



Section



## How We Create Value

The impact of the mobile service price reduction in Japan is expected to peak in March 2023 and then diminish significantly. In the medium to long term, we will strive to maximize corporate value through the *Beyond Carrier* strategy, which includes growth in the Enterprise and Yahoo / LINE segments, growth and monetization of PayPay, and growth in group synergies. At the same time, we will promote a human resources strategy that supports business growth and technology strategies that will drive DX in Japanese industries.

# 6

## Key Questions

### about SoftBank's Growth

- Q1** What is the impact of the mobile service price reduction?
- Q2** What is behind the growth of the Enterprise Segment?
- Q3** What is the synergy among *Yahoo! JAPAN*, *LINE*, and *PayPay*?
- Q4** What plans do we have for *PayPay* up ahead?
- Q5** What are SoftBank's technology strategies?
- Q6** What is SoftBank's human resource strategy to support business growth?

## Q1 What is the impact of the mobile service price reduction?

### A1 The negative impact will peak in the fiscal year ending March 31, 2023, and diminish thereafter

#### Background behind reduction of mobile service prices by telecommunications carriers

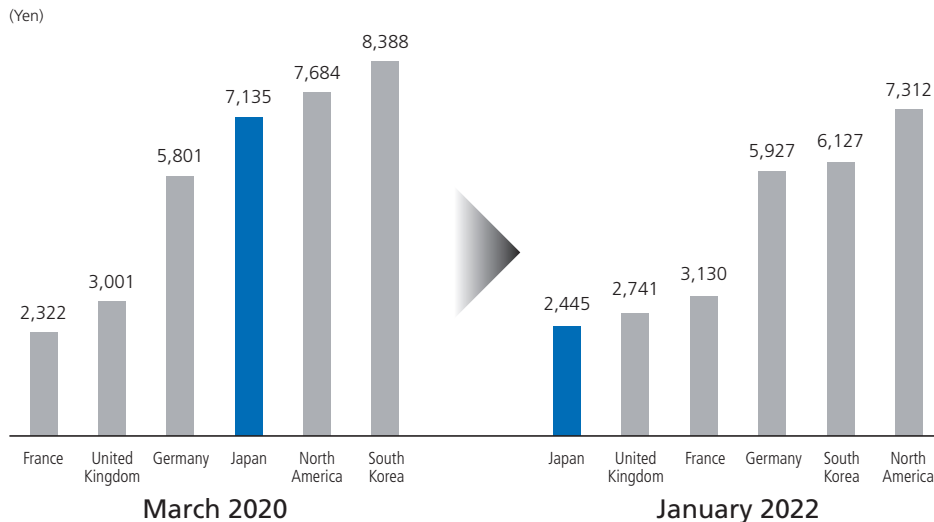
In the spring of 2021, Japan's telecommunications carriers reduced their mobile service prices. The spur for this was an announcement made by the Ministry of Internal Affairs and Communications, referring to a survey that concluded "for a monthly data plan of 20 GB, Japan's mobile service prices are higher than those in other countries."\*1 The demand for more diverse services at a lower cost increased, and Japan's telecommunications carriers launched new brands for 20 GB data available exclusively online, while lowering mobile service prices for existing brands. We launched *LINEMO* in March 2021, with a 20 GB data plan at ¥2,480 per month (excluding tax), available exclusively online. The Company also lowered prices for *SoftBank* and *Y!mobile* at the same time. Due to reductions by the carriers, Japan's mobile service prices dropped to the lowest for 2 GB and 20 GB plans compared to other countries, and the second lowest for 5 GB and unlimited plans after the United Kingdom.

#### Impact on business performance

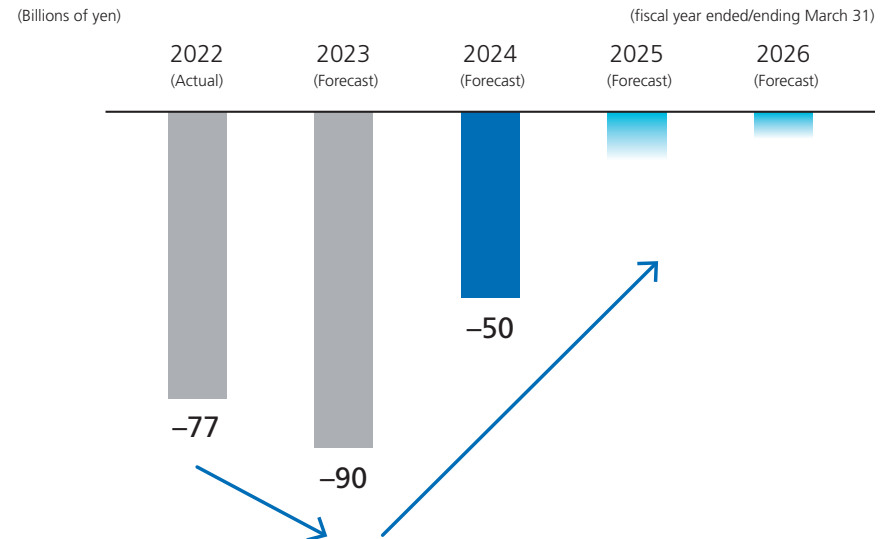
With telecommunications carriers offering online-only brands and implementing mobile service price reductions for existing brands, more users migrated to cheaper brands and lower price plans. As a result, in the fiscal year ended March 31, 2022, the Company had a negative impact on profit of ¥77 billion compared to the previous year.

The impact of this year-on-year decline in profits is expected to peak at ¥90 billion in the fiscal year ending March 31, 2023, and reach ¥50 billion in the fiscal year ending March 31, 2024, after which it is expected to diminish significantly. This is because brand transitions and price plan changes typically happen when customers purchase a new mobile phone, and by fiscal year ending March 31, 2024, most users will have already replaced their phones, which means the brand transitions and price plan changes will have run their course.

#### Average of major mobile phone carriers' price plans (20 GB monthly data)\*2



#### Impact due to the mobile service price reduction in spring 2021 (YoY)



\*1 "Survey on Differences in Telecommunications Service Charge between Domestic and Overseas Markets," the Ministry of Internal Affairs and Communications (June 2020)

\*2 ICT Research & Consulting's "2020 Survey on Overseas Comparison of Smartphone Charges and Communication Quality" (July 2020, January 2022)

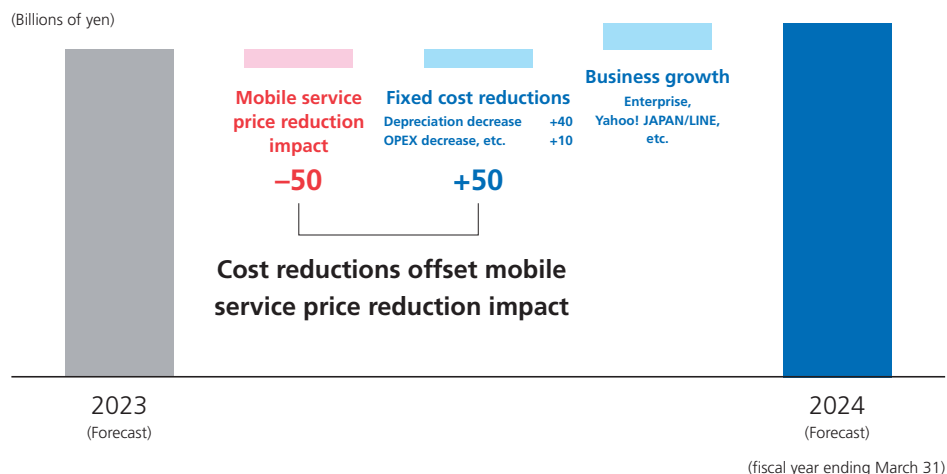
## Q1 What is the impact of the mobile service price reduction?

A1 The negative impact will peak in the fiscal year ending March 31, 2023, and then diminish after that

### Forecasts of consolidated financial results

As mentioned above, we forecast an impact of year-on-year profit decline of ¥50 billion in the fiscal year ending March 31, 2024, due to the mobile service price reduction. However, in the fiscal year ending March 31, 2024, we expect depreciation and amortization expenses to decrease by ¥40 billion as the amortization period for past large capital expenditures comes to an end. In addition, with the termination of 3G, PHS, and ADSL services, network operation costs are expected to be reduced by ¥10 billion. In addition to the positive impact of such fixed cost reductions offsetting the negative impact of the mobile service price reduction, we expect growth in the Enterprise segment and the Yahoo! JAPAN/LINE segment, and therefore anticipate an increase in consolidated operating income excluding the impact of PayPay consolidation.

#### Operating income for the fiscal year ending March 31, 2024 (Excluding PayPay consolidation)



### Future of the Consumer segment

Since smartphones are the gateway to the Group's various services, we will continue to seek to expand the number of smartphone subscribers. The Consumer segment will aim for further business growth by leveraging its strengths in the multi-brand strategy, synergy with Group companies, and high-quality communications networks.

## Strengths of the Consumer segment

### (1) Multi-brand strategy

The Company provides three brands with differentiated characteristics, including: *SoftBank*, which offers unlimited data plans; *Y!mobile*, which has lower monthly costs for low to medium data usage; and *LINEMO*, with complete functions for users to carry out all types of procedures and receive support online. By responding to changing user needs, the Company aims to acquire new subscribers and prevent users from moving outside the Group.

### (2) Group synergies with leading services

Within the Group, the Company has a number of leading services, including *Yahoo! JAPAN*, one of the largest Internet portal sites in Japan; *LINE*, Japan's No. 1 messaging app; and *PayPay*, the No. 1 cashless payment service. Through synergies with these Group services, which are highly popular in the fields of entertainment, online shopping, social media, and payments and financial services, we can offer unique benefits to our mobile users. By differentiating SoftBank from its competitors, we are able to attract new subscribers and encourage continued use of our services.

### (3) High-quality communications networks

Our high communication quality provides a superior user experience and has been acclaimed by global research agencies. We are currently focused on building a 5G network that can realize ultra-high speed and large capacity, massive machine connections, and ultra-low latency.

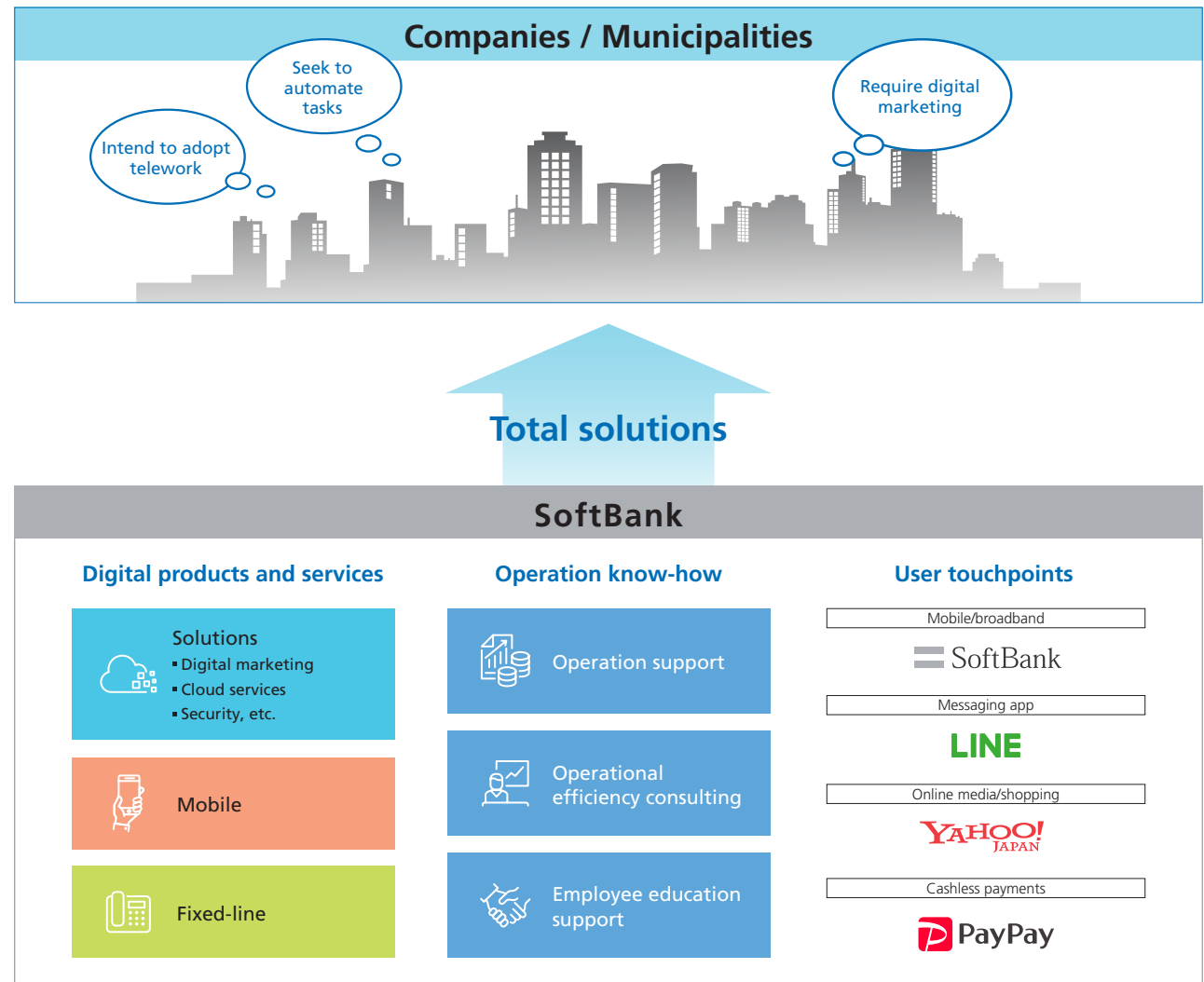
## Q2 What is behind the growth of the Enterprise segment?

### A2 Providing total solutions to meet the rapidly growing digitalization needs of corporations and municipalities

Q2

According to the “White Paper on Information and Communications in Japan” published in July 2021, the business environment around companies has changed significantly in recent years, mainly due to changes in consumer behavior associated with the spread of smartphones and other devices and the globalization of the market associated with the evolution and spread of digital technology. In order to respond to these changes, companies and municipalities are urgently required to incorporate digital technology into their systems and services. To meet the digitalization needs of these companies and municipalities, SoftBank provides not only telecommunications services, but also cutting-edge digital products such as cloud services, security, digital marketing, and IoT as total solutions together with operational know-how.

For the fiscal year ended March 31, 2022, the Enterprise segment grew significantly, with segment income increased 19% year on year. This was due to the expansion of services that generate recurring revenue, including cloud services, security, and digital marketing. Recurring revenue from these business solution and others increased 18% year on year. As part of our efforts to differentiate ourselves from our competitors, in the 2010s we transformed our business model from conventional stand-alone telecommunications service sales selling fixed-line telephone services, mobile communications services, and other services separately, into a total solutions provider that resolves issues faced by companies by combining cutting-edge digital products. The success of this transformation is what led to the current growth of the Enterprise segment.



**Q2** What is behind the growth of the Enterprise segment?

**A2** Providing total solutions to meet the rapidly growing digitalization needs of corporations and municipalities

## Case study of supporting clients' digitalization and strengths of the Enterprise segment

Sompo Japan Insurance Inc. (hereinafter, "Sompo Japan") is one of SoftBank's enterprise customers. This case study illustrates the strengths of Enterprise segment by reviewing specific examples of how we supported Sompo Japan's digitalization.



(From left to right)

**SoftBank Corp.**

**Akio Morita**, Director, Sales Department 1, Sales Division 1, 1st Corporate Sales Division

**Hiroto Taiji**, Director, Account Planning Department 2, Account Division, Digital Marketing Division

**Sompo Japan Insurance Inc.**

**Noriyoshi Sekiguchi**, Executive General Manager, Marketing Department

**Riyo Sakurada**, Leader, Marketing Department

**Morita** ▶ Sompo Japan has been using our telecommunication services such as mobile and fixed-line telephones for more than 10 years. In recent years, Sompo Japan's growing digitalization needs have also led to the adoption of our groupware services, security solutions, and cloud services, among other products. You also adopted our digital marketing products in 2021. Could you tell us about the background behind this?

**Sekiguchi** ▶ In our New Mid-Term Management Plan announced in May 2021, Sompo Japan set forth a strategy to grow our domestic P&C insurance business by strengthening marketing and DX. I joined Sompo Japan in January 2021, and as the head of the Marketing Department, which is driving this strategy, I'm focused on building a business model that enhances customer convenience and experience value through digitalization. I had heard that **SoftBank had a track record of providing one-stop solutions to our various business challenges by combining a wide range of digital products**, which is why I consulted with you about digital marketing of some of our strategic products.

**Taiji** ▶ Once you contacted us, the Digital Marketing Division of SoftBank, where I work, and our sales team in charge of Sompo Japan worked together to develop a digital advertising plan that maximizes the effectiveness of marketing activities related to health insurance and other products to consumers between the ages of 21 and 35, who are heavy smartphone users, and we proposed multiple products, including display ads and search ads. I understand that the statistical data available from our group company Yahoo Japan was the deciding factor in your decision to introduce these products. What specific points appealed to you?

Strength  
1

### Organizational structure that provides a one-stop shop for a wide range of digital products

In our sales organization, sales representatives are organized by client company, not by product. The sales representatives who are the most knowledgeable about the business challenges of their clients' company, are able to provide a wide range of more than 100 digital products on a one-stop basis, which leads to greater customer loyalty and cross-selling.

## Q2 What is behind the growth of the Enterprise segment?

### A2 Providing total solutions to meet the rapidly growing digitalization needs of corporations and municipalities

**Sakurada** We in the Marketing Department wanted to strengthen our analytical capabilities to properly and quickly identify trends in consumers' who have insurance subscription needs and reflect them in our digital communications. Given this background, the fact that SoftBank was able to offer various suggestions using Yahoo Japan's statistical data was the deciding factor in our decision to introduce digital marketing products from SoftBank. Since introducing these products, we've been able to use the statistical data from Yahoo Japan's to modify the direction of our own advertising and communication plans, which has been very helpful.

**Morita** Thank you for your kind words. Based on the knowledge and know-how I acquired in the training program for consulting sales development given by SoftBank's Enterprise Unit, I feel that I've been able to identify the issues facing our customers and the industries they belong to and come up with more substantial proposals for digitalization. I hope to continue to contribute solving business challenges at Sompo Japan by leveraging synergies among our group services such as *Yahoo! JAPAN* and *LINE*.

**Sekiguchi** I think you made a very satisfactory proposal based on what we asked of you. Going forward, I hope SoftBank will continue to work with us as a partner so that we can continue to draw on your wide-ranging digital expertise.

#### Strength 2 One of the largest suites of B2C platforms in Japan

SoftBank possesses one of the largest suites of B2C platforms in Japan, including *Yahoo! JAPAN*, *LINE*, and *PayPay*, with tens of millions of users across a wide range of fields including e-commerce, social media, and payment services. In recent years, working in conjunction with these platforms, SoftBank's Enterprise segment has earned high praise and rapid growth from its digital marketing services, which provide one-stop service from collection and analysis to utilization of client companies' data.

#### Strength 3 Abundance of digital professionals

SoftBank has implemented a wide range of training programs, from finance to management consulting, to proactively nurture its digital professionals. This is because we believe it is essential for the growth of the Enterprise segment to develop human resources who are able to offer total solutions to solve the business challenges of companies engaged in digitalization. Since the training started in 2019, the number of digital professionals has increased steadily, and as of March 2022, approximately 1,400 employees are working to solve problems in companies and municipalities.



## Q3 What is the synergy among *Yahoo! JAPAN*, *LINE*, and *PayPay*?

### A3 Creation of a virtuous cycle by strengthening competitiveness of Consumer and Enterprise segments and accelerating the growth of group services

Since its listing in 2018, SoftBank has launched *PayPay*, made Z Holdings (formerly Yahoo Japan) a subsidiary, and merged Z Holdings and *LINE*, among other accomplishments. As a result, SoftBank has become the corporate group with the largest customer base in Japan in key digital areas such as e-commerce, media, communications, and cashless payment services. The presence of such services within the Group creates synergies with the Consumer and Enterprise segments and strengthens our competitiveness. In addition, collaboration among these businesses has created a virtuous synergistic cycle that accelerates the growth of group services.

In the Consumer segment, by strengthening collaboration between *Yahoo! JAPAN*, *LINE*, and *PayPay* and our mobile telecommunications services, we can offer our customers benefits available from utilizing the synergies only SoftBank

can provide. For example, *SoftBank* users are reimbursed with more *PayPay* points when they use Yahoo Japan for e-commerce and receive *Yahoo! Premium* benefits, and we also reward long-term users with *PayPay* points. In addition, the new *LINEMO* brand, launched in March 2021, offers unlimited use of *LINE* without consuming the monthly data allowance. As a result, there is an increase in the number of new subscribers for mobile services for the purpose of using group services. Furthermore, user churn is reduced, since the churn rate for smartphone users who use multiple group services is significantly lower than for those who use none.

Similarly, in the Enterprise segment, the availability of group services differentiates us from our competitors, particularly when proposing solution services. This is because by collaborating with us, companies and municipalities seeking

to expand their services online will be able to reach a wide range of users in a short period of time through our group services, thereby streamlining their marketing time and costs.

Furthermore, collaborating with these businesses contributes to the growth of group services. For example, in the fiscal year ended March 31, 2022, SoftBank's mobile users accounted for 47% and 43% of the transaction value of Yahoo Japan e-commerce and *PayPay*, respectively, which is high when you consider that SoftBank's market share in mobile services is more than 20%. We believe this is a result of our successful conversion of customers from mobile services. Group services such as *Yahoo! JAPAN*, *LINE*, and *PayPay* are intended as universal services to be used by everyone, regardless of their telecommunications carrier. These group services, after achieving accelerated growth through linkage with our mobile services, will now enter a phase of attracting users from other carriers.

We announced that *PayPay* would become a consolidated subsidiary in October 2022. To carry this out, we have established an interim holding company jointly with Z Holdings to serve as the parent company of *PayPay*. Through this mechanism, we will accelerate the growth of *PayPay* by further integrating *PayPay* with the customer bases and services of SoftBank and Z Holdings. In addition, we aim to further strengthen group synergies by expanding the ecosystem around *PayPay* points.



\**Yahoo! JAPAN* = number of monthly users. Average monthly users from January to October 2021 according to Nielsen Digital Content Ratings (Monthly Total Report). Does not include user duplication between smartphones and PCs. *LINE* = number of monthly active users (as of March 2022). *PayPay* = cumulative number of registered users (as of August 2022).



# Q4 What plans do we have for *PayPay* up ahead?

# Q4

A4

We are aiming further growth by promoting the widespread use of cashless payments and expanding financial services



**Ichiro Nakayama**

PayPay Corporation  
President & Representative Director, CEO, Corporate Officer

Joined International Digital Communications Inc. (now IDC Frontier Inc.) in April 1994. Appointed President & Representative Director in April 2013. Appointed Director and Executive Vice President of Ikkyu Corporation in March 2016. Assumed current position in June 2018.

## Service Overview

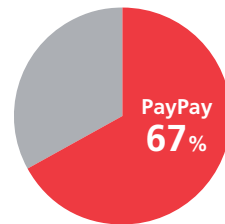
With more than 50 million registered users as of August 2022, *PayPay* is one of the Japan's largest cashless payment services. Starting with the payment service, *PayPay* also provides various services for users, including financial services, as well as various services for merchants.

## Establishment Background

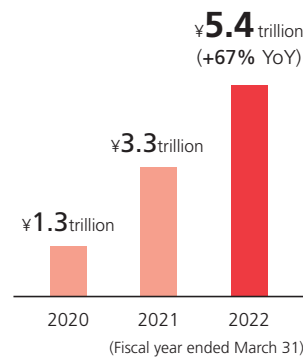
*PayPay* was established in 2018 by combining SoftBank's sales force and Yahoo's development capabilities, with technical support from Paytm, a global cashless payment provider that is a portfolio company of a fund invested by SoftBank Group Corp.

## At a Glance

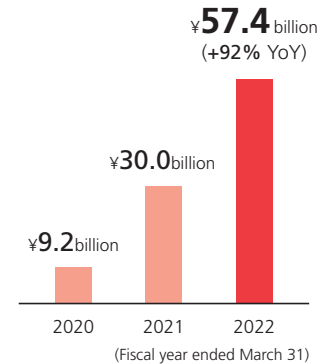
Domestic market share of code payment\*



Gross merchandise value (GMV)



Revenue



Cumulative registered users

(as of August 2022)  
More than **50** million

Number of payments

(Fiscal year ended March 2022)  
**3.63** billion  
(+78% YoY)

Number of merchants

(as of end-June 2022)  
**3.74** million

\*Ratio of PayPay gross merchandise value (2021) as a percentage of total merchandise transaction value in the code-based payment market. Calculated by the Company based on the "Survey on Code Payment Usage Trends, June 5, 2022," published by the Council for the Promotion of Cashless Society.

## Q4 What plans do we have for *PayPay* up ahead?

### A4 We are aiming further growth by promoting the widespread use of cashless payments and expanding financial services

#### Potential of *PayPay*, now one of Japan's largest cashless payment services

*PayPay* has grown to become one of the Japan's largest cashless payment services, currently used by more than half of all smartphone users. As I have been president of *PayPay* since its establishment in 2018, it is really pleasing that *PayPay*—a latecomer to the code-based payment service market—is now in such a strong position. That said, if I were to ask myself whether we should be content with our current position, I think the answer would be, in a positive sense, “not yet.” Given that total annual personal consumption in Japan is approximately ¥300 trillion, *PayPay*'s gross merchandise value (GMV) of ¥5.4 trillion in the fiscal year ended March 31, 2022 represents a share of less than 2%. Our aim is to shake up cash-based spending in Japan, which is said to be approximately ¥200 trillion. If we see this as our TAM\*, then there is still a huge market in front of us. I believe there is no other business in Japan with such a large TAM.

\*Total addressable market: Largest possible market size that can be acquired.

#### Continuing to hone our three strengths and providing services supported by both users and merchants

In order to win in this vast market, gaining the support of both users and merchants is essential. To this end, the strengths that *PayPay* continues to hone are its development, sales and marketing capabilities.

As for development capability, we have insisted on in-house application development since the company's inception and have continually enhanced security while quickly

responding to changing user needs. We have highly skilled engineers from about 40 countries and regions, and we conduct development 24 hours a day leveraging time differences. In addition to speedy development, we are particular about the stable operation of our settlement infrastructure, as we have recently started to process hundreds of billions of yen per month. As we are now able to achieve both speed and stable operation, we are proud to say that our development capability has been further enhanced.

As for sales capability, we onboarded SoftBank's best sales force from the start-up period, with several thousand sales staff directly visiting stores to undertake in-depth sales activities, ranging from new merchant signups to after-sales support services. As a result, we have a merchant network of more than 3.74 million locations, including not only convenience stores and large chain stores, but also small and medium-sized independent stores. For merchants to realize the benefits of adopting *PayPay*, we are strengthening our sales capability by enabling our sales employees to show with figures that the number of customers visiting stores has increased, and that the unit price per payment and frequency of visits to stores have risen.

As for marketing capability, we have been implementing effective campaigns that match the phase of the business. Since *PayPay* launched as a latecomer to the code payment service market, we conducted large-scale marketing campaigns such as “10 Billion Yen Giveaway Campaign” to rapidly increase our visibility. Currently, alongside mass marketing, we undertake personalized marketing to communicate the most appropriate message based on the interests, tastes, and behavioral patterns of each user. It is not so flashy that it hardly becomes a public topic, but we are further developing our “marketing capabilities” so that we can market more efficiently for different purposes, such as uncovering dormant users and increasing the unit price of payment.

#### Aiming growth with a three-layered revenue model

At first, we have been operating our business with the hope of making *PayPay* referred to as the very cashless payment service. However, simply being a payment app is not our ultimate goal. We want *PayPay* to be a super app that can be used anytime and anywhere, that enriches and makes life more convenient. We want to hear people say that their everyday life is way more convenient with *PayPay*.

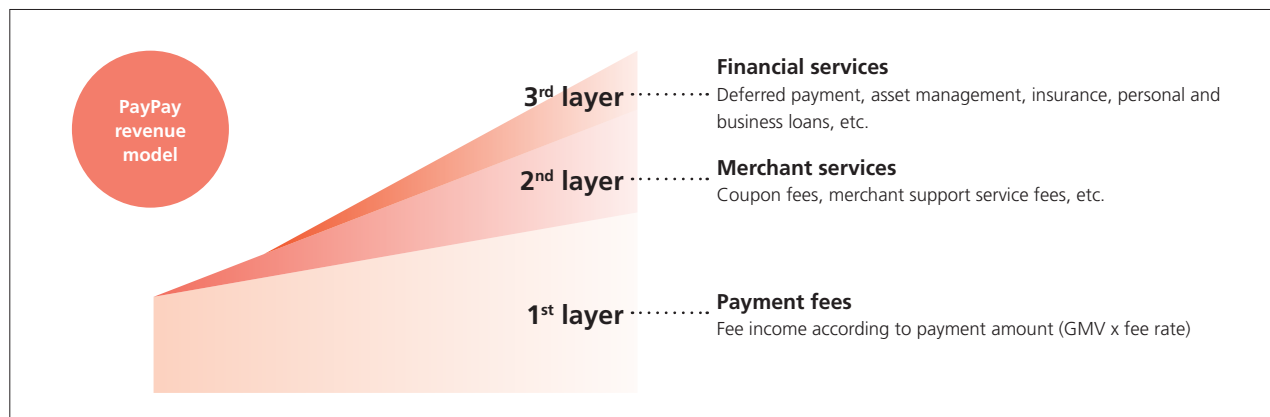
Guided by this vision, we intend to grow the app's services based on a three-layered revenue model. This model comprises payment fee income on the first layer, merchant services on the second layer, and financial services on the third layer.

Payment fee income increases in line with growth in GMV. Thus, to expand the first layer, it is important to increase the use of *PayPay* in more situations. If there is a situation in which *PayPay* is currently not being used, it means that there are other payment methods more suitable for that situation. We have thoroughly analyze such use scenarios and are continuously improving the functionality of *PayPay* to make it



#### Q4 What plans do we have for *PayPay* up ahead?

#### A4 We are aiming further growth by promoting the widespread use of cashless payments and expanding financial services



the first choice for payment in all aspects of our lives. As I mentioned earlier, because cash-based spending in Japan amounts to approximately ¥200 trillion, we think there is still plenty of room for growth in payment fee income up ahead.

For merchant services, we collect service fees from merchants by developing and providing marketing solutions that drive their sales growth. More specifically, we offer *PayPay My Store*, a monthly flat-rate service that supports merchant management as well as coupon services to attract users to their stores, and stamp services to increase repeat customers. If merchants are able to boost sales with the use of these services, it also means more payment fee income and service fees for PayPay, making this a truly win-win situation.

Lastly, there is a high degree of compatibility between financial services and smartphone payments. In terms of payment services, in February 2022 we unveiled a deferred payment function. This function also offers users the option of switching to revolving payments after a purchase has been made and is designed to boost fee income for us whilst also accommodating the various payment needs of users. Small amount insurance is also a good fit for the ease of use of

smartphones and is expected to grow in the future. For example, when you suddenly need to drive a friend's car, or when your business partner invites you to go golfing for the first time in a while, you can easily purchase car insurance or golf insurance for one day only on the *PayPay* app. We are confident that *PayPay* will establish its position as an accessible financial service because it is already used as a means of payment on a daily basis.

#### Profitability possible at any time if acquisition cost is scaled back

I have been asked by more people recently about when operating income at PayPay might swing to the black. In actual fact, PayPay could achieve operating profitability at any time now if we scale back the acquisition costs for new users and merchants. But as I mentioned before, we are looking at a ¥200 trillion market that is dominated by cash payments. In order to maximize the future corporate value of PayPay, I think it is still too early to ease up on efforts aimed at gaining

customers. While we do give due consideration to economic efficiency, instead of targeting small-scale success in the near term, we want to achieve much greater success by turning *PayPay* into a national service much like the *LINE* app.

#### Standing at the forefront of the *Beyond Carrier* strategy and meeting the expectations of shareholders

Even though we are a member of the SoftBank Group, *PayPay* users are spread across all mobile phone carriers. This is because we intended *PayPay* to be a universal service used by all people since the service was launched. As SoftBank considers its group strategy, I believe that having a payment service within the group that is widely used by users of competing carriers will be a significant advantage. Going forward, we will continue to pursue our own growth, but at the same time, we will also push ahead with various synergy strategies as a member of the SoftBank Group and stand at the forefront of the *Beyond Carrier* strategy.

Four years have passed since PayPay was founded and during this time we have achieved considerable growth. Particularly large sums of capital were needed during the startup phase, but we were able to overcome that challenge thanks to the significant investments made by our shareholders, including SoftBank. I would like to extend my gratitude once again to all SoftBank shareholders for their considerable understanding and support thus far. Since they took a chance to invest in the future potential of *PayPay* from among the many other investment options available, we are determined to live up to their expectations and deliver results, so they know that their investments have paid off.

## Q5 What are SoftBank's technology strategies?

# Q5

A5

### Utilize technology refined through in-house practice to drive digital transformation of Japanese industries

#### Hideyuki Tsukuda

Executive Vice President & CTO

Joined Tokyo Digital Phone Co., Ltd. the predecessor of SoftBank Corp., in 1993. Since then, has been involved in the construction of 2G, 3G, 4G, and 5G communication networks. In April 2021, became CTO, replacing Junichi Miyakawa, the current CEO.



#### Characteristics of SoftBank's Technology Strategies

##### Driving Japan's DX through technology

As a telecommunications carrier, SoftBank has been building networks while working to develop the technology to maintain them at the world's highest standards. In addition, being more than just a telecommunications carrier, we have also accumulated wide-ranging knowledge and know-how through analysis using big data and AI technology. While advancing our own digital transformation (DX), we have encouraged our customers to experience the benefits of innovative digital technologies by processing and delivering information of value to them. Going forward, as we continue to develop our telecommunications infrastructure for 5G/6G, we

hope to contribute to driving the DX of Japanese industries and enterprises based on digital technologies.

One of the strengths we bring to these efforts is high communication quality. Experience has shown that when a 5G area exists as an enclave within a 4G area, communication quality may deteriorate at the boundary between the two areas. For this reason, we quickly expanded 5G coverage and made steady efforts to minimize the proportion of areas with low communication quality. That effort has borne fruit, and our mobile networks have been well-received externally. In addition to these public telecommunications services, our technological capabilities are another major strength in providing solutions to a wide range of needs for DX services in our Enterprise segment, which will drive our future growth. We accurately identify customer needs and implement the latest technologies and digitalization to solve them, while seeking outside partners for technologies that we do not have and

taking on the challenge of solving unknown issues. This is how we've managed to accumulate experience faster than any other companies. As we continue to identify solutions in unknown areas, our technology and know-how accumulate and evolve, and we continue the cycle of sharpening our ability to produce solutions.

#### 5G Deployment and Beyond 5G Strategy

##### Proposing DX solutions that only our company with communication technologies can offer

As of the end of March 2022, the population coverage of our 5G services was over 90%, and we are steadily increasing

## Q5 What are SoftBank's technology strategies?

### A5 To utilize technology refined through in-house practice to drive the digital transformation of Japanese industry

coverage according to plan. In the future, SoftBank aims to offer *Private 5G* services, which will utilize Multi-Access Edge Computing (MEC) technology to enable 5G use in localized settings such as construction sites deep in the mountains, using a distributed network arrangement instead of the conventional centralized type.

In fact, I proposed this term *Private 5G*, contrasting it with *Local 5G*. Originally, 5G MEC was conceived as a system in which data obtained from sensors in the field would be processed by an edge server, and only the results would be sent to a central server. Even if the communication speed is improved with 5G, if all the raw data obtained from cameras in the field is sent directly to the server, the line and server will soon run out of capacity. In such cases, we propose to proactively install AI in the camera and convert only the necessary data into text before uploading it to the server. This minimizes the data and enables much lower latency. We also place importance on understanding the nature of communication technology and making appropriate proposals on how to use the technology. For example, we developed a technology called SRv6 MUP\* that enables a simpler, more scalable network configuration and does not increase operational complexity even when distributed by MEC.

Regarding Beyond 5G for example, we are actively involved in global standardization discussions on how to integrate the HAPS (High Altitude Platform Station) technology. HAPS is an unmanned aircraft system that flies in the stratosphere at an altitude of about 20 km and delivers radio waves to the ground, covering the same area as a ground-based base station. HAPS reduces the need to build base stations densely in a country like Japan, which is heavily forested and where only about 30% of the land area is inhabited. I believe using this technology to extend coverage three-dimensionally is an important theme for Beyond 5G.

Another key aspect of Beyond 5G, in addition to the technology to be incorporated, is the simplification of operations. In the construction of 5G base stations, setting detailed parameters for each base station is a major burden. The introduction of automated technology, similar to plug-and-play technology for PC peripherals, will simplify operations related to the construction and maintenance of base stations and will also help maintain stable communication quality.

\*SRv6 MUP stands for Segment Routing IPv6 Mobile User Plane, a technology that enables low-cost and easy implementation of 5G features such as MEC and network slicing. For more information, please refer to [this](#) press release.

#### Technology Strategies to Drive DX in the Enterprises

### Building a platform for efficient scale-up

As I mentioned at the outset, while our foundation is in the telecommunications business with a focus on mobile and fixed-line telecommunications, we also focus on enterprise solutions that drive DX in enterprises. Our greatest weapon in this area is the experience we have gained from working on our own DX. At SoftBank, we first try things ourselves, and if we find something difficult to use, we improve it before offering it to our customers. We have the advantage of being able to make realistic proposals that meet the needs of our clients, since our knowledge and know-how are backed up by actual experience, not abstract theories. For example, we have already launched STAION, an enterprise platform developed based on these experiences. This is an AI video analysis platform that connects our edge device, which performs video analysis using cutting-edge AI, to the cameras used by customers and allows them to view the analysis results on the web.

In order to promote this kind of technological development, I believe it is necessary to come up with a business model that can serve our customers on a sustainable basis and establish a win-win system that balances the price we offer our customers with the value we provide them.

Meanwhile, with respect to the business model, the key point is to what extent we can build a common platform while meeting the needs of each company. When we analyze the needs of our clients, we find that the needs are quite different from industry to industry: the automotive industry, the agriculture industry, and even municipalities have their own specific needs. However, even though individual needs may vary, the platform that solves the problem does not require much customization. Therefore, I believe a major role of our engineering team is to consider how to develop a common platform that can meet the needs of each company while maximizing economies of scale.

#### Fostering Engineers Who Will Create a New Era

### Accumulating know-how and successful experience through in-house DX

There are about 5,000 people in the Technology Unit I oversee, and many of the engineers responsible for new businesses such as IoT, AI, and DX were originally telecommunications engineers. As an engineer, it is of course important to delve deeply into a specific area of communications technology, but gaining experience in a slightly different layer can greatly broaden your perspective. I call this "expanding your dynamic range" (referring to the measurement of the range of signal magnitudes in sound, video, images, etc.), and I consider this an important principle in developing talent.

## Q5 What are SoftBank's technology strategies?

### A5 To utilize technology refined through in-house practice to drive the digital transformation of Japanese industry

Under the slogan “Half & Twice” touted by former CEO Miyauchi in 2015, we have been working to make full use of new technologies to halve the number of man-hours and costs within the company while at the same time doubling productivity and creativity. Many engineers from the Technology Unit have been involved in this effort and have accumulated successful experiences automating various tasks with DX. This has expanded our engineers’ “dynamic range” and accumulated know-how, which in turn has helped us to expand our DX solutions. In some cases, employees who were formerly telecommunications engineers went to customers with the enterprise team to provide DX consulting services. And they can offer more than just superficial DX consulting work; when it's based on actual hardships you have experienced yourself, it is more powerful and persuasive when you explain all the benefits from DX.

Today, these in-house DX initiatives are going well, but at first, I struggled to motivate my team to work on them. Looking back, the most important thing was to change the employees’ mindset. To motivate them, I had to explain

thoroughly how working on DX makes their job easier, eliminates errors and delays caused by human intervention, improves accuracy, and frees up time for other tasks that require creativity and ingenuity. The decisive factor in getting the program off the ground was the accumulation of small successes in working on the in-house DX, which made it fun for them. At that point, it ran on autopilot. The organization was set up and moved forward all at once. Whether it's an organization or a locomotive, you need the most energy when you first move a heavy object. I realized that my job was to add the first 20-30% of energy to get things moving.

These in-house DX initiatives in the Technology Unit subsequently spread throughout the company and accumulated as experience. This, combined with our strong sales force, led to rapid progress in our enterprise DX solution business.

#### The Mission Assigned to SoftBank

### Freeing people from constraints and making them happier

More than a decade ago, when 33 workers were trapped in a cave-in at the San Jose mine in Chile, the first thing they did was to secure communications between the trapped miners and people on the surface. Establishing contact with the surface gave the workers hope, and all were rescued alive. As this example shows, telecommunications, the field we work in, is an infrastructure that connects people and delivers hope.

Today we live in an age where everyone has a smartphone, so the communication infrastructure is expected to be always available, and all activities are based on this assumption. Furthermore, digitalization is progressing rapidly in various fields, and not only communication platforms but also the data

obtained through them are becoming lifelines. The technology of this essential communications infrastructure for people is now linked to DX and is key to creating a happier and richer future for people. Technology needs to be implemented throughout society so that all data is automatically linked behind the scenes, and I want SoftBank to be the company that drives this.

Meanwhile, the technological development of the communications infrastructure has enabled the creation of the Metaverse, a realistic virtual space, thereby ushering in an era in which people can see and experience things they could not before. Looking toward such a future, we are promoting technological development to realize a society where people can live stress-free. In an era like this, communications are required to be safer and more reliable than ever before, and we are even more aware of our responsibility to protect society. Ultimately, I believe that freeing people from constraints and making them happier will increase our corporate value and achieve our philosophy of “Information Revolution—Happiness for everyone.”



# Q6 What is SoftBank's human resource strategy to support business growth?



## A6 We support the autonomous career development of each employee so that our diverse human resources can grow together with the Company

### Direction of Human Resource Strategy

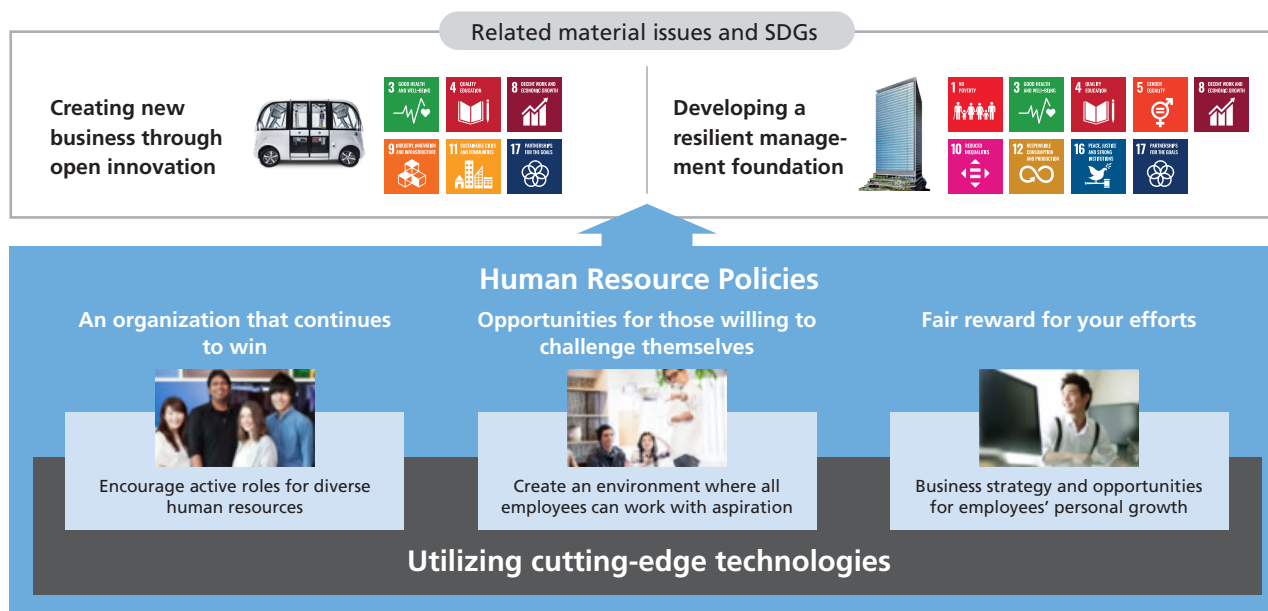
Since its founding, SoftBank's human resource mission has been to connect "people" and "business" and achieve growth for both, based on the corporate philosophy "Information Revolution—Happiness for everyone." To generate SoftBank's unique vitality, we maintain a human resource policy that supports the potential of those who take on challenges and clearly recognizes those who achieve results. Our approach to employees has shifted from a traditional method of managing them as "resources" to one of treating and utilizing them as "capital" and supporting their growth. We have always encouraged our employees to grow and take on new challenges, but to achieve further business growth, we are investing in a variety of human capital initiatives, including

skill development, enhanced engagement, diversity, equity and inclusion, and health and productivity management, so that our employees can work energetically and grow and challenge themselves more than ever before.

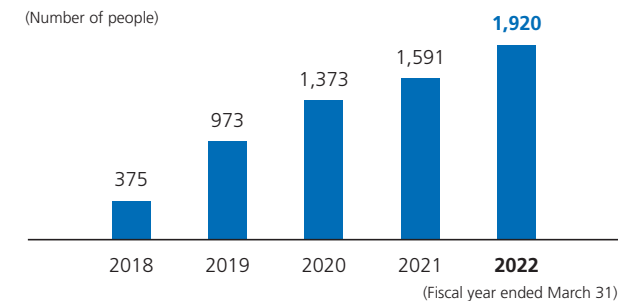
When starting a new business or establishing a new company, we provide employees with opportunities for self-growth and self-expression through a job posting system. In addition, we look for original and innovative ideas (new businesses) through SoftBank InnoVenture, our in-house entrepreneurship program. In this way, we strive to become a dynamic organization in which all employees look forward to change and are excited in pursuit of their goals. Please see [page 69](#) for details about these in-house systems.

### Information Revolution—Happiness for everyone

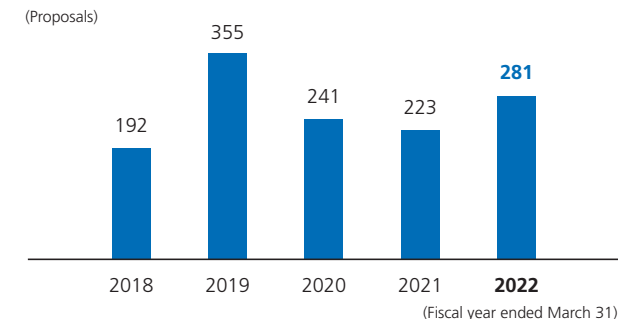
People who come together under this philosophy can work with the highest level of satisfaction.



### Cumulative number of employees transferred under job posting system and free-agent system



### Number of applications to SoftBank InnoVenture



## Q6 What is SoftBank's human resource strategy to support business growth?

### A6 We support the autonomous career development of each employee so that our diverse human resources can grow together with the Company

Interview : 01

#### A diverse workforce causes chemical reactions

Masayoshi Yanase

Head of Finance Business Strategy Division  
Financial Services Group  
PayPay Corporation



I joined Vodafone K.K. when it had just launched 3G services because I wanted to grow together with a growing industry. Soon after, the company became SoftBank, and since then I have consistently been involved in development-related work. After a stint in Silicon Valley, I was transferred to the Business Development Unit, where I became the head of planning for the FinTech business, and later participated in the launch of PayPay, where I am currently involved in the planning and commercialization of new services. Since joining the company, I have been able to expand the scope of my work, starting with handset development, then service development, and finally business development, but my goal of creating new growth markets has never changed.

The fun and difficulty of working at PayPay lies in inspiring our users by finding and solving challenges they weren't even aware of, rather than in responding to their requests. We expect that employees with various skills, career backgrounds, and perspectives will gather in the workplace and cause a chemical reaction. In my case, the skills I acquired through collaborations with other companies, business investments, and the establishment of joint ventures during my time in the Business Development Unit are useful in my current work. I also feel that I benefited greatly from the learning, connections, and perspectives I gained at SoftBank Academia, which is ahead of the curve in terms of diversity.

Getting a new business off the ground, such as the launch of PayPay, presents a series of challenges. However, I told myself, "Don't think of reasons why you can't do it," and just did it. I think that by going through the process of a new business from start to finish, I was able to overcome the difficulties, whatever form they took. Going forward, I hope to always continue to take on new challenges both professionally and personally. As for my work, I would like to be a creator of businesses and services that will be used by more users, aiming to be the best in Japan and the world.

Interview : 02

#### Working with specialists in each field to solve social issues

Motomu Mishima

Manager of Strategy Planning Section 1, Business & Alliance  
Strategy Office, Global Alliance & Investment Strategy Division,  
Business Development Unit  
SoftBank Corp.



I started my career at SoftBank, where I was engaged in selling telecommunications and IT-related products to major Japanese companies. Later, after gaining experience in sales of IT solution services intended for the overseas bases of Japanese companies, I was transferred to the Global Alliance & Investment Strategy Division. Currently, I specialize in FinTech and blockchain, and am engaged in a wide range of activities including planning new businesses, collaborating with Group companies, supporting business expansion of investee companies, and collaborating with SoftBank Vision Fund (SVF) investee companies.

I joined SoftBank because I was attracted by the idea of constantly accepting new challenges, but when I actually look at the Group as a whole, I am amazed at the fact that we are taking on all kinds of business challenges related to the information revolution and that this is all being carried out by the same company. My team consists of six members, including Indian nationals, who come from diverse backgrounds such as financial institutions, engineering, and distribution, so we are well equipped to plan, review, and promote the best services. I feel that by having many specialists in each field, we can deliver more value and a better experience to society and our users. Our work involves many partnerships with overseas companies and new business projects, where it is important to build relationships, so I feel that my experience in listening to customer needs and proposing services during my sales period has been very useful.

SoftBank gives young people equal opportunities. On the other hand, we are strongly expected to blaze our own trail. Good ideas are properly appreciated, and even young people can lead business development, so they feel they are growing as the company grows. In particular, we are confident that the blockchain-related market will grow rapidly and has the potential to solve many social issues. I try to inspire my team members by always taking a broader view than them and leading from the front. Going forward, in the blockchain area, I would like to promote business planning that enables SoftBank to create value beyond that of a telecommunications carrier.



## Q6 What is SoftBank's human resource strategy to support business growth?

A6 We support the autonomous career development of each employee so that our diverse human resources can grow together with the Company

Interview : 03

### Creating new growth businesses with a passion for business

Akari Ueno

Project Leader, Next Generation Water Infrastructure Project  
Logistics & Water Infrastructure Business Development Department  
1st Business Engineering Division  
Digital Transformation Division, Enterprise Business Unit  
SoftBank Corp.



I decided to join SoftBank after listening to a speech by Board Director Masayoshi Son, thinking that this is a company where I could do something interesting, inspiring, and useful to the world. After joining the Company I gained experience in enterprise sales at the Digital Marketing Division, and was engaged in planning and building services for enterprise customers in the IoT Consulting Department. After that, I moved to the DX Division, where I participated in driving a capital and business alliance with WOTA CORP., which has water reclamation and treatment technologies that utilize AI and IoT, and I'm currently working with WOTA CORP. on a next-generation water infrastructure project.

The mission of the Digital Transformation Division is to create growth businesses that solve social issues by combining our assets with partners like WOTA CORP. This requires a deep understanding of the assets of both companies, the skills to identify where business synergies arise and how to realize them, and the ability to co-create with the empathy and involvement of various stakeholders. In my case, the adaptability, flexibility, and tenacity I acquired working in a new business team where we faced new difficulties every day have been indispensable in carrying out my current work.

Since joining SoftBank, I have been taking on "firsts" on a daily basis. Negotiating in areas where no one else in the company has knowledge can be very challenging. In particular, up to the point where the capital and business alliance with WOTA CORP. was finalized, there were times when I was briefing directors and executive officers every single day, and I was in a state where I couldn't relax even for a moment. What I learned through this process was the importance of "aligning the vectors" while all members of the team have a common vision. I think it's difficult to continue to create new growth businesses without approaching the task from a high-level vantage point. In the future, I would like to take advantage of this experience to engage in human resource development for the future from the perspective of "human resources to create a SoftBank that continues to take on challenges."

Interview : 04

### Opportunities are given to those who raise their hands, regardless of age

Takahiro Fukumoto

Project Manager, Demand Forecast Synergy Project  
Supply and Demand Optimization Platform Business Department,  
1st Business Engineering Division  
Digital Transformation Division, Enterprise Business Unit  
SoftBank Corp.



I wanted to work in a place where I could change the world with IT technology, and received job offers from several companies, but during my interview with SoftBank, an executive explained, "SoftBank is not just mobile—we have all kinds of assets, and if you raise your hand, you can take on any challenge, and your achievements will be appreciated regardless of your age." I was so impressed by his words that I decided to join SoftBank. In fact, these words turned out to be true, and when I was 26 years old, I was entrusted with a team of about 20 people as a section manager in the Sales Division.

After joining the Company and gaining experience in direct enterprise sales, I was involved in the organizational management of the Sales Division and then transferred to the Digital Transformation Division through our job posting system. At present, I'm a project manager of new business development based on AI prediction services in the "Restaurant and Food Retail" area. Specifically, in January we released *Sakimiru*, which predicts the number of customers visiting stores using statistical data on people flow and weather data, optimizes ordering and work shifts, and reduces food loss. We achieved a prediction accuracy of 93% in a verification trial and are seeing a better response than I imagined, with inquiries from more than 100 companies already. From the perspective of improving business speed, we decided to start small by predicting only the number of customers that would visit the store. Going forward, we intend to provide additional solutions such as optimizing ordering and work shifts, and expand the scale of the business in terms of both the number of customers and the services offered.

In the Digital Transformation Division, the person who makes the plan is responsible for everything from development to service launch, customer acquisition, and operations. Management skills are also required, so the management experience I gained in my 20s is still very useful. In fact, during the hiring interview, I said "I want to be a person who can make an impact on society with IT technology. I aim to be an executive as a means of achieving this goal," and I still feel the same way today. It's up to us to seize the chance, but with all the resources we have at SoftBank, I believe I can realize my dream.