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Consolidated Financial Report For the Six Months Ended September 30, 2024 (IFRS)

November 8, 2024

(Amounts are rounded to the nearest million yen)

1. Consolidated Financial Results for the Six Months Ended September 30, 2024

(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	%
Six Months Ended September 30, 2024	3,152,079	7.4	585,889	13.9	525,641	4.9	393,787	5.6	323,857	7.2	367,607	(8.0)
Six Months Ended September 30, 2023	2,933,758	4.5	514,388	5.7	500,973	22.1	372,812	41.5	302,141	29.0	399,539	(0.5)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six Months Ended September 30, 2024	6.83	6.72
Six Months Ended September 30, 2023	6.38	6.29

Notes:

- The Company conducted a stock split whereby each share of the Company's common shares was split into 10 shares, with the effective date being October 1, 2024. "Basic earnings per share" and "Diluted earnings per share" are calculated assuming that the stock split had been carried out at the beginning of the previous fiscal year.
- 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 September 30, 2024	15,469,392	3,986,476	2,519,574	16.3
As of March 31, 2024	15,521,906	3,935,647	2,377,074	15.3

2. Dividends

	Dividends per share				
	First quarter	Second quarter	Third quarter	Fourth quarter	Total
Fiscal year ended March 31, 2024	Yen -	Yen 43.00	Yen -	Yen 43.00	Yen 86.00
Fiscal year ending March 31, 2025	-	43.00			
Fiscal year ending March 31, 2025 (Forecast)			-	4.30	-

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.
- The Company conducted a stock split whereby each share of the Company’s common shares was split into 10 shares, with the effective date being October 1, 2024. Regarding the abovementioned amount for the fiscal year ending March 31, 2025, the second-quarter dividend per share is before the stock split while the fourth-quarter dividend per share takes the stock split into account. The annual dividends per share forecast is not stated because the amounts cannot be simply combined due to the implementation of the stock split. If the stock split was not conducted, the annual dividends per share would be 86 yen.

3. Consolidated Financial Result Forecasts for the Fiscal Year Ending March 31, 2025

(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, 2025	6,350,000	4.4	950,000	8.4	510,000	4.3	10.66

Notes:

- Revision to the forecast on financial results: Yes
- The dividends related to Series 1 Bond-Type Class Shares and Series 2 Bond-Type Class Shares are deducted in the calculation of earnings per share.
- The Company conducted a stock split whereby each share of the Company’s common shares was split into 10 shares, with the effective date being October 1, 2024. The basic earnings per share takes the stock split into account. If the stock split was not conducted, the basic earnings per share would be 106.56 yen.

* Notes

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

Newly consolidated: None

Excluded from consolidation: None

- (2) Changes in accounting policies and accounting estimates

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

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

[3] Changes in accounting estimates: No

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

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

As of September 30, 2024 47,679,372,700 shares

As of March 31, 2024 47,562,007,700 shares

[2] Number of shares of treasury stock

As of September 30, 2024 310,351,350 shares

As of March 31, 2024 478,051,530 shares

[3] Average number of shares outstanding during the period

Six months ended September 30, 2024 47,203,391,681 shares

Six months ended September 30, 2023 47,360,325,767 shares

Note: The Company conducted a stock split whereby each share of the Company’s common shares was split into 10 shares, with the effective date being October 1, 2024. “Number of shares issued,” “Number of shares of treasury stock” and “Average number of shares outstanding” are calculated assuming that the stock split had been carried out at the beginning of the previous fiscal year.

*** Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm is not applicable.**

*** 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 “(5) Forecasts” under “1. Results of Operations” on page 18 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”). The 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 Friday, November 8, 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:

Series 1 Bond-Type Class Shares

	Annual dividends				
	First quarter	Second quarter	Third quarter	Fourth quarter	Total
Fiscal year ended March 31, 2024	Yen -	Yen -	Yen -	Yen 41.53	Yen 41.53
Fiscal year ending March 31, 2025	-	50.00			
Fiscal year ending March 31, 2025 (Forecast)			-	50.00	100.00

Series 2 Bond-Type Class Shares

	Annual dividends				
	First quarter	Second quarter	Third quarter	Fourth quarter	Total
Fiscal year ending March 31, 2025	Yen -	Yen -			
Fiscal year ending March 31, 2025 (Forecast)			-	126.24	126.24

Policy on acquisition of Series 1 Bond-Type Class Shares and Series 2 Bond-Type Class Shares

Based on the clause for acquisition by the Company (call option), the Company may acquire the Series 1 Bond-Type Class Shares and the Series 2 Bond-Type Class Shares in exchange for cash after the elapse of five years from the issuance of each series, etc. We will determine whether to acquire (call) these Bond-Type Class Shares in exchange for cash, taking into consideration our business and financial strategy, market conditions and other factors at the time.

We fully understand that, as is customary in the market for hybrid financing, many investors expect to be called by the time the dividend rate is stepped up.

(Appendix)

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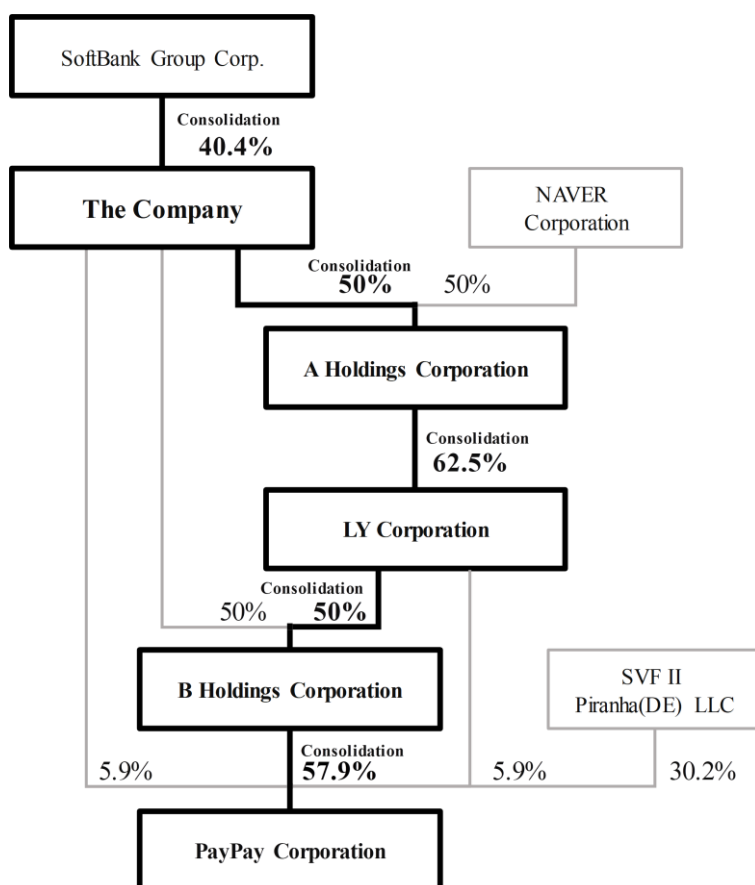
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Definition of Company Names and Abbreviations Used in this Appendix

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

The diagram below indicates ratio of voting rights as of September 30, 2024.



Reportable Segments

The Group has five reportable segments: the Consumer segment, the Enterprise segment, the Distribution segment, the Media & EC segment, and the Financial segment.

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

Segments	Main business	Core companies
Reportable segments		
Consumer segment	<ul style="list-style-type: none"> • Provision of mobile services to individual customers • Provision of broadband services • Sale of mobile devices • Trading and supply of electric power and provision of electric power trading agency services 	The Company Wireless City Planning Inc. SB Mobile Service Corp. SB Power Corp.
Enterprise segment	<ul style="list-style-type: none"> • Provision of mobile services to enterprise customers • Provision of fixed-line communications services, such as data communications and fixed-line telephone services • Provision of cloud, global, AI²/IoT,³ and other solution services • Provision of software-defined connected vehicles⁴ solutions • Provision of cloud services, security operation monitoring services, and IoT solutions • Provision of IoT, Linux/OSS, and authentication and security services 	The Company Wireless City Planning Inc. SB Engineering Corp. IDC Frontier Inc. eMnet Japan. co. ltd. Cubic Telecom Ltd. SB Technology Corp. ⁵ Cybertrust Japan Co., Ltd. ⁵
Distribution segment	<ul style="list-style-type: none"> • Provision of products and services addressing ICT⁶, 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 ⁷	<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 FinTech⁸ 	LY Corporation ASKUL Corporation ZOZO, Inc. Ikyu Corporation PayPay Bank Corporation LINE Pay Corporation LINE Financial 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 business • 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 ⁵	<ul style="list-style-type: none"> • Planning and production of digital media and digital content • Others 	The Company 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. 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. From the fiscal year ending March 31, 2025, SB Technology Corp. and Cybertrust Japan Co., Ltd., which were previously classified under Other, have been transferred to the Enterprise segment.

6. ICT stands for Information Communication Technology.

7. Z Intermediate Holdings Corporation, a subsidiary of the Company, applied for a tender offer undertaken by ValueCommerce Co., Ltd., which aimed to repurchase its own shares through the tender offer. As a result, on May 2, 2024, ValueCommerce Co., Ltd. ceased to be a subsidiary of the Company and newly became its equity method affiliate.

8. 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.

1. Results of Operations

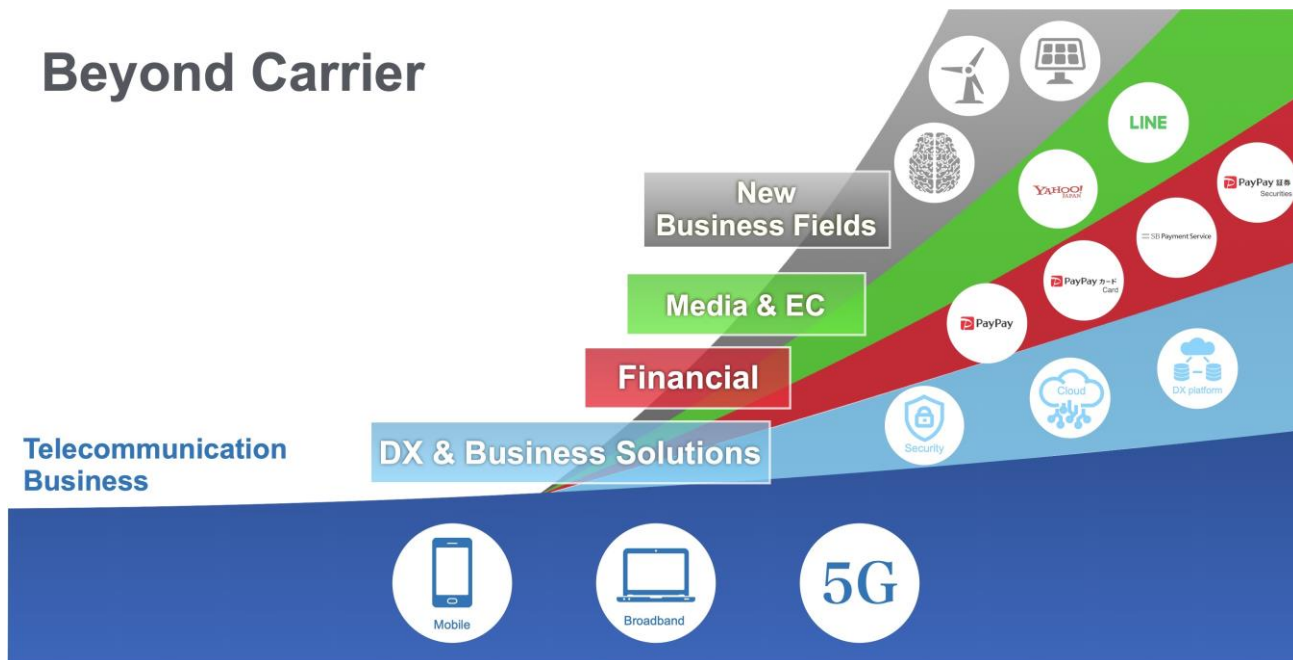
(1) Overview of Consolidated Results of Operations

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.

In the six months ended September 30, 2024, despite a continued uncertain outlook due to geopolitical risks and inflation, Japan's economy followed a modest recovery trend driven by, among other factors, robust capital expenditure demand from large corporations. 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, as well as the worsening labor shortage have made the digitalization of companies and government essential. 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. Furthermore, 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 are working 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.

Major Initiatives

- In August 2024, the Board of Directors passed a resolution to issue Series 2 Bond-Type Class Shares. Like the Series 1 Bond-Type Class Shares issued in November 2023, the Series 2 Bond-Type Class Shares have no rights to convert into Common Shares, offer cumulative dividends but no dividend payments beyond the preferred dividends initially set, and cause no dilution of the rights to vote. These features allow for an increase in equity capital while considering shareholders of Common Shares. Proceeds will be used to finance capital expenditures for growth investments that will contribute to the medium- to long-term enhancement of corporate value, such as the realization of services using generative AI, and the construction of Next-generation Social Infrastructure.
- In the Enterprise segment, in September 2024, the Company conducted a share consolidation to make SB Technology Corp. (the Group's core ICT services company and the Company's subsidiary) a wholly owned subsidiary. The conversion of SB Technology Corp. into a wholly owned subsidiary will enable mutual utilization of SB Technology Corp.'s engineering and security cloud services and the Company's customer base, engineering, network and other communication services, AI/IoT/5G³/digital marketing services, and other management resources. The Group believes that both companies will be able to work together to provide effective IT services to customers who feel that DX⁴ promotion is an issue, and that the Group as a whole will, by extension, be able to maintain and enhance its competitive advantage in the Japanese IT services market.

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. 5G (5th Generation) refers to 5th generation mobile communication systems.
4. DX (digital transformation) refers to using of digital technology to provide new value and experiences and transform society.

b. Consolidated Results of Operations

(Billions of yen)

	Six Months Ended September 30		Change	Change %
	2023	2024		
Revenue	2,933.8	3,152.1	218.3	7.4%
Operating income	514.4	585.9	71.5	13.9%
Profit before income taxes	501.0	525.6	24.7	4.9%
Income taxes	(128.2)	(131.9)	(3.7)	2.9%
Net income	372.8	393.8	21.0	5.6%
Net income attributable to:				
Owners of the Company	302.1	323.9	21.7	7.2%
Non-controlling interests	70.7	69.9	(0.7)	(1.0)%
Adjusted EBITDA ¹	890.7	936.4	45.8	5.1%

Note:

1. Adjusted EBITDA = operating income + depreciation and amortization (including loss on disposal of non-current assets) + stock compensation expenses ± other adjustments. For details, refer to “(4) Non-IFRS Financial Measures.”

An overview of the consolidated results of operations for the six months ended September 30, 2024 is as follows:

(a) Revenue

For the six months ended September 30, 2024, revenue increased by ¥218.3 billion (7.4%) year on year to ¥3,152.1 billion, increasing across all reportable segments. Revenue increased by ¥131.4 billion² in the Distribution segment mainly due to solid increase in revenue from ICT related products for enterprise customers and recurring revenue products, by ¥47.1 billion in the Consumer segment mainly due to increases in revenues from sales of goods and others and mobile revenue, by ¥44.2 billion in the Enterprise segment mainly due to an increase in demand for solutions associated with digitalization, by ¥35.6 billion in the Media & EC segment mainly due to increased media revenue and commerce revenue, and by ¥20.4 billion in the Financial segment mainly due to the growth of PayPay Corporation and PayPay Card Corporation.

Note:

2. Excluding the effect of inter-segment transactions related to AI computing infrastructure, the revenue increase was ¥94.8 billion.

(b) Operating income

For the six months ended September 30, 2024, operating income increased by ¥71.5 billion (13.9%) year on year to ¥585.9 billion, increasing across all reportable segments. The Media & EC segment saw an increase of ¥43.5 billion in operating income mainly due to the recording of profits associated with the loss of control of subsidiaries in LY Group. Furthermore, operating income increased by ¥15.6 billion in the Financial segment, by ¥12.5 billion in the Consumer segment, by ¥10.4 billion in the Enterprise segment, and by ¥2.7 billion in the Distribution segment. Notably, with the growth of PayPay Corporation and PayPay Card Corporation, the Financial segment has turned profitable in terms of segment income since the three months ended June 30, 2024.

(c) Net income

For the six months ended September 30, 2024, net income increased by ¥21.0 billion (5.6%) year on year to ¥393.8 billion. This is mainly due to the aforementioned significant increase in operating income, while the increase was partly offset by the absence of the gain on changes in equity interest associated with the change in the LY Group’s equity interest in Webtoon Entertainment Inc., which had been recorded in the same period of the previous year, as well as the recording of loss on valuation of put options for equity method affiliates.

(d) Net income attributable to owners of the Company

For the six months ended September 30, 2024, net income attributable to owners of the Company increased by ¥21.7 billion (7.2%) year on year to ¥323.9 billion. Net income attributable to non-controlling interests decreased by ¥0.7 billion (1.0%) year on year to ¥69.9 billion.

(e) Adjusted EBITDA

For the six months ended September 30, 2024, adjusted EBITDA increased by ¥45.8 billion (5.1%) year on year to ¥936.4 billion, mainly due to 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)

	Six Months Ended September 30		Change	Change %
	2023	2024		
Revenue	1,379.8	1,426.9	47.1	3.4%
Operating expenses ¹	1,070.3	1,104.9	34.6	3.2%
Of which, depreciation and amortization	196.3	186.5	(9.8)	(5.0)%
Segment income	309.5	322.0	12.5	4.0%

Note:

* From the three months ended June 30, 2024, certain subsidiaries that were previously classified under the Consumer segment has been transferred to Other.

As a result, the figures for the six months ended September 30, 2023 have been retrospectively adjusted.

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)

	Six Months Ended September 30		Change	Change %
	2023	2024		
Service revenues	1,106.7	1,116.4	9.6	0.9%
Mobile	776.6	788.8	12.2	1.6%
Broadband	201.0	202.9	1.8	0.9%
Electricity	129.0	124.7	(4.3)	(3.4)%
Revenues from sales of goods and others	273.1	310.5	37.4	13.7%
Total revenue	1,379.8	1,426.9	47.1	3.4%

Note:

* From the three months ended June 30, 2024, certain subsidiaries that were previously classified under the Consumer segment has been transferred to Other.

As a result, the figures for Broadband, which included the subsidiaries, for the six months ended September 30, 2023 have been retrospectively adjusted.

Consumer segment revenue increased by ¥47.1 billion (3.4%) year on year to ¥1,426.9 billion. Within Consumer segment revenue, service revenues increased by ¥9.6 billion (0.9%) year on year to ¥1,116.4 billion, and revenues from sales of goods and others increased by ¥37.4 billion (13.7%) year on year to ¥310.5 billion.

Within service revenues, mobile revenue increased by ¥12.2 billion (1.6%) year on year. The increase mainly reflected the growth in smartphone subscribers, led primarily by the *Y!mobile* brand, and an improvement in mobile ARPU compared to the same period of the previous year. While the number of users of the low-priced *Y!mobile* brand has increased, ARPU showed an improvement trend mainly due to contributions from the introduction of new price plans in October 2023. In the three months ended September 30, 2024, ARPU saw a slight increase year on year. In addition, mobile revenue (excluding the impact of customer acquisition measures) has transitioned to year-on-year growth since the three months ended December 31, 2023.

(Billions of yen)

	Fiscal Year Ended March 31, 2024				Fiscal Year Ending March 31, 2025	
	Q1	Q2	Q3	Q4	Q1	Q2
Mobile revenue	384.6	392.0	374.8	370.4	392.3	396.5
Of which, the impact of customer acquisition measures ¹	—	—	(18.3)	(22.7)	—	—
Mobile revenue (excluding the impact of customer acquisition measures)	384.6	392.0	393.0	393.1	392.3	396.5
YoY change	(5.8)	(0.5)	4.9	6.4	7.6	4.5

Note:

1. Based on IFRS 15 “Revenue from Contracts with Customers”, certain customer acquisition measures are deducted from mobile revenue.

Broadband revenue increased by ¥1.8 billion (0.9%) year on year. This increase was mainly due to an increase in subscribers of the *SoftBank Hikari* fiber-optic service¹.

Electricity revenue decreased by ¥4.3 billion (3.4%) year on year. This decrease was mainly due to decreases in subscribers of the *Ouchi Denki (Home Electricity)* service.

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

Operating expenses were ¥1,104.9 billion, an increase of ¥34.6 billion (3.2%) year on year. This increase was mainly due to increases in the cost of goods of smartphones, etc., and advertising and promotion expenses.

As a result, segment income increased by ¥12.5 billion (4.0%) year on year to ¥322.0 billion.

Note:

1. Includes subscribers of SoftBank Air

(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)

	Six Months Ended September 30		Change	Change %
	2023	2024		
Revenue	401.6	445.8	44.2	11.0%
Operating expenses ¹	317.6	351.4	33.8	10.6%
Of which, depreciation and amortization	77.9	81.6	3.7	4.7%
Segment income	84.0	94.4	10.4	12.4%

Note:

* From the three months ended June 30, 2024, SB Technology Corp. and Cybertrust Japan Co., Ltd., etc., which were previously classified under Other, have been transferred to the Enterprise segment. As a result, the figures for the six months ended September 30, 2023 have been retrospectively adjusted.

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)

	Six Months Ended September 30		Change	Change %
	2023	2024		
Mobile	154.2	156.1	1.9	1.2%
Fixed-line	87.3	84.9	(2.4)	(2.8)%
Business solution and others	160.2	204.9	44.7	27.9%
Total revenue	401.6	445.8	44.2	11.0%

Note:

* From the three months ended June 30, 2024, the revenues of SB Technology Corp. and Cybertrust Japan Co., Ltd., etc., which have been transferred to the Enterprise segment, have been included in Business solution and others. Also, in the three months ended June 30, 2024, the Company has revised its business management categories and transferred certain products from Mobile and Fixed-line to Business solution and others. Accordingly, the breakdown of all service categories in the Enterprise segment revenue for the six months ended September 30, 2023 has been retrospectively adjusted.

Enterprise segment revenue increased by ¥44.2 billion (11.0%) year on year to ¥445.8 billion. Within Enterprise segment revenue, mobile revenue increased by ¥1.9 billion (1.2%) to ¥156.1 billion, fixed-line revenue decreased by ¥2.4 billion (2.8%) to ¥84.9 billion, and business solution and others revenue increased by ¥44.7 billion (27.9%) to ¥204.9 billion.

The increase in mobile revenue was mainly due to increases in telecommunications revenue and 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 mainly due to taking over the business of WeWork Japan GK, increased revenue mainly from cloud services, IoT solutions and security solutions as a result of capturing enterprise customers' demand for digitalization, and the effect of the consolidation of Cubic Telecom Ltd.

Operating expenses were ¥351.4 billion, an increase of ¥33.8 billion (10.6%) year on year. This increase was mainly due to the effect of the aforementioned business succession of WeWork Japan GK and the consolidation of Cubic Telecom Ltd., an increase in costs following the abovementioned increase in business solution and others revenue, and an increase in personnel expenses.

As a result, segment income increased by ¥10.4 billion (12.4%) year on year to ¥94.4 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 a distributor.

FINANCIAL RESULTS

	(Billions of yen)			
	Six Months Ended September 30		Change	Change %
	2023	2024		
Revenue	299.3	430.7	131.4	43.9%
Operating expenses ¹	285.8	414.5	128.7	45.0%
Of which, depreciation and amortization	2.1	2.2	0.1	2.5%
Segment income	13.5	16.2	2.7	19.9%

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 ¥131.4 billion (43.9%) year on year to ¥430.7 billion. This increase was mainly due to solid growth in ICT related products for enterprise customers and recurring revenue products such as cloud and SaaS, which have been strategic areas of focus, and the effect of inter-segment transactions related to AI computing infrastructure², as well as increased sales of PCs due to migration from Windows 10, which is reaching the end of its support.

Operating expenses were ¥414.5 billion, an increase of ¥128.7 billion (45.0%) 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 ¥2.7 billion (19.9%) year on year to ¥16.2 billion.

Note:

2. These transactions refer to revenue to Other, resulting from SB C&S Corp.'s sale of AI computing infrastructure, which was purchased from NVIDIA, to SoftBank Corp.

(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)

	Six Months Ended September 30			
	2023	2024	Change	Change %
Revenue	777.8	813.4	35.6	4.6%
Operating expenses ¹	668.8	660.9	(7.9)	(1.2)%
Of which, depreciation and amortization	82.7	81.6	(1.1)	(1.3)%
Segment income	109.0	152.5	43.5	39.9%

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)

	Six Months Ended September 30			
	2023	2024	Change	Change %
Media	341.0	355.7	14.8	4.3%
Commerce	393.4	406.9	13.5	3.4%
Strategy	40.0	47.8	7.7	19.3%
Other	3.4	3.0	(0.4)	(12.5)%
Total revenue	777.8	813.4	35.6	4.6%

Note:

* 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 six months ended September 30, 2023 has been retrospectively adjusted.

Media & EC segment revenue increased by ¥35.6 billion (4.6%) year on year to ¥813.4 billion. Within Media & EC segment revenue, media revenue increased by ¥14.8 billion (4.3%) to ¥355.7 billion, commerce revenue increased by ¥13.5 billion (3.4%) to ¥406.9 billion, strategy revenue increased by ¥7.7 billion (19.3%) to ¥47.8 billion, and other revenue decreased by ¥0.4 billion (12.5%) to ¥3.0 billion.

The increase in media revenue mainly reflected an increase in revenue from account advertising.

The increase in commerce revenue was mainly due to an increase in transaction value of the ZOZO Group (ZOZO, Inc. and its subsidiaries) and the ASKUL Group (ASKUL Corporation and its subsidiaries).

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

Operating expenses were ¥660.9 billion, a decrease of ¥7.9 billion (1.2%) year on year. This decrease mainly reflected the recording of gain on loss of control over subsidiaries for IPX Corporation, LINE NEXT Corporation, and ValueCommerce Co., Ltd., while there was an increase in expenses for sales promotion, security measures and others.

As a result, segment income increased by ¥43.5 billion (39.9%) year on year to ¥152.5 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 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)

	Six Months Ended September 30		Change	Change %
	2023	2024		
Revenue	109.5	129.8	20.4	18.6%
Operating expenses ¹	111.4	116.2	4.8	4.3%
Of which, depreciation and amortization	10.3	11.1	0.8	7.8%
Segment income	(2.0)	13.6	15.6	—

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 ¥20.4 billion (18.6%) year on year to ¥129.8 billion. This increase was mainly due to the growth of PayPay Corporation and PayPay Card Corporation, driven by factors such as an expansion in gross merchandise value.

Operating expenses were ¥116.2 billion, an increase of ¥4.8 billion (4.3%) year on year. This increase was mainly due to an increase in sales promotion expenses related to point rewards, etc., due to the aforementioned expansion in gross merchandise value by PayPay Corporation and PayPay Card Corporation.

As a result, segment income increased by ¥15.6 billion year on year to ¥13.6 billion, transitioning this segment to profitability.

(2) Overview of Consolidated Financial Position

(Billions of yen)				
	March 31, 2024	September 30, 2024	Change	Change %
Current assets	5,268.0	4,827.4	(440.6)	(8.4)%
Non-current assets	10,253.9	10,642.0	388.1	3.8%
Total assets	15,521.9	15,469.4	(52.5)	(0.3)%
Current liabilities	7,085.3	6,522.0	(563.3)	(7.9)%
Non-current liabilities	4,501.0	4,960.9	459.9	10.2%
Total liabilities	11,586.3	11,482.9	(103.3)	(0.9)%
Total equity	3,935.6	3,986.5	50.8	1.3%

(Billions of yen)			
	Six Months Ended September 30		
	2023	2024	Change
Capital expenditures ¹	309.2	359.6	50.3
Of which, capital expenditures in the Consumer segment and Enterprise segment ²	130.0	137.4	7.4

Notes:

- Acceptance basis.
- 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 ¥15,469.4 billion as of September 30, 2024, a decrease of ¥52.5 billion (0.3%) from the previous fiscal year-end. This was mainly due to a decrease of ¥332.3 billion in cash and cash equivalents and a decrease of ¥91.3 billion in trade and other receivables, while there were an increase of ¥106.0 billion in investment securities in banking business, an increase of ¥102.8 billion in other financial assets, an increase of ¥93.1 billion in right-of-use assets, and an increase of ¥68.9 billion in property, plant and equipment. The increase in right-of-use assets was due to the effect of the business succession of WeWork Japan GK, as the future facility usage rights specified in the succeeded real estate lease contracts was recognized as assets.

LIABILITIES

Total liabilities amounted to ¥11,482.9 billion as of September 30, 2024, a decrease of ¥103.3 billion (0.9%) from the previous fiscal year-end. This mainly reflected a decrease of ¥138.0 billion in trade and other payables and a decrease of ¥57.7 billion in interest-bearing debt, while there was an increase of ¥74.8 billion in deposits for banking business. Interest-bearing debt decreased mainly due to the contractual repayment of various loans, while there was the recording of lease liabilities due to the effect of the business succession of WeWork Japan GK.

EQUITY

Total equity amounted to ¥3,986.5 billion as of September 30, 2024, an increase of ¥50.8 billion (1.3%) from the previous fiscal year-end. Equity attributable to owners of the Company increased by ¥142.5 billion. This mainly reflected an increase of ¥323.9 billion due to the recording of net income for the six months ended September 30, 2024, while there was a decrease of ¥203.7 billion due to payment of cash dividends.

CAPITAL EXPENDITURES

In the six months ended September 30, capital expenditures were ¥359.6 billion, an increase of ¥50.3 billion year on year. This increase was mainly due to investments made in AI computing infrastructure, an increase in capital expenditures related to improvements in network quality, and an increase in capital expenditures by the LY Group.

(3) Overview of Consolidated Cash Flows

(Billions of yen)

	Six Months Ended September 30		Change
	2023	2024	
Cash flows from operating activities	587.0	709.0	122.0
Cash flows from investing activities	(502.2)	(502.6)	(0.4)
Cash flows from financing activities	(141.3)	(566.8)	(425.4)
Cash and cash equivalents at the end of the period	2,011.3	1,660.6	(350.7)
Free cash flow ¹	84.8	206.4	121.6
Adjusted free cash flow (excluding LY Group and PayPay, etc.) ^{1,2}	250.4	306.5	56.0
Primary free cash flow ^{1,3}	250.4	355.2	104.7

Notes:

1. Refer to “(4) Non-IFRS Financial Measures” for calculation methods of free cash flow, adjusted free cash flow (excluding LY Group and PayPay, etc.) and primary free cash flow.
2. Adjusted free cash flow (excluding LY Group and PayPay, etc.) = free cash flow + (proceeds from the securitization of installment sales receivables – repayments thereof) - free cash flow of the LY Group and PayPay, etc. + other items such as dividends received from A Holdings Corporation and investment in PayPay Securities Corporation. "LY Group and PayPay, etc." refers to A Holdings Corporation, LY Corporation and its subsidiaries (LY Group), B Holdings Corporation, PayPay Corporation, PayPay Card Corporation, PayPay Securities Corporation, etc.
3. Primary free cash flow is a measure calculated by adding back the amounts spent as long-term growth investments to adjusted free cash flow (excluding LY Group and PayPay, etc.). Long-term growth investments include investments in AI computing infrastructure.

a. Cash flows from operating activities

In the six months ended September 30, 2024, net cash inflow from operating activities was ¥709.0 billion, an increase of ¥122.0 billion in cash inflow year on year. This increase mainly reflected an increase in EBITDA, a decrease in income taxes paid, and an increase in income taxes refunded.

b. Cash flows from investing activities

In the six months ended September 30, 2024, net cash outflow from investing activities was ¥502.6 billion, an increase of ¥0.4 billion in cash outflow year on year. This increase mainly reflected an increase in purchases of property, plant and equipment and intangible assets, while there was an increase in proceeds from sales/redemption of investments and a decrease in the net cash outflow from purchase and sale of investment securities in banking business.

Cash flows from investing activities include an expenditure of ¥48.7 billion related to long-term growth investments.

c. Cash flows from financing activities

In the six months ended September 30, 2024, net cash outflow from financing activities was ¥566.8 billion. While there were cash inflows of ¥1,032.3 billion from fund procurement, including bank loans, leases, corporate bonds, and the securitization of receivables, there were cash outflows of ¥1,599.1 billion for factors including the contractual repayment of loans, payment of cash dividends, and acquisition of shares in subsidiaries.

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

As a result of (a) through (c) above and others, cash and cash equivalents as of September 30, 2024 were ¥1,660.6 billion, a decrease of ¥350.7 billion year on year.

e. Primary free cash flow

In the six months ended September 30, 2024, primary free cash flow was positive ¥355.2 billion, an increase of ¥104.7 billion year on year. This increase mainly reflected the dividends received by the Company from A Holdings Corporation in connection with proceeds from its sale of LY Corporation shares during the three months ended September 30, 2024.

(4) Non-IFRS Financial Measures

The Group uses financial indicators that are not defined or recognized by IFRS. The indicators are used by management to enhance understanding of the Group's performance and to serve as important measures for evaluating current performance. Since these measures are not defined by IFRS, they may be calculated differently or used for different purposes by other companies, which restricts their usefulness in terms of comparability.

a. Adjusted EBITDA

Adjusted EBITDA is calculated by adding and subtracting “Depreciation and amortization (including loss on disposal of non-current assets)”, “Stock compensation expenses” and “Other adjustments” that do not occur in normal business activities, to operating income. “Other adjustments” include “Other operating income” and “Other operating expenses” presented in the Condensed Interim Consolidated Statement of Income. The Groups uses adjusted EBITDA as a measure for evaluating performance excluding the impact of non-cash transactions. The Group believes that adjusted EBITDA is a useful and necessary indicator to appropriately evaluate performance.

Operating income is reconciled to adjusted EBITDA as follows.

	Six Months Ended September 30, 2023	(Billions of yen) Six Months Ended September 30, 2024
Operating income	514.4	585.9
(Add) Depreciation and amortization ¹	378.1	374.2
(Add) Stock compensation expenses	11.2	12.4
(Add (subtract)) Other adjustments: Gain on loss of control over subsidiaries	(4.1)	(39.0)
(Add (subtract)) Other adjustments: Impairment loss	1.6	2.9
(Add (subtract)) Other adjustments: Gain on sale of businesses	(10.5)	—
Adjusted EBITDA	890.7	936.4

Note:

1. “Depreciation and amortization” in the table above includes Depreciation and amortization (¥371.7 billion for the six months ended September 30, 2023 and ¥367.3 billion for the six months ended September 30, 2024) and Loss on disposal of property, plant and equipment and intangible assets (¥6.4 billion for the six months ended September 30, 2023 and ¥7.0 billion for the six months ended September 30, 2024) stated in “3. Condensed Interim Consolidated Financial Statements and Primary Notes, (4) Condensed Interim Consolidated Statement of Cash Flows.”

b. Free Cash Flow, Adjusted Free Cash Flow (excluding LY Group and PayPay, etc.), and Primary Free Cash Flow

Free cash flow is a measure calculated by adding cash flows from operating activities and cash flows from investing activities.

Adjusted free cash flow (excluding LY Group and PayPay, etc.) is calculated by adding the proceeds from the securitization of installment sales receivables for devices, subtracting the repayments thereof, as well as adding the dividend payments received from A Holdings Corporation, and excluding the free cash flow of LY Group and PayPay, etc.

Primary free cash flow is a measure that excludes strategic investments which contribute to mid- to long-term growth, such as the construction of AI computing infrastructure, from adjusted free cash flow (excluding LY Group and PayPay, etc.). The Group believes this is a useful indicator for evaluating ongoing cash generating ability i.e., debt repayment ability and dividend paying ability, mainly in existing businesses of the Company and its wholly owned subsidiaries.

On the consolidated statement of cash flows, the proceeds and repayments from the securitization of installment sales receivables are included in the cash flows from financing activities. Given that said receivables arise in the course of operating activities, the Group believes that an indicator that would more appropriately represent the Group's ordinary cash generating capacity would add or subtract the cash flow from the securitization of said receivables to or from the cash flows from operating activities. Therefore, in the process of calculating adjusted free cash flow (excluding LY Group and PayPay, etc.) and primary free cash flow, we add and subtract the proceeds and repayments from the securitization of installment sales receivables as adjustments to free cash flow.

Adjustment items and adjustment amounts for free cash flow, adjusted free cash flow (excluding LY Group and PayPay, etc.), and primary free cash flow are as follows.

	Six Months Ended September 30, 2023	(Billions of yen) Six Months Ended September 30, 2024
Cash flows from operating activities	587.0	709.0
Cash flows from investing activities (capital expenditures) ¹	(317.2)	(346.8)
Cash flows from investing activities (others) ²	(184.9)	(155.8)
Free cash flow	84.8	206.4
Effect of securitization of installment sales receivables	18.9	25.6
Securitization of installment sales receivables: Proceeds ³	212.6	210.9
Securitization of installment sales receivables: Repayments ³	(193.6)	(185.2)
Free cash flow from LY Group and PayPay, etc. ⁴	148.1	(13.2)
Others ⁵	(1.4)	87.7
Adjusted free cash flow (excluding LY Group and PayPay, etc.)	250.4	306.5
Long-term growth investments ⁶	—	(48.7)
Primary free cash flow	250.4	355.2

Notes:

- Cash flows from investing activities (capital expenditures) is the net amount of “Purchases of property, plant and equipment and intangible assets” and “Proceeds from sales of property, plant and equipment and intangible assets” included in Cash flows from investing activities on the Condensed Interim Consolidated Statement of Cash Flows.
- Cash flows from investing activities (others) is the net amount of “Payments for acquisition of investments,” “Proceeds from sales/redemption of investments,” “Purchase of investment securities in banking business,” “Proceeds from sales/redemption of investment securities in banking business,” “Proceeds from (payments for) obtaining control of subsidiaries,” “Proceeds from (payments for) loss of control over subsidiaries,” and “Other” included in Cash flows from investing activities on the Condensed Interim Consolidated Statement of Cash Flows.
- Securitization of installment sales receivables: Proceeds and Securitization of installment sales receivables: Repayments are mainly included in “Increase (decrease) in short-term interest-bearing debt, net,” “Proceeds from interest-bearing debt” and “Repayment of interest-bearing debt” included in Cash flows from financing activities on the Condensed Interim Consolidated Statement of Cash Flows. Proceeds and repayments of short-term installment sales receivables transactions are netted.
- “LY Group and PayPay, etc.” refers to A Holdings Corporation, LY Corporation and its subsidiaries (LY Group), B Holdings Corporation, PayPay Corporation, PayPay Card Corporation, PayPay Securities Corporation, etc.
- Includes items such as dividends received from A Holdings Corporation (including the dividends received from A Holdings Corporation in connection with proceeds from its sale of LY Corporation shares during the three months ended September 30, 2024) and investment in PayPay Securities Corporation.
- Includes investments in AI computing infrastructure.

(5) Forecasts

Revision of the full-year forecasts of consolidated results for the fiscal year ending March 31, 2025

	(Billions of yen)	
	Fiscal Year Ending March 31, 2025 (Initial)	Fiscal Year Ending March 31, 2025 (Revised)
Revenue	6,200.0	6,350.0
Operating income	900.0	950.0
Net income attributable to owners of the Company	500.0	510.0

Revision of the full-year forecasts of operating income by segment for the fiscal year ending March 31, 2025

	(Billions of yen)	
	Fiscal Year Ending March 31, 2025 (Initial)	Fiscal Year Ending March 31, 2025 (Revised)
Consumer segment	530.0	530.0
Enterprise segment	170.0	170.0
Distribution segment	28.0	28.0
Media & EC segment	230.0	250.0
Financial segment	3.0	20.0
Other ¹	(61.0)	(48.0)
Total	900.0	950.0

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, 2025, the Company has upwardly revised its forecasts of revenue from ¥6,200.0 billion to ¥6,350.0 billion, operating income from ¥900.0 billion to ¥950.0 billion, and net income attributable to owners of the Company from ¥500.0 billion to ¥510.0 billion.

In terms of forecasts of operating income by segment, the Company has upwardly revised some of its forecasts. It raised its forecasts for the Media & EC segment by ¥20.0 billion mainly due to an increase in media revenue and the recording of profits associated with the loss of control of subsidiaries, the Financial segment by ¥17.0 billion due to the growth of PayPay Corporation and PayPay Card Corporation driven by factors such as an expansion in gross merchandise value, and Other by ¥13.0 billion mainly due to mitigation of risk factors.

2. Notes to Summary Information

(1) Significant Changes in Scope of Consolidation for the Six Months Ended September 30, 2024

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

	(Millions of yen)	
	As of March 31, 2024	As of September 30, 2024
ASSETS		
Current assets		
Cash and cash equivalents	1,992,873	1,660,618
Trade and other receivables	2,660,995	2,569,714
Other financial assets	229,715	248,672
Inventories	155,059	191,064
Other current assets	186,810	157,358
Subtotal	<u>5,225,452</u>	<u>4,827,426</u>
Assets classified as held for sale	42,577	-
Total current assets	<u>5,268,029</u>	<u>4,827,426</u>
Non-current assets		
Property, plant and equipment	1,768,812	1,837,741
Right-of-use assets	662,183	755,273
Goodwill	2,049,404	2,056,696
Intangible assets	2,505,511	2,471,731
Contract costs	319,140	335,811
Investments accounted for using the equity method	251,488	289,924
Investment securities	272,788	275,612
Investment securities in banking business	522,232	628,194
Other financial assets	1,755,627	1,839,477
Deferred tax assets	46,529	50,953
Other non-current assets	100,163	100,554
Total non-current assets	<u>10,253,877</u>	<u>10,641,966</u>
Total assets	<u><u>15,521,906</u></u>	<u><u>15,469,392</u></u>

	(Millions of yen)	
	As of March 31, 2024	As of September 30, 2024
LIABILITIES AND EQUITY		
Current liabilities		
Interest-bearing debt	2,381,632	1,909,322
Trade and other payables	2,535,072	2,397,054
Contract liabilities	128,307	138,526
Deposits for banking business	1,643,155	1,717,908
Other financial liabilities	1,722	12,259
Income taxes payable	125,933	111,927
Provisions	33,287	40,536
Other current liabilities	226,596	194,491
Subtotal	<u>7,075,704</u>	<u>6,522,023</u>
Liabilities directly associated with assets classified as held for sale	9,582	-
Total current liabilities	<u>7,085,286</u>	<u>6,522,023</u>
Non-current liabilities		
Interest-bearing debt	3,939,255	4,353,887
Other financial liabilities	45,312	45,521
Provisions	99,491	117,971
Deferred tax liabilities	301,852	323,980
Other non-current liabilities	115,063	119,534
Total non-current liabilities	<u>4,500,973</u>	<u>4,960,893</u>
Total liabilities	<u>11,586,259</u>	<u>11,482,916</u>
Equity		
Equity attributable to owners of the Company		
Common stock	214,394	222,924
Capital surplus	736,052	735,071
Retained earnings	1,475,775	1,596,298
Treasury stock	(75,822)	(49,224)
Accumulated other comprehensive income (loss)	26,675	14,505
Total equity attributable to owners of the Company	<u>2,377,074</u>	<u>2,519,574</u>
Non-controlling interests	<u>1,558,573</u>	<u>1,466,902</u>
Total equity	<u>3,935,647</u>	<u>3,986,476</u>
Total liabilities and equity	<u><u>15,521,906</u></u>	<u><u>15,469,392</u></u>

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

Condensed Interim Consolidated Statement of Income

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Revenue	2,933,758	3,152,079
Cost of sales	(1,466,511)	(1,574,416)
Gross profit	1,467,247	1,577,663
Selling, general and administrative expenses	(970,792)	(1,032,097)
Other operating income	19,484	43,195
Other operating expenses	(1,551)	(2,872)
Operating income	514,388	585,889
Gain on changes in equity interest	20,333	3,243
Share of losses of associates accounted for using the equity method	(12,116)	(4,349)
Financing income	9,235	6,659
Financing costs	(36,094)	(70,180)
Gain on sales of equity method investments	5,227	4,379
Profit before income taxes	500,973	525,641
Income taxes	(128,161)	(131,854)
Net income ¹	372,812	393,787
Net income attributable to		
Owners of the Company	302,141	323,857
Non-controlling interests	70,671	69,930
	372,812	393,787
Earnings per share attributable to owners of the Company ²		
Basic earnings per share (Yen)	6.38	6.83
Diluted earnings per share (Yen)	6.29	6.72

Notes:

1. All net income of SoftBank Corp. and its subsidiaries for the six months ended September 30, 2023 and 2024 were generated from continuing operations.
2. The Company conducted a stock split whereby each share of the Company's common shares was split into 10 shares, with the effective date being October 1, 2024. "Basic earnings per share" and "Diluted earnings per share" are calculated assuming that the stock split had been carried out at the beginning of the previous fiscal year.

Condensed Interim Consolidated Statement of Comprehensive Income

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Net income	372,812	393,787
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	1,942	(1,288)
Share of other comprehensive income (loss) of associates accounted for using the equity method	31	52
Total items that will not be reclassified to profit or loss	1,973	(1,236)
Items that may be reclassified subsequently to profit or loss		
Changes in the fair value of debt instruments at FVTOCI	(1,326)	(954)
Cash flow hedges	1,444	(4,762)
Exchange differences on translation of foreign operations	16,590	(12,779)
Share of other comprehensive income (loss) of associates accounted for using the equity method	8,046	(6,449)
Total items that may be reclassified subsequently to profit or loss	24,754	(24,944)
Total other comprehensive income (loss), net of tax	26,727	(26,180)
Total comprehensive income	399,539	367,607
Total comprehensive income attributable to		
Owners of the Company	312,447	312,083
Non-controlling interests	87,092	55,524
	399,539	367,607

(3) Condensed Interim Consolidated Statement of Changes in Equity

For the six months ended September 30, 2023

(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, 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	-	-	302,141	-	-	302,141	70,671	372,812
Other comprehensive income (loss)	-	-	-	-	10,306	10,306	16,421	26,727
Total comprehensive income	-	-	302,141	-	10,306	312,447	87,092	399,539
Transactions with owners and other transactions								
Cash dividends	-	-	(203,457)	-	-	(203,457)	(23,098)	(226,555)
Issuance of new shares	5,069	5,069	-	-	-	10,138	-	10,138
Purchase of treasury stock	-	-	-	(30,560)	-	(30,560)	-	(30,560)
Disposal of treasury stock	-	(6,889)	-	16,682	-	9,793	-	9,793
Changes from loss of control	-	-	-	-	-	-	(5,862)	(5,862)
Changes in interests in existing subsidiaries	-	3,973	-	-	-	3,973	15,010	18,983
Share-based payment transactions	-	(889)	-	-	-	(889)	-	(889)
Transfer from retained earnings to capital surplus	-	6,908	(6,908)	-	-	-	-	-
Transfer from accumulated other comprehensive income (loss) to retained earnings	-	-	896	-	(896)	-	-	-
Other	-	(222)	(303)	-	-	(525)	(395)	(920)
Total transactions with owners and other transactions	5,069	7,950	(209,772)	(13,878)	(896)	(211,527)	(14,345)	(225,872)
As of September 30, 2023	209,378	693,016	1,484,412	(88,009)	27,068	2,325,865	1,530,869	3,856,734

For the six months ended September 30, 2024

(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, 2024	214,394	736,052	1,475,775	(75,822)	26,675	2,377,074	1,558,573	3,935,647
Comprehensive income								
Net income	-	-	323,857	-	-	323,857	69,930	393,787
Other comprehensive income (loss)	-	-	-	-	(11,774)	(11,774)	(14,406)	(26,180)
Total comprehensive income	-	-	323,857	-	(11,774)	312,083	55,524	367,607
Transactions with owners and other transactions								
Cash dividends	-	-	(203,707)	-	-	(203,707)	(116,001)	(319,708)
Issuance of new shares	8,530	8,530	-	-	-	17,060	-	17,060
Purchase of treasury stock	-	-	-	(0)	-	(0)	-	(0)
Disposal of treasury stock	-	(11,607)	-	26,598	-	14,991	-	14,991
Changes from loss of control	-	4,831	-	-	-	4,831	(11,908)	(7,077)
Changes in interests in existing subsidiaries	-	(1,156)	-	-	-	(1,156)	(19,087)	(20,243)
Share-based payment transactions	-	(1,481)	-	-	-	(1,481)	-	(1,481)
Transfer from retained earnings to capital surplus	-	-	-	-	-	-	-	-
Transfer from accumulated other comprehensive income (loss) to retained earnings	-	-	396	-	(396)	-	-	-
Other	-	(98)	(23)	-	-	(121)	(199)	(320)
Total transactions with owners and other transactions	8,530	(981)	(203,334)	26,598	(396)	(169,583)	(147,195)	(316,778)
As of September 30, 2024	222,924	735,071	1,596,298	(49,224)	14,505	2,519,574	1,466,902	3,986,476

(4) Condensed Interim Consolidated Statement of Cash Flows

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Cash flows from operating activities		
Net income	372,812	393,787
Depreciation and amortization	371,669	367,268
Loss on disposal of property, plant and equipment and intangible assets	6,385	6,958
Gain relating to loss of control over subsidiaries	(9,025)	(43,195)
Financing income	(9,235)	(6,659)
Financing costs	36,094	70,180
Share of losses of associates accounted for using the equity method	12,116	4,349
Gain on sales of equity method investments	(5,227)	(4,379)
Gain on changes in equity interest	(20,333)	(3,243)
Income taxes	128,161	131,854
(Increase) decrease in trade and other receivables	(69,623)	25,928
(Increase) decrease in inventories	(5,206)	(39,008)
Purchases of mobile devices leased to enterprise customers	(24,183)	(23,402)
Increase (decrease) in trade and other payables	7,980	(93,061)
Increase (decrease) in consumption taxes payable	7,440	(2,834)
Increase (decrease) in deposits in banking business	79,792	74,752
(Increase) decrease in loans in banking business	(58,807)	(84,556)
Other	(89,790)	47,243
Subtotal	731,020	821,983
Interest and dividends received	3,720	6,715
Interest paid	(29,756)	(40,331)
Income taxes paid	(157,011)	(134,737)
Income taxes refunded	39,008	55,323
Net cash inflow from operating activities	586,981	708,953
Cash flows from investing activities		
Purchases of property, plant and equipment and intangible assets	(317,646)	(348,924)
Proceeds from sales of property, plant and equipment and intangible assets	411	2,163
Payments for acquisition of investments	(52,710)	(50,732)
Proceeds from sales/redemption of investments	7,744	24,220
Purchase of investment securities in banking business	(205,414)	(165,488)
Proceeds from sales/redemption of investment securities in banking business	90,961	61,088
Proceeds from (payments for) obtaining control of subsidiaries	-	5,950
Proceeds from (payments for) loss of control over subsidiaries	(6,685)	(22,126)
Other	(18,840)	(8,709)
Net cash outflow from investing activities	(502,179)	(502,558)

	(Millions of yen)	
	Six months ended September 30, 2023	Six months ended September 30, 2024
Cash flows from financing activities		
Increase (decrease) in short-term interest-bearing debt, net	269,817	(74,870)
Proceeds from interest-bearing debt	998,294	1,015,267
Repayment of interest-bearing debt	(1,175,608)	(1,182,386)
Proceeds from issuance of shares	6,580	16,243
Proceeds from stock issuance to non-controlling interests	12,193	817
Cash dividends paid	(203,340)	(203,584)
Cash dividends paid to non-controlling interests	(23,181)	(116,144)
Other	(26,090)	(22,125)
Net cash inflow (outflow) from financing activities	(141,335)	(566,782)
Effect of exchange rate changes on cash and cash equivalents	8,708	(4,879)
Increase (decrease) in cash and cash equivalents relating to transfer of assets classified as held for sale	-	33,011
Increase (decrease) in cash and cash equivalents	(47,825)	(332,255)
Cash and cash equivalents at the beginning of the period	2,059,167	1,992,873
Cash and cash equivalents at the end of the period	2,011,342	1,660,618

(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 6. Segment information.”

2. Changes in presentation

(Condensed Interim Consolidated Statement of Cash Flows)

a. “Proceeds from (payments for) loss of control over subsidiaries,” which was included in “Other” under cash flows from investing activities for the six months ended September 30, 2023, has been presented as a separate item for the six months ended September 30, 2024 as the amount became material. In order to reflect this change, reclassification has been made in the condensed interim consolidated financial statements for the six months ended September 30, 2023.

As a result, in the condensed interim consolidated statement of cash flows for the six months ended September 30, 2023, “Other” of ¥(25,525) million under cash flows from investing activities has been reclassified as “Proceeds from (payments for) loss of control over subsidiaries” of ¥(6,685) million and “Other” of ¥(18,840) million under cash flows from investing activities.

b. For the six months ended September 30, 2023, proceeds from and repayments of borrowings in certain subsidiary have been presented on a gross basis in “Proceeds from interest-bearing debt” and “Repayment of interest-bearing debt” under cash flows from financing activities. For the six months ended September 30, 2024, proceeds from and repayments of borrowings have been presented on a net basis in “Increase (decrease) in short-term interest-bearing debt, net” under cash flows from financing activities. This change is due to a change in the cash management policy, which centers on the continuous refinancing of short-term borrowings, in response to the subsidiary’s business expansion. From the perspective of clarity, cash transactions, which were previously presented on a gross basis, have been reclassified to a net basis.

As a result, in the condensed interim consolidated statement of cash flows for the six months ended September 30, 2023, “Proceeds from interest-bearing debt” of ¥339,700 million and “Repayment of interest-bearing debt” of ¥(328,800) million under cash flows from financing activities has been reclassified as “Increase (decrease) in short-term interest-bearing debt, net” of ¥10,900 million under cash flows from financing activities.

c. “Proceeds from issuance of shares,” which was included in “Other” under cash flows from financing activities for the six months ended September 30, 2023, has been presented as a separate item for the six months ended September 30, 2024. In order to reflect this change, reclassification has been made in the condensed interim consolidated financial statements for the six months ended September 30, 2023.

As a result, in the condensed interim consolidated statement of cash flows for the six months ended September 30, 2023, “Other” of ¥(19,510) million under cash flows from financing activities has been reclassified as “Proceeds from issuance of shares” of ¥6,580 million and “Other” of ¥(26,090) million under cash flows from financing activities.

3. 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, 2024. Income tax expenses for the six months ended September 30, 2024 are calculated based on the estimated annual effective income tax rate.

4. Significant judgments and estimates

In preparing the condensed interim consolidated financial statements, 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 have been 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 of the Group are consistent with those described in the consolidated financial statements for the fiscal year ended March 31, 2024.

5. Business combinations

Six months ended September 30, 2023

There are no significant business combinations to be disclosed.

Six months ended September 30, 2024

Acquisition of Cubic Telecom Ltd.

(Finalization of the provisional accounting treatment for the business combination)

For the fiscal year ended March 31, 2024, provisional accounting was applied to the business combination with Cubic Telecom Ltd. that took place on March 6, 2024. The allocation of the consideration transferred was completed during the three months ended June 30, 2024. There are no significant changes between the initial provisional and final amounts.

6. 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. 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" 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.

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.

In addition, the Group reevaluated the management business categories to reinforce group synergy. As a result, from the three months ended June 30, 2024, the reportable segments of SB Technology Corp., Cybertrust Japan Co., Ltd., and others, which were included in the “Other” segment, have been changed to the “Enterprise” segment. In addition, the reportable segment of certain subsidiaries, which were included in the “Consumer” segment, has been changed to the “Other” segment. As a result, the figures for the six months ended September 30, 2023, have been retrospectively adjusted.

(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.

Six months ended September 30, 2023

	Reportable segments						Other	Adjustments	Consolidated
	Consumer	Enterprise	Distribution	Media & EC	Financial	Total			
(Millions of yen)									
Revenue									
Sales to external customers	1,372,627	387,671	264,684	764,589	101,016	2,890,587	43,171	-	2,933,758
Intersegment revenue or transferred revenue	7,177	13,952	34,604	13,237	8,446	77,416	5,948	(83,364)	-
Total	1,379,804	401,623	299,288	777,826	109,462	2,968,003	49,119	(83,364)	2,933,758
Segment income	309,495	84,001	13,529	109,019	(1,952)	514,092	(2,421)	2,717	514,388
Depreciation and amortization ¹	196,318	77,925	2,149	82,653	10,321	369,366	4,173	(1,870)	371,669

Six months ended September 30, 2024

	Reportable segments						Other	Adjustments	Consolidated
	Consumer	Enterprise	Distribution	Media & EC	Financial	Total			
(Millions of yen)									
Revenue									
Sales to external customers	1,417,874	430,863	339,183	800,081	119,613	3,107,614	44,465	-	3,152,079
Intersegment revenue or transferred revenue	9,017	14,975	91,512	13,329	10,206	139,039	5,823	(144,862)	-
Total	1,426,891	445,838	430,695	813,410	129,819	3,246,653	50,288	(144,862)	3,152,079
Segment income	321,998	94,446	16,223	152,508	13,598	598,773	(10,420)	(2,464)	585,889
Depreciation and amortization ¹	186,498	81,589	2,202	81,567	11,128	362,984	5,723	(1,439)	367,268

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)	
	Six months ended September 30, 2023	Six months ended September 30, 2024
Segment income	514,388	585,889
Gain on changes in equity interest	20,333	3,243
Share of losses of associates accounted for using the equity method	(12,116)	(4,349)
Financing income	9,235	6,659
Financing costs	(36,094)	(70,180)
Gain on sales of equity method investments	5,227	4,379
Profit before income taxes	500,973	525,641

7. Disposal group classified as held for sale

The disposal group classified as held for sale as of March 31, 2024 consists primarily of the assets and liabilities of ValueCommerce Co., Ltd. (hereinafter “ValueCommerce”), a subsidiary of the Company, and ValueCommerce’s subsidiary.

At its Board of Directors meeting held on March 11, 2024, ValueCommerce passed a resolution to repurchase its own shares and implement a tender offer (hereinafter the “Tender Offer”) as the specific method for this repurchase. In addition, Z Intermediate Holdings Corporation (hereinafter “ZHD Intermediate”), a subsidiary of the Company and owner of ValueCommerce’s shares, concluded a tender offer agreement on the same date with ValueCommerce to tender a partial number of its ValueCommerce common shares in the Tender Offer. After the conclusion of the Tender Offer, ValueCommerce will cease to be a subsidiary of the Company, and accordingly the assets and liabilities of ValueCommerce and its subsidiary have been classified as a disposal group classified as held for sale as of March 31, 2024.

The disposal group classified as held for sale is measured at its carrying amount because its fair value less costs to sell (estimated sales price) exceeds its carrying amount. The carrying amounts of assets and liabilities in ValueCommerce and its subsidiary as of March 31, 2024 were ¥25,636 million and ¥4,985 million, respectively.

On May 2, 2024, the Tender Offer was settled, and ValueCommerce ceased to be a subsidiary of the Company and newly became its equity method associate.

8. Interest-bearing debt

The components of interest-bearing debt are as follows:

	As of March 31, 2024	(Millions of yen) As of September 30, 2024
Current		
Short-term borrowings	767,265	632,504
Commercial paper	187,001	152,000
Current portion of long-term borrowings	1,202,649	800,314
Current portion of lease liabilities	139,657	149,459
Current portion of corporate bonds	84,991	174,968
Current portion of installment payables	69	77
Total	<u>2,381,632</u>	<u>1,909,322</u>
Non-current		
Long-term borrowings	2,167,081	2,503,739
Lease liabilities	560,046	648,082
Corporate bonds	1,212,060	1,202,021
Installment payables	68	45
Total	<u>3,939,255</u>	<u>4,353,887</u>

9. Equity

(1) Common stock and capital surplus

a. Common shares

Six months ended September 30, 2023

Due to the issuance of new shares upon exercise of stock acquisition rights, the number of shares issued increased by 7,027 thousand shares. As a result of the issuance of the shares, common stock and capital surplus increased by ¥5,069 million each under the Companies Act of Japan.

Six months ended September 30, 2024

Due to the issuance of new shares upon exercise of stock acquisition rights, the number of shares issued increased by 11,737 thousand shares. As a result of the issuance of the shares, common stock and capital surplus increased by ¥8,530 million each under the Companies Act of Japan.

b. Class shares

The Company issued 30 million shares of Series 1 Bond-Type Class Shares (hereafter, "Bond-Type Class Shares") on the payment date of November 1, 2023.

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.

(2) Treasury stock

Changes in treasury stock are as follows:

	Six months ended September 30, 2023	(Thousands of shares) Six months ended September 30, 2024
Balance at the beginning of the period	55,596	47,805
Increase during the period ¹	18,781	0
Decrease during the period ²	(12,260)	(16,770)
Balance at the end of the period	62,117	31,035

Notes:

1. For the six months ended September 30, 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 18,781 thousand shares (amount purchased ¥30,560 million).
2. For the six months ended September 30, 2023, due to the exercise of stock acquisition rights and others, the number of treasury stock decreased by 12,260 thousand shares. As a result, “Treasury stock” decreased by ¥16,682 million and a loss on disposal of treasury stock of ¥6,889 million was recognized as a decrease in “Capital surplus,” of which ¥6,908 million was transferred from “Retained earnings.”

In addition, for the six months ended September 30, 2024, due to the exercise of stock acquisition rights and others, the number of treasury stock decreased by 16,770 thousand shares. As a result, “Treasury stock” decreased by ¥26,598 million and a loss on disposal of treasury stock of ¥11,607 million was recognized as a decrease in “Capital surplus.”

10. Dividends

Dividends paid are as follows:

Six months ended September 30, 2023

(1) Dividends paid

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

(2) Dividends whose record date is in the six months ended September 30, 2023 but whose effective date is after September 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 October 23, 2023	Common stock	43.00	203,478	September 30, 2023	December 6, 2023

Six months ended September 30, 2024

(1) Dividends paid

Resolution	Class of shares	Dividends per share (Yen)	Total dividends (Millions of yen)	Record date	Effective date
Board of Directors meeting held on May 17, 2024	Common stock	43.00	202,461	March 31, 2024	June 6, 2024
Board of Directors meeting held on May 17, 2024	Series 1 Bond-Type Class Shares	41.53	1,246	March 31, 2024	June 6, 2024

(2) Dividends whose record date is in the six months ended September 30, 2024 but whose effective date is after September 30, 2024

Resolution	Class of shares	Dividends per share (Yen)	Total dividends (Millions of yen)	Record date	Effective date
Board of Directors meeting held on October 21, 2024	Common stock	43.00	203,687	September 30, 2024	December 6, 2024
Board of Directors meeting held on October 21, 2024	Series 1 Bond-Type Class Shares	50.00	1,500	September 30, 2024	December 6, 2024

Notes:

1. The Company conducted a stock split whereby each share of the Company's common shares was split into 10 shares, with the effective date being October 1, 2024. Dividends per share reflects the actual dividend amount before this stock split.
2. If the record date falls in a fiscal year ending on or before March 31, 2029, the annual dividend rate for Series 1 Bond-Type Class Shares is 2.500% per annum. If the record date falls in a fiscal year ending on or after April 1, 2029, the annual dividend rate is the interest rate of One-Year Japanese government bonds (JGBs) as of the date two business days before the last day of the fiscal year before the fiscal year in which the record date falls plus 3.182%.
3. The amount of the preferred dividend to Series 1 Bond-Type Class Shares with a record date of March 31, 2024 was calculated based on actual day counts on a 366-day year basis.

11. Revenue

The components of revenue are as follows:

	(Millions of yen)	
	Six months ended September 30, 2023	Six months ended September 30, 2024
Consumer ⁴		
Service revenues		
Mobile	770,934	780,086
Broadband	199,373	202,596
Electricity	129,230	124,662
Revenues from sales of goods and others	273,090	310,530
Subtotal	1,372,627	1,417,874
Enterprise ⁵		
Mobile ³	150,721	148,803
Fixed-line	81,623	81,314
Business solution and others ³	155,327	200,746
Subtotal	387,671	430,863
Distribution	264,684	339,183
Media & EC ⁶		
Media	331,116	345,703
Commerce	392,534	406,271
Strategy	38,242	46,388
Other	2,697	1,719
Subtotal	764,589	800,081
Financial	101,016	119,613
Other ^{4,5}	43,171	44,465
Total	2,933,758	3,152,079

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 six months ended September 30, 2023 and 2024 were ¥97,572 million and ¥98,982 million, respectively.
- “Mobile” and “Business solution and others” under “Enterprise” include service revenues and revenues from sales of goods and others. Service revenues for the six months ended September 30, 2023 and 2024 were ¥239,101 million and ¥271,770 million, respectively. Revenues from sales of goods and others for the six months ended September 30, 2023 and 2024 were ¥66,946 million and ¥77,778 million, respectively.
- Effective for the three months ended June 30, 2024, certain subsidiaries categorized as “Consumer” were transferred to “Other.” As a result, all components of revenue under “Consumer” and “Other” for the six months ended September 30, 2023, have been retrospectively adjusted.
- Effective for the three months ended June 30, 2024, the business categories of “Enterprise” have been reevaluated and some services included in “Enterprise” were transferred between the business categories. In addition, SB Technology Corp., Cybertrust Japan Co., Ltd., and others were transferred from “Other” to “Enterprise” in order to reinforce group synergy. As a result, all components of revenue under “Enterprise” and “Other” for the six months ended September 30, 2023, have been retrospectively adjusted.
- 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 six months ended September 30, 2023, have been retrospectively adjusted.

12. Earnings per share

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

(1) Basic earnings per share

	Six months ended September 30, 2023	Six months ended September 30, 2024
Net income used in the calculation of basic earnings per share (Millions of yen)		
Net income attributable to owners of the Company	302,141	323,857
Net income not-attributable to ordinary shareholders of the Company ²	-	(1,500)
Net income used in the calculation of basic earnings per share	<u>302,141</u>	<u>322,357</u>
Weighted-average number of shares of common stock outstanding (Thousands of shares) ¹	47,360,326	47,203,392
Basic earnings per share (Yen)	<u>6.38</u>	<u>6.83</u>

(2) Diluted earnings per share

	Six months ended September 30, 2023	Six months ended September 30, 2024
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	302,141	322,357
Effect of dilutive securities issued by subsidiaries and associates	(1,761)	(2,133)
Total	<u>300,380</u>	<u>320,224</u>
Weighted-average number of shares of common stock used in the calculation of diluted earnings per share (Thousands of shares) ¹		
Weighted-average number of shares of common stock outstanding	47,360,326	47,203,392
Increase in the number of shares of common stock due to stock acquisition rights	386,857	418,398
Total	<u>47,747,183</u>	<u>47,621,790</u>
Diluted earnings per share (Yen)	<u>6.29</u>	<u>6.72</u>

Notes:

1. The Company conducted a stock split whereby each share of the Company's common shares was split into 10 shares, with the effective date being October 1, 2024. "Basic earnings per share" and "Diluted earnings per share" are calculated assuming that the stock split had been carried out at the beginning of the previous fiscal year.

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

13. Other operating income and other operating expenses

The components of other operating income and other operating expenses are as follows:

	(Millions of yen)	
	Six months ended September 30, 2023	Six months ended September 30, 2024
Other operating income		
Gain on loss of control over subsidiaries	9,025	43,195
Gain on sale of businesses	10,459	-
Total	<u>19,484</u>	<u>43,195</u>
Other operating expenses		
Impairment loss	(1,551)	(2,872)

14. Supplemental information to the condensed interim consolidated statement of cash flows

Significant non-cash transactions

Significant non-cash investing and financing activities are as follows:

Lease transactions

The increases in right-of-use assets on the lease transactions (excluding lease payments and initial direct costs paid before the lease commencement date) for the six months ended September 30, 2023 and 2024, were ¥113,117 million and ¥97,307 million, respectively, and are non-cash transactions.

15. Related party transactions

Six months ended September 30, 2023

Related party transactions of the Group are as follows:

			(Millions of yen)	
Name of the company or individual	Nature of relationship	Nature of transaction	Six months ended September 30, 2023	As of September 30, 2023
			Amount of transaction	Balance at period-end
Yasuyuki Imai	Director of the Company	Lending of loans ^{1,2,3}	-	860
		Receipt of interest on loans receivable	5	-
Junichi Miyakawa	Director of the Company	Lending of loans ^{1,2,3,4}	-	19,930
		Receipt of interest on loans receivable	110	-
Kazuhiko Fujihara	Director of the Company	Lending of loans ^{1,2,3}	-	640
		Receipt of interest on loans receivable	3	-
		Refund of deposits	190	-
		Payment of interest on deposits	0	-

The terms and conditions of transactions and policy on how to determine those terms and conditions:

- The lending rate was set from 1.03% to 1.10% (fixed rate) as reasonably determined in consideration of the borrowing rate actually borne by the Company, which is on a level similar to market rates on similar terms, with both interest and principal repayable in one lump-sum at the end of the fiscal year five years after the loan date, allowing a five-year extension of the repayment periods up to March 2031 and March 2032 subject to mutual agreement, or optional prepayment at borrower's discretion. Borrowers are entitled to deposit the funds not exceeding the balance of this loan to the Company, in which case the interest rate applicable to such borrowings is the same as the abovementioned lending rate.

2. In this transaction, the shares of SoftBank Corp. purchased by the borrower using the loan have been provided as security.
3. In the event that the fair value of the security falls below a certain percentage of the loan balance prior to the due date, the Company shall be entitled to request a pledge of additional security from the borrowers. In such case, the Company shall be entitled to reserve part of the remuneration, etc. the Group will pay to the borrowers within certain limitation, and to use it for the repayment of the loan (hereinafter the “Additional Entitlement”).
4. Of the total amount due, the remaining shortfall, if any, after the enforcement of security and execution of the Additional Entitlement shall be fully guaranteed by Board Director, Mr. Masayoshi Son.

Six months ended September 30, 2024

Related party transactions of the Group are as follows:

Name of the company or individual	Nature of relationship	Nature of transaction	(Millions of yen)	
			Six months ended September 30, 2024	As of September 30, 2024
			Amount of transaction	Balance at period-end
Yasuyuki Imai	Director of the Company	Lending of loans ^{1,2,3}	-	860
		Receipt of interest on loans receivable	5	-
Junichi Miyakawa	Director of the Company	Lending of loans ^{1,2,3,4}	-	19,930
		Receipt of interest on loans receivable	110	-
Kazuhiko Fujihara	Director of the Company	Lending of loans ^{1,2,3}	-	640
		Receipt of interest on loans receivable	3	-
		Refund of deposits	207	-
		Payment of interest on deposits	0	-

The terms and conditions of transactions and policy on how to determine those terms and conditions:

1. The lending rate was set from 1.03% to 1.10% (fixed rate) as reasonably determined in consideration of the borrowing rate actually borne by the Company, which is on a level similar to market rates on similar terms, with both interest and principal repayable in one lump-sum at the end of the fiscal year five years after the loan date, allowing a five-year extension of the repayment period subject to mutual agreement, or optional prepayment at borrower’s discretion. Borrowers are entitled to deposit the funds not exceeding the balance of this loan to the Company, in which case the interest rate applicable to such borrowings is the same as the abovementioned lending rate.
2. In this transaction, the shares of SoftBank Corp. purchased by the borrower using the loan have been provided as security.
3. In the event that the fair value of the security falls below a certain percentage of the loan balance prior to the due date, the Company shall be entitled to request a pledge of additional security from the borrowers. In such case, the Company shall be entitled to reserve part of the remuneration, etc. the Group will pay to the borrowers within certain limitation, and to use it for the repayment of the loan (hereinafter the “Additional Entitlement”).
4. Of the total amount due, the remaining shortfall, if any, after the enforcement of security and execution of the Additional Entitlement shall be fully guaranteed by Board Director, Mr. Masayoshi Son.

16. Subsequent events

(Issuance of Series 2 Bond-Type Class Shares and Reduction of Common Stock and Additional Paid-in Capital)

The Company passed a resolution at the Board of Directors meeting held on August 30, 2024 to issue Series 2 Bond-Type Class Shares (the “Bond-Type Class Shares”; that issuance, the “Offering”) and executed the issuance on the Payment Date (October 3, 2024). In addition, the Company also passed a resolution at the Board of Directors meeting held on August 30, 2024 to reduce its common stock and additional paid-in capital by the amount of the increase in common stock and additional paid-in capital as a result of the issuance of the Bond-Type Class Shares and executed this reduction, effective as of the Payment Date (October 3, 2024).

(1) Issuance of the Bond-Type Class Shares

a. Purpose and Reason

In order to continue to balance growth investment with a high level of shareholder returns while making growth investments related to advanced telecommunications and IT technologies and Next-generation Social Infrastructure, the Company believes that it would be desirable to enhance its capital and reinforce its financial base by incorporating equity financing in addition to debt financing. Against this backdrop, the Company believes that “Bond-Type Class Shares” would be a useful option as a financing method to increase equity capital that would minimize the impact on the interests of existing holders of common shares of the Company as much as possible, and would meet the needs of a wide range of domestic investors, including retail investors. The Company further believes that, for the purpose of continuing growth investments in generative AI-related fields that have achieved a significant global evolution since 2023, it is necessary and appropriate to issue the Series 2 Bond-Type Class Shares in addition to the Series 1 Bond-Type Class Shares.

b. Outline of Issuance of the Bond-Type Class Shares

Item	Content
1. Class and Number of Shares for Subscription	Series 2 Bond-Type Class Shares of the Company: 25,000,000 shares
2. Issue Price (Offer Price)	8,000 yen per share
3. Amount to be Paid in	8,000 yen per share
4. Amount of Increase in Common Stock and Additional Paid-in Capital	Amount of increase in common stock: 100 billion yen (4,000 yen per share) Amount of increase in additional paid-in capital: 100 billion yen (4,000 yen per share)
5. Method of Offering	Public offering in Japan with firm commitment underwriting of all shares by the Japanese underwriters
6. Payment Date	October 3, 2024
7. Preferred Dividends	<p>The preferred dividends shall be calculated on a pro-rata basis by multiplying the amount equal to the issue price per share of the Bond-Type Class Shares by the following annual dividend rate.</p> <p>① If the record date falls in a fiscal year ending on or before March 31, 2030: 3.200% per annum</p> <p>② If the record date falls in a fiscal year ending between April 1, 2030 and March 31, 2050: The interest rate of One-Year Japanese government bonds (JGBs) as of the date two business days before the last day of the fiscal year immediately before the fiscal year (Annual Rate Quotation Date) in which the record date falls plus 2.960%</p> <p>③ If the record date falls in a fiscal year ending on or after April 1, 2050: The interest rate of One-Year Japanese government bonds (JGBs) as of the Annual Rate Quotation Date with respect to the fiscal year in which the record date falls plus 3.710%</p> <p>If cash dividends do not reach the amount of the preferred dividends, that shortfall amount shall accumulate in subsequent fiscal years, but no cash dividends will be paid in excess of the amount of the preferred dividends and the accumulated dividends payable.</p>

(2) Reduction of Common Stock and Additional Paid-in Capital

a. Purpose and Reason

As stated in “(1) Issuance of the Bond-Type Class Shares” above, the Company passed a resolution with respect to the Offering on August 30, 2024, and in order to enable agile and flexible capital policy in the future based on the Offering, the Company reduced its common stock and additional paid-in capital by the amount of the increase in common stock and additional paid-in capital due to the issuance of the Bond-Type Class Shares through the Offering, as of the Payment Date (October 3, 2024), subject to that payment taking place, and transferred the full amount of both to “other capital surplus” (the “Capital Reduction”).

b. Outline of the Capital Reduction

- ① Amount of Reduction in Common Stock: 100 billion yen
- ② Amount of Reduction in Additional Paid-in Capital: 100 billion yen
- ③ Method of the Capital Reduction

The Company reduced the amounts of common stock and additional paid-in capital as described above in accordance with the provisions of Article 447, paragraphs 1 and 3 and Article 448, paragraphs 1 and 3 of the Companies Act, and transferred the full amount of both to “other capital surplus.”

c. Schedule of the Capital Reduction

August 30, 2024	Resolution by the Board of Directors
September 2, 2024	Public Notice of Objection by Creditors Regarding Reduction of Common Stock and Additional Paid-in Capital
October 2, 2024	Final Deadline for Objection by Creditors Regarding Reduction of Common Stock and Additional Paid-in Capital
October 3, 2024	Effective Date of Reduction of Common Stock and Additional Paid-in Capital

(3) Impact on future performance

The impact on the Group’s future performance regarding “(1) Issuance of the Bond-Type Class Shares” and “(2) Reduction of Common Stock and Additional Paid-in Capital” above will be immaterial.