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Consolidated Financial Report For the Three Months Ended June 30, 2023 (IFRS)

August 4, 2023

(Amounts are rounded to the nearest million yen)

1. Consolidated Financial Results for the Three Months Ended June 30, 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	%
Three months ended June 30, 2023	1,429,666	5.0	246,319	2.1	248,621	15.1	173,584	19.1	146,719	15.4	193,507	8.4
Three months ended June 30, 2022	1,361,999	0.4	241,279	(14.8)	216,037	(20.7)	145,738	(14.0)	127,111	(15.8)	178,440	0.5
Three months ended June 30, 2022 (before retrospective adjustment)	1,361,999	0.4	247,111	(12.7)	221,869	(18.6)	149,783	(11.6)	128,542	(14.9)	182,505	2.8

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2023	30.99	30.69
Three months ended June 30, 2022	26.98	26.65
Three months ended June 30, 2022 (before retrospective adjustment)	27.28	26.95

Note: Effective for the three months ended December 31, 2022, the Group changed its accounting policy for transactions under common control involving non-controlling shareholders from the book-value transferred method to the acquisition method. In accordance with this change in accounting policy, the condensed interim consolidated financial statements for the three months ended June 30, 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
	Millions of yen	Millions of yen	Millions of yen	%
As of June 30, 2023	14,501,212	3,666,758	2,181,847	15.0
As of March 31, 2023	14,682,181	3,683,067	2,224,945	15.2

2. Dividends

	Dividends per share				
	First quarter	Second quarter	Third quarter	Fourth quarter	Total
Fiscal year ended March 31, 2023	Yen -	Yen 43.00	Yen -	Yen 43.00	Yen 86.00
Fiscal year ending March 31, 2024	-				
Fiscal year ending March 31, 2024 (Forecast)		43.00	-	43.00	86.00

Note: Revision to the forecast on dividends: No

3. Consolidated Financial Result Forecasts for the Fiscal Year Ending March 31, 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: Revision to the forecast on financial results: No

* Notes

(1) Significant changes in scope of consolidation (changes in scope of consolidation of specified subsidiaries): No

Newly consolidated: None

Excluded from consolidation: None

(2) Changes in accounting policies and accounting estimates

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

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

[3] Changes in accounting estimates: No

(3) Number of issued shares (common stock)

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

As of June 30, 2023 4,789,467,770 shares

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

[2] Number of shares of treasury stock

As of June 30, 2023 50,420,443 shares

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

[3] Average number of shares outstanding during the period

Three months ended June 30, 2023 4,735,034,589 shares

Three months ended June 30, 2022 4,711,466,188 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 15 of the appendix to this consolidated financial report.

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

On Friday, August 4, 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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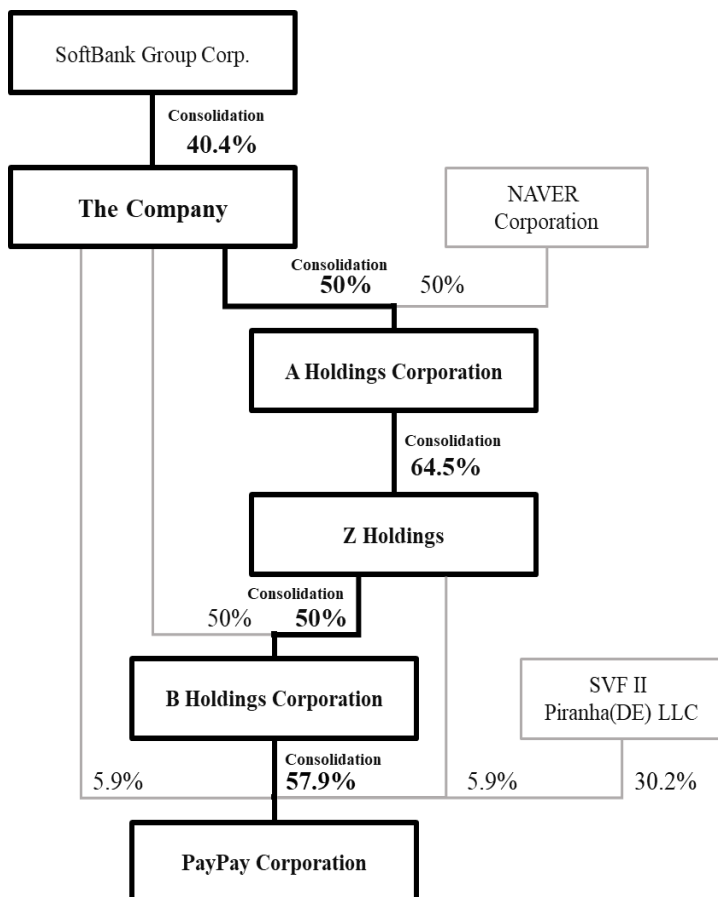
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Definition of Company Names and Abbreviations Used in this Appendix

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

The diagram below indicates ratio of voting rights, which is calculated by deducting treasury stock, as of June 30, 2023.



Reportable Segments

The Group changed the name of the Yahoo! JAPAN/LINE segment to the Media & EC segment from the three months ended June 30, 2023. Accordingly, the Group has five reportable segments: Consumer segment, Enterprise segment, Distribution segment, Media & EC segment, and Financial segment. This change only pertains to the segment name, and there are no changes to the segment classification, scope, or measurement methods.

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.
Media & EC 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 ⁵ LINE Corporation ⁵ 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.
Financial segment	<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 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 Planning and production of digital media and digital content R&D, manufacturing, operation, management and business planning in the fields of Solar HAPS⁶ and network equipment Provision of IoT, Linux/OSS, and authentication and security Others 	The Company SB Technology Corp. ITmedia Inc. HAPSMobile Inc. ⁷ Cybertrust Japan Co., Ltd.

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. At the meeting of Board of Directors held on April 28, 2023, Z Holdings resolved its policy to implement an intra-group reorganization involving mainly Z Holdings and its core wholly owned subsidiaries, namely LINE Corporation and Yahoo Japan Corporation, which is scheduled to be completed on October 1, 2023 (effective date), and in which Z Holdings will be the surviving company. Further, at the meeting of Board of Directors held on July 12, 2023, Z Holdings resolved the implementation of a series of transactions related to the intra-group reorganization including extinguishment of Yahoo Japan Corporation. In addition, Z Holdings and LINE Corporation are scheduled to change their trade names to LY Corporation and Z Intermediate Global Corporation, respectively, as of October 1, 2023.
6. 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.
7. At the meeting of Board of Directors held on July 24, 2023, the Company resolved to carry out an absorption-type merger of its wholly owned subsidiary, HAPSMobile Inc., effective from October 1, 2023. Accordingly, HAPSMobile Inc. will be dissolved.

1. Results of Operations

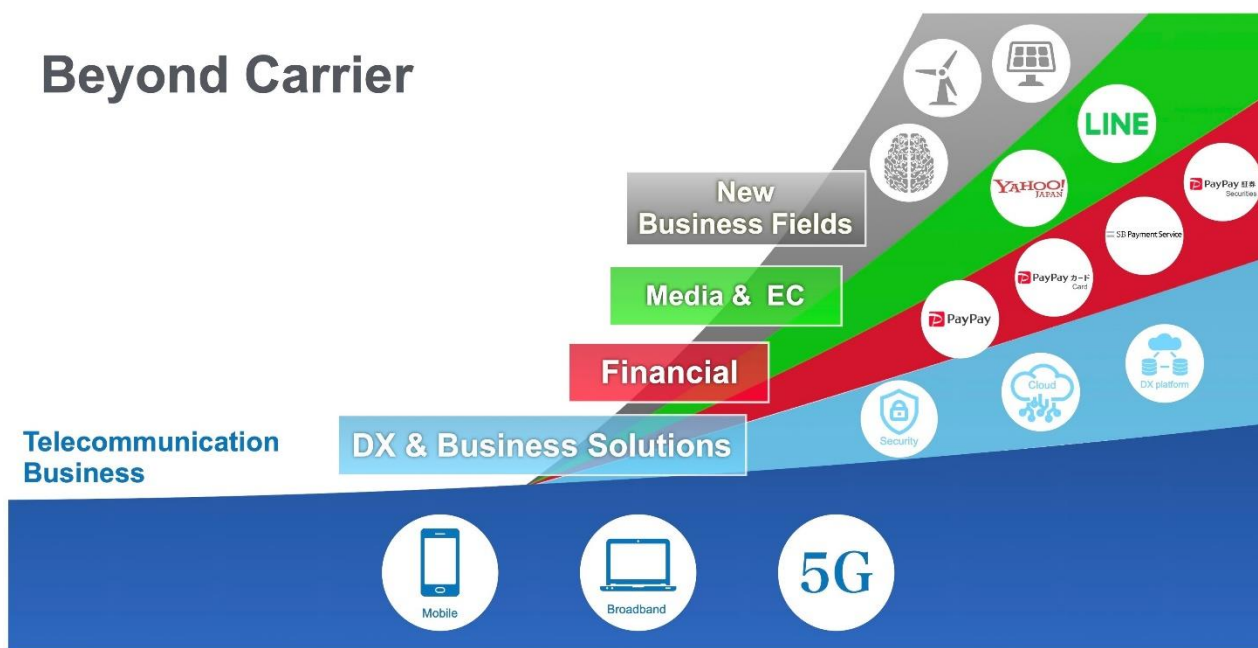
(1) Overview of Consolidated Results of Operations

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 and contributes to solving various social issues through its businesses.

This fiscal year, business conditions in Japan are gradually recovering due to the reopening of economic activity associated with the reclassification of COVID-19 as a Class V Infectious Disease as well as improved international commodity market conditions. In addition, corporate demand for digitalization, which was accelerated by the COVID-19 pandemic, remains firm. The development of digital services that leverage generative AI, which can generate a variety of content such as text, images, and programming code, is expected to accelerate in the future. In this environment, the roles that the Group must fulfill as an operator of a wide range of businesses in the information and technology fields are growing increasingly important.

In May 2023, the Company 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's goal is to steadily rebuild its business foundations to realize this long-term 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 of ¥535.0 billion 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 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.



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 85% of its long-term interest-bearing debt at fixed interest rates, so rising interest rates will have no immediate material effect ² .
Currency movements	Although its currency risk exposure is limited, the Company utilizes forward foreign exchange contracts to reduce its exposure to currency risk as necessary.
Surging fuel prices	The Company uses a large amount of electricity at its base stations and network centers. To reduce the impact of surging fuel prices, it is replacing these facilities with energy-efficient equipment. In addition, it works to reduce power consumption by controlling base station radios during periods of low traffic. The annual impact of an increase of ¥1 in the price of electricity per kWh would be approximately ¥2.3 billion ³ .
Semiconductor shortage	Although there are 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.

Major Initiative

- In June 2023, the Company announced that it is expanding the scope of its 'Net Zero' commitment to its group companies. The new pledge builds on the Company's existing initiatives to eliminate greenhouse gas (GHG) emissions from its own business processes and energy consumption (Scope 1 and Scope 2) and GHG emissions generated by its supply chain (Scope 3) to achieve virtually Net Zero GHG emissions by 2050. To achieve this 'Net Zero' commitment, the Group implements various initiatives including procurement of sufficient electricity from renewable energy for total future telecommunication business needs (approx. 2 billion kWh) by signing contracts for procurement of renewable energy with renewable energy power producers.

Notes:

1. For details on the material issues, please see the Company's website:
<https://www.softbank.jp/en/corp/sustainability/materiality/>
2. Long-term interest-bearing debt refers to interest-bearing debt (bank loans, bonds, lease obligations, and securitization of receivables) excluding short-term borrowings and the impact of IFRS 16. Borrowings at fixed interest rates include certain borrowings with floating interest rates for which a fixed interest expense is obtained through interest rate swap transactions.
3. This figure is an estimate based on the electricity consumption of 2,278,902 MWh in the Company and its main subsidiaries for the fiscal year ended March 31, 2023.

b. Consolidated Results of Operations

(Billions of yen)

	Three Months Ended June 30		Change	Change %
	2022	2023		
Revenue	1,362.0	1,429.7	67.7	5.0%
Operating income	241.3	246.3	5.0	2.1%
Profit before income taxes	216.0	248.6	32.6	15.1%
Income taxes	(70.3)	(75.0)	(4.7)	6.7%
Net income	145.7	173.6	27.8	19.1%
Net income attributable to:				
Owners of the Company	127.1	146.7	19.6	15.4%
Non-controlling interests	18.6	26.9	8.2	44.2%
Adjusted EBITDA ¹	430.6	430.9	0.3	0.1%

Notes:

Effective for the three months ended December 31, 2022, the Group has changed the accounting policy for transactions under common control involving non-controlling shareholders from the book-value method to the acquisition method. Accordingly, figures for the three months ended June 30, 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 three months ended June 30, 2023 is as follows:

(a) Revenue

For the three months ended June 30, 2023, revenue increased by ¥67.7 billion (5.0%) year on year to ¥1,429.7 billion, increasing in all segments. Revenue increased by ¥34.1 billion in the Financial segment, mainly due to the consolidation of PayPay Corporation in October 2022, by ¥20.4 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 ¥7.6 billion in the Enterprise segment, mainly due to an increase in demand for solutions associated with digitalization, by ¥7.1 billion in the Media & EC segment, mainly due to increased revenue from account advertising and search advertising, and by ¥1.3 billion in the Consumer segment. The increase in revenue in the Consumer segment was mainly due to an increase in revenues from sales of goods and others associated with increases in unit price of smartphones, etc., while there was a decrease in mobile revenue due to factors such as the impact of mobile service price reduction in spring 2021.

(b) Operating income

For the three months ended June 30, 2023, operating income increased by ¥5.0 billion (2.1%) year on year to ¥246.3 billion. This mainly reflected increases in operating income of ¥13.2 billion in the Media & EC segment, which was primarily due to the recording of a gain on business transfer associated with the transfer of AI Company business operated by LINE Corporation to WORKS MOBILE Japan Corp., ¥2.9 billion in the Enterprise segment, and ¥1.7 billion in the Distribution segment. On the other hand, operating income decreased by ¥6.9 billion in the Consumer segment mainly due to the impact of mobile service price reduction.

(c) Net income

For the three months ended June 30, 2023, net income increased by ¥27.8 billion (19.1%) year on year to ¥173.6 billion. This mainly reflected the recording of a gain on changes in equity interest associated with the change in the Z Holdings Group's equity interest in Webtoon Entertainment Inc. and an increase in operating income.

(d) Net income attributable to owners of the Company

For the three months ended June 30, 2023, net income attributable to owners of the Company increased by ¥19.6 billion (15.4%) year on year to ¥146.7 billion. Net income attributable to non-controlling interests increased by ¥8.2 billion (44.2%) year on year to ¥26.9 billion, mainly due to an increase in net income at the Z Holdings Group.

(e) Adjusted EBITDA

For the three months ended June 30, 2023, adjusted EBITDA increased by ¥0.3 billion (0.1%) year on year to ¥430.9 billion. This mainly reflected an increase in operating income.

c. 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)

	Three Months Ended June 30		Change	Change %
	2022	2023		
Revenue	667.4	668.7	1.3	0.2%
Operating expenses ¹	512.5	520.7	8.2	1.6%
Of which, depreciation and amortization	105.7	99.7	(6.1)	(5.8)%
Segment income	154.9	148.0	(6.9)	(4.4)%

Note:

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

Breakdown of Revenue

(Billions of yen)

	Three Months Ended June 30		Change	Change %
	2022	2023		
Service revenues	546.9	537.9	(9.0)	(1.6)%
Mobile	390.4	384.6	(5.8)	(1.5)%
Broadband	99.8	100.5	0.7	0.7%
Electricity	56.6	52.8	(3.8)	(6.8)%
Revenues from sales of goods and others	120.5	130.8	10.3	8.5%
Total revenue	667.4	668.7	1.3	0.2%

Consumer segment revenue increased by ¥1.3 billion (0.2%) year on year to ¥668.7 billion. Within Consumer segment revenue, service revenues decreased by ¥9.0 billion (1.6%) year on year to ¥537.9 billion, and revenues from sales of goods and others increased by ¥10.3 billion (8.5%) year on year to ¥130.8 billion.

Within service revenues, mobile revenue decreased by ¥5.8 billion (1.5%) year on year. The decrease mainly reflected a decline in ARPU due to the mobile service price reduction in spring 2021, 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* brands.

Broadband revenue increased by ¥0.7 billion (0.7%) year on year. This increase was mainly due to an increase in subscribers of the *SoftBank Hikari* fiber-optic service.

Electricity revenue decreased by ¥3.8 billion (6.8%) year on year. This decrease was mainly due to a decrease in transactions in the electricity market.

The increase in revenues from sales of goods and others was mainly due to an increase in unit prices of smartphones, etc.

Operating expenses were ¥520.7 billion, an increase of ¥8.2 billion (1.6%) year on year. This increase was mainly due to an increase in the cost of goods of smartphones, etc.

As a result, segment income decreased by ¥6.9 billion (4.4%) year on year to ¥148.0 billion.

(b) Enterprise Segment

OVERVIEW

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

FINANCIAL RESULTS

(Billions of yen)

	Three Months Ended June 30		Change	Change %
	2022	2023		
Revenue	176.6	184.1	7.6	4.3%
Operating expenses ¹	140.0	144.7	4.7	3.3%
Of which, depreciation and amortization	38.2	38.5	0.3	0.7%
Segment income	36.5	39.4	2.9	7.9%

Note:

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

Breakdown of Revenue

(Billions of yen)

	Three Months Ended June 30		Change	Change %
	2022	2023		
Mobile	77.3	78.1	0.8	1.0%
Fixed-line	46.5	44.0	(2.5)	(5.3)%
Business solution and others	52.8	62.1	9.2	17.5%
Total revenue	176.6	184.1	7.6	4.3%

Enterprise segment revenue increased by ¥7.6 billion (4.3%) year on year to ¥184.1 billion. Within Enterprise segment revenue, mobile revenue increased by ¥0.8 billion (1.0%) to ¥78.1 billion, fixed-line revenue decreased by ¥2.5 billion (5.3%) to ¥44.0 billion, and business solution and others revenue increased by ¥9.2 billion (17.5%) to ¥62.1 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 ¥144.7 billion, an increase of ¥4.7 billion (3.3%) year on year. This increase mainly reflected an increase in costs following the abovementioned increase in business solution and others revenue.

As a result, segment income increased by ¥2.9 billion (7.9%) year on year to ¥39.4 billion.

(c) Distribution Segment

OVERVIEW

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

FINANCIAL RESULTS

(Billions of yen)

	Three Months Ended June 30		Change	Change %
	2022	2023		
Revenue	130.2	150.6	20.4	15.7%
Operating expenses ¹	124.7	143.4	18.7	15.0%
Of which, depreciation and amortization	1.0	1.1	0.1	9.1%
Segment income	5.5	7.2	1.7	31.0%

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 ¥20.4 billion (15.7%) year on year to ¥150.6 billion. This increase was mainly due to solid growth in ICT (Information and Communication Technology) related products for enterprise customers and subscription services such as cloud and SaaS, which are also for enterprise customers and have been strategic areas of focus.

Operating expenses were ¥143.4 billion, an increase of ¥18.7 billion (15.0%) 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 ¥1.7 billion (31.0%) year on year to ¥7.2 billion.

(d) Media & EC Segment

OVERVIEW

In the Media & EC 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 its portal site, *Yahoo! JAPAN*, and messenger app, *LINE*. In the commerce field, the Group provides online shopping 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)

	Three Months Ended June 30		Change	Change %
	2022	2023		
Revenue	378.1	385.2	7.1	1.9%
Operating expenses ¹	335.1	329.0	(6.2)	(1.8)%
Of which, depreciation and amortization	38.9	40.5	1.7	4.4%
Segment income	43.0	56.2	13.2	30.8%

Notes:

The Company has changed the accounting policy for transactions under common control involving non-controlling shareholders 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 Media & EC segment for the three months ended June 30, 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)

	Three Months Ended June 30		Change	Change %
	2022	2023		
Media ¹	153.7	157.1	3.4	2.2%
Commerce	205.2	206.5	1.3	0.6%
Strategy ²	17.3	19.5	2.2	12.8%
Other ¹	1.9	2.0	0.1	6.5%
Total revenue ²	378.1	385.2	7.1	1.9%

Notes:

1. In the three months ended June 30, 2023, the Z Holdings Group revised its management categories and reclassified the categories of certain services. Accordingly, the breakdown of Media and Other in the Media & EC segment revenue for the three months ended June 30, 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 Media & EC segment for the three months ended June 30, 2022 have been retrospectively amended.

Media & EC segment revenue increased by ¥7.1 billion (1.9%) year on year to ¥385.2 billion. Within Media & EC segment revenue, media revenue increased by ¥3.4 billion (2.2%) to ¥157.1 billion, commerce revenue increased by ¥1.3 billion (0.6%) to ¥206.5 billion, strategy revenue increased by ¥2.2 billion (12.8%) to ¥19.5 billion, and other revenue increased by ¥0.1 billion (6.5%) to ¥2.0 billion.

The increase in media revenue mainly reflected the impact of the consolidation of LINE MUSIC Corporation in September 2022 and an increase in revenue from account advertising as the number of paid accounts increased due to the revision of price plans in June 2023 in *LINE* Official account. Another factor behind the increase in media revenue was solid growth in search advertising. Meanwhile, revenue from display advertising decreased due to factors such as the impact of business sentiment.

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), while there was a revenue-reducing effect associated with a control in sales promotion expenses related to e-commerce services.

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

Operating expenses were ¥329.0 billion, a decrease of ¥6.2 billion (1.8%) year on year. This decrease mainly reflected the recording of a gain on business transfer associated with the transfer of AI Company business operated by LINE Corporation to WORKS MOBILE Japan Corp. and a decrease in sales promotion expenses, while there were increases in cost of sales at the ASKUL Group and personnel expenses at the LINE Group (LINE Corporation and its subsidiaries) and other companies.

As a result, segment income increased by ¥13.2 billion (30.8%) year on year to ¥56.2 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.

FINANCIAL RESULTS

(Billions of yen)

	Three Months Ended June 30			
	2022	2023	Change	Change %
Revenue	18.5	52.6	34.1	184.8%
Operating expenses ¹	16.6	54.4	37.8	227.7%
Of which, depreciation and amortization	1.9	5.2	3.3	168.3%
Segment income	1.9	(1.8)	(3.7)	-

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 ¥34.1 billion (184.8%) year on year to ¥52.6 billion. This increase was mainly due to the consolidation of PayPay Corporation in October 2022.

Operating expenses were ¥54.4 billion, an increase of ¥37.8 billion (227.7%) 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 ¥3.7 billion year on year to negative ¥1.8 billion.

(2) Overview of Consolidated Financial Position

(Billions of yen)				
	March 31, 2023	June 30, 2023	Change	Change %
Current assets	4,948.1	4,638.6	(309.5)	(6.3)%
Non-current assets	9,734.1	9,862.6	128.5	1.3%
Total assets	14,682.2	14,501.2	(181.0)	(1.2)%
Current liabilities	6,372.6	6,108.7	(263.9)	(4.1)%
Non-current liabilities	4,626.5	4,725.8	99.3	2.1%
Total liabilities	10,999.1	10,834.5	(164.7)	(1.5)%
Total equity	3,683.1	3,666.8	(16.3)	(0.4)%

(Billions of yen)			
	Three Months Ended June 30		
	2022	2023	Change
Capital expenditures ¹	169.0	139.6	(29.3)
Of which, capital expenditures in the Consumer and Enterprise segments ²	91.3	56.4	(34.9)

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 ¥14,501.2 billion as of June 30, 2023, a decrease of ¥181.0 billion (1.2%) from the previous fiscal year-end. This mainly reflected a decrease of ¥220.8 billion in cash and cash equivalents and a decrease of ¥116.2 billion in trade and other receivables, while there were increases of ¥50.7 billion in investments accounted for using the equity method and ¥45.3 billion in investment securities in banking business.

LIABILITIES

Total liabilities amounted to ¥10,834.5 billion as of June 30, 2023, a decrease of ¥164.7 billion (1.5%) from the previous fiscal year-end. This decrease was mainly due to a decrease of ¥289.9 billion in trade and other payables, while there was an increase of ¥106.1 billion in interest-bearing debt.

EQUITY

Total equity amounted to ¥3,666.8 billion as of June 30, 2023, a decrease of ¥16.3 billion (0.4%) from the previous fiscal year-end. Equity attributable to owners of the Company decreased by ¥43.1 billion. This mainly reflected a decrease of ¥203.5 billion due to payment of cash dividends, while there was an increase of ¥146.7 billion due to the recording of net income for the three months ended June 30, 2023.

CAPITAL EXPENDITURES

In the three months ended June 30, 2023, capital expenditures were ¥139.6 billion, a decrease of ¥29.3 billion year on year. This decrease was mainly due to a decrease in capital expenditures associated with the completion of 5G coverage deployment.

(3) Overview of Consolidated Cash Flows

(Billions of yen)

	Three Months Ended June 30		Change
	2022	2023	
Cash flows from operating activities	257.4	172.1	(85.2)
Cash flows from investing activities	(157.7)	(255.2)	(97.5)
Cash flows from financing activities	(66.7)	(144.8)	(78.1)
Cash and cash equivalents at the end of the period	1,587.2	1,838.3	251.1
Free cash flow ¹	99.6	(83.0)	(182.7)
Effect of securitization of installment sales receivables	(25.0)	36.8	61.8
Adjusted free cash flow ²	74.7	(46.2)	(120.9)
Adjusted free cash flow (excluding Z Holdings Group and PayPay, etc.) ³	82.6	47.6	(35.1)

Notes:

1. Free cash flow = cash flows from operating activities + cash flows from investing activities
2. Adjusted free cash flow = free cash flow + (proceeds from the securitization of installment sales receivables – repayments thereof)
3. 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 three months ended June 30, 2023, net cash inflow from operating activities was ¥172.1 billion, a decrease of ¥85.2 billion in cash inflow year on year. This decrease mainly reflected an increase in working capital requirements such as trade receivables and payables and a decrease in deposits in banking business.

b. Cash flows from investing activities

In the three months ended June 30, 2023, net cash outflow from investing activities was ¥255.2 billion, an increase of ¥97.5 billion in cash outflow year on year. This increase in cash outflow mainly reflected an increase in purchase of investment securities in banking business, a decrease in proceeds from sales/redemption thereof, and an increase in purchases of property, plant and equipment.

c. Cash flows from financing activities

In the three months ended June 30, 2023, net cash outflow from financing activities was ¥144.8 billion. While there were cash inflows of ¥640.4 billion from fund procurement, including bank loans, leases, corporate bonds, and the securitization of receivables, there were cash outflows of ¥785.2 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 June 30, 2023 were ¥1,838.3 billion, an increase of ¥251.1 billion year on year.

e. Adjusted free cash flow

In the three months ended June 30, 2023, adjusted free cash flow was negative ¥46.2 billion, a decrease of ¥120.9 billion year on year. This decrease reflected, as described above, the decrease in net cash inflow from operating activities and the increase in net cash outflow from investing activities, while there was an increase in cash inflow from securitization of installment sales receivables.

(4) Forecasts

For the fiscal year ending March 31, 2024, the Company is forecasting revenue of ¥6,000.0 billion, operating income of ¥780.0 billion, and net income attributable to owners of the Company of ¥420.0 billion. There have been no changes to the consolidated financial result forecasts announced on May 10, 2023 in the Consolidated Financial Report for the Fiscal Year Ended March 31, 2023.

2. Notes to Summary Information

(1) Significant Changes in Scope of Consolidation for the Three Months Ended June 30, 2023

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

(2) Changes in Accounting Policies and Accounting Estimates

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

3. Condensed Interim Consolidated Financial Statements and Primary Notes

(1) Condensed Interim Consolidated Statement of Financial Position

	As of March 31, 2023	(Millions of yen) As of June 30, 2023
ASSETS		
Current assets		
Cash and cash equivalents	2,059,167	1,838,348
Trade and other receivables	2,389,731	2,273,503
Other financial assets	194,924	194,553
Inventories	159,139	157,707
Other current assets	145,134	174,472
Total current assets	4,948,095	4,638,583
Non-current assets		
Property, plant and equipment	1,673,705	1,677,309
Right-of-use assets	763,598	751,014
Goodwill	1,994,298	1,989,813
Intangible assets	2,529,116	2,520,245
Contract costs	334,345	334,566
Investments accounted for using the equity method	218,170	268,888
Investment securities	241,294	247,935
Investment securities in banking business	288,783	334,121
Other financial assets	1,528,650	1,579,629
Deferred tax assets	59,608	58,513
Other non-current assets	102,519	100,596
Total non-current assets	9,734,086	9,862,629
Total assets	14,682,181	14,501,212

	As of March 31, 2023	(Millions of yen) As of June 30, 2023
LIABILITIES AND EQUITY		
Current liabilities		
Interest-bearing debt	2,064,154	2,106,630
Trade and other payables	2,317,402	2,027,463
Contract liabilities	116,213	128,114
Deposits for banking business	1,472,260	1,533,675
Other financial liabilities	6,729	2,396
Income taxes payable	116,220	58,303
Provisions	63,642	61,277
Other current liabilities	216,018	190,839
Total current liabilities	<u>6,372,638</u>	<u>6,108,697</u>
Non-current liabilities		
Interest-bearing debt	4,070,347	4,134,005
Other financial liabilities	30,236	31,389
Provisions	94,084	98,141
Deferred tax liabilities	341,170	364,264
Other non-current liabilities	90,639	97,958
Total non-current liabilities	<u>4,626,476</u>	<u>4,725,757</u>
Total liabilities	<u>10,999,114</u>	<u>10,834,454</u>
Equity		
Equity attributable to owners of the Company		
Common stock	204,309	205,985
Capital surplus	685,066	688,572
Retained earnings	1,392,043	1,332,384
Treasury stock	(74,131)	(67,230)
Accumulated other comprehensive income (loss)	17,658	22,136
Total equity attributable to owners of the Company	<u>2,224,945</u>	<u>2,181,847</u>
Non-controlling interests	<u>1,458,122</u>	<u>1,484,911</u>
Total equity	<u>3,683,067</u>	<u>3,666,758</u>
Total liabilities and equity	<u><u>14,682,181</u></u>	<u><u>14,501,212</u></u>

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

For the three months ended June 30, 2022 and 2023

Condensed Interim Consolidated Statement of Income

	Three months ended June 30, 2022 ²	(Millions of yen) Three months ended June 30, 2023
Revenue	1,361,999	1,429,666
Cost of sales	(676,619)	(713,739)
Gross profit	685,380	715,927
Selling, general and administrative expenses	(448,596)	(478,516)
Other operating income	4,495	10,459
Other operating expenses	-	(1,551)
Operating income	241,279	246,319
Gain on changes in equity interest	4,172	19,763
Share of losses of associates accounted for using the equity method	(13,286)	(7,589)
Financing income	4,285	7,772
Financing costs	(21,004)	(17,644)
Gain on sales of equity method investments	591	-
Profit before income taxes	216,037	248,621
Income taxes	(70,299)	(75,037)
Net income ¹	145,738	173,584
Net income attributable to		
Owners of the Company	127,111	146,719
Non-controlling interests	18,627	26,865
	145,738	173,584
Earnings per share attributable to owners of the Company		
Basic earnings per share (Yen)	26.98	30.99
Diluted earnings per share (Yen)	26.65	30.69

Notes:

1. All net income of SoftBank Corp. and its subsidiaries for the three months ended June 30, 2022 and 2023 were generated from continuing operations.
2. Effective for the three months ended December 31, 2022, the Group changed its accounting policy for transactions under common control involving non-controlling shareholders to the acquisition method. In accordance with this change in accounting policy, the condensed interim consolidated financial statements are retrospectively amended.

Condensed Interim Consolidated Statement of Comprehensive Income

	(Millions of yen)	
	Three months ended June 30, 2022 ¹	Three months ended June 30, 2023
Net income	145,738	173,584
Other comprehensive income (loss), net of tax		
Items that will not be reclassified to profit or loss		
Changes in the fair value of equity instruments at FVTOCI	8,577	1,684
Share of other comprehensive income (loss) of associates accounted for using the equity method	(187)	108
Total items that will not be reclassified to profit or loss	8,390	1,792
Items that may be reclassified subsequently to profit or loss		
Changes in the fair value of debt instruments at FVTOCI	(504)	268
Cash flow hedges	966	(1,200)
Exchange differences on translation of foreign operations	18,767	12,309
Share of other comprehensive income (loss) of associates accounted for using the equity method	5,083	6,754
Total items that may be reclassified subsequently to profit or loss	24,312	18,131
Total other comprehensive income (loss), net of tax	32,702	19,923
Total comprehensive income	178,440	193,507
Total comprehensive income attributable to		
Owners of the Company	147,104	151,538
Non-controlling interests	31,336	41,969
	178,440	193,507

Note:

- Effective for the three months ended December 31, 2022, the Group changed its accounting policy for transactions under common control involving non-controlling shareholders to the acquisition method. In accordance with this change in accounting policy, the condensed interim consolidated financial statements are retrospectively amended.

(3) Condensed Interim Consolidated Statement of Changes in Equity

For the three months ended June 30, 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, 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	-	-	127,111	-	-	127,111	18,627	145,738
Other comprehensive income (loss)	-	-	-	-	19,993	19,993	12,709	32,702
Total comprehensive income	-	-	127,111	-	19,993	147,104	31,336	178,440
Transactions with owners and other transactions								
Cash dividends	-	-	(202,414)	-	-	(202,414)	(21,884)	(224,298)
Issuance of new shares	-	-	-	-	-	-	-	-
Disposal of treasury stock	-	(5,502)	-	11,651	-	6,149	-	6,149
Changes from loss of control	-	-	-	-	-	-	999	999
Changes in interests in existing subsidiaries	-	(165)	-	-	-	(165)	7,650	7,485
Share-based payment transactions	-	233	-	-	-	233	-	233
Transfer from retained earnings to capital surplus	-	5,502	(5,502)	-	-	-	-	-
Transfer from accumulated other comprehensive income (loss) to retained earnings	-	-	13,993	-	(13,993)	-	-	-
Other	-	21	(123)	-	-	(102)	(49)	(151)
Total transactions with owners and other transactions	-	89	(194,046)	11,651	(13,993)	(196,299)	(13,284)	(209,583)
As of June 30, 2022	204,309	688,119	1,064,456	(94,811)	49,353	1,911,426	1,270,162	3,181,588

Note:

- Effective for the three months ended December 31, 2022, the Group changed its accounting policy for transactions under common control involving non-controlling shareholders to the acquisition method. In accordance with this change in accounting policy, the condensed interim consolidated statement of changes in equity for the three months ended June 30, 2022 are retrospectively amended.

For the three months ended June 30, 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, 2023	204,309	685,066	1,392,043	(74,131)	17,658	2,224,945	1,458,122	3,683,067
Comprehensive income								
Net income	-	-	146,719	-	-	146,719	26,865	173,584
Other comprehensive income (loss)	-	-	-	-	4,819	4,819	15,104	19,923
Total comprehensive income	-	-	146,719	-	4,819	151,538	41,969	193,507
Transactions with owners and other transactions								
Cash dividends	-	-	(203,457)	-	-	(203,457)	(21,705)	(225,162)
Issuance of new shares	1,676	1,676	-	-	-	3,352	-	3,352
Disposal of treasury stock	-	(3,263)	-	6,901	-	3,638	-	3,638
Changes from loss of control	-	-	-	-	-	-	(6,299)	(6,299)
Changes in interests in existing subsidiaries	-	1,975	-	-	-	1,975	12,983	14,958
Share-based payment transactions	-	(70)	-	-	-	(70)	-	(70)
Transfer from retained earnings to capital surplus	-	3,263	(3,263)	-	-	-	-	-
Transfer from accumulated other comprehensive income (loss) to retained earnings	-	-	341	-	(341)	-	-	-
Other	-	(75)	1	-	-	(74)	(159)	(233)
Total transactions with owners and other transactions	1,676	3,506	(206,378)	6,901	(341)	(194,636)	(15,180)	(209,816)
As of June 30, 2023	205,985	688,572	1,332,384	(67,230)	22,136	2,181,847	1,484,911	3,666,758

(4) Condensed Interim Consolidated Statement of Cash Flows

	(Millions of yen)	
	Three months ended June 30, 2022 ¹	Three months ended June 30, 2023
Cash flows from operating activities		
Net income	145,738	173,584
Depreciation and amortization	187,013	186,480
Loss on disposal of property, plant and equipment and intangible assets	2,445	2,650
Gain relating to loss of control over subsidiaries	(1,813)	-
Financing income	(4,285)	(7,772)
Financing costs	21,004	17,644
Share of losses of associates accounted for using the equity method	13,286	7,589
Gain on sales of equity method investments	(591)	-
Gain on changes in equity interest	(4,172)	(19,763)
Income taxes	70,299	75,037
(Increase) decrease in trade and other receivables	98,263	111,711
(Increase) decrease in inventories	751	1,352
Purchases of mobile devices leased to enterprise customers	(8,436)	(11,255)
Increase (decrease) in trade and other payables	(138,310)	(189,641)
Increase (decrease) in consumption taxes payable	24,580	11,469
Increase (decrease) in deposits in banking business	79,441	61,415
(Increase) decrease in loans in banking business	(23,485)	(26,500)
Other	(65,930)	(81,681)
Subtotal	395,798	312,319
Interest and dividends received	2,042	1,349
Interest paid	(14,001)	(14,097)
Income taxes paid	(126,642)	(143,312)
Income taxes refunded	170	15,883
Net cash inflow from operating activities	257,367	172,142
Cash flows from investing activities		
Purchases of property, plant and equipment and intangible assets	(158,195)	(167,641)
Proceeds from sales of property, plant and equipment and intangible assets	383	255
Payments for acquisition of investments	(35,265)	(34,737)
Proceeds from sales/redemption of investments	3,670	5,366
Purchase of investment securities in banking business	(26,793)	(81,031)
Proceeds from sales/redemption of investment securities in banking business	57,194	43,857
Other	1,284	(21,251)
Net cash outflow from investing activities	(157,722)	(255,182)

	Three months ended June 30, 2022 ¹	(Millions of yen) Three months ended June 30, 2023
Cash flows from financing activities		
Increase (decrease) in short-term interest-bearing debt, net	81,850	50,851
Proceeds from interest-bearing debt	467,446	570,895
Repayment of interest-bearing debt	(397,453)	(562,217)
Proceeds from stock issuance to non-controlling interests	4,445	10,528
Cash dividends paid	(199,455)	(201,211)
Cash dividends paid to non-controlling interests	(21,856)	(21,753)
Other	(1,693)	8,089
Net cash inflow (outflow) from financing activities	<u>(66,716)</u>	<u>(144,818)</u>
Effect of exchange rate changes on cash and cash equivalents	7,487	7,039
Increase (decrease) in cash and cash equivalents	40,416	(220,819)
Cash and cash equivalents at the beginning of the period	<u>1,546,792</u>	<u>2,059,167</u>
Cash and cash equivalents at the end of the period	<u><u>1,587,208</u></u>	<u><u>1,838,348</u></u>

Note:

- Effective for the three months ended December 31, 2022, the Group changed its accounting policy for transactions under common control involving non-controlling shareholders to the acquisition method. In accordance with this change in accounting policy, the condensed interim consolidated financial statements are retrospectively amended.

(5) Notes on Going Concern Assumption

There are no applicable items.

(6) Notes to Condensed Interim Consolidated Financial Statements

1. Reporting entity

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

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

2. Material accounting policies

The material accounting policies applied in the condensed interim consolidated financial statements are consistent with those of the consolidated financial statements as of and for the fiscal year ended March 31, 2023. Income tax expenses for the three months ended June 30, 2023 are calculated based on the estimated annual effective income tax rate.

3. Significant judgments and estimates

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

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

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

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

The judgments, estimates and assumptions that have significant impact on the amounts in the condensed interim consolidated financial statements are consistent with those described in the consolidated financial statements for the fiscal year ended March 31, 2023.

4. Business combinations

Three months ended June 30, 2022

There are no significant business combinations to be disclosed.

Three months ended June 30, 2023

There are no significant business combinations to be disclosed.

5. Segment information

(1) Summary of reportable segments

The reportable segments of the Group are based on operating segments for which separate financial information is available, and which the Board of Directors (the Group's chief operating decision maker) regularly reviews to determine the allocation of management resources and evaluate their performance. The Group has "Consumer," "Enterprise," "Distribution," "Media & EC" and "Financial" as its reportable segments. From the three months ended June 30, 2023, these reportable segments have been partially renamed, and the "Yahoo! JAPAN/LINE" segment has been changed to the "Media & EC" segment. No operating segments have been aggregated in arriving at the reportable segments of the Group.

In the "Consumer" segment, the Group provides services, such as mobile services, broadband services and electricity services, including the *Ouchi Denki* service, mainly 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.

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 "Media & EC (formerly 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 its portal site, *Yahoo! JAPAN*, and messenger app, *LINE*. In the "commerce" field, the Group provides online shopping 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.

In the "Financial" 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 "Financial" segment was added following the conversion of PayPay Corporation into a subsidiary. The main subsidiaries that constitute the "Financial" segment are PayPay Corporation, PayPay Card Corporation, SB Payment Service Corp. and PayPay Securities Corporation. PayPay Card Corporation was transferred from "Media & EC" to "Financial," and SB Payment Service Corp. and PayPay Securities Corporation were transferred from "Other" to "Financial." As a result, the figures for the three months ended June 30, 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.

Three months ended June 30, 2022

	Reportable segments						Other	Adjustments	Consolidated
	Consumer	Enterprise	Distribution	Media & EC	Financial	Total			
Revenue									
Sales to external customers	664,201	173,529	112,047	372,365	12,414	1,334,556	27,443	-	1,361,999
Intersegment revenue or transferred revenue	3,214	3,038	18,184	5,749	6,048	36,233	8,403	(44,636)	-
Total	667,415	176,567	130,231	378,114	18,462	1,370,789	35,846	(44,636)	1,361,999
Segment income	154,885	36,533	5,534	42,974	1,869	241,795	609	(1,125)	241,279
Depreciation and amortization ¹	105,744	38,216	972	38,851	1,946	185,729	1,772	(488)	187,013

Three months ended June 30, 2023

	Reportable segments						Other	Adjustments	Consolidated
	Consumer	Enterprise	Distribution	Media & EC	Financial	Total			
Revenue									
Sales to external customers	666,112	179,268	129,022	378,744	47,644	1,400,790	28,876	-	1,429,666
Intersegment revenue or transferred revenue	2,613	4,864	21,622	6,427	4,938	40,464	7,251	(47,715)	-
Total	668,725	184,132	150,644	385,171	52,582	1,441,254	36,127	(47,715)	1,429,666
Segment income	148,016	39,425	7,247	56,211	(1,800)	249,099	(2,233)	(547)	246,319
Depreciation and amortization ¹	99,652	38,468	1,060	40,545	5,221	184,946	2,487	(953)	186,480

Note:

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

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

	(Millions of yen)	
	Three months ended June 30, 2022	Three months ended June 30, 2023
Segment income	241,279	246,319
Gain on changes in equity interest	4,172	19,763
Share of losses of associates accounted for using the equity method	(13,286)	(7,589)
Financing income	4,285	7,772
Financing costs	(21,004)	(17,644)
Gain on sales of equity method investments	591	-
Profit before income taxes	216,037	248,621

6. Interest-bearing debt

The components of interest-bearing debt are as follows:

	As of March 31, 2023	(Millions of yen) As of June 30, 2023
Current		
Short-term borrowings	599,353	620,332
Commercial paper	122,001	230,501
Current portion of long-term borrowings	1,051,131	1,055,729
Current portion of lease liabilities	171,682	160,009
Current portion of corporate bonds	119,987	40,000
Current portion of installment payables	-	59
Total	2,064,154	2,106,630
Non-current		
Long-term borrowings	2,470,314	2,529,037
Lease liabilities	562,350	567,085
Corporate bonds	1,037,683	1,037,816
Installment payables	-	67
Total	4,070,347	4,134,005

7. Equity

(1) Common stock and capital surplus

Three months ended June 30, 2022

There are no significant equity transactions to be disclosed.

Three months ended June 30, 2023

Due to the issuance of new shares upon exercise of stock acquisition rights, the number of shares issued increased by 2,323 thousand shares. As a result of the issuance of the shares, common stock and capital surplus increased by ¥1,676 million and ¥1,676 million under the Companies Act of Japan, respectively.

(2) Treasury stock

Changes in treasury stock are as follows:

	Three months ended June 30, 2022	(Thousands of shares) Three months ended June 30, 2023
Balance at the beginning of the period	79,843	55,596
Increase during the period	-	-
Decrease during the period ¹	(8,738)	(5,176)
Balance at the end of the period	71,105	50,420

Note:

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

In addition, for the three months ended June 30, 2023, due to the exercise of stock acquisition rights, the number of treasury stock decreased by 5,176 thousand shares. As a result, "Treasury stock" decreased by ¥6,901 million and a loss on disposal of treasury stock of ¥3,263 million was recognized as a decrease in "Capital surplus," of which the same amount was transferred from "Retained earnings."

8. Dividends

Dividends paid are as follows:

Three months ended June 30, 2022

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

Three months ended June 30, 2023

Resolution	Class of shares	Dividends per share (Yen)	Total dividends (Millions of yen)	Record date	Effective date
Board of Directors meeting held on May 24, 2023	Common stock	43.00	203,457	March 31, 2023	June 6, 2023

9. Revenue

The components of revenue are as follows:

	Three months ended June 30, 2022	(Millions of yen) Three months ended June 30, 2023
Consumer		
Service revenues		
Mobile	387,234	381,897
Broadband	99,810	100,403
Electricity	56,642	53,015
Revenues from sales of goods and others	120,515	130,797
Subtotal	664,201	666,112
Enterprise		
Mobile ³	76,083	76,657
Fixed-line	45,472	41,458
Business solution and others ³	51,974	61,153
Subtotal	173,529	179,268
Distribution	112,047	129,022
Media & EC ^{4,5}		
Media ⁶	152,526	154,869
Commerce	201,725	204,161
Strategy	16,650	18,464
Other ⁶	1,464	1,250
Subtotal	372,365	378,744
Financial ^{4,5}	12,414	47,644
Other ⁵	27,443	28,876
Total	1,361,999	1,429,666

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 PayPay Card Corporation’s financial business). Revenues from other sources for the three months ended June 30, 2022 and 2023 were ¥32,715 million and ¥45,042 million, respectively.
- “Mobile” and “Business solution and others” under “Enterprise” include telecommunications service revenues and revenues from sales of goods and others. Telecommunications service revenues for the three months ended June 30, 2022 and 2023 were ¥100,483 million and ¥107,065 million, respectively. Revenues from sales of goods and others for the three months ended June

30, 2022 and 2023 were ¥27,574 million and ¥30,745 million, respectively.

4. From the three months ended June 30, 2023, the reportable segments have been partially renamed, and the “Yahoo! JAPAN/LINE” segment has been changed to the “Media & EC” segment.
5. Effective October 1, 2022, the Company revised its reporting segment classifications following the acquisition of PayPay Corporation as a subsidiary and added the “Financial.” The main subsidiaries that constitute the “Financial” are PayPay Corporation, PayPay Card Corporation, SB Payment Service Corp. and PayPay Securities Corporation. PayPay Card Corporation was transferred from “Media & EC (formerly Yahoo! JAPAN/LINE)” to “Financial,” and SB Payment Service Corp. and PayPay Securities Corporation were transferred from “Other” to “Financial.” As a result, the components of revenue for the three months ended June 30, 2022, have been restated.
6. Effective for the three months ended June 30, 2023, the business categories of “Media & EC” have been reevaluated and some services were transferred between the business categories. As a result, the components of revenue for “Media,” and “Other” under “Media & EC” for the three months ended June 30, 2022, have been restated.

10. Earnings per share

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

(1) Basic earnings per share

	Three months ended June 30, 2022	Three months ended June 30, 2023
Net income used in the calculation of basic earnings per share (Millions of yen)		
Net income attributable to owners of the Company	127,111	146,719
Weighted-average number of shares of common stock outstanding (Thousands of shares)	4,711,466	4,735,035
Basic earnings per share (Yen)	26.98	30.99

(2) Diluted earnings per share

	Three months ended June 30, 2022	Three months ended June 30, 2023
Net income used in the calculation of diluted earnings per share (Millions of yen)		
Net income attributable to owners of the Company	127,111	146,719
Effect of dilutive securities issued by subsidiaries and associates	(393)	(274)
Total	126,718	146,445
Weighted-average number of shares of common stock used in the calculation of diluted earnings per share (Thousands of shares)		
Weighted-average number of shares of common stock outstanding	4,711,466	4,735,035
Increase in the number of shares of common stock due to stock acquisition rights	44,153	36,035
Total	4,755,619	4,771,070
Diluted earnings per share (Yen)	26.65	30.69

11. Subsequent events

There are no significant subsequent events to be disclosed.