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Consolidated Financial Report For the Fiscal Year Ended March 31, 2021 (IFRS)

May 11, 2021

(Amounts are rounded to the nearest million yen)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2021

(1) Consolidated operating results

(Percentages are shown as year-on-year changes)

	Revenue		Operating income		Profit before income taxes		Net income		Net income attributable to owners of the Company		Total comprehensive income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended March 31, 2021	5,205,537	7.1	970,770	6.5	847,699	4.5	547,720	8.1	491,287	3.8	607,485	22.2
Fiscal year ended March 31, 2020	4,861,247	4.4	911,725	11.4	811,195	8.7	506,668	2.5	473,135	2.3	497,048	1.9

	Basic earnings per share	Diluted earnings per share	Ratio of net income to equity attributable to owners of the Company	Ratio of profit before income taxes to total assets	Ratio of operating income to revenue
	Yen	Yen	%	%	%
Fiscal year ended March 31, 2021	103.85	102.66	39.1	7.7	18.6
Fiscal year ended March 31, 2020	99.27	97.94	37.9	9.1	18.8

Reference:

Share of losses of associates accounted for using the equity method is as follows:

Fiscal year ended March 31, 2021 ¥(45,490) million

Fiscal year ended March 31, 2020 ¥(46,060) million

(2) Consolidated financial position

	Total assets	Total equity	Equity attributable to owners of the Company	Ratio of equity attributable to owners of the Company to total assets	Equity per share attributable to owners of the Company
	Millions of yen	Millions of yen	Millions of yen	%	Yen
As of March 31, 2021	12,226,660	2,750,700	1,512,212	12.4	322.68
As of March 31, 2020	9,792,258	1,707,564	1,000,546	10.2	211.03

(3) Consolidated cash flows

	Operating activities	Investing activities	Financing activities	Cash and cash equivalents at the end of the year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year ended March 31, 2021	1,338,949	(511,295)	(388,462)	1,584,892
Fiscal year ended March 31, 2020	1,249,535	(900,145)	(143,613)	1,143,808

2. Dividends

	Dividends per share					Total dividends (Annual)	Payout ratio (Consolidated)	Ratio of dividend to equity attributable to owners of the Company (Consolidated)
	First quarter	Second quarter	Third quarter	Fourth quarter	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2020	-	42.50	-	42.50	85.00	404,082	85.6	32.4
Fiscal year ended March 31, 2021	-	43.00	-	43.00	86.00	406,139	82.8	32.2
Fiscal year ending March 31, 2022 (Forecast)	-	43.00	-	43.00	86.00		80.6	

Note: The dividend for fiscal year ended March 31, 2021 is scheduled to be submitted for approval to the Board of Directors of the Company at a meeting planned for May 21, 2021.

3. Consolidated Financial Result Forecasts for the Fiscal Year Ending March 31, 2022

(Percentages are shown as year-on-year changes)

	Revenue		Operating income		Net income attributable to owners of the Company		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending March 31, 2022	5,500,000	5.7	975,000	0.4	500,000	1.8	105.69

* Notes

- (1) Significant changes in scope of consolidation (changes in scope of consolidation of specified subsidiaries): Yes

Newly consolidated: Three Companies

Company Names: LINE Corporation, LINE Pay Corporation, LINE Financial Asia Corporation Limited

Excluded from consolidation: None

Note: For details, refer to “(1) Significant Changes in Scope of Consolidation for the Fiscal Year Ended March 31, 2021” under “3. Notes to Summary Information” on page 20 of the appendix to this consolidated financial report.

- (2) Changes in accounting policies and accounting estimates

[1] Changes in accounting policies required by IFRS: No

[2] Changes in accounting policies other than those in [1]: No

[3] Changes in accounting estimates: No

- (3) Number of issued shares (common stock)

[1] Number of shares issued (including treasury stock)

As of March 31, 2021 4,787,145,170 shares

As of March 31, 2020 4,787,145,170 shares

[2] Number of shares of treasury stock

As of March 31, 2021 100,659,500 shares

As of March 31, 2020 46,000,000 shares

[3] Average number of shares outstanding during the period

Fiscal year ended March 31, 2021 4,730,758,572 shares

Fiscal year ended March 31, 2020 4,766,177,965 shares

*** This consolidated financial report is not subject to audit by certified public accountants or an audit firm.**

*** Explanation on the proper use of the forecast on financial results and other notes**

This document is based on the information available to SoftBank Corp. as of the time hereof and assumptions which it believes are reasonable. Statements contained herein that are not historical facts, including, without limitation, our plans, forecasts, strategies and beliefs about our business and financial prospects, are forward-looking statements. Forward-looking statements often include words such as “targets,” “plans,” “believes,” “hopes,” “continues,” “expects,” “aims,” “intends,” “will,” “may,” “should,” “would,” “could,” “anticipates,” “estimates,” “projects” or words or terms of similar substance or the negative thereof. These forward-looking statements do not represent any guarantee by us or our management of future performance or of any specific outcome and are subject to various risks and uncertainties, including, without limitation, general economic conditions, conditions in the Japanese telecommunications market, our ability to adopt new technologies and business models, competition with other mobile telecommunications providers, our ability to improve and maintain our telecommunications network, our reliance on third parties in conducting our business, including SoftBank Group Corp. and its other subsidiaries and associates, our major vendors and suppliers, and other third parties, risks relating to M&A and other strategic transactions, risks relating to information security and handling of personally identifiable information, changes in the substance and interpretation of other laws and regulations and other important factors, which may cause actual results to differ materially from those expressed or implied in any forward-looking statement.

SoftBank Corp. expressly disclaims any obligation or responsibility to update, revise or supplement any forward-looking statement in any document or generally to the extent allowed by law or stock exchange rules. Use of or reliance on the information in this material is at your own risk.

For assumptions underlying forecasts, notes on the use of forecasts and related matters, please see “(4) Forecasts” under “1. Results of Operations” on page 19 of the appendix to this consolidated financial report

(How to obtain supplementary financial materials and information on the earnings results briefing) On Tuesday, May 11, 2021 (JST), the Company will hold an earnings results briefing online for the media, institutional investors, and financial institutions. This earnings results briefing is scheduled to be broadcast on the Company’s website in both Japanese and English at <https://www.softbank.jp/en/corp/ir/documents/presentations/fy2020/>. The Data Sheet is also scheduled to be posted on the Company’s website concurrently with the earnings report, and the materials and videos to be used at the earnings results briefing, along with a summary of the main questions and answers, are scheduled to be posted on the Company’s website promptly after the earnings results briefing

(Appendix)

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Definition of Company Names and Abbreviations Used in this Appendix

Company names and abbreviations used in this appendix, except as otherwise stated or interpreted differently in the context, are as follows:

Company names / Abbreviations	Definition
The Company	SoftBank Corp. (standalone basis)
The Group	SoftBank Corp. and its subsidiaries
SoftBank Group Corp.	SoftBank Group Corp. (standalone basis)
SoftBank Group	SoftBank Group Corp. and its subsidiaries
Z Holdings ¹	Z Holdings Corporation (standalone basis)
Z Holdings Group	Z Holdings Corporation and its subsidiaries
Yahoo Japan ²	Yahoo Japan Corporation (standalone basis)

Notes:

1. On October 1, 2019, Z Holdings Corporation transitioned to a holding company structure through a company split (absorption-type company split) and changed its trade name from Yahoo Japan Corporation to Z Holdings Corporation. In this document, Z Holdings Corporation is referred to as “Z Holdings,” including transactions that were entered into prior to the name change.
2. Refers to Yahoo Japan Corporation, which succeeded the Yahoo! JAPAN business from Z Holdings as a result of the company split (absorption-type company split) conducted on October 1, 2019.

Reportable Segments

The Group has four reportable segments: Consumer segment, Enterprise segment, Distribution segment, and Yahoo segment.

The main businesses and core companies of each reportable segment are as follows:

Segments	Main business	Core companies
Reportable segments		
Consumer segment	<ul style="list-style-type: none"> Provision of mobile communications service and value-added services to individual customers Provision of broadband services Sale of mobile devices Trading and supply of electric power and provision of electric power trading agency services 	The Company Wireless City Planning Inc. SB Mobile Service Corp. WILLCOM OKINAWA, Inc. LINE MOBILE Corporation SB Power Corp.
Enterprise segment	<ul style="list-style-type: none"> Provision of mobile communications services to enterprise customers Provision of fixed-line communications services, such as data communications and fixed-line telephone services Provision of cloud, global, AI/IoT and other solution services 	The Company Wireless City Planning Inc. SB Engineering Corp. IDC Frontier Inc.
Distribution segment	<ul style="list-style-type: none"> Provision of products and services addressing ICT, cloud services, IoT solutions and other areas for enterprise customers Provision of mobile and PC peripherals, including accessories, as well as software, IoT products and other items for individual customers 	SB C&S Corp.
Yahoo segment	<ul style="list-style-type: none"> Provision of commerce-related services such as <i>YAHUOKU!</i>, <i>Yahoo! JAPAN Shopping</i>, <i>PayPay Mall</i>, <i>ZOZOTOWN</i> and others Provision of membership services such as <i>Yahoo! JAPAN Premium</i> Provision of content services, advertising, and financial services based on <i>LINE</i> Provision of financial and payment-related services such as credit cards Provision of advertising-related services such as search advertising and display advertising 	Z Holdings ³ Yahoo Japan LINE Corporation eBook Initiative Japan Co., Ltd. Ikyu Corporation ASKUL Corporation ZOZO, Inc. YJ Card Corporation YJFX, Inc. The Japan Net Bank, Limited ⁴ LINE Pay Corporation LINE Financial Corporation LINE Financial Asia Corporation Limited ValueCommerce Co., Ltd.
Other	<ul style="list-style-type: none"> Provision of settlement services Online security trading service for smartphones Provision of online business solutions and services Planning and production of digital media and digital content Sales of download licenses for PC software and advertising sales R&D and manufacturing of network equipment, business planning, and activities for usage of frequency band related to the HAPS business² Others 	The Company SB Payment Service Corp. PayPay Securities Corporation ⁵ SB Technology Corp. ITmedia Inc. Vector Inc. HAPSMobile Inc.

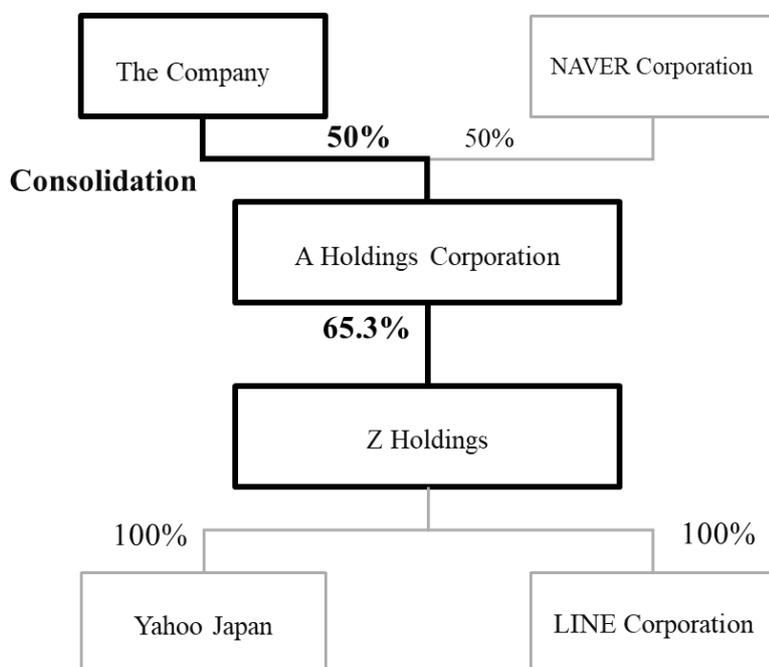
Notes:

1. Segment income for reportable segments is calculated as follows:

Segment income = (revenue – operating expenses (cost of sales + selling, general and administrative expenses) ± other operating income and loss) in each segment

2. HAPS (High Altitude Platform Station) refers to systems where unmanned objects such as aircraft flying in the stratosphere can be operated like telecommunications base stations to deliver connectivity across wide areas.

3. As of March 31, 2021, the Company, the parent company of A Holdings Corporation, and NAVER Corporation (including its wholly owned subsidiary, NAVER J.Hub Corporation), each hold 50% of the voting rights in A Holdings Corporation. A Holdings Corporation holds 65.3% of the voting rights in Z Holdings. The Company owns the rights to appoint the majority of the Board of Directors of A Holdings Corporation. Also, through A Holdings Corporation, the Company owns the rights to appoint the majority of the Board of Directors of Z Holdings. Accordingly, the Company substantially controls both A Holdings Corporation and Z Holdings. For details, refer to “Acquisition of LINE Corporation and business integration of LINE Group and Z Holdings Corporation” under “Note 4. Business combinations” in “(6) Notes to Consolidated Financial Statements” in “4. Consolidated Financial Statements and Primary Notes.”



4. On April 5, 2021, The Japan Net Bank, Limited changed its trade name to PayPay Bank Corporation.

5. On February 1, 2021, One Tap BUY Co., Ltd. changed its trade name to PayPay Securities Corporation.

1. Results of Operations

(1) Overview of Consolidated Results of Operations

a. Management Environment and the Group's Initiatives

The environment surrounding the world is undergoing an unprecedented period of transformation due to advances in digital technology and the unexpected outbreak of COVID-19. Business sentiment among Japanese companies was extremely uncertain and experienced a deterioration due to the impact of the outbreak of COVID-19. Meanwhile, the shift to a new normal in daily life, such as telework, online shopping, and contactless payment, progressed almost compulsorily, and the need to use digital technologies to support society was reaffirmed. Going forward, with the rapid penetration of AI¹, IoT² and big data utilization and the digitalization of all aspects of people's lives and businesses, digital transformation³ that changes the structure of the industry itself is occurring. The commercialization of 5G (fifth-generation mobile communications system), which has the advantages of ultra-high speed, large capacity, low latency, and massive machine-type communications, is expected to accelerate this change.

Guided by its corporate philosophy of "Information Revolution—Happiness for everyone," the Group has been aiming to be a corporate group that maximizes enterprise value while providing essential technologies and services to people around the world, through enhancing its telecommunications business and developing various new businesses in the information and technology fields. In April 2020, to contribute to solving various social issues through its core business offering infrastructure for the society, the Group identified six priority issues (materiality) to be addressed in order to achieve the SDGs (Sustainable Development Goals) set by the United Nations, under the concept of "a world where all things, information and minds are connected."

For details on SDGs and the priority issues (materiality), please see the Company's website:

<https://www.softbank.jp/en/corp/sustainability/materiality/>

To solve the important social issues described above and achieve sustainable growth by leveraging digitalization technology, the Group has been implementing the *Beyond Carrier* strategy since its listing. The *Beyond Carrier* strategy is to strengthen the earnings base by going beyond the confines of a conventional telecommunications carrier, while further growing the telecommunications business, and expanding its businesses in three fields, telecommunications business, Yahoo business, and new businesses. By pursuing this strategy, the Group now has one of the largest telecommunications networks, internet media, and smartphone payment platforms in Japan. In addition, completion of the business integration of LINE Corporation in March 2021 added Japan's largest messaging app platform. The Group sees the growing digitalization of the society as an opportunity and, as a second phase of the *Beyond Carrier* strategy, aims to create attractive services using the power of technology and to be a comprehensive digital platformer that solves social issues.

Under this strategy, the ratios of revenue and operating income earned from mobile communications charge⁴ to the Group's consolidated revenue and operating income are declining year by year, and revenue sources are becoming increasingly diverse. The Group aims to achieve operating income of ¥1 trillion in FY2022, the fiscal year ending March 31, 2023, by driving growth under the *Beyond Carrier* strategy and executing structural reform diligently.

Telecommunications

The Company has strived to improve telecommunications network quality, and as a result, it was ranked No. 1 globally for Video Experience, a metric that measures the quality of video streamed to mobile devices, and Games Experience, a category that analyzes overall gaming experience, by UK-based mobile network analytics firm Opensignal Limited in the Global Mobile Network Experience Awards 2021 announced in March 2021. The Company was also ranked second⁵ globally for Voice App Experience, which measures the quality of experience for over-the-top (OTT)⁶ voice services, against mobile voice apps such as *LINE* and WhatsApp, among others⁷. The Company will continue to build a telecommunications environment that is convenient for customers, as well as provide services and solutions that meet their needs.

In March 2021, the Company launched *LINEMO*, a new online-exclusive brand. The Company is providing services aligned to customers' diversifying needs through three brands: the *SoftBank* brand, a high-value-added brand for customers who require cutting-edge smartphones and mobile devices as well as high-volume flat-rate data plans; the *Y!mobile* brand, a brand that provides services for smartphones to customers who prefer low monthly communication charges; and the *LINEMO* brand, an online-exclusive brand that responds to the growing need for services that can be completed online due to changes in lifestyles.

The *LINEMO* brand provides a 4G/5G service plan with a 20 GB monthly data allowance and *LINE Giga Free*, unlimited use of the messaging app *LINE* without consumption of the monthly data allowance⁸, at a monthly price of ¥2,480 (¥2,728 including tax). Customers can check their payment status, add data and/or voice call options, etc. online. They can also receive post-contract support through *LINE*. In the future, the Company plans to provide contract procedures through the *LINE* chat screen as well.

In addition, the Company will provide even more appealing services to its customers through *PayPay*, a cashless payment service offered by the Group company PayPay Corporation, and the collaboration with Z Holdings, which has Yahoo Japan and LINE Corporation (following the completion of a business integration with Z Holdings) under its wing.

In the fiscal year ended March 31, 2021, under the mainstay *SoftBank* brand, following the trend from the previous fiscal year, the *Smartphone Debut Plan* continued to perform favorably. In March 2021, the Company began offering *Merihari Unlimited*, which provides an unlimited monthly data allowance⁹ of 4G/5G for the same price, and *Mini Fit Plan Plus*, which provides three flat-rate tiers that are automatically charged according to the customer's monthly data usage. In the same month, various fees, such as MNP transfer fees, at all reception counters have been eliminated and are now free of charge. As a result, the number of smartphone subscribers as of March 31, 2021 increased by 1,792 thousand from March 31, 2020. In broadband services, the Company has seen

steady growth in the number of subscribers of *SoftBank Hikari*, a high-speed internet connection service for households, with an increase of 530 thousand from March 31, 2020.

The advancement of digital technologies has led to digital transformation of companies and industries as companies respond to dramatic changes in their business environments. As mentioned earlier, this movement has been rather accelerated by the COVID-19 crisis.

In response to these changes, in December 2020, the Company and its subsidiary IDC Frontier Inc. began operation of a large-scale data center that responds to the demand of major cloud service providers (hyperscalers). This data center is located in Tokyo and is a hyperscale data center that provides large-scale power-receiving capacity and abundant space to meet the recent growing demand for cloud services and the diverse demands of the AI and IoT era. It is the largest data center¹⁰ owned by both companies. The data center continues to provide high-quality IT platforms tailored to the business needs of enterprise customers, such as data hall services not only on a rack-by-rack basis but also on a room-by-room basis and co-location services¹¹ that respond to the high load of electricity¹².

5G

In March 2020, the Company launched 5G commercial services and harnesses this technology to offer VR/AR¹³ and cloud gaming services. In February 2021, the Company began to offer 5G services in some parts of its service area, utilizing 4G spectrum allocated for current mobile phones that has been converted to 5G. In March 2021, the Company expanded the 5G deployment area to 47 prefectures nationwide. 5G services in this existing spectrum will be made available by updating the software of 5G-enabled devices in existing base stations. With both the newly allocated 5G spectrum and conversion of the existing spectrum to 5G, the Company further accelerates the expansion of the 5G area to cope with ever-increasing traffic and aims to achieve a population coverage rate of over 90% in the spring of 2022..

In collaboration with NEXTWAY Co., Ltd., the Company has succeeded in developing the world's first¹⁴ construction method for filling support pillars, such as for antennas, with products made of Polymaterial^{®15}, a composite material with high strength, for the construction of 5G base stations. Until now, it has been necessary to remove the existing antenna and install a 5G antenna. However, by using the developed construction method and a special jig, it is possible to drastically shorten the construction period from an average of six days, using the conventional method, to about two hours, and greatly reduce construction costs. By proactively adopting new technologies like this, the Company will work for the early expansion of the 5G network.

Growth of Yahoo Japan

While driving further growth in the telecommunications business through its multi-brand strategy, initiatives related to 5G, and the new infrastructure, the Company is promoting business enhancement to the OTT field by utilizing its customer base and other assets as a telecommunications carrier. The Z Holdings Group, which was consolidated last fiscal year, provides OTT services such as commerce and advertising services on the Internet, contributing to the diversification of the Group's revenue sources. The Company will continue to deepen collaboration with Z Holdings to maximize synergies.

As mentioned above, Z Holdings completed the business integration with LINE Corporation with effective execution of the share exchange on March 1, 2021. The business integration created Japan's largest-scale corporate internet group that provides over 200 services in total with massive user base in Japan¹⁶. The Company positions the business integration as instrumental in increasing the corporate value of the Group by creating new business opportunities in the 5G era, through accelerating the growth of Z Holdings, a crucial component to the *Beyond Carrier* strategy. After the business integration, Z Holdings will take on the challenge of improving customer satisfaction and solving social issues by maximizing the use of big data and AI.

To commemorate the business integration, the Company, PayPay Corporation, Yahoo Japan, and LINE Corporation hosted the mass-scale campaign *Cho PayPay Matsuri* to offer savings at *PayPay* merchants and online shops nationwide. Over the course of about a month, various campaigns were conducted by each company, including the granting of additional *PayPay Bonus*¹⁷. On the last day of the campaign, when *PayPay Bonus*, etc. were awarded at the highest rate, the combined transaction value of *Yahoo! JAPAN Shopping* and *PayPay Mall* on a single-day basis reached a record high.

In January 2021, Yahoo Japan lowered the sales commission charged to sellers when items are purchased on its flea market application *PayPay Flea Market* from 10% to 5%, the lowest price in the industry^{18,19}. *PayPay Flea Market* has been used by a large number of users, with over 5 million downloads in the 11 and a half months since the service was launched in October 2019. As such, *PayPay Flea Market* aims to create a place where a wider range of users can easily sell a variety of items, making it even more convenient and affordable for both sellers and buyers.

Expansion of Non-Telecom Businesses

Looking at the expansion of non-telecom businesses, the Group is working to foster collaboration with companies that possess cutting-edge technologies and companies that provide solutions, including investees of the SoftBank Group. Specifically, the Group is working to establish joint ventures with each partner company and expand non-telecom businesses. Since many of these joint ventures are equity method affiliates, they contribute to the Company's business results through share of profit or loss of associates accounted for using the equity method.

PayPay Corporation

As of the end of March 31, 2021, the number of cumulative *PayPay* registered users reached 38.03 million. In the fiscal year ended March 31, 2021, the number of payments made exceeded 2 billion, approximately more than 2.5 times that in the previous fiscal year. The Gross Merchandise Value of payments reached ¥3.2 trillion, approximately 2.6 times year on year. *PayPay* performed steadily.

Following completion of the business integration between Z Holdings and LINE Corporation on March 1, 2021, PayPay Corporation and LINE Pay Corporation have been discussing the integration of *LINE Pay*'s domestic QR/barcode payment business into *PayPay*'s business in April 2022 to maximize synergies, leveraging each other's strengths. As one of the steps towards the integration, after late April 2021, PayPay Corporation and LINE Pay Corporation will start a QR code collaboration in which *LINE Pay* payments, in addition to *PayPay* payments, will be accepted at *PayPay* merchants supporting the user scan method (MPM), which entails the user scanning a QR code to make a payment, out of more than 3.16 million locations²⁰ accepting *PayPay* payments nationwide.

In March 2021, PayPay Corporation, LINE Corporation, and LINE Pay Corporation began supporting the exchange of *LINE POINT* provided by LINE Corporation into *PayPay Bonus* provided by PayPay Corporation. One *LINE POINT* can be exchanged for a *PayPay Bonus* equivalent to one yen, with no exchange fee. This will allow *LINE Pay* users to make payments at a significantly wider range of services and merchants affiliated with PayPay Corporation.

Furthermore, existing initiatives of PayPay Corporation with group companies are also expanding steadily. In February 2021, the number of users of *Bonus Management* surpassed 2 million. *Bonus Management* provides users with a simulated investment management experience offered by PayPay Securities Corporation through mini apps²¹ within *PayPay*. More than 2 million users within 10 and a half months after the service launch is the fastest²² record among major pseudo-investment point management service providers. *Bonus Management* is gaining a lot of support as a familiar investment management experience service that allows anyone to start investing right away using the *PayPay* apps, without the need to open an account, by exchanging *PayPay Bonus* into unique points²³ provided by PayPay Securities Corporation.

In this way, PayPay Corporation continues to collaborate with the Group and the Z Holdings Group with the aim of evolving *PayPay* from a "payment app" into a "super app" that makes users' lives richer and more convenient, further strengthening financial services offerings and fostering a world view of "Anytime, Anywhere with *PayPay*."

INCUDATA Corp.

In February 2021, INCUDATA Corp., a joint venture between the Company, Hakuhodo Inc. and Treasure Data, Inc. that supports corporate transformation through utilization of data, began offering INCUDATA Corp.'s consulting services for planning and implementing data utilization strategies and Treasure Data K.K.'s customer data platform to TOKYU LAND CORPORATION to support its digital transformation efforts. Treasure Data CDP, which has been introduced in many industries and business categories in Japan as a data utilization and analysis platform, helps promote digital transformation to enhance corporate value by integrating and interlinking customer membership data from TOKYU LAND CORPORATION's multiple businesses and customer browsing data from its website, enabling TOKYU LAND CORPORATION to provide optimal information and product proposals tailored to individual customers.

Notes:

1. AI stands for artificial intelligence.
2. IoT stands for internet of things, a technology that will enable communications between all manner of things via the Internet.
3. Digital transformation refers to the use of data and digital technologies by companies to reshape organizations, processes, business operations and other elements.
4. Mobile communications charge mainly consists of basic monthly charges, flat-rate voice call charges, and flat-rate data charges and does not include optional services such as *Backup Service Package* and *Security Pack*.
5. The Company was ranked No.1 in Japan for Voice App Experience.
6. OTT stands for over-the-top and refers to services and companies other than telecommunications carriers that provide audio and video content on the Internet.
7. Opensignal Limited, which is regarded as the wireless industry's largest and most frequent analyzer of the global consumer mobile experience, collects billions of measurements daily from more than 100 million smartphones worldwide. For the Global Mobile Network Experience Awards 2021, it surveyed 179 mobile network operators around the world and comprehensively evaluated them by comparing six criteria: Video Experience, Games Experience, Voice App Experience, Download Speed Experience, Upload Speed Experience and 4G Availability. Opensignal Awards-the Global Mobile Network Experience Awards 2021
8. Data consumption related to usage of *LINE talk*, *LINE call*, etc. will not consume the monthly data allowance. Certain services of *LINE* may not be subject to unlimited use, and due to technical factors, some data consumption may not be subject to unlimited use.
9. Tethering and data sharing are limited to a total of 30 GB per month.
10. The total floor space of each of the 20 data centers owned by both companies is compared.
11. Co-location services are services that support maintenance and operation by entrusting server and other customer equipment to data centers with superior earthquake resistance and power supply.
12. It is capable of handling high density and high power loads of up to 20 kilovolt-amperes (kVA) per rack.
13. VR stands for virtual reality. AR stands for augmented reality.
14. Information as of January 22, 2021 (according to the Company)
15. A composite material consisting of various core materials coated with special paints and characterized by its light weight, high strength, and malleability

16. The number of *Yahoo! JAPAN*'s monthly logged-in user IDs as of March 2021 was 52.7 million, and the number of *LINE*'s domestic monthly active users as of March 2021 was 88 million.
17. The balance added to the *PayPay* balance as a result of the application of rewards, campaigns, and others
18. Information as of January 13, 2021, compared to sales commissions of two flea market apps (according to Yahoo Japan)
19. Items listed on *YAHUOKU!*, forwarded to and listed on *PayPay Flea Market* at the same time, and then purchased on *PayPay Flea Market* are not eligible.
20. Cumulative number of locations registered with *PayPay*, including shops and taxis, as of March 31, 2021
21. A mini app is a feature that allows users access to services provided by PayPay Corporation's partners, such as reserving a service or ordering/paying for a product, all within the *PayPay* app without having to download an app for the specific service.
22. Information based on the comparison of three major pseudo-investment point management service providers as of February 10, 2021 (according to PayPay Securities Corporation)
23. The unique points provided by PayPay Securities Corporation are used only for *Bonus Management* and conversion to *PayPay Bonus* at this moment and cannot be used for any other services.

b. Consolidated Results of Operations

(Millions of yen)

	Fiscal Year Ended March 31		Change	Change %
	2020	2021		
Revenue	4,861,247	5,205,537	344,290	7.1%
Operating income	911,725	970,770	59,045	6.5%
Profit before income taxes	811,195	847,699	36,504	4.5%
Income taxes	(304,527)	(299,979)	4,548	(1.5)%
Net income	506,668	547,720	41,052	8.1%
Net income attributable to:				
Owners of the Company	473,135	491,287	18,152	3.8%
Non-controlling interests	33,533	56,433	22,900	68.3%
Adjusted EBITDA ¹	1,606,529	1,710,470	103,941	6.5%

Note:

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

An overview of the consolidated results of operations for the fiscal year ended March 31, 2021 is as follows:

(a) Revenue

For the fiscal year ended March 31, 2021, revenue increased across all segments by ¥344,290 million (7.1%) year on year to ¥5,205,537 million. Revenue increased by ¥52,757 million in the Enterprise segment mainly due to increased demand for telework-related solutions, by ¥152,905 million in the Yahoo segment mainly due to an increase in e-commerce transaction value, by ¥73,701 million in the Consumer segment due to an increase in service revenues, and by ¥48,892 million in the Distribution segment due to large-scale project orders from the municipalities.

(b) Operating income

For the fiscal year ended March 31, 2021, operating income increased by ¥59,045 million (6.5%) year on year to ¥970,770 million, with increases seen in all segments. Operating income increased by ¥24,124 million in the Enterprise segment, ¥9,849 million in the Yahoo segment, ¥11,354 million in the Consumer segment, and ¥5,129 million in the Distribution segment.

(c) Net income

For the fiscal year ended March 31, 2021, net income increased by ¥41,052 million (8.1%) year on year to ¥547,720 million. While there was an increase in operating income, this was partially offset by an increase in financing costs of ¥12,448 million mainly due to losses on valuation of investment securities held by the Company and an increase in impairment loss on equity method investments of ¥7,035 million that was associated with treatment of impairment loss equivalent to goodwill of WeWork Japan G.K.

(d) Net income attributable to owners of the Company

For the fiscal year ended March 31, 2021, net income attributable to owners of the Company increased by ¥18,152 million (3.8%) year on year to ¥491,287 million. For the fiscal year ended March 31, 2021, net income attributable to non-controlling interests increased by ¥22,900 million (68.3%) year on year to ¥56,433 million, mainly due to an increase in earnings at the Z Holdings Group.

(e) Adjusted EBITDA

For the fiscal year ended March 31, 2021, adjusted EBITDA increased by ¥103,941 million (6.5%) year on year to ¥1,710,470 million. The increase mainly reflects the increase in depreciation and amortization mainly due to amortization of recognized intangible assets arising from the acquisition of ZOZO, Inc. shares, in addition to the increase in operating income. The Group believes that adjusted EBITDA, which excludes the impact of non-cash transactions, is a useful and necessary indicator for more effective evaluation of its business performance.

c. Principal Operational Data

Mobile Communications Services

Figures represent the total number of mobile communications subscribers served by the Consumer segment and Enterprise segment. All operational data for mobile communications services includes the *SoftBank*, *Y!mobile*, *LINE MOBILE*, and *LINEMO* brands.

Cumulative Subscribers	March 31, 2020	March 31, 2021	(Thousands) Change
Total	45,778	47,285	1,507
Main subscribers*	36,499	37,910	1,412
Smartphones	24,134	25,926	1,792
Communication modules and others	7,663	8,714	1,051
PHS	1,616	660	(956)

Net Additions	2020	Fiscal Year Ended March 31 2021	(Thousands) Change
Main subscribers*	1,757	1,412	(345)
Smartphones	2,052	1,792	(260)

Churn Rate and Total ARPU	2020	Fiscal Year Ended March 31 2021	Change
Main subscribers* Churn rate	0.96%	0.93%	-0.03pp
Total ARPU (yen)	4,420	4,290	(130)
ARPU before discount (yen)	5,110	4,730	(390)
Discount on ARPU (yen)	(700)	(440)	260
Smartphones Churn rate	0.70%	0.71%	+0.01pp

Note: The number of main subscribers includes subscribers to the *Wireless Home Phone* service, which was launched in July 2017.

ARPU and churn rate are calculated and presented excluding this service.

Broadband Services

Data for high-speed internet connection services for households provided in the Consumer segment.

Cumulative Subscribers	March 31, 2020	March 31, 2021	(Thousands) Change
Total	7,846	8,139	293
<i>SoftBank Hikari</i>	6,387	6,916	530
<i>Yahoo! BB Hikari with FLET'S</i>	786	692	(94)
<i>Yahoo! BB ADSL</i>	673	530	(143)

<Definitions and Calculation Methods of Principal Operational Data>

Mobile Communications Services

Main subscribers: smartphones, feature phones, tablets, mobile data communication devices, *Wireless Home Phone*, and others

* Smartphones covered by the *Smartphone Family Discount* and mobile data communication devices covered by the *Data Card 2-Year Special Discount* are included in communication modules and others.

Communication modules and others: communication modules, *Mimamori Phone*, prepaid mobile phones, and others

* Communication modules that use PHS networks are included under PHS.

* Since March 31, 2021, the Company has stopped accepting new applications for *LINE MOBILE*.

Churn rate: average monthly churn rate (rounded to the nearest 0.01%)

(Calculation method)

Churn rate = number of churn/number of active subscribers

* Number of churn: the total number of subscribers who canceled the service during the relevant period. The number of churn excludes the number of subscribers who switch between *SoftBank*, *Y!mobile*, *LINE MOBILE*, and *LINEMO*, using Mobile Number Portability (MNP).

* Churn rate (smartphones): Churn rate for smartphone subscribers within main subscribers

ARPU: Average Revenue Per User per month (rounded to the nearest ¥10)

(Calculation method)

Total ARPU = (data-related revenue + basic monthly charges and voice-related revenue + device warranty service revenue + content-related revenue + advertising revenue, etc.) / number of active subscribers

* Data-related revenue: packet communication and flat-rate charges, basic monthly internet connection charges, etc.

* Basic monthly charges and voice-related revenue: basic monthly charges, voice call charges, revenues from incoming calls, etc.

* Number of active subscribers: the total of the monthly numbers of active subscribers for the relevant period ((cumulative subscribers at the beginning of the month + cumulative subscribers at the end of the month) / 2)

Discount on ARPU = monthly discount + broadband service bundle discount (including *Home Bundle Discount Hikari Set* and *Fiber-optic Discount*)

* The calculation of ARPU excludes discount on telecom service revenues relating to points awarded and *Half-Price Support*.

* *Half-Price Support* enables customers to purchase eligible smartphones in 48 monthly installments, with the remaining monthly payments waived if the customer trades in their used handset to upgrade to a designated new model after 24 monthly installments. Since September 12, 2019, the Company has stopped accepting new applications for *Half-Price Support*.

Broadband Services

SoftBank Hikari: 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

Cumulative subscribers: the number of users for which physical connection of a fiber-optic line at the central office of NTT East or NTT West is complete (includes the number of subscribers to *SoftBank Air*)

Yahoo! BB Hikari with FLET’S: ISP service offered as a package with NTT East and NTT West’s *FLET’S Hikari Series* fiber-optic connection

Cumulative subscribers: the number of users for which physical connection of a fiber-optic line at the central office of NTT East or NTT West is complete and who are provided with services

Yahoo! BB ADSL: service combining an ADSL connection service and an ISP service

Cumulative subscribers: the number of users of *Yahoo! BB ADSL* for which the physical connection of an ADSL line at the central office of NTT East or NTT West is complete

Figures for “Change” in “c. Principal Operational Data” are calculated based on numbers before rounding. Accordingly, the figures for “Change” may not match the changes in figures calculated based on rounded numbers presented in “c. Principal Operational Data.”

d. Results by Segment

(a) Consumer Segment

OVERVIEW

In the Consumer segment, the Company provides services, such as mobile communications service and value-added services, broadband services and electricity services to individual customers in Japan. The Company procures mobile devices from mobile device manufacturers and sells the mobile devices to distributors operating SoftBank shops, etc. and individual customers.

FINANCIAL RESULTS

(Millions of yen)

	Fiscal Year Ended March 31		Change	Change %
	2020	2021		
Revenue	2,696,687	2,770,388	73,701	2.7%
Segment income	647,270	658,624	11,354	1.8%
Depreciation and amortization	422,454	423,842	1,388	0.3%

Breakdown of Revenue

(Millions of yen)

	Fiscal Year Ended March 31		Change	Change %
	2020	2021		
Service revenues	2,137,861	2,208,019	70,158	3.3%
Mobile communications	1,676,797	1,677,467	670	0.0%
Broadband	383,831	399,611	15,780	4.1%
Electricity	77,233	130,941	53,708	69.5%
Revenues from sales of goods and others	558,826	562,369	3,543	0.6%
Total revenue	2,696,687	2,770,388	73,701	2.7%

Note: For the fiscal Year Ended March 31, 2021, electricity, which was previously included in revenues from sales of goods and others is presented separately due to its increase in materiality, and thus the breakdown for the Fiscal Year Ended March 31, 2020 has been restated accordingly. In accordance with this change, revenue is presented as mobile communications, broadband and electricity for breakdown, and as service revenues collectively.

Consumer segment revenue increased by ¥73,701 million (2.7%) year on year to ¥2,770,388 million. Within Consumer segment revenue, service revenues increased by ¥70,158 million (3.3%) year on year to ¥2,208,019 million, and revenues from sales of goods and others increased by ¥3,543 million (0.6%) year on year to ¥562,369 million.

Within service revenues, mobile communications revenue increased by ¥670 million (0.0%) year on year. This increase was due to the improvement related to *Half-Price Support* and an increase in subscribers led by the *Y!mobile* brand, off-set by a decline in average unit price due to discount programs for price plans of the *SoftBank* brand and increases in *Y!mobile* and *LINE MOBILE* subscribers.

Broadband revenue increased by ¥15,780 million (4.1%) year on year. This increase was due to an increase in subscribers of the *SoftBank Hikari* fiber-optic service.

Electricity revenue increased by ¥53,708 million (69.5%) year on year. This increase was due to an increase in subscribers of the *Ouchi Denki (Home Electricity)* service.

The increase in revenues from sales of goods and others was mainly due to an increase in mobile device sales.

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 ¥2,111,764 million, an increase of ¥62,347 million (3.0%) year on year. This increase was mainly due to an increase in the cost of products for the *Ouchi Denki (Home Electricity)* service, an increase in sales-related expenses related to *Toku Suru Support +* and campaigns aimed at attracting users and promoting usage, and an increase in provisions related to handsets, while there was a decline in sales commission.

As a result, segment income increased by ¥11,354 million (1.8%) year on year to ¥658,624 million.

(b) Enterprise Segment

OVERVIEW

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, as well as various solutions for enterprises such as the *SmartVPN* VPN service and network services such as internet, data center services, cloud services, AI, IoT, robotics, security, and digital marketing.

FINANCIAL RESULTS

	(Millions of yen)			
	Fiscal Year Ended March 31		Change	Change %
	2020	2021		
Revenue	638,876	691,633	52,757	8.3%
Segment income	83,607	107,731	24,124	28.9%
Depreciation and amortization	157,937	160,309	2,372	1.5%

Breakdown of Revenue

	(Millions of yen)			
	Fiscal Year Ended March 31		Change	Change %
	2020	2021		
Mobile	275,072	305,401	30,329	11.0%
Fixed-line	194,593	188,885	(5,708)	(2.9) %
Business solution and others	169,211	197,347	28,136	16.6%
Total revenue	638,876	691,633	52,757	8.3%

Enterprise segment revenue increased by ¥52,757 million (8.3%) year on year to ¥691,633 million. Mobile revenue increased by ¥30,329 million (11.0%) to ¥305,401 million, fixed-line revenue decreased by ¥5,708 million (2.9%) to ¥188,885 million, and business solution and others revenue increased by ¥28,136 million (16.6%) to ¥197,347 million.

The increase in mobile revenue was mainly due to an increase in smartphone subscribers following growing demand for telework, etc.

The decrease in fixed-line revenue was mainly due to a decrease in the number of subscribers to telephone services.

The increase in business solution and others revenue was mainly from increased revenue from cloud services and security solutions atop growing demand for telework-related products due to the impact of the COVID-19 outbreak, along with increased revenue related to IoT products and others.

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 ¥583,902 million, an increase of ¥28,633 million (5.2%) year on year. This increase mainly reflects an increase in costs following the abovementioned increase in mobile revenue and business solution and others revenue.

As a result, segment income increased by ¥24,124 million (28.9%) year on year to ¥107,731 million.

(c) Distribution Segment

OVERVIEW

In the Distribution segment, the Group provides cutting-edge products and services that quickly capture the ever-changing market environment. For enterprise customers, the Group offers products and services primarily addressing ICT, cloud services, and advanced technologies including AI. For individual customers, the Group undertakes the planning and provision of products and services across a wide range of areas such as software, mobile accessories, and IoT products, as a manufacturer and distributor.

FINANCIAL RESULTS

	(Millions of yen)			
	Fiscal Year Ended March 31		Change	Change %
	2020	2021		
Revenue	482,441	531,333	48,892	10.1%
Segment income	17,164	22,293	5,129	29.9%
Depreciation and amortization	3,052	3,641	589	19.3%

Distribution segment revenue increased by ¥48,892 million (10.1%) year on year to ¥531,333 million. This was mainly due to large-scale project orders from the municipalities and solid growth in the focused subscription services such as cloud and SaaS.

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 ¥509,040 million, an increase of ¥43,763 million (9.4%) year on year. This increase was mainly due to an increase in costs of products in connection with the abovementioned increase in revenue.

As a result, segment income increased by ¥5,129 million (29.9%) year on year to ¥22,293 million.

(d) Yahoo Segment

OVERVIEW

In the Yahoo segment, the Group offers services that center on e-commerce, financial and payment-related businesses, and media covering online to offline services in a comprehensive manner. In the commerce field, the Group provides e-commerce services such as *YAHUOKU!*, *Yahoo! JAPAN Shopping*, *PayPay Mall* and *ZOZOTOWN*, as well as membership services such as *Yahoo! JAPAN Premium* and financial and payment-related services such as credit cards, while in the media services field it provides internet advertising-related services.

FINANCIAL RESULTS

	(Millions of yen)			
	Fiscal Year Ended March 31		Change	Change %
	2020	2021		
Revenue	1,052,942	1,205,847	152,905	14.5%
Segment income	152,276	162,125	9,849	6.5%
Depreciation and amortization	83,209	101,738	18,529	22.3%

Breakdown of Revenue

	(Millions of yen)			
	Fiscal Year Ended March 31		Change	Change %
	2020	2021		
Commerce	738,204	854,271	116,067	15.7%
Media	309,934	323,965	14,031	4.5%
Other	4,804	27,611	22,807	474.8%
Total	1,052,942	1,205,847	152,905	14.5%

Note: In the fiscal year ended March 31, 2021, the Z Holdings Group transferred certain services and subsidiaries from the commerce business to the media business. In accordance with this change, the breakdown of commerce and media in revenue for the Yahoo segment for the fiscal year ended March 31, 2020 has been restated.

Yahoo segment revenue increased by ¥152,905 million (14.5%) year on year to ¥1,205,847 million. Commerce revenue increased by ¥116,067 million (15.7%) to ¥854,271 million, media revenue increased by ¥14,031 million (4.5%) to ¥323,965 million, and other revenue increased by ¥22,807 million (474.8%) to ¥27,611 million.

The increase in commerce sales is mainly due to sales of ZOZO, Inc. recorded for 12 months in the fiscal year ended March 31, 2021, compared with five months in the previous fiscal year following the consolidation of ZOZO, Inc. in November 2019, in addition to the strong sales revenue of ZOZO, Inc., an increase in shopping-related advertising revenue, and an increase in transaction value in other commerce services.

The increase in media revenue reflected an increase in display advertising-related revenue as a result of sales activities and product improvement measures, despite the continued decline in ad placements due to the impact of the COVID-19 outbreak.

The increase in other revenue mainly reflected consolidation of LINE Corporation.

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 ¥1,043,722 million, an increase of ¥143,056 million (15.9%) year on year. This increase mainly reflected increases in selling, general and administrative expenses accompanying the consolidation of ZOZO, Inc. and LINE Corporation.

As a result, segment income increased by ¥9,849 million (6.5%) year on year to ¥162,125 million.

(2) Overview of Consolidated Financial Position

(Millions of yen)

	March 31, 2020	March 31, 2021	Change	Change %
Current assets	3,364,303	4,033,845	669,542	19.9%
Non-current assets	6,427,955	8,192,815	1,764,860	27.5%
Total assets	9,792,258	12,226,660	2,434,402	24.9%
Current liabilities	4,496,609	5,293,636	797,027	17.7%
Non-current liabilities	3,588,085	4,182,324	594,239	16.6%
Total liabilities	8,084,694	9,475,960	1,391,266	17.2%
Total equity	1,707,564	2,750,700	1,043,136	61.1%

ASSETS

Total assets amounted to ¥12,226,660 million as of March 31, 2021, an increase of ¥2,434,402 million (24.9%) from the previous fiscal year-end. This mainly reflected an increase of ¥637,957 million in goodwill, an increase of ¥441,084 million in cash and cash equivalents, an increase of ¥400,982 million in intangible assets, and an increase of ¥281,922 million in trade and other receivables. The increases in goodwill and intangible assets, including customer relationships and trademarks, were mainly due to the consolidation of LINE Corporation. The increase in cash and cash equivalents was mainly due to the effect of consolidation of LINE Corporation, as well as securing liquidity on hand under the circumstances of the COVID-19 outbreak. The increase in trade and other receivables was mainly due to an increase in the balance of assets under management in the banking business and the consolidation of LINE Corporation.

LIABILITIES

Total liabilities amounted to ¥9,475,960 million as of March 31, 2021, an increase of ¥1,391,266 million (17.2%) from the previous fiscal year-end. This was mainly due to an increase of ¥610,340 million in interest-bearing debt and an increase of ¥370,282 million in trade and other payables. The increase in interest-bearing debt was mainly due to the consolidation of LINE Corporation, the issuance of unsecured bonds, and an increase in short-term borrowings. The increase in trade and other payables was mainly due to an increase in accrued liabilities related to the purchase of LINE Corporation's shares less than one unit as a result of the reverse share split and consolidation of LINE Corporation.

EQUITY

Total equity amounted to ¥2,750,700 million as of March 31, 2021, an increase of ¥1,043,136 million (61.1%) from the previous fiscal year-end. This was mainly due to an increase of ¥472,570 million in capital surplus and ¥469,362 million in non-controlling interests resulting from the consolidation of LINE Corporation and an increase of ¥547,720 million due to the recording of net income for the fiscal year ended March 31, 2021, offset by a decrease of ¥436,915 million due to cash dividends and a decrease of ¥100,000 million due to the share buyback program.

(3) Overview of Consolidated Cash Flows

(Millions of yen)

	Fiscal Year Ended March 31		Change
	2020	2021	
Net cash inflow from operating activities	1,249,535	1,338,949	89,414
Net cash outflow from investing activities	(900,145)	(511,295)	388,850
Net cash inflow (outflow) from financing activities	(143,613)	(388,462)	(244,849)
Cash and cash equivalents at the end of the period	1,143,808	1,584,892	441,084
Free cash flow	349,390	827,654	478,264
Effect of securitization of installment sales receivables	30,071	3,190	(26,881)
Adjusted free cash flow ¹	379,461	830,844	451,383
Capital expenditures (acceptance basis, including the Z Holdings Group)	565,481	680,277	114,796
Capital expenditures (acceptance basis, excluding the Z Holdings Group) ²	369,779	421,968	52,189

Notes:

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. Capital expenditures (acceptance basis, excluding the Z Holdings Group) exclude capital expenditures of the Z Holdings Group, investments in devices for rental services, and the impact of adopting IFRS 16.

a. Cash flows from operating activities

In the fiscal year ended March 31, 2021, the net cash inflow from operating activities was ¥1,338,949 million, an increase of ¥89,414 million year on year. This mainly reflected an increase in net income and an increase in depreciation and amortization.

b. Cash flows from investing activities

In the fiscal year ended March 31, 2021, the net cash outflow from investing activities was ¥511,295 million, a decrease of ¥388,850 million year on year. While the net cash outflow for the consolidation of ZOZO, Inc. in the previous fiscal year was ¥377,861 million, the net cash outflow associated with the joint tender offer for the shares of LINE Corporation in the fiscal year ended March 31, 2021, was ¥175,313 million. In addition, in the fiscal year ended March 31, 2021, there was a cash inflow of ¥312,791 million from the acceptance of the balance of cash and cash equivalents resulting from the consolidation of LINE Corporation through a share exchange. Of the cash flows from investing activities, payments for acquisition of investments and proceeds from sales/redemption of investments both include ¥739,628 million associated with the underwriting and redemption of bonds issued in the process of the business integration between Z Holdings and LINE Corporation.

c. Cash flows from financing activities

In the fiscal year ended March 31, 2021, the net cash outflow from financing activities was ¥388,462 million. The cash inflow was mainly due to short-term fund procurement to secure liquidity on hand and the issuance of unsecured bonds by the Company amounting to ¥220,000 million and by Z Holdings amounting to ¥200,000 million for the purpose of loan repayments. The cash outflow was mainly due to scheduled payment of a long-term loan, repayment of the ¥400,000 million bridge loan raised in the previous fiscal year for the ZOZO, Inc. tender offer, and payment of ¥405,497 million for cash dividends, and ¥100,000 million for the share buyback programs. The net cash outflow from financing activities for the fiscal year ended March 31, 2021 increased by ¥244,849 million year on year. This was mainly due to the fact that, while in the previous fiscal year, the above-mentioned cash outflow associated with the consolidation of ZOZO, Inc. was covered by the proceeds from interest-bearing debt, the proceeds decreased by that amount for the fiscal year ended March 31, 2021 compared to the previous fiscal year.

d. Cash and cash equivalents at the end of the period

As a result of (a) through (c) above, cash and cash equivalents at March 31, 2021 were ¥1,584,892 million, an increase of ¥441,084 million year on year.

e. Adjusted free cash flow

In the fiscal year ended March 31, 2021, adjusted free cash flow was positive ¥830,844 million, an increase of ¥451,383 million year on year. This mainly reflects the aforementioned decrease in net cash outflow from investing activities.

f. Capital expenditures

In the fiscal year ended March 31, 2021, capital expenditures (acceptance basis, including the Z Holdings Group) were ¥680,277 million, an increase of ¥114,796 million year on year. This increase was mainly due to an increase in right-of-use assets associated with the new lease contract for the new Takeshiba Headquarters and an increase in capital investments in 5G equipment and data centers.

(4) Forecasts

Forecasts for the consolidated results for the fiscal year ending March 31, 2022

(Billions of yen)

	Fiscal Year Ended March 31, 2021 (Actual)	Fiscal Year Ending March 31, 2022 (Forecast)	Change	Change %
Revenue	5,205.5	5,500.0	294.5	5.7%
Operating income	970.8	975.0	4.2	0.4%
Net income attributable to owners of the Company	491.3	500.0	8.7	1.8%

Forecasts for the operating income by segment for the fiscal year ending March 31, 2022

(Billions of yen)

	Fiscal Year Ended March 31, 2021 (Actual)	Fiscal Year Ending March 31, 2022 (Forecast)	Change	Change %
Consumer segment	658.6	642.0	(16.6)	(2.5)%
Enterprise segment	107.7	128.0	20.3	18.8%
Distribution segment	22.3	22.5	0.2	0.9%
Yahoo segment and Other ¹	182.2	182.5	0.3	0.2%
Total	970.8	975.0	4.2	0.4%

Notes:

1. Other includes information not included in any of Consumer, Enterprise, Distribution, and Yahoo segment and adjustments including eliminations of intersegment transactions and expenses not allocated to each reportable segment.

For the consolidated financial results forecasts for the fiscal year ending March 31, 2022, while factoring in the impact of mobile service price reductions, the Company continues to expect an increase in both revenue and operating income led by the growth of the Enterprise segment and the Yahoo segment in addition to implementing thorough cost reductions including group synergies.

In the Consumer segment, the Company expects a decrease in operating income due to mobile service price reductions despite an increase in smartphone subscribers. In the Enterprise segment, the Company expects an increase in operating income related to mobile and business solution services through promoting digitalization of enterprise customers. In the Distribution segment, the Company forecasts an increase in operating income from the expansion of subscription services. In the Yahoo segment, the Company expects growth in the commerce business and others, despite the amortization of intangible assets associated with the consolidation of LINE Corporation.

(5) Basic Policy on Profit Distribution and Dividends for the Current and Next Fiscal Years

The Group considers the return of profits to shareholders to be an important goal for our management along with the increase in medium to long term corporate value. The Company considers that it can achieve both a high rate of shareholder returns and growth investments based on its ability to make highly efficient investments in new businesses in cooperation with the SoftBank Group portfolio companies. To increase corporate value, the Company will make capital investments to enable early deployment of 5G nationwide, as well as continuing investments in new businesses. Our basic policy is to distribute surplus twice a year as interim and year-end dividends. Our dividend policy is to consider performance trends, financial condition and the total shareholder return ratio including share buybacks on a comprehensive basis while paying attention to the stability and sustainability of dividends. During the period from the fiscal year ended March 31, 2021 through the fiscal year ending March 31, 2023, the Company's basic policy is to pay stable and continuous per-share dividends and to flexibly consider implementing share buyback programs, with a ratio of total shareholder return to net income attributable to owners of the Company of approximately 85%¹.

In the fiscal year ended March 31, 2021, the year-end dividend per share is planned to be ¥43². For the fiscal year ending March 31, 2022, the annual dividend per share is planned to be ¥86 (of which, the interim dividend per share is planned to be ¥43).

The Company will continue to grow both telecommunications business and new businesses, striving to increase its corporate value and make an appropriate return of profit to shareholders.

Notes:

1. Total amount of dividends paid and treasury stock retired during the three years from the fiscal year ended March 31, 2021 through the fiscal year ending March 31, 2023 / total amount of net income attributable to owners of the Company during the same three years
2. This is scheduled to be submitted for approval to the Board of Directors of the Company at a meeting planned for May 21, 2021.

2. Basic Approach to the Selection of Accounting Standards

The Group has adopted International Financial Reporting Standards (“IFRS”) to increase the international comparability of its financial information and to improve the convenience in capital markets.

3. Notes to Summary Information

(1) Significant Changes in Scope of Consolidation for the Fiscal Year Ended March 31, 2021

(Specified subsidiaries (three companies) newly consolidated)

LINE Corporation conducted a tender offer for the common stock of Z Holdings Corporation and an absorption-type merger with Shiodome Z Holdings G.K. As a result, the ratio of voting rights held by the Company and NAVER Corporation in LINE Corporation became 50.0% respectively as of February 26, 2021. Effective February 28, 2021, LINE Corporation transitioned all the business to LINE Split Preparation Corporation through a company split (absorption-type company split) and changed its name to A Holdings Corporation. Under the joint venture agreement entered into with NAVER Corporation, the Company owns the rights to appoint the majority of the Board of Directors of A Holdings Corporation. As a result, A Holdings Corporation and LINE Split Preparation Corporation are considered substantially controlled by the Company and became subsidiaries of the Company, effective February 28, 2021, on which the legally binding joint venture agreement was entered into by conducting the absorption-type merger. Also, through A Holdings Corporation, the Company owns the rights to appoint the majority of the Board of Directors of Z Holdings Corporation and accordingly, Z Holdings Corporation is considered continuously controlled by the Company.

In addition, the Company made LINE Corporation a subsidiary, and accordingly LINE Pay Corporation and LINE Financial Asia Corporation Limited, subsidiaries of LINE Corporation, became subsidiaries of the Company.

(2) Changes in Accounting Policies and Accounting Estimates

There are no changes in accounting policies and accounting estimates to be disclosed.

4. Consolidated Financial Statements and Primary Notes

(1) Consolidated Statement of Financial Position

	(Millions of yen)	
	As of March 31, 2020	As of March 31, 2021
ASSETS		
Current assets		
Cash and cash equivalents	1,143,808	1,584,892
Trade and other receivables	1,800,301	2,082,223
Other financial assets	94,906	144,935
Inventories	96,896	119,411
Other current assets	228,392	102,384
Total current assets	3,364,303	4,033,845
Non-current assets		
Property, plant and equipment	986,095	1,251,663
Right-of-use assets	1,234,457	1,081,559
Goodwill	618,636	1,256,593
Intangible assets	1,709,511	2,110,493
Contract costs	212,638	248,194
Investments accounted for using the equity method	80,149	239,974
Investment securities	175,152	321,300
Investment securities in banking business	342,975	392,260
Other financial assets	905,562	1,129,858
Deferred tax assets	55,904	55,224
Other non-current assets	106,876	105,697
Total non-current assets	6,427,955	8,192,815
Total assets	9,792,258	12,226,660

	As of March 31, 2020	(Millions of yen) As of March 31, 2021
LIABILITIES AND EQUITY		
Current liabilities		
Interest-bearing debt	1,811,281	2,000,479
Trade and other payables	1,253,766	1,624,048
Contract liabilities	127,652	107,633
Deposits for banking business	880,847	1,165,577
Other financial liabilities	3,779	4,924
Income taxes payable	153,371	195,874
Provisions	6,794	17,710
Other current liabilities	259,119	177,391
Total current liabilities	<u>4,496,609</u>	<u>5,293,636</u>
Non-current liabilities		
Interest-bearing debt	3,270,971	3,692,113
Other financial liabilities	36,765	33,966
Provisions	83,871	106,093
Deferred tax liabilities	168,248	303,278
Other non-current liabilities	28,230	46,874
Total non-current liabilities	<u>3,588,085</u>	<u>4,182,324</u>
Total liabilities	<u>8,084,694</u>	<u>9,475,960</u>
Equity		
Equity attributable to owners of the Company		
Common stock	204,309	204,309
Capital surplus	(133,915)	340,262
Retained earnings	1,003,554	1,066,228
Treasury stock	(68,709)	(134,218)
Accumulated other comprehensive income	(4,693)	35,631
Total equity attributable to owners of the Company	<u>1,000,546</u>	<u>1,512,212</u>
Non-controlling interests	<u>707,018</u>	<u>1,238,488</u>
Total equity	<u>1,707,564</u>	<u>2,750,700</u>
Total liabilities and equity	<u><u>9,792,258</u></u>	<u><u>12,226,660</u></u>

(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income

Consolidated Statement of Income

(Millions of yen)

	Fiscal year ended March 31, 2020 ²	Fiscal year ended March 31, 2021
Revenue	4,861,247	5,205,537
Cost of sales	(2,536,837)	(2,701,790)
Gross profit	2,324,410	2,503,747
Selling, general and administrative expenses	(1,418,815)	(1,522,975)
Other operating income	12,937	-
Other operating expenses	(6,807)	(10,002)
Operating income	911,725	970,770
Share of losses of associates accounted for using the equity method	(46,060)	(45,490)
Financing income	2,745	5,806
Financing costs	(60,921)	(73,369)
Gain on sales of equity method investments	10,591	3,902
Impairment loss on equity method investments	(6,885)	(13,920)
Profit before income taxes	811,195	847,699
Income taxes	(304,527)	(299,979)
Net income ¹	506,668	547,720
Net income attributable to		
Owners of the Company	473,135	491,287
Non-controlling interests	33,533	56,433
	506,668	547,720
Earnings per share attributable to owners of the Company		
Basic earnings per share (Yen)	99.27	103.85
Diluted earnings per share (Yen)	97.94	102.66

Notes:

1. All net income of SoftBank Corp. and its subsidiaries for the fiscal year ended March 31, 2020 and 2021 was generated from continuing operations.
2. As described in “(1) Acquisition of investments in Z Holdings Corporation” under “Note 4. Business combinations,” 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.

Consolidated Statement of Comprehensive Income

	Fiscal year ended March 31, 2020 ¹	(Millions of yen) Fiscal year ended March 31, 2021
Net income	506,668	547,720
Other comprehensive income (loss), net of tax		
Items that will not be reclassified to profit or loss		
Remeasurement of defined benefit plan	41	(713)
Changes in the fair value of equity instruments at FVTOCI	(9,309)	56,034
Share of other comprehensive income of associates accounted for using the equity method	—	(22)
Total items that will not be reclassified to profit or loss	(9,268)	55,299
Items that may be reclassified subsequently to profit or loss		
Changes in the fair value of debt instruments at FVTOCI	(1,415)	700
Cash flow hedges	1,026	53
Exchange differences on translation of foreign operations	(536)	2,937
Share of other comprehensive income of associates accounted for using the equity method	573	776
Total items that may be reclassified subsequently to profit or loss	(352)	4,466
Total other comprehensive income (loss), net of tax	(9,620)	59,765
Total comprehensive income	497,048	607,485
Total comprehensive income attributable to		
Owners of the Company	468,217	529,890
Non-controlling interests	28,831	77,595
	497,048	607,485

Note:

- As described in “(1) Acquisition of investments in Z Holdings Corporation” under “Note 4. Business combinations,” 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) Consolidated Statement of Changes in Equity

For the fiscal year ended March 31, 2020

(Millions of yen)

	Equity attributable to owners of the Company						Non-controlling interests	Total equity
	Common stock	Capital surplus	Retained earnings	Treasury stock	Accumulated other comprehensive income (loss)	Total		
As of April 1, 2019	204,309	111,826	1,178,282	-	3,740	1,498,157	524,410	2,022,567
Cumulative effect of adopting a new accounting standard ¹	-	-	(618)	-	-	(618)	(4,362)	(4,980)
As of April 1, 2019, restated	204,309	111,826	1,177,664	-	3,740	1,497,539	520,048	2,017,587
Comprehensive income								
Net income	-	-	473,135	-	-	473,135	33,533	506,668
Other comprehensive income (loss)	-	-	-	-	(4,918)	(4,918)	(4,702)	(9,620)
Total comprehensive income	-	-	473,135	-	(4,918)	468,217	28,831	497,048
Transactions with owners and other transactions								
Cash dividends ⁴	-	-	(398,354)	-	-	(398,354)	(32,940)	(431,294)
Purchase of treasury stock	-	-	-	(68,709)	-	(68,709)	-	(68,709)
Disposal of treasury stock	-	-	-	-	-	-	-	-
Changes from transactions under common control ^{2,3}	-	(246,996)	(249,991)	-	(2,415)	(499,402)	(1,601)	(501,003)
Changes from business combinations	-	-	-	-	-	-	185,827	185,827
Changes in interests in existing subsidiaries	-	(3,676)	-	-	-	(3,676)	6,853	3,177
Share-based payment transactions	-	4,931	-	-	-	4,931	-	4,931
Transfer from retained earnings to capital surplus	-	-	-	-	-	-	-	-
Transfer from accumulated other comprehensive income to retained earnings	-	-	1,100	-	(1,100)	-	-	-
Other	-	-	-	-	-	-	-	-
Total transactions with owners and other transactions	-	(245,741)	(647,245)	(68,709)	(3,515)	(965,210)	158,139	(807,071)
As of March 31, 2020	204,309	(133,915)	1,003,554	(68,709)	(4,693)	1,000,546	707,018	1,707,564

For the fiscal year ended March 31, 2021

(Millions of yen)

	Equity attributable to owners of the Company							Total equity
	Common stock	Capital surplus	Retained earnings	Treasury stock	Accumulated other comprehensive income (loss)	Total	Non-controlling interests	
As of April 1, 2020	204,309	(133,915)	1,003,554	(68,709)	(4,693)	1,000,546	707,018	1,707,564
Comprehensive income								
Net income	-	-	491,287	-	-	491,287	56,433	547,720
Other comprehensive income (loss)	-	-	-	-	38,603	38,603	21,162	59,765
Total comprehensive income	-	-	491,287	-	38,603	529,890	77,595	607,485
Transactions with owners and other transactions								
Cash dividends	-	-	(406,119)	-	-	(406,119)	(30,796)	(436,915)
Purchase of treasury stock	-	-	-	(100,000)	-	(100,000)	-	(100,000)
Disposal of treasury stock	-	(17,439)	-	34,491	-	17,052	-	17,052
Changes from transactions under common control	-	-	-	-	-	-	-	-
Changes from business combinations	-	-	-	-	-	-	264,636	264,636
Changes in interests in existing subsidiaries ⁵	-	473,904	-	-	-	473,904	219,116	693,020
Share-based payment transactions	-	761	-	-	-	761	-	761
Transfer from retained earnings to capital surplus	-	17,370	(17,370)	-	-	-	-	-
Transfer from accumulated other comprehensive income to retained earnings	-	-	(1,721)	-	1,721	-	-	-
Other	-	(419)	(3,403)	-	-	(3,822)	919	(2,903)
Total transactions with owners and other transactions	-	474,177	(428,613)	(65,509)	1,721	(18,224)	453,875	435,651
As of March 31, 2021	204,309	340,262	1,066,228	(134,218)	35,631	1,512,212	1,238,488	2,750,700

Notes:

1. Upon adoption of IFRS 16 “Leases,” the cumulative effect of initially applying this standard retrospectively on periods before the fiscal year ended March 31, 2020 was recognized as an adjustment to the opening balance of retained earnings as of April 1, 2019.
2. As described in “(1) Acquisition of investments in Z Holdings Corporation” under “Note 4. Business combinations,” 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.”
5. As described in “Acquisition of LINE Corporation and business integration of LINE Group and Z Holdings Corporation” under “Note 4. Business combinations,” Shiodome Z Holdings G.K., wholly owned by the Company, was merged into LINE Corporation, the surviving company, effective February 26, 2021. Effective March 1, 2021, a share exchange of common stock of LINE Split Preparation Corporation was conducted between Z Holdings Corporation and A Holdings Corporation. With this transaction, “Capital surplus” increased by ¥472,570 million.

(4) Consolidated Statement of Cash Flows

	(Millions of yen)	
	Fiscal year ended March 31, 2020 ¹	Fiscal year ended March 31, 2021
Cash flows from operating activities		
Net income	506,668	547,720
Depreciation and amortization	675,241	696,342
Loss on disposal of property, plant and equipment and intangible assets	25,693	33,356
Gain relating to loss of control over subsidiaries	(12,937)	-
Financing income	(2,745)	(5,806)
Financing costs	60,921	73,369
Share of losses of associates accounted for using the equity method	46,060	45,490
Gain on sales of equity method investments	(10,591)	(3,902)
Impairment loss on equity method investments	6,885	13,920
Income taxes	304,527	299,979
(Increase) decrease in trade and other receivables	(150,408)	(204,101)
(Increase) decrease in inventories	40,801	(19,272)
Purchases of mobile devices leased to enterprise customers	(35,402)	(34,662)
Increase (decrease) in trade and other payables	28,742	137,586
Increase (decrease) in consumption taxes payable	8,827	(1,852)
Increase (decrease) in deposits in banking business	135,151	284,730
(Increase) decrease in loans in banking business	(16,193)	(142,751)
Other	(51,008)	(54,060)
Subtotal	1,560,232	1,666,086
Interest and dividends received	2,340	5,638
Interest paid	(60,464)	(59,215)
Income taxes paid	(258,430)	(390,726)
Income taxes refunded	5,857	117,166
Net cash inflow from operating activities	1,249,535	1,338,949
Cash flows from investing activities		
Purchases of property, plant and equipment and intangible assets	(431,783)	(479,522)
Proceeds from sales of property, plant and equipment and intangible assets	2,947	9,074
Payments for acquisition of investments	(115,061)	(1,114,385)
Proceeds from sales/redemption of investments	42,412	850,965
Purchase of investment securities in banking business	(275,681)	(309,685)
Proceeds from sales/redemption of investment securities in banking business	272,312	244,159
Payments for obtaining control of subsidiaries	(378,212)	303,153
Other	(17,079)	(15,054)
Net cash outflow from investing activities	(900,145)	(511,295)

	Fiscal year ended March 31, 2020 ¹	(Millions of yen) Fiscal year ended March 31, 2021
Cash flows from financing activities		
Increase in short-term interest-bearing debt, net	88,800	314,991
Proceeds from interest-bearing debt	2,531,035	2,429,231
Repayment of interest-bearing debt	(1,692,530)	(2,600,491)
Proceeds from stock issuance to non-controlling interests	4,630	7,176
Purchase of treasury stock	(68,709)	(100,000)
Cash dividends paid	(397,496)	(405,497)
Cash dividends paid to non-controlling interests	(29,335)	(30,786)
Purchase of treasury stock by subsidiaries	(526,826)	-
Decrease from loss of control over subsidiaries	(30,717)	-
Other	(22,465)	(3,086)
Net cash inflow from financing activities	(143,613)	(388,462)
Effect of exchange rate changes on cash and cash equivalents	(357)	1,892
Increase in cash and cash equivalents	205,420	441,084
Cash and cash equivalents at the beginning of the period	938,388	1,143,808
Cash and cash equivalents at the end of the period	1,143,808	1,584,892

Note:

- As described in “(1) Acquisition of investments in Z Holdings Corporation” under “Note 4. Business combinations,” 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.

(5) Notes on Going Concern Assumption

There are no applicable items.

(6) Notes to Consolidated Financial Statements

1. Reporting entity

SoftBank Corp. (the “Company”) is a corporation (kabushiki kaisha) under the Companies Act of Japan and is domiciled in Japan. The registered address of its head office is 7-1 Kaigan 1-chome, Minato-ku, Tokyo, Japan¹. These consolidated financial statements are comprised of the Company and its subsidiaries (the “Group”). The parent of the Company is SoftBank Group Japan Corporation (“SBGJ”). The ultimate parent company of the Company is SoftBank Group Corp. (“SBG”).

Effective October 1, 2019, Yahoo Japan Corporation, a subsidiary of the Company, changed its name to Z Holdings Corporation as it transitioned to a holding company structure through a company split (absorption-type company split). All the transactions and events pertaining to Z Holdings Corporation including those which occurred prior to the name change are referred to as those of Z Holdings Corporation in the following notes.

In addition, as part of the transaction to fulfill the business integration of Z Holdings Corporation and LINE Corporation, Shiodome Z Holdings G.K., the parent company of Z Holdings Corporation as well as a subsidiary of the Company, conducted the absorption-type merger with LINE Corporation, the surviving company. Effective February 28, 2021, LINE Corporation transitioned all the business to LINE Split Preparation Corporation through a company split (absorption-type company split) and therefore shifted to a holding company structure and changed its name to A Holdings Corporation. Effective March 1, 2021, a share exchange of common stock of LINE Split Preparation Corporation was conducted between Z Holdings Corporation and A Holdings Corporation whereby LINE Split Preparation Corporation became the wholly owned subsidiary of Z Holdings Corporation and changed its name to LINE Corporation.

The Group is engaged in a variety of businesses in the telecommunication and information technology industry centering on its Consumer, Enterprise, Distribution, and Yahoo businesses. For details, refer to “(1) Summary of reportable segments” under “Note 5. Segment information.”

Note:

1. Effective January 1, 2021, the Company changed the registered address of its head office from 9-1 Higashi-shimbashi 1-chome, Minato-ku, Tokyo, Japan.

2. Significant accounting policies

(1) Application of new accounting standards and interpretations

There is no application of new accounting standards and interpretations.

(2) Significant accounting policies in accordance with application of new accounting standards and interpretations

There are no significant accounting policies in accordance with application of new accounting standards and interpretations.

3. Significant judgments and estimates

In preparing the consolidated financial statements under IFRS, management makes judgments, estimates, and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, revenue, and expenses.

These estimates and underlying assumptions are based on management’s best judgments, through their evaluation of various factors that were considered reasonable as of the respective period end, based on historical experience and by collecting available information.

In addition, regarding the impact on the spread of COVID-19 infection, there have been difficulties in reasonably estimating the period and extent of the impact of COVID-19. In case of delay in containing the spread of COVID-19 infection, there are certain uncertainties in the estimates that affect the Group's future earnings and cash flows. Under this circumstance, the Company reasonably estimates the amounts by considering the spread period of COVID-19 infections and related risks and uncertainties, based on the information and facts available as of preparing the consolidated financial statements. By the nature of its estimates or assumptions, however, actual results in the future may differ from those projected estimates or assumptions.

Significant judgments that affect the amounts recognized in the Group’s consolidated financial statements are as follows:

(1) Significant judgments

a. Judgments of whether an entity is controlled by the Company in determining the scope of consolidation

The Company assesses whether or not it has the ability to control subsidiaries based on whether the Company has the practical ability to direct the relevant activities of the subsidiary unilaterally. In making this judgment, the Company considers the absolute size of its equity share, voting interest, contractual rights, and any other factors that may indicate the Company's ability to direct the relevant activities of the entity. Based on the assessment, the Company determines if the subsidiary should be consolidated, accounted for using the equity method, or accounted for as an investment.

b. Judgments for accounting treatment of contracts including leases

At inception of a contract, the Group assesses whether contractual arrangements are, or contain, a lease. It is determined that a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. In determining whether the right to control the use of an identified asset is conveyed, the Group assesses the following:

- (a) The contract includes the use of an identified asset and the lessor does not have the substantive right to substitute the asset.
- (b) The lessee has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use.
- (c) The lessee has the right to direct the use of the asset. If the decisions about how and for what purpose the asset is used are predetermined, it is determined that the customer has the right to direct the use of the asset if either of the following is satisfied:
 - i. the customer has the right to operate the asset; or
 - ii. the customer designed the asset in a way that predetermines how and for what purpose the asset will be used.

Lease classification

The Group, as a lessor, also applies judgment in determining the classification of a lease as either a finance lease or operating lease. In determining whether a lease is a finance lease, the Group assesses the following:

- (a) if the lease transfers all the risks and rewards associated with the ownership of the asset;
- (b) if ownership of the asset will transfer to the lessee at the conclusion of the lease;
- (c) whether the lessee will have the ability to purchase the leased asset at a cost significantly below the asset's fair value;
- (d) whether the term of the lease is for a major part of the asset's useful economic life; and
- (e) the level of risk that the Group retains in relation to the asset.

If one or a combination of the above is present in relation to the lease, the Group classifies the lease as a finance lease, and all other leases are classified as operating leases.

c. Judgments for accounting for revenue recognition

Principal versus agent considerations

Gross versus net presentation

When the Group sells goods or services as a principal, income and payments to suppliers are reported on a gross basis in revenue and operating expenses. If the Group sells goods or services as an agent, revenue and payments to suppliers are recorded in revenue on a net basis, representing the margin earned. Whether the Group is considered to be a principal or an agent in the transaction depends on analysis by management of both the legal form and substance of the agreement between the Group and its business partners; such judgments impact the amount of reported revenue and operating expenses but do not impact reported assets, liabilities, or cash flows.

Timing of revenue recognition for indirect sales

When the Group enters into indirect sales, management determines whether a dealer acts as either an agent or principal. When a dealer acts as a principal for the Group, revenue is recognized when control of the underlying inventory has been transferred to the dealer. When a dealer acts as an agent, revenue is recognized when control of the underlying inventory is transferred to the customer that the dealer has sold to. In performing its assessment, management considers whether control is transferred upon delivery of inventory to the dealer. Where management determines that a dealer acts as a principal, revenue is recognized upon delivery of inventory to the dealer. Alternatively, where the dealer is determined to be acting as an agent, revenue is recognized when goods or services are received by the customer.

Judgements for determining “contractual period” and whether an arrangement contains a “material right”

The Group determines the duration of contract (i.e. contractual period) during which the parties to the contract have their current enforceable rights and obligations based on the terms and conditions of the contract with the customer.

In addition, the Group determines whether the option will provide a “material right” to the customer if the customer has the option to renew the contract based on the terms and conditions of the contract with the customer and if the customer may receive a discount for future telecommunications services by exercising the option. If the Group determines that the option provides a “material right” to the customer, it identifies the option as a separate performance obligation. As a practical alternative to estimating the stand-alone selling price of the option, the Group allocates the transaction price to the telecommunications services pertaining to the option by reference to the telecommunications services that are expected to be provided and the corresponding amount of consideration expected to be received from the customer.

(2) Significant estimates

Uncertainties involved in estimates and assumptions made by management with the risk of significant adjustments to the carrying amounts of assets and liabilities during the next fiscal year are summarized as follows:

a. Estimated fair value measurement and impairment loss of intangible assets and goodwill acquired from business combinations

The Group recognizes intangible assets and goodwill acquired by business combinations at fair value as of the acquisition date. When allocating the consideration transferred from business combinations, management's judgements and estimates may have a material impact on the consolidated financial statements of the Group. Intangible assets, such as customer relationships and trademarks, and goodwill recognized from business combinations are measured based on assumptions such as estimated future cash flow, discount rate, attrition rate of existing customers, future sales forecast generated by trademarks, and royalty rate.

In assessing intangible assets and goodwill for impairment, the Group need to estimate the recoverable amount of the cash-generating unit and the recoverable amount is measured based on assumptions such as the useful lives of assets, estimated future cash flow expected to be generated by the cash-generating unit, expected market growth rate, expected market share and discount rate.

These assumptions determined by management's best estimates may be affected by uncertainties in future economic conditions and may have a material impact on the consolidated financial statements of the Group if the assumptions were revised.

b. Estimated residual values and useful lives of property, plant and equipment and intangible assets

Property, plant and equipment and intangible assets represent a significant portion of the total assets of the Group. Estimates and assumptions made may have a material impact on their carrying amounts and related depreciation and amortization.

The depreciation charge for an asset is derived using estimates of its expected useful life and in the case of property, plant and equipment, expected residual value. The expected useful life and residual value of the asset are estimated when they are acquired or generated, and are reviewed at the end of each fiscal year. Changes to an asset's expected useful life or residual value could result in material adjustments to both the consolidated statement of financial position and consolidated statement of income. Management determines the useful lives and residual values of these assets when assets are acquired or generated or the useful lives and residual values for assets are reviewed based on experience with similar assets, taking into account other relevant factors such as expected changes in technology, expected costs to be incurred upon disposal, expected availability period, estimated

attrition rate of existing customers, number of production or similar units expected to be obtained from the asset and any related contractual arrangements that would be indicative of the useful life of an asset.

c. Fair value measurement of financial instruments

In evaluating the fair value of certain financial instruments, the Group uses valuation techniques that use unobservable inputs in the market. Unobservable inputs may be affected by the consequences of uncertain changes in economic conditions in the future and may have a material impact on the consolidated financial statements if any revaluation is required.

d. Estimated amortization period of contract acquisition costs

Contract acquisition costs are amortized on a straight-line basis over the period during which goods or services directly related to such costs are expected to be provided. The amortization period is determined taking into account relevant factors such as churn rate and estimated period until the customer trades in their used handset to upgrade to a designated new model based on conditions of contracts and past performance data.

Changes in amortization period of contract acquisition costs may have a material impact on consolidated financial statements of the Group.

4. Business combinations

Fiscal year ended March 31, 2020

(1) Acquisition of investments in Z Holdings Corporation

a. Summary of acquisition

The Company acquired new shares issued by third-party allotment conducted by Z Holdings Corporation. The purpose of the transaction is to further enhance growth, development, and corporate value of the Group by jointly and actively developing non-telecommunications business including FinTech as well as making optimal deployment of management resources between the Company and Z Holdings Corporation based on an integrated strategy so as to maximize synergy. On June 27, 2019, the Company acquired 1,511,478 thousand new shares issued by Z Holdings Corporation for ¥456,466 million.

As a result of this transaction, together with 613,889 thousand shares the Company acquired for ¥221,000 million excluding transaction costs in August 2018, the ratio of voting rights held by the Group in Z Holdings Corporation became 44.6%. In addition, officers from the Company were appointed as members of Z Holdings Corporation's Board of Directors. As a result, Z Holdings Corporation is considered substantially controlled by the Company and became a subsidiary of the Company.

Z Holdings Corporation is engaged in the "Commerce business" and the "Media business." The "Commerce business" mainly comprises sales of products, planning and sales of services, and settlement - and finance-related services, all of which are provided via the internet for small to medium-sized businesses and individual customers. The "Media business" mainly comprises planning and sales of internet-based advertising-related services, information listing services, and other corporate services.

b. Summary of accounting treatment

The abovementioned transaction was accounted for as a transaction under common control. For transactions under common control, the Company accounts for this transaction based on the book value of SBG, and regardless of the actual transaction date, retrospectively combines the financial statements of the transferred companies as if such transaction was executed by the Group on the opening balance sheet date of the comparative period, as part of the consolidated financial statements of the Group.

(2) Acquisition of ZOZO, Inc.

Summary of acquisition

Z Holdings Corporation, a subsidiary of the Company, conducted a tender offer for the common stock of ZOZO, Inc., which was resolved at its Board of Directors' meeting held on September 12, 2019 for the purpose of strengthening clothing/fashion e-commerce category in order to further expand its e-commerce business. The tender offer was completed on November 13, 2019, and Z Holdings Corporation acquired 152,953 thousand common stock of ZOZO, Inc. for ¥400,737 million in cash. Z Holdings Corporation acquired 50.1% of the equity interest of ZOZO, Inc., and ZOZO, Inc. became a subsidiary of the Company. In addition, in order to procure part of the funds necessary to acquire the target shares for this business combination, Z Holdings Corporation borrowed of ¥400,000 million.

The business of ZOZO, Inc. is planning and operation of fashion online shopping website "ZOZOTOWN", planning and development of private brand "ZOZO", customer support and operation of logistics center "ZOZOBASE".

The table below shows the fair value of assets and liabilities, non-controlling interests, and goodwill as of the acquisition date, and the total consideration transferred¹:

	(Millions of yen)	
	Acquisition date	
	(November 13, 2019)	
Cash and cash equivalents		22,876
Trade and other receivables		30,443
Other current assets		7,770
Property, plant and equipment		8,610
Right-of-use assets		20,964
Intangible assets ²		503,017
Other non-current assets		13,799
Total assets		<u>607,479</u>
Interest-bearing debt (current and non-current)		42,589
Trade and other payables		28,362
Other current liabilities		9,263
Deferred tax liabilities		150,269
Other non-current liabilities		3,420
Total liabilities		<u>233,903</u>
Net assets	A	<u><u>373,576</u></u>
Non-controlling interests ³	B	185,750
Total consideration	C	<u>400,737</u>
Goodwill ⁴	C-(A-B)	<u><u>212,911</u></u>

Notes:

1. Consideration transferred is allocated to assets acquired and liabilities assumed based on their fair value on the acquisition date. Allocation of the consideration transferred was completed during the three months ended March 31, 2020. There are no adjustments between the provisional and the final amounts.
2. The amount of intangible assets includes ¥502,199 million of identifiable assets and the table below shows the breakdown of the identifiable assets. The estimated useful lives of customer relationships are from 18 to 25 years, and trademarks are classified as intangible assets with indefinite useful lives. The amount of intangible assets recognized from the business combinations is measured based on assumptions such as estimated future cash flow, discount rate, attrition rate of existing customers, future sales forecast generated by trademarks, and royalty rate.

	(Millions of yen)	
	Acquisition date	
	(November 13, 2019)	
Customer relationships		322,070
Trademarks		178,720
Other identifiable assets		1,409
Total		<u><u>502,199</u></u>

3. Non-controlling interests that give the holder a pro-rata share of the net assets of the acquiree at the time of liquidation are measured at the recognized amounts of the acquiree's identifiable net assets as of the acquisition date, multiplied by the ratio of the non-controlling interests as of the acquisition date after the business combination.
4. Goodwill reflects the ability to generate excess earnings resulting from expected future business development and synergies between the Group and the acquiree.

The table below shows payments for obtaining control of the subsidiary:

	(Millions of yen)
	Acquisition date
	(November 13, 2019)
Consideration paid in cash	(400,737)
Cash and cash equivalents held by the acquiree at the time of obtaining control	22,876
Cash paid for obtaining control of the subsidiary	(377,861)

Revenue and net income of the acquiree:

The revenue and net income of the acquiree recorded in the consolidated statement of income for the fiscal year ended March 31, 2020 on and after the acquisition date are ¥57,463 million and ¥5,773 million, respectively.

Net income above includes amortization of intangible assets recognized as of the acquisition date.

Fiscal year ended March 31, 2021

Acquisition of LINE Corporation and business integration of LINE Group and Z Holdings Corporation

a. Summary of acquisition

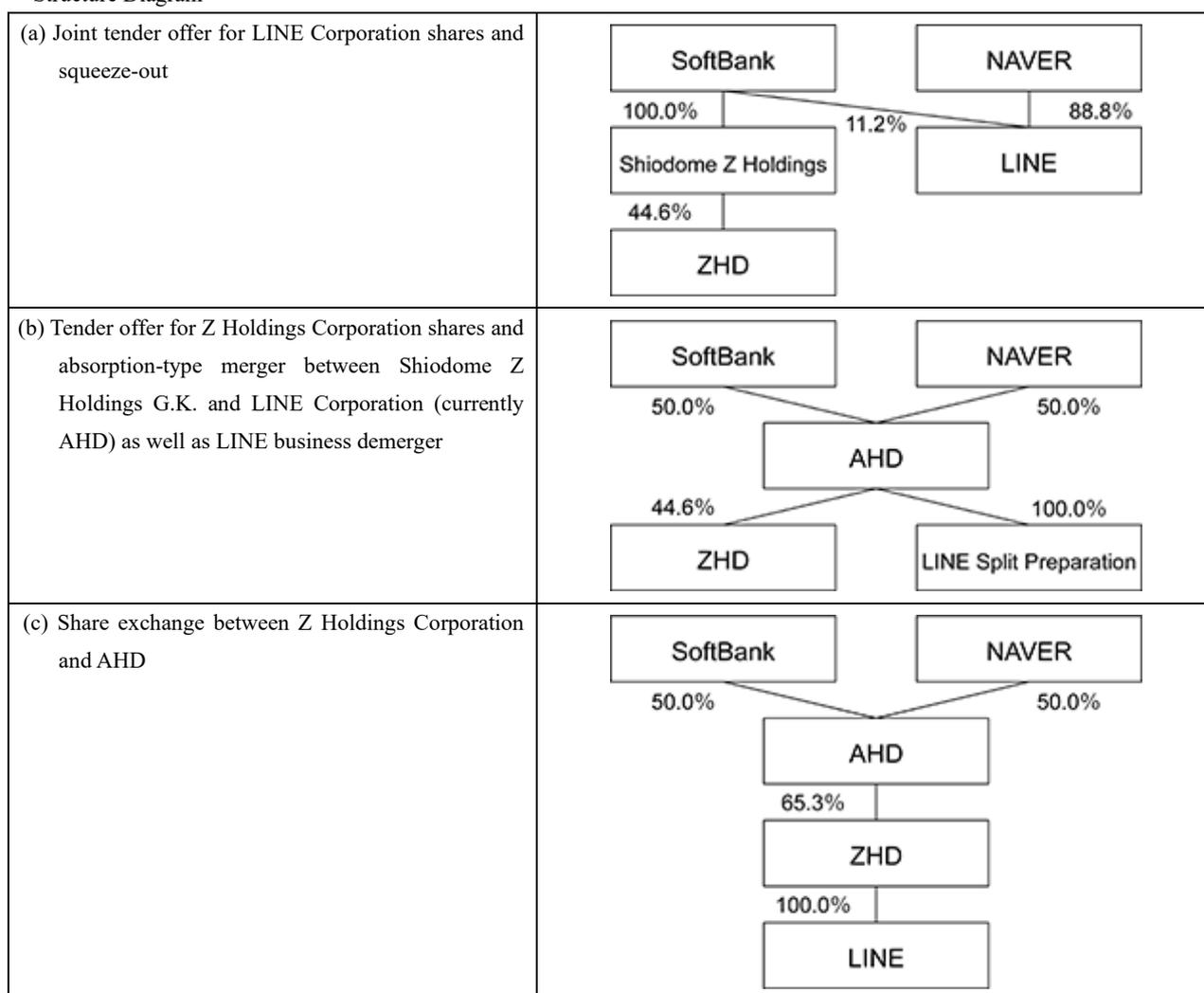
The Company consolidated LINE Corporation and implemented the business integration of LINE Corporation and Z Holdings Corporation for the purpose of maximizing synergy in each business field pertaining to Z Holdings Corporation and LINE Group, aggregating management resources and enhancing growth in the new business fields.

Through this acquisition, the Company first transferred all the Z Holdings Corporation shares held by the Company to Shiodome Z Holdings Co., Ltd (subsequently, its corporate form was changed to Shiodome Z Holdings G.K.), and the Company and NAVER J.Hub Corporation wholly owned by NAVER Corporation, major shareholder of LINE Corporation, conducted a joint tender offer for the common stock of LINE Corporation and implemented squeeze-out procedures of minority shareholders as well as making adjustments of ownership interests toward the LINE Corporation shares held by the Company and NAVER J.Hub Corporation. As a result, the Company acquired 26,220 thousand common stock of LINE Corporation for ¥172,992 million excluding transaction costs and therefore the ratio of voting rights held by the Company in LINE Corporation became 11.2% as of February 25, 2021 (Refer to (a) under Structure Diagram below.)

LINE Corporation conducted a tender offer for the common stock of Z Holdings Corporation and an absorption-type merger with Shiodome Z Holdings G.K. As a result, the ratio of voting rights held by the Company and NAVER Corporation in LINE Corporation became 50.0% respectively as of February 26, 2021. Effective February 28, 2021, LINE Corporation transitioned all the business to LINE Split Preparation Corporation through a company split (absorption-type company split) and changed its name to A Holdings Corporation (“AHD”). Under the joint venture agreement entered into with NAVER Corporation, the Company owns the rights to appoint the majority of the Board of Directors of AHD. As a result, AHD and LINE Split Preparation Corporation are considered substantially controlled by the Company and became subsidiaries of the Company, effective February 28, 2021, on which the legally binding joint venture agreement was entered into by conducting the absorption-type merger. Also, through AHD, the Company owns the rights to appoint the majority of the Board of Directors of Z Holdings Corporation and accordingly, Z Holdings Corporation is considered continuously controlled by the Company (Refer to (b) under Structure Diagram below.)

In addition, effective March 1, 2021, a share exchange of common stock of LINE Split Preparation Corporation was conducted between Z Holdings Corporation and AHD (the exchange ratio: allotted ratio of Z Holdings Corporation Shares to be exchanged for one share of the LINE Split Preparation Corporation is 11.75 and the allotted number of Z Holdings Corporation Shares is 2,831,284,030 shares) whereby LINE Split Preparation Corporation became the wholly owned subsidiary of Z Holdings Corporation. As a result, the ratio of voting rights held by AHD in Z Holdings Corporation became 65.3%. Subsequently, LINE Split Preparation Corporation changed its name to LINE Corporation (Refer to (c) under Structure Diagram below.)

Structure Diagram



b. Summary of acquiree

Name	LINE Corporation ¹
Business	Advertising service based on the mobile messenger application “LINE”, core business including the sales of stamp and game services, and strategic business including Fintech, AI and commerce service.

Note:

1. Refer to LINE Corporation, surviving company through the absorption-type merger conducted by Shiodome Z Holdings G.K. As described in “Structure Diagram (b)” under “a. Summary of acquisition,” LINE Corporation, acquiree, transitioned all the business to LINE Split Preparation Corporation (currently LINE) and changed its name to AHD, effective February 28, 2021.

c. Acquisition date

February 28, 2021

d. Consideration and its breakdown

	(Millions of yen)
	Acquisition Date (February 28, 2021)
Fair value of LINE Corporation shares held as of the acquisition date	172,922
Fair value of Shiodome Z Holdings shares transferred as of the acquisition date	689,150
Total consideration	A <u>862,072</u>

Acquisition-related costs incurred for this business combination were ¥1,970 million, of which ¥932 million and ¥1,038 million are included in “Selling, general and administrative expenses” for the fiscal year ended March 31, 2020 and 2021, respectively. In addition, as a result of remeasuring interests in LINE Corporation held by the Company based on the fair value as of the acquisition date, difference on the step acquisition of ¥(70) million is recognized. This amount is included in “Changes in the fair value of equity instruments at FVTOCI” in the consolidated statement of comprehensive income.

e. The table below shows the fair value of assets and liabilities, non-controlling interests, and goodwill as of the acquisition date, and the total consideration transferred¹:

	(Millions of yen)
	Acquisition Date (February 28, 2021)
Cash and cash equivalents	312,791
Trade and other receivables	67,553
Other current assets	46,687
Property, plant and equipment	24,667
Right-of-use assets	62,940
Intangible assets ²	425,401
Share of losses of associates accounted for using equity method	168,093
Other non-current assets	104,809
Total assets	<u>1,212,941</u>
Interest-bearing debt (current and non-current)	244,248
Trade and other payables	233,671
Other current liabilities	49,169
Deferred tax liabilities	155,856
Other non-current liabilities	20,745
Total liabilities	<u>703,689</u>
Net assets	B <u>509,252</u>
Non-controlling interests ³	C <u>264,257</u>
Goodwill ⁴	A-(B-C) <u>617,077</u>

Notes:

1. As the recognition of identifiable assets acquired and liabilities assumed as of the acquisition date and measurement of their fair values were not complete at the end of the current fiscal year, the above amounts are provisional based on the best estimate at present. Accordingly, the allocation of the consideration transferred to assets acquired, liabilities assumed and resulting goodwill may change in a year from the acquisition date when additional information related to facts and circumstances that existed as of the acquisition date are obtained and evaluated.

5. Segment information

(1) Summary of reportable segments

The reportable segments of the Group are based on operating segments for which separate financial information is available, and which the Board of Directors (the Group's chief operating decision maker) regularly reviews to determine the allocation of management resources and evaluate their performance. The Group has "Consumer," "Enterprise," "Distribution," and "Yahoo" as its reportable segments. No operating segments have been aggregated in arriving at the reportable segments of the Group.

In the "Consumer" segment, the Group provides mobile communications and broadband services to individual customers. In mobile communications services, the Group provides mobile communications services under the *SoftBank*, *Y!mobile*, and *LINE MOBILE* brands, and sells mobile devices such as phones and tablets. In addition, the Group provides *LINEMO* as a new brand exclusively for online from March, 2021. In broadband services, the Group provides internet services, including *SoftBank Hikari*, and sells and rents related customer-premises equipment for broadband services. In electricity services, the Group provides purchase and sale, supply and intermediation of electricity services, including *Ouchidenki*.

In the "Enterprise" segment, the Group provides a wide range of services to enterprise customers, including mobile communications services, voice call services and fixed-line communications services, data transmission and dedicated services, telecommunications consulting and construction for telecommunications carriers and general service providers, rental and maintenance of telecommunications facilities, housing, data center services, and sales and rental of telecommunications equipment.

In the "Distribution" segment, the Group provides hardware, software, and services in relation to ICT, cloud, and IoT solutions to enterprise customers. The Group also provides PC software, IoT products, and mobile device accessories to individual customers.

In the "Yahoo" segment, the Group is engaged in the "Commerce business" and the "Media business." The "Commerce business" mainly comprises sales of products, planning and sales of services, and settlement- and finance-related services, all of which are provided via the internet for small to medium-sized businesses and individual customers. The "Media business" comprises planning and sales of internet-based advertising-related services, information listing services, and other corporate services. With the business integration of LINE Corporation and Z Holdings Corporation, services related to LINE are included in the "Yahoo" segment.

Information not included in the preceding reportable segments is summarized in "Other." "Other" mainly includes operating results of subsidiaries, such as SB Payment Service Corp., PayPay Securities Corporation,¹ and others.

"Adjustments" includes eliminations of intersegment transactions and expenses not allocated to each reportable segment.

As described in "(1) Acquisition of investments in Z Holdings Corporation" under "Note 4. Business combinations," 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 SBG or the opening balance sheet date of the comparative period as part of the consolidated financial statements of the Company and its subsidiaries, and the following segment information includes the financial information of subsidiaries acquired through common control transactions.

Note:

1. Effective February 1, 2021, One Tap BUY Co., Ltd., changed its name to PayPay Securities Corporation.

(2) Segment revenue, income, and other information of reportable segments

Income of reportable segments is defined as "Operating income." Intersegment transaction prices are determined by taking into consideration the equivalent prices for an arm's length transaction or gross costs after price negotiation.

Income and loss which are not attributable to operating income and loss, such as financing income, financing costs, and income and loss on equity method investments, are not managed by each reportable segment and therefore these income and losses are excluded from segment income. Assets and liabilities are not allocated to reportable segments and are not monitored by the Board of Directors.

Fiscal year ended March 31, 2020

	Reportable segments						(Millions of yen)	
	Consumer	Enterprise	Distribution	Yahoo	Total	Other	Adjustments	Consolidated
Revenue								
Sales to external customers	2,685,035	627,746	440,200	1,030,589	4,783,570	77,677	-	4,861,247
Intersegment revenue or transferred revenue	11,652	11,130	42,241	22,353	87,376	30,438	(117,814)	-
Total	2,696,687	638,876	482,441	1,052,942	4,870,946	108,115	(117,814)	4,861,247
Segment income	647,270	83,607	17,164	152,276	900,317	10,835	573	911,725
Depreciation and amortization ¹	422,454	157,937	3,052	83,209	666,652	8,589	-	675,241

Fiscal year ended March 31, 2021

	Reportable segments						(Millions of yen)	
	Consumer	Enterprise	Distribution	Yahoo	Total	Other	Adjustments	Consolidated
Revenue								
Sales to external customers	2,762,305	681,773	479,512	1,182,545	5,106,135	99,402	-	5,205,537
Intersegment revenue or transferred revenue	8,083	9,860	51,821	23,302	93,066	40,376	(133,442)	-
Total	2,770,388	691,633	531,333	1,205,847	5,199,201	139,778	(133,442)	5,205,537
Segment income	658,624	107,731	22,293	162,125	950,773	19,515	482	970,770
Depreciation and amortization ¹	423,842	160,309	3,641	101,738	689,530	6,812	-	696,342

Note:

1. Depreciation and amortization includes amortization of long-term prepaid expenses which are presented as “Other non-current assets” on the consolidated statement of financial position.

Reconciliations of segment income to consolidated profit before income taxes are as follows:

	(Millions of yen)	
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Segment income	911,725	970,770
Share of losses of associates accounted for using the equity method	(46,060)	(45,490)
Financing income	2,745	5,806
Financing costs	(60,921)	(73,369)
Gains on sales of equity method investments	10,591	3,902
Impairment loss on equity method investments	(6,885)	(13,920)
Profit before income taxes	811,195	847,699

6. Interest-bearing debt

The components of interest-bearing debt are as follows:

	As of March 31, 2020	(Millions of yen) As of March 31, 2021
Current		
Short-term borrowings	577,371	660,281
Commercial papers	100,000	162,701
Current portion of long-term borrowings	758,522	844,816
Current portion of lease liabilities	365,202	292,572
Current portion of corporate bonds	10,000	39,971
Current portion of installment payables	186	138
Total	1,811,281	2,000,479
Non-current		
Long-term borrowings	2,212,677	2,290,489
Lease liabilities	673,694	637,477
Corporate bonds	384,327	764,021
Installment payables	273	126
Total	3,270,971	3,692,113

7. Equity

Changes in treasury stock are as follows:

	Fiscal year ended March 31, 2020	(Thousands of shares) Fiscal year ended March 31, 2021
Balance at the beginning of the period	-	46,000
Increase during the period ¹	46,000	78,461
Decrease during the period ²	-	(23,801)
Balance at the end of the period	46,000	100,660

Notes:

1. For the fiscal year ended March 31, 2020, due to a purchase of treasury stock under the resolution passed at the Board of Directors' meeting held on July 24, 2019, the number of treasury stock increased by 46,000 thousand (amount purchased ¥68,709 million).

In addition, for the fiscal year ended March 31, 2021, due to a purchase of treasury stock under the resolution passed at the Board of Directors' meeting held on August 28, 2020, the number of treasury stock increased by 78,461 thousand (amount purchased ¥100,000 million).

2. For the fiscal year ended March 31, 2021, mainly due to the exercise of stock acquisition rights, the number of treasury stock decreased by 23,801 thousand. As a result, "Treasury stock" decreased by ¥34,491 million and a loss on disposal of treasury stock of ¥17,439 million is recognized as a decrease in "Capital surplus", of which ¥17,371 million is transferred from "Retained earnings".

8. Dividends

Dividends paid are as follows:

The Company

Fiscal year ended March 31, 2020

(1) Dividends paid

<u>Resolution</u>	<u>Class of shares</u>	<u>Dividends per share (Yen)</u>	<u>Total dividends (Millions of yen)</u>	<u>Record date</u>	<u>Effective date</u>
Board of Directors' meeting held on May 21, 2019	Common stock	37.50	179,518	March 31, 2019	June 10, 2019
Board of Directors' meeting held on October 28, 2019	Common stock	42.50	202,584	September 30, 2019	December 6, 2019

(2) Dividends whose record date is in the fiscal year ended March 31, 2020, but whose effective date is after March 31, 2020

<u>Resolution</u>	<u>Class of shares</u>	<u>Dividends per share (Yen)</u>	<u>Total dividends (Millions of yen)</u>	<u>Record date</u>	<u>Effective date</u>
Board of Directors' meeting held on May 21, 2020	Common stock	42.50	201,499	March 31, 2020	June 10, 2020

Fiscal year ended March 31, 2021

(1) Dividends paid

<u>Resolution</u>	<u>Class of shares</u>	<u>Dividends per share (Yen)</u>	<u>Total dividends (Millions of yen)</u>	<u>Record date</u>	<u>Effective date</u>
Board of Directors' meeting held on May 21, 2020	Common stock	42.50	201,499	March 31, 2020	June 10, 2020
Board of Directors' meeting held on October 26, 2020	Common stock	43.00	204,620	September 30, 2020	December 25, 2020

(2) Dividends whose record date is in the fiscal year ended March 31, 2021, but whose effective date is after March 31, 2021

The following resolution is scheduled for the Board of Directors' meeting held on May 21, 2021.

<u>Resolution</u>	<u>Class of shares</u>	<u>Dividends per share (Yen)</u>	<u>Total dividends (Millions of yen)</u>	<u>Record date</u>	<u>Effective date</u>
Board of Directors' meeting held on May 21, 2021	Common stock	43.00	201,519	March 31, 2021	June 8, 2021

Transactions under common control result in the Group retrospectively combining the financial statements of the acquired companies as if such transactions were executed by the Group on the later of the date when the parent, SBG, obtained control of the transferred companies prior to the transfer or the opening balance sheet date of the earliest comparative period as part of the consolidated financial statements of the Group. As a result, the following dividends paid by Z Holdings Corporation before the date of the transaction under common control are included in "Cash dividends" in the consolidated statement of changes in equity.

Z Holdings Corporation

Fiscal year ended March 31, 2020

<u>Resolution</u>	<u>Class of shares</u>	<u>Dividends per share (Yen)</u>	<u>Total dividends (Millions of yen)¹</u>	<u>Record date</u>	<u>Effective date</u>
Board of Directors' meeting held on May 16, 2019	Common stock	8.86	45,042	March 31, 2019	June 4, 2019

Note:

1. The amount of dividends paid to owners of the Company was ¥16,253 million

9. Revenue

The disaggregation of revenue is as follows:

	Fiscal year ended March 31, 2020	(Millions of yen) Fiscal year ended March 31, 2021
Consumer business		
Service revenues ⁴		
Mobile communications	1,665,192	1,669,436
Broadband	383,784	399,559
Electricity ⁵	77,233	130,941
Revenues from sales of goods and others ⁵	558,826	562,369
Subtotal	2,685,035	2,762,305
Enterprise business		
Mobile communications ³	267,294	298,976
Fixed-line	192,536	187,181
Business solution services and others ³	167,916	195,616
Subtotal	627,746	681,773
Distribution business	440,200	479,512
Yahoo business		
Commerce ⁶	719,090	834,237
Media ⁶	309,368	322,639
Other ⁷	2,131	25,669
Subtotal	1,030,589	1,182,545
Other	77,677	99,402
Total	4,861,247	5,205,537

Notes:

- The components of revenue represent sales to external customers.
- The components of revenue include revenues from other sources, excluding those arising from IFRS 15 “Revenue from Contracts with Customers” (mainly from Enterprise business leases). Revenues from other sources for the fiscal year ended March 31, 2020 and 2021 were ¥108,880 million and ¥112,701 million, respectively.
- Mobile communications and business solution services and others within the Enterprise business include Telecommunications service revenues and revenues from sales of goods and others. Service revenues for the fiscal year ended March 31, 2020 and 2021 were ¥345,255 million and ¥386,356 million, respectively. Revenues from sales of goods and others for the fiscal year ended March 31, 2020 and 2021 were ¥89,955 million and ¥108,236 million, respectively.
- “Telecommunications service revenues” under “Consumer business” changed its name to “Service Revenues.”
- “Electricity”, which was included in “Revenues from sales of goods and others” under “Consumer business” for the fiscal year ended March 31, 2020, is presented as a separate item from the fiscal year ended March 31, 2021 due to an increase in materiality. In order to reflect this change, reclassification has been made in the components of revenue for the fiscal year ended March 31, 2020. As a result, for the fiscal year ended March 31, 2020, “Revenues from sales of goods and others” under “Consumer business” has been reclassified as “Electricity” of ¥77,233 million and “Revenues from sales of goods and others” of ¥558,826 million.
- In the “Yahoo business”, Effective April 1, 2020, some services and subsidiaries are transferred from “Commerce business” to “Media business” to focus on providing efficient services and respond to rapid change in market. As a result, the components of revenue are restated for the fiscal year ended March 31, 2020.
- Due to the business integration between Z Holdings and the LINE Group, the sales of the LINE Group are included in “Other” under the “Yahoo business”.

10. Earnings per share

Basic earnings per share and diluted earnings per share are as follows:

Fiscal year ended March 31, 2020 and 2021

(1) Basic earnings per share

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Net income used in the calculation of basic earnings per share (Millions of yen)		
Net income attributable to owners of the Company	473,135	491,287
Weighted-average number of shares of common stock outstanding (Thousands of shares)	4,766,178	4,730,759
Basic earnings per share (Yen)	99.27	103.85

(2) Diluted earnings per share

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Net income used in the calculation of diluted earnings per share (Millions of yen)		
Net income attributable to owners of the Company	473,135	491,287
Effect of dilutive securities issued by subsidiaries and associates	(10)	(38)
Total	473,125	491,249
Weighted-average number of shares of common stock used in the calculation of diluted earnings per share (Thousands of shares)		
Weighted-average number of shares of common stock outstanding	4,766,178	4,730,759
Increase in the number of shares of common stock due to stock acquisition rights	64,457	54,406
Total	4,830,635	4,785,165
Diluted earnings per share (Yen)	97.94	102.66

11. Subsequent events

There are no significant subsequent events to be disclosed.