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Consolidated Financial Report For the Fiscal Year Ended March 31, 2023 (IFRS)

May 10, 2023

(Amounts are rounded to the nearest million yen)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2023

(1) Consolidated operating results

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

| | Revenue | | Operating income | | Profit before income taxes | | Net income | | Net income attributable to owners of the Company | | Total comprehensive income | |
|---|------------------|------------|------------------|------------|----------------------------|------------|-----------------|-------------|--|------------|----------------------------|-------------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| Fiscal year ended March 31, 2023 | 5,911,999 | 3.9 | 1,060,168 | 9.8 | 862,868 | 0.6 | 654,125 | 13.7 | 531,366 | 2.8 | 844,222 | 40.0 |
| Fiscal year ended March 31, 2022 | 5,690,606 | 9.3 | 965,553 | (0.5) | 858,011 | 1.2 | 575,433 | 5.1 | 517,075 | 5.2 | 603,012 | (0.7) |
| Fiscal year ended March 31, 2022 (before retrospective adjustment) | 5,690,606 | 9.3 | 985,746 | 1.5 | 880,363 | 3.9 | 583,952 | 6.6 | 517,517 | 5.3 | 611,531 | 0.7 |

| | Basic earnings per share | Diluted earnings per share | Ratio of net income to equity attributable to owners of the Company | Ratio of profit before income taxes to total assets | Ratio of operating income to revenue |
|---|--------------------------|----------------------------|---|---|--------------------------------------|
| | Yen | Yen | % | % | % |
| Fiscal year ended March 31, 2023 | 112.53 | 111.00 | 25.4 | 6.2 | 17.9 |
| Fiscal year ended March 31, 2022 | 110.04 | 108.18 | 27.3 | 6.7 | 17.0 |
| Fiscal year ended March 31, 2022 (before retrospective adjustment) | 110.13 | 108.27 | 32.2 | 7.1 | 17.3 |

Reference:

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

Fiscal year ended March 31, 2023 ¥(47,875) million

Fiscal year ended March 31, 2022 ¥(60,094) million

Note: The Group has changed the accounting policy to apply the acquisition method from book-value transferred method on transactions under common control from the three months ended December 31, 2022. In accordance with this change, the amounts for the fiscal year ended March 31, 2022 are retrospectively amended.

(2) Consolidated financial position

| | Total assets | Total equity | Equity attributable to owners of the Company | Ratio of equity attributable to owners of the Company to total assets | Equity per share attributable to owners of the Company |
|---|-------------------|------------------|--|---|--|
| | Millions of yen | Millions of yen | Millions of yen | % | Yen |
| As of March 31, 2023 | 14,682,181 | 3,683,067 | 2,224,945 | 15.2 | 470.24 |
| As of March 31, 2022 | 13,097,464 | 3,212,731 | 1,960,621 | 15.0 | 416.51 |
| As of March 31, 2022 (before retrospective adjustment) | 12,207,913 | 2,888,346 | 1,675,200 | 13.2 | 355.87 |

Note: The Group has changed the accounting policy to apply the acquisition method from book-value transferred method on transactions under common control from the three months ended December 31, 2022. In accordance with this change, the amounts as of March 31, 2022 are retrospectively amended.

(3) Consolidated cash flows

| | Operating activities | Investing activities | Financing activities | Cash and cash equivalents at the end of the year |
|---|----------------------|----------------------|----------------------|--|
| | Millions of yen | Millions of yen | Millions of yen | Millions of yen |
| Fiscal year ended March 31, 2023 | 1,155,750 | (154,773) | (495,260) | 2,059,167 |
| Fiscal year ended March 31, 2022 | 1,215,918 | (957,693) | (305,072) | 1,546,792 |

2. Dividends

| | Dividends per share | | | | | Total dividends (Annual) | Payout ratio (Consolidated) | Ratio of dividend to equity attributable to owners of the Company (Consolidated) |
|--|---------------------|----------------|---------------|----------------|-------|--------------------------|-----------------------------|--|
| | First quarter | Second quarter | Third quarter | Fourth quarter | Total | | | |
| | Yen | Yen | Yen | Yen | Yen | Millions of yen | % | % |
| Fiscal year ended March 31, 2022 | - | 43.00 | - | 43.00 | 86.00 | 404,603 | 78.2 | 21.4 |
| Fiscal year ended March 31, 2023 | - | 43.00 | - | 43.00 | 86.00 | 406,700 | 76.4 | 19.4 |
| Fiscal year ending March 31, 2024 (Forecast) | - | 43.00 | - | 43.00 | 86.00 | | 96.7 | |

Note: The dividend for fiscal year ended March 31, 2023 is scheduled to be submitted for approval to the Board of Directors of the Company at a meeting planned for May 24, 2023.

3. Consolidated Financial Result Forecasts for the Fiscal Year Ending March 31, 2024

(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, 2024 | 6,000,000 | 1.5 | 780,000 | (26.4) | 420,000 | (21.0) | 88.95 |

Note: For details of the above consolidated financial forecast, refer to “(4) Forecasts” under “1. Results of Operations.”

* Notes

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

Newly consolidated: One Company

Company Name: PayPay Corporation

Excluded from consolidation: None

Note: For details, refer to “(1) Significant Changes in Scope of Consolidation for the Fiscal Year Ended March 31, 2023” under “3. Notes to Summary Information” on page 20 of the appendix to this consolidated financial report.

(2) Changes in accounting policies and accounting estimates

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

[2] Changes in accounting policies other than those in [1]: Yes

[3] Changes in accounting estimates: No

Note: For details, refer to “(2) Changes in Accounting Policies and Accounting Estimates” under “3. Notes to Summary Information” on page 20 of the appendix to this consolidated financial report.

(3) Number of issued shares (common stock)

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

As of March 31, 2023 4,787,145,170 shares

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

[2] Number of shares of treasury stock

As of March 31, 2023 55,596,343 shares

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

[3] Average number of shares outstanding during the period

Fiscal year ended March 31, 2023 4,721,966,921 shares

Fiscal year ended March 31, 2022 4,699,078,642 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 18 of the appendix to this consolidated financial report.

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

On Wednesday, May 10, 2023 (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

In connection with the consolidation of PayPay Corporation by the Company on October 1, 2022, the Group added the Financial segment to the reportable segments from the three months ended December 31, 2022. Accordingly, the Group has five reportable segments: Consumer segment, Enterprise segment, Distribution segment, Yahoo! JAPAN/LINE segment, and Financial 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> and <i>ZOZOTOWN</i>; reuse services including <i>YAHUOKU!</i>; and O2O services. Provision of AI, healthcare and other services centered on FinTech⁴ | Z Holdings ⁵ Yahoo Japan Corporation LINE Corporation ASKUL Corporation ZOZO, Inc. Ikyu Corporation ValueCommerce Co., Ltd. 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 |
| Financial segment ⁶ | <ul style="list-style-type: none"> Development and provision of mobile payments and other electronic payment services Provision of credit card, credit card loan, and credit guarantee businesses Provision of payment processing services Provision of online security trading service for smartphones | PayPay Corporation ⁵ PayPay Card Corporation SB Payment Service Corp. PayPay Securities Corporation |
| Other ⁷ | <ul style="list-style-type: none"> Provision of cloud services, security operation monitoring services, and IoT solutions Provision of IoT, Linux/OSS, and authentication and security Planning and production of digital media and digital content R&D, manufacturing, operation, management and business planning in the fields of Solar HAPS⁸ and network equipment Others | The Company SB Technology Corp. Cybertrust Japan Co., Ltd. ITmedia 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. 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.

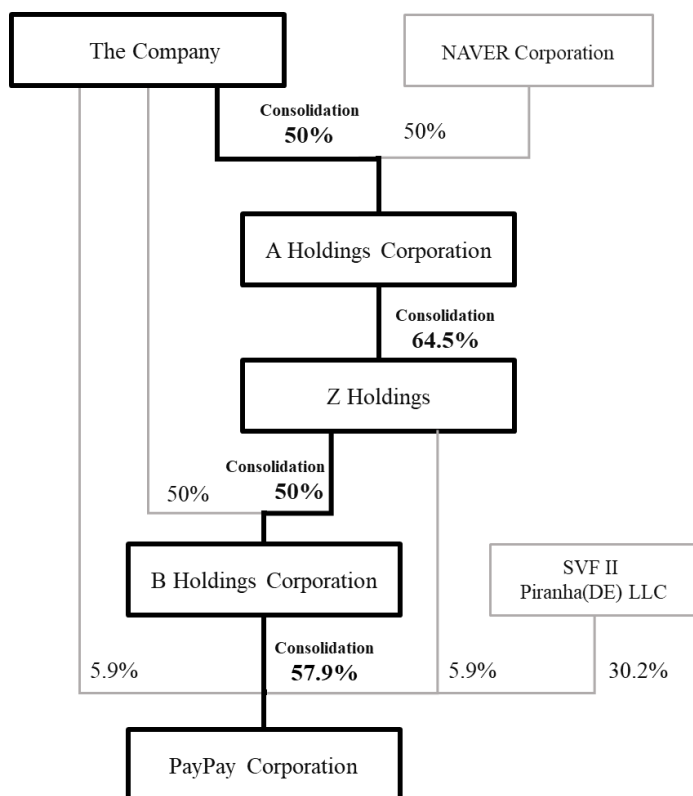
4. FinTech is a term coined from the combination of finance and technology and refers to a variety of innovative services that combine financial services with information and communication technology.

5. As of March 31, 2023, 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 64.5% 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.

Pursuant to the transaction agreement between the Company and Z Holdings concluded on July 27, 2022, PayPay Corporation’s Class A preferred shares held by the Company and Z Intermediate Holdings Corporation, a wholly owned subsidiary of Z Holdings, were converted into its common shares. Consequently, the Group’s voting rights in PayPay Corporation reached 69.8% (before the exercise of stock acquisition rights by One 97 Communications Limited (Paytm)), and PayPay Corporation became a subsidiary of the Company on October 1, 2022.

The diagram below indicates ratio of voting rights as of March 31, 2023.

In addition, at its Board of Directors meeting held on April 28, 2023, Z Holdings resolved the scheduled timing of the conclusion of an agreement related to a group reorganization, as well as its scheduled completion date (effective date). The group reorganization will be mainly around Z Holdings and its core wholly owned subsidiaries: LINE Corporation and Yahoo Japan Corporation. The completion date of the group reorganization (effective date) is scheduled on October 1, 2023, and Z Holdings plans to change its trade name to LY Corporation on the same day.



6. Until the six months ended September 30, 2022, PayPay Card Corporation had been included in the Yahoo! JAPAN/LINE segment, and SB Payment Service Corp. and PayPay Securities Corporation had been included in Other. From the three months ended December 31, 2022, these companies are included in the Financial segment.

7. On August 18, 2022, the Company sold a portion of its holdings of Vector Inc. common shares. Consequently, Vector Inc. is no longer a subsidiary of the Company.

8. 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.

1. Results of Operations

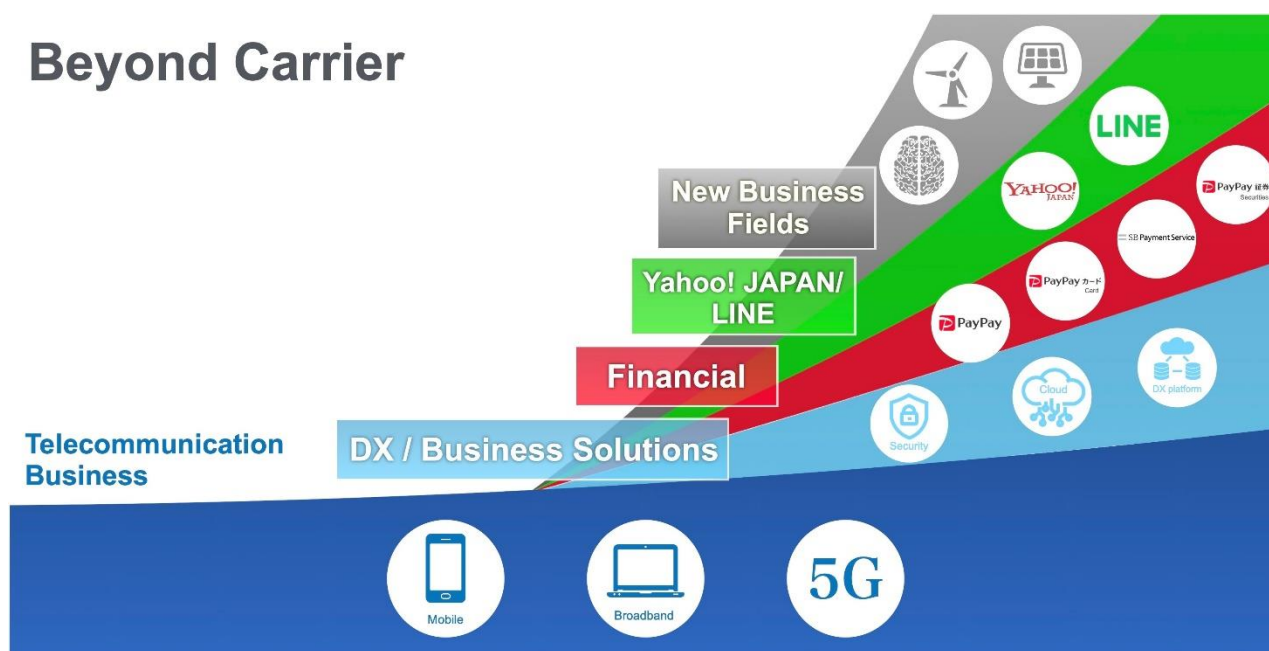
(1) Overview of Consolidated Results of Operations

a. Management Environment and the Group's Initiatives

Guided by its corporate philosophy of “Information Revolution—Happiness for everyone,” the Group has been undertaking a wide range of businesses in the information and technology fields. The Group has embraced the vision of becoming “a corporate group needed most by people around the world,” and it has been working to maximize corporate value. Moreover, the Group has identified six material issues¹ to be addressed to contribute to solving various social issues through its businesses. In the fiscal year ended March 31, 2023, the COVID-19 pandemic finally turned a corner. However, soaring prices for crude oil and various other commodities triggered by international rivalries have been compounded by unstable supply chains and the yen's depreciation. These trends have made inflation a reality, exerting downward pressure on business conditions. In the telecommunications industry, the business environment was extremely challenging, as the effects of mobile service price reduction were felt on a full scale, alongside the aforementioned factors. Nonetheless, the trend toward the digitalization of society accelerated by the COVID-19 pandemic has continued unabated. As a provider of infrastructure for society such as 5G (5th generation mobile communication system), the Group recognizes that the roles it must fulfill have continued to grow in importance.

In August 2020, amid drastic changes in the business environment due to the COVID-19 outbreak, the Group announced a medium-term target for achieving operating income of ¥1 trillion in the fiscal year ending March 31, 2023. Despite the impact of mobile service price reduction, the Group achieved this target due partly to a gain on step acquisition in connection with the conversion of PayPay Corporation into a subsidiary.

In May 2023, the Group announced that it will aim to be “a company that provides next-generation social infrastructure essential for development of a digital society” over the long term along with its three-year Medium-term Management Plan. With this vision, the Group's intention is to build infrastructure designed to meet the projected rapid increase in demand for data processing and electricity brought on by the accelerated evolution of AI, and to become an indispensable company that will support the future's vast array of digital services. Under the Medium-Term Management Plan, the Group will rebuild its business foundations to realize this vision. By promoting the *Beyond Carrier* growth strategy, we will work to recover from the impact of mobile service price reduction, and pursue record-high profit in terms of net income attributable to owners of the Company in the fiscal year ending March 31, 2026, which is the final year of the Medium-Term Management Plan. The *Beyond Carrier* growth strategy seeks to maximize corporate value by driving sustainable growth in the telecommunications business, the Group's core business, while going beyond the boundaries of a telecommunications carrier to actively expand the Group's businesses in a wide range of fields within the information and technology sectors. Furthermore, the Group will strengthen the competitiveness of the telecommunications business by enhancing collaboration between the telecommunications business and those Group businesses, while promoting the generation of synergies through such means as increasing the number of service users and enhancing user engagement in those Group businesses.



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. Specifically, the Group offers multiple brands, including the *SofiBank* 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 fiscal year ended March 31, 2023, amid competition over new price plans, the *Y!mobile* brand performed particularly well, and the number of smartphone subscribers as of March 31, 2023 increased by 1,682 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 259 thousand from March 31, 2022. In addition, from November 2022, the Company began providing *Smartphone Debut Plan+* as a new *SoftBank* brand price plan for customers aged 5 to 22 getting their first smartphone, customers switching from a feature phone to a smartphone through a model change or transfer (Mobile Number Portability (MNP) / number transfer) and customers currently enrolled in *Smartphone Debut Plan*. *Smartphone Debut Plan+* gives these customers the option to choose from two different monthly data allowances: 4 GB and 20 GB.

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 fiscal year ended March 31, 2023 increased by ¥32.5 billion (15.0%) year on year. In March 2023, the Company launched *Private 5G (shared-type)*, which provides a 5G network using network slicing,² to meet the many and varied needs of companies, local governments and other kinds of organizations. By offering *Private 5G (shared-type)*, the Company will closely coordinate systems that control equipment in factories, buildings and other facilities, and IT systems, integrating them into one network. Through this process, the Company will continue to promote the digital transformation (“DX”)³ of industries as a whole.

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 roll-out of businesses that leverage cutting-edge technologies including AI, IoT and FinTech, notably internet services such as *Yahoo! JAPAN* and *LINE*, along with 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. Specifically, the Group is working to establish joint ventures with each partner company and expand non-telecom businesses.

Z Holdings Group

In February 2023, Z Holdings resolved on a policy of implementing group reorganization mainly around the three companies, Z Holdings, LINE Corporation, and Yahoo Japan Corporation, in order to build an organizational structure that puts more emphasis on products and to accelerate the expansion of synergies through the business integration of Z Holdings and LINE Corporation. The completion date of the group reorganization (effective date) is scheduled on October 1, 2023. Through this policy, the Z Holdings Group will seek to add value to all of its services by strengthening coordination between each service and promoting the restructuring of services through faster product-related decision-making.

Z Holdings has resolved to make changes in its Representative Directors. Effective from April 2023, Z Holdings has appointed Kentaro Kawabe as Chairperson and Representative Director, Takeshi Idezawa as President and Representative Director, CEO, and Jungho Shin as Representative Director, GCPO (Group Chief Product Officer). In addition, Z Holdings has newly established and appointed a CGSO (Chief Group Synergy Officer) and CSO (Chief Strategy Officer), to generate synergies within the Z Holdings Group and to expedite the establishment, decision-making, and execution of management strategies.

One example of an initiative to accelerate the generation of synergies is *LYP Mileage*, which the Z Holdings Group began providing in March 2023. When users purchase eligible products offline at eligible stores with *PayPay* payment, or online at eligible stores on *Yahoo! JAPAN Shopping*, and meet the purchase amount set as a condition for each product, users receive benefits such as *PayPay Point* rewards. Manufacturers and other companies participating in the *LYP Mileage* platform can use both the offline and online purchase data of users for continuous and effective sales promotion, allowing them to reduce sales promotion costs, maximize LTV (life time value), and improve customer loyalty.

PayPay Corporation

As of the end of March 31, 2023, the number of registered users⁴ of *PayPay* that is operated by PayPay Corporation, which became a subsidiary of the Company and Z Holdings on October 1, 2022, reached 56.64 million, surpassing 55 million users in the short span of 4 years and 4 months since the service began in October 2018. *PayPay* performed steadily, and in the fiscal year ended March 31, 2023, the number of payments⁵ of *PayPay* made exceeded 5.14 billion, approximately 1.4 times that in the previous fiscal year. The gross merchandise value of payments⁵ reached ¥7.9 trillion, approximately 1.5 times year on year. In addition, the gross merchandise value of payments on a consolidated basis, including that of PayPay Card Corporation,^{5,6} reached ¥10.2 trillion, approximately 1.3 times year on year.

In February 2023, PayPay Corporation began offering *PayPay Flyers*, a service that allows users to view flyers posted by *PayPay* merchants on the *PayPay* app. Users can easily obtain information from merchants by registering up to four areas, such as near one’s home or workplace. Merchants can easily promote information to users, and it is easier for them to measure the effectiveness of *PayPay Flyers* relative to paper flyers. For example, merchants can check how many *PayPay* payments were made during the period when the flyers were distributed. As a result, *PayPay Flyers* enables merchants to perform data analysis to enhance marketing efficiency.

Awareness of Business Environment

The main external environmental factors identified by the Group 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 ⁷ , 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 | <p>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.</p> <p>The annual impact of an increase of ¥1 in the price of electricity per kWh would be approximately ¥2.1 billion⁸.</p> <p>The Company had previously set a maximum price for the fuel cost adjustment amount billed to customers for electricity services, including the <i>Ouchi Denki (Home Electricity)</i> service. However, against the backdrop of surging fuel prices, the Company abolished the maximum price on November 1, 2022 to ensure a stable supply of electricity.</p> |
| Semiconductor shortage | Although there are some signs of improvement, the semiconductor shortage has continuously 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. |

Notes:

1. For details on the material issues, please see the Company's website:
<https://www.softbank.jp/en/corp/sustainability/materiality/>
2. Network slicing is a technology that virtualizes the network and divides resources to provide services that match the application and purpose (ultra-high-speed, low-latency, etc.).
3. Digital transformation (DX) refers to the use of data and digital technologies by companies to reshape organizations, processes, business operations and other elements.
4. The number of users who have registered for a PayPay account.
5. The use of the Send/Receive function of PayPay Balance between users is not included. From the three months ended March 31, 2022 onward, payments via Alipay and LINE Pay, etc. are included. Payments through the deferred payment PayPay Atobarai launched in February 2022 are included.
6. The gross merchandise value of payments of PayPay Corporation and that of PayPay Card Corporation have been retrospectively totaled since the fiscal year ended March 31, 2022. The figures eliminate internal transactions between the two companies.
7. This includes certain borrowings with floating interest rates for which a fixed interest expense is obtained through interest rate swap transactions.
8. This figure is an estimate based on the electricity consumption of 2,117,259 MWh in the Company and its main subsidiaries for the fiscal year ended March 31, 2022.

b. Consolidated Results of Operations

(Billions of yen)

| | Fiscal Year Ended March 31 | | Change | Change % |
|------------------------------|----------------------------|----------------|---------|----------|
| | 2022 | 2023 | | |
| Revenue | 5,690.6 | 5,912.0 | 221.4 | 3.9% |
| Operating income | 965.6 | 1,060.2 | 94.6 | 9.8% |
| Profit before income taxes | 858.0 | 862.9 | 4.9 | 0.6% |
| Income taxes | (282.6) | (208.7) | 73.8 | (26.1)% |
| Net income | 575.4 | 654.1 | 78.7 | 13.7% |
| Net income attributable to: | | | | |
| Owners of the Company | 517.1 | 531.4 | 14.3 | 2.8% |
| Non-controlling interests | 58.4 | 122.8 | 64.4 | 110.4% |
| Adjusted EBITDA ¹ | 1,741.8 | 1,566.4 | (175.4) | (10.1)% |

Notes:

The Group has changed the accounting policy for transactions under common control from the book-value method to the acquisition method from the three months ended December 31, 2022. Accordingly, figures for the fiscal year ended March 31, 2022 have been retrospectively amended.

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 fiscal year ended March 31, 2023 is as follows:

(a) Revenue

For the fiscal year ended March 31, 2023, revenue increased by ¥221.4 billion (3.9%) year on year to ¥5,912.0 billion, increasing in all segments. Revenue increased by ¥89.5 billion in the Distribution segment, mainly due to a solid increase in revenue from ICT (Information and Communication Technology) related products and subscription services, by ¥74.8 billion in the Financial segment, mainly due to the consolidation of PayPay Corporation, by ¥40.2 billion in the Yahoo! JAPAN/LINE segment, mainly due to increased revenue from account advertising at LINE Corporation and search advertising at Yahoo Japan Corporation, in addition to increased commerce revenue, by ¥34.6 billion in the Enterprise segment, mainly due to an increase in demand for solutions associated with digitalization, and by ¥0.4 billion in the Consumer segment. The increase in revenue in the Consumer segment was mainly due to an increase in electricity revenue reflecting increases in transaction volume and price in the electricity market, while there was a decrease in revenues from sales of goods and others, and mobile revenue decreased due to factors such as the impact of mobile service price reduction.

(b) Operating income

For the fiscal year ended March 31, 2023, operating income increased by ¥94.6 billion (9.8%) year on year to ¥1,060.2 billion. This mainly reflected the recording of ¥294.8 billion associated with a gain on step acquisition in connection with the conversion of PayPay Corporation into a subsidiary and an increase of ¥6.6 billion in the Enterprise segment. On the other hand, operating income decreased by ¥177.0 billion in the Consumer segment mainly due to the impact of mobile service price reduction, and by ¥26.8 billion in the Financial segment mainly due to the conversion of PayPay Corporation into a subsidiary.

(c) Net income

For the fiscal year ended March 31, 2023, net income increased by ¥78.7 billion (13.7%) year on year to ¥654.1 billion. This mainly reflected increases in operating income and profit before income taxes, primarily due to the recording of a gain on step acquisition in connection with the conversion of PayPay Corporation into a subsidiary, and a decrease in income taxes associated with a decrease in taxable income, primarily due to the impact of mobile service price reduction, while there was an increase in financing costs and the recording of an impairment loss on equity method investments.

(d) Net income attributable to owners of the Company

For the fiscal year ended March 31, 2023, net income attributable to owners of the Company increased by ¥14.3 billion (2.8%) year on year to ¥531.4 billion. Net income attributable to non-controlling interests increased by ¥64.4 billion (110.4%) year on year to ¥122.8 billion. This mainly reflected the recording of ¥147.4 billion associated with a gain on step acquisition in connection with the conversion of PayPay Corporation into a subsidiary at the Z Holdings Group.

(e) Adjusted EBITDA

For the fiscal year ended March 31, 2023, adjusted EBITDA decreased by ¥175.4 billion (10.1%) year on year to ¥1,566.4 billion. The main component of this year on year change was decreased operating income, excluding a gain on step acquisition associated with the conversion of PayPay Corporation into a subsidiary. 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 | (Thousands) | | |
|----------------------------------|----------------|----------------|--------|
| | March 31, 2022 | March 31, 2023 | Change |
| Total | 49,509 | 52,281 | 2,772 |
| Main subscribers* | 38,569 | 39,596 | 1,027 |
| Of which, smartphones | 27,580 | 29,262 | 1,682 |
| Communication modules and others | 10,603 | 12,621 | 2,018 |
| PHS | 337 | 64 | (273) |

| Net Additions | (Thousands) | | |
|-----------------------|----------------------------|-------|--------|
| | Fiscal Year Ended March 31 | | Change |
| | 2022 | 2023 | |
| Main subscribers* | 658 | 1,027 | 369 |
| Of which, smartphones | 1,654 | 1,682 | 27 |

| Churn Rate and Total ARPU | (Thousands) | | | |
|---------------------------|----------------------------|-------|--------|---------|
| | Fiscal Year Ended March 31 | | Change | |
| | 2022 | 2023 | | |
| Main subscribers* | Churn rate | 1.10% | 1.10% | +0.00pp |
| | Total ARPU (yen) | 4,070 | 3,850 | (220) |
| | ARPU before discount (yen) | 4,390 | 4,110 | (280) |
| | Discount on ARPU (yen) | (320) | (250) | 60 |
| Smartphones | Churn rate | 0.99% | 1.04% | +0.05pp |

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 | (Thousands) | | |
|-------------------------------------|----------------|----------------|--------|
| | March 31, 2022 | March 31, 2023 | Change |
| Total | 8,313 | 8,395 | 81 |
| <i>SoftBank Hikari</i> | 7,306 | 7,566 | 259 |
| <i>Yahoo! BB Hikari with FLET'S</i> | 625 | 573 | (51) |
| <i>Yahoo! BB ADSL</i> | 383 | 256 | (127) |

<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 = the number of churn/the number of active subscribers

* The 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

* The 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”) or 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. Cumulative subscribers include the number of subscribers to *SoftBank Air*:

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

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 the ISP service is being provided

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 Group 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)

| | Fiscal Year Ended March 31 | | Change | Change % |
|---|----------------------------|----------------|---------|----------|
| | 2022 | 2023 | | |
| Revenue | 2,882.7 | 2,883.1 | 0.4 | 0.0% |
| Operating expenses ¹ | 2,243.2 | 2,420.7 | 177.4 | 7.9% |
| Of which, depreciation and amortization | 420.2 | 427.5 | 7.2 | 1.7% |
| Segment income | 639.5 | 462.4 | (177.0) | (27.7)% |

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)

| | Fiscal Year Ended March 31 | | Change | Change % |
|---|----------------------------|----------------|--------|----------|
| | 2022 | 2023 | | |
| Service revenues | 2,251.8 | 2,303.3 | 51.5 | 2.3% |
| Mobile | 1,608.1 | 1,513.5 | (94.5) | (5.9)% |
| Broadband | 404.6 | 396.8 | (7.8) | (1.9)% |
| Electricity | 239.1 | 393.0 | 153.9 | 64.4% |
| Revenues from sales of goods and others | 630.9 | 579.8 | (51.1) | (8.1)% |
| Total revenue | 2,882.7 | 2,883.1 | 0.4 | 0.0% |

Consumer segment revenue increased by ¥0.4 billion (0.0%) year on year to ¥2,883.1 billion. Within Consumer segment revenue, service revenues increased by ¥51.5 billion (2.3%) year on year to ¥2,303.3 billion, and revenues from sales of goods and others decreased by ¥51.1 billion (8.1%) year on year to ¥579.8 billion.

Within service revenues, mobile revenue decreased by ¥94.5 billion (5.9%) year on year. The decrease mainly reflected a decline in ARPU due to mobile service price reduction and effect of customer acquisition measures, expenses of which are deducted from revenue, 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 the introduction of new price plans under the *SoftBank* and *Y!mobile* brands and further switching of subscribers from the *SoftBank* brand to the *Y!mobile* and *LINEMO* brands.

Broadband revenue decreased by ¥7.8 billion (1.9%) year on year. This decrease was mainly 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 ¥153.9 billion (64.4%) year on year. This increase was mainly due to increases in transaction volume and price in the electricity market.

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

Operating expenses were ¥2,420.7 billion, an increase of ¥177.4 billion (7.9%) year on year. This increase was mainly due to an increase in the cost of goods related to electricity, 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 ¥177.0 billion (27.7%) year on year to ¥462.4 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)

| | Fiscal Year Ended March 31 | | Change | Change % |
|---|----------------------------|--------------|--------|----------|
| | 2022 | 2023 | | |
| Revenue | 715.7 | 750.3 | 34.6 | 4.8% |
| Operating expenses ¹ | 587.3 | 615.2 | 28.0 | 4.8% |
| Of which, depreciation and amortization | 158.6 | 154.0 | (4.6) | (2.9)% |
| Segment income | 128.5 | 135.1 | 6.6 | 5.2% |

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)

| | Fiscal Year Ended March 31 | | Change | Change % |
|------------------------------|----------------------------|--------------|--------|----------|
| | 2022 | 2023 | | |
| Mobile | 313.2 | 320.0 | 6.8 | 2.2% |
| Fixed-line | 186.8 | 182.1 | (4.6) | (2.5)% |
| Business solution and others | 215.7 | 248.2 | 32.5 | 15.0% |
| Total revenue | 715.7 | 750.3 | 34.6 | 4.8% |

Enterprise segment revenue increased by ¥34.6 billion (4.8%) year on year to ¥750.3 billion. Within Enterprise segment revenue, mobile revenue increased by ¥6.8 billion (2.2%) to ¥320.0 billion, fixed-line revenue decreased by ¥4.6 billion (2.5%) to ¥182.1 billion, and business solution and others revenue increased by ¥32.5 billion (15.0%) to ¥248.2 billion.

The increase in mobile revenue was mainly due to an increase in telecommunications revenue.

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

The increase in business solution and others revenue was mainly from increased revenue from cloud services and security solutions as a result of capturing enterprise customers' demand for digitalization.

Operating expenses were ¥615.2 billion, an increase of ¥28.0 billion (4.8%) year on year. This increase mainly reflected an increase in costs following the abovementioned increase in business solution and others revenue, the recording of a provision for litigation, and a reversal of a one-time expense in the previous fiscal year, while there was a decrease in operating expenses due to the recording of a gain on step acquisition in connection with the conversion of HEALTHCARE TECHNOLOGIES Corp. into a subsidiary.

As a result, segment income increased by ¥6.6 billion (5.2%) year on year to ¥135.1 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)

| | Fiscal Year Ended March 31 | | Change | Change % |
|---|----------------------------|--------------|--------|----------|
| | 2022 | 2023 | | |
| Revenue | 500.6 | 590.0 | 89.5 | 17.9% |
| Operating expenses ¹ | 477.7 | 565.8 | 88.1 | 18.4% |
| Of which, depreciation and amortization | 3.7 | 4.1 | 0.4 | 12.1% |
| Segment income | 22.9 | 24.3 | 1.4 | 6.0% |

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 ¥89.5 billion (17.9%) year on year to ¥590.0 billion. This increase was mainly due to solid growth in ICT (Information and Communication Technology) related products and subscription services such as cloud and SaaS, which have been strategic areas of focus.

Operating expenses were ¥565.8 billion, an increase of ¥88.1 billion (18.4%) year on year. This increase was mainly due to an increase in cost of sales associated with the increase in revenue.

As a result, segment income increased by ¥1.4 billion (6.0%) year on year to ¥24.3 billion.

(d) Yahoo! JAPAN/LINE Segment

OVERVIEW

In the Yahoo! JAPAN/LINE segment, the Group offers services that center on media and commerce, 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* and *ZOZOTOWN*, and reuse services such as *YAHUOKU!*. In the strategy field, the Group provides 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)

| | Fiscal Year Ended March 31 | | Change | Change % |
|---|----------------------------|----------------|--------|----------|
| | 2022 | 2023 | | |
| Revenue | 1,521.5 | 1,561.7 | 40.2 | 2.6% |
| Operating expenses ¹ | 1,362.0 | 1,401.9 | 39.9 | 2.9% |
| Of which, depreciation and amortization | 151.0 | 159.9 | 8.9 | 5.9% |
| Segment income | 159.5 | 159.7 | 0.3 | 0.2% |

Notes:

The Company has changed the accounting policy for transactions under common control from the book-value method to the acquisition method from the three months ended December 31, 2022. The Company added the Financial segment to the reportable segments from the three months ended December 31, 2022 and revised operating companies that comprise each reportable segment. Accordingly, figures of the Yahoo! JAPAN/LINE segment for the fiscal year ended March 31, 2022 have been retrospectively amended.

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)

| | Fiscal Year Ended March 31 | | Change | Change % |
|----------------------------|----------------------------|----------------|--------|----------|
| | 2022 | 2023 | | |
| Media ¹ | 634.5 | 633.9 | (0.5) | (0.1)% |
| Commerce ¹ | 809.1 | 834.6 | 25.5 | 3.2% |
| Strategy ^{1,2} | 63.1 | 78.5 | 15.5 | 24.5% |
| Other ¹ | 14.8 | 14.6 | (0.2) | (1.5)% |
| Total revenue ² | 1,521.5 | 1,561.7 | 40.2 | 2.6% |

Notes:

1. In the fiscal year ended March 31, 2023, the Z Holdings Group revised its management categories and reclassified the categories of certain services. Accordingly, the breakdown of Media, Strategy, and Other in the Yahoo! JAPAN/LINE segment revenue for the fiscal year ended March 31, 2022 has been restated to reflect these changes.

2. The Company added the Financial segment to the reportable segments from the three months ended December 31, 2022 and revised operating companies that comprise each reportable segment. Accordingly, figures of the Yahoo! JAPAN/LINE segment for the fiscal year ended March 31, 2022 have been retrospectively amended.

Yahoo! JAPAN/LINE segment revenue increased by ¥40.2 billion (2.6%) year on year to ¥1,561.7 billion. Within Yahoo! JAPAN/LINE segment revenue, media revenue decreased by ¥0.5 billion (0.1%) to ¥633.9 billion, commerce revenue increased by ¥25.5 billion (3.2%) to ¥834.6 billion, strategy revenue increased by ¥15.5 billion (24.5%) to ¥78.5 billion, and other revenue decreased by ¥0.2 billion (1.5%) to ¥14.6 billion.

The slight decrease in media revenue mainly reflected a decrease in display advertising revenue, which was adversely affected mainly by a market downturn, while there was an increase in account advertising revenue due to an increase in the number of message distributions of large enterprise customers in *LINE* Official account and an increase in the number of paid accounts of small and medium-sized merchants, along with an increase in search advertising revenue at Yahoo Japan Corporation.

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 reopening of economic activity.

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

Operating expenses were ¥1,401.9 billion, an increase of ¥39.9 billion (2.9%) year on year. This increase mainly reflected increases in cost of sales at the ASKUL Group and the LINE Group (LINE Corporation and its subsidiaries) and personnel expenses in step with growth in the workforce at the LINE Group.

As a result, segment income increased by ¥0.3 billion (0.2%) year on year to ¥159.7 billion.

(e) Financial Segment

OVERVIEW

In the Financial segment, the Group provides cashless payment services such as QR code payments and credit card services, development and provision of marketing solutions for merchants, financial services such as deferred payments and asset management, and provision of payment processing services offering one-stop payment solutions for diversified payment methods including credit cards, electronic money, and QR codes.

In connection with the consolidation of PayPay Corporation by the Company on October 1, 2022, the Group added the Financial segment to the reportable segments from the three months ended December 31, 2022. The main operating companies that comprise the Financial segment are PayPay Corporation, PayPay Card Corporation, SB Payment Service Corp., and PayPay Securities Corporation.

FINANCIAL RESULTS

(Billions of yen)

| | Fiscal Year Ended March 31 | | Change | Change % |
|---|----------------------------|---------------|--------|----------|
| | 2022 | 2023 | | |
| Revenue | 67.5 | 142.3 | 74.8 | 110.8% |
| Operating expenses ¹ | 53.1 | 154.7 | 101.6 | 191.3% |
| Of which, depreciation and amortization | 7.1 | 13.1 | 6.0 | 84.5% |
| Segment income | 14.4 | (12.4) | (26.8) | - |

Note:

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

Financial segment revenue increased by ¥74.8 billion (110.8%) year on year to ¥142.3 billion. This increase was mainly due to the consolidation of PayPay Corporation on October 1, 2022.

Operating expenses were ¥154.7 billion, an increase of ¥101.6 billion (191.3%) year on year. This increase was mainly due to the effects of the abovementioned consolidation of PayPay Corporation.

As a result, segment income decreased by ¥26.8 billion year on year to negative ¥12.4 billion.

(2) Overview of Consolidated Financial Position

(Billions of yen)

| | March 31, 2022 | March 31, 2023 | Change | Change % |
|-------------------------|----------------|-----------------|---------|----------|
| Current assets | 4,131.1 | 4,948.1 | 817.0 | 19.8% |
| Non-current assets | 8,966.4 | 9,734.1 | 767.7 | 8.6% |
| Total assets | 13,097.5 | 14,682.2 | 1,584.7 | 12.1% |
| Current liabilities | 5,342.8 | 6,372.6 | 1,029.9 | 19.3% |
| Non-current liabilities | 4,542.0 | 4,626.5 | 84.5 | 1.9% |
| Total liabilities | 9,884.7 | 10,999.1 | 1,114.4 | 11.3% |
| Total equity | 3,212.7 | 3,683.1 | 470.3 | 14.6% |

Note:

The Group has changed the accounting policy for transactions under common control from the book-value method to the acquisition method from the three months ended December 31, 2022. Accordingly, figures as of March 31, 2022 have been retrospectively amended.

(Billions of yen)

| | Fiscal Year Ended March 31 | | |
|---|----------------------------|--------------|--------|
| | 2022 | 2023 | Change |
| Capital expenditures ¹ | 647.3 | 788.6 | 141.3 |
| Of which, capital expenditures in the Consumer and Enterprise segments ² | 393.2 | 407.5 | 14.3 |

Notes:

1. Acceptance basis.

2. Capital expenditures in the Consumer and Enterprise segments exclude 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 ¥14,682.2 billion as of March 31, 2023, an increase of ¥1,584.7 billion (12.1%) from the previous fiscal year-end. This mainly reflected an increase of ¥569.7 billion in goodwill associated with the consolidation of PayPay Corporation, etc., an increase of ¥512.4 billion in cash and cash equivalents, an increase of ¥293.3 billion in other financial assets, and an increase of ¥260.8 billion in trade and other receivables. The increase in cash and cash equivalents mainly reflected the consolidation of PayPay Corporation.

LIABILITIES

Total liabilities amounted to ¥10,999.1 billion as of March 31, 2023, an increase of ¥1,114.4 billion (11.3%) from the previous fiscal year-end. This increase was mainly due to an increase of ¥854.8 billion in trade and other payables associated with the consolidation of PayPay Corporation, an increase of ¥135.0 billion in interest-bearing debt, and an increase of ¥66.1 billion in deposits in banking business. The increase in interest-bearing debt was mainly due to various types of fund procurement implemented at the Z Holdings Group.

EQUITY

Total equity amounted to ¥3,683.1 billion as of March 31, 2023, an increase of ¥470.3 billion (14.6%) from the previous fiscal year-end. Equity attributable to owners of the Company increased by ¥264.3 billion (13.5%). This mainly reflected an increase of ¥531.4 billion due to the recording of net income for the fiscal year ended March 31, 2023 and an increase of ¥123.1 billion due to the recording of accumulated other comprehensive income mainly associated with the measurement at fair value of PayPay Corporation preferred shares, while there was a decrease of ¥405.7 billion due to payment of cash dividends. Non-controlling interests increased by ¥206.0 billion (16.5%). This increase was mainly due to an increase of ¥122.8 billion in net income, mainly reflecting the recording of a gain on step acquisition associated with the consolidation of PayPay Corporation at the Z Holdings Group, and an increase of ¥67.0 billion in accumulated other comprehensive income due to the same reasons as those described for equity attributable to owners of the Company.

CAPITAL EXPENDITURES

In the fiscal year ended March 31, 2023, capital expenditures were ¥788.6 billion, an increase of ¥141.3 billion year on year. This increase was mainly due to an increase in capital expenditures at the Z Holdings Group and an increase in capital expenditures for 5G.

(3) Overview of Consolidated Cash Flows

(Billions of yen)

| | Fiscal Year Ended March 31 | | Change |
|---|----------------------------|----------------|---------|
| | 2022 | 2023 | |
| Cash flows from operating activities | 1,215.9 | 1,155.8 | (60.2) |
| Cash flows from investing activities | (957.7) | (154.8) | 802.9 |
| Cash flows from financing activities | (305.1) | (495.3) | (190.2) |
| Cash and cash equivalents at the end of the period | 1,546.8 | 2,059.2 | 512.4 |
| Free cash flow ¹ | 258.2 | 1,001.0 | 742.8 |
| Effect of securitization of installment sales receivables | 93.8 | 19.6 | (74.2) |
| Adjusted free cash flow ² | 352.0 | 1,020.6 | 668.5 |
| Adjusted free cash flow (excluding Z Holdings Group and PayPay, etc.) ³ | 579.7 | 618.6 | 38.9 |

Notes:

- Free cash flow = cash flows from operating activities + cash flows from investing activities
- Adjusted free cash flow = free cash flow + (proceeds from the securitization of installment sales receivables – repayments thereof)
- Excludes free cash flow of the Z Holdings Group and PayPay, etc., and loans to board directors, etc., and includes dividend payments received from A Holdings Corporation. PayPay, etc. includes A Holdings Corporation, B Holdings Corporation, PayPay Corporation, and PayPay Card Corporation.

a. Cash flows from operating activities

In the fiscal year ended March 31, 2023, net cash inflow from operating activities was ¥1,155.8 billion, a decrease of ¥60.2 billion year on year. This decrease mainly reflected decreases in adjusted EBITDA and inflows related to deposits in banking business, along with an increase in outflows related to loans in banking business, while there were decreases in working capital requirements such as trade receivables and payables and income taxes paid.

b. Cash flows from investing activities

In the fiscal year ended March 31, 2023, net cash outflow from investing activities was ¥154.8 billion, a decrease of ¥802.9 billion in cash outflow year on year. This decrease in cash outflow mainly reflected a cash inflow of ¥397.3 billion from the acceptance of the balance of cash and cash equivalents resulting from the consolidation of PayPay Corporation in the fiscal year ended March 31, 2023 and the following outflows recorded in the previous fiscal year: payments of ¥178.5 billion for the acquisition of trademarks and other assets in connection with the license agreement entered into by Yahoo Japan Corporation and payments of ¥115.2 billion for 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.

c. Cash flows from financing activities

In the fiscal year ended March 31, 2023, net cash outflow from financing activities was ¥495.3 billion. While there were cash inflows of ¥2,181.4 billion from fund procurement, including bank loans, leases, corporate bonds, and the securitization of receivables, there were cash outflows of ¥2,676.7 billion for factors including the scheduled repayment of loans 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 as of March 31, 2023 were ¥2,059.2 billion, an increase of ¥512.4 billion year on year.

e. Adjusted free cash flow

In the fiscal year ended March 31, 2023, adjusted free cash flow was positive ¥1,020.6 billion, an increase of ¥668.5 billion year on year. This increase reflected, as described above, the decrease in net cash outflow from investing activities, while there were decreases in net cash inflow from operating activities and inflows from securitization of installment sales receivables.

(4) Forecasts

Forecasts for the consolidated results for the fiscal year ending March 31, 2024

(Billions of yen)

| | Fiscal Year Ended March 31, 2023 (Actual) | Fiscal Year Ending March 31, 2024 (Forecast) | Change | Change % |
|--|---|--|---------|----------|
| Revenue | 5,912.0 | 6,000.0 | 88.0 | 1.5% |
| Operating income | 1,060.2 | 780.0 | (280.2) | (26.4)% |
| Net income attributable to owners of the Company | 531.4 | 420.0 | (111.4) | (21.0)% |

Forecasts for operating income by segment for the fiscal year ending March 31, 2024

(Billions of yen)

| | Fiscal Year Ended March 31, 2023 (Actual) | Fiscal Year Ending March 31, 2024 (Forecast) | Change | Change % |
|---|---|--|---------|----------|
| Consumer segment | 462.4 | 470.0 | 7.6 | 1.6% |
| Enterprise segment | 135.1 | 152.5 | 17.4 | 12.9% |
| Distribution segment | 24.3 | 26.7 | 2.4 | 10.0% |
| Yahoo! JAPAN/LINE segment | 159.7 | 176.0 | 16.3 | 10.2% |
| Financial segment | (12.4) | (20.0) | (7.6) | - |
| Other ^{1,2} | (3.9) | (25.2) | (21.3) | - |
| Subtotal | 765.3 | 780.0 | 14.7 | 1.9% |
| Gain on step acquisition in connection with the conversion of PayPay Corporation into a subsidiary ² | 294.8 | - | (294.8) | - |
| Total | 1,060.2 | 780.0 | (280.2) | (26.4)% |

Notes:

1. Other includes information not included in any of the Consumer, Enterprise, Distribution, Yahoo! JAPAN/LINE, and Financial segments, and adjustments including eliminations of intersegment transactions and expenses not allocated to each reportable segment.
2. Other, which is not included in the reportable segments in 5. Segment information, (6) Notes to Consolidated Financial Statements, 4. Consolidated Financial Statements and Primary Notes, is the sum of Other in the above table and gain on step acquisition in connection with the conversion of PayPay Corporation into a subsidiary in the same table.

For the consolidated results forecasts for the fiscal year ending March 31, 2024, while the Consumer segment will be affected by mobile service price reductions, the Company continues to expect an increase in revenue led by the growth of the Enterprise segment, the Yahoo! JAPAN/LINE segment, and the Financial segment. The Company expects decreases in operating income and net income attributable to owners of the Company due to the absence of gain on step acquisition in connection with the conversion of PayPay Corporation into a subsidiary, which was recorded in the fiscal year ended March 31, 2023. On the other hand, the Company expects an increase in operating income excluding the gain on step acquisition in connection with the conversion of PayPay Corporation into a subsidiary, due to more than 10% year on year growth in operating income by segment in the Enterprise segment, the Distribution segment, and the Yahoo! JAPAN/LINE segment.

In the Consumer segment, the Company expects an increase in operating income mainly due to an increase in smartphone subscribers and a decrease in depreciation and amortization, despite the impact of mobile service price reductions. In the Enterprise segment, the Company expects an increase in operating income related to mobile, cloud and other solution services through promoting digitalization of enterprise customers. In the Distribution segment, the Company forecasts an increase in operating income from the expansion of subscription services. In the Yahoo! JAPAN/LINE segment, the Company forecasts an increase in operating income driven primarily by measures to raise business efficiency through group reorganization mainly around the three companies, Z Holdings, LINE Corporation, and Yahoo Japan Corporation. In the Financial segment, the Company expects a decrease in operating income, mainly reflecting the effect of not including PayPay Corporation's operating loss for the six months ended September 30, 2022 in the consolidated results for the fiscal year ended March 31, 2023 due to PayPay Corporation's consolidation on October 1, 2022.

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

The Company considers the return of profits to shareholders to be an important goal for our management along with increasing medium to long term corporate value. To increase corporate value, the Company will make capital investments efficiently to further raise the sophistication of 5G, as well as continuing investments in new businesses.

Our basic policy is to distribute surplus twice a year as interim and year-end dividends. Our dividend policy is to consider performance trends, financial condition, and the total shareholder return ratio including share buybacks on a comprehensive basis while paying attention to the stability and sustainability of dividends. During the period from the fiscal year ended March 31, 2021 through the fiscal year ended March 31, 2023, the Company's basic policy is to provide shareholder returns with a ratio of total shareholder return to net income attributable to owners of the Company of approximately 85%¹. Based on this policy, the Company will pay stable dividends and implement share buybacks and retirements to achieve the total shareholder return ratio of 85%.

In the fiscal year ended March 31, 2023, the year-end dividend per share is planned to be ¥43². For the fiscal year ending March 31, 2024, while the Company continuously pays attention to the stability and sustainability of dividends, the annual dividend per share is planned to be ¥86 (of which, the interim dividend per share is planned to be ¥43).

The Company will continue to grow both telecommunications business and new businesses, striving to increase its corporate value and deliver stable returns of profit to shareholders.

Notes:

1. Total amount of dividends paid and treasury stock retired during the three years from the fiscal year ended March 31, 2021 through the fiscal year ended March 31, 2023 divided by total amount of net income attributable to owners of the Company during the same three years.
2. This is scheduled to be submitted for approval to the Board of Directors of the Company at a meeting planned for May 24, 2023.

2. Basic Approach to the Selection of Accounting Standards

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

3. Notes to Summary Information

(1) Significant Changes in Scope of Consolidation for the Fiscal Year Ended March 31, 2023

(Specified subsidiary (one company) newly consolidated)

PayPay Class A preferred shares held by the Company and Z Intermediate Holdings Corporation, a subsidiary of the Company, were converted into PayPay common shares. Consequently, the Group acquired a majority of the voting rights in PayPay, and PayPay became a subsidiary of the Company on October 1, 2022. As a result of the series of transactions, the Group’s voting rights in PayPay reached 69.8%.

(2) Changes in Accounting Policies and Accounting Estimates

(Changes in accounting policies)

The Group has changed the accounting policy to apply the acquisition method to transactions under common control involving non-controlling interests from the three months ended December 31, 2022. In accordance with this change in accounting policy, the consolidated financial statements are retrospectively amended.

For details, refer to “Note 2. Significant accounting policies” under “(6) Notes to Consolidated Financial Statements” in “4. Consolidated Financial Statements and Primary Notes.”

4. Consolidated Financial Statements and Primary Notes

(1) Consolidated Statement of Financial Position

| | As of April 1, 2021 ¹ | As of March 31, 2022 ¹ | (Millions of yen) As of March 31, 2023 |
|---|-------------------------------------|--------------------------------------|--|
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | 1,584,892 | 1,546,792 | 2,059,167 |
| Trade and other receivables | 2,082,223 | 2,128,934 | 2,389,731 |
| Other financial assets | 144,935 | 194,031 | 194,924 |
| Inventories | 119,411 | 136,247 | 159,139 |
| Other current assets | 102,384 | 125,072 | 145,134 |
| Total current assets | 4,033,845 | 4,131,076 | 4,948,095 |
| Non-current assets | | | |
| Property, plant and equipment | 1,248,901 | 1,491,842 | 1,673,705 |
| Right-of-use assets | 1,081,559 | 824,090 | 763,598 |
| Goodwill | 1,419,566 | 1,424,574 | 1,994,298 |
| Intangible assets | 2,340,777 | 2,476,580 | 2,529,116 |
| Contract costs | 248,194 | 332,197 | 334,345 |
| Investments accounted for using the equity method | 242,558 | 251,924 | 218,170 |
| Investment securities | 321,265 | 469,109 | 241,294 |
| Investment securities in banking business | 392,260 | 309,225 | 288,783 |
| Other financial assets | 1,129,858 | 1,236,240 | 1,528,650 |
| Deferred tax assets | 55,728 | 49,230 | 59,608 |
| Other non-current assets | 105,697 | 101,377 | 102,519 |
| Total non-current assets | 8,586,363 | 8,966,388 | 9,734,086 |
| Total assets | 12,620,208 | 13,097,464 | 14,682,181 |

| | (Millions of yen) | | |
|---|-------------------------------------|--------------------------------------|-------------------------|
| | As of April 1, 2021 ¹ | As of March 31, 2022 ¹ | As of March 31, 2023 |
| LIABILITIES AND EQUITY | | | |
| Current liabilities | | | |
| Interest-bearing debt | 2,000,479 | 2,036,579 | 2,064,154 |
| Trade and other payables | 1,624,048 | 1,462,619 | 2,317,402 |
| Contract liabilities | 107,633 | 104,293 | 116,213 |
| Deposits for banking business | 1,165,577 | 1,406,205 | 1,472,260 |
| Other financial liabilities | 4,924 | 3,440 | 6,729 |
| Income taxes payable | 195,874 | 125,050 | 116,220 |
| Provisions | 17,710 | 26,304 | 63,642 |
| Other current liabilities | 177,391 | 178,263 | 216,018 |
| Total current liabilities | 5,293,636 | 5,342,753 | 6,372,638 |
| Non-current liabilities | | | |
| Interest-bearing debt | 3,692,113 | 3,962,946 | 4,070,347 |
| Other financial liabilities | 33,966 | 29,790 | 30,236 |
| Provisions | 106,093 | 99,541 | 94,084 |
| Deferred tax liabilities | 377,047 | 384,479 | 341,170 |
| Other non-current liabilities | 46,874 | 65,224 | 90,639 |
| Total non-current liabilities | 4,256,093 | 4,541,980 | 4,626,476 |
| Total liabilities | 9,549,729 | 9,884,733 | 10,999,114 |
| Equity | | | |
| Equity attributable to owners of the Company | | | |
| Common stock | 204,309 | 204,309 | 204,309 |
| Capital surplus | 686,119 | 688,030 | 685,066 |
| Retained earnings | 1,030,420 | 1,131,391 | 1,392,043 |
| Treasury stock | (134,218) | (106,462) | (74,131) |
| Accumulated other comprehensive income (loss) | 35,631 | 43,353 | 17,658 |
| Total equity attributable to owners of the Company | 1,822,261 | 1,960,621 | 2,224,945 |
| Non-controlling interests | 1,248,218 | 1,252,110 | 1,458,122 |
| Total equity | 3,070,479 | 3,212,731 | 3,683,067 |
| Total liabilities and equity | 12,620,208 | 13,097,464 | 14,682,181 |

Note:

- As described in “(3) Changes in accounting policies related to transactions under common control and effects on prior consolidated financial statements arising from retrospective application” under “Note 2. Significant accounting policies,” accounting treatment is retrospectively amended to the acquisition method to transactions under common control involving non-controlling interests. In accordance with this change in accounting policy, the consolidated financial statements are retrospectively amended.

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

Consolidated Statement of Income

(Millions of yen)

| | Fiscal year ended March 31, 2022 ² | Fiscal year ended March 31, 2023 |
|---|--|-------------------------------------|
| Revenue | 5,690,606 | 5,911,999 |
| Cost of sales | (2,889,116) | (3,194,085) |
| Gross profit | 2,801,490 | 2,717,914 |
| Selling, general and administrative expenses | (1,858,709) | (1,964,580) |
| Other operating income | 25,220 | 321,422 |
| Other operating expenses | (2,448) | (14,588) |
| Operating income | 965,553 | 1,060,168 |
| Share of losses of associates accounted for using the equity method | (60,094) | (47,875) |
| Financing income | 39,471 | 11,905 |
| Financing costs | (66,442) | (117,212) |
| Gain on sales of equity method investments | 8,925 | 1,109 |
| Impairment loss on equity method investments | (29,402) | (45,227) |
| Profit before income taxes | 858,011 | 862,868 |
| Income taxes | (282,578) | (208,743) |
| Net income ¹ | 575,433 | 654,125 |
| Net income attributable to | | |
| Owners of the Company | 517,075 | 531,366 |
| Non-controlling interests | 58,358 | 122,759 |
| | 575,433 | 654,125 |
| Earnings per share attributable to owners of the Company | | |
| Basic earnings per share (Yen) | 110.04 | 112.53 |
| Diluted earnings per share (Yen) | 108.18 | 111.00 |

Notes:

1. All net income of SoftBank Corp. and its subsidiaries for the fiscal years ended March 31, 2022 and 2023 were generated from continuing operations.
2. As described in “(3) Changes in accounting policies related to transactions under common control and effects on prior consolidated financial statements arising from retrospective application” under “Note 2. Significant accounting policies,” accounting treatment is retrospectively amended to the acquisition method to transactions under common control involving non-controlling interests. In accordance with this change in accounting policy, the consolidated financial statements are retrospectively amended.

Consolidated Statement of Comprehensive Income

(Millions of yen)

| | Fiscal year ended March 31, 2022 ¹ | Fiscal year ended March 31, 2023 |
|---|--|-------------------------------------|
| Net income | 575,433 | 654,125 |
| Other comprehensive income (loss), net of tax | | |
| Items that will not be reclassified to profit or loss | | |
| Remeasurements of defined benefit plan | (114) | 3,240 |
| Changes in the fair value of equity instruments at FVTOCI | 10,887 | 170,427 |
| Share of other comprehensive income (loss) of associates accounted for using the equity method | (89) | 146 |
| Total items that will not be reclassified to profit or loss | 10,684 | 173,813 |
| Items that may be reclassified subsequently to profit or loss | | |
| Changes in the fair value of debt instruments at FVTOCI | (1,378) | (598) |
| Cash flow hedges | 1,313 | 822 |
| Exchange differences on translation of foreign operations | 11,642 | 14,921 |
| Share of other comprehensive income (loss) of associates accounted for using the equity method | 5,318 | 1,139 |
| Total items that may be reclassified subsequently to profit or loss | 16,895 | 16,284 |
| Total other comprehensive income (loss), net of tax | 27,579 | 190,097 |
| Total comprehensive income | 603,012 | 844,222 |
| | | |
| Total comprehensive income attributable to | | |
| Owners of the Company | 525,762 | 654,503 |
| Non-controlling interests | 77,250 | 189,719 |
| | 603,012 | 844,222 |

Note:

- As described in “(3) Changes in accounting policies related to transactions under common control and effects on prior consolidated financial statements arising from retrospective application” under “Note 2. Significant accounting policies,” accounting treatment is retrospectively amended to the acquisition method to transactions under common control involving non-controlling interests. In accordance with this change in accounting policy, the consolidated financial statements are retrospectively amended.

(3) Consolidated Statement of Changes in Equity

For the fiscal year ended March 31, 2022

(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 |
| Cumulative effect of change in accounting policy ¹ | - | 322,346 | (35,808) | - | 0 | 286,538 | 46,829 | 333,367 |
| As of April 1, 2021, restated | 204,309 | 686,119 | 1,030,420 | (134,218) | 35,631 | 1,822,261 | 1,248,218 | 3,070,479 |
| Comprehensive income | | | | | | | | |
| Net income | - | - | 517,075 | - | - | 517,075 | 58,358 | 575,433 |
| Other comprehensive income (loss) | - | - | - | - | 8,687 | 8,687 | 18,892 | 27,579 |
| Total comprehensive income | - | - | 517,075 | - | 8,687 | 525,762 | 77,250 | 603,012 |
| Transactions with owners and other transactions | | | | | | | | |
| Cash dividends | - | - | (403,708) | - | - | (403,708) | (64,200) | (467,908) |
| Purchase of treasury stock | - | - | - | (0) | - | (0) | - | (0) |
| Disposal of treasury stock | - | (12,556) | - | 27,756 | - | 15,200 | - | 15,200 |
| Changes from business combinations | - | - | - | - | - | - | 1,554 | 1,554 |
| Changes from loss of control | - | - | - | - | - | - | (3,401) | (3,401) |
| Changes in interests in existing subsidiaries | - | (702) | - | - | - | (702) | (6,349) | (7,051) |
| Share-based payment transactions | - | 2,654 | - | - | - | 2,654 | - | 2,654 |
| Transfer from retained earnings to capital surplus | - | 12,602 | (12,602) | - | - | - | - | - |
| Transfer from accumulated other comprehensive income to retained earnings | - | - | 965 | - | (965) | - | - | - |
| Other | - | (87) | (759) | - | (0) | (846) | (962) | (1,808) |
| Total transactions with owners and other transactions | - | 1,911 | (416,104) | 27,756 | (965) | (387,402) | (73,358) | (460,760) |
| As of March 31, 2022 | 204,309 | 688,030 | 1,131,391 | (106,462) | 43,353 | 1,960,621 | 1,252,110 | 3,212,731 |

For the fiscal year ended March 31, 2023

(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 | 688,030 | 1,131,391 | (106,462) | 43,353 | 1,960,621 | 1,252,110 | 3,212,731 |
| Comprehensive income | | | | | | | | |
| Net income | - | - | 531,366 | - | - | 531,366 | 122,759 | 654,125 |
| Other comprehensive income (loss) | - | - | - | - | 123,137 | 123,137 | 66,960 | 190,097 |
| Total comprehensive income | - | - | 531,366 | - | 123,137 | 654,503 | 189,719 | 844,222 |
| Transactions with owners and other transactions | | | | | | | | |
| Cash dividends | - | - | (405,658) | - | - | (405,658) | (47,200) | (452,858) |
| Purchase of treasury stock | - | - | - | (0) | - | (0) | - | (0) |
| Disposal of treasury stock | - | (13,909) | - | 32,331 | - | 18,422 | - | 18,422 |
| Changes from business combinations | - | (3,730) | - | - | - | (3,730) | 36,672 | 32,942 |
| Changes from loss of control | - | - | - | - | - | - | 609 | 609 |
| Changes in interests in existing subsidiaries | - | (709) | - | - | - | (709) | 26,275 | 25,566 |
| Share-based payment transactions | - | 1,438 | - | - | - | 1,438 | - | 1,438 |
| Transfer from retained earnings to capital surplus | - | 13,966 | (13,966) | - | - | - | - | - |
| Transfer from accumulated other comprehensive income to retained earnings | - | - | 148,832 | - | (148,832) | - | - | - |
| Other | - | (20) | 78 | - | - | 58 | (63) | (5) |
| Total transactions with owners and other transactions | - | (2,964) | (270,714) | 32,331 | (148,832) | (390,179) | 16,293 | (373,886) |
| As of March 31, 2023 | 204,309 | 685,066 | 1,392,043 | (74,131) | 17,658 | 2,224,945 | 1,458,122 | 3,683,067 |

Note:

- As described in “(3) Changes in accounting policies related to transactions under common control and effects on prior consolidated financial statements arising from retrospective application” under “Note 2. Significant accounting policies,” accounting treatment is retrospectively amended to the acquisition method to transactions under common control involving non-controlling interests. In accordance with this change in accounting policy, the cumulative effect of retrospectively applying the accounting treatment is recognized as the restatement of the beginning balance.

(4) Consolidated Statement of Cash Flows

| | (Millions of yen) | |
|---|--|-------------------------------------|
| | Fiscal year ended March 31, 2022 ¹ | Fiscal year ended March 31, 2023 |
| Cash flows from operating activities | | |
| Net income | 575,433 | 654,125 |
| Depreciation and amortization | 745,310 | 764,210 |
| Loss on disposal of property, plant and equipment and intangible assets | 19,179 | 30,927 |
| Remeasurement gain on step acquisition | - | (310,084) |
| Gain relating to loss of control over subsidiaries | (22,889) | (8,655) |
| Financing income | (39,471) | (11,905) |
| Financing costs | 66,442 | 117,212 |
| Share of losses of associates accounted for using the equity method | 60,094 | 47,875 |
| Gain on sales of equity method investments | (8,925) | (1,109) |
| Impairment loss on equity method investments | 29,402 | 45,227 |
| Income taxes | 282,578 | 208,743 |
| (Increase) decrease in trade and other receivables | (169,276) | (125,607) |
| (Increase) decrease in inventories | (16,537) | (21,331) |
| Purchases of mobile devices leased to enterprise customers | (38,637) | (49,799) |
| Increase (decrease) in trade and other payables | 71,533 | 269,806 |
| Increase (decrease) in consumption taxes payable | (21,336) | 11,079 |
| Increase (decrease) in deposits in banking business | 240,628 | 66,055 |
| (Increase) decrease in loans in banking business | (86,768) | (229,913) |
| Other | (57,065) | 18,665 |
| Subtotal | 1,629,695 | 1,475,521 |
| Interest and dividends received | 7,105 | 7,253 |
| Interest paid | (63,394) | (61,362) |
| Income taxes paid | (385,434) | (287,741) |
| Income taxes refunded | 27,946 | 22,079 |
| Net cash inflow from operating activities | 1,215,918 | 1,155,750 |
| Cash flows from investing activities | | |
| Purchases of property, plant and equipment and intangible assets | (709,092) | (609,222) |
| Proceeds from sales of property, plant and equipment and intangible assets | 2,041 | 1,676 |
| Payments for acquisition of investments | (328,690) | (64,894) |
| Proceeds from sales/redemption of investments | 39,302 | 17,090 |
| Purchase of investment securities in banking business | (177,032) | (166,222) |
| Proceeds from sales/redemption of investment securities in banking business | 233,744 | 209,247 |
| Proceeds from (payments for) obtaining control of subsidiaries | (1,298) | 382,455 |
| Other | (16,668) | 75,097 |
| Net cash outflow from investing activities | (957,693) | (154,773) |

| | Fiscal year ended March 31, 2022 ¹ | (Millions of yen) Fiscal year ended March 31, 2023 |
|--|--|--|
| Cash flows from financing activities | | |
| Increase (decrease) in short-term interest-bearing debt, net | (16,914) | 54,550 |
| Proceeds from interest-bearing debt | 2,075,450 | 2,087,121 |
| Repayment of interest-bearing debt | (1,905,637) | (2,223,935) |
| Proceeds from stock issuance to non-controlling interests | 7,122 | 30,907 |
| Cash dividends paid | (403,609) | (405,559) |
| Cash dividends paid to non-controlling interests | (64,198) | (47,212) |
| Other | 2,714 | 8,868 |
| Net cash inflow (outflow) from financing activities | (305,072) | (495,260) |
| Effect of exchange rate changes on cash and cash equivalents | 8,747 | 6,658 |
| Increase (decrease) in cash and cash equivalents | (38,100) | 512,375 |
| Cash and cash equivalents at the beginning of the year | 1,584,892 | 1,546,792 |
| Cash and cash equivalents at the end of the year | 1,546,792 | 2,059,167 |

Note:

- As described in “(3) Changes in accounting policies related to transactions under common control and effects on prior consolidated financial statements arising from retrospective application” under “Note 2. Significant accounting policies,” accounting treatment is retrospectively amended to the acquisition method to transactions under common control involving non-controlling interests. In accordance with this change in accounting policy, the consolidated financial statements are retrospectively amended.

(5) Notes on Going Concern Assumption

There are no applicable items.

(6) Notes to Consolidated Financial Statements

1. Reporting entity

SoftBank Corp. (the “Company”) is a corporation (kabushiki kaisha) under the Companies Act of Japan and is domiciled in Japan. The registered address of its head office is 7-1 Kaigan 1-chome, Minato-ku, Tokyo, Japan. These 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, Yahoo! JAPAN/LINE and Finance businesses. For details, refer to “(1) Summary of reportable segments” under “Note 5. Segment information.”

2. Significant accounting policies

(1) Adoption of new accounting standards and interpretations

There are no significant impacts from the adoption of new accounting standards and interpretations.

(2) Significant accounting policies changed due to the adoption of new accounting standards and interpretations

There are no applicable items.

(3) Changes in accounting policies related to transactions under common control and effects on prior consolidated financial statements arising from retrospective application

The Group previously accounted for transactions under common control based on the carrying amount of the parent company’s assets and liabilities, and regardless of the actual date of the transaction under common control, retrospectively combined the financial statements of the transferred companies as if such transactions were executed by the Group on the later of the date when the parent obtained control of the transferred companies prior to the transfer, or the opening balance sheet date of the comparative period as part of the consolidated financial statements of the Group. However, the Group has now been listed for three years, conducting business with more focus on a large number of non-controlling interests and implementing corporate restructuring with autonomous management perspective and growth strategy. The consolidation of PayPay Corporation, a transaction under common control, is similar to business combinations under IFRS 3 in that it has a significant impact on a large number of non-controlling interests of the Group. Based on these grounds, the Group has considered that applying the acquisition method to transactions under common control involving non-controlling interests and reporting them in the financial statements as with business combinations subject to IFRS 3 will lead to the appropriate assessment of potential business value and provide relevant and reliable information to users of financial statements in making their economic decisions. For these reasons, the Group changed the accounting policy to apply the acquisition method from the three months ended December 31, 2022, and the new accounting policy was retrospectively applied to transactions under common control involving non-controlling interests.

In accordance with this change in accounting policy, accounting treatment was retrospectively amended to the acquisition method to transactions under common control involving non-controlling interests, such as the consolidation of Yahoo Japan Corporation (currently, Z Holdings Corporation) by the Company implemented in June 2019. The impact of this change on the consolidated financial statements is as follows.

Consolidated Statement of Financial Position

As of April 1, 2021

| | Before retrospective adjustment | Effect of change in accounting policy | (Millions of yen) After retrospective adjustment |
|---|---------------------------------------|---|---|
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | 1,584,892 | - | 1,584,892 |
| Trade and other receivables | 2,082,223 | - | 2,082,223 |
| Other financial assets | 144,935 | - | 144,935 |
| Inventories | 119,411 | - | 119,411 |
| Other current assets | 102,384 | - | 102,384 |
| Non-current assets | | | |
| Property, plant and equipment | 1,248,901 | - | 1,248,901 |
| Right-of-use assets | 1,081,559 | - | 1,081,559 |
| Goodwill | 1,254,727 | 164,839 | 1,419,566 |
| Intangible assets | 2,096,401 | 244,376 | 2,340,777 |
| Contract costs | 248,194 | - | 248,194 |
| Investments accounted for using the equity method | 239,754 | 2,804 | 242,558 |
| Investment securities | 321,300 | (35) | 321,265 |
| Investment securities in banking business | 392,260 | - | 392,260 |
| Other financial assets | 1,129,858 | - | 1,129,858 |
| Deferred tax assets | 55,224 | 504 | 55,728 |
| Other non-current assets | 105,697 | - | 105,697 |
| LIABILITIES AND EQUITY | | | |
| Current liabilities | | | |
| Interest-bearing debt | 2,000,479 | - | 2,000,479 |
| Trade and other payables | 1,624,048 | - | 1,624,048 |
| Contract liabilities | 107,633 | - | 107,633 |
| Deposits for banking business | 1,165,577 | - | 1,165,577 |
| Other financial liabilities | 4,924 | - | 4,924 |
| Income taxes payable | 195,874 | - | 195,874 |
| Provisions | 17,710 | - | 17,710 |
| Other current liabilities | 177,391 | - | 177,391 |
| Non-current liabilities | | | |
| Interest-bearing debt | 3,692,113 | - | 3,692,113 |
| Other financial liabilities | 33,966 | - | 33,966 |
| Provisions | 106,093 | - | 106,093 |
| Deferred tax liabilities | 297,926 | 79,121 | 377,047 |
| Other non-current liabilities | 46,874 | - | 46,874 |
| Equity | | | |
| Common stock | 204,309 | - | 204,309 |
| Capital surplus | 363,773 | 322,346 | 686,119 |
| Retained earnings | 1,066,228 | (35,808) | 1,030,420 |
| Treasury stock | (134,218) | - | (134,218) |
| Accumulated other comprehensive income | 35,631 | 0 | 35,631 |
| Non-controlling interests | 1,201,389 | 46,829 | 1,248,218 |

Consolidated Statement of Financial Position

As of March 31, 2022

| | Before retrospective adjustment | Effect of change in accounting policy | (Millions of yen) After retrospective adjustment |
|---|---------------------------------------|---|---|
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | 1,546,792 | - | 1,546,792 |
| Trade and other receivables | 2,128,934 | - | 2,128,934 |
| Other financial assets | 194,031 | - | 194,031 |
| Inventories | 136,247 | - | 136,247 |
| Other current assets | 125,072 | - | 125,072 |
| Non-current assets | | | |
| Property, plant and equipment | 1,491,842 | - | 1,491,842 |
| Right-of-use assets | 824,090 | - | 824,090 |
| Goodwill | 1,257,889 | 166,685 | 1,424,574 |
| Intangible assets | 2,254,070 | 222,510 | 2,476,580 |
| Contract costs | 332,197 | - | 332,197 |
| Investments accounted for using the equity method | 251,924 | - | 251,924 |
| Investment securities | 469,220 | (111) | 469,109 |
| Investment securities in banking business | 309,225 | - | 309,225 |
| Other financial assets | 1,236,240 | - | 1,236,240 |
| Deferred tax assets | 48,763 | 467 | 49,230 |
| Other non-current assets | 101,377 | - | 101,377 |
| LIABILITIES AND EQUITY | | | |
| Current liabilities | | | |
| Interest-bearing debt | 2,036,579 | - | 2,036,579 |
| Trade and other payables | 1,462,619 | - | 1,462,619 |
| Contract liabilities | 104,293 | - | 104,293 |
| Deposits for banking business | 1,406,205 | - | 1,406,205 |
| Other financial liabilities | 3,440 | - | 3,440 |
| Income taxes payable | 125,050 | - | 125,050 |
| Provisions | 26,304 | - | 26,304 |
| Other current liabilities | 178,263 | - | 178,263 |
| Non-current liabilities | | | |
| Interest-bearing debt | 3,962,946 | - | 3,962,946 |
| Other financial liabilities | 29,790 | - | 29,790 |
| Provisions | 99,541 | - | 99,541 |
| Deferred tax liabilities | 319,313 | 65,166 | 384,479 |
| Other non-current liabilities | 65,224 | - | 65,224 |
| Equity | | | |
| Common stock | 204,309 | - | 204,309 |
| Capital surplus | 366,098 | 321,932 | 688,030 |
| Retained earnings | 1,167,903 | (36,512) | 1,131,391 |
| Treasury stock | (106,462) | - | (106,462) |
| Accumulated other comprehensive income | 43,352 | 1 | 43,353 |
| Non-controlling interests | 1,213,146 | 38,964 | 1,252,110 |

Consolidated Statement of Income
Fiscal year ended March 31, 2022

| | Before retrospective adjustment | Effect of change in accounting policy | (Millions of yen) After retrospective adjustment |
|--|---------------------------------------|---|---|
| Revenue | 5,690,606 | - | 5,690,606 |
| Cost of sales | (2,889,116) | - | (2,889,116) |
| Gross profit | 2,801,490 | - | 2,801,490 |
| Selling, general and administrative expenses | (1,836,843) | (21,866) | (1,858,709) |
| Other operating income | 23,547 | 1,673 | 25,220 |
| Other operating expenses | (2,448) | - | (2,448) |
| Operating income | 985,746 | (20,193) | 965,553 |
| Share of losses of associates accounted for using the equity method | (60,094) | - | (60,094) |
| Financing income | 39,471 | - | 39,471 |
| Financing costs | (66,442) | - | (66,442) |
| Gain on sales of equity method investments | 8,925 | - | 8,925 |
| Impairment loss on equity method investments | (27,243) | (2,159) | (29,402) |
| Profit before income taxes | 880,363 | (22,352) | 858,011 |
| Income taxes | (296,411) | 13,833 | (282,578) |
| Net income | 583,952 | (8,519) | 575,433 |
| Net income attributable to | | | |
| Owners of the Company | 517,517 | (442) | 517,075 |
| Non-controlling interests | 66,435 | (8,077) | 58,358 |
| Earnings per share attributable to owners of the Company | | | |
| Basic earnings per share (Yen) | 110.13 | (0.09) | 110.04 |
| Diluted earnings per share (Yen) | 108.27 | (0.09) | 108.18 |

3. Significant judgments and estimates

In preparing the consolidated financial statements under IFRS, management makes judgments, estimates, and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities in the consolidated statement of financial position, revenue and expenses in the consolidated statement of income, or contingent liabilities and assets to be disclosed.

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.

The following items require management's significant judgements and estimates for the purpose of recognition and measurement.

(1) Significant judgments

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

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

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

b. Judgments for accounting treatment of contracts including leases

Determining whether an arrangement contains a lease

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

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

Lease classification

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

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

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

c. Judgments for accounting for revenue recognition

Principal versus agent considerations

Gross versus net presentation

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

Timing of revenue recognition for indirect sales

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

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

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

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

(2) Significant estimates

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

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

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

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

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

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

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

The depreciation charge for an asset is derived using estimates of its expected useful life and in the case of property, plant and equipment, expected residual value. The expected useful life and residual value of the asset are estimated when they are acquired or generated, and are reviewed at the end of each fiscal year. Changes to an asset's expected useful life or residual value could result in material adjustments to the consolidated financial statements. Management determines the useful lives and residual values of these assets when assets are acquired or generated or the useful lives and residual values for assets are reviewed based on experience with similar assets, taking into account other relevant factors such as expected changes in technology, expected costs to be incurred upon disposal, expected availability period, estimated attrition rate of existing customers, number of production or similar units expected to be obtained from the asset and any related contractual arrangements that would be indicative of the useful life of an asset.

c. Fair value measurement of financial instruments

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

d. Estimated amortization period of contract acquisition costs

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

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

4. Business combinations

Fiscal year ended March 31, 2022

There are no significant business combinations to be disclosed.

Fiscal year ended March 31, 2023

Consolidation of PayPay Corporation into a subsidiary

(1) Summary of the Transactions

The Company converted PayPay Corporation (hereinafter, “PayPay”) into a subsidiary through a series of transactions based on a transaction agreement between the Company and Z Holdings Corporation (hereinafter, “Z Holdings”), a subsidiary of the Company, concluded on July 27, 2022 (hereinafter, the “Transaction Agreement”). The consolidation was intended to maximize the corporate value of the Company and its subsidiaries, and the Group will work towards improving revenue opportunities in PayPay, expanding the PayPay ecosystem and reinforcing group synergy by jointly operating B Holdings Corporation, which became the parent company of PayPay, with Z Holdings.

Pursuant to the Transaction Agreement, PayPay Class A preferred shares held by the Company and Z Intermediate Holdings Corporation, a wholly-owned subsidiary of Z Holdings, were converted into PayPay common shares. Consequently, the Group acquired a majority of the voting rights in PayPay, and PayPay became a subsidiary of the Company on October 1, 2022. As a result of the series of transactions, the Group’s voting rights in PayPay reached 69.8%.

(2) Summary of the acquiree

Name PayPay Corporation

Business Development and provision of e-payment services, including mobile payments

(3) Acquisition date

October 1, 2022

(4) Consideration and its breakdown

| | (Millions of yen) |
|---|---------------------------------------|
| | Acquisition date (October 1, 2022) |
| Fair value of PayPay common shares held as of the acquisition date | 273,900 |
| Fair value of PayPay common shares acquired due to conversion from PayPay Class A preferred shares as of the acquisition date | 359,700 |
| Total consideration | A 633,600 |

As a result of remeasurement of the Company’s previously held interests in PayPay to the fair value as of the acquisition date, positive difference arising from the step acquisition of ¥294,843 million was recognized. This amount is included in “Other operating income” in the consolidated statement of income.

(5) The table below shows the fair value of assets and liabilities, non-controlling interests, and goodwill as of the acquisition date¹:

| | (Millions of yen) |
|--------------------------------|---------------------------------------|
| | Acquisition date (October 1, 2022) |
| Cash and cash equivalents | 397,292 |
| Trade and other receivables | 267,586 |
| Other current assets | 65,451 |
| Intangible assets ² | 60,774 |
| Other non-current assets | 2,957 |
| Total assets | 794,060 |
| Trade and other payables | 622,455 |

| | | |
|--|---------|----------------|
| Other current liabilities | | 12,950 |
| Deferred tax liabilities | | 15,729 |
| Other non-current liabilities | | 848 |
| Total liabilities | | <u>651,982</u> |
| Net assets | B | <u>142,078</u> |
| Non-controlling interests ³ | C | <u>43,101</u> |
| Goodwill ⁴ | A-(B-C) | <u>534,623</u> |

Notes:

1. Consideration transferred is allocated to assets acquired and liabilities assumed based on their fair value as of the acquisition date. Allocation of the consideration transferred was completed during the fiscal year ended March 31, 2023. There are no significant changes between the initial provisional and final amounts for the respective totals of assets acquired and liabilities assumed.
2. The amount of intangible assets includes ¥51,368 million of customer relationships as identifiable assets and the estimated useful life is 10 years. The amount of intangible assets recognized from business combinations is measured based on assumptions such as estimated future cash flows, discount rate, future sales forecast generated by attrition rate of existing customers, and royalty rate.
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.

(6) The table below shows proceeds from obtaining control of the subsidiary:

| | |
|---|-------------------|
| | (Millions of yen) |
| | Acquisition date |
| | (October 1, 2022) |
| Cash and cash equivalents held by the acquiree at the time of obtaining control | <u>397,292</u> |
| Cash proceeds from obtaining control of the subsidiary | <u>397,292</u> |

(7) Revenue and net loss of the acquiree

The revenue and net loss (before elimination of intercompany transactions) of the acquiree recorded in the consolidated statement of income on and after the acquisition date are ¥66,233 million and ¥15,971 million, respectively.

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," "Yahoo! JAPAN/LINE" and "Finance" 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 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.

In the "Distribution" segment, the Group offers products and services primarily addressing cloud services and advanced technologies including AI for enterprise customers and products and services such as software, mobile accessories, and IoT products for 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 FinTech services.

In the "Finance" segment, the Group provides cashless payment services such as QR code payment and credit card services, development and provision of marketing solutions for merchants, financial services such as deferred payment and asset management, as well as payment agency services that provide a comprehensive range of diversified payments such as credit cards, electronic money and QR codes. Effective October 1, 2022, the reportable segments were revised and the "Finance" segment was added following the acquisition of PayPay as a subsidiary. The main subsidiaries that constitute the "Finance" segment are PayPay, PayPay Card Corporation, SB Payment Service Corp. and PayPay Securities Corporation. PayPay Card Corporation was transferred from "Yahoo! Japan/LINE business" to "Financial business," and SB Payment Service Corp. and PayPay Securities Corporation were transferred from "Other" to "Financial business". As a result, the figures for the fiscal year ended March 31, 2022, have been restated.

Information not included in the preceding reportable segments is summarized in "Other." "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.

Fiscal year ended March 31, 2022

| | Reportable segments | | | | | | | (Millions of yen) | |
|---|---------------------|------------|--------------|------------|---------|-----------|---------|-------------------|--------------|
| | Consumer | Enterprise | Distribution | Yahoo! | | Total | Other | Adjustments | Consolidated |
| | | | | JAPAN/LINE | Finance | | | | |
| Revenue | | | | | | | | | |
| Sales to external customers | 2,874,931 | 702,165 | 448,232 | 1,495,384 | 50,500 | 5,571,212 | 119,394 | - | 5,690,606 |
| Intersegment revenue or transferred revenue | 7,746 | 13,550 | 52,355 | 26,119 | 17,020 | 116,790 | 34,630 | (151,420) | - |
| Total | 2,882,677 | 715,715 | 500,587 | 1,521,503 | 67,520 | 5,688,002 | 154,024 | (151,420) | 5,690,606 |
| Segment income | 639,467 | 128,454 | 22,898 | 159,482 | 14,416 | 964,717 | 3,474 | (2,638) | 965,553 |
| Depreciation and amortization ¹ | 420,235 | 158,625 | 3,673 | 151,027 | 7,103 | 740,663 | 6,237 | (1,590) | 745,310 |

Fiscal year ended March 31, 2023

| | Reportable segments | | | | | | | (Millions of yen) | |
|---|---------------------|------------|--------------|------------|----------|-----------|--------------------|-------------------|--------------|
| | Consumer | Enterprise | Distribution | Yahoo! | | Total | Other ² | Adjustments | Consolidated |
| | | | | JAPAN/LINE | Finance | | | | |
| Revenue | | | | | | | | | |
| Sales to external customers | 2,872,423 | 732,644 | 516,636 | 1,532,998 | 125,816 | 5,780,517 | 131,482 | - | 5,911,999 |
| Intersegment revenue or transferred revenue | 10,660 | 17,680 | 73,401 | 28,689 | 16,503 | 146,933 | 33,258 | (180,191) | - |
| Total | 2,883,083 | 750,324 | 590,037 | 1,561,687 | 142,319 | 5,927,450 | 164,740 | (180,191) | 5,911,999 |
| Segment income | 462,432 | 135,089 | 24,274 | 159,748 | (12,363) | 769,180 | 292,565 | (1,577) | 1,060,168 |
| Depreciation and amortization ¹ | 427,478 | 153,982 | 4,118 | 159,919 | 13,106 | 758,603 | 7,879 | (2,272) | 764,210 |

Note:

1. Depreciation and amortization includes amortization of long-term prepaid expenses which are presented as “Other non-current assets” in the consolidated statement of financial position.
2. “Segment income” of “Other” includes the gain on step acquisition associated with the consolidation of PayPay into a subsidiary of ¥294,843 million. For details, refer to “Consolidation of PayPay Corporation into a subsidiary” under “Note 4. Business combinations.”

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

| | (Millions of yen) | |
|---|-------------------------------------|-------------------------------------|
| | Fiscal year ended March 31, 2022 | Fiscal year ended March 31, 2023 |
| Segment income | 965,553 | 1,060,168 |
| Share of losses of associates accounted for using the equity method | (60,094) | (47,875) |
| Financing income | 39,471 | 11,905 |
| Financing costs | (66,442) | (117,212) |
| Gains on sales of equity method investments | 8,925 | 1,109 |
| Impairment loss on equity method investments | (29,402) | (45,227) |
| Profit before income taxes | 858,011 | 862,868 |

6. Investments accounted for using the equity method

For the fiscal years ended March 31, 2022 and 2023, impairment losses of ¥18,379 million and ¥31,304 million, respectively, were recorded on the equity method investment in Demae-can Co., Ltd. to the extent that the carrying amount was reduced to the recoverable amount. The recoverable amount is measured based on value in use. Value in use is assessed by discounting the estimated future cash flows using a pre-tax discount rate of 12.0% (14.1% for the fiscal year ended March 31, 2022). The impairment loss is included in “Impairment loss on equity method investments” in the consolidated statement of income.

7. Interest-bearing debt

The components of interest-bearing debt are as follows:

| | As of March 31, 2022 | (Millions of yen) As of March 31, 2023 |
|---|-------------------------|--|
| Current | | |
| Short-term borrowings | 528,630 | 599,353 |
| Commercial paper | 270,401 | 122,001 |
| Current portion of long-term borrowings | 916,790 | 1,051,131 |
| Current portion of lease liabilities | 225,719 | 171,682 |
| Current portion of corporate bonds | 94,985 | 119,987 |
| Current portion of installment payables | 54 | - |
| Total | 2,036,579 | 2,064,154 |
| Non-current | | |
| Long-term borrowings | 2,446,389 | 2,470,314 |
| Lease liabilities | 538,241 | 562,350 |
| Corporate bonds | 978,244 | 1,037,683 |
| Installment payables | 72 | - |
| Total | 3,962,946 | 4,070,347 |

8. Equity

Changes in treasury stock are as follows:

| | Fiscal year ended March 31, 2022 | (Thousands of shares) Fiscal year ended March 31, 2023 |
|--------------------------------------|-------------------------------------|--|
| Balance at the beginning of the year | 100,660 | 79,843 |
| Increase | 0 | 0 |
| Decrease ¹ | (20,816) | (24,247) |
| Balance at the end of the year | 79,843 | 55,596 |

Note:

1. For the fiscal year ended March 31, 2022, due to the exercise of stock acquisition rights, the number of treasury stock decreased by 20,816 thousand shares. As a result, “Treasury stock” decreased by ¥27,756 million and a loss on disposal of treasury stock of ¥12,556 million was recognized as a decrease in “Capital surplus,” of which ¥12,602 million was transferred from “Retained earnings.” In addition, for the fiscal year ended March 31, 2023, due to the exercise of stock acquisition rights, the number of treasury stock decreased by 24,247 thousand shares. As a result, “Treasury stock” decreased by ¥32,331 million and a loss on disposal of treasury stock of ¥13,909 million was recognized as a decrease in “Capital surplus,” of which ¥13,966 million was transferred from “Retained earnings.”

9. Dividends

Dividends paid are as follows:

Fiscal year ended March 31, 2022

(1) Dividends paid

| <u>Resolution</u> | <u>Class of shares</u> | <u>Dividends per share (Yen)</u> | <u>Total dividends (Millions of yen)</u> | <u>Record date</u> | <u>Effective date</u> |
|---|------------------------|--------------------------------------|--|--------------------|-----------------------|
| Board of Directors meeting held on May 21, 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 |

(2) Dividends whose record date is in the fiscal year ended March 31, 2022, but whose effective date is after March 31, 2022 are as follows:

| <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 20, 2022 | Common stock | 43.00 | 202,414 | March 31, 2022 | June 9, 2022 |

Fiscal year ended March 31, 2023

(1) Dividends paid

| <u>Resolution</u> | <u>Class of shares</u> | <u>Dividends per share (Yen)</u> | <u>Total dividends (Millions of yen)</u> | <u>Record date</u> | <u>Effective date</u> |
|---|------------------------|--------------------------------------|--|--------------------|-----------------------|
| Board of Directors meeting held on May 20, 2022 | Common stock | 43.00 | 202,414 | March 31, 2022 | June 9, 2022 |
| Board of Directors meeting held on October 20, 2022 | Common stock | 43.00 | 203,244 | September 30, 2022 | December 6, 2022 |

(2) Dividends whose record date is in the fiscal year ended March 31, 2023, but whose effective date is after March 31, 2023 are as follows:

The following resolution is scheduled for the Board of Directors meeting held on May 24, 2023.

| <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 24, 2023 | Common stock | 43.00 | 203,457 | March 31, 2023 | June 6, 2023 |

10. Revenue

The components of revenue are as follows:

| | Fiscal year ended March 31, 2022 | (Millions of yen) Fiscal year ended March 31, 2023 |
|---|-------------------------------------|--|
| Consumer business | | |
| Service revenues | | |
| Mobile | 1,600,343 | 1,503,360 |
| Broadband | 404,610 | 396,746 |
| Electricity | 239,106 | 392,550 |
| Revenues from sales of goods and others | 630,872 | 579,767 |
| Subtotal | 2,874,931 | 2,872,423 |
| Enterprise business | | |
| Mobile ³ | 306,407 | 313,845 |
| Fixed-line | 183,232 | 174,033 |
| Business solution and others ³ | 212,526 | 244,766 |
| Subtotal | 702,165 | 732,644 |
| Distribution business | 448,232 | 516,636 |
| Yahoo! JAPAN/LINE business ⁴ | | |
| Media ⁵ | 628,595 | 627,443 |
| Commerce | 793,213 | 819,895 |
| Strategy ⁵ | 60,395 | 72,717 |
| Other ⁵ | 13,181 | 12,943 |
| Subtotal | 1,495,384 | 1,532,998 |
| Financial business ⁴ | 50,500 | 125,816 |
| Other ⁴ | 119,394 | 131,482 |
| Total | 5,690,606 | 5,911,999 |

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 fiscal years ended March 31, 2022 and 2023 were ¥125,697 million and ¥148,111 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 fiscal year ended March 31, 2022 and 2023 were ¥406,758 million and ¥429,424 million, respectively. Revenues from sales of goods and others for the fiscal years ended March 31, 2022 and 2023 were ¥112,175 million and ¥129,187 million, respectively.
- Effective October 1, 2022, the Company revised its reporting segment classifications following the acquisition of PayPay as a subsidiary and added the “Financial business.” The main subsidiaries that constitute the “Financial business” are PayPay, PayPay Card Corporation, SB Payment Service Corp. and PayPay Securities Corporation. PayPay Card Corporation was transferred from “Yahoo! Japan/LINE business” to “Financial business,” and SB Payment Service Corp. and PayPay Securities Corporation were transferred from “Other” to “Financial business.” As a result, the components of revenue for the fiscal year ended March 31, 2022, have been restated.
- Effective April 1, 2022, the business categories of “Yahoo! JAPAN/LINE business” 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 fiscal year ended March 31, 2022, have been restated.

11. Earnings per share

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

(1) Basic earnings per share

| | Fiscal year ended March 31, 2022 | Fiscal year ended March 31, 2023 |
|---|-------------------------------------|-------------------------------------|
| Net income used in the calculation of basic earnings per share (Millions of yen) | | |
| Net income attributable to owners of the Company | 517,075 | 531,366 |
| Weighted-average number of shares of common stock outstanding (Thousands of shares) | 4,699,079 | 4,721,967 |
| Basic earnings per share (Yen) | 110.04 | 112.53 |

(2) Diluted earnings per share

| | Fiscal year ended March 31, 2022 | Fiscal year ended March 31, 2023 |
|---|-------------------------------------|-------------------------------------|
| Net income used in the calculation of diluted earnings per share (Millions of yen) | | |
| Net income attributable to owners of the Company | 517,075 | 531,366 |
| Effect of dilutive securities issued by subsidiaries and associates | (3,306) | (2,655) |
| Total | 513,769 | 528,711 |
| 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 | 4,699,079 | 4,721,967 |
| Increase in the number of shares of common stock due to stock acquisition rights | 50,206 | 41,384 |
| Total | 4,749,285 | 4,763,351 |
| Diluted earnings per share (Yen) | 108.18 | 111.00 |

12. Contingencies

The Group is a party to several pending legal and administrative proceedings. When it is difficult to reasonably estimate the outcomes of such matters, provisions have not been recorded except for the following lawsuit. Based on the information currently available, management does not expect that the results of these proceedings will have a material adverse effect on the Group's financial position or results of operations.

- a. On April 30, 2015, the Company filed a lawsuit with the Tokyo District Court against Japan Post Information Technology Co., Ltd. ("JPiT"), claiming for payment of remuneration for additional services provided in connection with the installation of telecommunications lines, as well as other items, that were ordered by JPiT in relation to a project to migrate the communications network connecting approximately 27,000 sites (post offices, etc.) countrywide to a new network, the 5th PNET.

Pursuant to a contract dated February 7, 2013, the Company was requested by JPiT to carry out, among other services, installation services for telecommunications lines for Japan Post Group's business sites existing countrywide. The Company performed such services, and upon JPiT's request, the Company also performed services that exceeded the scope of services stipulated in the contract.

Although the Company negotiated with JPiT over an extended period regarding the remuneration for these additional services, the Company and JPiT were unable to arrive at a settlement. Accordingly, the Company duly filed the lawsuit, claiming for payment of remuneration for such additional services.

- b. On April 30, 2015, JPiT filed a lawsuit against the Company and Nomura Research Institute, Ltd. ("NRI") as co-defendants.

In this lawsuit, JPiT alleges that the Company and NRI delayed performance of the ordered services related to the project for migration to the 5th PNET mentioned in a. above and alleges that such delay caused damages to JPiT. JPiT made joint and several claims against both the Company and NRI for the alleged damages.

An order to consolidate the abovementioned lawsuits was made on July 29, 2015. Subsequently, on September 9, 2022, the Tokyo District Court rendered a judgment ordering JPiT to pay ¥1,921 million as remuneration for the additional services and delay damages, and the Company to pay JPiT ¥10,854 million in damages and delay damages. The Company appealed this judgment to the Tokyo High Court on September 22, 2022. And as of March 31, 2023, the Company recorded a total of ¥19,176 million, consisting of ¥8,984 million in damages and ¥10,192 million in delay damages, which offset against the amount allowed under this judgment, in "Provisions (current liabilities)" in the consolidated statement of financial position. For the fiscal year ended March 31, 2023, in the consolidated statement of income, the damages amount of ¥8,984 million and the delay damages amount of ¥10,192 million were recorded in "Other operating expenses" and "Financing costs", respectively.

13. Subsequent events

Share buyback program

The Board of Directors of the Company resolved to set up a share buyback program, pursuant to the Company's articles of incorporation in accordance with Article 459, Paragraph 1 of the Companies Act of Japan as follows, on May 10, 2023.

(1) Purpose of the share buyback program

To purchase a portion of shares to be retired in accordance with the shareholder return policy

(2) Details of the share buyback program

a. Types of shares to be acquired

Common stock of the Company

b. Total number of shares to be acquired

UP to 56,300,000 shares

(1.19% of total shares outstanding (excluding treasury stock))

c. Total amount to be paid for acquisition

Up to JPY 100 billion

d. Period of acquisition

May 11, 2023 to March 31, 2024

e. Method of acquisition

Market purchase on the Tokyo Stock Exchange, Inc. through a discretionary investment account trade to a securities company