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## Consolidated Financial Report For the Nine Months Ended December 31, 2021 (IFRS)

February 3, 2022

(Amounts are rounded to the nearest million yen)

### 1. Consolidated Financial Results for the Nine Months Ended December 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	%
<b>Nine months ended December 31, 2021</b>	<b>4,173,829</b>	<b>9.6</b>	<b>821,211</b>	<b>(2.4)</b>	<b>727,321</b>	<b>(2.5)</b>	<b>477,425</b>	<b>(1.7)</b>	<b>420,834</b>	<b>(3.0)</b>	<b>498,808</b>	<b>(8.1)</b>
Nine months ended December 31, 2020	3,807,035	5.2	841,583	5.8	746,201	2.3	485,498	3.5	433,770	(0.7)	542,952	16.0

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
<b>Nine months ended December 31, 2021</b>	<b>89.60</b>	<b>87.73</b>
Nine months ended December 31, 2020	91.47	90.43

(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
	Millions of yen	Millions of yen	Millions of yen	%
<b>As of December 31, 2021</b>	<b>12,696,935</b>	<b>2,802,765</b>	<b>1,564,577</b>	<b>12.3</b>
As of March 31, 2021	12,207,720	2,737,112	1,535,723	12.6

Note: The numbers in the table as of March 31, 2021 are retrospectively amended by the completion of the provisional accounting treatment pertaining to the business combination in the nine months ended December 31, 2021.

### 2. Dividends

	Dividends per share				
	First quarter	Second quarter	Third quarter	Fourth quarter	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2021	-	43.00	-	43.00	86.00
Fiscal year ending March 31, 2022	-	43.00	-	-	-
Fiscal year ending March 31, 2022 (Forecast)	-	-	-	43.00	86.00

Note: Revision to the forecast on dividends: No

### 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

Note: Revision to the forecast on financial results: No

#### \* Notes

(1) Significant changes in scope of consolidation (changes in scope of consolidation of specified subsidiaries): None

Newly consolidated: None

Excluded from consolidation: None

(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 December 31, 2021 4,787,145,170 shares

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

[2] Number of shares of treasury stock

As of December 31, 2021 82,529,533 shares

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

[3] Average number of shares outstanding during the period

Nine months ended December 31, 2021 4,697,052,324 shares

Nine months ended December 31, 2020 4,741,957,479 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 Thursday, February 3, 2022 (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/>. 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	Z Holdings Corporation (standalone basis)
Z Holdings Group	Z Holdings Corporation and its subsidiaries
Yahoo Japan	Yahoo Japan Corporation (standalone basis)

## Reportable Segments

The Group has four reportable segments: Consumer segment, Enterprise segment, Distribution segment, and Yahoo! JAPAN/LINE segment. Along with the consolidation of LINE Corporation in connection with the completion of the business integration of Z Holdings and LINE Corporation in March 2021, the “Yahoo” reportable segment was renamed to “Yahoo! JAPAN/LINE” from the three months ended June 30, 2021.

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

Segments	Main business	Core companies
<b>Reportable segments</b>		
Consumer segment	<ul style="list-style-type: none"> <li>• Provision of mobile services to individual customers</li> <li>• Provision of broadband services</li> <li>• Sale of mobile devices</li> <li>• Trading and supply of electric power and provision of electric power trading agency services</li> </ul>	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"> <li>• Provision of mobile services to enterprise customers</li> <li>• Provision of fixed-line communications services, such as data communications and fixed-line telephone services</li> <li>• Provision of cloud, global, AI/IoT and other solution services</li> </ul>	The Company Wireless City Planning Inc. SB Engineering Corp. IDC Frontier Inc. eMnet Japan. co. ltd.
Distribution segment	<ul style="list-style-type: none"> <li>• Provision of products and services addressing ICT, cloud services, IoT solutions and other areas for enterprise customers</li> <li>• Provision of mobile and PC peripherals, including accessories, as well as software, IoT products and other items for individual customers</li> </ul>	SB C&S Corp.
Yahoo! JAPAN/LINE segment	<ul style="list-style-type: none"> <li>• Provision of media-related services, such as media and advertising, search, marketing solutions, vertical, content, and stamps</li> <li>• Provision of commerce-related services such as shopping services, including <i>Yahoo! JAPAN Shopping</i>, <i>PayPay Mall</i>, and <i>ZOZOTOWN</i>; reuse services including <i>YAHUOKU!</i>; and O2O services.</li> <li>• Provision of payment, finance, AI, healthcare and other services</li> </ul>	Z Holdings <sup>3,4</sup> Yahoo Japan LINE Corporation eBook Initiative Japan Co., Ltd. <sup>5</sup> ASKUL Corporation ZOZO, Inc. Ikyu Corporation ValueCommerce Co., Ltd. PayPay Card Corporation <sup>6</sup> PayPay Bank Corporation <sup>7</sup> LINE Pay Corporation LINE Financial Corporation LINE Financial Asia Corporation Limited LINE Financial Plus Corporation LINE Plus Corporation
Other	<ul style="list-style-type: none"> <li>• Provision of settlement services</li> <li>• Online security trading service for smartphones</li> <li>• Provision of cloud services, security operation monitoring services, and IoT solutions</li> <li>• Planning and production of digital media and digital content</li> <li>• Sales of download licenses for PC software and advertising sales</li> <li>• R&amp;D, manufacturing, operation, management and business planning in the fields of Solar HAPS<sup>2</sup> and network equipment</li> <li>• Others</li> </ul>	The Company SB Payment Service Corp. PayPay Securities Corporation SB Technology Corp. ITmedia Inc. Vector Inc. HAPSMobile Inc.

Notes:

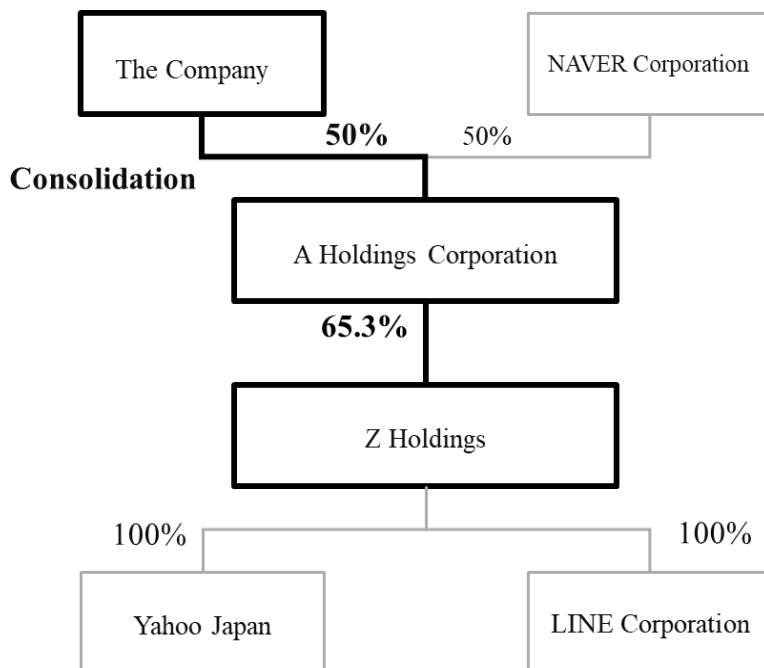
1. Segment income for reportable segments is calculated as follows:

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

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

3. As of December 31, 2021, the Company, which is 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.

The diagram below indicates ownership ratios as of December 31, 2021.



4. A Holdings Corporation has subscribed to a tender offer conducted by Z Holdings for the Z Holdings common stock held by A Holdings Corporation, for the purpose of accomplishing the transition of Z Holdings to the Prime Market and maintaining its continued listing on that market. Z Holdings plans to transition to the Prime Market in April 2022 in conjunction with the restructuring of the market segments of Tokyo Stock Exchange, Inc. One of the continued listing requirements for the Prime Market is to maintain a tradable share ratio of at least 35%. To satisfy this requirement, Z Holdings has conducted a series of transactions including the tender offer for its own shares. For reference, please see the press release issued by Z Holdings on December 3, 2021 titled “Application to Select Prime Market in the New Market Segments and Submission of Plan to Meet the Continued Listing Requirements.”

5. Z Holdings has decided to enter into a transaction agreement with NAVER Corporation and its subsidiary LINE Digital Frontier Corporation on September 30, 2021, which sets forth the terms and conditions of a series of transactions (hereinafter “the Transaction”) based on the assumption that the shares of Z Holdings’ subsidiary eBOOK Initiative Japan Co., Ltd. (hereinafter “eBOOK”) are unlisted. As a result of the Transaction, eBOOK will no longer be a subsidiary of Z Holdings, and a change in subsidiary is expected to occur. The date of the change of subsidiary is scheduled to fall sometime around March to April 2022, depending on the progress of the series of procedures for the Transaction.

6. PayPay Card Corporation changed its trade name from YJ Card Corporation on October 1, 2021.

7. PayPay Bank Corporation changed its trade name from The Japan Net Bank, Limited on April 5, 2021.

## 1. Results of Operations

### (1) Overview of Consolidated Results of Operations

#### a. Management Environment and the Group's Initiatives

The business environment surrounding the Group is undergoing an unprecedented period of great change due to the advancement of digital technology and the COVID-19 outbreak which has been continuing since last year. The business climate in the global and Japanese economy continues to be very uncertain and unstable. At the same time, the shift to new lifestyles such as teleworking, online shopping, and contactless payment methods is almost forcibly underway, and the use of a wide range of digital technologies to support society is urgently needed. In addition, serious threats such as climate change risk and cybersecurity risk are drawing renewed attention, and companies need to take a variety of proactive measures to enhance their sustainability. In this environment, the full-scale spread of 5G (5th generation mobile communication system) and the development of digital technologies such as AI<sup>1</sup> are expected to enable all kinds of things to be connected to the Internet and, using the vast amount of data obtained and analyzed, solve various social issues by preventing risks and optimizing daily life and corporate activities.

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 society, such as 5G, the Group has identified six priority issues<sup>2</sup> (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.”

In order to engage with solving these issues, in May 2021, the Company announced its Carbon Neutral 2030 Declaration to achieve virtually zero greenhouse gas emissions from electricity<sup>3</sup> and so forth used in business activities by 2030, the target year for achieving the United Nations Sustainable Development Goals (SDGs). In June 2021, the targets detailed in the declaration were certified by the Science Based Targets initiative,<sup>4</sup> an international climate change initiative, as science based targets. Moreover, in November 2021, the Company was for the first time selected as a component of the Dow Jones Sustainability Asia/Pacific Index (“DJSI Asia/Pacific Index”), which comprises companies based in the Asia/Pacific developed region. The DJSI Asia/Pacific Index is part of the Dow Jones Sustainability Indices (“DJSI”), one of the most prestigious global indices for Environmental, Social, and Corporate Governance (ESG) investing.

Furthermore, in November 2021, the Company decided to issue for the first time a Sustainability Bond<sup>5</sup> (an unsecured straight bond) during FY2021, the fiscal year ending March 31, 2022. Funds raised from the Sustainability Bond will be used exclusively for the Company's High Altitude Platform Station (HAPS) business. HAPS is a stratospheric communication platform that aims to provide wide-area and stable telecommunications connectivity from the stratosphere. The Company plans to utilize the funds for capital expenditures, research and development, business operations and other areas related to its HAPS business. In conjunction with the issuance of the Sustainability Bond, the Company drew up a Sustainability Bond Framework<sup>6</sup> that sets policies for use of raised funds, the project evaluation and selection process, management of raised funds and results reporting based on International Capital Market Association (ICMA) guidelines.

The Group has been implementing the *Beyond Carrier* strategy since FY2017. 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! JAPAN/LINE business, and new businesses. The Group has now become a telecommunication and IT company group with one of Japan's largest user bases, including the smartphone user base, as well as *Yahoo! JAPAN*, which is one of Japan's largest portal websites, the communication service *LINE*, and the cashless payment service *PayPay*.

The Company will move to the second phase of the *Beyond Carrier* strategy from FY2021. Leveraging the strength of its accumulated customer base, the Company will connect its robust group of platforms with advanced technologies and create new value. 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 business environment in the domestic telecommunications industry is undergoing major changes mainly driven by the strengthening of pro-competitive policies and new entrants from different industries, and consumers are increasingly seeking more inexpensive and varied prices and services. The Group is promoting a multi-brand strategy that responds to customers' diversifying needs through multiple brands with different characteristics. The Group offers multiple brands, including 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.



In October 2021, the Company began *Toku Suru Support+* (for subscribers enrolled on or after September 24, 2021)<sup>7</sup>, which is the renewed version of a pre-existing program for affordably purchasing *SoftBank* brand devices. The renewed *Toku Suru Support+* makes the program's benefits available to customers even if they do not replace their devices. Also, in the same month, the Company announced that starting from February 2022, exemptions of contract cancellation fees that are incurred when customers cancel their contracts in months other than the contract renewal month will be provided to customers who have price plans with contract periods. Such price plans were provided in the past under the *SoftBank* and *Y!mobile* brands.

From November 2021, the Company, together with LINE MUSIC Corporation, has started providing *LINE MUSIC*<sup>8</sup> free of charge for 6 months to customers using the *SoftBank*, *Y!mobile*, and *LINEMO* brands. Concurrently, the Company has added new *LINE Service Benefits* to *SoftBank Premium* benefits. From the 7th month after the 6-month free period for *LINE MUSIC* ends, the Company will grant a *PayPay Bonus* equivalent to 20% of monthly charges (before tax). The Company will continue to expand *LINE Service Benefits* in order to promote synergies with the LINE Group.

In the nine months ended December 31, 2021, amid intensifying competition over new price plans, the *Y!mobile* brand and *Smartphone Debut Plan* of the *SoftBank* brand performed particularly well, and the number of smartphone subscribers as of December 31, 2021 increased by 966 thousand from March 31, 2021. 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 303 thousand from March 31, 2021.

For the enterprise business, the Company is promoting digitalization among companies and industries, so that they can respond to dramatic changes in technologies and their business environments and retain their competitive advantages. This movement has actually been accelerated by the COVID-19 crisis.

In this environment, in November 2021, the Company and i-RooBO Network Forum (hereinafter "i-RooBO"), which is a corporate consortium engaged in robotics technology, built a demonstration environment in the Asia and Pacific Trade Center (ATC), a retail complex in Osaka City. The demonstration environment can gather and coordinate data of production equipment and related facilities, using 5G technology and IoT, for the purpose of supporting the digital transformation ("DX")<sup>9</sup> of the manufacturing sector. In this demonstration environment, the Company and i-RooBO have developed a system that can transmit data of the production equipment and related facilities installed by iRooBO for demonstration purposes by connecting them to the cloud through the Company's 5G and closed area networks. This system can perform demonstration work such as accumulation and visualization of data of facilities and equipment ordinarily installed at factories. Looking ahead, the Company will put in place an environment where demonstration trials tailored to various use cases in the manufacturing sector can be performed, and will develop and verify services for the manufacturing sector.

## 5G

In March 2020, the Group launched 5G non-standalone commercial services<sup>10</sup> (hereinafter "5G NSA"). Additionally, in October 2021, the Group became the first carrier in Japan<sup>11</sup> to provide 5G standalone<sup>9</sup> (hereinafter "5G SA") commercial services. The 5G SA services deliver not only the ultra-high-speed/high-capacity communications of 5G NSA but also ultra-low-latency and massive device connectivity. Through the SoftBank 5G Consortium – an assembly of business entities from a variety of sectors, 5G-affiliated partners and outside experts – the Group will work to support advanced healthcare, automated driving and other next-generation societal infrastructure with high-quality connectivity services afforded by 5G SA and will contribute to the advancement of the industry.

## Use of Next-Generation Maritime High-speed Satellite Communications

In October 2021, the Company, Mitsui O.S.K. Lines, Ltd. (hereinafter "MOL") and e5 Lab, Inc. (hereinafter "e5 Lab") started joint studies for the use of a next-generation high-speed satellite communication service offered by UK-based OneWeb Ltd. (hereinafter "OneWeb"), which is currently collaborating with the Company, to provide maritime broadband communications on vessels at sea.

The Company, MOL and e5 Lab will promote the introduction of maritime broadband communications and secure, safe and efficient digitalization of the maritime industry by using OneWeb's next-generation high-speed satellite communication service at sea, where communication infrastructure lags far behind that on land. Going forward, the three companies will leverage their varied technological expertise and knowledge and use Non-Terrestrial Network (NTN) solutions such as communication satellites and stratospheric communication platforms, as they strive to foster the sustainable growth of the maritime shipping industry.

## Growth of Yahoo Japan/LINE

While driving further growth in the telecommunications business through its multi-brand strategy and initiatives related to 5G as a new infrastructure, the Company is promoting business enhancement to the OTT<sup>12</sup> field by utilizing its customer base and other assets as a telecommunications carrier. Z Holdings, the Company's subsidiary, became Japan's largest Internet service company group after a business integration with LINE Corporation in March 2021 and contributes to the diversification of the Group's revenue sources. The Company will continue to deepen collaboration with Z Holdings to maximize synergies.

In October 2021, *Yahoo! JAPAN Ads Display advertising (Programmatic-based)* (hereinafter "*YDA (Programmatic)*"), which is provided by Yahoo Japan, has launched an initiative to distribute advertisements on the *LINE NEWS Sections* of *LINE Ads*, which is a programmatic-based advertising platform provided by LINE Corporation. Through this initiative, users of *YDA (Programmatic)*

will be able to distribute advertisements on the *LINE NEWS Sections of LINE Ads*, enabling products, services, campaigns and so forth to be promoted on a platform which boasts more than around 77 million monthly active users<sup>13</sup>.

Moreover, LINE Corporation and Yahoo Japan have started the collaboration between *LINE GIFT*, a service provided by LINE Corporation that enables users to send a wide variety of gifts to their friends, and the online shopping malls operated by Yahoo JAPAN, *Yahoo! JAPAN Shopping* and *PayPay Mall*. Through this initiative, products and inventories of all three platforms will be linked. Merchants of *Yahoo! JAPAN Shopping* and *PayPay Mall* will be able to register their products and inventories in *LINE GIFT* by making a product listing setting in *Yahoo! JAPAN Shopping*<sup>14</sup>. By strengthening the collaboration between the e-commerce services of LINE Corporation and Yahoo Japan in this manner, the two companies will aim to improve convenience for as many users as possible.

Furthermore, on October 1, 2021, PayPay Card Corporation, which is a subsidiary of Yahoo Japan, changed its trade name from YJ Card Corporation and began business operations as PayPay Card Corporation. From December 2021, PayPay Card Corporation has been open to new membership applications for *PayPay Card*, which is a value-packed credit card that earns *PayPay Bonus*. *PayPay Bonus* can be used for payments by *PayPay*. Concurrently, a special new membership offer is also made, granting *PayPay Bonus* for new membership, alongside a campaign granting an additional *PayPay Bonus* when payments are made with *PayPay Card*.

#### 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. These companies include 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 profits or losses of associates accounted for using the equity method.

#### PayPay Corporation

As of the end of December 31, 2021, by the effects of campaigns such as Cho PayPay Matsuri (Super PayPay Festival), the number of *PayPay* cumulative registered users reached 44.55 million, and the number of *PayPay* merchants surpassed 3.55 million locations. In the nine months ended December 31, 2021, the number of payments made exceeded 2.63 billion, approximately 1.8 times that in the same period of the previous fiscal year. The gross merchandise value of payments reached ¥3.9 trillion, approximately 1.7 times year on year. *PayPay* performed steadily. In addition, revenue of PayPay Corporation, which is an equity method affiliate of the Company, for the three months ended December 31, 2021 increased substantially to ¥20.7 billion, approximately 2.7 times year on year, in connection with steady growth in the gross merchandise value of payments and the charging of a payment system fee for merchants (with annual sales of ¥1 billion or less).

PayPay Corporation provided its payment system fee for merchants (with annual sales of ¥1 billion or less) for free from the launch of its services until the end of September 2021. Beyond October 1, 2021, the minimum fee rate for these merchants is set at 1.60% (excluding tax) of the transaction amount for payments made using *PayPay*. It is the lowest rate in the cashless industry<sup>15</sup> to enable these merchants using *PayPay* to continue to do so at a low cost. This payment system fee varies according to the status of the *PayPay My Store Lite Plan* contract<sup>16</sup>. *PayPay My Store Lite Plan* is a service for merchants that supports digitalization of their sales activities such as issuing *PayPay Coupons*, etc. In addition, to strengthen the relationships between merchants, PayPay Corporation implemented the *3% to Your Account* campaign, in which, at a later date, merchants receive 3% of the payments made through *PayPay* for a period of up to six months, and a *PayPay My Store Lite Plan* trial campaign, in which the monthly fee is waived for up to two months, to promote the subscription to the plan.

Further, starting from December 2021, Z Holdings, Z Financial Corporation, PayPay Insurance Service Corporation, all of which are subsidiaries of the Company, and PayPay Corporation began an initiative where users can join *PayPay Insurance* in simple steps from within the *PayPay* app. Insurance products that can be purchased through *PayPay* can be purchased easily with affordable premiums starting at periods of half a day, and payments can be made with *PayPay Balance*. Additionally, a percentage of the amount paid for premiums will be granted as a *PayPay Bonus*. Looking ahead, PayPay Insurance Service Corporation will continue to provide high-quality insurance products and user-friendly services.

#### Deployment of Virtual Advertisement Service with Cutting-Edge Video Technology

In November 2021, the Company began deploying and operating its *Virtual Advertisement Service*, which harnesses cutting-edge video technology, in the live online broadcasts of certain professional basketball games of the B.LEAGUE 2021-22 Season organized by the Japan Professional Basketball League.

The *Virtual Advertisement Service* inserts digital advertisements into the live online video broadcasts of sports and other events and distributes the broadcasts to video streaming service providers. The digital advertisements can then be viewed by users on their smartphones or other devices. By processing images so that the advertisements never cover up the players or the ball, the service runs advertisements without hindering the live broadcast viewing experience. Flexible service operation is possible, including the replacement of advertisements every few minutes.

The Company will continue working to upgrade and expand the *Virtual Advertisement Service* with a view to spurring the deployment of the service in live broadcasts of other types of sports events and in fields other than sports. To this end, the Company will work to realize more sophisticated and creative advertising styles based on computer graphics (CG) synthesis technology and optimal advertisement placement suited to the service areas of video streaming services and to viewer characteristics.

Notes:

1. AI stands for artificial intelligence.
2. For details on SDGs and the priority issues (materiality), please see the Company's website: <https://www.softbank.jp/en/corp/sustainability/materiality/>
3. Includes emissions associated with electric power as well as heavy oil and gas, etc. used in business.
4. The Science Based Targets initiatives (SBTi) was jointly established by the United Nations Global Compact, CDP (formerly the Carbon Disclosure Project), the World Resources Institute (WRI) and the World Wide Fund for Nature (WWF). The body assesses and certifies whether the emission reduction targets of companies and organizations around the world comply with the targets set forth in the Paris Agreement, for which world governments committed to curbing global temperature rise to well below 2°C above pre-industrial levels and pursuing efforts to limit warming to 1.5°C.
5. A Sustainability Bond is a bond that raises funds exclusively for projects that help resolve environmental and social issues. On January 27, 2022, the Company issued its unsecured bond of ¥30.0 billion as its first Sustainability Bond.
6. The Company has obtained a second party opinion on its Sustainability Bond Framework from Japan Credit Rating Agency, Ltd., which is an independent external organization. The second opinion covers conformity with various principles and guidelines, such as the Green Bond Principles and the Sustainability Bond Guidelines.
7. *Toku Suru Support+* (for subscribers enrolled on or after September 24, 2021) was renamed to *Shin (New) Toku Suru Support* from November 17, 2021.
8. *LINE MUSIC* is a music streaming service provided by LINE MUSIC Corporation.
9. Digital transformation (DX) refers to the use of data and digital technologies by companies to reshape organizations, processes, business operations and other elements.
10. 5G non-standalone services refer to 5G services based on a system configuration that uses conventional 4G core equipment and combines it with 5G base stations. 5G standalone services refer to 5G services employing cutting-edge technology that combines new 5G dedicated core equipment and 5G base stations.
11. Information based on Company research as of October 19, 2021.
12. 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.
13. Monthly active users of the *NEWS Tab* and other news pages in the *LINE* messaging app, as well as users of the dedicated *LINE NEWS* app and the *LINE NEWS* webpage, as of August 2021.  
Some products may not be eligible due to the listing regulations of *LINE GIFT*.
14. Fees charged by credit card companies have been drawn for comparison from the document published by PAYMENTS JAPAN. This document indicates the standard fee rates provided by 31 major service providers (as of July 1, 2020). Fees of mobile payment companies are taken from each company's website (as of August 2, 2021) for comparison (both researched by PayPay Corporation).
15. The payment system fee for merchants with subscriptions to *PayPay My Store Lite Plan* is 1.60% (excluding tax). For merchants without such a subscription, the payment system fee is 1.98% (excluding tax). The monthly fee for *PayPay My Store Lite Plan* is ¥1,980 (excluding tax) per store.

## b. Consolidated Results of Operations

(Billions of yen)

	Nine Months Ended December 31		Change	Change %
	2020	2021		
Revenue	3,807.0	<b>4,173.8</b>	366.8	9.6%
Operating income	841.6	<b>821.2</b>	(20.4)	(2.4)%
Profit before income taxes	746.2	<b>727.3</b>	(18.9)	(2.5)%
Income taxes	(260.7)	<b>(249.9)</b>	10.8	(4.1)%
Net income	485.5	<b>477.4</b>	(8.1)	(1.7)%
Net income attributable to:				
Owners of the Company	433.8	<b>420.8</b>	(12.9)	(3.0)%
Non-controlling interests	51.7	<b>56.6</b>	4.9	9.4%
Adjusted EBITDA <sup>1</sup>	1,383.2	<b>1,384.6</b>	1.4	0.1%

Note:

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

For the nine months ended December 31, 2021, the definition of adjusted EBITDA has been revised to take account of stock compensation expenses. The figures for the same period of the previous fiscal year have been restated accordingly.

An overview of the consolidated results of operations for the nine months ended December 31, 2021 is as follows:

### (a) Revenue

For the nine months ended December 31, 2021, revenue increased by ¥366.8 billion (9.6%) year on year to ¥4,173.8 billion. Revenue increased by ¥286.3 billion in the Yahoo! JAPAN/LINE segment, mainly due to increased revenue in connection with consolidation of LINE Corporation, by ¥64.1 billion in the Consumer segment, mainly due to an increase in revenues from sales of goods and others, and by ¥21.2 billion in the Enterprise segment, mainly due to an increase in demand for solutions associated with digitalization. On the other hand, revenue decreased by ¥18.1 billion in the Distribution segment, mainly due to absence of revenue for large-scale project orders from municipalities recorded in the same period of the previous fiscal year, while there was a solid increase in revenue from subscription services.

### (b) Operating income

For the nine months ended December 31, 2021, operating income decreased by ¥20.4 billion (2.4%) year on year to ¥821.2 billion. Operating income increased by ¥34.3 billion in the Yahoo! JAPAN/LINE segment that included an increase associated with the consolidation of LINE Corporation, and by ¥12.1 billion in the Enterprise segment. On the other hand, operating income decreased by ¥56.4 billion in the Consumer segment mainly due to the impact of the switch from the *SoftBank* brand to the *Y!mobile* and *LINEMO* brands, the introduction of new price plans, and reversal of contract liabilities related to *Half-Price Support* of ¥11.0 billion as a one-time increase in revenue in the same period of the previous fiscal year, and by ¥1.3 billion in the Distribution segment.

### (c) Net income

For the nine months ended December 31, 2021, net income decreased by ¥8.1 billion (1.7%) year on year to ¥477.4 billion. The decrease mainly reflects a decrease in operating income, an increase in share of losses of associates accounted for using the equity method of ¥17.1 billion, and an increase in impairment loss on equity method investments of ¥12.9 billion mainly due to impairment of Demae-can Co., Ltd stock, while there was an increase in financing income of ¥18.3 billion due to gains on valuation of investment securities and a decrease in financial costs of ¥11.3 billion mainly due to a decrease in losses on valuation of investment securities recognized in the same period of the previous fiscal year.

### (d) Net income attributable to owners of the Company

For the nine months ended December 31, 2021, net income attributable to owners of the Company decreased by ¥12.9 billion (3.0%) year on year to ¥420.8 billion.

### (e) Adjusted EBITDA

For the nine months ended December 31, 2021, adjusted EBITDA increased by ¥1.4 billion (0.1%) year on year to ¥1,384.6 billion. While there was a decrease in operating income, the increase mainly reflects an increase in depreciation and amortization associated with the business integration of Z Holdings and LINE Corporation and an increase in stock compensation expenses in relation to stock options issued by Z Holdings in connection with the business integration. 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 Services

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

Cumulative Subscribers	March 31, 2021	December 31, 2021	(Thousands) Change
Total	47,285	<b>48,707</b>	1,422
Main subscribers*	37,910	<b>38,171</b>	261
Of which, smartphones	25,926	<b>26,892</b>	966
Communication modules and others	8,714	<b>10,116</b>	1,402
PHS	660	<b>420</b>	(240)

Net Additions	Nine Months Ended December 31		Change
	2020	2021	
Main subscribers*	999	<b>261</b>	(738)
Of which, smartphones	1,276	<b>966</b>	(309)

Churn Rate and Total ARPU	Three Months Ended December 31			
	2020	2021	Change	
Main subscribers*	Churn rate	0.96%	<b>0.96%</b>	+0.00pp
	Total ARPU (yen)	4,300	<b>4,050</b>	(250)
	ARPU before discount (yen)	4,710	<b>4,360</b>	(360)
	Discount on ARPU (yen)	(420)	<b>(310)</b>	110
Smartphones	Churn rate	0.68%	<b>0.88%</b>	+0.20pp

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, 2021	December 31, 2021	(Thousands) Change
Total	8,139	<b>8,268</b>	129
<i>SoftBank Hikari</i>	6,916	<b>7,220</b>	303
<i>Yahoo! BB Hikari with FLET'S</i>	692	<b>639</b>	(53)
<i>Yahoo! BB ADSL</i>	530	<b>409</b>	(121)

<Definitions and Calculation Methods of Principal Operational Data>

Mobile Services

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

\* On March 31, 2021, the Company stopped accepting new applications for *LINE MOBILE*.

\* 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.

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 no longer required if the customer trades in their used handset to upgrade to a designated new model after 24 monthly installments. On September 12, 2019, the Company 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 services, broadband services and electricity services, including the *Ouchi Denki (Home Electricity)* service, 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

(Billions of yen)				
Nine Months Ended December 31				
	2020	2021	Change	Change %
Revenue	2,044.3	<b>2,108.4</b>	64.1	3.1%
Segment income	575.1	<b>518.7</b>	(56.4)	(9.8)%
Depreciation and amortization	317.0	<b>315.3</b>	(1.7)	(0.5)%

#### Breakdown of Revenue

(Billions of yen)				
Nine Months Ended December 31				
	2020	2021	Change	Change %
Service revenues	1,639.8	<b>1,639.7</b>	(0.1)	(0.0)%
Mobile	1,266.6	<b>1,211.8</b>	(54.8)	(4.3)%
Broadband	297.0	<b>304.3</b>	7.3	2.4%
Electricity	76.2	<b>123.6</b>	47.5	62.3%
Revenues from sales of goods and others	404.5	<b>468.7</b>	64.2	15.9%
Total revenue	2,044.3	<b>2,108.4</b>	64.1	3.1%

Consumer segment revenue increased by ¥64.1 billion (3.1%) year on year to ¥2,108.4 billion. Within Consumer segment revenue, service revenues decreased by ¥0.1 billion (0.0%) year on year to ¥1,639.7 billion, and revenues from sales of goods and others increased by ¥64.2 billion (15.9%) year on year to ¥468.7 billion.

Within service revenues, mobile revenue decreased by ¥54.8 billion (4.3%) year on year. The decrease reflects a decline in ARPU due to mobile service price reduction and reversal of contract liabilities related to *Half-Price Support* of ¥11.0 billion as a one-time increase in revenue in the same period of the previous fiscal year, while there was an increase in subscribers led by the *Y!mobile* brand. The decline in ARPU due to mobile service price reduction was mainly due to the effects of an increase in subscribers switching from the *SoftBank* brand to the *Y!mobile* and *LINEMO* brands and introduction of new price plans under the *SoftBank* and *Y!mobile* brands.

Broadband revenue increased by ¥7.3 billion (2.4%) year on year. This increase was due to an increase in subscribers of the *SoftBank Hikari* fiber-optic service. Moreover, electricity revenue increased by ¥47.5 billion (62.3%) year on year. This increase was due to an increase in revenues reflecting an increase in sales volume in the wholesale electricity market and 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 unit price of mobile devices associated with the rise in the composition of high-priced mobile devices and a recovery of mobile device sales in the nine months ended December 31, 2021, which had declined in the three months ended June 30, 2020 due to the COVID-19 outbreak.

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 ¥1,589.7 billion, an increase of ¥120.4 billion (8.2%) year on year. This increase was mainly due to an increase in the cost of products pertaining to an increase in unit purchase price associated with the abovementioned rise in the composition of high-priced mobile devices, and an increase in the cost of products related to the *Ouchi Denki* service, an increase in sales-related expenses pertaining to the increase in mobile device sales, and an increase in telecommunications network charges due to an increase in the number of *SoftBank Hikari* subscribers.

As a result, segment income decreased by ¥56.4 billion (9.8%) year on year to ¥518.7 billion.



## (b) Enterprise Segment

### OVERVIEW

In the Enterprise segment, the Group provides a wide range of solutions for enterprise customers. These include mobile services such as mobile lines and mobile device rental, fixed-line communications services such as fixed-line telephones and data communications, as well as various solutions for enterprises such as data center, cloud, security, global, AI, IoT, and digital marketing services.

### FINANCIAL RESULTS

(Billions of yen)

	Nine Months Ended December 31			
	2020	2021	Change	Change %
Revenue	507.8	<b>528.9</b>	21.2	4.2%
Segment income	93.1	<b>105.2</b>	12.1	13.0%
Depreciation and amortization	119.9	<b>119.1</b>	(0.8)	(0.7)%

#### Breakdown of Revenue

(Billions of yen)

	Nine Months Ended December 31			
	2020	2021	Change	Change %
Mobile	227.0	<b>233.1</b>	6.0	2.7%
Fixed-line	142.0	<b>140.4</b>	(1.6)	(1.1)%
Business solution and others	138.7	<b>155.5</b>	16.7	12.1%
Total revenue	507.8	<b>528.9</b>	21.2	4.2%

Enterprise segment revenue increased by ¥21.2 billion (4.2%) year on year to ¥528.9 billion. Within Enterprise segment revenue, mobile revenue increased by ¥6.0 billion (2.7%) to ¥233.1 billion, fixed-line revenue decreased by ¥1.6 billion (1.1%) to ¥140.4 billion, and business solution and others revenue increased by ¥16.7 billion (12.1%) to ¥155.5 billion.

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

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, digital marketing advertising services, and security solutions as a result of capturing enterprise customers' demand for digitalization arising from the COVID-19 outbreak.

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 ¥423.7 billion, an increase of ¥9.1 billion (2.2%) year on year. This increase mainly reflects an increase in costs following the abovementioned increase in business solution and others revenue.

As a result, segment income increased by ¥12.1 billion (13.0%) year on year to ¥105.2 billion.

## (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 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

	(Billions of yen)			
	Nine Months Ended December 31		Change	Change %
	2020	<b>2021</b>		
Revenue	379.8	<b>361.7</b>	(18.1)	(4.8)%
Segment income	19.6	<b>18.3</b>	(1.3)	(6.8)%
Depreciation and amortization	2.7	<b>2.8</b>	0.1	2.5%

Distribution segment revenue decreased by ¥18.1 billion (4.8%) year on year to ¥361.7 billion. This decrease was mainly due to absence of revenue for large-scale project orders from municipalities recorded in the same period of the previous fiscal year, while there was solid growth in subscription services such as cloud and SaaS, which have been strategic areas of focus.

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 ¥343.4 billion, a decrease of ¥16.7 billion (4.6%) year on year. This decrease was mainly due to a decrease in costs of products in connection with the abovementioned decrease in revenue.

As a result, segment income decreased by ¥1.3 billion (6.8%) year on year to ¥18.3 billion.

#### (d) Yahoo! JAPAN/LINE Segment

##### OVERVIEW

In the Yahoo! JAPAN/LINE segment, the Group offers services that center on media, commerce, finance and payment-related businesses, covering online to offline services in a comprehensive manner. In the media field, the Group provides advertising-related services on the Internet and *LINE*. In the commerce field, the Group provides e-commerce services such as *Yahoo! JAPAN Shopping*, *PayPay Mall* and *ZOZOTOWN*, and reuse services such as *YAHUOKU!*. In the strategy field, the Group provides finance, payment and similar services centered on FinTech<sup>1</sup>, which the Group is working to develop into new drivers of earnings alongside media and commerce.

Along with the consolidation of LINE Corporation in connection with the completion of the business integration of Z Holdings and LINE Corporation in March 2021, the “Yahoo” reportable segment was renamed to “Yahoo! JAPAN/LINE” from the three months ended June 30, 2021.

Note:

1. FinTech is a term coined from the combination of finance and technology and refers to a variety of innovative services that combine financial services with information and communication technology.

##### FINANCIAL RESULTS

	(Billions of yen)			
	Nine Months Ended December 31			
	2020	2021	Change	Change %
Revenue	873.8	<b>1,160.1</b>	286.3	32.8%
Segment income	142.2	<b>176.5</b>	34.3	24.1%
Depreciation and amortization	74.4	<b>99.3</b>	25.0	33.6%

##### Breakdown of Revenue

	(Billions of yen)			
	Nine Months Ended December 31			
	2020	2021	Change	Change %
Media	248.8	<b>465.6</b>	216.9	87.2%
Commerce	554.5	<b>600.9</b>	46.4	8.4%
Strategy	63.0	<b>82.8</b>	19.8	31.5%
Other	7.5	<b>10.7</b>	3.2	42.3%
Total revenue	873.8	<b>1,160.1</b>	286.3	32.8%

Note: In the nine months ended December 31, 2021, Z Holdings revised its management segments following its business integration with LINE Corporation in March 2021. Accordingly, “Strategy” has been added to the breakdown of revenue, and the breakdown has been revised with respect to certain services and subsidiaries. Additionally, revenues for the same period of the previous fiscal year have been restated to reflect these changes.

Yahoo! JAPAN/LINE segment revenue increased by ¥286.3 billion (32.8%) year on year to ¥1,160.1 billion. Within Yahoo! JAPAN/LINE segment revenue, media revenue increased by ¥216.9 billion (87.2%) to ¥465.6 billion, commerce revenue increased by ¥46.4 billion (8.4%) to ¥600.9 billion, strategy revenue increased by ¥19.8 billion (31.5%) to ¥82.8 billion, and other revenue increased by ¥3.2 billion (42.3%) to ¥10.7 billion.

The increase in media revenue mainly reflected the recovery of advertising demand and the product improvement initiatives, in addition to the consolidation of LINE Corporation.

The increase in commerce revenue is mainly due to an increase in revenue of the ZOZO Group (ZOZO, Inc. and its subsidiaries) and the ASKUL Group (ASKUL Corporation and its subsidiaries), in addition to the consolidation of LINE Corporation.

The increase in strategy revenue mainly reflected an increase in revenue in the FinTech field, in addition to the 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 ¥983.6 billion, an increase of ¥252.0 billion (34.4%) year on year. This increase mainly reflected an increase in expenses accompanying the consolidation of LINE Corporation and an increase in sales promotion expenses at Yahoo Japan.

As a result, segment income increased by ¥34.3 billion (24.1%) year on year to ¥176.5 billion.

## (2) Overview of Consolidated Financial Position

(Billions of yen)

	March 31, 2021	December 31, 2021	Change	Change %
Current assets	4,033.8	<b>4,193.3</b>	159.5	4.0%
Non-current assets	8,173.9	<b>8,503.6</b>	329.7	4.0%
Total assets	12,207.7	<b>12,696.9</b>	489.2	4.0%
Current liabilities	5,293.6	<b>5,260.3</b>	(33.4)	(0.6)%
Non-current liabilities	4,177.0	<b>4,633.9</b>	456.9	10.9%
Total liabilities	9,470.6	<b>9,894.2</b>	423.6	4.5%
Total equity	2,737.1	<b>2,802.8</b>	65.7	2.4%

Note:

The numbers in the table as of March 31, 2021 are retrospectively amended by the completion of the provisional accounting treatment pertaining to the business combination. For details, refer to “Acquisition of LINE Corporation and business integration of the LINE Group and Z Holdings Corporation” in 4. Business combinations, (6) Notes to Condensed Interim Consolidated Financial Statements, 3. Condensed Interim Consolidated Financial Statements and Primary Notes.

### ASSETS

Total assets amounted to ¥12,696.9 billion as of December 31, 2021, an increase of ¥489.2 billion (4.0%) from the previous fiscal year-end. This mainly reflected an increase of ¥153.7 billion in intangible assets mainly associated with the acquisition of the trademarks by Yahoo Japan, an increase of ¥146.8 billion in investment securities, and an increase of ¥78.3 billion in cash and cash equivalents. The increase in cash and cash equivalents was due to factors such as an increase in deposits for banking business and an increase due to the issuance of commercial paper, while there was a decrease due to the payment of accrued liabilities related to the purchase of shares of LINE Corporation (currently A Holdings Corporation)<sup>1</sup> that were less than one unit as a result of the reverse share split.

### LIABILITIES

Total liabilities amounted to ¥9,894.2 billion as of December 31, 2021, an increase of ¥423.6 billion (4.5%) from the previous fiscal year-end. This increase was mainly due to an increase of ¥475.8 billion in interest-bearing debt and an increase of ¥220.6 billion in deposits for banking business, while there was a decrease of ¥171.8 billion in trade and other payables and a decrease in income taxes payable of ¥125.0 billion due to the interim payment of income taxes. The increase in interest-bearing debt was mainly due to the issuance of ¥180.0 billion and ¥100.0 billion in unsecured bonds by the Company and Z Holdings, respectively, the raising of borrowings of ¥200.0 billion for the purpose of securing operating funds at the Company, and the issuance of commercial paper by the subsidiaries. The decrease in trade and other payables was mainly due to the payment of accrued liabilities related to the purchase of shares of LINE Corporation (currently A Holdings Corporation) that were less than one unit as a result of the reverse share split.

### EQUITY

Total equity amounted to ¥2,802.8 billion as of December 31, 2021, an increase of ¥65.7 billion (2.4%) from the previous fiscal year-end. This was mainly due to an increase of ¥477.4 billion due to the recording of net income for the nine months ended December 31, 2021, offset by a decrease of ¥437.9 billion due to cash dividends.

Note:

1. Refers to LINE Corporation, surviving company in the absorption-type merger conducted by Shiodome Z Holdings GK. For details, refer to “Acquisition of LINE Corporation and business integration of the LINE Group and Z Holdings Corporation” in 4. Business combinations, (6) Notes to Condensed Interim Consolidated Financial Statements, 3. Condensed Interim Consolidated Financial Statements and Primary Notes.

### (3) Overview of Consolidated Cash Flows

(Billions of yen)

	Nine Months Ended December 31		Change
	2020	2021	
Net cash inflow from operating activities	1,039.0	<b>1,029.4</b>	(9.5)
Net cash outflow from investing activities	(538.9)	<b>(867.6)</b>	(328.7)
Net cash inflow (outflow) from financing activities	47.9	<b>(87.6)</b>	(135.5)
Cash and cash equivalents at the end of the period	1,691.4	<b>1,663.2</b>	(28.2)
Free cash flow <sup>1</sup>	500.1	<b>161.8</b>	(338.3)
Effect of securitization of installment sales receivables	30.6	<b>74.3</b>	43.7
Adjusted free cash flow <sup>2</sup>	530.7	<b>236.1</b>	(294.5)
Adjusted free cash flow (excluding Z Holdings Group and others) <sup>3</sup>	485.4	<b>397.9</b>	(87.5)
Capital expenditures (acceptance basis, including Z Holdings Group)	475.9	<b>448.4</b>	(27.5)
Capital expenditures (acceptance basis, excluding Z Holdings Group) <sup>4</sup>	260.6	<b>279.9</b>	19.3

Notes:

1. Free cash flow = net cash inflow from operating activities + net cash outflow from investing activities
2. Adjusted free cash flow = free cash flow + (proceeds from the securitization of installment sales receivables – repayments thereof)
3. Excluding adjustments for free cash flow of both A Holdings Corporation and the Z Holdings Group, and loans to board directors, etc., and including dividends received from both A Holdings Corporation and Z Holdings.
4. Capital expenditures (acceptance basis, excluding Z Holdings Group) exclude capital expenditures of the Z Holdings Group, investments in devices for rental services, shared equipment (contributions by other operators), and the impact of adopting IFRS 16.

a. Cash flows from operating activities

In the nine months ended December 31, 2021, net cash inflow from operating activities was ¥1,029.4 billion, a decrease of ¥9.5 billion year on year. This decrease mainly reflected a decrease in inflows related to deposits and an increase in outflows related to loans in the banking business, and a decrease in income taxes refunded due to absence of the income tax refunded related to dividends paid among the Z Holdings Group recorded in the previous fiscal year, while there was a decrease in outflows associated with an increase in trade and other receivables.

b. Cash flows from investing activities

In the nine months ended December 31, 2021, net cash outflow from investing activities was ¥867.6 billion, an increase of ¥328.7 billion year on year. This mainly reflected payments for purchases of property, plant and equipment and intangible assets associated with the acquisition of the trademarks and other assets for ¥178.5 billion in connection with the license agreement entered into by Yahoo Japan and payments for acquisition of investments associated with the purchase of shares of LINE Corporation (currently A Holdings Corporation) that were less than one unit for ¥115.2 billion as a result of the reverse share split.

c. Cash flows from financing activities

In the nine months ended December 31, 2021, net cash outflow from financing activities was ¥87.6 billion. While the cash inflow was ¥1,739.4 billion mainly due to the issuance of ¥180.0 billion and ¥100.0 billion in unsecured bonds by the Company and Z Holdings, respectively, the raising of borrowings of ¥200.0 billion for the purpose of securing operating funds at the Company, and the issuance of commercial paper by the subsidiaries, the cash outflow was ¥1,827.1 billion mainly due to scheduled payment of a long-term loan and payment of cash dividends.

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

As a result of (a) through (c) above, cash and cash equivalents at December 31, 2021 were ¥1,663.2 billion, a decrease of ¥28.2 billion year on year.

e. Adjusted free cash flow

In the nine months ended December 31, 2021, adjusted free cash flow was positive ¥236.1 billion, a decrease of ¥294.5 billion year on year. This reflects the effects of the abovementioned decrease in net cash inflow from operating activities, increase in net cash outflow from investing activities, and the securitization of installment sales receivables.

f. Capital expenditures

In the nine months ended December 31, 2021, capital expenditures (acceptance basis, including the Z Holdings Group) were ¥448.4 billion, a decrease of ¥27.5 billion year on year. This decrease was mainly due to the absence of the impact of an increase in the right-of-use assets associated with the new lease contract for the new Takeshiba Headquarters in the same period of the previous fiscal year, while there was an increase in capital expenditures in 5G equipment and an increase associated with the consolidation of LINE Corporation.

**(4) Forecasts**

For the fiscal year ending March 31, 2022, the Company is forecasting revenue of ¥5,500.0 billion, operating income of ¥975.0 billion, and net income attributable to owners of the Company of ¥500.0 billion. There have been no changes to the consolidated financial result forecasts announced on May 11, 2021 in the Consolidated Financial Report for the Fiscal Year Ended March 31, 2021.

## 2. Notes to Summary Information

### (1) Significant Changes in Scope of Consolidation for the Nine Months Ended December 31, 2021

There are no significant changes in the scope of consolidation to be disclosed.

### (2) Changes in Accounting Policies and Accounting Estimates

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

### 3. Condensed Interim Consolidated Financial Statements and Primary Notes

#### (1) Condensed Interim Consolidated Statement of Financial Position

	As of March 31, 2021 <sup>1</sup>	(Millions of yen) As of December 31, 2021
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	1,584,892	1,663,224
Trade and other receivables	2,082,223	2,051,366
Other financial assets	144,935	190,708
Inventories	119,411	144,010
Other current assets	102,384	144,035
Total current assets	<u>4,033,845</u>	<u>4,193,343</u>
Non-current assets		
Property, plant and equipment	1,248,901	1,438,198
Right-of-use assets	1,081,559	869,929
Goodwill	1,254,727	1,256,321
Intangible assets	2,096,401	2,250,112
Contract costs	248,194	296,179
Investments accounted for using the equity method	239,754	240,749
Investment securities	321,300	468,065
Investment securities in banking business	392,260	332,542
Other financial assets	1,129,858	1,197,915
Deferred tax assets	55,224	50,942
Other non-current assets	105,697	102,640
Total non-current assets	<u>8,173,875</u>	<u>8,503,592</u>
Total assets	<u><u>12,207,720</u></u>	<u><u>12,696,935</u></u>



	As of March 31, 2021 <sup>1</sup>	(Millions of yen) As of December 31, 2021
<b>LIABILITIES AND EQUITY</b>		
Current liabilities		
Interest-bearing debt	2,000,479	2,058,820
Trade and other payables	1,624,048	1,452,225
Contract liabilities	107,633	98,816
Deposits for banking business	1,165,577	1,386,211
Other financial liabilities	4,924	2,055
Income taxes payable	195,874	70,922
Provisions	17,710	19,331
Other current liabilities	177,391	171,876
Total current liabilities	<u>5,293,636</u>	<u>5,260,256</u>
Non-current liabilities		
Interest-bearing debt	3,692,113	4,109,616
Other financial liabilities	33,966	30,107
Provisions	106,093	103,513
Deferred tax liabilities	297,926	334,322
Other non-current liabilities	46,874	56,356
Total non-current liabilities	<u>4,176,972</u>	<u>4,633,914</u>
Total liabilities	<u>9,470,608</u>	<u>9,894,170</u>
Equity		
Equity attributable to owners of the Company		
Common stock	204,309	204,309
Capital surplus	363,773	355,462
Retained earnings	1,066,228	1,072,944
Treasury stock	(134,218)	(110,044)
Accumulated other comprehensive income	35,631	41,906
Total equity attributable to owners of the Company	<u>1,535,723</u>	<u>1,564,577</u>
Non-controlling interests	<u>1,201,389</u>	<u>1,238,188</u>
Total equity	<u>2,737,112</u>	<u>2,802,765</u>
Total liabilities and equity	<u><u>12,207,720</u></u>	<u><u>12,696,935</u></u>

Note:

- As described in “Acquisition of LINE Corporation and business integration of the LINE Group and Z Holdings Corporation” under “Note 4. Business combinations,” provisional accounting treatment pertaining to the business combination has been completed and accordingly the condensed interim consolidated financial statements are retrospectively amended.

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

For the nine months ended December 31

Condensed Interim Consolidated Statement of Income

	(Millions of yen)	
	Nine months ended December 31, 2020	Nine months ended December 31, 2021
Revenue	3,807,035	4,173,829
Cost of sales	(1,927,911)	(2,066,256)
Gross profit	1,879,124	2,107,573
Selling, general and administrative expenses	(1,037,541)	(1,303,755)
Other operating income	-	17,393
Operating income	841,583	821,211
Share of losses of associates accounted for using the equity method	(26,093)	(43,168)
Financing income	4,268	22,589
Financing costs	(61,327)	(50,073)
Gain on sales of equity method investments	1,649	3,505
Impairment loss on equity method investments	(13,879)	(26,743)
Profit before income taxes	746,201	727,321
Income taxes	(260,703)	(249,896)
Net income <sup>1</sup>	485,498	477,425
Net income attributable to		
Owners of the Company	433,770	420,834
Non-controlling interests	51,728	56,591
	485,498	477,425
Earnings per share attributable to owners of the Company		
Basic earnings per share (Yen)	91.47	89.60
Diluted earnings per share (Yen)	90.43	87.73

Note:

1. All net income of SoftBank Corp. and its subsidiaries for the nine months ended December 31, 2020 and 2021 were generated from continuing operations.

Condensed Interim Consolidated Statement of Comprehensive Income

	(Millions of yen)	
	Nine months ended December 31, 2020	Nine months ended December 31, 2021
Net income	485,498	477,425
Other comprehensive income (loss), net of tax		
Items that will not be reclassified to profit or loss		
Remeasurement of defined benefit plan	-	(834)
Changes in the fair value of equity instruments at FVTOCI	57,775	10,848
Share of other comprehensive income of associates accounted for using the equity method	-	134
Total items that will not be reclassified to profit or loss	57,775	10,148
Items that may be reclassified subsequently to profit or loss		
Changes in the fair value of debt instruments at FVTOCI	898	80
Cash flow hedges	(284)	1,573
Exchange differences on translation of foreign operations	(936)	6,895
Share of other comprehensive income of associates accounted for using the equity method	1	2,687
Total items that may be reclassified subsequently to profit or loss	(321)	11,235
Total other comprehensive income (loss), net of tax	57,454	21,383
Total comprehensive income	542,952	498,808
Total comprehensive income attributable to		
Owners of the Company	472,394	427,236
Non-controlling interests	70,558	71,572
	542,952	498,808

For the three months ended December 31, 2020 and 2021  
Condensed Interim Consolidated Statement of Income

	(Millions of yen)	
	Three months ended December 31, 2020	Three months ended December 31, 2021
Revenue	1,378,608	1,449,595
Cost of sales	(743,341)	(743,396)
Gross profit	635,267	706,199
Selling, general and administrative expenses	(383,289)	(455,834)
Operating income	251,978	250,365
Share of losses of associates accounted for using the equity method	(8,662)	(18,645)
Financing income	1,187	5,317
Financing costs	(17,906)	(16,488)
Gain on sales of equity method investments	1,649	-
Impairment loss on equity method investments	(13,879)	(26,743)
Profit before income taxes	214,367	193,806
Income taxes	(75,537)	(65,044)
Net income <sup>1</sup>	138,830	128,762
Net income attributable to		
Owners of the Company	118,666	113,577
Non-controlling interests	20,164	15,185
	138,830	128,762
Earnings per share attributable to owners of the Company		
Basic earnings per share (Yen)	25.10	24.15
Diluted earnings per share (Yen)	24.85	23.65

Note:

1. All net income of SoftBank Corp. and its subsidiaries for the three months ended December 31, 2020 and 2021 were generated from continuing operations.

Condensed Interim Consolidated Statement of Comprehensive Income

(Millions of yen)

	Three months ended December 31, 2020	Three months ended December 31, 2021
Net income	138,830	128,762
Other comprehensive income (loss), net of tax		
Items that will not be reclassified to profit or loss		
Remeasurement of defined benefit plan	-	(834)
Changes in the fair value of equity instruments at FVTOCI	52,245	7,761
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	52,245	6,905
Items that may be reclassified subsequently to profit or loss		
Changes in the fair value of debt instruments at FVTOCI	100	(224)
Cash flow hedges	251	375
Exchange differences on translation of foreign operations	(153)	5,245
Share of other comprehensive income (loss) of associates accounted for using the equity method	2	2,273
Total items that may be reclassified subsequently to profit or loss	200	7,669
Total other comprehensive income (loss), net of tax	52,445	14,574
Total comprehensive income	191,275	143,336
Total comprehensive income attributable to		
Owners of the Company	155,406	117,200
Non-controlling interests	35,869	26,136
	191,275	143,336

### (3) Condensed Interim Consolidated Statement of Changes in Equity

For the nine months ended December 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, 2020	204,309	(133,915)	1,003,554	(68,709)	(4,693)	1,000,546	707,018	1,707,564
Comprehensive income								
Net income	-	-	433,770	-	-	433,770	51,728	485,498
Other comprehensive income (loss)	-	-	-	-	38,624	38,624	18,830	57,454
Total comprehensive income	-	-	433,770	-	38,624	472,394	70,558	542,952
Transactions with owners and other transactions								
Cash dividends	-	-	(406,119)	-	-	(406,119)	(30,401)	(436,520)
Purchase of treasury stock	-	-	-	(66,857)	-	(66,857)	-	(66,857)
Disposal of treasury stock	-	(14,504)	-	28,298	-	13,794	-	13,794
Changes from business combinations	-	-	-	-	-	-	361	361
Changes from loss of control	-	-	-	-	-	-	-	-
Changes in interests in existing subsidiaries	-	1,688	-	-	-	1,688	5,558	7,246
Share-based payment transactions	-	7	-	-	-	7	-	7
Transfer from retained earnings to capital surplus	-	14,436	(14,436)	-	-	-	-	-
Transfer from accumulated other comprehensive income to retained earnings	-	-	2,338	-	(2,338)	-	-	-
Other	-	(455)	121	-	-	(334)	(577)	(911)
Total transactions with owners and other transactions	-	1,172	(418,096)	(38,559)	(2,338)	(457,821)	(25,059)	(482,880)
As of December 31, 2020	204,309	(132,743)	1,019,228	(107,268)	31,593	1,015,119	752,517	1,767,636

For the nine months ended December 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, 2021 <sup>1</sup>	204,309	363,773	1,066,228	(134,218)	35,631	1,535,723	1,201,389	2,737,112
Comprehensive income								
Net income	-	-	420,834	-	-	420,834	56,591	477,425
Other comprehensive income (loss)	-	-	-	-	6,402	6,402	14,981	21,383
Total comprehensive income	-	-	420,834	-	6,402	427,236	71,572	498,808
Transactions with owners and other transactions								
Cash dividends	-	-	(403,708)	-	-	(403,708)	(34,173)	(437,881)
Purchase of treasury stock	-	-	-	(0)	-	(0)	-	(0)
Disposal of treasury stock	-	(10,861)	-	24,174	-	13,313	-	13,313
Changes from business combinations	-	-	-	-	-	-	1,572	1,572
Changes from loss of control	-	-	-	-	-	-	(591)	(591)
Changes in interests in existing subsidiaries	-	(10,164)	-	-	-	(10,164)	(2,477)	(12,641)
Share-based payment transactions	-	1,822	-	-	-	1,822	-	1,822
Transfer from retained earnings to capital surplus	-	10,908	(10,908)	-	-	-	-	-
Transfer from accumulated other comprehensive income to retained earnings	-	-	127	-	(127)	-	-	-
Other	-	(16)	371	-	-	355	896	1,251
Total transactions with owners and other transactions	-	(8,311)	(414,118)	24,174	(127)	(398,382)	(34,773)	(433,155)
As of December 31, 2021	204,309	355,462	1,072,944	(110,044)	41,906	1,564,577	1,238,188	2,802,765

Note:

- As described in “Acquisition of LINE Corporation and business integration of the LINE Group and Z Holdings Corporation” under “Note 4. Business combinations,” provisional accounting treatment pertaining to the business combination has been completed and accordingly the balances as of April 1, 2021 are retrospectively amended.

## (4) Condensed Interim Consolidated Statement of Cash Flows

	(Millions of yen)	
	Nine months ended December 31, 2020	Nine months ended December 31, 2021
Cash flows from operating activities		
Net income	485,498	477,425
Depreciation and amortization	518,754	542,728
Loss on disposal of property, plant and equipment and intangible assets	20,254	9,738
Gain relating to loss of control over subsidiaries	-	(15,062)
Financing income	(4,268)	(22,589)
Financing costs	61,327	50,073
Share of losses of associates accounted for using the equity method	26,093	43,168
Gain on sales of equity method investments	(1,649)	(3,505)
Impairment loss on equity method investments	13,879	26,743
Income taxes	260,703	249,896
(Increase) decrease in trade and other receivables	(272,503)	(69,812)
(Increase) decrease in inventories	(51,909)	(24,447)
Purchases of mobile devices leased to enterprise customers	(24,769)	(25,541)
Increase (decrease) in trade and other payables	140,118	101,854
Increase (decrease) in consumption taxes payable	12,994	(3,854)
Increase (decrease) in deposits in banking business	267,520	220,634
(Increase) decrease in loans in banking business	(26,337)	(59,475)
Other	(78,264)	(83,484)
Subtotal	1,347,441	1,414,490
Interest and dividends received	4,074	6,057
Interest paid	(45,270)	(47,560)
Income taxes paid	(383,598)	(353,447)
Income taxes refunded	116,328	9,892
Net cash inflow from operating activities	1,038,975	1,029,432
Cash flows from investing activities		
Purchases of property, plant and equipment and intangible assets	(364,973)	(589,938)
Proceeds from sales of property, plant and equipment and intangible assets	1,164	1,426
Payments for acquisition of investments	(128,107)	(320,111)
Proceeds from sales/redemption of investments	15,251	9,174
Purchase of investment securities in banking business	(229,368)	(141,133)
Proceeds from sales/redemption of investment securities in banking business	187,356	175,637
Proceeds from (payments for) obtaining control of subsidiaries	(9,397)	270
Other	(10,838)	(2,951)
Net cash outflow from investing activities	(538,912)	(867,626)



	(Millions of yen)	
	Nine months ended December 31, 2020	Nine months ended December 31, 2021
Cash flows from financing activities		
Increase in short-term interest-bearing debt, net	451,357	3,344
Proceeds from interest-bearing debt	1,638,061	1,733,391
Repayment of interest-bearing debt	(1,555,541)	(1,385,233)
Proceeds from stock issuance to non-controlling interests	7,096	2,710
Purchase of treasury stock	(66,857)	(0)
Cash dividends paid	(391,736)	(402,399)
Cash dividends paid to non-controlling interests	(29,841)	(33,307)
Other	(4,653)	(6,127)
Net cash inflow (outflow) from financing activities	47,886	(87,621)
Effect of exchange rate changes on cash and cash equivalents	(334)	4,147
Increase (decrease) in cash and cash equivalents	547,615	78,332
Cash and cash equivalents at the beginning of the period	1,143,808	1,584,892
Cash and cash equivalents at the end of the period	1,691,423	1,663,224

## (5) Notes on Going Concern Assumption

There are no applicable items.

## (6) Notes to Condensed Interim 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, Japan. These condensed interim consolidated financial statements are comprised of the Company and its subsidiaries (the “Group”). The parent of the Company is SoftBank Group Japan Corporation. The ultimate parent company of the Company is SoftBank Group Corp.

In addition, effective February 26, 2021, Shiodome Z Holdings G.K., the parent company of Z Holdings Corporation as well as a subsidiary of the Company, conducted an absorption-type merger with LINE Corporation, the surviving company. Effective February 28, 2021, LINE Corporation transferred all 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! JAPAN/LINE businesses. For details, refer to “(1) Summary of reportable segments” under “Note 5. Segment information.”

### 2. Significant accounting policies

The significant accounting policies applied in the condensed interim consolidated financial statements are consistent with those of the consolidated financial statements as of and for the fiscal year ended March 31, 2021. Income tax expenses for the nine months ended December 31, 2021 are calculated based on the estimated annual effective income tax rate.

### 3. Significant judgments and estimates

In preparing the condensed interim 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.

By the nature of its estimates or assumptions, however, actual results in the future may differ from those projected estimates or assumptions.

Estimates and underlying assumptions are continuously reviewed. Revisions to accounting estimates are recognized in the period in which the estimate is revised as well as in future periods.

The judgments, estimates and assumptions that have significant impact on the amounts in the condensed interim consolidated financial statements are consistent with those described in the consolidated financial statements for the fiscal year ended March 31, 2021.

In addition, there have been no significant changes in the assumptions regarding coronavirus disease 2019 (COVID-19), such as how COVID-19 will spread and the duration of the COVID-19 pandemic and recovery.

#### 4. Business combinations

Nine months ended December 31, 2020

There are no significant business combinations to be disclosed.

Nine months ended December 31, 2021

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

(Amendment of provisional amounts)

The Company obtained control of LINE Corporation<sup>1</sup> effective February 28, 2021. The consideration for acquisition is allocated to the acquired assets and the assumed liabilities based on the fair value on the acquisition date. As the allocation of the consideration for acquisition has been completed during the three months ended September 30, 2021, the consolidated financial statements for the fiscal year ended March 31, 2021 have been retrospectively amended.

The main effects of the retrospective adjustments to the acquired assets and the assumed liabilities in the consolidated statement of financial position as of March 31, 2021 comprise of decrease in property, plant and equipment of ¥2,762 million, decrease in intangible assets including identifiable intangible assets of ¥14,092 million, decrease in deferred tax liabilities of ¥5,352 million, decrease in non-controlling interests of ¥5,861 million, and increase in goodwill of ¥5,861 million. The impact for the consolidated statement of income for the fiscal year ended March 31, 2021 is limited.

##### (1) 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 G.K. shares transferred as of the acquisition date	689,150
Total consideration	A <u>862,072</u>

(2) The table below shows the fair value of assets and liabilities, non-controlling interests, and goodwill as of the acquisition date<sup>2</sup>:

	(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	21,905
Right-of-use assets	62,940
Intangible assets <sup>2</sup>	395,947
Investments accounted for using the equity method	167,873
Other non-current assets	104,809
Total assets	1,180,505
Interest-bearing debt (current and non-current)	244,248
Trade and other payables	233,671
Other current liabilities	49,169
Deferred tax liabilities	150,504
Other non-current liabilities	20,745
Total liabilities	698,337
Net assets	B <u>482,168</u>
Non-controlling interests <sup>3</sup>	C <u>250,760</u>

Goodwill<sup>4</sup>

A-(B-C) 630,664

Notes:

1. Refers to LINE Corporation, surviving company in the absorption-type merger conducted by Shiodome Z Holdings G.K. LINE Corporation, the acquiree, transferred all business to LINE Split Preparation Corporation (currently, LINE Corporation) and changed its name to A Holdings Corporation effective February 28, 2021.
2. The amount of intangible assets includes ¥394,413 million of identifiable assets and the table below shows the breakdown of the identifiable assets. The estimated useful lives of customer relationships and technology assets are from 12 to 18 years and 8 years, respectively. The trademarks are classified as intangible assets with indefinite useful lives. The amount of intangible assets recognized from business combinations is measured based on assumptions such as estimated future cash flows, discount rate, attrition rate of existing customers, future sales forecast generated by trademarks, and royalty rate.

	(Millions of yen)
	Acquisition date (February 28, 2021)
Intangible assets with indefinite useful lives	
Trademarks	160,116
Intangible assets with definite useful lives	
Customer relationships	232,019
Technology assets	2,278
Total	<u>394,413</u>

3. Non-controlling interests are measured at the fair values of the acquiree's identifiable net assets as of the acquisition date, multiplied by the ratio of the non-controlling interests.
4. Goodwill reflects the ability to generate excess earnings resulting from expected future business development and synergies between the Group and the acquiree.

## 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! JAPAN/LINE"<sup>1</sup> 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, broadband and electricity services to individual customers. In mobile communications services, the Group provides mobile communications services under the *SoftBank*, *Y!mobile*, *LINE MOBILE*, and *LINEMO* brands, and sells mobile devices such as phones and tablets. 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 *Ouchi Denki*.

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! JAPAN/LINE" segment, the Group is engaged in the "Media business," the "Commerce business," and the "Strategy business." The "Media business" comprises planning and sales of internet-based advertising-related services, information listing services, and other corporate services. The "Commerce business" comprises sales of products, planning and sales of services, all of which are provided via the internet for small to medium-sized businesses and individual customers. The "Strategy business" comprises settlement- and finance-related services.

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, and others.

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

Note:

1. Along with the consolidation of LINE Corporation in connection with the completion of the business integration of Z Holdings and LINE Corporation in March 2021, the "Yahoo" reportable segment was renamed to "Yahoo! JAPAN/LINE" from the three months ended June 30, 2021.

### (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.

Nine months ended December 31, 2020

	Reportable segments						(Millions of yen)	
	Consumer	Enterprise	Distribution	Yahoo!		Other	Adjustments	Consolidated
				JAPAN/LINE	Total			
Revenue								
Sales to external customers	2,037,948	500,648	343,885	856,208	3,738,689	68,346	-	3,807,035
Intersegment revenue or transferred revenue	6,389	7,115	35,872	17,608	66,984	28,759	(95,743)	-
Total	2,044,337	507,763	379,757	873,816	3,805,673	97,105	(95,743)	3,807,035
Segment income	575,085	93,100	19,638	142,226	830,049	12,625	(1,091)	841,583
Depreciation and amortization <sup>1</sup>	316,982	119,870	2,683	74,357	513,892	4,862	-	518,754

Nine months ended December 31, 2021

	Reportable segments						(Millions of yen)	
	Consumer	Enterprise	Distribution	Yahoo!		Other	Adjustments	Consolidated
				JAPAN/LINE	Total			
Revenue								
Sales to external customers	2,101,760	520,553	325,013	1,139,133	4,086,459	87,370	-	4,173,829
Intersegment revenue or transferred revenue	6,640	8,383	36,665	21,005	72,693	35,380	(108,073)	-
Total	2,108,400	528,936	361,678	1,160,138	4,159,152	122,750	(108,073)	4,173,829
Segment income	518,701	105,210	18,295	176,516	818,722	4,003	(1,514)	821,211
Depreciation and amortization <sup>1</sup>	315,269	119,085	2,751	99,344	536,449	6,279	-	542,728

Note:

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

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

	(Millions of yen)	
	Nine months ended December 31, 2020	Nine months ended December 31, 2021
Segment income	841,583	821,211
Share of losses of associates accounted for using the equity method	(26,093)	(43,168)
Financing income	4,268	22,589
Financing costs	(61,327)	(50,073)
Gains on sales of equity method investments	1,649	3,505
Impairment loss on equity method investments	(13,879)	(26,743)
Profit before income taxes	746,201	727,321

Three months ended December 31, 2020

	Reportable segments						(Millions of yen)	
	Consumer	Enterprise	Distribution	Yahoo	Total	Other	Adjustments	Consolidated
Revenue								
Sales to external customers	741,676	168,701	133,510	310,280	1,354,167	24,441	-	1,378,608
Intersegment revenue or transferred revenue	1,405	4,465	11,819	6,312	24,001	10,072	(34,073)	-
Total	743,081	173,166	145,329	316,592	1,378,168	34,513	(34,073)	1,378,608
Segment income	168,763	28,540	7,688	43,989	248,980	2,761	237	251,978
Depreciation and amortization <sup>1</sup>	107,026	40,644	913	25,561	174,144	1,732	-	175,876

Three months ended December 31, 2021

	Reportable segments						(Millions of yen)	
	Consumer	Enterprise	Distribution	Yahoo	Total	Other	Adjustments	Consolidated
Revenue								
Sales to external customers	726,399	175,217	112,728	400,760	1,415,104	34,491	-	1,449,595
Intersegment revenue or transferred revenue	3,587	2,861	12,748	8,416	27,612	12,405	(40,017)	-
Total	729,986	178,078	125,476	409,176	1,442,716	46,896	(40,017)	1,449,595
Segment income	154,050	31,166	6,043	61,046	252,305	(1,346)	(594)	250,365
Depreciation and amortization <sup>1</sup>	104,731	39,538	912	32,714	177,895	2,086	-	179,981

Note:

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

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

	(Millions of yen)	
	Three months ended December 31, 2020	Three months ended December 31, 2021
Segment income	251,978	250,365
Share of losses of associates accounted for using the equity method	(8,662)	(18,645)
Financing income	1,187	5,317
Financing costs	(17,906)	(16,488)
Gains on sales of equity method investments	1,649	-
Impairment loss on equity method investments	(13,879)	(26,743)
Profit before income taxes	214,367	193,806

## 6. Interest-bearing debt

The components of interest-bearing debt are as follows:

	As of March 31, 2021	(Millions of yen) As of December 31, 2021
<b>Current</b>		
Short-term borrowings	660,281	521,125
Commercial papers	162,701	283,901
Current portion of long-term borrowings	844,816	910,594
Current portion of lease liabilities	292,572	242,650
Current portion of corporate bonds	39,971	100,471
Current portion of installment payables	138	79
Total	2,000,479	2,058,820
<b>Non-current</b>		
Long-term borrowings	2,290,489	2,586,322
Lease liabilities	637,477	564,939
Corporate bonds	764,021	958,271
Installment payables	126	84
Total	3,692,113	4,109,616

## 7. Equity

Changes in treasury stock are as follows:

	Nine months ended December 31, 2020	(Thousands of shares) Nine months ended December 31, 2021
Balance at the beginning of the period	46,000	100,660
Increase during the period <sup>1</sup>	54,619	0
Decrease during the period <sup>2</sup>	(19,142)	(18,130)
Balance at the end of the period	81,477	82,530

Notes:

- For the nine months ended December 31, 2020, 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 54,619 thousand (amount purchased ¥66,857 million).
- For the nine months ended December 31, 2020, due to the exercise of stock acquisition rights, the number of treasury stock decreased by 19,142 thousand shares. As a result, "Treasury stock" decreased by ¥28,298 million and a loss on disposal of treasury stock of ¥14,504 million is recognized as a decrease in "Capital surplus", of which ¥14,436 million is transferred from "Retained earnings."

In addition, for the nine months ended December 31, 2021, due to the exercise of stock acquisition rights, the number of treasury stock decreased by 18,130 thousand shares. As a result, "Treasury stock" decreased by ¥24,174 million and a loss on disposal of treasury stock of ¥10,861 million is recognized as a decrease in "Capital surplus", of which ¥10,908 million is transferred from "Retained earnings."



## 8. Dividends

Dividends paid are as follows:

Nine months ended December 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
Board of Directors' meeting held on October 26, 2020	Common stock	43.00	204,620	September 30, 2020	December 25, 2020

Nine months ended December 31, 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
Board of Directors' meeting held on October 22, 2021	Common stock	43.00	202,189	September 30, 2021	December 6, 2021

## 9. Revenue

The disaggregation of revenue is as follows:

	(Millions of yen)	
	Nine months ended December 31, 2020	Nine months ended December 31, 2021
Consumer business		
Service revenues		
Mobile communications	1,260,291	1,205,183
Broadband	296,961	304,242
Electricity	76,163	123,640
Revenues from sales of goods and others	404,533	468,695
Subtotal	2,037,948	2,101,760
Enterprise business		
Mobile <sup>3</sup>	221,709	229,501
Fixed-line	140,744	137,800
Business solution and others <sup>3</sup>	138,195	153,252
Subtotal	500,648	520,553
Distribution business	343,885	325,013
Yahoo! JAPAN/LINE business <sup>4</sup>		
Media <sup>5</sup>	247,738	461,118
Commerce <sup>5</sup>	542,916	589,789
Strategy <sup>5</sup>	59,161	78,758
Other <sup>5</sup>	6,393	9,468
Subtotal	856,208	1,139,133
Other	68,346	87,370
Total	3,807,035	4,173,829

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 nine months ended December 31, 2020 and 2021 were ¥85,307 million and ¥93,596 million, respectively.
- “Mobile” and “Business solution and others” under “Enterprise business” include telecommunications service revenues and revenues from sales of goods and others. Telecommunications service revenues for the nine months ended December 31, 2020 and 2021 were ¥282,230 million and ¥302,188 million, respectively. Revenues from sales of goods and others for the nine months ended December 31, 2020 and 2021 were ¥77,674 million and ¥80,565 million, respectively.
- Along with the consolidation of LINE Corporation in connection with the completion of the business integration of Z Holdings and LINE Corporation in March 2021, the “Yahoo” reportable segment was renamed to “Yahoo! JAPAN/LINE” from the nine months ended December 31, 2021. Accordingly, “Yahoo business” was renamed to “Yahoo JAPAN/LINE business.”
- Effective April 1, 2021, business categories have been reevaluated due to the business integration with LINE Corporation, and two business categories of the former “Media” and “Commerce” changed to the three categories entitled “Media,” “Commerce,” and “Strategy.” As a result, a portion of these services, as well as certain subsidiaries, have been transferred under the aforementioned business categories and the components of revenue have been restated for the nine months ended December 31, 2020. The details of main transfers are as follows:
  - Settlement- and finance-related services are transferred from the former “Commerce” to “Strategy.”
  - The media, advertisement, contents, and stamp related services (LINE related services) are transferred from the former “Others” to “Media.”
  - The shopping, 020, and LINE FRIENDS related services (LINE related services) are transferred from the former “Others” to “Commerce.”

• The settlement, finance, AI, and healthcare related services (LINE related services) are transferred from the former “Others” to “Strategy.”

## 10. Earnings per share

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

Nine months ended December 31, 2020 and 2021

### (1) Basic earnings per share

	Nine months ended December 31, 2020	Nine months ended December 31, 2021
Net income used in the calculation of basic earnings per share (Millions of yen)		
Net income attributable to owners of the Company	433,770	420,834
Weighted-average number of shares of common stock outstanding (Thousands of shares)	4,741,957	4,697,052
Basic earnings per share (Yen)	91.47	89.60

### (2) Diluted earnings per share

	Nine months ended December 31, 2020	Nine months ended December 31, 2021
Net income used in the calculation of diluted earnings per share (Millions of yen)		
Net income attributable to owners of the Company	433,770	420,834
Effect of dilutive securities issued by subsidiaries and associates	(6)	(4,255)
Total	433,764	416,579
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	4,741,957	4,697,052
Increase in the number of shares of common stock due to stock acquisition rights	54,754	51,237
Total	4,796,711	4,748,289
Diluted earnings per share (Yen)	90.43	87.73

Three months ended December 31, 2020 and 2021

(1) Basic earnings per share

	Three months ended December 31, 2020	Three months ended December 31, 2021
Net income used in the calculation of basic earnings per share (Millions of yen)		
Net income attributable to owners of the Company	118,666	113,577
Weighted-average number of shares of common stock outstanding (Thousands of shares)	4,728,188	4,702,797
Basic earnings per share (Yen)	25.10	24.15

(2) Diluted earnings per share

	Three months ended December 31, 2020	Three months ended December 31, 2021
Net income used in the calculation of diluted earnings per share (Millions of yen)		
Net income attributable to owners of the Company	118,666	113,577
Effect of dilutive securities issued by subsidiaries and associates	(3)	(1,132)
Total	118,663	112,445
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	4,728,188	4,702,797
Increase in the number of shares of common stock due to stock acquisition rights	47,927	51,503
Total	4,776,115	4,754,300
Diluted earnings per share (Yen)	24.85	23.65

11. Subsequent events

There are no significant subsequent events to be disclosed.