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Consolidated Financial Report For the Three Months Ended June 30, 2022 (IFRS)

August 4, 2022

(Amounts are rounded to the nearest million yen)

1. Consolidated Financial Results for the Three Months Ended June 30, 2022

(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	%
Three months ended June 30, 2022	1,361,999	0.4	247,111	(12.7)	221,869	(18.6)	149,783	(11.6)	128,542	(14.9)	182,505	2.8
Three months ended June 30, 2021	1,356,574	15.7	283,099	1.1	272,462	5.9	169,410	0.8	150,964	(0.8)	177,566	3.4

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2022	27.28	26.95
Three months ended June 30, 2021	32.18	31.49

(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	%
As of June 30, 2022	12,783,558	2,861,269	1,627,597	12.7
As of March 31, 2022	12,707,913	2,888,346	1,675,200	13.2

2. Dividends

	Dividends per share				
	First quarter	Second quarter	Third quarter	Fourth quarter	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2022	-	43.00	-	43.00	86.00
Fiscal year ending March 31, 2023	-	-	-	-	-
Fiscal year ending March 31, 2023 (Forecast)	-	43.00	-	43.00	86.00

Note: Revision to the forecast on dividends: No

3. Consolidated Financial Result Forecasts for the Fiscal Year Ending March 31, 2023

(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, 2023	5,900,000	3.7	1,000,000	1.4	530,000	2.4	112.79

Note: Revision to the forecast on dividends: 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 June 30, 2022 4,787,145,170 shares

As of March 31, 2022 4,787,145,170 shares

[2] Number of shares of treasury stock

As of June 30, 2022 71,105,567 shares

As of March 31, 2022 79,843,467 shares

[3] Average number of shares outstanding during the period

Three months ended June 30, 2022 4,711,466,188 shares

Three months ended June 30, 2021 4,690,640,940 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 against competitors, 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 17 of the appendix to this consolidated financial report.

(How to obtain supplementary financial materials and information on the earnings results briefing)

On Thursday, August 4, 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

Reportable Segments

The Group has four reportable segments: Consumer segment, Enterprise segment, Distribution segment, and Yahoo! JAPAN/LINE segment.

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

Segments	Main business	Core companies
Reportable segments		
Consumer segment	<ul style="list-style-type: none"> Provision of mobile services to individual customers Provision of broadband services Sale of mobile devices Trading and supply of electric power and provision of electric power trading agency services 	The Company Wireless City Planning Inc. SB Mobile Service Corp. SB Power Corp.
Enterprise segment	<ul style="list-style-type: none"> Provision of mobile services to enterprise customers Provision of fixed-line communications services, such as data communications and fixed-line telephone services Provision of cloud, global, AI²/IoT³ and other solution services 	The Company Wireless City Planning Inc. SB Engineering Corp. IDC Frontier Inc. eMnet Japan. co. ltd.
Distribution segment	<ul style="list-style-type: none"> Provision of products and services addressing ICT, cloud services, IoT solutions and other areas for enterprise customers Provision of mobile and PC peripherals, including accessories, as well as software, IoT products and other items for individual customers 	SB C&S Corp.
Yahoo! JAPAN/LINE segment	<ul style="list-style-type: none"> Provision of media-related services, such as media and advertising, search, marketing solutions, vertical, content, and stamps 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. Provision of payment, finance, AI, healthcare and other services centered on FinTech⁴ 	Z Holdings ⁶ Yahoo Japan Corporation LINE Corporation ASKUL Corporation ZOZO, Inc. Ikyu Corporation ValueCommerce Co., Ltd. PayPay Card Corporation PayPay Bank Corporation LINE Pay Corporation LINE Financial Corporation LINE Financial Plus Corporation LINE Plus Corporation LINE SOUTHEAST ASIA CORP.PTE.LTD. LINE Financial Taiwan Limited
Other	<ul style="list-style-type: none"> Provision of settlement services Online security trading service for smartphones Provision of cloud services, security operation monitoring services, and IoT solutions Planning and production of digital media and digital content Sales of download licenses for PC software and advertising sales R&D, manufacturing, operation, management and business planning in the fields of Solar HAPS⁵ and network equipment Others 	The Company SB Payment Service Corp. PayPay Securities Corporation SB Technology Corp. ITmedia Inc. Vector Inc. HAPSMobile Inc. Cybertrust Japan Co., Ltd.

Notes:

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

$$\text{Segment income} = (\text{revenue} - \text{operating expenses (cost of sales + selling, general and administrative expenses)} \pm \text{other operating income and loss}) \text{ in each segment}$$

2. AI stands for artificial intelligence.

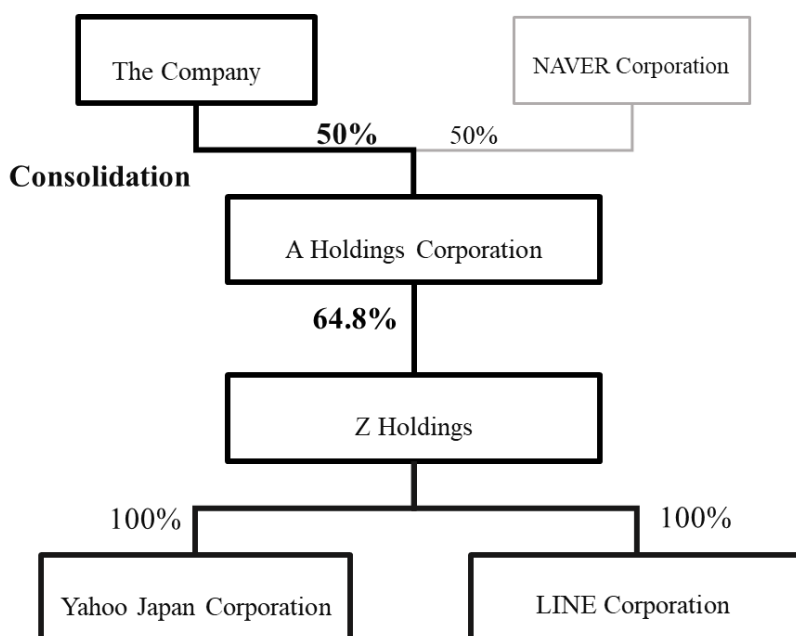
3. IoT stands for Internet of Things, a technology that will enable communications between all manner of things via the Internet.

4. 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.

5. 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.

6. As of June 30, 2022, 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 64.8% 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 June 30, 2022.



1. Results of Operations

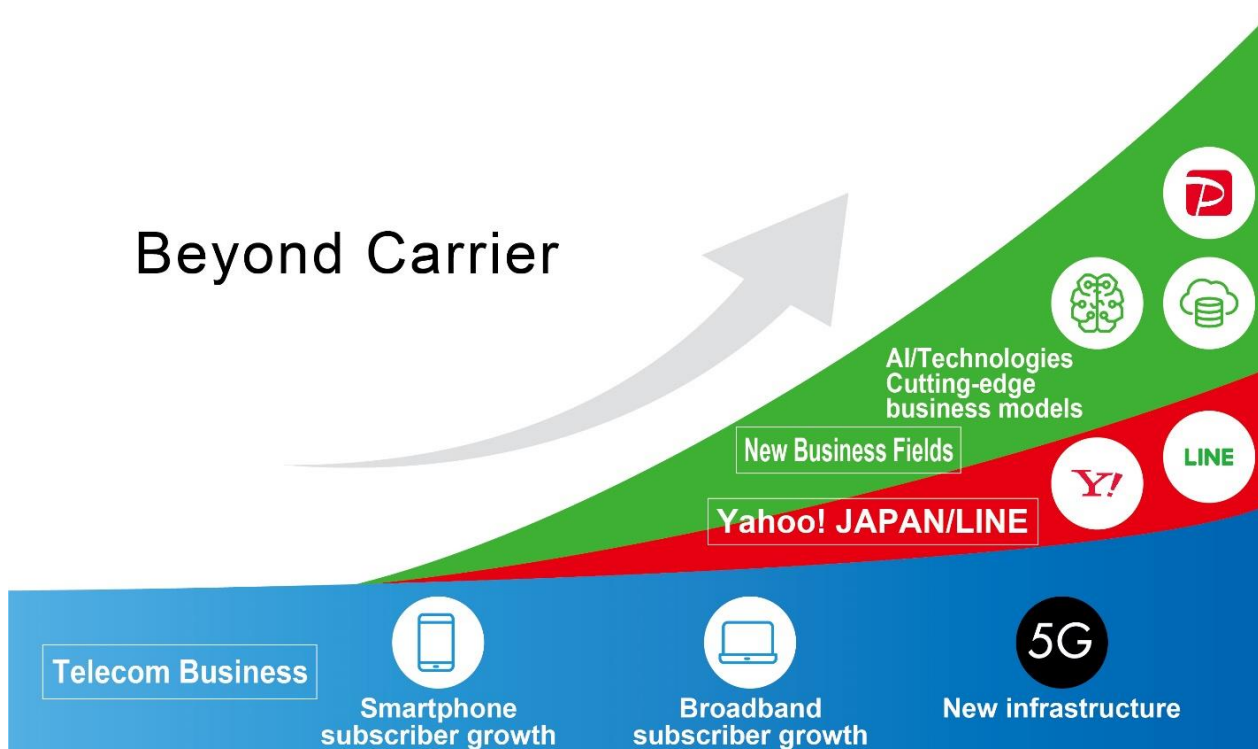
(1) Overview of Consolidated Results of Operations

a. Management Environment and the Group's Initiatives

The business environment surrounding the Group is facing significant changes. Inflation, which had been a concern, has become a reality with surging crude oil prices triggered by international rivalries and soaring prices for various commodities, and unstable supply chains have been compounded by the yen's depreciation. This inflation is weighing heavily on the economic recovery in Japan, which has contracted due to the COVID-19 outbreak. On the other hand, the trend toward the digitalization of society accelerated by the COVID-19 pandemic has shown no signs of abating. There are growing opportunities to use the data to make daily life more convenient and to mitigate the risks of events such as natural disasters and accidents.

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 (5th generation mobile communication system), the Group has identified six priority issues¹ (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."

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*. By combining the telecommunications network built up by the Group over the years and these platforms, which are some of the largest of their kind in Japan, the Company will serve as a major driving force behind the digitalization of society.



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 also increasingly seeking more inexpensive and varied prices and services. The Group is promoting a multi-brand strategy that responds to customers' diverse 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 the three months ended June 30, 2022, amid competition over new price plans, the *Y!mobile* brand performed particularly well, and the number of smartphone subscribers as of June 30, 2022 increased by 343 thousand from March 31, 2022. In broadband services,

the Company has seen firm growth in the number of subscribers of *SoftBank Hikari*, a high-speed Internet connection service for households, with an increase of 65 thousand from March 31, 2022.

The enterprise business has seen steady growth against the backdrop of the heightened demand for the digitalization of companies and industries. Business solutions and other revenue in the three months ended June 30, 2022 increased by ¥5.6 billion (11.8%) year on year. Additionally, the Company was recognized by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange for its initiatives in digital transformation (“DX”),² which harnesses cutting-edge technology, with its selection for the second straight year as one of the “Digital Transformation Stocks 2022.”

Expansion of Non-Telecom Businesses

While striving to drive the sustained growth of the telecommunications business, the Company’s core business, the Group aims to continuously expand non-telecom businesses through the launch of businesses that leverage cutting-edge technologies such as AI, IoT and FinTech, notably internet services such as *Yahoo! JAPAN* and *LINE*, and the cashless payment service *PayPay*.

Moreover, the Group is also working to foster collaboration with companies that possess cutting-edge technologies and companies that provide solutions, including investees of the SoftBank Group. Specifically, the Group is working to establish joint ventures with each partner company and expand non-telecom businesses. Many of these joint ventures are equity method affiliates, and they are reflected in the Company’s business results through share of profits or losses of associates accounted for using the equity method.

Z Holdings Group

In April 2022, Z Holdings Corporation introduced and appointed new Chief Product Officers (CPOs) supervising specific business domains and responsible for promoting products in each domain, with the aim of strengthening the management structure for product growth. The CPOs will accelerate decision-making and business promotion with a focus on generating cross-sectional synergies.

Furthermore, LINE Bank exceeded 1.1 million customers in just its first year since starting services in April 2021. LINE Bank is a banking service operated in Taiwan by LINE Bank Taiwan Limited, which is an equity method affiliate of the Company. It is an internet-only bank that has no physical branches and has proven especially popular with younger users. LINE Bank has been well received for making financial transactions available 24 hours a day.

PayPay Corporation

As of the end of June 30, 2022, the number of *PayPay* registered users³ reached 48.65 million, and the number of *PayPay* merchants surpassed 3.74 million locations. *PayPay* performed steadily, and in the three months ended June 30, 2022, the number of payments⁴ made exceeded 1.11 billion, approximately 1.4 times that in the same period of the previous fiscal year. The gross merchandise value of payments⁴ reached ¥1.7 trillion, approximately 1.4 times year on year. In addition, revenue of *PayPay* Corporation, which is an equity method affiliate of the Company, for the three months ended June 30, 2022 increased substantially to ¥23.9 billion⁵, approximately 2.2 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 Securities Corporation, which is a subsidiary of the Company, provides *Oitamama Purchase*, a service that enables users to settle purchases of stocks and mutual funds without having to transfer funds from a bank account or other sources of funds to a trading account. Since May 2022, *Oitamama Purchase* has newly become available with *PayPay*. As a result, customers can now use *PayPay Balance (PayPay Money)* to purchase stocks and mutual funds.

Business Partnership in the Autonomous Driving Field

In May 2022, the Company and May Mobility, Inc. (“May Mobility”), a U.S. company based in Michigan and a leader in autonomous vehicle technology with deployments in North America and Japan, entered into a Partnership Agreement. The Company’s strengths lie in its 5G networks and knowledge of DX, while May Mobility is strong in flexible autonomous vehicle technology. By combining those strengths of both companies, the Company and May Mobility will contribute to the early implementation of autonomous driving services in Japan.

Awareness of Business Environment

The main external environmental factors identified by the Company and its measures to address those factors are as follows:

Rising interest rates	The Company borrows approximately 80% of its long-term borrowings at fixed interest rates ⁶ , so rising interest rates will have no immediate material effect.
Currency movements	Although its currency risk exposure is limited, the Company utilizes forward foreign exchange contracts to reduce its exposure to currency risk as necessary.
Surging fuel prices	The Company uses a large amount of electricity at its base stations and network centers. To reduce the impact of surging fuel prices, it is replacing these facilities with energy-efficient equipment. In addition, it plans to reduce power consumption by controlling base station radios during periods of low traffic. The annual impact of an increase of ¥1 in the price of electricity per kWh would be approximately ¥2.1 billion ⁷ .
Semiconductor shortage	The semiconductor shortage has caused longer lead times in deliveries of certain telecommunications equipment and related facilities. In response, the Company has taken measures such as placing orders for such equipment ahead of schedule based on the longer lead times, so there is no material effect on the build out of 5G networks at this time.

Notes:

1. For details on SDGs and the priority issues (materiality), please see the Company's website:
<https://www.softbank.jp/en/corp/sustainability/materiality/>
2. Digital transformation (DX) refers to the use of data and digital technologies by companies to reshape organizations, processes, business operations and other elements.
3. The cumulative number of users who have registered for an account.
4. Does not include the number of times PayPay balance "send/receive" function is used between users. Figures from the three months ended March 31, 2022 include payments via Alipay and LINE Pay. Figures also include the GMV of PayPay *AtoBarai* (deferred payment) launched in February 2022.
5. This revenue is an unaudited figure.
6. This includes certain borrowings with floating interest rates for which a fixed interest expense is obtained through interest rate swap transactions.
7. This figure is an estimate based on the electricity consumption of 2,117,259MWh in the Company and its main subsidiaries for the fiscal year ended March 31, 2022.

b. Consolidated Results of Operations

(Billions of yen)

	Three Months Ended June 30		Change	Change %
	2021	2022		
Revenue	1,356.6	1,362.0	5.4	0.4%
Operating income	283.1	247.1	(36.0)	(12.7)%
Profit before income taxes	272.5	221.9	(50.6)	(18.6)%
Income taxes	(103.1)	(72.1)	31.0	(30.0)%
Net income	169.4	149.8	(19.6)	(11.6)%
Net income attributable to:				
Owners of the Company	151.0	128.5	(22.4)	(14.9)%
Non-controlling interests	18.4	21.2	2.8	15.2%
Adjusted EBITDA ¹	470.0	430.6	(39.3)	(8.4)%

Note:

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

An overview of the consolidated results of operations for the three months ended June 30, 2022 is as follows:

(a) Revenue

For the three months ended June 30, 2022, revenue increased by ¥5.4 billion (0.4%) year on year to ¥1,362.0 billion. Revenue increased by ¥17.2 billion in the Yahoo! JAPAN/LINE segment, mainly due to increased advertising-related revenue at LINE Corporation, in addition to increased commerce revenue, by ¥13.1 billion in the Distribution segment, mainly due to a solid increase in revenue from subscription services, and by ¥5.1 billion in the Enterprise segment, mainly due to an increase in demand for solutions associated with digitalization. On the other hand, revenue decreased by ¥25.8 billion in the Consumer segment, mainly due to a decrease in revenues from sales of goods and others and a decrease in mobile revenue reflecting factors such as the impact of the switch from the *SoftBank* brand to the *Y!mobile* and *LINEMO* brands and the introduction of new price plans, while there was an increase in electricity revenue.

(b) Operating income

For the three months ended June 30, 2022, operating income decreased by ¥36.0 billion (12.7%) year on year to ¥247.1 billion. Operating income decreased by ¥29.6 billion in the Consumer segment mainly due to the impact of the introduction of new price plans, by ¥2.0 billion in the Enterprise segment mainly due to the impact of a reversal of a one-time expense recorded in the same period of the previous fiscal year, by ¥1.7 billion in the Yahoo! JAPAN/LINE segment mainly due to an increase in expenses to bolster human resources to achieve growth, and by ¥0.6 billion in the Distribution segment.

(c) Net income

For the three months ended June 30, 2022, net income decreased by ¥19.6 billion (11.6%) year on year to ¥149.8 billion. This mainly reflects a decrease in profit before income taxes, due to a decrease in operating income and effects from financing income and costs. Income taxes decreased mainly due to the abovementioned decrease in profit before income taxes and one-time factors recorded in the same period of the previous fiscal year.

(d) Net income attributable to owners of the Company

For the three months ended June 30, 2022, net income attributable to owners of the Company decreased by ¥22.4 billion (14.9%) year on year to ¥128.5 billion.

(e) Adjusted EBITDA

For the three months ended June 30, 2022, adjusted EBITDA decreased by ¥39.3 billion (8.4%) year on year to ¥430.6 billion. The main component of this change was a decrease in operating income. The Group believes that adjusted EBITDA, which excludes the impact of non-cash transactions, is a useful and necessary indicator for evaluating 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*, *LINEMO*, and *LINE MOBILE* brands.

Cumulative Subscribers	March 31, 2022	June 30, 2022	(Thousands) Change
Total	49,509	49,896	387
Main subscribers*	38,569	38,707	138
Of which, smartphones	27,580	27,923	343
Communication modules and others	10,603	10,923	320
PHS	337	266	(71)

Net Additions	Three Months Ended June 30		Change
	2021	2022	
Main subscribers*	12	138	125
Of which, smartphones	251	343	91

Churn Rate and Total ARPU		Three Months Ended June 30		Change
		2021	2022	
Main subscribers*	Churn rate	1.12%	1.07%	-0.04pp
	Total ARPU (yen)	4,180	3,910	(270)
	ARPU before discount (yen)	4,530	4,180	(350)
	Discount on ARPU (yen)	(350)	(270)	80
Smartphones	Churn rate	1.01%	1.01%	-0.00pp

Notes:

- 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, 2022	June 30, 2022	(Thousands) Change
Total	8,313	8,324	11
<i>SoftBank Hikari</i>	7,306	7,371	65
<i>Yahoo! BB Hikari with FLET'S</i>	625	609	(15)
<i>Yahoo! BB ADSL</i>	383	343	(39)

<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*.

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*, *LINEMO*, and *LINE MOBILE*, using Mobile Number Portability (MNP).

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

* 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)

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.

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

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)

	Three Months Ended June 30			
	2021	2022	Change	Change %
Revenue	693.2	667.4	(25.8)	(3.7)%
Operating expenses ¹	508.7	512.5	3.9	0.8%
Of which, depreciation and amortization	105.6	105.7	0.1	0.1%
Segment income	184.5	154.9	(29.6)	(16.1)%

Note:

1. Operating expenses include cost of sales, selling, general and administrative expenses, and other operating income and other operating expenses.

Breakdown of Revenue

(Billions of yen)

	Three Months Ended June 30			
	2021	2022	Change	Change %
Service revenues	534.5	546.9	12.4	2.3%
Mobile	408.1	390.4	(17.7)	(4.3)%
Broadband	101.6	99.8	(1.8)	(1.7)%
Electricity	24.8	56.6	31.9	128.5%
Revenues from sales of goods and others	158.7	120.5	(38.2)	(24.1)%
Total revenue	693.2	667.4	(25.8)	(3.7)%

Consumer segment revenue decreased by ¥25.8 billion (3.7%) year on year to ¥667.4 billion. Within Consumer segment revenue, service revenues increased by ¥12.4 billion (2.3%) year on year to ¥546.9 billion, and revenues from sales of goods and others decreased by ¥38.2 billion (24.1%) year on year to ¥120.5 billion.

Within service revenues, mobile revenue decreased by ¥17.7 billion (4.3%) year on year. The decrease mainly reflects a decline in ARPU due to mobile service price reduction, while there was an increase in smartphone 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 decreased by ¥1.8 billion (1.7%) year on year. This decrease was due to a decline in ARPU because of campaign initiatives, while there was an increase in subscribers of the *SoftBank Hikari* fiber-optic service. Electricity revenue increased by ¥31.9 billion (128.5%) year on year. This increase was mainly due to an increase in subscribers of the *Ouchi Denki* (*Home Electricity*) service and fluctuation of transaction volume and price in the market.

The decrease in revenues from sales of goods and others was mainly due to a decrease in sales volume of mobile devices associated with a decrease in the number of mobile device upgrades.

Operating expenses were ¥512.5 billion, an increase of ¥3.9 billion (0.8%) year on year. This increase was mainly due to an increase in the cost of products related to the *Ouchi Denki* service, while there was a decline in the cost of products associated with the abovementioned decrease in sales volume of mobile devices.

As a result, segment income decreased by ¥29.6 billion (16.1%) year on year to ¥154.9 billion.

(b) Enterprise Segment

OVERVIEW

In the Enterprise segment, the Group provides a wide range of services 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)

	Three Months Ended June 30		Change	Change %
	2021	2022		
Revenue	171.5	176.6	5.1	2.9%
Operating expenses ¹	133.0	140.0	7.0	5.3%
Of which, depreciation and amortization	40.0	38.2	(1.8)	(4.5)%
Segment income	38.5	36.5	(2.0)	(5.1)%

Note:

1. Operating expenses include cost of sales, selling, general and administrative expenses, and other operating income and other operating expenses.

Breakdown of Revenue

(Billions of yen)

	Three Months Ended June 30		Change	Change %
	2021	2022		
Mobile	77.6	77.3	(0.4)	(0.5)%
Fixed-line	46.6	46.5	(0.1)	(0.3)%
Business solution and others	47.3	52.8	5.6	11.8%
Total revenue	171.5	176.6	5.1	2.9%

Enterprise segment revenue increased by ¥5.1 billion (2.9%) year on year to ¥176.6 billion. Within Enterprise segment revenue, mobile revenue decreased by ¥0.4 billion (0.5%) to ¥77.3 billion, fixed-line revenue decreased by ¥0.1 billion (0.3%) to ¥46.5 billion, and business solution and others revenue increased by ¥5.6 billion (11.8%) to ¥52.8 billion.

The decrease in mobile revenue was mainly due to a decline in sales volume of mobile devices.

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.

Operating expenses were ¥140.0 billion, an increase of ¥7.0 billion (5.3%) year on year. This increase mainly reflects an increase in costs following the abovementioned increase in business solution and others revenue and a reversal of a one-time expense in the same period of the previous fiscal year.

As a result, segment income decreased by ¥2.0 billion (5.1%) year on year to ¥36.5 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)

	Three Months Ended June 30			
	2021	2022	Change	Change %
Revenue	117.1	130.2	13.1	11.2%
Operating expenses ¹	111.0	124.7	13.7	12.4%
Of which, depreciation and amortization	0.9	1.0	0.1	5.8%
Segment income	6.1	5.5	(0.6)	(9.8)%

Note:

1. Operating expenses include cost of sales, selling, general and administrative expenses, and other operating income and other operating expenses.

Distribution segment revenue increased by ¥13.1 billion (11.2%) year on year to ¥130.2 billion. This increase was mainly due to solid growth in subscription services such as cloud and SaaS, which have been strategic areas of focus.

Operating expenses were ¥124.7 billion, an increase of ¥13.7 billion (12.4%) year on year. This increase was mainly due to an increase in cost of sales associated with growth in sales of ICT products for enterprises, which have a relatively high cost to sales ratio.

As a result, segment income decreased by ¥0.6 billion (9.8%) year on year to ¥5.5 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, which the Group is working to develop into new drivers of earnings alongside media and commerce.

FINANCIAL RESULTS

(Billions of yen)

	Three Months Ended June 30			
	2021	2022	Change	Change %
Revenue	373.4	390.6	17.2	4.6%
Operating expenses ¹	322.0	340.8	18.9	5.9%
Of which, depreciation and amortization	34.1	34.4	0.3	0.9%
Segment income	51.4	49.7	(1.7)	(3.2)%

Note:

1. Operating expenses include cost of sales, selling, general and administrative expenses, and other operating income and other operating expenses.

Breakdown of Revenue

(Billions of yen)

	Three Months Ended June 30			
	2021	2022	Change	Change %
Media	147.4	151.9	4.5	3.1%
Commerce	195.5	205.2	9.7	4.9%
Strategy	27.2	29.8	2.5	9.3%
Other	3.2	3.7	0.5	15.2%
Total revenue	373.4	390.6	17.2	4.6%

Note: In the three months ended June 30, 2022, the Z Holdings Group revised its management categories and reclassified the categories of certain services. Accordingly, the breakdown of Media, Strategy, and Other within the revenue of the Yahoo! JAPAN/LINE segment for the three months ended June 30, 2021 has been restated to reflect these changes.

Yahoo! JAPAN/LINE segment revenue increased by ¥17.2 billion (4.6%) year on year to ¥390.6 billion. Within Yahoo! JAPAN/LINE segment revenue, media revenue increased by ¥4.5 billion (3.1%) to ¥151.9 billion, commerce revenue increased by ¥9.7 billion (4.9%) to ¥205.2 billion, strategy revenue increased by ¥2.5 billion (9.3%) to ¥29.8 billion, and other revenue increased by ¥0.5 billion (15.2%) to ¥3.7 billion.

The increase in media revenue mainly reflected the acquisition of new official *LINE* account customers at LINE Corporation and an increase in advertising-related revenue associated with an increase in the number of broadcast messages by major customers.

The increase in commerce revenue is mainly due to an increase in transaction value of the ASKUL Group (ASKUL Corporation and its subsidiaries) and the ZOZO Group (ZOZO, Inc. and its subsidiaries) and an increase in travel-related revenue due to the restarting of economic activity.

The increase in strategy revenue mainly reflected an increase in revenue in the FinTech field.

Operating expenses was ¥340.8 billion, an increase of ¥18.9 billion (5.9%) year on year. This increase mainly reflected an increase in personnel expenses in step with growth in the workforce and an increase in outsourcing expenses at LINE Corporation and Yahoo Japan Corporation, and an increase in cost of sales at the ASKUL Group.

As a result, segment income decreased by ¥1.7 billion (3.2%) year on year to ¥49.7 billion.

(2) Overview of Consolidated Financial Position

(Billions of yen)

	March 31, 2022	June 30, 2022	Change	Change %
Current assets	4,131.1	4,119.3	(11.7)	(0.3)%
Non-current assets	8,576.8	8,664.2	87.4	1.0%
Total assets	12,707.9	12,783.6	75.6	0.6%
Current liabilities	5,342.8	5,474.3	131.6	2.5%
Non-current liabilities	4,476.8	4,448.0	(28.8)	(0.6)%
Total liabilities	9,819.6	9,922.3	102.7	1.0%
Total equity	2,888.3	2,861.3	(27.1)	(0.9)%

(Billions of yen)

	Three Months Ended June 30		
	2021	2022	Change
Capital expenditures ¹	132.6	169.0	36.4
Of which, capital expenditures in the Consumer and Enterprise segments ²	84.1	91.3	7.2

Notes:

1. Based on an acceptance basis.
2. Capital expenditures in the Consumer and Enterprise segments exclude capital expenditures in the Z Holdings Group, capital expenditures in the Distribution segment and Other, investments in devices for rental services, shared equipment (contributions by other operators), and the impact of adopting IFRS 16 “Leases.”

ASSETS

Total assets amounted to ¥12,783.6 billion as of June 30, 2022, an increase of ¥75.6 billion (0.6%) from the previous fiscal year-end. This mainly reflected an increase of ¥40.4 billion in cash and cash equivalents and an increase of ¥33.2 billion in investments accounted for using the equity method. The increase in cash and cash equivalents mainly reflected fund procurement implemented in the Z Holdings Group. The increase in investments accounted for using the equity method was mainly due to a capital increase in group companies at the Z Holdings Group.

LIABILITIES

Total liabilities amounted to ¥9,922.3 billion as of June 30, 2022, an increase of ¥102.7 billion (1.0%) from the previous fiscal year-end. This increase was due to an increase of ¥221.3 billion in interest-bearing debt and an increase of ¥79.4 billion in deposits for banking business, while there was a decrease of ¥156.5 billion in trade and other payables and a decline of ¥67.5 billion in income taxes payable, among other items. The decrease in trade and other payables was mainly due to a decrease in payables to dealers and a decline in the purchasing of mobile devices and other items. The increase in interest-bearing debt was mainly due to the issuance of commercial paper, as well as borrowings and fund procurement implemented through the securitization of receivables in the Z Holdings Group.

EQUITY

Total equity amounted to ¥2,861.3 billion as of June 30, 2022, a decrease of ¥27.1 billion (0.9%) from the previous fiscal year-end. This was mainly due to a decrease of ¥224.3 billion due to cash dividends, while there was an increase of ¥149.8 billion due to the recording of net income for the three months ended June 30, 2022 and an increase of ¥32.7 billion due to the recording of other comprehensive income.

CAPITAL EXPENDITURES

In the three months ended June 30, 2022, capital expenditures were ¥169.0 billion, an increase of ¥36.4 billion year on year. This increase was mainly due to an increase in the capital expenditures for 5G and the renewal of contracts for colocation services.

(3) Overview of Consolidated Cash Flows

(Billions of yen)

	Three Months Ended June 30		Change
	2021	2022	
Net cash inflow from operating activities	181.4	257.4	76.0
Net cash outflow from investing activities	(293.5)	(157.7)	135.7
Net cash inflow (outflow) from financing activities	250.6	(66.7)	(317.3)
Cash and cash equivalents at the end of the period	1,724.1	1,587.2	(136.9)
Free cash flow ¹	(112.1)	99.6	211.7
Effect of securitization of installment sales receivables	80.7	(25.0)	(105.7)
Adjusted free cash flow ²	(31.4)	74.7	106.1
Adjusted free cash flow (excluding Z Holdings Group and others) ³	86.6	82.6	(3.9)

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.

a. Cash flows from operating activities

In the three months ended June 30, 2022, net cash inflow from operating activities was ¥257.4 billion, an increase of ¥76.0 billion year on year. This increase mainly reflected a decrease of ¥87.6 billion in income taxes paid, mainly due to a decline in taxable income in the previous fiscal year, and as a one-time factor, the recording of a payment of ¥19.5 billion in income taxes related to the business integration of Z Holdings and LINE Corporation in the same period of the previous fiscal year.

b. Cash flows from investing activities

In the three months ended June 30, 2022, net cash outflow from investing activities was ¥157.7 billion, a decrease of ¥135.7 billion year on year. This mainly reflected payments for acquisition of investments in the previous fiscal year, including the purchase of shares of LINE Corporation (currently A Holdings Corporation¹) 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 three months ended June 30, 2022, net cash outflow from financing activities was ¥66.7 billion. While there were cash inflows of ¥553.7 billion from factors including the securitization of receivables and the issuance of commercial paper, there were cash outflows of ¥620.5 billion for factors including the scheduled payment of a long-term loan and payment of cash dividends of ¥199.5 billion.

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

As a result of (a) through (c) above, cash and cash equivalents at June 30, 2022 were ¥1,587.2 billion, a decrease of ¥136.9 billion year on year.

e. Adjusted free cash flow

In the three months ended June 30, 2022, adjusted free cash flow was positive ¥74.7 billion, an increase of ¥106.1 billion year on year. This increase reflects the effects of the abovementioned increase in net cash inflow from operating activities and decrease in net cash outflow from investing activities, while there was a decrease due to the impact of the securitization of installment sales receivables.

Note:

1. Refers to LINE Corporation, the 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.

(4) Forecasts

For the fiscal year ending March 31, 2023, the Company is forecasting revenue of ¥5,900.0 billion, operating income of ¥1,000.0 billion or more, and net income attributable to owners of the Company of ¥530.0 billion or more. There have been no changes to the consolidated financial result forecasts announced on May 11, 2022 in the Consolidated Financial Report for the Fiscal Year Ended March 31, 2022.

2. Notes to Summary Information

(1) Significant Changes in Scope of Consolidation for the Three Months Ended June 30, 2022

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, 2022	(Millions of yen) As of June 30, 2022
ASSETS		
Current assets		
Cash and cash equivalents	1,546,792	1,587,208
Trade and other receivables	2,128,934	2,046,827
Other financial assets	194,031	192,946
Inventories	136,247	135,367
Other current assets	125,072	156,981
Total current assets	<u>4,131,076</u>	<u>4,119,329</u>
Non-current assets		
Property, plant and equipment	1,491,842	1,520,584
Right-of-use assets	824,090	823,625
Goodwill	1,257,889	1,261,102
Intangible assets	2,254,070	2,259,761
Contract costs	332,197	346,022
Investments accounted for using the equity method	251,924	285,147
Investment securities	469,220	472,553
Investment securities in banking business	309,225	291,020
Other financial assets	1,236,240	1,250,294
Deferred tax assets	48,763	49,346
Other non-current assets	101,377	104,775
Total non-current assets	<u>8,576,837</u>	<u>8,664,229</u>
Total assets	<u><u>12,707,913</u></u>	<u><u>12,783,558</u></u>

	As of March 31, 2022	(Millions of yen) As of June 30, 2022
LIABILITIES AND EQUITY		
Current liabilities		
Interest-bearing debt	2,036,579	2,303,342
Trade and other payables	1,462,619	1,306,155
Contract liabilities	104,293	113,515
Deposits for banking business	1,406,205	1,485,646
Other financial liabilities	3,440	2,796
Income taxes payable	125,050	57,585
Provisions	26,304	33,041
Other current liabilities	178,263	172,223
Total current liabilities	<u>5,342,753</u>	<u>5,474,303</u>
Non-current liabilities		
Interest-bearing debt	3,962,946	3,917,450
Other financial liabilities	29,790	25,845
Provisions	99,541	90,982
Deferred tax liabilities	319,313	340,725
Other non-current liabilities	65,224	72,984
Total non-current liabilities	<u>4,476,814</u>	<u>4,447,986</u>
Total liabilities	<u>9,819,567</u>	<u>9,922,289</u>
Equity		
Equity attributable to owners of the Company		
Common stock	204,309	204,309
Capital surplus	366,098	366,217
Retained earnings	1,167,903	1,102,509
Treasury stock	(106,462)	(94,811)
Accumulated other comprehensive income	43,352	49,373
Total equity attributable to owners of the Company	<u>1,675,200</u>	<u>1,627,597</u>
Non-controlling interests	<u>1,213,146</u>	<u>1,233,672</u>
Total equity	<u>2,888,346</u>	<u>2,861,269</u>
Total liabilities and equity	<u><u>12,707,913</u></u>	<u><u>12,783,558</u></u>

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

For the three months ended June 30, 2021 and 2022

Condensed Interim Consolidated Statement of Income

	Three months ended June 30, 2021	Three months ended June 30, 2022
	(Millions of yen)	
Revenue	1,356,574	1,361,999
Cost of sales	(654,414)	(676,619)
Gross profit	702,160	685,380
Selling, general and administrative expenses	(421,392)	(442,764)
Other operating income	2,331	4,495
Operating income	283,099	247,111
Share of losses of associates accounted for using the equity method	(9,000)	(9,114)
Financing income	11,368	4,285
Financing costs	(16,510)	(21,004)
Gain on sales of equity method investments	3,505	591
Profit before income taxes	272,462	221,869
Income taxes	(103,052)	(72,086)
Net income ¹	169,410	149,783
Net income attributable to		
Owners of the Company	150,964	128,542
Non-controlling interests	18,446	21,241
	169,410	149,783
Earnings per share attributable to owners of the Company		
Basic earnings per share (Yen)	32.18	27.28
Diluted earnings per share (Yen)	31.49	26.95

Note:

1. All net income of SoftBank Corp. and its subsidiaries for the three months ended June 30, 2021 and 2022 were generated from continuing operations.

Condensed Interim Consolidated Statement of Comprehensive Income

	(Millions of yen)	
	Three months ended June 30, 2021	Three months ended June 30, 2022
Net income	169,410	149,783
Other comprehensive income (loss), net of tax		
Items that will not be reclassified to profit or loss		
Changes in the fair value of equity instruments at FVTOCI	5,289	8,597
Share of other comprehensive income (loss) of associates accounted for using the equity method	111	(187)
Total items that will not be reclassified to profit or loss	5,400	8,410
Items that may be reclassified subsequently to profit or loss		
Changes in the fair value of debt instruments at FVTOCI	375	(504)
Cash flow hedges	436	966
Exchange differences on translation of foreign operations	1,533	18,767
Share of other comprehensive income of associates accounted for using the equity method	412	5,083
Total items that may be reclassified subsequently to profit or loss	2,756	24,312
Total other comprehensive income (loss), net of tax	8,156	32,722
Total comprehensive income	177,566	182,505
Total comprehensive income attributable to		
Owners of the Company	152,526	148,555
Non-controlling interests	25,040	33,950
	177,566	182,505

(3) Condensed Interim Consolidated Statement of Changes in Equity

For the three months ended June 30, 2021

(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, 2021	204,309	363,773	1,066,228	(134,218)	35,631	1,535,723	1,201,389	2,737,112
Comprehensive income								
Net income	-	-	150,964	-	-	150,964	18,446	169,410
Other comprehensive income (loss)	-	-	-	-	1,562	1,562	6,594	8,156
Total comprehensive income	-	-	150,964	-	1,562	152,526	25,040	177,566
Transactions with owners and other transactions								
Cash dividends	-	-	(201,519)	-	-	(201,519)	(19,672)	(221,191)
Disposal of treasury stock	-	(5,385)	-	11,414	-	6,029	-	6,029
Changes from business combinations	-	-	-	-	-	-	1,260	1,260
Changes from loss of control	-	-	-	-	-	-	853	853
Changes in interests in existing subsidiaries	-	(13,949)	-	-	-	(13,949)	(15,229)	(29,178)
Share-based payment transactions	-	329	-	-	-	329	-	329
Transfer from retained earnings to capital surplus	-	5,385	(5,385)	-	-	-	-	-
Transfer from accumulated other comprehensive income to retained earnings	-	-	106	-	(106)	-	-	-
Other	-	112	1,584	-	-	1,696	(1,057)	639
Total transactions with owners and other transactions	-	(13,508)	(205,214)	11,414	(106)	(207,414)	(33,845)	(241,259)
As of June 30, 2021	204,309	350,265	1,011,978	(122,804)	37,087	1,480,835	1,192,584	2,673,419

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 statement of changes in equity for the three months ended June 30, 2021 is retrospectively amended.

For the three months ended June 30, 2022

(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, 2022	204,309	366,098	1,167,903	(106,462)	43,352	1,675,200	1,213,146	2,888,346
Comprehensive income								
Net income	-	-	128,542	-	-	128,542	21,241	149,783
Other comprehensive income (loss)	-	-	-	-	20,013	20,013	12,709	32,722
Total comprehensive income	-	-	128,542	-	20,013	148,555	33,950	182,505
Transactions with owners and other transactions								
Cash dividends	-	-	(202,414)	-	-	(202,414)	(21,884)	(224,298)
Disposal of treasury stock	-	(5,502)	-	11,651	-	6,149	-	6,149
Changes from business combinations	-	-	-	-	-	-	-	-
Changes from loss of control	-	-	-	-	-	-	999	999
Changes in interests in existing subsidiaries	-	(135)	-	-	-	(135)	7,511	7,376
Share-based payment transactions	-	233	-	-	-	233	-	233
Transfer from retained earnings to capital surplus	-	5,502	(5,502)	-	-	-	-	-
Transfer from accumulated other comprehensive income to retained earnings	-	-	13,992	-	(13,992)	-	-	-
Other	-	21	(12)	-	-	9	(50)	(41)
Total transactions with owners and other transactions	-	119	(193,936)	11,651	(13,992)	(196,158)	(13,424)	(209,582)
As of June 30, 2022	204,309	366,217	1,102,509	(94,811)	49,373	1,627,597	1,233,672	2,861,269

(4) Condensed Interim Consolidated Statement of Cash Flows

	(Millions of yen)	
	Three months ended June 30, 2021	Three months ended June 30, 2022
Cash flows from operating activities		
Net income	169,410	149,783
Depreciation and amortization	182,760	181,181
Loss on disposal of property, plant and equipment and intangible assets	2,460	2,445
Gain relating to loss of control over subsidiaries	-	(1,813)
Financing income	(11,368)	(4,285)
Financing costs	16,510	21,004
Share of losses of associates accounted for using the equity method	9,000	9,114
Gain on sales of equity method investments	(3,505)	(591)
Income taxes	103,052	72,086
(Increase) decrease in trade and other receivables	121,927	98,263
(Increase) decrease in inventories	9,649	751
Purchases of mobile devices leased to enterprise customers	(7,881)	(8,436)
Increase (decrease) in trade and other payables	(184,989)	(138,310)
Increase (decrease) in consumption taxes payable	4,571	24,580
Increase (decrease) in deposits in banking business	64,648	79,441
(Increase) decrease in loans in banking business	(15,026)	(23,485)
Other	(54,305)	(65,930)
Subtotal	406,913	395,798
Interest and dividends received	2,972	2,042
Interest paid	(14,455)	(14,001)
Income taxes paid	(214,257)	(126,642)
Income taxes refunded	190	170
Net cash inflow from operating activities	181,363	257,367
Cash flows from investing activities		
Purchases of property, plant and equipment and intangible assets	(124,779)	(158,195)
Proceeds from sales of property, plant and equipment and intangible assets	191	383
Payments for acquisition of investments	(162,666)	(35,265)
Proceeds from sales/redemption of investments	3,692	3,670
Purchase of investment securities in banking business	(56,505)	(26,793)
Proceeds from sales/redemption of investment securities in banking business	66,756	57,194
Proceeds from (payments for) obtaining control of subsidiaries	270	-
Other	(20,414)	1,284
Net cash outflow from investing activities	(293,455)	(157,722)

	Three months ended June 30, 2021	(Millions of yen) Three months ended June 30, 2022
Cash flows from financing activities		
Increase (decrease) in short-term interest-bearing debt, net	294,318	81,850
Proceeds from interest-bearing debt	547,075	467,446
Repayment of interest-bearing debt	(353,572)	(397,453)
Proceeds from stock issuance to non-controlling interests	2,244	4,445
Cash dividends paid	(198,519)	(199,455)
Cash dividends paid to non-controlling interests	(19,634)	(21,856)
Other	(21,321)	(1,693)
Net cash inflow (outflow) from financing activities	<u>250,591</u>	<u>(66,716)</u>
Effect of exchange rate changes on cash and cash equivalents	711	7,487
Increase (decrease) in cash and cash equivalents	139,210	40,416
Cash and cash equivalents at the beginning of the period	<u>1,584,892</u>	<u>1,546,792</u>
Cash and cash equivalents at the end of the period	<u><u>1,724,102</u></u>	<u><u>1,587,208</u></u>

(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.

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, 2022. Income tax expenses for the three months ended June 30, 2022 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, 2022.

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 timing of containment of COVID-19.

4. Business combinations

Three months ended June 30, 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 Corporation¹ on February 28, 2021 and applied provisional accounting treatment for the three months ended June 30, 2021. As the allocation of the consideration transferred was 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 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.

(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 date²:

	(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	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	C <u>250,760</u>
Goodwill	A-(B-C) <u>630,664</u>

Notes:

1. Refers to LINE Corporation, the 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	394,413

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.

Three months ended June 30, 2022

There are no significant business combinations to be disclosed.

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" 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, broadband and electricity services to individual customers. In mobile services, the Group provides mobile services under the *SoftBank*, *Y!mobile*, *LINEMO*, and *LINE MOBILE* 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 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, and planning and provision 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.

(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.

Three months ended June 30, 2021

	Reportable segments					Other	Adjustments	Consolidated
	Yahoo!							
	Consumer	Enterprise	Distribution	JAPAN/LINE	Total			
Revenue								
Sales to external customers	691,632	168,923	104,137	367,235	1,331,927	24,647	-	1,356,574
Intersegment revenue or transferred revenue	1,539	2,587	12,950	6,117	23,193	11,614	(34,807)	-
Total	693,171	171,510	117,087	373,352	1,355,120	36,261	(34,807)	1,356,574
Segment income	184,513	38,516	6,136	51,385	280,550	2,303	246	283,099
Depreciation and amortization ¹	105,647	40,020	919	34,109	180,695	2,065	-	182,760

Three months ended June 30, 2022

	Reportable segments					Other	Adjustments	Consolidated
	Yahoo!							
	Consumer	Enterprise	Distribution	JAPAN/LINE	Total			
Revenue								
Sales to external customers	664,201	173,529	112,047	384,431	1,334,208	27,791	-	1,361,999
Intersegment revenue or transferred revenue	3,214	3,038	18,184	6,134	30,570	13,240	(43,810)	-
Total	667,415	176,567	130,231	390,565	1,364,778	41,031	(43,810)	1,361,999
Segment income	154,885	36,533	5,534	49,721	246,673	1,739	(1,301)	247,111
Depreciation and amortization ¹	105,744	38,216	972	34,403	179,335	2,334	(488)	181,181

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)	
	Three months ended June 30, 2021	Three months ended June 30, 2022
Segment income	283,099	247,111
Share of losses of associates accounted for using the equity method	(9,000)	(9,114)
Financing income	11,368	4,285
Financing costs	(16,510)	(21,004)
Gains on sales of equity method investments	3,505	591
Profit before income taxes	272,462	221,869

6. Interest-bearing debt

The components of interest-bearing debt are as follows:

	As of March 31, 2022	(Millions of yen) As of June 30, 2022
Current		
Short-term borrowings	528,630	598,397
Commercial papers	270,401	382,001
Current portion of long-term borrowings	916,790	930,965
Current portion of lease liabilities	225,719	217,002
Current portion of corporate bonds	94,985	174,930
Current portion of installment payables	54	47
Total	2,036,579	2,303,342
Non-current		
Long-term borrowings	2,446,389	2,470,966
Lease liabilities	538,241	548,008
Corporate bonds	978,244	898,415
Installment payables	72	61
Total	3,962,946	3,917,450

7. Equity

Changes in treasury stock are as follows:

	Three months ended June 30, 2021	(Thousands of shares) Three months ended June 30, 2022
Balance at the beginning of the period	100,660	79,843
Increase during the period	-	-
Decrease during the period ¹	(8,561)	(8,738)
Balance at the end of the period	92,099	71,105

Notes:

1. For the three months ended June 30, 2021, due to the exercise of stock acquisition rights, the number of treasury stock decreased by 8,561 thousand shares. As a result, "Treasury stock" decreased by ¥11,414 million and a loss on disposal of treasury stock of ¥5,385 million was recognized as a decrease in "Capital surplus," of which the same amount was transferred from "Retained earnings."

In addition, for the three months ended June 30, 2022, due to the exercise of stock acquisition rights, the number of treasury stock decreased by 8,738 thousand shares. As a result, "Treasury stock" decreased by ¥11,651 million and a loss on disposal of treasury stock of ¥5,502 million was recognized as a decrease in "Capital surplus," of which the same amount was transferred from "Retained earnings."

8. Dividends

Dividends paid are as follows:

Three months ended June 30, 2021

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

Three months ended June 30, 2022

Resolution	Class of shares	Dividends per share (Yen)	Total dividends (Millions of yen)	Record date	Effective date
Board of Directors' meeting held on May 20, 2022	Common stock	43.00	202,414	March 31, 2022	June 9, 2022

9. Revenue

The components of revenue are as follows:

	Three months ended June 30, 2021	(Millions of yen) Three months ended June 30, 2022
Consumer business		
Service revenues		
Mobile	406,581	387,234
Broadband	101,559	99,810
Electricity	24,787	56,642
Revenues from sales of goods and others	158,705	120,515
Subtotal	691,632	664,201
Enterprise business		
Mobile ³	76,303	76,083
Fixed-line	45,891	45,472
Business solution and others ³	46,729	51,974
Subtotal	168,923	173,529
Distribution business	104,137	112,047
Yahoo! JAPAN/LINE business		
Media ⁴	146,747	150,706
Commerce	191,760	201,725
Strategy ⁴	25,885	28,716
Other ⁴	2,843	3,284
Subtotal	367,235	384,431
Other	24,647	27,791
Total	1,356,574	1,361,999

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 three months ended June 30, 2021 and 2022 were ¥36,123 million and ¥32,715 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 three months ended June 30, 2021 and 2022 were ¥97,028 million and ¥100,483 million, respectively. Revenues from sales of goods and others for the three months ended June 30, 2021 and 2022 were ¥26,004 million and ¥27,574 million, respectively.

4. Effective April 1, 2022, the business categories of “Yahoo JAPAN/LINE businesses” have been reevaluated and some services were transferred between the business categories. As a result, the components of revenue for “Media,” “Strategy,” and “Other” under “Yahoo JAPAN/LINE business” for the three months ended June 30, 2021, have been restated.

10. Earnings per share

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

(1) Basic earnings per share

	Three months ended June 30, 2021	Three months ended June 30, 2022
Net income used in the calculation of basic earnings per share (Millions of yen)		
Net income attributable to owners of the Company	150,964	128,542
Weighted-average number of shares of common stock outstanding (Thousands of shares)	4,690,641	4,711,466
Basic earnings per share (Yen)	32.18	27.28

(2) Diluted earnings per share

	Three months ended June 30, 2021	Three months ended June 30, 2022
Net income used in the calculation of diluted earnings per share (Millions of yen)		
Net income attributable to owners of the Company	150,964	128,542
Effect of dilutive securities issued by subsidiaries and associates	(1,726)	(393)
Total	149,238	128,149
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	4,690,641	4,711,466
Increase in the number of shares of common stock due to stock acquisition rights	48,521	44,153
Total	4,739,162	4,755,619
Diluted earnings per share (Yen)	31.49	26.95

11. Subsequent events

Commencement of consolidation of PayPay Corporation as subsidiary by acquiring additional interests in exchange for shares issued by the Company's subsidiary

At a meeting of the Company's Board of Directors held on July 22, 2022, the Company made a resolution to enter into a transaction agreement (the "Transaction Agreement") with Z Holdings Corporation (hereinafter, "Z Holdings") regarding series of transactions (hereinafter, the "Transactions") in order for the Company to acquire PayPay Corporation (hereinafter, "PayPay") as a consolidated subsidiary. The two companies signed the Transaction Agreement on July 27, 2022.

Pursuant to the Transaction Agreement, Z Intermediate Holdings Corporation (hereinafter, "Z Intermediate"), a wholly-owned subsidiary of Z Holdings, which is a subsidiary of the Company, will incorporate a new company, B Holdings Corporation (hereinafter, the "Intermediate Holding Company" or "B Holdings"). The Intermediate Holding Company will transfer its shares as consideration for PayPay' shares (*kabushiki kofu*) (hereinafter, the "Share Delivery"). As a result of such transactions, PayPay is expected to become a subsidiary of the Company.

1. Objective of the Transactions

Under the "Beyond Carrier" strategy, the Company aims to grow beyond a telecommunications carrier by developing its business that utilizes the forefront of technology. Since the listing in 2018, through the acquisition of Z Holdings (former Yahoo Japan Corporation), as well as the business integration of Z Holdings and LINE Corporation (present A Holdings Corporation), the Company has become a corporate group with one of the largest customer bases in Japan in area of not only mobile, but also e-commerce, media, communications and cashless payment services.

In particular, "PayPay", a cashless settlement service, has acquired 48,650,000 cumulative registered users in 3 years and 9 months since its inception and has 67% share of domestic market of code payment¹ and is achieving rapid growth as a social infrastructure. The Company has decided to conduct the Transactions as it believes that, for the reasons stated below, it is the most appropriate that B Holdings, which is to be a parent company of PayPay, is jointly operated by the Company and Z Holdings in order to maximize the corporate value of the Company and its subsidiaries.

Notes:

1. Volume of PayPay payments as a percentage of total in-store payments in the code payment market. The Company calculated the number based on "Survey of Code Payment Usage Trends" published on June 5, 2022 by Payments Japan Association.

2. Summary of the Transactions

(1) Summary of the Transactions

The Transactions are composed of the following transactions (refer to <Schematic Diagram of the Transactions> below for details).

- (a) Z Intermediate shall establish the Intermediate Holding Company, and the Company and Z Intermediate will hold equal equity in the Intermediate Holding Company through investment into the Intermediate Holding Company. (hereinafter, the "Capital Contribution").
- (b) Owing to the method for the payout of dividends-in-kind, (i) Yahoo Japan Corporation (hereinafter, "Yahoo Japan"), a subsidiary of Z Holdings, shall transfer all of its common shares and Class A preferred shares in PayPay to Z Intermediate, and (ii) of these common shares, 163,196 shares shall be transferred to Z Holdings (hereinafter, (i) and (ii) shall collectively be referred to the "In-Kind Distribution").
- (c) After the Capital Contribution and the In-Kind Distribution take effect, the Company and Z Intermediate shall respectively exercise their rights to request acquisition² of PayPay Class A preferred shares the two parties hold. On the effective date of the Share Delivery (however, prior to the effectuation of the Share Delivery), all Class A preferred shares shall be converted into PayPay common shares (hereinafter, the "Conversion of the Shares").
- (d) The Intermediate Holding Company shall implement the Share Delivery. The Company and Z Intermediate shall supply the Intermediate with 796,804 common shares in PayPay, which will be held after the Conversion of the Shares held by these two companies on the effective date of the Share Delivery. Based on the share delivery plan, the Intermediate Holding Company will deliver to the Company and Z Intermediate: one Class A preferred share for one common share of PayPay.

Notes:

2. By exercising the rights for an acquisition request, PayPay shall, in exchange for acquiring Class A preferred shares, deliver one common share to the shareholders of each of these Class A preferred shares.

(2) Schedule of the Transactions³

Signing of the Transaction Agreement	July 27, 2022
Incorporation of the Intermediate Holding Company (Scheduled)	By September 30, 2022
Effective date of the In-Kind Distribution (Scheduled)	By September 30, 2022
Payment for the Capital Contribution (Scheduled)	October 1, 2022
Effective date of the Conversion of the Shares and the Share Delivery (Scheduled)	October 1, 2022

Notes:

3. The schedule is subject to change due to the necessity of the progress of the procedures for the Transactions or for other reasons.

3. Summary of the Share Delivery

(1) Method of the Share Delivery

This is a Share Delivery where the Intermediate Holding Company is the parent company and PayPay is the subsidiary. In addition, the application date for the transfer of shares to the subsidiary in the Share Delivery is September 30, 2022. The Company and Z Intermediate are scheduled to sign a stock purchase agreement with the Intermediate Holding Company by the above date. Pursuant to the agreement, 796,804 shares (a total of 1,593,608 shares) held by each company respectively out of PayPay's total common shares outstanding (1,756,804 shares) after the Conversion of the Shares, shall be transferred as the total number of shares to be transferred and received by the Intermediate Holding Company as the shares of the subsidiary through the Share Delivery.

(2) Details of allocation concerning the Share Delivery

The Intermediate Holding Company shall allocate and deliver its one Class A preferred shares for one PayPay common share. In the Share Delivery, the Intermediate Holding Company will not deliver any considerations for Class A preferred shares in PayPay. In addition, the lower limit for the number of PayPay common shares to be received by the Intermediate Holding Company is 1,593,608 shares, and the lower limit for the number of PayPay Class A preferred shares to be received by the Intermediate Holding Company is zero share.

4. Calculation method for the stock allocation in the Share Delivery

The Intermediate Holding Company shall allocate and deliver its one Class A preferred share for one PayPay common share. The parties who shall receive and be allocated such common shares shall be only the Company and Z Intermediate, who shall hold the same number of common shares in the Intermediate Holding Company, the parent company upon the Share Delivery. And as stipulated in "3. (1) Method of the Share Delivery" above, the Intermediate Holding Company shall receive 796,804 common shares in PayPay that are to be held by Z Intermediate and the Company after the Conversion of the Shares. Based on the total number of shares outstanding of PayPay and the Intermediate Holding Company as of October 1, 2022, the number of PayPay common shares allocated for the Share Delivery is determined after discussions between the Company and Z Holdings, which are the parent company of the Intermediate Holding Company, taking into account the financial position and future outlook of both companies.

5. Profiles of the companies engaging in the Share Delivery

	Target Parent company	Target subsidiary
(1) Name	B Holdings Corporation	PayPay Corporation
(2) Address	1-3 Kioicho, Chiyoda-ku, Tokyo	1-3 Kioicho, Chiyoda-ku, Tokyo
(3) Position and name of representatives	Ryosuke Sakaue, Representative Director (as of the date of incorporation) *Kentarō Kawabe and Junichi Miyakawa are scheduled to be appointed on and after the effective date of the Share Delivery	Ichiro Nakayama, President and Representative Director, CEO, Corporate Officer
(4) Business Description	Management of group companies and peripheral operations	Development and provision of e-payment services, including mobile payments
(5) Capital	75 million yen (as of the date of incorporation) (Scheduled) ⁴	121,800 million yen
(6) Date of establishment	September 2022 (Scheduled)	June 15, 2018
(7) Number of shares outstanding	15 shares (as of the date of incorporation) (Scheduled) ⁵	(as of June 30, 2022) Number of common shares: 1,660,000 shares Number of Class A preferred shares: 1,090,000 shares
(8) Month for fiscal year end book-closing	March	March
(9) Headcount	(before the date of incorporation) 0 employees	(as of March 31, 2022) 1,846 employees
(10) Major customers	Not applicable	Not applicable
(11) Main banks	Not applicable	Not applicable
(12) Major shareholders and shareholding ratios	Z Intermediate Holdings Corporation 100% (as of the date of incorporation) ⁶	(Ratio of common shares held) Common shares SVF II Piranha (DE) LLC 50.0% SoftBank Corp. 25.0% Yahoo Japan Corporation 25.0% (Ratio of Class A preferred shares held) Class A preferred shares SoftBank Corp. 50.0% Yahoo Japan Corporation 50.0% (as of June 30, 2022)

Notes:

4. Upon the Capital Contribution, the capital amount will be 150 million as of the effective date of the Capital Contribution.
5. Upon the Capital Contribution and the Share Delivery take effect, the total numbers of outstanding shares as of the effective date of the Share Delivery will be 1,593,638 shares, outstanding common shares will be 30 shares and outstanding Class A preferred shares will be 1,593,608 shares.
6. Upon the Capital Contribution, percentage of capital contribution of the Company and Z Intermediate will be 50:50.

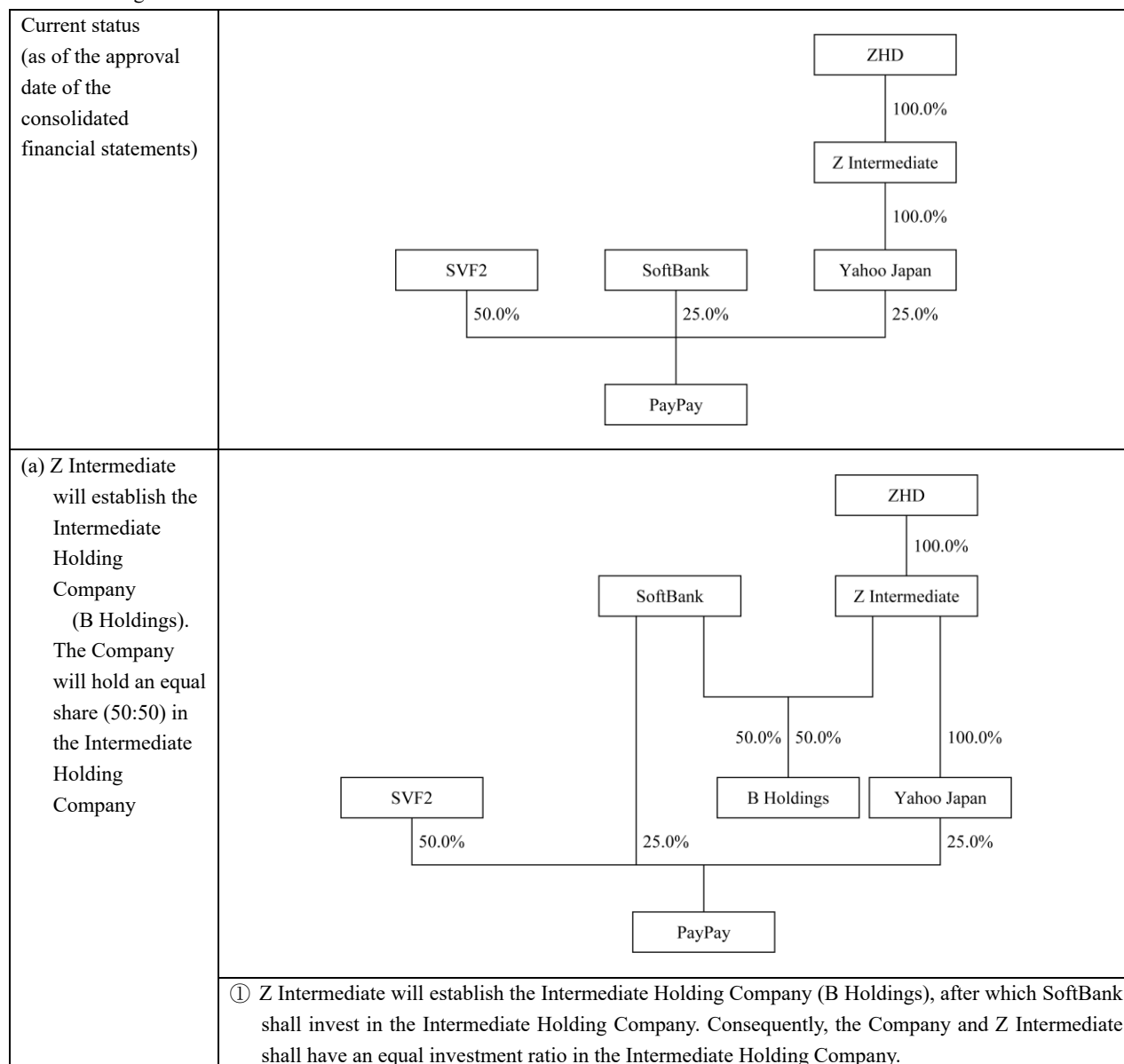
6. Summary of accounting procedures

After the implementation of the Transactions, the Company and Z Holdings, a subsidiary of the Company, shall hold 100% of shares in the Intermediate Holding Company. The Intermediate Holding Company and PayPay are scheduled to become subsidiaries of the Company and shall be included in the consolidated financial statements.

7. Possible impacts on future business performance

The Company expects to recognize a gain on step acquisitions of PayPay in the fiscal year ending March 31, 2023, while the impacts on business performance in the fiscal year ending March 31, 2023 and beyond are yet to be determined.

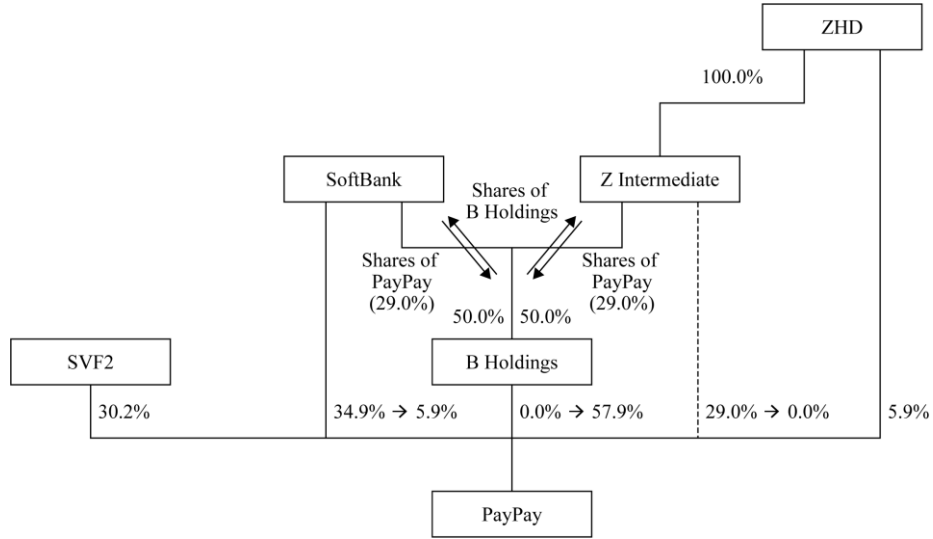
Schematic Diagram of the Transactions



Note: ZHD: Z Holdings Corporation, Z Intermediate: Z Intermediate Holdings Corporation, SVF2: SVF II Piranha(DE) LLC, SoftBank: SoftBank Corp., Yahoo: Yahoo Japan Corporation, PayPay: PayPay Corporation, B Holdings: B Holdings Corporation

<p>(b) Payment of in-kind dividends to Z Intermediate for the common shares and Class A preferred shares in PayPay held by Yahoo Japan</p>	
	<p>② Owing to the In-Kind Distribution, (i) All common shares and Class A preferred shares in PayPay held by Yahoo shall be transferred to Z Intermediate, and (ii) 163,196 shares of those common shares shall be transferred to Z Holdings.</p>
<p>(c) Conversion of PayPay Class A preferred shares held by the Company and Z Intermediate into common shares</p>	
	<p>③ After (1) the Capital Contribution and (2) the In-Kind Distribution take effect, PayPay Class A preferred shares held by the Company and Z Intermediate shall be converted into PayPay common shares.</p>

(d) The Share Delivery that stipulates the Intermediate Holding Company as the target parent company and PayPay as the subsidiary



④ The Intermediate Holding Company shall implement the Share Delivery. The Company and Z Intermediate shall supply 796,804 PayPay common shares for the Share Delivery, after each company converts the PayPay preferred shares into common shares. They will then supply common shares they respectively hold in PayPay to the Intermediate Holding Company, based on an allocation one common share for each Class A preferred share.

After the Transactions

