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Consolidated Financial Report For the Nine Months Ended December 31, 2023 (IFRS)

February 7, 2024

(Amounts are rounded to the nearest million yen)

1. Consolidated Financial Results for the Nine Months Ended December 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	%
Nine months ended December 31, 2023	4,511,564	3.8	731,933	(25.5)	690,461	(16.2)	502,671	(20.4)	406,682	(20.0)	517,292	(37.3)
Nine months ended December 31, 2022	4,345,459	4.1	982,003	21.7	824,349	16.0	631,785	33.5	508,606	20.6	825,217	66.9

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended December 31, 2023	85.80	84.33
Nine months ended December 31, 2022	107.76	106.36

Note: The dividends related to Bond-Type Class Shares are deducted in the calculation of earnings per share.

(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 December 31, 2023	15,392,974	3,845,096	2,312,303	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
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2023	-	43.00	-	43.00	86.00
Fiscal year ending March 31, 2024	-	43.00	-		
Fiscal year ending March 31, 2024 (Forecast)				43.00	86.00

Notes:

- Revision to the forecast on dividends: No
- The abovementioned “Dividends” pertain to the dividends related to common shares. Please see the following “Dividends of Bond-Type Class Shares” for information on the dividends related to Bond-Type Class Shares.

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	6,060,000	2.5	840,000	(20.8)	462,000	(13.1)	97.58

Notes:

- Revision to the forecast on financial results: Yes
- The dividends related to Bond-Type Class Shares are deducted in the calculation of earnings per share.

* Notes

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

Newly consolidated: None

Excluded from consolidation: One Company

Company Name: Yahoo Japan Corporation

Note: For details, refer to “(1) Significant Changes in Scope of Consolidation for the Nine Months Ended December 31, 2023” under “2. Notes to Summary Information” on page 16 of the appendix to this consolidated financial report.

- (2) Changes in accounting policies and accounting estimates

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

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

[3] Changes in accounting estimates: No

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

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

As of December 31, 2023 4,795,751,170 shares

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

[2] Number of shares of treasury stock

As of December 31, 2023 75,439,343 shares

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

[3] Average number of shares outstanding during the period

Nine months ended December 31, 2023 4,734,039,429 shares

Nine months ended December 31, 2022 4,719,613,082 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 16 of the appendix to this consolidated financial report.

This document does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. The Bond-Type Class Shares (the “Securities”) referred to herein have not been, and will not be, registered under the United States Securities Act of 1933, as amended (hereinafter the “Securities Act”). Securities may not be offered or sold in the United States absent registration or an exemption from registration under the Securities Act. The Securities referred to above will not be publicly offered or sold in the United States.

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

On Wednesday, February 7, 2024 (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.

Dividends of Bond-Type Class Shares

The breakdown of dividends per share related to Bond-Type Class Shares, which have different rights and relationships compared to common shares, is as follows:

	Dividends per share				
	First quarter	Second quarter	Third quarter	Fourth quarter	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ending March 31, 2024	-	-	-		
Fiscal year ending March 31, 2024 (Forecast)				41.53	41.53

(Appendix)

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Definition of Company Names and Abbreviations Used in this Appendix

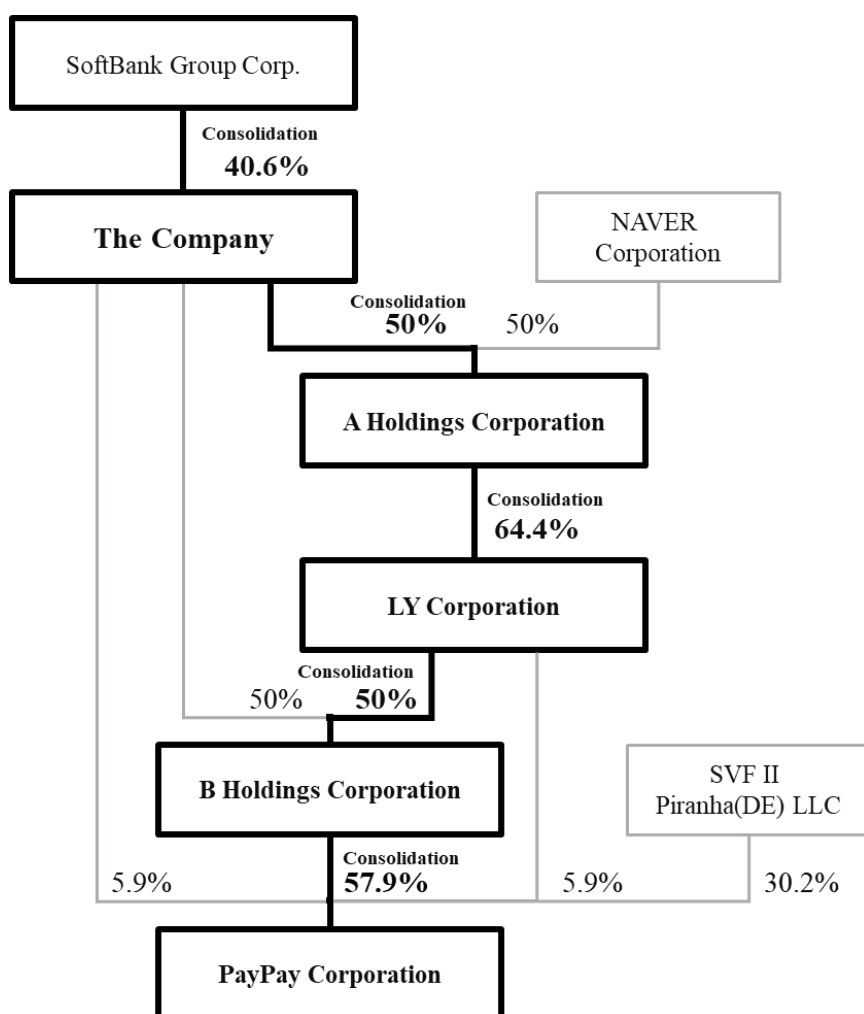
Company names and abbreviations used in this appendix, except as otherwise stated or interpreted differently in the context, are as follows:

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
LY Corporation ¹	LY Corporation (standalone basis)
LY Group	LY Corporation and its subsidiaries

Note:

1. On October 1, 2023, Z Holdings Corporation, as the surviving company, completed an intra-group reorganization involving mainly itself and two of its core wholly owned subsidiaries, LINE Corporation and Yahoo Japan Corporation. On the same date, Z Holdings Corporation changed its trade name to LY Corporation.

The diagram below indicates ratio of voting rights, which is calculated by deducting treasury stock, as of December 31, 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: the Consumer segment, the Enterprise segment, the Distribution segment, the Media & EC segment, and the 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/IoT,³ 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 ⁴	<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>Yahoo! JAPAN Auction</i>; and O2O services. • Provision of AI, healthcare, and other services centered on FinTech⁵ 	LY Corporation ⁴ ASKUL Corporation ZOZO, Inc. Ikyu Corporation ValueCommerce Co., Ltd. PayPay Bank Corporation LINE Pay Corporation LINE Financial Corporation ⁶ 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 • Provision of IoT, Linux/OSS, and authentication and security services • Planning and production of digital media and digital content • Others 	The Company SB Technology Corp. Cybertrust Japan Co., Ltd. ITmedia 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. On October 1, 2023, Z Holdings Corporation, as the surviving company, completed an intra-group reorganization involving mainly itself and two of its core wholly owned subsidiaries, LINE Corporation and Yahoo Japan Corporation. On the same day, Z Holdings Corporation and LINE Corporation changed their trade names to LY Corporation and Z Intermediate Global Corporation, respectively, and Yahoo Japan Corporation was extinguished. In addition, although Z Financial Corporation and the former LINE Financial Corporation (now Kioicho No.1 Corporation) had been operating as intermediate holding companies for the domestic financial business areas of the LY Group, the functions of these two intermediate holding companies were, as a result of the intra-group reorganization, concentrated in Z Financial Corporation.

5. 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.

6. On October 1, 2023, LINE Financial Plus Corporation changed its trade name to LINE Financial Corporation.

7. On October 1, 2023, the Company carried out an absorption-type merger of its wholly owned subsidiary, HAPSMobile Inc. Accordingly, HAPSMobile Inc. was dissolved.

1. Results of Operations

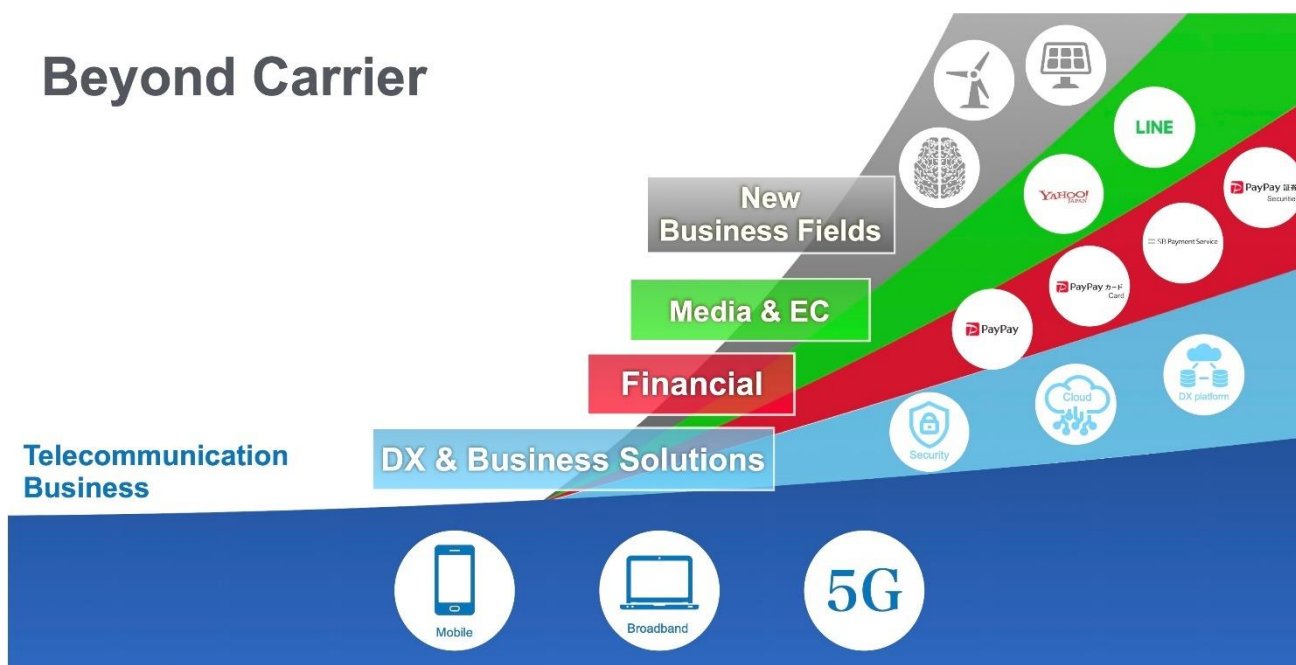
(1) Overview of Consolidated Results of Operations

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 has been working to maximize its 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 not only to the normalization of economic activity from the COVID-19 pandemic and a recovery in inbound tourism demand, but also to the growing momentum behind rising prices and corresponding wage increases, which are associated with changes in corporate wage setting and pricing behaviors. Meanwhile, changes in people's lifestyles, such as telework, online shopping, and growing use of contactless payment, which were driven by the COVID-19 pandemic, have made the digitalization of companies and government essential. The Group believes that digitalization will become a driving force that will transform Japan's society in the future, by facilitating improvement in productivity and the creation of innovation, and that the emergence of generative AI, which can generate a variety of content such as text, images, and programming code, will accelerate the speed of this transformation. 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 90% 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 significant amount of electricity at its base stations and network centers and is therefore affected by surging fuel prices. In the fiscal year ending March 31, 2024, the rise in fuel prices has been stabilizing, and its impact has been mitigated compared to the previous fiscal year. The Company will continue striving to reduce electricity consumption, such as by introducing energy-efficient equipment. The annual impact of an increase of ¥1 in the price of electricity per kWh would be approximately ¥2.3 billion ³ .
Semiconductor shortage	The impacts of the semiconductor shortage have been reduced, and the issue of longer lead times for the delivery of telecommunications equipment and other facilities to the Company has largely been resolved. Some impacts are still improving, but there is no significant effect on the build out of 5G networks.

Major Initiatives

- In October 2023, the Company started offering new mobile service price plans for both the *SoftBank* and *Y!mobile* brands. For the *SoftBank* brand, as an initiative leveraging group synergy, the Company launched three different *Pay-toku* plans, with varying point award rates depending on the usage status of *PayPay* and different data allowances. For the *Y!mobile* brand, in response to the needs of customers who want to enjoy more high-speed data, the Company launched *Simple 2 S/M/L*, with each plan offering a larger data allowance than the previous plan.
- In October 2023, Z Holdings Corporation, the Company's subsidiary, completed an intra-group reorganization involving mainly itself as the surviving company and two of its core wholly owned subsidiaries, LINE Corporation and Yahoo Japan Corporation. On the same day, Z Holdings Corporation and LINE Corporation changed their trade names to LY Corporation and Z Intermediate Global Corporation, respectively, and Yahoo Japan Corporation was extinguished. Through the intra-group reorganization, LY Corporation will accelerate the speed of synergy creation as a unified group, pursue improved product creation and profitability, and ambitiously create new value.
- In November 2023, the Company and Cubic Telecom Ltd., a leading global provider of software-defined connected vehicle⁴ solutions, signed a definitive agreement whereby the Company will invest in a 51.0% (after dilution) equity stake in Cubic Telecom Ltd. (hereinafter, the "investment"⁵). Through the investment, both companies will work together to build connectivity platforms for next-generation social infrastructure and pioneer the future of connected cars, software-defined connected vehicles, and other high-value IoT assets⁶.

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 adopting IFRS 16 "Leases." 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 and others.
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.
4. Software-defined connected vehicle is a term that describes a vehicle whose features and functions are primarily enabled through software connected to the Internet. Cubic Telecom Ltd.'s connectivity platform is embedded in vehicles at the point of manufacturing, enabling OEMs to leverage software-defined technologies.
5. The Company and Cubic Telecom Ltd. signed a definitive agreement whereby the Company will invest approximately 473 million EUR in Cubic Telecom Ltd. The investment is subject to regulatory approvals in various jurisdictions and other customary closing conditions, and is expected to close in the first half of 2024.
6. Other high-value IoT assets include motorcycles, heavy goods vehicles, commercial fleets, agriculture vehicles, heavy machinery, and drones.

b. Consolidated Results of Operations

(Billions of yen)

	Nine months ended December 31		Change	Change %
	2022	2023		
Revenue	4,345.5	4,511.6	166.1	3.8%
Operating income	982.0	731.9	(250.1)	(25.5)%
Profit before income taxes	824.3	690.5	(133.9)	(16.2)%
Income taxes	(192.6)	(187.8)	4.8	(2.5)%
Net income	631.8	502.7	(129.1)	(20.4)%
Net income attributable to:				
Owners of the Company	508.6	406.7	(101.9)	(20.0)%
Non-controlling interests	123.2	96.0	(27.2)	(22.1)%
Adjusted EBITDA ¹	1,263.1	1,309.1	46.0	3.6%

Note:

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

An overview of the consolidated results of operations for the nine months ended December 31, 2023 is as follows:

(a) Revenue

For the nine months ended December 31, 2023, revenue increased by ¥166.1 billion (3.8%) year on year to ¥4,511.6 billion. Revenue increased by ¥83.3 billion in the Financial segment, mainly due to the consolidation of PayPay Corporation in October 2022, by ¥36.1 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 ¥29.9 billion in the Media & EC segment, mainly due to increased revenue from account advertising and search advertising, and by ¥25.5 billion in the Enterprise segment, mainly due to an increase in demand for solutions associated with digitalization. On the other hand, revenue decreased by ¥5.9 billion in the Consumer segment, mainly from decreases in electricity revenue and mobile revenue, while there was an increase in revenues from sales of goods and others. For the nine months ended December 31, 2023, mobile revenue decreased by ¥3.8 billion year on year. The year-on-year decrease in mobile revenue was significantly mitigated, compared to the year-on-year decrease of ¥56.6 billion in the same period of the previous fiscal year, mainly due to the reduced impact of the mobile service price reduction in spring 2021 and an increase in smartphone subscribers.

(b) Operating income

For the nine months ended December 31, 2023, operating income decreased by ¥250.1 billion (25.5%) year on year to ¥731.9 billion. This mainly reflected a decrease in operating income of ¥8.2 billion in the Consumer segment, mainly due to the impact of mobile service price reduction, and a decrease in operating income of ¥5.9 billion in the Financial segment, mainly due to the consolidation of PayPay Corporation, in addition to the absence of ¥294.8 billion associated with a gain on step acquisition in connection with the consolidation of PayPay Corporation, which was recorded in the same period of the previous fiscal year. On the other hand, operating income increased by ¥36.6 billion in the Media & EC segment, by ¥16.3 billion in the Enterprise segment, and by ¥1.6 billion in the Distribution segment.

(c) Net income

For the nine months ended December 31, 2023, net income decreased by ¥129.1 billion (20.4%) year on year to ¥502.7 billion. This mainly reflected a decrease in operating income mainly due to the absence of a gain on step acquisition in connection with the consolidation of PayPay Corporation, which was recorded in the same period of the previous fiscal year. On the other hand, net income increased mainly due to the absence of losses on valuation of investment securities held and delay damages associated with litigation, both of which were recorded in the same period of the previous fiscal year, and the recording of a gain on changes in equity interest associated with the change in the LY Group's equity interest in Webtoon Entertainment Inc. in the nine months ended December 31, 2023.

(d) Net income attributable to owners of the Company

For the nine months ended December 31, 2023, net income attributable to owners of the Company decreased by ¥101.9 billion (20.0%) year on year to ¥406.7 billion. Net income attributable to non-controlling interests decreased by ¥27.2 billion (22.1%) year on year to ¥96.0 billion, mainly due to a decrease in net income at the LY Group.

(e) Adjusted EBITDA

For the nine months ended December 31, 2023, adjusted EBITDA increased by ¥46.0 billion (3.6%) year on year to ¥1,309.1 billion. This mainly reflected an increase in operating income excluding a gain on step acquisition in connection with the consolidation of PayPay Corporation that was recorded in the same period of the previous fiscal year.

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)

	Nine months ended December 31			
	2022	2023	Change	Change %
Revenue	2,127.7	2,121.8	(5.9)	(0.3)%
Operating expenses ¹	1,696.5	1,698.7	2.2	0.1%
Of which, depreciation and amortization	319.4	297.2	(22.1)	(6.9)%
Segment income	431.2	423.1	(8.2)	(1.9)%

Note:

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

Breakdown of Revenue

(Billions of yen)

	Nine months ended December 31			
	2022	2023	Change	Change %
Service revenues	1,698.9	1,645.6	(53.2)	(3.1)%
Mobile	1,155.2	1,151.4	(3.8)	(0.3)%
Broadband	297.9	302.6	4.7	1.6%
Electricity	245.7	191.6	(54.1)	(22.0)%
Revenues from sales of goods and others	428.8	476.1	47.3	11.0%
Total revenue	2,127.7	2,121.8	(5.9)	(0.3)%

Consumer segment revenue decreased by ¥5.9 billion (0.3%) year on year to ¥2,121.8 billion. Within Consumer segment revenue, service revenues decreased by ¥53.2 billion (3.1%) year on year to ¥1,645.6 billion, and revenues from sales of goods and others increased by ¥47.3 billion (11.0%) year on year to ¥476.1 billion.

Within service revenues, mobile revenue decreased by ¥3.8 billion (0.3%) 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 mainly led by the *Y!mobile* brand. The decline in ARPU due to mobile service price reduction was mainly because of the penetration of price plans introduced in spring 2021 under the *SoftBank* and *Y!mobile* brands and further switching of subscribers from the *SoftBank* brand to the *Y!mobile* brand. Due to factors such as the reduced impact of the mobile service price reduction in spring 2021 and an increase in smartphone subscribers, the year-on-year decrease in mobile revenue (excluding the impact of customer acquisition measures) in each quarter had been shrinking, compared to the same periods of the previous fiscal year, with mobile revenue returning to year-on-year growth in the three months ended December 31, 2023.

(Billions of yen)

	Fiscal Year Ended March 31, 2023				Fiscal Year Ending March 31, 2024		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Mobile revenue	390.4	392.5	372.3	358.3	384.6	392.0	374.8
Of which, the impact of customer acquisition measures ¹	-	-	(15.9)	(28.4)	-	-	(18.3)
Mobile revenue (excluding the impact of customer acquisition measures)	390.4	392.5	388.2	386.7	384.6	392.0	393.0
YoY change	(17.7)	(11.3)	(11.7)	(9.5)	(5.8)	(0.5)	4.9

Note:

1. Based on accounting standards, certain customer acquisition measures are deducted from mobile revenue.

Broadband revenue increased by ¥4.7 billion (1.6%) year on year. This increase was mainly due to an increase in subscribers of the *SoftBank Hikari* fiber-optic service.

Electricity revenue decreased by ¥54.1 billion (22.0%) 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 the number of units sold and an increase in unit prices of smartphones, etc.

Operating expenses were ¥1,698.7 billion, an increase of ¥2.2 billion (0.1%) year on year. This increase was mainly due to an increase in the cost of goods of smartphones, etc. due to an increase in unit purchase price and an increase in the number of units purchased, while there was a decrease in the cost of service of electricity.

As a result, segment income decreased by ¥8.2 billion (1.9%) year on year to ¥423.1 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 solution services for enterprises such as data center, cloud, security, global, AI, IoT, and digital marketing services.

FINANCIAL RESULTS

(Billions of yen)

	Nine months ended December 31			
	2022	2023	Change	Change %
Revenue	550.9	576.4	25.5	4.6%
Operating expenses ¹	442.5	451.7	9.2	2.1%
Of which, depreciation and amortization	115.1	116.0	0.9	0.8%
Segment income	108.5	124.8	16.3	15.0%

Note:

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

Breakdown of Revenue

(Billions of yen)

	Nine months ended December 31			
	2022	2023	Change	Change %
Mobile	237.5	241.7	4.2	1.8%
Fixed-line	138.0	132.2	(5.7)	(4.2)%
Business solution and others	175.5	202.5	27.0	15.4%
Total revenue	550.9	576.4	25.5	4.6%

Enterprise segment revenue increased by ¥25.5 billion (4.6%) year on year to ¥576.4 billion. Within Enterprise segment revenue, mobile revenue increased by ¥4.2 billion (1.8%) to ¥241.7 billion, fixed-line revenue decreased by ¥5.7 billion (4.2%) to ¥132.2 billion, and business solution and others revenue increased by ¥27.0 billion (15.4%) to ¥202.5 billion.

The increase in mobile revenue was due to an increase in telecommunications revenue and an increase in mobile device sales.

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 from increased revenue mainly from cloud services and security solutions as a result of capturing enterprise customers' demand for digitalization.

Operating expenses were ¥451.7 billion, an increase of ¥9.2 billion (2.1%) year on year. This increase mainly reflected an increase in costs following the abovementioned increase in business solution and others revenue and the absence of a gain on step acquisition in connection with the consolidation of HEALTHCARE TECHNOLOGIES Corp., which was recorded in the same period of the previous fiscal year, while there was the absence of a provision for litigation, which was recorded in the same period of the previous fiscal year.

As a result, segment income increased by ¥16.3 billion (15.0%) year on year to ¥124.8 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 a distributor.

FINANCIAL RESULTS

	(Billions of yen)			
	Nine months ended December 31		Change	Change %
	2022	2023		
Revenue	419.5	455.6	36.1	8.6%
Operating expenses ¹	400.7	435.3	34.6	8.6%
Of which, depreciation and amortization	3.0	3.3	0.2	7.6%
Segment income	18.7	20.3	1.6	8.3%

Note:

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

Distribution segment revenue increased by ¥36.1 billion (8.6%) year on year to ¥455.6 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 ¥435.3 billion, an increase of ¥34.6 billion (8.6%) 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 ¥1.6 billion (8.3%) year on year to ¥20.3 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 comprehensive Internet service, *Yahoo! JAPAN*, and communication app, *LINE*. In the commerce field, the Group provides online shopping services such as *Yahoo! JAPAN Shopping* and *ZOZOTOWN*, and reuse services such as *Yahoo! JAPAN Auction*. 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)

	Nine months ended December 31		Change	Change %
	2022	2023		
Revenue	1,169.6	1,199.5	29.9	2.6%
Operating expenses ¹	1,042.7	1,036.0	(6.7)	(0.6)%
Of which, depreciation and amortization	117.7	123.4	5.7	4.9%
Segment income	126.9	163.5	36.6	28.8%

Note:

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

Breakdown of Revenue

(Billions of yen)

	Nine months ended December 31		Change	Change %
	2022	2023		
Media ¹	507.3	521.3	14.0	2.8%
Commerce ¹	601.1	610.2	9.1	1.5%
Strategy ¹	56.8	62.9	6.2	10.8%
Other ¹	4.5	5.1	0.6	13.6%
Total revenue	1,169.6	1,199.5	29.9	2.6%

Note:

1. In the three months ended June 30, 2023, the LY Group revised its management categories and reclassified the categories of certain services of Media and Other. In addition, in the three months ended December 31, 2023, the LY Group reclassified the categories of certain services in connection with the intra-group reorganization involving mainly Z Holdings Corporation, LINE Corporation, and Yahoo Japan Corporation. Accordingly, the breakdown of all service categories in the Media & EC segment revenue for the nine months ended December 31, 2022 has been restated to reflect these changes.

Media & EC segment revenue increased by ¥29.9 billion (2.6%) year on year to ¥1,199.5 billion. Within Media & EC segment revenue, media revenue increased by ¥14.0 billion (2.8%) to ¥521.3 billion, commerce revenue increased by ¥9.1 billion (1.5%) to ¥610.2 billion, strategy revenue increased by ¥6.2 billion (10.8%) to ¥62.9 billion, and other revenue increased by ¥0.6 billion (13.6%) to ¥5.1 billion.

The increase in media revenue mainly reflected an increase in revenue from account advertising and search advertising, and the impact of the consolidation of LINE MUSIC Corporation in September 2022.

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).

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

Operating expenses were ¥1,036.0 billion, a decrease of ¥6.7 billion (0.6%) year on year. This decrease mainly reflected a decrease in sales promotion expenses and advertising expenses and 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., while there was an increase in depreciation and amortization, an increase in personnel expenses, and an increase in cost of sales at the ASKUL Group.

As a result, segment income increased by ¥36.6 billion (28.8%) year on year to ¥163.5 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)

	Nine months ended December 31		Change	Change %
	2022	2023		
Revenue	87.6	170.9	83.3	95.2%
Operating expenses ¹	85.2	174.4	89.2	104.8%
Of which, depreciation and amortization	8.5	15.5	7.0	82.3%
Segment income	2.4	(3.5)	(5.9)	-

Note:

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

Financial segment revenue increased by ¥83.3 billion (95.2%) year on year to ¥170.9 billion. This increase was mainly due to the consolidation of PayPay Corporation in October 2022.

Operating expenses were ¥174.4 billion, an increase of ¥89.2 billion (104.8%) 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 ¥5.9 billion year on year to negative ¥3.5 billion.

(2) Overview of Consolidated Financial Position

(Billions of yen)

	March 31, 2023	December 31, 2023	Change	Change %
Current assets	4,948.1	5,327.7	379.6	7.7%
Non-current assets	9,734.1	10,065.3	331.2	3.4%
Total assets	14,682.2	15,393.0	710.8	4.8%
Current liabilities	6,372.6	7,057.0	684.4	10.7%
Non-current liabilities	4,626.5	4,490.9	(135.6)	(2.9)%
Total liabilities	10,999.1	11,547.9	548.8	5.0%
Total equity	3,683.1	3,845.1	162.0	4.4%

(Billions of yen)

	Nine months ended December 31		
	2022	2023	Change
Capital expenditures ¹	540.6	463.5	(77.1)
Of which, capital expenditures in the Consumer segment and Enterprise segment ²	277.3	219.3	(58.0)

Notes:

1. Acceptance basis.

2. Capital expenditures in the Consumer segment and the Enterprise segment 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 ¥15,393.0 billion as of December 31, 2023, an increase of ¥710.8 billion (4.8%) from the previous fiscal year-end. This mainly reflected an increase of ¥207.8 billion in investment securities in banking business, an increase of ¥204.5 billion in trade and other receivables, and an increase of ¥139.7 billion in other financial assets.

LIABILITIES

Total liabilities amounted to ¥11,547.9 billion as of December 31, 2023, an increase of ¥548.8 billion (5.0%) from the previous fiscal year-end. This increase was mainly due to an increase of ¥337.4 billion in interest-bearing debt and an increase of ¥153.3 billion in deposits for banking business. The increase in interest-bearing debt mainly reflected various types of fund procurement at the Company.

EQUITY

Total equity amounted to ¥3,845.1 billion as of December 31, 2023, an increase of ¥162.0 billion (4.4%) from the previous fiscal year-end. Equity attributable to owners of the Company increased by ¥87.4 billion. This mainly reflected an increase of ¥406.7 billion due to the recording of net income for the nine months ended December 31, 2023 and an increase of ¥129.5 billion due to the issuance of new shares including bond-type class shares. On the other hand, equity attributable to owners of the Company decreased mainly from a decrease of ¥406.9 billion due to payment of cash dividends and a decrease of ¥58.2 billion due to share buybacks.

CAPITAL EXPENDITURES

In the nine months ended December 31, 2023, capital expenditures were ¥463.5 billion, a decrease of ¥77.1 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)

	Nine months ended December 31		Change
	2022	2023	
Cash flows from operating activities	1,048.4	989.4	(59.1)
Cash flows from investing activities	38.2	(695.8)	(734.0)
Cash flows from financing activities	(380.8)	(164.2)	216.6
Cash and cash equivalents at the end of the period	2,258.1	2,194.9	(63.2)
Free cash flow ¹	1,086.7	293.6	(793.1)
Effect of securitization of installment sales receivables	20.5	63.1	42.5
Adjusted free cash flow ²	1,107.2	356.7	(750.5)
Adjusted free cash flow (excluding LY Group and PayPay, etc.) ³	451.6	435.4	(16.2)

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 LY 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, PayPay Card Corporation, PayPay Securities Corporation, and PPSC Investment Service Corporation.

a. Cash flows from operating activities

In the nine months ended December 31, 2023, net cash inflow from operating activities was ¥989.4 billion, a decrease of ¥59.1 billion in cash inflow year on year. This decrease mainly reflected an increase in cash outflows associated with working capital, such as a decrease in trade and other payables. Net income decreased mainly due to the absence of non-cash remeasurement gains on step acquisition in connection with the consolidation of PayPay Corporation and others, which were recorded in the same period of the previous fiscal year.

b. Cash flows from investing activities

In the nine months ended December 31, 2023, net cash outflow from investing activities was ¥695.8 billion, an increase of ¥734.0 billion in cash outflow year on year. This increase mainly reflected an increase in purchase of investment securities in banking business and a decrease in proceeds from sales/redemption thereof in the nine months ended December 31, 2023, and the absence of a cash inflow from the acceptance of the balance of cash and cash equivalents resulting from the consolidation of PayPay Corporation, which was recorded in the same period of the previous fiscal year.

c. Cash flows from financing activities

In the nine months ended December 31, 2023, net cash outflow from financing activities was ¥164.2 billion. While there were cash inflows of ¥2,361.5 billion from fund procurement, including bank loans, leases, corporate bonds, the securitization of receivables, and issuance of bond-type class shares, there were cash outflows of ¥2,525.7 billion for factors including the repayment of loans, payment of cash dividends, and share buybacks.

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 December 31, 2023 were ¥2,194.9 billion, a decrease of ¥63.2 billion year on year.

e. Adjusted free cash flow

In the nine months ended December 31, 2023, adjusted free cash flow was positive ¥356.7 billion, a decrease of ¥750.5 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

Revision of the full-year forecasts of consolidated results for the fiscal year ending March 31, 2024

(Billions of yen)

	Fiscal Year Ending March 31, 2024 (Initial)	Fiscal Year Ending March 31, 2024 (Revised)
Revenue	6,000.0	6,060.0
Operating income	780.0	840.0
Net income attributable to owners of the Company	420.0	462.0

Revision of the full-year forecasts of operating income by segment for the fiscal year ending March 31, 2024

(Billions of yen)

	Fiscal Year Ending March 31, 2024 (Initial)	Fiscal Year Ending March 31, 2024 (Revised)
Consumer segment	470.0	490.0
Enterprise segment	152.5	152.5
Distribution segment	26.7	26.7
Media & EC segment	176.0	195.0
Financial segment	(20.0)	(10.0)
Other ¹	(25.2)	(14.2)
Total	780.0	840.0

Note:

1. Other includes information not included in any of the reportable segments, which are the Consumer, Enterprise, Distribution, Media & EC, and Financial segments, and adjustments including eliminations of intersegment transactions and expenses not allocated to each reportable segment.

For the fiscal year ending March 31, 2024, the Company has upwardly revised each of its forecasts of revenue from ¥6,000.0 billion to ¥6,060.0 billion, operating income from ¥780.0 billion to ¥840.0 billion, and net income attributable to owners of the Company from ¥420.0 billion to ¥462.0 billion.

In terms of forecasts of operating income by segment, the Company has upwardly revised each of its forecasts for the Consumer segment due to an increase in smartphone subscribers and the improvement in mobile ARPU, the Media & EC segment due to cost optimization and the promotion of a selection and focus strategy, the Financial segment due to the streamlining of sales promotion expenses, and Other due to profits associated with the loss of control of subsidiaries, etc. There have been no changes to the operating income forecasts for the Enterprise segment and the Distribution segment.

2. Notes to Summary Information

(1) Significant Changes in Scope of Consolidation for the Nine Months Ended December 31, 2023

(Specified subsidiary (one company) excluded from the scope of consolidation)

On October 1, 2023, Z Holdings Corporation, a subsidiary of the Company, as the surviving company, completed an intra-group reorganization involving mainly itself and two of its core wholly owned subsidiaries, LINE Corporation and Yahoo Japan Corporation. On the same date, Z Holdings Corporation and LINE Corporation changed their trade names to LY Corporation and Z Intermediate Global Corporation, respectively, and Yahoo Japan Corporation was extinguished and excluded from the scope of consolidation.

(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 December 31, 2023
ASSETS		
Current assets		
Cash and cash equivalents	2,059,167	2,194,882
Trade and other receivables	2,389,731	2,594,268
Other financial assets	194,924	182,006
Inventories	159,139	173,651
Other current assets	145,134	182,892
Total current assets	4,948,095	5,327,699
Non-current assets		
Property, plant and equipment	1,673,705	1,733,835
Right-of-use assets	763,598	706,011
Goodwill	1,994,298	1,988,952
Intangible assets	2,529,116	2,495,459
Contract costs	334,345	322,292
Investments accounted for using the equity method	218,170	264,316
Investment securities	241,294	249,308
Investment securities in banking business	288,783	496,570
Other financial assets	1,528,650	1,668,316
Deferred tax assets	59,608	41,062
Other non-current assets	102,519	99,154
Total non-current assets	9,734,086	10,065,275
Total assets	14,682,181	15,392,974

	(Millions of yen)	
	As of March 31, 2023	As of December 31, 2023
LIABILITIES AND EQUITY		
Current liabilities		
Interest-bearing debt	2,064,154	2,530,888
Trade and other payables	2,317,402	2,451,324
Contract liabilities	116,213	126,751
Deposits for banking business	1,472,260	1,625,530
Other financial liabilities	6,729	8,171
Income taxes payable	116,220	83,479
Provisions	63,642	51,300
Other current liabilities	216,018	179,545
Total current liabilities	<u>6,372,638</u>	<u>7,056,988</u>
Non-current liabilities		
Interest-bearing debt	4,070,347	3,941,003
Other financial liabilities	30,236	29,409
Provisions	94,084	102,090
Deferred tax liabilities	341,170	309,752
Other non-current liabilities	90,639	108,636
Total non-current liabilities	<u>4,626,476</u>	<u>4,490,890</u>
Total liabilities	<u>10,999,114</u>	<u>11,547,878</u>
Equity		
Equity attributable to owners of the Company		
Common stock	204,309	210,523
Capital surplus	685,066	802,432
Retained earnings	1,392,043	1,394,131
Treasury stock	(74,131)	(112,073)
Accumulated other comprehensive income (loss)	17,658	17,290
Total equity attributable to owners of the Company	<u>2,224,945</u>	<u>2,312,303</u>
Non-controlling interests	<u>1,458,122</u>	<u>1,532,793</u>
Total equity	<u>3,683,067</u>	<u>3,845,096</u>
Total liabilities and equity	<u><u>14,682,181</u></u>	<u><u>15,392,974</u></u>

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

For the nine months ended December 31, 2022 and 2023

Condensed Interim Consolidated Statement of Income

(Millions of yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Revenue	4,345,459	4,511,564
Cost of sales	(2,262,005)	(2,292,632)
Gross profit	2,083,454	2,218,932
Selling, general and administrative expenses	(1,411,439)	(1,506,280)
Other operating income	321,422	20,832
Other operating expenses	(11,434)	(1,551)
Operating income	982,003	731,933
Gain on changes in equity interest	5,343	20,435
Share of losses of associates accounted for using the equity method	(39,017)	(17,629)
Financing income	6,057	7,248
Financing costs	(89,515)	(56,753)
Gain on sales of equity method investments	1,109	5,227
Impairment loss on equity method investments	(41,631)	-
Profit before income taxes	824,349	690,461
Income taxes	(192,564)	(187,790)
Net income ¹	631,785	502,671
Net income attributable to		
Owners of the Company	508,606	406,682
Non-controlling interests	123,179	95,989
	631,785	502,671
Earnings per share attributable to owners of the Company		
Basic earnings per share (Yen)	107.76	85.80
Diluted earnings per share (Yen)	106.36	84.33

Note:

1. All net income of SoftBank Corp. and its subsidiaries for the nine months ended December 31, 2022 and 2023 were generated from continuing operations.

Condensed Interim Consolidated Statement of Comprehensive Income

(Millions of yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Net income	631,785	502,671
Other comprehensive income (loss), net of tax		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plan	836	(114)
Changes in the fair value of equity instruments at FVTOCI	172,345	1,753
Share of other comprehensive income (loss) of associates accounted for using the equity method	(276)	389
Total items that will not be reclassified to profit or loss	172,905	2,028
Items that may be reclassified subsequently to profit or loss		
Changes in the fair value of debt instruments at FVTOCI	(2,012)	(634)
Cash flow hedges	4,903	(3,129)
Exchange differences on translation of foreign operations	16,619	10,930
Share of other comprehensive income (loss) of associates accounted for using the equity method	1,017	5,426
Total items that may be reclassified subsequently to profit or loss	20,527	12,593
Total other comprehensive income (loss), net of tax	193,432	14,621
Total comprehensive income	825,217	517,292
Total comprehensive income attributable to		
Owners of the Company	637,280	408,957
Non-controlling interests	187,937	108,335
	825,217	517,292

For the three months ended December 31, 2022 and 2023
Condensed Interim Consolidated Statement of Income

(Millions of yen)

	Three months ended December 31, 2022	Three months ended December 31, 2023
Revenue	1,536,904	1,577,806
Cost of sales	(830,497)	(826,121)
Gross profit	706,407	751,685
Selling, general and administrative expenses	(509,109)	(535,488)
Other operating income	300,306	1,348
Other operating expenses	(2,450)	-
Operating income	495,154	217,545
Gain on changes in equity interest	-	102
Share of losses of associates accounted for using the equity method	(10,478)	(5,513)
Financing income	670	1,610
Financing costs	(40,548)	(24,256)
Gain on sales of equity method investments	518	-
Impairment loss on equity method investments	(31,304)	-
Profit before income taxes	414,012	189,488
Income taxes	(45,714)	(59,629)
Net income ¹	368,298	129,859
Net income attributable to		
Owners of the Company	274,373	104,541
Non-controlling interests	93,925	25,318
	368,298	129,859
Earnings per share attributable to owners of the Company		
Basic earnings per share (Yen)	58.04	22.00
Diluted earnings per share (Yen)	57.45	21.42

Note:

1. All net income of SoftBank Corp. and its subsidiaries for the three months ended December 31, 2022 and 2023 were generated from continuing operations.

Condensed Interim Consolidated Statement of Comprehensive Income

(Millions of yen)

	Three months ended December 31, 2022	Three months ended December 31, 2023
Net income	368,298	129,859
Other comprehensive income (loss), net of tax		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plan	836	(114)
Changes in the fair value of equity instruments at FVTOCI	62,487	(189)
Share of other comprehensive income (loss) of associates accounted for using the equity method	140	358
Total items that will not be reclassified to profit or loss	63,463	55
Items that may be reclassified subsequently to profit or loss		
Changes in the fair value of debt instruments at FVTOCI	(1,076)	692
Cash flow hedges	5,157	(4,573)
Exchange differences on translation of foreign operations	(6,875)	(5,660)
Share of other comprehensive income (loss) of associates accounted for using the equity method	(5,367)	(2,620)
Total items that may be reclassified subsequently to profit or loss	(8,161)	(12,161)
Total other comprehensive income (loss), net of tax	55,302	(12,106)
Total comprehensive income	423,600	117,753
Total comprehensive income attributable to		
Owners of the Company	316,938	96,510
Non-controlling interests	106,662	21,243
	423,600	117,753

(3) Condensed Interim Consolidated Statement of Changes in Equity

For the nine months ended December 31, 2022

(Millions of yen)

	Equity attributable to owners of the Company							
	Common stock	Capital surplus	Retained earnings	Treasury stock	Accumulated other comprehensive income (loss)	Total	Non-controlling interests	Total equity
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	-	-	508,606	-	-	508,606	123,179	631,785
Other comprehensive income (loss)	-	-	-	-	128,674	128,674	64,758	193,432
Total comprehensive income	-	-	508,606	-	128,674	637,280	187,937	825,217
Transactions with owners and other transactions								
Cash dividends	-	-	(405,658)	-	-	(405,658)	(46,714)	(452,372)
Issuance of new shares	-	-	-	-	-	-	-	-
Transfer from common stock to capital surplus	-	-	-	-	-	-	-	-
Purchase of treasury stock	-	-	-	(0)	-	(0)	-	(0)
Disposal of treasury stock	-	(11,924)	-	28,088	-	16,164	-	16,164
Changes from business combinations	-	(3,730)	-	-	-	(3,730)	36,454	32,724
Changes from loss of control	-	-	-	-	-	-	812	812
Changes in interests in existing subsidiaries	-	627	-	-	-	627	22,169	22,796
Share-based payment transactions	-	942	-	-	-	942	-	942
Transfer from retained earnings to capital surplus	-	11,982	(11,982)	-	-	-	-	-
Transfer from accumulated other comprehensive income (loss) to retained earnings	-	-	145,220	-	(145,220)	-	-	-
Other	-	54	159	-	2	215	(67)	148
Total transactions with owners and other transactions	-	(2,049)	(272,261)	28,088	(145,218)	(391,440)	12,654	(378,786)
As of December 31, 2022	204,309	685,981	1,367,736	(78,374)	26,809	2,206,461	1,452,701	3,659,162

For the nine months ended December 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, 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	-	-	406,682	-	-	406,682	95,989	502,671
Other comprehensive income (loss)	-	-	-	-	2,275	2,275	12,346	14,621
Total comprehensive income	-	-	406,682	-	2,275	408,957	108,335	517,292
Transactions with owners and other transactions								
Cash dividends	-	-	(406,935)	-	-	(406,935)	(45,058)	(451,993)
Issuance of new shares	66,214	63,309	-	-	-	129,523	-	129,523
Transfer from common stock to capital surplus	(60,000)	60,000	-	-	-	-	-	-
Purchase of treasury stock	-	-	-	(58,214)	-	(58,214)	-	(58,214)
Disposal of treasury stock	-	(8,736)	-	20,272	-	11,536	-	11,536
Changes from business combinations	-	-	-	-	-	-	-	-
Changes from loss of control	-	-	-	-	-	-	(6,322)	(6,322)
Changes in interests in existing subsidiaries	-	3,566	-	-	-	3,566	18,429	21,995
Share-based payment transactions	-	(692)	-	-	-	(692)	-	(692)
Transfer from retained earnings to capital surplus	-	-	-	-	-	-	-	-
Transfer from accumulated other comprehensive income (loss) to retained earnings	-	-	2,643	-	(2,643)	-	-	-
Other	-	(81)	(302)	-	-	(383)	(713)	(1,096)
Total transactions with owners and other transactions	6,214	117,366	(404,594)	(37,942)	(2,643)	(321,599)	(33,664)	(355,263)
As of December 31, 2023	210,523	802,432	1,394,131	(112,073)	17,290	2,312,303	1,532,793	3,845,096

(4) Condensed Interim Consolidated Statement of Cash Flows

(Millions of yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Cash flows from operating activities		
Net income	631,785	502,671
Depreciation and amortization	567,805	560,744
Loss on disposal of property, plant and equipment and intangible assets	10,448	14,117
Remeasurement gain on step acquisition	(310,084)	-
Gain relating to loss of control over subsidiaries	(8,655)	(10,373)
Financing income	(6,057)	(7,248)
Financing costs	89,515	56,753
Share of losses of associates accounted for using the equity method	39,017	17,629
Gain on sales of equity method investments	(1,109)	(5,227)
Impairment loss on equity method investments	41,631	-
Gain on changes in equity interest	(5,343)	(20,435)
Income taxes	192,564	187,790
(Increase) decrease in trade and other receivables	(182,837)	(224,152)
(Increase) decrease in inventories	(31,169)	(15,225)
Purchases of mobile devices leased to enterprise customers	(34,849)	(35,050)
Increase (decrease) in trade and other payables	328,187	256,038
Increase (decrease) in consumption taxes payable	25,069	12,917
Increase (decrease) in deposits in banking business	44,237	153,270
(Increase) decrease in loans in banking business	(64,985)	(85,277)
Other	7,329	(52,816)
Subtotal	1,332,499	1,306,126
Interest and dividends received	6,457	5,048
Interest paid	(45,073)	(43,770)
Income taxes paid	(267,511)	(317,112)
Income taxes refunded	22,071	39,095
Net cash inflow from operating activities	1,048,443	989,387
Cash flows from investing activities		
Purchases of property, plant and equipment and intangible assets	(475,088)	(452,544)
Proceeds from sales of property, plant and equipment and intangible assets	767	489
Payments for acquisition of investments	(58,664)	(63,122)
Proceeds from sales/redemption of investments	14,146	19,161
Purchase of investment securities in banking business	(75,475)	(286,656)
Proceeds from sales/redemption of investment securities in banking business	174,150	110,435
Proceeds from (payments for) obtaining control of subsidiaries	391,320	-
Other	67,060	(23,551)
Net cash outflow from investing activities	38,216	(695,788)

	(Millions of yen)	
	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Cash flows from financing activities		
Increase (decrease) in short-term interest-bearing debt, net	123,389	130,349
Proceeds from interest-bearing debt	1,518,779	2,080,809
Repayment of interest-bearing debt	(1,602,906)	(2,014,227)
Proceeds from issuance of shares	-	130,999
Proceeds from stock issuance to non-controlling interests	30,770	19,340
Payments for purchase of treasury stock	(0)	(58,214)
Cash dividends paid	(404,445)	(405,722)
Cash dividends paid to non-controlling interests	(45,851)	(44,154)
Other	(519)	(3,365)
Net cash inflow (outflow) from financing activities	(380,783)	(164,185)
Effect of exchange rate changes on cash and cash equivalents	5,449	6,301
Increase (decrease) in cash and cash equivalents	711,325	135,715
Cash and cash equivalents at the beginning of the period	1,546,792	2,059,167
Cash and cash equivalents at the end of the period	2,258,117	2,194,882

(5) Notes on Going Concern Assumption

There are no applicable items.

(6) Notes to Condensed Interim Consolidated Financial Statements

1. Reporting entity

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

In addition, LY Corporation, a subsidiary of the Company, has implemented an intra-group reorganization involving mainly Z Holdings Corporation, LINE Corporation and Yahoo Japan Corporation, effective October 1, 2023, and changed its trade name from Z Holdings Corporation.

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 nine months ended December 31, 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

Nine months ended December 31, 2022

Conversion 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 LY Corporation¹, a subsidiary of the Company, concluded on July 27, 2022 (hereinafter, the “Transaction Agreement”). The conversion 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 LY Corporation.

Pursuant to the Transaction Agreement, PayPay Class A preferred shares held by the Company and Z Intermediate Holdings Corporation, a wholly-owned subsidiary of LY Corporation, 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%.

Note:

1. Z Holdings Corporation changed its trade name to LY Corporation on October 1, 2023.

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 <u>633,600</u>

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 condensed interim 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	<u>794,060</u>
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><u>142,078</u></u>
Non-controlling interests ³	C	43,101
Goodwill ⁴	A-(B-C)	<u><u>534,623</u></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><u>397,292</u></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 condensed interim consolidated statement of income on and after the acquisition date are ¥33,809 million and ¥6,194 million, respectively.

Nine months ended December 31, 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 comprehensive Internet service, *Yahoo! JAPAN*, and communication app, *LINE*. In the "commerce" field, the Group provides online shopping services such as *Yahoo! JAPAN Shopping* and *ZOZOTOWN*, and reuse services such as *Yahoo! JAPAN Auction*. 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 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 nine months ended December 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.

Nine months ended December 31, 2022

	Reportable segments						(Millions of yen)		
	Consumer	Enterprise	Distribution	Media & EC	Financial	Total	Other ²	Adjustments	Consolidated
Revenue									
Sales to external customers	2,120,009	539,198	372,029	1,149,125	74,727	4,255,088	90,371	-	4,345,459
Intersegment revenue or transferred revenue	7,691	11,742	47,439	20,502	12,834	100,208	24,562	(124,770)	-
Total	2,127,700	550,940	419,468	1,169,627	87,561	4,355,296	114,933	(124,770)	4,345,459
Segment income	431,212	108,458	18,738	126,940	2,396	687,744	290,663	3,596	982,003
Depreciation and amortization ¹	319,378	115,082	3,039	117,686	8,500	563,685	5,608	(1,488)	567,805

Nine months ended December 31, 2023

	Reportable segments						(Millions of yen)		
	Consumer	Enterprise	Distribution	Media & EC	Financial	Total	Other	Adjustments	Consolidated
Revenue									
Sales to external customers	2,112,671	559,451	404,063	1,178,467	158,392	4,413,044	98,520	-	4,511,564
Intersegment revenue or transferred revenue	9,088	16,974	51,538	21,063	12,494	111,157	21,396	(132,553)	-
Total	2,121,759	576,425	455,601	1,199,530	170,886	4,524,201	119,916	(132,553)	4,511,564
Segment income	423,055	124,766	20,288	163,535	(3,526)	728,118	(1,267)	5,082	731,933
Depreciation and amortization ¹	297,231	115,957	3,271	123,420	15,493	555,372	8,107	(2,735)	560,744

Notes:

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.
2. “Segment income” of “Other” for the nine months ended December 31, 2022 includes the gain on step acquisition of ¥294,843 million associated with the conversion of PayPay into a subsidiary. For details, refer to “Conversion of PayPay Corporation into a subsidiary” under “Note 4. Business combinations.”

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

	(Millions of yen)	
	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Segment income	982,003	731,933
Gain on changes in equity interest	5,343	20,435
Share of losses of associates accounted for using the equity method	(39,017)	(17,629)
Financing income	6,057	7,248
Financing costs	(89,515)	(56,753)
Gain on sales of equity method investments	1,109	5,227
Impairment loss on equity method investments	(41,631)	-
Profit before income taxes	824,349	690,461

Three months ended December 31, 2022

	Reportable segments						(Millions of yen)		
	Consumer	Enterprise	Distribution	Media & EC	Financial	Total	Other ²	Adjustments	Consolidated
Revenue									
Sales to external customers	739,665	182,386	130,765	402,422	49,224	1,504,462	32,442	-	1,536,904
Intersegment revenue or transferred revenue	2,523	6,030	15,725	7,248	607	32,133	8,274	(40,407)	-
Total	742,188	188,416	146,490	409,670	49,831	1,536,595	40,716	(40,407)	1,536,904
Segment income	115,572	37,198	6,422	41,714	(2,592)	198,314	291,433	5,407	495,154
Depreciation and amortization ¹	107,344	38,381	1,050	40,268	4,131	191,174	1,971	(527)	192,618

Three months ended December 31, 2023

	Reportable segments						(Millions of yen)		
	Consumer	Enterprise	Distribution	Media & EC	Financial	Total	Other	Adjustments	Consolidated
Revenue									
Sales to external customers	738,025	190,469	139,379	413,878	57,376	1,539,127	38,679	-	1,577,806
Intersegment revenue or transferred revenue	3,453	6,606	16,934	7,826	4,048	38,867	6,968	(45,835)	-
Total	741,478	197,075	156,313	421,704	61,424	1,577,994	45,647	(45,835)	1,577,806
Segment income	113,496	42,840	6,759	54,516	(1,574)	216,037	(1,274)	2,782	217,545
Depreciation and amortization ¹	100,807	38,970	1,122	40,767	5,172	186,838	3,080	(843)	189,075

Notes:

1. Depreciation and amortization includes amortization of long-term prepaid expenses which are presented as “Other non-current assets” on the condensed interim consolidated statement of financial position.
2. “Segment income” of “Other” for the three months ended December 31, 2022 includes the gain on step acquisition of ¥294,843 million associated with the conversion of PayPay into a subsidiary. For details, refer to “Conversion 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)	
	Three months ended December 31, 2022	Three months ended December 31, 2023
Segment income	495,154	217,545
Gain on changes in equity interest	-	102
Share of losses of associates accounted for using the equity method	(10,478)	(5,513)
Financing income	670	1,610
Financing cost	(40,548)	(24,256)
Gain on sales of equity method investments	518	-
Impairment loss on equity method investments	(31,304)	-
Profit before income taxes	414,012	189,488

6. Investments accounted for using the equity method

For the nine months ended December 31, 2022, impairment losses of ¥31,304 million 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 impairment loss is included in “Impairment loss on equity method investments” in the condensed interim consolidated statement of income.

7. Interest-bearing debt

The components of interest-bearing debt are as follows:

	As of March 31, 2023	(Millions of yen) As of December 31, 2023
Current		
Short-term borrowings	599,353	739,346
Commercial paper	122,001	251,001
Current portion of long-term borrowings	1,051,131	1,307,444
Current portion of lease liabilities	171,682	143,053
Current portion of corporate bonds	119,987	89,983
Current portion of installment payables	-	61
Total	<u>2,064,154</u>	<u>2,530,888</u>
Non-current		
Long-term borrowings	2,470,314	2,282,456
Lease liabilities	562,350	575,747
Corporate bonds	1,037,683	1,082,711
Installment payables	-	89
Total	<u>4,070,347</u>	<u>3,941,003</u>

8. Equity

(1) Common stock and capital surplus

a. Common shares

Nine months ended December 31, 2022

There are no significant equity transactions to be disclosed.

Nine months ended December 31, 2023

Due to the issuance of new shares upon exercise of stock acquisition rights, the number of shares issued increased by 8,606 thousand shares. As a result of the issuance of the shares, common stock and capital surplus increased by ¥6,214 million and ¥6,214 million under the Companies Act of Japan, respectively.

b. Class shares

Due to the issuance of Series 1 Bond-Type Class Shares (hereafter, “Bond-Type Class Shares”) with a payment date of November 1, 2023, the number of shares issued increased by 30 million shares.

Although dividends whose record date falls in fiscal year ending on or before March 31, 2029 are fixed dividends (floating dividends thereafter) and any unpaid dividends shall be carried over to subsequent fiscal years, the Bond-Type Class Shares are classified as equity instruments because the Company has the option to defer dividend payments, has no obligation to repurchase the Bond-Type Class Shares and has unconditional right to avoid delivering cash or another financial asset except for the distribution of residual assets on liquidation.

As a result of the issuance of the Bond-Type Class Shares, common stock and capital surplus increased by ¥60,000 million each under the Companies Act of Japan. On the same day, the amount of common stock was decreased by the same amount and transferred to capital surplus.

In addition, direct issuance costs of ¥2,905 million relating to the issuance of the Bond-Type Class shares were deducted from capital surplus.

(2) Treasury stock

Changes in treasury stock are as follows:

	Nine months ended December 31, 2022	(Thousands of shares) Nine months ended December 31, 2023
Balance at the beginning of the period	79,843	55,596
Increase during the period ¹	0	34,579
Decrease during the period ²	(21,066)	(14,736)
Balance at the end of the period	58,777	75,439

Notes:

1. For the nine months ended December 31, 2023, due to the purchase of treasury stock under the resolution passed at the Board of Directors meeting held on May 10, 2023, the number of treasury stock increased by 34,579 thousand shares (amount purchased ¥58,214 million).
2. For the nine months ended December 31, 2022, due to the exercise of stock acquisition rights, the number of treasury stock decreased by 21,066 thousand shares. As a result, “Treasury stock” decreased by ¥28,088 million and a loss on disposal of treasury stock of ¥11,924 million was recognized as a decrease in “Capital surplus,” of which ¥11,982 million was transferred from “Retained earnings.”

In addition, for the nine months ended December 31, 2023, due to the exercise of stock acquisition rights, the number of treasury stock decreased by 14,736 thousand shares. As a result, “Treasury stock” decreased by ¥20,272 million and a loss on disposal of treasury stock of ¥8,736 million was recognized as a decrease in “Capital surplus.”

9. Dividends

Dividends paid are as follows:

Nine months ended December 31, 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
Board of Directors meeting held on October 20, 2022	Common stock	43.00	203,244	September 30, 2022	December 6, 2022

Nine months ended December 31, 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
Board of Directors meeting held on October 23, 2023	Common stock	43.00	203,478	September 30, 2023	December 6, 2023

10. Revenue

The components of revenue are as follows:

	(Millions of yen)	
	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Consumer		
Service revenues		
Mobile	1,148,589	1,142,402
Broadband	297,917	302,395
Electricity	244,658	191,760
Revenues from sales of goods and others	428,845	476,114
Subtotal	2,120,009	2,112,671
Enterprise ⁴		
Mobile ³	233,015	235,930
Fixed-line	133,028	124,043
Business solution and others ³	173,155	199,478
Subtotal	539,198	559,451
Distribution ⁴	372,029	404,063
Media & EC ^{4,5}		
Media	491,850	506,079
Commerce	599,374	607,786
Strategy	54,520	60,572
Other	3,381	4,030
Subtotal	1,149,125	1,178,467
Financial ⁴	74,727	158,392
Other	90,371	98,520
Total	4,345,459	4,511,564

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 included in “Financial” and lease transactions included in “Enterprise”). Revenues from other sources for the nine months ended December 31, 2022 and 2023 were ¥102,462 million and ¥144,698 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 nine months ended December 31, 2022 and 2023 were ¥314,363 million and ¥331,737 million, respectively. Revenues from sales of goods and others for the nine months ended December 31, 2022 and 2023 were ¥91,807 million and ¥103,671 million, respectively.
- 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.
- Effective for the three months ended June 30, 2023, the business categories of “Media & EC (formerly Yahoo! JAPAN/LINE)” have been reevaluated and some services included in “Media” and “Other” were transferred between the business categories. In addition, effective for the three months ended December 31, 2023, some services were transferred between the business categories due to an intra-group reorganization involving mainly Z Holdings Corporation, LINE Corporation and Yahoo Japan Corporation. As a result, all components of revenue under “Media & EC” for the nine months ended December 31, 2022, have been restated.

11. Earnings per share

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

Nine months ended December 31, 2022 and 2023

(1) Basic earnings per share

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Net income used in the calculation of basic earnings per share (Millions of yen)		
Net income attributable to owners of the Company	508,606	406,682
Net income not-attributable to ordinary shareholders of the Company ¹	-	(500)
Net income used in the calculation of basic earnings per share	<u>508,606</u>	<u>406,182</u>
Weighted-average number of shares of common stock outstanding (Thousands of shares)	4,719,613	4,734,039
Basic earnings per share (Yen)	<u>107.76</u>	<u>85.80</u>

(2) Diluted earnings per share

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Net income used in the calculation of diluted earnings per share (Millions of yen)		
Net income from continuing operations used in the calculation of basic earnings per share	508,606	406,182
Effect of dilutive securities issued by subsidiaries and associates	(2,198)	(3,513)
Total	<u>506,408</u>	<u>402,669</u>
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	4,719,613	4,734,039
Increase in the number of shares of common stock due to stock acquisition rights	41,765	40,633
Total	<u>4,761,378</u>	<u>4,774,672</u>
Diluted earnings per share (Yen)	<u>106.36</u>	<u>84.33</u>

Note:

1. The amount represents dividends to be paid to class shareholders in connection with the Bond-Type Class Shares.

Three months ended December 31, 2022 and 2023

(1) Basic earnings per share

	Three months ended December 31, 2022	Three months ended December 31, 2023
Net income used in the calculation of basic earnings per share (Millions of yen)		
Net income attributable to owners of the Company	274,373	104,541
Net income not-attributable to ordinary shareholders of the Company ¹	-	(500)
Net income used in the calculation of basic earnings per share	274,373	104,041
Weighted-average number of shares of common stock outstanding (Thousands of shares)	4,727,185	4,730,075
Basic earnings per share (Yen)	58.04	22.00

(2) Diluted earnings per share

	Three months ended December 31, 2022	Three months ended December 31, 2023
Net income used in the calculation of diluted earnings per share (Millions of yen)		
Net income from continuing operations used in the calculation of basic earnings per share	274,373	104,041
Effect of dilutive securities issued by subsidiaries and associates	(533)	(1,751)
Total	273,840	102,290
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	4,727,185	4,730,075
Increase in the number of shares of common stock due to stock acquisition rights	39,215	45,585
Total	4,766,400	4,775,660
Diluted earnings per share (Yen)	57.45	21.42

Note:

1. The amount represents dividends to be paid to class shareholders in connection with the Bond-Type Class Shares.

12. Purchase commitments

Conditional commitments to invest in Cubic Telecom Ltd. (hereinafter, "Cubic Telecom")

The Company has entered into a new strategic partnership with Cubic Telecom, an industry leader in IoT for connected cars. The partnership aims to create new revenue opportunities through a full-scale entry into the global IoT business for this rapidly growing market. The Company has a conditional investment commitment of €473 million as of December 31, 2023. The Company will invest in Cubic Telecom for a 51.0% equity stake (after dilution) in the company. The investment is subject to approval from the relevant regulatory authorities.

13. Subsequent events

There are no significant subsequent events to be disclosed.