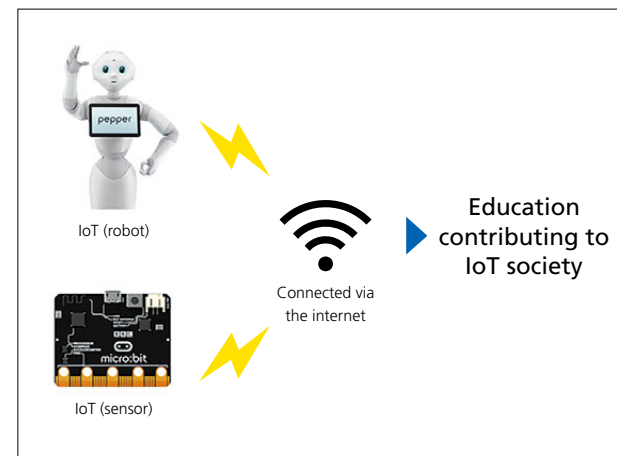
How can we use information technology to provide support so that senior citizens can lead comfortable lives? We want to use AI and smart robots to help people who are concerned about long-term care and daily life. While taking advantage of the strength of information technologies, we aim to create a world where all people are respected for being who they are.

IoT Challenge

Humanoid Robot *Pepper* and Microcomputer *micro:bit*—Launch of a New IoT Educational Program

In addition to the robot programming education program utilizing the humanoid robot *Pepper*, we launched the “IoT Challenge” in April 2019 as a new educational program.

Combined with *micro:bit*, this program aims to promote exchanges among participants in the “Pepper CSR Program.” The augmented *micro:bit* unit combines *Pepper*, a robot that speaks and moves, with various sensors (for detection of movement of people and objects, measurement of temperature, recognition of on/off position of buttons and switches, etc.). The combination of *Pepper* and *micro:bit* opens the door to various programming possibilities that connect things to one another to an extent that could not be achieved with the programming materials available until now. In preparation for the coming IoT society, SoftBank will continue to provide children with an environment where they can experience new technologies at school.



Maho Project

ICT Opening the Door to the Future

The “Maho Project” researches ways of utilizing mobile devices to provide educational and lifestyle assistance to children with special needs. In the fiscal year ended March 31, 2019, we conducted “Maho Project 2018—Maho Diary—” on the theme of recording the changes of participating students and differences resulting from the use of ICT.

One student with a progressive disease who participated in this project is in need of daily life support in mobility and other areas, and, unable to envisage a role in society, was worried about future career prospects. Being adept at technology, including the use of PCs, the student worked enthusiastically on various activities by programming *Pepper*, thereby gaining confidence. That led the student to decide on engineering as a career path and enter the

Waseda University e-School after passing the university entrance examination. At the university, the student chose “How technology can be used to overcome obstacles caused by physical disabilities” as a study theme.



MONET Technologies Inc.

Initiative to Address Transportation Challenges and Create New Value

MONET Technologies works with companies and regional governments to develop services that include regional on-demand transportation and shuttle services for enterprises.

In March 2019, the “MONET Consortium” was established to promote collaboration among companies as part of the firm’s relationship-building activities, which seek innovative advances in mobility technology through the participation of diverse service providers from a variety of industries. Through business

developments such as Mobility as a Service (MaaS)—which anticipates a future with self-driving technology—the consortium aims to promote next-generation mobility services, resolve mobility-related social issues, and create new value.

To enrich people’s lives by bringing problem-free mobility to all, MONET Technologies will continue to pioneer new mobility advancements using the “MONET Platform”, which combines various data with AI and cutting-edge technologies.



Vehicle for working parents



Share taxi in the Hattori school district of Fukuyama City, Hiroshima Prefecture

Orange Safety Net

Smartphone-driven, Nationwide Support Service for Elderly People with Dementia

In collaboration with Japan’s Ministry of Health, Labor and Welfare—which is conducting over a wide area a project to safeguard the elderly people with dementia—SoftBank is working with the National Caravan-Mate Coordinating Committee to provide nationwide monitoring support services that transcend local governments.

Japan has an aging population, and the use of ICT to keep watch over elderly people with dementia will be increasingly important in the future. SoftBank is actively promoting initiatives such as these in cooperation with the Japanese government.

Priority Area
4

Conservation of the Environment and Precious Resources

Moving Forward Alongside the Planet over the Next 300 Years

What can we do if we want to minimize the environmental impact of our business activities? As a company driving the information revolution, SoftBank wants to contribute to realizing a society that is in harmony with the environment.

We want to leave a more abundant planet to the next generation, one that has not lost any of its natural value. To this end, we will continue employing advanced technology to enable the utilization of new energy sources and conservation of the environment.

Environmental Initiatives

Environmental Action Guidelines

SoftBank is engaged in the preservation and conservation of the global environment that leverage the nature and scope of its respective businesses for the continuous development of a sustainable society. Specifically, SoftBank will:

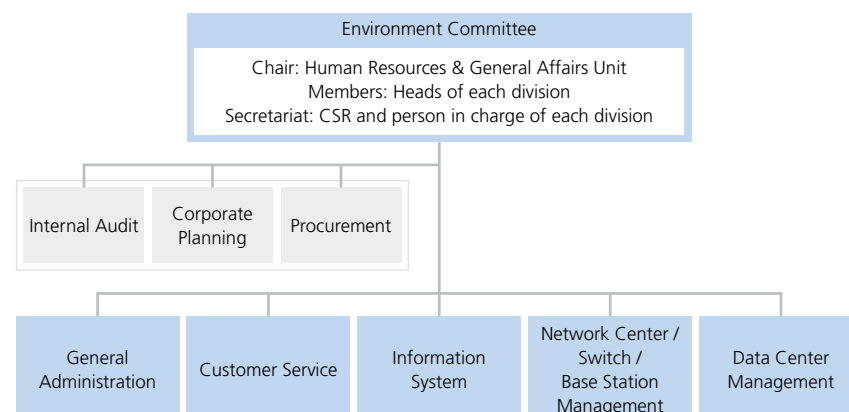
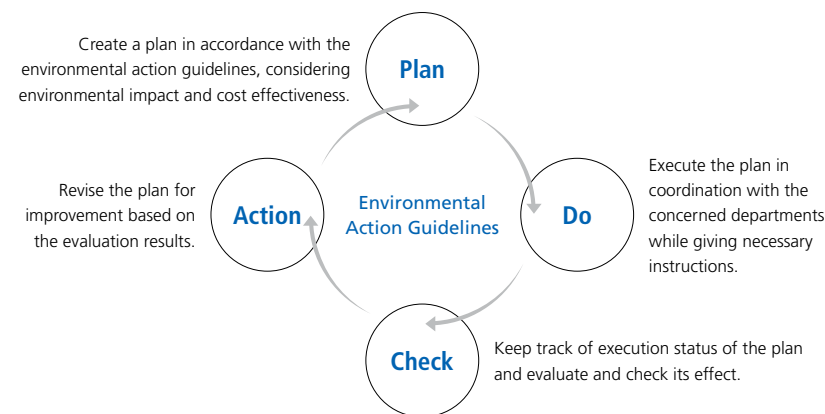
- Comply with environmental laws, ordinances, and other regulations and requirements.
- Develop and operate environmental management system necessary to make continuous improvements in such environmental areas as energy conservation, resource conservation, and waste reduction to reduce environmental impact caused through operational activities.
- Promote environment friendly green procurement in our purchase of office equipment and supplies.
- Strive to develop and offer networking technologies and services that reduce environmental impact for the energy conservation of the entire society.
- Enhance environmental awareness through the environmental education of employees and promote communication through the appropriate disclosure of information.

Environmental Management System

SoftBank aims to improve the environmental sustainability of its corporate activities by focusing on the prevention of global warming, the promotion of mobile phone recycling, and the conservation of resources.

As public awareness of environmental issues grows, expectations are diversifying with respect to the provision of environmentally friendly products and services, adherence to regulations governing environmental protection, and achievement of energy conservation and resource saving through smart business practices. To respond swiftly to these trends and expectations, SoftBank has incorporated a PDCA (plan, do, check, and action) cycle to guide its environmental management system and makes improvements on a continuous basis.

Further, to promote groupwide environmental conservation activities, SoftBank has established the Environment Committee covering environmental matters, which complies with the ISO 14001 international standard.



Environmental Targets in Offices

SoftBank has established an environmental management system, and its Head Office has been certified under the ISO 14001 environment management standard. We are presently carrying out environmental protection activities at our Head Office and at our offices throughout Japan.

Type of activity		Location (scope) of activity	Fiscal year ending March 31, 2020	
			Focus of activity	Objective of activity
Clean energy	Stable operation of on-site fuel cells to generate electricity	Head Office	Electricity consumption	25% reduction compared with fiscal year ended March 31, 2011 levels
			Lights-out management system	Continued light-out management system in offices
In-house education	Training on environmental matters	Company wide	Knowledge about environmental matters	Increase staff knowledge of the laws governing treatment of industrial waste and handling Freon gas Increase staff knowledge about how to handle used mobile phones

Environmental Targets at Network Centers

We proactively undertake environmental preservation activities with the maintenance and management of our network infrastructure facilities. To minimize the environmental impact from SoftBank's business activities, network centers across Japan are ISO 14001 certified.

Type of activity		Fiscal year ending March 31, 2020	
		Focus of activity	Objective of activity
Energy-saving	Efficient use of electrical energy	Electrical energy use (consumption)	1% reduction in a year
Waste materials	Proper handling of industrial waste	Industrial waste	Proper handling
	Proper handling of waste CFCs	Waste CFCs	Proper handling

For environmental data, please see page 58.

Environmental Conservation Initiatives

Through its businesses, SoftBank conducts 3R (reduce, reuse, and recycle) activities.



Reduce

From customers who use SoftBank mobile phone services, we collect and recycle the components of mobile phones and tablets that no longer work. Also, we are endeavoring to reduce our use of paper by digitizing and creating apps for user manuals.

Reuse

SoftBank enables customers to trade in mobile phones or tablets that still work but are no longer used because customers have upgraded their devices. We refurbish these devices and promote their reuse in emerging countries.

Recycle

We actively collect used mobile phone handsets, battery packs, chargers, USIM cards, and other accessories regardless of the mobile network operator or manufacturer that originally provided the equipment and accessories. In the fiscal year ended March 31, 2019, we collected approximately 1.17 million used mobile phone handsets.

Resource and Energy-related Measures

SoftBank is making use of safe, clean alternative energy sources, such as wind and solar power. In July 2011, SoftBank, together with local governments, established the Renewable Energy Governors' Alliance at the prefecture level and the Renewable Energy Governors' Alliance for Designated Cities at the urban level and began serving as secretariat for these two alliances. Through the alliances, together with 34 prefectures throughout Japan and the local governments of 19 cities, SoftBank shares policy recommendations and information to promote the spread of renewable energy.

In addition, at the network center in Toda City, Saitama Prefecture, we installed solar panels with a power generation capacity of approximately 10,000 kWh per year, and radio base stations equipped with solar panels ("Eco base stations"). In good weather conditions, solar power generation can provide all of the energy needed to operate the base stations.



Priority Area
5

Disaster Response and Reconstruction Support

Using ICT to Connect Hearts with Resources to Withstand Disasters

Are there ways in which we can make more use of our capabilities and cutting-edge technologies to provide peace of mind and safety? In whatever small way that we can, we would like to reduce the misery caused by disasters. To meet our social responsibilities as a company engaged in the communication of information, we will continue considering what we can do and provide ongoing support that closely reflects the needs of customers and local communities.

Disaster Prevention and Reconstruction Initiatives

Safety and Security as Part of Our Corporate Responsibility

As an operator that manages telecommunications infrastructure, one of society's lifelines, we conduct disaster readiness and response drills that simulate a major earthquake or fire twice a year in spring and autumn.

Additionally, on March 11, 2019, we conducted Japan's first disaster prevention demonstration that made use of a 5G mobile communications system. We use the latest technologies to protect our customers' means of communication in the event of a disaster.

Disaster Support Activities during the Fiscal Year ended March 31, 2019

Following a natural disaster, which can occur anywhere in Japan, SoftBank is prepared to rapidly deliver digital devices and donate funds to places in need. The assistance we can provide includes device-lending, usage fee deadline extensions, communications fee reductions, and free or reduced-rate repairs for damaged devices. SoftBank has received letters of appreciation from the Ministry of Economy, Trade and Industry for lending out 300 iPads during a period of heavy rain in western Japan as well as from Ibaraki City, Osaka Prefecture, for support provided in response to the 2018 Osaka earthquake.

Main Support Activities (Fiscal Year Ended March 31, 2019)

		Device-lending	Donations
June	Osaka Earthquake	62 devices	¥512,762
July	Typhoon Prapiroon (heavy rain in western Japan)	1,145 devices	¥7,626,028
September	Hokkaido Eastern Iburi Earthquake	338 devices	¥1,359,943
September	Typhoon Jebi	No devices	¥538,566

3.11 Initiatives

Preserving the Memory of the Great East Japan Earthquake

It has been eight years since the Great East Japan Earthquake. In memory of this tragic event, the SoftBank store in Omotesando, Tokyo, was decorated and balloons were passed out from March 9 to 11. Over these three days, some 2,000 balloons were distributed, which was commented on widely over social media. During the same period, we offered lunches in support of the reconstruction efforts at our corporate headquarters cafeteria, which served dishes made with ingredients from the Tohoku region.



Business Continuity Planning (BCP)

The purpose of business continuity planning (BCP) is to enable companies to continue core operations or restore them rapidly and minimize damage to business assets if companies encounter an emergency, such as a natural disaster, a catastrophic fire, or a terrorist attack. Accordingly, BCP sets out activities to be implemented in normal times as well as methods of continuing operations in times of emergency.

SoftBank utilizes AI and ICT to rapidly gather and relay disaster information, take disaster prevention measures that help people protect themselves during disasters, and implement disaster mitigation measures aimed at reducing damage after disasters.

Disaster Management and Civil Protection Operation Plans

SoftBank endeavors to ensure the safety of customers and the provision of stable telecommunications services in emergencies, such as natural disasters, terrorist attacks, and pandemics. As a designated public institution, SoftBank has formulated a disaster management operation plan pursuant to "The Basic Act on Disaster Management." We have established systems for disaster prevention and preparedness. If a disaster occurs, we will follow the disaster management operation plan and work closely with relevant agencies.

As a designated public institution, SoftBank has also formulated a civil protection operation plan pursuant to "The Civil Protection

Act." If a terrorist attack or other type of armed attack is predicted or occurs, we will follow the civil protection operation plan and work closely with relevant agencies.

Disaster Countermeasures

When a disaster occurs, mobile phones often become a lifeline enabling people to confirm the safety of family and friends and to access information. SoftBank is building telecommunications networks with robust disaster resilience and establishing capabilities that facilitate rapid recovery in times of disaster.

Restoring Services

To quickly restore mobile phone services, which often serve as a lifeline, following a disaster, we have developed a moored-balloon wireless relay system for deployment when a base station is rendered inoperable. These have been positioned at key locations across Japan to provide back-up communications channels for use in a disaster.



Robust Network Center Equipment

As a communications operator, SoftBank is taking all possible disaster prevention measures to ensure that facilities containing communications equipment are resilient against earthquakes, fires, power outages, and other disasters. SoftBank's fiber-optic cables and communication transmission line systems laid across Japan are designed and installed with redundancy in mind so that traffic can be rerouted if there are disruptions. This strong resilience to disruptions underpins our networks. Further, to avoid concentration risk we have distributed our network centers throughout Japan, primarily in the major cities of Hokkaido, Tohoku, Kanto, Tokai, Kansai, Chugoku, Shikoku, and Kyushu.



Seismic resistance:
Able to withstand an earthquake measured as 7 on the Japanese seismic intensity scale
Power supply measures:
Fully equipped with batteries that can supply power for between 48 hours and 72 hours

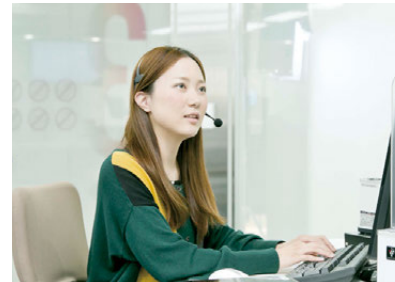
Stakeholder Engagement

Our business is built on the relationships we have with our stakeholders, including customers, shareholders, employees, and business partners. We value all of our stakeholders and will continue to move forward together.

Staying Customer Focused

Raising Customer Satisfaction Levels

SoftBank strives to provide services and build a network environment that satisfies customers. Moreover, we want to bring customers joy, wonder, and excitement and to provide services that can be used easily and with peace of mind. To these ends, SoftBank cultivates high levels of conscientiousness and skill in its store personnel. In addition, we use feedback from customer satisfaction surveys to increase the quality of contact center operations. In such ways, we consistently reflect feedback from customers to make timely improvements.



Meeting Our Shareholders' Expectation

Timely, Accurate Disclosure

SoftBank's corporate activities are supported by a large number of shareholders. While executing corporate operations to fulfill shareholders' expectation, we will work hard to disclose relevant, accurate information in a timely manner and to minimize any information gaps between Japan and other regions.

As one of these initiatives, we provide live streaming of our earnings results briefings and annual general meetings of shareholders in both Japanese and English. After the meetings, we post the videos on our corporate website.



Recognizing the Importance of Job Satisfaction and Employee Motivation

Providing an Environment Where Women Can Make Full Use of Their Abilities

Many of our female employees successfully balance work and childcare. SoftBank has received the "Eruboshi" designation (class 2) from the Minister for Health, Labor and Welfare in recognition of being a company that excels in the empowerment of women.



Creating a Society in which Everyone Can Participate

SoftBank is working to create an inclusive environment where anyone, including people from the LGBT community, can work comfortably and play important roles with a sense of job satisfaction and pride. With this in mind, we have extended eligibility for wedding leave, congratulatory and condolence payments, and other benefits beyond legally recognized spouses to include same-sex partners*1. Further, we have established a consultation service for LGBT individuals at our Wellness Center. In addition, we are cultivating understanding of LGBT individuals through training for newly appointed managers and e-learning for all employees.

*1 Implemented in October 2016

Evolving Together with Our Business Partners

We aim for mutual business value growth and development with our business partners by having good and fair relations with them.

Main Policies and Guidelines with Respect to Business Partners

■ Maintaining Fair Business Relations with Business Partners

All actions undertaken by procurement divisions are compliant with the Procurement Policy of SoftBank. Details of each item are available on the websites of SoftBank and the internal and external parties concerned are informed of the policy to ensure understanding.

Procurement Policy

1. Provision of fair opportunities for competition
2. Selection of business partners based on rational and clear criteria
3. Compliance with laws
4. Management of confidential information provided by business partners
5. Mutual confidence-building with business partners
6. Green procurement
7. Prohibition of mixing private relations
8. Positive evaluation of CSR efforts by business partners

■ Addressing CSR Challenges Together with Business Partners

SoftBank maintains a Code of Ethical Purchasing and asks business partners for their cooperation in complying with the code. The purpose of the code is to enable the Group to maintain public trust by providing safe and reliable products and services to customers.

Code of Ethical Purchasing

1. Environmental consideration
2. Information security
3. Fair competition
4. Quality and safety assurance
5. Occupational health and safety
6. Prohibition of child labor
7. Prohibition of forced labor
8. Prohibition of discriminatory and inhumane treatment
9. Work hours
10. Fair payment
11. Freedom of association

■ Promoting Products That Help Reduce CO₂ Emissions

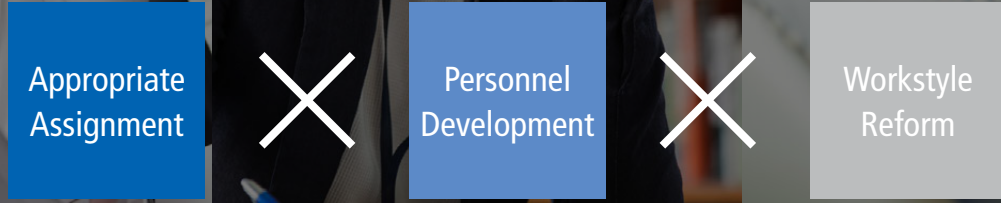
In order to contribute to the sustainable development of society, SoftBank has established Green Procurement Guidelines to explain our fundamental idea on green procurement to our business partners. The guidelines aim to facilitate procurement of products that reduce CO₂ emissions.

Green Procurement Guidelines

For details on our stakeholder engagement, please see the URL below.
<https://www.softbank.jp/en/corp/csr/responsibility/stakeholders/>

SoftBank's Human Resource Strategy

SoftBank's human resource strategy is designed to accelerate the *Beyond Carrier* strategy as a growth strategy. To maintain its signature vitality, the Company helps ambitious personnel realize their potential and appropriately rewards those who produce results. From among a wide range of human resource initiatives, this section highlights initiatives themed on appropriate assignment (matching the right individual to the right job), personnel development, and workstyle reform.



Appropriate Assignment for Growth Strategy Acceleration

Providing Ambitious Personnel Opportunities to Grow Significantly

Under our self-reporting system, employees annually submit self-assessments of their fit to their current workplace and any specific job assignments they want to do, followed by interviews with their supervisors. This process enables personnel assignment that reflects each employee's aptitude and career plan.

Further, we provide employees with opportunities for self-growth and self-expression through a job posting (internal recruiting) system, a free agent (internal transfer) system, and the "SoftBank InnoVenture" system. These systems enable ambitious employees to put themselves forward and take on the challenge of working in new companies, businesses, or organizations.

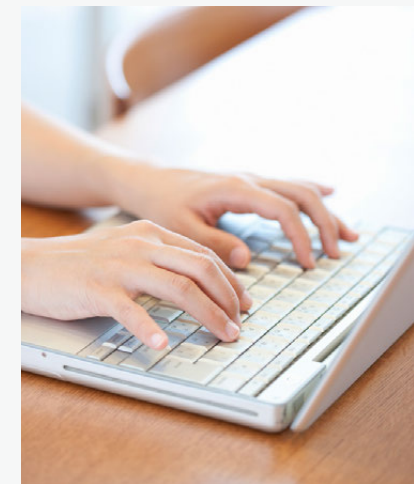
Job Posting System

This internal recruiting system for starting up new business lines provides opportunities for employees to grow and express themselves and establishes a challenging work environment. The system has attracted a great deal of interest among employees, with between three and five applicants for each of the several hundred positions available.

Type	Job posting system
Aim	Reassignment of personnel to new and growth businesses
Frequency	Quarterly, in principle

Main Projects		
Mobile payment	MaaS	AI Automated prediction
RPA	Energy IoT	5G

etc.



Shifting 40% of Personnel

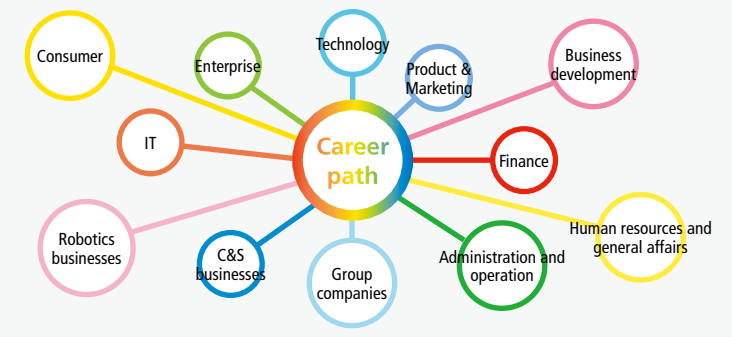
—Reforming processes radically and reassigning personnel to fields that promise greater growth—

This initiative entails improving the efficiency of work processes in the telecommunications business to free up personnel for reassignment to strategic fields, thereby accelerating the growth of new businesses. In comprehensively assessing and redesigning the functions of organizations and existing work processes, we are adopting a zero-based approach and thinking outside of the box. Also, we are realizing laborsavings by automating

work processes using robotic process automation (RPA), AI, and other cutting-edge technology. Such measures will allow us to deploy personnel to fields that promise growth. Specifically, we aim to shift 40% of the personnel who were engaged in the telecommunications business as of the end of December 2018. We are already halfway to achieving this target as of the end of March 2019.

Free Agent System

The free agent system is another of our systems that is attracting a lot of attention among employees. It enables ambitious employees to take the initiative in advancing their careers by allowing them to transfer to their preferred department or Group company, subject to interviews and other screening processes. Since the system began in 2015, it has received applications from approximately 1,000 employees every year.



SoftBank InnoVenture

SoftBank InnoVenture

In 2011, "SoftBank InnoVenture" was established as an in-house system for starting businesses. The system not only solicits proposals for new businesses from employees but also welcomes joint proposals from employees and prospective employees or non-employees. Moreover, in the fiscal year ended March 31, 2017, we launched the "InnoVenture Lab" program to help foster entrepreneurs in-house. The lab's training programs give employees a wide range of knowledge, including insight about start-ups inside and outside of Japan, expertise in preparing plans for new businesses, and methods of analyzing business plans.

SoftBank's assignment of personnel who have successfully started up new businesses to key positions in the Company or in Group companies will build an in-house ecosystem that promotes the further creation of new businesses.



Personnel Development

Personnel Development Focused on Self-Improvement

Fostering Personnel with Strong Individuality

We believe that encouraging individual employees to think for themselves about choosing a career will enable each person to shine and thereby form an organization that is full of diversity. SoftBank supports motivated employees in developing their skills not only by offering a selection of training programs but also by having frontline employees conduct seminars aimed at sharing experience and know-how. Furthermore, the Company leverages the network of Group companies to provide global assignment programs.

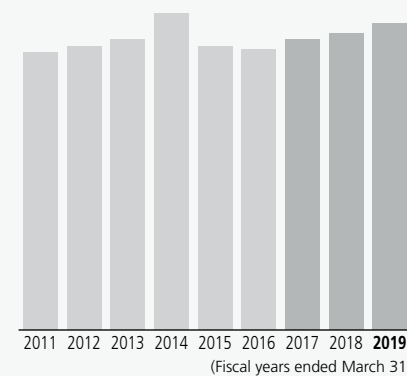
SoftBank University

In September 2010, we established “SoftBank University” as an organization for developing personnel who contribute to the realization of our corporate philosophy. SoftBank’s aims are to respect diversity among employees and to foster employees with a strong sense of individuality. With these aims in mind, rather than company-led, uniform career development and training programs, SoftBank has established a system for autonomous career development in which employees select programs based on their career goals. In realizing this system, SoftBank uses its differentiated competence to take full advantage of ICT. As well as group training, SoftBank provides e-learning—which allows employees to access to lectures via a range of devices, including PCs, smartphones, and tablets—conducts live online lectures and discussions, and enables the downloading of archived videos.



Employees Participating in Group Training

More than **9,000**
since the fiscal year ended March 31, 2017



A discussion between program participants and Arm Limited CEO Simon Segars

SoftBank University Internally Certified Instructor (ICI) System

In June 2009, SoftBank introduced the “SoftBank University Internally Certified Instructor (ICI) System”, which allows employees with certain skills to put themselves forward as candidates to become instructors. After acquiring certification as instructors, the employees conduct trainings based on their experience, thereby providing other employees with opportunities to enhance their skills. Instructors also organize and plan training programs in addition to their regular work. Based on these instructor’s experience and expertise, the courses contribute to effective personnel development.

As of March 2019, there are over 120 ICIs, who instruct roughly 60 courses.



Global Challenge Program

In accordance with the *Beyond Carrier* strategy, SoftBank has established the Global Challenge Program with a view to foster young leaders who will drive the development of global businesses going forward. As part of their training, selected personnel are assigned as trainees to Arm Limited or other SoftBank Group subsidiaries outside of Japan. The experience of working at these companies amid different cultural conditions increases employees’ understanding of and ability to address issues that stakeholders face. Upon returning from postings outside of Japan, these employees are expected to contribute to the global operations of SoftBank or its group companies.

Workstyle Reform

Workstyle Reform That Takes Maximum Advantage of Technology

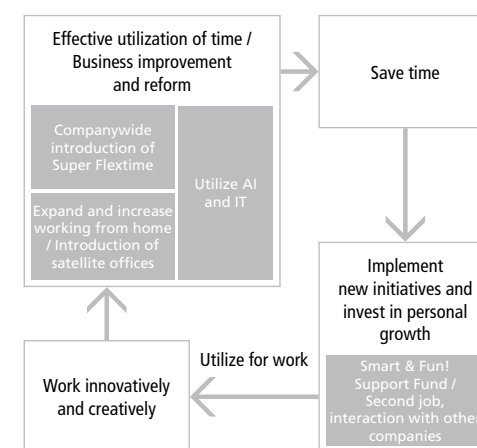
Respecting Diversity while Building an Innovative and Creative Organization

We want to be an organization whose employees are always full of vitality. Moreover, we want to be an organization that supports employees’ ambitions. For these reasons, SoftBank is developing a range of systems to create workplaces that enable individual employees and the Company to realize their ambitions.

Smart & Fun!

—IT-enabled Workstyles—

SoftBank is tackling workstyle reform with “Smart & Fun!” as its in-house slogan. In this initiative, we are leveraging AI, big data, IoT, robotics, and other IT to work smartly and thereby allow personnel to concentrate on activities that are more creative and innovative. We are also freeing up time through the recently introduced Super Flextime System, which helps employees maximize results by liberating them from the constraints of conventional working hours and enabling them to work in a more efficient, focused manner. SoftBank aims to make work “fun!” throughout the Company by investing in the growth of each individual through the use of freed-up time for self-improvement, personnel interaction, or communication with friends or family members.



Promotion of Health and Productivity Management

To ensure our employees are mentally and physically healthy, we encourage employees to receive regular health checkups and stress checks. In addition, we have established the Wellness Center, introduced online medical consultations, and prohibited smoking during working hours*1. In an effort to help employees enhance their health, SoftBank organizes seminars and lectures on such themes as diet improvement, regular exercise, quitting smoking, mental health, and women’s health.



*1. From April 2020, SoftBank will prohibit smoking during working hours. From October 2020, the Company will remove all smoking areas from its premises.

Support for Employees Working while Providing Childcare or Nursing Care

We offer a selection of work systems designed to suit the lifestyles of employees when they or their partners are pregnant, give birth, or are rearing children*2. Employees can take childcare leave until the day before their child’s third birthday. Further, we provide support in relation to long waiting lists for nursery schools—which has become a social issue in recent years—by providing a range of benefits*3 and helping with the payment of nursery schools fees. To mitigate in whatever small way that it can any anxiety about returning to work on the part of employees, SoftBank allows employees to continue using their Company-issued mobile phones and tablets and to access the Company’s intranet and e-learning tools during childcare leave*4. Also, we encourage communication by holding orientations and consultation events to which employees are free to bring along their babies.



Also, through the enhancement of systems for providing support and information, we are endeavoring to retain employees who provide nursing care to family members while working.

*2 Until the child completes the sixth grade of elementary school
 *3 Through the “Benefit Station” service of Benefit One Inc., SoftBank provides benefits, such as the joint use of approximately 160 day care centers operated for corporations as well as the use of other day care centers, babysitting services, and housekeeping services.
 *4 Including prenatal and postnatal leave

Promotion of Workstyle Reform

We provide the “Smart & Fun! Support Fund” to motivate employees to use the time that increased work efficiency frees up as an opportunity for personal growth. Further, in support of the Premium Friday initiative, we have begun encouraging employees to leave work at 3 p.m. on the last Friday of every month. Currently, many of our employees are making use of this initiative.

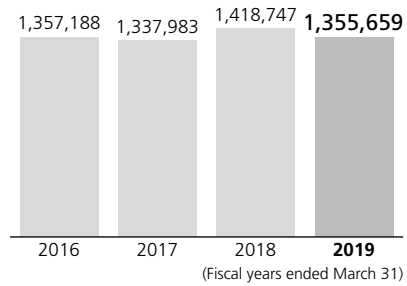
Non-financial Highlights

Environment

Resource Use

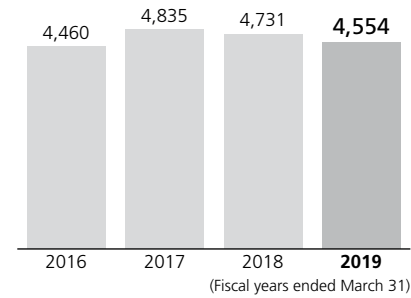
Electricity (MWh)

1,355,659 MWh



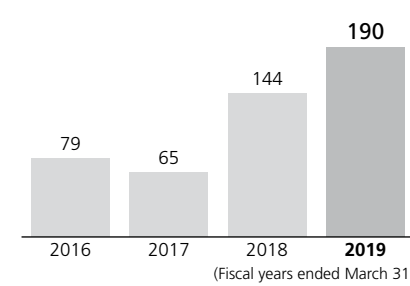
City Gas (Thousands of m³)

4,554 thousands of m³



Bunker A Fuel Oil (kl)

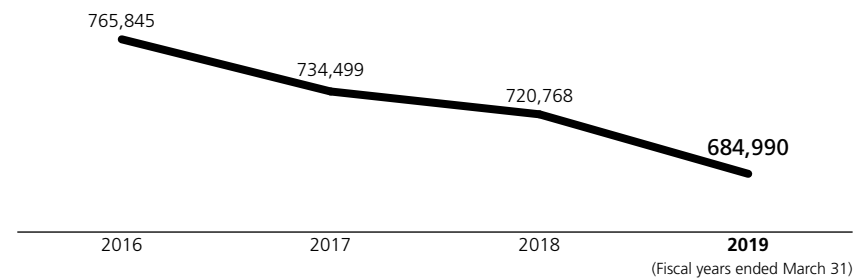
190 kl



Emissions of Substances of Environmental Concern

CO₂ Emissions (t-CO₂)

684,990 t-CO₂



Workstyle

Workforce Composition

Percentages of men and women
Men: **73.3%**, Women: **26.7%***¹

Average number of years of continuous service
12.1 years*¹

Percentage of female managers
6.2%*²

Number of registered employees with disabilities
348*²

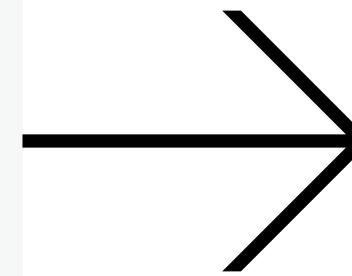
System Use

Percentage of paid leave taken
76.5%*¹

Percentage of childcare leave taken
Men: **15.1%**, Women: **100%***¹

Percentage of employees returning to work after childcare leave
97.6%*¹

*¹ Data as of March 2019
*² Data as of April 2019



Section 3

Corporate Governance

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- 71 ••• Board Directors / Independent Officers
- 75 ••• Risk Management

Special Feature 4 Messages from External Directors



**Atsushi
Horiba**

External Director
Chairperson,
Nominating Committee
Chairperson,
Remuneration Committee

At present, Japan is SoftBank's primary market. However, the Company always keeps abreast of issues worldwide and has its sights set on forays into markets overseas. Based on my experience of working for HORIBA, Ltd., in more than 25 countries across regions worldwide, I believe that when developing businesses overseas it is essential to directly establish deep roots in each region, even if this takes time. Further, establishing a common corporate culture is the most important way of bridging the differences among respective regions' values. Cultivating a sense of solidarity by taking the time to communicate, investing in people generously, and deepening mutual understanding are the keys to medium to long term success. I can state such opinions with confidence precisely because they are based on personal experience. Moreover, I think that SoftBank will definitely benefit from my recommendations, and I intend to offer opinions proactively at meetings of the Board of Directors.

SoftBank is a company that greatly values its corporate culture, which has the outstanding feature of emphasizing creativity. This environment generates a constant stream of appealing ideas and energizes employees. As a result, the Company becomes more competitive naturally. When encountering a setback, companies tend to reform everything to make a complete change. However, I hope that even when facing difficulties, SoftBank never loses its corporate culture and passes it on to future generations as a valuable legacy.

As technological innovation accelerates and social trends evolve, the competitive environment of the telecommunications business is becoming more challenging and requires sophisticated, swift decision-making by management. In such situations, it is important that members of the senior management team remain confident and proud of their businesses and strategies, are always aware of their position and trends in society, and hone their insightfulness. As for myself, I would like to have more opportunities to learn about the internal operations of SoftBank and gain a deeper understanding of its corporate culture and philosophy. As we address a variety of issues, I want to utilize my experience and knowledge gained from managing a global company and do everything I can to help SoftBank grow further.



**Takehiro
Kamigama**

External Director

My relationship with SoftBank dates back to technology exchange events held with TDK Corporation. For many years, I worked in global businesses, and gained firsthand experience of how local companies go from strength to strength. I would like to see SoftBank become one of Japan's leading companies that can compete on an equal footing under such circumstances. The Company has been making rapid progress with strategies in a variety of businesses. As an external director, I carefully consider the discussions that lead up to decisions as well as the transparency of processes.

Attention tends to focus only on the profitability of the Company because it is innovative and ambitious. However, I believe that SoftBank is uniquely qualified to help address social issues. Accordingly, I would like to see the Company increase its emphasis on environmental, social, and governance factors. When I served as the representative director of TDK and was having difficulty arriving at a decision, I based my decision on whether or not the issue in question had social significance. For example, if our technology was being used in products that affected people adversely, we would withdraw from the business, no matter how profitable it was. If SoftBank received a proposal focused exclusively on making a profit, I would reject it. However, if a proposal could help address a social issue, I hope the Company would be prepared to take on a little risk and move forward with the idea decisively. I will wholeheartedly support any ideas that I believe have the potential to benefit Japan and the world. Of course, I cannot instantly understand every proposal. Therefore, in making decisions, I intend to first learn directly about people's opinions, feelings, and ways of thinking by visiting the Company's work sites. I have already visited sites on multiple occasions, and I plan to continue doing so as often as possible.

SoftBank's Board of Directors conducts lively discussions on a host of agenda items, which I think is an extremely positive attribute. On the other hand, Board discussions occasionally become heated and go into detailed discussions that are more suited to management-level meetings. From the perspective of improving effectiveness of the Board of Directors, there is room for making discussions a little bit more structured. That said, it may well be only a matter of time when such issues are addressed. Looking ahead, the *Beyond Carrier* strategy is a highly appealing strategy unique to SoftBank. Adopting the same viewpoint as shareholders, the external directors will rigorously consider how the Company can benefit society in the years to come.



Kazuaki
Oki

External Director

At meetings of SoftBank's Board of Directors, I intend to provide opinions in light of my experience garnered through the accounting audit of non-Japanese companies as well as Japanese companies listed outside of Japan. When I was appointed as an external director and first met President & CEO Ken Miyuchi, I felt both his strong appetite for pursuing bold measures, even if they entail risks, and a willingness to take the time to examine matters carefully. I think he has a very well-balanced approach to business management. Although the Board of Directors examines many proposals, meetings proceed with very good tempo. Before meetings, external directors receive thoughtful, in-depth briefings. Consequently, even if the pace of a meeting is rapid, I feel that I have a good command of the discussion points and can contribute effectively to decision-making.

SoftBank's major business is the telecommunications business. Given its *Beyond Carrier* strategy, however, the Company will probably need to change its accounting segments in the future to reflect the operations of a corporate group that has transcended the telecommunications business. I assume these topics would be raised for discussion by the Board of Directors. I will use my knowledge and monitor carefully and offer my guidance to the process. Also, advancing the *Beyond Carrier* strategy will further increase the number of joint ventures, raising the issue of how best to manage this group of companies. Therefore, I will also focus steadily on this point.

Due to its innovativeness, SoftBank is sometimes viewed as being slightly wild. However, working at the Company has left me with a different impression. While the employees are highly energetic, they are also very earnest. In addition, the Company's management systems are impressively sturdy. As well as helping to increase the effectiveness of the Board of Directors, I want to actively participate in the training program for external directors conducted by the Japanese Institute of Certified Public Accountants and contribute to the further evolution of these management systems.



Kyoko
Uemura

External Director

Given that SoftBank listed recently, internal and external directors emphasize proactive dialogue because they are not yet completely used to each other. The decisive factor in my appointment as an external director was that the senior management team asked me to state opinions unreservedly and from a variety of perspectives. Public opinion can be critical of or concerned by the listing of a parent company and its subsidiary. Mindful of this, I believe that the scope of external directors' responsibility includes confirming the extent to which the Company is upholding the transparency of decision-making processes and realizing appropriate accountability. At meetings of the Board of Directors and prior briefings, I want to state opinions based on an awareness of issues that differs from that of internal directors and to deepen discussions.

Before my appointment, I viewed SoftBank as a top-down company, which is a widely held impression. However, respective officers and employees have their own clear policies and are able to make decisions and take action independently in relation to a variety of issues. The Company has amazingly powerful capabilities for achieving breakthroughs, welcomes change, does not fear failure, and never hesitates to evolve. I think that the high level of competence of individuals and the broad scope of their activities coupled with sufficient lateral collaboration give the Company a robust foundation. At meetings of the Board of Directors, Chairman Masayoshi Son certainly has a large presence, but nonetheless, he devotes himself to the role and position of chairman of the Board, while President & CEO Ken Miyuchi and other members of the senior management team lead the Company and business management.

At the same time as rapidly advancing innovative strategies, SoftBank deploys significant amounts of financial and human resources to the implementation of basic strategies in its role as a telecommunications operator responsible for providing part of society's infrastructure. For example, the Company collects timely, accurate natural disaster-related information, which is also shared with external directors. To ensure that it can respond whenever an earthquake causes a disaster, the Company has prepared vehicle-mounted network systems that can be deployed to disaster areas immediately. The Company's level of disaster readiness is a little known but very important attribute. Further, the protection of personal information and big data going forward is an important issue in Japan, where reliability, credibility and dependability are particularly valued. Accordingly, SoftBank is building a robust risk management system and gathering the latest information from a wide range of sources. I would like more stakeholders to know about SoftBank's well-developed awareness of the need for offensive and defensive measures as well as the Company's implementation of such measures.

SoftBank's Corporate Governance

Corporate Governance System

- Features**
- Company with Audit & Supervisory Board
 - 7 Internal Board Directors, 4 External Board Directors
 - Over one-third of Board membership comprises External Board Directors
 - Voluntary establishment of Advisory Committee
 - Nominating Committee (Chairperson: External Board Director)
 - Remuneration Committee (Chairperson: External Board Director)

Reasons for Adoption of Current Corporate Governance System

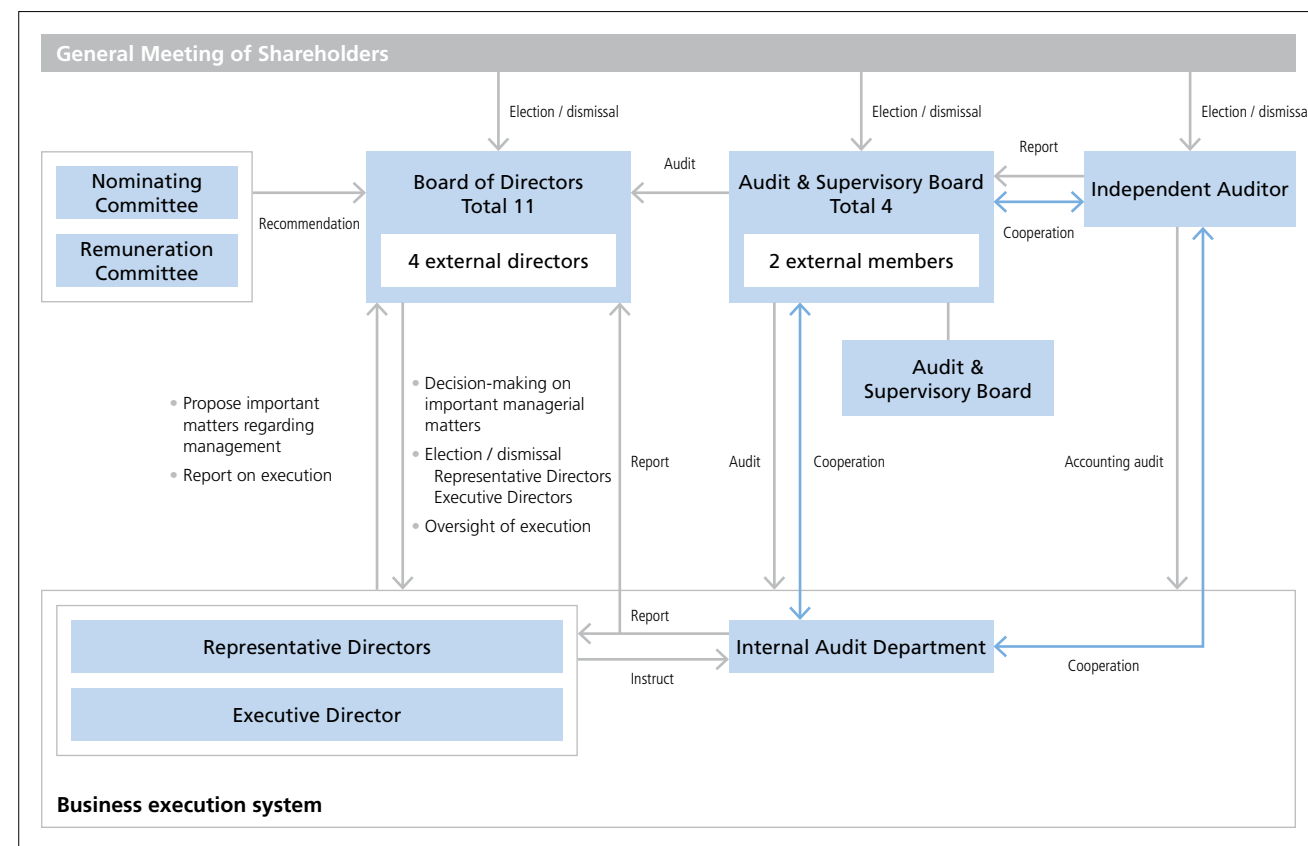
The Company has established the Board of Directors as a decision-making body for important matters and an oversight body for the status of business execution. The Board of Directors also plays a role in steering management to improve long-term enterprise value. At present, the Board of Directors consists of 11 directors, including four external directors, and makes management decisions following "appropriate investigation" and "thorough consideration."

In addition, the Company has established the Audit & Supervisory Board to conduct efficient and effective audits regarding the status of execution of duties by directors. The Audit & Supervisory Board consists of four Audit & Supervisory Board Members, including two external Audit & Supervisory Board Members, and formulates the "audit policy," "audit plan" and "audit method." Audit & Supervisory Board Members carry out audit activities in accordance with this policy and plan.

Moreover, the Company has introduced the executive officer system to ensure clarification of the management supervisory function, strengthening the business execution function of the Board of Directors, and expediting management.

Thus, the Company judges that its corporate governance is functioning effectively.

Corporate Governance System



Board of Directors

The Board of Directors consists of 11 directors, including four external directors, and their terms of office shall last until the conclusion of the Ordinary General Meeting of Shareholders held with respect to the final fiscal year ending within one year after election.

The Company stipulates the maximum number of directors at 15 in the Articles of Incorporation. The Board of Directors elects director candidates who are considered the most suitable for the position, regardless of their nationality, ethnicity, gender, or age, based on discussions by the Nominating Committee. At present, there are 11 directors serving, all of whom have a wealth of knowledge and experience regarding business management. Four Independent External Directors have been elected, and they hold constructive and lively discussions at the Board of Directors meetings from diverse perspectives, including outside perspectives.

Board Directors

Masayoshi Son	Chairman
Ken Miyauchi	Representative Director
Jun Shimba	Representative Director
Yasuyuki Imai	Representative Director
Junichi Miyakawa	Representative Director
Kazuhiko Fujihara	Board Director
Kentaro Kawabe	Board Director
Atsushi Horiba	External Director
Takehiro Kamigama	External Director
Kazuaki Oki	External Director
Kyoko Uemura	External Director

Board of Directors Advisory Body

	Nominating Committee	Remuneration Committee
Committee chair	Atsushi Horiba (External Director)	Atsushi Horiba (External Director)
Members (incl. committee chair)	Ken Miyauchi (CEO) Atsushi Horiba (External Director) Takehiro Kamigama (External Director) Kazuaki Oki (External Director) Kyoko Uemura (External Director)	Ken Miyauchi (CEO) Atsushi Horiba (External Director) Takehiro Kamigama (External Director) Kazuaki Oki (External Director) Kyoko Uemura (External Director)
Objective	Determine content of proposals upon deliberation on proposals for the election and dismissal of Board Directors and the nomination of Representative Directors at the General Meeting of Shareholders.	Submit proposals on the individual remuneration of Board Directors of the Company and on the remuneration program for Board Directors and Audit & Supervisory Board members.

Audit & Supervisory Board

The Audit & Supervisory Board meets once a month, in principle. At the meeting, the Audit & Supervisory Board Members decide on the audit policy, plan, and other matters, receive quarterly briefings and

reports related to the earnings results from the Independent Auditor, and exchange information and opinions with the Independent Auditor as necessary. The Audit & Supervisory Board receives briefings from Board Directors on individual cases as necessary.

The Audit & Supervisory Board consists of four members, two of whom are external members (two full-time members and two part-time members). One of the four Audit & Supervisory Board Members concurrently holds the positions of the CCO of the Company, head of the General Affairs Division, and president and representative director of Group companies, and has a wealth of knowledge and experience in governance, compliance, and corporate management. The Company ensures adequate independence of the two external Audit & Supervisory Board Members, who have a wealth of knowledge and experience in compliance, risk management or certified public accounting. Audit & Supervisory Board Members including external Audit & Supervisory Board Members attend the Board of Directors meetings, allowing them to monitor and verify the decision-making of the Board and fulfillment of the Board's obligation to supervise the execution of duties by each Board Director. Moreover, the Audit & Supervisory Board Members receive regular reports from Board Directors, Audit & Supervisory Board Members, and other personnel of major subsidiaries and conduct hearings, as necessary, to audit the execution of duties by the Board Directors of the Company.

Internal Audits

The Internal Audit Department conducts internal audits of the overall duties of the Company as an organization directly under the CEO, and also conducts audits of subsidiaries as a parent company. The Internal Audit Department mainly evaluates business compliance with laws and regulations and effectiveness of internal control, and reports the results of internal audits to the CEO and the Board of Directors of the Company while explaining them to the Audit & Supervisory Board Members.

Supporting System for External Directors and/or External Audit & Supervisory Board Members

The Company seeks to ensure that all officers, including the external Audit & Supervisory Board Members, can participate fully in the Board of Directors meetings, having fully grasped the specific details of the agenda for discussion. The secretariat to the Board of Directors therefore provides them with materials for the Board of Directors meetings beforehand, including supplemental briefings and other information as required.

The Audit & Supervisory Board Office has been established to support the duties of all Audit & Supervisory Board Members, including external members. The office comprises dedicated personnel who act under the direction of the Audit & Supervisory Board Members to gather information, investigate matters, and provide other assistance.

Reasons for Appointment of Board Directors and Audit & Supervisory Board Members

Name	Reasons for Appointment
Masayoshi Son Chairman	Mr. Son has extensive knowledge and experience in corporate management, business strategy, M&A and other matters as the founder of SoftBank Group Corp. The Board would like to reelect Mr. Son as a Board Director to benefit from his guidance in the Company's decision-making process for the further growth of the Group.
Ken Miyauchi President & CEO	Since taking office as Director & Vice President of SOFTBANK BB Corp. (currently the Company) in January 2003, Mr. Miyauchi has contributed to expanding the fixed-line communications business, and since becoming the Company's Board Director in April 2006, he has also contributed to expanding the mobile communications business. Since becoming the Company's President in April 2015, he has not only expanded the telecommunications business in Japan but also aggressively promoted entry into new fields with a focus on the internet based on the <i>Beyond Carrier</i> strategy. The Board would like to reelect Mr. Miyauchi as a Board Director to lead the further growth of the Group.
Jun Shimba Representative Director & COO	Since taking office as the Company's Managing Executive Officer in April 2006, Mr. Shimba has served in prominent positions at the Company, primarily as head of the consumer business unit, and contributed to the Company's growth. In addition, he became the Company's Representative Director & COO in April 2017. The Board would like to reelect Mr. Shimba as a Board Director to lead the further growth of the Group.
Yasuyuki Imai Representative Director & COO	Since taking office as the Company's Corporate Officer in October 2007, Mr. Imai has served in prominent positions at the Company, primarily as head of the enterprise business unit, and contributed to the Company's growth. In addition, he became the Company's Representative Director & COO in April 2017. The Board would like to reelect Mr. Imai as a Board Director to lead the further growth of the Group.
Junichi Miyakawa Representative Director & CTO	After managing an internet company, Mr. Miyakawa took office as the Company's Director & Executive Vice President (CTO) in April 2006. Since then, he has served in prominent positions at the Company, primarily head of the technology unit, and contributed to the Company's growth. In addition, he became the Company's Representative Director & CTO in April 2018. The Board would like to reelect Mr. Miyakawa as a Board Director to lead the further growth of the Group.
Kazuhiro Fujihara Board Director, Executive Vice President & CFO	Since taking office as the Company's Managing Executive Officer (CFO) in April 2006, Mr. Fujihara has served in prominent positions at the Company, primarily head of finance, accounting and governance units, and contributed to the Company's growth. The Board would like to reelect Mr. Fujihara as a Board Director to lead the further growth of the Group.
Kentaro Kawabe Board Director	Since assuming the position of COO of Yahoo Japan Corporation in April 2012, Mr. Kawabe has aggressively pursued its business development, and has extensive knowledge and experience as a corporate manager. The Board would like to reelect Mr. Kawabe as a Board Director to benefit from his guidance in the Company's decision-making process for the further growth of the Group.
Atsushi Horiba External Director Independent Officer	Having served as Representative Director of HORIBA, Ltd. for approximately 27 years from 1992 to date, Mr. Horiba has been leading the growth of HORIBA group and therefore has a wealth of management experience. He is elected as an external director to have him supervise the Company's management based on his knowledge and experience and give advice on the overall management of the Company in order to contribute to the Group's further growth and strengthening corporate governance.
Takehiro Kamigama External Director Independent Officer	Having served as Representative Director of TDK Corporation for 12 years from 2006, Mr. Kamigama has a wealth of management experience and has demonstrated leadership in enhancing profitability of TDK's business and expanding business fields. He is elected as an external director to have him supervise the Company's management based on his knowledge and experience and give advice on the overall management of the Company in order to contribute to the Group's further growth and strengthen corporate governance.
Kazuaki Oki External Director Independent Officer	Mr. Oki has extensive knowledge and experience as a certified public accountant. He is elected as an external director to have him supervise the Company's management based on his knowledge and experience and give advice on the overall management of the Company in order to contribute to the Group's further growth and strengthen corporate governance.
Kyoko Uemura External Director Independent Officer	Ms. Uemura has extensive knowledge and experience as a lawyer. She is elected as an external director to have her supervise the Company's management based on her knowledge and experience and give advice on the overall management of the Company in order to contribute to the Group's further growth and strengthening corporate governance.
Eiji Shimagami Full-time Audit & Supervisory Board Member	Mr. Shimagami served as Vice President, CCO, Human Resources & General Affairs Unit, General Affairs Division Head of the Company until March 2017, and is well versed in the governance and compliance field. In addition, he served in positions including President of a group company and has extensive knowledge and experience in corporate management. The Board would like to elect Mr. Shimagami as a new Audit & Supervisory Board Member to have him conduct audits from a professional and multifaceted standpoint drawing on his knowledge and experience.

Name	Reasons for Appointment
Yasuharu Yamada Full-time Audit & Supervisory Board Member Independent Officer	Mr. Yamada has extensive knowledge and experience relating to risk management and compliance at financial institutions as well as considerable expertise in finance and accounting. The Company designated him as an external Audit & Supervisory Board Member to leverage his knowledge and experience to perform audits from a specialist perspective and to ensure a more independent perspective on the audits.
Kazuko Kimiwada Audit & Supervisory Board Member	Ms. Kimiwada has extensive knowledge and experience as a certified public accountant, and serves as Executive Corporate Officer, Head of Accounting Unit at SoftBank Group Corp. The Board would like to reelect Ms. Kimiwada as an Audit & Supervisory Board Member so that she can conduct audits from a professional standpoint drawing on her knowledge and experience.
Kenichiro Abe External Audit & Supervisory Board Member Independent Officer	Mr. Abe has extensive knowledge and experience as a certified public accountant. The Company designated him as an external Audit & Supervisory Board Member to leverage his knowledge and experience to perform audits from a specialist perspective and to ensure a more independent perspective on the audits.

Remuneration

The remuneration policy for directors and Audit & Supervisory Board Members at the Company is to confirm that remunerations are at an appropriate level compared to remuneration for domestic company managers roughly of the same or larger business scale based on a survey concerning remuneration for domestic company managers conducted by an independent organization.

The policy for determining directors' remuneration is to enhance the motivation of directors to contribute to improving not only short-term but also medium- to long-term business results, while controlling excessive risk-taking. The policy aims to enable sustainable growth and improvement of medium- to long-term enterprise value, while realizing steady profit growth, creating stable cash flows, and establishing a rapport with stakeholders.

Upon formulation of the policy for determining remuneration by the Human Resources Department, the Board of Directors determines the remuneration for Board Directors through the advice of the Remuneration Committee, which comprises the President and Representative Director and External Board Directors.

Remuneration for External Board Directors, who are independent of business execution, Audit & Supervisory Board Members, who audit the business execution of Board Directors, and External Audit

& Supervisory Board Members consists solely of fixed remuneration. Further, according to the Group's remuneration policy, remuneration for Board Directors who concurrently serve as officers of Group companies is to be provided mainly by the Company while remuneration for Board Directors of subsidiaries and Kentaro Kawabe is to be excluded from payment.

To provide incentives for enhancing the Company's short-term performance and medium- to long-term corporate value, the remuneration, etc., of Board Directors consists of various types of compensation including basic remuneration and performance-based remuneration, in addition to fixed remuneration.

Policy for Determining Ratio of Payments

The basic policy for the ratio of payment of basic remuneration to performance-based remuneration shall be "basic remuneration: performance-based remuneration = 1 : 2.3-3.2" in principle. The performance-based remuneration is allowed to fluctuate within the range of 0-1.5 times the base amount by position. The performance-based remuneration comprises cash payment and share-based payment, and the ratio of payment has been determined to be "cash payments : share-based payments = 1 : 1."

Performance-based Remuneration Indicators

The Company has adopted net income attributable to owners of the parent and operating income (consolidated basis) as its performance-based remuneration indicators for the achievement of performance targets.

Each performance-based component fluctuates at a rate of 0 to 1.5 times (target of 1.0) according to the level of achievement of performance indicator targets, etc. A coefficient is calculated for the level of achievement of performance targets based on 50% of each ratio established according to the level of achievement of performance indicator targets. Moreover, under special circumstances such as large scandals and accidents, losses and other extraordinary factors, and other management indicators (FCF, etc.), the coefficient is determined through the advice of the remuneration committee.

Performance target achievement coefficient = Net income attributable to owners of the parent*1 x 50% + Operating income*2 x 50%

*1 Based on a comparison between the actual and target values, net income attributable to owners of the parent is set at 100% if the actual value is at the same level as its target value.

*2 Based on a comparison between the actual and target values, operating income is set at 100% if the actual value is at the same level as its target value.

Moreover, net income attributable to owners of the parent acts as a source of dividends to the stakeholders. Accordingly, it was selected as a performance-based indicator coefficient to facilitate

constructive dialogue with the stakeholders and enhance awareness of Board Directors regarding improvements to the Company's medium to long term corporate value.

Meanwhile, operating income was selected as a performance-based indicator coefficient as it appropriately reflects the profits generated by the main business of the Group overall.

Decision-making Rights on Policy for Determining Amounts of Remuneration and Its Calculation Method

Ownership of rights: Board of Directors

Details of rights: Determination of Board Director remuneration based on proposals by the remuneration committee

Scope of responsibility: Determination of Board Director remuneration, total amount of funds for performance-based remuneration, and individual distribution.

Committee in Charge of Decision-making on Policy for Determining Amounts of Remuneration of Board Directors and Audit & Supervisory Board Members and Its Calculation Method

At the Board of Directors meetings, the remuneration committee conducts proposals on the remuneration program for Board Directors and Audit & Supervisory Board Members in addition to proposals on the remuneration of individual Board Directors of the Company. To ensure objectivity and transparency in remuneration, the committee is chaired by an External Board Director and comprises the President and Representative Director and External Board Directors.

Amount of Remuneration for Directors and Audit & Supervisory Board Members

(Millions of yen)

Officer category	Total remuneration	Subtotals for each type of remuneration				Number of recipients
		Basic remuneration	Performance-based remuneration		Other	
			Cash payment	Share-based payment		
Directors (excluding external directors)	1,769	426	998	–	345	6
Audit & Supervisory Board Members (excluding external Audit & Supervisory Board Members)	12	12	–	–	–	1
External directors	36	36	–	–	–	4
External Audit & Supervisory Board Members	13	13	–	–	–	2

Amount of Consolidated Remuneration, etc., for Directors of SoftBank Corp.

(Millions of yen)

Name	Total consolidated remuneration	Title	Subtotals for each type of remuneration			
			Basic remuneration	Performance-based remuneration		Other
				Cash payment	Share-based payment	
Ken Miyauchi	524	Director	120	315	–	89
Jun Shimba	308	Director	84	179	–	45
Yasuyuki Imai	308	Director	84	179	–	45
Junichi Miyakawa	302	Director	78	179	–	45
Kazuhiko Fujihara	239	Director	60	146	–	33

Note: Only directors whose total consolidated remuneration and other compensation is ¥100 million or more.

Decision-making Process for Amount of Remuneration, etc.

Committee	Date of meeting	Participants	Content
Remuneration committee	January 21, 2019	Atsushi Horiba (chairman) Takehiro Kamigama Kazuaki Oki Kyoko Uemura Ken Miyauchi (participated by all members)	• Discussion on director remuneration calculation program
Remuneration committee	February 18, 2019	Atsushi Horiba (chairman) Takehiro Kamigama Kazuaki Oki Kyoko Uemura Ken Miyauchi (participated by all members)	• Discussion on director remuneration calculation program • Confirmation of disclosure policy
Remuneration committee	April 22, 2019	Atsushi Horiba (chairman) Takehiro Kamigama Kazuaki Oki Kyoko Uemura Ken Miyauchi (participated by all members)	• Confirmation of remuneration amounts for Board Directors and Audit & Supervisory Board Members • Confirmation of disclosure forms
Board of Directors	May 27, 2019	Board Directors and Audit & Supervisory Board Members (participated by all members)	• Confirmation and determination of proposals by the remuneration committee • Determination of director remuneration calculation program • Approval of remuneration amounts for Board Directors and Audit & Supervisory Board Members

Shareholding Policy**Standard and Policy for Classifying Investment Shares Held for Pure Investment Purposes and Investment Shares Held for Reasons Other Than Pure Investment Purposes**

Investment shares held for the purposes of earning profits through changes in the values of shares and share-related dividends are classified as "investment shares held for pure investment purposes." Meanwhile, the Company classifies investment shares held for reasons other than pure investment purposes as "cross-shareholdings" and adheres to the following shareholding policy for the acquisition and ownership of such shares.

Investment Shares Held for Reasons Other Than Pure Investment Purposes (Excluding unlisted shares)

(a) Shareholding policy and approach for verifying appropriateness of shareholdings

Shareholding Policy

The objectives of cross-shareholdings are to provide benefits to the Company by ensuring competitive advantages in business development and business operations, creating synergies, securing human resources and technologies, and realizing cost reductions. The objectives of cross-shareholdings are verified on an annual basis, and in the case of diminishing returns on such objectives, the Company will consider the sale of shares and manage the shareholdings appropriately.

Approach for Verifying Appropriateness of Shareholdings

The Company verifies the appropriateness of shareholdings by examining whether or not it is realizing the benefits anticipated at the time of investment such as the continuance of transactions with the issuer of cross-shareholdings. Regarding investments in new businesses, the progress of each business is examined in terms of the benefits of the investments.

(b) Regarding the appropriateness of each investment, an examination of its details conducted at the Board of Director's meeting during the year under review verified diminishing returns on seven investments related to cross-shareholdings and upon comprehensive examination of their results, the Company decided to sell the shares as the diminishing returns were due to the lack of achievement of shareholding objectives, and therefore there is no reason to continue holding the shares going forward. The details of these examinations will be reported at the Board of Director's meeting.

Cooperation among Audit & Supervisory Board Members, the Independent Auditor and the Internal Audit Department

Cooperation between the Audit & Supervisory Board Members and the Independent Auditor

The Audit & Supervisory Board Members receive briefings from the Independent Auditor (Deloitte Touche Tohmatsu LLC) on the audit policy and audit plan, and exchange opinions. In addition to receiving reports on the main items to be audited and the method and results of the audit, regarding the audit during and at the end of the fiscal year (including the quarterly review), Audit & Supervisory Board Members cooperate with the Independent Auditor mainly by accompanying the Independent Auditor at the on-site audit and witnessing the audit.

Cooperation between the Audit & Supervisory Board Members and the Internal Audit Department

The Audit & Supervisory Board Members regularly provide opportunities to exchange information with the Company's Internal Audit Department and Internal Control Division, cooperating organically with them including requesting them to conduct an investigation as necessary.

In particular, the Audit & Supervisory Board Members confirm the progress of the internal audit plan and exchange opinions with the Internal Audit Department every month such as by holding regular meetings attended by full-time Audit & Supervisory Board Members. In addition, the general manager of the Internal Audit Department reports the internal audit plan and results, among other matters, to the Audit & Supervisory Board Members semi-annually. Regarding the report of audit results to representative directors, materials are shared each time.

Cooperation between the Independent Auditor and the Internal Audit Department

The Independent Auditor receives briefings from the Internal Audit Department on the audit plan and, when necessary, on the results of internal audits and other matters. The Internal Audit Department receives regular briefings from the Independent Auditor regarding audit results and other matters. Moreover, both parties cooperate with each other as necessary by exchanging information and opinions, among other measures.

Status of Internal Audits and Audits by the Audit & Supervisory Board

The Internal Audit Department conducts 28 internal audits of the overall duties of the Company as an organization directly under the CEO, and also conducts audits of subsidiaries as a parent company. The Internal Audit Department mainly evaluates business compliance

with laws and regulations and effectiveness of internal control, and reports the results of internal audits to the CEO and the Board of Directors of the Company while explaining them to the Audit & Supervisory Board Members.

The Company has adopted a corporate officer system whereby the Audit & Supervisory Board Members conduct audit activities in compliance with the audit policy and audit plan formulated by the Audit & Supervisory Board, which comprises four members including two External Audit & Supervisory Board Members. The Audit & Supervisory Board conducts efficient and effective audits on the status of execution of duties by the Board Directors through attendance at important meetings, conducting hearings, examination of important documents, field studies, etc. Further, in addition to receiving briefings from the Internal Audit Department, the Company receives explanations of the status and results of internal audits as necessary. Meanwhile, the Independent Auditor strives to strengthen the Company's audit structure by verifying, from an independent perspective, whether or not audits are being conducted appropriately. The Independent Auditor also receives briefings on the status of execution of such duties and, when necessary, requests explanations on the audits and conducts other measures to strengthen the audit structure.

Status of Audits by the Independent Auditor

The Audit & Supervisory Board has selected Deloitte Touche Tohmatsu LLC as its independent auditor. Deloitte Touche Tohmatsu LLC was selected after a comprehensive evaluation of its quality management, audit structure, independence and expertise, etc., which are necessary for conducting appropriate audits, that satisfied the standards for appropriately evaluating auditor candidates set by the Audit & Supervisory Board according to the Audit & Supervisory Board Regulations, through receiving the necessary materials from the Board Directors and related divisions within the Company as well as briefings.

Details of Remuneration for Certified Public Accountants, etc.

(Millions of yen)

Classification	Fiscal year ended March 31, 2018		Fiscal year ended March 31, 2019	
	Remuneration for audit certification duties	Remuneration for non-audit duties	Remuneration for audit certification duties	Remuneration for non-audit duties
SoftBank Group	468	68	526	89
Consolidated subsidiaries	124	—	279	3
Total	592	68	805	92

Board Directors / Independent Officers

(As of June 24, 2019)

**Masayoshi Son**

Chairman

1981 Founded SOFTBANK Corp. (currently SoftBank Group Corp.), Chairman & CEO
 1996 President & CEO, Yahoo Japan Corporation
 2006 Chairman of the Board, President & CEO, Vodafone K.K. (currently the Company)
 2007 President & CEO, the Company
 2015 Chairman, the Company
 2015 Director, Yahoo Japan Corporation (to present)
 2016 Manager, SoftBank Group International GK (currently SoftBank Group Japan Corporation)
 2017 Chairman & CEO, SoftBank Group Corp. (to present)
 2018 Chairman, the Company (to present)
 2018 Representative Director, SoftBank Group Japan Corporation (to present)

**Ken Miyauchi**

President & CEO

1977 Joined Japan Management Association
 1984 Joined SOFTBANK Corp. (currently SoftBank Group Corp.)
 1988 Director, SOFTBANK Corp.
 2003 Director & Vice President, SOFTBANK BB Corp. (currently the Company)
 2006 Executive Vice President, Director & COO, Vodafone K.K. (currently the Company)
 2007 Director, Representative Vice President & COO, the Company
 2007 Representative Director & COO, the Company
 2012 Director, Yahoo Japan Corporation (to present)
 2013 Representative Director, Senior Executive Vice President of SOFTBANK Corp. (currently SoftBank Group Corp.)
 2014 Representative Director, Chairman of SoftBank Commerce & Service Corp. (currently SB C&S Corp.)
 2015 President & CEO, the Company
 2018 Director, SoftBank Group Corp. (to present)
 2018 Representative Director, President & CEO, the Company
 2018 President & CEO, the Company (to present)

**Jun Shimba**

Representative Director & COO

1985 Joined SOFTBANK Corp. (currently SoftBank Group Corp.)
 2005 Director, SOFTBANK BB Corp. (currently the Company)
 2006 Managing Executive Officer, Vodafone K.K. (currently the Company)
 2007 Director & Managing Executive Officer, SOFTBANK BB Corp. (currently the Company)
 2007 Managing Corporate Officer, the Company
 2012 Director & Senior Managing Corporate Officer, the Company
 2015 Senior Managing Director, the Company
 2017 Representative Director & COO, the Company
 2017 Representative Director, President & CEO, SoftBank Payment Service Corp. (currently SB Payment Service Corp.) (to present)
 2018 Representative Director & COO, In Charge of Government Relations, the Company (to present)

**Yasuyuki Imai**

Representative Director & COO

1982 Joined Kajima Corporation
 2000 Joined SOFTBANK Corp. (currently SoftBank Group Corp.)
 2007 Corporate Officer, the Company
 2008 Managing Corporate Officer, the Company
 2012 Director & Senior Managing Corporate Officer, the Company
 2015 Senior Managing Director, the Company
 2017 Representative Director & COO, the Company
 2018 Representative Director & COO, the Company (to present)

Note: Yahoo Japan Corporation changed its trade name to Z Holdings Corporation on October 1, 2019.

Board Directors / Independent Officers

**Junichi Miyakawa**

Representative Director & CTO

- 1991 Representative Director & President, KK Momotaro Internet
- 2000 Representative Director & President, Nagoya Metallic Communications Corp. (currently the Company)
- 2002 Representative Director & President, Tokyo Metallic Communications Corp. (currently the Company)
- 2002 Representative Director & President, Osaka Metallic Communications Corp. (currently the Company)
- 2002 Representative Director & President, DTH Marketing Corp. (currently the Company)
- 2003 Director, SOFTBANK BB Corp. (currently the Company)
- 2006 Director & Executive Vice President (CTO), Vodafone K.K. (currently the Company)
- 2007 Director, Executive Vice President & CTO, the Company
- 2014 Director & Senior Managing Corporate Officer, the Company
- 2014 Technical Chief Operating Officer, Sprint Corporation
- 2015 Senior Managing Director, the Company
- 2015 Senior Technical Advisor, Sprint Corporation
- 2017 Senior Managing Director & CTO, the Company
- 2018 Representative Director & CTO, the Company (to present)

**Kazuhiko Fujihara**

Board Director, Executive Vice President & CFO

- 1982 Joined Toyo Kogyo Co., Ltd. (currently Mazda Motor Corporation)
- 2001 Joined SOFTBANK Corp. (currently SoftBank Group Corp.)
- 2001 General Manager of Group Management Group, SOFTBANK Corp.
- 2003 Manager, Management Planning Dept., SOFTBANK BB Corp. (currently the Company)
- 2004 Director & CFO, SOFTBANK BB Corp.
- 2006 Managing Executive Officer (CFO), Vodafone K.K. (currently the Company)
- 2007 Director, Senior Vice President & CFO, the Company
- 2012 Director, Executive Vice President & CFO, the Company
- 2014 Director & Managing Executive Officer, SOFTBANK Corp. (currently SoftBank Group Corp.)
- 2015 Director, Executive Vice President & CFO, the Company
- 2015 Director, Yahoo Japan Corporation
- 2016 Director, Audit and Supervisory Committee Member, Yahoo Japan Corporation
- 2016 Managing Executive Officer, SoftBank Group Corp.
- 2017 Senior Vice President, SoftBank Group Corp.
- 2018 Board Director, Executive Vice President & CFO, Finance Unit Head, the Company (to present)
- 2019 Director, Z Holdings Corporation (to present)

**Atsushi Horiba**External Director
Independent Officer

- 1972 Joined HORIBA, Ltd.
- 1982 Director, HORIBA, Ltd.
- 1988 Senior Managing Director, HORIBA, Ltd.
- 1992 Representative Director & President, HORIBA, Ltd.
- 1995 Representative Director & President, STEC Co., Ltd. (currently HORIBA STEC, Co., Ltd.)
- 2005 Chairman, Representative Director & President, HORIBA, Ltd.
- 2016 Chairman & Representative Director, HORIBA STEC, Co., Ltd. (to present)
- 2018 Chairman, Representative Director & Group CEO, HORIBA, Ltd. (to present)
- 2018 External Director, the Company (to present)

**Takehiro Kamigama**External Director
Independent Officer

- 1981 Joined Tokyo Denki Kagaku Kogyo K.K. (currently TDK Corporation)
- 2002 Corporate Officer, TDK Corporation
- 2003 Senior Vice President, TDK Corporation
- 2004 Director, Executive Vice President, TDK Corporation
- 2006 Representative Director & President, TDK Corporation
- 2016 Chairman & Representative Director, TDK Corporation
- 2017 External Director, OMRON Corporation (to present)
- 2018 External Director, Yamaha Motor Co., Ltd. (to present)
- 2018 External Director, the Company (to present)
- 2018 Mission Executive, TDK Corporation (to present)

**Kentaro Kawabe**

Board Director

- 1996 Director, Dennotai Corporation
- 1999 CEO, Dennotai Corporation
- 1999 Director, PIM Corporation
- 2000 Joined Yahoo Japan Corporation, Yahoo! Mobile Producer
- 2007 Yahoo! News Producer, Yahoo Japan Corporation
- 2012 Corporate Officer, Chief Operating Officer (COO), President of Media Business Group, Yahoo Japan Corporation
- 2012 Senior Executive Vice President, COO, Head of Media Service Company, Yahoo Japan Corporation
- 2014 Senior Executive Vice President, Managing Corporate Officer, Director & COO, Yahoo Japan Corporation
- 2015 Senior Executive Vice President Corporate Officer, COO, Yahoo Japan Corporation
- 2018 Chief Executive Officer (CEO), Senior Executive Vice President Corporate Officer, Yahoo Japan Corporation
- 2018 President and Representative Director, President Corporate Officer, CEO, Yahoo Japan Corporation (to present)

**Kazuaki Oki**External Director
Independent Officer

- 1984 Joined Aoyama Audit Corporation
- 2003 Representative Partner, ChuoAoyama Audit Corp.
- 2006 Representative Partner, PricewaterhouseCoopers Aarata (currently PricewaterhouseCoopers Aarata LLC)
- 2017 Head of Oki CPA Office (to present)
- 2017 External Director, Shizuoka Bank (Europe) S.A. (to present)
- 2018 Supervisory Officer, NIPPON LIFE PRIVATE REIT Inc. (to present)
- 2018 External Director, the Company (to present)
- 2018 Representative Partner, Chiyoda Audit Corporation (to present)

**Kyoko Uemura**External Director
Independent Officer

- 1994 Assistant Judge, Osaka District Court
- 2004 Judge, Numazu Branch, Shizuoka Family Court
- 2005 Judge, Yokohama District Court
- 2008 Registered as a lawyer
- 2008 Lawyer, LM Law Offices
- 2009 External Auditor, Yahoo Japan Corporation
- 2017 External Auditor, MS&AD Insurance Group Holdings, Inc. (to present)
- 2018 External Director, the Company (to present)
- 2018 Lawyer, Miyama, Koganemaru & Associates (to present)



Eiji Shimagami

Full-time Audit & Supervisory Board Member

- 1982 Joined Nissan Motor Co., Ltd.
- 2000 Joined Japan Telecom Co., Ltd. (currently the Company)
- 2001 Joined J-Phone Communications Co., Ltd. (currently the Company)
- 2003 Manager, Human Resources & Planning Department, J-Phone Communications Co., Ltd.
- 2007 Manager, General Administration Department, SoftBank Corp. (currently SoftBank Group Corp.)
- 2008 Corporate Officer, Human Resources & General Affairs Unit, General Affairs Division Head, the Company
- 2011 President, SoftBank Atwork Corp. (currently SB Atwork Corp.)
- 2013 Company Representative and CEO, SB U.S. LLC
- 2014 Vice President, CCO, Human Resources & General Affairs Unit, General Affairs Division Head, the Company
- 2018 Audit & Supervisory Board Member, SB Energy Corp. (to present)
- 2018 Audit & Supervisory Board Member, Bloom Energy Japan Limited (to present)
- 2019 Advisor, the Company
- 2019 Full-time Audit & Supervisory Board Member (to present)



Yasuharu Yamada

Full-time Audit & Supervisory Board Member
Independent Officer

- 1980 Joined Fuji Bank, Ltd. (currently Mizuho Bank, Ltd.)
- 1999 Advisor, Global Planning Division, Fuji Bank, Ltd.
- 2000 Seconded to Fuji Investment Management Co., Ltd. (currently Asset Management One Co., Ltd.)
- 2009 Retired from Mizuho Corporate Bank, Ltd. (currently Mizuho Bank, Ltd.)
- 2010 Corporate Officer, Legal and Compliance Division Head and Information Management Officer, Mizuho Asset Management Co., Ltd. (currently Asset Management One Co., Ltd.)
- 2012 Corporate Officer, General Risk Management Division Head, Compliance Division Head and Information Management Officer, Mizuho Asset Management Co., Ltd.
- 2014 Executive Managing Director, Managing Executive Officer, Risk Management Group Head, Compliance and Risk Management Division Head and Information Management Officer, Mizuho Asset Management Co., Ltd.
- 2014 Executive Managing Director, Managing Executive Officer, Risk Management Group Head, Mizuho Asset Management Co., Ltd.
- 2016 Retired from Mizuho Asset Management Co., Ltd.
- 2016 Full-time External Audit & Supervisory Board Member, the Company (to present)



Kazuko Kimiwada

Audit & Supervisory Board Member

- 1982 Passed the secondary examination for Certified Public Accountant
- 1983 Joined Deloitte Haskins & Sells LLC (currently Deloitte Touche Tohmatsu LLC)
- 1986 Passed the tertiary examination for Certified Public Accountant; registered as Certified Public Accountant
- 1995 Joined Mallinckrodt Medical, Inc.
- 1996 Joined SOFTBANK Corp. (currently SoftBank Group Corp.)
- 2000 Accounting Manager, SOFTBANK Corp.
- 2004 Accounting Manager & Related Business Manager, SOFTBANK Corp.
- 2007 Accounting Manager & Internal Control Manager, SOFTBANK Corp.
- 2012 Corporate Officer & Internal Control Manager, SOFTBANK Corp.
- 2014 External Audit & Supervisory Board Member, the Company
- 2016 Audit & Supervisory Board Member, the Company (to present)
- 2016 Corporate Officer, Head of Accounting Unit, SoftBank Group Corp.
- 2017 Executive Corporate Officer, Head of Accounting Unit, SoftBank Group Corp. (to present)
- 2018 Director, Audit & Supervisory Committee Member, Yahoo Japan Corporation



Kenichiro Abe

External Audit & Supervisory Board Member
Independent Officer

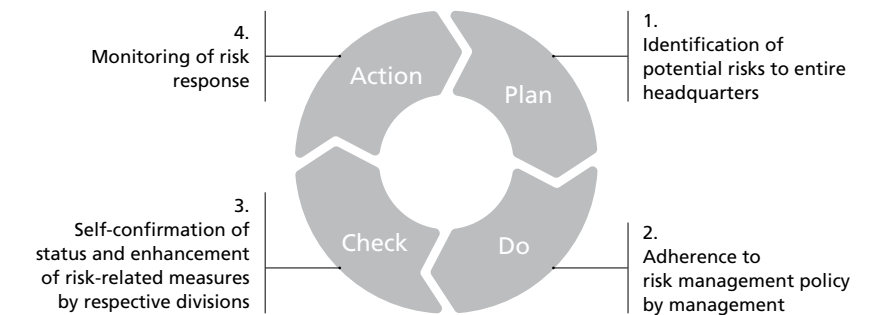
- 1980 Joined PricewaterhouseCoopers Japan LLC
- 2002 Representative Partner, ChuoAoyama Audit Corp.
- 2006 Representative Partner, PricewaterhouseCoopers Aarata (currently PricewaterhouseCoopers Aarata LLC)
- 2012 Head of Kenichiro Abe Certified Public Accountant Officer (to present)
- 2012 Full-time External Auditor, Givaudan Japan K.K.
- 2013 External Director, Fujikura Ltd.
- 2015 Auditor-secretary, The Japan Professional Basketball League (to present)
- 2016 External Auditor, Givaudan Japan K.K. (to present)
- 2016 External Audit & Supervisory Board Member, the Company (to present)
- 2017 External Director & Audit Committee Member, Fujikura Ltd. (to present)

Risk Management

SoftBank strives to reduce risks and prevent the occurrence of risk scenarios during normal times and has compiled and documented the Risk Management Regulations, aiming to minimize the potential human, economic, and social impacts (losses) that ensue if a substantial risk does materialize. Furthermore, based on the regulations, responsible departments have been designated to address various risks in order to maintain and improve the level of readiness.

Basic Framework

SoftBank manages risks based on a PDCA cycle implemented by the Corporate Security Department of the General Administration Division: (1) annual policy and plan development, (2) implementation and training, (3) check and correction, and (4) management review.



Substantial Risks

SoftBank has identified the following substantial risks that accompany business activities and work on a day-to-day basis to reduce and prevent such risks.

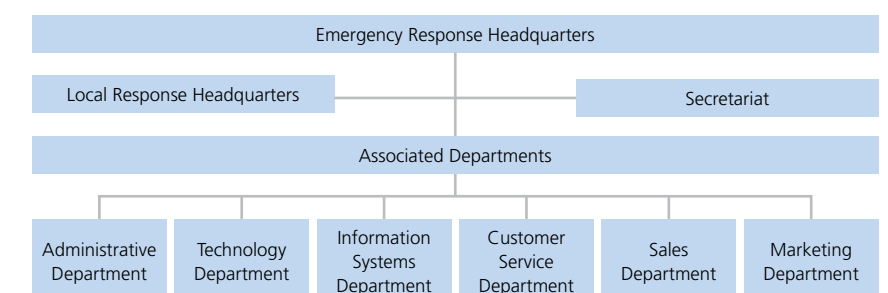
Risk Management Structure

The General Affairs Division's Corporate Security Department oversees the progress of risk evaluation, analysis, and response at each department at SoftBank, which is responsible for telecommunications-related businesses, and regularly reports its findings to the Board of Directors.

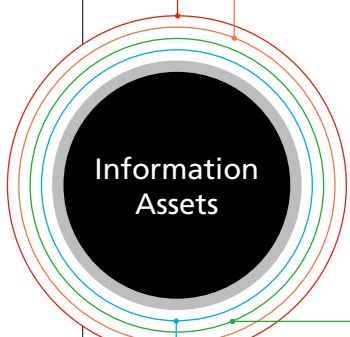
Board of Directors	
Risk Management Office	
Responsible Departments	
Management risk	Information security risk <input type="checkbox"/> P.76
Business strategy risk	Authorization / regulatory risk
Management environment risk	Contract / litigation risk
Sales / planning / operational risk	Financial risk
Profit hindrance risk	Accounting / tax risk
Product risk	Labor / human resources risk
Communications service risk	Marketing / IR risk
Information system risk	Country risk
Cloud service risk	Disaster / accident / pandemic risk
Other services risk	Other risk

Establishment of Emergency Response Department

In a major disaster, personnel from each company will gather and analyze information on the damage in their areas of responsibility. Based on the impact of the damage, an Emergency Response Department will be established and take action to rapidly restore the telecommunications network.



Our Four Types of Information Security Measures



1. Organizational Measures

In line with SoftBank Group Guidelines for Information Security Measures, we have appointed a Chief Information Security Officer and instituted an Information Security Policy applicable to all staff throughout the organization.

The Chief Information Security Officer chairs the Information security committee, which enables us to share useful knowledge on information security and review measures that are adapted to technological innovation and changes in the environment.



2. Personnel Measures

As a provider of various communications services, we are undertaking information security initiatives with the protection of customers' personal information as a top priority. We have also established and made public our guidelines and legal disclosure process related to personal information in privacy.

Furthermore, to ensure the appropriate handling of information and provide for its security in our daily work — particularly with regard to the secrecy of communications and protection of personal information—officers and staff are continuously working to improve their knowledge and foster an ethical mind set concerning information security through regular training sessions, e-learning, and ongoing educational activities. Data related to information security is available on our intranet, which staff can access at any time.



3. Physical Measures

In the operating environment, security has been divided into five levels, and access to respective locations is managed accordingly for each level. Anything Level 3 or above is categorized as a "high security area", and personal information is handled only in these areas.

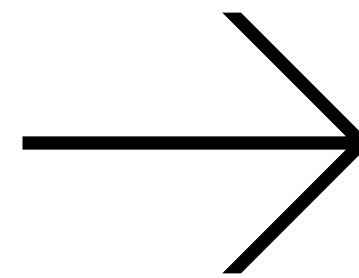
We have established rules specific to high security areas to ensure thorough security management. For example, a customer support center designated as a high security area has rigorous security, with security guards, access card identification, and the mandatory use of transparent bags for personal belongings in order to prevent the carrying of prohibited items.



4. Technological Measures

We monitor internal network use, individual server access, and the status of office computers in the Security Operation Center (SOC), designated as a high security area, with the aim of maintaining and managing security levels. Physical location of and network access for individuals and groups have been completely separated according to each security level.

With regard to office computers, we are tightening security by controlling access to unrelated websites and promoting thin-clients. This is done with the aim of keeping classified documents within the Company at all times and limiting access to websites unrelated to office work.



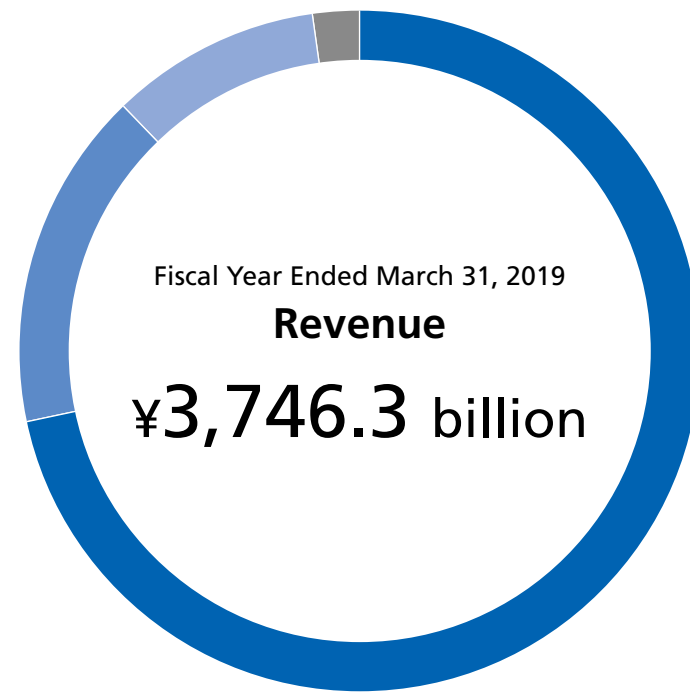
Section 4

Financial Information

- 78 • • • Business Overview
- 84 • • • Review and Analysis of the Fiscal Year Ended March 31, 2019
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- 94 • • • Consolidated Statement of Cash Flows
- 95 • • • Corporate Data / Stock Information

Business Overview

Segment Breakdown by Revenue



Consumer Segment

71%
¥2,680.5 billion



For Individual Customers

- Mobile communications services: Provision of the three brands of *SoftBank*, *Y!mobile*, and *LINE MOBILE*
- Broadband services: Offering of such services as *SoftBank Hikari*, a high-speed internet connection service for households

Enterprise Segment

16%
¥620.5 billion



For Enterprise Customers

- Offering of fixed-line telecommunication services such as mobile communications services and mobile device rentals, fixed-line communications services such as data communications and fixed-line telephone services
- Provision of solution services such as cloud, digital marketing, cybersecurity, AI, and IoT

Distribution Segment

10%
¥417.3 billion



For Enterprise Customers

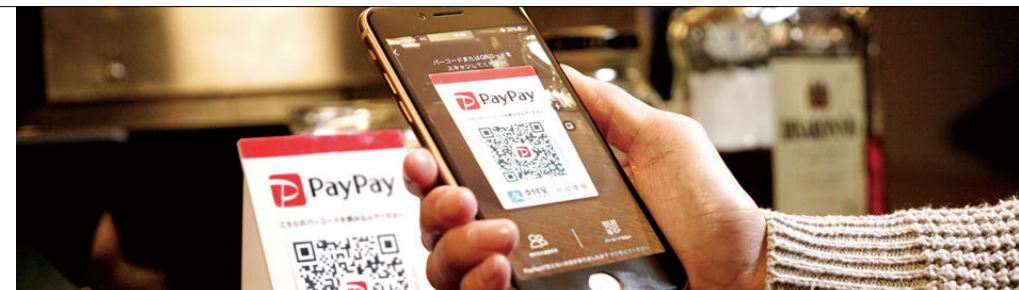
- Provision of products and services addressing ICT, cloud services, IoT solutions, and other areas

For Individual Customers

- Provision of mobile and PC peripherals, software, IoT products, and other items

Other

2%
¥91.5 billion



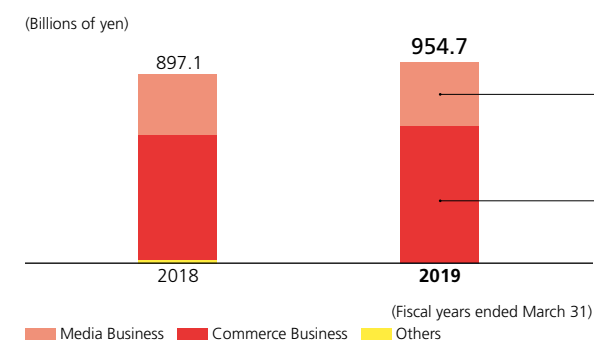
- Investment in cutting-edge technologies and launch of new businesses
- Provision of settlement services, online security trading service for smartphones, online business solutions and services, planning and production of digital media and digital content, etc.

Making Yahoo Japan Corporation a Subsidiary

In June 2019, the Company made Yahoo Japan Corporation (currently Z Holdings Corporation), one of Japan's largest internet companies, a consolidated subsidiary. Therefore, the Yahoo segment has been added as a reportable segment as of the fiscal year ending March 31, 2020, bringing the Company's number of reportable segments to four: Consumer segment, Enterprise segment, Distribution segment, and Yahoo segment.

Note: Revenue ratio for each segment is calculated based on sales to external customers. Percentages are rounded off to the decimal point, and the percentage total for the chart therefore may not add up to 100.

[Reference] Revenue of Yahoo Japan Corporation



Media Business

- Media-related services such as *Yahoo! JAPAN* Top Page and *Yahoo! News*
- Advertising-related services including paid search advertising and display advertising

Commerce Business

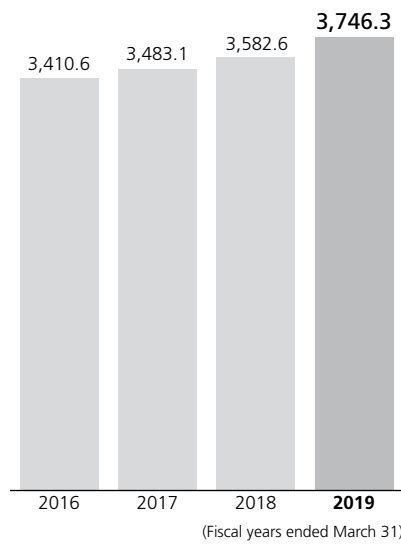
- E-commerce-related services including *YAHUOKU!* and *Yahoo! Shopping*
- Membership services such as *Yahoo! Premium*
- Financial and payment-related services such as credit cards

Performance Highlights

Revenue

(Billions of yen)

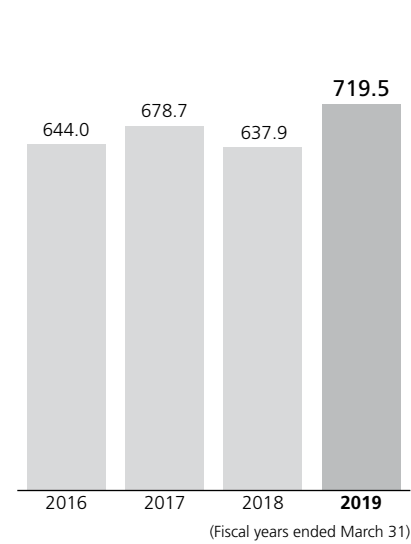
¥3,746.3 billion



Operating Income

(Billions of yen)

¥719.5 billion



Net Income Attributable to Owners of the Company

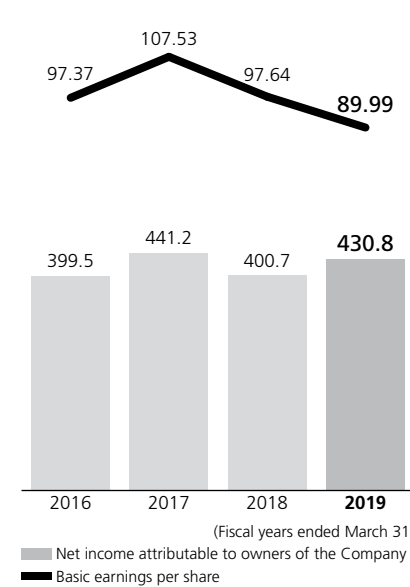
(Billions of yen)

¥430.8 billion

Basic Earnings per Share*1

(Yen)

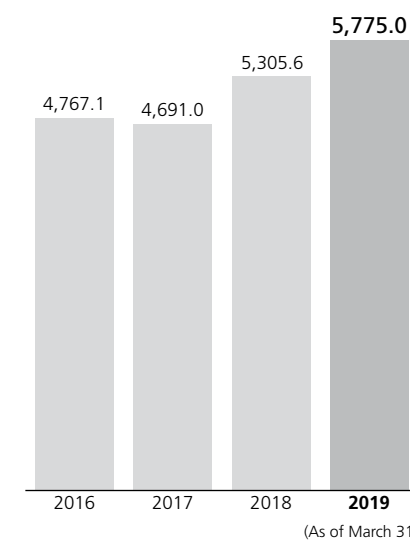
¥89.99



Total Assets

(Billions of yen)

¥5,775.0 billion



Interest-bearing Debt

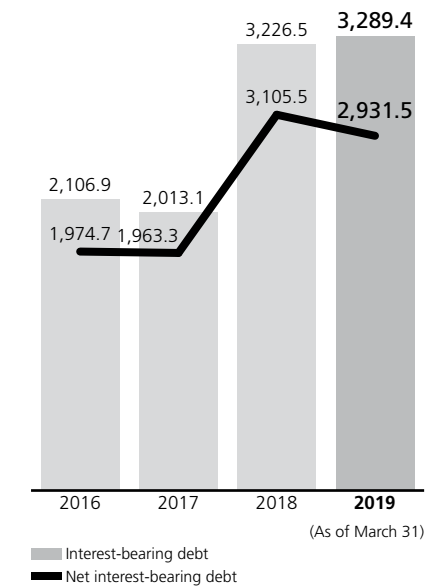
(Billions of yen)

¥3,289.4 billion

Net Interest-bearing Debt

(Billions of yen)

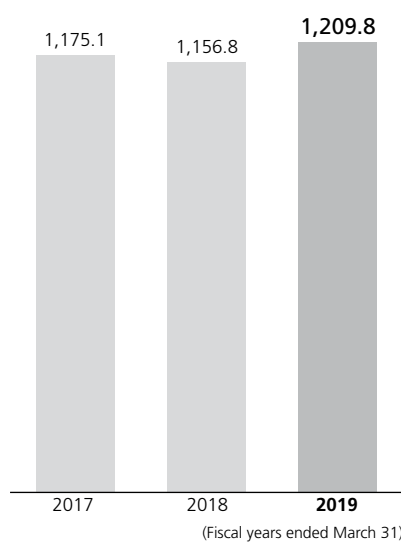
¥2,931.5 billion



Adjusted EBITDA *2

(Billions of yen)

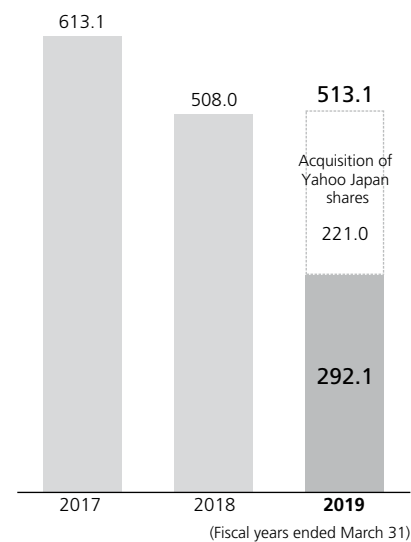
¥1,209.8 billion



Adjusted Free Cash Flow *3

(Billions of yen)

¥292.1 billion



ROE (Ratio of net income to equity attributable to owners of the Company)*4

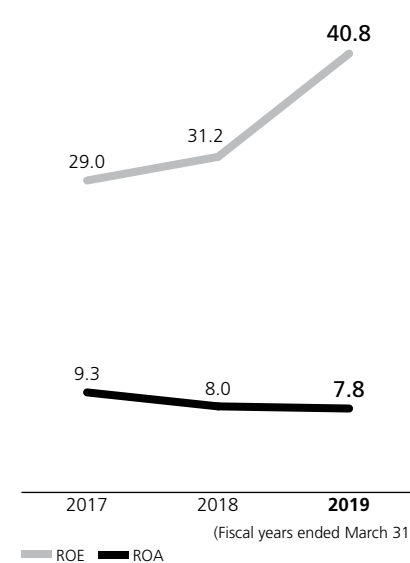
(%)

40.8%

ROA (Return on assets)*5

(%)

7.8%



Total Equity Attributable to Owners of the Company

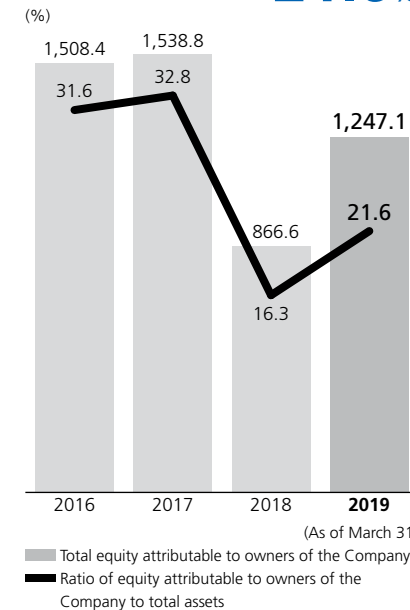
(Billions of yen)

¥1,247.1 billion

Ratio of Equity Attributable to Owners of the Company to Total Assets *6

(%)

21.6%



Credit Ratings*7

Rating and Investment Information, Inc. (R&I)

A+ (Stable)

Japan Credit Rating Agency, Ltd. (JCR)

AA- (Stable)

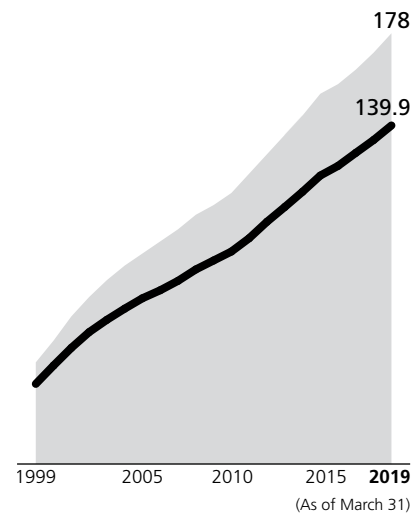
* The Company has adopted IFRS 15 from the fiscal year ended March 31, 2019. IFRS 15 has been retrospectively applied to the figures for the fiscal year ended March 31, 2019. Transactions under common control during the fiscal year ended March 31, 2019 are accounted for and retroactively consolidated as if such transactions were executed by SoftBank Corp. and its subsidiaries on the later of the date when SoftBank Group Corp. obtained control of the transferred companies or the opening balance sheet date for the fiscal year ended March 31, 2018.

*1 Earnings per share attributable to owners of the Company
 *2 Adjusted EBITDA = operating income + depreciation and amortization (including loss on disposal of non-current assets) ± other adjustments
 *3 Adjusted free cash flow = free cash flow ± total cash flows relating to non-recurring transactions with SoftBank Group Corp. + (proceeds from the securitization of installment sales receivables – repayments thereof)
 *4 ROE (Ratio of net income to equity attributable to owners of the Company) = net income attributable to owners of the Company / average equity attributable to owners of the Company over the fiscal year
 *5 ROA (Return on assets) = net income attributable to owners of the Company / average total assets over the fiscal year
 *6 Ratio of equity attributable to owners of the Company to total assets = total equity attributable to owners of the Company / total assets
 *7 In regard to issuer credit ratings, the Company received a rating from Rating and Investment Information, Inc. (R&I), on May 28, 2019 and from Japan Credit Rating Agency, Ltd. (JCR), on June 27, 2019.

Market Data

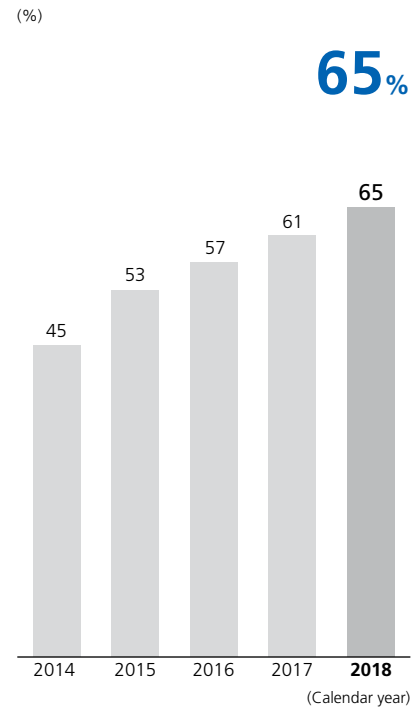
Japan's Telecommunications Market

Number of Mobile Phone Subscribers in Japan
177.82 million
Mobile Phone Penetration Rate as Share of the Population in Japan
139.9%



(As of March 31)
Number of mobile phone subscriptions (Millions of subscriptions) — Penetration rate as share of population
Source: Created by the Company based on the "Information & Communications Statistics Database" of the Ministry of Internal Affairs and Communications

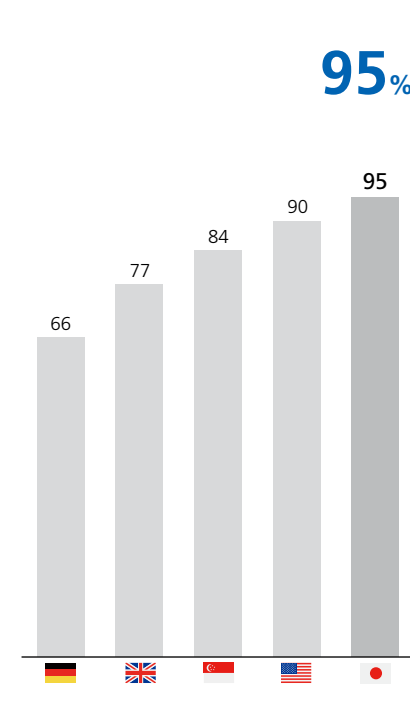
Smartphone Penetration Rate (Individual) (%)



(Calendar year)
Source: Created by the Company based on "White Paper on Information and Communications in Japan," Ministry of Internal Affairs and Communications

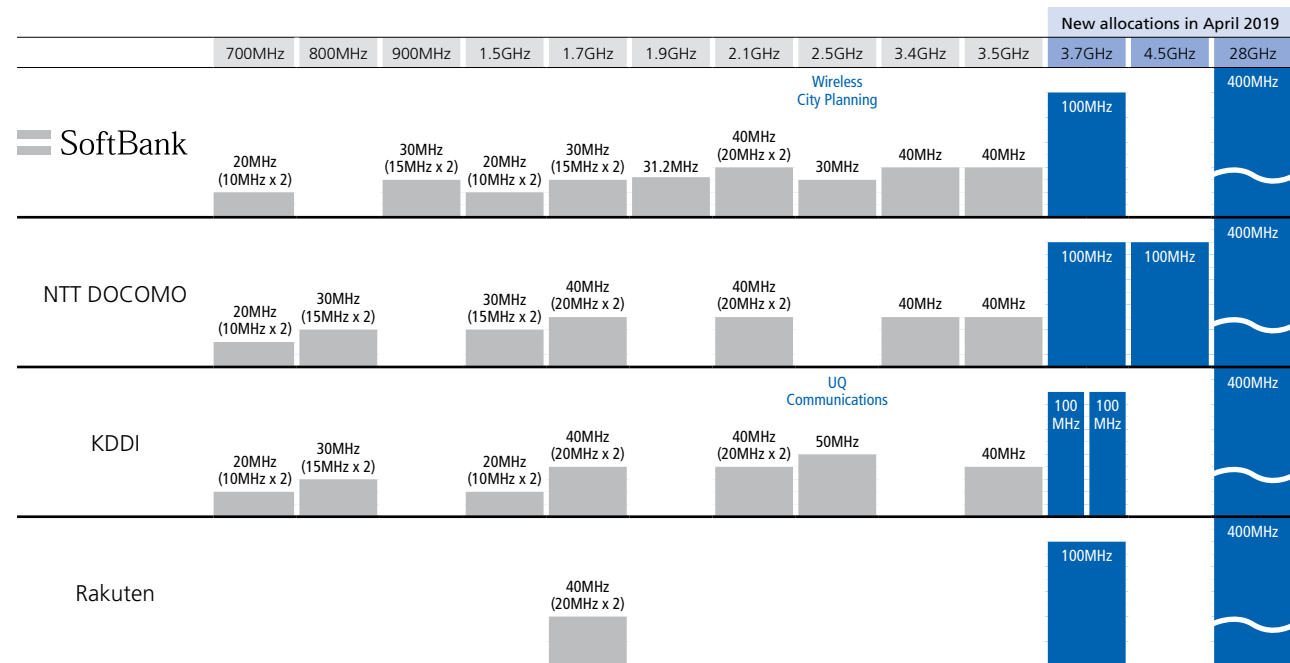
Comparison with the Telecommunications Markets of Other Countries

4G Connection Rate*1 (%)



*1 Results from October 1, 2017 to December 29, 2017
Source: Created by the Company based on "The State of LTE (February 2018)", OpenSignal Limited

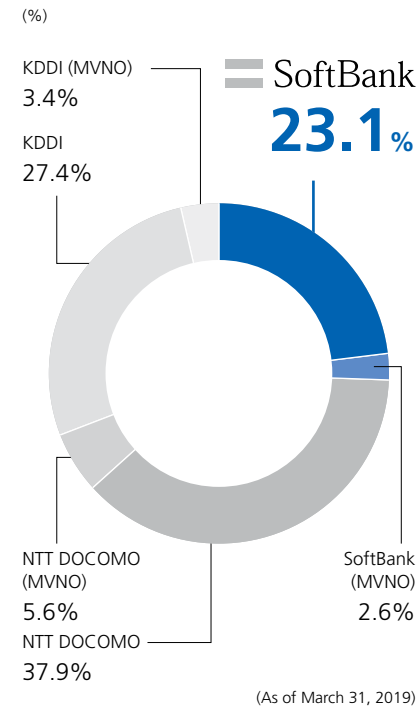
Status of Frequency Allocation*2



*2 Based on the disclosed materials of the Ministry of Internal Affairs and Communications and of each company as of April 10, 2019

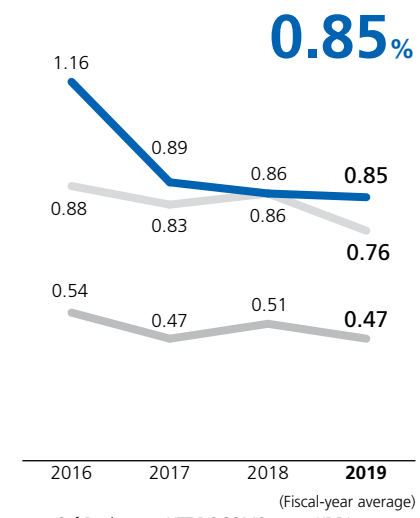
Competitive Landscape

Share of Mobile Subscribers by Operator*3 (%)



(As of March 31, 2019)
*3 Includes mobile phones, PHS, and BWA
Source: Created by the Company based on "2019 White Paper on Information and Communications in Japan," Ministry of Internal Affairs and Communications

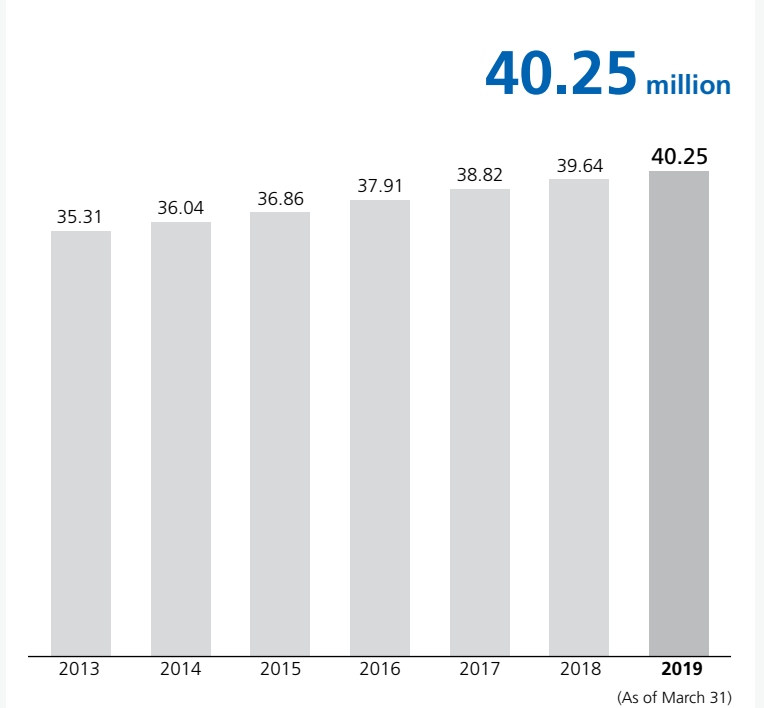
Mobile Phone Churn Rate*4 (%)



(Fiscal-year average)
*4 Calculated based on the following for each company. SoftBank: churn rate for smartphones and feature phones (including voice SIM subscriptions) among main subscribers; KDDI: au churn rate; NTT Docomo: churn rate of handsets
Source: Created by the Company based on the earning disclosure materials of each company

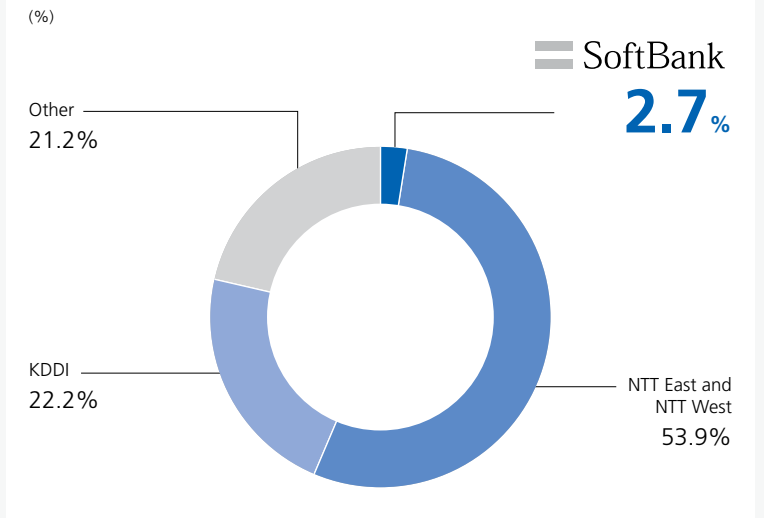
Broadband

Number of Fixed Broadband Service Subscribers*5 (Millions of subscriptions)



(As of March 31)
*5 Total for FTTH, DSL, CATV Internet, and FWA services
Source: Created by the Company based on "2019 White Paper on Information and Communications in Japan," Ministry of Internal Affairs and Communications

Share of Fixed Broadband Service Subscriptions in Japan by Operator*6 (%)



(As of March 31, 2019)
*6 Total for FTTH, DSL, CATV Internet, and FWA services
Source: Created by the Company based on "Official Announcement of Quarterly Data on the Number of Telecommunications Service Subscriptions and Market Share (FY2018 Q4 (End of March))," Ministry of Internal Affairs and Communications

Review and Analysis of the Fiscal Year Ended March 31, 2019

Management Environment

In Japan's telecommunications market, competition between telecommunications carriers has intensified even further. Based on the Japanese government's policies to encourage greater market competition, the market has seen the widespread emergence of mobile virtual network operators ("MVNOs"), which provide telecommunications services using network infrastructure leased from mobile network operators ("MNOs"), which own the network infrastructure. Moreover, further price reductions by MNOs are expected in the near future, with new players planning to enter the market. Apart from those trends, the economic outlook has become increasingly uncertain due to the consumption tax hike in Japan and global geopolitical tensions such as the trade friction between the U.S. and China.

Against the backdrop of these changes in the market environment, the Group has implemented the *Beyond Carrier* strategy to achieve continuous growth in the medium and long terms. Through this strategy, the Group is working to expand the customer base in the telecommunications business and harness the customer base to expand and foster services and content as well as business in new areas. The Group is particularly focused on creating business models in the fields related to the sharing economy, which enables large numbers of people to share services, locations, and other resources, and fields that take advantage of cutting-edge technologies such as AI and IoT. These initiatives will lead to growth in the Group's businesses by enhancing the ways of using smartphones.

Overview of Consolidated Results of Operations

Revenue

In the fiscal year ended March 31, 2019, revenue increased by ¥163.7 billion (4.6%) year on year, to ¥3,746.3 billion. Revenue increased by ¥68.6 billion in the Consumer segment, ¥16.3 billion in the Enterprise segment, and ¥70.2 billion in the Distribution segment.

Operating income

In the fiscal year ended March 31, 2019, operating income increased by ¥81.5 billion (12.8%) year on year, to ¥719.5 billion. Operating income increased by ¥35.5 billion in the Consumer segment, ¥5.7 billion in the Enterprise segment, and ¥1.9 billion in the Distribution segment. In the fiscal year ended March 31, 2018, the Company recorded a brand usage charge of ¥43.8 billion as an expense for using the *SoftBank* brand, which was paid to SoftBank Group Corp. However, this was not incurred in the fiscal year ended March 31, 2019, because the Company acquired the right of permanent use of the trademark in March 2018. As the right of permanent use of the trademark is recorded as an intangible asset for which the useful life is not specified, it is not amortized.

Please refer to the middle of page 85 for an analysis of fluctuations from the previous fiscal year.

Net income

Net income in the fiscal year ended March 31, 2019 increased by ¥24.2 billion (6.0%) year on year to ¥425.6 billion. Financing costs increased by ¥18.3 billion year on year to ¥57.1 billion. This increase was mainly due to an increase in the average outstanding balance of borrowings from financial institutions and others in the fiscal year ended March 31, 2019. Share of losses of associates accounted for using the equity method in the fiscal year ended March 31, 2019 increased by ¥21.6 billion to ¥25.3 billion, due to initiatives undertaken to expand business at PayPay Corporation.

Net income attributable to owners of the Company

In the fiscal year ended March 31, 2019, net income attributable to owners of the Company increased by ¥30.0 billion (7.5%) year on year to ¥430.8 billion, due to the increase in operating income.

Please refer to the bottom of page 85 for an analysis of fluctuations from the previous fiscal year.

Adjusted EBITDA

In the fiscal year ended March 31, 2019, adjusted EBITDA increased by ¥52.9 billion (4.6%) year on year to ¥1,209.8 billion. The Group believes that adjusted EBITDA, which excludes the impact of non-cash transactions, is a useful and necessary indicator for appropriate evaluation of its business performance.

Adjusted EBITDA margins, which are calculated based on the adjusted EBITDA mentioned above, are appropriate indicators to understand the ordinary profitability of core businesses. The adjusted EBITDA margin in the fiscal year ended March 31, 2019 was 32.3%, equal to that in the previous fiscal year.

Consolidated Results of Operations

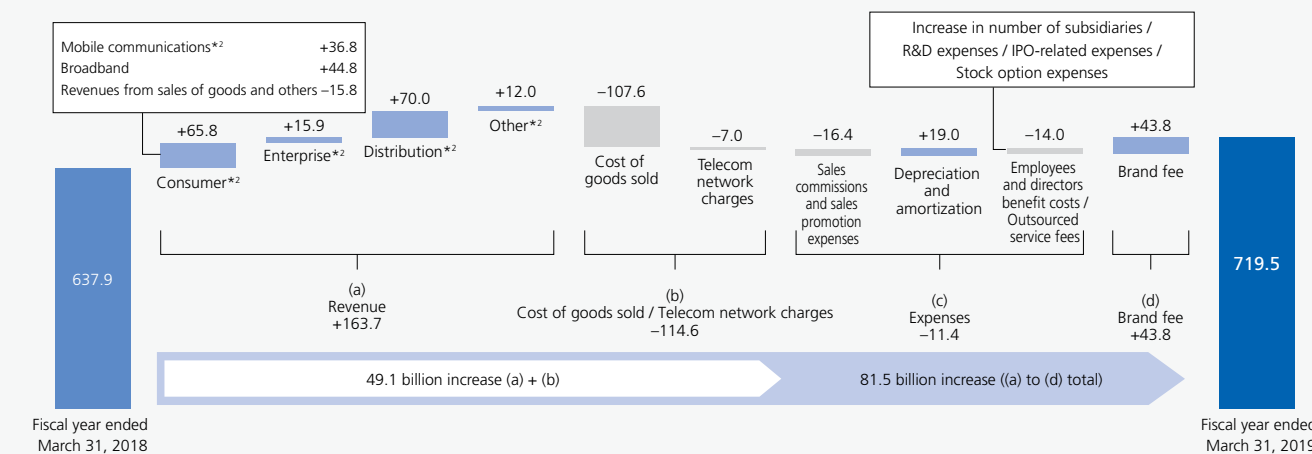
(Billions of yen)

Fiscal years ended March 31	2018	2019	Change	Change %
Revenue	3,582.6	3,746.3	163.7	4.6%
Operating income	637.9	719.5	81.5	12.8%
Profit before income taxes	597.6	631.5	34.0	5.7%
Income taxes	-196.1	-206.0	-9.8	5.0%
Net income	401.4	425.6	24.2	6.0%
Net income attributable to:				
Owners of the Company	400.7	430.8	30.0	7.5%
Non-controlling interests	0.7	-5.2	-5.9	-
Adjusted EBITDA*1	1,156.8	1,209.8	52.9	4.6%

*1 Adjusted EBITDA = operating income + depreciation and amortization (including loss on disposal of non-current assets) ± other adjustments

Analysis of Fluctuation in Operating Income

(Billions of yen)



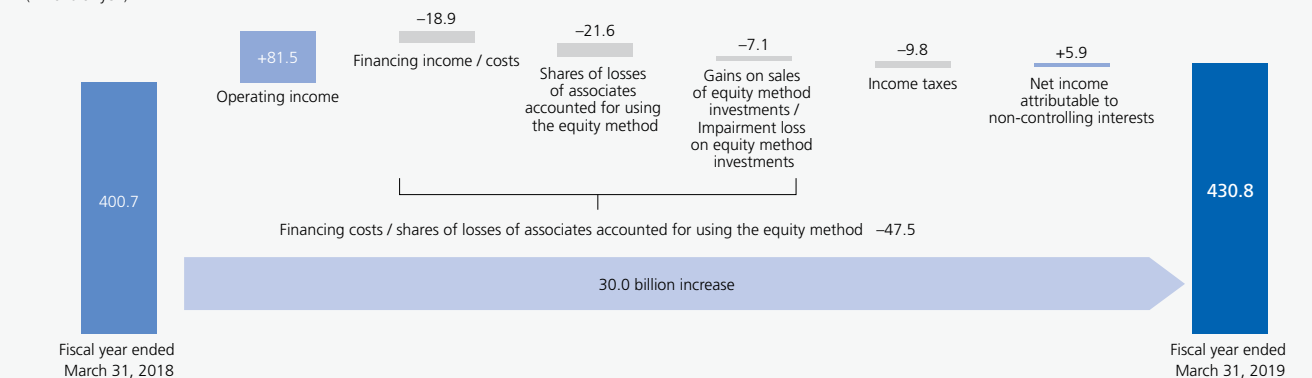
Fiscal year ended March 31, 2018

Fiscal year ended March 31, 2019

*2 Including YoY differences in inter-segment transactions: Consumer mobile communications: -2.85 billion; Enterprise: -0.40 billion; Distribution: -0.24 billion; and Other: +1.08 billion

Analysis of Fluctuation in Net Income Attributable to Owners of the Company

(Billions of yen)



Fiscal year ended March 31, 2018

Fiscal year ended March 31, 2019

Overview of Results by Segment

■ Consumer segment

In the Consumer segment, the Group provides telecommunications services, such as mobile communications services, including sales of mobile devices and broadband services to individual customers in Japan. For mobile device sales, the Group procures mobile devices from mobile device manufacturers and sells the mobile devices through distributors operating SoftBank shops, etc. The Group also sells mobile devices to individual customers.

Within Consumer segment revenues for the fiscal year ended March 31, 2019, mobile communications revenue increased. This increase was mainly due to an increase in smartphone subscribers and changes in the installment contract period for devices, as well as a decrease in monthly discounts in line with an increase in subscribers to *Ultra Giga Monster Plus**1, a plan that separates handset payment and service fees. Broadband revenues also increased due to an increase in the number of subscribers to the *SoftBank Hikari* fiber-optic service. However, revenues from sales of goods and others decreased mainly due to a decline in mobile device sales reflecting a decrease in the sales volume of smartphones. Conversely, there was an increase in sales from the *Ouchi Denki* service in connection with an expansion in service areas.

The increase in the total of operating expenses (cost of sales and selling, general and administrative expenses) and other operating income and loss (other operating income and other operating expenses) was mainly due to rises in the cost of products for the *Ouchi Denki* service, sales commission expenses, and telecommunications network charges for the *SoftBank Hikari* service as broadband subscribers increased, while there was a decrease in the cost of products in connection with a decline in the sales volume of mobile devices. The decrease in depreciation and amortization was mainly attributable to the end of transmission of 3G services in certain frequency bands in the previous fiscal year.

As a result, segment income increased by ¥35.5 billion (6.0%) year on year to ¥627.4 billion.

■ Enterprise segment

In the Enterprise segment, the Group provides a wide range of solutions for enterprise customers. These include mobile communications services, the *OTOKU Line* fixed-line telephone service, the *ConnecTalk* service enabling seamless internal line voice calling between mobile phones and fixed-line telephones, the *SmartVPN* VPN service and network services such as internet, data center services, cloud services and AI, IoT, robotics, security, and digital marketing. The Group has a department dedicated to digital transformation, with around 110 staff members as of March 31, 2019.

This department is promoting digitalization in all kinds of industries by developing businesses with SoftBank Vision Fund's portfolio companies using their new technologies, as well as by creating new businesses jointly with customers through the "co-creation" initiative.

Within Enterprise segment revenues in the fiscal year ended March 31, 2019, mobile communications revenue increased, which was mainly due to an increase in smartphone subscribers. The increase in business solution and others revenue mainly stemmed from increased sales from cloud services and digital advertising.

The total of operating expenses (cost of sales and selling, general and administrative expenses) and other operating income and loss (other operating income and other operating expenses) increased year on year. This increase mainly reflected a rise in the cost of sales in connection with higher business solution revenue and an increase in the cost of disposal of intangible assets, which outweighed the recording of a reversal related to an allowance for losses on orders received that was recognized in prior fiscal years.

As a result, segment income increased by ¥5.7 billion (8.1%) year on year to ¥76.3 billion.

■ Distribution segment

In the Distribution segment, the Group provides cutting-edge products and services that accurately reflect the ever-changing market environment. For enterprise customers, the Group offers products and services primarily addressing ICT, cloud services, and IoT solutions. For individual customers, the Group undertakes the planning and supply of products and services across a wide range of areas such as mobile and PC peripherals, including accessories, as well as software and IoT products, as a manufacturer and distributor.

Revenue in the Distribution segment in the fiscal year ended March 31, 2019 increased year on year. This increase was mainly due to firm sales of existing products such as PCs and servers for enterprise customers, and an increase in stable revenue sources such as growth in the number of licenses for cloud services.

The total of operating expenses (cost of sales and selling, general and administrative expenses) and other operating income and loss (other operating income and other operating expenses) rose year on year. This increase was mainly due to an increase in the cost of products owing to the increase in revenue.

As a result, segment income rose ¥1.9 billion (14.0%) year on year to ¥15.2 billion.

*1 *Ultra Giga Monster Plus* is a service plan that provides a 50 GB monthly data allowance in addition to unlimited use of eligible video and social networking services without consumption of the monthly data allowance.

Financial Results of Consumer Segment

(Billions of yen)

Fiscal years ended March 31

	2018	2019	Change	Change %
Revenue	2,611.9	2,680.5	68.6	2.6%
Segment income	592.0	627.4	35.5	6.0%
Depreciation and amortization	366.7	342.0	-24.7	-6.7%
Breakdown of Revenue				
Telecom service revenues	1,905.3	1,989.7	84.4	4.4%
Mobile communications	1,589.0	1,628.6	39.6	2.5%
Broadband	316.3	361.1	44.8	14.1%
Revenues from sales of goods and others	706.5	690.8	-15.8	-2.2%
Total revenue	2,611.9	2,680.5	68.6	2.6%

Financial Results of Enterprise Segment

(Billions of yen)

Fiscal years ended March 31

	2018	2019	Change	Change %
Revenue	604.2	620.5	16.3	2.7%
Segment income	70.6	76.3	5.7	8.1%
Depreciation and amortization	104.6	103.7	-0.9	-0.9%
Breakdown of Revenue				
Mobile	264.5	268.1	3.6	1.3%
Fixed-line	210.8	207.4	-3.4	-1.6%
Business solution and others	128.9	145.0	16.1	12.5%
Total revenue	604.2	620.5	16.3	2.7%

Financial Results of Distribution Segment

(Billions of yen)

Fiscal years ended March 31

	2018	2019	Change	Change %
Revenue	347.1	417.3	70.2	20.2%
Segment income	13.3	15.2	1.9	14.0%
Depreciation and amortization	0.9	1.2	0.4	41.9%

Overview of Consolidated Financial Position

■ Assets

Total assets amounted to ¥5,775 billion as of March 31, 2019, an increase of ¥469.5 billion (8.8%) from the previous fiscal year-end. There was an increase in other financial assets due to the acquisition of the shares of Yahoo Japan, as well as an increase in cash and cash equivalents.

■ Liabilities

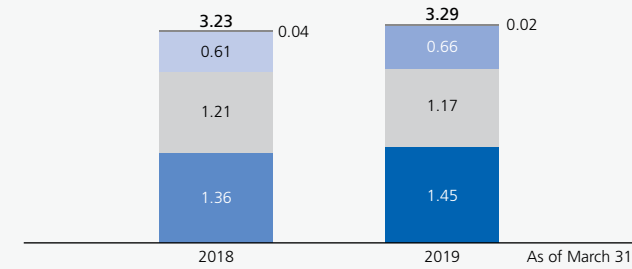
Total liabilities amounted to ¥4,510.6 billion as of March 31, 2019, an increase of ¥90.3 billion (2.0%) from the previous fiscal year-end. The main change was an increase in interest-bearing debt. With regard to interest-bearing debt, the Company repaid its short-term borrowings from SoftBank Group Corp. and borrowed new long-term debt from financial institutions. As a result, interest-bearing debt under current liabilities decreased, while interest-bearing debt under non-current liabilities increased.

■ Equity

Total equity amounted to ¥1,264.5 billion as of March 31, 2019, an increase of ¥379.2 billion (42.8%) from the previous fiscal year-end. This increase was mainly due to an increase in retained earnings.

Interest-bearing Debt

(Trillions of yen)



■ Inter-company loans ■ Bank loans*1 ■ Lease obligations*2
■ Securitized sales receivables ■ Other

*1 Bank loans only include the Senior Loan Agreement which SoftBank Corp. entered in August 2018 with certain third-party financial institutions in order to refinance all outstanding inter-company loans with SoftBank Group Corp.

*2 Lease obligations include payables from purchase of installments

Summary of Consolidated Statements of Financial Position

(Billions of yen)

	Mar. 31, 2018	Mar. 31, 2019	Change	Reasons for Change
Cash and cash equivalents	121.0	358.0	236.9	Increase in free cash flow
Trade and other receivables	1,186.8	1,186.9	0.2	
PP&E / Intangible assets	2,758.6	2,703.3	-55.3	Decrease due to depreciation surpassing new investments
Other assets	1,239.2	1,526.9	287.7	Increase of Yahoo Japan shares: +166.2 Investments to JVs in new business areas such as PayPay
Total assets	5,305.6	5,775.0	469.5	
Interest-bearing debt	3,226.5	3,289.4	62.9	Refer to the above graph
Other liabilities	1,193.8	1,221.1	27.4	While a consumption tax refund was recorded as of March 31, 2018, unpaid consumption tax was recorded as of March 31, 2019
Total liabilities	4,420.3	4,510.6	90.3	
Total equity	885.3	1,264.5	379.2	Net income: +425.6 Changes in fair value of Yahoo Japan shares: -54.8

Overview of Consolidated Cash Flows

■ Cash flows from operating activities

In the fiscal year ended March 31, 2019, the net cash inflow from operating activities was ¥826.6 billion, an increase in inflows of ¥100.0 billion year on year, mainly due to an increase in net income.

■ Cash flows from investing activities

In the fiscal year ended March 31, 2019, the net cash outflow from investing activities was ¥614.7 billion, decreased by ¥6.7 billion year on year. Payments for acquisition of investments in the fiscal year ended March 31, 2019 include payment of ¥221.0 billion (excluding transaction costs) for the purchase of shares of Yahoo Japan, while purchases of property, plant and equipment, and intangible assets were recorded for the acquisition of the right to permanently use the trademark for the *SoftBank* brand from SoftBank Group Corp. for ¥350.0 billion (excluding transaction costs) in the fiscal year ended March 31, 2018.

■ Cash flows from financing activities

In the fiscal year ended March 31, 2019, the net cash inflow from financing activities was ¥25.1 billion, due to a decrease in outflows of ¥87.6 billion year on year. This was mainly due to a decrease of ¥87.6 billion in payments for the acquisition of subsidiaries through common control transactions from the fiscal year ended March 31, 2018. In the fiscal year ended March 31, 2018, the Company recorded a dividend payment to SoftBank Group International GK (now SoftBank Group Japan Corporation) and an accompanying loan transaction from SoftBank Group Corp.

■ Adjusted free cash flow

In the fiscal year ended March 31, 2019, adjusted free cash flow was positive ¥292.1 billion, a decrease of ¥215.9 billion year on year. This decrease was mainly due to a cash outflow for the purchase of shares of Yahoo Japan.

Adjusted free cash flow includes the effect of the transactions with our parent company, SoftBank Group Corp. which are not expected to occur after our IPO or non-recurring transactions regarding the preparation for our IPO, and the effect of proceeds from the securitization of installment sales receivables and related repayments thereof. The Group believes that adjusted free cash flow indicates the Group's actual ability to generate cash and serves as an effective indicator for evaluating its ability to repay loans and implement additional business investments.

Please see the table below for details on adjusted free cash flow.

■ Capital expenditures

In the fiscal year ended March 31, 2019, capital expenditures (acceptance basis) were ¥413.3 billion, an increase of ¥33.2 billion year on year, mainly due to measures to expand the LTE service areas and improve the quality of service. These capital expenditures (acceptance basis) include a ¥33.1 billion investment in devices for rental services.

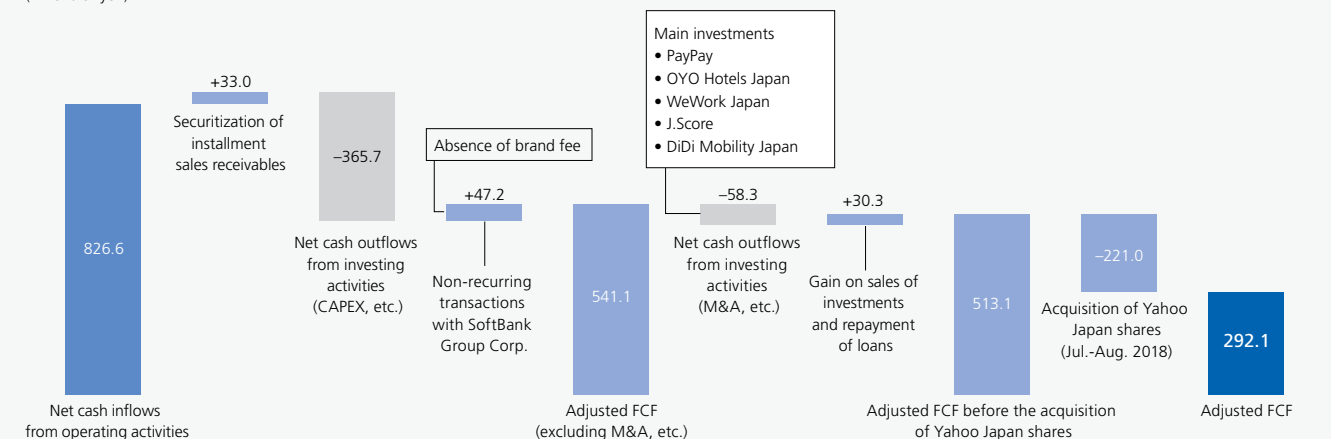
■ Research and development expenses

The Group's goal is to provide customers with a stable supply of advanced products, and to develop a mid-to long-term roadmap for information and communications technology within the Group. In line with this goal, the Group will grasp trends in state-of-the-art ICT and conduct research and development, including external demonstrations, and consider commercialization opportunities.

In the fiscal year ended March 31, 2019, research and development expenses totaled ¥14.1 billion.

Adjusted Free Cash Flow

(Billions of yen)



Consolidated Statement of Financial Position

SoftBank Corp. and its consolidated subsidiaries
Fiscal years ended March 31, 2018 and 2019

ASSETS	(Millions of yen)	
	As of March 31, 2018*1	As of March 31, 2019
Current assets		
Cash and cash equivalents	121,043	357,971
Trade and other receivables	1,186,754	1,186,904
Other financial assets	6,251	1,652
Inventories	125,645	114,321
Other current assets	129,387	95,474
Total current assets	1,569,080	1,756,322
Non-current assets		
Property, plant and equipment	1,707,289	1,657,254
Goodwill	187,489	198,461
Intangible assets	1,051,293	1,046,010
Contract costs	174,314	208,114
Investments accounted for using the equity method	56,325	68,341
Other financial assets	414,094	716,500
Deferred tax assets	58,495	36,611
Other non-current assets	87,188	87,432
Total non-current assets	3,736,487	4,018,723
Total assets	5,305,567	5,775,045

*1 Upon adoption of IFRS 15 "Revenue from Contracts with Customers", and due to the impact of transactions under common control for the fiscal year ended March 31, 2019, the comparative information as of March 31, 2018 has been restated.

LIABILITIES AND EQUITY	(Millions of yen)	
	As of March 31, 2018*1	As of March 31, 2019
Current liabilities		
Interest-bearing debt	2,260,435	909,944
Trade and other payables	841,536	817,532
Contract liabilities	100,676	113,950
Income taxes payable	100,878	91,310
Provisions	16,407	7,909
Other current liabilities	77,542	105,630
Total current liabilities	3,397,474	2,046,275
Non-current liabilities		
Interest-bearing debt	966,098	2,379,497
Other financial liabilities	3,127	11,583
Defined benefit liabilities	12,031	11,087
Provisions	34,493	54,750
Other non-current liabilities	7,084	7,398
Total non-current liabilities	1,022,833	2,464,315
Total liabilities	4,420,307	4,510,590
Equity		
Equity attributable to owners of the Company		
Common stock	197,694	204,309
Capital surplus	204,906	202,685
Retained earnings	458,230	893,880
Accumulated other comprehensive income	5,743	-53,781
Total equity attributable to owners of the Company	866,573	1,247,093
Non-controlling interests	18,687	17,362
Total equity	885,260	1,264,455
Total liabilities and equity	5,305,567	5,775,045

*1 Upon adoption of IFRS 15 "Revenue from Contracts with Customers", and due to the impact of transactions under common control for the fiscal year ended March 31, 2019, the comparative information as of March 31, 2018 has been restated.

Consolidated Statement of Income and Consolidated Statement of Comprehensive Income

SoftBank Corp. and its consolidated subsidiaries
Fiscal years ended March 31, 2018 and 2019

	(Millions of yen)	
	Fiscal year ended March 31, 2018*1	Fiscal year ended March 31, 2019
Revenue	3,582,635	3,746,305
Cost of sales	-2,040,770	-2,114,948
Gross profit	1,541,865	1,631,357
Selling, general and administrative expenses	-893,522	-911,817
Other operating income	4,047	4,689
Other operating expenses	-14,457	-4,770
Operating income	637,933	719,459
Share of losses of associates accounted for using the equity method	-3,770	-25,337
Financing income	2,205	1,648
Financing costs	-38,814	-57,130
Gain on sales of equity method investments	—	5,522
Impairment loss on equity method investments	—	-12,614
Profit before income taxes	597,554	631,548
Income taxes	-196,149	-205,976
Net income*1	401,405	425,572
*1. Net income of SoftBank Corp. and its consolidated subsidiaries for the fiscal years ended March 31, 2018 and 2019 derived from ongoing operations.		
Net income attributable to		
Owners of the Company	400,749	430,777
Non-controlling interests	656	-5,205
	401,405	425,572
Comprehensive Income		
Net income	401,405	425,572
Other comprehensive income (loss), net of tax		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plan	-64	1
Changes in the fair value of equity investments at FVTOCI	—	-54,938
Total items that will not be reclassified to profit or loss	-64	-54,937
Items that may be reclassified subsequently to profit or loss		
Gain on revaluation of available-for-sale financial assets	5,774	—
Cash flow hedges	—	-4,675
Exchange differences on translation of foreign operations	71	-135
Share of other comprehensive income (loss) of associates accounted for using the equity method	16	-559
Total items that may be reclassified subsequently to profit or loss	5,861	-5,369
Total other comprehensive income (loss), net of tax	5,797	-60,306
Total comprehensive income	407,202	365,266
Total comprehensive income attributable to		
Owners of the Company	406,546	370,357
Non-controlling interests	656	-5,091
	407,202	365,266

*1 Upon adoption of IFRS 15 "Revenue from Contracts with Customers", and due to the impact of transactions under common control for the fiscal year ended March 31, 2019, the comparative information as of March 31, 2018 has been restated.

Consolidated Statement of Changes in Equity

SoftBank Corp. and its consolidated subsidiaries
Fiscal years ended March 31, 2018 and 2019

	Equity attributable to owners of the Company							(Millions of yen)
	Common stock	Capital surplus	Retained earnings	Accumulated other comprehensive income (loss)	Total	Non-controlling interests	Total equity	
As of April 1, 2017	177,251	963,924	397,788	-149	1,538,814	6,967	1,545,781	
Cumulative effect of adopting a new accounting standard*1	—	—	120,169	—	120,169	—	120,169	
Retrospective adjustments from transactions under common control*2	—	30,038	10,488	31	40,557	11,947	52,504	
As of April 1, 2017 restated	177,251	993,962	528,445	-118	1,699,540	18,914	1,718,454	
Comprehensive income								
Net income	—	—	400,749	—	400,749	656	401,405	
Other comprehensive income (loss)	—	—	—	5,797	5,797	0	5,797	
Total comprehensive income	—	—	400,749	5,797	406,546	656	407,202	
Transactions with owners and other transactions								
Cash dividends	—	-744,402	-396,153	—	-1,140,555	-228	-1,140,783	
Issuance of new shares	20,443	20,443	—	—	40,886	—	40,886	
Changes from transactions under common control*2,3	—	-70,245	-74,747	—	-144,992	-3,030	-148,022	
Changes from business combinations	—	—	—	—	—	439	439	
Changes from loss of control	—	—	—	—	—	—	—	
Changes in interests in Subsidiaries*2,4	—	-138	—	—	-138	564	426	
Changes in interests in existing subsidiaries	—	-172	—	—	-172	1,372	1,200	
Share-based payment transactions	—	5,458	—	—	5,458	—	5,458	
Transfer from accumulated other comprehensive income to retained earnings	—	—	-64	64	—	—	—	
Total transactions with owners and other transactions	20,443	-789,056	-470,964	64	-1,239,513	-883	-1,240,396	
As of March 31, 2018	197,694	204,906	458,230	5,743	866,573	18,687	885,260	
As of April 1, 2018 (restated)	197,694	204,906	458,230	5,743	866,573	18,687	885,260	
Comprehensive income								
Net income	—	—	430,777	—	430,777	-5,205	425,572	
Other comprehensive income (loss)	—	—	—	-60,420	-60,420	114	-60,306	
Total comprehensive income	—	—	430,777	-60,420	370,357	-5,091	365,266	
Transactions with owners and other transactions								
Cash dividends	—	—	-161	—	-161	-226	-387	
Issuance of new shares	6,615	13,207	—	—	19,822	—	19,822	
Changes from transactions under common control*2,3	—	-25,652	5,872	—	-19,780	-4,100	-23,880	
Changes from business combinations	—	—	—	—	—	4,422	4,422	
Changes from loss of control	—	—	—	58	58	-228	-170	
Changes in interests in subsidiaries	—	—	—	—	—	—	—	
Changes in interests in existing subsidiaries	—	667	—	—	667	3,898	4,565	
Share-based payment transactions	—	9,557	—	—	9,557	0	9,557	
Transfer from accumulated other comprehensive income to retained earnings	—	—	-838	838	—	—	—	
Total transactions with owners and other transactions	6,615	-2,221	4,873	896	10,163	3,766	13,929	
As of March 31, 2019	204,309	202,685	893,880	-53,781	1,247,093	17,362	1,264,455	

*1 Upon adoption of IFRS 15 "Revenue from Contracts with Customers", and due to the impact of transactions under common control for the fiscal year ended March 31, 2019, the comparative information as of March 31, 2018 has been restated.

*2 Transactions under common control are accounted for as if such transactions were executed by SoftBank Corp. and its subsidiaries on the later of the acquisition date of the transferred companies by SoftBank Group Corp. or the opening balance sheet date of the comparative period as part of the consolidated financial statements of SoftBank Corp. and its subsidiaries.

*3 The changes in "Capital surplus" and "Retained earnings" represent the differences between the amount paid by SoftBank Corp. for subsidiaries that were acquired under common control and SoftBank Group Corp.'s book value of the subsidiaries at the time of acquisition.

*4 In relation to transactions under common control, any equity transactions undertaken by subsidiaries under common control with entities outside of SoftBank Corp. and its subsidiaries before the date of the actual transaction by SoftBank Corp. are included within "Cash dividends" and "Changes in interests in subsidiaries."

Consolidated Statement of Cash Flows

SoftBank Corp. and its consolidated subsidiaries
Fiscal years ended March 31, 2018 and 2019

	(Millions of yen)	
	Fiscal year ended March 31, 2018 restated*1	Fiscal year ended March 31, 2019
Cash flows from operating activities		
Net income	401,405	425,572
Depreciation and amortization	477,281	452,180
Loss on disposal of property, plant and equipment and intangible assets	31,912	38,039
Financing income	-2,205	-1,648
Financing costs	38,814	57,130
Share of losses of associates accounted for using the equity method	3,770	25,337
Gain on sales of equity method investments	—	-5,522
Impairment loss on equity method investments	—	12,614
Income taxes	196,149	205,976
(Increase) decrease in trade and other receivables	-127,455	-106,468
(Increase) decrease in inventories	-22,653	11,809
Purchases of mobile devices leased to enterprise customers	-30,045	-32,455
Increase (decrease) in trade and other payables	39,280	-24,871
Increase (decrease) in consumption taxes payable	-31,118	53,138
Other	-6,011	-27,111
Subtotal	969,124	1,083,720
Interest and dividends received	1,128	988
Interest paid	-38,114	-70,456
Income taxes paid	-210,207	-197,018
Income taxes refunded	4,667	9,348
Net cash inflow from operating activities	726,598	826,582
Cash flows from investing activities		
Purchases of property, plant and equipment and intangible assets	-643,730	-366,406
Proceeds from sales of property, plant and equipment and intangible assets	1,481	724
Payments for acquisition of investments	-44,259	-279,338
Proceeds from sales/redemption of investments	453	29,367
Proceeds from obtaining control of subsidiaries	—	3,955
Increase in short-term loans issued	-52,876	-1,650
Proceeds from repayment of short-term loans	119,842	6,561
Increase in long-term loans issued	-7,569	-8
Proceeds from repayment of long-term loans	8,174	53
Other	-2,907	-7,996
Net cash outflow from investing activities	-621,391	-614,738
Cash flows from financing activities		
Proceeds from short-term interest-bearing debt	1,164,673	263,513
Repayment of short-term interest-bearing debt	-250,046	-1,665,767
Proceeds from long-term interest-bearing debt	2,106,064	2,594,842
Repayment of long-term interest-bearing debt	-1,811,251	-1,139,645
Proceeds from stock issuance to non-controlling interests	1,639	5,195
Cash dividends paid	-1,140,783	-388
Payment for purchase of subsidiaries' interests	-107,133	-19,500
Other	-18,236	-13,166
Net cash outflow from financing activities	-55,073	25,084
Increase in cash and cash equivalents	50,134	236,928
Cash and cash equivalents at the beginning of the period	70,909	121,043
Cash and cash equivalents at the end of the period	121,043	357,971

*1 Upon adoption of IFRS 15 "Revenue from Contracts with Customers," and due to the impact of transactions under common control for the fiscal year ended March 31, 2019, the comparative information for the fiscal year ended March 31, 2018 has been restated.

Corporate Data / Stock Information

(As of March 31, 2019)

Corporate Data

Company name	SoftBank Corp.
Representative	Ken Miyachi, President & CEO
Corporate headquarters	1-9-1 Higashi-shimbashi, Minato-ku, Tokyo 105-7317
Established	December 9, 1986
Number of employees	23,059 (Consolidated) 17,115 (Non-consolidated)
Fiscal year	From April 1 to March 31 of the following year
Annual general meeting of shareholders	Every year in June

Stock Information

Common stock	¥197,694 million
Shares authorized	8,010,960,300 shares
Shares issued	4,787,145,170 shares
Stock exchange registration	Tokyo Stock Exchange, First Section
Number of share constituting one trading unit	100 shares
Number of shareholders	822,811

Our Website

Corporate Philosophy and Vision

<https://www.softbank.jp/en/corp/ir/policy/strategy/>

Sustainability

<https://www.softbank.jp/en/corp/csr/>

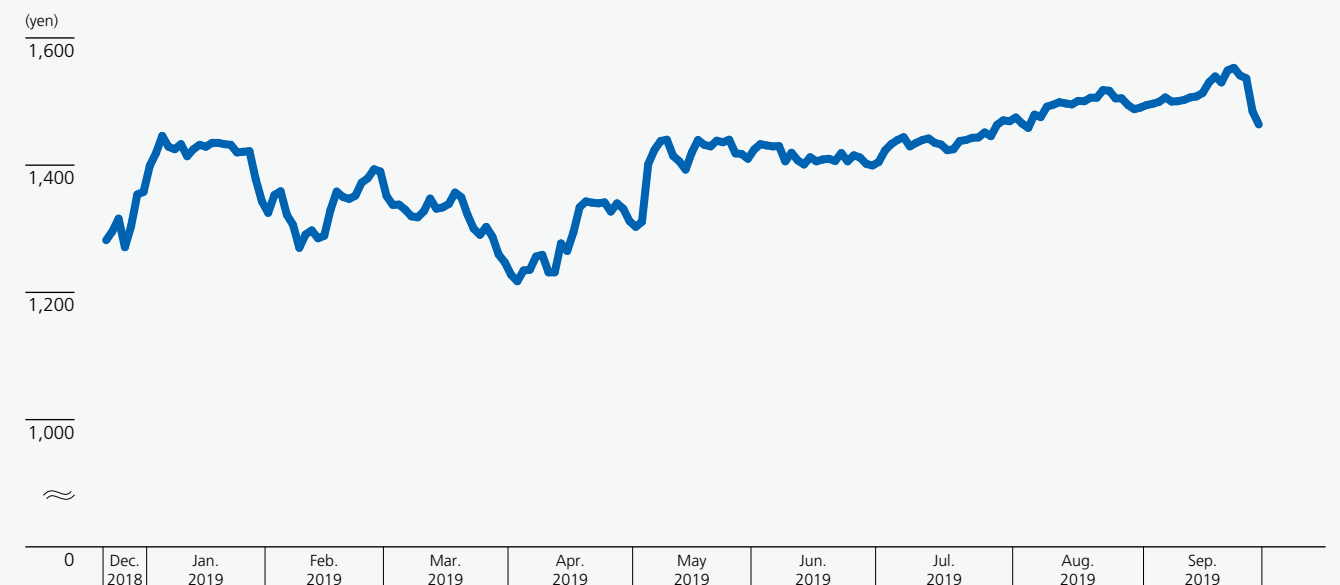
Growth Strategy (Japanese only)

<https://www.softbank.jp/corp/business/>

5G (Japanese only)

<https://www.softbank.jp/biz/5g/>

Stock Price Chart



Principal Shareholders (Top 10 Shareholders)

Name	Number of Shares Held (Thousands)	Holding Ratio (%)
SoftBank Group Japan Corporation	3,182,919	66.49
The Master Trust Bank of Japan, Ltd. (Trust Account)	47,777	1.00
Japan Trustee Services Bank, Ltd. (Trust Account)	33,570	0.70
Japan Trustee Services Bank, Ltd. (Trust Account 5)	30,596	0.64
STATE STREET BANK WEST CLIENT-TREATY 505234	24,600	0.51
Japan Trustee Services Bank, Ltd. (Trust Account 1)	20,395	0.43
Japan Trustee Services Bank, Ltd. (Trust Account 2)	19,905	0.42
Japan Trustee Services Bank, Ltd. (Trust Account 6)	12,280	0.26
STATE STREET BANK AND TRUST COMPANY 505225	9,841	0.21
JP MORGAN CHASE BANK 385771	9,504	0.20

Breakdown by Type of Shareholder

